

CITY OF WACO

2023-2024 Fiscal Year Budget In Brief

A MESSAGE FROM THE CITY MANAGER

Dear Waco Residents,

I am pleased to present this “Budget in Brief,” a summary of the formal budget for the 2024 fiscal year which begins on October 1, 2023. The City’s “business” or fiscal year runs from October 1st to September 30th each year.

I want to thank the City Council for their continued support and leadership. Your City Council is unwavering in their commitment to providing best in class municipal services. In a volatile and historically inflationary year, Council and staff have worked together to formulate a budget that delivers on key City services and capital projects while seeking to limit impacts to Waco resident City tax and utility bills.

Of course, none of these services could have been provided without the amazing work and excellent services City staff give to this city. It is important to highlight that, without our City employees, the development of this budget and the operations of this City would not be possible. Their tireless efforts allow our City to thrive. I want to thank every employee for all their hard work and their willingness to operate as a team. It is their commitment that makes Waco a great place to live and do business.

The City Council has established seven strategic goals for the City of Waco to help guide the City into the future. The 2024 fiscal year budget is built upon those strategic goals illustrated below.



These goals illuminate paths forward toward realization of the City Council’s vision for Waco:

Our home, where everyone belongs and thrives while moving forward together.

The City Council and staff worked together to include in the Fiscal Year 2024 budget several specific program enhancements to propel the City forward toward realization of the City's strategic goals.

Enhancements include:

Provide a Safe & Resilient City

- \$6.2 million to relocate Fire Station 4
- \$3.7 million for replacement fire apparatus
- Continued staffing increases for Fire Station #15 and increased staffing for backfilling at other stations, which includes 11 new Firefighters.

BUDGET FACT: The City collects less in property taxes (\$90.0 million) than the combined costs to run the Police (\$60.5 million) and Fire (\$36.1 million) departments.



- \$1.64 million Response Improvement Package for Police Services, which includes 3 new Police Officers.

Facilitate Economic Development

- \$4 million for Economic Development Incentives through the Waco/McLennan County Economic Development Corporation (WMCEDC).
- \$18.6 million for the new pavilion parking garage, which is part of a larger overall economic development master plan for the downtown area.
- Increased funding to \$1.4 million for economic development support organizations.

Create a Culture of Equity & Inclusion

- Added additional language options for bilingual pay.
- Kept employee health premiums the same, while improving benefits.
- Reduced water rates for residential customers using 8,000 gallons or less a month.
- Added a 30% recurring TMRS COLA for retired former city employees.

Enhance Quality of Life

- \$45.3 million for park development:
 - \$3 million for China Spring Park
 - \$12.5 million for Floyd Casey redevelopment
 - \$4 million for the Metropolitan Trails Program
 - \$25.2 million for the Riverwalk redevelopment
 - \$0.6 million for the Lake Brazos Park
- Added a Beautification program, with two new positions, totaling nearly \$600,000.
- Added one new position to the Office of Neighborhood Engagement to support our neighborhoods.
- 4 new zookeeper positions for the new penguin shores exhibit.



Build a High Performing Government

- A general salary increase of 5% for all employees and market adjustments for Police and Fire and several other positions.
- Reduced mental health copays for employees and expanded mental health benefit offerings.

Improve Infrastructure

- Plans to fund \$272.2 million in capital improvements across the City including in the City's water, sewer, drainage, streets, bridges, and parks systems. This includes \$26.6 million for new street capacity improvements for high growth areas.

These initiatives represent staff's continued effort to make the City Council's vision and strategic goals for Waco a reality. I am excited to implement these new initiatives on the City Council's behalf, and I share their excitement that these initiatives are being funded with a half of a cent (\$0.005) reduction to the City's property tax rate—the third annual reduction in the tax rate, following last year's reduction of nearly three quarters of a cent. The City's property tax rate is now \$0.755000 per \$100 of assessed valuation.

The fiscal year 2024 budget includes fee increases that will keep us on pace to ensure that the burden for cost increases does not fall on tax payers alone- customers will pay their share of cost increases for special events, development, and other discretionary recreational activities like the Cameron Park Zoo, Golf, Texas Ranger Hall of Fame, and others. Water fees will follow a rate structure that rewards water conservation and continues the process of more equitable billing: 77% of single-family residential customers will see no change in their water fees. Solid Waste residential rates increase from \$17.70 to \$19.11, and the municipal drainage fee will increase from \$5.51 to \$6.30 per equivalent residential unit (ERU), in line with the originally adopted fee schedule for the new municipal drainage utility. A comprehensive list of all changes is provided in the Fee Schedule, an appendix to the budget.

Based on the priorities addressed, identified, and discussed above, the FY24 budget totals \$856.1 million. Of the total, \$512.5 million is for operating expenses and \$343.6 million is for capital projects and debt service. The FY24 adopted budget has been developed in keeping with the Council's priorities for Waco.

I encourage you to read through this “Budget in Brief” to learn about the key elements of our FY24 Budget. Should you wish to view the entire budget, you may find it on our website. If you’d like additional information, please reach out to our Office of Management and Budget. On behalf of the more than 1,800 employees at the City of Waco, thank you for the opportunity to serve the great residents of Waco.

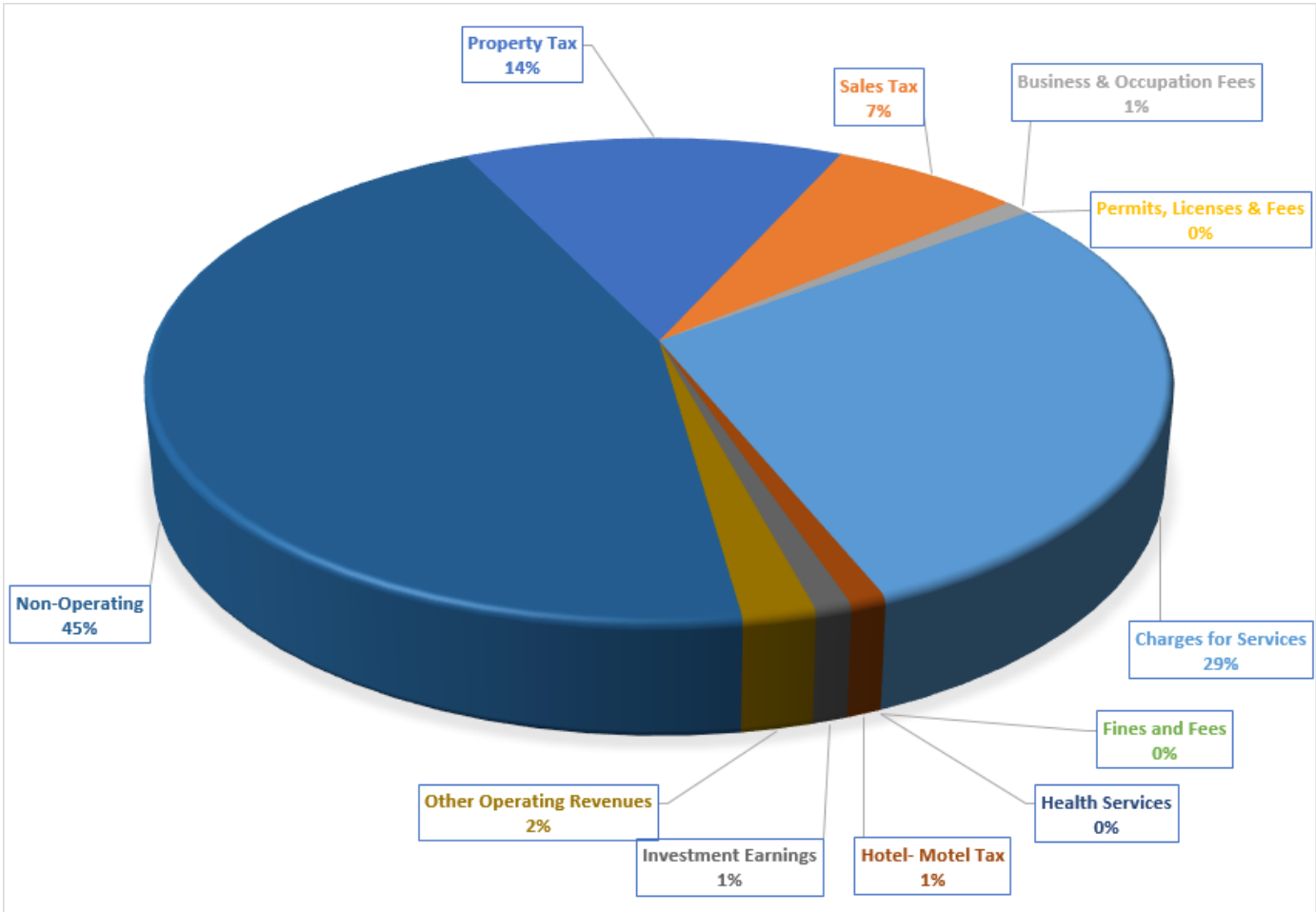
Respectfully,

A handwritten signature in black ink, appearing to read 'BF', is positioned above the printed name.

BRADLEY FORD
CITY MANAGER

MAJOR REVENUE OVERVIEW: CITY WIDE

The City of Waco’s revenue stream for FY24 is illustrated in the graph below.

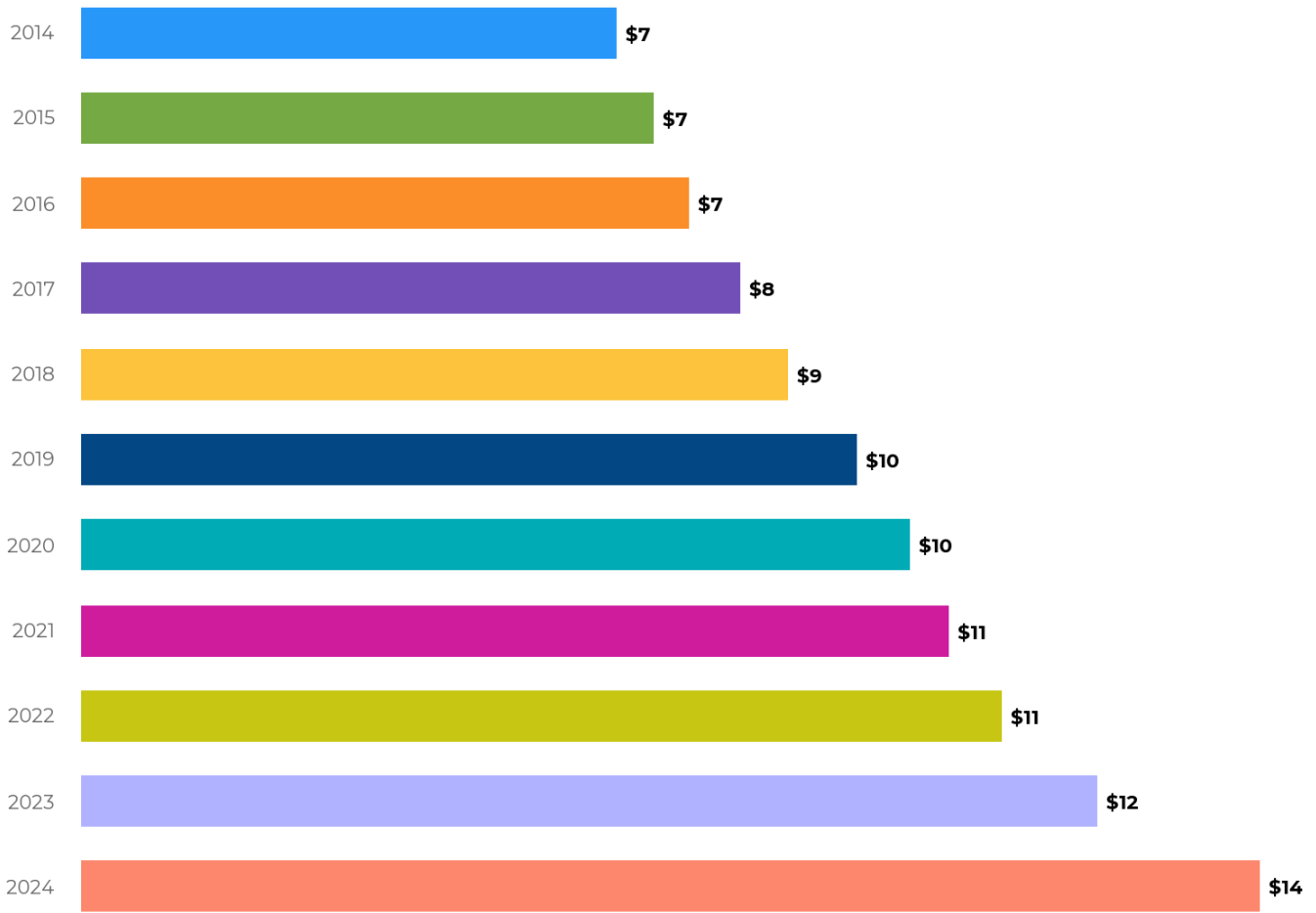


PROPERTY TAXES

Property taxes include the current year’s levy, prior year levies/penalties, and interest collected on payment of delinquent taxes. The tax rate of \$ 0.755000 per hundred dollars of valuation includes \$0.140591 for debt service.

The Property Tax Rate decreased \$0.005 from the prior year. This is the third consecutive year to have a decrease in the property tax rate. Annexations and increased property values have contributed to the steady increase in property taxes over the past five years.

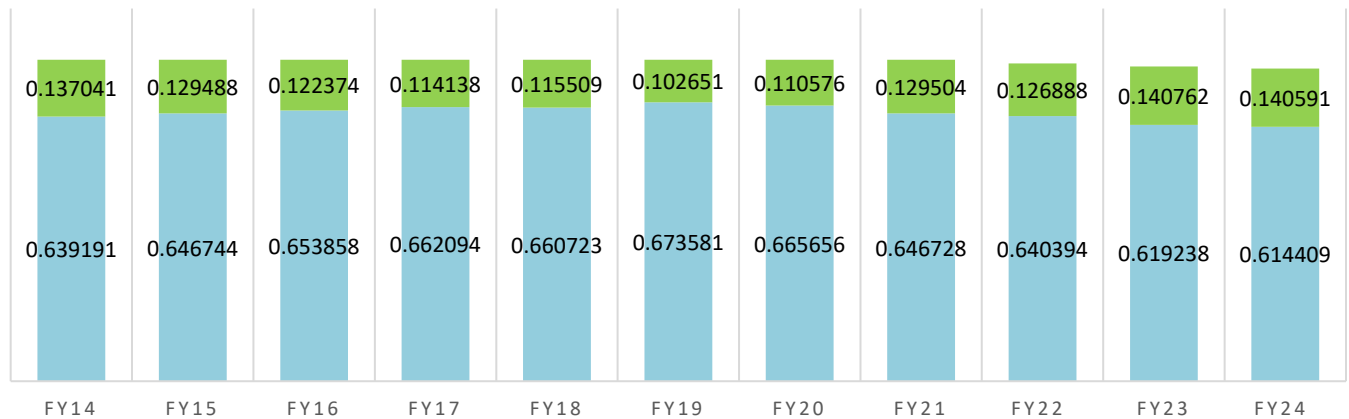
Assessed Value (in billions)



Dollars (\$)

CITY OF WACO TAX RATES: FY14-FY24

Maintenance and Operations Rate Debt Rate



Property taxes fund both operations in the general fund as well as debt service payments for large capital projects like road construction, parks, and fire stations.

Hotel Occupancy Tax

The largest revenue source for Convention Services is the hotel/motel taxes. In FY24, we are projecting continued growth in tourism as travel continues the rebound experienced during FY22 and FY23.

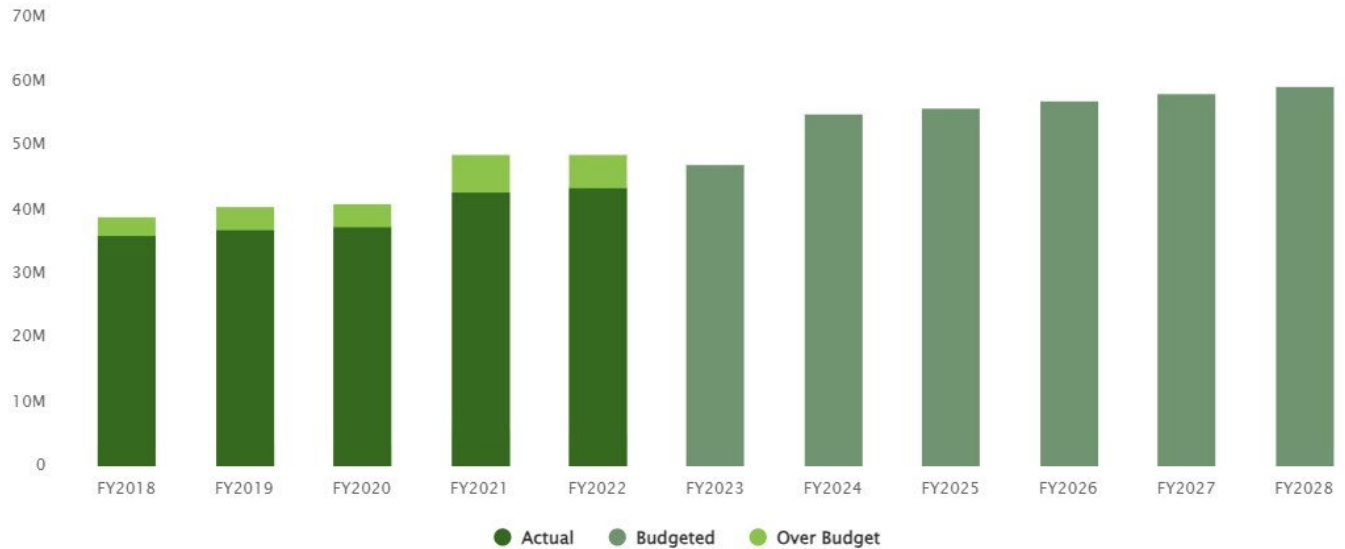


SALES TAX

The City receives one and one-half percent sales tax on all retail sales, leases and rentals of most goods. Sales tax is budgeted at \$55.1 million. This amount is \$8M more than the Fiscal Year 2022-2023 adopted budget and is approximately 97% of the forecasted FY23 actual revenues.

The City of Waco uses detailed, confidential, Waco-specific sales tax information from the State, as well as permitting data, and aggregate sales tax information from all Texas cities to produce a sector-based, multiple regression predictive model. The model is reviewed, analyzed, and updated monthly. Monthly Sales tax reports can be found at [Transparent Traditional Finances City of Waco \(waco-texas.com\)](https://www.waco-texas.com/transparent-traditional-finance).

The City of Waco has seen an increase in the amount of sales tax revenues collected over the last five fiscal years.



Sales Tax Distribution

State of Texas .0625 of .0825



City of Waco .0150 of .0825



McLennan County .0050 of .0825



GENERAL FUND OVERVIEW

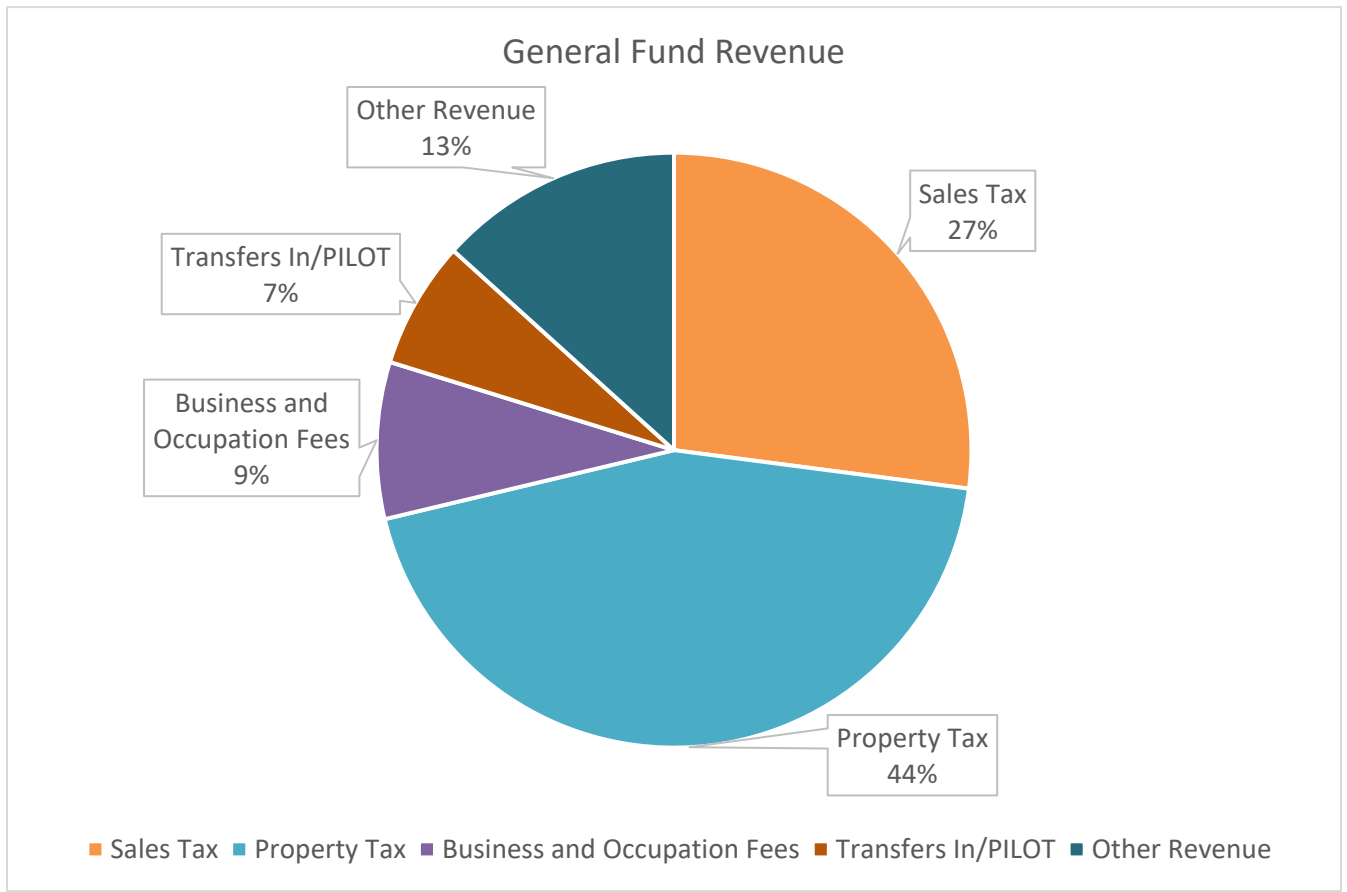
The General Fund is the primary operating fund for the City. This fund is used to account for resources traditionally associated with city government including public safety, parks, streets, library, and city administration.

REVENUES

The FY24 budgeted revenues total \$203.7M. The largest revenue stream in the general fund is the tax segment, which is comprised of property tax and sales tax. Combined property and sales tax revenue is budgeted at \$145.2M.

The City budgeted \$55.1M for sales tax revenues. This figure returns to the historical growth in sales tax for the City and is indication of the resiliency of the Wacoans, the rebound in Waco tourism over the past year, and the economic development efforts over the last several years. We are still monitoring the impacts of inflation on year-to-year sales tax figures.

The remaining revenues are from different programs and fees. These categories include fees for building permits and other services. A more detailed look at the General Fund Revenue is available in the FY2024 Budget Book on the City's website.

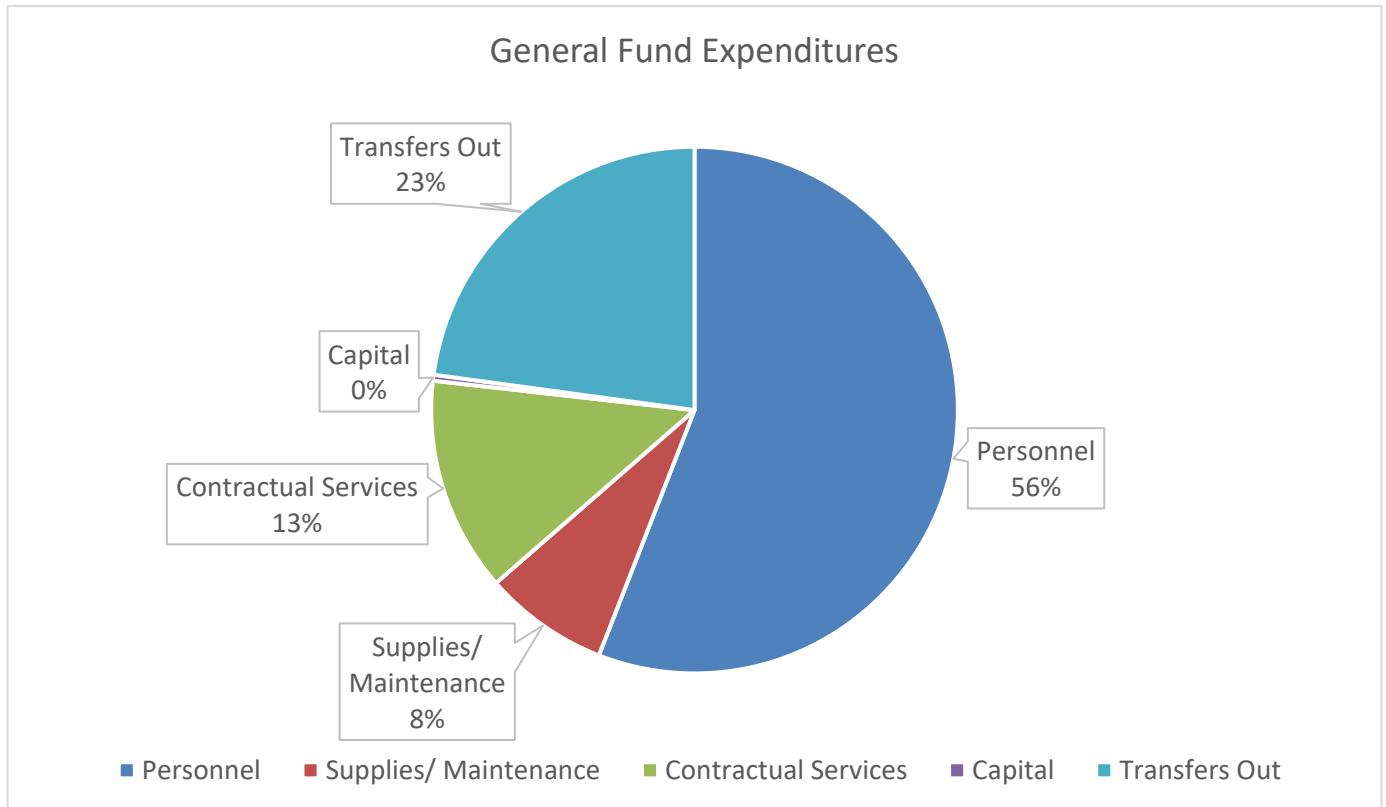


EXPENDITURES

The FY24 budgeted expenses total \$203.7M. The largest expense category in the General Fund is salaries and wages.

The Police Department represents 30% of total expenditures, while the Fire Department represents 19%. Culture and recreation is comprised of Parks & Recreation (the parks and special events portion as the recreational activities and the Waco Mammoth Site have moved to a new Parks Performance Fund), Library Services and Housing and

Community Development. General Government is comprised of the remaining departments in the General Fund. The FY24 General Fund budget also no longer includes the Streets and Traffic divisions of Public Works as these have moved to the new Street Maintenance Fund and are funded by a new Street Maintenance Fee of \$10 per month for residential units.



CAPITAL IMPROVEMENT PROJECTS

MOVING WACO FORWARD

The City of Waco will plan to spend \$250.4M and invest \$272.2M in capital improvements in the FY24 Budget. The strong commitment to improving the core infrastructure of the City and investing in economic development is done via a combination of cash reserves, previously issued bonds, federal and state grants, and new bonds anticipated to be sold in the spring of 2024. Over the next five years the City of Waco will invest over \$944.1M in capital improvements for a variety of projects across the city.

ENTERPRISE CIP

The Enterprise Funds consist of the Airport, Cameron Park Zoo, Cottonwood Creek Golf Course, Convention Services, Drainage, Solid Waste, and the three funds of the Water Utility (Water, Wastewater, and WMARSS). The City will invest just over \$123.8M in FY24 for capital improvements for enterprise departments.

Department	2024 Budget	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate	Total
Airport Services	4,124,460	1,180,000	-	862,322	10,347,859	16,514,641
Cameron Park Zoo	-	3,850,000	2,600,000	-	-	6,450,000
Cottonwood Creek Golf Crs	1,000,000	7,750,000	-	-	-	8,750,000
Solid Waste Department	20,784,000	2,855,000	17,122,500	1,600,000	1,600,000	43,961,500
Waco Metro Area Sewer Sys	54,700,000	18,500,000	17,750,000	8,000,000	10,000,000	108,950,000
Wastewater Department	9,225,000	6,409,000	10,500,000	33,740,000	3,500,000	63,374,000
Water Department	34,000,000	17,240,000	21,704,000	28,020,000	26,000,000	126,964,000
Total	123,833,460	57,784,000	69,676,500	72,222,322	51,447,859	374,964,141

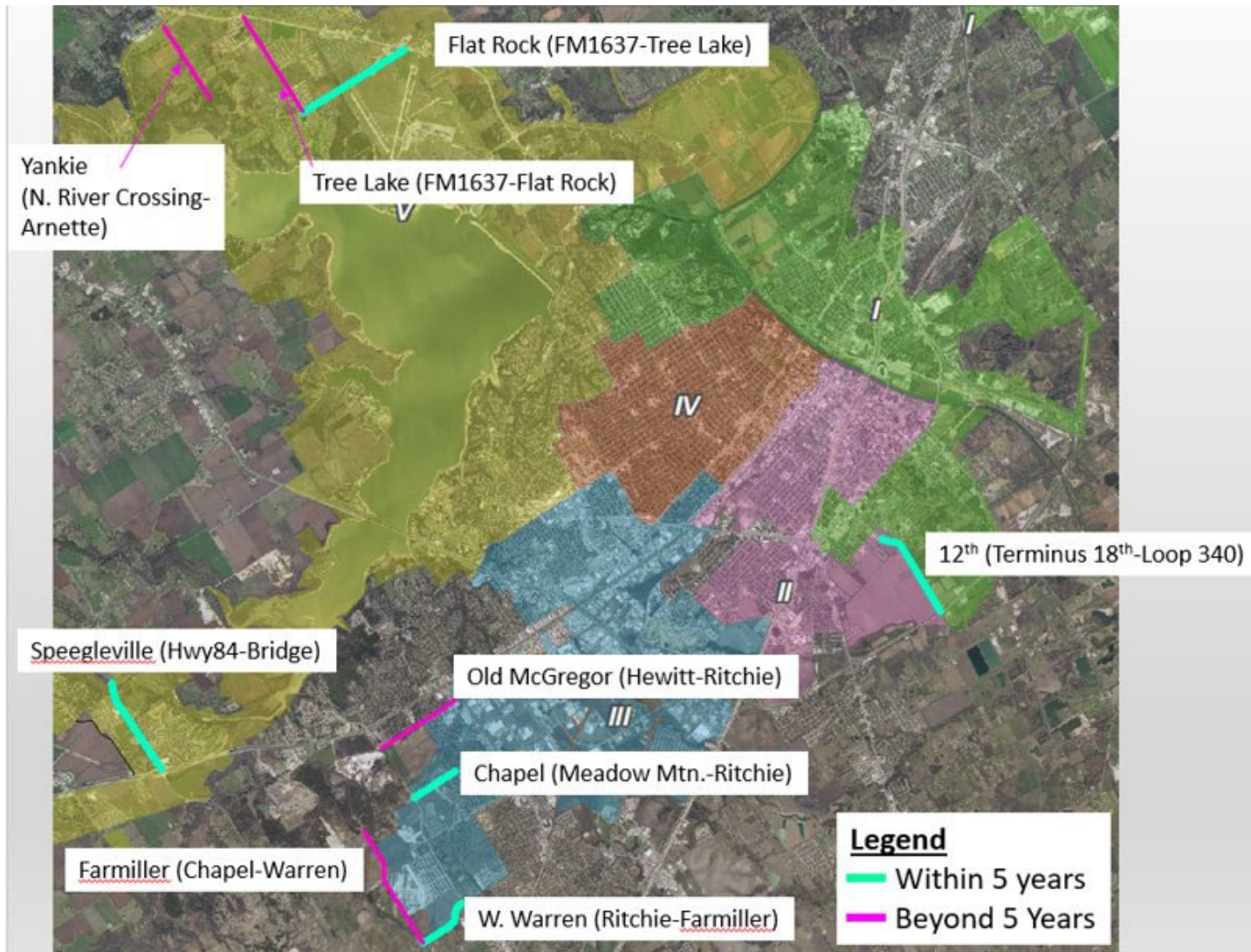
These enterprise funds are owned by the City but are designed to operate like a business. The main funding source for these funds is charges for service like your utility bill or fuel sales at the Airport. All Capital Improvements can be funded within the rate structure previously discussed with Council for the utility funds, the Cameron Park Zoo, Cottonwood Creek Golf Course receive support from the General Fund.

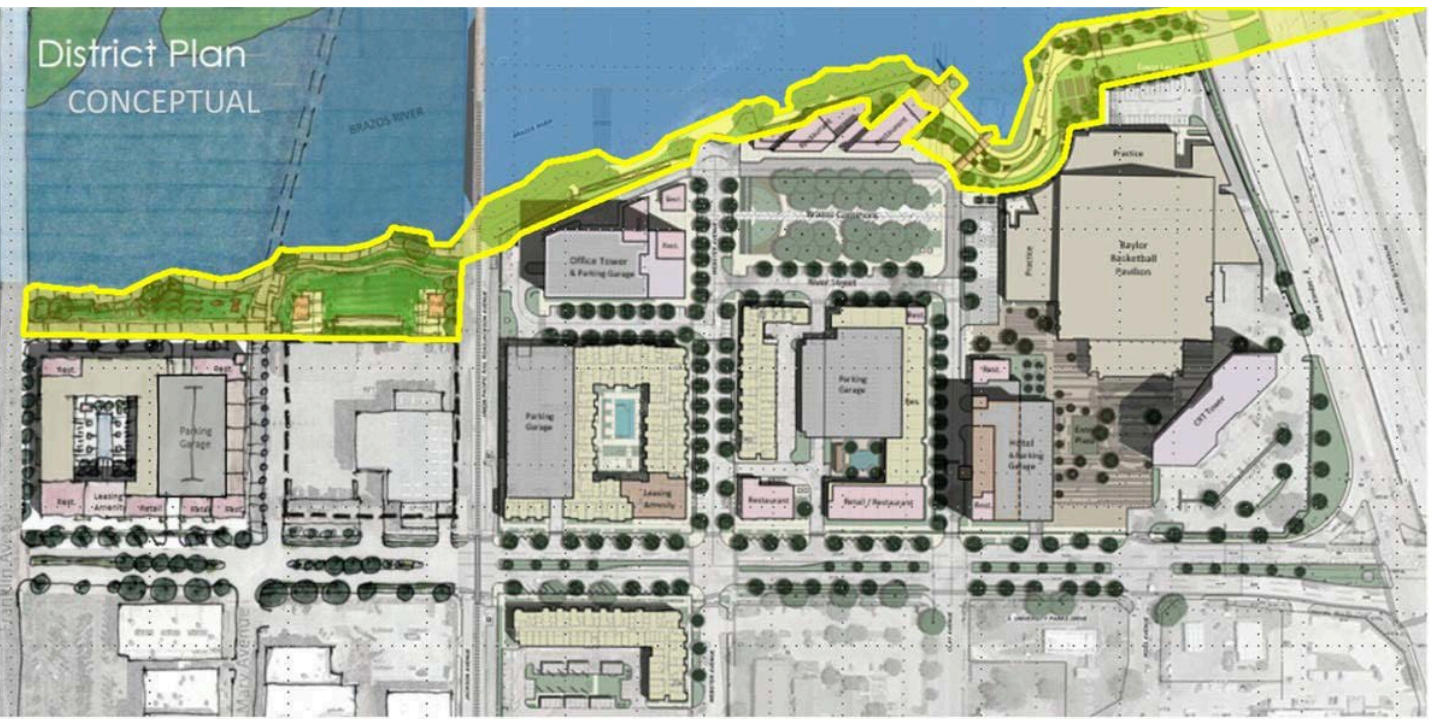
GOVERNMENTAL CIP

The Governmental CIP totals \$126.6M and is funded with a combination of new bonds, cash reserves, grants and contributions.

Department	2024 Budget	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate	Total
Administrative Services	-	600,000	6,350,000	5,000,000		11,950,000
Economic Development	34,103,901	2,984,204	2,984,204	2,984,204	2,984,204	46,040,717
Engineering Services	9,000,000	11,000,000	3,600,000	21,800,000	10,500,000	55,900,000
Fire Services	9,952,000	4,966,688	-	737,000	-	15,655,688
Fleet Services	-	3,200,000	-	-	1,822,597	5,022,597
Parks Services	44,700,000	2,000,000	11,675,000	22,450,000	5,500,000	86,325,000
Police Services	-	4,254,875	408,967	5,046,254	8,865,695	18,575,791
Recreation Services	-	-	3,000,000			3,000,000
Streets	26,297,384	80,960,557	59,931,892	70,160,000	76,505,035	313,854,868
Traffic	2,500,000	3,130,000	3,250,000	3,975,000	-	12,855,000
Total	126,553,285	112,496,324	84,850,063	127,152,458	106,177,531	569,179,661

The primary focus of the Governmental CIP is to improve quality of living through new economic development projects like the Riverwalk redevelopment, the Floyd Casey redevelopment project, and a Pavilion Parking Garage. These three projects total \$56.3 million and will be funded with TIF funds and new bonds. There is still a strong focus on the road and bridge network throughout the city. The city has budgeted \$37.8 million for road and bridge improvements for FY24 and accounts for about 30% of total Governmental CIP funding. A Street Maintenance Fee set to begin collection in FY24 will be used to fund a new street capacity program with a budget of \$26.6 million.





THE RIVERFRONT



A full list of projects can be found in the FY 2023-2024 Budget Book at <https://city-waco-tx-budget-book.cleargov.com/7354>.

WACO SNAPSHOT: COMMUNITY HIGHLIGHTS

Area

- Waco: 101.3 square miles
- McLennan County: 1,041.8 square miles

Population

- City of Waco: 143,984 (2022 Census)
- Waco MSA: 271,326 (Census estimate)
- Median Age 34.8

Employment

- MSA Labor Force: 137,280
- Unemployment Rate: 3.5% (as of April 2023)
- Source: U.S. Bureau of Labor Statistics

Education

- 20 public school districts in McLennan County
- Baylor University
- McLennan Community College
- University Center
- Texas State Technical College Waco

Arts & Entertainment

- 5,000 Hotel Rooms
- 300+ Restaurants
- 20 museums and library collections including the Texas Ranger Hall of Fame
- 4 movie theaters, Top Golf and more
- Over 70 short term rental properties

Recreation

About: Waco is within 200 miles of 3 national parks and more than 50 state parks and historic sites. There are more than 60 parks within the community, including Cameron Park, offering scenic hiking, and biking trails, and the Cameron Park Zoo.

- 3 Country Clubs
- 5 Recreation Centers
- 77 Tennis Courts
- Athletic Complex
- 7 Golf Courses, including Cottonwood Creek Golf Course
- Softball & Little League fields
- Hawaiian Falls Water Park
- Barefoot Ski Resort

