

2018 MAR 29 PM 9:06
CITY CLERK DEPT.

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: City Manager - Office of Management & Budget
AGENDA DATE: April 3, 2018
CONTACT PERSON/PHONE: Robert Cortinas, Interim Director of Municipal Financial Operations, (915) 212-1092
DISTRICT(S) AFFECTED: All
SUBJECT:

Budget Update – Budget Cost Drivers and Major Revenues

BACKGROUND / DISCUSSION:

Provide management updates on cost drivers and major revenue estimates for the FY 2019 Budget.

PRIOR COUNCIL ACTION:

N/A

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

Robert Cortinas

DATE:

3/29/18

Budget Cost Drivers and Major Revenues

April 3, 2018

Agenda

- Budget process calendar
- Chronology of past presentations
- Budget development input
- Cost drivers and revenues
- Property exemptions

Budget Calendar

- **November – May**: Budget Update presentations
- **March – May**: Receive Council and Community budget input
- **June**: One-on-one Council Budget Briefings
- **July 9 –12**: Goal Team Budget Presentations
- **July 25**: Received Certified Property Valuations from Central Appraisal District
- **August**: Public Hearings and Budget Adoption

Chronology

- **June 2017** – Orientation and Budget Briefings
- **July/August 2017** – Goal Teams and Certified Valuation Presentations
- **November 2017** – Cost Drivers and Core Competencies Presentations
- **December 2017** – FY 2016 – 2017 4th Quarter Report
- **January 2018** – Tax Reform Legislation Impact, and Major Revenues Presentation
- **February 2018** – FY 2017 – 2018 1st Quarter Report and Cost drivers, core competencies, and major revenues recap
- **March 2018** – Council & Community Input and Property Valuations Presentation


Public Input

Ability to provide input
into the budget
development process

Available from March
18th to May 6th

281 responses from the
community since
March 18

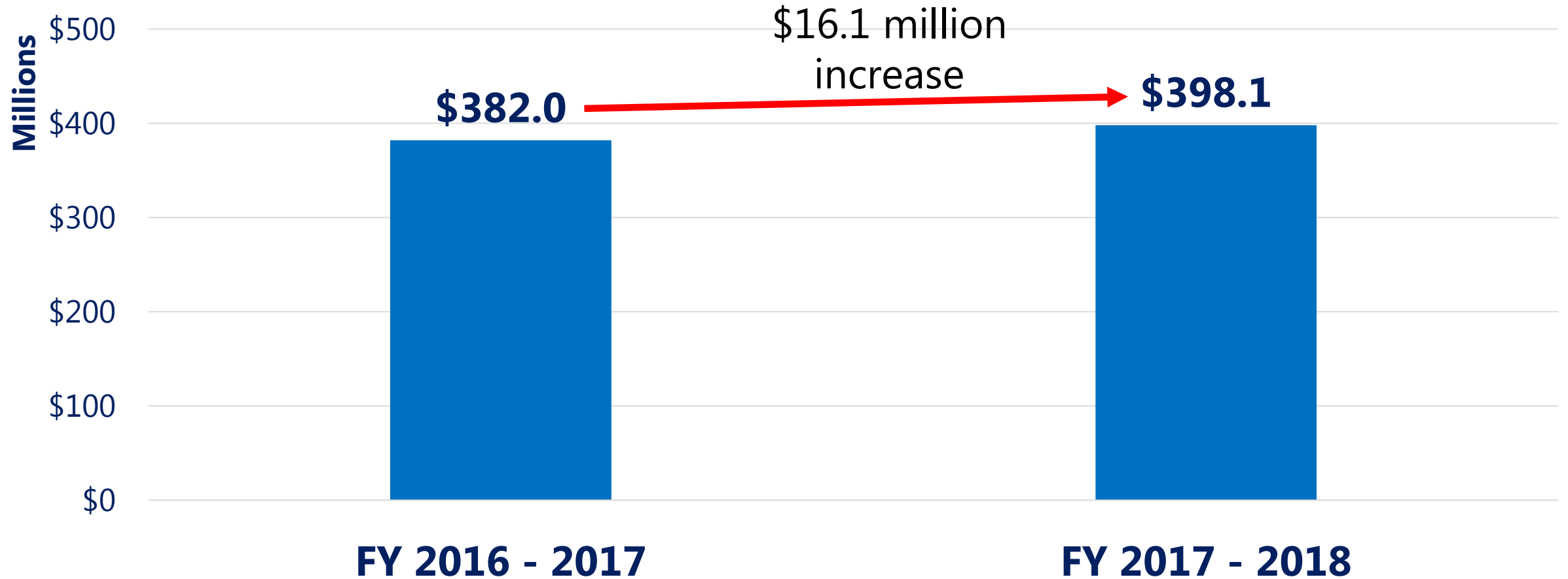
www.elpasotexas.gov/chimein



THE CITY IS WORKING ON THE FY 2019 BUDGET
& WE WANT TO HEAR FROM YOU!

CHIMEIN

General Fund Budget



Cost Drivers



Public Safety



Quality of Life



Workforce Focus



Animal Services



Economic Development



Street Repairs



Garbage/Recycling

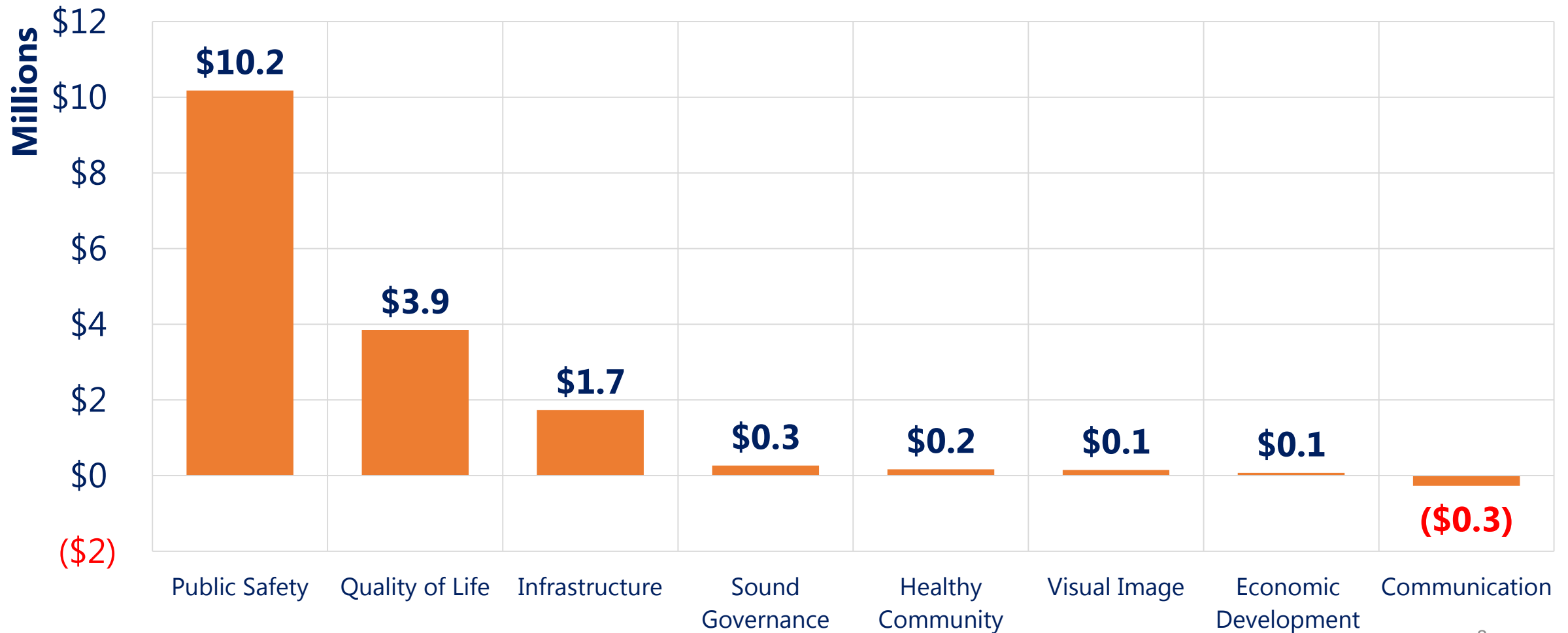


Information Technology

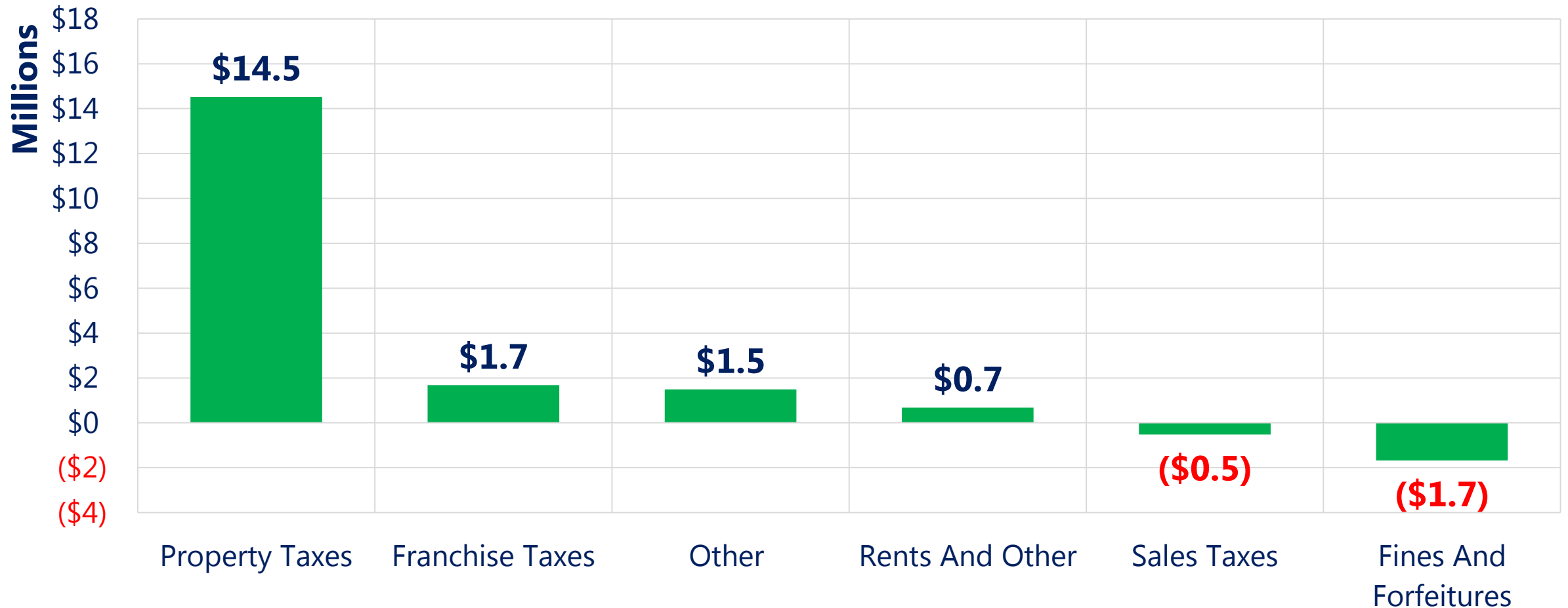


Utilities

Where did \$16.1M budget increase go last year?



Where did \$16.1M budget increase come from last year?



Cost Drivers

- **Public safety** – collective bargaining, additional officers, Crisis Intervention Team, 911 communicator staffing, overtime, etc.
- **Quality of Life** – staffing, materials, supplies, etc. for projects being completed (ex. 50 meter West Side Natatorium, Zoo's Chihuahuan Desert, Children's Museum MOU)
- **Debt service** – Quality of Life, Streets, and recently approved projects

Cost Drivers

- **Economic incentives** – Master City Incentives and property and sales tax rebates (ex. Weststar Tower, Plaza Hotel, Metro 31, Tenet Hospital, Top Golf)
- **Compensation** – full-year impact from current year increases (pro-rated at half year), plus a yet to be determined impact from the Citywide compensation study
- **Healthcare** – collective bargaining, non-uniform employees, and retirees

Major Revenues

- **Property Taxes** – valuation growth will increase slightly due to a reappraisal year
- **Sales Taxes** – year-to-date increase of 4% compared to same period last year. Ten consecutive months of increases in current period collections.
- **Quality of Life** – full-year revenue from 50 meter West Side Natatorium and East Side Sports Complex

Major Revenues

- **Fines & Forfeitures**– Category was decreased last year and will need to be decreased even further based on current year actuals
- **Transfer from Capital Projects (Engineering Charges)**– staffing vacancies and limited capital project budgets have resulted in increased subsidy from General Fund

Cost Drivers and Major Revenues

Early FY 2019 Estimates

General Assumptions

- Estimates included in this presentation are very preliminary and will change as budget process begins
- Estimates are high-level, based on historical data, and known obligations
- Estimates are being presented to build upon previous budget updates and to provide general overview as we begin the budget development process

FY 2019 Cost Drivers and Major Revenues

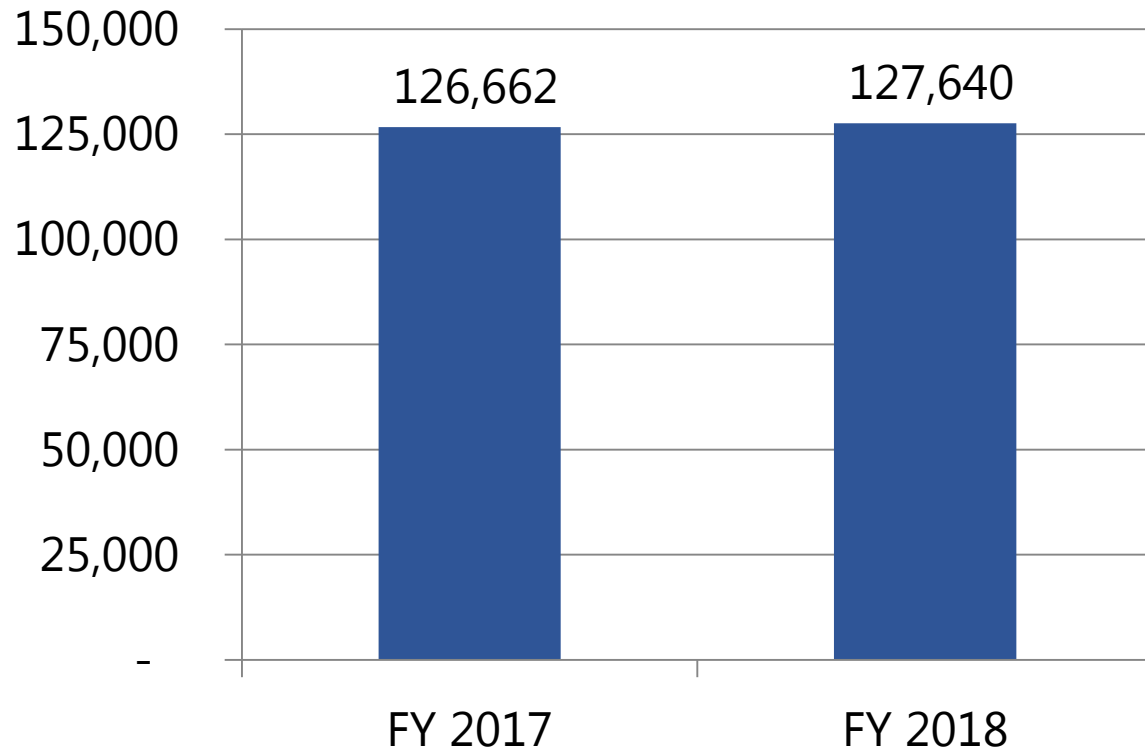
Cost Drivers	Estimate
Public Safety	\$12.0M
Quality of Life	\$5.0M
Debt Service	\$5.0M
Economic Incentives	\$4.0M
Compensation	\$2.0M
Healthcare	\$2.0M
Total	\$30.0M

Major Revenues	Estimate
Property Taxes*	\$6.5M
Sales Taxes	\$3.0M
Licenses & Permits	\$1.0M
Quality of Life	\$0.5M
Fines & Forfeitures	(\$1.5M)
Engineering Charges	(\$0.5M)
Total	\$9.0M

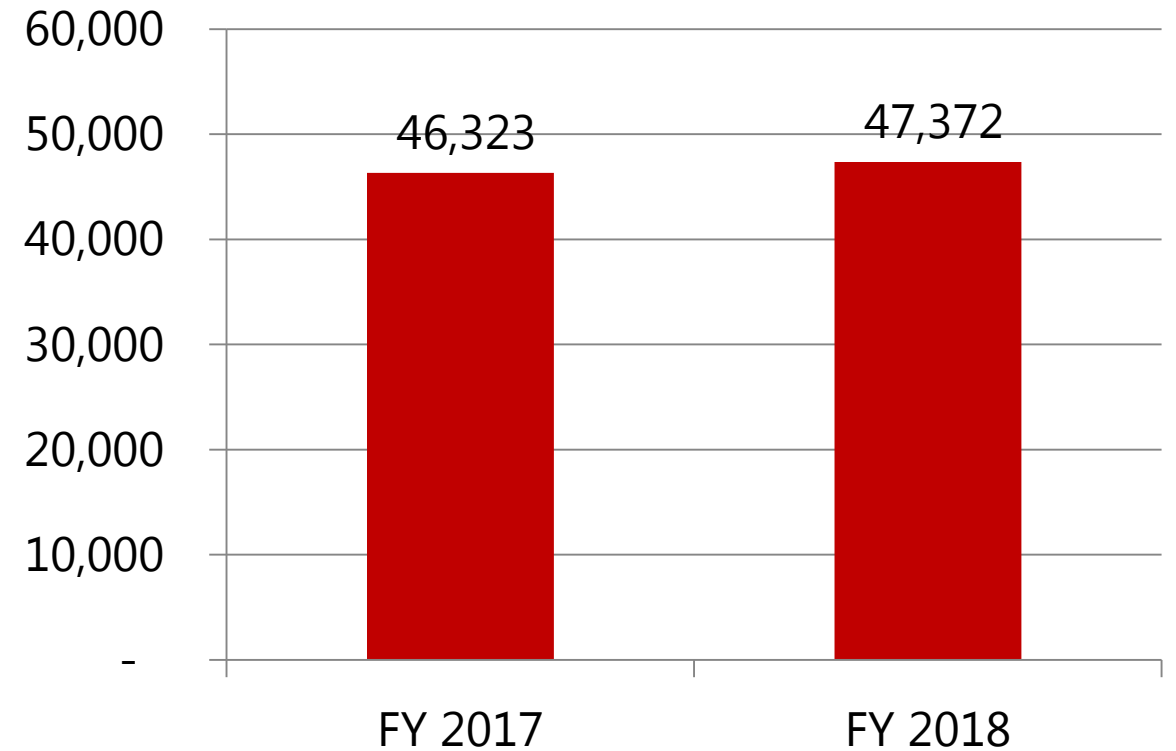
*Assumes no tax rate increase

Property Exemptions

**# Homestead Exemptions
(\$5,000 each)**



**# Over 65/Disabled Exemptions
(\$40,000 each)**



* Over 65/Disabled exemption increased by \$10,000 in 2015 resulting in decrease of approximately \$3.2 million in property tax revenue

Need More Funding...

- Streets, streets, streets
- Facility maintenance and repairs
- Vehicle and equipment replacement
- Parks field lighting and shade canopies
- Cyber security
- Streets, streets, streets

Questions?