CITY OF FAIR OAKS RANCH

CITY COUNCIL SPECIAL MEETING WORKSHOP TRAINING

Wednesday, May 19, 2021 at 1:00 PM
Via Zoom Videoconference

AGENDA

OPEN MEETING

Roll Call - Declaration of a Quorum.

Pledge of Allegiance

CITIZENS and GUEST FORUM

1. Citizens to be heard.

PURPOSE OF SPECIAL CALLED MEETING

2. Conduct a City Council Utility Rate Orientation Workshop.

Sarah Buckelew, Finance Director
Samantha Villegas, Director of Strategic Communication Services, Raftelis
Angie Flores, Senior Manager, Raftelis

3. Conduct a City Council Budget 101 Training.

Sarah Buckelew, Finance Director

ADJOURNMENT

Signature of Agenda Approval: s/ Tobin E. Maples

Tobin E Maples, City Manager

I, Christina Picioccio, City Secretary, certify that the above Notice of Meeting was posted on the outside bulletin board at the Fair Oaks Ranch City Hall, 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas, and on the city's website www.fairoaksranchtx.org, both places being convenient and readily accessible to the general public at all times.

As per Texas Government Code 551.045, said Notice was posted by **1:00 PM, May 16, 2021** and remained so posted continuously for at least 72 hours before said meeting was convened.

The Fair Oaks Ranch City Hall is wheelchair accessible at the side entrance of the building from the parking lot. Requests for special services must be received forty-eight (48) hours prior to the meeting time by calling the City Secretary's office at (210) 698-0900. Braille is not available. The City Council reserves the right to convene into Executive Session at any time regarding an issue on the agenda for which it is legally permissible; pursuant to Texas Government Code Chapter 551. Section 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

RAFTELIS

City of Fair Oaks Ranch, TX

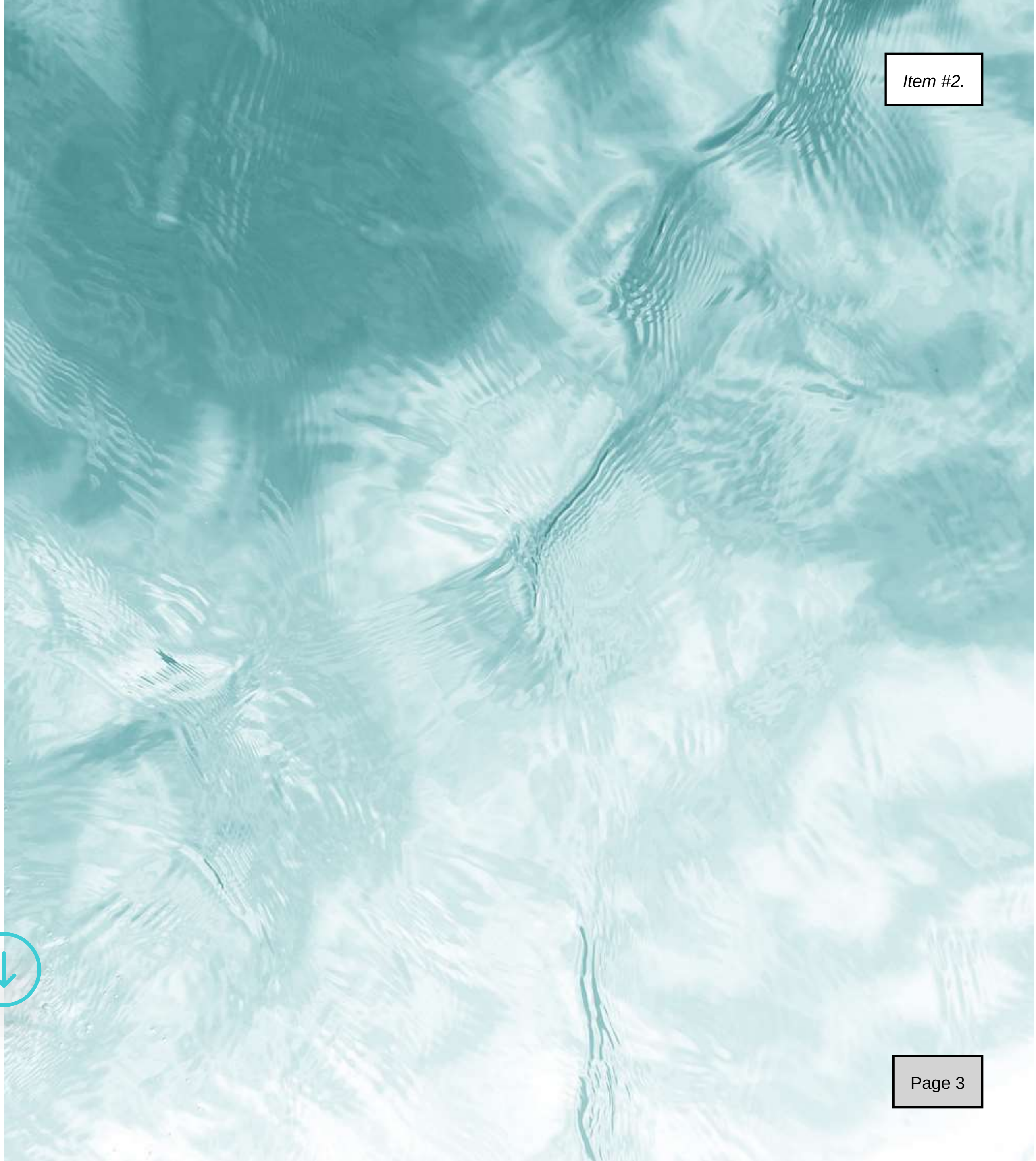
Water/Wastewater/Reuse

Rate Study Update

May 19, 2021

Agenda

- Scope of Work
- Rate Study Process
- Communication Plan



Scope of Work

Why we are here?

Rate Study

A formal rate study for the Utility has never formally been performed.

Enterprise Fund

Unlike the general fund that is supported through property taxes, the utility is supported by water and sewer service fees.

Financial Plan

Infrastructure needs require the development of a forecast that considers future revenue requirements of the system.

Who pays?

This study will help determine how much each customer type should pay.

Water/Wastewater/ Reuse Rate Update

Rate Study

Completion of a cost-of-service study and development of a financial planning model

Communication Plan

Community engagement and two-way communication

Rate Study Approach

- Task 1: Project Initiation and Management
- Task 2: Consumption and Current Revenue Analysis
- Task 3: Develop Comprehensive Financial Plan and Revenue Requirement
- Task 4: Cost of Service Analysis
- Task 5: Rate Design
- Task 6: Reports and Presentations

Communication and Engagement

- **Task 1: Kick-off and Wrap Up Meetings**
- **Task 2: Conduct 8-10 Influencer Interviews**
- **Task 3: Develop and Implement Communication Plan**
- **Task 4: Conduct Advisory Panel Meetings**

Project Timeline

FEB - APR

Task 1

Project Initiation / Kick-off Meetings

MAY - JUN

Task 2 / Task 3

Brief the Council (Today)

Conduct Influencer Interviews

Appoint Advisory Panel

Determine Pricing Objectives

Develop Financial Plan for Budget Use

JUL - AUG

Task 3 / Task 4

Complete Communication Plan

Finalize Financial Plan and Policies and Cost of Service

Conduct Advisory Panel Meetings #1 & #2

SEP - OCT

Task 5

Present Financial Plan Results to Council

Complete Rate Design

Conduct Advisory Panel Meetings #3 and #4

NOV - DEC

Task 5

Present Rate Design and Final Report to Council

Conduct Advisory Panel Meeting #5

Rate Study Process

Fair Oak Ranch's rates and fees must:

- **Fund Operations**
- **Fund Capital Projects**
- **Maintain Reserves**
- **Fund Growth**
- **Ensure Customer Rate Equity**

How we'll get there

- Fund Operations
- Fund Capital Projects
- Maintain Reserves and DSC
- Fund Growth
- Ensure Customer Rate Equity

- Rate Design
- Cost of Service
- Financial Plan

Rate study process

1 Financial Plan → Help us determine revenue requirements

2 Cost of Service → Is everyone paying their fair share?

3 Rate Design → Meets our pricing objectives

Revenue Requirement

Basis for Financial Planning Model and Cost of Service

1

Consumption

3-years of Historical Consumption, Forecast based on growth.

2

FY 2022 O&M Budget

Forecast of O&M costs will consider 3-years of Historical Costs.

3

Existing and Future Debt Service

Consider all outstanding debt; Future debt service will be estimated based on Capital Improvement Plan.

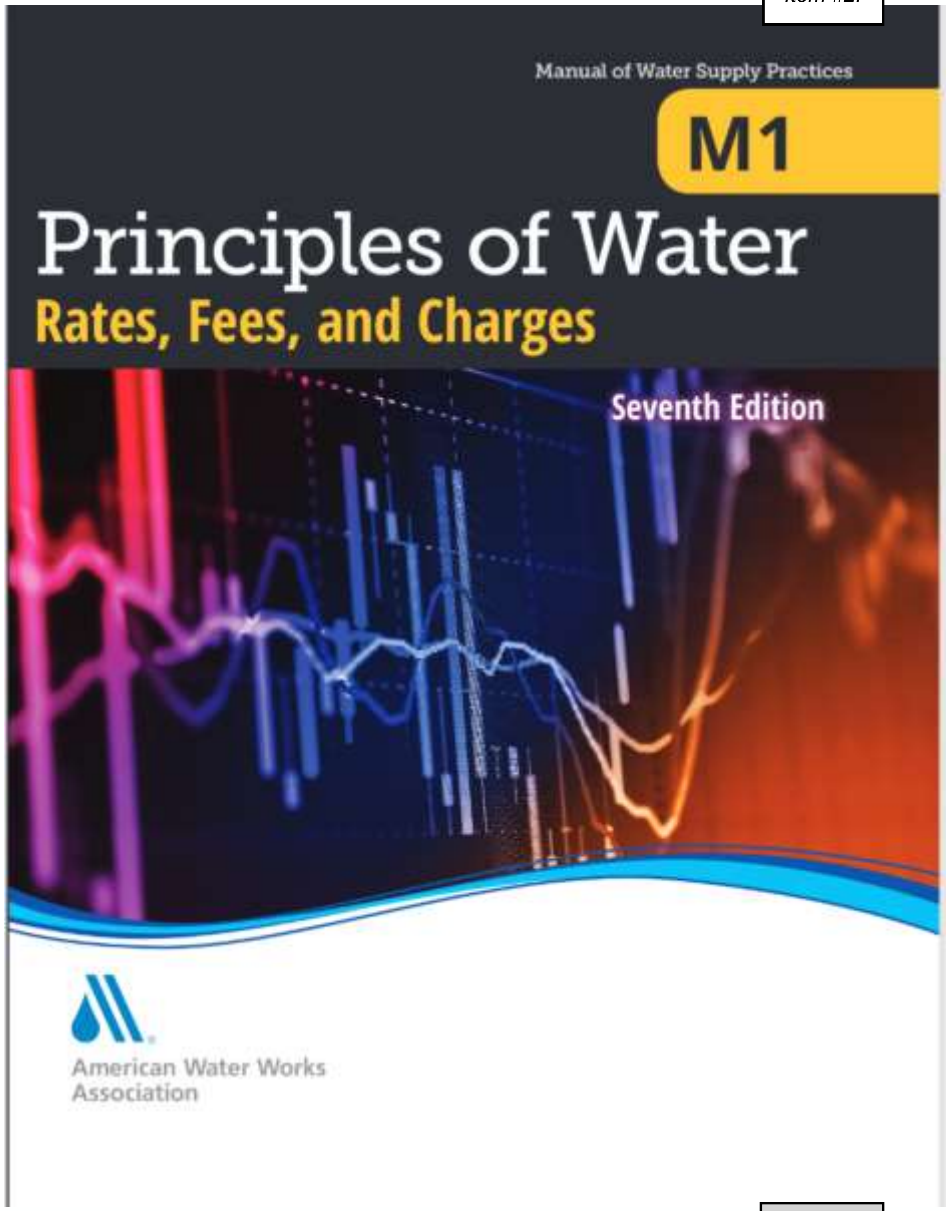
4

Financial Reserves

Raftelis will evaluate current financial policies and make recommendations regarding reserves.

Cost of Service: Allocate Costs

- Follow cost allocation principles and guidance as adopted by the American Water Works Association (AWWA)
  - Provided in "Principles of Water Rates, Fees, and Charges, M1 Manual" 7th Edition
    - First developed in 1954 when it began to establish methods and analyses for cost-based rates
  - Cost-based rates provide sufficient funding to allow communities to build, operate, maintain and reinvest in the utility
  - Determines the amount of revenue that must be recovered from each service (water/wastewater/reuse) and then each customer class based on the costs they impose on the utility



Current Customer Classes

Residential

In-City and Outside-City Limit Water Residential

Commercial

In-City and Outside-City Limit Commercial

Wastewater

Residential and Commercial

Reuse

Currently no charge for reuse water

Rate Design

- The revenue requirement for each customer class is determined using AWWA cost allocation principles
- Rate design allows the utility to recover the revenue requirement from each customer class to achieve specific policy objectives
  - Utilities have broad latitude to implement their desired rate designs

The water bill is composed of three parts:

Service Availability Charge + Water Service Fees + Fixed Block Volumetric Rates = Monthly Water Bill

Current in-city residential rates

Fair Oaks Ranch Utilities
7286 Dietz Elkhorn Rd
Fair Oaks Ranch, TX 78015-4999

For Inquiries call: (866) 258-2505 or (210) 698-7685
Emergency After Hours: (830) 249-8645 or (830) 816-3194

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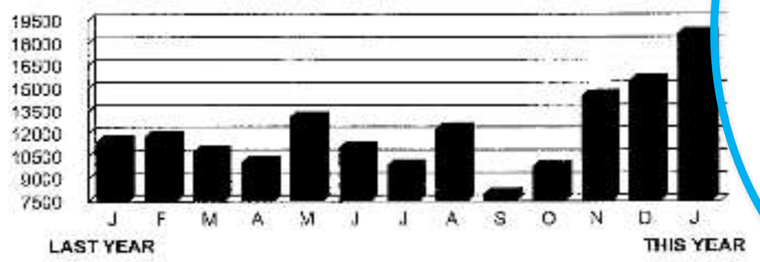
[redacted]

YOUR MONTHLY USAGE (IN GALLONS)



SPECIAL MESSAGE

Have Questions, Contact us at 210-698-7685 or 210-698-0900

AQUAHAWK - Manage your water usage with AquaHawk!
Visit www.fairtx.aquahawk.us and subscribe for FREE!

Drought Stage 1 in effect
Surcharges went into effect for consumption beginning
August 1, 2020. See Drought Contingency Plan on our website.
www.fairoaksranchtx.org

Account
Summary

ACCOUNT INFORMATION

ACCOUNT:	09-1257-01
CYCLE:	01
SERVICE ADDRESS:	8825 CAVALRY K-12
SERVICE PERIOD:	12/30/2020 to 01/30/2021
BILLING DATE:	01/30/2021
DUE DATE:	**02/25/2021**

CHARGES

Meter	Previous	Current	Usage (in gallons)
83639238	3808	3994	18600

PREVIOUS BALANCE	$138.78
PAYMENTS	$-138.78
ADJUSTMENTS	$0.00
PENALTIES	$0.00
PAST DUE AMOUNT - DUE IMMEDIATELY	$0.00
WATER CHARGES & FEES	
3/4" SERV AVAIL CHAR	$26.48
WATER USAGE CHARGE	$53.80
TGRGCD	$0.00
DROUGHT SURCHARGE	$0.00
SURFACE WATER FEE	$13.87
TCEQ	$0.19
DEBT SERVICE FEE	$5.66
CAPITAL RESERVE FUND	$6.72
WASTEWATER CHARGES & FEES	
SEW SERVICE AVAILABILITY	$40.86
SEW TCEQ FEE	$0.05
SEWER DEBT SERVICE FEE	$1.77
CAPITAL RESERVE FUND	$4.12
TOTAL CURRENT CHARGES	$153.52
TOTAL AMOUNT DUE IF PAID BY 02/25/2021	**$153.52**
PENALTY IF NOT PAID BY DUE DATE	$15.35
TOTAL DUE IF PAID AFTER 02/25/2021	$168.87

QAPROOFS
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A LATE FEE OF 10% WILL BE CHARGED ON
ANY AMOUNT NOT PAID BY DUE DATE.

Identify Pricing Objectives

What do we want to accomplish through our rates?

Example Pricing Objectives

Cost of Service Based Allocations	Financial Sufficiency	Simple to Understand/Transparency
Ease of Implementation/Update	Defensibility	Conservation / Demand Management
Rate Stability	Minimal Customer Impacts	Economic Development
Revenue Stability	Affordability to Disadvantaged Customers	Inter/Intra-class Equity

Process that Aligns Rates with Pricing Objectives

Objective: Revenue Stability	Options: Larger fixed with smaller variable charge
Objective: Cost of Service	Options: Detailed cost allocations to customer classes
Objective: Affordability	Options: Expanded Affordability Program

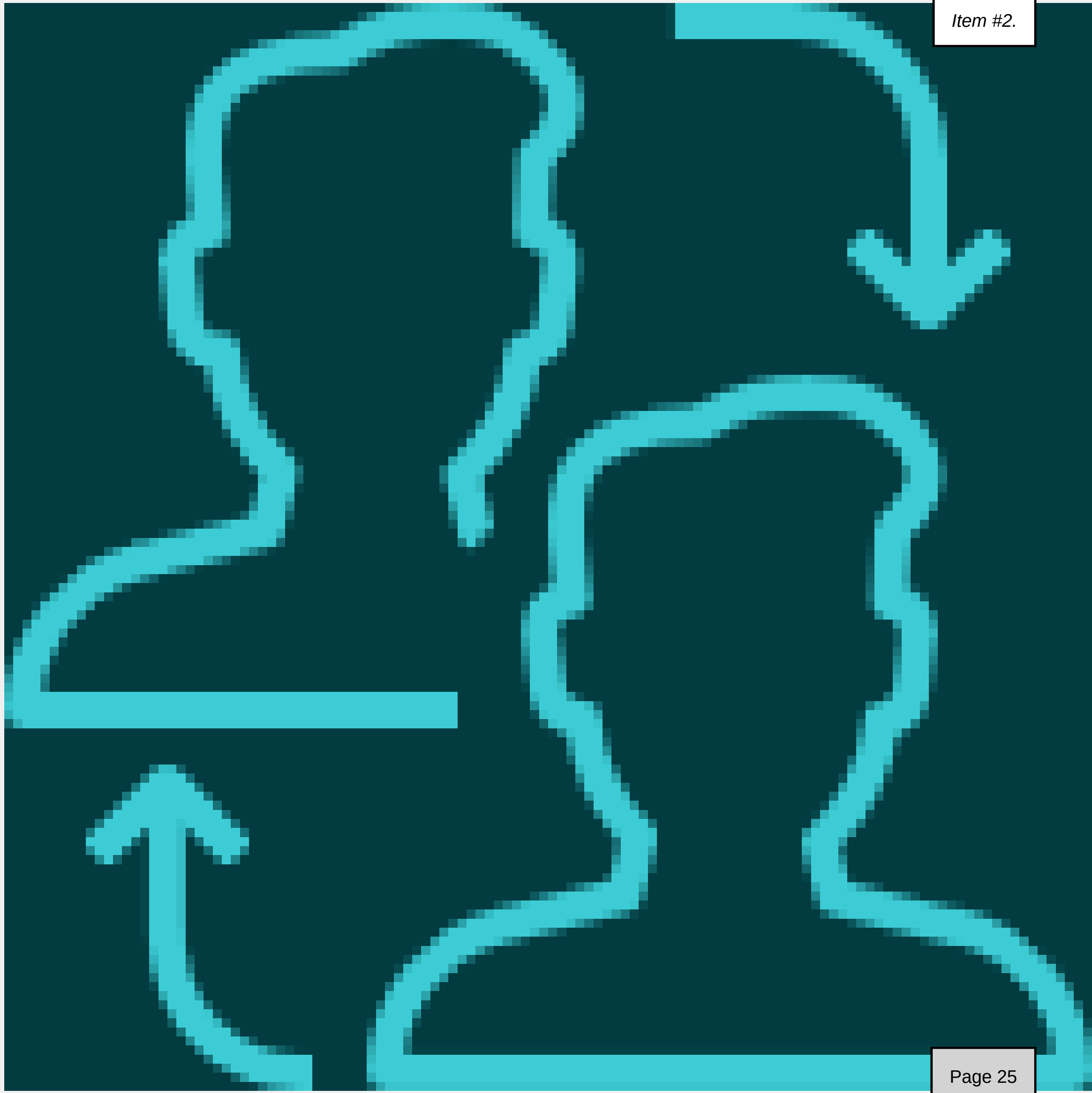
Communications

Creating an Effective Strategic Engagement & Communications Plan

1. Kick-off Meeting
2. Influencer Interviews
3. Advisory Panel
4. Issues Analysis
5. Develop & Execute Communication Plan
6. Evaluate Results

Influencer Interviews

- ✓ To be conducted by phone with each of you and some of staff (by me and my colleague) (30 minutes)
- ✓ To inform messaging to the community
- ✓ Helps uncover gaps in understanding and awareness, where to focus messages, how to reach people



Advisory Panel

- ✓ 9 to 15 community members, appointed by you in the next month
- ✓ Represent the different customer groups
- ✓ Provides two-way info exchange
- ✓ Helps bring issues to light, early on, as rate being developed
- ✓ They provide input, but no decisions
- ✓ Facilitated by Raftelis
- ✓ Recruitment in June
- ✓ Five meetings July – October

Advisory Panel Charter

Who:	All types of customers affected by new rates, appointed by you in June (up to two per council member)
What:	Provide input on rate structure options and associated customer impacts
How:	Regular meeting attendance
Why:	Feedback is collected for you and they share info to and from the groups/communities they represent
When:	July - October

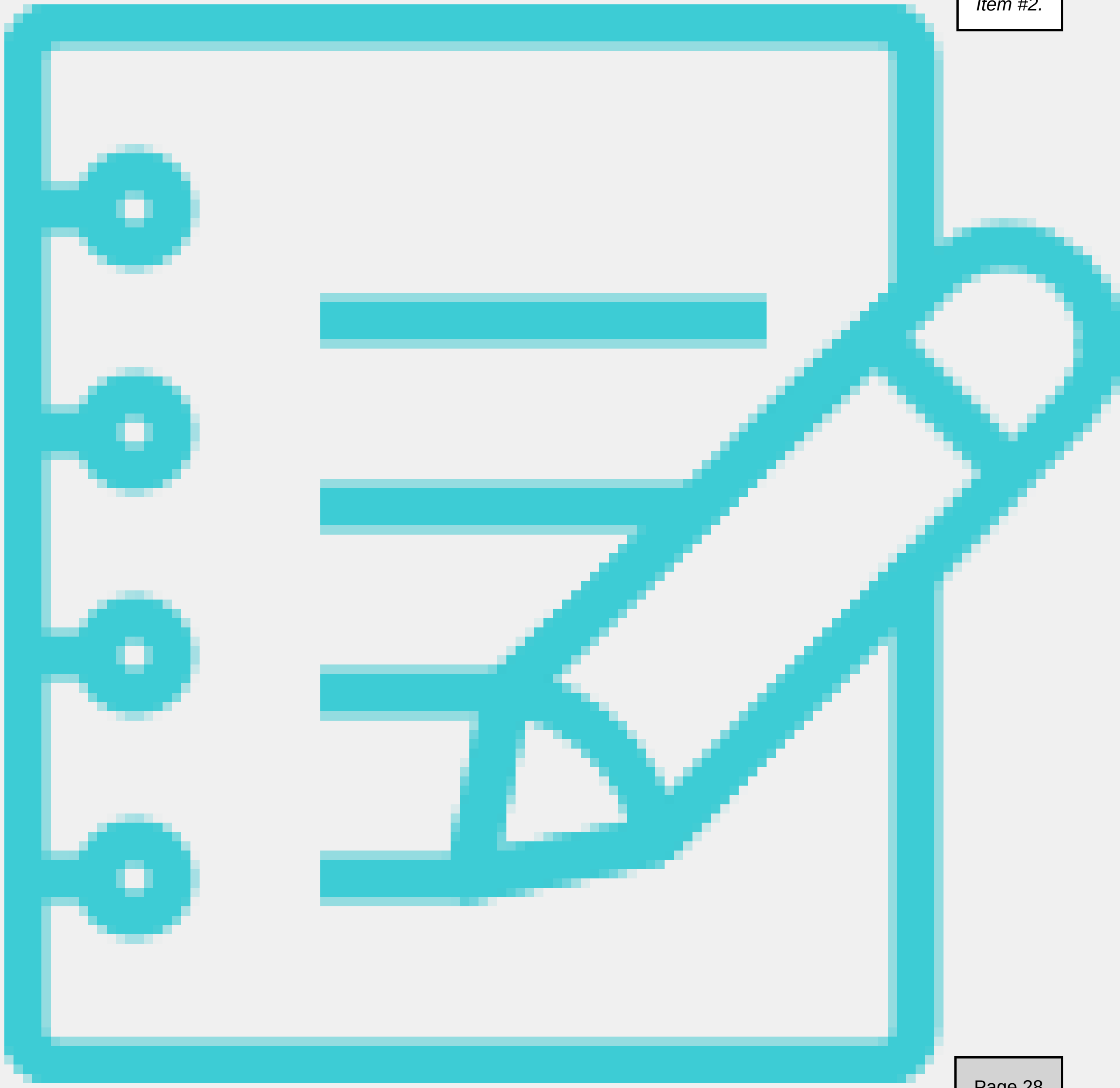
Issues Analysis

Provides basis for the Communication Plan

Compiles all info collected (kickoff, interviews, etc.)

Crystallizes issues to address in messaging/how

Completed in July



Develop and Execute the Communication Plan

- ✓ Completed in July timeframe
- ✓ Informed by Interviews
- ✓ Provides Key Message Platform to ensure consistency
- ✓ Shows where, when and how we communicate about the study and the rate changes (Bill inserts, video, rate calculator, etc.)
- ✓ Includes methods for success measurement

Q&A

MSRB REGISTERED
MUNICIPAL ADVISOR

Raftelis is a Registered Municipal Advisor within the meaning as defined in Section 15B (e) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder (Municipal Advisor Rule).

However, except in circumstances where Raftelis expressly agrees otherwise in writing, Raftelis is not acting as a Municipal Advisor, and the opinions or views contained herein are not intended to be, and do not constitute “advice” within the meaning of the Municipal Advisor Rule.

RAFTELIS

Thank you!

Contact: Angie Flores
512 790 2108 / afloress@raftelis.com

Item #2.

Current in-City residential rates & structure

Service Availability Charge

Meter Size (inches)	Monthly Charge $ per bill
3/4	$26.48
1	$28.01
1 1/2	$41.02
2	$48.33
3	$62.94
4	$94.42

\+

Water Service Fees

Fee	$ per bill
Surface Water Fee	$13.87
TCEQ Fee	$0.19
TGRGCD Fee	Varies
Debt Service Fee	$5.66
Capital Reserve Fund	$6.72
Total	$26.44

\+

Fixed Block Volumetric Rates

Threshold (gallons)	Volume Rate $ per kgal
0 – 6,000	Included in Availability Charge
6,001 – 12,500	$3.81
12,501 – 25,000	$4.76
25,001 – 50,000	$7.14
50,001 – 75,000	$10.72
75,001 – 100,000	$16.07
> 100,000	$24.11

=

Monthly Water Bill

Current in-City commercial rates & structure

Service Availability Charge

Meter Size (inches)	Monthly Charge $ per bill
3/4	$26.48
1	$28.01
1 1/2	$41.02
2	$48.33
3	$62.94
4	$94.42

\+

Water Service Fees

Fee	$ per bill
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\+

Fixed Block Volumetric Rates

Threshold (gallons)	Volume Rate $ per kgal
0 – 6,000	Included in Availability Charge
6,001 – 50,000	$3.25
50,001 – 100,000	$4.87
100,001 – 150,000	$7.31
> 150,000	$10.97

=

Monthly Water Bill

Current in-City wastewater rates & structure

Service Availability Charge

Meter Size	Monthly Charge $ per bill
All Meters	$40.86

\+

Wastewater Service Fees

Fee	$ per bill
TCEQ Fee	$0.05
Debt Service Fee	$1.77
Capital Reserve Fund	$4.12
Total	$5.94

=

Monthly Wastewater Bill

Fair Oaks Ranch Rate Study
Advisory Panel Charter

DRAFT

Introduction and Background

The City of Fair Oaks Ranch hired Raftelis in early 2021 to conduct a rate study for the City's water, wastewater, and reuse rates. It's the first time the City has hired a consultant to complete this work. Rate studies are conducted as a best practice to ensure that the City's water utilities' financial health is maintained and that the City is well prepared to meet its future financial needs.

Rate Study Objectives

The objectives of the rate study include the completion of a water, wastewater and reuse cost of service and rate study (study). The study will include a communication plan, a financial planning policy review, development of a financial planning model, a retail cost of service analysis and the design of customized rate structures that meet the City's unique needs.

Rate Study Panel – Charge and Charter

The City believes strongly in listening to the community when making decisions that affect them. Therefore, as part of the rate study process, the City has assembled a volunteer advisory panel made up of a diverse group of community members that represent different interests. The panel will meet approximately five times during the rate study process to provide their input and community perspective.

Advisory Panel Purpose and Relationship to Fair Oaks Ranch City Council

The mission of the panel is to ***provide diverse perspectives that represent our community; to be consulted and to share input on the City's future rate structure(s) and rates for water, wastewater, and reuse.*** The panel has two overarching purposes:

a. Provide views that represent the many types of customers affected by new rates
b. Provide input on rate structure options and associated customer impacts

The panel is a consultative group, meaning that its purpose is to serve as a focus group that examines and gives feedback as the rate structures are developed.

The Fair Oaks Ranch City Council is the policy and decision-maker, meaning that it will be made aware of the panel's input and how it was used in developing recommendations, but ultimately the City Council will decide what to implement.

Composition, Size, and Recruitment of the Panel

The panel will be made up of no more than 15 members from the community, with each Council member and the Mayor selecting one or two individuals. This will allow for enough diversity of thought to have engaging discussions and ensure that there are members that represent different interests or perspectives within the population the City serves. It's important that no current elected officials or candidates be members of the Panel to assure the conversations are not political.

Meeting Frequency and Duration

There will be five scheduled meetings from June to October, 2021. These meetings will be hosted during the week in the mornings or over lunch to enable broad participation. The tentative meeting schedule is shown below. Meetings will last no more than two hours.

Meeting	Tentative Date	Tentative Agenda
1	June, 2021	Introductions (City) Charter/Mission (Consultant) Water/wastewater/reuse system overview (City) Overview of current rates and rate history (Consultant)
2	July, 2021	Ratemaking 101 (Consultant) Group dialogue on Council's pricing objectives (consultant)
3	August, 2021	Cost of service review/future capital needs (Consultant) Preliminary revenue adjustments and rate structure options for wet weather events (Consultant)
4	September, 2021	Review and evaluate and rate structure and select preferred alternatives (consultant) Review Panel report to Council (Consultant)
5	October, 2021	Obtain input on communications about rate structure to larger community (Consultant)

Decision-Making Process and Role of the Facilitator

The Panel is making no decisions related to the rate study, though it will hear information and provide input, in the form of questions and comments, into the Council's decisions. A consensus will be sought to reach agreement from the Panel on any recommendations to put forth to the Council. A consensus process means general agreement from most is achieved, but it is not a majority vote. Elements of a consensus-based recommendation include:

- All parties agree with and support the recommendations publicly
- No party blocks, obstructs, or otherwise criticizes the recommendations
- Neutrality is considered support for consensus

Consensus can take many forms including:

- An unqualified "Yes!"
- I can accept the recommendation
- I can live with the recommendation
- I do not fully agree with the recommendation; however, I will not block it and I will support it.

A consultant from Raftelis will serve as facilitator of the Panel throughout its time together. As an impartial player in the process, the facilitator will set the agenda, establish clear context for all discussion, create an environment where all parties are comfortable, listen actively, evoke the creativity of the group, and ask appropriate questions. The facilitator will work to ensure that panel participants' time is maximized and that all panel participants have an opportunity to participate fully and express their point of view.

The facilitator will be responsible for record keeping and documentation of the meetings. After each meeting, the facilitator will prepare a meeting summary that captures the discussion, the outcomes, and next steps. The panel will be asked to review each summary for inclusion in the final report.

Roles and Responsibilities of Panel Members:

Panel members will be expected to:

- Attend all meetings
- Review agenda and informational material between meetings
- Be respectful of others' views and input
- Understand the time constraints of the fee setting process and respect the meeting times
- Provide thoughtful input on fee proposals, including perspective from other groups or people they represent
- Share information they learn with groups or people they represent
- Remain accessible to the study team for follow-up as needed

Panel participants will not send substitutes or proxies to meetings.

Responsibilities of City Staff and Consultant

Presentations, project reports and feedback opportunities will be provided by the City and the consultant at each meeting. Meeting agendas will be provided to panel participants at least four days in advance of a meeting.

The City and consultant will ensure no relevant topics are excluded from consideration within the rate study objectives provided in this charter. If questions arise during a panel meeting, City staff will do their best to answer those questions with available data at the next meeting.

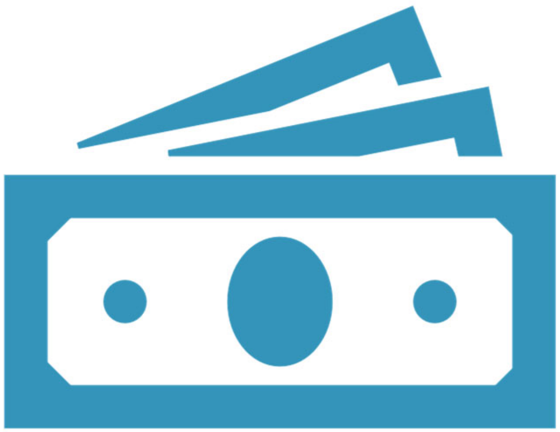
Sarah Buckelew will be the point of contact for the panel participants. The Consultant will summarize the salient information gained during the Panel meetings and City staff will include it in City Council updates as appropriate.

The Consultant will develop a written draft report and include how Panel input was incorporated into the recommendations when presenting to City Council.

Advisory Panel Relationship and Duty to the Broader Public

Panel meetings can be open to the public so that the public can observe the Panel's work, however, we recommend that no public comment or questions be permitted during the meetings.

Opportunities for additional public input into the rate study process can be provided through an alias email address (or form at website) to which residents can send ideas, questions, or concerns and through the Public Hearing process.



Budget 101 for Elected Officials

Part 1: Legal Requirements for Adopting a Budget and Tax Rate

Basic Legal Requirements for the Budget and Tax Rate

Bill Longley
TML Legislative Counsel

What must be included in the budget?

- LGC Sec. 102.003 requires:
  - Itemized comparison between expenditures in the proposed budget and in the preceding year
  - Must show the estimated amount of money for each project or expenditure
  - A financial statement that shows:
    - Outstanding obligations
    - Cash on hand in each fund
    - All funds received during preceding year
    - All funds available for ensuing year
    - Estimated revenue available to cover proposed budget
    - Estimated tax rate needed to cover proposed budget

TML TEXAS MUNICIPAL LEAGUE

Proposed Budget

- Prepared by budget officer
- Must be filed with city secretary at least 30 days before adoption of property tax rate
- Posted on city's website
- Cover sheet if proposed budget raises more from property taxes than in previous year

Budget Expenditure Itemization

- Proposed budget must include line item comparing expenditures in proposed budget and actual expenditures in preceding year for:
  - Notices required to be published in the newspaper (S.B. 622, 2017)
  - Directly or indirectly influencing or attempting to influence the outcome of legislation or administrative action (H.B. 1495, 2019)

Budget Hearing

- At least 15 days after proposed budget filed with city secretary, but before date of the tax levy
- Published notice of hearing
  - Must be published in paper between 10 and 30 days before the hearing
  - Include statement if budget raises more from property taxes than the previous year
- Action must be taken at end of hearing

Budget Adoption

- Budget adopted after budget hearing but before tax rate adoption
  - City "may levy taxes only in accordance with the budget" (LGC Sec. 102.009)
- Separate ratification vote if more property tax revenue
- S.B. 656 (2013) (LGC Secs. 102.007 and 102.008)
  - Cover sheet for adopted budget
  - Statement if budget raises more, less, or the same amount of property taxes as previous budget
  - Record vote, and various tax rates included on cover sheet
  - Posted on website

Big Picture

- 1. Proposed Budget
- 2. Budget Hearing
- 3. Adoption of Budget
- 4. Adoption of Tax Rate

Property Tax Rate Setting Process

- Governed by Chapter 26 of the Tax Code.
- Premised on concept of Truth in Taxation.
- Property tax rate consists of maintenance and operations and debt service (M&O + I&S).

What about S.B. 2?

TML TEXAS MUNICIPAL LEAGUE

New Terminology

Effective Tax Rate → No-New-Revenue Tax Rate

Rollback Tax Rate → Voter-Approval Tax Rate

Tax Rate Adoption Timeline

1. **July 25th – Chief Appraiser certifies the appraisal roll or provides a certified estimate to county assessor-collector.**
   – Designated officer or employee uses roll or estimate to calculate no-new-revenue rate and voter-approval rate.
   – What about de minimis rate?

Tax Rate Adoption Timeline

2. August 7th – Designated officer or employee must submit tax rates to city council.

- Also, city must provide website notice of tax rates, M&O and I&S balances, and debt obligation schedule posted to city's website.
- As soon as practicable after the designated officer or employee calculates the city's tax rates, the designated officer or employee shall submit the tax rate calculation forms used in calculating the rates to the county assessor-collector for each county in which all or part of the city is located.

TML TEXAS MUNICIPAL LEAGUE

Tax Rate Adoption Timeline

3. Notice of Tax Rate Hearing and Tax Rate Hearing. If city adopts tax rate exceeding no-new-revenue rate, must hold a hearing at least five days after notice is given.

- Exception for "low tax levy" city
- Contents of notice
- Notice mailed or published/posted online
- Only one hearing and tax rate can be adopted at conclusion of hearing

TML TEXAS MUNICIPAL LEAGUE

Tax Rate Adoption Timeline

4. Tax Rate Adoption

- **August 24th -**last day to adopt a tax rate exceeding the voter-approval tax rate (**August 17th** if election required)
- **September 29th** – Last day to adopt tax rate that doesn't exceed voter-approval tax rate
  - 60 percent of governing body must vote in favor of tax rate that exceeds no-new-revenue rate.
  - Numerous other "truth-in-taxation" requirements for rate exceeding no-new-revenue rate

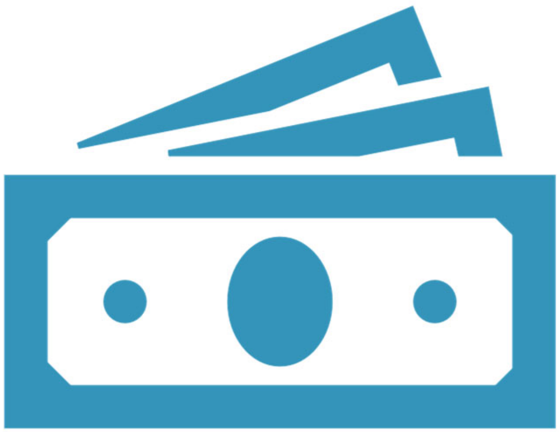
TML TEXAS MUNICIPAL LEAGUE

Failure to Comply With State Law

TML TEXAS MUNICIPAL LEAGUE

Contacts

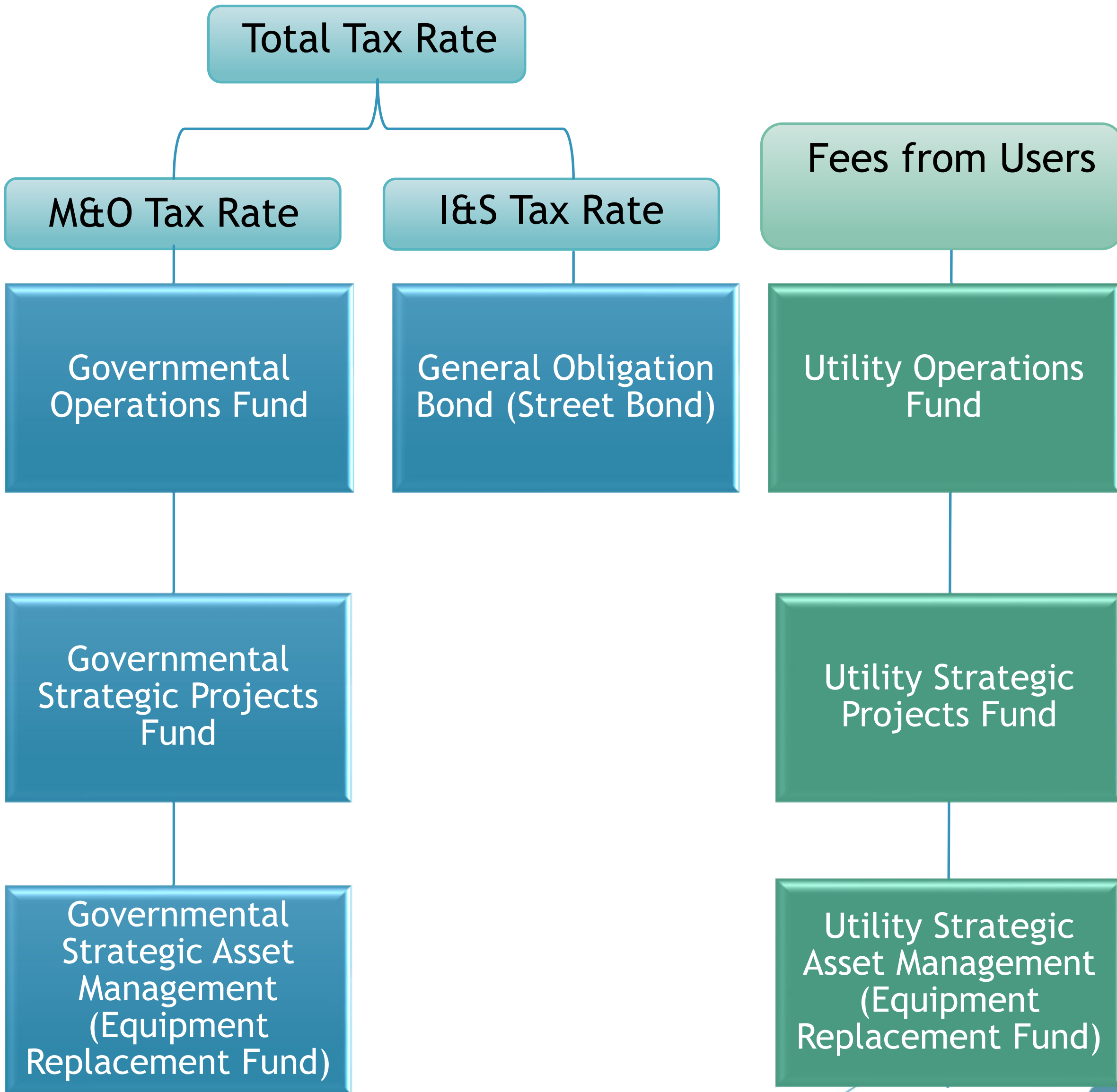
- TML Legal Department
  - (512) 231-7400
  - legalinfo@tml.org
- Texas Comptroller of Public Accounts, Property Tax Assistance Division
  - comptroller.texas.gov



Budget 101 for Elected Officials

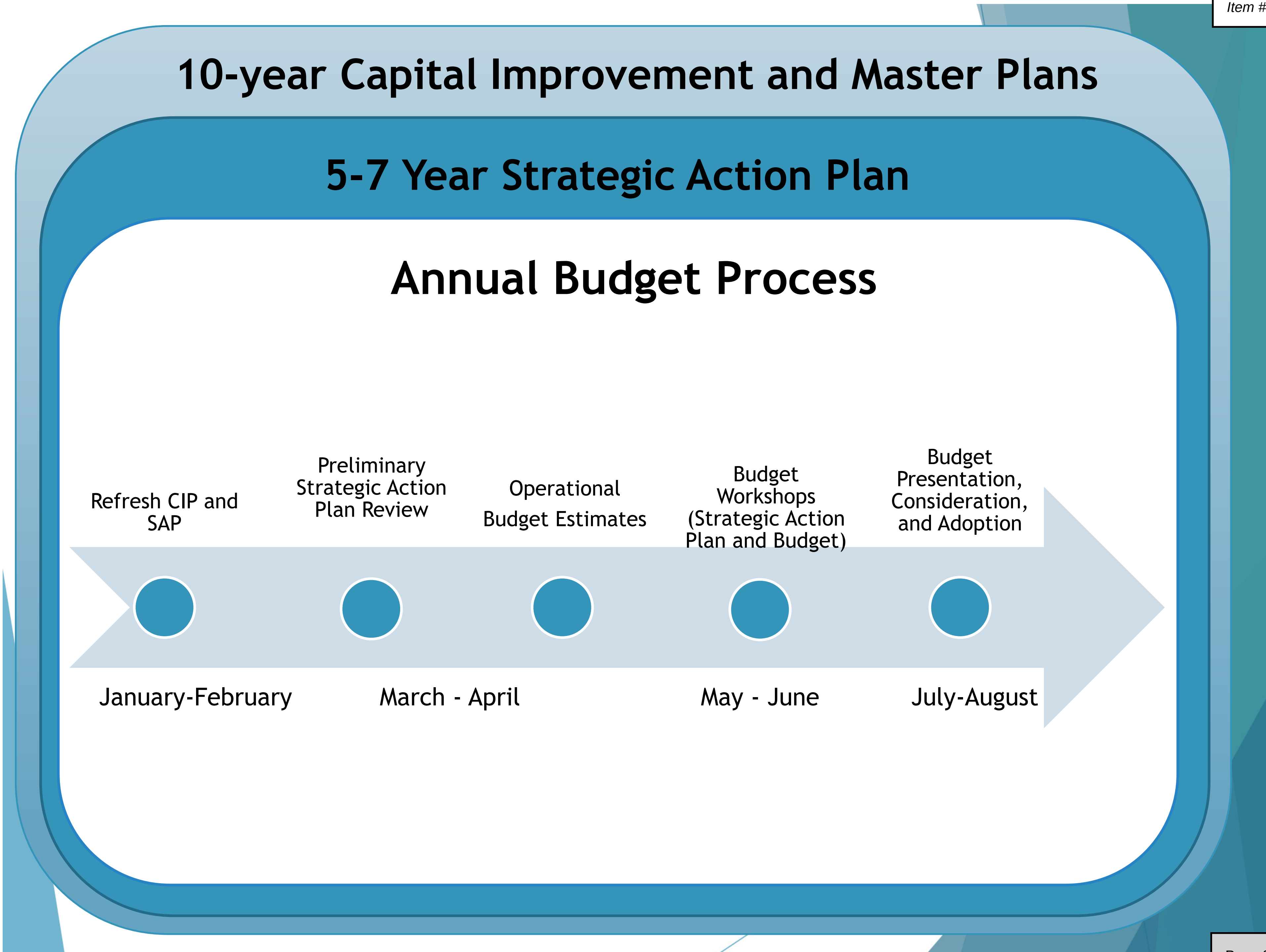
Part 2: Budget Process and Budget Information

Budget Components



City of Fair Oaks Ranch – What's *our* Budget Development Process?

1. Capital Improvement Plans and Master Plans
2. Strategic Action plan
3. Annual Budget Process
4. On-going Evaluation and Performance Measures


10-year Capital Improvement and Master Plans
5-7 Year Strategic Action Plan
Annual Budget Process
Refresh CIP and SAP
Preliminary Strategic Action Plan Review
Operational Budget Estimates
Budget Workshops (Strategic Action Plan and Budget)
Budget Presentation, Consideration, and Adoption
January-February
March - April
May - June
July-August

Why Develop a Capital Plan

- Inform Your Citizens of what Projects are Planned
- Provides Certainty for the Future
- Aides in Outreach and Construction Coordination
- Prioritizes Capital Construction & Maintenance
- Helps Forecast /Coordinate Long-term Needs
- Ensures Infrastructure is Maintained & Upgraded
- Provides a Plan for Funding
- Maintain High Bond Ratings
- Allows Time to Plan for Large Projects

GFOAT

Government Finance Officers Association of Texas

Capital Improvement Plans: Next Steps

- Water
- Wastewater
- Streets
- Drainage
- Facilities

City of Fair Oaks Ranch – What's *our* Budget Development Process?

5-7 Year Horizon – Strategic Action Plan

- In 2019 Council had a facilitated workshop with a third-party consultant to define the Strategic Action plan for the next 5-7 years.
- Within this framework there are Pillars, Priority Areas, Projects and Performance Measures. (4 P's).
  - **Pillars** should rarely change. They are the "bedrock" of what Council is trying to accomplish.
  - **Priority areas** should only shift every 5-7 years, otherwise councils will get in the habit of chasing after the shiniest thing without accomplishing much. It's supposed to help with continuity – such as what we're going through now.
  - **Projects** are evaluated ANNUALLY. And this is the purpose of the council workshops in June.
  - **Performance Measures** are put into place by staff as an ongoing implementation and operations measurement.

Working hard to bring more transparency to this process, and the SAP.

Takes time and bandwidth and teamwork/collaboration

Reliable and Sustainable Infrastructure

Operational Excellence

Public Health, Safety, and Welfare

Financial Integrity

Responsible Growth Management

Strategic Action Plan

<u>5 Pillars</u>

- Financial Integrity
- Responsible Growth Management
- Reliable and Sustainable Infrastructure
- Public Safety, Health, and Welfare
- Operational Excellence

Operational Budget Development

- Begins March timeframe
- Staff utilizes cost build-up/priority-based budgeting
- Staff presents budget to City Manager
- Priorities are presented to Council for consideration

High level goals for the FY 2021-22 Budget Year

- Reduce the M&O Tax Rate
- Continue refinement and implementation of Strategic Action Plan
- Develop and Implement Capital Improvement Programs for the following:
  - Water
  - Wastewater
  - Drainage
  - Streets
  - Facilities
- Develop strategy for surplus funds (General Fund)

What looks different for the 2021-22 Budget Year

- New Budget software Platform
  - Online navigation of the budget document

Next Steps..

- Staff Workshop was held on May 18th
- Council Workshops in June
- Questions?

Proposed Budget Calendar

Date	Budget Step
May 19	***COUNCIL*** Meeting Budget 101 presentation (Same day as Utility Rate Study Orientation)
June 3	***COUNCIL*** Governmental Funds SAP and Budget work session with Council and Staff Focus: Tax impacting Capital Items (Drainage and Streets)
June 10	***COUNCIL*** Enterprise Funds SAP and Budget work session with Council and Staff Focus: Fee impacting Capital Items (Water and Wastewater Infrastructure)
June 17	***COUNCIL*** Budget and SAP Work session with Council and Staff Focus: Other issues, or more time as needed
June 24	***COUNCIL*** Budget Work session with Council and Staff Focus: Funding
July 25 (Sunday)	Deadline for **Chief Appraisers** to deliver certify rolls or certified estimates to taxing units and certification of anticipated collection rate by tax collector. (Tax Code Sec. 26.01 a-1)
July 29	Calculation of No new revenue, Voter Approval, 8% Increase and De Minimis Rates.
July 29	**Finance Director** posts the calculated no-new-revenue tax rate and voter approval tax rate, along with certain debt information on the home page of the City's website using form prescribed by comptroller (Tax Code Sec 26.04 (e))
August 5 (Regularly Scheduled Council Meeting)	**Finance Director** submits the No-New Revenue and Voter Approval rates to City Council. (Tax Code Sec 26.04(e)). **Finance Director** posts the calculated no-new-revenue tax rate and voter approval tax rate, along with certain debt information on the home page of the City's website using form prescribed by comptroller (Tax Code Sec 26.04(e)). **City Council** schedules one public hearing on the budget (LGC 102.006a-b) and one public hearing on the tax rate (Tax Code Sec. 26.05(d); (Tax Code Sec 26.06) **City Council confirms proposed tax rate (if proposed tax rate exceeds the voter approval rate).** If the proposed rate exceeds the voter approval rate or the No-New Revenue Rate (whichever is lower), Council takes a record vote. (Tax Code Sec 26.06 (b-2).
August 16	**Final Day** to order an election if the proposed tax rate exceeds the voter-approval rate. Would not be necessary in this scenario, but Council can always call one.
August 17, 18, 19, or 20th	Final Budget workshop with **Council (date pending)**
August 23	**City Manager** files budget with **City Secretary** (LGC 102.005a). **City Secretary** ensures the proposed budget is available on the website and available for inspection at City Hall (LGC 102.005c)
September 3	**Finance Director** publishes *Notice of Tax Public Hearing* in the **Friday, September 3rd** edition of Boerne Star and posts on the City's website (Tax Code Sec. 26.06(c)) **Finance Director** publishes *Notice of Public Hearing on the Proposed Budget* in the **Friday, September 3rd** edition of Boerne Star and posts the budget on city's website. (LGC 102.005c) **Finance Director/Communications** posts the Tax Notice (Tax Code Sec 26.04(e)), Notice of Tax Hearing (Tax Code Sec. 26.065), and Notice of Budget Hearing
September 16 (Special Meeting)	Special Council Meeting for the **First Reading of Budget and Tax Rate Ordinances** is held. **Public Hearing for Proposed budget and tax rate.**
September 23	**Second Reading** and adoption of the Budget and Tax Rate ordinances