

August 3, 2018

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
Michael Walters Young, Budget & Strategic Innovation Manager

RE: Consideration of Ordinance 2018-44, 1st Quarter 2019 Budget Amendments

Purpose

The purpose of this item is to amend the Fiscal Year 2019 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, 2019.

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 five budget amendments.

The amendments are as follows:

1. General Fund: This amendment has multiple components:
 - a. Increase of Allocation from Fund Balance of \$1,061,725. This draw is necessary to balance the General Fund for the remainder of FY 2019. Of this amount, \$825,000 is being drawn to account for additional expenses incurred in the Public Safety Communications System Upgrade, budgeted out of fund 311. More explanation will follow under Amendment #3. Staff points this out here, however, because we a majority of the fund balance being used for this purpose (\$646,000 of the \$825,000) comes from higher than budgeted returns from the City's Share of the Hall Income Tax in FY 2018. We only budgeted \$1,000,000 and receive \$1,646,123.83.
The majority of the remainder of the Allocation from Fund Balance - \$236,725 - comes from expenses which were not incurred but budgeted in FY 2018 and still need to occur. This fund balance is directly traceable to closeouts at year end.
 - b. Transfer allocation of wage increases to departments from General Expenses totaling \$1,156,457. These wage increases are budgeted in General Expenses 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.

- c. Transfer of \$30,000 from Police Patrol to Revenue Management for combination of Parking Enforcement and Court Security functions. In order to maximize staff efficiency and provide better and more reliable Parking Enforcement and City Court security, a future resolution will be brought forward proposing the combination of parking enforcement and City Court Security officer into one position. That job description and organizational chart is still being reviewed at this time, but this action guarantees the right money will be budgeted in the right department moving forward.
- d. Increase for "Re-appropriations" totaling \$159,931. Five individual actions/appropriations of services not received by June 30th are included within this item, including \$8,000 for the National Citizens Survey, \$30,000 for the City's open performance website, \$12,000 for MTEMC pole relocation services, \$23,530 for playground equipment installation and \$86,401 for completion of the Aerial GIS fly-over contracted for FY 2018. All of these items were in progress and budgeted in FY 2018 but services nor work was not completed or received as of June 30th. This action ensures the correct accounting for when the goods and services were received/completed.
- e. Reduction of \$23,206 for all of the General Fund departments allocated Property & Liability Insurance costs in FY 2019. Whereas the FY 2019 budget was built assuming a 5% increase in all P&L line-items, the actual costs have come in lower. This reduction is also present in the Water & Wastewater Funds, while costs in Sanitation & Environmental Services increased slightly.
- f. Increase of \$100,000 for additional signalization projects throughout Franklin. Although the Traffic Operations Center capital budget allots money annually for various signalization projects, staff has determined additional funds are necessary in FY 2019.
- g. Increase of \$825,000 for a Transfer to the Multi-Purpose Capital Projects Fund for change order to the Public Safety Communications System Project. This is a pass-through of the allocation of General Fund Fund Balance and will be explained more in Amendment #3.
2. Sanitation & Environmental Services Fund: This amendment has three components:
 - a. Allocation of wage increases to departments from Administration to Collection and Disposal totaling \$51,744. These increases 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.
 - b. Increase of \$5,145 for the SES department allocated Property & Liability Insurance costs for FY 2019.
 - c. Increase of \$154,050 for the RouteSmart Navigator Project. This project, which installs tablets in every SES truck to maximize route efficiency and pick-ups was recommended by the City Administrator and approved by the BOMA in the FY 2019 budget. It was not, however, actually budgeted in an oversight by the Budget & Strategic Innovation Manager of which he is truly sorry. This corrects that oversight. This is partially being funded from a draw from fund balance and from the small surplus which was anticipated to be generated by the SES fund in FY 2019.
3. Multi-Purpose Capital Projects Fund: Increase of \$825,000 in both revenues and expenses for change order to the Public Safety Communications System Project. This change order ensures sufficient quantity and programming of radios for all officers and reserve officers of the Franklin Police Department.
4. Water & Wastewater Funds: This amendment has two components:

- a. Allocation of wage increases to departments from General Expenses in both Water and Wastewater \$50,142 and \$65,417, respectively. These increases 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.
- b. Decrease of \$31,401 for the Water & Wastewater departments allocated Property & Liability Insurance costs for FY 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: Decrease of Fund Balance of \$159,195.
3. Multi-Purpose Capital Projects Fund: No Change.
4. Water & Wastewater Funds: Increase of Fund Balance of \$31,401.

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.