

Memo

TO: Mayor & City Council

FROM: Michael H. Talbot, City Manager

DATE: August 12, 2010

RE: Preliminary Proposed FY-11 Annual Operating Budget for the City of Bastrop.

I am transmitting herewith the City Manager's Proposed Budget for FY 2010-11 ("FY-11"). The Proposed Budget contains requests for the General Fund, the Water & Wastewater Fund, the Interest & Sinking Fund, the Hotel/Motel Fund, the Convention Center Fund, the Main Street Program, the Bastrop Power & Light Fund, and various small funds associated with operation of the City.

GENERAL FUND SUMMARY:

This memo is a summary/outline of the proposed FY-11 Annual Operating Budget for the General Fund which includes a wide variety of items that have been previously discussed and reviewed with you at various meetings and planning sessions held with you during FY-10. Our prior discussions provided me with important input and guidance in developing the "General Fund Budget for FY-11".

I wanted to take this opportunity to point out to the City Council specific aspects related to the development of the proposed FY-11 General Fund Budget ("GFB"). I believe the City Council, Department Directors and I opted to build a budget which would respect and be sensitive to the ultimate "Tax Rate" that will, ultimately be approved by the Council. Two major factors taken into consideration in the development of the GFB are the current national and state economic condition. As reported in the August 9, 2010 edition of the Urban Land Institute's ULI Real Estate Business Barometer:..."*The key economic data indicates that markets remain fragile. Private sector job growth continues but barely dents the 7.7 million jobs lost since January 2008. Imports brought the second quarter GDP growth lower*

than the previous two quarters, and consumer confidence is down for the second straight month. Still, S&P returns were positive in July as concerns about the European debt problems subsided somewhat. This statement is supported by an Article which appeared in the Wall Street Journal on August 11, 2010 "Fed Sees Recovery Slowing"... Downgrading its assessment of the economy the policy-making Federal Open Market Committee said the recovery "has slowed in recent months" and that the "pace of the economic recovery is likely to be more modest in the near term than had been anticipated." The Fed noted that high unemployment, modest income growth, lower housing wealth and tight credit were holding back household spending. The Texas Comptroller's Office has reported in the July 30th "Texas Economy In Focus" the following information regarding the Texas economy:

- 1.) Texas' June 2010 unemployment rate was 8.2 percent, down from 8.3 percent in May,
- 2.) Total nonfarm employment in Texas increased by 14,000 jobs in June, 0.1 percent more than the previous month,
- 3.) The US lost 125,000 nonfarm jobs in June 2010, as the Census Bureau released 225,000 temporary census workers. The large drop in federal government employment was, in part, offset by 83,000 job gain in private sector employment. The US unemployment rate fell to 9.5 percent in June from 9.7 percent in May. Between June 2009 and June 2010, the US economy shed about 170,000 jobs,
- 4.) The Texas's' region consumer confidence index fell from 66.4 to 64.8 in July 2010 and is down 8.7 percent from its level a year ago, Thus far, Texas has weathered the national real estate crunch without significant damage to property values, but sales and construction activity have slowed. Despite its continuing resiliency, Texas is not immune from the national real estate crunch, and
- 5) Texas sales tax receipts (not including motor vehicle sales tax) for June were 2.2 percent higher than for June 2009.

The local economy has been sending a mixed picture as well. Monthly sales tax collections have been stronger in Bastrop than many of the other cities in the area. The City has issued approximate 15 new single family housing permits since January 2010 and retail construction remains stable. However, in the July 24, 2010 edition of the *Bastrop Advertiser* it was reported that foreclosure on single family homes was up in Bastrop County. Bastrop's unemployment rate has been consistent with the State of Texas unemployment rate. In discussions with area realtors, I learned that housing sales continue but the length of time that a house is on the market prior to sale is much longer than it was prior to the 2008 recession. It is not the purpose of this budget letter to present a gloom and doom picture to the Council, the City's employees and the citizens of Bastrop. Rather, it is to

point out to everyone as we enter into Fiscal-Year 2011 that there continues to be significant uncertainty related to the ongoing economic recovery from the 2008 recession. I believe these economic factors/indicators must be taken into consideration by the City in planning for the future and, accordingly believe it would be wise for the City to take a conservative approach in the development of the FY-11 overall budget.

As requested, the City's Department Directors submitted a variety of requests to enhance the operations and delivery of services by their Departments, including requests for: (1.) additional personnel, (2.) major equipment purchases, and (3.) increases in "Operation & Maintenance (O&M) accounts," due to increases in demands for Departmental services and operations. Unfortunately, in the preparation of my proposed budget, many of these requests were not able to be funded, respecting the Council's and my overall goal to allow the City to hold the tax rate constant, while preparing a balanced budget for presentation to the City Council.

Additional factors taken into consideration in preparing the initial FY-11 annual operating budget were: (1.) general discussions and input from the City Council and staff, much of which occurred during the several planning sessions with the Council, (2.) the annual Departmental budget requests, (3.) various pertinent City reports, and (4.) information I have gathered through communications with the City Council, the various City Boards, Department Directors and Bastrop's citizenry, over the last few months, directly concerning potential community needs and local priorities.

The FY-11 proposed General Fund Budget is currently projected to generate **\$7,684,910.00 in revenues**, which is 4.3% more than the amount budgeted for FY-10. The reason for the slight increase in revenues is the continued strong sales tax collection and property values increased for FY-11. The proposed FY-11 General Fund **expenditures equal \$8,119,800.00**. I wish to highlight a few factors which affect the expenditures for the FY-11 Proposed Budget, and they are as follows:

(1.) The projected cost to the City for "Worker's Compensation" will decrease slightly in FY-11 by approximately \$5,028.00, for a total projected cost of \$147,592.00. Though this cost reduction is slight, it is much better than the past two fiscal years when the City incurred significant cost increases;

(2.) the City's contribution to the Texas Municipal Retirement System (TMRS) was increased in FY-09, and as a result was 7.39% of the gross total salaries for employees (i.e., approximately an increase of \$238,121.00), and was increased again by additional 12% in FY-10, in order to keep the City on par with TMRS requirements for funding the City's portion of TMRS. The City's contribution to TMRS for FY-11 is projected to be \$367,926.00,

reflecting a decrease in cost of approximately 10.4% from TMRS incurred in FY-10;

(3.) For the past four years the Council has funded a major portion of the Ray & Associates recommended implementation Wage & Compensation Plan. The proposed FY-11 does not included many of the recommendations of the Ray & Associates Wage Plan, but does propose certain adjustments which recognize the current economic climate while also recognizing the importance of keeping the wage plan competitive with the surrounding labor market. The proposed FY-11 Budget calls for a Salary Adjustment of 2%, 2.5% (Proposed Salary Plan attached as Exhibit "A") for step increases on the employees' employment "anniversary date" which will address the salary compression issues currently affecting the City's salary structure;

(4.) The proposed cost of health care (including dental & long term disability for employees in FY-11 will be approximately \$662,045.00, which reflects a combined 12.9% cost increase for FY-11 (health care was 15%). The FY-11 Budget proposes to maintain the same level of health care coverage for the employees as is currently provided.

The General Fund balance is projected to be \$2,437,168.00 at the end of FY-10, which is a projected increase of \$252,307.00 from the ending General Fund Balance in FY-09 of \$2,184,861.00. The City's policy has been to have a reserve fund balance equal to three (3) months (or 20 percent) of 'operational funds reserves' in the General Fund. The proposed FY-11 budget recommends that this financial policy continue. The projected ending fund balance for FY-11 is projected to be \$2,002,278.00, which is 24.7% of the annual operating budget, which is also a 90 day balance.

SUMMARY OF GENERAL FUND REVENUES

		2008-2009	2009-2010	2009-2010	2010-2011
BEGINNING BALANCE		\$ 2,247,307	\$ 1,919,433	\$ 2,184,861	\$ 2,437,168
REVENUES:					
	Ad Valorem Taxes	1,244,163	1,495,280	1,448,000	1,987,592
	Sales Taxes	2,508,969	2,676,938	2,600,000	2,678,000
	Franchise & Other Taxes	365,838	413,000	402,700	413,140
	Licenses & Permits	150,664	135,000	108,000	161,000
	Service Fees	72,172	45,000	49,050	61,250
	Fines & Forfeitures	323,673	330,000	319,000	358,250

	Interest & Other Revenue	45,201	50,000	50,000	40,000
	Intergovernmental	971,108	1,134,626	1,151,803	1,210,548
	Miscellaneous	152,636	91,194	212,520	85,550
Total Revenues		5,834,424	6,371,038	6,341,073	6,995,330
OTHER FINANCING SOURCES:					
	Transfer from BEDC	121,290	321,186	321,186	89,580
	Transfers from Other Funds	909,884	675,000	675,000	600,000
Total Other Financing Sources		1,031,174	996,186	996,186	689,580
Total Revenues & Other Financing Sources		6,865,598	7,367,224	7,337,259	7,684,910
TOTAL AVAILABLE RESOURCES		9,112,904	9,286,657	9,522,120	10,122,078

- GENERAL FUND - SALES TAX REVENUES:

The major source of revenue for the General Fund is "Sales Tax Collection." Sales Tax Collection for FY-10 is up approximately 3.6 % which is an increase from last fiscal year; yet, it appears at this point in time that the City will not exceed the projected amount budgeted for FY-10. It is anticipated that Sales Tax Collection will continue to remain strong for the City, as it has done in previous fiscal years, even in light of the fact that the economic recovery is projected to slow down in both national/state economies. But, as was experienced in FY-10, even though the City missed its projected Sales Tax Collection for FY-10 by 2.9%, the City did not experience an actual decline in sales tax collections which many of the area cities in Texas experienced. The increase in sales tax collection can be attributed, in part, to the Burleson Crossing Project, as well as to the success of the Texas Main Street Program. The budgeted amount for the Sales Tax Collection for the remainder of FY-10 is conservatively projected to increase by 3%. The current budgeted amount for Sales Tax Collection for FY-11 is \$2,678,000.00. Sales Taxes represent 39% of the City's total revenues projected for and applied to the General Fund in FY-11. Careful consideration was given to the projected increase of 3%. The basis for this percentage increase is the continued impact of the Burleson Crossing Sales Tax Collections. Based upon historical trends and the continued strength of the local economy, we felt comfortable in projecting a 3% increase in Sales Tax Collections.

- GENERAL FUND - PROPERTY TAX REVENUE/PROPERTY TAX RATE:

The total assessed property value for the City in FY-10 was \$572,507,726.00. The total assessed property value for the City in FY-11, as per the certified tax roll from Bastrop County Appraisal District, is \$607,077,994.00. The total assessed property values for FY-11 of \$607,077,994.00, is an increase of \$34,570,268.00 and represents an increase of 6% over FY-10 assessed property values. Property values for FY-10 only increased 4.2%.

The proposed tax rate for FY-10 is \$0.5540, which is the same tax rate that was applied for FY-10, is projected to generate revenues as follows:

PROPERTY TAX DISTRIBUTION CALCULATIONS			
			FY2011
			TAX YEAR 2010
TAX ROLL:			
Assessed Valuation (100%)			\$607,077,994
Rate per \$100			0.55400
Tax Levy Freeze Adjusted			3,363,212
Tax Levy - Frozen (Disabled/ over 65)*			273,086
Total Tax Levy			3,636,298
Percent of Collection			100%
Estimated Current Tax Collections			\$3,636,298
SUMMARY OF TAX COLLECTIONS:			
Current Tax			3,363,212
Revenue From Tax Freeze Property			273,086
Delinquent Tax			100,000
Penalty and Interest			75,000
TOTAL TAX COLLECTIONS			\$3,811,298
DISTRIBUTION:			
	TAX RATE	PERCENT OF TOTAL	
GENERAL FUND:			
Current Tax	\$0.28891		1,753,915
Revenue From Tax Freeze Property			142,414
Delinquent Tax			52,150
Penalty and Interest			39,113
Total General Fund	\$0.28891	52.150%	\$1,987,592
DEBT SERVICE FUND:			
Current Tax	\$0.26509		1,609,297
Revenues From Tax Freeze Property			130,672

Delinquent Tax			47,850
Penalty and Interest			35,888
Total Debt Service	0.265089	47.850%	1,823,706
DISTRIBUTION	\$0.55400	100.000%	\$3,811,298

- (1) The I & S portion of the tax rate is proposed to be \$0.265089, with a 100% collection rate, which will generate revenue in the amount of \$1,823,706.00.
- (2) The M & O portion of the tax rate is proposed to be \$0.28891, with a 100% collection rate which will generate revenue in the amount of \$1,987,592.00

Property tax revenue projected for General Fund M & O operations for FY-10 is projected to be \$1,987,592.00. The amount of property tax to be collected in FY-11 will increase approximately \$539,592.00, which is an increase 37.2% from FY-10. (Property Taxes represent 26% of the total revenues projected to be collected for and applied to the General fund in FY-11. **Accordingly, the tax rate being proposed for the FY-11 budget is the same as the tax rate for FY-10 which is \$0.5544.**

- GENERAL FUND – ELECTRIC FUND:

The FY-11 budget proposes to take another “second step” in reducing the “General’s Fund” dependence on the Electric Fund Transfer. The proposed transfer from the Electric Fund for FY-11 is \$600,000.00 which is a reduction of \$75,000.000 or 11.1% less than the amount transferred in FY-10. Transfer from the electric fund represents 7.8% of the total revenues to be collected for and applied to the General Fund in FY-10.

- GENERAL FUND – FRANCHISE FEES:

The projected revenue for the City’s Franchise Fees for FY-11 is \$413,140.00, which is slightly higher than the amount projected to be collected for the General Fund in FY-10. The rationale for the increase are the additional sales from Mixed Beverage Tax. Franchise fees represent 6% of the total revenues to be collected for and applied to the General fund in FY-11.

- GENERAL FUND – FINES & FORFEITURES FEES:

Fines & Forfeitures Fees projected collection for FY-11 will be approximately \$358,250.00, an amount that is \$39,250.00 higher than the Fines & Forfeitures fees projected to be collected in FY-10. The principal sources of funding that make up the "Fines & Forfeitures category is as follows: Municipal Court \$275,450.00, Sanitation Administration Fee \$39,000 and Library Fees of \$18,000.00. Fines & Forfeitures Fees represent 5% of the total revenues to be collected for and applied to the General fund in FY-11.

- General Fund - Intergovernmental Transfers:

Intergovernmental transfer represents the amount charged to the "Electric & Water & Wastewater Funds" for administrative overhead services provided by the General Fund to these funds. The Director of Finance undertook an overall analysis of the City's Intergovernmental Transfers to ensure the amounts being transferred were fair and equitable, with regards to the amounts charged to the various funds. Intergovernmental Transfers projected for FY-11 will be \$1,210,548.00, which is \$58,745.00 higher than the Intergovernmental Transfers projected to be collected in FY-10. Intergovernmental Transfers represent 9% of the total revenues to be collected for and applied to the General fund in FY-10.

- Fund Balance Transfer - General:

The General Fund balance decreased in FY-10 from the previous fiscal year in the amount of \$62,446.00. The projected "General Fund Balance" for FY-10 is projected to be \$2,437,168.00, which is an increase from the FY-10 balance of \$252,307.00. Accordingly, in this Budget, I am proposing that \$434,890.00 be transferred from the fund balance to the FY-11 Operating Budget.

- The projected combination of funds proposed to be collected for FY-11 is as follows: 1.) the Sales Tax Collections (\$2,678,000.00.00), 2.) Property Taxes (\$1,987,592.00), 3.) Transfer from the Electric Fund (\$600,000.00), 4.) Franchise and other Fees (\$413,140.00), 5.) Intergovernmental Revenue (\$1,210,548.00) and 6.) Fines & Forfeitures fees (\$358,250.00), make-up \$7,437,380.00, for a total of 94.3% of the revenues generated for the General Fund operations.
- Fund Balance Transfer - General:

As referenced previously, the General Fund balance increased during FY-10, and as a result, I am proposing that \$434,890.00 be transferred from the Fund Balance to the FY-11 General Fund Operating Budget, in order to balance the overall FY-11 Budget. Revenues generated from various sources proposed for the FY-11 Budget will generate a total amount of \$7,684,910.00, plus the Fund Balance transfer in the amount of \$434,890.00, which equals \$8,119,800.00 in total revenue for the City's General Fund operations in FY-11.

In developing the proposed FY-11 budget, it was necessary to address such issues as: (1.) evaluating current and future economic conditions confronting the City of Bastrop, (2.) planning for the development and growth of the City, especially as the retail/commercial growth remains strong, (3.) planning for the equipment and vehicle needs of the various City Departments, (4.) planning for various anticipated capital projects and Departmental expenditures, (5.) maintaining City Services in an effective and efficient manner, (6.) keeping up with the ever increasing demands for City Services (7.) keeping the City's Wage and Compensation Plan competitive with market conditions for public employees, to enhance employee morale and retention for the City's organization and (8) recognizing that in FY-11 the City will be completing the construction of two very large, major projects, which are the new City Hall and the new Convention & Exhibition Center. At this time we project that the New City Hall Project will be complete in mid-October 2010 and the new Convention Center will be completed in April 2011. I am working now with the Directors, employees and consultants to develop our plan to transition the various departments into the New City Hall into the coming months.

SUMMARY OF EXPENDITURES FY-11: The proposed expenditures in FY-11 for "General Fund Operations" are projected to be \$8,119,800.00. So as not to be repetitive throughout Department summaries, I note the following:

I. PERSONNEL*:

- (1.) Salaries and benefits account for the largest expenditure in each department, with the exception of the "Organizational Department." Total salaries and benefits for projected for the General Fund in FY-11 Total \$4,947,412.00, which represents 60.9% of the total General Fund Expenditures;

- (2.) The majority of the "Departments' Travel & Training" requests have been funded at approximately the same or slightly above the amounts that were funded for FY-10;

- (3.) The proposed FY-11 General Fund Budget proposes to create the following new positions:
 - A.) Finance Department: The creation of two (2) part-time positions. One part-time position's duties will be over seeing "Various Cemetery Tasks" and one part-time position will be devoted to handling the 'receptionist' responsibilities at the front desk in the New City Hall Building.
 - B.) Police Department: Reclassifying the one (1) School Resource Officer (SRO) from the Bastrop Independent School System, back to the Patrol Division as a Patrol Officer.
 - C.) Parks Department: Adding one (1) Parks Maintenance Worker position and two (2) Seasonal (PT) Park Maintenance Workers.
 - D.) Building and Maintenance Department: Adding one (1) position to the "Custodial Staff" to work mainly at the New City Hall.
 - E.) Library Department: Adding one (1) Circulation Assistant.

II. EQUIPMENT/OTHER ITEMS*:

- 1. The proposed FY-11 General Fund Budget proposes to purchase the following equipment/vehicles and some other items specific to that department:
 - A.) Finance Department: Meter Reading Division:
 - 1. One Pick-up truck.

 - B.) Police Department:
 - 1. Two (2) Patrol Vehicles - [Tahoe's]
 - 2. Thermal Night Vision Equipment
 - 3. Two Body Audio/Visual Equipment
 - 4. Power Point Projector

 - C.) Fire Department:

1. Four AED's for Stations and Trucks
2. Three Electric Door Openers for Station
3. Twenty-five (25) ft. of 1.75" Fire Hose- Replacement Program
4. Three Rescue Jack Struts

D. Municipal Court:

1. New computer for the Judge.

E. Public Works Department:

1. S250 Bobcat skid steer Loader
2. Mower 31 HP 54" Zero Turn w Trailer
3. Weed eaters
4. Plan Room
5. Walnut Street Improvements
6. Jefferson Street Improvements
7. Emile Street Improvements

F. Library Department:

1. Security Guard Services
2. Children's Programming
3. Downloadable Audio books
4. Teen Programming

*EXHIBIT "B" attached to this budget letter reflects the new programs requested by the Director's for FY-10 budget is attached for your review. Only those items "Highlight in Green" were funded in this year's budget.

III. Operation and Maintenance Expenditures:

1. A majority of the Departmental operational and maintenance expenses have been maintained at approximately the same level or slightly above the amount funded in FY-10.
2. Not all line items were funded at the level requested by the departments.

IV. Other Capital Equipment Purchases:

1. Asphalt Lay-Down Machine: *\$150,000.00
The current machine is over 15 years old.

2. New Street Sweeper:	<u>*\$85,000.00</u>
The current Street Sweeper is over 15 years old.	
3. Small Van for City Hall/Administration	<u>*\$22,000.00</u>
TOTAL	* \$257,000.00

*(These proposed purchases would be funded by issuing Tax Notes for two (2) years. Payment would be made by excess funds in the I&S Account.)

The following is a summary of the proposed Departmental expenditures for the General Fund operations for FY-11:

1. **Legislative: Total Proposed Expenditures -- \$43,755.00.** Major expenditures include: 1.) \$6,000.00 for Travel/Training, 2.) \$5,335.00 for supplies, 3.) \$2,300.00 for Advertising, 4.) \$13,000.00 for utilities and 5.) \$2,413.00 for Dues and Subscription. Total Personnel: Six (6) Mayor and City Council.

2. **Organizational: Total Proposed Expenditures -- \$896,720.00.** Major expenditures include: 1.) Contractual Services \$307,430.00 (Professional services, including items such as Property Tax Collection/Appraisal District, Engineering, Legal, and Insurance), 2.) 380 Reimbursement Agreement (Burleson Crossing Project) \$240,000.00, 3.) Contingency \$90,000.00, 4.) Salary Adjustment Plan \$134,940.00. Salary adjustment for the employee Wage and Compensation Plan proposes a 2% COLA and a Step Increase of 2.5% on the employees anniversary date.), 5.) Retiree Benefits \$70,200.00, and 6.) \$20,000.00 for the WCID Road Improvements.

3. **City Manager: Total Proposed Expenditures -- \$250,192.00.** Major expenditures include: 1.) Travel and Training \$4,000.00, 2.) Dues & Memberships \$5,000.00, 3.) Communications \$4,300.00 and 4.) Supplies and materials \$4,945.00. Total Personnel: Two (2).

4. **City Secretary: Total Proposed Expenditures -- \$101,499.00.** No major departmental changes from last year's operating budget with the exception of having two (2) elections during FY-11. Major Expenditures include: 1.) Election expenses \$10,000.00, 2.) Equipment Rental \$8,775.00, and 3.) Travel and Training \$3,070.00. Total Personnel: One (1).

5. **Finance Administration: Total Proposed Expenditures -- \$391,614.00.** Major expenditures include: 1.) Audit Services

\$29,500.00, 2.) Supplies & Materials \$15,000.00, 3.) Equipment/Software Maintenance \$31,500.00, and 4.) Travel & Training \$6,250.00. Total Personnel: Eight (8).

6. Meter Services: Total Proposed Expenditures -- \$413,807.00. This Division was consolidated into the General Fund during FY-09 and is under the supervision & direction of the Finance Director/Department. Major Expenditures include: 1.) Meter Repairs \$16,500.00, 2.) Contractual Services: \$34,590.00, and 3) Travel & Training \$8,000.00 (TECQ Certification). Total Personnel: Three (3).

7. Human Resources: Total Proposed Expenditures -- \$88,352.00. Major Expenditures include: 1.) Special Events \$6,500.00 and 2.) Contractual Services \$2,885.00. Total Personnel: One (1).

8. Information Technology Department: Total Proposed Expenditures -- \$133,332.00. This department was created in the fourth quarter of F-10. Major Expenditures include: 1.) Professional Services \$35,000.00 and 2.) Travel and Training \$4,000.00. Total Personnel: One (1).

9. Police Department: Total Proposed Departmental Expenditures -- \$2,161,073.00. This department includes six (6) Divisions: (A) Police Administration, (B) Police Code Enforcement, (C) Emergency Management, (D) Police Criminal Investigation, (E) Police Patrol Division, and (F) Animal Control. Major Expenditures include: 1.) Dispatching Services \$125,000.00, 2) Prisoner Housing \$20,000.00, 3.) Fuel \$44,230.00, 4.) Uniforms \$15,760.00, 5.) Communications \$25,200.00, 6.) Maintenance of Computer Equipment \$14,754.00, 7.) Utilities \$11,500.00, 8.) Vehicle Maintenance \$32,000.00, and 9.) Clean Up Code Enforcement Program \$10,000.00. Capital expenditures include the purchase of two (2) new vehicles (Tahoe's), which will be completely outfitted to meet the needs of the Department. The biggest concern of recommending that the Police department purchase Chevrolet Tahoe's is the exterior appearance of Patrol Officers driving a luxury vehicle. A review of the maintenance on Unit #56 a Crown Victoria and Unit#55 (a Chevrolet -a supervisor vehicle) indicate both units were put into service in June of 2008. The Crown Victoria has maintenance and repair cost of \$1598.20, while the Chevrolet Tahoe's maintenance and repair cost of \$1,104.49; a difference of \$493.71. This is primarily routine maintenance of both units. There were no significant differences in the maintenance cost to date. What is significant is that Unit #56 the Crown Victoria has 37,929 miles and is no longer under warranty. Unit #55 the Chevrolet Tahoe has

31,000 miles and will remain under warranty until 100,000 miles or until approximately 2013. Positive features of the Tahoe include: (A) 5 year 100,000 mile Power Train Warranty, (B) Better view for the Driver, (C) Higher Resale value (\$7,000.00 to \$8,000.00 on average) and (D) 8-cylinder engine uses only 4 cylinders when driving down hill or at idle. Negative features of the Tahoe include: (A) Higher initial cost of approximately of \$4,400.00 and (B) the appearance of being a luxury vehicle. Many of the requested increases in operational expenses were, in most cases, not funded at the level requested or the addition of an additional Patrol Officer. Total Personnel: Twenty-five (25).

10. **Fire Department: Total Proposed Expenditures -- \$179,395.00.** No major Departmental changes from last year's operating budget. Major Expenditures include: 1.) Fuel \$9,800.00, 2.) Small Equipment \$13,355.00, 3.) Supplies \$7,000.00, 4.) Bunker Gear \$18,000.00, 5.) Communications \$16,805.00, 6.) Utilities \$11,000.00, 7.) Bldg. Maintenance \$11,000.00, and 8.) Vehicle Maintenance, \$13,000.00. The Department's "No. 1" request, which would have been at a cost of \$1,050,000.00, was the purchase of a "Pumper/Ladder Truck," which was not funded. Total Personnel: 35 Volunteers.

11. **Municipal Court: Total Proposed Expenditures -- \$349,387.00.** No major departmental changes from last year's operating budget. Major Expenditures include: 1.) Communications \$6,500.00, 2.) Teen Court \$6,000.00, 3.) Professional Services \$17,000.00, and 4.) Travel and Training \$7,000.00. Total Personnel: Adjustment and reduction were made to various accounts, including not funding several Capital request. One (1) Municipal Judge Appointed by the City Council and Four (4) Administrative Staff.

12. **Planning Department: Total Proposed Expenditures -- \$445,366.00.** No significant departmental changes from last year's operating budget. Major Expenditures include: 1.) Professional Services \$75,000.00, 2.) Communications \$4,000.00, 3.) Advertising \$4,000.00, 4.) Historical Structure Refund \$20,000.00, and 5.) Supplies \$5,000.00. Requested Expenditures that were not funded included funds for updating additional elements of the City's Comprehensive Plan and the City's current Zoning Ordinance. Adjustment and reduction were made to various accounts. Total Personnel: Five (5).

13. **Health Department: Total Proposed Expenditures -- \$75,000.00.** Support for ambulance service.

14. Public Works: Total Proposed Expenditures -- \$1,011,738.00.

Major Expenditures include: 1.) Uniforms \$5,000.00, 2.) Fuel \$17,500.00, 3.) Street Lighting \$70,000.00, 4.) Supplies \$3,700.00, 5.) Utilities \$5,900.00, 6.) Vehicle/Equipment Maintenance \$15,000.00, 7.) Street Maintenance \$30,000.00, 8.) Drainage \$8,000.00, 9.) Engineering Services \$10,000.00, Sidewalk Improvements \$5,000.00, and 10.) Capital Improvements for Streets of 150,000.00 Three (3) Street Projects have been identified for FY-11 totally expenditures of \$106,508.00 leaving a balance of \$43,492.00. This balance will be spent on additional street projects based upon discussion and direction from the City Council. Capital Funding was provided for the purchase of a new Street Sweeper and Asphalt Lay Down Machine. Appropriation of \$180,000.00 for the City's street maintenance and repair program is 2.2% of the total annual operating budget. This is major increase from past fiscal year budgets. Adjustment and reduction were made to various accounts. Total Personnel: Twelve (12).

15. Construction Manager: Total Proposed Expenditures -- \$103,254.00. No major departmental changes from last year's operating budget. Total Personnel: One (1).

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16. Recreation Department: Total Proposed Expenditures -- \$77,000.00. (A.) This year's proposed FY-11 budget calls for the funding of the Recreational Services via a Partnership with the Y.M.C.A in the amount of \$35,000.00. A Major expenditure include: (B.) BISD Community Education \$39,500.00. This past fiscal year the Council only funded this program in the amount of \$16,000.00. The proposed amount is what the Council has funded in past fiscal years. Please note the Council is not required to fund this amount. I need some direction on this program from the City Council.

17. Parks Department: Total Proposed Expenditures -- \$564,305.00. Major Expenditures include: 1.) Fuel \$12,000.00, (2.) Riverfront Park Maintenance \$12,000.00, 3.) Equipment/Vehicle Maintenance \$6,300.00, 4.) Gateway Landscaping \$4,000.00, (5.) Overall Park Maintenance \$35,850.00, 6.) Little League utilities \$1,700.00, 7.) Parks and Trails Utilities \$18,500.00 and 8.) Old Iron Bridge \$20,000.00. No new vehicles/equipment requests were funded. The Capital Expenditure of \$10,000.00 for Riverfront "Bank Erosion Control. Adjustment and reduction were made to various accounts, including not funding several Capital requests and increasing Parks Maintenance. Total Personnel: Ten (10) and Two (2) Seasonal Workers.

18. **Building Maintenance/Janitorial: Total Proposed Expenditures -- \$160,394.00.** Major Expenditures include: 1.) Janitorial Supplies \$5,000.00, and 2.) Building Maintenance \$4,000.00. Total Personnel: Four (4).

19. **Library: Total Proposed Expenditures -- \$603,420.00.** Major Expenditures include: 1.) Books \$26,250.00, 2.) Supplies \$15,950.00, 3.) Utilities \$25,000.00, 4.) Dues and Subscriptions \$7,000.00, 5.) Communications \$8,500.00 and 6.) Contract for Security Services \$12,000.00. Adjustment and reduction were made to various accounts and various types of equipment were not funded. Total Personnel: Nine (9).

SUMMARY: Overall, the focus of this year's proposed Budget was to keep the City Department expenditures within the range of FY-10's O&M expenditures, while at the same time addressing "Personnel Requests" and "Capital Equipment Items" that had been cut from previous budget requests. Clearly not all the Departmental Requests could be, or were funded. Nevertheless, I believe we have made a good start in addressing these requests for funding that had been cut from previous budget requests.

WATER AND WASTEWATER FUND: The Proposed FY-11 Water/Wastewater Operating Budget for the Water and Wastewater Departments is \$2,845,124.00. The FY-11 proposed Water and Wastewater Fund Budget anticipates generating water/wastewater revenues of \$3,290,000.00. The projected beginning fund balance of the Water/Wastewater Fund is \$2,330,000.00, with a projected ending fund balance of \$2,774,876.00. In FY-08 the City of Bastrop developed and adopted a "Five-Year Water and Wastewater Capital Improvements Report". The proposed "Capital Improvements" that were to be undertaken initially were as follows: (1.) Water/Wastewater Line replacements, (2.) Development of a additional water supply for the City, and (3.) Construction of the Hunters Crossing Force Main. The proposed improvements were to be paid for by the issuance of Revenue Bonds. We are now at the mid-point of the five year "Capital Improvements" program. Rate analysis review during the 1st quarter of FY-11 will be done to provide the City Council an overview as to how the Program is working, from a financial perspective, especially with the amount of expenditures spent to date in the development of the well at Bob Bryant. As you are all aware, the Bob Bryant Well Project took much longer to complete that initially anticipated, and exceeded anticipated costs, for this project.

A major project initiative for FY-11 will be the introduction to the City Council of a program that will anticipate converting all of the City's water meters to a "Remote Meter Reading Operation". Salary adjustments for employees total approximately \$9,600.00. Total Personnel: Thirteen (13) with projected salaries with adjustments totals \$765,829.00.

PROPOSED EXPENDITURES:

1. Water Administration: Total Proposed Expenditures - \$696,604.00. Major Expenditures include: (a) Administrative Support \$264,175.00, (b) Transfers Out \$248,390.00, and (c) Engineering and Legal \$12,000.00. Department Director requested one additional Administrative Person which was not funded. Capital purchases none.

2. Water Distribution: Total Proposed Expenditures -- \$238,570.00. Major Expenditures include: (1.) Water Loss Program \$5,500.00, (2.) Maintenance & Repair funds allocated for the maintenance of water distribution system is \$57,350.00, (3.) GIS Mapping \$2,500.00, (4.) Meter Repair/Calibration \$5,000.00.

3. Water Production: Total Proposed Expenditures -- \$270,665.00. Major Expenditures include: (1.) Maintenance of wells \$25,000.00, (2.) Utilities \$40,000.00, and (3.) a proposed capital expenditure for Water Supply Development, in amount of \$50,000.00.

4. Water Treatment: Total Proposed Expenditures -- \$231,775.00. Major Expenditures include: (1.) Chemicals for water treatment \$28,500.00, (2.) Lab fees \$12,500.00, and (3.) Utilities \$60,000.00.

5. Wastewater Administration: Total Proposed Expenditures -- \$696,860.00. Major Expenditures include: (1.) Transfers Out \$248,390.00, (2.) Communications \$4,025.00, (3.) Professional (TCEQ Requirements) \$8,000.00, and (4.) Administrative Support \$264,175.00.

6. Wastewater Collection: Total Proposed Expenditures -- \$225,450.00.00. Major Expenditures include: (1.) System maintenance \$45,000.00, (2.) Supplies \$14,500.00, (3.) Capital Expenditure of \$10,000.00.

7. Wastewater Lift Station: Total Proposed Expenditures -- \$159,425.00. Major Expenditures include: (1.) Lift Station maintenance \$50,000.00, and (2.) Utilities, \$26,000.00.

8. Wastewater Treatment Plant: Proposed Expenditures -- \$325,775.00. Major Expenditures include: (1.) Chemicals \$31,000.00, (2.) Maintenance associated with facilities \$26,500.00, (3.) Sludge Processing \$55,000.00, (4.) Utilities \$62,000.00, and (5.) Lab Fees \$42,500.00.

ELECTRIC FUND: FY-11 proposed Electric Fund budget proposes collection of "Revenues" in the amount of \$7,296,950.00 and Expenditures of \$7,273,950. A major project initiative for FY-11 will be introducing the Council a program to convert all of the City's electric meters to a "Remote Meter Reading Operation". The projected ending fund balance in the amount of \$3,356,536.00.

HOTEL/MOTEL FUND: The FY-11 projected revenues from the Hotel Occupancy Tax (HOT) are anticipated to be \$1,807,521.00. Major Expenditures from these HOT funds are: (1.) Contractual services related to statutorily approved HOT projects associated with Bastrop Marketing Corporation, in the amount of \$691,899.00. The amount currently projected to be distributed to the various organizations funded by the City via HOT \$ 283,500.00. [The amount of \$283,500.00 is the same amount as last fiscal year,] and (2.) Transfers Out for Convention Center Debt is \$465,774.00. The amount budgeted for the O&M for the Convention Center is \$691,899.00.

MAIN STREET PROGRAM: Proposed expenditures -- \$288,840.00.

- o Advertising and Promotion: \$189,200.00. Advertising dollars would be used for Main Street Program's specific projects, with a major project of initiating the development of a "Way Finding Program" for the City of Bastrop.
- Promotional Activities \$9,500.00, in Marketing Support, which refers to my estimate of amounts that will be used to support various Main Street Program specific projects over the year, such as the advertising program entitled "*Meet Me on Main Street,*" which is intended to prompt and stimulate local traffic in Central Business District and the Bastrop Community, as a whole.

CONVENTION/EXHIBITION CENTER BUDGET: The Convention Exhibition Center is proposed to have \$829,492.00 in funds available (fund balance and transfer from the Hotel/Motel Tax Fund) during FY-11. The Convention/Exhibition Center Executive Director's position was filled in the fourth quarter of FY-10. Currently, we project that construction of the "Convention/Exhibition Center" will be completed in April 2011. Proposed expenditures proposed for FY-11 \$828,922.00.