

Office of the City Manager

City of Richland Hills, Texas

Memorandum

To: Honorable Mayor Bill Agan and members of the Richland Hills City Council
From: Eric Strong, City Manager
Date: March 18, 2014
Subject: Reallocation of Unencumbered Funds

Council Action Requested:

Consider Resolution transferring funds across departments in the General Fund

Background Information:

The Ordinance approving adopting the annual budget indicates that the City Manager has the authority to transfer funds across line items within a department. However, transferring funds across departments requires a Resolution to be approved by the City Council.

Over the past month, I have spent significant amounts of time evaluating our current Information Technology situation. Several issues have been discovered, some of which I consider to be critical and require immediate attention. Unfortunately, these issues were not known during budget development and as such, there is currently no funding for these items. A list of the critical needs along with a description of each need is listed below:

- Desktop Computer Replacements: We have recently discovered that we still have approximately 25 machines that are still running Windows XP Operating System. Microsoft will stop supporting XP on April 8. Although computers will still function after this date, they become increasingly more susceptible to viruses and security risks. We don't want to allow a virus onto our network by continuing to operate outdated software. We could opt to not replace the computers and just update software, but the costs to upgrade aren't that much less than a new system, and most of the systems running XP are several years old and need replacing anyway. (Cost – approximately \$1,000 per computer, which includes software and installation costs)

- Content Filtering/Management: We technically have no content filtering on our internet access, meaning any employee can go to any site. This is a bad practice for several reasons. First, it opens us up to more viruses and malware if people are visiting sites that they shouldn't. Second, and more obvious, we shouldn't have employees wasting time on the internet, and especially not visiting inappropriate websites. To be clear, there is currently no evidence this is occurring, but we would have no way of knowing if it was. Installing one piece of hardware in our server room will filter content for all users and allow management to view how individuals are utilizing the internet. (Cost - \$4,000 for a four year agreement).
- Backup: Currently documents of individual workstations are being backed up, but a lot of the content on our servers is not. If we had a server crash, restoration would be time consuming (weeks), if at all possible. While our current backup option is inexpensive, it is also ineffective. (Still evaluating cost – will likely be an ongoing monthly fee and no upfront costs)
- There are also some other miscellaneous IT issues to deal with, including the installation of a “switch” in the server room which will help with some reliability issues we are dealing with. (Cost - less than \$2,000)

I currently estimate that the IT needs we have total approximately \$30,000-36,000. The range is due to the unknown of exact labor costs for installation as well as the fact that we still have several options for a suitable backup system that I am evaluating.

The funds that we need to cover these costs can come from the following sources:

- Insurance: As you recall, we saved money on the Health Insurance Bid this year, with an annual savings of approximately \$20,000. We started the new plan in January, so the savings this year total **\$15,000** across all departments.
- Mowing Contract: We budgeted \$60,500 for Parks and Maintenance out of Parks and Grounds. Once again, our renewed bid came in at a total of \$47,000. I would like to move **\$10,000** out of this budget.
- On Call Planning: We budgeted \$49,423 for on call planning with Freese and Nichols. We have made a concerted effort to answer planning questions in house before going to F&N, and as such are on track to spend \$37,000 this year. I would like to move **\$12,000** out of this budget.

- Economic Dev: We have not used this budget as much since we haven't had anyone dedicated to Economic Development. I would like to move **\$3,000** out of various line items that we don't anticipate using, which include Travel/Training, Subscriptions, and Promotions.

This totals \$40,000 that we can utilize for other purposes. The additional money in excess of the need for IT is to go to building and furniture improvements needs that we have at City Hall. We have had to replace some carpeting and have some furniture that is in pretty bad shape. My suggestion is to place \$35,000 in 112-52060 (Administration – Minor Office Equipment) for the IT upgrades and \$5,000 in 112-56150 (Administration – Facilities Improvements).

Putting the funding in the same department will allow me to move the funds as necessary throughout the project, with the initial priority being the IT upgrades.

Board/Citizen Input: N/A

Financial Impact: Reallocation of \$40,000, no impact to the overall General Fund.

Staff Contacts: Eric Strong
City Manager
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Attachments: Resolution No. 424-16

RESOLUTION NO. 424-16

A RESOLUTION OF THE CITY OF RICHLAND HILLS, TEXAS AUTHORIZING THE REALLOCATION OF UNENCUMBERED FUNDS IN THE GENERAL FUND OF THE FISCAL YEAR 2013-2014 ANNUAL OPERATING BUDGET.

WHEREAS, on September 17th, 2013 the City Council approved the annual operating budget by Ordinance 1253-13 for the City of Richland Hills, Texas for FY 2013-2014; and

WHEREAS, Section 8 of Ordinance 1253-13 provides that the City Manager may recommend a transfer across departments to the City Council; and

WHEREAS, the City Council may transfer part or all of any unencumbered appropriation balance from one department or fund to another department or fund by resolution; and

WHEREAS, City staff have identified critical needs that were not included in the annual budget, including Information Technology and Facility Improvements;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RICHLAND HILLS, TEXAS THAT:

Section 1: The FY 2013-2014 Annual Operating Budget be reallocated as follows:

Line Item Reductions		
Department	Line Item	Amount
All Departments	51080 – Health Insurance	\$15,000
119 – Parks/Grounds	52091 – Landscape Maint.	\$10,000
120 – Comm. Dev.	51099 – Planning	\$12,000
124 – Ec. Dev.	53080 – Travel	\$1,000
124 – Ec. Dev.	53070 – Subscriptions	\$1,000
124 – Ec. Dev.	53090 – Promotions	\$1,000
Total		\$40,000

Line Item Reallocations		
Department	Line Item	Amount
112 – Administration	52060 - Minor Office Eqpt.	\$35,000

112 – Administration	56150 – Facilities Improvements	\$5,000
Total		\$40,000

Section 2: This Resolution shall be effective upon its adoption.

Passed and approved this 18th day of March, 2014.

CITY OF RICHLAND HILLS

The Honorable Bill Agan, Mayor

ATTEST:

Linda Cantu, City Secretary

Approved as to form and legality:

City Attorney