

SPECIAL MEETING

AGENDA

CITY OF FREDERICKSBURG CITY COUNCIL

MONDAY, AUGUST 5, 2013

4:00 PM

LAW ENFORCEMENT CENTER

1601 E. Main Street

1. Call to order.
2. BUDGET WORK SESSION.

ADJOURNMENT



Date: August 1, 2013

To: Mayor and City Council

From: Kent Myers, City Manager

Subject: Budget Update Report

The final Budget Work Session is scheduled for this Monday at 4:00 p.m. at the LEC prior to the regular City Council meeting. I wanted to provide you with this update report on our progress with this year's Budget over the past several weeks. This includes a listing of the preliminary budgetary decisions reached by the Council at the three work sessions held the past several weeks.

I have also included in this report a listing of the remaining budget issues that still need to be discussed and resolved. I encourage you to add any additional budget-related concerns that you would like for the Council to discuss at this Monday's meeting.

Revisions to Proposed Budget

At Wednesday's Budget work session, we distributed a listing of several revisions to the Budget that have been made by City staff over the past several weeks as a result of revised revenue numbers and updated cost estimates. Additional changes that we need to make include a reduction in the bond interest costs in the Water Fund based upon the favorable bids on the bond financing that were opened this week. Another change is that the proposed Budget for the Street Department failed to include one of the vacant Street Maintenance positions that we plan to fill during the coming year. This will add \$35,760 for salaries and benefits for this position to the General Fund-

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Street Department. We will likely have one or two additional revisions to provide you at Monday's Council meeting.

At the previous Council work sessions, my notes reflect that the Council has agreed to the following additional changes to the proposed 2014 City Budget:

- 1. Drainage Fund-Eliminate \$125,000 for Drainage Master Plan and add \$50,000 for drainage projects.**
- 2. Sanitation Fund-Eliminate \$173,200 in revenues and \$173,200 in expenses for the curbside recycling program.**
- 3. Health Insurance Fund-Add 10% increase in funding for employee costs with the costs for this increase added to each Department.**
- 4. Tourism Fund-Reduce \$50,000 for Special Projects (CVB/Chamber Offices)**
- 5. General Fund-Add \$25,000 for additional shade at Park Pool.**

Unresolved Budget Issues

A number of budget issues have been discussed during the past several weeks with no clear consensus from the Council. It is recommended that you spend some additional time discussing the following items (as well as any additional items identified by individual Council members). Following this discussion, it is requested that you determine the position of the majority of the Council. City staff will be prepared with additional information on each of these items if needed during the discussion.

- 1. Effective Tax Rate**
- 2. User Fees-Parks and Development Services**
- 3. Health Permit Fee Structure**
- 4. Employee Salary Increase (2 ½ %)**
- 5. TMRS Benefit Enhancements**
- 6. Alternate Truck Route Funding**
- 7. Golf Course Marketing-Shared Funding Golf Fund/Tourism Fund**

Once we have Council decisions on these key issues, we only have two additional major budget issues to resolve (utility rates and County LEC expenses) before we can provide the Council with a revised 2014 Budget.

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Please keep in mind that the utility rate increases also impact the General Fund due to an increase in payment in lieu of tax revenues. Brad, Clinton, Tony Bagwell and I will be meeting in the coming week to develop our staff recommendation for rates based upon the Council direction provided this week. Then Tony would like to meet with the Council to explain the recommended rates at your August 19 meeting.

In terms of the County LEC Budget, Steve Wetz has met with County officials this week to try to clarify our share of the projected costs for the new telephone system and CAD system.

Hopefully, we will have these final numbers in the next week or two. Our goal is to have a revised budget to you by the end of next week that will incorporate all of these revisions.

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