Moab City Council Agenda Item
Meeting Date: February 25, 2020

Title: Consideration of Proposed Resolution #11-2020 – Amending the Fiscal Year 2019/2020 Budget

Date Submitted: February 20, 2020

Presenter: Rachel Stenta, Finance Director

Attachment(s):
1) Draft Resolution #11-2020

Background/Summary:
It is time for our mid-year budget opening. This is our opportunity to correct any budgeting errors or omissions from our original budget process and to account for any unexpected expenditures that were not budgeted. The attached resolution details all budget amendment requests from departments that could not be accommodated by internal transfers. The first step in amending the budget is to hold a public hearing to solicit public input on the changes.

Here is a summary by fund:

General Fund:
The Police Department received notice - after our budget was adopted – of a significant increase in the cost of dispatch services. Chief Edge is working with the Grand County Sheriff’s Office to formalize an agreement for these services so that our expenses will be consistent with our budget. The total anticipated increase is $47,600 for this fiscal year. This amount would be drawn from General Fund Reserves.

Our Fleet Department has had an extraordinary year so far with major equipment failures. Including motors, transmissions and hydraulics. While we budget for maintenance each year, our equipment is aging (some is beyond end of life) and until we can allocate resources to regularly make replacements, these costs will continue to increase each year. The additional amount needed is $17,000 for this fiscal year. This amount would be drawn from General Fund Reserves.

Transfer to the Trails Fund:
The City agreed to a cost share of bathrooms at the Bike Skills Park in the amount of $30,000. This needs to be formalized by an Interlocal Agreement, although a commitment was made by letter. This was a budget omission for the current year. The anticipated amount is $30,000 to be transferred to the Trails fund to make the expenditure. This amount would be drawn from General Fund Reserves.

The Trails fund was budgeted at a deficit this current year. That means that the operational budget relies on funds from reserves and the amount budgeted is not available in reserves. We can’t budget a fund into the negative so an additional amount
of $17,000 is needed from the General Fund to offset this reserve deficit. **This amount would be drawn from General Fund Reserves.**

**Class C Fund:**
We lease heavy equipment (backhoe) from John Deere. This is a multi-year lease that began several years ago. This was a budget omission and should have been included in this year’s budget. The amount needed is **$20,500. This amount would be drawn from Class C Fund Reserves.**

**Recreation Fund:**
This last budget process, reductions were made to the Aquatic Center Operations budget that have proven to been ineffective. Maintenance costs were cut and those costs remain consistent as well as utility and telephone costs that also remain consistent. The department has asked that these budget lines be restored to the originally requested amounts. The amount needed is **$18,500.** I anticipate $2,500 could come from increased revenue. The additional $16,000 **would be drawn from Recreation Reserves.**

**Trails Fund:**
Described above in General Fund.

**Capital Projects Fund:**
As part of the 191 Widening project, a developer is paying the City funds for their portion of improvements. The City will then pass those fund through to UDOT. This is outlined in a betterment agreement with UDOT that was approved by City Council. These pass through funds were not accounted for in the current year’s budget. The **amount needed is $132,090 and that amount will be offset by incoming revenue.**

The Police Department entered into a four year contract for vehicle and portable radios in the previous fiscal year. The lease payment was not included in this year’s budget. The amount needed is **$38,094. This amount would be drawn from Capital Projects Reserves.**

The Police Department received a grant to cover the costs of body cameras. This was a mid-year grant and was not included in this year’s budget. The **amount needed is $10,000 and that amount would be offset by incoming grant revenue.**

The Recorder’s department arranged for a competitive buyout of our Xerox copier leases and has replaced them with locally maintained copiers. The buyout and lease payoff of the outgoing Xerox copiers was not included in this year’s budget. The **amount needed is $6,800 and that amount would be offset by incoming revenue from the new provider.**
The City entered into an agreement in 2017 with the Housing Authority of South Eastern Utah to provide a grant to be used towards specific energy efficiency improvements for an affordable housing project. The funds were not included in this year’s budget. The amount needed is **$35,000** to honor this commitment. **These funds would be drawn from Capital Projects Reserves.**

**Sewer Treatment:**
The Sewer Treatment Operations budget was reduced in various line items in the Administrative Recommended budget for this year. One item was drastically reduced (68% reduction) in anticipation of purchasing a dump truck to perform the services internally. The equipment was not budgeted for nor was the line item restored to the amount needed to pay for the services. The amount needed is **$119,000**. The Sewer Fund is an Enterprise fund and as such is not required to balance to zero. The additional $119,000 will reduce the operating income from $142,208 to $23,208 **thereby reducing the amount being contributed to reserves.**

Thank you and please let me know if you have any questions.