

Budget Workshop FY2019



Estimated Property Tax

- Nueces County Appraisal District Estimated Net Property Taxable values for FY 2019 are \$20,886,856,768 this is an increase of 2.8% or approximately \$1.8M to the General Fund.

Industrial District In-lieu of Tax Review

- Reviewing Industrial District Contract
- Working with Nueces County Appraisal District
- Estimated completion 30 to 45 days

Revenues

REVENUE SOURCE	FY2018 Budget	FY2018 Estimate	FY2019 Projected
PROPERTY TAX	\$72,001,866	\$71,989,294	\$73,801,865
SALES TAX	\$53,934,000	\$57,000,000	\$56,000,000
SOLID WASTE	\$39,240,528	\$40,047,226	\$39,868,807
FRANCHISE FEES	\$17,454,365	\$16,787,072	\$17,149,004
PUBLIC SAFETY	\$14,889,668	\$13,266,165	\$13,751,830
INDUSTRIAL DISTRICT	\$11,000,000	\$9,400,000	\$9,400,000
INTERFUND CHARGES	\$7,550,574	\$7,550,574	\$5,135,000
ADMINISTRATIVE CHARGES	\$6,662,393	\$6,663,722	\$6,700,000
MUNICIPAL COURT	\$5,035,162	\$4,830,821	\$4,750,336
RECREATION SERVICES	\$4,330,722	\$4,046,912	\$4,401,730
OTHER TAXES	\$1,978,199	\$1,899,255	\$1,947,359
INTERGOVERNMENTAL	\$1,956,563	\$1,991,673	\$1,963,118
OTHER	\$2,141,323	\$1,957,289	\$2,200,980
HEALTH SERVICES	\$1,298,500	\$1,298,499	\$1,223,500
TOTAL	239,473,863	238,779,449	238,293,529
TASPP	\$0	\$1,600,000	\$2,000,000

General Fund Projected Obligations & Considerations for FY 2019

Expenditures:	Original	Current
Police (2% Wages)	806,503	806,503
Fire (3% Wages)	1,281,000	1,281,000
General Fund Employees Step (2.5%)	1,188,000	1,188,000
Retirement Increase (2%)	1,400,000	1,400,000
General Fund Debt	5,075,647	5,075,647
Revenue Decrease	2,844,940	0
Revenue Increase	0	(519,666)
General Employees Health Plan Savings	TBD	TBD
TOTAL	\$12,596,090	\$9,231,484*

* Revenues projected changed from a decrease of \$2,844,940 to an increase of \$519,666 – net increase of \$3,364,606 due to:

- Property Tax increase based on preliminary estimate from Appraisal District - \$1,800,000
- Emergency Call revenue increase - \$900,000
- Sales Tax estimate increase of \$500,000
- Other General Fund increases \$164,606

Health Benefits Update

- Savings will be realized in the Citicare Plan. How much will depend upon the plan design chosen
- Potential increase in the Police and Fire plans has dropped significantly in the last several months.

General Fund Public Safety Projected Health Benefits Obligations for FY 2019

Expenditures:	Original	Current
Police Health Benefits Increase	3,900,000	702,328
Fire Health Benefits Increase	3,200,000	1,395,431
TOTAL	7,100,000	\$2,097,759

	Projected FY18
Police Fund Balance	Total: \$3,204,541 Reserve: \$1,733,195 Net Remaining: \$1,471,346
Fire Fund Balance	Total: \$3,840,745 Reserve: \$1,916,779 Net Remaining: \$1,923,966

	Projected FY18
Police GASB	\$5,400,000
Fire GASB	\$3,100,000

Potential Solid Waste Fee Increase

- Potential Solid Waste Fee Increases needed for:
 - a) Increase in Debt Service
 - b) Cash purchase of Refuse and Recycling carts
 - c) Potential Landfill Contract Amendments
 - d) Landfill Operations & Maintenance Increases

	Current Residential Solid Waste Bill	Proposed Residential Solid Waste Bill		Current Commercial Solid Waste Bill	Proposed Commercial Solid Waste Bill
Solid Waste Charge	\$18.84	\$21.05	Solid Waste Charge	\$35.75	\$37.96
Taxes & Fees	\$5.47	\$5.65	Taxes & Fees	\$7.68	\$7.86
TOTAL	\$24.31	\$26.70	TOTAL	\$43.43	\$45.82
Residential Increase of \$2.21+ Add'l Sales Tax			Commercial Increase of \$2.21 + Add'l Sales Tax		

Projected Shortfall	\$9,231,484
This item	-\$516,000
Potential Shortfall	\$8,715,484

United Corpus Christi Chamber of Commerce

Residential Street Recommendations

- Industrial District revenue (5% to Streets approximately \$500,000 & 5% to Residential Street Reconstruction approximately \$500,000 annually per fiscal policy this will continue in FY2019).
- Include minimum of \$11 M bi-annually in bond programs for residential streets. (At this time the FY2018 bond package does not include this).
- Increase residential Solid Waste Fees \$2 in FY 2019 with another \$1 in FY 2020 and \$1 in FY 2021. (This would be in addition to the \$2.21 potential increase for operational needs).
- Implement voter approved 2¢+2¢+2¢ property tax rate increase (approximately \$3.4 M annually first year growing to \$10.2 M in FY 2021).

United Corpus Christi Chamber of Commerce

Revenue Considerations

- Reduction of the over 65 property tax exemption.
(Currently \$50,000)
- Current value of over 65 exemption is approximately \$6 M annually.
- Legal review concluded that local option exemptions (Disabled & 65 or Over) may not be rescinded or repealed.

Council Directed Change

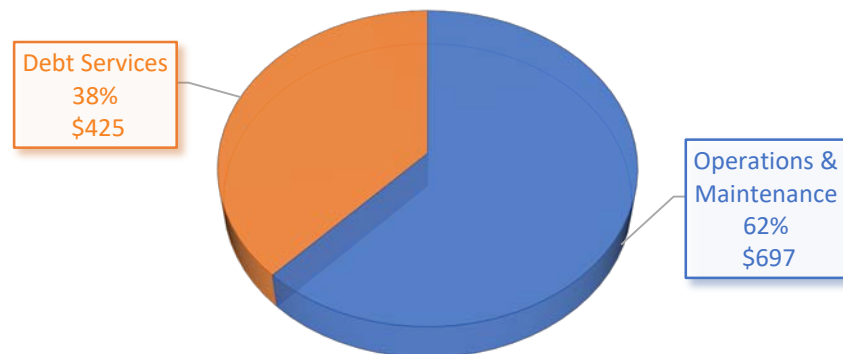
- The first 2¢ property tax rate increase will be budgeted for FY 2019 in the Residential Street Reconstruction Fund.

Current Property Tax Rate	0.606264
Increase for Residential Streets	0.020000
Proposed Property Tax Rate for FY2019	0.626264

- The impact of a 2¢ property tax rate increase on a \$185,000 median price house in 2018 will be \$37 annually.

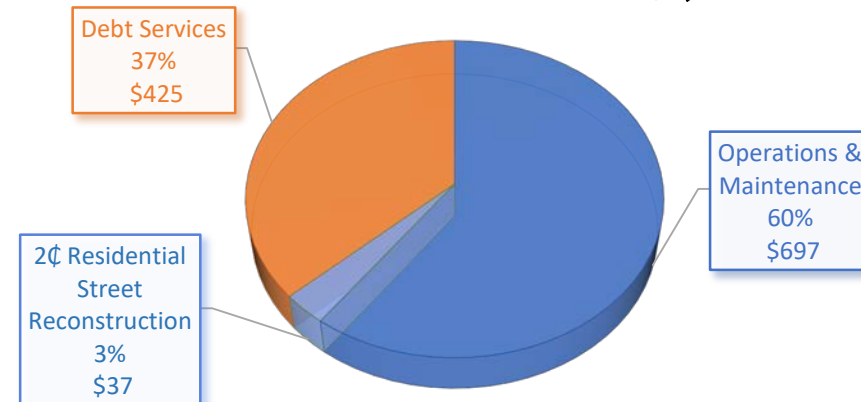
Current - 2017

MEDIAN HOME VALUE OF \$ 185,000
CITY PROPERTY TAX BILL \$1,122



Proposed - 2018

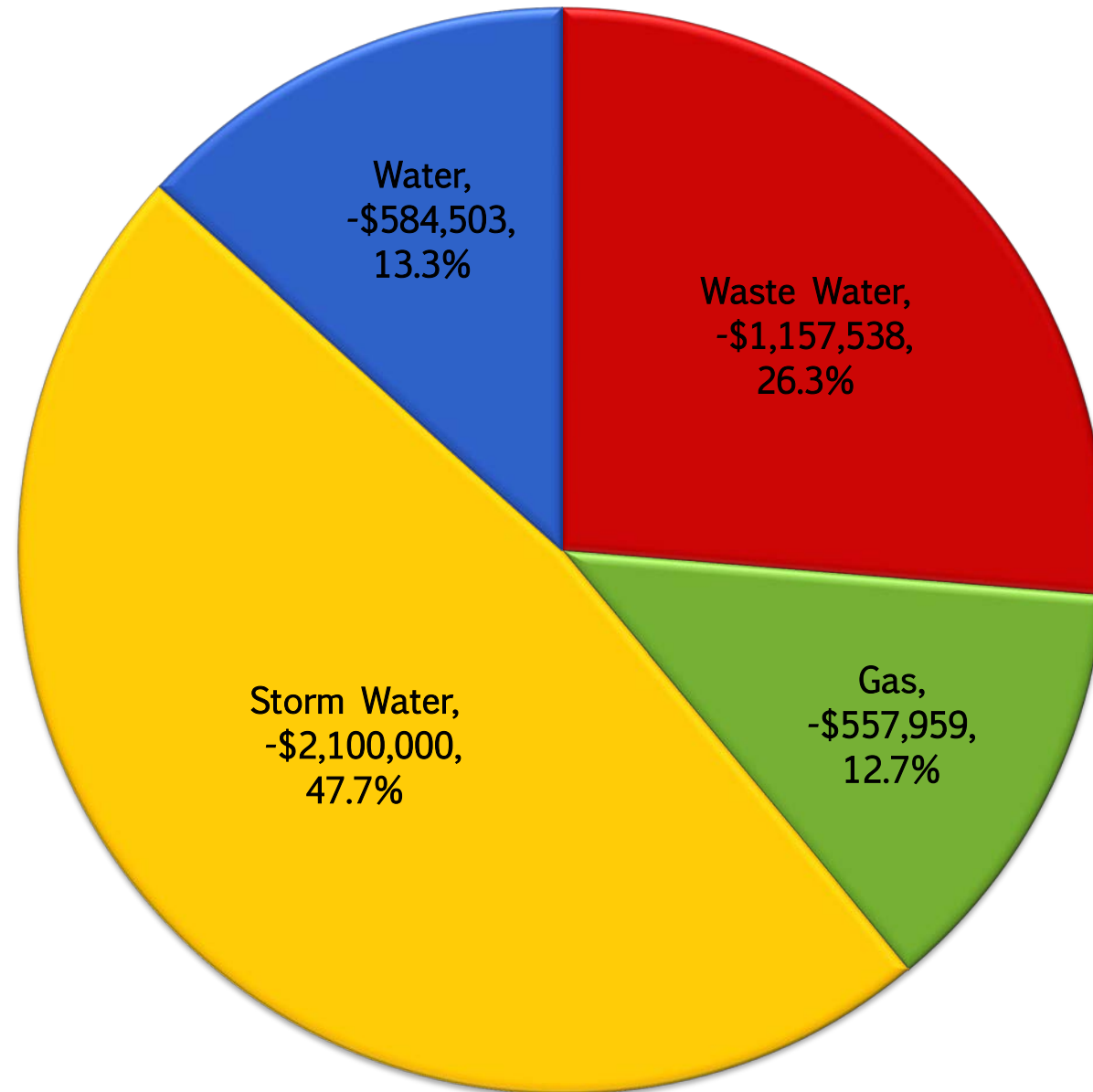
MEDIAN HOME VALUE OF \$ 185,000
CITY PROPERTY TAX BILL WITH 2¢
RESIDENTIAL STREET INCREASE \$1,159



Enterprise Funds

- Utility Transfer to General Fund Authorized by Texas Government Code 1502.059
- Other Texas Cities currently transferring \$ from Utilities to the General Fund:
 - Arlington
 - Austin
 - Garland
- Possible \$ transfer to the General Fund from Utilities could be made without rate increase

Utility Transfer to General Fund - \$4,400,000



Utility Transfer to General Fund - \$4,400,000

Department	Description of Reduction	\$
Storm Water	Elimination of transfer to Engineering (\$100,000). Reduction in Pay as you go projects (\$2,000,000).	-\$2,100,000
Waste Water	Budget reduction to Light, Heat & Power (\$1,007,538). Elimination of televising of new sanitary sewer inspection and implementing a developer requirement for this duty (\$150,000).	-\$1,157,538
Water	Conversion of 14 temporary position to 5 regular positions (\$184,503). Increase in developer tap fees (\$400,000).	-\$584,503
Gas	Reduction of construction personnel and associated materials (\$414,423). Budget reduction to outside advertising (\$118,536) and light, heat & power (\$25,000).	-\$557,959

Projected Shortfall	\$8,715,484
This item	-\$4,400,000
Potential Shortfall	\$4,315,484

Potential Internal Services Reduction \$1,530,000

Department	Description of Reduction	Total Reduction	Amount to General Fund
Information Technology	Restructuring of contracts, realignment of positions, reduce scope of applications supported and postpone IT data center upgrades.	-\$800,000	-\$400,000
Fleet	Reduction in funding for outside repairs and operating expenses.	-\$400,000	-\$200,000
Facilities	Reduction and realignment of staff. Reduction in operating expenses.	-\$330,000	-\$200,000
TOTAL		-1,530,000	-800,000

Projected Shortfall	\$4,315,484
This item	-\$800,000
Potential Shortfall	\$3,515,484

Potential General Fund Reductions \$1,515,484

Department	Description of Reduction	\$
Parks and Recreation	Reduction in staff. Eliminate playground equipment funding in General Fund. Eliminate tree purchases. Close some recreation and senior centers and create community centers.	-\$621,085
Municipal Court	Reduction of overtime budget. Reduction in operating funds, and reduction in security guards. Cancellation of Armored car services.	-\$109,430
Assistant City Manager 1 & 2	Fund portion of the staff from Development Services. Reduction in temp services and operating funds.	-\$184,416
City Attorney	Reduction in staff.	-\$56,829
Management and Budget	Reduction in staff.	-\$79,132
Finance	Reduction temporary services, travel and outside contracts.	-\$179,500
Human Resources	Elimination of the Tuition Reimbursement Program and reduction in operating funds.	-\$101,111
Communications	Decrease in media reports, sponsorship and advertising.	-\$48,965

Potential General Fund Reductions \$1,515,484 cont.

General Government Departments	Description of Reduction	\$
Comprehensive Planning	Reduction in operating funds.	-\$46,062
City Manager	Reduction in staff and operating funds.	-\$41,515
Human Relations	Reduction in temporary services and operating funds.	-\$26,176
Intergovernmental Relations	Reduction in travel.	-\$7,888
Housing & Community Development	Reduction in operating funds.	-\$13,375
TOTAL		-\$1,515,484

Projected Shortfall	\$3,515,484
This item	-\$1,515,484
Potential Shortfall	\$2,000,000

Potential Options

- TASPP revenue of \$2,000,000
- Additional Reductions from City Departments
- Property Tax increase for Public Safety Only (1¢ in property tax increase equates to \$1.7 million in additional revenue annually)
*Does not impact shortfall

Staff Recommendations & Council Direction

Staff Recommendation

Residential & Commercial Solid Waste Fee increase of \$2.21

Utility transfer to the General Fund

Departmental Reductions

Council Direction

United Chamber Recommendations:

- Implement voter approved 2¢+2¢+2¢ property tax rate increase
- Increase Solid Waste Fee by \$2 for Residential Streets

Potential Option:

- Use of TASPP
- 1¢ Property Tax increase for Public Safety Only



Discussion