

**LRB - FISCAL SECTION ANALYSIS REVISED**

**DECEMBER 19, 2001**

**ITEM 10, FILE 011059**

**FINANCE & PERSONNEL COMMITTEE**

**JAMES CARROLL**

File #011059 is a substitute resolution authorizing the Department of Public Works to expend funding for equipment that was set aside as part of the 2001 Budget Adjustment Plan to fund unanticipated expenses incurred in 2001.

**Background**

1. On June 19, 2001, the Common Council approved a substitute resolution (#001659) authorizing 2001 budget year departmental reductions. The departmental reductions totaled approximately \$3.1 million. The Common Council also improved an ordinance on June 19, 2001 increasing City revenues by approximately \$1.3 million.
2. The reductions included reducing the 2001 Building and Fleet's equipment purchases by \$1,043,910 and the 2001 Forestry Division's equipment purchases by \$25,800.
3. Because of the 50 inches of snow in December 2000, DPW expended \$800,000 on equipment rental for additional snow removal operations.
4. In addition, the unexpected increase in the price of natural gas caused an additional shortfall in DPW of approximately \$300,000. In 2001, the high per unit volume price of natural gas was \$11.81 per unit volume, compared to \$4.29 low per unit volume in 2000.

**Discussion**

The resolution amends Resolution #001659, passed on June 19, 2001, to authorize the transfer of \$1,043,910 from the Buildings and Fleet equipment account and \$25,800 from the Forestry equipment account to cover the unanticipated expenses for snow removal and the higher than expected costs for natural gas.

**Fiscal Impact**

1. The resolution will reduce the amount generated to the Tax Stabilization Fund by approximately by \$1.1 million. The resolution's impact on the Tax Stabilization Fund won't be known until March of 2002 when the final closing of the City's 2001 books takes place and the City's 2001 Financial Statements are prepared. Higher than anticipated revenues or lower than budgeted expenditures could offset this reduction.
2. Since the funds were originally appropriated as part of the 2001 Budget, the resolution has no levy impact.
3. Transferring the funds from DPW equipment accounts eliminates the need to transfer funds from the Common Council Contingent Fund.

cc: Marianne Walsh  
Laura Engan  
W. Martin Morics  
Dorinda Floyd

Prepared by: James Carroll, X8679  
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