

Fiscal Year 2017/18

Budget in Brief



ROUND ROCK TEXAS

MESSAGE FROM THE CITY MANAGER

Fiscal Year 2017-18



I am pleased to present the City of Round Rock's Adopted Budget for fiscal year October 1, 2017 through September 30, 2018. This budget contains spending plans and revenue estimates for all City funds. 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 2017 the City Council affirmed and refined its 6 strategic goals. The total adopted budget of \$330.0 million is focused on furthering these goals. Select operating additions and capital projects funded in the upcoming year are summarized below by the strategic goal they most closely support.

» Financially Sound City Providing High Value Services



- Planning & Development Services is adding 4 engineering staff 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.
- Increases in funding for staff compensation and maintaining benefits.
- Funding for a retail redevelopment strategy through the Round Rock Chamber of Commerce.

» Great Community to Live



- Trail expansions for Brushy Creek, Heritage West, Heritage East, and Lake Creek Trails.
- Siting and designing a location for the new Library on Mays Street downtown.
- Fire is adding 9 new sworn fire staff and a Logistics Officer to staff new Fire Station 9 and to improve coverage across the City.
- Police is adding 2 Detectives and an additional Crime Scene Specialist.
- Parks and Recreation is adding a Parks Maintenance Worker to maintain the soon-to-be-expanded Play for All Abilities Park.

» City Infrastructure



- Transportation is adding a new crack fill crew with 4 new positions to help prolong the life of City streets.
- Water and Wastewater is adding 4 new positions to better maintain the City's water and wastewater systems.
- General Services is adding a Custodian and a Facility Maintenance Technician to better maintain City facilities.
- Improvements and expansions in the water system (\$13.3M), wastewater system (\$10.5M), drainage system (\$6.3M), and network of roads and streets (\$42.9M).

» Sustainable Neighborhoods



- Planning is adding an additional Code Enforcement Officer to help facilitate code compliance with the added work load associated with continued growth and the new fence and trash can ordinances.
- Continued commitment to neighborhood park improvement projects with projects planned in FY 2018 for the Round Rock West Park, Frontier Park, and Meadow Lake Park.
- The annual neighborhood street maintenance program will again receive \$3 million in funding.

» "Sports Capital of Texas" for Tourism and Residents



- The Multipurpose Complex at Old Settler's Park opened for local use and limited tournaments in May 2017. The adopted budget includes \$793,000 for operations of the new facility.
- The Forest Creek Golf Club will be closed from October 2017 to August 2018 for a full course reconstruction. The adopted budget includes \$3.7 million for the project.
- The Sports Management and Tourism department is adding an Assistant Coordinator for Operations and Events and a Coordinator for Marketing and Advertising to ramp up marketing for the conventions and meetings industry.

» Authentic Downtown - Exciting Community Destination



- General Services is adding a Downtown Maintenance Technician to maintain downtown including sidewalks and parking garages.
- The playground at Memorial Park is scheduled for replacement in FY 2018.
- The Depot Townhomes development will begin in FY 2018 which will provide more housing opportunities in downtown for new residents of Round Rock.
- Continued downtown street improvements including East Bagdad Extension (\$3.7 million) and Southwest Downtown Phase 5B (\$3.3 million).

GENERAL FUND

Most of the new staffing and additional operating costs are for bond projects approved by voters in November 2013 and for rising costs. The adopted budget 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 \$38.3 million total for 2017/18.
- Additional spending totaling \$2.6 million, an increase of 2.6%, provides for additional staffing and operations.
- Adopted budget adds 28.88 new full-time equivalents (FTEs):
 - Fire 10.00
 - Police 3.00
 - General Services 3.00
 - Transportation 4.00
 - Planning 5.00
 - Parks & Recreation 3.38
 - Library 0.50

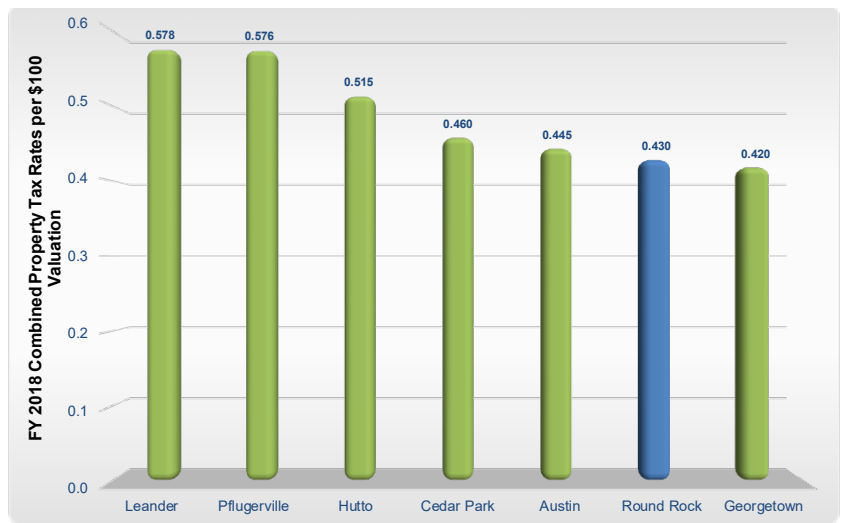
PROPERTY TAX

The FY 2018 certified taxable property value for Round Rock is \$12.5 billion, an increase of 9.9% from last year's \$11.3 billion. The median residential home value is \$227,714.

The adopted property tax rate for FY 2018 is \$0.43 per \$100 of valuation.

- The adopted tax rate is an increase of 2.7 cents over the effective rate of \$0.40317, and below the rollback rate of \$0.43494.
- Most of the increase, 2.1 cents, pays for debt and operating costs for projects approved in the November 2013 bond election.
- The median home, valued at \$227,714 will pay \$979 per year in city property taxes, which is an increase of \$91 per year or \$7.58 per month.

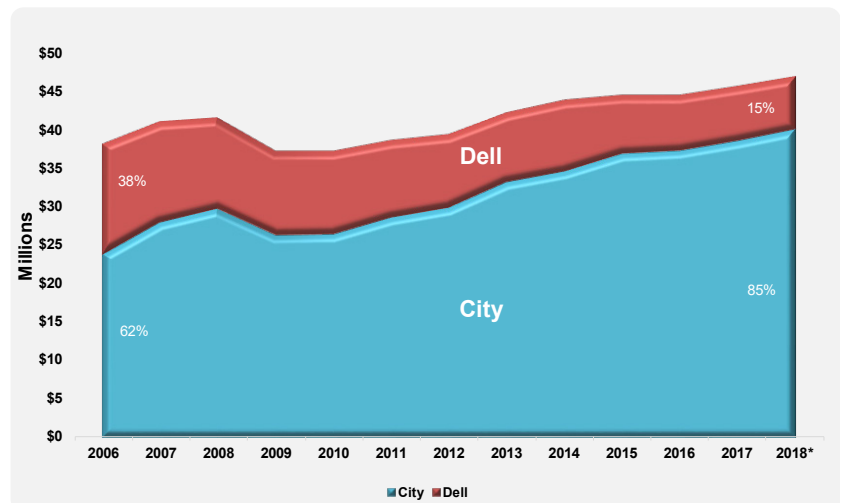
With an adopted rate of \$0.43, the City continues to have one of the lowest rates in Central Texas, and is among the lowest rates in the state for medium-sized cities.



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 \$105 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 \$23.8 million in 2006 to a projected \$40.1 million for 2018.
- The reliance on sales tax has declined over the past 10 years, from making up 48% of General Fund revenues in 2008 to 45% in 2018.
- 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, 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 2017/18, the City will use available cash funds to pay for:

Beginning available balance	\$9.6 million
PARD, Facilities, & IT Repair & Replacement	\$2.25 million
Public Safety Radio Replacements	\$970,000
New Fire Engine	\$750,000
One-Time Transfer to Golf Fund	\$740,000
Clay Madsen Soccer Fields	\$500,000
New Vehicles & Equipment	\$487,000
Sign Replacement Program	\$350,000
Ending available balance	\$3.6 million

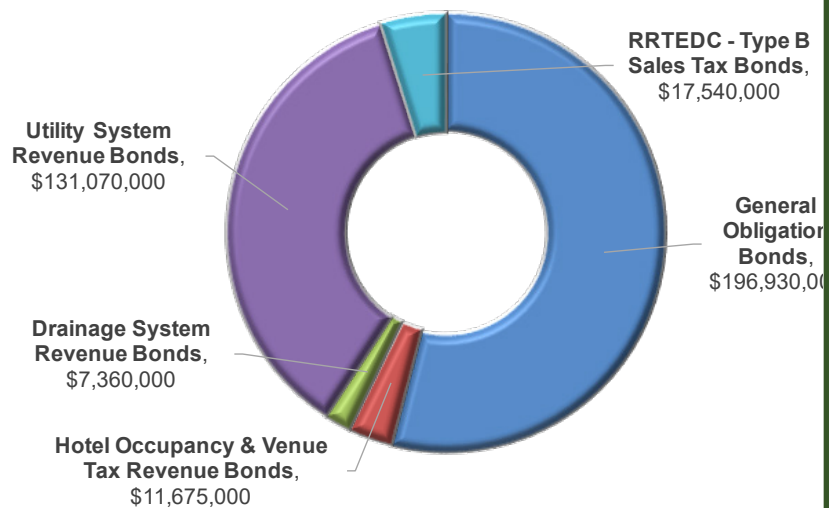
DEBT

The City continues to maintain excellent credit and received an upgrade from Standard and Poors on its Utility Revenue bonds in 2016. 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 2018

An additional \$7 million in new CO bonds are planned for the spring of 2018 for the General Fund's portion of the new Luther Peterson Public Works Facility.

Outstanding Debt by Type



UTILITY FUND – WATER AND WASTEWATER

The City's water and wastewater operations total \$43 million in 2017/18 for operations and capital needs. There is a 3.5% water rate increase in the Adopted Budget to fund future capital projects and rising operating costs.

Major cost items in water and wastewater include:

- Raw water - \$3.9 million
- BCRUA regional water treatment/transmission facility - \$4.9 million
- BCRWWS regional wastewater treatment facility - \$2.6 million

The Adopted Budget also includes funding for new Utility Billing software and a new Utility Customer Engagement Platform. Both are scheduled to go live in early 2018.

DRAINAGE FUND

This fund provides a stable funding source for the maintenance of the City's storm water drainage system. There are no rate increases included in the Adopted Budget. This fund includes \$2.7 million in operating costs, \$573,000 in debt service, and capital projects for FY 2018 totaling \$6.7 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 2,898 rooms, a number soon expected to hit 3,000. 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 Complex that opened in Old Settlers Park in May 2017. Continuing in FY 2017/18, a minimum of 5% of the Hotel Occupancy Tax revenue is dedicated 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 \$17.3 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 job growth in Round Rock.

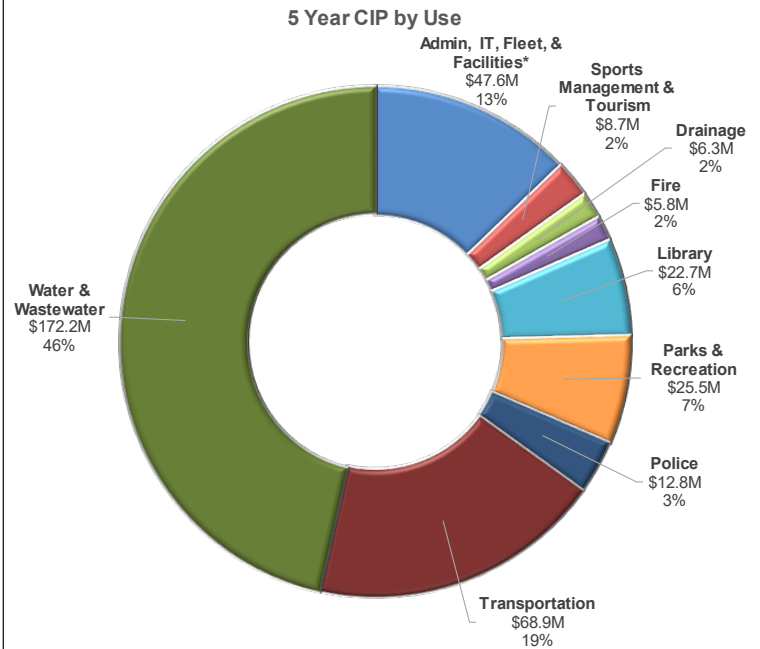
Capital Improvements Program (CIP)

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 process for 2017/18 include:

Department/Project	Total Project Cost (\$M)	FY 2018 Cost (\$M)
Library		
New Main Library - Siting and design	\$23.0	\$1.0
Parks and Recreation		
Adult Sports Complex	5.5	0.7
Trail Projects	18.9	12.6
General Services		
Luther Peterson Public Works Facility	16.5	15.7
Public Safety		
Public Safety Training Center	29.4	12.0
Sports Management and Tourism		
Forest Creek Golf Club Improvements	4.0	3.7
Transportation		
Infrastructure for UPS and Kalahari	20.4	5.4
East Bagdad Extension	7.4	3.7
Gattis School Widening	3.7	2.2
Southwest Downtown Phase 5B	6.0	3.3
University Blvd Improvements	19.7	8.6

Over the next 5 years, the City expects to spend \$370.4 million on improvements in all of these areas, with 60% funded by cash.



CONCLUSION

I believe the adopted 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. We look forward to Round Rock citizens' input and discussion of the FY 2017/18 Adopted Budget.

Laurie Hadley, City Manager