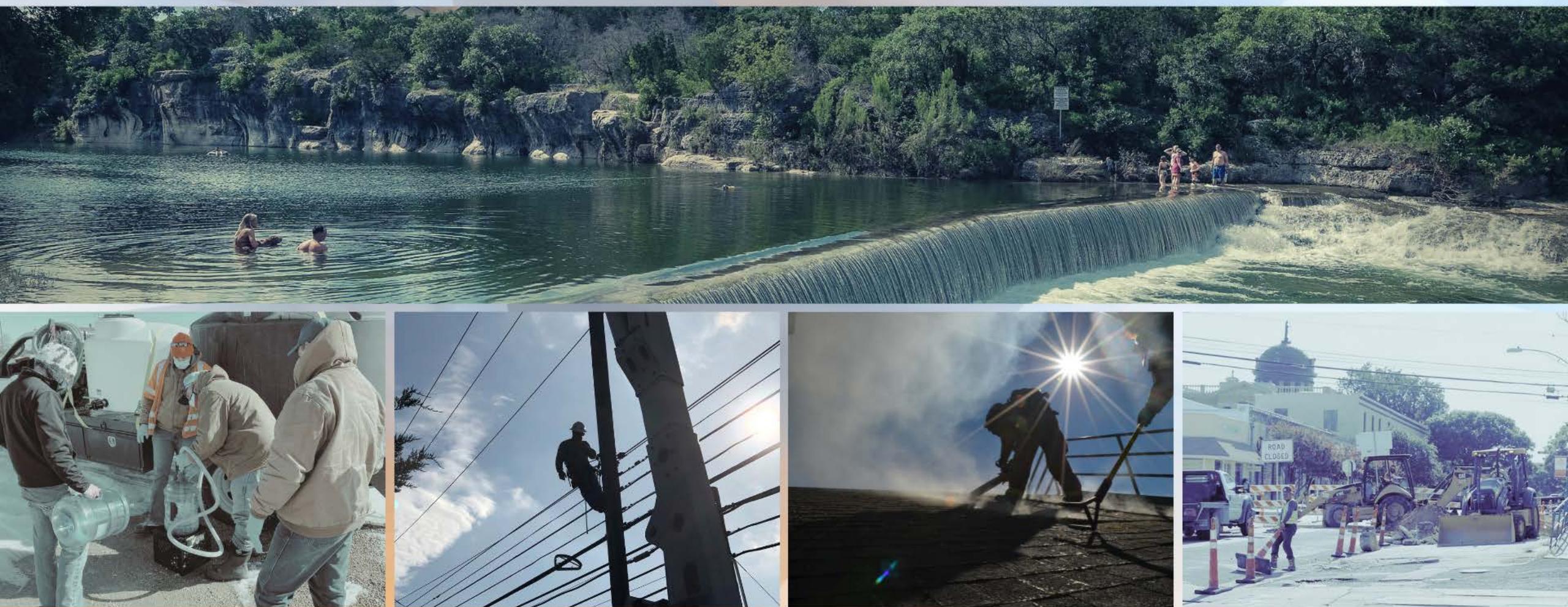


A CARING COMMUNITY HONORING OUR PAST AND INNOVATING FOR THE FUTURE



# FY2022 PROPOSED BUDGET

AND FIVE YEAR CAPITAL IMPROVEMENT PLAN



# Purpose – Provide City Management Feedback on Budget Status

- Discuss budget pressures, context/focus areas and council goals
- Provide detail on budget planning
- Council feedback prior to submission of the City Manager proposed budget on August 10
- Provide next steps in budget development and review process

# Budget Context and Pressures

# Development of the Current FY21 Budget

- Current FY21 budget development during pandemic anticipated economic slow down and focused on cash preservation
  - Implemented budget contingency plan
  - Frozen or delayed positions
  - Cut budgets and lowered service levels in some areas
- Actual economic activity accelerated
  - Residential home permits hit new levels
  - Water district growing at extremely fast pace
  - Workload measures across the organization increased
  - Job market continues to be highly competitive

# Budget Themes: FY21 to FY22

- Development pressures due to current growth
- Council Goals (Feb. 2021) Implementation
- Preparing for continued growth in the future through planning
- Service delivery pressures and restoring previous budget cuts
- Staffing - Recruitment and Retention

# Service Delivery and Development Pressures

- Additional Staffing being proposed in various areas
  - Public Safety – staffing and support
  - Utility staffing and support
  - Administrative support
  - Utility Operations Technology team
    - Support utility specific technology (SCADA, AMI, OMS)
- Reinstatement of the previous cuts made during budget contingency pandemic planning
  - Quality of life areas – such as parks and library
  - Training for staff development
- Competitive compensation and benefits

# Planning for Growth and Council Goals

- Council goals included review/update of Master Plans
  - Unified Development Code
  - Overall Transportation Plan
  - Williams Drive Access Plan
  - Water Master Plan
  - Parks Master Plan (currently underway)
- Implementation of key capital improvements (2008, 2015, 2021 bond program)
- Acceleration of Water and Wastewater treatment infrastructure
- Reorganization of the oversight of development engineering to the Planning Department
  - Systems Engineering will have more capacity to deliver infrastructure CIP
  - Consistency for development review – “one stop shop”
  - Target implementation date – Jan 1, 2022

# Staffing Recruitment and Retention - Compensation and Benefits

- Civil Service - Police and Fire – 100% of market implemented in Oct 2021
- Non-civil service Market increases – two phased approach – compare actual salaries and structure; and implement in Oct 2021
- Restore merit compensation to average of 3% for FY22
- Return training levels to pre-pandemic
- 10% increase in health insurance for City and employee contributions

# Budget Focus and Planning

# Preliminary Budget

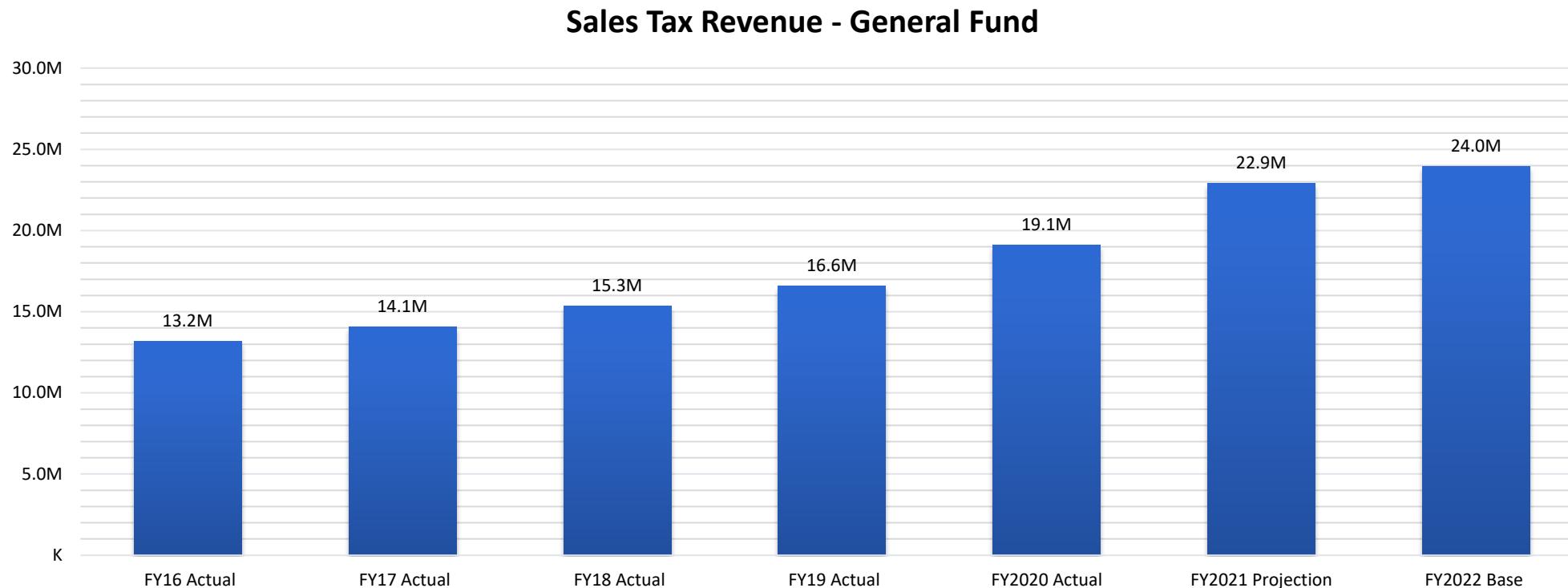
- City Manager Proposed Budget will be presented on August 10
- Today's version is a work in progress and intended to review with Council for alignment
  - Allows Council to provide feedback to shape City Manager's proposed budget
- Workbook format provides detail for transparency
  - Funds and line-item detail for current and proposed budgets
  - Utilizing new Workday/Adaptive system so some formatting is different than previous year where manual Excel spreadsheets were utilized
    - Some variances between 2020, 2021, and 2022 may stand out as various data conversion elements normalize over time

# Budget Revenue Assumptions

- Property Tax rate – planning for rate of \$0.404 (lower than current year of \$0.418)
  - Increase in homestead exemption approved by Council (Greater of \$5K or 3%)
  - \$0.166838 for operations
  - \$0.237162 for debt service
- The debt side of the tax rate is projected to increase 1 cent
  - Tax rate increase lower than 2021 Mobility Bond Election estimates
  - Mobility bond implementation – 1<sup>st</sup> tranche of \$25M (accelerate implementation to 5 years instead of 7 years)
- The operations side of the tax rate is projected to decrease just under 3 cents
  - Value of existing properties went up by 15.4% on average

# Budget Revenue Assumptions

- Sales Tax – total of \$23.9M in the General Fund
  - 4.5% increase over FY21 projections
  - FY21 projection is 20% over prior FY20 actual
    - Conservative FY original projections provides ending General Fund balance to be available for one-time studies, funding of capital, reducing new debt, increasing reserves



# Budget Revenue Assumptions

- Continued current growth rate in both utilities
  - 5,000 new water connections
  - 8% increase in electric connections
- Permitting – FY22 is budgeted at continued FY21 growth rates
- Emergency Services District #8 – interlocal contribution towards fire and emergency services – consistent with fire expenditure growth
- Development fee increases to cover credit card fees and other cost recovery, ~3%
- Return on Investment – follows our fiscal policy of providing a 7% benefit for the community owning the utilities and a 3% franchise fee
  - Fiscal policy is built into our utility rate making practices

# Budget Cost Assumptions

- Base Budgets
  - Existing staffing, supplies, maintenance and costs to continue levels of service
    - May include increases related to growth, including full-year funding of 2021 mid-year amendments
    - Also includes increases in contracts and commodities
- Service Level Enhancements
  - New staffing, program funding to address growth or specific requests to address issues or fund council goals/initiatives

# Budget Assumptions – General Fund & Joint Services

- Continued Public Safety Investments
  - Fire enhancements training, life safety, and logistics
  - Funds to over-hire firefighter positions to address anticipated vacancies and address hold over staff challenges
  - Police investigative staffing and equipment
  - Capital equipment investment to prepare for K9 implementation in FY23
- Administrative staffing enhancements to address growth
  - Administrative positions in numerous departments such as Police, Fire, City Secretary, Accounting, Administrative Services, Planning, System Engineering, etc.
- One-time studies and capital equipment

# Budget Assumptions – Electric Utility

- Active management of purchased power costs with implementation of risk management policies and practices
- Enhancements to staffing and other operational costs to improve management of engineering and technology systems
  - 3 positions to dedicate towards maximizing our utility technology investment
- Enhancements to equipment and consultant services to improve system reliability
- Reserve levels continue to be enhanced with target rate stabilization levels achieved

# Budget Assumptions – Water Utility

- Significant number of proposed new staff positions to address rapid system growth, improve operational controls, prepare for future water facilities
- Accelerated capital improvement program totaling \$49.8M in water and wastewater treatment capacity and distribution system
  - \$33.2M impact fee and developer reimbursement funded
  - \$16.6M revenue bond funded
- Funding for additional water resources through contracted water and evaluation of new water sources
- Updated rate studies to address rapid growth pressures

# Summary of New Staffing – By Fund

(detail will be reviewed in Fund section)

• General Fund	18.5
• Fire: 4 support; 7 overstaffing	
• Police: 3	
• Planning: 2	
• CMO (\$ only), Records 1, Parks 1, Communications 1, Arts (.5)	
Public Works 1	
• Eliminate Management Analyst and Court Supervisor: -2	
• Joint Services Fund	4
• Engineering 2, Accounting 1, City Attorney's Office 1	
• Electric Control Center 1, Operational Tech 3	4
• Water Admin/Regulatory 3, Metering 8.5, Plants 6, Operations 4	21.5
• Stormwater	1
• Facilities	1
• IT	<u>1</u>
• <b>TOTAL</b>	<b>51</b>

# Budget Cost Assumptions –Salary and Benefits Summary

- Compensation
  - Public Safety Market: Implement at 100% consistent with 5 years prior to pandemic
  - Merit Pay: Return to pay for performance of 2/3/4% consistent with 3 years prior to pandemic as primarily pay increase mechanism for non-public safety employees
  - Non-Public Safety Market Changes:
    - Implement earlier (from January to October) to decrease lag & align with Public Safety
    - Utilize combination of both midpoint/midpoint & midpoint/market incumbent average as triggers, giving more full picture of competitiveness
    - Increase market increases to 3% per grade movement (previously 2%)

# Compensation Projections

<u>Employee</u>	<u>Count</u>	<u>Market</u>	<u>Step/Merit</u>	<u>Total**</u>
Firefighter*	155	@100% =1.9%	2-4%	3.9-5.9%
Police Officer*	90	@100% =3.1%	2-4%	5.1-7.1%
Non-Public Safety	216	Yes = 3%	2-4%	5-7%
Non-Public Safety	329	No = 0%	2-4%	2-4%

## Total Cost

- Public Safety: \$779K general fund
- Non-Public Safety: \$444K general fund; \$1.3M all funds

*\*not all public safety ranks have same market or step as FF & PO, these are illustrative examples*

*\*\*variation based on rank and step for public safety; variation based on market eligibility and performance level for non-public safety*

# Employee Compensation

# Fiscal & Budgetary Policy

- City Council and Management recognize the importance of attracting, hiring, developing, and retaining the best people, and compensating them for the value they create. Our outstanding and innovative City employees work diligently to bring the Vision of Council to life and deliver exceptional services to our customers while exemplifying our Core Values. The following programs are subject to available funding in the annual operating budget.
- **Competitive Compensation** – In order to maintain a competitive pay scale, the City has implemented a ***Competitive Employee Compensation Maintenance Program*** to address competitive market factors and other issues impacting compensation. The program consists of:
  - **Annual Pay Plan Review (Market)**– To ensure the City's pay system is accurate and competitive within the market, the City will review its pay plans annually for any potential market adjustments necessary to maintain the City's competitive pay plans.
  - **Pay for Performance (Merit)**– Each year the City will fund performance-based pay adjustments for regular non-public safety personnel. This merit-based program aids in retaining quality employees by rewarding their performance. Pay for Performance adjustments are based on the employee's most recently completed performance evaluation.
  - **Public Safety Steps (Steps)**– Each year the City will fund anniversary step increases for public safety sworn personnel consistent with public safety pay scale design.

# Public Safety Market

- Police Comparison
  - Austin, San Marcos, Williamson County, Sugar Land, Leander, Round Rock, Cedar Park, New Braunfels, Pflugerville
- Fire Comparison
  - Austin, Lewisville, Round Rock, Cedar Park, Travis County ESD2, Sugar Land, New Braunfels

# Public Safety Market Data

## Police Officer

Organization	Min	Midpoint	Max
<b>Georgetown</b>	<b>\$56,938</b>	<b>\$70,269</b>	<b>\$83,600</b>
Austin	\$61,662	\$80,886	\$100,110
San Marcos	\$58,306	\$69,704	\$81,101
Williamson County	\$54,387	\$64,524	\$74,661
Sugar Land	\$60,341	\$70,897	\$81,453
Leander	\$58,240	\$70,211	\$82,181
Cedar Park	\$59,989	\$74,008	\$88,026
New Braunfels	\$58,321	\$68,590	\$78,858
Pflugerville	\$55,760	\$68,823	\$81,885
Round Rock	\$61,441	\$74,153	\$86,865
<b>Survey Pool Average</b>	<b>\$58,716</b>	<b>\$71,310</b>	<b>\$83,904</b>
	-3.1%	-1.5%	-0.4%

<b>Summary of Police Market Movement</b>	
Police Officer	3.1%
Police Sergeant	3.6%
Police Lieutenant	3.6%
Police Captain	3.1%

## Fire Fighter

Organization	Min	Paramedic assignment	Total
<b>Georgetown</b>	<b>\$52,922</b>	<b>\$5,400</b>	<b>\$58,322</b>
Austin	\$53,911		\$53,911
TCESD 2	\$51,193	\$9,000	\$60,193
Cedar Park	\$54,855		\$54,855
New Braunfels	\$54,773	\$3,000	\$57,773
Round Rock	\$55,736	\$6,000	\$61,736
Lewisville	\$65,014	\$1,800	\$66,814
Sugar Land	\$54,134	\$6,000	\$60,134
<b>Survey Pool Average</b>	<b>\$55,659</b>	<b>\$5,160</b>	<b>\$59,345</b>
	-5.2%	4.4%	-1.8%
<b>New base Pay and Total</b>	<b>\$53,945</b>		<b>\$59,345</b>
<b>Base pay increase</b>	<b>1.9%</b>		

<b>Summary of Fire Market Movement</b>	
Firefighter	1.9%
Driver	1.9%
Lieutenant	2.0%
Captain	2.4%
Battalion Chief	2.9%

# Public Safety Proposed Pay Scales October 2021

## City of Georgetown Police Department Pay Scale

Classification	A	B	C	D	E	F	G	H	I	J	K	L	M	N
Police Officer	\$58,716	\$61,065	\$63,508	\$65,413	\$67,375	\$69,396	\$71,478	\$73,622	\$75,831	\$78,106	\$80,449	\$82,862	\$84,519	\$86,209
Police Sergeant	\$80,538	\$82,551	\$84,615	\$86,730	\$88,898	\$91,120	\$93,398	\$95,733	\$98,126	\$100,579				
Police Lieutenant	\$92,667	\$94,520	\$96,410	\$98,338	\$100,305	\$102,311	\$104,357	\$106,444	\$108,573	\$110,744				
Police Captain	\$105,864	\$107,981	\$110,141	\$112,344	\$114,591	\$116,883	\$119,221	\$121,605	\$124,037	\$126,518				
Asst Chief	\$121,744	\$125,396	\$129,158	\$133,033	\$137,024	\$141,135								

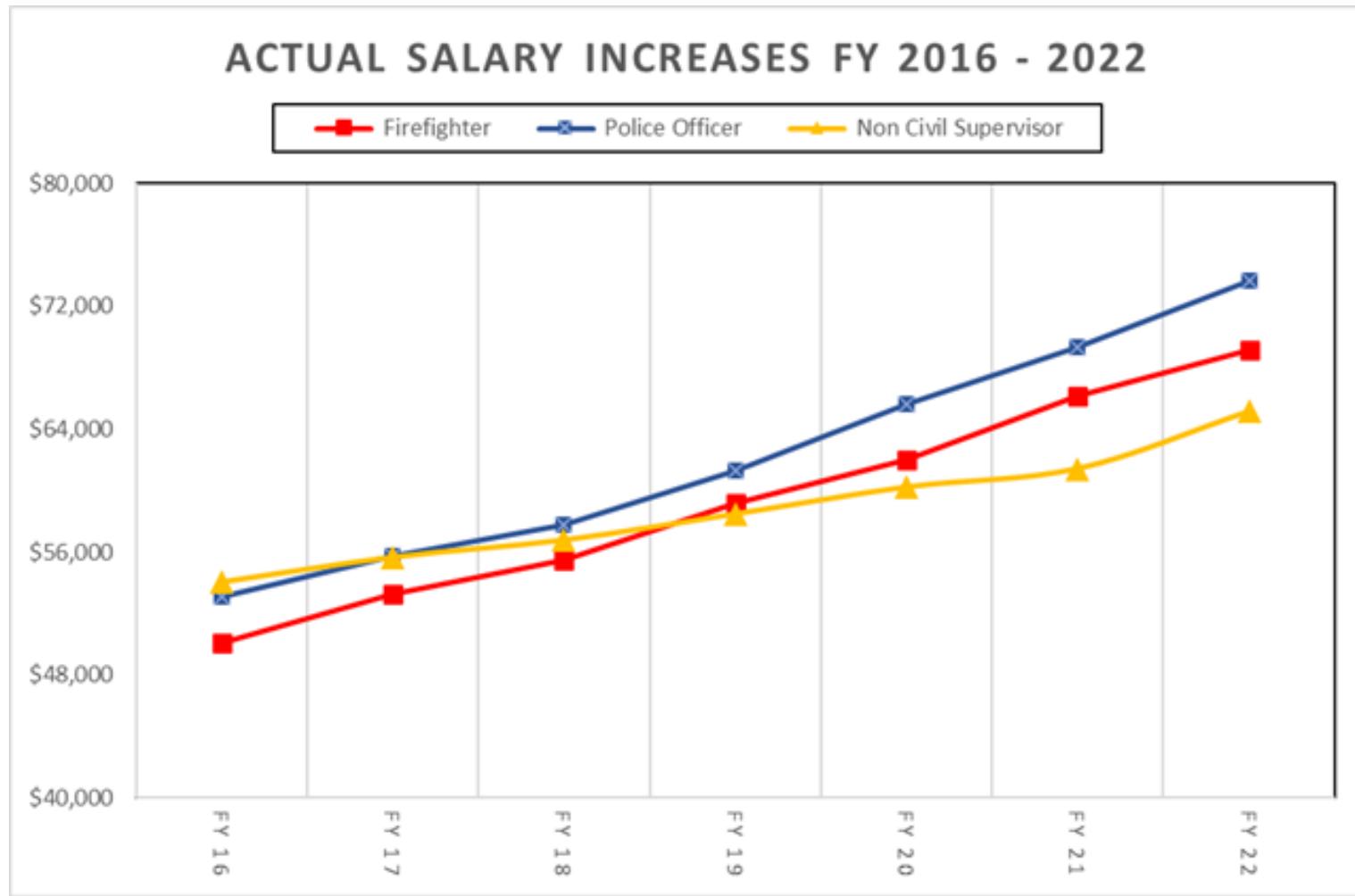
## City of Georgetown Fire Department Pay Scale

Classification	A	B	C	D	E	F	G	H	I	J	K	L	M	N
Firefighter	\$53,945	\$56,103	\$58,347	\$60,097	\$61,900	\$63,757	\$65,670	\$67,640	\$69,669	\$71,759	\$73,912	\$75,390	\$76,898	\$78,436
Fire Driver	\$71,118	\$72,896	\$74,718	\$76,586	\$78,501	\$80,464	\$82,476	\$84,538	\$86,651	\$88,817	\$91,037	\$93,313		
Paramedic II	\$71,118	\$72,896	\$74,718	\$76,586	\$78,501	\$80,464	\$82,476	\$84,538	\$86,651	\$88,817	\$91,037	\$93,313		
Fire Lieutenant	\$78,238	\$79,803	\$81,399	\$83,027	\$84,688	\$86,382	\$88,110	\$89,872	\$91,669	\$93,502	\$95,372	\$97,279		
Fire Captain	\$92,770	\$94,625	\$96,518	\$98,448	\$100,417	\$102,425	\$104,474	\$106,563	\$108,694	\$110,868	\$113,085			
Batt Chief	\$104,005	\$106,085	\$108,207	\$110,371	\$112,578	\$114,830	\$117,127	\$119,470	\$121,859					
Division Chief	\$114,406	\$116,694	\$119,028	\$121,409	\$123,837	\$126,314	\$128,840	\$131,417						
Assistant Chief	\$122,606	\$126,284	\$130,073	\$133,975	\$137,994	\$142,134								
FLS Specialist	\$78,238	\$79,803	\$81,399	\$83,027	\$84,688	\$86,382	\$88,110	\$89,872	\$91,669	\$93,502	\$95,372	\$97,279		
Deputy Fire Marshal	\$92,770	\$94,625	\$96,518	\$98,448	\$100,417	\$102,425	\$104,474	\$106,563	\$108,694	\$110,868	\$113,085			
Fire Marshal	\$104,005	\$106,085	\$108,207	\$110,371	\$112,578	\$114,830	\$117,127	\$119,470	\$121,859					

# Public Safety Market & Step History

- Market funded between 60% and 100% market
  - Traditionally funded at 100%
  - FY 21 was funded at 80% until February, then increased to 100% market
  - Recommend funding at 100% this year
- Market structure change effective
  - Effective the 1<sup>st</sup> full pay period in October
  - Paid in the 2<sup>nd</sup> paycheck in October
- Step
  - Range from 2 to 4% depending on step
  - Awarded on employee anniversary date

# Compensation Side by Side History & Projection



- *Firefighter includes paramedic credential pay*
- *Projections based on historical market increases*
- *Non-Civil Supervisor with one prior market adjustment, one in future, and exceeds expectations merit increases for all years*

# Non-Public Safety Market

- Defined Central Texas jobs vs Texas Area
  - Where do we recruit and lose employees?
  - Most positions compared to Central Texas
  - Management & specialized municipal professional positions compared to both Central Texas and Texas Area comparators
- Industry specific disciplines such as Utilities, Fire, and Police

# Non-Public Safety Market Comparators

## Central Texas

Austin  
Cedar Park  
Leander  
Pflugerville  
Round Rock  
San Marcos  
New Braunfels  
Williamson County

## Texas Area

Sugar Land  
Grapevine  
Denton  
Flower Mound

Industry specific comparators used selectively: Bryan Texas Utilities,  
New Braunfels Utilities, CPS Energy, PEC, College Station

# Non-Public Safety Market

- Determine Benchmark Titles
  - Jobs that are common within most organizations
  - Review by job families to allow for application of slotting
- Survey city comparators
- Validate matches
- Compare survey data to our current ranges and salaries
- Use approved methodology for implementation

# Market example

Payscale (PS)							Midpoint Difference	Market competitiveness (our midpoint over actual market average salaries)
Administrative Assistant	\$ 45,120.87	\$ 37,252.80	\$ 43,784.00	\$ 50,294.40	-7.3%	-8.1%		
Organization	Classification	Average	Min	Midpoint	Max	Payscale	Comments	
Austin	Administrative Specialist	\$ 53,578.02	\$ 41,017.60	\$ 57,304.00	\$ 73,590.40			
Cedar Park	Administrative Assistant	\$ 40,581.49	\$ 36,878.40	\$ 44,980.00	\$ 53,081.60			
Leander	Administrative Assistant	\$ 51,168.00	\$ 42,348.80	\$ 49,556.00	\$ 56,763.20			
New Braunfels	Administrative Assistant		\$ 35,027.20	\$ 42,026.40	\$ 49,025.60			
Pflugerville	Administrative Technician	\$ 39,010.40	\$ 29,993.60	\$ 39,364.00	\$ 48,734.40			
Round Rock	Administrative Assistant	\$ 49,904.87	\$ 36,233.60	\$ 45,292.00	\$ 54,350.40			
San Marcos	Administrative Coordinator	\$ 51,593.24	\$ 41,808.00	\$ 52,260.00	\$ 62,712.00			
WillCo.	No Match		\$ -	\$ -				
		\$ 47,639.34		\$ 47,254.63				

- **Current methodology**

- Range **our range midpoint** to **market range midpoint** comparison
  - If behind by +5% consider position moves up to next classification

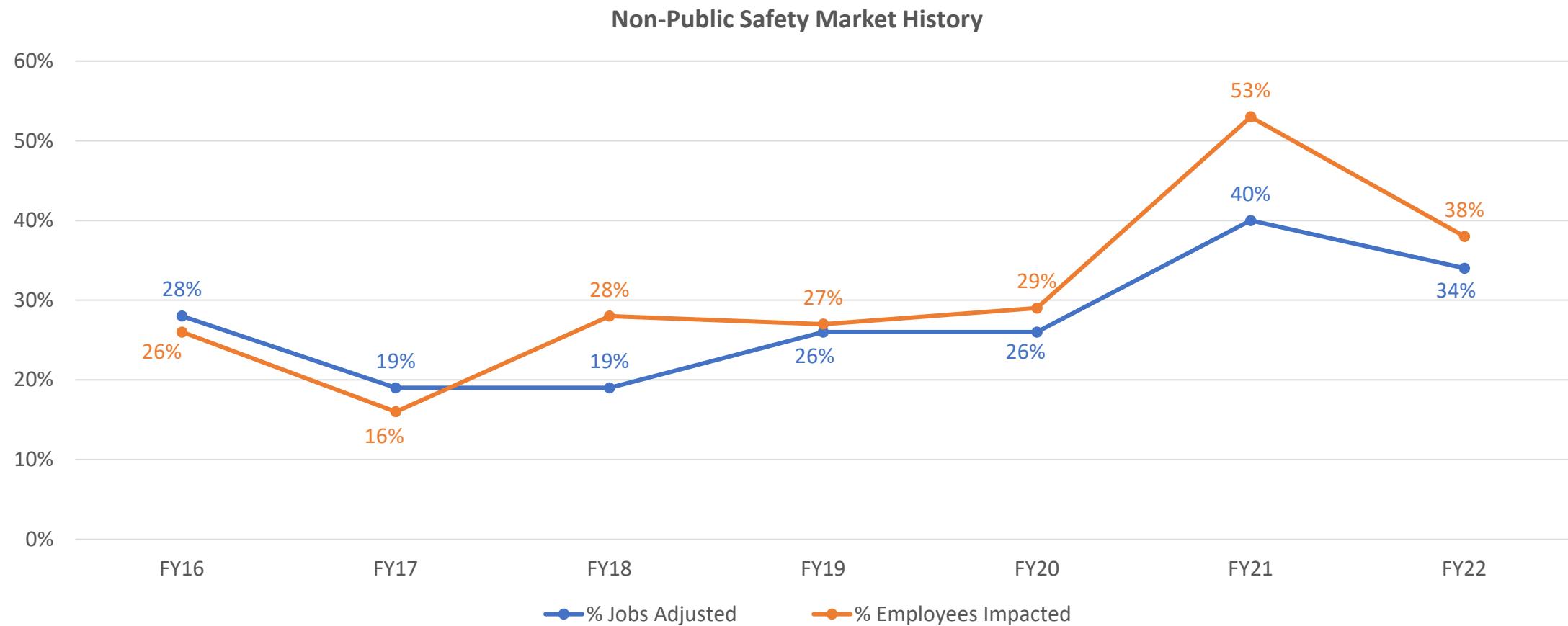
- **Proposed methodology for FY22 Budget**

- Also review **our range midpoint** to **market actual average salary**
  - If behind by +5% consider position move up to next classification

# Non-Public Safety Market Summary

Non-Public Safety Market Summary	
Total Number of Job Profiles (Non-Director, Non-Public Safety)	263
Benchmarks	101
Benchmarks Below Market (midpoint)	37%
Benchmarks Below Market (competitive Comp)	25%
Titles moving based on various market points	
Midpoint	29%
Actual average (competitive Compensation)	16%
Either data point	34%

# Non-Public Safety Market History



# Non-Civil Service Market Implementation Date

- Current –
  - First Pay Period in January following the market study
  - Significant lag between collection of data in spring to January implementation
- Proposed –
  - First Pay Period in October the year the study is conducted

# Non-Civil Service Market Implementation Methodology

## Current

Market Difference (Below)	Pay Grade Movement	Pay Rate Increase
0-4.9%	Within Market	0
5% - 9.9%	1	2%
10% -14.9%	2	4%
15%+	3	6%

## Proposed

Market Difference (Below)	Pay Grade Movement	Pay Rate Increase
0-4.9%	Within Market	0
5% - 9.9%	1	3%
10% -14.9%	2	5%
15%+	3	7%

# Non-Public Safety Merit

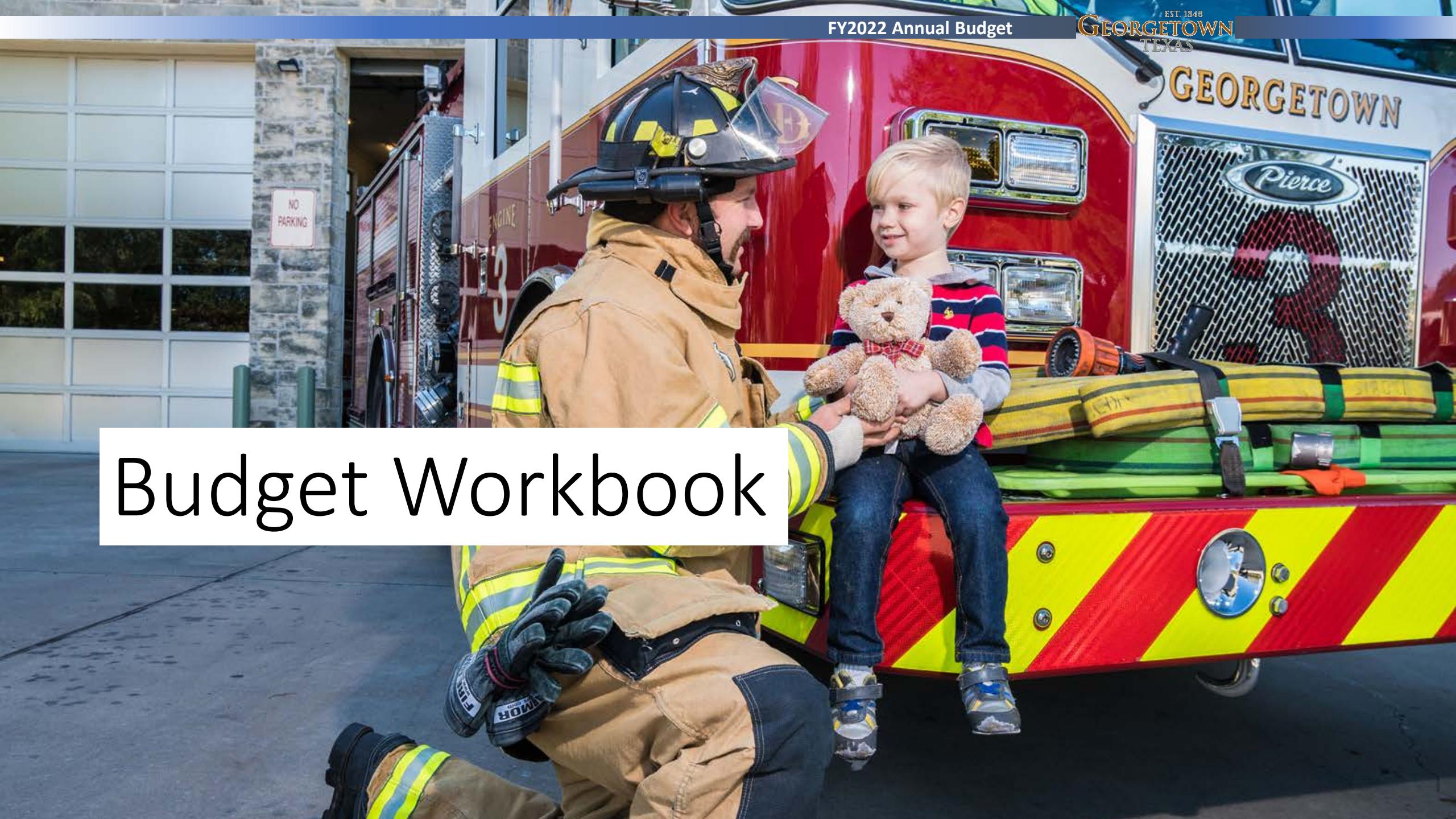
Rating	Feb-16	Feb-17	Jan-18	Jan-19	Jan-20	Jan-21*	Jan -22 (projected)
<b>Below Expectations</b>	0%	0%	0%	0%	0%	0%	0%
<b>Meets Expectations</b>	1%	1%	2%	2%	2%	2%	2%
<b>Exceed Expectations</b>	2%	2%	3%	3%	3%	2%	3%
<b>Excellent</b>	3%	3%	4%	4%	4%	2%	4%

*\*Employees who were eligible for the Merit increase also received one-time \$650 lump sum in February 2021.*

# Employee Benefits

- Healthy Self-Insurance Fund, no changes last year
- Medical & Pharmacy Costs trending upward 11-12%
- Following consultant analysis, proposing 10% Increase in January 2022 through ER/EE premiums
- Premium increase to be paired with employee annual physical incentive
  - Currently 51% of employees get annual physicals, a fundamental element of employee wellness
  - Incentive of up to \$25 per month medical premium credit

# Budget Workbook



# Workbook

- Table of contents
- Set up by Fund – Governmental reporting structure
  - Revenues and highlights in summary
  - Summary fund schedule
    - High level grouping
  - Detailed line items for revenue and expense
  - Detail of new requests and current status
  - Capital and debt program overview
- Reference

# Budget Workbook Review

- We will walk through the variances between FY21 projections and FY22
  - Increases due to growth/demands
  - New requests currently included
  - Other variances
- Adjustments for new Workday system
  - Budget is prepared in Adaptive
  - Some minor reconciliation still being reviewed

# Government Budget/Accounting Refresher

- Funds are the City's reporting structure
- Each fund is self-balancing and represents a related set of accounts, and include assets, liabilities, revenue and expenses
- Fiscal and budgetary policy outlines specific requirements for most major funds

# Governmental Budget/Accounting Refresher

- General Fund - Primary operating fund of the city, traditional resources associated with city government
  - public safety, street maintenance
  - parks, library, administration
  - Funded through sales taxes, fees, property taxes (operating portion) and return on investment from utility funds
- General Debt Service – Funds debt payments for general debt through the debt service or “interest and sinking” portion of property taxes

# Governmental Budget/Accounting Refresher

- Enterprise Funds – Electric, Water/Wastewater, Stormwater, Airport
  - Operate more like traditional businesses
  - Rates/Fees are set to recover costs
- Internal Service Funds – Joint Services, Fleet, Facilities, Information Technology, Self Insurance
  - Provide internal support- these overhead costs are allocated out to other funds through formulas based upon demand
- Special Revenue Funds – Required legally, by council order or state law, or for better accounting management
  - Convention & visitors bureau; street maintenance sales tax; etc.

# Budget Workbook

Go through workbook



A photograph of a playground scene. In the foreground, a woman in a pink tank top and shorts is performing a leg exercise on a piece of outdoor fitness equipment. She is holding onto a metal bar and has her legs extended upwards. Behind her, another woman in a pink tank top and white visor is also using the equipment. In the background, a child wearing a blue hat and a grey shirt is swinging on a swing. The playground is made of green metal frames and chains, set against a backdrop of trees and a clear sky.

**NEXT STEPS**

# FY2022 Proposed Budget Calendar

- Aug 10: Regular Meeting: City Manager's proposed budget; set max tax rate, & set dates for Public Hearings
- Sep 14: Regular Meeting: public hearings, 1st reading of the budget, 1st reading of the tax rate
- Sep. 28: Regular Meeting: 2nd reading of the budget, 2nd reading of the tax rate

# Public Outreach

- Draft workbook and presentation posted at [finance.georgetown.org](http://finance.georgetown.org)
  - Comment box online
  - Future - proposed Budget (8/10) posted
  - City website and eBook at Library; Facebook
  - Press release on proposed budget
  - Social media education campaign
- Public Hearings on Budget and Tax Rate 9/14
- Adopted Budget in Brief published on website
- Adopted Budget (full book) published on website/library
- News release on adopted budget