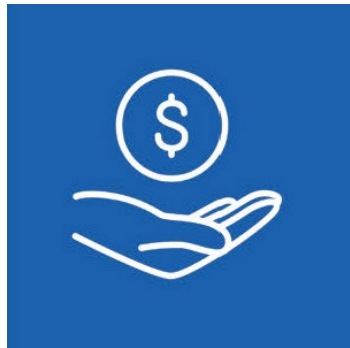


FY 2024 Budget Workshop #1

Investing in Cibolo's Future



Economic
Development



Infrastructure



Partnerships
&
Relationships



Financial
Integrity



Operational
Excellence

June 22, 2023

Presentation Overview

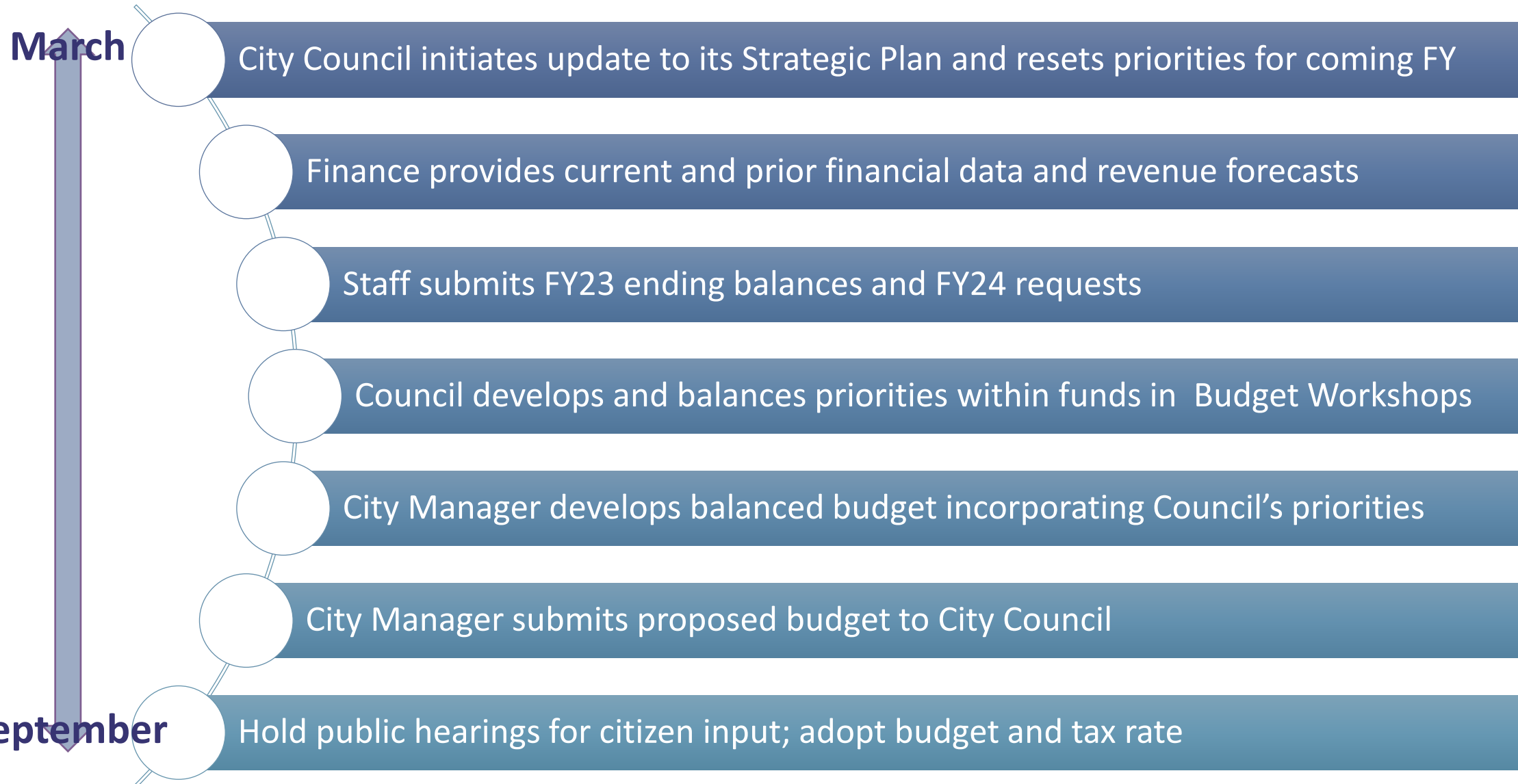
- Budget Process and Timeline
 - Council – “What does success look like in 2023?”
- Budget Requirements
- Property Tax Process - Truth in Taxation
- Where are we in Calculating Annual Budget?
- 5 Year Debt Model
- 5 Year CIP Development
- Funding Sources, including ARPA Projects
- Next Steps



Budget Process, Timeline, and Requirements



Budget Process



Budget Timeline

March 17 – Council Strategic Management Workshop

April 30 - Preliminary Taxable Values

June – Budget workshop #1

July 25 – Certified Taxable Values

July 27 – Budget Workshop #2

August 8 – Deliver City Manager's Proposed Budget

September 12 – Hold public hearings, adopt budget and tax rate

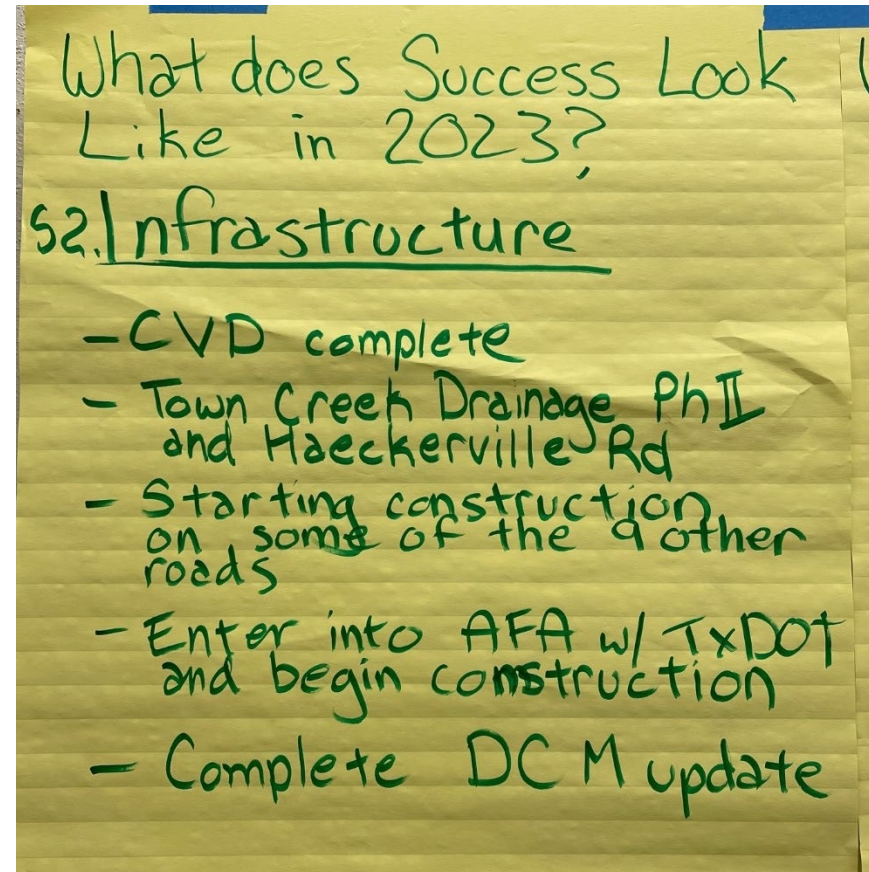


What Does Success Look Like in 2023?

At its March 2023 Strategic Management Workshop, Council identified several projects/initiatives it wants to see advance in 2023.

Infrastructure

- ❑ Complete Cibolo Valley Drive
- ❑ Complete Town Creek Phase II and Haeckerville Road
- ❑ Enter into AFA with TxDOT for Town Creek Trail and initiate construction
- ❑ Complete update to the Design and Construction Manual (DCM)

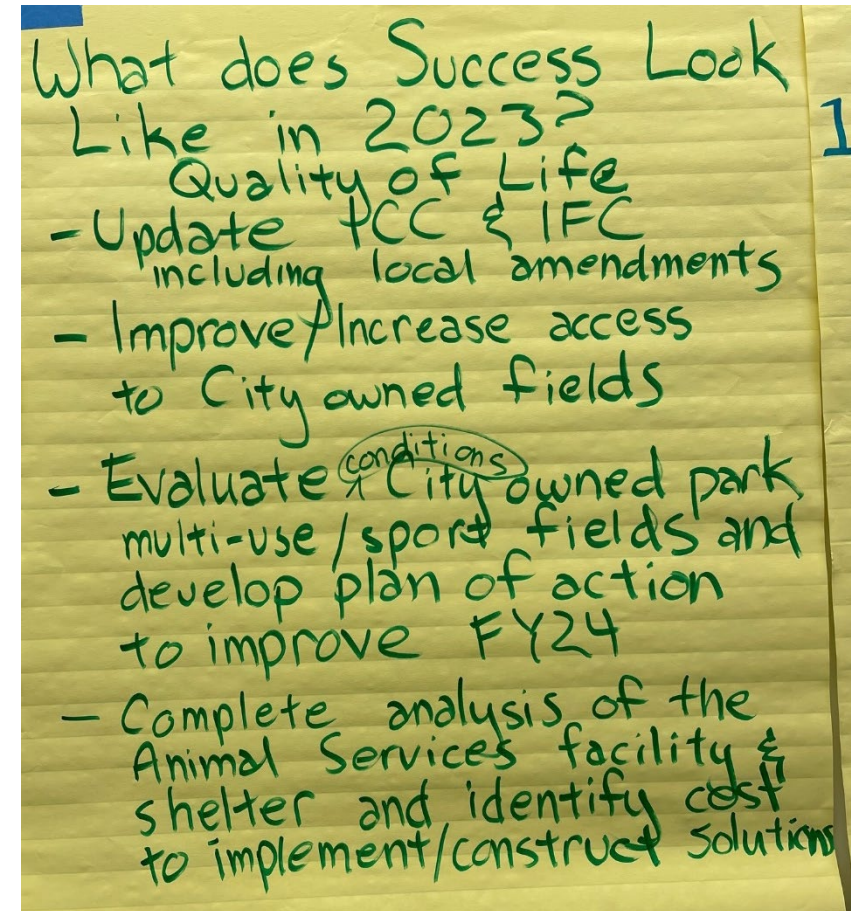


What Does Success Look Like in 2023?

At its March 2023 Strategic Management Workshop, Council identified several projects/initiatives it wants to see advance in 2023.

Quality of Life

- ❑ Update the ICC and IFC (2015 to 2021)
- ❑ Increase/Improve access to City owned fields
- ❑ Evaluate conditions of City owned park multi-use/sports fields and develop plan of action to improve
- ❑ Complete analysis of Animal Services facility and shelter and identify cost to implement and construct solutions



Budget Timeline Key Dates

- Budget Workshops
 - Budget Workshop #1: June 22nd
 - Budget Workshop #2: July 27th (after certification of assessed values)
 - Property Tax calculation, Tax Rate (refined), CIP projects finalized, General Fund, Council Priorities
- City Manager Proposed Budget will be presented August 8th
 - This version is a work in progress and intended to review with council for alignment
 - Allows Council to provide feedback to shape city manager's proposed budget
- Council feedback at the August 22nd Council meeting
- Final Budget will be presented and voted on September 12th



Budget Requirements

- Cibolo's City Charter
 - Financial Procedures
 - Capital Program
- Texas Law
 - Truth in Taxation



Cibolo's City Charter - Financial Procedures

Sec. 7.02. - Submission of budget and budget measure.

On or before August 15th of the fiscal year, the City Manager shall submit to the City Council a budget for the ensuing fiscal year and an accompanying budget message.

Sec. 7.05. - Public hearing on budget.

At the City Council meeting when the budget is submitted, the City Council shall name the date and place of a public hearing.

Sec. 7.06. - Proceeding on adoption of budget.

After public hearing, the City Council shall analyze the budget, making any additions or deletions which they feel appropriate, and shall, at least ten (10) days prior to the beginning of the next fiscal year, adopt the budget by the affirmative vote of a majority of the City Council. Should the City Council take no final action on or prior to such day, the current budget shall be in force on a month-to-month basis until a new budget is adopted and the new budget must be approved within thirty (30) days of the start of the new fiscal year.



Cibolo's City Charter - Capital Program

Sec. 7.10. - Capital program.

The City Manager shall submit a five-year (5-year) capital program as an attachment to the annual budget. The program as submitted shall include:

- (1) A clear general summary of its contents;
- (2) A list of all capital improvements which are proposed to be undertaken during the five (5) fiscal years succeeding the budget year, with appropriate supporting information as to the necessity for such improvements;
- (3) Cost estimates, method of financing and recommended time schedules for each improvement; and
- (4) The estimated annual cost of operating and maintaining the facilities to be constructed or acquired.

The above information may be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition.



Property Tax Process and Calculation



Property Tax Process

- Preliminary estimated assessed values are provided by April 30th by Guadalupe County Appraisal District (GAD).
- Assessed Values are certified by July 25th by GAD.
- Guadalupe County Tax Assessor/Collector prepares the Truth in Taxation forms with input and feedback from the Finance Director.
 - This form calculates the **No New Revenue (NNR)** tax rate and the **Voter Approval (VAR)** tax rate.
 - Notice of Tax Rate must be published on the City's website by August 7th.



Truth-in-Taxation

- The total tax rate is made of two components:
 - Maintenance and Operations (M&O) – used to fund general operations of the City; such as, public safety, public works, parks and recreation, development services, and administration in the General Fund
 - Debt Service (I&S) – used to pay principal and interest on tax supported capital projects



Truth-in-Taxation

- The ***No New Revenue*** rate is the property tax rate which would produce the same amount of tax revenue if applied to the same properties in both years.
 - Previously known as the Effective Rate.
 - Typically, property values appreciate from year to year. In most years, the increased value of a property means a lower tax rate could produce the same amount of revenue. For example, a home valued at \$100,000 with a tax rate of 41.8 cents would produce \$418 in property tax revenue. If in the following year, the home is valued at \$105,000, the No New Revenue rate would be 39.8 cents to produce the same \$418 worth of revenue. The No New Revenue rate enables the public to evaluate the relationship between taxes for the prior year and for the current year.



Truth-in-Taxation

- The ***Voter Approval*** rate is the maximum tax rate the City can set before requiring an election to approve the tax rate. The voter-approval tax rate is the sum of voter approval M&O rate (no-new-revenue M&O*1.035) and the required debt service rate, plus the unused increment rate, if applicable.
 - Previously known as the Rollback Rate.



Where are we in Calculating Annual Budget?

- FY23 Year End Estimates reflect fund balance of 28% going into FY24
 - Planned drawdown of \$2.5M in FY22 for CVD road improvements
 - Planned drawdown \$1.8M in FY23 for:
 - Updates to Master Plan and Design Criteria Manual - \$500K
 - City Hall Annex (construction, parking lot, furniture & fixtures) – \$550K
 - Technology (phone system, PW expansion, servers, CHA) - \$360K
 - Public Works equipment - \$140K
 - Animal Services facility study - \$50K
 - Fire Safety equipment (Ford F550 and other) - \$300K
- Preliminary Assessed value estimates received
- Working on Developing FY24 Base budget based on available information in advance of Certified Assessed Values by July 25th from GAD



FY 24 Ad Valorem Tax Assumption (Preliminary)

<i>Effective Date of Values, <u>04/21/2023</u></i>	TAXING ENTITY:	City of Cibolo
<i>Preliminary Net Taxable Value¹</i>		\$ 3,725,610,034
<i><u>Remove: 2022 Certified Industrial Property Values</u></i>		\$ <u>(95,605,886)</u>
² <i>Upper End Net Taxable Value Discounted -4%</i>		\$ 3,484,803,982
² <i>Lower End Net Taxable Value Discounted -9%</i>		\$ 3,303,303,775
<i><u>Add: 2023 Preliminary Industrial & Mineral Value</u></i>		\$ <u>98,900,000</u>
<i>Indicated Upper End of Estimated Net Taxable Range</i>		\$ <u>3,583,703,982</u>
<i>Indicated Lower End of Estimated Net Taxable Range</i>		\$ <u>3,402,203,775</u>
¹ Excludes Mineral Account Value		
² In comparison, 2022 weighted mean discount observed among all taxing units was -5.7%.		



FY24 Ad Valorem Tax Assumption (Preliminary)

- Estimated range of taxable value is 13% to 19% over the prior year.
 - 2023 Preliminary Net Taxable Value Range = \$3,402,203, 775 to \$3,583,703,982
 - 2022 Certified Net Taxable Value = \$3,009,324,817, increase of 11.4% over 2021
 - 2021 Certified Net Taxable Value = \$2,701,128,182
- Increased values typically produce a decrease in the NNR rate.
- To respond to increased costs for maintenance and operations year-over-year, adjusting the debt rate while still increasing debt capacity (\$26M to \$29M) will assist Cibolo in maintaining levels of service in FY24.

Estimated Tax Rates at Assessed Values	\$3.4 B	\$3.5 B	\$3.6 B
2023 NNR Tax Rate	.4660	.4505	.4360
2023 VA Tax Rate	.4735	.4580	.4435
2023 VA Tax Rate (adj for unused increment)	.4871	.4716	.4571



Tax Rate Assumption (Preliminary)

- Assuming \$3.4B scenario and flat tax rate of \$0.4835
 - I&S Tax Rate calculated at 0.1699
 - M&O Tax Rate would be 0.3136
 - Freeze values - \$344M or \$979K levy

Estimated Tax Revenue at \$3.4M AV	Rate	FY24 Estimated Tax Levy	FY23 Adjusted Tax Levy	Difference
M&O	0.3136	\$10,217,631	\$9,115,966	\$1,101,665
I&S	0.1699	5,535,636	5,373,086	162,550
Total	0.4835	\$15,753,267	\$14,489,051	\$1,264,216



5 Year Debt Model



5 Year Debt Model – assuming I&S rate of \$0.1693

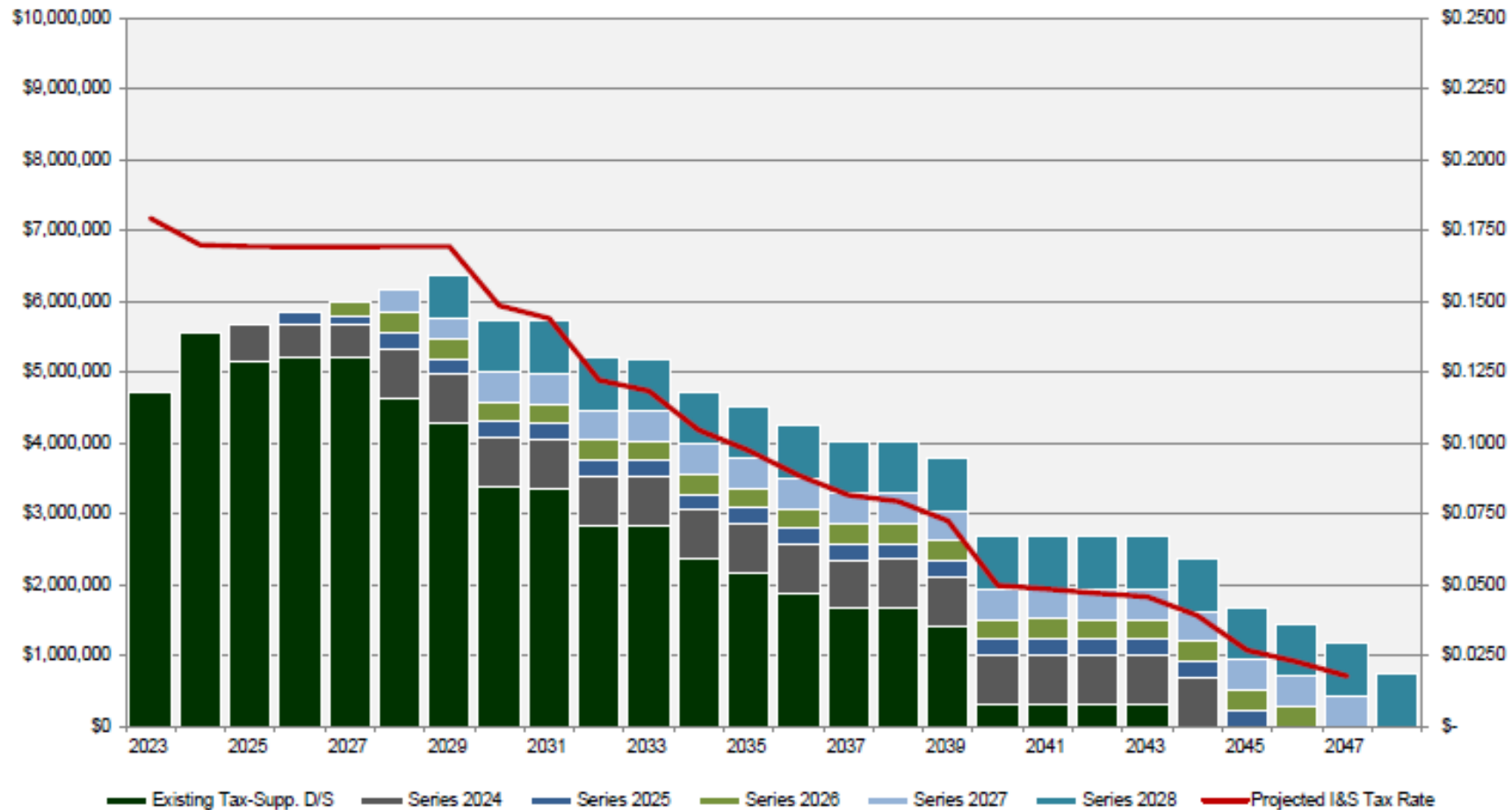
This preliminary 5-Year Capital Program assumes \$0.1693 I&S Tax Rate and would generate \$28,835,000 over 5 years.

(A) FYE 9/30	(B) Freeze-Adj. Assessed Valuation	(C) Projected Growth	(D) Existing Tax-Supp. D/S	(E) Less: Defeased D/S	Plus: Projected \$28,835,000 New Issuance (2024-2028)					(K) Projected Total Tax- Supp. D/S	(L) Plus: Proj. Defeasance Cost	(M) Less: Frozen Tax Revenues	(N) Projected Total Net D/S	(O) Projected I&S Tax Rate					
					(\$8,390,000 Series 2024 4/1 4.30%)		(\$2,770,000 Series 2025 4/1 4.50%)		(\$3,480,000 Series 2026 4/1 4.75%)						(\$5,135,000 Series 2027 4/1 5.00%)		(\$9,080,000 Series 2028 4/1 5.00%)		
2023	\$ 2,796,485,099		\$ 4,718,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,718,771	\$ -	\$ (367,024)	\$ 4,351,747	\$ 0.1793				
2024	3,057,737,336	9.34%	5,546,823	-	-	-	-	-	-	-	5,546,823	-	(351,111)	5,195,712	0.1699				
2025	3,149,469,456	3.00%	5,147,988	-	534,000	-	-	-	-	-	5,681,988	-	(350,314)	5,331,673	0.1693				
2026	3,243,953,540	3.00%	5,218,197	-	454,125	166,200	-	-	-	-	5,838,522	-	(350,181)	5,488,341	0.1692				
2027	3,341,272,146	3.00%	5,218,131	-	441,625	124,650	219,133	-	-	-	6,003,539	-	(350,181)	5,653,358	0.1692				
2028	3,441,510,310	3.00%	4,642,041	-	688,000	227,288	276,619	342,333	-	-	6,176,281	-	(350,314)	5,825,966	0.1693				
2029	3,544,755,620	3.00%	4,273,829	-	692,500	222,563	276,038	281,125	605,333	-	6,351,387	-	(350,314)	6,001,073	0.1693				
2030	3,651,098,288	3.00%	3,379,928	-	691,125	222,725	275,219	431,000	741,625	-	5,741,621	-	(321,393)	5,420,228	0.1485				
2031	3,760,631,237	3.00%	3,365,309	-	689,000	222,663	274,163	431,750	741,500	-	5,724,384	-	(314,635)	5,409,749	0.1439				
2032	4,031,450,174	7.20%	2,841,991	-	691,000	222,375	277,750	432,000	740,625	-	5,205,741	-	(280,786)	4,924,956	0.1222				
2033	4,152,393,679	3.00%	2,826,463	-	692,000	226,750	275,981	431,750	739,000	-	5,191,944	-	(274,500)	4,917,443	0.1184				
2034	4,276,965,490	3.00%	2,358,013	-	692,000	225,788	273,975	431,000	741,500	-	4,722,275	-	(250,453)	4,471,822	0.1046				
2035	4,405,274,454	3.00%	2,162,613	-	691,000	224,600	276,613	429,750	738,125	-	4,522,700	-	(237,437)	4,285,263	0.0973				
2036	4,537,432,688	3.00%	1,884,513	-	689,000	223,188	278,775	428,000	738,875	-	4,242,350	-	(220,995)	4,021,355	0.0886				
2037	4,673,555,669	3.00%	1,658,550	-	690,875	226,438	275,581	430,625	738,625	-	4,020,694	-	(207,228)	3,813,466	0.0816				
2038	4,813,762,339	3.00%	1,659,325	-	691,500	224,350	277,031	432,500	742,250	-	4,026,956	-	(202,798)	3,824,159	0.0794				
2039	4,958,175,209	3.00%	1,417,750	-	690,875	226,925	278,006	428,750	739,750	-	3,782,056	-	(188,566)	3,593,490	0.0725				
2040	5,106,920,465	3.00%	310,800	-	689,000	224,163	278,506	429,375	741,125	-	2,672,969	-	(137,316)	2,535,652	0.0497				
2041	5,260,128,079	3.00%	314,700	-	690,750	226,063	278,531	429,250	741,250	-	2,680,544	-	(134,488)	2,546,056	0.0484				
2042	5,417,931,921	3.00%	313,100	-	691,000	222,625	278,081	428,375	740,125	-	2,673,306	-	(130,877)	2,542,429	0.0469				
2043	5,580,469,879	3.00%	311,100	-	689,750	223,850	277,156	431,625	742,625	-	2,676,106	-	(127,966)	2,548,141	0.0457				
2044	5,747,883,975	3.00%	-	-	691,875	224,625	275,756	429,000	738,750	-	2,360,008	-	(111,590)	2,248,417	0.0391				
2045	5,920,320,495	3.00%	-	-	-	224,950	273,881	430,500	738,500	-	1,867,831	-	(79,328)	1,588,503	0.0268				
2046	6,097,930,109	3.00%	-	-	-	-	276,413	431,000	741,625	-	1,449,038	-	(67,735)	1,381,302	0.0227				
2047	6,280,868,013	3.00%	-	-	-	-	-	430,500	738,125	-	1,168,625	-	(53,873)	1,114,752	0.0177				
2048	6,469,294,053	3.00%	-	-	-	-	-	-	738,000	-	738,000	-	(33,892)	704,108	0.0109				
Totals			\$ 59,569,931	\$ -	\$ 13,171,000	\$ 4,332,775	\$ 5,473,208	\$ 8,370,208	\$ 14,667,333	\$ 105,584,456	\$ -	\$ (5,845,296)	\$ 99,739,160						



5 Year Debt Model – assuming I&S rate of \$0.1693

This preliminary 5-Year Capital Program assumes \$0.1693 I&S Tax Rate and would generate \$28,835,000 over 5 years.



5 Year CIP Development



5 Year CIP Development for FY24

- City Council will participate in developing a new 5 Year Capital Improvement Plan (CIP) through an interactive exercise.
- Council has given direction on key capital projects over the past 6 months, including, but not limited to, roads, facilities, utilities, trails, and parks/open space.
- In this budget workshop, Council will initiate the development of a fiscally constrained 5 Year CIP, using projected debt capacity and available funds, including, but not limited to:
 - Transportation Impact Fees, Water and Wastewater Impact Fees, Parkland Dedication/Development Fees, Drainage Impact Fees, Cibolo Public Facility Corp., and ARPA



5 Year CIP Development

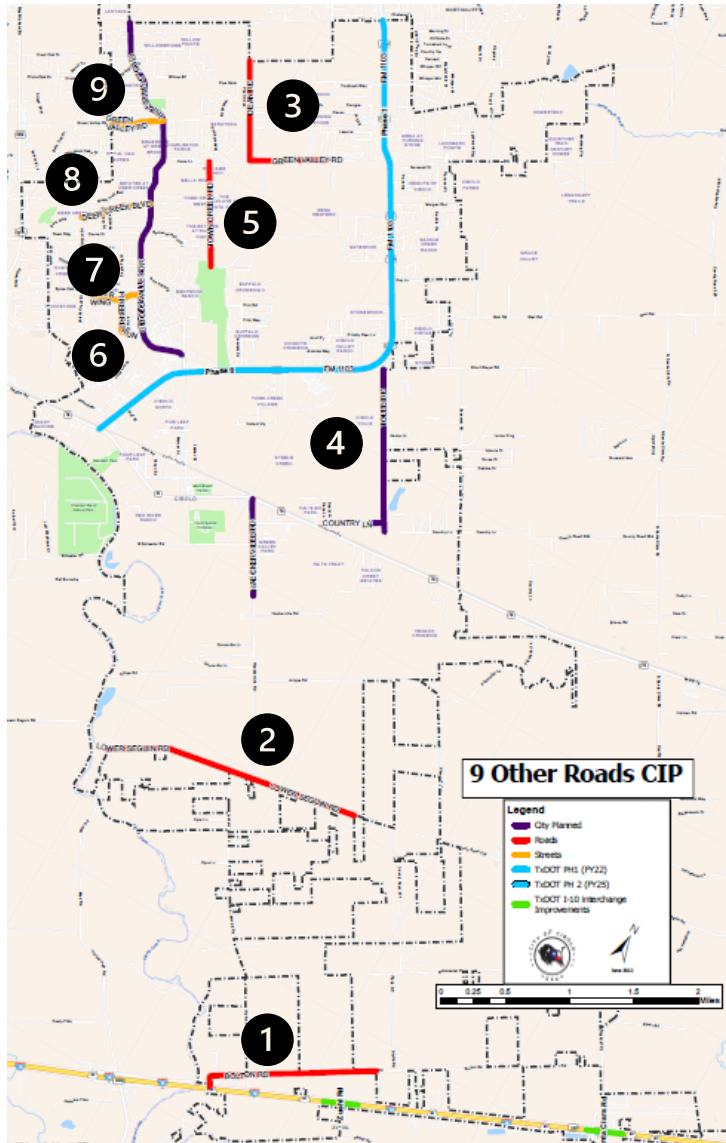
- **Continue significant investment to address growth pressures**
 - Property Tax supported – facilities, fleet, public safety, parks, roads, sidewalks
 - Rate and fee supported – water/wastewater and stormwater drainage
- **Existing Capital Projects in the 5 Year CIP are broken out across 6 different categories:**
 - Public Facilities = \$4.53M
 - Public Safety = \$14.75M
 - Quality of Life = \$18.21M
 - Drainage = \$52.53M
 - Transportation = \$252.47M
 - Utilities (Water and Sewer) = \$53.79M

Total CIP List \$397M in FY23 is a combination of City funds, developer funds, and TxDOT funds.

Note: Some projects have alternative funding sources.



5 Year CIP – CVD, 9 Other Roads, and FM 1103



- **FM 1103 Reconstruction Ph 1**
 - **FM 1103 Reconstruction Ph 2 (FY 26)**
 - **Cibolo Valley Drive** (Scheduled to be completion August 2023)
 - **Haeckerville Road** (Scheduled to be completed December 2023)
- Bolton Road** (under design; ready for construction Fall 2023)
 - Lower Seguin Road** (under design; ready for construction Fall 2023)
 - Dean Road** (under design; ready for construction Fall 2023 and will require coordination with City of Schertz on manholes (7))
 - Tolle Road** (under design; ready for construction Fall 2023)
 - Town Creek Road**
 - Firebird Lane**
 - Silver Wing**
 - Deer Creek Blvd.**
 - Green Valley Road**

5 Year CIP – Tolle Road

The following is a breakdown of the Tolle Road project:

- Original Design Construction Cost: \$6,992,640
- Redesign Estimated Construction Cost: \$7,886,691 (wider shoulders/deeper subbase)
- Includes cost for roadway, drainage, water, and wastewater
- Excludes costs associated with ROW acquisition and relocation of GVEC poles

Funding source #	Available funds	Allocate to project
2019 General Obligation bonds	460,000	460,000
2016 GO Bonds – Borgfeld Rd project	54,000	54,000
Drainage Impact fees	1,817,346	1,681,051
Wastewater impact fees	2,121,550	1,154,500
Water impact fees	3,811,347	193,500
Transportation impact fees *	2,819,562	2,819,562
Total Funds Available		\$6,362,613
Reallocate ARPA Funds		



5 Year CIP – Dean Rd, Lower Seguin Rd, and Bolton

The following is a breakdown of funding for these three roads

- Excludes costs associated with ROW acquisition if any

Project Name	Total Const. Cost	City's Portion	County's Portion
Dean Rd	\$1,833,000	\$1,088,000	\$745,000
Bolton Rd	\$1,785,000	\$1,285,000	\$500,000
Lower Seguin Rd	\$4,552,000	\$3,817,000	\$735,000
Total:	\$8,170,000	\$6,190,000	\$1,980,000



Funding Sources

- The following are preliminary estimates for FY24 Anticipated Available Funds
- If Council funds Tolle Road project as shown, deduct the amounts shown in the table below.

	FY23 Beginning Fund Balance	FY23 Expected Revenue	FY23 Budgeted Expense	FY24 Anticipated Available
<u>Impact Fee Funds</u>				
Transportation Impact	2,671,674	1,070,000	5,000	3,736,674
Water Impact	3,163,698	1,660,000	760,000	4,063,698
Wastewater Impact	2,386,688	720,000	655,000	2,451,688
Drainage Impact	2,622,243	650,000	1,031,945	2,240,298
	\$ 10,844,303.00	\$ 4,100,000.00	\$ 2,451,945.00	\$ 12,492,358.00
<u>Other funds</u>				
Park Development Fees	1,087,556	366,000	1,000,000	453,556
Street Maintenance Tax	930,025	1,250,000	2,039,000	141,025
	\$ 2,017,581	\$ 1,616,000	\$ 3,039,000	\$ 594,581

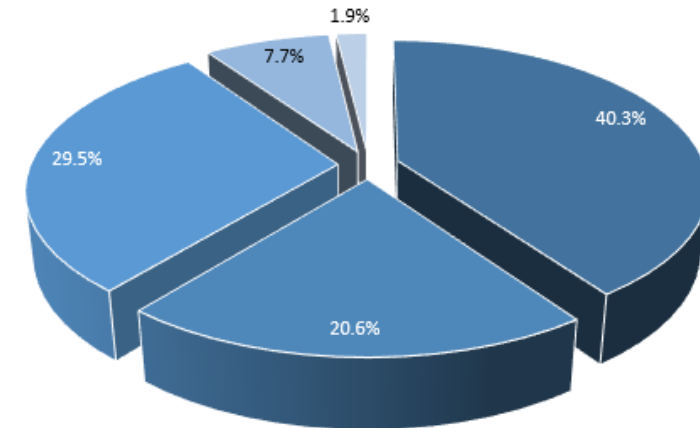


Funding Sources: ARPA Funds and Projects

- Total award received by Cibolo has been \$7,766,311 (this is about \$16,000 more than the estimated \$7,750,992 that we expected in August 2021)
 - Delivered in two tranches
 - 1st ~\$3.88 M received in August 2021
 - 2nd ~\$3.88 M received in August 2022

In 2021, City Council Supported:

- Utility CIP Projects - \$3,120,000
- Drainage CIP Projects - \$1,600,000
- Premium Pay - \$2,283,512
- Communications - \$600,000
- Emergency Equipment - \$147,000



■ Utility CIP Projects ■ Drainage CIP Projects ■ Premium Pay ■ Communications ■ Emergency Equipment



ARPA Funds and Projects

FY 2022

Project Name	Cost	
Premium Pay/Staffing	\$1,339,373	Done
ATT Fiber	\$100,000	No cost
Cybersecurity	\$18,484	
City Fiber	167,548	
Arizpe Road	110,000	
Charleston Park	\$367,515	Done
	\$500,000	
Spent in FY22	2,104,192	
Water Interconnect	\$500,000	2024
Falcon Crest Sewer	\$160,000	
Lift Station Replacement	\$600,000	In process
Shady Meadows Water	\$400,000	
Total Pending	\$1,500,000	
Total FY22	\$3,504,192	

FY 2023

Project Name	Cost	
Premium Pay/Staffing	\$448,266	Done
City Fiber	\$131,204	
FD Quick Response	\$178,430	Ordered
Spent in FY23 (as of June)	757,900	
Deer Creek Drainage	\$500,000	2024
Falcon Crest Sewer	\$1,460,000	Cancelled
Green Valley Low	\$500,000	2024
Water Crossing	\$600,000	
Premium Pay/Staffing	\$467,734	
City Fiber Install	\$201,250	On hold
Total Pending	\$1,668,984	
Total FY23 as of June	\$2,426,884	

As of June 2023, the revised total is \$5,931,076, leaving a balance of \$1,835,235



ARPA Funds and Projects

- Total Allocated Amount - \$7,766,311
- As of June 2023, the FY22 and FY23 revised total is \$5,931,076, leaving a balance of \$1,835,235
- Provision of Public Safety Services and Staffing across FY24 and FY25 of \$750,000 supports continued market competitive pay for Police and Fire sworn positions as City grows revenue to self-support, leaves \$1,085,235 for other projects

FY 2024

Project Name	Cost	
Provision of Public Safety	\$500,000	
Total (2022)	\$1,585,235	

FY 2025

Project Name	Cost	
Provision of Public Safety	\$250,000	
Total (2024)	\$250,000	



Next Steps (Not All Inclusive)

- **July**
 - Review and Direction on Employee Compensation and Benefits
 - Review and Direction on Fund Balance Policy
 - Discussion and Direction on Fee Schedule revisions
 - Develop budget for other operating funds: Economic Development Corp. Fund, Water and Sewer Fund, Drainage Utility District Fund
 - Develop budget for Special Revenue Funds
 - Receive Certified Tax Roll and Calculate Tax Rate, in turn project more accurate revenues to cover expenses
 - Budget Workshop #2
 - Update Council Strategic Plan FY24 – FY26 with direction from Budget Workshop #1 and #2

- **August**
 - Submission of City Manager’s Proposed FY24 Budget and 5 Year CIP
 - Set Maximum Tax Rate
 - Set Public Hearing Date for Property Tax Rate
 - Council provide feedback on CM Proposed FY24 Budget

- **September 8th** (and special meeting if needed)
 - Public Hearings on Proposed FY24 Budget and Proposed 2022 Property Tax Rate
 - Approval of Council Strategic Plan FY24 – FY26
 - Adoption of Revised Fee Schedule by Ordinance
 - Adoption of Investment Policy by Ordinance
 - Approval of Fund Balance Policy Resolution (if any revisions are needed)
 - Approval of Defeasance Resolution (if needed)
 - Approval of Paid Holidays Resolution
 - Public Hearing on Proposed FY23 Budget
 - Adoption of FY23 Budget by Ordinance
 - Approval of Resolution Ratifying Property Tax Increase
 - Adoption of Levying Tax Rate Ordinance

