

# Council Budget Workshop

0011

Overview of the Utility Funds,  
And Capital Projects Funds

**August 18, 2016**



# Fund Balance

0011

## ■ Guidelines

- Maintain working capital equivalent of 35% of operating expenditures.
- Debt covenant – build up debt service reserve by \$100,992 annually

## ■ Operating expenses (less nonrecurring) = \$10,165,491

- 35% = \$3,557,922
- FYE 9/30/17 working capital ~ \$3,569,846

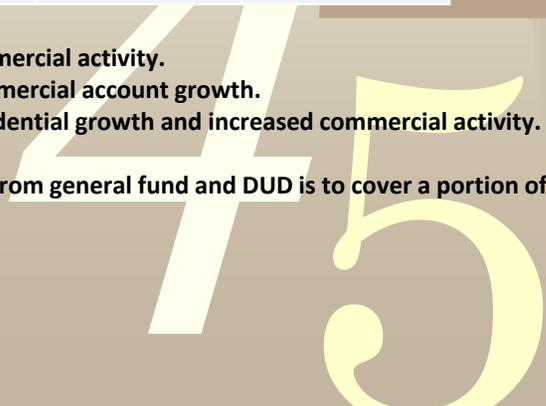
# Utility Fund Revenues p. 79

0011

Revenue Category	FY 2015-2016 Current Budget	FY 2016-2017 Proposed Budget	\$ Difference	% Difference
Water services ①	\$3,862,920	\$4,267,000	\$404,080	10.5%
Wastewater services ②	2,648,398	2,910,000	261,602	9.9%
Garbage & recycling services ③	2,214,000	2,639,000	425,000	19.2%
Other fees	607,550	603,250	(4,300)	0.7%
Interest and miscellaneous ④	60,800	82,600	21,800	35.9%
Other sales	1,800	6,000	4,200	233.3%
Intergovernmental and Transfers ⑤	<u>342,825</u>	<u>75,000</u>	<u>(267,825)</u>	(78.1%)
<b>Total Utility Revenues</b>	<b>\$9,738,293</b>	<b>\$10,582,850</b>	<b>\$844,557</b>	<b>8.7%</b>

- ① Related to expected increase in water consumption based on FY2016-2017 consumption and increase in commercial activity.
- ② 5% increase on wastewater rates to offset increase from CCMA, combined with expected residential and commercial account growth.
- ③ 3.1% increase in solid waste collection rates passed through from Bexar Waste combined with continued residential growth and increased commercial activity.
- ④ Slight increase in investment rates
- ⑤ Decrease in transfers from impact fees used in prior year to cover principal payment of new bonds. Transfer from general fund and DUD is to cover a portion of the facility improvements that will be tracked in the utility fund.

8/23/2016



# Revenue Projections

- Water Revenues – no proposed rate increase
  - Residential
    - Growth in our water CCN continues to decline
  - Commercial
    - Expected continued growth/development
- Wastewater Revenues
  - Proposed rate increase of 5% to cover the increased costs of service from CCMA.
- Solid Waste Revenues
  - Proposed rate increase of 3.1% (*effective in January*) to cover rate increase from Bexar Waste.

# Utility Administration p. 81

0011

	FY 2015-2016 Current Budget	FY 2016-2017 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$162,343	\$170,528	\$8,185	5.0%
Services, Utilities and Training	143,558	126,750	(16,808)	(11.7%)
General Supplies and Repairs	50,750	54,750	4,000	7.9%
Other Expenses	4,533,346	4,666,209	132,863	2.9%
Water Contracts	3,169,854	3,098,000	(71,854)	(2.3%)
Transfers for IT replacement	<u>1,020</u>	<u>1,020</u>	<u>0</u>	0.0%
<b>Total Expense</b>	<b>\$8,060,871</b>	<b>\$8,117,258</b>	<b>\$56,387</b>	<b>0.7%</b>

Highlights in FY 2016-2017 Budget include:

- ❑ 6% increase from CCMA for wastewater collection and treatment and 3.1% increase from Bexar Waste for solid waste collection and disposition is offset by reduction in costs of water development from CVLGC.
- ❑ Reduction in water contracts related to early cancellation of SAWS contract for 500 acre feet offset by small increases related to Wells Ranch

8/23/2016

# Utility Operations – Water p. 83

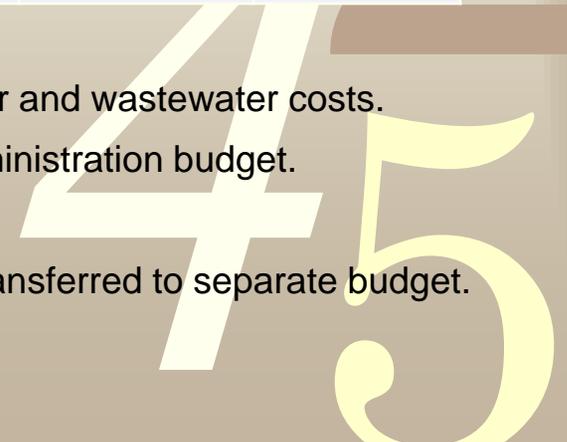
0011

	FY 2015-2016 Current Budget	FY 2016-2017 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$652,755	\$543,808	(\$108,947)	(16.7%)
Services, Utilities and Training	119,200	73,600	(45,600)	(38.3%)
General Supplies and Repairs	137,318	83,300	(54,018)	(39.3%)
Transfers	<u>1,280</u>	<u>43,280</u>	<u>42,000</u>	3281.3%
<b>Recurring Operating Expense</b>	<b>\$910,553</b>	<b>\$743,988</b>	<b>(\$166,565)</b>	<b>(18.3%)</b>
Capital and Non-Capital	125,985	89,940	(36,045)	(28.6%)
Debt Service	<u>62,266</u>	<u>0</u>	<u>(62,266)</u>	(100.0%)
<b>Total Expense</b>	<b>\$1,098,804</b>	<b>\$833,928</b>	<b>(\$264,876)</b>	<b>(24.1%)</b>

Highlights in FY 2016-2017 Budget include:

- Separated operations budget to account separately for water and wastewater costs.
- Increase in transfers funds a portion of the public works administration budget.
- Capital funding includes replacement of a ¾ ton crew truck.
- Debt service cost is related to wastewater equipment and transferred to separate budget.

8/23/2016



# Utility Operations – Wastewater p. 85

0011

	FY 2015-2016 Current Budget	FY 2016-2017 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$ 0	\$213,971	\$213,971	
Services, Utilities and Training	0	24,750	24,750	
General Supplies and Repairs	0	48,250	48,250	
Transfers	<u>0</u>	<u>28,440</u>	<u>28,440</u>	
<b>Recurring Operating Expense</b>	<b>\$ 0</b>	<b>\$315,411</b>	<b>\$315,411</b>	
Capital and Non-Capital	0	55,400	55,400	
Debt Service	<u>0</u>	<u>62,266</u>	<u>62,266</u>	
<b>Total Expense</b>	<b>\$0</b>	<b>\$433,077</b>	<b>\$433,077</b>	

Highlights in FY 2016-2017 Budget include:

- Separated operations budget to account separately for water and wastewater costs.
- Transfers funds a portion of the public works administration budget.
- Capital funding includes replacement of a 1 ton service truck.
- Debt service cost is related to wastewater equipment and transferred to separate budget.

8/23/2016

# Non-departmental p. 87

001

	FY 2015-2016 Current Budget	FY 2016-2017 Proposed Budget	\$ Difference	% Difference
Services, Utilities and Training	\$ 1,000	\$ 600	(\$ 400)	(40.0%)
Other Expenses	<u>992,897</u>	<u>925,967</u>	<u>(66,930)</u>	(6.7%)
<b>Recurring Operating Expense</b>	<b>\$993,897</b>	<b>\$926,967</b>	<b>(\$66,930)</b>	<b>(6.7%)</b>
Capital and Non-Capital	0	100,000	100,000	
<b>Total Expense</b>	<b>\$993,897</b>	<b>\$1,026,967</b>	<b>\$33,070</b>	<b>3.3%</b>

Highlights in FY 2016-2017 Budget include:

- ❑ Capital budget includes funding for public works facilities improvements. Transfers in from the general fund and the drainage utility district will fund 75% of the total cost.



# Drainage Utility District p. 89

0011

- ❑ The Drainage Utility District was created in 2011 to establish funding for maintenance of the City's drainage ways. Since 2011, the fee structure has been based on \$4 per LUE (living unit equivalent) and capped at 25 LUEs. No change in capped amount is proposed at this time.
- ❑ The FY 2016-2017 Proposed Budget includes a rate increase of \$1 per LUE for all properties in the City which will generate approximately \$125,700 in additional revenue to offset increased costs drainage maintenance as well as funding a portion of the Town Creek Channelization project.

# Drainage Operations p. 95

0011

	FY 2015-2016 Current Budget	FY 2016-2017 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$ 318,442	\$ 295,863	(\$22,579)	(7.1%)
Services, Utilities and Training	46,588	49,900	3,312	7.1%
General Supplies and Repairs	73,750	67,250	(6,500)	(8.8%)
Other Expenses	9,816	102,336	92,520	942.5%
Transfers	<u>220</u>	<u>30,220</u>	<u>30,000</u>	13636.4%
<b>Recurring Operating Expense</b>	<b>\$448,816</b>	<b>\$545,569</b>	<b>\$96,753</b>	<b>21.6%</b>
Capital and Non-Capital	36,025	34,790	(1,235)	(3.4%)
Transfers <i>(for capital)</i>	24,100	25,000	900	3.7%
Debt Service <i>(for capital)</i>	<u>40,709</u>	<u>40,709</u>	<u>0</u>	0.0%
<b>Total Expense</b>	<b>\$ 549,650</b>	<b>\$ 646,068</b>	<b>\$ 96,418</b>	<b>17.5%</b>

# Drainage Operations

Highlights in FY 2016-2017 Budget include:

0011

- ❑ Reduction in Salaries and Benefits related to:
  - ❑ Creation of Public Works Administration budget thereby eliminating a portion of the Public Works Director salary allocated to DUD Salaries and Benefits.
  - ❑ Reclassification of Crew leader position to Superintendent level position thereby eliminating a portion of the Streets Superintendent salary to be allocated to Drainage.
- ❑ Increase in contracted drainage maintenance.
- ❑ Capital includes funding of a utility tractor.
- ❑ Increase in Other Expenses is for an expected intergovernmental payment to fund a portion of the Town Creek Channel Improvement project.
- ❑ Recurring transfers includes a transfer to the General Fund for a portion of the Public Works Administration budget.
- ❑ Transfers for capital includes 25% funding of additional building improvements that is provided for in the Utility Fund budget.

8/23/2016

# Capital Projects Funds p. 135

0011

Fund	Purpose	Status
Capital / IT Replacement (p. 137)	Accumulate funds as available for replacement of technology items	Implementing IT Replacement program
2006 Tax Notes (p. 139)	Drainage projects	Remaining balance to be expended in FY 2016
2008 Certificates of Obligation (p. 141)	Multi-event center – recreation facilities.	Remaining balance to be expended in FY 2016
2011 General Obligation Bonds (p. 143)	Town Creek drainage improvements – Construction expected to start in the Winter of 2017.	Project scope complete. Plans at 75%.
2011 General Obligation Bonds (p. 145)	Ball Field Project – Construction expected in the Fall of 2016.	Awaiting funding agreement with the YMCA.

# Capital Projects Funds

0011

Fund	Purpose	Status
2012 Revenue Bonds (p. 147)	Water/Wastewater projects – water storage and line extensions. Wastewater line extension along FM 78.	Water storage project complete September 2016.
2013 General Obligation Bonds (p. 149)	Town Creek drainage improvements – Construction expected to start in the Winter of 2017.	Project scope complete. Plans at 75%.
2013 General Obligation Bonds (p. 151)	Community Center - Construction expected to begin Summer 2017.	Design in process
2014 General Obligation Bonds (p. 153)	Fire Station #1 improvements – Construction expected to start in the Fall of 2016.	Contract awarded.
2014 General Obligation Bonds (p. 155)	Road improvements – North Main/FM 1103 Intersection and Sidewalk improvements along Borgfeld – Construction expected to begin in the Fall of 2016.	Plans under review by TXDOT.

# Capital Projects Funds

Fund	Purpose	Status
2015 General Obligation Bonds (p. 157)	Haeckerville Road South Improvements – Road construction expected in the Fall of 2016.	Project to bid in the Fall of 2016.
2015 General Obligation Bonds (p. 159)	Fire Station #3 – preliminary design and site work to begin in mid-2017.	
2015 General Obligation Bonds (p. 161)	FM 1103 Roadway improvements – phase 1 – fund right of way acquisition – participation commitment from TXDOT. Phase 2 – road construction expected mid-2018.	Engineering and survey work underway.
2016 General Obligation Bonds (p. 163)	Borgfeld Road improvements to include road widening, traffic signalization and sidewalks. Expected construction in the Fall of 2016.	Utility line construction at 50-60% completion.

0011