
MEMORANDUM

TO: Honorable Mayor and City Council
FROM: Cliff Keheley, City Manager
DATE: August 29, 2017
SUBJECT: Fiscal Year 2017-18 Proposed Budget Highlights

The fiscal year 2017-18 budget was prepared with the guiding principles of focusing on City Council goals and priorities, maintaining a strong financial condition and becoming a data driven organization. After strategy presentations, budget workshop and Council/Staff discussions below is a summary of the budget highlights for the 2017-18 proposed budget:

General Fund:

Revenues

- The Property tax rate remains the same at \$0.687; however, the budget does include \$3,622,000 in new revenue through increased valuation in the tax roll and new property added to the tax roll.
- Sales tax is projected to remain flat.
- Slight increase in permits, fees, interest and charges for service.
- Reduction of \$502,400 under Other Revenue due to the potential discontinuation of the Medicare Ambulance Supplemental Payment program.
- Increase of state grant revenue of \$46,000 for expanded transit by Texas Department of Transportation.

Expenditures

- Net increase in Debt Service Requirements -\$500,000
- Salary and Benefits increases - \$1,577,440
- Five percent step increase for 45 police officers and 35 firefighters who have less than five years of service - \$312,567
- First fiscal year to budget for Neighborhood Vitality division - \$152,890
- Transfers Out to Capital Reserves for business incentives - \$200,000
- Net change to departments' supplies and contractual services budgets - \$443,277
- Proposed Budget Offers - \$612,000
 - 7 new full-time positions
 - (2) Public Safety Professionals for Enhanced Crime Scene Program
 - (1) Administrative Secretary for Police Digital Case Filing Program
 - (1) Human Resources Specialist for Public Safety Recruiting Program
 - (1) Assistant City Attorney for Chapter 54 Enforcement Program
 - (1) Rotoboom Operator for Enhanced Brush Pickup Program
 - (1) Digital Media Coordinator for Enhanced Marketing Program
 - Public Safety Market Adjustments for recruiting efforts.
 - Multi-year plan for I-20 TIF/PID Development

Water/Sewer Fund:

Revenues

- City water and sewer rates will increase 6 percent.

Expenditures

- Increase for purchase of treated water from North Texas Municipal Water District (NTMWD) - \$2,074,416
- Increase for wastewater treatment from NTMWD - \$679,810
- Increase for NTMWD East Fork Sewer Line, but offset by revenue - \$169,530
- Increase Debt service requirements - \$289,679
- Decrease in capital outlay needs for FY2017-18 in the amount of - \$312,352
- Increase in divisions' operating expenses - \$294,063
- Budget Offers - \$155,500
 - 3 new full-time positions
 - (1) GIS Technician
 - (1) Public Works Construction Inspector
 - (1) Water Services Representative

DUD Operating Fund:

Revenues

- No proposed DUD rate increase.
- Slight projected increase in collection of commercial drainage fees.

Expenditures

- Increase in capital outlay for a track excavator

Airport Operating Fund:

For fiscal year 2018, the proposed increase in fuel supplies is offset by an increase in fuel sales.

Golf Course Fund:

This is the second fiscal year that the Golf Course will be reported as a separate enterprise fund. Increases to revenue and expenses are minimal for fiscal year 2017-18 with a slight increase in fees and sales along with a slight increase in operating expenses.

Group Medical Insurance Fund:

The fund is projected to have a net loss of \$1,492,660 in fiscal year 2017-18 that will be added to the fund deficit. A full analysis and evaluation of the Mesquite Employee Health Center (MEHC) is planned for fiscal year 2017-18 in order to re-evaluate the MEHC's effectiveness after its 10-year anniversary. The MEHC is provided through a shared effort between the City and MISD and the City's portion is paid from the Group Medical Insurance Fund. Other possible discounts and plan options are being explored to help further reduce the fund deficit.

General Liability Fund:

No significant changes are projected in the General Liability Fund. The fund is projected to have net income of \$181,330 for fiscal year 2017-18 that will be used to reduce the deficit fund balance.

Hotel Occupancy Tax Fund:

Revenues

- The Hotel Occupancy Tax collection is projected to increase by \$40,000 in fiscal year 2017-18 due to the addition of one new hotel, TownePlace Suites by Marriott.

Expenditures

- Budget Offers - \$135,000
 - Downtown Branding and Wayfinding Signage
 - CVB Marketing Program with 1 full-time position (CVB Marketing Coordinator)

Confiscated Seizure Fund:

The Police Department will bring their requests for the Confiscated Seizure Fund to City Council for approval throughout the year. The initial budget is set at a minimal amount.

Roadway Impact Fee and Water/Sewer Impact Fee Funds:

The revenue collected from Roadway Impact Fees and Water/Sewer Impact Fees will be used to offset the debt service related to capital projects in both areas. Increase in revenues is due to new development throughout the City.

Tax Increment Financing District Fund:

The following budget offers will be funded through a Tax Increment Financing District fund:

- Downtown Manager (1 full-time position) - \$91,200
- Downtown Retail Grant Program - \$50,000

Capital Projects Reserve Fund:

The Capital Projects Reserve Fund includes a transfer in from the General Fund to offset the funding of the business incentive agreement with Ashley Furniture. In addition, the following budget offers will be funded in the Capital Projects Reserve Fund:

- I-20 Land Use Plan - \$50,000
- Community Vision & Strategic Plan - \$150,000
- Comprehensive Plan Update - \$225,000

Capital Budget:

Detailed information regarding the capital budget can be reviewed in the Capital Improvement Plan (CIP) located in tab 6 of the Council Budget Binder. Below includes the major funding sources of the Capital Budget for fiscal year 2017-18.

- Certificates of Obligation - \$17,660,000
- General Obligation Street Bonds - \$25,000,000
- Water and Sewer Revenue Bonds - \$8,745,000
- 4B Sales Tax - \$10,810,290
- Drainage Utility District - \$2,500,000


Cliff Keheley
City Manager