

Mayor and Council Communication

DATE: 11/19/19

M&C FILE NUMBER: M&C 19-0327

LOG NAME: 35FY20 AF CAPITAL CLEANUP

SUBJECT

Adopt Ordinances Increasing Appropriations in the Treasury Asset, Justice Asset and State Asset Forfeiture (Operating) Funds in Support of Prior Year Capital Appropriations and Adopt Ordinances Adjusting Appropriations in Corresponding Capital Funds to Convert from Static to Programmable Projects for the Purchase of Equipment for the Police Department (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance, increasing appropriations in the Treasury Asset Forfeiture (Operating) Fund by \$120,000.00 and decreasing fund balance by the same amount for the purpose of making a transfer to a previously appropriated capital project for which a transfer was not made;
 2. Adopt the attached ordinance, increasing appropriations in the Justice Asset Forfeiture (Operating) Fund by \$427,346.00 and decreasing fund balance by the same amount for the purpose of making a transfer to a previously appropriated capital project for which a transfer was not made;
 3. Adopt the attached ordinance, increasing appropriations in the State Asset Forfeiture (Operating) Fund by \$584,550.00, decreasing fund balance by the same amount for the purpose of making transfers to previously appropriated capital projects for which transfers were not made;
 4. Adopt the attached ordinance adjusting appropriations in the Treasury Asset Forfeiture Capital Fund by decreasing receipts and appropriations in the Treasury AF Equipment project by \$183,066.00 and increasing receipts and appropriations in the Equipment-Police programmable project by \$120,000.00, which reflects the amount actually available;
 5. Adopt the attached ordinance adjusting appropriations in the Justice Asset Forfeiture Capital Fund by decreasing receipts and appropriations in the Justice AF Equipment project by \$427,346.00 and increasing receipts and appropriations in the Equipment-Police programmable project by the same amount; and
 6. Adopt the attached ordinance adjusting appropriations in the State Asset Forfeiture Capital Fund by decreasing estimated receipts and appropriations in the State AF Equipment project by \$125,905.93 and increasing estimated receipts and appropriations in the Equipment-Police programmable project by the same amount.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions to clean up the budgets and associated transfers for various asset forfeiture funds and capital projects relating to actions authorized and taken in prior fiscal years.

Operating Appropriations and Unexecuted Transfers

In September 2015, the City Council adopted appropriation ordinances increasing the Treasury Asset Forfeiture (Operating) Fund and the Treasury Asset Forfeiture Capital Fund by \$183,066.00, increasing the Justice Asset Forfeiture (Operating) Fund and the Justice Asset Forfeiture Capital Fund by \$427,346.00 and increasing the State Asset Forfeiture (Operating) Fund and State Asset Forfeiture Capital Fund by \$584,500.00 (M&C G-18566). Because the FY2015 adopted budget ordinance did not provide staff delegated authority to make the transfers between the operating funds and their capital counterparts and the transfers were not explicitly authorized by the M&C, no transfer was actually made from the operating funds. When FY2015 ended, the money that had been appropriated in the operating funds was considered unencumbered and returned to fund balance in accordance with the City Charter, and it is too late to re-open FY2015 to correct the problem in the fiscal year in which it occurred.

In addition, in December 2015 (FY2016), the City Council approved an M&C that appropriated and authorized transfer of \$127,950.00 for another project associated with the State Asset Forfeiture funds. However, due to manual error, only \$127,900.00 was actually transferred. When FY2016 closed, the untransferred \$50.00 of operating appropriation was also swept back to fund balance.

Capital Appropriations

Although the FY2015 capital fund appropriations were not supported by the actual transfer of revenues and the FY2016 appropriation was under supported by \$50.00, the total appropriations noted above in each capital fund were established as static projects. Because capital appropriations are considered to be life-of-project, they are treated as encumbered at year end and roll from one fiscal year to the next. A portion of the FY2015 State Asset Forfeiture Capital Fund appropriation (\$458,594.07) was actually spent.

The purpose of this M&C is to re-appropriate funds on the operating side in the current fiscal year, to the extent available, for purposes of making transfers to support and balance the unfunded 2015 capital appropriations, which remain active up to this point. (Note: this M&C reflects the reduction of the Treasury capital appropriation to the extent operating funds are not available to support it, as described below.) Once the operating revenues are reappropriated and actually transferred, the prior static appropriations will be funded and available. However, due to the limitations of static projects, staff is recommending those static projects be reconstituted as programmables which are more flexible and which is accomplished through the adoption of recommendations 4 - 6.

Corrective Actions for Justice and State Operating Funds.

Approval of recommendations two and three and adoption of the associated attached ordinances will re-appropriate \$427,346.00 in the Justice Asset Forfeiture (Operating) Fund, and \$584,550.00 in the State Asset Forfeiture (Operating) Fund for the purpose of making transfers to their respective Asset Forfeiture Capital Funds in support of the previously appropriated but unfunded projects.

The current year's adopted budget ordinance provides delegated authority to make budgeted transfers; therefore, separate explicit authority for the transfers is not needed.

Corrective Actions for Treasury Operating Fund.

As noted above, the operating fund for Treasury does not have sufficient fund balance in the current year to cover the full amount associated with the 2015 capital appropriation (\$183,066). Approval of recommendations one and four will re-appropriate dollars on the operating side to the extent they are available (\$120,000) for the Treasury fund transfer and revise the associated capital appropriations accordingly.

As noted, separate explicit authority for the transfers is not needed as it is provided by the adopted budget ordinance.

Converting Balance of Capital Projects to Programmable

As of today's date, the Justice Asset Forfeiture Capital Fund project created in FY2015 has an unspent balance of \$427,346.00, and the State Asset Forfeiture Capital Fund project from that year has an unspent balance of \$125,905.93. Following adoption of recommendation 1 the Treasury Asset Forfeiture Capital Fund project will have \$120,000 actually available.

Approval of recommendations 4-6 of this M&C would deappropriate the 2015-created static capital projects (to the extent unexpended) and reappropriate available funds as programmable projects. These projects will fund the purchase of Police capital equipment, including that used by specialized units such as Gang, Narcotics, SWAT, etc. in accordance with the identified needs of the department and with the Federal and State statutes and guidance governing these funds.

These projects are located in all Council Districts.

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 approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the current budget, as appropriated, of the Treasury Asset Forfeiture Fund, Treasury Asset Forfeiture Capital Fund, Justice Asset Forfeiture Fund, Justice Asset Forfeiture Capital Fund, State Asset Forfeiture Fund, and State Asset Forfeiture Capital Fund. Prior to an expenditure being incurred, the Police Department has the responsibility to validate the availability of funds.

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