



STAFF REPORT

DATE: June 15, 2021

TO: Kent Cagle, City Manager

FROM: Jonathan Locke, Executive Director of Finance

VIA: Miranda Drake, Director of Budget

SUBJECT: Budget Amendment

BACKGROUND AND FINDINGS:

This budget amendment addresses two initiatives that include appropriating additional funds for the Airport Improvement Program (AIP) grant award to replace the heating, ventilation and air-conditioning (HVAC) system at the Killeen-Fort Hood Regional Airport (KFHRA) and appropriating \$304,800 from the Texas Department of Housing and Community Affairs for rental assistance programs.

- 1) Aviation is presenting an item for City Council's consideration to accept an AIP grant from the Federal Aviation Administration (FAA) to replace the HVAC system at the KFHRA. The original estimated project cost of \$4,500,000 was included in the FY 2021 CIP and FY 2021 Budget. This project was originally planned as a 90% grant funded project (\$4,050,000) with the Passenger Facility Charge (PFC) Fund paying the 10% grant match (\$450,000).

When the American Rescue Plan Act was signed into law on March 11, 2021, the federal share was increased to 100% for the construction and construction management portions of the project. The design portion of the project totaled \$236,400 and was funded by the KFHRA Fund. City Council authorized a transfer from KFHRA to the AIP Grant Fund on February 9, 2021. Due to restrictions in the total amount of AIP entitlement funds allowed to be used each fiscal year, this amount was not eligible for reimbursement in FY 2021. Aviation will submit a reimbursement request to the FAA for design costs in FY 2022.

The design is complete and construction bids have been received. The final project cost is \$4,134,671. As mentioned earlier, the FAA has offered 100% grant funding for the construction and construction management portion of the project. This budget amendment will appropriate the additional funding for the project in the AIP Grant Fund and reduce the grant match in the PFC Fund since it is no longer needed.

The revenues will be amended as follows:

Revenue	
USDOT - FAA	\$84,671
TOTAL	\$84,671

The expenses will be amended as follows:

Expense	
Design/Engineering	\$84,671
PFC Projects	(450,000)
TOTAL	(\$365,329)

- 2) Community Development is presenting an item for City Council's consideration to accept additional grant funding from the Texas Department of Housing and Community Affairs to participate in the Texas Emergency Rental Assistance Program and Texas Eviction Diversion Program.

The revenues will be amended as follows:

Revenue	
CDBG-CV CARES Act	\$304,800
TOTAL	\$304,800

The expenditures will be amended as follows:

Expenditure	
Programs Subsistence (Rental and Eviction Diversion Programs)	\$304,800
TOTAL	\$304,800

THE ALTERNATIVES CONSIDERED:

- 1) Do not approve the ordinance amending the FY 2021 Annual Budget.
- 2) Approve the ordinance amending the FY 2021 Annual Budget.

Which alternative is recommended? Why?

Option 2 is recommended to approve the ordinance amending the FY 2021 Annual Budget to recognize the revenues and expenses associated with the grant awards.

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?

For the Aviation project, the budget amendment will appropriate the revenues and expenses related to the project cost (\$84,671) and un-appropriate the 10% grant match (\$450,000) from the PFC Fund that is no longer needed.

For the rental assistance program, the budget amendment will appropriate the revenues and expenses related to the program (\$304,800).

Is this a one-time or recurring expenditure?

One-time

Is this expenditure budgeted?

Upon approval of the attached ordinance amending the FY 2021 Annual Budget.

If not, where will the money come from?

The replacement of the KFHRA HVAC system and rental assistance programs are grant funded.

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

Upon approval of the attached ordinance amending the FY 2021 Annual Budget.

RECOMMENDATION:

City Council approve the ordinance amending the FY 2021 Annual Budget.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance