

Budget Order

City of New Braunfels FY 2023 Budget

For the period October 1, 2022 through September 30, 2023

Approval of the FY 2023 Budget

City Council approves the FY 2023 Budget as filed with the City Secretary.

Authorized Positions and Salaries

The positions listed in the FY 2023 Budget document under each department or division are the authorized positions for FY 2023. These lists include seasonal, part time regular and part time positions but not temporary positions. Temporary positions are approved during the year at the City Manager's discretion and depend on available budgeted funds. Any increase in the authorized number of positions requires City Council approval.

Salary increases are authorized for FY 2023 and unless otherwise directed by the City Manager, will be effective October 1, 2022. Uniform employees are also eligible for step pay plan adjustments. Step pay plan increases are effective on the employee's anniversary in their current position.

The FY 2023 Budget, as adopted by City Council, controls expenditures by fund, department and at the group level for all funds in these categories. These groups are:

- Employee Expenses
- Operations Expenses
- Capital Expenses
- Interfund Transfers
- Debt Service
- Contingencies

This means that, although funds are allocated into individual line items in each budget and those line-item allocations are adopted as part of the FY 2023 Budget, departments have flexibility in expensing these funds within the group. As long as the total appropriation for a group (for example employee expenses) is not exceeded, one or more line items in the group (for example certification pay), may exceed its budget allocation. Operating (recurring) and Equipment and Initiatives (one-time), shown separately in the budget appropriations, are considered part of one appropriation - Operations Expenses - for budget control purposes. In the proposed budget document, funding for resource requests are separated from the other expenditure categories. This funding will be incorporated into the adopted budget document in the appropriate expenditure category i.e. employee, operating, capital expenditures.

In the CDBG, Special Revenue, Grants Funds, EARIP/HCP Fund and New Braunfels Economic Development Corporation (NBEDC) Budget, appropriations are controlled at the project level. As the Council accepts federal entitlements and grants, as donations are received from outside sources, and as projects are approved, those proceeds are appropriated and available to departments and to NBEDC to expend for identified City purposes and needs. As projects are completed, appropriations are reconciled to match the actual expenditure, to ensure that funds aren't expended up and above the intent of the specific allocation.

Capital Improvement Funds (as listed in the designated section of the FY 2023 Budget document)

Capital improvement funds are controlled at the project level. Expenditures within the individual projects may span fiscal years. However, budgetary control is not exercised by fiscal year; it is by the total project cost and total project expenditures. This provides a more realistic approach to budgetary control for these types of activities.

Budget Amendment Process

The budget may be changed through a budget transfer or a budget amendment only through an action of the City Manager (transfers) or City Council (amendments). Transfers move appropriations within a fund from one of the appropriation groups listed above to another of those groups, for example from operations expenses to capital expenses. These transfers most often occur within one department but can occur between departments within the same fund. The City Manager has the discretion to approve budget transfers. Budget amendments generally reflect changes in revenues and may allocate additional funds into a budget expenditure appropriation. Staff prepares an agenda item for Council consideration that describes the proposed budget amendment. A vote by the majority of the Council is required for approval of a budget amendment.

Authority of the City Manager

The City Manager and his authorized and designated employees, at his direction, are authorized to sign or release easements, airport leases, permits, and licenses; to authorize change orders in the amount of \$50,000 or less; to sign interlocal agreements as authorized by state law; to sign documents authorizing the payment of funds, and to expend public funds as authorized by state law unless otherwise authorized by the City Council; to settle paving assessment, weed mowing, demolition, and other disputes based on legal questions of whether the assessments are enforceable or other extenuating factual circumstances. The City Manager is authorized to adjust compensation, within Council policy direction, of any City employee when in his discretion an adjustment needs to be made to hire or retain qualified personnel. The City Manager is authorized to hire temporary employees when needed and if sufficient funds are available within the adopted budget. The intent of this section is to provide the ability to conduct daily affairs of the City, which involves numerous decisions of a routine nature, and to hire and retain qualified personnel.

City Council Approval

The City Council hereby approves grants and contracts that are set out by this budget and authorizes the City Manager and his authorized and designated employees, at his discretion, to sign said federal, state, and other such grant and contract documents, including interlocal agreements, on behalf of the City. The funds for said contracts, agreements, and purchases are hereby approved and appropriated. The intent of this section is to approve and simplify the grant process and approve expenditures that are exempt from the Purchasing and Contracting Authority of Municipalities, Chapter 252 of the Local Government Code.

ATTACHMENT 1

To: City Council

From: Jared Werner, Assistant City Manager

Date: September 8, 2022

Subject: Recommended Changes to the FY 2023 Proposed Budget

After further staff review of the FY 2023 Proposed Budget document submitted to the City Council for their consideration, the following changes are recommended.

1. General Fund – The Proposed Budget included a 5.5% compensation increase for all City Employees. 5.0% is dedicated to cost-of-living adjustments (COLA), with the remaining 0.5% dedicated for step plan increases (uniform employees) and targeted market increases for non-uniform employees. The City Manager’s approach was based on improving employee retention while considering inflationary pressures as well. The following amendment will allocate the necessary funding to increase the total compensation increase by 2.5% as well as adjusting revenue for an increase in EDC contributions.

General Fund revenues will be amended for two reasons. First, adjustments to sales tax and interest earnings will support the additional 2.5% for employee compensation. While continuing a conservative approach to all General Fund Revenue, the City has observed some of the highest sales tax collections on record and feels confident with the increases. Secondly, since the Proposed Budget was presented to Council, the Economic Development Corporation (EDC) approved changes to be incorporated into the EDC budget to include an increase in contributions.

The General Fund employee expenses will allocate the necessary funding to increase the total compensation increase by 2.5% for a total compensation adjustment of 8.0%. This will still assume 0.5% is dedicated to step plan increases and targeted market increases. The fiscal impact also includes increasing longevity pay higher than the amount originally proposed in the budget (\$3.00 to \$5.00 per pay period per year of service). Lastly, when the final numbers for the proposed budget were developed there was an error in the distribution for employee compensation to the City Attorney budget. The table below will address this oversight.

The increases to operating expenses will support each department’s contribution of their pro rata share of employee and overhead expenses as it relates to their Fleet contribution. As a result of the compensation adjustments, the calculation for department contributions to the Fleet Fund needed to change as well. Each department that has vehicles or equipment will be charged by the Fleet Fund for their parts and pro rata share of employee and overhead expenses.

	Revised FY 2022 Estimate	Revised FY 2023 Budget
Increase Sales Tax	\$820,759	\$964,179
Increase Interest Earnings	\$65,000	\$200,000
Increase Contributions	\$0	\$144,126
Total GF Revenue Increase	\$885,759	\$1,308,305

Increase Employee Expenses – FY 2023 General Fund Budget	
City Secretary	\$8,000
City Attorney	\$57,102
City Manager’s Office	\$23,793
Human Resources	\$24,486
Communications	\$11,334
Finance	\$35,444
Information Technology	\$40,287
Economic & Community Development	\$7,465
Planning & Development Services	\$86,532
Police Department	\$531,215
Municipal Court	\$20,035
Fire Department	\$518,523
Public Works	\$79,010
Transportation & Capital Improvement	\$54,657
Parks & Recreation	\$109,254
Das Rec	\$51,500
Library	\$49,353
Total	\$1,707,990

Increase Operating Expenses – FY 2023 General Fund Budget	
Planning and Development Services	\$1,144
Police Department	\$4,766
Municipal Court	\$95
Fire Department	\$4,766
Public Works	\$7,340
Transportation and Capital Improvements	\$763
Parks and Recreation	\$2,254
Non-Departmental	\$191
Library	\$381
Total	\$21,700

2. Airport Fund – To accommodate the changes to the Proposed Budget in relation to compensation increases, there were multiple aspects of the enterprise funds that required adjustments as well. The first being employee expenses, which will increase to account for the 2.5% increase from the originally proposed compensation adjustment. Secondly, the increase in compensation resulted in an increase to the contribution to the Fleet Fund, resulting in an increase to operating expenses. Finally, after all adjustments are made, the result is to increase the interfund transfer allocation. The interfund transfer is a calculation based on a percentage of the total budget.

FY 2023 Airport Budget	
Increase Employee Expenses	\$15,923
Increase Operating Expenses	\$383
Increase Interfund Transfers	\$2,757
Total	\$19,063

3. Civic and Convention Center Fund - To accommodate the changes to the Proposed Budget in relation to compensation increases, there were multiple aspects of the Civic Center Fund that required adjustments as well. Employee expenses will increase to account for the 2.5% increase from the originally proposed compensation plan. Secondly, the increase in compensation created a change for fleet contributions, which resulted in an increase to operating expenses. Furthermore, after all adjustments are made, the result is to increase the interfund transfer allocation. The interfund transfer is a calculation based on a percentage of the total budget. Finally, the Civic Center has a goal to maintain a 10% fund balance and begin to build reserves. To meet this goal, revenues also require an increase. The increase in revenue comes completely from the Hotel Motel Fund, which you will see below.

FY 2023 Civic and Convention Center Budget	
Increase Interfund Transfers (Revenue)	\$15,000
Total (Revenue)	\$15,000
Increase Employee Expenses	\$12,607
Increase Interfund Transfers	\$630
Total (Expenses)	\$13,237

4. Golf Fund - To accommodate the changes to the Proposed Budget in relation to compensation increases, there were multiple aspects of the Golf Fund that required adjustments as well. Employee expenses will increase to account for the 2.5% increase from the originally proposed compensation adjustment. Secondly, the increase in compensation created a change for fleet contributions, which resulted in an increase to operating expenses. Finally, after all adjustments are made, the result is to increase the interfund transfer allocation. The interfund transfer is a calculation based on a percentage of the total budget.

FY 2023 Golf Budget	
Increase Employee Expenses	\$23,058
Increase Operating Expenses	\$36
Increase Interfund Transfers	\$1,154
Total	\$24,248

5. Solid Waste Fund - To accommodate the changes to the Proposed Budget in relation to compensation increases, there were multiple aspects of the Solid Waste Fund that required adjustments as well. Employee expenses will increase to account for the 2.5% increase from the originally proposed compensation adjustment. Secondly, the increase in compensation created a change for fleet contributions, which resulted an increase to operating expenses. Finally, after all adjustments are made, the result is to increase the interfund transfer allocation. The interfund transfer is a calculation based on a percentage of the total budget.

FY 2023 Solid Waste Budget	
Increase Employee Expenses	\$285,116
Increase Operating Expenses	\$25,165
Increase Interfund Transfers	\$15,514
Total	\$325,795

6. Fleet Services –To accommodate the recommended 8.0% compensation plan previously mentioned, the Fleet Services Fund required adjustments to both revenue and employee expenses. Revenue increased from department contributions and their pro rata share of employee expenses. An increase to employee expenses is the result of the previously mentioned compensation adjustment.

Fleet Services	
Increase FY 2023 Revenue	\$47,661
Increase Employee Expenditures	\$47,661

7. Hotel Motel Fund – With the increase to compensation within the Civic and Convention Center Fund, revenues must increase within the Civic Center to meet the 10% fund balance required to begin rebuilding reserves.

Hotel Motel Fund	
Increase Interfund Transfer Expenses	\$15,000

8. New Braunfels Economic Development Fund - The adjustment to General Fund Sales Tax to accommodate the necessary funding to complete the additional compensation increase will also increase the Sales Tax portion that is received by the EDC Fund. After the proposed budget was presented to City Council, the EDC approved an increase to administrative contracts and an increase in expenditures for upcoming projects. The resulting fund balance is below:

City of New Braunfels
 New Braunfels Economic Development Corporation
 Fiscal Year Ending September 30, 2023

Fund: 212

	FY 2021	FY 2022	FY 2023
Available Funds	Actual	Estimate	Proposed Budget

Beginning Balance

Undesignated Funds	\$ 23,037,987	\$ 22,595,112	\$ 24,630,185
Total Beginning Balance	\$ 23,037,987	\$ 22,595,112	\$ 24,630,185

Revenue

Sales Taxes	\$ 7,806,626	\$ 9,691,444	\$ 9,256,637
Interest Income	21,931	30,000	100,000
Loans, Contributions and Reimbursements	161,687	128,954	172,954
Total Revenue	\$ 7,990,244	\$ 9,850,398	\$ 9,529,591

TOTAL AVAILABLE FUNDS	\$ 31,028,231	\$ 32,445,510	\$ 34,159,776
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APPROPRIATIONS

Administrative and Promotional Expenditures	\$ 557,609	\$ 584,525	\$ 840,000
Airport	37,405	87,478	-
Quality of Life	9,664	546,945	-
Incentives/Business Development/Strategic Plans	4,962,153	3,077,499	3,556,426
Public Infrastructure tied to Economic Development	818,569	1,461,384	-
Annual Debt Service	2,047,719	2,057,494	2,060,919

TOTAL OPERATING APPROPRIATIONS	\$ 8,433,119	\$ 7,815,325	\$ 6,457,345
Ending Fund Balance	\$ 22,595,112	\$ 24,630,185	\$ 27,702,432
TOTAL APPROPRIATIONS	\$ 31,028,231	\$ 32,445,510	\$ 34,159,776