



Request for City Council Committee Action

Date: September 12, 2002

To: Council Member Barbara Johnson
Chair, Ways and Means Committee

Referral: none

Prepared or Submitted by: Tara Barenok, Budget Coordinator, Phone 673-3221

Approved by

Patrick P. Born
City Finance Officer

John Moir
City Coordinator

Subject 2002 2nd Quarter Appropriation Adjustments

Presenters in Committee Tara Barenok

Recommendation:

Approve the appropriation and revenue changes to the 2002 budget included in Attachment One

Financial Impact (Check those that apply)

No financial impact (If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

Attached are the necessary appropriation adjustments. Most are technical adjustments related to adopted City Council actions. Other adjustments merit further explanation:

➤ **Labor Settlements**

The 2001-2003 Labor Agreement between the **City and City Employees' A/W Laborer's International of North America, Local #363** included the following provision for the life of the contract:

Reward and Training Programs : Establishes a pilot program of up to \$150,000 for the life of the contract for training, career development, and/or rewards and recognition. Funds are controlled by the Department of Public Works. Unused funds are returned to the General Fund at year end."

This amount was not added to the Public Works budget when the contract settled. With this action, the amount will be added to the Public Works budget. Any remaining funds at the end of 2002 will be requested for reappropriation in early 2003, so that the program may continue through the term of the agreement.

➤ **Police**

Special Pays: Several special pays that have historically been budgeted were inadvertently left out of the Police Department's 2002 budget. They include the shift differential and the semi-annual compensatory time and vacation pay outs. The mid-year appropriation request is to reimburse approximately half of these costs to cover what the Police Department has incurred through mid-year. These costs are as follows:

Shift Differential: Per the Police Department labor agreement, police personnel who work a scheduled shift in which a majority of the work hours fall between 6:00 p.m. and 6:00 a.m. receive a shift differential of ninety-five cents (\$0.95) per hour. MECC employees also receive a shift differential.

Shift Differential: \$364,000

Semi Annual Compensatory Time Pay Out: Per the Police labor agreement, employees have the option of being paid twice annually for compensatory time they have accumulated.

Semi Annual Compensatory Time & Vacation Pay Out: \$240,000

Sub-Total: \$604,000

Water Plant Security: The Police Department has incurred overtime costs directly related to the security provided to the City's water treatment plant. This overtime will be entirely reimbursed by the Water Fund. The overtime costs associated with this police presence were estimated at \$300,000 at mid-year; it is estimated these costs will total approximately \$600,000 by 2002 year-end.

Technical appropriation and revenue increases of \$600,000 are requested to reflect the costs associated with this police presence.

➤ **Adjustments related to Microsoft Licensing for Public Works**

The Public Works department's computers were inadvertently omitted from the estimate for increased Microsoft Licensing fees. \$80,000 of these costs are related to general fund and internal service fund operations, \$65,000 are related to the enterprise funds.

➤ **Public Works – Field Services, Bridge Maintenance and Repair**

The Field Services Division of Public Works has completed several projects for other City departments and boards. These activities consist of bridge repair and reconstruction jobs for the Water division of Public Works, a Neighborhood Revitalization Program (NRP) Contract, Paving Construction, and the Park Board. These projects total \$524,000. The department anticipates that the revenue for the projects will offset these costs. The recognized revenues for the division will exceed the original estimate for division by \$524,000.

➤ **Equipment Fund**

The Equipment Services division of Public Works requested reappropriation of the unspent purchasing levels outlined in the work out plan (\$1.3 Million).

➤ **General Fund Contingency**

The 2002 current budget includes \$2.037 million in contingency, including funds set aside for transition relating to the February round of budget cuts. Year-to-date adopted Council actions, plus the proposed actions in this report, have had the following effect on General Fund contingency:

2002 Contingency Budget	\$2,037,000
Less Nicollet Mall Advisory Board revised budget (approved by Council in June)	(\$453,000)
Less actions requested in this letter	(\$437,000)
Less needed contingency through year end to cover job bank expenditures (see below)	(\$505,000)
Total Remaining 2002 Contingency by year end	\$642,000

It is recommended that contingency be reserved in the amount above to offset the Job Bank-related expenditures. Through mid-August, approximately \$405,000 in Job Bank benefit costs had already been charged to this account. It is estimated that an additional \$100,000 will be needed by year-end to cover these Job Bank-related expenditures.

➤ **Non-Departmental (123) Wage Reserve**

Approximately \$650,000 of wage reserve was placed in the Non-Departmental agency (123) to cover any contract-related expenses that arose during the year. This wage reserve will be used to cover the mid-year appropriation increase for the Police Department. This mid-year adjustment will require the use of \$604,000 of the wage reserve; the balance of \$46,000 will likely be needed to offset any contract-related expenses that occur during the remainder of the year.