



News Release

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CITY MANAGER PRESENTS UPDATE ON BUDGET PROCESS **INCLUDING GENERAL FUND ESTIMATES FOR FY 18**

(KILLEEN, TEXAS): City Manager Ron Olson presented an update to City Council on the Fiscal Year 2018 budget process including General Fund revenue estimates at a public meeting Tuesday.

The City Charter requires that the City Manager develop a proposed annual budget and plan of municipal services and present it to City Council at least 45 days prior to the October 1 start of the fiscal year. Once delivered, City Council deliberates the budget prior to its required adoption by September 20.

Olson follows a process that estimates revenues first then creates an expenditure budget that balances with expected revenue. Tuesday's presentation enumerated findings from this first step in the process.

The City Manager and staff are currently working to develop the proposed budget. Part of development is a discovery process that includes making assumptions, producing projections, analyzing trends and benchmarking findings against other cities. The presentation to City Council included data in each of these areas.

To begin developing the budget, certain assumptions have to be made. It is assumed that population growth will continue at about two percent per year. It is assumed that inflation will continue at between two and three percent each year. It is also assumed that the City will continue offering the same types of services in the coming fiscal year.

Revenue projections were made for both property and sales taxes as well as franchise fees, permits, charges for service, fines and other charges. The data shows that General Fund revenue projections are flat over the next three years.

Revenue and expenditure trends in the General Fund were examined over the last 10 years to gauge changes in revenue sources and expenditure allocations. Staffing trends were also examined over the same time period. Key findings show that General Fund revenues have increased by 34 percent over the past decade, but that revenue per capita has actually decreased by 18 percent. General Fund staffing has increased in number by 24 percent over the last 10 years, but it has not kept pace with population growth creating a 12 percent reduction in employees per 1,000 residents.

These findings were benchmarked against twelve other cities throughout the state that are similar in size or economy or that surround Killeen. Comparison cities are Lubbock, Amarillo, Pasadena, Mesquite, McAllen, Waco, Abilene, Beaumont, Temple, Copperas Cove, Harker Heights and Belton. When compared, Killeen ranks in the middle for both population and median household income. It has fewer people who fall below the poverty level than most of the comparison cities. Though Killeen has the third highest tax rate, it ranks next to last in taxable valuation per household. Finally, it ranks in the bottom half of employees per 1,000 residents when compared to the others.

Strategic issues that could affect the enterprise were identified in this process and include national security, state and federal funding, water needs and economic development. City Council established a list of citywide priorities at a January workshop that included sound finances, infrastructure improvements, public safety needs and a number of unfunded projects. Staff also developed a list of budgetary issues facing the General Fund in this and future years. Some of the issues identified were service improvement, capital projects, employee morale and compensation, communication and technology. All of this information will be considered in budget development.

To solicit input about the public's budget priorities, the City Manager will host a budget forum May 23. Residents may also provide input by email to citybudget@killeentexas.gov throughout the process.

The next step in budget development is to use all of these findings to create priorities and allocate resources throughout the organization. The result will be a proposed budget with balanced revenues and expenditures that will be presented to City Council.

The preliminary budget calendar schedules the City Manager's delivery of the proposed budget to City Council July 11. Departmental presentations by fund are expected during August workshops. Public hearings on the budget and tax rate are scheduled at August and September meetings. Budget adoption is expected at the September 12 meeting.

The City has established a webpage as a central repository for all information related to the 2018 Budget including the City Manager's full presentation of preliminary budget findings. The page can be accessed directly at killeentexas.gov/budget.

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