



Legislation Text

File #: 62985, Version: 1

Fiscal Note

This resolution appropriates a variety of expenditures not anticipated in the 2020 Adopted Budget. The proposed changes include:

Contingent Reserve Transfers

- 1. General Fund Balance:** The resolution authorizes appropriating \$950,000 from unrestricted General Fund Balance to the 2020 Contingent Reserve. This appropriation brings the 2020 Revised Operating Budget much closer to the State of Wisconsin Expenditure Restraint Program limit and help preserve expenditure authority in future years. Adoption of this resolution has no impact on the tax levy.
- 2. Metro General Fund Subsidy:** The resolution seeks approval to forego Metro's 2002 General Fund subsidy (\$8.5 million). In 2020 Metro received \$24.5 million through the CARES Act. Legislative file 62987 seeks to appropriate \$11.6 million from the CARES Act award, that amount reflects foregoing the 2020 General Fund subsidy.
- 3. Contingent Reserve Transfers:** The resolution seeks approval to transfer \$5,977,000 from the Contingent Reserve to agency budgets based on projected deficits.

The 2020 Adopted Budget included \$1.93 million in the Contingent Reserve. To date, there has been \$180,100 added to the Contingent Reserve (the net impact from funding COVID & election supplies and transferring the remaining balance from 2019 carry forward encumbrances). Based on the proposed actions listed above, and previously approved actions, the total amount transferred into the 2020 Contingent Reserve is \$9,677,549. The total amount to be transferred to agency budgets is \$6,332,000. Based on these actions the yearend remaining balance will be \$5,275,549.

The appropriation changes and revenue re-estimates in the General Fund are anticipated to result in the need for \$2.9 million applied from fund balance at the end of 2020. The possibility of additional funding from the state Routes to Recovery program could offset the need to apply any fund balance in 2020. The 2021 budget anticipates the use of \$8 million from the General Fund balance. See attached 3rd Quarter Projection presentation materials for more background on the General Fund Condition for 2020.

Other Transfers

- 4. Agency Transfers:** The resolution seeks approval to authorize \$690,200 in transfers across major expenditure categories within agency budgets. These transfers are net neutral within agency budgets.
- 5. Enterprise Fund Balance Appropriations:** The resolution seeks to appropriate \$1.87 million from fund balance in the Fleet and Parking funds. Expenditures in these funds are projected to exceed revenue. Both funds have sufficient fund balance to absorb the recommended amounts.

Title

Amending the 2020 Adopted Operating Budget by appropriating a net amount of \$950,000 from the General Fund balance to agency budgets and making transfers of appropriations between and within agencies.

Body

Background

At the end of each fiscal year, a yearend appropriation is required to reconcile actual spending with originally adopted appropriation amounts and allocations to major spending lines. The yearend appropriation resolution also increases General Fund appropriations to the maximum allowed under the state Expenditure Restraint

Program.

The 2020 yearend appropriation resolution also makes adjustments to address the impact of the economic effects of the global COVID-19 pandemic on city revenues. General Fund revenues are expected to fall \$12 million below the amount estimated at the time the 2020 operating budget was adopted in November 2019.

Contingent Reserve & General Fund Balance Appropriations

General Fund Revenue-

Appropriate \$950,000 from the General Fund balance for unanticipated expenditures.

Contingent Reserve-

As part of the CARES Act, Metro Transit was awarded \$24.5m in stimulus funding. The yearend resolution proposes foregoing the full budgeted amount of the General Fund subsidy to Metro in 2020 (\$8,552,649). Under this proposal the previously budgeted appropriation authority will be transferred to the Contingent Reserve.

Fund the following appropriations from the 2020 Contingent Reserve totaling \$5,977,000.

Direct Appropriations: Increase the salaries budget by \$1,200,000 to fund redeployed staff time resulting from reassignments during the COVID-19 pandemic.

Engineering: Increase the purchased service budget by \$35,000 to fund the City's share of an agreement with Dane County for PFAS mitigation in the general area surrounding the Dane County airport.

Fire Department: Increase the salary and benefit majors by \$950,000 to fund deficits in overtime spending.

Parks Division: Reduce the budgeted agency revenue by \$35,000 resulting from revenue that will not be realized in 2020.

Planning Division: Increase the salary and benefit majors by \$16,000 for personnel costs.

Police Department: Increase the salary and benefit majors by \$3,600,000 to fund deficits in overtime spending.

Traffic Engineering: Reduce the budgeted agency revenue by \$141,000 resulting from revenue that will not be realized in 2020.

Agency Transfers

The adjustments listed below reflect appropriation transfers authority across major spending categories based on 3rd Quarter expenditures. The total amount proposed to be transferred is \$574,000; these transfers are net neutral.

Finance: Transfer \$15,000 from supplies to purchased services for consulting services.

PCED: Transfer \$52,000 from Building Inspection, PCED-Office of Director, and Economic Development to Community Development-purchased services for additional Street Outreach services for individuals experiencing homelessness;

Engineering: Transfer \$10,000 from salaries to purchased services for unanticipated building repairs;

Landfill: Transfer \$19,000 from purchased services to departmental billings for additional Fleet charges;

Streets: Transfer \$150,000 from salaries to purchased services for process fees on the City's recycling contract and projected 4th quarter snow removal charges;

Streets-Urban Forestry: Transfer \$9,000 from salaries to supplies for additional fertilizer expenditures;

Fleet: Transfer \$69,000 from supplies to departmental billings for billings associated with equipment owned by the Fleet Division;

Metro: Transfer \$250,000 from purchased services to supplies for costs related to driver shields installed on buses as part of COVID response

Enterprise Fund Balance Appropriations

Expenditures in the Fleet Division and Parking Utility are expected to exceed projected revenues requiring an appropriation from fund balance in the respective funds. The appropriations are described below:

Fleet Division: Appropriate \$470,000 from unrestricted fund balance to the Debt major for interest costs that exceeded the budget amount.

Parking: Appropriate \$1.4 million from unrestricted fund balance to reduce budgeted revenue.

Finally, the resolution authorizes the Finance Director to determine which fund balances should be designated as "assigned", as recommended in Government Accounting Standards Board (GASB) statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

WHEREAS, the City could appropriate an additional \$950,000 from the General Fund balances to these purposes and remain eligible for future payments under the State's Expenditure Restraint Program; and,

WHEREAS, the Finance Director is authorized to determine which fund balances should be designated as "assigned", consistent with Government Accounting Standards Board (GASB) recommendations; and,

WHEREAS, room tax revenues are anticipated to fall \$2 million to \$3 million short of estimates made in July 2020 and upon which revised Room Tax Fund program allocations were made by the Room Tax Commission.

NOW THEREFORE BE IT RESOLVED, that the Finance Director has the authority to increase room tax revenue retained in the Room Tax Fund above the 70% minimum for Room Tax Commission programs based on 2020 4th Quarter actual room tax revenues;

NOW THEREFORE LET IT BE RESOLVED, that the Common Council amends the 2020 Budget to authorize the aforementioned adjustments to expenditure categories within and across departments.