NOTICE OF A SPECIAL MEETING
THE BRENHAM CITY COUNCIL
MONDAY SEPTEMBER 16, 2019 AT 8:30 A.M.
SECOND FLOOR CITY HALL
COUNCIL CHAMBERS
200 W. VULCAN
BRENHAM, TEXAS

1. **Call Meeting to Order**

2. **Invocation and Pledges to the US and Texas Flags – Mayor Pro Tem Ebel**

3. **Citizens Comments**

PUBLIC HEARING

4. **Proposed Budget for Fiscal Year Beginning October 1, 2019 and Ending September 30, 2020** **Pages 1-12**

   This budget will raise more total property taxes than last year's budget by an estimated $649,433 (9.64%), and of that amount, $82,309 is tax revenue to be raised from estimated new property added to the tax roll this year.

REGULAR AGENDA

5. **Discuss and Possibly Act Upon an Ordinance on Its First Reading Adopting the Budget for Fiscal Year Beginning October 1, 2019 and Ending September 30, 2020** **Pages 13-17**

6. **Discuss and Possibly Act Upon Ratification of the Property Tax Increase Reflected in the Proposed Budget for Fiscal Year Beginning October 1, 2019 and Ending September 30, 2020, which Raises More Revenue from Property Taxes than the Previous Year's Budget** **Pages 18-19**

7. Discuss and Possibly Act Upon an Ordinance on Its First Reading Levying Taxes for the Tax Year 2019 for the City of Brenham at $0.5140 per $100 Valuation

Pages 20-23

8. Administrative/Elected Officials Report

Administrative/Elected Officials Reports: Reports from City Officials or City staff regarding items of community interest, including expression of thanks, congratulations or condolences; information regarding holiday schedules; honorary or salutary recognitions of public officials, public employees or other citizens; reminders about upcoming events organized or sponsored by the City; information regarding social, ceremonial, or community events organized or sponsored by a non-City entity that is scheduled to be attended by City officials or employees; and announcements involving imminent threats to the public health and safety of people in the City that have arisen after the posting of the agenda.

Adjourn

Executive Sessions: The City Council for the City of Brenham reserves the right to convene into executive session at any time during the course of this meeting to discuss any of the matters listed, as authorized by Texas Government Code, Chapter 551, including but not limited to §551.071 – Consultation with Attorney, §551.072 – Real Property, §551.073 – Prospective Gifts, §551.074 - Personnel Matters, §551.076 – Security Devices, §551.086 - Utility Competitive Matters, and §551.087 – Economic Development Negotiations.

CERTIFICATION

I certify that a copy of the September 16, 2019 agenda of items to be considered by the City of Brenham City Council was posted to the City Hall bulletin board at 200 W. Vulcan, Brenham, Texas on September 12, 2019 at **1:20 PM**.

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Kacey A. Weiss, TRMC
Deputy City Secretary I

Disability Access Statement: This meeting is wheelchair accessible. The accessible entrance is located at the Vulcan Street entrance to the City Administration Building. Accessible parking spaces are located adjoining the entrance. Auxiliary aids and services are available upon request (interpreters for the deaf must be requested twenty-four (24) hours before the meeting) by calling (979) 337-7567 for assistance.

I certify that the attached notice and agenda of items to be considered by the City Council was removed by me from the City Hall bulletin board on the ________ day of ___________________, 2019 at __________ AM PM.

___________________________________ ___________________________________

Signature Title

AGENDA ITEM 4

DATE OF MEETING: September 16, 2019 **DEPT. OF ORIGIN:** Finance	**DATE SUBMITTED:** September 11, 2019 **SUBMITTED BY:** Carolyn D. Miller

MEETING TYPE:	**CLASSIFICATION:**	**ORDINANCE:**
☐ **REGULAR**	☒ **PUBLIC HEARING**	☐ **1ST READING**
☒ **SPECIAL**	☐ **CONSENT**	☐ **2ND READING**
☐ **EXECUTIVE SESSION**	☐ **REGULAR**	☐ **RESOLUTION**
	☐ **WORK SESSION**	

AGENDA ITEM DESCRIPTION: Proposed Budget for Fiscal Year Beginning October 1, 2019 and Ending September 30, 2020

SUMMARY STATEMENT: The FY20 Proposed Budget for the City of Brenham includes appropriations of operating resources for 30 separate funds and authorizes $73.0 million in expenditures. For more detailed information on the FY20 Proposed Budget, see attached Budget Message.

STAFF ANALYSIS (For Ordinances or Regular Agenda Items):

A. PROS:

B. CONS:

ALTERNATIVES (In Suggested Order of Staff Preference):

ATTACHMENTS: (1) Fiscal Year 2019-2020 Budget Message; and (2) FY20 Combined Fund Summary

FUNDING SOURCE (Where Applicable):

RECOMMENDED ACTION: Receive citizen comments regarding proposed FY2019-20 Budget

APPROVALS: James Fisher

Mayor
Milton Y. Tate, Jr.

Council Members
Andrew Ebel, Mayor Pro Tem
Susan Cantey
Keith Herring
Clint Kolby
Adonna Saunders
Albert Wright

City Manager
James Fisher

September 11, 2019

Honorable Mayor Milton Tate, Jr. and Council Members:

RE: Fiscal Year 2019-2020 Proposed Budget

In accordance with the Texas Local Government Code and the Charter of the City of Brenham, we are pleased to submit the proposed budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020. The budget is balanced as required by law and is the launching point for implementing the priorities and initiatives derived from the October 2018 Council/Staff Retreat. In this regard, it differs from the FY18-19 Budget which maintained the *status quo* while a new strategic direction for the City was formulated. The budget reflects the City Council policy direction taken, while continuing a strong financial position.

The Proposed Consolidated Annual Budget expenditures, comprising all funds, totals approximately $73.0 million (M). The budget can be broken down as follows:

▪ General Fund (including 8 sub-funds – see Attachment A)	$ 21.7M
▪ Debt Service Fund	2.9
▪ Special Revenue Funds	0.2
▪ Capital Project Funds	7.2
▪ Utility Funds (Electric, Gas, Water, Wastewater, Sanitation, Drainage)	38.4
▪ Internal Service Funds	0.7
▪ Brenham Community Development Corporation (BCDC)	1.9
Total	$73.0M

Economic Conditions

The economic backdrop for Brenham's FY19-20 Budget is very favorable. Washington County has seen a resurgence in oil and gas business as new fracking techniques make extraction from the local Austin chalk possible. This has increased demand for products manufactured by Brenham oil-field supply chain companies. Washington County unemployment rate is at a low of 3.7%. Brenham hotels are enjoying high-occupancy rates because of the lodging needs of oilfield workers, and from tourism attributable to higher percentage of per capita disposable income due to overall favorable economic conditions in the State.

P.O. Box 1059 ★ 200 W. Vulcan Street ★ Brenham, Texas 77834 ★ 979-337-7200 ★ www.cityofbrenham.org

The City of Brenham continues to see healthy growth in the ad valorem tax base allowing us to pay for increasing costs of fire, police, streets, parks, recreation, library and other basic city functions. Certified taxable property values rose 10.3% from $1.3 billion last year to $1.5 billion this year. Average property valuations for single-family residential homes have jumped 8.3% from $162,511 to $175,980.

In January of 2019, the City signed an economic development agreement with Baker Katz for a 35-acre shopping center, with a targeted value of over $20 million, benefitting taxing entities in Washington County. The retail/dining center is scheduled to open in 2021. Brenham Market Square, a 51-acre mixed-use development will also contribute to sales tax growth with retail and restaurants, as well as multi-family dwellings and commercial office space. The City expects any wane in the oil and gas business to be offset by job creation and resulting sales tax growth realized from these new developments. Finally, a Tax Increment Reinvestment Zone (TIRZ) was created at the end of 2018 to boost economic development and investment along key corridors leading into and around downtown Brenham.

Blinn College is a major City employer with their administrative campus located in Brenham. The College is planning to expand their Brenham campus and course curriculum. Construction is underway for a new Agricultural Complex and design is underway for a new Science, Technology, Engineering, and Innovation Center that will further expand course opportunities at the Brenham Campus. For the fall of 2019, the College expects to enroll 20,000 students (all campuses), a first in its 136-year history. There are over 2,200 students enrolled at the Brenham campus. Blinn's expansion plans bode well for Brenham's economic future, creating a labor pool for new retail stores and restaurants.

With this FY19-20 Proposed Budget, the City is beginning to chart a new course towards financial diversity, lessening our dependence on property taxes. FY18-19 sales tax revenue is expected to increase 8.3% over the prior year and exceed the budget projection. The City has experienced strong growth in sales taxes due to the robust local economy and low unemployment. We are setting the stage for sustainable sales tax growth by attracting new retail development which creates jobs that induce more local spending.

The City is also looking at imposing local sales tax on residential electric and gas customers (currently imposed on only commercial customers). Of the 916 cities in Texas eligible to impose local sales tax for residential use of electricity and gas, 781 or 85% do so. This is a standard practice in many communities and aligns with our alternative revenue growth strategy. The City's electric sales area covers only 60% of Brenham. The sales tax on residential electric customers allows the City to capture sales tax revenues from Brenham citizens served by Bluebonnet Electric who reside outside of the City's electric service area. As sales tax growth is realized, the City can become less property tax reliant.

General Fund

The General Fund budget, including sub-funds is $21.7 million. Of this amount, $18.4 million is budgeted expenditures for the General Operating Fund (Fund 101) that contains departments providing traditional local government services including fire, police, animal shelter, library, parks and recreation, streets, airport, and administration. With a balanced budget, revenues equal expenditures. Almost $16.0 million of General Operating Fund expenditures (87.0%) are funded by a combination of ad valorem taxes, sales tax, utility franchise fees, and transfers-in from other funds. The remaining revenues that balance the budget come from grants, fines, and fees for local government services. **The budget maintains the current O&M portion of the ad valorem tax rate of $0.3200 per $100 valuation.**

Revenues & Other Sources (Net Transfers) FY19-20	General Fund 101
Property Taxes (O&M Rate $0.32)	$4,518,348
Sales Taxes	5,509,316
Utility Franchise Fees	2,448,743
Other Taxes	460,077
Other Financing Sources (Net Transfers)	3,019,787
Subtotal (Fund 87.0% of Budget)	15,956,271
Other Revenues	2,436,157
Total Revenues & Other Financing Sources FY19-20	$18,392,428

The largest budget expenditure ($12.6 million or 68.6%) in the General Operating Fund (Fund 101) is personnel salaries and benefits. The proposed budget reflects a net reduction of positions in the General Operating Fund. Budgetary savings were realized from the re-bid of the City's medical insurance and the movement of labor costs associated with drainage maintenance to a new Drainage Utility Fund. These combined savings enabled the City to implement the Compensation Plan Study recommendations and provide employees with a 2% cost-of-living adjustment (COLA). The Compensation Plan Study recommendations primarily increased public safety pay, particularly for fire fighters. The increases align City compensation with the market and will help improve future recruitment and retention. The COLA goes into effect for all positions, October 1, 2019. The last COLA (2%) was given in April of 2017.

General Fund Programs FY19-20	Personnel	Other	Total
Culture and Recreation	$ 2,074,042	$ 1,444,884	$ 3,518,926
General Government	3,924,307	2,045,483	5,969,790
Health and Welfare	418,143	197,085	615,228
Highways and Streets	603,014	483,038	1,086,052
Public Safety	5,627,580	1,574,852	7,202,432
Total FY19-20 Budget	$12,647,086	$ 5,745,342	$18,392,428
Total FY18-19 Budget (Amended)	$12,426,341	$ 5,727,456	$18,153,797

There are eight (8) sub-funds in the General Fund with proposed expenditure budgets of $3.3 million. More than $2.2 million of the sub-funds expenditure budget is for 2016 storm-related drainage repair projects. Most of these expenditures are being reimbursed by FEMA grants. The General Fund sub-funds expenditure budget also includes $94,579 for security improvements; $85,000 for use of donation proceeds; and $19,518 in small grants for public safety-equipment and training.

The Tourism & Promotion Fund is another sub-fund of the General Fund and includes an expenditure budget of $785,300 funded by hotel occupancy tax and Barnhill Center events. Visit Brenham, the Destination Marketing Organization (DMO) for Brenham and Washington County, leads the marketing and tourism efforts to develop our area as a destination. Staff and the marketing team work to connect with audiences through both traditional and digital marketing, and work with our many tourism partners to promote and highlight all the area has to offer.

The new Tourism Action Plan 2020 – developed through numerous meetings with all of our partner communities in the county over the past year – will be presented to a joint meeting of City Council and County Commissioner's Court in August. Through guidance of the plan, the DMO will serve as facilitator to encourage product development, to help enhance the experience of visitors to the area, and to formulate and implement marketing campaigns and promotions to inspire travelers to visit our destination. By working together, overnight stays will increase and local tourism will impact the community through increased sales tax revenue and amenities for its citizens.

Debt Service Fund

The proposed budget expenditure for the Debt Service Fund is $2.9 million. **With the growth in certified taxable property values, the City lowered the interest and sinking (I&S) portion of the tax rate from $0.1970 to $0.1940 per $100 of valuation.** The FY19-20 Budget includes I&S tax support for $3.4 million in new 20-year Certificates of Obligation (CO) debt.

Another $1,000,000 in tax-backed (pass-through) debt will be issued for BCDC to construct detention ponds at the Southwest Industrial Park III and the Brenham Business Center. This debt will be paid by BCDC out of sales tax revenue and does not impact the City's property tax (I&S) rate.

Street improvement and reconstruction projects are part of the City's Drive to 2025 capital plan. Bond proceeds will be used as follows:

▪ Old Chappell Hill Road Improvements (Blue Bell)	$1.1M
▪ Salem Road Improvements	1.4
▪ Street Reconstruction and Other Improvements	0.9
Total Tax-Supported New Debt	$3.4M
▪ BCDC – 2 Detention Ponds	$1.0M

Brenham Community Economic Development Corporation (BCDC)

BCDC revenues come from 4B sales tax. Per internal policy, funds are appropriated 65% to parks/recreation and 35% to economic development. The City's Director of Economic Development is budgeted in the BCDC Fund. For the FY19-20 Budget, BCDC transferred $186,500 to the General Fund for the following parks and recreation items:

▪ Resurfacing of the Leisure Pool deck	$75,000
▪ Replacement of 3 pool pumps	15,000
▪ Replacement of 100 lounge chairs	60,000
▪ Replacement of picnic table umbrellas	7,500
▪ Pool bogo mats	10,000
▪ Funds for Christmas Stroll	5,000
▪ Funds for Movies in the Park	4,000
▪ Funds of the Parks Master Plan Update	10,000
Total	$186,500

In the FY19-20 Budget, BCDC also transferred $961,550 to the Parks Capital Improvement Fund. Monies will be used for the following parks and recreation items:

▪ Henderson Park Improvements Phase III	$350,000
▪ Addition of a splash pad (Park TBD)	300,000
▪ Jerry Wilson Park playground equipment	85,000
▪ BBAC A/C replacements	64,000
▪ Replacement of Hohlt Park bleachers (12 sets/6 fields)	45,000
▪ Blinn Softball Field renovations	40,000
▪ Hohlt Park scoreboards (4)	22,000
▪ Pickleball court fence and shade canopies (2)	21,000
▪ Schulte Field turf mound	12,000
▪ Finke Pavillion fan	11,550
▪ Hohlt Park bullpen upgrades	11,000
Total	$961,550

For the FY19-20 Budget, over $649,000 is allocated towards economic development, which includes approximately $306,000 for debt service payments. Over the past year, the City initiated a series of Economic Development Strategic Planning Workshops. Facilitated by Petty & Associates, the workshops included community economic development stakeholders to provide input toward defining the structure of the economic development organization in Brenham and Washington County. The final meeting took place on April 29, 2019 with the stakeholders united toward the vision for community economic development. A summary document of the economic development process is currently being reviewed in partnership between City and County officials and will be shared with other stakeholders this fall.

Special Revenue Funds

There are five special revenue funds with proposed combined budgets, including transfers-out, of $910,568. Hotel/Motel tax revenues collected within the City are transferred to the Promotion/Tourism Fund, a sub-fund of the General Fund, and used for the promotion of overnight stays (heads-on-beds) at local establishments. The City acts as the administrator for Washington County's hotel tax expenditure allocations. For the FY19-20 Budget, County hotel tax revenues are being used to support events attracting out-of-towners sponsored by the Chappell Hill Chamber of Commerce, the Chappell Hill Historical Society, the Friendship Quilt Guild, the Heritage Society of Washington County, the Independence Historical Society, Unity Theater, Washington on the Brazos, and TH&LA Membership.

Fund	Expenditures	Transfers-Out	Total
109 Hotel/Motel (City)	$ 0	$679,000	$679,000
110 Hotel/Motel County (City Administers)	140,470	0	140,470
229 Criminal Law Enforcement	30,000	0	30,000
233 Courts Security/Technology	41,098	20,000	61,098
301 TIRZ No 1	0	0	0
Total	$211,568	$699,000	$910,568

Revenues in the Criminal Law Enforcement Fund are derived from restitution payments and seizures. The FY19-20 Budget includes $25,000 for a drone program; however, funds may be used for any public safety purpose approved by City Council.

Revenues in the Courts Security/Technology Fund come from a portion of court fines and fees. Budget appropriations are restricted for security or technology purposes. FY19-20 Budget expenditures of $20,000 will be used for notification calls; software licenses/maintenance; handheld ticket writers; security system monitoring and maintenance; and City Marshal training.

TIRZ No 1 Fund is in its first year. The FY19-20 Budget, revenue projection is $43,316. Sufficient funding for projects will take time to accumulate. Therefore, there are no FY19-20 Budget appropriations for this fund.

Capital Project Funds

Capital project funds are used to account for spending of bond proceeds and other resources used for non-utility capital improvements, many being construction projects that may span more than one fiscal year, such as, street improvements, parks improvements, new facilities, and/or major renovations. Projects requiring debt, intergovernmental grants, or BCDC contributions with restricted use/purposes are managed in these funds. There are four active capital project funds: Airport Capital Project Fund, 2017 Capital Project Fund, Parks Capital Improvement Fund, and Street/Drainage Capital Project Fund.

The Airport Capital Project Fund includes FY19-20 budget appropriations for repair of the airport runway and update to the Airport Master Plan. Both projects are 90% funded by TXDOT grants and 10% funded by the City. The budget for the runway repair is $500,000 and is expected completion is the end of 2019. The update to the Airport Master Plan is budgeted at $225,000. Work on the update will not begin until the airport runway repair is complete.

The 2017 Capital Project Fund contains unspent bond proceeds from the 2017 CO. The FY19-20 Budget of $1,000,378 has been allocated for the following projects:

▪ Deceleration lane Hwy 290 Frontage at Chappell Hill St	$100,000
▪ Additional lanes under Hwy 290 overpass	224,748
▪ Traffic signalization east and west bound Hwy 290 service road	45,000
▪ Chappell Hill road widening for Baker-Katz project	230,252
▪ Completion of downtown drainage project	36,878
▪ Louanna Estates drainage	364,000
Total	$1,000,378

The Parks Improvement Fund has a FY19-20 Budget of $1,285,300. The use of $961,550 has been described in the BCDC section. The difference of $323,750 is a carry-over of Henderson Park Improvements Phase II which was approved in the FY18-19 Budget.

The Street/Drainage Capital Project Fund contains unspent bond proceeds from 2012 and 2019 COs. The proposed 2020 CO issuance of $3.4 million will be accounted for in this fund. The FY19-20 Budget is $4.2 million. $3.4 million of this amount is described in the Debt section. There is $376,178 budgeted for unspent 2012 CO proceeds for the Southside Retail Project (Chappell Hill widening). There is $345,007 budgeted for unspent 2019 CO proceeds for the Industrial Blvd Drainage/Erosion Project.

Utility Funds - Overview

The City provides electric, gas, water, wastewater, and sanitation services. The utility funds expenditure budget is $38.4 million of which $17.7 million (46%) is the cost of purchased power, gas, and water. Over $2.8 million of the utility funds expenditure budget is for 2016 storm-related repair projects at the water and wastewater plants. The City expects 75% funding from FEMA grants to cover most of these expenditures.

Utility Rates

Brenham residents and businesses enjoy some of the lowest utility rates in Texas. The FY19-20 Proposed Budget includes a 7-8% increase in electric distribution rates and a 4% increase in water rates. The increases proposed will not diminish the City's competitive standing. Residential and commercial electric rates have not changed since 2003; industrial electric rates have not changed since 2014; and water rates have not changed since 2008. The proposed rate changes are needed to cover cost of electric and water services and to continue the investment in infrastructure necessary to maintain the integrity and reliability of our electric and water systems for current and future generations.

Utility Debt

The FY19-20 Budget includes issuance of revenue-backed, Certificate of Obligation (CO) of $2,050,000 for Water Fund and Wastewater Fund projects. This debt is paid from utility (rate) revenues and not (I&S) taxes. Proceeds will be used for the following:

- $750,000 for water plant improvements (including reimbursement for City's share of FEMA storm projects)
- $1.3 million for Baker-Katz lift station and wastewater line project

Utility Funds – Capital Equipment PAYGO (Cash) Funded

There is $928,013 appropriated in the FY19-20 Budget for utilities capital equipment.

Fund	Dept #	Description	Budget
Electric	160	Replace line locator truck	$ 27,165
	161	Replace mini-bucket	220,000
Water	163	Replace crane truck (50%)	71,622
Wastewater	166	Replace crane truck (50%)	71,622
	165	Replace dump truck	87,604
Sanitation	142	Garbage carts	450,000
Total			$ 928,013

Utility Funds - Sanitation Fund

Many cities have improved operating efficiencies while maintaining their level of service and controlling costs by switching from garbage bags to carts for residential garbage service. The FY19-20 Proposed Budget includes the purchase of carts and two side-load garbage trucks for residential service beginning January 1, 2020. In addition, curb-side pickup would be reduced from twice a week to once a week. A *residential garbage rate increase is not* included in the FY19-20 Budget but the potential for a rate increase up to 10% is possible depending on whether the City keeps the Recycle Center or offers curbside recycling. The Recycle Center operates at a loss almost every year and is subsidized by other business lines within the Sanitation Fund. The foreign markets for recyclables have dried up and many communities are struggling to stay in the business. Outsourcing all or part of the sanitation business is one option being evaluated. Commercial collection is already being done by an outside party.

The FY19-20 Budget assumes the City retains residential garbage services but switches to carts and uses side-load garbage trucks for once-a-week garbage pickup beginning January 1, 2020. The Sanitation Fund has sufficient excess cash reserves to purchase the carts which are in the budget at $450,000. The two side-load garbage trucks at $300,000 each would be financed. The FY19-20 Budget also includes the replacement of one haul truck ($125,000); one refuse trailer ($73,000); a pickup truck ($25,280); and a forklift ($44,240). These are included in the budget as financed purchases; however, proceeds from the sale of two current garbage trucks could help reduce the amount of financing needed. This financing is considered revenue-backed debt as payments are made from Sanitation Fund revenues.

Utility Funds – New Drainage Utility Fund

The City is initiating a Drainage Utility Fund with revenues derived from drainage fees beginning January 1, 2020. The cost of drainage maintenance (labor and materials) and the replacement of drainage equipment are budgeted at $326,919. The storms of 2016 highlighted the many drainage issues in Brenham. The City spends approximately $300,000 annually on drainage maintenance which includes ditch clearing, street sweeping, and mosquito spraying. Another $3.9 million in drainage projects are identified in the Drive to 2025 Capital Plan.

Many cities have successfully put a drainage fee structure in place for these purposes. Unlike property taxes, revenues from the drainage fee can only be used for drainage projects and cannot be diverted for other purposes. The proposed rate for residential customers is $3.75 a month and would be added to the utility bill. Non-residential customer rates will depend on a property's impervious coverage in relation to the single family residential average as measured by an equivalent residential unit (ERU). The proposed minimum rate for non-residential customers is $3.75 a month and the maximum rate is $300 a month.

The new Drainage Fund includes financing for the replacement of several units used exclusively for drainage maintenance. These units are funded in the FY19-20 Budget (after January 1, 2020) using four and seven year capital lease/notes. The estimated debt service on these units in FY19-20 Budget is $95,939. This financing is considered revenue-backed debt. Units include the following:

- 1998 Gradall Excavator $374,759
- 2012 Street Sweeper $235,981
- 1998 John Deere Backhoe $118,862

Internal Service Funds

There are three Internal Service Funds included in the FY19-20 Budget. The funds include the following:

- Central Fleet Fund – City-wide departments share the use of large equipment and rent the equipment as needed. The rent revenues in are budgeted in the departments as rent expenditures, except for department capital projects in which rent expenditures get capitalized as part of the project cost. The FY19-20 Budget has expenditure appropriations of $157,329. Of this amount, $60,000 is appropriated for the purchase of a vac unit and $50,000 is appropriated for replacing a dump truck.

- Workers Compensation Fund – City-wide departments pay into this fund for covering the cost of providing workers' compensation benefits. The FY19-20 Budget for this fund is $172,900.
- Vehicle Equipment Replacement Fund (VERF) – The FY19-20 Budget includes a VERF is for funding the replacement of fleet and heavy-duty equipment used by departments in the General Fund. These departments face budgetary challenges each year in terms of timely replacement of vehicles and equipment. Other cities have used a VERF to instill budgetary discipline with some type of systematic replacement program. The idea behind the VERF is to anticipate and pre-fund future replacements. Department O&M budgets include rental payments to the VERF collected over the operating life of the asset to be replaced. Interest income earned on rental fee investment helps offset inflationary impact on future replacement costs. This approach can save the City money over time but requires fiscal discipline.

  The VERF owns the purchased assets. First year purchases require a "transition" because in the first rotation, the City will be replacing a current vehicle AND pre-funding a future replacement. Both cash and capital leases/notes will be used for this one-time transition period. In the FY19-20 Budget, 19 units will be replaced with a combined estimated cost of $1,008,240. A General Fund transfer in the amount of $204,628 is being used to fund the capital outlay for Parks Department vehicles and equipment (5 units). The remaining 14 units, eight of which are public safety vehicles, are being financed over a three to seven year period equivalent to one-half of the assets' operating lives. The second half of the assets' operating lives will be used to pre-fund future replacements. Debt service payments from the VERF are budgeted at $385,803 and will be covered by departmental rents. This financing will be considered tax-backed debt and count toward the City's debt limits adopted in the Debt Policy.

Closing Remarks

Staff has worked diligently to prepare a budget that initiates a financial change in course and launches our Drive to 2025 initiatives. We appreciate the work of City staff that developed the budget proposals and we especially want to recognize the work of the budget management team of Debbie Gaffey, Kaci Konieczny, Stacy Hardy, Susan Nienstedt and Lowell Ogle. Our division directors and department heads also deserve recognition for their cooperation during this process.

Respectfully submitted,

James Fisher
City Manager

Carolyn D. Miller

Carolyn D. Miller, CPA
Assistant City Manager-Chief Financial Officer

CITY OF BRENHAM
COMBINED FUND SUMMARY
FY19-20 BUDGET

Exhibit A

	GENERAL FUND										COMPONENT UNIT	SPECIAL REVENUE FUNDS				
	GENERAL	POLICE DEPT GRANTS	MOTOR/ PD EQUIP	PUBLIC SAFETY	FEMA DISASTER	DONA-TIONS	FIRE DEPT GRANTS	CAPITAL/ NON-ROUTINE	TOURISM & PROMOTION	DEBT	BCDC & BCDC CAPITAL	HOTEL/ MOTEL	HOTEL/ TAX CNTY	CRIM LAW ENFORCE	COURTS TECH	TIRZ #1
BEGINNING BALANCE	$4,283,353	$0	$0	$2,599	$61,696	$233,446	$0	$94,579	$202,841	$612,366	$1,774,129	$299,307	$9,092	$38,118	$54,278	$0
REVENUES																
TAXES	12,936,484	-	-	-	-	-	-	-	-	2,828,736	1,836,438	675,000	140,470	-	-	43,316
LICENSES AND PERMITS	147,328	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTERGOVERNMENTAL	374,426	11,996	2,822	3,600	2,129,360	-	1,800	-	-	-	-	-	-	-	-	-
CHARGES FOR SERVICES	604,851	-	-	-	-	-	-	-	172,800	-	-	-	-	-	53,600	-
FINES AND FORFEITURES	659,846	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INVESTMENT INCOME	135,000	-	-	-	-	-	-	-	-	11,000	18,000	4,000	-	200	500	-
PAYMENT FROM COMPONENT UNIT	186,500	-	-	-	-	-	-	-	-	80,000	-	-	-	-	-	-
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	75,500	-	-	1,000	-	-	-	-	-	-	-
MISCELLANEOUS	328,206	-	-	-	-	-	-	-	500	-	1,158	-	-	10,000	-	-
TOTAL REVENUES	$15,372,641	$11,996	$2,822	$3,600	$2,129,360	$75,500	$1,800	$0	$174,300	$2,919,736	$1,855,596	$679,000	$140,470	$10,200	$54,100	$43,316
EXPENDITURES																
CURRENT																
CULTURE AND RECREATION	3,518,926	-	-	-	-	3,000	-	-	785,300	-	55,385	-	140,470	-	-	-
GENERAL GOVERNMENT	5,969,790	-	-	-	-	35,000	-	94,579	-	-	-	-	-	-	41,098	-
HEALTH AND WELFARE	615,228	-	-	-	-	5,000	-	-	-	-	-	-	-	-	-	-
HIGHWAYS AND STREETS	1,086,052	-	-	-	1,335,217	-	-	-	-	-	-	-	-	-	-	-
PUBLIC SAFETY	7,157,432	11,996	2,822	2,900	-	32,000	1,800	-	-	-	-	-	-	30,000	-	-
ECONOMIC DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	569,161	-	-	-	-	-
COST OF SALES AND SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ELECTRIC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WATER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WASTEWATER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SANITATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DRAINAGE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS REVENUE TAX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTERNAL SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE																
INTEREST & FISCAL CHARGES	-	-	-	-	-	-	-	-	-	662,430	-	-	-	-	-	-
PRINCIPAL RETIREMENT	-	-	-	-	-	-	-	-	-	2,257,306	-	-	-	-	-	-
CAPITAL OUTLAY	45,000	-	-	-	962,039	10,000	-	-	-	-	1,297,000	-	-	-	-	-
TOTAL EXPENDITURES	$18,392,428	$11,996	$2,822	$2,900	$2,297,256	$85,000	$1,800	$94,579	$785,300	$2,919,736	$1,921,546	$0	$140,470	$30,000	$41,098	$0
OTHER FINANCING SOURCES (USES)																
TRANSFERS IN	3,384,271	-	-	-	61,001	-	-	-	611,000	-	1,000,000	-	-	-	-	-
TRANSFERS OUT	(1,374,484)	-	-	-	-	-	-	-	-	-	-	(679,000)	-	-	(20,000)	-
PAYMENT TO PRIMARY GOVERNMENT	-	-	-	-	-	-	-	-	-	-	(1,228,050)	-	-	-	-	-
ISSUANCE OF DEBT	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INSURANCE PROCEEDS	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	$3,019,787	$0	$0	$0	$61,001	$0	$0	$0	$611,000	$0	($228,050)	($679,000)	$0	$0	($20,000)	$0
CHANGE IN FUND BALANCE	-	-	-	700	(106,895)	(9,500)	-	(94,579)	-	-	(294,000)	-	-	(19,800)	(6,998)	43,316
ENDING FUND BALANCE	$4,283,353	$0	$0	$3,299	($45,199)	$223,946	$0	$0	$202,841	$612,366	$1,480,129	$299,307	$9,092	$18,318	$47,280	$43,316

CITY OF BRENHAM
COMBINED FUND SUMMARY
FY19-20 BUDGET

Exhibit A (cont.)

	CAPITAL PROJECT FUNDS				ENTERPRISE FUNDS						INTERNAL SERVICE FUNDS			
	AIRPORT CAPITAL	2017 CAP PROJ	PARKS CAP IMPROV	STREET DRAINAGE	ELECTRIC	GAS	WATER	WASTE-WATER	SANI-TATION	DRAINAGE	CENTRAL FLEET	VEH/EQUIP REPLACE	WORKERS' COMP	TOTAL
BEGINNING BALANCE	$50,000	$1,108,880	$321,597	$774,186	$9,947,052	$1,416,390	$1,565,444	$508,341	$1,200,061	$0	$81,691	$0	$192,767	$24,832,213
REVENUES														
TAXES	-	-	-	-	-	-	-	-	-	-	-	-	-	18,460,444
LICENSES AND PERMITS	-	-	-	-	-	-	-	-	-	-	-	-	-	147,328
INTERGOVERNMENTAL	652,500	-	-	-	-	-	1,517,849	2,033,704	-	-	-	-	-	6,728,057
CHARGES FOR SERVICES	-	-	-	-	22,400,117	3,251,352	4,418,231	3,857,233	3,560,209	495,178	141,000	202,469	195,107	39,352,147
FINES AND FORFEITURES	-	-	-	-	-	-	-	-	-	-	-	-	-	659,846
INVESTMENT INCOME	-	10,000	-	8,000	154,957	24,500	27,000	27,600	13,000	-	1,200	-	1,800	436,757
PAYMENT FROM COMPONENT UNIT	-	-	961,550	-	-	-	-	-	-	-	-	-	-	1,228,050
CONTRIBUTIONS AND DONATIONS	-	-	5,000	-	-	-	-	-	-	-	-	-	-	81,500
MISCELLANEOUS	-	-	18,000	-	23,688	-	-	500	3,883	-	-	-	-	385,935
TOTAL REVENUES	$652,500	$10,000	$984,550	$8,000	$22,578,762	$3,275,852	$5,963,080	$5,919,037	$3,577,092	$495,178	$142,200	$202,469	$196,907	$67,480,064
EXPENDITURES														
CURRENT														
CULTURE AND RECREATION	-	-	105,550	-	-	-	-	-	-	-	-	-	-	4,608,631
GENERAL GOVERNMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	6,140,467
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-	-	-	-	620,228
HIGHWAYS AND STREETS	225,000	369,748	-	-	-	-	-	-	-	-	-	-	-	3,016,017
PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-	-	-	-	7,238,950
ECONOMIC DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	569,161
COST OF SALES AND SERVICES	-	-	-	-	15,669,007	1,742,869	333,096	-	-	-	-	-	-	17,744,972
ELECTRIC	-	-	-	-	3,102,036	-	-	-	-	-	-	-	-	3,102,036
GAS	-	-	-	-	-	576,058	-	-	-	-	-	-	-	576,058
WATER	-	-	-	-	-	-	1,851,603	-	-	-	-	-	-	1,851,603
WASTEWATER	-	-	-	-	-	-	-	1,747,294	-	-	-	-	-	1,747,294
SANITATION	-	-	-	-	-	-	-	-	2,773,701	-	-	-	-	2,773,701
DRAINAGE	-	-	-	-	-	-	-	-	-	230,980	-	-	-	230,980
GROSS REVENUE TAX	-	-	-	-	1,531,140	226,441	299,903	260,716	60,974	-	-	-	-	2,379,174
INTERNAL SERVICE	-	-	-	-	-	-	-	-	-	-	16,840	-	172,900	189,740
DEBT SERVICE														
INTEREST & FISCAL CHARGES	-	-	-	-	65,162	-	260,707	139,347	34,797	16,891	3,343	22,404	-	1,205,081
PRINCIPAL RETIREMENT	-	-	-	-	72,194	-	737,988	1,374,975	233,876	79,048	27,146	158,771	-	4,941,304
CAPITAL OUTLAY	500,000	630,630	1,179,750	4,171,185	1,031,165	133,829	1,862,602	1,445,129	500,000	-	110,000	204,628	-	14,082,957
TOTAL EXPENDITURES	$725,000	$1,000,378	$1,285,300	$4,171,185	$21,470,704	$2,679,197	$5,345,899	$4,967,461	$3,603,348	$326,919	$157,329	$385,803	$172,900	$73,018,354
OTHER FINANCING SOURCES (USES)														
TRANSFERS IN	22,500	-	-	-	650,680	-	-	-	-	-	-	355,867	-	6,085,319
TRANSFERS OUT	-	-	-	(61,001)	(1,922,619)	(602,828)	(613,824)	(366,346)	(445,217)	-	-	-	-	(6,085,319)
PAYMENT TO PRIMARY GOVERNMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,228,050)
ISSUANCE OF DEBT	-	-	-	3,450,000	-	-	-	-	-	-	-	-	-	4,450,000
INSURANCE PROCEEDS	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
TOTAL OTHER FINANCING SOURCES (USES)	$22,500	$0	$0	$3,388,999	($1,271,939)	($602,828)	($613,824)	($366,346)	($445,217)	$0	$0	$355,867	$0	$3,231,950
CHANGE IN FUND BALANCE	(50,000)	(990,378)	(300,750)	(774,186)	(163,881)	(6,173)	3,357	585,230	(471,473)	168,259	(15,129)	172,533	24,007	(2,306,340)
ENDING FUND BALANCE	$0	$118,502	$20,847	$0	$9,783,171	$1,410,217	$1,568,801	$1,093,571	$728,588	$168,259	$66,562	$172,533	$216,774	$22,525,873

AGENDA ITEM 5

DATE OF MEETING: September 16, 2019 **DEPT. OF ORIGIN:** Finance	**DATE SUBMITTED:** September 11, 2019 **SUBMITTED BY:** Carolyn D. Miller

MEETING TYPE:	**CLASSIFICATION:**	**ORDINANCE:**
☐ **REGULAR**	☐ **PUBLIC HEARING**	☒ **1ST READING**
☒ **SPECIAL**	☐ **CONSENT**	☐ **2ND READING**
☐ **EXECUTIVE SESSION**	☒ **REGULAR**	☐ **RESOLUTION**
	☐ **WORK SESSION**	

AGENDA ITEM DESCRIPTION: Discuss and Possibly Act Upon an Ordinance on Its First Reading Adopting the Budget for Fiscal Year Beginning October 1, 2019 and Ending September 30, 2020

SUMMARY STATEMENT: See attached memo from Assistant City Manager-Chief Financial Officer on this item.

STAFF ANALYSIS (For Ordinances or Regular Agenda Items):

A. PROS:

B. CONS:

ALTERNATIVES (In Suggested Order of Staff Preference):

ATTACHMENTS: : (1) Memo from ACM-CFO; (2) Ordinance; and (3) Combined Fund Summary (Exhibit A)

FUNDING SOURCE (Where Applicable):

RECOMMENDED ACTION: RECORD VOTE

Approve Ordinance on Its First Reading Adopting the Budget for Fiscal Year beginning October 1, 2019 and Ending September 30, 2020.

APPROVALS: James Fisher

MEMORANDUM

To: Mayor, Council and City Manager

From: Carolyn D. Miller
Assistant City Manager-Chief Financial Officer

Subject: FY2019-20 Budget Adoption Ordinance

Date: September 11, 2019

The proposed FY2019-20 budget has been developed in compliance with the property tax code, local government code, and City Charter. The proposed budget includes appropriations of operating resources for 30 separate funds and authorizes $73.0 million in expenditures. The proposed budget is on the City's website and on file with the City Secretary.

The Budget Ordinance is attached along with the Combined Fund Summary. This item is for the first reading of the Ordinance to adopt the proposed FY19-20 budget.

Local Government Code requires the city council's vote to adopt a budget be a record vote.

COUNCIL MUST TAKE A RECORD VOTE ON THIS ITEM

ORDINANCE NO. _________

AN ORDINANCE ADOPTING A BUDGET FOR THE CITY OF BRENHAM, TEXAS FOR THE FISCAL YEAR 2019-20; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Brenham, Texas, has prepared a budget for the fiscal year October 1, 2019 through September 30, 2020 and has filed same with the City Secretary and has held public hearings on same, all after due notice as required by statute.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BRENHAM, TEXAS:

SECTION I.

That the City Council of the City of Brenham, Texas does hereby adopt the Budget for the City of Brenham, Texas, for the fiscal year October 1, 2019 through September 30, 2020 as shown in the attached Exhibit "A", which is incorporated herein as though copied herein verbatim.

SECTION II.

That authority is hereby given to the City Manager to approve transfers of portions of any item of appropriation within the same department and transfers from one department to another department within the same fund.

SECTION III.

This Ordinance shall become effective as provided by the Charter of the City of Brenham, Texas.

PASSED AND APPROVED on its first reading this the ___ day of _______, 2019.

PASSED AND ADOPTED on its second reading this the ___ day of _______, 2019.

____
Milton Y. Tate, Jr., Mayor

ATTEST:

____
Jeana Bellinger, City Secretary

____
Cary Bovey, City Attorney

CITY OF BRENHAM

COMBINED FUND SUMMARY

FY19-20 BUDGET

Exhibit A

	GENERAL FUND										COMPONENT UNIT	SPECIAL REVENUE FUNDS				
	GENERAL	POLICE DEPT GRANTS	MOTOR/ PD EQUIP	PUBLIC SAFETY	FEMA DISASTER	DONA-TIONS	FIRE DEPT GRANTS	CAPITAL/ NON-ROUTINE	TOURISM & PROMOTION	DEBT	BCDC & BCDC CAPITAL	HOTEL/ MOTEL	HOTEL/ TAX CNTY	CRIM LAW ENFORCE	COURTS TECH	TIRZ #1
BEGINNING BALANCE	$4,283,353	$0	$0	$2,599	$61,696	$233,446	$0	$94,579	$202,841	$612,366	$1,774,129	$299,307	$9,092	$38,118	$54,278	$0
REVENUES																
TAXES	12,936,484	-	-	-	-	-	-	-	-	2,828,736	1,836,438	675,000	140,470	-	-	43,316
LICENSES AND PERMITS	147,328	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTERGOVERNMENTAL	374,426	11,996	2,822	3,600	2,129,360	-	1,800	-	-	-	-	-	-	-	-	-
CHARGES FOR SERVICES	604,851	-	-	-	-	-	-	-	172,800	-	-	-	-	-	53,600	-
FINES AND FORFEITURES	659,846	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INVESTMENT INCOME	135,000	-	-	-	-	-	-	-	-	11,000	18,000	4,000	-	200	500	-
PAYMENT FROM COMPONENT UNIT	186,500	-	-	-	-	-	-	-	-	80,000	-	-	-	-	-	-
CONTRIBUTIONS AND DONATIONS	-	-	-	-	-	75,500	-	-	1,000	-	-	-	-	-	-	-
MISCELLANEOUS	328,206	-	-	-	-	-	-	-	500	-	1,158	-	-	10,000	-	-
TOTAL REVENUES	$15,372,641	$11,996	$2,822	$3,600	$2,129,360	$75,500	$1,800	$0	$174,300	$2,919,736	$1,855,596	$679,000	$140,470	$10,200	$54,100	$43,316
EXPENDITURES																
CURRENT																
CULTURE AND RECREATION	3,518,926	-	-	-	-	3,000	-	-	785,300	-	55,385	-	140,470	-	-	-
GENERAL GOVERNMENT	5,969,790	-	-	-	-	35,000	-	94,579	-	-	-	-	-	-	41,098	-
HEALTH AND WELFARE	615,228	-	-	-	-	5,000	-	-	-	-	-	-	-	-	-	-
HIGHWAYS AND STREETS	1,086,052	-	-	-	1,335,217	-	-	-	-	-	-	-	-	-	-	-
PUBLIC SAFETY	7,157,432	11,996	2,822	2,900	-	32,000	1,800	-	-	-	-	-	-	30,000	-	-
ECONOMIC DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	569,161	-	-	-	-	-
COST OF SALES AND SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ELECTRIC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WATER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WASTEWATER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SANITATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DRAINAGE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS REVENUE TAX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTERNAL SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE																
INTEREST & FISCAL CHARGES	-	-	-	-	-	-	-	-	-	662,430	-	-	-	-	-	-
PRINCIPAL RETIREMENT	-	-	-	-	-	-	-	-	-	2,257,306	-	-	-	-	-	-
CAPITAL OUTLAY	45,000	-	-	-	962,039	10,000	-	-	-	-	1,297,000	-	-	-	-	-
TOTAL EXPENDITURES	$18,392,428	$11,996	$2,822	$2,900	$2,297,256	$85,000	$1,800	$94,579	$785,300	$2,919,736	$1,921,546	$0	$140,470	$30,000	$41,098	$0
OTHER FINANCING SOURCES (USES)																
TRANSFERS IN	3,384,271	-	-	-	61,001	-	-	-	611,000	-	1,000,000	-	-	-	-	-
TRANSFERS OUT	(1,374,484)	-	-	-	-	-	-	-	-	-	-	(679,000)	-	-	(20,000)	-
PAYMENT TO PRIMARY GOVERNMENT	-	-	-	-	-	-	-	-	-	-	(1,228,050)	-	-	-	-	-
ISSUANCE OF DEBT	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INSURANCE PROCEEDS	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	$3,019,787	$0	$0	$0	$61,001	$0	$0	$0	$611,000	$0	($228,050)	($679,000)	$0	$0	($20,000)	$0
CHANGE IN FUND BALANCE	-	-	-	700	(106,895)	(9,500)	-	(94,579)	-	-	(294,000)	-	-	(19,800)	(6,998)	43,316
ENDING FUND BALANCE	$4,283,353	$0	$0	$3,299	($45,199)	$223,946	$0	$0	$202,841	$612,366	$1,480,129	$299,307	$9,092	$18,318	$47,280	$43,316

CITY OF BRENHAM
COMBINED FUND SUMMARY
FY19-20 BUDGET

Exhibit A (cont.)

	CAPITAL PROJECT FUNDS				ENTERPRISE FUNDS						INTERNAL SERVICE FUNDS			
	AIRPORT CAPITAL	2017 CAP PROJ	PARKS CAP IMPROV	STREET DRAINAGE	ELECTRIC	GAS	WATER	WASTE-WATER	SANI-TATION	DRAINAGE	CENTRAL FLEET	VEH/EQUIP REPLACE	WORKERS' COMP	TOTAL
BEGINNING BALANCE	$50,000	$1,108,880	$321,597	$774,186	$9,947,052	$1,416,390	$1,565,444	$508,341	$1,200,061	$0	$81,691	$0	$192,767	$24,832,213
REVENUES														
TAXES	-	-	-	-	-	-	-	-	-	-	-	-	-	18,460,444
LICENSES AND PERMITS	-	-	-	-	-	-	-	-	-	-	-	-	-	147,328
INTERGOVERNMENTAL	652,500	-	-	-	-	-	1,517,849	2,033,704	-	-	-	-	-	6,728,057
CHARGES FOR SERVICES	-	-	-	-	22,400,117	3,251,352	4,418,231	3,857,233	3,560,209	495,178	141,000	202,469	195,107	39,352,147
FINES AND FORFEITURES	-	-	-	-	-	-	-	-	-	-	-	-	-	659,846
INVESTMENT INCOME	-	10,000	-	8,000	154,957	24,500	27,000	27,600	13,000	-	1,200	-	1,800	436,757
PAYMENT FROM COMPONENT UNIT	-	-	961,550	-	-	-	-	-	-	-	-	-	-	1,228,050
CONTRIBUTIONS AND DONATIONS	-	-	5,000	-	-	-	-	-	-	-	-	-	-	81,500
MISCELLANEOUS	-	-	18,000	-	23,688	-	-	500	3,883	-	-	-	-	385,935
TOTAL REVENUES	$652,500	$10,000	$984,550	$8,000	$22,578,762	$3,275,852	$5,963,080	$5,919,037	$3,577,092	$495,178	$142,200	$202,469	$196,907	$67,480,064
EXPENDITURES														
CURRENT														
CULTURE AND RECREATION	-	-	105,550	-	-	-	-	-	-	-	-	-	-	4,608,631
GENERAL GOVERNMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	6,140,467
HEALTH AND WELFARE	-	-	-	-	-	-	-	-	-	-	-	-	-	620,228
HIGHWAYS AND STREETS	225,000	369,748	-	-	-	-	-	-	-	-	-	-	-	3,016,017
PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-	-	-	-	7,238,950
ECONOMIC DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	569,161
COST OF SALES AND SERVICES	-	-	-	-	15,669,007	1,742,869	333,096	-	-	-	-	-	-	17,744,972
ELECTRIC	-	-	-	-	3,102,036	-	-	-	-	-	-	-	-	3,102,036
GAS	-	-	-	-	-	576,058	-	-	-	-	-	-	-	576,058
WATER	-	-	-	-	-	-	1,851,603	-	-	-	-	-	-	1,851,603
WASTEWATER	-	-	-	-	-	-	-	1,747,294	-	-	-	-	-	1,747,294
SANITATION	-	-	-	-	-	-	-	-	2,773,701	-	-	-	-	2,773,701
DRAINAGE	-	-	-	-	-	-	-	-	-	230,980	-	-	-	230,980
GROSS REVENUE TAX	-	-	-	-	1,531,140	226,441	299,903	260,716	60,974	-	-	-	-	2,379,174
INTERNAL SERVICE	-	-	-	-	-	-	-	-	-	-	16,840	-	172,900	189,740
DEBT SERVICE														
INTEREST & FISCAL CHARGES	-	-	-	-	65,162	-	260,707	139,347	34,797	16,891	3,343	22,404	-	1,205,081
PRINCIPAL RETIREMENT	-	-	-	-	72,194	-	737,988	1,374,975	233,876	79,048	27,146	158,771	-	4,941,304
CAPITAL OUTLAY	500,000	630,630	1,179,750	4,171,185	1,031,165	133,829	1,862,602	1,445,129	500,000	-	110,000	204,628	-	14,082,957
TOTAL EXPENDITURES	$725,000	$1,000,378	$1,285,300	$4,171,185	$21,470,704	$2,679,197	$5,345,899	$4,967,461	$3,603,348	$326,919	$157,329	$385,803	$172,900	$73,018,354
OTHER FINANCING SOURCES (USES)														
TRANSFERS IN	22,500	-	-	-	650,680	-	-	-	-	-	-	355,867	-	6,085,319
TRANSFERS OUT	-	-	-	(61,001)	(1,922,619)	(602,828)	(613,824)	(366,346)	(445,217)	-	-	-	-	(6,085,319)
PAYMENT TO PRIMARY GOVERNMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,228,050)
ISSUANCE OF DEBT	-	-	-	3,450,000	-	-	-	-	-	-	-	-	-	4,450,000
INSURANCE PROCEEDS	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
TOTAL OTHER FINANCING SOURCES (USES)	$22,500	$0	$0	$3,388,999	($1,271,939)	($602,828)	($613,824)	($366,346)	($445,217)	$0	$0	$355,867	$0	$3,231,950
CHANGE IN FUND BALANCE	(50,000)	(990,378)	(300,750)	(774,186)	(163,881)	(6,173)	3,357	585,230	(471,473)	168,259	(15,129)	172,533	24,007	(2,306,340)
ENDING FUND BALANCE	$0	$118,502	$20,847	$0	$9,783,171	$1,410,217	$1,568,801	$1,093,571	$728,588	$168,259	$66,562	$172,533	$216,774	$22,525,873

AGENDA ITEM 6

DATE OF MEETING: September 16, 2019 **DEPT. OF ORIGIN:** Finance	**DATE SUBMITTED:** September 11, 2019 **SUBMITTED BY:** Carolyn D. Miller

MEETING TYPE:

- ☐ **REGULAR**
- ☒ **SPECIAL**
- ☐ **EXECUTIVE SESSION**

CLASSIFICATION:

- ☐ **PUBLIC HEARING**
- ☐ **CONSENT**
- ☒ **REGULAR**
- ☐ **WORK SESSION**

ORDINANCE:

- ☐ **1ST READING**
- ☐ **2ND READING**
- ☐ **RESOLUTION**

AGENDA ITEM DESCRIPTION: Discuss and Possibly Act Upon Ratification of the Property Tax Increase Reflected in the Proposed Budget for Fiscal Year Beginning October 1, 2019 and Ending September 30, 2020, which Raises More Revenue from Property Taxes than the Previous Year's Budget

SUMMARY STATEMENT: See attached memo from Assistant City Manager-Chief Financial Officer on this item.

STAFF ANALYSIS (For Ordinances or Regular Agenda Items):

A. PROS:

B. CONS:

ALTERNATIVES (In Suggested Order of Staff Preference):

ATTACHMENTS: (1) Memo from ACM-CFO

FUNDING SOURCE (Where Applicable):

RECOMMENDED ACTION: Ratify the Property Tax Increase with the following motion:

I move to ratify the property tax increase reflected in the proposed budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020, which raises more revenue from property taxes than the previous year's budget.

APPROVALS: James Fisher

MEMORANDUM

To: Mayor, Council and City Manager

From: Carolyn D. Miller
Assistant City Manager-Chief Financial Officer

Subject: Ratification of Property Tax Increase
Required for the Proposed FY2019-20 Budget

Date: September 11, 2019

In compliance with the Local Government Code, if a municipal budget raises more property taxes than in the previous year's budget, City Council must formally ratify a property tax increase. The FY2019-20 budget will raise more total property taxes than last year's budget by $649,433 (9.64%), and of that amount $82,309 is tax revenue to be raised from new property added to the tax roll this year. A vote must be taken to ratify the property tax increase reflected in the budget. ***This vote is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate***.

The following motion should be made:

I move to ratify the property tax increase reflected in the proposed budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020, which raises more revenue from property taxes than the previous year's budget.

City of BRENHAM

AGENDA ITEM 7

DATE OF MEETING: September 16, 2019 **DEPT. OF ORIGIN:** Finance	**DATE SUBMITTED:** September 11, 2019 **SUBMITTED BY:** Carolyn D. Miller

MEETING TYPE:	**CLASSIFICATION:**	**ORDINANCE:**
☐ **REGULAR**	☐ **PUBLIC HEARING**	☒ **1ST READING**
☒ **SPECIAL**	☐ **CONSENT**	☐ **2ND READING**
☐ **EXECUTIVE SESSION**	☒ **REGULAR**	☐ **RESOLUTION**
	☐ **WORK SESSION**	

AGENDA ITEM DESCRIPTION: Discuss and Possibly Act Upon an Ordinance on Its First Reading Levying Taxes for the Tax Year 2019 for the City of Brenham at $0.5140 per $100 Valuation

SUMMARY STATEMENT: See attached memo from Assistant City Manager-Chief Financial Officer on this item.

STAFF ANALYSIS (For Ordinances or Regular Agenda Items):

A. PROS:

B. CONS:

ALTERNATIVES (In Suggested Order of Staff Preference):

ATTACHMENTS: (1) Memo from ACM-CFO; and (2) Ordinance

FUNDING SOURCE (Where Applicable):

RECOMMENDED ACTION: RECORD VOTE

I move that the property tax rate be increased by the adoption of a tax rate of $0.5140 per $100 valuation, which is effectively an 8.26% increase in the tax rate.

APPROVALS: James Fisher

MEMORANDUM

To: Mayor, Council and City Manager

From: Carolyn D. Miller
Assistant City Manager-Chief Financial Officer

Subject: 2019 Tax Rate Ordinance

Date: September 11, 2019

The Proposed FY2019-20 Budget includes a tax rate of $0.5140 per $100 valuation which has two components: maintenance and operations (M&O) and interest and sinking (I&S). The proposed tax rate of $0.5140 will allocate $0.3200 to the General Fund for maintenance and operations and, the balance of $0.1940 to the Debt Service Fund for interest and sinking.

The City has complied with all of the notices, publications, and public hearings as required by the Tax Code. Pursuant to the Tax Code, the vote on the ordinance setting a tax rate that exceeds the effective tax rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance. The Tax Code also specifies that the **motion** to adopt the tax rate be made in the following form:

> **I move that the property tax rate be increased by the adoption of a tax rate of $0.5140 per $100 valuation, which is effectively an 8.26% increase in the tax rate.**

COUNCIL MUST TAKE A RECORD VOTE ON THIS ITEM

ORDINANCE NO. __________

AN ORDINANCE LEVYING TAXES FOR THE TAX YEAR 2019 FOR THE CITY OF BRENHAM, TEXAS AND PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BRENHAM, TEXAS:

SECTION I.

That there be and is hereby levied an ad valorem tax of $0.3200 on each one hundred dollars worth of property owned and situated within the City Limits of the City of Brenham, Texas, both real and personal and mixed, for General Fund maintenance and operating purposes for the Tax Year 2019.

SECTION II.

That there be and is hereby levied for the use of the City of Brenham, for the Tax Year 2019, an ad valorem tax of $0.1940 on each one hundred dollars worth of real, personal and mixed property owned and situated in the City Limits of the City of Brenham, Texas, for the payment of principal and interest on all outstanding bonds and lease payments, not otherwise provided for, of the City of Brenham.

SECTION III.

Wherefore, the combined tax rate in accordance with V.T.C.A. Tax Code Section 26.05 shall be $0.5140 on each one hundred dollars worth of real, personal, and mixed property of owned and situated within the City Limits of the City of Brenham, Texas.

SECTION IV.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

SECTION V.

This Ordinance shall become effective as provided by the Charter of the City of Brenham, Texas.

PASSED AND APPROVED on its first reading this the ___ day of _______, 2019.

PASSED AND ADOPTED on its second reading this the ___ day of _______, 2019.

____
Milton Y. Tate, Jr., Mayor

ATTEST:

____
Jeana Bellinger, City Secretary

____
Cary Bovey, City Attorney