

PUBLIC HEARING

**Fiscal Year 2018 Budget
Vote to Place Action on the Budget
September 19, 2017 Agenda**

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Budget Officer

State Requirements

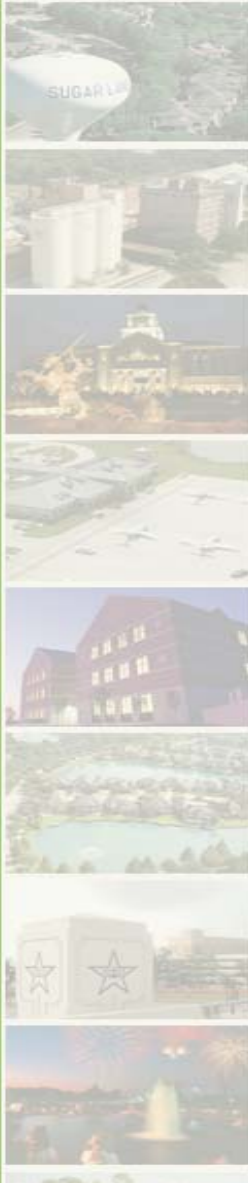
- **Local Government Code Section 102.006 requirements**
 - **Proposed budget filed at least 15 days prior to hearing**
 - **Notice must be at least 10 days but not more than 30 days before hearing date**
 - **Notice must include a statement on property taxes**
 - **Ratify increase in tax revenues in a separate vote**



Background

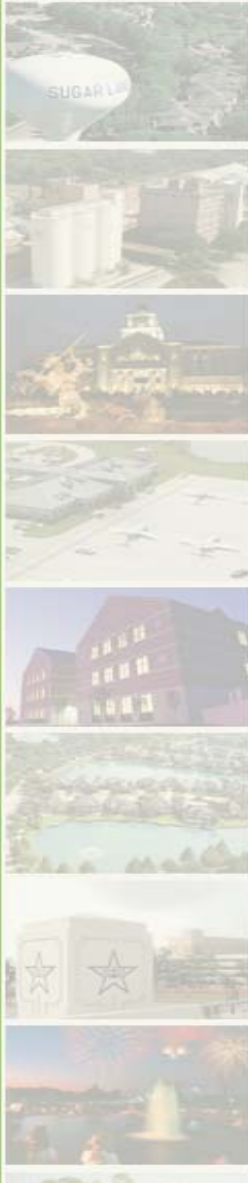
The Budget is the result of months of work efforts and builds on decades of financial strengths

- Budget Development Objectives:**
 - Financially Resilient**
 - Fiscally Conservative**
 - Proactively Responsive**
 - Incorporates Annexation**
 - Fully funded by annexation revenue and restricted debt reduction funds**



Background

- **Spring Retreat Discussions**
 - **Sales Tax**
 - **Property Tax**
 - **Rehabilitation**
 - **Annexation**
 - **CIP Program**



Background

- **Revenue Streams**
 - **Sales Tax**
 - **Lower Collections**
 - **Conservative Sales Tax Forecast**
 - **Impact on Rehabilitation Program**



Background

- **Revenue Streams**
 - **Property Tax**
 - **Budget is based on an Effective Rate plus 3% in accordance with FMPS**
 - **Effective rate is “No New Taxes”**
 - **Plus 3% addresses inflationary costs**



Background

- **Expenditures**
 - **Include only increases to cost associated with maintaining services levels**
 - **Implementation of contractual increases**
 - **Recognition of over \$500,000 in savings in fixed costs such as fuel, electricity, and HOA reimbursements**



Background

- **Expenditures**
 - **Funding for rehabilitation of infrastructure, including streets, drainage, parks at a reduced level**
 - **Transitioning from sales tax to a more reliable revenue source**
 - **3% merit pay increase for City employees**
 - **Adjustment to starting salaries to remain competitive**
 - **4% increase to health benefits**



Background

- **Annexation**
 - **Implementation of the Annexation Plan reviewed with Council through a series of workshops in the fall**
 - **Annexation is self-supporting**
 - **Annexation related revenues**
 - **Debt reduction funds from the annexed areas**



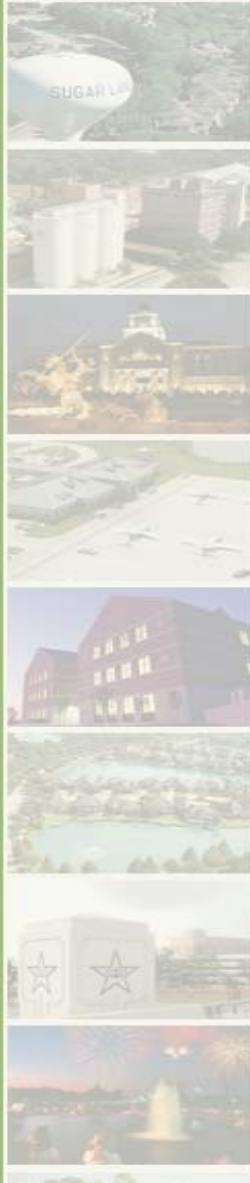
Background

- **Capital Improvements Program**
 - Shift and phase projects within the 5 year CIP to fit within funding capacity
 - Construction of the final 2013 Park GO projects in FY19
 - **Reminder**
 - Voters authorized 3.1 cent increase in tax rate
 - Only increased 0.7 cent to date
 - Increase in value/sales tax growth subsidized existing projects



Budget Review Process

- A series of budget workshops is underway to review the proposed budget:
 - Aug 3 – General Fund
 - Aug 10 – Property Tax & Debt Service
- Three workshops remain:
 - Aug 17 – Enterprise Funds
 - Aug 24 – Capital Improvements Program
 - Aug 31 – Other Funds & Comp/Benefits
- Budget Adoption Scheduled for Sept 19th



FY18 Proposed Budget

- **\$231 million total**
 - **\$208.6M operating budget**
 - **\$22.4M capital projects funding**
- **Budget prepared recognizing a downward trend in sales tax growth**
- **Funding for needs to maintain existing service levels defined in departmental business plans**



Airport Fund Not Supported by Property Taxes

- **Airport Fund Additions:**
 - **Facilities Repairs/Renovations**
 - **Equipment**
 - **Grounds Maintenance**



Utilities/ Solid Waste Funded by User Fees

- **Utilities: No changes to rates**
 - Planned annexation additions
 - Contractual/Base Increases (Chemicals & Supplies)
 - Meter Replacement
 - Asset Management
- **Solid Waste rate increase: 2.5%**
 - 2.5% for CPI as allowed by contract
 - Rate will be \$18.45 per month Jan 2017
 - Includes planned annexation additions



Proposed CIP FY18

FY18	\$M
Drainage	2.21
Municipal	3.83
Parks	1.20
Streets	4.16
Traffic	0.75
Wastewater	6.13
Water	3.99
Totals	\$22.27



Proposed CIP FY18-22

Five Year CIP	\$ Million
Airport	\$ 0.41
Drainage	28.55
Municipal	17.76
Parks	15.26
Streets	29.97
Surface Water	2.30
Traffic	0.75
Wastewater	19.59
Water	15.97
Totals	\$130.55



Recommendations

- **Hold a public hearing to receive and hear all persons desiring to be heard on the proposed budget for fiscal year 2018**
- **Vote to place the budget on the September 19, 2017 agenda for adoption**



Questions/Comments

