

**City of Bryan**  
**Impact of 3.5% Tax Cap**

July 9, 2019

# The Law – Effective in 2021 Tax Year

The 3.5% tax cap legislation requires, *in general*, that: if the taxable value of existing properties (in total) increases by more than 3.5% in the preceding year.....

- The current tax rate will be reduced to the level that would collect no more than 3.5% - no voter approval required
- The current rate (or any rate above the 3.5%) can be maintained through a vote of the public only
  - City of Bryan Tax Rate = 62.999 cents per \$100 valuation
    - \$630 on a \$100,000 home

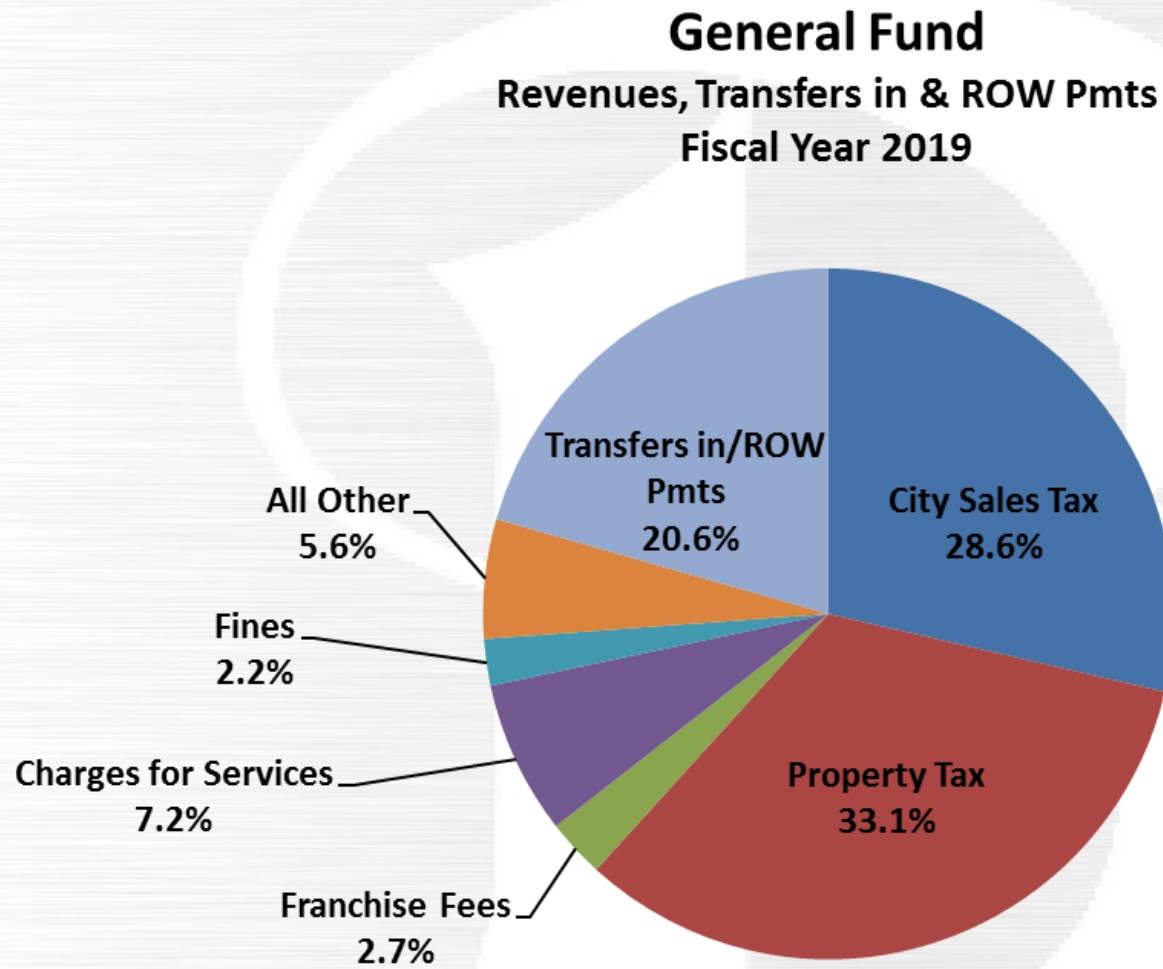
# Where Your Property Taxes Go

## Property Tax Split

| (in millions of \$) | <u>FY19</u>    |     |
|---------------------|----------------|-----|
| General Fund        | \$ 24.8        | 70% |
| Debt Service        | 7.8            | 22% |
| TIRZ                | 2.9            | 8%  |
| Total               | <u>\$ 35.5</u> |     |

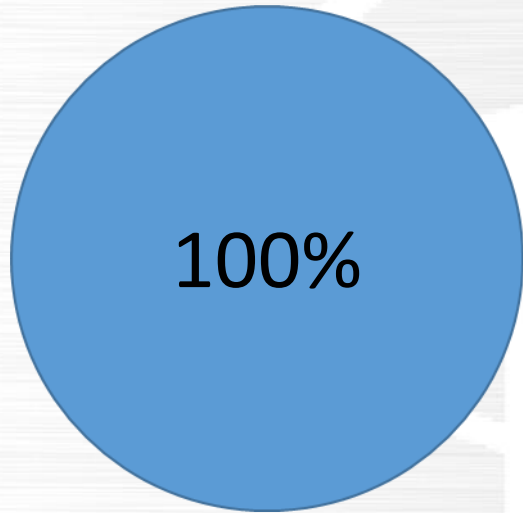
|               | <u>Tax Rate</u> |
|---------------|-----------------|
| M&O Tax Rate  | 47.8708         |
| I&S Tax Rate  | 15.1282         |
| Full Tax Rate | 62.9990         |

# General Fund Revenue Sources

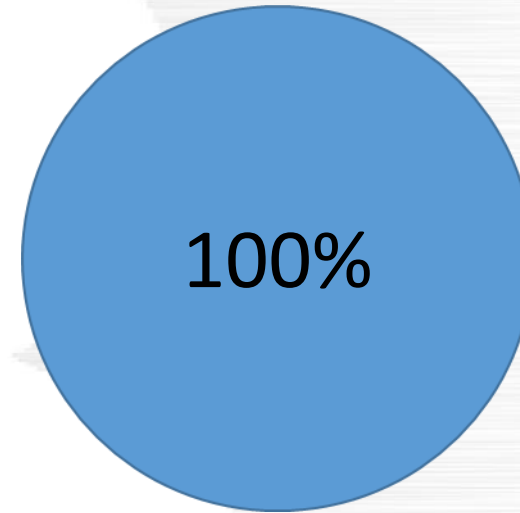


# Debt Service and TIRZ Revenue Sources

Debt Service



TIRZ



- 100% Funded by Property Taxes

# The Law

The 3.5% tax cap legislation requires, *in general*, that: if the taxable value of existing properties (in total) increases by more than 3.5% in the preceding year.

## Other Factors:

- Affected by changes to the M&O rate
- Excludes TIRZ values



# For Example

If existing values go up by 4.5%, the following year, the tax rate has to be reduced by 1.0%, unless council opts to take the current tax rate to a vote of the citizens.

For Bryan 62.999 cents per \$100 would be reduced to 62.4 cents

However: If we decreased our M&O rate by 1%, from 47.8708 cents to 47.3921 cents and increased I&S by the same amount, you can maintain 62.999

# If Cap was Effective This Year

- Taxable values increase two main ways: increase in existing values, to which the legislation applies, and to new values.
- This year, Bryan will exceed the \$6 billion mark in net taxable value.
- Bryan will see approximately a 2.5% increase in new values and a 6.0% increase in existing values. So if the legislation were in effect this year, Bryan would be affected.



# If Cap was Effective This Year – Cont'd

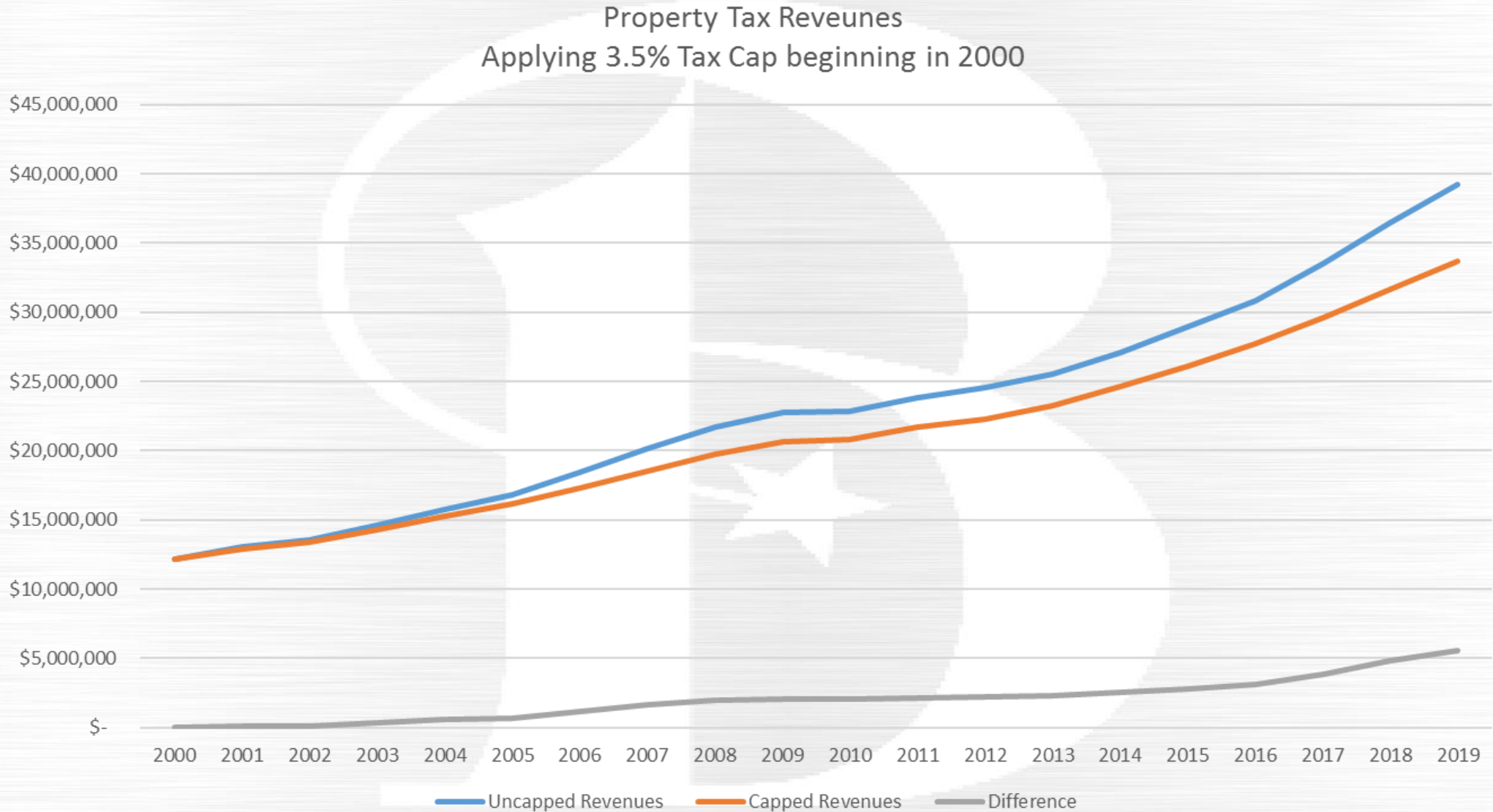
Bryan brings in about \$36 million annually in property taxes.

- If you apply the legislative math today, a 2.5% reduction in the tax rate (from 6% to 3.5%) would result in approximately a \$1 mm reduction in revenues.
- On the positive side for City revenues is the fact that revenues would increase by the 3.5% cap on existing values and the 2.5% increase in new values.... A total 6% increase.
- But Long Term.....

# Applying Tax Cap Since 2000



# Applying Tax Cap Since 2000 – Cont'd



# So What's the Problem?

If the rate of Inflation was only 2.2% over that last 20 years, why should City revenues increase by more than 3.5%?

City costs go up for several of reasons

- Inflation
- Population Growth
- Community/Societal Expectations (Police body cameras, tazers, 4 firefighters to a truck (increase of +/- 33 FF's), worker safety, quicker service, more transparency)

# Next Steps

Look for ways to slow the growth of costs

Focus on core city functions

Create growth in sales tax channels

Review transfer options

Manage M&O and I&S rates

# Fitch Ratings – SB2

*“Fitch Ratings expects this change to negatively impact its assessment of some local governments' independent revenue raising ability...”*

*“...it fundamentally weakens one of the key powers that a government has to control its financial position and leaves it more vulnerable to weakening if other credit strengths deteriorate.”*



# Preliminary FY 2020 Budget Presentation

General Fund, Debt Service, Internal  
Service and Special Revenue Funds  
July 9, 2019

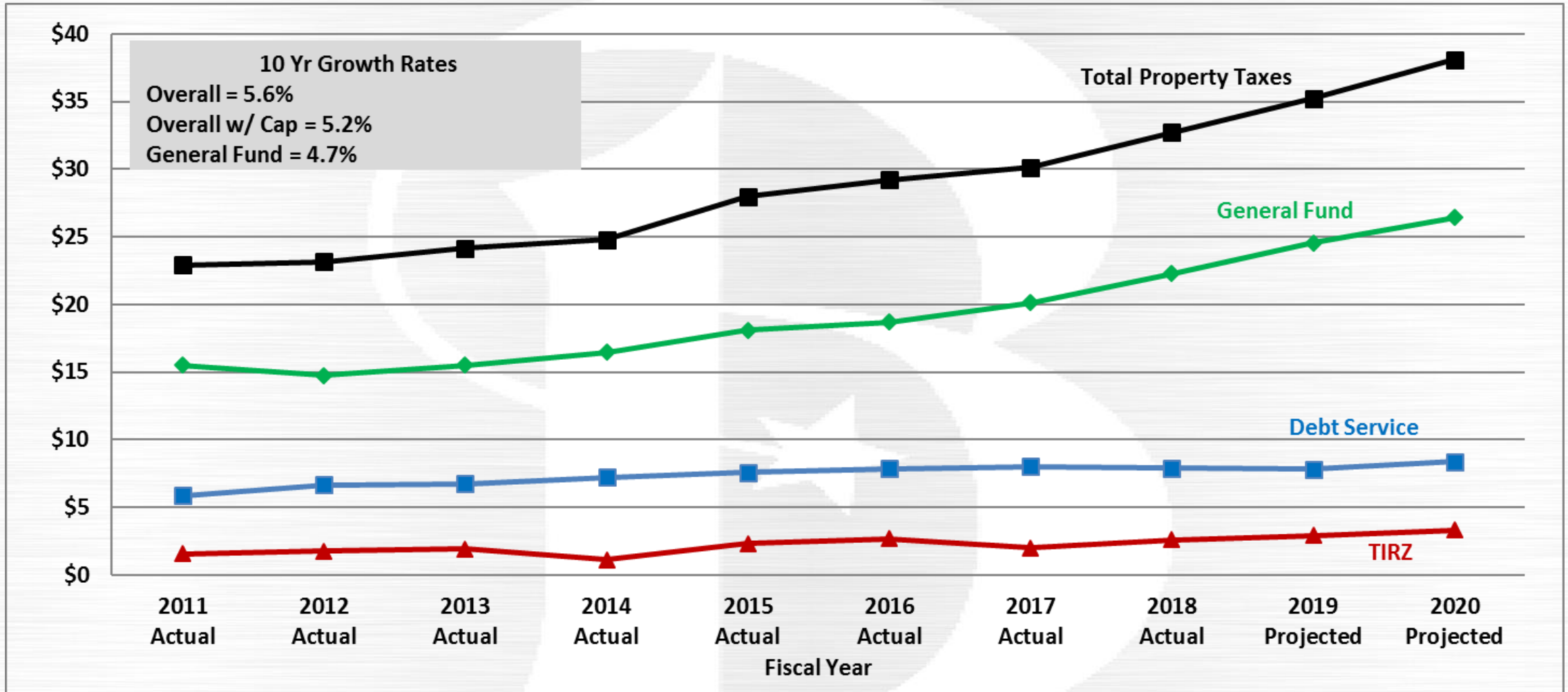
- **Preliminary FY 2020 Budgets**
- **Long Term Forecast**
- **Next Budget Steps**

A large, light blue, stylized logo consisting of the letters 'P' and 'B' intertwined. A white five-pointed star is positioned in the lower right quadrant of the 'B'.

# Preliminary FY 2020 Budgets

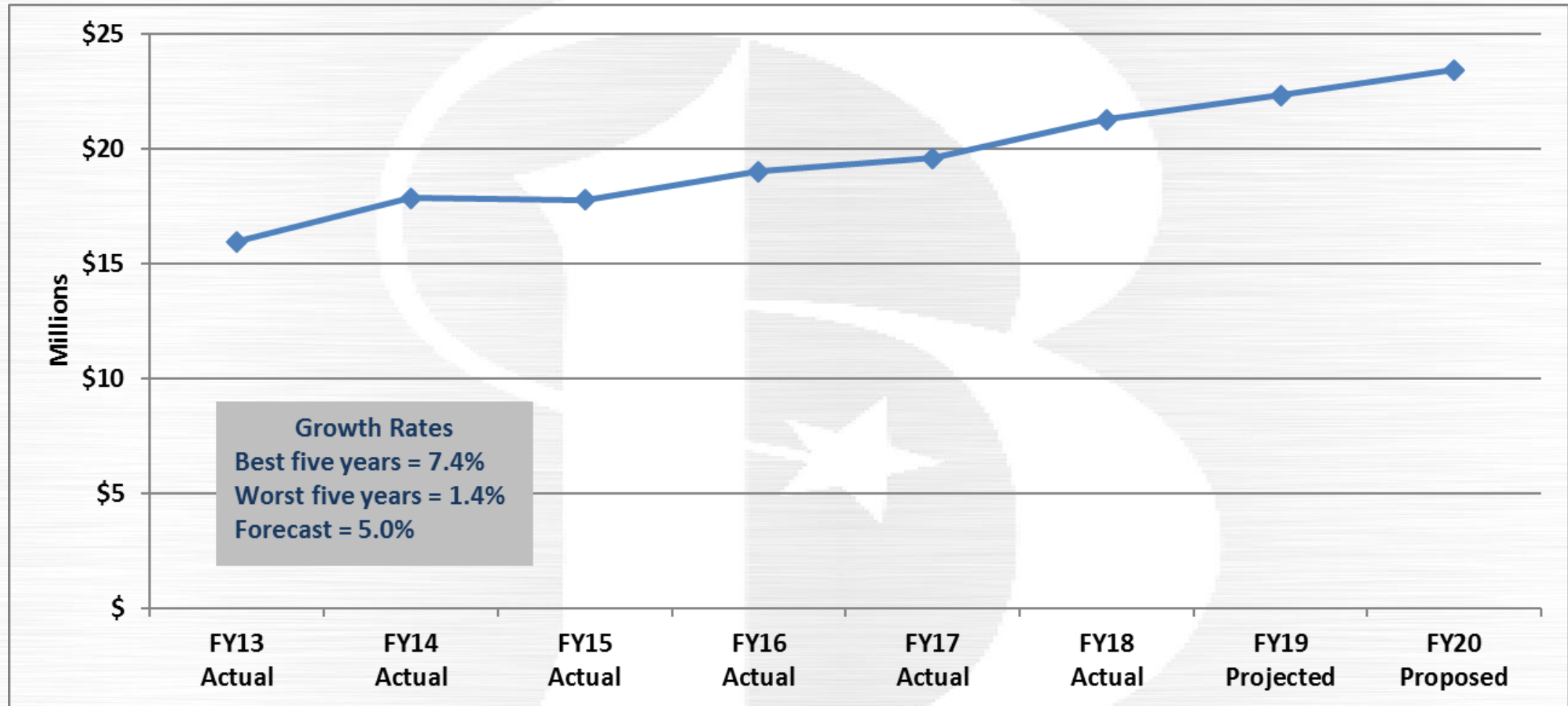
# Property Tax Allocation

(in millions of \$)



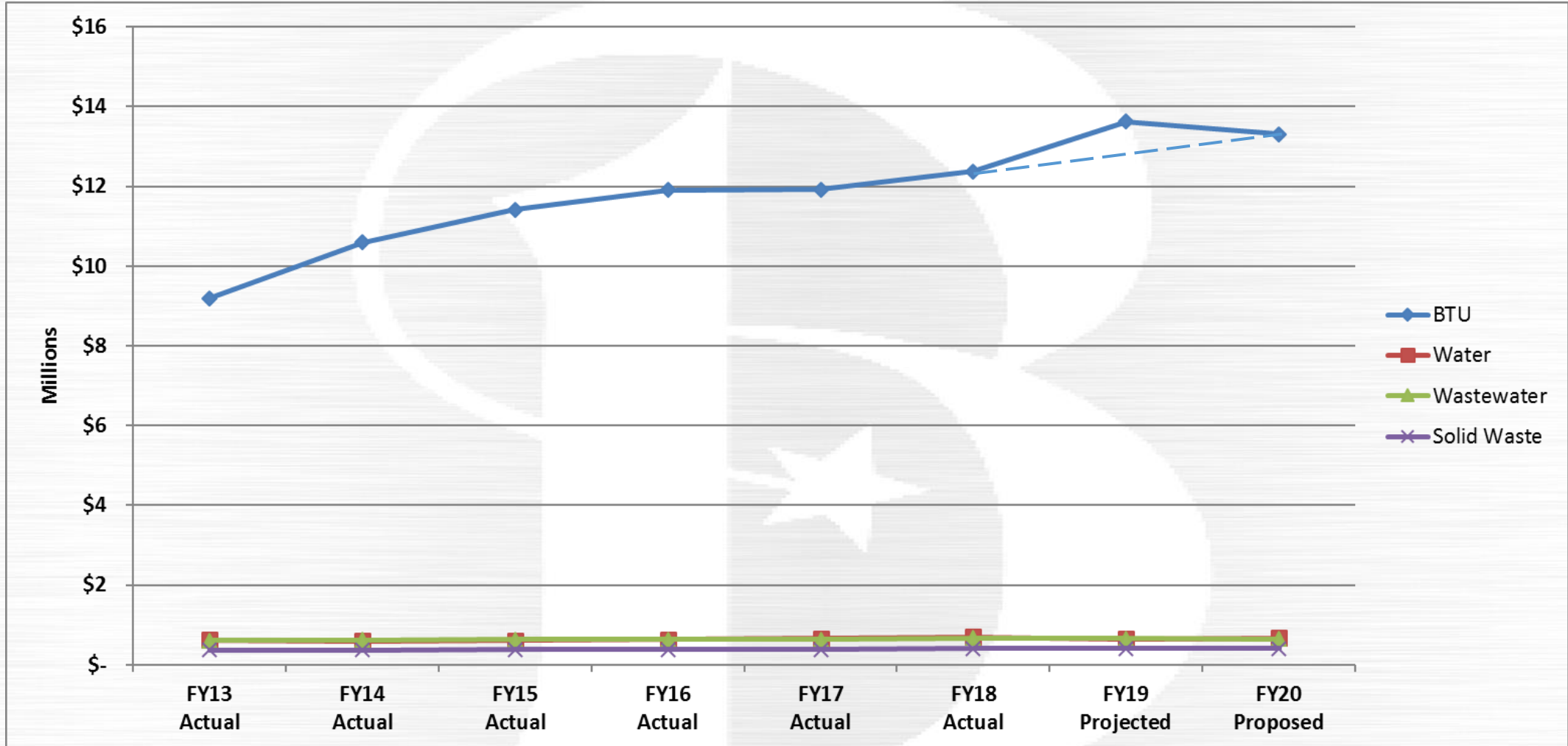
# City Sales Tax Trend

(in millions of \$)



# ROW Payments

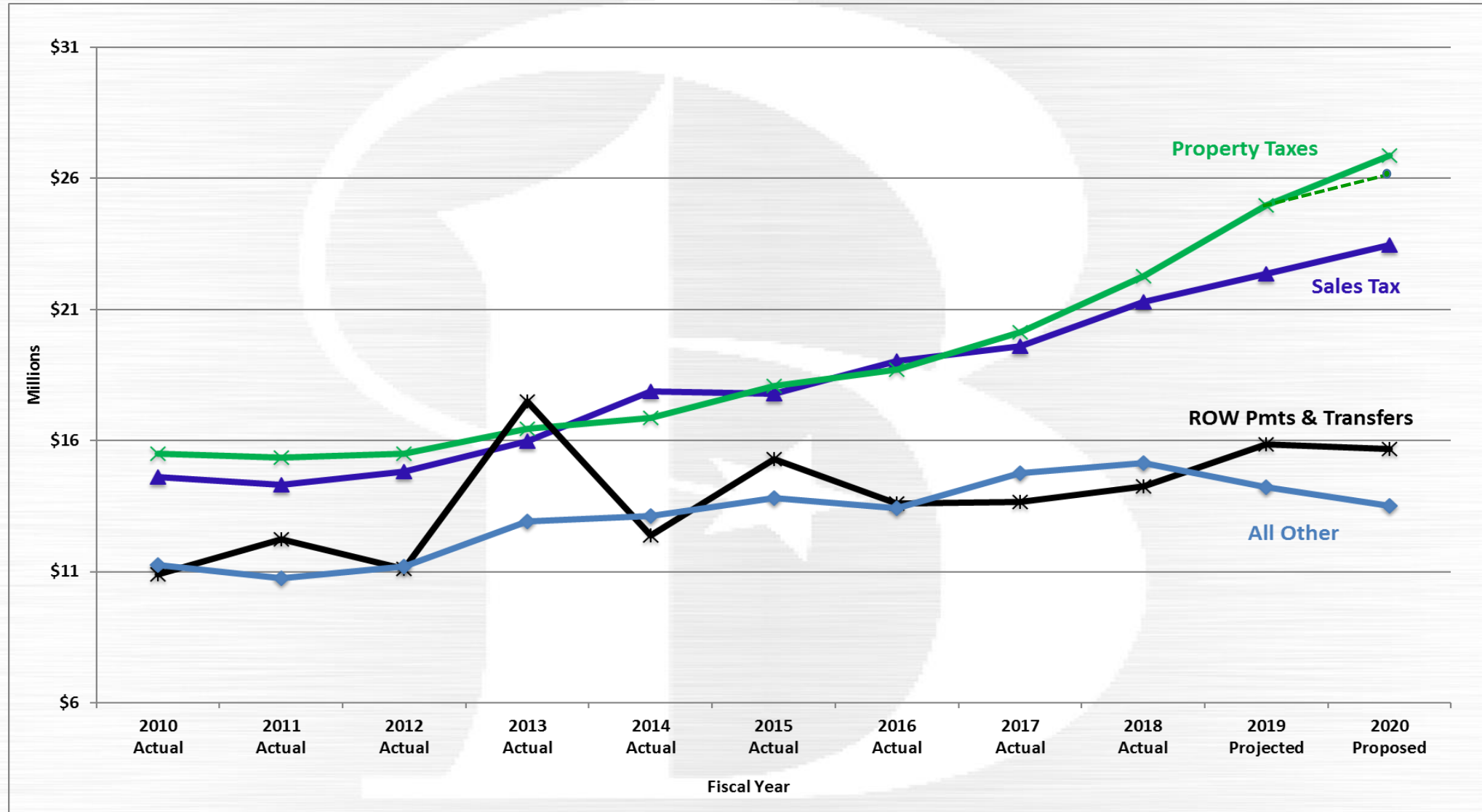
(in millions of \$)





# Projected General Fund Revenues

(in millions of \$)



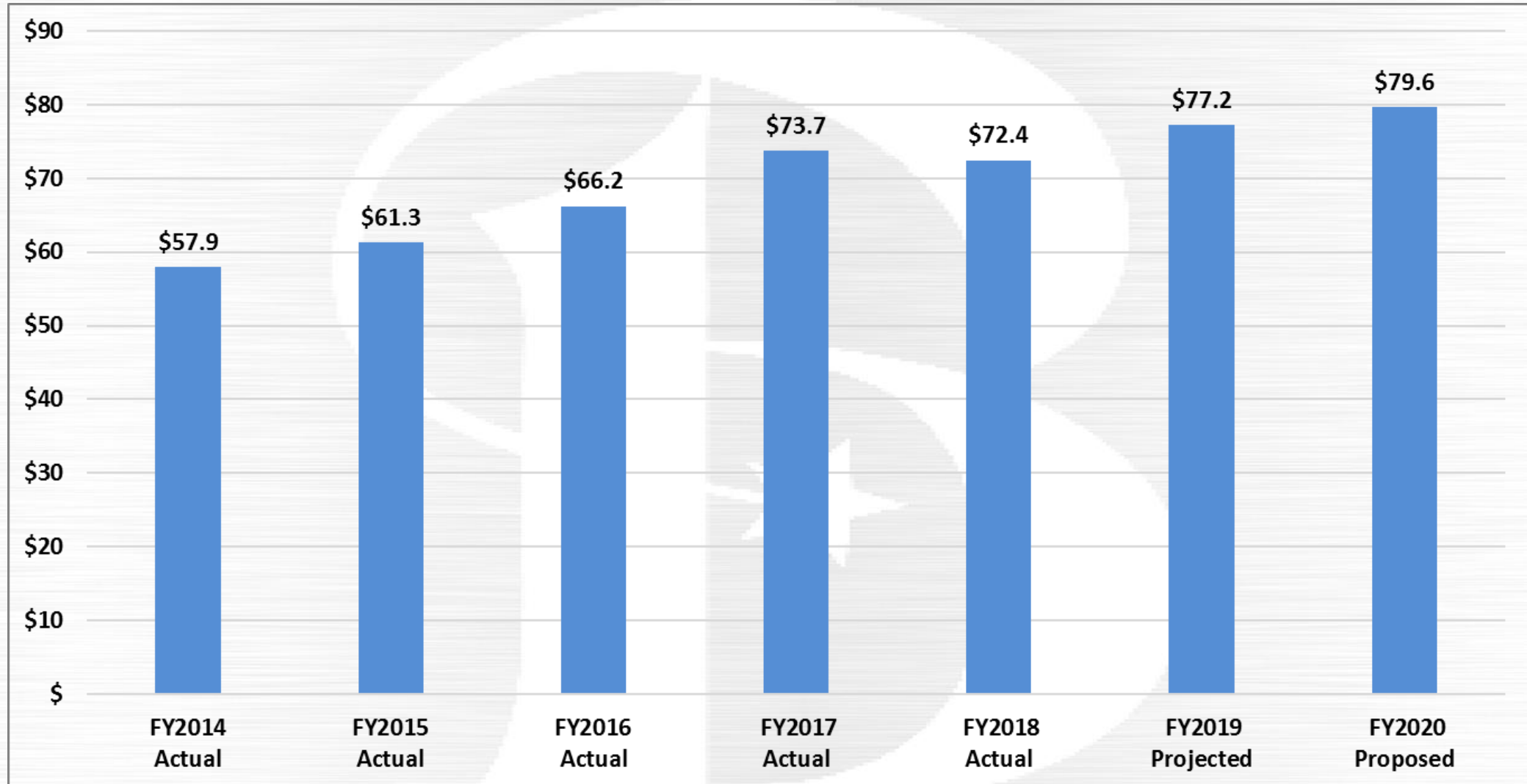
# Revenues and Transfers/ ROW

(in thousands of \$)

|   | FY2018<br>Actual | FY2019<br>Budget | FY2019<br>Projected | FY2020<br>Forecast | \$ Chng/ FY19<br>Adopted | % Chng/ FY19<br>Adopted |
|---|------------------|------------------|---------------------|--------------------|--------------------------|-------------------------|
| <b>Revenues:</b>                        |                  |                  |                     |                    |                          |                         |
| City Sales Tax                          | \$ 21,290        | \$ 21,580        | \$ 22,350           | \$ 23,468          | \$ 1,888                 | 8.4%                    |
| Property Tax                            | 22,261           | 24,974           | 24,974              | 26,875             | 1,901                    | 7.6%                    |
| Franchise Fees                          | 2,231            | 2,059            | 2,110               | 1,830              | (229)                    | -10.8%                  |
| Licenses & Permits                      | 976              | 806              | 717                 | 673                | (133)                    | -18.5%                  |
| Grants                                  | 1,463            | 1,253            | 1,300               | 1,293              | 40                       | 3.1%                    |
| Charges for Services                    | 5,877            | 5,427            | 5,167               | 5,301              | (126)                    | -2.4%                   |
| Fines                                   | 1,731            | 1,645            | 1,525               | 1,525              | (120)                    | -7.9%                   |
| Miscellaneous & Shared Taxes            | 2,819            | 2,226            | 3,127               | 2,881              | 655                      | 20.9%                   |
| Land/Property Sales                     | 62               | -                | 294                 | -                  | -                        | 0.0%                    |
| <b>Subtotal Revenues</b>                | <b>58,710</b>    | <b>59,970</b>    | <b>61,564</b>       | <b>63,845</b>      | <b>3,875</b>             | <b>6.3%</b>             |
| <b>ROW Payments</b>                     | <b>14,151</b>    | <b>14,913</b>    | <b>15,331</b>       | <b>15,032</b>      | <b>118</b>               | <b>0.8%</b>             |
| <b>Transfers In</b>                     | <b>90</b>        | <b>600</b>       | <b>520</b>          | <b>660</b>         | <b>60</b>                | <b>11.5%</b>            |
| <b>Total Revenues and Transfers/ROW</b> | <b>\$ 72,951</b> | <b>\$ 75,484</b> | <b>\$ 77,415</b>    | <b>\$ 79,537</b>   | <b>\$ 4,053</b>          | <b>5.4%</b>             |

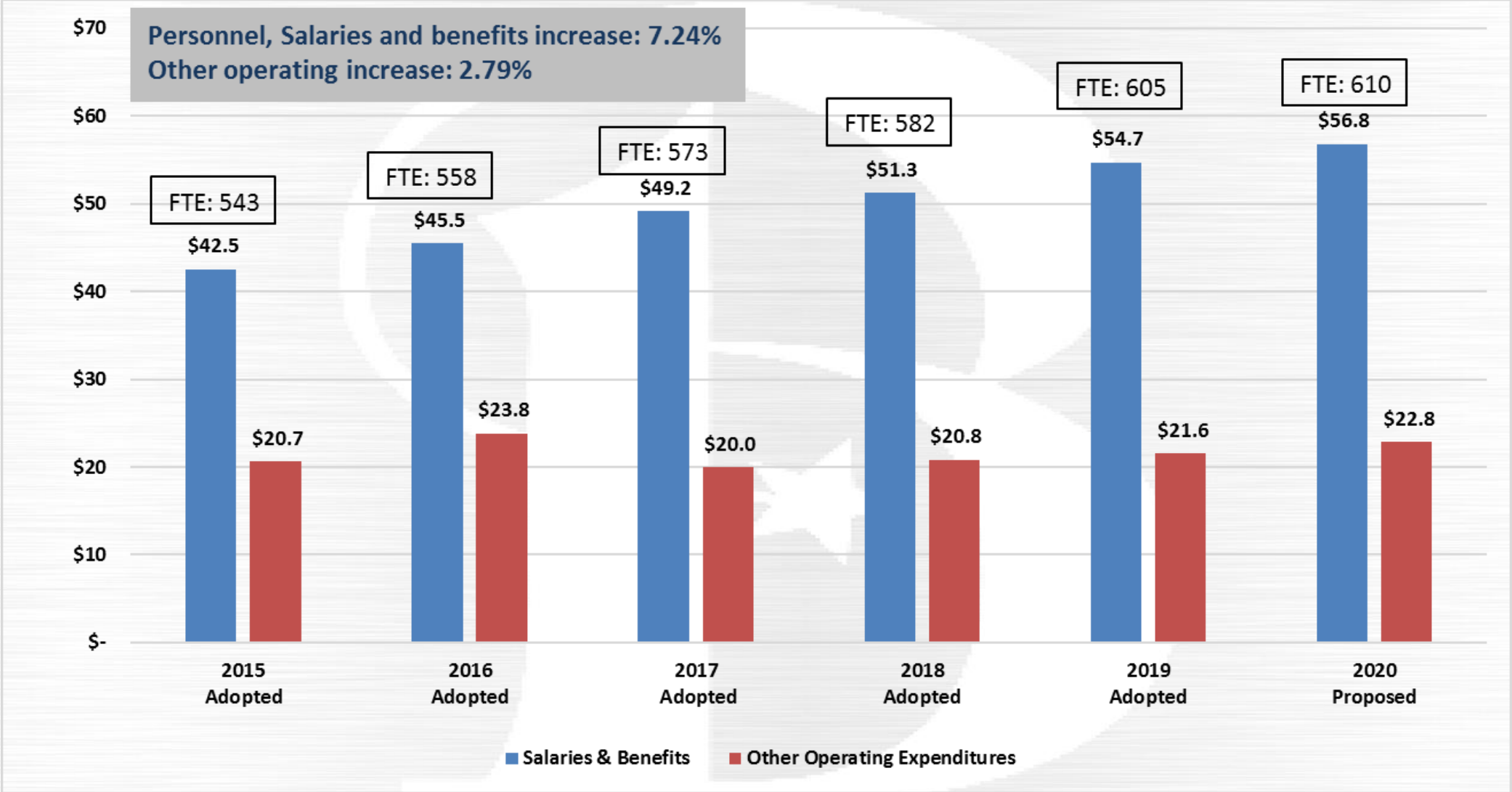
# General Fund Expenditures

(in millions of \$)



# FY20 General Fund Spending

(in millions of \$)

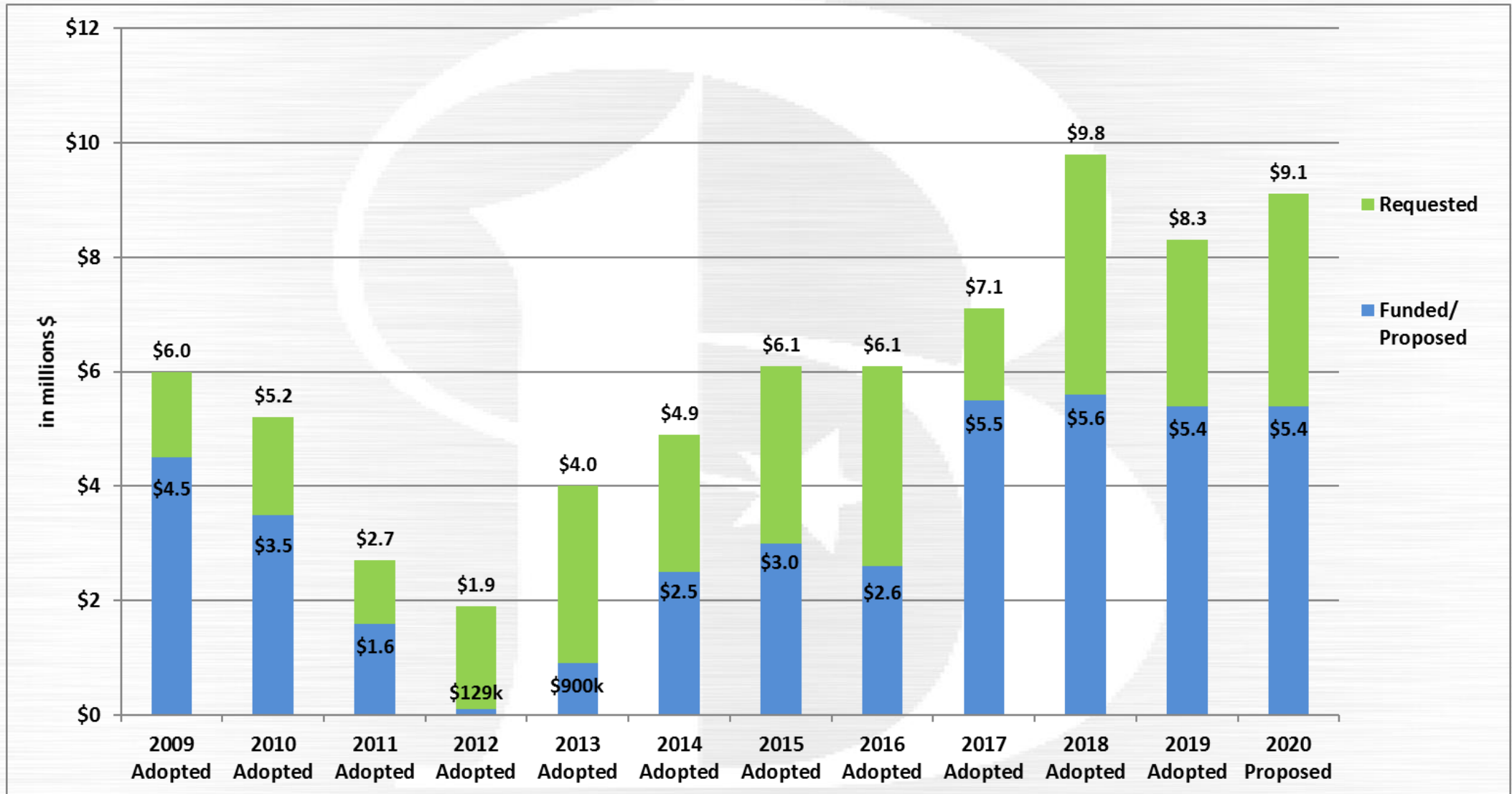


# FY20 Expenditure Assumptions

- Salary and Benefits
  - 3% Merit Increase
  - Proposed increases for Employer Health Insurance rates by 14%; Employee and Retiree premiums by 5%.
  - Workers Comp will decrease 17% and Liability will increase 17% FY20.

# General Fund New Spending

(in millions of \$)





# New Spending For FY20

| <b>FY20 Proposed New Expenses</b>                                  | <b>Recurring</b> | <b>Non-recurring</b> | <b>Total</b> |
|--|------------------|----------------------|--------------|
| <b>Personnel</b>   |                  |                      |              |
| Fire - 1 New Fire Fighter - Council Initiative through FY2023      | 76,603           | 9,000                | 85,603       |
| Police - 3 New Officers  | 230,589          | -                    | 230,589      |
| Development Svcs - Combination Building Inspector                  | 74,445           | -                    | 74,445       |
| <b>Miscellaneous New Spending</b>                                  |                  |                      |              |
| Fire - Second Set Personnel Protective Equip (PPE)                 | -                | 408,350              | 408,350      |
| Fire - Replace/Update Tech Rescue Equip per NFPA                   | -                | 62,000               | 62,000       |
| Police - Ballistic Vest Replacements                               | -                | 36,585               | 36,585       |
| Police - Replace Expired Explosive Components                      | -                | 10,000               | 10,000       |
| Police - FitLife Increase  | 12,924           | -                    | 12,924       |
| Police - Axon Body Cameras   | 485,851          | -                    | 485,851      |
| Traffic - Increase Traffic Signal Maint Line Item                  | 70,818           | -                    | 70,818       |
| Development Svcs. Emergency Svcs District (ESD) required for Annex | -                | 250,950              | 250,950      |
| Library - Library System Digital Collection Development            | -                | 25,000               | 25,000       |
| <b>Parks &amp; Recreation</b>                                      |                  |                      |              |
| Senior Program Funding   | -                | 12,000               | 12,000       |
| Parks Improvement Plan Funding                                     | -                | 250,000              | 250,000      |
| Golf Course - Cart paths at PEC                                    | -                | 300,000              | 300,000      |

# New Spending For FY20 – Cont'd

| <u>FY20 Proposed New Expenses</u>                 | <u>Recurring</u>    | <u>Non-recurring</u> | <u>Total</u>        |
|---|---------------------|----------------------|---------------------|
| Information Technology                            |                     |                      |                     |
| Increase Specific Maint Line Item Base Budgets    | 320,000             | -                    | 320,000             |
| Continue Planned Replacement Network Hardware     | -                   | 370,000              | 370,000             |
| Facilities  |                     |                      |                     |
| Replace Backup Power Generator at Fire Sta#5      | -                   | 60,000               | 60,000              |
| Modernize Elevators at MOB                        | -                   | 250,000              | 250,000             |
| Entrance/Exit Gate Upgrades @ Bryan Muni Svc Ctr  | -                   | 15,000               | 15,000              |
| Paint all Overhead Doors @ Bryan Muni Svc Ctr     | -                   | 22,129               | 22,129              |
| Restroom Upgrades @ Palace Theater                | -                   | 30,000               | 30,000              |
| Economic Development                              |                     |                      |                     |
| Continue Consulting Svcs with MFE, LLC            | -                   | 49,900               | 49,900              |
| Consulting Svcs for Builder Infill-Builder Rebate | -                   | 50,000               | 50,000              |
| Continue Consulting Svcs with Catalyst Commercial | -                   | 49,900               | 49,900              |
| Downtown Life Safety Grant Funding                | -                   | 100,000              | 100,000             |
| Texas Ave Grant Funding                           | -                   | 100,000              | 100,000             |
| Vehicles  |                     |                      |                     |
| Fleet Replacement/New Vehicles                    | -                   | 1,621,850            | 1,621,850           |
| Total Added to Budget                             | <u>\$ 1,271,230</u> | <u>\$ 4,082,664</u>  | <u>\$ 5,353,894</u> |

# Expenditure Changes by Department

(in thousands in \$)

|                                       | FY2019<br>Adopted | FY2020<br>Proposed | \$Chng/FY19<br>Adopted | %Chng/<br>FY19 | % of GF<br>Proposed |
|---------------------------------------|-------------------|--------------------|------------------------|----------------|---------------------|
| <b><u>Operating Expenditures:</u></b> |                   |                    |                        |                |                     |
| Public Safety                         | \$ 41,386         | \$ 43,733          | \$ 2,347               | 5.7%           | 51.0%               |
| Public Works                          | 5,992             | 6,100              | 108                    | 1.8%           | 7.1%                |
| Development Services                  | 2,928             | 2,934              | 6                      | 0.2%           | 3.4%                |
| Community Services                    | 9,299             | 9,413              | 114                    | 1.2%           | 11.0%               |
| Support Services                      | 12,387            | 12,777             | 390                    | 3.1%           | 14.9%               |
| General Administration                | 5,074             | 5,347              | 273                    | 5.4%           | 6.2%                |
| Non-Departmental                      | 5,157             | 5,415              | 258                    | 5.0%           | 6.3%                |
| <b>Sub-total Expenditures</b>         | <b>\$ 82,225</b>  | <b>\$ 85,720</b>   | <b>\$ 3,495</b>        | <b>4.3%</b>    | <b>100.0%</b>       |
| Administrative Reimbursements         | (5,934)           | (6,093)            | (159)                  | 2.7%           |                     |
| <b>Total Expenditures</b>             | <b>\$ 76,291</b>  | <b>\$ 79,627</b>   | <b>\$ 3,336</b>        | <b>4.4%</b>    |                     |

# General Fund Expenditures

(in thousands in \$)

|                                       | FY2019<br>Adopted | FY2020<br>Proposed | \$Chng/FY19<br>Adopted | %Chng/<br>FY19 | % of GF<br>Proposed |
|---------------------------------------|-------------------|--------------------|------------------------|----------------|---------------------|
| <b><u>Operating Expenditures:</u></b> |                   |                    |                        |                |                     |
| Salaries                              | \$ 41,799         | \$ 42,972          | \$ 1,173               | 2.8%           | 50.1%               |
| Benefits                              | 17,184            | 18,176             | 992                    | 5.8%           | 21.2%               |
| Supplies                              | 2,627             | 3,345              | 718                    | 27.3%          | 3.9%                |
| Maintenance & Services                | 6,690             | 7,506              | 816                    | 12.2%          | 8.8%                |
| Miscellaneous                         | 9,713             | 10,386             | 673                    | 6.9%           | 12.1%               |
| Capital Outlay                        | 3,327             | 2,673              | (654)                  | -19.7%         | 3.1%                |
| Transfers                             | 886               | 662                | (224)                  | -25.3%         | 0.8%                |
| <b>Sub-total Expenditures</b>         | <b>\$ 82,225</b>  | <b>\$ 85,720</b>   | <b>\$ 3,495</b>        | <b>4.3%</b>    | <b>100.0%</b>       |
| Administrative Reimbursements         | (5,934)           | (6,093)            | (159)                  | 2.7%           |                     |
| <b>Total Expenditures</b>             | <b>\$ 76,291</b>  | <b>\$ 79,627</b>   | <b>\$ 3,336</b>        | <b>4.4%</b>    |                     |

# General Fund Staffing

Full-Time Equivalent (FTE's)

| <u>General Fund:</u>      | <u>FY2019</u>    | <u>FY2020</u> | <u>Change</u>    |
|---------------------------|------------------|---------------|------------------|
|                           | <u>Personnel</u> | <u>W/DP's</u> | <u>FY19-FY20</u> |
| Public Safety             | 361.0            | 365.0         | 4.0              |
| Public Works              | 42.0             | 42.0          | -                |
| Development Services      | 28.0             | 29.0          | 1.0              |
| Community Services        | 59.5             | 59.5          | -                |
| Support Services          | 85.5             | 85.5          | -                |
| General Administration    | 29.0             | 29.0          | -                |
| <b>Total General Fund</b> | <b>605.0</b>     | <b>610.0</b>  | <b>5.0</b>       |



# Outside Agency Funding- 5 Year History

| Vendor   | Actual<br>2015  | Actual<br>2016  | Actual<br>2017  | Actual<br>2018  | Adopted<br>2019 | Projected<br>2019 | Requested<br>2020 | Proposed<br>2020 | \$Chng/FY19<br>Adopted | %Chng/FY19   |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|------------------|------------------------|--------------|
| Arts Council                                   | \$ 66           | \$ 96           | \$ 96           | \$ 180          | \$ 180          | \$ 180            | \$ 180            | \$ 180           | \$ -                   | 0.0%         |
| B/CS Chamber of Commerce                       | 5               | 5               | 5               | 5               | 5               | 5                 | 5                 | 5                | -                      | 0.0%         |
| BV Veterans Memorial                           | 10              | 25              | 25              | 25              | 25              | 25                | 25                | 25               | -                      | 0.0%         |
| Downtown Bryan Association-Operations-HOT      | 120             | 120             | 194             | 248             | 315             | 315               | 324               | 324              | 10                     | 3.0%         |
| Downtown Bryan Association-Texas Reds          | 110             | 110             | 110             | 110             | 110             | 110               | 110               | 110              | -                      | 0.0%         |
| Easterwood Airport                             | -               | -               | -               | -               | -               | -                 | 50                | -                | -                      | 0.0%         |
| Experience Bryan College Station               | 239             | 387             | 424             | 441             | 487             | 487               | 598               | 598              | 112                    | 22.9%        |
| <b>HOT Funds Subtotal</b>                      | <b>550</b>      | <b>743</b>      | <b>854</b>      | <b>1,008</b>    | <b>1,121</b>    | <b>1,121</b>      | <b>1,293</b>      | <b>1,243</b>     | <b>121</b>             | <b>10.8%</b> |
| Brazos Central Appraisal District              | 229             | 251             | 261             | 256             | 295             | 298               | 348               | 348              | 53                     | 18.0%        |
| Brazos County Emergency 911 District           | 1,529           | 1,583           | 1,756           | 1,807           | 1,897           | 1,897             | 1,968             | 1,968            | 71                     | 3.7%         |
| Brazos County Health Department                | 327             | 327             | 327             | 359             | 395             | 395               | 435               | 409              | 14                     | 3.5%         |
| Brazos County Prisoner Support                 | 95              | 102             | 166             | 102             | 150             | 150               | 150               | 150              | -                      | 0.0%         |
| Brazos Senior Citizens                         | 8               | 8               | 15              | 15              | 15              | 15                | 15                | 15               | -                      | 0.0%         |
| Brazos Valley Economic Development Corporation | 350             | 370             | 350             | 350             | 350             | 350               | 350               | 350              | -                      | 0.0%         |
| Bryan Business Council                         | -               | -               | 20              | 20              | 20              | 20                | 50                | 50               | 30                     | 150.0%       |
| BVC Net  | 13              | 13              | 7               | 7               | 13              | 7                 | 7                 | 7                | (7)                    | -50.0%       |
| BVWACS/BVCOG                                   | 132             | 144             | 129             | 134             | 138             | 110               | 96                | 96               | (41)                   | -30.0%       |
| Downtown Bryan Association-Operations-GF       | 45              | 52              | 58              | 68              | 68              | 68                | 56                | 56               | (12)                   | -17.7%       |
| Easterwood Airport                             | -               | 136             | 70              | 70              | 67              | 70                | 70                | 70               | 3                      | 5.2%         |
| Economic Development Foundation                | 164             | 2,637           | 664             | 138             | 138             | -                 | -                 | -                | (138)                  | -100.0%      |
| <b>General Fund Subtotal</b>                   | <b>2,891</b>    | <b>5,621</b>    | <b>3,821</b>    | <b>3,324</b>    | <b>3,545</b>    | <b>3,380</b>      | <b>3,545</b>      | <b>3,519</b>     | <b>(26)</b>            | <b>-0.7%</b> |
| <b>Totals</b>                                  | <b>\$ 3,441</b> | <b>\$ 6,364</b> | <b>\$ 4,675</b> | <b>\$ 4,332</b> | <b>\$ 4,666</b> | <b>\$ 4,501</b>   | <b>\$ 4,837</b>   | <b>\$ 4,762</b>  | <b>\$ 95</b>           | <b>2.0%</b>  |
| <b>DBA Total</b>                               | <b>\$ 275</b>   | <b>\$ 282</b>   | <b>\$ 363</b>   | <b>\$ 425</b>   | <b>\$ 492</b>   | <b>\$ 492</b>     | <b>\$ 490</b>     | <b>\$ 490</b>    | <b>\$ (2)</b>          | <b>-0.5%</b> |



# General Fund – Non-Departmental

(in thousands \$)

|   | FY2018<br>Actual | FY2019<br>Adopted | FY2019<br>Amended | FY2019<br>Projected | FY2020<br>Proposed | \$Chng/FY19<br>Adopted | %Chng<br>/FY19 |
|---|------------------|-------------------|-------------------|---------------------|--------------------|------------------------|----------------|
| <b>Total Partner Agency Contributions</b>       | \$ 2,837         | \$ 3,057          | \$ 3,030          | \$ 3,030            | \$ 3,169           | \$ 112                 | 3.7%           |
| <b>Total Economic Development Contributions</b> | 488              | 488               | 350               | 350                 | 350                | (138)                  | -28.2%         |
| <b><u>Other Non Departmental</u></b>            |                  |                   |                   |                     |                    |                        |                |
| Contractual Obligations                         | 315              | 677               | 677               | 677                 | 1,117              | 440                    | 65.0%          |
| Other Misc. Obligations                         | 444              | 50                | 50                | 50                  | 40                 | (10)                   | -20.0%         |
| Utility Admin. Reimbursement                    | 54               | -                 | -                 | -                   | -                  | -                      | 0.0%           |
| Transfer to Other Funds                         | 633              | 886               | 886               | 886                 | 739                | (147)                  | -16.6%         |
| <b>Total Other Non Departmental</b>             | 1,446            | 1,612             | 1,612             | 1,612               | 1,896              | 284                    | 17.6%          |
| <b>Sub-Total Expenses</b>                       | 4,770            | 5,157             | 4,992             | 4,992               | 5,415              | 258                    | 5.0%           |
| <b><u>Non Operating</u></b>                     |                  |                   |                   |                     |                    |                        |                |
| CIP - Reimbursement Resolution                  | 1,001            | -                 | -                 | 1,000               | -                  | -                      | 0.0%           |
| Land  | 4                | -                 | -                 | -                   | -                  | -                      | 0.0%           |
| <b>Additional Capital Expenditures</b>          | 1,005            | -                 | -                 | 1,000               | -                  | -                      | 0.0%           |
| <b>Total</b>                                    | <b>\$ 5,774</b>  | <b>\$ 5,157</b>   | <b>\$ 4,992</b>   | <b>\$ 5,992</b>     | <b>\$ 5,415</b>    | <b>\$ 258</b>          | <b>5.0%</b>    |

# Debt Service Fund

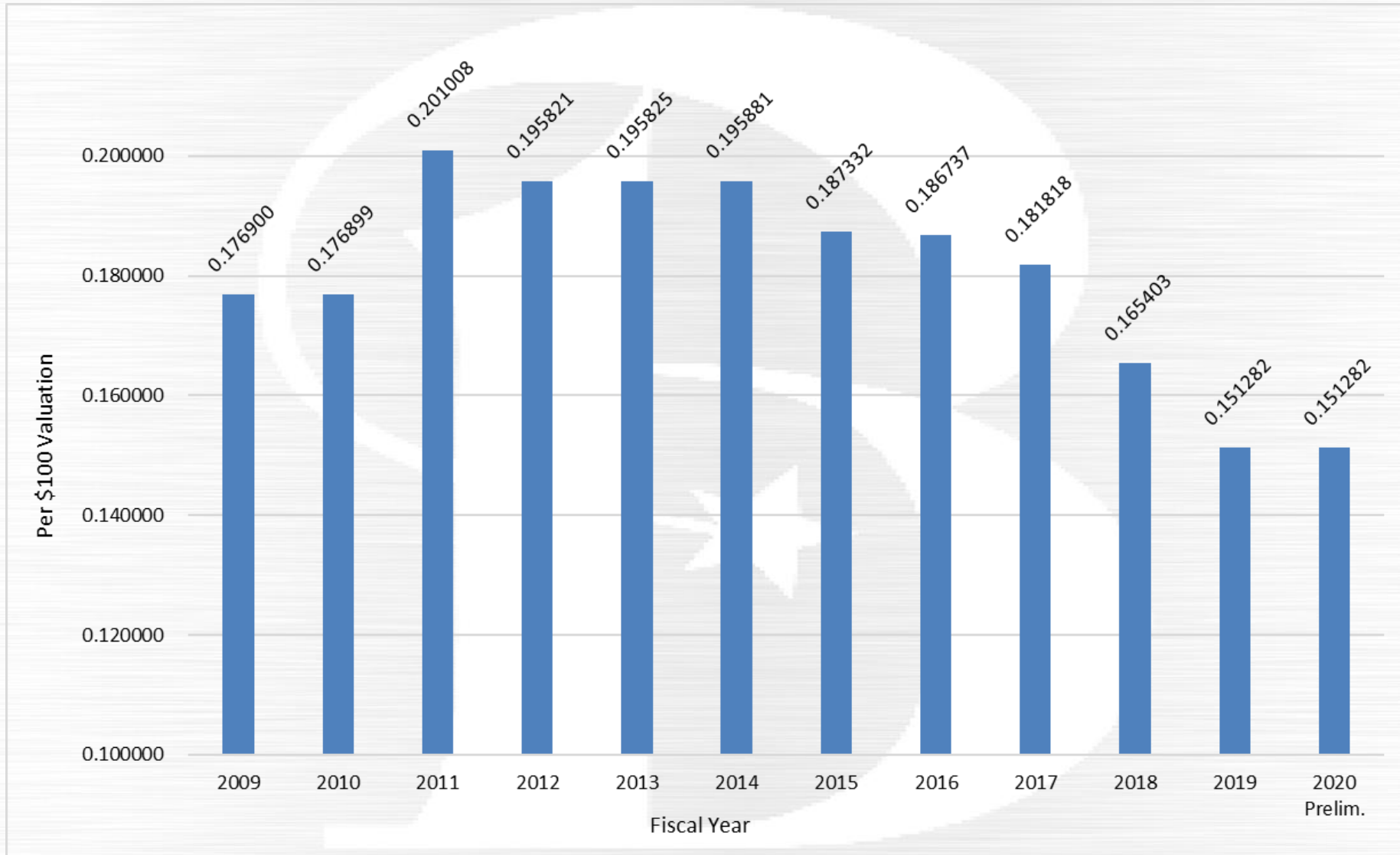
- Ensures that property tax revenues allocated to debt cover debt service cost and maintain a sufficient reserve
- Debt service driven by CIP program

# Debt Service Fund

(in thousands of \$)

|   | FY2018          | FY2019          | FY2019          | FY2019          | FY2020          |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | Actual          | Adopted         | Amended         | Projected       | Proposed        |
| Property Tax                                    | \$ 7,883        | \$ 7,919        | \$ 7,919        | \$ 7,890        | \$ 8,442        |
| Transfers & Other                               | 2,473           | 2,129           | 2,129           | 2,176           | 2,161           |
| <b>Total Revenues</b>                           | 10,356          | 10,048          | 10,048          | 10,066          | 10,603          |
| <b>Total Expenditures</b>                       | <b>10,457</b>   | <b>10,863</b>   | <b>10,863</b>   | <b>10,784</b>   | <b>10,805</b>   |
| Net Increase/(Decrease)                         | (101)           | (815)           | (815)           | (718)           | (202)           |
| Beg. Unassigned Fund Balance                    | 2,493           | 2,729           | 2,392           | 2,392           | 1,674           |
| <b>Ending Unassigned Fund Balance</b>           | <b>\$ 2,392</b> | <b>\$ 1,913</b> | <b>\$ 1,577</b> | <b>\$ 1,674</b> | <b>\$ 1,472</b> |
| Target Reserve:<br>(1/12 of total expenditures) | 871             | 905             | 905             | 899             | 900             |
| <b>Over/Under Policy Balance</b>                | <b>1,521</b>    | <b>1,008</b>    | <b>672</b>      | <b>776</b>      | <b>572</b>      |
| Interest & Sinking Tax Rate                     | 0.165403        | 0.151282        | 0.151282        | 0.151282        | 0.151282        |

# Historical I&S Rate



# Internal Service Funds

- **Self Insurance Fund**

- Workers Comp will decrease 17% and Liability will increase 17% FY20.

- **Employee Benefits Rate Changes - Proposed**

- Health Insurance rates increase by 14% for the Employer.
- Employee and Retiree premiums increase 5%.



# Self Insurance Fund

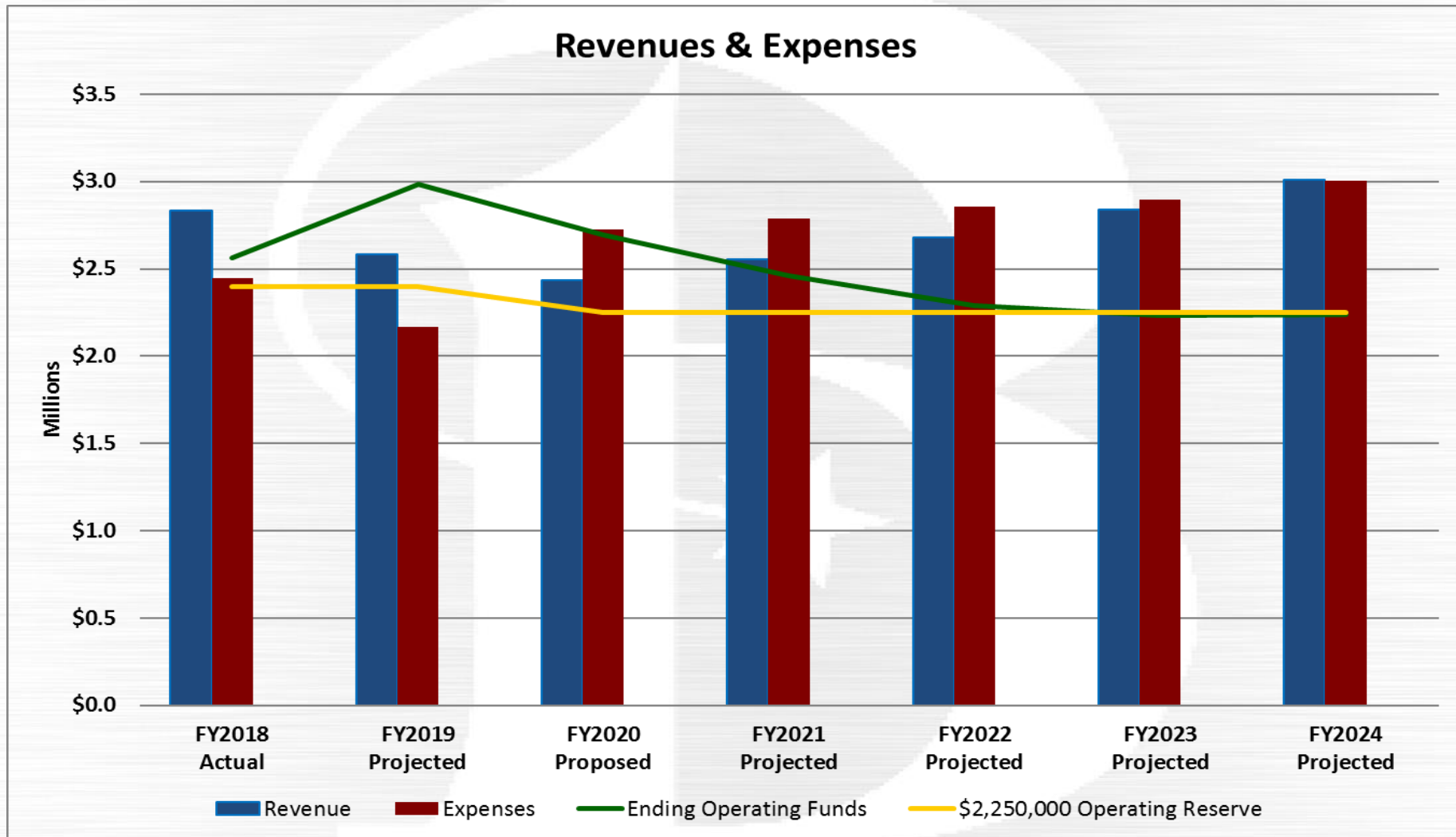
(in thousands of \$)

|                                  | FY2018<br>Actual | FY2019<br>Adopted | FY2019<br>Projected | FY2020<br>Proposed | \$Chng/FY19<br>Adopted | %Chng/FY19<br>Adopted |
|----------------------------------|------------------|-------------------|---------------------|--------------------|------------------------|-----------------------|
| Premiums                         | \$ 2,749         | \$ 2,685          | \$ 2,490            | \$ 2,354           | \$ (331)               | -12.3%                |
| Other                            | 85               | 25                | 96                  | 82                 | 56                     | 224.0%                |
| <b>Total Revenues</b>            | <b>2,834</b>     | <b>2,710</b>      | <b>2,585</b>        | <b>2,436</b>       | <b>(274)</b>           | <b>-10.1%</b>         |
| Administrative                   | 699              | 831               | 805                 | 862                | 31                     | 3.7%                  |
| Workmans Comp & Liability Claims | 863              | 1,045             | 800                 | 1,049              | 4                      | 0.4%                  |
| Judgement & Damage Claims        | 108              | 40                | 40                  | 40                 | -                      | 0.0%                  |
| Liability Insurance              | 530              | 582               | 620                 | 638                | 55                     | 9.5%                  |
| Transfers and Allocated Costs    | 246              | 286               | 286                 | 288                | 2                      | 0.9%                  |
| Stop Loss Aggregate Refund       | -                | (70)              | (420)               | (152)              | (82)                   | 117.5%                |
| Capital - Vehicles               | -                | 33                | 33                  | -                  | (33)                   | -100.0%               |
| <b>Net Expenses</b>              | <b>2,446</b>     | <b>2,746</b>      | <b>2,165</b>        | <b>2,724</b>       | <b>(22)</b>            | <b>-0.8%</b>          |
| Net Increase/(Decrease)          | 388              | (36)              | 421                 | (288)              |                        |                       |
| Beginning Operating Funds        | 2,149            | 2,507             | 2,562               | 2,983              |                        |                       |
| Timing of Cash Flows             | 26               | -                 | -                   | -                  |                        |                       |
| <b>Ending Operating Funds</b>    | <b>\$ 2,562</b>  | <b>\$ 2,471</b>   | <b>\$ 2,983</b>     | <b>\$ 2,695</b>    |                        |                       |
| Reserve Requirement              | \$ 2,400         | \$ 2,400          | \$ 2,250            | \$ 2,250           |                        |                       |



# Self Insurance Fund

(in millions of \$)



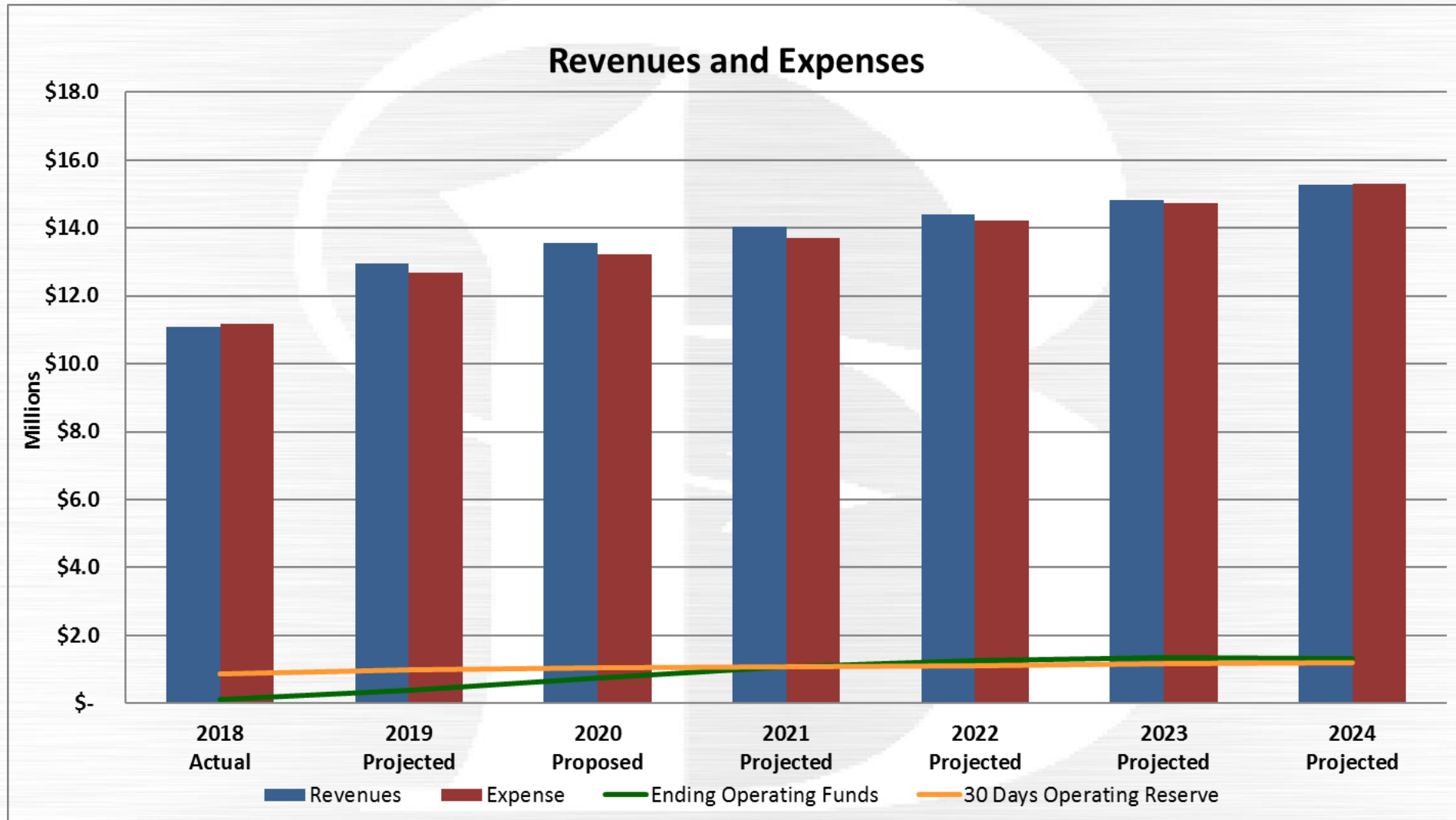
# Employee Benefits Fund

(in thousands of \$)

|                               | FY2018<br>Actual | FY2019<br>Adopted | FY2019<br>Projected | FY2020<br>Proposed | \$Chng/FY19<br>Adopted | %Chng/FY19<br>Adopted |
|-------------------------------|------------------|-------------------|---------------------|--------------------|------------------------|-----------------------|
| Employee Contributions        | \$ 2,223         | \$ 2,394          | \$ 2,289            | \$ 2,404           | \$ 10                  | 0.4%                  |
| City Contributions            | 7,213            | 8,301             | 9,223               | 9,699              | 1,398                  | 16.8%                 |
| Retiree Health Premiums       | 616              | 677               | 612                 | 642                | (35)                   | -5.2%                 |
| Transfers and Other           | 1,047            | 862               | 831                 | 808                | (55)                   | -6.3%                 |
| <b>Total Revenues</b>         | <b>11,098</b>    | <b>12,234</b>     | <b>12,955</b>       | <b>13,552</b>      | <b>1,318</b>           | <b>10.8%</b>          |
| Insurance claims and expenses | 11,907           | 11,912            | 12,946              | 13,025             | 78                     | 0.7%                  |
| Reimbursements and transfers  | 181              | 181               | 181                 | 186                | 6                      | 3.1%                  |
| Stop Loss Aggregate Refund    | (898)            | -                 | (446)               | -                  | 446                    | 0.0%                  |
| <b>Total Expenditures</b>     | <b>11,190</b>    | <b>12,093</b>     | <b>12,682</b>       | <b>13,211</b>      | <b>529</b>             | <b>4.4%</b>           |
| Net Increase/(Decrease)       | (92)             | 142               | 273                 | 341                |                        |                       |
| Beginning Operating Funds     | 632              | 421               | 122                 | 395                |                        |                       |
| Timing of Cash Flows          | (418)            | -                 | -                   | -                  |                        |                       |
| <b>Ending Operating Funds</b> | <b>\$ 122</b>    | <b>\$ 563</b>     | <b>\$ 395</b>       | <b>\$ 737</b>      |                        |                       |
| 30 Days Operating Reserve     | \$ 881           | \$ 1,000          | \$ 1,081            | \$ 1,122           |                        |                       |

# Employee Benefits Fund

(in millions of \$)



# Net Pension Liability

## Net Pension Liability

As of 12/31 - Date of actuarial evaluation

(in millions \$)

|                           | 2013         | 2014         | 2015         | 2016         | 2017         |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Actuarial Liability       | \$ 263       | \$ 276       | \$ 293       | \$ 310       | \$ 328       |
| Actuarial Value of Assets | 211          | 237          | 236          | 252          | 287          |
| Net Unfunded              | <b>\$ 52</b> | <b>\$ 39</b> | <b>\$ 57</b> | <b>\$ 58</b> | <b>\$ 40</b> |
| Funded Ratio              | 80%          | 86%          | 81%          | 81%          | 88%          |

# Other Post-employment Obligations

## Net OPEB Liability

As of 12/31 - Date of actuarial evaluation

(in millions \$)

|                     | 2016           | 2017           |
|---------------------|----------------|----------------|
| Actuarial Liability | \$ 16.0        | \$ 16.5        |
| Value of Assets     | .4             | .6             |
| <b>Net Unfunded</b> | <b>\$ 15.6</b> | <b>\$ 15.8</b> |
| Funded Ratio        | 3%             | 4%             |

# Special Revenue Funds

Special Revenue Funds account for specific revenue sources

- Oil and Gas Fund
- Capital Reserve Fund
- Hotel/Motel Tax Fund – City’s 7% tax on Hotel/Motel receipts
- TIRZ Funds – Property tax receipts resulting from the increased increment value within the specific zone
  - TIRZ#10 (Traditions)
  - TIRZ #19 (Nash Street)
  - TIRZ #21 (Downtown)
  - TIRZ #22-South (Target)
  - TIRZ #22-North



# Oil and Gas Fund, Capital Reserve Fund, and BCD Projected Activity

(in thousands of \$)

|                                    | <b>FY18<br/>Ending<br/>Balance</b> | <b>FY19<br/>Adopted<br/>Activity</b> | <b>FY19<br/>Projected<br/>Activity</b> | <b>FY20<br/>Projected<br/>Activity</b> | <b>FY20<br/>Projected<br/>Balance</b> |
|------------------------------------|------------------------------------|--------------------------------------|--|--|---------------------------------------|
| Oil & Gas Fund                     | \$ 1,174                           | \$ 242                               | \$ 636                                 | \$ 640                                 | \$ 2,450                              |
| Capital Reserve Fund               | 3,415                              | 49                                   | 63                                     | 65                                     | 3,543                                 |
| Bryan Commerce & Development (BCD) | 3,557                              | 5                                    | (947)                                  | (1,297)                                | 1,313                                 |
|                                    | <b>\$ 8,146</b>                    | <b>\$ 296</b>                        | <b>\$ (248)</b>                        | <b>\$ (592)</b>                        | <b>\$ 7,306</b>                       |

# Hotel Tax Fund

(in thousands of \$)

|  | FY2018<br>Actual | FY2019<br>Adopted | FY2019<br>Amended | FY2019<br>Projected | FY2020<br>Proposed | \$Chng/FY19<br>Adopted | %Chng<br>/FY19 |
|--|------------------|-------------------|-------------------|---------------------|--------------------|------------------------|----------------|
| <b>Total Revenues</b>                  | \$1,766          | \$ 1,535          | \$ 1,735          | \$ 1,735            | \$ 1,768           | \$ 233                 | 15.2%          |
| <b><u>Programs</u></b>                 |                  |                   |                   |                     |                    |                        |                |
| Experience BCS                         | 441              | 487               | 487               | 487                 | 598                | 112                    | 22.9%          |
| Experience BCS - Fund Balance Refund   | -                | -                 | -                 | (55)                | -                  | -                      | 0.0%           |
| Veterans Memorial                      | 25               | 25                | 25                | 25                  | 25                 | -                      | 0.0%           |
| Arts Council                           | 180              | 180               | 180               | 180                 | 180                | -                      | 0.0%           |
| Art Path - Arts Council                | -                | -                 | -                 | -                   | 10                 | 10                     | 0.0%           |
| Downtown Bryan Association (DBA)       | 248              | 315               | 315               | 315                 | 324                | 10                     | 3.0%           |
| Chamber of Commerce                    | 5                | 5                 | 5                 | 5                   | 5                  | -                      | 0.0%           |
| Communication Expenses - City of Bryan | 70               | 75                | 75                | 75                  | 75                 | -                      | 0.0%           |
| Parks and Recreation - City of Bryan   | 37               | 82                | 82                | 82                  | 105                | 22                     | 27.3%          |
| The Stella - Economic Dev. Agreement   | 138              | 150               | 160               | 160                 | 165                | 15                     | 10.0%          |
| Historical Restoration                 | -                | -                 | -                 | -                   | 50                 | 50                     | 0.0%           |
| <b>Total Outside Agency Programs</b>   | <b>1,144</b>     | <b>1,319</b>      | <b>1,329</b>      | <b>1,273</b>        | <b>1,537</b>       | <b>219</b>             | <b>16.6%</b>   |
| <b><u>Events</u></b>                   |                  |                   |                   |                     |                    |                        |                |
| Unspecified Events                     | 154              | 100               | 100               | 100                 | 103                | 3                      | 3.0%           |
| Texas Reds                             | 110              | 110               | 110               | 110                 | 110                | -                      | 0.0%           |
| <b>Total Events</b>                    | <b>264</b>       | <b>210</b>        | <b>210</b>        | <b>210</b>          | <b>213</b>         | <b>3</b>               | <b>1.4%</b>    |
| <b>Total Expenditures</b>              | <b>1,408</b>     | <b>1,529</b>      | <b>1,539</b>      | <b>1,483</b>        | <b>1,750</b>       | <b>222</b>             | <b>18.0%</b>   |
| Net Increase/Decrease                  | 359              | 6                 | 196               | 252                 | 18                 |                        |                |
| Beginning Fund Balance                 | 1,886            | 1,967             | 2,240             | 2,240               | 2,492              |                        |                |
| Timing of Cash Flows                   | (4)              | -                 | -                 | -                   | -                  |                        |                |
| <b>Ending Operating Funds</b>          | <b>\$2,240</b>   | <b>\$ 1,973</b>   | <b>\$ 2,437</b>   | <b>\$ 2,492</b>     | <b>\$ 2,510</b>    |                        |                |

# Hotel Tax Fund

## Statutory Limitations

- By state statute 1% of the room rate (approximately 14.5% of the collected HOT) must be spent on advertising and promotion of the city
- No more than 15% of the collected HOT revenue can be spent on promotion of the arts
- No more than 50% of the collected HOT revenue can be spent on historical restoration and preservation

# TIRZ Fund Summary – FY 2020

(in thousands of \$)

|   | Traditions<br>TIRZ #10<br>Projected | Nash<br>TIRZ #19<br>Projected | Downtown<br>TIRZ #21<br>Projected | North<br>TIRZ #22<br>Projected | Target<br>TIRZ #22<br>Projected |
|---|-------------------------------------|-------------------------------|-----------------------------------|--------------------------------|---------------------------------|
| <b>Revenues</b>                                   |                                     |                               |                                   |                                |                                 |
| Property Tax                                      | \$ 2,235                            | \$ 407                        | \$ 207                            | \$ 125                         | \$ 256                          |
| Brazos County                                     | 1,251                               | -                             | -                                 | 84                             | 170                             |
| Interest  | 29                                  | 7                             | 4                                 | 1                              | 2                               |
| <b>Total Revenues</b>                             | <b>3,516</b>                        | <b>414</b>                    | <b>211</b>                        | <b>210</b>                     | <b>427</b>                      |
| <b>Expenditures</b>                               |                                     |                               |                                   |                                |                                 |
| Debt Service                                      | 1,020                               | 138                           | -                                 | 95                             | 296                             |
| Developer Reimbursement                           | 565                                 | -                             | -                                 | 123                            | -                               |
| Façade Improvements                               | -                                   | -                             | 100                               | -                              | -                               |
| Transfers Out (Reimb. Other<br>Financing Sources) | 500                                 | 25                            | -                                 | -                              | 160                             |
| Other   | 25                                  | 310                           | 112                               | -                              | -                               |
| <b>Total Expenditures</b>                         | <b>2,110</b>                        | <b>473</b>                    | <b>212</b>                        | <b>218</b>                     | <b>456</b>                      |
| <b>Net Increase/(Decrease)</b>                    | <b>1,406</b>                        | <b>(59)</b>                   | <b>(1)</b>                        | <b>(9)</b>                     | <b>(29)</b>                     |
| <b>Beginning Fund Balance</b>                     | <b>342</b>                          | <b>112</b>                    | <b>470</b>                        | <b>62</b>                      | <b>81</b>                       |
| <b>Ending Fund Balance</b>                        | <b>\$ 1,748</b>                     | <b>\$ 54</b>                  | <b>\$ 469</b>                     | <b>\$ 53</b>                   | <b>\$ 52</b>                    |

# Airport Fund Summary

|                                     | FY2018<br>Actual | FY2019<br>Adopted | FY2019<br>Amended | FY2019<br>Projected | FY2020<br>Proposed | \$Chng/FY19<br>Adopted | %Chng<br>/FY19 |
|-------------------------------------|------------------|-------------------|-------------------|---------------------|--------------------|------------------------|----------------|
| <b>Revenues</b>                     |                  |                   |                   |                     |                    |                        |                |
| <b>Operating Revenues</b>           |                  |                   |                   |                     |                    |                        |                |
| Rent                                | \$ 184           | \$ 238            | \$ 238            | \$ 213              | \$ 231             | \$ (7)                 | -2.8%          |
| Fuel Revenue                        | 416              | 415               | 415               | 292                 | 356                | (59)                   | -14.3%         |
| <i>Total Operating Revenues</i>     | <u>600</u>       | <u>653</u>        | <u>653</u>        | <u>505</u>          | <u>587</u>         | <u>(66)</u>            | <u>-10.1%</u>  |
| <b>Non-Operating Revenues</b>       |                  |                   |                   |                     |                    |                        |                |
| Grants and Reimbursements           | 50               | 50                | 50                | 50                  | 50                 | -                      | 0.0%           |
| Interest Income                     | 1                | 3                 | 3                 | 2                   | 1                  | (1)                    | -50.0%         |
| Misc. Revenues                      | 307              | 10                | 10                | 13                  | 1                  | (9)                    | -90.4%         |
| Transfers In                        | 110              | 110               | 110               | 188                 | 187                | 77                     | 70.0%          |
| <i>Total Non-Operating Revenues</i> | <u>468</u>       | <u>173</u>        | <u>173</u>        | <u>254</u>          | <u>239</u>         | <u>66</u>              | <u>38.3%</u>   |
| <b>Total Revenues</b>               | <u>1,068</u>     | <u>826</u>        | <u>826</u>        | <u>758</u>          | <u>826</u>         | <u>0</u>               | <u>0.0%</u>    |
| <b>Expenditures</b>                 |                  |                   |                   |                     |                    |                        |                |
| <b>Operating Expenses</b>           |                  |                   |                   |                     |                    |                        |                |
| Salaries and Benefits               | 177              | 196               | 196               | 181                 | 190                | (6)                    | -2.9%          |
| Supplies                            | 9                | 17                | 17                | 8                   | 12                 | (5)                    | -28.8%         |
| Fuel for resale                     | 301              | 315               | 315               | 233                 | 254                | (61)                   | -19.3%         |
| Maintenance                         | 53               | 12                | 12                | 17                  | 12                 | 0                      | 3.1%           |
| Other Services and Charges          | 60               | 57                | 57                | 100                 | 37                 | (20)                   | -34.7%         |
| <i>Total Operating Expenses</i>     | <u>600</u>       | <u>596</u>        | <u>596</u>        | <u>539</u>          | <u>505</u>         | <u>(91)</u>            | <u>-15.2%</u>  |
| <b>Non-Operating Expenses</b>       |                  |                   |                   |                     |                    |                        |                |
| Debt Service                        | 79               | 75                | 75                | 78                  | 82                 | 7                      | 9.4%           |
| Annual Capital                      | 195              | 103               | 103               | 72                  | 120                | 17                     | 16.5%          |
| Administrative Reimbursement        | 99               | 104               | 104               | 104                 | 125                | 21                     | 20.1%          |
| <i>Total Non-Operating Expenses</i> | <u>373</u>       | <u>282</u>        | <u>282</u>        | <u>254</u>          | <u>326</u>         | <u>45</u>              | <u>15.9%</u>   |
| <b>Total Expenditures</b>           | <u>973</u>       | <u>877</u>        | <u>877</u>        | <u>793</u>          | <u>832</u>         | <u>(46)</u>            | <u>-5.2%</u>   |
| Net Increase /(Decrease)            | 95               | (52)              | (52)              | (35)                | (6)                |                        |                |
| Beginning Operating Funds           | 63               | 156               | 126               | 126                 | 91                 |                        |                |
| Timing of Cash Flows                | (33)             |                   |                   |                     |                    |                        |                |
| <b>Ending Operating Funds</b>       | <u>\$ 126</u>    | <u>\$ 104</u>     | <u>\$ 74</u>      | <u>\$ 91</u>        | <u>\$ 85</u>       |                        |                |
| Reserve Requirement :               |                  |                   |                   |                     |                    |                        |                |
| (Sixty days operating expenses)     | \$ 100           | \$ 99             | \$ 99             | \$ 90               | \$ 84              |                        |                |



# Airport Trend Analysis

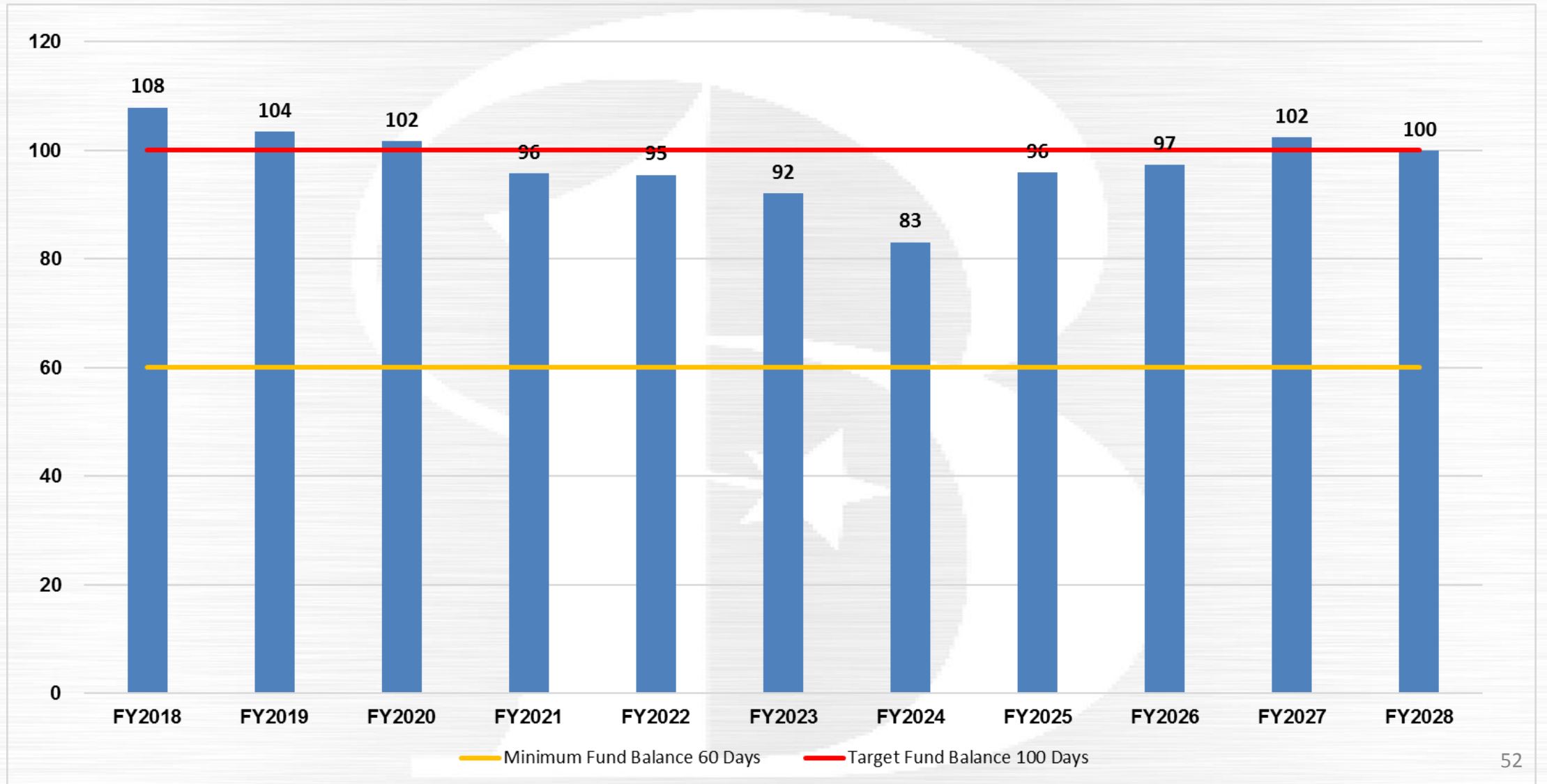
|                              | FY2019<br>Projected | FY2020<br>Projected | FY2021<br>Projected | FY2022<br>Projected | FY2023<br>Projected | FY2024<br>Projected |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net Operating Gain (Loss)    | \$ (123)            | \$ (41)             | \$ (44)             | \$ (48)             | \$ (52)             | \$ (56)             |
| Annual Debt Expense          | (78)                | (82)                | (81)                | (80)                | (78)                | (77)                |
| Annual Capital Spending      | (72)                | (120)               | (303)               | (100)               | (100)               | (100)               |
| Grants and Reimbursements    | 50                  | 50                  | 50                  | 50                  | 50                  | 50                  |
| Subtotal                     | (223)               | (193)               | (378)               | (178)               | (180)               | (183)               |
| General Fund Transfers In    | 188                 | 187                 | 380                 | 181                 | 183                 | 185                 |
| Subtotal                     | (35)                | (6)                 | 2                   | 3                   | 3                   | 2                   |
| Timing of Cash Flows         |                     |                     |                     |                     |                     |                     |
| Ending Operating Funds       | \$ 91               | \$ 85               | \$ 87               | \$ 90               | \$ 93               | \$ 95               |
| Value of CIP Projects Funded | \$ 400              | \$ 380              | \$ 2,125            | \$ 100              | \$ 100              | \$ 100              |



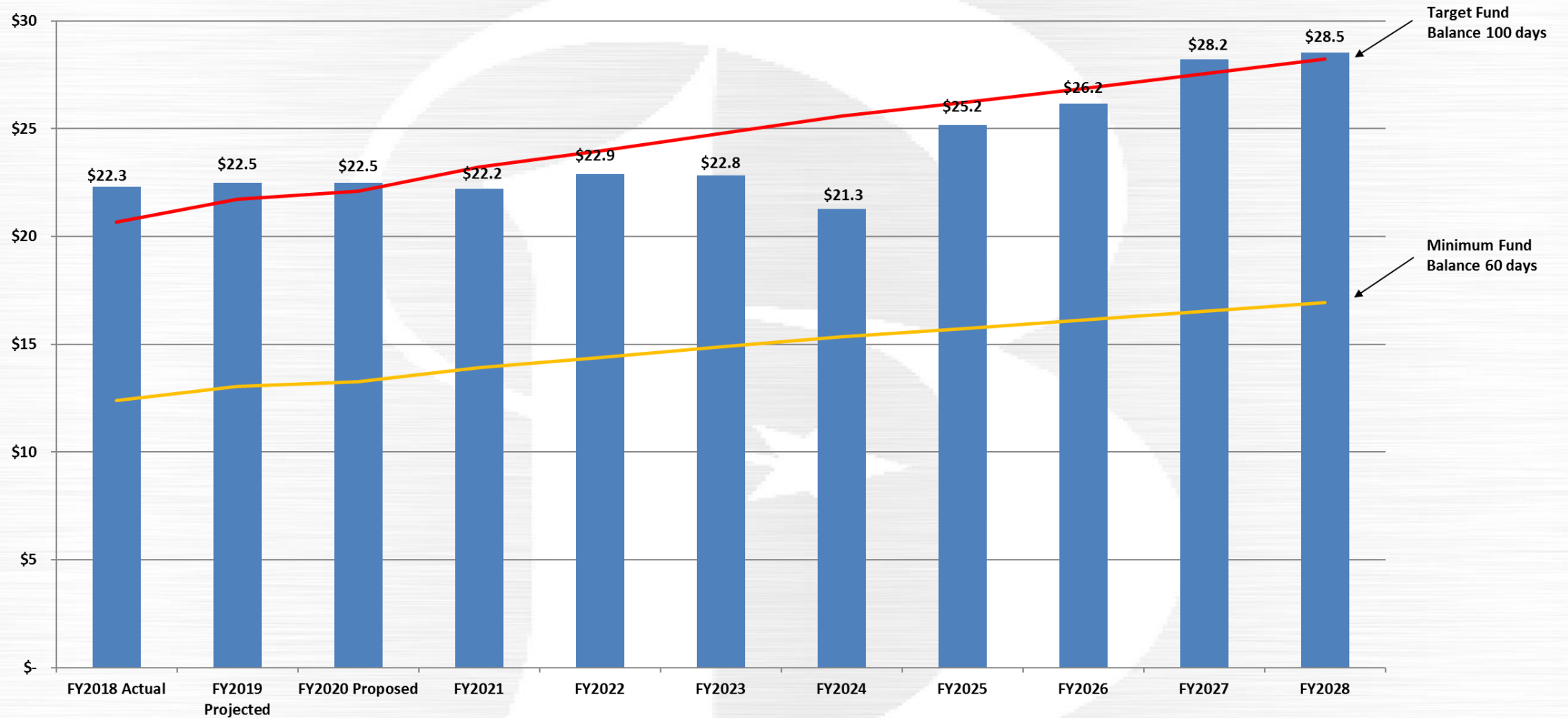


# Long Term Forecast

# General Fund Reserve Days Forecast



# General Fund Reserve (in millions)



# Funding Sources

- General Fund      Sales Taxes and Property Taxes increase at 4.5% and 4.7% respectively
- TIRZ      Traditions – \$2.5 mm annually starting 2021 and \$6.0 mm in 2026 at close with \$2.0 mm annually thereafter in property tax revenue  
Downtown – Fund \$4 mm of Quiet Zone costs, Christmas Lights, Gazebo  
Nash Street – Camelot Park Improvements
- HOT Funds      \$2.0 mm balance and expected higher revenues with Regional Park. (Funding limited to amount of first 5 years of hotel revenues after project completion)

# Funding Sources

- Capital Reserve & Oil and Gas \$6.0 mm – none utilized in forecast
- BCD \$1.3 mm - economic development
- Debt Service
- No Annexation revenues assumed

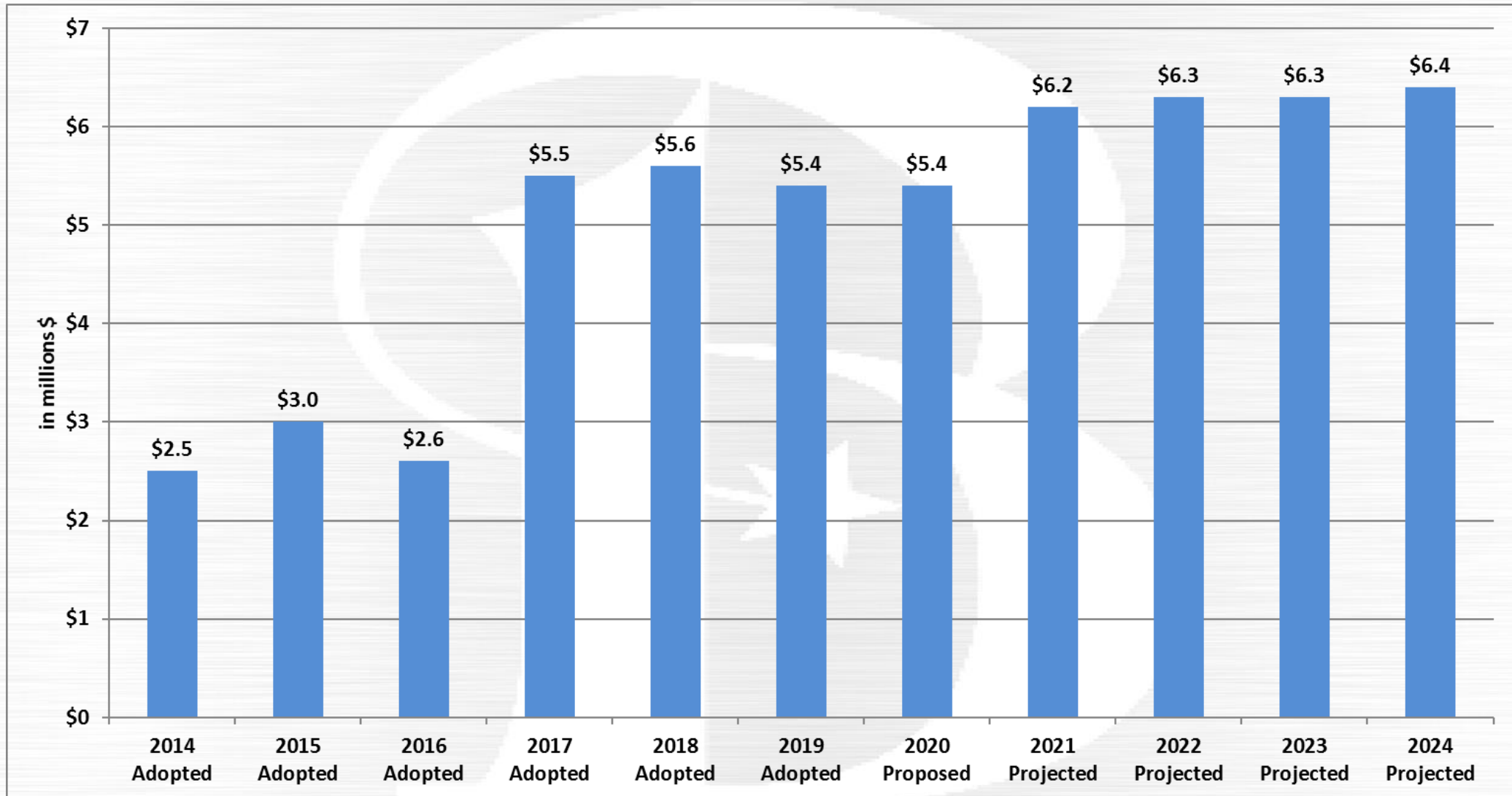
# Funding Needs

- Regional Park Operations
  - Public Safety
  - Economic Development
  - Annexation & Rellis Related
  - Mid Town
  - Other Costs of a Growing City
- \$1 mm beginning 2021?
- Police  
Firefighter Staffing
- Add 33 before 2023 target (27 hired to date)



# General Fund New Spending Funded

(in millions of \$)



# CIP Funding

## Funding Sources

- Debt Service Fund
- Transportation and Drainage Funds
- TIRZ Funds

# City of Bryan Debt Financing

## Historical Financing –

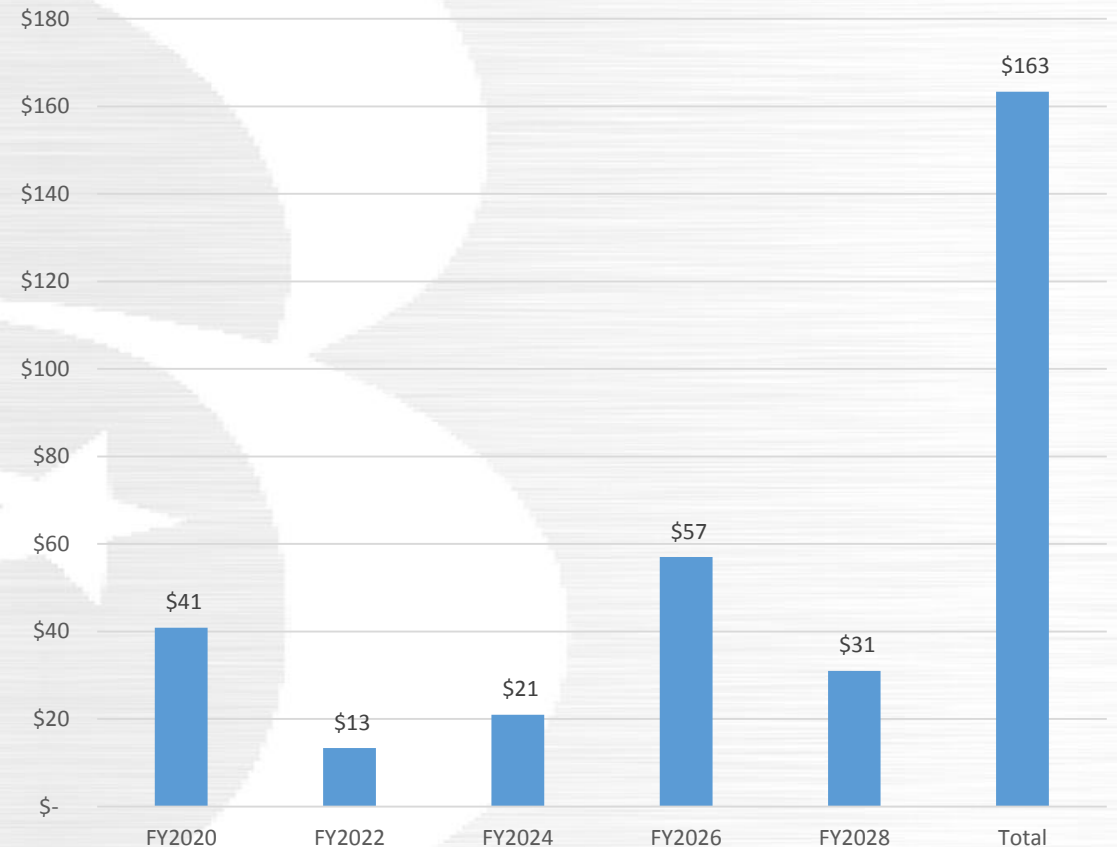
CIP funding has been \$7.8 mm, \$10.8 mm and \$12.3 mm in FY14, FY16 and FY18 respectively.

With the payoff of old debt related to the Justice Center, Downtown Bryan, Beck Street and other projects, borrowing capacity is opening up.

## Available Financing -

A total of \$163 mm in borrowing is available over the next 10 years, however it's not available all at once.

10 Year CIP Plan - Before Park  
(in million of \$)



# Possible Changes to City of Bryan Financing Plan To Fund a Regional Park as Well

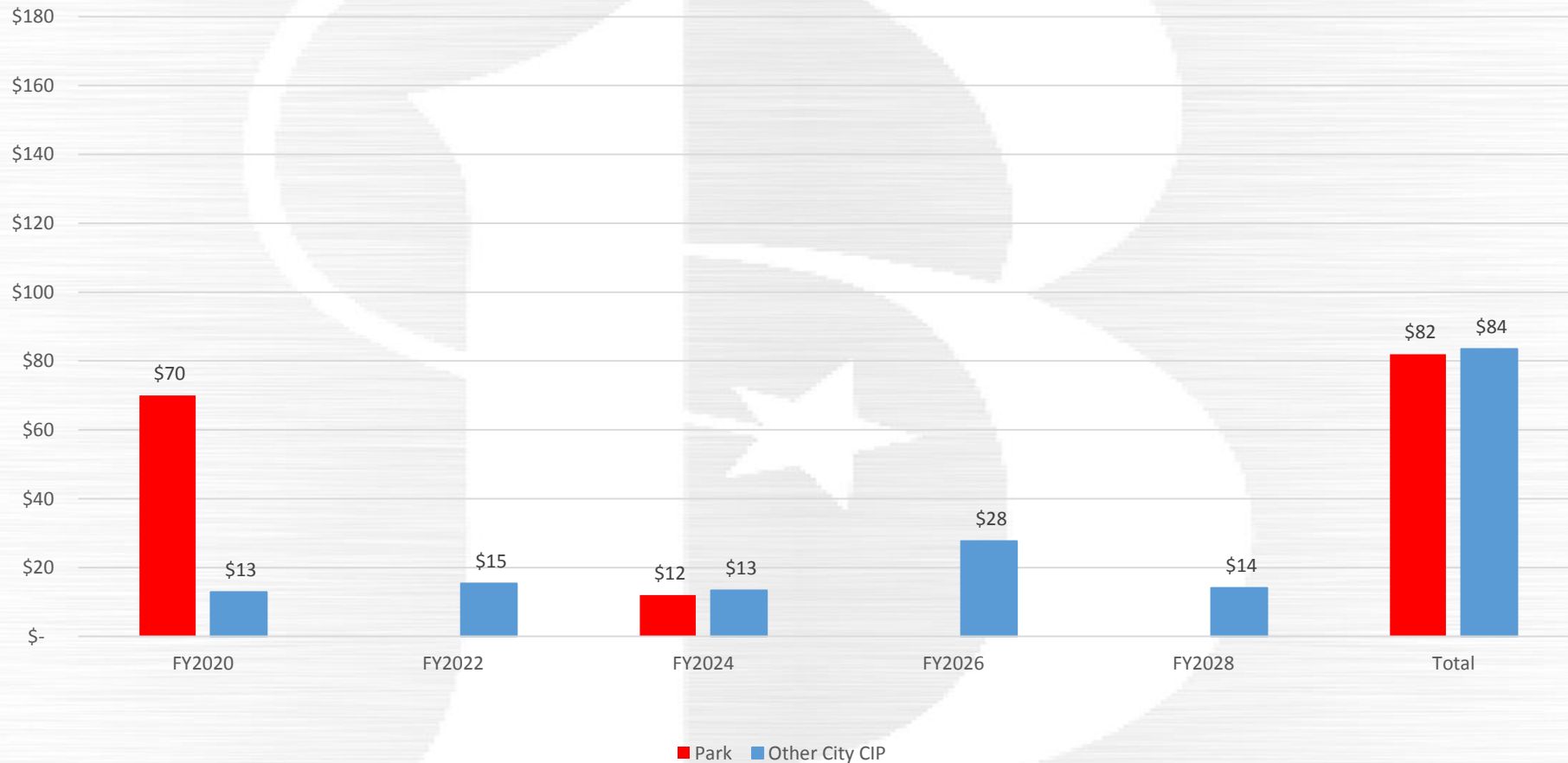
## Current Plan –

- 20 year debt on streets, drainage and sidewalks
- 10 year debt on firetrucks and information technology

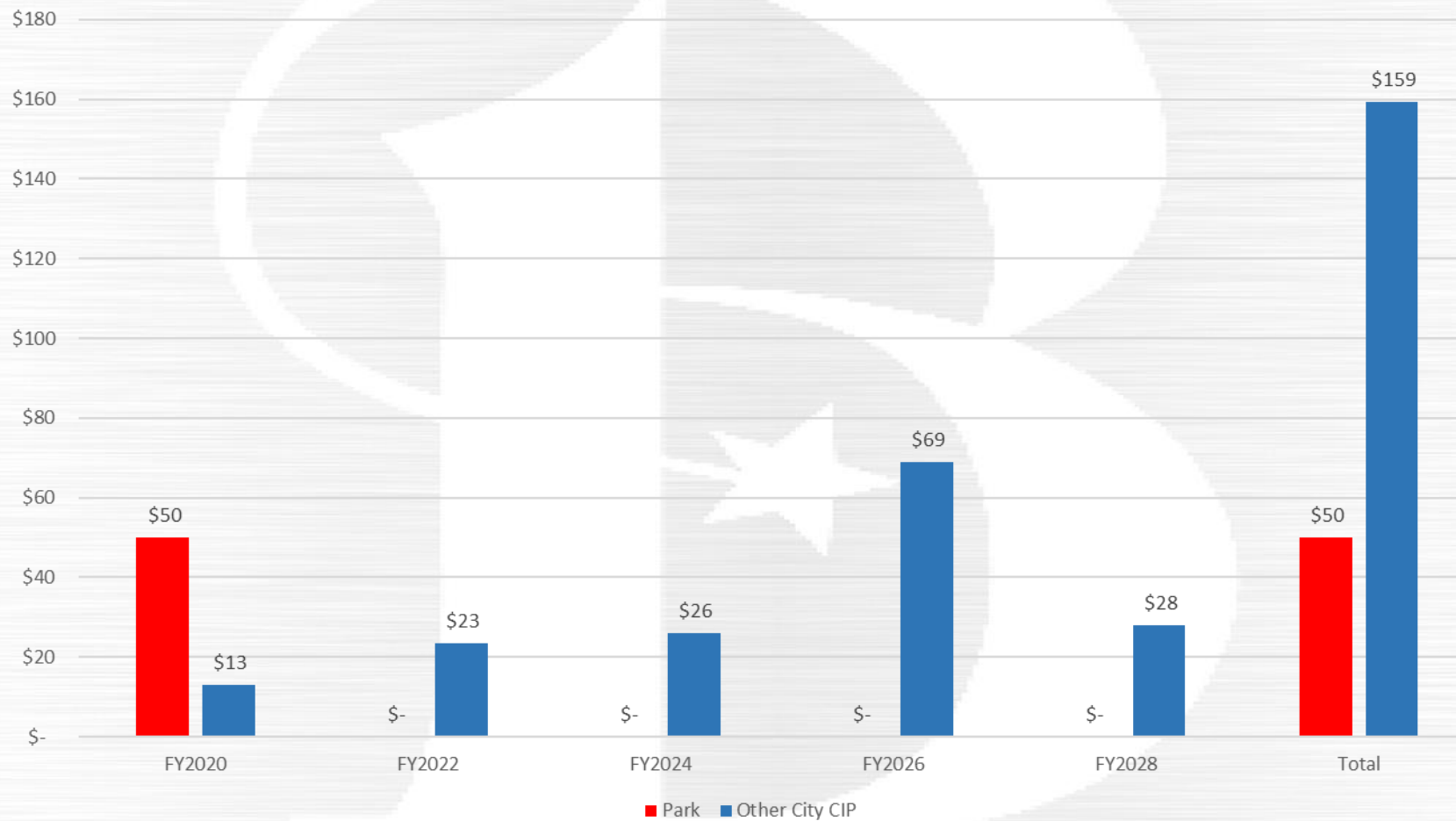
## Proposed Plan –

- 25 year debt on streets, drainage and sidewalks
- 10 year debt on firetrucks and information technology
- 30 year debt on regional park
- Deferred regional park principal payment
- Allocate 10% of streets and drainage fund revenues to pay park related debt
- Apply \$140k in annual HOT tax revenues to regional park

## 10 Year CIP - Extend Financing, Pay Interest Only for 5 Years on Park (in million of \$)



## 10 Year CIP Plan - Extending Financing Terms (in million of \$)





# Other Assumptions and Risks

## Assumptions and Risks –

- Annual 5.2% property valuation growth – Less than the 5.6% historical average
- HOT tax revenues will contribute at least \$140k annually to debt service payments
- Closure of Traditions TIRZ in 2025
- Interest rate stability going forward

# Other Funding Sources

## Other Sources to Consider –

- Capital Reserve Fund - \$3.4 mm
- Oil and Gas Fund - \$1.2 mm
- Maximizing Water Fund General Fund Transfer from 5% to 7% - \$4 mm
- Maximizing Waste Water Fund General Fund Transfer from 5% to 7% - \$4 mm
- Maximizing Solid Waste Fund General Fund Transfer from 5% to 7% - \$2.4 mm
- BTU's General Fund Transfer is already projected at 7% going forward

# Current CIP Proposed Borrowing

(in millions of \$)

| Use:   | Borrowing     |                |                         | Total   |
|--------|---------------|----------------|-------------------------|---------|
|        | Regional Park | Infrastructure | Firetrucks/<br>Software |         |
| Year   | 30 Yr - Def   | 25 Year        | 10 Yr                   |         |
| FY2020 | \$ 70.0       | \$ 12.0        | \$ 0.9                  | \$ 82.9 |
| FY2022 | \$ -          | \$ 12.0        | \$ 3.4                  | \$ 15.4 |
| FY2024 | \$ -          | \$ 12.5        | \$ 1.0                  | \$ 13.5 |

# City of Bryan Credit Rating – GO's and CO's

S&P

- AA
- Stable Outlook

**AA/Aa2**—Very strong capacity to meet financial commitments.

Investment Grade

| S&P  | Meaning            |
|------|--------------------|
| AAA  | Prime              |
| AA+  | High Grade         |
| AA   |                    |
| AA-  |                    |
| A+   | Upper Medium Grade |
| A    |                    |
| A-   |                    |
| BBB+ | Lower Medium Grade |
| BBB  |                    |
| BBB- |                    |

# Next Budget Steps

- Tax Rolls Certified: July 25, 2019
- Proposed Budget: August 2, 2019
- Updated Budget Presentation: August 13, 2019
- Public Hearing for Budget: August 27, 2019
- Public Hearings on Property Tax Rate:
  - September 10, 2019
  - September 24, 2019