

# 2019-2020 Annual Budget Presentation

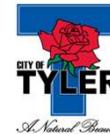
#TimeToBuild  
*Building for Tomorrow. Starting Now.*

# City of Tyler

## *A Natural Beauty*

Our mission is to SERVE our community to make a positive difference.

Our vision is to be the standard for performance excellence in local government.



## 19-20 Budget

# Tyler 1<sup>st</sup>

## Vision

In 2030, the City of Tyler will be nationally known for its sense of community, commitment to a robust business environment, quality medical care, excellent educational institutions and the beauty of its public places.

Through excellence in city design, Tyler's public spaces, from sidewalks to entrance corridors, plazas and parks, will provide comfort, safety, utility, fitness and delight to all who use them throughout the City. In this way, Tyler will enhance and extend into the future the precious legacy bestowed by previous generations—natural beauty, Tyler's Rose Garden, its tree-lined brick streets, its historic districts, and a rich business environment.

Tyler will combine faith-based and small-town values with safe, interconnected neighborhoods; a superb transportation system; a flourishing economy; and a vibrant downtown. With an efficient, forward-thinking, and fiscally-responsible city government and strong public-private and regional partnerships, Tyler will set the highest standards for an outstanding quality of life.

## Progress

As we gather citizen feedback through our periodic update to the Tyler 1<sup>st</sup> Comprehensive Plan, we know that Tyler will continue to thrive. The City is built to last with low crime rates, quality of health services and employment opportunities. These are some of the most important reasons people choose to live in or relocate to Tyler. Our medical centers, general quality of life, vibrant neighborhoods, higher education institutions, and the financial health of our local economy are considered by our citizens to be some of our strongest assets. We will continue to focus on traffic improvements, infrastructure improvements and quality of our services to position Tyler for outstanding quality of life.

# Budget Timeline

Preparation for Fiscal Year 2019-2020

2019

February - March  
Internal Service  
Recommendations

June  
Budget Committee  
Compiles and  
Balances

August  
Presentation &  
Public Hearings for  
Budget

March - May  
Work Sessions  
with Departments

July  
Work Sessions  
with Council

Sept.

- ✓ February-March  
Internal Services make  
recommendations to Budget  
Committee
- ✓ March-May  
City Manager & Budget  
Committee meet with individual  
departments to align budget  
requests
- June  
✓ Compile Departmental budgets  
and align with Strategic Plan to  
prepare a balanced budget
- July  
✓ Individual work sessions with  
Councilmembers for Strategic Plan  
and Budget alignment
- August-September  
Present Budget, 2 Public Hearings  
for citizens to comment on  
budget, adoption of Fiscal Year  
2019/2020 Budget

# Tyler's Strategic Plan

2017-2021

1

Community input through Tyler 1st, Boards & Commissions, and City Council direction

2

Environmental Scan, SWOT Analysis, and Strategic Plan Alignment

3

Deploy strategic priorities throughout departments and align resource allocation through budgeting process

## Sound Financial Management

Enhance efficiency and contain costs; sustain zero obligation debt; pay as you go CIP



## Sustainable Infrastructure

Maintain and improve water, sewer, traffic, technology, neighborhoods & parks



## Performance Excellence

Enhance communication, transparency, innovation and continuous improvement



## Talented & Experienced Workforce

Recruit and retain a talented workforce, maintain an educated workforce, recognize innovation and creativity



## Public/Private Partnerships

Community policing, emergency preparedness, reduce duplication of services, manage transportation planning with other entities



## Diverse Economy & Prepare for Growth

Manage land use, strategic annexations, enhance a thriving downtown, develop Rose Complex and convention center, collaborate with key partners



# 1. Sound Financial Management

Expenditures broken out by strategic goals

## Sound Financial Management

Fiscal Forecast, Council Financial Forecasting Retreats, revisiting financial plan and strategies to build for the future



## Talented & Experienced Workforce

Payroll, training and development are divided among all funds

## Sustainable Infrastructure

Half-Cent Sales Tax and utilities revenues primarily pay for infrastructure improvements, expansion and maintenance



## Public/Private Partnerships

City supports NETHealth and other agencies, receipt of donations for special projects, and collaboration for partnerships such as the Innovation Pipeline

## Performance Excellence

Data driven decision making to provide the highest value to our citizens characterizes our budget and operations management.



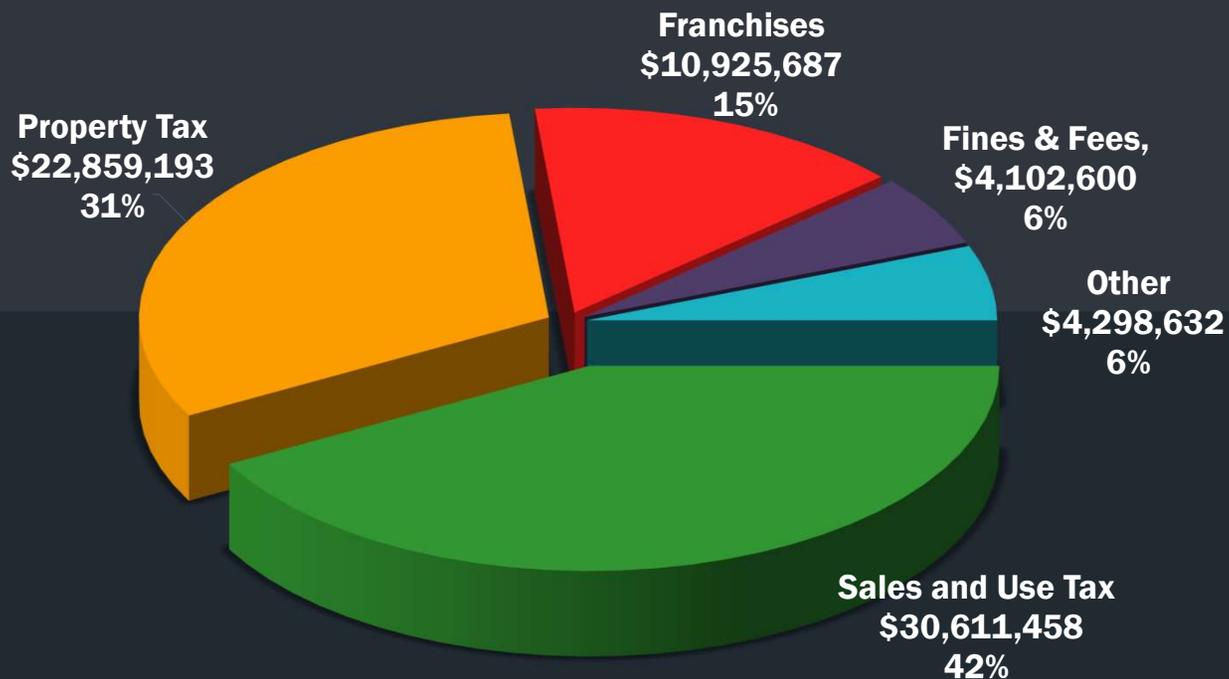
## Diverse Economy & Prepare for Growth

Downtown initiatives, enhancement of the Rose Complex and a future Hotel/Conference Center are ways the City works to ensure quality of place and prepare for growth.



# General Fund

## Revenue Highlights



*Still Funded Predominantly by 1% Sales Tax*



### Sales & Use Tax

Still our predominate revenue, amount fluctuates with the economy is vulnerable to shifts



### Property Tax

Municipalities depend upon property tax for providing public safety and basic services



### Franchises

These funds come from the use of city-owned property by city-enterprise and non-city operations.



### Fines & Fees

Revenues brought in by citations, penalties, and fines help support services



### Other

Grants, and other revenue sources

# Municipal Court



- Increasing community service options
- Citizen flexibility in payment plans
- Reducing jail time

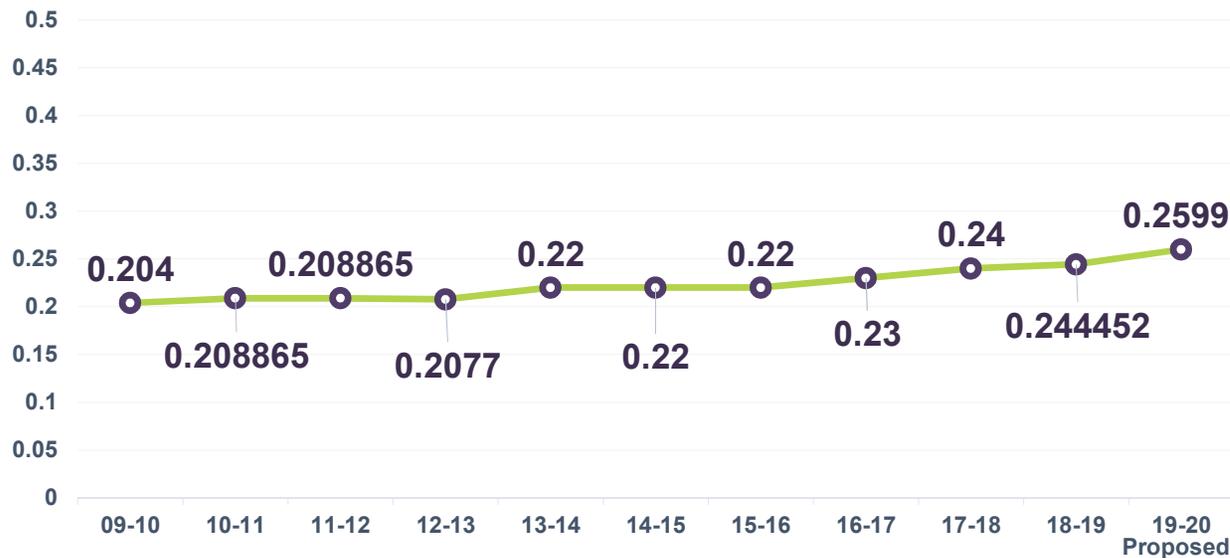
- Safe Harbor Policy
- Monthly Night Court
- Community Outreach

# Tyler's Historical Tax Rate

Ensuring the Best Citizen Value

## Debt Service

You will see from the chart that Tyler's debt service ended in 2008/2009 and tax rate increases have remained small and incremental since that time.



## 1995

### Pledge of Fiscal Responsibility

City Council takes a pledge of fiscal responsibility, which led to the approval of the ½ Cent Local Sales Tax. Council then worked to take the City to \$0 general obligation debt and utilize a pay-as-you-go approach.

## 2008/09

### Tyler Pays Off all General Obligation Debt

After thirteen years of effort, the City of Tyler paid off all general revenue bonds and began paying for major capital improvement projects through the Half Cent Sales Tax CIP.

## 2019

### Infrastructure Investment

The City Council authorized a one cent property tax increase in 2016 and renewed the pledge of fiscal responsibility while dedicating that extra cent to a Street Maintenance Fund. This year they pledge two cents dedicated as part of their infrastructure investment policy.

# Utilities Rates

Ensuring Best Citizen Value

## Comparison

The chart below gives average rates of all Texas municipalities based upon population size. Tyler's rate is below our population category as well as the statewide average for all cities.

### Residential Rates



## 2016

### EPA Consent Decree

This consent decree requires an investment in upgrading the wastewater collection system. The City has adopted a Capacity, Management, Operation and Maintenance (CMOM) program to insure continual progress to comply fully with EPA and TCEQ regulations.

## 2015

### Water Quality Commitment

To continue the commitment to water quality, the Tyler Water Utilities has joined the American Water Works Association Safe Water Treatment Program to perform a detailed evaluation the water treatment plants.

## 2015

### Funding for Sustainable Infrastructure

Council committed to reinvesting resources into maintaining and enhancing the City's infrastructure. To take actions that would create sustainable funding practices to reinvest in an aging infrastructure and build system readiness for future growth.

# Proposed Residential Rate Increase

## Consumption of 5000 gallons

	<u>Current</u>	<u>2020</u>
Water	22.88	24.02
Sewer	24.29	25.49
Water Service	0.27	0.27
Water Quality	0.35	0.35
Storm Water	2.83	2.97
Regulatory Compliance	2.89	6.13
Water Franchise Fee	2.68	2.96
Total	56.19	62.19
<b>Increase</b>		<b>\$6.01</b>

## Consumption of 10,000 gallons

	<u>Current</u>	<u>2020</u>
Water	39.08	41.02
Sewer	37.64	39.49
Water Service	0.27	0.27
Water Quality	0.35	0.35
Storm Water	4.60	4.83
Regulatory Compliance	2.89	6.13
Water Franchise Fee	4.24	4.60
Total	89.07	96.70
<b>Increase</b>		<b>\$7.62</b>

## Consumption of 30,000 gallons

	<u>Current</u>	<u>2020</u>
Water Base Charge	13.16	13.82
Water Vol. Charge	85.42	89.65
Water Service Fee	0.27	0.27
Sewer Base Charge	16.28	17.09
Sewer Vol. Charge	21.36	22.40
Water Quality	0.35	0.35
Storm Water (6%)	8.17	8.58
Regulatory Compliance	2.89	6.13
Water Franchise Fee	7.40	7.91
Total	155.30	166.20
<b>Increase</b>		<b>\$10.90</b>

# Regulatory Compliance

- Projected expenditures for regulatory compliance FY 2020 are **\$24,345,166**.
- We plan on funding \$3,500,000 from the operations budget but will need an additional **\$20,845,166**.
- We are proposing to issue **\$20,845,166** in new debt from the Water Fund as Revenue Bonds and funding it with an increase of **\$3.24** per month in the Regulatory Compliance Fee.
- This would bring the fee to **\$6.13** per month.
- The impact on the General Fund would be an increase in the Water and Sewer Franchise Revenue of **\$64,998**

Consent Decree: City of Tyler, Texas  
Overall Schedule and Cost Summary

10 April 2017: Effective Date

All Activities Complete

Primary Activity	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Fines, Legal Fees, Initialization and CMOM (includes 2016)	\$ 2,440,362								
Lift Station Assessment / Improvement									
Force Main Assessment / Improvement									
Update Hydraulic Model / Capacity Improvements	\$ 2,033,373	\$ 296,937	\$ 362,614	\$ 5,335,385	\$ 20,381,496	\$ 17,058,426	\$ 17,058,426	\$ 17,058,426	\$ 17,058,426
Gravity Sewer Work, Phase 1*	\$ 963,933	\$ 43,500	\$ 5,834,333	\$ 8,965,708					
Gravity Sewer Work, Phase 2*		\$ 3,006,392	\$ 600,000	\$ 5,100,000	\$ 4,800,000				
Gravity Sewer Work, Phase 3*			\$ 3,918,259	\$ 600,000	\$ 5,143,000	\$ 4,843,000			
Gravity Sewer Work, Phase 4*				\$ 2,344,073	\$ 600,000	\$ 5,190,450	\$ 4,890,450		
Gravity Sewer Work, Phase 5*					\$ 1,736,836	\$ 600,000	\$ 2,236,333	\$ 4,936,333	
Gravity Sewer Work, Phase 6*						\$ 2,017,368	\$ 600,000	\$ 5,282,718	\$ 4,982,718
Gravity Sewer Work, Phase 7*							\$ 2,023,031	\$ 600,000	\$ 5,323,031
Gravity Sewer Work, Phase 8*								\$ 1,844,798	\$ 5,671,798
Gravity Sewer Work, Phase 9*									\$ 35,000
Gravity Sewer Work, Phase 10*									
Creek Crossing / Other Emergency			\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
<b>Total Estimated Cost</b>	\$ 5,459,888	\$ 3,348,829	\$ 12,735,247	\$ 24,345,166	\$ 34,689,332	\$ 31,711,244	\$ 31,810,283	\$ 31,722,297	\$ 35,393,244
Funded by Operations	\$ 5,459,888	\$ 3,348,829	\$ 3,467,046	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Funded by Capital									
Funded by Other									
Funded by Debt			\$ 9,268,201	\$ 20,845,166	\$ 31,189,332	\$ 28,211,244	\$ 28,310,283	\$ 28,222,297	\$ 31,893,244
Additional Regulatory Compliance Fee			\$ 3.24	\$ 3.24	\$ 5.33	\$ 4.82	\$ 4.84	\$ 4.83	\$ 5.33
Cumulative Regulatory Compliance Fee		\$ 1.28	2.89	\$ 6.13	\$ 11.46	\$ 16.28	\$ 21.13	\$ 25.95	\$ 31.28

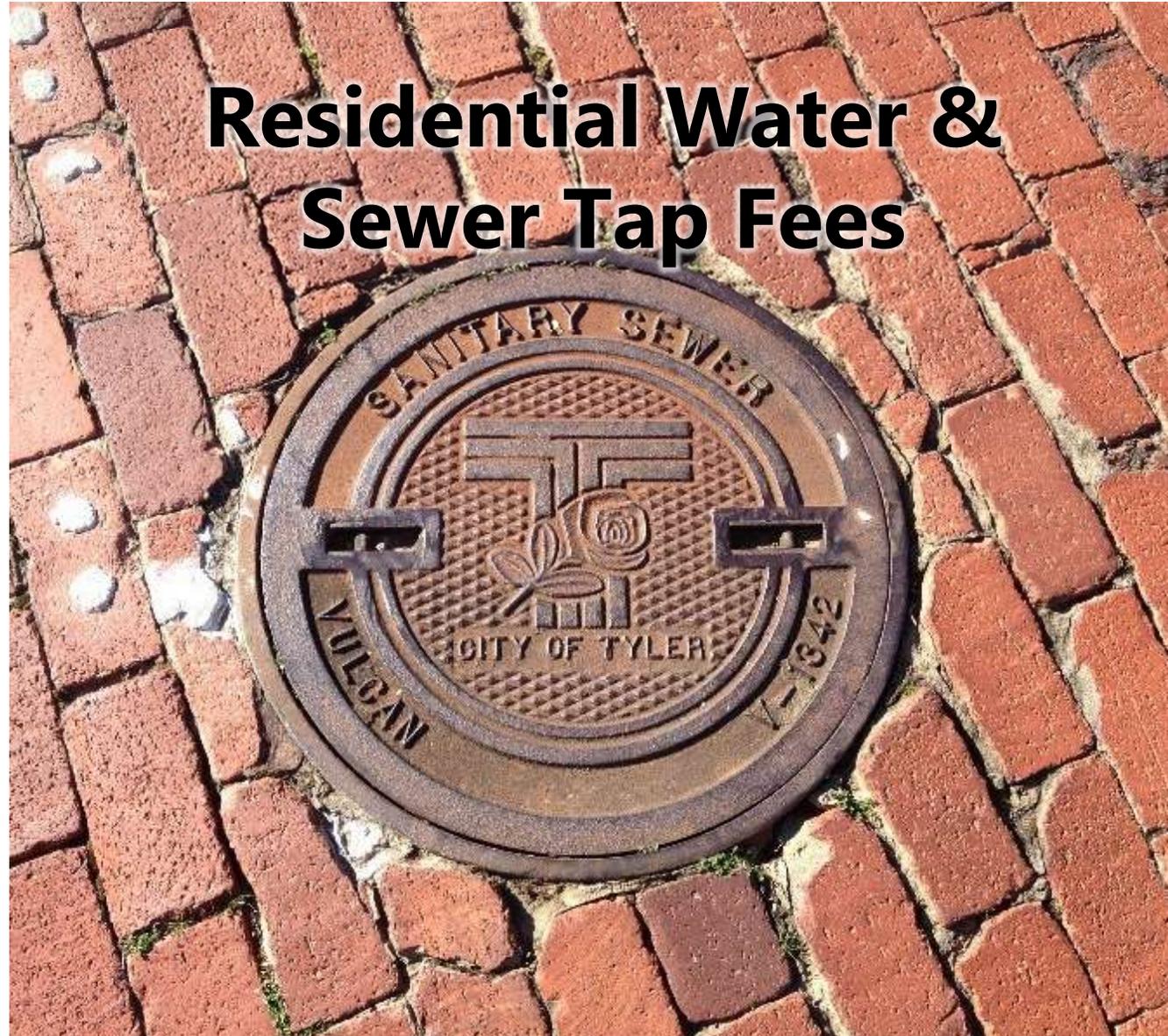
Legend: Complete (Green), In Process (Yellow), Pending (Red)

Clearing, CCTV, ROW Clearing, and Modeling (Orange), Assessment and Design (Yellow), Engineering and Construction (Blue)

# Residential Water & Sewer Tap Fees

## Proposed

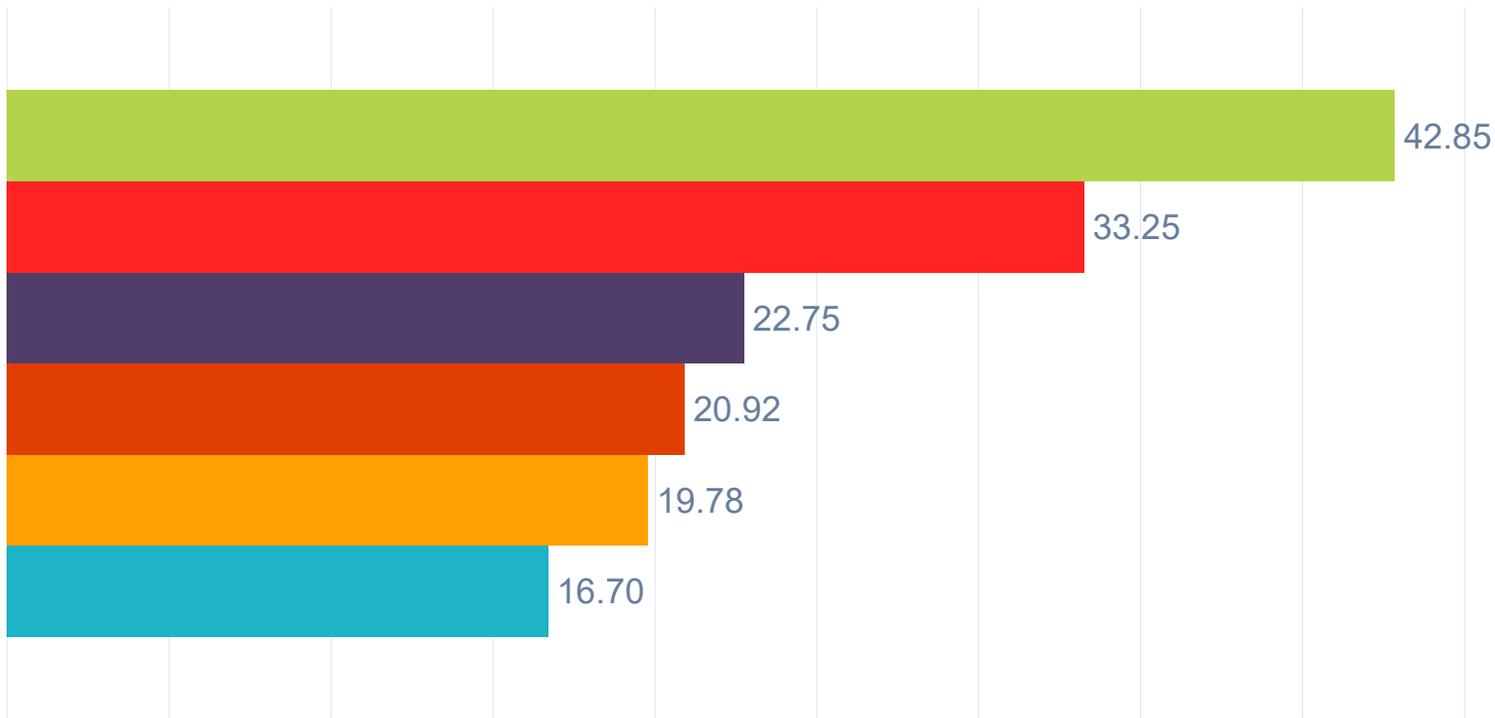
	FY 2019 <u>Current</u>	FY 2020 <u>New Fee</u>
Water Tap	\$1,150.00	\$1,340.00
Meter Set	\$467.00	\$467.00
Sewer Tap	\$1,500.00	\$2,050.00
Sewer Activation	\$26.50	\$26.50
<b>Total:</b>	\$2,393.50	<b>\$3,143.50</b>



# Solid Waste

Ensuring Best Citizen Value

## Solid Waste Comparative Rates - Residential



**30,156**

Residences Served

**2,252**

Commercial Accounts

■ Austin ■ Denton ■ Fort Worth ■ Texarkana ■ Killeen ■ Tyler

# Solid Waste Rate Increases

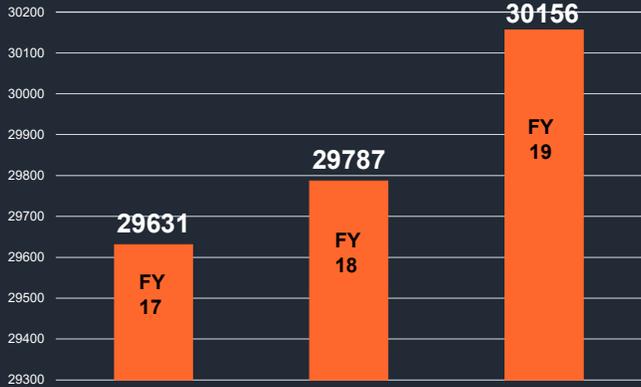
Ensuring Best Citizen Value



## Household Growth

Tyler has a population of 104,798

**Residential Customers**



## History of Excellence

- Rated #1 Garbage Collection Service in Tyler for six consecutive years.
- 19 trash routes – approx 800 stops/day
- 1 recycle route – approx 550 stops
- All proceeds from Landfill Load Fee are reinvested into Keep Tyler Beautiful and Parks projects such as lights, irrigation, and playground repairs.

# Tax Levy Comparison

Tax Levies from City's Adopted FY2018-2019 Budgets

## TYLER

\$0.244452 Property Tax Rate with zero I&S and \$0.24 M&O

## McALLEN

\$0.4792 Property Tax Rate with \$0.04 I&S and \$0.44 M&O

## LONGVIEW

\$0.5099 Property Tax Rate with \$0.13 I&S and \$0.38 M&O

## DENTON

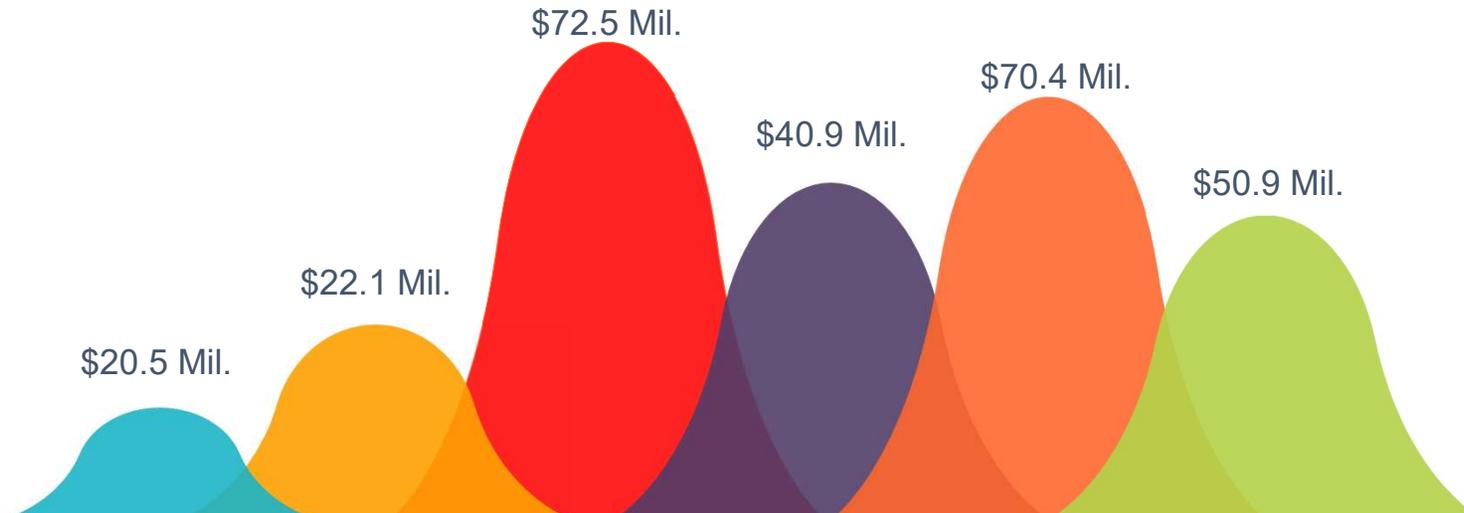
\$0.6205 Property Tax Rate with \$0.22 I&S and \$0.40 M&O

## WACO

\$0.7762 Property Tax Rate with \$0.10 I&S and \$0.67 M&O

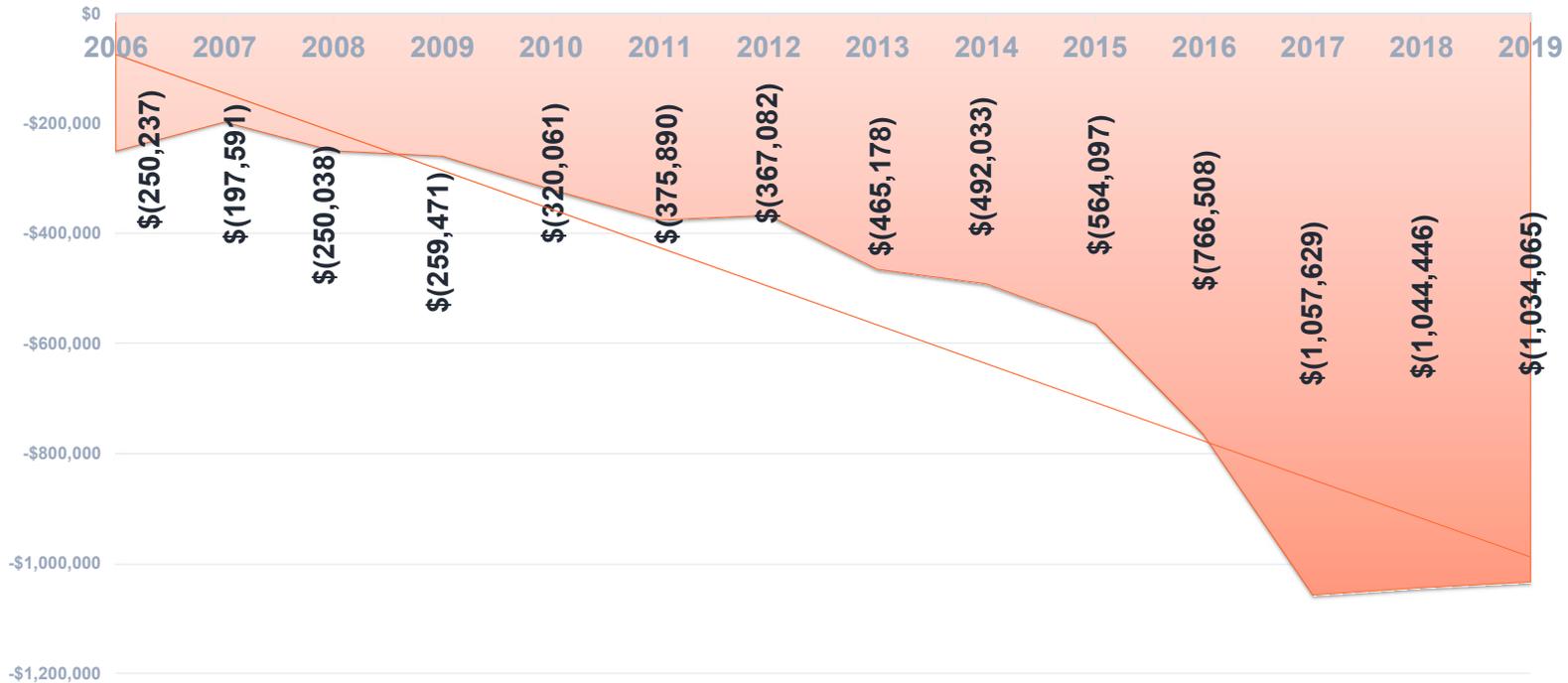
## SUGAR LAND

\$0.3176 Property Tax Rate with \$0.14 I&S and \$0.18 M&O



# Tax Levy Frozen

Over 65/Persons with Disabilities - Tax Ceiling Freeze  
Adopted Fiscal Year 2004-2005

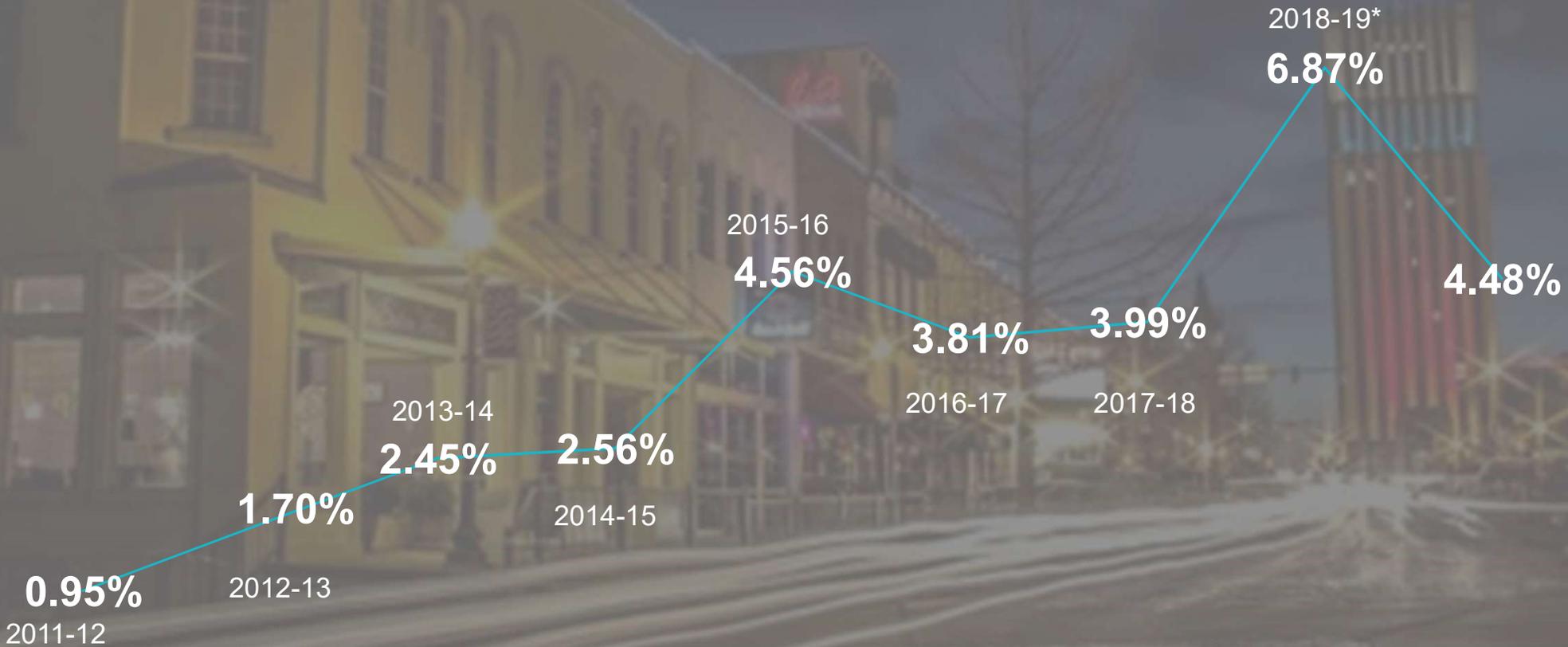


**\$7,444,326 Tax Levy Frozen Since Adoption.**

# Change in Taxable Value

Sustainable Growth

\*Actual change in taxable value (Ardent Acquisition added valuation)



# Martin Heines

Mayor

As we look forward, our focus continues to be our City's infrastructure, public safety and quality of life. Tyler's legacy is one of innovation, change and growth. As Tyler grows, we do more than build for today...



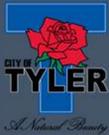
Thank you for working with us to build for tomorrow.  
Tyler Gets Results!



## 2. Sustainable Infrastructure-Equipment

Streets, Traffic, Water, Wastewater, Drainage, Transportation, Parks





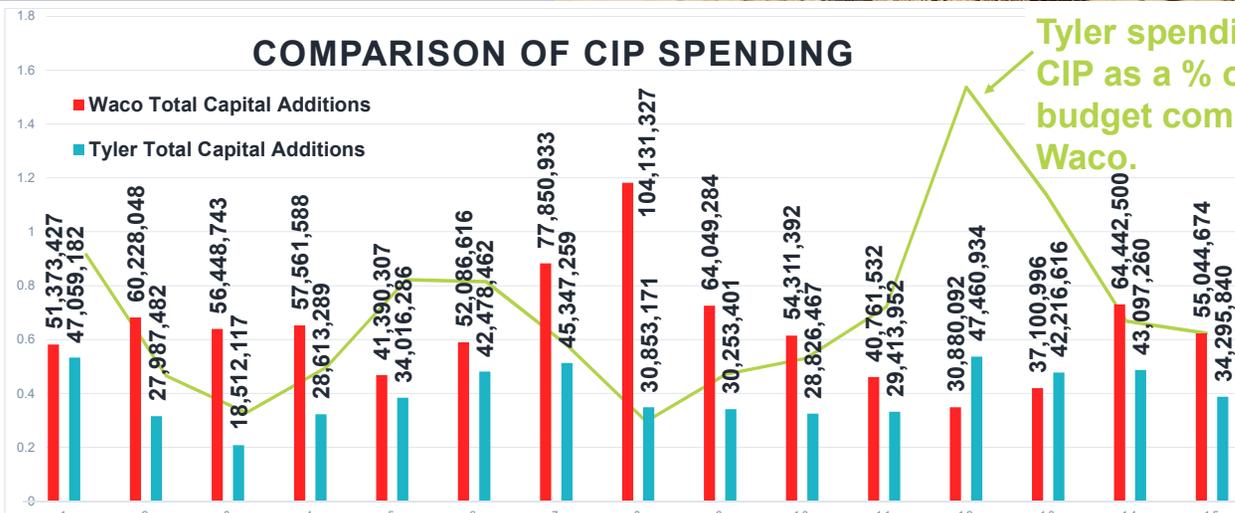
# 2019-20 Half-Cent Projects



## Key Projects

- Continue New Fire Stations 1 & 4
- 4 Drainage Improvements
- Winters Trail Improvements
- Lindsey Pavillion & Restroom
- Bicycle Lane Striping
- Cambridge Road – Broadway to Jeff Davis
- Lakewood Drive Extension
- MLK – Gentry to Broadway
- Shiloh Road – 110 to Old Omen
- Traffic Signal at Grande & Old Noonday

### COMPARISON OF CIP SPENDING



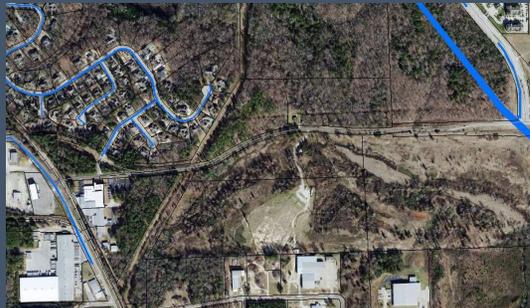
Tyler spending on CIP as a % of total budget compared to Waco.

**\$170** Million in CIP  =  **46¢** Property Tax Rate

# Infrastructure – Water

## Key Projects

- GRWTP Filters 5-8 Refurbish & Chemical Feed Modifications  
\$2,982,300
- Troup Highway Standpipe – interior painting and valve replacement  
\$821,500
- Lake Tyler Retaining Wall Repair  
\$335,917
- 2-inch Water Line Replacement  
\$250,000
- Water Meters, Meter Box Repairs, Meter Box Replacements  
\$300,000



# Infrastructure – Wastewater



## Key Projects

- Southside – Primary Clarifiers Rehabilitation  
\$5,016,800
- Emergency Sewer Repairs  
\$550,000
- Westside Lift Station Pump Replacement  
\$150,000
- Water-Sewer Repair/Relocate for Asphalt Overlay  
\$285,000



# Streets

Pavement Condition  
Index rating average of  
77 "Fair to Good."



- 2017 – \$663,924 toward asphalt seal coat program funded 19.9 lane miles
- 2018 - \$727,627 toward asphalt seal coat program funded 25 lane miles
- 2019 - \$842,509 toward asphalt and Onyx seal coat program funded 27.7 lane miles
- 2020 - City will increase its commitment to the Streets Maintenance Fund by one cent in Fiscal Year 2019-20, making a total commitment of \$0.02000 per \$100 valuation \$1,546,952 toward asphalt and Onyx seal coat program will fund approximately 78.9 lane miles





## Lindsey Park

Renovations on donated bathroom facility for Lindsey and reroof Soccer Concession Stand.



## Southside Park

Over \$700,000 in Half Cent and donations toward new ADA playground and parking.



## Gassaway Park

New playground and basketball court with grant and Park Capital Funds – made more accessible to the community.

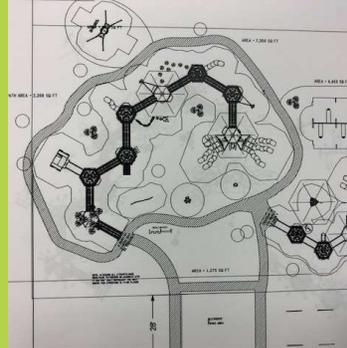
## Fun Forest Park

Design and prepare for splash pad and pool upgrades totaling over \$420,000; Sports Field upgrades



## Woldert Park

New Splash Pad design and purchase in progress; Sports Field upgrades



## Hillside Park

Over \$300,000 renovations: Art Wall, playground, restroom improvements



## Parks and Recreation – 2018/2019 Accomplishments

Renovations, Half Cent Tax Funds, Keep Tyler Beautiful Funds and Donations are keeping Tyler Parks on the move!



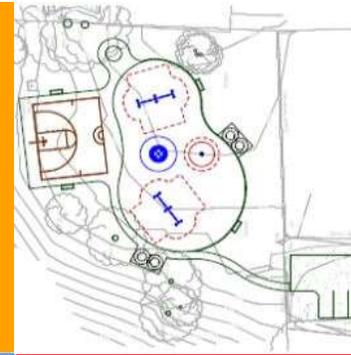
## Lindsey Park

Improve restrooms, concession stands, and field lighting. Tie park to City sewer system. \$347,000 from Half Cent Funds.



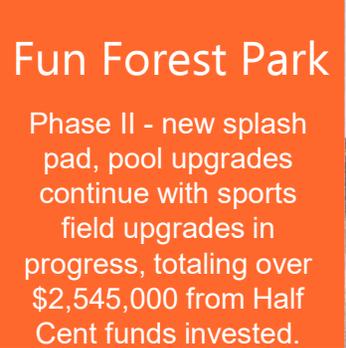
## Southside Park

Construction of all-inclusive playground underway and will continue into 19/20. \$508,000 from Half Cent Funds plus donations.



## Gassaway Park

Continued improvements with new playground, new restrooms, and new lighting. KTB funds over \$268,000.



## Fun Forest Park

Phase II - new splash pad, pool upgrades continue with sports field upgrades in progress, totaling over \$2,545,000 from Half Cent funds invested.



## Woldert Park

Continue Splash Pad and field upgrades totaling over \$850,000 in Half Cent Sales Tax funds.



## W.E. Winters

Trail improvement project with \$407,000 from Half Cent Sales Tax funds.



## Parks and Recreation – 2019/2020 Projects

Renovations, Half Cent Tax Funds, Keep Tyler Beautiful Funds and Donations are keeping Tyler Parks on the move!

# Facilities & Equipment Expenditures

New Downtown Meters

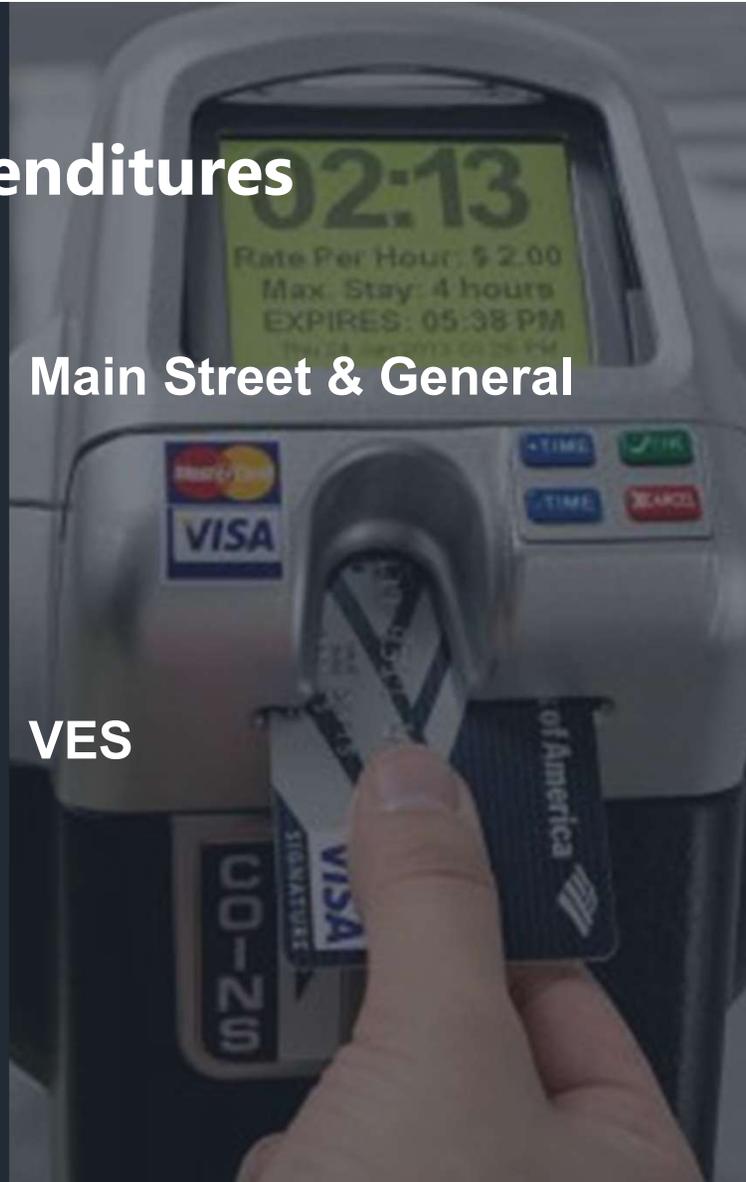
**\$116,000**

Main Street & General

Purchase New Fire Engine

**\$670,000**

VES



# Goal 3. Performance Excellence



Excellence integrated through all we do!

# Public Safety



REPLACED AGING  
**Self-Contained  
Breathing  
Apparatus**  
ON ALL  
FRONTLINE VEHICLES

New Motto Attached to Every Fire Vehicle:  
**"Our Family  
Serving  
Your Family"**

**VIOLENT CRIMES**  
Down By  
**1.41%**



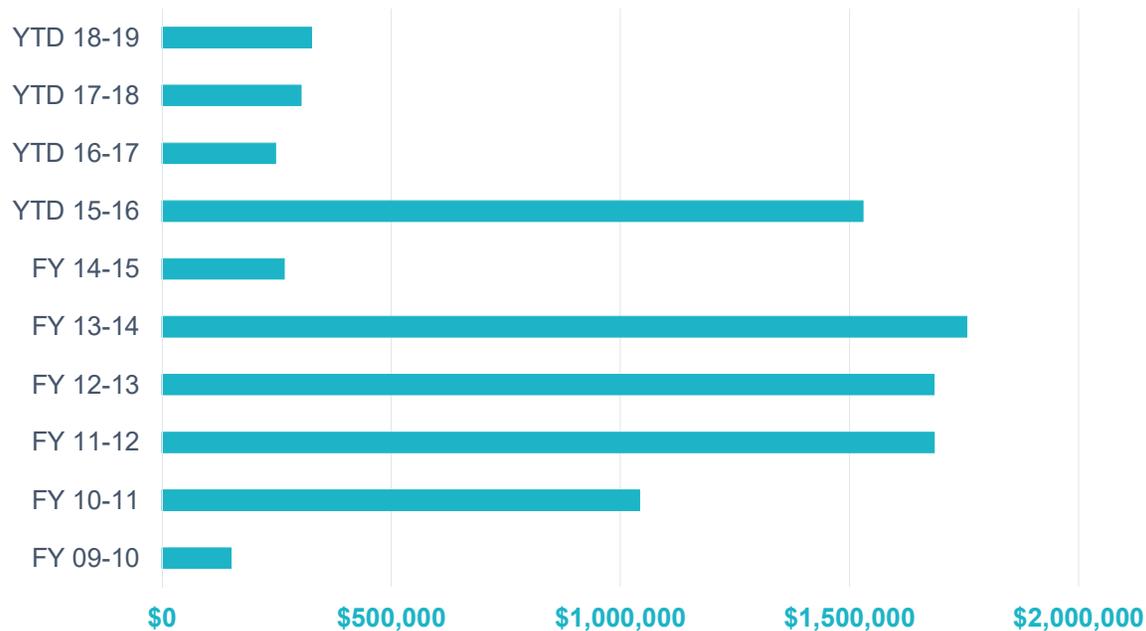
**PROPERTY CRIMES**  
Down By  
**4.42%**



# Employee-led Cost Savings Projects Through Lean Six Sigma



**Lean Six Sigma Project Savings**



## Projects Completed this year include:

- Improve first-responder medical training program
- Parks inventory
- Improve Meter Shop purchasing
- Office 365 implementation
- Cost analysis of building permits and fee adjustment (based upon legislative mandate)
- Streamline mowing for vacant lots
- Reduce turnover in Water Dept.
- Citywide advertising

## 4. Talented & Experienced Workforce

Investing in the People Who Provide City Services

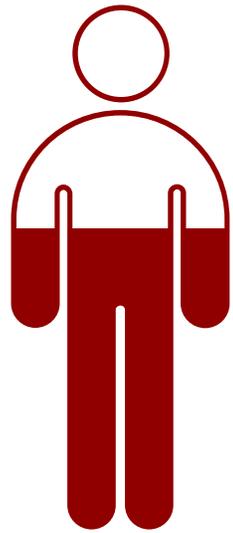


**\$48,908,195** including full-time, part-time and overtime, projected for FY 2019-20.

Payroll is funded from multiple funds based upon employee position.

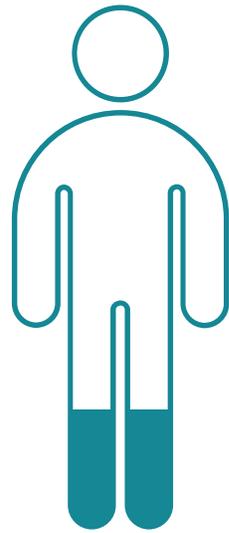
# Workforce Distribution

Department or function expenditure as a percentage of total payroll



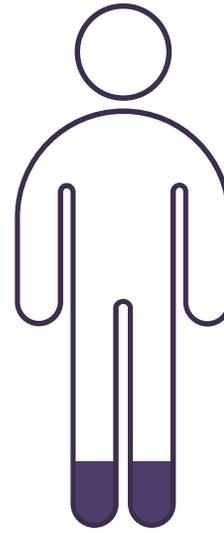
57%

Public Safety



18%

Utilities &  
Enterprise



13%

General  
Government



12%

HOT, Grant, Airport,  
and Misc. Positions

# Workforce Investments & Indicators

Decreasing Turnover and Increasing Retention Trend

## Significant Pay Adjustments

2016 - Create Living Wage

2017 - Market Adjustment for CDL

2017 – Additional Step Pays – Civil Service (est. 1948)

2018 – Brought all positions to minimum of \$12/hour for living wage

2019 – Market rate pay studies for 83 positions

## Compensation & Benefits Recommendation for FY 2019-20

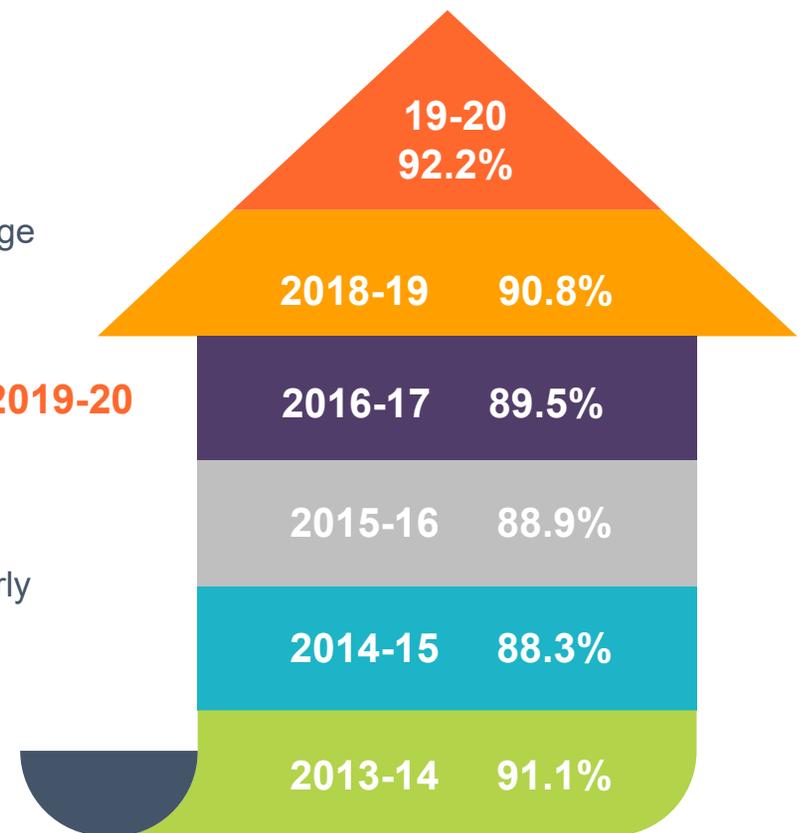
Civil-Service Base Increase of 2%

Non-Civil Service Base Increase of 2%

Lump Sum Payment 1% lump sum payment dispersed quarterly

Additional Positions 2 - police officers (added April 2020)  
2 - fire fighters (added April 2020)

## Retention



The City of Tyler is committed to investing in our employees. To demonstrate this, we are moving to a choice based program for both compensation and benefits, giving employees the opportunity to explore differing options and choosing the best alternatives to meet their needs.

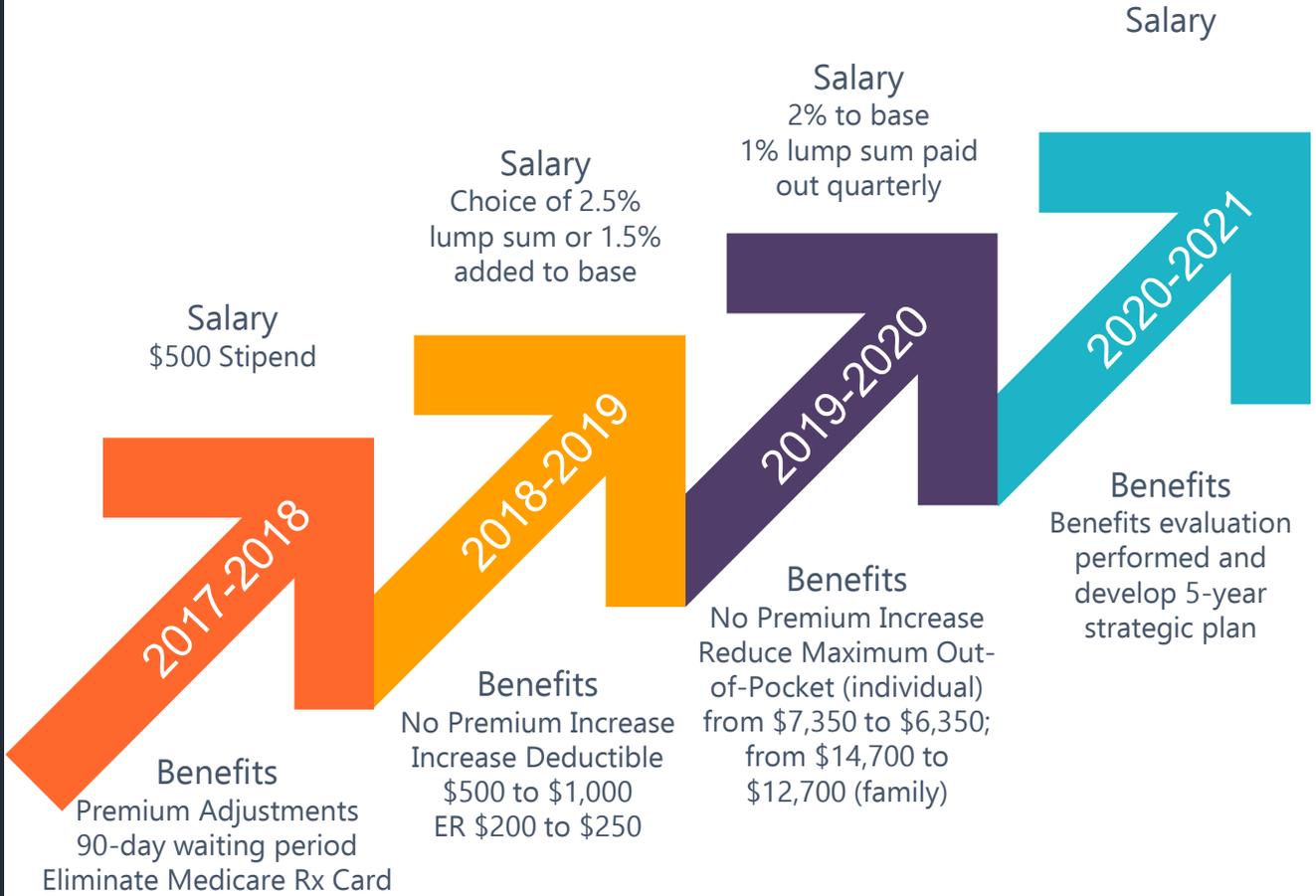
**Compensation**

During FY 2019-20, they will receive 2% based upon merit, with an additional 1% lump sum.

**Benefits**

We are proposing no increase to premiums for the 2019-20 budget year. As we move forward, with the understanding that healthcare costs will continue to rise, it is important to offer a program which allows employees to participate more in how the plan is utilized and designed.

# Three-Year Compensation & Benefits Update



# Additional Workforce Investments

What our staff need, when they need it!

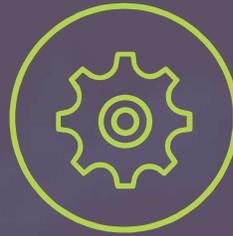


## 5. Public/Private Partnerships



Innovation  
Pipeline

**125 Members**  
**\$140,000 from City**



TACC/TEDC

**\$700,000 to CVB**  
**\$155,000 Various**  
**Economic Development**



Outside  
Agencies

**2019-2020 = \$281,035**  
for outside agencies through HOT  
& General Fund



NET Health

**\$9,751,210 Budget**  
**\$200,000 from City**

## 6. Diverse Economy & Prepare for Growth



Airport  
Tyler Pounds Field



Enhance a Thriving  
Downtown



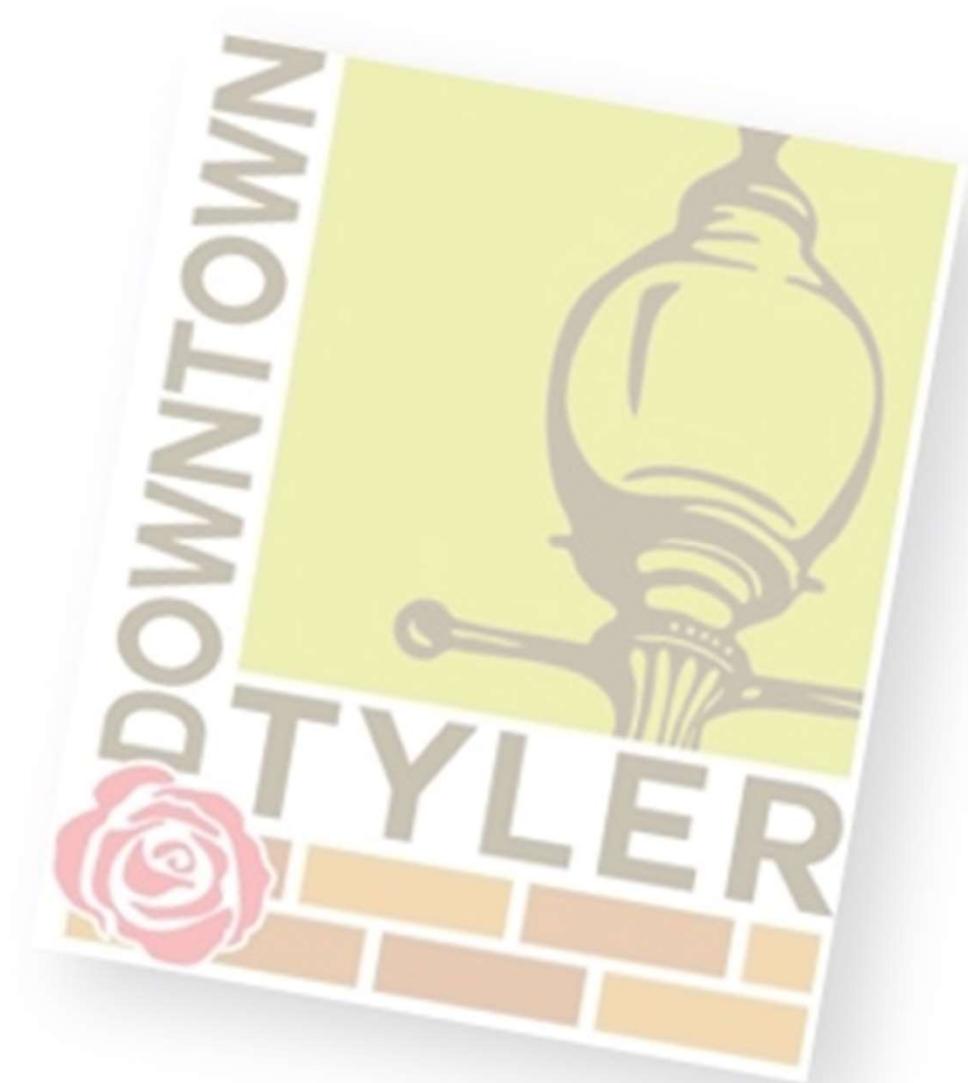
Public/Private  
Partnerships



Collaborate with  
Key Partners

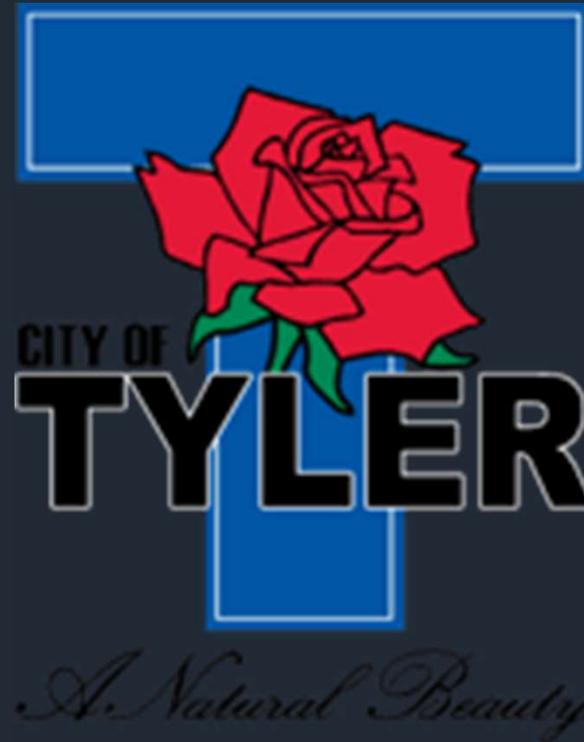
## Enhance a Thriving Downtown

- Working to locate a hotel Downtown
- Obtained Music-Friendly Community designation from Texas Music Office
- Establish a Downtown Visitors' Center/Community Arts Center
- Strengthen existing businesses
- Enhance the public realm, such as: streets, parks, plazas, open areas, signage
- Pursue BUILD grant to enhance South Broadway infrastructure and street-scaping (Front to Erwin)



## Timeline:

1. Consider today's presentation of budget and establish timeline for public hearings and adoption per state law.
2. August 28, 2019 – 1<sup>st</sup> Public Hearing on proposed tax rate and budget.
3. September 11, 2019 – 2<sup>nd</sup> Public Hearing on proposed tax rate and budget.
4. September 25, 2019 – Ordinance adopting proposed tax rate and budget.



## Next Steps:

1. Motion to place adoption of the tax rate and the 2019-2020 Budget as action items on the September 25, 2019 City Council Agenda.
2. Motion to schedule public hearings on the proposed property tax rate and the proposed budget on August 28 and on September 11, 2019 agendas.

