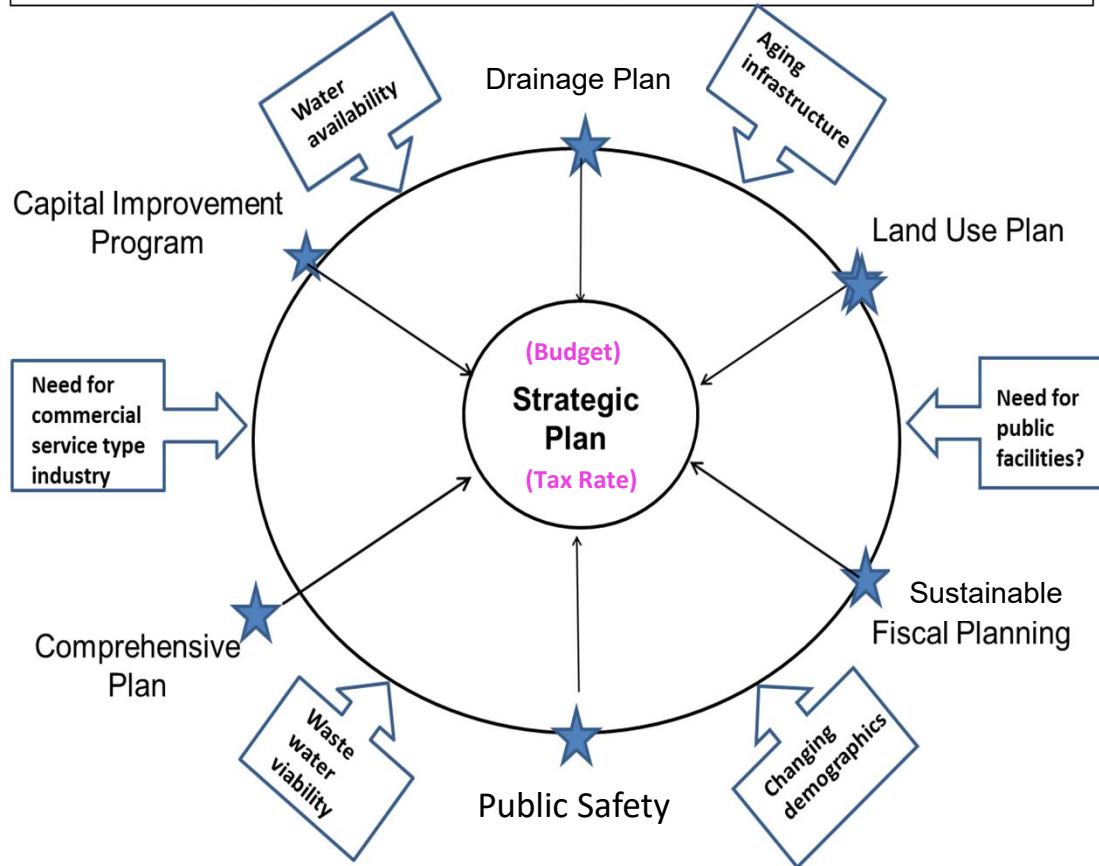




City of
FAIR OAKS RANCH

September 5, 2019
1st Public Hearing for Budget and Tax Rate
For Fiscal Year 2019-2020

Strategic Planning Environment





Strategic Action Plan

Strategic Action Plan

FINANCIAL INTEGRITY

1.1: Develop & Maintain a Budget process that links with the Strategic Action Plan	
1.1.1	Implement recurring SAP review process- Define mission and vision of the City
1.1.2	Implement sustainable recurring budget/SAP process and procedures
1.1.3	Improve Budget Deliverables to GFOA Standards
1.1.4	Redesign Enterprise Budget Process and Model
1.1.5	Develop Standardized capital project financial management process

	Project Planning		Project Implementation		Project Operational		
	Project has begun, but no budgeted costs are incurred		Project is ongoing and incurring budget costs		The budgeted project is complete, these are ongoing maintenance costs		
	2020	2021	2022	2023	2024	2025+	annual
	Budget						
Sarah							
Tobin	-	12,000	-	12,000	-	60,000	-
Tobin	-	-	-	-	-	-	-
Sarah	-	-	-	-	-	-	-
Sarah	-	-	-	-	-	-	-
Sarah	-	-	-	-	-	-	-

1.2: Develop a 5-Year Forecast	
1.2.1	Develop 5-year Revenue Projections
1.2.2	Develop 5 Year Operational Projections
1.2.3	Develop 5 Year CIP projections
1.2.4	Deliver 5 year forecasts

Sarah							
Consultant	10,000	-	-	-	-	-	-
Sarah	-	-	-	-	-	-	-
GEC	-	-	-	-	-	-	-
Sarah	-	-	-	-	-	-	-

1.3: Develop a Risk Inventory and mitigation strategies	
1.3.1	Complete Internal controls framework for Financial Statement Controls
1.3.2	Develop a Risk Inventory for operational risks
1.3.3	Implement SOPs or internal controls for operational risks
1.3.4	Implement Procurement Function
1.3.5	Establish recurring assessment of internal controls adherence

Sarah							
Consultant	20,000	-	-	-	-	-	-
Consultant	-	30,000	-	-	10,000	10,000	1,000
Consultant	-	-	30,000	20,000	-	-	-
Procur. Mgr.	-	-	-	-	-	-	-
Sarah	15,000	15,000	15,000	15,000	15,000	-	-

1.4: Develop Sustainable Financing Strategies aligned with service delivery expectations	
1.4.1	Implement a sustainable and equitable drainage funding source for stormwater
1.4.2	Develop a sustainable and equitable Water Rate
1.4.3	Develop a sustainable and equitable Wastewater Rate
1.4.4	Update Water Impact Fee Study - Marry with GEC
1.4.5	Update Wastewater Impact Fee Study - Marry with GEC
1.4.6	Review and update General Fund and Utility Fund Leverage Guidelines and Debt policies
1.4.7	Address tax base sustainment and diversification
1.4.8	Negotiate and update new franchise fee agreements

Sarah							
Consultant	120,000	-	-	-	-	-	-
Consultant	-	60,000	-	-	60,000	-	-
Consultant	-	60,000	-	-	60,000	-	-
Consultant	37,500	-	-	-	40,000	-	-
Consultant	37,500	-	-	-	40,000	-	-
Acct/Consult	15,000	15,000	-	-	-	-	-
Acct/Consult	-	25,000	25,000	-	-	-	-
Carole	-	-	-	-	-	-	-

1.5: Ensure continuity and excellence of Financial Reporting Reliability	
1.5.1	Complete Reserve Studies
1.5.2	Determine reporting requirements for grants, new utilities, etc.
1.5.3	Assess Monthly and Quarterly financial reporting deliverables
1.5.4	Reconcile impact fees - Legal Review
1.5.5	Evaluate and improve Equipment Replacement Fund
1.5.6	Evaluate, update and implement Financial Management Policy
1.5.7	Implement Storm Water Utility Cost Center and Business Functions

Sarah							
Sarah	-	-	-	-	-	-	-
CPA Consultant	10,000	-	-	-	-	-	-
Sarah	-	-	-	-	-	-	-
Consultant	-	-	-	-	-	-	-
Sarah	78,000	26,000	20,000	20,000	20,000	100,000	-
Sarah/Consult	15,000	-	-	-	-	-	-
Sarah/Consult	50,000	50,000	-	-	-	-	-



FAIR OAKS RANCH

Responsible Growth Management



5-7 Year Mile markers (Goals)

- Manage Physical Development of City in accordance with Comprehensive Plan
- Implement and Update Infrastructure Master Plans
- Enhance Local Mobility and Multimodal Connectivity
- Alignment of Proactive Place Making Strategies with MDD
- Develop, Implement, and Update Environmental Sustainability Programs

2019-20 Budgeted Outlays

Consulting arrangements for:

- Ⓒ Administer Comprehensive Plan and Unified Development Code
- Ⓒ FM 3351 Owners Representative
- Ⓒ Develop Criticality Chain and Funding Plan (Split between Government and Utilities)
- Ⓒ Implement Municipal Separate Storm Sewer System (MS4) Requirements

- Ⓒ Funded by Governmental Funds
- Ⓒ Funded by Utility Funds (Fee based)



FAIR OAKS RANCH

Reliable and Sustainable Infrastructure



5-7 Year Mile markers (Goals)

- Enhance & Ensure Continuity of Reliable Water Resources
- Enhance & Ensure Continuity of Reliable Wastewater Treatment
- Enhance & Ensure Continuity of Drainage Improvement Initiatives
- Enhance & Ensure Continuity of Reliable Roadway Improvement Initiatives
- Enhance & Ensure Continuity of Reliable City Facilities

2019-20 Budgeted Outlays

- Ⓢ Upgrade to 9k gal Hydropneumatic Tank at Plant No 2
 - Ⓢ Repair Existing Waterline – Creek Crossings West
 - Ⓢ Engineering for Elevated Storage Tank
- Ⓢ Update and Repair Water Treatment Plant Buildings
 - Ⓢ Solids Handling Improvements
- Ⓢ Regional/Local Wastewater Treatment Plant options
 - Ⓢ Long-Term Road Condition Analysis
 - Ⓢ Repurpose City Hall Interior
 - Ⓢ Renovate Old Police Building

- Ⓢ Funded by Governmental Funds
- Ⓢ Funded by Utility Funds (Fee based)



FAIR OAKS RANCH

Public Health, Safety, and Welfare



5-7 Year Mile markers (Goals)

- Enhance and ensure Continuity of Police Services
- Develop a Long-Term Strategy for Continuity of Fire Services
- Develop Long-Term Strategy for continuity of Emergency Medical Services
- Enhance and Maintain Public Safety Community Outreach Initiatives

2019-20 Budgeted Outlays

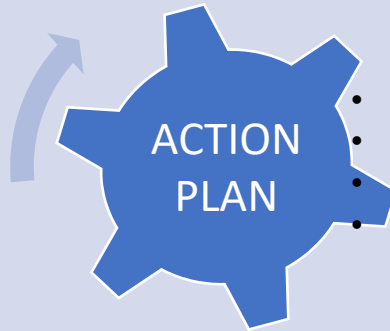
- ⓐ Command Structure Study
- ⓐ Evaluate and develop a sustainable Fire Services Program
- ⓐ Evaluate and develop a sustainable Emergency Medical Services Program

- ⓐ Funded by Governmental Funds
- ⓐ Funded by Utility Funds (Fee based)



FAIR OAKS RANCH

Operational Excellence



5-7 Year Mile markers (Goals)

- Evaluate & Implement Key HR Programs that Promote Organizational Development
- Develop & Implement a Proactive Communication Strategy
- Evaluate & Update Service Delivery Expectations & Best Practices
- Develop, Implement, and Sustain

2019-20 Budgeted Outlays

- ⓐ Evaluate & Update Compensation and Benefit Plans inclusive of Exempt/Non-Exempt Status
 - ⓐ Evaluate and update Employee Handbook
 - ⓐ Update HR Technology to improve Efficiency within HR
 - ⓐ Implement Learning & Development Program
- ⓐ Develop a communications strategy and marketing program
 - ⓐ Develop and implement a records management plan
 - ⓐ Conduct IT Risk Analysis and vulnerability assessment

- ⓐ Funded by Governmental Funds
- ⓐ Funded by Utility Funds (Fee based)



FAIR OAKS RANCH

Financial Integrity



5-7 Year Mile markers (Goals)

- Budget Process that links with Strategic Action Plan
- Develop a 5-year Forecast
- Develop Risk Inventory and Mitigation Strategies
- Develop Financing Strategies aligned with Service Delivery Expectations
- Ensure Continuity and Excellence of Financial Reporting Reliability

2019-20 Budgeted Outlays

Consulting arrangements for:

ⓐ Revenue Projections

ⓐ Internal Controls Framework

ⓐ Funding Source for Stormwater

ⓐ Impact Fee Studies

ⓐ Internal Controls Audit

ⓐ Financial Mgmt Policy

ⓐ Stormwater Utility cost

Implementation

ⓐ Debt Policy

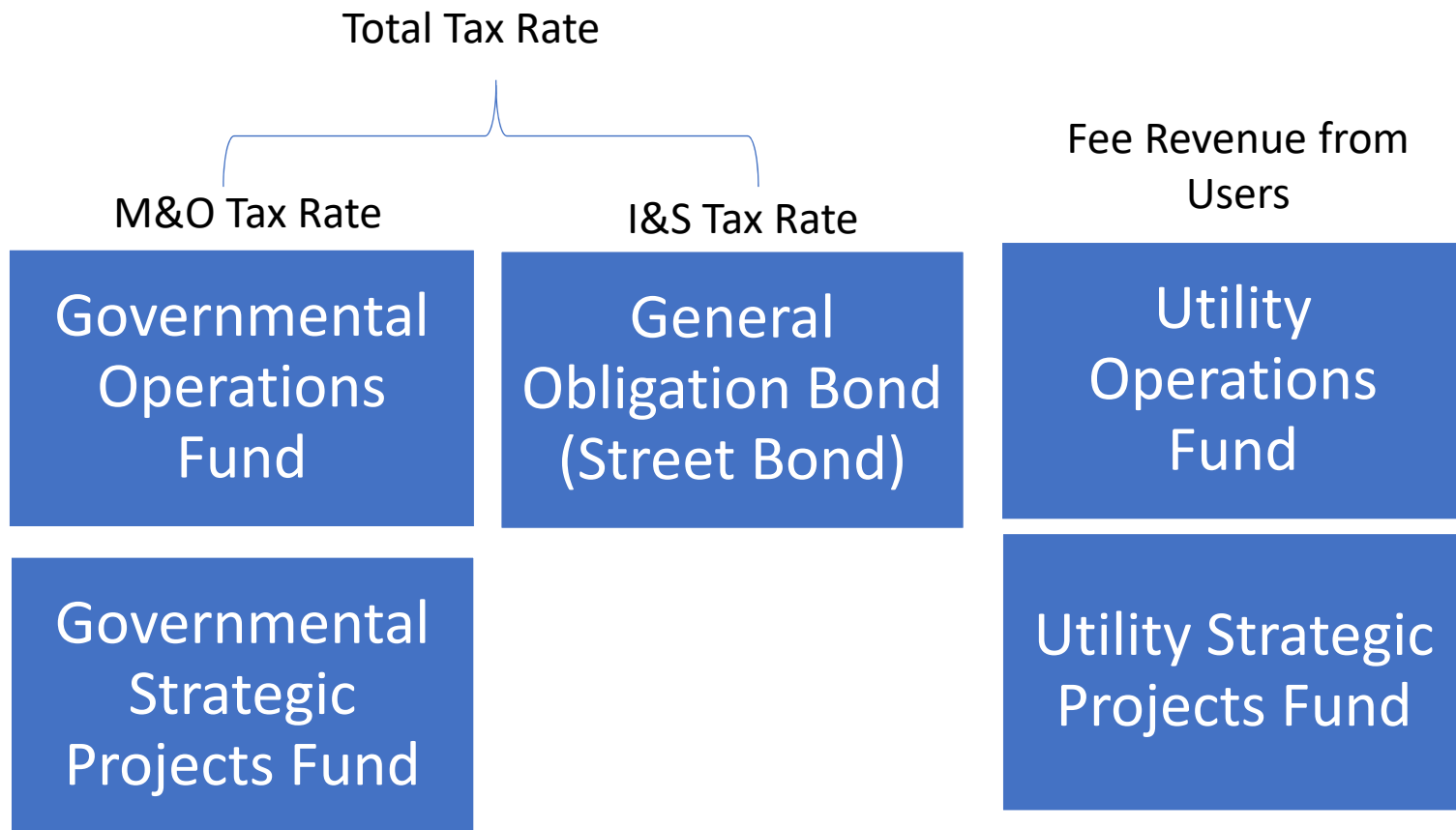
ⓐ Funded by Governmental Funds

ⓐ Funded by Utility Funds (Fee based)



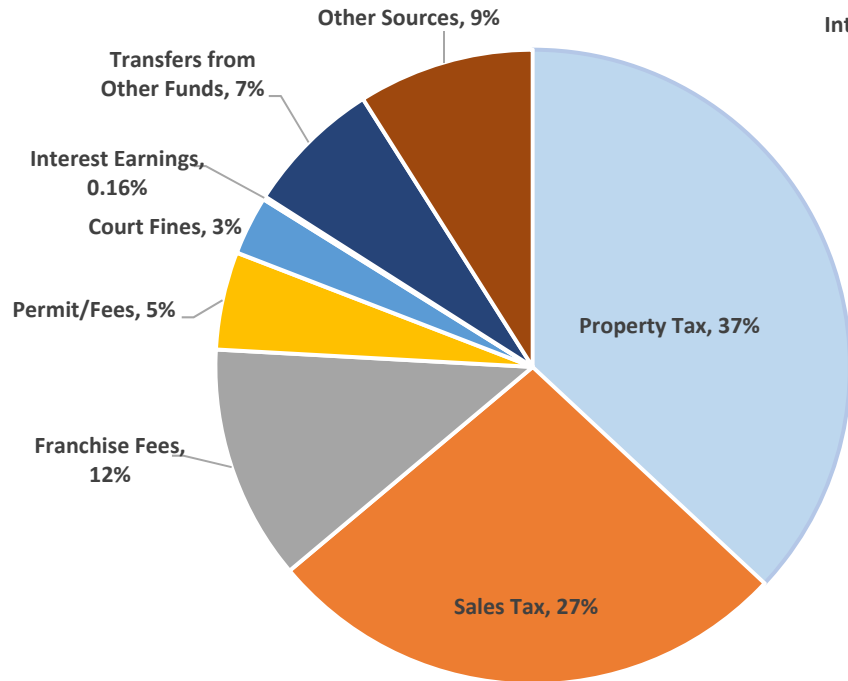
FAIR OAKS RANCH

Budget Components

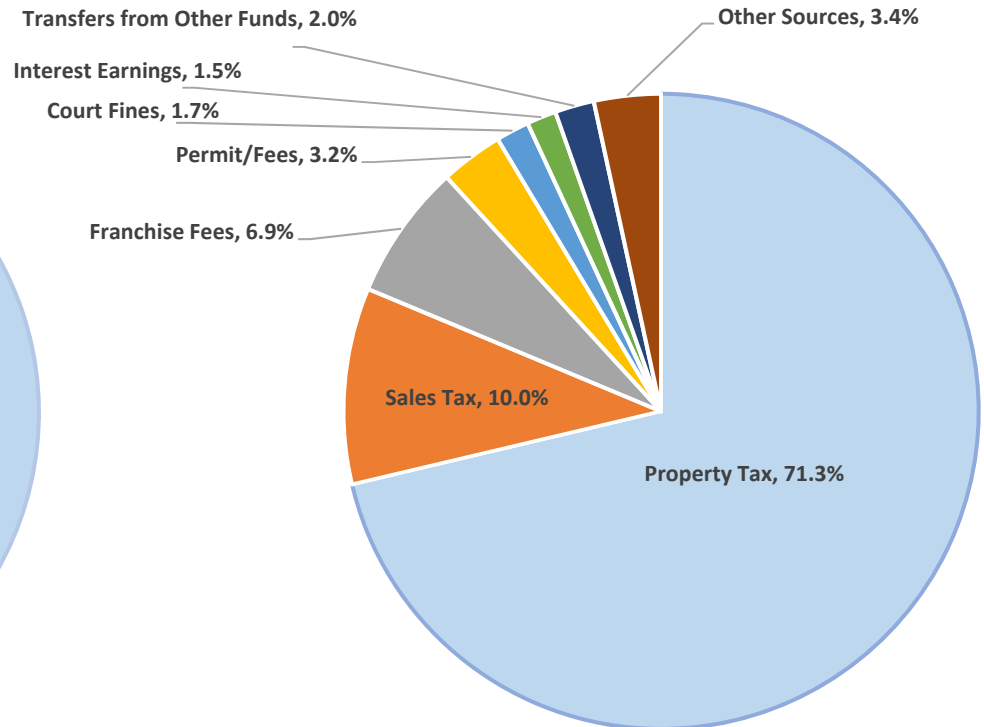


Governmental Fund Revenue Average Texas City vs. Fair Oaks Ranch

Average Texas City



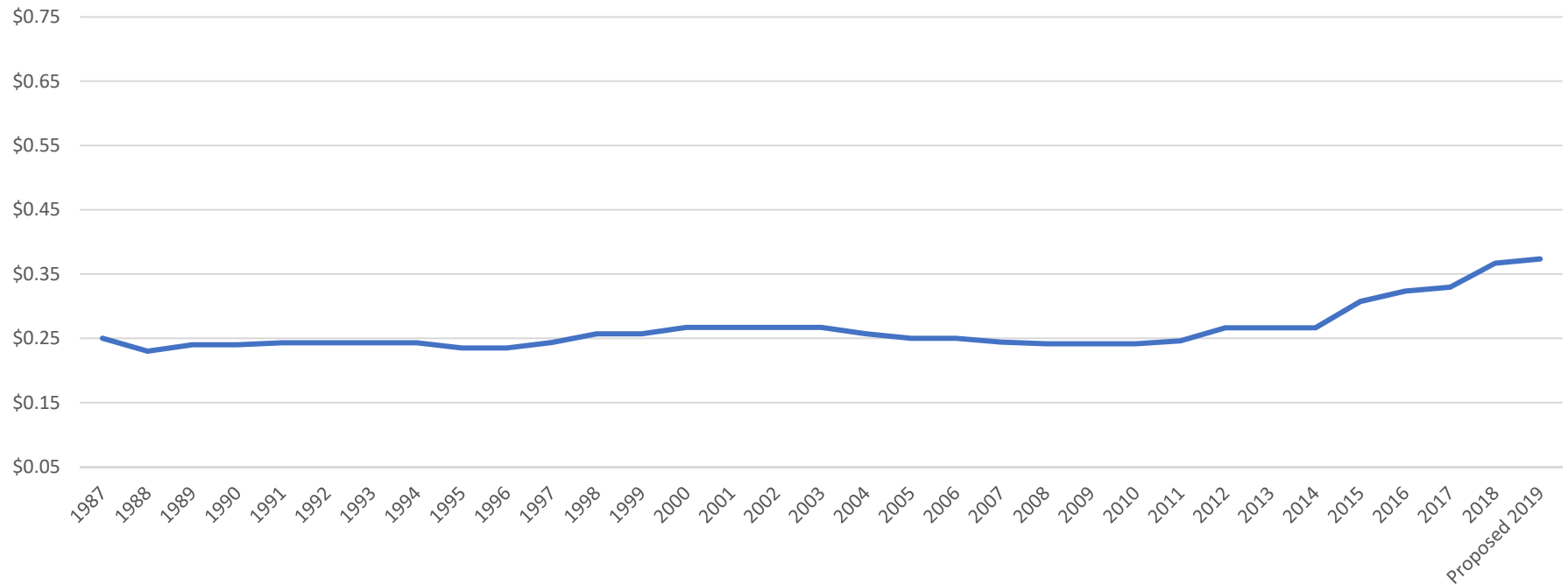
Fair Oaks Ranch



FAIR OAKS RANCH

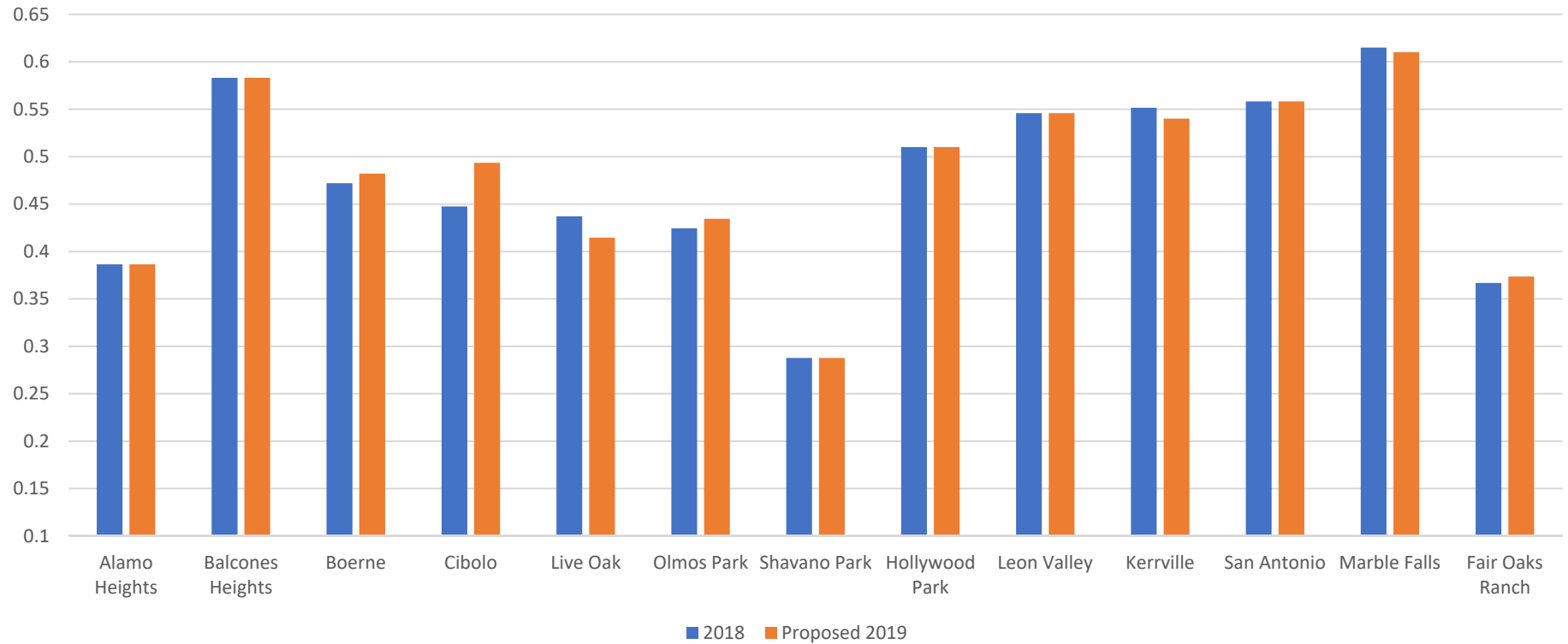


Fair Oaks Ranch Historical Tax Rate



FAIR OAKS RANCH

2018 Actual and 2019 Proposed Property Tax Rates



Tax Increase and Impact

- Current Tax Rate is \$0.3668 per \$100
- Proposed Increase of \$0.0067 per \$100
- New Rate proposed is \$0.3735 per \$100

- Effective Rate \$0.3536
- Rollback Rate \$0.3791

- Average Value of a FOR Home = \$504,541
- Bill on average FOR Home = \$1,846

- 1 cent of tax rate = \$160,597 of tax revenue



Components of Property Tax Revenue Increase

Breakdown of Budgeted Revenue Increase	
Annexations	-
New Properties: Non-Annexations	159,438
Increased Appraisals on Existing Properties	184,117
Tax Rate increase	107,790
	<hr/>
	451,345

* Budgeted Revenue assumes 98% collection Rate



Budget Breakdown for Average Fair Oaks Home

Budget Breakdown for Avg Home	Avg Home Value	Tax Rate	Amount
<i>at 98% collection</i>	\$ 504,541	\$0.3735	\$ 1,847
Debt Service			
Roads and Drainage		\$0.0340	\$ 168
Maintenance & Operations			
Public Safety and Emergency		\$0.1068	\$ 528
Strategic Projects		\$0.0600	\$ 297
Non-Departmental & Shared		\$0.0594	\$ 294
Engineering and Planning		\$0.0253	\$ 125
City Administration		\$0.0194	\$ 96
Maintenance		\$0.0185	\$ 91
Finance		\$0.0133	\$ 66
Building Codes and Permits		\$0.0086	\$ 43
City Secretary		\$0.0079	\$ 39
HR and Communications		\$0.0073	\$ 36
Municipal Court		\$0.0069	\$ 34
Equip Replacement		\$0.0052	\$ 26
Mayor & Council		\$0.0010	\$ 5
Total Tax Bill		<u>\$0.3735</u>	<u>\$ 1,847</u>



Current City of Fair Oaks Ranch Exemptions

CODE	EXEMPTION NAME	Current Exemption Amount	2019 Total	Total Exempt Value Granted
	DP Disability	-	3	-
	DV1 Disabled Veteran 1	5,000	26	193,000
	DV1S Disabled Veteran Surviving Spouse	5,000	7	35,000
	DV2 Disabled Veteran 2	7,500	25	220,500
	DV2S Disabled Veteran 2 Surviving Spouse	7,500	3	22,500
	DV3 Disabled Veteran 3	10,000	45	458,000
	DV4 Disabled Veteran 4	12,000	170	1,368,000
	DV4S Disabled Veteran 4 Surviving Spouse	12,000	24	216,000
	DVHS 100% Disabled Veterans	100%	119	57,751,364
	DVHSS 100% Disabled Veteran Surviving Spouse	100%	8	3,784,122
	EX-XG Barn used for Sheltering Cats		3	4,253,670
	EX-XV Other Exemptions (note a)		44	6,315,160
	EX366 HB 366 Exempt		21	5,651
	HS Homestead	★ 5,000	2842	13,542,500
	LVE Leased Vehicle		16	3,241,190
	OV65 Over 65	★ 20,000	1240	23,796,600
	OV 65S Over 65 Surviving spouse		17	260,000
	PPV Personal Property Vehicle		2	16,800
Total Exemptions			4,615	115,480,057

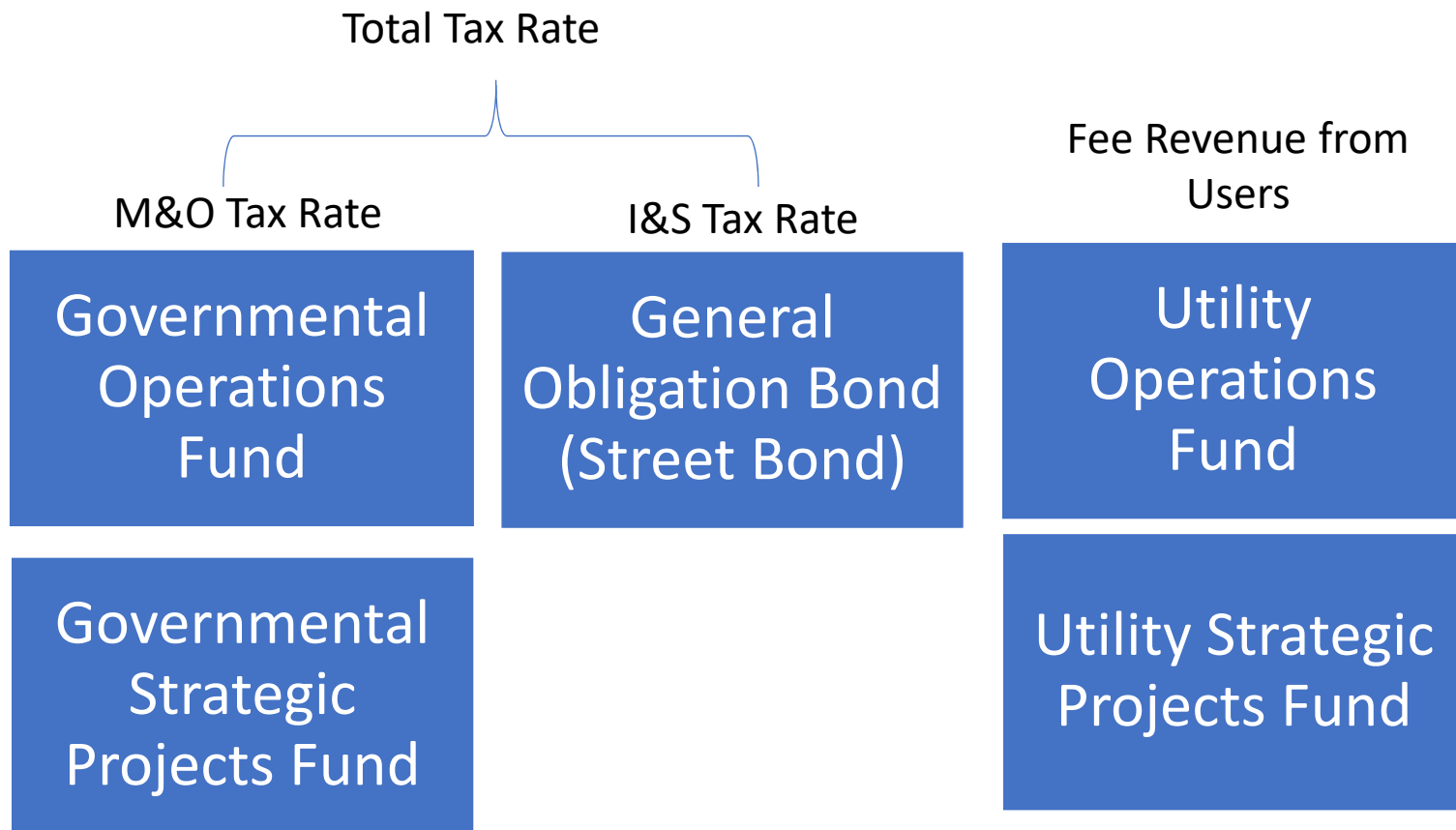
Over 65 represents 27% of properties in the city.



★ Discretionary exemptions not required by law

note a Other Exemptions include public property, religious organizations, charitable organizations and other property not reported elsewhere.

Budget Components



Utility Funds

Consolidated Utility Fund Budget Summary			
	Water	Wastewater	Utility Fund Total
Utility Revenues	3,971,147	1,075,001	5,046,147
Utility Operating Expenses			
Personnel	783,911	644,490	1,428,402
Supplies, Maintenance & Operations	1,760,076	709,223	2,469,300
Services	66,138	1,320	67,458
Debt Service Costs	75,522	14,385	89,907
Total Utility Operating Expenses	2,685,648	1,369,418	4,055,067
Operating Income/(Loss)	1,285,499	(294,417)	991,080
Capital Outlay	1,181,028	298,978	1,480,006
Non Cash Adjustments	(555,580)	171,334	(384,246)
Net Income/(Loss)	660,051	(764,730)	(104,679)



FAIR OAKS RANCH

Governmental Funds

Comparison to Prior Year			
	FY 2018-19	FY 2019-20	Yr over Yr
Supplies, M&O	717,064	644,358	-10%
Services Costs	1,458,410	1,309,064	-10%
Personnel	4,210,327	4,528,863	8%
Capital costs	748,850	216,000	-71%
Transfer revenue in	(621,000)	(154,000)	-75%
Governmental Operations Total	6,513,651	6,544,285	0%
Strategic Action Plan Fund	310,000	1,784,000	475%
Bond Service Fund	557,909	551,940	-1%
TOTAL BUDGET	7,381,560	8,880,225	20%

Summary of New Service offerings

- In lieu of hiring FTE's like most cities, we will utilize 3rd party professionals
 - General Engineering Consultant (GEC) – Project Management and Criticality
 - Storm Water Utility
 - Internal Controls
 - Planning and Community Development
 - FM 3351 Owner's Representative
 - Debt/Financial Mgmt. and Accounting Cost Center start-up
 - Road Condition Analysis
 - Fire and Police service utilization and staffing study
 - IT Risk Analysis and Vulnerability Assessment
- Implementation of Municipal Separate Storm Sewer System (MS4) mandates
- Implementation of a professional procurement program
- In-house project Management of:
 - New 9 k gal Hydro pneumatic Water Tank
 - Elevated Storage Tank
 - Solids Handling Improvements
 - Regional Wastewater Treatment Considerations
 - Repurpose of former police building and city hall
 - Development of a communications strategy and marketing program
 - Development of a records management plan
- Judicial Administration Enhancements (municipal court)
- No new FTE's but complete FY funding for all 74 FTE's

QUESTIONS?

