



City of Waco **TEXAS**



Fiscal Year Budget In Brief

2021 - 2022

A MESSAGE FROM THE CITY MANAGER

Dear Waco Residents,

I am pleased to present this “Budget in Brief” which is a summary of the formal adopted budget for the 2022 fiscal year which begins on October 1, 2021 (the City’s “business” or fiscal year runs from October 1st to September 30th each year).

This past year has been a remarkable year as we persevered against the COVID-19 pandemic and endured a brutal winter storm. I want to thank the City Council for their continued support and leadership particularly during these challenging times and for their unwavering commitment to providing best in class municipal services in very difficult circumstances. It was thanks to this excellent leadership, work ethic, and past investments in infrastructure, particularly our Water Utility, that Waco was able to successfully navigate these unprecedented events.

Of course, none of these services could have been provided without the amazing work and excellent services City staff gave to this city despite these historic events. It is important to highlight that, without our City employees, the development of this budget and the operations of this City would not be possible. Their tireless efforts allow our City to thrive and grow. I want to thank each and every employee for all their hard work and their willingness to operate as a team. It is their commitment that makes Waco a great place to live and conduct business.

During 2021, the City Council updated its strategic goals for the City of Waco to help guide the City into the future. The 2022 fiscal year’s adopted budget is built upon those strategic goals illustrated below.



These goals illuminate paths forward toward realization of the City Council’s vision for Waco:

Our home, where everyone belongs and thrives while moving forward together.

The City Council and staff worked together to include in the Fiscal Year 2022 budget several specific program enhancements to propel the City forward toward realization of the City's strategic goals.

Enhancements include:

Provide a Safe & Resilient City

- \$500,000 for a second set of turnout gear for firefighters
- \$1.1 million to add 12 Police Officers
- \$250,000 for the addition of 3 new firefighters in preparation of the new Fire Station 15 opening in four years

Facilitate Economic Development

- \$500,000 increase in the City's contribution to the Waco-McLennan County Economic Development Corporation
- \$250,000 for two corridor plans – 25th/26th and West Highway 84
- \$1.0 million to relocate the Visitor's Center

Create a Culture of Equity & Inclusion

- Boosted the City's base pay to \$15 per hour for all full and part-time employees
- Addition of a 12th holiday – Juneteenth
- Moved all Community Development Block Grant (CDBG) staff to the General Fund to provide increased funding for affordable housing development and home rehabilitation

Enhance Quality of Life

- \$98,000 for an additional Parks Planner
- \$1.5 million for improvements to the former Doris Miller YMCA

BUDGET FACT: The City collects less in property taxes (\$72.5 million) than the combined costs to run the Police (\$44.7 million) & Fire (\$31.9 million) departments.



Build a High Performing Government

- A general salary increase of 3%
- \$250,000 to increase Municipal Information staffing to improve communication to all citizens of Waco
- \$384,000 to improve alleyway and illegal dumping efforts by bringing the services in-house.

Improve Infrastructure

- Plans to fund over \$118.1 million in capital improvements across the City including in the City's water, sewer, drainage, streets, and parks systems.

These initiatives represent staff's continued effort to make the City Council's vision and strategic goals for Waco a reality. I am excited to implement these new initiatives on the City Council's behalf, and I share their excitement that these initiatives are being funded with a nearly nine-tenth of a cent reduction to the City's property tax rate—the first reduction in the tax rate in seven years. The City's property tax rate is now \$0.767282 per \$100 of assessed valuation.

The fiscal year 2022 budget includes no water, sewer, or solid waste rate increases. On October 1, 2021, the City's new drainage utility begins operations and assessing a fee to provide resources to improve drainage throughout the City. Over in the Zoo Fund, customers will see a 50-cent admission increase across all customer classes. Smaller fee adjustments in inspection services and the Airport are also included in the FY22 Budget. A comprehensive list of these changes is provided in the Fee Schedule, an appendix to the budget.

Based on the priorities addressed, identified, and discussed above, the FY22 adopted budget totals \$570.0 million. Of the total, \$331.8 million is for operating expenses and \$238.2 million is for capital projects and debt service. The FY22 adopted budget has been developed in keeping with the Council's priorities for Waco.

I encourage you to read through this "Budget in Brief" to learn about the key elements of our FY22 Budget. Should you wish to view the entire budget, you may find it on our website. If you'd like additional information, please reach out to our Office of Management and Budget. On behalf of the more than 1,700 employees at the City of Waco, thank you for the opportunity to serve the great residents of Waco.

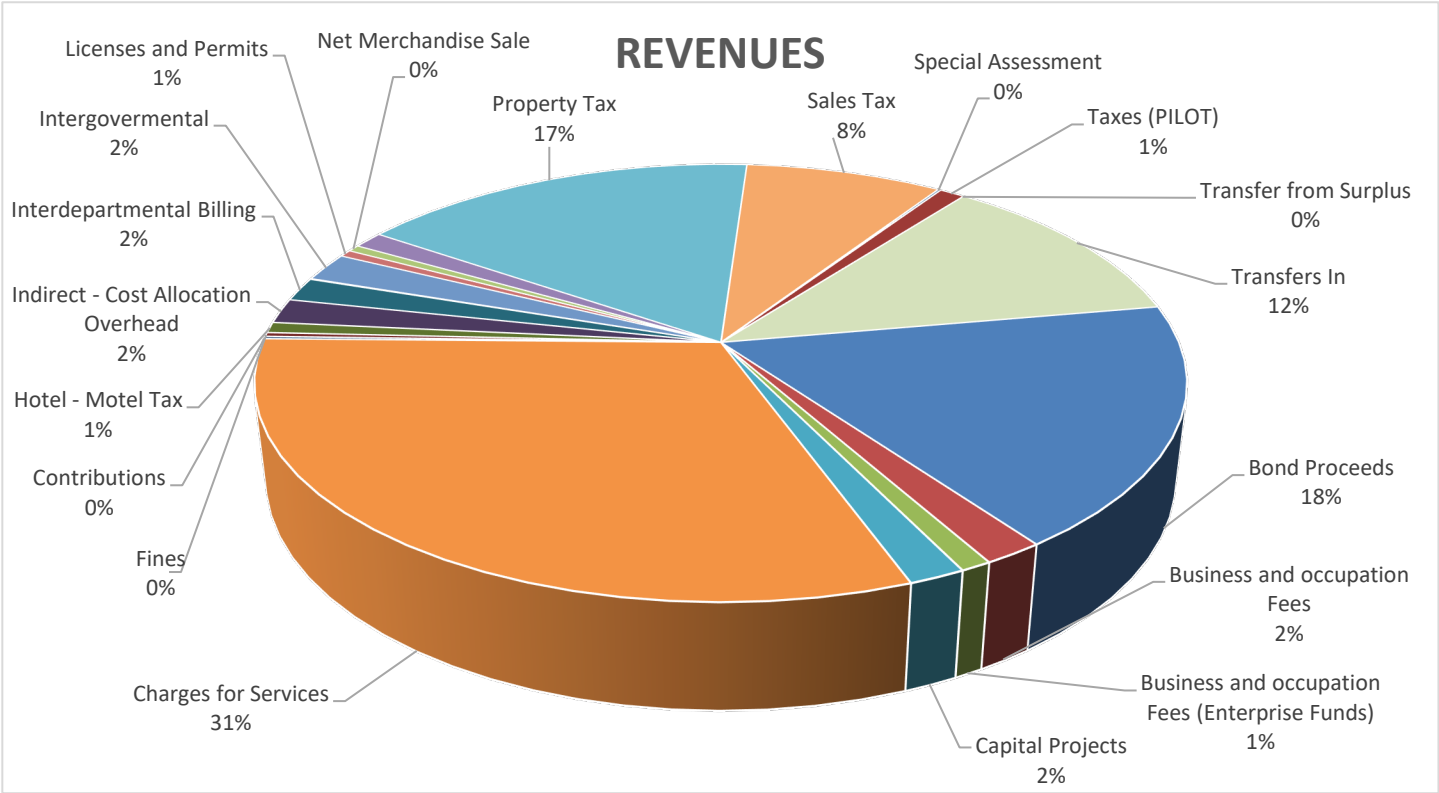
Respectfully,



BRADLEY FORD
CITY MANAGER

MAJOR REVENUE OVERVIEW: CITY WIDE

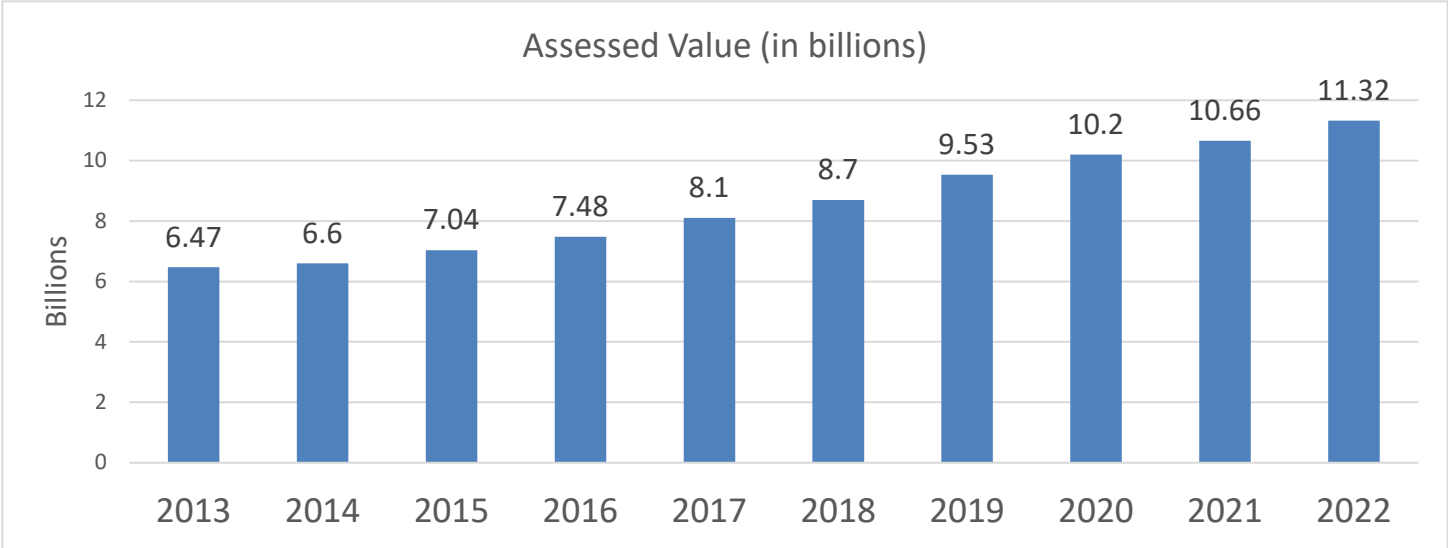
The City of Waco's revenue stream for FY22 is illustrated in the graph below.



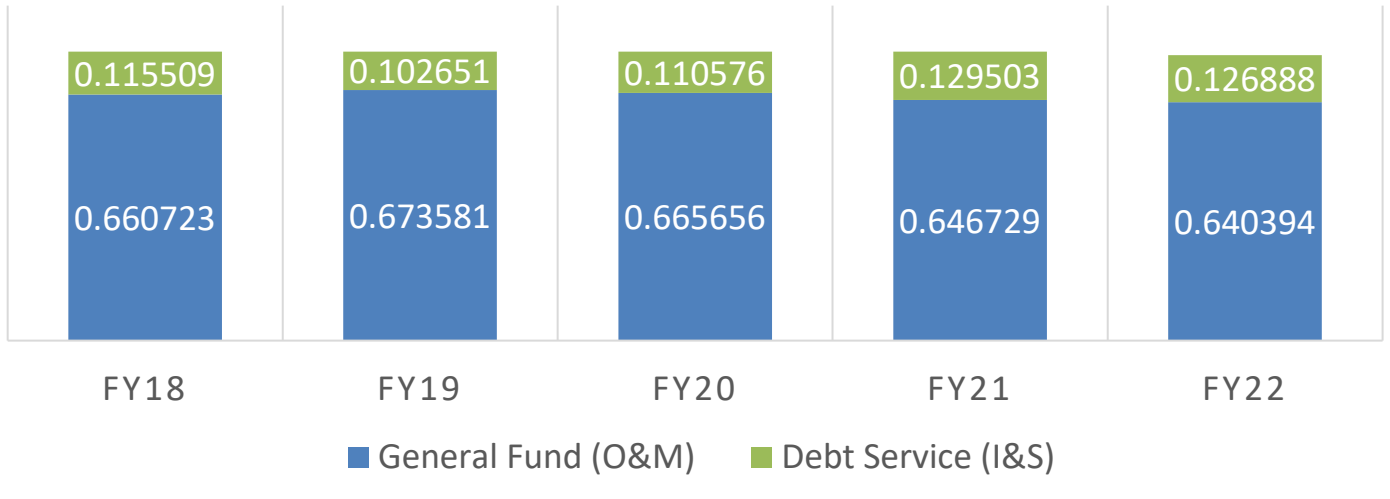
PROPERTY TAXES

Property taxes include the current year's levy, prior year levies/penalties, and interest collected on payment of delinquent taxes. The tax rate of \$0.767282 per hundred dollars of valuation includes \$0.126888 for debt service.

The Property Tax Rate decreased \$0.008950 from the prior year, the first decrease in the property tax rate since fiscal year 2014. Annexations and increased property values have contributed to the steady increase in property taxes over the past five years.



PROPERTY TAX RATES



Property taxes fund both operations in the general fund as well as debt service payments for large capital projects like road construction, parks, and fire stations.

Hotel Occupancy Tax

The tourism industry suffered a dramatic halt in activity following the outbreak of the virus. The Convention Center and Hotels were closed for several weeks, and conferences were cancelled. The pandemic negatively impacted our smaller retailers and restaurants across the board. The largest revenue source for Convention Services is the hotel/motel taxes. In FY22, we are projecting continued growth in the revenue source as travel returns and continues to build on the rebound experienced during FY21 and should be close to the revenues generated in FY18.

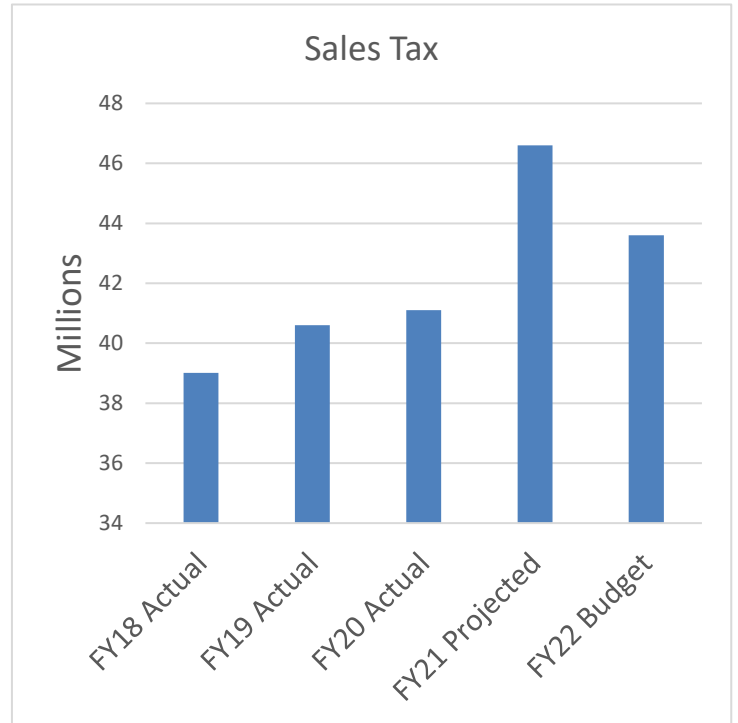


SALES TAX

The City receives one and one-half percent sales tax on all retail sales, leases and rentals of most goods. Sales tax is budgeted at \$43.6 million, which is a \$7.6 million increase over the fiscal year 2021 budgeted amount which was conservatively budgeted based on the unknown impacts of the COVID-19 pandemic. This amount is slightly less than the FY21 projected amount of \$46.6 million as sales tax revenue is projected to return to normal growth as stimulus funding winds down and the economy recovers.

The City of Waco uses detailed, confidential, Waco-specific sales tax information from the State, as well as permitting data, and aggregate sales tax information from all Texas cities to produce a sector based, multiple regression predictive model. The model is reviewed, analyzed, and updated monthly.

The City of Waco has seen an increase in the amount of sales tax revenues collected over the last five fiscal years.



Sales Tax Distribution



6.25 Cents to
State of Texas

0.5 Cents to
McLennan County

1.5 Cents to
City of Waco

GENERAL FUND OVERVIEW

The General Fund is the primary operating fund for the City. This fund is used to account for resources traditionally associated with city government including public safety, parks, streets, library, and city administration.

REVENUES

The FY22 budgeted revenues total \$161.3M. The largest revenue stream in the general fund is the tax segment, which is comprised of property tax and sales tax.

Combined property and sales tax revenue is budgeted at \$117.4M.

The City budgeted a conservative \$43.6M for sales tax revenues. This figure returns to the historical growth in sales tax for the City and is indication of the resiliency of the Wacoans, the rebound in Waco tourism over the past year, and the economic development efforts over the last several years. We are still monitoring the impacts of COVID 19 on year-to-year sales tax figures.

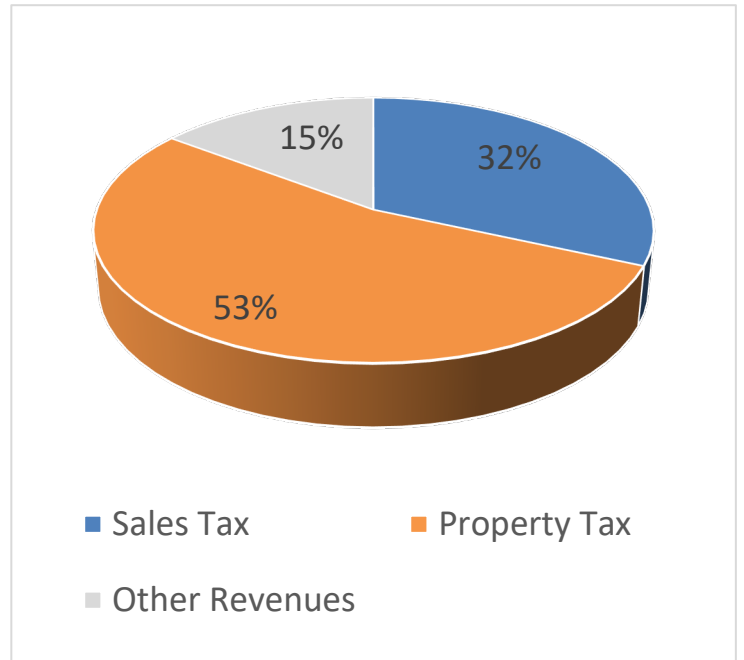
The remaining revenues are from different programs and fees. These categories include fees for the City's many recreation programs, building permits, and other services. A more detailed look at the General Fund Revenue is available in the FY2022 Budget Book on the City's website.

EXPENDITURES

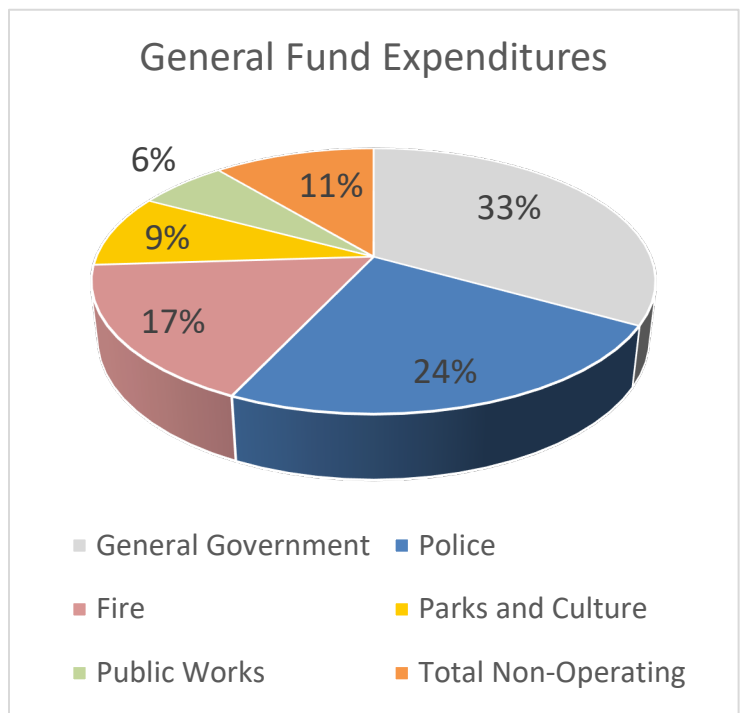
The FY22 budgeted expenses total \$162.6M. The largest expense category in the general fund is salaries and wages.

The Police Department represents 24% of total expenditures, while the Fire Department represents 17%. General Government is comprised of the remaining city operational departments excluding Parks & Rec, Library Services, and Public Works.

General Fund Revenues



General Fund Expenditures



CAPITAL IMPROVEMENT PROJECTS

MOVING WACO FORWARD

The City of Waco will invest \$118M in capital improvements in the FY22 Budget. The strong commitment to improving the core infrastructure of the City is done via a combination of cash reserves, previously issued bonds, federal and state grants, and new bonds anticipated to be sold in the spring of 2022. Over the next five years the City of Waco will invest over \$430M in capital improvements for a variety of projects across the city.

ENTERPRISE CIP

The Enterprise Funds consist of the Airport, Convention Services, Drainage, Solid Waste, and the three funds of the Water Utility (Water, Wastewater, and WMARSS). The City will invest just over \$56.9M in FY22 for capital improvements for enterprise departments.

These enterprise funds are owned by the City but are designed to operate like a business. The main funding source for these funds is charges for service like your utility bill or fuel sales at the Airport. All proposed Capital Improvements can be funded within the rate structure previously discussed with Council.

Department	2022 Budget	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate	Total 2022-2026	Fund Type
Airport	3,122,500	3,522,000	862,322	1,225,000	-	8,731,822	Enterprise
Convention Service	1,478,500	-	-	-	-	1,478,500	Enterprise
Drainage	2,923,436	1,254,984	7,371,807	92,250	996,300	12,638,777	Enterprise
Solid Waste	7,588,000	6,500,000	4,750,000	2,000,000	1,500,000	22,338,000	Enterprise
Wastewater	6,000,000	5,000,000	7,000,000	7,000,000	3,000,000	28,000,000	Enterprise
Water	26,500,000	21,050,000	16,250,000	8,250,000	12,250,000	84,300,000	Enterprise
WMARSS	9,255,000	-	3,800,000	-	4,400,000	17,455,000	Enterprise
Total	56,867,436	37,326,984	40,034,129	18,567,250	22,146,300	174,942,099	

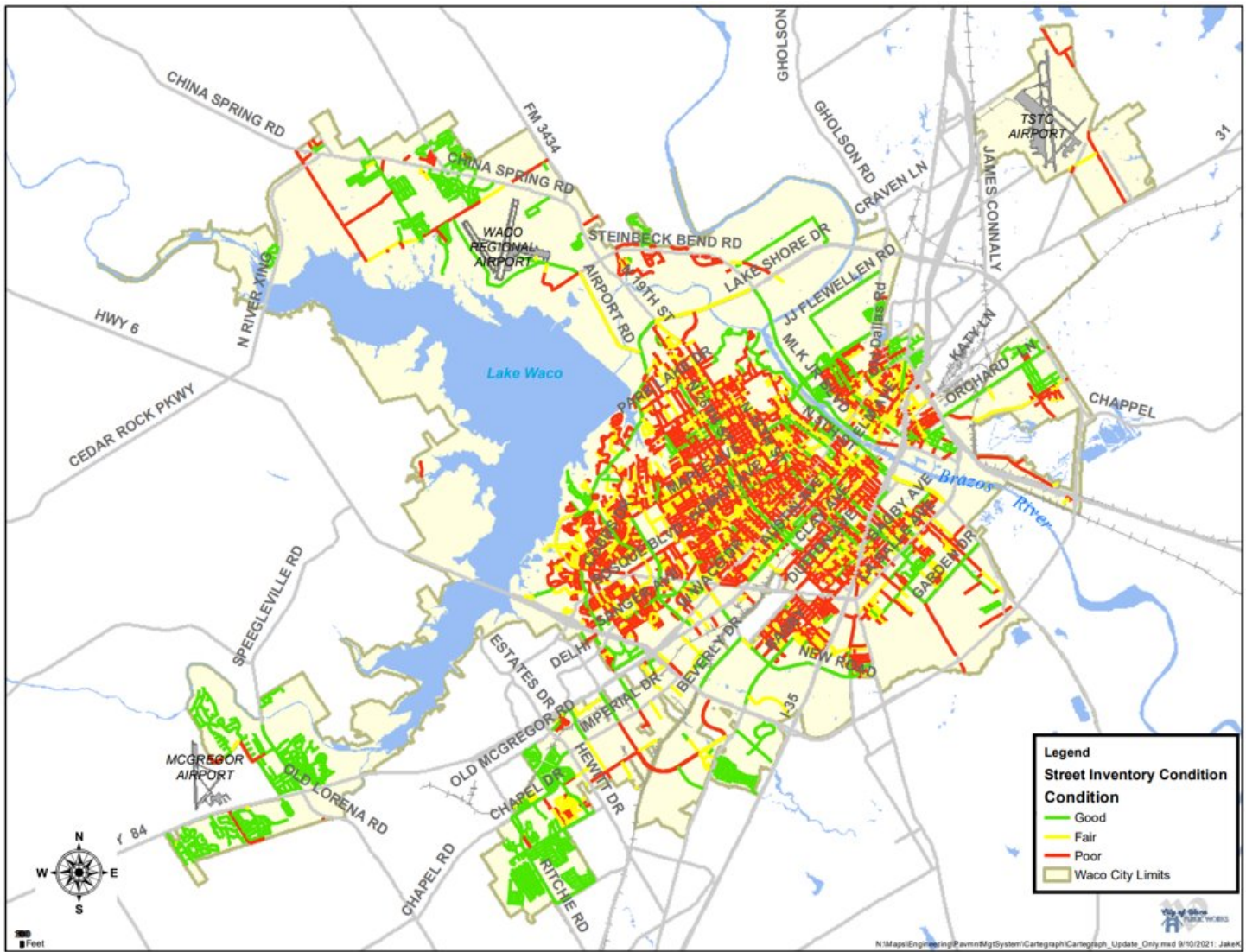
GOVERNMENTAL CIP

The Governmental CIP totals \$61.3M and is funded with a combination of new bonds and cash reserves.

Department	2022 Budget	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate	Total 2022-2026	Fund Type
Engineering	4,088,640	5,553,511	2,658,000	-	-	12,300,151	Governmental
Facilities	1,206,088	699,750	609,250	380,000	757,250	3,652,338	Governmental
Fire	2,628,750	6,853,500	1,203,046	-	-	10,685,296	Governmental
Parks	10,782,320	16,077,500	13,706,325	13,662,500	10,267,306	64,495,951	Governmental
Police	853,571	908,308	7,740,596	316,805	2,323,184	12,142,464	Governmental
Streets	41,695,678	30,629,154	31,840,720	23,965,000	23,990,000	152,120,552	Governmental
Total	61,255,046	60,721,723	57,757,937	38,324,305	37,337,740	255,396,752	

The primary focus of the Governmental CIP is to improve the road network. The city is achieving this goal with the Better Streets Waco Program, a multi-faceted approach which seeks to improve the overall street network. The Better Streets Waco program will receive \$41.7M in funding for FY22 and accounts for about 68% of total Governmental CIP funding.

The map below shows the current road conditions by three segments: Good, Fair, and Poor.



In addition to road network repair, the FY22 Governmental CIP features over \$10M dollars in parks improvements, including the Challenger Lake Air Little League Redevelopment project and the redevelopment to the Doris Miller YMCA. The City will also begin design work for two fire stations. The City will invest over \$4M to improve local bridges. A full list of projects can be found in the FY 2021-2022 Budget Book at <https://www.waco-texas.com/pdf/budget/FY-22-Adopted-Budget.pdf>

WACO SNAPSHOT: COMMUNITY HIGHLIGHTS

Area

- Waco: 101.26 square miles
- McLennan County: 1,041.8 square miles

Population

- City of Waco: 139,236 (2019 Census estimate)
- Waco MSA: 268,696 (Census estimate)
- Median Age 34.7

Employment

- MSA Labor Force: 131,227
- Unemployment Rate: 5.8% (as of July 2021)
- Source: U.S. Bureau of Labor Statistics

Education

- 20 public school districts in McLennan County
- Baylor University
- McLennan Community College
- University Center
- Texas State Technical College Waco

Arts & Entertainment

- 5,000 Hotel Rooms
- 300+ Restaurants
- 20 museums and library collections including the Texas Ranger Hall of Fame
- 4 movie theaters, Top Golf and more
- Over 70 short term rental properties

Recreation

About: Waco is within 200 miles of 3 national parks and more than 50 state parks and historic sites. There are more than 60 parks within the community, including Cameron Park, offering scenic hiking, and biking trails, and the Cameron Park Zoo.

- 3 Country Clubs
- 5 Recreation Centers
- 77 Tennis Courts
- Athletic Complex
- 7 Golf Courses, including Cottonwood Creek Golf Course
- Softball & Little League fields
- Hawaiian Falls Water Park
- Barefoot Ski Resort

