File #: 80860, **Version:** 2

TITLE
SUBSTITUTE: 2023 Year End Appropriation Resolution to amend the 2023 Adopted Operating Budget by appropriating a net amount of $1.9 million from the General Fund contingent reserve and direct appropriations to agency budgets, making transfers of appropriations within agency budgets, and amending the 2023 Capital Budget to appropriate funding and transfer funds across projects.

FISCAL NOTE
The proposed resolution amends the 2023 Adopted Operating and Capital Budgets in order to make adjustments within various agency budgets and capital projects.

The resolution proposes the following transfers from direct appropriations, intra-departmental transfers, changes to inter-departmental billings and charges, transfers and revenues adjustments to non-general fund agencies, and changes to capital projects.

Contingent Reserve and Agency Deficits
The year-end appropriation transfers $687,480 from the contingent reserve to multiple general fund agencies to cover projected deficits in various expenditure categories. The 2023 Adopted Operating Budget includes $1,900,000 for contingent reserve, which is budgeted in Direct Appropriations. These adjustments are proposed in agencies where there is insufficient funding within the agency budget to cover the deficit solely through intra-agency transfers.

Compensated Absence Escrow
The resolution seeks approval to authorize $1,175,150 in transfers from Direct Appropriations to agency budgets to cover projected deficits related to the cost of compensated absence escrow. The 2023 Adopted Operating Budget includes $4,000,000 for sick leave escrow payments made from the General Fund. Through the 3rd Quarter, $2,557,562 has been paid out by General Fund agencies. This resolution recommends transferring funds to Attorney, Employee Assistance Program (EAP), Fire, and Streets, where the compensated absence escrow amount is contributing to a deficit in the agency's salary budget.

Intra-Agency Transfers (General Fund Agencies)
The resolution seeks approval to authorize $1.7 million in transfers across major expenditure categories within general fund agency budgets to address areas where expenditures exceed budgeted amounts in those categories. These transfers are net neutral within agency budgets.

Fleet Intra-Agency Transfers and Inter-Departmental Charges
Fleet Services is projecting a deficit of $800,000 in supplies due to increased costs for equipment, largely driven by inflation and ongoing supply chain issues. The agency will be able to cover a portion of the deficit by increasing their revenues for sale of assets by $200,000 based on higher than budgeted revenue trends. Additionally, Fleet is projecting a surplus in personnel costs due to vacancies and can make an intra agency transfer of $80,000 from salaries and $90,000 from benefits to supplies. This leaves a net deficit of $430,000 that will be covered by increasing inter-departmental billings.

This resolution increases Fleet Service inter-departmental billings to general fund agencies by $344,000 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 $86,000. Non-

general fund agencies will offset these charges within their agency budget.

Grant Fund
The Economic Development Division (EDD) received a $250,000 grant from the Wisconsin Economic Development Corporation's (WEDC) Community Development Investment (CDI) program to fund a portion of the costs for the Center for Black Excellence and Culture to renovate their property at 655 W Badger Road. This resolution amends EDD's 2023 operating budget to increase revenues and expenses in the grant fund for this project.

Other Funds
The resolution seeks to increase the budget authority in multiple non-general fund budgets by $13.8 million in revenues and expenses. The proposed increases are funded through agency revenues, reserves, or federal sources. All proposed transfers and adjustments are net neutral within each fund.

Capital Projects
The resolution amends the following projects in the Parks Division and Transportation

Parks - Olin Parks Beautification (Project # 14936): The Olin Parks Beautification project is a minor project within the Park Land Improvements program. This project is funded through the Olin Trust Fund. Parks has requested additional funding for this project to complete planned work. This resolution increases the project budget by $54,000 through an appropriation of funding from the Olin Trust Fund.

Transportation - East-West Bus Rapid Transit (Project # 17607): Legistar file #75241 authorized Federal Small Starts funding for the E-W Bus Rapid Transit project. Following approval of the grant agreement, the Federal Transit Administration agreed to fund additional costs for the project including an electric snow melt system and solar panels. The year-end resolution appropriates an addition $4.6 million in federal funds for the E-W Bus Rapid Transit project in the Transportation Department's capital budget.

In addition, Legistar file #67431 authorized a $4.7 million FTA grant for the E-W Bus Rapid Transit project to purchase new buses, upgrade bus facilities, and for roadway improvements. Of the total award, $46,200 has not yet been appropriated within the Transportation Department's capital budget. The year-end resolution appropriates this remaining amount.

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.

BODY
WHEREAS, the 2023 adopted budget includes $1,900,000 in a centrally budgeted contingent reserve that may be reallocated to various agencies to fund unanticipated expenses or revenue shortfalls; and,

WHEREAS, Attorney, Human Resources, Mayor, Municipal Court, and Streets are projected to end the year with a $687,480 deficit after accounting for intra-agency transfers and other adjustments proposed in this resolution; and,

WHEREAS, the 2023 Adopted Operating Budget includes $4,000,000 within Direct Appropriation for compensated absence escrow payments associated with payments made by the City for health insurance benefits upon the retirement of employees; and,

WHEREAS, general fund agencies have paid out $2,557,562 in Compensated Absence Escrow payments through the third quarter of 2023; and,

WHEREAS, some agencies are able to absorb the cost of compensated absence escrow within their budget while others require a transfer from direct appropriations to cover these costs; and,

WHEREAS, various city agencies require intra-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, Fleet Services is projecting a deficit of $800,000 in supplies due to increased cost for equipment related to inflation and supply chain issues; and,

WHEREAS, Fleet anticipates an additional $200,000 in revenues for the sale of assets due to a strong market for used vehicles, and the additional revenues can offset their higher expenses; and,

WHEREAS, Fleet is projecting a surplus in personnel costs due to vacancies and can transfer $80,000 from salaries and $90,000 from benefits to supplies to offset higher expenses; and,

WHEREAS, Fleet requires an additional $430,000 in budget authority for supply costs, which can be offset by increasing the budget authority for inter-departmental billings to agencies; and,

WHEREAS, other agencies require increased budget authority for corresponding inter-departmental charges within agency budgets, which are described in other sections of this resolution related to general fund contingent reserve, intra-departmental transfers, and other funds; and

WHEREAS, the Economic Development Division received a $250,000 grant from the Wisconsin Economic Development Corporation's (WEDC) Community Development Investment (CDI) program to fund a portion of the costs for the Center for Black Excellence and Culture to renovate their property at 655 W Badger Road; and,

WHEREAS, various non-general fund agencies require revenue and expense adjustments and intra-agency transfers to cover projected deficits in major expenditure categories and account for other technical changes based on 3rd quarter projection; and,

WHEREAS, these non-general fund agencies have sufficient funding through increased revenues, reserves, or federal sources to cover expenses without requiring an appropriation from the general fund; and,

WHEREAS, the Parks Division capital budget for Olin Park Beautification (Project # 14936) requires an additional $54,000 to complete planned work; and

WHEREAS, the Olin Park Beautification project is funded through the Olin Park Trust Fund, which has sufficient funding to transfer to the capital project; and,

WHEREAS, the Transportation Department's 2022 and 2023 Adopted Capital Budgets included federal Small Starts funding for the East-West Bus Rapid Transit project (Project # 17607); and,

WHEREAS, following approval of the grant agreement with the Federal Transit Administration (FTA), which was authorized via Legistar File 75241, the FTA agreed to fund $4,600,000 in additional costs for the project; and

WHEREAS, Legistar File 67431 authorized the application and execution of a grant agreement with the FTA for $4.7 million in federal funding for new buses, upgrading bus facilities, and roadway improvements with the

Transportation Department's E-W Bus Rapid Transit project; and,

WHEREAS, $46,200 of FTA funding for E-W Bus Rapid Transit has not yet been appropriated in the capital budget; and

WHERAS, 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 2023 Operating Budget to appropriate $687,480 from the contingent reserve to cover projected deficits:

- **Attorney**: Transfer $21,400 to salaries and $5,700 to benefits to cover costs associated with vacation converted to pay.
- **Human Resources**: Transfer $150,000 to Purchased Services to fund a multi-year service contract that will begin in 2023 related to the procurement and implementation of a Human Resources Management System (Legistar File 80814).
- **Mayor**: Transfer $83,000 to Salaries and $8,000 to benefits to cover costs associated with a position double-fill and vacation converted to pay.
- **Municipal Court**: Transfer $120,000 to Charges for Service to cover a deficit caused by revenue shortfalls; transfer $8,000 to salaries and $1,880 to benefits to cover a deficit caused by not meeting salary savings targets due to lack of turnover.
- **Streets**: Transfer $289,500 to inter-departmental charges to cover a projected deficit in Fleet charges due to the higher cost of vehicle maintenance and repair.

and,

BE IT FURTHER RESOLVED, that the Common Council amends the 2023 Operating Budget to authorize the following transfers from Direct Appropriations to the following agencies to cover costs for compensated absence escrow payments:

- Attorney: $105,000
- Employee Assistance Program: $80,000
- Fire: $855,000
- Streets: $135,150

and,

BE IT FURTHER RESOLVED, that the Common Council amends the 2023 Operating Budget to authorize the following transfers across expenditure categories within departments:

- **Assessor:** Transfer $21,080 from salaries and $38,625 from purchased services to benefits ($48,830) and supplies ($10,875)
- **Clerk:** Transfer $70,419 from supplies and $15,000 from purchased services to salaries ($65,264) and benefits ($20,155)
- **Engineering:** Transfer $56,094 from salaries to benefits
- **Finance:** Transfer $20,000 from salaries to purchased services
- **Human Resources:** Transfer ~~$1800,000~~ $180,000 from salaries and $40,000 from benefits to purchased services ($215,000) and supplies ($5,000)
- **Mayor:** Transfer $15,000 from purchased services to salaries
- **Municipal Court:** Transfer $25,000 from purchased services to salaries ($20,000) and benefits ($5,000)
- **Parks:** Transfer $325,070 from salaries to benefits ($175,070) and purchased services ($150,000)
- **PCED Office of Director:** Transfer $5,000 from salaries to benefits
- **Planning:** Transfer $8,500 from purchased services to salaries ($8,000) and benefits ($500)

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- **Police:** Transfer $425,000 from salaries to benefits
- **Streets:** Transfer $308,682 from salaries to benefits ($102,682) and purchased services ($206,000)
- **Traffic Engineering:** Transfer $132,060 from salaries to benefits ($26,000), purchased services, ($60,000), Inter-departmental charges for Fleet costs ($54,500), and increase inter-departmental billings to Engineering ($8,440) for Town of Madison expenses that were included in the mid-year resolution (File 78951)
- **Transportation:** Transfer $8,500 from salaries to supplies ($5,000) and purchased services ($3,500)

and,

BE IT FURTHER RESOLVED, that the Common Council amends the 2023 Operating Budget to authorize the following intra-agency transfers and revenue adjustments within Fleet:

- Transfer $80,000 from salaries to supplies
- Transfer $90,000 from benefits to supplies
- Increase the budget authority for supplies by $200,000, offset by a revenue adjustment from the sale of assets of an equivalent amount
- Increase the budget authority for supplies by an additional $430,000, offset by an equivalent increase in inter-departmental billings to other agencies

BE IT FURTHER RESOLVED, that additional adjustments to Fleet inter-departmental charges for Streets, Traffic Engineering, Metro, Monona Terrace, and Parking Division, are described within this resolution under the sections for transfers from contingent reserve, intra-agency transfers, and other fund transfers; and,

BE IT FURTHER RESOLVED, that the Finance Director is authorized to approve additional adjustments to Fleet inter-departmental charges so long as the adjustments are net neutral to general fund agencies and are offset by agency revenues within enterprise agencies; and

BE IT FURTHER RESOLVED, that the Common Council amends EDD's 2023 operating budget to accept a $250,000 WEDC CDI grant; authorizes the City to enter into agreements with WEDC and the Center for Black Excellence and Culture, Inc. for work related to the grant; and authorizes the Mayor and Clerk to execute and record any documents related to the grant and associated agreements in a form approved by the City Attorney; and,

BE IT FURTHER RESOLVED, that the Common Council amends the 2023 Operating Budget to authorize the following revenue and expense adjustments and intra-agency transfers within the following non-general fund agencies:

- **CDA Fund:** Increase federal revenues and expenses by $24,326 to reflect updated U.S. Department of Housing and Urban Development (HUD) calculations for capital grants; increase insurance recovery revenues and consulting expenses by $275,000 due to roof repairs at Truax Park Apartments; and increase fund balance generated by $509,942 to balance the receipt of federal Housing Assistance Payments funds that were accepted in the mid-year resolution (File 78951)
- **CDBG Fund:** Increase fund balance applied by $587,024 to cover the cost of carryforward encumbrances and for maintenance at Zeier Road and Karmenta; add $4,268,144 in federal funding and corresponding expenses for Emergency Rental Assistance (ERA) 2 funds to reflect actuals received from the federal government
- **Golf**: Increase revenues by $290,000 to offset higher than budgeted expenses for salaries ($60,000), benefits ($30,000), supplies ($50,000), and purchased services ($150,000) to reflect projections
- **Landfill:** Increase revenues by $19,350 to offset higher than budgeted expenses for salaries ($6,072) and benefits ($13,278)
- **Parking:** Reduce salaries by $43,000 and transfer to Fleet inter-departmental charges to reflect projections
- **Metro:** Increase revenues by $649,181 to reflect pass through funds, updated local partner revenues,

and other adjustments; Reduce salaries by $245,421 to reflect staff time that will be charged to capital projects; Increase expenses for benefits ($143,000), supplies ($54,000), purchased services ($244,000), and Fleet inter-departmental charges ($31,000) to reflect projections

- **Monona Terrace:** Increase revenues by $209,000 to offset additional expenses in salaries ($99,000), benefits ($58,000), supplies ($40,000), and Fleet inter-departmental charges ($12,000)
- **Water:** Increase revenues by $2,022,488 to offset higher than budgeted expenses for benefits ($100,000), supplies ($100,000), and transfer out to capital for expense depreciation ($1,822,488) to reflect projections

and,

BE IT FURTHER RESOLVED, that the Common Council amends the 2023 capital budget for the following agencies and capital projects:

- **Parks:** Increase funding for the Olin Parks Beautification Project by $54,000, funded through a transfer of available funds from the Olin Trust Fund
- **Transportation:** Appropriate an additional $4,646,200 in federal FTA funding to the E-W Bus Rapid Transit project to reflect the total grant amounts received

and,

BE IT FINALLY RESOLVED, that the Common Council amends the 2023 Adopted Capital Budget to transfer funds across multiple projects to comply with arbitrage rules under federal tax law, as detailed in the attachment to the resolution titled “Capital Project Transfers for File 80860.”