

..Title

Consider and take action on Ordinance 2022-32 adopting the Annual Budget for Governmental and Proprietary Funds for Fiscal Year 2023 – Second Reading (Executive Director of Finance & Budget)

Council approved 6-2-0 on August 23, 2022.

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. Changes were made during the series of workshops in July and August.

City Council held a first reading of the budget ordinance on August 23, 2022. The proposed ordinance estimates property tax revenue at the proposed tax rate of \$0.415526 with a total operating budget of \$170,381,764.

The first reading of the budget ordinance includes the following:

- Property tax revenue based on a proposed tax rate of \$0.415526 per \$100 valuation, which is \$0.005361 less than the no-new-revenue rate of \$0.420887,
- A personnel budget for 668.00 positions which is a net addition of 11.00 full time equivalent (FTE) positions (9.10 FTE in General Fund, 0.90 in 4B M&O Fund, and 1.00 FTE in Fleet Maintenance 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),
  - Senior Mechanic (100% Fleet) (1.00 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 Ambulance with equipment with ARPA funds (\$471,600),
- funding for 2023 Ford F750 with Truck Mounted Attenuator (crash truck) for Streets & Traffic with ARPA funds (\$152,926),
- increase funding for stipend pay allowance from \$10.00/hour to \$12.50/hour in Fire (\$80,307),
- Funding for additional daytime Fire stipend crew (\$247,057),
- funding for EMS equipment including two (2) Lifepak EKG monitors (\$90,208) and multi-procedural airway torso mannequin (\$5,000) both with ARPA funds,
- funding from ARPA funds 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) with ARPA funds,
- funding for EMS Two (2) Lucas Mechanical CPR devices (\$36,333) with ARPA funds,
- funding for EMS Seven (7) McGrath Video Intubation Systems (\$19,722) with ARPA funds,
- funding for EMS Four (4) Panasonic Toughbooks (\$15,580) with ARPA funds,
- \$600,000 to be transferred from ARPA to the GF as a revenue due to eligible expenses for retaining staff,
- 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**

Changes from July 12, 2022, proposed budget to the first reading of the budget ordinance presented to City Council on August 23, 2022, is listed below:

### **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.

	<b>Workshop Changes</b>	
<b>GENERAL FUND</b>	\$	306,774
<b>ARPA FUND</b>	\$	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	<u>\$ 252,254,674</u>	<u>\$ 317,979,938</u>	<u>\$ 318,636,712</u>	<u>\$ 656,774</u>

### 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>
	<b>\$1,147,057</b>

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>
	<b>(\$830,283)</b>

The following items were reduced:

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



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	<b>\$ 997,488</b>		<b>\$ 923,600</b>

**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**

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CAPITAL BUDGET	\$ 87,031,235	\$ 148,254,948	\$ 148,254,948	\$ -
GRAND TOTAL	<b>\$ 252,254,674</b>	<b>\$ 317,979,938</b>	<b>\$ 318,636,712</b>	<b>\$ 656,774</b>

**Deadline to Approve the Budget**

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.

**Separate Vote Required to Ratify Tax Increase**

State Budget Law requires “a separate vote of the governing body to ratify the property tax increase reflected in the budget.” (This is related to the state-required language included on the budget’s cover page and in the notice of public hearing on the proposed budget noting that the proposed budget includes more property tax revenue than in the current year.) The FY2023 Proposed Budget is based a tax rate of \$0.415526 or \$0.05 less than the FY2022 rate. Even though the rate decreased, due to new properties added to the tax roll from community growth, property tax revenue is estimated to increase in FY2023 by \$183,000 when compared to FY2022. State law mandates that the revenue increase be termed a tax increase. This required separate vote to ratify the tax increase is a separate agenda item on this agenda.

#### ATTACHMENTS

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

#### FUNDING

{X} NOT APPLICABLE