

Memo

To: Mayor
City Councilmembers

From: Beth C. Davis, Finance Director

Date: September 28, 2010

Re: FY 10 Budget Amendments

Attached are the proposed ordinance and exhibit for amendments to the FY 10 budget. This analysis is based on activity through August 2010. Prior to this point in the fiscal year adjustments to the budget were not necessary. The Finance and Budget Committee will receive this memorandum, the ordinance and the exhibit detailing the accounts and amounts at its meeting on September 23. Any comments the Committee members want directed to Council will be forwarded prior to the City Council meeting on September 28.

There are proposed amendments for three departments in the Utility Fund and for four departments in the General Fund.

Utility Fund

Utility Administration

Following the City reorganization implemented by the current City Manager, two employees were promoted in the Utility Administration Department: James Wills became the Public Works Director and Wiley Webb became the Wastewater Superintendent. Both of these promotions involved salary increases which will cause the salary line item to be overspent by the end of the fiscal year.

A number of development agreements affecting water and wastewater service were reviewed by outside counsel increasing the Legal fees expense over the budgeted amount. The Postage line item will also be over budget due to an increase in the postage rate as well as an increase in utility customers. The increased expenses in Utility Administration can be covered by the reduction in electricity costs in the Water Distribution department due to less demand on the water system this summer.

Water Treatment

Overtime costs and Maintenance and Repair costs in this department exceed the budget due to mechanical problems at the water treatment facility. There were several maintenance issues that required employees to work extra hours to make the required repairs in a timely manner. The funding source for this overage can be covered by the savings in electricity in the Water Treatment department due to less demand on the water system this summer.

Wastewater Treatment

The preliminary engineering design for the Wilbarger wastewater treatment plant was budgeted in the FY 09 Budget and the funding source was the Utility Fund fund balance. The project was not completed until this fiscal year, but the funding source remained the same. This amendment will cover the expenses during this fiscal year for that project.

An additional expense in this department was incurred related to the acquisition of the New Sweden wastewater project. The budgeted amount of \$250,000 for the FY 2010 payment was increased to \$1,000,000 to close out the promissory note held by New Sweden. The funds to cover this expense were available in the Utility Fund fund balance.

General Fund

Administration

Administration Salaries will exceed the original budgeted amount. This is due to changes in personnel in this department: fulfilling the contract requirements for the former City Manager and for the current City Manager.

Media expense will exceed budget as well due to several factors: the Texas Reporter advertisement; the increased number of buses provided for the Fourth of July; the unanticipated revisions of City brochures; and the increased monthly charge for internet services.

The Small Tools line item increased due to the purchase of furniture for the City Manager; and the purchase of new chairs for City Hall, Suite 500.

In August, Council approved the expenditure of up to \$75,000 for engineering, design and repair of 100 East Main, Suites 300-400. This amendment will encumber those funds in the current fiscal year even though repairs will not be completed until fiscal year 2011.

Information Technology expense was amplified by the VMware project and the difficulty of installing fiber lines between City Hall and the Pflugerville Community Library. This project was initiated to augment the number and increase the speed

of public computers at the Library. Additional expense for the fiber portion may be forthcoming.

The Come Home to Shop campaign was also approved by the Council. The expense is being coded to the Miscellaneous projects line item in Administration and the revenue received from the Pflugerville Community Development Corporation, the Pflugerville Chamber of Commerce, the Travis County Emergency Services District #2, and the Downtown Merchants Association has been deposited in the Miscellaneous revenue line item. Any funds remaining at the end of fiscal year 2010 will be tracked and held in the fund balance to be available for expenses during fiscal year 2011.

All of these budget overages can be offset with unanticipated current year revenues: excess property tax; Infrastructure fees; and miscellaneous income.

Library

The Library received a Loan Star Grant in the amount of \$13,246. This amendment moves the expense incurred for CD/DVD displays under this grant to the Loan Star Grant expense line item. Additional expense for materials (large print books, CDs, etc.) were paid for with revenue from other smaller Library grants.

Parks and Recreation

The Improvements other than buildings account includes the expense for Lake Pflugerville improvements that were not completed in FY 2009. The funding source for this project was Parks Escrow funds.

Police

The Police Department purchased a computer server with funds from an ARRA (The American Recovery and Reinvestment Act) Grant and from special revenue accounts. This amendment acknowledges receipt of the grant and adds the server to the capital outlay category.

Maintenance and repair funds were overspent for continued maintenance problems with the HVAC system at the Justice Center. Additionally, one of the stone planters at the Justice Center was struck and repairs cost \$21,698. These expenses can be covered with current revenues from Towing fees; excess property tax revenue; and an insurance claim settlement (\$21,698).