



City of Blaine Anoka County, Minnesota

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Legislation Details (With Text)

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ADMINISTRATION - *Joe Huss, Finance Director*

2018 BUDGET AMENDMENTS

As part of the 2018 budget process, appropriations were made that were consistent with the best information available at the time of budget adoption in December 2017. As 2018 has unfolded, there are certain areas wherein circumstances have led the City Council to authorize budget amendments for 2018. These adjustments are associated with events that occurred in 2018 that were not anticipated at the time the General Fund Budget was adopted in 2017:

- **Building Inspections/Community Development.** While a higher than normal budget was adopted in 2018 for the Building Inspections Division in anticipation of a more active first half of the year as residual work brought about by the June 2017 storm was completed, the budget only anticipated additional funding for salaries and benefits. During 2018, in order to handle the increased workload, additional office supplies were consumed as well as additional contractual staffing to assist with the processing of permits and the inspection process itself. Since August, workload in Inspections has returned to a much more manageable level. Staff is proposing an adjustment to office supplies of \$9,000 and an adjustment of \$18,000 to contractual services. Since June 2017 over 16,000 storm-related permits have been issued. The additional permitting activity did bring about additional permit revenue that will be sufficient to cover the additional expenses.
- As a result of the late snow falls in April, staff is requesting a budget adjustment for the purchase of deicing chemicals for the remainder of 2018. Staff has evaluated the amount of salt typically used between October and mid-January to determine if there is a

sufficient stockpile to get through to the next budget season beginning in January. Based on historical use over the past five years staff has determined that a stockpile of 2,100 tons of salt will keep the City adequately prepared. With the greater than expected snow/ice events in late April 2018, there remains only 1,250 tons of material to get through to the end of 2018. The 2018 budget process appropriated \$280,000 for snow and ice control chemicals. The City Council approved the purchase of 4,000 tons of chemicals on 1/4/2018 at a cost of \$218,720. To ensure we have sufficient material this fall, an additional 800 tons of salt has been ordered at the contracted price of \$65.07 per ton for a total of \$52,056. Standard accounting practices require that chemicals/supplies be expensed in the year for which they are consumed rather than when they are purchased. Therefore the salt in the storage shed at the beginning of 2018 will be expensed in 2018. With that, it is anticipated that the fund will be over budget by \$127,400 at year-end, thus staff is requesting \$127,400 be appropriated from the General Fund contingency reserve to the Public Works Streets Division chemical supplies account to provide for the purchase of an additional 800 tons of chemical supplies. The April storms also required higher than normal personnel expenditures, particularly in overtime in the Streets and Vehicle Maintenance divisions. Thus staff is requesting additional appropriations of \$55,000 in the Street Maintenance Division and \$33,000 in the Vehicle Maintenance Division.

- For 2018 a new position, Asset Management Coordinator, was approved. Funds were erroneously appropriated in the Parks Maintenance Division rather than in the Public Works Administration Division. Staff requests Council's authorization to transfer \$100,000 in budget appropriations from Parks Maintenance to PW Administration to correct the error. Note - this transfer does not affect the total funds budgeted in the General Fund or in the Public Works Department.
- Year-end re-appropriation of unrestricted General Fund reserves. Annually, once the accounting books are closed for the prior year and the City's annual financial audit is complete, Council will authorize the transfer of available unrestricted reserves to certain programs. For 2018, Council authorized the transfer of \$2,500,000 in Unrestricted General Fund Reserves to the Capital Equipment Fund for the purchase of capital and equipment in 2018. Additionally, in 2017, Council approved the use of \$280,000 of unrestricted General Fund Reserves to reduce assessments against property owners for the construction of Lever Street north of 125th Avenue. Finally, as a means to provide initial funding for a new internal service fund to account for the maintenance and replacement of City facilities, staff is requesting a budget amendment to authorize the transfer of \$250,000 of unrestricted General Fund Reserves.

Approve attached resolution.

WHEREAS, Sound budgeting principles promote appropriating necessary funds required to accomplish approved objectives; and

WHEREAS, Sound budgeting principles also promote providing for contingencies and unforeseen emergencies so as to not prevent objectives from being met; and

WHEREAS, Appropriations were made in 2018 sufficient for anticipated activity; and

WHEREAS, actual activity and evolving priorities have exceeded what was originally anticipated resulting in expenditures exceeding budgeted appropriations in the certain divisions within the General Fund; and

WHEREAS, revenue from additional building activity has also exceeded projected revenue in 2018; and

WHEREAS, contingency funds are on-hand and available for use in 2018;

NOW THEREFORE BE IT RESOLVED that the City Council of Blaine amends the 2018 General Fund Budget, and authorizes the City Manager to implement these amendments in the budget as follows:

- REVENUE: Building Permits, 101.70.760.761-3204, in the amount of \$150,000
- EXPENDITURES:
 - Community Development Department, Building Inspections Division
 - \$9,000 - Office supplies, 101.70.760.761-4201
 - \$18,000 - Other contractual services, 101.70.760.761-4399
 - Public Works Department, Administration Division
 - \$100,000 - FT Regular wages, 101.50.500.501-4101
 - Public Works Department, Parks Maintenance Division
 - -\$100,000 - FT Regular wages, 101.50.530.534-4101 (reduction)
 - Public Works Dept., Streets Maintenance Division, Snow Management
 - \$55,000 - Overtime wages, 101.50.530.533.5304-4102
 - \$127,400 - Chemicals, 101.50.530.533.5304-4208
 - Public Works Department, Vehicles Maintenance Division
 - \$33,000 - Overtime wages, 101.50.530.536-4102
 - For Transfer of Available Unrestricted Reserves
 - \$2,500,000 - Operating transfer 101.00.000.000-4914 to Equipment Fund (410.00.000-3911)
 - \$280,000 - Operating transfer 101.00.000.000-4914 to Lever Street Improvement Project Fund (503.50.530.533.5309.001707)
 - \$250,000 - Operating Transfer 101.00.000.000-4914 to Facilities Maintenance Fund (711.50.530.532)

PASSED by the City Council this 6th day of December 2018.