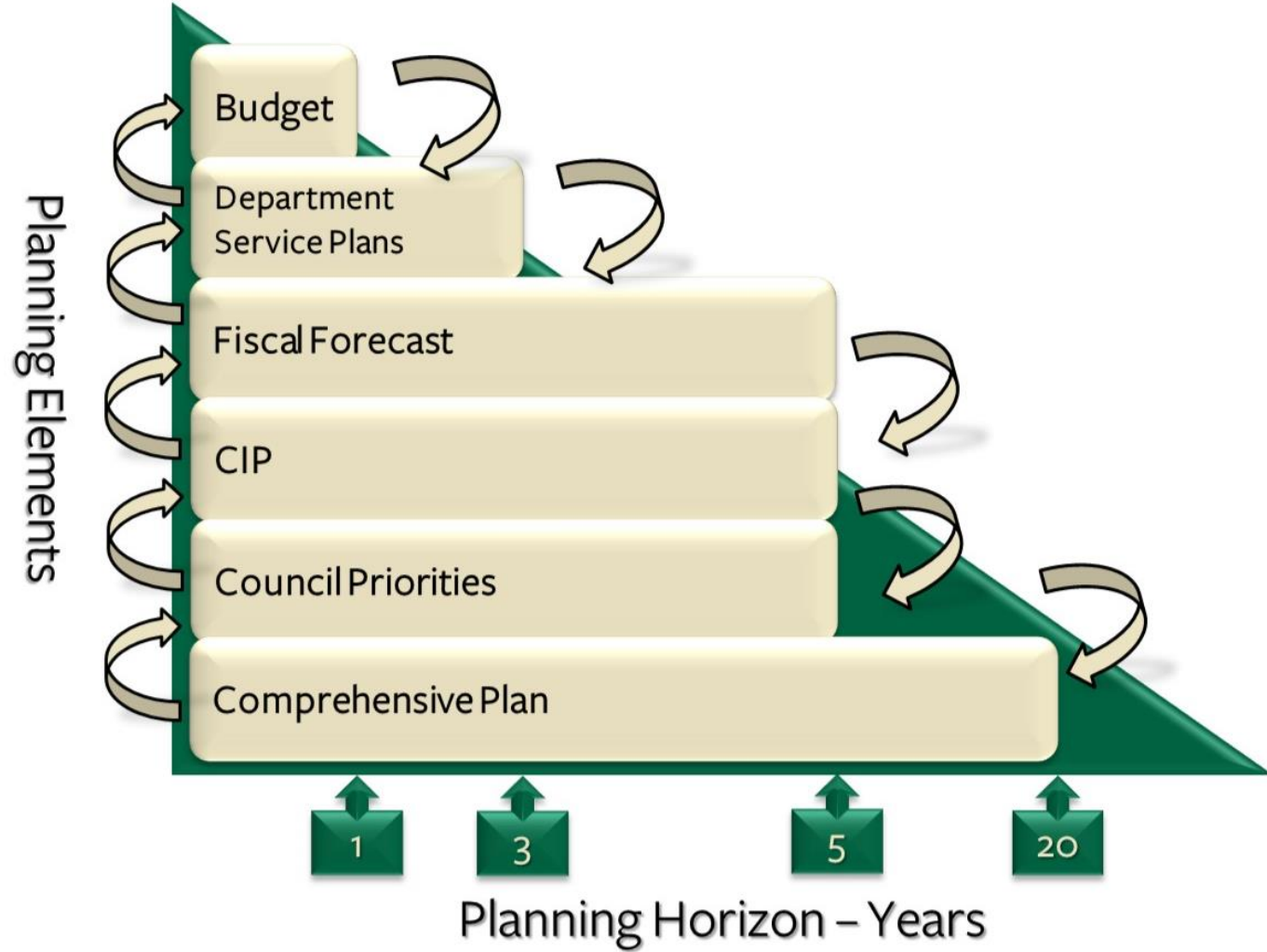


FY 2020 Budget Story

RE-ESTABLISHING PRIORITIES

City of Bellaire

STRATEGIC PLANNING MODEL



FY 2020 Budget Highlights

The FY 2020 Proposed Budget:

- Is structurally balanced
- Provides ending balances that exceed the 60-day reserve policy
- Is focused on the long term, especially with an eye on projected future ending balances in the General Fund and Enterprise Fund
- Provides significant funding as a reserve for future automation upgrades

FY 2020 Budget Highlights

The FY 2020 Proposed Budget:

- Limits enhancements and increases to the current base budget
- Is sufficient to continue the Council's Priorities
- Provides for the anticipated increase in health benefits costs, and a general wage increase, but no funding for an annual step increase
- Provides funds for design of projects to be funded in a future bond program (future workshop topic)
- Includes new performance indicators

FY 2020 Budget Key Facts

- 8 % increase in property tax revenues from existing property
- 8 % increase in water and wastewater rates
- 3.9% increase in General Fund base budget operating expenses
- 2.0% increase in Enterprise Fund base budget operating expenses
- 46% increase from the projected FY 19 ending balance
- Projected General Fund Ending Balance of \$5.4 million is approximately \$1.7 million above the 60-day requirement, which provides a reserve for future automation expenses and limits the projected ending balance shortfall in Fiscal Year 2024

City Council Priorities

Local and Regional Flood Mitigation

- Complete the BBB16 projects
- Prepare for the future bond program by selecting and designing projects during FY 2020 (future workshop topic)
- Continue efforts with Harris County Flood Control and TxDOT toward the Master Drainage Concept Plan
- Continue to partner with City of Houston, especially on Chimney Rock improvements
- Continue to meet with the Flood Hazard Mitigation Task Force and work on the activities listed in the 2018 flood mitigation plan
- Continue to inspect and repair storm sewers

City Council Priorities

Premier Public Works Services

- Expand internal construction management capabilities
- Explore green waste opportunities through the HGAC and neighboring entities
- Assess the role of the City Engineer and the most effective approach to contracting for engineering services

City Council Priorities

Public Safety and Mobility

- Continue to provide specialized training in Police, Fire, and Public Works
- Review/update the field training program for police officers
- Review/update the Communication Officer training program
- Increase use of firearm simulator in de-escalation training
- Provide the Law Enforcement Management Institute of Texas (LEMIT) and the FBI Law Enforcement Executive Development training for police supervisors
- Provide FBI National Academy training for police command officers as they qualify
- Complete the Texas Chief of Police Recognition Program

City Council Priorities

Public Safety and Mobility

- Establish a Fire Department Field Training Program
- Continue public engagement and information on hurricane preparedness, fire prevention, and crime prevention
- Utilize the skills of police and fire personnel to provide specialized training to other city personnel
- Prepare to implement the HGAC grant for the signal system
- Implement traffic studies for local improvements (turn lanes, pedestrian timing and access, etc.)
- More effectively use Metro funds for mobility projects
- Plan for the replacement of the Computer-Aided Dispatch/Records Management System (strategic automation plan)

City Council Priorities

Budget and Finance

- Implement a comprehensive fees analysis (increase to the base)
- Continue to Implement the City's comprehensive financial management policies
- Actively pursue bond refunding
- Continue to Implement the City's Investment Policy, ensuring safety of principal and liquidity
- Continue to work with the Financial Advisor to provide effective presentations to bond rating agencies

City Council Priorities

Budget and Finance

- Continue to receive the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award
- Continue to implement a thorough budget development process and thorough budget reporting
- Continue to identify future budget challenges through fiscal forecasting
- Continue strong controls over spending and monitor consistency with budget parameters
- Maintain the fleet replacement schedule

City Council Priorities

Quality of Life

- Continue to develop and implement a messaging strategy
- Continue to identify and define existing and potential networks
- Continue to provide a Bellaire Citizens Academy, and respond to feedback from academy participants on how to improve the program
- Develop and implement a new citizen orientation and update the Guide to Bellaire
- Create an on-line volunteer application form

City Council Priorities

Quality of Life

- Continue to ensure litter is picked up and removed from along the West Loop frontage road and as necessary supplement the contractual service with city employees
- Continue to manage other parks maintenance contracts, including the provision of replaced seasonal color three times per year
- Improve code enforcement processes and response times (strategic automation plan)
- Review and implement the Comprehensive Plan (future workshop topic)
- Improve building code permitting, processes, and response times (strategic automation plan)

City Council Priorities

Commercial Redevelopment

- Continue to engage with the Bellaire business community
- Implement and refine the Commercial Redevelopment chapter of the Comprehensive Plan (future workshop topic)
- Finish the automation of Development Services processes (strategic automation plan)

City Council Priorities

Parks and Facilities

- Continue to annually review the Parks Master Plan and Capital Improvements Plan with the Parks and Recreation Advisory Board
- Continue to work with the PATRONS for Bellaire Parks, Evelyn's Park Conservancy, Nature Discovery Center, and other community groups to assist with parks improvements while ensuring sound decisions are made and good practices are being implemented
- Pursue short-term improvements to facilities
- Plan for facility improvements in future bond programs

City Council Priorities

Premier Employer Status

- Continue to offer a competitive compensation package
- Pay attention to where data shows we are not as competitive as we should be, especially in the lower pay ranges
- Continue to monitor the market and indicators of competitiveness (current turnover rate: 7.32%)
- Enhance employee paid leave, focus on work-life balance, maintain health benefit plan design

City Council Priorities

Premier Employer Status

- Continue to monitor the organization culture, improve on-boarding, continue existing specialized training, promote the employee commitment statement
- Pay attention to internal equity, make adjustments as necessary, ensure that all compensation decisions are transparent and consistent
- Continue the tuition reimbursement program
- Further develop strategic career path plans and succession planning

City Council Priorities

Premier Employer Status

- Highlight the “hidden paycheck” for the total compensation package
- Enhance safety programs collaborating with Texas Municipal League Intergovernmental Risk Pool and the Safety Team
- Continue the emphasis on professional working environment (sensitivity and diversity training, internal environmental assessments, the Premier Employer Team)
- Continue to take an aggressive approach to reorganizations to enhance efficiencies

City Council Priorities

Premier Employer Status

- Emphasize opportunities for implementing automated work processes (strategic automation plan)
- Embrace opportunities to emphasize the Employee Commitment Statement throughout the careers of city employees
- Continue our commitment to workplace ethics and reinforce the model of public service and adherence to the Council-Manager form of government

General Fund Summary

(in millions)	FY 2019 Adopted	FY 2019 Projected	FY 2020 Proposed	Base to Base % Change
Beginning Fund Balance	\$4.1	\$3.1	\$5.4	
Recurring Revenues	\$20.9	\$21.4	\$22.2	
Non-recurring FEMA Reimbursement Revenue	\$0.0	\$1.7	\$0.0	
Total Resources	\$25.0	\$26.2	\$27.6	
Recurring Expenditures	\$20.8	\$20.3	\$21.6	3.9%
Vehicle & Equipment Program Transfer	\$0.3	\$0.3	\$0.5	
CIP Transfer	\$0.3	\$0.3	\$0.0	
FY 2020 Proposed Enhancements			\$0.1	
Total Expenditures and Transfers Out	\$21.4	\$20.8	\$22.2	4.1%
Ending Fund Balance	\$3.7	\$5.4	\$5.4	
Required 60-Day Balance	\$3.5	\$3.4	\$3.6	
Over/(Under) 60-Day Fund Balance Requirement	\$0.2	\$2.0	\$1.7	

General Fund Enhancements

Description	Amount
May Charter Election in Response to Valid Petitions RE: Sidewalks	\$80,500
Substandard Home Demolition / Unsecured Home Resolution	\$32,000
Closed Captioning for City Meetings	\$22,500
Radar Recorder for Traffic Studies	\$8,500
	\$143,500

General Fund Additions to Base

Description	Amount
Healthcare Cost Increase (15%)	\$200,846
General Wage Increase (1.5%)	\$174,377
Comprehensive Fee Study	\$30,850
Additional Police / Courts Janitorial Expenses	\$20,000
Annual Maintenance for Uninterrupted Power Supplies	\$14,000
Comprehensive Plan Phase I Review Materials	\$10,000
“KnoxBox” Keyless Entry to Commercial Buildings for First Responders	\$7,900
Cybersecurity Training (unfunded mandate H.B. No. 3834)	\$5,000
Additional Incentive Pay for Fire, Library, and Courts Personnel	\$6,060
	\$469,033

General Fund Capital Budget

Capital Improvement Fund (cash)

Description	Amount
Beginning Balance (a)	\$202,255
Rebuild Bellaire Bonds Cash to be Re-appropriated in FY 2020	\$302,000
Funded by Others	\$250,000
FY 2020 CIP Expenditures:	
Future Bond Program Street and Drainage Design	\$302,000
Mulberry Park Restroom Facility	\$250,000
Ending Balance (a)	\$202,255

(a) \$189,150 earmarked for ROW – Paseo Park

Property Tax Calculation Based On Preliminary Roll

	FY 2019	FY 2020	Difference
	Certified	Preliminary	
Tax Roll	\$4,795,283,304	\$4,805,780,985	
Debt Service Rate (a)	\$0.1532	\$0.1582	\$0.0043
Debt Service Revenue	\$7,380,051	\$7,560,255	2.4%
O&M Rate (a)	\$0.2781	\$0.2974	\$0.0170
O&M Revenue (b)	\$13,165,040	\$14,215,000	8.00%
Total Rate (a)	\$0.4313	\$0.4556	\$0.0243
State Average Total Tax Rate (c)		\$0.4675	
Above or (Below) State Average		(2.5%)	

(a) FY 2020 tax rates are subject to change after the receipt of the certified tax roll.

(b) O&M Revenue on existing properties; excludes property tax revenues on new properties.

(c) SOURCE: Texas Municipal League 2019 Property Tax Survey

Property Tax Calculation Based on Preliminary Roll

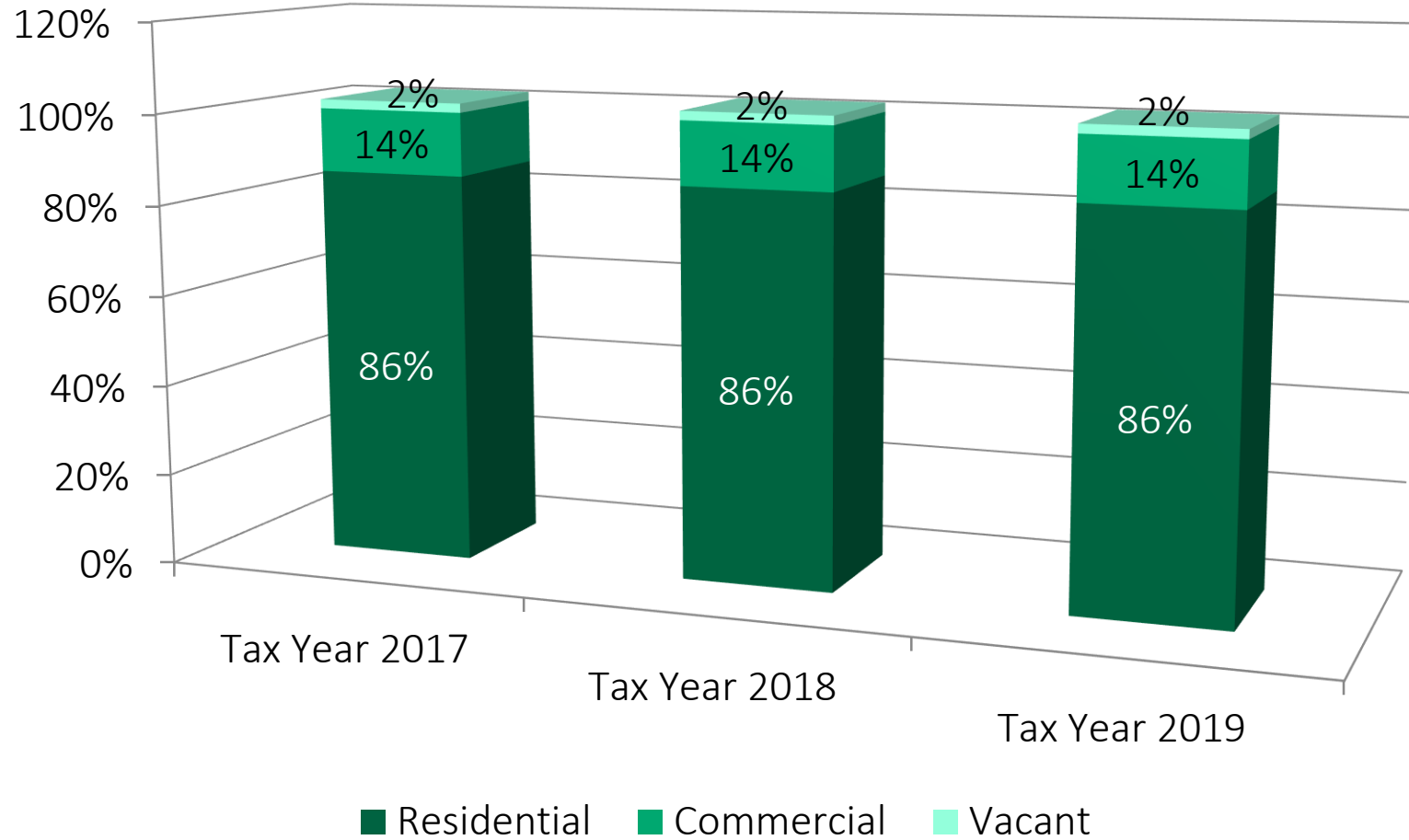
	FY 2019	FY 2020 Proposed	Difference
Estimated Revenue from Property Existing in FY 2020	\$13,162,500	\$14,215,000	8.0%
Estimated Revenue from New Property in FY 2020		\$200,000	
Total O&M Revenue from Existing and New Property	\$13,162,500	\$14,415,000	9.5%

Tax Burden Analysis

Description		Notes	Home Taxable Basis after Exemption
Average Value of Home	\$937,657		
Total Tax Rate - Proposed	\$0.4556		
Total Taxes – No Exemptions	\$4,272		
Homestead Exemption – 20% (reduction in taxes due to Homestead Exemption)	\$854	$\$937,657 * 20\% = \$187,531$ $\$187,531 * \$0.4556 / \$100 = \854	\$750,126
Taxes Due after Homestead Exemption	\$3,418	$\$937,657 * 20\% = \$187,531$ $\$937,657 - \$187,531 = \$750,126$ $\$750,126 * \$0.4556 / \$100 = \$3,418$	
Senior/Disabled Exemption - \$135,000 (reduction in taxes due to Senior /Disabled Exemption)	\$615	$\$135,000 * \$0.4556 / \$100 = \615	\$615,126
Taxes Due after Homestead Exemption and Senior/Disabled Exemption	\$2,803	Total Exemptions \$322,531	

City of Bellaire

3-YEAR HISTORY BY PROPERTY CATEGORY



July 2019 Fiscal Forecast General Fund

(8% SCENARIO)

(in millions)	FY 2019 P	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Fund Balance (unaudited)	\$3.09	\$5.39	\$5.35	\$4.81	\$4.51	\$4.24
Recurring Revenue (a)	\$20.66	\$22.19	\$23.01	\$23.85	\$24.73	\$25.64
Non-Recurring Hurricane Harvey Revenue	\$1.63	-	-	-	-	-
Non-Recurring Permit Revenues	\$0.83	-	-	-	-	-
Recurring Expenditures (b)	\$20.26	\$21.63	\$22.34	\$23.24	\$24.17	\$25.15
Transfer - Vehicle/Equip. Replacement	\$0.28	\$0.47	\$0.61	\$0.66	\$0.68	\$0.86
Transfer - CIP Contribution	\$0.28	\$0.00	\$0.10	\$0.26	\$0.15	\$0.12
Budget Enhancements	-	\$0.14	-	-	-	-
Non-recurring Automation Expenses	-	-	\$0.50	-	-	-
Ending Fund Balance	\$5.39	\$5.35	\$4.81	\$4.51	\$4.24	\$3.75
60 Day Balance Requirement	\$3.38	\$3.63	\$3.72	\$3.87	\$4.03	\$4.19
Over/(Under) 60-Day Requirement	\$2.02	\$1.72	\$1.08	\$0.64	\$0.21	(\$0.44)

(a) FY 2020 assumes 8% increase in tax revenues on existing properties. FY 2021 – 2024 assumes 3.5% annual increase in tax revenues on existing properties.

(b) FY 2020 assumes 1.5% general wage increase. FY 2021 – 2024 assumes annual 5% total compensation increase.

July 2019 Fiscal Forecast General Fund

(3.5% SCENARIO)

(in millions)	FY 2019 P	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Fund Balance (unaudited)	\$3.09	\$5.39	\$4.76	\$3.60	\$2.67	\$1.74
Recurring Revenue (a)	\$20.66	\$21.60	\$22.39	\$23.22	\$24.07	\$24.96
Non-Recurring Hurricane Harvey Revenue	\$1.63	-	-	-	-	-
Non-Recurring Permit Revenues	\$0.83	-	-	-	-	-
Recurring Expenditures (b)	\$20.26	\$21.63	\$22.34	\$23.24	\$24.17	\$25.15
Transfer - Vehicle/Equip. Replacement	\$0.28	\$0.47	\$0.61	\$0.66	\$0.68	\$0.86
Transfer - CIP Contribution	\$0.28	\$0.00	\$0.10	\$0.26	\$0.15	\$0.12
Budget Enhancements	-	\$0.14	-	-	-	-
Non-recurring Automation Expenses	-	-	\$0.50	-	-	-
Ending Fund Balance	\$5.39	\$4.75	\$3.60	\$2.67	\$1.74	\$0.58
60 Day Balance Requirement	\$3.38	\$3.63	\$3.72	\$3.87	\$4.03	\$4.19
Over/(Under) 60-Day Requirement	\$2.02	\$1.13	(\$0.12)	(\$1.20)	(\$2.29)	(\$3.61)

(a) FY 2020 – 2024 assumes 3.5% annual increase in tax revenues on existing properties.

(b) FY 2020 assumes 1.5% general wage increase. FY 2021 – 2024 assumes annual 5% total compensation increase.

Enterprise Fund Summary

(in millions)	FY 2019 Adopted	FY 2019 Projected	Total Proposed FY 2020	Base to Base % Change
Beginning Working Capital	\$1.0	\$1.7	\$1.9	
Recurring Revenues	\$8.8	\$8.9	\$9.6	
Total Resources	\$9.8	\$10.6	\$11.5	
Recurring Expenses	\$6.7	\$6.5	\$6.9	2.0%
Disaster Recovery Expenses	\$0.0	\$0.0	\$0.0	
Debt Service Transfer	\$2.0	\$2.0	\$2.1	
Vehicle and Equipment Program Transfer	\$0.1	\$0.1	\$0.1	
CIP Transfer	\$0.1	\$0.1	\$0.4	
FY 2020 Proposed Enhancements			\$0.0	
Total Expenses	\$8.8	\$8.7	\$9.5	7.7%
Ending Working Capital	\$0.9	\$1.9	\$2.0	
Required 30-Day Working Capital Balance	\$0.6	\$0.5	\$1.1	
Over/(Under) 60-Day Requirement	\$0.4	\$1.4	\$0.9	

Enterprise Fund Additions to Base

Description	Amount
Healthcare Cost Increase (15%)	\$40,054
General Wage Increase (1.5%)	\$21,601
Finance Fee Study	\$4,150
	\$65,805

July 2019 Fiscal Forecast Enterprise Fund

(in millions)	FY 2019 P	FY 2020	FY 2021	FY 2021	FY 2022	FY 2023
Beginning Working Capital Balance	\$1.74	\$1.91	\$2.03	\$2.11	\$2.62	\$3.17
Recurring Revenue (a)	\$8.90	\$9.63	\$10.64	\$11.47	\$11.75	\$12.04
Recurring Expenses (b)	\$5.92	\$6.24	\$6.83	\$7.19	\$7.20	\$7.23
Transfer to General Fund	\$0.62	\$0.62	\$0.62	\$0.62	\$0.62	\$0.62
Transfer to Vehicle/Equip. Replacement	\$0.11	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36
Transfer to Debt Service Fund	\$1.97	\$2.15	\$2.25	\$2.36	\$2.57	\$2.78
Transfer to CIP	\$0.10	\$0.14	\$0.50	\$0.44	\$0.44	\$0.44
Ending Working Capital Balance	\$1.91	\$2.03	\$2.11	\$2.62	\$3.17	\$3.79
Required 60-Day Working Capital Balance	\$0.55	\$1.14	\$1.17	\$1.21	\$1.24	\$1.24
Over/(Under) 30-Day Balance	\$1.37	\$0.89	\$0.93	\$1.41	\$1.93	\$2.55

(a) Assumes water and wastewater rate increases of 8% in FY 2020; 10% in FY 2021 and FY 2022; and 3% annually thereafter.

(b) FY 2020 assumes 1.5% general wage increase. FY 2021 – 2024 assumes annual 5% total compensation increase.

FTE Position Summary

Summary	FY 2019 Adopted	FY 2020 Proposed
Administration	10	10
Finance	10	10
Development Services	8	8
Fire (a)	24	25
Police	59.5	59.5
Library	7.5	7.5
Parks, Recreation, and Facilities (b)	25.5	24.5
Public Works – General Fund (b)	9	10
Public Works – Enterprise Fund	30	30
Totals	183.5	184.5

(a) Increase of 1.0 FTE to better match actual historical hours worked by part-time Fire Department employees.

(b) Reflects transfer of 1.0 FTE (Project Manager position) from Parks, Recreation, and Facilities to Public Works – General Fund.

July 2019 Fiscal Forecast Debt Service Fund

(in millions)	FY 2019 P	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Fund Balance	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54
Recurring Revenue	\$9.29	\$9.75	\$10.08	\$11.02	\$12.10	\$13.14
Recurring Expense	\$9.29	\$9.75	\$10.08	\$11.02	\$12.10	\$13.14
Ending Fund Balance	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54
Debt Tax Rate	\$0.1532	\$0.1582	\$0.1552	\$0.1675	\$0.1789	\$0.1889

Department Service Plan Schedule

FY 2017	FY 2018	FY 2019	FY 2020
Library	Finance	Human Resources	Human Resources
Parks, Recreation, and Facilities	Police	Development Services	Library
	Fire		Parks, Recreation, and Facilities
	Information Technology		Information Technology
	Public Works		

FY 2020 Budget Calendar

July 15	FY 2020 Proposed Budget & CIP Presented to Council; Call Public Hearing for FY 2020 Proposed Budget
August 12	Hold Public Hearing and Budget Workshop #1
August 19	Budget Workshop #2
August 20-22	Receive Certified Roll
September 9	Present Certified Roll
September 16	Adopt FY 2020 Budget
September 17	Public Tax Notice
October 7	1 st Public Hearing on Tax Rate
October 14	2 nd Public Hearing on Tax Rate
October 21	Adopt Tax Rate
November 18	4th Quarter Financial Report to Council

Budget Question Process

- Let Paul know your questions
- We'll provide written responses to each
- Responses will be provided to entire Council
- Will discuss in subsequent budget workshops