

FISCAL YEAR BUDGET 2024- 2025

CITY MANAGEMENT
AND
OFFICE OF MANAGEMENT AND BUDGET

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August 6, 2024



Fiscal Year 2025 Executive Overview

Fiscal Year 2025 Executive Overview



Key Budgetary Factors

Practical Challenges

- Limited Budget Team
- Property Tax Growth much below five-year trailing history
- Sales Tax Growth has flattened
- Inflation remains a pressure point on the budget
- Compensation: Obligations & Competitiveness
- Capital Improvement Obligations and Commitments

Strategy

- Maintain service levels
- Focus on expense controls and non-personnel spending reductions
- Freeze or remove some vacant positions
- Update rates and fees based on rate studies
- Work towards a balanced budget with no change to the tax rate
- Isolate increases in expenditures to previous agreements

FY 2025 Budget Highlights



Key Budgetary Factors

Balanced Budget Approach

- General Fund expenses reduced by \$1.2 million vs. current adopted
 - Reduced \$7.6 million in non-personnel expenses vs. current adopted
- Decision on new programs/services delayed to midyear
- Operational reserve above 28% policy (30%)
- Total funding for outside agencies at current year level
- Combined utility bill increasing \$7.38 per month: total bill lower than 2021 adjusted for inflation

Funded Long-Term Commitments

- Year 2 of the Police and Fire Contracts: +7.2% increase (+\$3.3 million)
- Non-Civil Service Employee Compensation: +3% (+\$2.7 million)
- TMRS: Funded liability at 85%; City contribution 18.04%
- Health Insurance: City +9.7% (\$1.5 million); Employees share +6.5% (\$226,000)
- WMCEDC increased to an annual contribution of \$4.3 million
- Airport Fund General Fund subsidy returns due to expiring CARES funding (\$1.2 million)

No Reductions to Core City Services Required

Fiscal Year 2025 Major Funds Overview

Total Revenue

	Actual FY 2022-23	Budget FY 2023-24	Budget FY 2024-25	\$ Change From Budget	% Change From Budget
General Fund					
Property Taxes	76,227,869	88,997,214	90,500,000	1,502,786	1.7%
Sales Taxes	55,744,974	55,140,406	56,500,000	1,359,594	2.5%
Other Taxes	1,192,374	1,160,987	1,725,000	564,013	48.6%
Franchise Fees	10,181,032	10,440,000	10,450,000	10,000	0.1%
COW PILOT/GR	11,871,311	13,044,084	14,014,713	970,629	7.4%
Charges for Services	2,863,857	927,779	998,669	70,890	7.6%
License & Permits	3,258,453	2,899,129	3,158,700	259,571	9.0%
Intergovernmental	2,760,165	2,104,899	2,646,899	542,000	25.7%
Fees & Fines	1,464,822	1,472,360	1,677,500	205,140	13.9%
Interest	7,204,569	4,000,000	4,000,000	-	0.0%
Other Revenue	17,593,630	16,133,994	16,788,024	654,030	4.1%
Transfers	50,000	7,390,656	50,000	(7,340,656)	-99.3%
Total General Fund	190,413,056	203,711,508	202,509,505	(1,202,003)	-0.6%
Cable PEG	203,637	220,000	220,000	-	0.0%
Economic Development	28,704	-	-	-	0.0%
Econ Dev Incentive	4,148,331	4,040,000	4,300,000	260,000	6.4%
Total General Services	194,793,728	207,971,508	207,029,505	(942,003)	-0.5%
Enterprise Funds					
Water-Wastewater-WMARSS	251,999,972	273,161,894	233,962,370	(39,199,524)	-14.4%
Solid Waste	54,169,729	56,470,811	45,966,855	(10,503,956)	-18.6%
Waco Transit	8,530,744	9,688,499	9,688,499	-	0.0%
CVB	8,637,392	8,255,661	9,253,382	997,721	12.1%
Drainage	11,820,908	9,493,440	10,055,884	562,444	5.9%
Zoo	7,979,198	10,864,602	8,866,573	(1,998,029)	-18.4%
Other Enterprise	12,480,957	8,653,579	8,878,815	225,236	2.6%
Internal Service Funds	41,906,360	45,064,009	46,251,112	1,187,103	2.6%
Special Revenue Funds	30,219,053	34,144,182	31,897,443	(2,246,739)	-6.6%
Debt Service Funds	18,521,214	22,618,723	27,884,286	5,265,563	23.3%
Total Funding	641,059,255	686,386,908	639,734,724	(46,652,184)	-6.8%

Total Expense

	Actual FY 2022-23	Budget FY 2023-24	Budget FY 2024-25	\$ Change From Budget	% Change From Budget
General Fund					
Salaries and Wages	79,803,590	81,391,494	86,706,322	5,314,828	6.5%
Employee Benefits	30,482,403	32,522,887	33,586,855	1,063,968	3.3%
Professional/Technical Services	13,119,568	12,797,200	12,159,656	(637,544)	-5.0%
Purchased Property Services	1,396,469	1,828,893	1,734,635	(94,258)	-5.2%
Maintenance	6,036,454	6,377,383	5,370,566	(1,006,817)	-15.8%
Other Purchased Services	4,489,552	5,203,309	5,337,166	133,857	2.6%
Supplies	9,584,356	9,260,730	8,464,152	(796,578)	-8.6%
Other Operating Expenses	910,735	780,497	4,471,266	3,690,769	472.9%
Contracts with Other	2,802,747	6,252,004	5,141,064	(1,110,940)	-17.8%
Interdepartmental Billings	2,324	4,759	4,754	(5)	-0.1%
Capital Expenditures	3,506,731	741,000	-	(741,000)	-100.0%
Transfers Out	30,896,608	46,551,352	39,533,069	(7,018,283)	-15.1%
Contingency	54,870	-	-	-	0.0%
Total General Fund	183,031,537	203,711,508	202,509,505	(1,202,003)	-0.6%
Cable PEG	96,332	1,095,112	94,070	(1,001,042)	-91.4%
Economic Development	1,937,303	3,287,037	-	(3,287,037)	-100.0%
Econ Dev Incentive	875,000	20,535,940	4,300,000	(16,235,940)	-79.1%
Total General Services	185,940,172	228,629,597	206,903,575	(21,726,022)	-9.5%
Enterprise Funds					
Water-Wastewater-WMARSS	199,939,786	269,736,966	225,596,906	(44,140,060)	-16.4%
Solid Waste	41,093,164	55,373,092	46,312,780	(9,060,312)	-16.4%
Waco Transit	9,356,923	9,022,974	8,840,281	(182,693)	-2.0%
CVB	7,867,700	7,906,565	9,364,438	1,457,873	18.4%
Drainage	6,985,589	8,178,425	7,623,062	(555,363)	-6.8%
Zoo	9,807,990	10,864,602	8,738,066	(2,126,536)	-19.6%
Other Enterprise	15,853,337	9,852,081	8,799,952	(1,052,129)	-10.7%
Internal Service Funds	39,826,365	42,922,452	44,086,153	1,163,701	2.7%
Special Revenue Funds	23,376,101	35,885,515	33,224,322	(2,661,193)	-7.4%
Debt Service Funds	18,296,548	22,698,528	27,671,177	4,972,649	21.9%
Total Funding	558,343,675	701,070,797	627,160,712	(73,910,085)	-10.5%

Budgets Under Review/Not Finalized – Economic Development, Capital Improvement Program, and Special Revenue Funds

General Fund Expenditures



All Expenses

Excluding Personnel

	Actual FY 2022-23	Budget FY 2023-24	Budget FY 2024-25	\$ Change From Budget	% Change From Budget
General Fund					
Non-Departmental	13,005,984	-	-	-	0.0%
City Manager's Office	3,185,595	4,085,274	3,875,371	(209,903)	-5.1%
City Council	325,184	347,769	355,411	7,642	2.2%
Economic Development	789,207	755,047	990,092	235,045	31.1%
Neighborhood Engagement	364,398	545,577	478,704	(66,873)	-12.3%
Sustainability	113,492	152,899	135,174	(17,725)	-11.6%
Beautification	-	-	543,239	543,239	0.0%
City Secretary's Office	791,482	962,852	943,117	(19,735)	-2.0%
Finance	3,240,272	4,601,014	4,741,913	140,899	3.1%
City Attorney's Office	1,609,707	1,841,133	1,916,003	74,870	4.1%
Development Services	4,802,934	7,334,171	5,823,660	(1,510,511)	-20.6%
Human Resources	2,012,175	2,552,155	2,736,152	183,997	7.2%
Marketing & Communications	1,573,628	1,845,925	1,962,572	116,647	6.3%
Facilities	4,548,784	5,401,745	5,217,701	(184,044)	-3.4%
Contributions	27,068,706	53,253,869	43,482,618	(9,771,251)	-18.3%
Miscellaneous	9,871,912	(1,085,613)	3,158,680	4,244,293	-391.0%
Municipal Court	1,389,912	1,615,248	1,479,825	(135,423)	-8.4%
Animal Services	2,753,055	3,387,823	3,579,456	191,633	5.7%
Emergency Management	1,331,155	2,018,994	1,756,385	(262,609)	-13.0%
Fire	34,050,340	36,217,506	38,673,902	2,456,396	6.8%
Police	49,769,875	58,049,278	60,829,600	2,780,322	4.8%
Library	4,959,738	5,494,014	5,660,554	166,540	3.0%
Parks & Recreation	14,874,340	13,259,607	13,151,053	(108,554)	-0.8%
Housing	654,531	1,075,221	1,018,323	(56,898)	-5.3%
Total General Fund	183,086,407	203,711,508	202,509,505	(1,202,003)	-0.6%

	Actual FY 2022-23	Budget FY 2023-24	Budget FY 2024-25	\$ Change From Budget	% Change From Budget
General Fund					
Non-Departmental	7,526,876	-	-	-	0.0%
City Manager's Office	526,453	676,559	642,626	(33,933)	-5.0%
City Council	197,295	220,168	223,147	2,979	1.4%
Economic Development	233,139	170,980	182,017	11,037	6.5%
Neighborhood Engagement	87,431	181,191	90,115	(91,076)	-50.3%
Sustainability	-	27,114	5,530	(21,584)	-79.6%
Beautification	-	-	303,425	303,425	0.0%
City Secretary's Office	229,795	305,121	244,734	(60,387)	-19.8%
Finance	348,670	623,725	636,437	12,712	2.0%
City Attorney's Office	44,063	99,099	125,950	26,851	27.1%
Development Services	1,212,327	2,493,182	1,362,642	(1,130,540)	-45.3%
Human Resources	225,968	344,124	351,250	7,126	2.1%
Marketing & Communications	138,373	184,487	256,977	72,490	39.3%
Facilities	2,618,313	3,006,699	2,781,161	(225,538)	-7.5%
Contributions	27,059,781	53,203,869	43,462,618	(9,741,251)	-18.3%
Miscellaneous	7,962,757	1,914,387	6,158,680	4,244,293	221.7%
Municipal Court	265,741	324,842	270,024	(54,818)	-16.9%
Animal Services	1,203,199	1,281,087	1,237,519	(43,568)	-3.4%
Emergency Management	828,919	1,461,988	1,184,000	(277,988)	-19.0%
Fire	4,132,424	4,390,257	4,341,385	(48,872)	-1.1%
Police	8,826,961	10,849,399	10,401,114	(448,285)	-4.1%
Library	1,985,489	2,077,086	2,141,843	64,757	3.1%
Parks & Recreation	6,976,843	5,687,288	5,554,768	(132,520)	-2.3%
Housing	169,594	274,475	258,366	(16,109)	-5.9%
Total General Fund	72,800,414	89,797,127	82,216,328	(7,580,799)	-8.4%

Fiscal Year 2025 Executive Overview

Key Budgetary Factors

Property Taxes

- Maintains current tax rate of \$0.755000 cents per \$100 valuation (lowest in 16+ years)
- Tax rate captures the full value of new growth and development
- Maintenance & Operations (M&O) rate captures 0.19% of the 3.50% allowable increase

	FY 2023	FY 2024	FY 2025	Tax Rate Δ
Maintenance & Operations	\$ 0.619238	\$ 0.614409	\$ 0.604754	\$ (0.009655)
Interest & Sinking	0.140762	0.140591	0.150246	0.009655
Total COW Tax Rate	\$ 0.760000	\$ 0.755000	\$ 0.755000	\$ -

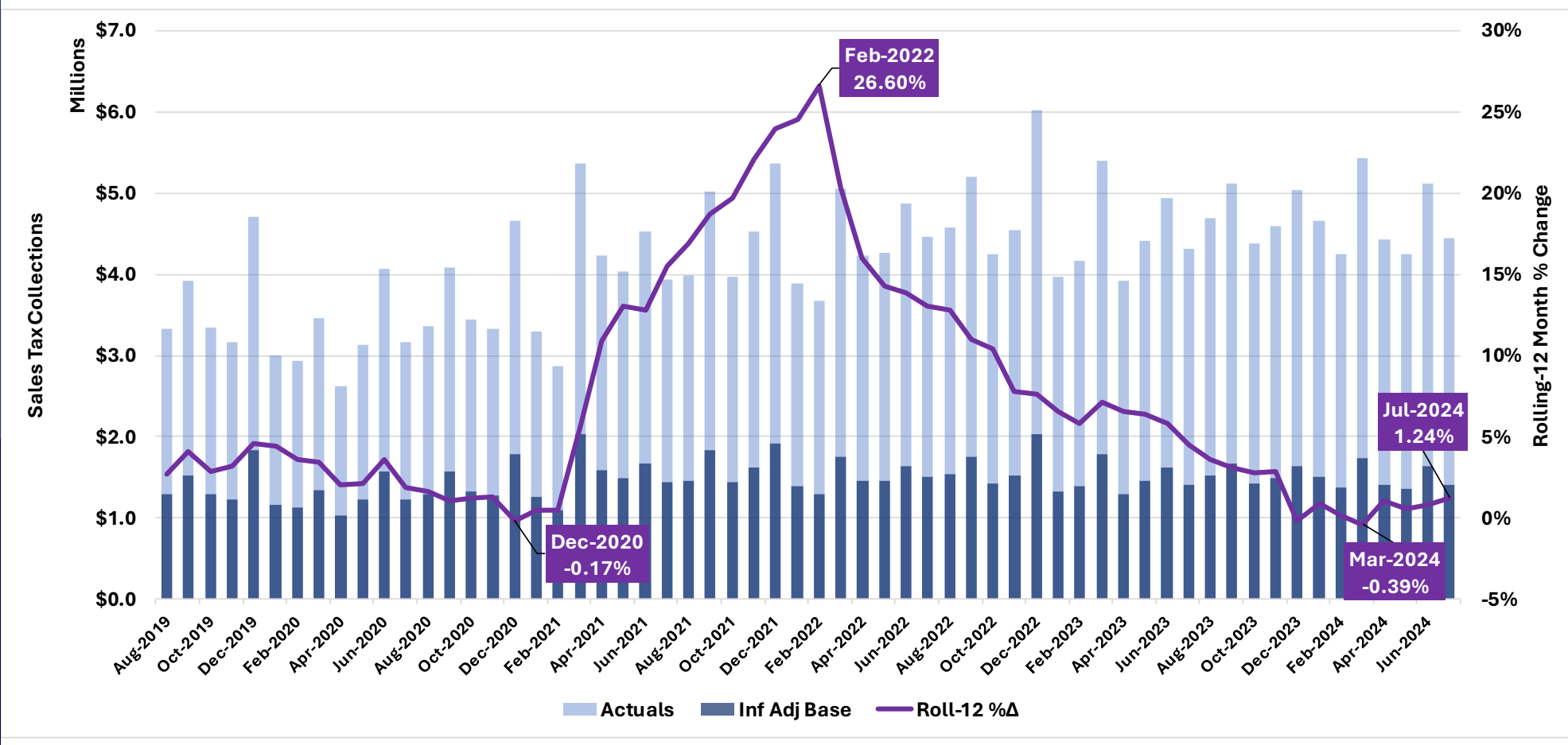
Sales Tax

- FY24 collections budgeted at \$55.1 million, a 17.0% increase over FY23 budget
- FY24 forecasted collection is \$56.3 million, 2.1% over the FY24 budget
- FY25 sales tax collections budgeted at \$56.5 million, a 2.5% increase to FY24 budget

Fiscal Year 2025 Executive Overview

Key Budgetary Factors

Current Month Sales Tax Collections					Fiscal Year-to-Date				
Current Month Actual	Current Month Budget	% to Budget	PY Actual	% to PY Actual	FYTD Actual	FYTD Budget	% to Budget	PYTD Actual	% to PYTD Actual
\$ 4,254,307	\$ 4,264,712	-0.2%	\$ 4,406,393	-3.5%	\$ 37,016,777	\$ 36,032,083	2.7%	\$ 36,670,532	0.9%



Sales Tax Highlights

- May 2024 collections lagged 2023 but came through in line with budget
- FYTD collections strong; remain above prior FYTD
- Roll-12 % change edging higher
- Collections, adjusted for inflation, remain flat
- Fed rate cut back on the table for September

FY 2025 Budget Highlights

Key Budgetary Factors

Notable Rate/Fee Changes

Water Volumetric/Usage Rates

- 0-3,000 gallons (per 1,000)
- 3,001-8,000 gallons
- 8,001-15,000 gallons
- 15,001-25,000 gallons
- 25,001+ gallons

FY25 Rate

FY25 Δ

\$ 3.34	+ \$ 0.20
4.17	0.00
6.68	+ 0.40
8.68	+ 0.51
11.69	+ 0.70

Wastewater Rates

- Base Rate
- Volumetric Rate (per 1,000)

\$ 26.17	+ \$ 1.34
6.76	+ 0.35

Solid Waste Collection Fee

- Base Pickup

\$ 20.52	+ \$ 1.41
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FY 2025 Budget Highlights

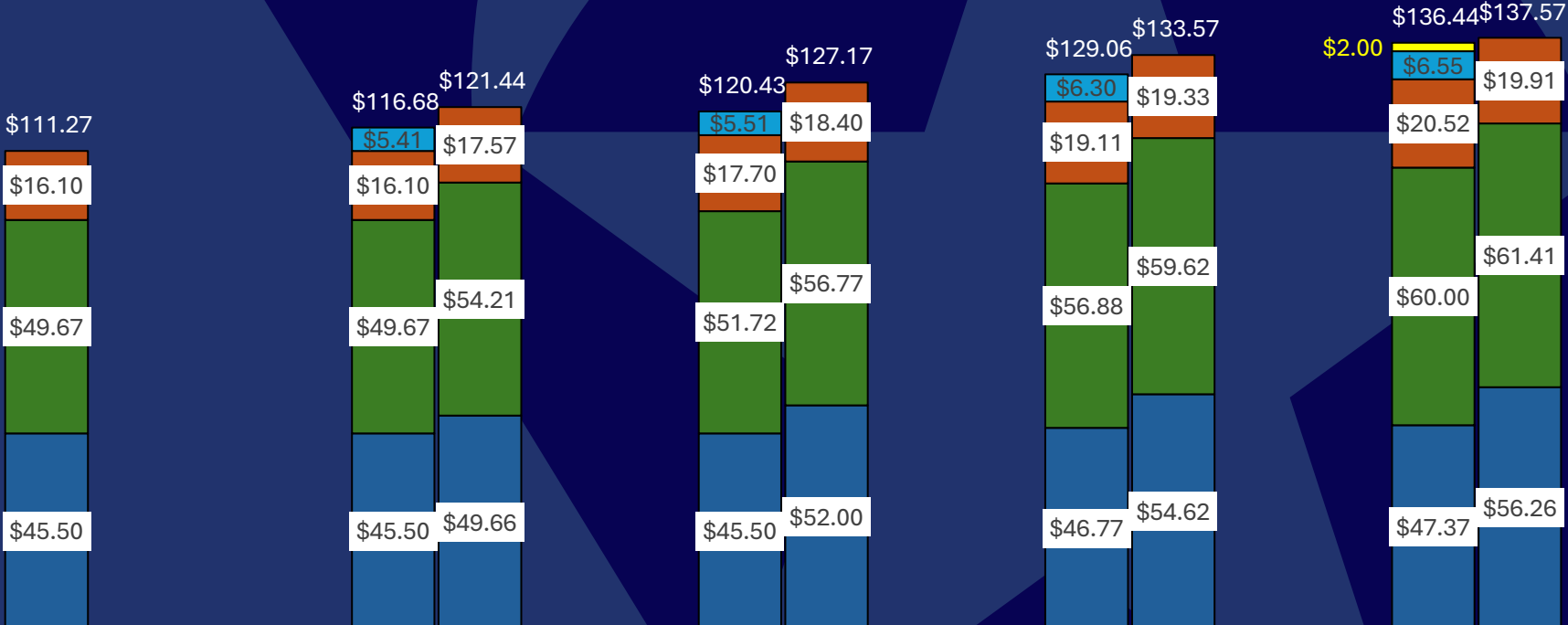
Key Budgetary Factors

Notable Rate/Fee Changes

Street Maintenance Fee

- Revised Methodology and reduced cost
 - \$2.00 per month for single family residential
 - Residential: 80% lower than FY24 proposed
 - Non-residential: 45%-99% from FY24 proposed amounts
- Supplements tax supported maintenance with additional \$2.6M
- Public Information
 - <https://www.waco-texas.com/Departments/Public-Works/Street-Maintenance-Fees>
 - Phone: (254) 750-7009
 - Email: streetfee@wacotx.gov

Monthly Utility Bill- Actual & Adjusted For Inflation: 2021-2025



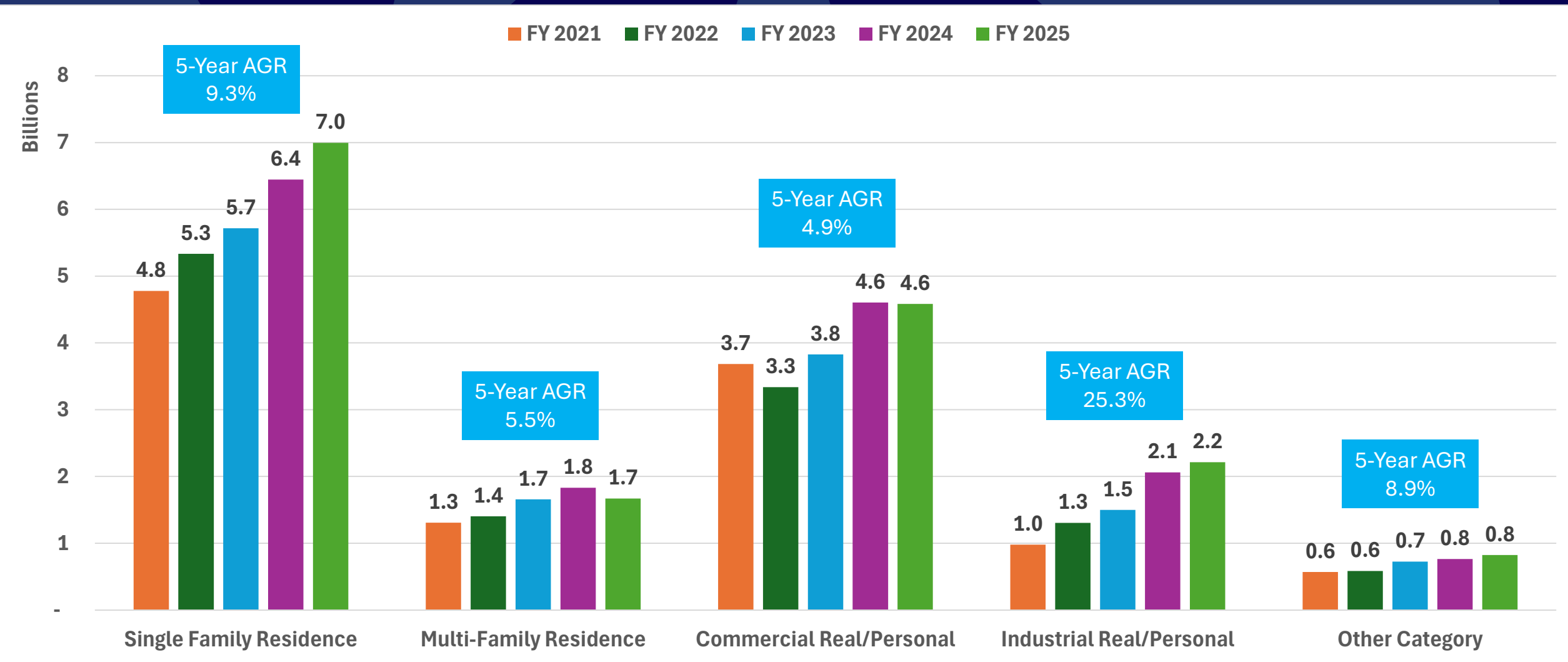
	YoY \$ Δ	YoY % Δ
Water	\$0.60	1.3%
Wastewater	\$3.12	5.5%
Drainage	\$0.25	4.0%
Solid Waste	\$1.41	7.4%
Street Fee	\$2.00	NA
TOTAL	\$7.38	5.7%

Water Wastewtr Sol Wst Drainge Street

Fiscal Year 2025 Property Tax Valuation

Tax Year 2024 Certified Rolls

2024 Total Taxable Value → \$16.3 Billion



Fiscal Year 2025 Ad Valorem Taxes

Property Tax and Certified Roll Overview

State Required Budget Language (Revenue Year-over-Year Increase)

This budget will raise **more** total property taxes than last year's budget by \$5,060,952, or 4.65%, and of that amount, \$2,883,574 is tax revenue to be raised from new property added to the roll this year.

The proposed tax rate is a tax increase

Tax Year 2024 Rates

- No-New-Revenue Rate (NNR): \$ 0.726433
- Voter Approval Tax Rate (VATR): 0.779066
- Unused Increment (UI): 0.022708
- Voter Approval Tax Rate w/ UI: 0.801774

- FY 2025 Proposed Tax Rate: \$ 0.755000

- Tax Year 2023 Total Taxable Value: \$ 14,485,011,505
- Tax Year 2024 Total Taxable Value: \$ 15,096,397,704

Certified Net Taxable Value of the City of Waco rose to \$15.1 billion, a 4.2% increase over the prior year

Property Tax Revenue Increase Breakdown



Property Tax and Certified Roll Overview



**General Fund
(Maintenance & Operations)**



**Debt Service Fund
(Interest & Sinking)**



Existing Property



New Property



Existing Property



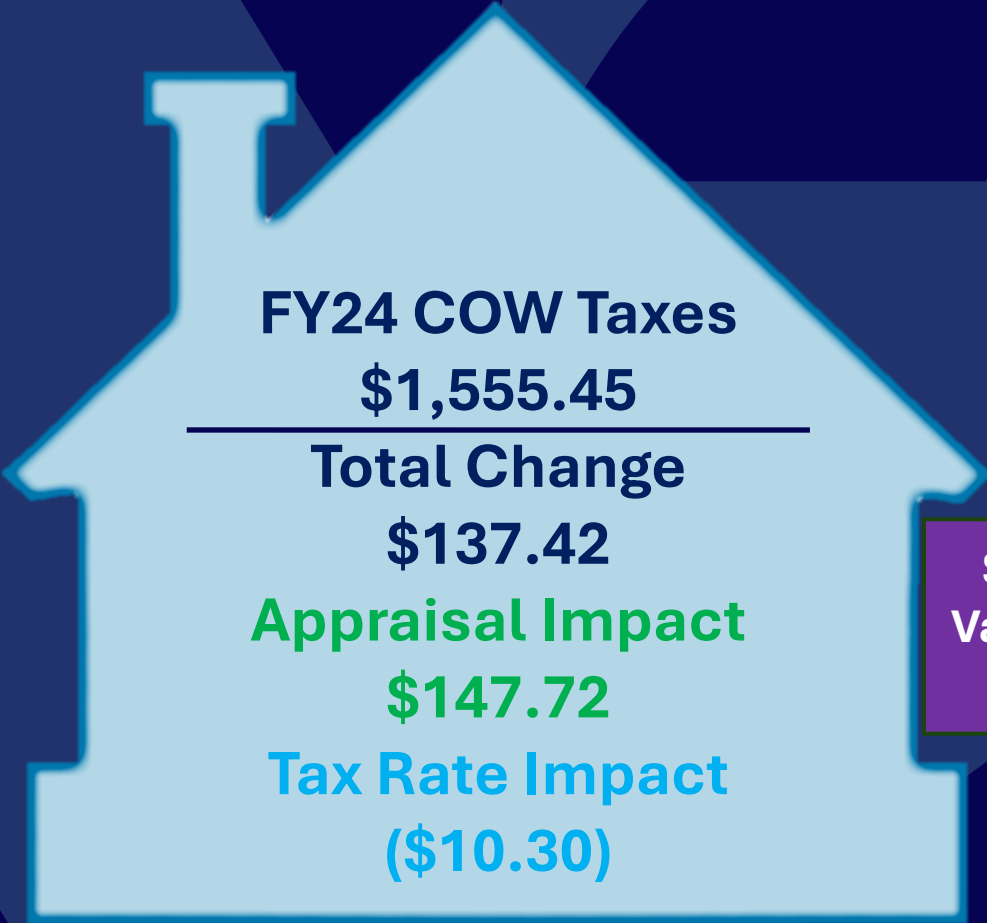
New Property



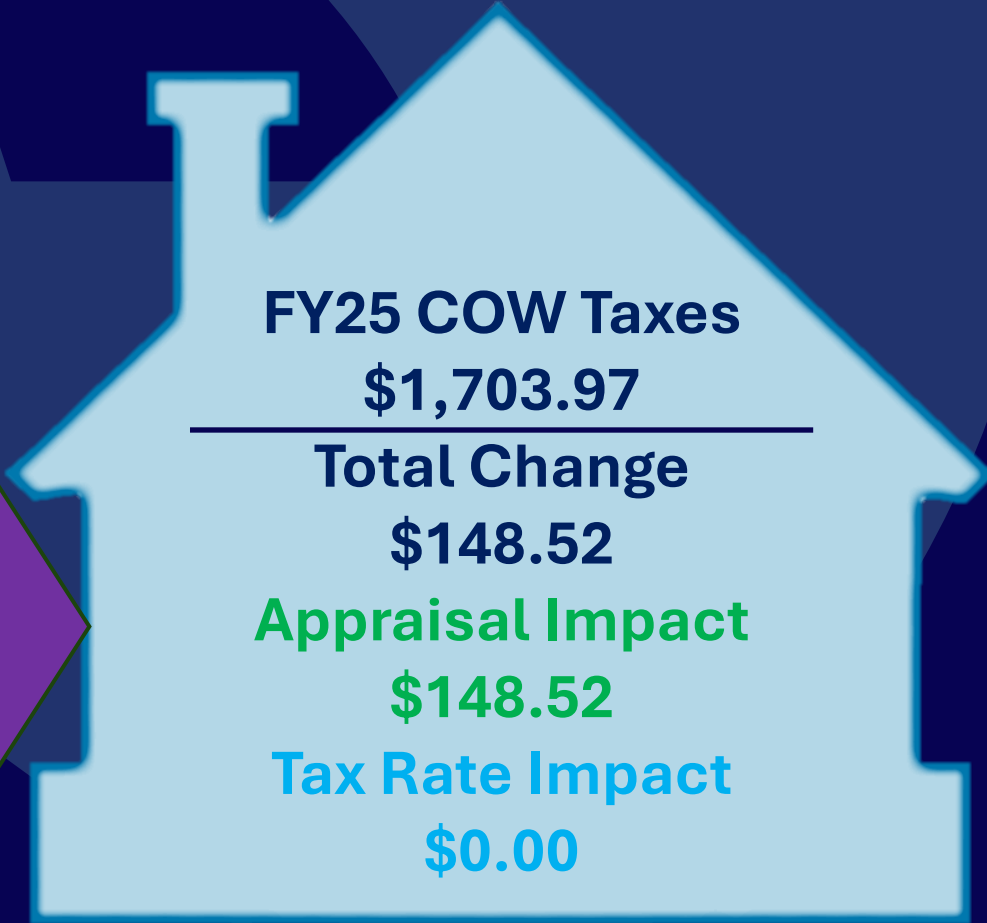
Tax Rate and Appraisal Impact on Average Home

FY24 – SFR Avg Taxable Value: \$206,020

FY25 – SFR Avg Taxable Value: \$225,692



SFR Taxable Value Increase
9.5%



Average Single-Family Residence in Waco will see a \$148.52 increase in property taxes

Fiscal Year 2025 Budget Calendar

Remaining Budget Calendar

Key Council Dates & Actions

- **August 6th, 2024 CITY COUNCIL MEETING**
 - Work Session: Summary/Overview Presentation of Budget and Information on Certified Tax Roll.
 - Business Session
 - 1st Reading of Ordinance Setting Departments
 - Resolution Setting Date for Public Hearing on Budget (August 27, 2024)
- **August 13th, 2024 BUDGET AND AUDIT MEETING** Final Direction on:
 - Operating Budget
 - Tax Rate
 - Fee Schedule
 - Enterprise Rates & Fees
 - Changes post Certified Roll

Remaining Budget Calendar

Key Council Dates & Actions

- **August 20th, 2024 CITY COUNCIL MEETING**
 - Work Session Item for Budget Discussion
 - Business Meeting
 - Resolution Setting Date for Public Hearing On Tax Rate (September 3, 2024)
 - 2nd Reading of Ordinance Setting Departments
- **August 27th, 2024 SPECIAL CALLED CITY COUNCIL MEETING**
 - Public Hearing on Proposed Budget
 - Budget Adoption for Fiscal Year 2024-25 Budget and CIP
- **September 3rd, 2024 CITY COUNCIL MEETING**
 - Public Hearing on Tax Rate
 - Emergency Reading of Tax Rate Ordinance

Budget Discussion and Guidance

Key Budgetary Factors

1. Maintaining Tax Rate at \$0.755000
2. Outside Agency Funding – Planned to Maintain FY24 Funding Amounts
3. Development of Neighborhood Street Program – Not Funded
4. Fee Increases of \$7.38 on Average per Month
 1. \$2.00 per month Street Fee
 2. Volumetric Water Rates
 3. Wastewater Base Rate
 4. Solid Waste Residential Collection Rate

Fiscal Year 2025 Budget Recap

Key Budget Take-Aways

Challenges and Strategy/Focus

- Slower revenue growth, especially sales and property taxes, offset by:
 - Improving operational efficiencies and expense controls in light of inflationary pressures
 - Eliminating or freezing vacant positions
 - Ensuring that long-term commitments are achieved
- No reduction to core City services

Fiscal Year 2025 Budget

- Current City-wide budget of \$627 million; areas remain to refine and finalize
- Maintains property tax rate; City certified value increased by 4.2%
- At proposed tax rate, average SFR property tax bill increases by \$148.52 per year
- Average homes will see a \$7.38 per month increase in usage/utility fees



QUESTIONS?

THANK YOU