Proposed FY20/21 Budget Budget Workshop

Prepared by Grayson Path, City Manager

City Charter Section 40(2)

Financial Policy

- The overall Financial Policy of the City of Paris as shown through its Proposed FY20/21 Budget is to serve the public with professionalism, civility, honesty and integrity and to provide a safe and prosperous community by being responsible stewards of the taxpayer dollars and to provide quality, efficient and effective services that facilitate and enhance the quality of life, recreational enjoyment, economic opportunity, responsible planning, improvement of infrastructure, and public safety for all.

Budget Priorities

- Priorities of the Proposed FY20/21 Budget
  - Employee Pay
    - Employees are City's Greatest Asset
    - City has fallen behind with Comparable Pay of other similar communities.
      - City has issued three (3) COLAs in the last ten (10) years.
      - Important to pay them fairly / retain / fill positions = develop experience, job knowledge, consistency.
      - Financial Policy is best met if we can retain employees.
    - Comparable Pay Study
    - 2% COLA for all FT employees except City Manager
  - Replacing Outdated Equipment
    - Financing / Outright
  - New Positions
    - City Planner / Code Enforcement Officer
  - Realignment of Line Item Budgets
    - 400+ line items adjusted = greater efficiency to help fund priorities.
  - Maintaining Operational Services
  - Texas Property Tax Reform and Transparency Act of 2019
    - Proposed FY20/21 Budget falls within Voter Approval Rate of 3.5% Property Tax Rate Growth.

Balance of Operational Funds

- Proposed FY20/21 Budget consists of 44 separate funds, the vast majority of which are Special Purpose Funds (restricted for specific purposes) or Bonded Indebtedness Funds.
- The City's operations function out of three specific funds, all of which are balanced for the Proposed FY20/21 Budget:

Fund	Revenue	Expenditure	Net
01 General Fund	$24,443,660.00	$24,443,660.00	$0.00
10 – Water and Sewer Fund	$15,269,187.00	$15,269,187.00	$0.00
45 – Sanitation and Landfill Fund	$1,165,350.00	$1,165,350.00	$0.00

- The Combined Operational Budget is $40,878,197.00 in Expenditure and $40,878,197.00 in Revenue.
- The Overall Budget consists of $50,162,201.88 in Expenditure and $48,695,498.00 in Revenue.

General Fund Revenue

- FY19/20 = $23,677,344.00
- FY20/21 = $24,443,660.00
- Increase = $766,316.00
- Primary Reasons:
  - City Utilized $650,000.00 in Reserve in FY19/20 to lower Property Tax
    - Cannot do that each year.
  - Atmos Gas Franchise Fee down $130k.
  - Property Tax Valuations Up
  - Proposed FY20/21 Budget Utilizes full 3.5% Voter Approval Rate growth
  - EMS Revenue up $150k.
  - Approximately $230k net increase in non-Property Tax Revenues
- Property Tax Levy
  - FY19/20 = $6,925,174.00
  - FY20/21 = $7,460,000.00
  - Increase = $534,826.00

Property Tax Rate

- Both Operational and Maintenance Tax Rate as well as Debt Service Tax Rate are decreasing in the Proposed FY20/21 Budget.

Year	O&M	Debt	Total	
FY18/19	$0.43831	$0.11364	$0.55195	
FY19/20	$0.40868	$0.10740	$0.51608	
FY20/21	$0.39788	$0.08290	$0.48078	Preliminary
Difference	-$0.04043	-$0.03074	-$0.07117	FY18/19 vs. FY20/21
Difference	-$0.01080	-$0.02450	-$0.03530	FY19/20 vs. FY20/21

- The Proposed FY20/21 Tax Rate will be the lowest Tax Rate for at least the last five years.
- The Proposed FY20/21 Tax Rate is – to the best of our ability – in compliance with Senate Bill 2.

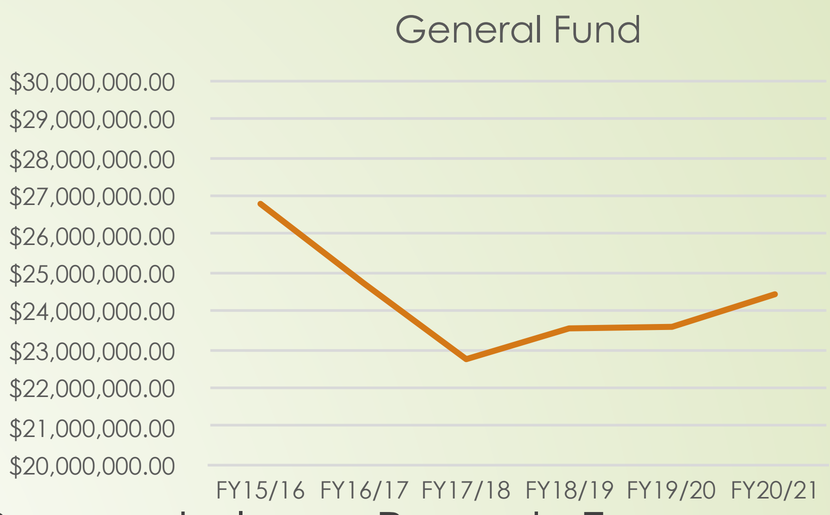
Property Valuations vs. Property Tax Rate

- Property Valuations have been increasing year by year while Property Tax Rate has been decreasing.

	2020-21	2019-20	2018-19	2017-18	2016-17
Total Taxable Value	$ 1,876,141,460	$ 1,794,161,289	$ 1,732,236,641	$ 1,681,747,299	$ 1,627,397,467
Percent Difference	5%	4%	3%	3%	N/A
O&M Tax Rate	0.39788	0.40868	0.43831	0.44248	0.42443
Debt Tax Rate	0.0829	0.1074	0.11364	0.10947	0.07752
Total Tax Rate	0.48078	0.51608	0.55195	0.55195	0.50195
Percent Difference	-7%	-6%	0%	10%	N/A

- While the City of Paris is proposing to Levy more Property Tax in the Proposed FY20/21 Budget as compared to FY19/20, due to the increase in valuations as well as the Growth Restriction of 3.5%, the overall Property Tax Rate is decreasing from $0.51608 to $0.48078.
- While the City could certainly seek to Levy the same or less Property Taxes in FY20/21 as it did in FY19/20, this will have a significant negative impact to the Proposed Financial Policy and Priorities provided.

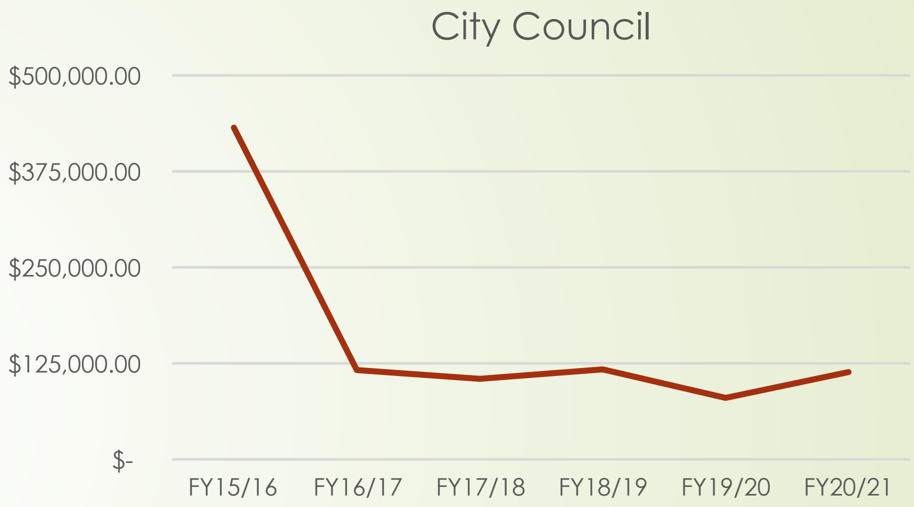
General Fund Expenditures



- FY19/20 = $23,595,442.00
- FY20/21 = $24,443,660.00
- Increase = $848,218.00
- In FY19/20, the City utilized $650,000.00 of the Reserve to lower Property Tax. Therefore, the actual Budget for the General Fund was:
  - FY19/20 = $23,595,442.00 + $650,000.00 = $24,245,442.00.
  - FY20/21 Budget has increased by $198,218.00 instead of $848,218.00.
- Primary Reasons:
  - Use of Reserve
  - COLA
    - Payroll is 67% of General Fund Expense
  - Equipment Expenses
  - Realignment of Budget = History
  - Additional Positions (City Planner / Code Enforcement Officer)

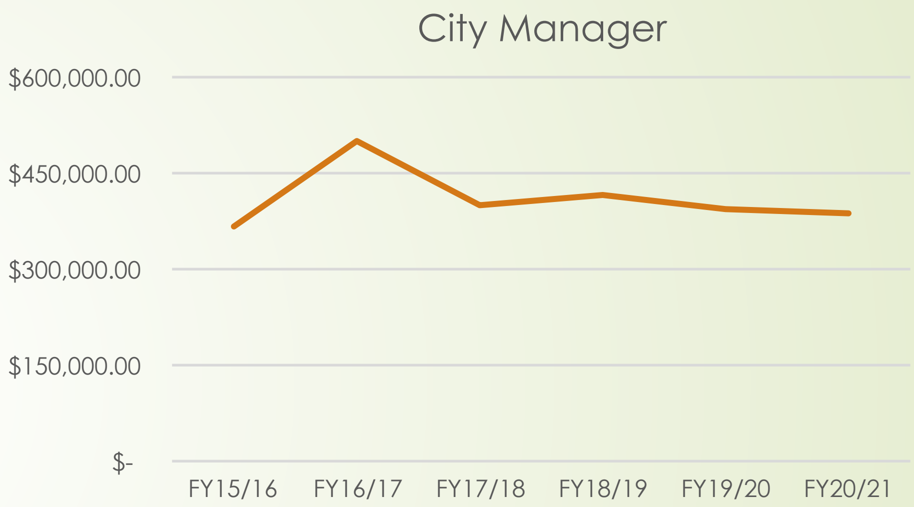
City Council – Dept. #11

- FY19/20 = $80,650.00
- FY20/21 = $114,250.00
- Increase = $33,600.00
- Primary Reasons:
  - Comparable Pay Study
- Other expenses include:
  - Insurance
  - Public Notices
  - Utilities
  - City Hall Maintenance
- In FY15/16, large amount of Court Costs and Roof Replacement Expenses.



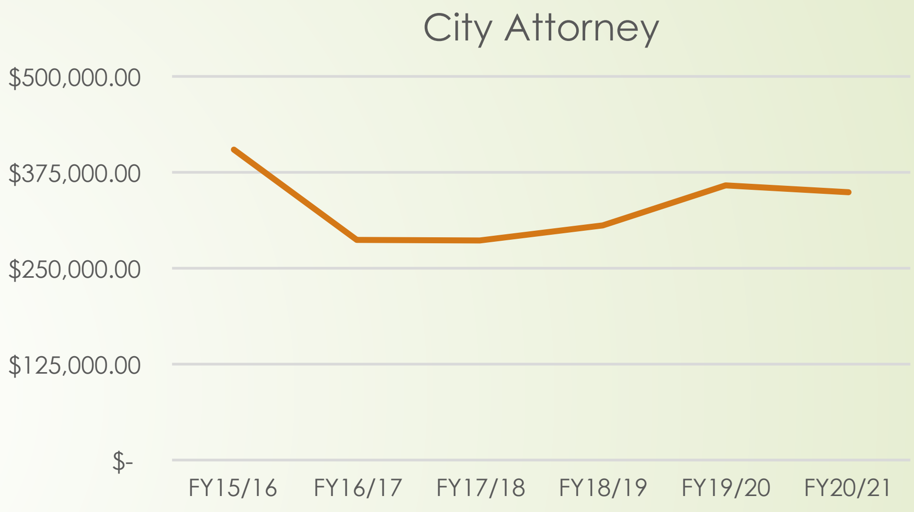
City Manager – Dept. #12

- FY19/20 = $395,522.00
- FY20/21 = $388,961.00
- Decrease = ($6,561.00)
- Primary Reasons:
  - Decrease salary expense.
- Payroll Expense = 92%
- Other expenses include:
  - Communications
  - Car Allowance
  - Travel Expenses
  - Office Supplies
  - Utilities



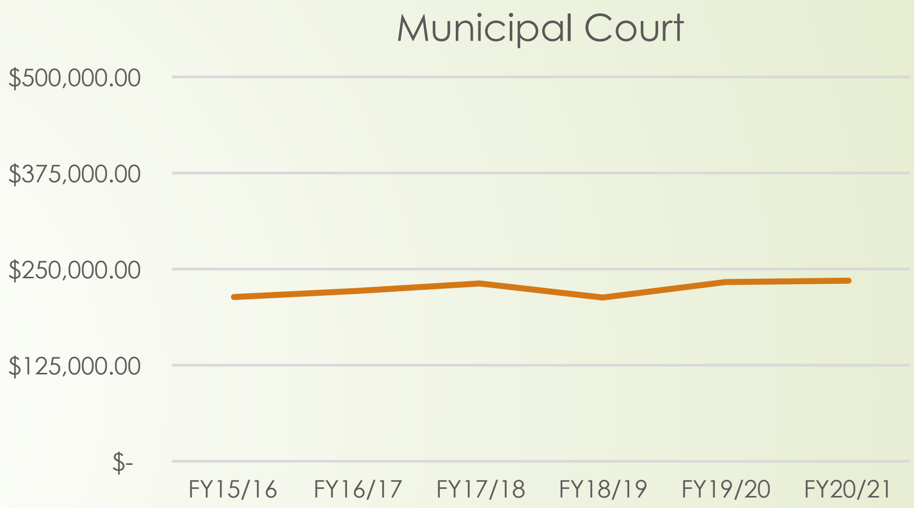
City Attorney – Dept. #13

- FY19/20 = $359,035.00
- FY20/21 = $350,106.00
- Decrease = ($8,929.00)
- Primary Reasons:
  - Realignment of Budgets.
- Payroll Expense = 59%
- Other expenses include:
  - Prosecutor Contract
  - Delinquent Tax Attorney Fees
  - Legal Material / Books
  - Communications
  - Car Allowance
  - Travel Expenses
  - Office Supplies
  - Utilities



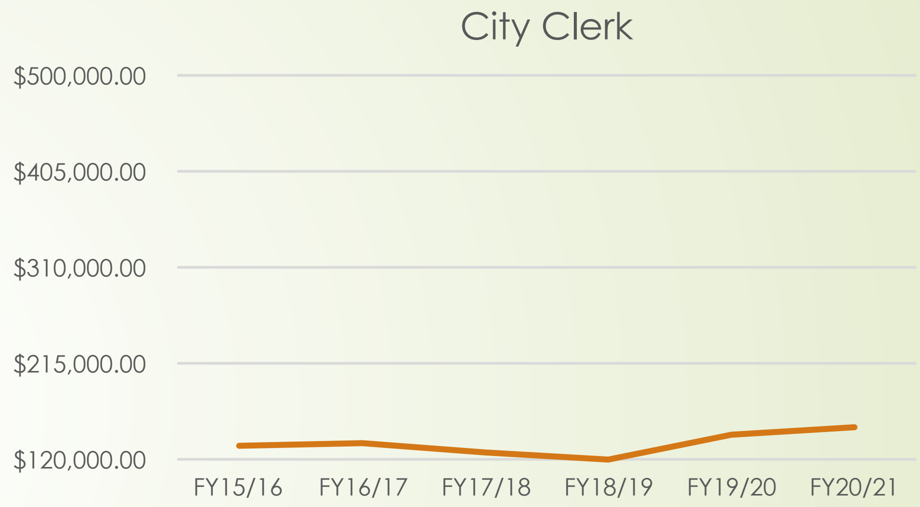
Municipal Court – Dept. #14

- FY19/20 = $234,389.00
- FY20/21 = $236,171.00
- Increase = $1,782.00
- Primary Reasons:
  - De Minimis
- Payroll Expense = 92%
- Other expenses include:
  - Office Supplies
  - Associate Judge Services
  - Communications
  - Travel Expenses



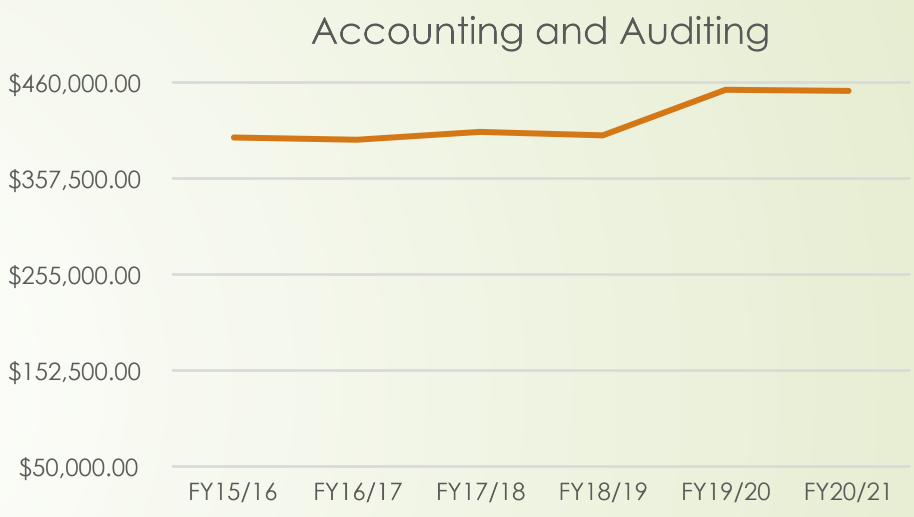
City Clerk – Dept. #15

- FY19/20 = $144,847.00
- FY20/21 = $152,255.00
- Increase = $7,408.00
- Primary Reasons:
  - Payroll Expenses
- Payroll Expense = 90%
- Other expenses include:
  - Office Supplies
  - Communications
  - Travel Expenses
  - Training



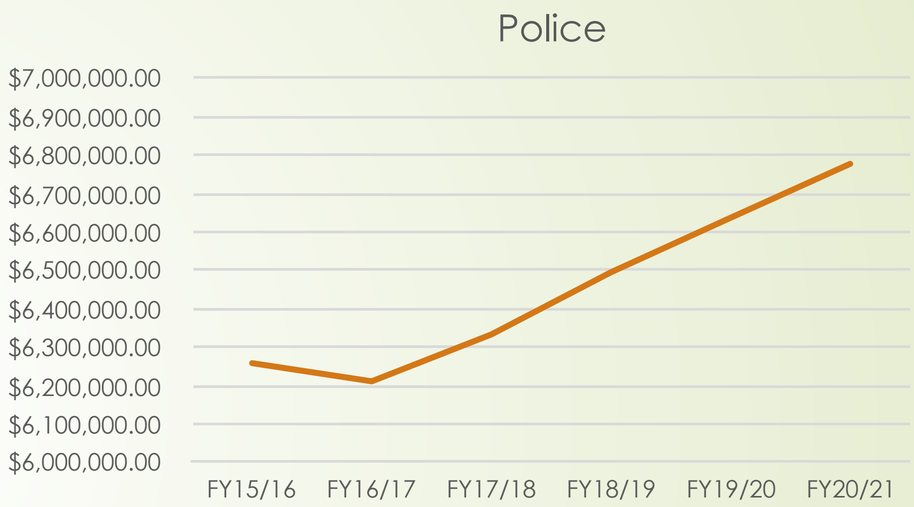
Accounting & Auditing – Dept. #21

- FY19/20 = $451,611.00
- FY20/21 = $450,421.00
- Decrease = ($1,190.00)
- Primary Reasons:
  - Increase in Payroll
  - Decrease in Consultants
  - Decrease in Software Expenses
- Payroll Expense = 83%
- Other expenses include:
  - Office Supplies
  - Postage
  - Insurance
  - Travel Expenses
  - Consultants
  - Accounting Software



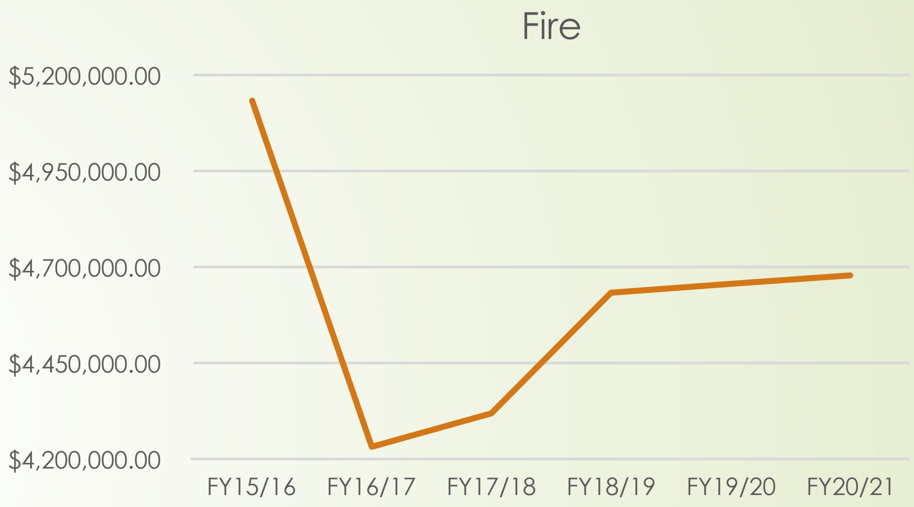
Police – Dept. #31

- FY19/20 = $6,637,341.00
- FY20/21 = $6,777,833.00
- Increase = $140,492.00
- Primary Reasons:
  - Increase in Payroll
  - Increase in Gear (new recruits)
  - Realignment of Budget = History
  - Dispatch Equipment
  - Animal Control Truck
- Payroll Expense = 81%
- Other expenses include:
  - Training / Uniform Expenses / Gear
  - Vehicle / Fuel / Law Enforcement Equipment / Radios
  - Animal Control / Pound
  - Insurance
  - Third Party Agreements for Software and Equipment.
  - Four new Patrol Units (normal rotation) plus Animal Control Truck



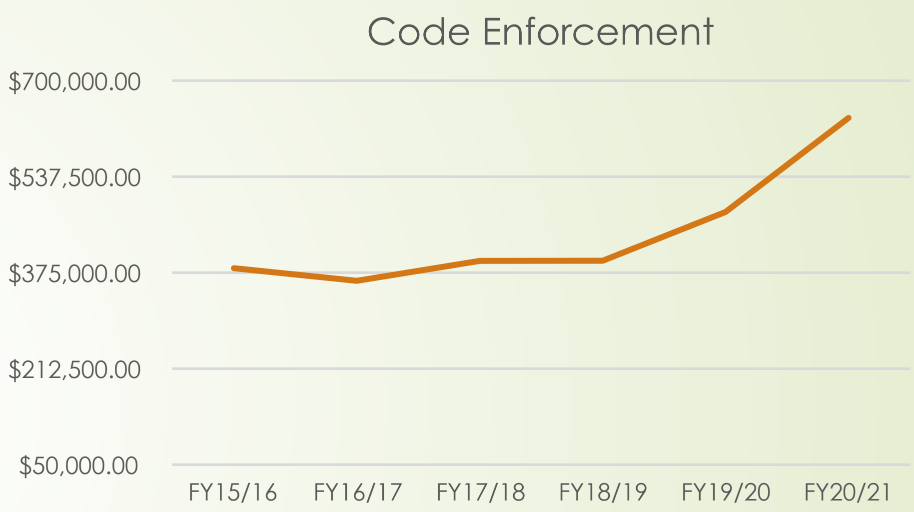
Fire – Dept. #32

- FY19/20 = $4,656,981.00
- FY20/21 = $4,679,007.00
- Increase = $20,026.00
- Primary Reasons:
  - Increase in Payroll
  - Realignment of Budget = History
    - Mostly Decreases
  - Decreases in Contractual Agreements
  - Brush Truck (Financed)
  - Gear Extractor Equipment
- Payroll Expense = 82%
- Other expenses include:
  - Training / Uniform Expenses / Gear
  - Vehicle / Fuel / Fire Equipment
  - Bunker Gear / Air Packs (Rotation)
  - Insurance
  - Third Party Agreements for Equipment.
  - Fire Truck Financing



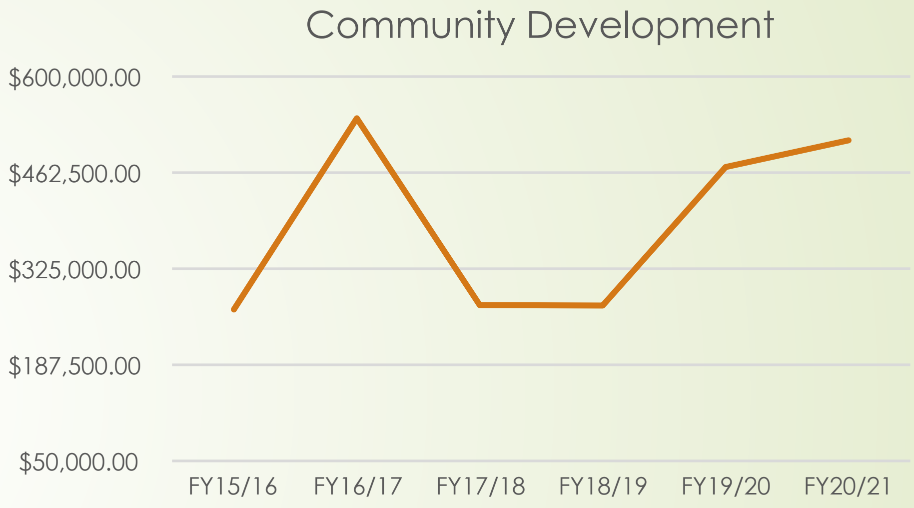
Code Enforcement – Dept. #32-01

- FY19/20 = $478,905.00
- FY20/21 = $638,081.00
- Increase = $159,176.00
- Primary Reasons:
  - 4th Code Enforcement Officer
  - Moved $100k for House Demo
  - Moved $40k for Lot Mowing
  - Bobcat Tractor (Financed)
- Payroll Expense = 57%
- Other expenses include:
  - Postage (Violation Notices)
  - Fuel
  - Demolition Expenses / Nuisance Abatement / Contractors



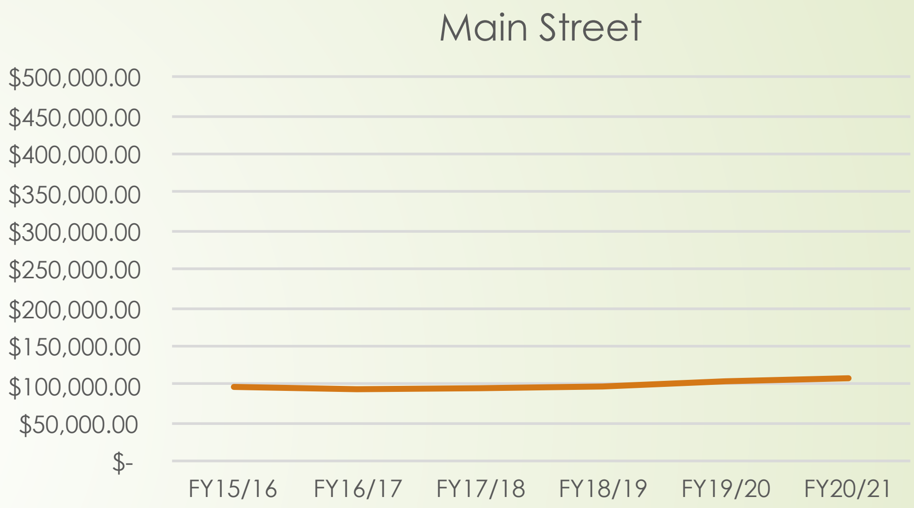
Community Development – Dept. #40

- FY19/20 = $469,069.00
- FY20/21 = $507,302.00
- Increase = $38,233.00
- Primary Reasons:
  - City Planner
- Payroll Expense = 55%
- Other expenses include:
  - Office Expenses
  - Grant Match = CDBG
  - Historic Preservation Committee = Survey
  - GIS Software



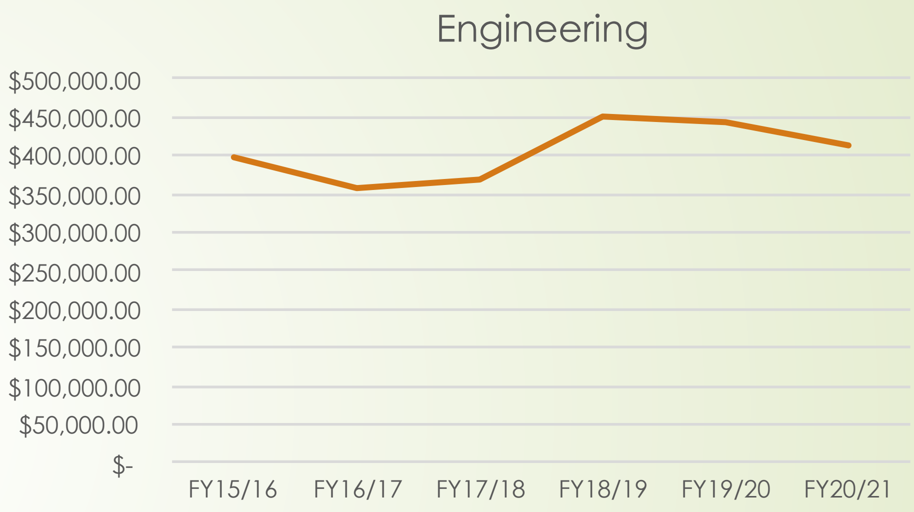
Main Street – Dept. #40-01

- FY19/20 = $104,668.00
- FY20/21 = $108,618.00
- Increase = $3,950.00
- Primary Reasons:
  - De Minimis
- Payroll Expense = 65%
- Other expenses include:
  - Travel Expenses
  - Promotional Activity (Festivals, Downtown Business Brochure, Billboards, etc.)
  - Maintenance Downtown
  - Farmers Market



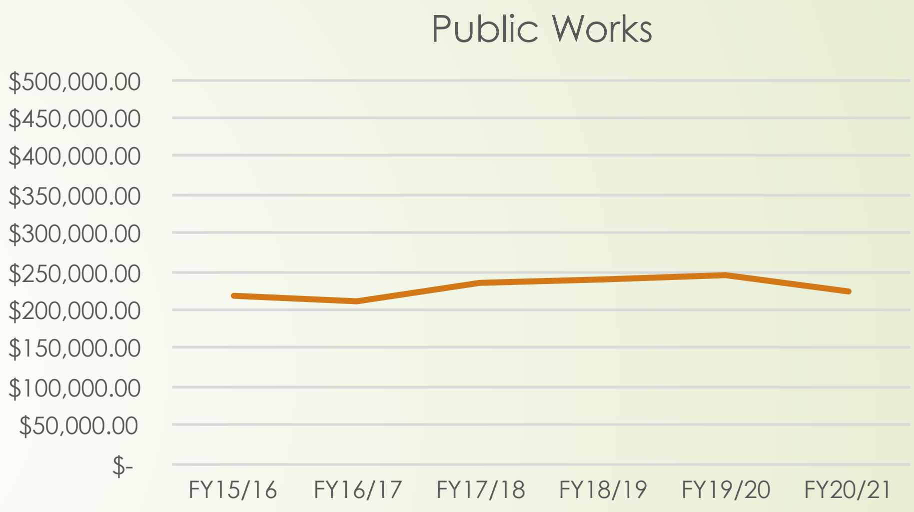
Engineering – Dept. #41

- FY19/20 = $443,757.00
- FY20/21 = $413,554.00
- Decrease = ($30,203.00)
- Primary Reasons:
  - Realignment of Budget = History
    - Payroll Expenses plus others
- Payroll Expense = 81%
- Other expenses include:
  - Office Expenses
  - Communication / Cell Phones
  - Consultants / Engineering Firms
  - Engineering Software



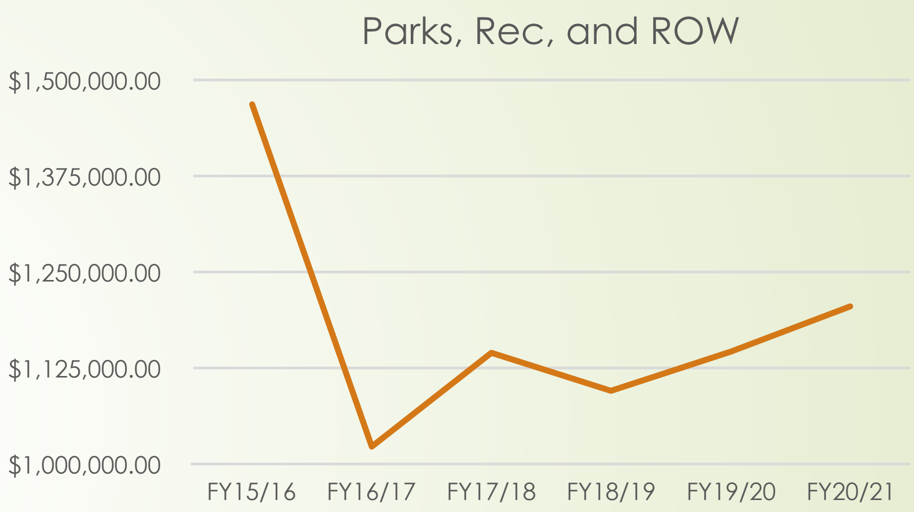
Public Works – Dept. #42

- FY19/20 = $244,912.00
- FY20/21 = $223,673.00
- Decrease = ($21,239.00)
- Primary Reasons:
  - Decrease in Payroll
    - New Public Works Director
- Payroll Expense = 82%
- Other expenses include:
  - Office Expenses
  - Car Allowance
  - Building Maintenance



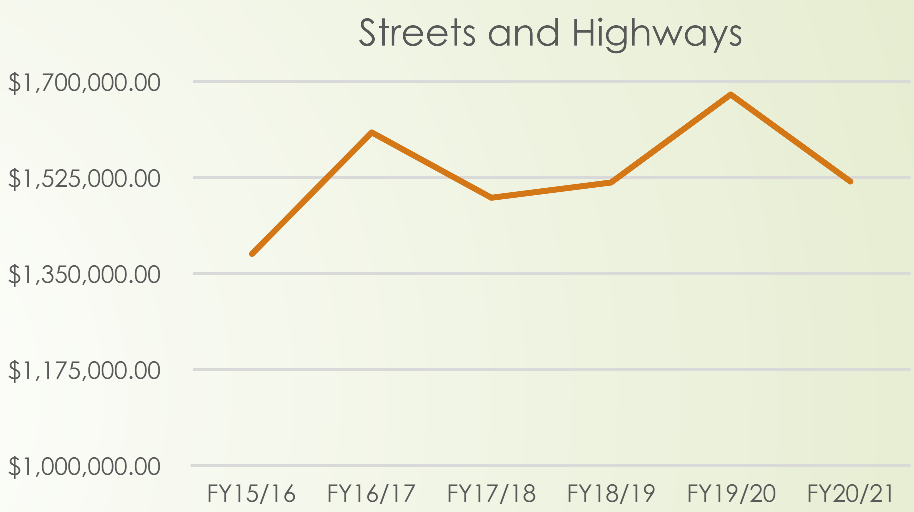
Parks, Rec., ROW, Pool – Dept. #43

- FY19/20 = $1,146,646.00
- FY20/21 = $1,205,650.00
- Increase = $59,004.00
- Primary Reasons:
  - Decrease in Payroll (Realignment)
  - Moved Contract Mowing
  - Moved Contract Spraying
  - Decrease in Pool Repair Project
  - Mini Dump Truck / Skid Steer / Mini Excavator (Financed)
- Payroll Expense = 45%
- Other expenses include:
  - Fuel / Vehicle Expenses / Mower Rotation
  - Park Utilities
  - Trail de Paris Asphalt Project
  - Recreational Programming
  - Tools / Equipment
  - Pool Chemicals



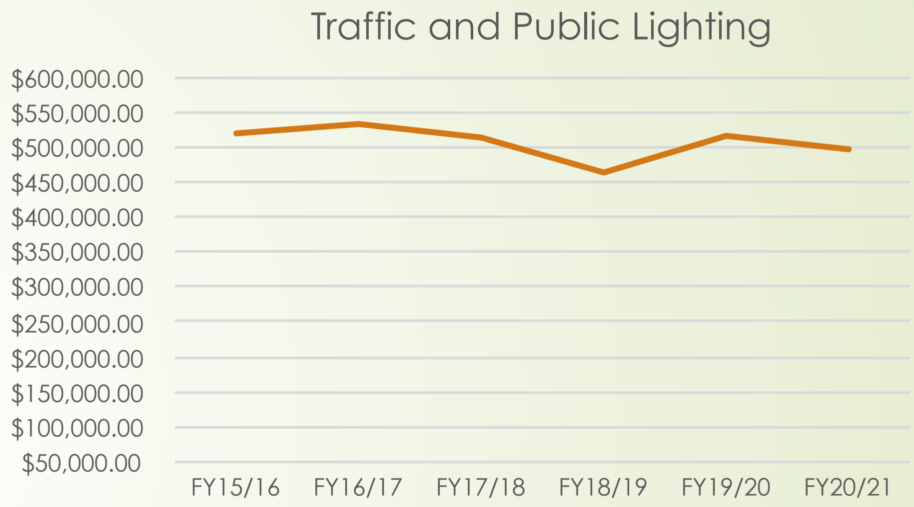
Streets and Highways – Dept. #46

- FY19/20 = $1,678,200.00
- FY20/21 = $1,519,574.00
- Decrease = ($158,626.00)
- Primary Reasons:
  - Decrease in Payroll (Realignment)
  - Increase in Temporary Workers
  - Decrease in Asphalt Roller
  - Wheeled Excavator (Financed)
  - Motor Grader (Financed)
- Payroll Expense = 34%
- Other expenses include:
  - Fuel / Vehicle Expenses
  - Contracted 3rd Party Services
  - Street and Alley Repairs (Asphalt, Concrete, Chip/Seal, etc.)



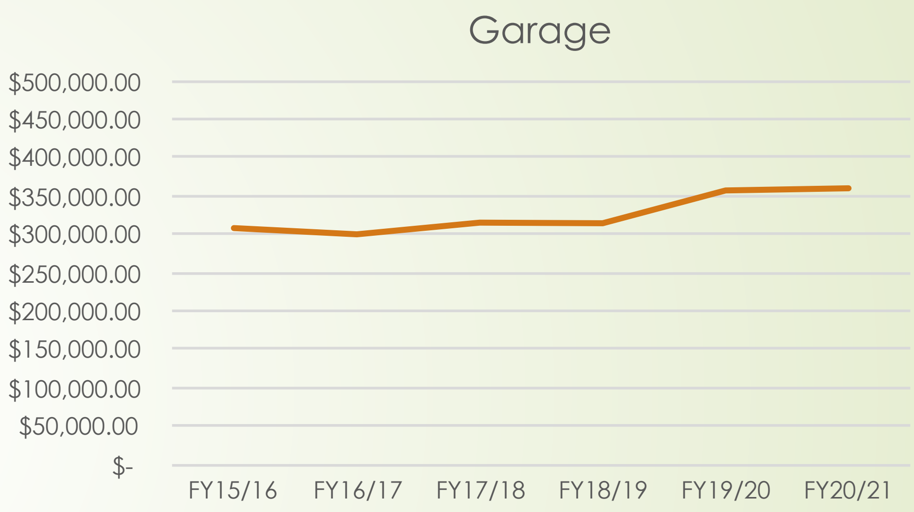
Traffic & Public Lighting – Dept. #48

- FY19/20 = $516,682.00
- FY20/21 = $497,353.00
- Decrease = ($19,329.00)
- Primary Reasons:
  - Decrease in Payroll (Realignment)
  - Pickup Truck (Financed)
- Payroll Expense = 10%
- Other expenses include:
  - Utilities – Street Lights throughout Town
  - Traffic Marking – signs, striping, barriers, etc.



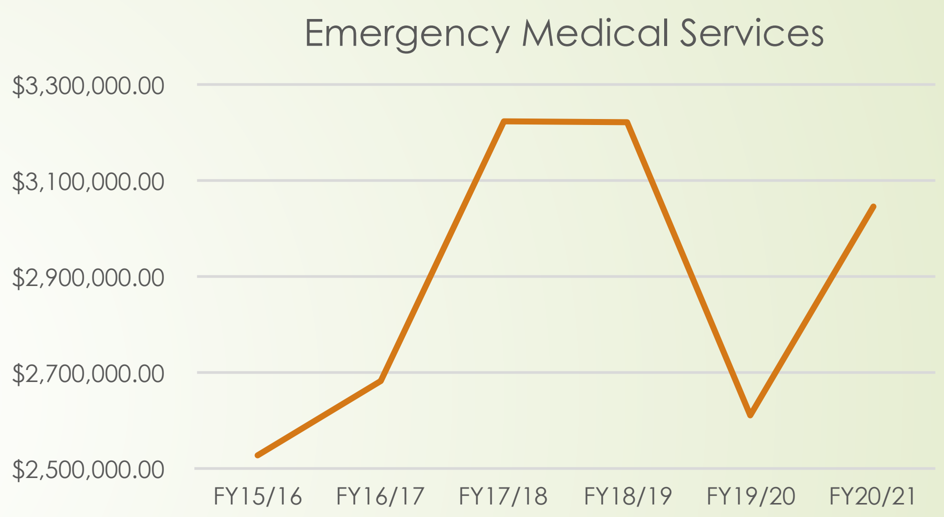
Garage – Dept. #49

- FY19/20 = $357,199.00
- FY20/21 = $360,021.00
- Increase = $2,822.00
- Primary Reasons:
  - Shop Tool Upgrades
- Payroll Expense = 86%
- Other expenses include:
  - Equipment / Tools
  - Office Expenses
  - Utilities



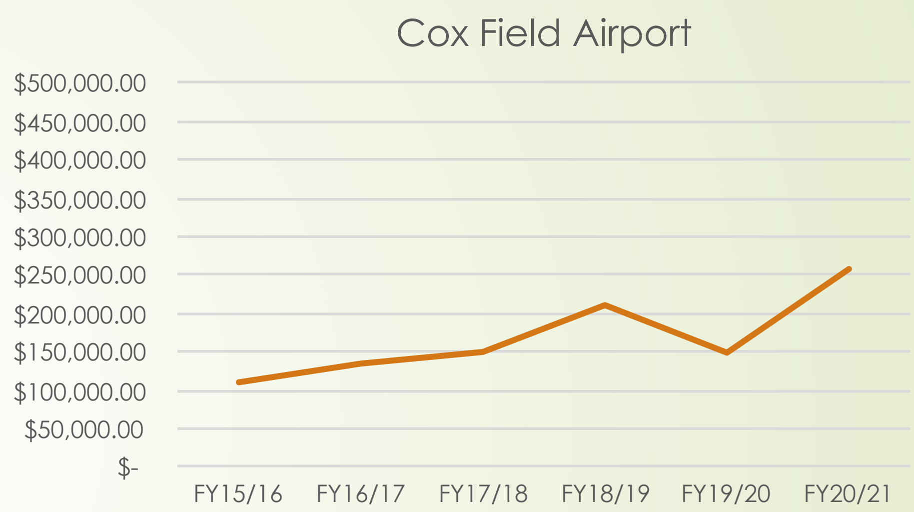
EMS – Dept. #54

- FY19/20 = $2,610,947.00
- FY20/21 = $3,045,929.00
- Increase = $434,982.00
- Primary Reasons:
  - Realignment of Budget = History
    - Overtime / Payroll
    - Chemicals
- Payroll Expense = 76%
- Other expenses include:
  - Annual Ambulance Rotation (7 years)
  - Fuel / Ambulance Expenses
  - Medical Equipment / Chemicals / Materials / Supplies
  - EMS Medical Director
  - Service Agreement for Medical Equipment



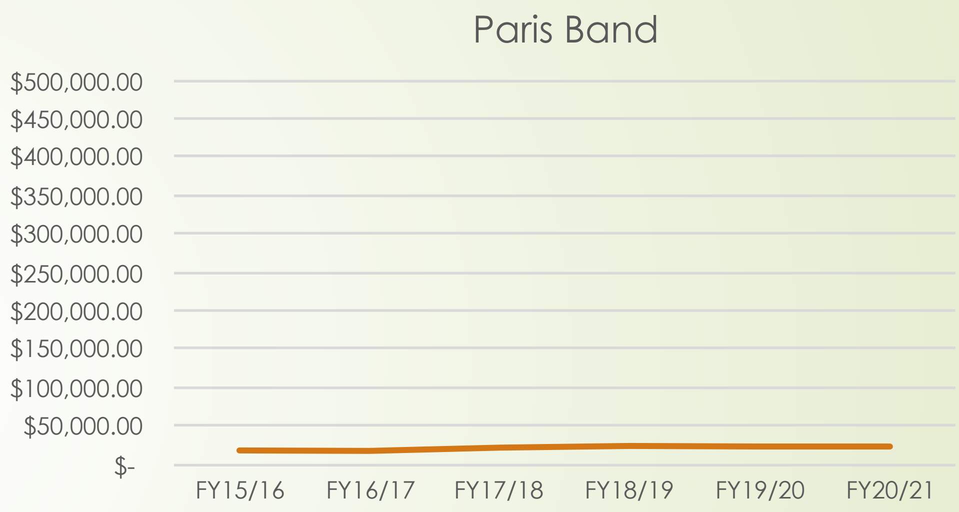
Airport – Dept. #61

- FY19/20 = $148,850.00
- FY20/21 = $257,850.00
- Increase = $109,000.00
- Primary Reasons:
  - Grant Match
  - CRF Program Funding
- Payroll Expense = N/A
- Other expenses include:
  - Insurance
  - Utilities
  - Airport Management Agreement (FBO)
  - CDBG / CRF Grant Funding



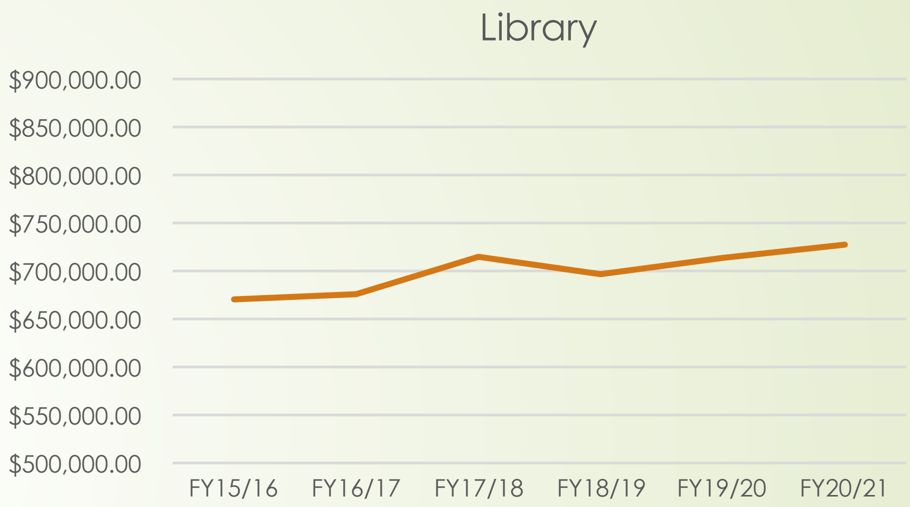
Paris Band – Dept. #62

- FY19/20 = $23,050.00
- FY20/21 = $23,050.00
- Increase = $0.00
- Primary Reasons:
  - N/A
- Payroll Expense = N/A
- Other expenses include:
  - Contracted Services



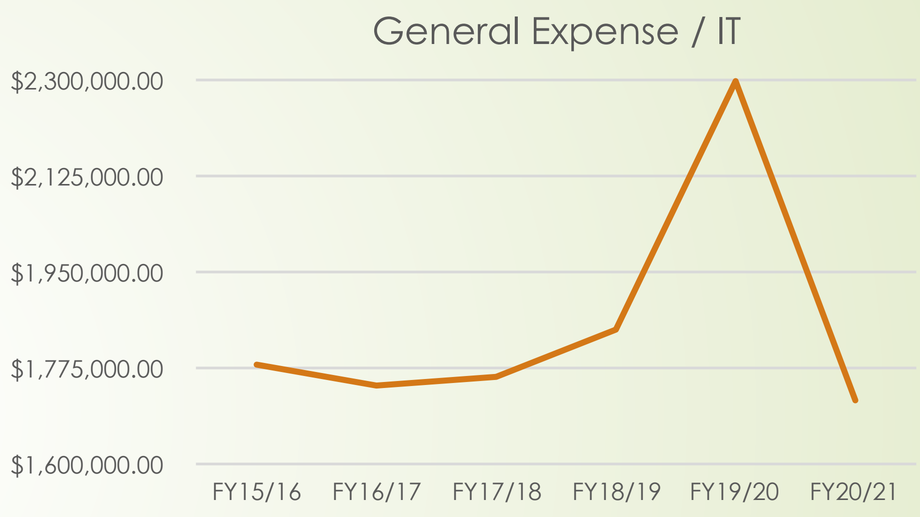
Library – Dept. #64

- FY19/20 = $713,539.00
- FY20/21 = $727,331.00
- Increase = $13,792.00
- Primary Reasons:
  - Payroll Expenses
- Payroll Expense = 72%
- Other expenses include:
  - Books / Media / Library Materials
  - Building Maintenance
  - Electronic Software / Online Library Resources



General Expense / IT – Dept. #89

- FY19/20 = $2,298,642.00
- FY20/21 = $1,716,670.00
- Decrease = ($581,972.00)
- Primary Reasons:
  - Decrease in CoVid-19 Expenses
  - Moved Mowing/Spraying to Parks
- Payroll Expense = 5%
- Other expenses include:
  - Visitor Convention Committee (HOT)
  - Lamar Appraisal District
  - Various Non-Profits
  - Paris Metro
  - Health Department
  - Computer Repairs / Rotation
  - Communication Upgrades
  - Online Data Storage / Email / Server
  - Server Replacement Project

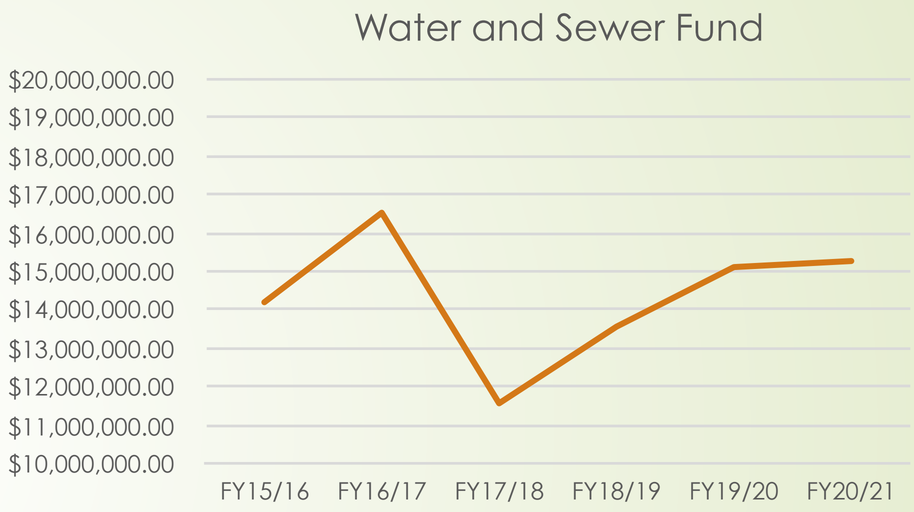


Water and Sewer Fund Revenue

- FY19/20 = $15,250,256.00
- FY20/21 = $15,269,187.00
- Increase = $18,931.00
- Primary Reasons:
  - Sewer Revenue is Down
  - Water Revenue is Up
- City attempts to budget conservatively as Water and Sewer Revenue is strictly dependent on usage.

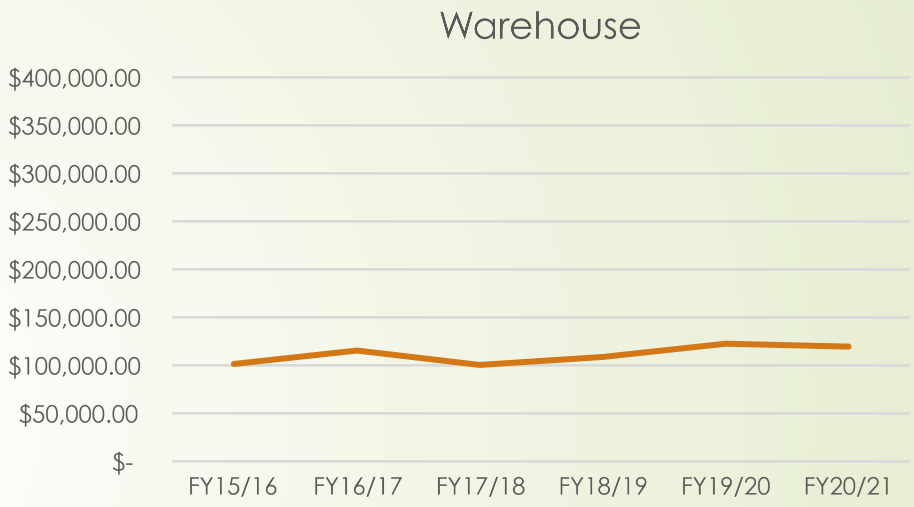
Water and Sewer Fund Expenditures

- FY19/20 = $15,111,398.00
- FY20/21 = $15,269,187.00
- Increase = $157,789.00
- Primary Reasons:
  - COLA
    - Payroll is 25% of W/S Fund
  - Equipment Replacement
  - Repairs / Improvements



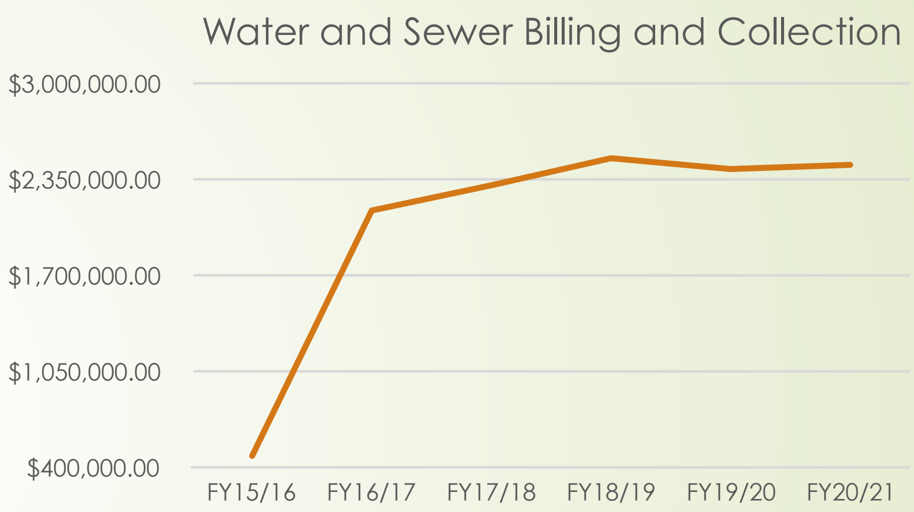
Warehouse – Dept. #80

- FY19/20 = $121,849.00
- FY20/21 = $118,835.00
- Decrease = ($3,014.00)
- Primary Reasons:
  - De Minimis
- Payroll Expense = 71%
- Other expenses include:
  - Office Expenses
  - Building Repairs
  - Concrete Loading / Unloading Pad



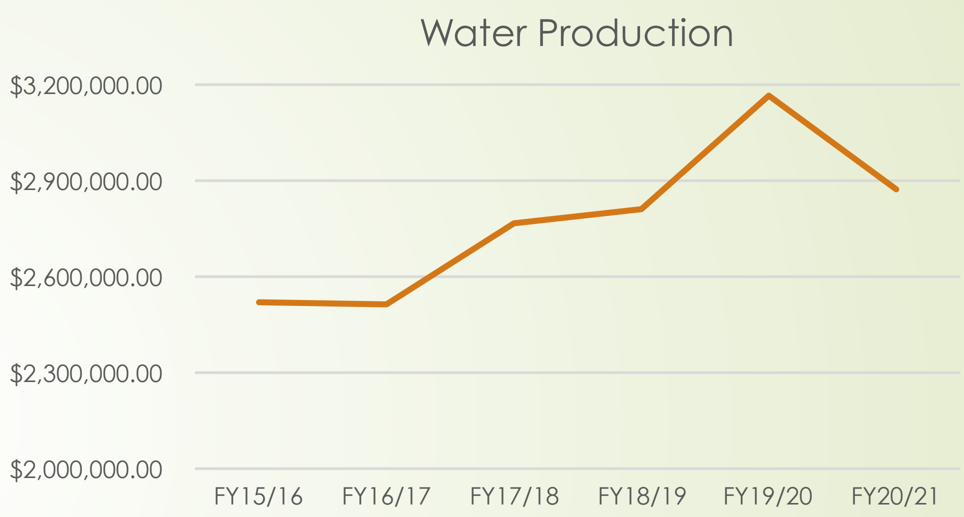
Water & Sewer Billing – Dept. #81

- FY19/20 = $2,418,345.00
- FY20/21 = $2,446,675.00
- Increase = $28,330.00
- Primary Reasons:
  - Increases in:
    - Credit Card Expenses
    - Billing Software
  - Decreases in:
    - Purchasing a Vehicle
- Payroll Expense = 15%
- Other expenses include:
  - Office Expenses / Postage for Billing
  - Water / Sewer Rate Consultant
  - Utility Franchise / Administrative Fees to General Fund
  - Billing Software
  - Meter Replacement / Rotation Program



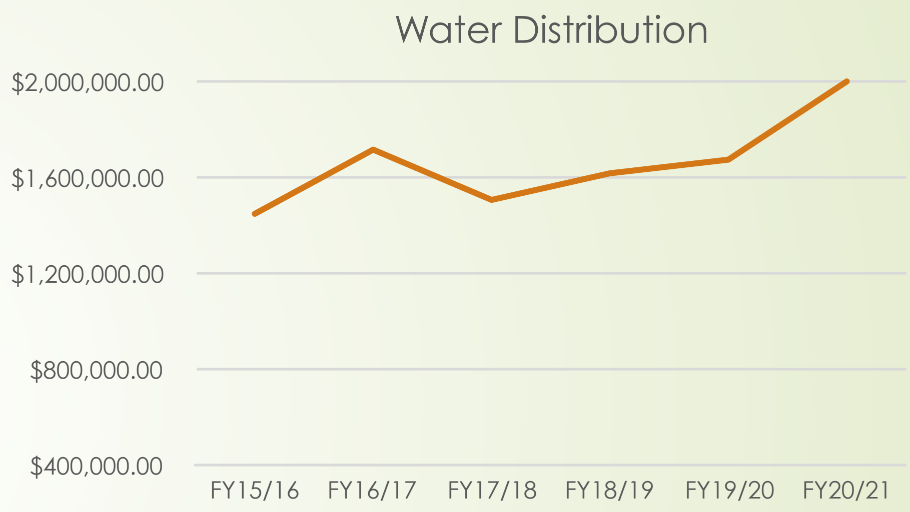
Water Production – Dept. #82

- FY19/20 = $3,166,336.00
- FY20/21 = $2,873,457.00
- Decrease = ($292,879.00)
- Primary Reasons:
  - Decrease in Chemical Bids
  - Decrease in Electric Utility
  - Decrease in Planned Repairs
  - Increase in Capital Projects
    - Replace Roof / Paint of Certain Facilities
    - Pat Mayse Pumps
    - Pneumatic Values
- Payroll Expense = 32%
- Other expenses include:
  - Office Expenses
  - Chemicals
  - Insurance
  - Electricity
  - Pay Mayse Pump Station Maintenance
  - Equipment Repairs / Pumps / Motors / Tools / Building Repairs
  - Scada System Software



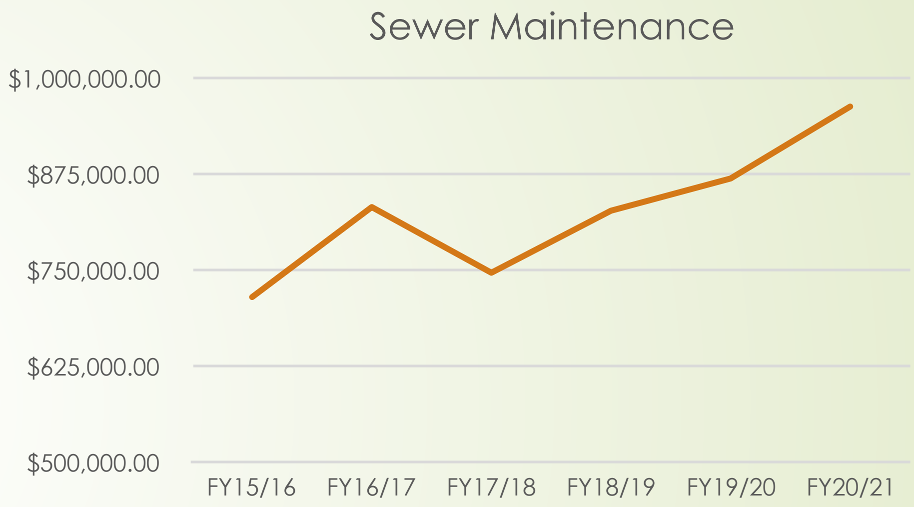
Water Distribution / CIP – Dept. #83

- FY19/20 = $1,669,415.00
- FY20/21 = $1,995,708.00
- Increase = $326,293.00
- Primary Reasons:
  - Increase in Equipment:
    - Backhoe
    - Bulldozer
    - Work Truck
  - Decrease in Payroll (Realignment)
  - Increase in Water Line Replacement Expenses
- Payroll Expense = 26%
- Other expenses include:
  - Equipment Expenses / Tools / Fuel / Repairs
  - Electric Utility (Pumps)
  - Temporary Workers (Vacancies)
  - Service Line Improvements / Repairs



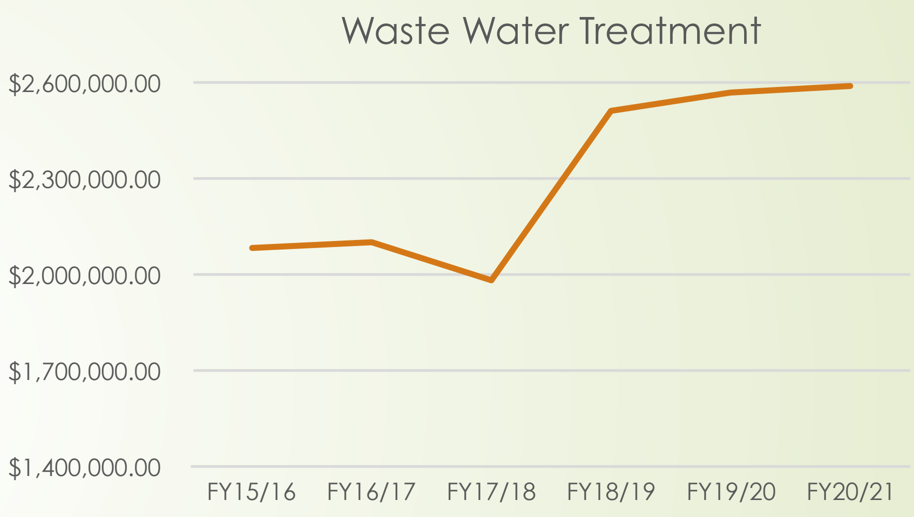
Sewer Maintenance / CIP – Dept. #85

- FY19/20 = $868,698.00
- FY20/21 = $962,362.00
- Increase = $93,664.00
- Primary Reasons:
  - Increase in Equipment:
    - Vactron
    - Mini Excavator
    - Work Truck
  - Decrease in Payroll (Realignment)
  - Increase in Sewer Line Replacement Expenses
- Payroll Expense = 38%
- Other expenses include:
  - Equipment Expenses / Tools / Fuel / Repairs
  - Temporary Workers (Vacancies)
  - Service Line Improvements / Repairs



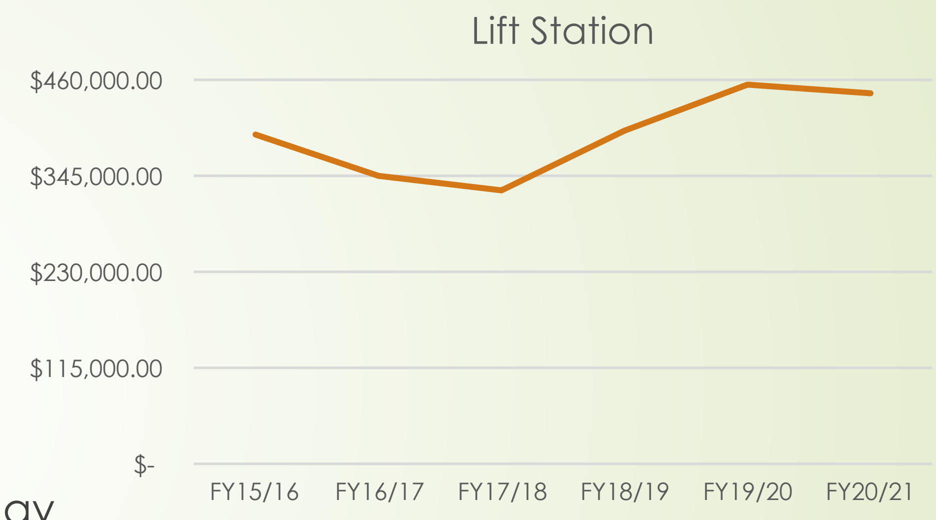
Waste Water Treatment – Dept. #86

- FY19/20 = $2,566,799.00
- FY20/21 = $2,587,303.00
- Increase = $20,504.00
- Primary Reasons:
  - Decrease in Payroll (Realignment)
  - Increase in Chemical Prices (Realignment)
  - Decrease in Electric Utility
  - Sludge Removal
  - Garver USA Expenses
- Payroll Expense = 43%
- Other expenses include:
  - Equipment Expenses / Tools / Fuel / Repairs
  - Chemicals
  - Electric Utility (Motors / Pumps)
  - TCEQ Permitting
  - Sludge Removal Expenses
  - Facility Repairs / Maintenance
  - Pumps / Motors
  - Garver USA Engineering



Lift Station – Dept. #87

- FY19/20 = $454,559.00
- FY20/21 = $444,214.00
- Decrease = ($10,345.00)
- Primary Reasons:
  - Decrease in Electric Utility
  - Cleaning at Flow Equalization Basin
  - Decrease in Machinery Capital Outlay
  - Work Truck
- Payroll Expense = 42%
- Other expenses include:
  - Electric Utility (Lift Station Pumps)
  - FEB Improvements
  - Pumps / Motors

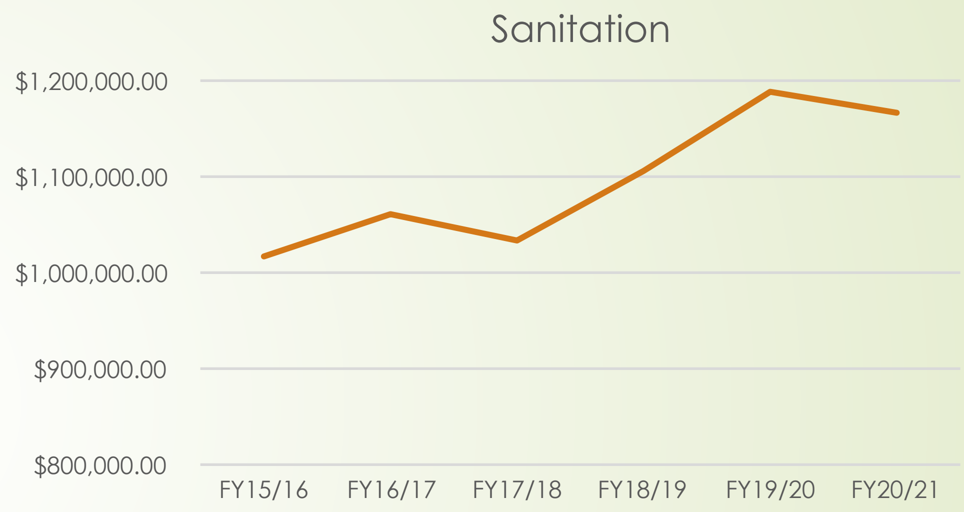


Land Fill / Sanitation Fund Revenue

- FY19/20 = $1,187,526.00
- FY20/21 = $1,165,350.00
- Decrease = ($22,176.00)
- Primary Reasons:
  - Revenue is down.

Land Fill / Sanitation – Dept. #44

- FY19/20 = $1,187,188.00
- FY20/21 = $1,165,350.00
- Decrease = ($21,838.00)
- Primary Reasons:
  - Decrease in Payroll (Realignment)
  - Moved House Demolition
  - Moved Lot Mowing
  - Stillhouse Landfill Work (TCEQ)
  - Worktruck
  - Temporary Workers (Vacancies – Realignment)
  - Boom Truck with Grab Claw
- Payroll Expense = 36%
- Other expenses include:
  - Equipment Expenses / Tools / Fuel / Repairs
  - Landfill Fees (dumping of trash / drop-off trash)
  - Stillhouse Landfill closure expenses



Timeline

- August 24, 2020 – City Council approves budget for publishing.
- August 27, 2020 – Last day to file budget.
- September 15, 2020 – Last day to publish notice of budget hearing.
- September 22, 2020 – Last day to publish notice of tax rate hearing.
- September 26, 2020 – Last day for City Council to hold Public Hearing.
- September 27, 2020 – Last day to adopt budget and last day to hold tax rate hearing and adopt tax rate.
- **Bottom Line** – City Council will need to approve a final version of the Proposed FY20/21 Budget (following any edits from tonight) by August 24, 2020 so City Staff can proceed to implement required notices and scheduling of Public Hearings.