

# **City of Waco**

## **Budget-in-Brief**

For the year beginning October 1, 2015



**2015-16  
Annual Operating and  
Capital Budgets**

## Elected Officials and Management Staff

### Elected Officials

Malcolm P. Duncan, Jr.

Mayor

Mayor Pro Tem Wilbert Austin  
Council Member Alice Rodriguez  
Council Member John Kinnaird  
Council Member Dillon Meek  
Council Member Kyle Deaver

### Management Staff

City Manager .....	Dale A. Fisseler, P.E.	Health Director .....	Sherry Williams
City Attorney .....	Jennifer Richie	Housing Director .....	Jeff Wall
City Secretary .....	Esmeralda Hudson	Human Resources Director .....	Gary Johnson
Municipal Court Judge .....	Chris Taylor	Information Technology Director .....	James Brown
Deputy City Manager .....	Wiley Stern, III	Library Director .....	Essy Day
Assistant City Manager .....	Jack Harper, II	Municipal Information Director .....	Larry Holze
Assistant City Manager .....	Cynthia Garcia	Parks and Recreation Director .....	John Williams
Assistant City Manager .....	Deidra Emerson	Planning Director .....	Clint Peters
Airport Director .....	Joel Martinez	Police Chief .....	Brent Stroman
Budget Manager .....	Laura Chiota	Public Works Director .....	Octavio Garza
Building Official .....	Randall Childers	Ranger Hall of Fame Director .....	Byron Johnson
Convention & Visitors' Director .....	Elizabeth Taylor	Transit Manager .....	John Hendrickson
Finance Director .....	Janice Andrews	Utilities Director .....	Lisa Tyer
Fire Chief .....	John Johnston	Cameron Park Zoo Director .....	Jim Fleshman

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**Mayor & City Council**

**Policy**

Mayor Malcolm P. Duncan, Jr.  
Mayor Pro Tem Wilbert Austin  
Alice Rodriguez, John Kinnaid  
Dillon Meek, Kyle Deaver

**City Attorney**

Jennifer Richie

**City Manager**

Dale A. Fisseler, P.E.  
City Manager

General Administration  
Municipal Information

**City Secretary**

Esmeralda Hudson

**Municipal  
Court Judge**

Chris Taylor

**Wiley Stern, III  
Deputy City Manager**

Animal Services

Facilities / Fleet /  
Purchasing

Public Works

Solid Waste

Water Utilities

**Deidra Emerson  
Assistant City Manager**

Cameron Park Zoo

Health

Library

Parks and Recreation /  
Golf Course

Texas Ranger Museum

Waco Transit

**Cynthia Garcia  
Assistant City Manager**

Convention and  
Visitors Services

Housing /  
Economic Development

Inspection /  
Code Enforcement

Planning

Waco Regional Airport

**Jack Harper, II  
Assistant City Manager**

Budget

Finance

Fire

Human Resources

Information Technology

Internal Audit

Police

As of September 2015



October 1, 2015

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 2015-16 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 2015-16 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,

Dale A. Fisseler, P.E.  
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

## 2015-16 Budget Highlights

### Total Operating Budget

The adopted 2015-16 operating budget is \$219,282,858, an increase of 6.9% compared to the 2014-15 adopted operating budget of \$205,098,257. Major funding items include:

- A 2.0% salary increase for all regular full and part time employees
- \$1,500,000 for the Economic Incentive Fund
- \$22,760,195 for Fire Services
- \$34,568,747 for Police Services
- \$40,047,185 for Water Services
- \$23,189,257 for Wastewater Services
- \$16,321,567 for Solid Waste Services
- \$13,944,161 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. Our current fiscal condition is stable due primarily to improvements in several revenue sources and careful management of expenditures. However, the uncertainty about funding levels from some of our existing federal and state grants; ever increasing expenses, especially health insurance; employee compensation; staffing needs due to expanded operations and departmental capital needs were areas of consideration.

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 \$5 million for street improvements, which is twice the \$2.5 million designated for street improvements in fiscal year 2014-15. With continued emphasis on infrastructure, the CIP also includes \$2 million for stormwater improvements, \$51 million for wastewater improvements and water improvements of \$23 million. Other items included in the CIP to provide for the future needs of our citizens are building renovations, general park improvements, continuation of the sidewalk program and airport improvements. 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.

Once again, another major challenge was funding health insurance. Claims for this year are higher than projected and were negatively impacting the financial condition of the Health Insurance Fund. Also, analysis of future costs predicts a 5% to 6.3% increase in medical and prescription claims. To fund the projected shortfall, the City is increasing its contribution an amount equivalent to a 1.5% pay adjustment and making changes to the plan design, including setting up a two-tier plan. These steps, along with new and continued wellness program initiatives, should stabilize the costs of this important employee benefit.

## 2015-16 Budget Highlights

### Salary and Wage Increases

For FY 2015-16, we are recommending a salary package with a 2% 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 2016 decreased slightly from the 2015 rate. Cost-of-living adjustments for retirees are considered on an ad hoc basis. Our funded ratio increased slightly and is currently 86.1% while the unfunded liability continues to decrease and is \$59.5 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 1.05 full-time equivalents (FTEs). We will continue to do the things that get citizens better customer service and quality city services in a proactive manner.

### General Fund

The General Fund revenue budget of \$123,313,755 is based on an increase in revenues of 11.2% over last year's adopted budget, due mainly to the increase in transfer from surplus, ad valorem taxes, and sales taxes. No tax rate adjustment is included for FY 2015-16. Most of the additional revenues provide for salary and benefit adjustments, increased funding of operational activities and items previously funded with debt and increased funding of capital projects with cash.

### General Fund Revenues

Growth in net property tax assessments –New construction and increased valuations contributed to the proposed 6.18% growth in the property tax base. New construction assessments are proposed at a healthy increase of \$220 million for FY 2015-16, but is somewhat offset by a \$393 million increase in exemptions.

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 four years, which we believe is due to good employment numbers and new development in our City over the past few years. 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% over last year's adopted budget.



## 2015-16 Budget Highlights

### General Fund Expenditures

The largest increase in General Fund expenditures is about \$4.8 million for streets, stormwater and Parks improvements. Although there are few additions included for FY 2015-16, the major changes in the General Fund are:

- Salary adjustment – \$1.4 million
- Equipment replacement – \$2.1 million
- New programs and services – \$1.0 million
- Increased cash funding for self-contained breathing apparatus (SCBA) equipment – \$1.0 million
- Increased Health Insurance expense in General Fund-supported departments – \$902,385
- Organizational staffing changes - \$317,000
- Added funds for Capital Equipment Replacement Fund – \$100,000
- Loss of grant funds for Police - \$92,000

### Fee Revenues

Most revenues have remained relatively flat for a number of years. This trend is changing and we are experiencing gradual growth in a number of areas. We are optimistic about the trend continuing and have reflected that in the proposed revenues. User fees were reviewed and subsequently revised, added or deleted for the Animal Shelter, Cameron Park Zoo, City Secretary's Office, Engineering, Housing and Economic Development, Library, Parks and Recreation, Police, Texas Ranger Hall of Fame & Museum, Traffic, Waco Transit, Water, and Wastewater. Utility service rates will increase for the first time in five years. Solid Waste service rates will remain the same as the current year. The budget reflects these revisions to user fees that are shown in Appendix B.

### 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.

This increase is the first for residential, commercial, and industrial water and wastewater customers in the last five years, and only the second increase in the last eight years. The water base rate will increase from \$1.08 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 \$2.54 per 1,000 gallons to \$2.57 per 1,000 gallons; 15,001 to 25,000 gallons, from \$2.98 per 1,000 gallons to \$3.01 per 1,000 gallons; and over 25,000 gallons, from \$3.82 per 1,000 gallons to \$3.86 per 1,000 gallons. The wastewater residential base rate will increase \$1.59 per month with the volumetric rate increasing \$0.35 per 1,000 gallons.

No changes for any solid waste fees are included.

### Capital Improvements Program

The adopted FY2015-16 CIP (Capital Improvements Program) is \$91,383,803 for General Government and Street/Drainage, Wastewater and Water Improvements and is detailed on page 17.

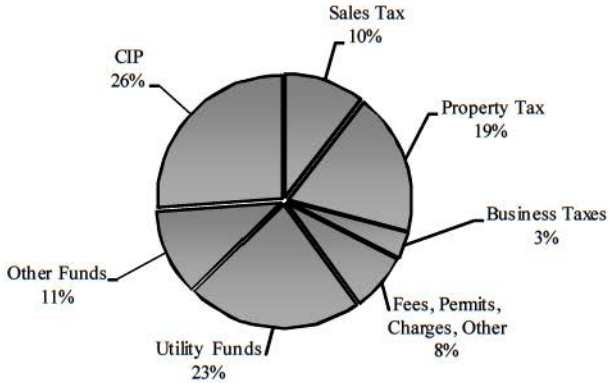
**Revenue Summary**  
**2015-16**

	<b>Adopted</b>	<b>Percent Total</b>
Sales Tax	32,557,060	10.48%
Property Tax	57,839,702	18.62%
Business Taxes	10,493,511	3.38%
Permits, Fines & Charges	4,635,725	1.49%
Utility Funds	70,460,812	22.68%
Other Funds	34,707,083	11.17%
Interest on Investments	276,060	0.09%
Miscellaneous	3,456,045	1.11%
Intergovernmental	6,232,208	2.00%
Transfer from Surplus	8,770,936	2.82%
<b>Total Operating Revenues</b>	<b>229,429,142</b>	<b>73.85%</b>
Capital Improvements Program	81,237,519	26.15%
<b>Total Revenues</b>	<b>\$ 310,666,661</b>	<b>100.00%</b>

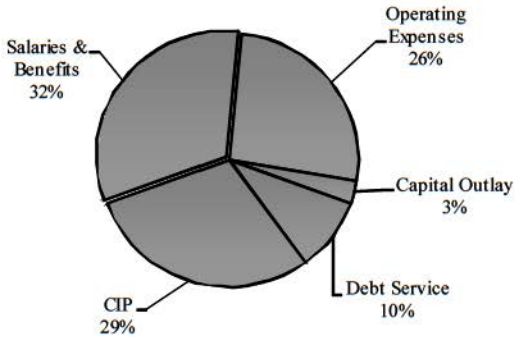
**Expenditure Summary**  
**2015-16**

	<b>Adopted</b>	<b>Percent Total</b>
Salaries & Benefits	99,750,907	32.12%
Services & Supplies	54,954,135	17.69%
Other Expenses	19,676,863	6.34%
Contracts with Others/Contributions	4,101,914	1.32%
Transfers & Billings	2,505,000	0.81%
Capital Outlay	8,653,792	2.79%
Debt Service	29,640,247	9.54%
<b>Total Operating Budget</b>	<b>219,282,858</b>	<b>70.58%</b>
Capital Improvements Program	91,383,803	29.42%
<b>Total Expenditures</b>	<b>\$ 310,666,661</b>	<b>100.00%</b>

### 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 \$110+ million General Fund for their property tax dollars.

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

Based on an average home value of \$127,756 with a homestead exemption of \$14,455 a household pays \$879.48 in city taxes for the year, or \$73.29 per month, to support these city services:

- 24 hour Police Protection
- 24 hour Fire Protection
- Maintenance of 600 miles of paved and unpaved public streets
- Traffic signals and street lighting
- Four library facilities and services which circulates books, video & audio tapes
- 1,500 acres of developed Parks
- Park facilities including softball fields
- Recreational facilities & activities including jogging tracks and skate parks
- Animal Control 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:

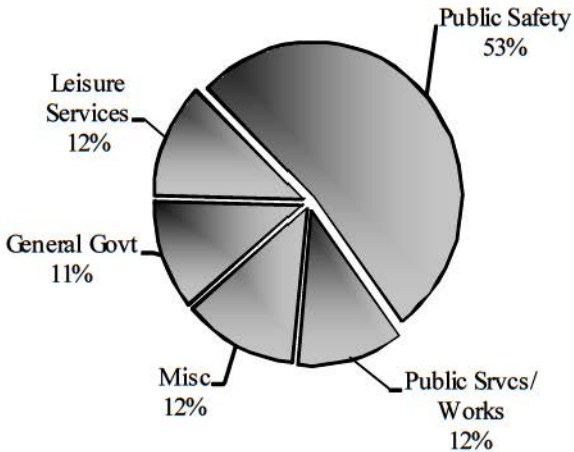
- Preferred Cable TV is \$54.99 plus tax per month.
- The average cost for electricity is \$87.10 / 1000 kwh per month.
- An average Natural Gas bill was \$51.03 per month for the year ending July 2015.
- One night at the movies for a family of four with soft drinks and popcorn is \$40 - \$50.

Information provided by Grande Communications, [powertochoose.org](http://powertochoose.org), Atmos Energy, Starplex Cinema and McLennan County Central Appraisal District.

### General Fund by Function

General Govt	14,196,611
Leisure Services	14,756,368
Public Safety	64,784,959
Public Svcs/ Works	14,235,024
Misc	15,340,793

**Total** \$ 123,313,755



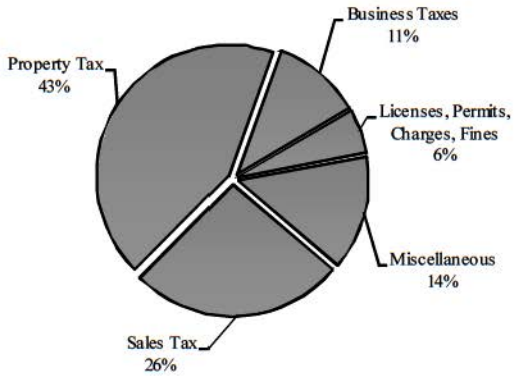
**General Fund Revenue Summary  
2015-16**

	<b>Adopted</b>	<b>Percent Total</b>
Sales Tax	32,557,060	26.41%
Property Tax	53,093,819	43.06%
Business Taxes	13,593,416	11.02%
Licenses & Permits	1,137,362	0.92%
Intergovernmental	1,670,620	1.35%
Charges for Services	1,782,287	1.45%
Fines	2,161,559	1.75%
Interest on Investments	75,000	0.06%
Miscellaneous	10,000,841	8.11%
Other Financing Sources	7,241,791	5.87%
<b>Total General Fund Revenues</b>	<b>\$ 123,313,755</b>	<b>100.00%</b>

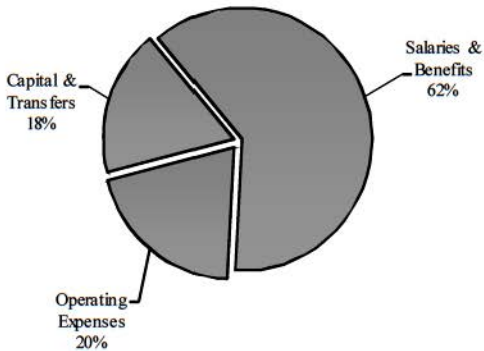
**General Fund Expenditure Summary  
2015-16**

	<b>Adopted</b>	<b>Percent Total</b>
Salaries & Benefits	76,322,097	61.89%
Services & Supplies	20,567,266	16.68%
Other Expenses	1,460,748	1.18%
Contracts with Others/Contributions	2,843,569	2.31%
Transfers & Billings	19,863,758	16.11%
Capital Outlay	2,256,317	1.83%
<b>Total General Fund Expenditures</b>	<b>\$ 123,313,755</b>	<b>100.00%</b>

### General Fund Revenues



### General Fund Expenditures



**Funds Summary**  
**2015-16**

<b>General Fund</b>	123,313,755
<b>Special Revenue Funds</b>	
Health Fund	4,190,265
Police Forfeiture Funds	79,000
Abandoned Motor Vehicles	220,000
Public Improvement District #1	1,065,571
<b>Street Reconstruction Fund</b>	3,888,972
<b>Enterprise Funds</b>	
Ranger Hall of Fame Fund	1,397,187
Waco Regional Airport Fund	1,969,728
Convention Center & Visitors' Fund	4,440,317
Cameron Park Zoo Fund	3,905,132
Cottonwood Creek Golf Course	2,099,682
Waco Transit Fund	7,998,629
Rural Transit	637,581
<b>Utility Funds</b>	
Water Fund	40,047,185
Wastewater Fund	23,189,257
Solid Waste Fund	16,321,567
WMARRS Fund	8,339,082
<b>Internal Service Funds</b>	
Risk Management Fund	3,696,549
Engineering Fund	2,391,443
Fleet Services Fund	1,996,945
Health Insurance Fund	13,944,161
<b>Capital Improvement Fund</b>	91,383,803
Less Interfund Transfers	(45,849,150)
<b>Total Fund Summary</b>	<b>\$310,666,661</b>



**Capital Improvements Program**  
**Planned Expenditure Summary by Function**  
**2015-16**

Airport	6,000,000
City Manager's Office (Animal Shelter)	200,000
Facilities	3,298,803
Parks & Recreation	685,000
<b>Total General Government</b>	<b>10,183,803</b>
Street Improvements	5,000,000
Stormwater Improvements	2,000,000
Sidewalk Program	200,000
Wastewater Improvements	51,000,000
Water Improvements	23,000,000
<b>Total C I P</b>	<b>\$ 91,383,803</b>

**Personnel Summary**  
**By Department (Full Time Equivalents)**

	2014-15	2015-16		2014-15	2015-16
<b>General Fund</b>			<b>Health Fund (cont)</b>		
City Managers Office	13.00	12.00	Public Health Nursing	10.50	10.00
Animal Shelter	13.50	13.50	S T D Services	5.39	5.39
City Secretary	6.00	7.00	HIV/AIDS	2.25	2.25
Finance	15.50	16.50			
Purchasing	6.00	7.00	<b>Enterprise Funds</b>		
Information Technology	15.00	17.00	Street Reconstruct Fund	30.00	28.00
Legal Services	10.00	10.00	Ranger Hall of Fame Fund	15.50	15.50
Municipal Court	15.00	15.00	Airport Fund	13.77	13.52
Planning Services	7.95	8.20	Convention Fund	35.70	35.70
Human Resources	10.00	10.00	Cameron Park Zoo Fund	51.11	51.36
Inspection Services	20.72	20.52	Cottonwood Creek Golf	13.00	13.00
Streets & Drainage	29.00	29.00			
Traffic Services	22.00	22.00	<b>Utilities</b>		
Emergency Management	6.00	6.00	Water Office	24.25	23.25
Fire	211.00	211.00	Water Distribution	31.75	31.75
Police	347.74	347.44	Water Treatment	38.25	39.25
Library	44.45	45.45	Utilities Laboratory	13.00	12.00
Municipal Information	9.00	9.00	Meter Shop	18.00	17.00
Housing Services	2.60	5.65	Wastewater Collection	38.75	37.75
Facilities	35.80	34.80	Environmental Services	7.00	7.00
Parks and Recreation	141.01	142.96	WMARRS	27.00	28.00
			Solid Waste Services	96.00	93.50
<b>Total General Fund</b>	<b>981.27</b>	<b>990.02</b>			
			<b>Internal Service Funds</b>		
<b>Health Fund</b>			Risk Management	7.00	6.00
Health Administration	9.50	8.50	Engineering	24.00	24.00
Environmental Health	1.75	1.75	Fleet Services	27.00	27.00
OSSF	4.25	4.25	Health Insurance	1.00	1.00
			<b>Grant Funds</b>	68.09	68.29
			<b>Total All Funds</b>	<b>1,595.08</b>	<b>1,595.03</b>

## 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 2015-2016 adopted budget. More detailed information on the contents of this book can be found in the 2015-2016 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 Improvements 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  
Post Office Box 2570  
Waco, TX 76702-2570  
<http://waco-texas.com>