



City of Killeen

Agenda City Council

Tuesday, September 5, 2023

5:00 PM

City Hall
Council Chambers
101 N. College Street
Killeen, Texas 76541

Call to Order and Roll Call

___ Debbie Nash-King, Mayor	___ Jessica Gonzalez
___ Ramon Alvarez	___ Jose Segarra
___ Michael Boyd	___ Joseph Solomon
___ Nina Cobb	___ Riakos Adams

Approval of Agenda

Citizen Comments

This section allows members of the public to address the Council regarding any item(s), other than a public hearing item, on the agenda for Council's consideration. Each person shall sign up in advance, may speak only one time, and such address shall be limited to four (4) minutes. A majority of the City Council is required for any time extensions. The Mayor and Councilmembers shall have one (1) minute to respond to citizen comments with a statement or explanation without engaging in dialogue.

Public Hearings

1. [PH-23-049](#) HOLD a public hearing on the proposed Fiscal Year 2024 Annual Budget.

Attachments: [Presentation](#)

Adjournment

I certify that the above notice of meeting was posted on the Internet and on the bulletin board at Killeen City Hall on or before 5:00 p.m. on September 1, 2023.

Laura J. Calcote, City Secretary

The public is hereby informed that notices for City of Killeen meetings will no longer distinguish between matters to be discussed in open or closed session of a meeting. This practice is in accordance with rulings by the Texas Attorney General that, under the Texas Open Meetings Act, the City Council may convene a closed session to discuss any matter listed on the agenda, without prior or further notice, if the matter is one that

the Open Meetings Act allows to be discussed in a closed session.

This meeting is being conducted in accordance with the Texas Open Meetings Law [V.T.C.A., Government Code, § 551.001 et seq.]. This meeting is being conducted in accordance with the Americans with Disabilities Act [42 USC 12101 (1991)]. The facility is wheelchair accessible and handicap parking is available. Requests for sign interpretive services are available upon requests received at least 48 hours prior to the meeting. To make arrangements for those services, please call 254-501-7717, City Secretary's Office, or TDD 1-800-734-2989.

Notice of Meetings

The Mayor and/or City Council have been invited to attend and/or participate in the following meetings/conferences/events. Although a quorum of the members of the City Council may or may not be available to attend this meeting, this notice is being posted to meet the requirements of the Texas Open Meetings Act and subsequent opinions of the Texas Attorney General's Office. No official action will be taken by Council.

- Touchdown in Downtown, September 9, 2023, 6:00 p.m., Historic Downtown Killeen*
- 90th Annual Greater Killeen Chamber of Commerce Banquet, September 21, 2023, 6:00 p.m., Killeen Civic and Conference Center*
- Public Policy Council Luncheon, September 28, 2023, 11:30 a.m., Charis Church*
- Greater Fort Cavazos Day of Prayer and Fellowship, September 30, 2023, 8:30 a.m., Main Post Chapel*
- AUSA Central Texas Chapter Community Partner Dinner, 5:30 p.m., October 4, 2023, Killeen Civic and Conference Center*
- Annual TML Conference, October 4-6, 2023, Kay Bailey Hutchison Convention Center, Dallas, TX*
- AUSA Annual Meeting, October 9, 2023, Walter E. Washington Convention Center, Washington, DC*

Dedicated Service -- Every Day, for Everyone!



City of Killeen

Staff Report

File Number: PH-23-049

HOLD a public hearing on the proposed Fiscal Year 2024 Annual Budget.

DATE: September 5, 2023

TO: Kent Cagle, City Manager

FROM: Miranda Drake, Assistant Director of Finance

SUBJECT: Hold a Public Hearing on the FY 2024 Proposed Annual Budget and Proposed Rate Changes

BACKGROUND AND FINDINGS:

On July 11, 2023, the FY 2024 Proposed Budget was delivered to City Council. On July 21, 2023, the City received the certified tax roll from the Chief Appraiser of the Tax Appraisal District of Bell County. On July 28, 2023, the no-new-revenue rate and voter-approval rates were received. This information was necessary to calculate the final proposed tax rate and proposed revenue. The adjustments proposed below are a result of the receipt of these final numbers. In addition, the 2023 Certificates of Obligation were sold on July 11, 2023. The bids came in with lower interest rates that rendered a lower debt service payment than originally estimated. This resulted in a savings. This savings allowed for a reduction in the originally proposed debt service tax rate which was shifted to the maintenance and operations tax rate in order to pay for the proposed Fire Department Fit for Duty Physicals which includes cancer screening.

Additional proposed changes include the reduction of Building Permit Revenue as a result of the City Council's action on August 8, 2023 to lower the proposed rate increases for Engineering's Subdivision Construction Plan Review and Final Conformance Inspection of Public Infrastructure.

House Bill 3033 was signed into law on June 13, 2023, with an effective date of September 1, 2023. The bill, among many other things, requires that the City submit requests for an attorney general decision regarding public information requests through the Attorney General's electronic filing system. The fees to file electronically are \$15 per filing and \$5 per supplemental filing. If the City continues to file the same or slightly higher number of requests for FY 2024, we estimate \$15,000 in expenditures. Prior to this bill's effective date, the City submits these requests by the least expensive method via mail requiring payment of postage only. Notification of this change was received after the proposed budget had went to print, therefore the change is being submitted as a supplemental change. This expenditure along with the net difference in the other General Fund changes is being offset with additional interest income. This is available due to higher anticipated interest rates due to a longer-term reinvestment that occurred in June at 4.7%.

FY 2024 Proposed Annual Budget -

City Council provided motions of direction for the following changes or they are necessary changes to the proposed FY 2024 Budget:

General Fund -

Description	Revenue	Expenditure
FY 2024 Proposed Budget -	\$120,329,340	\$120,329,340
Add: Property Tax	229,529	0
Reduce: Building Permit Revenue	(31,625)	0
Add: Fire Department Fit for Duty Physicals	0	225,000
Add: Legal Expenses for Requests for Attorney General Opinions	0	15,000
Add: Interest Income	42,096	0
TOTAL	\$120,569,340	\$120,569,340

Debt Service Fund -

Description	Revenue	Expenditure
FY 2024 Proposed Budget -	\$16,704,355	\$17,793,386
Reduce: Property Tax	(275,649)	0
Add: Interest debt service for 2023 CO Issue	0	18,922
Reduce: Principal debt service for 2023 CO Issue	0	(250,000)
TOTAL	\$16,428,706	\$17,562,308

On August 1, 2023, the City Council provided a motion of direction to waive Short Term Rental registration fees during the month of October to encourage compliance with the new ordinance. The Hotel Occupancy Tax Fund will pay for the estimated \$30,000 to cover the cost of these waived registration fees for the month of October. The proposed change to the budget below reflects that motion of direction.

In addition, a request by a Councilmember to include the Capital Improvement Program (CIP) RV Park upgrades were added for a total of \$165,000. This includes electrical upgrades to 50-amp service for 10 sites, secure water spigots at each site, asphalt pads for the parking sites, and landscaping.

Hotel Occupancy Tax (HOT) Fund -

Description	Revenue	Expenditure
FY 2024 Proposed Budget -	\$3,961,641	\$4,149,737
Add: Short Term Rental (STR) Inspections	0	30,000
Add: RV Park - Electrical Upgrades	0	70,000
Add: RV Park - Upgrade Water	0	20,000
Add: RV Park - Pave Parking Sites	0	50,000
Add: RV Park - Landscaping	0	25,000
TOTAL	\$3,961,641	\$4,344,737

Once the certified tax roll was received along with proposed tax rates from the participating entities, this adjusted the revenue for the Tax Increment Financing District (TIRZ). The certified tax roll came in significantly lower than the preliminary tax roll. The tax roll reduction coupled with tax rate reductions caused a reduction in the property tax revenue for this fund.

As this fund has carried a fund balance for several years with no expenditures until FY 2023, there is a fund balance available for projects. Below changes include adding \$22,000 to the \$278,000 already included in the proposed budget for the streetscape design and minor landscape improvements for Bell County Annex in the Historic Overlay District. This would bring the project total to \$300,000. In addition, the proposed changes include appropriating \$100,000 for an expanded improvement grants program to include interior and exterior in the Historic Overlay District.

Tax Increment Zone (TIRZ) Fund -

Description	Revenue	Expenditure
FY 2024 Proposed Budget -	\$1,716,224	\$2,278,000
Reduce: Property Tax	(373,453)	0
Add: Streetscape design and minor landscape improvements	0	22,000
Add: Expanded Improvement Grants	0	100,000
TOTAL	\$1,342,771	\$2,400,000

The City Charter, Article V, Section 56, requires a public hearing to be held if City Council makes changes to the proposed budget that involve inserting additional items or increasing appropriations. The public hearing provides an opportunity for the public to provide input on the changes to the proposed budget. Citizens are encouraged to be present and participate in the public hearing.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

This conforms to requirements set forth in City Charter, Article V, Section 56 and the Financial Governance Policy III(F).

FINANCIAL IMPACT:

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

The changes to the proposed budget will increase FY 2024 expenditures by the following:

- General Fund \$240,000
- Debt Service Fund (\$231,078)
- Hotel Occupancy Tax Fund \$195,000
- Tax Increment Zone (TIRZ) Fund \$122,000

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

Upon approval of the FY 2024 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 FY 2024 Budget

RECOMMENDATION:

City Council hold a public hearing on the proposed Fiscal Year 2024 Annual Budget.

DEPARTMENTAL CLEARANCES:

Finance

Legal

ATTACHED SUPPORTING DOCUMENTS:

N/A

**FY 2024
Proposed Budget
Public Hearing
September 5, 2023**



CITY OF KILLEEN, TEXAS

City Council Budget Discussion Schedule

Key Dates	Date
Budget Delivery & Presentation	July 11
Special City Council Workshop (if requested by City Council)	July 18
Budget Public Hearing 1 of 1 (2, if necessary)	August 1
Set proposed tax rate by taking record vote	August 1
Town Hall	August 17
Budget Public Hearing 2 of 2 (2, if necessary)	September 5
Tax Rate Public Hearing Adoption of: <ul style="list-style-type: none"> • Budget • Ratify Tax Revenue Increase • Set Tax Rate (including I&S and M&O rates) 	September 12

	Projected Beginning Fund Balance	FY 2024 Revenues	FY 2024 Expenditures	Change in Fund Balance	Projected Ending Fund Balance	Fund Balance Reserve
Funds						
General Fund	\$ 28,263,622	\$ 120,569,340	\$ 120,569,340	\$ -	\$ 28,263,622	24.14%
Water & Sewer Fund	9,534,262	48,223,203	48,223,203	-	9,534,262	21.03%
Solid Waste Fund	5,008,517	24,476,776	24,476,776	-	5,008,517	22.21%
Drainage Utility Fund	1,225,937	5,255,698	5,255,698	-	1,225,937	25.75%
Aviation Funds	1,384,908	4,163,928	4,695,513	(531,585)	853,323	18.17%
Golf Enterprise Fund	-	1,611,320	1,557,275	54,045	54,045	3.47%
Debt Service Fund	3,157,118	16,428,706	17,562,308	(1,133,602)	2,023,516	11.52%
Street Maintenance Fund	7,849,421	9,896,738	6,133,450	3,763,288	11,612,709	189.33%
Hotel Occupancy Tax	1,546,531	3,961,641	4,344,737	(383,096)	1,163,435	26.78%
Other Special Revenues	5,354,608	9,277,420	11,293,131	(2,015,711)	3,338,897	29.57%
Capital Projects Funds	14,557,363	14,474,455	20,933,704	(6,459,249)	8,098,114	38.68%
Fleet Services	306,371	1,990,216	1,990,216	-	306,371	15.39%
Health Insurance	4,233,308	7,999,901	7,999,901	-	4,233,308	52.92%
Information Technology	691,913	5,570,263	6,076,534	(506,271)	185,642	3.06%
Risk Management	310,880	1,685,157	1,685,157	-	310,880	18.45%
Subtotal Funds	83,424,759	275,584,762	282,796,943	(7,212,181)	76,212,578	
Less Interfund Activity	-	(38,307,706)	(38,816,340)	508,634	508,634	
Total Funds	\$ 83,424,759	\$ 237,277,056	\$ 243,980,603	\$ (6,703,547)	\$ 76,721,212	



**FY
2024
Proposed
Annual
Budget**

General Fund

Budget Changes – General Fund

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Add: Property Tax	229,529	
Reduce: Building Permit Revenue	(31,625)	
Add: Fire Department Fit for Duty Physicals (includes Cancer Screening)		225,000
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Add: Interest Income	42,096	
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**FY
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Debt Service Fund

Budget Changes – Debt Service Fund

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Add: Interest debt service for 2023 CO Issue		18,922
Reduce: Principal debt service for 2023 CO Issue		(250,000)
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**FY
2024
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Budget**

Hotel Occupancy Tax Fund

Budget Changes – Hotel Occupancy Tax Fund

Description	Revenue	Expenditure
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Add: STR Inspections		30,000
Add: RV Park – Electrical Upgrades		70,000
Add: RV Park – Upgrade Water		20,000
Add: RV Park – Pave Parking Sites		50,000
Add: RV Park – Landscaping		25,000
TOTAL	\$3,961,641	\$4,344,737



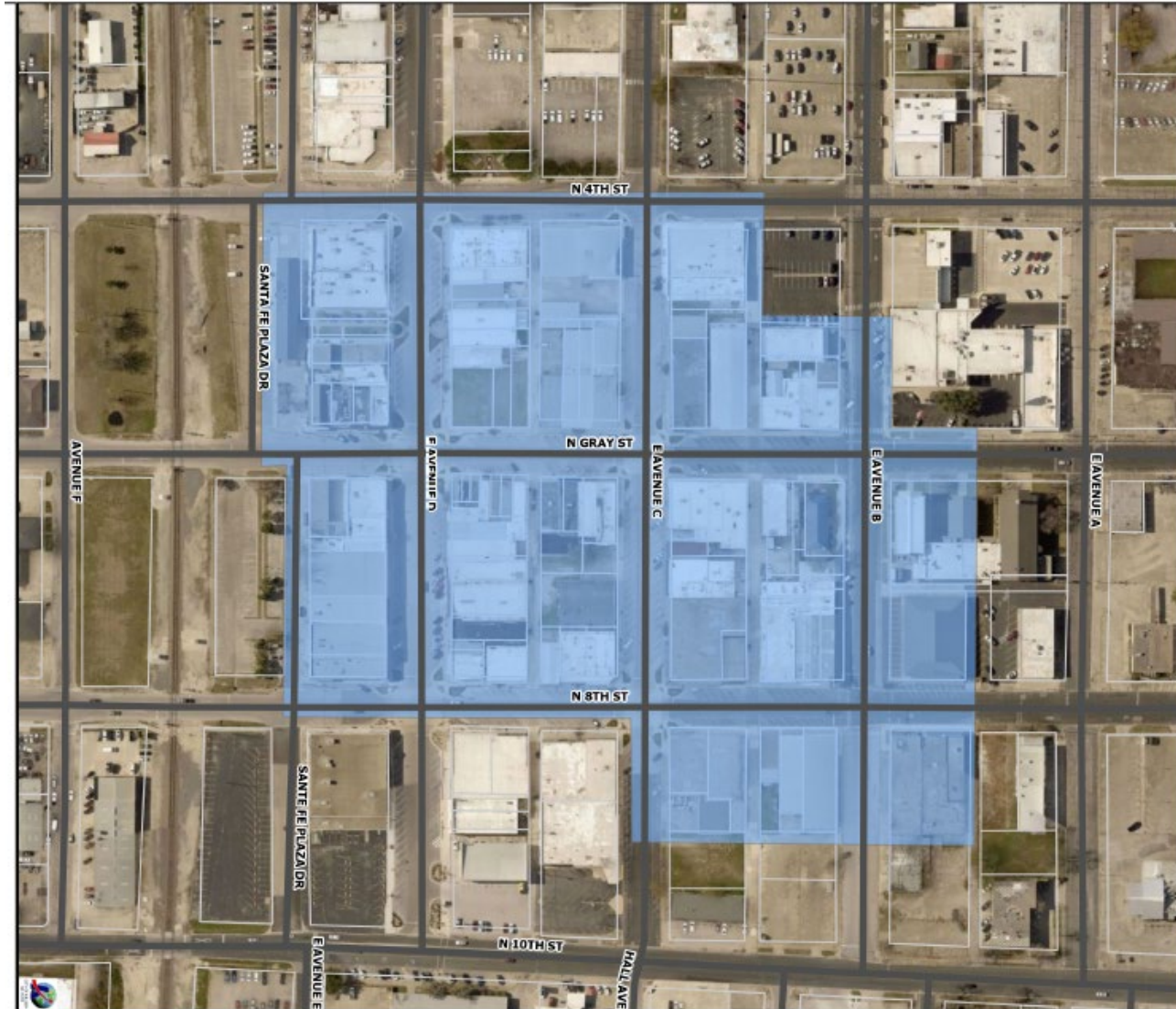
**FY
2024
Proposed
Annual
Budget**

TIRZ Fund

Budget Changes – TIRZ Fund

Description	Revenue	Expenditure
FY 2024 Proposed Budget –	\$1,716,224	\$2,278,000
Reduce: Property Tax (Interest Income and Central Texas College set tax rate on 8/15/2023 at lower rate)	(398,667) (373,453)	
Add: Streetscape design and minor landscape improvements for Bell County Annex in the Historic Overlay District (addt'l funding - \$278,000 already in the budget)		22,000
Add: Expanded Improvement Grants to include Interior & Exterior for the Historic Overlay District		100,000
TOTAL	\$1,317,557 \$1,342,771	\$2,400,000

Historic Overlay District



City of Killeen, Texas
Tax Increment Financing Zone (TIRZ) #2
Financial Forecast

Fund 235

Fiscal Year	Tax Base	Estimated Growth	City of Killeen	Bell County	Central Texas College	Interest	Estimated Annual Revenue	Estimated Annual Expenditures	Cumulative Total
2021							\$ 1,744,793		
2022	\$ 36,829,202		\$ 238,532	\$ 125,498	\$ 38,099	\$ (3,356)	398,773	\$ -	\$ 2,143,566
2023	57,537,155	56.23%	365,726	185,812	56,419	61,720	669,677	(1,263,454)	1,549,789
2024 ¹	130,684,082	127.13%	811,287	380,813	107,814	42,857	1,342,771	(2,400,000) ²	492,560
2025	160,741,421	23.00%	997,883	468,401	132,612	4,926	1,603,822	-	2,096,382
2026	189,674,877	18.00%	1,177,502	552,713	156,482	20,964	1,907,661	-	4,004,043
2027	225,713,103	19.00%	1,401,227	657,728	186,213	40,040	2,285,208	-	6,289,251
2028	261,827,200	16.00%	1,625,423	762,964	216,007	62,893	2,667,287	-	8,956,537
2029	305,290,515	16.60%	1,895,244	889,617	251,865	89,565	3,126,291	-	12,082,829
2030	357,495,193	17.10%	2,219,330	1,041,741	294,934	120,828	3,676,833	-	15,759,662
2031	420,164,100	17.53%	2,608,379	1,224,358	346,635	157,597	4,336,969	-	20,096,631
2032	476,466,090	13.40%	2,957,901	1,388,422	393,085	200,966	4,940,374	-	25,037,005
2033	541,265,478	13.60%	3,360,176	1,577,248	446,544	250,370	5,634,338	-	30,671,343
2034	591,061,902	9.20%	3,669,312	1,722,354	487,626	306,713	6,186,005	-	36,857,349
2035	624,456,899	5.65%	3,876,628	1,819,667	515,177	368,573	6,580,045	-	43,437,394
2036	657,865,343	5.35%	4,084,028	1,917,020	542,739	434,374	6,978,161	-	50,415,555
2037	689,969,172	4.88%	4,283,329	2,010,570	569,225	504,156	7,367,280	-	57,782,835
2038	721,224,776	4.53%	4,477,363	2,101,649	595,010	577,828	7,751,850	-	65,534,685
2039	752,093,196	4.28%	4,668,995	2,191,600	620,477	655,347	8,136,419	-	73,671,104
2040	783,681,110	4.20%	4,865,092	2,283,647	646,537	736,711	8,531,987	-	82,203,091
2041	816,674,085	4.21%	5,069,913	2,379,788	673,756	822,031	8,945,488	-	91,148,579
2042	849,014,379	3.96%	5,270,681	2,474,028	700,437	911,486	9,356,632	-	100,505,210
2043	881,786,334	3.86%	5,474,130	2,569,525	727,474	1,005,052	9,776,181	-	110,281,392
2044	915,029,678	3.77%	5,680,504	2,666,396	754,899	1,102,814	10,204,613	-	120,486,004
2045	948,611,268	3.67%	5,888,979	2,764,253	782,604	1,204,860	10,640,696	-	131,126,701
2046	982,476,690	3.57%	6,099,215	2,862,937	810,543	1,311,267	11,083,962	-	142,210,663
2047	1,016,568,631	3.47%	6,310,858	2,962,281	838,669	1,422,107	11,533,915	-	153,744,577
2048	1,050,826,994	3.37%	6,523,534	3,062,110	866,932	1,537,446	11,990,022	-	165,734,599
							<u>\$ 169,398,053</u>	<u>\$ (3,663,454)</u>	

¹ - Based on certified value provided by Tax Appraisal District of Bell County as of 7/21/2023

² - Based on proposed tax rate for FY 2024