

Mayor and Council Communication

DATE: 09/14/21

M&C FILE NUMBER: M&C 21-0645

LOG NAME: 03FY2021 WINDUP

SUBJECT

(ALL) Enact Fiscal Year 2021 Year End Budget Adjustments by Reallocating Resources, Operating Surpluses, Available Current-Year Revenues and Available Fund Balance and Net Position to Offset Projected Shortfalls, Fund Departmental Capital Projects and Outlays, Ratify All Transfers Between Budget Categories and Authorize All Associated Transfers and Adopt Attached Appropriation Ordinances

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance making the following fiscal year 2021 year-end adjustments in the General Fund by increasing the following General Fund Departments budget by a combined total of \$4,070,134.00 and reducing Non-Departmental in the General Fund by the same amount:
 - A. City Attorney department by \$10,500.00;
 - B. Development Services department by \$352,564.00;
 - C. Economic Development department by \$3,217,130.00;
 - D. Park & Recreation department by \$52,356.00; and
 - E. Transportation & Public Works department by \$437,584.00.
2. Adopt the attached appropriation ordinance reducing estimated receipts in the amount of \$1,350,000.00 and increasing the use of net position by the same amount in the Group Health and Life Insurance Fund;
3. Adopt the attached appropriation ordinance reducing estimated receipts in the amount of \$1,590,000.00 and increasing the use of net position by the same amount in the Municipal Parking Fund;
4. Adopt the attached appropriation ordinance increasing appropriations in the amount of \$1,500,000.00 and increasing the use of net position by the same amount in the Solid Waste Fund;
5. Adopt the attached appropriation ordinance adjusting appropriations in the Water & Sewer Fund by increasing estimated receipts in the amount of \$10,100,000.00, increasing appropriations in the Operating and Maintenance accounts by \$100,000.00, and increasing the allocation in the Transfer to Water/Sewer Capital account by \$10,000,000.00 for the purpose of transferring operating savings to fund future projects (City Project No. UNSPEC);
6. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Alliance Maintenance Facility Fund in the amount of \$2,268,195.00 for damages related to the 2021 Winter Storm and purchase and installation of a variable speed chiller replacement in the Central Utility Plant at the Fort Worth Alliance Maintenance Facility, and decreasing the fund balance by the same amount;
7. Ratify all transfers between budget categories during Fiscal Year 2021, as allowed per Delegated Authority; and
8. Authorize all necessary transfers to affect the appropriations identified above.

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) adjusting receipts in funds affected by the pandemic and/or hiring freeze (Municipal Parking Fund, Group Health & Life Insurance Fund); (3) increasing receipts and appropriations in funds experiencing higher than anticipated expenditures (Solid Waste Fund); and (4) increasing receipts and appropriations in the Water & Sewer Fund from excess revenues due to dryer than usual weather conditions in the Fall months, for future capital.

The City's annual operating budget is formally enacted into law by City Council action adopting an appropriation ordinance (Ordinance No. 24445-09-2020, see attached, hereinafter the "Ordinance") that establishes spending limits for each department's and fund's operation. In the past, Staff has waited until the completion of the Annual Financial Report to affect the settlement of General Fund departments. Per Section 7: Delegated Authority of the Ordinance, the current practice is to manage this process during the 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 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 anticipated need for separation leave costs for General Fund employees, contractual costs, election costs and tuition reimbursement costs for Fiscal Year(FY) 2021. These allocations can be distributed to individual departments as they have specific expenses in these areas. For FY2021, the City Manager made allocations and transfers as follows:

Department	Delegated	End of Year	Total Transfer	Explanation
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	Authority	Adjustment		
City Attorney's Office	\$ 223,274.00	\$10,500.00	\$ 233,774.00	Separation Leave
City Secretary's Office	\$ 149,982.00	\$ 0.00	\$ 149,982.00	Elections
Development Services	\$ 344,505.00	\$ 352,564.00	\$ 697,069.00	Separation Leave
Economic Development	\$ 0.00	\$ 3,217,130.00	\$ 3,217,130.00	380 Agreements
Financial Management Services	\$ 116,834.00	\$ 0.00	\$ 116,834.00	Separation Leave
Human Resources	\$ 70,880.00	\$ 0.00	\$ 70,880.00	Separation Leave
Park & Recreation	\$ 355,683.00	\$ 52,356.00	\$ 408,039.00	Separation Leave
Transportation & Public Works	\$ 87,645.00	\$ 437,584.00	\$ 525,229.00	Separation Leave
Total	\$1,236,343.00	\$ 4,070,134.00	\$ 5,306,477.00	

Group Health & Life Insurance Fund (recommendation 2)

The Group Health & Life Insurance Fund is projected to be below their expense budget; however will have a remaining deficit of \$1,350,000.00 due to lower than anticipated contributions from the city. This deficit, likely due to position reductions and the hiring freeze, will be covered by the use of net position.

Municipal Parking Fund (recommendation 3)

The Municipal Parking Fund is projected to be below their expense budget; however will have a remaining deficit of \$1,590,000.00 from the significant revenue loss due to COVID-19. This deficit will be covered by the use of net position.

Solid Waste Fund (recommendation 4)

The Solid Waste Fund is projected to be over-budget by about \$1,500,000.00 largely due to larger than anticipated contractual obligations. This deficit will be covered by the use of net position.

Water & Sewer Fund (recommendation 5)

The Water and Sewer fund will increase revenue appropriations by \$10,100,000.00. To balance this, transfer-out to capital will increase by \$10,000,000.00 in order to re-allocate excess revenue from operating to the Water and Sewer Capital Project fund to fund ongoing capital improvement projects. Additionally, appropriations in the Minor Equipment account will increase by \$100,000.00.

Alliance Maintenance Facility Fund (recommendation 6)

During the winter storm in 2021 multiple City properties were damaged. As a result of the storm and the extended period of extremely low temperatures, the physical gas and power infrastructure were severely impaired at the Fort Worth Alliance Maintenance Facility. The considerable increase in demand, coupled with severe reduction in supply, resulted in expenses in the amount of \$591,743.00.

On September 22, 2020, the City Council authorized the execution of a construction contract with Johnson Controls, Incorporated for the purchase and installation of a variable speed chiller in the amount of \$1,676,542.00 to replace the existing chiller in the Central Utility Plant at the Fort Worth Alliance Maintenance Facility located at 2000 Eagle Parkway, Fort Worth, Texas 76177 (M&C 20-0724). This M&C will authorize the appropriation for this purchase.

Delegated Authority Transfers (recommendation 7)

See attachment *Transfers Between Budget Categories FY2021* for two tables that list all transfers between budget categories, within the same department, for this fiscal year. The tables show any changes in appropriations between the various budget categories (Salaries & Benefits, Operating & Maintenance, Debt Service Accounts, Capital Accounts, and Transfer Out & Other), and will all net to zero for each department.

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, Group Health & Life Insurance Fund, Municipal Parking

Fund, Solid Waste Fund, Water & Sewer Fund, and the Alliance Maintenance Facility Fund. Prior to any expenditure being incurred, the participating departments have the responsibility to validate the availability of funds.

Submitted for City Manager's Office by: Fernando Costa 6122

Originating Business Unit Head: Mark McAvoy 6222

Additional Information Contact: Loraine Coleman 8542

Expedited