

CITY OF URBANA, ILLINOIS FINANCE DEPARTMENT

MEMORANDUM

- **TO:** Mayor Prussing and City Council Members
- **FROM:** Elizabeth Hannan, Finance Director
- **DATE:** April 6, 2017

SUBJECT: FY2017 Budget Amendment – Workers Compensation Claims, Acquisition of 2201 S. Philo Road, and Other Items

Introduction: Attached is an Ordinance revising the FY2017 annual budget to provide for items described below.

Discussion:

<u>Acquisition of 2201 S. Philo Road (Capital Improvement & Replacement Fund):</u> Staff proposes to make an offer to purchase this property, which is located adjacent to Fire Station #2. While there are no specific plans to make improvements to that Station at this time, staff believes that this land will eventually be required for that purpose. Staff expects that station to remain in the same location for the long term. The offer will be based on an appraisal, which is expected to be not more than \$41,000. Staff expects that sale of the Tri-Star building will generate revenue that will offset this new expense. However, the timing of the sale is not certain. The acquisition will require City Council approval.

Workers Compensation Claims (Retained Risk and Retained Risk Reserve Funds): Staff expects to settle approximately six workers compensation claims prior to the end of fiscal year 2017. This budget amendment would increase the budget to pay claims from \$190,000 to \$380,000 drawing funds from the Retained Risk Reserve Fund. The balance in the reserve fund is estimated to be about \$2.34 million at the end of the fiscal year. Workers comp claims can often take several years to resolve, and the amount required from year-to-year is difficult to predict.

<u>Credit Card Fees for Mobile Meter (Parking Fund):</u> Credit card fees for the Mobile Meter application will be increased from \$21,000 to \$45,000. This is necessary because utilization of the Mobile Meter application is higher than anticipated. The program generates revenues to cover costs from the 25-cent convenience fee and increased meter

revenue.

Other Changes: Other minor changes include -

- transferring funds from the Sanitary Sewer Fund to the General Fund to cover the cost of a summer intern (\$3,367)
- moving the City-wide budget for office furniture from the Finance Department to the Facilities budget in Public Works (\$12,300)
- a minor adjustment to the final cost of crime mapping software (\$486)

Fiscal Impact: The estimated ending fund balance in the General Operating Fund after this amendment is \$8,877,406, which is about 27% of recurring expenditures. After adjusting for funds reserved for replacement of computer equipment and a potential repayment of hospital property tax revenues, which is now estimated at \$5.26 million, the remaining fund balance is \$3,455,226, which is 10.6% of recurring expenditures. This is below the 15% goal established in the City's Financial Policies, and will be addressed as part of developing the budget for FY2018.

Recommendation: Approve the budget amendment authorizing these adjustments to the FY2017 budget.

ORDINANCE NO. 2017-04-019

AN ORDINANCE REVISING THE ANNUAL BUDGET ORDINANCE FOR FY2016/17 (Workers Compensation Claims, Acquisition of 2201 S. Philo Road, Other Items)

WHEREAS, the Annual Budget Ordinance of and for the City of Urbana, Champaign County, Illinois, for the fiscal year beginning July 1, 2016, and ending June 30, 2017, (the "Annual Budget Ordinance") has been duly adopted according to Sections 8-2-9.1 et seq. of the Illinois Municipal Code (the "Municipal Code") and Division 2, entitled "Budget", of Article VI, entitled "Finances and Purchases", of Chapter 2, entitled "Administration", of the Code of Ordinances, City of Urbana, Illinois (the "City Code"); and

WHEREAS, the City Council of the said City of Urbana finds it necessary to revise said Annual Budget Ordinance by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves; and

WHEREAS, funds are available to effectuate the purpose of such revision; and

WHEREAS, such revision is not one that may be made by the Budget Director under the authority so delegated to the Budget Director pursuant to section 8-2-9.6 of the Municipal Code and section 2-133 of the City Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Annual Budget for FY2016/17, as revised, is hereby revised to provide as outlined in the attached Exhibit A.

<u>Section 2.</u> This Ordinance shall be in full force and effect from and after its passage and publication in accordance with Section 1-2-4 of the Illinois Municipal Code.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nayes" being called, of two-thirds of the corporate authorities then holding office (6 of 8 votes) of the City of Urbana, Illinois, at a meeting of the corporate authorities.

PASSED by the City Council this _____ day of _____, ____.

<u>AYES:</u> <u>NAYS:</u> <u>ABSTAINED:</u>

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, ____.

Laurel Lunt Prussing, Mayor

Budget Amendment 2016/17 - Exhibit A

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		21,000	45,000	24,000	Mobile Meter credit card fees
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	Ending Fund Balance (estimated)	887,741	863,741	(24,000)	updated balance

Retained Risk Fund

Revenues

R09-0-0044-0000	Tfr from Retained Risk Reserve	190,000	380,000	190,000	cover pending claims from reserve
Total Revenues		909,702	1,099,702	190,000	
<u>Expenditures</u> R09-1-0500-0000	Work Comp Benefit Payments	170,000	360,000	190,000	pay pending work comp claims
Total Expenditures		899,605	1,089,605	190,000	
Ending Fund Balance (es	timated)	91,561	91,561		
Retained Risk Reserve F	und				
Expenditures R10-1-0520-0030	Tfr to Retained Risk Fund	190,000	380,000	190,000	cover pending work comp claims
Total Expenditures		190,000	380,000	190,000	
Ending Fund Balance (es	timated)	2,535,912	2,345,912	(190,000)	updated balance