



City of Killeen

Legislation Text

File #: PH-23-049, Version: 1

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:

<input type="checkbox"/>	General Fund	\$240,000
<input type="checkbox"/>	Debt Service Fund	(\$231,078)
<input type="checkbox"/>	Hotel Occupancy Tax Fund	\$195,000
<input type="checkbox"/>	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