

Mayor and Council Communication

DATE: 08/27/24

M&C FILE NUMBER: M&C 24-0697

LOG NAME: 03FY2024WINDUP

SUBJECT

(ALL) Adopt Appropriation Ordinances to Enact Fiscal Year 2024 Year End Budget Adjustments in the General Fund and Solid Waste Fund by Reallocating Resources, Available Current-Year Revenues, and Available Fund Balance and Net Position to Offset Projected Shortfalls and Amend the Fiscal Year 2024 Adopted Budget in the Amount of \$7,740,888.00

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance reallocating appropriations in the General Fund by a combined total of \$5,818,417.00 as follows:

Increasing appropriations

- A. in the Fire department by \$4,603,269.00 for funding Separation Leave and Salaries & Benefit overages;
- B. in the Transportation & Public Works department by \$170,453.00 for funding Separation Leave;
- C. in the Library department by \$170,957.00 for funding Separation Leave and Tuition Reimbursement;
- D. in the Financial Management Services department by \$176,000.00 for funding Separation Leave;
- E. in the Diversity & Inclusion department by \$258,000.00 for funding Separation Leave;
- F. in the Human Resource department by \$49,098.00 for funding Separation Leave;
- G. in the Parks and Recreation department by \$290,640.00 for funding Separation Leave and Tuition Reimbursement; and
- H. in the City Attorney Office by \$100,000.00 for funding Separation Leave; and

Decreasing appropriations in the non-departmental department by the same combined amount

2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Fund in the total amount of \$5,740,888.00, from available Miscellaneous Revenue, to cover budget deficits for Fire Civil Service overtime costs;

3. Adopt the attached appropriation ordinance adjusting estimated receipts and appropriations in the Solid Waste Fund as follows for the purpose of covering budget deficits:

- A. Increasing appropriations in Operating and Maintenance Category by \$2,000,000.00, from available net position; and
- B. Increasing appropriations in Operating and Maintenance Category by \$1,685,000.00 and decreasing appropriations in the Transfer & Other Category by the same amount; and

4. Amend the Fiscal Year 2024 Adopted Budget.

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 and to comply with the City Charter; this process occurs annually.

The City's annual operating budget is formally enacted into law by City Council action adopting an appropriation ordinance (Ordinance No. 26453-09-2023, hereinafter the Ordinance) that establishes spending limits for each department's and fund's operation. The current practice is to bring forward this Windup M&C during the fiscal year to allocate anticipated net savings and/or available fund balance to meet one-time needs or to address items that have arisen during the fiscal year.

The following M&Cs have been submitted separately by other City departments for their department funds to balance year end closing.

- The Fleet & Equipment Fund will use \$5,189,016.00 from Net Position to cover Operating and Maintenance costs that have risen due to outside repairs and maintenance and shortage of City Maintenance staff. Because these higher than projected costs will be offset by higher than budgeted revenues in the form of payments from the customer departments, the Property Management department is allocating those future additional current-year revenues with their M&C - 21FY2024 FLEET & EQUIPMENT SERVICES BUDGET ADJUSTMENT.

- The Alliance Maintenance Facility Fund is projected to be over by a total of \$1.1 million, all of which is in Operating and Maintenance as this fund does not have personnel. To bring their O&M into balance, they are using a combination of \$370,478.00 of fund balance and \$760,000.00 reallocated from Transfer & Other budgeted funds that is no longer needed for capital projects. The Aviation Department is addressing these adjustments with their M&C - 21CAP CLEANUP/ADD FUNDS - ALLIANCE MAINTENANCE FACILITY FUND.
- The Group Health Insurance Fund is in deficit due to the significant increase in active employee health claim costs for Fiscal Year 2024. Additional revenues associated with stop-loss insurance reimbursement payments and pharmacy rebates are projected to be received in the amount of \$6,450,000.00, largely offsetting claims expenditures. An additional \$550,000.00 use of Net Position within the Group Health Insurance Fund will offset the remaining claims expenditures. The Human Resource department is reallocating funds with their M&C - 14ACTIVEBUDGETREAPPROPRIATIONFY2024.

General Fund (Recommendation 1 & 2)

Per Ordinance No. 26453-09-2023 Section 1, the General Fund adopted budget for FY2024 was \$1,013,812,390.00. M&C appropriations of \$4,816,317.11 throughout the year resulted in an adjusted budget of \$1,018,628,707.11. This M&C recommends an increase in appropriations of \$5,740,888.00, for an adjusted budget of \$1,024,369,595.11.

This M&C also reallocates budgets between the Non-Departmental "department" and other General Fund departments for covering the shortfall due to separation leave, tuition reimbursement, and Salaries and Benefits expenses and appropriates available miscellaneous revenue to address Fire Overtime.

Fund/Department	FY2024 Adopted Budget	Authority	Budget Adjustment	Revised FY2024 Budget
Budget Category				
General Fund Revenues				
Use of Fund Balance (rollover)		M&C 24-0001	\$2,351,655.00	\$2,351,655.00
Use of Money & Property	\$2,746,728.00	This M&C Rec 2	\$5,740,888.00	\$8,487,616.00
Use of Fund Balance		M&C 24-0312	\$364,662.11	\$364,662.11
		M&C 24-0501	\$100,000.00	\$100,000.00
		M&C 24-0567	\$2,000,000.00	\$2,000,000.00
Total Revenues	\$1,013,812,390.00		\$10,557,205.11	\$1,024,369,595.11
General Fund Expenditures				
City Attorney's Office	\$9,727,436.00	This M&C Rec 1	\$100,000.00	\$9,827,436.00
City Auditor's Office	\$2,444,254.00			\$2,444,254.00
City Manager's Office	\$11,368,002.00	M&C 24-0001	\$182,500.00	\$11,650,502.00
		M&C 24-0306	\$100,000.00	
City Secretary's Office	\$2,705,604.00	M&C 24-0312	\$364,662.11	\$3,070,266.11
Code Compliance	\$27,074,963.00			\$27,074,963.00

Communications & Public Engagement	\$6,058,990.00	M&C 24-0001	\$87,450.00	\$6,146,440.00
Diversity & Inclusion	\$2,635,238.00	M&C 24-0001	\$391,114.00	\$3,434,352.00
		M&C 24-0372	\$150,000.00	
		This M&C Rec 1	\$258,000.00	
Development Services	\$29,222,202.00	M&C 24-0001	\$202,000.00	\$29,424,202.00
Economic Development	\$40,273,220.00	M&C 24-0001	\$386,470.00	\$40,659,690.00
Subsidy Culture & Tourism (380 Agreement)	\$3,714,585.00			\$3,714,585.00
Transfer to PIDS	\$439,325.00			\$439,325.00
Transfer to Economic Incentive Fund	\$5,000,000.00			\$5,000,000.00
Transfer to Culture and Tourism	\$120,000.00			\$120,000.00
Environmental Services	\$4,589,348.00			\$4,589,348.00
Financial Management Services	\$15,051,729.00	M&C 24-0001	\$188,704.00	\$15,416,433.00
		This M&C Rec 1	\$176,000.00	
Fire	\$213,376,865.00	This M&C Rec 1	\$4,603,269.00	\$223,721,022.00
		This M&C Rec 2	\$5,740,888.00	
Transfer to Municipal Airport Fund (Fire Lease)	\$59,501.00			\$59,501.00
FWLab	\$11,411,752.00	M&C 24-0001	\$300,000.00	\$11,711,752.00
Public Art	\$1,949,071.00			\$1,949,071.00
Human Resources	\$6,933,179.00	M&C 24-0001	\$41,791.00	\$7,024,068.00
		This M&C Rec 1	\$49,098.00	
Library	\$27,822,947.00	M&C 24-0001	\$239,540.00	\$28,233,444.00

		This M&C Rec 1	\$170,957.00	
Municipal Court	\$15,230,739.00			\$15,230,739.00
Transfer to Municipal Parking	\$600,000.00			\$600,000.00
Transfer to the Park and Rec for Shared Safety Position	\$30,689.00			\$30,689.00
Neighborhood Services	\$12,735,782.00	M&C 24-0001	\$76,796.00	\$13,909,425.00
		M&C 24-0200	\$1,096,847.00	
United Way	\$199,500.00			\$199,500.00
Transfer to Neighborhood Improvement Strategies Project (Paygo)	\$8,086,000.00			\$8,086,000.00
Transfer to the General Capital Fund	\$2,045,000.00			\$2,045,000.00
Park and Recreation	\$66,106,893.00	M&C 24-0001	\$360,000.00	\$66,757,533.00
		This M&C Rec 1	\$290,640.00	
Transfer to the General Capital Fund (Paygo)	\$3,395,000.00			\$3,395,000.00
Transfer to the PIDS and TIRZ	\$679,591.00			\$679,591.00
Transfer for YMCA Contract	\$12,000.00			\$12,000.00
Transfer to Community Tree Planting	\$100,000.00			\$100,000.00
Transfer to Vehicle and Equipment Replacement (VERF) Fund	\$556,000.00			\$556,000.00
Police	\$321,340,689.00	M&C 24-0001	\$145,290.00	\$321,485,979.00
Property Management	\$25,302,557.00	M&C 24-0501	\$447,513.00	\$25,750,070.00
Transfer to the General Capital Fund (Paygo)	\$5,001,000.00			\$5,001,000.00

Transfer to VERF Fund	\$3,500,000.00			\$3,500,000.00
Transportation and Public Works	\$41,465,509.00	M&C 24-0567	\$2,000,000.00	\$43,635,962.00
		This M&C Rec 1	\$170,453.00	
Transfer to the General Capital Fund (Paygo)	\$55,338,635.00			\$55,338,635.00
Transfer to VERF Fund	\$961,500.00			\$961,500.00
Non-Departmental	\$(2,717,713.00)			\$(2,717,713.00)
Separation Pay	\$8,041,672.00	This M&C Rec 1	\$(3,377,029.00)	\$4,664,643.00
Employee Recruitment and Retention Fund	\$1,754,540.00			\$1,754,540.00
Fire Contingency Overtime Fund	\$4,000,000.00		\$(2,400,000.00)	\$1,600,000.00
Contractual Services	\$4,835,000.00	M&C 24-0001	\$(250,000.00)	\$2,890,640.00
		M&C 24-0306	\$(100,000.00)	
		M&C 24-0200	\$(1,096,847.00)	
		M&C 24-0501	\$(347,513.00)	
		M&C 24-0372	\$(150,000.00)	
Tuition Reimbursement	\$172,478.00	This M&C Rec 1	\$(41,388.00)	\$131,090.00
Training Initiative	\$250,000.00			\$250,000.00
Transfer Out – Technology Allocations	\$928,083.00			\$928,083.00
Transfer to the General Capital Fund (Paygo) – Technology Infrastructure	\$4,700,000.00			\$4,700,000.00
Transfer to the General Capital Fund (Paygo) – IT Capital	\$3,761,000.00			\$3,761,000.00
Transfer to the General Capital Fund (Paygo) – Community Partnerships	\$750,000.00			\$750,000.00
Transfer to IT Refresh	\$2,427,035.00			\$2,427,035.00

Capital				
Transfer to Municipal Golf (Operating Subsidy)	\$245,000.00			\$245,000.00
Total Expenditures	\$1,013,812,390.00		\$10,557,205.11	\$1,024,369,595.11

Solid Waste Fund (Recommendation 3)

Per Ordinance No. 26453-09-2023 Section 4, the FY2024 adopted budget for the Solid Waste Fund was \$82,259,091.00. This M&C recommends an additional \$2,000,000.00, from Use of Fund Balance/Net Position, for an adjusted budget of \$84,259,091.00.

The Solid Waste Fund will increase estimated receipts and appropriations by \$2,000,000.00, based on forecasted higher revenues, and allocate these funds to the Operations & Maintenance category, specifically to the Other Contractual Service account within the Contract Compliance cost center. In addition, funds in the amount of \$1,685,000.00 will be transferred from the from the Transfers Out and Other category (Contribution to Fund Balance) to the Operations & Maintenance category, specifically to the Other Contractual Service account within the Contract Compliance cost center to fund end of year expenses from the Waste Management Contract and other contractual obligations. These allocations will assist in covering the funding gap caused by yearly contract consumer price index (CPI) increases for all waste management contracts.

Fund/Department	FY2024 Adopted Budget	Authority	Budget Adjustment	Revised FY2024 Budget
Budget Category				
Solid Waste Fund				
Revenues				
License and Permits	\$18,785.00			\$18,785.00
Charges for Services	\$72,341,595.00			\$72,341,595.00
Use of Money and Property	\$7,094,744.00			\$7,094,744.00
Other				
Miscellaneous Revenue	\$260,034.00			\$260,034.00
Bad Debts Recovered	\$116,327.00			\$116,327.00
Compliant Brush/Bulk	\$9,000.00			\$9,000.00
Cont. Req'd Educ Pymts	\$1,432,762.00			\$1,432,762.00
Landfill Closure Revenue	\$720,000.00			\$720,000.00
Yard Cart Sales	\$148,050.00			\$148,050.00
Non-Compliant Brush/Bulk	\$62,821.00			\$62,821.00

Recycling Waste Revenue	\$54,973.00			\$54,973.00
Use of Fund Balance		This M&C Rec 3	\$2,000,000.00	\$2,000,000.00
Total Revenues	\$82,259,091.00			\$84,259,091.00
Expenditures				
Environmental Services	\$70,509,126.00		\$1,685,000.00	\$72,194,126.00
Transfer to General Fund	\$7,089,761.00	This M&C Rec 3	\$2,000,000.00	\$7,404,761.00
		This M&C Rec 3	\$(1,685,000.00)	
Transfer to Water and Sewer	\$1,552,578.00			\$1,552,578.00
Transfer to Solid Waste Capital Fund	\$800,000.00			\$800,000.00
Transfer to IT Refresh Capital	\$54,585.00			\$54,585.00
Payment in Lieu of Taxes	\$132,746.00			\$132,746.00
Transfer to Solid Waste Debt Service Fund	\$434,447.00			\$434,447.00
Contribution to Fund Balance/Net Position	\$1,685,848.00			\$1,685,848.00
Total Expenditures	\$82,259,091.00			\$84,259,091.00

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 and Solid Waste 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: Mark L McDaniel 6316

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Additional Information Contact: Sydney, Sexton 7806
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Expedited