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CITY OF FRESNO
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FRESNO CITY COUNCIL



Additional Information

Agenda Related Item(s) – ID#20-0027 (10:30 A.M.)

Item(s)

Actions Pertaining to the FY 2020 Budget Update

1. ***RESOLUTION - 14th amendment to the Annual Appropriation Resolution (AAR) No. 2019-133 to appropriate \$6,603,400 for operating programs and capital improvement projects citywide and reallocate \$1,000,000 of existing General Fund appropriations for new operational activities. (Requires 5 affirmative votes) (Subject to Mayor's veto)

Contents: Staff Report

Supplemental Information:

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REPORT TO THE CITY COUNCIL

February 13, 2020

FROM: WILMA QUAN, City Manager
Office of the Mayor & City Manager

THROUGH: JANE SUMPTER, Assistant City Manager
Office of the Mayor & City Manager

BY: HENRY FIERRO, Budget Manager
Office of the Mayor & City Manager

SUBJECT

Title

Actions Pertaining to the FY 2020 Budget Update

1. *****RESOLUTION** - 14th amendment to the Annual Appropriation Resolution (AAR) No. 2019-133 to appropriate \$6,603,400 for operating programs and capital improvement projects citywide and reallocate \$1,000,000 of existing General Fund appropriations for new operational activities. (Requires 5 affirmative votes) (**Subject to Mayor's veto**)

Body

RECOMMENDATION

It is recommended that the City Council adopt the 14th amendment to the Annual Appropriation Resolution (AAR) No. 2019-133 that is needed to fund General Fund expenses in the Council, Parks, After School, Recreation and Community Services (PARCS), Public Works, General City Purpose, as well as Planning and Development Departments.

EXECUTIVE SUMMARY

As a part of the fiscal year 2019 financial close, a reconciliation of revenues and expenditures was completed. The result reports an actual carryover that is \$6.6 million higher than the estimated carryover of \$18.2 million due to unanticipated net revenues of \$3.8 million (or 1.0 percent) and expenditure/transfer net savings of \$2.8 million (or 1.5 percent).

After re-budgets to complete Council approved projects, the net unanticipated General Fund carryover is \$6.1 million. In addition, \$1.0 million of existing appropriations are to be reallocated to fund new operational activities. The \$1.0 million to be reallocated was originally established through approved motion #18, which appropriated \$1.0 million to fund new market tax credits in order to meet the

contract obligation for the Darling Plant relocation. However, recent events negated the need to commit such funding for the planned relocation.

BACKGROUND

Revenues

Net General Fund revenues were \$375.4 million, approximately \$3.8 million or 1.0 percent higher than the estimate of \$371.7 million. The primary factor were the revenues associated with Charges for Current Services, which came in \$2.2 million above its estimate. The primary cause was higher than anticipated inspection and plan check fees for the Public Works and Planning and Development Department driven by stronger growth in development activity.

Also contributing to better than anticipated revenues were Sales Tax, which was \$0.8 million or 0.9 percent above its estimate and Property Tax, which exceeded its estimate by \$0.9M or 0.6 percent.

Expenditures/Transfers

FY 2019 General Fund actual expenditures were \$317.3 million, approximately \$4.1 million or 1.1 percent lower than the estimate of \$321.4 million. Employee services costs were \$0.6 million lower than estimate due to natural attrition savings. O&M/Minor Capital expenses reflected the bulk of expenditure savings. These categories were \$4.2 million lower than anticipated mainly due to payment deferral (i.e., Lingo Project) into FY 2020 and lower the projected operational activities (i.e., Public Safety Fleet savings, election costs, utilities, training, supplies, outside legal services, as well as HUD audit repayments) as well as unspent capital included on the carryover list.

Interdepartmental Charges were also \$0.8M higher than estimated primarily due to overhead charge to capital projects as well as greater activity for facilities' services at City Hall. Net transfers were also higher than estimated due to addressing Non-GF deficits.

In sum, the total excess carryover is \$6.6 million. Less the re-budgeted projects of \$0.5 million results in a net carryover of \$6.1 million or a variance over expenditures of 1.7 percent

A series of carryover meetings, between the Administration and respective Councilmembers, took place during late 2019 and early 2020 to present the actual 2019 General Fund carryover results as well as receive Council's direction as to which items should be funded by the excess carryover. The following recommendations were presented during these meetings as well as current revisions to the carryover list per Council's direction.

General Fund Recommendations

As to the dispensation of these carryover funds there are re-budgeted items to the budget that are needed and are outlined below:

Re-budgeted Items - Re-budgets are those that were approved as a part of last year's budget, but have not yet been expended/completed. There are five capital projects, in addition to the Council carryover true-up, which were begun in FY 2019 that need to be re-appropriated so that they may be completed in FY 2020. The total for these items, shown in the table below is \$489,900.

| Re-budget Item | Project ID | Amount | Project Description |
|-----------------------|---------------|------------------|------------------------------------|
| Council carryover | Oper./Capital | 236,100 | Annual true up |
| PW capital projects | PW00044 | 6,800 | Minor Public Improvements |
| | PW00716 | 16,600 | Neighborhood Street Improve |
| | PW00816 | 75,700 | FY18 Neighborhood Str Improvements |
| | PW00824 | 129,800 | ADA Compliance Convention Center |
| PARCS capital project | PC00169 | 24,900 | Melody Park Light Installation |
| Total | | \$489,900 | |

After the re-budgeted items, the net excess carryover is \$6,113,500. Using these funds, the Administration recommends committing \$50,000 to fully fund the Campbell Contract. During the FY 2020 Budget Hearings, Council approved motion #45 that reduced General Fund support for this contract by \$50,000 with the intent this contract would provide water lobbyist services and be paid by the Department of Public Utilities (DPU) or Enterprise funds in conjunction to discontinuing services from DPU's Water Lobbyist. Subsequent to adoption of the FY 2020 Budget, Council approved the City to continue both lobbyist agreements, which necessitates the request of \$50,000 of GF support.

The remaining net excess carryover would then fund motions approved by Council during the Budget Hearings held in June 2019. Funding for the following approved motions were contingent upon the outcome of the General Fund carryover as summarized below.

| Council Motion | Motion # | Amount | Note |
|--|----------|-----------|----------|
| Senior center | 1 | \$500,000 | One-time |
| Quiet zone and safety upgrade construction near Fresno High School | 9 | 700,000 | One-time |
| Additional intern funding contingent upon \$200K from other organization | 21 | 100,000 | One-time |

| Council Motion | Motion # | Amount | Note |
|---|-----------------|--------------------|--|
| Increase Councils' operating budgets by \$700K split evenly by the seven Districts | 41 | 700,000 | One-time. Approved motion established \$350K in FY 2020 Budget, and \$350K contingent upon carryover |
| Fund the development of the Housing Trust Fund | 43 | 1,000,000 | One-time |
| Purchase and bring up to code a building located at Bulldog Lane and Sixth (El Dorado Neighborhood) | 48 | 1,300,000 | One-time; if not spent in FY20 for this project to be rebud evenly across Council's budgets in FY21 |
| Fund and complete Fountain Way and Cedar neighborhood for paving. | 50 | 850,000 | One-time |
| Fund and pave alleys in the El Dorado neighborhood | 51 | 375,000 | One-time. |
| Total Council Motions | | \$5,525,000 | |

It should be noted that original amounts for motions' #1, #21, #41, and #48 were revised per Council's direction. Motion #1 was reduced by \$500,000, #21 increased by \$50,000, #41 increased by \$350,000, and #48 reduced by \$200,000.

Council has also recommended the net carryover be used towards funding two traffic signal projects. The first Project is a Traffic Signal for \$300,000 at West and Sierra (Left Turn Phasing), which will foster safer traffic activity near Starr Elementary. The second a Traffic Signal for \$175,000 at the intersection of Angus and Clinton, which would provide safer pedestrian crossing to serve the VA Medical Center and adjacent residential neighborhoods. Lastly, the remaining net carryover of \$63,500 is to be assigned to the Public Service Memorial Project

The following table recaps the distribution of the excess carryover:

| Item | Amount | Note |
|---|------------------|-----------------------------------|
| Source: | | |
| Excess Carryover | \$6,628,400 | |
| 23 rd Amendment Hmong New Year | (25,000) | Council approved 12/12/19 |
| Net Carryover | 6,603,400 | |
| Uses: | | |
| Re-budgets | 489,900 | |
| Admin. Requests | 50,000 | |
| Council Motions | 5,525,000 | |
| Council Requests | 538,500 | |
| Subtotal | 6,603,400 | 14 th Amendment to AAR |
| Remaining Net Carryover | \$0 | |

As mentioned in the Executive Summary section, \$1 million of existing appropriations designated for the Darling Plant relocation is to be reallocated in order to fund approved motions that were also contingent upon carryover as summarized below.

| Council Motion | Motion # | Amount | Note |
|---|-----------------|----------------------|-------------|
| Darling Plan Appropriations | 18 | \$(1,000,000) | Reallocate |
| EIR for the industrial compatibility study | 20 | \$250,000 | One-time |
| 2020 Census Outreach | 53 | 250,000 | One-time |
| Funding Gap for the Cesar Chavez Foundation Project | 31 | 500,000 | One-time |
| Subtotal Council Motions | | 1,000,000 | |
| Remaining Appropriations | | \$0 | |

The establishment of \$6,603,400 in appropriations, funded with excess carryover, in conjunction with the reallocation of \$1,000,000 of appropriations originally committed to the Darling Plant relocation are financially structured in the attached 14th Amendment to the Annual Appropriation Resolution.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines Section 15378 this item does not qualify and is therefore exempt from the California Environmental Quality Act requirements.

LOCAL PREFERENCE

Local preference does not apply to the projects included in this report as this is a funding item only. Local preference (if applicable) will be considered at the time of contract award.

FISCAL IMPACT

The recommendations presented above are fully funded by the additional General Fund carryover of \$6,603,400 with no remaining unappropriated General Fund carryover balance. In addition, the reclassification of \$1,000,000 existing appropriations will not have a fiscal impact due to the reallocations result in a net zero balance.

Attachments:

14th Amendment to the Annual Appropriations
General Fund Carryover Summary List