

DURHAM



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CITY OF MEDICINE

CITY OF DURHAM | NORTH CAROLINA

DATE: May 17, 2016

TO: Thomas J. Bonfield, City Manager

THROUGH: Wanda S. Page, Deputy City Manager

FROM: Bertha T. Johnson, Director of Budget & Management Services
Lisa Henty, Acting Principal Budget Analyst

RE: Request to amend the FY2015-16 Budget Ordinance and other Grant Project Ordinance Amendments.

EXECUTIVE SUMMARY

During the fiscal year, certain adjustments to the operating budget ordinance are necessary. This is the fourth and final such amendment for FY 2015-16, commonly referred to as the cleanup amendment. In addition to an operating budget amendment, this item includes several Grant Project Ordinance amendments and an adjustment to the Employee Insurance Internal Service Fund.

RECOMMENDATION

The Administration recommends the City Council adopt a budget ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2015-16, the same being Ordinance # 14808;

The Administration recommends the City Council adopt the U.S Department of Housing and Urban Development Community Development Block Grant (CDBG) FY 2014-15 Grant Project Ordinance superseding Grant Project Ordinance # 14601;

The Administration recommends the City Council adopt the U.S Department of Housing and Urban Development Community Development Block Grant (HOME) FY2014-15 Grant Project Ordinance (GPO) Superseding Grant Project Ordinance # 14602;

The Administration recommends the City Council adopt the North Carolina Department of Environment and Resources Clean Water Management Trust Fund Grant FY2011-12 Grant Project Ordinance Superseding Grant Project Ordinance # 14209;

The Administration recommends the City Council adopt the FY 2015-16 Transit Planning and Capital Grant Project Ordinance Superseding Grant Project Ordinance # 14790;

Finally, the Administration recommends the City Council adopt a Resolution superseding Resolution #9944 to amend the Employee Insurance Internal Service Fund Fiscal Year 2015-16 Financial Plan for the purpose of appropriating fund balance for additional anticipated claims expenses.

BACKGROUND

Any time an ordinance requires change, the revisions require City Council approval. Budget and Management Services typically brings two to four budget amendments forward each year. Three amendments have already been approved in FY 2015-16 which included amendments to the operating budget, several grant project ordinances, capital project ordinances and the internal service fund spending plan resolution. Budget and Management Services attempts to combine amendments and small grants in a single agenda item for efficiency.

ISSUES/ANALYSIS

This omnibus amendment package includes five amendments to various ordinances including the City of Durham Budget Ordinance, two Community Development Grant Project Ordinances, one Public Works Grant Project Ordinance, and one Transit Grant Project Ordinance. This item also includes adjustments to the Internal Service Funds Resolution. Below is an explanation of the various components of each amendment:

City of Durham Budget Ordinance Changes

The City of Durham Budget Ordinance requires the following changes to various Funds:

The Cemetery Fund is appropriating \$1.18M from fund balance to cover the costs associated with cemetery upgrades. The Cemetery Fund is a fiduciary fund and any appropriated expenses are then transferred to the General Fund CIP for actual project spending. This amendment will recognize the \$1.18M transfer from the Cemetery Fund to the General Fund for CIP related expenses.

In addition, the Dedicated Housing Fund required an appropriation from fund balance in the amount of \$298,718 for the remaining costs associated with the Southside project.

Lastly, the Finance Department has recommended that the LEO Special Separation and Other Post Employment Benefit Funds be zeroed out and closed to align with general accepted accounting principles. The LEO Special Separation Fund will be incorporated into the General Fund for future budget years and the Other Post Employment Benefit Fund will be incorporated

into the Employee Insurance Internal Service Fund in future years. There is no material financial impact with these changes.

Grant Project Ordinance Changes

This amendment includes four grant project ordinance amendments submitted by the Department of Community Development, Department of Public Works and Department of Transportation. The specific details are highlighted below:

The Department of Community Development is amending two Grant Project Ordinances. These items are to correct for actual or expected awards that differ from the original Grant Project Ordinances and include the U.S Department of Housing and Urban Development Community Development Block Grant (CDBG) and U.S Department of Housing and Urban Development Community Development Block Grant (HOME).

The Department of Public Works is amending the North Carolina Department of Environment and Resources Clean Water Management Trust Fund Grant FY2011-12 Grant Project Ordinance. This adjustment is to correct for actual awards that differ from the original Grant Project Ordinance.

The Department of Transportation is amending FY 2015-16 Transit Planning and Capital Grants. This adjustment is to correct for actual or expected awards that differ from the original Grant Project Ordinance.

Internal Service Fund Resolution Changes

Finally, the Employee Insurance Internal Service Fund requires an amendment for the purpose of appropriating fund balance for additional anticipated claims expenses in the amount of \$3.6 million.

ALTERNATIVES

If the City Council does not approve these amendments, the ordinances will be incorrect and the City would be out of compliance with NC General Statutes.

FINANCIAL IMPACT

The City of Durham Budget Ordinance will have a net decrease of \$3.5M. There are three components of this amendment and the details are provided below:

- The approval of this budget amendment will increase the General Fund by \$1.18M due to the transfer from the Cemetery Fund to the General Fund for CIP related expenses.
- The Dedicated Housing Fund required an appropriation from fund balance in the amount of \$298,718 for costs associated with the remaining costs associated with the Southside project.
- The LEO Special Separation and Other Post Employment Benefit Funds are being zeroed out and closed. This is the largest change on the ordinance dollar wise and includes a

decrease of \$1,608,777 and \$4,564,124 respectively. These budgets will be moved to the Employee Insurance Fund and the General Fund, respectively in future budget years. This change is to align with general accepted accounting principles.

The four Grant Project Ordinance amendments are all relatively minor and will not materially affect current year activities. It is mostly clean-up adjustments based on actuals, end-of-year projections and received awards.

The Internal Service Funds Resolution appropriates \$3.6 million from fund balance for the Employee Insurance Fund to address anticipated claims expenses.

SDBE INFORMATION

Not applicable.

ATTACHMENTS:

- Budget ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2015-16, the same being Ordinance # 14808
- U.S Department of Housing and Urban Development Community Development Block Grant (CDBG) FY 2014-15 Grant Project Ordinance superseding Grant Project Ordinance # 14601
- U.S Department of Housing and Urban Development Community Development Block Grant (HOME) FY2014-15 Grant Project Ordinance Superseding Grant Project Ordinance # 14602
- North Carolina Department of Environment and Resources Clean Water Management Trust Fund Grant FY2011-12 Grant Project Ordinance Superseding Grant Project Ordinance # 14209
- FY 2015-16 Transit Planning and Capital Grant Project Ordinance Superseding Grant Project Ordinance # 14790
- Resolution superseding Resolution #9944 to amend the Employee Insurance Internal Service Fund Fiscal Year 2015-16 Financial Plan