

..Title

Consider and take action on an ordinance adopting the Annual Budget for Governmental and Proprietary Funds for Fiscal Year 2023 (Executive Director of Finance & Budget)

Background

Pursuant to City Charter and state law, adoption of this ordinance will establish the budget for the 2023 fiscal year. The budget ordinance is based on the proposed budget, as adjusted, and as described in Exhibit A, B and C.

The FY2023 Proposed Budget provided to City Council on July 12, 2022, included \$169,724,990 for operations. The proposed budget included the following:

- Property tax revenue based on no-new-revenue tax rate pf \$0.420887 with additional revenue for new property only,
- A personnel budget for 667.00 positions which is a net addition of 10.00 full time equivalent (FTE) positions (9.10 FTE in General Fund and 0.90 in 4B M&O Fund) for the following:
 - Two (2) EMT and two (2) Paramedics to be hired July 1, 2023 (4 FTE) to staff a new fifth ambulance during peak hours, 12 to 14 hours per day,
 - Community Outreach Coordinator for Animal Control (1 FTE),
 - Parks Custodian to staff new Community Center for Parks Recreation (1 FTE),
 - Two (2) part-time Recreation Aides for Parks Recreation (1 FTE),
 - Parks Facilities Technician for Parks Operations (80% GF & 20% 4B) (1 FTE),
 - Senior Parks Maintenance Worker (80% GF & 20% 4B) (1 FTE),
 - Part-time Recreation Aide at Hometown Heroes Park (100% 4B) (0.50 FTE),
 - Reclass of part-time Facilities Services Technician to a full-time position (additional 0.5 FTE),
 - Reclass Parks Recreation Supervisor to Community Center Supervisor,
 - Reclass Police Officer to Sergeant,
 - Reclass Paramedic to Shift Commander,
 - Reclass HR Generalist to Senior HR Analyst,
 - Reclass HR Coordinator to HR Generalist,
 - Authorization for Police to over-hire two (2) Telecommunicator positions.
- continuation of the reinvestment program at a reduced funding level,
- employee health insurance cost increases,
- increases in property, windstorm, and workers comp insurances,
- increases in fuel cost,
- increase in banking fees to be offset by a recommended credit card user fee,
- compensation increases, including 2% merit and 3% cost of living for civilian employees as well as 3% cost of living and STEP raises for civil service employees,
- funding to implement recommendations from the FY2022 compensation study,
- anticipated increase of \$657,520 in Solid Waste over FY2022 year-end estimate due to increased cost of the service and growth in number of households serviced which is offset with

refuse collection revenues,

- funding for a new Ford 450 Ambulance with equipment (\$428,751),
- funding for 2023 Ford F750 with Truck Mounted Attenuator (crash truck) for Streets & Traffic (\$152,926),
- increase funding for stipend pay allowance from \$10.00/hour to \$12.50/hour in Fire (\$80,307),
- funding for EMS equipment including two (2) Lifepak EKG monitors (\$90,208) and multi-procedural airway torso mannequin (\$5,000),
- funding for Fire Marshal equipment totaling \$25,298 including replacement soft and hard body armor (\$4,910), annual lease maintenance for body cameras (\$4,038), an Autovel EVO 2 Drone (\$9,200), locking storage cabinets, replacement desk, multi-port charging station, and four (4) NFPA life safety code 101 books (\$1,200),
- funding for forty-two (42) Flock safety license plate readers (\$128,100),
- funding for an audit of health insurance claims (\$50,000)
- funding for maintenance of Lobit Park (\$51,000), Eastside Dog Park mowing (\$1,650), and maintenance of Bayridge Park (\$5,500),
- funding for Lockbox / E-box services for Utility Billing payments (\$30,000),
- funding for Water Department Lead and Copper Rule Revisions program (\$100,000),
- funding for Water Department safety rescue services (\$3,000)
- funding in 4B M&O fund for Hometown Heroes Park operations:
 - a 550-gallon water trailer with pump (\$9,500),
 - sub-compact tractor with loader (80% 4B of \$20,400 and 20% General Fund of \$5,100),
 - replacement cameras for existing surveillance system (\$12,701)
- funding in Chapter 59 Seizure fund to purchase a Leica ScanStation (\$84,471),
- funding in Asset Forfeiture fund to purchase a replacement MorphoTrak Latent Print Workstation (\$116,926),
- funding in Fire/EMS Donation fund to pay for state deployments of Fire and EMS personnel to assist other departments in times of disaster until reimbursed by the State (\$40,000), and an additional \$40,000 for Fire department specialty tools,
- funding in the Library Gift fund to replace pieces of existing family place kits and purchase additional kits (\$1,800),
- funding in the Hotel/Motel Occupancy Tax fund to furnish the Burd House to transform it into the League City Visitor Center, implement the Public Art Grant Program for businesses to add public art,
- funding in the Public Access Channel fund to complete the repurposing of the building, and run our fiber network from the Public Safety Building east to Five Corners and west to Hobbs Rd to connect to additional buildings,
- funding in the Tree Preservation fund to establish an Educational Live Growing Exhibit with bird and bee attracting trees and plants behind Hometown Heroes Park,
- programming a transfer of remaining funds in the Winter Storm URI fund back to the General and Utility funds,

- programming a transfer of remaining funds in the COVID FEMA Public Assistance fund back to the General Fund,
- continued funding in the COVID ARPA, HMGP Disaster Recovery, and Hurricane Harvey funds to invest grant funds as authorized.

Changes to the Proposed Operating Budget

City Council held a series of work sessions on July 18th, 19th, 25th and continued August 2nd, 8th, 15th, and 16th. A Public Hearing was held on August 9th. As a result of these discussions, the proposed operating budget has been adjusted. The revised appropriation of \$170,381,764 is \$656,774 more than the July 13th proposed budget of \$169,724,990. The proposed property tax rate is \$0.415526 per \$100 valuation, which is \$0.005361 less than the no-new-revenue rate of \$0.420887, and five cents less than the current tax rate of \$0.465526.

General Fund Expenditures – Net increase of \$306,774

The reduction in property tax rate is an estimated decrease of \$575,000 to the FY2023 General Fund current property tax revenue account.

	Workshop Changes	
GENERAL FUND	\$	306,774
ARPA FUND	\$	350,000
	\$	656,774

	FY2022 AMENDED BUDGET	FY2023 PROPOSED BUDGET	FY2023 1st Reading BUDGET	Workshop Changes
OPERATING BUDGET	\$ 165,223,439	\$ 169,724,990	\$ 170,381,764	\$ 656,774
CAPITAL BUDGET	\$ 87,031,235	\$ 148,254,948	\$ 148,254,948	\$ -
GRAND TOTAL	\$ 252,254,674	\$ 317,979,938	\$ 318,636,712	\$ 656,774

General Fund Revenues – Net increase of \$25,000

The reduction in property tax rate is an estimated decrease of \$575,000 to the FY2023 General Fund current property tax revenue account.

Reprogramming of COVID ARPA funds includes \$600,000 to be transferred from ARPA to the General Fund as a revenue due to eligible expenses for retaining staff.

Exhibit A to the ordinance outlines the operating budget which includes:

General Fund Expenditures – Net increase of \$306,774

The following item was added to the FY2023 Proposed Budget:

• Increase transfer to CIP Reinvestment projects fund	\$900,000
• Add funding for one (1) additional Stipend Day Crew	<u>\$247,057</u>
	\$1,147,057

The following items were removed from FY2023 Proposed Budget:

• New Ford 450 Ambulance	(\$428,751)
• Street/Traffic Attenuator Truck	(\$152,926)
• EMS equipment including two (2) Lifepak EKG monitors	(\$90,208)
• EMS multi-procedural airway torso mannequin	(\$5,000)
• Fire Marshal equipment totaling	(\$25,298)
○ replacement soft and hard body armor (\$4,910),	
○ annual lease maintenance for body cameras (\$4,038),	
○ Autovel EVO 2 Drone (\$9,200),	
○ locking storage cabinets, replacement desk, multi-port charging station,	
○ four (4) NFPA life safety code 101 books (\$1,200),	
• Police forty-two (42) Flock safety license plate readers	<u>(\$128,100)</u>
	(\$830,283)

The following items were reduced:

• Animal Control water utility budget 2750000-53530	<u>(\$10,000)</u>
	(\$10,000)

	FY2023 PROPOSED BUDGET	Workshop Changes	FY2023 1st Reading
Revenues	\$ 94,135,039	\$ 25,000	\$ 94,160,039
Expenditures	93,831,319	306,774	94,138,093
Revenues Over/(Under) Expenditures	<u>303,720</u>	<u>(281,774)</u>	<u>21,946</u>
Beginning Fund Balance	26,623,257	26,623,257	26,623,257
Ending Fund Balance	\$ 26,926,977	\$ 26,341,483	\$ 26,645,202
110 Days of Operating Expenditures Required by Policy	25,607,765		25,428,984
Excess Reserve	\$ 1,319,212		\$ 1,216,218
Days of Operating Expenditures Over 110 days	5.7		5.3

Special Revenue Fund - COVID ARPA Expenditures – increase of \$350,000 (see COVID ARPA schedule attached for difference between FY2023 proposed and 1st Reading expenses):

In anticipation of the Council modifying the formal spending plan to reprogram \$1.8 million of the following funds:

- Reprogram \$1M Main Street incentive ARPA funding
- Reprogram \$400K Chamber ARPA funding
- Reprogram \$400K Interfaith assistance ARPA funding

The following items are added to the COVID ARPA fund totaling \$1.8 million:

- New Ambulance \$471,600
- Street/Traffic Attenuator Truck \$152,926
- EMS equipment including two (2) Lifepak EKG monitors \$90,208
- EMS multi-procedural airway torso mannequin \$5,000
- Fire Marshal equipment totaling \$25,298
 - replacement soft and hard body armor \$4,910,
 - annual lease maintenance for body cameras \$4,038,
 - Autovel EVO 2 Drone \$9,200,
 - locking storage cabinets, replacement desk, multi-port charging station,
 - four (4) NFPA life safety code 101 books \$1,200,
- Police forty-two (42) Flock safety license plate readers \$128,100
- EMS Two (2) Lucas Mechanical CPR devices \$36,333
- EMS Seven (7) McGrath Video Intubation Systems \$19,722
- EMS Four (4) Panasonic Toughbooks \$15,580
- \$944,767**
- \$600,000 to be transferred from ARPA to the GF as a revenue due to eligible expenses for retaining staff
- \$255,233 to PWOC Locker Room/Restrooms CIP project

Internal Service Fund Expenditures – Fleet Fund increase of \$73,888

- New Senior Mechanic position (1 FTE) from the *Maybe Memo* \$73,888
- \$73,888**

	FY2023 PROPOSED BUDGET	Workshop Changes	FY2023 1st Reading
Revenues	\$ 1,941,652	\$ -	\$ 1,941,652
Expenditures	1,925,743	73,888	1,999,631
Revenues Over/(Under) Expenditures	15,909	(73,888)	(57,979)
Beginning Fund Balance	981,579		981,579
Ending Fund Balance	<u>\$ 997,488</u>		<u>\$ 923,600</u>

POSITIONS:

The FY2023 budget represents a personnel budget for 668 positions which is a net addition of 11.00 FTE from FY2022 year-end estimated 657 FTE. In addition, the FY2023 budget includes authorization to ‘hire over’ the current number of Telecommunicators approved level of 16 by 2, plus the four (4) communication shift supervisors for a total of 22 positions to staff the four shifts.

Also included is authorization for the Police department to ‘hire over’ the current number of Civil Service Officers approved level of (125) by 6. There is an additional Civil Service Police Officer budgeted in Municipal Courts, resulting in a total approved level of (126) by 6, for a total of 132. Sworn personnel total 129 (135 including the over hires) and include the Police Chief and both Assistant Chief positions.

CITYWIDE

	FY2022 AMENDED BUDGET	FY2023 PROPOSED BUDGET	FY2023 1st Reading BUDGET	Workshop Changes
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CAPITAL BUDGET	\$ 87,031,235	\$ 148,254,948	\$ 148,254,948	\$ -
GRAND TOTAL	\$ 252,254,674	\$ 317,979,938	\$ 318,636,712	\$ 656,774

Second Reading and approval of the Budget

The 2nd reading is scheduled for September 13th. The Charter requires the budget to be approved by at least ten (10) days before the beginning of the fiscal year, which is September 20th.

ATTACHMENTS

- Data Sheet
- Data Sheet (Clean Version)
- COVID ARPA fund schedule
- Proposed Ordinance with Exhibits A, B and C