



**City Council
Budget Retreat & Policy Worksession
For Fiscal Year 2019-2020**

May 23, 2019



City Council Budget Retreat & Policy Worksession May 23, 2019

PRESENTATION OVERVIEW

- Results of 2019 Community Survey
- Growth Trends
- New Budget Requests By City Department
- New Revenue Estimates
- Key Dates for Budget Development
- City Council's Budget Policy, Priorities & Directions for 2020



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RESULTS OF THE
2019 CITY OF KYLE COMMUNITY SURVEY



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

The top 12 City programs and services ranked by survey respondents as very important:

- 99.3% Crime prevention/deterrence
- 99.2% Street maintenance(resurfacing, fixing, potholes, etc.)
- 98.0% Wastewater service
- 97.5% Drinking water
- 96.4% Enforcement of traffic laws
- 95.0% Trash and recycling collection
- 93.3% Utility billing/paying bills
- 92.7% Litter prevention
- 92.4% Economic development
- 91.7% Appearance of city parks
- 89.2% Maintaining sidewalks
- 88.8% Code enforcement



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Percentage of survey respondents highly satisfied with the type of City services:

- 95.1% Municipal Court
- 93.5% Library services and programs
- 89.6% Sewer services
- 89.4% Appearance of City parks
- 86.4% Animal control
- 84.4% Trash & recycling collection
- 84.3% Parks department programs
- 77.3% Crime prevention/deterrence
- 75.8% Enforcement of traffic laws
- 74.7% Public outreach
- 74.1% Code enforcement
- 74.1% Utility billing/paying bills
- 73.8% Litter prevention

Continued....



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Percentage of survey respondents highly satisfied with the type of City services:

- 65.3% Maintaining sidewalks
- 64.7% Economic development
- 63.8% Drinking water
- 62.0% Creating a City-wide recreational trail
- 60.2% Building new sidewalks
- 59.8% Making Kyle a destination
- 33.4% Street maintenance (resurfacing, fixing, potholes, etc.)



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Survey respondents who agreed that City government is responsive to their concerns and input:

- 41.6% Agreed
- 31.4% Disagreed
- 27.0% N/A



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Percentage of survey respondents who indicated City's Property Tax is too much, too little or the right amount:

- 48.9% Right amount
- 22.2% Too little
- 28.9% Too much



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Percentage of survey respondents who would rather have the City provide more services even if it costs more in taxes:

- 35.5% More services with higher tax rate
- 64.5% Fewer services with lower tax rate



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Percentage of survey respondents who agreed that City has an adequate number of recreational options:

- 47.7% Agreed
- 45.3% Disagreed
- 7.0% N/A



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Percentage of survey respondents who agreed that City has an adequate number of entertainment options:

- 35.9% Agreed
- 61.4% Disagreed
- 2.7% N/A



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Percentage of survey respondents who indicated they would use public transportation, if it was available:

- 61.0% No
- 15.4% Yes, frequently
- 23.6% Yes, infrequently



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Percentage of survey respondents who indicated tax-payer monies should fund a public transportation system:

- 52.7% No
- 22.6% Yes
- 24.7% Maybe



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Percentage of survey respondents who go to work in the following cities:

- 49.0% Austin
- 32.5% Kyle
- 9.3% San Marcos
- 6.2% Buda
- 1.6% Round Rock
- 1.0% San Antonio
- 0.5% Pflugerville



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2019 CITY OF KYLE COMMUNITY SURVEY RESULTS

Primary reason survey respondents indicated for relocating to the City of Kyle:

- 36.4% Cost of housing
- 19.8% To be near family
- 14.9% Employment near Kyle
- 11.1% Quality of life
- 7.8% Proximity to Austin area
- 6.8% Employment in Kyle
- 3.3% Schools



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CITY OF KYLE GROWTH TRENDS



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OVERALL KYLE AREA ECONOMY IN 2020

1. Residential and commercial building permits at 2019 levels
2. Property tax roll is estimated to increase by 7% to 9% to reflect new additions and standard increase in overall valuations
 - Certified estimated property valuations provided by HAYSCAD indicates 7.5%
3. Sales tax growth will continue around 8.5% to 10.5% from prior year
4. Utility customer account growth in the 4% to 6% range
5. 21,000 new residents projected to be added by year 2040



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POPULATION – CITY OF KYLE

It is projected that approximately 21,000 new residents will be added by year 2040

	City Limits*	5 Mile* Radius	7 Mile* Radius	10 Mile* Radius
Census 1990	3,325	8,471	14,421	49,784
Census 2000	5,314	15,225	24,292	68,556
Census 2010	28,016	40,327	54,436	117,661
Estimated 2019	47,500	N/A	N/A	N/A
Forecasted 2020	50,000	N/A	N/A	N/A

*Source: City of Kyle Economic Development Department



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BUILDING PERMITS ISSUED

January - December

	2015	2016	2017	2018	2019*
Residential Permits	523	576	586	620	158*
Commercial Permits	89	131	164	61	11*
TOTAL:	612	707	750	681	169*

*For 2019 permit data is based on actuals for the months of January, February, March and April only.



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UTILITY CUSTOMER ACCOUNTS

	2015	2016	2017	2018	2019*
Residential	9,507	10,035	10,460	11,771	12,147
Commercial	263	277	296	337	344
Irrigation	93	107	122	185	196
TOTAL:	9,863	10,419	10,878	12,293	12,687

*For 2019: Account data as of April 2019 billing



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NEW REVENUE FOR FISCAL YEAR 2020
(PRELIMINARY ESTIMATES)



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2019 PROPERTY VALUATIONS **(PRELIMINARY ESTIMATES)**

- 2019 estimated assessed valuation (net): \$ 3,226,300,423
- 2018 certified assessed valuation (net): \$ 3,001,474,417
- 2019 estimated increase in AV: \$ 224,826,006
- 2019 estimated % increase in AV: 7.50%



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NEW PROPERTY TAX REVENUE

(PRELIMINARY ESTIMATES)

- New M&O tax revenue (\$0.2883): \$ 648,200
- New I&S tax revenue (\$0.2553): \$ 574,000
- 2020 estimated revenue increase @
current property tax rate (\$0.5416): \$ 1,222,200



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NEW SALES TAX REVENUE
(PRELIMINARY ESTIMATES)

- 2020 estimated revenue increase: \$ 1,174,700 +10.5%
- 2019 sales tax budget: \$ 8,363,634
- Actual collections thru May 2019: \$ 5,642,579
- % of budget collected thru May 2019: 67.5%



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OTHER GENERAL FUND REVENUE/FEES
(PRELIMINARY ESTIMATES)

- 2020 estimated revenue increase: \$ 350,000 +5.0%



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NEW WATER & WASTEWATER UTILITY REVENUE
(PRELIMINARY ESTIMATES)

- 2020 estimated revenue increase:

Water Utility	\$ 503,000 +5.0%
Wastewater Utility	\$ 336,000 +5.0%
Water Impact Fee	\$ 250,000
Wastewater Impact Fee	\$ 300,000



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NEW STORM DRAINAGE UTILITY REVENUE
(PRELIMINARY ESTIMATES)

- 2020 estimated revenue increase:

Residential	\$ 69,000 +5.0%
Commercial	\$ 81,000 +5.0%



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NEW BUDGET REQUESTS BY DEPARTMENT
FOR FISCAL YEAR 2020
(PRELIMINARY ESTIMATES)



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CITY COUNCIL



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CITY COUNCIL



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BUILDING INSPECTION DEPARTMENT



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BUILDING INSPECTION DEPARTMENT

- Funding for temporary/seasonal positions \$ 13,700
- Salary adjustments for Inspector positions \$ 30,100
- 3 replacement trucks (leased) \$ 27,500 (per year)
- Software system customization \$ 10,000
- TOTAL: \$ 81,300



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OFFICE OF CHIEF OF STAFF



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OFFICE OF CHIEF OF STAFF

- 1 Communication Specialist position w/support costs \$ 70,700
- 1 compact vehicle (leased) \$ 8,200 (per year)
- TOTAL: \$ 78,900



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OFFICE OF CHIEF OF STAFF – SPECIAL EVENTS



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ECONOMIC DEVELOPMENT DEPARTMENT



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ECONOMIC DEVELOPMENT DEPARTMENT



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HUMAN RESOURCES DEPARTMENT



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HUMAN RESOURCES DEPARTMENT

- Reclassification of HR Specialist position to
HR Generalist position \$ 6,100
- Implementation of 2019 compensation study results
for City employees (non sworn) \$ 150,000
- TOTAL: \$ 156,100



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LIBRARY DEPARTMENT



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LIBRARY DEPARTMENT

• 33 computer workstation replacement for public use	\$ 37,060
• 16 desktop computer replacement for staff use	\$ 22,540
• Wireless printing capability for public	<u>\$ 1,025</u>
• TOTAL:	<u>\$ 60,625</u>



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PARKS & RECREATION DEPARTMENT

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PARKS & RECREATION DEPARTMENT

Continued.....



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PARKS & RECREATION DEPARTMENT

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PARKS & RECREATION DEPARTMENT

• Bunton Creek preserve playground	\$ 285,000
• Ash Pavilion phase 3	\$ 100,000
• Kyle Vista Park	\$ 1,250,000
• Plum Creek Trail (Spring Branch Section)	<u>\$ 450,000</u>
• Sub-total: <u>Park Development Fund:</u>	<u>\$ 2,085,000</u>
• TOTAL:	<u>\$ 2,765,893</u>



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PLANNING DEPARTMENT



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PLANNING DEPARTMENT



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ENGINEERING SERVICES DEPARTMENT



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ENGINEERING SERVICES DEPARTMENT

- 1 Project Manager position w/support costs \$ 98,700
- 1 compact vehicle (leased) \$ 8,200 (per year)
- TOTAL: \$ 106,900



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NEW CIP REQUESTS/ADDITIONS

• Old Post Road reconstruction (CR 158 – FM 150)	\$ 1,100,000
• Bunton Creek (Lehman-Goforth)	\$ 4,400,000
• Windy Hill Road (I-35 – Indian PB)	\$ 6,100,000
• Windy Hill Road (Indian PB – Purple Martin) (Net of \$2.0 million from Trails of Windy Hill)	\$ 1,400,000
• Kohler’s Crossing Overpass (City’s share)	\$ 3,000,000
• Railroad Siding improvements (City’s share)	<u>\$ 3,000,000</u>
• Sub-total: <u>General Fund:</u>	<u>\$ 19,000,000</u>

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NEW CIP REQUESTS/ADDITIONS

• Anthem water tank (Net of \$2.0 million from Lennar PID)	\$ 1,500,000
• FM 1626 pump station improvements	\$ 1,800,000
• Wastewater treatment plant expansion (Net of \$12.1 million in reserves)	\$ 14,500,000
• Center Street Village wastewater improvements	\$ 2,925,000
• North Trails wastewater interceptor	\$ 3,000,000
• Plum Creek golf course wastewater interceptor	<u>\$ 3,800,000</u>
• Sub-total: <u>Utility Fund:</u>	<u>\$ 27,525,000</u>
• TOTAL NEW CIP REQUESTS:	<u>\$ 46,525,000</u>



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CIP – IMPLEMENTATION ONGOING

- RR crossing quiet zone (Center St & E South St)
- Old Post Road engineering/design (CR 158 – FM 150)
- Lehman Road (Lehman-Dacy)
- Burleson Street (Center Street-Marketplace)
- Water tank rehab & line upgrades/replacements
- Indian Paintbrush lift station improvements
- Southside wastewater collection system improvements
- Bunton Creek wastewater interceptor improvements
- Elliot Branch wastewater interceptor improvements
- Wastewater line upgrades/replacements



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PUBLIC WORKS DEPARTMENT



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PUBLIC WORKS DEPARTMENT

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PUBLIC WORKS - STREET DIVISION

Continued.....



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PUBLIC WORKS - STREET DIVISION

Continued.....



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PUBLIC WORKS - WATER/WASTEWATER DIVISION

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PUBLIC WORKS - TREATMENT DIVISION



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STORM DRAINAGE UTILITY PLAN FOR 2020 & BEYOND

- Option 2 as selected by City Council on March 9, 2019 (Worksession)
- City maintains all current drainage infrastructure, HOA detention ponds and drainage easements
- Outsource mowing to 3rd party for all 525 acres (estimated annual cost \$100,000)
- Will increase the number of CIPs by the number of HOA detention ponds (currently 25 ponds but will increase with new development)
- Drastically increases the length of time to complete all drainage CIPs as funding allows
- All HOA detention ponds and drainage easements will require a condition assessment conducted by a 3rd party
- HOAs will be required to fix any deficiencies noted in the condition assessment prior to City acceptance and detention ponds/drainage easements would need to be dedicated as a public easement
- No increase in monthly drainage fee



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TAX-EXEMPT BONDS FOR DRAINAGE FACILITIES

For the City to be able to issue tax-exempt bonds:

- Tax exempt municipal bonds cannot benefit private entities including HOAs
- Must meet public purpose test
- Ownership interest and control in underlying property is required
- Any drainage assessments must meet the “equal and uniform” rate requirements



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STATUS OF WATER SUPPLY PROJECT (ARWA)

(Alliance Regional Water Authority)

- ARWA partnership will provide a total of 14,085 acre-feet per year for City of Kyle:
 - 4,225 acre-feet per year of water supply capacity after completion of Phase 1 projects
 - 9,860 additional acre-feet per year after completion of Phase 2 projects
- 28.17% City of Kyle's share in total water supply capacity and project costs
- Ground water leases and permits secured by ARWA
- Buda-Kyle water transmission line and pump station is underway
- ARWA has selected all design consultants with preliminary design underway as well as acquisition of easements.
- Carrizo water delivered by ARWA to City of Kyle in 2023
- Water sharing where Kyle & San Marcos are selling excess supplies to Buda commenced in January 2017

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STATUS OF WATER SUPPLY PROJECT (ARWA)

(Alliance Regional Water Authority)

- \$12,525,000 in 30-year debt issued by ARWA for Kyle's share of capital costs
 - \$3,530,000 in 2015 (average annual debt service = \$184,000)
 - \$8,995,000 in 2017 (average annual debt service = \$455,000)
- \$51,125,000 in additional debt planned to be issued by ARWA for Kyle's share of capital costs
 - \$24,200,000 in November 2019 (\$1.3 million estimated average annual debt service)
 - \$26,925,000 in November 2020 (\$1.6 million estimated average annual debt service)
- \$63,650,000 total estimated debt issued by ARWA for Kyle's share of capital costs
- As Council has been briefed before, rate increase for water service will be necessary
 - 25% to 30% preliminary estimate
 - Contingent on final project costs, financing terms, system growth, etc.
 - ARWA is continuing to monitor and adjust project scope to match overall budget
 - Rate increases will be deferred to the extent feasible



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POLICE DEPARTMENT



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Emergency Center Co-Location Project

- A partnership between Hays County, cities of Kyle and Buda
- May 2020: “Go Live” date for shared computer aided dispatch
- July 2020: Planned opening date for Emergency Center
- Requires City to authorize, fund, hire and train of four (4) new 911 call-takers/dispatchers by May 2020 (Go Live date)
- \$246,025: estimated first year costs for four (4) new dispatcher positions
- \$600 per month estimated costs for fiber connection
- Additional allocated cost for Kyle’s share for space and shared technology



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POLICE DEPARTMENT

• 2019 Meet and confer compensation	\$ 600,000
• 1 Assistant Chief w/support costs	\$ 142,500
• 1 Lieutenant w/support costs	\$ 123,200
• 2 Sergeant w/support costs	\$ 215,400
• 4 Detectives w/support costs	\$ 312,000
• 16 Police Officers w/support costs	\$ 1,263,900
• 1 Lead Telecommunicator w/support costs	\$ 71,530
• 4 Telecommunicators w/support costs	\$ 246,025
• 3 Records Compliance Technicians w/support costs	\$ 160,700
• 1 Property Evidence Technician w/support costs	\$ 61,500
• 1 Fleet Manager w/support costs	\$ 69,500
• 1 Accounts Payable Technician w/support costs	\$ 55,700
• 1 Code Compliance Officer w/support costs	\$ 72,600

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POLICE DEPARTMENT

• 1 Receptionist w/support costs	\$	52,000	
• Reclassification of Communications Supervisor to Communications Manager	\$	6,900	
• Reclassification of Telecommunicator Lead to Telecommunicator Supervisor	\$	5,600	
• Implement CTO pay for Dispatch	\$	5,000	
• Implement certification pay for Dispatch	\$	35,000	
• Implement night shift differential pay for Dispatch	\$	11,050	
• Implement K-9 officer program	\$	19,000	
• 9 replacement patrol interceptors (leased)	\$	172,120	(per year)
• 8 new patrol interceptors (leased)	\$	153,000	(per year)
• 14 replacement unmarked vehicles (leased)	\$	141,005	(per year)
• 7 new unmarked vehicles (leased)	\$	76,153	(per year)

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POLICE DEPARTMENT

• Animal shelter (cost increase)	\$	70,000
• Equipment for police motorcycles	\$	15,000
• Handheld LIDAR radar units	\$	11,000
• Narcotics analyzer	\$	10,000
• Speed counter/display	\$	8,200
• Traffic data collector/counter	\$	4,270
• Search & rescue drone	\$	3,800
• Night vision monocular	\$	2,800
• Crime scene & evidence camera	\$	4,000
• In-car computer replacements	\$	22,000
• Computers	\$	15,000

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POLICE DEPARTMENT



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SUMMARY OF NEW BUDGET REQUESTS &
NEW REVENUE FOR 2020
(PRELIMINARY ESTIMATES)



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2020 NEW BUDGET REQUESTS - FTEs

Department	General Fund	Utility Fund	Other Funds	Total
Building Inspection	0.5	0.0	0.0	0.5
Chief of Staff	1.0	0.0	1.0	2.0
Economic Development	1.0	0.0	0.0	1.0
Engineering Services	0.5	0.5	0.0	1.0
Parks & Recreation	3.0	0.0	0.0	3.0
Planning	1.0	0.0	0.0	1.0
Police	37.0	0.0	0.0	37.0
Public Works	8.0	0.0	0.0	8.0
TOTAL:	52.0	0.5	1.0	53.5



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2020 NEW REVENUE/FUNDING ESTIMATES **(PRELIMINARY ESTIMATES)**

	General Fund	Utility Fund	Other Funds	Total
Property Tax*	\$ 1,222,200	\$ 0	\$ 0	\$ 1,222,200
Sales Tax	\$ 1,174,700	\$ 0	\$ 0	\$ 1,174,700
Water/Wastewater	\$ 0	\$ 1,389,000	\$ 0	\$ 1,389,000
Storm Drainage	\$ 0	\$ 0	\$ 150,000	\$ 150,000
Non-CIP/Reserves	\$ 649,000	\$ 230,000	\$ 0	\$ 879,000
Other Revenue	\$ 350,000	\$ 0	\$ 2,223,300	\$ 2,573,300
Bond Proceeds	<u>\$ 0</u>	<u>\$ 14,500,000</u>	<u>\$ 0</u>	<u>\$ 14,500,000</u>
TOTAL:	<u>\$ 3,395,900</u>	<u>\$ 16,119,000</u>	<u>\$ 2,373,300</u>	<u>\$ 21,888,200</u>

*Property Tax Revenue Increase Estimate Based on Current Tax Rates



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2020 NEW BUDGET REQUESTS - \$\$\$

Department	General Fund	Utility Fund	Other Funds	Total
Administration-Council	\$ 194,300	\$ 0	\$ 0	\$ 194,300
Building Inspection	\$ 81,300	\$ 0	\$ 0	\$ 81,300
Chief of Staff	\$ 78,900	\$ 0	\$ 138,300	\$ 217,200
Economic Development	\$ 110,450	\$ 0	\$ 0	\$ 110,450
Engineering Services	\$ 53,450	\$ 53,450	\$ 0	\$ 106,900
Human Resources	\$ 156,100	\$ 0	\$ 0	\$ 156,100
Library	\$ 60,625	\$ 0	\$ 0	\$ 60,625

Continued....



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2020 NEW BUDGET REQUESTS - \$\$\$

Department	General Fund	Utility Fund	Other Funds	Total
Parks & Recreation	\$ 680,893	\$ 0	\$ 2,085,000	\$ 2,765,893
Planning	\$ 380,520	\$ 0	\$ 0	\$ 380,520
Police	\$ 4,307,053	\$ 0	\$ 0	\$ 4,307,053
Public Works	\$ 1,897,900	\$ 1,345,000	\$ 0	\$ 3,242,900
ARWA – New DS	\$ 0	\$ 1,360,000	\$ 0	\$ 1,360,000
New CIPs Added	<u>\$ 19,000,000</u>	<u>\$ 27,525,000</u>	<u>\$ 0</u>	<u>\$ 46,525,000</u>
TOTAL:	<u>\$ 27,001,491</u>	<u>\$ 30,283,450</u>	<u>\$ 2,223,300</u>	<u>\$ 59,508,241</u>



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2020 ESTIMATED FUNDING GAP **(PRELIMINARY ESTIMATES)**

	General Fund	Utility Fund	Other Funds	Total
Estimated New Funding	\$ 3,395,900	\$ 16,119,000	\$ 2,373,300	\$ 21,888,200
(Less) New Expenditures	<u>(\$ 27,001,491)</u>	<u>(\$ 30,283,450)</u>	<u>(\$ 2,223,300)</u>	<u>(\$ 59,508,241)</u>
Estimated Funding Gap:	<u>(\$ 23,605,591)</u>	<u>(\$ 14,164,450)</u>	<u>\$ 150,000</u>	<u>(\$ 37,620,041)</u>

*Property Tax Revenue Increase Estimate Based on Current Tax Rates



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RATE INCREASE PROJECTED FOR 2020

Solid Waste & Recycling Service Rates

- 4.03% increase per TDS contract effective April 1, 2020
- \$0.89 increase per month in base rate
- From \$22.08 to \$22.97 per month (does not include franchise fee or sales tax)



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NEXT STEPS FOR BUDGET DEVELOPMENT

- **May 23, 2019**
(Thursday, Special Called Meeting) Council Budget Retreat #1: Budget Policy & Priorities
- **July 24, 2019**
(Wednesday) Line Item Budget Sent to City Council
- **July 25, 2019**
(Thursday) Certified Property Valuations Due From HAYSCAD
- **July 27, 2019**
(Saturday, Special Called Meeting) Council Budget Retreat #2: Budget Presentation
- **August 14, 2019**
(Wednesday, Special Called Meeting) Public Hearing #1: Budget & Tax Rates
- **August 20, 2019**
(Tuesday, Regular Meeting) Public Hearing #2: Budget & Tax Rates
- **August 28, 2019**
(Tuesday, Special Called Meeting) Adoption: Budget & Tax Rates (1st Reading)
- **September 3, 2019**
(Tuesday, Regular Meeting) Adoption: Budget & Tax Rates (2nd Reading)



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CITY COUNCIL'S BUDGET POLICY,
PRIORITIES, & DIRECTIONS FOR 2020

1. City services:
2. Property tax rates:
3. Water service rates:
4. Wastewater service rates:
5. Storm drainage fees:
6. Solid waste services (TDS):
7. TDS contract expires 3-1-2021:
8. City Council's budget structure (same, by Place):
9. Changes to Council's line item budget:
10. Council budget initiatives:
11. Tourism services:

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CITY COUNCIL'S BUDGET POLICY, PRIORITIES, & DIRECTIONS FOR 2020

12. Direction on new budget requests for:

- a) New positions
- b) New equipment/vehicles
- c) Other operating requests

13. Direction on new capital improvement projects (CIP)

14. Feedback & direction on bond election for:

- a) Road improvements
- b) Storm drainage improvements
- c) Wastewater interceptor projects
- d) Police headquarters
- e) City Hall



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CITY COUNCIL'S TOP 10 BUDGET PRIORITIES FOR 2020

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.



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