



Legislation Details (With Text)

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**File created:** 7/12/2022      **In control:** FINANCE COMMITTEE

**On agenda:** 8/2/2022      **Final action:** 8/2/2022

**Enactment date:** 8/8/2022      **Enactment #:** RES-22-00552

**Title:** BY TITLE ONLY SUBSTITUTE Amending the 2022 Adopted Operating Budget to transfer funds between and within agency budgets based on projected spending through the 2nd Quarter of 2022, appropriate a net amount of \$1.7 million from the General and Library Fund balances, make transfers between funds, and amending the 2022 capital budget to transfer funds across projects.

**Sponsors:** Satya V. Rhodes-Conway

**Indexes:**

**Code sections:**

**Attachments:** 1. 2022 2ndQ Projection - FC.pdf

Date	Ver.	Action By	Action	Result
8/2/2022	2	COMMON COUNCIL	Adopt - 15 Votes Required	Pass
7/25/2022	2	FINANCE COMMITTEE	RECOMMEND TO COUNCIL TO ADOPT (15 VOTES REQUIRED) - REPORT OF OFFICER	Pass
7/19/2022	1	COMMON COUNCIL	Refer	Pass
7/12/2022	1	FINANCE COMMITTEE	Referred for Introduction	

**Fiscal Note**

The proposed resolution amends the 2022 Adopted Operating Budget in order to make technical adjustments within various agency budgets. The amounts proposed in the midyear appropriation are based on actual expenditures through the first half of 2022. The proposed transfers include applying \$1.7 million in general and library fund balance for carry forward encumbrances and projected deficits in agency budgets. The December 31, 2021, unassigned general fund balance was \$56.4 million, which is 16.5 percent of the 2022 general fund budget (city policy goal is to have a general fund balance of at least 15 percent of the subsequent year budget). The December 31, 2021, unassigned library fund balance was \$1.855 million, which is 9.7 percent of the library budget (the goal is 5.0 percent). The remaining Expenditure Restraint Program (ERP) is \$3.2 million, so the net increase of \$1.6 million in General Fund appropriations will not affect the City's eligibility to qualify for a state ERP payment in 2023. In addition, the resolution amends the 2022 Adopted Capital Budget to make technical transfers of funding across projects and comply with arbitrage requirements under federal tax law.

**Carry Forward Encumbrances**

The 2022 Adopted Operating Budget includes \$233,568 for encumbrances associated with contracts that span multiple years, which is centrally budgeted in Direct Appropriations. The total amount carried forward from 2021 for the General and Library funds totals \$535,331 (General Fund balance -- \$192,803; Library Fund balance -- \$108,960). The resolution transfers centrally budgeted funds and makes appropriations from the general fund and library fund balances to agency budgets for carry forward encumbrances.

The total amount carried forward from 2021 for Public Health totals \$918,335. The resolution transfers budget from Public Health's fund balance for carry forward encumbrances.

### ***Intra-Agency Transfers***

The resolution seeks approval to authorize \$38,500 in transfers across major expenditure categories within general fund agency budgets to cover projected deficits. These transfers are net neutral across the 2022 Adopted Budget.

The resolution seeks to transfer \$15,000 from purchased services to salary and benefits in the Grants Fund for the Police Department (MPD) for the Wisconsin Department of Transportation (WDOT) Pedestrian/ Bicycle Safety Enforcement grant.

The resolution seeks to increase the budget authority in multiple non-general fund budgets by \$3.1 million in revenues and expenses for various supplies and purchased services. The proposed increases are funded through agency revenues, reserves, or federal funding sources, and do not require a City general fund appropriation.

### ***Transfer from General Fund Balance***

Fleet Services is projecting a deficit of \$1.4 million due to increases costs for supplies (fuel, tire, equipment) and purchased services (vehicle repair and maintenance, utilities), largely driven by inflation and ongoing supply chain issues. The resolution transfers \$1.4 million from the general fund balance to supplies (\$590,000) and purchased services (\$810,000)

### ***Capital Projects***

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 transfers are requested to transfer funding across multiple projects. The transfers do not impact the total authorized budget for any capital project or program.

### **Title**

BY TITLE ONLY SUBSTITUTE Amending the 2022 Adopted Operating Budget to transfer funds between and within agency budgets based on projected spending through the 2nd Quarter of 2022, appropriate a net amount of \$1.7 million from the General and Library Fund balances, make transfers between funds, and amending the 2022 capital budget to transfer funds across projects.

### **Body**

WHEREAS, multiple general and library fund agencies have incurred \$535,331 in expenses from carryforward encumbrances for contracts and services that span multiple years; and,

WHEREAS, the 2022 Adopted Operating Budget includes \$233,568 within Direct Appropriations, a centrally budgeted location, that is intended to be transferred to agency budgets to cover carryforward agency encumbrances once the total costs are known; and

WHEREAS, general and library fund balance are available to cover the cost of the remaining \$301,763 in carryforward encumbrances without impacting the City's eligibility for the State's Expenditure Restraint Program; and

WHEREAS, Public Health has a carryforward encumbrance of \$918,335 and has sufficient fund balance to cover this expense; and

WHEREAS, various city agencies require intra-agency transfers to their budget to cover projected deficits in major expenditure categories based on the mid-year budget projection; and

WHEREAS, the Madison Police Department requests a transfer of \$15,000 from purchased services to

salaries and benefits within the grant fund to support implementation of the Wisconsin Department of Transportation (WDOT) Pedestrian/ Bicycle Safety Enforcement grant; and

WHEREAS, various agencies are requesting an increase in budget authority in non-general fund budgets to pay for expenses that are supported by non-City revenue sources; and

WHEREAS, Fleet Services is projecting a deficit of \$1.4 million 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; and,

WHEREAS, a transfer from the general fund balance to the Fleet fund can be made to cover the projected deficit without impacting the City's eligibility for the State's Expenditure Restraint Program; 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 Adopted Operating Budget by transferring \$233,568 from Direct Appropriations, \$108,960 from Library fund balance, and \$192,803 from general fund balance to the following agency budgets for encumbrances that were carried forward from 2021:

Assessor	\$25,612
Attorney	\$5,344
Economic Development:	\$435
Engineering	\$10,651
Finance:	\$56,493
Fire:	\$65,013
Human Resources:	\$15,589
Information Technology:	\$7,189
Library:	\$108,960
Office of the Independent Monitor	\$5,820
Parks:	\$17,937
PCED	\$4,160
Planning:	\$85,049
Police:	\$45,446
Streets	\$5,000
Traffic Engineering:	\$72,809
Transportation	\$3,825
Direct Appropriations:	(\$233,568)
Library Fund Balance	(\$108,960)
General Fund Balance	(\$192,803)

; and,

BE IT FURTHER RESOLVED, that the Common Council amends the 2022 Adopted Operating Budget by transferring \$918,335 from Public Health fund balance for carry forward encumbrances within that agency; and,

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

*General Fund*

- Common Council: transfer \$14,000 from personnel to supplies (\$8,000) and purchased services (\$6,000).
- Department of Civil Rights (DCR): transfer \$7,000 from salaries and to supplies to purchase equipment for new community connector positions
- Transportation: transfer \$17,500 from salaries to supplies (\$3,000) and purchased services (\$14,500)

BE IT FURTHER RESOLVED, that the Common Council amends the 2022 Adopted Operating Budget to increase the budget authority in the following funds that do not impact the general fund:

*Grant Fund*

- MPD: transfer \$15,000 in the grant fund from purchased services to salaries and benefits for the WDOT Pedestrian/ Bicycle Safety Enforcement Grant

*CDA Fund*

- CDA Housing Operations: Increase revenue by \$878,110 from reserves (\$770,000), Truax Phase 1 investor approved replacement reserves (\$30,000), and the Truax Phase 2 restricted fund (\$70,000), to fund increased expenses in supplies (\$2,110) and purchased services (\$876,000)
- Increase expenses for supplies (\$2,110) and purchased services (\$876,000) to cover the following costs: the final costs of the Connect Home grant; Triangle Phase 2 common area carpet replacement; storm damage and fire related insurance deductibles as well as uncovered storm damage repairs at various locations from the June 13, 2022 storm; and the Triangle redevelopment contract

*CDBG Fund*

- CDD: Increase revenues by \$1.8 million reflect CDBG-CV funding received through the federal CARES Act and previously accepted by the Common Council through RES-20-00550 and RES-21-00524
- Increases expenses in purchased services by \$1.8 million for contracts with providers selected through the 2021 Homeless Services RFP.

*Golf Fund*

- Golf: Increase revenues from charges for service by \$375,000, supported by trends in higher usage of fee-based services and facilities
- Increase expenses by adding \$225,000 to supplies and \$150,000 in purchased services to support additional costs

BE IT FURTHER RESOLVED, that the Common Council amends the 2022 Adopted Operating Budget by transferring \$1.4 million from the general fund balance to Fleet Services to pay for projected deficits in supplies and purchased services; and,

BE IT FINALLY RESOLVED, that the Common Council amends the 2022 Adopted Capital Budget to transfer funds across the following projects to comply with arbitrage rules under federal tax law:

Projects transferring 2020 GO Proceeds and receiving an equivalent amount of 2021 GO proceeds

<b>Agency</b>	<b>Project</b>	<b>Amount</b>
Engineering	John Nolen Drive	\$101,734
IT	Tax System Replacement	\$115,964
IT	Database Infrastructure 20	\$181,521
Streets	Streets Olin Waste Drop-Off Site	\$149,987
Streets	Salt Storage Barn - Badger Road	\$33,617
Streets	Streets EAB 2020	\$85,865

Projects transferring 2021 GO Proceeds and receiving an equivalent amount of 2020 GO proceeds

<b>Agency</b>	<b>Project transferring 2020 GO proceeds</b>	<b>Amount</b>
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Engineering	Forster Dr. Resurfacing	\$101,734
IT	Workstation Equip Lifecycle Management 2021	\$115,964
IT	Workstation Equip Lifecycle Management 2021	\$181,521
Streets	2021 Streets Equipment	\$149,987
Streets	2021 Streets Equipment	\$33,617
Streets	Streets Tree Program	\$85,865