

City Council Agenda Memo

From: Erick Rangel, Chief Financial Officer

Council Meeting: February 23, 2021 / March 9, 2021

Subject: Ordinance 21-005, an Ordinance Authorizing Supplemental Appropriation #2 to the 2021 Budget – Parts 1,2 & 3

Person(s) Responsible: Paul Briseno, City Manager
Erick Rangel, Chief Financial Officer

Summary:

Part 1 will carry forward unspent funds from 2020's budget.

Part 2 will increase 2021's funding for priority items which were not initially funded when the 2021 budget was passed.

Part 3 will reallocate 2021's budget from the Engineering Department into the Public Works Department.

Background:

Part 1

Allocates expenditures for projects or expenses which were budgeted in 2020, but not completed by December 31, 2020.

Part 2

Recommends funding items which were taken off the 2021 budget, given the economic uncertainty due to COVID, and our overall objective of passing a balanced budget or items not initially considered. City staff is recommending funding these priority items with a portion of the 2020 General Fund estimated surplus.

Part3

As a reminder, the Public Works Department will contain the functions of engineering, storm water, airport, snow removal, mosquito control, street maintenance, fleet, landfill and collections. Given the size and the nature of the Solid Waste, Streets, and Airport Departments, they will continue existing within the city's budget. For this year, staff proposes to reallocate the Engineering Department's budget into the Public Works Department. This action will zero out the current Engineering Department's budget and allocate it to the Public Works Department.

Item Details:

Staff recommends the proposed budget amendment.

Legal Consideration:

None.

Strategic Plan Consideration:

Promoting high quality of life for residents through innovative thinking and proactive, fiscally-responsible municipal management.

Financial Consideration:

Currently, the estimated 2020 surplus for the General Fund is \$3.7M including the COVID federal relief funds received. The CIP fund is currently estimated to end the year with a \$3.1M surplus. It is important to note that these are estimates as of today as the City's Finance Department is working on closing the year and finalizing the Financial Audit. That said, we don't expect material changes to these estimates. The City Council Financial Policy Projects will reflect these amounts and presented in the near future.

The table below summarizes the proposed incremental funding to the respective funds:

Fund	Part 1 - Carry Forward	Part 2 - from Surplus	Total
General Fund	308,306	432,089	740,395
CIP	1,509,905	55,000	1,564,905
S. Main Project	22,420	-	22,420
Bob Shelden	133,099	-	133,099
Overpass	4,545,408	-	4,545,408
Airport	388,818	-	388,818
Edgebrook	20,000	-	20,000

Part 3 has no incremental impact to the 2021 budget as it is moving existing funds within City departments.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Refer to a study session
5. Do nothing

Staff recommends approval of the ordinance as presented.

Supporting Documentation:

Ordinance