



Legislation Text

File #: 15-0499, Version: 1

Consider and take action on an ordinance adopting the Annual Budget for Governmental and Proprietary Funds for Fiscal Year 2016 (Director of Finance)

Pursuant to City Charter and state law, adoption of this ordinance will establish the budget for the 2016 fiscal year. The budget ordinance is based on the proposed budget, as adjusted, and as described in Exhibit A.

The FY 2016 Proposed Budget includes \$109,220,155 for operations and \$65,888,450 for capital projects for a total appropriation of \$175,108,605.

The proposed budget provides for:

- Total property tax rate of \$0.565 per \$100 valuation, \$0.032 lower than the FY 2015 tax rate. Property tax relief for homeowners was also provided by earlier Council action increasing the residential homestead exemption from 14 percent to 20 percent of assessed value on owner-occupied homes.
- A personnel budget for 576.75 positions which is a net addition of eight (8) total full-time equivalent positions including a Public Works Operations Manager, Engineer Project Manager, Senior Accountant, Building Inspector, Recreation Supervisor at Hometown Heroes Park (HHP), 8 seasonal lifeguards for the pool at HHP (equating to 2 FTEs) and two part-time library pages (1 FTE).
- Additional revenue from the increase in water and sewer utility rates as adopted by Council August 11, 2015 of \$4.48 million.
- Funding for a projected health insurance increase of 10.5%.
- Funding for a 3% merit increase for employees beginning January 1, 2016.
- Funding for 380 agreements at \$920,676.
- Funding for \$65.89 million in capital projects as approved by City Council during the review of the 2016-2020 Capital Improvement Program.
- Bond issues of \$13.49 million will be required to fund the capital program

Changes to the Proposed Budget

The proposed budget provided was presented to City Council on July 13, 2015. The FY 2016 Proposed Budget includes \$109,220,155 for operations and \$65,888,450 for capital projects for a total appropriation of \$175,108,605. The \$175,108,605 is \$3,406,682 less than the July 13 proposed budget of \$178,515,287. The \$3,406,682 reduction is \$2,236,681 from operating funds as described in Exhibit A (\$2,165,062 from general fund; \$65,399 from utility fund; and \$6,220 from 4B M&O fund); and \$1,170,001 from capital projects as described in Exhibit B to the budget ordinance. The recommended changes consist of the following:

OPERATING BUDGET (Exhibit A)

A net decrease to General Fund expenses of \$2,165,062 detailed below:

- \$1,500 increase to Mayor & Council's budget for League City Chamber of Commerce
- \$17,688 increase to Parks Recreation programs for senior ceramic class
- \$56,120 decrease to City Auditor's budget by reducing the budgeted salary to mid-point of the pay grade and removing funding for a peer review
- \$50,000 increase to non-departmental for renovations of the Ghirardi House
- \$322,911 decrease funding for health insurance (from 20% to 10.5%)
- \$185,219 decrease in transfer to tax increments due to reduction in the City's property tax rate
- \$1.67 million decrease in transfer to CIP for projects for the following projects:

- a. \$500,000 reduce cash funding of tax supported CIP projects
- b. \$320,000 reduce funding for new traffic signals
- c. \$600,000 reduce funding for land purchases for City initiatives
- d. \$250,000 reduce funding for traffic system/facilities fiber network

A net decrease to Utility Fund expenses of \$65,399 due to decreased funding for health insurance (from 20% to 10.5%).

A net decrease to 4B M&O Fund expenses of \$6,220 due to decreased funding for health insurance (from 20% to 10.5%).

REVENUES:

Included in the revision is a net decrease to General Fund Revenues of \$2,320,150:

- \$2.4 million decrease in property tax revenue (reduce tax rate \$0.032)
- \$76,000 increase in Payment in Lieu of Tax (PILOT) revenue
- \$3,850 increase in Parks Recreation Program revenue for senior ceramic class

Also included in the revision is a net increase to Utility Fund Revenues of \$4,482,500 for 11 months of increased revenue estimated based on the Council's adoption of new utility rates on August 11, 2015.

CAPITAL BUDGET (Exhibit B)

The \$1,170,001 reduction to capital projects is detailed below:

- \$320,000 reduce funding for traffic signals (signal was deleted from program)
- \$600,000 reduce funding for land purchases
- \$250,000 reduce funding for fiber

Also included in the revision, is \$500,000 reduction to cash for projects. This change did not decrease funding for capital projects, just shifted the funding for capital projects, just shifted the funding source from cash to FY 2016 bond need.

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.) Although the FY 2016 Proposed Budget decreases the tax rate, property tax revenue will still increase, due to new property added to the tax roll this year from the community's growth. State law mandates that the revenue increase be termed a tax increase. This required separate vote to ratify the tax increase is planned to be brought forward to Council in a separate agenda item with the second reading of the budget ordinance at the September 8 Council Meeting.

Second Reading and approval of the Budget

The 2nd reading is scheduled for September 8th. 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.

CONTRACT ORIGINATION:

FUNDING

{ } NOT APPLICABLE

{ } Funds are available from Account # _____

{ } Requires Budget Amendment to transfer from Account # _____ to Account # _____