

City of Waco

Budget-in-Brief

For the year beginning October 1, 2018



**2018-19
Annual Operating and
Capital Budgets**

Elected Officials and Management Staff

Elected Officials

Kyle Deaver

Mayor

Council Member Andrea J. Barefield

Mayor Pro Tem Alice Rodriguez

Council Member John Kinnaird

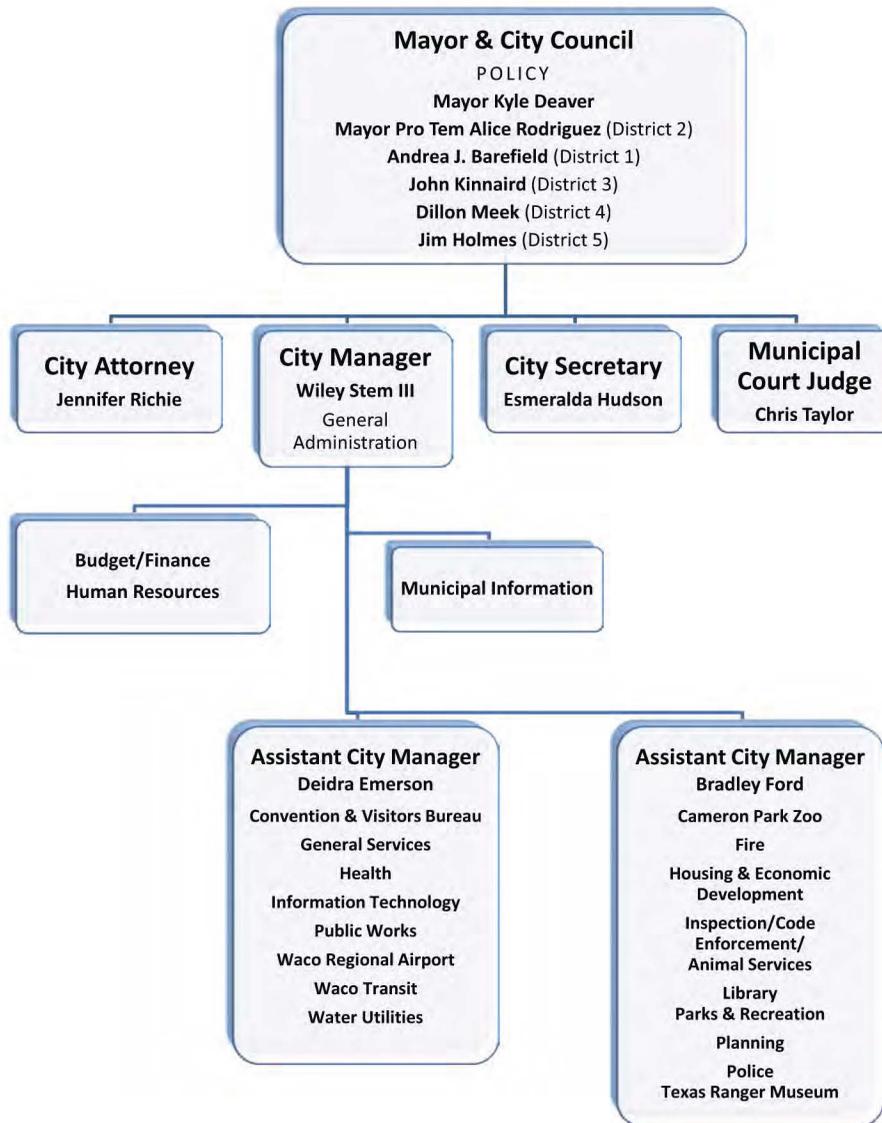
Council Member Dillon Meek

Council Member Jim Holmes

City Manager.....	Wiley Stem, III	Human Resources Director	Missie Pustejovsky
City Attorney.....	Jennifer Richie	Information Technology Director	James Brown
City Secretary.....	Esmeralda Hudson	Library Director	Essy Day
Municipal Court Judge.....	Chris Taylor	Municipal Information Director.....	Larry Holze
Assistant City Manager	Deidra Emerson	Parks and Recreation Director	Vacant
Assistant City Manager	Bradley Ford	Planning Director	Clint Peters
Airport Director.....	Joel Martinez	Police Chief.....	Ryan Holt
Budget Manager	Laura Chiota	Public Works Director	Charles Dowdell
Building Official	Randall Childers	Ranger Hall of Fame Director.....	Byron Johnson
Convention & Visitors' Director.....	Vacant	Transit Manager.....	Allen Hunter
Chief Financial Officer	Janice Andrews	Utilities Director	Lisa Tyer
Fire Chief	Bobby Tatum	Cameron Park Zoo Director.....	Vacant
Health Director.....	Sherry Williams		
Housing Director.....	Melett Harrison		

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October 1, 2018

To The Citizens of Waco:

It is my privilege as your City Manager to present a Budget-in-Brief of our recently adopted fiscal year 2018-19 Budget. Our budget is the product of a great deal of reflection, coordination, and discussion. The budget is the major annual planning effort because it funds the many excellent services that we provide.

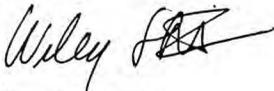
The City of Waco is committed to the efficient delivery of quality products and services to its citizens. This commitment is the foundation behind policy decisions and priorities that ensure constructive and well-formulated strategic plans for the growth of our City. This budget continues to focus on citizens' interests expressed through goals established by the Council.

Our objectives in preparing this budget were:

- Meet the Council's stated Goals
- Adequate funding to ensure quality customer service to our citizens at all levels of our organization
- Promote a safe and positive environment to improve the culture and quality of life for our citizens
- Maintain fund balances by the end of FY 2018-19 that meet our stated financial policies

Though we are faced with a number of challenges, the staff is committed to help make the City of Waco a wonderful place to live.

Sincerely,



Wiley Stem III
City Manager

City of Waco Values and Goals

Values

Equal Access to All Services and Benefits

Customer/Regulation Friendly in all Actions and Interactions by the City of Waco

Think and Act Systemically to Build a Healthy Community

Goals

Strategic Intent I

High Quality Economical City Services and Facilities

Strategic Intent II

Aggressively Competitive Economic and Community Development

Strategic Intent III

Safe, Environmentally Sound, Pedestrian Friendly Community

Strategic Intent IV

Improved Housing Options, Opportunities, and Conditions

Strategic Intent V

Enviably Culture and Quality of Life

Strategic Intent VI

Effective Policy and Administration

Strategic Intent VII

Market Waco Internally and Externally

2018-19 Budget Highlights

The adopted 2018-19 operating budget is \$265,734,234, an increase of 7.1% compared to the 2017-18 adopted operating budget of \$248,122,938. Major funding items include:

- A 3.0% salary increase for all regular full and part time employees
- \$2,250,000 for the Economic Incentive Fund
- \$26,083,690 for Fire Services
- \$40,496,301 for Police Services
- \$46,854,057 for Water Services
- \$32,924,926 for Wastewater Services
- \$20,442,984 for Solid Waste Services
- \$15,122,683 for Employee Health Insurance Services

The City of Waco is committed to the efficient delivery of quality services to its citizens. This commitment is the foundation behind policy decisions and priorities that ensures constructive and well-formulated plans for the growth of our City. We are committed to a balanced budget that provides the desired services our citizens expect while at the same time continuing our economic development efforts throughout the city. The state of the economy is always a driving force that dictates most of the challenges we face each year when starting the budget process. Waco has experienced a tremendous year of growth and excitement. The City is seeing records level of visitation and sales tax generation. As a result of exciting new attractions, economic development opportunities in Waco continue to expand as the City is competing at a whole new level for corporate investment and quality development. The impacts of the positive trends that show the strength of the local economy provide us the opportunity to address the needs and priorities of our community. Some of these trends are increased sales tax revenues, increased tourism, and increased issuance of new housing permits.

One of the major challenges was prioritizing the current and future capital needs of the City. Each year, these needs continue to grow as the City's infrastructure ages and services expand in order to serve economic development goals. The Capital Improvements Program (CIP) was developed with the City Council's priorities of maintaining and improving the City's infrastructure at the forefront. As such, the CIP includes \$17.2 million for street improvements. With continued emphasis on infrastructure, the CIP also includes \$26.0 million for wastewater improvements and water improvements of \$22.7 million. With studies and analyses showing that the City's infrastructure needs are great, these significant funding amounts are attributable to the City Council's guidance. Other items included in the CIP to provide for the future needs of our citizens are building renovations, general park improvements and airport improvements. The adopted FY 2018-19 CIP (Capital Improvements Program) is \$73,428,852 and is detail on page 17. The initiative of funding capital programs in operations, that are normally bonded, is continued with the long-term goal of totally funding the CIP with cash.

2018-19 Budget Highlights

Salary and Wages Increases

For FY 2018-19 adopted budget salary package includes a 3.00% pay adjustment for all employees. Civil service employees will also receive a job class step increase, if eligible. Salary is only one aspect of compensation. Employee benefits include health insurance, longevity pay, disability coverage, life insurance and a 2-to-1 match for the Texas Municipal Retirement System (TMRS). The full TMRS contribution rate required for 2019 decreased slightly from the 2018 rate; however, we are proposing to contribute more than the full retirement rate to assist in reducing the unfunded liability more quickly with the potential to save the City millions of dollars over the next 12 to 15 years. Cost-of-living adjustments for retirees are considered on an ad hoc basis. Our funded ratio increased slightly and is currently 87.2% while the unfunded liability also slightly decreased to \$62.6 million.

Total Employee Positions

Departments continually evaluate their staffing needs as positions become vacant during the year, review positions that have been vacant for a considerable amount of time and assess operations for efficiencies in the workforce. As a result, positions have been transferred or reclassified during the year. This budget reflects a net decrease of 12.5124 full-time equivalents (FTEs). The transition to the janitorial contract, reduction in part-time (FTEs), and reorganization in departments all contributed to this reduction.

General Fund

The General Fund revenue budget and utilization of fund balance of \$142,117,467 is based on an increase in resources of 7.8% over last year's adopted budget, due mainly to the increase in ad valorem taxes and sales taxes. No tax rate adjustment is included for FY 2018-19. Most of the additional revenues provide for salary and benefit adjustments and increased funding of operational activities.

General Fund Revenues

Growth in net property tax assessments – New construction and increased valuations contributed to the adopted 9.8% growth in the property tax base. New construction assessments are proposed at a healthy increase of \$188 million for FY 2018-19.

Sales Taxes – The volatility of retail sales makes it challenging to project this revenue with any certainty. In a normal year, sales tax revenues are expected to be at least slightly higher than the previous year and be a fundamental source for balancing the budget. We are expecting to end the current year significantly over budget. The trend for sales tax receipts has been steady for the last six years, which we believe is due to good employment numbers and new development in our City over the past few years.

2018-19 Budget Highlights

This revenue is extremely volatile and is affected by so many factors over which we have no control. Our preference is to be conservative in this area of the budget and consider using any excess receipts for one-time purchases in the following fiscal year. In keeping with that philosophy and expectations of the current trend continuing, we are proposing sales tax to increase 2.8% over last year's adopted budget.

The budget maintains an unassigned reserve in the General Fund of at least 18% of current year revenues. The purpose of the reserve is to protect the City's creditworthiness and financial position from unforeseeable emergencies.

General Fund Expenditures

Some of the highlights of the General Fund expenditures for FY 2018-19 are:

- Salary and benefit adjustments, including increased health insurance – \$5.4 million

- Cash investment in Streets – \$3.3 million

- Bus Rapid Transit (BRT) – \$1.2 million

Utility Rates

This year, we budgeted base rate increases to residential, commercial and industrial water and wastewater customers. One of the significant factors contributing to changes in water and wastewater base service rates are the results of a master plan. The master plan identified the water system's infrastructure needs and a timeline to complete the essential improvements in order to provide for the future needs of our citizens, one of the Council's priorities.

Water base rate increases begin at \$1.77 per month along with volumetric rate increases for all tiers. The rates for residential water users will change as follows: up to 15,000 gallons, from \$2.89 per 1,000 gallons to \$3.32 per 1,000 gallons; 15,001 to 25,000 gallons, from \$3.39 per 1,000 gallons to \$4.16 per 1,000 gallons; and over 25,000 gallons, from \$4.35 per 1,000 gallons to \$5.77 per 1,000 gallons. The wastewater residential base rate will increase \$1.34 per month with the volumetric rate increasing \$0.96 per 1,000 gallons.

Solid Waste residential, commercial and roll-off rates will remain the same for FY 2018-19. However, fee changes are included for the landfill. Landfill gate fees will increase from \$31.58 per ton to \$33.16 per ton.

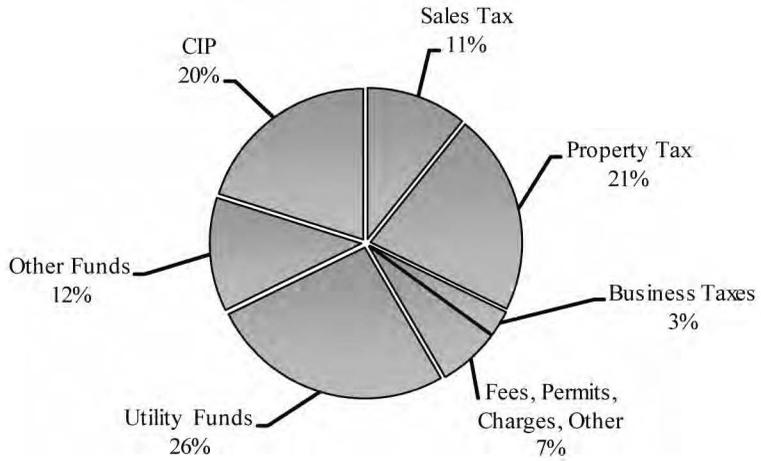
Revenue Summary
2018-19

	Adopted	Percent Total
Sales Tax	36,552,310	10.72%
Property Tax	73,449,555	21.55%
Business Taxes	9,464,773	2.78%
Permits, Fines & Charges	4,222,240	1.24%
Utility Funds	88,948,201	26.09%
Other Funds	41,518,520	12.18%
Interest Earnings	1,124,905	0.33%
Miscellaneous	4,040,940	1.19%
Intergovernmental	7,099,900	2.08%
Transfer from Surplus	5,956,142	1.75%
Total Operating Revenues	272,377,486	79.90%
Capital Improvements Program	68,515,600	20.10%
Total Revenues	\$ 340,893,086	100.00%

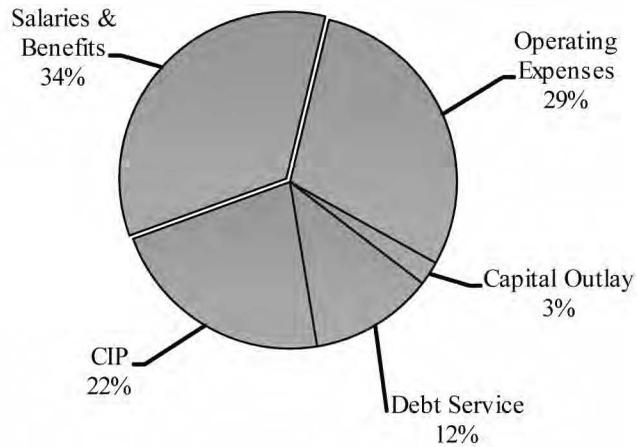
Expenditure Summary
2018-19

	Adopted	Percent Total
Salaries & Benefits	116,988,632	34.33%
Services & Supplies	70,838,333	20.78%
Other Expenses	21,630,064	6.36%
Contracts with Others/Contributions	5,237,809	1.54%
Transfers & Billings	2,212,012	0.65%
Capital Outlay	7,971,120	2.34%
Debt Service	40,856,264	11.99%
Total Operating Budget	265,734,234	77.95%
Capital Improvements Program	75,158,852	22.05%
Total Expenditures	\$ 340,893,086	100.00%

Revenue Summary



Expenditure Summary



General Fund

The General Fund is the largest of all City funds and the fund that attracts the most public attention and interest, because of its two major revenue sources – sales tax and property (ad valorem) tax. The following chart illustrates the value citizens get from the \$141+ million General Fund for their property tax dollars.

Cost of City Services (\$0.776232/100 Valuation)

Based on an average home value of \$169,260 with a homestead exemption of \$19,971 a household pays \$1,104.07 in city taxes for the year, or \$92.01 per month, to support these city services:

- 24 hour Police Protection
- 24 hour Fire Protection
- Maintenance of over 600 miles of paved and unpaved public streets
- Traffic signals and street lighting
- Four library facilities and services which circulates books, video & audio tapes
- Over 1,600 acres of developed Parks
- Park facilities including softball fields
- Recreational facilities & activities including jogging tracks and skate parks
- Animal Care and Animal Shelter services
- Building Inspections & permitting services
- Code Enforcement Services
- Emergency & Disaster Management
- Municipal Court
- Economic Development
- Partial subsidies for:
 - Public Health Services
 - Cameron Park Zoo

In comparison, the cost of:

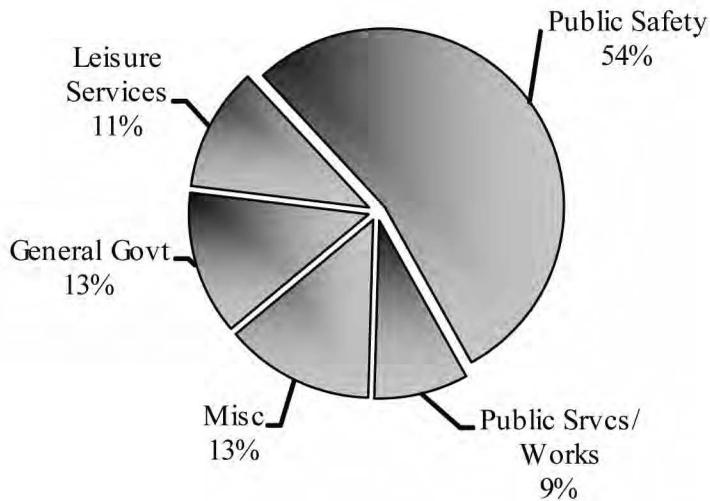
- Recommended cable TV is \$35.00 plus tax per month.
- The average cost for electricity is \$112 / 1,174 kWh per month for average 1,750 sq. ft. home.
- The average cost for natural gas is \$180 / 1,604 kWh per month for the year ending July 2018.
- One night at the movies for a family of four with soft drinks and popcorn is \$40 - \$50.

Information provided by McLennan County Central Appraisal District, www.cabletv.com/tx/waco, www.chooseenergy.com/texas/waco/, www.texaselectricityratings.com/natural-gas-rates/texas/waco, and AMC Galaxy 16.

General Fund by Function

General Govt	18,527,600
Leisure Services	15,934,981
Public Safety	76,327,377
Public Srvc/ Works	12,061,635
Misc	19,068,936

Total \$ 141,920,529



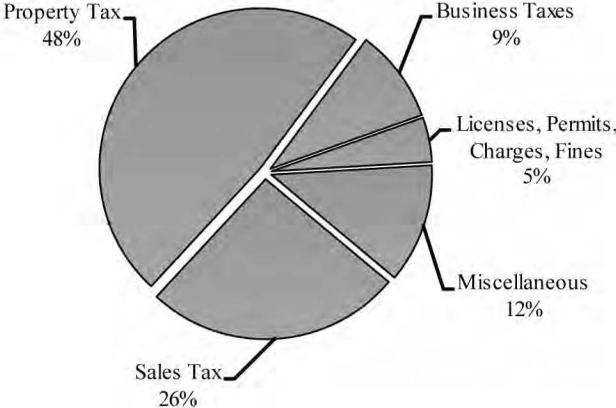
**General Fund Revenue Summary
2018-19**

	Adopted	Percent Total
Sales Tax	36,552,310	25.77%
Property Tax	68,495,391	48.26%
Business Taxes	13,385,589	9.43%
Licenses & Permits	1,608,362	1.13%
Intergovernmental	1,706,401	1.20%
Charges for Services	1,961,305	1.38%
Fines	1,111,026	0.78%
Interest Earnings	800,000	0.56%
Miscellaneous	12,560,096	8.85%
Other Financing Sources	151,838	0.11%
Utilization of Fund Balance/Net Position	3,588,211	2.53%
Total General Fund Revenues	\$ 141,920,529	100.00%

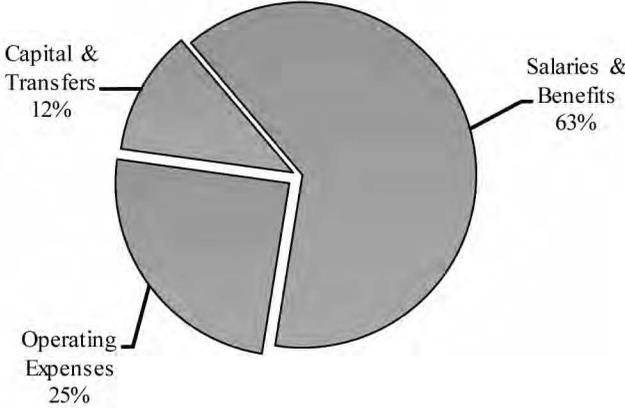
**General Fund Expenditure Summary
2018-19**

	Adopted	Percent Total
Salaries & Benefits	90,314,937	63.64%
Services & Supplies	30,196,565	21.28%
Other Expenses	1,389,652	0.98%
Contracts with Others/Contributions	3,436,250	2.42%
Transfers & Billings	14,904,635	10.50%
Capital Outlay	1,678,490	1.18%
Total General Fund Expenditures	\$ 141,920,529	100.00%

General Fund Revenues



General Fund Expenditures



**Funds Summary
2018-19**

General Fund	141,920,529
Special Revenue Funds	
Health Fund	5,659,872
Police Forfeiture Funds	100,000
Abandoned Motor Vehicles	200,000
Public Improvement District #1	1,418,869
Street Reconstruction Fund	-
Utility Funds	
Water Fund	46,854,057
Wastewater Fund	32,924,926
WMARRS Fund	9,348,814
Other Enterprise Funds	
Solid Waste Fund	20,442,984
Waco Regional Airport Fund	1,561,946
Convention Center & Visitors' Fund	6,069,268
Texas Ranger Hall of Fame Fund	1,475,487
Waco Transit Fund	10,483,836
Rural Tranit	1,212,504
Cameron Park Zoo Fund	4,795,369
Cottonwood Creek Golf Course	2,279,104
Internal Service Funds	
Risk Management Fund	4,727,994
Health Insurance Fund	15,122,683
Engineering Fund	3,947,976
Fleet Services Fund	2,264,836
Capital Improvement Fund	75,158,852
Less Interfund Transfers	(47,076,820)
Total Fund Summary	\$340,893,086

Capital Improvements Program
Planned Expenditure Summary by Function
2018-19

Airport	484,000
Facilities	1,300,000
Fire Services	5,200,000
Parks & Recreation	455,852
Total General Government	7,439,852
Street Improvements	17,289,000
Stormwater Improvements	-
Sidewalk Program	-
Solid Waste Improvements	-
Wastewater Improvements	26,000,000
Water Improvements	22,700,000
Total C I P	\$ 73,428,852

Personnel Summary
By Department (Full Time Equivalents)

	2017-18	2018-19		2017-18	2018-19
General Fund			Street Reconstruction Fund	-	-
City Managers Office	10.00	8.00			
City Secretary	7.00	7.00	Utility Funds		
Finance	21.15	23.15	Water Distribution	32.75	31.50
Legal Services	10.00	10.00	Water Treatment	37.5550	37.8050
Planning Services	8.30	8.30	Utilities Laboratory	11.00	11.00
Human Resources	13.00	13.00	Meter Shop	14.33	14.33
Municipal Information	9.00	9.00	Water General & Administration	3.16	3.16
Information Technology	29.00	29.00	Water Office	21.00	20.00
Purchasing	8.00	8.00	Wastewater Collection	41.75	43.50
Facilities	27.50	27.50	Environmental Services	3.00	3.00
Streets & Drainage	42.05	42.05	Wastewater General & Administration	3.16	3.16
Municipal Court	15.00	15.00	WMARRS	28.43	28.68
Inspection Services	24.02	24.23			
Animal Shelter	19.50	19.50	Other Enterprise Funds		
Emergency Management	6.00	6.00	Solid Waste Fund	90.0767	90.0567
Fire	209.00	209.00	Waco Regional Airport Fund	12.40	12.40
Police	350.20	352.20	Convention Center & Visitors' Fund	34.95	34.95
Traffic Services	21.10	21.05	Texas Ranger Hall of Fame Fund	15.125	15.125
Library Services	47.675	47.675	Cameron Park Zoo Fund	48.95	47.95
Parks and Recreation	142.5476	142.5476	Cottonwood Creek Golf Course	13.00	12.00
Housing Services	6.00	6.50			
Total General Fund	1,026.0426	1,028.7026	Internal Service Funds		
			Risk Management Fund	4.00	4.00
Special Revenue Funds			Health Insurance Fund	1.00	1.00
Health Administration	9.00	9.00	Engineering Fund	30.11	30.18
Environmental Health	1.75	1.75	Fleet Services Fund	28.95	28.95
OSSF	4.25	4.25			
Public Health Nursing	13.00	13.00	Grant Funds	65.08	62.92
S T D Services	5.25	5.25			
HIV/AIDS	2.25	2.25	Total All Funds	1,601.3226	1,599.8726

Where to Go For Additional Information

This document, produced by the City of Waco Budget Office, is designed to provide summary information from the City’s 2018-2019 adopted budget. More detailed information on the contents of this book can be found in the 2018-2019 Budget. The Budget, as well as additional information about the City of Waco, can be found on the City’s Web Site, <http://www.waco-texas.com>.

To Find Information on These Topics	Look in the Budget Document or on the City’s Web Site
Financial Policies	Financial Management Policy Statements
Taxes, Revenues & Expenditures	City Manager’s Letter Budget Message Tax Structure Budget Summaries
Program Changes Including New Programs, Additional Funding	City Manager’s Letter Budget Message Individual Department Summaries
Staffing and Organizational Structure and Changes	Organizational Chart Budget Message Personnel Summary Individual Department Summaries
Departmental Plans	Budget Message Individual Department Summaries
Debt Schedule	Debt Service Section
Capital Projects	Capital Improvement Program Section
Glossary of Terms	Appendix A
Fees	Appendix B - Fee Schedule

If you have any other questions about city services

Call Waco Central
(254) 299-CITY (2489)

Or contact the Budget Office at (254) 750-5694

City of Waco
Budget Office
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