

Mayor
Merle Breitenstein
City Manager
Paulette A. Hartman



Council Members
Noelyn "Butch" Isom
Glen Walden
Cameron L. Smallwood
JD "Butch" Maxfield
Thomas T. Tallent
Bob Neely

August 15, 2008

Honorable Mayor and City Council

RE: Proposed General Fund, 4A, 4B and CIP Budget for Fiscal Year 2008/2009

Mayor Breitenstein and Members of the City Council,

In accordance with the City Charter Section 5.01 (A) 4, I have prepared a budget for the 2008/2009 fiscal year, and am submitting the Proposed Budget for your review and consideration. The Council held a budget work session July 31, 2008 to discuss the proposed General Fund budget and the proposed tax rate, and held a second budget work session and special meeting August 11th to discuss the proposed 4A Fund, 4B Fund and Capital Improvement Projects (CIP) Budget. During the August 11th special meeting the City Council took a record vote to propose at tax rate of \$0.653476.

This letter will provide an overview and summary of the Proposed General Fund, 4A Fund, 4B Fund, and CIP Budgets.

Proposed General Fund Budget

The Proposed General Fund Budget for next fiscal year is summarized below. This budget funds the services the City currently provides, and includes the additional services, programs and salary increases as discussed during the budget work sessions.

Revenues

Proposed revenues total \$2,767,269.59 which is \$415,120.71 (17.65%) more than the current year adopted budget.

Total revenues include \$1,324,607 in property tax collections. This is based on a slight decrease from the current property tax rate of \$0.656219 per \$100 of valuation to \$0.653476 per \$100 (the Roll Back Rate as calculated by the Tax Assessor/Collector), and certified taxable values of \$234,312,335 at a 98% collection rate. There is also an additional \$4,915,970 in mineral values not included in the certified taxable values that will be officially added to the tax rolls within the next month. This value was included in calculating property tax collections next fiscal year.

Certified taxable values have increased 7% over the previous year. \$10,114,329, or 4%, of total taxable values resulted from new construction. The \$4,915,970 in mineral values amounts to 2% of the total certified taxable values. The result is an additional \$134,391.12 in revenue from property tax collections for next fiscal year.

Sales Tax collections are also projected to increase next fiscal year based on current trends. Proposed revenues include \$480,000 in Sales Taxes to the General Fund which is \$60,000 over the adopted budget.

Interest Income and Permits/Fees are also expected to increase significantly next fiscal year. Anticipated revenue from interest bearing accounts is \$25,000 which is \$5,000 over the current budget. The projected increase results from an increase in the fund balance and from combining most City bank accounts into one account. Permits and Fees are projected to generate \$225,000 in revenue next fiscal year. This is \$75,000 over the current budget. This increase is the result of increased fees, increased development activity, and gas well permit fees.

We have also added a line item to reflect revenue from the grant the City received from the North Central Texas Council of Governments (NCTCOG) to implement the additional community clean up events and the recycling program.

It is anticipated that revenue from emergency medical calls will decrease next fiscal year as a result of shifting the focus of our emergency medical services to first responders, which will lead to a decrease in the number of calls that result in a transport. You will see that the EMS Revenue line item has been decreased by \$9,000 for next fiscal year.

All other revenue sources are expected to remain flat next fiscal year.

Expenditures

Proposed expenditures to maintain current operations and provide some additional services and programs next fiscal year total \$2,767,269.59, which is equal to the amount of proposed revenues. This is \$415,120 more than the current year adopted budget, which is a 17.65% increase. \$134,000 of this amount results from expenditures that will be made to implement the community clean up events and the recycling program that the City received a grant from NCTCOG to provide which is also reflected in proposed revenues. In addition, the City has experienced significant cost increases in several areas including fuel, utilities, health insurance premiums (a 10% increase is anticipated in health insurance premiums), and construction materials.

Included for your review is a summary of total revenues and expenditures by line item as well as each department's proposed line item budget.

The Community Services Department reflects an increase of \$135,844. The majority of this amount is due to the \$134,000 for the additional community clean ups and household recycling that is offset by revenue from the Solid Waste Implementation grant received by the NCTCOG.

The Non-Departmental and Mayor/Council Departments reflect decreases of 9.56% and 60.21% respectively.

The Administration Department reflects a 48.5% increase. This is the result of moving the Management Assistant position from the Planning/Inspections and Code Enforcement Department to Administration and from salary increases provided in the previous fiscal year that were budgeted in Non-departmental and are now shown in the department. Other increases in the Administration Department include the Benefits line item which is the result of the anticipated increase in health insurance premiums next fiscal year, publishing of legal notices which results from an increase in the amount of legal notices we are required to publish in the local newspaper, and postage.

The Police Department reflects a 10% increase overall which results from increased fuel costs, and adding an additional Patrol Officer at six (6) months into the fiscal year.

Planning/Inspections & Code Enforcement is proposed to increase by just over 35%. This is the result of providing an additional position of full time Code Enforcement Officer at six (6) months into the fiscal year. In addition, a vehicle was provided for the Building Official (the vehicle was transferred from the Street Department), so fuel and maintenance costs associated with the vehicle have been added to the budget for this department. Engineering, Gas Well Inspection, and Planning services costs are also proposed to increase due to increased development activity and the number of gas wells to be drilled in the City. Expenditures in engineering and planning costs are partially offset by revenues from permits and fees as the City began invoicing applicants for engineering and planning costs directly associated with their projects in 2007. Gas well inspection costs are completely offset with revenues from permits and fees as the gas well permit fee covers the required inspections, and the gas well companies are invoiced for any additional inspections that may be required. The Planning/Inspections & Code Enforcement budget also includes the addition of a monthly stipend of \$100 for the Fire Marshall for his work on plan review and certificate of occupancy inspections.

The increase in Fire and EMS of 49% as reflected on the revenue and expenditure summary sheet is a little misleading in that we are proposing to combine the Fire and EMS departments next fiscal year, and the percent increase is only based on the Fire Department Budget from the current year adopted budget. When you combine the Fire Department and EMS Department current year adopted budget amounts and compare it to the proposed combined Fire/EMS Department budget for next fiscal year, the increase is 17%. This is primarily the result of reducing several of the EMS supply line items as a result of downgrading the certification of our ambulances and shifting the focus of our EMS operation to first responders.

Additional Services, Programs and Compensation in the General Fund

The Proposed General Fund Budget for next fiscal year includes some additional items as discussed with the Council during the budget work sessions. These items include service enhancements and compensation proposals that are intended to help achieve the goals and visions for the community that have been established by the City Council.

The goals established by the City Council are:

1. Promote family oriented, planned community growth;
2. Provide professional, responsive and financially responsible City services to promote a positive City image;
3. Enhance internal/external communications, education and involvement;
4. Plan for quality development, economic diversity, and revitalization;
5. Enhance public safety and infrastructure.

The additional services recommended for funding are listed below.

Compensation Proposals – Goal 2

1. Merit increases for employees who perform well. Increases will range from a 0% to 7%. The level of increase received by an employee will depend on the employee's annual performance evaluation.
2. Upgrading the Police Department pay scale to provide more competitive pay to help recruit and retain quality police officers.
3. Providing for 7% 2 to 1 matching and 20 year retirement in TMRS

Operational Needs Recommended for Funding

1. 1 Additional Police Officer to provide additional coverage during peak call times – Goal 2 and 5
2. Provide incentive pay for Firefighters and EMS personnel on a per call basis to improve response time and increase the number of calls responded to by JVFD – Goal 2 and 5
3. Provide a full time Code Enforcement Officer to provide completely proactive code enforcement and allow the Building Official more time to dedicate to substandard structures – Goal 2, 4, and 5
4. Provide a Citizen Request Page to the City web site to allow more efficient and effective responses to citizen's concerns – Goal 2 and 3
5. Provide a City wide emergency notification system to notify citizens of severe weather and other emergencies – Goal 3 and 5
6. Provide an additional crew member for the Street Department which will allow for two street crews and increase productivity – Goal 5
7. Provide new budgeting and finance software to enhance financial reporting and tracking capabilities – Goal 2
8. Provide additional micro chips at the animal shelter to comply with state law which will be offset with revenue from adoption fees – Goal 5

Capital Improvement Projects: Building, Equipment, Drainage & Streets

A proposed Capital Improvement Projects (CIP) budget is also included for your consideration. This budget outlines capital projects for the foreseeable future and provides proposed funding sources to complete these projects.

The CIP budget includes the following building and equipment needs as requested by Departments.

• Adding an office area to the Street Department Building	\$31,000
• Adding 3 Bays to the Fire Department	\$45,500
• Replacing the air conditioning system at the Animal Shelter	\$10,000
• One Patrol car for the Police Department	\$41,872
• Equipment Trailer for the Street Department	\$13,600
• Crack seal pump for the Street Department	\$ 2,600
• Quick Tatch forks for the Street Department	\$ 3,100
• Generator for the Emergency Operations Center	\$ 4,500
• Command Vehicle for the Fire Department	\$30,000
• Extractor and dryer for Fire Department bunker gear and hoses	\$16,570

It is proposed that these items be funded with a seven (7) year tax note as these are one time capital purchases that are necessary for the City's growing operations, but cannot be funded with proposed general fund revenues. The debt payments can be covered with the current Interest and Sinking portion of the property tax rate, so this will not result in an increase in the tax rate.

The CIP budget also includes the following street and drainage projects to be completed during the remaining of the current fiscal year and next fiscal year:

- Country Club Road bridge improvements
- Forest Lane reclamation and seal coating
- Caddo Road reclamation and seal coating
- Eddy Street patching and seal coating
- Coffield Drive drainage improvements
- Running Brooke Drive drainage improvements

4A Economic Development Fund Proposed Budget and Projects

Proposed expenditures from the 4A Economic Development fund for next fiscal year total \$709,540. The proposed expenditures are expected to be funded from the proposed fiscal year 2009 4A revenue of \$240,000 and from an appropriation of the 4A fund balance in the amount of \$469,540. The 4A fund balance is projected to be \$1,146,687 as of 9/30/08.

Proposed 4A Fund Projects for next fiscal year include:

Joshua Station Development

- Debt Service for Land Acquisition (Park & Ride Facility, extension of Plum Street)
- Design & Construction of Joshua Station Blvd
- Design of Joshua Station Park & Ride Facility
- Design & Construction of Plum Street

Administrative

- State Required Training
- Reimbursement to City General Fund for staff time spent on 4A EDC (10% of Management Assistant and 5% of City Manager salary)
- Reimbursement to City General Fund for 4A Legal fees

4B Economic Development and Parks Fund Proposed Budget and Projects

Proposed 4B Fund project expenditures total \$290,080. The proposed expenditures are expected to be funded from the proposed fiscal year 2009 4B sales tax revenues of \$240,000, and an appropriation of the 4B fund balance in the amount of \$50,080. The 4B fund balance is projected to be \$1,171,020 as of 9/30/08.

Proposed 4B Fund Projects for next fiscal year include:

Park Planning

- Park Grant Assistance
- Park Design & Engineering Services

Expansion of Commuter Rail – Joshua Commuter Rail Station

- Consulting fees related to the location and funding of the commuter rail station and administrative assistance \$12,000 annual (\$1000 per month)

Plan for New and Expanded Business Development

- Provide an Economic Development Consultant to provide a proactive program to target business development specifically for Joshua and to responding to inquiries and requests of developers interested in locating in Joshua
- Participation in the Johnson County Economic Development Commission (JCEDC) and technical assistance from JCEDC staff

Promote the City of Joshua for New and Expanded Business Development

- City Entryway Sign
- Banners for City Entryway signs

Administrative Expenses

- International Council of Shopping Centers (ICSC) Annual membership \$100 and travel to ICSC Texas Deal making conference in San Antonio

- Tarrant Regional Transportation Coalition Annual Membership
- State Required Training
- Reimbursement to City General Fund for legal fees associated with EDC
- Reimbursement to City General Fund for staff time spent on EDC (10% of Management Assistant and 5% of City Manager salary)

Summary

The outlook is good for the coming fiscal year. The tremendous growth and gas drilling activity in Johnson County has resulted in increased property values and increased revenues from other sources such as sales tax, development permits, and gas well permits. The City of Joshua and the Johnson County community do not seem to have seen any significant impact from the slumping national economy. The City continues to grow and to see additional day time population and traffic through the City, which impacts City services and creates a need to expand some services in order to insure a safe community with effective services. The additional operational items and equipment needs are intended to keep pace with the growth and demand as well as to achieve the Council's goals for the community. The compensation proposals are recommended to enhance the City's ability to recruit and retain qualified professionals to provide the best possible services to the citizens.

Thanks to the leadership, direction and vision provided by the City Council, Joshua continues to build momentum as an organization and as a community. The proposed budget is intended to provide services that will continue to build our city and our organization into a great community for people to live, work and play.

Respectfully,

Paulette A. Hartman
City Manager