

FY 2019-20 Mid-Year Appropriation Adjustments

May 26, 2020

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Outline

- Background
- Overview of amendments to FY 2019-20 budget ordinance
- Recommendation and next steps

Background

- Annual appropriation ordinance approved by City Council establishes appropriations
(City Charter Chapter XI, Sec. 3)
- City Council may transfer appropriations between departments, division, or purpose
(City Charter Chapter XI, Sec. 4)
- City Council may appropriate excess revenue
(City Charter Chapter XI, Sec. 5)
- City Charter does not allow for expenditure of City funds without sufficient appropriation
(City Charter Chapter XI, Sec. 6)

Background

- City Council adopted the FY 2019-20 Operating, Grants/Trust, and Capital budgets ordinance on September 18, 2019
 - Budget has previously been amended by City Council action
 - Additional amendments are required to ensure compliance with City Charter and to ensure adequate departmental appropriations are available through September 30, 2020

Budget Ordinance Amendment

- Ordinance amendment reflects:
 - Appropriation adjustments previously approved by City Council
 - Adjustments to address potential over-runs
 - Adjustments to facilitate operational reorganizations
 - Appropriation of excess or unplanned revenue
 - Enterprise and Other funds revenue and expenditure increases
 - Grant and Trust funds revenue and expenditure increases
 - Capital appropriation adjustments

Budget Ordinance Amendment

- Ordinance amendment reflects appropriation adjustments previously approved by City Council
 - Increase in 911 Systems Operation appropriations to provide a required local match for the Federal 911 Grant Program as part of the implementation of the City's Next Generation 911 System; approved on 1/8/20 by CR #20-0130 (\$2.2M)

Budget Ordinance Amendment

- Ordinance amendment includes General Fund appropriation adjustment to address potential over-runs based on March Financial Forecast Report
- Increase the following:
 - Fire Rescue – reduced AVI reimbursement due to decreased activity at Love Field, increased service to City Detention Center, and increased maintenance of heavy apparatus vehicles (\$2.5M)
 - Police Department – increased hiring of 97 unbudgeted police officers and increase in overtime associated with the October 2019 tornado response efforts (\$6.5M)
 - Mayor & City Council – increased salaries (\$100K)

Budget Ordinance Amendment

- Decrease the following:
 - Court and Detention Services – salary savings due to hiring freeze and school crossing guard savings due to school closures (\$1.5M)
 - Library – salary savings due to hiring freeze and extended furlough (\$1.6M)
 - Non-Departmental – savings from master lease debt payment (\$4M)
 - Park & Recreation – salary savings due to hiring freeze and extended furlough (\$1.5M); and adjustments to correct budget allocations related to Youth Access Program and Fair Park First utility cost (\$3.8M)
 - Transportation – salary savings due to hiring freeze (\$500K)

Budget Ordinance Amendment

- Ordinance amendment includes operational reorganizations
 - Increase Office of Management Services to fund the newly created Office of Integrated Public Safety Solutions – position and funding transferred from Court and Detention Services
 - Increase in City Controller's Office and Dallas Fire Rescue for reorganization of payroll function to increase accuracy and efficiency – positions and funding transferred from various other departments

Budget Ordinance Amendment

- Ordinance amendment includes increase in General Fund due to receipt of unplanned revenue (allowed by City Charter Chapter XI, Sec. 5)
- One-time unplanned revenue will be received from Dallas County related to street maintenance (\$1.7M)
 - Increase Public Works budget for one-time cost associated with street maintenance equipment to be used by City staff
 - Street maintenance delivery expected to increase by 50 lane miles or by 35%

Budget Ordinance Amendment

- Appropriation adjustments within Enterprise Funds are supported by increased revenues or available fund balances
 - Sanitation Services – increased storm debris contractual and temp labor expenses associated with the October 2019 storms (\$5.8M)

Budget Ordinance Amendment

- Appropriation adjustments within grants, trust, and other funds are supported by additional revenues that have become available during the fiscal year or available fund balance; each fund has eligible uses based on the source of funds
 - Court and Detention Services – technology enhancements (2 funds) - \$540,000
 - Dallas Animal Services – field and shelter services - \$59,000
 - Human Resources – fitness center expenses - \$125,000
 - Judiciary – first offender recidivism reduction - \$427,000

Budget Ordinance Amendment

- Grants, trusts, and other funds (continued)
 - Management Services – Fair Housing assistance program expenses (2 funds) - \$9,500
 - Office of Arts & Culture – repairs at Majestic Theater and Juanita Craft House (2 funds) - \$400,000
 - Office of Economic Development – PID related expenses (5 funds) - \$290,000
 - Police Department – training, equipment, covert operations, TAAG area costs, and other law enforcement purposes (6 funds) - \$5.4M
 - Sustainable Development and Construction – Hensley Field maintenance - \$257,000
 - Water Utilities – water conservation - \$6.8M

Budget Ordinance Amendment

- Appropriation adjustments for capital funds reflect adjustments previously approved by City Council, new appropriation request, and transfers between funds
 - Add Sanitation capital improvement appropriations that were inadvertently excluded from budget ordinance (\$12.7M)
 - Add Equipment Note (\$2.9M) and Master Lease (\$3M) appropriations for Sanitation equipment procurement
 - Increase appropriations in 3 Tax Increment Financing districts to match available cash (\$9.3M)
 - Increase Capital Construction Fund based on transition agreement with Meyerson Symphony Center (\$437K)
 - Add appropriations for 2012 bonds previously issued (\$3.3M)

Budget Ordinance Amendment

- Appropriation adjustments for 2017 bond program includes reduction necessary to match appropriations with bonds already sold + commercial paper line-of-credit
 - \$132.6M appropriations to be deferred to next fiscal year
- Unencumbered funds from 2006, 2012, and 2017 bond programs are available (as of 4/30/20) to continue bond activity even with the proposed adjustments
 - 2006 - \$130.2M
 - 2012 - \$88.6M
 - 2017 - \$182.3M (\$314.9M minus \$132.6M)
- We were already experiencing delays in awarding projects such that even with reduce appropriations, can continue the bond program at the current pace without risk of any further delays

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Note: Current expenses are being transferred to prior bond programs to free-up additional capacity within the 2017 bond program and use older monies on a first-in first-out basis. This will create more capacity within 2017 bond program.



Recommendation and Next Steps

- Staff recommends amending FY 2019-20 budget appropriations ordinance
- Request support of GPFM committee on May 26
- Seek City Council approval on June 10
- Continue monthly review of revenues and expenses and recommend additional adjustments in September 2020 if necessary

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