



### **Agenda Action Form Overview**

Funds have been identified to support funding realignment to ensure ongoing operations can continue in a few vital areas. Due to higher-than-expected costs related to inflation and supply chain issues, operating funds will be transferred from the Human Services Functional Area to cover increased operating costs for General Services, Solid Waste, vehicles and County Administration. The overall budget remains on target with overall expenses pacing lower than budget. The first quarter budget outlook showed the operating budget at 56% of the total budget. In an effort to balance the budget, some department budgets were not requested at the full requested level. Departments were told if inflationary expenses or unexpected expenses paced higher than the amount allocated, then the management would facilitate necessary budget adjustments.

Thus, the Board is requested to approve Budget Ordinance Amendment No 23BCC00050 transferring \$2,791,093.79 from the Human Services Functional Area to General Government (\$2,498,907.79), Environmental Protection (\$120,000) and Education (\$167,186) Functional Areas to support ongoing General Services, vehicle purchases, and County Administration operating needs.

### **Background/Justification**

This amendment reallocates operating funds for the followed needs:

1. General Services expenditures have increased for reasons that include unexpected increases to contracted services and inflation-driven cost increases for items such as HVAC repairs, fleet maintenance/repair, and gasoline (\$1,300,000). Specific needs are listed below:
  - i. Increased utility and operating baseline costs for current and additional County facilities. Additional facilities are, 300 Main Street parking deck, the Presidential Park Warehouse, and Leesville Road Vehicle Storage.
  - ii. Increase costs of off-road diesel fuel for emergency generators County wide.
  - iii. Increased fuel costs for County Department vehicles and equipment.
  - iv. Additional costs for County Courthouse and system damage during October Storm.
  - v. Increased material and vendor contractor costs in construction, repair, and preventative maintenance. (S Roxboro St Parking Deck, Detention Center, Animal Shelter, CJRC, and Judicial Annex)
  - vi. Unanticipated repairs for fire safety systems at DSS Main and HHS.
  - vii. HVAC systems testing recommended by fire code and manufacturer.
  - viii. Continuing electrical and fire alarm system issues at the County Stadium and Administrative Building II.
  - ix. Post COVID-19 increase in events at the County Stadium have resulted in a greater need for cleaning services and light replacement earlier than anticipated.
  - x. Necessary equipment purchases for the Grounds Division to conduct routine work.
2. Solid Waste (Environmental Protection Functional Area) is requesting an additional \$125,000 for unexpected increases to contracted services, and inflation-driven cost increases for items such as fleet maintenance/repair, and gasoline. Specific needs are listed below:
  - i. Increased utility and operating baseline costs for the Northern Convenience Site



- ii. Increased vendor contractor costs including a 75% increase in hauling and a 242% increase in recycling tipping fees
  - iii. Vehicle repairs as necessary.
  - iv. Delayed processing of FY 2021-22 invoice for \$39,325.
3. The Vehicles and Equipment fund center is requesting additional funds to allow the purchase of the 70 FY 2022-23 approved vehicles. General Services and the Sheriff Office continue to encounter vehicle quotes above the budgeted price. Most increases are due to supply chain constraints and inflation. In some cases, state contract prices are no longer being honored so General Services is going out to bid for vehicles, resulting in increased costs and the need to pay for advertising. General Services are working closely with vendors to purchase vehicles during tight purchasing windows with little ability to negotiate prices. (\$350,000)
4. In FY 2021-22 a late request was approved by the Board (May 9, 2022) to purchase seven Toyota Highlanders using available funds transferred from Department of Social Services' Functional Area. However, due to supply chain and issues with limited purchase windows, the purchase was unable to proceed in time for the fiscal year close. DSS is still in need of these vehicles. This realignment will transfer funds to the Vehicle and Equipment Fund Center to allow the Board's approval of the purchase last fiscal year to occur in FY 2022-23. (\$260,000)
5. County Manager's Office requires additional operating funds to support expenses associated with enterprise-wide training efforts including two cohorts of employees participating in the NACo High Performance Leadership Academy. The funds will also support the training efforts with the Racial Equity Implementation. The dollars will also support the expenses incurred with production and mailing of the recent General Obligation bond referendum brochures mailed to residents. Further, the funds will support recruitment efforts for key positions throughout the organization (\$300,000).
6. Legistar item 21-0734 is providing additional funds for the County's support of Kate's Korner. Realigned funds are being used to support this contract extension (\$167,186)
7. The remaining funds will be held in reserve to address operating expenses that are above current budget levels for smaller department units.

**Policy Impact**

Not applicable

**Procurement Background**

Not applicable

**Fiscal Impact**

During the Roll Over Budget process, funds were rolled over that are no longer necessary, per the Interlocal Agreement. These funds have been identified and repurposed to alleviate operating costs for County Administration, General Services, Solid Waste, and Vehicles. If the funds are transferred to the departments to cover the unexpected operational expenses, then General Fund fund balance will not be needed to continue County operations.

**Recommendation**

The County Manager recommends the Board of County Commissioners approve Budget Ordinance Amendment No 23BCC00050 transferring \$2,791,093.79 from the Human Services



Functional Area to General Government (\$2,498,907.79), Environmental Protection (\$120,000) and Education (\$167,186) Functional Areas to support ongoing General Services, vehicle purchases, and County Administration operating needs.