

2016-2017 Budget Message from Ken Nickel; City Manager

To Honorable Mayor and Council Members and Citizens of Granite Shoals:

City staff is pleased to submit the proposed 2016-2017 Operating Budgets for the City of Granite Shoals. The production of the budget represents significant effort from city staff and City Council members. It was derived from City Council's priorities for the upcoming fiscal year, results from the current fiscal year, inputs from the City Committees and the City's Comprehensive plan.

This fiscal year is a critical time for the city's infrastructure with emphasis on the City's roads. Improvements include increasing the road paving and repair budget by \$86,750. Granite Shoals voters approved an increase in sales tax for street maintenance from 0.25% to 1% effective 10/1/2016. In concert with the increase in sales tax revenue for the repairs of the road, the staff is pursuing a USDA grant opportunity for re-building the city's three main arterial roads (Valley View, Prairie Creek and Phillips Ranch Road).

The city's budget process started in June 2016 with the assessment and ranking of the 2016-2017 fiscal year priorities with City Council. The final 2016-2017 priorities from the City Council are included at the end of the budget message.

In July, staff presented to Council a review of the results of the first 9 months of the current fiscal year along with a comparison to budget. Revenue for the first nine months in the General Funds is \$ 2.602 million which is approximately 86.7% of current year budget. Year to date expenditures in the general budget is \$2.211 million which is 74.6% of the budget. The Utility Fund's revenue for the first nine months is \$1.212 million or 73.2% of the

budget and corresponding expenditures for the same time period is \$1.165 million.

During July, the Department Heads prepared their proposed budgets which were reviewed and aligned with Council priorities by the City Manager and Finance Director. The results of these budget meetings, along with the projected revenue figures, were used to generate the proposed 2016-2017 fiscal budget.

After a workshop/ City Council meeting on August 9th and presentation at Special Budget meeting on August 15th, the proposed 2016-2017 budget was created.

Two Public hearings have been held (August 23rd and September 7th) to receive citizen comments regarding the proposed Fiscal Year 2016-2017 budget. The required public hearings on the proposed tax rate were held at these meetings, as well.

The City's Annual Operating Budget for the Fiscal Year 2016-2017 is hereby submitted. This document contains information regarding the programs and services to be provided totaling approximately \$6.785 million in expenditures.

Below is the Summary of Revenue and Expenditures by fund:

<u>Fund</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Net</u>
General Fund	\$3,020,871	\$2,992,298	\$28,573
Water Fund	\$1,700,055	\$1,697,607	\$2,448
Solid Waste	\$591,000	\$589,360	\$1,640
Restricted Parks	\$35,100	\$55,500	(\$20,400)
Hotel Tax	\$18,200	\$3,500	\$14,700
Sales Tax for Street Maintenance	\$120,000	\$120,000	\$ -
City Cleanup Fund	\$29,365	\$23,130	\$6,235
Debt Fund	\$965,170	\$1,003,282	(\$38,112)
CDBG Water Grant	\$275,000	\$275,000	\$ -
Other	\$42,250	\$25,000	\$17,250
	<u>\$6,797,011</u>	<u>\$6,784,677</u>	<u>\$12,334</u>

Tax Rate increase

The 2015 property tax rate is \$.5207 per \$100 of valuation. The proposed 2016-2017 property tax rate is \$.5470 per \$100 of property valuation. In addition to the slight increase in city's property tax, there was an overall 1.7% increase in property value in 2016. The property tax increase would impact a property valued at \$100,000 by

increasing taxes by \$26.50 from \$520.70 to \$547.20. Please note that there would be no increase in taxes for those with “over 65 exemptions or with disability” exemptions.

There have been a number of positive changes in Granite Shoals in 2015-2016, we have:

- Continued to provide a safe community in the areas of fire, police, emergency medical service (EMS) and animal control services
- Continued to provide a safe and efficient water supply to our residents
- Continued to improve the appearance of our city
 - During the past 11 months (October 2015 through August 2016), there have been 17 vacant and dangerous buildings or boat docks removed.
 - Removed over forty junk vehicles (cars and boats) in the last ten months with another 10 vehicles being worked by Code Compliance
 - Held two (2) city-wide cleanup events (October 2015 and April 2016). These events resulted in more than 200 tons of trash being removed from the community. Republic Services continue to provide bulk pickup at resident homes every other Friday as part of the base service.
- Continued to improve the City’s Financial stability
 - With the improved financial results and changes to some of the city’s financial policies, the City of Granite Shoals Standard and Poor’s credit ranking has increased two spots in 2016 to an “A” ranking.
 - Managed the budget more efficiently and effectively which should increase the City’s General Fund by approximately \$28,573 in the current fiscal year which will increase our reserves to over 73 days. The goal for the city is 90 days reserve.
- Paved 5.9 equivalent miles of road in 2015-2016 fiscal year along with completing a major drainage reconstruction on Granitecastle.

- Completed construction of the CDBG Water grant project which increased water storage capacity and replacing an old water tank in the Kingwood section of the city.
- Completed installation of new water meters in the City and Sherwood Shores III which will improve accuracy and provide better customer service and information.
- April 23, 2016, the City of Granite Shoals celebrated our 50th anniversary by hosting a two day event including historical exhibits, 5K Fun Run led by Leo Manzano, music provide by local artists including John Arthur Martinez along with craft booths, food and games for all ages. On Sunday, April 24th, there was a City-wide Prayer Service sponsored by the Granite Shoals Faith Alliance. We appreciate all of the work performed by the committees and volunteers in making it a great success.
- The Wildlife Committee obtained approval from City Council on a Pilot Deer Management program which will started in October 2016.

Although there have been many improvements this year, the staff still has opportunities to improve our services for our residents in the coming fiscal year.

As a joint effort between City Council, Our Community and City Staff, we are “on the move” to help achieve a better place to live and raise a family.

Respectfully submitted,

Ken Nickel

City Manager



9-13-16

Peggy Smith

Assistant City Manager/ Utility Director

Wendy Gholson

Director of Finance

Elaine Simpson

City Secretary

Austin Stanphill

Fire Chief

Gary Boshears

Police Chief

2016-2017 Priorities

1. Road Improvements (Current and long Term)
 - Submit and provide support for the \$6,800,000 USDA grant for Philips Ranch Road Prairie Creek and Valley View
 - Increase street maintenance budget to \$200,000 with additional sales tax receipts in 2016-2017 budget
 - Improve pot holes street repairs, both in timeliness and reliability
 - Reassess side street paving goals
2. Water Supply Improvement
 - Continue to provide a safe and efficient water supply to citizens
 - Continue replacement program for the water plant membrane units
 - Develop a plan for major water line replacement program
 - Complete the installation of GIS Database on the Web which allows for multiple users. Update the water line mapping.
 - Review water sampling procedures to reduce reportable non-compliant sampling errors
3. Execute current grants, close out whenever possible and aggressively pursue new grant opportunities
 - USDA Grant for road improvement (same as above)
 - TPWD grant for Quarry Park complex (\$500,000)
 - Water CDBG grant for \$275,000
4. Continue to provide a safe community
 - Continue current level of service
 - Increase Animal Control availability on weekends and after 5pm
 - Identify opportunities to reduce overall cost in this activity
5. Facility Improvements
 - Repair to City Hall roof (Current estimates is approximately \$43,000)

- Development of soccer field adjacent to Highland Lakes Elementary School
Development of a plan in 2016-2017 and coordination with the community
- 6. Increase Code Compliance activity by approximately 15% over 2015-2016 goals

- 7. Maintain and improve the City's Financial Stability
 - Increase the General Fund balance (Goal is three months operation reserve)
 - Effective debt management
- 8. Planning and Vision for the Future
 - Committee support and coordination
 - Annexation and Development Agreements
 - Initiate Web & Beaver Island re-annexation
 - Implement by February 2017 for new areas
- 9. Hire and maintain a strong workforce
- 10. Maintain or improve citizen communications
 - Twice a year city letter sent to our residents to update the city activities
 - Meetings with the Mayor
 - Town Hall meetings
 - Facebook articles