

Proposed FY2010-2011 Budget
City Council Budget Questions and Staff Responses

Mayor Lucy Johnson
Compiled 7/27/2010

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General Questions, Concerns & Requests

Q. There is no listing of any of the starting fund balances for next year. I would like a list of all the starting fund balances, along with the percentage of the general fund balance we plan to keep as a reserve.

A. Finance Response: A fund balance report has been sent to James and should be included with the responses.

Q. Many departments are adding positions. I would like a list of each position to be added organized by department, along with a description of the position.

A. PARD –

Recreation:

It may appear that new positions are being added to Recreation and Aquatics, but reality is that no new “net” positions are being requested. Adjustments to the lines in the budget make for proper accounting procedures

Maintenance:

Parks & Grounds:

An increase of 2 additional Seasonal Part Time positions will assist us in maintaining the additional annexed property and acquired parkland. This request does not improve our current level of service, simply maintains the level. These folks are Maint Tech 1's with Job Descriptions same as Full Time Techs.

Facilities:

An increase of 1 Part Time position will assist us in maintaining the current 19 Public Buildings and facilities in both custodial and physical maintenance. This will bring this crew up from 3 FT and 0 PT to 3 FT and 1 PT. This position would be a Building Maintenance Tech 1 with the same job description as a FT Tech

IT Dept -

The Police Department is in need of full time IT attention. The IT Department staff that we have now are stretched thin maintaining Server infrastructure for City Hall, the Police Department, Public Works, and the Kyle Library as well as keeping the daily tasks of on going IT projects that come up, maintaining backups of essential city data, as well as assisting in

desk side support of all of our users at multiple locations. The police department has grown to the point where they require support on their 4 servers, dispatch room, records department, and 20 Patrol unit laptops. This IT tech will be required to specialize in the needs of the Police Department such as knowing the software configuration of the Patrol units, Dispatch PCs and all systems at the Police Department. This IT tech will report to the IT Department as a member of the IT Support department.

Human Resources

The Human Resources Department has requested an HR Generalist every year since 08-09. The department presently has only the Director of HR and an HR assistant for 130 internal customers (employees) and supports 12 departments. We manage all of the recruiting and hiring efforts for the city, Civil Service takes the majority of my time due to year around testings, hearings, meet and confer processes, etc..., we manage all of our employee benefits, salary compensation, performance evaluations, and employee relations. I currently have our HR assistant overseeing Risk Management to include managing all Worker's Compensation's injuries, trends and heading a Safety Committee with ongoing safety initiatives for all CoK employees to reduce cost. We also manage external applicants, for every job posting we receive an average of 200 applications that need to be processed in a timely manner. If this position is approved, I would move the HR assistant to HR Generalist and replace the HR assistant to focus on managing an HR system through Microsoft Access to facilitate reporting for internal needs and reporting to satisfy state and federal compliance along with daily administrative duties. HR Generalist job description to be attached.

Q. A copy of the City Council's Budget Policy Statement should be included in the final budget. I would also like to see a written explanation from the City Manager as to how this budget meets the goals of the said policy statement.

A. Said policy will be included and the CM statement will also be added. The policy is prepared the CM Summary has not.

Q. There is no sick leave pay listed in any of the department budgets in the general fund (except for civil service employees). Why was this taken out and how much would it cost to add it back in for all eligible employees?

A. Sick leave is not paid on top of regular salaries but is an alternative pay in times when employees cannot attend work for medical reasons. To fully account for annual salaries and to account for sick leave is actually double accounting time, so the sick leave line items have been removed. In practice, as sick time is booked these line items will increase and when the end of year budget amendment is completed, salaries (51111) will be decreased by the actual experienced amount of sick leave (51122)

Q. What is the Transportation Fund and what department(s) benefit from it?

A. Finance Response: It is made up of expenses related to the trolleys. If the trolleys are to become what we hope they can be, there will need to be additional assets invested in their upkeep and care in future budgets.

Q. Overall, it is difficult to match the items approved in this year's CIP to their respective departmental budgets and line-item listings.

A. This is true unless you have all the documents in front of you and know how each one feeds to the next. The General Fund Text should help with this.

Q. While reading the budget document, I found myself asking basic questions about the budget I felt I should have known about years ago, but have only now been able to discover because of the line-item format. This format helps me understand, in a very basic way, the level of detail that goes into the budget prep process and I am very thankful to have it.

A. Thank you and you are welcome. That was the intent of providing this level of detail so everyone can see the level of detail that goes into the budget prep and be better informed.

Revenue

Sales Tax

Q. I thought that the July sales tax numbers put us back on target to meet our sales tax estimate for this year – where these latest figures included into the calculations for the FY2010-11 estimate?

A. I took a conservative approach of looking at a 6% increase in sales tax year over year. If we stay on track for this year we will end up around 7.5%.

Q. What is the difference between the city sales tax and the property tax reduction sales tax?

A. They are both from the same source – sales tax, but the Tax Reduction portion is the part of the sales tax that goes to directly offset the property tax.

Other Tax

Q. What is Payment in Lieu of Taxes? Who pays this?

A. Payment in Lieu of Taxes – or PILT is from taxes that would have been paid to the entity as taxes but were not because of certain federal exemptions. The PILT attempts to balance this negative effect. Who pays it? I personally do not know – but the appraisal district and the tax assessor calculate it and send the payments to us. I have asked who this affects, but haven't gotten an answer.

Franchise Fees

Q. Why are the franchise fees collected from Centex Energy and Time Warner Cable falling next year, are they using less right-of-way?

A. Franchise fees are based off of users – this is to more accurately reflect what we think is achievable.

Q. Explain the new Trash Franchise Fee- Commercial.

A. We currently do not have a Commercial Franchise, but I would recommend we add one and consider TDS as a source for serving this niche. Previously the business climate in Kyle wouldn't justify a franchise, but the new growth in commercial and service would make it an attractive revenue source now. In the future, it is my goal to have all trash related franchise fees go directly to Street Maintenance. This was not possible this year.

Grants

Q. What Grants are we currently receiving from Hays County?

A. PARD- as related to PARD, we are currently receiving \$0 from Hays County.

Finance Response: This is the \$30,000 that Hays County gives us each year towards the Library.

Q. Where will the income be shown for the county parks bond?

A. PARD- As related to PARD, I can only assume that Finance will establish a line for this receivable to off-set expenses when development begins.

We will have to amend the budget when this happens and include the item in a special fund.

Community Development Fund

Q. All the revenue to this fund is being transferred to the Utility Fund. How is this legal, and why are we doing it?

A. Finance Response: I don't know what this amount is. If we are transferring this money to the Utility Fund it is not shown correctly. It should be an Expense in the 121 Fund and Revenue in the 310 Fund. There is not a revenue line item related to this in the 310 Fund.

As Wendy says, this is simply a clerical mistake – that transfer is not to the UF but from the GF to support the Comm Dev Fund.

Claims and Reimbursements

Q. We are getting reimbursed for \$45,000 next year. What is this connected to?

A. Finance Response: We've already received \$40,000 this year so we are estimating it will occur again next year. These relate to insurance reimbursements, reimbursement from the

County for the portion of the electric bill that the City pays, and other small claims or reimbursements.

Hotel Occupancy Tax

Q. Why are we projecting negative growth in our tax revenues for this fund next year?

A. Not projecting negative growth, but not projecting positive growth either. No new rooms have opened in Kyle to justify a significant increase. The slight decrease is to take a more conservative view of the potential income.

CO 2008 Bond Fund

Q. There is \$137,350 listed as revenue in this fund – what will this be spent on?

A. Finance Response: This revenue related to interest earned on investments. It is eligible for use on the projects within that bond issuance.

Expenditures

Mayor & Council

Q. What will the \$5,000 in advertising be spent on?

A. This line item includes the costs to run public hearing notices in the news paper, and other associated advertising costs.

Executive

Q. Why is the cost of postage doubling?

A. The budgeted amount for postage reflects actual projected expenditures, which include, but are not limited to, 4 citywide mailings of the Kyle Quarterly and 1 citywide mailing of our Consumer Confidence Report on our water quality which is required by the TCEQ. The amount also allows for a slight increase in the postage rate.

Q. Why are New Hire Screening and Drug Testing being cut? Are these costs being moved to Personnel?

A. Yes, all new hire screening and drug testing will be covered from the HR budget for the all city staff.

Q. What will the \$15,000 in advertising be spent on?

A. A portion of the money is used for required advertising of public meetings, hearings, etc. Also, during the course of the fiscal year, opportunities present themselves where purchasing advertising would benefit and promote the city. Each of these opportunities is reviewed by the Communications Director and presented to the City Manager for approval. Past uses of advertising funds includes ad placement in the Free Press Women in Business special section and ads placed in the local and regional press welcoming Seton Hospital and associated developers to Kyle and promoting Kyle's recognition as a Number 1 Hotspot.

Q. Why are Election Services under the Executive Department and not Mayor & Council?

A. The City Secretary is in the Executive Department and Elections are administered by the City Secretary.

Q. Please explain the anticipated structure of this department for the next year, and why there is such a significant savings in salaries in this department.

A. It is recommended that a portion of the City Manager and Assistant City Manager positions be financially supported by the Utility Fund in order to reflect the amount of time these positions spend managing the Utility Fund.

With the resignation of the previous Assistant City Manager – Finance, it is recommended that the ACM-Finance position be de-authorized as an Assistant City Manager and transferred back to Director of Finance.

Although it appears there is a reduction in force of (2) full time positions, there is actually no net change.

Q. There are actually two different Executive Department Budgets included in the total Budget. Please explain the purpose of the second one.

A. The second executive budget is actually the HR Budget 110-113.

Q. The second Executive Department Budget includes \$48,000 in new employee wages, \$40,000 in tuition reimbursement and another \$10,000 for workshop training and risk management. Please explain these expenditures in detail.

A. The \$48,000 in new employee wages is to fund the HR Generalist position requested this year.

The \$40,000 -Presently, we have a tuition reimbursement program but it has not been adequately funded for it to be considered a real benefit. This benefit promotes continuous higher education learning amongst our city staff to include the Police Department (which requested \$25,000 alone). It has also been suggested that this could also be a fund for

"tuition forgiveness" to help candidates pay back a small portion of their student loans. This will also serve as a recruiting tool to attract candidates that already have their Bachelor's or Master's degree improving the educational background of staff.

The \$5,000 in Workshop Training- In 2010-2011 , we will be focused on providing year around training and development for the entire staff in customer service, safety, and personnel policy. We will also offer all supervisory and leadership training to our department heads and first line supervisors in -house. This will cut cost on time for traveling, mileage and meals. We can target a bigger audience each time we bring training in-house.

The \$5,000 in Risk Management: This includes Worker's Compensation Post Accidental drug testing, training for Safety Committee on Incident Reviews to make educated recommendations to include disciplinary actions, policy changes, safety equipment usage. This also includes the implementation of Work Steps for PD, PW and P&R. This program will test all new hires on their physical capabilities needed to perform the physical requirements of the job before hiring them.

IT Department

Q. Please explain the new hardware expenditures.

A. We have budgeted 10 replacement computers for the Kyle Police Dept. One new computer system for the PD IT Position. 2 replacement computers for current IT personnel. 1 new desktop PCs. The computers that we have now are failing and no longer supported under any warranty.

Q. There is a large increase in baseline expenditures under IT Services Maintenance Licensing Fees. Why is this necessary?

A. The IT Services Maintenance Licensing fees for all other departments have all been moved under the IT Departments budget for the first time this year.

Q. The network redesign, new website and wireless network that council approved in the CIP for a total of \$33,500 is listed in the budget under New Computer Equipment. Why?

A. Based on the line items available under Capital outlay we felt this was the most accurate line item that would be easily understood by other people viewing the budget. It could be moved to 57125 - Other Equipment if preferred

Financial Services

Q. \$24,000 was requested for IT Service Licensing Fees. This was denied. Was this request moved to the IT Department or cut for another reason?

A. Finance Response: the \$24,000 under IT Service Licensing Fee that was shown under Proposed but showed \$0 under Approved was included in error. That amount was included in the IT Department under that line item, but when I sent my proposed budget to James I forgot to remove it. When we review the budget together we got the error and removed it from Approved. We could have changed it to \$0 under Proposed since it had been added in error, but I did request it so it was left. This cost is fully covered under IT's budget.

Parks and Rec – Administration

Q. Please explain the anticipated \$1,000 in credit card fees.

A. PARD- The PARD processes credit card payments for things such as building and facility rentals, swim lessons and summer camp registrations, Market Day and Kyle Fair Vendors, Special events participants, Recreation Program and community activity users. Each time we accept payment with their credit card, we are charged, or assessed a small "merchant user fee". (Check with anyone in retail sales and they will confirm this) This line item covers the fees we are charged to accept credit cards in the office.

Q. Why is this department paying IT Hosting Fees?

A. PARD- We use GovPartner as our On-Line Service Host. This includes RequestPartner that every department in the city has access to. This service is the format citizens use to send in comments/concerns/complaints on-line. Another feature is ReservePartner. This is our on-line system to reserve buildings and facilities, accept registration and payments for all Special Events, Community Activities and Recreational Programs. Without GovPartner, we would not be able to accept any payments over the phone or on line and we would be severely limited to facility reservations processes – deeply affecting current level of service.

- JRE – Parks shouldn't be paying a hosting fee. This should have been included in IT.

Facilities Maintenance & Operations

Q. What will the \$9,500 in Other Contract Services be used for?

A. PARD- Currently, this line is less than this amount and covers the elevator maintenance contract for City Hall. The elevator in City Hall has a monthly maintenance agreement and an annual State Inspection that is required. The pest control services we have in the buildings is currently coming out of another line on the budget. For proper budgeting purposes, we transferred the pest control costs from that line to this line. The "net" budget between these 2 lines from FY09-10 to FY10-11 is actually \$500 less, as we over budgeted the pest control services last year.

Library

Q. Why is the library department paying city utility fees? What other departments are charged by the city for utilities?

A. The PARD is charged for city utilities at the pool and parks that have utility services.

Currently the City of Kyle utility expenses for all operating departments are being charged to Facilities Maintenance. The only COK utility expenses charged to a different department relates to Irrigation (Parks), Street Sweeper (Streets), Pool (Rec - Aqua), Maintenance Shop (had been PW, will be Parks) and new PW Bldg (PW). James - do you want new PW Bldg to be under facilities like the other departments? The only reason it was separate was due to the fire hydrant used during construction.

For the other utility bills (electric/gas) - the expense is charged to the department occupying the building with the exception of City Hall which all goes to Facilities Maintenance. TDS does not charge the city for trash service. City Hall recycling is charged to Facilities Maintenance.

Q. What is the library's use for Other Contract Services?

*A. - \$300 annually for B-Alert security alarm system
- \$100 annually for Risograph use (similar to a modern mimeograph machine)
- \$60 annually for P.O. Box rental
- \$350 annually for license to show movies in the library
- \$720 to store boxes of collection materials at SafeSite until the new library is built, but if the library can use the old Public Works building for storage, perhaps this expense can be eliminated.*

Police – Operations

Q. Please explain the \$40,000 in Litigation and Legal Services.

A. - LEGAL SERVICES: As part of the police department's annual goals/objectives, the police chief is seeking to complete and finalize the police department policy manual. To protect the city, policy drafts are reviewed by the city attorney's office. Thus far, 20 policy chapters have been drafted by the Chief and reviewed/revised by the city attorney's office at a cost to the department in excess of \$11,000.00. The additional funding is requested in order to complete the department policy and procedure manual by having another estimated 42 policy chapters similarly reviewed by our city attorney. (Having a legal review of such items is customary protocol most cities)

- LITIGATION: This budget category has not been previously funded. With the advent of Civil Service, legal review and litigation costs have become a new cost center in our operational landscape. To date, the police department has incurred, nearly \$8900.00 in legal expenses associated with appeal process of an ex-officer's indefinite suspension. This figure does not include the costs associated with paying expenses for the Hearing Examiner, or the additional

legal costs imposed by our city attorney to litigate the appeal. Funding is requested in this previously unfunded area to appropriately budget for this new cost center.

Public Safety

Q. The San Marcos – Hays Co. Emergency Medical Services group requested \$220,000 in funding for next year. Why are we only budgeting \$160,000?

A. Last budget year, the City Council voted to not endorse or fund a second ambulance in order to keep taxes at a minimum. The SMHC EMS board decided to place a second ambulance in Kyle anyway during the 09-10 FY in order to handle anticipated higher call loads associated with Seton Hospital. While call loads have indeed increased, they have not done so at a rate to cover the cost of the second ambulance and therefore SMHC-EMS has requested an increase of \$160,000 (\$60,000 to \$220,000). While it would be irresponsible for the City of Kyle to not agree to pay for additional costs for a second ambulance that is benefiting our community, it is likewise irresponsible for SMHC-EMS to spend freely for a second ambulance the council voted to not have in the first place and expect us to cover its full cost. The proposed \$160,000 reflects a significant increase acknowledging our benefit of the second ambulance, but stops short of covering 100% of the shortfall that was forced upon us. I felt this was more responsible than choosing to either not fund any increase, or to recommend to fully fund the increase.

Street Construction and Maintenance

Q. Why is this department responsible for Pool Supplies/Chemicals?

A. This is a generic code that includes chemicals. The chemicals that the Street Department uses is “Gator aid” (not the drink – it is emulsion for the crack seal unit), Super Flex (oil for the crack seal unit), and Big Orange (for asphalt and tar removal).

Q. Please explain the \$40,000 in Other Professional Services.

A. This is engineering and related services that are needed throughout the year. Our Street Department has utilized outside contractors when we are not able to accomplish the task ourselves or if it is more cost efficient for the contractor to do the work. Examples of recent contracted work are the final asphalt lay at Comfort Church, the final asphalt lay in the front parking lot of the old Public Works yard, and guard rail installations on Goforth Rd.

Economic Development

Q. What will the \$15,000 in Economic Consulting Services be used for?

A. These Consulting services would be used to fund the plan and begin implementation of Revitalization of HISTORIC KYLE initiative as outlined in the ED Strat Plan. This can be found on page 18 of the plan.

3) REVITALIZATION OF HISTORIC KYLE

COST ESTIMATE:

Planning: \$5,000
(for meeting facilitation assistance)

Construction: TBD

Marketing: \$15,000

OBJECTIVES:

􀁨 Establish a vision for Historic Kyle.

􀁨 Modify land-uses and zoning in the area.

􀁨 Make necessary public investments.

􀁨 Raise awareness to stimulate activity.

Expenditures - Utility Fund

Q. Employees listed in these following departments are still receiving sick leave, COLA and Merit Increases while employees listed in the general fund are not. Why?

A. This was a last minute change where COLA and Merit increases were removed and missed in the UF. There is no plan to include COLA or Merit in the UF unless other funds also receive the same consideration.

Billing and Administration

Q. Why have credit card fees increased from \$25,000 to \$45,000?

A. Finance Response: Credit card fees were under-budgeted originally. The higher amount brings this inline with expected expense. There will be a budget amendment for FY 10 regarding this line item.

Q. Please explain the increase in Other Contract Services from \$4,100 to \$20,000.

A. Finance Response: This item was under-budgeted originally. The higher amount brings this inline with expected expense. There will be a budget amendment for FY 10 regarding this line item.

Q. Why have the anticipated costs of IT License Fees gone down?

A. Finance Response: Most of this expense is now shown under IT's budget. The two items we left in this line item is annual meter support and PhoneTree support.

Utility Water – Operating

Q. Why are there huge increases in the baseline requests for Light & Power, Water System Maintenance and Electrical Repairs?

A. Let me try to explain this. I did not prepare last year's budget. Upon the initiation of this year's budget and now doing the preparation myself, I witnessed that many of the line items were budgeted low, even though the actual for the year prior was much higher. I pointed out these same issues to Wendy and she did not have an answer other than Charles must have made a clerical mistake while preparing it. For example, the Light and Power- in 08-09 this was budgeted at \$116,645.00. The actual cost ended at \$133,774.03. In 09-10 this same line item was only budgeted for \$3,119 (?) and we are projected to spend over \$124,000. I believe this was a clerical error because the same line item for Wastewater in 09-10 was budgeted at the exact same amount (\$3119) and is budgeted way under cost. The System Maintenance follows the same suit. The Electrical Repairs was budgeted low as well, but we had and still have, numerous sites that are in need of electrical restoration (faulty wiring, burned wiring, wiring that was not wired correctly or too small in the beginning and needed to be upgraded, etc.). We are trying to repair what must be repaired now (in effort to try and keep costs down) and planning out what will need repairs in the future.

Q. Why is this department requesting \$5,000 for legal services?

A. In the past, there were many water issues that needed legal opinion (i.e. the Barton Springs Edwards Aquifer permit issue, the San Marcos Interconnect, discussions/preparations for where/who we will attempt to receive our water from in the future, etc.) Our legal advisors on the water side are very knowledgeable on the latest availability issues and what is occurring around us. They have kept us abreast of what is going on and have been helpful. It is just an "insurance" factor for any possible issue that may arise.

Water Supply

Q. Why did the anticipated payments to GBRA and San Marcos go down?

A. As will be shown in the Water Rate Survey presentation to council on Aug 3rd, projected growth rates from 2007 have been reprojected and lowered which results in less water consumption from those sources.

Utility Wastewater – Operating

Q. Many of the supply and service item budgets significantly increased from last year. Why?

A. The **Supply items** increased due to insufficient funding for particular line items. Charles had stated last year, that some of these he did not have a good estimate for, so he advised us to proceed and at the end of the year he would have the numbers needed for the following year. Examples of these are Building materials which was budgeted at 0 and we are projected to spend approximately \$3000. Electrical/Plumbing Supplies (lift station work such as electrical work,

floats and misc. others such as retrofitting for SCADA) was budgeted in 08-09 at \$6000 and we spent \$6,626.71. In 09-10, this same item was budgeted at only \$3000 (?) and it is projected to cost \$6,191. Minor Tools/Instruments in 08-09 was only budgeted at \$80 and the actual cost was \$6307.48. The same item in 09-10 was only budgeted at \$80 (?) and is projected to cost approximately \$6300.

The **Service items** increase, are largely related to the increased cost of Aqua Tx treatment fees (approx. \$500,000). I will attempt to explain the Aqua Tx increase below.

Q. Why is Aqua Tex charging more for Maintenance and Operations?

A. Our cost directly relates to how many gallons of sewage are treated by Aqua Tx at the sewer plant. In 08-09 we had a record drought which would make inflow/infiltration minimal. In 09-10 we have since added new commercial (Seton Hospital, etc.), new residential (Vantage at Plum Creek, etc.) and have experienced a considerable amount more rain than last year. The hospital and the added rain (increased inflow/infiltration) accounts for the higher projections.

Budget Questions from Council Member David Wilson: July 27, 2010

Statement of Budgeting Philosophy for this Council Member for FY 2010-11.

We must Plan and Budget for what we must have and need for the next Fiscal Year as we await a more robust economy with resulting revenues to finance the things we would like to have in our community.

Priorities:

- Improving citizen and child safety first.
- Maintaining and improving infrastructure second.
- Making investments in our future for tax base and jobs third.
- Maintaining the quality of life that citizens have learned to enjoy in Kyle fourth.
- Maintaining a quality staff with focus on improvement of skills at every position.

Revenue General Fund:

Question 1:(Property Taxes 110-310 Revenue) Is the property tax estimate of \$2,540,989.25 for FY 2010-2011 derived from an “official county estimate” of the property valuation on tax roll for Kyle? I remember we did not get the final accounting until much later in the process in previous years. The final number will be provided to the city on what estimated date this year? I assume we have provided the Hays County Tax Assessor Collector with the new annexation maps and they are included in estimated property valuation?

A. Yes it is. This is very tight and based on as real of numbers as we could pull together.

Question 2: (Sales Taxes 110-312 Revenue) I want to be conservative in our estimates but if we maintained the \$250,000 month we received in our last Sales Tax report from the State Comptroller in July times 12 months this would total \$3,000,000 on sales tax alone. It would appear to me that the estimated 6% growth in sales taxes does not fully factor the percentage increase from the new business we already have and will gain in the coming year.(Year to date we are showing a 16% increase of sales taxes collected for this year over last year.) In the sales tax estimates, was consideration given to sales tax increases for the Christmas Holidays and reductions with the state sales tax holiday weekend prior to the start of the school year?

A. The Month over Month numbers may be higher, but the Year over Year numbers should come in around 7.5-9%

Question 3: (Property Lease/Rental 110-442 Revenue or 125-442 Revenue) Are we including the income derived from the rental of the Historic City Hall in this line item and if yes, how much was estimated? My prior experience is that the demand will be regular enough to project a full booking schedule.

A. PARD - Yes – projected revenue for rentals/usage of the Historic Kyle City Hall is included in the line 125-442. The current year revenue projection of \$4,000 for the park facilities is

being increased by \$1,400 for anticipated revenue with the new availability of the HKCH. Once you see the calendar and availability of rentals for this building, you will see that the conservative estimate of \$1,400 is about right. Once we get a full year of rental use behind us, we will have a much better revenue projection for next year.

Question 4: (Building Fees 121-325 Revenue) I am seeing considerable new construction in Kyle. Is the new construction the reason we have estimated a 25% increase in revenue from Building Inspection fees?

Answer 4: Currently, the Building Department's fees for residential permits are about 25% below those of other comparable jurisdictions in the region, such as the City of Seguin, Universal City, San Marcos, New Braunfels, Schertz, Pflugerville, Cedar Park and Georgetown.

For the past 5 years, the Building Department has maintained building permit fees at the current rate. The increase is also part of a comprehensive adjustment of permit and inspection fees designed to better reflect the cost of providing services. The Department is funded through building permit fee revenues rather than the general fund, which means that the Department must operate totally on the revenues it receives, without general fund support.

Question 5: (Library Building Fund 138-451 Revenue) it was my understanding from a presentation made by the Library Building Committee that there was over \$100,000 donated from the Friends of the Library for the construction of the new library. The \$2,847.00 in the budget for this item does not reflect that donation. Is this donation somewhere else in the budget?

A. The amount does not appear in the budget, and questions about it are best addressed to the Friends of the Library.

Finance Response: I believe the money you are referring to was donated in prior years to the City.

Question 6: (General Debt Service I & S Fund 151-310 Revenue) I have similar questions for this item as I have for Question 1.

Answer. The answer is the same – real numbers based from real tax rolls.

Question 7: (SIB/TIF Loan I & S Fund 152-310 Revenue) this item is shown where in the FY 2010-11 Proposed Budget?

Answer: It should be in Special Funds dealing with the TIF.

General Fund Expenditures

Question 8: (Mayor and Council Line item 55243) why \$5000.00 for advertising for City Council when actual expenditures in amended one for the FY 2009-10 was \$1,050.00?

The \$5,000 budget number was based on FY 2008-2009's total of \$6,500 and the current year's YTD total as of 4/30/10 of \$2,391. Doubling the YTD total reflected a more consistent projection based on the actuals. The amendment did not address that the actual YTD was over budget and will be addressed in budget amendment #2.

Question 9: (Mayor and Council Line item 55311) why are no election services budgeted for this year?

The City Secretary is in the Executive Department and Elections are administered by the City Secretary. Money for Elections is in City Secretary's budget (Admin-Executive) in line item 55311.

Question 10: (Admin-Executive line item 51111) How are we spending less on Regular Full Time Wages for FY 2010-11 than we did in our amend 1 for FY 2009-10? Is this due to the current vacancy in the City Manager position?

Utility Fund now supporting half the salaries of: City Manager, Assistant City Manager, Finance Director and a quarter of salary of the Director of Human Resources

Question 11: (Admin-Executive 110-110 line item 53123) I do remember some changes in the telephone system. Is the reduction in the budget by \$4,228.00 due to that change?

The reduction is to more accurately reflect realized historical costs.

Question 12: (Admin-Executive 110-110 line item 55112) what was the source of litigation/mediation services in FY 2008-09 that is not present in subsequent and now proposed budget?

Settlement and legal costs incurred for suits occurring in 08-09. Current active suits are occurring under other funds/departments.

Question 13: (Admin-Executive 110-110 line item 55329) Please detail Contract Services used in previous years compared to the expected need in the proposed budget?

Answer: This will take additional follow up from finance. Projects this year are tied to Emergency Management, Backflow Prevention, Water Quality, Performance Management and other professional services that may be required throughout the year in order to maintain a smooth and efficient operating environment.

Question 14: (Admin-Executive 110-110 line item 51189) what are the Risk Management costs in the proposed budget that were not present in the budgets in the prior years?

Answer: Items tied to safety training and education.

Question 15: (Admin-Executive 110-113 line item 51185) Tuition Reimbursement proposed at \$40,000.00? Explain.

Answer. See Mayor's Question.

Question 16: (Admin-Executive 110-113 line item 55112) Litigation/Mediation \$10,000.00? Explain the need.

Answer. This amount is requested to cover costs due to CS hearings for indefinite suspensions, suspensions and demotions for Civil Service Employees (Hearing Examiners, court reporters, and attorney fees). This would also be available to use in case of wrongful termination claims, EEOC claims, etc...

Question 17: (Admin-Executive 110-113 line item 55115) Medical Services drug testing at \$4,500.00 over the \$2,700.00 in the prior budget year? Explain.

Answer. This amount is to conduct New Hire, Reasonable doubt and post accidental drug testing for all CoK employees. Also regular drug test employees with a Commercial Vehicle Licenses. We have exceeded the \$2,700 in the prior budget due to hiring to replace for turnover, seasonal P&R staff and contract hiring.

Question 18: (Admin-Executive 110-113 line item 55117) Other Professional Services increased to \$6,000.00 from \$2,000.00 in the prior year. Explain.

Answer. Employee Assistance Program by Deer Oaks, fees are determined by number of employees. Medical Review Officer fees that might not be covered through drug testing expenses. Creation of an employee handbook that employees can refer to for quick reference apart from the Personnel Policy Manual. A professional recommendation and or tools for 360 degree performance evaluation for department heads (Directors) along with a streamlined evaluation process for all CoK employees. It is also a management priority to develop our leaders, my recommendation is to a system of Leadership Architect for the development of Core Competencies for Individual developmental plans for each Director.

Question 19: (Financial Services 110-121 line item 55329) Other contract services include what services that we can't do in house?

Answer. Finance Response: The services normally included in this line item are SafeSite (document storage), Brinks (armored car to pick up deposits), Your HR Group (time and attendance services), and contracted assistance (such as with the depository RFP). There are occasional other minor expenses but these are the main expenses.

Question 20: (Finance-Municipal Court 110-125 line item 55111) Is the line item for legal services accounting for City Attorney prosecutor services?

Finance Response: This amount is mainly made up of the City Attorney prosecutor expenses. There are occasionally small charges for additional legal expenses, but through May 2010 those additional legal expenses were less than \$400.

Question 21: (Finance-Municipal Court 110-125 line item 55226) we amended the budget for FY 2009-10 to \$4000.00. Why are we only approving \$1,500.00 for debt collection services this year? Do we not need a higher level of debt collection services or are we going to do this same service in house?

Finance Response: Showing this item as an expense was an error on my part. I'm used to how we do collections on the UB Side in which I do have to record an expense. Court is a little different though. The City collects the full cost of collection from the defendant that owes the balance. Since this amount is collected by the City but is payable to the collection agency, the transactions are recorded in a balance sheet account called "Payable – Collection Service Fee". In Budget Amendment #2 for FY 10 and the final proposed FY 11 Budget, I will make sure to \$0 the expense line item.

Question 22: (Facilities Maintenance & Operations 110-134 line item 55329) What are these requested contract services?

PARD - Currently, this line is less than this amount and covers the elevator maintenance contract for City Hall. The elevator in City Hall has a monthly maintenance agreement and an annual State Inspection that is required. The pest control services we have in the buildings are currently coming out of another line on the budget. For proper budgeting purposes, we transferred the pest control costs from that line to this line. The "net" budget between these 2 lines from FY09-10 to FY10-11 is actually \$500 less, as we over budgeted the pest control services last year.

Question 23: (Library 110-141 line item 52211) Is this \$8,984.00 for office furniture for the new library?

This amount is for 3 sections of shelving to be used in the current library so that the library can continue acquiring new materials to satisfy patrons' needs. These sections of shelving later will be installed in the new library.

Question 24: (Police Department – Operations 110-151 line item 51111) The Police Budget shows actual salary expenditures are increased from the \$1,097,113 in FY 2008-09 to proposed salary expenditures of \$1,671,423 for FY 2010-11. What percentage of this increase is from increases in the number of Police Officers on the street? As I understand, this also includes the addition of one IT Tech position, two Police Officers and ½ Police Sergeant. A presentation was made to council showing that we were over budget by over \$200,000.00 for the last fiscal year due to overtime. Will this budget enable us to be within budget for FY 2010-11?

The increase on salary expenses is due to the Civil Service Step Plan adopted through the Meet and Confer agreement along with the new positions requested. The overtime will decrease due to the increase of manpower.

Question 25: (Street Construction and Maintenance 110-161 line item 51111) I notice this line item was reduced to below the amended budget for FY 2009-10 to \$193, 247. Are we saying we will spend less on employees for street maintenance for FY 2010-11?

Answer: This is a more accurate reflection of what we expect to experience next year. We are not decreasing personnel.

Question 26: (Economic Development 230) The increase is in response to the Council's desire to increase economic investment in Kyle. The expectation is that we will increase property value and jobs for Kyle citizens.

Eco Dev- This appears to be a statement, no answer to provide.

UTILITY FUND

Question 27: (Utility-Administration 310-810 line item 51111) Please explain the increase from FY 2009-10 Amendment 1 and the current approved request of \$747,727.00? I know we added staff at the end of last year to support major water and sewer infrastructure projects but please provide detail which supports this increase.

Answer: This is related to the reclassification of a portion of administrative costs from the GF.

DEBT SERVICE

Question 28: (Debt Service – all sections) We understand that payments to debt service will accelerate in the future by design as we increase revenue from property taxes due to an increase in the tax base and increases in sales tax revenue as business are attracted to Kyle. Do you see any strategy which we could use to reduce costs through refinance of debt at lower interest rates as we transition from a primarily property tax revenue to fund city operating costs to a more business and retail revenue base?

Answer: Our Financial Advisor is always looking for ways to save in refinancing. If opportunities arise we will let council know.

Council member Hervol Questions – City of Kyle Budget years 2010-2011

Beginning Pages-several line items for transfers, however, I was a little confused on how to trace those. Your thoughts.

Section-110-100 Mayor Council General Fund

1. 51113- Is that figure the wages for Council? If so, is it off by \$1,000? \$100 per month for each council member and \$200 for the Mayor or did you allow for absences?
2. 51182-51183- An increase in 2010, then budgeted in 2011. What is the increase?
3. 51183- An increase for 2011 in comparison to 2010, why and what is the reasoning?
4. 52141 – Why the increase from 09-10 budget year to justify the same 2011?
5. 55243- What is the reasoning behind the increase from budget year 09-10 to 10-11?
6. 55111 - What is the reasoning behind the increase from budget year 09-10 to 10-11?

Section 110-110 Admin-Executive-General Fund

1. What is the difference between 110-110 Admin/Executive and 110-113 Admin/Executive?

110-113 is the Human Resources Department

2. 51111 – Substantial decrease in wages, please define.
3. Decrease in salaries, however, increases and/or no change to business travel expenses and/or training. Explain.
4. 52117 – 50 % increase, please define.
5. 52141 – define, please.
6. 51134 – define, please.
7. 54161 – define, please.
8. 54171 – We are leasing office furniture? Which area? How long is the lease? And, any reason why it was not purchased?
9. 55225 – what type of insurance and/or bonds are required?
10. 55329 – contract services, please define?
11. 55332 – Why the cut in hosting services? Was it placed under IT?

Section 110-113 Admin-Executive-General Fund

1. 51122 – no line item entries for sick leave, why? **Sick leave is not paid on top of regular salaries but is an alternative pay in times when employees cannot attend work for medical reasons. To fully account for annual salaries and to account for sick leave is actually double accounting time, so the sick leave line items have been removed. In practice, as sick time is booked these line**

items will increase and when the end of year budget amendment is completed, salaries (51111) will be decreased by the actual experienced amount of sick leave (51122)

2. 51127-51128 requested not approved, your thoughts? **Our employees did not receive a merit increase in 2009-2010, I strongly recommend one since the majority of the positions pays 10% under the average from a salary survey conducted two years ago. As far as COLA, if the employees go another year without merit increase, then we should at least do a COLA increase. Our turnover is predicted to continue rising due to low pay and no increases.**
3. 51182 - training increase is that due to the new hire, yes/no? **(Professional Conferences) We have one PHR certification from HRCI to continue with certification need to maintain a certain amount of hours through SHRM. We are also anticipating having our HR assistant take the test and become certified by 2010-2011.**
4. 51185 - please define and the reasoning is? Who is that for? **Tuition Reimbursement**
The \$40,000 -Presently, we do not have a tuition reimbursement program. This benefit has been suggested throughout the years to promote continuous higher education learning amongst our city staff to include the PD. It has also been suggested that this could also be a fund for "tuition forgiveness" to help candidates pay back a small portion of their student loan. This will also serve as a recruiting tool to attract candidates that already have their Bachelor's or Master's degree.
5. 51189 - please define?
6. 55115 - Why the increase from the prior budget year? **Drug Testing and Background checks, the line item exceeded the budgeted amount by almost \$3000 and we still have 2 months left. New hires for added positions and turnover, which is estimated to increase to almost 25%.**
7. 55117- please define and why the increase?
8. 55246 - is that for the projected new hires? **Yes.**
9. 55328 - not in prior years, why this year? And, who is that for? **The majority is for Civil Service testing for police officers and promotional testing. LY was the first full year we had Civil Service and had not anticipated such costs.**
10. 55329 - please define.
11. 55331 - please define.
12. Overall increase with the addition of 1new employee for that department.
Substantive program changes requested. Why? *The Human Resources Department has requested an HR Generalist every year since 08-09. The department presently has only the Director of HR and an HR assistant for 130 internal customers (employees) and supports 12 departments. We manage all of the recruiting and hiring efforts for the city, Civil Service takes the majority of my time due to year around testings, hearings, meet and confer processes, etc..., we manage all of our employee benefits, salary compensation, performance evaluations, and employee relations. I currently have our HR assistant overseeing Risk Management to include*

managing all Worker's Compensation's injuries, trends and heading a Safety Committee with ongoing safety initiatives for all CoK employees to reduce cost. We also manage external applicants, for every job posting we receive an average of 200 applications that need to be processed in a timely manner. If this position is approved, I would move the HR assistant to HR Generalist and replace the HR assistant to focus on managing an HR system through Microsoft Access to facilitate reporting for internal needs and reporting to satisfy state and federal compliance along with daily administrative duties.

Section 110-115 IT Technical

1. 51111 – 12,000 overall base line request from budget year 09-10 to 10-11, why is that?
2. 51122 – Sick leave?
3. 52214 – is that the new hardware preciously discussed? Yes, This is 10 Desktop PCs for for the Police Department, 1 System for the new IT Tech position, Wireless networking equipment, 4 monitors for the Kiosk computer stations to be setup, and the rest is money set aside for replacement hardware.
4. 55225 – please define.
5. 55331- is that licensing for the new hardware? No, This is maintenance licensing fees for all software currently in use from the various departments.
6. 55332 – hosting services, what does that entail? This is for software housed by the software vendor or for off-site electronic data storage or hosting of City's website.
7. 57114 –please define

Section 110-121 Financial Services

1. 51111- base line approve request of an additional \$31,000 in addition to the program change request, please define.
 1. Finance Response - if all positions were filled during FY 10, the amount for Amend #1 would be the same as baseline for FY 11. Since the Finance Director position would not be filled for the entire year, the total amount was not included in Amend #1.
2. 51121- vacation increased substantially in budget year 09-10, why?
 1. Finance Response - The large increase was due to the pay out of Charles' accrued vacation leave on his final paycheck and a possible over-estimation of current year expense.
3. 51123- no sick leave?
 1. Finance Response - Due to a change in how City Manager wants to account for sick leave.
4. 51127-51128 – cut, why?
 1. Finance Response - Not enough funding available.
5. 54175- furniture rental, define.

1. Finance Response - Our portion of the rental costs for the postage machine and downstairs copier/printer/scanner.
6. 55114-please provide detail, as that is the cost of an outside service coming in, correct?
 1. Finance Response - Yes, this is the cost of our required annual audit performed by our outside auditors Lockart, Atchley and Associates.
7. 55212- that is the annual subscription fee for those services?
 1. Finance Response - Yes, this is the annual cost for our Appraisal Services.
8. 55225-please define.
9. 55329-please define as to detail behind those services.
 1. Finance Response - The main expenses included in this line item are SafeSite (offsite storage), Brinks (armored car pickup of deposits), Your HR Group (time and attendance service), and ETR Development (outside consultant that assisted with Banking RFP process). The more sporadic expenses that are coded to this line item are for GovDeals (online auction to sell surplus property) and Springbrook (financial software import).

Section 110-121 Financial Municipal

1. 51111-Again, a base line increase of 12,319 from budget year 09-10 to 10-11, why?
 1. Finance Response - Amount listed in Amend #1 is wrong. The correct amount for Amend #1 for FY 10 is \$92,109.56. The amount listed for FY 11 is a more precise prediction of actual expense.
2. 51122- Sick Leave?
 1. Finance Response - Due to a change in how City Manager wants to account for sick leave.
3. 55111-define, please.
4. 55117-define, please
5. 55222-is that credit card processing fees?
 1. Finance Response - Yes, this is the cost to Court to accept credit card payments.
6. 55225- insurance bonds?
 1. Finance Response - For Court this is the cost for their portion of the City's General Liability insurance.
7. 55329-please define as it relate to this department.
 1. Finance Response - Court uses this line item for its sign language interpreter and SafeSite (offsite storage).

Section 110-130 Parks and Recreation Admin

55111-Again, a base line increase by 20,000 from 09-10 to 10-11, why?

PARD - That would be a question for HR.

51187 – almost doubled from last year, why?

PARD - Most planned Conferences in 2010 were close to home. In 2011, all are overnight stays. Plus National Conference is on a date that we can attend in 2011. We could not attend in 2010.

53124-almost doubled from last year, why?

PARD - has been underbudgeted for several years and now is being correctly budgeted without counting on amendments

54161 - program change request, define? Is that for the truck added?

PARD - this is not an increase, only a budget adjustment. Previous years the fuel for Admin vehicles has come from Maintenance. This incorrect practice is getting "cleaned up" this fiscal year.

54175-please define

PARD - Shared copier we were "encouraged" to get with Building Dept

55222-is that credit card processing fees?

PARD - yes - Merchant Processing fees that we are charged by the bank to accept credit cards for programs, special events and community activities like rentals

Section 110-130 Parks Maintenance

51111-Again the base line increase-define.

PARD - That would be a question for HR.

51135-Certification for?

PARD - Pesticide/Herbicide license, CPO and Playground Inspection

52221- Increase to allow for?

PARD - Some came from other departments line items as we are consolidating these expenses into 1 line. Plus the new grounds being maintained at new Public Works building and water storage facilities.

53124-additional cell phones for?

PARD - has been underbudgeted for several years and now is being correctly budgeted without counting on amendments

57111-office furniture for?

PARD - closest defined line for playground features being replaced in the CIP budget

Section 110-134 Facilities & Operations

51111-Again the base line increase-define as it relates to this department.

PARD - That would be a question for HR.

52231-please define.

PARD - Some came from other departments line items as we are consolidating these expenses into 1 line. Most expenses are associated with increased responsibilities in town like new buildings (Public Works & HKCH), street lights on Center St and Kyle Parkway (decorative light poles), and all 21 buildings we currently maintain

53112-we are leasing the facility?

PARD - defer that response to Finance, but - yes- we do lease buildings and property from the railroad

Section 110-141 Library

1. 51111- Again the base line increase-define as it relates to this department. *Overall, with patrons up 25.41% since the previous year (which was also record-breaking), it requires more money to maintain the same level of service.*
2. Are any of the supplies & Materials in anticipation of the new building? *All supplies and materials are for use in the current building; however, some will be moved to the new building.*

Section 110-151 Police Department

51111- Again the base line increase-define as it relates to this department.

KPD - Meet & Confer STEP Salary System, plus 2.5 new sworn positions

Section 110-155 Police Department-Communications/Records

55329-please define

Section 110-156 Public Safety

55312-please define.

Section 110-161 Street Construction and Maintenance

1. 51111-reduction in salaries from last year to this year? Then, why the substantial cut from what was requested to what was approved? PW- HR question, but I believe it is due to moving the PW Supt. and PW Inspector out of the Street Department altogether and placing them in Admin.
2. 52229-please define
3. 53124- define the increase. PW- This increase was due to the proposed addition of (1)new employee (for the actual Street crew), (2) new grade-all employees and (2) new fleet maintenance employees. With the recent cut of the (1) new employee and the cut of the (2) new grade-all employees, this number can be readjusted. I will figure the new amount and send to Mr. Earp.
4. 55117-please define
5. 55441-please define