

Voting Session

Agenda Item #	3
Meeting Date	March 23, 2016
Prepared By	Suzanne R. Ludlow

Discussion Item	Second Reading Ordinance, FY 2016 Budget Amendment 3
Background	<p>The Fiscal Year (FY) 2016 budget was adopted by the City Council on May 18, 2015 and amended on July 27, 2015 and February 3, 2016. Since that date, certain events have transpired that require modification of the budget.</p> <p><u>General Fund – Transfers</u></p> <p>Additional funds need to be appropriated for legal services related to the Takoma Junction Development project. The total amount to be allocated for these legal services include no more than \$60,000 to prepare the Development Agreement (of which approximately \$42,000 has been spent) and no more than \$20,000 to prepare the Ground Lease. \$20,000 was in the original account (established before an attorney was retained) and the account was also used for some assistance with Washington Adventist Hospital matters.</p> <p>Fewer funds are needed for specialized labor counsel than was originally allocated. A transfer of \$80,000 from the Labor/Employment Services line to the Legal Contracts line will allocate funds for Takoma Junction and other contracted legal costs, pursuant to contract terms.</p> <p><u>General Fund – Revenues</u></p> <p>Between 2010 and 2015, the Maryland Comptroller’s Office misdirected \$453,311 in Income Tax revenue to Montgomery County instead of to the City of Takoma Park. An audit has identified the funds owed to the City and the funds are to be transmitted this month.</p> <p>\$21,800 in anticipated revenues from lease payments made by the Takoma Park/Silver Spring Coop for parking spaces at the Takoma Junction lot were inadvertently omitted and need to be added to the FY 2016 budget.</p> <p>In July 2015, the City’s 2005 Community Center bond was paid off and a new bond, the 2015 Community Center bond, was entered into in order to take advantage of lower interest rates. To record this transaction, the amount of \$1,579,730 is identified as bond proceeds in a General Fund revenue account. The amount is offset in a General Fund expenditure account.</p> <p><u>General Fund – Expenditures</u></p> <p>The 2005 Community Center bond proceeds need to be appropriated as an expenditure. Because \$188,012 was already in this account as an FY 2016 bond payment, only \$1,391,718 needs to be added to this account.</p> <p>A bond payment of \$133,999 for the 2015 Community Center bond payment in FY</p>

	<p>2016 needs to be appropriated. This bond payment amount is \$54,013 less than the amount the City would have paid in FY 2016 for the 2005 Community Center bond.</p> <p><u>Special Revenue Fund – Transfers</u></p> <p>At the request of the State of Maryland, funds for the Safe Routes to School program need to be allocated to separate budget accounts.</p> <p><u>Special Revenue Fund – Expenditures</u></p> <p>The expenditure account funds for the Community Development Block Grant Flower Avenue Project were omitted and need to be added to the FY 2016 budget.</p> <p>First reading of the ordinance took place on March 16, 2016.</p>
Policy	Fiscally Sustainable Government
Fiscal Impact	<p>General Fund revenues will increase by \$2,054,841 (\$475,111 plus the \$1,579,730 in bond proceeds from the 2005 Community Center bond) and the General Fund expenditures will increase by \$1,525,717 (the \$1,579,730 for the 2015 Community Center bond less the savings of \$54,013 from the lower bond payment). The net budgetary impact of the budget amendment on the General Fund is \$529,124.</p> <p>Expenditures for the Special Revenue Fund will increase by \$24,880.</p>
Attachments	Proposed FY 2016 Budget Amendment Ordinance Number 3
Recommendation	Staff recommends that the City Council approve the proposed ordinance at second reading.
Special Consideration	

Introduced by: Councilmember Schultz

First Reading: March 16, 2016

Second Reading:

**CITY OF TAKOMA PARK, MARYLAND
ORDINANCE NO. 2016-11**

FY 2016 BUDGET AMENDMENT NO. 3

- WHEREAS, the Fiscal Year (FY) 2016 budget was adopted by the City Council on May 18, 2015 and amended on July 27, 2015 and February 3, 2016; and
- WHEREAS, since this date, certain events have transpired that require modification to the FY 2016 budget; and
- WHEREAS, the City paid off the 2005 Community Center bond and entered into a 2015 Community Center bond with the bond proceeds so as to benefit from a lower interest rate; and
- WHEREAS, the City will receive \$453,311 from the Maryland Comptroller's Office in income tax revenue that was mistakenly sent to Montgomery County in the years between 2010 and 2015; and
- WHEREAS, the City will receive a parking lot lease payment from the Takoma Park/Silver Spring Coop that was not included in the FY 2016 budget; and
- WHEREAS, more funds need to be allocated for legal assistance for the Takoma Junction Development Project; and
- WHEREAS, the City is unlikely to spend most of the funds allocated for specialized labor council this fiscal year and these funds can be transferred to the legal contracts line to cover legal costs for the Takoma Junction project and other contracted legal costs; and
- WHEREAS, the State of Maryland has requested that funds for the Safe Routes to School program expenses be allocated into separate accounts by grant year; and
- WHEREAS, the expense line for the Community Development Block Grant Flower Avenue Project was overlooked when the FY 2016 budget was prepared and needs to be added.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND THAT:

SECTION 1. The Fiscal Year 2016 Budget is amended as follows:

General Fund – Transfers

1. Transfer \$80,000 from account 1140-61020, Labor/Employment Services, to account 1140-61040, Legal Contracts.

General Fund – Revenues

1. Appropriate \$1,579,730 to account 0001-36050, Bond Proceeds, from the 2005 Community Center bond.
2. Appropriate \$453,311 to account 0001-31300, Income Tax, for the payment of Income Tax that had been mistakenly paid to Montgomery County instead of Takoma Park between 2010 and 2015.
3. Appropriate \$21,800 to account 0001-32400, Takoma Junction Land License, for the Takoma Park/Silver Spring Coop Lease payment.

General Fund-Expenditures

1. Appropriate \$1,391,718 to account 8000-73010, 2005 Community Center Bond so that \$1,579,730 may be used for the 2015 Community Center Bond with a lower interest rate.
2. Appropriate \$133,999 to account 8000-73011, 2015 Community Center Bond for the annual bond payment.

Special Revenue Fund – Transfers

1. Transfer \$60,653 from account 0010-72110, Safe Routes to School, to account 0010-72120, Safe Routes to School GY F.
2. Transfer \$98,168 from account 0010-72110, Safe Routes to School, to account 0010-72130, Safe Routes to School GY G.

Special Revenue Fund – Expenditures

1. Appropriate \$24,880 to account 0010-68049, CDBG Flower Avenue Project, for the Flower Avenue Green Street Project.

SECTION 2. The City’s Capital Improvement Program for FY 2016 shall be amended to reflect the aforementioned changes in the General Fund budget.

SECTION 4. This Ordinance shall become effective upon adoption.

Adopted this ____ day of ____, 2016 by Roll Call vote as follows:

AYE:

NAY:

ABSTAIN:

ABSENT: