



FY2023

**PROPOSED
BUDGET &
CAPITAL
IMPROVEMENT PLAN**

Agenda

- Budget Context and Pressures
- Budget Focus and Planning
- Proposed Budget Overview
- Next Steps

Budget Context and Pressures

Development of the Current FY23 Budget

- Fastest growing City – pressures of maintaining pace
 - Residential home permits hit new levels
 - Water district growing even faster than City
 - Risk of not meeting goals for service levels
- Job market continues to be highly competitive
- Inflation costs, including fuel, supply chain challenges
- Continued work on Council goals

Budget Development Workshops with Council

- 1/11/22 FY22 Debt Summary
- 1/25/22 Parks Master Plan
- 2/27/22 Water Rate Study;
Police and Fire updates
- 3/8/22 Admin Cost Allocation Study;
Fiscal Policies
- 3/22/22 Parks Cost Recovery Model
- 5/10/22 Facilities Capital Program;
FY22 Mid Year budget amend.
- 5/24/22 Regional Transportation;
Library Strategic Plan
- 6/14/22 Homestead tax exemption;
Parks Capital Program;
Facilities Capital Program
- 6/21/22 Council quarterly work session:
employee recruitment and
retention
- 6/21/22 Water/ Wastewater Master
Plan, Water/WW Rates and
Capital Program;
FY23 Budget Pressures and
Themes
- 7/12/22 Tax Supported Capital; Fee
Review
- 7/19/22 FY2023 Budget Workshop

Budget Themes: FY22 to FY23

- Maintain service levels
 - Address rapid growth and significant inflation
- Execute on studies/projects initiated this year
- Address staff workload pressures
- Improve risk management practices
- Responding to a tight labor market through retention and attraction efforts

Maintain Service Levels

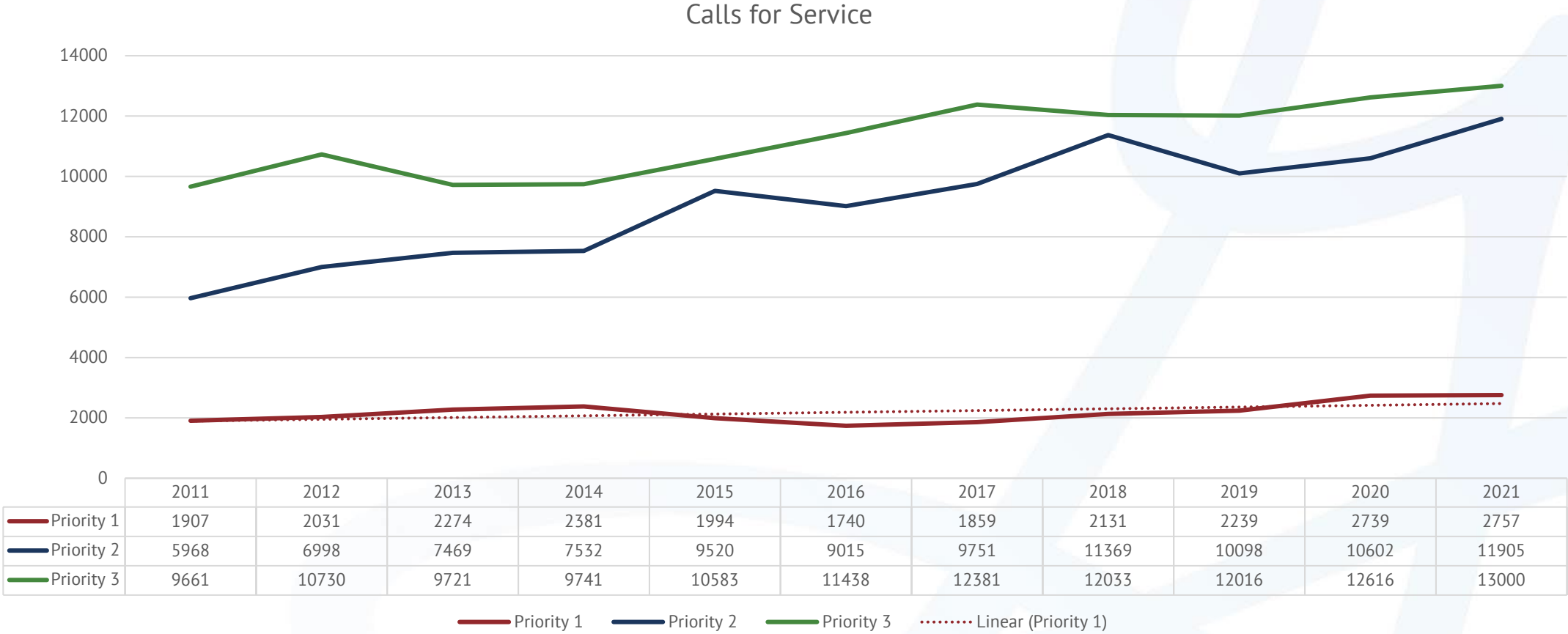
- 100% increase in development applications between 2019 and 2022
 - On pace for record 2,000 development applications in 2022
- 129% increase in single family building permits between 2019 and 2022
 - On pace for record 2,800 single family building permits in 2022
- 53% increase in building inspections between 2019 and 2022 (3,500 additional inspections)
 - On pace for record 10,000 building inspections in 2022
- Currently 7 new MUD or PID requests in the pipeline for approval
- Consistently over 100 active public infrastructure construction sites throughout the City
- 35% increase in total lane miles of streets to sweep from June 2021 – March 2022

Water Utility Growth

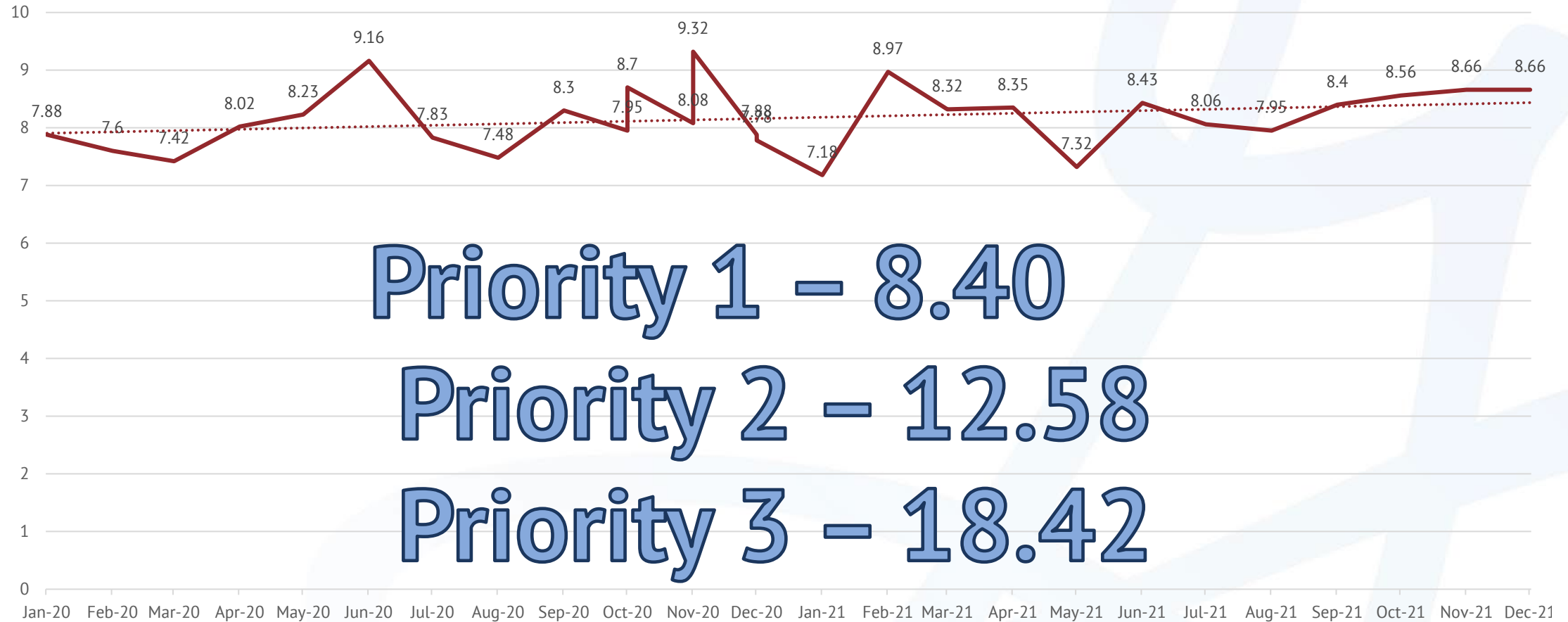
- 55% growth population served since 2016
- Water Growth since 2016
 - 55% growth in number of water meters
 - 56% growth in hydrants
 - 59% growth in valves
 - 23% growth in line miles
- Wastewater Growth since 2016
 - 38% growth in lines
 - 49% growth in man holes

Police Calls for Service

25% Increase
Since 2016



Priority Response Times



Risk Management

- Staffing for support areas that could put City at risk if not managed
 - Finance, Electric, Water, Emergency Mgt.
- Fire and life safety – oversight of development process
- Public safety – implementing staffing plan for police (patrol/K9)
- Contract legal and real estate support
- Capital Improvements – inspections and delivery of projects to meet growth demands (project mgt. staffing/consultant support)

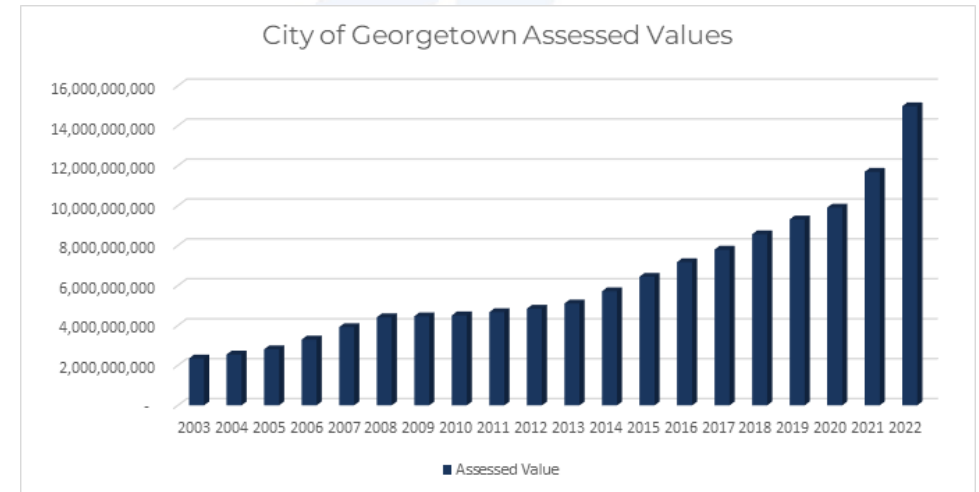
Recruitment and Retention - Compensation and Benefits

- Increase of average merit pay to 5% average – implement in January 2023
- Market review for city staff
- Civil service/Public safety current estimates of 9.3% average Police and 13% average raise for Fire
- Additional recognized holidays and vacation to meet benchmark comps
- Increase in benefit opportunities
 - Basic life insurance coverage paid by city
 - Daycare concierge
- Over hire funding to mitigate risk of turnover
 - Set aside funding to hire additional qualified applicants for difficult to fill positions, including public safety
 - City Managers Office, Finance, and Human Resources oversight

Budget Focus and Planning

Budget Revenue Assumptions (Property Tax)

- Growth of 35% in Values
 - \$985 million in new property
- Property Tax rate – proposed rate of \$0.374 (lower than current year of \$0.401)
 - \$0.132190 for operations (Decrease of 3.9 cents)
 - \$0.241810 for debt service (Increase of 1.2 cents)
 - Estimated increase in average tax bill of \$56
- Increase in homestead exemption approved by Council in May (Greater of \$5K or 5%)
 - Provides funded to continue to implement road bond program
- Average home value increased from \$303K in 2021 to \$340K in 2022

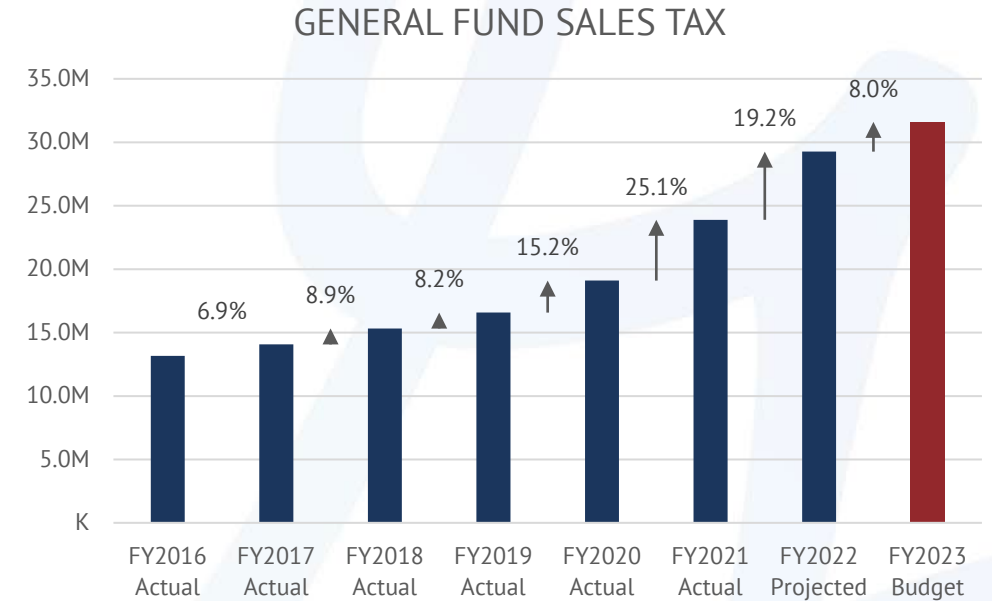


Budget Revenue Assumptions (Property Tax)

- General Fund (Operations and Maintenance)
 - \$17.0M in FY2022
 - \$18.6M in FY2023
- Debt Service (Interest and Sinking)
 - \$23.1M in FY2022
 - \$29.9M in FY2023

Budget Revenue Assumptions (Sales Tax)

- YTD trends and year-end estimates:
 - FY22 year-end estimate at \$28.5M
 - 19% or \$4.6 million increase over FY21
 - FY23 increase estimated at \$2.3M, or 8%
- Volatility caution – building materials make up 20% of year-to-date sales tax revenue
- Propose an increase to the Economic Stability Reserve from 6% to 8% of General Fund expenses.
 - \$2M increase



Budget Revenue Assumptions (Other Revenue)

- Fee Increases based upon cost recovery review; benchmark comparison and inflationary pressures
 - Planning and Inspections; Parks/Recreation, Library, Utility account fees; Fire department/EMS fees
- Payment in Lieu of Taxes– follows our fiscal policy of providing a 7% benefit for the community owning the utilities and a 3% franchise fee
 - Total: \$10,615,004
 - Electric \$5,500,000 (capped for FY23)
 - Water \$4,796,822
 - Storm \$318,182
- Planning/Permitting – FY2023 continues at FY2022 pace
- Emergency Services District #8 contribution consistent with contract and cost sharing model

Budget Components - Expense

- Base Budgets
 - Existing staffing, supplies, maintenance and costs
 - Inflation and fuel increases were included in base – 17% increase over FY2022 Amended Budget
 - Also includes increases in contracts and commodities – ex cost of water contract from Brazos River Authority, approved increases in audit contract, etc.
 - Full year of the 3% salary increases awarded by Council April 1, 2022
 - Full year of salaries for new positions added at mid-year to address growth
- Service Level Enhancements
 - New staffing, program funding to address growth, risk management or to maintain service levels
- Capital Improvements – plans for major projects in streets, facilities, parks, water/wastewater, election (usually partially debt funded)
- Debt Service – principal and interest payments on previously issued debt

Budget Assumptions – General Fund & Joint Services

- Public safety
 - Compensation increases related to market and step plan redesign
 - Fire enhancements for life safety/development planning; management structure
 - Funds to over-hire fire and police positions to address anticipated vacancies and address hold over staff challenges
 - Police patrol hiring, investigative and crime scene, and K9 implementation
- Public works – growth in transportation needs, solid waste and traffic management
- Administrative staffing enhancements to address risk and growth
 - planning, inspections, communications, engineering/inspection, economic development, finance/accounting
- Special Event support
- 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
 - 2 positions to dedicate towards maximizing our utility technology investment in metering and security
- Reserve levels continue to be enhanced

Budget Assumptions – Water Utility

- Significant number of proposed new staff positions to address rapid system growth, improve operational controls, prepare for future water and wastewater facilities
- Accelerated capital improvement program to complete South Lake Plant
 - Includes the lines to connect South Lake Plant to the system; electric connection, wastewater needs
- Funding for additional water resources through contracted water and evaluation of new water sources
 - Update on water resources expected from BRA by December
- Implementation of rate increases from FY23 cost of service study and continued update and review of rates and impact fees to address rapid growth pressures

Summary of New Staffing – By Fund

(detail will be reviewed in Fund section)

• General Fund	40.5
• Fire 4, Police 9, Planning 1, Parks 3	
• Communications 1, Arts 1, Library 0.5	
• Public Works 1, Environmental Services 1, Inspection Services 2	
• Admin Services 2, Community Services 1,	
• Streets 5	
• Over hire 10	
• Joint Services Fund	10.0
• Engineering 5, Accounting 1, Finance 1	
• Purchasing 1, Economic Development 2	
• Electric	6.0
• Electric Admin 1, Operational Tech 1, T&D Services 1	
• Electric Systems Operations 2, 1 Water AMI	
• Water	21.0
• Water Admin 5, Water Plant Management 4, Wastewater Plant Management 3	
• Water Conservation 3, Water Operations 5, Metering Services 1	
• Stormwater	1.0
• Stormwater 1	
• IT	1.0
• IT Infrastructure 1	
• TOTAL	79.5

City Team

- Employees are our greatest asset
- Work culture is important to our leadership team
- City Council prioritizes retention and recruitment of excellent employees to provide services to the community
 - Held a work study session on 6/21 to analyze trends and options

Compensation Changes

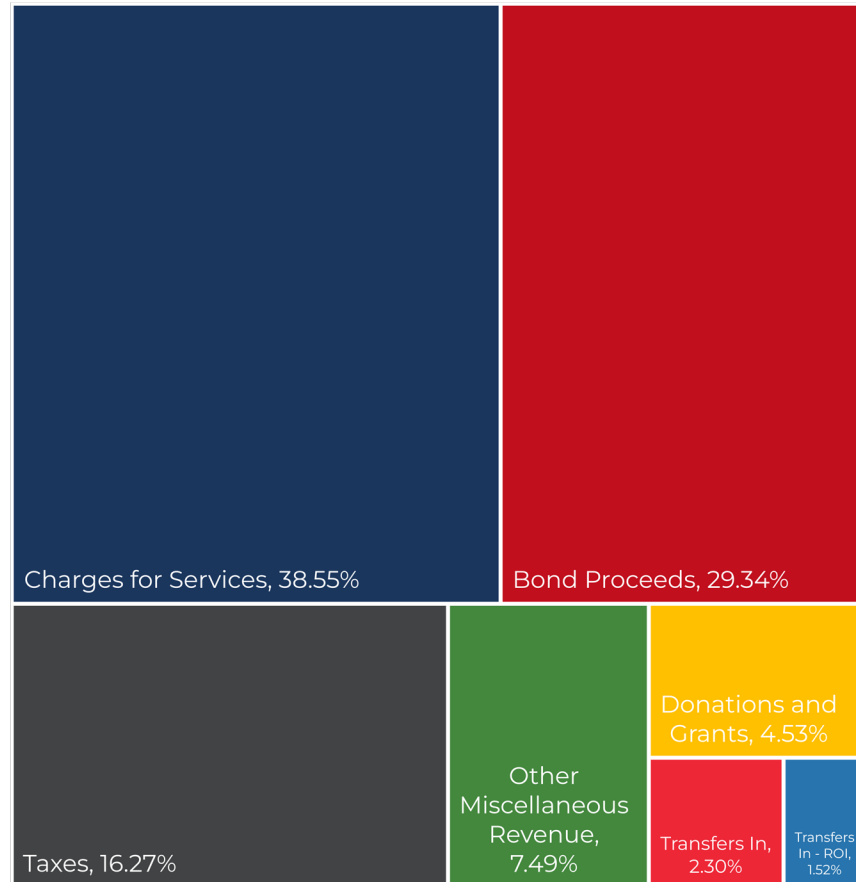
- Increase of average merit pay to 5% average – implement in January 2023
 - FY22 = 3% average in FY22; plus additional 3% provided in April
 - Implemented in January 2023 based upon performance evaluation
 - 4-6% range
- Market review for city staff - \$240K funded across all funds
 - Implemented October
- Civil service/Public safety \$1.8 M in additional compensation
 - Current estimates of 9.3% average Police
 - Current estimates of 13% average raise for Fire

Proposed Budget Overview

FY2023 City-Wide Budget

FY2023 REVENUES BY SOURCE (\$698M)

- Taxes
- Charges for Services
- Other Miscellaneous Revenue
- Donations and Grants
- Transfers In
- Transfers In - ROI
- Bond Proceeds



FY2023 EXPENSES BY USE (\$722m)

- Development Services, Communications, and Public Engagement
- Financial Services
- Community and Organizational Services
- Economic Development and Tourism
- Parks and Recreation
- Water Utility
- Administrative Services
- Electric Utility
- Public Safety



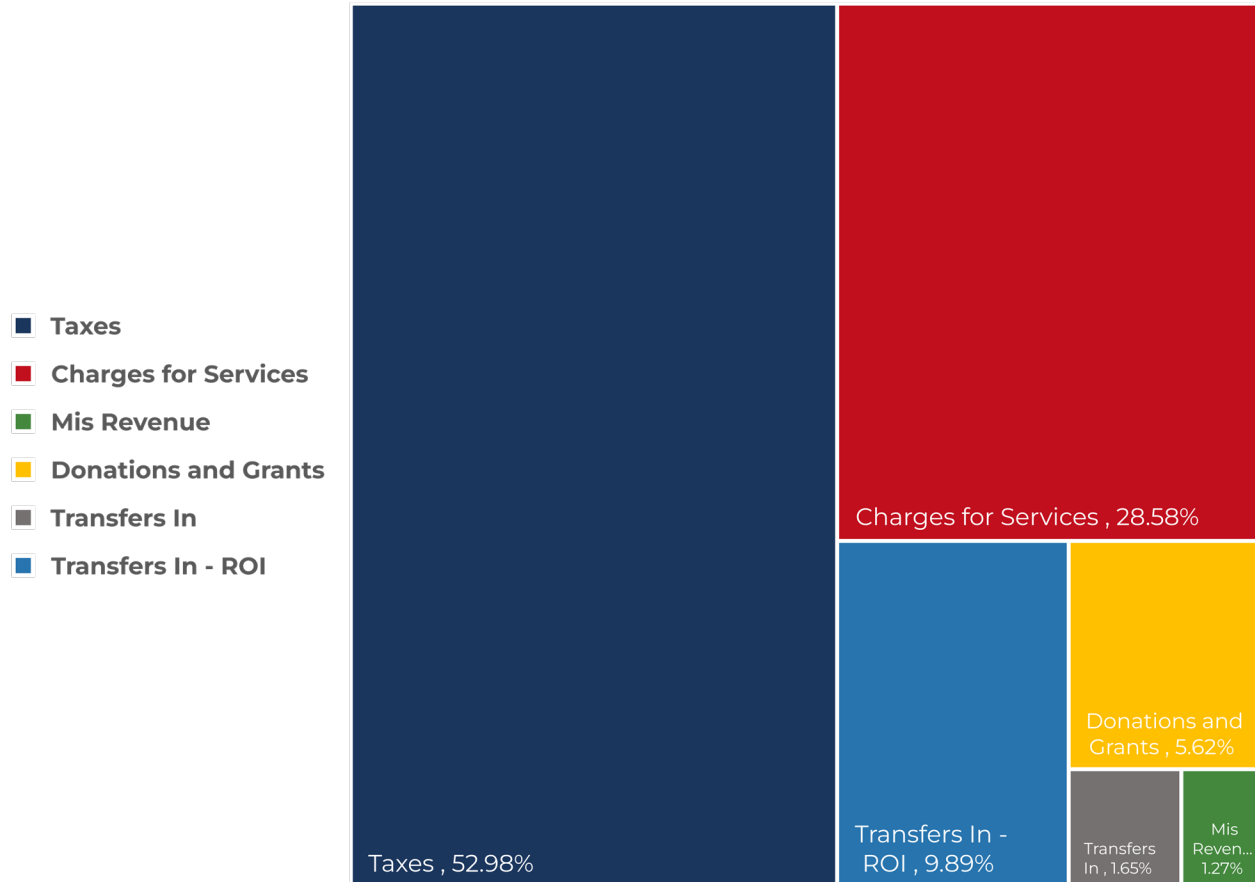
FY2023 – Major Expense Categories

- \$722 million total budget
 - \$374M in planned capital projects
 - General Capital Projects - \$55M
 - Electric - \$11.9M
 - Water - \$171.3M
 - \$61.9 million electric purchased power expense
 - \$67.5 million in water operations
 - \$71.3 million in debt service
 - \$51.4 million appropriated for public safety

General Fund

FY2023 General Fund

FY2023 REVENUES BY SOURCE - GENERAL FUND (\$107.2 M)

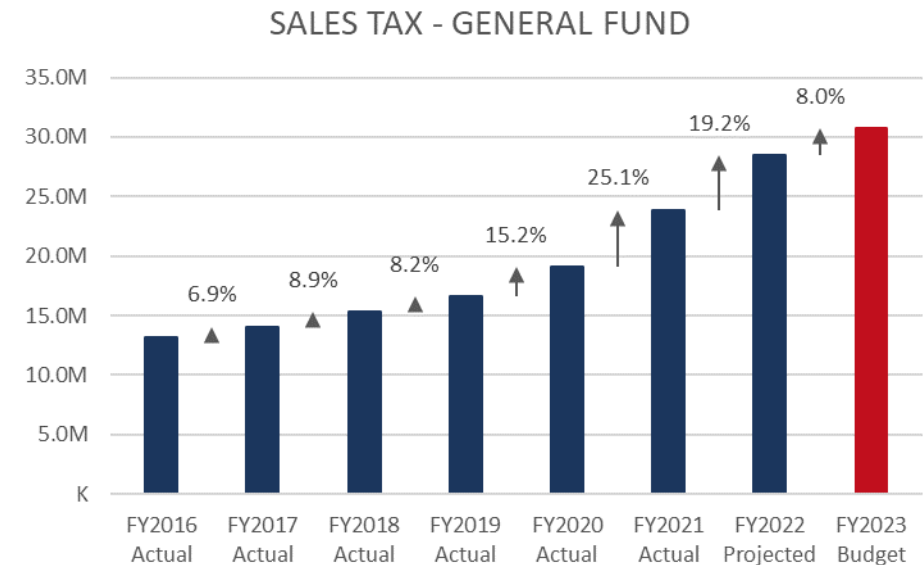


FY2023 EXPENSE BY SOURCE - GENERAL FUND (\$108.7 M)



General Fund – Sales Tax

- YTD trends and year-end estimates:
 - FY22 year-end estimate at 19% over FY21 = \$4.6 million increase
 - FY23 increase estimated at 8% over FY22 = \$2.3 million increase
- Volatility caution – building materials make up 20% of year-to-date sales tax revenue
- Increase to the Economic Stability Reserve from 6% to 8% of General Fund expenses.
 - \$2M increase



General Fund - Property Tax

- Growth of 35% in Values, total assessed value certified at \$10.2 billion
 - \$985 million in new property
- Increase in new property on tax rolls allows for sufficient revenue in O&M and I&S
- Property Tax - \$48.5 million
 - General Fund: \$18.6 million
 - Debt Service Fund: \$29.9 million

General Fund - Property Tax

- Proposed rate of \$0.374 per \$100 value anticipated
 - Lower than FY2022 rate of \$0.401
- Average homestead property
 - FY2022 - \$303,255
 - FY2023 - \$340,000
- Property Tax - \$48.5 million
 - Council increased the homestead exemption to \$5K or 5%
 - Average homeowner will pay \$56 more in property tax in the upcoming year

General Fund – FY2023 Property Tax Rate

- The proposed rate of \$0.374 per \$100 valuation is \$0.027 lower than the FY2022
- The no new revenue rate adjusted for sales tax is \$0.320961, which represents the rate that would be needed to produce the exact same revenue as the previous year
- **The Voter Approval Rate is \$0.374762**
- At the proposed rate of \$0.374, the estimated tax increase for the average homeowner would be about \$56
- The proposed tax rate includes the necessary funding for proposed operations and payment of debt

General Fund Highlights – Other Revenues

- Cost Recovery
 - Fee Increases based upon cost recovery review; benchmark comparison and inflationary pressures
 - Planning and Inspections; Parks/Recreation, Library, Utility account fees; Fire department/EMS fees
- Payment in Lieu of Taxes– follows our fiscal policy of providing a 7% benefit for the community owning the utilities and a 3% franchise fee
- Planning/Permitting – FY23 continues at FY22 pace
- Emergency Services District #8 contribution consistent with contract and cost sharing model

General Fund Highlights

- Planning Dept - address continued increase in applications
 - Senior Planner \$80K; Consulting support \$50K
- Inspections – address continued growth pressures
 - Building Plans examiner \$66K; Permit tech \$57K; 3rd party inspection services \$300K
- Environmental Services – continued growth and services
 - Environmental Services Coordinator and vehicle \$124K; clean up and special event services \$125K; Fuel surcharge for contracted trash service \$226K

General Fund Highlights – Public Safety

- Compensation Plan Fire and Police - \$1.8M
- Overstaffing funding - \$600K
- Fire
 - Life Safety Specialist \$115K; Time tracking/mgt software \$100K
 - Accreditation \$25K; Additional training \$75K
 - Fire rescue boat \$238K; thermal cameras \$18K
 - Three Battalion Chiefs \$573K
- EMS
 - Zoll monitors \$150K; Stretchers \$181K; Medical supplies \$40K
- Police
 - K9 Sergeant and 2 officers - \$419K; 4 patrol officers \$439K
 - Detective \$102K; Crime scene specialist \$117K

General Fund Highlights

- Communications
 - City 175th anniversary recognition \$75K; Branding impl.\$100K
 - Social Media coordinator \$70K; Street sales tax information outreach \$40K
- Arts and culture – address increased growth in events
 - Special events coordinator \$77K
- Emergency Management
 - Assistant coordinator - \$76K
 - AV equipment at Emergency Operations Center - \$125K

General Fund Highlights

- Library
 - PT Tech Services assist. \$21K; Digital streaming svcs \$48K
 - Library collection \$21K; Projector replacement \$40K
- Parks & Rec
 - Sr. Parks Maint Worker and vehicle \$64K; Mowing contract \$131K
 - Contract coord. \$54K; PT rec assistant \$21K; seasonal work \$10K
 - Seasonal worker pay increases \$50K
 - Indoor pool safety lighting - \$70K
 - Recreation Center feasibility study \$95K

General Fund Highlights

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 - Recreation Center feasibility study \$95K

General Fund Highlights

- Public Works
 - Transportation Planning Manager - \$129K
 - Streets signs and signal team – 1 foreman; 2 techs - \$399K
 - Equipment Operators (2)\$120K
 - Sign maintenance \$75K; Traffic Studies \$75K

General Fund Highlights

- City Managers Office and Administrative Services
 - Development Process Analyst \$60K (net impact)
 - 311 Analyst/Manager and funding for software \$202K
 - Development Fiscal impact model update \$40K
 - Employee Survey \$22K
- Lease for office space – to alleviate pressures at GMC and City Hall/Council Building – Est. Cost \$850K
 - Estimated three years for this temporary measure
 - Plans for election in 2023 for new building
 - Evaluating departments to move – non front facing
- Overstaffing funding – non public safety \$200K
 - To allow for hiring of excellent candidates in a process

Capital Improvements

Capital Improvements

- Continued significant investments to address growth pressures
 - Property tax supported – facilities, public safety, parks, roads, sidewalks
 - Rate and fee supported – water/wastewater, electric, stormwater drainage, airport, and sanitation
 - Sales tax supported – City’s 4A and 4B corporations

FY2023-FY2027 CIP	FY2023	FY2024	FY2025	FY2026	FY2027	Beyond 5-Years
120 General Capital Projects	62,610,550	45,392,292	49,434,315	54,465,915	27,790,350	177,432,100
400 GTEC Projects	20,000,000	-	-	-	-	-
602 Airport Operations - Projects	174,000	44,700	225,500	284,400	336,100	-
612 Electric Services - Projects	13,141,940	8,529,900	8,620,000	8,414,900	7,773,099	-
642 Stormwater Services - Projects	657,500	800,000	800,000	800,000	800,000	500,000
662 Water Services - Projects	171,275,000	50,750,000	269,700,000	20,500,000	206,900,000	-
Grand Total	267,858,990	105,516,892	328,779,815	84,465,215	243,599,549	177,932,100

Electric and Water Funds

Budget Assumptions - Electric

FY2022 Projections

- Electric sales revenue slightly above budget at \$86.9 million
 - Original projections made prior to prolonged period of hot weather
 - Revised projections result in increased purchase power expenses and increased sales revenue
- Fees total \$3.6 million
 - Includes renewable energy credits (REC) at \$2.75M; higher than budget due to favorable market
 - Developer Contributions on budget at \$12 million
- Total operating revenue project to end FY2022 at \$107 million

Budget Assumptions - Electric

FY2022 Projections

- Projected to come in higher than budget at \$118 million
 - Purchased power associated costs are projected to come in \$3 million more than budget.
Total FY2022 projection is \$58.5 million expected expense.
- Non-operating projections align with budget at \$35.1 million
- Capitalization of labor will occur at year-end as a balance sheet entry

Budget Assumptions - Electric

FY2023 Budget

- Electric sales revenue on budget at \$90.5 million
 - Growth assumptions of 1.75% for retail residential
 - Industrial load increased for new economic development projects, conservative assumptions
- Fees total \$3.6 million. Proposed budget includes feedback on fee increases received
 - Includes renewable energy credits (REC) at \$1.2M
 - Developer Contributions on budget at \$6 million
 - \$556 thousand in revenue generated from various fee adjustments

Budget Assumptions - Electric

- Electric sales revenue continued growth
 - Growth assumptions of 1.75% for retail residential
 - Industrial load increased for new economic development projects, conservative assumptions
 - Renewable energy credits at \$1.2M
- Power Costs estimated at \$61.9M for FY2023
- FY2023 ending fund balance totals \$49.4 million
 - Reserve totals \$46 million

Budget Highlights - Electric

- Staffing increases to address growth, projects and security
 - Administrative Assistant - \$77K
 - Operations Technology – Water AMI Analyst - \$124K; Metering Tech \$161K; SCADA Analyst \$145K
 - Control Center/Locates – 1 Operator \$93K; 1 Utility System Locator \$144K
- Operational Technology:
 - Data plans for AMI Network - \$15,500
 - Network supplies - \$20,500
 - Cybersecurity Assessment - \$22,500
 - SCADA Maintenance - \$9,300
 - Shared Operational Technology vehicle - \$45,800

Budget Highlights - Electric

- Electric Administration
 - Employee recognition - \$36,600
- Electrical Engineering
 - ANB Systems - \$18,000

Budget Assumptions - Water

FY2022 Projections

- Water and Wastewater sales total \$56.9 million
 - Over budget due to hot, dry weather
- Fees slightly over budget at \$9.1 million
- Impact fees total \$42.3 million, significantly over budget due to growth
- Total operating revenue projected to end FY2022 \$15.5 million over budget

Budget Assumptions - Water

FY2022 Projections

- Water operations projected to come in slightly higher than budget.
 - Primarily driven by increase costs associated with chemicals, sludge hauling, repair and maintenance of aging equipment, and an increase in lab testing expenses.
- Non-operating expenses projected to end the year at budget, or \$354 million

Budget Assumptions - Water

FY2023

- Water and Wastewater sales projected at \$71.3 million
 - Growth assumption of 5,000 water connections and 3,800 wastewater connections per year
 - Rate increases 11.5% across all customer classes on water and wastewater effective October 1
 - \$8/month impact on residential customer
 - Changes in multifamily and builder rates to increase equity among customer classes
- Fees total \$9.6 million; includes adjustment of various fees
- Impact Fees at \$44.8 million; to be assigned to eligible capital projects as cash contributions or to repay debt service
- FY2023 operating revenue totals \$128 million

Budget Assumptions - Water

- Non-operating revenue total \$121 million
 - \$120 million in bond proceeds for capital improvement projects
- Operating expenses total \$74.1 million, 28% increase over FY2022 projections
 - Includes increase in wholesale water purchase, chemicals, laboratory services, electricity costs, and other inflationary increases
- Non-operating expenses total \$194 million
 - Debt service - \$17.5 million. Increase from prior fiscal year due to the first year of repaying the South Lake Water Treatment Plant project.
 - New capital improvement projects total \$171.3 million. With continued strong residential growth in the area, the updated Water/Wastewater Master Plan shows a need for increased treatment, distribution, and resiliency infrastructure
- Ending fund balance is budgeted at \$76 million
 - Reserves total \$55 million

Water Fund Highlights

- Increase in staffing to address growth and new infrastructure
 - Additional assistant director position
 - Conservation support staff (3) \$323K
 - Plant operators (4 Water \$479K) (2 Wastewater - \$256K)
 - 4 utility infrastructure mechanics - \$255K
 - 1 WW pretreatment tech and update of program to TCEQ - \$896K
 - 5 water trainees \$483K; 1 supervisor \$124K
- Edwards Aquifer protection
 - Smoke testing \$1.2M
 - Cameras \$280K

Water Fund Highlights

- New vac truck \$615K
- Facilities Assessment – buildings not currently in the maintenance provided by internal services - \$150K
- West Side Service Center enhancements - \$120K

Airport and Stormwater Funds

Budget Assumptions - Airport

FY2022 Projections

- Operating revenue totals \$5 million, 17% over budget
 - Primarily driven by increase in fuel sale revenue
- Operating expenses total \$4.8 million
 - Over budget due to increase in fuel relate expenses
- Non-operating revenue totals \$566 thousand which reflects bond proceeds for a storage facility at the Airport and grant revenue received from the CARES act
- Non-operating expense totals \$1.4 million, which is in line with budget

Budget Assumptions - Airport

FY2023 Budget

- Operating revenue totals \$5 million
 - Forecasted fuel sales in line with FY2022 projections
- Operating expenses total \$5.2 million, 9.4% increase over FY2022 budget
 - Increase in operations, operating capital for equipment, and an increase in fuel expense to align with FY2022 projections
- Non-operating revenue - no new grant revenue or bond proceeds are programmed into the FY2023 budget
- Non-operating expense totals \$395 thousand for debt service
- Budgeted ending fund balance totals \$1.2 million
 - Total reserves - \$586 thousand

Airport Fund Highlights

- Terminal remodel and furniture replacement - \$237,000
- 3 additional vehicles – two trucks and a courtesy vehicle
 - ½ ton truck - \$39,303
 - ¾ ton truck - \$62,953
 - Courtesy vehicle - \$38,303

Budget Assumptions - Stormwater

FY2022 Projections

- Operating revenue totals \$4.4 million
- Operating expenses total \$4 million
- Non-operating revenue totals \$500 thousand for various curb and gutter related projects
- Non-operating expense totals \$2 million, which include capital improvement projects and the Stormwater funds debt obligations

Budget Assumptions - Stormwater

FY2023 Budget

- Operating revenue totals \$4.6 million
 - Budgeted increase predominantly from customer growth
 - Cost of service study will be initiated in FY2023 to ensure stormwater charges align with increases in meeting regulatory requirements and additional infrastructure needs
- Operating expenses total \$6.4 million, 54% increase over FY2022 projects
 - Increase driven by the results of the FY2022 City-wide allocation study
- Non-operating revenue totals \$658 thousand. This includes \$300 thousand for preliminary engineering design for drainage improvements and flood mitigation as well as \$357 thousand for a street sweeper

Budget Assumptions - Stormwater

FY2023 Budget

- Non-operating expense totals \$850 thousand to continue the curb and gutter capital improvement effort, appropriation for the street sweeper, and the funds debt service payment
- Service Level Enhancements include:
 - Heavy Equipment Operator - \$48 thousand
 - Streetsweeper - \$337 thousand
 - Funding for a strategic plan - \$200 thousand
- Ending fund balance is budgeted at \$1.2 million
 - Reserve total \$860 thousand

Special Revenue Funds

Budget Highlights - Tourism

FY2023 Budget

- Revenue total \$1.7 million
 - Continue to see increase in Hotel Occupancy Tax
- Expenses total \$1.9 million
 - Short term rental hotel occupancy tax compliance software - \$20 thousand
 - Design consultant for the Visitors Center - \$100 thousand
 - Temporary bollards (funded by the Downtown TIRZ) - \$60 thousand
 - Public WIFI enhancement for Red Poppy Festival – 25 thousand
- FY2023 ending fund balance totals \$1.6 million
 - Reserve total - \$1.6 million

Budget Highlights – Council Discretionary

FY2023 Budget

- Beginning fund balance totals \$5 million
 - Council may hold these funds until they identify appropriate one-time uses
- Expenses total \$2.3 million
 - \$1 million programmed for engineering and construction work on Wolf Ranch Parkway, FM 971, and HWY29
 - \$277 thousand for one-time costs associated with the new lease agreement
 - \$1.1 million programmed to help increase the Economic Stability Reserve in the General Fund from 6% to 8% of operating expenditures
- FY2023 ending fund balance totals \$2.6 million

Budget Assumptions – Street Maintenance

FY2023 Budget

- Beginning fund balance totals \$3.2 million
- Revenue totals \$6.3 million
 - Primary revenue source is ¼ cent sales tax
- Expenses total \$6.8 million
 - \$6.5 million dedicated to street maintenance projects
 - \$1 million programmed for use during the year as outlined by Systems Engineering
- FY2023 ending fund balance totals \$2.5 million
 - Reserve total - \$750 thousand

Budget Highlights – GTEC

FY2023 Budget

- Beginning fund balance totals \$24.4 million
- Revenue totals \$33.7 million
 - Primary revenue source sales tax, 8% increase over FY2022 projections
 - \$20 million in bond proceeds to cost-share funding with TXDOT for IH-35 to Wolf Ranch Parkway widening
- Expenses total \$29 million
 - \$4.3 million dedicated to economic development agreements and incentives
 - \$20 million for IH-35 to Wolf Ranch Parkway widening
 - \$4.5 million in dedicated debt service
- FY2023 ending fund balance totals \$29.2 million
 - Reserve total - \$7.5 million

Budget Assumptions – GEDCO

FY2023 Budget

- Beginning fund balance totals \$2.7 million
- Revenue totals \$3.4 million
 - Primary revenue source sales tax, 8% increase over FY2022 projections
- Expenses total \$4.6 million
 - \$3.5 million dedicated to economic development agreements and incentives
 - \$1 million in operating expenses
 - \$ 92 thousand for debt service
- FY2023 ending fund balance totals \$1.5 million
 - Reserve total - \$1.1 million

Budget Highlights – Tax Increment Reinvestment Zones (TIRZ)

Meetings held with board August 4-5th for review of projects and annual financial reports

- Williams Drive Gateway – no programmed expense
- Rivery – debt service and administrative expense
- Downtown – administrative expense and transfer to general fund for concierge service (\$35 thousand)
 - Wayfinding signage - \$150 thousand
 - Bollards - \$60 thousand (requested in CVB)
 - Art - \$15 thousand
 - \$52.5 thousand for design for signature gateway
- Wolf Lakes – administrative expense

Internal Service Funds

Budget Highlights – Facilities

FY2023 Budget

- Meets 90-day contingency requirement and capital reserve requirement
 - Council transferred funds from Council Discretionary as part of the mid-year amendment in FY2022
- Highlights include an additional trailer \$13K and cubicles reconfiguration at \$450K to be used as needed after the shift to additional leased office space

Budget Highlights – Fleet

FY2023 Budget

- Includes the purchase of all replacement vehicles for FY23 and the vehicles for proposed new staff
- Will be evaluating various options for fleet due to continued supply chain issues delaying delivery of vehicles
- Total expenses are budgeted at \$12.4 million
 - \$3.8 million for public safety vehicles
 - \$1.4 million for Electric Utility vehicles and equipment
 - \$4.3 million for various city-wide replacement vehicles

Budget Highlights – Joint Services

FY2023 Budget

- Year 1 of 2 to fully implement the cost allocation study – Joint Services is 100% allocated out to other funds
- Finance
 - Treasury Analyst to assist with bond program management \$87K
 - Budget book software \$12K
- Accounting
 - Senior Accountant – compliance \$86K
- Purchasing
 - Purchasing supervisor \$78K
- Customer Service
 - Upgrade of customer information system to the cloud version \$1.5M

Budget Highlights – Joint Services

FY2023 Budget

- Organizational and Operational Excellence
 - Performance management platform - \$120K
 - Arbinger development strategies - \$50K
 - Arbinger instructor development - \$20K
 - Innovation project funding - \$25K
- Systems Engineering
 - Project Manager \$146K
 - Development Engineering outside consulting services \$700K
 - Senior Public Improvements Inspections (3) \$361K
 - Utility scheduler/planner \$121K

Budget Highlights – Joint Services

FY2023 Budget

- Economic Development
 - Administrative Assistant \$77K
 - Special Events and Marketing Coordinator \$63K
- Human Resources
 - Executive Mentorship/Coaching \$63K
 - Manager training on interviewing and hiring
 - Emergency childcare services concierge \$30K
- Real Estate Services
 - Appraisal contracts \$30K
 - Consulting on projects \$50K

Budget Highlights – Information Technology

FY2023 Budget

- Fiber – design services \$50K; Bucket truck \$67K
- AV redesign at the Public Safety Operations and Training Center \$20K
- Senior IT support specialist \$69K
- Security audits, cybersecurity improvements and other one time costs \$230K
- Building lease agreement - \$370,581

Budget Highlights – Self Insurance

FY2023 Budget

- Revenue totals \$13 million
 - Includes a medical premium increase of 7% for employees and a 10% increase for employer starting January 1, 2023
 - Includes a 3% dental premium for both employee and employer beginning January 1, 2023
- Expenses total \$13.4 million
 - Medical and pharmacy claims budgeted 4% over FY2022 projections
 - Stop loss budgeted 15% higher than FY2022 projections
 - \$80 thousand to cover costs associated with recreation center memberships used by City employees.

NEXT STEPS



FY2023 Budget Summary

- FY2023 City Manager Proposed Budget addresses:
 - Pressures across the City due to substantial growth
 - Aims to align with Council goals
 - Remain focused on priorities in providing excellent service delivery to our residents and customers
 - Build for growth both related to infrastructure needs as well as within our organization
 - Increase risk mitigation effort through additional staff and resources
 - Continue to invest in public safety to maintain strong service levels and a high quality of life
 - Focus on employees through various recruitment and retention efforts

FY2023 Proposed Budget Calendar

- Aug 9: Regular Meeting: City Manager's proposed budget; set max tax rate, & set dates for Public Hearings
- Aug 23: Regular Meeting: public hearings, 1st reading of the budget, 1st reading of the tax rate, fee/rate ordinances
- Sep. 13: Regular Meeting: 2nd reading of the budget, 2nd reading of the tax rate, fee/rate ordinances

Public Outreach

- Draft workbook and presentation posted at finance.georgetown.org
 - Comment box online
 - Future - proposed Budget (8/5) posted
 - City website and eBook at Library; Facebook
 - Press release on proposed budget
 - Social media education campaign
- Public Hearings on Budget and Tax Rate 8/23
- Adopted Budget in Brief published on website
- Adopted Budget (full book) published on website/library
- News release on adopted budget