



AGENDA MEMO
9/1/2020 Agenda

TO: Honorable Mayor and City Council

FROM: Thomas W. Tvardzik, Finance Director

SUBJECT: Public Hearing - FY2021 Budget

BACKGROUND:

The Texas Local Government Code (Section 102.006(b) requires that a budget hearing be held no sooner than 15 days after the budget is filed with the municipal clerk, and before the date of the tax levy. Using August 14th as the original budget filing date, a hearing commencing on September 1, meets both of these requirements without adding a special Council session.

T.L.G.C. 102.007 requires the City take some sort of action on the budget at the conclusion of the hearing. This action could be the adoption of the budget, or else a vote to postpone the final budget vote. It is generally accepted that the City need not adopt the budget at the end of the hearing. For ease of administration, it would be appropriate to vote to postpone the budget vote until the City Council meeting of September 15, 2020.

Proposed budget

The proposed FY2021 budget of \$55,229,327 (all budgeted funds) is 0.5% higher than the adopted FY2020 budget of \$54,932,642.

Highlights of the proposed budget include:

- A 0.9% increase (year-over-year) in the City's certified property tax base, from \$8.3 billion to \$8.4 billion.
- A \$202,122 (0.6%) increase in General Fund expenditures.
- A \$509,000 (3.9%) DECREASE in non-tax revenues.
- A \$711,122 (3.3%) increase in property tax revenue from FY2020, to achieve a balanced General Fund budget. This increase requires a calculated property tax rate of 26.4750 cents per \$100 of taxable value - an increase of 0.6202 cents (or 2.4%), from FY2020.
- Fee and rate changes:
 - No change to:
 - General Fund fees,

- Water rates,
 - Sewer rates, or
 - Storm Water rates.
- A 5% increase in all sanitation rates. The increase is necessary to pass-thru higher landfill rates as well as to offset newly imposed recycling charges (which was previously a revenue generator) while maintaining a balanced budget.
- No change to budgeted sales tax or building permit revenues
- Continued funding of equipment purchases at 105% of depreciation charge,
- A 5% increase in “pay-as-you-go” capital project funding, to \$7.2 million.
- Salaries and Benefits changes:
 - A resumption of merit-based increases after a 1 year moratorium,
 - No change in healthcare cost funding,
 - A decrease in the TMRS funding rate from 10.18% to 8.8%, in accordance with TMRS guidance, and
 - Funding of the FFRF Pension Plan at the actuarially determined, level-dollar amortization amount of \$1.365 million per year, over a 28.75 year closed period.

RECOMMENDATION:

Open the public hearing and invite comments on the proposed budget.

At the conclusion of the hearing, vote to “postpone the vote” until the Council meeting of September 15, 2020.

ATTACHMENTS:

- Budget Cover Page
- Budget Hearings Notice
- Budget Memo – prepared by City Manager to serve as a budget overview.
- Proposed Budget by Fund and Department - serves as a high-level budget summary.
- Property Tax Impact –illustrates the process used to calculate the property tax rate and the effect that rate will have on a typical single-family within the City.
- Budget Report Detail