

# Mayor and Council Communication

DATE: 09/22/20

M&C FILE NUMBER: M&C 20-0677

LOG NAME: 03FY2020 WINDUP

## **SUBJECT**

(ALL) Enact Fiscal Year 2020 Year End Budget Adjustments by Reallocating Resources, Operating Surpluses, and Available Current-Year Revenues and Available Fund Balance and Net Position to Offset Projected Shortfalls, Fund Departmental Capital Projects and Outlays and Authorize All Associated Transfers and Adopt Ordinances

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Adopt the attached ordinance making the following fiscal year 2020 year-end adjustments in the General Fund:
  1. Ratifying a decrease in appropriations in the Non-Departmental portion of the General Fund in the amount of \$4,152,706.00, recognizing operational savings to address projected shortfalls, and an increase in appropriations in the Economic Development Department portion of the General Fund in the same amount to address an additional contractual payment, which adjustments were made utilizing delegated authority but are noted here for transparency;
  2. Adopt the attached ordinance adjusting appropriations in the Park and Recreation Department portion of the General Fund by decreasing the allocation to the Park and Recreation Department in an amount up to \$362,000 and increasing the allocation in the Transfer to Botanic Garden account by the same amount for the purpose of transferring operating savings to the Botanic Garden Special Revenue Fund;
2. Adopt the attached appropriation ordinance decreasing receipts and appropriations in the amount of \$79,000 from General Capital Projects Fund (City Project No. P00110) for the purpose of reversing the transfer to revert funds to operating, and reallocate that amount from a transfer to capital to a transfer to the Botanic Garden Special Revenue Fund;
3. Adopt the attached appropriation ordinance decreasing estimated receipts in the amount up to \$1,549,000.00, decreasing appropriations in the amount up to \$846,000.00, and increasing in the use of fund balance in the amount up to \$703,000.00 in the Botanic Gardens Special Revenue Fund;
4. Adopt the attached appropriation ordinance decreasing estimated receipts in the amount of \$3,100,000.00, decreasing appropriations in the amount of \$1,197,000.00, and increasing the use of net position in the amount of \$1,903,000.00 in the Municipal Parking Fund;
5. Adopt the attached appropriation ordinance decreasing estimated receipts in the amount of \$2,430,000.00, decreasing appropriations in the amount of \$1,782,000.00, and increasing in the use of fund balance in the amount of \$648,000.00 in Fleet & Equipment Service Fund;
6. Adopt the attached appropriation ordinance increasing receipts and appropriations in Water & Sewer Fund in the amount of \$17,000.00 for additional cost of issuance;
7. Adopt the attached ordinance adjusting appropriations in the Water & Sewer Fund by decreasing the allocation in the General Operating and Maintenance accounts in an amount up to \$9,030,000.00 and increasing the allocation in the Transfer to Water/Sewer Capital account by the same amount for the purpose of transferring operating savings to fund future projects (City Project No. UNSPEC);
8. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Specially Funded Projects Fund in the amount of \$120,000.00, for the Fort Worth Public Art Collection Management programmable project (City Project No. P00056); and
9. Authorize all necessary transfers to affect the appropriations identified above.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to take actions to bring various funds into balance to facilitate year-end closing. Those actions can generally be described as (1) adjusting funding among General Fund departments; (2) decreasing receipts and appropriations in funds especially impacted by pandemic-caused revenue reductions (Botanic Garden Special Revenue Fund, Municipal Parking Fund, and Fleet and Equipment Services Fund); and appropriating fund balance/net position to support the reduced appropriation amount; (3) reallocating and transferring Water Department operating savings for future capital; and (4) adjusting Public Art appropriations to reflect the correct fund for such appropriations.

The City's annual operating budget is formally enacted into law by City Council action adopting an appropriation ordinance that establishes spending limits for each department's and fund's operation. In the past, Staff has waited until the completion of the Comprehensive Annual Financial Report (CAFR) to affect the settlement of General Fund departments. The current practice is to manage this process during the current fiscal year and allocate net savings to meet one-time needs or to address items that have arisen during the fiscal year.

### **General Fund** (delegated authority with inclusion of recommendation 1)

The City Manager is authorized by the budget ordinance to move certain appropriated monies from Non-Departmental to other departments, as needed, under delegated authority. The Non-Departmental budget in the General Fund includes allocations based on the Fund's anticipated need for separation leave costs for General Fund employees, contractual costs, election costs and tuition reimbursement costs for Fiscal Year 2020. These allocations can be distributed to individual departments as they have specific expenses in these areas. For FY2020, the City Manager made allocations and transfers totaling \$5,320,706.00 as follows:

Department	Amount	Explanation
City Manager's Office	\$ 843,000.00	contractual obligations
Diversity & Inclusion	\$ 300,000.00	educational training and contracts
Economic Development	\$4,152,706.00	contractual obligations for economic agreements
Human Resources	\$ 25,000.00	separation leave cost

Included in the General Fund adjustments is funding related to an Economic Development payment to Facebook. Under the delegated authority section of the adopted budget ordinance, the City Manager or his designee has authority both to (i) reallocate among categories of expenditures within a department and (ii) take portions of Non-Departmental appropriations for items such as separation pay and other contractual services from Non-Departmental to a department-specific use as specific needs arise. Making the payment to Facebook required use of both of these aspects of delegated authority. First within the appropriation for the Non-Departmental Department, funds were reallocated from separation pay, which was projecting a savings, to other contractual. Then the increased other contractual amount was allocated to an Economic Development project to support the Facebook payment. Although this payment was arguably wholly within the scope of delegated authority, staff has included the adjustments in the ordinance in order to have enhanced transparency given the greater level of complexity.

There is also a proposed transfer of up to \$362,000.00 from operational savings in the Park & Recreation Department to subsidize the Botanic Gardens Special Revenue Fund.

All of the above changes related to the General Fund are outlined in a separate chart: See *Attachment A*.

**Botanic Garden Special Revenue Fund** (recommendation 2 & 3)

The Botanic Garden Special Revenue Fund is projected to be under budget but have a deficit of \$703,000.00 from revenue loss due to COVID-19. The deficit will be covered by the use of fund balance, transfer from the General Capital Projects Fund, and General Fund subsidy.

**Municipal Parking Fund** (recommendation 4)

The Municipal Parking Fund is projected to be below their expense budget; however will have a remaining deficit of \$1,903,000.00 from the significant revenue loss due to COVID-19. This deficit will be covered by the use of net position.

**Fleet & Equipment Service Fund** (recommendation 5)

The Fleet & Equipment Service fund is projected to be under budget; however will have a remaining deficit of \$648,000.00 due to lower departmental activities attributed to COVID-19. The deficit will be covered by the use of net position.

**Water & Sewer Fund** (recommendation 6 & 7)

The Water & Sewer fund incurred additional bond issuance cost from the WSS revenue bond 2020A, but had offsetting revenues to cover this cost in the amount of \$17,000.00.

The Water and Sewer fund will move \$9,030,000.00 of General Operating and Maintenance appropriations to the Transfer and Other Category in order to re-allocate savings from operating to the Water and Sewer Capital Project fund to fund ongoing capital improvement projects.

**Specially Funded Projects Fund** (recommendation 8)

A collection management fee is distributed from Water as a transfer per the City's agreement of funding for Fort Worth Public Art (FWPA). This transfer was appropriated in the adoption of the FY2020 budget as being received by the Planning & Development department of the General Fund. The correct recipient is the Specially Funded Projects Fund (39007) programmable project for FWPA Collection Management. Thus, a correcting appropriation is needed to increase appropriations by \$120,000.00 in the Specially Funded Projects Fund (39007) as a transfer into programmable project P00056 FWPA Collection Management. (M&C 20-0204).

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon the approval of the above recommendations and adoption of the attached ordinances, funds will be available in the current operating budget, as appropriated, of the General Fund, Botanic Gardens Fund, Municipal Parking Fund, Fleet & Equipment Service Fund, the Water & Sewer Fund and in the Specially Funded Projects Fund.

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