



Legislation Text

File #: 68346, Version: 2

Fiscal Note

The proposed resolution amends the 2021 Adopted Operating Budget in order to make adjustments within various agency budgets. The net General Fund appropriation change is an increase of \$1,000,000, which will utilize remaining expenditure authority and continue to allow the City to qualify for a state Expenditure Restraint Program payment in 2022.

Major Fund Impacts

1. General Fund - Increase net expenditures by \$1 million; improve fund balance by up to \$3.4 million.
2. Room Tax Fund - Transfer up to \$2.4 million to the General Fund.
3. Grants Fund - Utilize \$1 million of American Rescue Plan Act (ARPA) funding for Fire Department costs.
4. Metro Transit Fund - Transfer \$359,910 from the General Fund to Metro Transit Fund; increase expenditures by \$359,910.

The proposed changes include:

Sick Leave Escrow

Finance:	\$50,000
Parks:	\$100,000
Direct Appropriations:	(\$150,000)

The 2021 Adopted Operating Budget includes \$2.77m for sick leave escrow payments made from the General Fund. Through the 3rd Quarter, \$3.2m has been paid out by General Fund agencies. The mid-year appropriation transferred \$671,000 to the Fire Department. This resolution recommends transferring funds to the Finance Department and the Parks Division, where the sick leave escrow amount is contributing to a deficit in the agency's overall budget.

Carry Forward Encumbrances

The total amount carried forward from 2020 for Public Health encumbrances associated with contracts that span multiple years totals \$54,731. The resolution authorizes increasing the budget for Public Health carry forward encumbrances and to fund the increase from the Public Health fund balance.

The Planning Division requests establishing budget to reflect carryforward encumbrances from 2020 for the Metropolitan Planning Organization in the Grants Fund. The resolution establishes an additional \$8,150 of budget on both charges for services and purchased services for rideshare advertising.

American Rescue Plan Act (ARPA)

The resolution authorizes the transfer of \$1,000,000 of the Coronavirus State and Local Fiscal Relief Fund (CSLFRF) component of the American Rescue Plan Act (ARPA) from the City's Grants Fund to the General Fund to support a \$1,000,000 increase in the Fire Department General Fund appropriation. This action, along with a \$600,000 transfer from Direct Appropriations (Contingent Reserve) to the Fire Department, will increase the Fire Department budget by \$1.6 million to address projected overtime costs. Specific costs equal to the amounts transferred in this resolution will be identified as supported by ARPA funding, consistent with US Treasury rules for use of these funds and associated reporting requirements.

Intra-Agency Transfers

The resolution seeks approval to authorize \$5,021,000 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 \$984,910 in transfers across agencies to cover projected deficits in agency budgets. These transfers are net neutral across the 2021 Adopted Budget.

Grants Fund

The Police Department requests an appropriation of \$2,500 in the Grant Fund for interest earned on 2018 and 2020 US Department of Justice - Justice Assistance Grant advances. The appropriation will be used for work supplies expenses for the 2018 (\$2,000) and 2020 (\$500) awards.

General Fund / Metro Transit Fund

The Finance Department requests the following adjustments to the General Fund and Metro Transit Enterprise Fund:

- General Fund Revenues: Increase State Municipal Aid Program (Intergovernmental Revenues) by \$359,910
- General Fund Expenditures: Increase Transfer Out to Metro Transit by \$359,910 through a transfer from Direct Appropriations (Contingent Reserve)
- Metro Transit Revenues: Increase General Fund Subsidy (Transfer In) by \$359,910
- Metro Transit Expenditures: Increase expenditures by \$359,910 for loan repayment

These adjustments are requested to accurately reflect the transactions associated with repaying the loan component of the first round Volkswagen Mitigation/Transit Capital Assistance Grant received from the State of Wisconsin to finance the purchase of Metro Transit buses.

Room Tax Fund / General Fund

The resolution would authorize a transfer of up to \$2.4 million from the Room Tax Fund to the General Fund. The 2021 Mid-Year Appropriation resolution (Legistar 67094, adopted September 21, 2021) authorized the transfer of \$2.4 million from the surplus in the Tax Increment District 25 fund to the Room Tax Fund to address a projected shortfall in room tax revenue collections. Third quarter 2021 room tax revenues collected in November 2021, were higher than estimated. The resolution would allow up to the amount of the \$2.4 million to be transferred to the General Fund balance, based on final 2021 room tax collections.

Based on projections of General Fund revenues and expenditures and transfers between funds, the General Fund balance at the end of 2021 is anticipated to be between 14 percent and 15 percent of the 2022 adopted General Fund budget. At the end of 2020, the General Fund balance was 13.3 percent of the 2021 adopted General Fund budget. The City's policy goal is a General Fund balance that is at least 15 percent of the adopted General Fund budget.

Title

~~SUBSTITUTE BY TITLE ONLY: 2021 Year-End Appropriation Resolution~~ Amending the 2021 Adopted Operating Budget by appropriating a net amount of \$1,000,000 from the General Fund balance to agency budgets, making transfers between funds, and making transfers of appropriations between and within agency budgets.

Body

WHEREAS, the City could appropriate an additional \$1,000,000, from the General Fund balance and remain

eligible for future payments under the State's Expenditure Restraint Program; and,

WHEREAS, the 2021 Adopted Operating Budget includes \$2,770,000 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, Public Health has a carryforward encumbrance from 2020 for a multi-year contract totaling \$54,731; and

WHEREAS, the Planning Division has a carryforward encumbrance from 2020 for the Metropolitan Planning Organization (MPO) totaling \$8,150; and

WHEREAS, the city has been allocated \$47.2 million from the Coronavirus State and Local Fiscal Relief Fund (CSLFRF) of the American Rescue Plan Act (ARPA) to address the negative economic effects of the pandemic and to replace lost revenues to maintain government services, with the first half of that funding received by the city in May 2021 and the other half of the funding to be received in 2022; and,

WHEREAS, the revenue loss methodology under the US Treasury rules established to implement the CSLFRF ARPA funding shows that the city lost \$44 million in revenue compared to amounts that would have been collected but for the pandemic, which includes room tax revenues and Monona Terrace conference and convention center event revenues; and,

WHEREAS, the Common Council approved a plan for allocating CSLFRF ARPA funding (RES-21-00487 (File No. 65935), adopted July 6, 2021), that included \$22.8 million for community investments, with the remaining \$24.4 million to address revenue shortfalls to maintain government services; and,

WHEREAS, the \$24.4 million in ARPA funding for government services included \$6.9 million to be appropriated in 2021 from the first tranche of ARPA funds; and

WHEREAS, the Common Council approved the Mid-Year Appropriation (File No. 67094) that allocated \$5.9 million of the \$6.9 million of ARPA funds for government services, with remaining \$1.0 million to be appropriated in the 2021 Year-End Appropriation based on 3rd quarter agency projections and also authorized the transfer of \$2.4 million from the surplus in Tax Increment District 25 to the Room Tax Fund, along with foregoing a \$2.7 million transfer of room tax revenue from the Room Tax Fund to the General Fund, due to a projected \$5.1 million Room Tax Fund deficit; and

WHEREAS, 2021 final room tax collections are estimated to exceed revised estimates by between \$1.5 million and \$2.5 million; and

WHEREAS, the adopted 2021 operating budget allocates an unprecedented \$8 million from the city's General Fund balance ("rainy day fund") to avoid deep spending cuts to essential city services due to revenue shortfalls associated with the economic effects of the global pandemic;

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 Madison Police Department's 2018 and 2020 U.S. Department of Justice (USDOJ) Bureau of Justice Assistance (BJA) Justice Assistance Grant (JAG) awards did not identify interest earned on grant fund advances as a revenue source; and

WHEREAS, the Finance Director is authorized to determine which fund balances should be designated as

“assigned”, consistent with Governmental Accounting Standards Board (GASB) recommendations; and

WHEREAS, Metro Transit was awarded a \$4,798,800 grant from the first round of the State of Wisconsin Volkswagen Mitigation Program/Transit Capital Assistance Program for the acquisition of buses; and

WHEREAS, the award from the Volkswagen Mitigation Program/Transit Capital Assistance Program was structured as a zero-percent loan paid at 75% of the award amount and paid over ten years; and

WHEREAS, the Finance Department has requested an amendment to the budget to accurately reflect the transactions associated with repaying the loan component of the first round Volkswagen Mitigation Program/Transit Capital Assistance Program for acquisition of Metro Transit buses; and

NOW THEREFORE BE IT RESOLVED, that the Common Council amends the 2021 adopted operating budget to transfer \$150,000 from direct appropriations to the Finance Department (\$50,000) and Parks Department (\$100,000) for projected sick leave escrow payments; and

BE IT FURTHER RESOLVED, that the Common Council amends the 2021 Adopted Operating Budget for Public Health to increase the agency's budget authority for carry forward encumbrances, and funds that authority through fund balance in Public Health; and

BE IT FURTHER RESOLVED, that the Common Council amends the 2021 Adopted Operating Budget for the Planning Division to increase the agency's budget authority for carry forward encumbrances, and funds that authority through the grant fund; and

BE IT FURTHER RESOLVED, that the Common Council amends the 2021 Adopted Operating Budget to transfer \$1,000,000 of CSLFRF ARPA funds from the City's Grants Fund to the General Fund to support an appropriation of an equal amount to the Fire Department to cover overtime costs; and

BE IT FURTHER RESOLVED, that the Common Council amends the 2021 Budget to authorize the following transfers to expenditure categories within and across departments:

Intra-agency transfers:

- **Assessor:** Transfer \$70,000 from salaries and \$40,000 from purchased services to benefits for sick leave escrow costs.
- **Clerk:** Transfer \$70,000 from supplies to salaries and \$34,000 from purchased services to benefits for increased overtime.
- **Civil Rights:** Transfer \$38,000 from purchased services to salaries (\$30,000) and benefits (\$8,000) due to projected salaries being higher than budget.
- **Community Development Division (CDD):** In the Community Development Grants fund, transfer \$50,000 from purchased services to supplies to cover the actual expenditures for building supplies for homeless shelter preparation. Additionally, make a technical correction to the CDBG grant fund by establishing \$25,000 of budget on both transfer in and transfer out to CDBG. The increased budget reflects the actual intra-fund transfer from one service to another within the Community Development Grants fund.
- **Engineering:** Transfer \$30,000 from salaries to interdepartmental charges for Fleet Services costs.
- **Finance:** Transfer \$15,000 from salaries and \$35,000 from purchased services to benefits for unanticipated health insurance costs and sick leave escrow costs.
- **Fleet:** Increase the Other Finance Source revenue by \$820,000 to support increased supply costs (\$300,000 \$760,000), ~~purchased services costs (\$460,000)~~, and interdepartmental charges (\$60,000) to support increased fuel costs and unanticipated vehicle repairs.

- **Golf Enterprise:** Increase charges for service revenue by \$145,000 to reflect increased play, and make a corresponding increase of \$75,000 in benefits, \$20,000 in supplies, and \$50,000 in purchased services for sick leave escrow, inventory, and utility costs.
- **Human Resources:** Transfer \$25,000 from benefits and \$13,000 from purchased services to salaries due to projected salaries being higher than budget.
- **Library:** Transfer \$50,000 from salaries to benefits for sick leave escrow costs.
- **Parks:** Transfer \$120,000 from salaries to benefits for sick leave escrow costs. Transfer \$200,000 from salaries to purchased services for utility, special assessment, and park cleanup costs.
- **Planning:** Transfer \$10,000 from salaries to benefits for sick leave escrow costs.
- **Police:** Transfer \$700,000 from salaries to benefits for sick leave escrow costs.
- **Sewer Utility:** Increase revenue from charges for service by \$1,000,000 and make a corresponding increase to purchased services. Transfer \$400,000 from salaries and \$170,000 from benefits to purchased services. The increased purchased services budget is for Madison Metropolitan Sewerage District charges.
- **Stormwater-supported Streets Division budget:** Transfer \$360,000 from salaries and \$50,000 from benefits to purchased services (\$10,000) for Landfill charges and interdepartmental charges (\$400,000) for Fleet Services charges.
- **Streets:** Increase revenue from charges for service by \$100,000 to support increased supply costs (\$25,000) and purchased services costs (\$75,000) for snow removal costs. Transfer \$110,000 from salaries to benefits for sick leave escrow costs.
- **Traffic Engineering:** Transfer \$147,000 from salaries to benefits for sick leave escrow costs.
- **Transportation:** Transfer \$44,000 from salaries to benefits for sick leave escrow costs.
- **Water Utility:** Transfer \$200,000 from salaries to benefits for sick leave escrow costs.

Inter-agency transfers:

- **Fire and Direct Appropriations:** Transfer \$600,000 from Direct Appropriations benefits to Fire Department salaries. The increased salaries budget is for overtime costs.
- **Transfer Out to Metro Transit and Direct Appropriations:** Transfer \$359,910 from Direct Appropriations (Contingent Reserve) to the General Fund Transfer Out to Metro Transit to ensure sufficient budget authority to repay the loan component of the first round Volkswagen Mitigation Program/Transit Capital Assistance Program; and
- **Clerk and Direct Appropriations:** Transfer \$25,000 from Direct Appropriations benefits to Clerk's Office salaries. The increased salaries budget is for overtime costs; and

BE IT FURTHER RESOLVED, that the Common Council amends the Police Department budget by \$2,000 and \$500 as interest revenue and as work supplies expenses for the 2018 and 2020 awards respectively, and

BE IT FURTHER RESOLVED, that the Common Council amends the 2021 Adopted Operating Budget for the following changes associated with repaying the loan component of the first round Volkswagen Mitigation Program/Transit Capital Assistance Program:

- General Fund Revenues: Increase State Municipal Aid Program (Intergovernmental Revenues) by \$359,910
- General Fund Expenditures: Increase Transfer Out to Metro Transit by \$359,910 through a transfer from Direct Appropriations (Contingent Reserve).
- Metro Transit Revenues: Increase General Fund Subsidy (Transfer In) by \$359,910
- Metro Transit Expenditures: Increase expenditures by \$359,910 for loan repayment

BE IT FINALLY RESOLVED, that the Finance Director has the authority to transfer up to \$2.4 million from the Room Tax Fund to the General Fund based on 2021 final room tax collections.

