

City of Waco

Budget-in-Brief

For the year beginning October 1, 2014



**2014-15
Annual Operating and
Capital Budget**

Elected Officials and Management Staff

Elected Officials

Malcolm P. Duncan, Jr.

Mayor

Mayor Pro Tem Kyle Deaver

Council Member Wilbert Austin

Council Member Alice Rodriguez

Council Member John Kinnaird

Council Member Toni Herbert

Management Staff

City Manager	Dale Fisseler, P.E.	Housing Director	Jeff Wall
City Attorney	Jennifer Richie	Human Resources Director	Gary Johnson
City Secretary	Patricia W. Ervin	Information Technology Director	James Brown
Municipal Court Judge	Chris Taylor	Library Director	Unfilled
Assistant City Manager	George Johnson, Jr.	Municipal Information Director	Larry Holze
Assistant City Manager	Wiley Stem, III	Parks and Recreation Director	Rusty Black
Assistant City Manager	Jack Harper, II	Planning Director	Clint Peters
Airport Director	Joel Martinez	Police Chief	Brent Stroman
Budget Manager	June Skerik	Public Works Director	Octavio Garza
Building Official	Randall Childers	Ranger Hall of Fame Director	Byron Johnson
Convention & Visitors' Director	Elizabeth Taylor	Transit Manager	John Hendrickson
Finance Director	Janice Andrews	Utilities Director	Joseph Bernosky
Fire Chief	John Johnston	Cameron Park Zoo Director	Jim Fleshman
Health Director	Sherry Williams		

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CITY OF WACO
Citizens

Mayor & City Council
Policy

Mayor Malcolm P. Duncan, Jr.
Mayor Pro Tem Kyle Deaver
Wilbert Austin, Alice Rodriguez, John
Kinnaird, Toni Herbert

City Attorney

Jennifer Richie

City Manager

Dale A. Fisseler, P.E.
City Manager
General Administration
Internal Audit
Municipal Information

City Secretary

Patricia W. Ervin

**Municipal
Court Judge**

Chris Taylor

Jack Harper, II
Assistant City Manager

Budget
Finance
Inspection/
Code Enforcement
Planning
Public Works
Engineering/GIS
Traffic
Streets

Wiley Stem, III
Assistant City Manager

Animal Services
Fire
Information Technology
Parks & Recreation/Golf Course
Police
Purchasing / Fleet / Facilities
Solid Waste
Texas Ranger Museum
Water Utilities

George Johnson, Jr.
Assistant City Manager

Cameron Park Zoo
Convention & Visitors'
Services
Economic Development
Health
Housing
Human Resources
Library
Waco Regional Airport
Waco Transit



October 1, 2014

To The Citizens of Waco:

It is my privilege as your City Manager to present a Budget-in-Brief of our recently adopted fiscal year 2014-15 Budget. Our budget is the product of a great deal of reflection, coordination, and discussion. The budget is the major annual planning effort because it funds the many excellent services that we provide.

The City of Waco is committed to the efficient delivery of quality products and services to its citizens. This commitment is the foundation behind policy decisions and priorities that ensure constructive and well-formulated strategic plans for the growth of our city. This budget continues to focus on citizens' interests expressed through goals established by the Council.

Our objectives in preparing this budget were:

- Meet the Council's stated Goals
- Adequate funding to ensure quality customer service to our citizens at all levels of our organization
- Promote a safe and positive environment to improve the culture and quality of life for our citizens
- Maintain fund balances by the end of FY 2014-15 that meet our stated financial policies

Though we are faced with a number of challenges, the staff is committed to help make the City of Waco a wonderful place to live.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dale A. Fisseler'.

Dale A. Fisseler, P.E.
City Manager

City of Waco Values and Goals

Values

Equal Access to All Services and Benefits

Customer/Regulation Friendly in all Actions and Interactions by the City of Waco

Think and Act Systemically to Build a Healthy Community

Goals

Strategic Intent I

High Quality Economical City Services and Facilities

Strategic Intent II

Aggressively Competitive Economic and Community Development

Strategic Intent III

Safe, Environmentally Sound, Pedestrian Friendly Community

Strategic Intent IV

Improved Housing Options, Opportunities, and Conditions

Strategic Intent V

Enviably Culture and Quality of Life

Strategic Intent VI

Effective Policy and Administration

Strategic Intent VII

Market Waco Internally and Externally

2014-15 Budget Highlights

Total Operating Budget

The adopted 2014-15 operating budget is \$211,386,008 an increase of 4.2% compared to the 2013-14 adopted operating budget of \$202,877,913. Major funding items include:

- A 2.0% salary increase for all regular full and part time employees
- \$1,250,000 for the Economic Incentive Fund
- \$20,765,840 for Fire Services
- \$32,879,304 for Police Services
- \$40,155,199 for Water Services
- \$21,231,341 for Wastewater Services
- \$16,141,842 for Solid Waste Services
- \$12,296,946 for Employee Health Insurance Services

The City of Waco is committed to the efficient delivery of quality services to its citizens. This commitment is the foundation behind policy decisions and priorities that ensures constructive and well-formulated plans for the growth of our City. We are committed to a balanced budget that provides the desired services our citizens expect while at the same time continuing our economic development efforts throughout the city. The state of the economy is always a driving force that dictates most of the challenges we face each year when starting the budget process. Our current fiscal condition is stable due primarily to improvements in several revenue sources and careful management of expenditures. However, the uncertainty about funding levels from some of our existing federal and state grants; ever increasing expenses, especially health insurance; employee compensation; staffing needs due to expanded operations and departmental capital needs were areas of consideration.

A major challenge again this year was funding health insurance. Claims for this year are projected to be within budget, but our analysis of future costs predicts a 3% to 8% increase in medical and prescription claims. To fund the projected shortfall, dependent premiums for active employees are increasing. These steps, along with new and continued wellness program initiatives, should stabilize the costs of this important employee benefit.

Another major challenge was prioritizing the current and future capital needs of the City. Each year, these needs continue to grow as the City's infrastructure ages and services expand in order to serve economic development goals. Beginning in fiscal year 2011-12, the City incorporated initiatives to fund capital needs with cash rather than bond proceeds. While these initiatives will ultimately result in interest savings and money being readily available for anticipated significant capital spending, pressure is placed on current revenues to meet both current and future needs, which were previously funded by debt. The Capital Improvements Program (CIP) includes continued improvements for streets, building renovations, fire, water and wastewater as we provide for the future needs of our citizens. The initiative of funding capital programs in operations that are normally bonded is continued with the long-term goal of totally funding the CIP with cash.

2014-15 Budget Highlights

Salary and Wage Increases

For FY 2014-15, we are recommending a salary package with a 2% pay adjustment for all employees. Civil service employees will also receive a job class step increase, if eligible. Salary is only one aspect of compensation. Employee benefits include health insurance, longevity pay, disability coverage, life insurance and a 2 to 1 match for the Texas Municipal Retirement System (TMRS). The full TMRS contribution rate required for 2015 decreased slightly from the 2014 rate. Cost-of-living adjustments for retirees are considered on an ad hoc basis. Our funded ratio decreased slightly due to changes made by TMRS and is currently 85.0% while the unfunded liability also increased to \$61.6 million.

Total Employee Positions

Departments continually evaluate their staffing needs as positions become vacant during the year, review positions that have been vacant for a considerable amount of time and assess operations for efficiencies in the workforce. As a result, positions have been eliminated during the year. This budget reflects a net increase of 13.5 full time equivalent positions over last year's budget even though a total of approximately 21 employees were added. Most of these employees were added in the vital Public Safety functions of Fire and Police. We will continue to do the things that get the citizens better customer service and quality city services in a proactive manner.

General Fund

The General Fund revenue budget of \$110,929,866 is based on an increase in revenues of 7.3% over last year's adopted budget, due mainly to the increase from ad valorem taxes, sales taxes and court fines. No tax rate adjustment is included for FY 2014-15. Most of the additional revenues provide for salary and benefit adjustments, increased funding of operational activities, increased funding of capital projects with cash and additional staffing in Public Safety and Animal Shelter.

General Fund Revenues

The General Fund is balanced principally through the following factors:

Growth in net property tax assessments –New construction and increased valuations contributed to the proposed 6.77% growth in the property tax base. New construction assessments are proposed at a healthy increase of \$141 million for FY 2014-15, but is somewhat offset by a \$101 million increase in exemptions.

Sales Taxes – The volatility of retail sales makes it challenging to project this revenue with any certainty. In a normal year, sales tax revenues are expected to be at least slightly higher than the previous year and be a fundamental source for balancing the budget. We are expecting to end the current year significantly over budget. The trend for sales tax receipts has been steady for the last three years, which we believe is due to good employment numbers and new development in our City over the past few years. This revenue is extremely volatile and is affected by so many factors over which we have no control. Our preference is to be conservative in this area of the budget and use any excess receipts for one-time purchases towards the end of the fiscal year. In keeping with that philosophy and expectations of the current trend continuing, we are proposing sales tax to increase 8% over last year's adopted budget.

2014-15 Budget Highlights

General Fund Expenditures

The largest increase in General Fund expenditures is for the initiative to decrease the City's debt by using cash for capital projects that previously would have been funded with debt. Although there are few additions included for FY 2014-15, the major changes in the General Fund are:

Salary adjustment – \$1.3 million

Increased cash funding for capital needs – \$3.4 million

Staff changes for Fire – \$585,000

Increased funds for additional dispatchers in Police – \$371,000

Added funds for Capital Equipment Replacement Fund – \$100,000

Added funds to bring minimum salary to \$9.55 per hour – \$67,000

Added funds to replace loss of grant funding in Housing, Inspections and Police – \$253,000

Added replacement equipment for Police and Fire – \$50,000

Increase in appraisal district services expense – \$120,000

Fee Revenues

Most revenues have remained relatively flat for a number of years. This trend is changing and we are experiencing gradual growth in a number of areas. We are optimistic about the trend continuing and have reflected that in the proposed revenues. User fees were reviewed and subsequently revised, added or deleted for Cameron Park Zoo, Fire, Health, Parks and Recreation, Planning, Solid Waste, Texas Ranger Hall of Fame & Museum, Water, and Wastewater. All utility service rates and Solid Waste service rates will remain the same as the current year.

Utility Rates

No service rate increase is necessary for water or wastewater customers for FY 2014-15. Residential, commercial, and industrial water and wastewater customers have only had one rate increase in the last seven years.

Solid Waste residential, commercial, and roll-off rates will remain the same for FY 2014-15. The landfill charge for non-citizens and self-hauling entities was increased.

Capital Improvements Program

The adopted FY2014-15 C I P (Capital Improvements Program) is \$18,953,000 for General Government and Street/Sidewalk Improvements, Wastewater Improvements and Water Improvements.

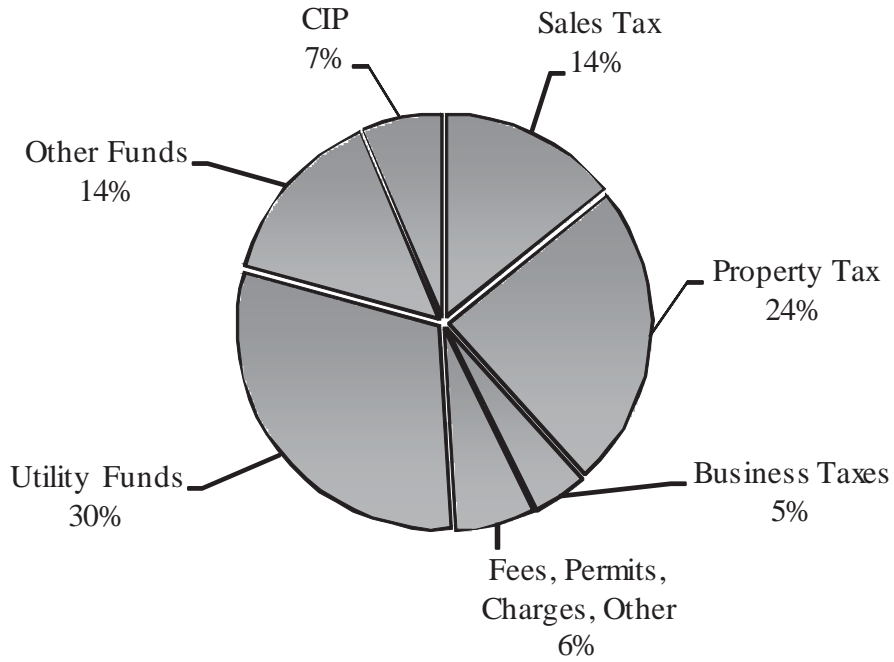
**Revenue Summary
2014-15**

	Adopted	Percent Total
Sales Tax	31,918,686	14.14%
Property Tax	54,545,294	24.16%
Business Taxes	9,969,325	4.42%
Permits, Fines & Charges	4,689,104	2.08%
Utility Funds	68,372,092	30.28%
Other Funds	32,385,235	14.34%
Interest on Investments	263,870	0.12%
Miscellaneous	3,261,408	1.44%
Intergovernmental	5,355,942	2.36%
Transfer from Surplus	625,052	0.28%
Total Operating Revenues	211,386,008	93.62%
Capital Improvements Program	14,415,249	6.38%
Total Revenues	225,801,257	100.00%

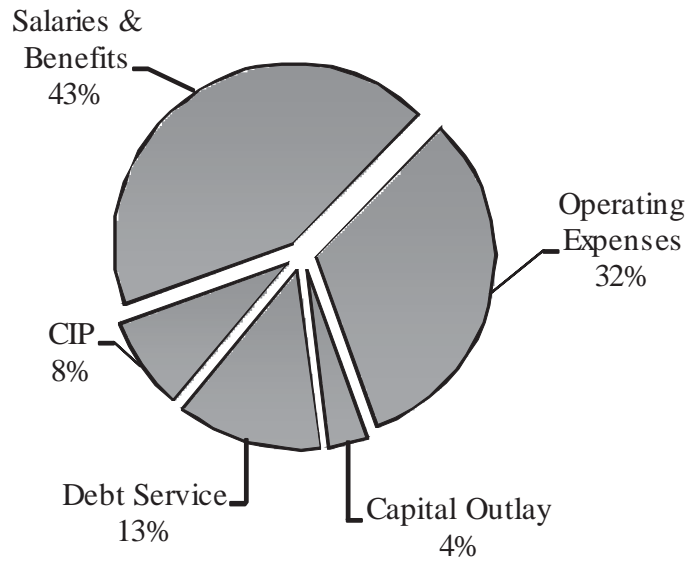
**Expenditure Summary
2014-15**

	Adopted	Percent Total
Salaries & Benefits	96,675,491	42.82%
Services & Supplies	50,647,912	22.43%
Other Expenses	17,564,428	7.79%
Contracts with Others/Contributions	3,411,784	1.51%
Transfers & Billings	845,000	0.37%
Capital Outlay	8,160,941	3.61%
Debt Service	29,542,701	13.08%
Total Operating Budget	206,848,257	91.61%
Capital Improvements Program	18,953,000	8.39%
Total Expenditures	225,801,257	100.00%

Revenue Summary



Expenditure Summary



General Fund

The General Fund is the largest of all City funds and the fund that attracts the most public attention and interest, because of its two major revenue sources – sales tax and property (ad valorem) tax. The following chart illustrates the value citizens get from the \$110+ million General Fund for their property tax dollars.

Cost of City Services
(\$0.776232/100 Valuation)

Based on an average home value of \$125,952 with a homestead exemption of \$14,462 a household pays \$865.42 in city taxes for the year, or \$72.12 per month, to support these city services:

- 24 hour Police Protection
- 24 hour Fire Protection
- Maintenance of 600 miles of paved and unpaved public streets
- Traffic signals and street lighting
- Four library facilities and services which circulates books, video & audio tapes
- 1,500 acres of developed Parks
- Park facilities including softball fields
- Recreational facilities & activities including jogging tracks and skate parks
- Animal Control and Animal Shelter services
- Building Inspections & permitting services
- Code Enforcement Services
- Emergency & Disaster Management
- Municipal Court
- Economic Development
- Partial subsidies for:
 - Public Health Services
 - Cameron Park Zoo

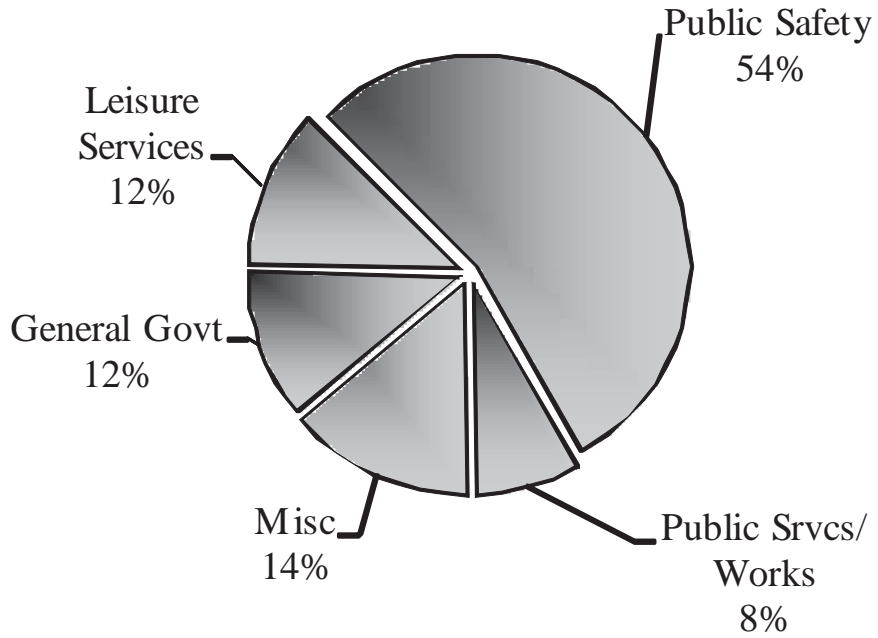
In comparison, the cost of:

- Preferred Cable TV is \$49.65 99 plus tax per month.
- The average cost for electricity is \$96.28 / 1000 kwh per month.
- An average Natural Gas bill was \$49.65 per month for the year ending July 2014.
- One night at the movies for a family of four with soft drinks and popcorn is \$40 - \$50.

Information provided by Grande Communications, powertochoose.org, Atmos Energy, Starplex Cinema and McLennan County Central Appraisal District.

General Fund by Function

General Govt	12,718,321
Leisure Services	13,419,451
Public Safety	60,251,171
Public Srvcs/ Works	8,836,903
Misc	15,704,020
Total	<u>110,929,866</u>



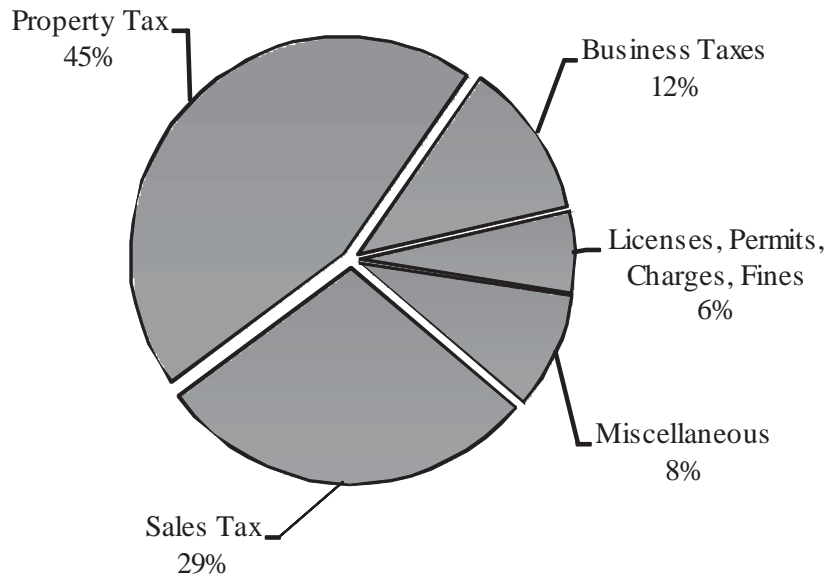
**General Fund Revenue Summary
2014-15**

	Adopted	Percent Total
Sales Tax	31,918,686	28.78%
Property Tax	49,718,041	44.82%
Business Taxes	13,015,235	11.73%
Licenses & Permits	944,951	0.85%
Intergovernmental	1,580,878	1.43%
Charges for Services	1,886,928	1.70%
Fines	2,266,934	2.04%
Interest on Investments	75,000	0.07%
Miscellaneous	9,386,182	8.46%
Other Financing Sources	137,031	0.12%
Total General Fund Revenues	110,929,866	100.00%

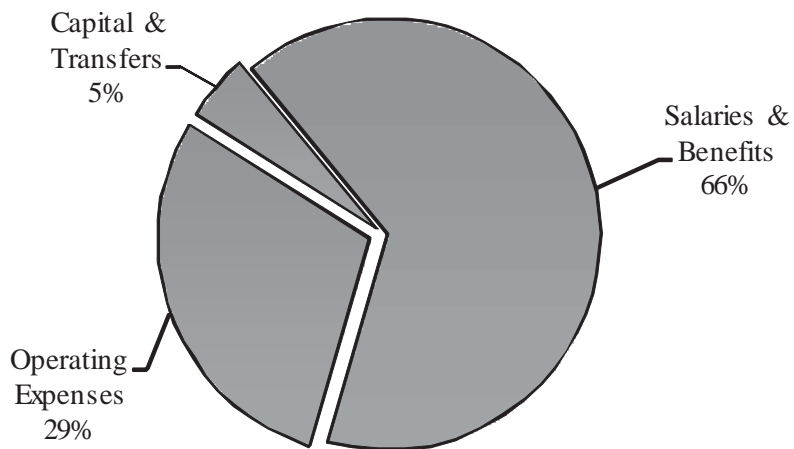
**General Fund Expenditure Summary
2014-15**

	Adopted	Percent Total
Salaries & Benefits	72,954,271	65.77%
Services & Supplies	19,091,347	17.21%
Other Expenses	1,489,902	1.34%
Contracts with Others/Contributions	11,843,147	10.68%
Transfers & Billings	2,660,920	2.40%
Capital Outlay	2,890,279	2.60%
Total General Fund Expenditures	110,929,866	100.00%

General Fund Revenues



General Fund Expenditures



**Funds Summary
2014-15**

General Fund	110,929,866
Special Revenue Funds	
Health Fund	4,028,275
Abandoned Motor Vehicles	220,000
Public Improvement District #1	976,502
Street Reconstruction Fund	3,887,972
Enterprise Funds	
Ranger Hall of Fame Fund	1,354,003
Waco Regional Airport Fund	1,410,139
Convention Center & Visitors' Fund	3,926,878
Cameron Park Zoo Fund	3,647,635
Cottonwood Creek Golf Course	1,939,363
Waco Transit Fund	6,288,383
Utility Funds	
Water Fund	40,155,199
Wastewater Fund	21,231,341
Solid Waste Fund	16,141,842
WMARRS Fund	7,126,815
Internal Service Funds	
Risk Management Fund	3,760,034
Engineering Fund	2,047,701
Fleet Services Fund	1,800,884
Health Insurance Fund	12,296,946
Capital Improvement Fund	18,953,000
Less Interfund Transfers	(36,321,521)
Total Fund Summary	\$225,801,257

Capital Improvements Program
Planned Expenditure Summary by Function
2014-15

Airport	225,000
City Manager's Office	17,500
Facilities	355,000
Fire	1,000,000
Fleet Services	350,000
Total General Government	1,947,500
Street Improvements	2,627,500
Wastewater Improvements	6,231,000
Water Improvements	8,147,000
Total C I P	18,953,000

**Personnel Summary
By Department (Full Time Equivalents)**

	2013-14	2014-15		2013-14	2014-15
General Fund			Health Fund (cont)		
City Managers Office	13.00	13.00	Public Health Nursing	10.50	10.50
Animal Shelter	12.00	13.50	S T D Services	5.39	5.39
City Secretary	6.00	6.00	HIV/AIDS	2.25	2.25
Finance	15.50	15.50			
Purchasing	6.00	6.00	Enterprise Funds		
Information Technology	15.00	15.00	Street Reconstruct Fund	30.00	30.00
Legal Services	11.00	10.00	Ranger Hall of Fame Fund	15.50	15.50
Municipal Court	15.00	15.00	Airport Fund	13.77	13.77
Planning Services	6.95	7.95	Convention Fund	33.20	35.70
Human Resources	9.48	10.00	Cameron Park Zoo Fund	51.11	51.11
Inspection Services	20.52	20.72	Cottonwood Creek Golf	15.96	13.00
Streets & Drainage	29.00	29.00			
Traffic Services	22.00	22.00	Utilities		
Emergency Management	5.50	6.00	Water Office	24.25	24.25
Fire	202.00	206.00	Water Distribution	32.75	31.75
Police	338.45	347.73	Water Treatment	38.25	38.25
Library	44.45	44.45	Utilities Laboratory	13.00	13.00
Municipal Information	9.00	9.00	Meter Shop	18.00	18.00
Housing Services	1.91	2.60	Wastewater Collection	38.75	38.75
Facilities	35.80	35.80	Environmental Services	7.00	7.00
Parks and Recreation	141.00	141.00	WMARRS	26.00	27.00
			Solid Waste Services	99.00	96.00
Total General Fund	959.56	976.25			
			Internal Service Funds		
Health Fund			Risk Management	7.00	7.00
Health Administration	9.50	9.50	Engineering	24.00	24.00
Environmental Health	1.75	1.75	Fleet Services	25.00	27.00
OSSF	4.25	4.25	Health Insurance	1.00	1.00
			Grant Funds	69.81	68.09
			Total All Funds	1,576.55	1,590.06

Where to Go For Additional Information

This document, produced by the City of Waco Budget Office, is designed to provide summary information from the City’s 2014-2015 adopted budget. More detailed information on the contents of this book can be found in the 2014-2015 Budget. The Budget, as well as additional information about the City of Waco, can be found on the City’s Web Site, <http://www.waco-texas.com>.

To Find Information on These Topics	Look in the Budget Document or on The City’s Web Site
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Financial Policies	Financial Management Policy Statements
Taxes, Revenues & Expenditures	City Manager’s Letter Budget Message Tax Structure Budget Summaries
Program Changes Including New Programs, Additional Funding	City Manager’s Letter Budget Message Individual Department Summaries
Staffing and Organizational Structure and Changes	Organization Chart Budget Message Personnel Summary Individual Department Summaries
Departmental Plans	Budget Message Individual Department Summaries
Debt Schedule	Debt Service Section
Capital Projects	Capital Improvements Program Section
Glossary of Terms	Appendix A
Fees	Appendix B - Fee Schedule

If you have any other questions about city services
Call Waco Central
(254) 299-CITY (2489)

Or contact the Budget Office at (254) 750-5694
City of Waco
Budget Office
Post Office Box 2570
Waco, TX 76702-2570
<http://waco-texas.com>