

# City of Pearland FY25 Budget Public Hearing



# 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.

# Tonight's Agenda

- Budget Public Hearing
- 1<sup>st</sup> Reading of FY25 Budget
- 1<sup>st</sup> Reading of the FY25 Tax Rate
- 1<sup>st</sup> Reading of the Non-Development Fees
- CIP Adoption Resolution
- 1<sup>st</sup> Reading of Retiree Health Care Coverage

# Budget Public Hearing

- Budget Highlights
- General Fund Overview
  - Supplementals
  - Revenue
  - Expenditures
- Enterprise Fund
  - Revenue Changes
  - Rate Model
  - Supplementals
- PEDC
- Future Dates

# Budget Highlights

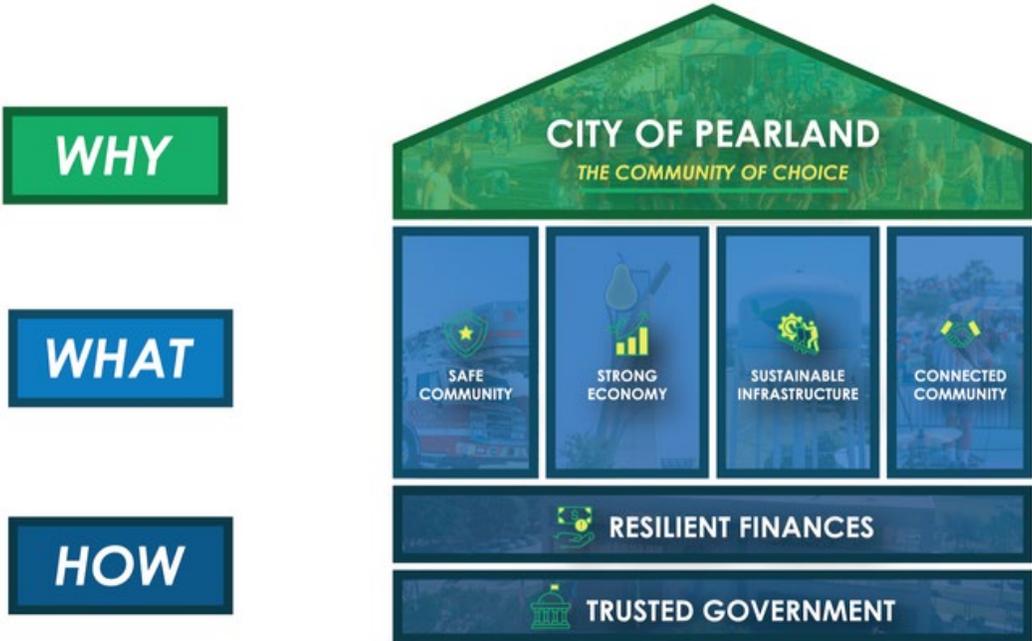
# The Big Picture General Fund

- **Balanced Budget:** Annual revenues (including transfers) exceed annual operating costs.
- **The General Fund's Fund Balance** is above the 25% policy minimum.
  - FY25's ending fund balance is projected to be 25%, or 90 days.
- **Includes proposed tax rate of .6350**
  - .3000 for Debt Service
  - .3350 for O&M

<b>General Fund Comprehensive Summary</b>			
	<b>FY23 Actual</b>	<b>FY24 Amended</b>	<b>FY25 Proposed</b>
Beinning Fund Balance	\$33,681,195	\$31,323,584	\$29,093,625
<b>Revenue</b>	\$105,976,671	\$115,719,007	\$124,411,285
<b>Expenditure</b>	\$108,182,064	\$117,948,966	\$123,066,372
<b>Net</b>	<b>(\$2,205,393)</b>	<b>(\$2,229,959)</b>	\$1,344,913
<b>Ending Balance</b>	<b>\$31,475,802</b>	<b>\$29,093,625</b>	<b>\$30,438,538</b>
<hr/>			
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

# 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

# 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%

# General Fund Expenditures

# 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%
<b>Total</b>	<b>\$117.9M</b>	<b>\$123.0M</b>	<b>4.3%</b>

# Enterprise Funds

## Water and Sewer Operations

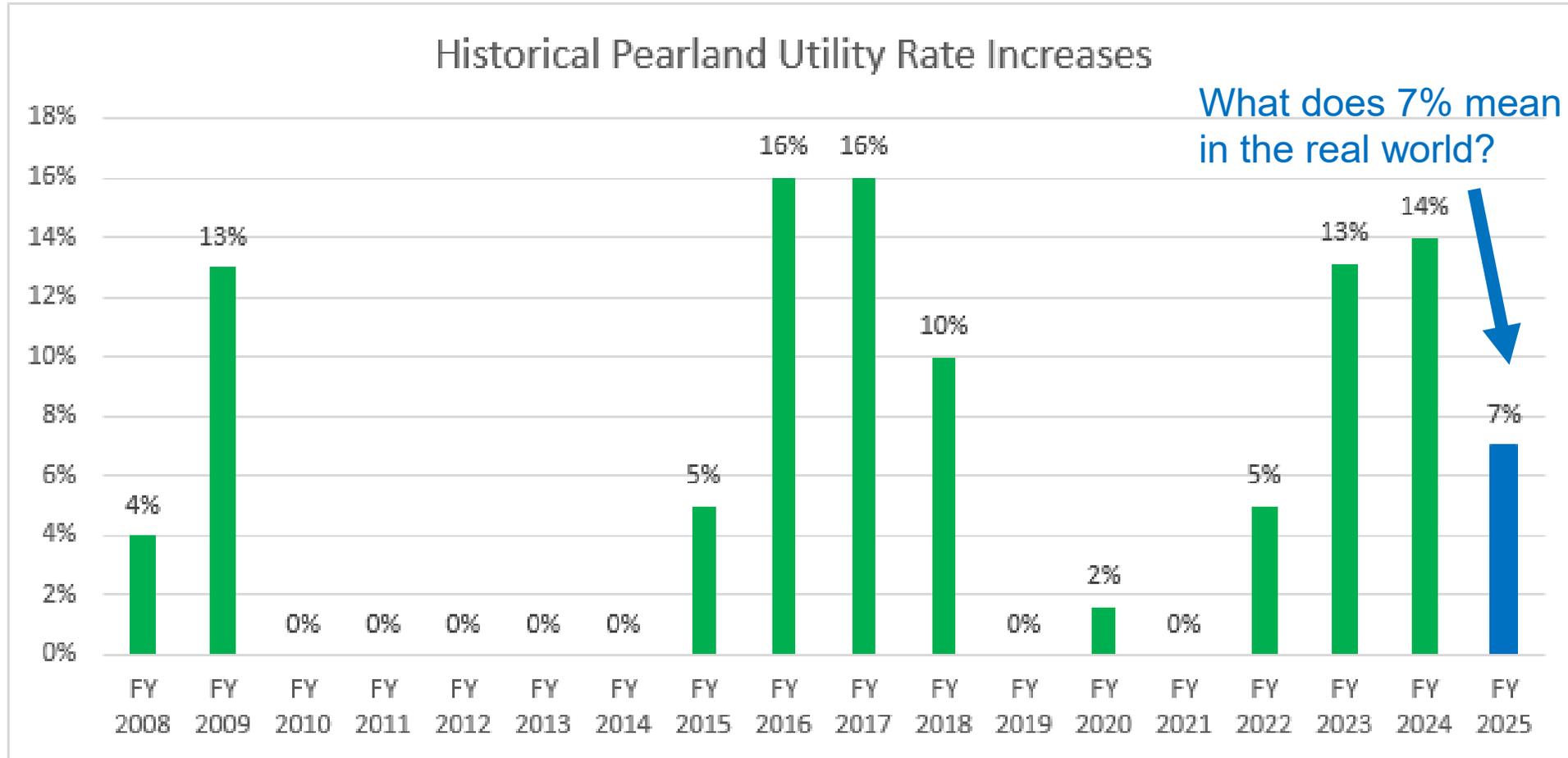
# FY2025 Revenue Changes

- 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 debt we agree to have a Bond Coverage Ratio  $\geq 1.15$ .
- 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 ~\$7.06 more a month.**

- An 7% rate increase is proposed for FY25

# History of Rate Increases in Pearland



# Sample Bills with 7% Proposed Rate Increase for FY 25

The average resident will see a bill increase of ~\$7.06

Account Type	Usage	Meter Size	Water			Sewer			INCREASE			
			Current Rate	Proposed Rate	Water Increase	Current Rate	Proposed Rate	Sewer Increase	Current TOTAL	Proposed TOTAL	INCREASE TOTAL	%
Residential	2,000	5/8"	\$ 21.36	\$ 22.86	\$ 1.50	\$ 30.79	\$ 32.95	\$ 2.16	\$ 52.15	\$ 55.81	\$ 3.66	7%
Residential	3,000	5/8"	\$ 26.85	\$ 28.73	\$ 1.88	\$ 37.56	\$ 40.19	\$ 2.63	\$ 64.41	\$ 68.92	\$ 4.51	7%
<b>Residential</b>	<b>6,000</b>	<b>5/8"</b>	<b>\$ 43.32</b>	<b>\$ 46.34</b>	<b>\$ 3.02</b>	<b>\$ 57.87</b>	<b>\$ 61.91</b>	<b>\$ 4.04</b>	<b>\$ 101.19</b>	<b>\$ 108.25</b>	<b>\$ 7.06</b>	<b>7%</b>
Residential	12,000	5/8"	\$ 84.66	\$ 90.56	\$ 5.90	\$ 98.49	\$ 105.35	\$ 6.86	\$ 183.15	\$ 195.91	\$ 12.76	7%
Small Office	4,000	5/8"	\$ 35.14	\$ 37.60	\$ 2.46	\$ 44.33	\$ 47.43	\$ 3.10	\$ 79.47	\$ 85.03	\$ 5.56	7%
Commercial	38,000	2"	\$ 418.98	\$ 448.23	\$ 29.25	\$ 490.01	\$ 524.17	\$ 34.16	\$ 908.99	\$ 972.40	\$ 63.41	7%
Fast Food Restaurant	59,000	4"	\$ 926.93	\$ 991.68	\$ 64.75	\$ 1,155.54	\$ 1,236.21	\$ 80.67	\$ 2,082.47	\$ 2,227.89	\$ 145.42	7%
Sit Down Restaurant	262,000	4"	\$ 2,325.60	\$ 2,487.79	\$ 162.19	\$ 2,529.85	\$ 2,705.93	\$ 176.08	\$ 4,855.45	\$ 5,193.72	\$ 338.27	7%

# Rate Model

<b>Fiscal Year</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>% increase</b>	13.1%	14%	7%	7%	7%	11%	11%
<b>Bond Cov. Ratio (1.15)</b>	1.42	1.31	1.37	1.54	1.68	2.10	2.25
<b>Reserve Requirement (15%)</b>	60%	58%	47%	33%	18%	15%	15%

# Pearland Water Supplementals by Strategic Priority

## Sustainable Infrastructure

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



# PEDC

# PEDC Proposed FY25 Highlights

- Proposed Revenue: \$16.6M
- 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.

# PEDC Proposed FY25 Budget

Total Revenue	\$16,599,677
Total Expense	\$42,677,697
<b>Difference</b>	<b>(\$26,078,021)</b>
Beginning Fund Balance	\$31,570,824
Ending Fund Balance	\$5,492,804

# Non-Development Fee Ordinance

- Adoption of 7% Water/Sewer Rate Change
- Temporary Food Handling-reduction to \$75
- Contractual Changes
  - Solid Waste
  - Parks Rental Janitorial Services
  - Meter Costs
  - Credit Card Processing Fees

# Capital Improvement Plan

# Capital Improvement Plan Resolution

- Adopts the 5-year Capital Improvement Plan
- The FY25 Budget adopts the FY25 budget for these projects.
- Future years will be approved in future budgets.

# 5 Year CIP by Project Type

Project Type	Project Total	Historical	FY2025	FY2026	FY2027	FY2028	FY2029	Total Allocation FY25-29
Drainage	145,941,860	22,664,455	65,643,405	33,363,000	13,421,000	10,850,000	-	123,277,405
Facilities	175,670,243	54,392,784	7,144,009	41,280,950	9,956,500	62,896,000	-	121,277,459
Parks	57,493,849	6,262,148	18,862,801	32,218,900	150,000	-	-	51,231,701
Streets	280,567,588	82,800,715	27,244,010	15,226,580	16,997,046	82,872,625	55,426,612	197,766,873
Wastewater	371,111,072	294,620,961	38,730,111	19,867,000	8,183,000	9,710,000	-	76,490,111
Water	85,233,025	18,905,766	34,708,009	8,536,750	2,212,000	2,379,000	11,391,500	59,227,259
<b>Project Total</b>	<b>1,116,017,637</b>	<b>479,646,829</b>	<b>192,332,345</b>	<b>150,493,180</b>	<b>50,919,546</b>	<b>168,707,625</b>	<b>66,818,112</b>	<b>629,270,808</b>

# 5 Year CIP by Funding Source

Row Labels	Project Total	Historical	FY2025	FY2026	FY2027	FY2028	FY2029	Total Allocation FY25-29
2007 & 2019 GO Bonds	50,383,154	49,831,251	551,903	-				551,903
2023 General Obligation Bonds	160,559,366	10,182,999	56,250,367	66,375,000	17,821,000	9,930,000		150,376,367
Certificates of Obligation	93,651,791	33,988,502	25,871,052	27,712,237	624,000	5,456,000		59,663,289
Future GO Bond Package	219,163,782	575,000			21,929,546	141,232,625	55,426,611	218,588,782
General Revenue - Cash	7,659,747	5,590,745	1,009,002	910,000	150,000	-		2,069,002
HGAC-TIP	15,251,782	8,567,656	-	6,684,126				6,684,126
Impact Fees - Cash	700,000	700,000	-	-	-	-		-
Impact Fees - Debt	111,184,632	37,404,132	45,247,500	27,618,500	-	-	914,500	73,780,500
Other Funding Sources	50,424,468	21,456,137	24,316,381	4,651,950	-	-		28,968,331
PEDC	25,805,000	2,629,701	23,175,299	-				23,175,299
TIRZ Reimbursable Debt	19,055,001	19,054,998	3					3
W/S Certificates of Obligation	346,715,886	108,390,338	126,398,180	74,388,368	7,873,000	12,089,000	10,477,000	231,225,548
W/S Revenue Bonds	10,215,027	10,215,025	2	-	-	-		2
W/S Revenues - Cash	5,326,001	2,898,999	950,002	935,000	542,000	-		2,427,002
<b>Funding Total</b>	<b>1,116,095,637</b>	<b>311,485,483</b>	<b>303,769,691</b>	<b>209,275,181</b>	<b>48,939,546</b>	<b>168,707,625</b>	<b>66,818,111</b>	<b>797,510,154</b>

# Retiree Health Care Coverage

- Staff **proposes** updating Ordinance 1121-1 from the current structure, which requires retirees to be at least 60 years old with 20 years of service to qualify for a 100% subsidy for the employee only on the base plan. The recommendation is to transition to the Rule of 80, which provides the subsidy when a staff member retires at any age, when the sum of their age and years of service with the City equals 80. Under this rule, retirees would be eligible for a 100% subsidy for the employee only on the base plan.

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- CIP Adoption Resolution
- 1<sup>st</sup> Reading of Retiree Health Care Coverage

# 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 FY25 Budget, Tax Rate, Non-Development Fee Ordinance, Retiree Health Care