



City of Killeen

Legislation Details (With Text)

File #: PH-23-030 **Version:** 1 **Name:** Mid Year Budget Amendment
Type: Ordinance/Public Hearing **Status:** Passed
File created: 3/14/2023 **In control:** City Council
On agenda: 4/25/2023 **Final action:** 4/25/2023
Title: HOLD a public hearing and consider an ordinance amending the FY 2023 Annual Budget of the City of Killeen to adjust revenue and expenditure accounts in multiple funds.
Sponsors: Finance Department
Indexes: Budget Amendments
Code sections:
Attachments: 1. Ordinance, 2. Presentation

Date	Ver.	Action By	Action	Result
4/25/2023	1	City Council	Approved	Pass
4/18/2023	1	City Council Workshop		

HOLD a public hearing and consider an ordinance amending the FY 2023 Annual Budget of the City of Killeen to adjust revenue and expenditure accounts in multiple funds.

DATE: April 18, 2023
TO: Kent Cagle, City Manager
FROM: Miranda Drake, Assistant Director of Finance
SUBJECT: Budget Amendment

BACKGROUND AND FINDINGS:

This budget amendment addresses multiple major initiatives that include transferring fund balance in excess of 22% for capital improvement projects per the Financial Governance Policy; appropriating the fund balance for specific projects in the Governmental CIP Fund; appropriating specific grants; and amending operational accounts in multiple funds.

Non-grant Budget Amendment -

There are twenty-three (23) non-grant items addressed in this budget amendment:

1. In accordance with the Financial Governance Policy, Section X. Fund Balance, unassigned fund balances in excess of the 22% goal shall be transferred to the capital projects fund. This occurs after the final audit from the prior fiscal year has been delivered. Five funds are eligible to move excess funds above 22% after the FY 2022 audit:
 - General Fund \$ 8,022,232*

• Water & Sewer Fund	778,213
• Solid Waste Fund	1,201,741
• Drainage Fund	81,783
• KFHRA Fund	<u>1,752,335</u>
Total	<u>\$11,836,304</u>

*General Fund excess fund balance is \$8,745,640. \$586,741 was transferred to the Governmental CIP Fund to help pay for the ADA professional services agreement on February 28, 2023. \$136,667 will remain in the General Fund budget to be appropriated in this budget amendment to pay additional amount for the 380 agreement with Northwest Tidwell, Ltd. in order to pay 3 installments instead of 5.

2. The excess fund balance transferring to the Governmental CIP Fund is proposed to fund the following projects:

• Senior Center (addt'l funding)	\$2,600,000
• Homeless Shelter	2,000,000
• Animal Services Facility	1,300,000
• Parks Maint. Facility (design)	600,000
• PD Evidence Storage (design)	500,000
• District 4 Parks (design)	301,954
• Downtown Property	295,000
• PD Vehicle - Addt'l cost	225,278
• PD HQ Parking Lot Exp. (design)	<u>200,000</u>
Total	<u>\$8,022,232</u>

3. Items inadvertently left off the January carry forward budget amendment. This budget amendment appropriates those expenditures as the encumbrances already rolled forward from FY 2022. This includes a purchase order for the Stagecoach litigation for \$196,907, offset by fund balance; the purchase order for the FY 2022 audit expense \$127,930 from multiple funds, offset with interest income; and three Aviation purchase orders totaling \$15,381, offset with interest income.
4. The Fire Department Operations has exceeded their overtime budget by \$435,776 at only halfway through the fiscal year. Only \$62,745 of that amount is related to Fire deployments through TIFMAS and the Texas Task Force. The Fire Admin Staff are working to put measures in place to address the overtime issues. With the budget currently over by \$435,776 in March, it is estimated that an additional \$806,050 is needed to cover this account for the fiscal year. This appropriation is being offset by fund balance of \$629,831 which is increased due to reimbursement funds received from TIFMAS and Texas Task Force I deployments from last fiscal year. The additional \$176,219 will come from other revenue sources, \$170,169 is offset by increased interest income and \$6,050 from ambulance standby fees from KISD.
5. In May 2014, the City entered into a 380 agreement with Northwest Tidwell, Ltd. For the Walmart Supercenter development on the southwestern corner of Bunny Trail and Stan Schlueter Loop. The FY 2023 Budget included \$200,000 for the first of five payments to pay the economic development incentive payment. However, it was decided to pay in three installments. This budget amendment includes the additional \$136,667. This amount is coming from excess fund balance above 22%.
6. At the request of City Council, the landscaping maintenance and mowing of the Fire Stations will be added to the outsourced contract with Heart of Texas Landscape and Irrigation. This budget amendment appropriates funds to cover the additional cost of \$76,139. This expenditure is being offset by interest income.

7. During FY 2023, the City Manager's Office experienced the retirement of a long-time employee. With this retirement and the retirement of the receptionist at City Hall who reported to Human Resources, this was identified as the appropriate time to restructure. The restructuring including reclassifying the former Administrative Assistant position to create a Deputy City Secretary position and moving the Receptionist position from Human Resources to the City Manager's Office. In addition to the move, the City Secretary needed additional operating funds to cover the increased salary, medical insurance, and cover the cost of having an additional employee for training and notary supplies. The net salary and benefit cost of the restructuring for a full fiscal year will be \$19,863, not including operational supplies. In FY 2023, the overall impact to the three affected departments including turnover in positions and pay increases is a positive variance of \$4,446, not including separation pay.
8. This budget amendment includes \$58,305 in additional claim expenditures and \$102,673 in additional insurance proceeds for insurance claims in the General Fund.
9. In previous years separation pay was included as a separate line item in the Non-Departmental budget for each respective fund. In the FY 2023 Budget, separation pay was removed as an approach to 'slim down' the budget. Larger departments such as Police, Fire, Public Works and Recreation should be able to cover their separation pay utilizing hiring lag. However, smaller departments, such as the City Manager's Office will not be able to absorb larger payouts. Typically, there isn't a lot of turnover in the smaller departments. However, when a long-term employee does retire, additional funding may be needed. This budget amendment includes \$54,591 in separation pay for the City Manager's Office and the City Secretary Division.
10. In March, City Council approved increasing the election workers pay from \$10 per hour to \$20 per hour. In addition to this increase, there is an increase of \$260 to cover additional charge by Bell County for \$20 per ExpressVote System and additional advertising costs for election. In addition, this budget amendment includes an additional \$5,500 for onsite support of the election equipment by ES&S. These expenditures are offset by interest income and the proportionate shares of reimbursement from KISD and Central Texas College.
11. With the volatile, fluctuating and increasing paper costs, Communications needs an additional \$29,562 to print the City Insight Newsletter through the end of the fiscal year. This additional expenditure is offset with interest income.
12. The Fire Department has realized a significant increase in the cost of medical and chemical supplies for the ambulances. Due to this increase, an additional \$10,983 is being appropriated to the Medical and Chemical account for the cost of supplies for the ambulances which is offset by the revenue for Ambulance Fees.
13. Planning had a printer/plotter lease that expired this fiscal year. IT recommends purchasing a large-format multifunction printer/plotter to replace the previously leased equipment. This replacement is specially designed for printing maps, technical drawings and renderings. The budget amendment includes \$10,310 for this purchase and is offset by Technology Fees.
14. In October 2022, it was brought to the Finance Department's attention that the electric meter for 916 Rev R A Abercrombie Dr was being billed to the Traffic Signal Lights account in error. This has since been corrected. This budget amendment includes \$5,070 to cover the additional expenditure needed to cover this cost. This expenditure is offset by additional interest income.
15. In November, the City was notified that the Belton WTP Power Resilience Project costs came in higher

than expected by \$998,512. The City's portion (43.2432%) of that additional cost is \$431,789. This budget amendment includes the appropriation of the \$431,789 using excess fund balance. In addition, WCID informed the City in January that the debt calculations provided in September did not include the monthly payment for the new bond issue. This budget amendment includes appropriating the shortage of \$75,728 using excess fund balance.

16. On January 15, 2023, there was a fire at the Transfer Station. This budget amendment includes appropriating an additional \$220,432 to cover estimated expenditures to cover the repairs from the damage and the offsetting insurance proceeds from the Texas Municipal League (TML).
17. The \$5,000,000 limited tax notes were included in the FY 2023 Budget. However, the issuance cost was not known at that time. This budget amendment includes appropriating the issuance cost from the proceeds of the limited tax notes.
18. This budget amendment includes a clean-up item to move residual funds (\$1,275) remaining from the purchase of the vehicle for the ADA Compliance Manager to the ADA Professional Service Agreement.
19. This budget amendment includes appropriating \$2,000 of interest income in the 2013 Water & Sewer Revenue Bond to the Chaparral Road Wastewater Improvement project. This is the final project of this bond.
20. Due to unprecedented supply chain increases, six of the chassis on open order have been impacted by additional component costs. 4 units will have additional component costs of \$8,500, and 2 units will have \$4,000 costs per chassis. This budget amendment includes appropriating \$42,000 for the additional cost using fund balance available in the Solid Waste CIP fund.
21. This budget amendment includes appropriating \$35,000 of Passenger Facility Charge (PFC) fees for application #13 for administrative fees that includes costs associated with amendments, issuing and maintaining required PFC records, quarterly reports, collecting from the carriers, legal fees, advertising fees, audit costs, banking fees, and close-out costs for the life of this PFC application.
22. As a result of exceptionally high sales in the first quarter of the fiscal year, we project additional funds will be needed for the mixed beverage related accounts. This budget amendment includes appropriating an additional \$24,509 for mixed beverage related expenditures including professional services, supplies and cost of goods sold with the offsetting revenue of mixed beverage sales.
23. The Fire Department received a \$3,000 donation. This budget amendment appropriates the \$3,000 expenditure for mattresses and appropriates the offsetting donation revenue.

Grant Budget Amendment -

There are seven (7) grant items addressed in this budget amendment:

1. The Police Department has an ongoing COPS hiring grant. It is anticipated that an additional \$200,000 will be received from this grant in FY 2023. This budget amendment includes appropriating this additional anticipated revenue.
2. In February 2023, City Council accepted the Special Traffic Enforcement Program (STEP) grant through the Texas Department of Transportation (TxDOT). This budget amendment appropriates the overtime expenditure of \$16,973 and the offsetting grant revenue of \$16,973.

3. Aviation does not have any eligible expenses for the ARPA Concessions Rent Relief grant, therefore the funds of \$151,319 will be returned back to the Federal Aviation Administration (FAA).
4. The AFG grant came in lower than expected by \$132,603. This budget amendment lowers the original budgeted revenue amount by \$132,603 and lowers the expenditure amount by \$84,042. The difference of \$48,561 needed for the expenditure was offset by fund balance in the Governmental CIP Fund.
5. The Office of the Governor, Texas Military Preparedness Commission awarded the City of Killeen (project sponsor) the Defense Economic Adjustment Assistance Grant (DEAAG) of \$5,000,000 to help fund the backup power for WCID#1, also known as the WCID#1 Power Resiliency Project. This budget amendment appropriates the expenditure of \$5,000,000 for the payment of the pass thru grant to WCID#1 and appropriates the offsetting grant revenue in the Water & Sewer CIP Fund.
6. The City has been offered a FAA Bipartisan Infrastructure Law (BIL) Airport Infrastructure Grant in the amount of \$108,810 to fund 90% of the design of the Security Improvements Project at the Killeen-Fort Hood Regional Airport. Matching funds in the amount of \$12,090 will come from the FAA approved Passenger Facility Charge (PFC) Application that was approved by the FAA on February 16, 2023. This budget amendment appropriates the expenditure for the design, the grant of \$108,810 and the matching funds of \$12,090 in the PFC fund. The total project cost is \$120,900.
7. This budget amendment appropriates \$28,943 remaining from the allocation of 20% for administrative expenses for FY 2022 CDBG programs.

THE ALTERNATIVES CONSIDERED:

Option 1 - Do not approve the ordinance amending the FY 2023 Annual Budget.

Option 2 - Approve the ordinance amending the FY 2023 Annual Budget.

Which alternative is recommended? Why?

Option 2 is recommended to approve the ordinance amending the FY 2023 Annual Budget.

CONFORMITY TO CITY POLICY:

The City's Financial Governance Policies, Section V. Budget Administration (B)(1) states that City Council may amend or change the budget by ordinance.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

This budget amendment is for FY 2023, and includes:

- General Fund - increase of \$1,446,216 in revenues and \$9,557,654 in expenditures.
- Water and Sewer Fund - increase of \$20,718 in revenues and \$1,306,448 in expenses.
- Solid Waste Fund - increase of \$227,007 in revenues and \$1,428,748 in expenses.
- Drainage Fund - increase of \$3,154 in revenues and \$84,937 in expenses.
- Aviation Funds - decrease of \$119,462 in revenues and \$1,784,192 in expenses.

- Special Revenue Funds - increase of \$56,452 in revenues and \$56,452 in expenditures.
- Internal Service Funds - increase of \$3,219 in revenues and \$4,136 in expenses.
- Capital Improvement Project Funds - increase of \$16,826,259 in revenues and \$13,159,838 in expenses.

Is this a one-time or recurring expenditure?

One-time

Is this expenditure budgeted?

Upon approval of the attached ordinance amending the FY 2023 Annual Budget.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Upon approval of the attached ordinance amending the FY 2023 Annual Budget.

RECOMMENDATION:

City Council approve the ordinance amending the FY 2023 Annual Budget.

DEPARTMENTAL CLEARANCES:

Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance
Presentation