



Budget Update

March 16, 2021



Agenda



- This presentation will focus on:
 - FY 2022 and beyond – expenditures and revenue
 - State limitations on revenue growth
 - Strategies to “close the gap” – short and long-term
 - FY 2022 Budget Focus

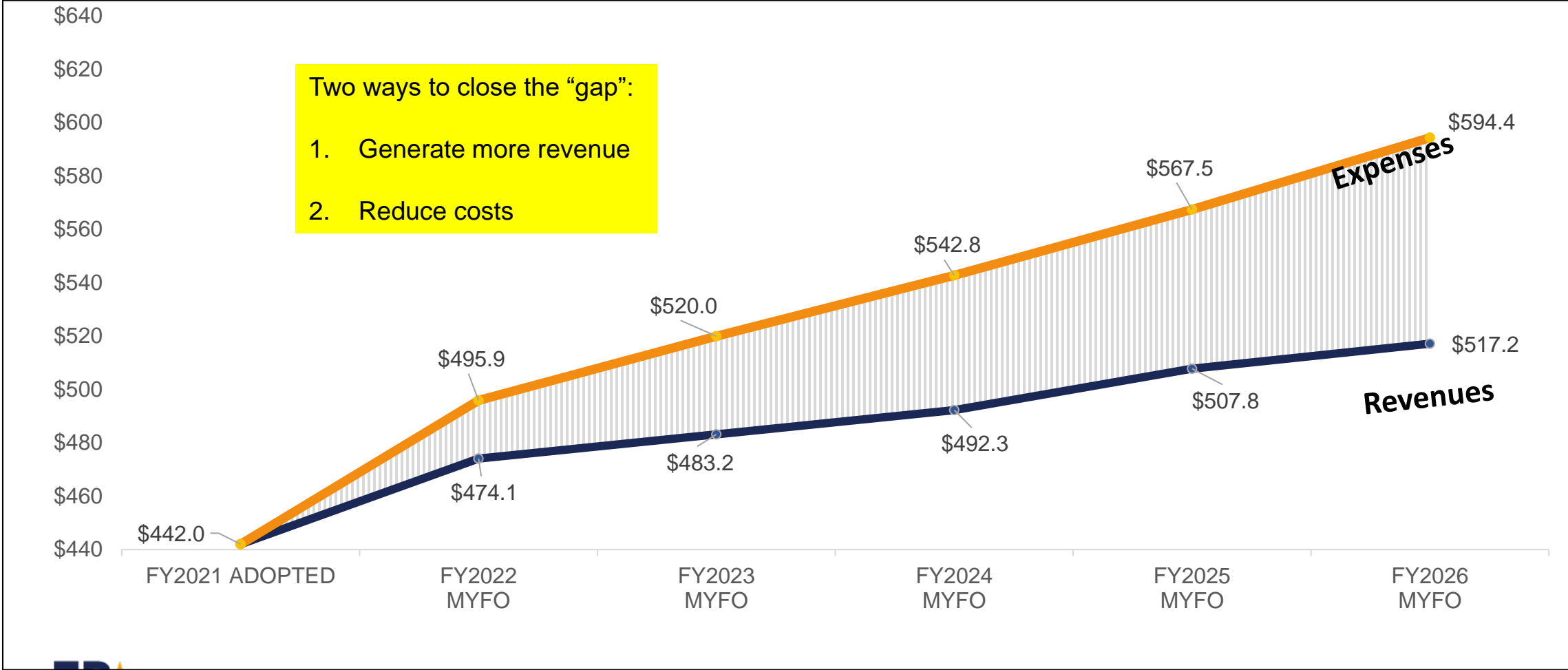
Summary



- Stronger financial position – proactive decisions, increasing reserves, creating stabilization fund, set-aside (pay-go) funding
- We continue to play “catch up” on decades of deferred investments (staffing, streets, facilities, vehicles, equipment)
- Strong fiscal management provided the ability to minimize COVID-19 impact:
 - Protect taxpayers by maintaining the same tax rate
 - Respond to decrease in revenue
 - Minimize impact on services – situation would have been much worse without available tools and resources

5 Year Projections (in millions) – Presented 2/15/2021

Based on 100% fully funded excluding COVID-19 Operations



S.B. 2 - Texas Property Tax Reform and Transparency Act of 2019

What is it?

- Lowered the tax rate a taxing unit can adopt without voter approval (from 8% to 3.5%)
- Requires a mandatory election to go above the lowered rate

S.B. 2 - Texas Property Tax Reform and Transparency Act of 2019

How does it impact the City?

- State maximum allowed rate is not calculated until late July, after Proposed Budget is filed
- Limits revenue growth without voter approval
- In the current year, even with reductions, we were close to maximum allowed without voter approval

	FY 2021 Adopted	FY 2021 Max. w/o Voter-Approval	Difference
Tax Rate	.907301	.913296	.005995
Property Tax Revenue	\$337,248,016	\$339,476,386	\$2,228,370

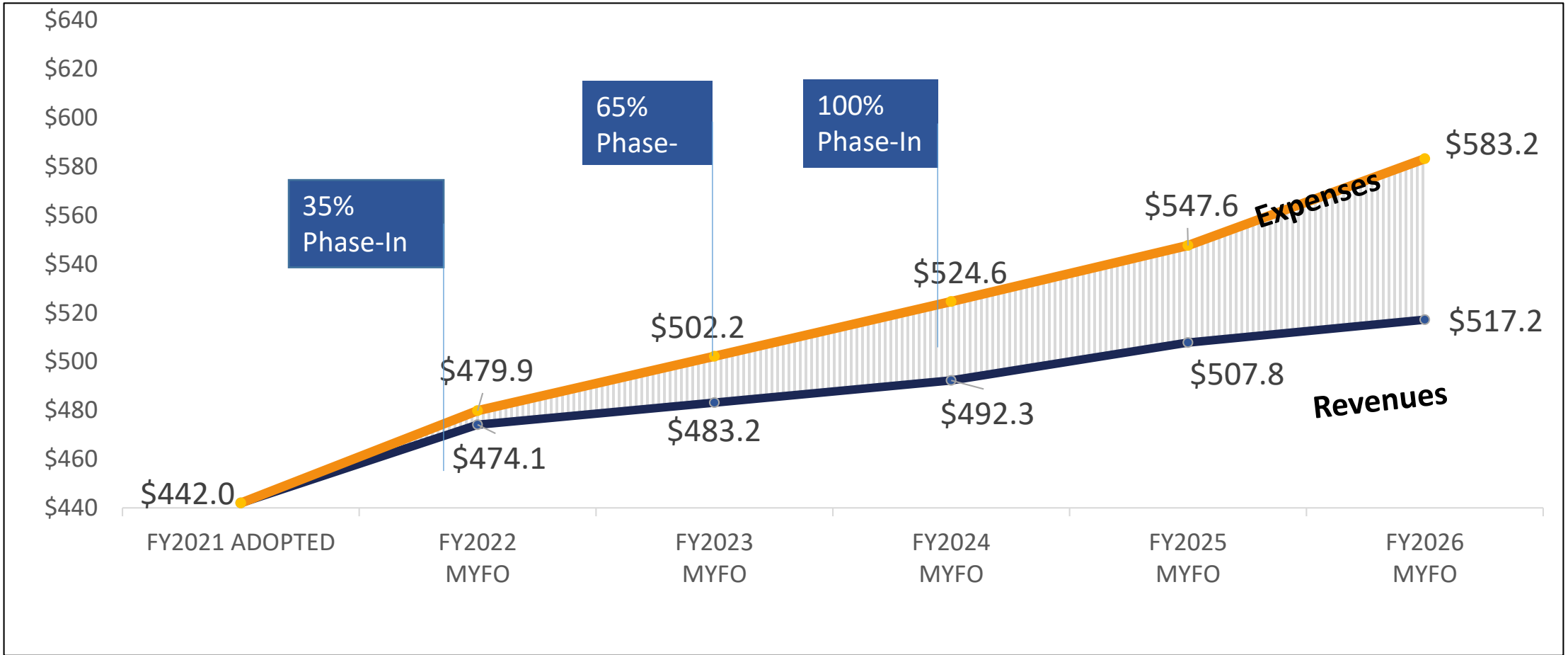


FY 2022 (and Beyond) “Closing the Gap”

- Revenue Growth
 - Economic Development strategies to increase tax base and sales tax
 - Cost recovery for non-essential services
 - State impact on limiting revenue growth
- Expenditure growth
 - Prioritize core services and funding non-essential vacancies
 - Invest in workforce and prioritize funding of vacant positions
 - Multi-year phase-in approach to quality of life service recovery

5 Year Projections (in millions) – Presented 2/15/2021

Based on Phased-In Approach, excluding COVID-19 Operations



FY 2022 Budget Focus



- Public safety
- Health
- Streets
- Quality of Life
- Workforce

FY 2022 Budget Focus

Prioritization of Services/Tax Rate Impact

- Public Safety – staffing, set-aside (pay-go) capital funding
- Streets & Maintenance – staffing, set-aside (pay-go) funding
- Public Health – COVID-19 response
- Quality of Life - phased-in approach for recovery, set-aside (pay-go) funding for sport complex maintenance
- Workforce – compensation, healthcare, training, development

Key Points

- Budget recommendations will continue to focus on:
 - Short and long-term outlook
 - Dealing with State limit on property tax revenue growth without voter approval
 - Efforts to increase tax base and sales tax revenue
 - Prioritizing services, with a phased-in approach for some
 - Investing in our workforce and prioritizing funding for vacancies



Mission

Deliver exceptional services to support a high quality of life and place for our community



Vision

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government



Values

Integrity, Respect, Excellence, Accountability, People