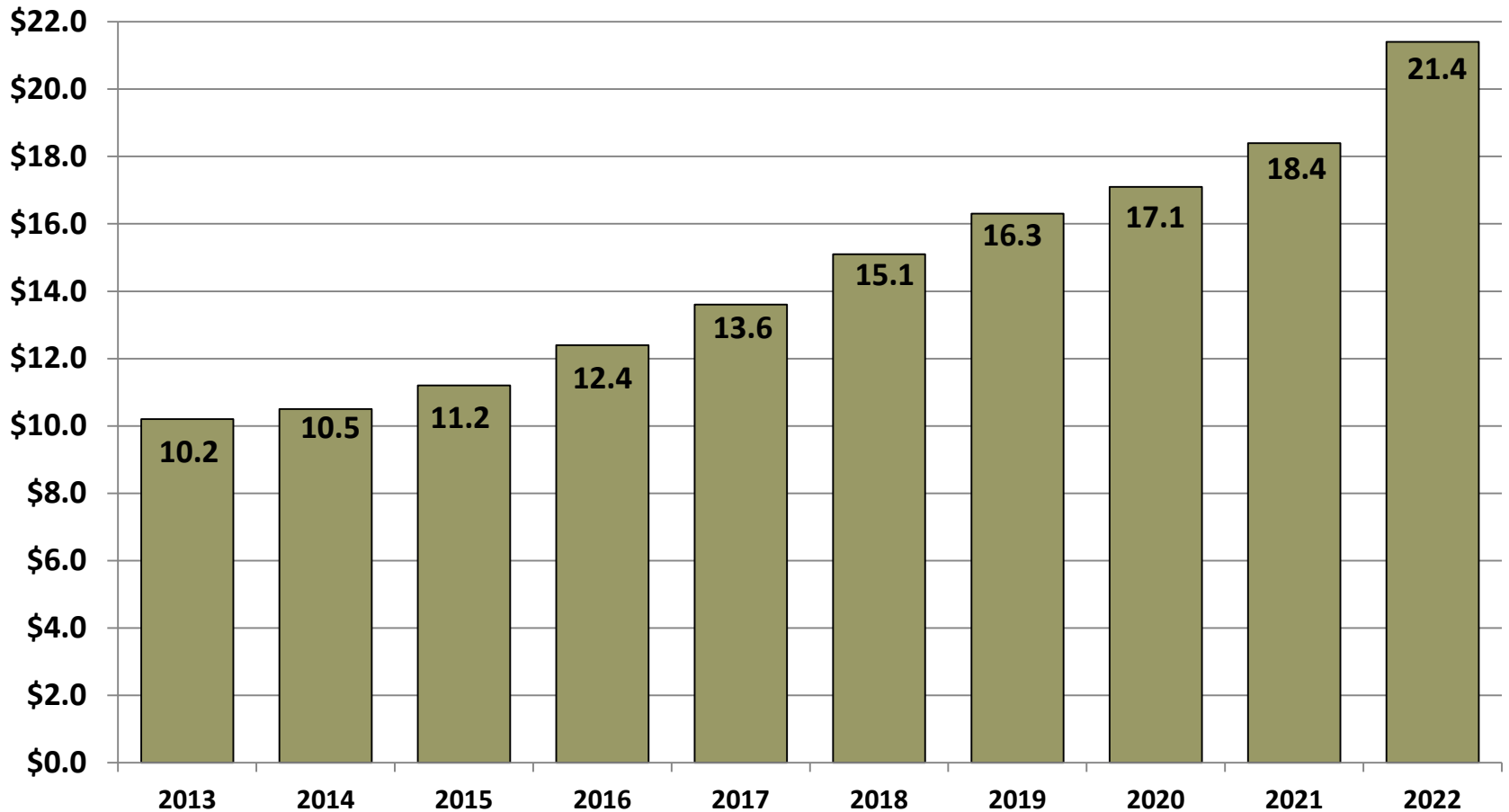


City of Garland

2022-23 Proposed Budget
Preview – City Council Work Session
August 1, 2022

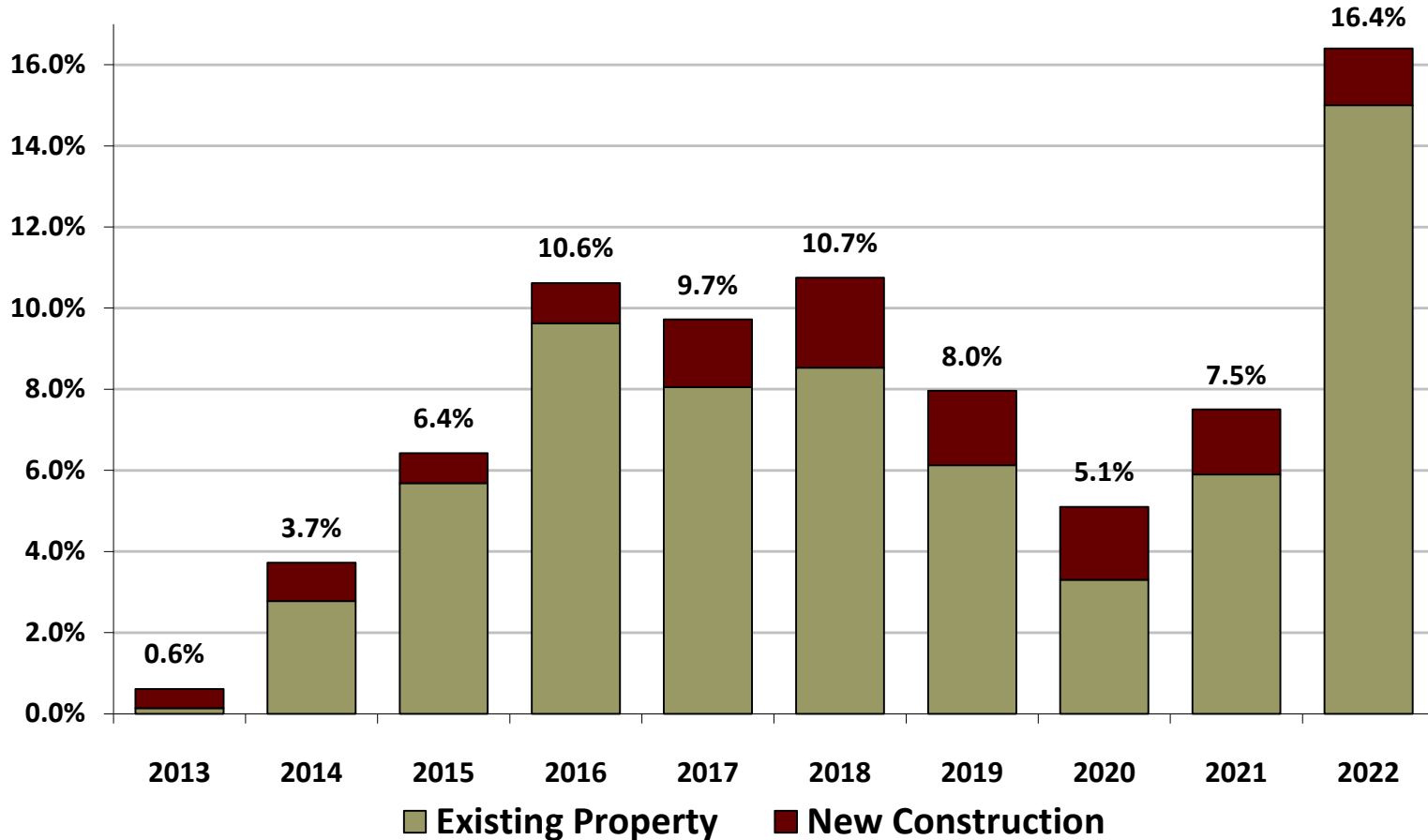
Certified Property Tax Base

Certified Values (In Billions)



Property Tax Base Growth – Percent Change

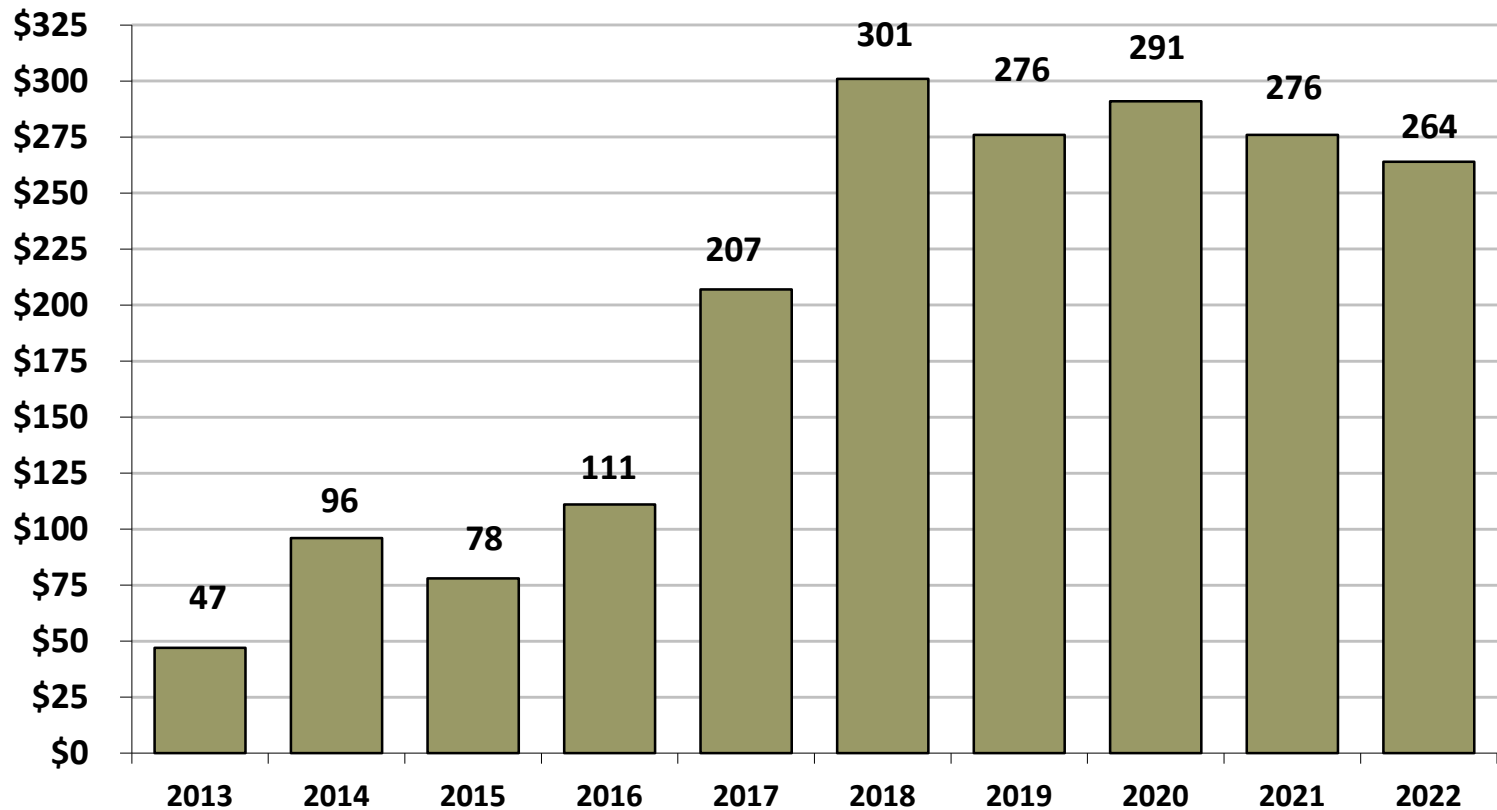
(With Impact of Freeport and Homestead Exemptions)



- New Construction contributed \$264 million to the tax base in 2022.
- Growth on O&M Tax Rate capped at 3.5% by SB 2.

Property Tax Base Growth

New Construction Values (In Millions)



- New Construction contributed \$264 million to the tax base in 2022.
- New Construction represents 1.4% of total growth in 2022.

2022 Certified Property Tax Base – Change by Category

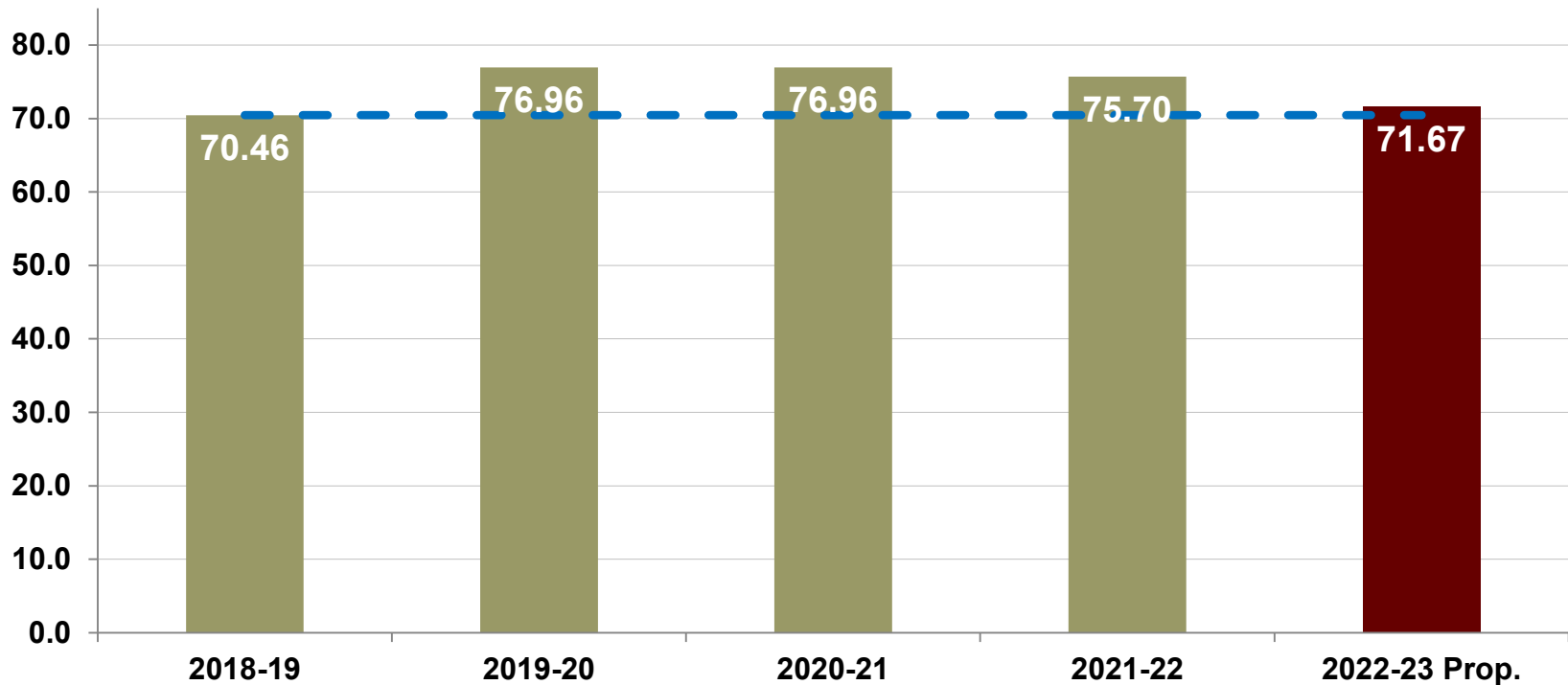
(In Billions)

	Residential	Commercial	BPP	Total Base
Total Tax Base Valuation	\$13.034	\$6.098	\$2.262	\$21.394
Change from Prior Year	\$1.952	\$0.881	\$0.184	\$3.017
Percentage Change	17.6%	16.9%	8.8%	16.4%
Change in Existing Property	16.4%	14.4%	8.6%	15.0%

- Commercial – Commercial real estate only.
- BPP – Business Personal Property such as inventory and equipment – excludes real estate.
- Change in Existing Property excludes New Construction.

Preliminary Property Tax Rates

(Cents Per \$100 of Valuation)



- Since the approval of the 2019 Bond Program (6.5-cent increase to fund program in FY 2019-20), the proposed tax rate has decreased 5.29 cents or 7% due to the 3.5% cap on Operating & Maintenance portion of Tax Rate. This makes the proposed tax rate only 1.21 cents higher than the pre-2019 Bond Program tax rate of 70.46 cents.

Preliminary Property Tax Rates

3.5% Revenue Cap Calculation

	Description	FY 2022-23
1.	Adjusted FY 2022 Revenue	\$68,261,000
2.	FY 2023 Tax Base	\$21,394,588,000
3.	Reduce by Value of New Construction and TIF	\$(655,341,000)
4.	FY 2023 Existing Tax Base Less TIF and New Construction	\$20,739,247,000
5.	No New Revenue Rate = ((Line 1 Divided by Line 4) X 100)	0.3291
6.	Capped O&M Rate (3.5% Increase to Line 5)	0.3407
7.	Plus Unused Incremental Rate (O&M) *	0.0004
8.	Total Proposed O&M Rate	0.3411
9.	Plus Proposed Debt Service Tax Rate (Unchanged)	0.3756
10.	FY 2022-23 Proposed Tax Rate	0.7167

* Unused Increment Rate - The difference between the adopted tax rate and the voter-approval rate (provided the adopted tax rate does not exceed the voter-approval rate). The City has the ability to save, or “bank,” up to three years of unused increments.

Preliminary Property Tax

Estimated Impact on Resident with Homestead Exemption

	2022
Average Market Value of Home	\$272,000
Average Assessed Value after 10% Cap Reduction	\$213,206
Homestead Exemption (10%)	(\$21,321)
Average Taxable Value	\$191,886

	2021	2022	\$ Change from 2021
City of Garland Tax Rate	75.70	71.67	(0.04)
Annual Tax	\$1,320	\$1,375	\$55

Tax Bill may be softened for Residents with Homestead exemptions based on three factors:

- 1) Assessed values are capped at 10% from the previous year per state law.
- 2) City of Garland offers an additional 10% homestead exemption for residents.
- 3) Tax Rate for Operating and Maintenance Portion of Tax Rate is capped at 3.5% per state law.

Preliminary Property Tax

Estimated Impact on Senior Resident with Homestead Exemption

	2022
Average Market Value of Home	\$272,000
Average Assessed Value after 10% Cap Reduction	\$213,206
Homestead Exemption (10%)	(\$21,321)
Senior Exemption	(\$56,000)
Average Taxable Value	\$135,886

	2021	2022	\$ Change from 2021
City of Garland Tax Rate	75.70	71.67	(0.04)
Annual Tax	\$897	\$974	\$77

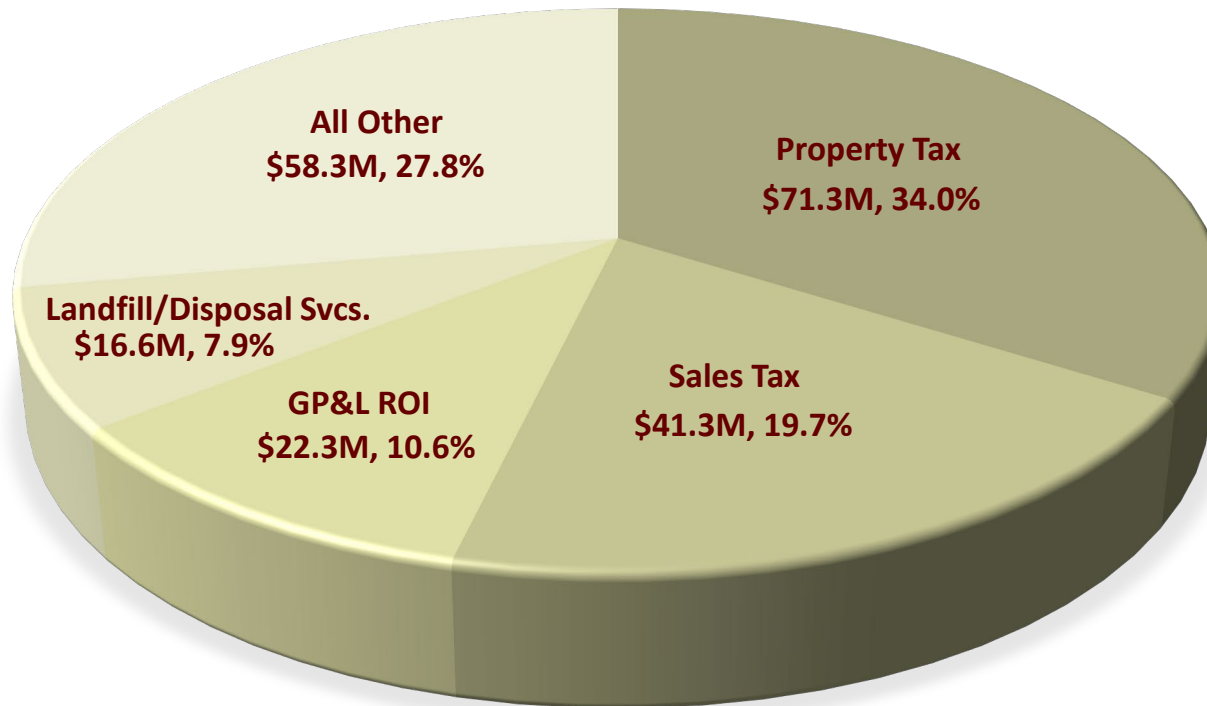
Tax Bill may be softened for Residents with Homestead exemptions based on three factors:

- 1) Assessed values are capped at 10% from the previous year per state law.
- 2) City of Garland offers an additional 10% homestead exemption for residents.
- 3) Tax Rate for Operating and Maintenance Portion of Tax Rate is capped at 3.5% per state law.

General Fund Revenue

Resources (In Millions with Percentage)

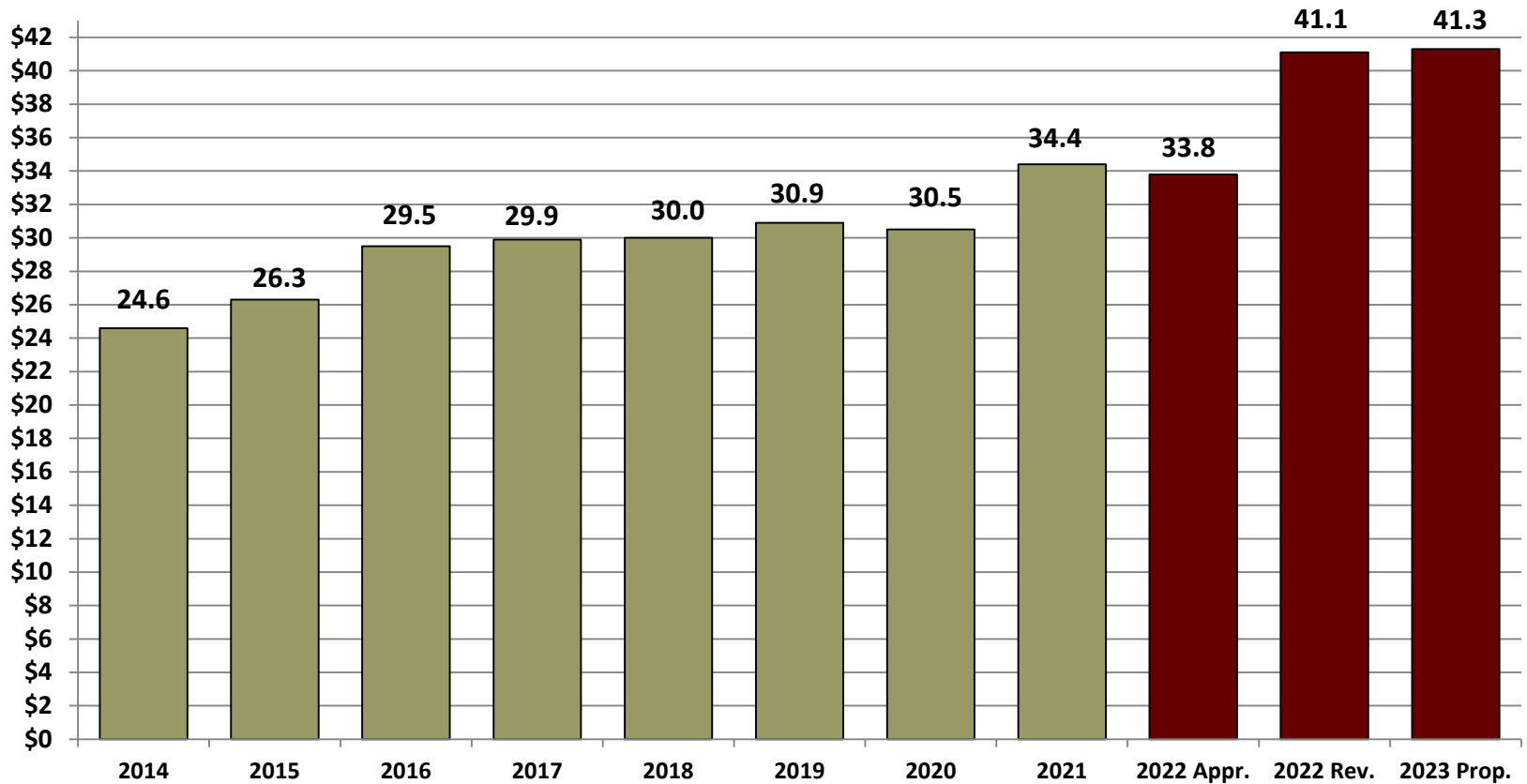
PROJECTED GENERAL FUND RESOURCES



- The four largest revenue sources account for 72.2% of the General Fund Resources.
- All other General Fund revenues account for 27.8% of the General Fund Resources.

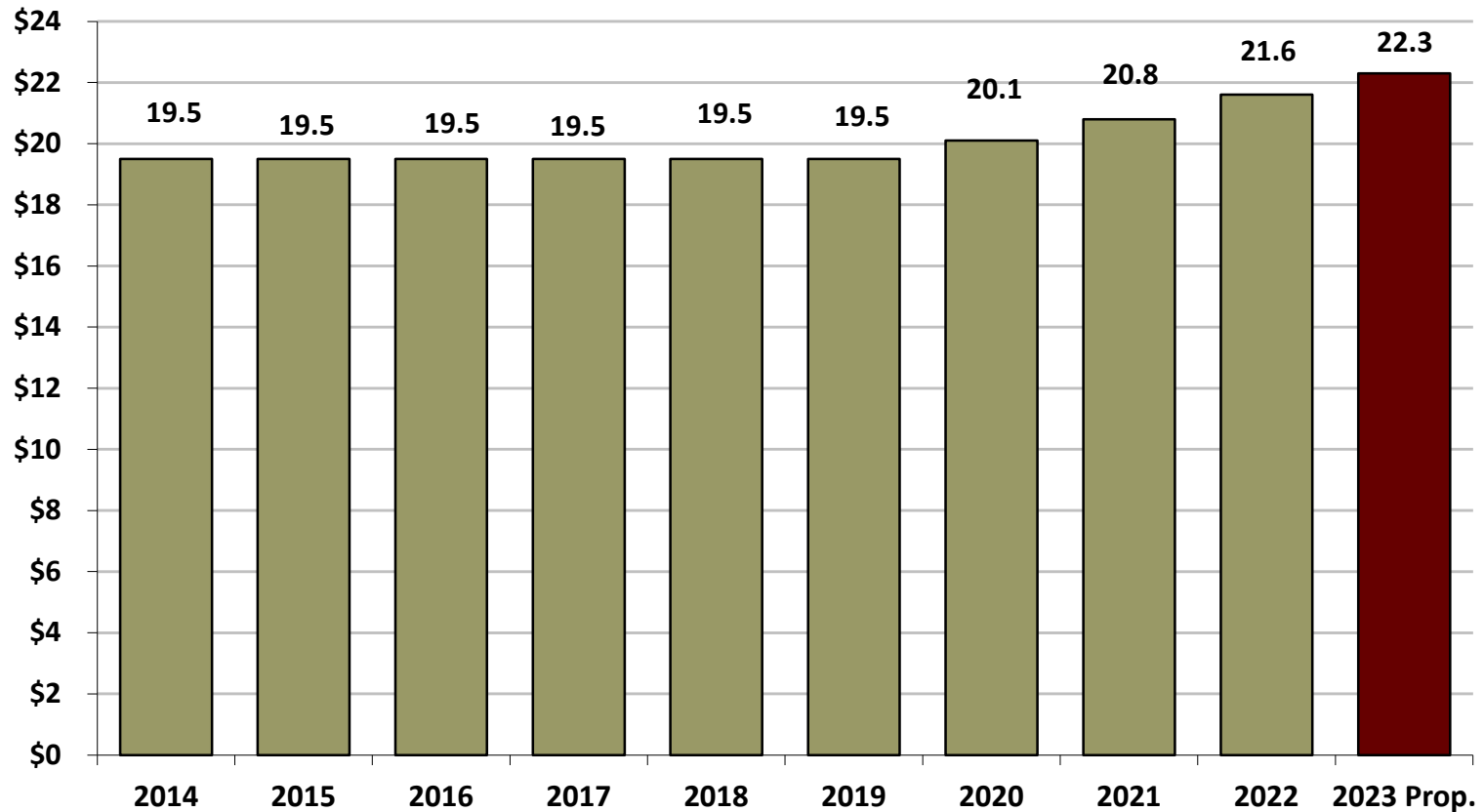
Garland Annual Sales Tax Revenue

Gross Before Incentive Payments (In Millions)



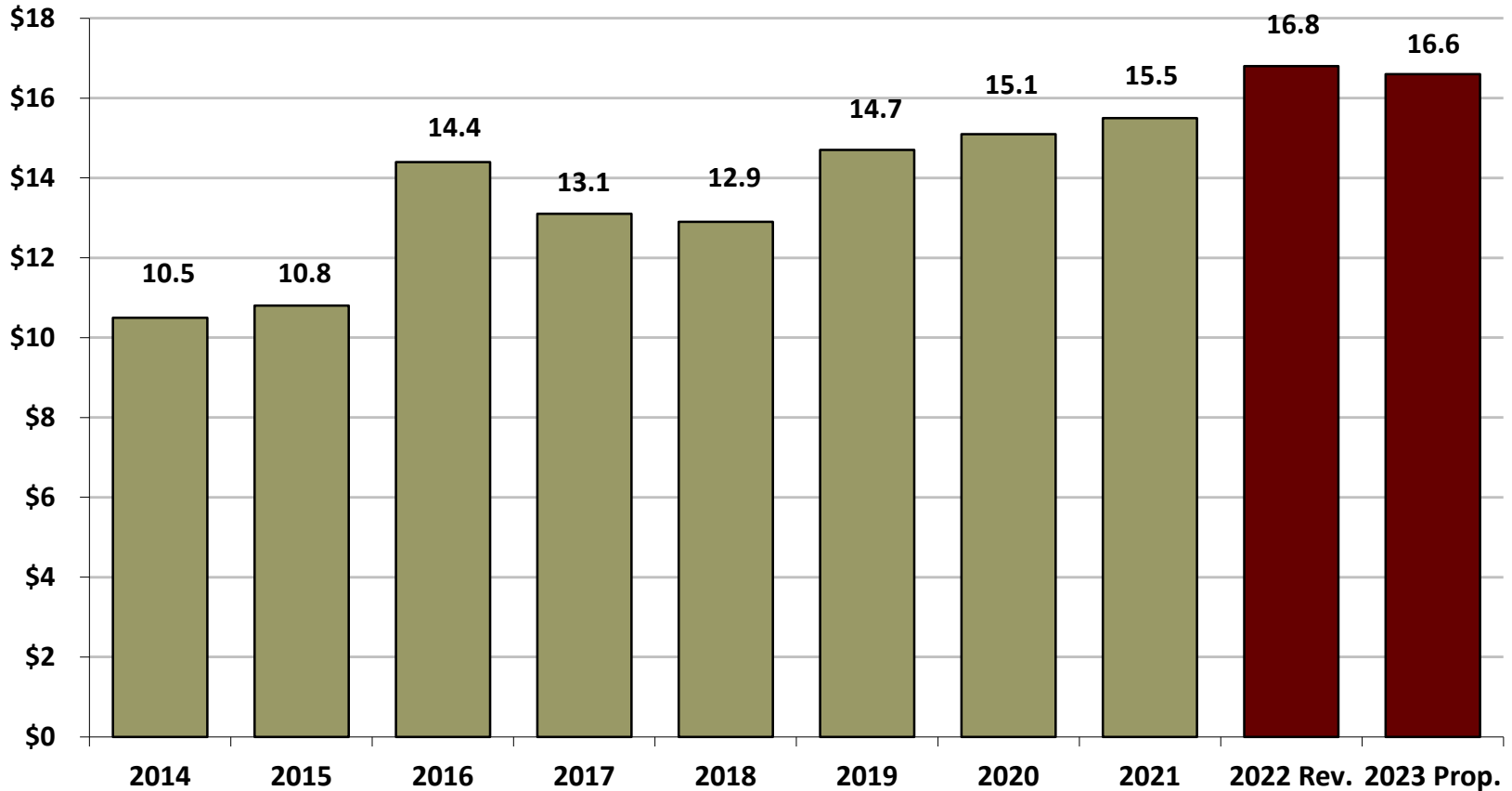
The 2023 Anticipated Sales Tax Revenue is \$210,000 higher than the 2022 Anticipated Sales Tax and \$7.5 Million higher than the 2022 Approved amount.

Return on Investment – GP&L (In Millions)



Transfers from Garland Power & Light in the form of Return on Investment are proposed to increase by \$755,000 (3.5%).

Landfill/Disposal Services (In Millions)



Landfill/Disposal Services is proposed to increase by \$1.9 million (12.6%) due to revenue from the Landfill Gas-to-Energy project, increased tonnage, and proposed fee changes. Gas-to-Energy revenue is transferred to the General Fund only after the annual target of \$600,000 is met for future cell development.

City Manager's Budget Priorities

2022-23 Proposed Budget

- (1) Compensation / Merit increases to stay competitive in tight labor market.
- (2) Address the impact of inflation on existing service levels.
- (3) Provide necessary funding to meet public safety needs.
- (4) Increase operational funding for new or expanded facilities constructed through the 2004 and 2019 Bond Programs.
- (5) Maintain high levels of reserves to respond to unforeseen financial challenges.



City Manager's Budget Priorities *(Continued)*

2022-23 Proposed Budget

1. Compensation / Merit Increases to Stay Competitive in Tight Labor Market

- Employee Merit Compensation Increases
 - 5.0% for General Schedule
- Market Adjustment + 5.0% Merit for Civil Service
 - Average of 6.4% for Fire Civil Service
 - Average of 6.3% for Police Civil Service
- Retirement Stability Benefit for Civil Service
 - Increase City Contribution from 1.75% to 2.0%



City Manager's Budget Priorities *(Continued)*

2022-23 Proposed Budget

2. Address the Impacts of Inflation on Existing Service Levels

- Fuel & Energy cost
- Fleet Maintenance cost
- Equipment Replacement cost
- Postage and Printing cost
- Service Contracts (Mowing, Maintenance)
- Insurance Premiums

City Manager's Budget Priorities *(Continued)*

2022-23 Proposed Budget

3. Provide Necessary Funding to Meet Public Safety Needs

Police:

- Significant cost increases with the renewal of Axon Body-Worn Cameras and Taser Cartridges.
- First Responder Ballistic Shield Protection
- Law Enforcement Policies and Training Software & Services

Fire:

- Nine additional Firefighter positions to operate highway blockers.
- Three Highway Blocker Vehicles (Grant-matched with NCTCOG).
- SWAT Medical Equipment and Training
- SCBA Bottle Cylinder Replacement
- New Inventory Management System

City Manager's Budget Priorities *(Continued)*

2022-23 Proposed Budget

4. Increase Operational Funding for Facilities Constructed through Bond Programs

Animal Services

- Additional dog & cat food and kennel temporary labor for increased animal capacity.
- Grounds maintenance for the new Animal Shelter facility.

Parks, Recreation & Cultural Arts

- Cleaning of 14 new Park Restrooms added in the 2019 Bond Program.
- Chemicals and Replacement Parts for Splash Pads funded in the 2019 Bond Program.
- Equipment to ensure Downtown properly maintained after construction of the Square.
- Patio Fencing for the new patio addition at Gale Fields Recreation Center for rentals and programming.
- Top Dressing Equipment for Ball Fields.



City Manager's Budget Priorities *(Continued)*

2022-23 Proposed Budget

- 5. Maintain High Levels of Reserves to Respond to Unforeseen Financial Challenges**
- Maintain Fund Balance Reserve to have excess of 45 days of Operating Expenditures.
 - Provides for a source of funds to retain financial flexibility and mitigate against future inflationary pressures and the increased probability of recession.

General Fund

2022-23 Proposed Budget (In Millions)

Funding Resources	
Revenues	\$209.9
One-Time Funding	4.2
Total Funding Resources	\$214.1
Funding Uses	
Salaries and Benefits	\$147.9
Operating Expenditures, Capital, and Transfers	66.2
Total Funding Uses	\$214.1
Fund Balance Reserve – 30-Day Requirement Met	\$ 16.2

General Fund Proposed Budget

Changes in Resources from FY 2021-22 Adopted Budget

Change in Resources	Change from Prior Year Adopted
Property Tax	\$ 2,559,000
Sales Tax	7,474,000
GP&L ROI	755,000
Landfill/Disposal Services	1,856,000
Franchise Fees	852,000
All Other Revenue	981,000
Total Change in Resources	\$14,477,000

General Fund Proposed Budget

Changes in Expenditures from FY 2021-22 Adopted Budget

Change in Expenditures	Change from Prior Year Adopted
Merit, TMRS Rate Adj., and Civil Service RSB	\$ 5,470,000
Employee/Retiree Health Insurance	1,554,000
Added Positions (11 FT/ 1 PT)	1,116,000
Fuel, Fleet, and Equipment Replacement	2,399,000
Additional Ongoing Operations	2,958,000
Additional Capital Expenditures	599,000
Support Service Charges and Transfers	4,688,000
Adjustment for Prior Year One-Time Expenditures	(4,612,000)
Addition to Fund Balance Reserves	305,000
Total Change in Proposed Expenditures	\$14,477,000

Funding for Street Improvements

FY 2022-23 – All Funding Sources

- In keeping with the funding strategy set by the City Council, the funding for Street Improvements is increasing \$1.6 million for FY 2022-23.

Funding Source	FY 2021-22	Change	FY 2022-23
General Fund Ongoing Transfer	\$ 8,554,000	\$ 434,000	\$ 8,988,000
Water and Wastewater Utility Transfers	1,738,000	44,000	1,782,000
Tax Note Funds Transfer	19,502,000	1,280,000	20,782,000
Other (Interest, Misc. Revenue, Recovery of Expenditures)	1,274,000	(196,000)	1,078,000
Total Funding	\$31,068,000	\$1,562,000	\$32,630,000

2022-23 Proposed Utility Rates

(Based on Typical Residential User – Monthly Average)

<u>Utility Services</u>	<u>2021-22 Monthly Charge</u>	<u>Proposed Change</u>	<u>2022-23 Monthly Charge</u>
Electric *	\$145.10	None	\$145.10
Water	57.43	3.43	60.86
Sewer	39.07	2.08	41.15
Trash and Recycling	21.58	2.00	23.58
Stormwater Fee	<u>3.59</u>	<u>None</u>	<u>3.59</u>
Totals	<u>\$266.77</u>	<u>\$7.51</u>	<u>\$274.28</u>

*** Note:** The Monthly Charge for Electric Utility Services increased in July 2022, increasing the average monthly charge from \$121.10 to \$145.10.



2022-23 Proposed Consolidated Budget

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

Consolidated Budget – \$966.1 Million

Increase of \$149.3 Million

General Fund – \$214.1 Million

Increase of \$14.2 Million

Budget Review Calendar

Date	Day	Meeting Type	Activity
Aug 1	Mon	Regular Work Session	Budget Highlights
Aug 2	Tues	Regular Session	Formal Budget Presentation
Aug 13	Sat	Special Session	Budget Work Session – Department Presentations
Aug 15	Monday	Regular Work Session	Budget Work Session
Aug 16	Tues	Regular Session	Public Hearing on Budget & Tax Rate
Aug 23	Tues	Special Session	Public Hearing on Budget & Tax Rate Budget Work Session – <i>Proposed Council Changes to Operating Budget Due / Council Discuss and Give Direction to Staff</i>
Aug 30	Tues	Special Session (Only If Required)	Budget Work Session – <i>Council Give Direction to Staff</i>
Sep 6	Tues	Regular Session	Public Hearing on Budget & Tax Rate Adoption of Budget & Tax Rate

Note: The last day for City Council to take final action on the Annual Operating Budget is the 21st day of September per the Garland Charter.