

Establishing a Public Facilities Fund

OCTOBER 11, 2018

Purpose

- To more accurately allocate operational charges
- Ensure that funding appropriated to facilities management is used for FM
- Provide a funding source for facilities improvements and replacement of major mechanical components

Internal Service Funds

- Account for goods/services provided by one department to other departments
- Designed to recover costs
- Operates as a cost center/outside agency

General Fund Savings

The purpose for establishing an internal service fund is not necessarily to reduce General Fund expenses. However, in this case the General Fund will see a net budget reduction in 2019 of \$48,000 as the result of implementing a Facilities Fund.

Facilities Included

- City Hall and attached garages
- Public Works Building
- PW Cold Storage Building
- Police Training Building
- Senior Facility

Facilities NOT Included

- Buildings Operated by Utilities
 - WTP's, Well Houses
 - Lift Stations
- Park Facilities (For Now)
 - BBC
 - LAC
 - Warming Houses

Establishing Internal Fees

- Designed for cost recovery
- Fair, uncomplicated allocation formula
 - Based on cost per SF
 - SF allocated to each operation
 - Common space proportionately allocated
- Continual refining/perfecting

Fee Components

- Operational – to recover costs of staffing, supplies, contractual maintenance, utilities, non-major capital (office furniture, carpet)
- Capital – to recover costs for replacement or improvement of major components such as heating, cooling, plumbing systems; roofs and exterior maintenance.

Initial Funding

It is proposed that initial (start-up) funding of \$250,000 come from remaining 2017/18 unrestricted General Fund reserves

Initial Funding

January 1, 2018:

➤ Unrestricted Reserves	\$3,065,441
➤ Transfer to Capital Fund	(\$2,500,000)
➤ To Lever Street Project	(\$ 280,000)
➤ To Facilities Fund	<u>(\$ 250,000)</u>
	\$ 35,441

2019 Proposed Budget

	2018 Budget	2018 Projected	2019 Proposed Budget
BEGINNING FUND RESERVE	\$ -	\$ -	\$ -
REVENUES			
Tax Levy	\$ -	\$ -	\$ -
Internal Charges			
Operating	-	-	852,100
Capital	-	-	75,000
Investment earnings			2,500
Transfers	-	-	250,000
Other			
TOTAL REVENUES	\$ -	\$ -	\$ 1,179,600
EXPENDITURES			
Operating			
Personal Services	\$ 206,740	\$ 212,000	\$ 215,100
Supplies	63,900	19,244	66,900
Contractual Services	553,180	597,731	570,100
Admin. & Other Charges	-	-	791,000
	\$ 823,820	\$ 828,976	\$ 1,643,100
Operating Gain (Loss)			\$ (463,500)
Capital & Infrastructure			
City Hall	371,500	353,000	55,875
Public Works			177,850
Other Structures			
TOTAL EXPENDITURES	\$ 1,195,320	\$ 1,181,976	\$ 233,725
Net Gain (Loss)	\$ (1,195,320)	\$ (1,181,976)	\$ (697,225)
FUND BALANCE RESERVE			
Beginning			-
Net Addition			(697,225)
Add Depreciation			791,000
Y/E Fund Reserve	\$ -	\$ -	\$ 93,775
Required Reserve:			
Cash Flow			\$ 411,000
Capital Reserve			5,000,000
Debt Service			550,000
	\$ -	\$ -	\$ 5,961,000
Excess Fund Reserve	\$ -	\$ -	\$ (5,867,225)

2019 Proposed Capital

➤ **Public Works - \$177,850**

➤ Lavatory improvements	\$29,450
➤ LED Lighting	9,100
➤ Bird Netting	12,000
➤ Office cubicles	30,000
➤ Security system upgrades	20,000
➤ Car Wash System	77,300

2019 Proposed Capital

➤ **City Hall - \$55,875**

➤ Exterior caulking	\$15,000
➤ Carpeting	22,000
➤ Garage floor repairs	18,875

Five-Year Plan



Biggest Challenge:

Funding Capital Improvements

	2018 Budget	2018 Projected	2019 Proposed Budget	2020 Estimate	2021 Estimate	2022 Estimate	2023 Estimate
BEGINNING FUND RESERVE	\$ -	\$ -	\$ -	\$ 93,775	\$ (391,775)	\$ (304,675)	\$ (122,575)
<u>REVENUES</u>							
Tax Levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Charges							
Operating	-	-	852,100	906,500	933,700	961,700	990,600
Capital	-	-	75,000	80,000	82,400	84,900	87,400
Investment earnings			2,500	900	(3,900)	(3,000)	(1,200)
Transfers	-	-	250,000	-	-	-	-
Other							
TOTAL REVENUES	\$ -	\$ -	\$ 1,179,600	\$ 987,400	\$ 1,012,200	\$ 1,043,600	\$ 1,076,800
<u>EXPENDITURES</u>							
Operating							
Personal Services	\$ 206,740	\$ 212,000	\$ 215,100	\$ 221,600	\$ 228,300	\$ 235,200	\$ 242,400
Supplies	63,900	19,244	66,900	68,900	70,900	73,000	75,100
Contractual Services	553,180	597,731	570,100	547,500	510,700	471,300	485,500
Admin. & Other Charges	-	-	791,000	791,000	791,000	791,000	791,000
	\$ 823,820	\$ 828,976	\$ 1,643,100	\$ 1,629,000	\$ 1,600,900	\$ 1,570,500	\$ 1,594,000
Operating Gain (Loss)			\$ (463,500)	\$ (641,600)	\$ (588,700)	\$ (526,900)	\$ (517,200)
Capital & Infrastructure							
City Hall	371,500	353,000	55,875	204,950	68,200	82,000	59,900
Public Works			177,850	430,000	47,000	-	-
Other Structures							
TOTAL EXPENDITURES	\$ 1,195,320	\$ 1,181,976	\$ 233,725	\$ 634,950	\$ 115,200	\$ 82,000	\$ 59,900
Net Gain (Loss)	\$ (1,195,320)	\$ (1,181,976)	\$ (697,225)	\$ (1,276,550)	\$ (703,900)	\$ (608,900)	\$ (577,100)
<u>FUND BALANCE RESERVE</u>							
Beginning			-	93,775	(391,775)	(304,675)	(122,575)
Net Addition			(697,225)	(1,276,550)	(703,900)	(608,900)	(577,100)
Add Depreciation			791,000	791,000	791,000	791,000	791,000
Y/E Fund Reserve	\$ -	\$ -	\$ 93,775	\$ (391,775)	\$ (304,675)	\$ (122,575)	\$ 91,325

2020-23 Proposed Capital

➤ **Public Works - \$477,000**

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|--------------------------------|-----------|
| ➤ 2020 – Roof replacement | \$430,000 |
| ➤ 2021 – AC unit (Server Room) | 47,000 |

2020-23 Proposed Capital

➤ City Hall - \$415,050

➤ 2020

➤ Exterior caulking	\$ 13,500
➤ VAV controllers	26,400
➤ Parking lot improvements	164,400

➤ 2021

➤ Carpeting	41,000
➤ VAV controllers	27,200

2020-23 Proposed Capital

➤ **City Hall - \$415,050**

➤ **2022**

➤ VAV controllers	\$28,000
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➤ Replace pumps	54,000
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➤ **2023**

➤ Painting – atrium, exterior	31,300
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➤ Replace exhaust fans	28,600
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Next Steps

- Council approve establishment of Facilities Management internal service fund
- Determine path for funding facility improvements and incorporate plans into 5-year CIP
