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Agenda Date: 07/06/2021

Subject:
Financial Information Update

Prepared By: Tiffany Hooten, Finance Director

PURPOSE:

Staff will be providing council with an update on several financial related items.

PRESENTATIONS:

Staff Presenter(s): Tiffany Hooten, Finance Director
Ashley Bolton, Administrative Services Director
Additional Presenter(s): N/A

SUMMARY:

There are several finance related items staff will be updating council on and providing information on future actions needed by council.

PRIOR ACTIONS OR DISCUSSIONS:

N/A

ANALYSIS:

Staff Analysis

Staff will be providing an update on several financial related items and future requested actions by council.

- 1) Sales and use tax revenue update
- 2) Consolidation of printer/software in the 2021 and future budgets
- 3) Release of 2021 budget proviso
- 4) Restructuring of 2021 budget to reflect reorganizations of 2020

5) Discussion of 2021 uses of American Rescue Plan Act funds

Sales and Use Tax Revenue Update

It is imperative to monitor sales and use tax revenues each month to understand how the largest revenue source of the general fund is responding as the economy continues to change as a result of COVID. Fortunately, the city has seen a positive reaction over the past few months. This is providing the opportunity to evaluate current and future projections of revenues, as well as expenditures, moving forward. Staff will provide an overview of the May sales and use tax report.

Consolidation of Printer/Software

In an effort to bring visibility across the organization as to software utilized by departments and to potentially look to consolidation efforts, the IT and procurement departments have made great strides in identifying, documenting and managing printer and software utilization throughout the organization. Currently, many departments manage their own printer costs and software program renewals and budgets related to software. By consolidating software and printer budgets into a centralized general operations line item, the city will be able to manage costs, identify redundant software needs and provide potential cost savings by working directly with software vendors in negotiating pricing.

Consolidation of these line items has been discussed with the all departments. Staff has prepared a budget transfer for all software and printer budget line items into a general operations line item. This consolidation requires approval by council.

Staff will be presenting a resolution for approval of a budget transfer at the July 20 council meeting for council consideration. This practice will be incorporated into the 2022 budget process and thereafter.

Release of 2021 Budget Proviso

The 2021 budget included a budget proviso related to post comprehensive plan strategic initiatives. This work is a continuation and implementation of the Envision Littleton project and provides an opportunity to take on some additional work as directed by council for pressing needs.

Downtown has been identified in the special areas and design goals and policies of the comprehensive plan. Draft Goal # 4 includes a feasibility study to determine a downtown improvement district. Staff estimates the cost of the study to be approx. \$150,000 and has submitted a grant application to a non-profit foundation which will require a 50% match. Staff is requesting that this budget proviso be released to provide support for the elements of council's draft Goal # 4 which includes the matching requirement for this grant.

Staff will be presenting a resolution for approval of the release of the budget proviso related to the downtown efforts at the July 20 council meeting for council consideration.

Restructuring of 2021 budget

During the development of the 2021 budget, there were several restructurings within the organization. Due to the timing of the preparation of the 2021 budget and the timing of the reorganization efforts, staff was unable to incorporate these into the 2021 budget.

There will be an additional level presented for the creation of the Community Services, Administrative Services and Cultural and Media Services departments. The community services department will report economic development and community development departments. The administrative services department will report information technology, finance, human resources and the procurement departments. The library, museum and communications department have been combined and will be reported under the cultural and media services

department.

This does not require formal council approval; however, staff feels it is important to inform council of the changes in financial presentations going forward.

American Rescue Plan Act funds

The city was notified in March 2021 that it would be receiving an allocation of funding under the American Rescue Plan Act (ARPA). Staff briefed council on these funds on April 13, 2021. Additional information was provided by the U.S. Treasury in May 2021; however, guidance and information will continue to be provided over the next 3 ½ years.

Originally, it was indicated that the city will receive approx. \$10.3m in ARPA funds. Recent information indicates the city will be receiving \$12,081,126. The city received \$6,040,563 in June 2021. Additionally, the city will be receiving a second tranche of \$6,040,563 in June 2022. Staff will incorporate the appropriation of the second payment with the 2022 budget appropriation and process.

The city has until December 31, 2024 to spend the ARPA funds. It is important for the city to evaluate needs, identify alignment with allowable use of funds and leverage funds where available. Staff has been developing a lengthy list of needs within the organization and continues to identify eligible and recommended uses of these funds. Initially, there are several immediate uses of ARPA Funds. The following is a list of identified uses of ARPA funds. These projects align with eligible uses of ARPA funds and have been identified as immediate needs of the city.

2021 Budget	
\$ 8,000	Virtual Court
\$ 48,983	Grant accountant*
\$ 100,000	Website design/implementation
\$ 40,000	Cybersecurity*
\$ 40,000	City-wide recruitment*
\$ 140,000	Library/Museum personnel*
\$ 32,000	Door security at Littleton City Center
\$ 408,983	Total

* Items may have additional expenditures through 12/2024 and will be discussed and evaluated during budget sessions each year.

The following is information on each noted item.

- Virtual court - an add-on software module for coordination with the public for virtual court.
- Grant Accountant - additional term-limited staff support to assist in managing ARPA and related grants.
- Website design/implementation - initial steps in re-design of city website. It is anticipated there will be an additional need of \$150,000 which will be discussed as part of the budget process.
- Cybersecurity - to address cybersecurity concerns and risks that continue to plague organizations and the city.
- City-wide recruitment - the city anticipates recruitment challenges through the balance of the year.
- Library/Museum personnel - this was discussed with council on April 13, 2021.
- Door security at Littleton City Center - security efforts are needed at the Littleton City Center.

Staff will be presenting an ordinance on first reading to appropriate the ARPA funds on July 20, 2021 with second reading scheduled for August 3, 2021.

Council Goal, Objective, and/or Guiding Principle

Goal 2: Financial Sustainability

Fiscal Impacts

Funding for the budget proviso were included in the 2021 budget and ARPA projects will be funded with ARPA funds. There is no impact to the general fund through 2024. Long-term solutions for these budget items will need to be addressed, provided these needs still exist post-2024.

Alternatives

N/A

STAFF RECOMMENDATION:

Staff has provided an update on several financial related items and recommends council support moving forward with noted future council actions for consideration.