



Agenda Item: 16.D
Date of Meeting: April 14, 2025
Department: Finance

STAFF REPORT

To: City Council
From: Ethan Aukee
Subject: **Public Works Budget Adjustment Request**
Prepared On: March 20, 2025

Background/History:

While reviewing the City's budget during our routine monthly budget review, it was determined that City staff needed to propose an adjustment to the Public Works budget.

Analysis/Discussion:

Within the Sewer Fund, it was determined that additional spending authority is needed for expense account 002-051-56027 (Capital Improvement). The reasoning behind the need is due to unreasonably delayed billing by the vendor associated with the SCADA Upgrade Project. Invoices were received for work completed in the prior fiscal year. The City made reasonable efforts during the close of FY 2023-24 to contact all vendors and request timely billing for services rendered, however, this vendor did not adhere to the requests made. When budgeting for FY 2024-25, the City made assumptions that the work completed in FY 2023-24 would be billed in a timely manner, so only the work expected in FY 2024-25 was budgeted for the corresponding fiscal year. City staff did not consider a need for FY 2024-25 adjustment until this vendor provided the unreasonably delayed invoices. Fortunately, a project within the Professional Services expense account (002-051-52015) will cost significantly less than anticipated, so approved spending within this account can be repurposed to cover the increased spending within the Capital Improvement (002-051-56027) expense account.

With regard to the overall SCADA Upgrade Project, City staff adequately budgeted for the project as a whole. The current budget discrepancy and need for adjustment stems from:

- The FY 2024-25 budget being developed and approved in May-June 2024.
- FY 2023-24 closing invoices and assumptions for receiving closing invoices in July-August 2024.
- Invoices received in February 2025 for services rendered prior to July 2024.

In short, these varied timelines and City staff's assumption that business would be conducted as routinely expected, led to the current discrepancy in the FY 2024-25 budget.

Moving forward, the City will increase its efforts to encourage vendors to invoice in a timely manner at the end of a fiscal year. Additionally, City staff will work on improving the City's budgeting practices to ensure that safeguards are put in place to produce more accurate budgeting, regardless of variables such as those described within this report.

Economic Impacts:

No economic impacts associated with this budget adjustment.

Budget Impacts:

Decrease in budget for expense account 002-051-52015 in the amount of \$40,000.00.

Increase in budget for expense account 002-051-56027 in the amount of \$40,000.00.

Net neutral budget adjustment within the Sewer Fund.

Legal Review:

Legal review is not required for this item.

Recommended Action:

City Council to review and approve the requested budget adjustment.

Approved By: Ethan Aukee 4/2/2025

Approved By: Robin Picken 4/2/2025

Approved By: Deston Dishion 4/2/25

Approved By: