

FY2023

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# PROPOSED BUDGET & CAPITAL IMPROVEMENT PLAN

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**CITY OF GEORGETOWN, TX**  
**ANNUAL BUDGET FOR**  
**October 1, 2022 – September 30, 2023**  
*As filed with the City Secretary on August 4, 2022*

This budget will raise more revenue from property taxes than last year's budget by an amount of \$8,401,253, which is a 20.9 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$3,685,091. The amounts are based on the City's proposed fiscal year 2023 property tax rate of 37.4 cents per \$100 of assessed valuation.

**Budget Vote:**

**Property Tax Rate Comparison:**

Per \$100 Valuation	FY2022	FY2023
Proposed Tax Rate	0.401000	0.374000
No New Revenue Tax Rate	0.325982	0.320961
Voter Approval Rate	0.401250	0.374762

The **total amount of municipal debt obligation** secured by property taxes for the City of Georgetown is \$244,655,045.

In accordance with Section 140.0045 of the Texas Local Government Code as amended by HB 1495 – Itemization of Certain Expenditures Required in Certain Political Subdivision Budgets – expense line items for lobbying efforts and public notices are provided below:

	FY2022	FY2023
Consulting – Legislative Lobbying	\$104,200	\$104,200
Intergovernmental Relations Manager	\$63,701	\$135,835
Ads – Public Notices	\$26,770	\$28,212

August 9, 2022

To the Honorable Mayor Schroeder, Members of the City Council, and residents of Georgetown:

I am pleased to present the City of Georgetown Annual Budget and Five-Year Capital Improvement Plan for Fiscal Year 2023. The Annual Budget outlines the funding plan for programs and services provided to our residents and businesses. This document details the City's plans to respond to ongoing population growth, maintaining quality City services, and implementing the City Council's vision for Georgetown: a caring community honoring our past and innovating for the future.

**FY2022 YEAR IN REVIEW**

This was the ninth year that U.S. census data indicated Georgetown was one of the top 10 fastest-growing cities in the nation with a population above 50,000 residents - #1 this year. Georgetown's estimated population has increased by 67% since 2012 with the estimated census population of 77,125. In FY22 the city is on track to experience new housing starts at over 2,500, and has approved agreements for more than 5 million square feet of industrial development. The theme throughout the City of Georgetown's work plan is responding to Council's goals on growth, downtown, economic development, housing, and risk management. We had significant mid-year budget amendments to alleviate workload pressures in our service areas impacted by development.

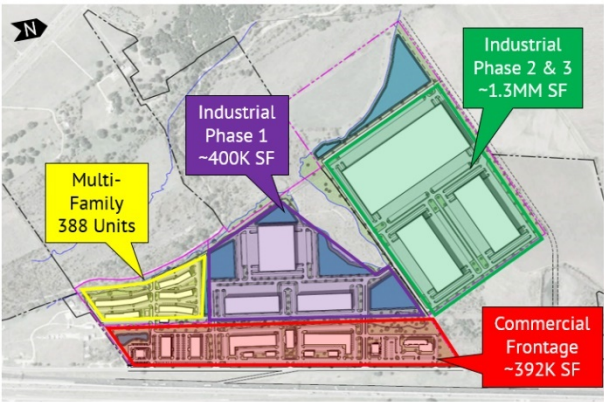
**FY2022 ACCOMPLISHMENTS**

*Economic Development*

**Jackson Shaw**

Located in the newly established North Georgetown Tax Increment Reinvestment Zone (TIRZ) at State Highway 195 and Interstate 35, the Jackson Shaw development is a 234 acre mixed use development that includes 1.7MM square feet of industrial space, 388 multifamily units and 329K sq. ft of commercial space. The North Georgetown Tax Increment Reinvestment Zone was created by Ordinance 2021-94 on December 17, 2021, and the duration is through December 31, 2038. The first tenant at the CrossPoint Business District is a vertically integrated modular home manufacturer named Onx Homes. It will occupy 204,000 square feet of space.

North Georgetown TIRZ



**Cellink**

Cellink Corporation will open a manufacturing facility in Georgetown to produce flexible circuits used in electric vehicles and battery storage units. The facility will be at the Gateway35 Commerce Center, a master-planned industrial park by Titan Development ("Titan"). Cellink selected Titan's Building 1, a Class A 294,297-square-foot building that is strategically located in Georgetown between I-35 and SH 130. This new building is expected to be completed in the fourth quarter of 2022. Cellink plans to hire 800-2,000 employees in high tech jobs over the next 10 years, which will make them one of the largest private sector employers in the city. The total capital investment for the project is estimated to be \$130 million in five years.

## **GAF Energy**

A leading provider of solar roofing in North America, has signed a lease and begun construction on a 450,000 square-foot facility in Georgetown, Texas. The new facility will serve as the company's second U.S. manufacturing center for its award-winning solar roof, Timberline Solar™. Featuring the world's first nailable solar shingle, Timberline Solar™ is the only roof system to directly integrate solar technology into traditional roofing processes and materials. The manufacturing facility will be located on the southeast corner of I-35 and SE Inner Loop and construction is expected to be completed in June 2023. GAF Energy plans to hire 265 employees in high tech jobs over the next 10 years at the Georgetown facility. The total capital investment for the project is estimated to be over \$100 million in that time.

## ***Transportation, Planning, Utilities Infrastructure, and Parks***

**Transportation and Planning Projects:** There were several key projects that help promote transportation across Georgetown.

**FM 971:** The project involved expanding FM 971 to four lanes from Austin Avenue to Gann Street with turn lanes, sidewalks, and a pedestrian underpass at Austin Avenue. The new roadway aligns FM 971 with Northwest Boulevard, providing a new east-west crossing over I-35.

**Intersection Improvements:** Three intersections are nearly completed with new traffic signals, Americans Disability Act compliant pedestrian ramps, crosswalks, striping and signage – Southeast Inner Loop at Rockride Ln, Williams Dr at Estrella, and Shell Rd at Verde Vista. The intersection widening at Williams Dr and Lakeway was completed, including adding dedicated left and right turn lanes, new traffic signal, ADA compliant ramps and crosswalks, and drainage improvements.

**Adoption of TRG and San Jose Small Area Plans:** Council adopted the completed Small Area plans for these two neighborhoods in central Georgetown. Throughout the planning process, community feedback has highlighted the need to protect the unique character of San Jose and TRG. Both plans include strategies for compatible residential and nonresidential development, protection of long-term residents, and the promotion of culture and heritage including: tailored land use and zoning recommendations; strategies for education about property tax assessments and programs for home repair maintenance; and cultural programming through signage, interviews, and property surveys

**Updated Hazard Mitigation Plan:** Council approved an updated Hazard Mitigation Plan, which aims to minimize, or eliminate the long-term risk to human life and property from known hazards, such as droughts floods, tornadoes, wildfires, and other major disasters. Hazard mitigation efforts include projects such as flood channel clearing, road and bridge design changes, property buy-outs, building code changes, or public alert systems.

**Water Fund Resources and Infrastructure:** Securing water resources, encouraging conservation, and expansion of the water utility system continues to be a key focus in FY2022. The city updated its Water and Wastewater Master Plan along with conducting an Integrated Resources Master Plan. These plans will help guide the utility and provide the framework for future decisions on capital improvements, resources, ensure sufficient long- term resources, and provide for drought mitigation and contingencies. The integrated resource plan includes



diversified options for long term supply which will aid in growth, resiliency, and drought mitigation measures.

In 2022, construction continued on the North Lake Water Treatment Plant expansion will increase capacity by 30 percent, from 28 to 37 million gallons per day. The South Lake Water Treatment Plant expansion broke ground during summer of 2022. This expansion will double capacity to 44 million gallons per day. This is the single largest capital improvement project to date in the City's history. The plant will be completed in 2026. The plant is funded with revenue debt, developer impact fees and utility rate revenues.



The Water Utility is in the design phase of a resiliency project in which we are assessing generator needs for the water utility. These generators will be a combination of permanent and strategically sized with the capabilities of utilization at multiple sites.

The City has entered into an agreement with the Brazos River Authority (state agency in charge of water acquisition) and the City of Round Rock to evaluate long term water resources for the western Williamson County area. We are partnering to bring economies of scale and provide a regional solution that will provide long term resources to the entire area.

#### **Electric Fund Improvements:**

The Electric Fund saw significant increases in new development revenue and related CIP expense in 2022. Council adopted updated risk management policies to mitigate risk in the ERCOT energy market. Staff are implementing the changes to the policies. All electric fund reserves are projected to be fully funded at the end of FY2022. Standard and Poor's affirmed their A+ credit rating and moved from negative outlook to stable.

**Parks, Recreation and Open Space:** FY2022 included \$4M for land acquisition in the southeast side of town for a future park. The Heritage Community Garden held a grand re-opening celebration for the renovated community garden features 25 in-ground garden beds, 48 raised beds, and eight ADA-accessible beds, which are open for gardeners to begin planting flowers, vegetables, and fruit. Other renovations to the community garden include a new restroom facility, concrete sidewalks, a lighted parking lot, and a dumpster with a designated area for green waste that will be recycled offsite.

In 2022, the Council adopted an updated 10-year Parks and Recreation Master Plan. The plan identifies multiple improvements and additions to the City's parks and recreation offerings, including a new park on the southeast side of town, more trails, a skate park, and a recreation center, as well as improvements and expansions to existing programs and features. The plan was based on the community's priorities and values for recreation programs and services, including input from four public meetings and an open survey that received 2,036 responses, as well as 16 staff and stakeholder meetings.

The Parks and Recreation department worked with a consultant over the last year to conduct a cost recovery study. Activities included identifying direct and indirect costs for all

programming, and community engagement sessions to assign programming to cost recovery tiers based on a continuum of community benefit versus individual benefit. The study found that Parks is recovering around 45% of costs generally across the board of all programs. Council provided direction on cost recovery goals for the various types of programming. The department has proposed several fee increases to improve recovery in FY2023 to work towards meeting the recovery goals targeted by the Council

## **FY2023 BUDGET DEVELOPMENT**

The FY2023 Budget was developed within the context of the impact of inflation on personnel and operational supplies, commitments to complete programs initiated in prior years, as well as the need to keep up with the rate of growth we are seeing across the city. With these factors in mind, the proposed budget addresses the most significant impacts of growth on our workload and service levels.

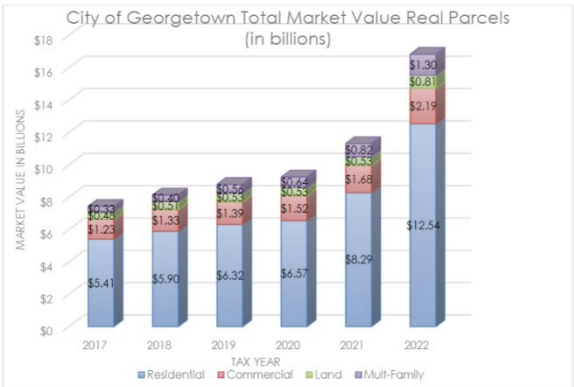
The budget assumes increased revenue in impact fees, permit fees, user fees and sales tax. Major themes of the budget are investments in transportation and utility infrastructure, public safety, and customer services. We propose adding 79.5 positions in key areas such as Public Safety, Water, Electric, Planning, Systems Engineering and additions to other areas, including 10 positions for potential over staffing. The budget also provides equipment and software needed for record-setting growth and development. Adequately funding these needs during Georgetown's sustained period of high growth contributed to an FY2023 budget that is \$239.5 million more than the original FY2022 adopted budget of \$483 million. Of this increase, \$160 million can be attributed to the growth in the City's FY2023 capital improvement program over the previous year.

Continued investments to address growth pressures are proposed with a \$274 million capital program. A strong commitment to capital improvements in streets, public safety, and water/wastewater is proposed to continue for FY2023. Tax-supported infrastructure investments include \$10 million for facilities, \$8 million for parks, and \$25 million for transportation. Utility sales revenue and development fee supported capital infrastructure includes \$13 million for the electric system, \$71 million for the wastewater treatment and transmission system, and \$100 million for the water treatment and transmission system.

The City Manager's proposed budget for FY2023 totals \$722 million, with \$274 million of that comprised of capital improvement projects. This amount is an 49.6% increase from the original FY2022 adopted budget. The increase in the General Fund budget is 6.5% over the FY2022 projection.

Property Tax Rate Impact

In the last five years, the assessed property value in the City has increased from \$8.1 billion to more than \$13.8 billion. New property/improvements for FY2023 totals \$985 million, which is a 71.9% increase over FY2022. The proposed budget includes a property tax rate of 37.4 cents per \$100 valuation, which is 2.7 cents lower than FY2022’s rate. This rate is split between 13.219 cents for Operations and Maintenance and 24.181 cents for general debt service. The tax rate follows the 3.5% limit on property tax growth without voter approval established by the Texas Legislature.



The average homestead property in Georgetown has increased in taxable value by 12 percent, up to \$340,164 in FY2023 from \$303,222 in FY2022. While the average homestead taxable value has increased by almost \$37 thousand, the average homestead market value has increased over \$137 thousand. Properties with a homestead exemption are eligible for a 10% cap on increases to their assessed value if the exemption was in place for the prior year with the current owner. Without lowering the tax rate or increasing the homestead exemption, the average taxpayer would see an increase of \$178 to their tax bill. The Council took action in June to provide tax relief to homeowners by increasing the homestead exemption to the higher of \$5,000 or 5%. By lowering the rate to 37.4 cents per \$100 of valuation and accounting for the increase in homestead exemption, the average bill is only expected to increase by about \$56. As previously noted, the increase in new property on the tax roll allows for sufficient revenue for the City’s operations and debt service. The City of Georgetown’s property tax rate is one of the lowest of all cities in the Austin MSA with a population greater than 20,000.

BUDGET HIGHLIGHTS

General Capital Projects

**Road Expansions and Mobility Bond:** Construction for the DB Wood road expansion from Oak Ridge to Williamson Drive at \$11.3 million. The Engineering Department completed an update to the list of qualified engineering firms that can help drive faster implementation of the 2020 mobility bond projects. Task orders were brought to the Council for approval in August to initiate design. .

**Sidewalks and Signals:** \$3.5 million is budgeted for intersection and sidewalk improvements downtown for sidewalks identified as Priority 1 in ADA/Sidewalk Master Plan.

**Parks Improvements:** The San Gabriel Park Renovation Phase 3 construction is budgeted for \$6.5 million, \$0.5 million for various parks safety improvements, and \$0.5 million for equipment replacement across the park system.

**Facilities:** The budget includes beginning construction on the downtown parking garage at Austin Avenue, partially funded with the American Rescue Plan grant, Downtown TIRZ certificates of obligation, and tax-supported certificates of obligation. The budget also includes \$1.6M to expand the City Center project to provide additional open space for public events. Design work for the renovation for Fire Station 1 will begin in FY23, with anticipated construction to follow in the next fiscal year. Facilities space pressures in multiple facilities will

be relived utilizing a lease of commercial office space for approximately 4 years. During this time the City will pursue the design and construction of a new building funded with a general obligation bond with an election planned in 2023

### **General Fund**

The major changes in the General Fund for FY2023 relate to public safety increases and responding to the demands of growth.

**Public Safety:** The FY2023 proposed budget continues a commitment to public safety through the ability to over hire in the Police and Fire departments. This will allow the City to fill the pipeline of new staff as we continue to see turnover and vacancies and allow us to get caught up with our strength of force. We also propose adding 2 positions in Police for investigations and crime scene response, as well as 3 positions completing the K9 program begun in 2022, and 4 patrol officers to improve response times amid population growth. The budget also includes 3 Battalion Chiefs in Fire for improving supervisory control.

Aside from personnel, we propose investments in our equipment. One of these enhancements is a boat with fire pumping capability to improve the response of emergency activities on Lake Georgetown. Cardiac monitor replacement, thermal imaging cameras and increases for medical supplies are included in the budget. An Assistant Emergency Management Coordinator is included to support the planning and training for emergency incident response.

**Planning and Inspections:** The budget includes a Fire and Life Safety Specialist for legacy and new inspections and contract funds for third-party inspections. A Permit Technician and Building Plans Examiner are added to respond to workload increases. A Senior Planner is added to manage the Downtown and Historic District and the implementation of a historic tax credit program.

**Parks and Libraries:** Population growth and expanded infrastructure also require additions to the budget to maintain service levels at the parks and library. The budget includes a Senior Parks Maintenance Worker to maintain expanded trail systems, and increases to the library collection.

**Public Works:** Transportation Planning Manager, Environmental Services Coordinator, Signs and Signals Technicians and Heavy Equipment Operators are all included in the budget to respond to pressures and added responsibilities in these service areas.

### **Utility Funds**

**Water Utility:** The investment in infrastructure continues to support the growth across our water and wastewater service area. The service territory is experiencing 5,000 new connections per year for water and 3,800 for wastewater. The utility also experienced significant inflation in contracts for chemicals and other supplies and services. The \$171 million capital program for FY2023 includes expanding treatment capacity at water and wastewater plants: Northlands, Pecan Branch, San Gabriel, Dove Springs, and South Lake. The program also includes storage tanks, lift stations upgrades, transmission lines, and the continuation of the significant investment in system resiliency from extreme weather conditions.



Given the expansion of infrastructure to keep the pace with growth our water department will need more resources to support the operations. The proposed budget includes 21 additional staff that will allow our water utility to operate more strategically and manage higher levels of growth. Our utility has made significant efforts in promoting water conservation as we see a strain on water treatment demand during the Summer months. In this budget we propose continuing our efforts by hiring 3 positions for water conservation. These additions will assist in our education and compliance of water customers, one of the many prongs to our approach in promoting conservation on top of our water rate structure.

A water rate cost of service study was updated to determine the rates and rate structure needed to equitably fund the water utility and promote conservation, including all costs associated with operating, maintaining, and expanding the utility to ensure the utility could maintain its operations and capital investments throughout the next 5 years. The results are an 11.5% increase across all customer classes effective October 1, 2022. This change results in an \$8 per month increase on a residential bill using 6,000 gallons. Georgetown water rates will remain competitive with the region. The study anticipates rates need to increase similarly over the next four years as additional infrastructure is constructed and new water sources are developed, as well as the increases in the costs of maintenance, chemicals and regulatory requirements.

**Electric Utility:** FY2023 includes load growth assumptions in residential, commercial, and industrial customer classes. This will increase both electric sales revenue and purchased power expenses. Line extension fees, connect fees, and distributed energy rates have all been reviewed. Developer contributions and CIP expense are conservatively estimated compared to FY2022's high growth rate. The budget includes several positions and supplies that support enhancing the technology and security of the electric system. An Administrative Assistant and Systems Operators are also added to address workload pressures. The continued improved financial condition of the fund result in the ability to increase the funding level of the rate stabilization reserve to \$25.6 million.

### **Employee Compensation and Benefits**

The FY2023 budget includes a compensation and benefits package that will allow the City to recruit and retain quality employees, one of the major goals of the City Council and a major challenge during this period of high inflation. The budget includes a merit-based increase in salaries averaging 5 percent for non-civil service. Market and step increases are included for public safety positions. The average increase for sworn police employees is 9.3%, and the average increase for sworn fire employees is 13%. Adjustments are included across the City for positions found to be trailing market comparisons.



*Departmental Employees of the Year-2021*

The budget reflects the amounts needed to fund the Texas Municipal Retirement System program, as well as health, dental and other medical and wellness benefits. After gathering feedback from current employees, several adjustments will be made to benefits including:

adding 2 holidays, increasing vacation accruals for new employees, covering a minimum of life insurance, and a daycare concierge service. In addition, the City continues to provide significant resources towards training to increase competency and career advancement opportunities for employees.

## CONCLUSION

The FY2023 proposed budget addresses pressures across the City due to substantial growth and to meet Council goals. The City will stay focused on our priorities in providing excellent service delivery to our residents and customers. The City continues to experience strong residential and commercial growth, and it is imperative that we continue to build for that growth not only with our infrastructure, but within our organization. We have also increased our risk mitigation efforts with additional staff and resources throughout the organization. The proposed budget is responsive to this dynamic with continued investments in public safety and other city services to maintain strong service levels and a high quality of life.

Sincerely,

A handwritten signature in blue ink, appearing to read 'David S. Morgan', written over a horizontal line.

David Morgan  
City Manager

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# **TABLE OF CONTENTS**

## **GENERAL FUND**

General Fund Summary.....	1
General Fund Schedule.....	23
General Fund Detailed Revenue Summary.....	24
General Fund Detailed Expense Summary.....	25
General Fund Budget Requests.....	56

## **ELECTRIC FUND**

Electric Fund Summary.....	61
Electric Fund Schedule.....	69
Electric Detailed Revenue Summary.....	70
Electric Detailed Expense Summary.....	71
Electric Budget Requests.....	80

## **WATER FUND**

Water Services Fund Summary.....	81
Water Fund Schedule.....	91
Water Detailed Revenue Summary.....	92
Water Detailed Expense Summary.....	93
Water Budget Requests.....	106

## **OTHER ENTERPRISE FUNDS**

Airport Fund Summary.....	109
Airport Fund Schedule.....	114
Airport Detailed Revenue Summary.....	115
Airport Detailed Expense Summary.....	116
Airport Budget Requests.....	119
Stormwater Drainage Fund Summary.....	121
Stormwater Fund Schedule.....	125
Stormwater Detailed Revenue Summary.....	126
Stormwater Detailed Expense Summary.....	127
Stormwater Budget Requests.....	130

## **SPECIAL REVENUE FUNDS (SRF)**

Special Revenue Funds Overview.....	131
Tourism Summary.....	135
Council Discretionary Fund .....	145
Georgetown Economic Development Corp.....	148
Georgetown Transportation Enhancement Corp.....	153
Street Maintenance Fund .....	159

## **INTERNAL SERVICE FUNDS (ISF)**

Facilities Maintenance Fund Summary.....	165
Facilities Maintenance Fund Schedule.....	167
Facilities Detailed Revenue Summary.....	168
Facilities Detailed Expense Summary.....	169
Facilities Budget Requests.....	170
Fleet Services Fund Summary.....	172
Fleet Services Fund Schedule.....	173

Fleet Detailed Revenue Summary.....	174
Fleet Detailed Expense Summary .....	175
Information Technology Fund Summary .....	179
Information Technology Fund Schedule.....	182
Inform. Technology Detailed Revenue Summary ...	183
Inform. Technology Detailed Expense Summary ....	184
Inform. Technology Budget Requests.....	190
Joint Service Fund Summary.....	192
Joint Service Fund Schedule.....	200
Joint Services Detailed Revenue Summary .....	201
Joint Services Detailed Expense Summary.....	202
Joint Services Budget Requests .....	216
Self-Insurance Fund Summary .....	218
Self-Insurance Fund Schedule.....	219

## **CAPITAL IMPROVEMENTS AND DEBT PROJECTS**

5 year Citywide Capital Project Summary.....	223
General Capital Projects .....	225
Debt Service Fund.....	245

## **REFERENCE**

Facilities - Replacement by Location .....	249
Fleet Replacement Schedule .....	250
FY2023 Proposed New Full Time Employees.....	260
Fleet Services FY2023 New Vehicle Requests.....	263
FY2023 Allocation Model Methodology Updates....	264
Fiscal and Budgetary Policy .....	268
Worker's Compensation Budget to Actual.....	298
Facilities CIP Presentation .....	299
Parks CIP Presentation.....	310
Water and Wastewater CIP Presentation.....	324