

FY22 Early Budget Input Session in February 2021

Topics and Descriptions

Overview Papers

- 1) **Review of Current and Future Budget Practices.** (Eric R) Will cover how the city's budget can evolve to contain more Activity Based Budgeting along with potential pilot recommendations.
 - a) **CAFR Review/Financial Forecast**
 - b) **Current Practices**
 - c) **Programmatic Budgeting**
 - d) **Integration with Strategic Plan Management**
- 2) **Strategic Plan Management.** (Eric R/Carla) A paper discussing the advantages and costs of adopting a formal method for prioritizing city objectives and strategically aligning staff efforts, funding, and measuring outcomes.
 - a) Opportunities for the Mayor and City Council to set high-level goals for the City.
- 3) **Strategic Data Initiative.** (Eric R/Dan McG) A proposed strategic plan focused on building data skills, promoting data culture, and leveraging data tech. The paper will cover the various efforts needed to improve data operations, what the outcomes will be, and how they will benefit staff, elected officials, and residents.

Healthy Economy

- 4) **Economic Outlook with Emphasis on three-year growth for residential, commercial, and office/industrial.** (John McC/Eric R) – A discussion on statewide and national factors we anticipate impacting sales tax and building permits. Paper will provide an overview of FY21 projected revenues and assumptions to be used at projections and in development of the FY21 Budget.
- 5) **Pearland Prosperity Economic Development Strategies** (Matt/Tracy) organization and structure support to fulfill goals
 - a) **Site assembly**
 - b) **Corridors**
 - c) **Early stage**

Fiscally Responsible

- 6) **Capital Project Investment Financing Overview.** (John McC/Rhonda/Eric R/Neelie/Robert) A discussion of the City's current and future debt obligation, including references to the City's debt management policies, ratings agencies' guidelines, benchmark cities and implications to the City's maintenance and operations portion of the tax rate. A discussion regarding the different types of financing and how the Budget process allows for Council direction on how much of each type is issued annually.
 - a) **Use of Certificates of Obligation (COs).** Review and consider updates, targets, and/or changes to Comprehensive Financial Policies to further specify use of COs. Specify how any projects outside those specifications would be considered through the CIP process.
 - b) **Potential May 2024 Bond Referendum Planning.** What a future bond issuance may look like, including cost projections and recommended projects specifically focusing on Sidewalks and Independence Park Phase II.

- 7) Property Tax Rate Planning.** (John McC/Rhonda) This White Paper will provide an overview of the City's portion of the property tax rate assumptions and statutes applicable to the City of Pearland as we plan for upcoming FY22 tax rate. A new tax rate projection will be shared with updated growth assumptions and issuance amounts. This paper will also explore the implications of Senate Bill 2 on the City's future tax rate planning.
- a) Review of Property tax base – growth and composition**
 - b) O&M to Debt Ratio Best Practices & Options**
- 8) Covid-19 Ongoing Response and Adjustments** (Peter/Ron/Eric R/Joel): COVID-19 has had a significant impact on how the city operates, as well as the national economy. This paper will review the effects on city operations and any financial impacts from the pandemic.
- a) Operational Impacts**
 - i) Policies and Procedures**
 - ii) Service delivery**
 - iii) In-person meetings and training**
 - b) Financial & Economic Impacts**
 - i) CARES Act Expense**
 - ii) Additional Grant statuses**
 - c) Lessons Learned**
- 9) FY21 Potential Mid-year Allocation Discussion.** (Eric R) A preliminary financial projection will be presented ahead of the Early Budget Input Session. Paper will present options for mid-year allocation items within the preliminary projection.
- a) Discussion on framework for future mid-year allocations.**
- 10) Financial Policies Update.** Discussion regarding any of the Comprehensive Financial Policies that may need to be updated (John McC)
- a) General Fund fund balance policy minimum**
- 11) Internal Service Funds.** (Eric R/Priya/Jacoby/Neelie) An outline of current and future use of internal Service funds for Fleet, IT and Facilities.
- a) Motor Pool:** Status and future of Motor Pool Fund and Fleet replacements including current need versus funding, the health of the fund itself and a projection for when the fund will be self-sustaining with lease fees assessed for all vehicles
 - i) Equilibrium of self-sustaining from annual internal contributions.**
 - ii) Future use of the \$8.5 million TIRZ reimbursement, its impact by year, and how it impacts the General Fund**
 - b) Information Technology & Facilities Funds:** Look ahead to next steps toward developing additional internal service funds.
- 12) Employee Total Compensation in FY22 and Beyond: Competitiveness and Sustainability.** (Michelle/LaRae/Rachel) This paper will be an overview of the baseline Cost of Living adjustment Staff is planning to build into the Base Budget as well as any other adjustments known at this time, providing preliminary cost estimates for each. The timing of the Compensation & Classification is

critical, but timing such that the results will likely not be available at the time this White Paper is published.

a) Merit-pay option analysis containing comparisons to other cities

b) Compensation for Bi-Lingual Certification

13) Community Development Fees. (Scott/John McD) Development fees are charged in an effort to offset staff and overhead costs directly associated with the provision of services. Staff will review the current fee schedule against current costs to ensure that revenues addresses actual cost of services/expenses. Previous White paper proposed bringing in external consultant to conduct review. Direction from Council was to conduct review internally.

Safe Community

14) Implementing the Citygate Fire Services Plan. (Riley) An update on progress made toward outcome goals established by the FY16 CityGate Study. Specifically, this paper will quantify what has been done, what is in progress, and what the end goal of the Fire Department's multi-year build-out looks like. Specifically, it will cover the number of remaining stations, apparatus, and staff that will be needed to complete the build-out so that these expenses can be planned for.

a) Station 8 Outcomes - This section will use data to illustrate the performance increases gained from opening Station #8. It will provide some metrics on fire and EMS response to demonstrate outcomes of opening the new station, as well as how it impacted the response of other stations..

b) Future Station 7 - An outline of the benefits and costs associated with the future Fire Station #7, which will be approximately 11,000 sq. ft. and house one - 4 person Engine Crew and is scheduled to open in FY24. In addition to capital costs, there are operational costs including additional staff and vehicles that will be needed.

15) Police Academy – (Vance/Randall) This paper will include licensing and facility updates for the City of Pearland's planned Police Academy. The paper will cover facility development and additional staffing needs for the project.

16) Emergency Medical Services Dispatch - (Riley/Sears) Emergency medical communications options and steps forward

17) Emergency Management Preparedness - (Peter/Mellanee) Investments and next steps in further preparing for emergencies; Facilities, Vehicles, Equipment, Staff and Training.

Sustainable Infrastructure

18) Street & Sidewalk Investment. (Clarence/Eric H/Dante/Neelie) The City was able to add funding to the Streets & Sidewalks program in FY21 relative to FY20 adopted budget. This paper will discuss the scope of work for FY22 and future investment needed to maintain and/or improve the City's Pavement Condition Index (PCI), including a multi-year plan to establish systematic funding mechanisms for streets and sidewalks in the future.

a) Asset Management Overview and Status

b) Multi-Year Strategy on fully funding street maintenance

c) Update on Infrastructure Redevelopment Fund (established FY20)

19) Unserviced Water & Wastewater areas (Robert/Clarence) As projects are expanding the water and wastewater systems into city areas that do not have water and wastewater. The paper will discuss the current challenges with the City Ordinance requirements once water and wastewater infrastructure are in place.

a) There are several areas in the City that were annexed without services

- b) Current Ordinances and its ramification to residents when services are near
- c) Discussion and direction on expanding the system and updates to ordinances for customer connections

20) Surface Water Treatment Plant. (Clarence/David/Ron B/Neelie) Planning for opening of new Surface water Treatment Plant including new staff, operational changes and financial impacts.

Engaged Community

21) Modernizations for Alternative Service Delivery (Dan)

- a) **Remote Work.** (Michelle/Dan) – COVID-19 led to many city employees working from home to stay safe. At the same time, those employees have reported that they enjoy working from home. Pearland will need to adopt an official policy on work-from-home as COVID-19 winds down. This paper will cover what studies show about employee productivity and accountability when working from home. It will go on to present options on what policies would be best for a citywide policy, guidance for department directors, and technology review by IT.
- b) **Virtual Court.** (Jennifer H/Dan)
- c) **Alternative Recreation Programming.** (Carry/Josh)
- d) **The Circle of Government platform** to seamlessly unify the City’s agendas, meetings, websites, and codes of ordinances for an improved civic experience. (Roan)

Parks, Recreation & Events