

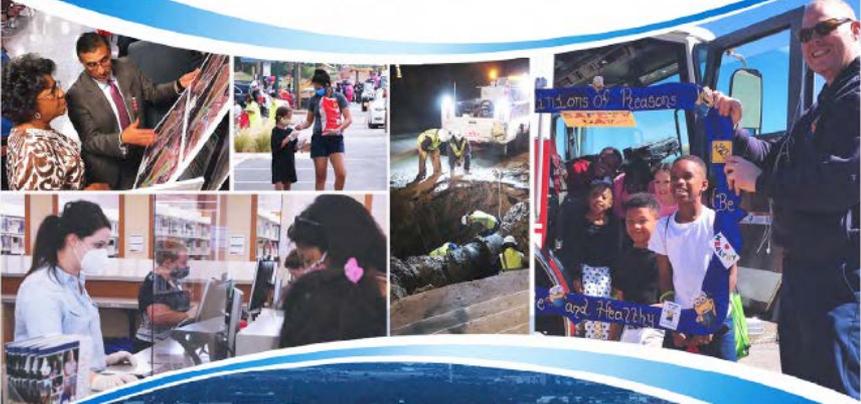
City Manager's Proposed Budget FY 2021

August 4, 2020



CITY OF WACO
TEXAS

FISCAL YEAR BUDGET
2020 - 2021



INVEST
IN PEOPLE

PROVIDE
EXCELLENT
& INNOVATIVE
SERVICES

OUR
VALUES

FOCUS
ON TEAMWORK

DO THE
RIGHT THING

EQUITY
& INCLUSION



Budget Process

Month-Meeting Type	Topics
April 14 th -Council Retreat	Strategic Map & Goals, COVID Financial Impact Update, General Fund Balance & Assignments, FY21 Budget Strategy, Debt Capacity, Council Priorities
May 12 th -Budget & Audit	Budget Key Dates & Tasks Update, FY21 Preliminary Review, General Fund, Health Insurance Update
June 2 nd -Work Session	Budget Summaries, Tax Rate, Capital Financing/Debt Capacity
June 16 th -Work Session	Sales Tax, Special Revenue Funds, Other Governmental Funds, Internal Service Funds, Financial Management Policy Statement
June 30 th -Work Session	Other Enterprise Funds, Initial Discussion of Tax Supported CIP
July 14 th -Budget & Audit	Utilities Rates, Fee Schedule, Outside Agencies, Tax Rate
July 21 st -Work Session	General Fund, General Debt CIP, City Manager's Initiatives

Highlights

- General Fund
 - Manager's Initiatives in response to Council's strategic goals
 - Net Taxable Value YOY value increase: 1.33%
 - 6.74% below previous 4-year average
 - Tax rate unchanged at .776232
 - 1.89 cents shifted from operations to debt
 - .7253 cents below the No New Revenue Tax Rate of 78.3485
 - Property & Sales Tax account for 70% of FY21 (71.4% FY20)
 - Combined decrease 3.8% (\$4M)
 - Sales tax down 7.7% due to COVID-19 uncertainty
 - 2.19% reduction in budget (after one-time drawdowns)



Highlights

- Other funds
 - CIP: \$90 million in improvements
 - New tiered rate structure in Water department
 - Solid Waste collection fees unchanged
 - Increased subsidy from General Fund for Cameron Park Zoo
 - Reserve usage required for Zoo
 - Convention Center & Ranger Museum/Hall of Fame
 - operational deficit, use of reserves





STRATEGIC GOALS

- Build a High Performing City Government
- Create a Culture of Equity
- Enhance Quality of Life
- Facilitate Economic Development
- Improve Infrastructure
- Provide a Safe and Vibrant City
- Support Sustainability and Resiliency

STRATEGIC GOALS



STRATEGIC GOALS

High Performing City Government

\$1,804,800

- Expand IT capabilities in MIS and transparency (\$177,800; 2 FTE)
- Create Management Development/Fellowship Program (\$127,000; 2 FTE)
- Employee Compensation
 - Veteran's Day holiday
 - No insurance increases
 - Conditional compensation @ midyear: \$1.5M
- Create OMB w/ existing staff

Enhance Quality of Life

\$2,675,000

- Neighborhood Vitality Initiative (\$225,000; 1 FTE)
- Investment in Parks & Recreation
 - Capital: \$2.1M
 - Master Plan Update: \$350,000
- Zoo expansion partnership w/ County: \$14.5M

STRATEGIC GOALS

Facilitate Economic Development

\$3.3M

- Increase WMCEDC funding \$250,000 (\$2.75M)
- Small Business Development and Resiliency
 - Small business development loan program to leverage CDBG
 - \$300,000 General Fund
- First payment to Riverfront: \$2.75M (EcoDev Assignments)

Building a Culture of Equity

\$667,000

- Equity support in CMO
 - 1 FTE; \$125,000
- Assignments to support equity: \$542,000
 - Disparity study: \$350,000
 - STEAM study: \$40,000
 - Future programs
- Linkages with Small Business Development & Resiliency

STRATEGIC GOALS

Provide A Safe & Vibrant City

\$2.1 million

- Create Community Policing Initiative: \$1.5M
 - 7 FTE; \$638,000
 - Facility finish out: \$450,000 in bonds
 - One-time equipment purchases funded with General Fund balance & non-General Fund sources: \$387,000
- Fire apparatus replacement
 - 7 apparatus; \$600,000

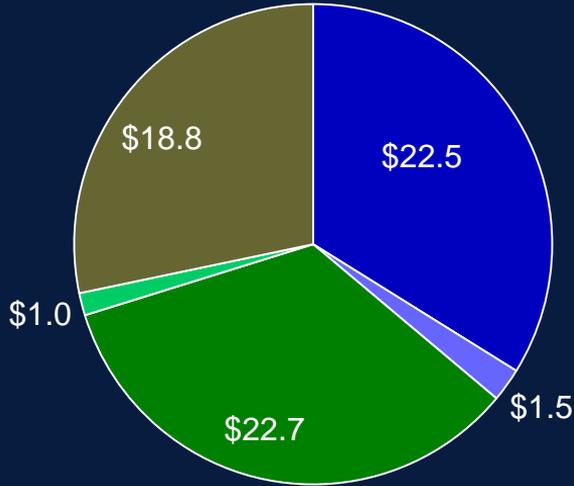
Support Sustainability & Resiliency

TBD

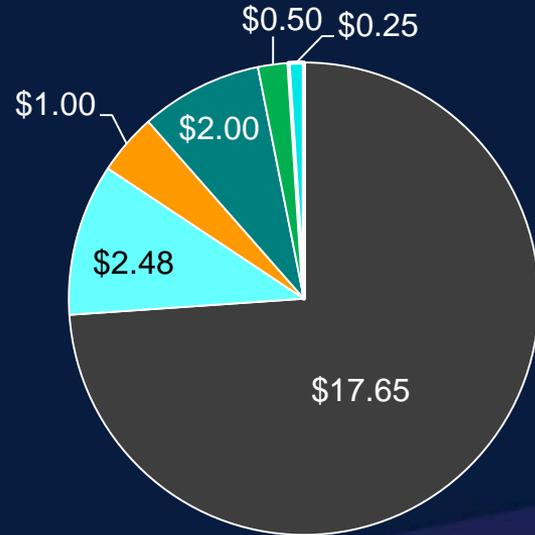
- Subdivision ordinance update
- Impact fees
- Update to vehicle inventory and LCC for EV utilization
- Development of Replacement Program for Roofs (\$5M) and HVAC (\$1.7M)
 - Solar unit evaluation
 - SEER/EnergyStar
- Construction & evaluation of solar panels @ FS#6

Improve Infrastructure

Rate Supported: \$66.4M



Tax Supported: \$23.9M



Water (Bonds)

Water (Cash)

Wastewater (Bonds)

Wastewater (Cash)

WMARSS (Bonds)

Streets (Bonds)

Streets Cash

Infrastructure Leverage

Bridge Maintenance

Traffic Signals

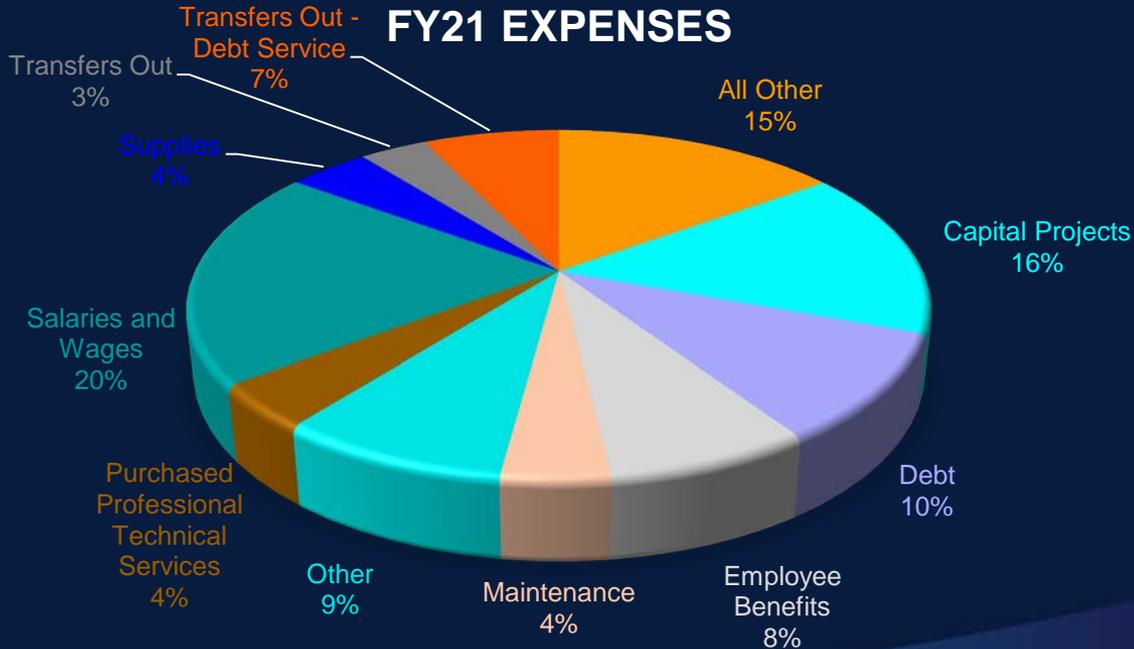
Facilities

\$2.1M in tax supported Park Improvements shown under Quality of Life

ALL FUNDS SUMMARY



Expenditures by Use

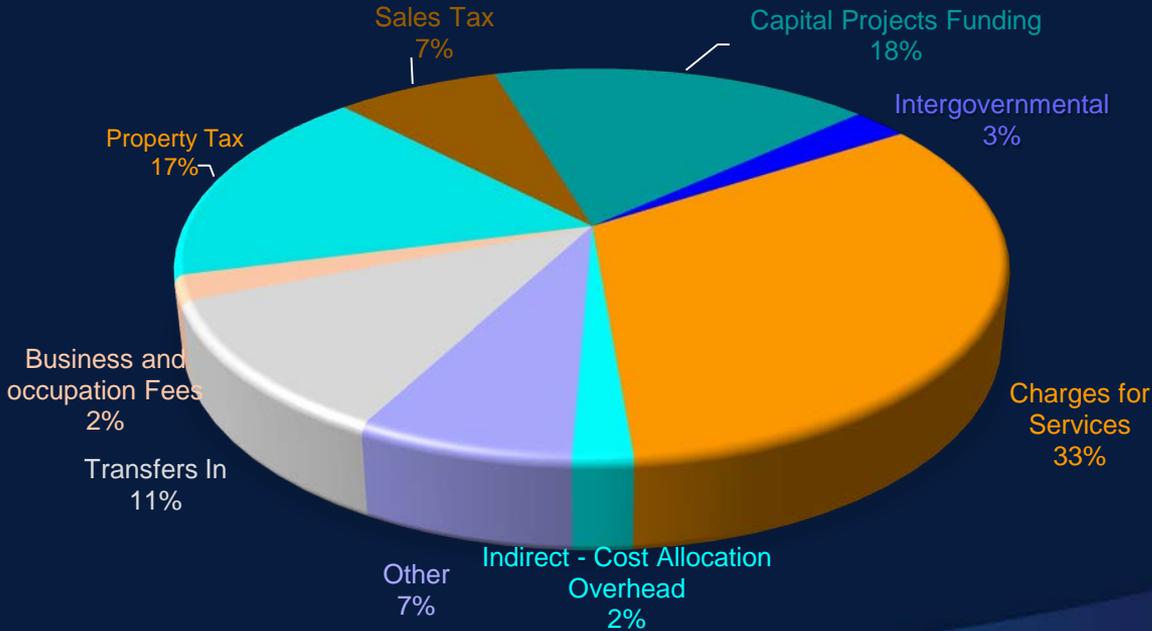


Expenses	FY21 Budget
Salaries and Wages	101,565,976
Capital Projects	78,059,619
All Other	75,272,429
Debt	49,756,497
Other	42,721,656
Employee Benefits	37,767,613
Transfers Out - Debt Service	35,772,963
Supplies	21,365,306
Purchased Professional Technical Services	20,547,191
Maintenance	19,986,307
Transfers Out	17,616,700
Grand Total	500,432,257



Sources of Funding

FY 21 REVENUES



Revenue Type	FY21 Budget
Charges for Services	155,458,870
Capital Projects Funding	84,252,119
Property Tax	79,617,989
Transfers In	52,791,570
Sales Tax	36,000,000
Other	33,805,524
Intergovernmental	12,378,093
Business and occupation Fees	9,733,045
Indirect - Cost Allocation Overhead	9,341,069
Grand Total	473,378,278



GENERAL FUND SUMMARY

The General Fund is the general operating fund in the City. It is used to account for all financial resources except those required to be accounted for in other funds, such as the Water and Sewer Fund, Solid Waste Fund or Special Revenue Funds. The General Fund is the City's largest fund.

The General Fund accounts for the majority of City services, including general government, parks and recreation, public safety, and public works.

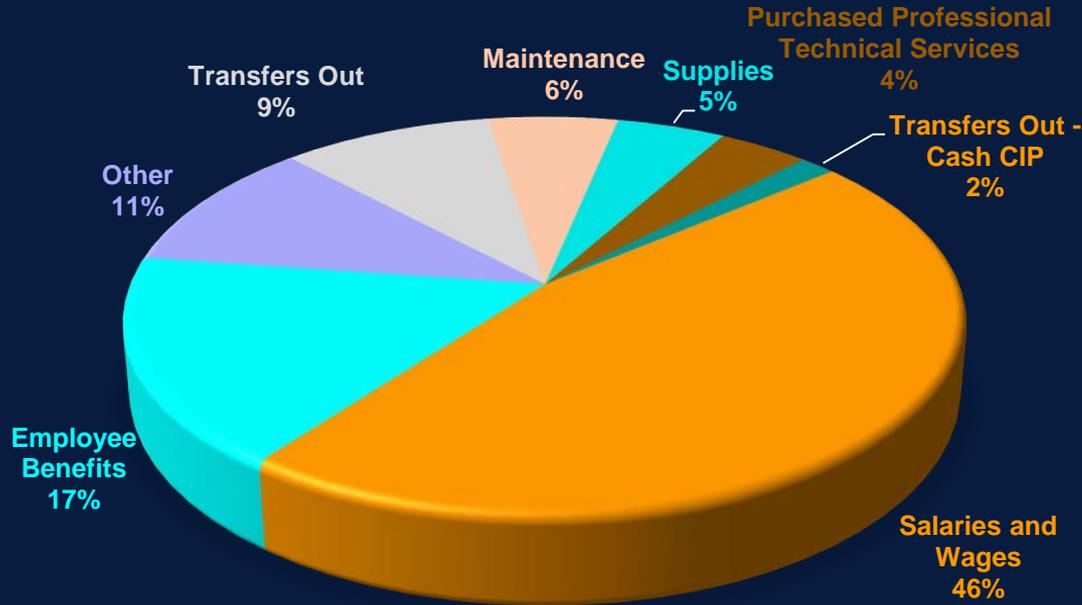
Budgeted expenditures include salaries and benefits, supplies, maintenance, services, and capital outlays.



Expenditure Comparison

	<u>FY 20 Adopted</u>	<u>FY 21 Proposed</u>	<u>Change \$</u>	<u>Change %</u>
Salaries & Wages	\$68,193,369	\$71,312,375	\$3,119,006	4.57%
Employee Benefits	\$25,331,735	\$26,030,578	\$698,843	2.76%
Purchases Prof/Tech Services	\$5,694,513	\$6,339,618	\$645,105	11.33%
Purchased Property Services	\$1,419,734	\$1,517,317	\$97,583	6.87%
Maintenance	\$8,632,656	\$8,987,781	\$355,125	4.11%
Other Purchased Services	\$4,171,304	\$4,945,119	\$773,815	18.55%
Supplies	\$7,619,690	\$7,494,909	-\$124,781	-1.64%
Other	\$3,819,346	\$1,704,336	-\$2,115,010	-55.38%
Contractual Services	\$3,125,753	\$5,658,984	\$2,533,231	81.04%
Capital Expenditures	\$2,623,553	\$1,075,256	-\$1,548,297	-59.02%
Interdepartmental Billing	\$1,911,654	\$1,510,822	-\$400,832	-20.97%
Indirect Cost Allocation Overhead	\$138,390	\$78,233	-\$60,157	-43.47%
Transfers Out Cash CIP	\$6,481,910	\$2,482,119	-\$3,999,791	-61.71%
Transfers Out	\$13,533,061	\$14,568,820	\$78,233	0.58%
Total Expenditures	\$152,696,668	\$153,706,267	\$1,009,599	0.66%
Drawdown for One Time Expenditures	-\$3,700,896	-\$7,979,534	-\$4,278,638	115.61%
Net Expenditures	\$148,995,772	\$145,726,733	-\$3,269,039	-2.19%

FY 21 General Expenditures by Use



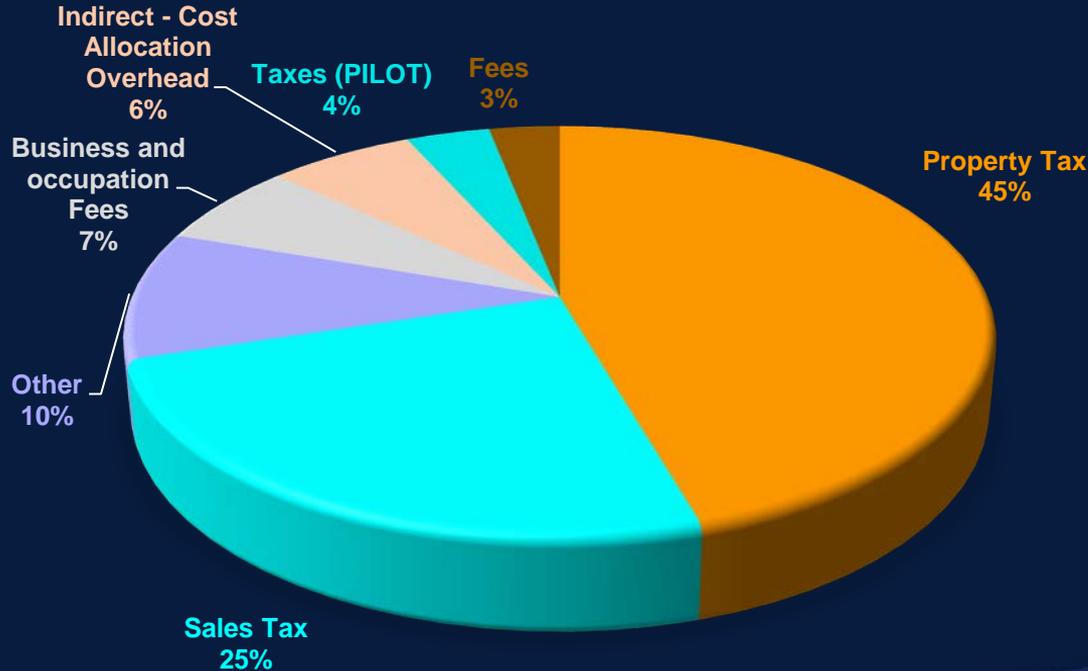
Expenses	FY21 Budget
Salaries and Wages	71,312,375
Employee Benefits	26,030,578
Other	16,490,067
Transfers Out	14,568,820
Maintenance	8,987,781
Supplies	7,494,909
Purchased Professional Technical Services	6,339,618
Transfers Out - Cash CIP	2,482,119
Grand Total	153,706,267



Revenue Comparison

	<u>FY 20 Adopted</u>	<u>FY 21 Proposed</u>	<u>Change \$</u>	<u>Change %</u>
Property Tax	\$67,326,605	\$66,297,422	-\$1,029,183	-1.53%
Sales Tax	\$39,017,059	\$36,000,000	-\$3,017,059	-7.73%
Business & Occ Fees	\$10,089,776	\$9,561,776	-\$528,000	-5.23%
Overhead Allocation	\$8,637,931	\$9,341,069	\$703,138	8.14%
PILOT	\$5,084,754	\$5,353,541	\$268,787	5.29%
Business & Occ Fees- Enterprise Funds	\$4,127,814	\$4,517,204	\$389,390	9.43%
Other	\$2,776,658	\$2,396,542	-\$380,116	-13.69%
Intergovernmental	\$2,269,028	\$3,021,417	\$752,389	33.16%
Interdepartmental Billing	\$2,075,493	\$2,510,153	\$434,660	20.94%
Charges for Service	\$1,767,891	\$1,190,519	-\$577,372	-32.66%
Fines	\$1,567,373	\$942,373	-\$625,000	-39.88%
Licenses & Permits	\$1,553,021	\$1,927,949	\$374,928	24.14%
Investment Interest	\$1,086,259	\$125,030	-\$961,229	-88.49%
Transfers In	\$751,838	\$1,797,466	\$1,045,628	139.08%
Contributions	\$627,782	\$627,782	\$0	0.00%
Net Merchandise Sales	\$236,490	\$116,490	-\$120,000	-50.74%
Total Revenues	\$148,995,772	\$145,726,733	-\$3,269,039	-2.19%
Drawdown for One Time Expenses	\$3,700,896	\$7,979,534	\$4,278,638	115.61%
Total Revenues w/ Drawdown	\$152,696,668	\$153,706,267	\$1,009,599	0.66%

FY 21 General Revenues by Type



Revenues	FY21 Revenues
Property Tax	66,297,422
Sales Tax	36,000,000
Other	14,655,721
Business and occupation Fees	9,561,776
Indirect - Cost Allocation Overhead	9,341,069
Taxes (PILOT)	5,353,541
Fees	4,517,204
Grand Total	145,726,733



FY 21 General Fund Totals & Use of Fund Balance

Revenues	\$145,726,733
Expenses	\$153,706,267
Revenues Over/(Under) Expenses	(\$7,979,534)
Use of Assignments	\$7,602,394
Use of Unassigned	\$377,140

Use of Assignments:

- \$912,311 Street CIP Cash
- \$250,000 for Traffic Signal Master Plan
- \$2.75M Riverfront Project
- \$3.19M transfer to Capital Projects Reserve
- \$500,000 for IT Infrastructure

Use of Unassigned:

- \$350,000 for Parks Master Plan
- \$ 27,140 for portion of Community Policing Initiative vehicles



General Fund Balance & Assignments Projections

Per GF Income Statement

FUND BALANCE: GENERAL FUND		
	FY 20	FY 21
	9/30/2020	9/30/2021
Non-Spendable	\$969,871	\$969,871
Restricted	\$1,318,309	\$1,318,309
Committed (WMCEDC)	\$11,720,936	\$11,021,561
Assigned Other	\$0	\$0
Assign- Eco Dev	\$6,708,033	\$2,952,205
Assign-Capital	\$13,960,953	\$6,526,838
Subsequent Year Funding		
Undesig/Unassign (Reserve)	\$37,965,239	\$37,588,099
TOTAL	\$72,643,341	\$60,376,883
Undesig/Unassign as % TOTAL	52.3%	62.3%
Next FY GF Revenues (Budg)	\$145,293,489	\$150,378,761
TOTAL as % GF Rev	50.0%	40.1%
Undesig/Unassign as % GF Rev	26.1%	25.0%
Aa1 Minimum - Moody's %	30%	30%
Aa1 Minimum - Moody's (30%)	\$43,588,047	\$45,113,628
TOTAL Meet Moodys	Yes	Yes
Amt above U/U needed to Meet Moody's	\$5,622,808	\$7,525,529
Total Assignments	\$20,668,986	\$9,479,043
% of Assignments To Meet Reserve	27%	79%
Amount of WMCEDC required to meet Moodys	\$0	\$0
% of WMCEDC to meet reserve	0.0%	0.0%

With Proposed Policy Revision

FUND BALANCE: GENERAL FUND		
	FY 20	FY 21
	9/30/2020	9/30/2021
Non-Spendable	\$969,871	\$969,871
Restricted	\$1,318,309	\$1,318,309
Committed (WMCEDC)	\$11,720,936	\$11,021,561
Assigned Other	\$0	\$0
Assign- Eco Dev	\$6,708,033	\$2,952,205
Assign-Capital	\$11,244,014	\$0
Subsequent Year Funding		
Undesig/Unassign (Reserve)	\$40,682,178	\$44,114,937
TOTAL	\$72,643,341	\$60,376,883
Undesig/Unassign as % TOTAL	56.0%	73.1%
Next FY GF Revenues (Budg)	\$145,293,489	\$150,378,761
TOTAL as % GF Rev	50.0%	40.1%
Undesig/Unassign as % GF Rev	28.0%	29.3%
Aa1 Minimum - Moody's %	30%	30%
Aa1 Minimum - Moody's (30%)	\$43,588,047	\$45,113,628
TOTAL Meet Moodys	Yes	Yes
Amt above U/U needed to Meet Moody's	\$2,905,869	\$998,691
Total Assignments	\$17,952,047	\$2,952,205
% of Assignments To Meet Reserve	16%	34%
Amount of WMCEDC required to meet Moodys	\$0	\$0
% of WMCEDC to meet reserve	0.0%	0.0%

Sales Tax: COVID-19 Impact



General Fund Sales Tax: Pre COVID-19 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 than 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

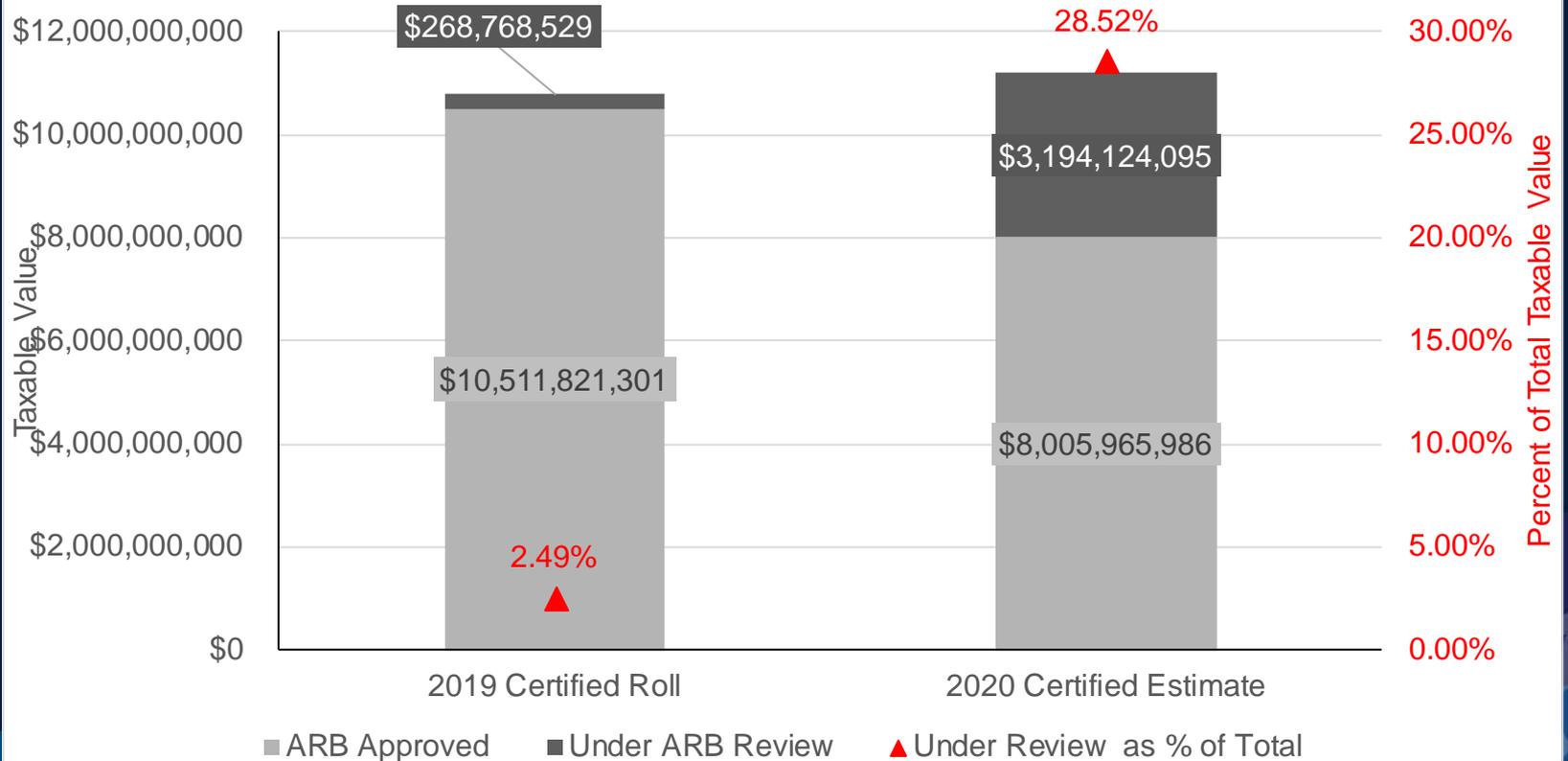
- The month to month comparison in July shows a similar collections rate to July of FY19.
- Staff is projecting \$39.01M in FY20.
- Staff is proposing a budget of \$36M in FY21.
 - Strategic and conservative approach to hedge against the unknown impact of COVID.
 - Made possible because General Fund is 45% funded by stable Property Tax revenues.
 - Ability to amend the Budget



Property Tax: Valuation & Rates

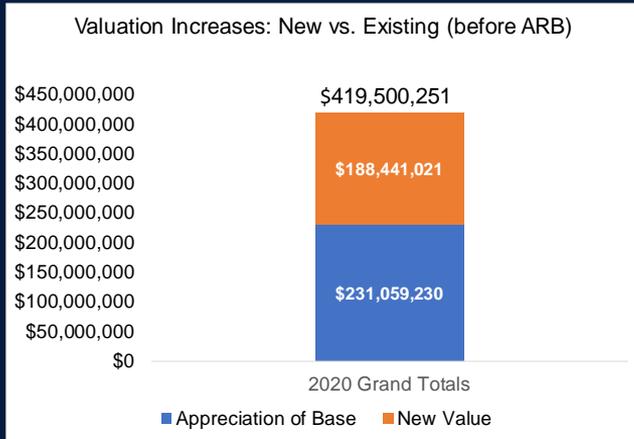


FY20 & FY21 Tax Rolls: Under ARB Review vs. Approved



2020 Estimated Roll Grand Total Taxable Values

includes properties under ARB review (28% of Grand Total)

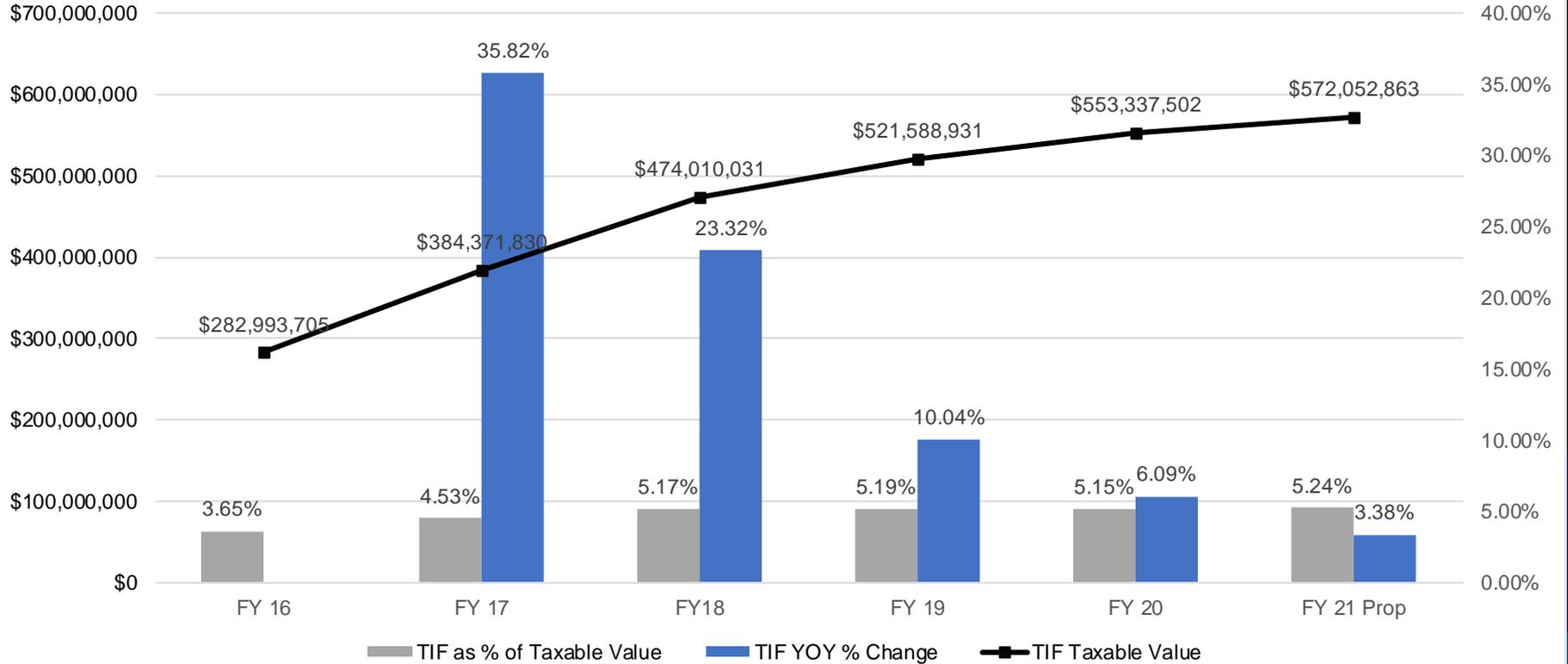


	2019 Grand Totals	2020 Grand Totals	Change \$	Change %
Single Family Residence	\$4,409,141,763	\$4,770,662,749	\$361,520,986	8.20%
Multi-Family	\$1,203,731,489	\$1,327,764,031	\$124,032,542	10.30%
Commercial Real Property	\$2,385,542,645	\$2,417,900,830	\$32,358,185	1.36%
Industrial & Manufacturing	\$522,952,926	\$489,945,901	-\$33,007,025	-6.31%
Commercial Personal Property	\$1,251,897,853	\$1,186,768,513	-\$65,129,340	-5.20%
Industrial & Manufacturing Pers Prop	\$453,718,329	\$489,945,901	\$36,227,572	7.98%
Vacant Lots and Tracts	\$214,597,348	\$223,625,053	\$9,027,705	4.21%
Gas Distribution System	\$49,337,460	\$53,406,830	\$4,069,370	8.25%
Electric Company	\$81,939,672	\$92,260,423	\$10,320,751	12.60%
Rural Land	\$46,579,982	\$53,027,654	\$6,447,672	13.84%
Residential Inventory	\$40,305,219	\$36,209,459	-\$4,095,760	-10.16%
Special Inventory Tax	\$44,302,380	\$47,830,220	\$3,527,840	7.96%
Other	\$76,542,764	\$10,742,517	-\$65,800,247	-85.97%
Total	\$10,780,589,830	\$11,200,090,081	\$419,500,251	3.89%
New Value		\$188,441,021		
Base Value	\$10,780,589,830	\$11,011,649,060	\$231,059,230	2.14%

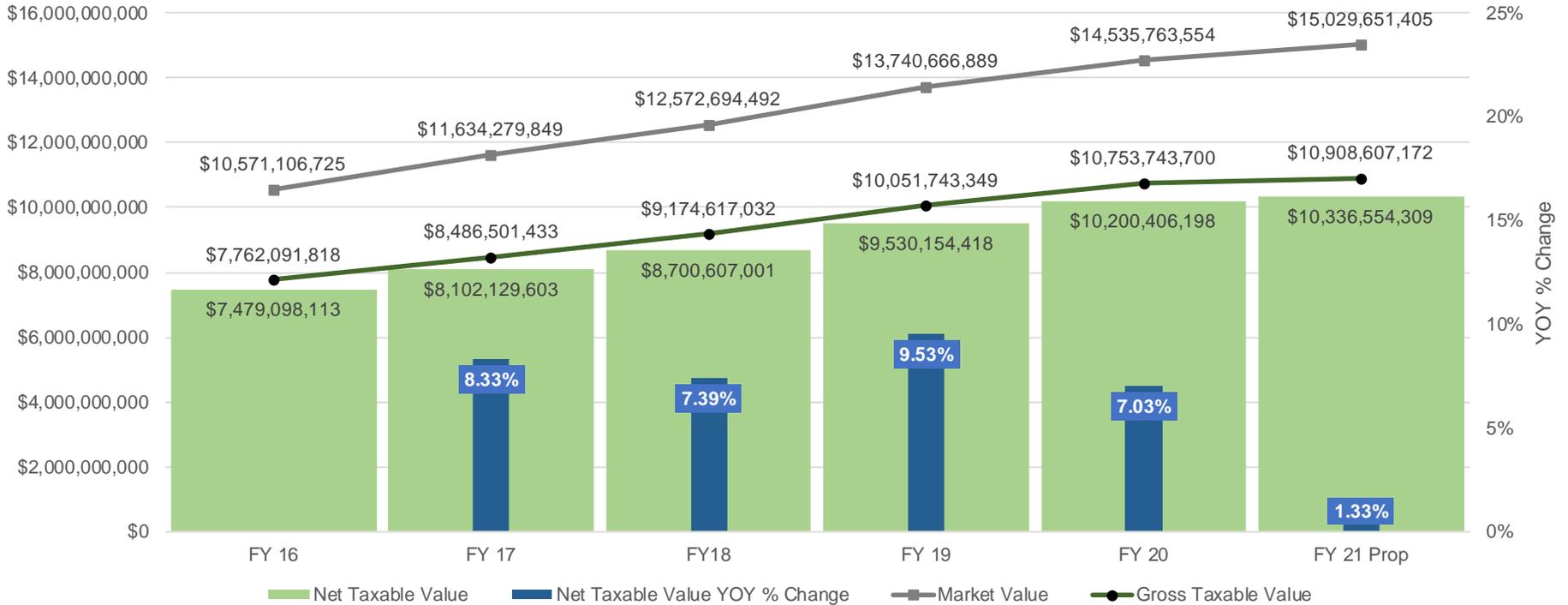
	2019 Certified Roll	% of Total	2020 Certified Estimate	% of Total
Residential	\$5,653,178,471	52.4%	\$6,134,636,239	54.8%
Non-Residential	\$5,127,411,359	47.6%	\$5,065,453,842	45.2%
Total	\$10,780,589,830	100.0%	\$11,200,090,081	100.0%

Values above exclude adjustments for TIF and ARB.

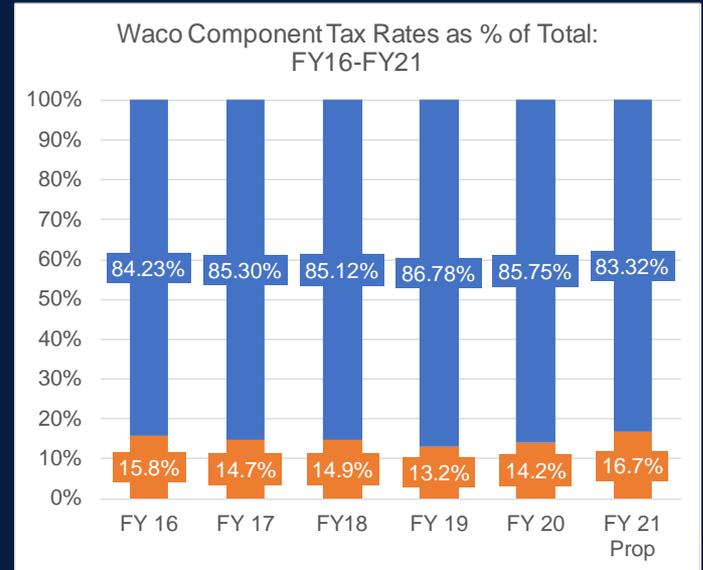
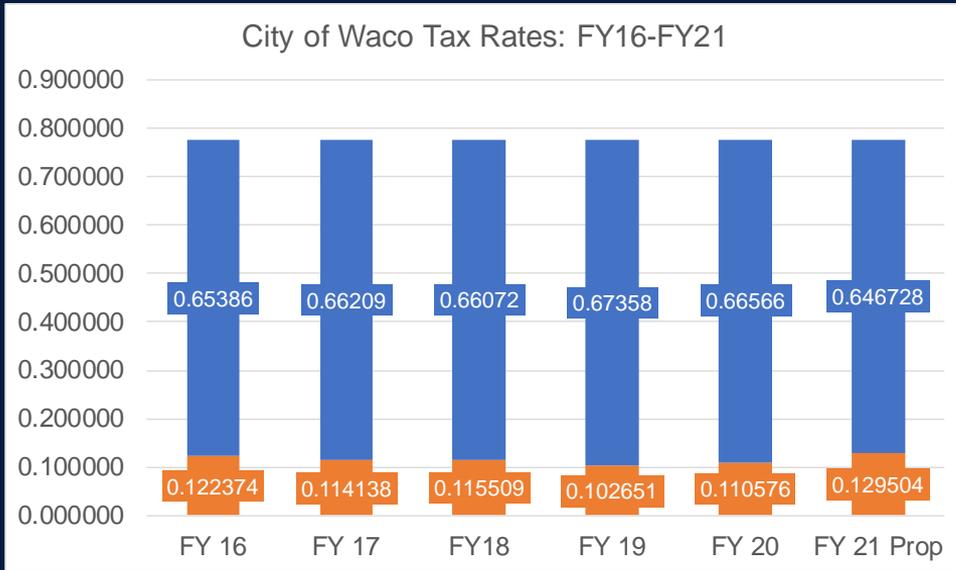
TIF Valuations: FY16-FY21



Certified Tax Valuations: FY16-FY21



Tax Rate Overview

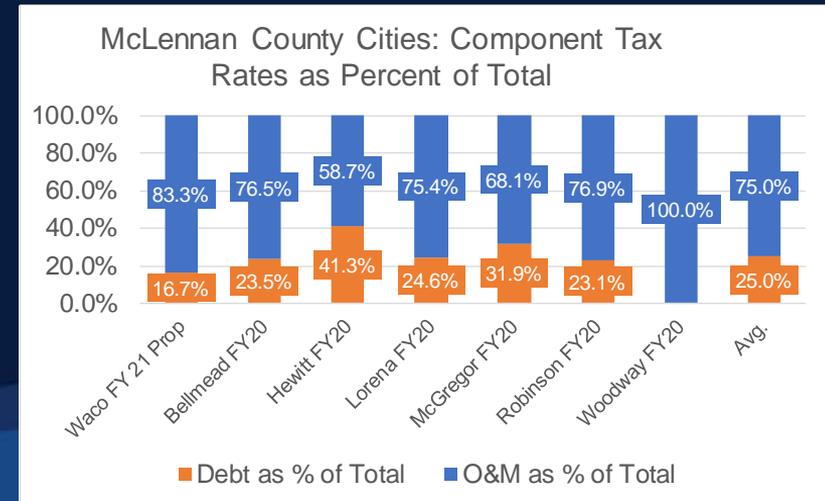
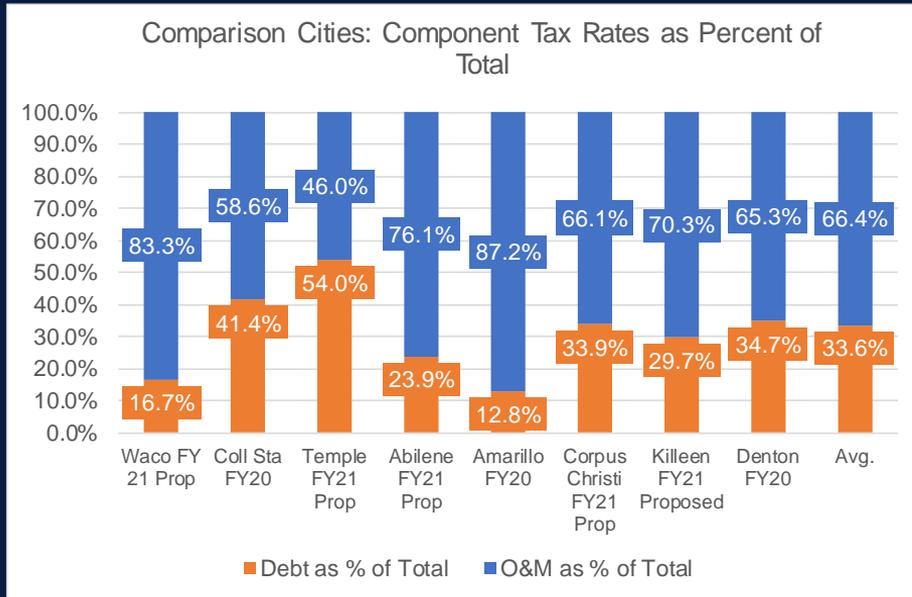


FY21 Proposed

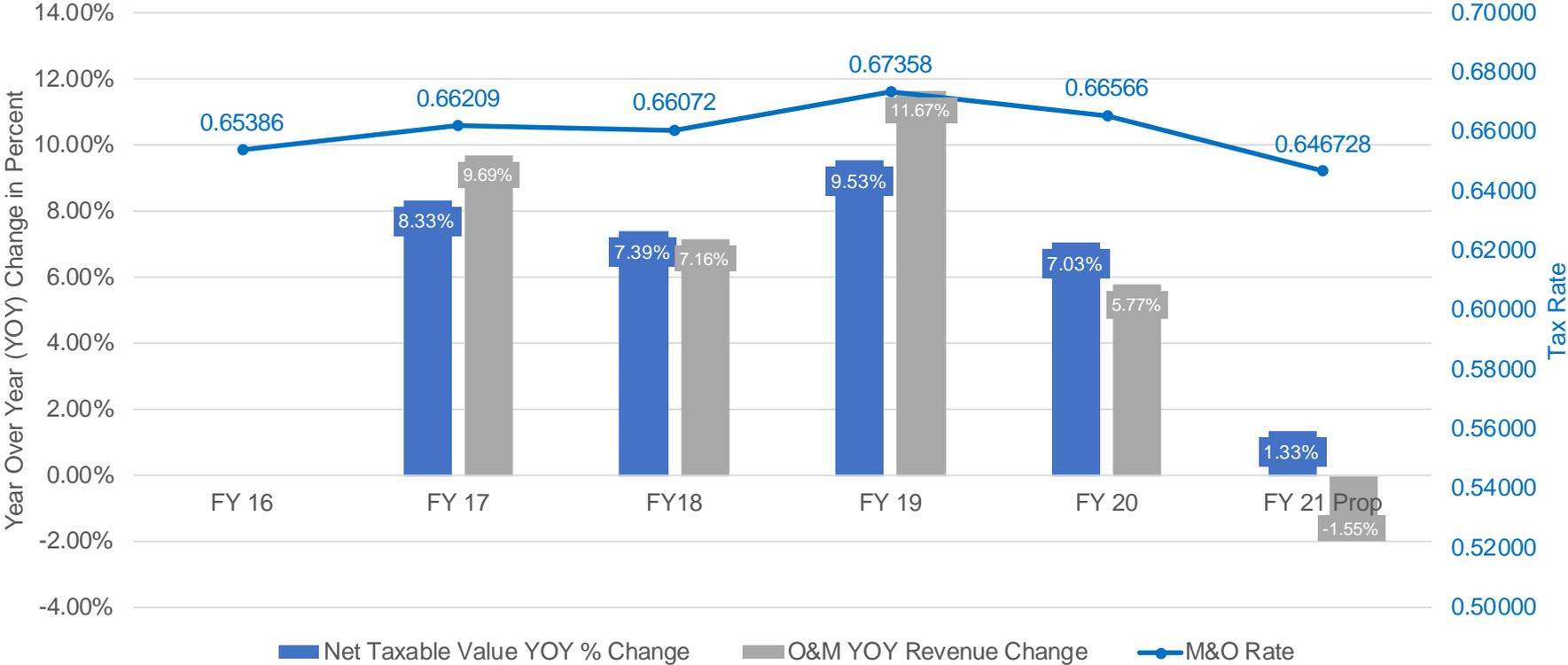
- Total Rate unchanged: 0.776232
- O&M Rate: 0.646728
- I&S (Debt) rate: 0.129504



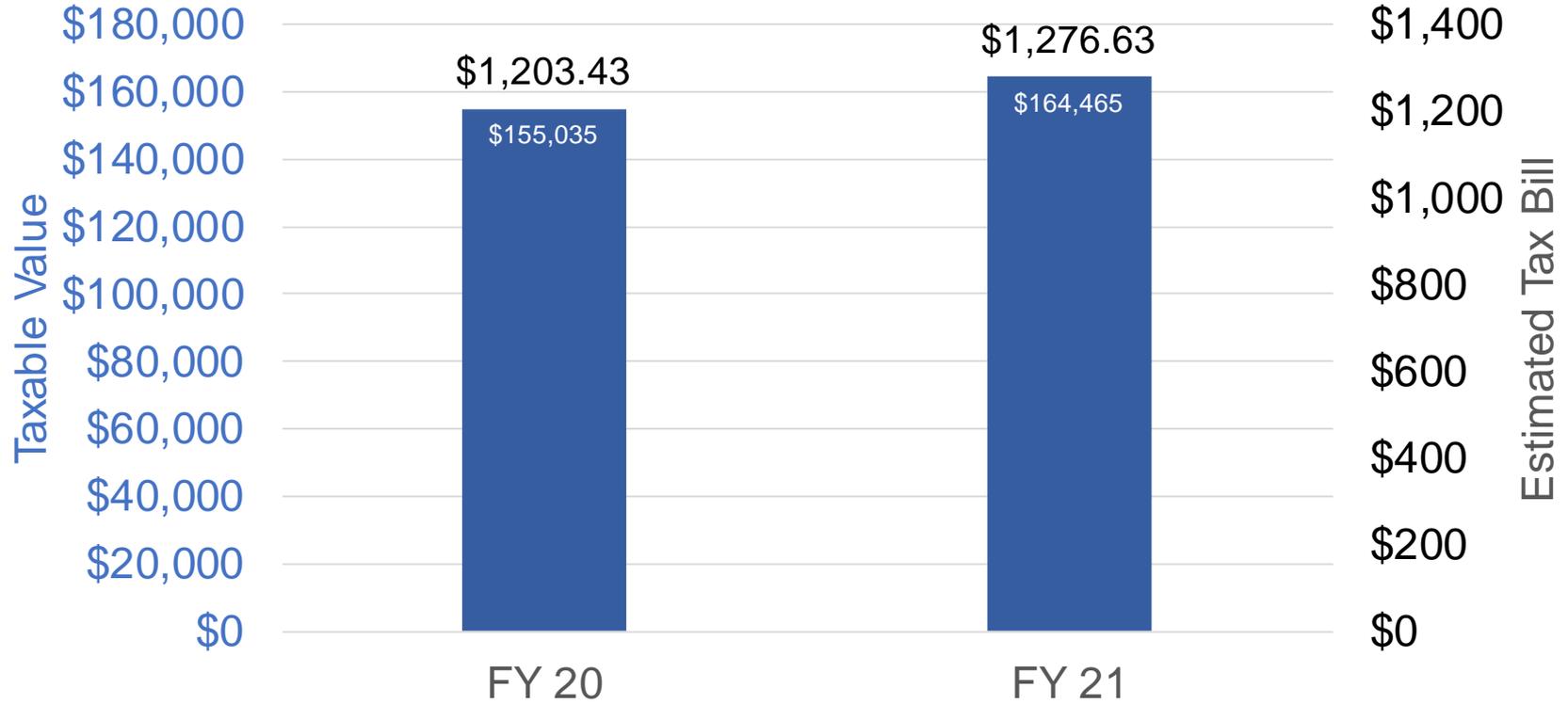
Component Tax Rates as % of Total Rate



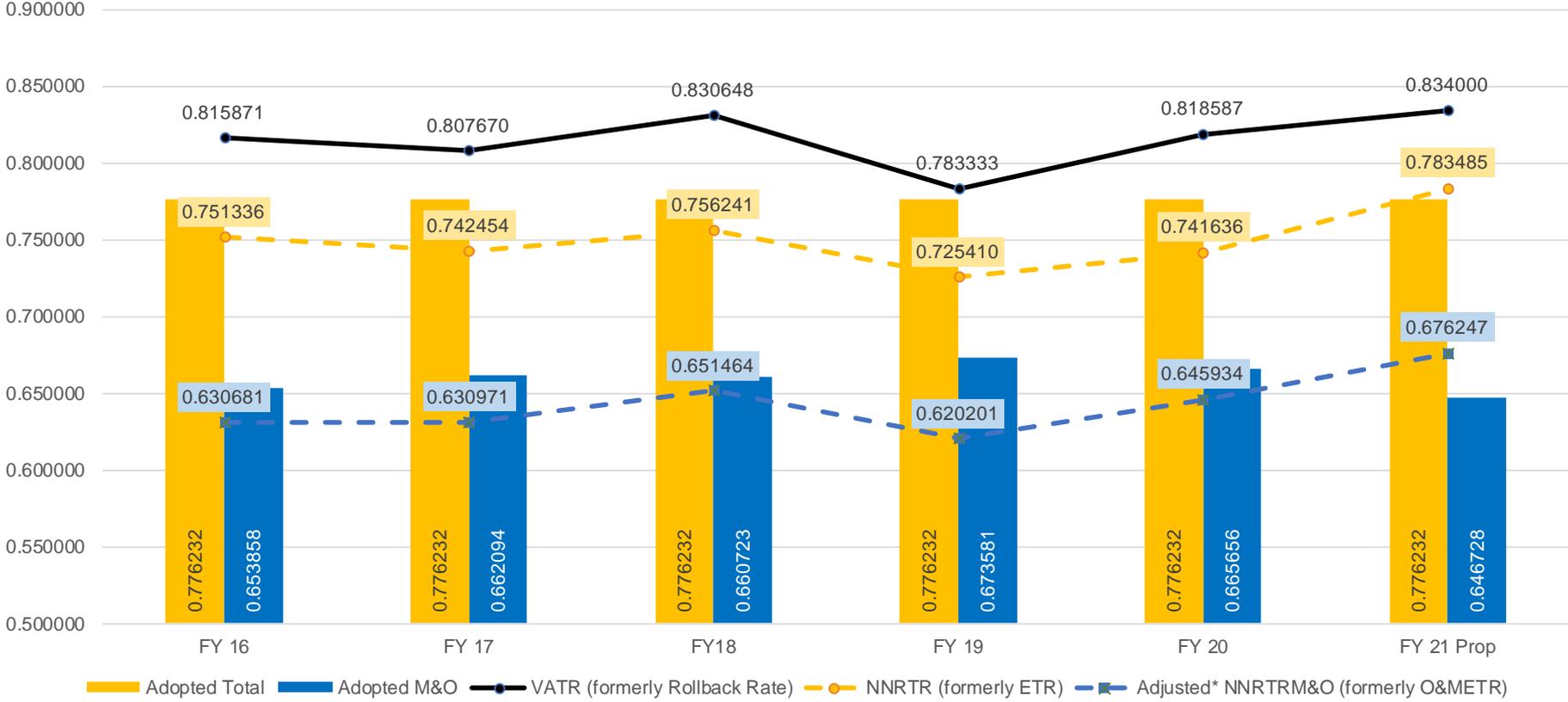
O&M Property Tax



Avg. Homestead



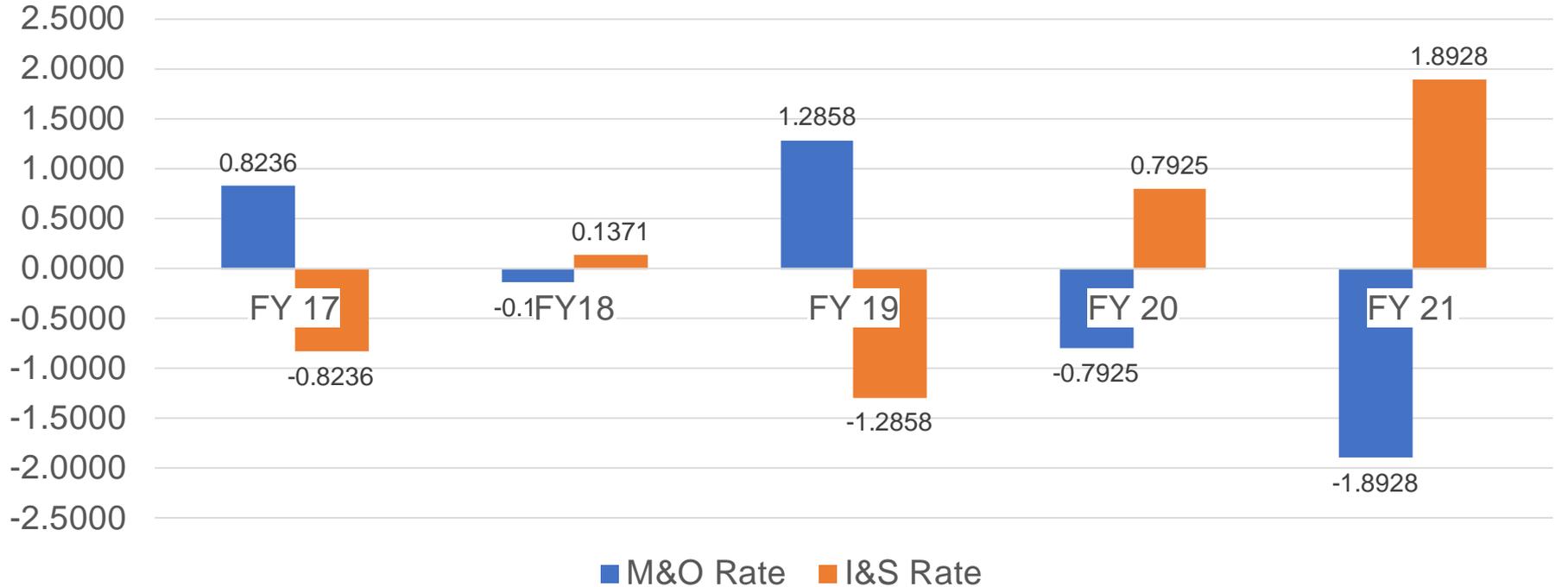
City Tax Rates vs. State Limitations: FY16-FY21



Making Cents of It

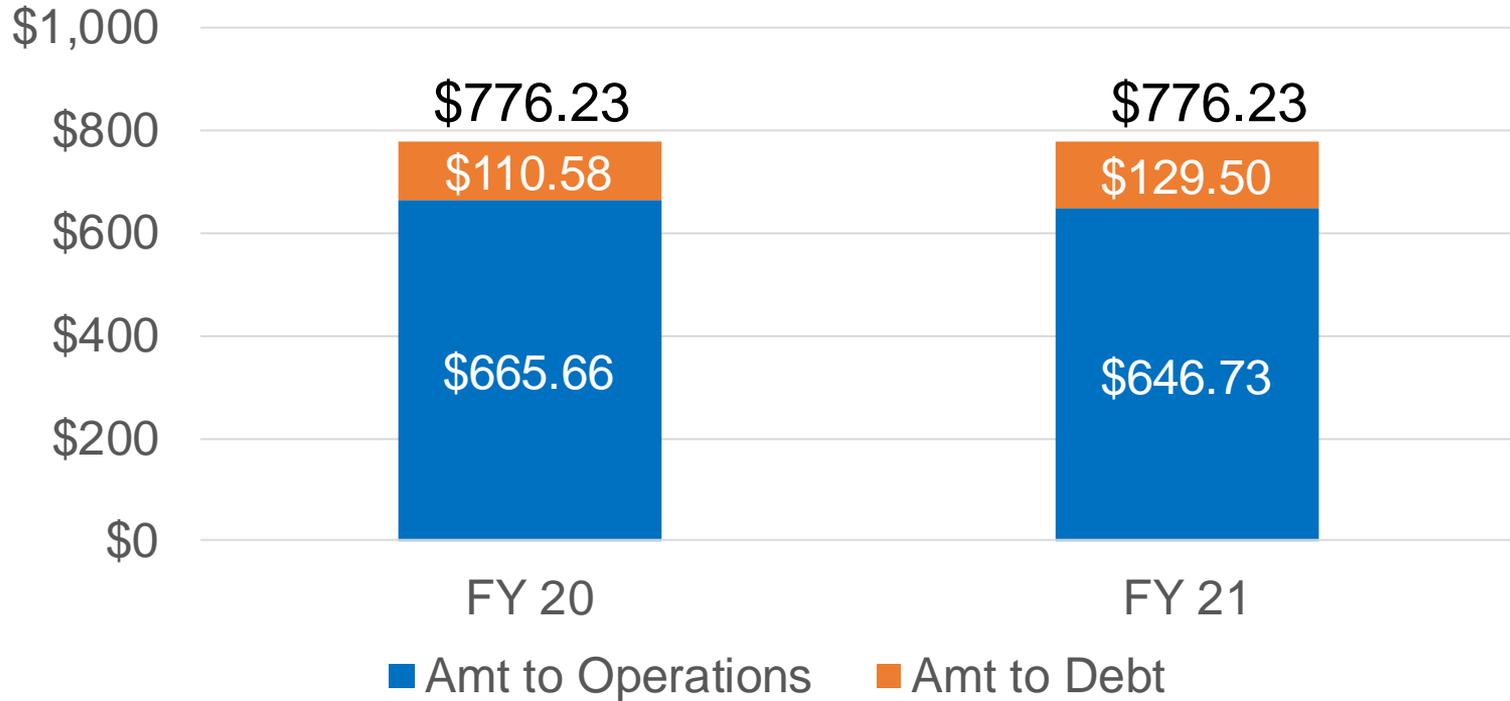
	<u>FY 21 Proposed</u>	<u>FY 21 @ NNRTTR</u>	<u>Change \$</u>	<u>Change %</u>	<u>FY 21 @ VATR</u>	<u>Change \$</u>	<u>Change %</u>
Net Taxable Value	\$10,336,554,309	10,336,554,309	\$0	0.00%	10,336,554,309	\$0	0.00%
M&O Rate	0.646728	0.65398	0.00725	1.11%	0.70450	0.057768	8.93%
M&O Revenue	\$66,849,411	\$67,599,121	\$749,710	1.11%	\$72,820,631	\$5,971,221	8.93%
Collection Rate	98%	98%	0%	0.00%	98%	0%	0.00%
M&O Net Revenue	\$65,512,422	\$66,247,138	\$734,716	1.11%	\$71,364,219	\$5,851,796	8.93%
Debt Rate	0.129504	0.129504	0.00000	0.00%	0.129504	\$0	0.00%
Debt Revenue	\$13,386,232	\$13,386,232	\$0	0.00%	\$13,386,232	\$0	0.00%
Collection Rate	98%	98%	0%	0.00%	98%	\$0	0.00%
Debt Net Revenue	\$13,118,507	\$13,118,507	\$0	0.00%	\$13,118,507	\$0	0.00%
Total Rate	0.776232	0.783485	0.007253	0.93%	0.834000	0.05777	7.44%
Total Revenue	\$80,235,642	\$80,985,353	\$749,710	0.93%	\$86,206,863	\$5,971,221	7.44%
Collection Rate	98.0%	98.0%	0%	0.00%	98.0%	\$0	0.00%
Net Total Revenue	\$78,630,929	\$79,365,645	\$734,716	0.93%	\$84,482,726	\$5,851,796	7.44%

Shifting Pennies



1.89 cents = \$1.9M in revenue

Taxes on \$100,000 Valuation



ENTERPRISE FUNDS

Enterprise funds are used to report business-type activities. Enterprise funds create their own revenues, typically via charges for services. The City uses enterprise funds to account for the airport, convention center, solid waste, and water utilities operations.



Water Utilities Fund

WATER FUND SUMMARY				
	FY 20 Adopted	FY 21 Proposed	Change \$	Change %
Revenues	\$51,781,765	\$55,693,798	\$3,912,033	7.6%
Operating	\$22,927,754	\$21,783,241	-\$1,144,513	-5.0%
Non-Operating excl debt related	\$10,850,648	\$11,374,272	\$523,624	4.8%
Debt Service	\$18,856,870	\$19,748,478	\$891,608	4.7%
Debt Coverage	\$0	\$2,787,808	\$2,787,808	
Total Expenses	\$52,635,272	\$55,693,798	\$3,058,526	5.8%
Revenues Over/(Under) Expenses	-\$853,507	\$0		
EOY Cash Equivalent Fund Balance	\$36,992,343	\$37,927,725	\$935,382	2.5%

- Transparency change: debt coverage included
- Operational decrease in Capital (\$1.4M)



Proposed Water Rates

FY	Current	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Projected Residential Inside Water Rates											
Minimum Charge											
3/4" or less	\$ 22.17	\$ 22.21	\$ 22.94	\$ 23.79	\$ 24.91	\$ 25.08	\$ 25.08	\$ 25.47	\$ 26.54	\$ 26.94	\$ 28.04
1"	35.82	35.89	37.07	38.44	40.25	40.53	40.53	41.17	42.90	43.54	45.33
1.5"	51.58	51.68	53.38	55.36	57.96	58.37	58.37	59.29	61.78	62.71	65.28
2"	71.08	71.22	73.56	76.28	79.87	80.43	80.43	81.69	85.12	86.40	89.94
3"	112.22	112.44	116.13	120.43	126.09	126.97	126.97	128.96	134.38	136.40	141.99
Volumetric Rate (per 1,000 gallons)											
0-3,000	\$ 3.32	\$ 2.66	\$ 2.75	\$ 2.85	\$ 2.98	\$ 3.00	\$ 3.00	\$ 3.05	\$ 3.18	\$ 3.23	\$ 3.36
3,000-8,000	3.32	3.33	3.44	3.57	3.74	3.77	3.77	3.83	3.99	4.05	4.22
8,000-15,000	3.32	4.16	4.30	4.46	4.67	4.70	4.70	4.77	4.97	5.04	5.25
15,001 - 25,000	4.16	5.20	5.37	5.57	5.83	5.87	5.87	5.96	6.21	6.30	6.56
25,000+	5.77	6.50	6.71	6.96	7.29	7.34	7.34	7.46	7.77	7.89	8.21
Projected Non-Residential Inside Water Rates											
Minimum Charge											
3/4" or less	\$ 22.17	\$ 22.21	\$ 22.94	\$ 23.79	\$ 24.91	\$ 25.08	\$ 25.08	\$ 25.47	\$ 26.54	\$ 26.94	\$ 28.04
1"	61.44	61.56	63.58	65.93	69.03	69.51	69.51	70.60	73.57	74.67	77.73
1.5"	110.27	110.49	114.11	118.33	123.89	124.76	124.76	126.72	132.04	134.02	139.51
2"	168.83	169.17	174.72	181.18	189.70	191.03	191.03	194.03	202.18	205.21	213.62
3"	292.37	292.95	302.56	313.75	328.50	330.80	330.80	335.99	350.10	355.35	369.92
4"	427.31	428.16	442.20	458.56	480.11	483.47	483.47	491.06	511.68	519.36	540.65
6"	642.81	644.10	665.23	689.84	722.26	727.32	727.32	738.74	769.77	781.32	813.35
8"	907.24	909.05	938.87	973.61	1,019.37	1,026.51	1,026.51	1,042.63	1,086.42	1,102.72	1,147.93
10"	1,388.32	1,391.10	1,436.73	1,489.89	1,559.91	1,570.83	1,570.83	1,595.49	1,662.50	1,687.44	1,756.63
Volumetric Rate (per 1,000 gallons)											
All volumes	\$ 3.52	\$ 3.53	\$ 3.65	\$ 3.79	\$ 3.97	\$ 4.00	\$ 4.00	\$ 4.06	\$ 4.23	\$ 4.29	\$ 4.47
Year over Year Rate Increase											
Demand Charge		0.18%	3.29%	3.71%	4.71%	0.68%	0.00%	1.56%	4.20%	1.51%	4.08%
Volumetric Rate (Tier 2)		0.30%	3.30%	3.78%	4.76%	0.80%	0.00%	1.59%	4.18%	1.50%	4.20%

Wastewater Utilities Fund

WASTEWATER FUND SUMMARY				
	<u>FY 20 Adopted</u>	<u>FY 21 Proposed</u>	<u>Change \$</u>	<u>Change %</u>
Revenues	\$34,981,385	\$39,397,819	\$4,416,434	12.6%
Operating	\$14,406,997	\$15,928,363	\$1,521,366	10.6%
Non-Operating excl debt related	\$7,039,177	\$7,045,205	\$6,028	0.1%
Debt Service	\$14,277,103	\$14,357,675	\$80,572	0.6%
Debt Coverage	\$0	\$2,066,575	\$2,066,575	
Total Expenses	\$35,723,277	\$39,397,818	\$3,674,541	10.3%
Revenues Over/(Under) Expenses	-\$741,892	\$1		
EOY Cash Equivalent Fund Balance	\$21,759,825	\$22,883,563	\$1,123,738	5.2%

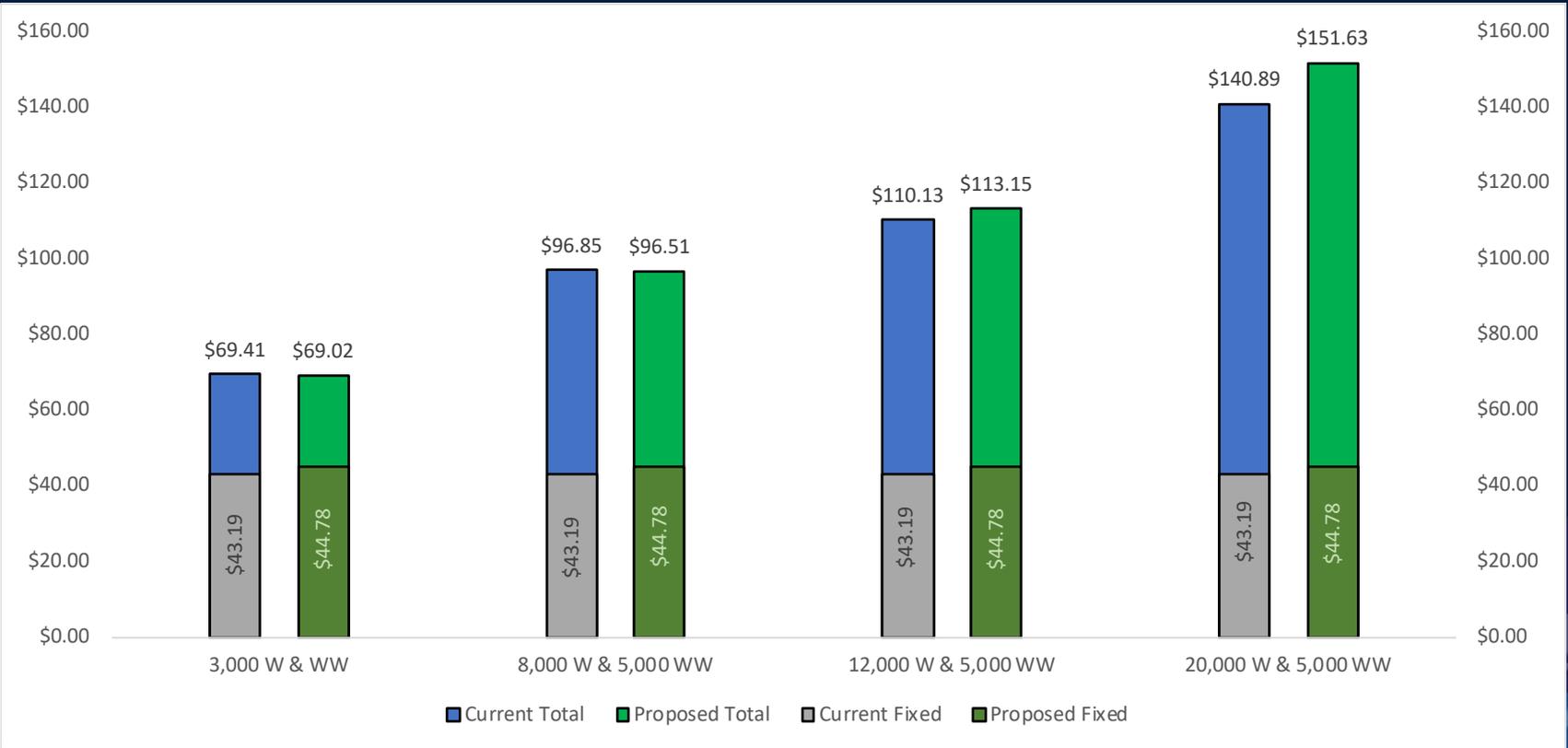
- Transparency change: debt coverage included
- Operational increase for WMARSS O&M



Proposed Wastewater Rates

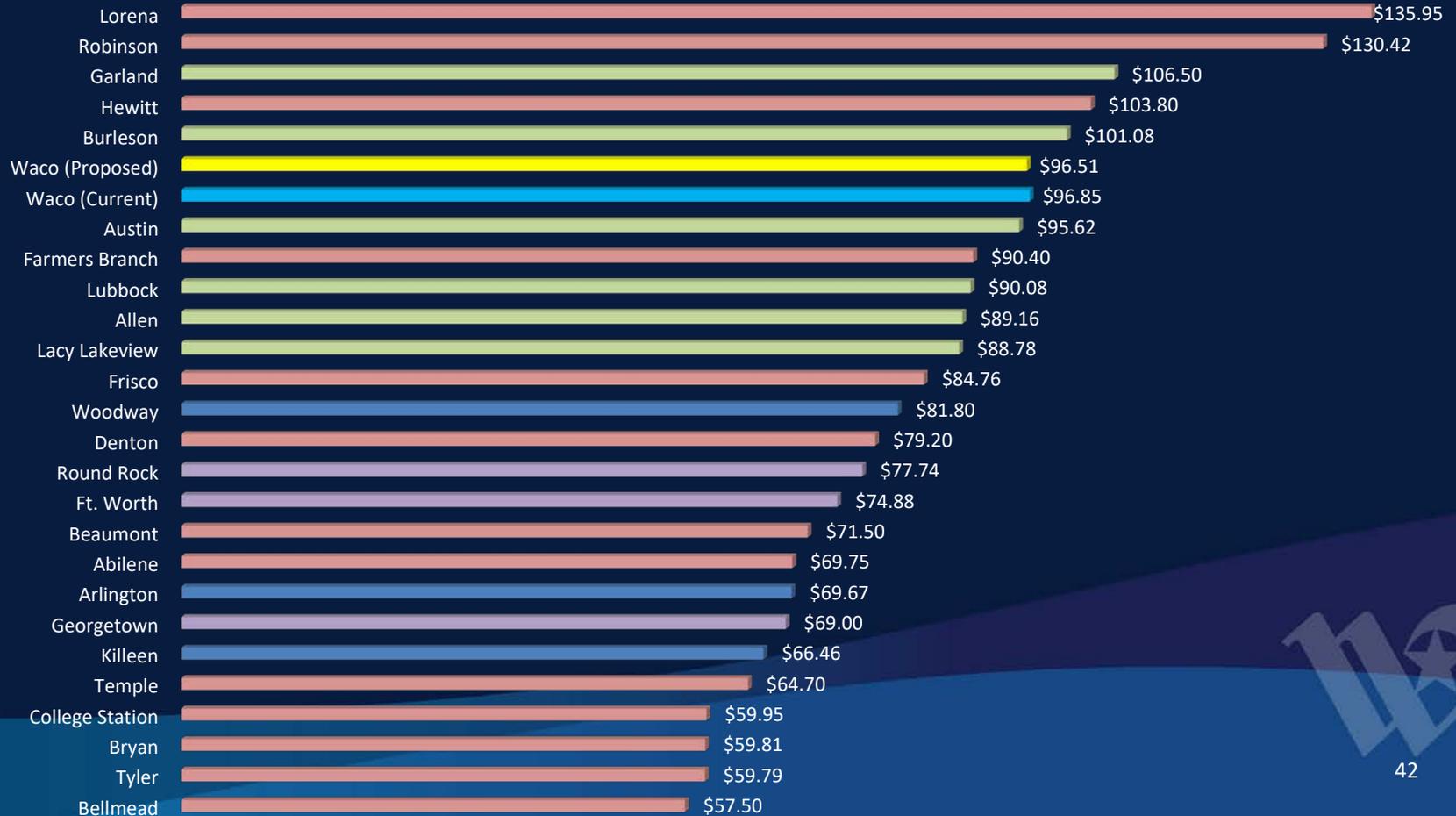
FY	Current	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Projected Residential Inside Wastewater Rates											
Minimum Charge											
3/4" or less	\$ 21.02	\$ 22.57	\$ 24.23	\$ 26.02	\$ 27.94	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Volumetric Rate (per 1,000 gallons)											
All Volumes	\$ 5.42	\$ 5.42	\$ 5.85	\$ 6.15	\$ 6.40	\$ 6.40	\$ 6.63	\$ 7.34	\$ 7.62	\$ 8.31	\$ 8.56
Projected Non-Residential Inside Wastewater Rates											
Minimum Charge											
3/4" or less	\$ 21.02	\$ 22.57	\$ 24.23	\$ 26.02	\$ 27.94	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
1"	30.48	32.73	35.14	37.73	40.52	43.51	43.51	43.51	43.51	43.51	43.51
1.5"	46.30	49.71	53.37	57.30	61.54	66.07	66.07	66.07	66.07	66.07	66.07
2"	65.27	70.08	75.24	80.78	86.75	93.14	93.14	93.14	93.14	93.14	93.14
3"	90.55	97.22	104.38	112.07	120.36	129.23	129.23	129.23	129.23	129.23	129.23
4"	115.85	124.38	133.54	143.38	153.98	165.32	165.32	165.32	165.32	165.32	165.32
6"	172.72	185.44	199.10	213.77	229.58	246.49	246.49	246.49	246.49	246.49	246.49
8"	267.57	287.28	308.44	331.16	355.65	381.85	381.85	381.85	381.85	381.85	381.85
10"	335.04	359.72	386.22	414.67	445.33	478.14	478.14	478.14	478.14	478.14	478.14
Volumetric Rate (per 1,000 gallons)											
All volumes	\$ 5.42	\$ 5.42	\$ 5.85	\$ 6.15	\$ 6.40	\$ 6.40	\$ 6.63	\$ 7.34	\$ 7.62	\$ 8.31	\$ 8.56
Year over Year Rate Increase											
Demand Charge		7.37%	7.37%	7.37%	7.39%	7.37%	0.00%	0.00%	0.00%	0.00%	0.00%
Volumetric Rate		0.00%	7.90%	5.15%	4.00%	0.00%	3.70%	10.65%	3.90%	9.00%	3.05%

FY20 v. F21: Water Rate Comparison



CITY COMPARISON

(5/8" Meter / 8,000 Gallons Water / 5,000 Gallons Wastewater)



WMARSS Utilities Fund

WMARSS FUND SUMMARY				
	<u>FY 20 Adopted</u>	<u>FY 21 Proposed</u>	<u>Change \$</u>	<u>Change %</u>
Revenues	\$9,413,778	\$12,837,030	\$3,423,252	36.4%
Operating	\$9,335,994	\$9,445,790	\$109,796	1.2%
Non-Operating excl debt related	\$984,599	\$3,053,900	\$2,069,301	210.2%
Debt Service		\$337,340	\$337,340	-
Total Expenses	\$10,320,593	\$12,837,030	\$2,516,437	24.4%
Revenues Over/(Under) Expenses	-\$906,815	\$0		
EOY Cash Equivalent Fund Balance	\$12,393,323	\$12,929,139	\$535,816	4.3%

- Operational increases in Maintenance (\$300,000) and Supplies (\$200,000)
- Non-Operating increases in Capital (\$1.9M)



Solid Waste Fund

	<u>FY 20 Adopted</u>	<u>FY 21 Proposed</u>	<u>Change \$</u>	<u>Change %</u>
Revenues	\$21,559,580	\$21,379,151	-\$180,429	-0.8%
Operating	\$17,709,107	\$15,791,355	-\$1,917,752	-10.8%
Non-Operating excl debt related	\$5,470,123	\$3,988,223	-\$1,481,900	-27.1%
Debt Service	\$1,258,164	\$1,329,470	\$71,306	5.7%
Total Expenses	\$24,437,394	\$21,109,048	-\$3,328,346	-13.6%
Revenues Over/(Under) Expenses	-\$2,877,814	\$270,103		
EOY Cash Equivalent Fund Balance	\$11,702,952	\$13,199,154	\$1,496,202	12.8%

- No changes to solid waste collection rate
- Operational decrease in Capital (\$1.6M)
- Non-Operating decrease in Cash CIP (\$1.7M)



Convention Center Fund

	<u>FY 20 Adopted</u>	<u>FY 21 Proposed</u>	<u>Change \$</u>	<u>Change %</u>
HOTMOT	\$4,898,833	\$4,017,792	-\$881,041	-18.0%
Charges for Service	\$1,180,000	\$825,000	-\$355,000	-30.1%
Other	\$373,308	\$380,466	\$7,158	1.9%
Total Revenues	\$6,452,141	\$5,223,258	-\$1,228,883	-19.0%
Operating	\$6,508,210	\$5,381,260	-\$1,126,950	-17.3%
Overhead	\$200,000	\$200,000		
Transfers Out Cash CIP	\$1,376,000		-\$1,376,000	-100.0%
Transfers Out Other	\$150,000	\$150,000	\$0	0.0%
Total Expenses	\$8,234,210	\$5,731,260	-\$2,502,950	-30.4%
Revenues Over/(Under) Expenses	-\$1,782,069	-\$508,002		
EOY Cash Equivalent Fund Balance	\$2,557,293	\$1,556,901	-\$1,000,392	-39.1%

- Revenue reductions due to COVID-19 impact on tourism
- Operational decreases in Capital (\$439,000), Contracts (\$125,000), Supplies (\$334,000) and Maintenance (\$60,000)
- Transfers out CIP decreased \$1.4M, primarily for HVAC replacement in FY20

Cameron Park Zoo Fund

	FY 20 Adopted	FY 21 Proposed	Change \$	Change %
Charges for Service	\$2,202,695	\$1,483,052	-\$719,643	-32.7%
Transfers In	\$2,696,770	\$2,908,369	\$211,599	7.8%
Other	\$704,363	\$352,399	-\$351,964	-50.0%
Total Revenues	\$5,603,828	\$4,743,820	-\$860,008	-15.3%
Operating	\$5,708,287	\$5,342,303	-\$365,984	-6.4%
Total Expenses	\$5,708,287	\$5,342,303	-\$365,984	-6.4%
Revenues Over/(Under) Expenses	-\$104,459	-\$598,483		
EOY Cash Equivalent Fund Balance	\$920,732	\$173,752	-\$746,980	-81.1%

- Revenue reductions due to COVID-19 impact on tourism
 - \$211,599 increased contribution from General Fund
- Operational decreases in Capital (\$240,317) & Supplies (\$101,000)

Capital Improvements



2021 Utility CIP Projects

<u>Department</u>	<u>Project Title</u>	<u>Funding Source</u>	<u>Proposed Amount</u>	<u>Department Total</u>
Water	Water Utility Services Building	Bond Proceeds	\$6,000,000	
Water	TXDOT – HWY 6 – Mall to Mall	Bond Proceeds	\$4,500,000	
Water	Mt. Carmel Plant Improvements	Bond Proceeds	\$4,000,000	
Water	Water Improvements - Streets	Bond Proceeds	\$3,500,000	
Water	Water System Improvements	Bond Proceeds	\$4,500,000	
Water	Pumps & Storages	Cash	\$1,500,000	\$24,000,000
Wastewater	Gurley Ln Wastewater Improvements	Bond Proceeds	\$6,600,000	
Wastewater	China Spring Wastewater Improvements	Bond Proceeds	\$6,500,000	
Wastewater	Water Utility Services Building	Bond Proceeds	\$5,000,000	
Wastewater	Wastewater System Improvements	Bond Proceeds	\$3,500,000	
Wastewater	Riverside Wastewater System Improvements	Bond Proceeds	\$1,000,000	
Wastewater	Wastewater Improvements - Streets	Cash	\$1,000,000	
Wastewater	TXDOT – HWY 6 – Mall to Mall	Bond Proceeds	\$100,000	\$23,600,000
WMARSS	Interceptors & Lift Stations MP 8,12,15	Bond Proceeds	\$8,000,000	
WMARSS	TXDOT	Bond Proceeds	\$4,800,000	
WMARSS	Central Plant Improvements	Bond Proceeds	\$2,500,000	
WMARSS	Bull Hide Plant Expansion	Bond Proceeds	\$2,000,000	
WMARSS	WMARSS Erosion (Project with USACE)	Bond Proceeds	\$1,500,000	\$18,800,000
TOTAL UTILITIES				\$66,400,000



General Debt/Cash CIP

Department	Project Title	Funding Source	Proposed Amount
Facilities	Crime Scene Lab	PROCEEDS FROM DEBT ISSUES	96,600.00
Facilities	Police Tower Garage Elevator Modernization	PROCEEDS FROM DEBT ISSUES	100,000.00
Facilities	Zoo Admin Roof Replacement	PROCEEDS FROM DEBT ISSUES	50,000.00
Facilities Total			246,600.00
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
Parks Total			2,100,000.00
Engineering	Bridge	PROCEEDS FROM DEBT ISSUES	2,000,000.00
Engineering	Infrastructure Leverage	PROCEEDS FROM DEBT ISSUES	1,000,000.00
Engineering Total			3,000,000.00
Streets	Pavement Program Mill & Overlay	PROCEEDS FROM DEBT ISSUES	13,400,000.00
Streets	Pavement Program Preservation	TRANSFER FROM GENERAL FUND	2,482,119.00
Streets	Pavement Program Reclamation	PROCEEDS FROM DEBT ISSUES	4,253,400.00
Streets Total			20,135,519.00
Traffic	Traffic Signal Modification and Traffic Management Center	PROCEEDS FROM DEBT ISSUES	500,000.00
Traffic Total			500,000.00
Grand Total			25,982,119.00

Debt Capacity Concerns

Tax Rate Supported Debt Capacity (at 1/2 cent penny shift per year)						
Date	7/1/2020	8/4/2020	8/4/2020	8/4/2020	8/4/2020	8/4/2020
% TAV Change	3.50%	3.50%	1.50%	0%	-1%	
<u>Fiscal Year</u>	<u>Sale Year</u>	<u>Capacity</u>	<u>Capacity</u>	<u>Capacity</u>	<u>Capacity</u>	<u>Capacity</u>
FY 20	Spring 21	\$23,500,000	\$21,154,219	\$16,838,236	\$13,601,249	\$11,443,258
FY 21	Spring 22	\$18,500,000	\$18,099,901	\$13,914,990	\$10,877,246	\$8,900,150
FY 22	Spring 23	\$17,900,000	\$17,425,825	\$12,921,538	\$9,752,808	\$7,737,927
FY 23	Spring 24	\$17,600,000	\$17,227,644	\$12,403,380	\$9,110,606	\$7,063,810

- Actual Taxable Assessed Value (TAV) increase of 1.33% (below 3.5% projection)
- Concern over future years TAV growth assumptions
- Evaluation and Analysis needed prior to FY21 sale (February)
- Likely to affect amount of tax supported debt for FY21 and beyond



FY 21 Budget Summary

- Operational investments aligned with Council's strategic goals via new initiatives
- Tax rate unchanged
 - .7253 below NNRTTR
 - 1.89 cent shift from Operations to Debt Service
- Absorbs \$4.05M (3.8%) decrease in property and sales tax revenues
 - No employee layoffs or furloughs
 - No reduction in current service levels
 - Includes conditional funding for mid-year pay adjustments
- Recurring expenses decreased 2.19%



FY 21 Budget Summary

- Utility cost increases provided for via new rate structure, reducing impact on low consumers
- Tourist dependent services maintained via expenditure reductions & use of reserves (or additional subsidy if reserves unavailable)
- Continues commitment to improved infrastructure with \$90.9M investment



Future Steps

- **Aug. 4th Council Meeting**
 - Budget Presentation
 - Resolution setting date for Public Hearing (PH) on Budget (9/1)
- **Aug. 18th Council Meeting**
 - Set PH & Vote Date on Tax Rate (9/8)
- **Sept. 1st Council Meeting**
 - PH on Budget
 - Adopt Budget
- **Sept. 8th Special Council Meeting**
 - PH on Tax Rate
 - Adopt Tax Rate



Questions?

