



Budget in Brief

Fiscal Year 2016 - 2017



MESSAGE FROM THE CITY MANAGER

Fiscal Year 2016 - 2017



I am pleased to present the City of Round Rock's Adopted Budget for fiscal year October 1, 2016 through September 30, 2017. This document contains spending plans and revenue estimates for all major funds citywide. The City continues to take a conservative approach to its financial and operational planning. The decisions that are made now strongly influence what the City will look like and how it will operate for years to come. With this in mind, City staff has been challenged with this budget to consider both the short- and long-term implications of the recommendations.

STRATEGIC PRIORITIES

In February 2016 the City Council affirmed and refined its 6 strategic goals. The total adopted budget of \$323.5 million is focused on furthering these goals. Select operating additions and capital projects for the upcoming year are summarized below by the strategic goal they most closely support.

»» **Financially Sound City Providing High Value Services**



- Planning & Development Services has added a Building Plans Examiner and a Development Coordinator position to keep up with the rapid pace of development.
- Continued commitment to Annual Facilities Repair & Replacement and the Technology Internal Service Fund to maintain our physical and technological infrastructure.
- Funding for cost increases for staff compensation and benefits.
- Additional funding for a new Customer Information System for Utility Billing.

»» **City Infrastructure**



- Transit Service Expansion pilot program to offer a circulator transit service to increase transportation options available in Round Rock.
- Neighborhood street maintenance funding increase of 50%.
- General Services has added a Superintendent for Building Construction to better manage ongoing construction projects of new City buildings and facilities.
- Improvements and expansions in the water system (\$5.1M), wastewater system (\$9.7M), drainage system (\$8.6M), and network of roads and streets (\$45.9M).

»» **Great Community to Live**



- Trail expansions for Brushy Creek, Heritage West, Heritage East, and Lake Creek Trails.
- Planning and siting a location for the new Library.
- Fire has added a Fire Code Inspector and an additional Assistant Fire Chief to ensure the Department has the resources needed to provide fire and life safety support for the growing population.
- Police has added 7 sworn officers and a Community Affairs Specialist civilian position based on recommendations from a recent staffing study.
- The new \$27 million Public Safety Training Facility will go under construction in October 2016 with an estimated completion date of May 2018.

»» **"Sports Capital of Texas" for Tourism and Residents**



- The Multipurpose Field Complex at Old Settler's Park will open for local use and limited tournaments in May 2017. The budget includes \$585,000 for operations of the new facility.
- Begin planning for up to \$3.9 million of repairs and improvements at the Forest Creek Golf Club, and a new management company will be selected to oversee operations.
- Sports Management & Tourism Department has been established through this budget process to centralize the efforts for expanding and improving "Sports Capital of Texas" programs and facilities.

»» **Authentic Downtown - Exciting Community Destination**



- The Baca Center may see the addition of a Black Box Theater to provide an exciting new destination in downtown Round Rock.
- The new Communications & Marketing Department has \$90,000 for marketing initiatives for downtown Round Rock.
- Phase 5 of the Downtown road improvement projects will be completed in March 2017.

»» **Sustainable Neighborhoods**



- The Neighborhood Services division of the Administration department has added a Community Services Matching Grant Program for \$15,000.
- Continue funding the Annual Parks & Recreation Department Repair & Replacement funding for the replacement of several neighborhood playgrounds.
- Transportation has added a Construction Inspector position to keep up with the rapid pace of development and a new program to outsource mowing and maintenance of right-of-ways to provide higher levels of service.

GENERAL FUND

Most of the new staffing and operating costs intended to maintain service levels in the midst of rapid population growth are included in the General Fund.

- This document maintains the City's focus on sound financial management by -
 - Complying with its policy that ongoing revenues must cover ongoing expenses, and
 - Meeting operations reserves and concentration risk requirements with \$37.9 million total for 2016/17.
- Additional spending totaling \$3.1 million, an increase of 3.2%, provides for additional staffing and operating costs.
- Fourteen (14) new positions to be added:
 - Fire 2
 - Police 8
 - General Services 1
 - Transportation 1
 - Planning 2

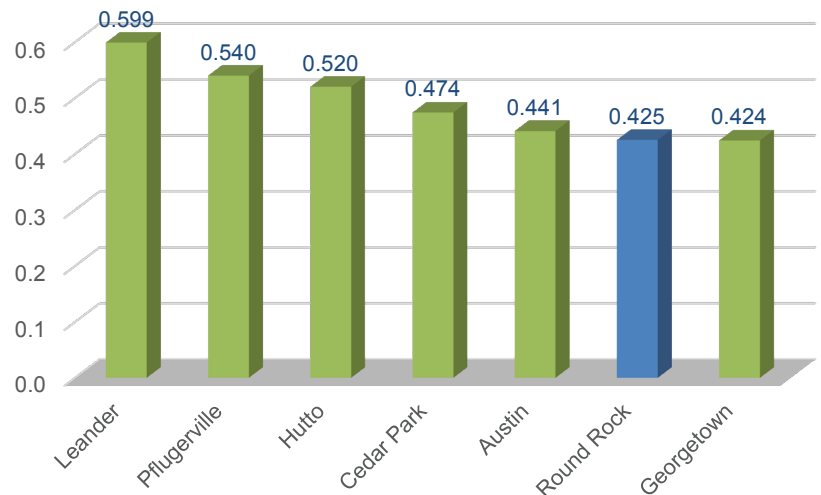
PROPERTY TAX

The FY2017 certified taxable property value for Round Rock is \$11.3B, an increase of 7.6% from last year's \$10.5B. The average residential home value is \$240,179.

The property tax rate for FY2017 is \$0.42500 per \$100 of valuation.

- The tax rate is an increase of 3.07 cents over the effective rate of \$0.39428, and well below the rollback rate of \$0.42961.
- The average home, valued at \$240,179 will pay \$1,201 per year in city property taxes, which is an increase of \$74 per year or \$6.15 per month.

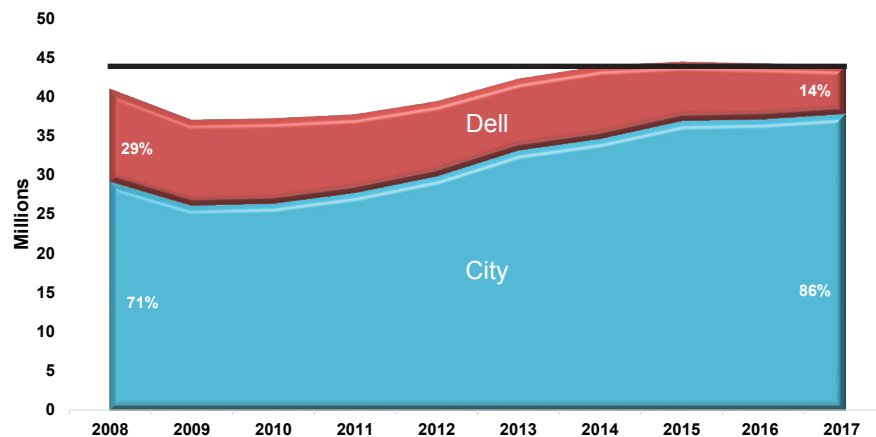
With a rate of \$0.42500, the City continues to have one of the lowest rates in Central Texas, and is among the lowest rates in the state for medium-sized cities.



SALES TAX REVENUE

The economic environment is a major contributor to the City's resources. Sales tax provides 45% of the revenue needed for the City's \$97.5 million General Fund budget, and is the primary funding source for the City's Type B Corporation, which supports roads and economic development.

- While the City has reduced its reliance on Dell receipts, the non-Dell portion has grown from \$29.3 million in 2008 to a projected \$37.8 million for 2017.
- Total sales tax collections for the City have remained relatively flat over the past 10 years with \$41.0 million in 2008 and \$43.9 million expected in 2017
- The reduced reliance on both Dell and Sales tax in general makes the City's finances less volatile in the future.



GENERAL SELF FINANCE

The City uses excess revenues and unspent funds to pay for major capital expenses, one-time capital needs and repair and rehabilitation costs for city parks, streets, public safety equipment and facilities. Using this pay-as-you-go philosophy has been a major contributor to maintaining a low tax rate and excellent long-term financial stability, while providing high quality, well maintained equipment and facilities. In 2016/17, the City will use available cash funds to pay for:

Beginning available balance	\$11.1 million
Regional Animal Shelter Expansion Phase 1	\$2.50 million
Forest Creek Golf Club Improvements	\$2.00 million
PARD, Facilities, & IT	\$2.25 million
Sign Replacement Program	\$350,000
Transit Pilot Expansion	\$184,500
Public Safety Radios & Equipment	\$907,000
Play for All Park Expansion	\$500,000
New Vehicles & Equipment	\$594,000
Ending available balance	\$1.8 million

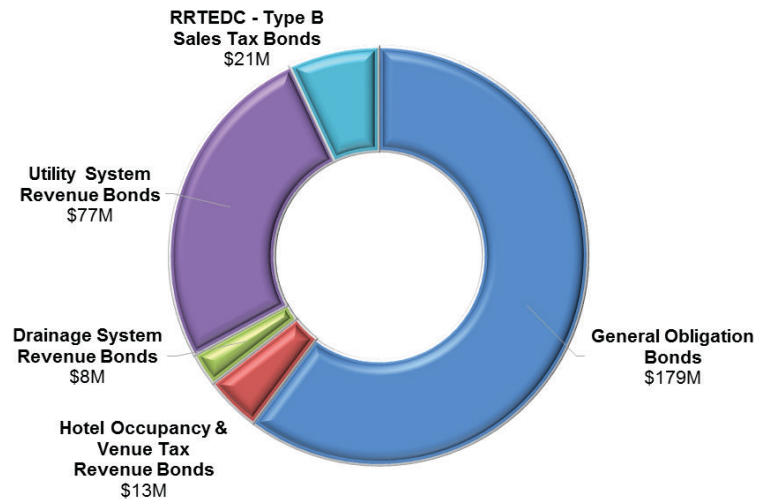
DEBT

The City continues to maintain excellent credit and received an upgrade from Standard and Poors on its Utility Revenue bonds. Both the City's GO bonds and Utility Revenue bonds are rated AA+. The City's debt is managed through dedicated funds and long-term planning for projects.

New debt for 2017

An additional \$30,875,000 in new GO bonds are scheduled for the spring of 2017 to continue the capital bond projects approved by voters in the 2013 bond referendum. The issue will include Fire Facilities - \$9.5M, Parks & Recreation facilities - \$10.3M, and the Public Safety Training Facility - \$11.1M.

Outstanding Debt by Type



UTILITY FUND – WATER AND WASTEWATER

The City's water and wastewater operations total \$63 million in 2016/17 for operations and capital needs. There are **no retail rate increases for water or wastewater** in the Budget; however a scheduled wholesale water rate increase of 10.1% will go into effect in October 2016.

- Major cost items in water and wastewater include: Raw water - \$6.4 million
- BCRUA regional water treatment/transmission facility - \$4.7 million
- BCRWWS regional wastewater treatment facility - \$9.6 million

The Budget includes revenues and expenditures for a new Water Treatment and Transmission agreement with the City of Georgetown approved by Council on June 9, 2016.

DRAINAGE FUND

This fund provides a stable funding source for the maintenance of the City's storm water system. There are no rate increases included in the Budget. This fund includes \$2.6 million in operating costs, \$577,000 in debt service, and a projected five-year capital improvement program totaling \$26.1 million.

HOTEL OCCUPANCY TAX AND SPORTS CENTER FUNDS

The local hotel/motel industry continues to be a particularly vibrant industry in Round Rock. At budget adoption time, the City has a total of 2,651 rooms, a number expected to hit 3,000 by April 2017. Occupancy rates remain among the highest in the state at 75%. These funds support the City-owned Dell Diamond, the Convention & Visitor's Bureau, the new Sports Center and partial funding for the new Multipurpose Field Complex opening in Old Settlers Park in May 2017. Starting in FY 2016/17, a maximum of 5% of the Hotel Occupancy Tax revenue may be used for the City's Arts programs.

ROUND ROCK TRANSPORTATION & ECONOMIC DEVELOPMENT CORPORATION (“TYPE B”) FUND

The Type B fund receives its revenues from ½ cent of the City’s local sales tax. This provides \$16.4 million per year for various transportation and economic development programs. Ninety percent (90%) is allocated for roads, drainage, and other transportation system improvements, including maintenance costs associated with such authorized projects. Ten percent (10%) of revenues are used for economic development related projects that further grow jobs in Round Rock.

Capital Improvements Program (CIP)

The City manages its current assets and keeps up with growth through CIP master planning for Parks and Recreation, Roads, Water and Wastewater Utilities, Stormwater Drainage, and City Facilities.

Major projects in 2016/17 include:

Administration

Regional Animal Shelter Expansion Phase 1	\$2.8 million
Forest Creek Golf Club Improvements	\$3.9 million

Parks & Recreation

Heritage Trail East	\$3.3 million
Heritage Trail West	\$3.3 million
Lake Creek Trail	\$1.0 million
OSP Multipurpose Field Complex Completion (total project cost: \$27M)	\$14.3 million
Play for All Park Expansion	\$500,000

General Services

Luther Peterson Maintenance Facility	\$13.5 million
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Public Safety

Public Safety Training Center	\$27.0 million
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Transportation

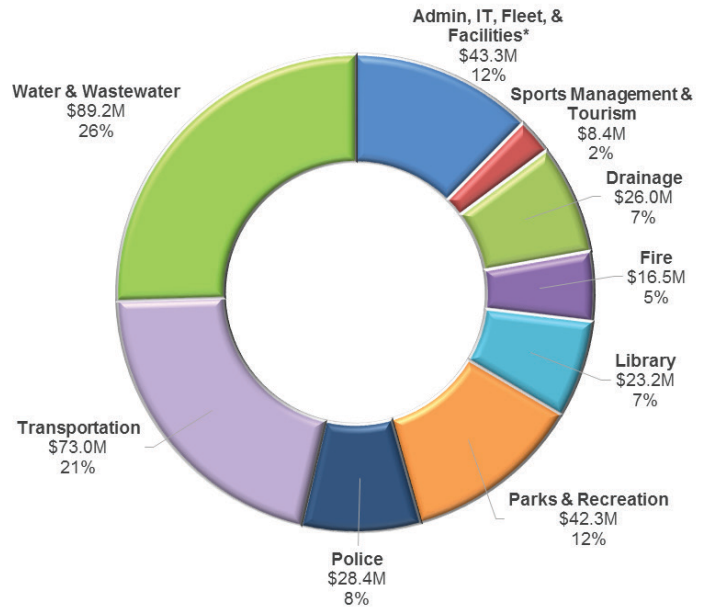
East Bagdad Extension (Type B)	\$3.0 million
Southwest Downtown Phase 5 & 5B	\$9.4 million

Utility/Drainage

Drainage System Improvements	\$8.6 million
Water System Improvements	\$5.1 million
Waste Water System Improvements	\$9.7 million

Over the next 5 years, the City expects to spend \$350.3 million on improvements in all of these areas, with 60% funded by cash.

5 Year CIP by Use



CONCLUSION

I believe the budget reflects a fiscally responsible approach to improving the City’s current infrastructure and meets current demands while maintaining the City’s strong financial position.

Laurie Hadley, City Manager