



FY 2010 Budget

**City of Tomball
City Council Work Sessions
July 8, 2009**






Fund Types

- Governmental Funds
 - General Fund
 - Debt Service Fund
- Proprietary Funds (business-type activities)
 - Enterprise Fund (utilities)
 - Fleet Replacement Fund (internal service fund)
- Special Revenue Funds
 - Hotel Occupancy Tax Fund
 - Others (Court funds, Housing fund, etc.)

LEVY RECALCULATION

(As if tax rate from FY 2000 remained the same)

FY	Net Taxable		Levy	Maintain	Revised	Additional
	Assessed	Tax Rate		Tax Rate	Levy	Revenue
2000	382,751,372	0.342520	1,311,000	0.342520		
2001	493,134,250	0.306840	1,330,000	0.342520	1,689,083	359,083
2002	561,181,320	0.280000	1,549,800	0.342520	1,922,158	372,358
2003	627,540,500	0.280000	1,600,000	0.342520	2,149,452	549,452
2004	684,081,160	0.280000	1,915,562	0.342520	2,343,115	427,553
2005	672,907,720	0.280000	2,013,497	0.342520	2,304,844	291,347
2006	781,594,827	0.280000	1,993,481	0.342520	2,677,119	683,638
2007	747,922,472	0.251455	2,130,000	0.342520	2,561,784	431,784
2008	991,047,921	0.251455	2,171,381	0.342520	3,394,537	1,223,156
2009	1,151,801,693	0.251455	2,919,478	0.342520	3,945,151	1,025,673
2010	1,151,801,693	0.251455	2,896,263	0.342520	3,945,151	1,048,888
Total						<u>\$6,412,932</u>



Update: 155 – Sanitation *

	2009	2010	% Change
Supplies	\$ 50,100	\$ 2,400	-95.2% *
Svc. & Charges	2,320,134	2,356,000	1.5%
Total	\$2,370,234	\$2,358,400	-0.5%

No supplemental programs proposed

- * Decrease due to on-hand inventory of customer garbage bags
- * Contract with Waste Management (WM) requires 90 written notice of intent to renew. Letter mailed 6/29/09; deadline was 7/2/09.
- * WM requested a significant rate increase (9% for residential customers and 18% for commercial customers, plus changes to wording regarding force majeure before agreeing to 1 year contract extension



GENERAL FUND Questions???





Fund Types

- Governmental Funds
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FY 2010 Budget ENTERPRISE FUND Departmental Budgets





611 – Enterprise Administration

	2009	2010	% Change
Personnel Svc.	\$289,266	\$245,007	-15.3%
Supplies	5,414	5,520	2.0% *
Maintenance	239	239	NC
Svc. & Charges	151,082	16,671	-89.0% **
Total	\$446,001	\$267,437	-40.0%

- No supplemental programs proposed

* Increase in postage

** Decrease in professional services related to one time studies in last year's budget, and decrease in phone charges



612 – Utility Billing

	2009	2010	% Change
Personnel Svc.	\$378,006	\$235,924	-37.6%
Supplies	30,225	24,500	-18.9% *
Maintenance	65	160	59.4%
Svc. & Charges	9,020	5,060	-43.9% **
Total	\$417,316	\$265,644	-36.3%

- No supplemental programs proposed

* Decrease in office supplies and anticipated fuel costs

** Decrease in professional services, travel, and training



613 – Water Dept.

	2009	2010	% Change
Personnel Svc. \$	365,474	\$ 341,344	-6.6%
Supplies	140,021	137,153	-2.0% *
Maintenance	255,188	154,292	-39.5% **
Svc. & Charges	1,186,332	1,095,928	-7.6% ***
Total	\$1,947,015	\$1,778,717	- 8.6%

- Supplemental proposed
 - GIS Consulting - \$50,000
- * Decrease in anticipated fuel costs
- ** Decrease due to one time cost in last year's budget
- *** Decrease in fee paid to HCRWA, travel, training, and other services



614 – Waste Water Dept.

	2009	2010	% Change
Personnel Svc. \$	690,654	\$ 508,938	-6.6%
Supplies	112,077	93,963	-16.2% *
Maintenance	365,071	274,267	-24.9% **
Svc. & Charges	387,957	369,324	-4.8% ***
Total	\$1,555,759	\$1,246,492	-19.9%

- No supplemental programs proposed
- * Decrease in materials and parts, anticipated fuel costs, and chemicals
- ** Decrease due to one time cost in last year's budget
- *** Decrease in professional services, other services, and phone charges

615 – Gas Dept.

	2009	2010	% Change
Personnel Svc.	\$ 379,843	\$ 310,041	-18.4%
Supplies	3,933,941	2,018,014	-48.7% *
Maintenance	9,464	7,356	-22.3% **
Svc. & Charges	40,239	87,187	116.7% ***
Total	\$4,363,487	\$2,422,598	44.5%

- Supplementals proposed:
 - GIS Consulting - \$50,000
- * Decrease in anticipated fuel costs and natural gas purchases
- ** Decrease in anticipated vehicle and system maintenance
- *** Increase in professional services due to proposed supplemental program



616 – Debt

	2009	2010	% Change
Debt Pmts.	\$2,006,316	\$2,035,162	1.4% *
Agent Fees	5,000	10,000	100.0% **
Total	\$2,011,316	\$2,044,979	1.7%

* Although a new revenue bond issue of approximately \$6 million is proposed, the debt payments have only increased a small amount because that issue of debt was proposed last fiscal year but was not issued due to market conditions

** Increase due to required annual reports on outstanding bonds prepared by consultants





Enterprise Fund Summary

	FY09	FY 10
• Revenue:	\$ 12.2m	\$10.6m ¹
• Expenses:	\$ 10.5m	\$ 8.2m ²
• Debt	\$ 2.0m	\$ 2.0m
• Transfers Out:	\$ 122K	\$ 122K
• Capital Projects	\$ 3.3m	\$ 1.75m
• Fund Balance:	\$ 5.7m (54%)	\$ 5.2m (64%)

¹ Includes transfer from TEDC for debt

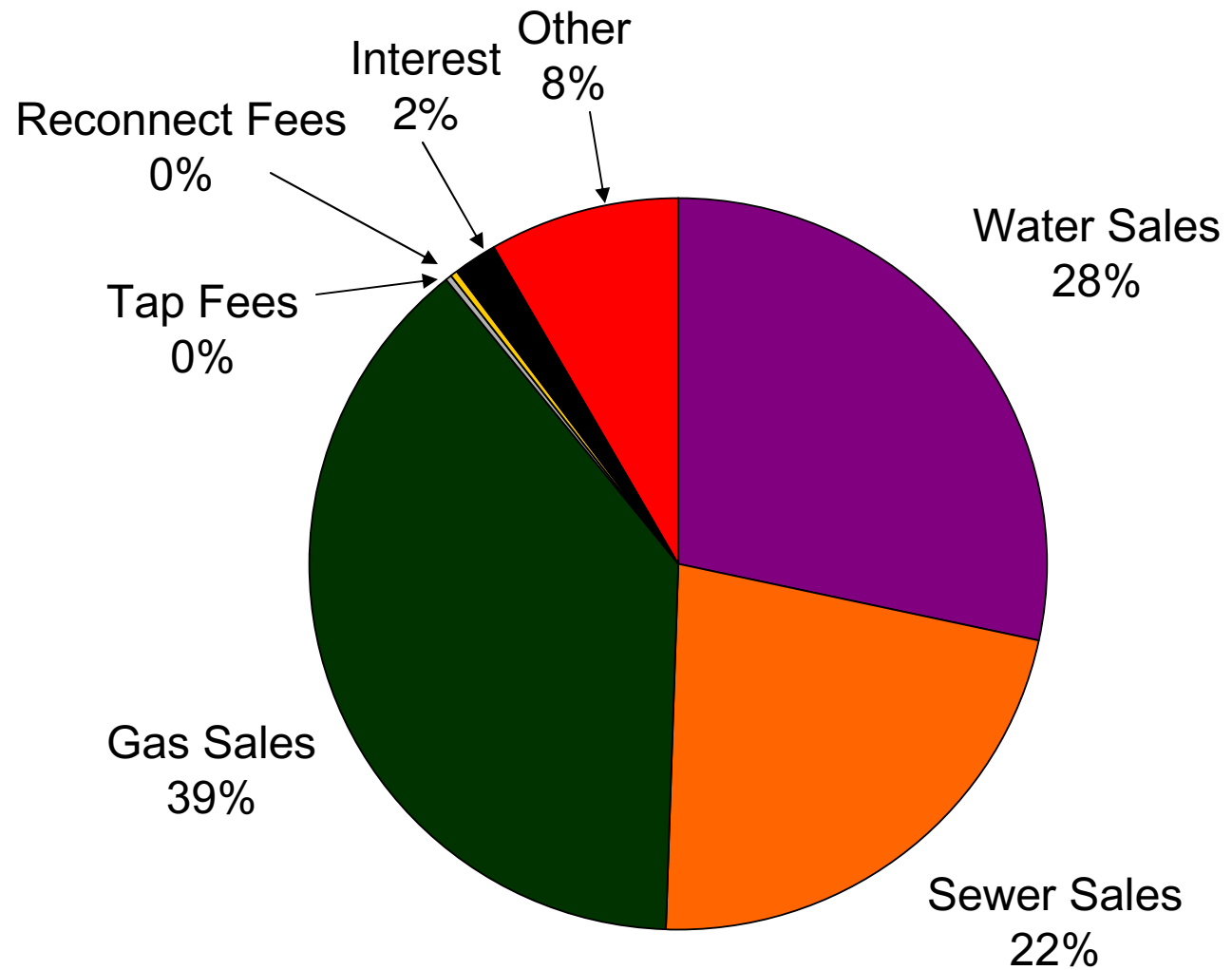
² Includes administrative reimbursements to General Fund



Enterprise Fund Revenue Projections for FY 10

- Utility service charges
 - Water rates
 - No increase for 1st tier residential customers
 - Varying increase for 2nd and 3rd tier (implementation of conservation rates required by State law)
 - No change for commercial customers
 - Sewer rates – no change
 - Gas rates
 - 18% decrease in rate
- Tap fees (slight decrease)
- Interest revenues – 39% decrease

Enterprise Fund – Distribution of Revenues





Summary and Comparison of FY2010 Proposed Budget ENTERPRISE FUND REVENUES

	FY2009	FY2010	% Change
Revenue	\$12,162,266	\$10,589,800	-12.9%

- Change in Revenue

- Water sales 6.0%*
- Sewer sales 0.2%
- Gas sales -7.6%**

* Increase in due to implementation of conservation rate structure on residential customers

** Decrease due to reduction in rate and slight reduction in volume



SUMMARY OF PERSONNEL

SUMMARY OF PERSONNEL						
DEPARTMENT	2005	2006	2007 [†]	2008 [†]	2009 [†]	2010
Enterprise Fund	35	35	37	38	33	33

*



Summary and Comparison of FY2010 Proposed Budget Enterprise Fund Operating Expenses

	FY2009	FY2010	% Change
Expenses	\$10,479,140	\$ 8,241,022	-21.4%

- Primary Changes in Expenses
 - Natural gas -49.5%
 - Harris County RWA -8.5%
 - Administrative reimbursement to GF 28.7%*

* In the prior year, this transfer did not include the cost of health insurance for Enterprise Fund employees



Base Utility Rates – Residential Tier 1

	Base Bill	Proposed Increased	Increase Effect	Difference
Garbage	\$14.95	.90*	15.85	6.0%
Water	10.90	NC	10.90	NC
HCRWA	1.17	NC	1.17	NC
Sewer	8.51	NC	8.51	NC
Gas	15.50	-2.75	12.75	-18.0%
Total	\$55.31	-1.85	53.46	-3.3%

* Increase in garbage rate based on anticipated increase by Waste Management



Utility Rate Proposed Changes

Impact on Residential Bill, Tier 1 Consumption

All Utilities

- Residential Customer - 70% of customers use between 1,000 and 10,000 gallons each month

- Monthly Utility Bill Based on 7,000 gallons at proposed rates

Water Base Rate	\$ 10.90
Water Volume (\$2.85 per 1,000)	19.95
Sewer Base Rate	8.51
Sewer Volume (\$2.98 per 1,000)	20.86
Gas (based on 1 Mcf)	12.75
Garbage	15.85
HCRWA Fee	<u>8.19</u>
Total Monthly Bill	\$ 97.01
At Current Rates	<u>98.86</u>
Difference	<u>\$ - 1.85</u> *

* Includes lower gas rate



Utility Rate Proposed Changes

Impact on Residential Bill, Tier 2 Consumption

All Utilities

- Residential Customer - 10% of customers use between 11,000 and 15,000 gallons each month

- Monthly Utility Bill Based on 12,000 gallons at proposed rates

Water Base Rate	\$ 12.54
Water Volume (\$3.56 per 1,000)	42.72
Sewer Base Rate	8.51
Sewer Volume (2.98 per 1,000)	35.76
Gas (based on 1 Mcf)	12.75
Garbage	15.85
HCRWA Fee	<u>14.04</u>
Total Monthly Bill	\$142.17
At Current Rates	<u>133.86</u>
Difference	<u><u>\$ 8.31 *</u></u>

* Includes reduction in gas rate

Enterprise Fund 5 Year Forecast

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Projection	Projection	Projection	Projection	Projection
Revenues	\$ 11,125,370	\$ 11,426,185	\$ 12,005,812	\$ 12,440,795	\$ 12,785,850
Operating Exp.	(8,512,534)	(8,918,935)	(9,350,715)	(9,812,914)	(10,306,328)
Debt	(1,998,675)	(1,971,158)	(1,946,713)	(1,921,351)	(1,895,342)
Transfers	(119,080)	(119,080)	(119,080)	(115,257)	(103,839)
Capital Outlay	(606,500)	(661,500)	(736,500)	(811,500)	(336,500)
Income/(Loss)	(111,419)	(244,488)	(147,196)	(220,227)	143,841
Beginning FB	7,188,992	7,077,573	6,833,085	6,685,889	6,465,662
Ending FB	\$ 7,077,573	\$ 6,833,085	\$ 6,685,889	\$ 6,465,662	\$ 6,609,503
Reserves	83.1%	76.6%	71.5%	65.9%	64.1%
Debt Coverage	131.2%	127.7%	136.9%	137.3%	131.3%

This forecast rolls forward the FY 2010 budget and does not include any new programs or additional staff.



FY 2009 Budget
CAPITAL PROJECTS
ENTERPRISE FUND





Capital Improvement Projects (CIP) 2010-2013 ENTERPRISE FUND

- **Capital Projects - Priority 1**

– Tomball Hills Lift Station	\$ 450,000
– Quinn Rd Sidewalk & Improvements -55%	369,600
– Medical Complex Dr. (Seg 2) – 9%	85,500
– Hufsmith Sanitary Sewer Improvements	110,000
– Rudolph Rd & Utilities (Phase 1) – 29%	500,250
– Water Well #5	1,750,000
Total for Priority 1 Ranked Projects	<u>\$3,265,350</u>

- **Proposed Funding**

– Cash	\$ 2.0 MM
– Bonds	1.3 MM
Total	<u>\$ 3.3 MM</u>

- **Rate Impact**

- Rates proposed for FY 2010 support proposed funding



Capital Improvement Projects (CIP) 2010-2013 ENTERPRISE FUND

- **Capital Projects - Priority 2**

– Brown Rd Extension – 30%	\$ 450,600
– Hufsmith Water & Gas Improvements	1,470,000
Total for Priority 2 Ranked Projects	<u>\$1,920,600</u>

- **Proposed Funding**

– Cash	\$ 1.8 MM
– Bonds	100 K
Total	<u>\$ 1.9 MM</u>

- **Rate Impact**

- Rates proposed for FY 2010 support proposed funding



Capital Improvement Projects (CIP) 2010-2013 ENTERPRISE FUND

- **Capital Projects - Priority 3**

- Medical Complex Dr (Seg 3) – 25% EF
- Total for Priority 3 Ranked Projects

\$1,568,250
\$1,568,250

- **Priority 3 Ranked Projects**

- Cash
- Bonds
- Total

\$ 1.1 MM
420 K
\$ 1.5 MM

- **Rate Impact**

- Rates proposed for FY 2010 support proposed funding



FY 2009 Budget
INTERNAL SERVICE
FUND





Fleet Replacement

Items to be replaced next fiscal year *:

- Police:
 - 1 SUV
 - 12 Sedans
- Parks Department:
 - Front Mower

* One Street Department vehicle was to be replaced, but upon evaluation of the condition of the vehicle it was decided that we could hold off another year. This information was received after the proposed budget was prepared. Expenses for this year will be reduced by \$21,000.



FY 2010 Budget **SPECIAL REVENUE FUNDS**





General Special Revenue Funds

- Revenues and Expenditures:
 - **Child Safety Fees** established by State law and are to be used on expenditures that relate to educational material for children.
 - Expenditures budgeted include supplies (coloring books, pencils, goody bags) for the Police Department's Child Safety Education Program (\$10K)
 - **Police Seizure Funds** are to be used on purchases that enhance law enforcement efforts in the community.
 - Ballistic helmets (\$15K)
 - Automated vehicle location devices (\$15K)
 - Mobile command center build out (\$10K)

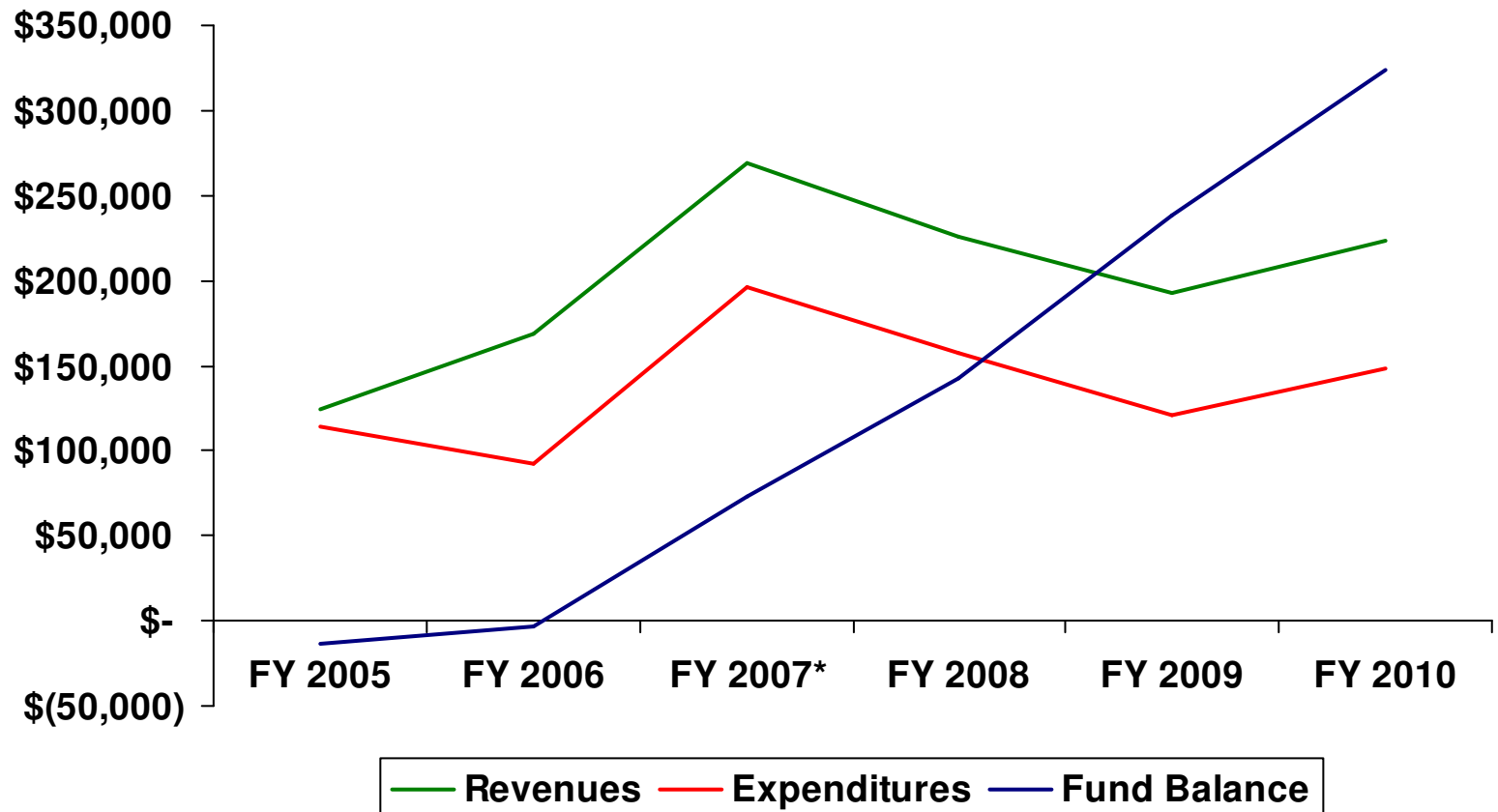


Hotel Occupancy Tax Fund

- Allowed uses:
 - Funding for a Convention Center or Visitor Information Center
 - Administrative Costs to Facilitate Convention Registration
 - Tourism-Related Advertising and Promotion of the City or its Vicinity
 - Funding Programs that Enhance the Arts
 - Funding Historical Restoration or Preservation Programs



Hotel Occupancy Tax - History



*Prior to FY 2007, hotel occupancy tax funds were recorded in the General Fund. By State Law, these funds are to be accounted for separately from other funds. A portion of the reduction in GF reserves is due to these funds being extracted from the GF.



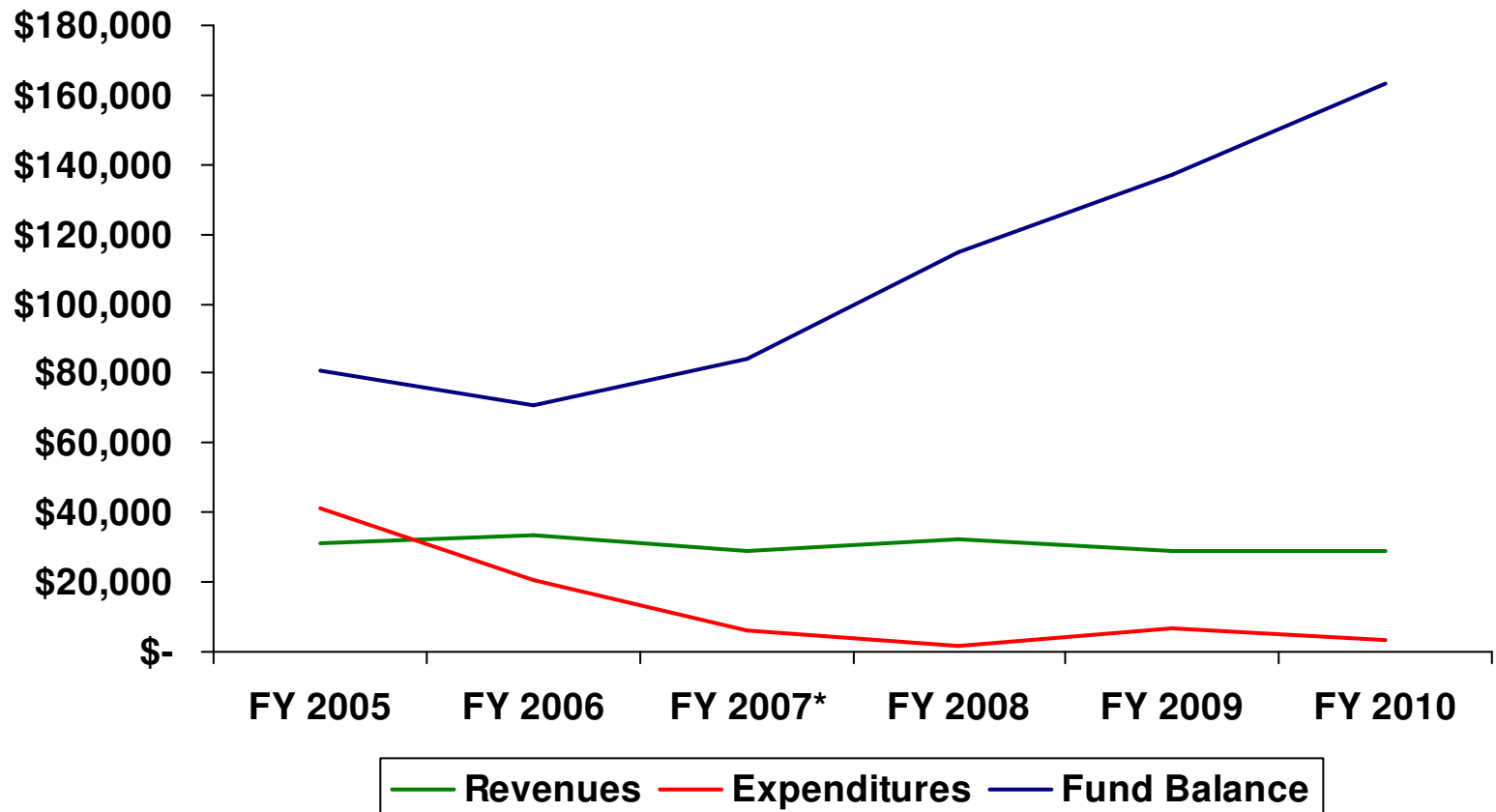
Hotel Occupancy Tax Distribution

• Budgeted Revenues	\$223,000
• Budgeted Expenditures	
– Tomball Area Chamber	\$ 35,000
– Tomball Sister City	15,000
– 2 nd Saturday at the Depot	30,000
– Other (fireworks for 4 th)	20,000
– PT Event Coordinator	8,000
– Grants*	30,000
Total	<u>\$148,000</u>
Net income	\$ 85,000
Ending fund balance	<u><u>\$323,429</u></u>

- * This is a new expenditure. Funds set aside for organizations that submit a grant application stating how the funds will be utilized. Funds will only be awarded if utilization adheres to state law.



Court Technology Fund - History



*Prior to FY 2007, Court Technology Funds were recorded in the General Fund. By State Law, these funds are to be accounted for separately from other funds. A portion of the reduction in GF reserves is due to these funds being extracted from the GF.

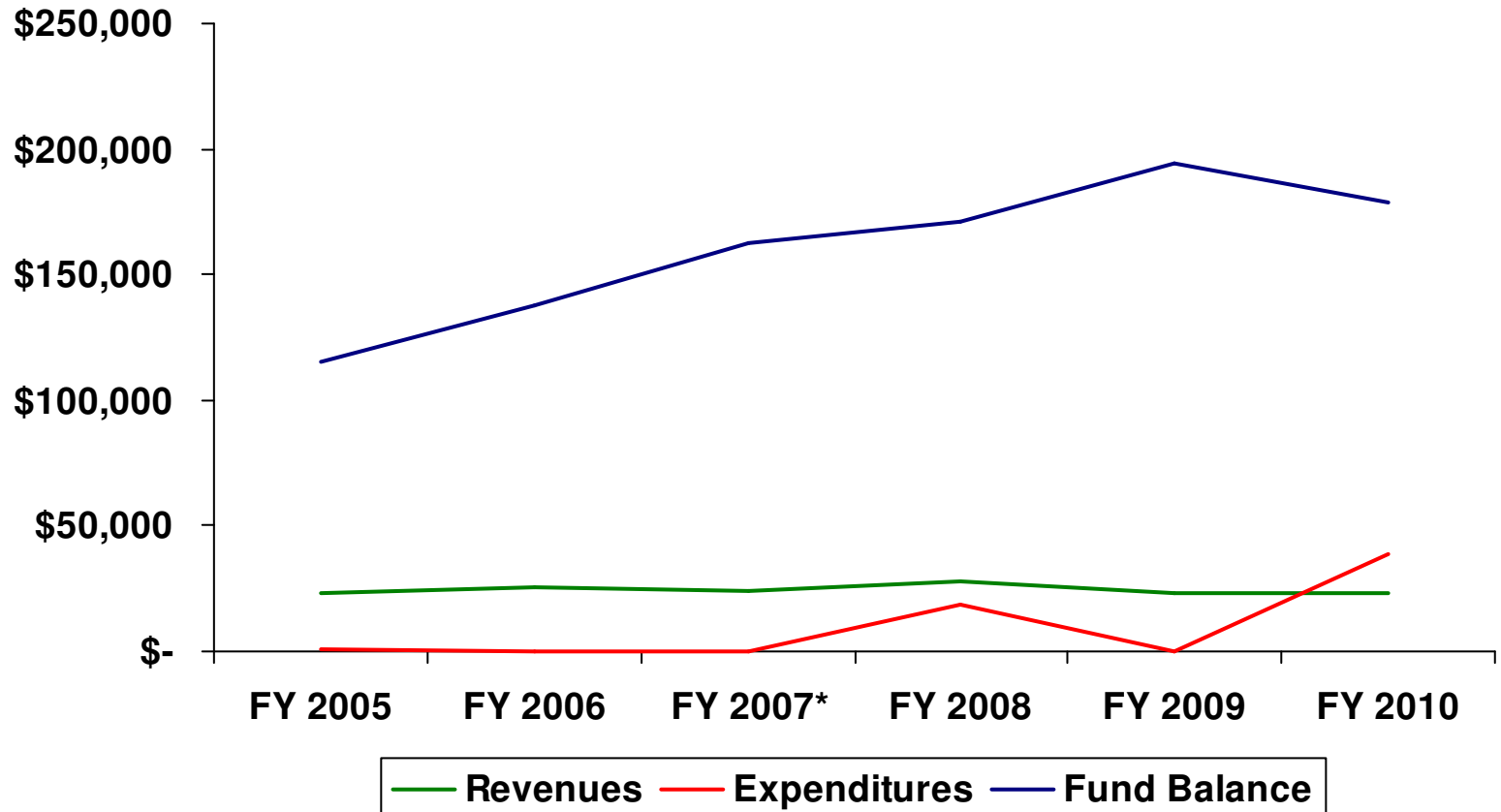


Municipal Court Technology Fund

- Revenues and Expenditures:
 - Revenues in this fund have been established by State law and are to be used on expenditures that improve or support technology in the Municipal Court Facility.
 - Expenditures budgeted include the annual maintenance of the court software package (\$3K), and the addition of the technology components of an additional workstation (\$5K)



Court Building Security Fund - History



*Prior to FY 2007, Court Building Security Funds were recorded in the General Fund. By State Law, these funds are to be accounted for separately from other funds. A portion of the reduction in GF reserves is due to these funds being extracted from the GF.



Municipal Court Building Security Fund

- Revenues and Expenditures:
 - Revenues in this fund have been established by State law and are to be used on expenditures that improve or support security in the Municipal Court.
 - Expenditures budgeted include half of the salary and benefits for the Court Bailiff (\$39K)



FY 2010 TOTAL BUDGET





TOTAL BUDGET – ALL FUNDS

Fund Summaries	FY 2009	FY 2010	% Change
Revenues	\$29,546,660	\$30,246,693	2%
Expenditures	\$42,447,970	\$40,598,740	-4%
Transfers	(838,172)	(\$1,160,544)	
Debt Proceeds	-0-	9,000,000	
Revenues Over (Under) Expenditures	(\$13,739,482)	(\$2,512,591)	
Beginning Fund Balance	\$29,193,531	\$17,039,806	
Ending Fund Balance	\$15,454,049	\$14,527,215	-6%

Note – Fund Summaries (pp.1-2) in budget materials shows projected amounts for FY 2009 not budgeted amounts.



FY 2010 Budget **SUMMARY OF PERSONNEL**





SUMMARY OF PERSONNEL

SUMMARY OF PERSONNEL - ALL FUNDS						
DEPARTMENT	2005	2006	2007	2008	2009	2010
General Fund	102	100	106	115	119	119
Hotel Occupancy Tax Fund	0	0	0	0	1	1
Enterprise Fund	35	35	37	38	33	33
Total Employees	137	135	143	153	153	153

*



FY 2010 Budget **BUDGET CALENDAR**



Next Steps

- All funds
 - Changes?
 - Additional questions?
- Direction to staff to prepare final budget documents



Schedule

- Jul 7, 8
Jul 14, 15
Budget work sessions
Budget work sessions (if needed)
- Mon, Jul 20
Set public hearing date on budget –
Regular Council meeting
- Mon, Aug 3
Regular Council meeting
→ First public hearing on budget
→ First reading of budget ordinance
→ First reading of utility rate ordinance
- Mon, Aug 17
Regular Council meeting
→ Second reading of budget ordinance
→ Second reading of utility rate ord.
- Oct ?
Tax rate public hearing (date depends on
HCAD)





FY 2010 Budget Conclusion

