

Mayor, Councilmembers, Madam City Manager:

You have a difficult job and I respect each of you for your willingness to serve the citizens of Killeen.

It is certainly good to have input from the citizens and taxpayers at a public hearing such as this; however, you are elected to represent all of the residents of Killeen, all 140,000, not just those who are polled by the Killeen Daily Herald or those who show up at a public hearing.

Here are some quotes from the book Profiles in Courage written 60 years ago by then Senator John F. Kennedy.

“Today the challenge of political courage looms larger than ever before.”
“Only the very courageous will be able to take the hard and unpopular decisions...” “We shall need compromises in the days ahead..” “Compromise need not mean cowardice. Indeed it is frequently the compromisers and conciliators who are faced with the severest tests of political courage as they oppose the extremist views of their constituents.”

General George S. Patton Jr. said, “If everybody is thinking alike, then somebody isn’t thinking.” It is normal and reasonable for you councilmembers to have different views on the budget and the ideal Fund Balance. It is also normal that you want to do what your vocal supporters and constituents are telling you. But you have a higher calling than listening to the people and doing what they want. If elected officials did what was popular, we would not have a federal income tax, social security, seat belts, red light cameras, property taxes and many other unpopular government programs. If a vote was taken by the people, landmark cases like Brown vs The Board of Education, Miranda vs The State of Arizona and Roe vs Wade would not have become the law of the land. You have a duty not just to the few hundred who supported you and voted for you, but to all of the citizens in your District or in the City.

Even if it was justifiable, you cannot blame prior councils. Our nation’s financial melt down began in 2008 under President Bush. President Obama also inherited wars in Iraq and Afghanistan. Blaming President Bush, President Obama reacted by increasing our nation’s debt from \$10 trillion to nearly \$20

trillion. The Killeen Daily Herald, and some of you, want to blame prior city administrations for today's problems.

When I finished my 2-year term as Mayor in May 2014, our City's financial condition was excellent. Studies were being conducted so we could legally implement impact fees and a Transportation Utility. In the Summer of 2014 after I was no longer Mayor, the Council approved budget amendments for a 3 percent COLA and a well-deserved 8 percent pay raise for public safety personnel. Even with these budget amendments, including an appropriation to finish the homeless shelter, the Fund Balance on September 30, 2014 was 26.81 percent. The refusal to adopt impact fees and the Transportation Utility Fees during FY 2015 and 2016 has created the current crisis. The debt service on the road construction bonds approved by the voters is also contributing to the current crisis. If you think that there was some major defalcation or other illegality in the Cosper, Corbin, or Hancock administrations spanning the last 10-years, you are mistaken. There is no mystery about the cause of the current financial condition. The only mystery is why the current council cannot understand the financial condition of the City and reach a consensus to remedy the problem. It is really quite simple: 1) increase revenues and decrease expenses or 2) reduce the Fund Balance to a dangerous level.

The City of Killeen is postured for success. We have the infrastructure, including roads and utilities, and professional staff to continue to grow and thrive.

Thank you for your service.

Dan Corbin Public Hearing Attachment

Historically, the City of Killeen takes a fiscally conservative approach to budgeting. Actual revenues exceed projections. Mid year budget amendments traditionally have authorized previously unbudgeted expenditures because appropriations for personnel will not be fully expended because of open positions.

For those of you who are convinced that we have a spending problem, not a revenue problem, let me remind you that expenses go up as a result of growth and increases in the cost of living. Our net property tax revenue has been decreased by \$2 million as a result of an unfunded state mandate that removes 100% disabled veterans and their surviving spouses from the tax rolls. Substantial retail improvements on Fort Hood has diminished the increase in sales tax revenue. A decline in new construction has decreased revenues from building and inspection fees. The budget problem must be resolved by increasing revenues and decreasing expenditures.

The I & S inversion problem of \$2.1 million can only be solved by increasing the ad valorem tax by 4 cents. That will have to wait until next year. Until then FY 2017 expenditures must be cut by reducing the General Fund expenditure for industrial development by \$700,000 and deferring \$1.4 million of capital expenditures.

In case you have not noticed, the morale of the City employees is at an all time low. Budget cuts for employee benefits, awards, recognition, employee training and conferences will further erode their already low morale.

Councilmembers in Killeen are chosen in non partisan elections. Officials in a Republic are elected to represent the people to make decisions that are in the best interest of the citizens. John F. Kennedy wrote a classic book titled Profiles in Courage detailing the stories of U.S. Senators who did the right thing— not the popular thing. Statesmen do the right thing; politicians do the popular thing, because their primary concern is getting re-elected.

Some of you ran for office pledging not to raise taxes or fees; some of you pledged to provide more or better service to our residents. One time each year, you must adopt the budget, a plan for revenue and expenditures for the next fiscal year.

I participated in the budget process for FY's 2004, 2005, 2006, 2013, and 2014. I oppose the adoption of the City Manager's Proposed Budget, that drastically reduces the Fund Balance to an historic low. The Fund Balance has been further reduced by your unwillingness to fund reimbursement resolutions adopted by prior councils. Failure to adopt a higher tax rate and failure to implement a Transportation Utility have foreclosed the possibility of significant increases in revenue. Unless you revisit some of these issues, you have no choice other than deferring capital expenditures, reducing services by unfunding personnel costs, or dangerously reducing the Fund Balance.

At this time, I could suggest programs to cut and revenues to increase, but I am convinced that my recommendations would be met with deaf ears. As a group, you only seem to listen to your political constituencies. You seem committed to kicking the can down the road so that the tough decisions can be made next year. Your solution seems to be focused on a forensic audit so you can

find someone to blame for the problem. Instead, you need to find the political courage to solve the problem. I have given you each a budget compromise for your consideration that I ask to be made a part of the record of this budget hearing.

Continuing to kick the can down the road will result in a declining Fund Balance that will make it more difficult and expensive to make capital expenditures in the future. A perceived lack of fiscal responsibility sends a dangerous signal to potential investors in our community.

Your City staff has the expertise, education, experience, and professional competence to provide comprehensive solutions for the future. I strongly encourage you to listen to your staff. Please do not kick the can down the road by dangerously lowering our Fund Balance.

Further Modification of Revised Budget with \$5.9 Million Deficit

FY 2017	Increase Revenue/Decrease Expenses
Reconsider Cornerstone Reimbursement Resolution	\$1,200,000.00
Raise Golf Course, Water Park & Recreation Center fees	\$100,000.00
Reconsider Transportation Utility Set Rates at 80% of Drainage fees (9mo.) [4,072.452 x .8 x .75]	\$2,400,000.00
Increase Street Maintenance Funding (From \$700K to \$1,200K)	<\$500,000.00>
Decrease General Fund Obligation to Industrial Development	\$700,000.00
Defer Capital Expenditures	\$1,400,000.00
Decrease Fund Balance	\$700,000.00
Add back Employee Benefits	<\$100,000.00>
Total	\$5,900,000.00
Next Year (FY 2018)	
Fully Fund TUF	\$4,900,000.00
.04 Tax Increase	\$2,100,000.00
Total	\$7,000,000.00