



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of May 9, 2023
Second Reading Ordinance for the City Council Meeting of May 16, 2023

DATE: April 10, 2023
TO: Peter Zaroni, City Manager
FROM: Eddie Houlihan, Director of Management and Budget
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FY 2023 Mid-Year Budget Adjustment

CAPTION:

Mid-Year Budget Adjustment Ordinance amending City Code Section 23-42 increasing the fee for birth and death certificate covers; and amending the FY 2023 Operating Budget to transfer and appropriate \$110,789.68 from the unreserved fund balance in the General Fund for judicial salary adjustments, appropriating \$1,250,000.00 in the Visitor Facilities Fund for capital contributions from OVG360 for various improvements at the American Bank Center facility, increasing revenue by \$1,450,000.00 in the Tax Increment Reinvestment Zone No. 2 Fund for the estimate of Nueces County funds for TIRZ#2, appropriating \$430,268.00 in the Tax Increment Reinvestment Zone No. 2 Fund for TIRZ #2 expenditures, and adding three positions to the Economic Development Department.

SUMMARY:

Due to increased costs of plastic covers for birth and death certificates, it is necessary to increase the fees for these items from \$1.00 to \$3.00. Marble stock covers for birth and death certificates are being added as an additional offering to customers for a fee of \$4.00 per cover. Typically, fees are amended during the budget process, but in this case, the Vital Statistics division was in the process of being transitioned from the Health Department to the City Secretary's office during the budget process, and so this ordinance is now needed to codify the correct fees in the City's Code of Ordinances.

Clarification of language is being added to the code of ordinances regarding winter quarter averaging for wastewater fees to provide consistency throughout the section. This Section was taken out by the City Council at the May 9, 2023 City Council meeting.

A market survey of seventeen (17) Texas cities done by Human Resources revealed that City Municipal Court Judge salaries are below market. The Municipal Court Committee is recommending an increase in City Municipal Court Judge salaries after reviewing the market survey.

The contract between the City and OVG for operations at the American Bank Center includes an OVG capital contribution of up to \$1,250,000. The capital contribution will be used for various improvements and investments at the facility.

The budget adjustment for the Tax Increment Reinvestment Zone Number Two (TIRZ #2) includes a revenue adjustment of \$1,250,000.00 for the estimated contribution of Nueces County taxes and \$200,000.00 for interest and investment income. Budget adjustment also includes an appropriation of \$430,268.00 for TIRZ #2 expenditures (\$200,000), the Mobility Plan (\$150,000) and a transfer to the General Fund for administrative services (\$80,268).

Addition of three positions to the Economic Development Department to properly manage the leases and management contracts for City owned SEA District facilities including the American Bank Center, Whataburger Field, Harbor Play House, Texas State Museum of Asian Cultures, Science and History Museum, Art Museum, and Heritage Park, liaison between the organizations and the City, monitor capital maintenance needs, and manage the related projects for these facilities. The three positions will be funded for the remainder of FY 2023 through current salary savings in the Economic Development Department.

BACKGROUND AND FINDINGS:

The Municipal Court Committee recommended Presiding Municipal Court Judge and full-time Municipal Court Judge salaries be increased by 26%-31% due to current market. The Municipal Court Committee also recommended part-time Municipal Court Judges' hourly rate be increased by approximately 5%. The total increase in salaries, including retirement, for the remainder of FY 2023 is \$110,789.68. This agenda item will appropriate \$110,789.68 from the unreserved fund balance in the General Fund to pay for the increased salaries.

Section 3.2 of the OVG contract with the City for Food and Beverage Service at the American Bank Center (the "Facility") calls for OVG to make a capital contribution of up to \$600,000 in connection with various improvements and investments at the Facility, and Section 11.4 of the OVG contract with the City for Facility Management calls for OVG to make a capital contribution of up to \$650,000 in connection with various improvements and investments at the Facility. OVG has agreed to contribute a total of \$1,250,000.00, and this Ordinance will appropriate the contribution in the Visitors Facilities Fund so it can be expended on various improvements and investments at the Facility.

At the time the FY 2022-23 Operating Budget was adopted, the extension of the Tax Increment Reinvestment Zone No. 2 (TIRZ #2) had not yet been approved. Therefore, the FY 2023 Operating Budget only included the City's estimated revenue in the amount of \$3,884,967. In December 2022, TIRZ #2 was extended to 2042. On April 17, 2023, the TIRZ #2 Board approved the FY 2023 budget for TIRZ #2 with increased revenues of \$1,250,000 for estimated contribution from Nueces County and \$200,000 for interest and investment income and increased expenditures of \$200,000 for general TIRZ #2 expenditures, \$150,000 for the Mobility Plan and \$80,268 for administrative services provided by the General Fund. This agenda item will increase revenue by \$1,450,000 and expenditures by \$430,268.00 in the Tax Increment Reinvestment Zone No. 2 Fund to account for these changes.

Historically the management and monitoring of leases and management contracts for City owned SEA District facilities including the American Bank Center, Whataburger Field, Harbor Play House, Texas State Museum of Asian Cultures, Science and History Museum, Art Museum, and Heritage Park has been under the Parks and Recreation Department with no dedicated staff persons especially for facility maintenance. Beginning with the transition in the American Bank Center management and subsequent capital projects, it became apparent that dedicated resources and personnel was needed to properly manage the contracts, liaison between the organization and the City, monitor capital maintenance needs, and manage the related projects. An amendment to the FY 2023 budget is needed to add three positions currently suggested to be an assistant director, projects coordinator, and contracts administrator to properly manage and monitor these facilities valued at over \$242,000,000. These positions will be added to the Economic Development department and will be funded through existing current year salary

savings in the Economic Development Department for the remainder of Fiscal Year 2023.

FISCAL IMPACT:

The fiscal impact for FY 2023 consists of increasing General Fund expenditures for Municipal Court Judge salary increases by \$110,789.68, increasing revenues and expenditures in the Visitors' Facility Fund by \$1,250,000.00 and increasing revenue by \$1,450,000.00 and expenditures by \$430,268.00 in the Reinvestment Zone No 2 Fund.

Funding Detail:

Fund: 1020 General Fund
Organization/Activity: 10400 Municipal Court - Judicial
Department: 22 Municipal Court
Account: 510100 Salaries
511000 Retirement
Amount: \$110,789.68

Fund: 4710 Visitors Facilities Fund
Organization/Activity: 13600 Convention Center Operations
13625 Arena Operations
Department: 34 Tourism
Account: 540290 Outside Agency
Amount: \$1,250,000.00

Fund: 1111 Tax Increment Reinvestment Zone Number Two Fund
Organization/Activity: 11305 Administration
60010 Transfer to General Fund
Department: 34 Tourism
Account: 530000 Professional Services
548520 Administrative Service Charges
Amount: \$430,268.00

Revenue

Fund: 4710 Visitors Facilities Fund
Organization/Activity: 13600 Convention Center Operations
13625 Arena Operations
Department: 34 Tourism
Account: 340200 Capital Contributions
Amount: \$1,250,000.00

Fund: 1111 Tax Increment Reinvestment Zone Number Two Fund
Organization/Activity: 13600 Convention Center Operations
13625 Arena Operations
Department: 34 Tourism
Account: 300050 Reinvestment Zone current taxes – County
340900 Interest on investments
Amount: \$1,450,000.00

RECOMMENDATION:

Staff recommends approving the Ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance