

May 17, 2021

To: Members of the Budget and Finance Committee

From: Paula Boggs Muething, City Manager *CB For PBM 202101898*

Subject: **Emergency Ordinance – FY 2021 General Fund Operating Budget Final Adjustment Ordinance (FAO) (B Version)**

Attached is an Emergency Ordinance captioned:

AUTHORIZING the transfer of the sum of \$22,819,722 within the General Fund, from and to various operating accounts and the unappropriated surplus of the General Fund according to the attached Schedule of Transfer, for the purpose of realigning and providing funds for the ongoing needs of City departments.

The original version of this Emergency Ordinance relied on prior authorization of an appropriation in the amount of \$18,700,000 of American Rescue Plan (ARP) Act funding to reimburse the General Fund for eligible COVID-19 related personnel expenses incurred by the Cincinnati Fire Department (CFD) during FY 2021. With the release of ARP guidance from the United States Department of the Treasury, only expenses occurring after March 3, 2021 are reimbursable. Based on that date, the Cincinnati Fire Department does not have \$18,700,000 in reimbursable expenses yet but will achieve that amount by the end of Fiscal Year 2021. Instead, the B Version of this Emergency Ordinance uses \$18,700,000 of funds from the unappropriated surplus of the General Fund. The other change in this B Version Emergency Ordinance is that the Cincinnati Fire Department requires a transfer to cover a shortfall of \$3,264,000 that would have otherwise been reimbursed by ARP funds. The additional \$3,264,000 need in the CFD is primarily related to greater than anticipated overtime costs and lump sum payments due to the attrition of sworn personnel.

The attached Emergency Ordinance balances the City's General Fund operating budget accounts for FY 2021. The accounts are balanced by transferring appropriations within and between General Fund departments and relies on unappropriated surplus.

GENERAL FUND TRANSFERS WITHIN CURRENT APPROPRIATIONS

A total of \$2,844,131 will be transferred within current appropriations in order to offset various anticipated needs.

City Manager's Office – \$171,200

A transfer of \$171,200 in personnel savings will be necessary to offset non-personnel needs in the Office of Environment and Sustainability (OES) related to temporary labor costs in the amount of \$60,000, Center Hill Landfill management and energy payments in the amount of \$56,200, wheeled recycling cart management in the amount of \$15,000, and personnel needs in the Office of Performance and Data Analytics in the amount of \$40,000.

Human Resources – \$86,000

Benefit savings in the amount of \$86,000 will be transferred to address \$59,200 in personnel needs, \$21,000 for testing services for sworn personnel, and \$5,800 for software licenses in the Human Resources computer lab.

Department of Finance – \$225,000

A total of \$225,000 in personnel and benefit savings will be transferred between various agencies to offset non-personnel needs, including property insurance premiums and software needs in the Division of Purchasing.

Department of Community & Economic Development – \$228,775

A total of \$228,775 will be transferred between agencies to align appropriations with anticipated expenditures. Personnel and benefit needs are offset by savings in the amount of \$200,000, all of which is primarily related to fluctuations in work assignments for associated activities eligible for reimbursement.

The FY 2020 leveraged support contracts for the Urban League of Greater Cincinnati and the Immigration and Refugee Law Center extended to FY 2021 without the corresponding resources resulting in a net non-personnel need of \$18,025. A net non-personnel need of \$10,750 is also primarily due to telephone charges. These non-personnel needs will be fully offset by \$28,775 in various contractual services savings.

Department of City Planning – \$13,317

A transfer of \$13,317 in personnel savings will be necessary to offset a need in costs associated with temporary personnel, professional memberships required to be held by City Planning staff, and various other necessary non-personnel items.

Department of Recreation – \$412,500

A transfer of \$412,500 in personnel and benefit savings will be necessary to cover various non-personnel needs related to automotive maintenance, utility expenses, and information technology (IT) related needs.

Department of Parks – \$158,010

A transfer of \$158,010 in non-personnel savings will offset personnel needs due to a position restoration and unfavorable personnel reimbursements.

Department of Buildings and Inspections – \$240,000

Personnel savings from Building Construction Inspections in the amount of \$240,000 will be transferred to offset personnel needs of \$140,000 in Building Administration as well as a non-personnel need for legal services in the amount of \$100,000.

Department of Public Services – \$19,829

A total of \$19,829 in savings will be transferred among agencies to address both personnel and non-personnel needs. Primarily, these transfers will satisfy needs related to increased personnel costs within the Neighborhood Operations Division (NOD) and increased stormwater utility charges for city-owned buildings.

Cincinnati Fire Department – \$865,000

A total of \$865,000 in various non-personnel savings will be transferred to address recruit class personnel and benefit needs as well as instructor overtime.

Department of Economic Inclusion – \$39,500

A total of \$39,500 in non-personnel savings will be transferred to address various personnel needs.

Non-Departmental Accounts – \$385,000

Savings in the lump sum payments account will be transferred to address a \$350,000 need in the State Unemployment Compensation account as well as a \$35,000 need in the Police and Firefighters' Insurance account.

TRANSFERS RESULTING IN A SUPPLEMENTAL APPROPRIATION

Five departments and one non-departmental account require supplemental appropriations totaling \$19,975,591. These needs will be offset by expenditure savings generated by four other city departments and a non-departmental account. \$18,700,000 of unappropriated surplus will cover the remaining needs. These sources will be transferred to offset General Fund needs in other departments.

City Manager's Office – \$142,000

The City Manager's Office (CMO) need of \$72,000 in benefits is primarily due to various staffing changes resulting in additional benefit costs. The projected non-personnel need of \$70,000 in the Office of Environment and Sustainability is primarily related to the Rumpke Recycling contract. The 1% inflationary increase built into the non-personnel budget did not match the annual increase of the recycling contract, resulting in a shortfall.

Human Resources – \$103,000

The department anticipates a contractual services need related to sworn promotional and eligibility testing due to a shortfall in FY 2021.

Cincinnati Police Department – \$15,436,000

Supplemental appropriations totaling \$15,436,000 are needed in the Cincinnati Police Department.

The amount of \$9,300,000 is related to salary-based personnel expenses. These needs have developed due to an extremely high level of lump sum payments, negotiated wage increases for sworn personnel during FY 2021, increase in the sick sell back benefit, and a reduction in position vacancy savings due to a larger proportion of officers using the 'Option 1' retirement method to remain on the payroll through the terminal leave phase. Benefits based personnel expenses in the amount of \$3,638,000 have a direct correlation with the salary-based personnel expenses needs as indicated.

Non-personnel needs projected in the amount \$2,498,030 have developed due to expenses in fleet and fuel that have exceeded budgeted expectations, shortages in supplies, equipment, and ammunition that required additional expenditures outside of normal

purchasing periods, and increased costs related to the Hamilton County Central Warrants contract.

Department of Public Services – \$928,591

A supplemental appropriation in the amount of \$928,591 is required due to various factors. The personnel need of \$113,043 in the Director's Office is primarily due to unrealized Early Retirement Incentive Program (ERIP) savings. Personnel and benefit needs of \$200,577 in the Neighborhood Operations Division (NOD) is primarily due to unrealized position vacancy allowance (PVA) combined with double filling 10 Sanitation Helper positions in an effort to mitigate high turnover. Non-personnel needs are anticipated in the amount of \$616,400 in the City Facility Management division of the General Fund due to increased stormwater expenses at City-owned facilities.

Cincinnati Fire Department – \$3,278,000

The \$3,278,000 need in the Cincinnati Fire Department is primarily related to greater than anticipated overtime costs and lump sum payments due to the attrition of sworn personnel.

Non-Departmental Accounts – \$88,000

A supplemental appropriation in the amount of \$88,000 in the Audit & Examiner's Fees non-departmental account is also needed due to higher than anticipated costs for production of the Comprehensive Annual Financial Report (CAFR).

The reason for the emergency is the immediate need to allow for the continuation of uninterrupted services through the end of the fiscal year.

The Administration recommends passage of this Emergency Ordinance.

cc: Christopher A. Bigham, Assistant City Manager
Karen Alder, Finance Director

Attachment