

Budget Proposal FY 2019-2020

**Keith Bonds
City Manager**

Presented July 25, 2019

Budget Assumptions

- Overall strong financial position with healthy reserves.
- Sales tax revenues steadily increasing.
- Moderate 3.5% growth in property values.
- Property tax rate increase of 4.9¢.
- Minimal rate increase for water and sewer.
- No rate increase for sanitation.
- Health fund in much stronger financial position.
- Market pay plan for general government employees.

FY18-19 Year-End Estimate

	FY 18-19 Budget	FY 18-19 Year-end	FY 18-19 Surplus
Beginning Fund Balance	\$13,009,117	\$15,421,713	\$2,412,596
Revenues	\$67,836,846	\$70,134,891	\$2,298,045
Expenditures	<u>*\$69,628,752</u>	<u>\$69,985,330</u>	<u>(\$356,578)</u>
Ending Fund Balance	<u>\$11,217,211</u>	<u>\$15,571,274</u>	<u>\$4,354,063</u>
	<u>16.11%</u>	<u>22.25%**</u>	

* includes encumbrances

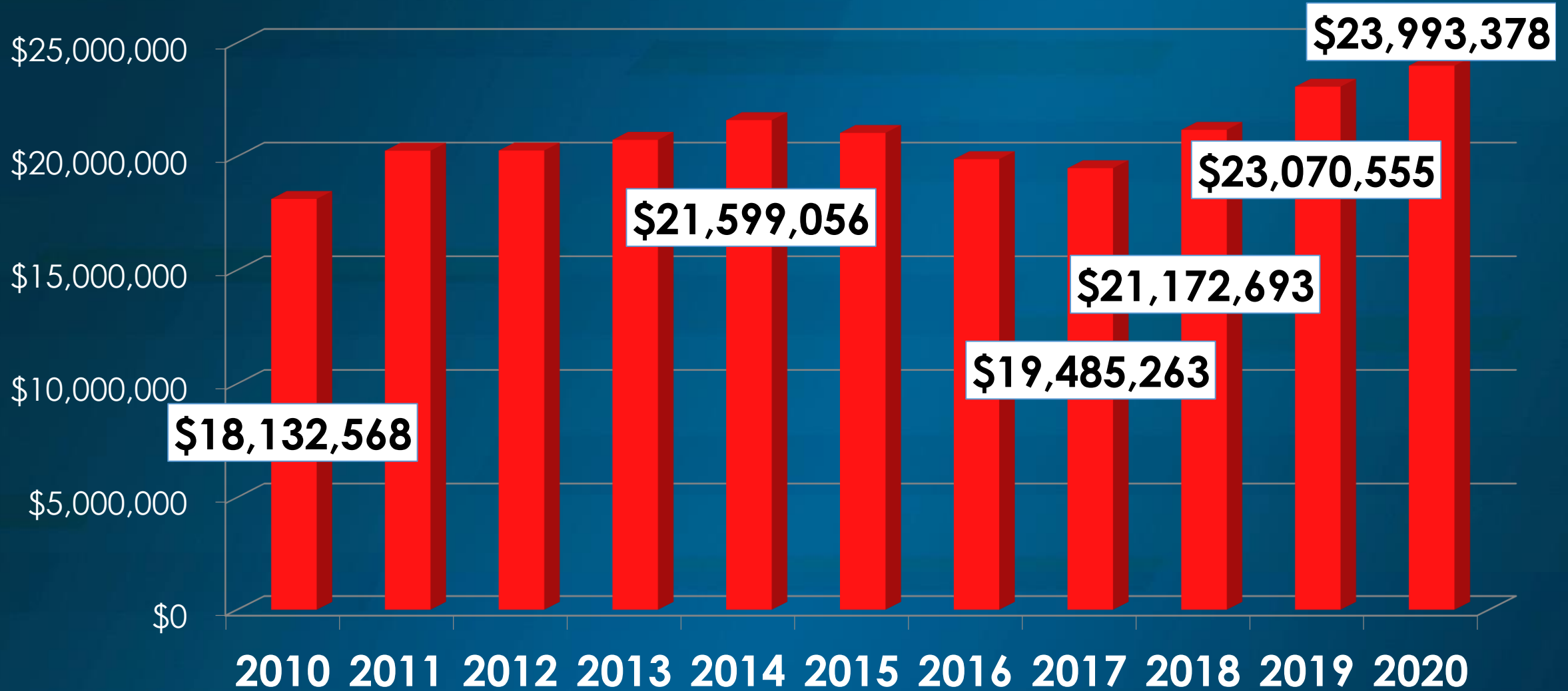
** \$8,572,741 above 10%

FY19-20 General Fund Summary

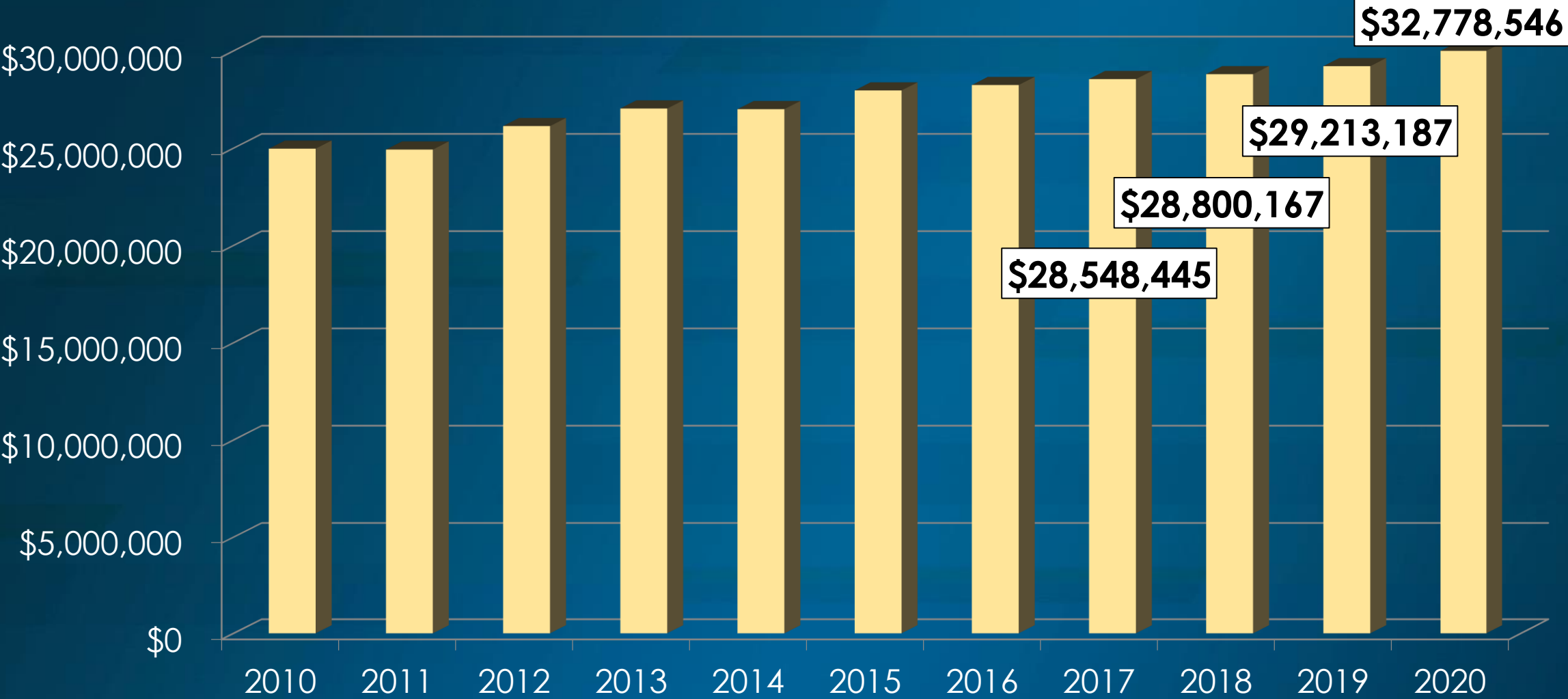
	FY 18-19 Year-end	FY 19-20 Budget	FY 19-20 Deficit
Beginning Fund Balance	\$15,421,713	\$15,571,274	
Revenues	\$70,134,891	\$70,242,555	
Expenditures	<u>\$69,985,330</u>	<u>\$73,350,490</u>	<u>\$3,107,935</u>
Ending Fund Balance	<u>\$15,571,274</u>	<u>\$12,463,338</u>	
	<u>22.25%</u>	<u>16.99%*</u>	

***\$5,128,289 above 10%**

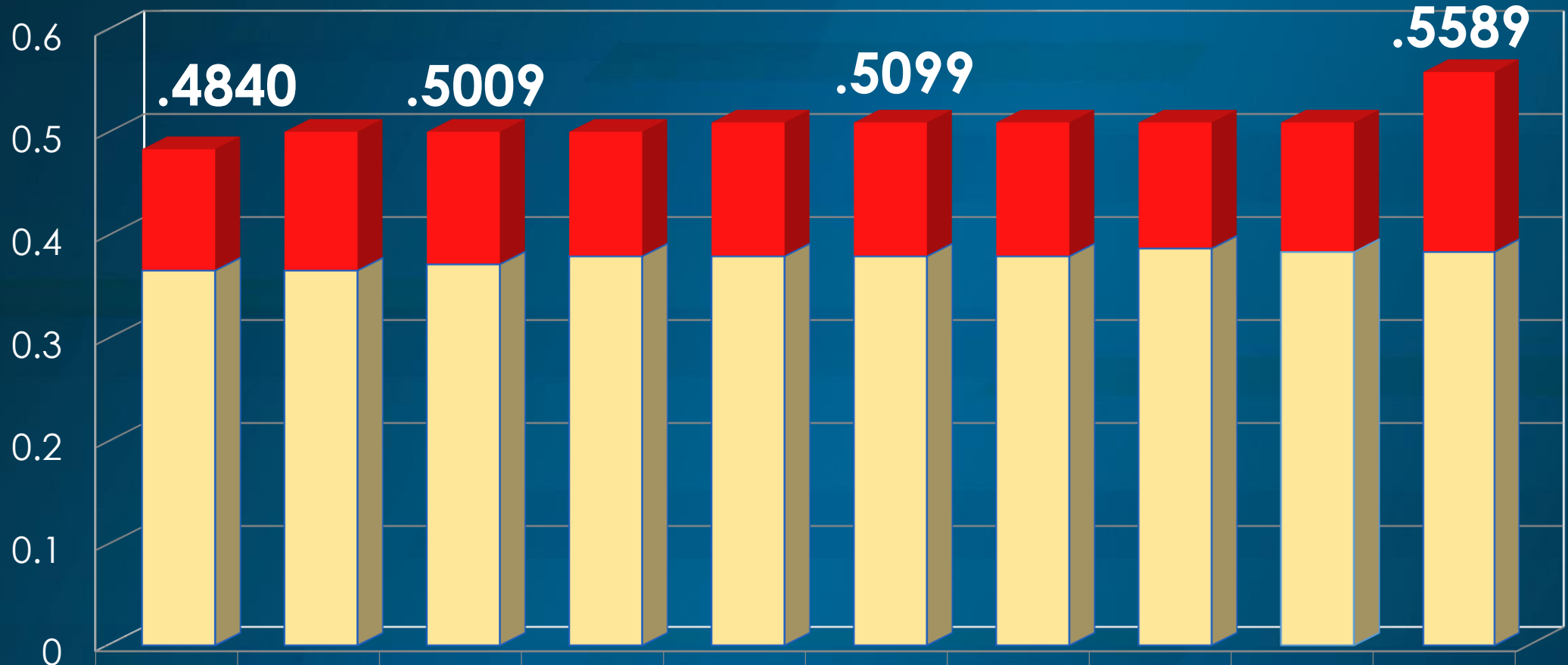
Sales Tax History



Property Tax Revenue



Property Tax Rates



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
■ Debt Rate	0.1178	0.1347	0.1287	0.1209	0.1299	0.1299	0.1299	0.1223	0.1257	0.1747
■ M&O Rate	0.3662	0.3662	0.3722	0.3800	0.3800	0.3800	0.3800	0.3876	0.3842	0.3842

First Phase of 2018 Bond

Voters approved \$104.21 million in November 2018.
City issued \$51,325,000 in February 2019.

Public Safety

- Police Station
- Fire Station 5
- Fire / Police Training Center

First Phase of 2018 Bond

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Streets

- High/Mobberly entryway
- Cotton Street streetscape (Green to Grand)
- Fairmont Street design and ROW acquisition
- Reel Road design and ROW acquisition

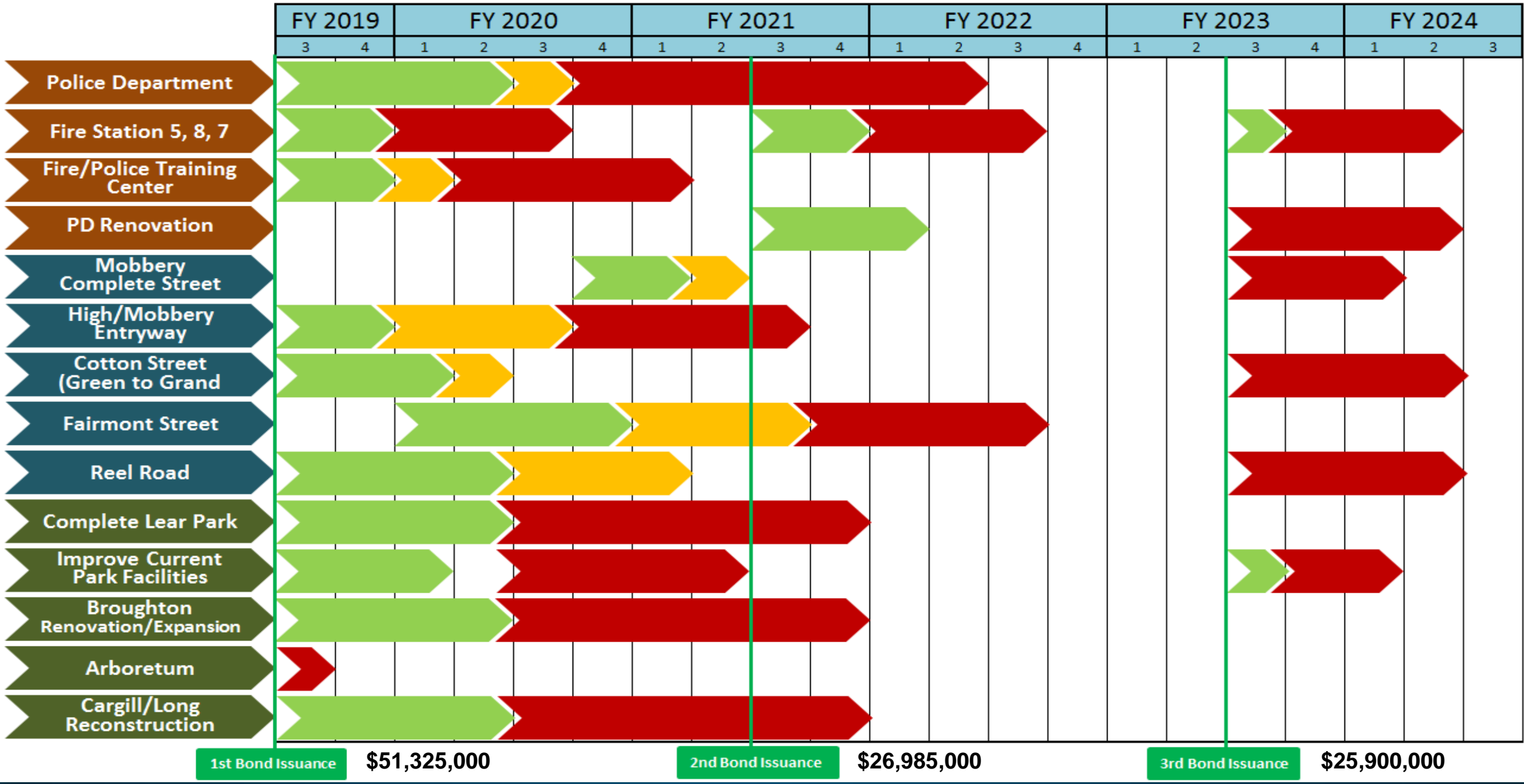
First Phase of 2018 Bond

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Parks

- Lear Park
- Arboretum
- Broughton Recreation Center renovation / expansion
- Cargill Long Trail reconstruction
- Lois Jackson, McWhorter, Patterson, Spring Creek, Stamper

2018 Bond Project Schedule

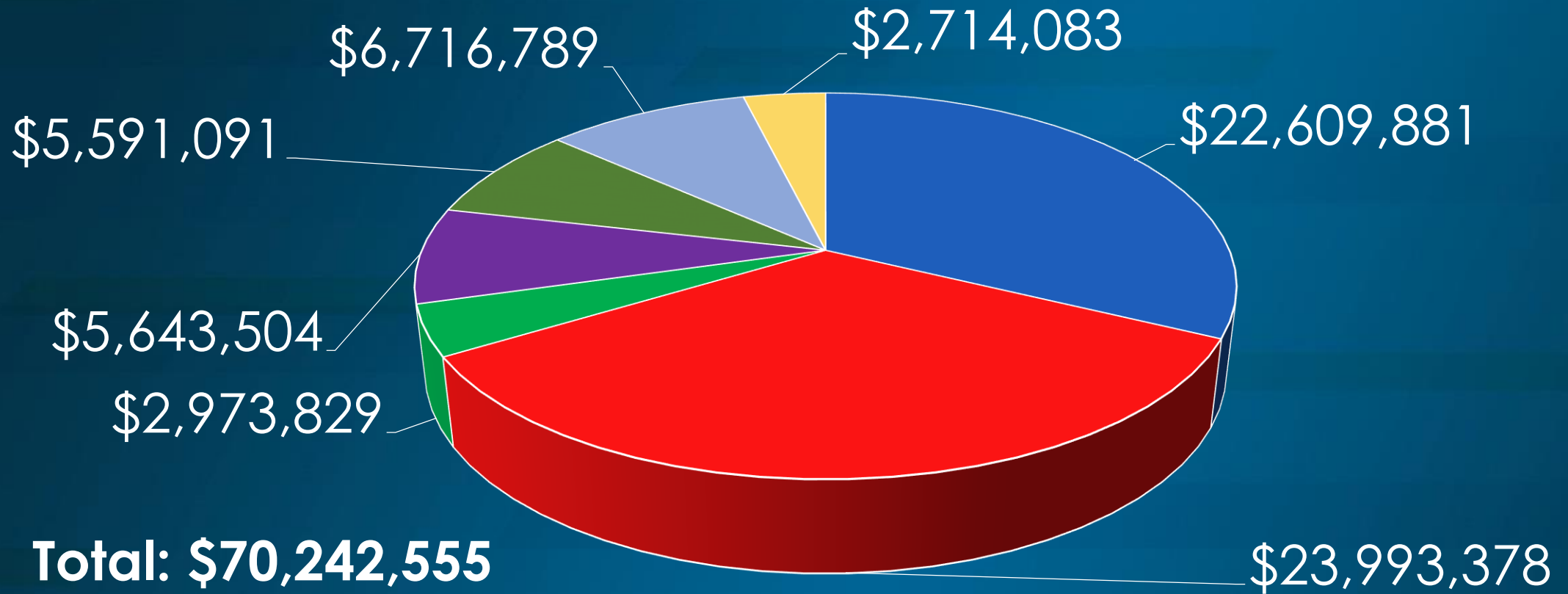


1st Bond Issuance \$51,325,000

2nd Bond Issuance \$26,985,000

3rd Bond Issuance \$25,900,000

FY19-20 General Fund Revenue



Property Tax

Franchise Tax

Miscellaneous

Sales Tax

Charges for Services

Fees & Fines

Interfund Transfers

FY19-20 Health Fund

Health Fund

- Made significant changes in FY 18-19:
 - Added HSA alternative.
 - Increased city contribution.
 - Increased employee premiums.
 - Medical claims were much lower this fiscal year.
- Fund Balance improved from \$555,000 to \$1.9 million.
- Continue HSA incentive of \$500 per employee.
- No rate increases on city or employee side.

FY19-20 Salary Adjustments

Market-based Salary Range Adjustments

2009 – All employees

2013 – All employees

2015 – Police adjustments (3% for all others)

2018 – Fire adjustments (3% for all others)

2019 – General employee adjustments (3% for all others)

- Compares 16 council-approved market cities.
- Goal to achieve 95% of market.
- Average general employee received 11% raise.

FY19-20 General Fund Expenditures

One-Time / Capital Expenses

Vehicle Replacement	\$1,115,137
Fire Engine	\$ 843,465
Enterprise Resource Planning Software	\$ 523,333
Park Projects	\$ 376,000
Traffic Signal at Hawkins/Institute	<u>\$ 250,000</u>
Total	\$3,107,935

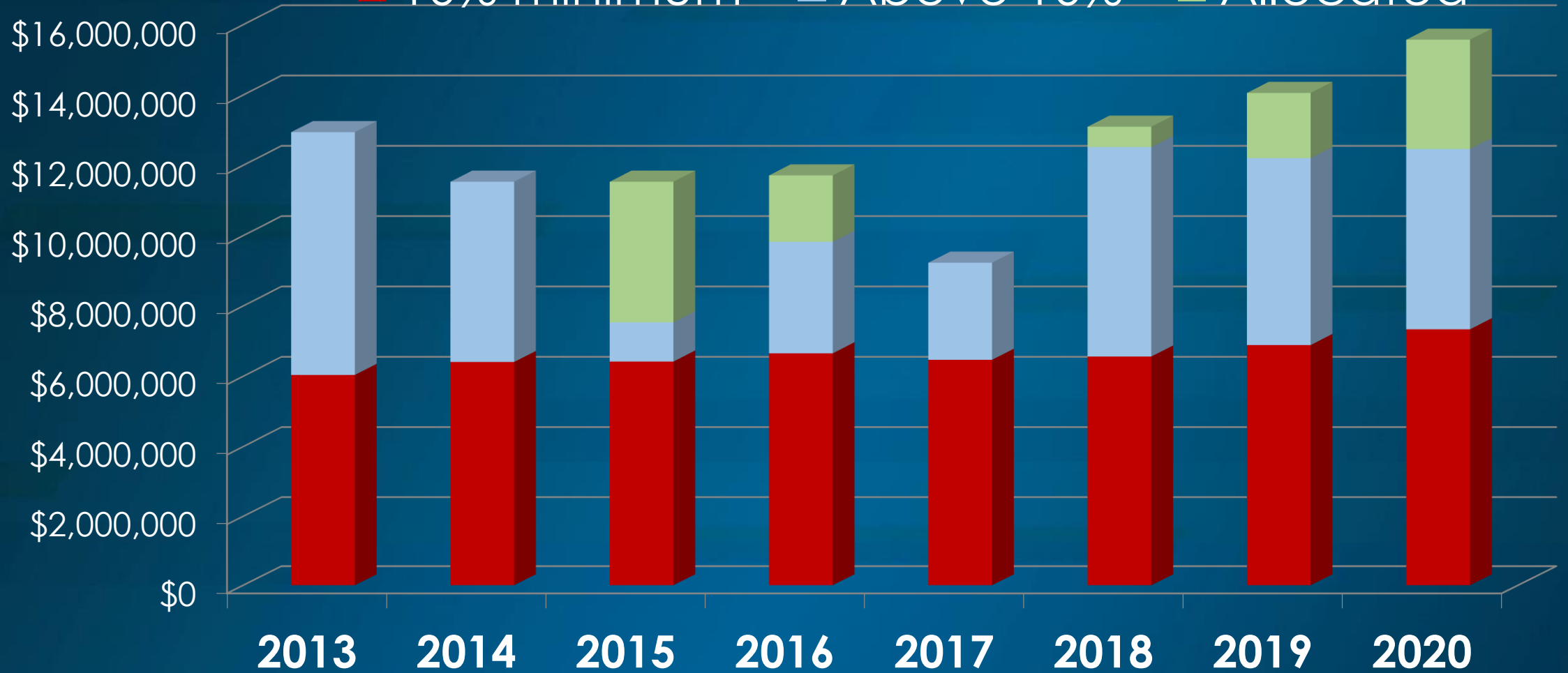
FY19-20 General Fund Expenditures

Parks Projects Detail

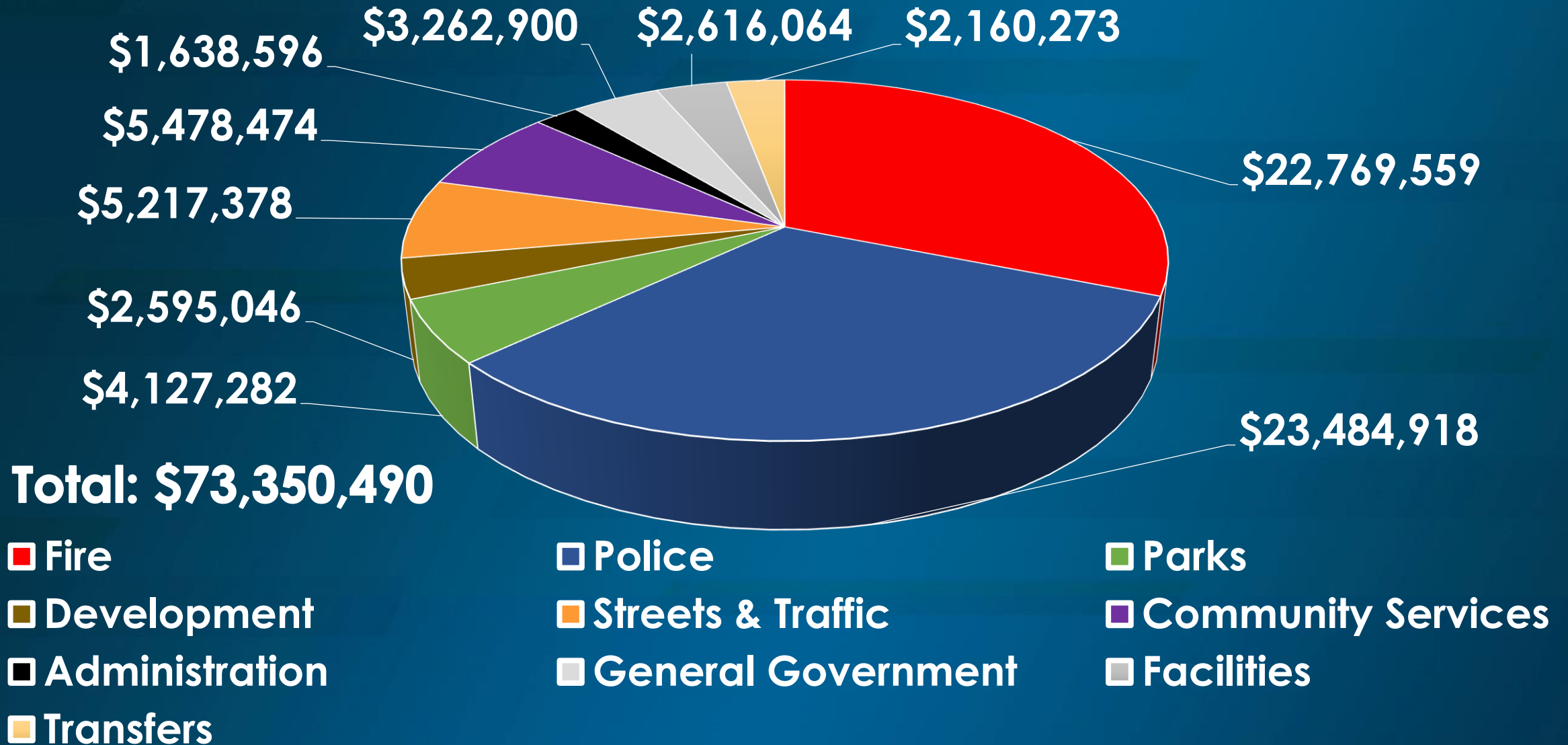
Guthrie Trail Parking Lot	\$ 300,000
Paula Martin Jones Ceiling Repair	\$ 36,000
Skate Park Matching Contribution	<u>\$ 40,000</u>
Total	\$ 376,000

FY19-20 General Fund Reserve Use

■ 10% minimum ■ Above 10% ■ Allocated



FY19-20 General Fund Expenditures



FY19-20 General Fund Summary

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FY19-20 Water and Wastewater

Water and Wastewater Rate Adjustment

- Rates are set so revenues cover expenses.
- Last rate change occurred in October 2014.
- Have delayed rate increases, primarily thanks to savings related to decreased debt payments and refinancing.
- Continue to cash fund projects.
- Utility fund could be debt-free by 2029.
- Annual operating expenses have continued to increase.
- Must maintain minimum 1.25 debt coverage ratio.

FY19-20 Water and Wastewater

Customer Affordability Index

- Industry measure for relative appropriateness of rates.
- Annual average billing divided by median income.
 - Strong: less than 1.2%
 - Middle: 1.2 – 2%
 - Weak: greater than 2%
- **Longview: 0.88% = very affordable.**

FY19-20 Water and Wastewater

Example	FY 18-19	FY 19-20	Change
5/8" Meter	Rates	Proposed	
Water Minimum	\$10.35	\$10.50	1.45%
Water Volume	\$2.55	\$2.65	3.92%
Wastewater Minimum	\$12.25	\$12.40	1.22%
Wastewater Volume	\$3.85	\$3.95	2.60%
<u>Typical Monthly Bill</u>	\$42.31	\$43.23	2.17%

FY19-20 Total Budget

	FY 18-19	FY 19-20
General Fund	\$70,218,673	\$73,350,490
Enterprise Funds	\$43,116,563	\$42,313,712
Special Revenue Funds	\$28,797,533	\$24,111,831
Internal Service Funds	\$20,739,549	\$21,634,559
Debt Service Funds	\$12,482,429	\$16,496,340
<u>(Transfers & Internal Services)</u>	<u>(\$21,518,195)</u>	<u>(\$20,697,464)</u>
Total Budget	<u>\$153,836,552</u>	<u>\$157,209,468</u>

Budget Calendar

Thursday, July 25

Council Meeting

Present Budget to Council
Set Public Hearing Dates

Thursday, Aug. 8

Council Meeting

Budget Discussion
Fee Changes Discussion
Preliminary Vote on Tax Rate

Thursday, Aug. 22

Council Meeting

Public Hearing on Tax Rate

Budget Calendar

Thursday, Aug. 29

Special Council Meeting

Public Hearing on Budget
Public Hearing on Tax Rate
Adopt Budget
Adopt Fee Changes
Separate Vote to Ratify Rate
LEDCO Budget Adoption

Thursday, Sept. 12

Council Meeting

Adopt Tax Rate
CIP Presentation

Budget Proposal FY 2019-2020

**Keith Bonds
City Manager**