

City of Fulshear



Fiscal Year 2020 Proposed Operating & Capital Budget

Tuesday, August 6, 2019



BUDGET CALENDAR



- ◆ Early March– CIP and Operating Budget Kickoff meetings
- ◆ March – Departments prepare budget requests; submit to Finance April 2
- ◆ End of May – CIP proposal submitted to City Council
- ◆ Late May– Meet with all department heads to review budget requests
- ◆ Late June– Review and update budgets based on meetings with department heads
- ◆ July– Final review of estimated revenues and expenditures; finalize all budgets
- ◆ Early August– City Manager prepares budget message and recommends proposed operating and capital budget to City Council
- ◆ September-Workshops and adoption of budget by September 30

Budget Overview



Structural Changes Proposed for FY20

- ❖ For FY19, taxes and fees provided funding for these items:
 - ☐ General Fund Operations – M&O tax rate
 - ☐ Solid Waste Services – Solid Waste fees
 - ☐ MUD Rebate Expenses – M&O tax rate

- ❖ Per prior discussions, it is being proposed to retain a part of the existing tax rate to offset potential future statutory rate reductions with no impact to the average homeowner

- ❖ As a result, for FY20, the funding sources for these items are proposed as follows:
 - ☐ General Fund Operations – M&O tax rate
 - ☐ Solid Waste Services – M&O tax rate
 - A \$1.00/month SW fee and recycling monthly charges would remain
 - ☐ MUD Rebate Expenses – I&S tax rate

Funding Structure Changes



Fiscal Impacts of Proposed FY20 Changes

- ❖ FY19, taxes and fees funding summary:

<u>Funding Source</u>	<u>Rate Amount</u>	<u>Revenue</u>
M&O Tax Rate	\$0.162510/\$100	\$2,450,475
I&S Tax Rate	\$0.00/\$100	\$0
Solid Waste Fees (no Rec)	\$13.09/mo.	\$628,320
TOTAL		\$3,078,795

- ❖ FY20, taxes and fees funding summary:

<u>Funding Source</u>	<u>Rate Amount</u>	<u>Revenue</u>
M&O Tax Rate	\$0.138462/\$100	\$2,530,520
I&S Tax Rate	\$0.0540480/\$100	\$962,128
Solid Waste Fees*	\$1.00/mo.	\$48,000
TOTAL		\$3,540,648

(*Does not include recycling or sales tax)

Fee Impact Assumptions



	FY19	FY20
Residential Solid Waste Fee*	\$14.17	\$ 1.08
Residential Recycling Fee*	<u>5.21</u>	<u>5.21</u>
Total	\$19.38	\$ 6.29
(*All fees shown include sales tax)		
Monthly Savings		\$13.08
Less: Monthly Tax Increase		<u>\$10.00</u>
Net Monthly Savings		\$ 3.08

Note: This does not include any potential utility rate savings; current rate model assumptions include a monthly reduction of \$7.50 to water & \$7.50 to sewer base rates

Changes in Costs & Taxes



FY20 Expenditure/Tax Rate Changes

❖ Budgeted changes in expenditures:

<u>Expenditure</u>	<u>FY19 Budget</u>	<u>FY20 Budget</u>	<u>Difference</u>
Solid Waste Services	\$805,000	\$1,020,000	\$215,000
MUD Rebate Amount	\$809,058	\$959,628	\$150,570
TOTAL	\$1,614,058	\$1,979,628	\$365,570

❖ Tax Rate Differences:

<u>Rate</u>	<u>FY19 Rate/\$100</u>	<u>FY20 Rate/\$100</u>	<u>Difference</u>
M&O	\$0.162510	\$0.108462	-\$0.0540
M&O2 (SW offset)	\$0.000000	\$0.030000	\$0.0300
I&S	\$0.000000	\$0.054048	\$0.0540
TOTAL TAX RATE	\$0.162510	\$0.192510	\$0.0300
TOTAL TAX LEVY	\$2,450,475	\$3,417,994	\$967,519

Tax Rate Assumptions



	FY19	FY20
Property Tax Values	\$1,505,565,968	\$1,775,489,184
Property Tax Rates		
Maintenance & Operations Tax Rate		
M & O Tax Rate	\$0.16251	\$0.138462
Interest & Sinking Tax Rate		
I & S Tax Rate	-0-	\$0.054048
Total Tax Rate	\$0.16251	\$0.192510

Tax Rate Impact Assumptions



	FY19	FY20
Average Home Value	\$400,000	\$400,000
Property Tax Rate		
Total Tax Rate	\$0.16251	\$0.192510 (Proposed)
City of Fulshear Tax Bill	\$650.04	\$770.04
Monthly Change		\$10/mo.



Effective & Rollback Tax Rates



❖ FY19 & FY20 Comparisons:

<u>Tax Variable</u>	<u>FY19</u>	<u>FY20</u>	<u>\$ Change</u>	<u>% Change</u>
Taxable Value	\$1,505,565,968	\$1,775,489,184	\$269,923,216	17.93%
Tax Rate (per \$100)	\$0.162510	\$0.192510	\$0.03000	26.07%
Total Tax Levy	\$2,450,475	\$3,417,994	\$967,519	39.48%

❖ Tax Rate Differences:

<u>Tax Rate Description</u>	<u>Tax Rate Value</u>
M&O Effective Tax Rate	\$0.152706
M&O Rollback Tax Rate	\$0.164922
Proposed M&O Rate	\$0.138462
Proposed New I&S Rate	\$0.054048
M&O Effective + New I&S	\$0.206754
M&O Rollback + New I&S	\$0.218970
Proposed M&O + New I&S	\$0.192510

Overview of Proposed Changes



Summary of Differences

- ❖ Budgeted changes in expenditures:

<u>Budgetary Cost Factor</u>	<u>Net Revenue Change</u>
Tax Rate Levy Increase	\$967,519
SW Fees Reduction	\$(580,320)
SW Contract Increase	\$(215,000)
MUD Rebate Increase	\$(150,570)
TOTAL FISCAL IMPACT	\$21,629

Alternative Scenarios

- 1. Keep existing structure in place with taxes and fees**
- 2. Consider alternative rate and fee structure**
- 3. Propose budgetary changes and resulting funding structure changes**

(Note: \$.01 in tax rate equals approximately \$177k)

Budget Overview



General Fund

- ❖ Maintain existing services and service levels for an estimated FY20 city population of 16,187
- ❖ Overall budget revenue increase over estimated actual is about \$300,000 or 3.6%
- ❖ Maintenance & Operations (M&O) Property Tax increase of about \$150k to General Fund
- ❖ Creation of new Debt Service Fund to manage \$959K contract payment to MUD
- ❖ Residential Solid Waste fee reduction to \$1.00/month
 - ❖ Recycle rate not affected
 - ❖ Balance of Solid Waste fee offset by property tax