SMALL TOWN, BIG BEACH

COUNCIL AGENDA SUMMARY

TO: Mayor Craft & Members of the City Council

THROUGH: Steve Griffin, City Administrator

FROM: Cindy King, Finance & Administrative Services Director

SUBJECT: 2020 Budget Amendment 1

DATE: January 29, 2020

ISSUE: 2020 Amendment 1 proposes the following:

General Fund Revenue total increase of $4,263,456:

- Add $800,000 Sales Tax and $1,403,500 Lodging Tax revenue collections to reflect estimated year end collections based on 2019 actual collections.
- Add $41,240 revenue for Airport reimbursements (total Airport reimbursement is $140K with the rest being $98,760 to offset salary reimbursement line) and $826,308 for ALDOT reimbursement on the closed 2014 line of credit fund.
- Increase reimbursement to the General Fund $322,408 based on increased Lodging Tax collections (2/7's or 28.5% of total Lodging Tax increase of $1,403,500 is $400K – see expense below).
- Transfer $870K from 2016B LOC for School Board Reimbursement on the 2016B LOC.

General Fund Expense total increase of $4,357,865:

- Executive $450,000 for possible Blackwell property purchase.
- Appropriations – Outside Agencies $1 million for Zoo allocation plus $1.5 million advance pension liability payment. Another $2 million advance pension liability payment will be made from the 2016B Line of Credit.
- Public Works Streets increase of $236,624 in various lines for 2 positions and related expenses to do airport landscaping. The Airport is to reimburse $140,000 in 2020 to the City for the 2 positions and equipment cost distributed over 4 years.
- Transfer $400K to Special Revenues 28.5% or 2/7th's of estimated $1,403,500 Lodging Tax Increase.
- Transfer to Debt Service $870K for City School System reimbursement on the 2016B LOC.

Fund 10 Special Revenues 2% Lodging Tax Fund Revenue and Expense add:

- Add $400,000 estimated collections to offset transfer to the General Fund transportation debt service expense of $322,408 and $77,592 to Beach R&R Fund to offset sort system conveyor expense for Recycling center for equipment ordered in 2019 but not received until 2020.

Fund 37 – Beach Restoration and Projects Fund

- Add $30K for Parking Fees based on 2019 actual collections and full year Phase III Gulf Place parking revenue. Transfer from 2% Lodging Tax Fund of $77,592 to offset sort system conveyor expense for Recycling center for equipment – total cost of equipment ordered in 2019 but not received until 2020 is $103,363.

Fund 41 – Debt Service Fund Revenue and Expense

Transfer $870,000 from General Fund for City School System 4th quarter loan repayment since County Sales Tax was not received in a timely manner. Advance principal payment of $870K for School system repayment on 2016 B Line of Credit.

Fund 42 – 2016B GO Warrant Fund Taxable Line of Credit Revenue and Expense

- Increase Revenue $83,017 for $2 million advance pension liability payment to the Retirement Systems of Alabama (RSA) offset by reduction of $1,916,983 for ALDOT Capacity Project (Canal Road) for work that can be included on 2018 GO Warrants instead of the 2016B Taxable LOC and $870K transfer to the General Fund for City School System reimbursement due to delay in receipt of County Sales Tax Revenues.

Fund 43 – 2018 GO Warrant Fund

- Increase warrant usage by $1,770,500 for the following:
  - $1.5 million Coastal Gateway Boulevard Improvements for work not completed in 2019
  - Reduce County Road 6 Improvements line by $279,200 for 2020 work that won't be done
  - Add $200K for Canal Road work that can be charged to the nontaxable warrant fund
  - Add $349,700 for BUILD Grant Improvements which is $276,200 for a Pedestrian Bridge design and Highway 59 Southbound lane work of $73,500.

Total All Funds Revenue increased by $7,494,565 to $92,657,650
Total All Funds Expense increased by $9,281,053 to $93,562,318
Total Expenses exceeds Revenues by $1,786,488 for Amendment 1. Expenses exceed revenues budgeted by $904,668 for the year reflecting revenue received from prior year(s) expensed in 2020.

BACKGROUND: Council passed the original 2020 Budget November 25th, 2019.

PREVIOUS COUNCIL ACTION: None

BUDGET IMPLICATIONS: Overall 9% increase in revenues and 11% expenses from 2020 Budget.

RELATED ISSUES: None

ATTACHMENTS: 2020 Budget Amendment 1

DEPARTMENT: Finance and Administrative Services
STAFF CONTACT: Cindy King