

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, INTERIM CHIEF FINANCIAL OFFICER
FINANCE DEPARTMENT
SUBJECT: FISCAL YEAR-END APPROPRIATION FOR COVID-19 AND
PG&E PSPS RELATED EXPENDITURES

AGENDA ACTION: REPORT

RECOMMENDATION

It is recommended by the Finance Department that the City Council, by resolution, increase appropriations from the General Fund reserves to offset negative account balances related to the City's response to PG&E's Public Safety Power Shutoff (PSPS) events and the COVID-19 pandemic.

EXECUTIVE SUMMARY

When emergencies occur, especially those requiring a declaration of local emergency, staff will open certain unique project accounts against which departments charge expenditures related to the emergency. These project accounts do not have appropriations to offset the expenditures, creating a negative balance, and negative balances must be corrected during the fiscal year-end process.

Based on the City's experiences with the Tubbs Fire, staff uses unique project accounts to pay for emergency expenditures. This practice makes it easier to isolate emergency-related expenditures for potential reimbursement documentation. However, due to the unforeseen nature of emergencies, these projects do not have budget appropriations, and the expenditures result in negative balances. These negative balances must be fixed during the year-end close process.

This item requests an appropriation of \$1.885 million from the General Fund reserves to offset unbudgeted emergency costs due to the COVID-19 pandemic and six PG&E PSPS events. The COVID-19 related expenditures, totaling approximately \$1.75 million of these expenditures, are expenditures the City will seek reimbursement for under the the FEMA Public Assistance program.

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BACKGROUND

During FY 2019-20, the City experienced several unforeseen emergencies requiring declarations of local emergencies and opening the Emergency Operations Center (EOC). Because these events were unforeseen, they were not included in the FY 2019-20 budget. Staff has a practice of creating unique project accounts to collect costs, and if the EOC is activated, there are unique EOC project accounts as well. This practice makes it easier to report on expenditures when applying for reimbursement through CalOES or the Federal Emergency Management Administration (FEMA). Accounting practices do not allow negative project balances to cross from one fiscal year to another.

PRIOR CITY COUNCIL REVIEW

Not applicable

ANALYSIS

Two project accounts were used in FY 2019-20 to capture non-labor emergency expenses: the EOC project account, and a COVID-19-specific project account. The total amount needed to offset these non-payroll expenditures is \$1,835,000.

- An EOC project account is used whenever the EOC is activated and is used to pay for services and supplies relative to that particular activation. At the end of the year, finance staff will locate unspent appropriations to offset the expenses incurred during the year. For FY 2019-20, those expenditures total approximately \$85,000.
- If an event is significant to warrant a declaration of emergency, especially at the state or federal level, staff will open a project account specific to that event. The COVID-19 project is such a project. To date, non-payroll expenditures related to the City's COVID-19 response total \$1.75 million. A majority of those expenses are for non-congregate sheltering and first responder quarantine response.
- Payroll expenses for these events are charged to their home budgets, and in most cases Finance staff can use unspent appropriations to offset those expenditures. In some cases, there is not sufficient unspent appropriations to offset the costs. For FY 2019-20, appropriations are needed for the Planning and Economic Development (PED) and Information Technology (IT) departments. The appropriations needed for these departments are \$26,770.11 and \$23,586.04, respectively.

City staff is actively pursuing reimbursement funding for all COVID-19 expenditures at the federal and state level, and staff remains hopeful that a majority of these costs may be offset by federal and state funding in the future.

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FISCAL IMPACT

The total appropriations needed from the General Fund reserves are \$1,885,356. This will have an immediate impact on the General Fund reserve level; however, staff is actively pursuing reimbursement for these funds, for instance, to return to reserves through cost reimbursement from various state and federal funding programs including the CARES Act and the FEMA Public Assistance program.

ENVIRONMENTAL IMPACT

The Council finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

- Resolution

CONTACT

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