

FY2023-2024 Proposed Budget Overview

August 7, 2023

Estimates can change before budget adoption.



KEY BUDGET DRIVERS



Economic State & Inflation



Personnel Costs



Debt Service Obligations



Deferred Maintenance



Bond Project Impacts



Grant Project Impacts

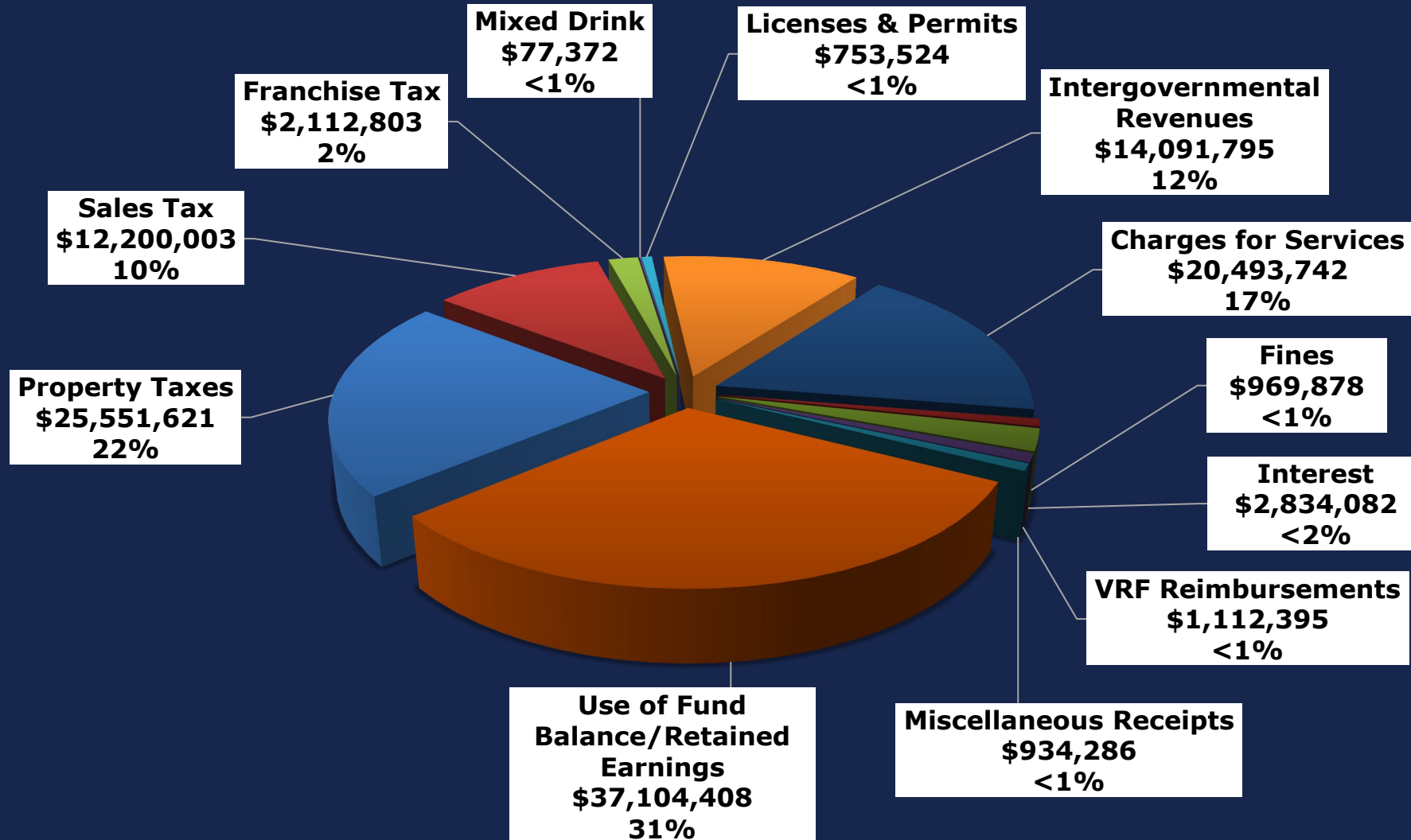


Operational Costs



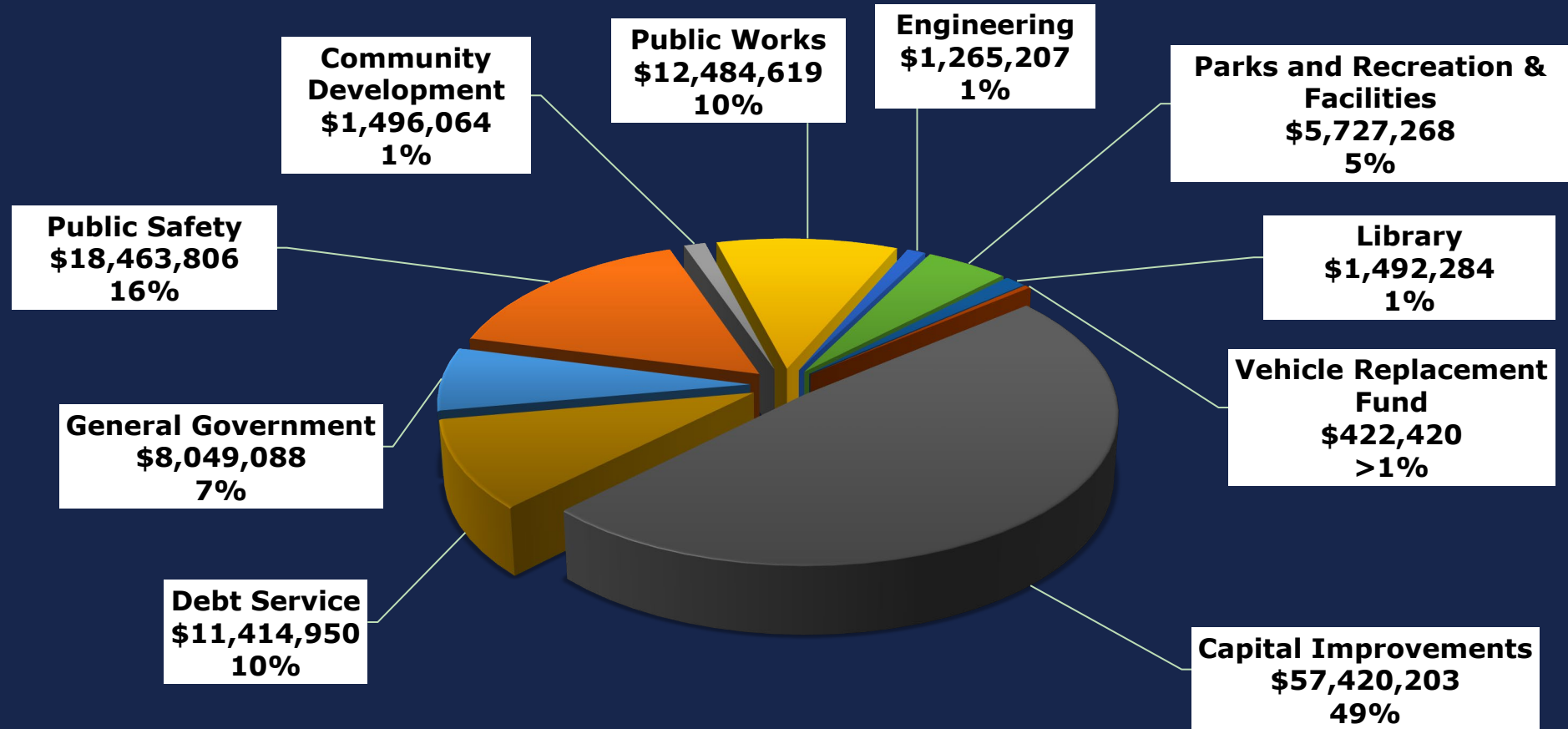
Insurance Costs

Total Proposed Revenue (All Funds) ~ \$118.2M



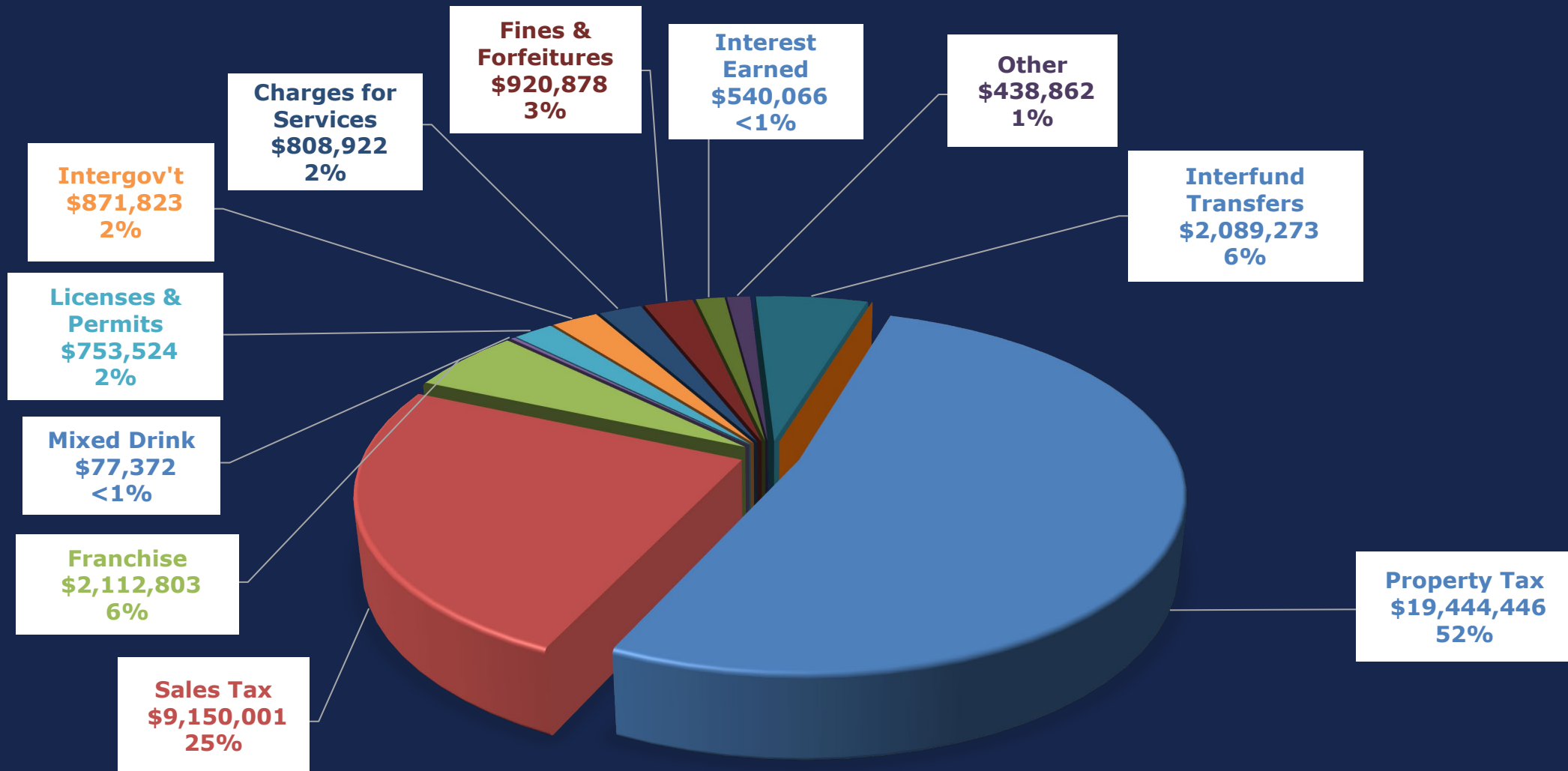
Use of fund balance/retained earnings includes bond funds issued and grant funds received in prior years to complete capital improvement projects in FY24

Total Proposed Expenditures (All Funds) ~ \$118.2M



GENERAL FUND

FY 2024 Proposed Revenue (General Fund) ~ \$37.2M



General Obligation bond proceeds revenue is not included in the General Operating Fund; but, separately, in Bond Construction Funds.

FY24 GENERAL FUND REVENUE ~ \$37.2M



\$19.4M

>\$1.1M over PY Actual
>Includes P&I for PY

Property Tax



\$9.2M

>Up \$500K

Sales Tax



\$2.1M

>Up \$100K

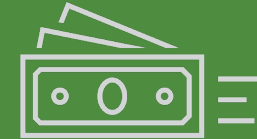
Franchise Tax



\$920K

>**Down** \$2K

Fines



\$2.1M

>Up \$269K

**Interfund
Transfers**



\$754K

>**Down** \$120K

Licenses & Permits



\$872K

>Up \$270K

Intergovernmental



\$809K

>Up \$328K

Charges for Services



\$978K

>Up \$153K

**Miscellaneous
Interest
Cell Tower Agreements**



\$0

>**Down** \$500K

**Use of
Fund Balance**

Proposed Budget Tax Rate (\$0.508360)

- 2.1 cents above current rate of 48.73 cents
 - NNRR – 46.31 cents
- Unused Increment Rate – 59.9 cents
 - 13.5 cents higher than NNRR
 - 11.1 cents higher than Current
 - 5.4 cents higher than VATR
- Estimated Taxable Value \$5B (up \$130M)
 - Includes new construction
 - Includes exemptions
 - Includes over 65 freeze ceiling values
 - \$1.1B (up \$137M YOY)



\$107M

Projected new construction value
(up from \$54M last year)



\$191M

Property Values Under Protest (7/25/23)
(\$12M less than last year at certification)

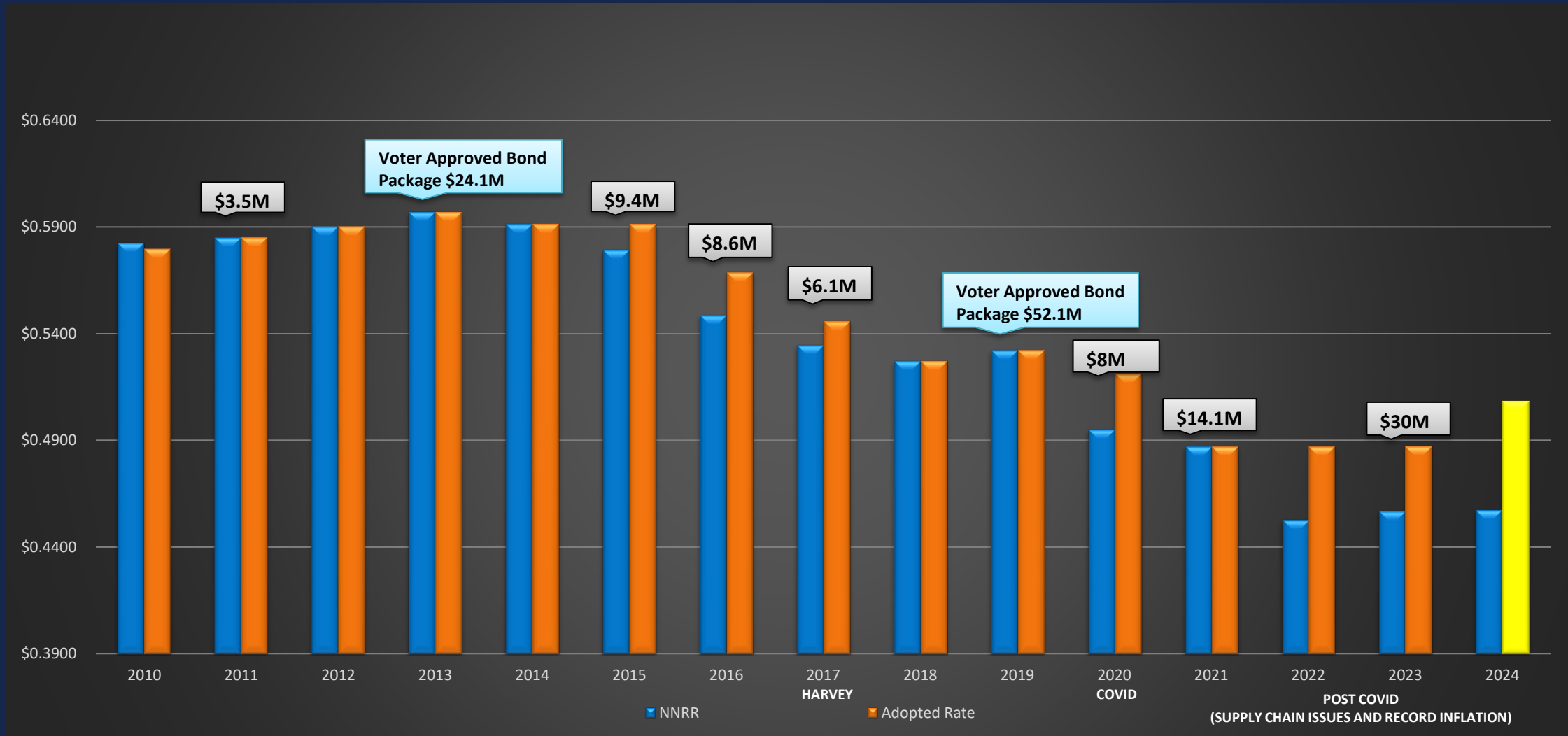


\$6.1M

Tax Debt Service Obligation
(\$1.5M more than last year)

(Up \$2.9M since 2019 bond election)

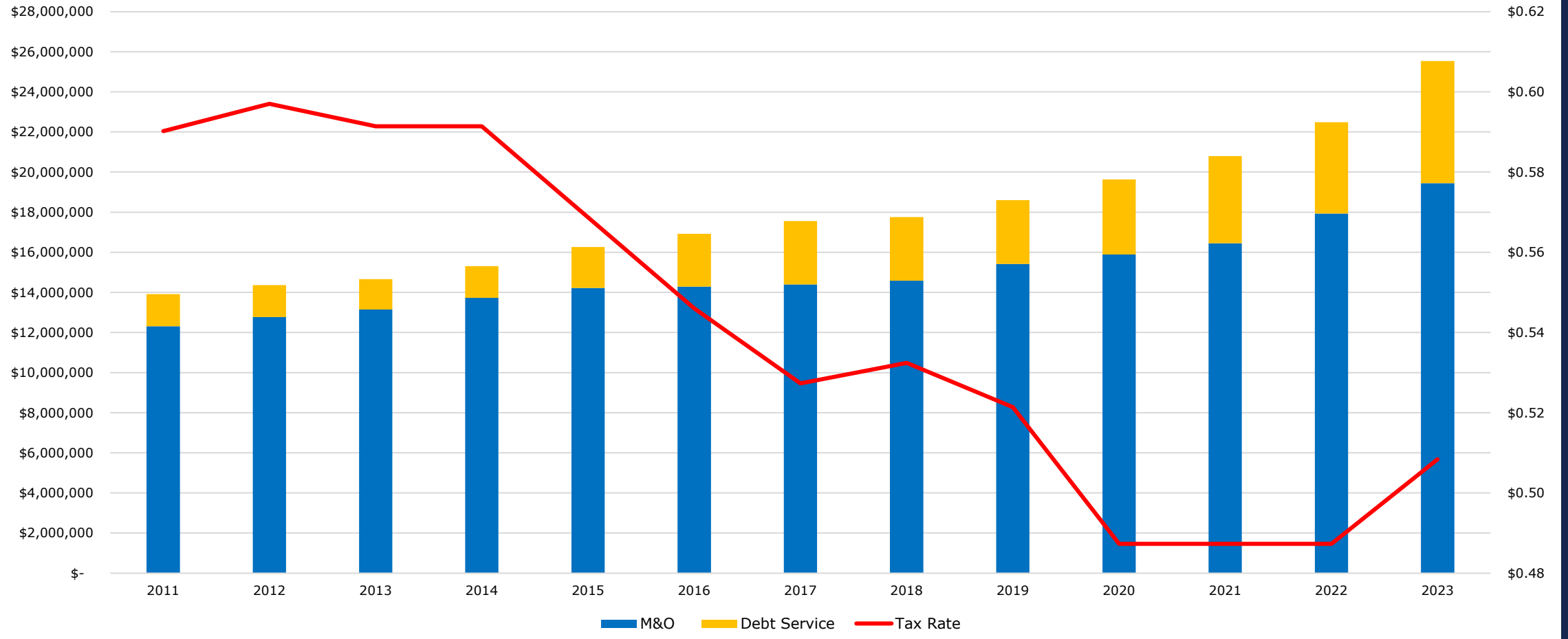
Tax Rate Analysis w/ Debt Issuance



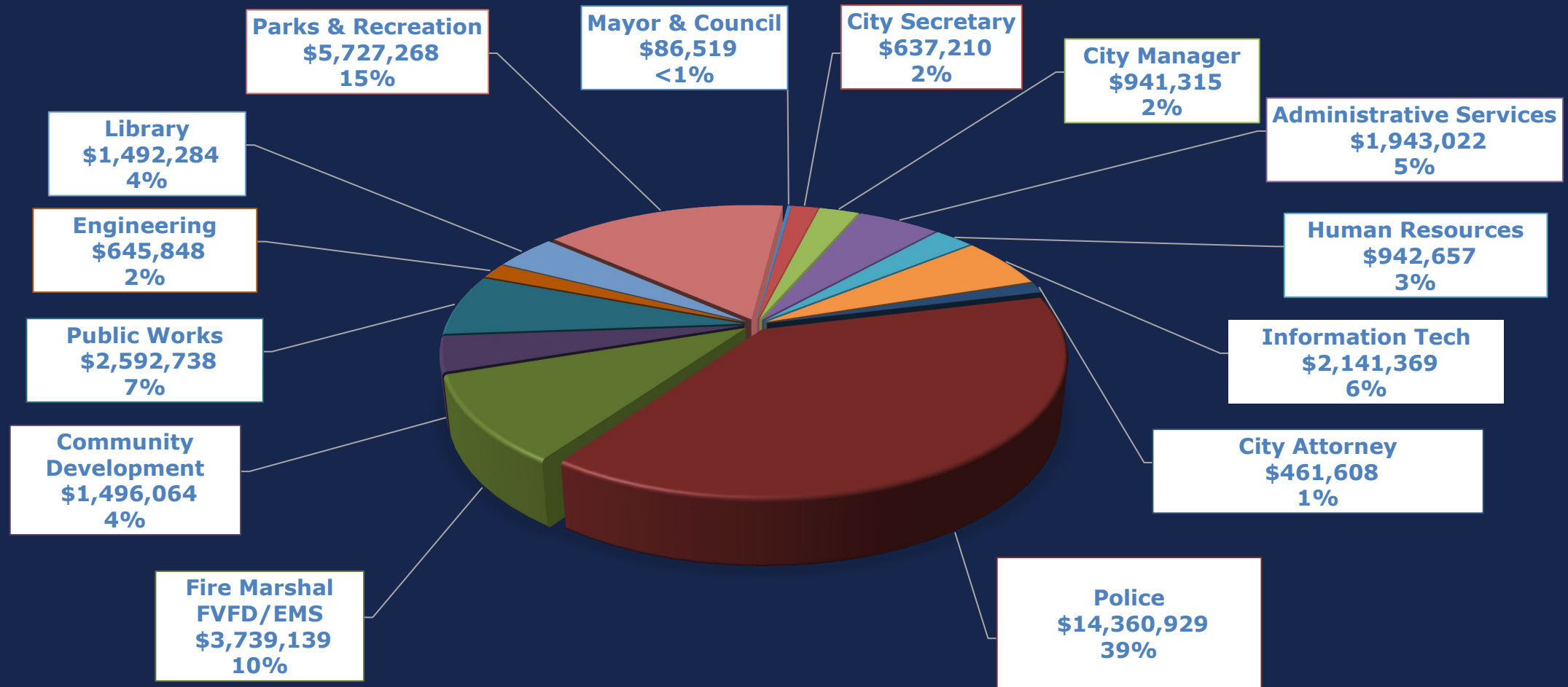
Yellow bar indicates tax rate of 50.84 cents used to develop the proposed budget

Property Tax Revenue & Rate by Tax Year

Property Tax Revenue & Rate By Tax Year



FY 2024 Proposed Expenditures (General Fund) \$37.2M



Personnel Costs

KEY BUDGET DRIVERS

Personnel Costs

- Decision Package – Merit \$758K
 - ~\$670K – General Fund
 - ~\$88K – Water/Sewer Fund
 - Includes: Wages, Taxes, Benefits, and Overtime Adjustments

Cost of Living



Laborer

- \$37,544 **(\$4,268)**
- 2.75% \$1,032

Deputy Court Clerk

- \$37,835 **(\$4,260)**
- 2.75% \$1,040

Crew Leader/Building Inspector **(\$3,972)**

- \$48,298
- 2.75% \$1,328

Assistant Director - Library **(\$2,898)**

- \$87,360
- 2.75% \$2,402

FY24 COMPENSATION INCREASES COMPARISON

| CITY | CIVILIAN STAFF | PUBLIC SAFETY STAFF |
|-------------|--|---|
| Friendswood | 2.75% Merit No COLA | 2.75% Merit No COLA |
| Pearland | 4% (2% COLA + Step Increases + 2% Merit) | 5% (2% COLA + 3% Merit Step Increase per CBA) |
| League City | 5% (2.5% COLA + 2.5% Merit) | 5% (2.5% COLA + 2.5% Merit) Step Increase (per CBA) |
| Alvin | 7% (5% COLA + 2% merit) | 10% - 20% Step Increase (per CBA) |

General Fund – Forces At Work (Funded)

| | | | | | | |
|-----------------------------|---|------------------|--------------------|--------------------|------------|--------------------|
| City Wide | Windstorm and Liability Insurance Increase | \$0 | \$79,750 | \$79,750 | \$0 | \$79,750 |
| City Wide | Electricity Increase (24.75%) | 0 | 176,508 | 176,508 | 0 | 176,508 |
| City Wide | Health Insurance Increase (4.43% Medical, 10.3% Dental) | 0 | 104,898 | 104,898 | 0 | 104,898 |
| FVFD | Fire Services Contract Increase | 0 | 71,995 | 71,995 | 0 | 71,995 |
| EMS | EMS Services Contract Increase | 0 | 284,748 | 284,748 | 0 | 284,748 |
| FMO | EMS Chief | 5,500 | 179,707 | 185,207 | 0 | 185,207 |
| PD Patrol | Addition Police Officer (Per Capita Requirement) (Addition mid year) | 15,250 | 63,763 | 79,013 | 0 | 79,013 |
| PD | Motorola/Watchguard Body Worn Camera Contract (5 Year Contract) | 0 | 98,200 | 98,200 | 0 | 98,200 |
| Library | Add Vehicle to VRP | 0 | 6,039 | 6,039 | 0 | 6,039 |
| P&R_Fac | Existing Facilities and Park Maintenance | 97,250 | 0 | 97,250 | 0 | 97,250 |
| P&R_Fac | Facility Expansion Maintenance and Utility Cost | 0 | 144,769 | 144,769 | 0 | 144,769 |
| P&R_Fac | New - FB Park Maintenance, Bay Area Medians, Deepwood, Frenchman's Buyout Lot Maintenance | 0 | 67,782 | 67,782 | 0 | 67,782 |
| P&R_Seniors | Add Senior Citizens Bus to VRP Schedule | 0 | 18,000 | 18,000 | 0 | 18,000 |
| Total Forces at Work | | \$118,000 | \$1,296,159 | \$1,414,159 | \$0 | \$1,414,159 |

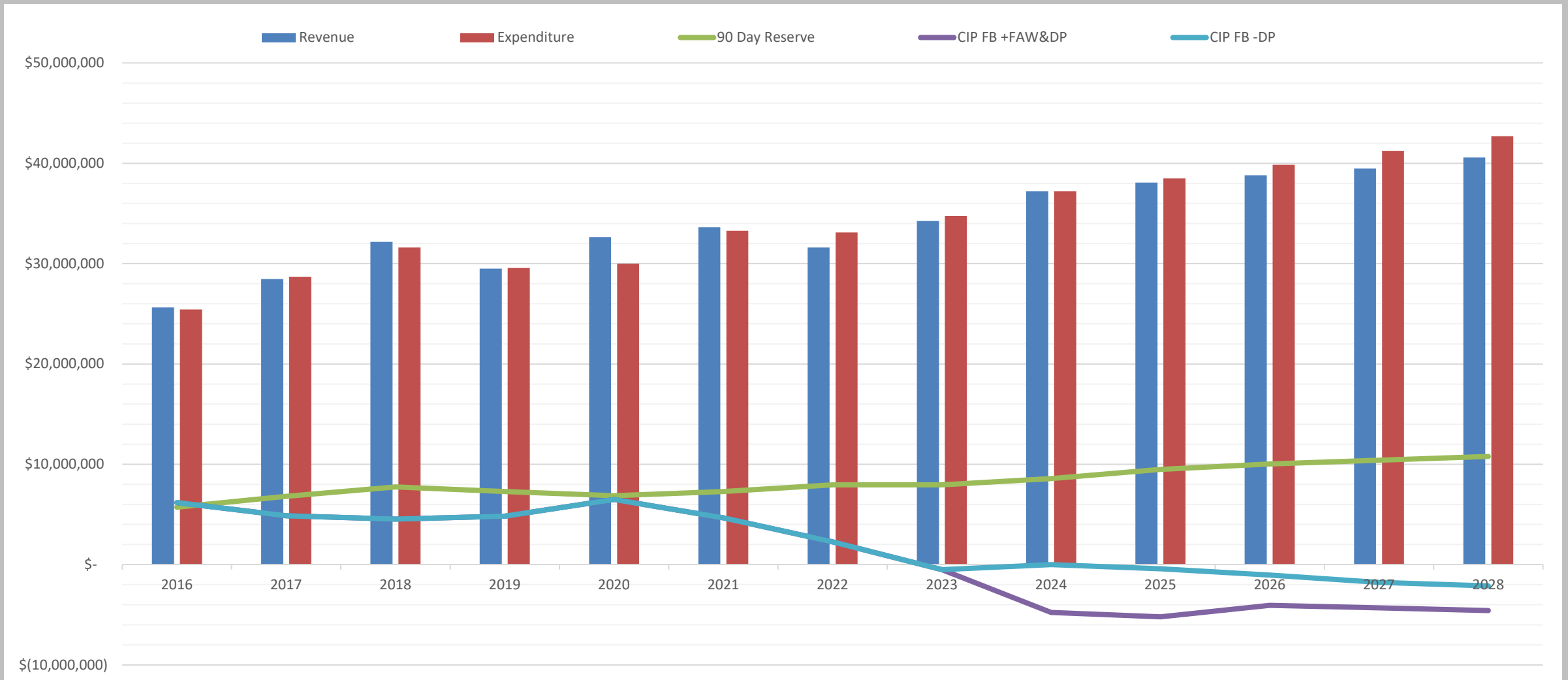
General Fund – Decision Packages (Funded)

| Dept | Description | One Time Cost | Ongoing Cost | Total | Outside Revenue Sources | Net Total |
|--------------------------------|--|------------------|------------------|--------------------|-------------------------|--------------------|
| PD Patrol | FISD School Crossing Guards - (2) Cline Elementary | \$200 | \$34,952 | \$35,152 | \$35,152 | \$0 |
| P&R_SDC | Summer Day Camp Expansion | 0 | 175,084 | 175,084 | 175,084 | 0 |
| P&R_Parks | Daddy Daughter Dance | 0 | 3,500 | 3,500 | 3,500 | 0 |
| P&R_Parks | Flapjack Fun Run | 0 | 6,000 | 6,000 | 6,000 | 0 |
| City Wide | Merit 2.75% | 0 | 670,000 | 670,000 | 0 | 670,000 |
| CAO | Recodification of Friendswood City Code | 26,000 | 0 | 26,000 | 0 | 26,000 |
| ENG_CIP | 2023 HAZ Mit Grant Scoping - Brigadoon Lane | 18,000 | 0 | 18,000 | 0 | 18,000 |
| ENG_CIP | Friendswood Parkway Traffic Impact Analysis | 315,370 | 0 | 315,370 | 0 | 315,370 |
| IT_PW | IT Support Specialist - Public Works | 3,440 | 95,463 | 98,903 | 98,903 | 0 |
| Total Decision Packages | | \$363,010 | \$984,999 | \$1,348,009 | \$318,639 | \$1,029,370 |

General Fund – Decision Packages (Unfunded)

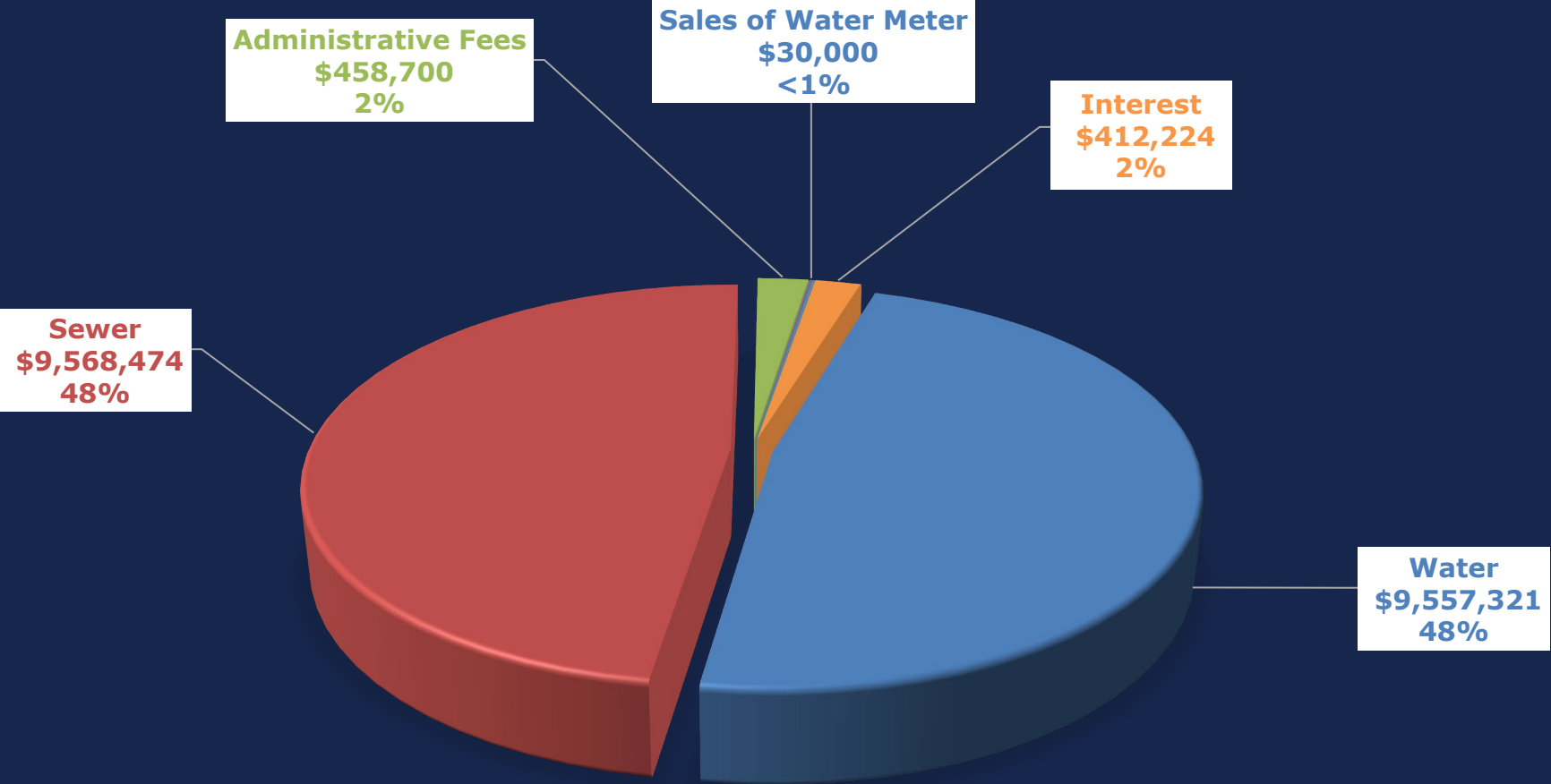
| Dept | Description | One Time Cost | Ongoing Cost | Total | Outside Revenue Sources | Net Total |
|--|--|--------------------|------------------|--------------------|-------------------------|--------------------|
| IT_CDD&IT | Administrative Assistant | \$13,440 | \$85,852 | \$99,292 | \$0 | \$99,292 |
| IT | Electronic Bidding Solution (W/S Fund Admin Transfer Covers Portion) | 25,000 | 5,000 | 30,000 | 15,000 | 15,000 |
| IT_PD&LIB | Website Platform | 17,000 | 3,000 | 20,000 | 0 | 20,000 |
| PD_CID | Flock Safety Contract Renewal & Expansion (2 Year Contract) | 12,000 | 19,000 | 31,000 | 0 | 31,000 |
| PD_AC | Animal Control Officer + Vehicle (+1 FTE) | 78,750 | 95,929 | 174,679 | 0 | 174,679 |
| PW_Streets | VRP Addition - Half Ton Truck - Streets/Sign Shop | 40,000 | 4,500 | 44,500 | 0 | 44,500 |
| PW_Streets | PW155 Replacement - Tractor Mower | 61,000 | 2,500 | 63,500 | 0 | 63,500 |
| PW_Streets | PW160 Replacement - Tractor Mower | 61,000 | 2,500 | 63,500 | 0 | 63,500 |
| ENG_CIP | Parking Lot Construction, Old City Park, Shadwell, Stevenson Park | 2,600,000 | 0 | 2,600,000 | 0 | 2,600,000 |
| P&R Facilities | Parks Laborer (+1 FTE) | 0 | 65,090 | 65,090 | 0 | 65,090 |
| P&R Seniors | Recreation Aide (+0.50 FTE) | 0 | 15,128 | 15,128 | 0 | 15,128 |
| Total Unfunded Decision Packages for General Fund | | \$2,908,190 | \$298,499 | \$3,206,689 | \$15,000 | \$3,191,689 |

General Fund – Change in Fund Balance



WATER & SEWER FUND

FY 2024 Proposed Revenue (W&S Fund) \$20M



Revenue Bonds proceeds revenue is not included in the Water & Sewer Operating Fund; but , separately, in Bond Construction Funds.

FY24 WATER & SEWER FUND REVENUE ~ \$20M



\$9.6M

>Up \$1.6M
>Estimate includes billing accuracy of new meters

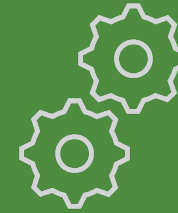
Water



\$9.6M

>Up \$600K
>Winter months average for single family residential customers

Sewer



\$459K

>Up \$23K
>Includes late payment penalties, disconnects/reconnection fees, same day service, etc.

Administrative Fees



\$30K

>No change

Water Meter Sales

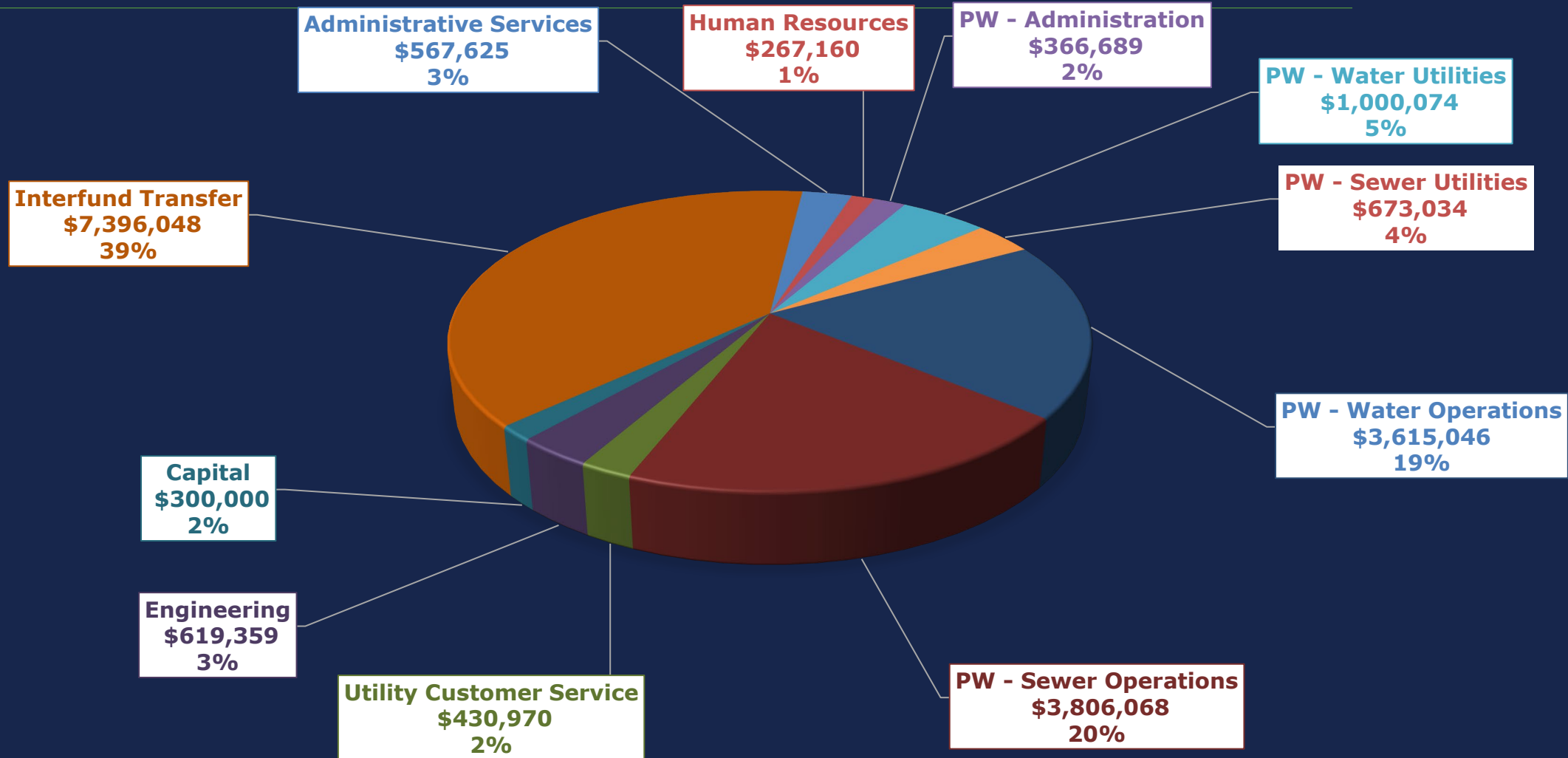


\$421K

>Up \$217K

Interest

FY 2024 Proposed Expenses (W&S Fund) \$19M



Project construction expenditures supported by Revenue Bonds are not included in the Water & Sewer Operating Fund Capital Improvements.

Water & Sewer Fund – Forces at Work (Funded)

| Dept | Description | One Time Cost | Ongoing Cost | Total | Outside Revenue Sources | Net Total |
|-----------------------------|--|------------------|------------------|--------------------|-------------------------|--------------------|
| City Wide | Windstorm and Liability Insurance Increase (30%) | \$0 | \$49,112 | \$49,112 | \$0 | \$49,112 |
| City Wide | Health Insurance Increase (4.43% Medical, 10.3% Dental) | 0 | 18,640 | 18,640 | 0 | 18,640 |
| PW_SU | Blackhawk WW Operations Increase @ 9% (07/01/2023) | 0 | 231,771 | \$231,771 | 0 | 231,771 |
| PW_SU | Southeast Water Purification Plant - CIP Program 2024-2028 | 481,829 | 0 | \$481,829 | 0 | 481,829 |
| PW_SU | Purchased Water Rate Increase | 0 | 456,333 | \$456,333 | 0 | 456,333 |
| City Wide | Electricity Increase (24.75%) | 0 | 66,809 | \$66,809 | 0 | 66,809 |
| Total Forces at Work | | \$481,829 | \$822,665 | \$1,304,494 | \$0 | \$1,304,494 |

Water & Sewer Fund – Decision Packages (Funded)

| Dept | Description | One Time Cost | Ongoing Cost | Total | Outside Revenue Sources | Net Total |
|--------------------------------|---|------------------|------------------|------------------|-------------------------|------------------|
| City Wide | Merit 2.75% | \$0 | \$87,500 | \$87,500 | \$0 | \$87,500 |
| PW_SU | PW59 VRP Replacement Upgrade | 44,214 | 0 | 44,214 | 0 | 44,214 |
| PW | PW Mobile Water Meter Data Collectors | 30,000 | 0 | 30,000 | 0 | 30,000 |
| PW | PW Water Meter Data Collectors | 45,000 | 80,468 | 125,468 | 0 | 125,468 |
| ENG | Office Clerk - Engineering (+1 FTE) | 5,000 | 76,712 | 81,712 | 0 | 81,712 |
| ENG | DR-4586 Severe Winter Storm Grant - Generator | 12,570 | 0 | 12,570 | 0 | 12,570 |
| Total Decision Packages | | \$136,784 | \$244,680 | \$381,464 | \$0 | \$381,464 |



NEXT STEPS

✓ Key Dates

- ✓ Proposed Budget Delivered – 07/31/2023
- ✓ Budget Work Session – 08/07/2023
- ✓ Proposed Budget Public Hearing – 08/28/2023
- ✓ Budget Adoption – 08/28/2023 or 09/11/2023
- ✓ Anticipated Public Hearing on Tax Rate – 09/11/2023
- ✓ Tax Rate Adoption – 09/11/2023

✓ Council Input & Direction Needed