

DURHAM



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CITY OF MEDICINE

CITY OF DURHAM | NORTH CAROLINA

DATE: October 1, 2013

TO: Thomas J. Bonfield, City Manager

THROUGH: Wanda S. Page, Deputy City Manager

FROM: Bertha T. Johnson, Director of Budget & Management Services
Jim Reingruber, Principal Budget Analyst

RE: Request to carryover funds from FY 2012-13 to FY 2013-14, amend the FY2013-14 Budget and other grant and capital project ordinance amendments, internal service funds spending plan.

EXECUTIVE SUMMARY

The Budget and Management Services department is recommending adjustments to several budget, grant, and internal service spending plan ordinances and resolutions. A summary of all actions for impacted operating funds is shown in the table below:

General Fund	\$ 4,831,409.44
Emergency Telephone System Fund	\$ 249,884.48
Business Improvement District Fund	\$ 16,000.00
Dedicated Housing Fund	\$ 313,483.81
Water and Sewer Fund	\$ 2,428,751.60
Transit Fund	\$ 721,427.68
Solid Waste Disposal Fund	\$ 445,977.69
Storm Water Fund	\$ 385,124.18
Ballpark Fund	\$ 195,491.96
Parking Facilities Fund	\$ 319,585.37
Durham Performing Arts Center Fund	\$ 900,000.00
DPAC Capital Reserve Fund	\$ 9,440.00
TOTAL APPROPRIATIONS	\$ 10,816,576.21

RECOMMENDATIONS

The Administration recommends the City Council adopt a budget ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2013-14, the same being Ordinance #14486 to appropriate fund balance for the carryover request, recognize encumbrances brought forward, make a transfer from the DPAC Fund to a DPAC capital project and make other needed ordinance adjustments.

The Administration recommends the City Council adopt an ordinance amending the General Capital Improvement Project Ordinance, Fiscal Year 2013-14, as amended, the same being Ordinance #14464 for the purpose of closing out and reallocating funding sources for various projects.

The Administration recommends the City Council adopt an ordinance amending the Stormwater Capital Improvement Project Ordinance, Fiscal Year 2013-14, as amended the same being Ordinance #14466 for the purpose of reallocating funds between projects.

The Administration recommends the City Council adopt the 2013 US Marshall Service Equipment Donation GPO Superseding GPO #14450.

The Administration recommends the City Council adopt the 2014 Target GPO.

The Administration recommends the City Council adopt the FY 2011-2012 North Carolina Department of Commerce Neighborhood Stabilization Program 3 GPO Superseding GPO # 14179.

The Administration recommends the City Council adopt the U.S. Department of Housing and Urban Development Lead-Based Paint Hazard Reduction GPO Superseding GPO #14185.

The Administration recommends the City Council adopt the 2007-2008 Transit Planning and Capital GPO Superseding GPO #13638.

The Administration recommends the City Council adopt the 2008-2009 Transit Planning and Capital GPO Superseding GPO #13637.

The Administration recommends the City Council adopt the 2012-2013 Transit Planning and Capital GPO Superseding GPO #14461.

The Administration recommends the City Council adopt the 2013-2014 Transit Planning and Capital GPO Superseding GPO #14472.

The Administration recommends the City Council adopt the FY 2011-2012 Section 5303 Metropolitan Transit Planning GPO Superseding GPO # 14145.

The Administration recommends the City Council adopt the FY 2012-2013 Section 5303 Metropolitan Transit Planning GPO Superseding GPO # 14343.

The Administration recommends the City Council adopt the FY 2012-2013 NCDOT Apprentice Program GPO Superseding GPO # 14311.

The Administration recommends the City Council adopt the FY 2013 Section 5316 FTA Job Access Reverse Commute (JARC) GPO.

The Administration recommends the City Council adopt the FY 2013 Section 5317 FTA New Freedom GPO.

Finally, the Administration recommends the City Council Adopt a Resolution superseding Resolution #9862 to amend the Risk and Employee Insurance Internal Service Funds Fiscal Year 2013-14 Financial Plans for the purpose of recognizing encumbrance carry forwards.

BACKGROUND

A carryover is an expenditure that was approved in the prior fiscal year's budget, but was not spent or encumbered in that fiscal year. Unspent budgeted funds in a prior year revert to fund balance. At the end of each fiscal year, when funding is available, Budget and Management Services solicits requests from departments to carryover unspent funds budgeted in the prior fiscal year to the subsequent year. Generally, carryovers are only recommended for approval if they meet the following criteria:

- The funds were appropriated in the prior year's approved budget for the same purpose.
- The funds from the prior year were not spent.
- The purpose is one-time in nature and there are not funds budgeted in the current year for the purpose.
- The City has a desired fund balance level.

This year's request also includes recommendations to carryover funds that were not appropriated for the same purpose in the prior fiscal year. These items include:

- Funding for Southside development marketing materials
- Funding for the Neighborhood Improvement Services Neighborhood Compass Initiative tied to the Strategic Plan.
- Costs related to the planned move of the Office of Economic and Workforce Development.
- Funds to replace Parks and Recreation equipment that was donated, therefore not part of the Fleet replacement schedule, and have exceeded their useful lives.

For fiscal year ending June 30, 2013 the fund balance was projected at 12.5%. The actual fund balance as determined by the annual audit is 13.54%. The City's current policy is to

maintain an unassigned fund balance as a percentage of adjusted appropriations of no less than 12% of General Fund adjusted appropriations. If the carryover is approved the fund balance will be at 13.24%.

City Council must approve any ordinance amendments therefore, Budget and Management Services typically brings two to four budget amendments forward each year. This is the first item for FY 2013-14. In addition, Budget and Management Services attempts to combine amendments and grants in a single agenda item for efficiency.

ISSUES/ANALYSIS

At the end of each fiscal year, when funding is available, Budget and Management Services solicits requests from departments to carryover unspent funds budgeted in the prior fiscal year. After the annual financial audit is finalized and the General Fund fund balance percentage is confirmed at an acceptable level, the department of Budget and Management Services analyzes the departmental requests and makes a recommendation to the City Manager. The City Manager reviews and approves the final recommendation to be made to the City Council. The departmental requests for carryover from FY 2012-13 to FY 2013-14 totaled \$1,443,714.00. The Administration recommends the City Council approve \$470,642.00.

The budget ordinance allows for any encumbered funds at the end of the previous fiscal year to be automatically re-appropriated in the subsequent year. This amendment recognizes those dollar amounts in the revised ordinance. These encumbered amounts included: \$4,318,909.08 in the General Fund; \$249,884.48 in the Emergency Telephone System Fund; \$16,000 in the Business Improvement District Fund; \$313,483.81 in the Dedicated Housing Fund; \$2,428,751.60 in the Water and Sewer Fund; \$721,427.68 in the Transit Fund; \$445,977.69 in the Solid Waste Fund; \$385,124.18 in the Stormwater Fund; \$195,491.96 in the Ballpark Fund; \$319,585.37 in the Parking Fund; and \$9,440.00 in the DPAC Capital Reserve Fund. Total operating budget encumbrances equal \$9,404,075.85.

The General Fund also includes an amendment of \$41,858.36 which is essentially a technical correction to fix an encumbrance for services that were moved from the General Fund to the Risk Fund with the adoption of the FY 2013-14 Budget.

The DPAC fund is being amended to appropriate \$900,000 from fund balance to fund an approved capital project for furniture, fixtures and equipment.

Two Capital Improvement Program (CIP) amendments are included in this agenda item. The first is an amendment to the General CIP ordinance, the same being ordinance #14464 as adopted June 17, 2013 to make necessary corrections in funding sources, closes out various projects in the downtown revitalization sections and addresses various transportation projects. The second CIP ordinance amendment reallocates funding for drainage repair projects in the Stormwater CIP ordinance, the same being ordinance

#14466 as adopted June 17, 2013 and has a zero net effect to original CIP fund allocations.

The Police Department is amending the United States Marshal Service 2013 Equipment GPO to recognize the additional \$5,000 donation, bringing the grant up from \$35,000 to \$40,000. They are also bringing forward a grant from Target for \$700 dedicated to National Night Out activities.

The Department of Community Development received notification of an additional \$550,000.00 award for the Neighborhood Stabilization Program 3 (NSP) Grant, bringing the total award up to \$1,500,000.00. These additional funds were awarded to Durham because another community was not able to spend them in a timely manner, and Durham has an excellent track record with using NSP funds. These funds are available to use for site preparation and infrastructure costs in Southside. The department is also amending a Lead Hazard Reduction grant to correct funding sources.

The Department of Transportation is amending several Section 9 Transit Planning and Capital GPOs including the 2007-08, 2008-09, 2012-13, and 2013-14 GPOs to adjust for proper allocations between grants and matching dollars, and the actual amount of the awards. The overall amount is decreasing by \$47,566.00. They are also amending two 5303 Transit Planning GPOs including the 2011-12 and 2012-13 GPOs to make end of year corrections for actual receipts. The NCDOT Apprenticeship GPO is being amended to recognize a \$4,190 decrease. The final Transportation GPOs are current year grants for Job Access Reverse Commute, and New Freedom being adopted.

Finally, an amendment to the Internal Service Spending Plans is required to recognize Risk encumbrances carried forward of \$115,780.19 which includes the technical correction mentioned previously.

ALTERNATIVES

As noted above, these amounts were scheduled to be expended in the Council adopted budget for FY 2012-13. In most cases, the funds were not expended due to delays in purchasing, delivery or implementation. All of the items remain priorities. Departments will not be able to absorb these expenditures in their FY 2013-14 departmental budgets without impacting current year service plans.

If the City Council does not approve this budget amendment, departments would have to defer the purchase of equipment that has not already been ordered and allow existing equipment to continue to deteriorate. Other expenses have either already been incurred or are not optional. Without this budget amendment, departments would have to reduce their current year service plans to accommodate those costs.

FINANCIAL IMPACT

The carryovers are consistent with the City Council's intent in the adopted budget to hold the general fund balance at or above 12%. The Local Government Commission recommends that cities maintain a fund balance above 8%. The appropriation of fund balance for carryovers is for one-time costs that will not impact future budgets.

The approval of the encumbrance carry forward amounts will not impact the undesignated General Fund fund balance as these funds were already designated.

The approval of this budget amendment will appropriate \$41,858.36 from the General Fund fund balance, but this is to simply move what was a designated encumbrance to the correct fund. The DPAC fund will appropriate \$900,000 from fund balance to help fund the capital project underway to acquire and convert some adjacent spaces for DPAC use.

The additional NSP award will allow some general fund and CDBG fund dollars to be reallocated within the Southside project, providing more flexibility. The other various Grant Project Ordinances do not materially affect current year activities.

SDBE INFORMATION

Not applicable.

ATTACHMENTS:

- Budget Ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2013-14, the same being Ordinance #14486.
- Capital Improvement Ordinance amending the General Capital Improvement Project Ordinance, Fiscal Year 2013-14, the same being Ordinance #14464.
- Capital Improvement Ordinance amending the Stormwater Capital Improvement Project Ordinance, Fiscal Year 2013-14, the same being Ordinance #14466.
- 2013 US Marshall Service Equipment Donation GPO Superseding GPO #14450.
- 2013 US Marshall Service Joint Law Enforcement Operations Task Force Modification Agreement.
- 2014 Target GPO.
- North Carolina Department of Commerce Neighborhood Stabilization Program 3 Grant FY 2011-2012 Superseding Grant Project Ordinance # 14179.

- Neighborhood Stabilization Program 3 Grant additional award notification.
- U.S. Department of Housing and Urban Development Lead-Based Paint Hazard Reduction GPO Superseding GPO #14185.
- 2007-2008 Transit Planning and Capital GPO Superseding GPO #13638.
- 2008-2009 Transit Planning and Capital GPO Superseding GPO #13637.
- 2012-2013 Transit Planning and Capital GPO Superseding GPO #14461.
- 2013-2014 Transit Planning and Capital GPO Superseding GPO #14472.
- FY 2011-2012 Section 5303 Metropolitan Transit Planning GPO Superseding GPO # 14145.
- FY 2012-2013 Section 5303 Metropolitan Transit Planning GPO Superseding GPO # 14343.
- FY 2012-2013 NCDOT Apprentice Program GPO Superseding GPO # 14311.
- FY 2013 Section 5316 FTA Job Access Reverse Commute (JARC) GPO.
- FY 2013 Section 5317 FTA New Freedom GPO.
- Resolution superseding Resolution #9862 to amend the Risk and Employee Insurance Internal Service Funds Fiscal Year 2013-14 Financial Plans.