

City of Kyle, Texas

City Manager's Presentation of
Proposed Budget for Fiscal Year 2016-17

July 30, 2016



Presentation Outline Proposed Fiscal Year 2016-17 Budget

- Guiding Principles & Objectives for Budget Development
- Overview & Budget Highlights – All City Funds
- General Fund Summary & Highlights
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 - Sales Tax
 - Significant Changes
- Water & Wastewater Utility Fund Summary & Highlights
 - Sources & Uses of Funds
 - Significant Changes
- Equipment and Vehicles (Non-CIP Capital)
- Capital Improvements Program (CIP)
 - City's Share of HCPUA Debt Issuances Planned
- Debt Service Requirements
- All Other City Funds
- Next Steps



Guiding Principles & Objectives For Proposed Fiscal Year 2016-17 Budget

1. City Council's priority based investments for quality of life, public safety, customer service, and economic development enhancements for Kyle homeowners, residents, and businesses:
 - Police, parks, roadways, library, and water/wastewater improvements
2. Citizen satisfaction survey
3. Balanced budget for all major City Funds
4. Reduction in property tax rate
5. No increase in water and wastewater service rates
6. Limited increase in fees and charges for City services
7. Creation of a dedicated Storm Drainage & Flood Risk Mitigation Utility
8. Strategic investments in equipment, vehicles, and infrastructure (CIP)
9. Capital preservation to minimize future debt issuances
10. Prioritized department requests for supplemental budget increases



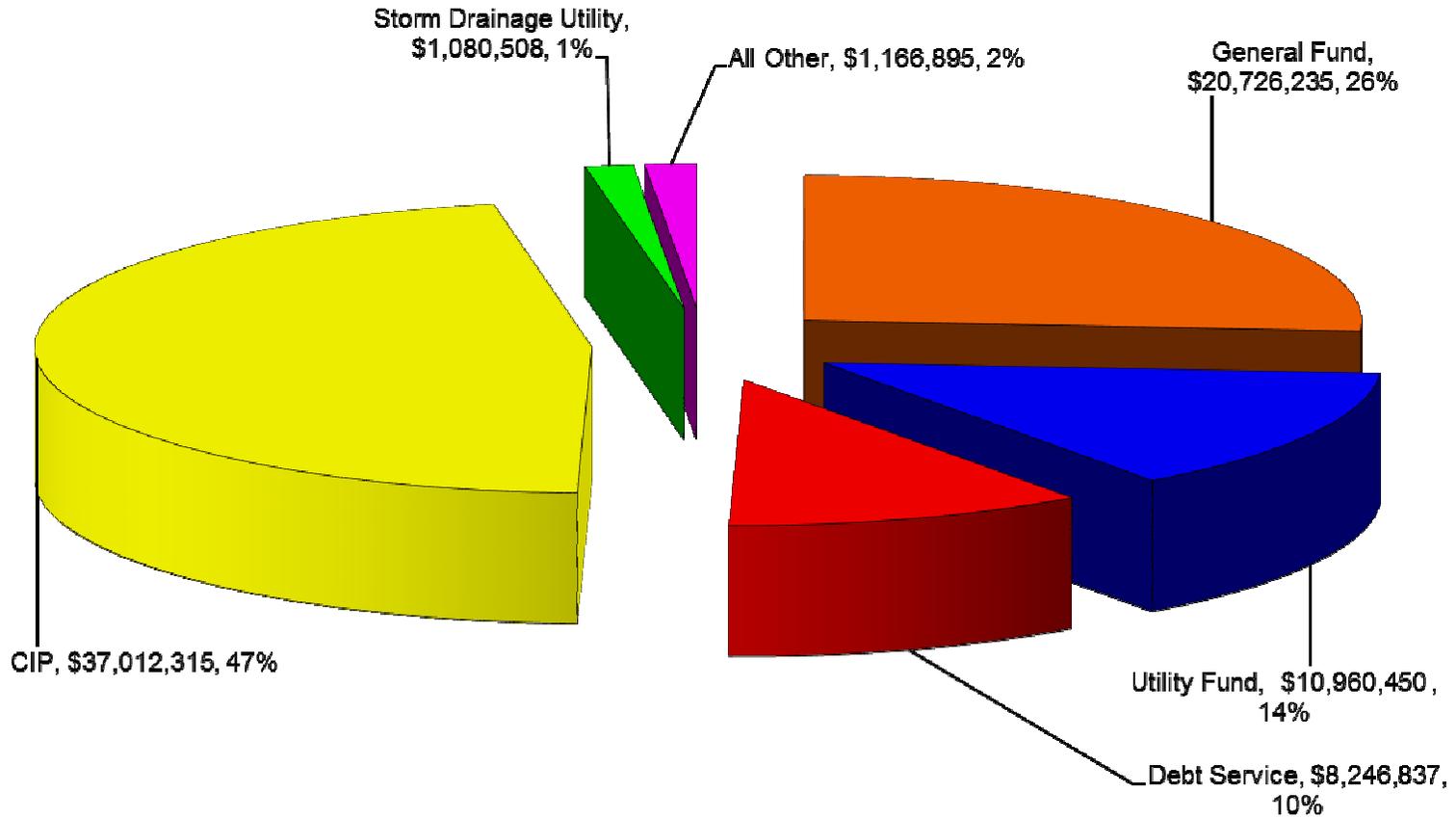
Budget Highlights

Proposed Fiscal Year 2016-17 Budget

- Balanced budget for major City Funds
- \$79.2 million total proposed budget for all City Funds
- \$40.9 million in planned CIP spending in FY 2017
 - Includes \$3,833,937 for City's share in HCPUA CIP expenditures
- \$0.01 reduction in total property tax rate
 - From \$0.5848 to \$0.5748 per \$100 assessed taxable valuation
- No change in water and wastewater service rates
- Limited increase in fees and charges for City services
- Increased funding for police, parks, street maintenance, library, public works
- Creation of a dedicated Storm Drainage & Flood Risk Mitigation Utility for flood mitigation and drainage control
 - \$3.00 per month storm drainage & flood risk mitigation fee for residential and impervious cover based fee for commercial
- Addition of Nine (9) full-time equivalent positions
 - public works (5), drainage utility (3), utility billing (1)
- Pay increase for police officers under current Meet & Confer Agreement
- \$1.5 million provided for new equipment and vehicles



All City Funds Budget Summary: Total \$79.2 Million Proposed Fiscal Year 2016-17 Budget





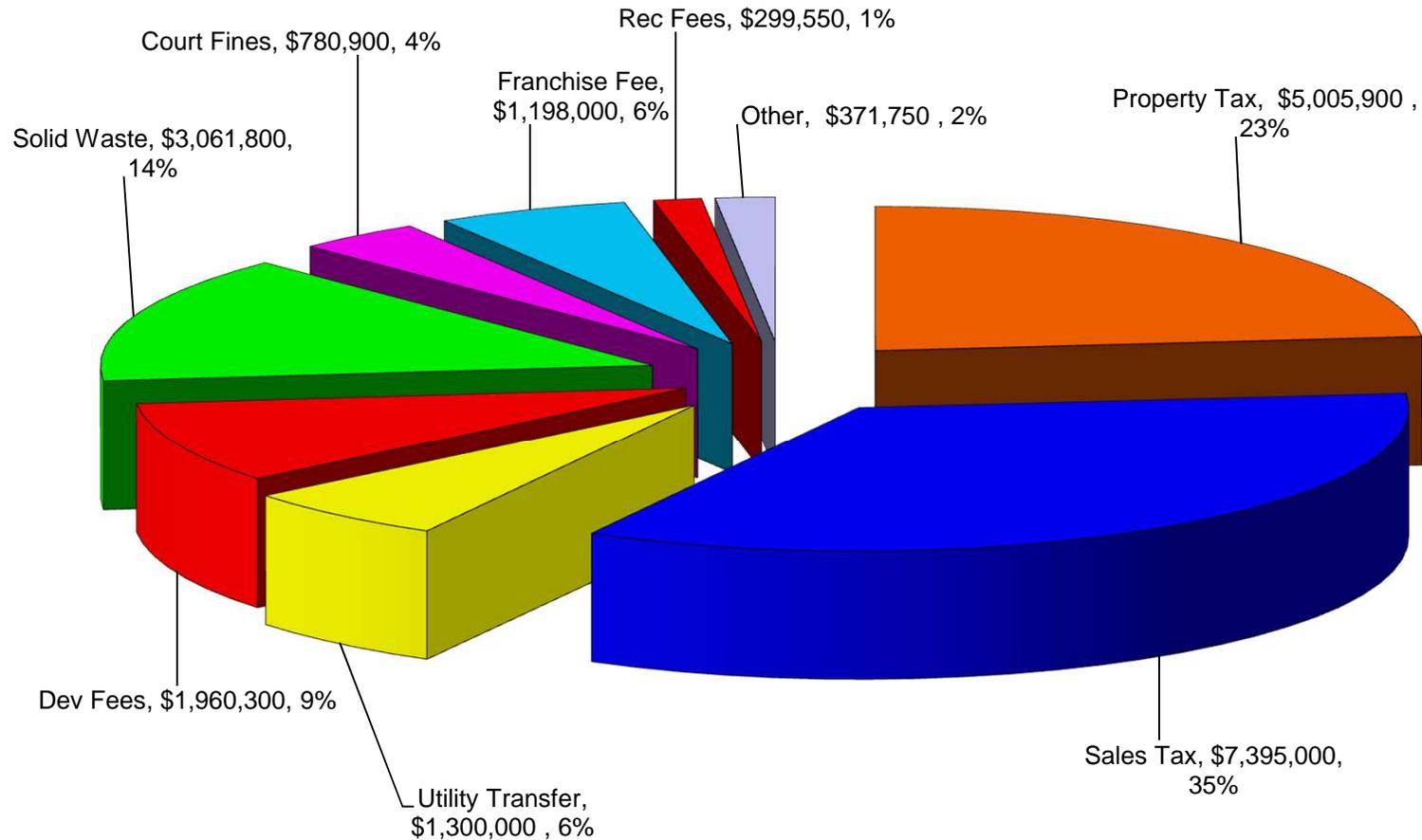
Proposed Fiscal Year 2016-17 Budget

GENERAL FUND

Budget Summary & Highlights



General Fund Sources of Funds: Total \$21.4 Million Proposed Fiscal Year 2016-17 Budget





Property Tax Proposed Fiscal Year 2016-17 Budget

- 8.00% net increase in 2016 preliminary certified estimate of valuations
- 2016 certified estimated valuation = \$2,139,713,012 (4/29/2016)
- 2015 certified assessed valuation = \$1,983,279,771 (7/30/2015)
- \$0.01 reduction proposed in 2016 total property tax rate
- Proposed 2016 and current 2015 property tax rates:

	<u>2016</u>	<u>2015</u>
– Maintenance & Operations	\$0.2206*	\$0.2306
– Interest & Sinking Fund	<u>\$0.3542*</u>	<u>\$0.3542</u>
– Total Tax Rate Per \$100/AV:	<u>\$0.5748</u>	<u>\$0.5848</u>

* Estimated for 2016 – subject to change



Property Tax Rates Proposed Fiscal Year 2016-17 Budget

- Due to the high number of protests received by HaysCAD for property valuations assessed this year, the “certified” property valuation data will not be provided to the City of Kyle until August 5, 2016.

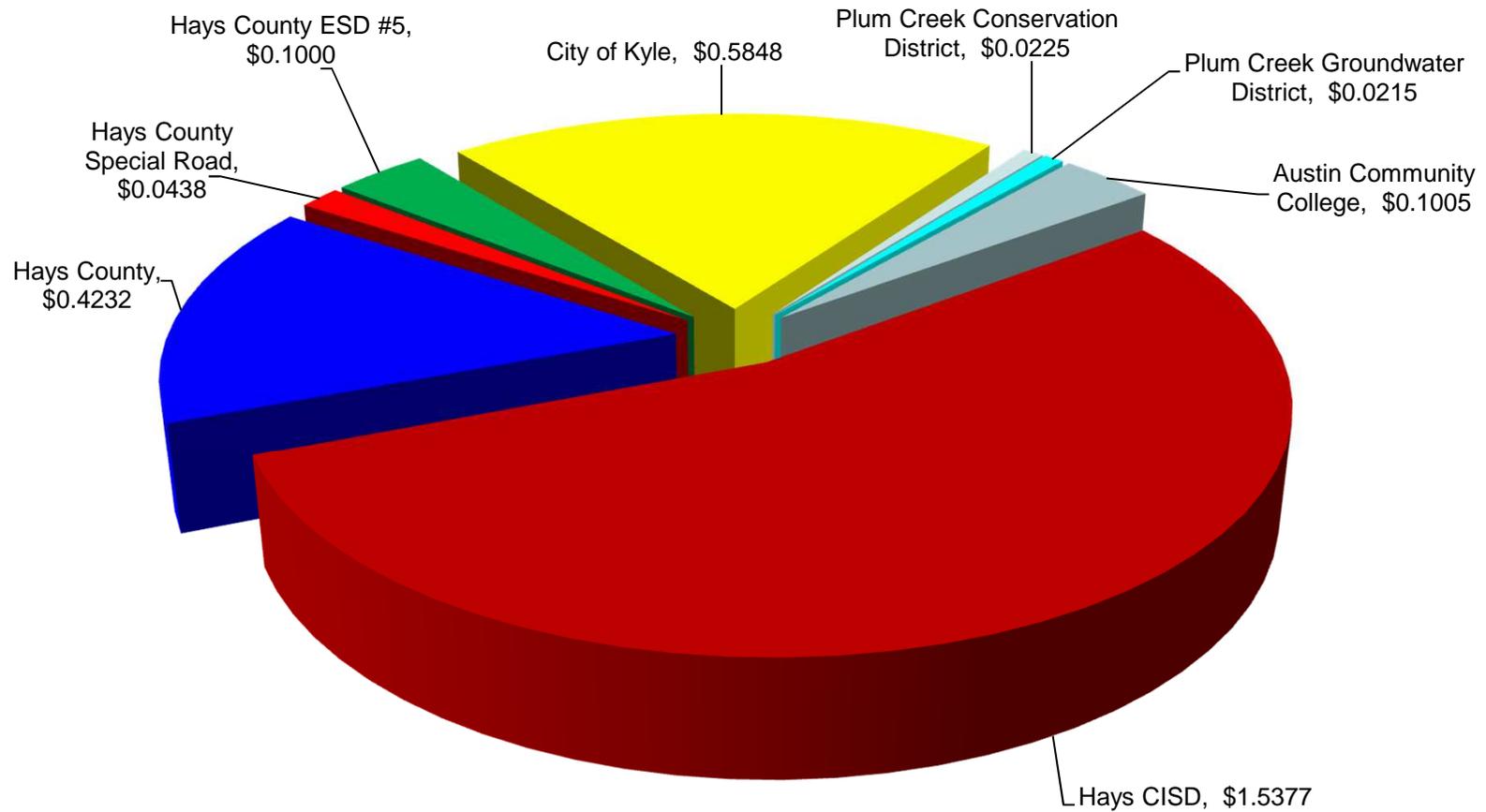
2016 Effective & Rollback Tax Rates

	2015 Current Tax Rate	2016 Effective Tax Rate	2016 Rollback Tax Rate	2016 Proposed Tax Rate
M & O	\$0.2306	N/A	N/A	\$0.2206*
I & S	\$0.3542	N/A	N/A	\$0.3542*
TOTAL:	\$0.5848	N/A	N/A	\$0.5747

* Estimated for 2016 – subject to change

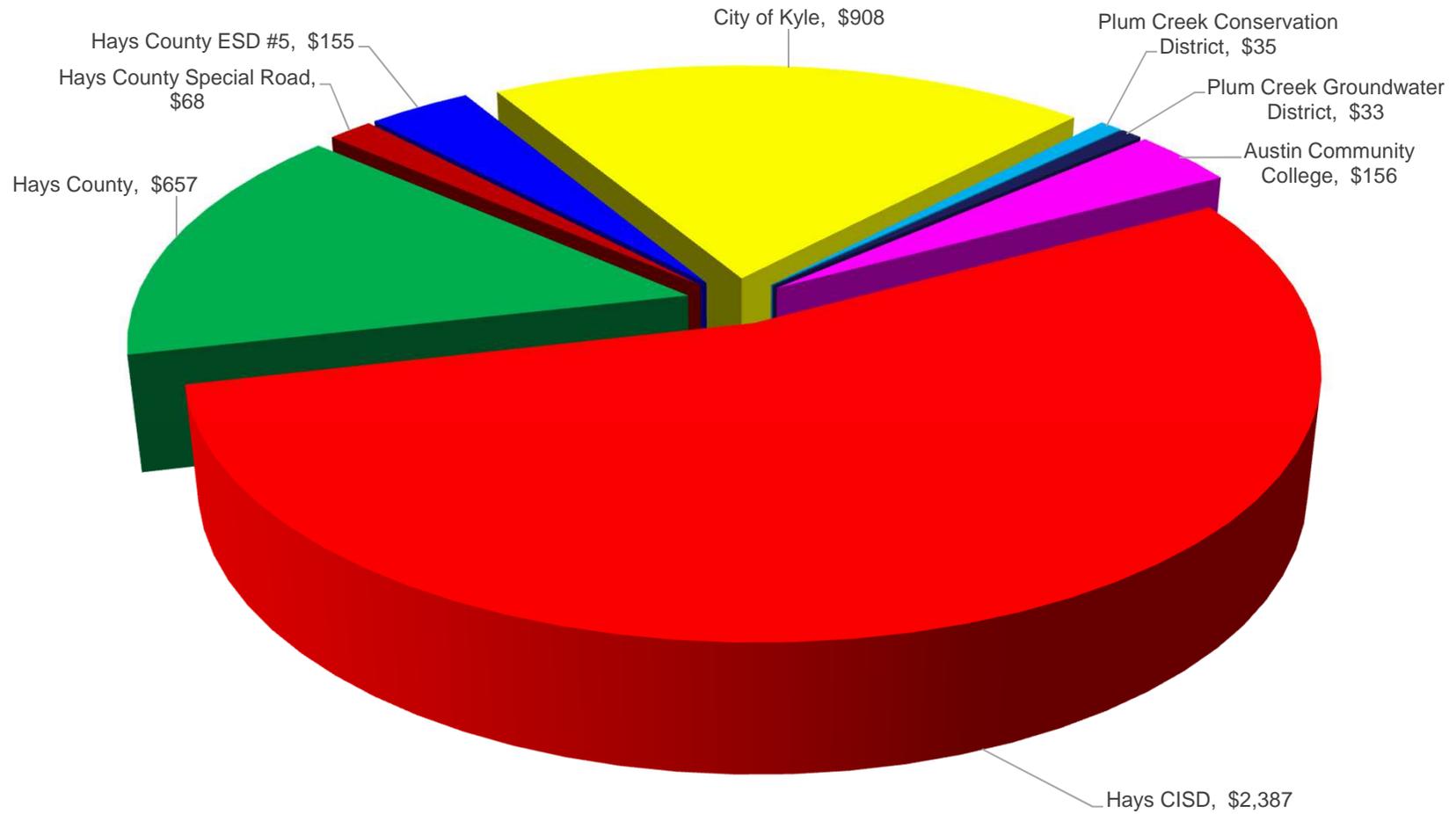


Property Tax Rates Within City of Kyle (\$2.8340) Fiscal Year 2015-16



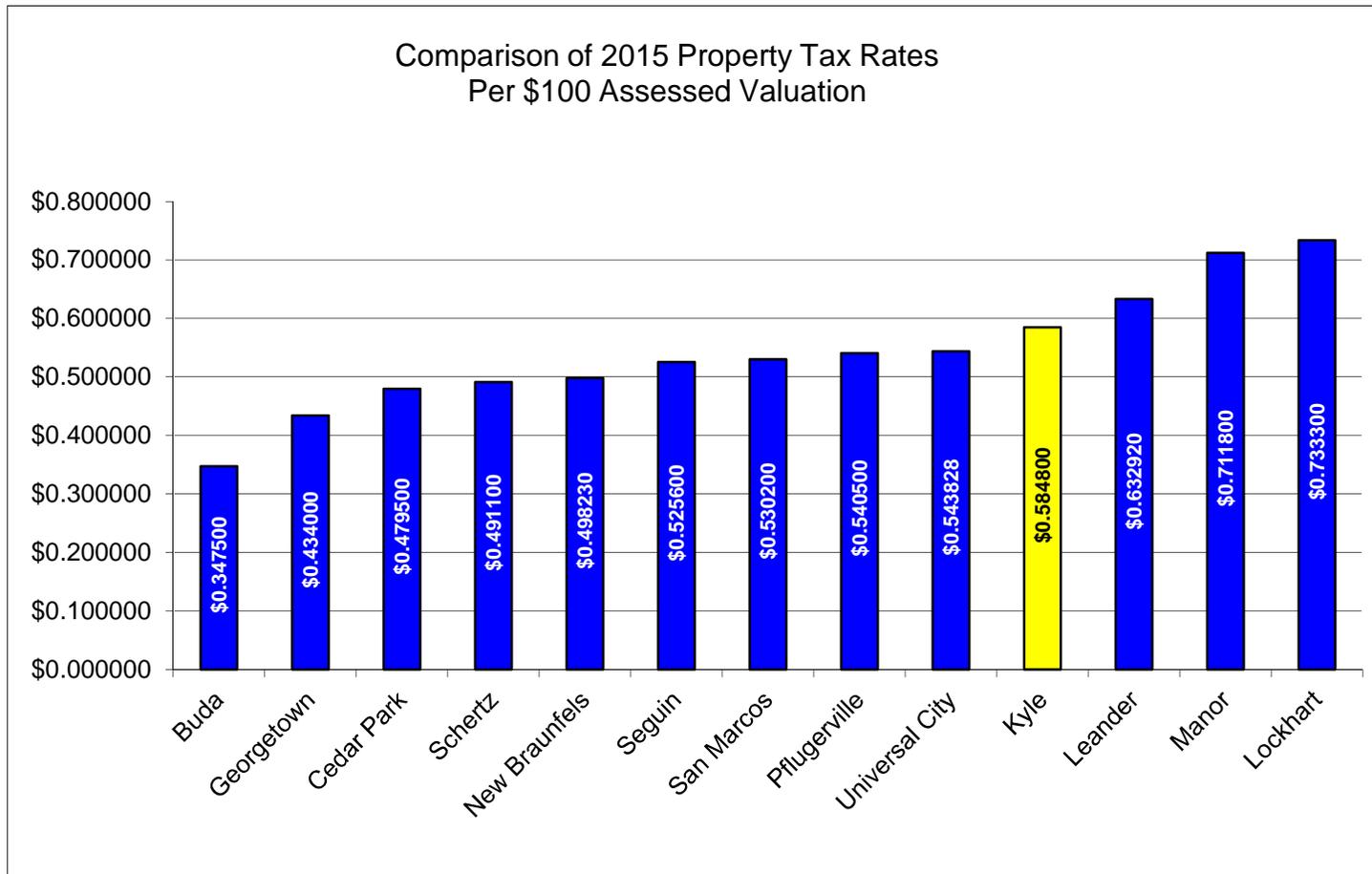


Average Tax Bill By Jurisdiction in Kyle For Tax Year 2015



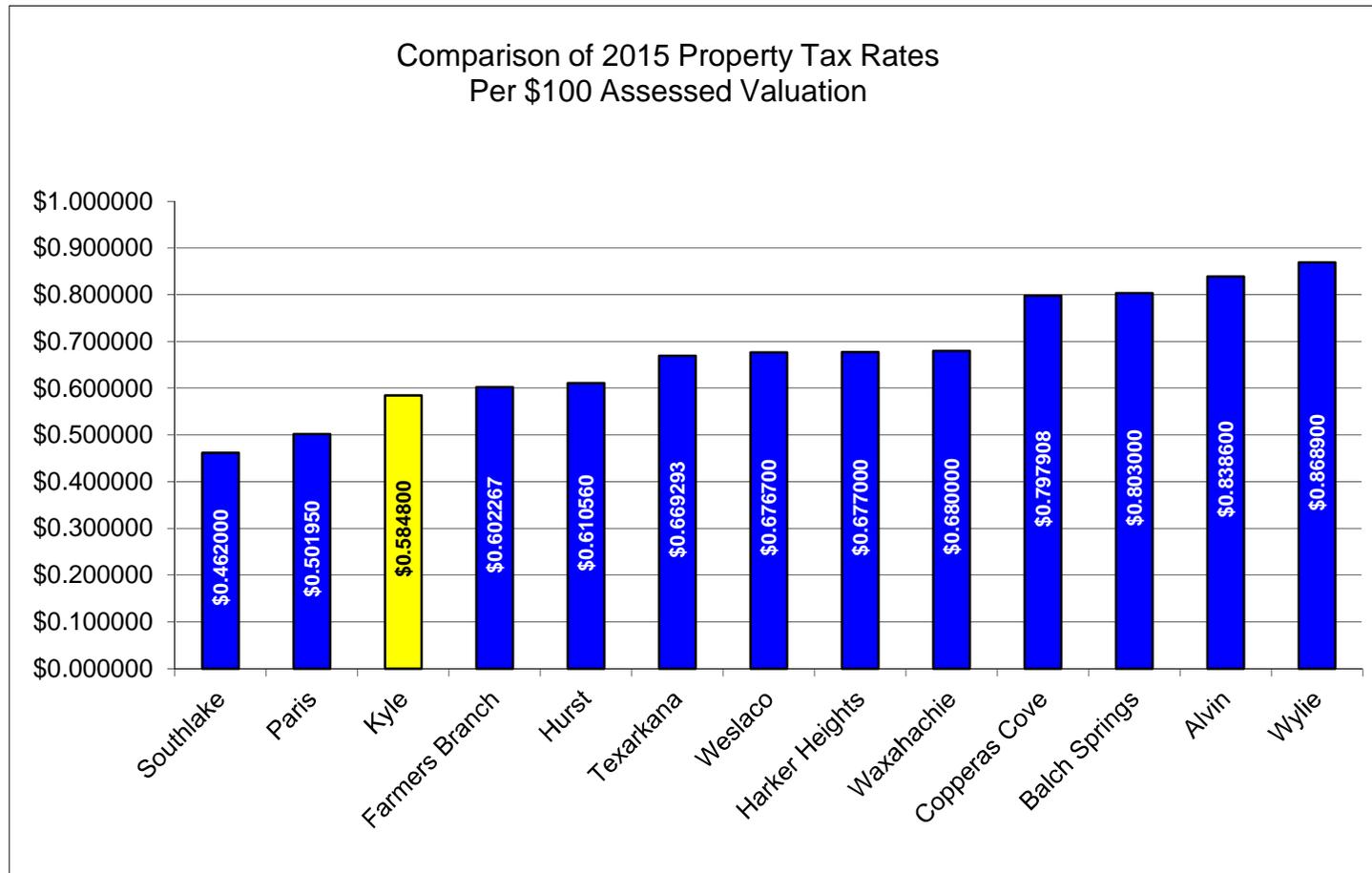


Comparison of Current Property Tax Rates Fiscal Year 2016-17





Comparison of Current Property Tax Rates - **TEXAS** Fiscal Year 2016-17



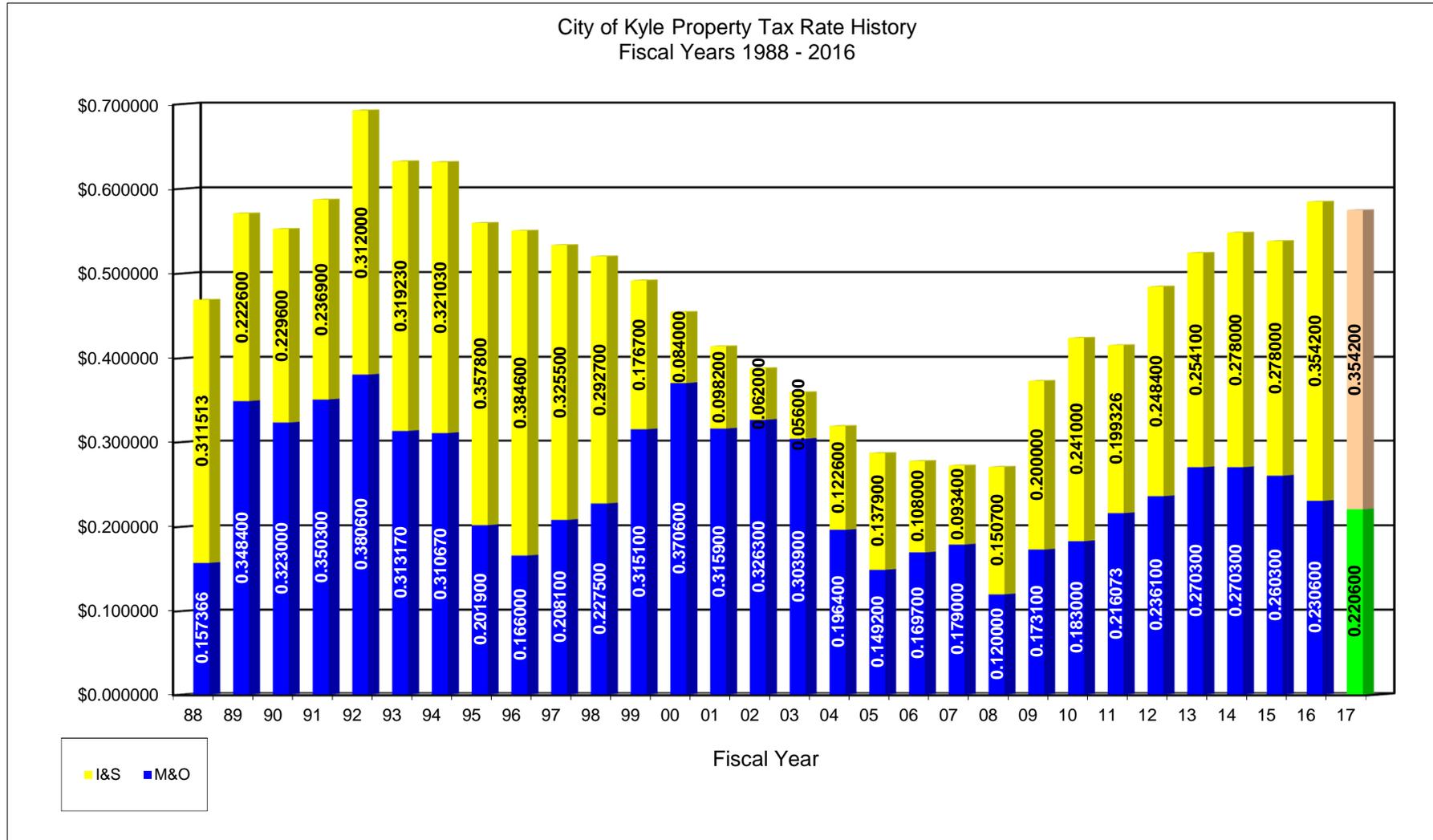


Sales Tax Revenue Proposed Fiscal Year 2016-17 Budget

- 12.0% increase assumed in FY 2017 based on current year collections
 - 18.9% increase assumed in FY 2016
- \$7,395,000 projected sales tax revenue for FY 2017
- \$792,274 or 12.0% increase from current year estimate for FY 2016

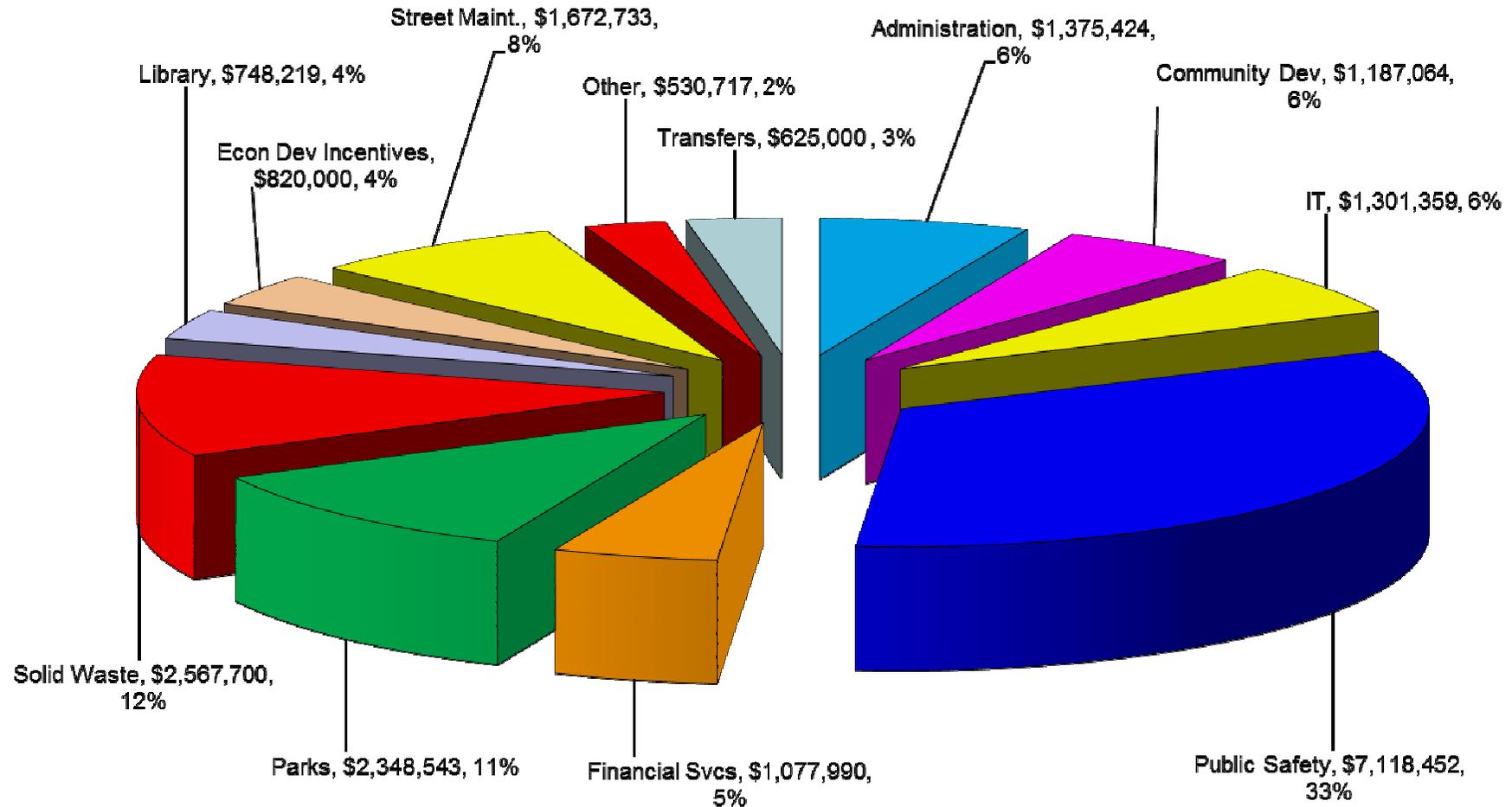


City of Kyle Property Tax Rate History Fiscal Years 1988 - 2016





General Fund Uses of Funds: Total \$21.4 Million Proposed Fiscal Year 2016-17 Budget





General Fund - Significant Changes Proposed Fiscal Year 2016-17 Budget

- (\$939,714) overall net decrease in General Fund expenditures for FY 2017 as compared to the current year
- \$220,679 for 2.9 new positions proposed
 - 1 Assistant Director of Public Works (34% funded by General Fund)
 - 1 Public Works Inspector (34% funded by General Fund)
 - 1 Pump & Motor Electrician (20% funded by General Fund)
 - 2 Street Construction Technicians (100% funded by General Fund)
- \$428,106 for technology system improvements
- \$254,900 increase for emergency medical services
- \$344,623 increase for street maintenance division
- \$184,400 solid waste services (4.02% TDS contract increase in April 2017)
- \$357,900 for equipment and vehicles
- \$50,000 for civil service legal fees



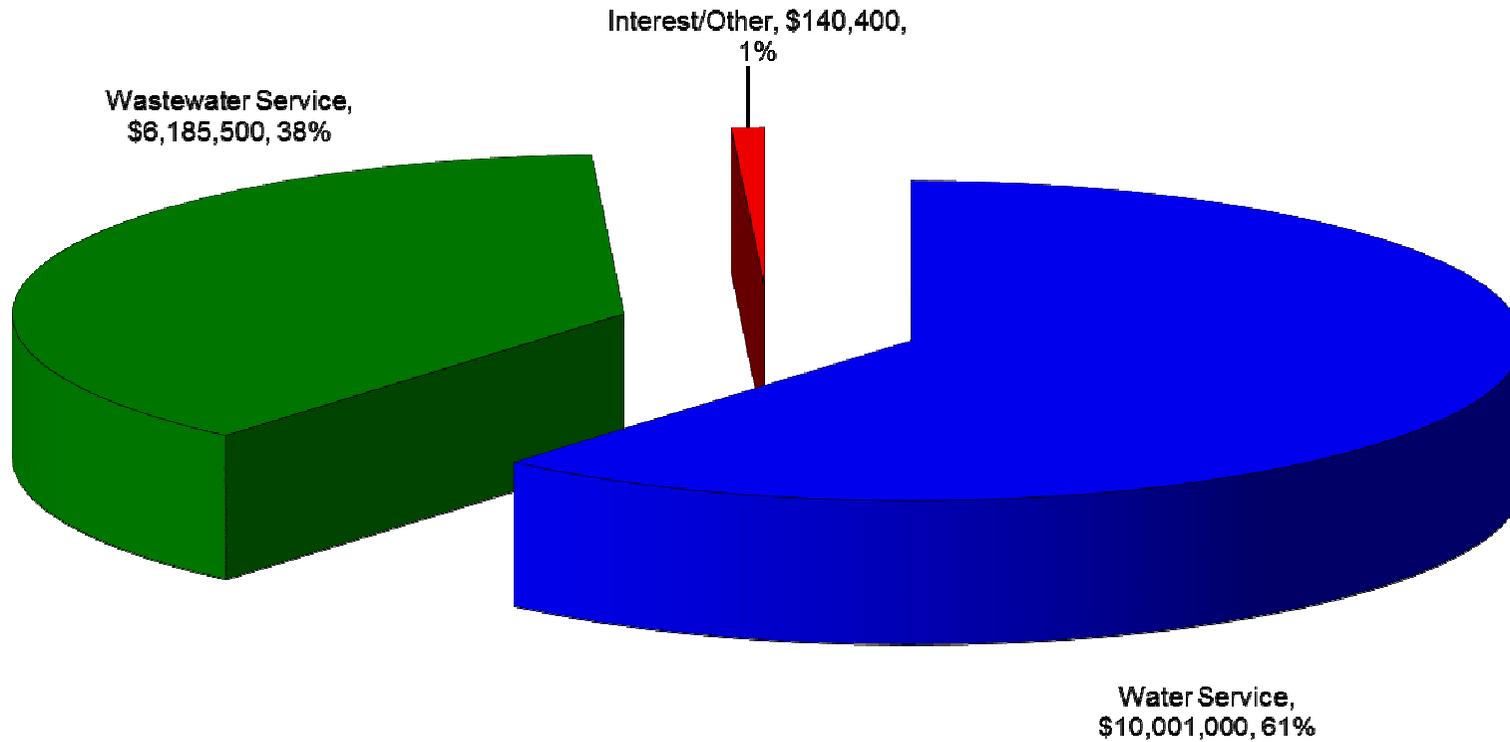
Proposed Fiscal Year 2016-17 Budget

WATER & WASTEWATER UTILITY FUND

Budget Summary & Highlights

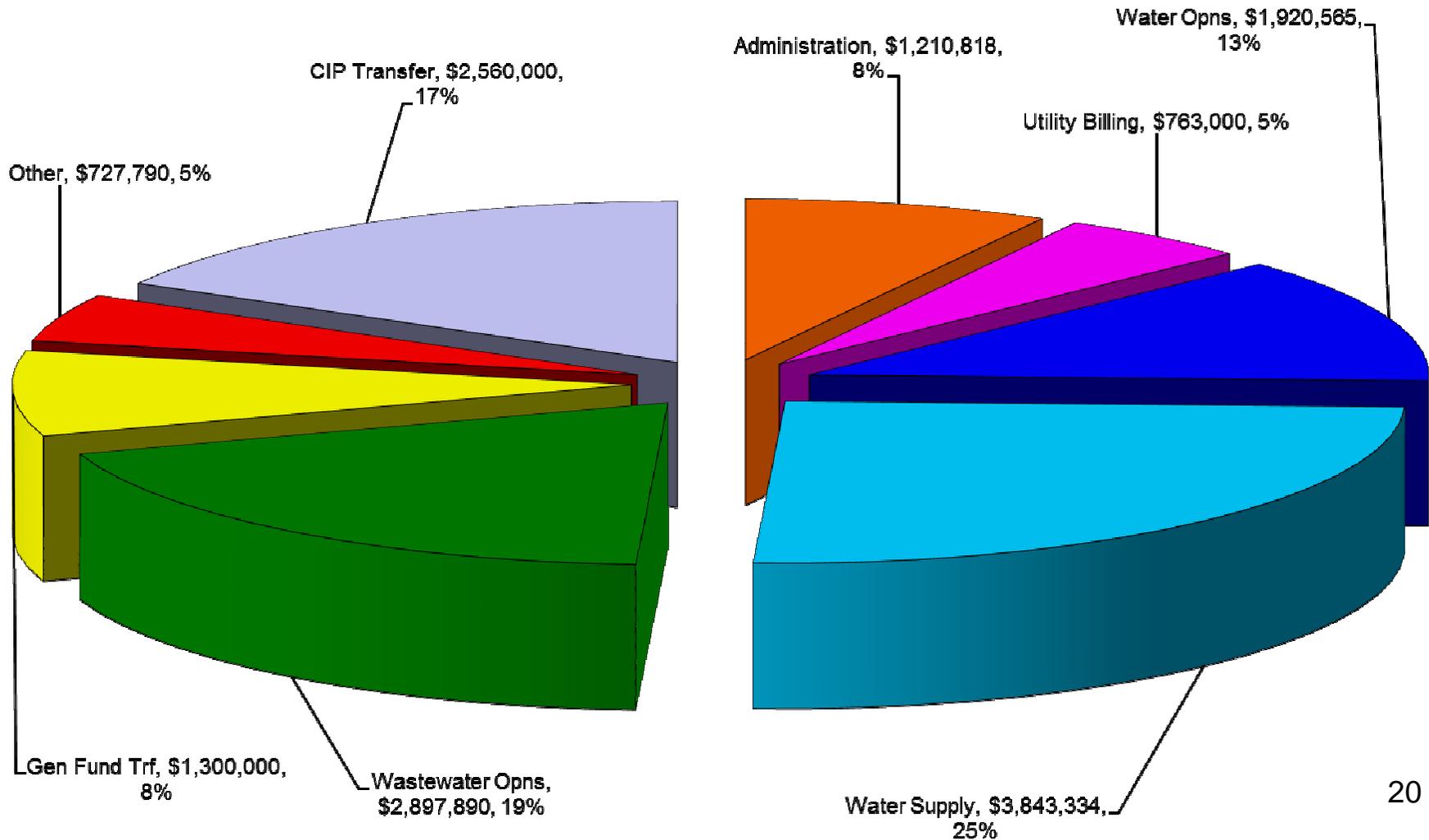


Water & Wastewater Utility Fund Sources of Funds: Total \$16.3 Million Proposed Fiscal Year 2016-17 Budget





Water & Wastewater Utility Fund Uses of Funds: Total \$15.2 Million Proposed FY 2016-17 Budget





Water & Wastewater Utility Fund Budget Highlights & Significant Changes Proposed Fiscal Year 2016-17 Budget

- No changes in the City's water and wastewater rates
- Rates to remain the same as in the current fiscal year
- \$1,939,871 overall net decrease in funding requirements
 - \$1,296,352 increase in total expenditures for the Water and Wastewater Utility as compared to current fiscal year
 - \$3,236,223 decrease in one-time transfers to CIP
 - WWTP acquisition
 - Utility relocation for road bond projects
- \$707,000 provided for equipment and vehicles



Proposed Fiscal Year 2016-17 Budget

NON-CIP CAPITAL OUTLAY (EQUIPMENT & VEHICLES)

Summary & Highlights



Non-CIP Capital for Equipment & Vehicles Proposed Fiscal Year 2016-17 Budget Total: \$1.5 Million

\$1,459,900 for non-CIP capital items is provided in the proposed budget for FY 2016-17. These include:

Description	Amount	Department	Fund Source
1 Emergency Generator	\$150,000	Public Works	General/Utility Funds
1 Thermal Plastic Pre-melter	\$50,000	Public Works	General Fund
1 Portable Light Tower	\$15,000	Public Works	General/Utility Funds
1 Bucket Lift Truck	\$100,000	Public Works	General Fund
1 F350 Crew Truck Street Construction	\$50,000	Public Works	General Fund
1 F150 Truck Inspection	\$36,000	Public Works	General/Utility Funds
1 F350 Hydraulic Truck	\$80,000	Public Works	W/WW Utility Fund
1 Vactor Truck	\$375,000	Public Works	W/WW Utility Fund
1 Utility Locator (X-Ray)	\$22,000	Public Works	General/Utility Funds
1 GIS Printer/Scanner	\$6,900	Planning	General Fund



Non-CIP Capital for Equipment & Vehicles Proposed Fiscal Year 2016-17 Budget Total: \$1.5 Million

\$1,459,900 for non-CIP capital items is provided in the proposed budget for FY 2016-17. These include:

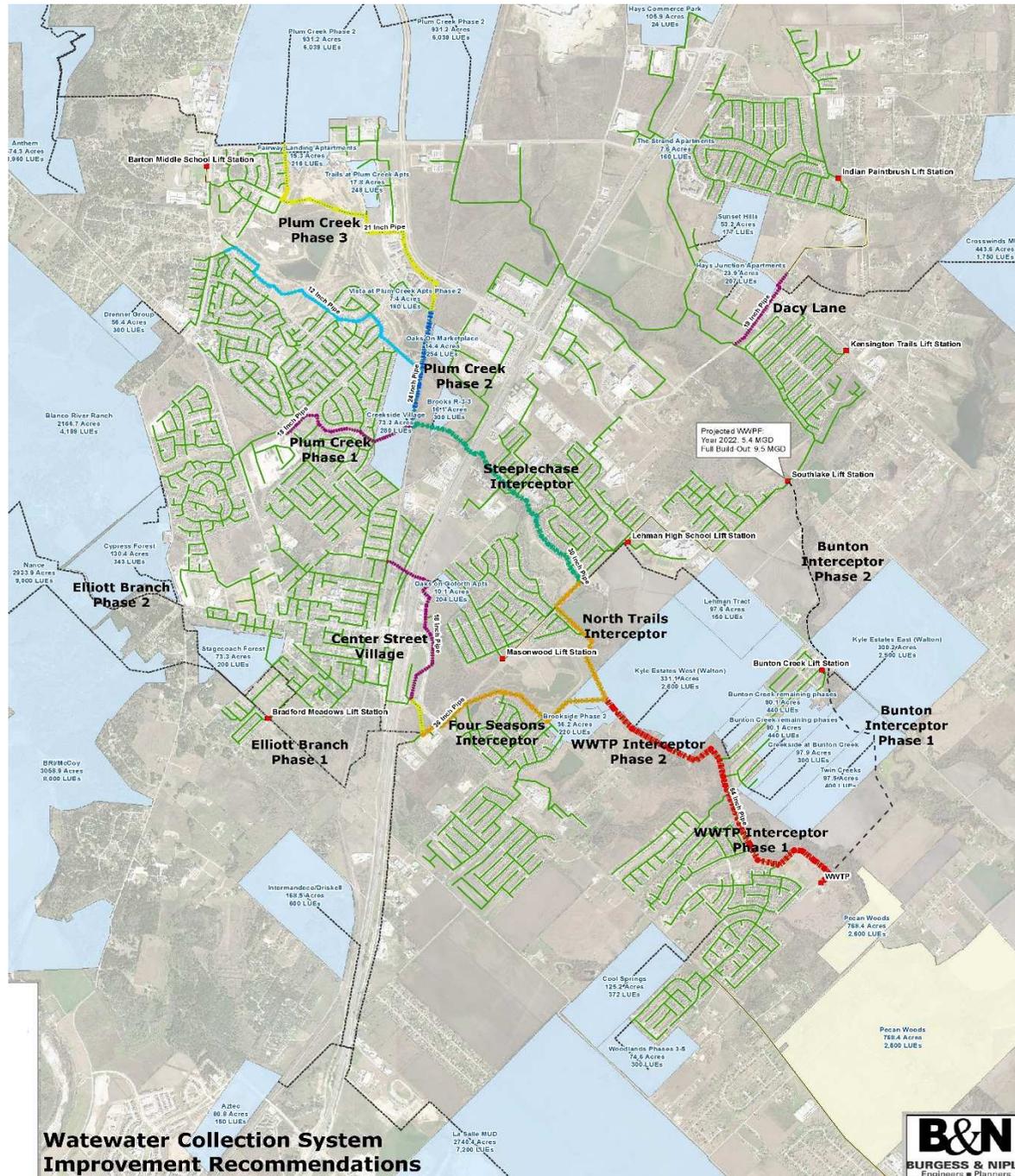
Description	Amount	Department	Funding Source
1 Backhoe w/Extended Boom 4x4	\$126,000	Public Works	General/Utility Funds
1 Concrete Planer/Striping	\$9,000	Public Works	General Fund
1 Okada Hoe Ram Attachment	\$18,000	Public Works	General/Utility Funds
1 Skid Steer w/Rubber Tracks & Attachments	\$150,000	Drainage Utility	Storm Drainage Fees
1 Backhoe w/Blade Attachment	\$125,000	Drainage Utility	Storm Drainage Fees
1 F350 Crew Truck	\$50,000	Drainage Utility	Storm Drainage Fees
1 Equipment Trailer	\$10,000	Drainage Utility	Storm Drainage Fees
2 Commercial Mowers	\$60,000	Parks	Park Development
1 F150 Crew Truck Maintenance	\$21,000	Parks	General Fund
1 Evidence Biosafety Cabinet	\$6,000	Police	General Fund
TOTAL FY 2017 NON-CIP CAPITAL:	\$1,459,900		



Proposed Fiscal Year 2016-17 Budget

CAPITAL IMPROVEMENTS PROGRAM

Summary & Highlights





Capital Improvements Program (CIP) Proposed Fiscal Year 2016-17 Budget Total: \$37.0 Million

\$37,012,315 for capital improvement projects is provided in the proposed spending plan for FY 2016-17. The CIP Spending Plan for FY 2017 includes the following projects:

Project Name/Description	FY 2017 Spending Plan	Department	Funding Source
Citywide Beautification – Signage	\$75,000	Public Works	Hotel Occupancy Fund
Park Imp – City Square Fountain	\$15,000	Parks	Park Development
Park Imp – Gregg Clarke Field Lights	\$100,000	Parks	Park Development
Downtown Water Tower Repair & Paint	\$77,500	Public Works	General Fund
Street Maintenance/Resurfacing	\$500,000	Public Works	General Fund
Bunton Creek Road	\$3,731,370	Engineering	Road Bonds
Goforth Road	\$4,189,512	Engineering	Road Bonds
Lehman Road	\$4,393,349	Engineering	Road Bonds



Capital Improvements Program (CIP) – Continued Proposed Fiscal Year 2016-17 Budget Total: \$37.0 Million

Project Name/Description	FY 2017 Spending Plan	Department	Funding Source
North Burleson Street	\$6,557,979	Engineering	Road Bonds
North Burleson Street – W/WW Service	\$250,000	Engineering	Road Bonds
Bunton IH-35 Water Upgrade 5 Taps	\$119,000	Engineering	Road Bonds
Goforth Road Extension	\$1,130,705	Engineering	Road Bonds
Kyle Crossing From Kohler's	\$765,000	Engineering	Street Maintenance Fund
Drainage Master Plan	\$150,000	Engineering	Storm Drainage Fees
Windy Hill Drainage Improvements	\$217,000	Engineering	Storm Drainage Fees
Traffic Control @ Bunton & Goforth	\$280,000	Engineering	Road Bonds
Bunton Creek WW Interceptor Ph 3.1	\$2,000,000	Engineering	Wastewater Impact Fee
Bunton Creek WW Interceptor Ph 3.2	\$1,600,000	Engineering	Wastewater Impact Fee
Elliott Branch WW Interceptor Ph 1	\$2,200,000	Engineering	Wastewater Impact Fee
Elliott Branch WW Interceptor Ph 2	\$775,000	Engineering	Wastewater Impact Fee



Capital Improvements Program (CIP) – Continued Proposed Fiscal Year 2016-17 Budget Total: \$37.0 Million

Project Name/Description	FY 2017 Spending Plan	Department	Funding Source
Center Street Village Wastewater Imp	\$763,800	Engineering	Wastewater Impact Fee
Plum Creek WW Interceptor Ph 1	\$400,000	Engineering	Wastewater Impact Fee
Plum Creek WW Interceptor Ph 3	\$745,100	Engineering	Wastewater Impact Fee
Yarrington Wastewater Line to SM System	\$2,000,000	Engineering	Wastewater Impact Fee
Brandi Circle East to Bank WW Imp	\$183,000	Engineering	Road Bonds
Dacy Lane to Extreme WW Imp	\$189,000	Engineering	Road Bonds
Wastewater Treatment Plant Expansion	\$1,750,000	Engineering	Wastewater Utility
Tenorio Phase 1B	\$125,000	Engineering	2008 Bonds
Abandon Barton Liftstation	\$115,000	Public Works	Wastewater Utility
Retrofit Liftstation	\$55,000	Public Works	Wastewater Utility
Water Tank Rehabilitation	\$350,000	Public Works	Water Impact Fee
Waterline 12" Stagecoach, Scott & Opal	\$185,000	Public Works	Water Utility



Capital Improvements Program (CIP) – Continued Proposed Fiscal Year 2016-17 Budget Total: \$37.0 Million

Project Name/Description	FY 2017 Spending Plan	Department	Funding Source
Water Imp – Old Hwy 81 12" Line	\$105,000	Public Works	Water Utility
Water Imp – Pumphouse Rd/Melinda Lane	\$120,000	Public Works	Water Utility
Water Imp – Line Upgrades & Replacements	\$300,000	Public Works	Water Utility
Wastewater Imp – Line Upgrades & Replacements	\$500,000	Public Works	Wastewater Utility
TOTAL FY 2017 CIP SPENDING PLAN:	\$37,012,315		
HCPUA Planned CIP Spending for Kyle	\$3,833,937		



2017-2019 Funding Plan for Wastewater Treatment Plant Expansion

- 3.0 MGD to 4.5 MGD treatment capacity increase
- \$17.0 million estimated cost of expansion
- Preliminary engineering, design and construction planned 2016 - 2019
- Funding Plan (subject to development agreements and future budgets):

Funding Source	Amount	Status
Crosswinds Development	\$ 1,300,000	Anticipated in 2017
Anthem Development	\$ 1,500,000	Anticipated in 2017
Walton Development	\$ 2,000,000	Anticipated in 2017
Alsco Linen Service	\$ 200,000	Anticipated in 2017
Blanco River Ranch Development	\$ 3,000,000	Anticipated in 2017
Sub-Total:	\$ 8,000,000	
Escrow Balance (Aqua Texas)	\$ 1,300,000	Designated
Utility Fund	\$ 5,700,000	Undesignated
General Fund	\$ 1,950,000	Undesignated
TOTAL:	\$17,000,000	



Debt Position Proposed Fiscal Year 2016-17 Budget

ALL OUTSTANDING DEBT (PRINCIPAL ONLY)

Summary & Highlights

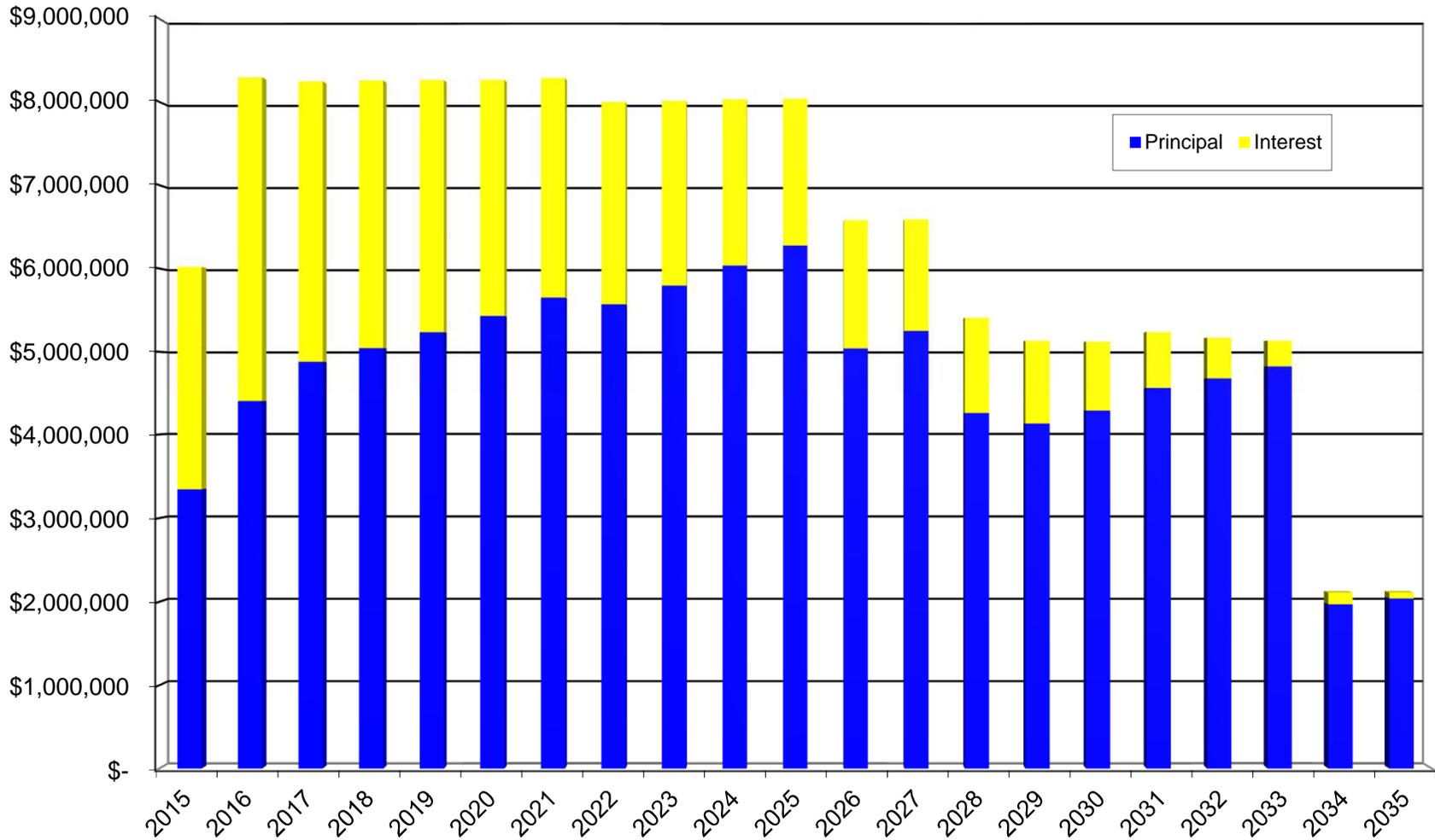


Debt Position Proposed Fiscal Year 2016-17 Budget

- \$90.96 million total amount of debt outstanding (principal only) on October 1, 2016
- Does not include debt planned to be issued by HCPUA for City of Kyle's share of capital expenditures
- Annual reduction in outstanding debt balance (principal only)
 - \$95.36 million on October 1, 2015
 - \$90.96 million on October 1, 2016
 - \$86.08 million on October 1, 2017 (estimated)



Aggregate Debt Service (P&I) by Fiscal Year





HCPUA – Kyle’s Share of Planned Debt Issuances

- \$59.2 million in debt issuance planned by HCPUA for City’s share of HCPUA capital expenditures:
 - \$3,530,000 issued in 2015 for Kyle’s share
 - \$55,632,933 planned to be issued for Kyle’s share in 2017-2025
 - \$3,500,500 estimated annual debt service for City’s share of HCPUA debt
 - Approximately \$21-\$25 per month impact on water rates to pay for HCPUA debt only

Debt Issuance #	Fiscal Year	Kyle’s Share	Estimated Annual Debt Service
#1	2016	\$ 3,530,000	\$ 186,400
#2	2018	\$ 4,126,905	\$ 245,900
#3	2019	\$18,803,475	\$1,120,100
#4	2021	\$28,592,550	\$1,703,300
#5	2026	\$ 4,110,003	\$ 244,800
Total for Kyle:		\$59,162,933*	\$3,500,500

*Debt amounts based on HCPUA information provided at board meeting held on May 25, 2016



All Other City Funds Proposed Fiscal Year 2016-17 Budget

ALL OTHER CITY FUNDS

Budget Summary & Highlights



All Other City Funds: Total \$47.5 Million Proposed Fiscal Year 2016-17 Budget

- \$47,506,555 in total expenditures for all other 30 City Funds
- Examples of other City Funds include:
 - Storm Drainage & Flood Risk Mitigation Utility Fund (\$1,080,508)
 - Hotel Occupancy Fund (\$246,170)
 - Street Maintenance & Improvement Fund (\$765,000)
 - Debt Service Fund (\$8,246,837)
 - Road Bonds (\$21,023,915)
 - Water CIP Fund (\$710,000)
 - Water Impact Fee Fund (\$350,000)
 - Wastewater CIP Fund (\$2,420,000)
 - Wastewater Impact Fee Fund (\$10,483,900)
- A complete listing of all other City Funds and expenditure details are provided in the budget document



Next Steps – Budget Process Proposed Fiscal Year 2016-17 Budget

- July 22: Proposed line item budget sent to City Council
- July 22: Proposed line item budget posted on City's website & made available at City Hall and Public Library
- July 30: [City Council Budget Workshop](#)
- August 17: 1st public hearing on budget and rates
- August 24: 2nd public hearing on budget and rates
- August 31: 1st reading of Ordinance to adopt budget
1st reading of Ordinance to adopt property tax rate
- September 6: 2nd reading of Ordinance to adopt budget
2nd reading of Ordinance to adopt property tax rate



Proposed Fiscal Year 2016-17 Budget

Detailed Budget Information Available

- PDF version of the proposed budget available on the City's website
 - www.cityofkyle.com
- Copies of the City's proposed budget are also available for review at:
 - Kyle City Hall
 - Kyle Public Library