

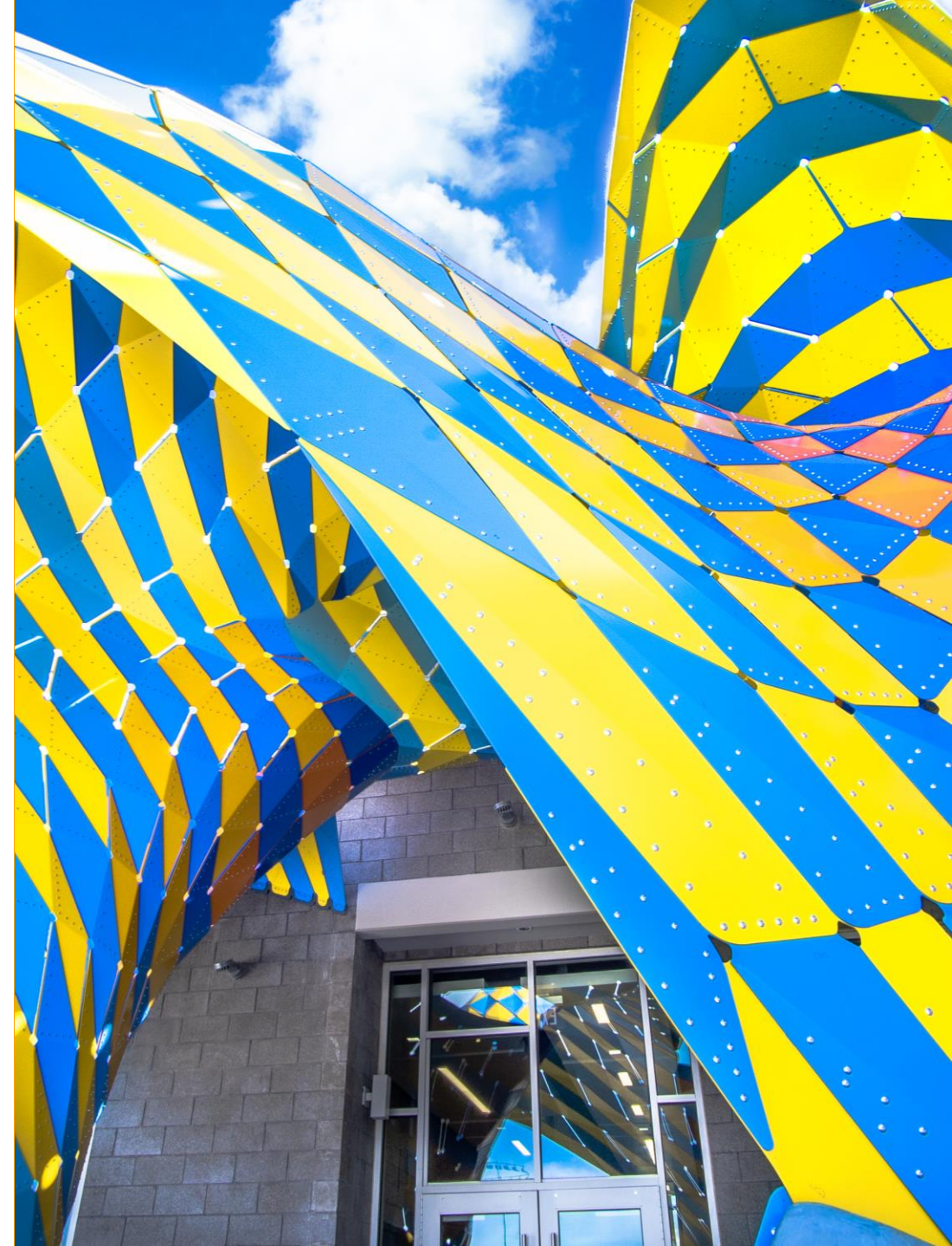


# FY 2022 Budget Update

May 10, 2021

# Agenda

- Budget Updates Recap
- FY 2022 – 2024 Outlook
- FY 2022 Operating & Capital Update
- Budget Calendar







# Budget Updates Recap

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- Cost Drivers, Fixed Costs, Contractual Obligations
- State legislation impacting revenue
- Historical tax rate & budget challenges
- Financial Quarterly Reports
- Five-Year Forecast
- Quality of Life – phased-in services
- Strategies to minimize tax rate impact
- Capital Projects



# FY 2022 Preliminary Budget Operating & Capital

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- Property Taxes (taxable values and rates)
- Revenue estimates
- Key focus areas
  - Public Safety
  - Streets
  - Quality of Life
  - Workforce
  - Capital Projects

# FY 2022 Budget Development Overview



- Our goal is to minimize impact to taxpayers by maintaining same tax rate
- Making priorities a priority: public safety and streets
- Phased-in restoration of FY 2021 adjustments (pay-go, vacancies)
- Phased-in reopening of quality of life services
- Investing in the workforce (pay, healthcare, training & professional development)
- Capital Project Rollout

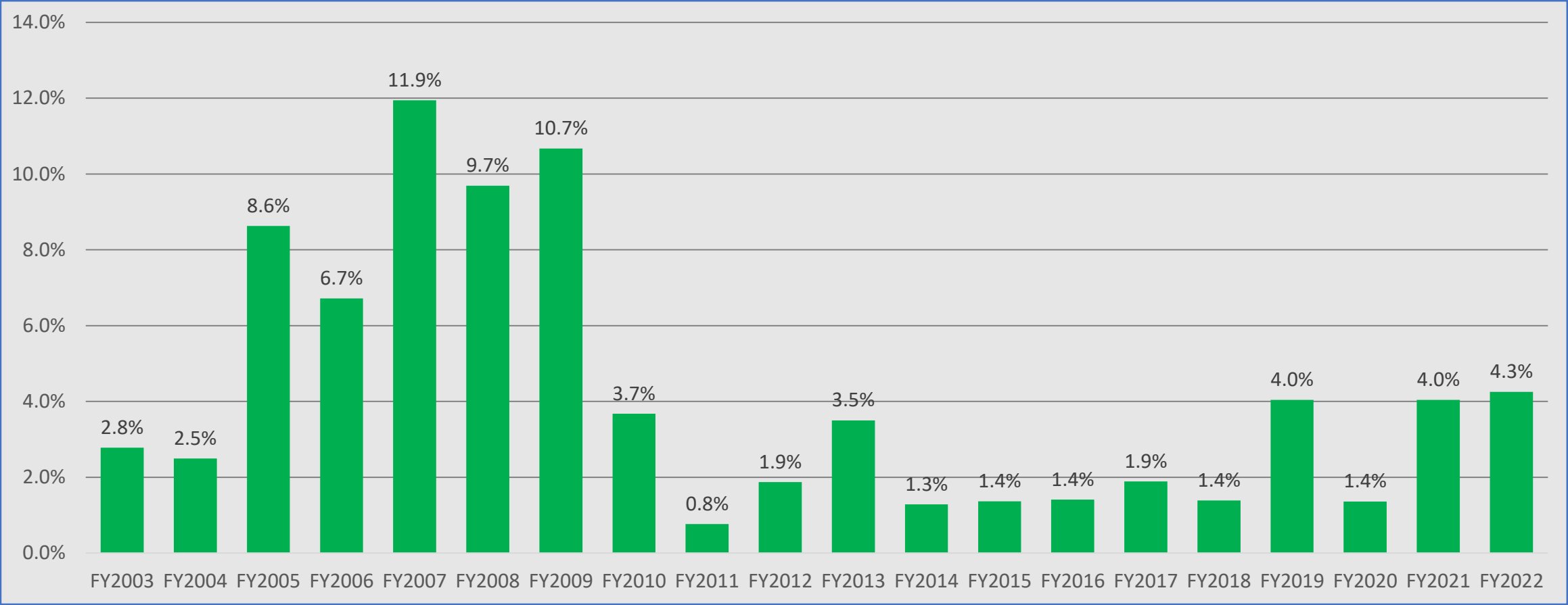




# FY 2022 Property Tax Revenue Factors

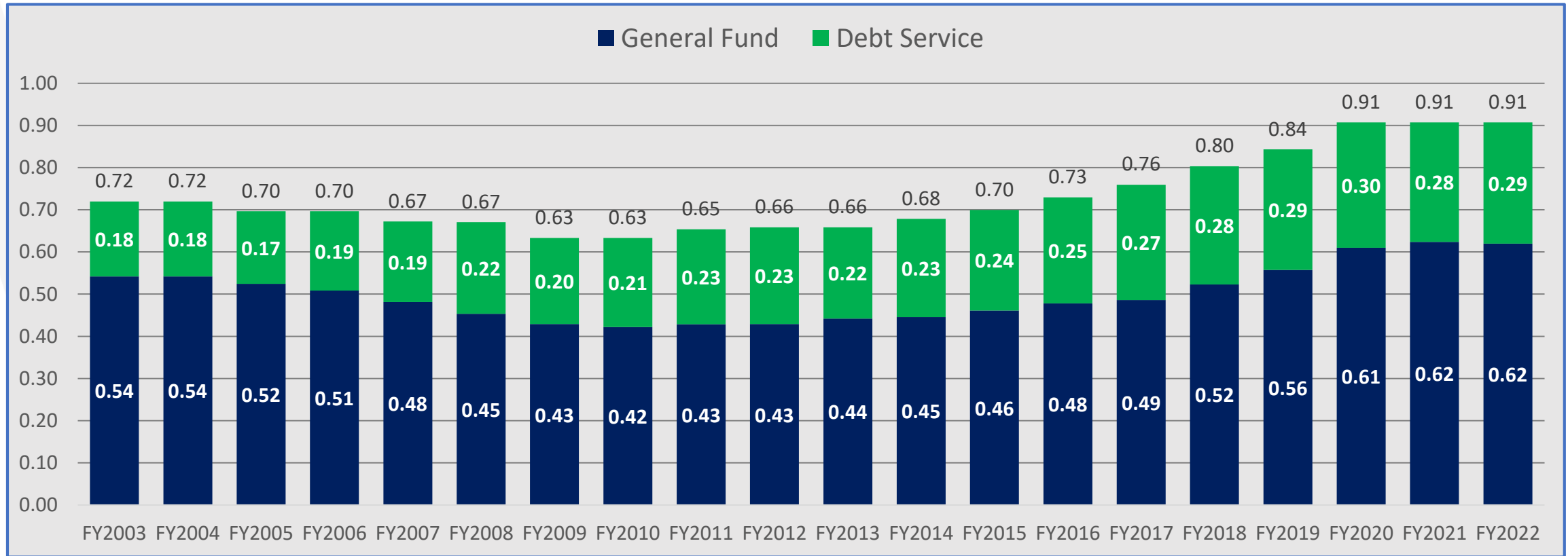
- Minimize impact to taxpayers by maintaining same tax rate
- Net taxable assessed values (certified #'s received July 25)
- Taxable assessed value lost to exemptions
- Texas Property Tax Reform and Transparency Act of 2019
- Capital projects and debt service requirement

# Taxable Assessed Values



\*FY 2022 is estimated based on preliminary taxable values. Certified appraisal roll will be received July 25

# Property Tax Rate



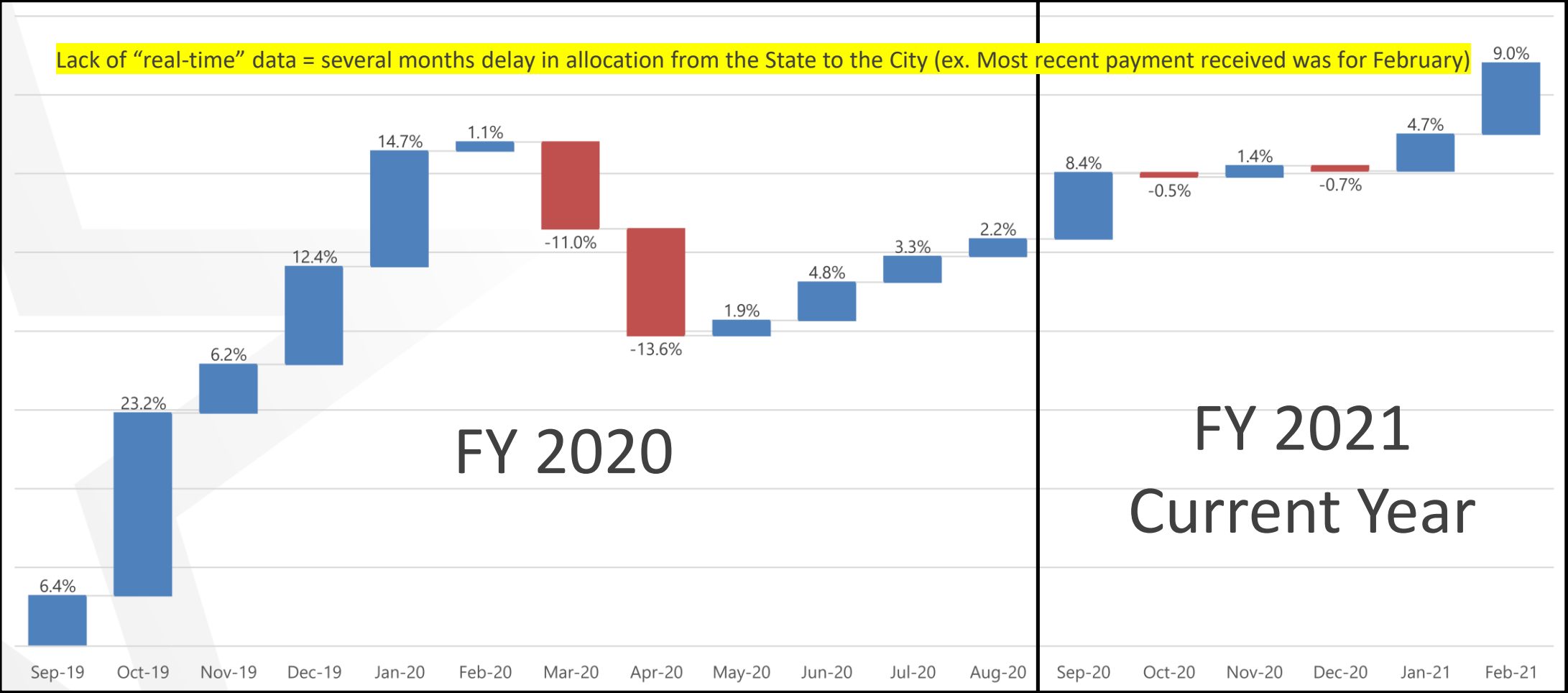
- \*FY 2022 property tax rate:
  - 1) estimated based on preliminary taxable values
  - 2) debt service rate includes a planned issuance for capital projects in 2022
  - 3) **debt service rate is well below maximum 40 cents per the policy**



# Sales Tax

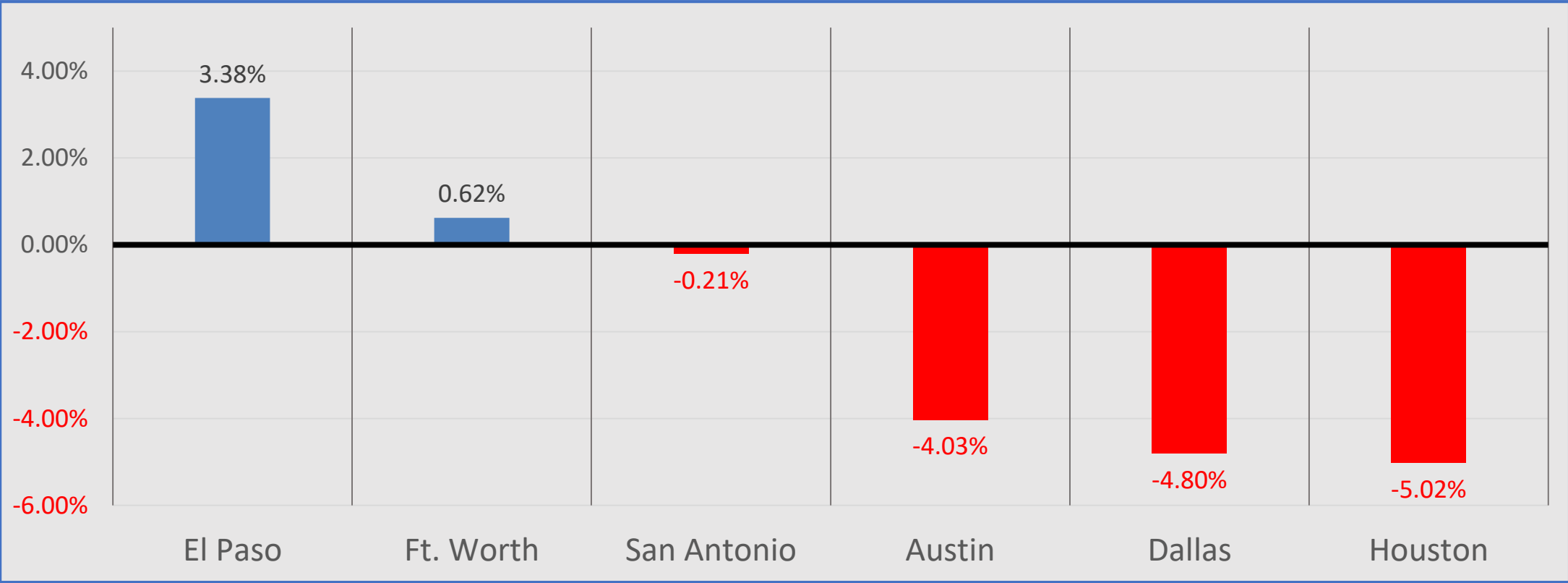
- Last summer's budget estimate was conservative due to uncertainty surrounding COVID-19 impact
  - Financial hardship (high unemployment)
  - "Stay at home" order and timing of business reopenings
  - Decrease in bridge traffic
- Two month lag in allocation from the State presented an additional challenge due to lack of "real-time" data

# Sales Tax Comparison



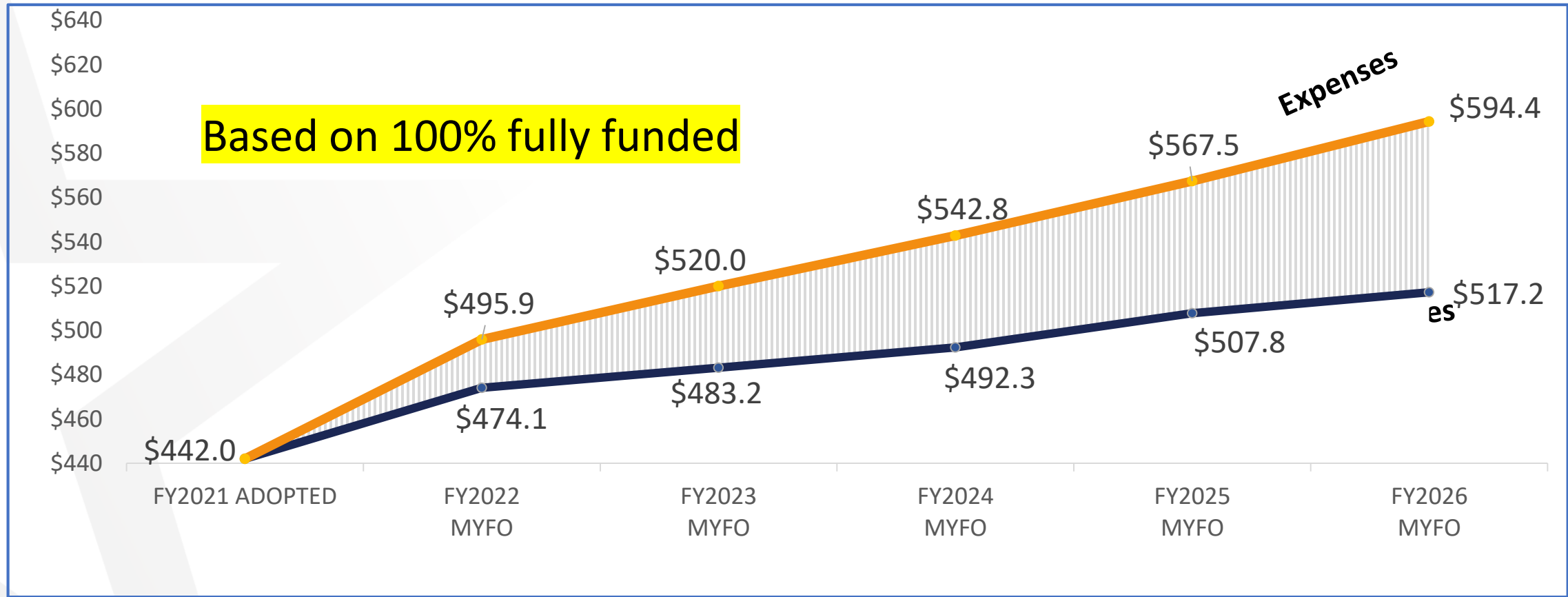
# Sales Tax Comparison (Sep-Feb)

- Strong sales tax growth is what is allowing us to fund police, fire, streets in upcoming new budget year



# General Fund Five-Year Outlook

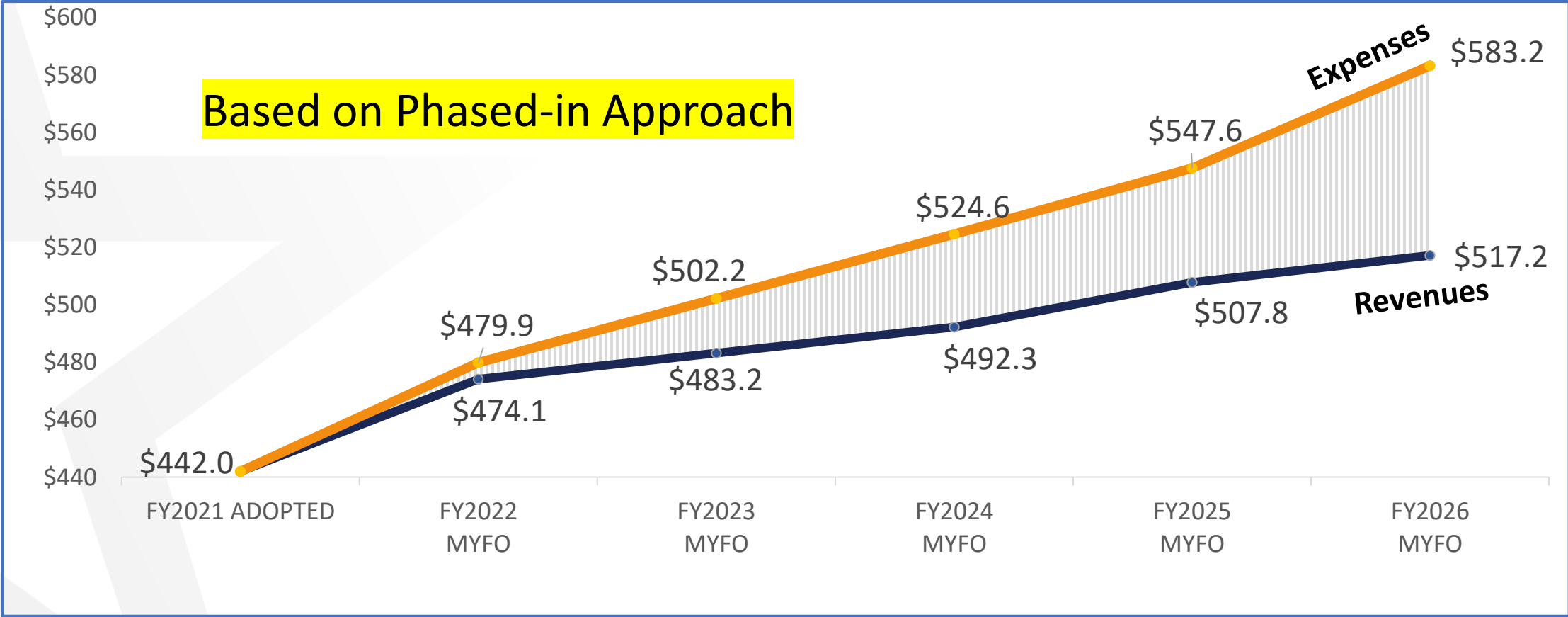
## Presented February 15, 2021





# General Fund Five-Year Outlook

Presented February 15, 2021



# FY 2022 Budget Development Overview



- Our goal is to minimize impact to taxpayers by maintaining same tax rate
- Making priorities a priority:
  - Public safety
  - Streets
  - Quality of life
  - Workforce
- Capital Project Rollout

# Preliminary General Fund Revenue

Category	FY 2020 Budget	FY 2021 Budget	FY 2022 Prelim. Budget	FY 2021 / FY 2022 \$ Variance	FY 2021 / FY 2022 % Variance
Property Taxes.....	214,383,503	226,894,834	235,301,442	8,406,608	3.7%
Sales Taxes.....	97,069,368	82,572,139	105,957,017	23,384,878	28.3%
Franchise Fees.....	52,718,813	45,465,495	49,750,000	4,284,505	9.4%
Charges for Services....	33,691,955	31,428,624	28,651,083	(2,777,541)	-8.8%
Fines & Forfeitures.....	8,692,126	4,950,740	5,653,301	702,561	14.2%
Licenses & Permits.....	13,414,986	10,640,778	12,743,122	2,102,344	19.8%
Intergovernmental.....	984,329	984,329	1,168,809	184,480	18.7%
Interest.....	500,000	100,000	125,000	25,000	25.0%
Rents & Other.....	2,821,945	2,793,181	2,236,970	(556,211)	-19.9%
Other Sources .....	33,667,906	36,155,201	34,016,208	(2,138,993)	-5.9%
<b>Total Revenues .....</b>	<b>\$457,944,931</b>	<b>\$441,985,321</b>	<b>\$475,602,952</b>	<b>\$33,617,631</b>	<b>7.6%</b>

FY 2022 figures are preliminary estimates and may change between now and the Proposed phase of the budget

# Preliminary General Fund Expenses

Strategic Goal	FY 2020 Budget	FY 2021 Budget	FY 2022 Prelim. Budget	FY 2021 / FY 2022 \$ Variance	FY 2021 / FY 2022 % Variance
Economic Development.....	1,914,207	1,826,045	1,961,689	135,644	7.4%
Public Safety.....	269,925,210	277,071,145	291,118,822	14,047,677	5.1%
Visual Image.....	7,725,084	7,343,043	6,950,879	(392,164)	-5.3%
Quality of Life.....	55,442,603	42,734,506	52,222,805	9,488,299	22.2%
I.T./Comm.....	19,858,231	18,953,219	21,995,161	3,041,942	16.0%
Sound Governance.....	44,213,129	44,768,429	43,855,168	(913,261)	-2.0%
Infrastructure.....	50,794,322	41,792,085	49,543,759	7,751,674	18.5%
Community Health .....	8,072,146	7,496,849	7,954,668	457,819	6.1%
<b>Total Revenues .....</b>	<b>\$457,944,931</b>	<b>\$441,985,321</b>	<b>\$475,602,952</b>	<b>\$33,617,631</b>	<b>7.6%</b>

FY 2022 figures are preliminary estimates and may change between now and the Proposed phase of the budget



# FY 2022 Budget Highlights



- Collective bargaining impacts
- Two police academies
- Three fire academies
- 911 communication staffing
- Crisis Intervention Team
- Public Safety capital replacement (set-aside funds)

# FY 2022 Budget Highlights

- Residential street project funding (set-aside funds)
- ADA on-demand request funding
- Neighborhood Traffic Management Plan funding
- Quality of Life services to be phased-in
- Operating costs for new quality of life projects to be completed in 2022
- Sports complex facility maintenance
- Winterfest

# FY 2022 Budget Highlights

- No healthcare cost increase for civilian employees
- Compensation – minimum 1.5%
- Shape-it-Up wellness program – up to \$1,800 annually
- Health Savings Account - \$500 to \$1,000 annually (for Consumer Driven Healthcare Plan participants)
- Training and professional development opportunities
- Phased-in funding for vacant positions (previously unfunded)

# Capital Projects

- Series 2021 (CO & GO Update)
- 2019 Public Safety Bond
- 2017 – 2020 Capital Plans





# Series 2021 Refunding Update



- May 6, 2021 – pricing date/execution of sale agreements for GO and CO bonds
- All parameters approved by Council on 4/13/2021 were satisfied:
- Taxable Refunding Results:
  - True Interest Cost = 2.11%
  - Present Value % = 11.08%
  - Gross \$ savings = \$11.4 million
- May 11, 2021 – pricing date for Special Revenue bonds (ballpark)

# Capital Projects – Remaining Authorization

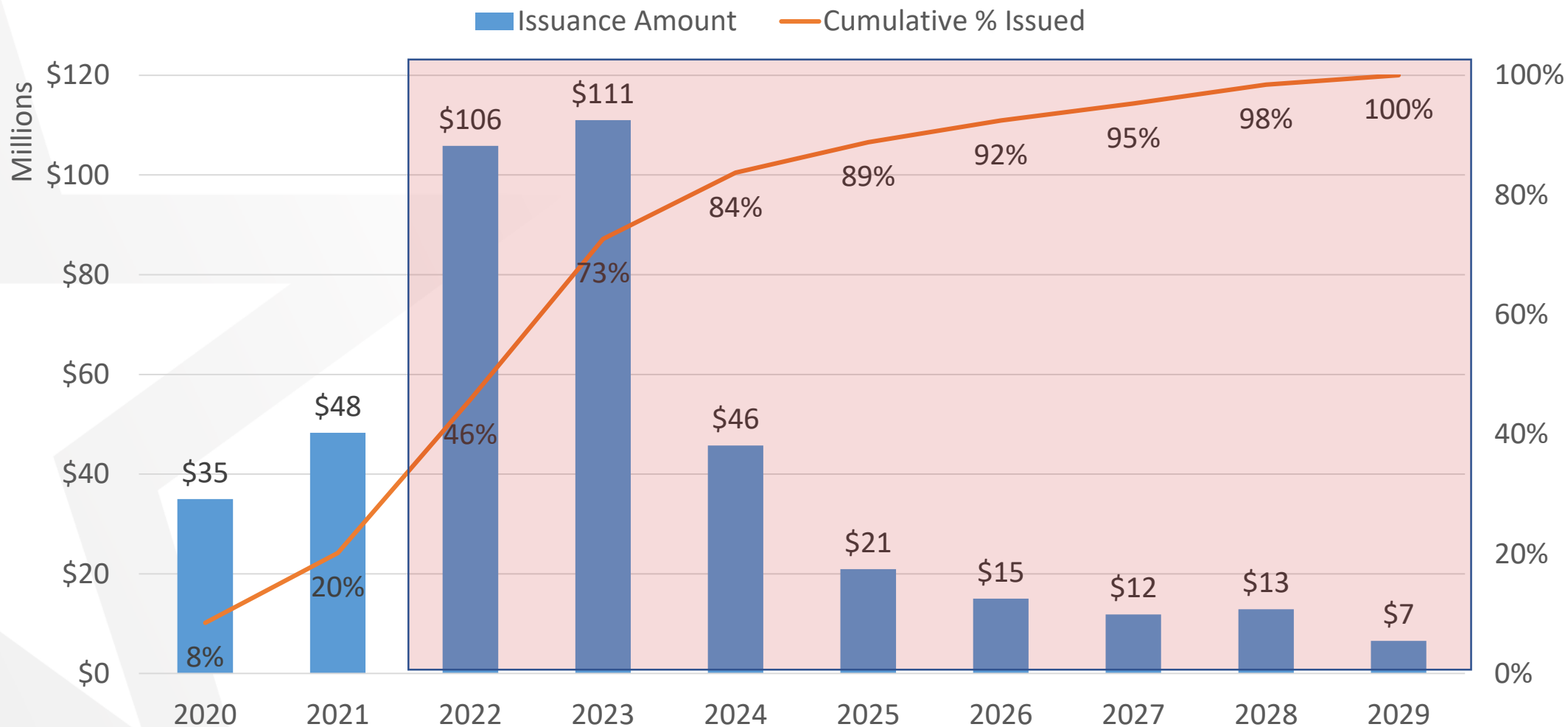
CIP	Issued (inc. 2021 Series)	Remaining Authorization	% Remaining To Be Issued	Total
2012 Street CIP	203,280,409	0	0%	203,280,409
2017 CIP	61,000,000	10,500,000	14.7%	71,500,000
2018 CIP	65,000,000	26,267,148	28.8%	91,267,148
2019 CIP	52,000,000	60,080,000	53.6%	112,080,000
2020 CIP	15,000,000	31,026,015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

# Preliminary FY 2022 Planned Issuance

- Interest rates are still low
- Gets projects back on track (Any additional deferment will increase project costs)
- Series 2022 Bond ordinances to be brought forward as part of budget process
- Issuance amount will be structured based on property value growth (our goal is to 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

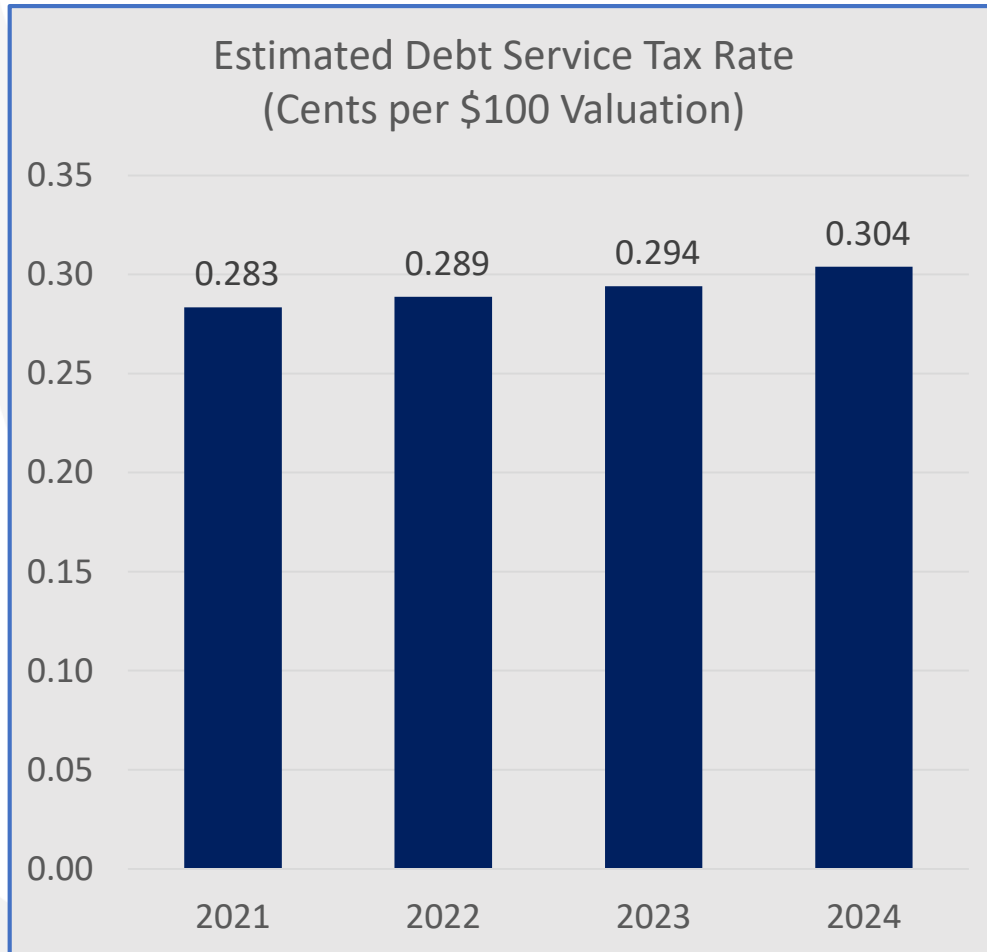
# 2019 Public Safety Bond Rollout - \$413.1M





# Financial Sustainability Planning

## Debt Service Tax Rate Outlook



- Recent refinancing savings of \$11.4 million equates to 3.2 pennies on the tax rate (savings structured to provide savings over five years)
- Future issuance assumptions
  - Estimated taxable assessed values
  - Future interest rates
  - Size (\$) of issuance to minimize impact on debt service property tax rate
  - Stay below maximum 40 cents on the debt service tax rate (per policy)
  - Does not include savings from potential future refinancing opportunities

# Budget Calendar

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- Public Hearings
- Special Council Meetings
- Budget/Tax Rate Adoption



# Budget Calendar

- Late May – City receives 2<sup>nd</sup> updated preliminary tax roll from CAD
- June 8 – Presentation and recommendation on Over 65/Disabled exemptions
- June 22 – Presentation and recommendation on Over 65/Disabled exemptions
- July 25 – Receive Certified Tax Roll from Central Appraisal District
- July 29 – Present Certified Tax Roll and Ordinance Introducing Tax Rate
- August 10 – Public Hearing on Tax Rate
- August 24 – Adopt FY 2022 Budget and Tax Rate

## 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,  
**A**ccountability, **P**eople