



**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:

Acquisition of 2201 S. Philo Road (Capital Improvement & Replacement Fund): 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.

Credit Card Fees for Mobile Meter (Parking Fund): 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.

Section 2. 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 “nays” 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 _____, _____.

AYES:

NAYS: _____

ABSTAINED:

Phyllis D. Clark, City Clerk

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

Laurel Lunt Prussing, Mayor

Budget Amendment 2016/17 - Exhibit A

	<u>Current Budget</u>	<u>Revised Budget</u>	<u>Difference</u>	<u>Reason</u>
<u>General Operating Fund</u>				
<u>Revenues</u>				
009-0-0413-0000 Tfr from Sanitary Sewer Fund	771,792	775,159	3,367	cover cost of summer intern
<u>Total Revenues</u>	<u>33,225,788</u>	<u>33,229,155</u>	<u>3,367</u>	
<u>Expenditures</u>				
025-1-1200-2051 Scheduled Small Equipment	13,715	1,415	(12,300)	move office furniture to facilities
045-4-1300-3948 Information Services	12,600	13,086	486	adj cost - crime mapping software
060-3-1200-2051 Scheduled Small Equipment	-	12,300	12,300	move office furniture to facilities
<u>Total Expenditures</u>	<u>36,042,224</u>	<u>36,042,710</u>	<u>486</u>	
<u>Ending Fund Balance (estimated)</u>	<u>8,874,525</u>	<u>8,877,406</u>	<u>2,881</u>	updated balance
Assigned - Computer Equipment	159,499	159,499	-	
Unassigned Fund Balance	8,715,026	8,717,907	2,881	
<u>Capital Improvement Fund</u>				
<u>Expenditures</u>				
A09-1-0400-0074 Fire Station #2	-	41,000	41,000	purchase 2201 S. Philo Road for future construction
<u>Total Expenditures</u>	<u>6,392,483</u>	<u>6,433,483</u>	<u>41,000</u>	
<u>Ending Fund Balance (estimated)</u>	<u>(257,843)</u>	<u>(298,843)</u>	<u>(41,000)</u>	
<u>Sanitary Sewer Construction Fund</u>				
<u>Expenditures</u>				
M09-1-0300-0300 Tfr to General Fund	771,792	775,159	3,367	cover cost of summer intern
<u>Total Expenditures</u>	<u>1,355,305</u>	<u>1,358,672</u>	<u>3,367</u>	
<u>Ending Fund Balance (estimated)</u>	<u>442,713</u>	<u>439,346</u>	<u>(3,367)</u>	
<u>Parking System Fund</u>				
<u>Expenditures</u>				
N09-2-1300-3025 Credit Card Fees (Pay by Cell)	21,000	45,000	24,000	Mobile Meter credit card fees
<u>Total Expenditures</u>	<u>2,759,113</u>	<u>2,783,113</u>	<u>24,000</u>	
<u>Ending Fund Balance (estimated)</u>	<u>887,741</u>	<u>863,741</u>	<u>(24,000)</u>	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

Expenditures

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 (estimated) 91,561 91,561 -

Retained Risk Reserve Fund

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 (estimated) 2,535,912 2,345,912 (190,000) updated balance