



AGENDA MEMORANDUM

Future Item for the City Council Meeting of August 19, 2014
Action Item for the City Council Meeting of August 26, 2014

DATE: August 19, 2014

TO: Ronald L. Olson, City Manager

FROM: Eddie Houlihan, Assistant Director of Management and Budget
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Amendment to Financial Budgetary Policies

CAPTION:

Resolution amending Financial Budgetary Policies adopted by Resolution 029848 and providing financial policy direction on preparation of the annual budgets.

PURPOSE:

Section 6. "Funding Level from General Fund for Street Maintenance" is being recommended for amendment to specify the funding levels for street maintenance beginning in Fiscal Year 2014-2015 and thereafter.

Section 7. "Funding Level from General Fund for Street Capital Improvement Projects" is being recommended for addition to the policy to specify a long-term funding mechanism for capital improvements to streets beginning in Fiscal Year 2014-2015 and thereafter.

Section 8. "Funding of Texas Municipal Retirement System (TMRS) Contributions" is being recommended to contribute the fully funded contribution rate to TMRS to fund the general City employees' and sworn police officers' pension. In order to implement this goal, beginning in Fiscal Year 2014-2015, an additional 1% will be added to the City's contribution to TMRS each year until the actuarially determined fully funded rate is met.

BACKGROUND AND FINDINGS:

The financial budgetary policies are being recommended for amendment to address the needs of the City's street maintenance and street capital improvements this year and in future years. Section 6 of the financial budgetary policies addresses the funding level from the General Fund for street maintenance. The recommended amendment would change the current funding level for Fiscal Year 2014-2015 from 5.24% of the General

Fund revenue or \$10,818,730, whichever is greater, to 6% of General Fund revenue less grants or \$10,818,730, whichever is greater.

Additionally, the City's Fiscal Year 2015-2016 operating budget will include revenue from the newly negotiated industrial district agreements. Therefore beginning in Fiscal Year 2015-2016, it is being recommended to transfer 5% of the industrial district revenue from the General Fund to the Street Maintenance Fund - in addition to transferring 6% of General Fund revenue less grants and industrial district revenue or \$10,818,730, whichever is greater.

The financial budgetary policies are also being recommended for amendment to add Section 7 to address a funding level for street capital improvement projects. It is being recommended to appropriate and transfer \$1,000,000 from the General Fund's uncommitted fund balance to the Street Capital Fund beginning in Fiscal Year 2014-2015 and continue for 2 additional budgetary years. It is also being recommended to appropriate and transfer 5% of the industrial district revenue from the General Fund to the Street Capital Fund beginning in Fiscal Year 2015-2016. Additionally, it is being recommended to transfer 1/3 of 1% of the General Fund revenue less grants and industrial district revenue to the Street Capital Fund in Fiscal Year 2020-2021. This percentage would increase to 2/3 of 1% in Fiscal Year 2021-2022, and would increase to 1% in Fiscal Year 2022-2023 and thereafter.

Another amendment to add Section 8 to the financial budgetary policies will address the funding of the Texas Municipal Retirement System (TMRS) Contributions. In order to meet the goal of the City Council to contribute the fully funded contribution rate to TMRS to fund the general City employees' and sworn police officers' pension, beginning in Fiscal Year 2014-2015, an additional 1% will be added to the City's contribution to TMRS each year until the actuarially determined fully funded rate is met.

ALTERNATIVES:

An alternative would be to leave the financial budgetary policies as they currently are written to maintain the level of funding for street maintenance at 5.24% of the General Fund revenue or \$10,818,730, whichever is greater and not specify a funding level for street capital improvement projects; and to not include Section 8 regarding the funding for the TMRS contribution.

OTHER CONSIDERATIONS:

n/a

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

n/a

DEPARTMENTAL CLEARANCES:

- Office of Management and Budget
- Financial Services
- Legal

FINANCIAL IMPACT:

X Not Applicable

Operating Expense

Revenue

CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget				
Encumbered/Expended amount of (date)				
This item				
BALANCE				
Fund(s):				

RECOMMENDATION:

Staff recommends approval of the amendment as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution Redline
Resolution

