



City of Killeen

Legislation Text

File #: PH-16-045, Version: 1

HOLD a public hearing and consider an ordinance amending the FY 2017 Annual Budget and Plan of Municipal Services of the City of Killeen for the termination of the Fleet Funding Program.

AGENDA ITEM

FY 2017 Fleet Funding Program Termination Budget Amendment

ORIGINATING DEPARTMENT

City Manager / Finance

BACKGROUND INFORMATION

On January 26, 2016, the City Council approved the establishment of an internal service fund and a Fleet Funding Program (FFP). The FFP consists of two components: fleet replacement for the purchase of fleet, and fleet operations for the maintenance of fleet. The goal of the FFP is to ensure that adequate funds are available to purchase and maintain City vehicles. A total of \$5,500,000 was transferred into the internal service fund to start the program.

After the FFP was established, the outlook on the City's financial health changed significantly. The strategy is now shifting to focus on the City's current financial condition. Part of the financial recovery process is to address immediate budget shortfalls. The newly adopted FFP is intensifying the strain on the operating funds.

DISCUSSION/CONCLUSION

The recommendation is to terminate the FFP and return the remaining funds to the original source on a pro-rata basis. Fleet Operations (e.g. technicians) will remain in the internal service fund and will be supported by the operational funds that receive services from the department. Since the General Fund did not make a contribution towards the FFP in FY 2017, a total of \$643,777 will be left in the internal service fund to cover the General Fund's contribution towards fleet operations. That leaves an estimated balance of \$1,377,665 to be returned to the original source.

At the inception of the FFP, Solid Waste contributed \$1,700,000, Water & Sewer contributed \$2,800,000, and \$1,000,000 was contributed from the 2014 Certificates of Obligation bond proceeds. Reducing the initial contribution made by the respective funds by the amount of vehicles purchased for the benefit of each fund, leaves a pro-rata remaining contribution amount of 35.7% for Solid Waste and 64.3% for Water & Sewer. The \$1,377,665 in remaining funds will be distributed based on the pro-rata remaining contribution. The Solid Waste fund will receive \$491,826 (35.7% x \$1,377,665); the Water & Sewer fund will receive \$885,839 (64.3% x \$1,377,665).

FISCAL IMPACT

The budget amendment will allow for the transfer of funds back to the Solid Waste and Water & Sewer funds. The following budget changes will be made:

Revenues				
Account Number	Description	Budget	Change	Amended
601-0000-371.92-1	Transfer from HOT	\$20,000	(\$19,136)	\$864
601-0000-371.95-4	Transfer from Solid	\$2,200,000	(\$1,517,515)	\$682,485
601-0000-371.95-5	Transfer from W/S	\$800,000	(\$708,570)	\$91,430
601-0000-371.95-7	Transfer from Drain	\$300,000	(\$281,714)	\$18,286
540-0000-371.96-0	Transfer from Fleet	\$0	\$491,826	\$491,826
550-0000-371.96-0	Transfer from Fleet	\$0	\$885,839	\$885,839
Total Revenues		\$3,320,000	(\$1,149,270)	\$2,170,730

Expenses				
Account Number	Description	Budget	Change	Amended
601-0505-521.61-1	Aviation Vehicles	\$59,500	(\$59,500)	\$0
601-2050-411.61-1	Utility Collection Ve	\$28,000	(\$28,000)	\$0
601-2130-460.61-1	Purchasing Vehicle	\$25,500	(\$25,500)	\$0
601-2132-460.61-1	Custodial Vehicles	\$33,000	(\$33,000)	\$0
601-2133-460.61-1	Fleet Operations Ve	\$27,700	(\$27,700)	\$0
601-3020-424.61-1	Golf Course Vehicle	\$30,350	(\$30,350)	\$0
601-3025-425.61-1	Parks Vehicles	\$30,350	(\$30,350)	\$0
601-3025-425.61-3	Parks Equipment	\$33,342	(\$33,342)	\$0
601-3420-436.61-1	Water/Sewer Vehic	\$36,500	(\$36,500)	\$0
601-3435-432.61-1	Engineering Vehicle	\$33,000	(\$33,000)	\$0
601-3440-434.61-1	Traffic Vehicles	\$29,560	(\$29,560)	\$0
601-3445-434.61-1	Streets Vehicles	\$193,766	(\$193,766)	\$0
601-3448-434.61-1	Drainage Vehicles	\$251,000	(\$251,000)	\$0
601-3460-439.61-1	Residential Serv. V	\$359,286	(\$359,286)	\$0
601-3465-439.61-1	Commercial Serv. V	\$30,500	(\$30,500)	\$0
601-3475-439.61-1	Transfer Station	\$27,161	(\$27,161)	\$0
601-4052-450.61-1	Building/Inspection	\$28,671	(\$28,671)	\$0
601-6000-441.61-1	Police Vehicles	\$1,589,910	(\$1,589,910)	\$0
601-7070-442.61-1	Fire Vehicles	\$260,000	(\$260,000)	\$0
601-0000-470.95-4	Transfer to Solid W	\$0	\$491,826	\$491,826
601-0000-470.95-5	Transfer to Water/S	\$0	\$885,839	\$885,839

Total Revenues		\$3,107,096	(\$1,729,431)	\$1,377,665
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RECOMMENDATION

Staff recommends that City Council approve the termination of the Fleet Funding Program and the corresponding budget amendment that permits the remaining funds to be distributed back to the Water/Sewer and Solid Waste funds.