PRESENTATION OF PROPOSED BUDGET

CITY COUNCIL MEETING
AUGUST 7, 2018
• Budget Process
• Budget Drivers and Areas of Focus
• Budget By Funds
  – Revenues
  – Operating Expenditure Highlights and Variances
  – Tax Rate Information
Budget Process To Date

• Council Goals established
  – Strategies developed
  – Budget impact evaluated for implementation

• Council budget workshops completed
  – Utility Rates, Fire Station 7 Staffing; Fiscal Policies, Transportation CIP, Parks Capital Improvements, Facilities CIP, Utilities CIP, Council Goals, Debt and Tax Rate models
  – July 17 draft budget
July 17 Council Feedback

• Keep property tax rate same or lower – adjust CIP schedule
• Accept recommended utility rate changes
• Merge EMS into the General Fund
• Seek opportunity to enhance Animal Services
A Caring Community Honoring our Past and Innovating for the Future

Budget Themes and Key Issues
3 Major Budget Themes

• Infrastructure investment
• Maintain service levels
• Continue to plan for future
Infrastructure Investment

• $75M in new projects for infrastructure investment
  – Water/WW - $32.5M
  – Roads - $15.6M
  – Facilities - $12.5M
  – Electric - $7.9M
  – Parks $425K
  – Sidewalks - $430K
  – Drainage - $1.3M
  – Airport - $190K
  – Street Maintenance - $4.3M
Maintain Service Levels

• Continued explosive growth creating pressures in most service areas

• Major new facilities
  – Fire Station 6 and 7
  – Garey Park – full year of operations
  – Downtown West/City Center

• Increasing support staff to maintain service levels
Continue to Plan for the Future

• Comprehensive Plan
• Annexation – funding for plan
• Bike Plan – Fall semester partnerships with UT
• Transportation – Impact Fee Study
• Facilities Planning: GMC, Fire stations
• Street Maintenance: Strategy for increased maintenance
• Business Improvement Program expansion
Continue to Plan for the Future

• Utility rates set to achieve targeted reserves and capital replacement
• Increase funds with 90 day contingency reserves
• IT position for enhanced security
• Back-up data center
Compensation and Benefits

• Non-civil service – 3% average merit
  – 0-4% range
• Market adjustments for civil service and non-civil service
• Continued comprehensive benefits – same coverage
  – 5% increase in health and dental premiums for employees and City
GENERAL FUND
Where the Money Comes From/ Goes General Fund

**FY2019 REVENUES**
- Property Tax: 20%
- Sales Tax: 22%
- All Other Revenue: 20%
- Franchise Fees: 8%
- EMS Revenue: 4%
- Sanitation Revenue: 13%
- ROI: 13%

**FY2019 EXPENSES**
- Com. Servs. & Fin.: 18%
- Admin. Servs.: 9%
- Transfers: 0%
- Public Works: 20%
- Dev. Servs.: 4%
- Fire & EMS: 26%
- Police: 23%
### Sales Tax Revenue

- **FY2018:** $14.7M
  - 1% more than budget
- **FY2019:** $15.9M
  - Projecting 4% increase
  - Continued growth in retail, food and informational sectors
  - Change in Wolf Ranch PID Transfer to GTEC
Utility ROI and Other Revenue

- **Return on Investment** - the community’s return for owning its own utilities
  - Increasing due to customer growth
- **Development revenue** projected to continue to follow current trends
- **Sanitation revenue** - Contracted services for trash and recycling
- **Other revenues** - continue to increase or remain stable
  - Adding EMS to General Fund
Property Tax Revenue – FY2019

• General Fund (Operations & Maint)
  • $13.4M in FY2018
  • $13.85M in FY2019
  • 3% increase

• Debt Service Fund (Interest & Sinking)
  • $13.5M in FY2018
  • $15.3M in FY2019
  • 13% increase
Tax Rate for FY2019 Budget

• Property Tax Valuations:
  – Total assessed valuation is certified at $7.83 billion, which is an overall increase of 7% increase over last year

• New value represents $249M, up 26.76%.
• TIRZ value increased by $85.2M, or 57%
• Tax Ceiling exemption values increased 8.7% to $2.61 billion
• Existing property increased 3.71% over last year
• The average taxable home value is $279,521. This is an increase of $13,602 (5.1%) over the past year
Tax Rate for FY2019 Budget

- The proposed tax rate is $0.4200 per $100 valuation, the same rate as FY2018.
- The effective tax rate is $0.407273, which represents the rate that would be needed to produce the exact same revenue as the previous year.
Tax Rate for FY2019 Budget

- The rollback rate is $0.428038.
- The estimated tax increase for the average homeowner (on a $279,521 taxable value) would be $57.13 annually or a 5.1% increase.
- This tax rate includes necessary funding for proposed operations and payment of debt.
Tax Rate Comparison

Regional Property Tax Rates

2017 Adopted Rates
Service Levels – Fire Department

• Continued growth in call volume
  – Hire 3 positions in October to prepare for Station 7

• Opening of two stations
  – One company moves from FS1 to FS6
  – Hire 11 FTE in June for FS7
    • Operational January 2020
    • FF/EMT hiring option to train up to paramedic
Service Levels – Fire Department

• ESD partnership
  – Current funding - % of Calls
• New model methodology – weighted by:
  – # of properties served
  – Assessed Valuation
  – Population served
  – # of calls
• New model provides additional operating contribution from ESD, which supports growth of the fire system and distributes cost share more accurately
Service Levels - Planning

- Annexation services
- Landscape Planner position
- Fire Life Safety inspection position
Operating Budget Highlights

- Police Division
  - Investigative supplies, contract increases
  - One School Resource Officer - 50% funded by GISD
  - Convert 1 part-time Animal Technician to full-time
Operating Budget Highlights

• Parks and Recreation
  – Parks maintenance position
  – San Gabriel River maintenance contract
  – Landscape maintenance contract
Operating Budget Highlights

• Public Works
  – Funding for transit budget; offset by Georgetown Health Foundation grant
  – Neighborhood Traffic Management
General Fund Analysis

• Year to Year Comparison on expenditures
  – 2.3% increase in overall expenditures (before EMS merge)

• Less than census population growth of 5.4% and CPI of 2.5%
CIP - Electric

- $7.8M
- $3.5 M related to new development
- Feeders and improvements associated with transportation and other projects
- Continued system upgrades
- Continue radio replacement
CIP - Water

• DB Wood – 24” transmission $3.1M
• Lake WTP Intake $13.45M
• Line upgrades $250K
• Rabbit Hill – 16” $1.05M
• Daniels/Reagan 30” $4.25M
• Round Rock supply line $1.1M
• South Lake plant design/permit $5M
• Tank Rehab (Daniels) $480K
CIP - Wastewater

- EARZ/TCEQ requirement $2M
- Lift station upgrades $550K
- SGWWTP rehab $1.15M
CIP - Roads

- Southeast Inner Loop – $1.2M
- Leander Road - $2M – Norwood to SW Bypass
- NB Frontage Road - $150K; Austin Ave, south of Lakeway
- Southwestern Blvd design - $1.55M – expansion to 4 lanes
CIP - Street Maintenance

- Estimated $3,200,000 sales tax revenue
- Estimated $800,000 General Fund revenue
- Mix of Hot-in-Place Recycling and High Performance Pavement Seals
- Final PCI study results due late summer
- Design Task Order/Street Selection for FY19 anticipated this fall
CIP – Parks and Sidewalks

• VFW parking lot expansion $200K
• Neighborhood Park Devp $250K
• Sidewalks
  – Rock Street (6th-9th) - $250K
  – Shell Road (Sequoia to Rosedale) - $180K
CIP - Facilities/Other

- Parking expansions
  - Downtown Garage
  - Lot across from library
  - Blue Hole parking
- Fire Station 7 - $6.25M
- Fire station study for future remodel - $30K
- Transfer station design
  - $800K
DEBT
Spring 2019 Preliminary Debt Issue

General Obligation Bonds

2015 Transportation Bond

- Southwestern Blvd 1,550,000
- Southeast Inner Loop 1,200,000
- Northbound Frontage Road 150,000
- Leander Road 2,000,000

Total GO $4,900,000
Spring 2019 Preliminary Debt Issue

Certificates of Obligation

- SCBA Replacement 290,000
- 800 MHz Radio replacement 500,000
- Sidewalks 430,000
- Parks 425,000
- Public safety vehicles 1,609,000
Spring 2019 Preliminary Debt Issue

Certificates of Obligation Continued

- Blue Hole Parking 100,000
- Downtown Parking 350,000
- Downtown Parking Garage 2,500,000
- Fire Station Remodel 30,000
- Fire Station 7 6,250,000

Total CO $12,484,000
Spring 2019 Preliminary Debt Issue

CO-Self Supporting Debt

- Airport 500,000
- Downtown TIRZ-Parking Garage 2,500,000
- GTEC – SE Inner Loop 7,200,000
- Stormwater 1,230,000
- Transfer Station - Design 800,000

Total: $11,430,000

Utility Debt

- Electric CIP $7,864,165
- Water CIP $6,050,000

Total: $13,914,165
## Spring 2019 Preliminary Debt Issue

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation</td>
<td>$4,900,000</td>
</tr>
<tr>
<td>Cert of Obligation</td>
<td>$12,484,000</td>
</tr>
<tr>
<td>CO-Self Supporting Debt</td>
<td>$12,230,000</td>
</tr>
<tr>
<td>Utility Debt</td>
<td>$13,914,165</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$43,528,165</strong></td>
</tr>
</tbody>
</table>
SPECIAL REVENUE FUNDS
Operating SRFs

• Major Operating Funds
  – CVB/Hotel Occupancy Tax
  – Street Maintenance Fund
  – GTEC and GEDCO

• Other donation/grant/dedicated funds
  – Parks, trees, animal shelter donations, library donations, court fees
Convention & Visitors Bureau Fund

- Collects Local Hotel Occupancy Tax of 7%
  - Use is restricted by state law
  - Used to fund visitor center and promote the City
- New Funding
  - Special Event Traffic Control
  - Red Poppy Festival 20th Anniversary
  - CVB Strategic Plan
- Reserve for capital for Visitor Center relocation
Electric Fund

• FY 2018 ending projected balances
  – Revenues are slightly higher than budget
  – Purchased power expenses are 7% higher due to excess generation being sold into a depressed wholesale market and milder weather conditions
  – Ending fund balance at $8.8M
    • Includes $5M contingency
Electric Fund

- FY 2019 Revenue
- Operating revenues budgeted to increase 1.3% due to customer growth and cost of service rate increase
- Base rate increase $4.80 per month to cover fixed costs
- Decrease monthly conservation fee from $1 to 20 cents (Conservation Fund)
Electric Fund

- Operations increase for pressure digger equipment
- CIP for new development and relocate lines
- Purchased power $48M
- Fund balance projected to be $10.5M
  - Meet 90 day operational contingency of $4.1M
  - Start non-operational reserve at $6.4
  - Increase total fund balance to $17M over next 3 years
Water Fund

• FY 2018 - Operating revenues significantly higher than budgeted due to continued growth in customers and in capital recovery (impact) fees
• Operating expenditures slightly under budget
• Continue to see savings from converting plant operations
Water Fund

• FY 2019 Revenue – Moderate increase for customer growth and rate increase
• Proposed monthly wastewater rate increase of $1.35
• FY 2019 Expense
  – Water Distribution maintenance and equipment
  – Plant management technician and controls
  – Water services technicians, supervisor and inspector
FY2019 Annual Budget

OTHER ENTERPRISE FUNDS
Airport Fund

• FY 2018 – revenues less than budget due to depressed fuel prices in market; offset by higher volumes sold

• FY 2018 - expenditures 3.35% less due to lower fuel

• Fund balance of $400K
  – Allows fund to provide its own Contingency requirement
Airport Fund Operations

• FY 2019 – revenues projected to increase based on projected fuel price increase
• FY 2019 – expenses
  – Convert part-time maintenance position to full-time
Airport Fund CIP

• FY 2019 – Capital Improvements
  – Airport Rate Study
  – Continue hangar replacement
  – Street maintenance
  – Wildlife management

• Ending Fund Balance $1 million
Stormwater Fund

- FY 2018 projections
  - Fee revenues are 3% above budget
  - New bond proceeds were not issued
  - Expenses on budget

- FY 2019
  - Increase to revenue by 3% due to growth
  - Mower and tractor

- FY 2019 self supported bonds
  - 2nd St Water Quality Pond
  - Curb and Gutter, Infrastructure
  - Street Sweeper Spoils Facility Improvements
INTERNAL SERVICE FUNDS
Joint Services Fund

• Provides services to all departments
  • Legal, HR, Finance, Accounting, Purchasing, Customer Care, GUS Administration, Engineering, Economic Development

• New Funding
  • Software Systems Support
    – Customer Information System
    – Geographic Information System
    – Enterprise Asset Management
  • Expand Business Improvement Program citywide
  • 2 Public Improvement Inspectors
  • Transportation Impact Fees study
Joint Services Fund

• New Funding Continued
  – Economic Development recruitment and retention programs
  – Human Resources – Fire Station 7 pre-employment costs
  – Insurance and Legal – Increase to TML risk pool
Information Technology

• Provides technology support to all departments
  – Continue allocation methodology based upon best practices and use of systems

• New Funding
  • Lead System Administrator position
  • Vehicle for public safety support staff
  • Administrative Assistant position
  • Convert part-time A/V position to full-time
Self Insurance Fund

- Accounts for revenues and expenses related to employee health benefits
- FY 2018 – projected ending balance of $1.4M above reserves
  - Rate Stabilization Reserve - $1.2M
  - Incurred But Not Reported (claims) - $630K
- 5 year projection shows need to incrementally increase rates
- FY 2019 rate increase 5% health and dental for employee and employer
- Ending FY 2019 anticipated Fund Balance - $900K over reserves
Summary – Staffing increases

- **Fire**
  - New FF positions - Oct 1: 3
  - Staffing Station 7: 11
  - Fire Inspector: 1

- **Police School Resource Officer**: 1

- **Animal Services Tech – PT to FT**: .5

- **Planning - landscape planner**: 1

- **Parks maintenance**: 1
Summary - Staffing increases

- IT Security Analyst 1
- IT Admin Support 1
- IT upgrade to AV position .5
- Fleet Mechanic 1
- Business Improvement Program 1
  – Expand to city-wide
- GUS Inspections 2
- Water supervisor and crew; plant operator 5
- Airport – upgrade PT to FT maint .5

Total 30.5
Overview Summary

• $354 million all funds budget; 5% increase over 2018 budget

• Major Funds will increase to maintain service levels for staffing, maintenance and operations
  – 6.3% increase in General Fund (2.3% w/o EMS merge)
  – 1.3% increase in Electric Fund
  – 10.4% increase in Water Fund
  • Mirrors higher growth in water service area
Overview Summary

• New Positions – 30.5 FTE to address service delivery and growth impacts
• $75M in new infrastructure projects
• Continued planning for the future
• Stronger financial position for all funds
  – Increased contingency funding and addressing risk management needs
• Electric residential base rate increase
  – Partially offset by decrease in electric conservation fee
• Wastewater residential rate increase of $1.35 per month
• Water irrigation block rate increase (commercial)
• Property tax rate at current rate
Next Steps
Budget Schedule

• August 7 – City Manager’s Proposed Budget and Set Maximum Tax Rate (special called mtg)
• August 14 – 1st Public Hearing on Tax Rate
• August 21 – Public Hearing on Budget and 2nd Public Hearing on Tax Rate (special called mtg)
• August 28 – 1st Reading of Budget Ordinance
• September 11 – 2nd Reading of Budget Ordinance
Public Outreach

• Current - budget and presentation posted at finance.georgetown.org, library and facebook

• Future –
  – Budget Video – summary of proposed budget

• Public Hearings on Budget and Tax Rate 8/14 and 8/21

• Adopted Budget in Brief published on website

• Adopted Budget (full book) published on website/library

• Budget Video on Adopted Budget on website/social media