

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: ALAN ALTON, DEPUTY DIRECTOR, FINANCE DEPARTMENT  
SUBJECT: FISCAL YEAR-END 2020-21 BUDGET ADJUSTMENT RELATED  
TO EMERGENCY RESPONSE EXPENDITURES INCURRED  
DURING FISCAL YEAR 2020-21

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, authorize appropriations of \$3,847,358.90 from the General Fund reserves, as a part of the fiscal year-end close, to offset unbudgeted expenditures in the COVID-19 and Glass Fire General Fund project accounts in response to emergency events during Fiscal Year 2020-21.

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EXECUTIVE SUMMARY

In the event of a disaster, the Finance Department opens project accounts to which all non-personnel related expenditures are charged. This is a best practice learned from the 2017 Tubbs Fire, as it aids in reporting the expenditures for reimbursement to the Federal Emergency Management Agency (FEMA) or other agencies. As a general accounting rule, no project account may have a negative balance at the close of a fiscal year. This item will increase appropriations to the General Fund COVID-19 and Glass Fire project accounts to clear negative balances for the June 30, 2021 fiscal year end.

BACKGROUND

At the beginning of the COVID-19 pandemic, the City opened a project account to capture costs relative to that event. Except for specific contract costs, most of the expenditures in the account do not have corresponding appropriations. Similarly, the City created a project account for the Glass Fire in September 2020. Typically, the unbudgeted expenditures captured in these accounts are offset by reimbursement revenue from FEMA. We have not received any reimbursement revenue for either account, so appropriations are necessary to offset the negative project balances.

PRIOR CITY COUNCIL REVIEW

Not applicable.

### ANALYSIS

The COVID-19 project account has a negative balance of \$3,598,854.49. The City has been in contact with FEMA and has responded to numerous requests for information to justify reimbursement under FEMA public assistance guidelines for this disaster. Given how long the review process is taking before FEMA obligation, it is not clear when the City will receive reimbursement revenue from FEMA. The Glass Fire account has a negative balance of \$248,504.41. Due to the denial of its request for reimbursement, the City will not receive reimbursement for this event.

### FISCAL IMPACT

Approval of this item will not result in an ongoing impact to the General Fund; however, it will result in a one-time appropriation from the General Fund reserves. This resolution will appropriate \$3,847,358.90 of General Fund reserves between two project keys: 02210 (\$248,504.41) and 02209 (\$3,598,854.49). The City is working with FEMA to secure reimbursement for the COVID-19 expenditures which would backfill the loss of reserves, but it is unknown how much of the costs could ultimately be recovered.

### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378.

### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

### NOTIFICATION

Not applicable.

### ATTACHMENTS

- Resolution

### CONTACT

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