



Legislation Text

File #: 20-0355, **Version:** 1

Consider and take action on an ordinance adopting the Annual Budget for Governmental and Proprietary Funds for Fiscal Year 2021 (Director of Budget & Project Management)

Pursuant to City Charter and state law, adoption of this ordinance will establish the budget for the 2021 fiscal year. The budget ordinance is based on the proposed budget, as adjusted, and as described in Exhibit A, B and C.

The FY2021 Proposed Budget provided to City Council on July 14, 2020 included \$144,251,187 for operations. The proposed budget included the following:

- Total estimated no-new-revenue tax rate of \$0.535 per \$100 valuation.
- A personnel budget for 643.00 positions which is a net addition of 6.50 FTE:
 - Civil Engineer/EIT to be hired January 2021 (1 FTE),
 - Construction Inspector III to be hired March 2021 (1 FTE),
 - Assistant Director (1 FTE) in Project Management to be hired January 2021,
 - Project Manager (1 FTE) in Project Management,
 - Financial Analyst (1 FTE) in Budget Office to be hired in March 2021,
 - Meter Technician (1 FTE) in Utility Billing,
 - Part-Time Accounts Receivable Specialist (0.50 FTE) in Utility Billing
- Funding to move a Deputy Court Clerk (1 FTE) from General Fund Municipal Courts to Utility Fund as a Utility Billing Representative (1 FTE) due to changes in workload for each department,
- Water Utility revenue estimate based on growth projected in the Long-Range Financial Forecast and the rate increase from the 2019 utility rate study,
- Funding for 2.5% merit increases effective January 1, 2021 (\$462,161),
- Funding for 1.5% across-the-board Civil Service cost of living increase for Civil Service Police Officers beginning January 2021 (\$128,298),
- Funding for sick leave buy back (33,727),
- Reduction to TMRS rate January 1, 2021 (\$8,000),
- Funding for 8% anticipated health insurance increase (\$430,000),
- Continuation of the reinvestment program,
- Anticipated increase in property and windstorm insurance
- Additional funding for EMS training to maintain certifications,
- Additional funding for a Ventrac compact tractor, KN 4500 Kubota D902 plus attachments (split 50% General Fund and 50% 4B),
- Additional funding for a Kubota, RTV-X1140W-H 4 seat RTV with dump bed (split 50% from General Fund and 50% from 4B),
- Anticipated increase in utility cost due to additional streetlights,
- Funding for IT replacements in the Technology Fund (\$350,000),
- Anticipated increase in Solid Waste due to growth in number of households serviced,

- Reclassification of a Utility Maintenance Technician to a Utility Maintenance Crew Leader,
- Reclassification of a Communications Coordinator to a Communications & Media Relations Manager,
- Reclassification of a Deputy Fire Marshal IV to an Assistant Fire Marshal,
- Reclassification of a Recreation Specialist/Recreation Track Administrator to a Recreation Supervisor,
- Reclassification of a Police Officer to Assistant Police Chief,
- Funding for building and ground maintenance for the temporary modular building for DSWWTP,
- Funding for maintenance/repairs to various lift stations, and annual maintenance service to turblex and 2.0M belt press,
- Funding for sludge removal due to continued growth related to operation cost and additional increase to new bid price,
- Funding for Website ADA accessibility conversion (remediation and training),
- Funding for body armor system & helmet protection for EMS,
- Funding to support the preventative maintenance activities identified in the ongoing pavement assessment of City roadway conditions

Changes to the Proposed Operating Budget

City Council held a series of work sessions on July 20th, July 1st, July 27th, August 4th, August 10th. And August 17th, as well as a Public Hearing on August 11th. As a result of these discussions, the proposed operating budget has been adjusted. The revised appropriation of \$144,990,377 is \$739,190 more than the July 14th proposed budget of \$144,251,187. The certified no-new-revenue property tax rate is \$0.515708 per \$100 valuation.

	<u>Proposed Budget July 20, 2020</u>	<u>Proposed Budget August 25, 2020</u>	<u>Difference</u>
Operating Budget	\$144,251,187	\$145,136,247	\$885,060

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

General Fund Expenditures - Overall increase of \$1,243,867

- Removal or reduction of the following items:

○ 8% increase in health insurance	(\$430,000)	
○ Reduction of General Fund payment to the TIRZ	(56,819)	
○ Decrease in GF Non-Departmental for property insurance coverage	(65,000)	
○ Reduction in City Council Training & Travel	(7,500)	
○ Removal of Houston Livestock Show & Rodeo - City Council	(2,500)	
○ Removal of CLACC-New Teacher Luncheon - City Council	(500)	
	(\$562,319)	
- Added the following items to General Fund

○ 0.5% funding for superior performance at City Manager's discretion	\$92,980	
○ Additional 0.5% funding for civil service cost of living	43,000	
○ Marsh Master MM-2LX-KC-FH with trailer - Streets	208,685	
○ Heavy Equipment Operator - Streets		66,350
○ 2 Power Lifting Systems for Ambulances - EMS	116,129	
○ 10 Scott X3 PRO Firefighting Air Packs - Fire	63,002	

o Crime Victim Advocate - Police	75,295
o Asst Police Chief new position (not a reclass) - Police	105,661
o Additional 10 Firefighting Air Packs (total 20) - Fire	63,002
o New Vehicle: F550 to pull Marsh Master - Streets	57,086
o Increase Transfer from GF to CIP Reinvestment Program	565,996
o Increase Transfer from GF to the Technology Fund	150,000
o Additional funding for professional services for CIP- Project Mgmt.	<u>199,000</u>

\$ 1,806,186

Debt Service Expenditures - total reduction of \$451,207:

• Reduction of TIRZ based on total tax rate of \$0.515	(\$90,207)
• Reduction of FY2020 GO Bond payment schedule	<u>(361,000)</u>
	(\$451,207)

Utility Fund Expenditures - Overall decrease of \$57,600:

• Funding at 0.5% for superior performance at City Manager's discretion	\$18,400
• Removal of 8% increase in health insurance	<u>(76,000)</u>
	(\$57,600)

Special Revenue Fund Expenditures - total increase of \$150,000:

• Additional funding for Technology Fund to purchase IT equipment	<u>\$150,000</u>
	\$150,000

Internal Service Funds (Employee Benefit Fund) - total decrease of \$237,946:

• Removal of anticipated increase in Health Insurance offset by premiums	<u>(\$237,946)</u>
	(\$237,946)

The proposed budget represents a personnel budget for 646 positions which is a net addition of 9.50 FTE from FY2020 year-end estimated 636.50 FTE.

Exhibit B reflects a \$700,996 increase to capital expenditures:

• The changes are as follows:	
o Increase funding for Annual Water System Improvements	\$200,000
o DSWWTP Improvements increased \$90,000 design budget to \$175,000	
for net increase of \$85,000	85,000
o Additional funding from GF for Reinvestment to extend Hobbs Rd.	565,996
o Removal of Animal Shelter - Phase 2 Parking Lot & Soundwall	<u>(150,000)</u>
	\$700,996

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 FY2021 Proposed Budget is based a tax rate of \$0.515, \$0.033581 less than the FY2020 rate, which increases property tax revenue. This revenue increase is 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 8th 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 19th.

ATTACHMENTS

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