

Presentation of Proposed FY 2025 Budget

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July 15, 2024

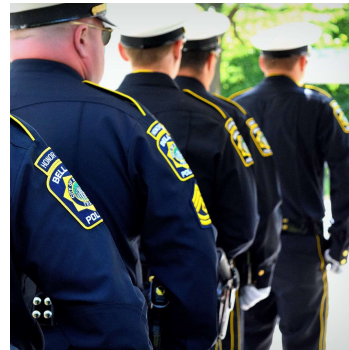
Agenda

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- In the VAR Budget
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- Next Steps

Big Picture

Our Purpose:

Enhance the quality of life for our citizens by providing services and amenities that make Bellaire a great place to live, work, play, and raise a family.



Community • Governance • Infrastructure & Asset Management • Public Safety • Land Use & Zoning

Overview

Budget objectives:

- Fund the delivery of exceptional services and amenities
- Fund priority tasks that advance strategic goals
- Meet legal and regulatory requirements
- Maintain structural balance and reserve requirements
- Maintain tax rate that does not exceed the voter-approval rate (VAR), projected to be 0.4355 in FY 2025

Overview

Budget outcomes: VAR budget does not meet all objectives.

- ❌ Fund the delivery exceptional services and amenities
- ❌ Fund priority tasks that advance strategic goals
- ✅ Meet legal and regulatory requirements
- ✅ Maintain structural balance and reserve requirements
- ✅ Maintain tax rate that does not exceed the VAR
- ⚠️ **VAR budget is structurally balanced, but expenditures exceed revenues.**

Overview

Recommendation:

- ✓ Fund the delivery of exceptional services and amenities
- ✓ Fund priority tasks that advance strategic goals
- ✓ Meet legal and regulatory requirements
- ✓ Maintain structural balance and reserve requirements
- ➔ Adopt a tax rate that generates revenue to improve and increase services and grow reserves

Higher tax rate results in a balanced budget.

Overview

Additional revenue could:

- + Increase police services
- + Increase fire services
- + Reduce financial and legal risks
- + Advance economic development
- + Improve service delivery efficiencies
- + Grow reserves



In the VAR Budget

- 3.0% increase in sales tax revenue
- New and increased fees for city services
- Increased rates for water, wastewater, solid waste services
- New stormwater fee
- 8.5% increase in medical benefit costs
- PT Paramedics to staff second ambulance (committed FY 2024)
- Pay plan adjustment to 50th percentile of market
- 3% step increase for employees

In the VAR Budget

Proposed pay plan and policy changes:

- Maintain step plan
- Revise steps from 3.5% to 3%
- Adjust for market every 3 years rather than COLA increases
- Create job families for promotion based on licenses and certifications
- Eliminate cap on longevity pay
- Increase annual floating holidays from 3 to 5
- Adopt a parental leave policy

In the VAR Budget

General Fund Revenues:	FY 2023 Actual	FY 2024 Budget	FY 2024 Projected	FY 2025 Proposed
Property taxes	\$15,651,182	\$16,687,000	\$16,602,000	\$17,570,000
Franchise fees	1,283,640	1,199,000	1,218,800	1,200,500
Sales tax	3,496,848	3,525,000	3,516,500	3,616,000
Permits and licenses	1,439,655	1,510,500	1,463,800	1,682,500
Fines	376,835	381,000	417,100	473,800
Recreation fees	1,152,202	1,175,000	1,195,000	1,315,200
Investment income	529,288	610,000	640,500	600,000
Public safety	365,435	402,000	402,000	570,500
Miscellaneous	69,527	35,500	62,300	48,500
Enterprise transfer	1,111,000	1,167,000	1,167,000	1,205,000
Recurring Revenues	\$25,475,612	\$26,692,000	\$26,685,000	\$28,282,000

In the VAR Budget

Rates, charges, and fees – general city services (General Fund):

- New and increased development fees
- New and increased fire fees
- Increased recreation membership, camp fees, aquatics fees
- Increased facility rental fees, simplified tiers
- New non-resident library fee

In the VAR Budget

General Fund Expenditures:	FY 2023 Actual	FY 2024 Budget	FY 2024 Projected	FY 2025 Proposed
City Manager's Office	\$ 2,967,160	\$ 3,771,501	\$ 3,776,000	\$ 4,099,000
Finance and Courts	1,847,204	2,169,107	2,143,000	2,251,000
Legal	135,841	166,000	166,000	192,000
Development Services	1,341,259	1,490,105	1,386,000	1,536,000
Fire	3,753,837	4,124,686	4,017,000	4,411,000
Police	7,323,592	7,989,688	7,989,000	8,498,000
Library	767,100	883,290	844,000	954,000
Public Works	1,158,857	1,385,838	1,417,000	1,187,000
Parks, Recreation, and Facilities	4,351,204	4,516,102	4,665,000	5,008,000
Vacancy savings	-	(300,000)	-	(150,000)
Recurring expenditures	\$23,646,055	\$26,196,317	\$26,403,000	\$27,986,000

In the VAR Budget

Enterprise Fund Revenues:	FY 2023 Actual	FY 2024 Budget	FY 2024 Projected	FY 2025 Proposed
Drainage	\$ -	\$ -	\$ -	\$ 485,000
Water	6,191,582	6,251,300	6,443,000	7,735,000
Wastewater	3,341,640	3,617,600	3,542,000	4,185,000
Solid waste and recycling	1,880,802	1,999,800	2,020,600	2,140,000
Miscellaneous	539,355	130,800	121,400	149,000
Investment income	2,216	20,500	10,000	20,000
Total revenues	\$ 11,955,594	\$ 12,020,000	\$ 12,137,000	\$ 14,714,000

In the VAR Budget

Rates, charges, and fees – utility services (Enterprise Fund):

- Increase in water rates to generate 23% increase in revenue
- Tiered water rates for affordability and conservation
- Increase in wastewater rates to generate 16% increase in revenue
- Increase in solid waste fee by 7%
- New stormwater fee
- New charges for development-related services

In the VAR Budget

Enterprise Expenses:

	FY 2023 Actual	FY 2024 Budget	FY 2024 Projected	FY 2025 Proposed
Water production	\$ 563,843	\$ 428,305	\$ 519,755	\$ 703,000
Water distribution	649,551	567,791	557,495	932,000
Utility billing	320,192	397,582	395,850	290,000
Surface water purchases	3,093,786	2,827,300	3,913,575	3,227,000
Wastewater collection	491,884	706,817	681,855	889,000
Wastewater treatment	1,178,025	1,003,909	973,380	997,000
Solid waste and recycling	1,712,904	1,746,250	1,658,140	1,956,000
Drainage	-	-	-	175,000
Transfer to General Fund	1,111,000	1,167,000	1,167,000	1,205,000
Transfer to Debt Service Fund	2,115,830	2,111,256	2,110,250	2,207,000
Other	141,710	135,000	276,700	278,000
Vacancy savings	-	(150,000)	-	(100,000)
Recurring expenses	\$ 11,378,725	\$ 10,941,210	\$ 12,254,000	\$ 12,759,000

In the VAR Budget

METRO Fund:

Traffic signal maintenance program

\$310,000

Total:

\$310,000

In the VAR Budget, But Uses Reserves

Capital Improvement Fund – General Fund projects:

PA2501 – Concept/design for city entryways	\$ 30,000
PA2502 – Replace lighting and install netting at Feld Park	\$270,000
PA2503 – Update 10-year parks master plan	\$150,000
PA2504 – Repaint Betsy's at Evelyn's Park	\$ 20,000
ST2402 – Pavement condition analysis*	\$ 10,000
TR2401 – Traffic signal optimization*	\$109,884
Total:	\$639,884

In the VAR Budget, But Uses Reserves

Capital Improvement Fund – Enterprise Fund projects:

WA2207 – Install back-up generator at Feld well*	\$ 95,000
WA2501 – Replace Central well chlorine building	\$ 60,000
WW2302 – Replace clarifier arms at WWTP	\$275,000
Total:	\$430,000

In the VAR Budget, But Uses Reserves

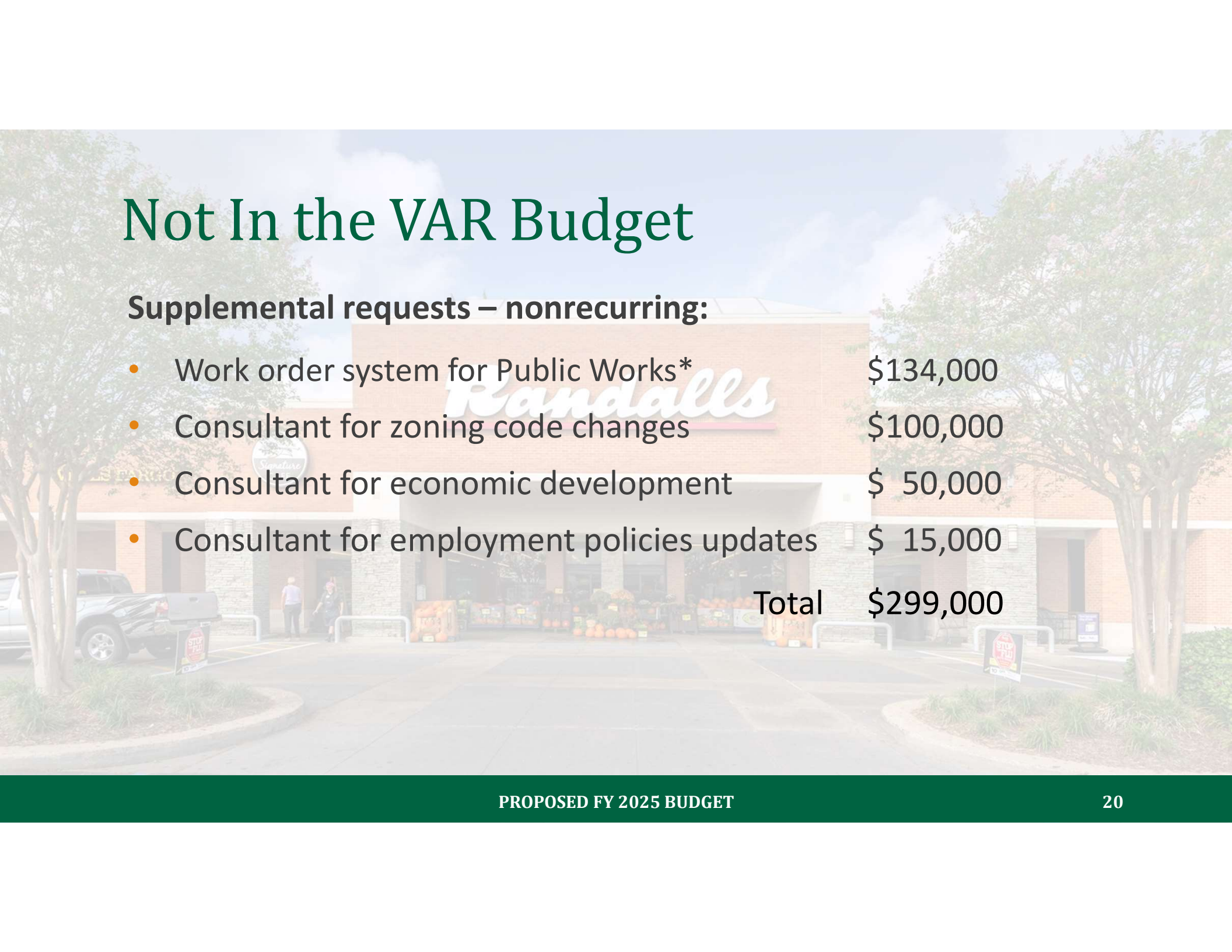
Vehicles, Equipment, and Technology (VET) Fund:



• Garbage truck	\$ 333,000
• Ambulance	\$ 364,000
• 4 marked patrol cars	\$ 353,000
• 1 unmarked CID car	\$ 65,000
• Leased vehicles	\$ 163,000
Total	\$1,278,000

Not In the VAR Budget

Supplemental requests – nonrecurring:



• Work order system for Public Works*	\$134,000
• Consultant for zoning code changes	\$100,000
• Consultant for economic development	\$ 50,000
• Consultant for employment policies updates	\$ 15,000
Total	\$299,000

Not In the VAR Budget

Supplemental requests – recurring (personnel):

• Crime Victim Specialist (20% local match)	\$ 23,000
• 3 Police Officers	\$318,000
• 1 Fire Marshal	\$ 96,600
• 1 Risk Manager Safety & Training Specialist	\$ 58,000
• 1 Deputy City Clerk	\$ 86,000
Total	\$581,600

Not In the VAR Budget

Supplemental requests – recurring (other):

• Gear for 3 Police Officers	\$10,800
• Contract management software	\$17,000
• Employee evaluation and tracking software	\$ 3,000
• Online learning for community	\$ 4,000
Total	\$34,800

Reserves

Structural balance:

- Recurring revenues \geq recurring expenditures
- Meet minimum reserve requirements (60 days)

Reserves above the 60-day requirement are contingency funds

Currently, contingency funds = \$2.9M

Options

				Supplementals	Contingencies
	VAR Budget	Transfers VAR Budget	Transfers VAR Budget	Transfers VAR Budget	Transfers VAR Budget
Tax Rate	0.4355	0.4474	0.4591	0.4766	
General Fund Tax Revenue	\$17,471,000	\$18,250,000	\$18,919,100	\$19,821,000	
Debt Service Fund Tax Revenue	\$ 7,400,000	\$ 7,400,000	\$ 7,400,000	\$ 7,400,000	
Total Tax Revenue	\$24,871,000	\$25,551,000	\$26,221,000	\$27,221,000	
Increase in Tax Revenue	--	\$ 680,000	\$ 670,000	\$ 1,000,000	

Options

Impact of higher rate:

Difference between 0.4766 and 0.4355 (VAR)

		\$500,000	\$1,075,583	\$1,500,000	\$3,000,000
Under 65	\$	196	\$ 421	\$ 587	\$ 1,174
65+	\$	130	\$ 355	\$ 521	\$ 1,108

Recommendation

- ✓ Fund the delivery of exceptional services and amenities by funding supplemental requests
- ✓ Fund priority tasks that advance strategic goals by funding supplemental requests
- ✓ Meet legal and regulatory requirements
- ✓ Maintain structural balance and reserve requirements and a balanced budget
- ✓ Adopt a tax rate of 0.4766 to generate revenue to fully-fund transfers, fund supplemental requests, and ensure a healthy contingency going forward

Next Steps

Aug 5 Public hearing on proposed FY 2025 Budget
Workshop #1

Aug 12 Workshop #2 (if needed)

Aug 19 Ordinance adopting of FY 2025 Budget
Public hearing on tax rate
Ordinance adopting tax rate (and possibly calling election)



Discussion

FY2025Budget@bellairetx.gov

<https://bellairetx.gov/FY2025Budget>

Proposed FY 2024 Budget

General Fund Expenditures:

	FY 2022 Actual	FY 2023 Amended	FY 2023 Projected	FY 2024 Proposed
Human Resources - Compensation Study	\$ -	\$ 60,000	\$ -	\$ 60,000
Human Resources - Staff Model Study	-	40,000	-	40,000
Development Services - Services Supplement	-	100,000	-	-
Fire - Rescue Bags	-	24,800	-	-
Police - Body Worn Camera System	-	252,000	-	-
Non-Departmental: Disaster Recovery	27,902	-	7,000	-
Non-Recurring Expenditures	27,902	476,800	7,000	100,000
Capital Improvement Fund	150,000	3,670,000	3,670,000	175,000
Vehicle, Equipment, and Technology Fund	635,060	1,030,000	1,030,000	801,500
Transfers	785,060	4,700,000	4,700,000	976,500
Supplemental Expenditure Requests				87,950
Total Expenditures and Transfers Out	\$ 22,248,299	\$ 29,417,374	\$ 29,037,500	\$ 27,068,550

Proposed FY 2025 Budget

Context - Bellaire Tax Rate History:

- 1995-1999 0.5100
- 2000-2003 Decreased to 0.4900
- 2004-2005 Decreased 0.4800
- 2006-2010 Decreased each year, from 0.4700 to 0.3759
- 2011-2014 Increased to 0.3999
- 2015-2016 Decreased from 0.3936 to 0.3805
- 2017-2019 Increased each year, from 0.3874 to 0.4313
- 2020-2023 0.4473
- 2024 Decreased to 0.4370

What's in the VAR Budget

Total appropriation requested:

• General Fund	\$28,962,000
• Enterprise Fund	\$13,059,000
• Debt Service Fund	\$ 9,619,000
• VET Fund	\$ 1,189,900
• Capital improvement funds	\$ 1,069,884
• Special Revenue Fund	\$ 762,050

Total	\$54,661,834
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Less: Interfund Transfers	(\$ 5,004,750)
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Net Total appropriations	\$49,657,084
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Enterprise Fund Detail

	FY 2023 Actual	FY 2024 Budget	FY 2024 Projected	FY 2025 Proposed
Expenses:				
Transfer to Debt Service Fund	\$ 2,115,830	\$ 2,111,256	\$ 2,111,250	\$ 2,207,000
Transfer to Capital Improvement Program	660,000	750,000	750,000	200,000
Transfer to VET	-	-	-	100,000
Transfers	2,775,830	2,861,256	2,861,250	2,507,000
Supplemental Expense Requests	n/a	n/a	n/a	-
Total Expenses, Transfers, & Supplemental Requests	\$ 12,038,725	\$ 11,691,210	\$ 13,005,000	\$ 13,059,000

Tax Rate Options

MORGAN'S POINT	0.949879	\$ 583,300.00
GALENA PARK	0.863630	\$ 100,700.00
JERSEY VILLAGE	0.742500	\$ 330,100.00
SHOREACRES	0.734206	\$ 276,500.00
BAYTOWN	0.720000	\$ 162,200.00
DEER PARK	0.720000	\$ 224,200.00
LA PORTE	0.710000	\$ 196,500.00
NASSAU BAY	0.656603	\$ 328,300.00
PEARLAND	0.655400	\$ 311,100.00
JACINTO CITY	0.596874	\$ 120,100.00
MISSOURI CITY	0.570825	\$ 268,200.00
HILSHIRE VILLAGE	0.560432	\$ 1,283,600.00
SOUTH HOUSTON	0.552659	\$ 146,000.00
HOUSTON	0.519190	\$ 235,000.00
FRIENDSWOOD	0.500728	\$ 361,800.00
WALLER	0.490400	\$ 152,700.00
SEABROOK	0.457755	\$ 305,300.00
PASADENA	0.455514	\$ 171,600.00
BELLAIRE	0.437000	\$ 958,300.00
KATY	0.430000	\$ 359,800.00
EL LAGO	0.427244	\$ 297,400.00
SOUTHSIDE PLACE	0.340896	\$ 1,660,000.00
HEDWIG VILLAGE	0.336334	\$ 1,550,000.00
WEBSTER	0.333940	\$ 235,100.00
TOMBALL	0.293320	\$ 291,100.00
BUNKER HILL	0.271000	\$ 1,650,000.00
SPRING VALLEY	0.271000	\$ 1,060,000.00
WEST UNIVERSITY PLACE	0.260840	\$ 1,361,100.00
PINEY POINT VILLAGE	0.255140	\$ 2,000,000.00
HUMBLE	0.245351	\$ 176,500.00
TAYLOR LAKE VILLAGE	0.224800	\$ 342,000.00
HUNTERS CREEK VILLAGE	0.205164	\$ 2,000,001.00
THE WOODLANDS TOWNSHIP	0.171400	\$ 456,400.00

What's not in the VAR Budget

Capital Improvement Fund – General Fund

Total expenditures	\$639,884
Transfer	\$175,000
Total:	(\$464,884)

Unappropriated Fund balance = \$552,205

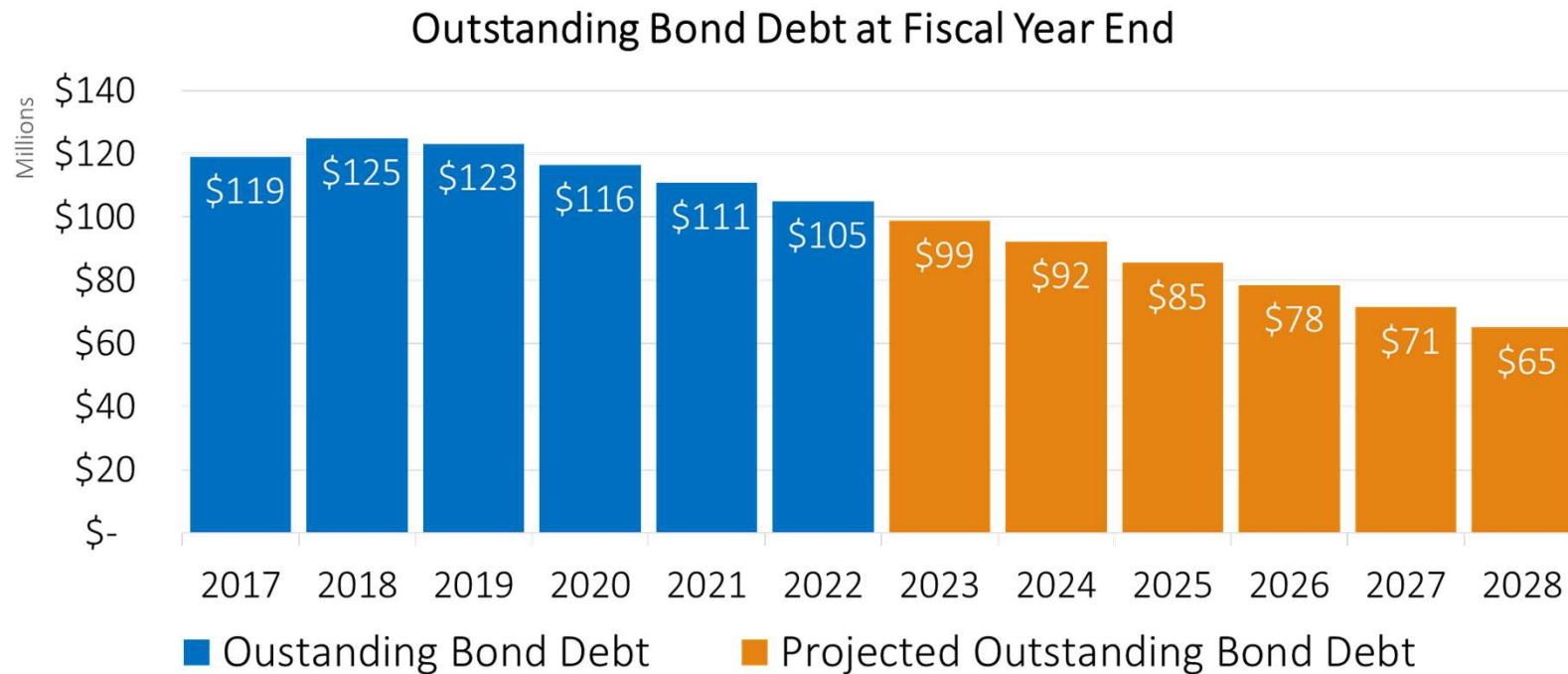
Capital Improvement Fund – Enterprise Fund

Total expenses	\$430,000
Transfer	\$200,000
Total:	(\$230,000)

Unappropriated Fund balance = \$326,400

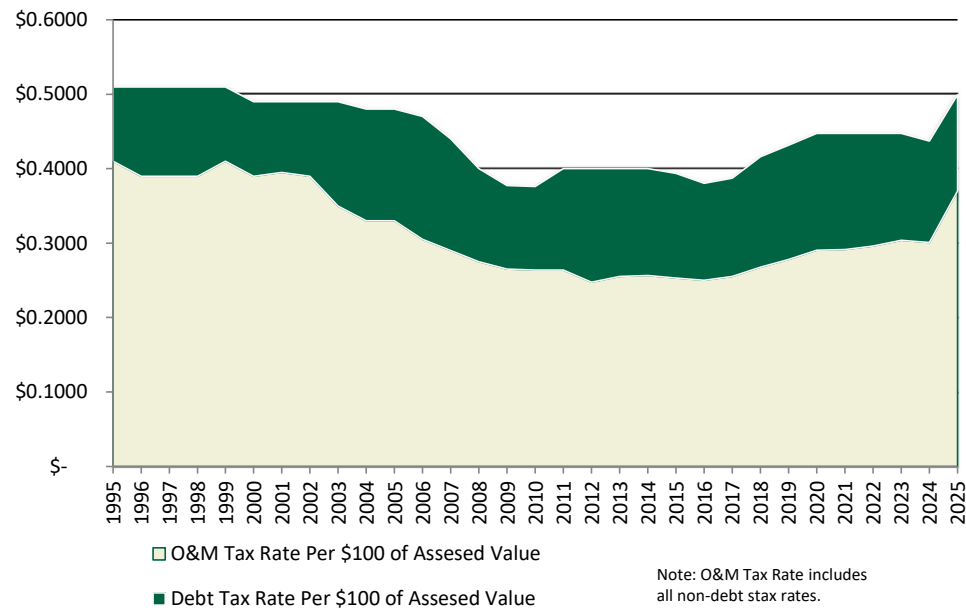
Proposed FY 2025 Budget

Fiscal Forecast – Debt Service Fund



Proposed FY 2025 Budget

Property Tax Rate History



What's not in the VAR budget

Supplemental requests – summary:

Total nonrecurring	\$165,000
Total recurring	\$620,000
Total	\$785,000

Complete list of supplemental requests: [insert link](#)