



*Georgetown: A caring community honoring  
our past and innovating for the future*

# FY2020 BUDGET

AND FIVE YEAR CAPITAL IMPROVEMENT PLAN

August 6, 2019

Council Work Session

# Agenda

- Budget Development Themes
- Budget Process
- Proposed Budget Overview
- Council feedback
- Next steps

# BUDGET DEVELOPMENT THEMES





# Fast Growth



- 7<sup>th</sup> fastest growing city in the nation
- 5<sup>th</sup> year to be in top 10
- Between 2013 and 2017, medical and fire calls increased 56%.
- Population
  - 47,000 in 2010
  - 74,180 in 2018 (up 56.6%)
  - 96,500 by 2030



# Resident Feedback – On The Table

- Comprehensive Plan public input process
- Over 1,500 participants
  - Public meetings, schools, chamber, etc
- Top theme – “Retain Small Town Charm”

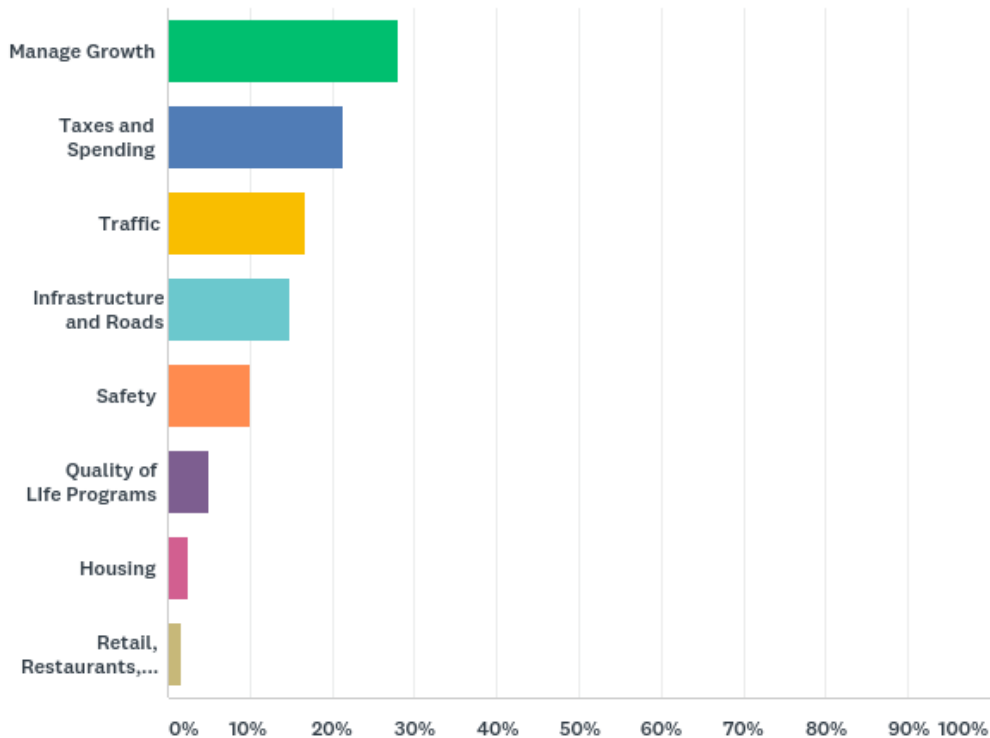


# Resident Feedback – July 8 Town Hall

- Approximately 20 people
- In person quick survey – budget priorities
  - Quality of Life enhancements
    - Library, parks, pools, downtown parking
  - Transportation
- On line survey – budget priorities
  - 300 responses

# Online Survey

Q1 These are the top 8 issues identified in the 2018 citizen survey. In your opinion, which of these issues needs to be the top concern in the 2020 budget?



# Retain small town charm while addressing growth

- Themes to drive budget development
  - Ensure safety and responsiveness
  - Improve communication
  - Maintain quality of life services
  - Maintain and enhance service delivery/performance management
    - Cost effective
    - Responsive and friendly
    - Infrastructure that builds for the future
  - Continue to strengthen financial condition



# BUDGET FOCUS AND FUNDING



# Budget Process To Date

- Council budget workshops
  - Public safety staffing & equipment, capital improvement projects, debt forecasting, revenue forecasting, citywide growth pressures, street maintenance
- Budget Town Hall – July 8<sup>th</sup>
- Draft Budget Review – July 17<sup>th</sup>

# Budget Revenue Assumptions

- Tax rate – \$0.42 (same as FY19)
  - 3.6% over the effective rate
  - Shape debt/infrastructure plan to stay within current tax rate
- Continued growth of 6.7% in sales tax and 3-4% growth in utility revenues
- No rate increases for water, sewer, electric, drainage rates
- \$0.75 monthly residents sanitation rate increase due to TDS contract cost increase



# Public Safety Investments

- Public Safety Staffing – patrol, CID detective, and communications staffing; fire inspections
- Opening Fire Stations 6 & 7
  - Operational costs
  - Staffing costs continue to be partially funded through SAFER grant
- Fire and Emergency Management equipment and software

# Improve Communications

- Director of Communication and Public Engagement
  - Recommendation from communications audit
  - Also includes contract support
  - Goal of increasing citizen satisfaction (currently 42% satisfaction with city communications)



# Maintain Service Levels

- Increase staffing in various areas experiencing growth
  - Code enforcement
  - Visitors Center
  - Purchasing
  - Library temp staffing support



# Progress of Current Initiatives

- Continue to support the Workday Project
  - Human resources and financial system backbone
  - Over 10 year investment
  - implementation through staffing contracts and employee resources
- Enhance existing software programs
  - Customer care, asset management, records management

# Progress of Current Initiatives

- Measure and transform our work to improve service delivery
  - Performance Management Program (PMP) manager
  - Business Improvement Program (BIP) manager
  - Training coordinator in human resources
  - Contracts manager – provide review and accountability for contracts – MUDS, etc

# Risk Management Initiatives

- Complete installation of a backup data center
- Fiber and server expansion for critical systems
- Cybersecurity training for all staff



# Reorganization to Improve Service Delivery

- Staffing/Reporting structure change to address management focus
  - Enhance planning and focus on Electric and Water/Wastewater
    - Reclass General Manager/Assistant City Manager position to Electric General Manager
    - Reclassify Utility Director position to Director of Water Utilities
  - Enhance service intensive areas by adding Director of Community Services to oversee “high touch” areas
    - Animal Services, Code Enforcement, and Emergency Management

# Reorganization to Improve Service Delivery

- Staffing/Reporting structure to change to address management focus
  - Move GUS administrative staff to report to various directors
  - Move technical cost center in GUS (business services and Geographic Information Systems) to report to Information Technology Director
  - Customer Care – report to ACM over support areas
  - Engineering – report to ACM over development

# Reorganization to Improve Service Delivery

- Enhance Human Resources to “Human Resources and Organizational Development”
  - Include safety, support, training, performance management and process improvement
  - Build culture of continuous improvement
- Move utility analyst functions to Finance
  - Provide clarity and consistency for forecasting, financial analysis, budget, and reporting

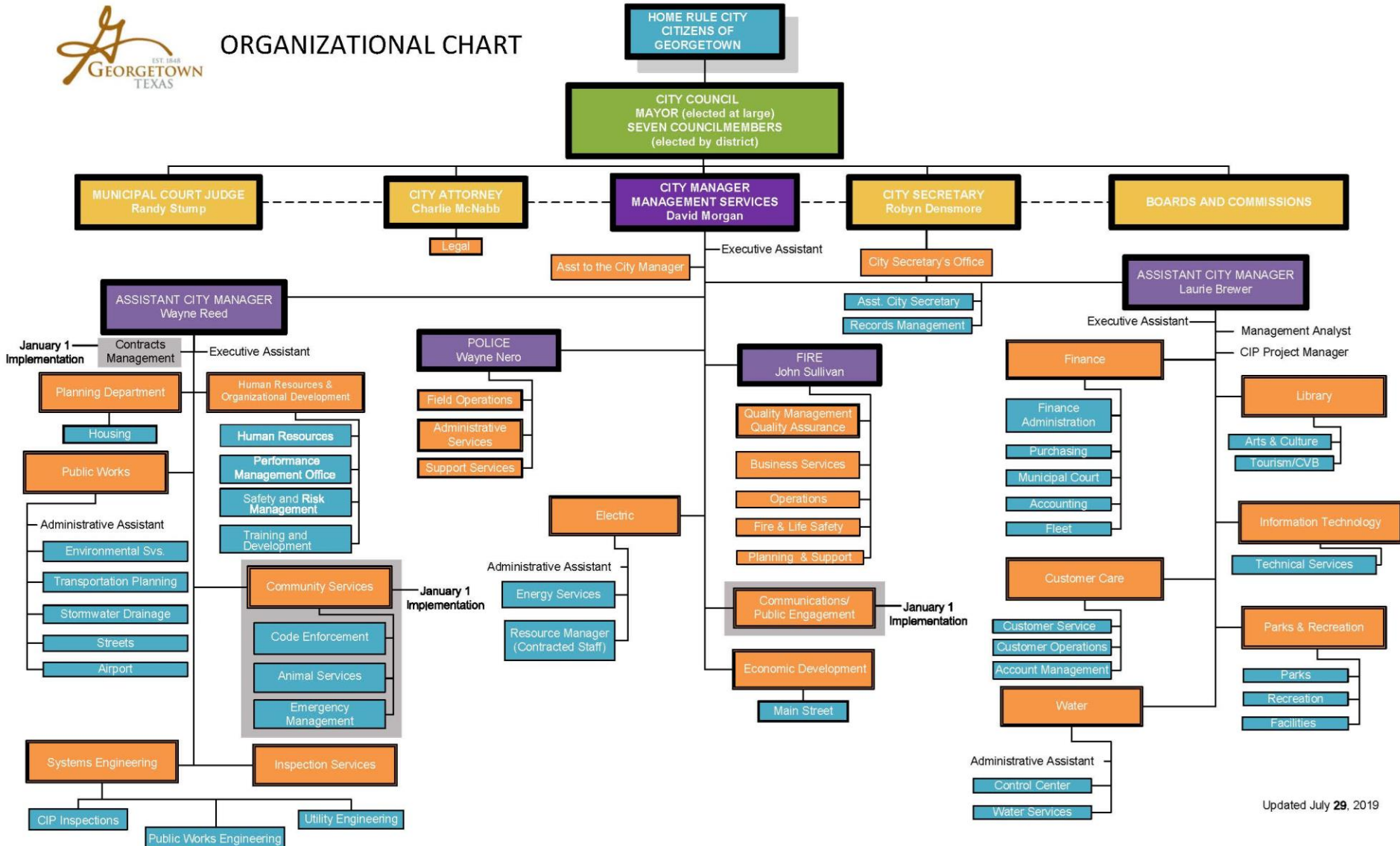


# Reorganization

- Meets goals of city management for FY2020 and beyond
  - Enhance service delivery
  - Focus on performance management
  - Provide ways for leadership and employees to grow
  - Financially feasible



# ORGANIZATIONAL CHART



# Summary – Budget Development

- Theme of retaining small town charm and ensure high service levels during a time of continued fast growth
- 15.5 new positions
  - 2019: 30 FTE
  - 2018: 20 FTE

# Assumptions across all funds

- Salary increases budgeted on average of 3%, but will be allocated based upon merit ratings
  - Slightly less than national averages for 2018 and 2019
- Market study conducted each year for all positions
  - 117 benchmarked titles reviewed
  - 29% of positions below market
  - Appx 140 employees affected



**U.S. Total Salary Budget Increases**

	2018	2019
NONEXEMPT HOURLY NONUNION	3.1%	3.2%
NONEXEMPT SALARIED	3.1%	3.1%
EXEMPT SALARIED	3.1%	3.2%
OFFICERS/EXECUTIVES	3.1%	3.3%
ALL	3.1%	3.2%

# Investing in New Infrastructure

- \$60.2 million in total capital investment
  - GCP - \$18.6M
    - Roads – \$10.6M
    - Facilities - \$800K
    - Fleet - \$3.2M
    - Public Safety – \$1.4M
    - Parks - \$2.5M
  - Water/Wastewater - \$35.6M
  - Electric - \$4.01
  - Airport - \$880K
  - Stormwater - \$1.2M

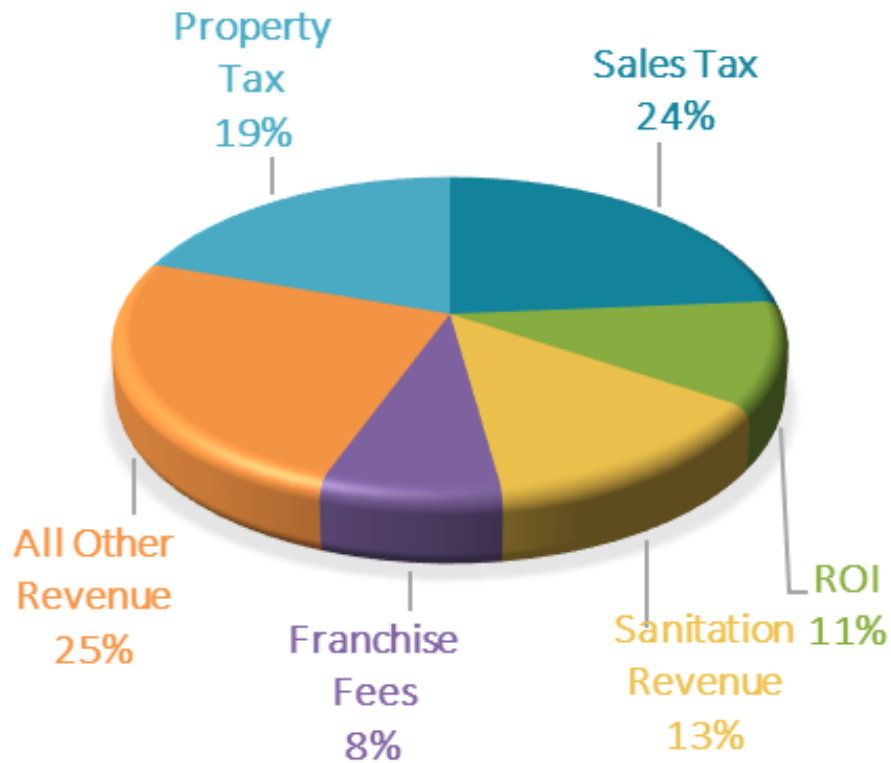


A woman with blonde hair, wearing a blue V-neck shirt with the Georgetown Animal Services logo, is holding two small dogs. She is smiling and looking down at a small, scruffy brown dog in her left hand. In her right hand, she holds a black and tan dachshund puppy. The background shows a veterinary clinic with metal cages, a sink, and a bulletin board with papers.

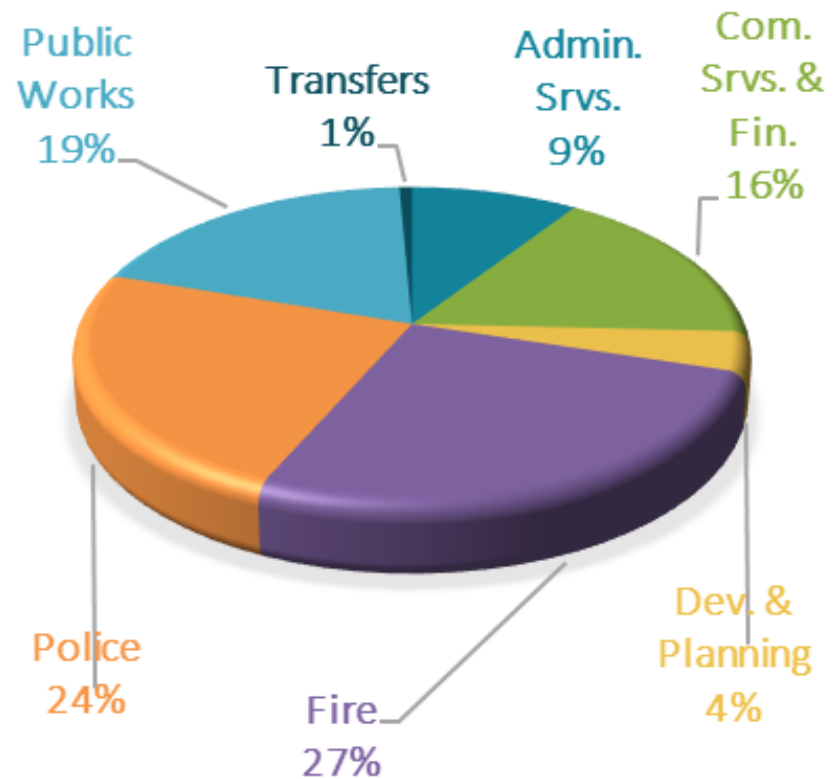
**GENERAL FUND**

# Where the Money Comes From/Goes General Fund

## FY2020 REVENUES



## FY2020 EXPENSES



# General Fund - FY2020

- Revenue Assumptions
  - Sales tax 6.7% increase; \$17.8 million
    - Continued strong growth in the core sectors of retail, food, information, and manufacturing. Core sectors (existing) growth is projected to increase 4.2%
    - New development like Wolf Crossing, Holt Cat and Academy Sports & Outdoors
      - Conservative budgeting only recognizes 62.5% of anticipated new revenue. In total, new development accounts for 2.5% of revenue increases.

# Property Tax Revenue – FY2020

- General Fund (Operations & Maint)
  - \$13.88M in FY2019
  - \$14.8M in FY2020
  - 6.63% increase
- Debt Service Fund (Interest & Sinking)
  - \$15.375M in FY2019
  - \$17M in FY2020
  - 10.57% increase

# Tax Rate for FY2020 Budget

- Property Tax Valuations:
  - Total assessed valuation is certified at \$8.6 billion, which is an overall increase of 8.16% increase over last year
- New value represents \$345M, which is an increase of 38%
  - Commercial growth of \$47M
- Existing property increased 4.7% over last year
- The average taxable home value is \$285,357. This is an increase of \$7,244 (2.6%) over the past year



# Tax Rate for FY2020 Budget

- The proposed tax rate is \$0.420000 per \$100 valuation, the same rate as FY2019. This is a 3.6% increase over the effective rate.
- The effective tax rate is \$0.413261, which represents the rate that would be needed to produce the exact same revenue as the previous year.
- The rollback rate is \$0.430202. If the City Council chose to adopted the rollback rate \$650k additional dollars would be generated in the General Fund

# Tax Rate for FY2020 Budget

- At the proposed tax rate of \$0.42, the estimated tax increase for the average homeowner (on a \$285,357 taxable value) would be \$30.42 annually or a 2.6% increase.
- This tax rate includes necessary funding for proposed operations and payment of debt.

# Return on Investment (ROI) Revenue

- ROI: 10.75% increase from FY2019 projection due to electric ROI lessen in FY2019. FY2020 ROI totals \$8.06 million
  - Water ROI is \$4.5 million
  - Stormwater ROI is \$260,000
  - Electric ROI totals \$4.5 million (Reduction of \$1 million less than the fiscal policy)

# Electric Return On Investment

- ROI is established through the City's Fiscal and Budgetary Policy and is a common practice among municipally owned utilities
- The ROI is factored into the rate making process for utility rates
  - Utility rates are established to cover costs and future investments and a “profit margin” is not considered
- While some think of the ROI as a “dividend” for ownership it could also be considered a payment in lieu of taxes since property is not being taxed

# Sanitation Revenue

- Sanitation increase 7.2%; \$10.1 million
- TDS Contract established in 2018 (5 yr. term)
  - Increase request provided in the contract based on cost indexes
- No increase requested in FY2019
- 4% contract cost increase requested by TDS for FY20
  - Contract provides weighted average of 5 indexes, including CPI, cost of diesel, labor costs
  - Calculation per contract would allow up to 7% increase for period Jan 2017-Jan 2019
  - Increase of 4% across all rate classes
  - \$0.75 increase per month for residential customers



# Contract Index Summary

Index	Weight	2017	2019	% change	
	%				
PPI Diesel	6.00%	204.6	272.5	1.991%	
Core CPI	17.00%	251.143	261.114	0.675%	
PPI truck bodies	10.00%	236.0	255.2	0.814%	
Service Labor	38.00%	128.2	135.5	2.164%	
PPI Ind. Truck	29.00%	241.0	256.3	1.841%	
				<hr/>	
				7.485%	Actual %

# Other Revenue

- Planning and Development fees total \$3.5 million.
- Parks and Recreation Fees total \$2.8 million, a 4.6% increase over projections.
- Emergency Services District 8 totals \$3.7 million and SAFER grant totals \$666K

# FY2020 Revenue/Expenses – General Fund Summary

- Revenues
  - Total revenues projected to be \$75.5 million, 6% higher than FY19 projections
  - Total expenses projected \$75.4 million, an increase of 6.7% over FY19 projections
    - Lower than the combination of population increase and CPI increase = 8%
  - Contingency reserves increase \$1.2M to \$11.2M

# General Fund - FY2020

- Police
  - 2 communications operators: \$130,600
  - 1 Community Engagement Officer: \$107,800
  - 1 cyber crimes Detective: \$107,800
- Code Enforcement
  - 1 Code Enforcement Officer: \$91,400
- Fire
  - Fire protection engineer and equipment: \$101,316

# General Fund - FY2020

- Fire
  - Emergency management equipment: \$37,705
  - Station #2 filtration system \$65,000
- Inspections
  - Salary progression program to retain employees \$28,000
- Communications and Engagement
  - Director position for strategic planning: \$115,300



# General Fund - FY2020

- Communications and Engagement
  - Public information contracted services: \$84,000
  - Monthly Advertising in Periodical: \$25,500
  - Direct mail campaign: \$27,900
- Public Works
  - Re-org one Admin Assistant from GUS
  - Ride share pilot phase II \$50,000
  - GoGeo paratransit \$52,000

# General Fund - FY2020

- Community Services Director
  - New division will include the areas of code enforcement, animal services, and emergency management. A new director position will support these customer centric areas.
- Library
  - Increased funding for temp salaries to cover shifts for regular staff \$26,913
  - Outreach Van - The Friends of the Georgetown Public Library

# General Fund - FY2020

- Parks and Recreation
  - Increases for revenue based programs
  - Additional funding for maintenance/equipment replacement plan at \$97,000 (transfer to special revenue fund)
- Planning department
  - Variances due to staffing turnover; comp plan project costs
  - Requested \$25,000 to complete comp plan update

# General Fund - FY2020

- City Secretary
  - Records retention software licenses \$10,000
- Administrative Services
  - MUD and PID contract management coordinator \$70,000
  - Re-org administrative assistant from GUS

An aerial photograph of the Georgetown Water Tower, a tall white cylindrical structure with a tan-colored top section. The top section features the text "EST. 1848" and "GEORGETOWN". A tall, thin metal chimney or vent pipe extends from the top. The tower is situated on a dirt construction site with some equipment and materials visible at its base. In the background, a suburban residential neighborhood with houses and green lawns is visible under a blue sky with scattered white clouds. A semi-transparent grey banner is overlaid at the bottom of the image.

# ELECTRIC AND WATER FUNDS

# Electric Fund – FY2020

- Operating revenues totals \$91.4 million.
  - Includes full year impact of the current PCA
- Operating expenses total \$84.5 million.
  - Net Purchased Power at \$59.5 million.
- Non operating revenues total \$4.01 million of bond proceeds for capital improvements.
- Non Operating expenses total \$8.1 million for capital improvements and debt service.
- Proposed enhancement: control center operator (cost split with water fund)
- Projected ending fund balance of \$8.7 million by end of FY2020.

# Electric Fund – FY2020

- Current Action Steps
  - Outsourcing management of energy portfolio.
  - Development of a comprehensive risk management policy.
  - Provide additional support and oversight through management review of energy strategies.
  - Staffing of a general manager dedicated to the electric utility.



# Water Fund

## FY2020

- Operating revenues totals \$63.2 million.
- Operating expenses total \$40.4 million.
- Non operating revenues total \$18.6 million of bond proceeds for capital improvements.
- Non Operating expenses total \$87.1 million for capital improvements and debt service.
  - Several large FY2019 CIP projects are re-appropriated in FY2020 include Berry Creek interceptor and the Lake Water Plant
- Proposed enhancements total \$141,850 for utility truck and skid steer with trailer.
- Projected ending fund balance of \$21.8 million by end of FY2020.



# AIRPORT AND STORMWATER FUNDS

# Airport

## FY2020

- Operating revenues totals \$3.8 million.
- Operating expenses total \$3.6 million.
- Non operating revenues total \$750,000 of bond proceeds for an airport storage facility.
- Non Operating expenses total \$1.06 million for capital improvements and debt service.
- One time funds allocated for consulting to transition the new airport management staff.
- Projected ending fund balance of \$1.2 million by end of FY2020.

# Stormwater

## FY2020

- Operating revenues totals \$3.7 million.
- Operating expenses total \$2.8 million.
- Non operating revenues total \$650,000 of bond proceeds for curb and gutter improvements.
- Non Operating expenses total \$1.69 million for capital improvements and debt service.
- Proposed enhancements include \$144,800 for mini excavator and trailer.
- Projected ending fund balance of \$1.3 million by end of FY2020.





# CAPITAL IMPROVEMENT PLAN

# General Capital Projects

- Facilities CIP - \$1,350,000
  - GMC Remodel - \$250,000
  - Fuel Station - \$1.1M
    - \$550K cash funded from Fleet Fund
    - \$550 is debt
- Roads - \$10.6M
  - Southwestern Blvd – Raintree to SE Inner Loop (\$2.65MM)
  - Leander Road – Norwood to SW Bypass (\$3.2MM)
  - Intersection Improvements (\$1.4MM)
- Fleet - \$3.2M
  - Public Safety Vehicle Replacement – Fire (\$2.2 Million)
  - Public Safety Vehicle Replacement – Police (\$740,200)
  - New Public Safety Vehicles – Police (\$246,000)

# General Capital Projects

- Public Safety – \$1.4M
  - Police Department - Body Cameras (\$800,000)
  - Fire Department - Cardiac Monitors (\$225,000) & SCBA Replacement (\$290,000)
- Parks - \$2.5M
  - Regional Trail Development (\$1,275,000)
  - San Gabriel Park (\$600,000)
  - Neighborhood Park Development (\$250,000)



# Airport

- Airport CIP - \$880,000
  - Airport Maintenance/Equipment Storage Facility (\$750,000)
  - Hangar Maintenance (\$40,000)
  - Pavement Maintenance (\$10,000)
  - Street Maintenance (\$35,000)
  - Wildlife Management (\$45,000)

# Stormwater

- Stormwater CIP - \$1.15M
  - Curb and Gutter (\$650,000)
  - Drainage Improvements/Flood Mitigation Projects (\$300,000)
  - Stormwater Infrastructure (\$200,000)

# Electric

- Electric CIP - \$4.01M
- \$3.5M related to new development
- Various Feeder and transformer improvements
- Continue system upgrades

# Water

- Water CIP – \$18.6M
  - Carriage Oaks Transmission (\$500,000)
  - CR262 Waterline (\$500,000)
  - Hoover Pump Station (\$750,000)
  - Lake Water Treatment Plant Raw Water Intake Rehabilitation (\$8M)
  - Line Upgrades (\$250,000)
  - Round Rock Water Supply (\$300,000)
  - Round Rock Supply Pump Station and Ground Storage Tank (\$1,000,000)

# Water

- Southwest Bypass Water (H24-1) (\$1,8M)
- Southside Water Treatment Plant Rehabilitation (\$2.25M)
- Stonewall Ranch PS (\$2.5M)
- Tank Rehabilitation (\$750,000)

# Wastewater

- Wastewater CIP - \$17M
  - Berry Creek Interceptor (\$10M)
  - Edwards Aquifer Recharge Zone (EARZ) (\$1.5M)
  - Gatlin Creek/Teravista Improvements (\$450,000)
  - Lift Station Upgrades (\$500,000)
  - San Gabriel Interceptor (\$2M)
  - San Gabriel Wastewater Treatment Plant Rehab (\$2.5M)



# SPECIAL REVENUE FUNDS / INTERNAL SERVICE FUNDS



# Tourism/CVB

- Revenues total \$1.5 million; same as 2019
- Expenses total \$1.4 million; 7% increase
- Proposed enhancements total \$106,786 which include:
  - Part Time staff for the Visitors Center
  - Additional funding for Red Poppy for security, shuttle service, and traffic control.
  - Increase in funding for the Christmas Stroll.
  - Funding for a community mural behind the Shotgun House.
  - Continue holiday lights at \$60,000.
- Projected ending fund balance of \$1.5 million by end of FY2020.

# Street Maintenance Fund

- Revenues total \$4 million.
- Expenses total \$4.3 million.
- Projected ending fund balance of \$750,000 by end of FY2020.

# Joint Services – FY20

- Revenues total \$17.8 million.
- Expenses total \$18 million.
- Proposed enhancements total \$493,091 which include:
  - A Sr Buyer for the Purchasing Department.
  - A PMP Manager and training for city-wide project managers.
  - Water conservation software, home repair program, and a Conservation Internship program.
  - Software and network improvements for Infor EAM and ArcGIS Utility.
  - A Training and Development position for Human Resources.
  - Contingency funding for an executive search.
- Projected ending fund balance of \$1.3 million by end of FY2020.

# Budget Summary

- The all funds proposed budget totals \$437.6 million which is a 3% decrease from the FY2019 amended budget. The primary factor to this change is the timing of large capital projects which includes a budget roll forward totaling \$50.5 million.
- While this budget focuses on managing growth and services to maintain a high quality of life, an emphasis remains on our small town charm and building our fiscal strength



**NEXT STEPS**



# FY2020 Proposed Budget Calendar

- August 6: **\*SPECIAL MEETING\*** Set Maximum Property Tax Rate and Public Hearing Dates
- Sep 3rd: **\*SPECIAL MEETING\*** 1st public hearing on tax rate; Budget public hearing
- Sep 10th: Normal Meeting: 2nd public hearing on tax rate , 1st reading of the budget, 1st reading of the tax rate
- Sep. 24th: Normal Meeting: 2nd reading of the budget, 2nd reading of the tax rate