



**FARMERS  
BRANCH**

# 2018-19 Proposed Operating and Capital Improvement Budget

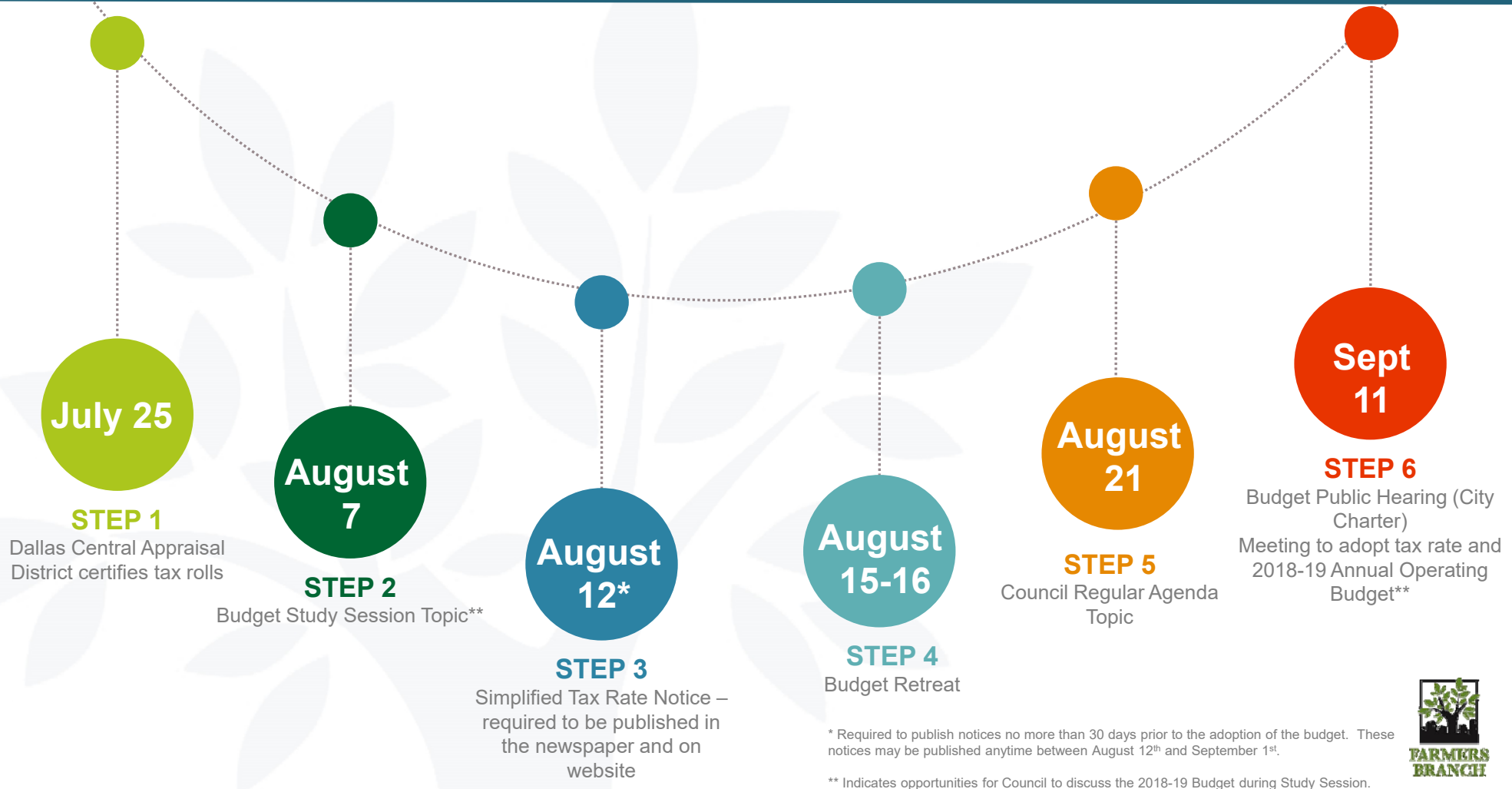
---

Presented August 21, 2018

CITY OF FARMERS BRANCH | 8/20/2018

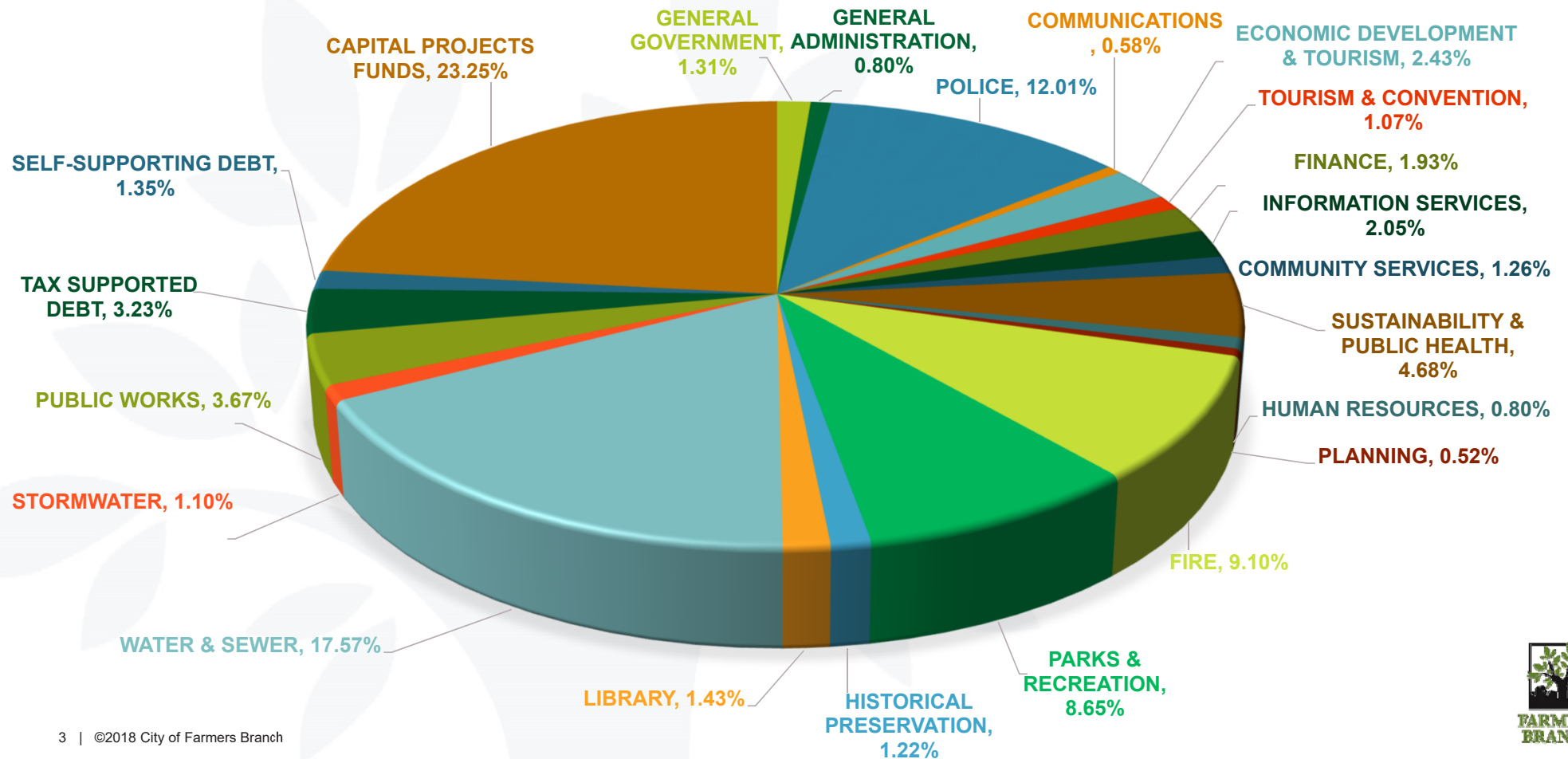


# Key Budget 2018-19 Adoption Dates



# Operating and Capital Improvement Budget 2018-19

## Department Level Overview



# Operating Budget 2018-19

## Key Financial Topics



### GENERAL FUND

Makes up the largest portion of the City's finances. Includes:

- General Government
- Public Works
- Public Safety
- Culture & Recreation



### WATER & SEWER FUND

An Enterprise Fund. Considers both rates assessed to residents (revenue) and costs paid to Dallas Water Utilities (water) and Trinity River Authority (sewer).



### HOTEL/MOTEL FUND

Funds received from Hotel/Motel Occupancy Taxes provide for promotion of tourism and other Historical Park expenditures.



### CAPITAL PROJECTS FUND

These projects are identified thru long-range planning with City Council.

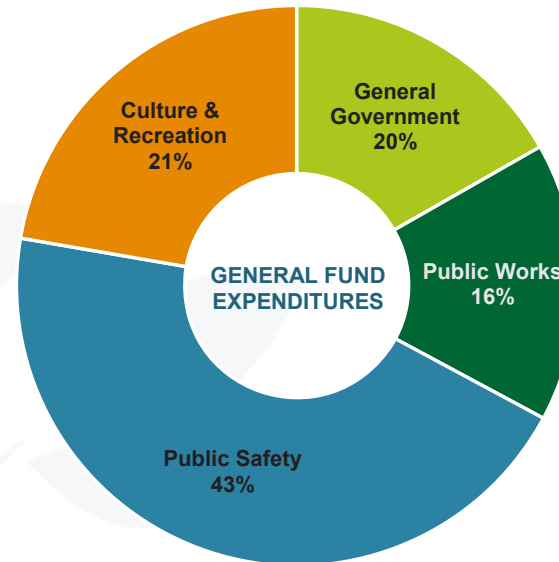
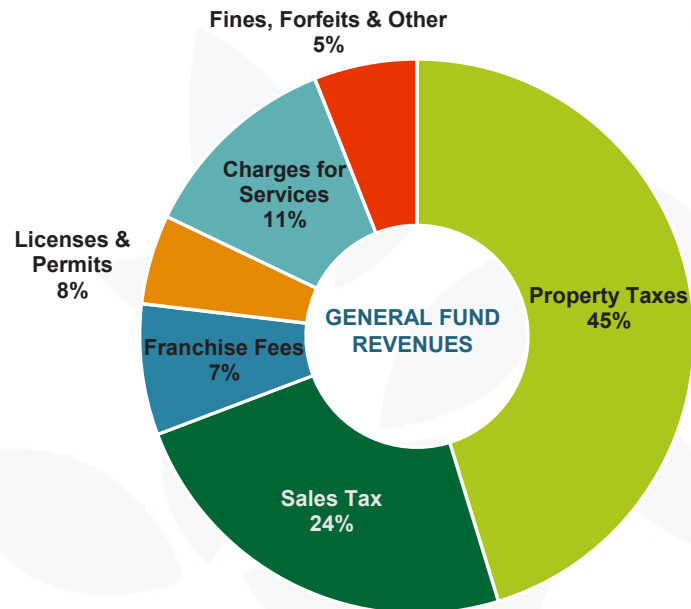


### OVERALL VIEW OF 2018-19 BUDGET

Review the 2018-19 Budget overall.



# General Fund Dashboard

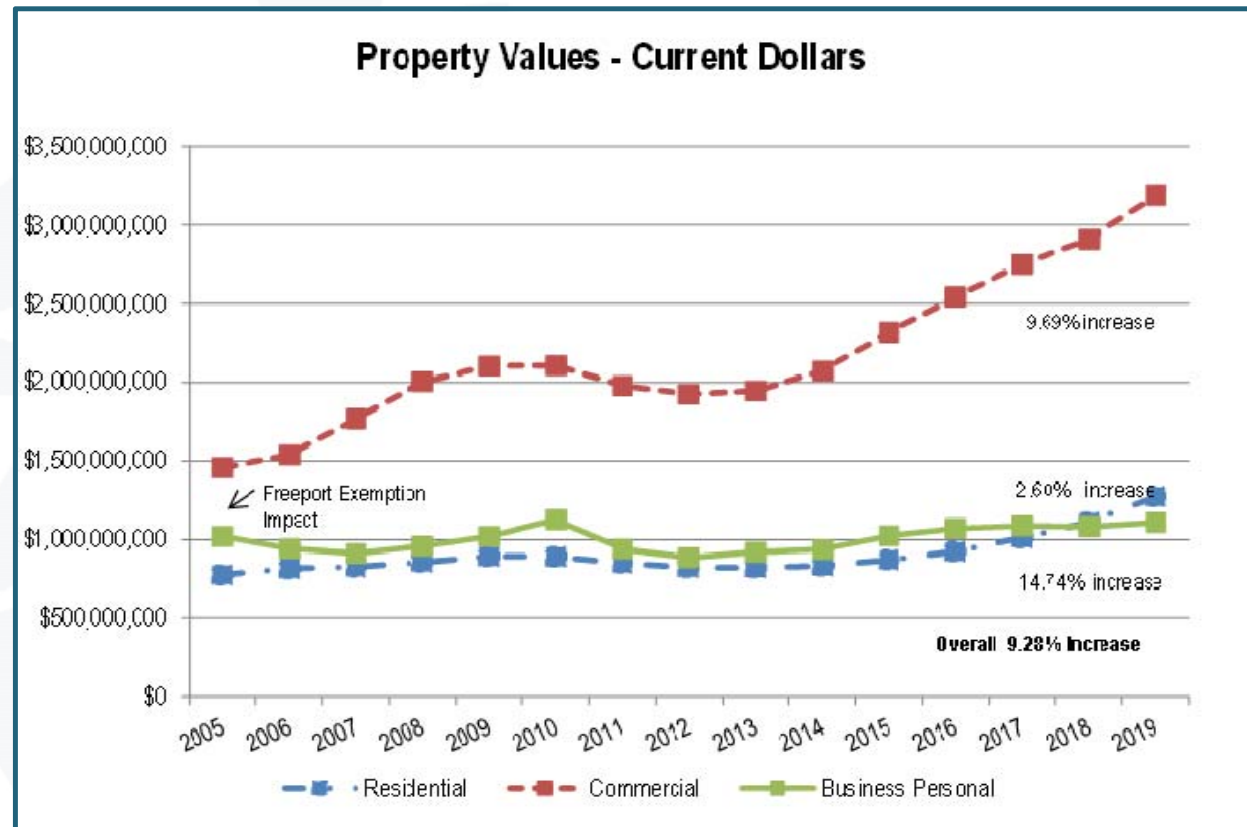


Revenue Source	Proposed Revenue	Expenditure Category	Proposed Expenditure
Property Taxes	\$27,665,000 (45%)	Public Safety	\$26,448,600 (43%)
Sales Tax	14,700,000 (24%)	Culture & Recreation	13,236,300 (21%)
Charges for Services	6,620,200 (11%)	General Government	12,405,900 (20%)
Franchise Fees	4,269,500 ( 7%)	Public Works	9,730,300 (16%)
Fines, Forfeits & Other	3,614,700 ( 5%)		
Licenses and Permits	4,955,000 ( 8%)		
TOTAL:	\$61,824,400	TOTAL:	\$61,821,100

# General Fund - Revenues

## Property Taxes - \$27.6M

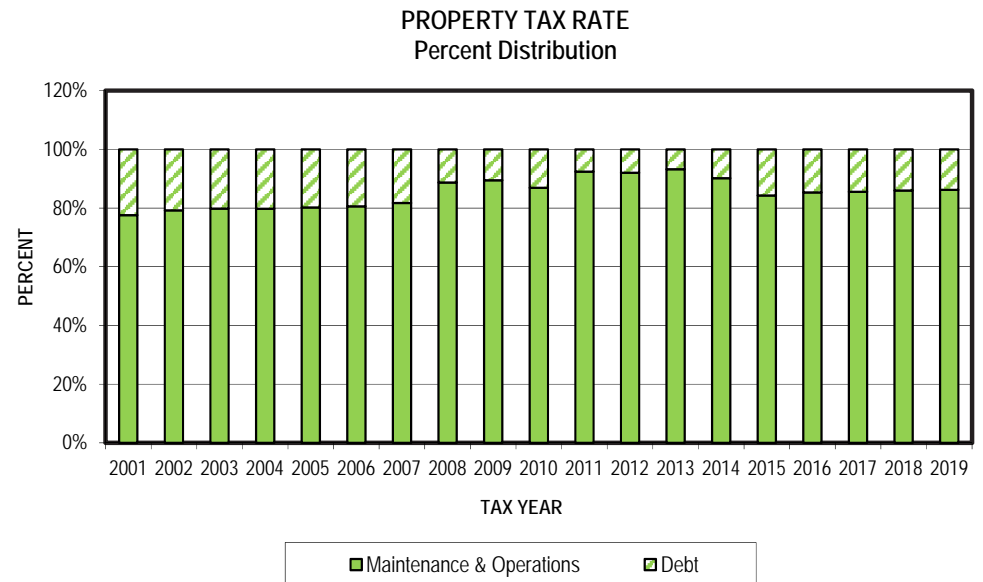
- Based on a \$5.575B certified valuation (\$5.121B in 2017-18, a 9.28% increase)
- Dallas County Average increase is 9.85% this year
- \$0.01 of property tax = \$557,564, of which \$480,571 (86.2%) is allocated to M & O
- The Change in valuation results in an increase in property taxes of
  - Average home value increased by \$25,531 (from \$195,563 to \$221,094)
  - \$1,060.38 City tax on average home value with a homestead exemption (increase of \$118.13)
  - \$670.70 City tax on average home value with a homestead and over 65 exemption (increase of \$119.92)



# General Fund - Revenues

## Property Taxes - \$27.6M

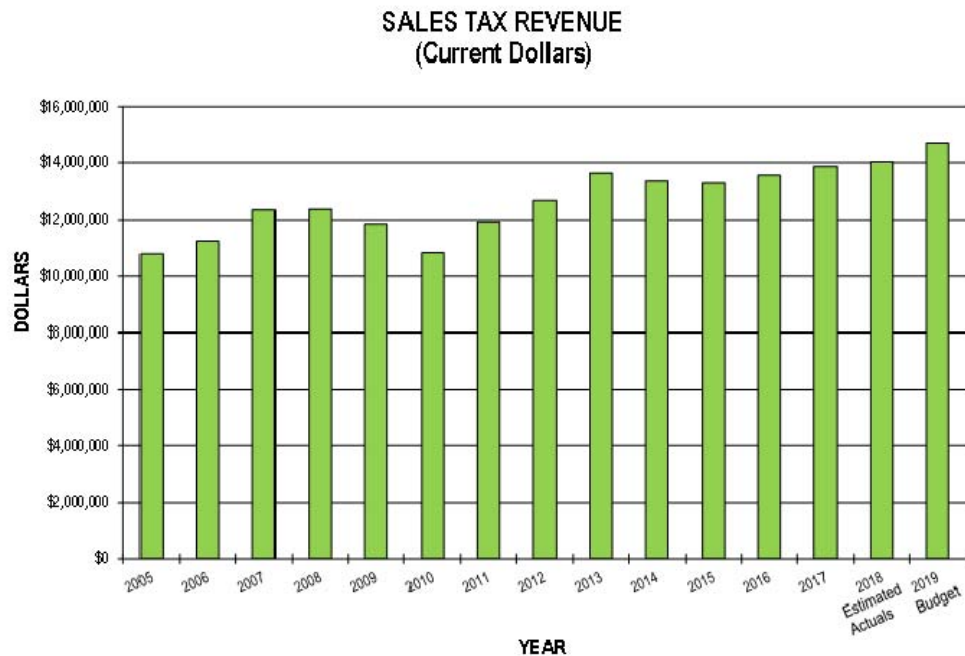
- 2018-19 Budget developed with reduced tax rate - \$0.599507
  - \$0.0276 tax rate reduction
  - \$2.0M total revenue increase (\$1.48M excluding new construction)
  - \$523K revenue to be raised from new properties added to tax roll
- 2018-19 Rollback Rate is \$0.639316
- 2018-19 Effective Tax Rate is \$0.599508
- Property tax as a percent of debt service remains at a sustainable level.



# General Fund - Revenues

## Sales & Use Tax - \$14.7M

- Not as easy to predict; based on consumer spending, which can quickly change
- Increasing estimates for Sales & Use Tax revenue based on development in Bee Street area



## SALES & USE TAX REVENUE TRENDS

2011-12	\$12.7M
2012-13	\$13.4M
2013-14	\$13.2M
2014-15	\$14.5M
2015-16	\$13.5M
2016-17	\$13.9M
2017-18	\$14.0M (estimated)
2018-19	\$14.7M (budget)



## General Fund - Revenues



### Building Permits - \$4.1M

- The largest percentage increase of any revenue category; West Side Development
- 2016-17 Actual - \$1.5M; 2017-18 Estimated - \$3.4M



### Refuse Services - \$3.35M

- Revenue from Landfill expansion
- Construction & Demolition Revenue captured in Debt Service



### Court Fines - \$2.1M

- 2015-16 Actual, \$2.1M; 2016-17 Actual, \$2.1M
- Working to complete the hire of the 2<sup>nd</sup> Marshal to start before 2018-19 year

*Changes to fee structure of Parks, Ambulance and Fire Inspection proposed as well.*

**Total Revenues - \$61.824M, 8.3% increase from 2017-18 Adopted Budget**



## General Fund - Expenditures

### Some key changes to Expenditures include:

- Sworn Police Structure Adjustments –
  - Police – 2%
  - Fire – 3.5%
  - Total - \$550K
- Non-Sworn Employee Merit Raises – \$425K
- Total of 1.75 FTEs added to the 2018-19 Budget, the result of increased hours in temporary positions



## General Fund - Expenditures

---

### Some key changes to Expenditures include:

- Increasing the Economic Development Fund - \$700K
- HVAC Replacements for the Justice and Senior Centers - \$573.5K
- Purchase of Library Materials - \$241.5K
- Purchase of a New Ambulance - \$230K
- Other Capital Improvements and Fixed Assets

*Many of these Expenditures will be discussed later in this presentation.*

**Total Expenditures - \$61.8M, 8.6% increase from 2017-18 Adopted Budget**



# Operating Budget 2018-19

## Key Financial Topics



### GENERAL FUND

Makes up the largest portion of the City's finances.

Includes:

• General Government

• Public Works

• Public Safety

• Culture & Recreation



### WATER & SEWER FUND

An Enterprise Fund. Considers both rates assessed to residents (revenue) and costs paid to Dallas Water Utilities (water) and Trinity River Authority (sewer).



### HOTEL/MOTEL FUND

Funds received from Hotel/Motel Occupancy Taxes provide for promotion of tourism and other Historical Park expenditures.



### CAPITAL PROJECTS FUND

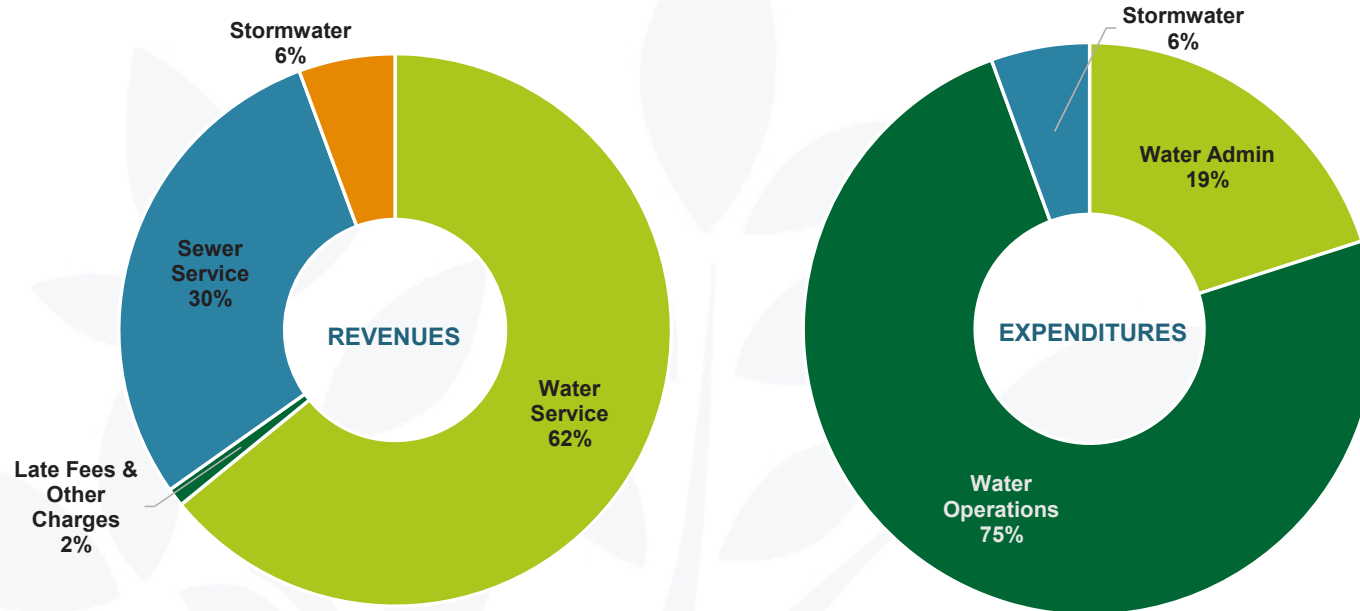
These projects are identified thru long-range planning with City Council.



### OVERALL VIEW OF 2018-19 BUDGET

Review the 2018-19 Budget overall.

# Water & Sewer Fund Dashboard



Revenue Source	Proposed Revenue	Expenditure Category	Proposed Expenditure
Water Service	\$15,712,400 (62%)	Water Administration	\$4,629,400 (19%)
Sewer Service	7,502,700 (30%)	Water Operations	18,544,500 (75%)
Stormwater	1,445,000 ( 6%)	Stormwater Utilities	1,449,000 ( 6%)
Late Fees & Other Charges	424,500 ( 2%)		
<b>TOTAL:</b>	<b>\$25,084,600</b>	<b>TOTAL:</b>	<b>\$24,622,900</b>



# Water & Sewer Fund – Revenues & Expenditures

## Key Factors

Consumption



All 3 work together to determine financial success of the Water & Sewer Fund

The Money We Pay for Services



The Money We Charge for Services

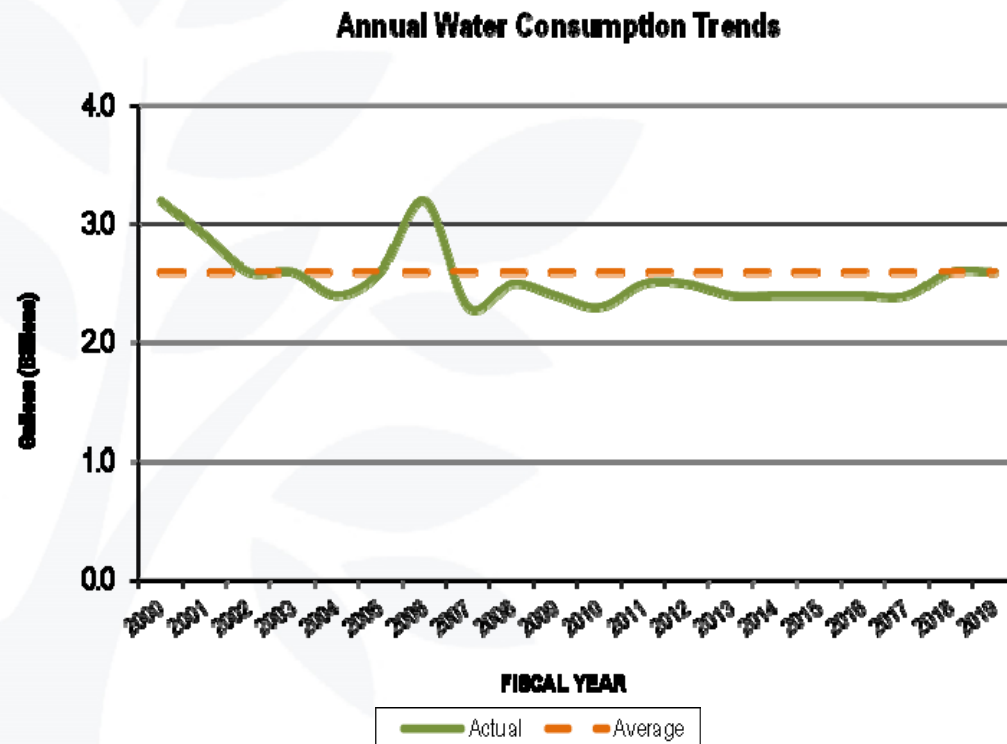


# Water & Sewer Fund – Revenues & Expenditures

## Consumption

The 2018-19 Budget presumes 2.6 Billion gallons will be sold annually

- Mother Nature
- Consumers' Personal Budgets
- High Efficiency Appliances



# Water & Sewer Fund – Revenues & Expenditures

## The Money We Pay for Services



### The 2018-19 Budget for Water & Sewer Fund Expenditures considers:

- Increased cost for wastewater treatment (Trinity River Authority)
  - 2017-18 Projected - \$4.625M
  - 2018-19 Budgeted - \$5.145M (\$520K increase or 11%)
- Increased cost for treated water (Dallas Water Utilities)
  - 2017-18 Projected - \$6.046M
  - 2018-19 Budgeted - \$5.721M (\$325K decrease or 5%)
  - This decrease is the result of the 2018 settlement of DWU's litigation with the Sabine River Authority
  - The settlement results in credits to DWU customers
- The primary reason for the proposed 6% rate increase is to fund \$1M of Inflow and Infiltration CIP Enhancements



# Water & Sewer Fund – Special Topic

## Inflow & Infiltration (I&I) Reduction –

- Additional funding has been made available in order to address our **aging sanitary sewer infrastructure** in order to reduce I & I in the system.
- *Rawhide Creek Trunk Sewer* is a **high priority** project due to current condition of the pipe (see photo right).
- This will be a 1 – 2 year phased project to complete. *The estimated cost for this project is \$3,000,000.* The 2018-19 budget includes **\$1,200,000** to begin work on the first year.
- The utility operations division has also identified approximately \$12,000,000 of water and sanitary sewer lines that are in need of repair. This fund will allow the department to upgrade the overall system.



# Water & Sewer Fund – Revenues & Expenditures

---

## The Money We Charge for Services

### A 6% increase of Water & Sewer Rates is necessary to:

- Fund capital items necessary to keep system in working order.

6% increase = \$4.39 monthly to a residential customer consuming 6,000 gallons of water

### A 5% increase of Stormwater Rates is necessary to:

- Fund significant capital items necessary related to Farmers Branch creeks.

5% increase = \$2.70 annual increase to the average Farmers Branch home.

### Enterprise Fund Totals:

**Total Revenues - \$25.1M, 7.0% increase from 2017-18 Adopted Budget**  
**Total Expenditures - \$24.6M, 5.6% increase from 2017-18 Adopted Budget**





# Operating Budget 2018-19

## Key Financial Topics



### GENERAL FUND

Makes up the largest portion of the City's finances. Includes:

- General Government
- Public Works
- Police and Safety
- Parks and Recreation



### WATER & SEWER FUND

An Enterprise Fund. Considers both capital and operating costs. Revenue is assessed to ratepayers and is used to pay for water and sewer services provided by the Farmers Branch Water Authority.



### HOTEL/MOTEL FUND

Funds received from Hotel/Motel Occupancy Taxes provide for promotion of tourism and other Historical Park expenditures.



### CAPITAL PROJECTS FUND

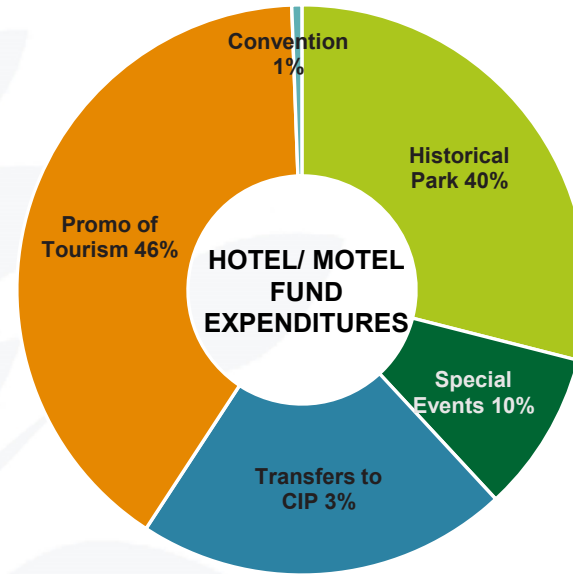
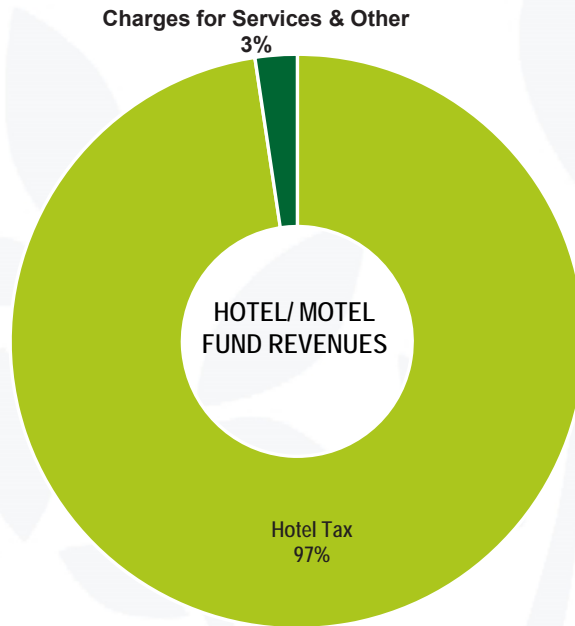
These projects are identified thru long-range planning with City Council.



### OVERALL VIEW OF 2018-19 BUDGET

Review the 2018-19 Budget overall.

# Hotel/Motel Fund Dashboard



Revenue Source	Proposed Revenue	Expenditure Category	Proposed Expenditure
Hotel Tax	\$3,050,000 (97%)	Historical Park	\$1,213,700 (40%)
Charges for Services & Other	95,500 ( 3%)	Historical Park Special Events	307,000 (10%)
		Historical Park Transfers to CIP	87,000 (3%)
		Promotion of Tourism	1,391,000 (46%)
		Convention	19,000 ( 1%)
<b>TOTAL:</b>	<b>\$3,145,500</b>	<b>TOTAL:</b>	<b>\$3,017,700</b>

# Hotel/Motel Fund – Revenues & Expenditures

---

**The 2018-19 Budget for Hotel/Motel Fund Expenditures considers:**

- **Historical Park and Special Events - \$1.6M**
  - 2017-18 included significant transfers to CIP that are not necessary for 2018-19, resulting in a reduction in Transfers of \$613K
  - Special Event Expense - \$307K
  - Repairs and Maintenance - \$313K
- **Promotion of Tourism - \$1.39M**
  - Hotel Incentives - \$350K
  - Outsourcing Contracts - \$192K
  - Advertising - \$95K

**Total Revenues - \$3.15M, 2.3% decrease from 2017-18 Adopted Budget**

**Total Expenditures - \$3.02M, 10% decrease from 2017-18 Adopted Budget**





# Operating Budget 2018-19

## Key Financial Topics



### GENERAL FUND

Makes up the largest portion of the City's finances. Includes:

- General Administration
- Public Works
- Safety
- Recreation



### WATER & SEWER FUND

An Enterprise Fund. Considers both costs (revenue) and costs paid to Dallas Water Utilities Authority and other entities.



### HOTEL/MOTEL FUND

Funds received from Hotel/Motel Occupancy Tax provide for promotion of tourism and other economic development projects.



### CAPITAL PROJECTS FUND

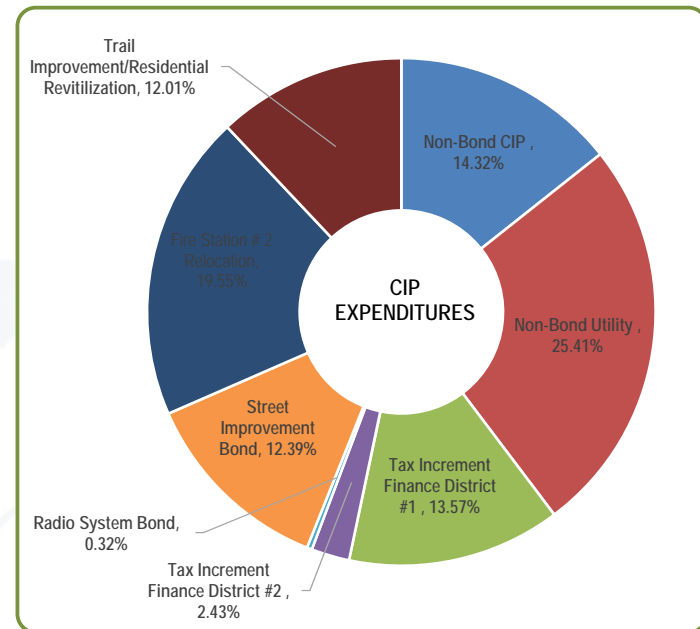
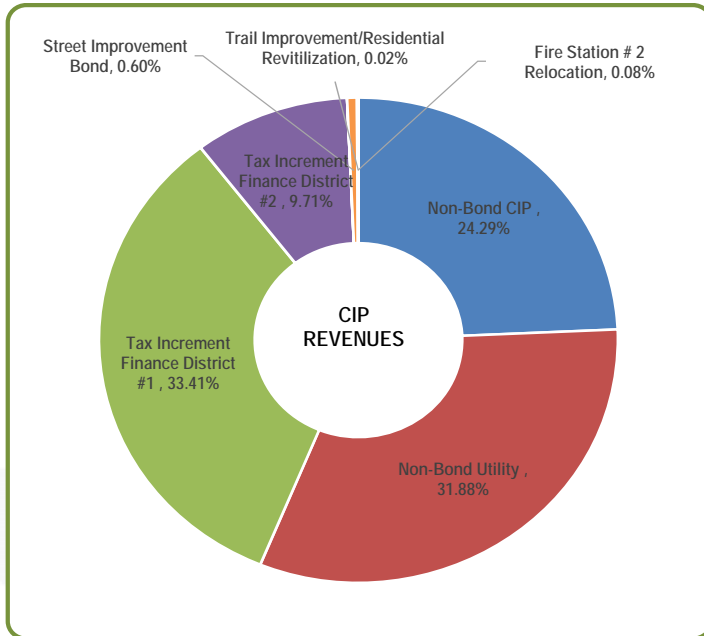
These projects are identified thru long-range planning with City Council.



### OVERALL VIEW OF 2018-19 BUDGET

Review the 2018-19 Budget overall.

# Capital Projects Fund Dashboard



Revenue Source	Proposed Revenue	Expenditure Category	Proposed Expenditure
Non-Bond CIP	\$3,026,812 (24%)	Non-Bond CIP	\$4,391,212 (14%)
Non-Bond Utility CIP	3,972,741 (32%)	Radio System Bond	98,930 ( 1%)
TIF 1 CIP	4,162,901 (33%)	Non-Bond Utility CIP	\$7,795,000 (25%)
TIF 2 CIP	1,210,438 (10%)	TIF 1 CIP	4,162,901 (13%)
Street Improvement	75,000 (0.6%)	TIF 2 CIP	744,205 ( 3%)
Fire Station No. 2 Relocation	10,000 (0.1%)	Street Improvement	3,800,000 (12%)
Trails Improvement/Residential Revitalization	2,000 (0.1%)	Trail Improvement/Residential Revitalization	3,683,500 (12%)
		Fire Station Relocation	5,997,000 (20%)
<b>TOTAL:</b>	<b>\$12,459,892</b>	<b>TOTAL:</b>	<b>\$30,672,748</b>





# Capital Improvement Project (CIP) Funds – Projects

The 2018-19 Budget provides for the following capital improvements:

- Service Center Improvements - \$6,060,000
- Fire Station No. 2 Relocation - \$5,122,000
- Street Improvements - \$3,800,000
- Trail Improvement - \$3,083,500
- Creek Projects - \$1,240,000
- Inflow and Infiltration Repairs - \$1,150,000
- Landfill Construction - \$875,000
- Farmers Branch Creek Well Project - \$800,000
- Residential Revitalization - \$600,000
- Utility Replacement & Improvement - \$515,000
- Oakbrook Street Revitalization - \$400K<sup>a</sup>
- Dog Park - \$236,000

<sup>a</sup> – Net of Oakbrook/Developer contribution



# Capital Improvement Project (CIP) Funds – Special Topic

## Farmers Branch Creek Projects, including Trinity Well

- Priority list of creek study items was presented to Council.
- The 2018-19 proposed budget includes **\$1,240,000**, funding to address the top 10 projects during this fiscal year.
- The Farmers Branch Well project is included in the 2018-19 proposed budget with **\$800,000** of funding.
- The additional funding will allow the departments to move forward with the projects.



# Capital Improvement Project (CIP) Funds – Bond-Funded Projects

---

## Change in Capital Project Funds

2018-19 CIP Expenditures	\$30,672,748
2017-18 CIP Expenditures	<u>15,265,892</u>
Increase in Expenditures	\$15,406,856

**87% of the Increase in Capital Project Expenditures is due to Bond-Funded Projects.**

## Bond-Funded Projects

- Fire Station No. 2 Relocation - \$5,122,000
- Street Improvements - \$3,800,000
- Trail Improvement - \$3,083,500
- Landfill Construction - \$875,000
- Residential Revitalization - \$600,000

**Total of \$13,480,500 in Bond-Funded Projects**





# Capital Improvement Projects (CIP) Fund

## What's in the Fund?

### MAJOR

#### NON-BOND UTILITY

- **Service Center Improvements** \$6.06M  
Project Started in 2017-18
- **Inflow and Infiltration Repairs** \$1.15M  
Discussed in previous slide
- **Utility Replacement & Improvement**  
\$515K Regular ongoing work to maintain  
Utilities throughout the City

#### NON-BOND CIP

- **Farmers Branch Creek Projects** \$1.24M
- **Farmers Branch Creek Well Project**  
\$800K
- **Oakbrook Street Revitalization** \$400K
- **Dog Park** \$236K

### MINOR

#### NON-BOND CIP

- Park Field Lighting
- Playground Improvements
- Trail Improvements
- Farmers Market – Groves at  
Mustang Crossing
- Radio System Improvement



# Operating Budget 2018-19

## Key Financial Topics



### GENERAL FUND

Makes up the large portion of the City's finances. Includes:

- General Government, Public Works, Police, Fire, and Public Safety,
- Capital Projects and Recreation



### WATER & SEWER FUND

An Enterprise Fund. Considers both capital and operating costs. Assessed to recover the cost of water and sewer service. Includes:

- Water and Sewer
- Solid Waste and Recycling
- River and Lakefront



### HOTEL/MOTEL FUND

Funds received from the Hotel/Motel Occupancy Tax. Provide for promotion of tourism and historic preservation.



### CAPITAL PROJECTS FUND

These projects are identified through the long-range planning process. City Council approves.



### OVERALL VIEW OF 2018-19 BUDGET

Review the 2018-19 Budget overall.



## 2018-19 Operating Budget - Putting all the Pieces Together

2018-19 Operating Budget	
General Fund	\$ 61,821,100
Water & Sewer Fund	\$ 23,173,900
Stormwater Utility Fund	\$ 1,449,000
Hotel/Motel Fund	\$ 3,017,700
Debt Service	\$ 6,041,200
Economic Development	\$ 2,060,000
Special Revenue Funds	<u>\$ 3,668,078</u>
Subtotal Operating	\$101,230,978
Capital Project Funds	<u>\$ 30,072,748</u>
<b>Total Budget</b>	<b>\$131,303,726</b>



2017-18 Total Budget

**\$107,945,504**  
(21.6% increase)

## 2018-19 Operating Budget - Putting all the Pieces Together

### 2018-19 Operating Budget (Selected Funds)

	General Fund	Fixed Asset Fund	Water & Sewer Fund	Hotel/Motel Fund
2018-19 Estimated Revenues	\$ 61,824,400	\$ 3,695,196	\$ 23,639,600	\$ 3,145,500
2018-19 Estimated Expenditures	61,821,100	2,974,308	23,173,900	3,017,700
<b>Changes to Fund Balance</b>	<b>\$ 3,300</b>	<b>\$ 720,888</b>	<b>\$ 465,700</b>	<b>\$ 127,800</b>



# 2018-19 Operating Budget - Putting all the Pieces Together

## 2018-19 Operating Budget – Most Realistic (Selected Funds)

	General Fund	Fixed Asset Fund	Water & Sewer Fund	Hotel/Motel Fund
Estimated Fund Balance at 9/30/2018	\$ 10,035,399	\$ 1,364,464	\$ 349,912	\$ 612,066
2018-19 Estimated Revenues	61,824,400	3,695,196	23,639,600	3,145,500
2018-19 Estimated Expenditures	61,521,100	2,974,308	23,073,900	2,942,700
Assigned for Future Purchases	-	(994,780)	-	-
Changes to Fund Balance	303,300	(273,892)	565,700	202,800
<b>Estimated Fund Balance at 9/30/2019</b>	<b>\$ 10,338,699</b>	<b>\$ 1,090,572</b>	<b>\$ 915,612</b>	<b>\$ 814,866</b>
<i>Targeted Balances</i>	\$ 11,768,600	\$ 300,000	\$ 2,000,000	\$ 300,000
	\$ 8,826,450			



# Operating Budget 2018-19

## Key Financial Topics



### GENERAL FUND

Makes up the largest portion of the City's finances. Includes:

- General Government
- Public Works
- Safety
- Parks & Recreation



### WATER & SEWER FUND

An Enterprise Fund. Considers both costs assessed to ratepayers (revenue) and costs paid to Dallas Water Utilities and Authority.



### HOTEL/MOTEL FUND

Funds received from Hotel/Motel Occupancy Tax provide for programs in tourism and historic preservation.



### CAPITAL PROJECTS FUND

These projects identified through long range planning in City Council.



### OVERALL VIEW OF 2018-19 BUDGET

Review the 2018-19 Budget overview.

# Special Thanks and Appreciation to...

**Charles Cox**, for all his guidance and leadership throughout this 2018-19 Budget process.

**Farmers Branch Department Heads**, for the timely submissions of your budgets to the Finance Team and all your help along the way.

**Rachael Johnson**, for being the best, fastest, and most intuitive creative force I've had the pleasure of working with.

The **Finance Team**, for all your spot-on analysis, quick responses, and for working so hard to all year long. I couldn't do it without you!

Special Budget Thanks and Appreciation goes to **Suzanne Prichard, Budget Manager**, for all her work and stewardship of this year's budget process. Suzanne's 30+ years of service to the City of Farmers Branch has been invaluable to ensuring a smooth budgeting process.







**QUESTIONS?**