

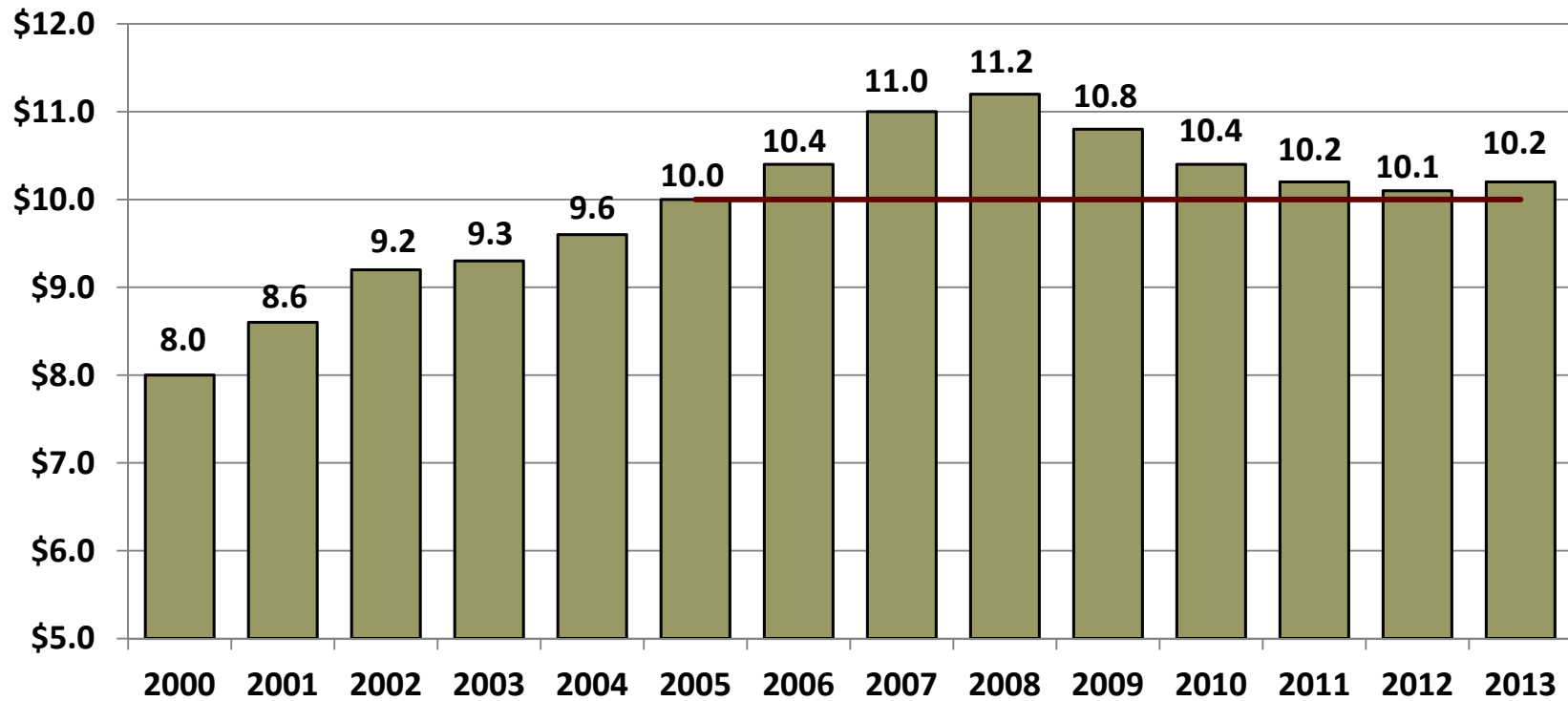
City of Garland

2013-14 Proposed Budget
Preview – Council Work Session
August 5, 2013

Current Economic Environment - Garland

Certified Property Tax Base

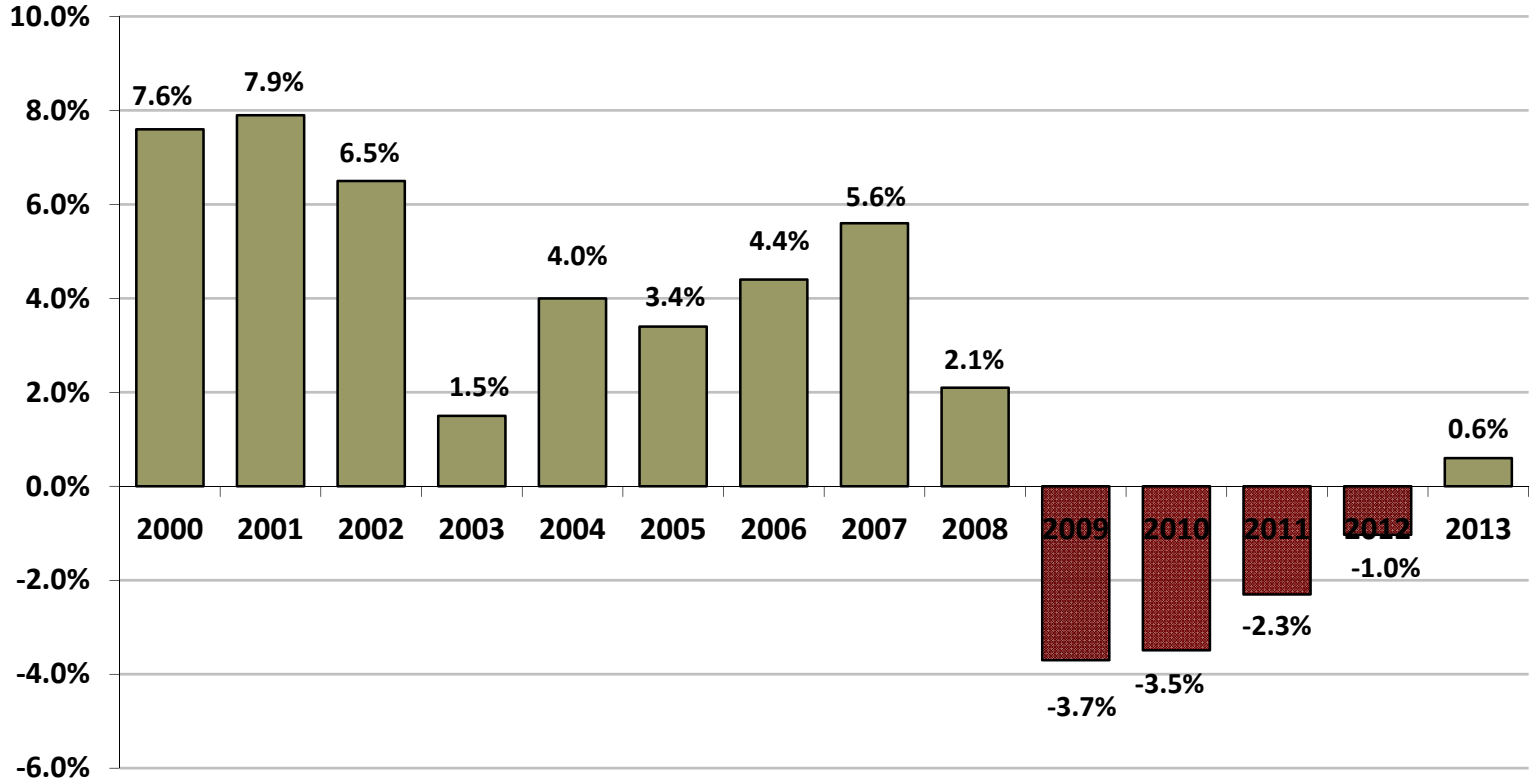
In Billions – Certified Values



Note: 2013 Certified Property Tax Base at \$10,146,680,853

Certified Property Tax Base - Percentage Change

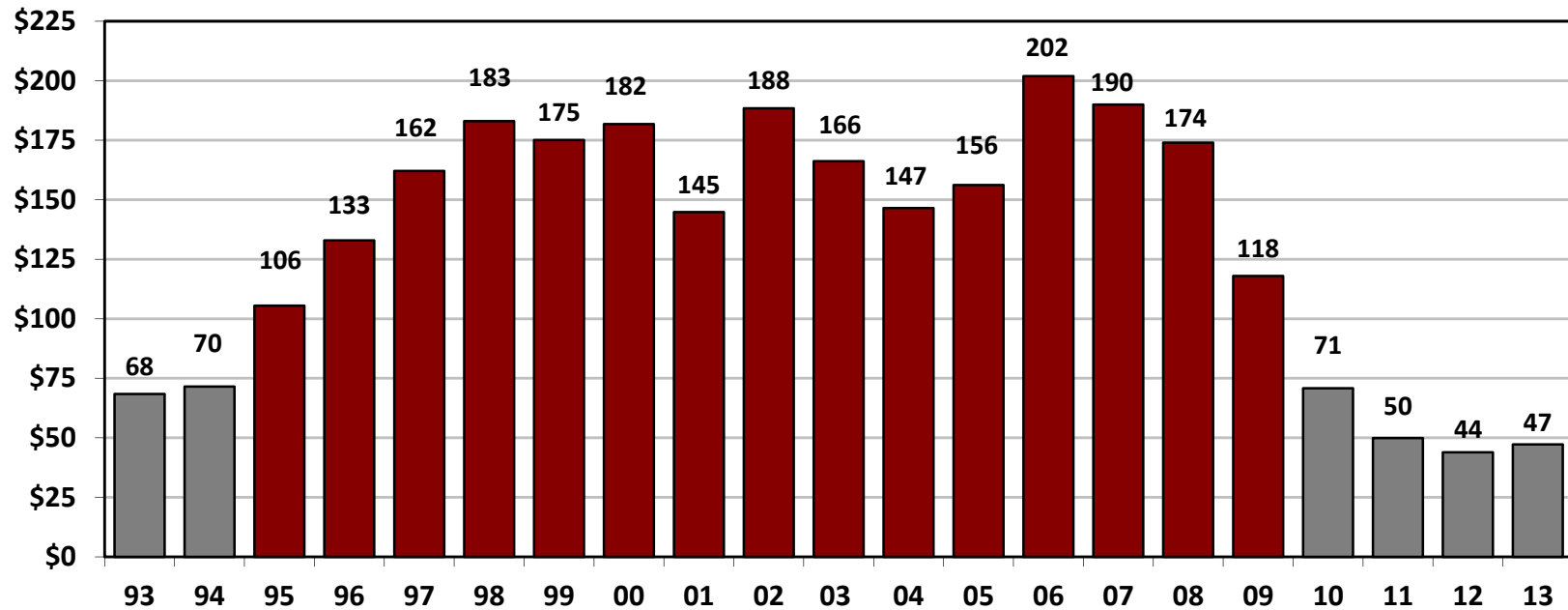
(With Impact of Freeport and Homestead Exemption)



Note: 2013 Increase of \$63.0 million (0.6%).

Certified Property Tax Base Growth

New Construction Values – In Millions



Note: New Construction was a key contributor to revenue growth in the 14 years prior to 2009.
A total of 47.4% of growth in the tax base came from new construction from 2004-2008.

2013 Certified Property Tax Base – Change by Category

(In Millions)

	Residential	Commercial	BPP	Total Base
Total Tax Base Valuation	\$5,806	\$2,924	\$1,417	\$10,147
Change from Prior Year	(\$34.9)	\$103.9	(\$6.0)	\$63.0
Percentage Change	(0.6%)	3.7%	(0.4%)	0.6%
Chg. In Existing Property	(1.1%)	3.2%	(0.5%)	0.2%

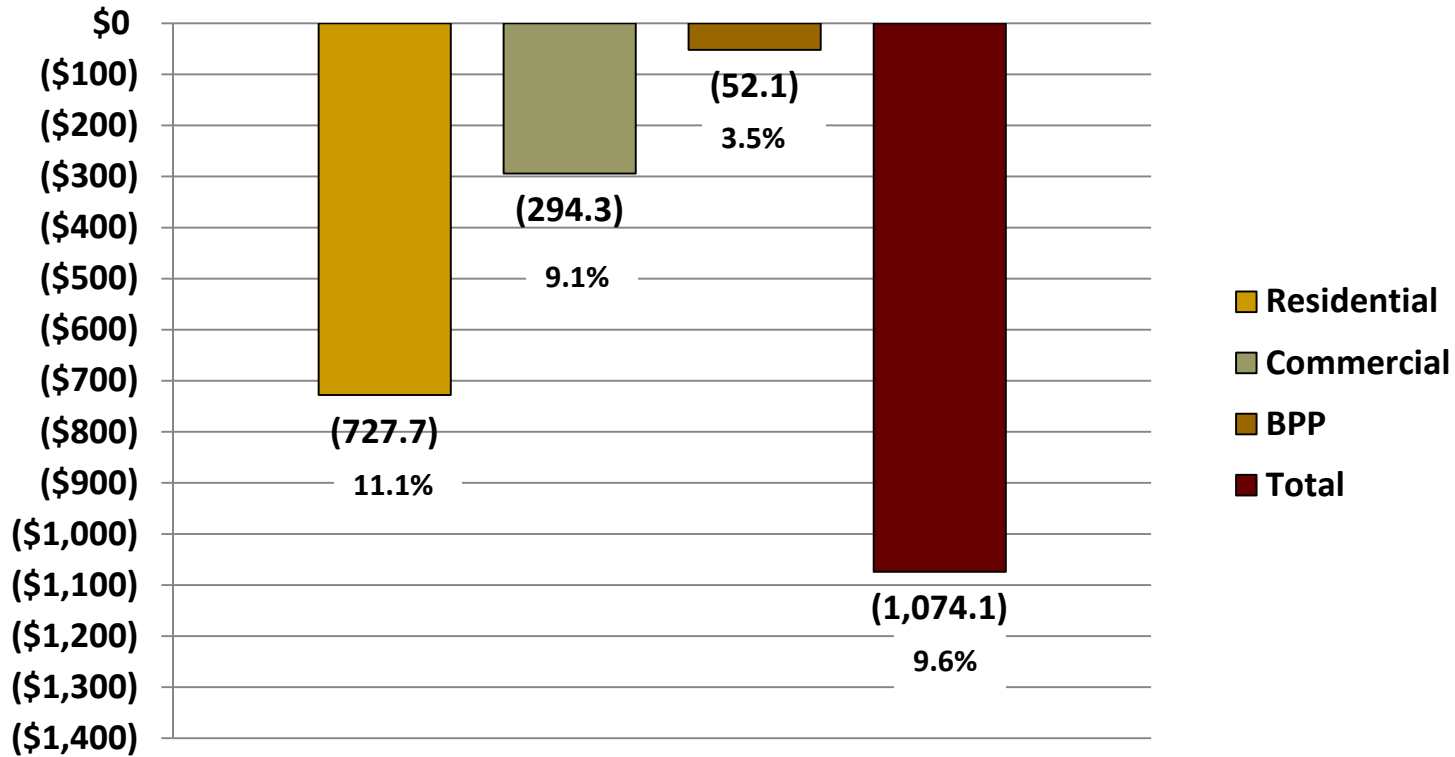
Notes: Commercial – commercial real estate only.

BPP – business personal property such as inventory and equipment – excludes real estate.

Change in Existing Property excludes new construction.

Cumulative Change in Tax Base by Category

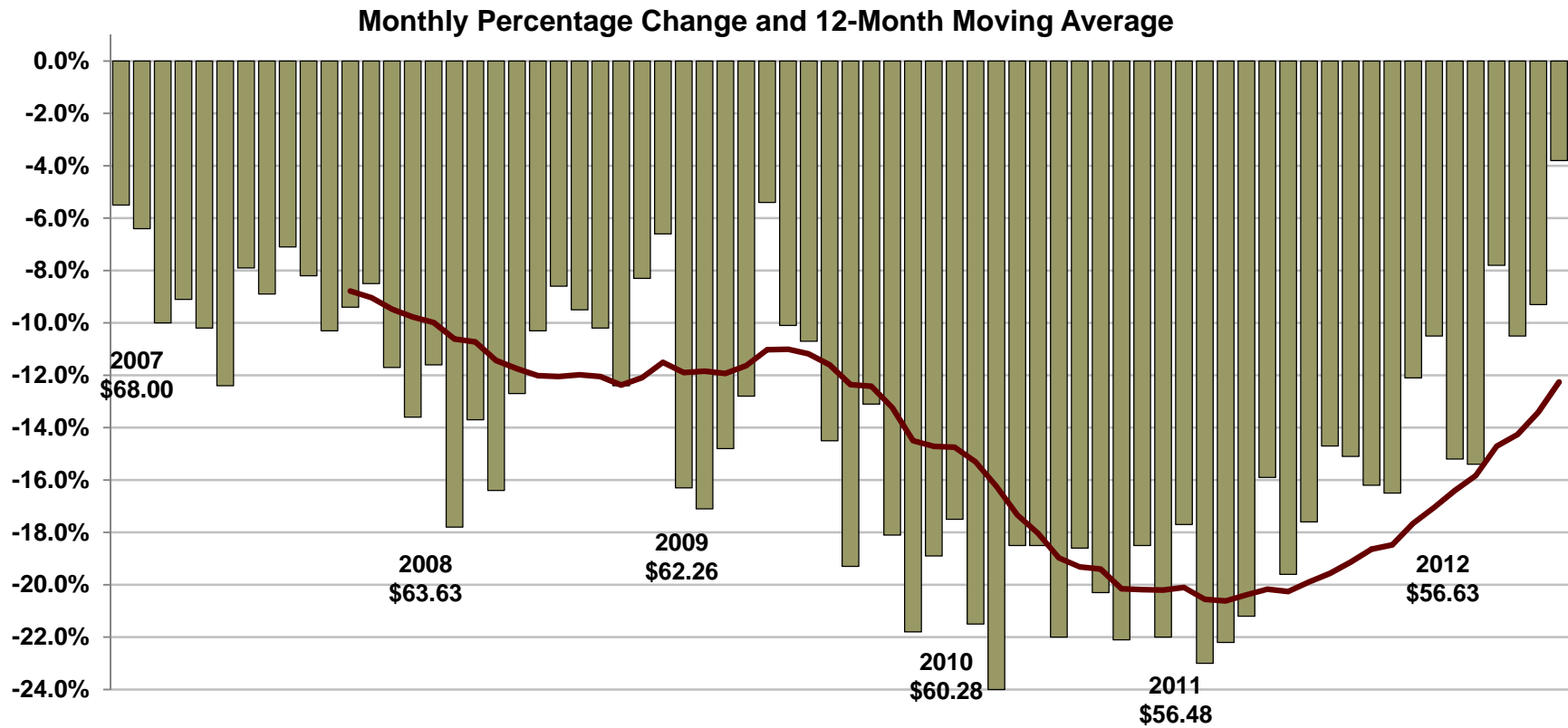
Decline Since 2008 Certified (In Millions)



Note: Total loss of taxable value is \$1.1 billion (9.6%) which equates to \$7.4 million a year in lost property tax revenue from 2008 levels.

Residential Property Values – Garland Market Data

Change from Pre-Recession Levels (Price per Square Foot)

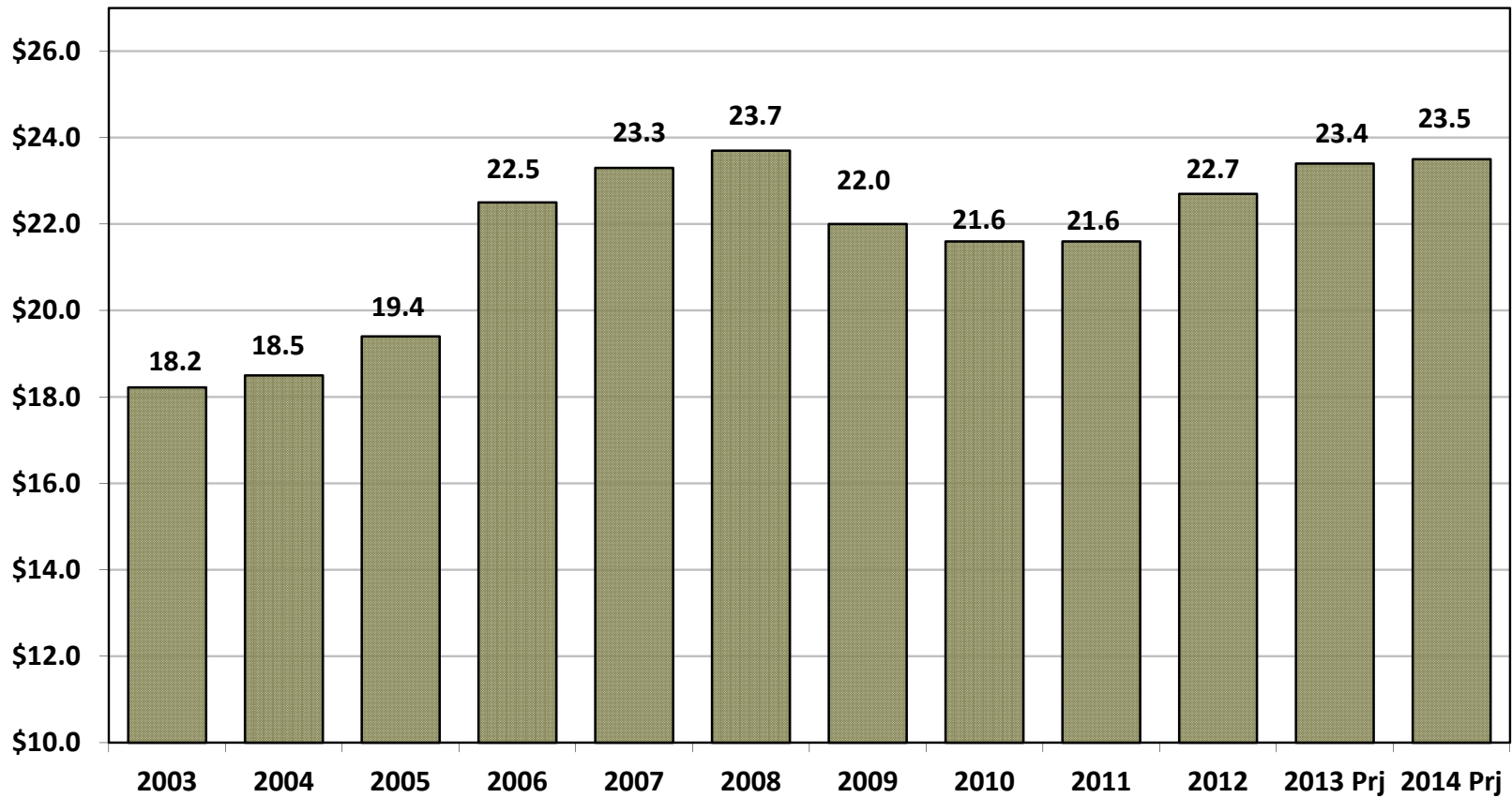


Note: Weighted to reflect Garland's total housing stock.

Based on 12-Month Moving Average – Housing Prices have declined approx. 12.3% from 2007 pre-recession levels.

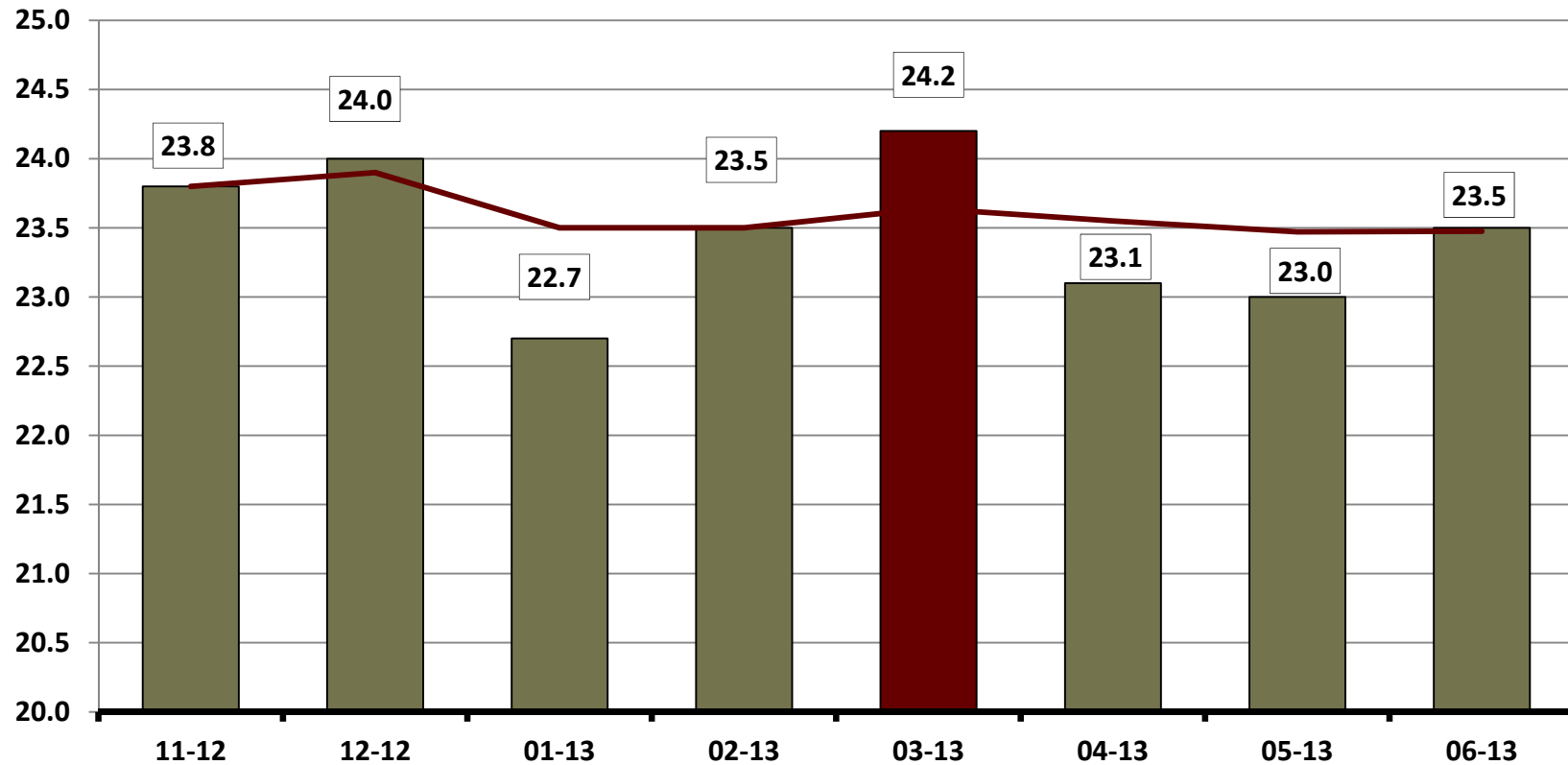
Garland Annual Sales Tax Revenue

(In Millions)



Note: 2014 Projected of \$23,489,576 is \$205,021 (8.7%) below 2008 all-time high of \$23,694,597

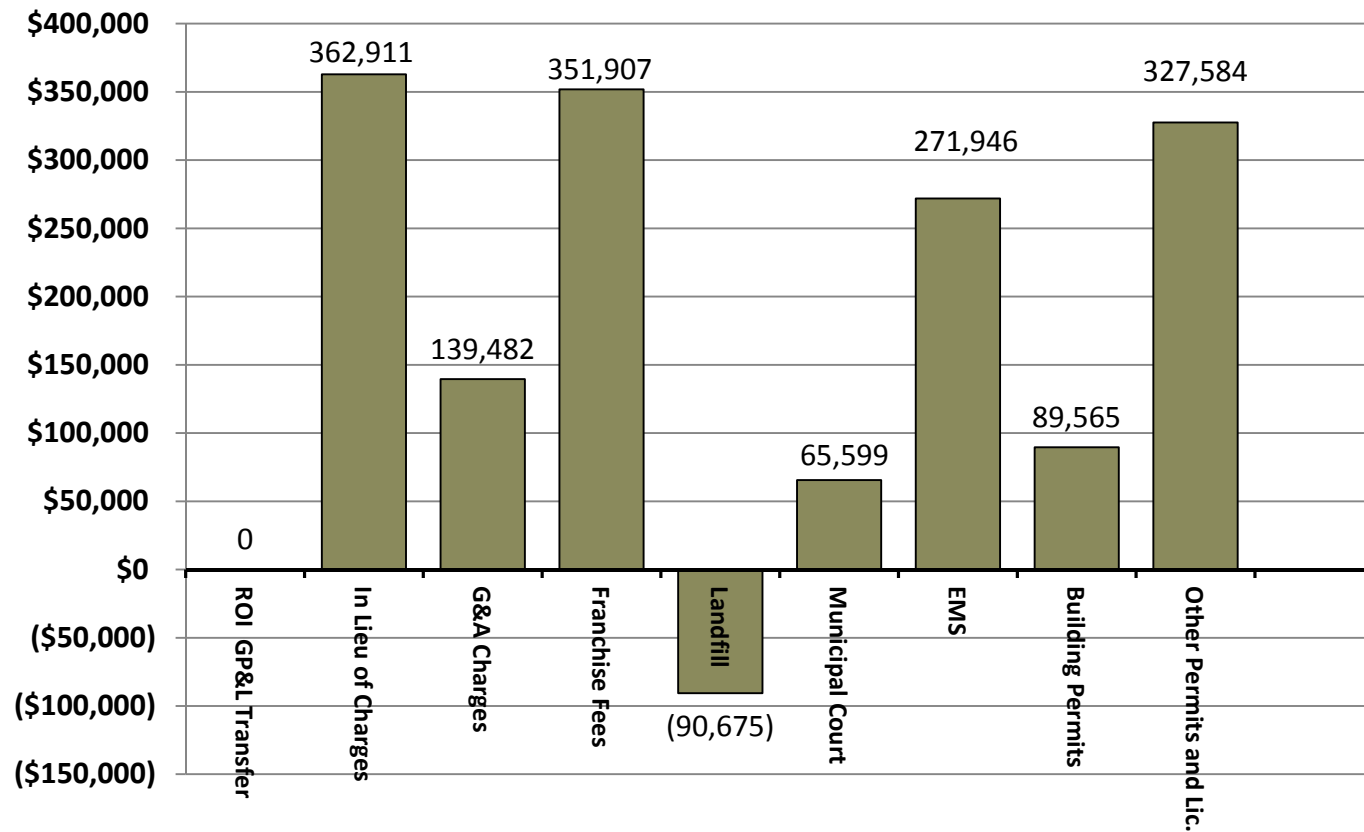
Sales Tax Revenue Trend – Annualized Sales Tax Trends (In Millions)



Note: Projections are based on a 2-month SMA of each month's annualized sales tax revenue.

Other General Fund Revenues

Projected Growth in FY 2013-14 Based on Recent Trends



Based on change from 2012-13 Adopted to 2013-14 Proposed Revenues.



Recap of Local Economic Outlook

- Tax base increased, slightly, after four consecutive years of decline.
- Encouraging signs for residential recovery in next year's values.
- Certified new construction values continue at modest levels but building permits would suggest there is improvement on the horizon.
- Sales tax revenues have rebounded and are just under pre-recession levels.
- Many other General Fund revenues are reflecting positive growth.



Employee and Retiree Healthcare Costs

Factors Impacting City's Cost

Significant Impact on the Development of FY 2013-14 Proposed Budget

- (1) Significant increase in **claims experience** and costs.
- (2) Two-year trend - less claims qualifying for “**stop-loss**” reimbursement.
- (3) Affordable Care Act imposed **new fees** on health plans.
- (4) Affordable Care Act imposed changes in health plans that cap all medical expenses paid by employees to \$6,350. **Shifted cost** to employers.
- (5) **Premium increases** for retiree Medicare, dental, and stop-loss coverage.

2013-14 Proposed Budget



City Manager's Priorities and Philosophies

2013-14 Proposed Budget

- ❑ Maintain Property Tax Rate at 70.46 Cents Per \$100 of Valuation.
- ❑ Maintain Current Service Levels.
- ❑ Increase employee base pay to the extent funding will allow.
- ❑ Mitigate significant cost increases in employee and retiree healthcare.

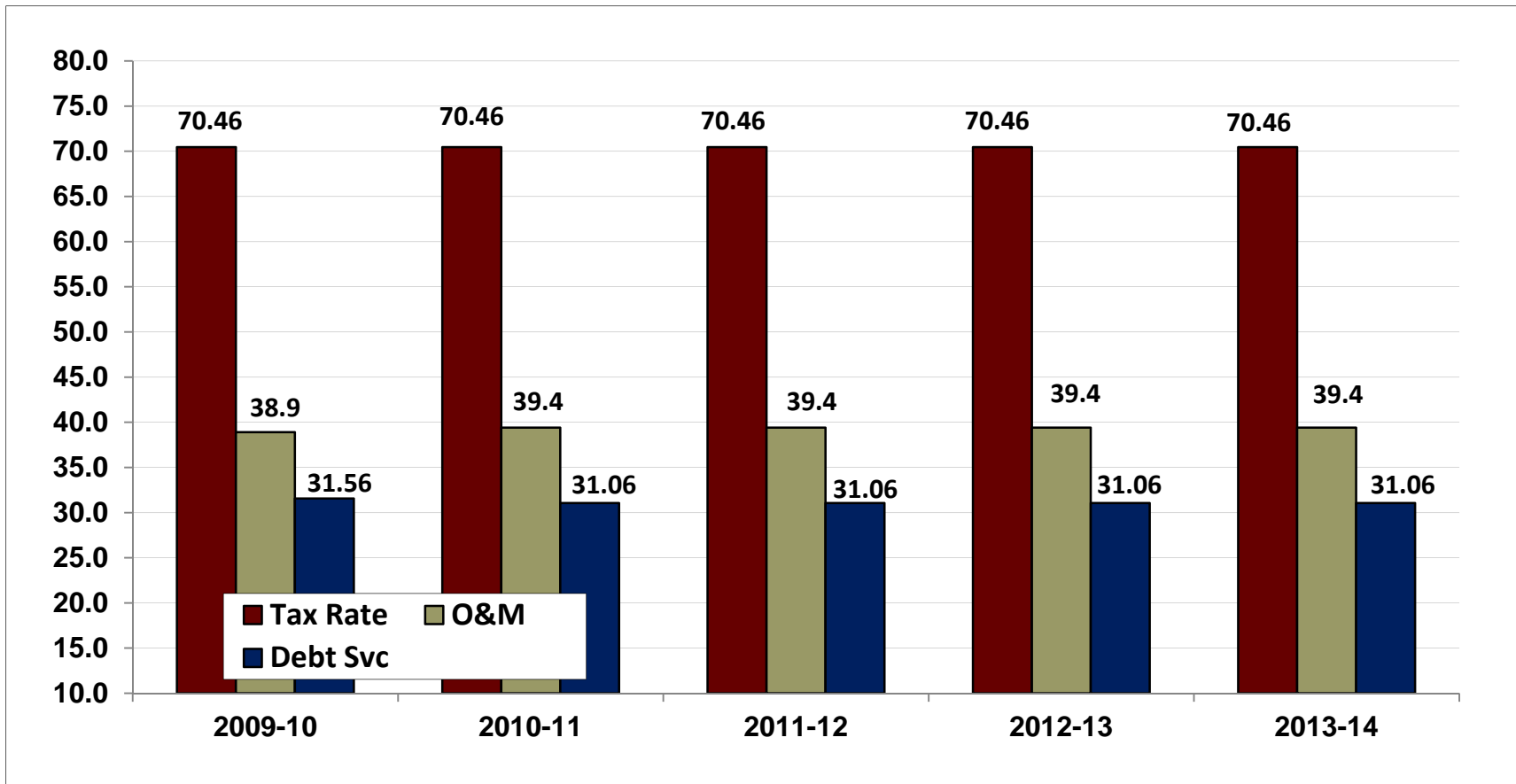
General Fund

2013-14 Proposed Budget (Rounded to Nearest Hundred)

Funding Resources	
Revenues	\$137,968,700
Available One-Time Fund Balance	1,465,000
Total Funding Resources	\$139,433,700
Funding Uses	
Salaries and Benefits	\$100,659,600
Operating Expenditures, Capital, and Transfers	38,750,600
Total Funding Uses	\$139,410,200
Available Funds	\$23,500
Fund Balance Reserve – 30-Day Requirement Met	\$10,735,600

Property Tax Rates

Cents Per \$100 of Valuation



Fifth Consecutive Year at 70.46 Cents Per \$100 Valuation

General Fund Proposed Budget

Significant Resource Changes from 2012-13 Adopted Budget

Resources – Changes:

Property Tax (net of increase in collections)	\$ 468,000
Sales Tax (net of incentives)	850,000
Franchise Fees	352,000
EMS Transport Fees	272,000
Water, Wastewater, and Solid Waste – In-Lieu Charges	364,000
General & Administrative Charges	139,000
GP&L Economic Development Transfer	947,000
Other Revenues	593,000
Net Change in Ongoing Revenues	<u>3,985,000</u>
Change in Available One-Time Fund Balance	<u>(677,000)</u>
Total Projected Change in Resources	<u>\$3,308,000</u>



General Fund Proposed Budget

Significant Changes from 2012-13 Adopted Budget

Expenditures – Changes:	
Net Personnel Cost	\$ 1,470,000
Proposed Employee Lump Sum Payment	1,460,000
Prior Year Lump Sum Payment	(1,923,000)
Healthcare Cost	705,000
Economic Development Department	947,000
Net Increase in Operating and Capital Expenditures	373,000
Net Increase in Support Services and Transfers	16,000
Total Change in Proposed Expenditures	\$ 3,048,000

Pay Increases for City Employees

Proposed for FY 2013-14

Classification	Ongoing January	One-Time April
Public Safety – Civil Service Structure	1.5%	1.5%
Public Safety – Civil Service Step	Included	
Skill-Based – Utilities Structure	1%	2%
General Schedule – Market	Included	
General Schedule	1%	2%

Healthcare Plan Changes

Proposed for FY 2013-14

Proposed plan changes are recommended due to escalating claims cost and the impacts of the Affordable Care Act. Plan changes for single coverage in the City’s Core Plan are outlined below:

Plan Features	Current	2013-14	Change
Deductible	\$500	\$1,000	\$500
Doctor Visit Co-Pays:			
Primary Care	\$30	\$35	\$5
Specialist	\$50	\$55	\$5
Urgent Care	\$75	\$100	\$25
Emergency Room Visit	\$250 + 20%	\$500 + 20%	\$250
Rx Co-Pays:			
Generic	\$10	\$10	\$0
Preferred Brand	\$40	\$45	\$5
Non-Preferred Brand	\$80	\$90	\$10
Cap on Out-of-Pocket	None	\$6,350	

Employees participating in the Commit to Wellness (C2W) Program will not see an increase in their monthly premiums.

Proposed 2013-14 Utility Rates

(Based on Typical Residential User - Monthly Average)

<u>Utility Services</u>	<u>2012-13 Monthly Charge</u>	<u>Proposed Change</u>	<u>2013-14 Monthly Charge</u>
Electric	\$140.04	None	\$140.04
Water	39.11	4.24	43.35
Sewer	39.79	0.81	40.60
Trash and Recycling	17.58	None	17.58
Stormwater Fee	<u>2.88</u>	<u>None</u>	<u>2.88</u>
Totals	<u>\$239.40</u>	<u>5.05</u>	<u>\$244.45</u>



2013-14 Proposed Consolidated Budget

General Fund, GO Debt Service Fund, Utility Funds,
Other Enterprise Funds, and Grant Funds

\$629.1 Million

Increase of \$56.6 Million (9.9%)

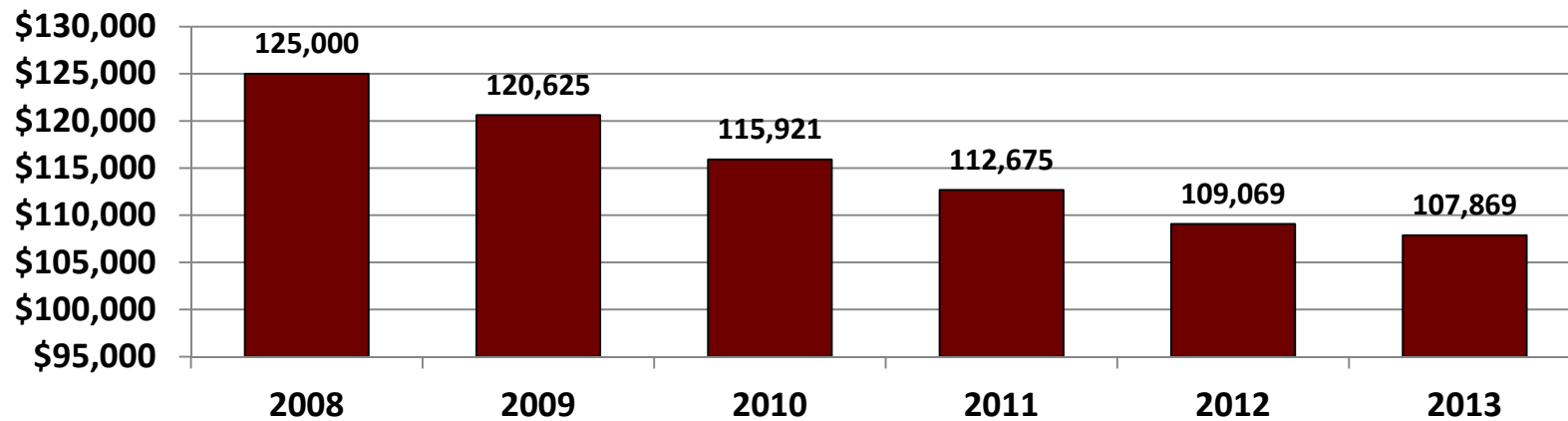
Increase is Primarily Related to GP&L Fuel, Energy
and Demand Charges

General Fund - \$139.4 Million

Increase of \$3.0 million (2.2%)

Impact of Declining Property Values for Taxpayers

(Based on Home Valued at \$125,000 in 2008)




	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Cumulative
Value Change	Base Year	(3.5%)	(3.9%)	(2.8%)	(3.2%)	(1.1%)	(13.7%)
Tax Rate – Cents	69.96	70.46	70.46	70.46	70.46	70.46	0.5
Property Taxes	\$ 804.54	\$781.93	\$ 751.44	\$730.40	\$707.02	\$699.24	(\$105.30)
Annual Change in Prop. Taxes	Base Year	(\$ 22.61)	(\$30.49)	(\$21.04)	(\$23.38)	(\$7.78)	

Note: Property Taxes include impact of 8% Homestead Exemption.
 Percent Decline in Annual Property Taxes Paid – Cumulative \$105.30 (13.1%).
 Equivalent to a 9.2-Cent Decrease in Property Tax Rate from 2008 – 0.7 cents for 2013-14.



Proposed 2013-14 Budget

Summary and Review

- 
- (1) Maintains current tax rate at 70.46 cents.
 - (2) Maintains current service levels.
 - (3) Provides an increase in employee base pay to the extent funding will allow.
 - (4) Mitigates significant cost increases in employee and retiree healthcare.
 - (5) Increases monthly water bills by an average of \$4.24.
 - (6) Increases monthly sewer bills by an average of \$0.81.
 - (7) Average homeowner will see an \$8 reduction in their annual City property taxes – bringing the total reduction from 2008 levels to \$105.

Budget Review Calendar

Date	Day	Start Time	Activity
Aug 5	Mon	Normal Work Session	Budget Highlights
Aug 6	Tues	Regular Session	Formal Presentation
Aug 19	Mon	Normal Work Session	Budget Presentations
Aug 20	Tues	Regular Session	Public Hearing
Aug 22	Thursday	Special Budget Work Session 7:00 P.M.	Budget Work Session
Aug 29	Thursday	Special Session 7:00 P.M.	Public Hearing
Aug 29	Thursday	Special Budget Work Session (following P. H.)	Budget Work Session
Sept 3	Tues	Regular Session	Adoption of Budget
Sept 17	Tues	Regular Session	DEADLINE FOR ADOPTION