

September 8, 2017

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

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

RE: Consideration of Ordinance 2017-50, 1st Quarter 2018 Budget Amendments

Purpose

The purpose of this item is to amend the Fiscal Year 2018 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, 2017.

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 three budget amendments.

The amendments are as follows:

1. Personnel Changes within General Fund: This amendment has two components:
 - a. Transfer of \$27,500 from Building & Neighborhood Services Expenses and \$27,500 from Information Technology Expenses to Information Technology Personnel in order to accommodate the creation of a new Information Services Analyst I position for the remainder of Fiscal Year 2018. This position will work directly with Building and Neighborhood Services to implement technology upgrades to our existing systems and generate greater efficiencies. Several other organizational changes will also be made to the Information Technology Department at this time but will result in no financial impact. These include the reclassification of the existing Information Systems Analyst I to the new position of Enterprise Support & Training Specialist and the consolidation of the department under two Assistant Directors reporting to the Director of Information Technology. An organization chart and staffing table change for Information Technology is provided as Exhibit A of the Ordinance.
 - b. Transfer of \$20,000 from General Expenses to Finance. This transfer is to allow for proper accounting of the part-time City's Investment Officer.
2. Payment of Completed Intersection Work. On October 13, 2016, the City of Franklin entered into an agreement with Meridian Cool Springs Owner's Association, Inc to make

intersection improvements at Meridian Blvd and Carothers Parkway. The purpose of the project was to improve the overall capacity of the intersection by removing the current split phase operation. The City's estimated cost for design, permitting, construction management and construction for the project was \$221,000. During final paving operations, the City requested additional milling and resurfacing at the intersection and on Gillespie Drive as this area was in need of repaving. The overall cost of the project was \$672,263.38 and the City is responsible for \$331,483.50 (\$185,632.17 for the intersection improvements and \$145,851.33 for additional milling/resurfacing).

This item was approved as Item 17-0749 at the 8/22/2017 BOMA Voting Session as “*Consideration of Amendment No. 1 (COF Contract No. 2015-0172) to the Carothers Parkway and Meridian Boulevard / Gillespie Drive Intersection Improvements Agreement with the Meridian Cool Springs Owner's Association, Inc.”

Funding will be split \$185,632.17 from General Fund Fund Balance and will increase the Traffic Operations Center Capital Budget by the same amount for the intersection improvements while the \$145,851.33 will come from an increase in state resurfacing aid as a result from the passage of the IMPROVE Act and will be charged against City's regular milling & resurfacing budget in the Street Aid & Transportation Fund.

3. Southeast Complex Planning & Research: The BOMA considered and approved two contracts with Barge Waggoner, Sumner & Cannon (BWSC) on June 13, 2017 – COF Contract 2017-0122 and COF Contract 2017-0123 for the development of construction plans (0122) and a park master plan (0123) for the area known as the Southeast Complex. As part of contract 2017-0123, CDM Smith was also engaged to evaluate and identify site constraints and evaluate the site for the location of a potential future wastewater treatment/reclamation facility.

Although the BOMA has authorized the overall \$13,200,000 Southeast Complex project, the actual annual budget allocation for this project was not included within the FY 2018 Operating budget to account for these contracts. This amendment will ensure adequate funds are available to pay for the contracts with BWSC and CDM Smith to complete master planning and construction planning timely in FY 2018. The two contracts total \$706,204 (2017-0122 is for \$310,158 and 2017-0123 is for \$396,046, respectively). The amount of the CDM Smith sub-contract is \$184,856.

Funding will come from mostly the City's Facilities Tax (\$540,000) and the remainder from the Water & Wastewater Fund (\$185,000). The excess amount of transfer will account for additional work which may need to occur as part of the overall project in FY 2018.

This is the second budget amendment during this Fiscal Year to the budget. We envision several more during the course of the Fiscal Year.

Financial Impact

The amendments, as proposed, would result in:

1. General Fund: No Change. Fund balance of \$185,632 will be budgeted from the General Fund – Capital Funding Account in order to maintain a balanced budget.
2. Sanitation & Environmental Services Fund: No Change.

3. City Facilities Tax Fund: Decrease of Fund Balance of \$540,000. Deficit will not be made up – it is the intent to apply fund balance for this amendment.
4. Water & Wastewater Funds: Increase of Fund Balance of \$185,000. Deficit will not be made up – it is the intent to apply fund balance for this amendment. It should be noted that the first budget amendment reduced expenses by \$262,000, so for the year the overall budget for Water & Wastewater Services is still less than originally approved.

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.