



FY 2025 Budget Goal Setting

City Council Goal Setting Workshop
May 13, 2024



Agenda

- Welcome and Overview
- Budget Calendar and Financial Policies
- Financial Overview, Revenue Forecast, Financial Outlook
- Future Mandated Increases for Maintenance & Operations
- Police Department (Staffing, Vehicles)
- Fire Department (Staffing, Pension)
- Streets
- Backfilling Street Maintenance Fee Revenue
- Animal Care Services
- Industrial District Agreements
- Property Tax Rates, Property Tax Exemptions, and Preliminary Values
- Fees and Rates
- Other requests in FY 2025 Budgets
- Closing





Welcome and Overview

Presented by City Manager, Peter Zanoni





Budget Calendar

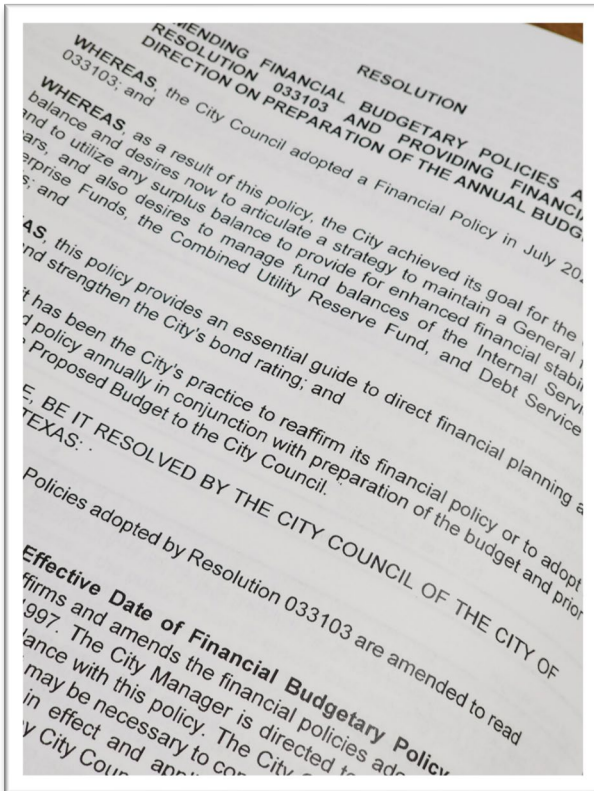
- **May 13:** City Council Goal Setting
- **May – July:** City Manager Meetings with Departments
- **July 30:** FY 2025 Proposed Budget presented to City Council
- **August:** Community Input Sessions and City Council Budget Workshops
- **September 3:** Public Hearing on the Tax Rate and Proposed FY 2025 Budget; 1st Reading of Proposed Operating and Capital Budget, 1st Reading of Tax Rate
- **September 10:** 2nd Reading of Proposed Operating and Capital Budget, 2nd Reading of Tax Rate





Financial/Budgetary Policies

- **June 25: Present Financial/Budgetary Policies to the City Council**

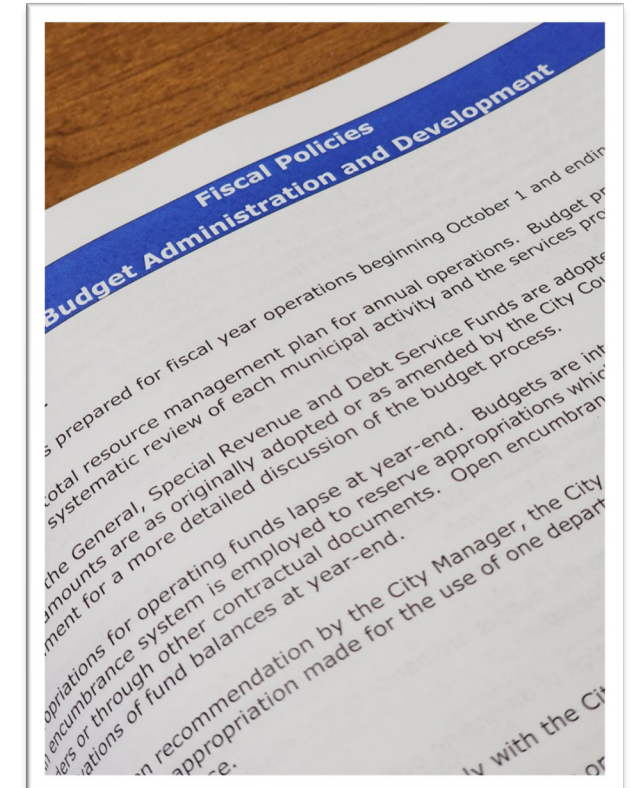


- **General Fund** – Unassigned fund balance of between 17% to 20% reserved for Major Contingencies
- **Internal Service Funds** – Unassigned fund balance reserve of up to 5%
- **Group Health Plans** – Maintain fund balance to pay admin costs and run-out claims and to hold a reserve for catastrophic claims equaling 10% of projected claims
- **General Liability and Worker's Compensation Funds** – Maintain a fund balance to fund long-term liabilities, incurred by not reported expenses, and a risk margin for adverse development of claims; to provide a 25% catastrophic reserve; and 25% of cost for purchased insurance
- **Enterprise Funds** – Unreserved fund balance of 25% of annual appropriations
- **Debt Service Funds** – Unreserved fund balance of 2% of annual debt service appropriations



Financial/Budgetary Policies

- **June 25: Present Budget/Financial Policies to the City Council**
 - **Funding for Street Maintenance** – Higher of 6% of General Fund revenue or \$10.8 million; plus 5% of industrial district revenue
 - **Funding for Residential Street Reconstruction Fund** – 5% of industrial district revenue plus 1% of General Fund revenue
 - **Operating Contingencies** –
 - General Fund - \$500,000
 - Enterprise, Internal Service, and Special Revenue Funds – Up to 2% of annual appropriations
 - **Capital Improvement Plans/Funding**
 - Short and long-range CIP
 - **Consideration of adding section on debt to operating ratio goals**
 - **Consideration of adding section to address Certificates of Obligation**





Financial Overview, Revenue Forecast, Financial Outlook

- FY 2023 Actuals compared to Estimated**

Fund	Estimated Ending Balance	Actual Ending Balance*	Difference Higher/(Lower)	
General Fund	\$95,856,790	\$99,741,594	\$3,884,804	\$12M PO Rolls
HOT	7,394,189	6,992,923	(401,266)	\$1.2M PO Rolls
Water	45,924,051	46,294,482	370,431	\$6.1M PO Rolls
Wastewater	33,810,787	37,375,519	3,564,732	\$3.0M PO Rolls
Storm Water	12,925,534	13,448,833	523,299	\$1.5M PO Rolls

*Actual Ending Balance is less PO Rolls



Financial Overview, Revenue Forecast, Financial Outlook

- **Revenue Forecast for FY 2024**
General Fund

	Amount
FY 2024 Revenue Budget	\$ 325,840,353
FY 2024 Current Revenue Estimate	\$ 328,538,014
Difference	\$ 2,697,661 (0.83%)

- **FY 2025 Revenue Outlook**





Financial Outlook

Our Current Dilemma



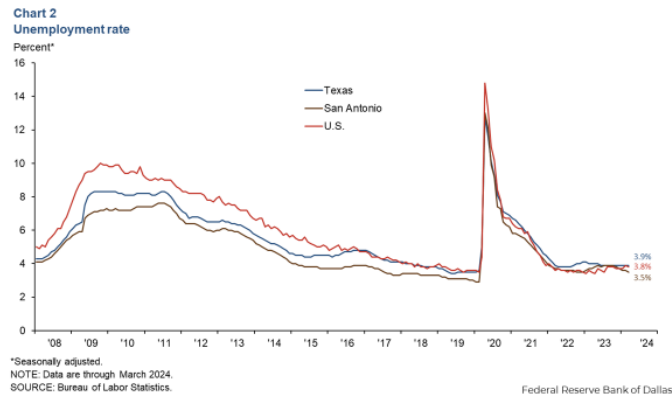
- **Fed patiently watches for economic signs**
 - Markets expect the Fed to lower rates but they need confirmation first
- **Inflation is stubborn**
 - Inflation was dropping fast but has stalled
- **Payrolls and the Consumer**
 - Employment is solid but higher wages mean more inflation
- **General economy**
 - It's not too hot but not too cool



Financial Outlook

Texas and Corpus Christi Impacts

- Manufacturing activity has slowed
- Retail sector suffers from inflation but services slow only slightly
- Oil and gas industries maintain strength in economy
- Unemployment has dropped dramatically and nears Fed goal
- Leisure remains strong as payrolls allow for vacations





Future Mandated Increases for Maintenance and Operations

- New Fire Station No. 3 – Full Year
- Police Training Academy – Full Year
- Bill Witt Aquatic Center – Full Year
- Water Garden – Full Year
- North Beach Bathroom Facility – Full Year
- Cole Park Splash Pad – Full Year
- Northside / Hillcrest Aquatic Center – Partial Year
- Code Enforcement Year 2 of CDBG Grant Transition to GF
- Developer Participation Agreements
- Advance Funding Agreements with TxDOT
- Collective Bargaining Agreement Increases (Police & Fire)





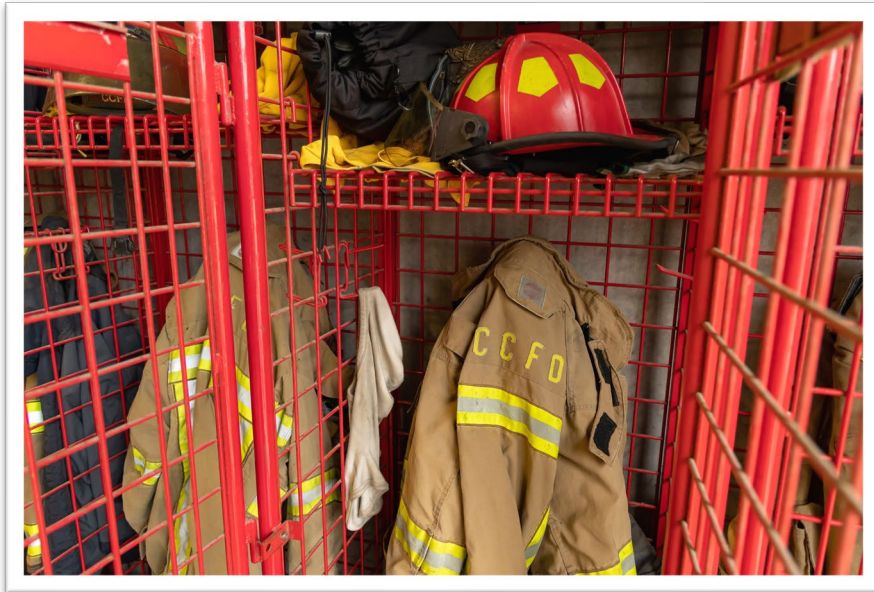
New Fire Station No. 3



Anticipated annual costs - \$50,000

Includes:

- Utilities - \$22K
- Building maintenance at \$3.00 per sf - \$28K
(for square footage greater than old facility)





Police Training Academy



Anticipated annual costs - \$250,000

- Includes:
 - Custodial services - \$65,000
 - Landscape, mowing - \$12,000
 - Utilities, phones - \$60,000
 - Shredding service - \$5,000
 - Janitorial Supplies - \$12,000
 - Building maintenance at \$3.00 per sf 32,000 sf - \$96,000





Bill Witt Aquatic Center



Anticipated annual costs - \$635,502

Includes:

- 2 full-time positions & 36 seasonal/part-time positions - \$328K
- Security service - \$130K
- Purification Chemicals - \$65K
- Supplies & Equipment - \$30K
- Maintenance & Repairs - \$45K
- Utilities - \$20K
- Other operating costs - \$18K



Water Garden

Anticipated annual costs - \$594,000

Includes:

- Security Services - \$350K
- Purification Chemicals - \$175K
- Maintenance & Repairs - \$10K
- Utilities - \$50K
- Other Operating Costs - \$9K





North Beach Bathroom Facility



Anticipated annual costs -
\$199,000

Includes:

- Security services - \$130K
- Supplies & Equipment - \$39K
- Maintenance & Repairs - \$30K



Cole Park Splash Pad

Anticipated annual costs - \$25,500

Includes:

- Supplies & Equipment - \$12.5K
- Maintenance & Repairs - \$13K





Northside / Hillcrest Aquatic Center

Anticipated FY 2025 costs - \$735,216 (partial year)

Includes:

- One-time equipment purchases \$428K
- 2 full-time positions & 36 seasonal/part-time positions - \$114K
- Security services - \$147K
- Purification Chemicals - \$17K
- Supplies & Equipment - \$10K
- Maintenance & Repairs - \$5K
- Utilities - \$7K
- Other operating costs - \$7K





Code Enforcement Year 2 of CDBG Grant Transition to General Fund

- Staff – total of 5 FTEs need to transfer from CDBG Grant to General Fund Code Enforcement
 - 4 Code Compliance Officers
 - 1 Administrative Support position
- \$391,200 Requested Total - Funds for transition (staff salaries, benefits, uniforms, & training)





Developer Participation Agreements

Anticipated Cost: \$1,271,659

- The City's Urban Transportation Plan (UTP) designates requested streets as a C3 Collector (75 ft ROW) however, the Developer is only required to construct a C1 Collector (60 ft ROW). This funding is required to reimburse the developer the difference for constructing an oversized street.

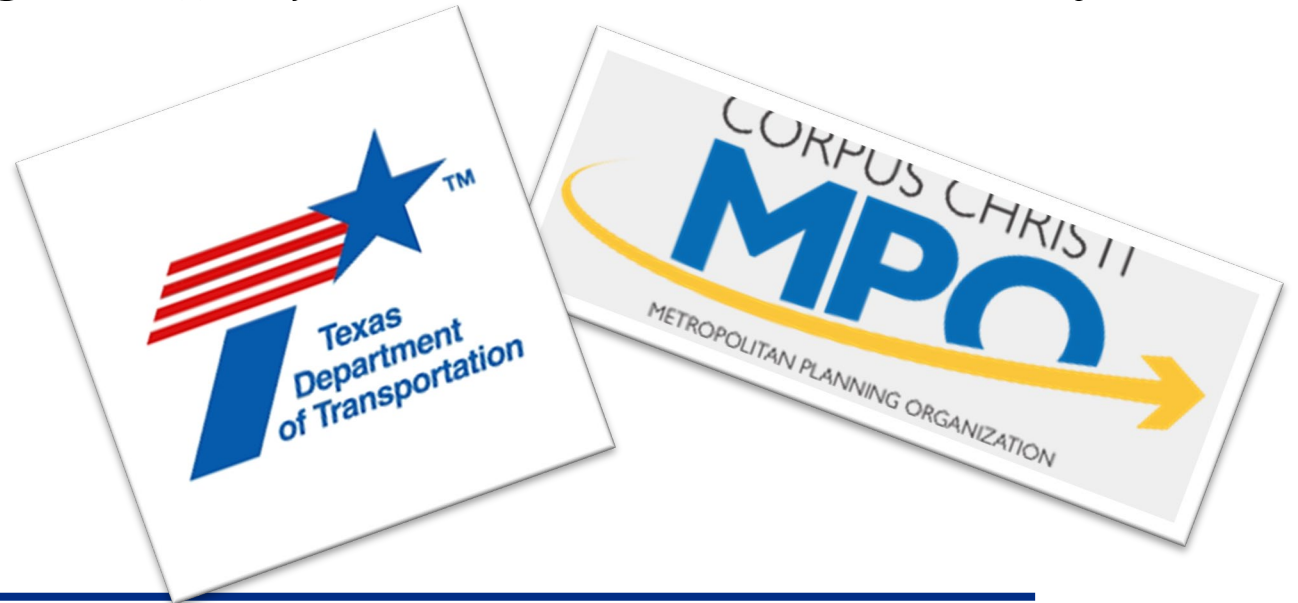
PROJECT NAME	TOTAL PROJECT COST ESTIMATE
King's Landing Unit 5 – Lady Alexa Dr	\$ 416,032
King's Landing Unit 5 – Natasha Lane	\$ 308,129
Starlight Unit 8 – Oso Parkway	\$ 547,497
Total:	\$ 1,271,658



Advance Funding Agreements with TxDOT

Anticipated cost - \$5,760,000

- Required to cover costs for five Corpus Christi Metropolitan Planning Organization (CCMPO) Surface Transportation Block Grant – Set Aside Program projects awarded to the City in 2022:
 - Local match
 - TxDOT oversight
 - Overruns
 - Inspection
 - Construction





Collective Bargaining Agreement - Fire



Anticipated FY 2025 costs - \$4.5M - \$5.5M (Year 1 of 4)





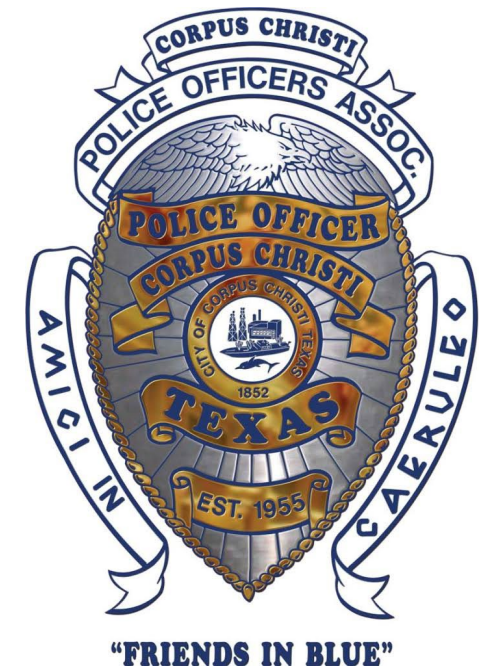
Collective Bargaining Agreement - Police



Anticipated FY 2025 costs - \$2.2M
(Year 2 of 4)

Includes:

- 3% increase effective 4/1/25 - \$899K
- Non-Voluntary Overtime for Events increase - \$134K
- One-Time Stipend - \$1.2M





Police Staffing Plan

- History of staffing:
 - FY 2020 451
 - FY 2021 456
 - FY 2022 466
 - FY 2023 491
 - FY 2024 501
 - FY 2025 506
- Actual strength as of May 5, 2024 is 471 sworn officers
 - 30 sworn officers under authorized strength
 - 3 pending separation in next 3 months
 - Average annual attrition is 25
- 84th Police Academy to begin July 15 with 35 cadets





Police Staffing Plan

Police Sworn Position Increases

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Planned	5	5	5	5	5	25
Actual	5	5	10	25	10*	55

- Additional sworn officer positions in FY 2025
 - Sworn officer positions currently at 501
- *One position grant funded



Police Staffing Plan

- Add 5 officers per year over 5 years

FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	5-Year Total
5	5	5	5	5	25



Police FY 2025 Vehicles

- 240 marked units to operate
- Currently 143 Marked units available for Operations
- Average # units out of service per day is 15
- 48 Marked units 2019 or older or over 120,000 miles
 - National standard is 4 years or 120,000 miles
 - Fleet will retire a majority of the 48 older units in 2025
- Average cost of a PPV upfitted is \$92k - \$100k
 - Upfitting includes lights, siren, cage, console, wiring, IT cradle point computer, mounting bracket for camera, in-car video camera, triggers for in car, docking stations for body worn cameras
- FY 2023 has 34 Tahoes and 2 F150s in line for upfitting
- FY 2024 has 35 F150s and 1 Tahoe (estimated to arrive by August 2024)
 - Working on quotes and bids for upfitting





Police FY 2025 Vehicles

- In FY 2025 CCPD will order 36 PPVs:
 - General fund 27
 - Crime Control 9
 - \$1.4 million for upfitting costs
- CCPD will order an additional 40 PPVs from requested \$4 million decision package
 - This funding will provide enough capital for total upfitting cost including emergency and IT equipment for all 40 units
 - Projected fleet of 207 plus 36 ready for upfitting by end of 2026





Fire – Four Person Staffing Continuance



Fire - Four Person Staffing

- City currently has 22 fire apparatus
- 8 out of the 22 apparatus has 4-person staffing
- Remaining 14 apparatus has 3-person staffing
- Additional 78 Firefighters to achieve 4-person staffing
- Sworn Fire Fighter positions currently (FY24) - 455



5-Year Plan

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	TOTAL
Positions	16	16	16	15	15	78

- Pending SAFER Grant – This would get Fire Department to 533 in 2.5 years
- SAFER Award notification is July 31, 2024 through September 30, 2024



Fire – Four Person Staffing Five-Year Plan



Year	Sworn Complement Increase	Sworn Authorized Count	Operations – Minimum Daily Staffing
FY25 (Year 1)	16	471	107
FY26 (Year 2)	16	487	109
FY27 (Year 3)	16	503	112
FY28 (Year 4)	15	518	115
FY29 (Year 5)	15	533	120



Re-Org of Fire Department



Current Structure:

- 1 Fire Chief, 1 Deputy Chief, 4 Assistant Chiefs
- Operations Assistant Chief has 13 Battalion Chiefs Reporting to the position. 12 Operations BCs & 1 Medical Operations BC

Due to span of control challenges the Department is seeking a re-organization at the command level to assist in the supervision of an expanding workforce and increasing call volume.

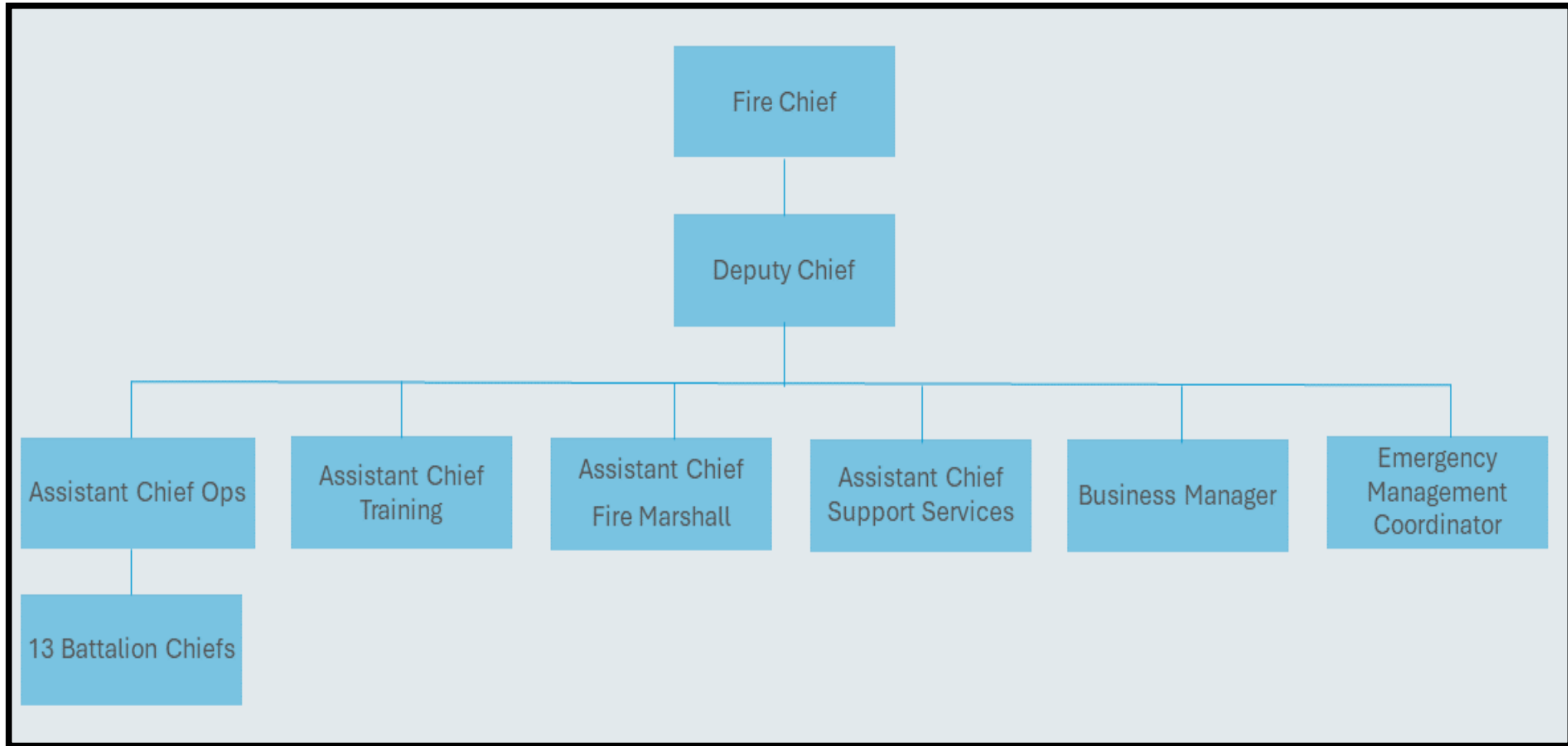
Proposed Structure:

- 1 Fire Chief, 2 Deputy Chiefs, 6 Assistant Chiefs, 3 Field Medical Officers at the Captain Rank.





Re-Org of Fire Department *Current*

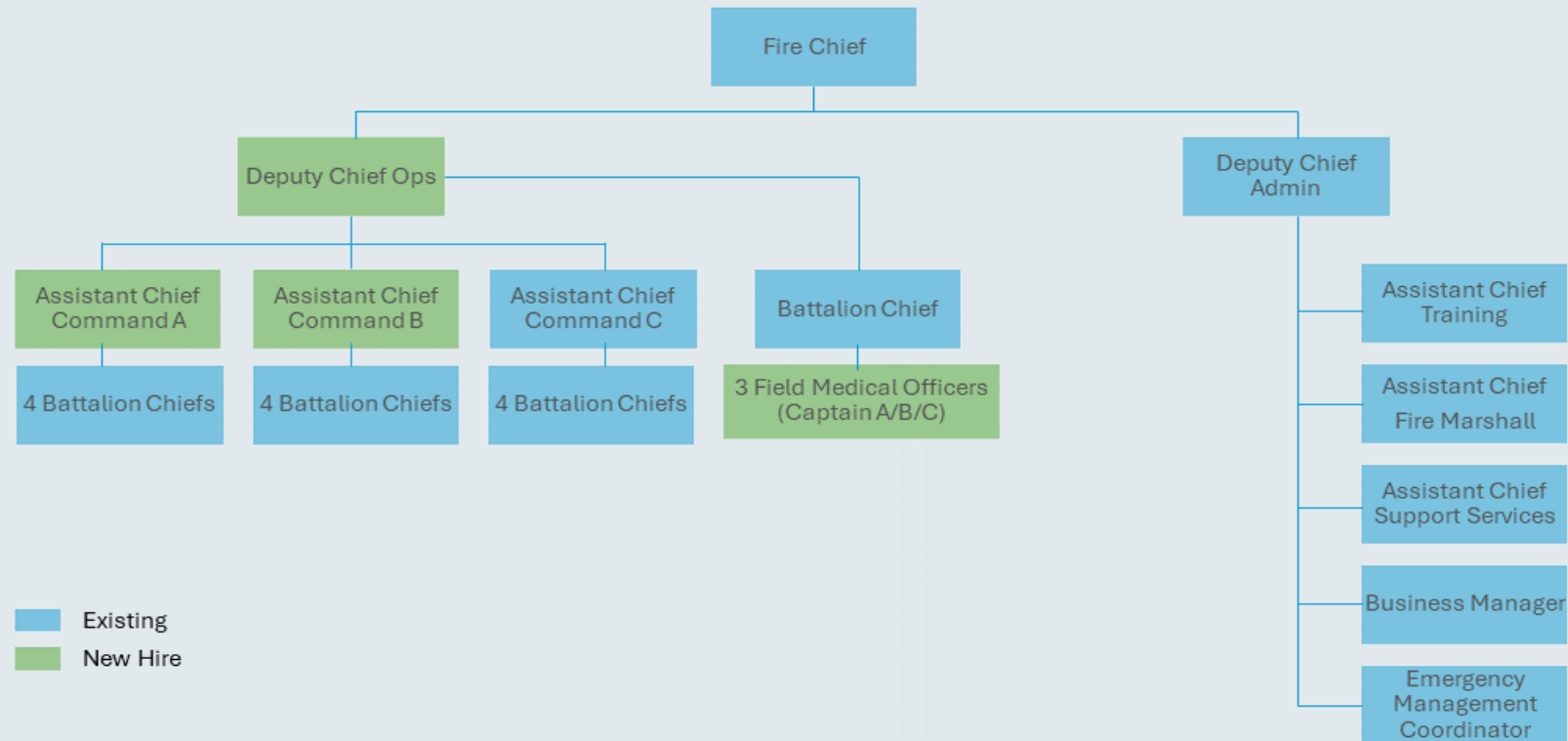




Re-Org of Fire Department *Proposed*



Re-org New



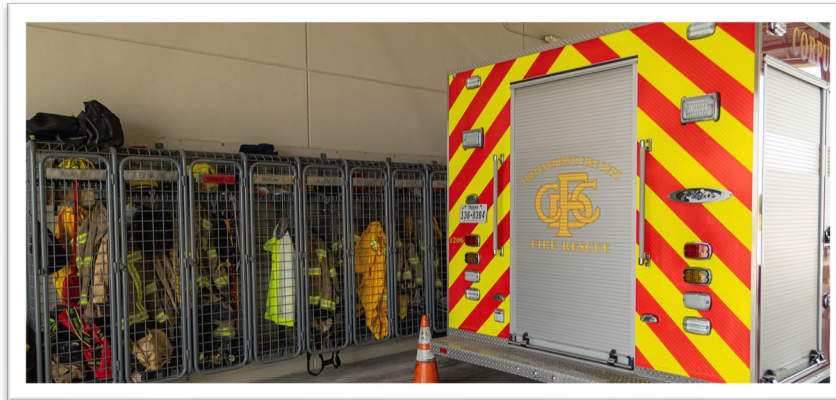
***Cost to add the 6 Positions with conversion of FFI's - \$354,620**



Corpus Christi Firefighter Retirement System (CCFRS)



- Per Budget/Financial policy, it is the goal of the City to adequately fund CCFRS so its funding ratio is in line with TMRS
- City began a five-year plan in FY 2021 to increase funding by 0.984% each year; FY 2025 will be year five of this plan





History of Contribution Rates



<u>Date</u>	<u>Firefighters</u>	<u>City</u>	<u>Total</u>	<u>Increase</u>
July 9, 2007	11.100%	14.580%	25.680%	
January 6, 2008	12.200%	15.390%	27.590%	1.910%
January 4, 2009	12.200%	16.580%	28.780%	1.190%
January 2, 2010	12.200%	17.680%	29.880%	1.100%
January 2, 2011	12.200%	18.780%	30.980%	1.100%
December 30, 2012	12.200%	20.130%	32.330%	1.350%
January 12, 2013	12.200%	20.780%	32.980%	0.650%
June 1, 2015	13.100%	20.780%	33.880%	0.900%
October 1, 2019	13.100%	21.280%	34.380%	0.500%
October 1, 2020 YR1	13.100%	22.264%	35.364%	0.984%
October 1, 2021 YR2	13.100%	23.248%	36.348%	0.984%
February 1, 2022	14.100%	23.248%	37.348%	1.000%
October 1, 2022 YR3	14.100%	24.232%	38.332%	0.984%
October 1, 2023 YR4	14.100%	26.216%	39.316%	1.984%
Projected October 1, 2024 YR5	14.100%	27.200%	40.300%	0.984%



Funding Levels for Both Pension Plans



	Funded Ratio		
	<i>(Actuarial Value of Assets / Actuarial Accrued Liability)</i>		
	2022	2020	2018
TMRS	87.0%	85.9%	74.1%
CCFFRS	63.0%	60.9%	60.2%

TMRS – Texas Municipal Retirement System

CCFFRS – Corpus Christi Firefighters’ Retirement System



Streets

Residential Streets Fund:



Funding Sources

FY 2024

\$0.04 of Property Tax Rates	\$ 10,995,888
1% of General Fund Revenue	\$ 2,905,907
5% of Industrial District Revenue	\$ 1,547,444
Additional amount from General Fund*	<u>\$ 6,100,000</u>
	\$ 21,549,239

* \$6.1M was transferred from GF for FY 2022 -2024



Backfilling Street Maintenance Fee



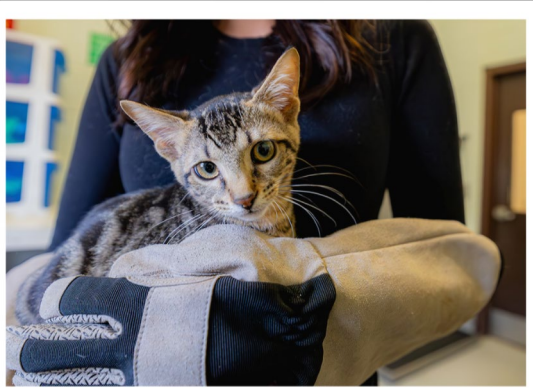
- The street fee was originally adopted in July 2013 by City Council and was implemented in January 2014
 - The original ordinance that was adopted included a sunset clause; the street maintenance fee will end unless an ordinance is approved to extend it by City Council
 - Street Fee sunset on December 31, 2023
 - Revenues were \$12M / year
 - Proposed Funding Plan:
 - Recurring budget initiative
 - \$14M
 - Personnel costs
 - Operating costs
 - Goal: 6 Center Line Miles (CLM)
 - Maintenance of Arterials & Collectors
 - Minor ADA and curb work
 - Sole Program for maintaining Arterials & Collectors
-



Animal Care Services

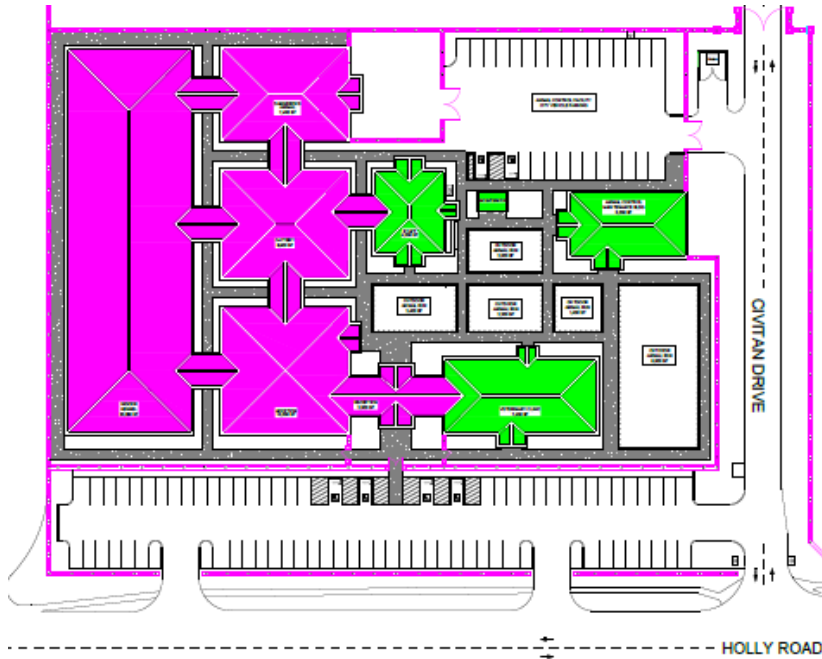
Continuation of Service Enhancements

- Staff is recommending adding 8 Animal Control Officers \$400,000
To improve response time to calls for service and to provide patrolling to areas of concern to proactively address City ordinances and educate the public
- Replacement of sedan with cargo van \$126,500
- Replacement of broken trailer \$ 76,450
- Training for staff \$50,000
- Help transport animals to rescues outside of area \$50,000
- Badge Access Gate at Animal Care Services \$35,000
- Additional funds for clinical supplies \$30,000





Animal Care Services



- Design for new kennel facility included FY 2024 Capital Budget - \$1.2 million



- Construction included in long-term Capital Budget to be included in future bond election - \$12 million



Industrial District Agreements

- Negotiations are continuing
- Next meeting scheduled for May 22nd with Industry Partners



Property Taxes – Preliminary Values

	Preliminary Tax Year 2024 (FY 2025) Values	Final Certified Tax Year 2023 (FY 2024) Values	Increase/ (Decrease) \$	Increase/ (Decrease) %
All Certified Values	\$31,380,283,475	\$30,700,085,288	\$680,198,187	2.22%
New Taxable Value	\$398,551,080	\$587,931,340	(\$189,380,260)	(32.2%)



Property Taxes

Rate per \$100 valuation

	FY 2022	FY 2023	FY 2024
Maintenance & Operations (M&O)	0.426806	0.399312	0.378825
Interest & Sinking Fund (I&S)	0.219458	0.220949	0.220949
Total Tax Rate	0.646264	0.620261	0.599774

Property Tax Exemptions

	FY 2024	FY 2025
Homestead	10% - \$5,000 minimum	20% - \$5,000 minimum
Over 65	\$50,000	\$62,500
Disabled	\$50,000	\$62,500

- City will be evaluating payment-in-lieu of taxes (PILOT) for Industrial District Agreements



Fees and Rates

Fees and Rates	Summary
Storm Water	5-Year plan update
Solid Waste	No anticipated fee changes
Water	Annual rate review update
Wastewater	Annual rate review update
Fire Department Fees	Increase to existing Fire Permit Fees; New Lift Assist Fee
Animal Care Services	Various increases proposed
Development Services	Not recommending Year 4 of 4 approved 10 % increase. Will be recommending a reduction of some commercial fees. Adjust Engineering Inspection Fee.
Other Rates	Increases in FY 2024 and upcoming changes



Storm Water Fee

- Adopted in 2021 by City Council; Effective January 2022 for ratepayers

Revenue Needed	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Original Program	\$ 23 M	\$ 27.5 M	\$ 35.5 M	\$ 40 M	\$ 41.5 M	\$43 M
Alternative				\$ 38 M	\$ 38 M	\$38.5 M
Residential Rate Tier 1	\$ 5.77	\$ 6.63	\$ 8.61	\$ 9.70/9.21	\$ 10.07/9.21	\$ 10.43/9.34
Residential Rate Tier 2	\$ 7.69	\$ 8.84	\$ 11.48	\$12.93/12.28	\$ 13.42/12.28.	\$ 13.90/12.45
Residential Rate Tier 3	\$ 13.46	\$ 15.47	\$ 20.09	\$ 22.63/21.49	\$ 23.49/21.49	\$ 24.33/21.79
Non-Residential Rate	\$ 7.69 per ERU	\$ 8.84 per ERU	\$ 11.48 per ERU	\$12.93/12.28 per ERU	\$ 13.42/12.28 per ERU	\$ 13.90/12.45 per ERU

* ERU = Equivalent Residential Unit



Storm Water Service Enhancements



STORM WATER SERVICES		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inlet	Storm Water	1.3	1.3	1.3	1.3	1.3	1.3
	Cleaning & Maintenance ¹	years	years	years	years	years	years
	Vegetation Management ROW Mowing ²	20x	20x	20x	20x	20x	20x
In-House Street Sweeping Program ² (Non-Existent Prior to FY 2022)	Neighborhoods	2x	2x	3x	4x	4x	4x
	Collectors	4x	6x	8x	10x	12x	12x
	Arterials	8x	10x	10x	10x	12x	12x
	Minor Channel (“Bar Ditches”) Cleaning & Maintenance ¹	As Requested	6 years	6 years	3 years	3 years	3 years
	Major Channel / Natural Creek Way Restoration & Maintenance ¹	2.0 years	2.0 years	2.0 years	2.0 years	2.0 years	2.0 years
	CCTV of 679 Miles of Underground System \$850k/Year	N/A	35.0 Miles	35 Miles	35.0 Miles	35.0 Miles	35.0 Miles

Note: (1) Cycle length; (2) Cycles per year.



Solid Waste Fee



FY 2024 Rate Increases:

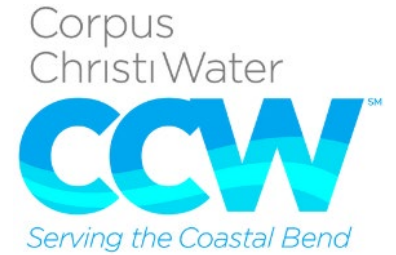
- 5% for residential customers - Last increase was FY 2018-19
- 5% for Cefe Landfill commercial customers
- 10% for Transfer Station commercial customers

No Increases Proposed for FY 2025





Water / Wastewater Rates



- **Retail rates for Water and Wastewater are on an annual review cycle beginning with FY 2024**
- **FY 2024 rate increases included**
 - Water (excluding average residential)
 - Wastewater (excluding residential)
- **Wholesale (Public Agency, Municipality) rates are reviewed every year by contract**
- **CCW staff are working with NewGen Strategies & Solutions, LLC on the annual rate model**





Fire Department Fees



- **Fire Permit Fee (average of \$50 increase per permit)**
- **Lift Assist Fee (new fee)**





Animal Care Services Proposed Fee Increase

Service	Current Fee	Proposed Fee
Microchip and lifetime license fee per dog or cat	\$15	\$25
Replacement of tag	\$12	\$15
Second and subsequent impoundment within 12 months	\$30	\$50
Daily boarding fee (return to owner)	\$10	\$20
Rabies vaccine fee (return to owner)	\$10	\$20
Microchip fee (return to owner)	\$15	\$25
Species appropriate vaccination on intake (return to owner)	\$10	\$20
Owner surrender per animal unless litter under 4 months	\$50	\$150
Owner surrender of bite animal	\$150	\$200
Adoption fee for domestic dog or cat over 6 months old	\$25	\$100
Rabies impoundment – Animal head shipment of owned animal	\$150	\$200



Development Services Fees

- **Ordinance approved effective FY 2022 for four (4) years**
 - Year 4 of 4
 - 10% increase **NOT** recommending this increase in FY 2025
- **Will propose a reduction in several commercial fees**
- **Engineering Inspection Fee adjustment for private developments**





Other Budget Requests for FY 2025

Department	Summary
City Attorney	Legal representation funds for City Council Members
Parks & Recreation	Lifeguard program enhancements
Public Works	Funds for sidewalk program development
Health Department	Health District modifications



Legal Representation for City Council Members

- Representation to address ethics complaints
- Looking into this
- Researching 7 larger cities





Lifeguard Program Enhancements



- To determine the best practice to better serve the community and visitors of our Gulf Beaches through a collaborative exercise with the Corpus Christi Fire Department and the Department of Parks and Recreation.
- Research of best practices and visiting other municipalities Parks and Recreation is recommending:
 - Moving the Gulf Beach Lifeguards out of Beach Operations and into a new division named **Gulf Beach Rescue**
 - Implementing best practices used in other beach rescue operations
 - Working collaboratively with CCFD on training, certifications and combined drills





Lifeguard Program Enhancements

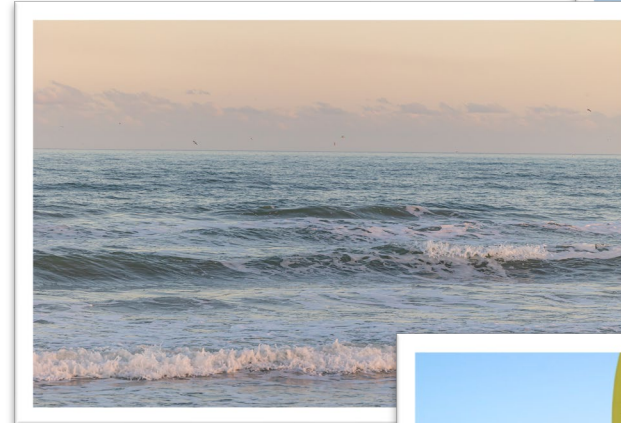


- (1) Add full time Gulf Beach Rescue Superintendent
- (1) Add full time Gulf Beach Rescue Training Officer
- (8) Reclassify 8 positions from Temporary/Seasonal to Part-Time Permanent classification

Total FY25 Financial Impact \$371,373

BENEFITS

- Train all Beach Rescue to USLA Standards
- Certify all Beach Rescue with Emergency Medical Response Certification
- Extend Beach Rescue hours of operation
- Train and Certify CCFD with ARRT (Aquatic Rescue Response Team)
- Train and Certify CCFD with Open Water Rescue Certification
- Swim Clinics for Beach Rescue Staff and CCFD
- ICS Training





Existing Sidewalk Network

- Similar to Public Works (PW) Bridge IMP and Traffic Signals IMP we will follow the same process with sidewalk plan
 1. Procure a consultant to conduct a comprehensive evaluation of the condition of the existing sidewalk network and make recommendations for prioritization
 2. PW to summarize findings to present to ELT
 3. Define a budget for execution
 4. Procure a contractor to begin construction
 5. PW to evaluate the program and revise, if necessary
 6. Current costs of sidewalk range from: \$180 - \$500/LF

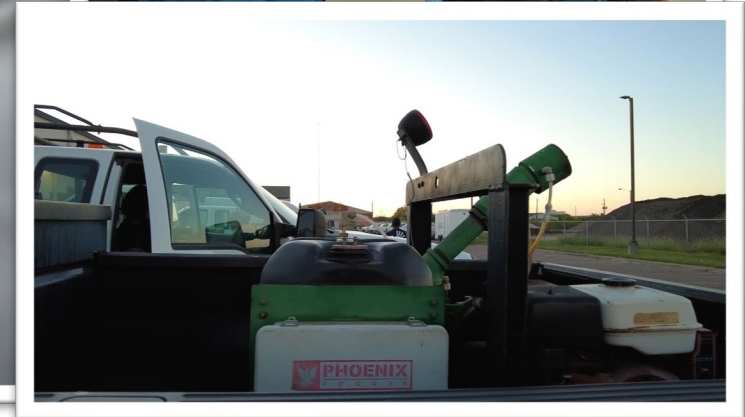
Sidewalk	LF	CL
Total	8,211,832.13	1,555.27





Health Department

- Nueces County Health Department Membership (\$1,765,000)
 - Working to identify additional funding sources
- Vector Control Program (\$734,721)
 - Includes 4 positions
 - Includes \$325,000 for building





FY 2025 Budget Goal Setting

City Council Goal Setting Workshop
May 13, 2024