


## Council Agenda Report

**Date:** April 23, 2018  
**Prepared by:** Ginger Jenkins, Finance Director  
**Submitted by:** Sandra Tripp-Jones, City Manager 

**SUBJECT:** FY 2019 Proposed Operating and Capital Improvements Budget Presentations and Public Hearing

**Recommendation:** That Council:

- A. Hear presentations on:
  1. Public Works
  2. Sewer Fund
  3. Capital Program
  4. Marina
- B. Take public comment on the FY 2019 budget and close the public hearing; and
- C. Consider funding plan for remaining budget issues; and
- D. Give final budget instructions to staff and direct they be incorporated the FY 19 budget ordinances and resolutions for introduction on May 14, 2019.

**Discussion:**

At the end the above presentations, Council will have heard from all City Departments, will have heard from the public and received at least one request from an outside agency for funding.

A number of budget issues are unaddressed.

1. Budget for possible Pine Street events – Police Overtime; estimating 3 events at \$300/each  
Estimate: \$1000
2. “Set aside” of \$20,000 for Mainstreet subject to approval of a spending plan; the criteria for spending plan has not been defined will need to be by Council
3. Maces Lane School Comm. Center Addition to Reserve (\$65,000)
4. Code Enforcement:  
Addition of 2 positions (1 for 12 months, 1 for 6 months) and temp \$71,000 additional costs
5. Reserve for fire apparatus replacement: \$1 million
6. Reserve for streets per pavement management study: \$300,000/yr plus \$10 million
7. Police salaries: \$150,000 (estimate with benefits)
8. Workers compensation estimate was received and is \$13,000 than budgeted
9. Final revenue estimates from the State were received and revenue has increased \$31,433 for Highway User Revenue.

Proposed funding plan and amendments to the FY19 budget for this plan is outlined in the chart below.

| Cost Item   | Strategy  | Reduce proposed expenses | Council Goals                              | Undesignated Fund Balance- FY 18 add. to fund balance                               |
|---|---|--------------------------|--|---|
| FY 19 Council Goals   | Reduce Woods Rd design study – cost est. has been lowered from \$20k to \$10k   | \$5,000                  |  |   |
| 1. Pine Street Events<br>OT: \$1000   | From FY 2019 Council Goals Woods Rd project   |                          | \$1,000                                    |   |
| 2. Mainstreet grant: Up to \$20,000   | Fund balance after Council approves spending plan   |                          |  | \$20,000 or less  |
| 3. Maces Lane School Comm. Center: \$65,000                                     | Fund balance – designate as a reserve subject to Council approval of a business plan  |                          |  | \$65,000  |
| 4. Code Enforcement program expansion: \$71,000                                 | - Elim. MDIA code enforcement<br>- to prefund FY 19 MDIA and demolitions<br>-FY 19 Council Goals Woods Rd<br>- FY 19 Council Goals -in budget                     | \$45,000                 | FY 18:<br>\$18,000<br>\$ 4,000<br>\$ 4,000 |   |
| 5. Fire apparatus replacement (capital) reserve up to \$1million over 3-4 years | Reserve from balance of FY revenue over expenditures; appropriation contingent upon use of 508 funds for an apparatus replacement study to be approved by Council |                          |  | Up to \$200,000 after #s 2 and 3 depending on budgetary excess revenue of expenses. |
| 6. Pavement Management study – budget augmentations                             | Possible strategies:<br>- Wait for revenue growth (Egypt Rd Solar, marina lease)<br>- Tax increase  | Address in future year   |  |   |
| 7. Police salaries  | Possible strategies:<br>- Wait for revenue growth (Egypt Rd Solar, marina lease)<br>- Tax increase  | Address in future year   |  |   |

The proposed changes would result in the follow budget changes:

- Amend Commissioners Budget/Council Goals (Page 42) as follows.  
Reduce Woods Road design study \$5,000  
Increase Pine Street events \$1,000  
Increase Code enforcement program from \$4,000 to \$8,000 (the Code enforcement would be shown in Building Safety Services)
- Amend Proposed Building Safety Services (Code Enforcement) budget:  
Add 2 Code Enforcement positions plus temporary code enforcement salaries.

| <b>Previously<br/>Account</b> | <b>Proposed</b> | <b>Amended<br/>Changes</b> | <b>Proposed</b> |
|-------------------------------|-----------------|----------------------------|-----------------|
| Salaries                      | 110,402         | 81,000                     | 191,402         |
| Benefits                      | 60,430          | 22,000                     | 82,430          |
| <u>Operating Expense</u>      | <u>110,000</u>  | <u>(77,000)</u>            | <u>33,000 *</u> |
| <u>Total</u>                  | <u>280,832</u>  | <u>26,000</u>              | <u>306,832</u>  |

Change to Position and Salary Control, Page 125:

Add:

- 14-004 Code Enforcement Supervisor Grade 10
- 14-005 Code Enforcement Officer Grade 7

\*Operating expenses for FY19 would be:

\$45,000 for MDIA building permits

\$20,000 for demolition

\$65,000 total expense - \$33,000 would be funded from the FY19 budget and \$18,000 from unexpended FY18 Council Goals and \$14,000 from DPW FY18 encumbrances

3. Designated General Fund Balance Reserves:

Increase Designated Reserves as follows:

- a. \$20,000 for Mainstreet contingent upon Council acceptance of spending plan with clarification that this is one-time funds. At that time, Council would appropriate from the Designated General Fund Balance Reserves
- b. \$65,000 increase to Designated General Fund Balance Reserve for Maces Lane School Community Center Project to be used as match with Council approved business plan.
- c. Up to \$200,000 of FY18 budgetary excess revenue over expenses for fire apparatus after the reserve for Mainstreet and Maces Lane contingent upon completion of Fire Apparatus Replacement Needs Study paid from AMOSS 508 funds.

4. Other budgetary issues:

- a. Increase the General Fund revenue by \$31,433 for revised estimates
- b. Increase workers compensation by \$13,433 (\$3,433 in DPW benefits and \$10,000 in Police benefits)
- c. The remaining \$18,000 is reflected in Building Safety Services (for Code Enforcement) above (#2)

Council may have other directions to Council.