

September 6, 2019

TO: Members of the Board of Mayor and Aldermen
Members of Budget and Finance Committee

FROM: Eric Stuckey, City Administrator
Kristine Brock, Assistant City Administrator/Chief Financial Officer
Michael Walters Young, Budget & Strategic Innovation Manager

RE: Consideration of Ordinance 2019-36, 1st Quarter 2020 Budget Amendments

Purpose

The purpose of this item is to amend the Fiscal Year 2020 Budget for compliance with State budgeting guidance regarding:

1. Ensuring authorizations in place to balance each fund's budget on a cash basis on June 30, 2020.
2. Ensuring sufficient monies have been appropriated to adequately fund long-term capital projects.

Background

The State Comptroller has provided guidance that budget amendments are to be on the cash basis and must occur prior to fiscal year end (June 30) to ensure no fund has a deficit fund balance or deficit cash balance at June 30.

In order to stay ahead of this responsibility, staff is proposing four budget amendments.

The amendments are as follows:

1. Annual Wage Increases: These wage increases are budgeted in General Expenses or the Administration divisions of various funds and are a result of the City's practice that regular and pay plan adjustment allocations be distributed via amendment to each individual department. Employees received these increases effective July 1.
This amendment has multiple components:
 - a. General Fund: Transfer of \$1,242,740 from General Expenses to department budgets.
 - b. Sanitation and Environmental Services Fund: Transfer of \$68,782 from Administration to the Collection and Disposal division budgets.
 - c. Stormwater Fund: Transfer of \$11,635 from Streets to Engineering.
 - d. Water Management Fund: Transfer of \$62,023 from Water - General to three Water divisions (Utility Billing, Water Distribution and Water Plant) and \$131,100 from Wastewater General to three Wastewater divisions (Utility Administration, Wastewater Collection, Wastewater Plant).
2. FY 2020 Capital Investment Budget: With the BOMA approval of Resolution 2019-68 - A resolution to Adopt The Project List for the FY 2019-28 Capital Investment Program on

August 13, 2019, staff wants to ensure that projects are ready to move forward have sufficient budgeted authorization to proceed. Amendment 2 proposes moving \$9,305,115 from seven different funds to the Multi-Purpose Capital Projects Fund to pay for the design or outright construction and completion of 22 projects listed in the FY 2019-2028 CIP. The projects and their components to be funded are as follows:

FY 2019-2028 CIP Project	Phase	Amount
PK16014 - SE Park - Phase I	Design	\$ 1,300,000
ST16017 - Long Ln and Old Peytonsville Rd Connector	Design	\$ 450,000
PK16020 - Bicentennial Park	Design	\$ 550,000
FM19001 - 5th Ave Parking Lot	Construction	\$ 500,000
ST16011 - Mallory/N Royal Oaks & Liberty Intersection Imp.	Design	\$ 475,000
PK16013 - Greenway & Bridge (Harlinsdale to Chestnut Bend)	Design	\$ 350,000
PK16016 - Lockwood Glen Park	Design	\$ 602,300
ST16006 - Jordan Road (Aspen Grove Dr-Mallory Ln)	Design	\$ 200,000
ST16030 - Lewisburg Ave Sidewalk Improvements	Design/Const.	\$ 428,360
PK19001 - FSSD (Freedom Middle/Poplar Grove)	Design	\$ 138,150
SW16007 - Maplewood Stormwater Project	Construction	\$ 530,000
PK16009 - Liberty Park Improvements	Design	\$ 250,000
PK16002 - Main Barn, Harlinsdale	Design	\$ 217,870
PK16018 - Eastern Flank Road Circle	Construction	\$ 175,000
PK16011 - Greenway Aspen Grove Park to Mack Hatcher	Design	\$ 75,000
ST19004 - McEwen Drive Interchange Modifications	Construction	\$ 1,000,000
ST19006 - Church St. (Columbia to 2nd Ave S)	Design	\$ 215,415
ST16005B - Pratt Ln Bridge Replacement	Design	\$ 100,000
SW19003 - USACE - Home Raising Project	Construction*	\$ 700,000
SW19004 - West Main Bridge Widening Project	Design	\$ 60,000
PK19010 - Thompson Alley Neighborhood Park	Design	\$ 20,000
ST19001 - Main St Sidewalk Repair Project	Design/Const.	\$ 250,000

*Figure shown here represents maximum City participation in the USACE Home Raising Project. It is still hoped that sum will be given to Army Core of Engineers to administer the program.

These 22 projects join 9 other ongoing CIP projects already funded in the FY 2020 budget. All told, the City of Franklin plans to spend over \$41 million in FY 2020 on working on approved capital projects.

3. Jim Warren Tennis Courts: This is a carry over capital project from FY 2019. The 8 tennis courts have had significant structural needs and this has resulted in additional funds being required to complete the renovations. The additional funds total \$221,608, split 75% (\$166,206) to the General Fund - Parks Department and 25% (\$55,402) to the Hotel/Motel Tax Fund.
4. Termination Payment of Interest Rate Swap for 2007 PBA Bonds: At your last Budget & Finance Committee Meeting, staff presented recommendations for both the refinancing and restructuring of principal payments for the 2007 PBA Bonds and the 2010 Recovery Bonds under the City of Franklin General Obligation credit and the termination of the interest rate

swap associated with the 2007 PBA Bonds. In order to move forward with this termination and refinance the bonds within the time limitations facing the City (action needs to be taken before the end of the calendar year), staff recommends the use of \$2,500,000 of one-time General Fund Fund Balance to pay a portion of the swap termination. A formal resolution authorizing this will be presented to the full Board of Mayor and Aldermen on September 24, 2019.

This is the first budget amendment during this Fiscal Year to the budget. We envision at least one more during the Fiscal Year.

Financial Impact

The amendments, as proposed, would result in:

1. General Fund: No Change.
2. Sanitation & Environmental Services Fund: No Change.
3. Road Impact Fund: Decrease of Fund Balance of \$2,340,415.
4. City Facilities Tax Fund: Decrease of Fund Balance of \$1,483,942.
5. Stormwater Fund: No Change.
6. Hotel/Motel Tax Fund: Decrease of Fund Balance of \$1,048,272.
7. Parkland Dedication: Decrease of Fund Balance \$1,451,508.
8. Debt Service Fund: No Change.
9. Multi-Purpose Capital Projects Fund: No Change.
10. Water & Wastewater Funds: Decrease of Fund Balance of \$720,000.

Options

1. Approve amendment(s) as proposed and forward to BOMA.
2. Make changes to the amendment(s) where desired and forward to BOMA.

Recommendation

Staff recommends approval of the amendments.