

City of Rollingwood

Proposed 2009-2010 City Budget
Alderman Brian Nalle

Quick View

- **Mayor's plan**

- Addresses 4 water projects
- Significant reduction in reserve funds

- **Nalle's plan**

- Addresses 7-8 water projects
- City Hall remodel
- 2 year plan to include roads and wastewater rates
- Retains more money in reserves
- Uses financing to deliver more improvements at little cost to residents
- Spreadsheet available to experiment with the numbers

Mayor's Proposed Budget

2009-2010 Highlights

- Property tax rates set at rollback rate (consistent with previous years)
- Assumes no sales tax increase over 2008-09
- Personnel salaries remain flat
- Capital Improvements
 - Park trail project
 - Funded by Rolling Stones grant and RCDC
 - 4 water projects – Edgegrove, Endeavor, PRV, Pickwick
 - Funded by reserve transfers
 - \$50K set aside for restricted water reserve fund

Mayor's Proposed Budget

Conservatively addresses some water needs and the fact that we are going through tough economic times.

I respect the mayor, his opinions, and his budget proposal, but

**I BELIEVE WE CAN DO BETTER
FOR THE PEOPLE OF
ROLLINGWOOD**

Alderman Nalle's Proposal

- We need to think beyond the coming year.
- Plan to solve problems instead of implementing partial fixes.
- During tough times we should conserve cash (hold on to our reserve funds).
- Long term capital improvements should be financed.
Current residents should not have to foot the entire bill for resources that last 30-50 years.
- The council should use budget models (spreadsheets) to work out possible scenarios for upcoming years.
 - Description of major line items in spreadsheet on next 2 pages

Budget Model

Income - 7 major types

- Regular income (every year)
 - Property Tax
 - Sales Tax
 - “Other” Tax (sum all other tax categories)
 - Fees/Interest
- Special Income (one time)
 - Reserve transfers (General, Water, Wastewater)
 - RCDC Funding (specially approved projects)
 - Financing (loan, bonds, etc.)

Budget Model

Expenses - 5 major types

- Personnel (cost of staff)
- Operations (management of services)
- Services (contracts, sales of water/wastewater)
- Capital Outlays (improvement projects)
- Debt Service (cost of debt)

Nalle Proposal – Priorities 2009-2010

- Water system
 - Edgegrove, Endeavor, PRV, Pickwick projects, set aside same \$50K in restricted reserve fund for future needs
 - In addition, complete remainder of Pickwick and 2-3 other high priority projects as determined by Utilities Commission
- PROS: Address pressure issues for city and top 4-5 service issues in the city, better chance to reduce water loss which saves money, establishes a fund for long term maintenance of system
- CONS: While this addresses a more complete list of service deficiencies there may be more which meet the city's criteria for improvement (these would be addressed by the restricted reserve fund)

Nalle Proposal – Priorities 2009-2010

- Complete the City Hall remodel initiated by \$50K allocation from 2008-2009 budget
 - Estimate of \$110K for ADA bathrooms and offices to bring city engineering in-house
- PROS: Better process for addressing plat applications, improves ability to provide information, ADA bathrooms on lower level of park in City Hall, solves another 20 year old problem
- CONS: Need additional \$60K to complete the job

Nalle Proposal – Priorities 2009-2010

- Roads
 - No road improvements in 2009-10
 - Begin engineering effort to identify needs for 2010-2011
- PROS: Wait until water projects are completed to fix roads (don't tear up new roads), allows time to raise funds and begin planning
- CONS: Roads not addressed until 2011

Nalle Proposal – Priorities 2010-2011

Next Year

- Roads
 - Election (May or November 2010) to create ¼ cent road tax (eliminates 50% of RDCD funding)
 - \$200K in road improvements budgeted
- PROS: Re-pave and stripe streets, address street generated drainage issues, establish an ongoing source of income to improve streets
- CONS: No “good” loan program, so we pay as we go and don’t repave every road in a single year

Nalle Proposal – Priorities 2010-2011

Next Year

- Wastewater System
 - Purchase system from LCRA
 - Revenue bonds fund purchase
- PROS: We own the system, reduce debt service below current LCRA obligations, operations costs reduced significantly, reduce consumer rates
- CONS: ?
- QUESTIONS: Can we purchase system for the right amount?
Debt terms?

Nalle Proposal – Funding Details

2009-2010 Funding

- Match mayor's sales tax projections
- Water System
 - ASSUMPTIONS: \$300K additional projects, total project cost of \$979K
 - General Fund reserve transfer of \$75K
 - Wastewater reserve transfer of \$100K
 - TWDB loan (bonds) of approx. \$800K (20 years @ 3.25%)
 - Debt service is \$55K/year
 - Water rates increase 6% (mostly affecting top tier users)
- City Hall Remodel
 - General Fund reserve transfer of \$60K
- Roads
 - \$10K budgeted for planning and engineering studies

Nalle Proposal – Funding Details

2010-2011 Funding

- Assumes 6% sales tax increase over 2009-2010
- Water System
 - Increase rates 6% to approach profitable operating point while still placing funds in restricted reserve
- Roads
 - Road tax creates approx. \$85K annual revenue
 - General fund reserve transfer of \$50K
 - Remaining \$65K allocated in current budget
- Waste water system
 - ASSUMPTIONS: System can be purchased for an opportunistic price
 - Revenue bonds for full amount
 - Wastewater reserves could fund fees and/or reduce purchase price
 - Operations savings of at least 20%
 - Reduce consumer rates 5%

More About Purchasing Sewer System

- We do not know yet how much it would cost to purchase the system
- We do know that other cities are in the process of purchasing their systems from the LCRA
- The LCRA has increased operations costs charged to Rollingwood more than 20% in each of the last two years
- We pay roughly \$775K each year to service LCRA bond debt
- Purchasing the system would eliminate the \$775K/year obligation to the LCRA
- We would assume our own bond debt for the purchase, but that debt service should be lower than what we currently pay (otherwise, it's probably not worth pursuing)
- Cost of debt has been reported to be 2-3% plus fees for a financial advisor and bond counsel, proposed budget assumes a total of 4% for these costs
- Class "A" bond debt assumes an interest rate of 4.5-5%
- Terms can range between 20-30 years
- It has been reported that an established city policy for reserve funds is important, and a minimum of at least 3 months in reserves is critical

Comparisons of 2009-2010 proposals

(all values in \$K)	Mayor	Nalle	Delta (N-M)
General Reserve	\$306	\$646	\$340
Water Reserve	\$303	\$310	\$7
Restricted Water Reserve	\$50	\$50	\$0
Wastewater Reserve	\$486	\$646	\$160
General Budget Balance	\$15	\$5	(\$10)
Water Budget Balance	(\$106)	(\$99)	\$7
Wastewater Budget Balance	(\$56)	(\$56)	\$0
Total Budget Balance	(\$147)	(\$150)	(\$3)

Summary

Nalle budget proposal

- Better service and capital improvements provided for Rollingwood
- Leaves more than \$500,000 additional funds in reserves over mayor's plan
- Debt service for water projects is 1% of total budget
- RCDC could potentially assume half of water debt without wiping out funds for parks or economic development, members of RCDC have publicly offered to participate in water projects if allowed
- Presents longer term plan to address roads and reduce wastewater rates
- Spreadsheet available for anyone to plug in variations

Contact

Brian Nalle

Please send me your feedback on this proposal – support and objections are appreciated. It is important to get as much input as possible so that we can consider what the residents would like to have happen in their city.

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