

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

**BOARD OF DIRECTORS COMMUNICATION
MARCH 7, 2023 AGENDA**

<p>Subject:</p> <p>Authorization to Adjust the Fiscal Year 2022 Budget for Changes to the General, Street, 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: center;">Bruce T. Moore City Manager</p>
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SYNOPSIS

Fourteen (14) 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	\$6,169,879	\$0	\$6,169,879
2. Pass-Thru Adjustments	137,742	137,742	0
3. Personnel Cost	0	(3,082,258)	3,082,258
4. Operating Expenditures	0	799,266	(799,266)
5. Outside Agency Contributions	0	255,847	(255,847)
6. Transfers Out – Special Projects	0	8,197,024	(8,197,024)
7. Vacancy Savings & Vacation/Sick Allocation	<u>0</u>	<u>0</u>	<u>0</u>
General Fund Amendment	\$6,307,621	\$6,307,621	\$0
2022 Adopted	222,166,164	222,166,164	0
5/17/22 Amendment	0	120,470	(120,470)
10/03/22 Amendment	<u>12,432,307</u>	<u>18,827,196</u>	<u>(6,394,889)</u>
General Fund Amended Total	<u>\$240,906,092</u>	<u>\$247,421,451</u>	<u>(\$6,515,359)</u>

**FISCAL IMPACT
CONTINUED**

Adjustment	Revenue	Expenditure	Net
Street Fund:			
8. Revenue	\$632,075	\$0	\$632,075
9. Transfers Out	<u>0</u>	<u>200,000</u>	<u>(200,000)</u>
Street Fund Amendment	\$632,075	\$200,000	\$432,075
2022 Adopted	23,627,260	23,108,438	518,822
5/17/22 Amendment	0	129,264	(129,264)
10/03/22 Amendment	<u>628,200</u>	<u>575,402</u>	<u>52,798</u>
Street Fund Amended Total	<u>\$24,887,535</u>	<u>\$24,013,104</u>	<u>\$874,431</u>
Waste Disposal Fund:			
10. Revenue	\$162,080	\$0	\$162,080
11. Operating Expenses	<u>0</u>	<u>524,590</u>	<u>(524,590)</u>
Waste Disposal Fund Amendment	\$162,080	\$524,590	(\$362,510)
2022 Adopted	23,777,100	23,777,100	0
5/17/22 Amendment	0	47,990	(47,990)
10/03/22 Amendment	<u>1,278,100</u>	<u>286,000</u>	<u>992,100</u>
Waste Disposal Fund Amended Total	<u>\$25,217,280</u>	<u>\$24,635,680</u>	<u>\$581,600</u>
Parking Garage Fund:			
12. Revenues	\$512,497	0	\$512,497
13. Operating Expenses	<u>0</u>	<u>157,707</u>	<u>(157,707)</u>
Parking Garage Fund Amendment	512,497	157,707	\$354,790
2022 Adopted	2,526,932	1,783,054	743,878
10/03/22 Amendment	<u>(156,000)</u>	<u>(156,000)</u>	<u>0</u>
Parking Garage Fund Amended Total	<u>\$2,883,429</u>	<u>\$1,784,761</u>	<u>\$1,098,668</u>
Other:			
14. The restricted reserve will be increased by \$1,100,000 with a reclassification from the Contingency Allocation set aside in the 2022 Adopted Budget to the Restricted Reserve Fund. There is no fiscal impact to the Budget.			

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. Fourteen (14) adjustments should be made to the FY22 Budget to reflect changes to the General Fund, Street Fund, Waste Disposal Fund, and Parking Garage Fund that have occurred since the adoption of the 2022 Budget in Ordinance No. 22,079, (December 21, 2021), as amended by Ordinance No. 22,131 (May 17, 2022) and Ordinance No. 22,179 (October 3, 2022).

General Fund Adjustments:

1. Adjustments to General Fund Revenues: General Fund revenues will be adjusted based on 2022 year-to-date actual results and projections for final revenues to be collected in 2023 for December 2022. Property Tax and Sales Tax adjustments reflect actual 2022 Revenues. Licenses and Permits reflect a slight increase in business licenses and mixed drink supplemental revenues, and a net decrease in building and related permits based on actual results. Charges for services reflects actual revenues through December. Franchise Fees are based on actual results, with an estimate of Cable Franchise Fees which are received quarterly. Investment income currently exceeds budget, but no amendment is proposed pending the year-end Fair Market Value Adjustment to the portfolio which is expected to decrease results due to the impact of rising interest rates on investment holdings with maturities greater than six (6)-months.

Property Taxes	\$151,356
Sales and Use Tax	5,440,387
Licenses and Permits	(51,207)
Charges for Services	
Golf	(100,652)
Jim Dailey Fitness and Aquatics	43,374
Little Rock Zoo	(23,982)
Parks	(21,441)
River Market	31,782
Police and Fire Services	(14,852)
Franchise Fees	700,995
Fines and Fees	90,256
Miscellaneous	(76,137)
Net increase to General Fund Revenues	<u>\$6,169,879</u>

**BACKGROUND
CONTINUED**

2. Adjust the General Fund for Pass-Thru Intergovernmental Revenue from the State for Police Stipends and other revenue dedicated to the Local Police and Fire Pension Plans: An additional State Stipend allocation was received for newly qualified Officers. Actual revenues from dedicated property tax levies and other miscellaneous pension revenues were higher than anticipated in the Amended Budget.

Revenues:

Intergovernmental (State) –Police Stipend	\$44,928
Pension Property Tax Levies	22,746
Police Pension - Miscellaneous	<u>70,068</u>
Net Increase to Revenues	<u>\$137,742</u>

Personnel Cost Expenditures:

Police Department – Personnel Cost	\$44,928
Police – Pension Contribution	81,441
Fire – Pension Contribution	<u>11,373</u>
Net Increase to Expenditures	<u>\$137,742</u>
Net Impact to General Fund	<u>\$0</u>

3. Adjust Personnel Cost Allocations for Employee Benefit Costs, Part-Time and Overtime Expenditures and Additional Vacancy Savings: Executive Administration – Employee Benefits personnel cost changes are associated with reduced Workers Compensation cost and adjustments to actuarially determined pension and other post-employment benefit plans. Additional allocations to the Golf, Fitness, Zoo, and Fire Departments are associated with increased part-time and over-time expenditures. Zoo costs were primarily related to reaccreditation activities and special events. Other adjustments are associated with additional vacancy savings which are being reallocated to Special Project allocations below.

Personnel Cost Expenditures:

Executive Admin. – Employee Benefits	(\$974,670)
Golf part-time	21,500
Fitness part-time	6,500
Zoo part-time and overtime	413,000
Fire overtime and other compensation	278,000
Vacancy Savings Reductions	
Executive Administration	(191,027)
City Attorney	(60,000)
First District Court	(98,200)

**BACKGROUND
CONTINUED**

Personnel Cost Expenditures (Continued):

Vacancy Savings Reductions (continued):	
Second District Court	(30,000)
Information Technology	(174,566)
Housing & Neighborhood Programs	(100,000)
Planning and Development	(150,000)
Parks	(200,000)
River Market	(91,795)
Police	(1,500,000)
Emergency Communications	(231,000)
Net decrease to Personnel Cost Exp.	<u>(\$3,082,258)</u>

4. Adjust General Fund Operating Expenditures:

Operating Expenditures:

Information Technology (reclassification to IT Special Project)	(\$325,434)
Golf (merchandise, concessions, utilities)	109,000
Fitness (cleaning & janitorial, other supplies)	36,000
Fire (protective clothing, building maintenance, Contracted services, training, utilities)	537,700
Zoo (supplies, cleaning & janitorial, utilities, animal feed, lab, chemical, medical)	<u>442,000</u>
Net increase to Operating Expenditures	<u>\$799,266</u>

5. Adjust the General Fund for an Increase in Outside Agency Contributions: The Pulaski County Regional Detention Center is billing per prisoner day. The November and December billings are still being validated by Police. Based on the amount paid through October and estimated costs for November and December, the total budget allocation of \$2,554,153, which includes \$160,000 from the local jail fee special project, needs to be increased to \$2,810,000.

Outside Agency Contributions:

Pulaski County Regional Detention Center	<u>\$255,847</u>
Net Increase to General Fund Expenditures	<u>\$255,847</u>

6. Increase Transfers Out to Fund Special Projects: Proposed allocations include additional safety mechanisms and inclusion of the Real Time Crime Center in the construction of the Little Rock Police Department (LRPD) Headquarters (Resolution Nos. 15,912 and 15,913); the purchase of the Shephard's Building adjacent to the new Police Headquarters (March 7, 2023 Agenda); supplemental funding for Animal Village construction (Resolution No. 15,900); funding to assist with relocation or temporary housing of residents due to hazards or unsafe conditions; the proposed Disparity Study; fencing for LRPD facilities at the 12th Street, Northwest and Southwest

**BACKGROUND
CONTINUED**

Stations, along with added fencing along 13th Street; economic development activities including a Little Rock Port supersite and Phase 2 expansion of the Little Rock Tech Park; and to carryover the unexpended Information Technology Budget for additional needs.

Transfers Out:

LRPD Headquarters – additional safety mechanisms and inclusion of Real Time Crime Center	\$282,000
Purchase of Shepard’s Building	950,000
Animal Village construction	332,985
Housing – Emergency Relocation Assistance	150,000
Disparity Study	500,000
Police Parking Facilities – fencing (12 th Street, NW, SW, 13 th Street)	482,039
Economic Development:	
Port supersite	2,000,000
Tech Park – Phase 2 expansion	3,000,000
Information Technology budget carryover	<u>500,000</u>
Increase to General Fund Transfers Out	<u>\$8,197,024</u>

7. Allocate Vacancy Savings and Sick/Vacation Payouts
Experienced through December 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 December 31, 2022, and other personnel adjustments included in the proposed budget amendment previous amendments adopted on May 17, 2022, and October 3, 2022.

	<u>Vacancy Savings Allocation</u>	<u>Vac/Sick Payouts</u>	<u>Total</u>	<u>Original Personnel Budget</u>	<u>\$15 hr. 5/17/22 Amendment</u>	<u>Other 10/3/22 Amendment</u>	<u>Other Personnel Adjustments</u>	<u>Amended Personnel Budget</u>
General Government	(\$251,352)	(\$1,686,544)	(\$1,937,896)	\$10,896,271	\$0	\$0	(\$974,670)	\$7,983,705
Board of Directors	-	-	0	292,497				292,497
Community Programs	(40,474)	33,294	(7,180)	310,110				302,930
City Attorney	(142,214)	33,423	(108,791)	1,724,918		129,316		1,745,443
District Court - Criminal	(130,612)	3,424	(127,188)	1,273,301	1,762			1,147,875
District Court - Traffic	(80,896)	8,864	(72,032)	1,073,861				1,001,829
District Court - Environmental	(6,055)	-	(6,055)	472,990				466,935
Finance	(274,421)	35,369	(239,052)	3,705,527				3,466,475
HR	(153,308)	59,397	(93,911)	1,897,270		(80,205)		1,723,154
IT	(420,322)	15,363	(404,959)	4,030,902				3,625,943
Planning and Development	(345,549)	29,009	(316,540)	3,033,779				2,717,239
Housing & Neigh. Programs	(688,939)	61,966	(626,973)	5,046,782				4,419,809
Public Works	(5,381)	13,539	8,158	745,584				753,742
Parks & Recreation	(972,651)	22,417	(950,234)	6,806,570	37,084			5,893,420
RiverMarket	(91,795)	-	(91,795)	529,367				437,572
Golf	(110,986)	4,060	(106,926)	996,867	9,406		21,500	920,847
Fitness	(69,474)	574	(68,900)	563,312	1,529		6,500	502,441
Zoo	(267,297)	83,723	(183,574)	4,371,095	21,010		413,000	4,621,531
Fire	(396,951)	365,602	(31,349)	51,305,479		609,090	289,373	52,172,593
Police	(4,257,878)	826,339	(3,431,539)	69,748,575	49,679	2,689,001	126,369	69,182,085
Emergency Communications	(811,733)	90,181	(721,552)	4,524,978				3,803,426
Vacancy Savings	6,691,700	-	6,691,700	(6,691,700)				0
Totals	(\$2,826,588)	\$0	(\$2,826,588)	\$166,658,335	\$120,470	\$3,347,202	(\$117,928)	\$167,181,491

**BACKGROUND
CONTINUED**

Street Fund Adjustments:

8. Adjust the Street Fund for Changes in Projected Revenues:
To adjust revenues to actual through December 31, 2022. Investment income currently exceeds budget, but no amendment is proposed pending the year-end Fair Market Value Adjustment to the portfolio which is expected to decrease results due to the impact of rising interest rates on investment holdings with maturities greater than six (6) months.

Property Taxes	\$65,147
State Gas Turnback	567,084
Other Miscellaneous Revenues	(156)
Net increase to Street Fund Revenue	<u>\$632,075</u>

9. Adjust Street Fund Transfers Out: The increase in transfers out is to provide matching funds for the Jonesboro Children's Trail Grant.

Jonesboro Children's Trail Grant Match	<u>\$200,000</u>
Net increase to Street Fund Transfers Out	<u>\$200,000</u>

Waste Disposal Fund Adjustments:

10. To Adjust Waste Disposal Revenues to Actual Through December 31, 2022:

Sanitation Fees	\$160,939
Landfill Fees	215,594
Yard Waste	3,669
Compost Revenue	(28,244)
Miscellaneous Recycling Revenues	(3,841)
Gain/Loss on Sale of Equipment	(186,037)
Net Increase to Waste Disposal Revenues	<u>\$162,080</u>

11. To adjust Waste Disposal Expenses for Changes in Estimates Since the October 3, 2022, Budget Amendment:
Adjustments represent the most recent estimates. Final expenditures are pending year-end actuarial reports, the landfill study, and other year-end adjustments.

Hand tools and other supplies	\$56,881
Fuel Cost	365,548
Fleet Variable cost and other contracts	159,945
Closure and other Post-Closure	160,500
Depreciation and amortization	(218,284)
Net Increase to Waste Disposal Expenses	<u>\$524,590</u>

**BACKGROUND
CONTINUED**

Parking Garage Fund Adjustments:

12. To Adjust the Parking Garage Fund Revenues to Actual Preliminary Revenues through December 31, 2022: Revenue numbers through year-end are preliminary. There could be additional adjustments which are expected to be immaterial.

Business Licenses	\$34,426
Street Repair Reimbursements	237,988
Parking Meter Revenues	185,487
Convention Center Parking Charges for Services	30,619
River Market Parking Charges for Services	<u>23,977</u>
Increase to Parking Garage Revenues	<u>\$512,497</u>

13. To Adjust Parking Garage Expenses to Actual Preliminary Expenses Through December 31,2022:

Debt Service expenditures	\$2,689
Convention Center Parking expenses	43,547
River Market Parking expenses	<u>111,471</u>
Increase to Parking Garage Expense	<u>\$157,707</u>

14. The Restricted Reserve will be increased by \$1,100,000 from the contingency allocation set aside in the Adopted Budget. There is no fiscal impact to the Operating Budget.