



FY2023

PROPOSED  
BUDGET &  
CAPITAL  
IMPROVEMENT PLAN

# Agenda

- Budget and Tax Rate Review
- Conduct Budget Public Hearing
- Conduct Tax Rate Public Hearing

# 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

# 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

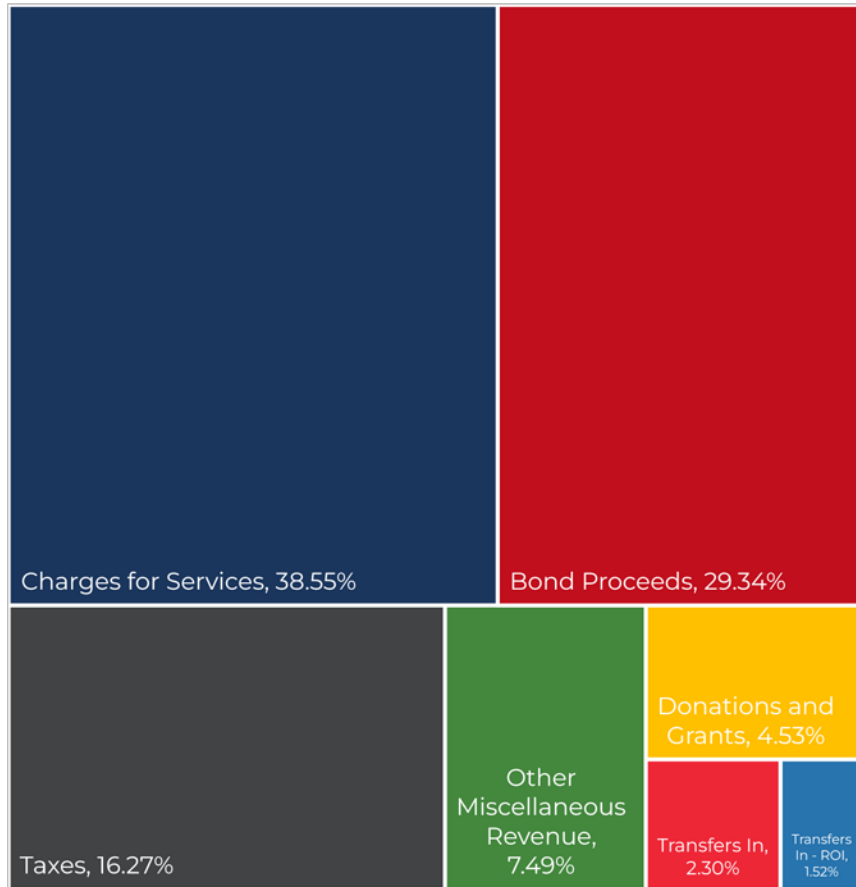
- 1/11/22 FY22 Debt Summary
- 1/25/22 Parks Master Plan
- 2/27/22 Water Rate Study;  
Police and Fire updates
- 3/8/22 Admin Cost Allocation Study;  
Fiscal Policies
- 3/22/22 Parks Cost Recovery Model
- 5/10/22 Facilities Capital Program;  
FY22 Mid Year budget amend.
- 5/24/22 Regional Transportation;  
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
- 8/9/22 FY2023 Proposed Budget  
presentation

# Budget Overview

# FY2023 City-Wide Budget (All Funds)

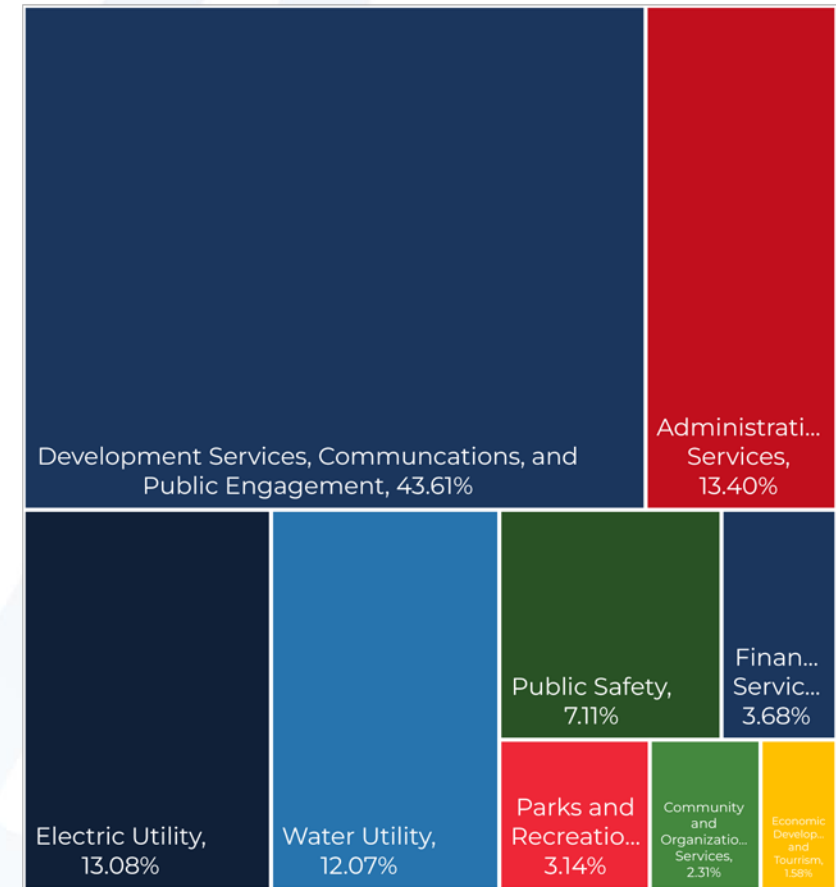
FY2023 REVENUES BY SOURCE (\$698M)

- 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 Revenue and Expense Categories

<b>SOURCES AND REVENUE</b>	
Taxes	113,758,879
Fines and Penalties	1,561,598
Investment Income	966,343
Charges for Services	269,442,792
Other Miscellaneous Revenue	49,825,839
Donations and Grants	31,669,490
Transfers In	16,094,862
Transfers In - ROI	10,615,004
Bond Proceeds	205,047,005
Bond Premium	-
<b>SOURCES AND REVENUE TOTAL</b>	<b>698,981,812</b>

<b>POC</b>	
Personnel	97,474,691
Operations	236,220,225
Operating Capital	16,353,165
CIP Expense	274,114,990
Transfers	26,789,866
Debt Service	71,342,632
<b>POC TOTAL</b>	<b>722,295,570</b>

- Total expenses exceed total revenues because of significant beginning fund balances that will be used to cover capital projects and other one-time expenses
- Total reserves \$163M (operating contingency, reserves for capital/debt, electric rate stabilization)

# 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

# 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 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 - 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

- Power Costs estimated at \$61.9M for FY2023
- FY2023 ending fund balance totals \$49.4 million
  - Reserve totals \$46 million

# 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



# 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

# Summary of New Staffing – By Fund

(detail will be reviewed in Fund section)

• <b>General Fund</b>	<b>40.5</b>
• 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	
• <b>Joint Services Fund</b>	<b>10.0</b>
• Engineering 5, Accounting 1, Finance 1	
• Purchasing 1, Economic Development 2	
• <b>Electric</b>	<b>6.0</b>
• Electric Admin 1, Operational Tech 1, T&D Services 1	
• Electric Systems Operations 2, 1 Water AMI	
• <b>Water</b>	<b>21.0</b>
• Water Admin 5, Water Plant Management 4, Wastewater Plant Management 3	
• Water Conservation 3, Water Operations 5, Metering Services 1	
• <b>Stormwater</b>	<b>1.0</b>
• Stormwater 1	
• <b>IT</b>	<b>1.0</b>
• IT Infrastructure 1	
• <b>TOTAL</b>	<b>79.5</b>

# 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	-
<b>Grand Total</b>	<b>267,858,990</b>	<b>105,516,892</b>	<b>328,779,815</b>	<b>84,465,215</b>	<b>243,599,549</b>	<b>177,932,100</b>

\*does not include street maintenance special revenue fund expense

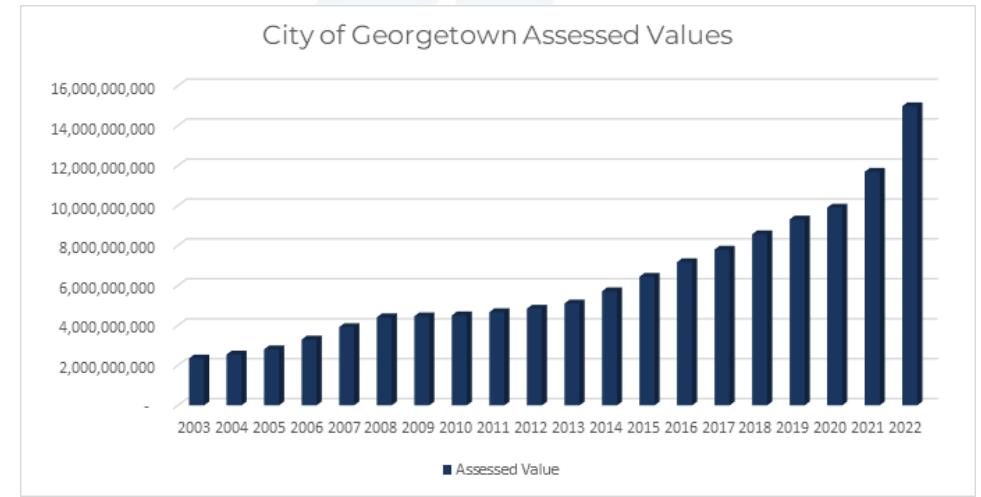
# Property Tax Rate Overview

# Property Tax Rate

- Current FY2022 rate \$0.401
- **The proposed FY2023 rate of \$0.374000**
- 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 (3.5% cap)

# Property Tax Rate

- Growth of 35% in Values
  - Total certified taxable value \$10.2 billion
  - \$985 million in new property
- Property Tax rate – proposed rate of \$0.374
  - \$0.132190 for operations (Decrease of 3.9 cents)
  - \$0.241810 for debt service (Increase of 1.2 cents)
- Increase in homestead exemption approved by Council in May (Greater of \$5K or 5%)
- Average taxable home value increased from \$303K in 2021 to \$340K in 2022
- Estimated increase in average tax bill of \$56



# Property Tax Revenue

- 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



# Summary of Public Outreach

# Public Outreach

- Proposed budget and presentation posted online <https://finance.georgetown.org/>
  - Comment box
  - Full document with narrative overview, financial statements and line-item detail
  - Social media education campaign
- Tax Assessor/Collector's website [[www.williamsonpropertytaxes.org](http://www.williamsonpropertytaxes.org)]
- Public Hearings on Budget and Tax Rate 8/23



# Public Outreach - Feedback

- City of Georgetown Online Comment Tool
  - Results will be collected up until the hearing date and presented during the hearing
- Tax Assessor/Collector's Online Comment Tool (required by state law)
  - Results will be collected up until the hearing date and presented during the hearing

# NEXT STEPS



# FY2023 Proposed Budget Calendar

- Aug 23: Regular Meeting: public hearings, 1st reading of the budget, 1st reading of the tax rate, fee/rate ordinances, public safety strength of force ordinances
- Sep. 13: Regular Meeting: 2nd reading of the budget, 2nd reading of the tax rate, fee/rate ordinances, public safety strength of force ordinances
- Oct 1: New fiscal year