



City of Killeen

Legislation Details (With Text)

File #: PH-22-069 **Version:** 1 **Name:** Budget Amendment
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On agenda: 8/23/2022 **Final action:** 8/23/2022
Title: HOLD a public hearing and consider an ordinance amending the FY 2022 Annual Budget of the City of Killeen to adjust revenue and expenditure accounts in multiple funds and add a new disposal fee for non-residents.
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Date	Ver.	Action By	Action	Result
8/23/2022	1	City Council	Approved	Pass
8/16/2022	1	City Council Workshop		

HOLD a public hearing and consider an ordinance amending the FY 2022 Annual Budget of the City of Killeen to adjust revenue and expenditure accounts in multiple funds and add a new disposal fee for non-residents.

DATE: August 16, 2022

TO: Kent Cagle, City Manager

FROM: Miranda Drake, Director of Budget

SUBJECT: Budget Amendment and Addition of Non-Resident Disposal Fee

BACKGROUND AND FINDINGS:

City staff creates a yearend budget amendment to align budgets with estimated revenues and expenditures. Staff has forecasted revenues and expenditures through the end of the fiscal year and identified accounts that require a budget amendment. The City Charter authorizes the City Manager to approve budget amendments between accounts of the same department and fund. The City Council must approve budget amendments between accounts of different departments and to increase the overall budget of a fund.

The budget amendment predominantly addresses seven major initiatives that include amending operational funds, recognizes funds to be received for multiple fire deployments, transfer of fleet services fund balance, debt service adjustments, appropriate wastewater impact fee funds for sewer project, transfer fund balance in excess of 22% for capital improvement projects per the Financial Governance Policy, and addresses a grant allocation.

Non-grant Budget Amendments -

There are thirteen (13) different items addressed in this budget amendment:

1. Fuel has substantially increased in the past few months causing shortages in fuel accounts. The budget was built using \$2.41 per gallon for unleaded and \$2.45 per gallon for diesel. Based on the most recent U.S. Energy Information Administration's outlook, we are estimating an average of \$3.87 per gallon for unleaded and \$4.49 per gallon for diesel through the end of the fiscal year. This will result in an increase of \$300,000 to the major operating funds for fuel accounts.
2. Due to a large number of retirements and position turnover, multiple funds are expected to exceed the separation pay budget. This budget amendment appropriates \$192,427 to cover the additional costs in the following funds: General Fund (\$154,096), Information Technology Services Internal Service Fund (\$19,330), Aviation Funds (\$13,298), Juvenile Case Manager Fund (\$3,913), Drainage Utility Fund (\$1,735) and Community Development Grant Fund (\$55).
3. An additional \$6,114 is needed to cover auction fees (3% of auction proceeds). This is offset by additional sale of assets.
4. At the May 7, 2022 election, voters of the City of Killeen approved Proposition C, which amended City Charter section 24 regarding compensation of the mayor and councilmembers. As amended, compensation is not to exceed \$350 per month for the mayor and \$250 per month for councilmembers. On June 14, 2022, City Council set the compensation at \$350 per month for the mayor and \$250 per month for councilmembers. This budget amendment appropriates \$5,391 needed in FY 2022 to cover the additional cost for this change.
5. There are a few funds that should have interest revenue budgets but were inadvertently left off. This budget amendment appropriates the interest revenue for the following funds: 2022 CO Bond Fund, 2020 Revenue Bond Fund, Water Impact Fee Fund and Wastewater Impact Fee Fund.
6. This budget amendment appropriates additional funds needed for claims, administrative fees and accounting services for the audit in the health insurance internal service fund. This is offset by revenue for retirees, COBRA and interest/other income. This also appropriates the transfer of the remaining wellness funds to the health insurance fund to close out the wellness fund.
7. In May 2022, the roof of the Fleet Services building received hail damage. The Texas Municipal League (TML) will provide insurance proceeds to pay for the replacement of the roof. This budget amendment appropriates the revenue and expense. In addition, this budget amendment appropriates \$12,000 of fund balance to pay for commercial driver's license training. In February 2022, the State law changed requiring training programs for CDL licensing. The training programs cost approximately \$4,000 per employee.
8. Refuse transport and disposal costs have increased in FY 2022 due to the fuel surcharge that was added this due to rising fuel costs. This increase of \$456,956 is offset with increases in revenue of \$231,178 in drop off fees and \$225,778 in commercial services.
9. In May 2022, a police interceptor was involved in an accident and was totaled. The estimated cost of the replacement is \$81,500. Insurance proceeds will pay \$18,713 and \$15,688 of equipment from the totaled vehicle will be reusable. The remaining \$47,099 will be funded with contingency funds from the Governmental CIP Fund.
10. This budget amendment appropriates funds for bond issuance costs and paying agent fees for the 2022 certificates of obligation bond issue in the amount of \$169,359. This is being paid from the bond proceeds.
11. The Fire Department deployed multiple employees and pieces of equipment for various wildfire events between March and July that will result in a reimbursement of \$423,090. We are estimating an additional \$326,884 between July and September based on recent deployments. There was one deployment of Texas Task Force 1 with the Texas A&M Engineering Extension Service (TEEX) for a severe weather event in March that will result in a reimbursement of \$13,521.
12. The Trimmer Basin 12" sewer project was appropriated in the FY 2022 Budget in the Water & Sewer CIP Fund. However, the preferred method of paying for this project is the use of wastewater impact fees. This budget amendment includes appropriating \$100,000 to pay for any design costs that may

occur in the current budget year. The full funding of the project is budgeted in the FY 2023 Budget utilizing the wastewater impact fees.

13. 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 in the yearend budget amendment each year 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 2021 audit:

• General Fund	\$ 7,551,629
• Solid Waste Fund	1,988,857
• Aviation Fund	1,778,823
• Drainage Utility Fund	867,994
• Water & Sewer Fund	<u>347,099</u>
Total	<u>\$12,534,402</u>

Operational Items	Revenue Budget
General Fund	\$1,049,562
Water & Sewer Fund	38,167
Solid Waste Fund	571,372
Drainage Utility Fund	16,154
Aviation Fund	2,958
Fleet Services Internal Service Fund	159,707
Health Insurance Internal Service Fund	665,964
Capital Improvement Project Funds	13,400,244
TOTAL	\$15,904,128

Operational Items Expenditure Budget	
General Fund	\$8,601,191
Water & Sewer Fund	385,266
Solid Waste Fund	2,560,229
Drainage Utility Fund	884,148
Aviation Fund	1,781,781
Wellness Fund	343
Fleet Services Internal Service Fund	957,036
Health Insurance Internal Service Fund	665,621
Information Technology Fund	19,330
Capital Improvement Project Funds	118,713
TOTAL	\$15,973,658

Grant Budget Amendment -

There are one (1) grant item addressed in this budget amendment:

1. In July, 2022, the Aviation Department was informed that the City will receive two grants from the Federal Aviation Administration (FAA) for the Rehabilitation of Taxiway B. The first grant is for Phase I of the Taxiway B Rehabilitation project. The total amount of this phase of the project is \$4,933,062. The grant will fund \$4,444,444 of the cost, and the Passenger Facility Charge (PFC) will fund the remaining \$488,618.

The second grant is Phase II of the Taxiway B Rehabilitation project. The total amount of this phase of the project is \$5,533,409. This grant will fund \$5,444,499 of the cost and the PFC will fund the remaining \$88,910 of the project cost. This project was included in the approved FY 2022 Capital Improvement Plan for an estimated \$9,960,000. This budget amendment will finalize the amounts and percentages of the grant terms.

Operational Items	Revenue Budget
Airport Improvement Grant (AIP) Fund	\$924,943
TOTAL	\$924,943

Operational Items Expenditure Budget	
Airport Improvement Grant (AIP) Fund	\$924,943
Passenger Facility Charge (PFC) Fund	(418,472)
TOTAL	\$506,471

Non-Resident Disposal Fee -

In addition to an ordinance amending the FY 2022 Annual Budget, this ordinance proposes a new disposal fee for non-residents. Currently, all customers pay \$61.60 per ton (\$3.08 per 100 lbs) for disposal fees at the transfer station. Staff is proposing to add a non-resident disposal fee of \$92.40 per ton (\$4.62 per 100 lbs). This will provide an estimated \$267,960 in additional revenue to help offset additional transport and disposal costs.

THE ALTERNATIVES CONSIDERED:

Option 1 - Do not approve the ordinance amending the FY 2022 Annual Budget and adding the non-resident disposal fee.

Option 2 - Approve the ordinance amending the FY 2022 Annual Budget and not adding the non-resident disposal fee.

Option 3 - Approve the ordinance amending the FY 2022 Annual Budget and add the non-resident disposal fee.

Which alternative is recommended? Why?

Option 3 is recommended to approve the ordinance amending the FY 2022 Annual Budget and add the non-resident disposal fee.

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.
City Charter, Article III, Section 38 states that any ordinance imposing or increasing a fine or fee shall require a public hearing.

FINANCIAL IMPACT:

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

This budget amendment is for FY 2022, and includes:

- General Fund - increase of \$1,049,562 in revenues and \$8,601,191 in expenditures.
- Water and Sewer Fund - increase of \$38,167 in revenues and \$385,266 in expenses.
- Solid Waste Fund - increase of \$571,372 in revenues and \$2,560,229 increase in expenses.
- Drainage Fund - increase of \$16,154 in revenues and \$884,148 increase in expenses.
- Aviation Funds - increase of \$2,958 in revenues and \$1,781,781 in expenses.
- Special Revenue Funds - increase of \$0 in revenues and \$343 in expenditures.
- Internal Service Funds - increase of \$825,671 in revenues and \$1,641,987 in expenses.
- Capital Improvement Project Funds - increase of \$14,325,187 in revenues and \$625,184 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 2022 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 2022 Annual Budget.

RECOMMENDATION:

City Council approve the ordinance amending the FY 2022 Annual Budget and add the non-resident disposal fee.

DEPARTMENTAL CLEARANCES:

Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance