City Council Agenda
08/22/2017

Notice is hereby given of a special meeting of the City Council of City of San Angelo to be held on August 22, 2017 at 8:30 AM at the McNease Convention Center – South Meeting Room, 501 Rio Concho Drive, San Angelo, Texas, for the purpose of considering the following agenda items.

1. **Call to Order**
2. **Work Session Agenda**
   a. Discussion of matters regarding the fiscal year 2017-2018 budget preparation including but not limited to: 1. General Fund revenue and expenditures; 2. Council initiatives and goals; and 3. Other items needing Council direction - (Presentation by Finance Director Tina Dierschke)
3. **Adjournment**

CERTIFICATION

I hereby certify that the above notice of meeting was posted on the bulletin board at the City Hall of the City of San Angelo, Texas, on the 18th day of August 2017, at 5:00 p.m.

____
Bryan Kendrick, City Clerk

All agenda items are subject to action. All contracts/agreements may be subject to further negotiation prior to execution. The City Council reserves the right to consider business out of posted order and/or meet in a closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

In compliance with the Americans with Disabilities Act, the City of San Angelo will provide for reasonable accommodations for persons attending City Council meetings. To better serve you, requests should be received 48 hours prior to the meetings. Please contact the City Clerk's Office at 325-657-4405.

City Council meetings are broadcast on Channel 17-Government Access at 10:30 A.M. and 7:00 P.M. every day for two weeks beginning on the Thursday after each meeting.

REPORT TO MAYOR & MEMBERS OF CITY COUNCIL

Requestor: Kimberly Holle, Budget Analyst, Sr., Budget, 325-657-4270

Meeting Date: August 22, 2017

Item type: Regular Item

Caption:

Discussion of matters regarding the fiscal year 2017-2018 budget preparation including but not limited to: 1. General Fund revenue and expenditures; 2. Council initiatives and goals; and 3. Other items needing Council direction - (Presentation by Finance Director Tina Dierschke)

Summary/History:

Through the Council communications via Friday packet memos, staff has reported on progress towards preparing the 2017-18 budget. The first budget workshop reviewed major operating funds in excess of $1 million. This workshop will be focusing on the General Fund. Below is the side-by-side comparison with the fiscal year 2016-17 original budget. The primary revenue sources and expenditure categories are summarized for each fund below. Any major changes or issues are also identified.

1. General Fund revenue and expenditures;

The primary revenue sources for the General Fund are the property tax and the sales tax. Property tax valuations provided some marginal revenue for the upcoming fiscal year, however, the uncertainty of sales tax collections have triggered staff to budget a decrease of $200,000 from fiscal year 2017's original budget. The substantial increase in personnel is largely due to the results of the meet and confer contract providing police pay raises of $670,000 and calendar year 2017's health insurance increased rates. Currently, revenue is over expenditure by $1,747,128, after funding current obligations and maintaining the current level of service. These funds will be allocated based on Council's direction.

* See attached chart.

2. Council initiatives and goals

As discussed in prior memos and the strategic planning session on July 27, 2017, staff has proposed the following initiatives for Council's consideration for implementation in the fiscal year 2017-18 budget.

<u>Salaries: Adjustment to Market</u>
As directed at strategic planning to work to provide more comparable salaries compared to our sister cities, staff recommends the following salary raises:

- Fire Department:
  - Captain – 4%
  - Sergeant – 1%

- o Lieutenant – 1%
- o Driver – 9%
- o Firefighter – 10%

- Police Department – 1% (contingent upon the agreement of a meet & confer contract)
- Other Employees (merit based) – 1% for meets expectations or 2% for exceeds expectations

Health Insurance

The City of San Angelo currently contributes $5,844 per employee per year towards group insurance for employees who opt into our health plan. Due to recent claims experience and the rising cost of prescription coverage, an increase to our self-insurance fund is necessary to maintain this benefit. Staff recommends an increase to employer contribution by funding the additional $80,694 required for the 2018 calendar year.

Additional Ambulance

The San Angelo Fire Department needs an additional ambulance due to the volume of calls made. If an additional ambulance is approved by the Council, it will be 18 months before a crew is trained and certified. The cost to train this new crew and continue the peak hours ambulance for the upcoming fiscal year would be $631,606.

The San Angelo Fire Department makes about 13,000-13,500 EMS calls this year. The old metric was one frontline ambulance for every 2,000 callouts made. One of the new metrics that are used to determine ambulance needs is unit hour utilization. Right now, the unit hour utilization for SAFD ambulances is about .35 and that only includes ambulance response time and paperwork. That metric doesn't include training time or physical training. The ideal standard for unit hour utilization is between .16 and .24. The SAFD also shut down fire trucks over 200 times last year to make an EMS run.

Additional Police Officers

The Police Department requests an additional 5 officers at a cost of $319,815. The current staffing level is not adequate to handle the increases in calls for service. The 2015 mid-term population of 100,450 and increased territory have strained personnel beyond current resources. Currently, there are 1.65 officers per 1,000 residents. The International Association of Police Chiefs and the FBI recommend 1.9 and 1.79 officers per 1,000 residents, respectively. The Police Department requests to phase 20 officers over a period of four years, reassessing each year. The additional five officers will bring staffing levels up to 1.7 officers per 1,000 residents.

Additional Equipment and Material Needs

The current budget for general fund equipment replacement is $1.25 million, this amount is insufficient to optimally replace fleet vehicles and equipment. We are requesting an additional $240,000 this year until the General Fund can reach a budget that will provide sufficient funds to implement an appropriate replacement cycle.

Construction Management

Previously, the Construction Management division was authorized by Council to be fully funded by project revenue. Since then, the Construction Manager has spent a great deal of time on General Fund projects without receiving proper reimbursement. Staff recommends a portion of this division to be General Fund supported; a funding source has been identified due to a reorganization.

Financial Impact:

None at this time.

Other Information/Recommendation:

None at this time.

Attachments:

1. Chart 170822 Budget Chart 8-22-17 COMPLETE.docx

Presentation:

Tina Dierschke

Approvals/Reviews:

Kimberly Holle	Created/Initiated
Tina Dierschke	Approved
Becky Dunn	Approved
Bryan Kendrick	Final Approval

General Fund	2016-17	2017-18	Inc / (Dec)
Revenue			
Taxes	54,292,034	55,563,612	1,271,578
Charges for Service	6,169,961	6,346,687	176,726
Other	9,408,355	10,351,586	943,231
Total	**69,870,350**	**72,261,885**	**2,391,535**
Expenditure			
Personnel	50,727,137	51,457,178	730,041
O & M	15,393,513	15,257,611	(135,902)
Capital	506,133	552,354	46,221
Transfers	3,243,567	3,247,614	4,047
Total	**69,870,350**	**70,514,757**	**644,407**
Revenue Over/(Under) Expenditure	**-**	**1,747,128**	**1,747,128**