



# MEMORANDUM

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**Resolution 25-083, A Resolution of the City Council of Homer, Alaska Establishing Procedures for Managing Small Capital Project Budget Overages. City Manager.**

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Lord and Homer City Council  
**Date:** September 17, 2025  
**From:** Melissa Jacobsen, City Manager

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**Issue:** There are occasions where capital projects exceed Council's approved appropriation for reasons such as cost increases between the time the funding is approved and the work is completed, or because of unanticipated project costs.

**Discussion:** The Finance Director and I have had conversations in the instance of a small overage as to whether it's acceptable to approve them internally so as not to delay payment to the vendors for their work.

While it's necessary to keep Mayor and Council apprised of expenditures, legislation for these small overages requires staff time to create and route a memo and ordinance through necessary departments, schedule it on an agenda, introduce it, and then conduct a public hearing. In addition to staff time, advertising costs, attorney review, and time with Council, withholding payment from vendors while we move through this process can put an undue burden on them.

The purpose of this resolution is to establish a procedure that is approved by Council where these small overages can be processed internally when sufficient funds are available within the adopted funding source to pay the invoice. The resolution proposes authorizing an amount up to \$5,000 because it is the lowest threshold of spending in the Procurement Matrix in the Procurement Policy. Council can be informed of these small overages with the quarterly report, if that is preferred.

The Finance Team and I find this will create efficiency in workflows and agree that overages of \$5,000 or more need to come forward by ordinance.

**RECOMMENDATION:** Adopt Resolution 25-083.