



FY 05 Travis County Preliminary Budget

FY 05 Preliminary Budget



- This is not THE budget.
- It is A budget.
- It is the Planning and Budget Office's best recommendations for a sound financial plan next year.
- It is based on principles, guidelines, and instructions provided by the Commissioners Court.

The County is in Reasonably Good Financial Shape

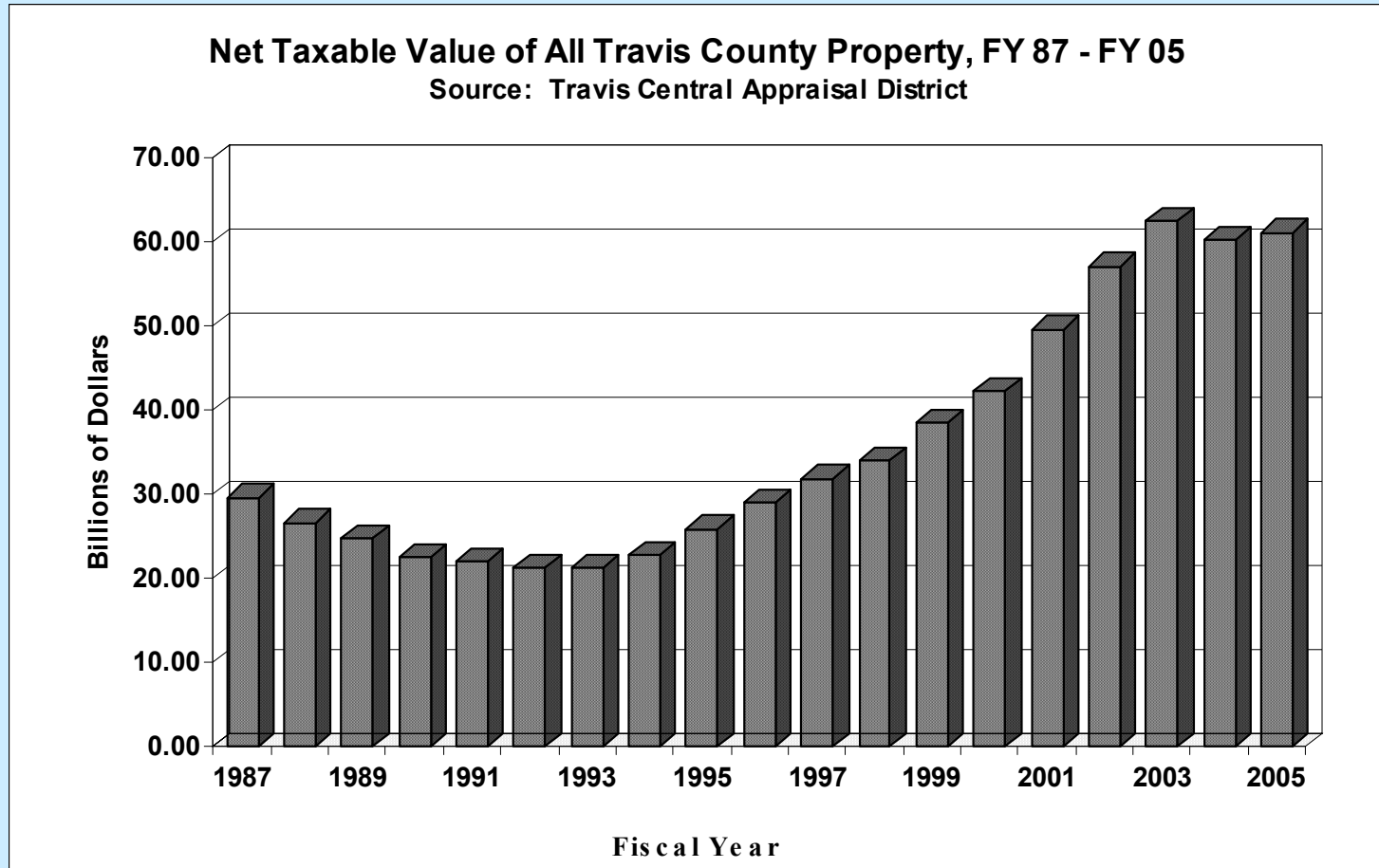
- County finances are relatively stable.
- The AAA bond rating was recently reconfirmed.
- Resources have been managed carefully to navigate through some difficult economic times.
- Financial health is due to preparations made by Commissioners Court to increase reserves and fund balance in prior years.
 - Careful adherence to adopted guidelines.
 - Avoiding the use of one-time revenue for ongoing costs.
 - Historically careful spending.
 - Low reliance on fluctuating income.

Further Shifts in Property Tax Base



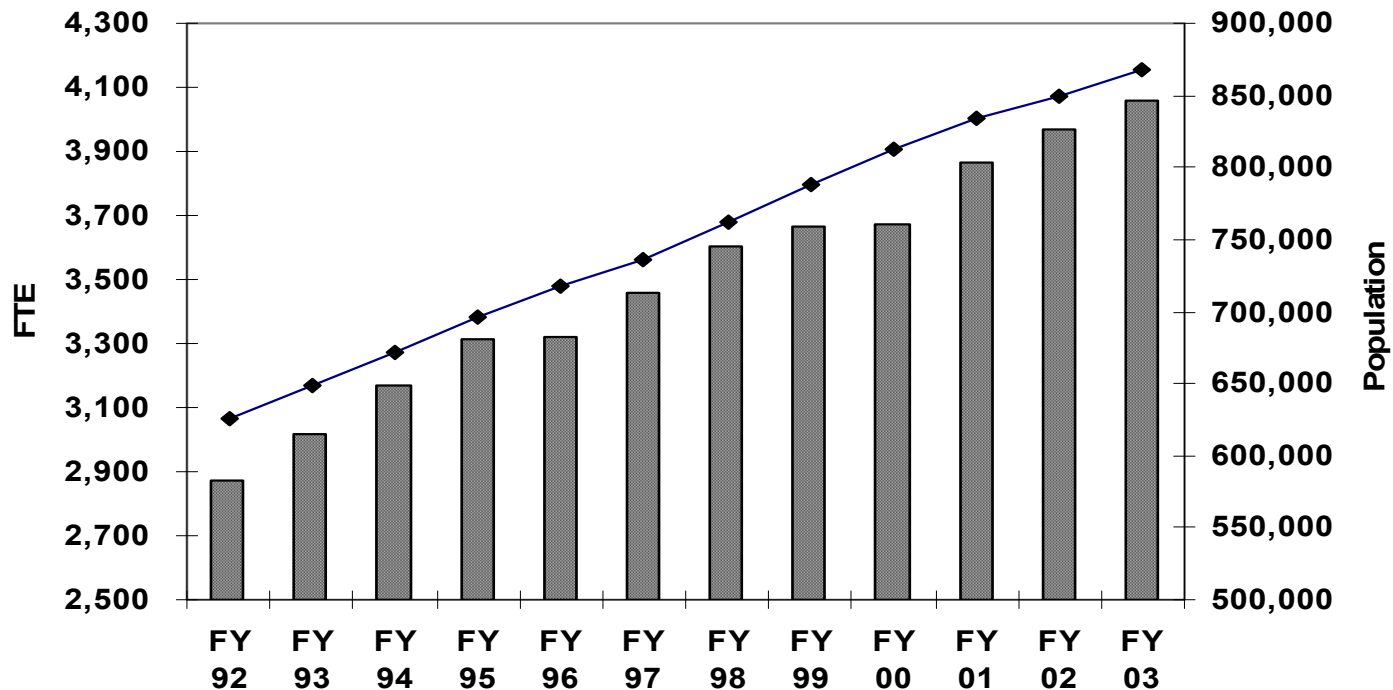
- Total value will increase from \$60.2 billion to \$61.1 billion.
- New property values will decrease from \$2.1 billion to \$1.9 billion.
- Last year was the first drop in a decade – have seen a slight rebound for FY 05.
- Commercial Values will drop 5%.
- Homestead values have increased from \$191,240 to \$197,874.
- This shifts the tax burden from commercial to homesteads

Slight Property Value Increase



County FTE Tracks Closely to County Population

General Fund and Special Funds FTE vs. Total County Population, FY 92 - FY 03



FTE = Full-Time Equivalent Positions

Sources: 92-01 Population - Texas A&M Real Estate Center; 02-03 Pop. - Texas Comptroller

County FTE Population

Predominant Themes



- Restraint, caution, vigilance.
- Using existing resources to meet new needs.
- Absence of new funding for anything but minimal increases and contractual or statutory obligations.

All Funds – (All Numbers in Millions)

	FY 04	FY 05
General Fund	\$322.9	\$337.5
Road & Bridge Fund	24.7	24.0
Debt Service Funds	70.4	68.6
Other Funds & Transfers	68.2	67.7
Total	\$486.2	\$497.8

Personnel Changes



- 61.25 FTE added to the General Fund, offset by a 16.2 FTE reduction.
- Net increase is 45.05 FTE.
- 16 net new positions have new revenue associated with them.
- 16.8 net FTE are a switch from grant fund to General Fund.
- 8 FTE associated with the voter approved East Metro Park.

Hospital District



- Preliminary Budget includes programs and services related to the Hospital District. These will need to be removed for FY 05.
- County tax rate will then be reduced based on FY 04 Hospital District-related expenditures.
- Independent audit will validate this amount.
- Tax rate and related expenses have not been adjusted in the Preliminary Budget.
- This will be done in September and will allow full disclosure and transparency.

Major Funding Issues

(Maintenance of Current Effort)

- Combined Transportation & Emergency Communications Center & radio system \$859,201
- Intermediate Sanctions Center 826,409
- EMS Interlocal 766,207
- ITS Maintenance of Current Effort 723,360
- Balcones Canyonland Preservation Fund 672,708
- Fuel Increase 352,050
- Risk Management Maintenance of Current Effort 306,551
- Opening New Parks 290,215

Major Funding Issues (Cont.)

(Maintenance of Current Effort)



■ Facilities Maintenance & Repair	\$286,321
■ CSCD Software License	208,000
■ Indigent Attorney's Fees	200,000
■ Justices of the Peace and Constables	181,320
■ Various Health/Human Service increases	177,782
■ Various STARFLIGHT increases	169,015
■ County Attny. Environmental Enforcement	159,026
■ County Attorney Tax Collection Team	137,840

Central Reserves



■ Unallocated Reserve (11%)	\$35,241,525
■ Allocated Reserve (Similar to FY 04)	1,966,227
■ Emergency Reserve (\$1.18 million lower than in FY 04)	600,000
■ Capital Acquisition Resources (CAR)	524,376

Special Purpose Reserves

● Lease Increase Reserve	\$500,000
■ Fully Automated Courts Tracking System	400,000
■ FACTS Capital Reserve	300,000
■ Security Reserve	200,000
■ After School Pilot Program	200,000
■ Annualization Reserve (East Metro Park)	192,399
■ Records Storage Reserve	170,000
■ Fines, Fees and Assessments	150,000
■ Exposition Center Subsidy Reserve	138,690
■ Solid Waste Management Reserve	98,000

Health Benefits



- Employee Health Insurance Fund has more than doubled since FY 02 due to rising medical and pharmaceutical costs and demographics of an aging population
- Employee health benefits will cost \$3.5 million more in General Fund, and employees will be asked to contribute more.
- Basic benefits levels of the various employee health plans not modified.
- Three option plan continues in FY 05, allowing employees to choose option that best meets their needs.
- Employee Health Insurance Fund to go from \$31.6 million in FY 04 to \$37.3 million in FY 05.

Compensation Reserves



- Rank and File employees have had no raises in 2 years. Peace Officer Pay Scale (POPS) employees have had no raise for one year.
- Termination rates show Rank and File leaving County employment at twice the rate of POPS employees (13.5% vs 6.1%).
- Substantial risks can occur when salaries remain frozen over multiple years. Morale and productivity can decrease and turnover can increase, and the County can lose ground in retaining and recruiting talented workforce. If and when this occurs, it can take many years to recover.

Compensation Reserves (Cont.)



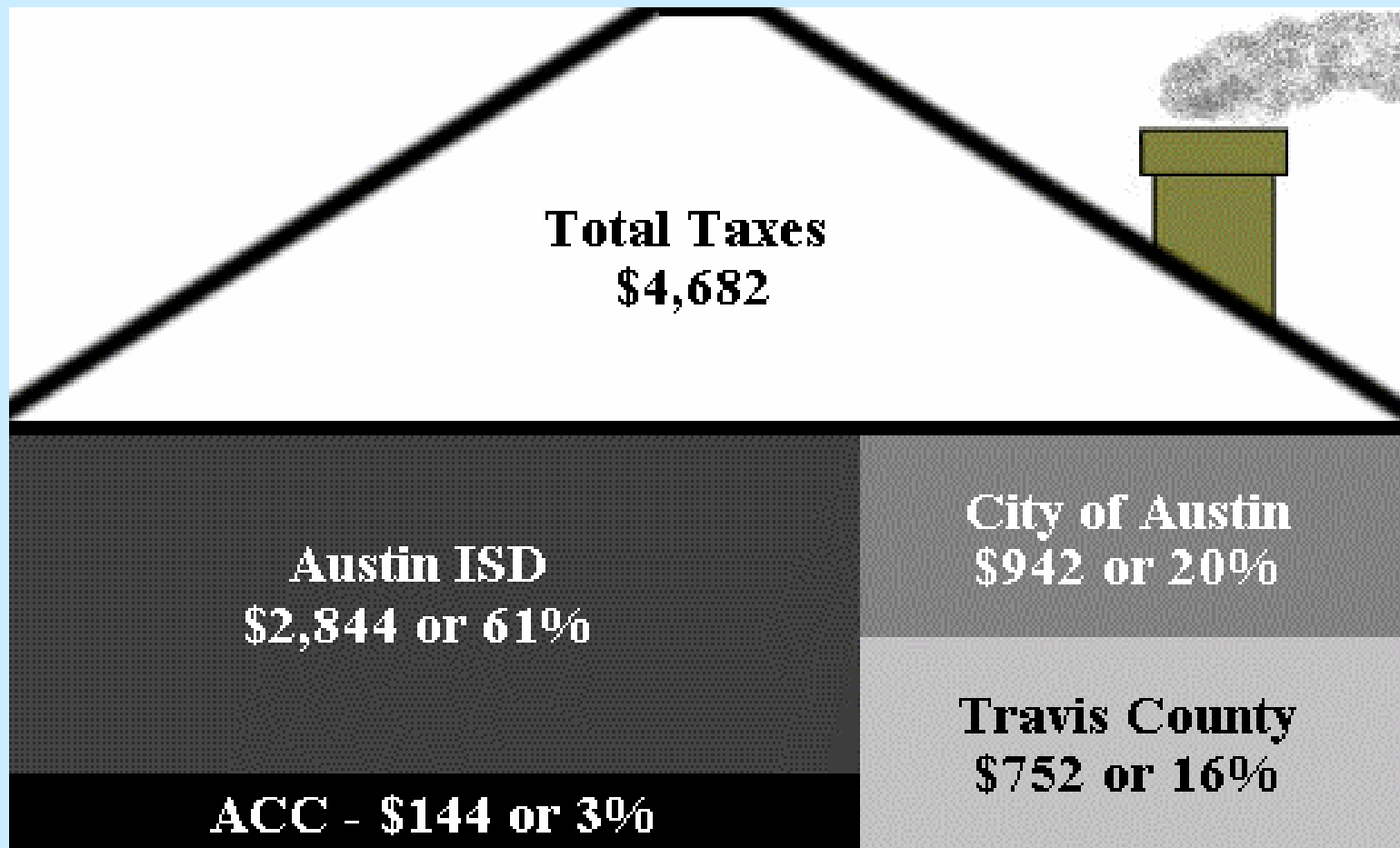
- Two reserves established.
- Rank & File Reserve – 5.75% - \$5.8 million.
- POPS Reserve – 2.75% - \$1.6 million.
- Recognizes that one group has had pay frozen for two years and other had pay frozen for one year, and that turnover rates are considerably different.

Proposed Tax Rate



- A \$.0098 cent increase in the tax rate, from \$.4918 to \$.5016 per \$100 of value.
- Excludes drop in tax rate due to Hospital District.
- Equals the Effective Maintenance and Operation plus the Debt Rate.
- Home values increased from \$191,240 to \$197,874 for all homesteads.
- At that tax rate, average of all homes would increase \$42 per year, from \$752 to \$794.
- This increase will be adjusted when Hospital District tax rate reduction is fully known.

FY 04 Property Tax on Avg. Homestead of \$191,240



Capital Recommendations

■ Voter Authorized Bonds	\$5,090,000
■ Road and Bridge Fund	4,156,000
■ Capital Acquisition Resources (CAR)	8,800,000
■ 5 yr. Certificates of Obligation (CO)	<u>1,250,000</u>
■ Total Capital	\$19,296,000

Capital Acquisition Resources (CAR)

■ Vehicles	\$2,110,090
■ Technology and Computers	2,031,517
■ Sheriff's Office Projects	1,728,758
■ Facilities Modifications	947,966
■ Ambulances	506,625
■ HHS software to support TCHD	187,500
■ Various Tax Office equipment	171,521
■ Other equipment & projects other depts.	591,647
■ CAR Reserve	524,376
Total	\$8,800,000

Plus FACTS Reserve of \$300,000 held in CAR

Road and Bridge Fund

■ Replacement vehicles/ Heavy Equipment	\$1,465,500
■ Hot Mix Overlay	1,800,000
■ Type F Mix road projects	800,000
■ Asphalt emulsion storage reservoir	49,000
■ Replacement equipment	<u>41,500</u>
	\$4,156,000

PLUS: Allocated Reserve of \$1,827,007, with \$643,191 dedicated to health and compensation increases, along with \$1,183,816 for other needs and for future health of fund.

Certificates of Obligation

■ Correctional Complex Hot Water System	\$265,000
■ Fire Alarm System in Juvenile Court	245,000
■ County-wide file server upgrades	214,731
■ East Metro Park Building	204,600
■ Converting token ring to Ethernet	182,000
■ Gas Chromatograph/mass spectrometer	90,000
■ Issuance Cost	<u>48,669</u>
Total CO	\$1,250,000

Voter Approved Bonds



■ <u>Proposition 1</u> : Local roads, drainage, bridges and pedestrian access	\$1,150,000
■ <u>Proposition 2</u> : County park projects	3,940,000
Total	\$5,090,000

Note: \$12,615,000 already issued for State Highway 45N not needed, and used instead for funding additional Proposition One projects

Individual Budget Write-ups



- Each Court member has “Black Book” of departmental budget write-ups.
- These contain review of all base budgets & 470 separate budget issues (reduction and increase proposals).
- All the departments have their write-ups.
- Developed through discussions between PBO and departments in June and July.
- They form the foundation for all departmental budget recommendations.

Public Hearings and Input



- Wednesday August 18 hearing on the Preliminary Budget.
- Wednesday Sept. 22 hearing on the tax rate and the budget.
- Tuesday, Sept. 28 public hearing on the proposed budget.
- Plus, every Tuesday during “Citizens Communication”.

What Comes Next?



- Budget Hearings begin on Wednesday August 11 and end on Monday August 23.
- Hearings to be scheduled every afternoon on Monday, Wednesday and Thursday and mornings on Fridays.
- Budget Mark-up on September 8,9, and 10.
- Adopt the Budget on Tuesday, Sept. 28.