

CITY COUNCIL

READ FILE COVER SHEET

Subject: **Ordinance 1120 concerning Approving Budget
Amendment 2024-01**

(Public Hearing)

Date: **8/22/2023**

Notice: Any comments made after 5:00 p.m. on the Thursday before the Council Meeting will not be seen in the agenda packet.

Purpose:

- FYI
- Read and Comment as Needed**
- Action Required by September 5, 2023**
- In Confidential File Drawer

Approve:

Johnny Boker Yes No No Comment

Comment: _____

Casi Boyer Yes No No Comment

Comment: _____

Vicki Jones Yes No No Comment

Comment: _____

Jim Ringsaker Yes No No Comment

Comment: _____

Jason Robertson Yes No No Comment

Comment: _____

Tammy Lynn Schneegas Yes No No Comment

Comment: _____

Note: N/A

CITY COUNCIL
OF
HAVRE DE GRACE, MARYLAND

ORDINANCE NO. 1120

BUDGET AMENDMENT 2024-01

Introduced by _____ Council Member Robertson _____

AN ORDINANCE BY THE MAYOR AND CITY COUNCIL OF HAVRE DE GRACE BY THE AUTHORITY OF ARTICLE XI-E OF THE MARYLAND CONSTITUTION, THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND AND SECTION 37 OF THE HAVRE DE GRACE CITY CHARTER FOR THE PURPOSE OF AMENDING THE CITY BUDGET FOR FISCAL YEAR 2024, TO ADDRESS DESIGNATING CARRY OVER FUND BALANCES AND THE REALLOCATIONS OF FUNDS FOR THE CITY OF HAVRE DE GRACE FOR FISCAL YEAR 2024

On: 8/21/2023

at: 7:00 p.m.

Ordinance introduced, read first time, ordered posted and public hearing scheduled.

PUBLIC HEARING

A Public Hearing is scheduled for September 5, 2023 at 7:00 p.m.

EXPLANATION
Underlining indicates matter added to existing law.
[Bold Brackets] indicate matter deleted from existing law.
Amendments proposed prior to final adoption will be noted on a separate page with line references or by handwritten changes on the draft legislation.

33 **WHEREAS**, the Mayor and City Council of Havre de Grace, a Maryland municipal
34 corporation, is required to establish an annual projection of anticipated revenues and proposed
35 expenses, known as the budget, for the City of Havre de Grace for the fiscal year beginning July 1,
36 2023 through June 30, 2024, said period known as fiscal year 2024; and

37 **WHEREAS**, the Mayor and City Council of Havre de Grace passed the Budget Ordinance 1109,
38 establishing the budget for Fiscal Year on June 20, 2023, pursuant to the Havre de Grace Charter Section
39 37 and by the authority of the Local Government Article of the Annotated Code of Maryland; and

40 **WHEREAS**, Budget Ordinance 1109 projected revenue, expenses and capital project
41 completion on best estimates and timetables when proposed; and

42 **WHEREAS**, timing of the close out of one fiscal year and the opening of a new fiscal year,
43 requires the Finance Department to forensically account for (1) those billing cycles that require
44 expenditures get properly allocated, (2) the status of closure on project completion, and (3)
45 unanticipated revenues; and

46 **WHEREAS**, Section 37 of the Charter states “No officer or employee of the City shall
47 expend money that is not appropriated”, and the majority of this budget amendment is for time
48 sensitive Capital Project carry-over, to financially sustain and complete those projects; and

49 **WHEREAS**, the Finance Department has completed their review and provided an
50 explanation and accounting of the end of the fiscal year fund carry-over, depicted in Exhibit A of this
51 ordinance; and

52 **WHEREAS**, the Director of Finance, Director of Capital Projects, and the Director of
53 Administration presented Exhibit A to the Budget and Finance Committee for discussion and approval
54 on August 15th, 2023.

55 **NOW THEREFORE**, it is determined, decided, and ordained by the City Council that
56 Budget Amendment 2024 -01 be included as part of the Fiscal Year 2024 Budget.
57

58 ADOPTED by the City Council of Havre de Grace, Maryland this ____ day of September, 2023.

59 SIGNED by the Mayor and attested by the Director of Administration this ____ day of September,
60 2023.

61
62 ATTEST: MAYOR AND CITY COUNCIL
63 OF HAVRE DE GRACE
64

65 _____
66 Stephen J. Gamatoria
67 Director of Administration
68

65 _____
66 William T. Martin
67 Mayor
68

69 Introduced/First Reading: 8/21/2023
70 Public Hearing:
71 Second Reading/Adopted:
72 Effective Date:

EXHIBIT A



INTER-CITY MEMORANDUM

To: City Council President James E. Ringsaker, Jr.
From: Mayor William T. Martin
Date: 8/11/2023
RE: Proposed Budget Amendment 2024-01

The City Council approved the fiscal 2024 budget through Ordinance 1109 on June 20, 2023. Included in the budget were estimates for the amounts needed in fiscal 2024 for fiscal 2023 capital projects that were still in-process. Additionally, there were estimates for the anticipated Fund Balance for the start of the new fiscal year.

The City continues to encounter numerous delays and cost increases as a result of supply chain interruptions resulting from COVID. Additionally, the Federal American Rescue Plan Act (ARPA) had a significant impact on construction pricing and timing due to the substantial increase in government projects being undertaken. As a result, many of the estimates used for generating the fiscal 2024 budget need to be adjusted.

In addition, there exist operating and capital funding needs that were identified during the last quarter of fiscal 2023 and will require funding in fiscal 2024. These items were not contemplated when the fiscal 2024 preliminary budget was submitted to Council last April.

General Fund 1

The fiscal 2023 budget anticipated the General Fund balance to be \$1,746,800. Upon receipt of significant capital project invoices in July and August that were for performance in fiscal 2023, the balance in the General Fund on June 30, 2023 is \$3,107,800, \$1,361,000 more than anticipated. The biggest cause of the larger than expected fund balance is the delays encountered for capital projects. Further, the initial real property tax billing exceeded the fiscal 2024 budget estimate by over \$24,500, which will be needed to fund the excess costs.

One project, the Visitors Center rehabilitation, was approved for \$430,000 in fiscal 2023. The project was placed on hold after design and engineering estimates suggested that the cost could greatly exceed original estimates. The facility is being repurposed and the budget adjustment reflects this repurposing.

In total 16 projects, totaling \$2,432,400, and including \$1,046,900 in grant funding and \$1,385,500 in City funding exceeded the estimated costs as of June 30, 2023 and need to be established in fiscal 2024 to authorize the completion of the projects.

The following 3 projects, totaling \$310,500, were anticipated to be completed by fiscal 2023 year end, June 30, 2023, when the fiscal 2024 budget was submitted to Council for approval. They will need to be established in fiscal 2024 using the unanticipated funds carried forward from fiscal 2023 in order to fund them through completion:

- Acct #01-1242-6501 - 2 Ton Dump Truck (\$160,500)
- Acct #01-1251-7102 - Visitor's Center Repurposing (\$100,000)
- Acct #01-1251-7082 - Water Street Remediation. (\$50,000)

The following 8 projects, totaling \$949,300, were not contemplated in the fiscal 2024 budget. They are primarily land for parking and unanticipated repairs to City property that were identified after submission of the fiscal 2024 budget to City Council for consideration. They will need to be established in fiscal 2024 using the unanticipated funds carried forward from fiscal 2023 in order to fund them through completion:

- Acct #01-1091-6501 - City Hall HVAC System (\$82,000)
- Acct #01-1091-6507 - St. John/Congress Avenue Land Purchase (\$240,000)
- Acct #01-1091-6507 - Wilson/Bloomsbury Land Purchase (\$300,000)
- Acct #01-1094-6501 - City Hall Video Security System (\$25,200)
- Acct #01-1112-6501 - PD Building Boiler Replacement (\$73,800)
- Acct #01-1112-6501 - PD Building Window Replacement (\$80,000)
- Acct #01-1251-7073 - MS4 Stormwater Remediation (\$118,300)
- Acct #01-1251-7096 - Sidewalk Replacement (\$30,000)

The following 5 projects, totaling \$1,142,600 were anticipated to be completed or more completed by fiscal 2023 year end when the fiscal 2024 budget was submitted to Council for approval. They will need to be established in fiscal 2024 using a combination of awarded grant funds totaling \$1,046,900 and unanticipated funds carried forward from fiscal 2023 totaling \$125,700 in order to fund them through completion:

- Acct #01-1091-6501 - ADA Trolleys (2) (ARPA - \$67,900)
- Acct #01-1251-7083 - Living Shoreline (State - \$79,000)
- Acct #01-1251-7084 - Critical Area Remediation (Critical Area - \$8,100)
- Acct #01-1251-7089 - Green St Pier, Swan Harbor, Shuttle (USDOC/EDA - \$382,700, City - \$125,700)
- Acct #01-1251-7098 - Downtown Infrastructure Rehabilitation/Resiliency (ARPA - \$509,200)

Water and Sewer Fund 9

The Water and Sewer fund had numerous projects delayed or costs increased by the operating conditions already noted. In total, 10 projects totaling \$4,721,900 were impacted. Most of the projects were either ARPA funded or funded through the fiscal 2023 Bond issue.

Additionally, the Water and sewer Fund finished fiscal 2023 with a fund balance of \$558,500, which was \$900,200 more than anticipated by the fiscal 2024 budget.

The following 2 projects, totaling \$687,200, were anticipated to be completed by fiscal 2023 year end, June 30, 2023, when the fiscal 2024 budget was submitted to Council for approval. The Gashey's Creek Pump Station and Main has increased by \$200,000 due to material increases and time delays. The projects will need to be established in fiscal 2024 using the unanticipated funds carried forward from fiscal 2023 in order to fund them through completion:

- Acct #09-1232-9042 – Lafayette Street Force Main Valves (\$187,200)
- Acct #09-1232-9064 – Gashey's Creek Pump Station & Main (\$500,000)

The following project was not contemplated in the fiscal 2024 budget. It is needed to correct a recently discovered failure and will need to be established in fiscal 2024 using the unanticipated funds carried forward from fiscal 2023.

- Acct #09-1232-9060 - Ontario Street Sewer Line (\$200,000)

There are 3 ARPA funded projects, totaling \$2,911,600 that need to be carried into fiscal 2024:

- Acct #09-1232-6501 - Sewer Truck (ARPA - \$465,100)
- Acct #09-1232-9048 - Water Line Upgrades (ARPA - \$2,355,000)
- Acct #09-1245-9042 - Lafayette Street PS Line Upgrade (ARPA - \$91,500)

There are 4 Bond funded projects, totaling \$923,100 that need to be carried into fiscal 2024:

- Acct #09-1231-9032 - Solids Handling Facility (Bond - \$621,700)
- Acct #09-1232-9051 - Water Main Route 40 (Bond - \$150,900)
- Acct #09-1232-9056 - Pennington Avenue Water Line (Bond - \$146,600)
- Acct #09-1232-9057 - Old Bay Lane Water Main (Bond - \$3,900)

Please contact George DeHority or Steve Gamatoria if you have any questions or require additional information regarding this budget amendment request.

August 11, 2023

fc

Amendment #

2024-01

SOURCE OF FUNDS

Account Number	Account Title	Amount
	General Fund 1	
01-0001-41-01	Real Property Taxes	\$24,500.00
01-0001-48-34	State Grants	\$79,000.00
01-0001-48-52	Federal Grants (DOC - EDA)	\$382,700.00
01-0001-49-00	Fund Transfers (ARPA)	\$577,100.00
01-0001-49-00	Fund Transfers (Critical Area)	\$8,100.00
01-0001-49-98	BOY Fund Balance	\$1,361,000.00
	Water/Sewer Fund 9	
09-0001-49-00	Fund Transfers (ARPA)	\$2,911,600.00
09-0001-49-01	Appropriated Retained Earnings	\$887,200.00
09-0001-49-27	DHCD Bond Proceeds	\$923,100.00
	Total Sources	\$7,154,300.00

USE OF FUNDS

Account Number	Account Title	Amount
	General Fund 1	
01-1091-6501	City Hall HVAC & ADA Trolleys	\$149,900.00
01-1091-6507	Parking Land Acquisitions	\$540,000.00
01-1094-6501	City Hall Video Security	\$25,200.00
01-1112-6501	PD Building Renovations	\$153,800.00
01-1242-6501	2 Ton Dump Truck	\$160,500.00
01-1251-7073	MS4 Stormwater Remediation	\$118,300.00
01-1251-7082	Water Street Remediation	\$50,000.00
01-1251-7083	Living Shoreline Projects	\$79,000.00
01-1251-7084	Critical Area Remediation	\$8,100.00
01-1251-7089	Green St Pier, Swan Hrbr Bridge, Shuttle	\$508,400.00
01-1251-7096	Sidewalk Replacement	\$30,000.00
01-1251-7098	Downtown Infrastructure Rehab/Resilancy	\$509,200.00
01-1251-7102	Visitor's Center Rehabilitation	\$100,000.00
	Water/Sewer Fund 9	
09-1231-9032	Solids Handling Facility	\$621,700.00
09-1232-6501	Sewer Truck	\$465,100.00
09-1232-9042	Lafayette St Force Main Valves	\$187,200.00
09-1232-9048	Water Line Upgrades	\$2,355,000.00
09-1232-9051	Rt 40 Water Transmission Line	\$150,900.00
09-1232-9056	Pennington Avenue Water Line	\$146,600.00
09-1232-9057	Old Bay Lane Water Main Extension	\$3,900.00
09-1232-9060	Ontario Street Sewer Line	\$200,000.00
09-1232-9064	Gashey's Creek PS & Main	\$500,000.00
09-1245-9042	Lafayette St PS Line Upgrade	\$91,500.00
	Total Uses	\$7,154,300.00

REASON FOR ADJUSTMENT

To carry forward FY 2023 Capital Projects and Adjust BOY Fund Balance

AUTHORITY

City Council on 08/21/23.

APPROVAL

MAYOR	_____	Date: _____
ADMINISTRATION	_____	Date: _____
FINANCE	_____	Date: _____