

An aerial photograph of a river with several bridges, taken at sunset. The sky is a mix of orange, yellow, and dark blue. The water reflects the colors of the sky. The bridges are silhouetted against the bright sky. In the background, city lights are visible.

FISCAL YEAR BUDGET 2024- 2025

CITY MANAGEMENT
AND
OFFICE OF MANAGEMENT AND BUDGET

August 20, 2024



Fiscal Year 2025 Budget Overview

Key Budget Takeaways

1. \$584.5 million budget built upon operational efficiencies given the economic headwinds without reducing City services
2. Budget maintains long-term commitments and prior authorized capital projects
 - Year 2 of Police and Fire Contracts: +7.2% compensation adjustment
 - Non-Civil Service Employee compensation adjustment of 3%
3. General Fund budget based on holding stable tax rate of \$0.755000 per \$100 valuation
 - No-New-Revenue Rate (NNR): \$ 0.726941
 - Voter Approval Tax Rate (VATR): 0.779611
 - Unused Increment (UI): 0.018142
 - Voter Approval Tax Rate w/ UI: 0.797753
4. Outside Agencies recommended to receive level funding from FY24
5. New CIP will be brought back to Council mid-FY25

Fiscal Year 2025 Budgeted Revenues



	Actual FY 2020-21	Actual FY 2021-22	Actual FY 2022-23	Budget FY 2023-24	Budget FY 2024-25	\$ Change From Budget	% Change From Budget
General Fund							
Property Taxes	67,693,175	71,939,124	76,227,869	88,997,214	90,500,000	1,502,786	1.7%
Sales Taxes	48,720,357	54,078,904	55,744,974	55,140,406	56,500,000	1,359,594	2.5%
Other Taxes	1,362,059	1,332,433	1,192,374	1,160,987	1,725,000	564,013	48.6%
Franchise Fees	9,305,551	10,584,741	10,181,032	10,440,000	10,450,000	10,000	0.1%
COW PILOT/GR	10,316,744	11,116,489	11,871,311	13,044,084	14,014,713	970,629	7.4%
Charges for Services	2,273,973	2,542,796	2,863,857	927,779	998,669	70,890	7.6%
License & Permits	2,706,665	3,007,110	3,258,453	2,899,129	3,158,700	259,571	9.0%
Intergovernmental	2,274,102	2,380,721	2,760,165	2,104,899	2,449,949	345,050	16.4%
Fees & Fines	1,524,620	1,473,560	1,464,822	1,472,360	1,677,500	205,140	13.9%
Interest	198,817	2,123	7,204,569	4,000,000	4,000,000	-	0.0%
Other Revenue	15,372,405	16,767,104	17,593,632	16,133,994	16,984,974	850,980	5.3%
Transfers	1,787,133	3,530,000	50,000	7,390,656	50,000	(7,340,656)	-99.3%
Total General Fund	163,535,600	178,755,105	190,413,057	203,711,508	202,509,505	(1,202,003)	-0.6%
Cable PEG	254,636	231,888	203,637	220,000	260,000	40,000	18.2%
Economic Development	6,493,032	-	28,704	-	-	-	0.0%
Econ Dev Incentive	2,781,996	3,037,532	4,148,331	4,040,000	4,340,000	300,000	7.4%
Total General Services	173,065,264	182,024,526	194,793,729	207,971,508	207,109,505	(862,003)	-0.4%
Enterprise Funds							
Water-Wastewater-WMARSS	125,195,786	168,557,546	176,799,982	175,236,894	191,813,370	16,576,476	9.5%
Solid Waste	23,261,208	29,013,892	35,631,729	35,686,811	43,211,855	7,525,044	21.1%
Waco Transit	6,501,273	7,782,862	8,597,246	9,688,499	9,688,499	-	0.0%
CVB	5,103,026	7,425,111	8,637,392	8,255,661	9,253,382	997,721	12.1%
Drainage	440,000	12,788,824	8,820,908	9,493,440	10,055,884	562,444	5.9%
Zoo	6,812,712	5,789,427	7,979,198	10,864,602	8,866,573	(1,998,029)	-18.4%
Other Enterprise	8,982,931	9,361,513	10,728,649	8,241,133	8,878,815	637,682	7.7%
Internal Service Funds	25,286,663	27,198,906	43,815,110	45,064,009	46,251,112	1,187,103	2.6%
Special Revenue Funds	16,816,628	20,157,570	30,219,053	34,144,182	32,153,468	(1,990,714)	-5.8%
Debt Service Funds	2,801,242	14,980,711	18,525,437	22,618,723	27,884,286	5,265,563	23.3%
Total Funding	394,266,732	485,080,888	544,548,432	567,265,462	595,166,749	27,901,287	4.9%



Fiscal Year 2025 Budgeted Expenses

	Actual FY 2020-21	Actual FY 2021-22	Actual FY 2022-23	Budget FY 2023-24	Budget FY 2024-25	\$ Change From Budget	% Change From Budget
General Fund							
Salaries and Wages	69,837,345	74,717,107	80,045,547	81,391,494	87,281,442	5,889,948	7.2%
Employee Benefits	25,382,490	27,015,337	30,601,817	32,522,887	33,849,425	1,326,538	4.1%
Professional/Technical Services	6,739,352	9,274,981	13,488,261	12,797,200	12,159,656	(637,544)	-5.0%
Purchased Property Services	1,286,878	4,280,887	2,120,022	1,828,893	1,734,635	(94,258)	-5.2%
Maintenance	8,731,088	9,644,343	5,935,588	6,377,383	5,370,816	(1,006,567)	-15.8%
Other Purchased Services	4,055,859	4,585,846	4,509,450	5,203,309	5,337,166	133,857	2.6%
Supplies	7,269,960	8,403,079	9,736,695	9,260,730	8,465,152	(795,578)	-8.6%
Other Operating Expenses	968,206	896,337	910,745	780,497	3,592,326	2,811,829	360.3%
Contracts with Other	3,144,723	3,266,958	2,802,747	6,252,004	5,181,064	(1,070,940)	-17.1%
Interdepartmental Billings	1,031	331	2,324	4,759	4,754	(5)	-0.1%
Capital Expenditures	2,473,820	2,238,258	3,727,271	741,000	-	(741,000)	-100.0%
Transfers Out	41,121,119	30,101,876	30,896,608	46,551,352	39,533,069	(7,018,283)	-15.1%
Contingency	-	-	-	-	-	-	0.0%
Total General Fund	171,011,870	174,425,339	184,777,076	203,711,508	202,509,505	(1,202,003)	-0.6%
Cable PEG	89,532	63,439	96,332	1,095,112	116,550	(978,562)	-89.4%
Economic Development	-	-	1,937,303	3,287,037	1,800,000	(1,487,037)	-45.2%
Econ Dev Incentive	1,253,285	4,542,302	875,000	20,535,940	2,000,000	(18,535,940)	-90.3%
Total General Services	172,354,688	179,031,080	187,685,711	228,629,597	206,426,055	(22,203,542)	-9.7%
Enterprise Funds							
Water-Wastewater-WMARSS	111,778,255	164,321,169	177,805,628	171,811,966	183,447,906	11,635,940	6.8%
Solid Waste	26,735,033	26,984,704	36,230,305	34,589,092	46,312,780	11,723,688	33.9%
Waco Transit	7,271,036	7,810,720	9,359,116	9,022,974	8,840,281	(182,693)	-2.0%
CVB	3,525,048	7,175,479	7,868,792	7,906,565	9,364,438	1,457,873	18.4%
Drainage	116,492	3,674,804	6,798,244	8,178,425	7,623,152	(555,273)	-6.8%
Zoo	6,435,384	7,348,857	9,808,086	10,864,602	8,738,066	(2,126,536)	-19.6%
Other Enterprise	10,906,491	11,895,581	15,374,177	9,439,635	8,799,952	(639,683)	-6.8%
Internal Service Funds	27,560,967	28,628,392	40,807,871	42,922,452	44,086,153	1,163,701	2.7%
Special Revenue Funds	16,184,216	18,598,447	24,655,590	35,953,875	33,163,921	(2,789,954)	-7.8%
Debt Service Funds	2,702,813	15,557,157	18,296,548	22,698,528	27,671,177	4,972,649	21.9%
Total Funding	385,570,423	471,026,391	534,690,068	582,017,711	584,473,881	2,456,170	0.4%

General Fund Expenditures



	Actual FY 2022-23	Actual FY 2022-23	Actual FY 2022-23	Budget FY 2023-24	Budget FY 2024-25	\$ Change From Budget	% Change From Budget
General Governmental							
City Council	179,638	365,149	325,184	347,769	355,411	7,642	2.2%
City Manager's Office	2,854,737	3,455,705	3,195,977	4,085,274	3,875,371	(209,903)	-5.1%
City Attorney's Office	1,336,974	1,429,023	1,627,894	1,841,133	1,916,003	74,870	4.1%
City Secretary's Office	696,845	640,313	791,482	962,852	943,117	(19,735)	-2.0%
Facilities	4,053,597	4,338,374	4,548,784	5,401,745	5,217,701	(184,044)	-3.4%
Finance	2,700,214	3,288,661	3,360,032	4,601,014	4,741,913	140,899	3.1%
Human Resources	1,421,786	1,572,655	2,145,722	2,552,155	2,736,152	183,997	7.2%
Sustainability	-	-	113,492	152,899	135,174	(17,725)	-11.6%
Community & Development							
Development Services	2,605,602	2,858,245	4,805,566	7,334,171	5,823,660	(1,510,511)	-20.6%
Housing	417,738	821,991	669,181	1,075,221	1,018,323	(56,898)	-5.3%
Marketing & Communications	871,135	1,128,412	1,574,850	1,845,925	1,962,572	116,647	6.3%
Economic Development	322,621	1,719,778	789,219	755,047	990,092	235,045	31.1%
Beautification	-	-	-	-	544,489	544,489	0.0%
Neighborhood Engagement	164,344	352,361	379,246	545,577	478,704	(66,873)	-12.3%
Cultural & Recreation							
Parks & Recreation	10,412,051	12,175,764	14,878,481	13,259,607	13,151,053	(108,554)	-0.8%
Library	3,903,660	4,253,343	5,166,730	5,494,014	5,660,554	166,540	3.0%
Public Safety							
Fire	29,466,260	31,839,574	34,050,340	36,217,506	38,673,902	2,456,396	6.8%
Police	42,562,390	44,991,793	49,928,506	58,049,278	60,829,600	2,780,322	4.8%
Animal Services	1,781,884	1,895,820	2,756,244	3,387,823	4,417,146	1,029,323	30.4%
Emergency Management	1,424,698	1,539,138	1,331,155	2,018,994	1,756,385	(262,609)	-13.0%
Municipal Court	1,262,836	1,360,649	1,390,555	1,615,248	1,479,825	(135,423)	-8.4%
Other General Governmental							
Contributions	26,679,669	21,978,493	27,068,706	53,253,869	43,522,618	(9,731,251)	-18.3%
Non-Departmental	17,211,800	20,218,571	14,007,815	-	-	-	0.0%
Miscellaneous	18,681,393	12,201,527	9,871,912	(1,085,613)	2,279,740	3,365,353	-310.0%
Total General Fund	171,011,870	174,425,339	184,777,076	203,711,508	202,509,505	(1,202,003)	-0.6%

Fiscal Year 2025 Budget Calendar

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

External Agencies: Historical and Future Funding including Recommended Phase Out

August 20, 2024



Five Years of External Agency Funding: FY19-20 thru FY24-25

Source	Agency	FY20	FY21	FY22	FY 23	FY 24	FY 25 Prop	\$ Change	% Change
FORMER DISCRETIONARY									
Gen Fund	Baylor Campustown	\$29,000	\$29,000	\$29,000	\$29,000			-\$29,000	-100.0%
Gen Fund	Caritas	\$50,000	\$0	\$0	\$0			-\$50,000	-100.0%
Gen Fund	Heart of Tx Goodwill	\$71,412	\$0	\$0	\$0			-\$71,412	-100.0%
Gen Fund	Heart of Texas Council of Governments	\$12,000	\$12,000	\$12,000	\$0			-\$12,000	-100.0%
TOTAL FORMER DISCRETIONARY		\$162,412	\$41,000	\$41,000	\$29,000			-\$162,412	-100.0%
CURRENT DISCRETIONARY AGENCIES									
Gen Fund	Advocacy Center	\$84,419	\$84,419	\$84,419	\$84,419	\$92,000	\$92,000	\$7,581	9.0%
Gen Fund	Centex African American Chamber	\$93,000	\$125,000	\$175,000	\$125,000	\$175,000	\$175,000	\$82,000	88.2%
Gen Fund	Centex Hispanic Chamber	\$118,000	\$125,000	\$125,000	\$125,000	\$175,000	\$175,000	\$57,000	48.3%
Gen Fund	Central Tx Senior Ministry (Meals On Wheels)	\$35,000	\$35,000	\$35,000	\$40,000	\$40,000	\$40,000	\$5,000	14.3%
Gen Fund	City Center Waco	\$234,000	\$164,000	\$164,000	\$164,000	\$164,000	\$164,000	-\$70,000	-29.9%
Gen Fund	Creative Waco	\$377,000	\$427,000	\$427,000	\$427,000	\$470,000	\$470,000	\$93,000	24.7%
Gen Fund	Greater Waco Chamber	\$165,000	\$175,000	\$175,000	\$175,000	\$336,000	\$336,000	\$171,000	103.6%
Gen Fund	Greater Waco Sports Commission	\$0	\$75,000	\$75,000	\$75,000	\$100,000	\$100,000	\$100,000	#DIV/0!
Gen Fund	Heart of Tx MHMR	\$39,322	\$39,322	\$39,322	\$39,322	\$65,000	\$65,000	\$25,678	65.3%
Gen Fund	Historic Waco Foundation (Formerly The Arts & Historic Agencies)	\$29,250	\$29,250	\$29,250	\$29,250	\$35,000	\$35,000	\$5,750	19.7%
Gen Fund	McLennan Community Investment Fund	\$0	\$0	\$100,000	\$60,000	\$60,000	\$60,000	\$60,000	#DIV/0!
Gen Fund	Prosper Waco (Greater Waco Collective Impact Initiative)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0	0.0%
Gen Fund	Start Up Waco	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	#DIV/0!
TOTAL CURRENT DISCRETIONARY		\$1,274,991	\$1,378,991	\$1,528,991	\$1,443,991	\$1,912,000	\$1,812,000	\$537,009	42.1%
TOTAL DISCRETIONARY		\$1,437,403	\$1,419,991	\$1,569,991	\$1,472,991	\$1,912,000	\$1,812,000	\$374,597	26.1%
RECURRING AGENCIES/CONTRIBUTIONS									
Gen Fund	Economic Development Grants	\$635,000	\$535,000	\$535,000	\$1,000,000	\$2,000,000	\$638,709	\$3,709	0.6%
Gen Fund	McLennan County	\$166,250	\$176,730	\$185,567	\$190,000	\$209,000	\$209,000	\$42,750	25.7%
Gen Fund	McLennan County Appraisal District	\$852,100	\$742,263	\$815,639	\$877,685	\$921,004	\$921,004	\$68,904	8.1%
TOTAL RECURRING		\$1,653,350	\$1,453,993	\$1,536,206	\$2,067,685	\$3,130,004	\$1,768,713	\$115,363	7.0%
NEWLY FUNDED APPLICANTS									
Gen Fund	Fuzzy Friends	\$0	\$0	\$0	\$0	\$0	\$40,000	\$40,000	#DIV/0!
TOTAL NEWLY FUNDED APPLICANTS						\$0	\$40,000	\$40,000	#DIV/0!
GRAND TOTAL GENERAL FUND SUPPORT		\$3,090,753	\$2,873,984	\$3,106,197	\$3,540,676	\$5,042,004	\$3,620,713	\$529,960	17.1%
NON GENERAL FUNDED AGENCIES									
Sol Wst	Keep Waco Beautiful _split	\$62,669	\$62,669	\$62,669	\$72,069	\$90,000	\$90,000	\$27,331	43.6%
Utilities	Keep Waco Beautiful _split	\$7,123	\$7,123	\$7,123	\$7,123	\$10,000	\$10,000	\$2,877	
PID 1	PID 1 City Center Waco	\$173,000	\$214,000	\$230,720	\$230,720	\$230,000	\$230,000	\$57,000	32.9%
TOTAL NON-GENERAL FUNDED AGENCIES		\$242,792	\$283,792	\$300,512	\$309,912	\$330,000	\$330,000	\$87,208	35.9%
REGIONAL AGENCY CONTRACTS									
Gen Fund	Waco McLennan County Economic Development Corp _ 1002	\$2,500,000	\$2,750,000	\$3,250,000	\$3,500,000	\$4,000,000	\$4,300,000	\$1,800,000	72.0%
Pub Hlth Fund	Waco Family Medicine*	\$0	\$0			\$1,284,000	\$1,284,000	\$1,284,000	#DIV/0!
ARPA	Waco Family Medicine*			\$2,500,000				\$0	#DIV/0!
Gen Fund	TSTC Training Center	\$0	\$0	\$0	\$0	\$0	\$625,000	\$625,000	#DIV/0!
TOTAL REGIONAL AGENCY CONTRACTS		\$2,500,000	\$2,750,000	\$5,750,000	\$3,500,000	\$5,284,000	\$6,209,000	\$3,709,000	148.4%
GRAND TOTAL ALL FUNDING SOURCES		\$5,833,545	\$5,907,776	\$9,156,709	\$7,350,588	\$10,656,004	\$10,159,713	\$4,326,168	74.2%

In FY25, City will spend \$10.2 million with external agencies.

- \$9.8M from taxes (6.5 cents on tax rate)

\$1.8 million (1.2 cents) categorized as *discretionary* spending (provide indirect, non-traditional municipal services/programming OR provide ancillary services that could be performed in-house)

Background/Perspective

- External Agencies include local civic and non-profit corporations and foundations that provide a service to the community and its residents
 - Project/Service Specific
 - Mission/General Support: Salaries, Programs, etc.
- Expansion Over Last Five Years (Discretionary)
 - Overall Funding: +\$374,597 (+26%)
 - Current Agencies: +\$537,009 (+42%)
- Reasons for Increases
 - Philanthropy
 - Special Initiatives
 - Response to Societal Concerns
 - Alternative/New funding
 - Cost increases / inflation



City Budget: Tightening and Prioritizing

- FY25 City General Fund Cuts
 - Total: Cut -\$1.2M vs. Current FY24
 - Non-personnel expense -\$8.4M (-9.4%)
- Infrastructure Needs Far Exceed Funding Capacity
 - General Government Capital Funding via Debt
 - Five Year Capacity: \$145M
 - Five Year CIP Requests: \$903M
 - Streets : \$621M
 - Bridges: \$46M
 - Poor Streets to Good City Wide: +/- \$830M
 - General Government Cash Street Maintenance & Preservation: \$23M
 - Keeping Good Streets Good Annually: \$30M
- Inflationary Impacts
 - FY22 Operating Expenses: \$40.3M
 - FY25 Operating Expenses: \$41.8M (FY22 inflation adjusted=\$46.5M)
- Compensation
 - Public Safety Contracts
 - General Employees



WACO

Recommendation: Future Funding of External Agencies

- Maintain Recurring Services
 - Mandated (e.g. Appraisal District, Tax Collection)
 - Interlocal (WMCEDC)
 - Privatization (Keep Waco Beautiful)
- \$1.8M in Discretionary Support Phased Out by FY29
- Provides Opportunities for External Agencies to Find Alternate Funding
 - To refine objectives/measures/deliverables
- Allows City to meet recurring external agency increases within current funding
- Permits savings to be directed to higher priorities



Questions?