



Interoffice Memorandum

To: City Council
From: Jamie Thomas, Finance Director
CC: Nancy Backus, Mayor
Date: October 12, 2021
Re: Ordinance #6837 – 2021-2022 Budget Amendment #4 -- **AMENDED**

The City's biennial 2021-2022 budget was approved by Council as two one-year appropriations. Budget Amendments #1 through #3 amended the budget for calendar year 2021. This amendment will be the fourth budget amendment for the biennium and the first budget amendment for calendar year 2022. The purpose of this budget amendment is to:

1. Realign significant revenue sources;
2. Adjust projected 2022 beginning fund balance to reflect budget amendments made in 2021;
3. Adopt the continuation of previously-approved requests for ongoing expenditures;
4. Adjust capital project budgets to match the 2022-2025 Capital Facilities Plan (CFP); and
5. Add budget authority for new programs and other expected changes in 2022.

Realign Significant Revenue Sources. With new legislation and policies adopted throughout 2021, and three quarters of revenue collection data for 2021, there is an opportunity to fine-tune revenue projections for 2022. Total General Fund revenue adjustments would result in a net reduction of \$652,000 and include:

- Sales and use tax increase \$ 2,500,000
- Business & Occupation tax reduction to reflect delays in implementation -4,300,000
- Streamlined sales tax mitigation increase due to legislative extension through 2022 1,000,000

Adopt the continuation of previously approved requests by Council. Amend the 2022 budget for changes adopted in 2021 for which there is an ongoing fiscal impact in 2022. Items in this category were previously approved by Council in 2021. In total, these items would increase budgeted 2022 expenditures by about \$1.1 million, and include:

- Utility tax increase to reflect higher City tax rate \$ 2,242,900
- Reduced budget for lead service line replacement project (moved to 2021) -1,600,000
- Net reduction in debt service on 2020 LTGO A&B refunding bonds - 695,400
- Axon contract for body camera hardware and software 427,500
- Reduction in Airport debt service due to change in funding for hangar project - 336,300
- Increased budget for homeless sheltering by the Auburn Food Bank 275,000
- Operating budget for the Auburn Community Resource Center 150,900
- Limited Term Employee: Recruitment Coordinator 137,000

- Limited Term Employee: Grants Coordinator (ARPA-funded) 132,000
- Limited Term Employee: Accounting Specialist 116,700
- **Contracted Security at City Hall, the Annex, and Les Gove campus 112,000**

Adjust capital project budgets. Represent changes to project budgets to align with the updated 2022-2027 Capital Facilities Plan (CFP) that is scheduled to be adopted in December, excluding unspent capital project budgets from 2021 that are automatically carried forward into 2022 due to the adoption of multi-year capital budgeting, as authorized in Ordinance No. 6682 (June 2018). The net increase due to these proposed adjustments is \$4.2 million.

Significant project adjustments included in this budget amendment include:

- Funding for North Airport storm improvements (cp2102) \$ 946,000
- Incr. budget for sidewalk repair and improvements (ARPA and fee funded) 850,000
- Incr. budget for Neighborhood Street Lighting Program (ARPA funded) 500,000
- Net increase for Airport hangar project 439,100
- Funding for North Airport stormwater system improvements (cp2118) 435,000
- Budget for City Hall Annex customer service center reconfiguration 350,000
- Incr. budget for Neighborhood Traffic Safety Program (ARPA and REET funded) 250,000

Add budget authority for new programs and other expected changes in 2022. These include requests for new full-time employees (FTEs), increased funding for existing programs, and funding requests for new projects or programs. These requests, which total \$1.9 million, include:

- Four new FTEs to provide support for body cameras \$ 479,200
- Two new FTEs for an in-house litter crew 267,500
- New FTE: Outreach Coordinator 141,600
- Supplement the existing human services contracts budget (ARPA funded) 160,000
- Incr. Golf Course maintenance, inventory, and supplies budget (revenue funded) 105,000

Adjustments of 2022 beginning fund balance due to 2021 budget amendments. Each approved budget amendment in 2021 (in BA #1, BA#2, and proposed BA#3) that amended the 2021 budgeted ending fund balance also affects the budgeted 2022 beginning fund balance. These adjustments, which affect most funds, increase 2022 budgeted fund balance by \$18.8 million.

The following table summarizes the current and revised budget as a result of this amendment.

Table 1: 2022 Budget as Amended

2022 Adopted Budget	\$ 326,609,691
Budget Amendment #4 (Ord #6837)	<u>20,294,437</u>
2022 Budget as Amended	\$ 346,904,128

Attachments:

- ❖ Proposed Ordinance # 6837 (Budget Amendment #4)
- ❖ Summary of 2022 Budget Adjustments by Fund (Schedule A)
- ❖ Summary of 2022 ending fund balance/working capital by fund (Schedule B)