



*** PUBLIC NOTICE ***

**NOTICE OF A CITY COUNCIL WORKSHOP SESSION
OF THE CITY OF CORINTH
Thursday, August 17, 2017, 5:30 P.M.
CITY HALL - 3300 CORINTH PARKWAY**

CALL TO ORDER:

BUSINESS AGENDA

1. Receive a report, hold a discussion, and provide staff direction on the Fiscal Year 2017-2018 Annual Program of Services and Capital Improvement Program.

ADJOURN

Posted this 11th day of August, 2017 at 11:30 a.m. on the bulletin board at Corinth City Hall.

Kimberly Pence, City Secretary
City of Corinth, Texas

BUSINESS ITEM 1.

City Council Workshop Session

Meeting Date: 08/17/2017
Title: Annual Budget Workshop
Submitted For: Bob Hart, City Manager

Submitted By: Lee Ann Bunselmeyer,
Director

City Manager Review: Bob Hart, City Manager

AGENDA ITEM

Receive a report, hold a discussion, and provide staff direction on the Fiscal Year 2017-2018 Annual Program of Services and Capital Improvement Program.

AGENDA ITEM SUMMARY/BACKGROUND

The City Charter, Section 9.02, requires that the City Manager be responsible for submitting an annual budget not later than sixty (60) days prior to the first day of the new fiscal year. In compliance with the Charter requirement, the Fiscal Year 2017-2018 budget was submitted to the Council on Friday, July 28, 2017 and can also be found on the City's website. This budget workshop is one of several for Council to deliberate on the Fiscal 2017-2018 annual budget and to provide staff direction.

The City's budget development procedures are in conformance with State Law outlined in the Truth in Taxation process. The complete budget timeline is provided below.

Meeting Date	Budget Agenda Item
July 31, 2017	Publication of the FY 2017-2018 Proposed Annual Program of Services (Budget)
August 3, 2017	Council Workshop - FY 2017-2018 Budget Overview
August 10, 2017	Council Workshop- Discuss Governmental Funds & Fleet Replacement Program Council vote on Published tax rate and to set the public hearing dates
August 17, 2017	Council Workshop- Discuss Proprietary Funds & Utility Rates
August 24, 2017	Council Workshop on the Budget Approve Crime Control & Prevention District Budget First Public Hearing on the Tax Rate
August 31, 2017	Council Workshop (if needed)
September 7, 2017	Council Workshop on the Budget Second Public Hearing on the Tax Rate Public Hearing on the Annual Budget Public Hearing on Water/Wastewater Rates
September 14, 2017	Council Workshop on the Budget (if needed)
September 21, 2017	Adoption of the Annual Program of Services (Budget) Adoption of the Tax Rates and Tax Rolls

RECOMMENDATION

Attachments

Presentation



Community First
Invest in the Future

City of Corinth, Texas

Fiscal Year 2017-2018
Annual Program of Services
Proposed Budget

- Utility Fund Overview
- Storm Drainage Fund Overview
- Capital Improvement Program
- Utility Rates



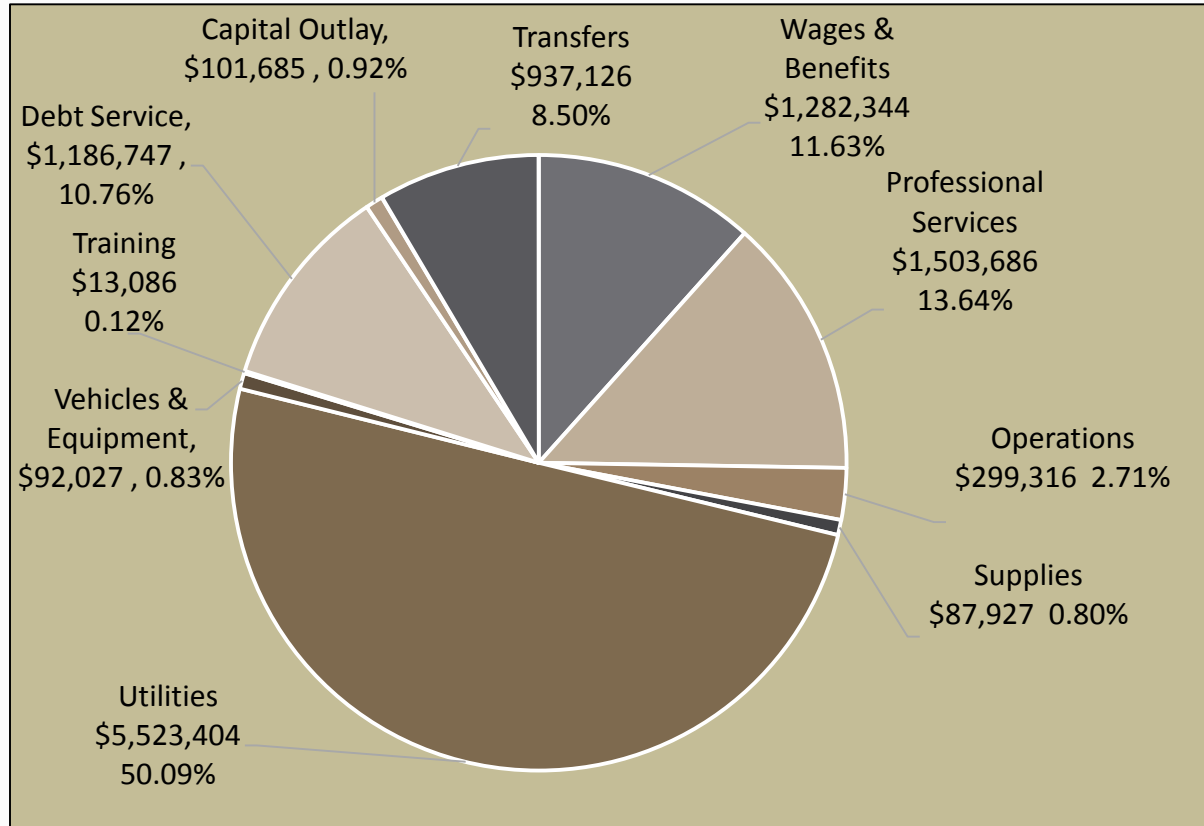
Utility Fund

- Water/Wastewater
 - Engineering
 - Utility Billing
 - Garbage
 - Debt Service
-



Water/Wastewater

Water/Wastewater Operations & General Services

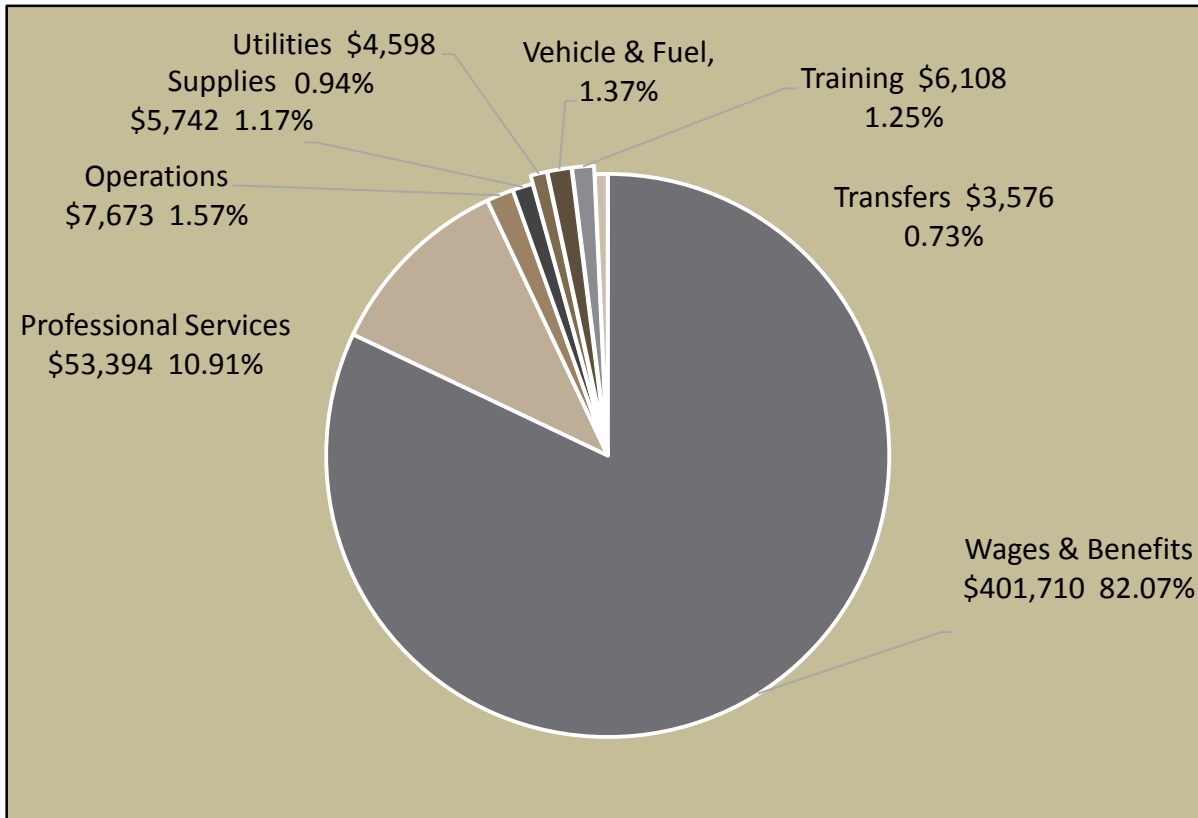


Department	FTE	Budget
Fixed Utility contracts		\$6,743,027
Debt Service		1,186,747
Utilities & Allocations		1,163,398
Water System Maintenance	9.50	780,439
Wastewater System Maintenance	7.50	571,371
Utility Administration	2.00	216,738
Capital Outlay		101,685
Fleet Capital & Maintenance		87,378
Emergency Contract Services		66,450
Accreditation & Incentive Programs		50,000
TCEQ Compliance		38,235
PW Building Maintenance & Repair		21,881
Total	19.00	\$11,027,348

New Program Services:

- ✓ Sewer Camera- \$81,685
- ✓ **Water Conservation Incentive Program- \$25,000**
- ✓ APWA Accreditation- \$25,000
- ✓ Asset Management Plan - \$20,000

Engineering

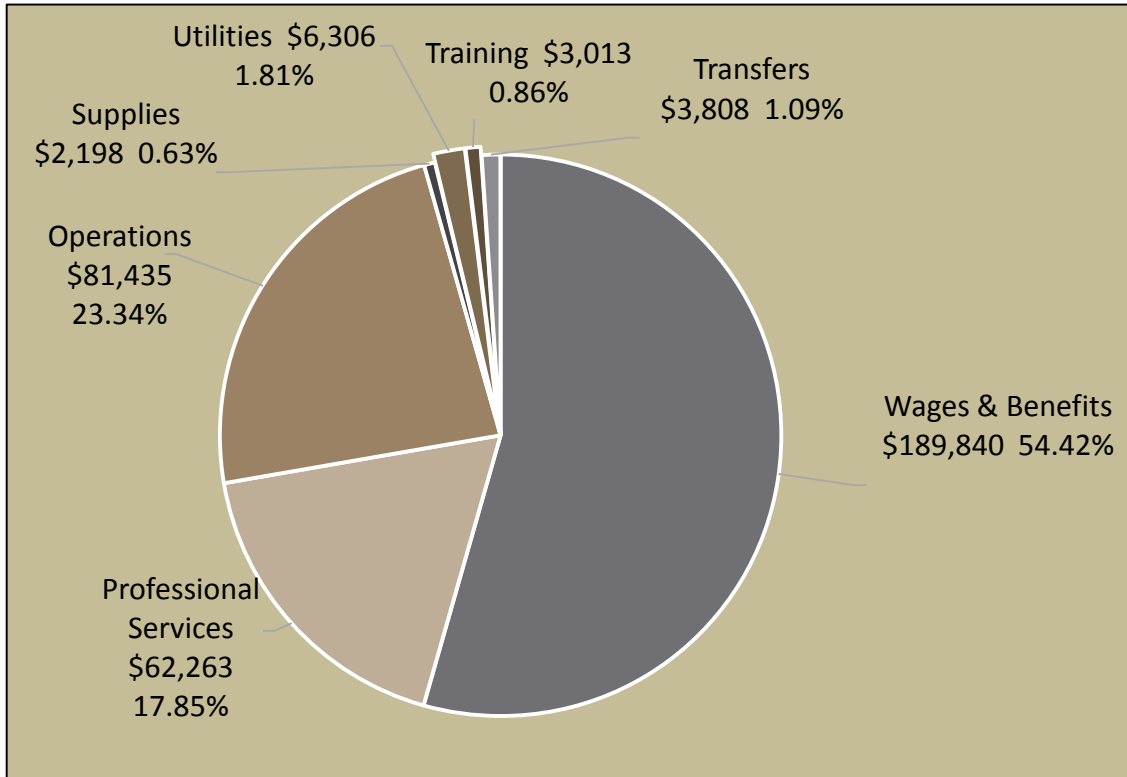


Department	FTE	Budget
Private Development Engineering	1.00	178,978
Capital Construction Inspections	2.00	164,972
Capital Project Management	1.00	127,283
Utilities & Allocations		11,568
Fleet Capital & Maintenance		6,687
Total	4.00	\$489,488

New Program Services:

√ No new program funding

Utility Billing

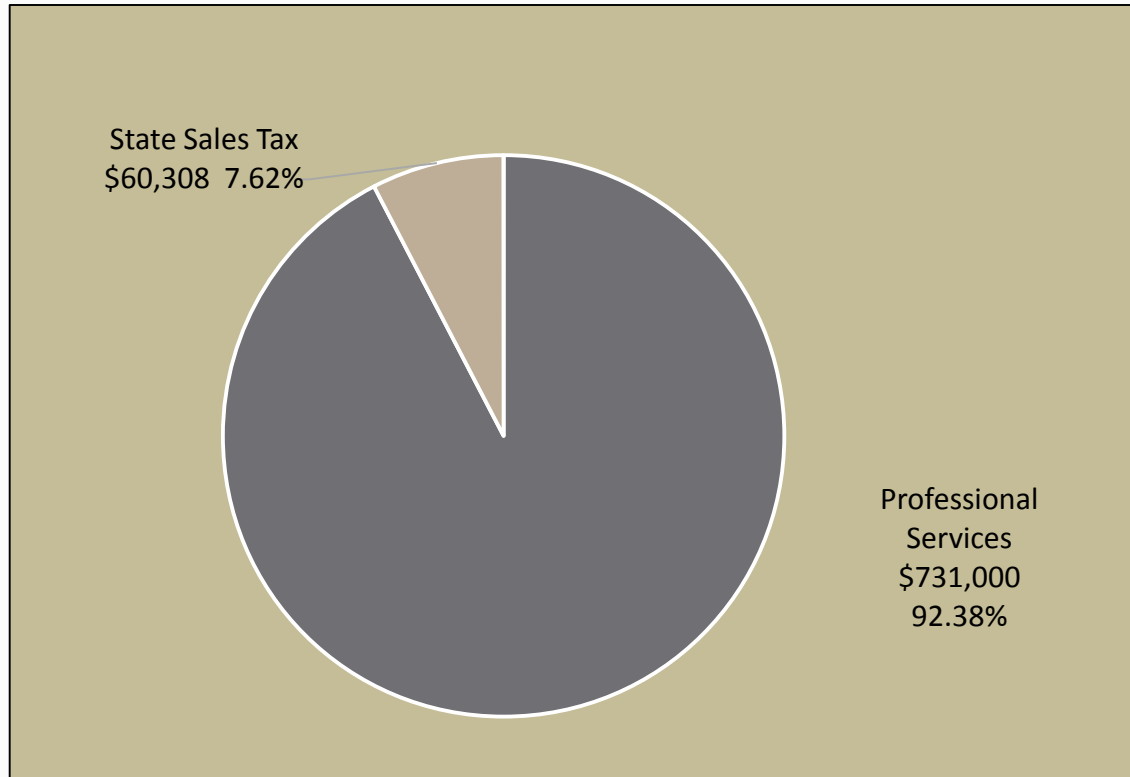


Department	FTE	Budget
Customer Service & Payment Processing	2.00	121,509
Utility Billing Administration	1.00	115,734
Meter Reading & Billing		60,547
Utilities & Allocations		51,073
Total	3.00	\$348,863

New Program Services:

- ✓ Participate with NCTCOG on Shared Service Analysis
- ✓ Consider change to billing statement to separate Upper Trinity rates from City rates

Garbage

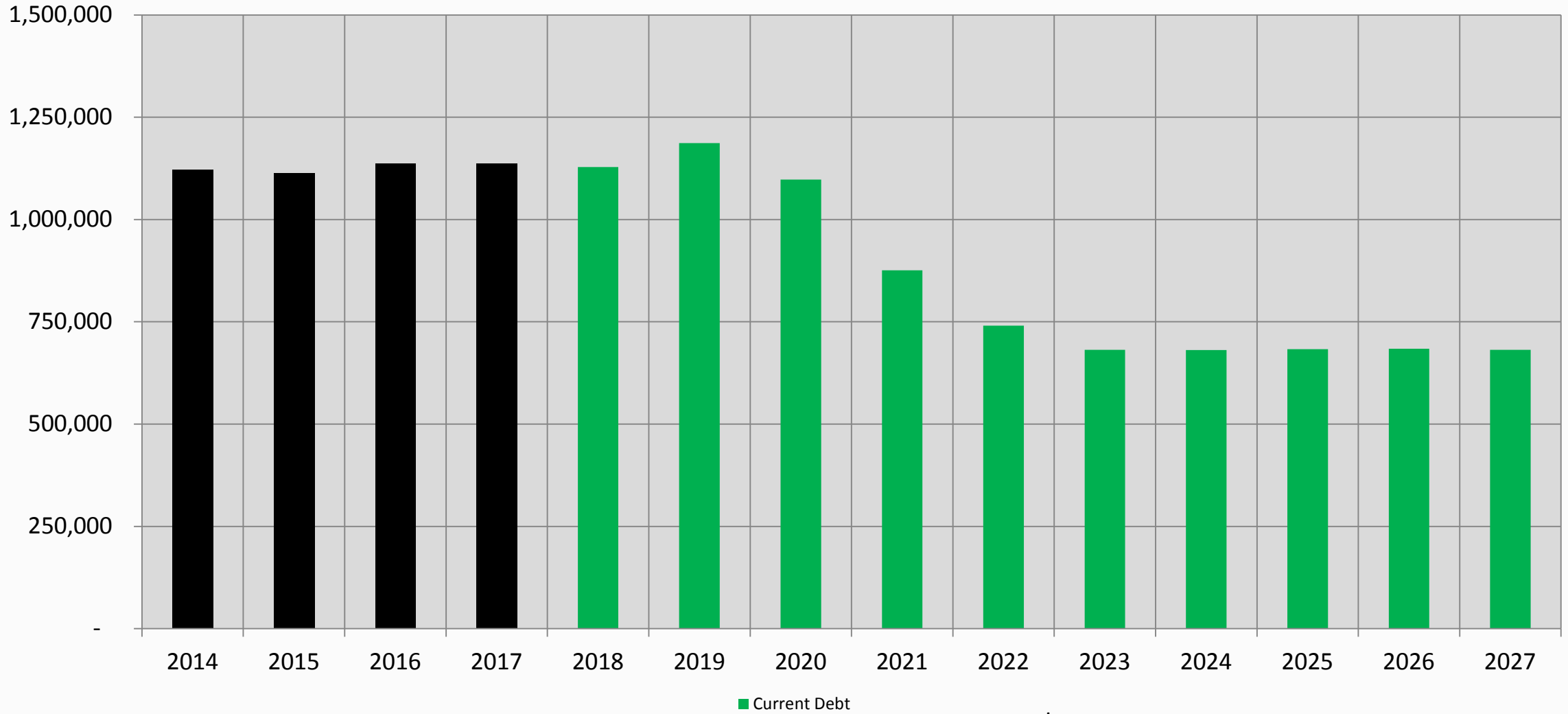


Department	FTE	Budget
Solid Waste & Recycle Collection	-	\$791,308
Total	-	\$791,308

New Program Services:

- √ Investigate multi-family recycling and business paper recycling

FY 2017-2018 Debt Service Payment = \$1,186,747

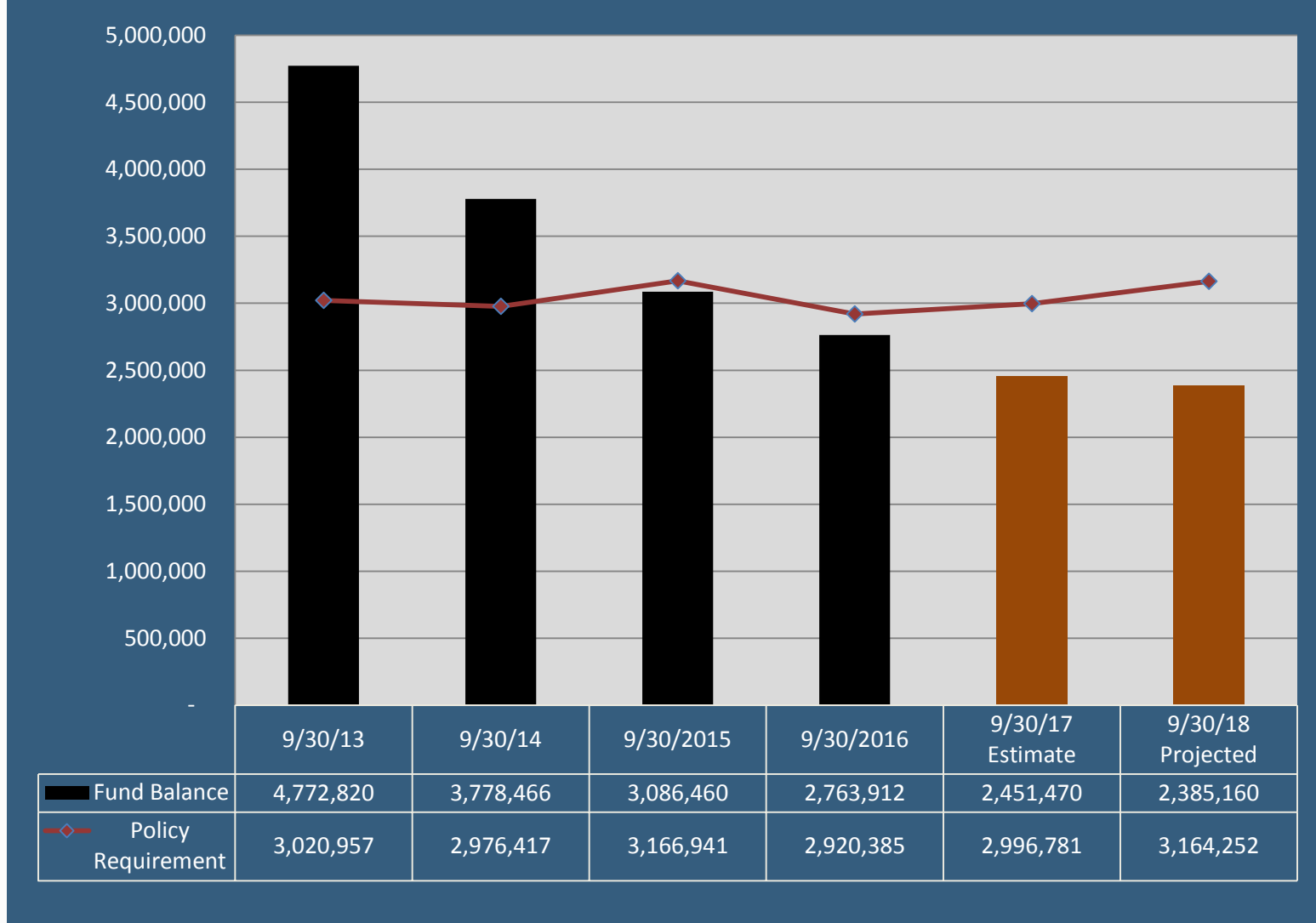


Average Debt Service Payment from 2018-2027 = \$799,492

Utility Fund Total Outstanding Debt As of October 1, 2017 = \$7,994,916

WATER/WASTEWATER FUND

25% of Budgeted Expenditures



In December 2012, the City Council adopted a Fund Balance Policy. The policy established the City's goal to achieve and maintain an unassigned fund balance in the Water/Wastewater Fund equal to 25% of expenditures.

Appropriation from the minimum assigned fund balance requires the approval of the Council and may only be utilized for one-time expenditures, such as capital purchases and not for ongoing expenditures.

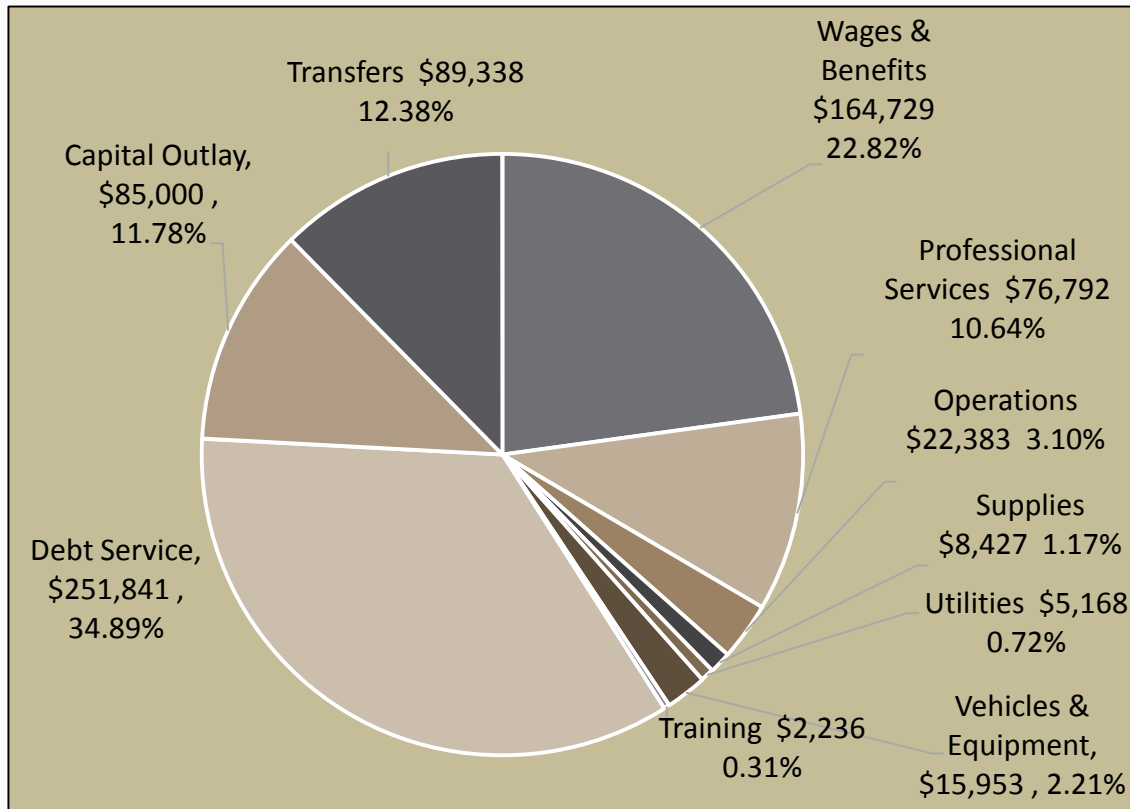
	2016-17 Projected Actuals	2017-18 Proposed	2018-19 Projected	2019-20 Projected	2020-21 Projected
Water Charges	5,839,810	7,758,303	7,758,303	7,758,303	7,758,303
Wastewater Charges	4,306,237	3,288,209	3,288,209	3,288,209	3,288,209
Garbage	786,740	796,000	796,160	796,322	796,485
Charges & Fees	420,600	333,000	336,330	339,693	343,090
Interest Income	9,500	7,500	7,575	7,651	7,727
Miscellaneous Income	70,869	72,300	73,023	73,754	74,491
Transfers	240,924	335,385	342,092	348,933	355,911
Total Resources	11,674,680	12,590,697	12,601,692	12,612,865	12,624,216
Wages & Benefits	1,640,373	1,873,894	1,917,205	1,960,056	2,002,908
Maintenance & Operations	9,145,820	9,494,681	9,889,401	10,241,727	10,633,119
Debt Payment	1,034,880	1,186,747	1,097,751	875,793	740,499
One-Time Expenditures	166,049	101,685	-	-	-
Total Expenditures	11,987,122	12,657,007	12,904,357	13,077,576	13,376,526
Net Income	(312,442)	(66,310)	(302,665)	(464,711)	(752,310)
Ending Fund Balance	2,451,470	2,385,160	2,082,495	1,617,784	865,474
Fund Requirement - 25%	2,996,781	3,164,252	3,226,089	3,269,394	3,344,132
Effective Fund Balance	20.45%	18.84%	16.14%	12.37%	6.47%

Storm Drainage Fund

- Storm Drainage
 - Debt Service
-



Storm Drainage

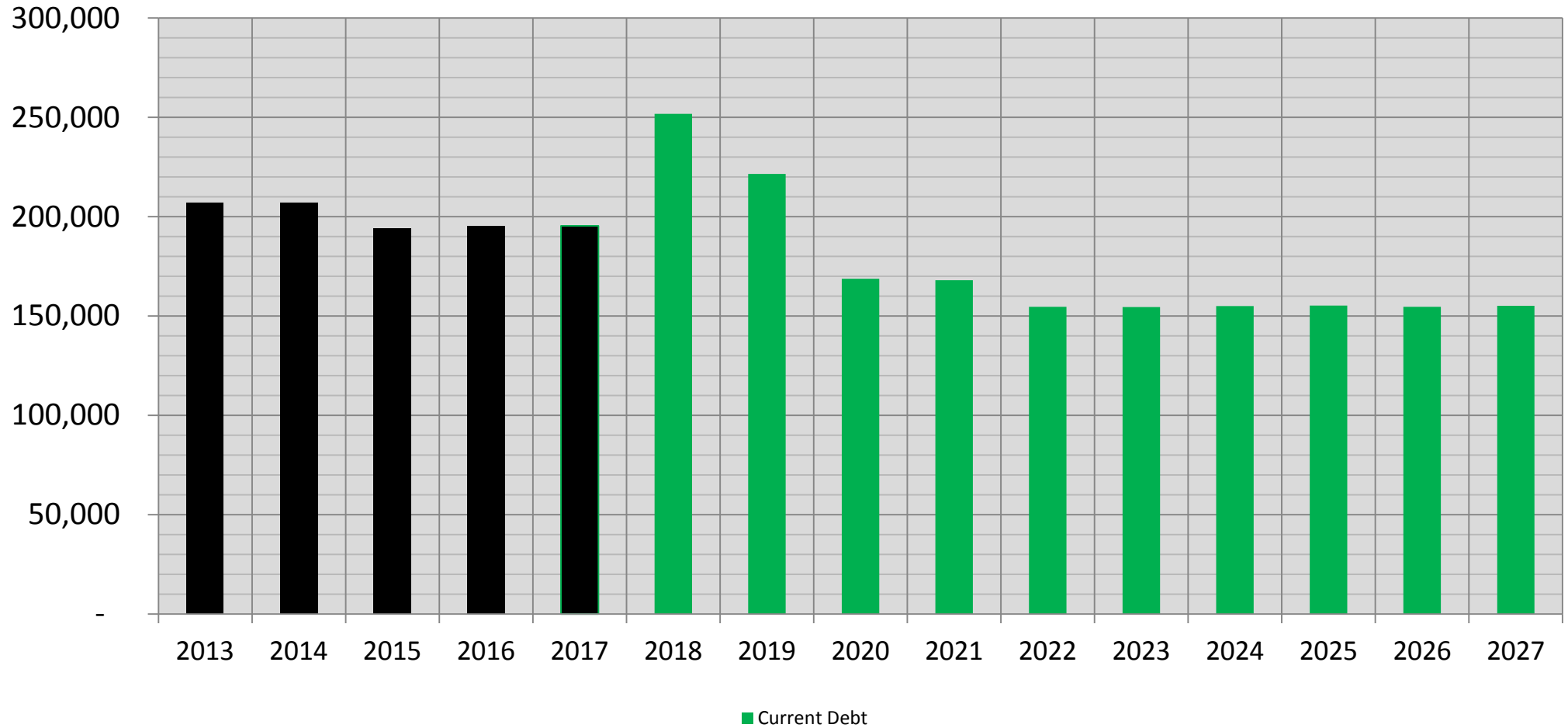


Department	FTE	Budget
Drainage Debt Service		\$251,841
Storm Water Maintenance	3.00	195,516
Utilities & Allocations		98,061
Drainage Capital Outlay		85,000
Mosquito Abatement		35,000
Structural Maintenance		28,287
Fleet Capital & Maintenance		15,953
TCEQ Best Mgt. Practices		12,209
Total	3.00	\$721,867

New Program Services:

- ✓ Meadows/Shady Shores intersection drainage - \$75,000
- ✓ Asset Management Plan - \$5,000
- ✓ Lynchburg Drainage Concept Plan - \$5,000

FY 2017-2018 Debt Service Payment = \$251,841

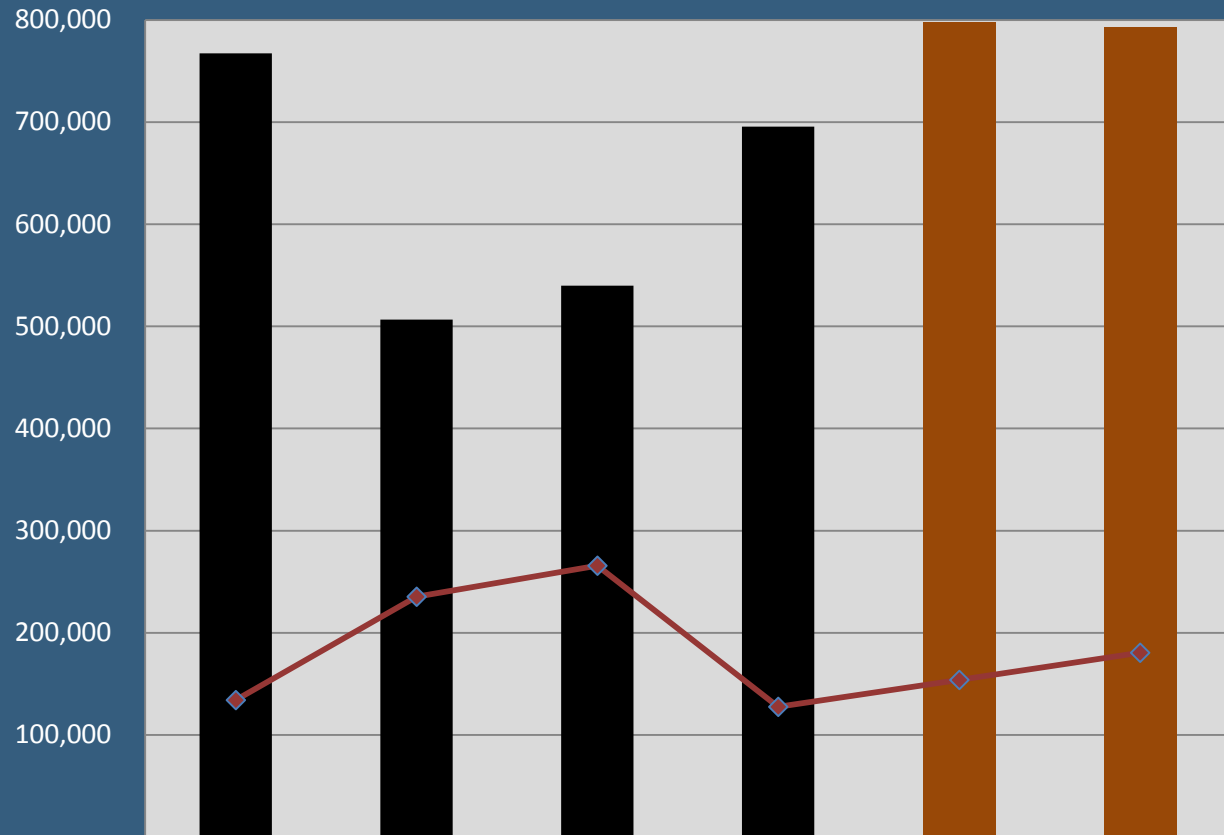


Average Debt Service Payment from 2018-2027 = \$173,953

Storm Drainage Total Outstanding Debt as of October 1, 2017 = \$1,739,533

STORM DRAINAGE FUND

25% of Budgeted Expenditures



In December 2012, the City Council adopted a Fund Balance Policy. The policy established the City's goal to achieve and maintain an unassigned fund balance in the Storm Drainage Fund equal to 25% of expenditures.

Appropriation from the minimum assigned fund balance requires the approval of the Council and may only be utilized for one-time expenditures, such as capital purchases and not for ongoing expenditures.

	2016-17		2017-18	2018-19	2019-20	2020-21
	Projected		Proposed	Projected	Projected	Projected
	Actuals					
Storm Drainage Fee	\$ 685,000	\$	705,000	\$ 712,050	\$ 719,171	\$ 726,363
Interest/Investment Income	31,782		11,867	11,986	12,106	12,228
Total Resources	\$ 716,782	\$	716,867	\$ 724,036	\$ 731,277	\$ 738,591
Wages & Benefits	\$ 149,177	\$	164,729	\$ 168,898	\$ 173,027	\$ 177,158
Maintenance & Operations	224,654		220,297	231,877	235,326	240,226
Debt Payment	195,646		251,841	221,585	168,775	168,074
Capital Outlay	45,711		85,000	-	-	-
Total Expenditures	\$ 615,188	\$	721,867	\$ 622,360	\$ 577,128	\$ 585,458
Net Income	101,594		(5,000)	101,676	154,149	153,133
Ending Fund Balance	797,305		792,305	893,981	1,048,130	1,201,263
Fund Requirement - 25%	153,797		180,467	155,590	144,282	146,365
Effective Fund Balance	129.60%		109.76%	143.64%	181.61%	205.18%

Capital Improvement Program



CAPITAL COSTS	2016-17	2017-18	2018-19	2019-20	2020-21	Over 5 Years	Total
Public Works Facility	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000
Elevated Storage Tank	-	1,700,000	-	-	5,500,000	-	7,200,000
Quail Run/Dobbs Road Water Lines	-	-	-	2,100,000	-	-	2,100,000
Lake Sharon Pump Station & 3mg Ground Storage Tank	-	-	-	-	-	3,900,000	3,900,000
24" and 20" line along Lake Sharon	-	-	-	-	-	2,000,000	2,000,000
16" line along S. Corinth street	-	-	-	-	-	250,000	250,000
12" line along FM2181	-	-	-	-	-	2,000,000	2,000,000
Total	\$ -	\$ 3,200,000	\$ -	\$2,100,000	\$5,500,000	\$8,150,000	\$18,950,000

FUNDING SOURCES	2016-17	2017-18	2018-19	2019-20	2020-21	Over 5 Years	Total
Unissued/Unauthorized Bond Proceeds	\$ -	\$ -	\$ -	\$2,100,000	\$5,500,000	\$8,150,000	\$15,750,000
2017 C.O.	-	1,500,000	-	-	-	-	1,500,000
2016 C.O.	-	1,300,000	-	-	-	-	1,300,000
Impact Fees/Escrow Funds	-	400,000	-	-	-	-	400,000
Total	\$ -	\$ 3,200,000	\$ -	\$2,100,000	\$5,500,000	\$8,150,000	\$18,950,000

CAPITAL COSTS	2016-17	2017-18	2018-19	2019-20	2020-21	Over 5 Years	Total
Sewer line Realignment (L3)	\$ 225,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,000
FM2181 lift station and 14"/12" force main	-	-	-	-	-	700,000	700,000
Lynchburg 15", 12", 10" Sewer Line	-	-	-	-	-	1,300,000	1,300,000
Shady Rest Lift station 18"/21" Sewer Line	-	-	-	-	-	1,700,000	1,700,000
Total	\$225,000	\$ -	\$ -	\$ -	\$ -	\$ 3,700,000	\$3,925,000

FUNDING SOURCES	2016-17	2017-18	2018-19	2019-20	2020-21	Over 5 Years	Total
Unissued/Unauthorized Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,700,000	\$ 3,700,000
Aid in Construction	225,000	-	-	-	-	-	225,000
Total	\$ 225,000	\$ -	\$ -	\$ -	\$ -	\$ 3,700,000	\$ 3,925,000

CAPITAL COSTS	2016-17	2017-18	2018-19	2019-20	2020-21	Over 5 Years	Total
Meadows/Shady Shores Intersection	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Total	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000

FUNDING SOURCES	2016-17	2017-18	2018-19	2019-20	2020-21	Over 5 Years	Total
Drainage Operating Funds	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Total	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000

Utility Rates



Base Rate (by meter size)					
Meter Size	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
5/8 x 3/4"	\$23.27	\$31.23	\$27.66	\$4.39	18.87%
Full 3/4"	32.25	34.36	32.25	0.00	0.00%
1"	32.25	43.73	38.73	6.48	20.09%
1 1/2"	65.15	65.15	65.15	0.00	0.00%
2"	100.70	100.70	100.70	0.00	0.00%
3"	210.25	343.56	304.30	94.05	44.73%
4"	330.10	437.26	387.29	57.19	17.32%
6"	660.95	660.95	660.95	0.00	0.00%
10"	1,510.65	1,510.65	1,510.65	0.00	0.00%

The rates include a senior citizen discount where senior citizens receive 3,000 gallons of water and 1,000 gallons of wastewater included in their monthly minimum bill.

Volumetric Charge - Residential					
Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
0-10000	\$2.77	\$4.95	\$5.08	\$2.31	83.39%
10001-25000	4.77	6.95	7.08	2.31	48.43%
25001-50000	6.77	8.95	9.08	2.31	34.12%
50000 up	8.77	10.95	11.08	2.31	26.34%

Volumetric Charge – Commercial					
Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
0-10000	\$3.68	\$4.75	\$4.56	\$0.88	23.91%
10001-25000	4.68	5.75	5.56	0.88	18.80%
25001-50000	5.68	6.75	6.56	0.88	15.49%
50000 up	6.68	7.75	7.56	0.88	13.17%

Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
Base Fee	\$21.39	\$21.39	\$21.39	\$0.00	0.00%
Volumetric Fee	5.60	3.67	3.67	(1.93)	-34.46%

Water Bill Analysis - Residential					
Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
5,000 Gallons	\$37.12	\$55.98	\$53.05	\$15.93	42.91%
10,000 Gallons	50.97	\$80.73	88.43	37.46	73.49%
30,000 Gallons	156.37	\$229.73	239.96	83.59	53.45%
75,000 Gallons	511.02	\$682.48	698.41	187.39	36.67%

Average Resident Bill

√ 10,000 Gallons of Water
 √ 5,000 Gallons of Wastewater

Current Rates

Total Bill = \$100.36

Proposed Rates

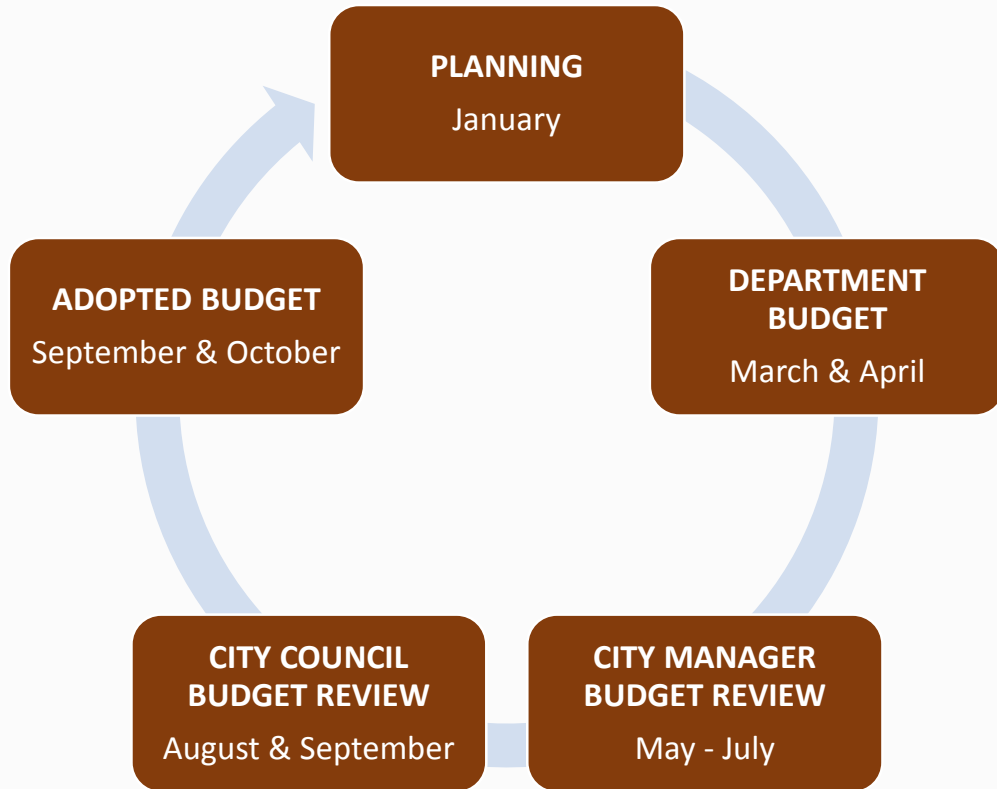
Total Bill = \$128.17

Resident Impact
\$27.81 or 27.7% increase

Wastewater Bill Analysis					
Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
5,000 Gallons	\$49.39	\$39.74	\$39.74	(\$9.65)	(19.54%)
10,000 Gallons	77.39	58.09	58.09	(19.30)	(24.94%)
30,000 Gallons	189.39	131.49	131.49	(57.90)	(30.57%)

Additional Rate Options

Will be emailed or provided at the August 17th meeting.



- Planning – (January)
 - ▣ January 14 – Council Goal setting / Strategic Planning Retreat

- Department Budget – (March – April)
 - ▣ March 7 – Budget Kickoff
 - ▣ March 28 – Departments submit budgets to Finance
 - ▣ April 11-22 – Budgets reviewed by City Manager

- City Manager’s Budget – (May – July)
 - ▣ June 29 – Council Policy Workshop
 - ▣ July 25 – Receive certified tax roll; calculate effective & rollback tax rates
 - ▣ July 31 – Submit proposed budget to Council

- City Council’s Budget – (August – September)
 - ▣ August 3 – Budget work session; Budget Overview
 - ▣ August 10- Budget work session; review governmental funds
 - ▣ August 10 – Vote on published tax rate and public hearing dates
 - ▣ August 17 – Budget work session; review proprietary funds
 - ▣ August 24 & September 7 – Public hearings on tax rate & budget
 - ▣ August 31 & September 14– Budget work session (if needed)

- Adopted Budget – (September - October)
 - ▣ September 21 – Adopt budget & tax rate
 - ▣ October 1 – Fiscal year begins; implementation of adopted budget