

Facilities Management Fund

As part of the city's efforts to stabilize its general levy and provide a mechanism for ensuring long-term funding of facilities improvements is in place, the Facilities Management Fund was established in 2018 for the 2019 fiscal year. As an internal service fund, it is used to account for the financing of goods and services necessary for the proper maintenance of city owned buildings. The facilities currently accounted for are: City Hall and attached garages, Public Works and the PW cold storage facility, the Police training facility and the Senior Center.

Revenue

Revenues to fund the Facilities Management Fund are derived almost entirely from facilities management fees. (A small amount of interest is earned annually on the fund balance.) The facilities management fees can best be equated to the rent charged to each operating department, division, and subdivision for the space they occupy in a city facility. Two separate fees are assessed to each operating division: the facilities maintenance charge, which is intended to offset the fund's annual operating expenses, will generate a total of \$906,500 in 2020; and the facilities replacement charge, which is intended to build fund reserve for future capital equipment replacement, will generate a total of \$80,000. Finance staff is anticipating that \$1,800 will be realized in interest on investments.

Expenses

Initial proposed operating expenses (excluding depreciation) in 2020 totaled \$967,000. After budget discussion at the City Council workshop on November 18, reductions were made in two areas – personal services and contractual services. Staff clarified Council's questions regarding staffing needs and removed one-half of a full-time position in the personal services category. The amount of that reduction totaled. \$43,740. After staff review of the facilities management contract, another \$7,100 was removed from the budget. Operating expenditures (not including depreciation) now total \$915,620 - \$51,040 less than the amount originally proposed.

Professional and contractual expenses are being increased by \$25,000, which is in anticipation of potential utility cost increases at the new Mary Ann Young Center. Depreciation is budgeted to remain a constant \$791,000.

Capital appropriations totaling \$155,000 in 2020 include \$18,500 for masonry work at the cold storage facility and exterior caulking at city hall, \$50,000 for video security enhancements at the public works facility, \$26,000 for HVAC equipment at city hall, and \$50,000 for seal coating at parking areas at city hall.

Five Year Outlook

The five year model on the following page shows that the funding plan for this fund provides a sufficient revenue stream to support operating expenses. However, once capital needs are added to the equation, a structural imbalance is revealed. City staff is working diligently to provide an adequate funding stream to support all operating and capital expenses involved in maintaining city facilities. Staff will keep council members informed as the fund develops.

	2019 Budget	2019 Projected	2020 Proposed Budget	2021 Estimate	2022 Estimate	2023 Estimate	2024 Estimate
Beginning Working Capital Balance	\$ -	\$ -	\$ 187,028	\$ 104,058	\$ (399,522)	\$ (843,637)	\$ (841,444)
REVENUES							
Internal Charges							
Operating	852,100	852,100	906,500	933,700	961,700	990,600	1,020,300
Capital	75,000	75,000	80,000	82,400	84,900	87,400	90,000
Investment earnings	2,500	2,500	1,900	1,000	-	-	-
Transfers	250,000	250,000	-	-	-	-	-
TOTAL REVENUES	\$ 1,179,600	\$ 1,179,600	\$ 988,400	\$ 1,017,100	\$ 1,046,600	\$ 1,078,000	\$ 1,110,300
EXPENDITURES							
Operating							
Personal Services	\$ 215,100	\$ 218,370	\$ 256,670	\$ 264,380	\$ 272,280	\$ 280,280	\$ 288,580
Supplies	66,900	62,550	70,450	76,400	78,700	81,000	83,300
Contractual Services	570,100	576,420	588,500	609,700	631,735	654,627	678,398
Depreciation	791,000	791,000	791,000	791,000	791,000	791,000	791,000
TOTAL EXPENDITURES	\$ 1,643,100	\$ 1,648,340	\$ 1,706,620	\$ 1,741,480	\$ 1,773,715	\$ 1,806,907	\$ 1,841,278
Operating Gain (Loss)	\$ (463,500)	\$ (468,740)	\$ (718,220)	\$ (724,380)	\$ (727,115)	\$ (728,907)	\$ (730,978)
Capital & Infrastructure							
City Hall	55,875	-	90,750	233,200	58,000	59,900	59,900
Public Works	177,850	135,232	65,000	337,000	450,000	-	-
Other Structures	-	-	-	-	-	-	-
TOTAL CAPITAL	\$ 233,725	\$ 135,232	\$ 155,750	\$ 570,200	\$ 508,000	\$ 59,900	\$ 59,900
Net Gain (Loss)	\$ (697,225)	\$ (603,972)	\$ (873,970)	\$ (1,294,580)	\$ (1,235,115)	\$ (788,807)	\$ (790,878)
FUND BALANCE RESERVE							
Beginning	-	-	187,028	104,058	(399,522)	(843,637)	(841,444)
Net Addition	(697,225)	(603,972)	(873,970)	(1,294,580)	(1,235,115)	(788,807)	(790,878)
Add Depreciation	791,000	791,000	791,000	791,000	791,000	791,000	791,000
Y/E Fund Reserve	\$ 93,775	\$ 187,028	\$ 104,058	\$ (399,522)	\$ (843,637)	\$ (841,444)	\$ (841,322)