

City of Pearland FY25 Proposed Budget



Plan, Prepare & Preserve

Planning: for the future.

Preparing: for any eventuality.

Preserving: the community within the content of our Strategic Priorities and their associated milestones, fundamental services, and personnel.

Budget Discussion #1

- Budget Development Process
- General Fund
 - Overview/Big Picture
 - Property Taxes
 - Other Revenue Sources
 - Expenditures
 - Supplementals
- Tax Backed Debt Fund
- Enterprise Fund
 - Overview
 - Rates
 - Model Preview
 - Supplementals
- PEDC Overview

Budget Discussion #2

- Follow up on Questions from Discussion #1
- Compensation
 - Rule of 80
 - FTE Comparison
- Internal Service Funds
- Special Revenue Funds
- FY25 Capital Improvement Plan

What is a Budget?

1. A policy document
2. A financial plan
3. An operations guide
4. A communications device



- February
 - Council Retreat
- March
 - Departments begin current FY Projections, and next budget year entry.
 - Budgets support existing programs and services only, and all increases must be justified.
 - Supplementals for new programs and services are developed.
- April
 - Budget Entry Closes
 - Budget Team reviews budget submissions and supplemental requests
 - Department leadership, CMO, and Budget Team conduct department budget meetings. Operational budgeting and supplementals reviewed



- June:
 - Current Fiscal year projections are brought forward.
- July:
 - Recommended compensation changes calculated
 - Final review of supplementals with CMO and Departments. CMO reviews what to move forward with.
 - Final proposed budget for all funds determined.
- August
 - Final proposed budget is developed and submitted
 - Council Discussion and Questions
- September
 - Budget, Tax Rate, and fee adoption
- October-December
 - New Budget Year Starts
 - Budget Amendment #1/Carryovers

Budget Overview

Valuing Our Staff

The annual compensation goal of the City is to provide competitive market and step adjustments to ensure employees are on pace with the market, and future compensation studies have a less significant budget impact.

For upcoming FY25:

- Employees eligible to receive a 5% effective raise: A five percent (5%) increase is recommended for non-public safety staff (3% market adjustment and 2% advancement through the salary range).
- Uniformed Public Safety Salary Changes: Police Officers (8.8%) and Firefighters (13%) and further adjustments to the pay plans to bring positions to market.
- Non-Exempt Non-Public Safety employees at max step will receive 2% of their base salary as a one-time payment.

What is *not* in the FY25 Budget?

- Additional \$4.2 Million in Street Funding needed to maintain the transportation infrastructure
- 51 General Fund vehicles/equipment eligible for replacement \$4.8 Million replacement cost.
- \$5.9 Million in supplemental staffing requests in the General Fund
 - \$4.5 Million in Public Safety Staff
 - \$444,244 in Parks & Recreation Staff
 - \$1.5 Million in Internal Service Department Staff
- \$2.1 Million in non-personnel requests – primarily in IT technology replacements
- Contributions to the Capital Replacement Fund for the IT and Facilities Internal Service Funds was not included in FY25.

The Big Picture General Fund

- **Balanced Budget:** Annual revenues (including transfers) exceed annual operating costs.
- **General Fund's Fund Balance** is above the 25% policy minimum.
 - FY25's ending fund balance is projected to be 25%, or 90 days.

General Fund Comprehensive Summary			
	FY23 Actual	FY24 Amended	FY25 Proposed
Beinning Fund Balance	\$33,681,195	\$31,323,584	\$29,093,625
Revenue	\$105,976,671	\$115,719,007	\$124,411,285
Expenditure	\$108,182,064	\$117,948,966	\$123,066,372
Net	(\$2,205,393)	(\$2,229,959)	\$1,344,913
Ending Balance	\$31,475,802	\$29,093,625	\$30,438,538
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Policy Minimum Balance (90 Days)	\$26,675,029	\$29,083,307	\$30,345,133
Amount Over/(Under) 90 Day Target	\$4,800,773	\$10,318	\$93,405
Days of Reserves	90	90	90

Property Taxes

Tax Rate Pressures

- Inflation & the Proposed Pay Plan are strong factors.
 - Adding an estimated \$3,750,000 from the amended budget.
 - This is equivalent to 2.5 Cents on the tax rate.
- Service enhancements proposed in the budget include the following
 - Police, Streets & Drainage, Fire, Customer Service
 - Equivalent to \$1,450,000 or 1 Cent on the tax rate

Proposed Property Tax Rate for FY25

$$0.3350 + 0.3000 = 0.6350$$

Maintenance & Operations
Rate

Debt Rate

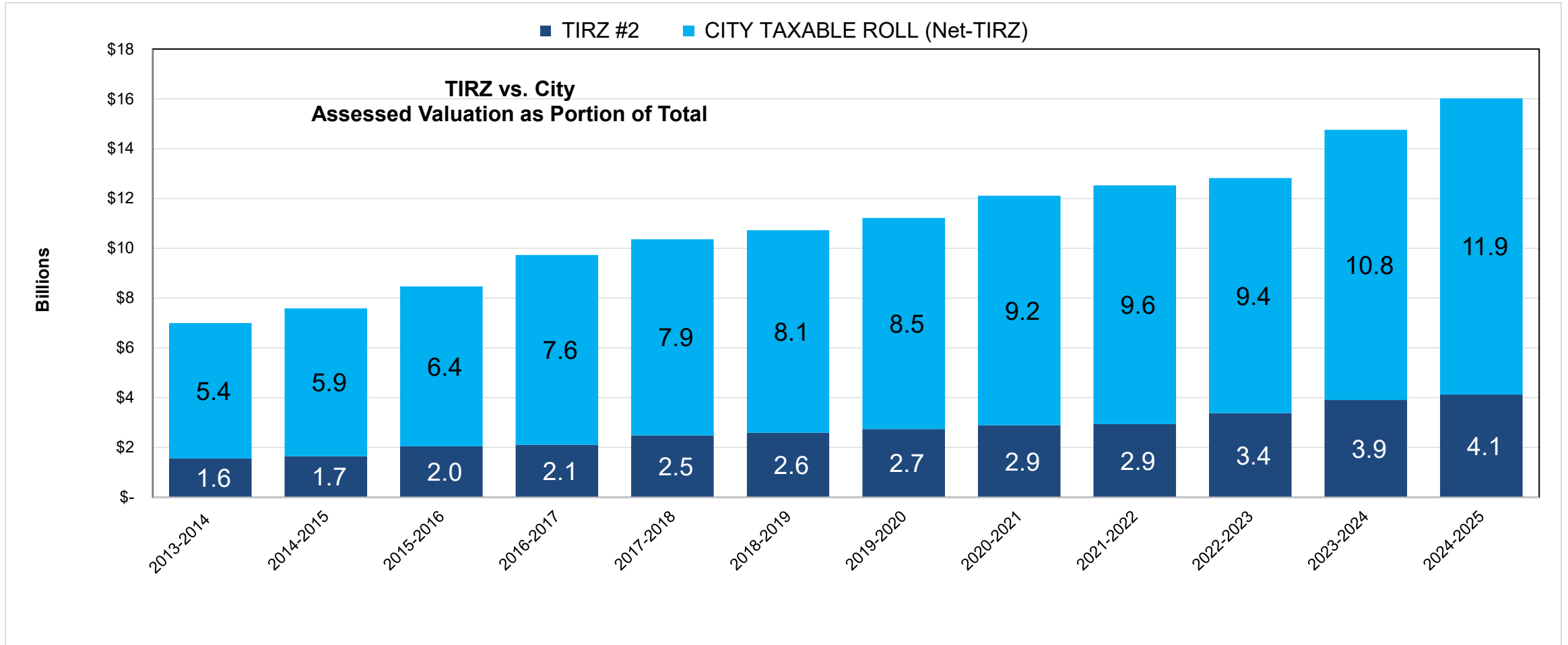
Total Proposed Property
Tax Rate

Property Tax Revenue

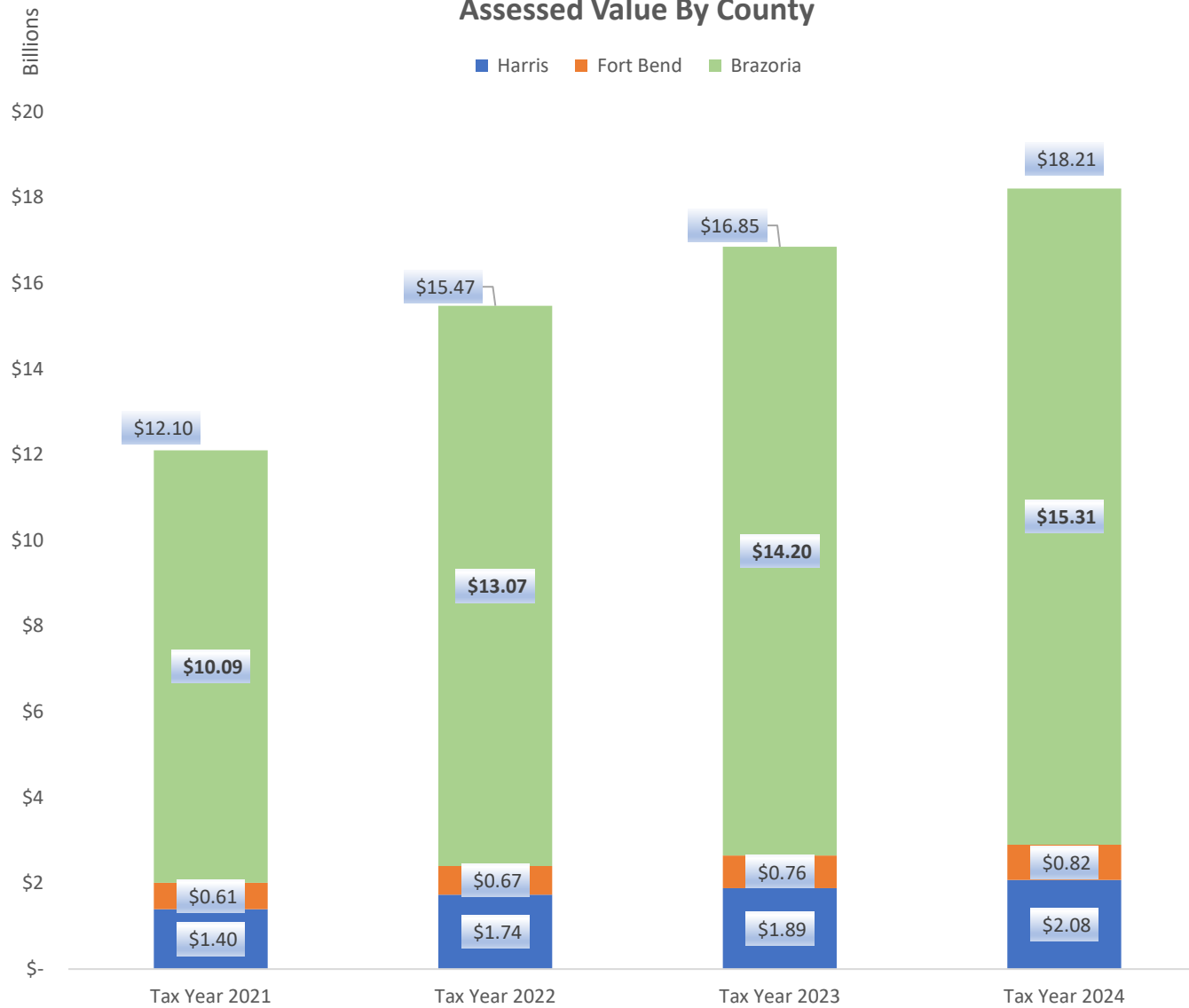
Comparison of Potential Property Tax Rate and Revenue				
General Fund and Debt Service Property Tax Rates	FY2024 Actual Rates & Amended Budget	Fiscal Year 2025*		
		(1) Proposed Tax Rate	(2) No New Revenue Rate	(3) Voter Approval Rate
General Fund (O&M)	0.332500	0.335000	0.299536	0.433351
Debt Service (including in-City MUD rebate obligation)	0.322900	0.300000	0.300000	0.300000
Total	0.655400	0.635000	0.599536	0.733351
G.F. Property Tax Revenue + TIRZ Admin Fee (in millions)	\$41.4 + \$15.0 = \$56.4	\$45.1 + \$15.3 = \$60.4	\$40.3 + \$13.9 = \$54.2	\$58.7 + \$18.7 = \$77.4
* For Fiscal Year 2025, the proposed rate in green is used in the proposed budget revenue.				

- General Fund O&M rate increased from .3325¢ in FY24 to .3350¢ in FY25.
- Debt Service Tax Rate decreased from .3229 cents in FY24 to .3000 cents in FY25.

FY25 Taxable Values



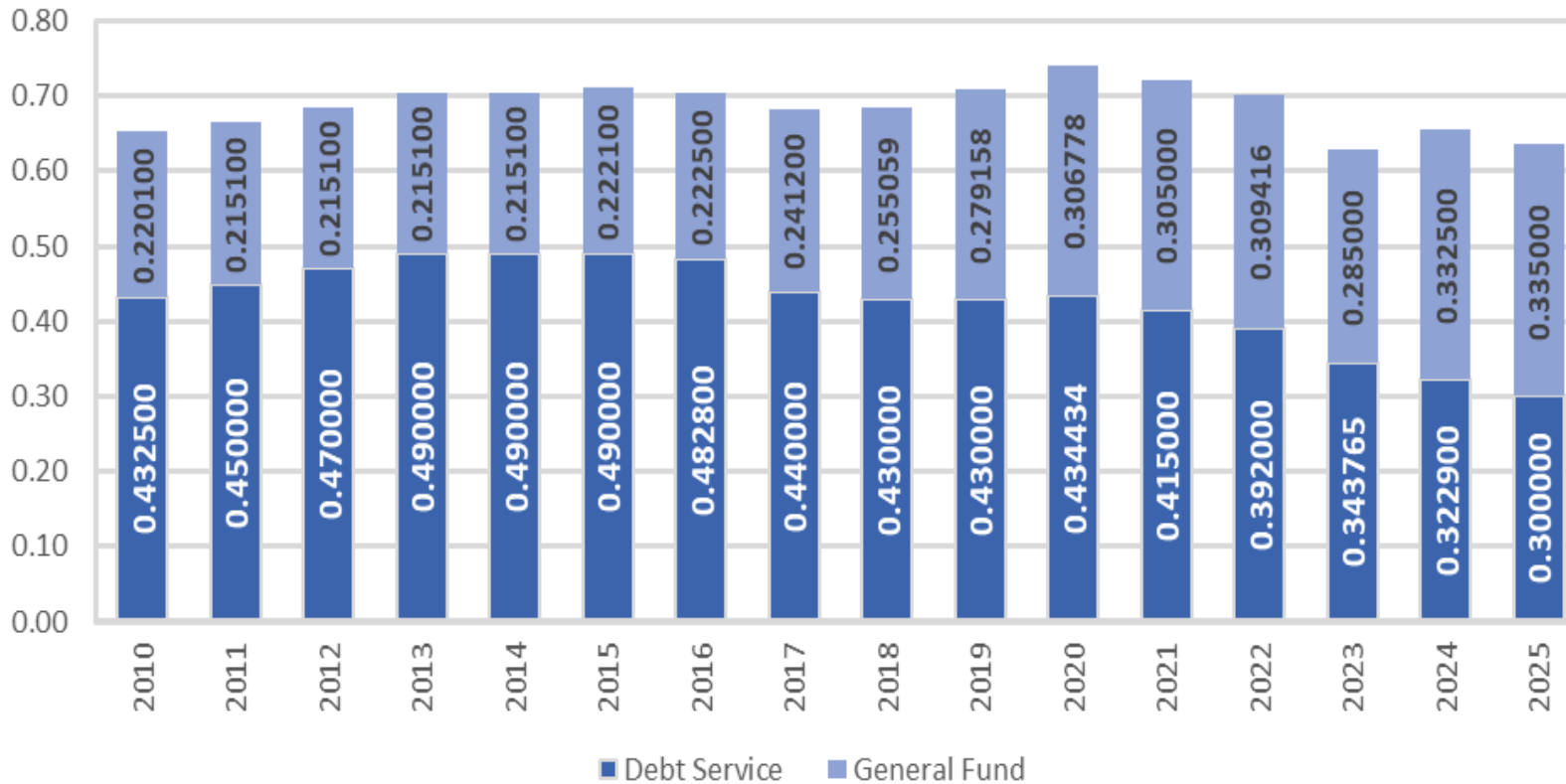
Assessed Value By County



Property Tax Revenue

FY25 is a **2.04¢ decrease** in total rate from FY24

Tax Rate Distribution



- FY25's rate is proposed below the Voter-Approval-Rate and uses a portion of prior years' unused increment that is a part of Voter-Approved calculation.
- \$45.1M in current collections to the General Fund; \$40.06M to Debt Service Fund.

General Property Tax Bill Comparison

Baseline Homestead Exemption

10% cap on taxable value growth from previous year

In addition to the 10% cap, this property qualifies for the following Homestead exemptions:

City of Pearland: Deduction equal to the higher of \$5,000 or 2.5% of Taxable Value

Brazoria County Drainage District #4: 20% deduction to Taxable Value

Brazoria County: 20% deduction to Taxable Value

Road & Bridge Fund (Brazoria County): 20% deduction to Taxable Value plus additional \$3,000 deduction to Taxable Value

*Certified Tax Year numbers are not shared until October. These are based on preliminary numbers on Brazoria, Harris and Fort Bend County Tax Assessor's websites.

** 2024 tax rates for other entities are not certified. Based either on advertised rates or 2023 rate.

***Tax Amount is equal Taxable Value minus different deductions for different Tax Entities then multiply with Tax Rate

Taxable Value Summary

	Tax Year 2023	Tax Year 2024	Annual \$ Change
Appraised Value	398,170	401,340	\$ 3,170
Homestead Cap Loss	18,859	-	\$ (18,859)
Taxable Value	\$ 379,311	\$ 401,340	\$ 22,029

Proposed Tax Rate Comparison of Values

Taxing Entity	Tax Year 2023			Tax Year 2024			Annual \$ Change
	Rate	Amount***	% of Total Amount	Rate**	Amount	% of Total Amount	
Pearland Independent School District	1.1373	3,177	46.0%	1.1373	3,427	41.6%	251
City of Pearland	0.6554	2,424	35.1%	0.6350	2,485	30.1%	61
Brazoria County	0.2707	821	11.9%	0.3035	975	11.8%	153
Brazoria County Drainage District #4	0.1148	348	5.0%	0.1223	393	4.8%	44
Road & Bridge Fund (Brazoria County)	0.0433	130	1.9%	0.3035	965	11.7%	835
Total	2.2214	6,900		2.5017	8,245		1,345
% of Appraised Value		1.7%			2.1%		

What does 1¢ in Property Taxes Mean?

**What does a ¢ in
O&M Property Taxes
Equal?**

**General Fund
Revenue for FY25**

**Reduction in a Homestead
Homeowner's property tax bill
(average homestead taxable value
of \$343,664)**

1¢

\$1.5M

\$33.50 per year. \$2.80 per month.

1/2¢

\$750K

\$16.75 per year. \$1.40 per month.

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General Fund Revenues

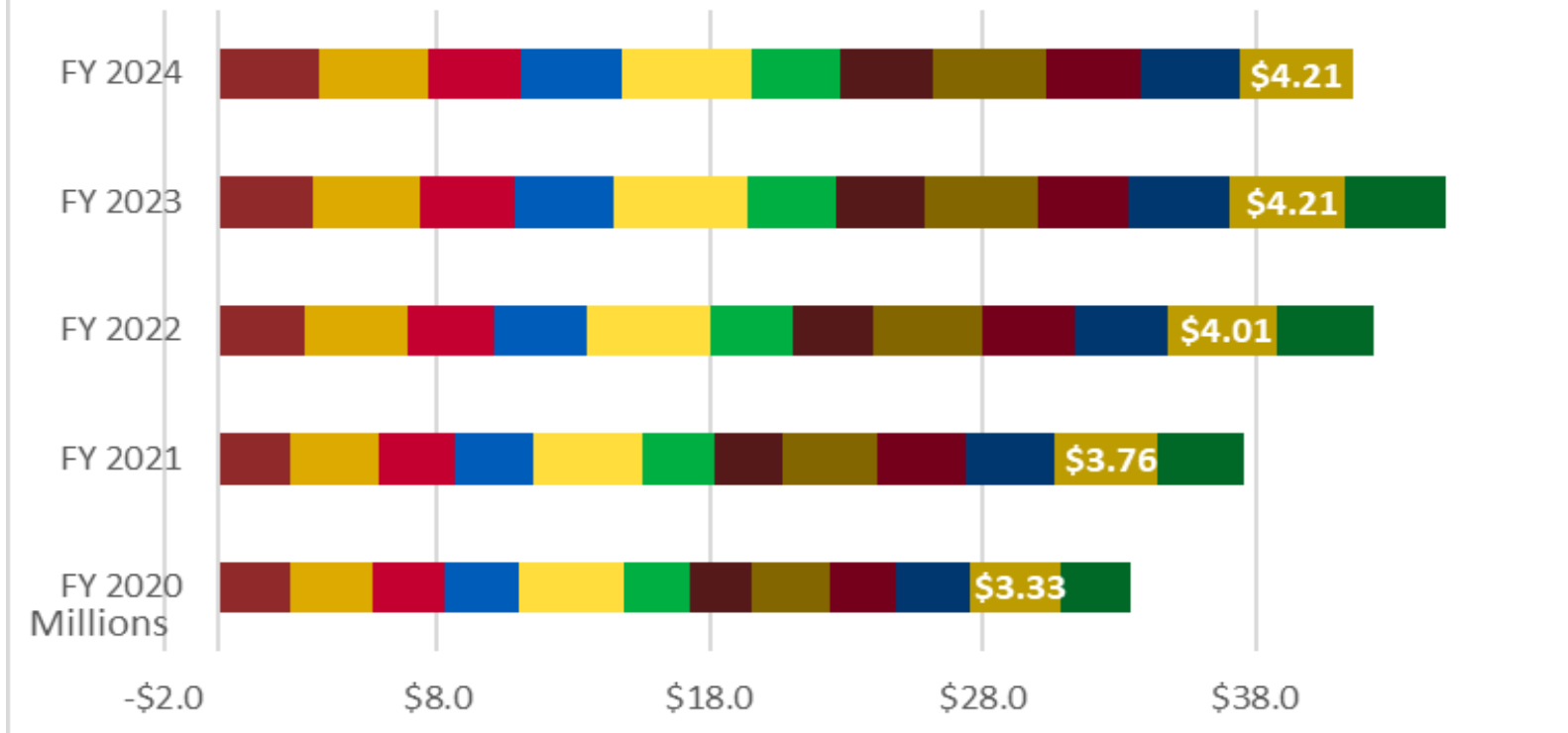
Comparing FY24 to FY25 Revenues

Revenue Category	FY24 Amended	FY25 Budgeted	FY24 Amended vs FY25 Budgeted
Property Taxes	\$41.8M	\$45.5M	8.8%
Sales & Use Taxes	\$30.7M	\$31.2M	1.7%
Charges for Services	\$23.5M	\$23.8M	1.3%
Fines & Forfeitures	\$2.0M	\$2.0M	0.7%
Franchise Fees	\$7.1M	\$6.7M	-4.7%
Licenses & Permits	\$3.6M	\$3.1M	-15.4%
Miscellaneous	\$2.6M	\$5.1M	91.0%
Transfers In	\$4.4M	\$7.0M	60.1%
Revenue Totals	\$115.7M	\$124.4M	7.5%

Sales Tax Revenue

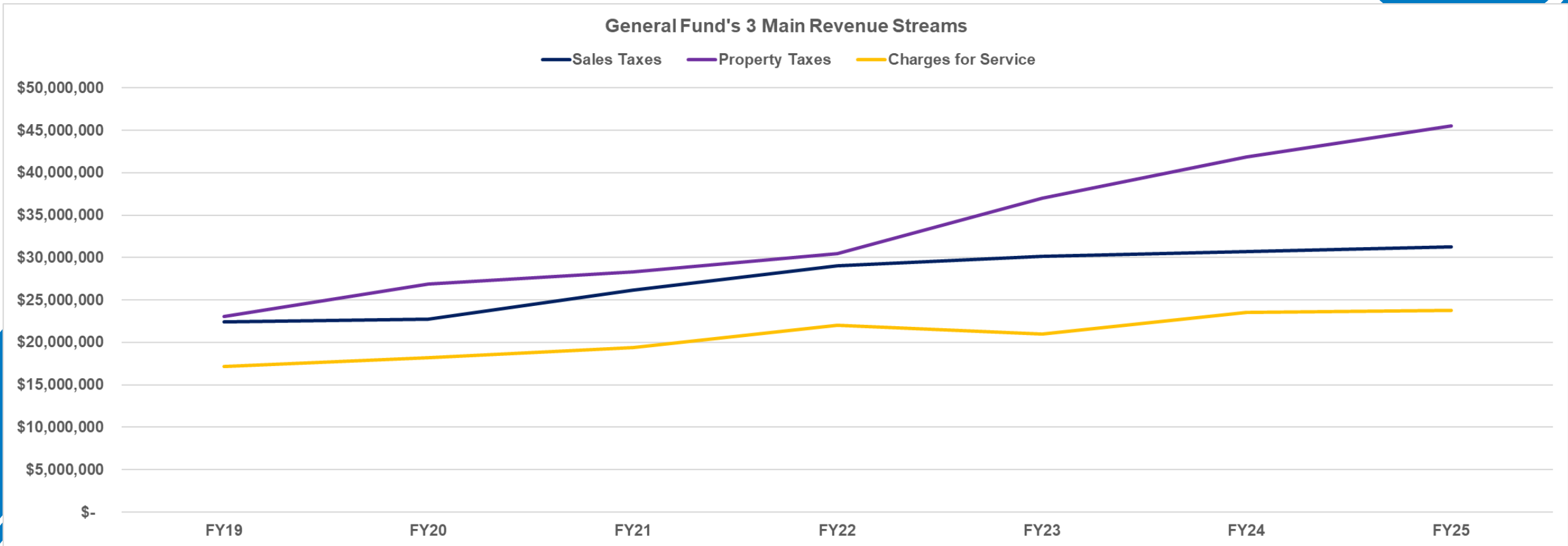
FY24 saw slight sales tax growth

Net Sales Tax Payment Comparison
By Month FY 2020 - FY 2024



- The FY25 proposed budget is presented with a projected 1.7% sales tax growth over the FY24 amended budget in the General Fund.
- As always, sales tax performance is monitored each month and adjusted via budget amendment as needed.
- Sales tax revenues are budgeted for \$31.2 M in FY25; 25.1% of total General Fund Revenue.
- The Pearland Economic Development Corporation is budgeted for \$15.5M in dedicated funds for those uses as defined by State law.

81% of General Fund Revenues Come from three Main Revenue Streams



Charges for Service are mostly TIRZ administrative charges

*FY24 Estimated
**FY25 Proposed

General Fund Expenditures

General Fund Summary

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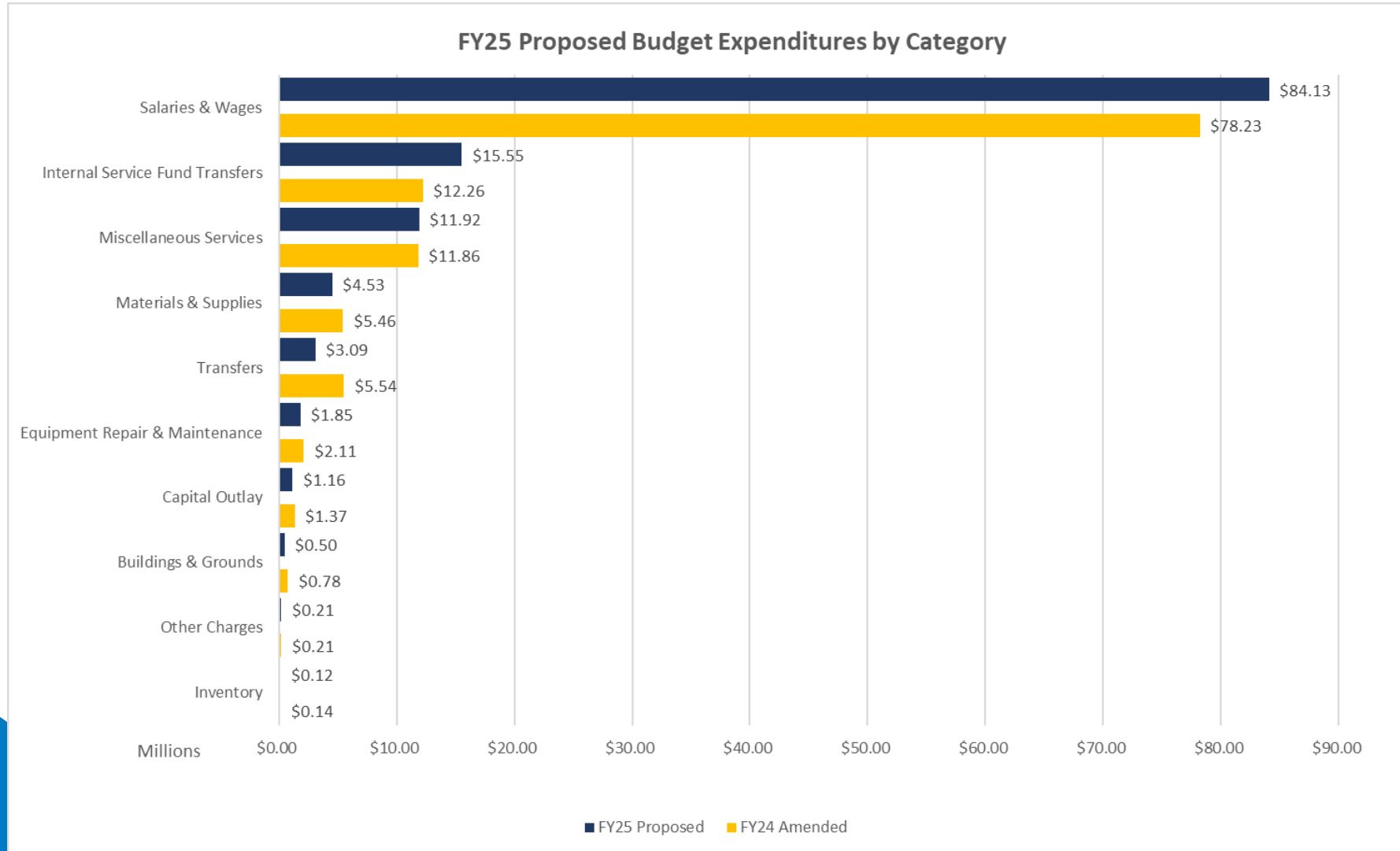
- ✓ **Exceeds Policy Minimum**
Projected ending balance of 90 days meets policy minimum
- ✓ **Maintains Core Services**

- ✓ **S&P AA/Stable and AA+ Fitch Credit Rating**
- ✓ **Structurally *Balanced***

Comparing FY24 to FY25 Expenditures

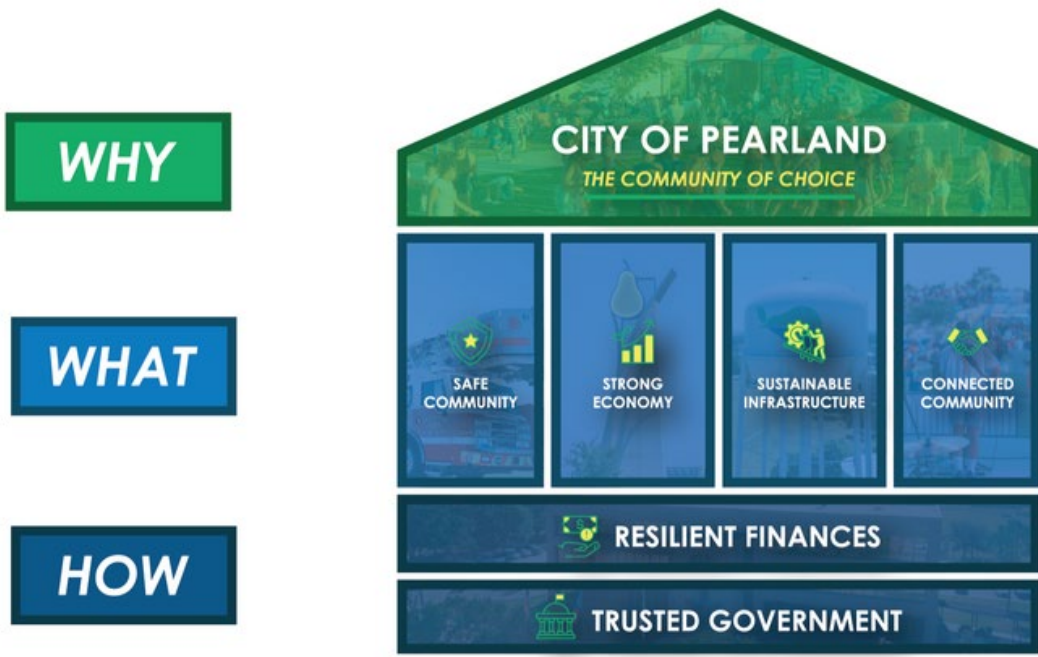
Expenditures Category	FY24 Amended	FY25 Budgeted	FY24 Amended vs FY25 Budgeted
Public Safety	\$71.9M	\$76.5M	6.4%
Public Works	\$16.6M	\$17.4M	4.8%
General Government	\$9.8M	\$10.9M	1.1%
Parks & Recreation	\$8.8M	\$9.9M	12.5%
Community Services	\$5.3M	\$5.3M	0.0%
Transfer Out	\$5.5M	\$3.0M	-4.5%
Total	\$117.9M	\$123.0M	4.3%

FY25 Proposed Budget Expenditures by Category



Strategic Priorities

STRATEGIC PRIORITIES: A DIFFERENT VIEW



Supplementals by Strategic Priority

TRUSTED GOVERNMENT

Records Analyst – City Secretary - \$14,000

SAFE COMMUNITY

Police Officers (3) – Police-Patrol - \$515,206

Animal Control Officer –Police-Animal Services - \$175,620

Crime Scene Supervisor – Police-Investigations - \$183,413

EMS Clinical Manager – Fire Operations - \$94,993

SUSTAINABLE INFRASTRUCTURE

Project Management Team (3 FTE)-EPW-Capital Projects - \$0

Street Maintenance Team (5 FTE)-Public Works-Streets - \$267,193

CONNECTED COMMUNITY

Chief Customer Experience Officer – City Manager’s Office - \$120,316

West Pearland Summer Camp Program-Parks-Recreation - \$0

Recreation Attendant – Parks & Recreation- Athletics - \$0

Tax Backed Debt Fund

Debt Service Fund

- This Fund is where the City budgets the revenue and expenditures for all tax-backed debt.
- Expenditures in this fund pay for Non-Enterprise System (Water/Sewer) Debt and MUD Rebates.
- The tax rate has two components O&M and Debt Service
 - This is where the revenue generated from the debt service property tax rate goes.
- Tax-backed debt is paid for by property taxes.
- The primary driver of tax-backed debt payments are CIP projects.

•Debt Service Rate

- FY25 Proposed Debt Service Rate: 0.3000
- Estimated levy of \$40.5M
- Total tax revenue with frozen values is \$40.7M

Debt Service Fund Summary

200 - Debt Service Fund Comprehensive Summary

Name	FY2023 Actual	FY2024 Adopted Budget	FY2024 Projected	FY2025 Budgeted
Beginning Fund Balance:	\$3,436,146	\$3,369,997	\$3,369,997	\$6,412,800
Revenues				
Property Taxes	\$36,879,625	\$41,319,476	\$40,301,531	\$40,680,000
Investment Earnings	\$371,342	\$350,000	\$1,298,217	\$0
Miscellaneous	\$10,802,953	\$11,399,761	\$11,920,947	\$14,599,978
Transfers In	\$3,552,442	\$4,501,938	\$87,519	\$2,656,885
Other Financing Sources	\$4,420,000	\$0		\$0
Total Revenues:	\$56,026,363	\$57,571,175	\$53,608,214	\$57,936,863
Expenditures				
Other	\$8,048,964	\$8,879,000	-\$700,322	\$3,870,158
Interest Expense	\$48,039,340	\$47,249,580	\$51,265,732	\$56,039,789
Total Expenditures:	\$56,088,305	\$56,128,580	\$50,565,411	\$59,909,947
Total Revenues Less Expenditures:	-\$61,942	\$1,442,595	\$3,042,803	-\$1,973,084
Ending Fund Balance:	\$3,374,204	\$4,812,592	\$6,412,800	\$4,439,716

General Fund & Debt Fund Input and Discussion

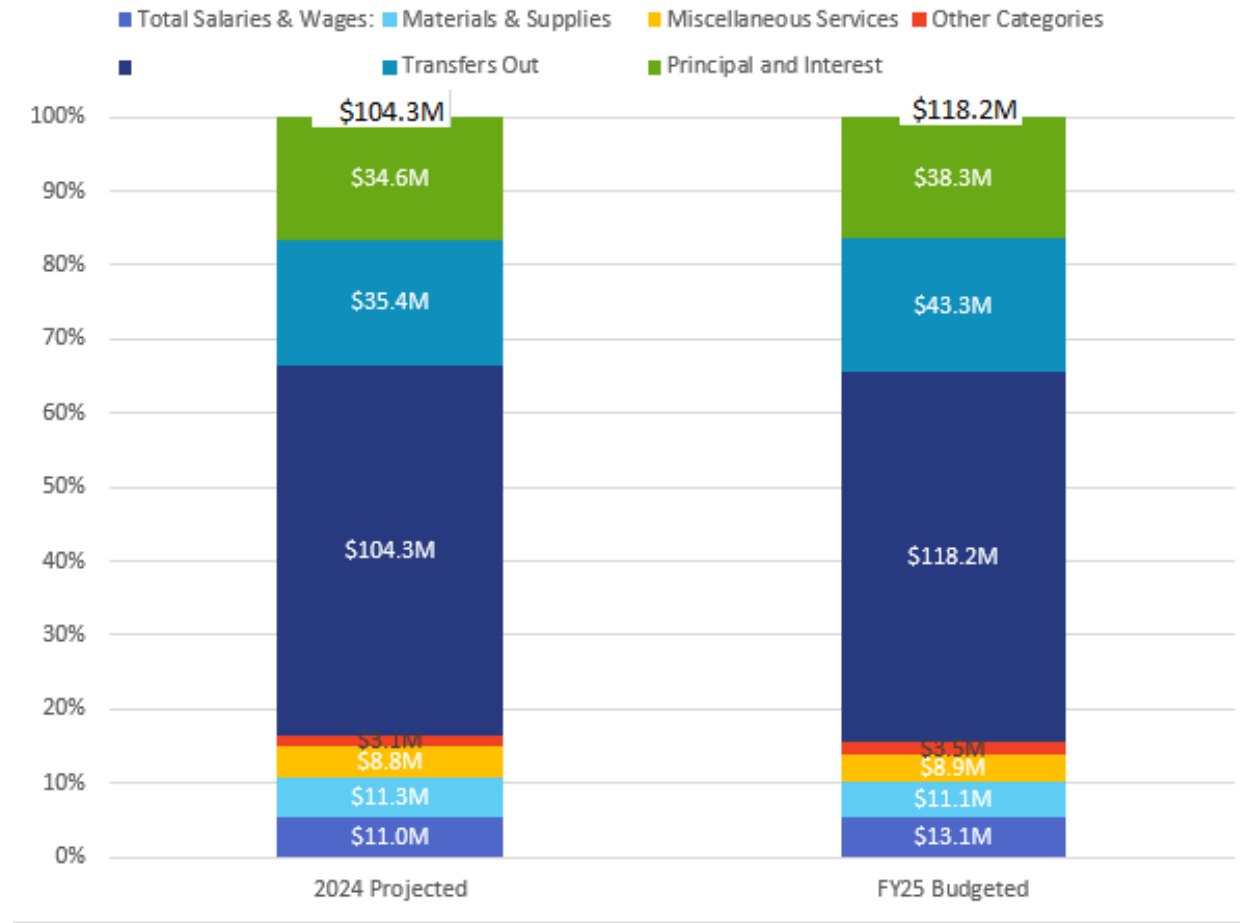
- Information requests for session #2
- Updates to the proposed budget are made by consensus.

Enterprise Funds

Water and Sewer Operations



Water and Sewer System Expenditures (Operations and Debt Funds Combined)



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What is driving Enterprise Debt Fund Expenditures growth in the system?

FY25 CIP Projects

WW1502 – Barry Rose WRF Replacement and Expansion - \$229.4M

WW1603 – JHEC WWTP Expansion - \$80.5M

WA1605 – Surface Water Plant - \$175.5M

WW1906 – Longwood Water Reclamation Facility Decommissioning - \$38M

Total: \$523.4M

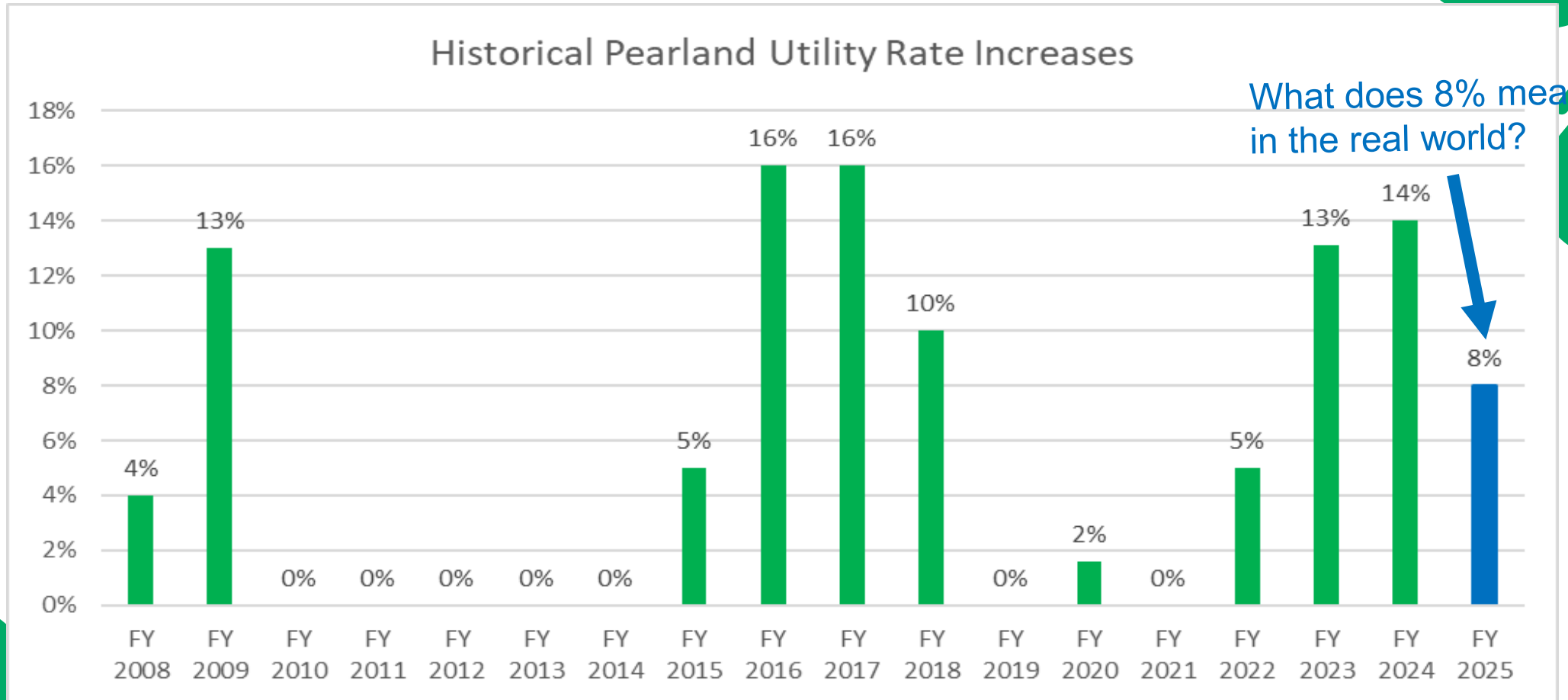
FY2025 Revenue Changes

- The City must bring in enough money to pay for debt and operations.
- Increased consumption helps to some extent.
- Rate increases are the main way cities bring in the necessary Enterprise Fund revenue.
- When we sell deb we agree to have a Bond Coverage Ratio ≥ 1.15 .
- Enterprise Operating Fund balance must remain above 15%. The City must bring in enough money to pay for debt and operations.

- **An average household in Pearland using approximately 6,000 gallons of water per month. They will pay ~\$8.09 more a month.**

- An 8% rate increase is proposed for FY25

History of Rate Increases in Pearland

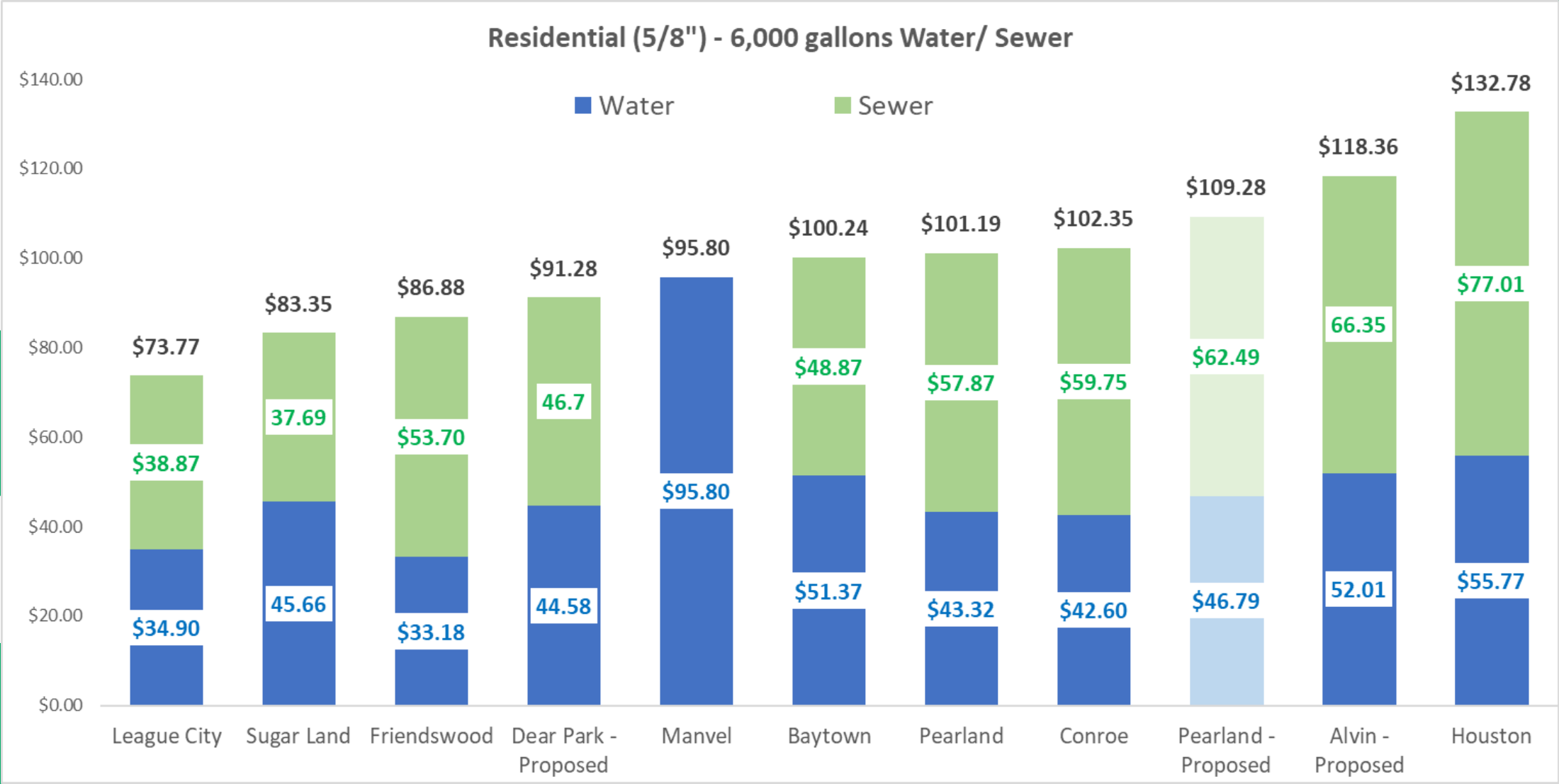


Sample Bills with 8% Proposed Rate Increase for FY 25

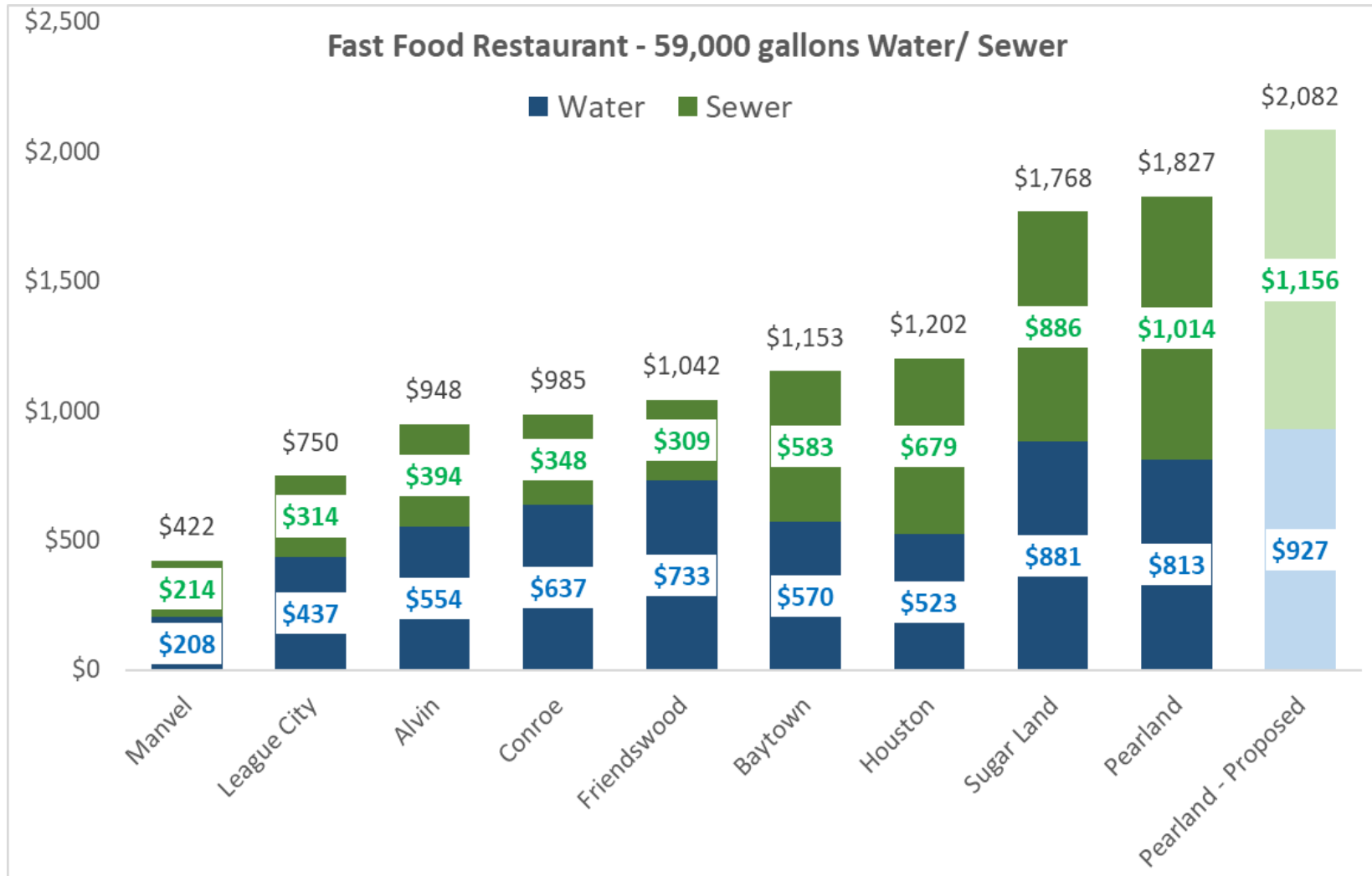
The average resident will see a bill increase of ~\$8.09

Account Type	Usage	Meter Size	Water			Sewer			INCREASE			
			Current Rate	Proposed Rate	Water Increase	Current Rate	Proposed Rate	Sewer Increase	Current TOTAL	Proposed TOTAL	TOTAL	%
Residential	2,000	5/8"	\$ 21.36	\$ 23.07	\$ 1.71	\$ 30.79	\$ 33.25	\$ 2.46	\$ 52.15	\$ 56.32	\$ 4.17	8%
Residential	3,000	5/8"	\$ 26.85	\$ 29.00	\$ 2.15	\$ 37.56	\$ 40.56	\$ 3.00	\$ 64.41	\$ 69.56	\$ 5.15	8%
Residential	6,000	5/8"	\$ 43.32	\$ 46.79	\$ 3.47	\$ 57.87	\$ 62.49	\$ 4.62	\$ 101.19	\$ 109.28	\$ 8.09	8%
Residential	12,000	5/8"	\$ 84.66	\$ 91.43	\$ 6.77	\$ 98.49	\$ 106.35	\$ 7.86	\$ 183.15	\$ 197.78	\$ 14.63	8%
Small Office	4,000	5/8"	\$ 35.14	\$ 37.95	\$ 2.81	\$ 44.33	\$ 47.87	\$ 3.54	\$ 79.47	\$ 85.82	\$ 6.35	8%
Commercial	38,000	2"	\$ 418.98	\$ 452.46	\$ 33.48	\$ 490.01	\$ 529.15	\$ 39.14	\$ 908.99	\$ 981.61	\$ 72.62	8%
Fast Food Restaurant	59,000	4"	\$ 926.93	\$ 1,001.02	\$ 74.09	\$ 1,155.54	\$ 1,247.89	\$ 92.35	\$ 2,082.47	\$ 2,248.91	\$ 166.44	8%
Sit Down Restaurant	262,000	4"	\$ 2,325.60	\$ 2,511.34	\$ 185.74	\$ 2,529.85	\$ 2,731.82	\$ 201.97	\$ 4,855.45	\$ 5,243.16	\$ 387.71	8%

Comparison Bill



Comparison Bill



What is driving rate increases?

- Enterprise Operating Fund
- The FY25 proposed budget for the Enterprise Operating Fund is \$79.8M. FY25's Enterprise Operating Fund Budget is a \$7.4M increase from the FY24 adopted budget of \$72.4M.
 - Reflects a full year of Surface Water Plant Operations
 - Increased Maintenance and Operations Cost
 - Compensation Changes, and the addition of 5 full-time staff members.
 - Year Two of cash funding the contribution to GCWA Shannon Water Pump Project
 - Two cash funded CIP projects
- Debt Fund
 - Expenditures in this Fund are paid for via a transfer from the Enterprise Operating Fund (Transfer-In).
 - FY25's Enterprise Fund Operations Budget transfer to the debt service fund is a \$3.5M increase from the FY24 adopted budget of \$25.5M.

Enterprise Operating Fund - Income Statement

	FY 2023 ACTUAL	FY 2024 ADOPTED BUDGET	FY 2024 PROJECTED BUDGET	FY 2025 BUDGET
REVENUES				
SALE OF WATER	36,049,208	36,657,020	39,133,693	41,447,062
SEWER REVENUES	28,351,367	30,976,703	32,987,931	35,072,154
OTHER SERVICE CHARGES	1,464,195	1,129,859	1,496,751	1,337,810
INVESTMENT EARNINGS	250,918	130,000	506,763	556,234
OTHER MISCELLANEOUS INCOME	342,515	7,039	16,232	15,740
TRANSFERS IN	450,000	522,000	522,000	522,000
OTHER FINANCING SOURCES	-	-	-	-
REVENUE	\$ 66,908,204	\$ 69,422,621	\$ 74,663,370	\$ 78,951,000
EXPENSES				
UTILITY CUSTOMER SERVICES ¹	2,973,661	3,848,201	3,860,626	4,410,933
OTHER REQUIREMENTS	30,152,118	35,020,861	30,871,667	38,212,609
PUBLIC WORKS/ UTILITIES ADMINISTRATION	3,852,113	4,292,635	4,351,540	5,193,115
GROUNDS MAINTENANCE	839,716	814,650	745,497	1,144,423
LIFT STATIONS	1,257,284	1,656,381	1,801,993	1,501,049
WASTEWATER	5,232,810	6,203,684	6,181,008	6,644,691
ENVIRONMENTAL SERVICES	646,743	670,479	598,939	691,674
WATER PRODUCTION	9,800,547	11,122,633	12,673,772	11,258,438
DISTRIBUTION & COLLECTION	4,567,338	4,913,533	4,940,423	5,690,464
CONSTRUCTION	229	-	-	-
WATER METER SERVICES ²	766,058	-	(10,595)	-
PRETREATMENT FOG	27,435	-	-	-
SURFACE WATER TREATMENT	1,654,980	3,863,980	3,728,412	5,119,228
EXPENSES	\$ 61,771,032	\$ 72,407,037	\$ 69,743,282	\$ 79,866,624
REVENUES OVER/(UNDER) EXPENSES	5,137,171	(2,984,416)	4,920,088	(915,624)
Beginning Cash Equivalents (Fund 600 & 601)	19,737,756	15,217,637	24,874,928	30,204,016
Add Unrestricted Cash in Debt Service Fund - 601		608,503	409,000	489,161
Ending Cash Equivalents (Fund 600 & 601)	\$ 24,874,928	\$ 12,841,724	\$ 30,204,016	\$ 29,777,553
Bond Coverage - 1.15 minimum required **	1.42	1.16	1.31	1.40
Water/Sewer Unreserved Working Capital - 15%	9,265,655	10,861,056	10,461,492	11,979,994
Operating Reserve Over Policy	\$ 15,609,273	\$ 1,980,668	\$ 19,742,524	\$ 17,797,559

Enterprise Debt Fund Income Statement

	FY 2023 ACTUAL	FY 2024 ADOPTED BUDGET	FY 2024 PROJECTED BUDGET	FY 2025 BUDGET
REVENUES				
Investment Earnings	354,534	204,750	409,000	519,188
Transfers In	29,934,670	34,362,647	34,528,233	38,309,945
TOTAL	\$ 30,289,204	\$ 34,567,397	\$ 34,937,233	\$ 38,829,133
EXPENDITURES				
Principal Payment	20,030,000	22,695,000	23,205,000	23,105,000
Interest Expense	9,826,353	11,667,649	11,323,232	15,204,945
Bond Issuance Costs	-	-	-	-
Other Debt Service	23,700	30,000	30,000	30,000
TOTAL	\$ 29,880,053	\$ 34,392,649	\$ 34,558,232	\$ 38,339,945
REVENUES OVER/(UNDER) EXPENSES	409,151	174,748	379,001	489,188
Beginning Cash Equivalents	19,372,099	19,635,909	19,635,909	20,014,910
Year End Transaction	(145,341)			
Ending Cash Equivalents	\$19,635,909	\$19,810,657	\$20,014,910	\$20,504,098
Reserve for Debt Service*	15,766,567	15,362,814	15,362,814	14,973,653
Balance Over the Reserve	3,869,342	4,447,843	4,652,096	5,530,445

Rate Model

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Adopted / Proposed Water and Sewer Rate Change	13.1%	14%	8%	8%	8%	8%	7%
Total Revenue	66,908,203	74,663,370	78,951,000	86,681,783	92,799,107	101,497,707	102,789,283
Operating Expenses - Fund 600	35,266,735	43,421,837	46,771,793	49,077,623	50,970,778	53,856,354	55,653,607
Non-operating Expenses - Fund 600	3,364,589	752,976	3,984,886	3,079,129	3,380,101	3,274,461	3,769,558
Debt Service Expenses Net of Impact fee - Fund 601	23,139,707	25,568,469	29,109,945	38,847,226	45,582,749	46,643,798	47,541,909
Total Expenses	61,771,031	69,743,282	79,866,624	91,003,978	99,933,628	103,774,613	106,965,074
Net Annual Revenue Over Expenditures	5,137,172	4,920,088	(915,625)	(4,322,195)	(7,134,521)	(2,276,906)	\$ (4,175,792)
Beginning Cash Equivalents Net of Restricted for Debt Service (Fund 600 & 601)	19,737,756	24,874,928	30,204,016	29,777,552	25,970,695	19,388,662	17,694,738
Add Unrestricted Cash in Debt Service Fund - 601 ¹⁰	-	409,000	489,161	515,338	552,488	582,981	570,904
Ending Cash Equivalents Net of Restricted for Debt Service (see calculation on Multi-year Forecast) ¹	24,874,928	30,204,016	29,777,552	25,970,695	19,388,662	17,694,738	14,089,850
Additional Debt Issuance as of July 2024	55,247,635	81,365,735	170,245,680	102,006,868	7,873,000	12,089,000	11,391,500
Surface Water Treatment Plant (Phase 1)	500,000	-	-	-	-	-	-
Barry Rose WRF Replacement and Expansion	15,845,000	36,555,735	45,247,500	27,618,500	-	-	-
Longwood Water Reclamation Facility Decommissioning	-	17,573,000	14,500,000	-	-	-	-
Sewer System Expansion	20,641,265	15,469,000	75,967,608	46,860,500	-	-	-
Other Projects	18,261,370	11,768,000	34,530,572	27,527,868	7,873,000	12,089,000	11,391,500
Debt Service Coverage							
W/S Revenue + Impact Fee Revenue	73,703,166	77,363,370	82,751,000	90,481,783	96,599,107	105,297,707	106,589,283
Less Operating Expenses	35,266,735	43,421,837	46,771,793	49,077,623	50,970,778	53,856,354	55,653,607
Net Revenue Available for Debt Services	38,436,431	33,941,533	35,979,207	41,404,160	45,628,329	51,441,353	50,935,676
Current Year W/S Annual Debt Service	27,071,642	25,870,156	25,772,433	25,870,526	25,697,370	24,453,648	24,277,914
Bond Coverage - 1.15 required to issue COs*	1.42	1.31	1.40	1.60	1.78	2.10	2.1
Restricted for Debt Service	15,766,567	15,362,814	14,973,653	14,558,316	14,105,827	13,622,846	13,151,942
Financial Policy							
Water/Sewer Unreserved Working Capital 15% - Ending Cash / (Operating Expense + CO's Debt Serv.)	60%	58%	48%	36%	24%	21%	16%
Combine Reserved Fund 600 + 601 25% = Ending Cash/ (Operating Expenses + Debt Service Payment)	66%	66%	57%	45%	34%	30%	25%

1) Due to prior year-end closing/ audit entry, Actual Beginning Cash Balance FY23 can be different from Prior Ending Cash Balance FY22

* FY25 Coverage Ratio = (FY25 Revenue - FY25 Operating Expense)/ (FY25 W/S Revenue Bond Debt Service)

The current Rate Model includes: 5% Salary Increase, and \$541K Vehicle Replace

Pearland Water Supplementals by Strategic Priority

Sustainable Infrastructure

- Asset Reliability Team-Utilities-Administration and Wastewater \$421,575
- Deputy Director of Utilities-Administration \$151,013

Enterprise Funds Council Input and Discussion

- Information requests for session #2
- Updates to the proposed budget are made by consensus

PEDC Proposed FY25 Highlights

- Proposed Revenue: \$21.3M
- Proposed Expenses: \$42.6M or \$21.3M over projected revenue
- Three major expenditures total \$26.6M; represent 62% of total expenses
 - Hickory Slough Sports Complex expansion - \$16.7M
 - Industrial Drive reconstruction - \$4.7M
 - Possible sanitary sewer extension to the Smith Ranch Road area - \$4.9M
- Of the proposed FY25 expenses \$34M is earmarked for infrastructure improvements or 80% of total expenditures.
- Issuing \$4.7M in bonds for Industrial Drive and existing fund balance for Hickory Slough Sports Complex

PEDC Proposed FY25 Budget

Total Revenue	\$21,299,677
Total Expense	\$42,677,697
Difference	(\$21,378,021)
Beginning Fund Balance	\$31,570,824
Ending Fund Balance	\$10,192,804

PEDC Five-Year Forecast Highlights

- \$6.7M - Business Development – Committed Assistance Agreements in FY25-29 includes \$1.7M and future potential assistance of \$5.0M.
- \$7.8M- Lower Kirby Infrastructure: Multiple projects to facilitate development in Lower Kirby, including the continued expansion of the regional detention system, realignment of White Road, and engineering and construction of Hooper Road phase II and West Fruge reconstruction.
- \$2.8M - SH 35 North Main Business Park: FY25-26 includes \$2.8M for roads, water, sanitary sewer and drainage improvements for the North Main Business Park, per a public private partnership to develop area into a light flex building park.
- \$9.0M – Old Town Revitalization Plan Implementation: In FY25-29 for projects anticipated around the new revitalization plan for Old Town.
- \$5.7M - SH 288 – Smith Ranch: Extension of sanitary sewer to the area and \$800,000 for design and construction of Wooten Road expansion from Smith Ranch to SH 288 frontage road.

PEDC Five-Year Forecast Highlights

- \$9.2M - FM 518/Broadway Reconstruction: FY25-29 includes \$9.2M for right of way, traffic signal upgrades, key intersection/road upgrades and streetscape enhancements.
- \$18M – FM 518/Broadway Water and Sanitary Relocation: Proposing to fund water and sewer utility relocations for the 5-mile corridor with FY26-27 includes \$18M for construction to relocate lines.
- \$22.2M – 20% Recapitalization of Existing Infrastructure: Per Board and Council resolution FY25-29 includes \$22.2M for infrastructure projects that go towards the 20% sales tax revenue allocation for redevelopment in targeted areas of the City, that support long-term maintenance, and will improve roadway conditions, drainage, and utilities.
- \$18.1M- Parks/Places to Gather - Hickory Slough Sports Complex: FY25 - \$16.7M for Hickory Slough Phase 2 Sports Complex construction; FY27-29 - \$1.4M for the sports complex operations and maintenance contribution.
- \$4.1M Parks/Places to Gather - Clear Creek Trail – Green Tee to Dixie Farm Segment: Partial funding for 3.8 mile segment of the Clear Creek Trail.

PEDC Five-Year Forecast

	FY25 PROPOSED BUDGET	FY26 FORECAST	FY27 FORECAST	FY28 FORECAST	FY29 FORECAST
Total Revenues	\$ 21,299,677	\$ 23,455,580	\$ 30,725,130	\$ 23,236,520	\$ 17,336,671
Total Expenditures	\$ 42,677,697	\$ 23,533,882	\$ 37,750,097	\$ 18,028,655	\$ 16,597,129
NET CHANGE IN FUND BALANCE	\$ (21,378,021)	\$ (78,302)	\$ (7,024,967)	\$ 5,207,865	\$ 739,542
Beginning Fund Balance	\$ 31,570,824	\$ 10,192,804	\$ 10,114,501	\$ 3,089,534	\$ 8,297,399
ENDING FUND BALANCE	\$ 10,192,804	\$ 10,114,501	\$ 3,089,534	\$ 8,297,399	\$ 9,036,941

PEDC Five Year Forecast

- All expenditures are consistent with the priorities outlined in our Pearland Prosperity community strategic plan to ensure Pearland is the community of choice for People and Businesses in our region.
- These highlighted projects alone represent \$103.6M in mostly infrastructure projects. Sales tax revenue over five years estimated to be \$80.4M.
- Forecast includes reimbursements and issuance of \$22.7M in debt for reconstruction of Industrial Drive west of Main and to relocate City water and sanitary sewer lines along FM 518
- Over 5-Years PEDC would maintain a positive fund balance while implementing projects that will strengthen our economy and expand our tax base.

Next Steps/Calendar Items

- ~~August 12 - Budget Discussion #1~~
- August 12th - Vote on Proposed/Maximum Tax Rate
- August 19th - Budget Discussion #2
- August 26th - Budget Discussion #3
- September 9th – Public Hearing Budget/First Reading of FY24 Budget-Budget Public Hearing
- September 23rd – Public Hearing Tax Rate/Second Reading of FY24 Budget-Tax Rate Public Hearing