



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** April 22, 2024

SUBJECT: Conduct a public hearing and approve Ordinance No. 3849, amending the Fiscal Year 2023-2024 Adopted Operating and Capital Budget

PRESENTER: Chase Fosse, Director of Budget and Research

SUMMARY:

The City Council is requested to conduct a public hearing and receive public comments on proposed amendments to the Fiscal Year 2023-2024 Adopted Operating and Capital Budget. At the conclusion of the public hearing, Council is requested to consider the approval of Ordinance No. 3849, approving a budget amendment not to exceed \$283,771.

GENERAL DESCRIPTION:

The Fiscal Year 2023-2024 Operating and Capital Budget was adopted by the City Council on September 11, 2023, and became effective at the start of the fiscal year on October 1, 2023. City Council is requested to consider an amendment to 1) allocate additional funds to the NRH Centre Infrastructure Maintenance Capital Improvement Project (PK2402), and 2) revise the adopted operating budget including the Parks and Recreation Budget, the Aquatic Park (NRH20) Budget, the Golf Course Budget, and the Donations Budget.

The NRH Centre Infrastructure Maintenance Capital Improvement Project (PK2402) is intended to fund larger maintenance and infrastructure investment tasks that exceed the scope of the day-to-day operating maintenance budget. The NRH Centre is in its eleventh year of operation and infrastructure and maintenance needs continue to grow. Identified priorities for PK2402 include aquatics slide painting, bathroom fixture renovations, trash can replacements, and furniture replacement and repair.

During this fiscal year, delivery of TV programming deteriorated to an unacceptable level, requiring both a switch in TV providers as well as investments in telecommunications line upgrades. The need for these changes was unexpected and depleted funding that would have otherwise been available for planned maintenance needs. Allocating an additional \$26,795 in funding from NRH Centre Reserves will replenish these funds.



The impact of the amendment on the Fiscal Year 2023-2024 Capital Budget is summarized below.

Category	Adopted 2023-24	Amendment 4.22.24	Amended 2023-24
Street & Sidewalk Capital Projects	\$21,378,332		\$21,378,332
Drainage Capital Projects	\$700,000		\$700,000
Utility Capital Projects	\$1,730,000		\$1,730,000
Parks & Recreation Capital Projects	\$930,000	\$26,795	\$956,795
Aquatic Park Capital Projects	\$775,000		\$775,000
Facility Capital Projects	\$1,181,550		\$1,181,550
Major Capital Equipment Projects	\$4,904,109		\$4,904,109
Economic Development Projects	\$0		\$0
Other Capital Projects	\$49,000		\$49,000

The Parks and Recreation Department’s Richland Tennis Center has seen increased registrations for both group and private lessons, requiring additional investments in instructor expenses to meet this demand. Staff is requesting an increase in expenses of \$103,795 to increase the competitiveness of part-time employee pay, increase lesson incentive pay, increase contract labor, and cover higher than anticipated electric costs. Staff projects a corresponding increase of \$147,525 in revenue. Increased expenses are directly linked to these increased revenues, meaning that if demand drops later this year, actual expenses will drop compared to the budget as well.

To maintain compensation competitiveness for group fitness instructors, the NRH Centre has also increased pay on a per-class basis. Staff is requesting an increase in expenses of \$37,631 to cover both increased instructor payments as well as the transfer from reserves into the PK2402 capital project.

The NRH20 Family Water Park is projecting decreased revenues and expenses due to the delay in the Green Extreme replacement project. Projected attendance has dropped from 210,000 to 180,000 annually. Staff is projecting a decrease in expenses totaling \$543,297 due to a combination of expected savings in consumables, electricity costs, credit card service fees, and other various accounts. Revenue is projected to decrease by a smaller amount – approximately \$450,000. NRH20 is projecting approximately \$100,000 in net profit for the year which will facilitate park investments in future fiscal years.

Kemper Sports has made recommendations for an enhanced agronomic plan to improve turf conditions at the Iron Horse Golf Course. Acquiring three previously unbudgeted pieces of equipment will help implement this comprehensive plan by increasing airflow, allowing water and fertilizer to better penetrate soil, and relieving soil compaction. These pieces will be utilized in damaged areas and throughout the course with regular frequency



to improve overall turf health. Staff is requesting to increase budgeted expenditures by \$74,000 from reserves to enable this expense.

The NRH Senior Center hosts many programs and activities that provide food and beverages to attendees, including a monthly luncheon for over 150 seniors. Food and beverage purchases are supported directly by sponsorship and donation dollars, which are projected to exceed budgeted revenues by \$34,975. Staff is requesting to increase budgeted expenditures by \$34,000 for food and beverage from the donation fund, as well as an additional \$7,550 from donation reserves to establish a memorial paver project on the senior center grounds.

The combined impact of the amendment on the Fiscal Year 2023-2024 Operating Budget is summarized below.

Department	Adopted 2023-24	Amendment 04.22.24	Amended 2023-24
Parks and Recreation Fund Budget	\$12,121,186	\$141,426	\$12,262,612
Aquatic Park Fund Budget	\$6,155,626	(\$543,297)	\$5,612,329
Golf Course Fund Budget	\$3,383,193	\$74,000	\$3,457,193
Donations Fund Budget	\$212,611	\$41,550	\$254,161

At the conclusion of the public hearing, staff requests that the City Council consider Ordinance No. 3849, amending the Fiscal Year 2023-2024 Budget. A notice of public hearing was posted in the Star Telegram on Thursday, April 11, 2024, and is included as Attachment B to this item. The project revisions sheet for PK2402 is also included as Attachment C.

RECOMMENDATION:

Approve Ordinance No. 3849, amending the FY2023-24 Adopted Operating and Capital Budget.