Legislation Details (With Text)

File #:	19-955 **Version:** 1	**Name:**	
Type:	Information/Discussion Item	**Status:**	Agenda Ready
File created:	5/31/2019	**In control:**	Housing & Redevelopment Authority
On agenda:	7/1/2019	**Final action:**	
Title:	Housing & Redevelopment Authority 2020 Budget		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. 1 -Proposed Budget Report, 2. 2 - HRA Budget 2020, 3. Fund Balance Summary		

Date	Ver.	Action By	Action	Result

DATE: July 1, 2019

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Housing & Redevelopment Authority 2020 Budget

SUMMARY AND ACTION REQUESTED:
The Housing & Redevelopment authority (HRA) to review proposed budget for 2020.

BACKGROUND:
Each year the HRA adopts a budget for the following year. Proposed budget for 2020 to be considered and adopted according to the following timeline:

July 1, 2019	Budget proposal presented by staff Strategic Planning Goals Questions/Priorities/Feedback provided to staff
July 23, 2019	Budget Work Session
August 27, 2019	Adopt Final HRA Budget

The HRA's main source of revenue comes from ad valorum taxes. The HRA also received income from rentals, interest and other miscellaneous sources.

The proposed budget includes estimated expenditures for 2020. The basis of the increased, or decreased budget suggestions are explained later in the analysis portion of this report.

Staff has added a worksheet to discuss how HRA ad valorum tax revenue is estimated for the Board Members

to review. Revenue for 2020 is based on the total market value of Northfield properties in 2019. The actual 2019 total market value is then multiplied by .0185% to determine the revenue to be received by the HRA from ad valorum taxes in 2020.

The Fund Balance Summary is also included in this report. It has been revised to show the progression of the fund balance since 2016.

ANALYSIS:
2020 GENERAL OPERATING BUDGET
In the following analysis, proposed budget increases or decreases totally more than 10% are explained.
Revenues

- Ad valorum tax revenue is estimated to be $267,504 in 2020. Review of the HRA Ad Valorum Tax Worksheet will show that Staff is expecting a 4.3% increase in revenue, which is the average of previous actual annual increases.
- Interest income is based on 1% interest rates and will be adjusted in the future if rates increase.
- Revenue for rents will remain the same as 2019. The HRA voted in 2019 to keep rents at their current levels for the remainder of the lease year that will end in July 2020.

Personal Services

- Salaries, overtime, longevity, part-time, PERA, FICA, MED/Dental, HAS, Workers Comp, etc. have been increased by .07%. These budget items are set by the Finance Department.

SUPPLIES - No Change

CHARGES FOR SERVICE
Professional Services

- The Professional Services budget item has been decreased from $45,000 to $32,000, which should be ample funding for any additional professional fees incurred for Spring Creek II or other projects.

Auditing/Accounting

- The Auditing/Accounting budget is set by the Northfield Finance Department.

Legal Services - No Change

IT Equip Replacement

- The IT Equip Replacement budget is set by the Northfield Finance Department and has not yet been adjusted from the 2018 budget.

Mileage/Meals/Lodging

- The purpose of Mileage/Meals/Lodging is to cover costs, for HRA board members or staff, of travel and other expenses for conferences, trainings, etc. Staff proposes to decrease this budget item by 4.28%, from $3,500 to $2,000.

Training/Conferences

- The purpose of this budget item is to cover the costs for HRA Board members and/or staff to attend conferences and training. Staff proposes to decrease this budget item by 4.28%, from $7000 to $3000.

Advertising - No change

General Insurance

- The General Insurance budget is set by the Northfield Finance Department and has not yet been adjusted from the 2018 budget.

OTHER CHARGES

Dues/Memberships -

- Staff is suggesting a 25% increase, from $800 to $1,000, in the dues/membership budget item to allow for annual dues increases and other possible memberships.

Misc. Operating - No Change

Administrative Charges

- Administrative charges are set by the Northfield Finance Department and have been increased by 4%, from $$7,279 to $7,570.

RENTAL PROPERTIES/PROGRAMS

General Insurance

- Insurance for the HRA owned rental properties has consistently increased by 4 - 6% annually. Staff is recommending a 1% increase in the 2020 budget.

Water, Sewer, Gas, etc.

- There is no change to the utilities budget for the HRA owned rental properties. The amount budgeted may be more than needed. However, 2019 will be the first full summer the new A/C units will be used at 517 Washington St S. The HRA over- budgeted to cover the additional expense. Actual costs to be reviewed for 2021 budget.

Misc. Op Expense-taxes, repairs, mowing/snow removal

- 2019 has been a record year for snow removal, but the HRA remains on budget so far in 2019. Based on cost trends, this budget item has been reduced by 3.48% from $39,744 to $38,360 for the 2020 budget year.

CHARGES FOR SERVICES

Programs and Public Service

- The HRA Board requested staff to designate line items in the budget for programs & public service projects such as the Northfield Union of Youth (NUY) Homeless Prevention Program (Wallflower Project), Street Assessment Assistance Program, Fall Clean-Up Program and any additional programs. In the past, funds for these programs were budgeted to the Capital Outlays fund 295-5220- 5520, along with funds for improvements to HRA properties and other expenses. The City Finance Department met with Staff and determined the best method for budgeting and tracking funds for programs. Beginning in the 2020-budget year, funds budgeted for public service programs will be placed and tracked in fund 295-5220-3309. Previous budget for this line item was $0. Staff is requesting a 2020 budget of $85,000.
    - Street Assessment Assistance Program $30,000
    - NUY Wallflower Project $15,000
    - Fall Clean Up $ 8,000
    - Viking Terrace Rehab $20,000

Water, Sewer & Storm Drainage

powered by Legistar™

- Southbridge property fees. Current budget is $1,000. Staff suggests increasing budget to $2,000 to cover additional storm drainage fees, which may be incurred as art of the Spring Creek II Townhome development in 2020.
- Misc. Operating-Mowing at Southbridge - No Change

CAPITAL OUTLAYS

Other Improvement Projects

- In 2019 the HRA budgeted $75,506 to this fund to cover the costs of public service programs. Staff is proposing the 2020 budget for this item be reduced by 78% from $75,506 to $16,592 to offset the funding increase in the Programs and Public Service. The budget of $16,592 should be adequate for any improvements required at the HRA owned rental properties.

OPTIONS:

The HRA is scheduled to review the 2020 budget at the July 23, 2019 regular meeting. The HRA may review the budget and propose changes or accept the budget as proposed. The HRA should adopt the 2020 budget on or before their August 27, 2019 regular meeting.

RECOMMENDATION:

The HRA to review and consider the 2020 budget proposal and adopt budget by August 27, 2019.

powered by Legistar™