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Title: Actions Pertaining to the FY 2019 Budget Update
 1. ***RESOLUTION - 19th amendment to the Annual Appropriation Resolution (AAR) No. 2018-157 to appropriate \$8,160,500 for operating programs and capital improvement projects citywide. (Requires 5 affirmative votes) (Subject to Mayor's veto)

Sponsors: Office of Mayor & City Manager

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Attachments: 1. FY18 Neighborhood Street Improvement Projects.pdf, 2. Supplement - 19th Amendment to AAR.pdf, 3. List of Projects.pdf

Date	Ver.	Action By	Action	Result
11/29/2018	1	City Council	approved as amended	Pass

REPORT TO THE CITY COUNCIL

November 29, 2018

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SUBJECT

Actions Pertaining to the FY 2019 Budget Update
 1. ***RESOLUTION - 19th amendment to the Annual Appropriation Resolution (AAR) No. 2018-157 to appropriate \$8,160,500 for operating programs and capital improvement projects citywide. (Requires 5 affirmative votes) **(Subject to Mayor's veto)**

RECOMMENDATION

It is recommended that the City Council adopt the 19th amendment to the Annual Appropriation Resolution (AAR) No. 2018-157 that is needed to fund both General Fund and Community Development Block Grant expenses in the Council, Police (PD), Fire, Parks, After School, Recreation and Community Services (PARCS), Public Works, Development and Resource Management (DARM), and General City Purpose Departments.

EXECUTIVE SUMMARY

As a part of the fiscal year 2018 financial close, a reconciliation of revenues and expenditures was completed. The result reports an actual carryover that is \$8.8 million higher than the estimated carryover of \$9.5 million due to unanticipated net revenues of \$4.5 million (or 1.3 percent) and expenditure/transfer savings of \$4.3 million. After re-budgets to complete Council approved projects, the net unanticipated General Fund carryover is \$7.2 million.

As was done last year, a year-end reconciliation has also been completed for Community Development Block Grant (CDBG) Fund. As a result, \$1,035,000 needs to be re-budgeted to allow the Public Works Department the additional time needed to complete the Neighborhood Improvement Projects as well as allow PARCS to complete for various projects that were scheduled for FY 2018 but will not be done until this year. A schedule detailing the specific projects is attached.

BACKGROUND

Revenues

Net General Fund revenues were \$344.3 million, approximately \$4.5 million or 1.3 percent higher than the estimate of \$339.8 million. The two primary factors contributing to better than anticipated revenues were Sales Tax, which was \$2.3 million or 2.7 percent above its estimate and Property Tax which exceeded its estimate by \$1.3M or 1.0 percent. In addition, Inter-government revenues came in \$499,600 above its estimate primarily due to greater requests by Cal OES for the City's Fire Department's assistance towards the ever growing occurrence of statewide fires, although these state revenues were balanced by a like amount of personnel expenses in the Fire Department. It should be noted that these favorable revenue line-items were partially offset by lower than anticipated Franchise Fees as well as Intra-governmental revenues.

Expenditures/Transfers

FY 2018 General Fund actual expenditures were \$306.7 million, approximately \$2.0 million or 0.6 percent lower than the estimate of \$308.6 million. Employee services costs were \$1.0 million lower than estimate; due to natural attrition savings; O&M/Minor Capital expenses were \$368,600 lower than anticipated and Interdepartmental Charges were \$0.9M less than estimated due to fewer fleet services requests and lower fuel charges. Net transfers were also lower than estimated.

In sum, the total excess carryover is \$8.8 million. Less the rebudgeted projects of \$1.6 million results in a net carryover of \$7.2 million or a variance over expenditures of 2.3 percent.

General Fund Recommendations

As to the dispensation of these carryover funds there are several technical adjustments and rebudgeted 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. The Data 911 update and Lingo Project monies need to be reappropriated so those projects can be completed. There are five capital projects, in addition to the Council carryover true-up, which were begun in FY 2018 that need to be appropriated so that they may be completed in FY 2019. The total for these items, detail in the

table below is \$1,554,900. Please note that the Lingo Project Loan will be repaid by the Housing Successor Agency over the next five years.

Rebudget Item	Project ID	Amount	Project Description
Council Carryover	Oper./Capital	45,800	Annual true up
PW Capital Projects	PW00044	8,400	Minor Public Improvements
	PW00716	122,600	Neighborhood Street Improve
	PW00816	174,300	FY18 Neighborhood Street Improvements
	PW00824	303,900	ADA Compliance Convention Center
PARCS capital projects	PC00169	24,900	PC00169 Melody Park Light Installation
One-Time Capital	Capital	600,000	Lingo Project Loan - Repaid by Housing Successor Agency
		275,000	Data 911 upgrade
Total Rebudgeted Items		1,554,900	

After the re-budget, the net excess carryover is \$7.2 million. Using these funds, the Administration is recommending that these monies be fund the items described below, including several one-time expenditures to improve public safety, accelerate the City’s economic growth, maintain the regional parks and continue efforts to address homelessness.

Public Safety

As a result of consultation with Council, \$200,000 will be used to begin the process of hiring and training eight Emergency Services Dispatchers. Positions to support this additional staffing were approved by Council on November 8th. The ongoing funding for these positions will be taken from the Asset Management Reserve over the next five years. It is recommended that \$3.5 million be use to partially fund the urgently needed Fire Station 18. The total cost of the station is estimated at \$7.0 million. A total of \$252,400 is allocated for additional ammunition purchases (\$182,400) and handgun refurbishments (\$70,000). In prior years, these purchases were funded through Asset Forfeitures; however, those funds have dwindled, making it necessary to use the General Fund. The renovation of Fire Station 19 has been expanded to include legally required ADA improvements, increasing the overall cost of the project by \$134,000. The final payoff of the North Central Fund deficit is also included; this is a General Fund obligation that if not paid off will only increase with negative interest ultimately costing the taxpayers more.

Economic Development

The expansion Fresno’s economic base is critical if the City wants to grow responsibly and to enhance its citizen’s lives and livelihoods. The funding of the Environmental Impact Reports (EIR) for the Industrial Triangle and for implementation of the Cannabis ordinance will lay the foundation of successful, measured growth for years to come. Funding is recommended at \$550,000 and 132,900 respectively. The cost of the Cannabis EIR will be recovered by license fees, the collection of which should start in FY 2020.

Other Recommended Projects

The irrigation systems at both Roeding and Woodward regional parks are in urgent need of repair and renovation, being past their useful lives and unable to maintain the landscaping at either location. \$300,000 has been identified as the cost of developing a plan and system design to update and upgrade the systems. Finally, two contractual obligations have been included; the work to address homelessness will be continued by the HERO Team which provides outreach, identification, assessment, and navigation services for veterans and other individuals and families experiencing chronic homelessness within the City of Fresno. The repair of the fountain at the Civic Center Crescent Building is a city contractual obligation that is proposed for funding. The structure is within the City's right-of-way and the theft of the wiring and controls has left it inoperable for several years.

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 \$8.8 million.

Attachments:

19th Amendment to the Annual Appropriations Resolution
FY18 Neighborhood Street Improvement Projects