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KENNEDALE CITY COUNCIL AGENDA
SPECIAL MEETING | SEPTEMBER 13, 2019 AT 2:00 PM
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE

I. CALL TO ORDER

II. ROLL CALL

III. VISITOR AND CITIZEN FORUM

At this time, any person may address the City Council about work session items, provided that a 'Speaker Request Form' is submitted to the City Secretary before the work session begins. Speakers are allotted three (3) minutes, must limit their comments to the subject indicated on the submitted form, and should address the Council as a whole, rather than individual Councilmembers or staff.

IV. WORK SESSION

A. Continued discussion regarding the City Manager's Proposed Fiscal Year 2019–2020 annual budget and the supporting Tax Rate

V. REGULAR SESSION

A. Public hearing on the Fiscal Year 2019–2020 Tax Rate
   1. Staff Presentation
   2. Public Hearing
   3. Staff Response and Summary
   4. Announcement of Date of Vote on Tax Rate

VI. ADJOURNMENT

CERTIFICATION

I DO HEREBY CERTIFY THAT THE SEPTEMBER 13, 2019 KENNEDALE CITY COUNCIL AGENDA WAS POSTED INSIDE THE MAIN ENTRANCE OF CITY HALL (405 MUNICIPAL DRIVE), IN A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AT ALL TIMES; AND THAT SAID AGENDA WAS POSTED AT LEAST SEVENTY-TWO (72) HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING, IN ACCORDANCE WITH CHAPTER 551 OF THE TEXAS GOVERNMENT CODE.

Leslie E. Galloway

LESLIE E. GALLOWAY, CITY SECRETARY

In compliance with the Americans with Disabilities Act (ADA), the City of Kennedale will provide for reasonable accommodations for persons attending meetings. This facility is wheelchair accessible and accessible parking spaces are available. Requests for sign interpreter services must be made forty-eight (48) hours prior to the meeting by calling 817-985-2104 or (TTY) 1-800-735-2989.

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

Date: September 13, 2019

Agenda Item No: WORK SESSION - A.

I. Subject:
Continued discussion regarding the City Manager's Proposed Fiscal Year 2019–2020 annual budget and the supporting Tax Rate

II. Originated by:

Lakeita Sutton, Director of Finance and Information Technology

III. Summary:
A draft of the Proposed FY19–20 Budget was distributed to the Council on Tuesday, August 6, before being presented by City Manager George Campbell during a Special Meeting on Thursday, August 8.

The final version of the Proposed FY19–20 Budget was filed with the City Secretary's Office on Monday, August 12 (and is available for public inspection either in person or via www.cityofkennedale.com/budget). It was distributed to the Council on Friday, August 16, along with an Informal Staff Report (attached) outlining the sources and outcome of changes in proposed amounts. Discussion of the Budget continued during the Work Session of the Tuesday, August 20 Regular Meeting. A second Informal Staff Report (also attached) was sent to the Council on Wednesday, August 28, addressing questions from Council during that meeting.

For your reference, staff's presentation from the Thursday, September 5 Public Hearing on the Proposed FY19–20 Budget is attached (with updated dates and one correction to slide 9 regarding the ending fund balance of the Stormwater Fund, as discussed during that meeting).

At this time, the Council may continue any discussion regarding the FY19–20 Proposed Budget and Tax Rate, and staff will, again, be available to answer questions.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:

1.	2019_09.13 Proposed Budget 2019-2020 PPT for Pub Hearing	2019_09.13 Proposed Budget 2019-2020 PPT for Pub Hearing.pdf
2.	2019_08.16 ISR FY19-20 Proposed Budget	2019_08.16 ISR FY19-20 Proposed Budget.pdf
3.	2019_08.28 ISR Budget Questions From 8.20 Council Work Session	2019_08.28 ISR Budget Questions From 8.20 Council Work Session.pdf

PROPOSED BUDGET HIGHLIGHTS FISCAL YEAR 2019–20

SEPTEMBER 13, 2019 AT 2:00 P.M.
CITY COUNCIL WORK SESSION

Major Assumptions & Highlights

GENERAL FUND

- 9% increase in property valuations
- One-cent property tax increase
- Implementation of compensation and pay plan for City staff

Major Assumptions & Highlights

GENERAL FUND (cont.)

- 4.5% increase in health insurance costs
- Projected drawdown of $854,694
- 7.94% Fund Balance as a Percentage of Expenditures

Budget Enhancements

GENERAL FUND

General Fund Salary Improvements *(Additional $30,000 in Streets Fund)*	$320,000
Breathing Apparatus (Fire Dept.)	$40,830
4.5% Health Insurance Increase	$17,376
One Additional Police Officer	$95,714
Planner I Position	$56,208
Office Space in Library	$14,000
Employee Assistance Program	$1,746

General Fund Expenditures

	FY16-17 ACTUAL	FY17-18 ACTUAL	FY18-19 APPROVED	FY18-19 PROJECTED	FY19-20 PROPOSED
City Manager	$ 356,066	$ 361,526	$ 365,464	$ 335,716	$ 347,179
Mayor/City Council	129,553	158,562	177,323	174,422	186,444
City Secretary	152,017	130,434	164,073	173,982	167,322
Municipal Court	110,036	89,729	108,148	99,072	110,778
Human Resources	123,083	165,221	104,909	103,537	104,931
Finance	293,954	341,383	358,365	316,745	378,601
Police	2,056,591	2,119,441	2,604,764	2,371,491	2,432,866
Police SRO	133,728	142,259	155,077	149,258	158,144
Fire	1,679,349	1,727,193	1,907,680	1,915,356	2,095,168
Community Development	305,758	337,991	371,590	380,707	395,323
Senior Citizen Center	66,084	49,895	54,528	53,244	63,376
Library	284,790	311,250	268,259	276,626	276,629
Non-Departmental	504,400	390,256	511,749	429,572	519,887
Health Insurance Increase					17,376
Salary Improvements					320,000
New Programs/Resources					208,498
Total Expenditures	**$ 6,195,408**	**$ 6,325,141**	**$ 7,151,929**	**$ 6,779,728**	**$ 7,782,522**

Tax Rates

- Current Tax Rate: $0.725714/$100
- Proposed Tax Rate: $0.734970/$100
- Maximum Rate Council Can Adopt*: $0.734971/$100
- Rollback Tax Rate: $0.734971/$100
- Effective Tax Rate: $0.688321/$100

**Without possibility of a rollback election*

Major Assumptions & Highlights

WATER AND SEWER FUND

- Arlington contracts in place
- $220,000 for FATHOM early release (one-time expense)
- Increase franchise fee to Street Fund from 5% to 7% ($77,000)
- Water/Sewer renewal for Linda Road ($300,000)
- Working Capital 31.2%
- No Water/Sewer Rate Increase

Major Assumptions & Highlights

STREET IMRPOVEMENT FUND

- Increase franchise fee transfer to Streets from the Water/Sewer Fund (from 5% to 7%)
  - *Adds approximately $77,000 in revenue*
- Recommended adoption of Street Maintenance Fee (Similar to Stormwater Fee)

Major Assumptions & Highlights

STORMWATER FUND

- Recommend increasing Stormwater Fee from $3.50 to $4.50 *(as a part of originally planned step program)*
  - *Adds approximately $33,200 in revenue*
- Cost of needed drainage projects: $1,009,371
- Proposed Budget includes $866,787 drawdown, leaving an ending fund balance of $354,890

Next Steps

- **TODAY: FRIDAY, SEPTEMBER 13 AT 2:00 P.M.**
  Public Hearing on Tax Rate
- **TUESDAY, SEPTEMBER 17**
  Regular Meeting to Adopt Budget and Tax Rate

INFORMAL STAFF REPORT
to the Mayor and City Council

DATE: Friday, August 16, 2019

SUBJECT: FY19–20 Proposed Budget

ORIGINATED BY: Lakeita Sutton, Finance Director

On Thursday, August 8, 2019, a draft of the FY19–20 Proposed Budget was presented to Council by City Manager George Campbell at a Special Session. During that meeting, staff noted that adjustments to some of the proposed amounts would likely be necessary upon the receipt of pending information from external sources including the City's health insurance provider.

The final version of the FY19–20 Proposed Budget was filed with the City Secretary's Office on Monday, August 12, and is now being distributed to Council under cover of this Informal Staff Report. It is also available for public inspection at www.cityofkennedale.com/budget.

The second page of this report outlines the sources of each adjustment (by fund) along with the effect on Fund Balance projections.

Discussion regarding the FY19–20 Proposed Budget is scheduled to continue during the Work Session of Council's Tuesday, August 20 Regular Meeting.

GENERAL FUND

	Previously Proposed Amount	Updated Proposed Amount	$ Change
Health Care Increased Cost	$ 9,125	$ 17,376	$ 8,251
			$ -
Total Expenditures	$ 7,774,271	$ 7,782,522	$ 8,251
			$ -
Fund Balance Draw Down	$ 854,694	$ 862,945	$ 8,251
Fund Balance as a % of Expenditures	8.05%	7.94%	

WATER SEWER FUND

	Previously Proposed Amount	Updated Proposed Amount	$ Change
Water Utility M&O City of Arlington	1,175,000	1,075,000	(100,000)
			-
Total Expenditures	4,450,939	4,350,939	(100,000)
Fund Balance Draw Down	422,608	322,608	(100,000)
Fund Balance as a % of Expenditures	28.31%	31.26%	

TIRZ/TIF FUND

	Previously Proposed Amount	Updated Proposed Amount	$ Change
Engineering Services	10,000	-	(10,000)
			-
Total Expenditures	10,000	-	(10,000)

SHOULD YOU HAVE ANY QUESTIONS REGARDING THIS REPORT, PLEASE CONTACT FINANCE DIRECTOR LAKEITA SUTTON AT 817-985-2110 OR LSUTTON@CITYOFKENNEDALE.COM.

INFORMAL STAFF REPORT
to the Mayor and City Council

DATE: Wednesday, August 28, 2019

SUBJECT: Budget Questions from the August 20, 2019 City Council Work Session

ORIGINATED BY: Lakeita Sutton, Finance Director

During the Work Session of the Tuesday, August 20 City Council meeting, Councilmember Rhodes had several questions regarding the FY19–20 Proposed Budget. Below you will see those questions, as understood by staff, as well as the answers to each.

Of note, the page numbers cited within this report reference the page numbers as marked (*e.g., the page marked 18 is the 24th page of the PDF*) in the Proposed Budget that was filed with the City Secretary on Monday, August 12, and is available to the public at cityofkennedale.com/budget (rather than the hardcopy draft distributed to the Council on Tuesday, August 6). The page numbers are similar in each, but not identical.

On page 18, in the "All Funds Expenditure Summary", why is there a $10,000 expenditure included for the TIF Fund for FY19–20, when no correlating expenditure is shown on the individual budget sheet for the TIF?

The $10,000 should have been removed from the "All Funds Expenditure Summary" (as it was on the budget sheet) since this is not being proposed for FY19–20. Staff will make this correction before presenting an updated budget document for consideration by the Council.

On page 21, why is there such a large difference between the FY18–19 Budgeted and FY18–19 Projected "Miscellaneous Income" line item?

Landfill revenue should be received by the Capital Projects Fund. However, in FY18–19, $83,000 in landfill revenue was erroneously budgeted to be received by the General Fund instead. This error was recognized and corrected before calculating the FY18–19 projection. For FY19–20, the landfill revenue is appropriately budgeted to be received into the Capital Projects Fund.

On page 28, what caused the increase in the Mayor/Council "Special Services" line item for FY19–20?

The $6,350 difference (from FY18–19) reflects the cost of a consultant/facilitator for the City Council's annual retreat. This expense was previously paid from the City Manager's budget. However, since it is a City Council expense, it is appropriately being budgeted there for FY19–20. In the event the expense is not incurred in FY 19–20, a savings will be recognized.

On page 47, why did gas services increase from $1,800 in FY18–19 to $2,500 in FY19–20?

The previous two years have shown an annual increase of approximately $400 for natural gas service to the Senior Center. For FY18–19, this line item was under-budgeted at $1,100. Staff estimates that the $2,500 budgeted for FY19–20 will account for both the historical increase plus ongoing inflation.

On page 51, why is the budgeted $65,000 transfer from the General Fund to the Capital Replacement Fund not included in the FY18–19 projection?

The Capital Replacement Fund has sufficient funding to support all budgeted needs for the remainder of FY18–19. Therefore, in an effort to offer relief to the General Fund, staff proposes to delay this transfer (originally budgeted to occur in FY18–19) until FY19–20. The Funds will be used in FY19–20 for information technology (IT) and/or vehicle replacements as needed. In the event that the expense is not incurred in FY19–20, the General Fund will, again, be provided relief and savings will be recognized.

On page 54, why is the Police Personnel increasing by three positions in FY19–20?

The original personnel budget included all three of the additional requested patrol officers. However, the final Proposed Budget recommended by the City Manager for FY19-20 reflects the addition of just one of these positions (for a total of 22 FTEs (Full-Time Equivalents)) for FY19–20. Staff will make this correction before presenting an updated budget document for consideration by the Council.

On page 64, what does the $10,780 in the Enterprise Lease Senior Center line item cover?

This amount covers the leased van for the Senior Center, which — as was discussed at the August 20 meeting — does not include a lift.

On page 67, why did Drainage Improvements increase from $47,993 (FY18–19) to $1,009,371 (FY19–20)?

Several drainage projects (including pipe rehabilitation on Hilltop Court and improvements along Pennsylvania Avenue) are budgeted in FY19–20 as a part of the Five-Year Stormwater Capital Projects Plan. However, during the discussion on August 20, it was determined that some of the projects originally included in the FY19–20 Proposed Budget will actually be funded with proceeds from the 2018 Tax Note. Therefore, the “Drainage Improvement” line item for FY19–20 will be updated to $427,000 (instead of $1,009,371). As a result, the drawdown of the Stormwater Utility Fund for FY19–20 will decrease from $866,878 to $284,416, with a projected ending Fund Balance of $937,261, providing additional opportunity for drainage improvements in FY 19-20.

On page 78, why did the Temporary Part Time line item in the Streets Fund increase significantly from FY18–19 to FY19–20?

There are currently three employees budgeted in the Streets Fund that were previously positions in the Water/Sewer Fund. This change occurred as a result of the maintenance and operations functions within Water/Sewer Fund being transferred to the City of Arlington in March 2019.

On page 94, why are there two "Misc-Income Paver" line items in the Park Dedication Fund?

These two line items represent identical object codes being utilized in two different fiscal years. One of the line items will cease to appear in future years, but is still needed at this time for accounting purposes.

Regarding renovations at the Senior Center:

There are no funds allocated in the FY19–20 Budget for this project. However, estimates are expected to be available in the near future. Funding options will then be considered and recommended to Council as appropriate.

SHOULD YOU HAVE ANY QUESTIONS REGARDING THIS REPORT, PLEASE CONTACT FINANCE DIRECTOR LAKEITA SUTTON AT 817-985-2110 OR EMAIL LSUTTON@CITYOFKENNEDALE.COM.

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

Date: September 13, 2019

Agenda Item No: REGULAR SESSION - A.

I. Subject:
Public hearing on the Fiscal Year 2019–2020 Tax Rate

1. Staff Presentation
2. Public Hearing
3. Staff Response and Summary
4. Announcement of Date of Vote on Tax Rate

II. Originated by:

Lakeita Sutton, Director of Finance and Information Technology

III. Summary:
At this time, City Staff will make a presentation prior to Council receiving public comments, if any, on the FY2019–2020 Proposed Tax Rate. **The total Proposed Ad Valorem (Property Tax) Rate for FY19–20 is $0.734970** (per $100), of which $0.544429 supports Maintenance and Operations (M&O) and 0.190541 supports Interest and Sinking (I&S) (or "debt service").

The first public hearing on the Tax Rate was held Thursday, September 5, at 7:00 p.m. in the Council Chambers at City Hall (405 Municipal Drive, Kennedale, TX 76060). The dates of these public hearings were published in the *Fort Worth Star-Telegram* (the City's newspaper of record) on Friday, August 23, 2019.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:
The governing body may vote on the proposed tax rate at the public hearing. If the governing body does not vote on the proposed tax rate at the public hearing, the governing body shall announce at the public hearing the date, time, and place of the meeting at which it will vote on the proposed tax rate.

AT EACH OF THE TWO HEARINGS, THE GOVERNING BODY MUST ANNOUNCE THE DATE, TIME AND PLACE OF THE MEETING AT WHICH IT WILL VOTE ON THE TAX RATE AS FOLLOWS:

The Vote on the FY 2019-2020 Tax Rate will be held:
DATE: TUESDAY, SEPTEMBER 17, 2019
TIME: 7:00 P.M.
PLACE: THESE COUNCIL CHAMBERS IN CITY HALL (405 MUNICIPAL DRIVE, KENNEDALE, TX 76060)

VIII. Attachments: