



Legislation Text

File #: 74676, Version: 3

Fiscal Note

The proposed resolution amends the 2022 Adopted Operating and Capital Budgets in order to make adjustments within various agency budgets and capital projects. The net General Fund appropriation change is an increase of \$1,400,000 which will utilize remaining expenditure authority and continue to allow the City to qualify for a state Expenditure Restraint Program payment in 2023. With the Mid-Year Appropriation (\$1,592,803 -- Legistar File 72607), a resolution to increase the General Fund appropriation to the Department of Civil Rights (\$60,000 -- Legistar File 73632) and this resolution (\$1.4 million), the total increase in General Fund appropriations compared to the 2022 adopted budget is \$3,052,803. After these appropriations from fund balance, along with estimates of actual revenues and expenditures compared to budget, it is expected that the General Fund unassigned balance on December 31, 2022, will be close to the policy goal of 15 percent of 2023 budgeted expenditures.

The resolution proposes the following intra-departmental transfers, inter-departmental transfers, changes to interdepartmental billings and charges, and changes to capital projects.

General Fund Balance & Fire Department Deficit

The Fire Department is projecting a net operating deficit of \$2.65 million. \$1.4 million of general fund balance is appropriated to the Fire Department to cover overtime expenses. The remaining Fire Department deficit will be covered by an inter-agency transfer from direct appropriations for compensated absence escrow, general fund savings generated from a correction to insurance and workers compensation charges, and a transfer of a portion of the appropriation from the general fund balance made to Fleet in the mid-year resolution. These changes are described in more detail below.

Intra-Agency Transfers & Agency Revenue Adjustments

The resolution seeks approval to authorize \$3,666,700 in transfers across major expenditure categories within agency budgets to address areas where expenditures exceed budgeted amounts in those categories. These transfers are net neutral within agency budgets.

Inter-Agency Transfers

The resolution seeks approval to authorize \$1,396,562 in transfers across agencies to cover projected deficits in agency budgets. These transfers are net neutral across the 2022 Adopted Budget.

The total for inter-agency transfers includes funds transferred from direct appropriations to agencies to cover the cost of compensated absence escrow. The 2022 Adopted Operating Budget includes \$3.25m for sick leave escrow payments made from the General Fund. Through the 3rd Quarter, \$3.32m has been paid out by General Fund agencies. This resolution recommends transferring funds to agencies where the sick leave escrow amount is contributing to a deficit in the agency's overall budget.

Public Health Fund

Public Health Madison Dane County (PHMDC) is transferring funds within the agency budget to COVID grants, Epidemiology and Laboratory Capacity (ELC) and FEMA Public Assistance. The transfers shift budgets from supplies and contract expenses to personnel. This reflects an evolution in PHMDC's staffing strategy in response to the pandemic. Per the Public Health inter-governmental agreement between the City and Dane County, Council approval is not required for these transfers, however, it is required that they be reported to the Council. These transfers will be considered by the Board of Public Health on December 5, 2022.

Insurance and Workers Compensation Inter-Departmental Charges

The 2022 adopted budget includes inter-departmental charges from the Insurance Fund (\$2,750,000) and the Workers Compensation Fund (\$3,750,000) to agencies to cover these programs. The amounts are allocated to the agencies based on various factors including prior losses of the agency, property value, agency share of the budget, and risk exposure based on position classes. The agency allocations were not updated in the 2022 adopted budget. The resolution corrects the error by updating charges for each agency.

The result of the correction is a net savings to the General Fund of \$138,900. This savings will be offset by an appropriation to the Fire Department to cover an overage in WRS benefits due to overages in overtime.

Inter-departmental charges to Insurance and Workers Compensation for Other (Non-General) Fund Agencies will be covered by transfers within agency budgets.

Fleet Inter-Departmental Charges

The mid-year appropriation resolution, RES-22-00552 (Legistar file #72607) transferred \$1.4 million from the general fund balance to Fleet Service supplies (\$590,000) and purchased services (\$810,000) to cover a deficit due to increased costs for supplies (fuel, tire, equipment) and purchased services (vehicle repair and maintenance, utilities), largely driven by inflation and ongoing supply chain issues. The mid-year appropriation did not make transfers to corresponding interdepartmental billings and charges to offset this transfer from the general fund balance.

Based on the 3rd quarter projection, the general fund portion of the increased Fleet costs is estimated at \$955,000. The remaining cost is distributed across other non-general fund agencies.

This resolution increases Fleet Service inter-departmental billings to general fund agencies by \$955,000 and increases agency budgets for inter-departmental charges by a corresponding amount. In addition, this resolution increases Fleet Service inter-departmental billings to non-general fund agencies by \$445,000. Non-general fund agencies will offset these charges within their agency budget.

The remaining \$445,000 of general fund balance appropriated in the mid-year resolution is re-appropriated to the Fire Department to cover overtime expenses.

CDA Fund/ Debt Service Fund

The 2020 budget authorized \$150,000 in CDA-supported General Obligation Borrowing for Public Housing Redevelopment 2020, project # 12464. Since CDA is a component unit, General Obligation Borrowing was handled as an advance from the Debt Service Fund to CDA. Due to an increase in capital funding from HUD, the associated expenditures for this project are not being supported by the General Obligation Borrowing. This resolution proposes a transfer of up to \$30,008 from the Debt Service Fund to the Community Development Authority (CDA) fund to reimburse CDA for the debt service principal payments that have already been incurred.

Capital Projects

The 2021 capital budget established a project for a temporary men's shelter (project # 13345) and authorized \$500,000 in GO borrowing. In 2022, RES-22-00357 (Legistar file #70988) directed City staff to proceed with renovations at 2002 Zeier Road to convert it into a temporary shelter. This resolution requests an additional \$100,000 in GO borrowing for the project to account for cost overruns associated with the project.

Capital Projects -- Arbitrage

In advance of the City's annual general obligation debt sale each fall, agencies are asked to review all capital projects to ascertain the amount of borrowing proceeds needed. Through this exercise, agencies identified projects that will not spend down their full authorized budget within time frames required for arbitrage

compliance under federal tax law. As a result, technical adjustments are requested to transfer funding across multiple projects. The transfers do not impact the total authorized budget for any capital project or program.

Title

~~SUBSTITUTE BY TITLE ONLY: 2022 Year-End Appropriation Resolution~~ Amending the 2022 Adopted Operating Budget by appropriating a net amount of \$1,400,000 from the General Fund balance to agency budgets, making transfers between funds, making transfers of appropriations between and within agency budgets; and amending the 2022 capital budget to increase funding for the temporary men's shelter project and to transfer funds across projects.

Body

WHEREAS, the City could appropriate an additional \$1,400,000, from the General Fund balance and remain eligible for future payments under the State's Expenditure Restraint Program; and,

WHEREAS, the Fire Department is projected to end the year with a \$2.6 million deficit, primarily driven by a \$3.8 million deficit in overtime expenses related to meeting minimum staffing requirements; and,

WHEREAS, various city agencies require intra-agency and inter-agency transfers to their budget to cover projected deficits in major expenditure categories and account for other technical changes based on 3rd quarter projection; and,

WHEREAS, the 2022 Adopted Operating Budget includes \$3,250,000 within Direct Appropriation for sick leave escrow payments associated with payments made by the City for health insurance benefits upon the retirement of employees; and,

WHEREAS, PHMDC received two COVID grants, Epidemiology and Laboratory Capacity (ELC) and FEMA Public Assistance, and wish to make transfers within the grant to reflect the agency's evolving response to the COVID-19 pandemic; and,

WHEREAS, per the PHMDC inter-governmental agreement between the City and Dane County, Council approval is not required for these transfers, however, it is required that they be reported to the Council; and,

WHEREAS, agency allocations for insurance and workers compensation were not updated in the 2022 adopted budget; and,

WHEREAS, correcting the allocations for insurance and workers compensation will result in a general fund savings; and,

WHEREAS, the mid-year appropriation resolution, RES-22-00552 (Legistar file #72607) transferred \$1.4 million from the general fund balance to Fleet Service for supplies and purchased services due to increases costs, largely driven by inflation and ongoing supply chain issues;

WHEREAS, the mid-year appropriation to Fleet Service did not include corresponding increases to inter-departmental billings and charges; and,

WHEREAS, general fund agencies account for \$955,000 of the \$1.4 million in additional Fleet Services charges and non-general fund agencies account for \$445,000 of the charges; and,

WHEREAS, Fleet Service requires increased budget authority for inter-departmental billings to agencies, and agencies require increased budget authority for corresponding inter-departmental charges within agency budgets; and,

WHEREAS, the 2020 capital budget authorized \$150,000 in CDA-supported GO borrowing for public housing redevelopment, which was issued as an advance from the Debt Service Fund to CDA; and,

WHEREAS, due to increased capital funding from HUD, expenditures for the CDA project are not being supported by GO borrowing; and,

WHEREAS, a transfer is needed from the debt service fund to CDA to reimburse CDA for debt service principal payments that have been incurred; and,

WHEREAS, the Council authorized the renovation of the property at 2002 Zeier Road for use as a temporary shelter, and appropriated GO borrowing in 2021 and 2022 for that project; and,

WHEREAS, the temporary shelter renovation is experiencing cost overruns and the City engineering department and Community Development Division anticipates an additional \$100,000 in GO borrowing is needed to complete the project; and,

WHEREAS, several capital projects have not fully spent down their authorized borrowing proceeds within two years and transfers of funding across programs are needed for compliance with arbitrage rules under federal tax law.

NOW THEREFORE BE IT RESOLVED, that the Common Council amends the 2022 Operating Budget to appropriate \$1.4 million in general fund balance to the Fire Department for deficits associated with overtime costs; and,

BE IT FURTHER RESOLVED, that the Common Council amends the 2022 Operating Budget to authorize the following transfers to expenditure categories within and across departments:

Intra-agency transfers & revenue adjustments:

- **CDA Housing Operations:** Transfer \$85,000 from Fund Balance Applied to Benefits
- **Civil Rights:** Transfer \$5,000 from Salaries to Purchased Services
- **Common Council:** Transfer \$12,000 from Benefits to Supplies
- **Common Council:** Transfer \$7,000 from Benefits to Purchased Services
- **Community Development Division:** Accept \$32,000 in revenue from the Madison Metropolitan School District (MMSD) to distribute to community-based organizations that provided summer camp enrollment for students who were unable to attend MMSD summer school in 2022, and increase purchased services by a commensurate amount
- **Engineering:** Transfer \$15,000 from Purchased Services to Supplies
- **Finance:** Transfer \$15,000 from Salaries to Supplies
- **Finance:** Transfer \$20,000 from Salaries to Purchased Services
- **Fire:** Transfer \$48,000 from Supplies to Transfer Out
- **Fire:** Transfer \$44,700 from Purchased Services to Transfer Out
- **Fleet Service:** Transfer \$225,000 from Purchased Services to Supplies
- **Fleet Service:** Transfer \$35,000 from Purchased Services to ID Charges
- **Fleet Service:** Transfer \$740,000 from Revenue to Supplies
- **Golf:** Transfer \$45,000 from Supplies to Salaries
- **Golf:** Transfer \$40,000 from Revenue to Salaries
- **Golf:** Transfer \$20,000 from Revenue to Benefits
- **Golf:** Transfer \$35,000 from Revenue to Purchased Services

- **Golf:** Transfer \$50,000 from Revenue to Debt Other Financing
- **Golf:** Transfer \$40,000 from Revenue to ID Charges
- **Human Resources:** Transfer \$10,000 from Purchased Services to Supplies
- **Parks:** Transfer \$25,000 from Salaries to Supplies
- **Parks:** Transfer ~~\$4150,000~~ 150,000 from Salaries to Purchased Services
- **Planning:** Transfer \$20,000 from Salaries to Benefits
- **Police:** Transfer \$1,200,000 from Salaries to Benefits
- **Police:** Transfer \$420,000 from Salaries to ID Charges
- **Traffic Engineering:** Transfer \$200,000 from Salaries to Purchased Services
- **Water:** Transfer \$143,373 from Salaries to Benefits
- **Water:** Transfer \$16,627 from ID Charges to Benefits

Inter-agency transfers:

- **Assessor:** Transfer \$55,000 from Direct Appropriations to agency for compensated absence escrow
- **Engineering:** Transfer \$41,500 from Direct Appropriations to agency for compensated absence escrow
- **Finance:** Transfer \$55,000 from Direct Appropriations to agency for compensated absence escrow
- **Fire:** Transfer \$1,076,062 from Direct Appropriations to agency for compensated absence escrow
- **Human Resources:** Transfer \$114,000 from Direct Appropriations to agency for compensated absence escrow
- **Mayor:** Transfer \$35,000 from Direct Appropriations to agency for a projected deficit in salaries
- **Mayor:** Transfer \$20,000 from Direct Appropriations to agency for a projected deficit in benefits

; and,

BE IT FURTHER RESOLVED, that PHMDC will make the following transfers within two COVID grants to reflect a change in staffing strategy that shifts funding from purchased services and supplies to salaries for limited term positions, and that this resolution meets the agency's reporting requirements to the Council:

- Increase salaries by \$1,873,321 by decreasing supplies (\$475,518) and purchased services (\$1,397,803)
- Increase benefits by \$296,169 by decreasing purchased services

; and,

BE IT FURTHER RESOLVED, that agency budgets for inter-departmental charges to insurance and worker's compensation are updated by the amounts as detailed in the attachment to the resolution titled "Insurance and Workers Comp Adjustments for File 74679"; and,

BE IT FURTHER RESOLVED, that the \$138,900 in net savings to the general fund from the updated insurance and workers compensation charges are offset by an appropriation to the Fire Department to cover an overage in WRS benefits due to overage in overtime; and,

BE IT FURTHER RESOLVED, that the Fleet Service inter-departmental billings to general fund agencies is increased by \$955,000 and agency budgets are adjusted for inter-departmental charges by a corresponding amount; and,

BE IT FURTHER RESOLVED, that the Fleet Service inter-departmental billings to non-general fund agencies is increased by \$445,000 and non-general fund agencies will offset increased inter-departmental charges by making transfers within their agency budget; and,

BE IT FURTHER RESOLVED, that the adjustments to Fleet Service inter-departmental charges to agencies is

further detailed in the attachment to the resolution titled "Fleet Service Adjustments for File 74679"; and,

BE IT FURTHER RESOLVED, that the remaining \$445,000 of general fund balance appropriated to Fleet Service is re-appropriated to the Fire Department to cover overtime expenses; and,

BE IT FURTHER RESOLVED, that \$30,008 is transferred from the Debt Service Fund to the CDA Fund to reimburse the cost of debt service principal payments that have been incurred for a project that no longer requires GO borrowing; and,

BE IT FURTHER RESOLVED, that an additional \$100,000 of GO borrowing is authorized to cover increased costs for the temporary men's shelter at 2002 Zeier Road; and,

BE IT FINALLY RESOLVED, that the Common Council amends the 2022 Adopted Capital Budget to transfer funds across 31 projects to comply with arbitrage rules under federal tax law, as detailed in the attachment to the resolution titled "Capital Project Transfers for File 74679."