

# Budget Update

July 21, 2020

Finance Department



# Agenda

- General Fund Revenues and Expenses
- General Fund Reserve Policy
- General Debt CIP
- City Manager's New Initiatives
- Remaining Schedule and Steps



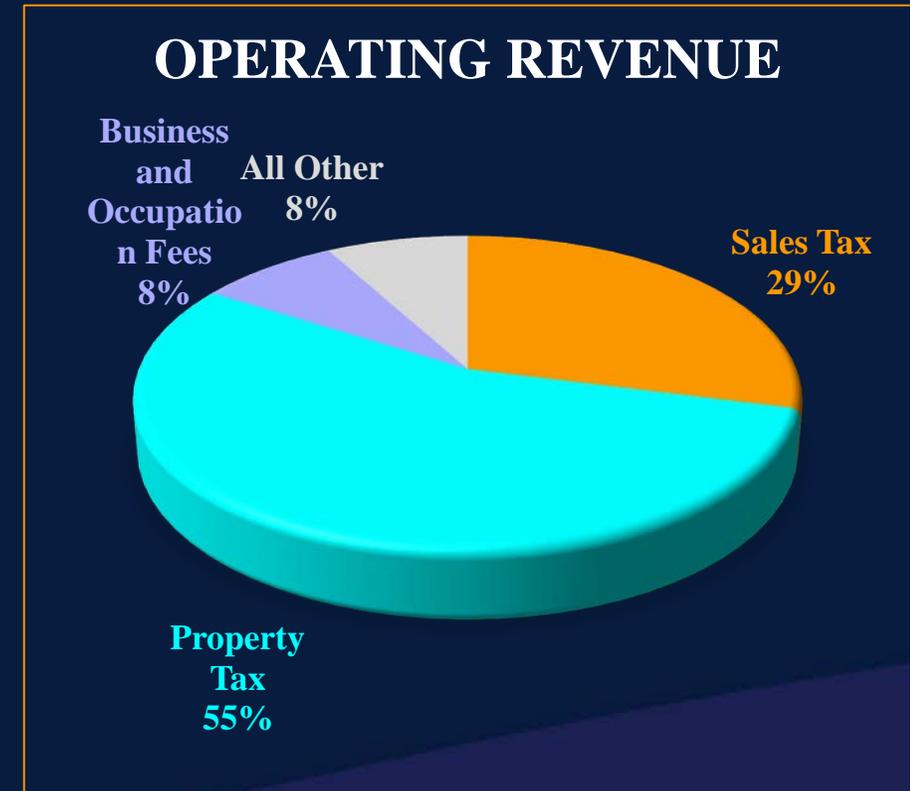
# General Fund

- The primary operating fund that accounts for all activity that is not accounted for in another fund type
- Includes traditional governmental activities such as Police, Fire, Public Works, and Parks.



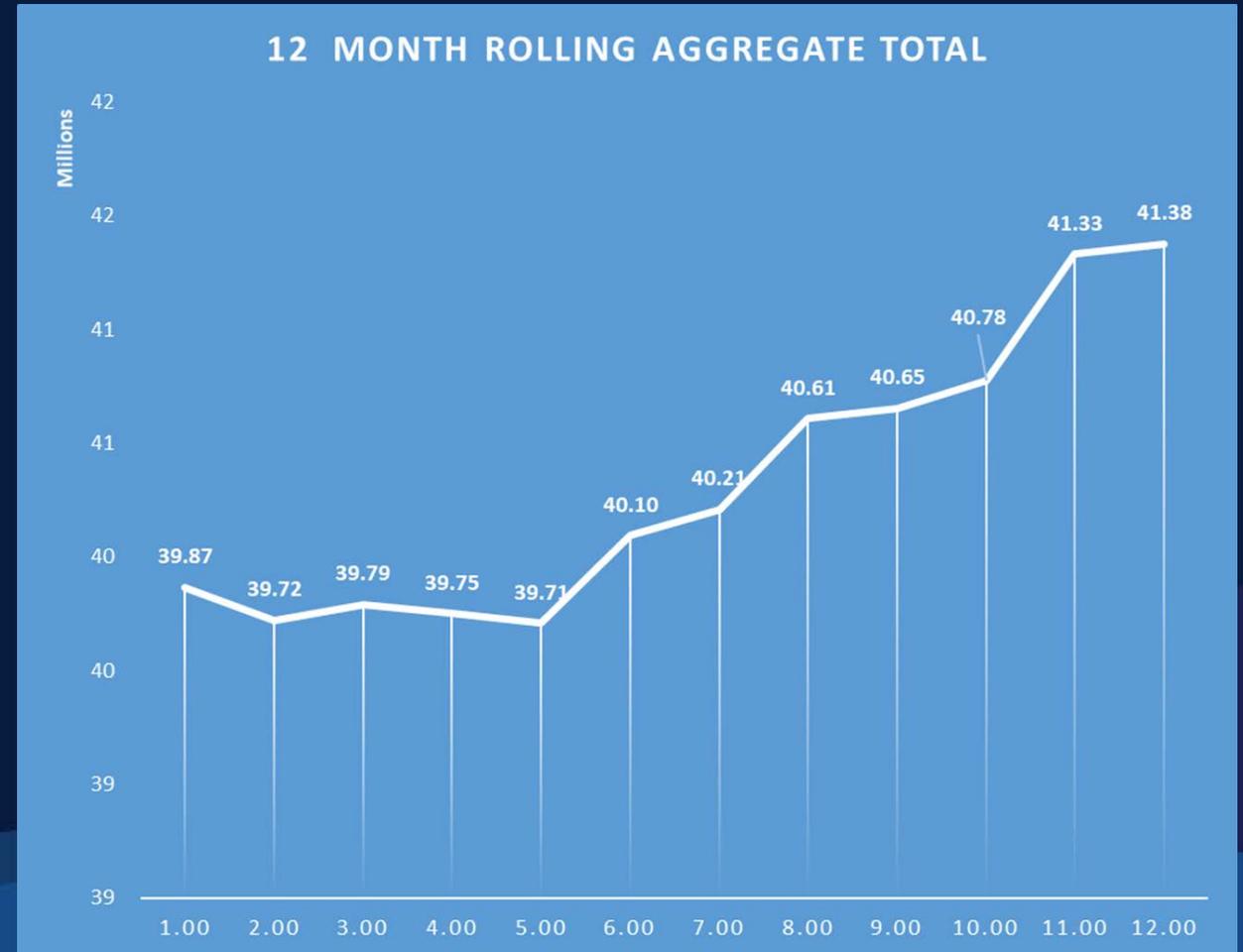
# General Fund – Operating Revenues

Operating Revenue	FY21 Proposed Budget	
Sales Tax - 29%	\$	36,000,000
Property Tax - 55%		67,551,605
Business and Occupation Fees - 8%		9,561,776
Licenses and Permits - 2%		1,909,521
Fines - 1%		942,373
Intergovernmental - 2%		3,021,417
Interest on Investments - <1%		125,000
Contributions - 1%		627,782
Other - 2%		2,272,342
Charges for Services - 1%		1,132,639
Net Merchandise Sale - <1%		116,490
<b>TOTAL</b>	<b>\$</b>	<b>123,260,945</b>



# General Fund – Sales Tax Pre COVID Analysis

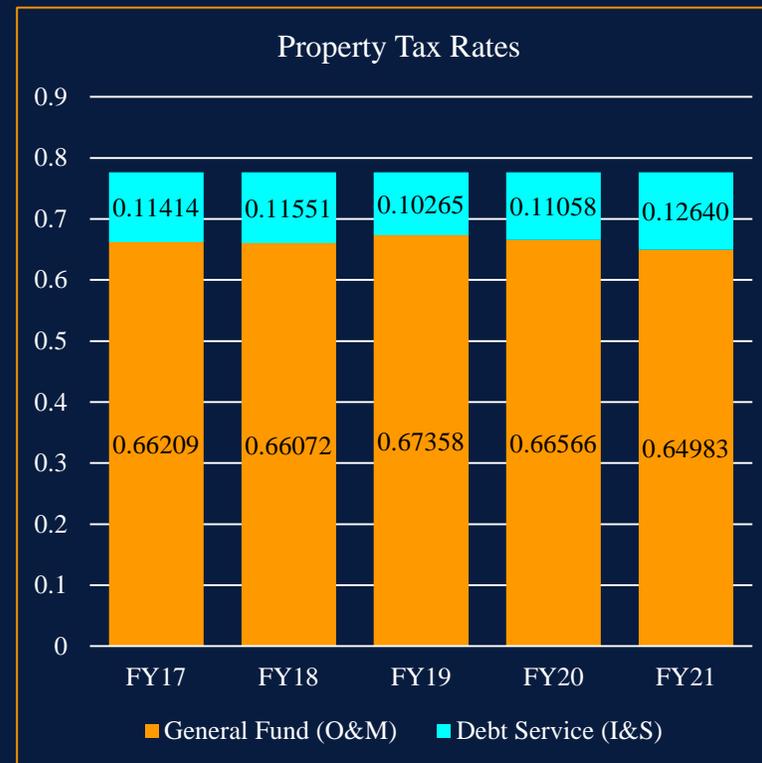
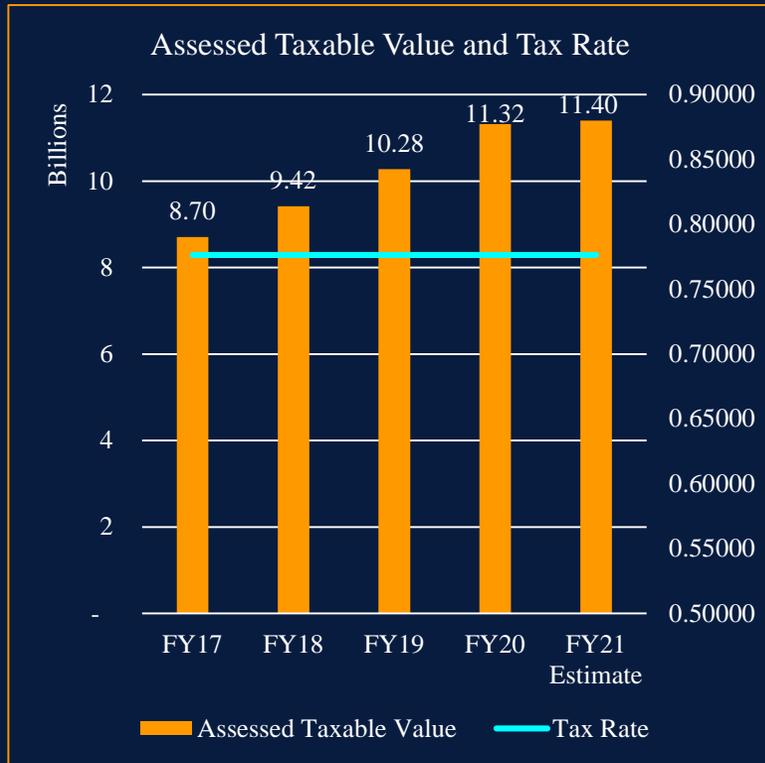
- Staff has run projection scenarios in which COVID did not happen.
- Consensus in the data the City would have finished the year around 4.5% higher the FY19 Actuals, or \$42.4 M.
- The modeling also shows a range of 3% to 5% in FY21 prior to COVID.



# General Fund – Sales Tax with COVID Impact

- The month to month comparison in July shows a similar collections rate to July of FY19.
- Staff is projecting \$39.01 in FY20.
- Staff is proposing a budget of \$36M in FY21.
  - Strategic and conservative approach to hedge against the unknown impact of COVID.
    - Made possible because general fund is primarily funded by stable Property Tax revenues.
    - Still have ability to amend the Budget

# General Fund – Property Tax

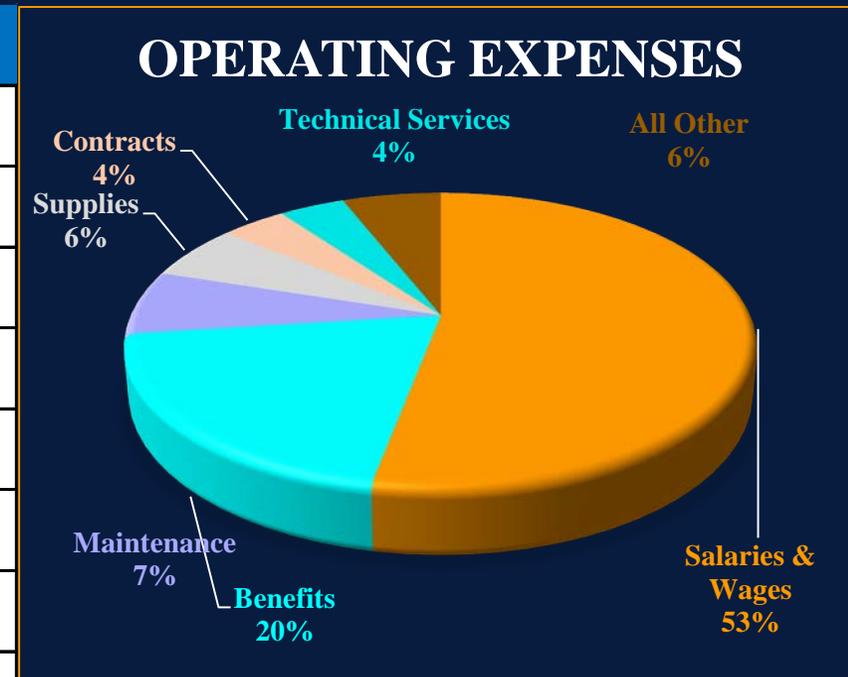


- FY21 General Fund Property Tax is budgeted at \$67.5 M, this represents an increase of 1.39% over FY20 projections. The total tax rate is still budgeted at 0.776232, with a shift more to I&S.



# General Fund – Departmental Expenditures

Departmental Expenditures	FY21 Proposed Budget
Salaries and Wages - 53%	\$ 70,926,372
Employee Benefits - 20%	25,893,032
Purchased Professional Technical Services - 4%	6,334,818
Purchased Property Services - 1%	1,517,317
Maintenance - 7%	8,987,781
Other Purchased Services - 3%	4,945,119
Supplies - 6%	7,494,909
Other - 2%	2,227,886
Contracts with Others - 4%	5,654,984
Capital Expenditures - 1%	1,075,256
<b>TOTAL</b>	<b>\$ 135,057,474</b>



# Recommendations for General Fund, Fund Balance



# Background

- Undesignated/Unassigned
  - Current:
    - 20% of expenditures
    - Assignments not addressed
  - Proposal (May 12 (B&A) and June 16<sup>th</sup> Meeting RES-2020-402)
    - 30% of Revenues (per bond rating criteria)
- Use of Assignments
  - \$10MM from Capital to Unassigned
  - Specific Projects



# Updated Recommendation

- Undesignated/Unassigned
  - 28% of Revenues
- Use of Assignments
  - \$6.5MM from Capital to Unassigned
  - Specific Projects
  - \$3.2MM transfer to Capital Projects Reserve Fund



# Comparison Cities

<b>Comparison of Unassigned Fund Balances (2019 CAFRs)</b>											
	<u>Waco</u>	<u>Coll Sta</u>	<u>Temple</u>	<u>Abilene</u>	<u>Tyler</u>	<u>Amarillo</u>	<u>Corpus Christi</u>	<u>Killeen</u>	<u>Denton</u>		
										<u>Avg (excl Waco)</u>	<u>Median (excl Waco)</u>
Unassigned GF Fund Balance	\$30,539,334	\$24,275,605	\$20,132,300	\$30,843,631	\$20,077,018	\$41,751,499	\$74,885,298	\$19,928,826	\$30,578,238		
Total GF Fund Balance	\$87,323,818	\$28,360,567	\$27,779,728	\$31,582,269	\$37,594,204	\$45,231,509	\$82,677,298	\$20,289,748	\$30,738,844		
Unassigned as % of Total	35.0%	85.6%	72.5%	97.7%	53.4%	92.3%	90.6%	98.2%	99.5%	86.2%	91%
	<u>Waco</u>	<u>Coll Sta</u>	<u>Temple</u>	<u>Abilene</u>	<u>Tyler</u>	<u>Amarillo</u>	<u>Corpus Christi</u>	<u>Killeen</u>	<u>Denton</u>		
Total GF Expenditures & Other Financing*	\$126,677,902	\$69,610,331	\$73,045,948	\$94,471,584	\$71,389,172	\$185,516,521	\$232,272,795	\$77,040,133	\$115,617,970		
Unassigned as % of GF Expenditures	24.1%	34.9%	27.6%	32.6%	28.1%	22.5%	32.2%	25.9%	26.4%	28.8%	27.8%
Total GF Fund Bal as % of GF Expenditures	68.9%	40.7%	38.0%	33.4%	52.7%	24.4%	35.6%	26.3%	26.6%	34.7%	34.5%
	<u>Waco</u>	<u>Coll Sta</u>	<u>Temple</u>	<u>Abilene</u>	<u>Tyler</u>	<u>Amarillo</u>	<u>Corpus Christi</u>	<u>Killeen</u>	<u>Denton</u>		
Total GF Revenues*	\$143,909,304	\$71,180,329	\$72,343,564	\$97,825,817	\$72,989,690	\$182,660,809	\$251,822,694	\$75,014,863	\$116,039,429		
Unassigned as % of GF Revenues	21.2%	34.1%	27.8%	31.5%	27.5%	22.9%	29.7%	26.6%	26.4%	28.3%	27.7%
Total GF Fund Bal as % of GF Revenue	60.7%	39.8%	38.4%	32.3%	51.5%	24.8%	32.8%	27.0%	26.5%	34.1%	32.6%

\* Totals for Expenditures and Revenues are audited amounts for FY2019. Typically, financial policies for reserves are based on percentages (or days of operation) for the next fiscal year (FY2020). FY2019 numbers were used here for illustrative purposes and for ease of comparison since budgets vary by city in style and presentation and can be difficult to compare.

# Projects: Capital Assignments

		<u>Project</u>	<u>Amount</u>	<u>FY 20</u>	<u>FY 21</u>
		<b>BALANCE CAPITAL IMPROVEMENTS</b>		<b>-\$25,476,197</b>	<b>-\$11,244,014</b>
ASSIGNMENTS FOR CAPITAL IMPROVEMENTS		National Park Service MOA-Ranger HOF	\$83,053		\$83,053
		IT Replacement Funding	Servers and other network infrastructure	\$500,000	\$500,000
		Parks	Assignment for Parks	\$40,681	\$40,681
		Public Safety	Public Safety assignment	\$90,829	\$90,829
		<b>Street CIP Cash</b>	<b>Preservation Projects (partial)</b>	<b>\$191,997</b>	<b>\$912,311</b>
		<b>Traffic Signal Master Plan</b>	<b>Develop CIP</b>		<b>\$250,000</b>
		Quiet Zone (Overrun)	Project over run	\$1,271,193	\$1,271,193
		17th Street Bridge Restoration	Deisgn Underway	\$1,095,965	\$1,095,965
		Fire Scheduler Softwate	Taken from original \$143K in Pub Safety Line Item	\$53,000	\$53,000
		Fire Station 6	RES-2020-335	\$300,000	\$300,000
		Stormwater on Elm Street	Half of \$1.3m for Elm Street	\$650,000	\$650,000
		Developer Participation Agreement	ORD-2019-983	\$70,000	\$70,000
		Public Safety	RES-2019-389	\$3,438	\$3,438
		IH35 Section 4B	RES-2019-764	\$298,313	\$298,313
		Open Gov	RES-2020-017	\$254,871	\$254,871
		Police Boilers	RES-2020-109	\$143,556	\$143,556
		Greenwood Cemetery Fence	RES-2020-122	\$25,975	\$25,975
		17th Street Bridge Design	RES-2020-130	\$320,035	\$320,035
		Stormwater Study Amendment	RES-2020-131	\$110,496	\$110,496
		Waco Suspension Bridge	RES-2020-190	\$7,905,000	\$7,905,000
	Elm Street Property	RES-2020-226	\$200,000	\$200,000	
	Cameron Park Purchase	RES-2020-336	\$762,000	\$762,000	
	Waco Drive Engineering (Grant Match)	RES-2020-447	\$418,560	\$418,560	
	<b>Transfer to Capital Projects Reserve Fund</b>				<b>\$3,190,083</b>
	<b>Transfer to Undesignated Fund Balance</b>			<b>\$2,716,939</b>	<b>\$3,809,899</b>
			<b>\$14,788,962</b>	<b>-\$11,244,014</b>	<b>\$0</b>

# Projects: Economic Development Assignments

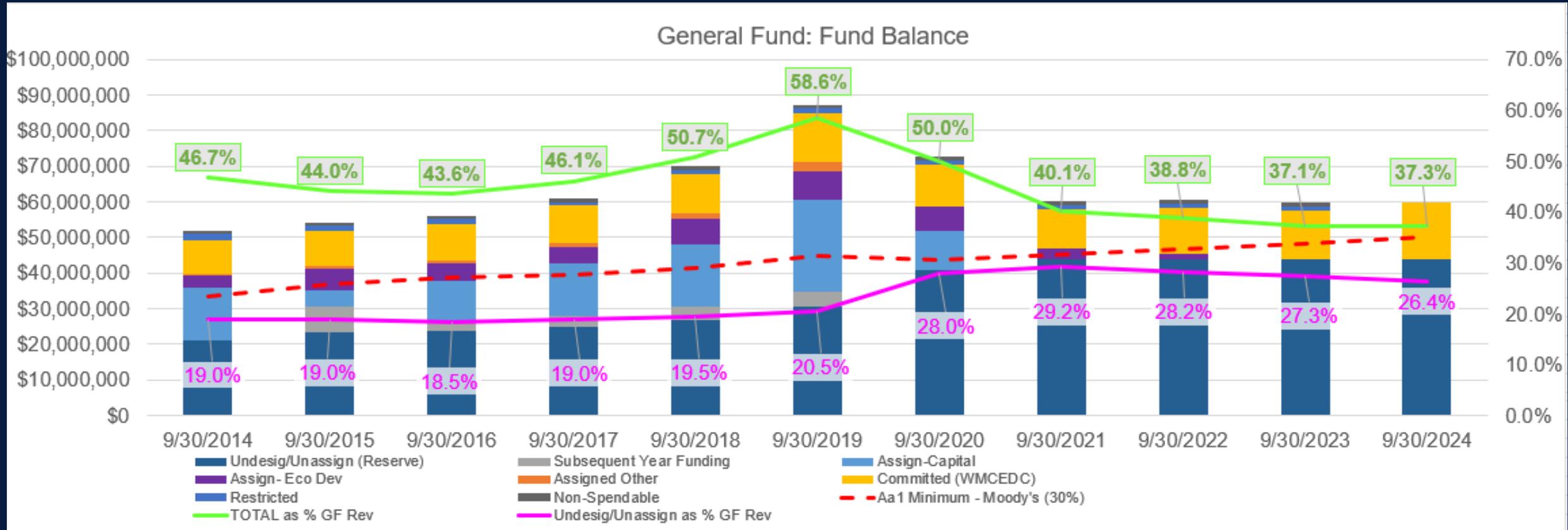
	Project		Amount	FY 20	FY 21	FY 22	FY 23	
<b>ASSIGN.-ECO DEV</b>	<b>BALANCE ECONOMIC DEVELOPMENT</b>				<b>-\$8,274,950</b>	<b>-\$6,708,033</b>	<b>-\$2,952,205</b>	<b>-\$1,375,000</b>
	Riverfront Project	Payments over 3 years beginning in FY 21	\$5,542,000		\$2,750,000	\$1,375,000	\$1,375,000	
	Prosper Waco Balance		\$440,828		\$440,828			
	Demolition Needs (Code list)	Ongoing Code Compliance Support	\$175,000		\$175,000			
	Equitable Economic Development	Council reservation	\$552,205		\$350,000	\$202,205		
	STEAM Center	Future Elm Corridor Project	\$40,000		\$40,000			
	LaSalle Small Area Plan	RES 2020-442	\$47,500	\$47,500				
	Transit	RES 2020-415	\$1,200,000	\$1,200,000				
	Keen Research	Not encumbered at year end	\$150,000	\$150,000				
	2020 Census	Requested as carry over	\$19,417	\$19,417				
	Prosper Waco FY 20	Annual Contribution	\$150,000	\$150,000				
					<b>-\$6,708,033</b>	<b>-\$2,952,205</b>	<b>-\$1,375,000</b>	<b>\$0</b>



# Fund Balance Projections: Tabular

<b>FUND BALANCE: GENERAL FUND</b>											
	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024
Non-Spendable	\$740,717	\$855,754	\$931,986	\$861,278	\$968,427	\$969,871	\$969,871	\$969,871	\$969,871	\$969,871	\$969,871
Restricted	\$1,706,157	\$1,626,803	\$1,337,245	\$1,006,021	\$1,271,408	\$1,318,309	\$1,318,309	\$1,318,309	\$1,318,309	\$1,318,309	\$1,318,310
Committed (WMCEDC)	\$9,532,164	\$9,722,702	\$10,288,673	\$10,645,045	\$10,933,118	\$13,688,936	\$11,720,936	\$11,021,561	\$12,800,936	\$13,582,811	\$15,933,436
Assigned Other	\$676,791	\$1,054,522	\$951,407	\$1,011,683	\$1,586,282	\$2,652,992	\$0	\$0	\$0	\$0	\$0
Assign- Eco Dev	\$3,048,263	\$5,740,957	\$4,753,144	\$4,491,067	\$7,354,149	\$8,274,950	\$6,708,033	\$2,952,205	\$1,375,000	\$0	\$0
Assign-Capital	\$15,050,171	\$4,810,928	\$11,891,042	\$14,880,555	\$17,425,920	\$25,476,197	\$11,244,014	\$0	\$0	\$0	\$0
Subsequent Year Funding		\$7,108,799	\$2,140,199	\$2,868,343	\$3,588,211	\$4,403,230					
Undesig/Unassign (Reserve)	\$21,043,396	\$23,392,619	\$23,778,234	\$25,058,680	\$26,964,901	\$30,539,333	\$40,682,178	\$43,965,178	\$43,965,178	\$43,965,178	\$43,965,178
<b>TOTAL</b>	<b>\$51,797,659</b>	<b>\$54,313,084</b>	<b>\$56,071,930</b>	<b>\$60,822,672</b>	<b>\$70,092,416</b>	<b>\$87,323,818</b>	<b>\$72,643,341</b>	<b>\$60,227,124</b>	<b>\$60,429,294</b>	<b>\$59,836,169</b>	<b>\$62,186,795</b>
Undesig/Unassign as % TOTAL	40.6%	43.1%	42.4%	41.2%	38.5%	35.0%	56.0%	73.0%	72.8%	73.5%	70.7%
Next FY GF Revenues (Budg)	\$110,929,866	\$123,313,755	\$128,646,558	\$131,887,788	\$138,332,318	\$148,995,772	\$145,293,489	\$150,378,761	\$155,642,018	\$161,089,488	\$166,727,620
TOTAL as % GF Rev	46.7%	44.0%	43.6%	46.1%	50.7%	58.6%	50.0%	40.1%	38.8%	37.1%	37.3%
Undesig/Unassign as % GF Rev	19.0%	19.0%	18.5%	19.0%	19.5%	20.5%	28.0%	29.2%	28.2%	27.3%	26.4%
Aa1 Minimum - Moody's %	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Aa1 Minimum - Moody's (30%)	\$33,278,960	\$36,994,127	\$38,593,967	\$39,566,336	\$41,499,695	\$44,698,732	\$43,588,047	\$45,113,628	\$46,692,605	\$48,326,847	\$50,018,286
TOTAL Meet Moodys	Yes										
Amt above U/U needed to Meet Moody's	\$12,235,564	\$13,601,508	\$14,815,733	\$14,507,656	\$14,534,794	\$14,159,399	\$2,905,869	\$1,148,450	\$2,727,427	\$4,361,669	\$6,053,108
Total Assignments	\$18,775,225	\$11,606,407	\$17,595,593	\$20,383,305	\$26,366,351	\$36,404,139	\$17,952,047	\$2,952,205	\$1,375,000	\$0	\$0
% of Assignments To Meet Reserve	65%	117%	84%	71%	55%	39%	16%	39%	198%	NA	NA
Amount of WMCEDC required to meet Moody	0	\$1,995,101	\$0	\$0	\$0	\$0	\$0	\$0	\$1,352,427	\$4,361,669	\$6,053,108
% of WMCEDC to meet reserve	0.0%	20.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.6%	32.1%	38.0%

# Fund Balance Projections: Graphical



# General Capital Improvement Program



# General Debt/Cash CIP

Department	Project Title	Funding Source	Proposed Amount
Facilities	Police Tower Garage Elevator Modernization	PROCEEDS FROM DEBT ISSUES	100,000.00
Facilities	Zoo Admin Roof Replacement and Walkway Canopy	PROCEEDS FROM DEBT ISSUES	255,000.00
<b>Facilities Total</b>			<b>355,000.00</b>
Parks	Cemetery Improvement Program	PROCEEDS FROM DEBT ISSUES	150,000.00
Parks	China Spring Neighborhood Park Development	PROCEEDS FROM DEBT ISSUES	550,000.00
Parks	Community Center Improvement Program	PROCEEDS FROM DEBT ISSUES	550,000.00
Parks	Cotton Palace Park Redevelopment	PROCEEDS FROM DEBT ISSUES	200,000.00
Parks	General Park Improvement Program	PROCEEDS FROM DEBT ISSUES	650,000.00
<b>Parks Total</b>			<b>2,100,000.00</b>
Police	Crime Scene Lab	PROCEEDS FROM DEBT ISSUES	96,600.00
<b>Police Total</b>			<b>96,600.00</b>
Engineering	Bridge	PROCEEDS FROM DEBT ISSUES	2,000,000.00
Engineering	Infrastructure Leverage	PROCEEDS FROM DEBT ISSUES	1,000,000.00
<b>Engineering Total</b>			<b>3,000,000.00</b>
Streets	Pavement Program Mill & Overlay	PROCEEDS FROM DEBT ISSUES	13,602,400.00
Streets	Pavement Program Preservation	TRANSFER FROM GENERAL FUND	2,482,119.00
Streets	Pavement Program Reclamation	PROCEEDS FROM DEBT ISSUES	3,846,000.00
<b>Streets Total</b>			<b>19,930,519.00</b>
Traffic	Traffic Signal Modification and Traffic Management Center	PROCEEDS FROM DEBT ISSUES	500,000.00
<b>Traffic Total</b>			<b>500,000.00</b>
<b>Grand Total</b>			<b>25,982,119.00</b>

# General Debt/Cash CIP

OpenGov CIP Budget Book

<https://stories.opengov.com/wacotx/published/UlcDHO1j7>



# Current CIP

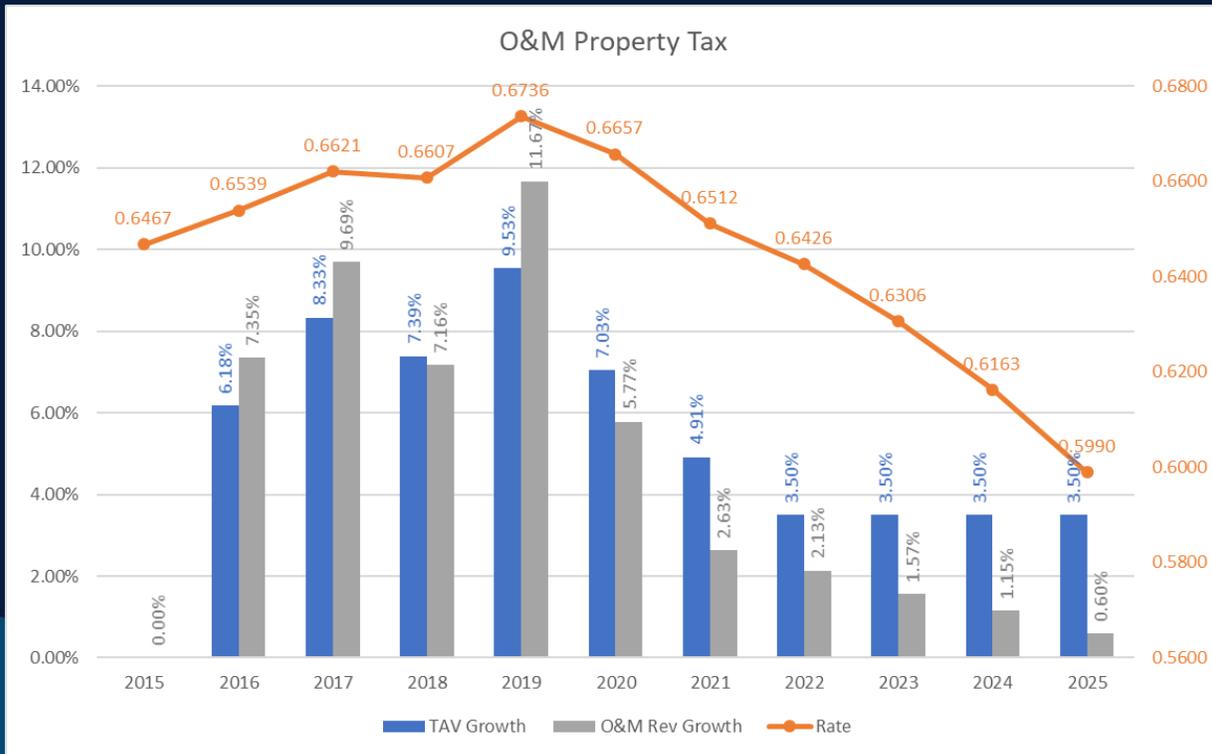
**CITY OF WACO**  
**2020 - 2024 ADOPTED CAPITAL IMPROVEMENT PROGRAM**  
**TOTAL SUMMARY**

PROJECT TYPE	2020 Budget	2021 Estimate	2022 Estimate	2023 Estimate	2024 Estimate	2020-2024 TOTAL
AIRPORT	\$ 3,080,000	\$ 1,695,000	\$ -	\$ -	\$ -	\$ 4,775,000
CONVENTION FACILITIES	1,376,000	-	-	-	-	1,376,000
PARKS	2,600,000	650,000	700,000	750,000	800,000	5,500,000
SOLID WASTE	1,725,000	3,375,000	7,841,750	4,000,000	300,000	17,241,750
STREETS	28,381,910	29,289,765	31,150,000	34,150,000	38,650,000	161,621,675
WASTE WATER	16,250,000	19,500,000	33,100,000	15,500,000	50,000,000	134,350,000
WATER	22,250,000	21,000,000	24,000,000	19,500,000	8,500,000	95,250,000
<b>TOTAL</b>	<b>\$ 76,092,910</b>	<b>\$ 76,009,765</b>	<b>\$ 97,291,750</b>	<b>\$ 74,400,000</b>	<b>\$ 98,750,000</b>	<b>\$ 422,544,425</b>

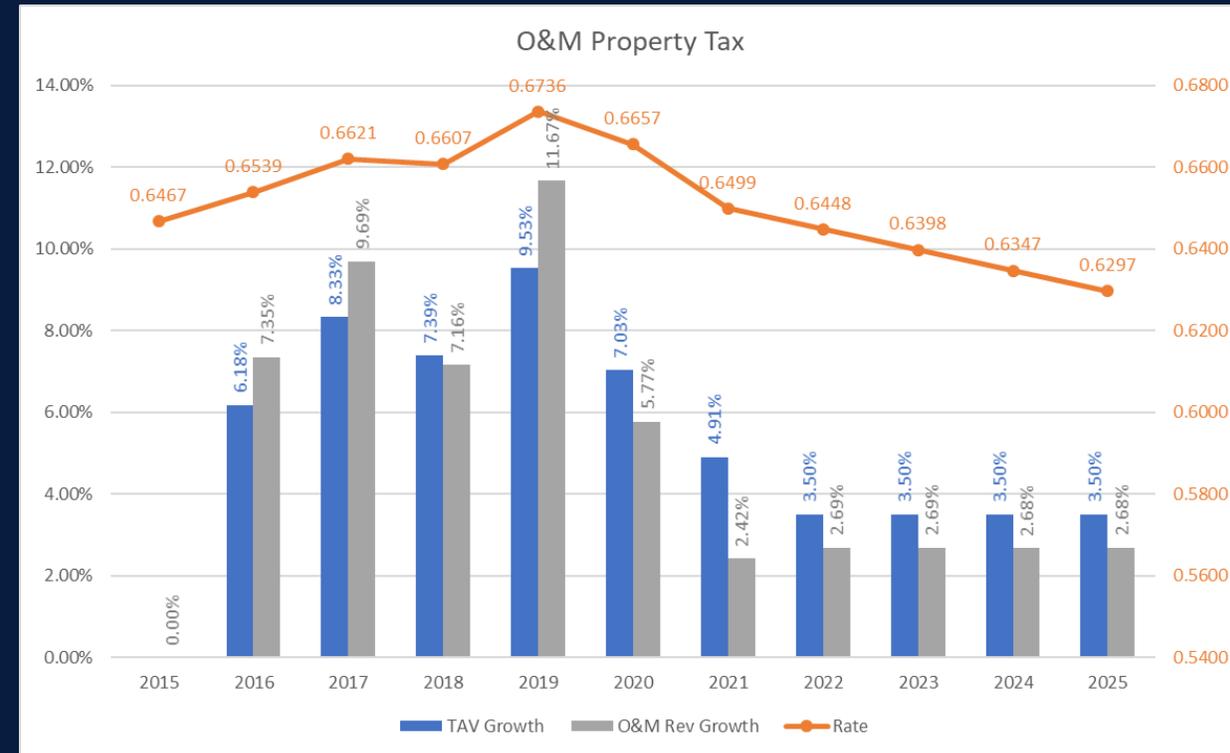
SOURCE OF FUNDS	2020 Budget	2021 Estimate	2022 Estimate	2023 Estimate	2024 Estimate	2020-2024 TOTAL
CO'S	\$ 24,930,000	\$ 26,789,765	\$ 28,700,000	\$ 31,750,000	\$ 36,300,000	\$ 148,469,765
Enterprise Solid Waste CO'S	-	2,500,000	-	-	-	2,500,000
Enterprise System Revenues	5,909,000	3,544,500	10,341,750	6,500,000	2,800,000	29,095,250
Enterprise Utility CO'S	35,500,000	38,000,000	54,600,000	32,500,000	56,000,000	216,600,000
General Revenue	3,223,384	3,400,000	3,400,000	3,400,000	3,400,000	16,823,384
Other Funding Sources	6,530,526	1,775,500	250,000	250,000	250,000	9,056,026
<b>TOTAL</b>	<b>\$ 76,092,910</b>	<b>\$ 76,009,765</b>	<b>\$ 97,291,750</b>	<b>\$ 74,400,000</b>	<b>\$ 98,750,000</b>	<b>\$ 422,544,425</b>

# Revisiting Rates

Shifting 1.33 cents from Operations

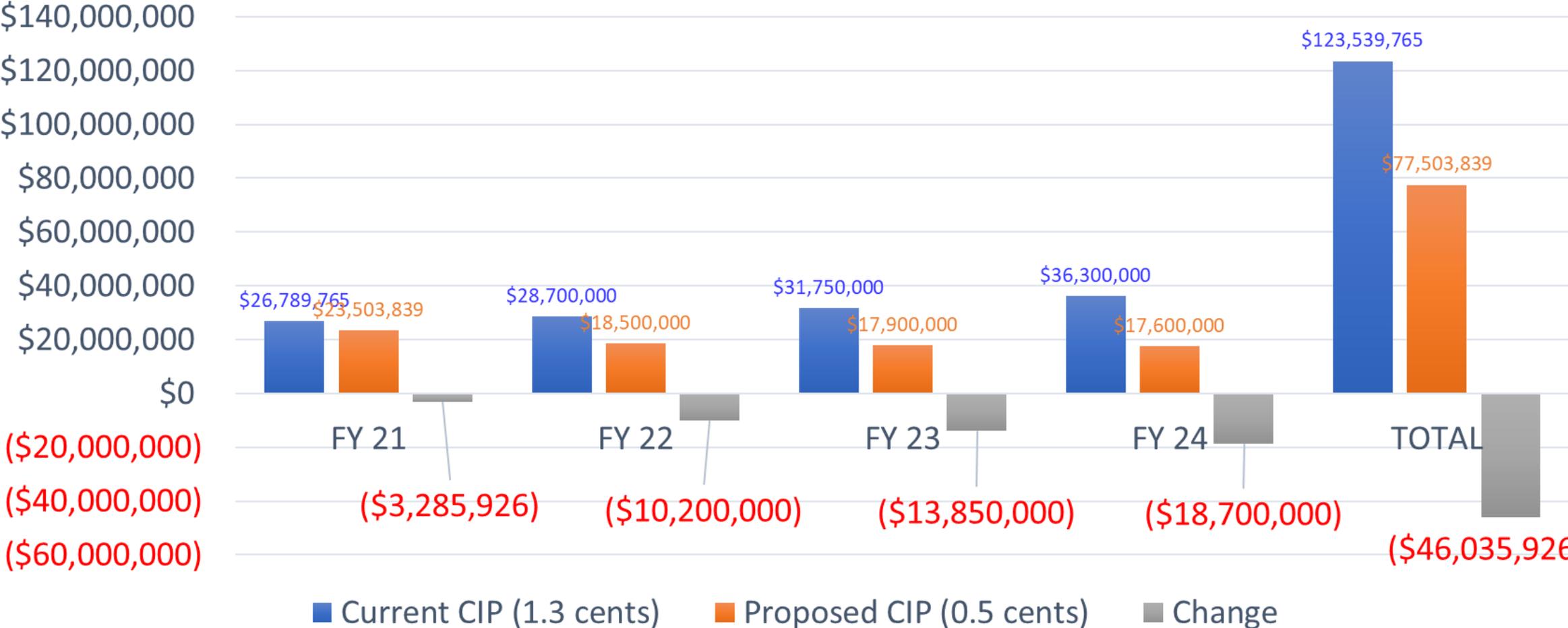


Shifting 0.5 cents from Operations



Both assume 3.5% annual TAV growth

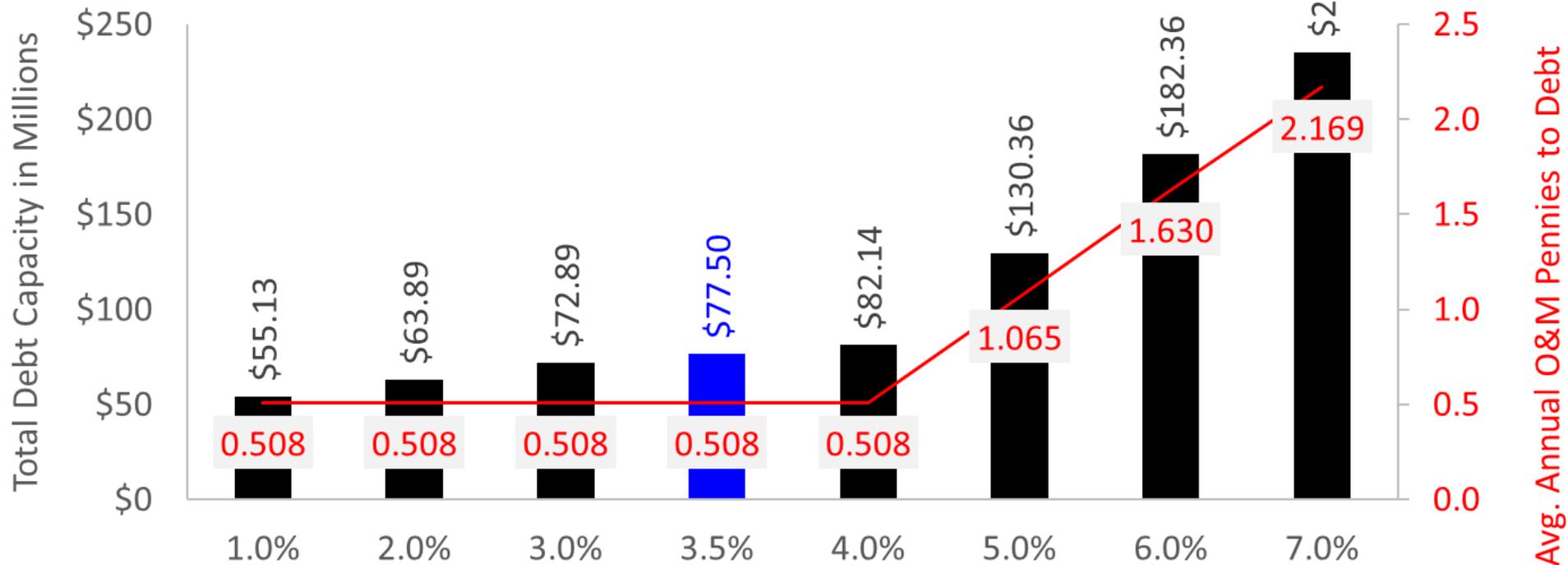
# Property Tax Supported Debt Capacity



# Capacity, Values, and Pennies

TAV Annual Growth	O&M to Debt	FY 21-25 Capacity	Avg. O&M Rev Grwth	% Growth
1.0%	0.508	\$55.13	\$0.311	0.46%
2.0%	0.508	\$63.89	\$1.001	1.45%
3.0%	0.508	\$72.89	\$1.712	2.45%
<b>3.5%</b>	<b>0.508</b>	<b>\$77.50</b>	<b>\$2.076</b>	<b>2.94%</b>
4.0%	0.508	\$82.14	\$2.444	3.44%
5.0%	1.065	\$130.36	\$2.488	3.50%
6.0%	1.630	\$182.36	\$2.488	3.50%
7.0%	2.169	\$235.78	\$2.488	3.50%

Total Debt Capacity at Varying Annual TAV Increases (with "Penny Shift")



# CIP Planning

- Multi-year plans vs. Annual Decisions
- The next year is critical year
  - Property Valuations
  - Other revenues
  - Property Tax Reform
    - Shifting cents strategy
  - Project needs change
  - Other funding sources identified



# Focusing on FY 21

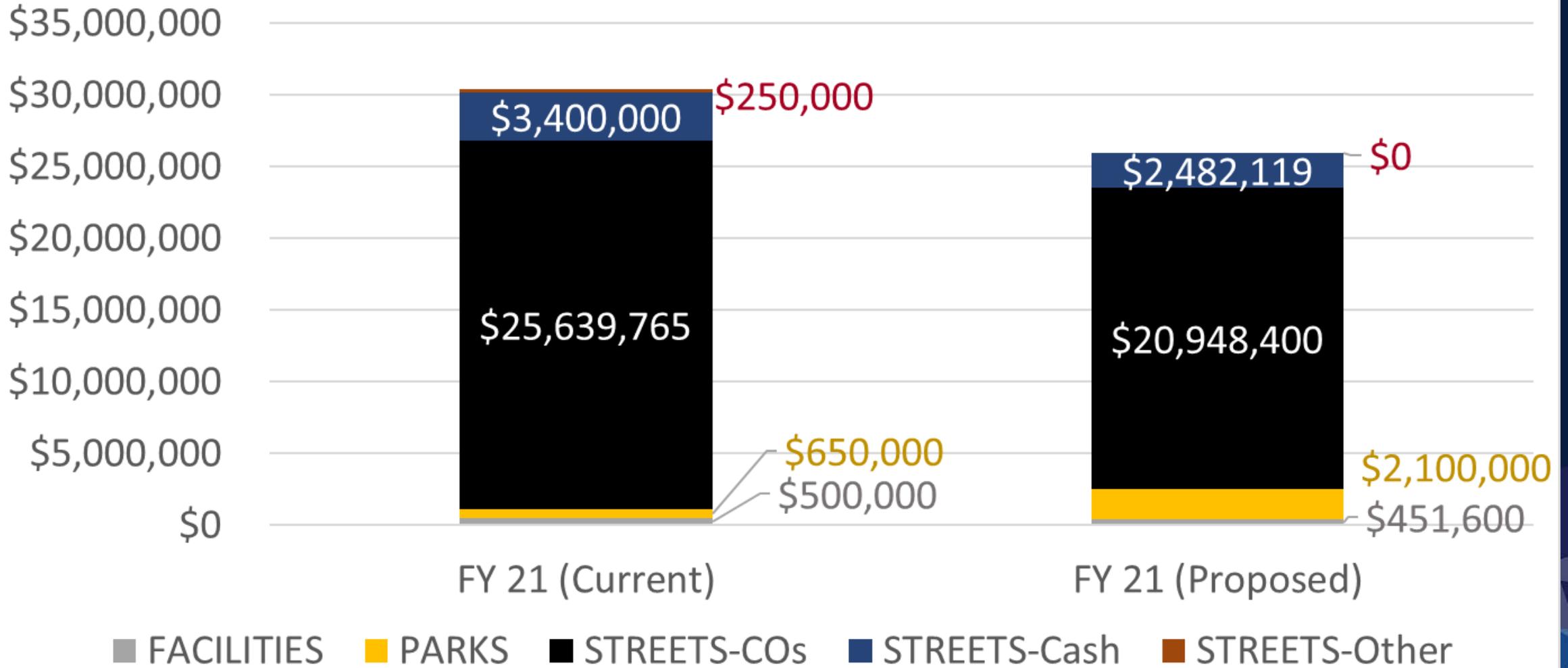
Current Estimate (FY 20 Budget)

vs.

Proposed Plan (FY 21 Budget)

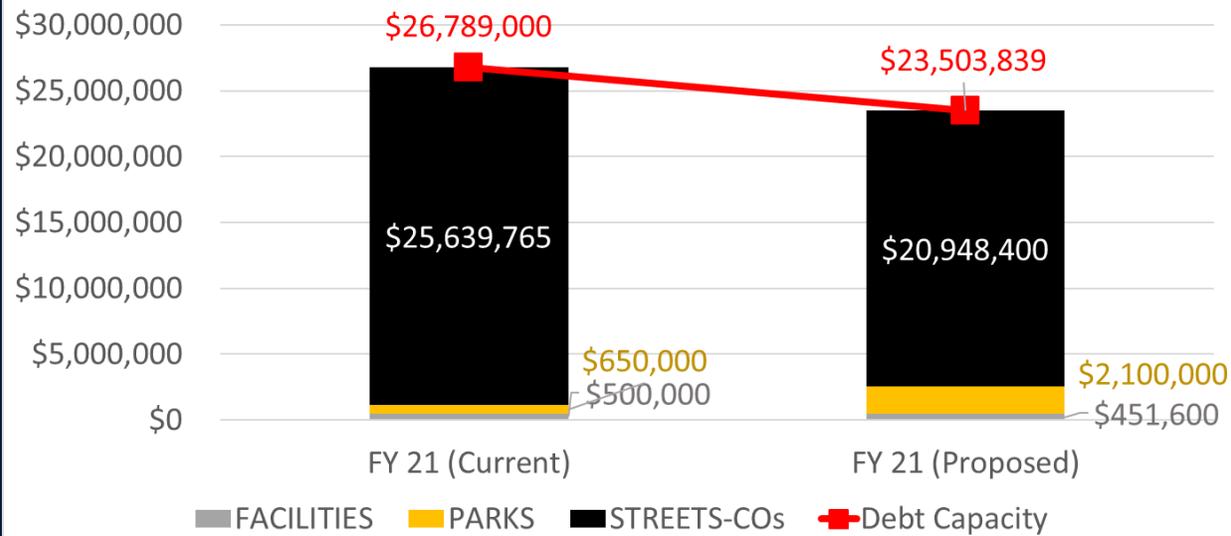


## FY 21 Tax Supported CIP Comparison: Current Estimate vs Proposed

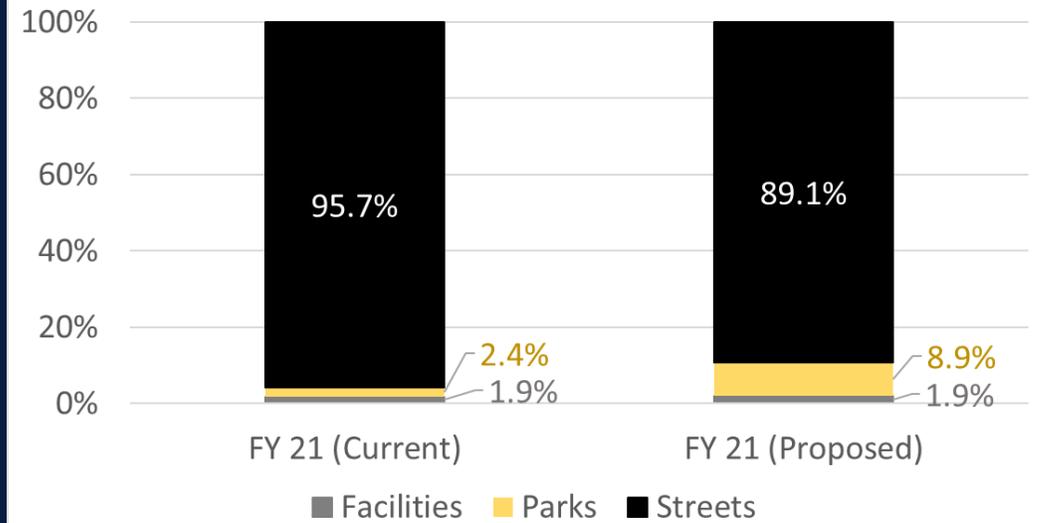


# CO Utilization

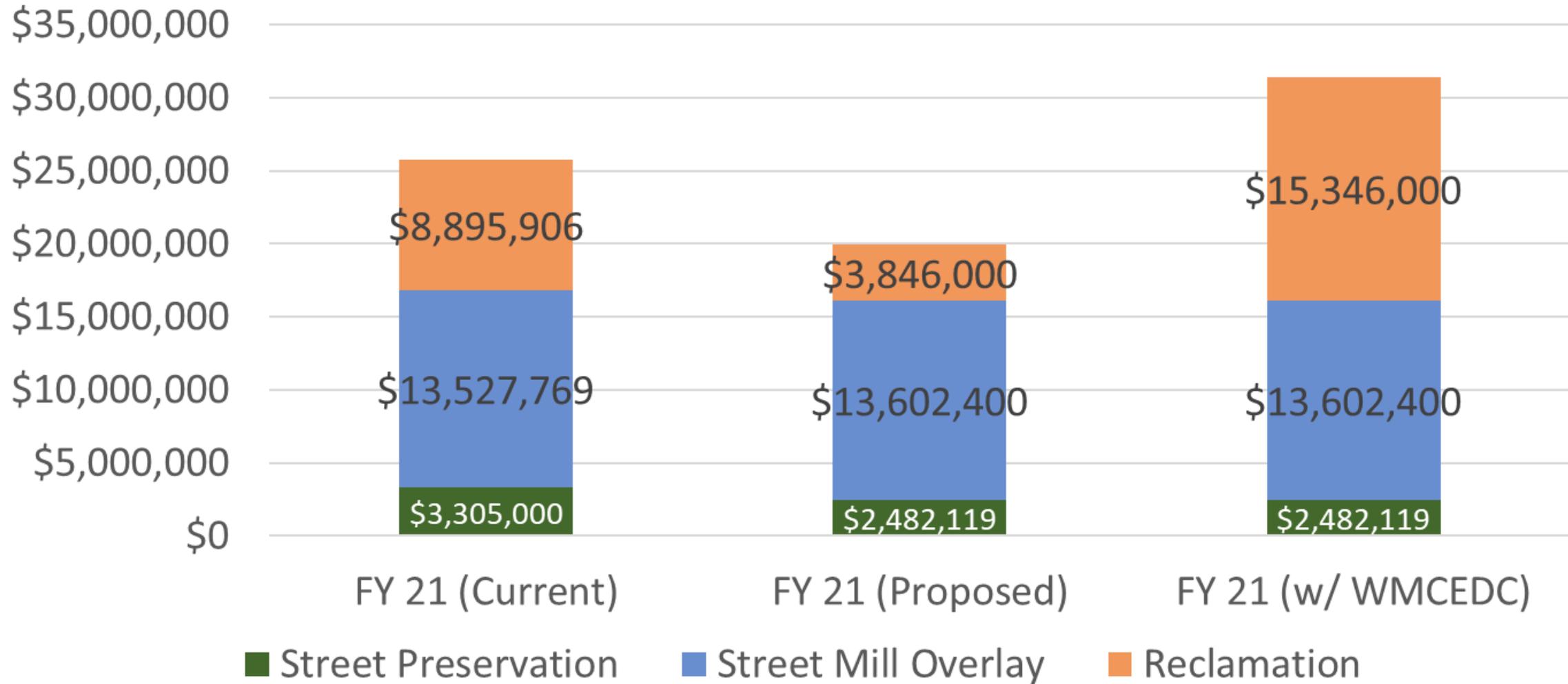
FY 21 Tax Supported COs CIP Comparison: Current Estimate vs Proposed



FY 21 Tax Supported COs CIP by Percent of Capacity

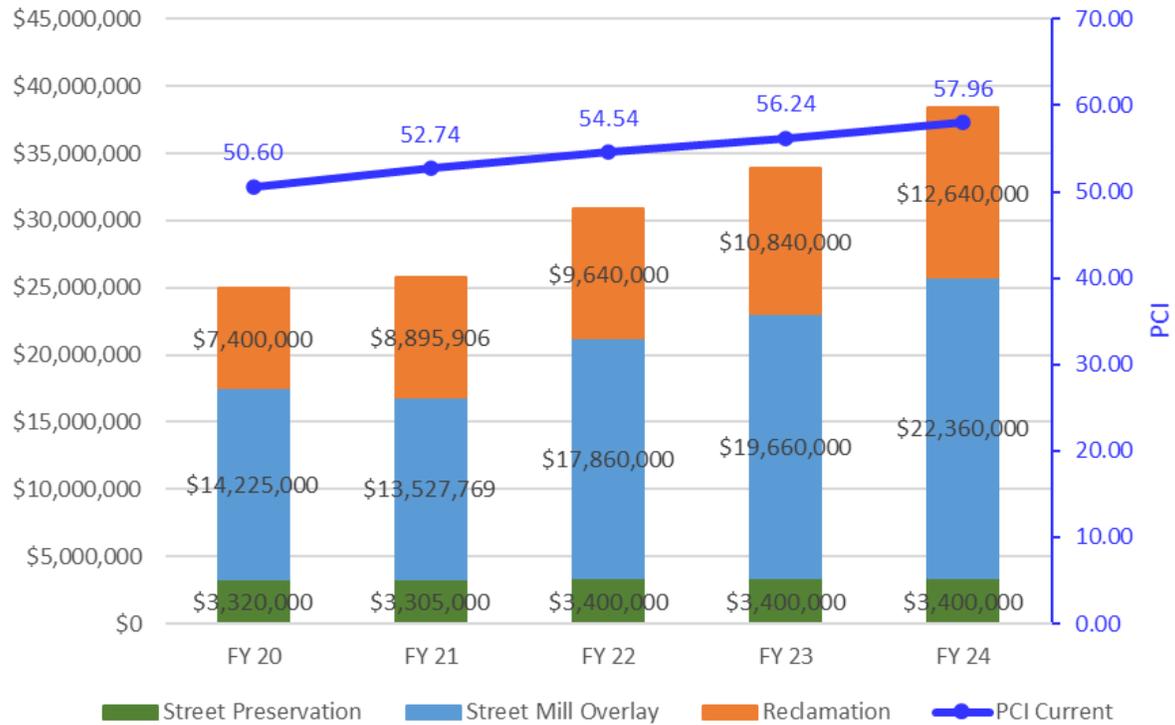


# FY 21 Better Streets Waco Program: Current Estimate vs Proposed vs. WMCEDC

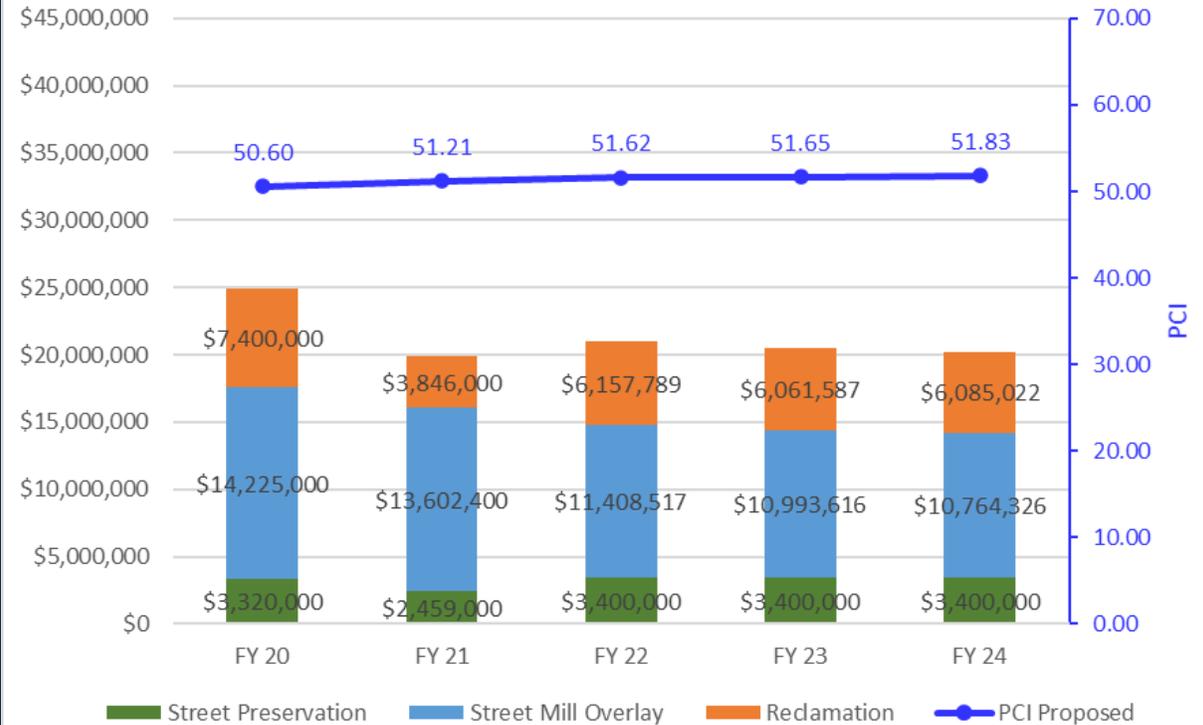


# BSW Funding & PCI

FY 21-24 BSW: Current Estimate



FY 21-24 BSW: Proposed



# Proposed Operating Budget: New Initiatives



# New Initiatives in the Proposed City Manager's Budget

- Aligned with City Council's Strategic Goals
- Results driven
- Future focused
- Community Responsive



# STRATEGIC GOALS



Facilitate Economic Development

Enhance Quality of Life



Create a Culture of Equity



Build a High Performing City Government



Improve Infrastructure



Provide a Safe and Vibrant City



Support Sustainability and Resiliency



# Strategic Goal: Create a Culture of Equity

# Strategic Goal: Facilitate Economic Development

- FY 2019 / 2020 Funding and Initiatives**

– Increased WMCEDC funding by \$250,000	\$ 2,500,000
– Continued deferral of City General Fund taxes into TIF #1	\$ 3,641,000
– Disparity Study funded (Reserved)	\$ 350,000
– STEAM Center Concept funded (Reserved)	\$ 40,000
– Small Business Recovery Fund created (City, County, & CDBG)	\$ 830,000
– Riverfront Project Funding	\$ 5,500,000

- FY 2020 / 2021 Funding and Initiatives**

– Increase WMCEDC funding to	\$2,750,000 annually
• Increased General Fund Allocation -	\$250,000
– Funding for Small Business Development and Resiliency	
• General Fund Allocation -	\$300,000
– Small Business Development and Loan Program	
– Leveraging Federal Dollars from CDBG	
– Funding for a new staff member to support the City Manager’s Office in implementing equitable development and equity projects.	
• General Fund Allocation -	\$125,000



# Strategic Goal: Provide a Safe & Vibrant City

- **FY 2019 / 2020 Funding and Initiatives**

- Achieved Fire Service Rating of “ISO 1”
- Completed construction on Station 5 \$ 2.9 M
- Started construction on Station 6 \$ 5.6 M
- Received AARF Replacement at Waco Regional Airport \$922 K

- **FY 2020 / 2021 Funding and Initiatives**

- Create a Community Policing Initiative - \$1.5m total funding

- Staffing Plan of 7 total Full-Time Equivalents funded with new General Fund resources \$638,000
- Finish-out of space at Police Tower funded with surplus 2017 bonds \$450,000
- One-time equipment purchases funded with General Fund balance & non-General Fund sources \$387,000
- Police Staff working with Asst City Manager Holt for program design. Future work-session to City Council

- Invest significantly into a Fire Apparatus Replacement Strategy

- Move to a capital lease funding plan in FY 20/21
- Lease seven fire trucks in 2021 at a cost of \$600,000 annually
- Average age of replaced apparatus is 18 years



# Strategic Goal: Enhance Quality of Life

- **FY 2019 / 2020 Funding and Initiatives**

- Funded a 28-acre acquisition at Cameron Park \$ 762,000
- Funded cost over-run for Suspension Bridge Rehabilitation \$ 7,905,000
- Funded additional amenities at Trailblazer Park \$ 383,000
- Received Lead Grants from HUD (Multi-Year) \$ 3,800,000
- Cameron Park Zoo parking lot expansion through TIF Funding \$ 495,000

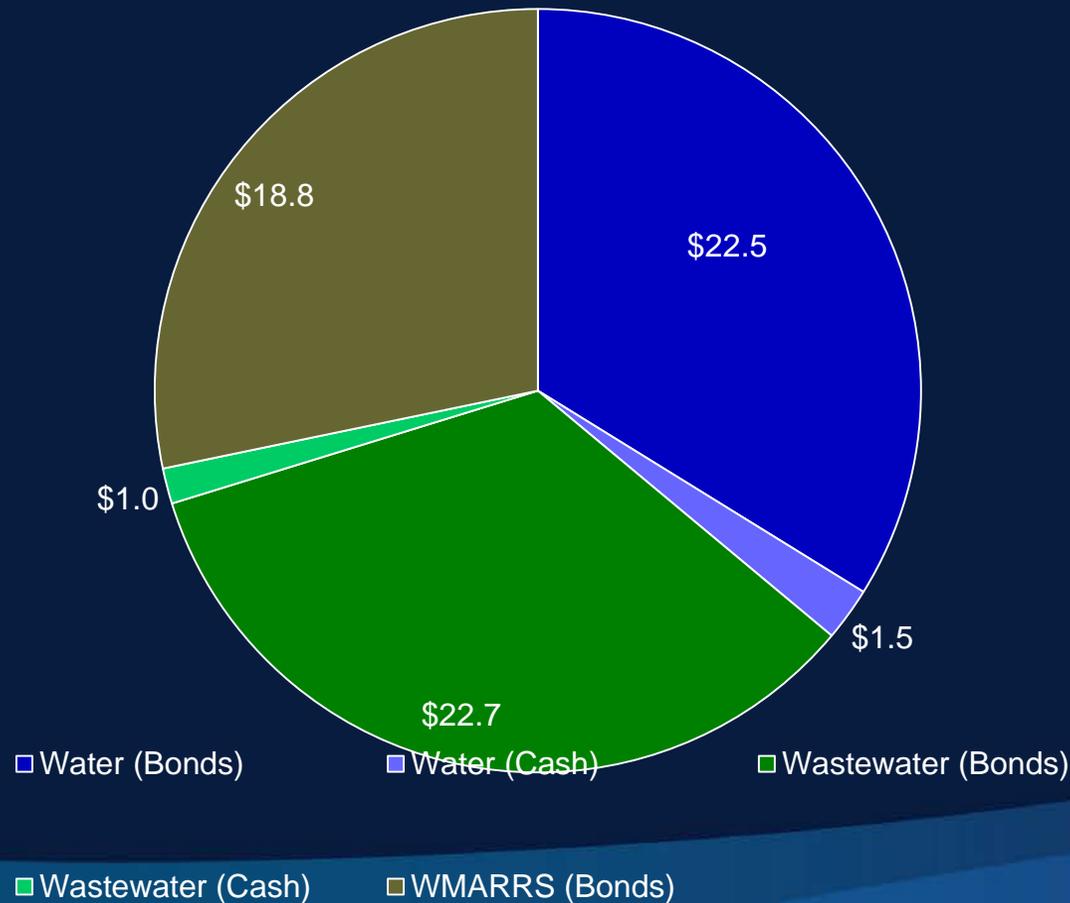
- **FY 2020 / 2021 Funding and Initiatives**

- Re-establish a Neighborhood Vitality Initiative \$ 225,000
  - 2 total Full-Time Equivalents and \$100,000 for neighborhood developed projects and initiatives
  - Program Design Presentation in Fall of 2020 and Spring 2021 Start-up
- Investment in Parks & Recreation
  - Parks Capital Improvement Program: \$2.1 M
  - Operating Budget: \$350,000
    - Parks and Trails Master Plan
- Begin expansion of Cameron Park Zoo with \$14.5 million of County Bond proceeds

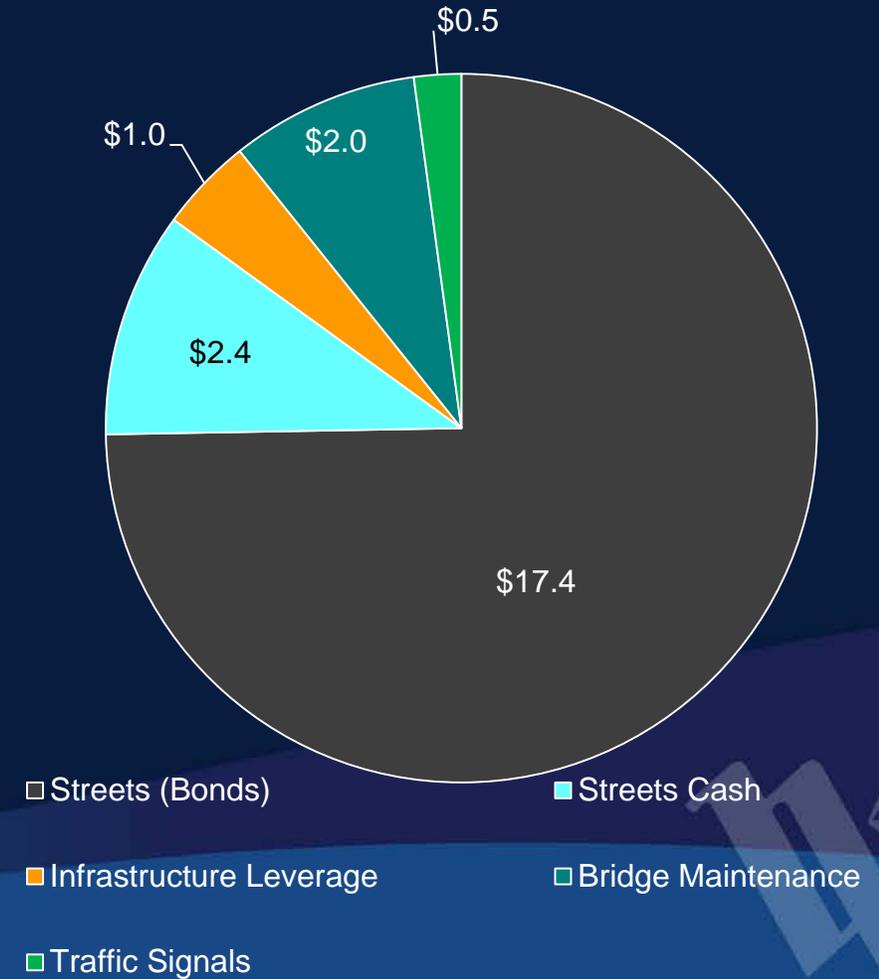


# Strategic Goal: Improve Infrastructure

Rate Supported: \$66.5M



Debt Supported: \$23.5M



# Strategic Goal: High Performing City Government

- **FY 2019 / 2020 Funding and Initiatives**

- Roll-out of new technologies to internal and external functions
  - CitiBot Text Tool and AI Web Support
  - Microsoft 365 and Teams
  - ZoomGov for virtual meetings
  - Purchase of OpenGov budget and transparency platform
  - Implementation of first data dashboard (COVID-19)

- **FY 2020 / 2021 Funding and Initiatives**

- Creation of the Office of Management and Budget:
  - Expand capabilities in areas of budget development, financial performance reporting, and program monitoring
- Enable Information Technology team to lead us on performance dashboards and data transparency: \$177,500
  - 2 additional Full-Time Employees (FTEs)
  - Lead development of application links, public facing data dashboards, expand GIS utilization & integration
- Management Development Program: \$127,000
  - 2 additional Full-Time Employees (FTEs)
  - Recruitment of Public Administration Graduates for career-development
  - Building a deeper bench for management positions in Waco



# Strategic Goal: Support Sustainability and Resiliency

- **FY 2019 / 2020 Funding and Initiatives**

- Completed City's first Sustainability Plan \$ 42 K
- Acquisition of first 22 Police Hybrid Vehicles \$ 1.18 M
- Long-term (10 year) green energy contract \$ 2.39 M
- Police Tower Window Modernization Project \$ 3.70 M

- **FY 2020 / 2021 Funding and Initiatives**

- Construction of pilot solar panel project at Fire Station #6 \$ 89 K



# What about employee compensation?

- For first time in nine years, the Manager's proposed budget doesn't include a compensation increase.
- Assuming Pre-COVID year-end projections, this fiscal year we saw a \$3.4 m swing in anticipated sales tax revenues. We have also put our FY 20/21 sales tax budget at \$36.0m, a 12% decrease from FY 19/20.
- Proposed FY 20/21 Budget includes:
  - New Veteran's Day holiday
  - No increased cost in health insurance premiums to the Employee
- There is a chance for a mid-year compensation adjustment, if:
  - Sales Tax revenues level-off and moderately increase
  - Departments can identify and "lock-in"
    - expenditure savings; or
    - revenue growth (new or expanded); or
    - cost shifting to other funds/sources
  - City staff can leverage CARES Act funding in a manner that creates long-term savings.



# Summary

Action	Strategic Goal	General Fund Impact	New FTEs
WMCEDC Funding Increase	Facilitate Economic Development	\$ 250,000	-
Small Business Funding	Facilitate Economic Development	\$ 300,000	-
Equity Staff Member	Create a Culture of Equity	\$ 125,000	1.00
Community Policing Initiative	Provide Safe / Vibrant City	\$ 1,500,000	7.00
Fire Apparatus Replacement	Provide Safe / Vibrant City	\$ 600,000	-
Neighborhood Initiative	Enhance Quality of Life	\$ 193,750	1.00
Park and Trail Master Plan	Enhance Quality of Life	\$ 350,000	-
Create an Office of Management and Budget	High Performing City Government	\$ -	-
Open Data and Performance Team in IT	High Performing City Government	\$ 177,300	2.00
Management Development Program	High Performing City Government	\$ 127,000	2.00
<b>Subtotal</b>		<b>\$ 3,623,050</b>	<b>13.00</b>

One-time costs of about \$1.48 M

Recurring costs of about \$2.14 M



# Outside Agency Funding Recommendation

	FY 19/ 20	FY 20/ 21	
	General Fund Funded	General Fund Requested	Recommended
Creative Waco <sup>1</sup>	\$ 377,000	\$ 427,000	\$ 427,000
Greater Waco Chamber	\$ 165,000	\$ 199,500	\$ 175,000
City Center Waco <sup>2</sup>	\$ 234,000	\$ 284,000	\$ 164,000
Cen-Tex African American Chamber	\$ 93,000	\$ 150,000	\$ 125,000
Cen-Tex Hispanic Chamber	\$ 118,000	\$ 150,000	\$ 125,000
Prosper Waco	\$ 100,000	\$ 200,000	\$ 100,000
Advocacy Center for Crime Victims and Children	\$ 84,419	\$ 94,419	\$ 84,419
Greater Waco Sports Commission <sup>3</sup>	\$ -	\$ 75,000	\$ 75,000
Heart of Texas Region MHMR	\$ 39,322	\$ 99,230	\$ 39,322
Cen-Tex Sr. Ministry - Meals on Wheels	\$ 35,000	\$ 35,000	\$ 35,000
Historic Waco Foundation	\$ 29,250	\$ 29,250	\$ 29,250
Campus Town	\$ 29,000	\$ 29,000	\$ 29,000
Heart of Texas Goodwill Industries	\$ 71,412	\$ -	\$ -
Caritas of Waco	\$ 50,000	\$ -	\$ -
<b>Subtotal</b>	<b>\$ 1,425,403</b>	<b>\$ 1,772,399</b>	<b>\$ 1,407,991</b>
General Fund Department Expenditures	\$ 133,664,166	\$ 135,057,473	\$ 135,057,473
<b>% of GF Department Expenditures</b>	<b>1.07%</b>	<b>1.31%</b>	<b>1.04%</b>

- *Total Request* of \$1,772,399 for upcoming year, which would equal **1.31%** of General Fund Department Expenditures
- *Recommendation* is for \$1,407,991 to fund 12 outside agencies, which would equal **1.04%** of General Fund Department Expenditures
- **Funding Comparison by Department**
  - Emergency Mngt \$1,352,982
  - Legal Services \$1,334,000
  - Municipal Court \$1,314,761
  - Human Resources \$1,523,908
  - Outside Agencies \$1,407,991

Note 1: Creative Waco received \$50,000 from Hotel Occupancy Tax (HOT) revenue in FY 19/20. All funds for FY 20/21 will be from General Fund due to significant COVID pressures on HOT.

Note 2: City Center Waco also charges PID #1 for administrative costs. These are not included in this spreadsheet.

Note 3: Sports Commission received \$75,000 from Hotel Occupancy Tax revenue in FY 19/20. All funds for FY 20/21 will be from General Fund due to significant COVID pressures on HOT.

# Next Steps in Budget Process

- July 25<sup>th</sup> Tax Roll
  - Tax Roll Estimate From MCCAD Due
- July 31<sup>st</sup>
  - Budget Filed with City Secretary
- August 4th City Council Meeting\*
  - Budget Presentation (Worksession)
  - Set Budget for Public Hearing for Sept. 1
  - Set Public Hearing & vote on tax rate for (PH on 9/1; Vote on 9/8)
- September 1 City Council Meeting
  - PH & Resolution to adopt budget
  - PH on tax rate
- September 8<sup>th</sup> Special City Council Meeting
  - Adopt tax rate via ordinance

\* Predicated on certified roll received by July 31<sup>st</sup>



# Questions

