



Legislation Text

File #: 17-0556, **Version:** 1

Consider and take action on Ordinance 2017-21 adopting the Annual Budget for Governmental and Proprietary Funds for Fiscal Year 2018 - Second Reading (Assistant City Manager)

Council approved 5-2-0 with 1 absent on August 22, 2017.

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 (123) 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 was adjusted. The revised appropriation of \$204,784,192 is \$210,169 more than the July 10 proposed budget of \$204,574,023.

Exhibit A to the ordinance outlines the operating budget which 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 department \$95,850
- Increase to Employee Health Insurance across all funds \$96,228
- Added funding for maintenance of SH 3 landscaping \$16,500
- Added the following items from the City Manager's priority list:
 - 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 the reserve ambulance that is currently in the EMS fleet. 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 - AEDs \$24,783
- Added funding from the Chapter 59 Seizure Fund for two (2) 2018 Ford Explorer with light/siren package, weapon storage for CID (\$32,888/ea) \$65,776

Exhibit B reflects a net decrease to capital expenses of \$551,331; of which \$60,000 reflects an increase in the tax supported program and \$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.

First Reading Changes

City Council held a first reading of the budget ordinance on August 22, 2017. The proposed ordinance was amended to maintain the current tax rate of \$0.57. This reduces the need to use General Fund reserves from \$5 million in the proposed budget to \$3.7 million.

Exhibit A to the ordinance outlines the operating budget which includes these items added on August 22:

- Keep League City Green initiative \$25,000
- 2-Tahoes for the Fire Marshal's office \$94,000
- EBSCO discovery services research subscription for Library \$8,900
- Parks Maintenance Worker (1 FTE) \$48,200

• Deputy Fire Marshal (1 FTE)	\$128,800
• July 3 rd Fireworks Celebration	<u>\$30,000</u>
Total	<u>\$334,900</u>

Exhibit B to the ordinance outlines the capital budget which includes changes from August 22 meeting to reprioritize Turner/Butler and add the Palomino Lane Extension project:

• Prioritizing Turner/Butler Improvements for design/land in FY2018	\$735,000
• Addition of Palomino Lane Extension for design in FY2018	\$750,000
• Reduce Street Reconstruction in FY2018	<\$735,000>
• Reduce Nottingham Ditch Improvements FY2018 funding	<\$750,000>
Total	<u>\$-0-</u>

	Proposed Budget Ordinance August 22, 2017	Additions to Budget August 22, 2017	Budget Ordinance September 12, 2017
Operating Budget	\$ 129,075,727	\$ 334,900	\$ 129,410,627
Capital Budget	<u>75,708,465</u>	<u>-</u>	<u>75,708,465</u>
Grand Total	<u>\$ 204,784,192</u>	<u>\$ 334,900</u>	<u>\$ 205,119,092</u>

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 on a tax rate of \$0.57, the same rate as in FY 2017, but due to property value increases, 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 on this same agenda.

Approval of 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.

ATTACHMENTS

- Data Sheet
- Proposed Ordinance with Exhibits A, B and C