



FY 2022 Budget Update

April 26, 2021

Agenda

- FY 2022 Budget Development
- Major Revenues
- Expenses (Priorities)
- Capital Projects





Current Year (FY 2021) Recap

- Protect residents and businesses by maintaining same tax rate
- Focused on the basics (police, fire, health, workforce)
- Unfunded vacant non-essential positions
- Deferred residential street and public safety capital projects (set-aside funding)
- Delayed opening of new amenities and capital projects
- Utilized CARES Act Federal funding

FY 2022 Budget Development

- Focus on long-term financial sustainability
- Minimize impact to taxpayers
- Focus on priorities: public safety and streets
- Prioritize restoration of FY 2021 adjustments and quality of life services
- Investing in the workforce – pay, healthcare, training, professional development
- Capital Project Rollout
- Strategic Use of Federal Funding

Strong Fiscal Management

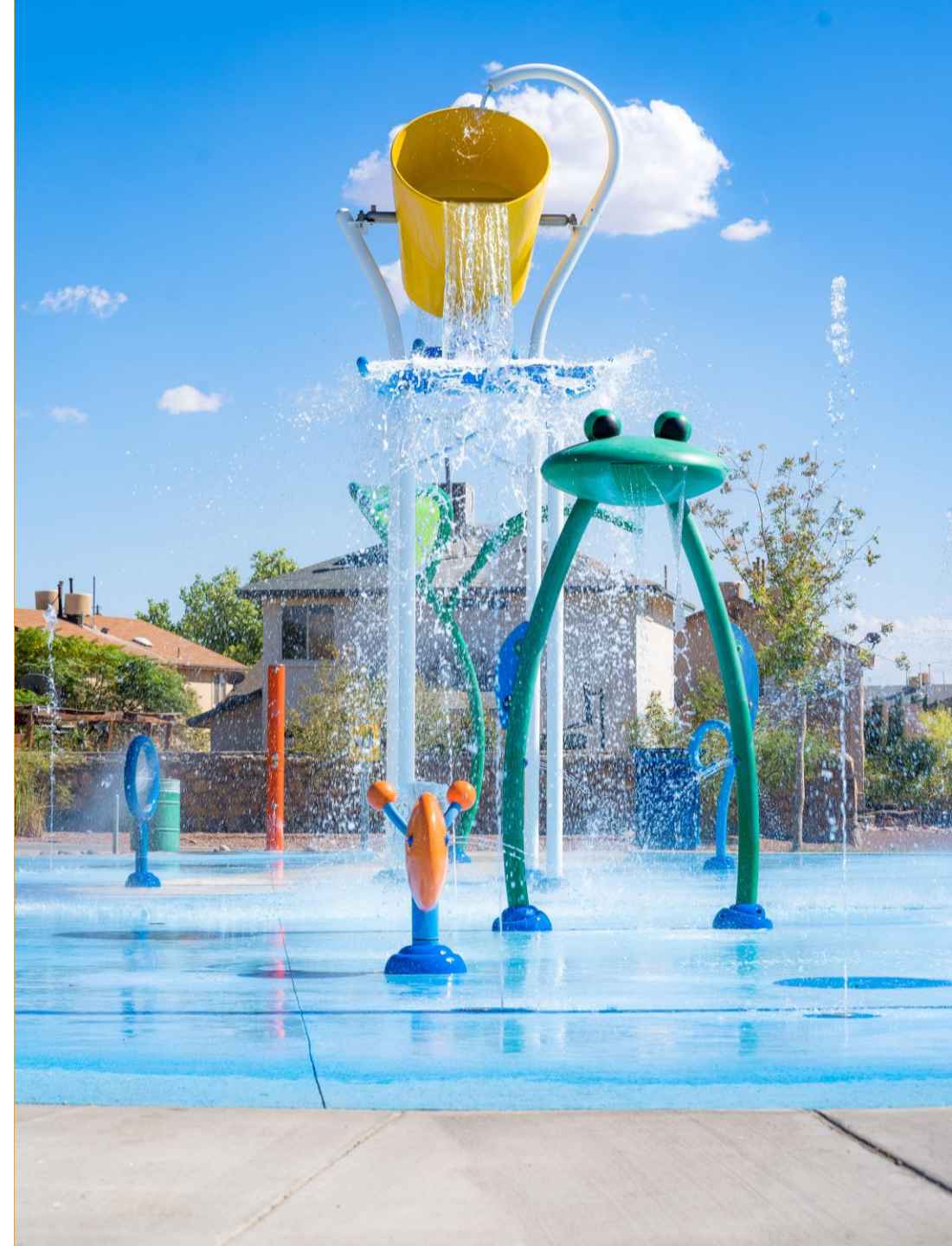
Fund Balance = \$41.6 million increase since 2014

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 4,403,372	\$ 3,155,070	\$ 6,946,182	\$ 3,798,045	\$ 3,887,550	\$ 4,027,347	\$ 6,820,046	\$ 3,533,759	\$ 3,355,895	\$ 2,878,463
Restricted	21,429,890	19,098,290	19,098,290	18,370,749	18,008,119	17,506,277	17,417,752	16,000,000	16,000,000	16,000,000
Committed	14,004,647	—	—	—	—	—	—	1,000,000	1,000,000	1,000,000
Assigned	—	—	—	—	—	—	—	800,000	1,206,000	1,206,409
Unassigned	32,396,508	29,356,910	20,334,896	22,651,640	22,688,252	21,410,712	9,151,599	15,921,724	20,697,776	21,248,272
Total General Fund	\$ 72,234,417	\$ 51,610,270	\$ 46,379,368	\$ 44,820,434	\$ 44,583,921	\$ 42,944,336	\$ 33,389,397	\$ 37,255,483	\$ 42,259,671	\$ 42,333,144

1. 2020 “Committed” is the new budget stabilization fund approved by City Council on 3/3/2020
2. 2021 adopted budget includes an additional \$2.8 million for the budget stabilization fund

Revenue

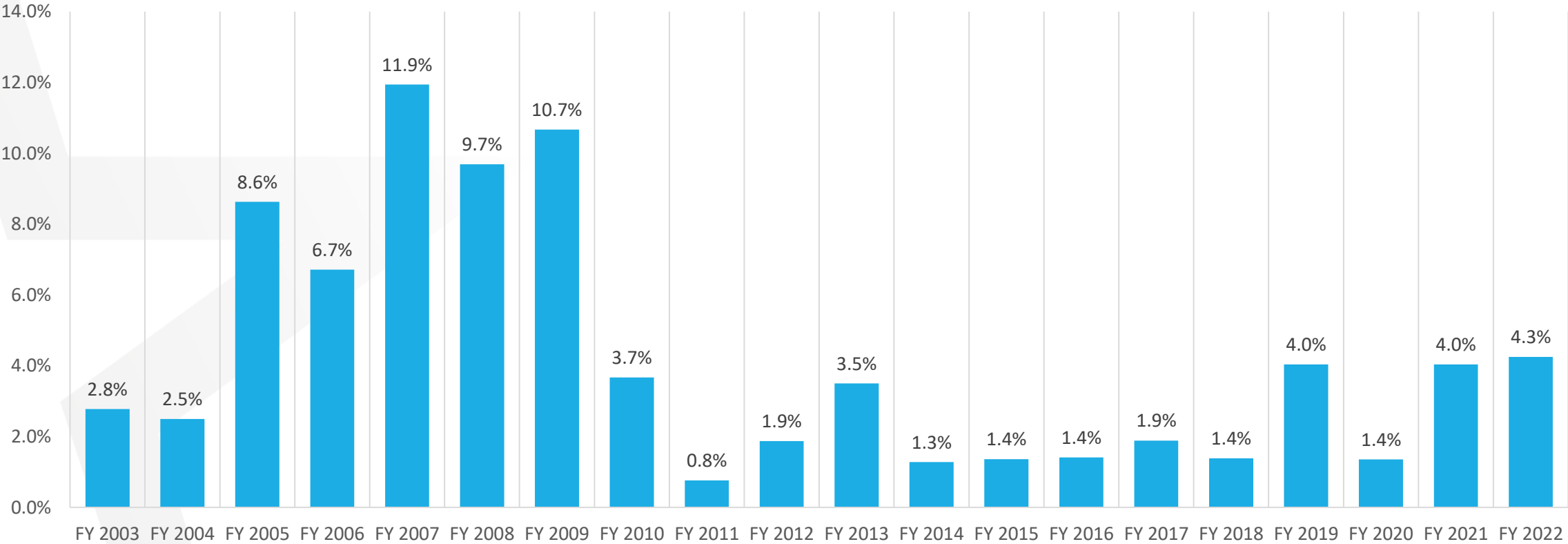
- Property tax
- Sales tax



FY 2022 Property Taxes

- Largest revenue source: 51% of total General Fund
- FY 2022 is being developed to maintain overall same tax rate
- Estimated property value growth will generate additional revenue to cover some of the increased costs for priorities and capital projects
- Preliminary Assessed Values report will not be received until later this month
- Certified Assessed Values, used to calculate tax rates, are not received until July 25
- SB2 Texas Property Tax Reform and Transparency Act of 2019 - lowered the tax rate a taxing unit can adopt without voter approval

Taxable Assessed Valuation Changes



February Sales Tax Collections Comparison

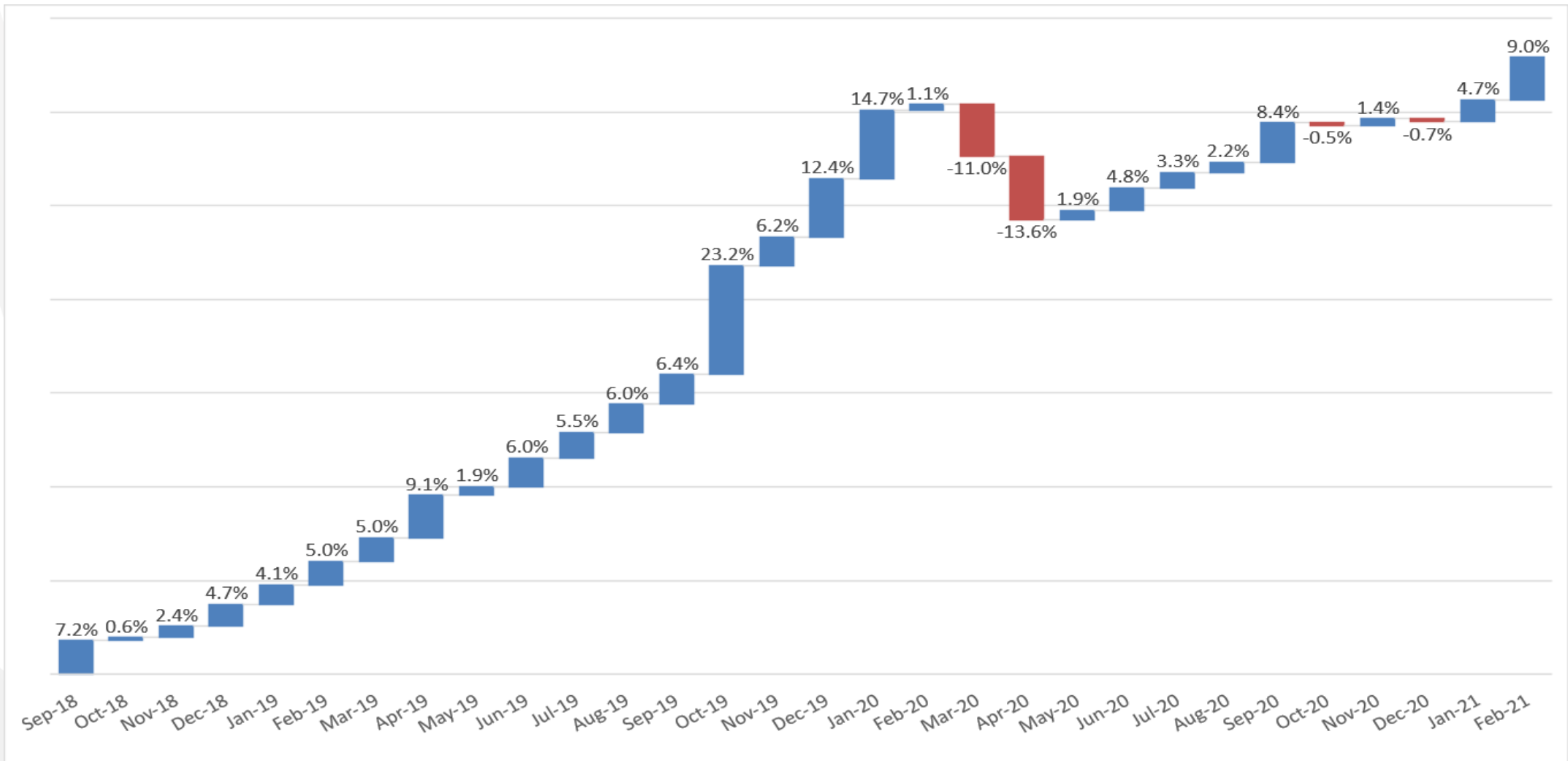
City	Net Payment This Period	Comparable Payment Prior Year	% Change
Houston	\$47,936,867.30	\$50,402,406.53	-4.89%
San Antonio	\$24,581,163.82	\$26,437,643.93	-7.02%
Dallas	\$22,607,446.64	\$23,634,583.75	-4.34%
Austin	\$17,165,020.93	\$18,419,574.42	-6.81%
Fort Worth	\$11,538,511.86	\$11,810,804.22	-2.30%
Arlington	\$7,979,297.83	\$8,396,717.64	-4.97%
El Paso	\$7,616,442.27	\$6,985,854.27	9.02%
Frisco	\$6,492,628.73	\$6,504,135.24	-0.17%
Round Rock	\$6,531,342.75	\$6,756,428.69	-3.33%
Plano	\$6,075,688.09	\$5,812,619.59	4.52%
Amarillo	\$5,822,908.06	\$5,507,678.97	5.72%
Corpus Christi	\$5,558,343.43	\$5,834,199.86	-4.72%
Lubbock	\$5,539,130.09	\$5,371,220.76	3.12%
McAllen	\$5,255,016.85	\$4,938,362.86	6.41%
Irving	\$4,604,849.93	\$5,878,164.42	-21.66%
McKinney	\$4,436,817.50	\$5,138,112.17	-13.64%
Grand Prairie	\$4,137,832.40	\$4,584,271.45	-9.73%
Conroe	\$3,814,062.79	\$3,593,486.27	6.13%
Midland	\$3,435,991.84	\$5,032,795.84	-31.72%
Sugar Land	\$3,556,702.81	\$3,740,702.89	-4.91%

Sales Taxes

MONTH	FY 2019	FY 2020	FY 2021	\$ VARIANCE	% VARIANCE
September	8,016,728	8,531,453	9,249,868	718,415	8.4%
October	6,654,004	8,196,972	8,151,893	(45,079)	-0.5%
November	7,534,722	8,000,613	8,114,935	114,322	1.4%
December	9,823,987	11,043,946	10,970,054	(73,892)	-0.7%
January	6,723,544	7,708,830	8,069,558	360,729	4.7%
February	6,907,203	6,985,854	7,616,442	630,588	9.0%
March	9,033,420	8,039,429			
April	7,727,934	6,680,305			
May	7,578,589	7,724,896			
June	8,495,973	8,907,540			
July	7,764,926	8,017,974			
August	7,591,264	7,759,741			
Total	\$93,852,294	\$97,597,554	\$52,172,750	\$1,705,083	3.4%

Year to Date	FY 2019	FY 2020	FY 2021
As of February	45,660,189	50,467,668	52,172,750
\$ Variance - Prior Year	1,796,856	4,807,479	1,705,083
% Variance - Prior Year	4.1%	10.5%	3.4%

Sales Taxes



Expenses

- Public safety
- Streets
- Quality of Life
- Workforce

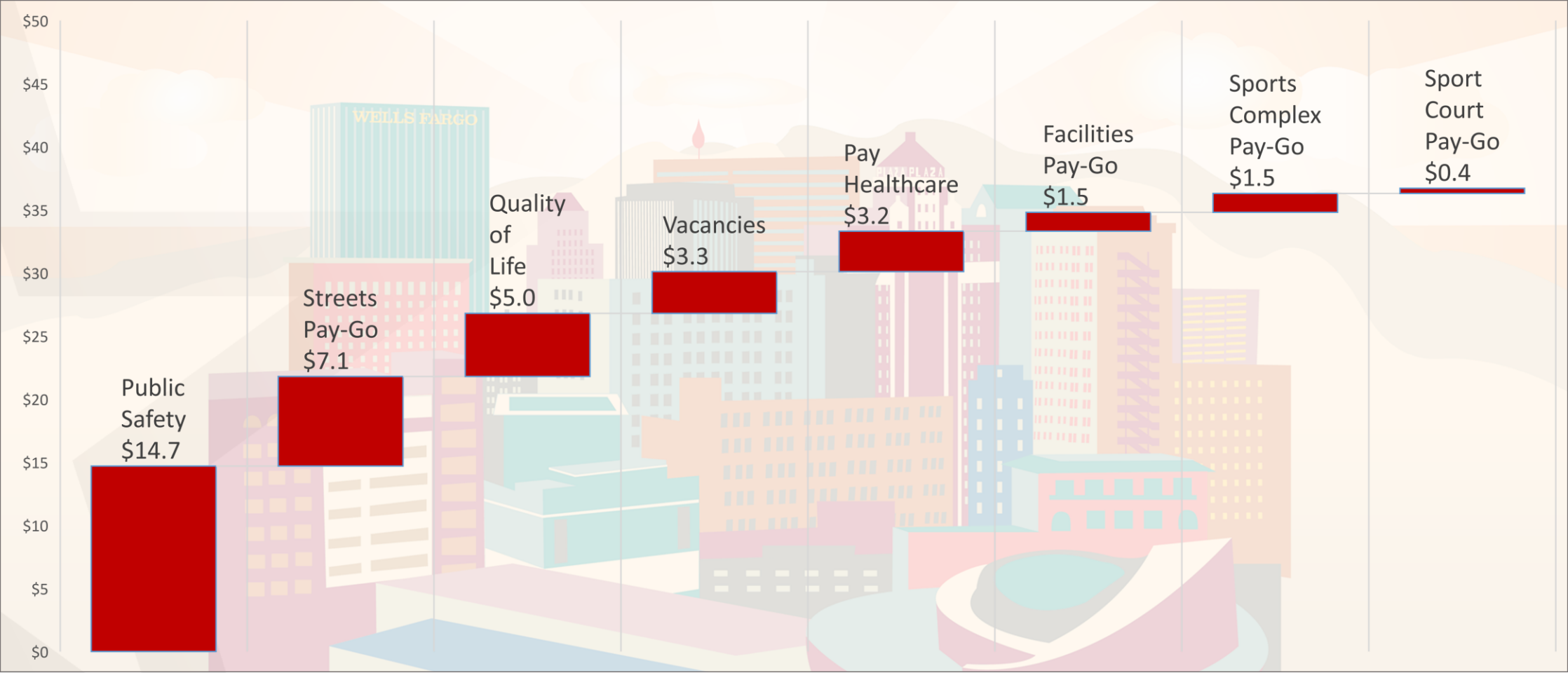


Recap of Current Year Budget

Expenses - Strategic Goal	FY 2020 Budget	FY 2021 Budget	Variance
Economic Development	\$ 1,867,069	\$ 1,826,045	\$ (41,024)
Public Safety	268,876,571	277,071,145	8,194,573
Visual Image	7,639,576	7,343,043	(296,534)
Quality of Life	51,796,682	42,734,506	(9,062,176)
Communication	19,410,907	18,953,219	(457,687)
Sound Governance	50,630,962	44,768,429	(5,862,533)
Infrastructure	49,835,877	41,792,085	(8,043,792)
Health, Sustainable Community	8,031,896	7,496,849	(535,048)
Total	458,089,541	441,985,321	(16,104,220)

FY 2022 Priorities

\$37.9 Million Estimated Cost Increases



FY 2022 Preliminary Budget Outlook

Strategic Goal	FY 2022		Est. %
	FY 2021 Budget	Estimated Budget	Increase
Economic Development	1,826,045	1,917,348	5.0%
Public Safety	277,071,145	292,035,016	5.4%
Visual Image	7,343,043	7,636,764	4.0%
Quality of Life	42,734,506	49,812,374	16.6%
Communication	18,953,219	19,711,348	4.0%
Sound Governance	44,768,429	48,440,618	8.2%
Infrastructure	41,792,085	52,481,689	25.6%
Sustainability	7,496,849	7,862,574	4.9%
Total Expenditures	\$ 441,985,321	\$ 479,897,732	8.6%

FY 2022 estimate were presented on Feb. 15, 2021 as part of the 5 year forecast. The estimates will change as we progress through the budget development

FY 2022 Public Safety Costs Increases

- Collective Bargaining
 - Annual “step” and cost of living pay increases
 - Incentives and healthcare
- Public Safety Bond Operating Costs
 - Two police academies
 - 911 Communications staffing increase
- Capital Pay-Go
 - \$2.7 million for Fire capital equipment replacement
 - \$1.3 million for Police capital replacement

**All uniformed employees shall receive a step increase of 3% - 5% based on their rank on their anniversary date and shall continue thereafter to receive step increases on each succeeding anniversary date until reaching the top step in their classification*

Restoring Pay-Go Funding

- Streets
 - \$6.6 million for residential resurfacing projects
 - \$500K for ADA on-demand requests
- Facilities - \$1.5 million for facility improvements
- Sport Complexes and Sport Court Resurfacing
 - \$1.5 for sport complexes enhanced maintenance
 - \$400K for sport court resurfacing

Quality of Life Funding

- Phased-in, regional approach
- 2012 bond project openings
- Libraries
- Rec Centers
- Senior Centers
- Water Parks and spray parks

Workforce Focus

- Prioritizing funding of non-essential vacant positions
- Compensation pay adjustments
- No healthcare rate increase for civilian employees
- Training and professional development opportunities

Capital Projects

- 2012 Quality of Life Bond
- 2019 Public Safety Bond
- 2017 – 2020 Capital Plans



Capital Projects – Remaining Authorization

CIP	Type	Issued (inc. 2021 Series)	Remaining Authorization	% Remaining To Be Issued	Total
2012 Street CIP	CO	203,280,409	0	0%	203,280,409
2017 CIP	CO	61,000,000	10,500,000	14.7%	71,500,000
2018 CIP	CO	65,000,000	26,267,148	28.8%	91,267,148
2019 CIP	CO	52,000,000	60,080,000	53.6%	112,080,000
2020 CIP	CO	15,000,000	31,026,015	67.4%	46,026,015
2019 Public Safety	GO	83,297,200	329,825,450	79.8%	413,122,650
2012 Quality of Life	GO	344,794,364	128,455,636	27.1%	473,250,000
Total		\$824,371,973	\$586,154,249	41.6%	\$1,410,526,222

Capital Projects

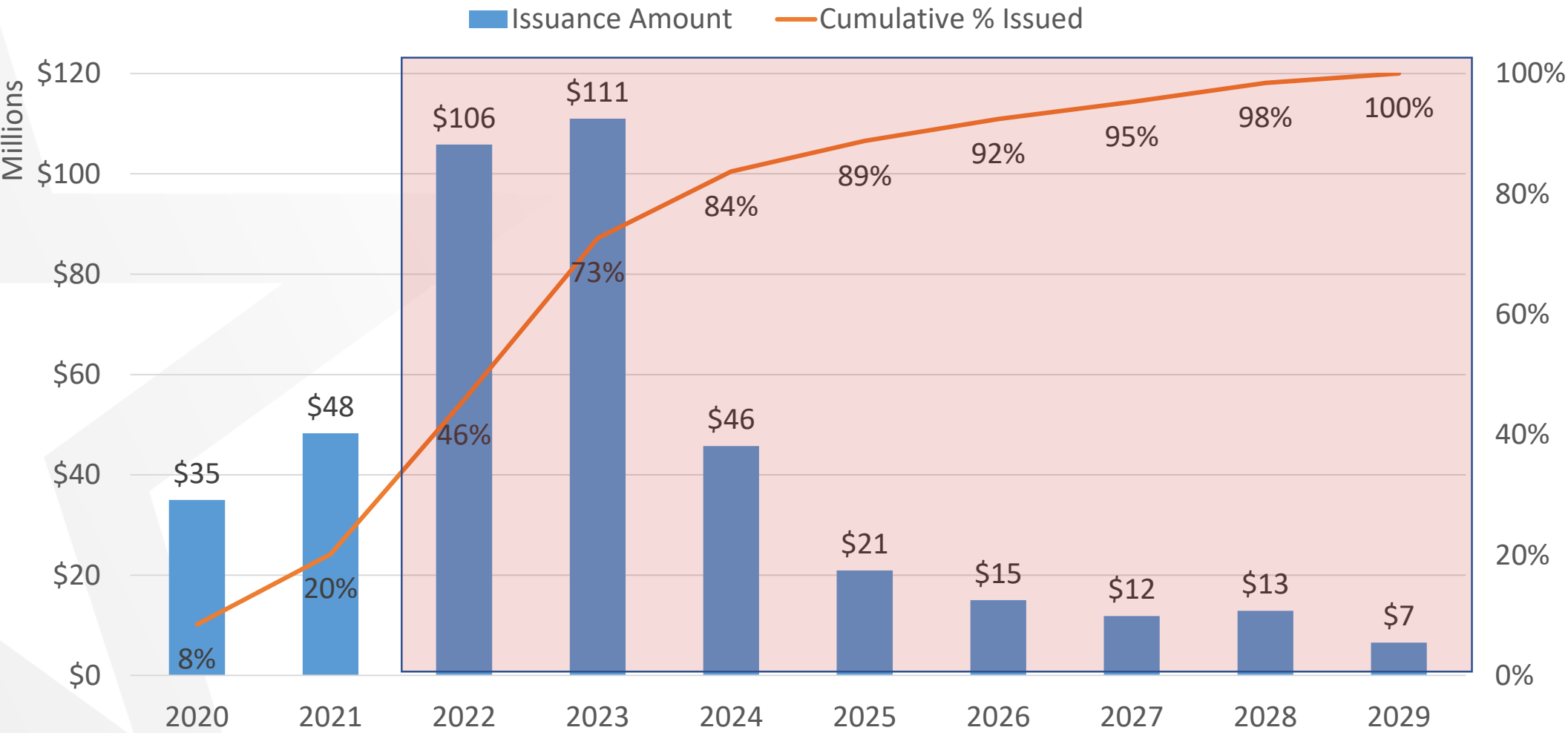
- 2012 Quality of Life Bond
 - Proposition 1 fully issued
 - Proposition 2 - \$128 million remaining to be issued for MPC (timing uncertain due to current litigation)
- 2019 Public Safety Bond
 - 20%, or \$83.3 million, issued
 - 2022 and 2023 are modeled to be highest issuances
 - Final issuance modeled to be in 2029



Capital Projects

- Council-approved Capital Improvement Plans planned issuances:
 - 2022 - \$50.6 million
 - 2023 - \$36.0 million
 - 2024 - \$41.2 million

2019 Public Safety Bond Rollout - \$413.1M



Preliminary FY 2022 Planned Issuance

- Interest rates are still low
- Gets projects back on track (Any additional deferment will increase project costs)
- 2022 Bond ordinances to be brought forward as part of budget process
- Issuance amount will be structured based on estimated property value growth (minimize impact to overall tax rate)

CIP	Preliminary Amount
2017 CIP	\$10.5 million
2018 CIP	\$13.1 million
2019 CIP	\$12.0 million
2020 CIP	\$15.0 million
2019 Public Safety Bond	\$105.8 million
Total	\$156.5 million

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, **R**espect, **E**xcellence,
Accountability, **P**eople