



Legislation Text

File #: 17-0491, Version: 2

Consider and take action on an ordinance adopting the Annual Budget for Governmental and Proprietary Funds for Fiscal Year 2018 (Assistant City Manager)

Pursuant to City Charter and state law, adoption of this ordinance will establish the budget for the 2018 fiscal year. The budget ordinance is based on the proposed budget, as adjusted, and as described in Exhibit A, B and C.

The FY 2018 Proposed Budget provided to City Council on July 10, 2017 included \$128,314,227 for operations and \$76,259,796 for capital projects for a total appropriation of \$204,574,023. The proposed budget included the following:

- Total estimated effective property tax rate of \$0.54178 per \$100 valuation.
- A personnel budget for 585.50 positions which is a net addition of 3.25 FTE:
 - Two (2) Part-Time kennel workers (1 FTE) at the animal shelter to replace contracted services,
 - One (1) Full-Time Customer Service Technician in the Utility Billing department (funded through the water utility revenue) in order to respond more quickly to customer service requests,
 - One and a quarter (1.25) full time equivalents (FTEs) for Park Operations and Recreation at Hometown Heroes Park (funded through the 4B sales tax) to support enhanced programming.
- Utility revenue estimated at the rates that have been in effect since November 1, 2015.
- Funding for 2% salary increases effective January 1, 2018 (\$520,020).
- Funding for the implementation of a revised compensation structure effective January 1, 2018 (\$750,000).
- Funding for the first year (FY 2018) of the 2018-2022 Capital Improvement Program as reviewed by City Council at \$76.26 million. A 2018 bond issue of \$18.63 million will be required to fund the capital program for FY 2018.
- Funding for a projected increase of up to 13% for Health Insurance (\$850,000). This cost will be shared by the City and the employees at the current cost sharing levels.
- Funding for Police Staffing: Although, the FY 2018 budget does not provide for additional sworn civil service positions, the funding in the budget will allow for authorization to “hire over” the current number of authorized officers (124) by 6.

Changes to the Proposed Budget

The City Council held a series of work sessions on July 18, July 24, August 1, and August 7, and a Public Hearing on August 8. As a result of these discussions, the proposed budget has been adjusted. The revised appropriation of \$204,784,192 is \$210,169 more than the July 10 proposed budget of \$204,574,023.

	Proposed Budget July 10, 2017	Proposed Budget Ordinance August 22, 2017	Difference
Operating Budget	\$ 128,314,227	\$ 129,075,727	\$ 761,500
Capital Budget	\$ 76,259,796	\$ 75,708,465	(551,331)
Grand Total	\$ 204,574,023	\$ 204,784,192	(210,169)

Exhibit A to the ordinance outlines the operating budget which, in addition to those items outlined above, includes:

- Increased tax revenue of \$625,800 generated by increasing the proposed tax rate from \$0.54178 to \$0.55
- Reduced proposed operating expenses across all general fund departments (\$93,350)
- Added funding for maintenance of SH 3 landscaping \$16,500
- Added funding to increase health insurance 2% (all funds) \$96,228
- Added the following items from the City Manager's priority list, including 6 full time equivalent positions:
 - o Fire Department - air packs \$161,703
 - o EMS Department - 3 Paramedics \$265,653
This alternate ambulance option funds staff only for 12 hours / 7 days per week using one of the two reserve ambulances that is currently in the EMS fleet. (See Chief Warren's email attached.) This option includes no additional equipment.
 - o Police Department - Assistant Communications Manager \$83,066
 - o Parks Operation - Pool Maintenance Specialist \$61,100
Funding shared between the General Fund and the 4B Maintenance and Operation Fund
 - o Parks Operation - Grants Administrator/Parks Project Manager \$83,897 Position funded beginning January 1, 2018
 - o EMS Department - automated external defibrillators (AEDs) \$24,783
 - o Police Department - Two (2) vehicles for CID \$65,776
Funding to be provided by seizure funds; not general fund

The City Manager's memo attached outlines other options for funding previously identified priority items and decreasing the use of fund balance. These options are based upon Council discussion at work sessions.

Exhibit B reflects a net decrease to capital expenses of \$551,331; comprised of a \$60,000 increase in the tax supported program and a \$611,331 decrease in the revenue supported program. Also, the FY2018 bond issue of \$18.63 million was reduced to \$18.36 million.

The changes are as follows:

- An increase of \$60,000 to Traffic Systems Improvements for the design of a new signal and right turn lane at League City Parkway and Magnolia Lane.
- A decrease of \$661,331 to Force Main Upgrade from Bay Colony Lift Station to Ervin Street based on estimated timeline of construction award.

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 FY 2018 Budget is based a tax rate of \$0.55, \$0.02 less than the FY 2017 rate, which increases property tax

revenue. This revenue increase is due to value growth and 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 12 Council Meeting.

Second Reading and approval of the Budget

The 2nd reading is scheduled for September 12th. 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

1. Data Sheet
2. Proposed Ordinance with Exhibits A, B and C
3. Chief Warren e-mail concerning use of reserve ambulance
4. City Manager memorandum regarding funding options for priority items