



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Dean Rich, Director of Finance
Walter Denton, City Administrator
Date: December 1, 2008
Subject: Resolution Authorizing Cash Transfer

List of committees that have reviewed: Finance and Administration

Background: With the current economic situation, staff has cut approximately 6% from this year's budget and has laid off one person and not replaced 5 others as they have departed. In reviewing how to move forward within a constrained budget we determined our biggest constraint was declining IT capability.

Several of our major systems that were programmed for replacement this year or next but did not make the budget cut are becoming critical - Examples are the AS-400 which houses all our Finance, Personnel and Utility Billing Records and the Laser Fiche which contains all our digital historical records. In addition, several servers that were added as required over the years are now approaching both age and capacity constraints.

The 2008 Audit confirmed that the City was able to finish the year with General Fund Expenses \$963,326 under budget and transferred into cash. The City has a policy of maintaining \$3,000,000 in cash and currently has \$3,963,326 and staff recommends a transfer of \$245,805 to upgrade our IT systems and bring them up to current security standards. This would leave a balance of \$3,593,592 for possible short falls if the economy takes further unexpected down turns this FY.

Legal Considerations, if any: none are anticipated

Budget Impact: This transfer of money is a minus to the Cash Account and a plus to the Capital Asset Account. These are vital computer assets that will increase productivity with a reducing work force. There is sufficient cash available in the account to complete this FY and start the next.

Staff recommendation: Recommend approval.