

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
OCTOBER 3, 2022 AGENDA**

<p>Subject:</p> <p>Authorization to Adjust the Fiscal Year 2022 Budget for Changes to the General, Street, Fleet, Vehicle Storage, Waste Disposal and Parking Garage Funds.</p> <p>Submitted By:</p> <p>Finance Department</p>	<p>Action Required:</p> <p style="text-align: center;">√ Ordinance Resolution</p>	<p>Approved By:</p> <p style="text-align: right;">Bruce T. Moore City Manager</p>
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SYNOPSIS

Nineteen (19) adjustments need to be made to the 2022 Budget to adjust for changes in actual and anticipated revenues and expenditures.

FISCAL IMPACT

Adjustment	Revenue	Expenditure	Net
General Fund:			
1. Revenues	\$9,603,052	\$0	\$9,603,052
2. Utilization of 2021 Net Income	0	8,508,200	(8,508,200)
3. Pass-Thru Adjustments	2,829,255	2,829,255	0
4. Personnel Cost	0	517,947	(517,947)
5. Operating Expenditures	0	1,368,103	(1,368,103)
6. Outside Agency Contributions	0	47,500	(47,500)
7. Transfers Out – Special Projects	0	5,556,191	(5,556,191)
8. Vacancy Savings & Vacation/Sick Allocation	<u>0</u>	<u>0</u>	<u>0</u>
General Fund Amendment	\$12,432,307	\$18,827,196	(\$6,394,889)
2022 Adopted	222,166,164	222,166,164	0
5/17/22 Amendment	<u>0</u>	<u>120,470</u>	<u>(120,470)</u>
General Fund Amended Total	<u>\$234,598,471</u>	<u>\$241,113,830</u>	<u>(\$6,515,359)</u>

**FISCAL IMPACT
CONTINUED**

Adjustment	Revenue	Expenditure	Net
Street Fund:			
9. Revenue	\$628,200	\$0	\$628,200
10. Operating Expenditures	0	224,442	(224,442)
11. Transfers Out	0	350,960	(350,960)
Street Fund Amendment	\$628,200	\$575,402	\$52,798
2022 Adopted	23,627,260	23,108,438	518,822
5/17/22 Amendment	0	129,264	(129,264)
Street Fund Amended Total	<u>\$24,255,460</u>	<u>\$23,813,104</u>	<u>\$442,356</u>
Fleet Fund:			
12. Revenue	\$1,030,000	\$0	\$1,030,000
13. Operating Expenses	0	1,030,000	(1,030,000)
Fleet Fund Amendment	\$1,030,000	\$1,030,000	\$0
2022 Adopted	14,920,087	14,920,087	0
Fleet Fund Amended Total	<u>\$15,950,087</u>	<u>\$15,950,087</u>	<u>\$0</u>
Vehicle Storage Fund:			
14. Revenue	\$190,000	\$0	\$190,000
15. Operating Expenses	0	1,394	(1,394)
Vehicle Storage Fund Amendment	\$190,000	\$1,394	\$188,606
2022 Adopted	1,896,150	1,786,550	109,600
Vehicle Storage Fund Amended Total	<u>\$2,086,150</u>	<u>\$1,787,944</u>	<u>\$298,206</u>
Waste Disposal Fund:			
16. Revenues	\$1,278,100	\$0	\$1,278,100
17. Operating Expenses	0	286,000	(286,000)
Waste Disposal Fund Amendment	\$1,278,100	\$286,000	\$992,100
2022 Adopted	23,777,100	23,777,100	0
5/17/22 Amendment	0	47,990	(47,990)
Waste Disposal Fund Amended Total	<u>\$25,055,200</u>	<u>\$24,111,090</u>	<u>\$944,110</u>

**FISCAL IMPACT
CONTINUED**

Parking Garage Fund:			
18. Revenues	(\$156,000)	0	(\$156,000)
19. Operating Expenses	0	(156,000)	156,000
Parking Garage Fund Amendment	(\$156,000)	(156,000)	\$0
2022 Adopted	<u>2,526,932</u>	<u>1,783,054</u>	<u>743,878</u>
Parking Garage Fund Amended Total	<u>\$2,370,932</u>	<u>\$1,627,054</u>	<u>\$743,878</u>
Total All Funds			
	\$304,316,300	\$308,403,109	(\$4,086,809)

Details for the above adjustments are included in the background below:

RECOMMENDATION

Approval of the ordinance.

BACKGROUND

Each year, the Board considers adjustments to the Adopted Budget. Nineteen (19) adjustments should be made to the FY22 Budget to reflect changes to the General Fund, Street Fund, Fleet Fund, Vehicle Storage Fund, Waste Disposal Fund and Parking Garage Fund that have occurred since the adoption of the 2022 Budget in Ordinance No. 22,079, on December 21, 2021, and amended by Ordinance No. 22,131 on May 17, 2022.

1. Adjustments to General Fund Revenues: General Fund revenues will be adjusted based on year-to-date actual results and projections through year-end. The sales tax adjustment reflects actual receipts through August (June revenues) net of an assumed reduction of 1% for the remainder of the year. The reduction is a conservative estimate that considers the potential impact of inflation and economic uncertainty. Licenses and permits are expected to have a net increase reflecting a decrease in business licenses due to lower retail inventories, offset by increases in mixed drink supplemental revenues associated with increased activity at restaurants and bars, and a net increase in building and related permits. Charges for services reflects net increases in Zoo and Fitness revenues, partially offset by decreases in River Market Admissions, and Golf revenues. Golf revenues have declined in comparison to prior-year due to the wet spring and the extremely hot temperatures experienced this summer.

**BACKGROUND
CONTINUED**

Franchise Fees will increase, primarily due to increased natural gas prices and the cost recovery rider approved by the Public Service Commission associated with the 2021 winter storm. In addition, Water and Water Reclamation revenues are above budget due to higher than anticipated usage during the hot summer. Local telephone land line revenues have also increased, partially offset by a reduction to anticipated Electric, Fiber Optics and Cable Franchise Fees. Fines and fees and miscellaneous revenues will decrease from the Adopted Budget. Realized investment income is expected to increase with rising interest rates. Transfers In will increase to reflect a transfer from the Environmental Youth Parks Special Project allocation for park maintenance expenditures.

Property Taxes	\$58,726
Sales and Use Tax	7,876,640
Licenses and Permits	331,300
Intergovernmental Revenues	56,536
Charges for Services	
River Market	(20,800)
Golf	(84,650)
Jim Dailey Fitness and Aquatics	30,200
Little Rock Zoo	108,700
Fines and Fees	(379,500)
Franchise Fees	1,400,400
Miscellaneous	(66,000)
Investment Income	216,500
Transfers In	<u>75,000</u>
Net increase to General Fund Revenues	<u>\$9,603,052</u>

2. Utilization of 2021 Unassigned General Fund Net Income:
To fund allocations for Port Land Acquisition, Targeted Community Development, and the Schematic Design Phase of Polk, Stanley, Wilcox (PSW) Architect Fees associated with the proposed Parking Bonds. The Port allocation is the second half of the commitment for land acquisition made in 2021. The PSW Contract was approved in Resolution No. 15,661 (April 5, 2022) and the Reimbursement Bond Resolution No.15,660 (April 5, 2022).

Port Land Acquisition	\$5,000,000
Targeted Community Development	3,000,000
Parking Deck Architect – Schematic Design	<u>508,200</u>
Increase to General Fund Expenditures	<u>\$8,508,200</u>

**BACKGROUND
CONTINUED**

3. Adjust the General Fund for Pass-Thru Intergovernmental Revenue from the State for Police Stipends and from Pension Turnback Funds Dedicated to the Local Police and Fire Pension Plans: The State Stipend allocation was distributed on July 26, 2022. The Pension Turn-Back Funds received in July and dedicated property tax levies are higher than anticipated in the Adopted Budget.

Revenues:

Intergovernmental (State) –Police Stipend	\$2,566,540
Pension Property Tax Levies	239,874
Intergovernmental – Insurance Turnback	<u>22,841</u>
Net Increase to Revenues	<u>\$2,829,255</u>

Personnel Cost Expenditures:

Police Department – Personnel Cost	\$2,566,540
Police – Pension Contribution	122,461
Fire – Pension Contribution	<u>140,254</u>
Net Increase to Expenditures	<u>\$2,829,255</u>
Net Impact to General Fund	\$0

4. Adjust Personnel Cost for Anticipated Changes: Fire personnel cost is being increased to accommodate the prorated cost of fifteen (15) overfilled positions in the June 2022 Recruit School, partially offset by three (3) anticipated retirements. The decrease in Human Resources and the increase in City Attorney personnel cost is the prorated impact of the transfer of the FOIA Division to the City Attorney’s Office, including the addition of an Assistant City Attorney. Per the City Attorney’s Office, the two (2) Police Sergeants will not be transferred in 2022.

Personnel Cost Expenditures:

Fire Department	\$468,836
City Attorney’s Office	129,316
Human Resources	<u>(80,205)</u>
Net increase to General Fund Personnel	<u>\$517,947</u>

5. Adjust General Fund Operating Expenditures:

General Fund Fuel Cost Increase (per Fleet)	\$804,103
Board Approved Settlements (Peaks & Manning)	235,000
Fire Turnouts (final 2 nd set)	126,000
Human Resources – AEDs (Res. No 15,653)	63,000
Parks Maintenance	75,000
EA-Emergency Management – Siren Repairs	36,000
Human Resources – IA Pro Software	<u>29,000</u>
Net increase to Operating Expenditures	<u>\$1,368,103</u>

**BACKGROUND
CONTINUED**

6. Adjust the General Fund for an Increase in Outside Agency Contributions: The Downtown Partnership’s allocation increased for the La Petite Roche Tricentennial. The Pulaski County Regional Detention Center is billing per prisoner day. The average over the last four (4) months indicates that the cost should be in line with prior year and the Adopted Budget.

Outside Agency Contributions:

Downtown Partnership	<u>\$47,500</u>
Net Increase to General Fund Expenditures	<u>\$47,500</u>

7. Increase Transfers Out to fund Special Projects: The Police Property Room must be relocated from the Ancillary Building and the Courts Building. The allocation for Police radios is the final round of a three (3) year plan for end-of-life radios. The Police Headquarters and ancillary buildings need to be demolished and hazards mitigated. Heavy equipment for Parks maintenance, such as mowers, backhoes, tractors, etc., need replacement. The allocation for Targeted Community Development brings the total to-date to \$4.5 million. The Real-Time Crime Center allocation brings the total from all funding sources to \$1.5 million. The 13th Street Parking Lot will service the 12th Street Station. The Planning Drainage Manual Update will be funded by a combination of General Fund and Street Fund allocations total \$350,000. The Philander Smith furniture package was approved in Resolution No. 15,591 and will be recovered via the lease agreement. The Housing emergency relocation assistance is to provide funding for relocation assistance during weather or other unanticipated emergencies.

Transfers Out:

Relocation of Police Property Room	\$1,600,000
Replacement of Police radios (Final Round)	1,200,000
Demolition of Police Headquarters and Ancillary Buildings	600,000
Parks Maintenance Equipment Replacement	585,000
Targeted Community Development	500,000
Real-Time Crime Center	300,000
13 th Street Parking Lot - Police	300,000
Planning – Drainage Manual Update	250,000
12 th Street Furniture Package – Philander Smith	171,191
Housing - Emergency Relocation Assistance	<u>50,000</u>
Increase to General Fund Transfers Out	<u>\$5,556,191</u>

**BACKGROUND
CONTINUED**

8. Allocate Vacancy Savings and Sick/Vacation Payouts experienced through August 31, 2022:

Note: Vacancy savings and vacation/sick payouts are allocated monthly based on actual savings and retirements/separations from service. The table below reflects the allocations through August 31, 2022, and other personnel adjustments included in this Budget Amendment and in the May 17, 2022 amendment that increased minimum full-time salaries to \$15.00 per hour. Additional allocations will be made monthly through year-end.

	<u>Vacancy Savings Allocation</u>	<u>Vac/Sick Payouts</u>	<u>Total</u>	<u>Original Personnel Budget</u>	<u>\$15 hr. 5/9/22 Amendment</u>	<u>Other Personnel Adjustments</u>	<u>Amended Personnel Budget</u>
General Government	(\$60,325)	(\$1,251,573)	(\$1,311,898)	\$10,896,271	\$0	\$0	\$9,584,373
Board of Directors	-	-	0	292,497			292,497
Community Programs	(40,474)	33,294	(7,180)	310,110			302,930
City Attorney	(82,214)	23,300	(58,914)	1,724,918		129,316	1,795,320
District Court - Criminal	(32,412)	3,424	(28,988)	1,273,301	1,762		1,246,075
District Court - Traffic	(50,896)	7,253	(43,643)	1,073,861			1,030,218
District Court - Environmental	(6,055)	-	(6,055)	472,990			466,935
Finance	(274,421)	33,901	(240,520)	3,705,527			3,465,007
HR	(153,308)	43,127	(110,181)	1,897,270		(80,205)	1,706,884
IT	(245,756)	12,619	(233,137)	4,030,902			3,797,765
Planning and Development	(245,549)	22,740	(222,809)	3,033,779			2,810,970
Housing & Neigh. Programs	(538,939)	45,459	(493,480)	5,046,782			4,553,302
Public Works	(5,381)	13,539	8,158	745,584			753,742
Parks & Recreation	(772,651)	22,298	(750,353)	6,806,570	37,084		6,093,301
RiverMarket	-	-	0	529,367			529,367
Golf	(110,986)	183	(110,803)	996,867	9,406		895,470
Fitness	(69,474)	574	(68,900)	563,312	1,529		495,941
Zoo	(267,297)	63,288	(204,009)	4,371,095	21,010		4,188,096
Fire	(396,951)	313,301	(83,650)	51,305,479		609,090	51,830,919
Police	(2,757,878)	557,263	(2,200,615)	69,748,575	49,679	2,689,001	70,286,640
Emergency Communications	(580,733)	56,010	(524,723)	4,524,978			4,000,255
Vacancy Savings	6,691,700	-	6,691,700	(6,691,700)			0
Totals	\$0	\$0	\$0	\$166,658,335	\$120,470	\$3,347,202	\$170,126,007

**BACKGROUND
CONTINUED**

Street Fund Adjustments:

9. Adjust the Street Fund for Changes in Projected Revenues:
Property tax revenues are expected to be slightly below the original Adopted Budget. The increase in State Turnback Funds is based on year-to-date revenues and projected revenues through the end of the year. Realized investment income will increase due to rising interest rates.

Property Taxes	(\$52,300)
State Gas Turnback	600,000
Investment Income	80,500
Net increase to Street Fund Revenue	<u>\$628,200</u>

10. Increase Street Operating Expenditures: The increase in operating expenditures is due to increased fuel cost.

Fuel Cost (Fleet)	<u>\$224,442</u>
Net increase to Street Expenditures	<u>\$224,442</u>

11. Adjust Street Fund Transfers Out to Reflect Funds Set Aside for Various Street Projects:

MOU with Methodist Children's Home Charles Bussey Traffic Improvements	\$100,000
MOU with Pulaski County & Woodland Hills for Traffic flow and Kanis Road and Cooper Orbit Road	150,960
Drainage Manual Update	<u>100,000</u>
Net increase to Street Fund Transfers Out	<u>\$350,960</u>

Fleet Fund Adjustments:

12. Adjust Fleet Fund Revenues for an Increase in Fuel Billings to Internal Customers:

Charges for Services – Fleet Fuel	\$1,030,000
Increase to Fleet Fund Revenues	<u>\$1,030,000</u>

13. Adjust the Fleet Fund for an Increase in Fuel Cost:

Fleet Fuel Cost	<u>\$1,030,000</u>
Increase to Fleet Fund Personnel Cost	<u>\$1,030,000</u>

Vehicle Storage Fund Adjustments:

14. To adjust Vehicle Storage Revenues for Increased Storage Fees and Vehicle Auction Sales:

Storage Fees	\$40,000
Auction sales	<u>150,000</u>
Increase to Vehicle Storage Revenues	<u>\$190,000</u>

**BACKGROUND
CONTINUED**

15. To adjust Vehicle Storage Operating Expenses:

Fuel Cost (Fleet)	<u>\$1,394</u>
Increase to Vehicle Storage Expenses	<u>\$1,394</u>

Waste Disposal Fund Adjustments:

16. To adjust Waste Disposal Revenues for Changes Since the Adoption of the Budget, Including an Increase in Sanitation Fees, Landfill Fees, Realized Investment Income, Gain/Loss on the Sale of Equipment, and Miscellaneous Revenues Associated with Insurance Recoveries: Private haulers have returned to the Landfill following completion of the new cell. Through August, revenues have increased 32%.

Sanitation Fees	\$552,200
Landfill Fees	377,200
Investment Income	29,000
Gain/Loss on Sale of Equipment	268,700
Miscellaneous Revenues	<u>51,000</u>
Increase to Waste Disposal Revenues	<u>\$1,278,100</u>

17. To adjust Waste Disposal Expenses for an Increase in Fuel Cost:

Fuel Cost	<u>\$286,000</u>
Increase to Waste Disposal Expenses	<u>\$286,000</u>

Parking Garage Fund Adjustments:

18. To Adjust the Parking Garage Fund Revenues by the Estimated Amount of Sales Tax Collected and Remitted to the State: The budget estimates received from LRCVB included sales tax collected on parking spaces as Parking Charges for Services with an offset in expense. Revenues should be reported net of sales tax collected and remitted to the State. Actual revenues have been reported correctly. This adjustment realigns the Budget.

Parking Garage Charges for Services	<u>(\$156,000)</u>
Decrease to Parking Garage Revenues	<u>(\$156,000)</u>

19. To Reduce Parking Garage Expenses by the Estimated Amount of Sales Tax Collected with Parking Revenues and Remitted to the State: Actual expenditures have been reported correctly. This adjustment realigns the Budget.

Parking Garage Operating Expense	<u>(\$156,000)</u>
Decrease to Parking Garage Expense	<u>(\$156,000)</u>