

City of Kyle, Texas

City Manager's Presentation of Fiscal Year 2011-12 Proposed Budget

August 1, 2011



Presentation Outline Proposed FY 2011-12 Budget

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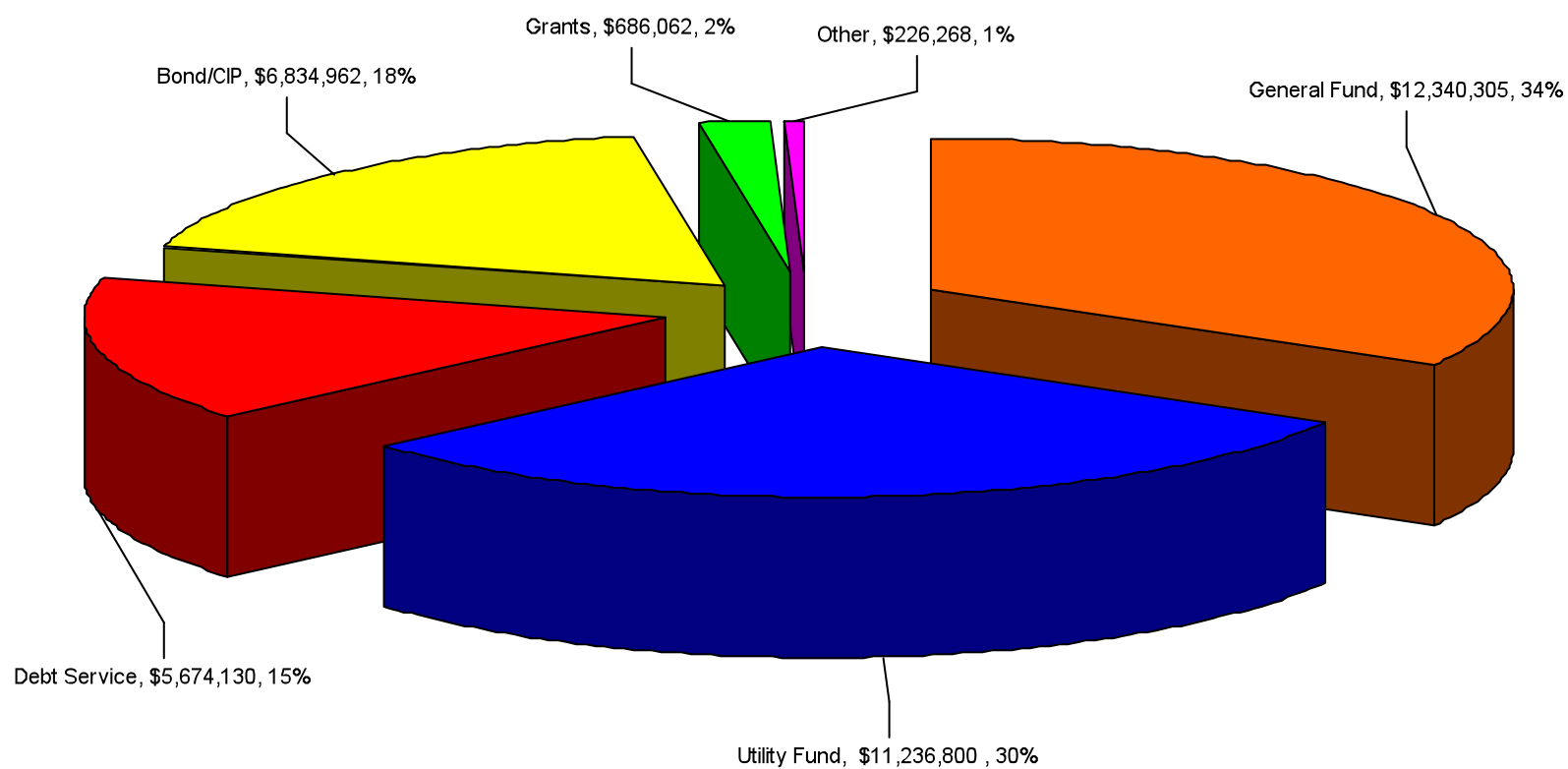


Guiding Principles & Objectives For Development of Proposed FY 2011-12 Budget

1. Provisions for Delivery of All Basic Municipal Services
2. Priority for Public Safety & Quality of Life Initiatives/Services
3. Full Disclosure, Complete Transparency, & Public Involvement
4. City Council's Budget Policy Directives
5. Minimize Financial Impact on the Community
6. Improve Financial Integrity of Operating Funds & Fund Balances
7. Compliance With General Fund Balance Requirements
8. Use of Reasonable & Documented Revenue Estimates
9. Complete Accounting of Operating & Capital Expenditures
10. Optimize Deferral of Operating & Capital Expenditures
11. Improve Performance & Financial Accountability
12. Prevent Employee Layoffs



All City Funds Budget Summary: Total \$37.0 Million Proposed FY 2011-12 Budget





Overview & Budget Highlights – All City Funds Proposed FY 2011-12 Budget

1. Provisions for the Delivery of All Basic Municipal Services
2. Increased Funding for Public Safety (Police, EMS & Fire)
3. Funding for Pay Increases for Police Officers
4. No Pay Increases for Regular City Employees
5. Continued Operations and Maintenance of All City Facilities
6. Funding for Library Services Delivered From New Facility
7. Reduction in Utility Transfer to General Fund
8. Reduction in TMRS Contribution Rate From 8.68% to 8.10%
9. Implementation of a 90-Day Hiring Deferral Procedure for Vacancies
10. No New Positions For Departments Except For A City Engineer Position
11. No Layoffs of City Employees

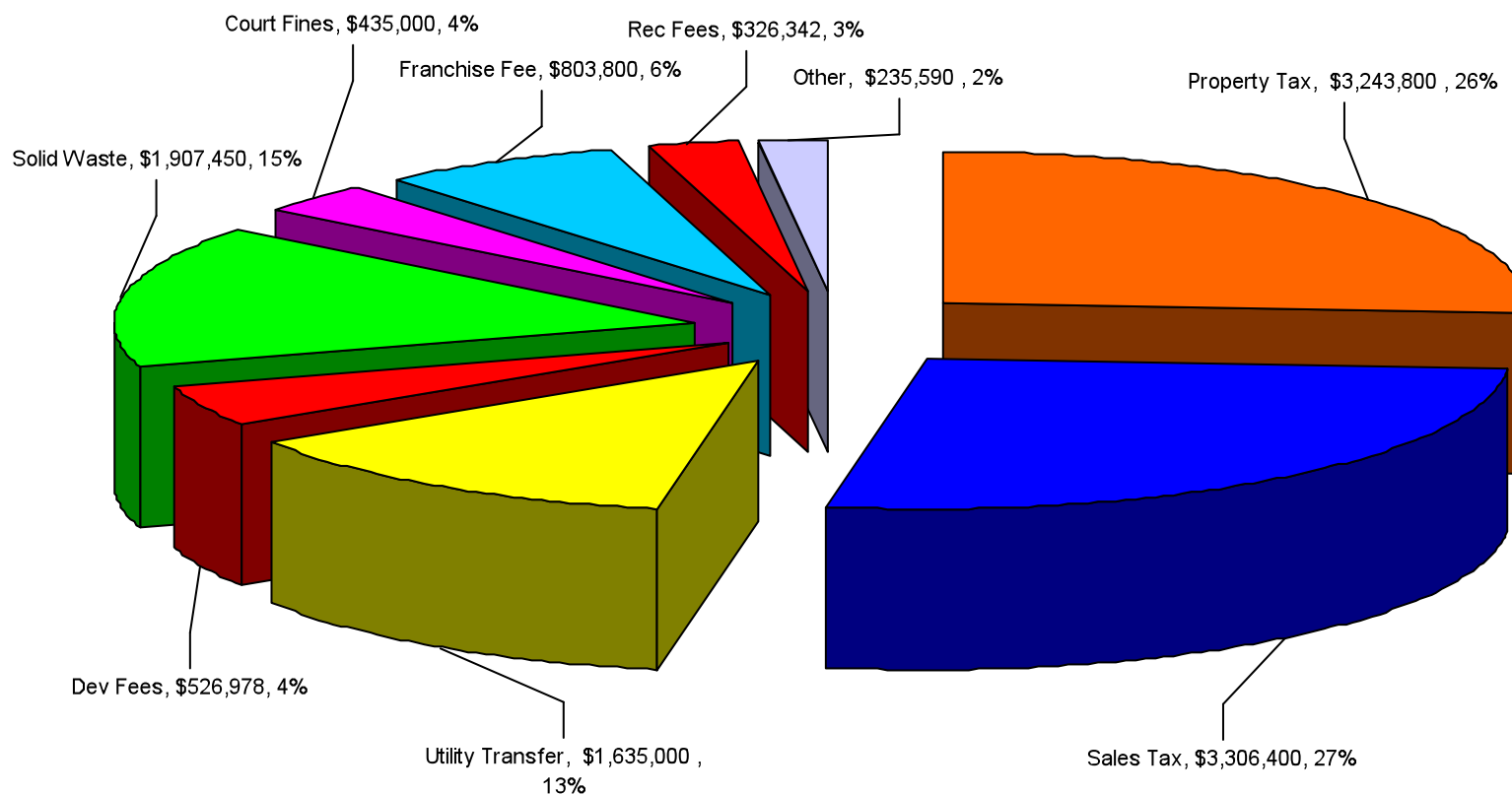


Proposed FY 2011-12 Budget

Budget Summary & Highlights GENERAL FUND



General Fund Sources of Funds: Total \$12.42 Million Proposed FY 2011-12 Budget





Property Tax Proposed FY 2011-12 Budget

- 2.71% Net Increase in 2011 Certified Property Valuation
- 2011 Certified Property Valuation = \$1,362,207,735 (Excluding TIRZ)
- Proposed 2011 Property Tax Rate:

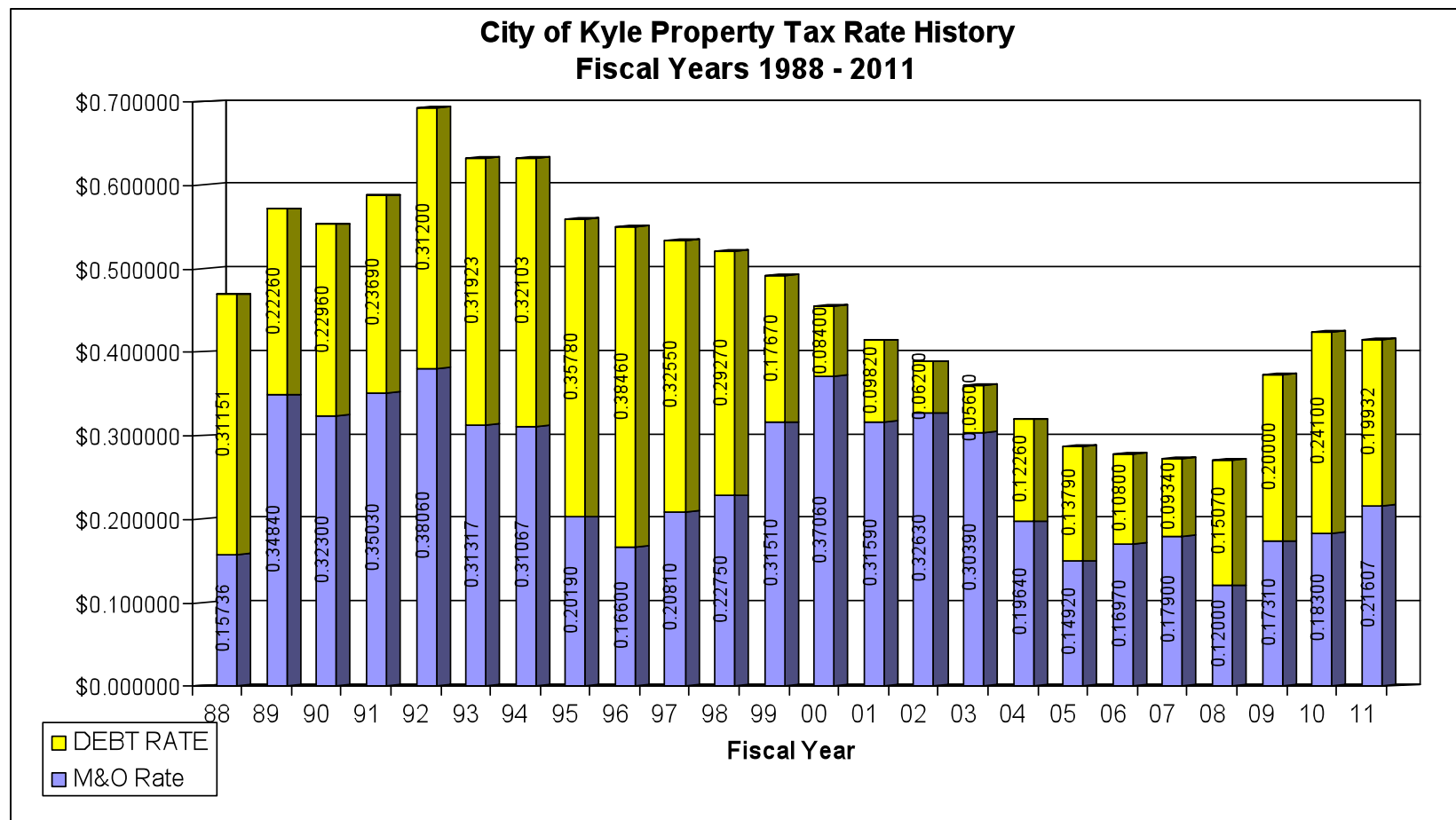
	<u>2010</u>	<u>2011</u>
– Maintenance & Operations	\$0.216073	\$0.2361
– Interest & Sinking Fund	<u>\$0.199326</u>	<u>\$0.2484</u>
– Total Tax Rate Per \$100/AV:	<u>\$0.415399</u>	<u>\$0.4845</u>

- Proposed 2011 Tax Rate Increase: \$0.0691 Per \$100 AV
- Impact on Average Home in Kyle: \$87.22 or \$7.26 Per Month

Average Homestead Value: \$127,330

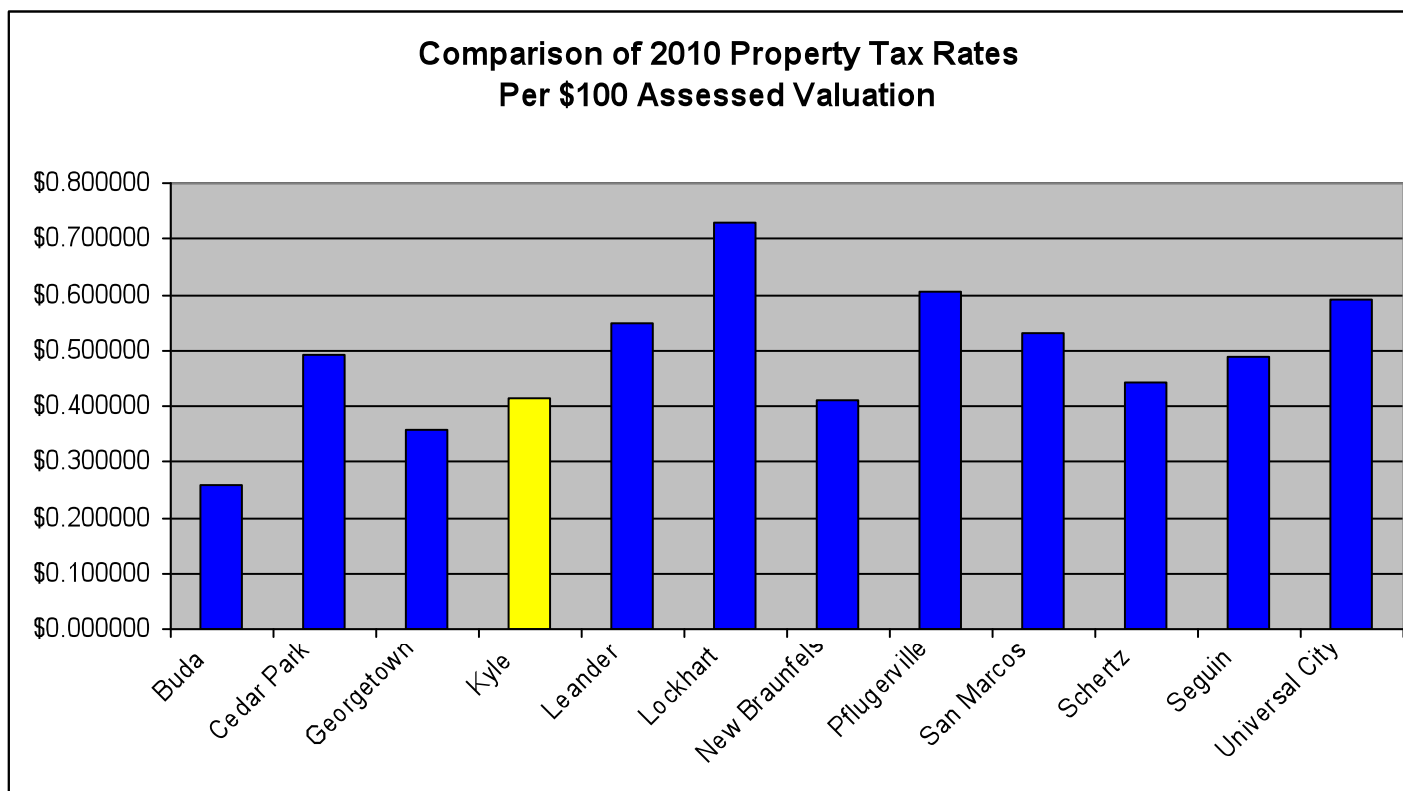


Property Tax Rate History From FY 1998 – FY 2011





Comparison of Property Tax Rates

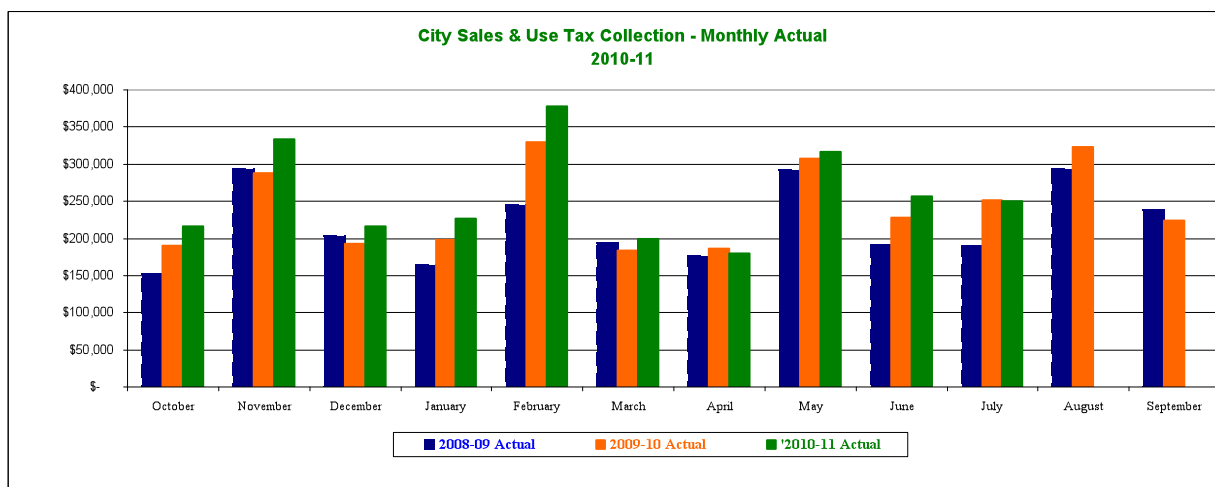




Sales Tax Proposed FY 2011-12 Budget

- 6.00% Growth Rate Assumed Based on Actual Collections in 2011
- Sales Tax Revenue Projected for FY 2012 = \$3,306,400
- \$318,000 or 10.64% Increase From Approved FY 2011 Budget

3-Year Sales Tax Collection Trend





Other Revenue Proposed FY 2011-12 Budget

- \$2,318,710 Total Projected for All Other Revenue for FY 2012
- \$146,433 or 6.74% Increase Compared to Approved FY 2011 Budget
- Two New Fees Proposed:
 - \$2.50 Per Transaction Electronic Payment Processing Fee
 - \$2.00 Per Month Solid Waste Administrative Fee
- 15% Increase in Various Fees & Charges (Details in Fee Schedule)
- Breakdown of Other Revenue:

Franchise Fees	\$803,800	10.25% Increase
Court Fines	\$435,000	15.18% Increase
Library Revenue	\$ 47,250	36.60% Decrease
Development Fees	\$526,978	9.24% Increase
Recreation Fees	\$326,342	0.86% Increase
Interest & Misc.	\$177,500	1.79% Increase

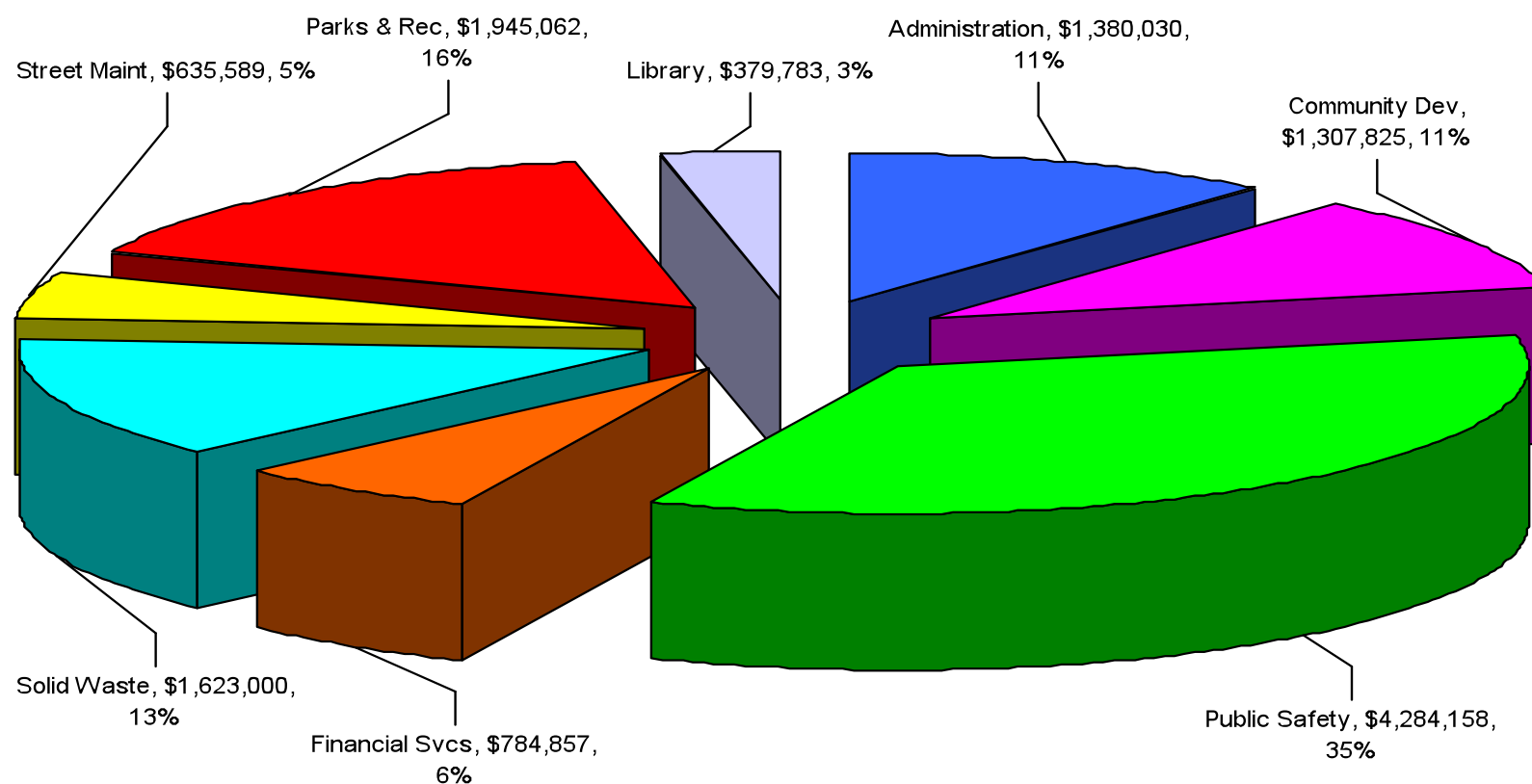


General Fund Transfer Proposed FY 2011-12 Budget

- \$1,635,000 Transfer From the Utility Fund for FY 2012
- \$97,351 or 6% Reduction in General Transfer Compared to Approved FY 2011 Budget
- 5 to 7 Year Transition Plan to Set General Fund Transfer at 10% of Gross Utility Revenue
- Current Approved Budget Includes \$1,732,351 or 20.33% of Gross Utility Revenue for General Fund Transfer
- Proposed General Fund Transfer Amount of \$1,635,000 is 18.03% of Gross Utility Revenue



General Fund Uses of Funds: Total \$12.34 Million Proposed FY 2011-12 Budget





General Fund - Significant Changes Proposed FY 2011-12 Budget

- \$43,000 For Police Officers' Pay Increase
- \$456,500 For Existing 380 Agreements
- \$273,886 For EMS - \$113,886 Increase
- \$29,400 For Kyle Fire Department
- \$102,486 For A City Engineer Position
- \$33,583 For Increase in Medical Insurance
- \$3,577 For Increase in Dental Insurance
- \$18,500 Savings in Debt Service From 2011 GO Refunding
- \$97,351 or 6% Reduction in General Fund Transfer



General Fund Reserves Proposed FY 2011-12 Budget

- City Charter Requires 25% of Annual Operating Budget
 - \$3,085,076 Based on Proposed Budget
- Debt Management Policy Requires Equivalent of 90 Days of General Fund Expenditures
 - \$3,042,815 Based on Proposed Budget
- Proposed Budget Improves Fund Balance for the General Fund
- Compliance With City Charter and Debt Management Policy Requirements
- Projected Ending Fund Balance for FY 2012 = \$3,284,957 or 26.62%

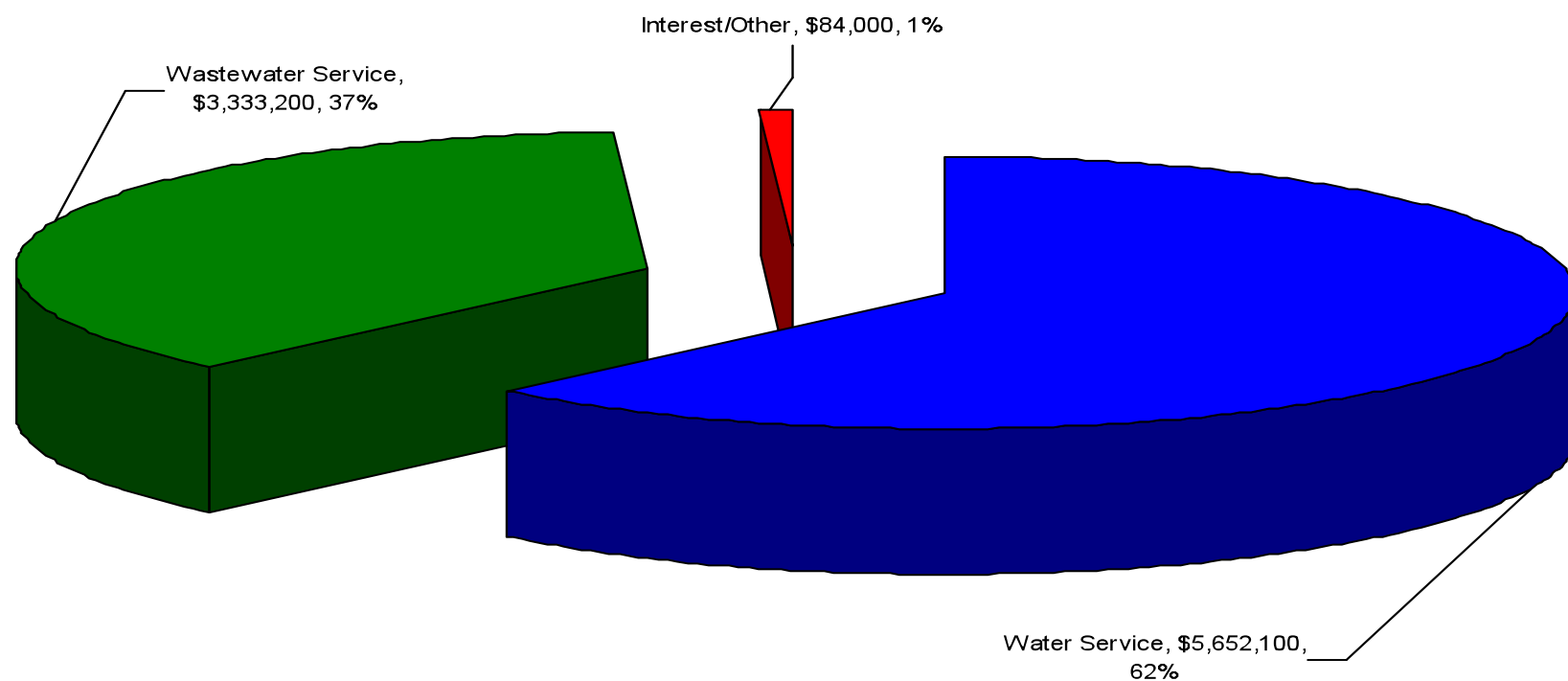


Proposed FY 2011-12 Budget

Budget Summary & Highlights WATER & WASTEWATER UTILITY FUND

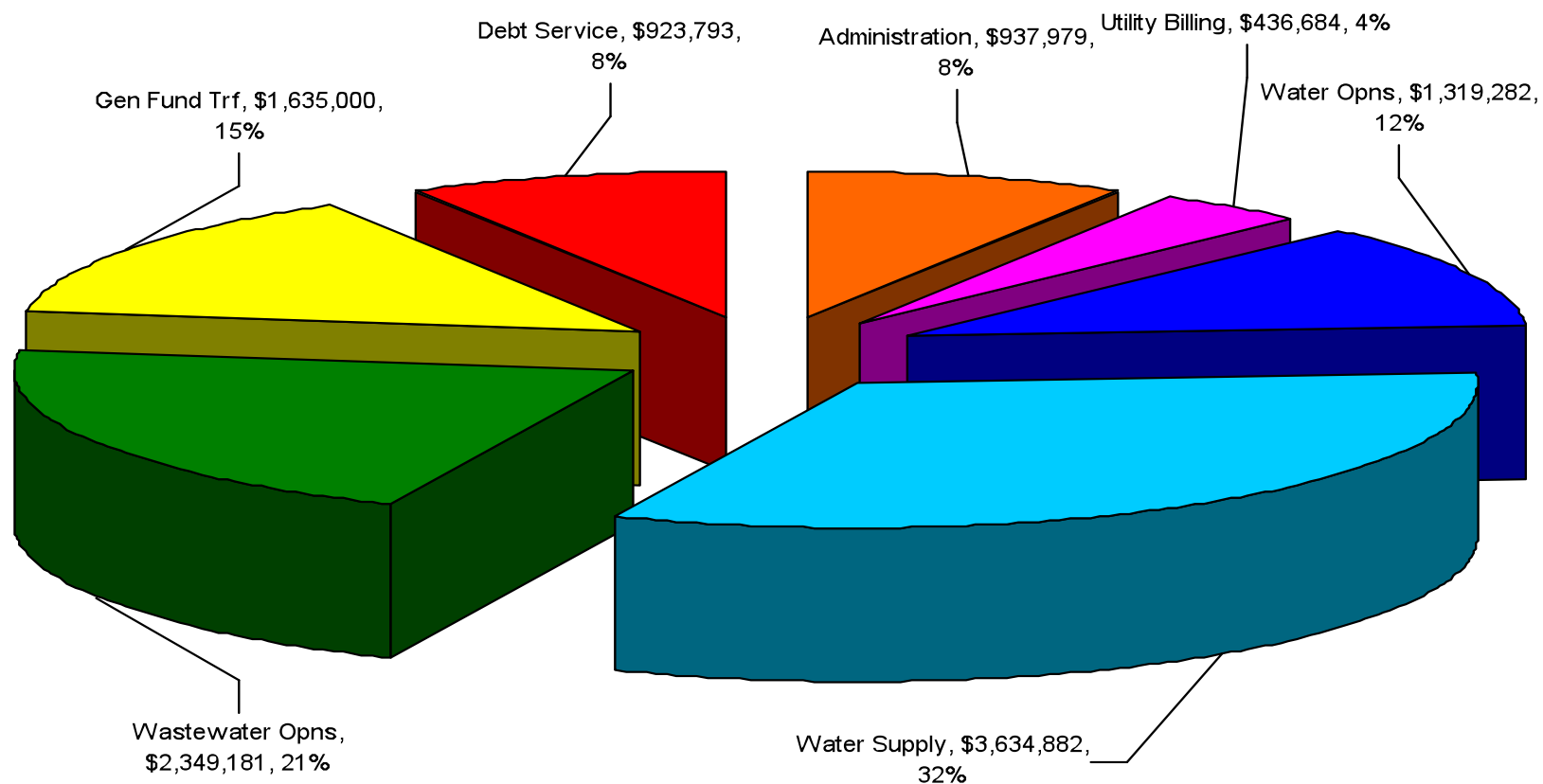


Water & Wastewater Utility Fund Sources of Funds: Total \$9.07 Million Proposed FY 2011-12 Budget





Water & Wastewater Utility Fund Uses of Funds: Total \$11.24 Million Proposed FY 2011-12 Budget



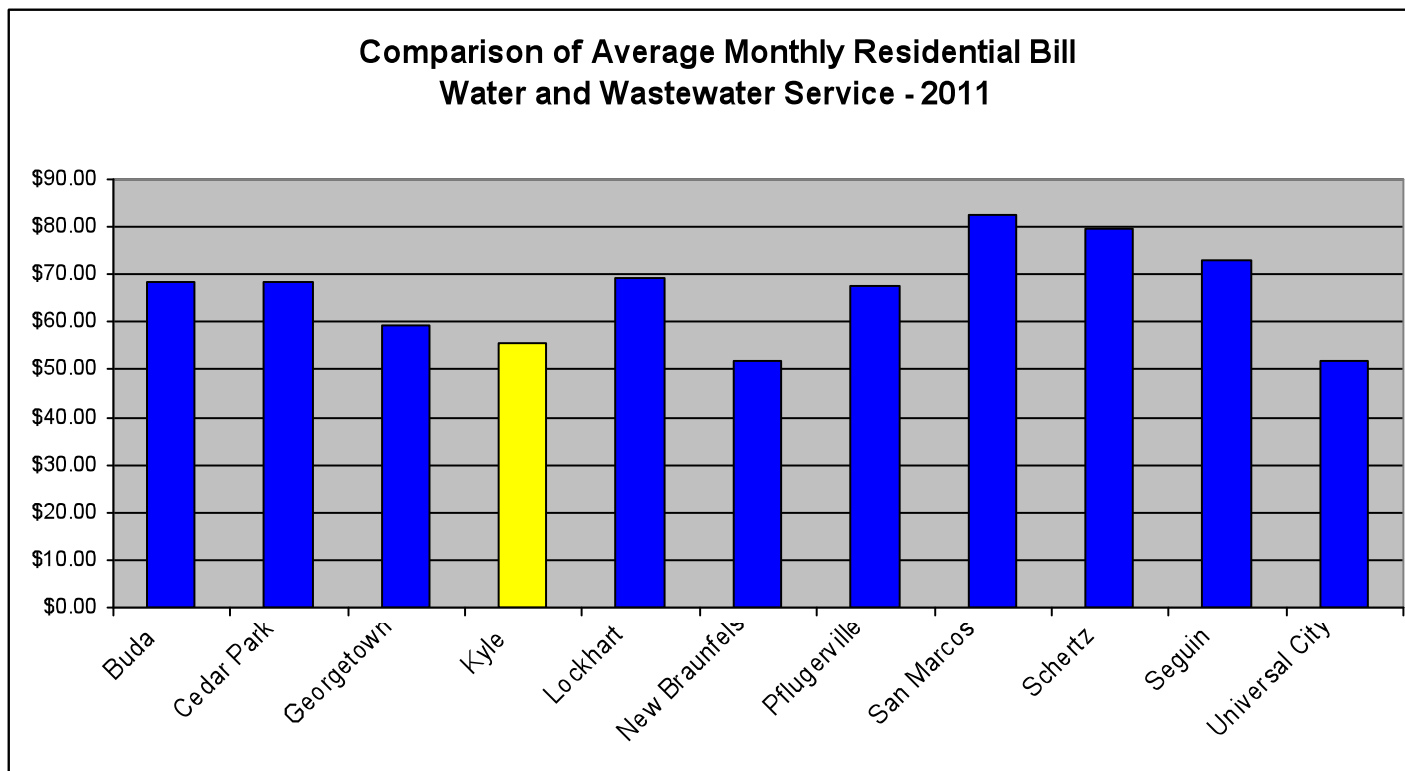


Water & Wastewater Utility Fund Budget Summary & Highlights Proposed FY 2011-12 Budget

- Current Water & Wastewater Rates Are Inadequate to Cover All Required Utility Expenditures
- Funding Gap Analysis Results: Water 67.73% Wastewater 51.45%
- 3-Year Rate Plan Proposed For Water & Wastewater Rates
- 30% Water System-Wide Rate Increase in FY 2012 (Year 1 of 3)
- 25% Wastewater System-Wide Rate Increase in FY 2012 (Year 1 of 3)
- \$2,167,500 Funding Gap Even After 1st Year Rate Increase
- Rate Increase Applied to Monthly Charge & Volumetric Rates For All Customers Classes
- Rate Change Will Be Effective October 1, 2011
- Funding Not Included For Next Capacity Expansion at the City's Wastewater Treatment Plant



Water & Wastewater Utility Fund Comparison of Average Monthly Residential Bill Proposed FY 2011-12 Budget





Water & Wastewater Utility Fund Significant Changes Affecting Rates Proposed FY 2011-12 Budget

- \$746,533 or 60% Increase For GBRA's Fixed Costs
 - Water Supply Increasing From 2,957 Ac. Ft. to 5,533 Ac. Ft.
 - Treatment/Pipeline Capacity Increasing From 2.64 MGD to 4.94 MGD
- \$504,000 Increase For Annual Payments to AquaTexas For Wastewater Plant Expansion (Moved to Operating Fund From Impact Fee Fund)
- \$45,484 or 7.62% Increase For City's Share of HCPUA Costs
- Funding Gap Analysis Results: Water 67.73% Wastewater 51.45%
- 3-Year Rate Increase Plan Proposed For Water & Wastewater Rates

	<u>Water</u>	<u>Wastewater</u>
FY 2011-12:	30%	25%
FY 2012-13	20%	20%
FY 2013-14	20%	10%

- 3-Year Rate Plan Only Covers Funding Gap Thru FY 2012 And Not Beyond



Other City Funds Proposed FY 2011-12 Budget

Budget Summary & Highlights OTHER CITY FUNDS



Other City Funds: Total \$13.42 Million Proposed FY 2011-12 Budget

Proposed Budget Includes Estimated Expenditures Totaling \$13.42 Million For All Other City Funds. Expenditure Details Provided in Fund Summary in the Budget Document.

- Police Forfeiture Fund
- Police Special Revenue Fund
- Court Special Revenue Fund
- Hotel Occupancy Fund
- Transportation Fund
- Economic Development Fund
- Library Building Fund
- Debt Service Fund
- TIRZ Debt Service Fund
- Park Development Fund
- 2007 Contractual Obligation Fund
- 2008 Contractual Obligation Fund
- 2009 Tax Notes Fund
- 2010 Contractual Obligation Fund
- Grant Fund
- Other Post Employee Benefit Fund (OPEB)



Capital Improvements Program (CIP) Proposed FY 2011-12 Budget Total: \$846,075

Following Capital Projects Are Included in the Proposed FY 2011-12 Budget:

- **\$494,000 For Lake Kyle Development**
 - \$350,000 Funded by Hays County Grant (PARD)
 - \$144,000 Funded by TPWD Grant (PARD)
- **\$37,582 For City Square Park**
 - Funded by Hays County Grant (PARD)
- **\$60,000 For Retrofit of Upper Plum Creek (Spring Branch Channel)**
 - \$47,276 Funded by TCEQ Grant (Public Works)
 - \$12,724 Funded by Water Utility
- **\$18,169 For Mulch Tube Fencing (Steeplechase Park by Creek)**
 - Funded by TCEQ Grant (Public Works)
- **\$236,324 For Train Depot Renovations**
 - \$25,000 Funded by PEC Grant (Communications)
 - \$211,234 Funded by 2009 Tax Notes



Capital Outlay (Non CIP): Total \$35,000 Proposed FY 2011-12 Budget

Following Capital Outlay Items Are Included in the Proposed FY 2011-12 Budget - Funding Provided From the Park Development Fund Balance:

- \$4,000 For (1) Flat Bottom Boat
 - Funded by Using Park Development Fund Balance (PARD)
- \$17,000 For (1) 72" ZTR Mower
 - Funded by Using Park Development Fund Balance (PARD)
- \$14,000 For (1) All Purpose Utility Vehicle (Gator)
 - Funded by Using Park Development Fund Balance (PARD)



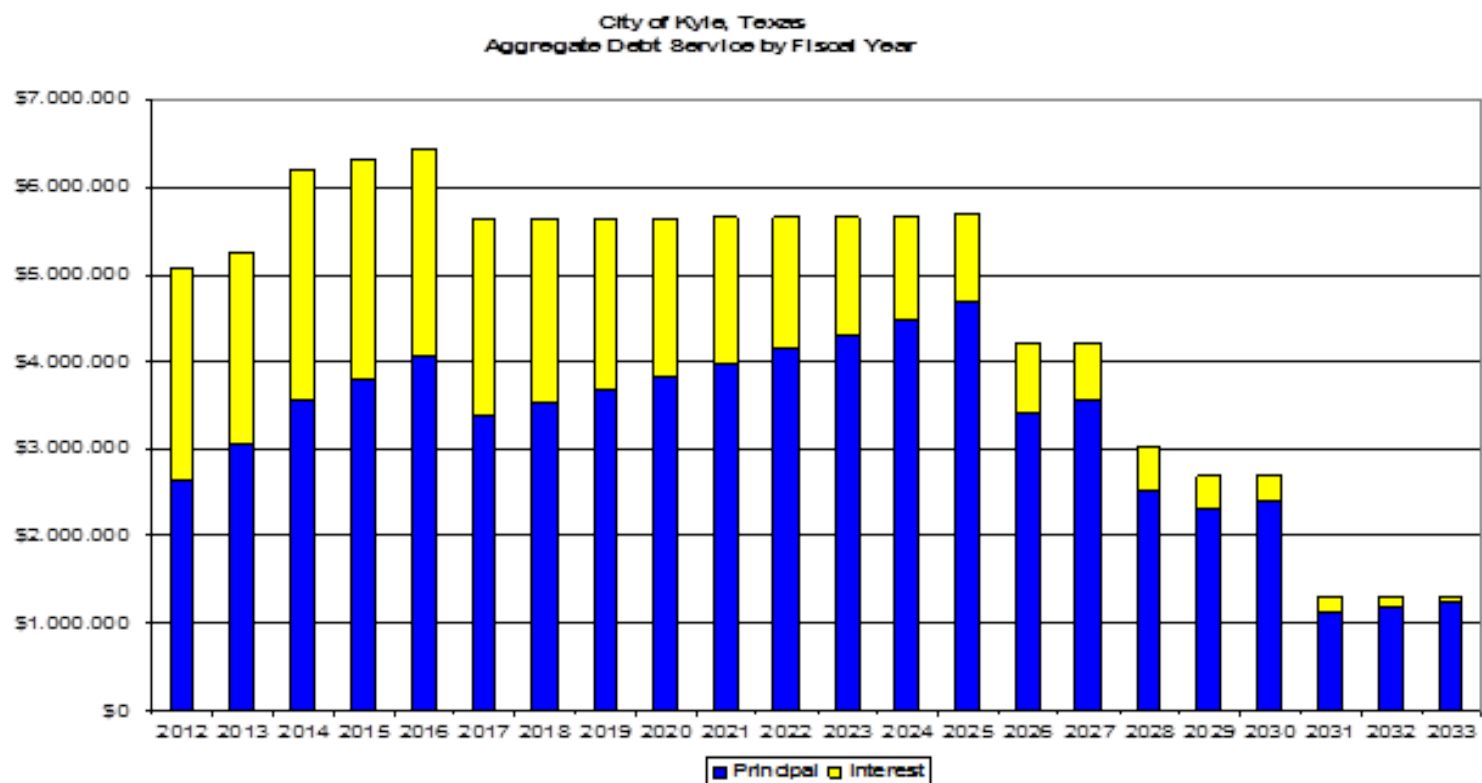
Overview of City's Debt Position Proposed FY 2011-12 Budget

Overview of City's Debt Position and Payments Due:

- \$70.84 Million Total Debt Outstanding (Principal Only) on October 1, 2011
- \$5,069,260 Due in FY 2012 For Principal & Interest Payments
- \$473,417 or 10.3% Increase From Current Year
- \$425,000 Offset Applied For Debt Service As Authorized by City Council
Note: This is Year 2 of the 4-Year Debt Management Plan
- \$1.0 Million Increase in Debt Service Payments in FY 2014
- Plans for Refunding \$12.5 Million SIB II Loan (TIRZ) Plus Accrued Interest in Late 2013 to Stabilize Debt Service Increase - Refunding Subject to Financial Market Conditions At the Time



Debt Service Requirements Proposed FY 2011-12 Budget





Funding for RM 150 Realignment Project Proposed FY 2011-12 Budget

- As Reviewed With City Council, Reprogramming of Bond Funds Included in the Proposed FY 2011-12 Budget to Fund City's Share of Estimated Costs for the RM 150 Realignment Project - \$4,938,594.
 - \$3,000,000 Available and Budgeted in the 2008 Contractual Obligation Fund
 - \$603,057 From Balance in RM 150 Lot Fee Accounts (Waterleaf Falls, Woodland Park, Post Oak, and Four Seasons)
 - \$656,471 From 2008 Contractual Obligation Fund by Reclassifying IT Costs to 2009 Tax Notes Fund
 - \$679,066 From Interest Earnings in the 2007 Contractual Obligations Fund



Next Steps – Budget Process Proposed FY 2011-12 Budget

August 1	Proposed Budget Presented to City Council
August 1	Resolution For Consideration of Tax Rate Increase
August 3 - 24	Council Budget Work Sessions & Public Hearings
August 17	Required Public Hearing on Property Tax Rate
August 24	Required Public Hearing on Property Tax Rate
September 6	1 st Reading For Budget Adoption
	1 st Reading For Property Tax Rate Adoption
September 13	2 nd Reading For Budget Adoption
	2 nd Reading For Property Tax Rate Adoption



Proposed FY 2011-12 Budget

Detailed Budget Information Available

- Complete Copies of the Proposed Budget Available For Review
 - City Hall
 - Public Library
- PDF Version of the Proposed Budget Available on the City's Website
 - www.cityofkyle.com