

City of Waco

Budget-in-Brief

For the year beginning October 1, 2016



**2016-17
Annual Operating and
Capital Budgets**

Elected Officials and Management Staff

Elected Officials

Kyle Deaver

Mayor

Council Member Wilbert Austin

Council Member Alice Rodriguez

Council Member John Kinnaird

Mayor Pro Tem Dillon Meek

Council Member Jim Holmes

Management Staff

City Manager	Dale A. Fisseler, P.E.	Health Director	Sherry Williams
City Attorney	Jennifer Richie	Housing Director	Vacant
City Secretary	Esmeralda Hudson	Human Resources Director	Missie Pustejovsky
Municipal Court Judge	Chris Taylor	Information Technology Director	James Brown
Deputy City Manager	Wiley Stem, 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	Vacant
Budget Manager	Laura Chiota	Public Works Director	Octavio Garza
Building Official	Randall Childers	Ranger Hall of Fame Director	Byron Johnson
Convention & Visitors' Director	Vacant	Transit Manager	John Hendrickson
Finance Director	Janice Andrews	Utilities Director	Lisa Tyer
Fire Chief	Bobby Tatum	Cameron Park Zoo Director	Jim Fleshman

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Mayor & City Council

POLICY

Mayor Kyle Deaver

Wilbert Austin (District 1)

Alice Rodriguez (District 2)

John Kinnaird (District 3)

Mayor Pro Tem Dillon Meek (District 4)

Jim Holmes (District 5)

City Attorney

Jennifer Richie

City Manager

Dale Fisseler, P.E.
General Administration

City Secretary

Esmeralda Hudson

Municipal Court Judge

Chris Taylor

Deputy City Manager

Wiley Stem, III
Animal Services
Facilities
Fleet
Purchasing
Public Works
Solid Waste
Water Utilities

Assistant City Manager

Deidra Emerson
Cameron Park Zoo
Health
Library
Parks & Recreation
Cottonwood Creek Golf Course
Texas Ranger Museum
Waco Transit

Assistant City Manager

Cynthia Garcia
Convention & Visitors Bureau
Housing & Economic Development
Inspection/Code Enforcement
Planning
Waco Regional Airport

Assistant City Manager

Jack Harper, II
Budget
Finance
Fire
Human Resources
Information Technology
Internal Audit
Municipal Information
Police

October 1, 2016

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 2016-17 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 2016-17 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

2016-17 Budget Highlights

The adopted 2016-17 operating budget is \$240,050,285, an increase of 9.5% compared to the 2015-16 adopted operating budget of \$219,098,257. Major funding items include:

- A 2.75% salary increase for all regular full and part time employees
- \$1,750,000 for the Economic Incentive Fund
- \$22,992,905 for Fire Services
- \$35,721,676 for Police Services
- \$43,036,352 for Water Services
- \$29,143,438 for Wastewater Services
- \$20,035,118 for Solid Waste Services
- \$13,874,447 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. We have a healthy increase for FY 2016-17 of \$287 million in new construction assessments for next year, which is a large part of the projected 8.33% growth in the property tax base. We continue to budget sales tax revenues at a conservative 5.0% increase over the current budget.

All departments are responsible for monitoring operations and managing every expenditure as budgeted. The goal is always to make decisions that enhance productivity and efficiency and that provide immediate and long-term benefits. The FY 2016-17 adopted budget salary package includes a 2.75% pay adjustment for all employees based on recommendations from the new compensation pay plan adopted during FY 2015-16. Implementation of the plan will continue during FY 2016-17, with adjustments in pay to long tenured employees below mid-range, as well as changes to civil service pay plans. Employee benefits include health insurance, longevity pay, disability coverage, life insurance and a 2-to-1 match for the Texas Municipal Retirement System (TMRS).

Departments continually evaluate their staffing needs as positions become vacant during the year to assess operations that will produce efficiencies in the workforce. As a result, positions are often transferred or reclassified during the year. This budget reflects a net increase of 3.22 full-time equivalents (FTEs); however, the intent is to not fill the additional positions until other FTEs become vacant and are eligible to be closed due to operational efficiency opportunities. Our self-funded health insurance for employees has had higher than normal claims experience this year. As we worked on the budget with input from our benefits consultant, it was clear that health insurance costs would continue to rise due mainly to health care reform. To address this shortfall and protect the financial integrity of this fund, the City is implementing plan design changes and continuing wellness program initiatives. We will continue to do the things that get citizens better customer service and quality city services in a proactive manner.

2016-17 Budget Highlights

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 \$2.5 million for stormwater improvements, \$11.2 million for wastewater improvements and water improvements of \$23.4 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 fire apparatus replacements, building renovations, general park improvements, a sidewalk program and airport improvements. The adopted FY 2016-17 CIP (Capital Improvements Program) is \$52,515,453 and is detailed on page 17.

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 City Secretary's Office, Convention Services, Health, Housing and Economic Development, Inspection Services, Parks and Recreation, Police, Solid Waste, Streets, Traffic, Water, and Wastewater. Utility service rates will increase to address infrastructure needs. Solid Waste service rates will also increase from the current year.

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.

The rate increases for residential, commercial, and industrial water and wastewater customers after almost a decade with few rate changes. Water base rate increases begin at \$1.15 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 \$2.57 per 1,000 gallons to \$2.84 per 1,000 gallons; 15,001 to 25,000 gallons, from \$3.01 per 1,000 gallons to \$3.33 per 1,000 gallons; and over 25,000 gallons, from \$3.86 per 1,000 gallons to \$4.27 per 1,000 gallons. The wastewater residential base rate will increase \$2.88 per month with the volumetric rate increasing \$0.64 per 1,000 gallons.

Solid Waste residential and roll-off rates will remain the same for FY 2016-17. However, fee changes are included for commercial collection and the landfill. The percentage change in commercial container fees range from 1% to 31% for the different service levels. Landfill gate fees will increase from \$28.65 per ton to \$30.08 per ton. Additionally, the fees for scrap tires are proposed to be increased \$0.50 to cover increases in scrap tire recycling costs.

2015-16 Budget Highlights

General Fund

The General Fund revenue budget and utilization of fund balance of \$125,346,513 is based on an increase in resources of 1.6% 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 2016-17. 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.

Revenues

Growth in net property tax assessments –New construction and increased valuations contributed to the proposed 8.33% growth in the property tax base. New construction assessments are proposed at a healthy increase of \$287 million for FY 2016-17, but is somewhat offset by a \$326 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 five 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 5% over last year's adopted budget.

Other factors came into play to get the budget balanced. The focus on infrastructure improvements led to the decision of bonding \$11.8 million for General Government projects. This determination shows the Council's commitment to providing for our City's future. Property, auto and general liability insurance remained the same as the current year, which is another area that sometimes requires considerable increases. The management of vacancies and overtime and spending in general continues to play a key role in funding our needs for next year.

Expenditures

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.

Some of the highlights of the General Fund expenditures for FY 2016-17 are:

- Salary and benefit adjustments – \$1.8 million
- New programs and services – \$2.8 million
- Equipment replacement – \$821,000
- Added funds for the Economic Development Incentive Fund - \$250,000
- Added funds for Capital Equipment Replacement Fund – \$100,000

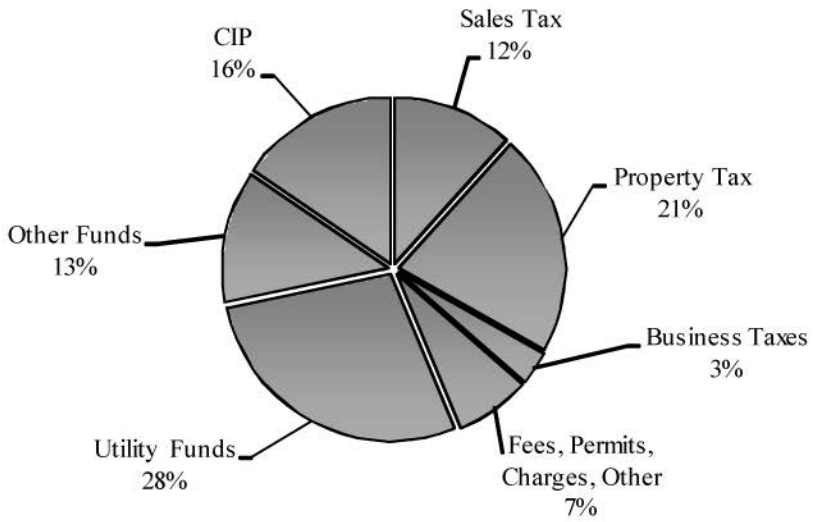
**Revenue Summary
2016-17**

	Adopted	Percent Total
Sales Tax	34,184,913	11.68%
Property Tax	62,581,749	21.39%
Business Taxes	10,050,920	3.44%
Permits, Fines & Charges	5,037,148	1.72%
Utility Funds	82,278,071	28.12%
Other Funds	37,058,565	12.67%
Interest Earnings	264,718	0.09%
Miscellaneous	3,816,186	1.30%
Intergovernmental	6,776,979	2.31%
Transfer from Surplus	5,061,201	1.73%
Total Operating Revenues	247,110,450	84.46%
Capital Improvements Program	45,455,288	15.54%
Total Revenues	\$ 292,565,738	100.00%

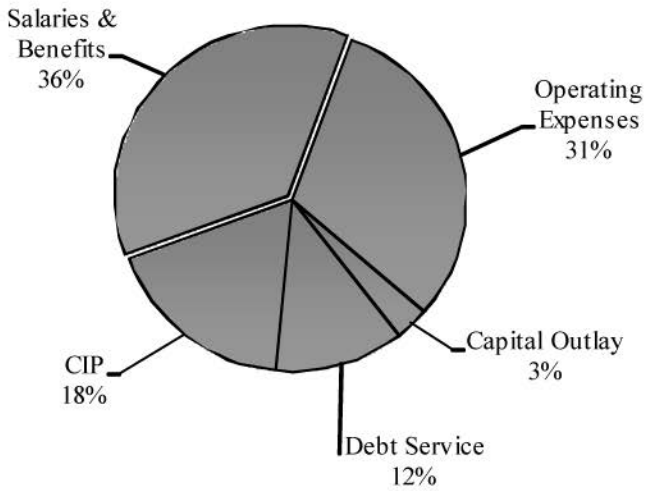
**Expenditure Summary
2016-17**

	Adopted	Percent Total
Salaries & Benefits	105,501,009	36.07%
Services & Supplies	59,238,230	20.25%
Other Expenses	23,014,617	7.88%
Contracts with Others/Contributions	4,659,982	1.59%
Transfers & Billings	3,230,593	1.10%
Capital Outlay	9,188,603	3.14%
Debt Service	35,217,251	12.04%
Total Operating Budget	240,050,285	82.05%
Capital Improvements Program	52,515,453	17.95%
Total Expenditures	\$ 292,565,738	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 \$125+ million General Fund for their property tax dollars.

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

Based on an average home value of \$133,959 with a homestead exemption of \$15,222 a household pays \$921.67 in city taxes for the year, or \$76.81 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 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

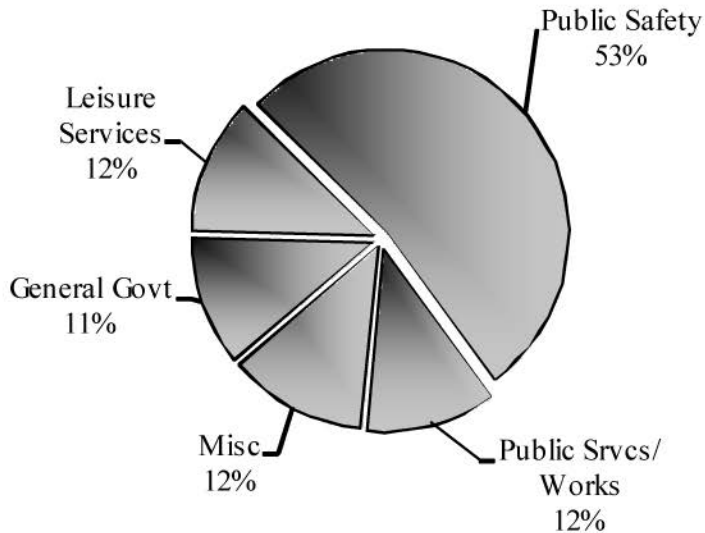
In comparison, the cost of:

- 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, Atmos Energy, Starplex Cinema and McLennan County Central Appraisal District.

General Fund by Function

General Govt	15,590,712
Leisure Services	15,040,452
Public Safety	67,005,353
Public Srves/ Works	9,559,254
Misc	18,150,742
Total	\$ 125,346,513



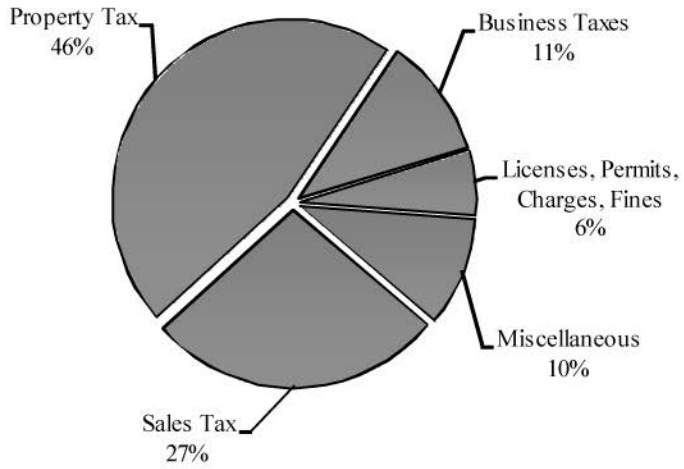
**General Fund Revenue Summary
2016-17**

	Adopted	Percent Total
Sales Tax	34,184,913	27.28%
Property Tax	57,844,213	46.15%
Business Taxes	13,603,892	10.85%
Licenses & Permits	1,470,392	1.17%
Intergovernmental	1,832,886	1.46%
Charges for Services	1,797,786	1.43%
Fines	2,200,897	1.76%
Interest Earnings	75,000	0.06%
Miscellaneous	10,056,103	8.02%
Other Financing Sources	140,232	0.11%
Utilization of Fund Balance/Net Position	2,140,199	1.71%
Total General Fund Revenues	\$ 125,346,513	100.00%

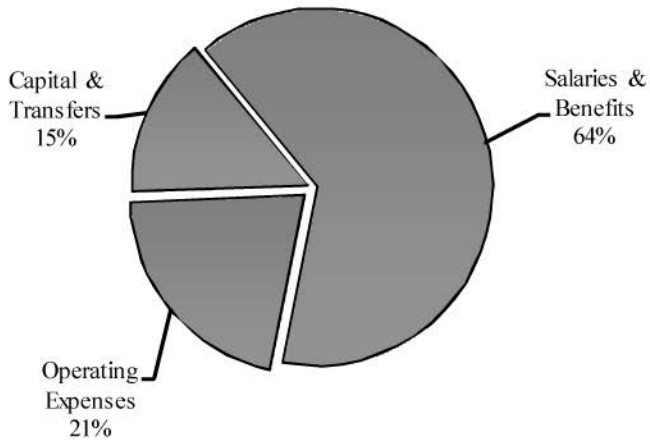
**General Fund Expenditure Summary
2016-17**

	Adopted	Percent Total
Salaries & Benefits	80,596,251	64.29%
Services & Supplies	21,933,751	17.50%
Other Expenses	1,376,346	1.10%
Contracts with Others/Contributions	3,289,560	2.62%
Transfers & Billings	16,213,580	12.94%
Capital Outlay	1,937,025	1.55%
Total General Fund Expenditures	\$ 125,346,513	100.00%

General Fund Revenues



General Fund Expenditures



Funds Summary
2016-17

General Fund	125,346,513
Special Revenue Funds	
Health Fund	4,612,976
Police Forfeiture Funds	110,000
Abandoned Motor Vehicles	268,771
Public Improvement District #1	1,107,636
Street Reconstruction Fund	3,888,972
Enterprise Funds	
Solid Waste Fund	20,035,118
Ranger Hall of Fame Fund	1,402,417
Waco Regional Airport Fund	1,518,571
Convention Center & Visitors' Fund	4,924,980
Cameron Park Zoo Fund	4,263,834
Cottonwood Creek Golf Course	2,179,010
Waco Transit Fund	8,441,536
Rural Transit	767,473
Utility Funds	
Water Fund	43,036,352
Wastewater Fund	29,143,438
WMARRS Fund	10,228,430
Internal Service Funds	
Risk Management Fund	3,666,507
Engineering Fund	2,626,653
Fleet Services Fund	1,987,138
Health Insurance Fund	13,874,447
Capital Improvement Fund	52,515,453
Less Interfund Transfers	(43,380,487)
Total Fund Summary	\$292,565,738

Capital Improvements Program
Planned Expenditure Summary by Function
2016-17

Airport	1,110,000
Facilities	2,424,453
Fire Services	1,351,000
Parks & Recreation	350,000
Total General Government	5,235,453
Street Improvements	7,930,000
Stormwater Improvements	2,450,000
Sidewalk Program	250,000
Solid Waste Improvements	2,100,000
Wastewater Improvements	11,150,000
Water Improvements	23,400,000
Total C I P	\$ 52,515,453

Personnel Summary
By Department (Full Time Equivalents)

	2015-16	2016-17		2015-16	2016-17
General Fund			Special Revenue Funds (cont)		
City Managers Office	12.00	12.00	Public Health Nursing	10.50	12.40
Animal Shelter	13.50	13.50	S T D Services	5.39	5.39
City Secretary	7.00	7.00	HIV/AIDS	2.25	2.25
Finance	20.18	20.18	Street Reconstruct Fund	25.00	21.00
Purchasing	7.00	7.00			
Information Technology	25.00	25.00	Enterprise Funds		
Legal Services	10.00	10.00	Solid Waste Services	90.00	91.92
Municipal Court	15.00	15.00	Ranger Hall of Fame Fund	15.50	15.50
Planning Services	8.40	8.40	Airport Fund	13.52	13.52
Human Resources	10.00	10.00	Convention Fund	34.95	34.95
Inspection Services	21.38	21.38	Cameron Park Zoo Fund	51.36	51.36
Streets & Drainage	28.00	26.10	Cottonwood Creek Golf	13.00	13.00
Traffic Services	21.96	22.06			
Emergency Management	6.00	6.00	Utilities		
Fire	209.00	209.00	Water Office	22.00	22.00
Police	345.48	347.58	Water Distribution	35.43	35.43
Library	45.25	46.25	Water Treatment	40.25	40.25
Municipal Information	9.00	9.00	Utilities Laboratory	10.00	10.00
Housing Services	5.65	5.25	Meter Shop	16.00	16.00
Facilities	34.80	34.80	Wastewater Collection	38.41	38.41
Parks and Recreation	142.97	142.97	Environmental Services	5.00	3.00
	-	-	WMARRS	29.91	29.91
Total General Fund	997.57	998.47			
			Internal Service Funds		
Special Revenue Funds			Risk Management	6.00	6.00
Health Administration	8.50	8.50	Engineering	23.00	25.88
Environmental Health	1.75	1.75	Fleet Services	27.00	27.00
OSSF	4.25	4.25	Health Insurance	1.00	1.00
			Grant Funds	65.73	65.13
			Total All Funds	1,593.27	1,594.27

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 2016-2017 adopted budget. More detailed information on the contents of this book can be found in the 2016-2017 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
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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>