



**CITY COUNCIL AGENDA**  
**CITY OF PEARLAND**  
**WORKSHOP**  
**MONDAY, AUGUST 3, 2015, 6:30 P.M.**  
COUNCIL CHAMBERS | PEARLAND CITY HALL | 3519 LIBERTY DRIVE  
281.652.1600

**I. Call to Order**

**II. Purpose of the Workshop:**

- 1. Council Input and Discussion:** Regarding the Fiscal Year 2016 Budget and Multi-Year Financial Plan - Budget Workshop #1 – Overview, Highlights, Property Tax, Debt Service, General Fund, Multi-Year Plan, Other Funds.

**III. Adjournment**

This site is accessible to disabled individuals. For special assistance, please call Young Lorfing at 281-652-1840 prior to the meeting so that appropriate arrangements can be made.

All agenda supporting documents are available at [pearlandtx.gov](http://pearlandtx.gov)

**AGENDA REQUEST  
BUSINESS OF THE CITY COUNCIL  
CITY OF PEARLAND, TEXAS**

<b>AGENDA OF:</b>	August 3, 2015	<b>ITEM NO.:</b>	Workshop Item
<b>DATE SUBMITTED:</b>	July 27, 2015	<b>DEPT. OF ORIGIN:</b>	Finance
<b>PREPARED BY:</b>	Claire Bogard	<b>PRESENTOR:</b>	Clay Pearson
<b>REVIEWED BY:</b>	Jon R. Branson	<b>REVIEW DATE:</b>	July 30, 2015
<b>SUBJECT: Fiscal Year 2016 Budget and Multi-Year Financial Plan - Budget Workshop #1 – Overview, Highlights, Property Tax, Debt Service, General Fund, Multi-Year Plan, Other Funds</b>			
<b>EXHIBITS:</b> PowerPoint Presentation Budget Books 1 and 2 (Distributed July 27, 2015)			
<b>FUNDING:</b>			
<input type="checkbox"/> Grant <input type="checkbox"/> Developer/Other <input type="checkbox"/> Cash <input type="checkbox"/> Bonds To Be Sold <input type="checkbox"/> Bonds- Sold <input type="checkbox"/> L/P – Sold <input type="checkbox"/> L/P – To Be Sold			
<b>EXPENDITURE REQUIRED:</b> N/A		<b>AMOUNT BUDGETED:</b> N/A	
<b>AMOUNT AVAILABLE:</b> N/A		<b>PROJECT NO.:</b>	
<b>ACCOUNT NO.:</b> N/A			
<b>ADDITIONAL APPROPRIATION REQUIRED:</b>			
<b>ACCOUNT NO.:</b>			
<b>PROJECT NO.:</b>			
<b>To be completed by Department:</b>			
X	Finance	Legal	Ordinance                      Resolution

**EXECUTIVE SUMMARY**

**BACKGROUND**

Pursuant to State law and according to City Charter, the City must adopt a budget by the last regularly scheduled Council meeting in September, prior to the beginning of the fiscal year. The budget must contain a complete financial statement of the City and the City must hold a public hearing on the budget and follow truth-in-taxation requirements.

The budget process begins by reviewing the proposed annual budget for fiscal year 2015-2016 through a series of budget workshops. Tonight is the first workshop which provides staff the opportunity to present the proposed budget and respond to any questions that you may have.

### **SCHEDULE**

Budget workshops are scheduled for each Monday in August as necessary. The first public hearing on the budget and tax rate will occur after all of the required steps and public notices, pursuant to State law have occurred. The proposed budget recommends a debt service tax rate of \$0.4900, the same as the current debt service tax rate, which is a function of the City's annual debt service requirements. The operating tax rate is proposed at \$0.2293, an increase of .00727 from the current operating tax rate of \$0.2221. It is the operating tax rate that drives the calculation of the effective tax rate, which is the tax rate required to generate the same amount of property tax revenue if applied to the properties taxed in both years; 2015 and 2016.

Under the effective tax rate calculation, the City would have to actually decrease the rate from the 2015 rate because of the value growth in the community. Therefore, it is anticipated that the City's proposed fiscal year 2016 tax rate of \$0.7193 will exceed the effective tax rate given growth in valuation and ongoing public service needs, but not exceed the rollback rate. The effective tax rate requirement dictates a formal vote by the City Council to increase property taxes, as in previous years. The vote is scheduled for Monday, August 17<sup>th</sup>. (At this time, the City has not received the final tax rate calculations, effective tax rate and rollback rate, from the City's tax assessor/collector).

The first public hearing is scheduled for Monday, August 31<sup>st</sup> beginning at 6:30 p.m. and the second public hearing on Tuesday September 8, 2015 beginning at 6:30 p.m. First reading of the ordinances (budget and tax rate) are scheduled for September 14 with second and final reading on September 21, 2015, prior to the start of the new FY 2015/16 Fiscal Year on October 1, 2015.

### **POLICY/GOAL CONSIDERATION**

Pursuant to State Statute and City Charter, the budget was filed with the City Secretary and submitted to City Council on July 27, within the targeted 60 to 90 days prior to the beginning of the fiscal year. The budget provides a complete financial plan for the program of services to be provided in the upcoming fiscal year ending September 30, 2016. The multi-year financial plan for major funds is also included in the recommended policy document to the City Council.

The proposed budget is a public record and has been placed on the City's website, [pearlandtx.gov](http://pearlandtx.gov), a copy provided to each library, and will be available for viewing in the City's Secretary's office as well, in keeping with the Strategic Priority of Engaged Community.

### **CURRENT AND FUTURE FUNDING /FINANCIAL IMPACTS**

The budget serves as the financial plan (revenues and expenditures) and provides for the annual program of services for the City in fiscal year 2016 ending September 30, 2016.

As recommended, the budget incorporates a total property tax rate of \$0.71937 per \$100 valuation, an increase of 0.00727 cents from the current tax rate of \$0.7121. The debt service component of the tax rate remains the same at \$0.4900 and the operations component of the tax rate increases from \$0.2221 to \$0.22937, to fund services such as public safety, parks, and public works. The 2.5 cent tax rate increase forecasted in last year's multi-financial plan will not be needed due to an increase in valuations and other revenue sources.

The General Fund expenditure budget totals \$73,840,782, an increase of \$3.4 million or 4.85% from the current 2015 amended budget. Looking at just recurring expenditures, recurring expenditures from the 2015 budget have increased \$5.4 million or 8.7%. This is mainly due to increases in salaries of \$1.4 million, for a 2% cost of living increase, police step pay, and increases in health, retirement, workers compensation and unemployment benefits.

The budget adds 17.5 full-time and 2.5 FTE part-time General Fund positions, of which four of those positions are in Police and 10.5 are in Fire. Other increases to the budget includes landscape contract increases for corridor beautification, and operating expenditures of new parks coming on-line in 2016, Hickory Slough, Shadow Creek Ranch, and Centennial Parks as well as Fire Stations 2 & 3.

Also included is an additional \$1,100,000 in streets and \$200,000 in sidewalks for infrastructure recapitalization but well below the \$3.75 million recommended annually. The General Fund draws down fund balance by \$3.48 million, of which \$327,000 is recurring and \$3.16 million non-recurring, resulting in a structural imbalance, where recurring expenditures exceed recurring revenues. The structural imbalance was forecast in last year's multi-year plan, however the ending fund balance of \$12.1 million is in excess of the City's 2-month reserve policy by \$778,000.

The Water/Sewer Fund includes a 16.0% revenue increase, generating an additional \$4.7 million in revenues. Last year's forecast estimated a 5.55% revenue increase, but due to escalating treatment plan expansion costs and heavy rainfall earlier this summer, a higher revenue is necessary. The revenue increase is needed to maintain the system, provide for debt service, and to meet reserve and bond coverage requirements. Expenses total \$38,422,759, and include debt payments of \$14.4 million. The budget includes programs to maintain our existing infrastructure such as annual lift station rehab. (\$500K), interior lining of storage tanks (\$200K), replacement of aging and deteriorating chemical containment structures at the City's water production facilities (\$350K) and cleaning of water lines in the south east area to improve water quality. (\$60K)

Solid Waste (garbage/recycling) rates will be based on the Houston MSA CPI effective October 1, 2015 pursuant to the City's contract with our provider. Based on the April Houston MSA CPI, the budget assumes no increase in the base garbage rate, \$17.48.

#### **O&M IMPACT INFORMATION**

See proposed budget.

#### **RECOMMENDED ACTION**

Review and discuss the proposed budget for Fiscal Year 2015-2016 and Multi-Year Financial Plan. Overview, Highlights, Property Tax, Debt Service, General Fund & Multi-Year Plan, Other Funds.

# Building MOMENTUM



CITY OF PEARLAND, TEXAS

FISCAL YEAR  
2015-2016  
PROPOSED BUDGET  
and  
MULTI-YEAR FORECAST

AUGUST 3, 2015

# Building MOMENTUM



OVERVIEW and  
HIGHLIGHTS

PROPERTY TAX

DEBT SERVICE

GENERAL FUND

Budget

Fee Increases

Multi-Year Forecast

Option 2

OTHER FUNDS



# Building MOMENTUM

## MOMENTUM

- Quantity of motion of a moving body, measured as a product of its mass and velocity.
- Amount of motion occurring in something that is moving
- Force that drives something forward to keep it moving
- Advancing strength of a development or course of events

# Building MOMENTUM



## On a Roll

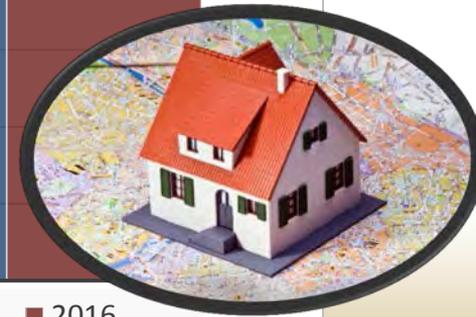
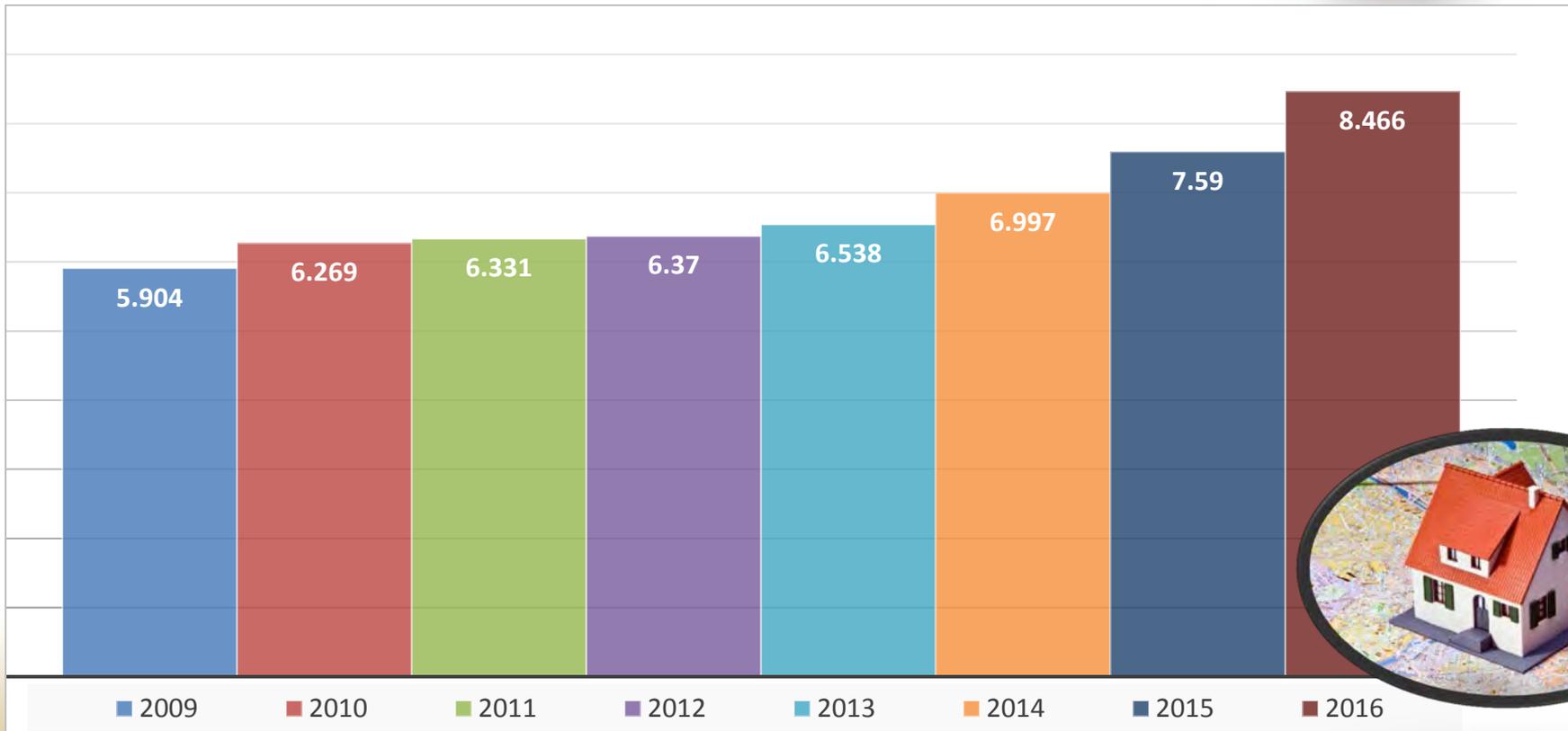
- Strategic Priorities
- Property Valuation
- Sales Tax Growth
- Growth and Development
- Infrastructure Investment and Recapitalization
- Master Plans & Studies (ex: Parks, Drainage, Comprehensive, Police Dept. Staffing & Utilization)
- Citizen Survey



# Strategic Priorities



# Taxable Value



In billions of dollars. Including TIRZ #2

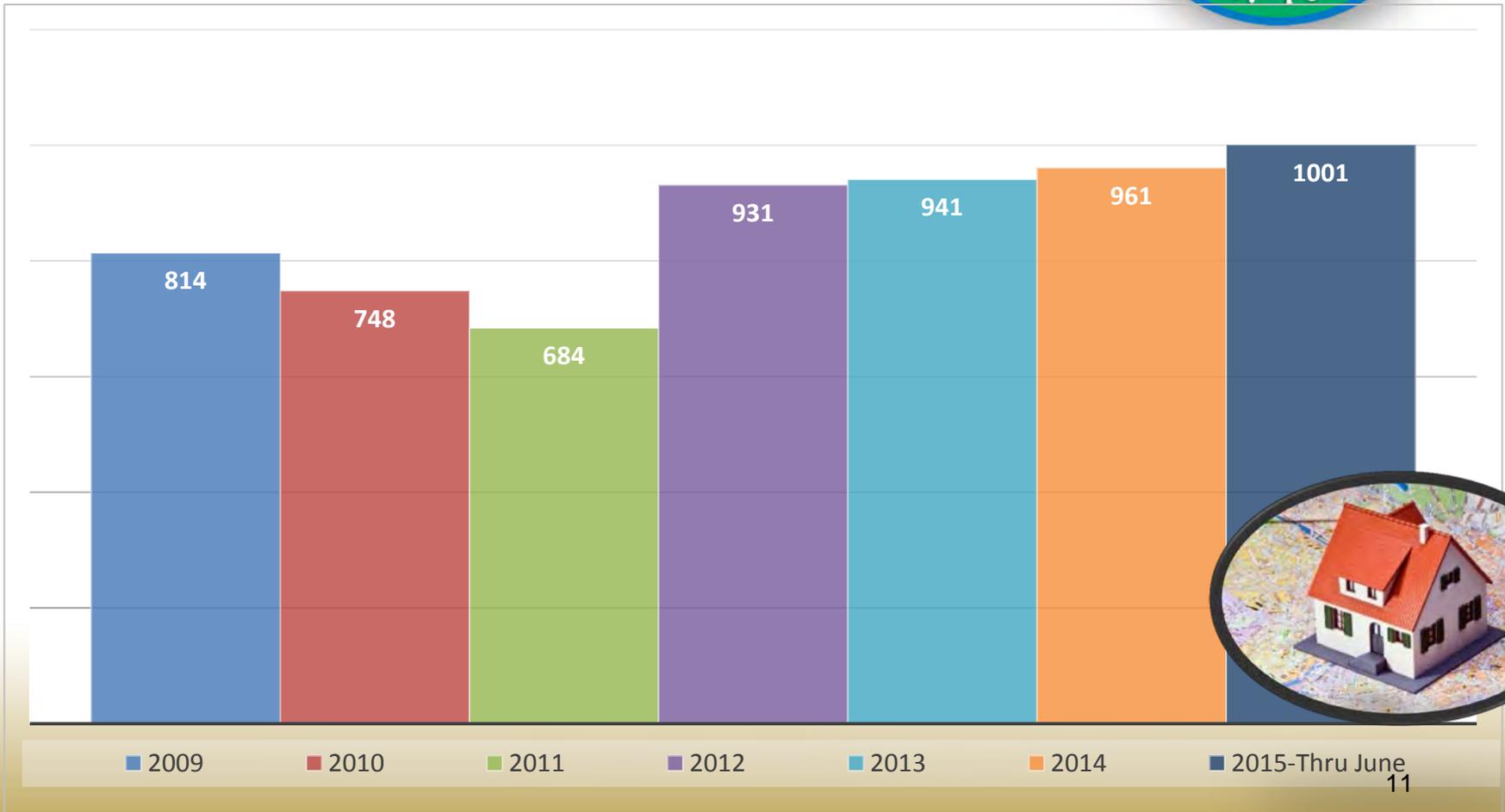


# Sales Tax Revenue



1 Cent City and ½ cent EDC. In millions

# Single Family Permits





## Economic Development

- Additional Phases to Center at Pearland Parkway
- Costco 160,000 square feet
- Keystone Engineering, \$6 million in investment – 70 employees
- Shale-Inland, \$14 million facility, 210,000 SF – 80 employees
- Tool-Flo Manufacturing, \$36 million, 80,000 SF facility, 188 employees
- MHI 180,000 square feet, Warehouse



# Major Supplemental Funding And Staffing

(pages 5-14 of budget  
book 1)



# Funding Highlights

## Engaged Community

### Pear Trail and Arts Grants

**\$ 45,000**

- The Convention & Visitors' Bureau, will implement a Pear Art Trail Project within the City by placing 20 pre-cast fiberglass pear shaped molds, with artistic themes, painted and placed in strategic locations around Pearland. \$15,000 to be added to existing Arts Grant Program.

## Safe Community

### Fire Department

**\$2,067,493**

- Nine (9) full-time and 3 part-time Firefighters, including gear, are added to fulfill the need for additional staff with the Station #2 opening in fall 2015 - \$669,075.
- To accommodate the need for evaluations, the City will convert volunteer Firefighters to part-time paid Firefighters - \$168,522.
- One ladder truck and one ambulance will be purchased to replace aged apparatus - \$1,160,000.

# Funding Highlights



## Safe Community

### Police Department – Patrol

**\$ 376,194**

- Four (4) full-time Police Officers (funded for 6 months, beginning April 1, 2016) with 2 vehicles, and the upgrade of 2 current Officers to Sergeant.

### Police Staffing and Utilization Study

**\$ 150,000**

- A comprehensive third-party review allows the City to benchmark operations to other agencies and objectively assess what is already working well and what needs refinement in order to provide responsive and cost-effective service to the community.

## Healthy Economy

### Small Business Coordinator

**\$ 38,950**

- A new position to focus on assisting businesses and developers to go through the planning process through to obtaining building permits. The position is created to provide one-on-one assistance for the developers and business owners.

# Funding Highlights



## Healthy Economy

### Community Beautification

**\$3,350,000**

- In fiscal year 2016, the Pearland Economic Development Corporation (PEDC) has budgeted \$350,000 for design work for the Broadway/SH288 intersection as part of the 288 Corridor Master Improvements Plan; this is in addition to \$319,500 projected for fiscal year 2015. In addition, \$1.1 million is budgeted for community entryways and beautification improvements to Pearland Parkway and Dixie Farm Road and design work on Kirby Drive. \$1.65 million is budgeted for SH35 streetscape design and construction.

## Sustainable Infrastructure

### Corridor Traffic Signal Timing

**\$ 50,000**

- The signal system project provides the backbone from which significant traffic management efficiencies can be realized. New traffic signal plans are needed to utilize the high performance capabilities of the system.

# Funding Highlights



## Sustainable Infrastructure

### Street Maintenance

**\$ 1,100,000**

- The City has increased street funding from \$432,139 at the beginning of the 2015 fiscal year to \$1,532,139 for the 2016 fiscal year with the goal to increase to \$3.4 million by 2020. 45% funding on subdivision streets; 55% on collectors and secondary thoroughfares.

## Parks, Recreation & Events

### New Park Openings

**\$ 628,203**

- Two new parks will be open in FY 2016 – Shadow Creek Ranch and Hickory Slough Sportsplex. The budget includes funding for a full year of maintenance, utilities and equipment. There are no new personnel added to the budget.

### Southdown Park Playground Surface Replacement

**\$ 71,020**

- The current “fall zone” material for the play structures at Southdown Park are damaged and worn to the risk of injury.

# Funding Highlights



## Fiscally Responsible

### Recycling Center

**\$ 128,155**

- The City is working with Keep Pearland Beautiful (KPB) to take over the operations of the Recycling Center effective January 1, 2016. The City has budgeted \$200,000 for renovations at the Center for KPB offices, with the plan for KPB to provide additional dollars for construction if needed. In addition, the City will provide \$50,000 toward the first year of operations and \$25,000 toward the second year.

### Compensation and Medical Benefits

**\$1,340,872**

- A 2% cost-of-living increase for all employees has been budgeted for FY 2016 - \$737,079, as well as the 3% annual step advance for Police Officers - \$84,739, and \$19,379 in other funds. In addition, a 2% increase in the minimum step on *all* pay plans, has been added at a cost of \$72,498. Only employees below the minimum of their pay plan will receive this increase. Medical Premiums increased by 23%, for \$427,177 budgeted in the General Fund.

# Funding Highlights



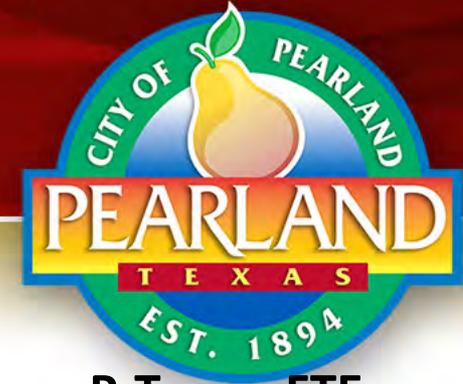
## Fiscally Responsible

### Enterprise Resource Planning – ERP

**\$1,656,265**

Fiscal year 2016 is the second and last year of implementation. The ERP project includes Financial Management, HR/Payroll, Community Development and Utility Billing modules. \$1.6 million includes one-time expenditures of \$867,265 for hardware and implementation of the software, and \$202,100 held in reserve and for overtime; also included is \$236,900 per year for a 5-year lease purchase. \$350,000 is budgeted in the Water/Sewer fund for a pro-rata portion of the cost.

Water/Sewer highlights to be discussed on August 24, 2015



# Highlights - Staffing

## By Fund

	F-T	P-T	FTE
<b>General Fund</b>			
Human Resources Generalist	1		1
Fire Administration - Receptionists		2	1
Fire Operations - Firefighters	9	3	10.5
Health/Code Enforcement Officer	1		1
Police Patrol Officers	4		4
Community Development - Small Business Coordinator	1		1
Permits & Inspections - Plans Examiner	1		1
Municipal Court – Bailiff p-t to f-t	0.52		0.52
<b>Total General Fund</b>	<b>17.52</b>	<b>5.0</b>	<b>20.02</b>
<b>Other Funds</b>			
Municipal Court Security - Bailiff p-t to f-t	0.48	-1	-0.02 <sub>20</sub>



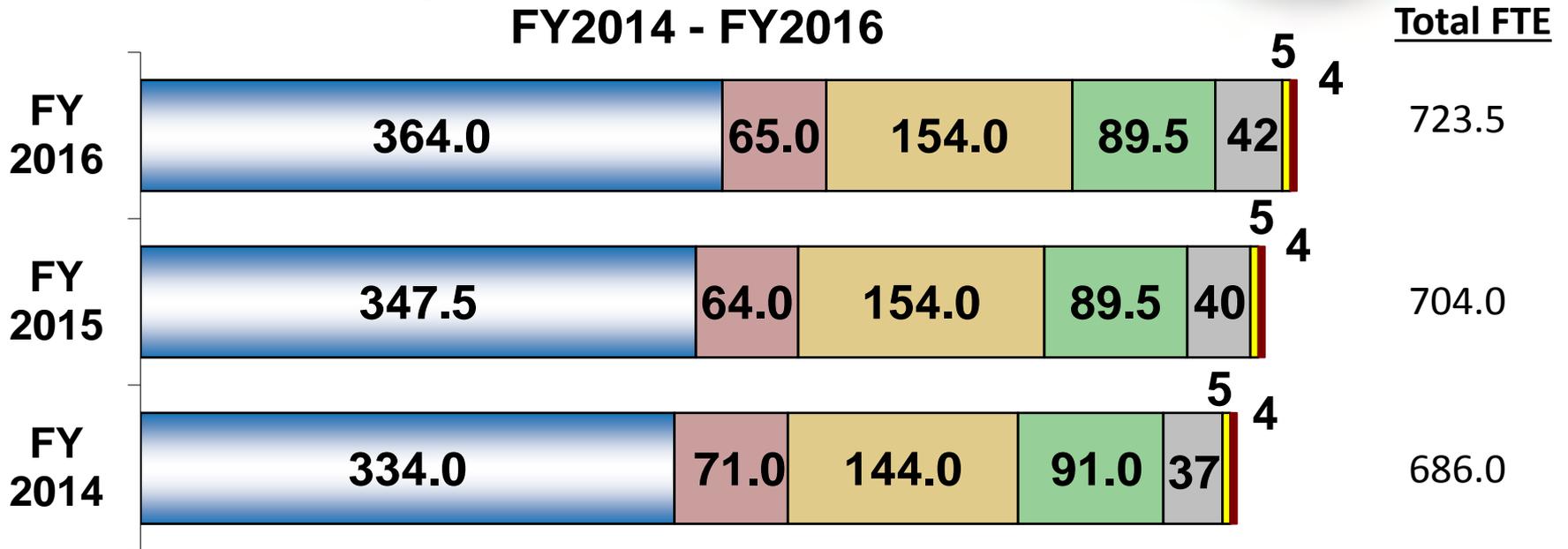
**City of Pearland – sworn police officers and non-civilian fire/ems Actual number on payroll for June of each year**

	June 2013	June 2014	June 2015
<b>Police Peace Officers</b>	141	144	155
<b>Fire (reflects Fire and EMS)</b>	42	53	73
<b>Total and Change from prior year</b>	183	197 +14	18



# Highlights - Staffing

**City of Pearland  
Full-time Equivalent (FTE) Staff by Service Area  
FY2014 - FY2016**



- Public Safety
- General Government
- Public Works
- Parks & Recreation
- Community Services
- Economic Development
- Convention/Visitors Bureau



# Property Valuation and Tax Rate starting on page 38 of book 1



Residential



Commercial

# Property Valuation



	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	% Growth 2015-2016
Residential	\$4.579	\$4.976	\$5.395	\$5.907	9.5%
Commercial	\$1.790	\$2.026	\$2.202	\$2.559	16.2%
Total Taxable Value	\$6.369	\$7.002	\$7.597	\$8.466	11.4%
% Residential	71.9%	71.1%	71.0%	69.8%	
% Commercial	28.1%	28.9%	29.0%	30.2%	



# Property Valuation

FY2015 Adjusted Roll	\$7,589,975,216*
FY2016 Preliminary Roll	\$8,466,235,689
Increase	\$ 876,260,476
% Increase	11.5%

<u>By County</u>	<u>Adjusted</u>	<u>Preliminary</u>	<u>% Inc.</u>
Brazoria County	\$6.781	\$7.470	10.1%
Harris County	\$ .557	\$ .642	15.2%
Fort Bend County	\$ .259	\$ .354	36.6%
Totals	\$7.597*	\$8.466	11.5%

In billions

\*numbers slightly off due to the monthly adjusted roll changes



# Property Valuation

Increase in Value	\$876,260,476		
New Value	\$353,419,579	40.3%	
Revaluation	\$522,840,897	59.7%	

<u>By Classification</u>	<u>New</u>	<u>Revaluation</u>	<u>%Reval. To Base</u>
Commercial	\$181.6	\$182.3	7.94%
Residential	\$171.8	\$340.5	6.31%
Totals	\$353.4	\$522.8	6.93%

In millions

based on preliminary data and assumptions



# Property Tax Rate and Allocation

	Previous 2014	Current 2015	Proposed 2016	\$ Change	% Change
O&M	.2151	.2221	<b>.2293</b>	<b>.0072</b>	<b>3.3%</b>
Debt	.4900	.4900	<b>.4900</b>	<b>.0000</b>	<b>0.0%</b>
Total	.7051	.7121	<b>.7193</b>	<b>.0072</b>	<b>1.0%</b>
DS %	69.5%	68.8%	68.1%		
O&M %	30.5%	31.2%	31.9%		
Est. ETR			.6827		
Est. RBR			.7193		

ETR = Effective Tax Rate

RBR = Rollback Rate

# Residential Tax Bill Comparison Based on Average Residential Value



➤ **2014 Average Taxable Value**      **\$187,787**

Value	FY2015	FY2016	Dollar	Percent
Change	Bill	Bill	Inc.	Inc.
0.0%	\$1,302	\$1,315	\$13	1.0%
2.0%	\$1,302	\$1,342	\$40	3.1%
4.0%	\$1,302	\$1,369	\$67	5.1%
<b>6.37%</b>	<b>\$1,302</b>	<b>\$1,401</b>	<b>\$99</b>	<b>7.6%</b>
8.0%	\$1,302	\$1,422	\$120	9.2%
10.0%	\$1,302	\$1,449	\$147	11.3%

For an additional 27 cents a day, the average resident will receive increased/enhanced services: opening of new Fire Stations and Parks, enhanced Police staffing and Community Beautification to name a few.

# Where Does Your Property Tax Dollars Go?



For Every Property Tax Dollar:

General Gov't, 7 cents

Parks, 2 cents

Debt Service, 68 cents



Public Safety, 20 cents

Public Works, 3 cents

# Debt Service Fund

starting on page 43 of book 1



Fire Station 3



Pearland Parkway Extension



# Debt Service Fund

➤ Based on Valuation and Debt Service Tax Rate of \$0.4900

## Revenues

Property Taxes	\$ 30,746,566
Rent/Other	786,039
Transfers In	<u>607,997</u>
<b>TOTAL</b>	<b>\$ 32,140,602</b>

## Expenditures

MUD Rebates/Other	\$ 6,198,194
Debt Service	24,759,251
Short Term Note	<u>929,640</u>
<b>TOTAL</b>	<b>\$ 31,887,085</b>

<b>Revenues Over Expenditures</b>	253,517
<b>Fund Balance at 9/30/2016</b>	\$ 5,242,513 <sub>31</sub>
<b>Over Policy</b>	\$ 2,053,804



# Debt Service

## Debt to Be Issued

### FY2015

Certificates of Obligation	\$ 4,860,000
General Obligation	<u>\$ 8,530,000</u>
Total	\$13,390,000

### FY2016

Certificates of Obligation	\$13,035,000
General Obligation	<u>\$21,825,000</u>
Total	\$34,860,000

1<sup>st</sup> Year of annual Debt Service payments begin the following year  
 After General Obligation Issuances, at 9/30/2016 there remains  
 \$53.225 million in voted bonds yet to be issued.



# Debt Service

## Debt Service Outstanding as of 9/30/2015\*

Principal	\$282,540,000
Interest	<u>\$113,471,380</u>
Total	\$396,011,380

\*excludes \$13.390 million to be issued

## Debt Ratios

Estimated Debt Outstanding at  
9/30/2016

\$317,705,342

Net Debt per Capita

\$2,741

Net Debt to Assessed Value

.0370

Debt levels are high due to the high growth mode of the City's development.

# General Fund



# General Fund FY 2016 Assumptions



## Revenues

### **Property Tax**

**11.1% increase**

higher valuation, increase in O&M tax rate of .00727.

### **Sales Tax**

**8.8% increase**

consumer confidence, Costco, moderate growth

### **Licenses & Permits**

**0.9% increase**

building permits remain level with 2015

### **Fines & Forfeitures**

**no change**

fewer charges, higher rate of dismissals

### **Charges for Services**

**18.1% increase**

TIRZ administrative fee, increases to meet cost of services

### **Miscellaneous**

**13.8% decrease**

one-time sale of property, Recycling Center 1 Qtr

# General Fund FY 2016

## Major Revenue Enhancements



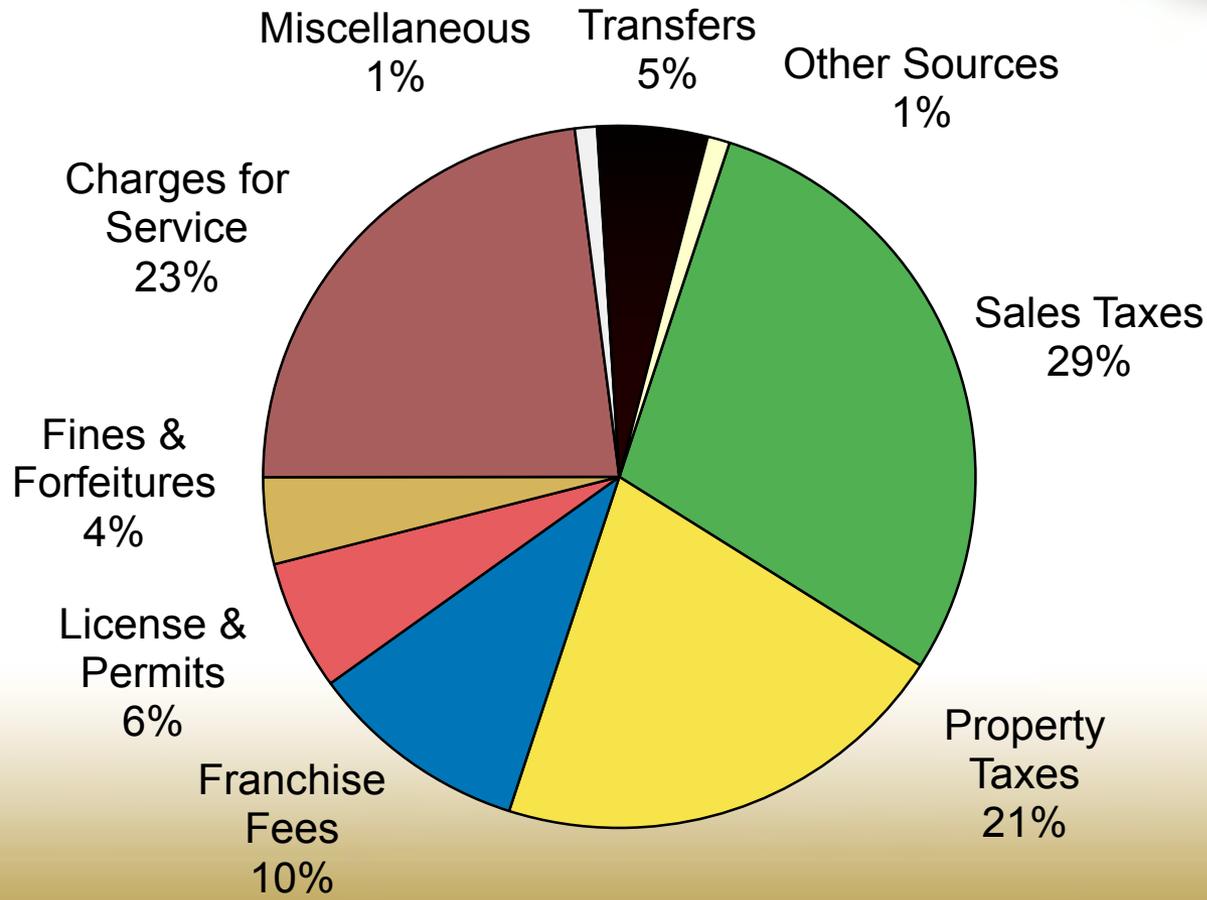
Health Permits	Increase fees for Health Certificates and Re-inspections on Food Related Establishments.	\$ 32,100
Building Permits	Increase current mechanical, electrical, and plumbing fees to correct the large disparity in fees.	\$105,558
Building Permits*	Increase current garage sale permits.	\$ 36,000
Parks & Recreation	Recreation and natatorium 10% current fee increase for both residents and non-residents, plus increase in some facility rental fees.	\$103,000
Animal Services	Increase in license and shelter fees.	\$ 2,000

\* Discussed during staff budget process, but numbers not included in budget.

# General Fund FY 2016



## TOTAL REVENUES - \$70.4 M



# General Fund FY 2016

## Assumptions



### Expenditures

Focus on Strategic Priorities; Address Comp Plan; Respond to Citizen Survey

**Safe Community:**

Proactive Patrol; Fire Stations 2 & 3

**Sustainable Infrastructure:**

Balance – New & Existing; Streets & Sidewalks; Code Enforcement

**Parks, Recreation & Events:**

Opening of new parks

**Healthy Economy**

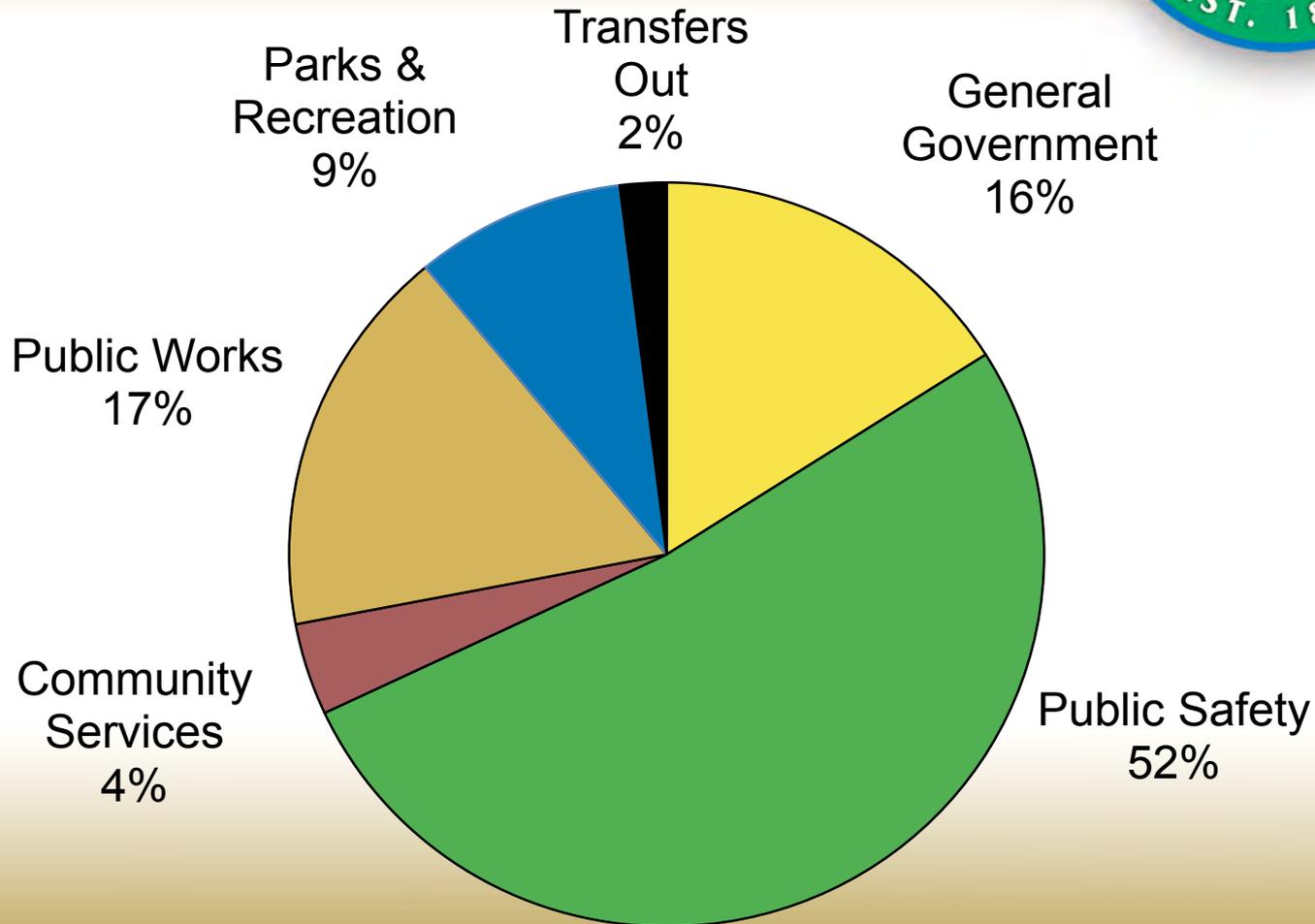
**Fiscally Responsible:**

Attract and retain quality employees through compensation and benefit program; alternative service delivery of recycling center

# General Fund FY 2016



**TOTAL EXPENDITURES - \$73.8M**



# General Fund FY 2016



## EXPENDITURES BY FUNCTION

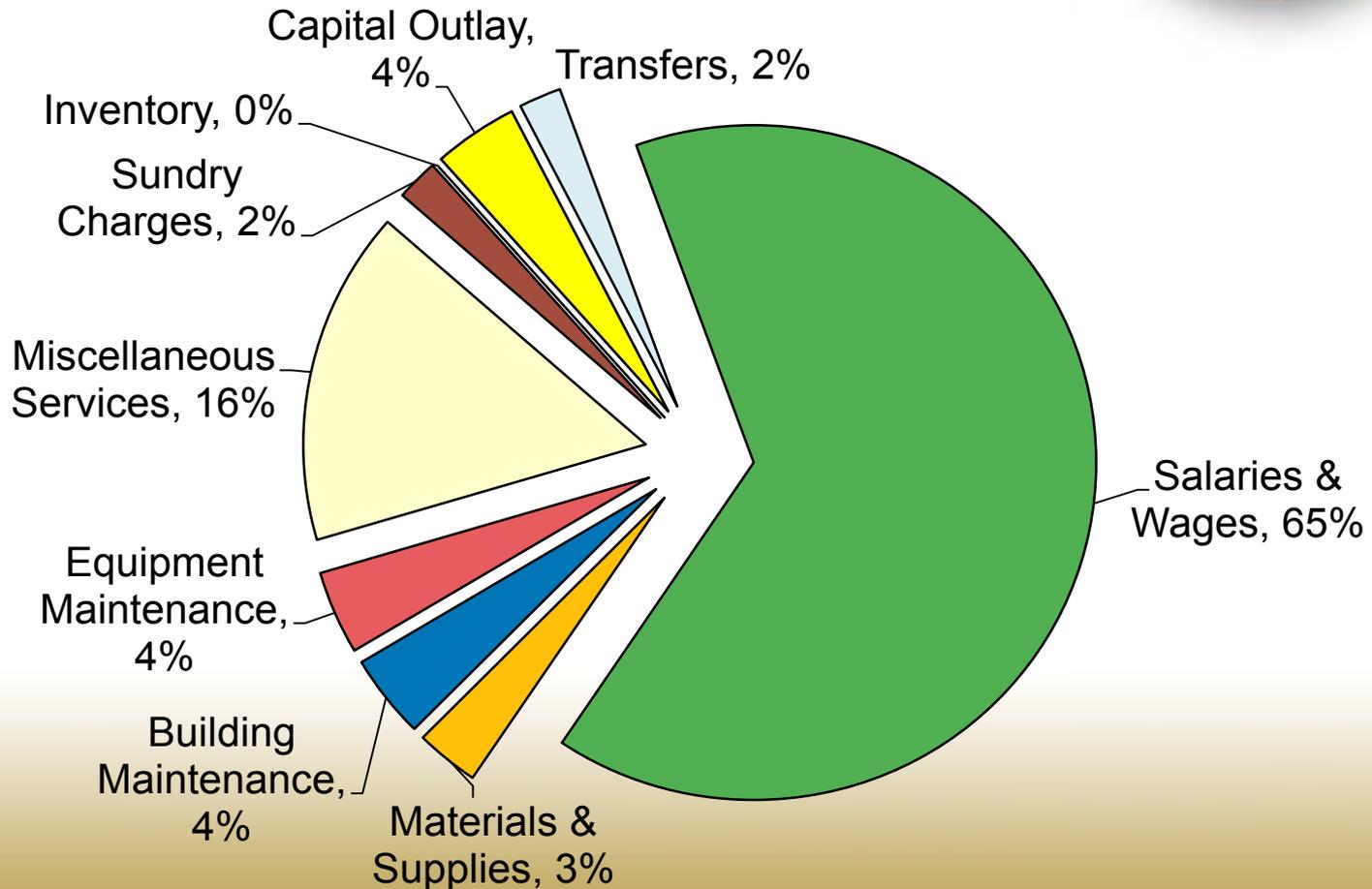
### FY 2016 Proposed

General Government	\$11,615,173
Public Safety	38,231,519
Community Services	3,304,003
Public Works	12,493,515
Parks & Recreation	6,841,804
Total Operating Expenditures	<u>\$72,486,014</u>



# General Fund FY 2016

## EXPENDITURES BY CATEGORY



# General Fund FY 2016



## SUMMARY

	<b>FY 2015 Amended</b>	<b>FY 2016 Proposed</b>	<b>% Change</b>
Revenues	\$65,341,507	\$70,358,048	7.7%
Expenditures	69,236,374	73,840,782	6.7%
Revenues - Expenditures	(3,894,867)	(3,482,734)	-10.6%
Beginning Balance	19,454,500	15,559,633	
Ending Balance	15,559,633	12,076,899	
Policy - 2 months Recurring Oper.	10,333,520	11,298,874	
Amount Over Policy	5,226,113	778,025	

# General Fund FY 2016



## STRUCTURAL IMBALANCE

### FY 2016 Proposed

Recurring Revenues	\$68,807,868
Recurring Total Expenditures	69,134,453
Recurring Rev Under Recurring Total Exp.	(326,585)

# General Fund FY 2016 Analysis – Recurring Budget



	<b>FY 2015 Amended Budget</b>	<b>FY 2016 Proposed Budget</b>	<b>Proposed to Amended (Decrease)/Increase</b>
<b>Total Operating Budget</b>	\$68,875,882	\$72,486,014	\$3,610,132
<b>Non-Recurring Carryover</b>	(1,902,267)		5.2%
<b>Non-Recurring Funding</b>	(4,616,250)	(4,706,329)	
<b>Total Recurring</b>	\$62,357,365	\$67,779,685	\$5,422,320
<b>% Increase</b>			8.7%

# General Fund FY 2016

## Increased Recurring Expenditures



### COMPENSATION:

Medical Increase	\$499,086
<b>Compensation - 2% cost-of-living</b>	<b>742,079</b>
2% Shift of Payroll Schedules	72,498
3% Police Step Pay	84,739
Conversion of Volunteer Firefighters to paid part-time	168,522
<b>New Positions, including Firefighters for Stn #2</b>	<b>1,126,897</b>
Supplies, Utilities, etc., for Stn #2 and full year Stn #3	299,428
<b>Opening of SCR Park, Centennial and Hickory Slough Parks</b>	<b>709,811</b>
Increase in Emergency Radio Fees	108,525
Replacement Computers increase	81,580
Recycling Center - transfer of operations to KPB	(114,160)
<b>Streets &amp; Sidewalk Maintenance</b>	<b>1,100,000</b>
ROW Mowing	679,175 <sup>45</sup>



# Health Permits - \$32,100

Fees for Health Certificates and Re-inspections on Food Related Establishments:

Health Establishments per Employee	Current Fees		Proposed Fees	
	Full Service	Limited Prep	Full Service	Limited Prep
1 - 4	\$125	\$100	\$150	\$125
5 - 9	\$175	\$125	\$200	\$150
10 - 25	\$325	\$175	\$350	\$200
26 - 50	\$475	\$200	\$500	\$225
51 - 100	\$575	\$225	\$600	\$250
101 - More	\$725	\$225	\$750	\$250
Foster Homes		\$50	N/A	\$50
Prepackaged only		\$125	N/A	\$150
Mobile Units		\$200	N/A	\$225
Produce Vendor		\$75	N/A	\$100
Schools / Daycares		\$100	N/A	\$125
Temporary fees		\$25	N/A	\$35
Pre-opening inspection fee		\$75		\$100
Re-inspection Fee		\$50		\$75



# Building Permits - \$105,558

Building Permit	Residential		Commercial	
	Current Fee	Proposed Fee	Current Fee	Proposed Fee
Mechanical	\$132	\$145	\$613	\$613
Electrical	\$108	\$145	\$108	\$613
Plumbing	\$135	\$145	\$135	\$613
Garage Sale*	\$15	\$30	N/A	N/A

\* Discussed during staff budget process, but numbers not included in budget.

A Mechanical/Electrical/Plumbing (MEP) residential permit for a single story 2,000 sf home costing \$200,000 would increase from \$375 to \$435.

A MEP commercial permit for a 28,000 sf (single story) grocery store costing \$30,000,000 would increase from \$856 to \$1,839.



# Parks & Recreation - \$103,000

Membership Category	Current		Proposed	
	Resident	Non-Resident	Resident Discount	Cost
Individual (12+) Annual	\$300.00	\$450.00	\$330.00	\$495.00
Additional Person Annual	\$150.00	\$225.00	\$165.00	\$247.50
Active Adult (60+) Annual	\$210.00	\$315.00	\$231.00	\$346.50
Additional Active Adult Annual	\$100.00	\$150.00	\$110.00	\$165.00
Household (Max 5) Annual	\$600.00	\$900.00	\$660.00	\$990.00
Natatorium Only Individual Annual	\$200.00	\$300.00	\$220.00	\$330.00
Natatorium Only Household Annual	\$400.00	\$600.00	\$440.00	\$660.00
Individual (12+) Monthly	\$32.00	\$48.00	\$35.20	\$52.80
Additional Person Monthly	\$16.00	\$24.00	\$17.60	\$26.40
Active Adult (60+) Monthly	\$22.00	\$33.00	\$24.20	\$36.30
Additional Active Adult Monthly	\$11.00	\$17.00	\$12.10	\$18.70
Household (Max 5) Monthly	\$63.00	\$95.00	\$69.30	\$104.50
Natatorium Only Individual Monthly	\$21.00	\$32.00	\$23.10	\$35.20
Natatorium Only Household Monthly	\$42.00	\$63.00	\$46.20	\$69.30
Courts	N/A	N/A	N/A	N/A
Guests	N/A	N/A	N/A	N/A
Joining Fee	\$32.00	\$32.00	\$32.00	\$32.00 <sup>48</sup>



## Parks & Recreation - cont.

Fee Description	Current		Proposed	
	1/2 Day	Full Day	1/2 Day	Full Day
Centennial Park Pavilion	N/A	\$30	\$60	\$120
Southdown Park Pavilion	N/A	\$30	\$60	\$180
Independence Park BBQ Shelter	N/A	\$60	\$90	\$360
Independence Park Pavilion	N/A	\$130	\$180	\$360

# Animal Services - \$2,000



FEE TYPE	CURRENT	PROPOSED
<b><i>Shelter fees</i></b>		
Adoption unaltered	\$30	\$35
Adoption altered with Rabies vaccination	\$87	\$90
1st impound per head - livestock	\$100	\$125
2nd impound per head - livestock	\$125	\$150
3rd impound - per head - livestock	\$150	\$200
Quarantine impound	\$40	\$60
Daily board livestock - per day	\$25	\$30
<b><i>City License</i></b> Unaltered one year	\$20	\$30
<b><i>City License</i></b> Unaltered 3 year	\$60	\$80
<b><i>City License</i></b> Dangerous Dog registration	\$50	\$100
<b><i>Disposal Domestic Animals</i></b> Up to 25 lbs.	\$25	\$30
<b><i>Disposal Domestic Animals</i></b> 26 lbs. to 60 lbs.	\$50	\$60
<b><i>Disposal Domestic Animal</i></b> 61 lbs. and over	\$75	\$90
Large animal removal	\$125 and up	\$200 and up
Euthanasia on demand	\$40	\$60
Surrender of owned Pet	\$40	\$50
Return check fee	\$25	\$30

# General Fund Multi-Year Forecast

## Starting on page 20 of book 1



Infrastructure  
Recapitalization

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SCR Park



# General Fund FY 2016 Multi-Year Forecast - Assumptions



## **Revenues**

- Property Tax Revenue based on Property Valuation Forecast
- 5% annual increase in Sales Tax
- 3% annual growth on most other revenues

## **Expenditures**

- 2% annual Cost-of-Living increases
- 15% annual increase in Health Insurance premiums
- 0.5% annual increase in Utilities and O&M
- Capital Projects O&M included
- Capital Projects and General Operations Personnel included

# General Fund FY 2016 Multi-Year Forecast



	<b>Projected 2014-15</b>	<b>Proposed 2015-16</b>	<b>Projected 2016-17</b>	<b>Projected 2017-18</b>
Revenues	\$65,341,508	\$70,358,048	\$74,099,931	\$81,279,533
Operating Expenditures	67,904,240	72,486,014	72,392,794	78,544,230
Transfers Out	1,332,134	1,354,768	1,714,542	2,173,677
Total Expenditures	69,236,374	73,840,782	74,107,335	80,717,907
Revenues Over (Under) Exp	(3,894,866)	(3,482,734)	(7,404)	561,626
Begin Fund Balance	19,454,500	15,559,633	12,076,899	12,069,496
Ending Fund Balance	15,559,633	12,076,899	12,069,496	12,631,122
Fund Balance Policy	10,333,520	11,298,874	12,021,203	12,453,195
Funds Available Over Policy	\$5,226,113	\$778,025	\$48,292	\$177,926

# General Fund FY 2016

## Multi-Year Forecast – Tax Rates



	<b>Actual 2014-15</b>	<b>Proposed 2015-16</b>	<b>Projected</b>	
			<b>2016-17</b>	<b>2017-18</b>
General Fund	\$ 0.2221	\$ 0.2294	\$ 0.2394	\$ 0.2494
Debt Service	\$ 0.4900	\$ 0.4900	\$ 0.4900	\$ 0.5000
Total	\$ 0.7121	\$ 0.7194	\$ 0.7294	\$ 0.7494

# General Fund FY 2016

starting on page 162 of book 2



## **OPTION 2 – TAX RATE ABOVE ROLL-BACK RATE; Would Place Council in a Possible Roll-Back Election**

Option 2 is not being proposed by staff, but is provided for your information should you want to choose it.

This option would increase the property tax by \$0.015 over the roll-back rate, resulting in additional revenue of **\$930,961** and **\$193,072** TIRZ admin fees, and would provide **\$650,000 more for maintenance of streets; \$220,000 for an additional 0.5% raise of employees, and/or other priorities.**



## OPTION 2 vs Proposed FY 2016

	<u>Proposed 2016</u>	<u>Option 2</u>
Revenues	\$ 70,358,048	\$ 71,482,081
Expenditures	<u>73,840,782</u>	<u>74,880,438</u>
Revenues Over (Under) Expenditures	(3,894,867)	(3,398,357)
Beginning Fund Balance	<u>15,559,633</u>	<u>15,559,633</u>
Ending Fund Balance	12,076,899	12,161,276
Policy – 2 months Recurring Operations	11,298,874	11,384,078
Fund Balance Over Policy	\$ 778,035	\$ 777,198

# Other Funds



# Internal Service Funds

## starting on page 132 of book 1



### PROPOSED BUDGET & FUND BALANCES

	FY 2016 Proposed Beginning Balance	FY 2016 Proposed Revenues	FY 2016 Proposed Expenditures	FY 2016 Proposed Ending Balance
Property Liability Insurance	\$82,529	\$1,315,507	\$1,311,977	\$86,059
Medical Self-Insurance	\$136,106	\$8,068,084	\$7,871,876	\$332,314
<b>TOTAL</b>	<b>\$218,635</b>	<b>\$9,383,591</b>	<b>\$9,183,853</b>	<b>\$418,373</b>

**Property Insurance** accounts for premiums on property and general liability insurance including windstorm. Rate increase on auto coverage; rate decrease in general liability. New facilities added. Contributions from other funds based on insurance and values.

**Medical Self-Insurance** include claims (\$6.8 millions) and administration fees totaling \$7.84 million. Individual Stop Loss of \$125K; Aggregate Stop Loss of \$7.6 million. Overall increase in funding of 24.8%. Ending balance of \$880K is below the reserve recommended. Phased plan to achieve reserve requirements.

# Pearland Economic Development Corp starting on page 137 of book 1



## PROPOSED BUDGET & FUND BALANCES

	FY 2016 Proposed Beginning Balance	FY 2016 Proposed Revenues	FY 2016 Proposed Expenditures	FY 2016 Proposed Ending Balance
<b>TOTAL</b>	<b>\$14,664,007</b>	<b>\$12,315,949</b>	<b>\$12,192,688</b>	<b>\$14,787,268</b>

The budget includes a total of \$1.4 million for bond payments and continues the implementation of the Pearland 20/20 Strategic Plan as follows:

- Entryway and Corridor Enhancements \$1.5M
- SH35 Streetscape Improvements \$1.65M
- Lower Kirby District (underground electrical) \$1.3M
- Business Incentives \$3.5M

# Other Funds

starting on page 110 of book 1



## PROPOSED BUDGET & FUND BALANCES

<b>Fund</b>	<b>FY 2016 Proposed Beginning Balance</b>	<b>FY 2016 Proposed Revenues</b>	<b>FY 2016 Proposed Expenditures</b>	<b>FY 2016 Proposed Ending Balance</b>
Solid Waste	68,515	6,830,997	6,831,464	68,048
Court Security	66,054	52,920	114,350	4,624
Citywide Donation	57,180	20,350	50,477	27,053
Court Technology	22,601	60,020	69,865	12,756
Court Juvenile Management	46,005	37,060	44,435	38,630
Traffic Improvement	590,662	3,000	46,800	546,862
Hotel-Motel Occupancy Tax/ Convention & Visitors' Bureau	3,684,435	1,535,233	927,604	4,246,064
Park Donations	14,132	101,050	105,636	9,546



# Other Funds

## PROPOSED BUDGET & FUND BALANCES

<b>Fund</b>	<b>FY 2016 Proposed Beginning Balance</b>	<b>FY 2016 Proposed Revenues</b>	<b>FY 2016 Proposed Expenditures</b>	<b>FY 2016 Proposed Ending Balance</b>
Park/Recreation Development	1,045,391	103,000	231,000	917,391
Tree Trust	6,225	8		6,233
Sidewalk	17,495	5,034		22,529
Police State Seizure	184,328	200	36,320	148,208
Federal Police	72,053	55	68,000	4,108
Grants	64,154	177,834	177,834	64,154
CDBG		319,085	319,085	
University of Houston		319,260	319,260	
UofH Capital Renewal	248,469	55,489		303,958
Municipal Channel	14,132	101,050	105,636	9,546
Lower Kirby Fund		2,764,300	2,764,300	



## Other Funds – Items to Note

**Solid Waste Fund** – Budget does not include a rate increase, pursuant to the contract based on Houston MSA CPI, based on April data. Subject to change. Direct pass through  
**Citywide Donations** - \$35,000 towards Phase I renovations to existing Animal Services Facility.

**Hotel-Motel Fund** – funds CVB and rebate to Hilton Garden Inn. Additional funding for Pear Art Trail \$30,000 and \$15,000 for Arts Grants

**P&R Development Fund** - \$86,000 towards improvements at Independence Park, \$110,000 towards City’s match on Clear Creek Hike & Bike Trail

**State Police Seizure Fund** – balance towards a mobile command post

**Federal Police Seizure Fund** –funding for Pano-Metric Scanner for use at crime scenes and auto accidents. \$68,000. Can also be used for other department needs.

**Municipal Channel (PEG) Fund** – Funding towards City Hall Renovation for in-house studio and equipment and chamber improvements as well equipment for expanded dais.

**Lower Kirby** – Lower Kirby District reimbursements for Hooper Road and Regional Detention pond.



# Budget Calendar

- August 3 Overview and Highlights, Property Tax, Debt Service, General Fund and Other Funds
- August 10 City Council Regular Meeting – ETR Information, 5-Year CIP General Government, Future Bond Referendum Scenarios, DS Fund Multi-Year Forecast
- August 17 City Council Special Meeting – Record Vote to Propose Tax Rate; Schedule Public Hearings on the Budget and Tax Rate
- August 24 City Council Regular Meeting – 5-Year CIP Water/Sewer (WS), WS Fund and Multi-Year Forecast, WS Rates and Other WS Fees
- August 31 Public Hearings on Tax Rate and Budget; Budget Discussion, if needed
- September 8 Tuesday – Second Public Hearing on Tax Rate; Budget Discussion, if needed
- September 14 First Reading of Ordinances
- September 24 Second and Final Reading of Ordinances, Adopt 5-Year CIP

# General Fund Multi-Year Forecast



QUESTIONS

Budget  
Discussion

Monday,  
August 3, 2015