

FY 2024-2025 BUDGET WORKSHOP

DAY TWO

BUDGET WORKSHOP – DAY TWO

August 6, 2024

- Day 1 Recap / Day 2 Introduction
- Overview of Operating Fund Budgets:
 - Water and Sewer Fund
 - Drainage Fund
 - Solid Waste Fund
 - Golf Fund
 - Hotel/Motel Tax Fund
- Capital & Debt Planning
- Final Thoughts & Next Steps
- Discussion and Additional Feedback



DAY 1 RECAP

- Several national factors continue to impact the economy
- Staff has invested significant resources into understanding the impact of these factors locally and taken prudent steps to combat their impact in Richardson
- The proposed budget reviewed yesterday continues to invest in the key focus areas of **people**, **public safety**, **infrastructure** and **economic development** while limiting impacts to the programs and services our residents and businesses depend on. The recommendation includes:
 - Property tax rate reduction of \$.01877 to \$0.542180
 - Senior Tax Exemption increase of \$15,000 to \$145,000
 - 3.95% increase in Streets, Alleys, Facilities and Parks Maintenance Programs
 - 3.95% increase in the Economic Development Fund to \$2,076,659; an increase in Economic Development Department funding of \$78,434 to \$1,280,818 (does not include the marketing position reassigned to the Communications Department)
 - \$1.9M for Home Improvement Incentive Program tax rebates
 - \$3.84 million in funding for pay-as-you-go capital replacements and \$1.56 million for the IT replacement fund
 - 3.0% merit-based market pay plan adjustment for all employees
 - An increase the minimum starting salary for full-time and permanent part-time positions to \$19.45
 - Continued investment in public safety via 5.0% public safety steps, capital equipment replacement, mental health programs, expanded community programming, etc.
 - Richardson Replants, ADA Transition Plan, Housing Needs Assessment, Citizen (CARES/CPA/CFA) and Neighborhood Association Programs, Network/Counseling Place support, Culturally Diverse Programming and Events

DAY 2 INTRODUCTION

- Guiding principles when developing utility/enterprise fund recommendations:
 - Evaluate utility/enterprise rate structures to stay competitive within the market and set rates to maintain a 90-day fund balance – Council Tactic
 - Continue important capital investment in infrastructure and buildings
 - Continue working toward implementing full G&A recommendations
 - Plan for financial impacts of unfunded mandates and new regulations
 - Continue implementation of prior master planning efforts/prepare for implementation of new master planning efforts
 - Establish reserves to address capital maintenance needs

FY 2024-2025 SUMMARY OF DAY 2 OPERATING FUNDS

WATER AND SEWER FUND

- 3.0% water and sewer rate increase to cover:
 - 5.4% increase of the cost of wholesale water
 - 4.5% increase of sewer treatment costs
 - New EPA requirements associated with inspecting the system for lead and copper piping
 - Inflation pressures on operating expenses
 - Continued funding for Water Master Plan
 - 3.0% merit-based market pay plan adjustment for water and wastewater employees
 - Funding for Capital Projects:
 - Debt Funded: \$17.425 million
 - Pay-As-You-Go Funding: \$1.427 million
- Maintains fund balance at 90.99 days

SOLID WASTE SERVICES FUND

- \$2.00 (+ tax) per month rate increase to the residential solid waste rate to cover:
 - Increased cost of temporary workers
 - Continued funding for the Solid Waste Master Plan
 - 3.0% merit-based market pay plan adjustment for solid waste employees
 - \$1.875 million for Solid Waste equipment in short-term CO funding
- Maintains fund balance at 90.99 days

FY 2024-2025 SUMMARY OF DAY 2 OPERATING FUNDS

HOTEL/MOTEL TAX FUND

- Hotel occupancy tax projected to increase 13.8% compared to the FY24 budget
- Eisemann Center revenues projected to increase 5.5% compared to the FY24 budget due to increased rentals and a full Eisemann Center Presents series
- FY 2023-2024 year-end reserves will be transferred to the Eisemann Facility Maintenance Fund to address deferred maintenance projects
- Transfer out to the General Special Projects Fund at the close of FY 2023-2024 in partial repayment of General Fund support during the COVID-19 pandemic
- Annual Arts Grants funding increased to \$375,000
- 3.0% merit-based market pay plan adjustment for Eisemann Center employees

DRAINAGE FUND

- \$1.00 per month increase to the residential drainage fee to \$5.25 per month/commercial drainage fee will increase from \$0.119 per 100 square feet of impervious area to \$0.147 per 100 square feet to cover:
 - Cost of new TCEQ requirements associated with storm water management
 - Expanded capital projects annual work plan
 - Increased cost of providing services: street sweeping, litter abatement, storm drain inspection and cleaning, storm drainpipe repairs, etc.

FY 2024-2025 SUMMARY OF DAY 2 OPERATING FUNDS

GOLF FUND

- Several fee adjustments to better position Sherrill Park to cover operational costs, equipment needs and fund a capital maintenance reserve
- Factors in the re-opening of Course #2 after its renovation during FY 2023-2024
- Includes the replacement of key maintenance equipment and provides funding for fence and cart path repairs
- 3.0% merit-based market pay plan adjustment for Sherrill Park employees
- Maintains fund balance at 60 days
- Implementation of Phase 2 & 3 of Sherrill Park Master Plan via \$6.0 million Certificates of Obligation

SHERRILL PARK CAPITAL PLAN

- Capital Plan approved by City Council in 2021
- Projects recently Completed or In-Progress
 - Replaced two Restrooms on Course #1
 - Course #2 Renovation
 - Scheduled for completion November 2024
- Remaining components of Capital Plan
 - Training Facility
 - Maintenance Barn



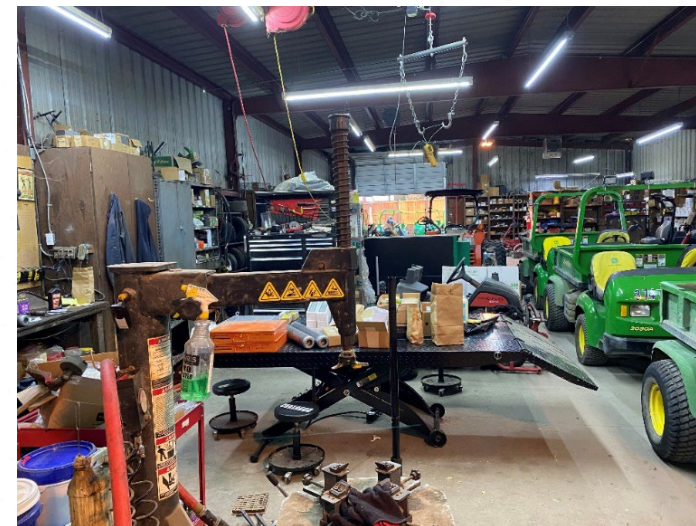
CAPITAL PLANNING – TRAINING FACILITY

- Place at North end of driving range facing south
- Approximately 2,650 sq. ft.
- Two evaluation/hitting bays & one fitting area
- Evaluation equipment and software
- Public venue to keep top-notch instructors and provide training for students that don't have access to a country club
- Allows lessons during inclement weather
- Small conference room allows new level of teaching with in-depth consultations
- Cost estimate: \$2,200,000



CAPITAL PLANNING – MAINTENANCE BARN

- 1973 Facility built for an 18-hole golf course
- Limited space in the work bay for parts and equipment storage
- New facility
 - Metal building
 - Approximately 5,000 sq. ft.
 - Two equipment lifts
 - Breakroom/conference room
- Keep existing facility for equipment storage
- Preliminary estimate: \$3,800,000



SHERRILL PARK CAPITAL PROJECT FUNDING

- Cost efficiencies if Training Facility and Maintenance Barn are constructed at the same time
 - Staging and located next to each other
 - \$180,000 to \$300,000 in efficiency savings
- Funding included in Series 2024
 - Debt planning preserves capacity for future G.O bond program
 - Ability to issue \$6.0 million in Certificates of Obligation debt for both facilities



WATER & SEWER FUND

WATER & SEWER FUND - HIGHLIGHTS

\$113,453,615

Revenues

+7.0% from last fiscal year

The services provided by the Water and Sewer Fund are financed through user fees charged to residential and commercial customers. Water and Sewer rates are periodically reviewed and adjusted to assure that revenues collected are sufficient to fund the expenditures related to providing water and wastewater services.

\$112,704,076

Expenditures

+7.3% from last fiscal year

The expenditures of the Water and Sewer Fund are related to the purchase of water and sewer services from service providers, as well as water and sewer daily operations and infrastructure maintenance and renewal. The purchase of water from North Texas Municipal Water District (NTMWD) and sewer services from NTMWD, the City of Dallas and the City of Garland account for **63.2%** of the fund's total expenditures.

90.99 days

Fund Balance

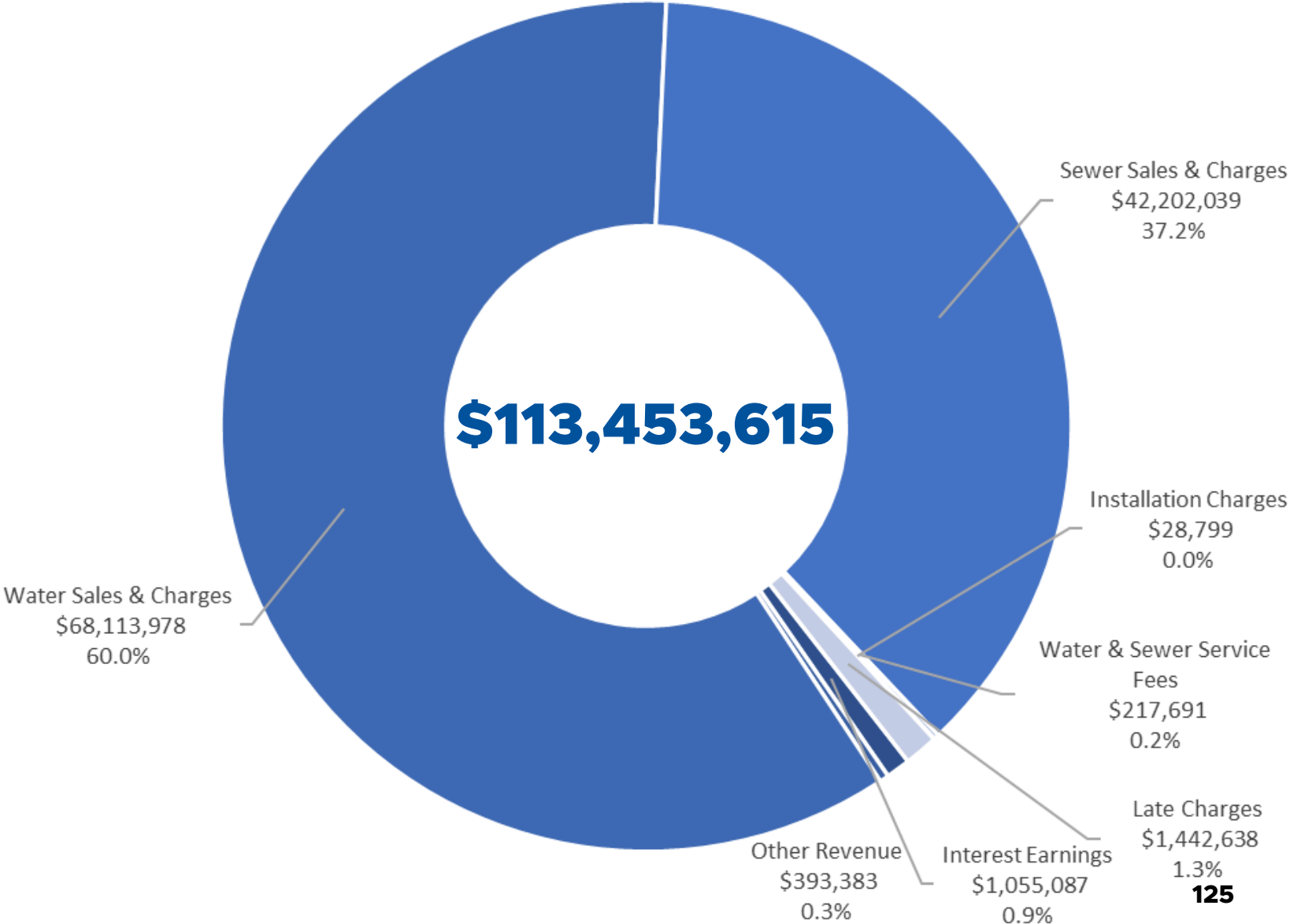
+0.05 days from last fiscal year

Meets fund balance policy of 90 days

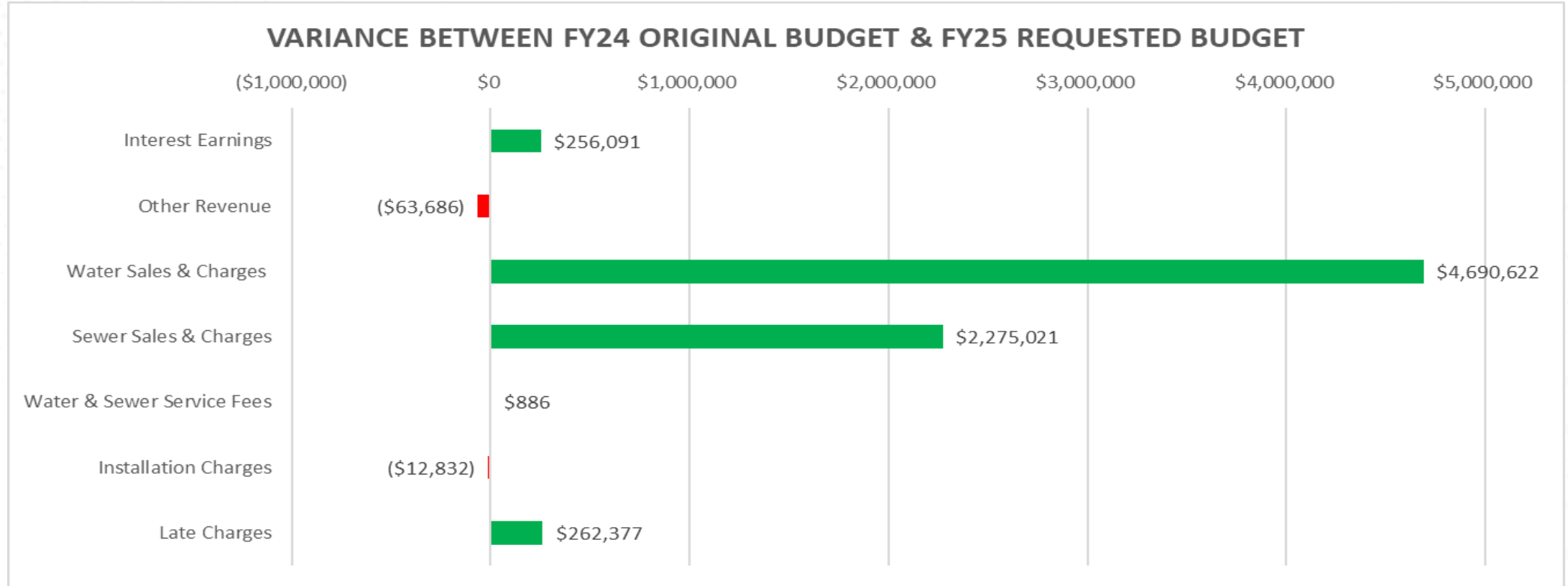
WATER & SEWER FUND REVENUES

97.2%

revenues derive from
Water & Sewer sales



WATER & SEWER FUND – YEAR OVER YEAR CHANGE IN REVENUES



FY25 revenues are projected to increase **\$7.4 million** to **\$113.5 million**
from Prior Year Budget

WATER & SEWER FUND REVENUES

Projected at **\$113.5 million** which is an increase of **\$7.4 million** above the FY24 Original Budget



WATER SALES

- Projection of **\$68.1 million**
- Includes a **3.0%** rate increase
 - Based on conservative residential and commercial growth assumptions, with stronger growth assumed for manufacturing



SEWER SALES

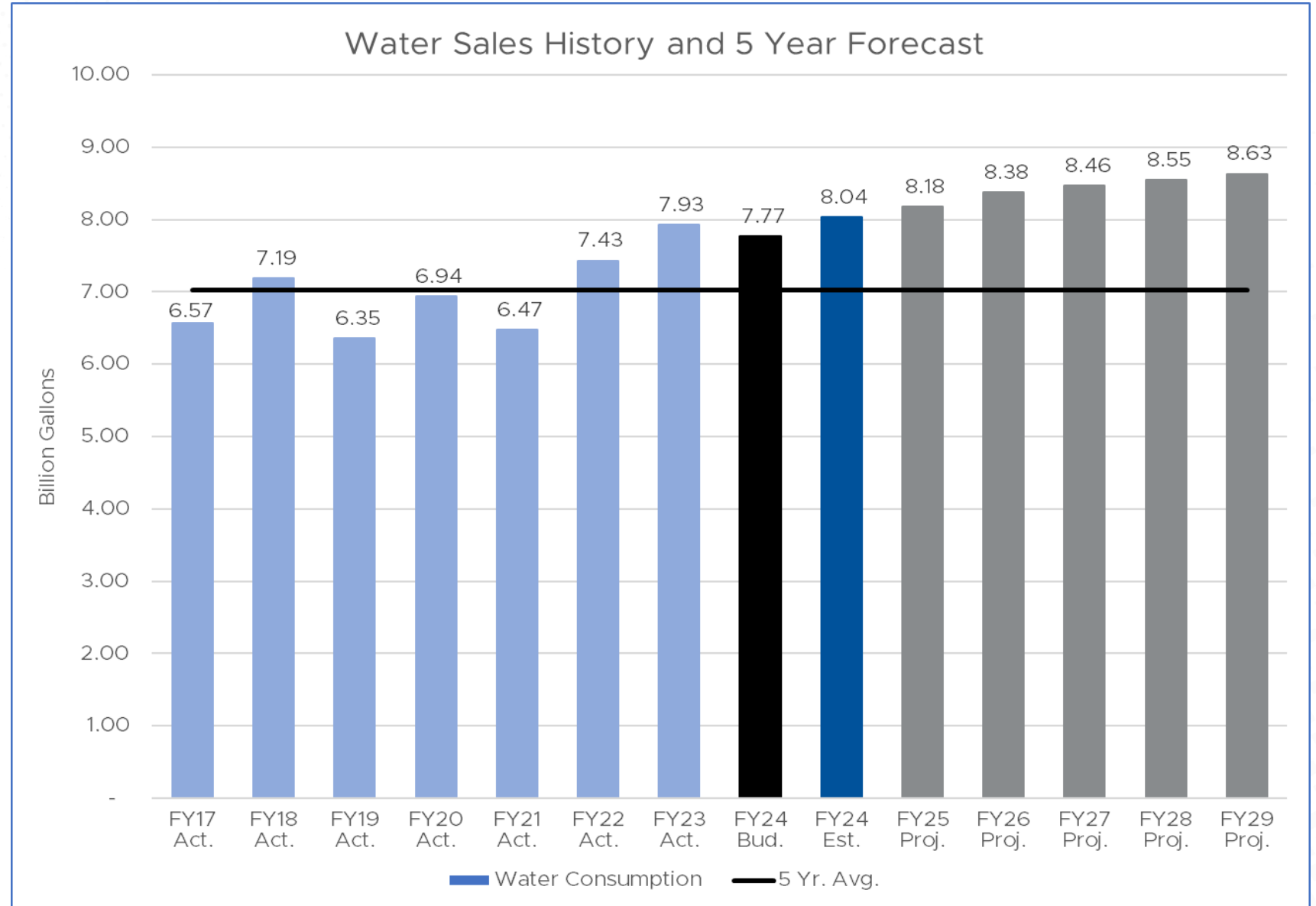
- Projection of **\$42.2 million**
- Includes a **3.0%** rate increase
 - Based on conservative growth assumptions, as well as stronger manufacturing growth



OTHER REVENUES

- Projection of **\$3.1 million**
- Includes Interest earnings, fees and miscellaneous charges

WATER & SEWER FUND REVENUES



WATER & SEWER RATE INCREASE

- Projected **\$110.3 million** in revenue from Water Sales and Sewer Charges, includes a **3.0% increase** to both water and sewer rates, or **\$2.8 million** of the \$7.0 million total increase in revenue from these charges
 - The remaining revenue growth is a result of growth in the system
- Cost pressures include:
 - 5.4% increase in the cost wholesale water from NTMWD or \$2.2 million
 - 4.5% increase in the cost of sewer treatment services or \$1.2 million
 - 13.4% in the cost of sewer treatment services from NTMWD
 - Decreases in sewer charges from Dallas and Garland as a result of reduced flows being treated by the entities
 - Provides for market-based pay plan adjustments for water and wastewater staff
 - Unfunded EPA mandate related to the inspection of the system for lead and copper piping
 - Increased debt service requirement
 - Maintaining fund balance above 90.0 days

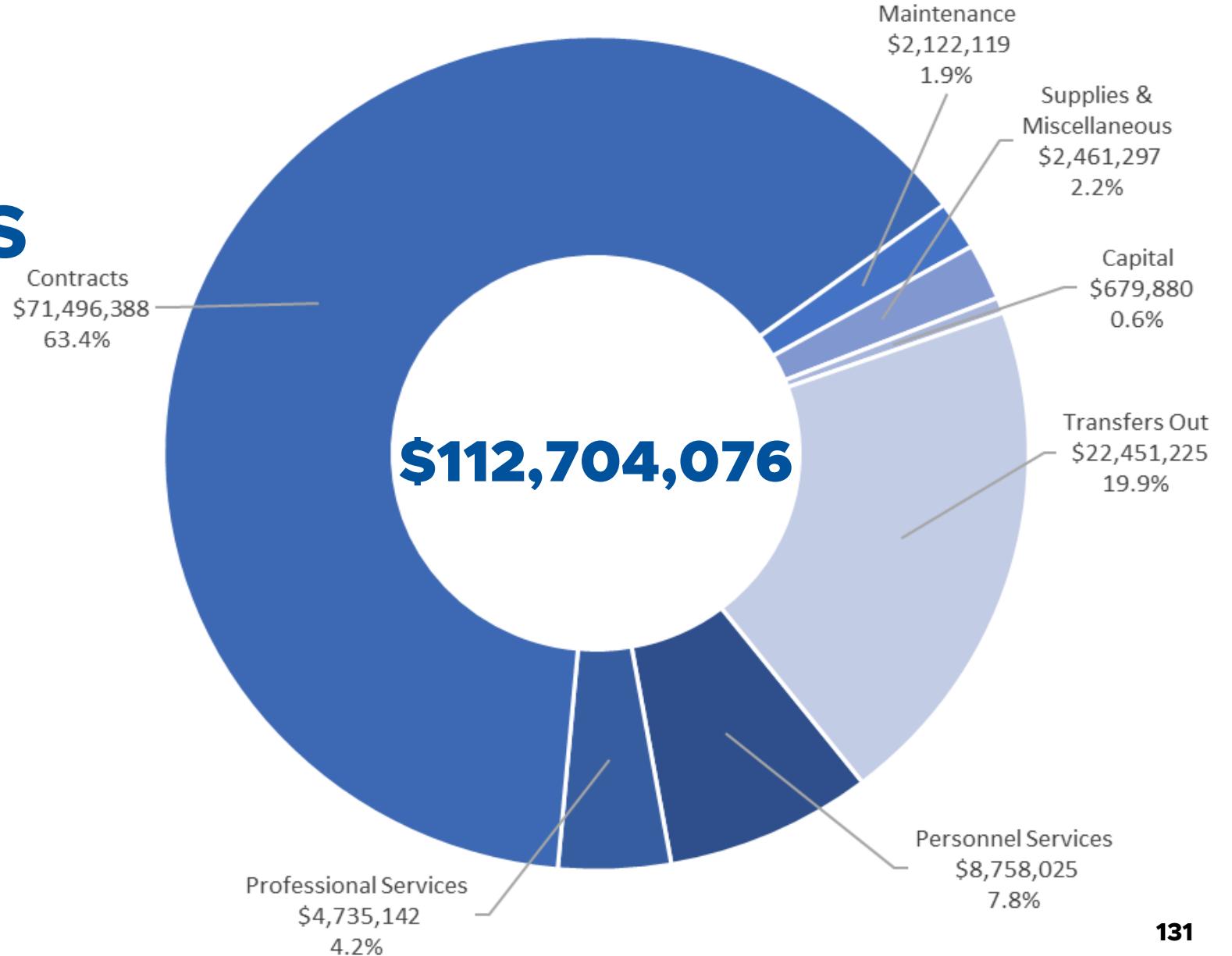
WATER & SEWER FUND FEE CHANGES*

Water and Sewer Fund	Change/New	Change	Revenue Impact	Comment
Water Rates	Change	3.0%	\$1,719,589	Need Based
Sewer Rates	Change	3.0%	\$1,046,125	Need Based
			\$2,765,714	

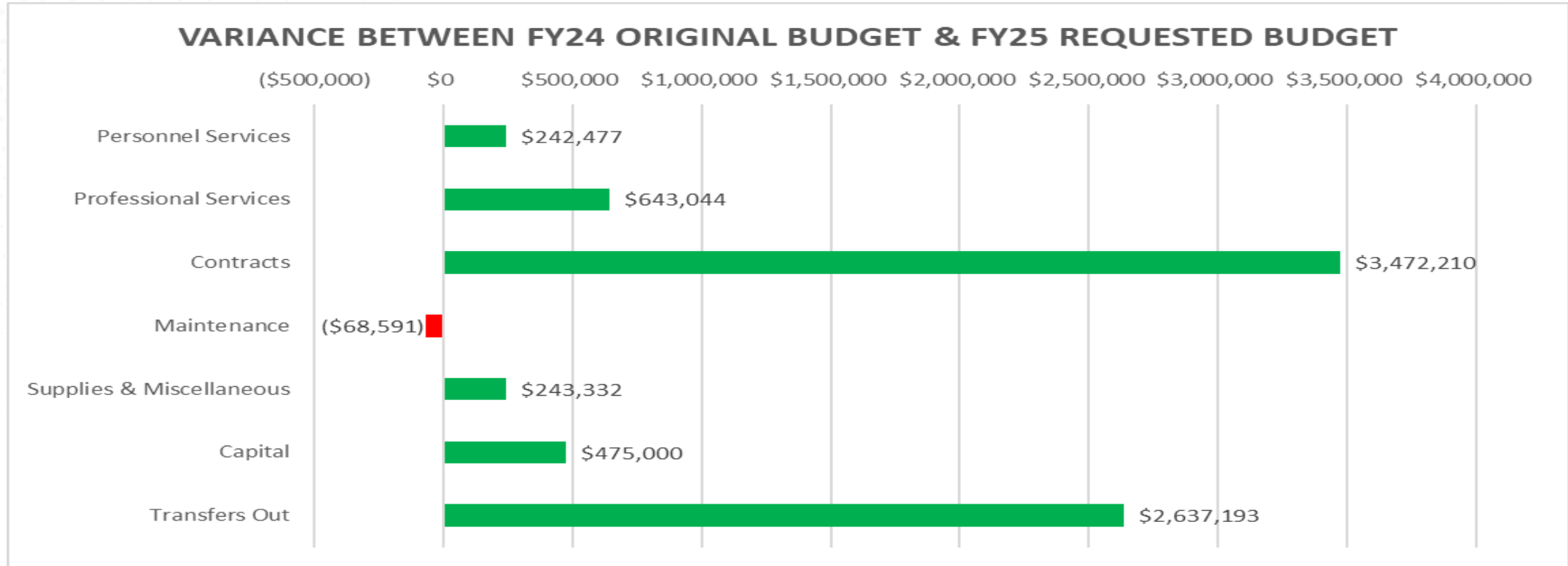
* Proposed fee changes are included in presented numbers

WATER & SEWER FUND EXPENDITURES

63.2% of total expenditures are for the City's water and sewer treatment contracts (99.6% of the total contracts category)



WATER & SEWER FUND – YEAR OVER YEAR CHANGE IN EXPENDITURES



FY25 expenditures are projected to increase **\$7.6 million** to **\$112.7 million** from Prior Year Budget

WATER & SEWER FUND COST DRIVERS



WHOLESALE WATER
(per 1,000 gallons)
5.69% rate increase



SEWER SERVICES –
REGIONAL SYSTEM
(per 1,000 gallons)
17.67% rate increase



SEWER SERVICES-
UPPER EAST FORK
SYSTEM
(per 1,000 gallons)
16.92% rate increase

Combined, the City's contracts for wholesale water and sewer treatment services consist of **63.2%** of the Water and Sewer Fund's total expenditures.

WATER SYSTEM

SUMMARY:

FY24 Original Budget:

\$45,759,464

FY25 Proposed Budget:

\$48,501,285

Change:

\$2,741,821

% Change: 6.0%

Departments included:

Water Operations,

Water Production

CONTINUED KEY INVESTMENTS:

- North Texas Municipal Water District (NTMWD) contract: \$42,211,608, an increase of \$2,175,124
- Includes \$525,000 for system-wide inspections for lead and copper piping
- Continuation of Repair & Maintenance of Fire Hydrants, Service Connections, and Water Mains: \$528,375
- Continuation of ally, sidewalk and street repairs during the process of performing paving cuts: \$300,000



SEWER SYSTEM

SUMMARY:

FY24 Original Budget:
\$29,384,733

FY25 Proposed Budget:
\$30,676,700

Change:
\$1,291,967

% Change: 4.4%

Departments included: Sewer Treatment, Sewer Collection

CONTINUED KEY INVESTMENTS:

- Sewer contracts with North Texas Municipal Water District (NTMWD), Dallas and Garland: \$29,012,179, an increase of \$1,246,665
- Industrial Pretreatment Monitoring Program: \$220,531
- Funding for sanitary sewer maintenance materials and paving cuts: \$158,550

System	BUDGET 2023-24	BUDGET 2024-25	VARIANCE AMOUNT
Sewer - Regional - NTMWD	\$ 12,504,811	\$ 14,288,620	\$ 1,783,809
Sewer - Upper East Fork - NTMWD	6,984,221	7,806,989	822,768
Sewer - Dallas	4,698,098	3,800,000	(898,098)
Sewer - Garland	3,578,384	3,116,570	(461,814)
Total Cost	\$ 27,765,514	\$ 29,012,179	\$ 1,246,665



SYSTEM MAINTENANCE

SUMMARY:

FY24 Original Budget:

\$5,796,380

FY25 Proposed Budget:

\$6,397,791

Change:

\$601,411

% Change: 10.4%

Departments included: Meter Shop, C.M.O.M., Public Services - Construction

CONTINUED KEY INVESTMENTS:

- Capacity, Management, Operations and Maintenance program (CMOM) is funded at \$3,565,525, an increase of \$15,480
- Meter Shop and Construction are funded at \$2,832,266, an increase of \$585,931

CAPITAL REPLACEMENTS:

- Replacement of a hydro excavation truck: \$400,000
- Replacement of a utility service truck: \$75,000

ADMINISTRATIVE & CUSTOMER SERVICE

SUMMARY:

FY24 Original Budget:

\$4,304,802

FY25 Proposed Budget:

\$4,677,075

Change:

\$372,273

% Change: 8.6%

Departments included:
Customer Service, Public Service
Administration, Geographic
Information Services,
Non-Departmental

CONTINUED KEY INVESTMENTS:

- Customer Service provides meter reading, billing, and collection services for City utilities, as well as collects funds for various other City services: \$1,497,682
- Geographic Information System provides mapping and geographic reporting and analysis products to City departments and their end users: \$715,952
- Non-Departmental is increasing due to higher insurance premiums and credit card fees
 - Insurance premiums increase \$27,963
 - Credit card fee increase \$226,648

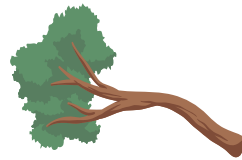
WATER & SEWER FUND OPERATING & OTHER TRANSFERS OUT

Budgeted at **90.99 days**, in compliance with the minimum of 90 days set by the City’s financial policies



INFORMATION TECH & TRAFFIC INITIATIVES

Increase of **\$50,000**. As the replacement of the City’s legacy computer systems shifts to utility billing, a larger portion will be funded out of the Water and Sewer Fund.



BABIC PROGRAM SUPPORT

Transfer to the Solid Waste Fund and linked to 50% of BABIC program costs



GENERAL & ADMIN. CHARGES

Based on most recent update to the City’s cost allocation plan



FRANCHISE FEES

Based on 5% of water and sewer revenue and are being impacted by the 3.0% rate increase



DEBT SERVICE

Increase of **\$821,000**



PAY-AS-YOU-GO

Contribution to the Water & Sewer Capital Program at **\$1,427,000**



RICHARDSON

TEXAS

DRAINAGE FUND

DRIANAGE FEE INCREASE*

- The FY2024-2025 Drainage Fund budget includes a **\$1.00** per month increase to the residential drainage fee to \$5.25 per month. The commercial drainage fee will increase from \$0.119 per 100 square feet of impervious area to **\$0.147** per 100 square feet of impervious area. This equates a 23.5% increase for both residential and commercial accounts.
- Cost pressures include:
 - Increased costs of drainage and erosion related projects
 - Increased administrative costs
 - Costs related to upcoming Texas Commission on Environmental Quality (TCEQ) stormwater requirements

Drainage Fund	Change/New	Change	Revenue Impact	Comment
Residential Drainage Fee	Change	\$1.00	\$305,877	Need Based
Commercial Drainage Fee	Change	Equivalent	\$389,012	Need Based
			\$694,889	

* Proposed fee changes are included in presented numbers



SOLID WASTE FUND

SOLID WASTE SERVICES FUND - HIGHLIGHTS

\$19,427,277

Revenues

+5.4% from last fiscal year

Monthly service fees charged to residential and commercial customers provide the revenue for the fund. Rates are reviewed annually to confirm that sufficient revenues are generated to fund the anticipated expenses related to solid waste services.

\$19,211,479

Expenditures

+5.5% from last fiscal year

Expenditures for daily operations and disposal fees charged by the North Texas Municipal Water District (NTMWD) are hosted in the Solid Waste Services Fund. Disposal fee comprise **20.3%** of the overall expenditures of the fund.

90.99 days

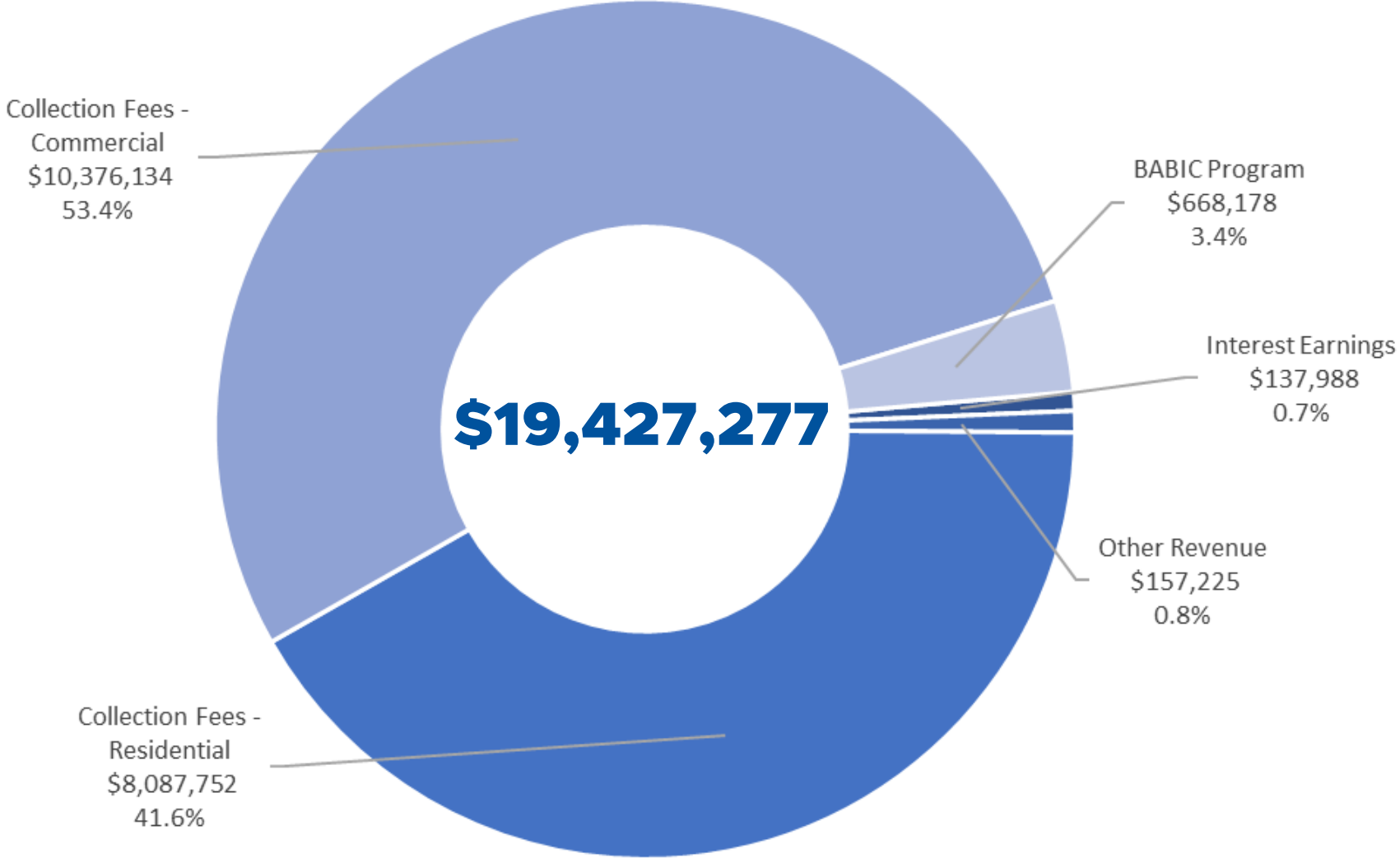
Fund Balance

+0.62 days from last fiscal year

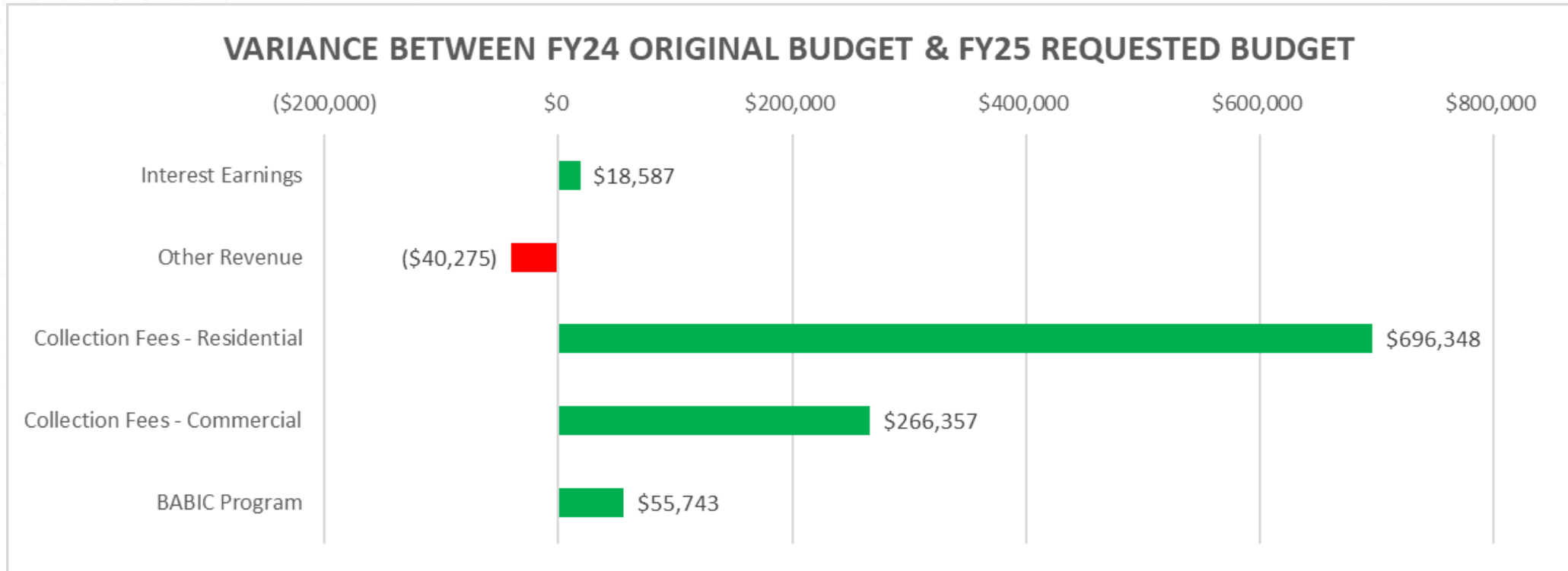
Meets fund balance policy of 90 days

SOLID WASTE SERVICES FUND REVENUES

95.0% of
revenues derive
from Collection
Fees



SOLID WASTE SERVICES FUND – YEAR OVER YEAR CHANGE IN REVENUES



FY25 revenues are projected to increase **\$996,760** to **\$19.4 million** from Prior Year Budget

SOLID WASTE SERVICES REVENUES

Projected at **\$19.4 million** which is an increase of **\$996,760** above the FY24 Original Budget



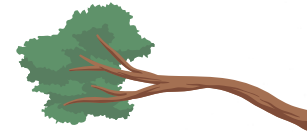
RESIDENTIAL COLLECTION

- Projection of **\$8.1 million**
- Includes a \$2.00 per month (+ tax) increase
 - Maintains the 26% senior discount



COMMERCIAL COLLECTION

- Projection of **\$10.4 million**
- Based on conservative growth assumptions
 - No changes to commercial rates
 - Rates are evaluated yearly based on market surveys



BABIC PROGRAM SUPPORT

- Projection of **\$668,178**
- Transfer in from the Water & Sewer Fund and linked to 50% of BABIC program costs



INTEREST EARNINGS & OTHER REVENUES

- Projection of **\$295,213**

SOLID WASTE RATE INCREASE*

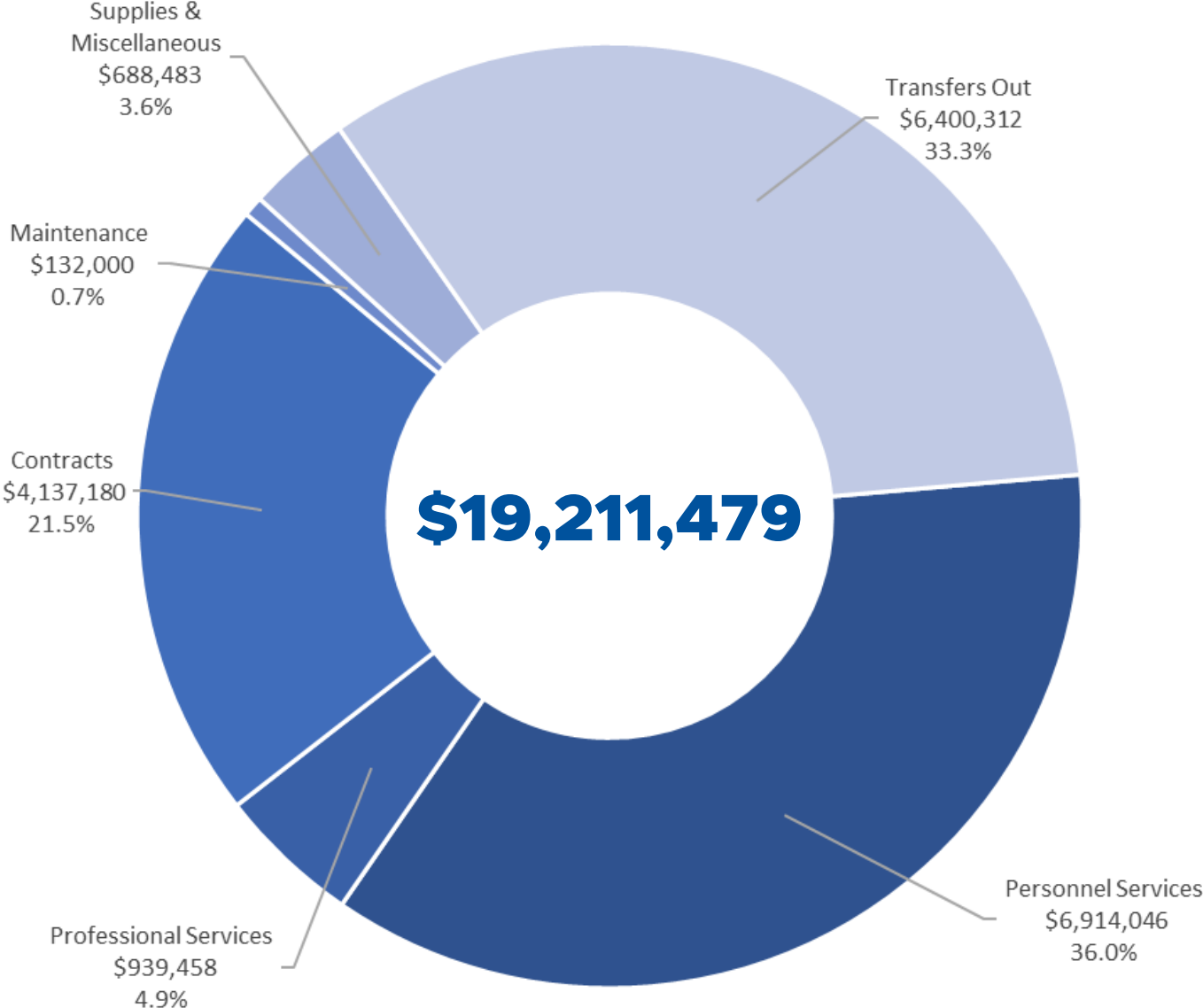
- Projected **\$8.1 million** in revenue from Residential Collection Fees, includes a **\$2.00 increase** to residential rates, while maintaining the 26% senior discount. This accounts for **\$624,000** of the \$696,000 total increase in revenue from these charges
- Cost pressures include:
 - Provides for market-based pay plan adjustments for solid waste staff
 - Increased debt service requirement
 - Maintaining fund balance above 90.0 days

	Change/New	Change	Revenue Impact	Comment
Residential (Before Tax)	Change	\$2.00	\$503,448	Need Based
Residential - Senior (Before Tax and maintains 26% discount)	Change	\$1.47	\$120,481	Need Based
			\$623,929	

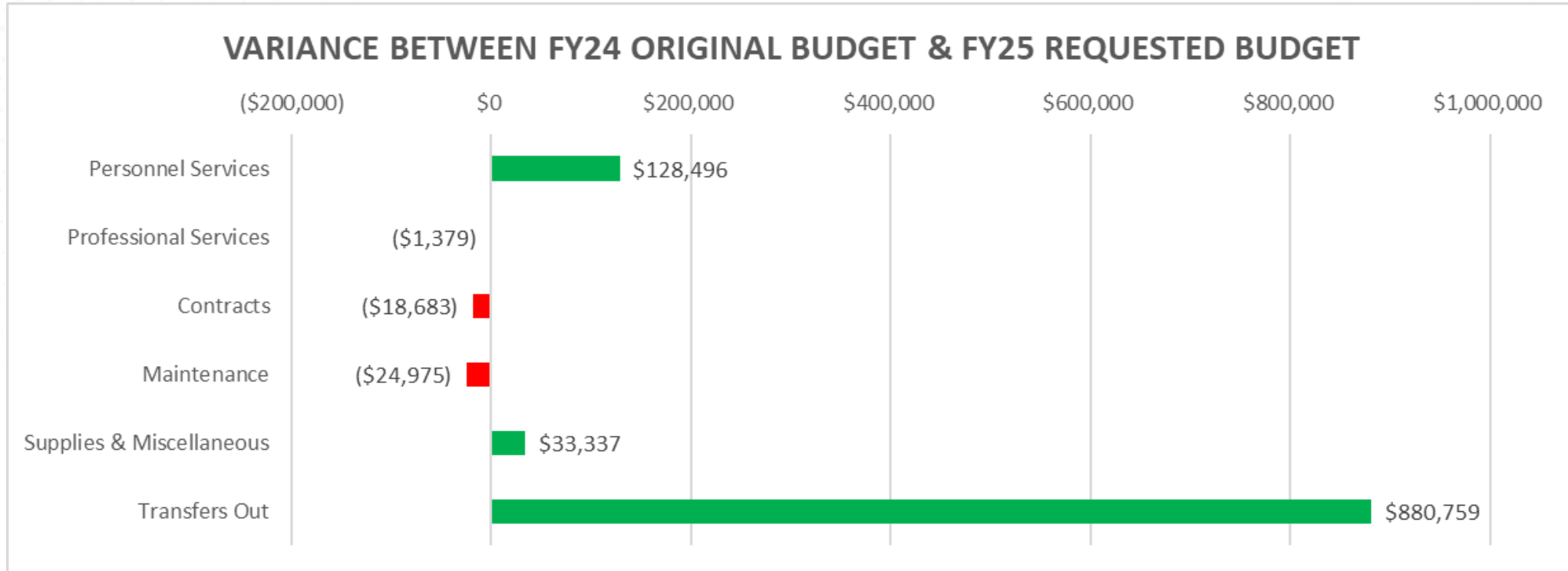
* Proposed fee changes are included in presented numbers

SOLID WASTE SERVICES FUND EXPENDITURES

36.0% of
expenditures
comprised of
Personnel Services



SOLID WASTE SERVICES FUND – YEAR OVER YEAR CHANGE IN EXPENDITURES



FY25 expenditures are projected to increase **\$997,555** to **\$19.2 million** from Prior Year Budget

COMMERCIAL SOLID WASTE

SUMMARY:

FY24 Original Budget:
\$3,995,154

FY25 Proposed Budget:
\$4,013,365

Change:
\$18,211

% Change: 0.5%

Departments included:
Commercial Collections

CONTINUED KEY INVESTMENTS:

- Personnel costs are projected to increase: \$15,334
- Landfill fees are projected to remain flat: \$2,535,975

EXPANDED KEY INVESTMENTS:

- Wiring harnesses for vehicle radios (qty. 10): \$2,500

DEBT FUNDED INVESTMENTS:

- Replacement of various sized commercial containers: \$105,800
- Replacement of ½ ton pickup truck (qty. 1): \$55,000
- Replacement of Front-Loader truck (qty. 1): \$425,000

RESIDENTIAL SOLID WASTE

SUMMARY:

FY24 Original Budget:
\$7,617,696

FY25 Proposed Budget:
\$7,798,498

Change:
\$180,802

% Change: 2.4%

Departments included:
Residential Collections,
BABIC, Recycling

CONTINUED KEY INVESTMENTS:

- Personnel and Contract Labor costs expected to increase \$187,401 due to recruitment/retention efforts and living wage updates to contracts: \$5,267,584
- Landfill fees are projected to remain flat: \$1,365,525
- Composting costs in BABIC is projected to decrease (\$18,683) due to change to the composting contract: \$235,680
- Recycling contract line-item is projected to increase \$9,744 due to higher projected tonnage: \$539,849
 - Revenue for recycling program is projected at \$250,000

DEBT FUNDED INVESTMENTS:

- Replacement of Rear-Loader trucks (qty. 3): \$945,000
- Replacement of Knuckleboom truck (qty. 1): \$340,000

EXPANDED KEY INVESTMENTS:

- Wiring harnesses for vehicle radios (qty. 30): \$11,500
- Temporary overfill made permanent - Heavy Equipment Operator: \$74,554

SOLID WASTE - ADMINISTRATION

SUMMARY:

FY24 Original Budget:
\$1,081,521

FY25 Proposed Budget:
\$999,304

Change:
(\$82,217)

% Change: (7.6%)

Departments included:
Non-Departmental

CONTINUED KEY INVESTMENTS:

- Non-Departmental is seeing a decrease in expenses for the fund's portion of retiree insurance and of radio maintenance
- Includes \$345,239 for insurance premiums for vehicles and equipment
- Credit card fees are projected to increase \$23,143 to \$178,225

SOLID WASTE SERVICES OPERATING & OTHER TRANSFERS OUT

Budgeted at **90.99 days**, in compliance with the minimum of 90 days set by the City's financial policies



GENERAL & ADMINISTRATIVE CHARGES

Increased **\$510,124** and based on most recent update to the City's cost allocation plan



FRANCHISE FEES

Based on 5% of residential and commercial revenue and are being impacted by the residential rate increase



DEBT SERVICE

Increase of **\$69,000**



SPECIAL PROJECTS

Increase of **\$253,500**



RICHARDSON

TEXAS

GOLF FUND

GOLF FUND - HIGHLIGHTS

\$3,294,680

Revenues

+28.4% from last fiscal year

Revenues for the Golf Fund are generated through golf fees charged to patrons. The number of rounds of golf played on an annual basis drive the revenues of the fund. The number of rounds played is affected by weather as well as by competition in the regional golf market.

\$3,252,606

Expenditures

+16.5% from last fiscal year

Expenditures include expenses related to daily operations, course maintenance, fleet maintenance and replacement, as well as special projects. Personnel Services account for **38.9%** of all expenditures in the Golf Fund.

60.99 days

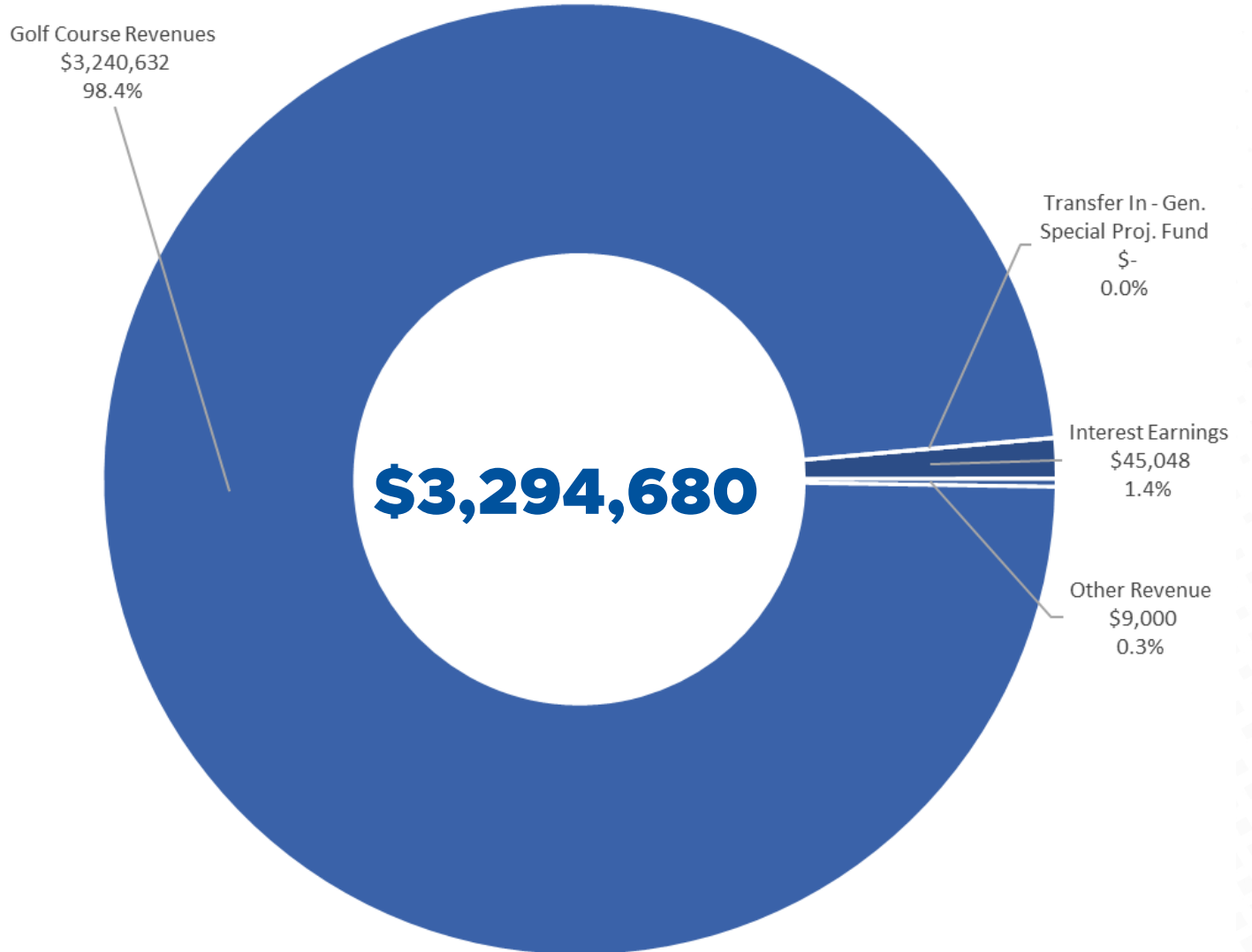
Fund Balance

+0.35 days from last fiscal year

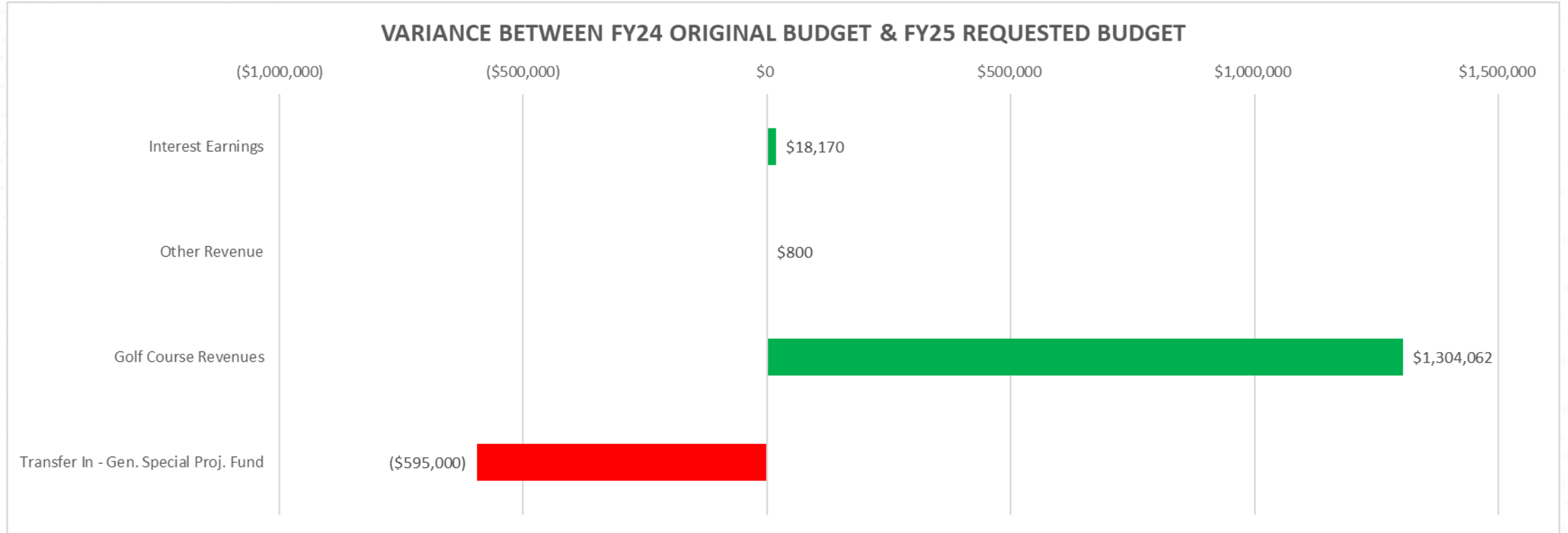
Meets fund balance policy of 60 days

GOLF FUND REVENUES

98.4% of revenues derive from Course Revenues



GOLF FUND – YEAR OVER YEAR CHANGE IN REVENUES



FY25 revenues are projected to increase **\$728,032** to **\$3.3 million** from Prior Year Budget

GOLF FUND REVENUES

Projected at **\$3.3 million** which is an increase of **\$728,032** above the FY24 Original Budget



GREEN FEES

Projection of **\$2.3 million**

- Increase of \$972,656
- Reflects both courses being open in FY 2024-2025
- Includes fee increases as presented at the July 22 City Council meeting
- Based on 97,403 rounds



CART FEES

Projection of **\$782,797**

- Increase of \$292,797
- Reflective of course #2 re-opening in FY 2024-2025
- Includes fee increases as presented at the July 22 City Council meeting



REMAINING REVENUES

Projection of **\$235,977**

- Decrease of (\$537,421) due to no transfer-in from General Special Projects Funds in FY 2024-2025
- A transfer-in of \$595,000 was budgeted for in FY 2023-2024 in support of the fund during Course #2 renovation
- Minimal increases in remaining revenues

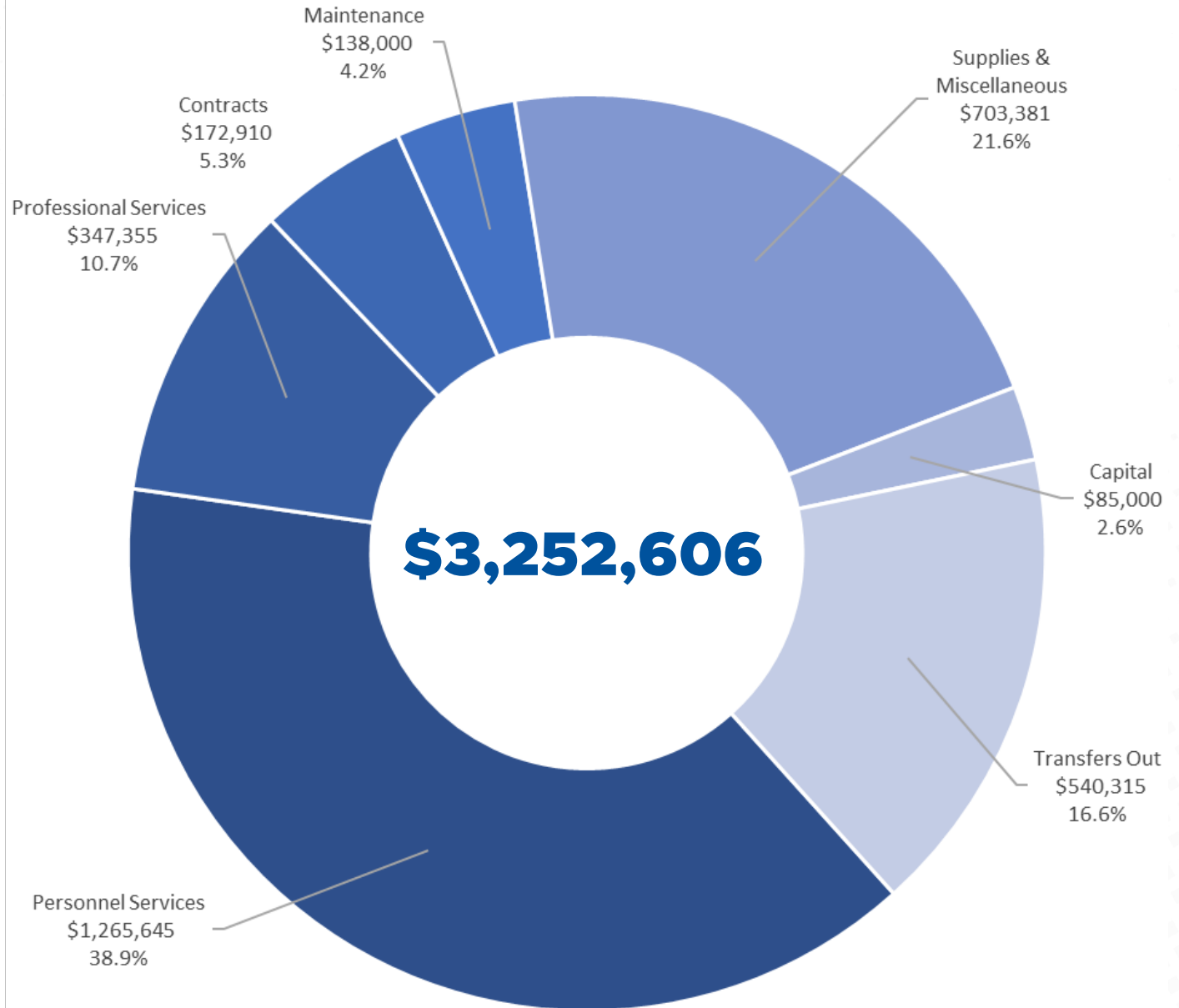
GOLF FEE CHANGES*

Golf	Change/New	Current	Proposed	Change	Revenue Impact	Comment
Cart Fee - 18 Hole	Change	\$16.24	\$18.00	\$1.76	\$66,797	
Cart Fee - 9 Hole	Change	\$11.91	\$14.00	\$2.09		
Green Fees - Course 1 - Weekday Rack Rate	Change	\$32.48	\$36.00	\$3.52	\$71,724	
Green Fees - Course 1 - Weekday 1st Twilight (11:30 A.M)	Change	\$23.81	\$25.00	\$1.19		
Green Fees - Course 1 - Weekday 2nd Twilight (4:00 P.M)	Change	\$21.65	\$22.00	\$0.35		
Green Fees - Course 1 - Weekend Rack Rate	Change	\$45.47	\$50.00	\$4.53		
Green Fees - Course 1 - Weekend 1st Twilight (11:30 A.M)	Change	\$30.31	\$35.00	\$4.69		
Green Fees - Course 1 - Weekend 2nd Twilight (4:00 P.M)	Change	\$23.82	\$25.00	\$1.18		
Green Fees - Course 1 - Senior/Junior	Change	\$21.65	\$22.00	\$0.35		
Green Fees - Course 2 - Weekday Rack Rate	Change	\$23.82	\$29.00	\$5.18	\$126,832	
Green Fees - Course 2 - Weekday 1st Twilight (11:30 A.M)	Change	\$17.32	\$21.00	\$3.68		
Green Fees - Course 2 - Weekday 2nd Twilight (4:00 P.M)	Change	\$15.16	\$18.00	\$2.84		
Green Fees - Course 2 - Weekend Rack Rate	Change	\$28.15	\$37.00	\$8.85		
Green Fees - Course 2 - Weekend 1st Twilight (11:30 A.M)	Change	\$21.65	\$25.00	\$3.35		
Green Fees - Course 2 - Weekend 2nd Twilight (4:00 P.M)	Change	\$17.32	\$23.00	\$5.68		
Green Fees - Course 2 - Senior/Junior	Change	\$17.32	\$20.00	\$2.68		
Driving Range - Small Bucket (30 balls)	Change	\$5.00	\$6.00	\$1.00	\$11,109	
Driving Range - Medium Bucket (60 balls)	Change	\$7.00	\$10.00	\$3.00		
Driving Range - Large Bucket (90 balls)	Change	\$9.00	\$12.00	\$3.00		
Discount/Punch Cards - Resident	Removed	\$200.00	\$0.00	(\$200.00)	TBD	Being discontinued September 30, 2024
Discount/Punch Cards - Senior/Junior	Removed	\$100.00	\$0.00	(\$100.00)	TBD	Will be honored for two years
Weekday - Course #1	New	\$20.00	\$24.95	\$4.95	TBD	
Weekend - Course #1	New	\$20.00	\$34.64	\$14.64	TBD	
Weekday - Course #2	New	\$15.00	\$20.09	\$5.09	TBD	
Weekend - Course #2	New	\$15.00	\$25.64	\$10.64	TBD	
Sr./Jr. Weekday - Course #1	New	\$10.00	\$13.21	\$3.21	TBD	
Sr./Jr. Weekday - Course #2	New	\$7.50	\$12.01	\$4.51	TBD	
					\$276,462	

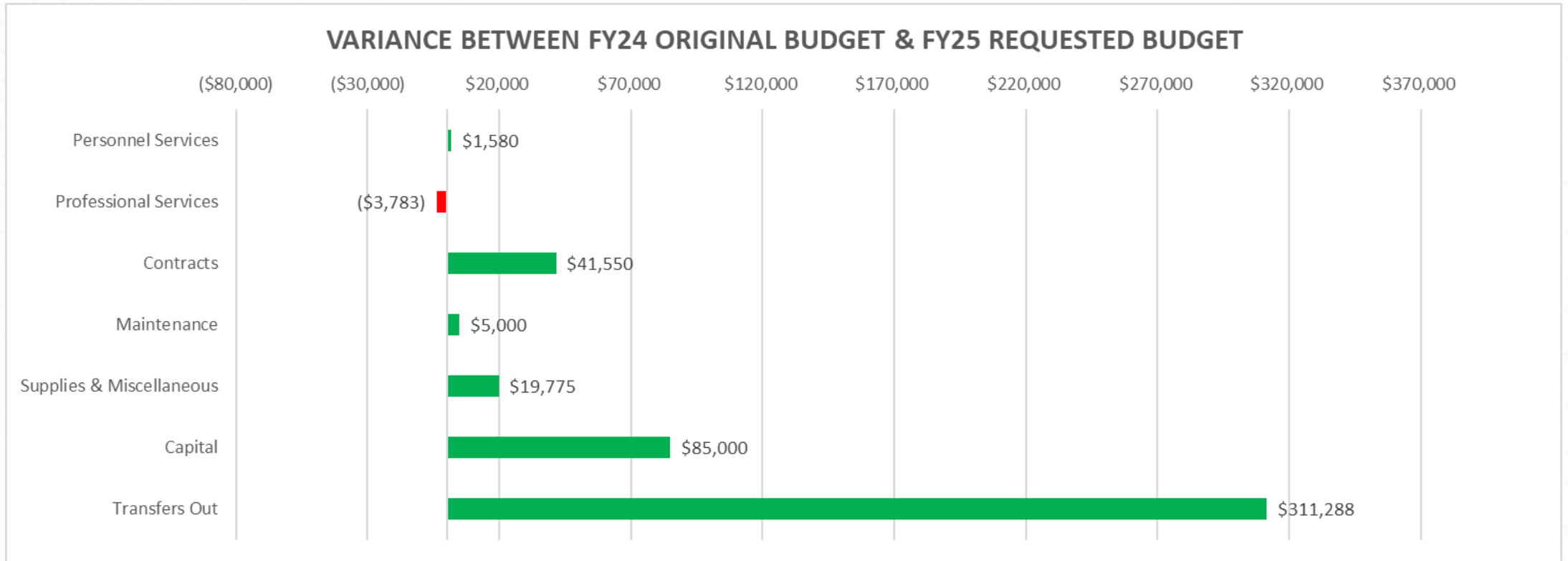
* Proposed fee changes are included in presented numbers and are based on Course #2 not being open the full year

GOLF FUND EXPENDITURES

38.9% of
expenditures
comprise of
Personnel Services



GOLF FUND – YEAR OVER YEAR CHANGE IN EXPENDITURES



FY25 expenditures are projected to increase **\$460,410** to **\$3.3 million** from Prior Year Budget

OPERATIONS & ADMINISTRATION

SUMMARY:

FY24 Original Budget:
\$2,563,169

FY25 Proposed Budget:
\$2,712,291

Change:
\$149,122

% Change: 5.8%

Departments included:
Non-Departmental,
Golf Operations

CONTINUED KEY INVESTMENTS:

- Irrigation maintenance projected to increase \$10,000 to \$40,000
- Golf cart rental expenses are projected to increase \$37,050 due to new lease contract: \$161,490
- Costs for landscape supplies are projected to increase \$25,600 due to a rise in fertilizers and pesticides costs: \$375,600
- Capital funding of \$85,000 includes:
 - \$50,000 for greens covers
 - \$25,000 for routine fence replacement and repair
 - \$10,000 for cart path repairs

GOLF CAPITAL RESERVE FUND:

- Sweeper: \$57,985
- Heavy duty utility vehicle (qty. 1): \$38,086
- Regular duty utility cart: \$13,527
- Slicer/Spiker: \$12,075

GOLF FUND OPERATING & OTHER TRANSFERS OUT

Budgeted at **60.99 days**, in compliance with the City's financial policies of 30 days, building to 60 days



General & Administrative Charges

Increased \$12,138 and based on most recent update to the City's cost allocation plan



Golf Capital Reserve

Contribution to the Golf Capital Reserve Fund of **\$299,150**



HOTEL/MOTEL TAX FUND

HOTEL/MOTEL TAX FUND - HIGHLIGHTS

\$9,819,288

Revenues

+10.3% from last fiscal year

The fund is supported by the Hotel/Motel Occupancy Tax, which is restricted by State law to tourism promotion, capital construction, the operation of meeting facilities and the funding of cultural activities. The fund also hosts the operating revenues received from user fees charged for the use of the Eisemann Center and the Parking Garage.

\$9,756,082

Expenditures

+4.6% from last fiscal year

Personnel Services account for **34.1%** of the expenditures in the Hotel Motel Tax Fund. Resources for the Convention and Visitors Bureau and local arts grants are also allocated in the Hotel Motel Tax Fund.

\$5,478,874

Fund Balance

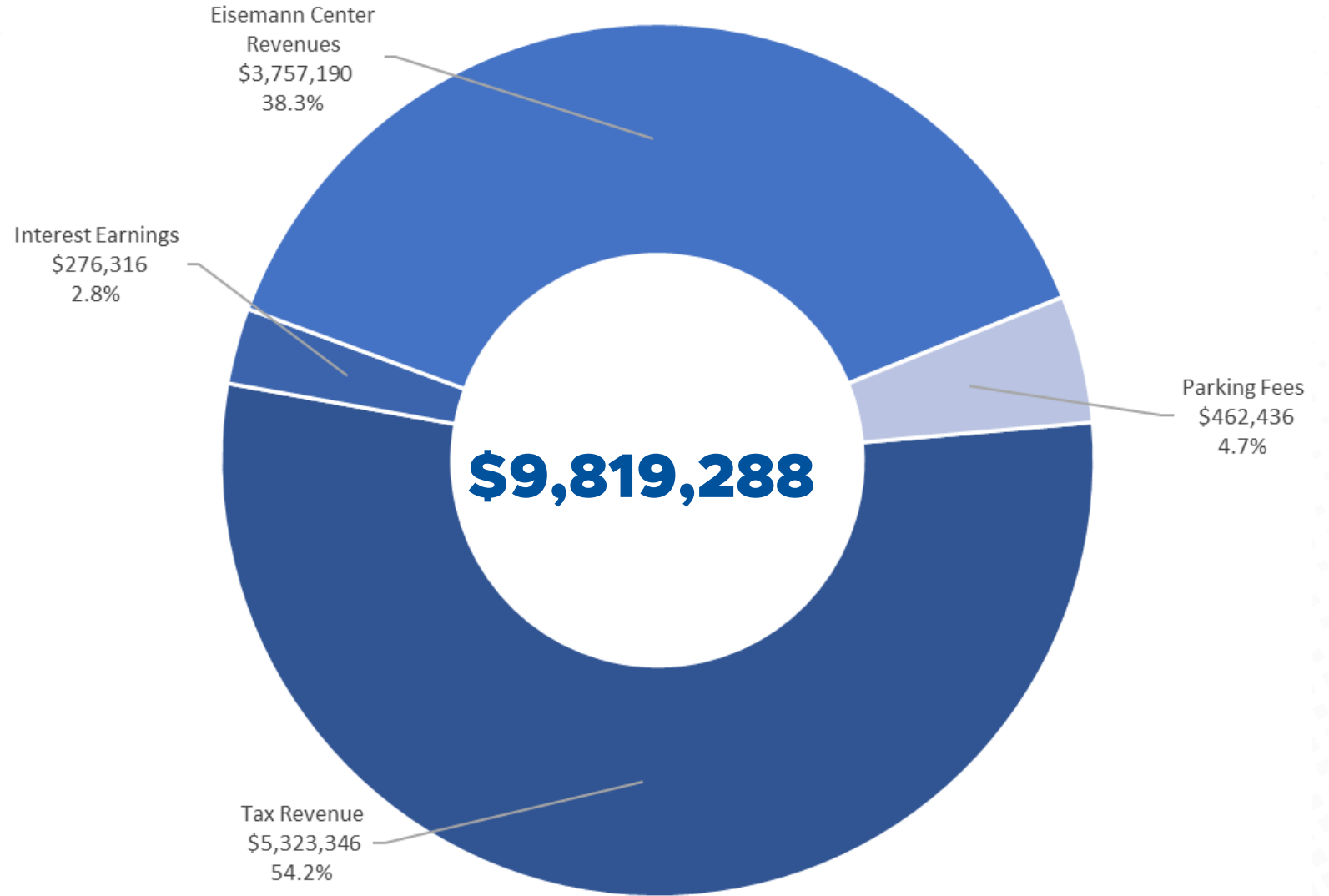
No Fund Balance Policy

Includes \$63,000 in revenues over expenditures

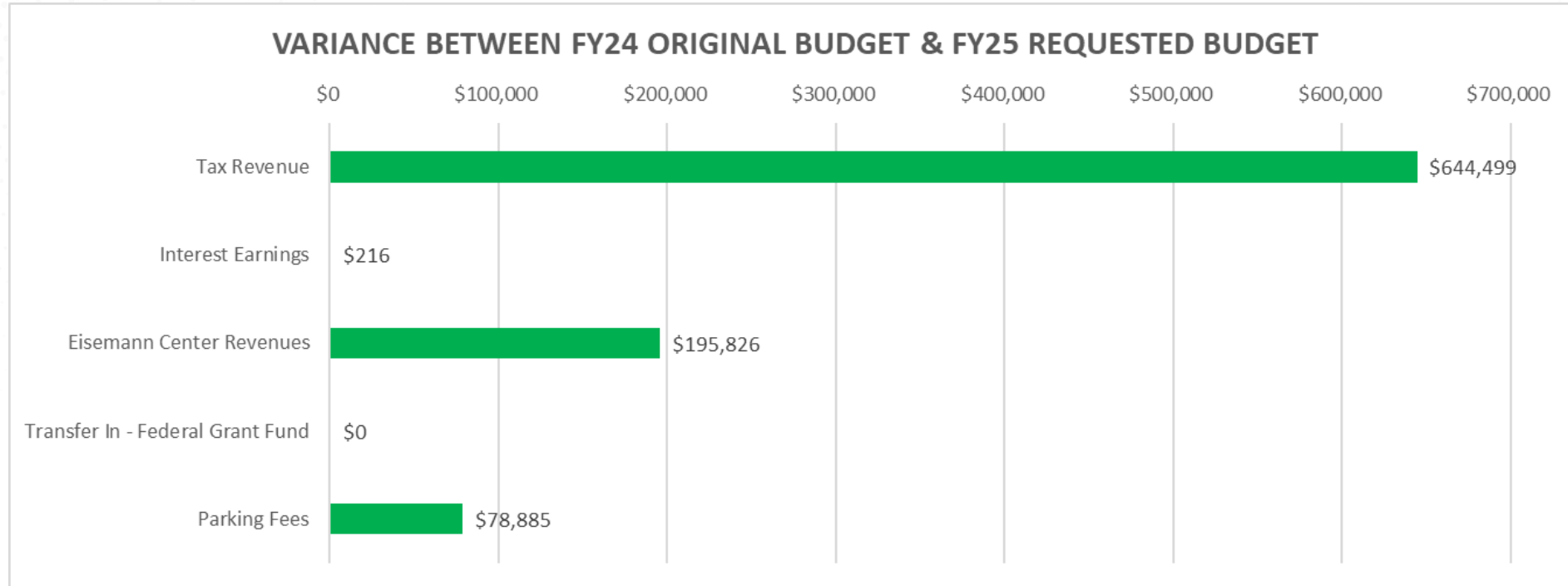
HOTEL/MOTEL TAX FUND REVENUES

54.2% of revenues derive from Tax Revenue while

38.3% derive from Eisemann Center Revenues



HOTEL/MOTEL TAX FUND – YEAR OVER YEAR CHANGE IN REVENUES



FY25 revenues are projected to increase **\$919,426** to **\$9.8 million** from Prior Year Budget

HOTEL-MOTEL TAX FUND REVENUES

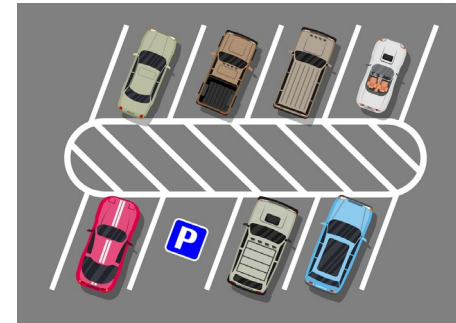
Projected at **\$9.8 million** which is an increase of **\$919,426** above the FY24 Original Budget



TAX REVENUES



EISEMANN CENTER



PARKING FEES



INTEREST EARNINGS

Projection of **\$5.3 million**

- Reflects continued recovery in the hospitality industry and a higher average daily rate (ADR).

Projection of **\$3.8 million**

- Increase of \$195,826
- Based on anticipated rental activity and the Eisemann Center Presents season as present at the May 6, 2024 City Council meeting.

Projection of **\$462,436**

- Based on Eisemann Center's anticipated activity and the scheduled rent amount from the hotel per contract.

Projection of **\$276,316**

HOTEL/MOTEL TAX FUND FEE CHANGES*

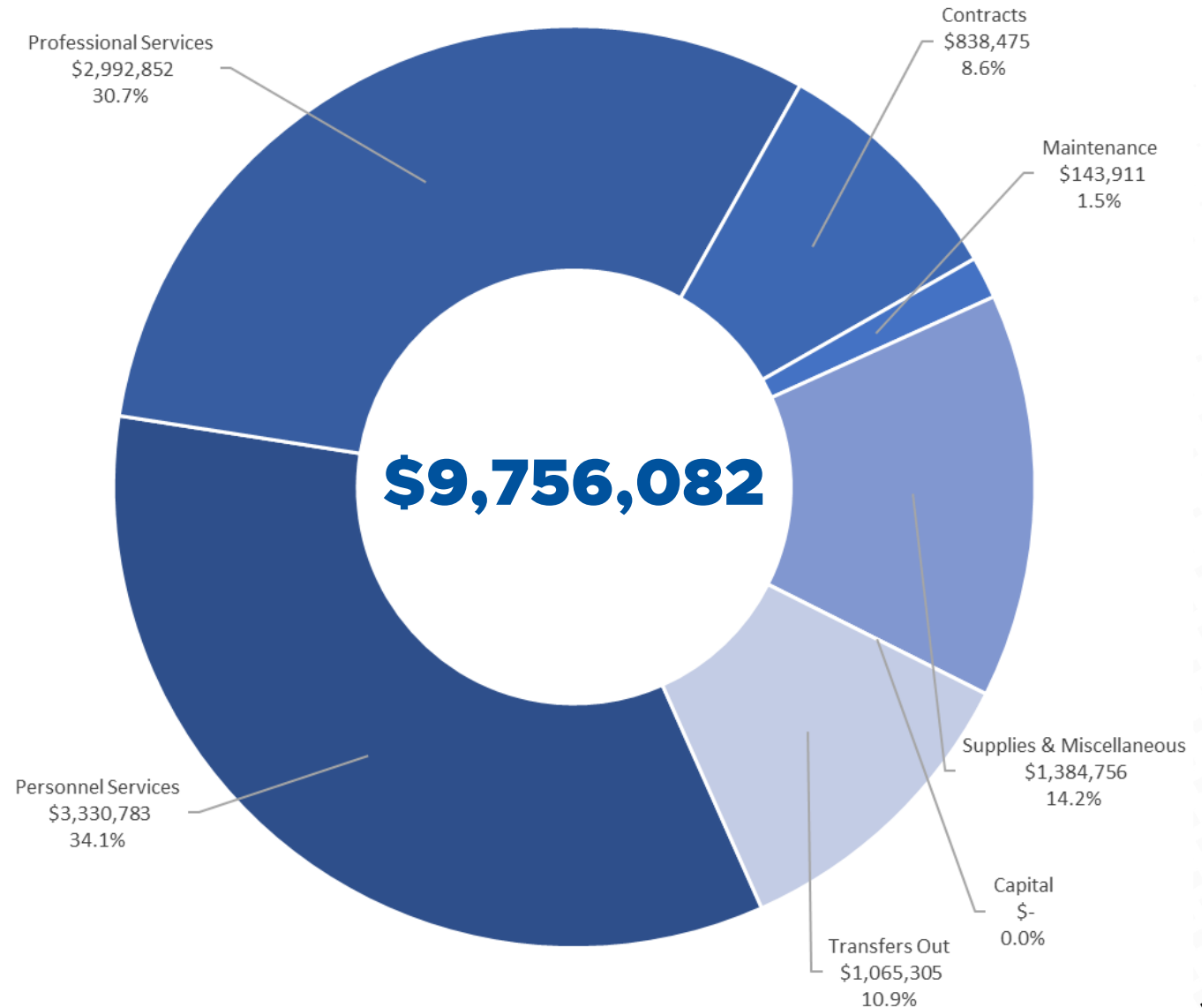
Eisemann Center	Change/New	Current	Proposed	Change	Revenue Impact	Comment
Custodial Service Charge - Non-Performance Day	New	\$0	\$113	\$113	\$11,250	Cost Recovery
Consumables Fee	New	\$0	\$100	\$100	\$20,000	Cost Recovery
Wireless Lavalier Microphone Fee	Change	\$50	\$75	\$25	\$2,500	Cost Recovery
Banquet Chairs	Change	\$0.50	\$1.00	\$0.50	\$500	Cost Recovery
Ticket Set-Up Fee	New	\$0	Varies	Between \$125 to \$200 per show	\$18,960	Cost Recovery
					\$53,210	

* Proposed fee changes are included in presented numbers

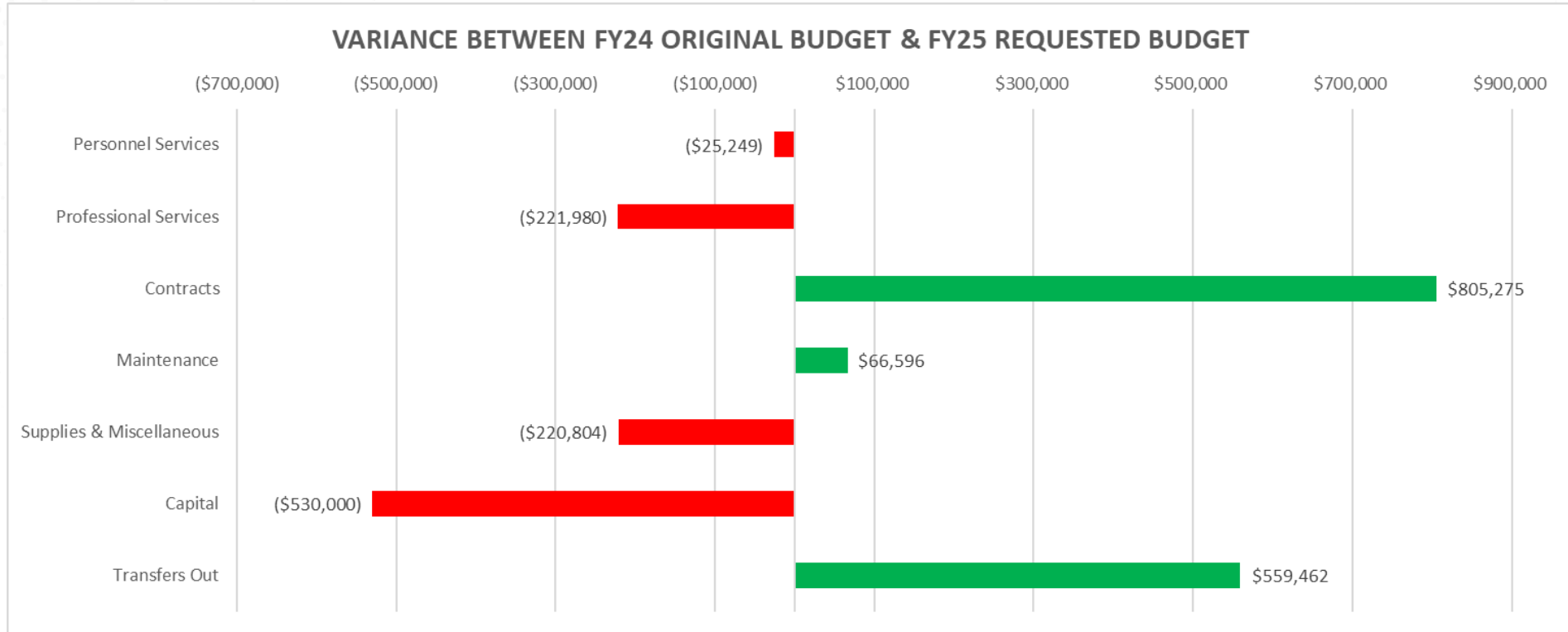
HOTEL/MOTEL TAX FUND EXPENDITURES

34.1%

expenditures
comprise of
Personnel Services



HOTEL/MOTEL TAX FUND – YEAR OVER YEAR CHANGE IN EXPENDITURES



FY25 expenditures are projected to increase **\$433,300** to **\$9.8 million** from Prior Year Budget (Wildflower! Festival entertainment support is moving from Professional Services category to Contracts category in FY 2024-2025 to more accurately record these expenditures)

EISEMANN CENTER

SUMMARY:

FY24 Original Budget:
\$6,397,561

FY25 Proposed Budget:
\$6,825,979

Change:
\$428,418

% Change: 6.7%

Departments included:
Eisemann Center,
Parking Garage,
Eisemann Presents

CONTINUED KEY INVESTMENTS:

- Eisemann Center professional services are projected to increase \$203,763 for client reimbursable expenses such as rental events, including stage labor, security, piano tuning, security and crew meals to reflect a full year of expenses: \$711,773
- Eisemann Parking Garage contractual services are expected to increase \$169,280: \$526,780
 - Includes \$52,000 for operations of second parking location beginning in FY 2024-2025
- Reflects an increase of \$157,695 in funding for the Eisemann Center Presents Season: \$1,586,943

EXPANDED KEY INVESTMENTS:

- Advertising and marketing support contract: \$40,000
- Ticket delivery software: \$9,900
- Rigging/chain hoist inspections: \$7,800

ADMINISTRATION & CAPITAL RENEWAL

SUMMARY:

FY24 Original Budget:
\$1,959,863

FY25 Proposed Budget:
\$1,393,708

Change:
(\$566,155)

% Change: (28.9%)

Departments included:
Non-Departmental, Eisemann
Center Capital Renewal, Parking
Garage Capital Renewal, Campus
Renewal

CONTINUED KEY INVESTMENTS:

- Provides \$375,000 for local arts grants
- Includes \$778,000 for Wildflower Festival entertainment
- Excess FY 2023-2024 Hotel/Motel Tax Fund year-end reserves will be transferred to the Eisemann Facility Maintenance Fund in support of:
 - Eisemann Center Elevator Upgrades: \$400,000
 - Eisemann Parking Garage Lighting Upgrades: \$150,000
- An additional \$1,000,000 of excess FY 2023-2024 Hotel/Motel Tax Fund year-end reserves will be transferred to the General Special Projects Fund as discussed previously
- FY 2023-2024 included \$530,000 in one-time capital improvements

CONVENTION & VISITORS BUREAU

SUMMARY:

FY24 Original Budget:
\$459,515

FY25 Proposed Budget:
\$471,090

Change:
\$11,575

% Change: 2.5%

Departments included:
Convention & Visitors Bureau

CONTINUED KEY INVESTMENTS:

- Personnel line items are expected to increase related to planned 3% merit-based market adjustment

HOTEL-MOTEL TAX FUND OPERATING & OTHER TRANSFERS OUT



GENERAL & ADMINISTRATIVE CHARGES

Transfer of \$1,065,305 is based on most recent update to the City's cost allocation plan

CAPITAL AND DEBT PLANNING



FY 2024-2025 DEBT PLAN

DEBT PLAN SUPPORTS:

- Developing multi-year capital improvement plan; updated annually
- Continuing to utilize financial management strategies to maintain AAA bond rating
- Review outstanding debt annually for future refunding opportunities
- Year Four of the 2021 Bond Program
- Year Two of the 2023 Bond Program – City Hall
- June/July “Deep Dive” Work Session briefings
 - Water/Wastewater infrastructure needs
 - Transportation & Mobility work plan
 - Streets/Alleys infrastructure needs
 - Facilities Maintenance work plan
 - Annual vehicle/equipment needs for Fire and Solid Waste departments
 - Parks Maintenance work plan
 - Drainage Utility program



FY 2024-2025 DEBT PLAN ISSUANCE FACTORS

- In the current interest rate environment, a refunding transaction is unlikely but will be reevaluated at the time of the sale
- Debt plan continues to use conservative interest rates ranging from 4.75% to 5.50% for future issuance
 - Series 2024 actual interest costs – 3.86% General Obligation Bonds, 3.81% Certificates of Obligation
- Taxable values – model assumes no future growth until Fiscal Year 2028 to account for economic uncertainties
- Assumes Fiscal Year 2025 CO issuance of \$2.435 million for Replacement Fire Apparatus
- Maintains capacity for future GO Bond Programs similar in size to the 2021 Bond Program

FY 2024-2025 PROPOSED DEBT ISSUANCE






Purpose	Type	Life	Amount
2021 GO Program (Year 4)	GO Bonds	20 Year	\$54,150,000
2023 GO Program (Year 2)	GO Bonds	20 Year	\$ 9,520,000
Water/Wastewater Infrastructure	CO Bonds	15/20 Year	\$17,425,000
Solid Waste Equipment	CO Bonds	8 Year	\$ 1,875,000
Fire Equipment	CO Bonds	8 Year	\$ 2,435,000
Golf Course Facilities	CO Bonds	20 Year	\$ 6,000,000

FINAL THOUGHTS

DAY TWO



TYPICAL TAXPAYER IMPACT STATEMENT

Description		FY 2023-24 Cost	FY 2024-25 Proposed Cost	Annual Dollar Change	Typical Ratepayer Assumptions:
	Property Tax (City Portion)	\$1,970	\$2,102	\$132	FY24 Avg Taxable Value = \$351,191 FY25 Avg Taxable Value = \$387,624
	Water Charges	\$1,081	\$1,110	\$29	8,000 gal/month - Oct-May; 18,000 gal/month – Jun-Sep
	Sewer Charges	\$573	\$587	\$14	Based on 98% of water usage (7,840 per month)
	Drainage Fee	\$51	\$63	\$12	Flat monthly rate of \$5.25 per household
	Residential Solid Waste	\$300	\$326	\$26	Flat monthly rate of \$25.09 (+ tax) per household
Total:		\$3,975	\$4,188	\$213	Equates to a 5.4% increase

NEXT STEPS

The budget development calendar will be active for the next few weeks and will factor any better insights about the new year as they can be determined before adoption

- **August 6th:** Set public hearing on September 9, 2024, for a proposed tax rate of \$0.54218 per \$100 valuation for Fiscal Year 2024-2025 and September 16, 2024, for proposed budget
- **August 15th:** City Manager files FY 2024-2025 budget with City Secretary for public review
- **August 19th:** City Manager's FY 2024-2025 Budget Presentation
- **September 9th:** Hold Public Hearing on Tax Rate
- **September 16th:** Hold Public Hearing on Budget and vote to ratify tax increase reflected in the budget, adopt budget and adopt property tax rate for FY 2024-2025

TAX RATE PUBLIC HEARING RECOMMENDATION

- I move to set a Public Hearing date of September 9, 2024, for the Proposed Tax Rate of \$0.54218 per \$100 valuation for Fiscal Year 2024-2025.
 - Motion sets maximum rate that can be considered at time of adoption
 - Proposed rate would lower the current tax rate by \$0.01877
 - Utilizes \$0.00493 of the unused increment to allow for enhanced staff recruitment and retention funding and additional infrastructure investments
- I move to set a Public Hearing date of September 16, 2024, for the Proposed Budget for Fiscal Year 2024-2025.

