

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

**BOARD OF DIRECTORS COMMUNICATION
DECEMBER 21, 2021, AGENDA**

<p>Subject:</p> <p>Authorization to Adjust the Fiscal Year 2021 Budget for Changes to the General, Street, Fleet, and Waste Disposal 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

Fifteen (15) adjustments need to be made to the 2021 Budget to adjust for changes in anticipated revenues and expenditures.

FISCAL IMPACT

Adjustment	Revenue	Expenditure	Net
General Fund:			
1. Revenues	\$1,630,874	\$0	\$1,630,874
2. Personnel Cost		288,340	(288,340)
3. River Market Expenditures		151,900	(151,900)
4. Transfers Out		4,128,000	(4,128,000)
5. Zoo Shuttered Venue Grant		(1,520,683)	1,520,683
6. Vacancy Savings & Vacation/Sick Allocation		0	0
General Fund Amendment	\$1,630,874	\$3,045,557	(\$1,416,683)
2021 Adopted	210,100,969	210,100,969	0
October 5, 2021, Amendment	<u>14,058,081</u>	<u>11,776,398</u>	<u>2,281,683</u>
General Fund Amended Total	<u>\$225,789,924</u>	<u>\$224,924,924</u>	<u>\$865,000</u>
7. Increase to Restricted Reserve by \$1 million from General Fund net income at year-end and prior year unassigned fund balance, bringing the total Restricted Reserve to \$12 million.			

**FISCAL IMPACT
CONTINUED**

Adjustment	Revenue	Expenditure	Net
Street Fund:			
8. Revenue	\$198,000		\$198,000
9. Personnel Cost	<u>0</u>	<u>\$112,107</u>	<u>(112,107)</u>
Street Fund Amendment	\$198,000	\$112,107	\$85,893
2021 Adopted	21,279,119	21,279,119	0
October 5, 2021, Amendment	<u>2,249,250</u>	<u>637,750</u>	<u>1,611,500</u>
Street Fund Amended Total	<u>\$23,726,369</u>	<u>\$22,028,976</u>	<u>\$1,697,393</u>
Fleet Fund:			
10. Revenue	(\$144,929)		(\$144,929)
11. Personnel Cost		55,071	(55,071)
12. Operating Expenses	<u>0</u>	<u>(200,000)</u>	<u>200,000</u>
Fleet Fund Amendment	(\$144,929)	(\$144,929)	\$0
2021 Adopted	13,390,623	13,390,623	0
October 5, 2021, Amendment	<u>(700,000)</u>	<u>163,000</u>	<u>(863,000)</u>
Fleet Fund Amended Total	<u>\$12,545,694</u>	<u>\$13,408,694</u>	<u>(\$863,000)</u>
Waste Disposal Fund:			
13. Revenues	\$528,000		\$528,000
14. Personnel Cost	<u>0</u>	<u>123,033</u>	<u>(123,033)</u>
Waste Disposal Fund Amendment	\$528,000	123,033	\$404,967
2021 Adopted	23,671,871	23,671,871	0
October 5, 2021, Amendment	<u>(306,450)</u>	<u>(306,450)</u>	<u>0</u>
Waste Disposal Fund Amended Total	<u>\$23,893,421</u>	<u>\$23,488,454</u>	<u>\$404,967</u>
Other:			
15. Increase the Outside Agency Contribution to the Arkansas Museum of Fine Arts by \$1.8 million from the proceeds of the 2021 Short-Term Financing note for the purpose of constructing Crescent Lawn.			

RECOMMENDATION

Approval of the ordinance.

BACKGROUND

Each year, the Board considers adjustments to the Adopted Budget. Fifteen (15) adjustments should be made to the FY21 Budget to reflect changes to the General Fund, Street Fund, Fleet Fund, and Waste Disposal Fund that have occurred since the adoption of the 2021 Budget Ordinance No. 21,946 (December 29, 2020) and the 2021 Budget Amendment Ordinance No. 22,041 (October 5, 2021).

1. Adjust General Fund Revenues: General Fund revenues will be adjusted based on year-to-date actual results and projections through year-end. Sales and compensating use tax should be increased to reflect actual receipts through November 30, 2021 (September revenues), excluding approximately \$1.4 million attributed to the unusual results in the NAICS Category *Iron, Steel, and Ferroalloy Manufacturing* which may be subject to rebate through July 2022. In addition, River Market revenues including charges for services, fees, and contributions should be increased to reflect continued operations. The original Budget anticipated that the River Market would be sold during 2021.

Revenues:

Sales and Use Tax	\$1,459,476
River Market	
Charges for Services	115,667
Service Fees	2,402
Contributions – LRCVB	<u>53,329</u>
Increase to General Fund Revenues	<u>\$1,630,874</u>

2. Adjust General Fund Personnel Cost: An adjustment to reflect the estimated impact of increasing the minimum rate for positions requiring a Commercial Driver’s License (CDL) to \$18.00 per hour effective September 7, 2021, and to increase the allocation for vacation/sick leave payouts to retiring employees based on actual distributions through December 10, 2021.

Expenditures:

Parks and Recreation (CDL)	\$28,168
Vacation/Sick Leave Payouts	<u>260,172</u>
Increase to General Fund Expenditures	<u>\$288,340</u>

**BACKGROUND
CONTINUED**

3. Adjust River Market Expenditures: Adjust River Market expenditures to reflect continued operations.

Expenditures:

River Market Expenditures	<u>\$151,900</u>
Increase to General Fund Expenditures	<u>\$151,900</u>

4. Increase Transfers Out: The City has a need to set aside funds for a project to improve storm water outfall at the Little Rock Zoo to ensure compliance with the Arkansas Department of Environmental Quality Standards and improve water quality in Coleman Creek. In addition, there is a need to set aside funds for Fire Station 12 Renovation – ADA Compliance and for fleet replacement needs, and to begin the Conceptual Master Plan for Hindman and War Memorial Parks. The Board has expressed a desire to set aside funds for other priorities including Targeted Community Development, capital improvements to the Terry House to match with private donations, and capital improvements to the Daisy Bates House. In addition, the City Board Room requires renovations and technology improvements to resume meetings in City Hall in the future.

Transfers Out:

Zoo – Stormwater Outfall Project	\$1,000,000
Fire Station 12 Renovation – ADA Compliance	93,000
Fleet Replacement	800,000
Conceptual Master Plan for Hindman and War Memorial Parks	135,000
Targeted Community Development	1,000,000
Terry House Capital Improvements	500,000
Daisy Bates House Capital Improvements	100,000
City Board Room Renovation and Technology	<u>500,000</u>
Increase to Transfers Out	<u>\$4,128,000</u>

5. Adjust the General Fund for the reclassification of Zoo expenditures to the Shuttered Venue Operator Grant: The Shuttered Venue Operators Grant (SVOG) Program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. Eligible applicants may qualify for grants equal to 45% of their gross earned revenue. The City of Little Rock received \$1,520,683.19 that was approved to be used for FY2021 personnel costs, utility payments, supplies, maintenance, and advertising. Expenditures will be reclassified to the Grant Fund to match with the SVOG Grant Award.

**BACKGROUND
CONTINUED**

Expenditures:

Zoo (\$1,520,683)
Decrease to General Fund Expenditures (\$1,520,683)

6. Allocate Vacancy Savings and Sick/Vacation Payouts experienced through December 10, 2021: 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 10, 2021, and other personnel adjustments included in the October 5, 2021, Budget Amendment and the proposed December 21, 2021, Budget Amendment.

	<u>Vacancy Savings</u>	<u>Vac/Sick Payouts</u>	<u>Total</u>	<u>Original Personnel Budget</u>	<u>Additional Vacancy Savings/Payouts/Pension</u>	<u>Other</u>	<u>Amended Personnel Budget</u>
General Government	(\$204,106)	(\$2,450,937)	(\$2,655,043)	\$8,505,946	\$1,260,172	\$893,095	\$8,004,170
Board of Directors	(2,199)	4,132	1,933	289,006			290,939
Community Programs	0	11,115	11,115	451,882			462,997
City Attorney	(75,172)	5,528	(69,644)	1,508,421			1,438,777
District Court - Criminal	(81,961)	21,482	(60,479)	1,202,320			1,141,841
District Court - Traffic	(10,825)	2,039	(8,786)	1,007,867			999,081
District Court - Environmental	(7,147)	2,266	(4,881)	442,137			437,256
Finance	(4)	16,096	16,092	3,368,952			3,385,044
HR	(77,718)	104,563	26,845	1,689,588			1,716,433
IT	(232,449)	105,613	(126,836)	3,829,446			3,702,610
Planning and Development	(272,994)	10,585	(262,409)	2,480,001			2,217,592
Housing & Neigh. Programs	(715,526)	35,503	(680,023)	4,650,453		175,000	4,145,430
Public Works	0	0	0	716,364			716,364
Parks & Recreation	(678,723)	87,450	(591,273)	6,534,321		(236,332)	5,706,716
River Market	0	0	0	400,203		(30,850)	369,353
Golf	(24,363)	64,833	40,470	954,095		76,100	1,070,665
Fitness	(49,067)	21,795	(27,272)	550,553			523,281
Zoo	(281,925)	35,301	(246,624)	4,166,661			3,920,037
Fire	(553,588)	1,056,717	503,129	49,541,911	150,903	3,755,000	53,950,943
Police	(3,732,233)	865,919	(2,866,314)	73,311,025	39,540		70,484,251
Vacancy Savings	7,000,000	0	7,000,000	(6,000,000)	(1,000,000)	0	0
	\$0	\$0	\$0	\$159,601,152	\$450,615	\$4,632,013	\$164,683,780

**BACKGROUND
CONTINUED**

7. Increase the Restricted Reserve by \$1 Million Dollars: The City will increase the restricted reserve from \$11 million to \$12 million. The adjustment will be made from the net income in the General Fund at year-end.

Street Fund Adjustments:

8. Adjust the Street Fund for Changes in Projected Revenues: Increase miscellaneous income for the one-time right-of-way payment from Chick-Fil-A on Broadway.

Miscellaneous Income	<u>\$198,000</u>
Net increase to Street Fund Revenue	<u>\$198,000</u>

9. Adjust Street Fund Personnel Cost: An adjustment to reflect the estimated impact of increasing the minimum rate for positions requiring a Commercial Driver's License (CDL) to \$18.00 per hour effective September 7, 2021.

Expenditures:

Personnel Cost (CDL)	<u>\$112,107</u>
Increase to Street Fund Expenditures	<u>\$112,107</u>

Fleet Fund Adjustments:

10. Adjust Fleet Fund Revenues for a decrease in sublet billings to internal customers:

Fleet Sublets	<u>(\$144,929)</u>
Net Decrease to Fleet Fund Revenues	<u>(\$144,929)</u>

11. Adjust Fleet Fund Personnel Cost: An adjustment to reflect the estimated impact of increasing the minimum rate for positions requiring a Commercial Driver's License (CDL) to \$18.00 per hour effective September 7, 2021.

Fleet Personnel Cost (CDL)	<u>\$55,071</u>
Increase to Fleet Fund Personnel Cost	<u>\$55,071</u>

12. Adjust Fleet Operating Expenses based on actual experience:

Fleet Vehicle Insurance	<u>(\$200,000)</u>
Decrease to Fleet Fund Expenses	<u>(\$200,000)</u>

**BACKGROUND
CONTINUED**

Waste Disposal Fund Adjustments:

13. Adjust Waste Disposal Fund Revenues: Waste Disposal revenues will be adjusted based on year-to-date actual results and projections through year-end. Revenues have increased in the last few months as delinquent sanitation accounts are collected and as customers return to the landfill after the temporary closure during construction of the new cell.

Sanitation Fees	\$185,000
Landfill Fees	<u>343,000</u>
Net Decrease to Waste Disposal Revenues	<u>\$528,000</u>

14. Adjust Waste Disposal Fund Personnel Cost: An adjustment to reflect the estimated impact of increasing the minimum rate for positions requiring a Commercial Driver's License (CDL) to \$18.00 per hour effective September 7, 2021.

Waste Disposal Personnel Cost (CDL)	\$ <u>123,033</u>
Increase to Waste Disposal Fund Personnel Cost	<u>\$123,033</u>

Other Adjustments:

15. To adjust the Outside Agency Contribution to the Arkansas Museum of Fine Arts: The Board of Directors approved the issuance of a Short-Term Financing Note in 2021 with Ordinance No. 22,012 (July 6, 2021). One of the projects financed by the note includes lighting and related improvements on or near the Crescent Lawn at MacArthur Park. The Arkansas Museum of Fine Arts is completing the project with the renovation of the Arts Center. The City will transfer \$1,800,000.00 from the short-term note proceeds to fund the project which will increase the contribution to the Arkansas Museum of Fine Arts from \$800,000.00 to \$2,600,000.00 in 2021.