



## CITY OF WICHITA FALLS INTER-OFFICE MEMORANDUM

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Stephen Calvert, CFO

**DATE:** August 28, 2024

**SUBJECT:** Revised Proposed Fiscal Year 2025 Annual Operating Budget

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I am pleased to present the Revised Proposed Annual Operating Budget for Fiscal Year 2025, which covers the period from October 1, 2024, to September 30, 2025. It includes revisions that were requested by Council as part of the budget workshop on August 13<sup>th</sup> and presented to Council on August 20<sup>th</sup>.

This budget has been developed with a focus on key goals from the City's recently adopted Strategic Plan:

- **Accelerate Economic Growth**
- **Provide Quality Infrastructure**
- **Actively Engage and Inform the Public**
- **Optimize Engagement with the City and Efficiently Deliver City Services**

### **KEY FEATURES OF THE REVISED PROPOSED BALANCED BUDGET FOR FY 2025**

The FY 2025 Proposed Budget offers several opportunities for the City Council:

- **Maintain current service levels despite the ongoing impact of inflation.**
- **Increase the property tax rate from 0.6800 to 0.6848.**
- **Increase police civil service pay by 11%**
- **Increase all other employee pay by 5%**
- **Includes EMT and paramedic certification pay for fire civil service**
- **Includes a 1% vacancy allowance in the personnel budget**
- **Invests over \$31 million to infrastructure replacement and capital improvement projects (CIP).**
- **Apply a 2.5% rate increase to all retail water, sewer and sanitation services**
- **Includes the use of previously designated general fund capital for Sports Complex Improvements (\$2,100,000) and Municipal Court Facilities (\$215,000)**
- **Set aside \$4 million in excess General Fund Reserves to a Capital Fund for future use.**

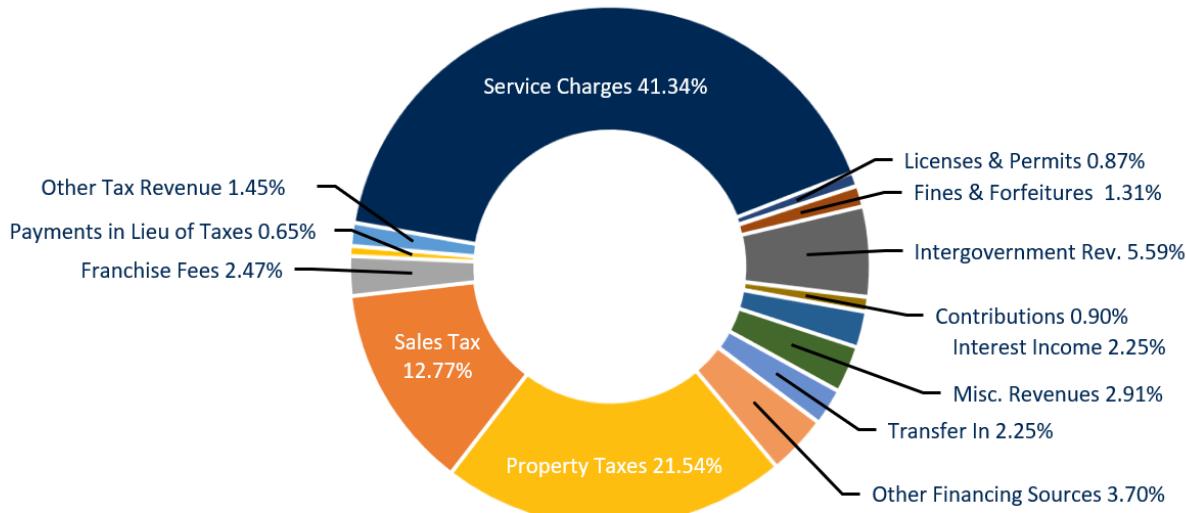
## TOTAL REVENUE BUDGET OVERVIEW

Total revenues (consolidated revenues) for the proposed FY 2025 budget, including fund balance transfers in, are projected at \$242,024,764, which is an increase of \$9,072,408, or 3.89% from the FY 2024 Adopted Budget. The overall increase is due to increased property tax revenues, service charges, and interest income and was partly offset by decreased sales tax revenue. The decrease in transfers is because the FY 2024 Adopted Budget included the use of \$2,000,000 in remaining bond funds for additional street improvements. Total operating revenues for FY 2025, not including fund balance transfers in, are projected to be \$227,623,226, which is a 4.11% increase from FY 2024.

Revenue Source	FY 23	FY 24	FY 25	Difference	% Diff.
	Actual	Adopted Budget	Proposed Budget		
Property Taxes	44,719,973	48,739,569	52,125,970	3,386,401	6.95%
Sales Tax	30,995,258	31,725,000	30,903,921	(821,079)	-2.59%
Franchise Fees	5,912,238	5,527,634	5,979,706	452,072	8.18%
Payments in Lieu of Taxes	1,573,379	1,573,446	1,576,000	2,554	0.16%
Other Tax Revenue	3,631,028	3,341,500	3,515,482	173,982	5.21%
Service Charges	92,041,730	97,026,937	100,055,181	3,028,244	3.12%
Licenses & Permits	1,994,008	2,049,700	2,114,105	64,405	3.14%
Fines & Forfeitures	3,008,785	2,940,400	3,178,200	237,800	8.09%
Intergovernment Rev.	13,646,995	12,378,000	13,532,690	1,154,690	9.33%
Contributions	5,363,752	1,981,356	2,154,852	173,496	8.76%
Interest Income	5,487,659	5,433,200	5,436,000	2,800	0.05%
Misc. Revenues	9,221,699	5,930,401	7,051,119	1,120,718	18.90%
<b>Operating Revenues</b>	<b>217,596,504</b>	<b>218,647,143</b>	<b>227,623,226</b>	<b>8,976,083</b>	<b>4.11%</b>
Transfer In	18,583,998	7,942,567	5,443,345	(2,499,222)	-31.47%
Oth. Fin. Sources	-	6,362,646	8,958,193	2,595,547	40.79%
<b>Consolidated Revenues</b>	<b>236,180,502</b>	<b>232,952,356</b>	<b>242,024,764</b>	<b>9,072,408</b>	<b>3.89%</b>

The chart below shows the breakdown of the City's revenue sources by category. It is important to note that approximately 41.34% of all City revenue is derived through service charges such as water sales, sewer charges, refuse (sanitation) collection charges, stormwater fees, and internal service charges. Also, 38.88% is derived from taxes and franchise fees such as property, sales, and hotel/motel taxes, and payments from ONCOR Electric, ATMOS Gas, Spectrum, and various telecommunication providers.

## FY 2025 Operating Revenues by Source



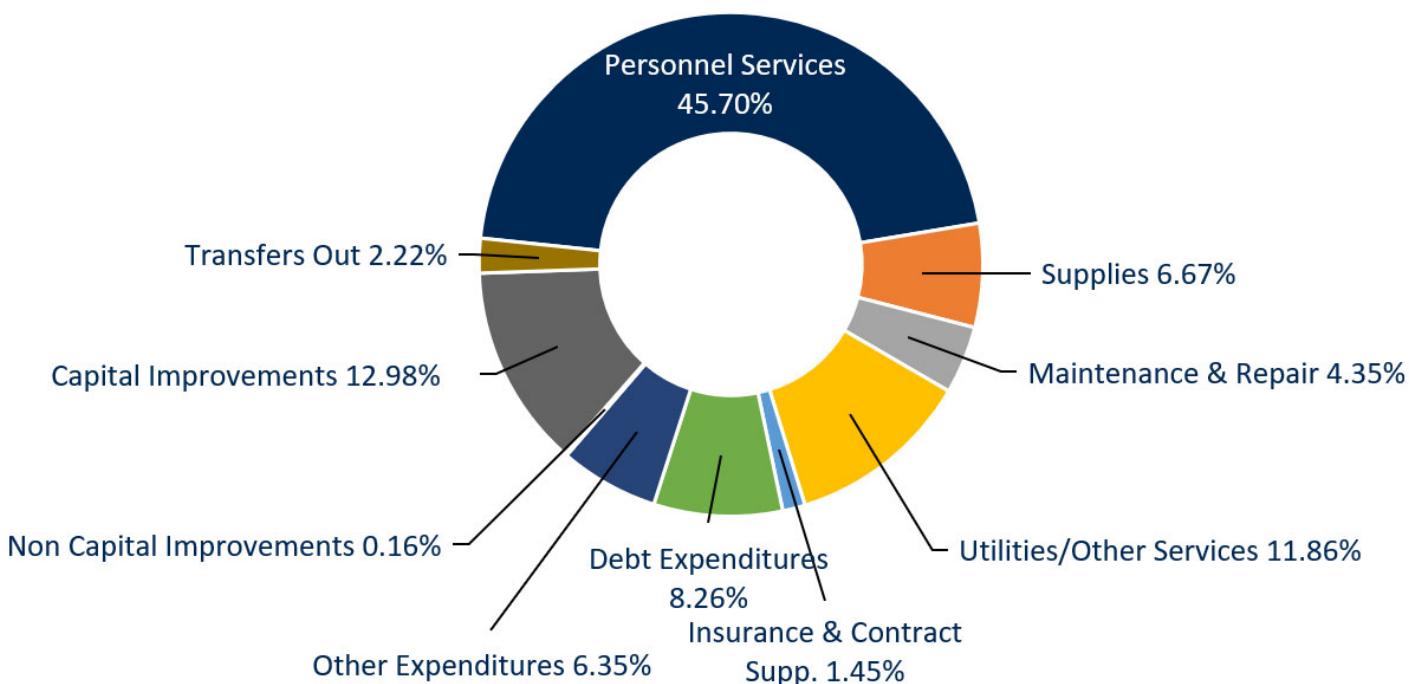
## TOTAL EXPENDITURE BUDGET OVERVIEW

The City's total proposed expenditure budget for FY 2025 is \$242,024,764, which is an increase of \$9,072,408, or 3.89%, from the FY 2024 Adopted Budget. The budget accounts for increased personnel costs resulting from a 11% Police Civil Service pay increase and a 5% cost of living adjustment for all other employees. The table below compares total expenditures by category of the FY 2025 Proposed Budget compared to the FY 2024 Adopted Budget.

Expenditures	FY 23	FY 24	FY 25	Difference	% Diff.
	Actual	Adopted Budget	Proposed Budget		
Personnel Services	95,645,696	104,741,917	110,598,663	5,856,746	5.59%
Supplies	14,717,586	15,838,944	16,133,920	294,976	1.86%
Maintenance & Repair	10,296,703	10,378,043	10,534,680	156,637	1.51%
Utilities/Other Serv	28,776,487	28,573,613	28,702,379	128,766	0.45%
Insur & Contr Supp.	27,957,999	3,395,056	3,513,449	118,393	3.49%
Debt Expenditures	7,312,177	20,030,328	19,995,351	(34,977)	-0.17%
Other Expenditures	12,580,787	14,494,516	15,376,576	882,060	6.09%
Non Cap Improvements	78,152	414,634	391,950	(22,684)	-5.47%
Capital Improvements	28,722,984	30,041,703	31,410,348	1,368,645	4.56%
Transfers Out	7,342,291	5,043,602	5,367,447	323,845	6.42%
<b>Total Expenditures</b>	<b>233,430,862</b>	<b>232,952,356</b>	<b>242,024,764</b>	<b>9,072,408</b>	<b>3.89%</b>

The following pie chart shows the same expenditures by major category, but as a percentage of the total budget. Personnel expenses make up the largest category of municipal spending at 45.70%. Services, such as utilities, professional services, and central garage charges make up the next largest spending category at 11.86%. Debt service payments on the City's outstanding bonds make up 8.26% of all spending.

### FY 2025 Expenditures by Classification



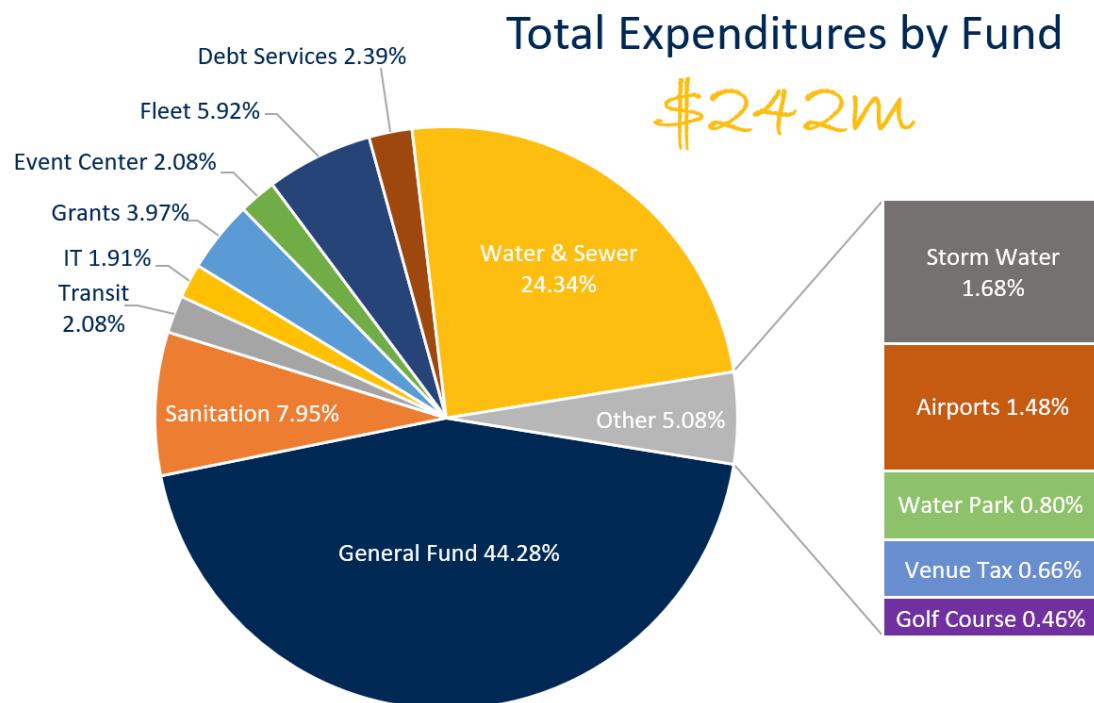
Some important points:

- Personnel Services: The Proposed Budget includes a 11% cost of living compensation increase for civil service Police employees and a 5% cost-of-living compensation increase for all other employees citywide. The Budget also includes the introduction of evening differential pay for Police and Public Works personnel, certification pay for Police, Fire, Health and Information Services, and the addition of seven (7) full time positions citywide.
- Supplies: The cost of supplies including chemicals and fuel increased slightly as inflation is lower than previous years.
- Utilities and Other Services: The FY 2024 Adopted Budget included \$150,000 for a structural assessment of the Transfer Station. This was partially offset by the increased cost of electricity.
- Insurance and Contract Support: The Proposed Budget for insurance and contract support increased by 3.49%, as the increased cost of property insurance was offset by decreased workers compensation costs.
- Debt Expenditures: Annual payment on the City's debt decreased slightly as a capital lease for energy improvements has been retired.
- Capital Improvements: Capital improvements increased by \$2,057,455, or 7.01%. The FY 2025 Proposed Budget includes an increase in the cost of Water and Sewer Line Replacements from \$3,000,000 to \$3,500,000. Also included is the use of General Fund reserves for one-time capital expenditures including artificial turf for the second sports complex, Municipal Court building improvements, flooring replacement at the Public Library, as well as park and public spaces improvements.

#### Proposed Capital Improvements Across All Funds (\$)

Category	Amount
Lake Ringgold - Federal Permitting	\$ 5,000,000
Water and Sewer Line Replacements	3,500,000
Water System Infrastructure	2,825,800
Street Rehab and Improvement	3,545,360
Sanitation Trucks	2,213,979
Vehicles (Fleet)	2,192,297
Stormwater System Improvements	2,173,911
Turf at Sports Complex #2	2,100,000
Venue Projects (Memorial Auditorium and MPEC)	1,583,000
Composting Grinder (Landfill)	1,370,408
Buses (Public Transportation)	1,230,000
Facility Improvements	1,139,450
All Other	2,536,233
<b>Total</b>	<b>\$31,410,438</b>

The chart below shows the breakdown of the total budget by the City's various operating funds. As indicated in the chart, spending in the General Fund, Water/Sewer Fund, and Sanitation Fund make up 76.57% of all City expenditures.



## ABOVE CURRENT REQUESTS

This budget also includes "Above-Current" Requests. As mentioned, each year Directors enter any new requests into the 'Above Current Projection'. This allows the City to clearly see new requests and make determinations based upon need. Of the almost \$12.9 million in requests received, this budget includes approximately \$3.9 million, which addresses needs in various City Departments, including seven (7.0) new FTEs across the organization.

Department	Item	Cost	FTE
Recreation	Turf for Sports Complex #2	2,100,000	
Municipal Court	Municipal Court Improvements	215,000	
Parks	Parks Director <sup>1</sup>	130,159	1.0
Fire	Fire Certification Pay	176,967	
	Fire Lieutenant EMS Coordinator	115,109	1.0
	New Vehicles	120,000	
Police	Police Shift Differential Pay	186,785	
	Expanded Police Take Home Vehicle Policy	85,000	
	Increase in Recruit Pay for PD	75,000	
	Language Incentive Pay for PD	30,000	
Library	Off-duty Police Officer coverage	36,655	
AT&T	Bicycle Safety Coordinator <sup>2</sup>		1.0
MPEC	CVB Sales and Service Coordinator	73,498	1.0
	Kitchen Supervisor Position	86,984	1.0
	MPEC Improvements	52,781	
Airports	Reclass Lineman Positions	50,539	
Water & Sewer	Water & Sewer Shift Differential	81,104	
IT	IT Network Analyst	86,984	1.0
	IT Certification Pay	54,608	
City Clerk	Open Records Specialist	69,619	1.0
All Other Items		87,119	
		<b>3,913,911</b>	<b>7.0</b>

<sup>1</sup> Partially offset by reclass of Parks Superintendent

<sup>2</sup> Funded by portion of new Child Safety Fee

## **Personnel Services:**

The organization's most valuable asset is our employees, and the City's goal for employee pay and benefit programs is to remain near the market average when compared to our peer cities, adjusted for the differences in cost of living between these cities. We do not want these programs to fall behind the market average, which would negatively affect our ever-challenging competitive position in the workforce, nor do we want to get ahead of these cities, which would result in unnecessary spending. Included in this budget is a cost of living pay increase of 11% for Police civil service employees and 5% for all other employees. The chart below shows the pay plan adjustments for the last 6 years.

Fiscal Year Ended	STEP (Civil Service)	Merit (Civilian)	Cost of Living Adjustment	Total % Increase
2019	2%	2.5%	3%	Fire: 5% Police: 5% Civilian: 5.5%
2020	FF Rank: 4% All Other: 2%	2.5%	Fire: 5% Police: 5% Civilian: 2%	FF: 9% Fire: 7% Police: 7% Civilian: 4.5%
2021	-	-	-	0 (COVID)
2022	2.5%	2.5%	2%	All: 4.5%
2023	-	-	5%	All: 5%
2024	2.5%	Avg. 2%	4%	Fire: 6.5% Police: 6.5% Civilian: 6%
2025 Proposed	-	-	Police: 11% All: 5%	Police: 11% All: 5%

The budget also includes funding to continue the longevity and stability pay for our employees. Longevity pay is paid to civil service police and firefighter positions for each year of service up to a maximum of \$3,200 per year after 15 years of service. Civil service employees receive this pay in their paychecks throughout the year. Stability pay is currently paid to our non-civil service employees in the amount of \$500 after two years of service to a maximum of \$2,500 after five years of service.

Additional recommendations within the overall budget for personnel services encompass the creation of seven full-time positions, the implementation of shift differential pay for Police and Public Works staff, implementation of certification pay for Fire, Health and Information Services staff and several enhancements to Police Department compensation. These enhancements include an expanded take-home vehicle policy, increased pay for Police Academy recruits, and the introduction of Language Incentive Pay.

## THE GENERAL FUND

Services provided in the General Fund include:

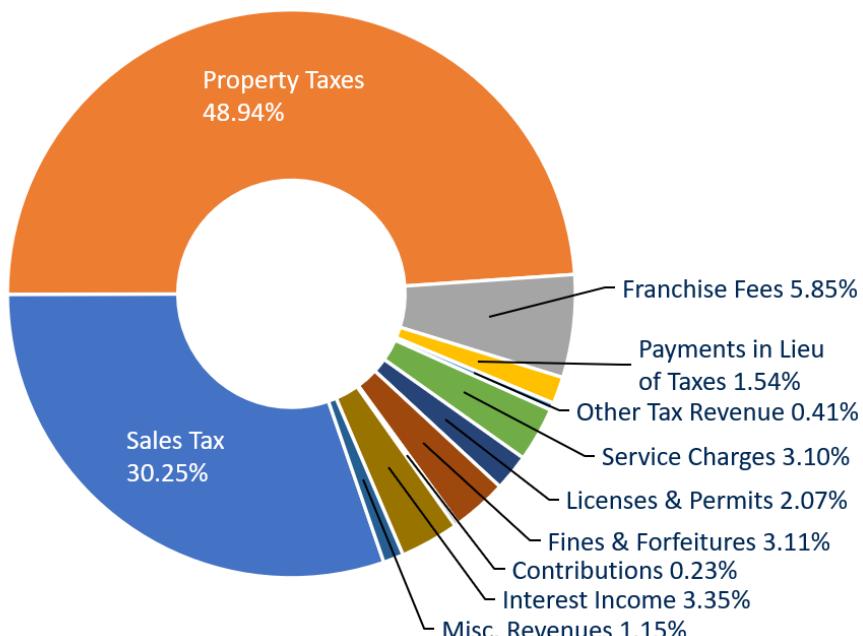
- Police Department
- Fire Department
- Municipal Court
- Administrative Services
- Building Maintenance
- Streets, Engineering, and Traffic
- Parks, Recreation, and Library
- Animal Services, Nursing and Environmental Health
- Planning, Building Inspections, and Property Management

### GENERAL FUND REVENUES

General Fund Revenues for FY 2025, including transfers-in, total \$108,473,549, which is an increase of 4.87% compared to FY 2024. Operating revenues total \$102,171,858, which is a 4.20% increase compared to FY 2024. Some of the primary changes in revenues resulting in this increase are outlined in the table below.

Source of Revenue	FY 23 Actual	FY 24 Adopted Budget	FY 25 Proposed Budget	Difference	% Diff.
Property Taxes	42,644,096	46,589,569	50,006,000	3,416,431	7.33%
Sales Tax	30,988,808	31,725,000	30,903,921	(821,079)	-2.59%
Franchise Fees	5,912,238	5,527,634	5,979,706	452,072	8.18%
Payments in Lieu of Taxes	1,573,379	1,573,446	1,576,000	2,554	0.16%
Other Tax Revenue	652,668	436,500	423,600	(12,900)	-2.96%
Service Charges	3,049,719	3,236,758	3,168,035	(68,723)	-2.12%
Licenses & Permits	1,993,198	2,049,700	2,114,105	64,405	3.14%
Fines & Forfeitures	3,008,785	2,940,400	3,178,200	237,800	8.09%
Contributions	277,285	232,500	232,500	-	0.00%
Interest Income	3,417,915	2,772,258	3,423,000	650,742	23.47%
Misc. Revenues	1,677,693	974,429	1,166,791	192,362	19.74%
<b>Operating Revenues</b>	<b>95,195,785</b>	<b>98,058,194</b>	<b>102,171,858</b>	<b>4,113,664</b>	<b>4.20%</b>
Transfer In	3,108,889	5,380,216	3,336,691	(2,043,525)	-37.98%
Oth. Fin. Sources	-	-	2,965,000	2,965,000	100.00%
<b>Consolidated Revenues</b>	<b>98,304,674</b>	<b>103,438,410</b>	<b>108,473,549</b>	<b>5,035,139</b>	<b>4.87%</b>

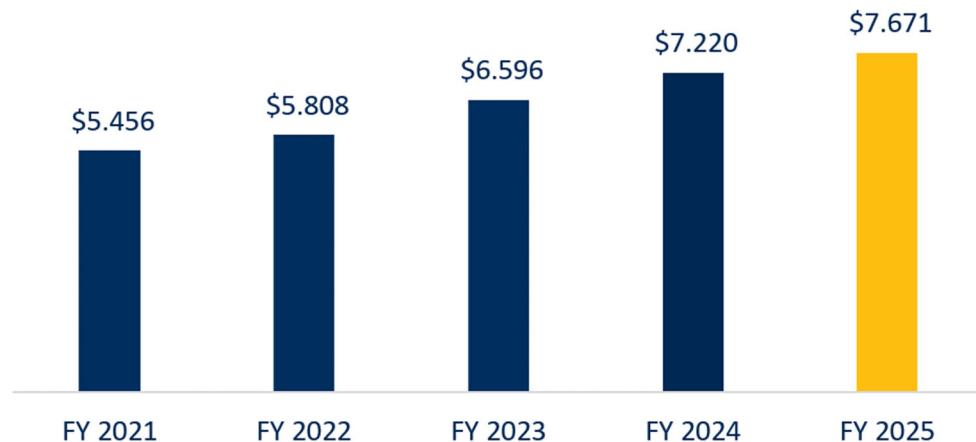
FY 2025 General Fund Operating Revenue by Source



### **Property Tax Base:**

The Property Tax is the main source of income for the city's General Fund, which is used to provide essential city services. The total value of properties in the area, as determined by the Wichita County Appraisal District, is \$7.671 billion. This represents an increase of \$354 million, or 6.25%, compared to the previous year. The bar graph below shows that the property tax base grew by 13.5% in FY 2023 and by 9.45% in FY 2024. Over the past five years, the average annual growth rate of taxable property values has been 7.83%.

**Property Tax Values (in Billions)**



### **Property Tax Rate:**

The property tax rate is made up of two parts: the maintenance and operations (M&O) portion and the interest and sinking (I&S) portion. The rate stayed the same in FY 2021, saw a slight decrease in FY 2022, dropped by 0.067 (or 6.7 cents) or 8.75% in FY 2023, and further decreased by 2.06% in FY 2024. However, the FY 2025 Proposed Budget suggests a small increase in the City's property tax rate, raising it by 0.37% from 0.6800 to 0.6848.

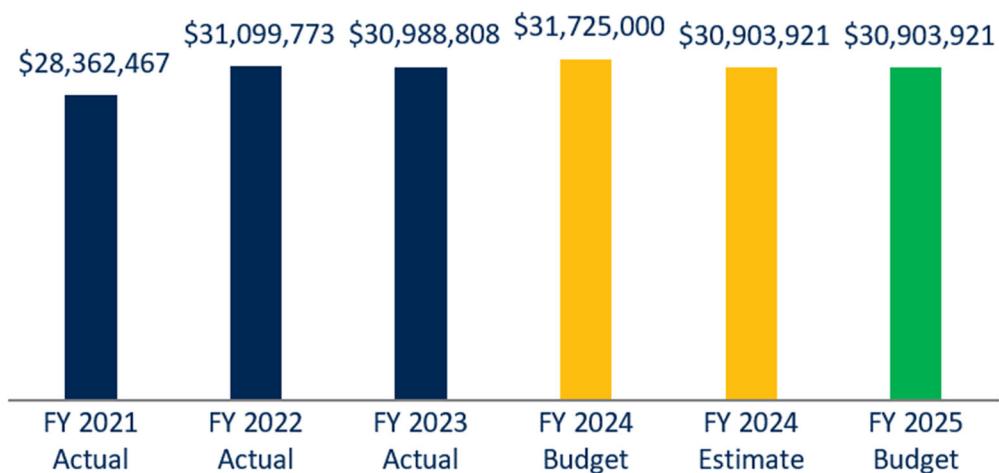
As a result of this increase, property tax revenue for the General Fund is expected to grow by \$3,416,341, or 7.33%. This growth is mainly due to a rise in property values, which is estimated to add about \$3.2 million to the revenue with the remainder due to the change in tax rate. As discussed in the budget workshop, although our property tax rate is slightly higher compared to similar cities, our overall tax base is smaller, which means we generate less revenue per person to fund essential government services.

Fiscal Year	Property Tax Rate					Average Annual % Change
	M&O	I&S	Total Rate	\$ Change	% Change	
2021	0.722736	0.040587	0.763323	0.000	0.00%	
2022	0.726565	0.034363	0.760928	-0.002	-0.31%	
2023	0.661579	0.032742	0.694321	-0.067	-8.75%	
2024	0.649853	0.030147	0.680000	-0.014	-2.06%	
2025	0.658533	0.026267	0.684800	0.0048	0.71%	-2.15%

### **Sales Tax Receipts:**

Sales Tax is the second-largest revenue source for the City's General Fund and is crucial for funding the City's general operations. The City's General Fund receives 1.50% of retail sales. The bar graph below shows historical trends in sales tax receipts. As of May 2024, receipts for the current FY 2024 are 1.71% lower than the previous year. Revenue projections for FY 2025 are based on the current fiscal year's estimate. Consequently, sales tax revenues for the proposed FY 2025 budget are projected to be \$30,903,921, which is \$821,079, or 2.59%, less than the prior year's budget.

### **Sales Tax Revenue**



### **Franchise Fees:**

The City receives payments from Oncor Electric, ATMOS Gas, Spectrum Cable, and various telecommunication providers for the use of the City's rights-of-way for their distribution lines. Generally, the City calculates a three-year average of payments from Oncor and ATMOS, as well as uses the current year estimates for Spectrum. The amount from telecommunication providers is based on the most recent number of access lines in our rights-of-way. When applying these forecasting methods, the FY 2025 Proposed Budget includes \$5,979,706 from these franchises, which is an increase of \$452,072, or 8.18% higher than the previous year.

### **Payments-In-Lieu of Taxes (PILOT):**

The City receives payments-in-lieu of property taxes from a few industries that are located outside the city limits as part of non-annexation agreements. These agreements guarantee that the City will provide fire protection services, in-city water rates, and won't annex the industry into the city limits, in exchange for a payment to the City that is based on a percentage of what they would have paid in property taxes had they been located inside the city limits. For the FY 2025 fiscal year, this revenue source is projected at \$1,576,000, which is a slight increase from the prior year. A new PILOT agreement with Panda Biotech is currently being negotiated. Although the Proposed Budget does not include any revenue from that agreement, we plan to update the budget to include it once available.

### **Other Tax Revenue:**

This category includes revenue from the County Vehicle Tax, Mixed Beverage Tax, and Occupation Tax. For FY 2025, revenue is estimated at \$423,600, or a 2.96% decrease from the previous year. Occupation and Mixed Beverage Tax receipts are trending lower than previously budgeted.

### **Service Charges:**

All non-General Fund operations receive administrative support from the General Fund. Each year, the cost of these support services is allocated to user departments through an administrative overhead charge. Revenue from this charge is anticipated to be \$3,168,035, or a -2.12% decrease from the previous year.

### **Licenses and Permits:**

The various licenses and permits issued by the City are anticipated to generate approximately 3.14% more in revenue in FY 2025 than the previous year. This revenue budget includes a modest rate increase, which is lower than the Consumer Price Index (CPI), across all city functions. While some rates will increase, others will decrease, and some will stay the same, the average increase will be lower than inflation.

### **Fines and Forfeitures:**

It is anticipated that the average municipal court fine amount and the number of tickets issued at the Municipal Court will increase revenue by \$237,800 in FY 2025.

### **Interest Income:**

The City receives interest earnings from reserves that are invested with local government investment pools and fixed income securities. The FY 2025 Proposed Budget for this category is \$3,423,000, which is \$650,742 higher than the current year, and is based on the current Federal Reserve Committees' rate decisions.

### **Miscellaneous Revenues:**

This category includes various types of income from across the General Fund and accounts for an increase of \$192,362, or 19.74%, compared to last year. The majority of this increase is expected due to the ongoing higher usage of the sports complex.

### **Transfers In:**

This represents transfers in from the Water/Sewer Fund, Sanitation Fund, and the Fleet Fund for a total of \$3,336,691.

### **Other Financing Sources:**

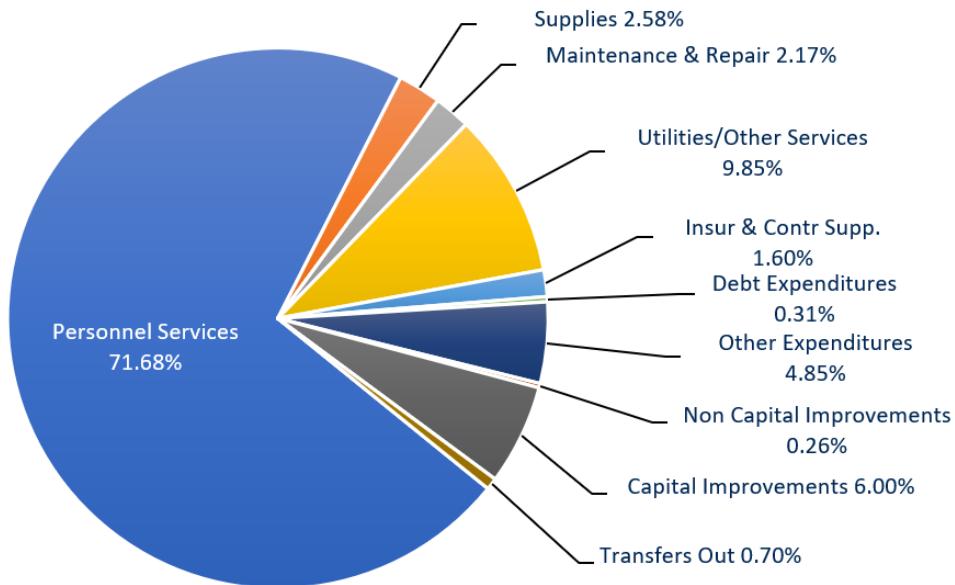
This category covers transfers from the fund balance to cover one-time expenditures. For FY 2025, budgeted one-time expenditures include \$2,100,000 for installing turf at Sports Complex #2, \$450,000 for Library Flooring Replacement, \$215,000 for Municipal Court Improvements and \$200,000 for Park Improvements and Public Spaces.

## **GENERAL FUND EXPENDITURES**

Expenditures for FY 2025 total \$108,473,549, which is an increase of 4.87% compared to FY 2024. Some of the major highlights of the General Fund Expenditure Budget are illustrated in the table and chart below and are described in more detail over the next several sections.

<b>Expenditures</b>	<b>FY 23</b>	<b>FY 24 Adopted</b>	<b>FY 25 Proposed</b>	<b>Difference</b>	<b>% Diff.</b>
	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>		
Personnel Services	66,907,807	73,868,274	77,755,242	3,886,968	5.26%
Supplies	2,126,257	2,669,721	2,798,605	128,884	4.83%
Maintenance & Repair	3,023,741	1,829,630	2,357,426	527,796	28.85%
Utilities/Other Serv	9,281,455	10,439,762	10,687,040	247,279	2.37%
Insur & Contr Supp.	1,378,799	1,911,888	1,737,472	(174,416)	-9.12%
Debt Expenditures	315,883	323,913	337,596	13,683	4.22%
Other Expenditures	4,256,781	4,942,274	5,262,349	320,076	6.48%
Non Cap Improvements	73,652	163,000	277,950	114,950	70.52%
Capital Improvements	4,552,748	6,317,223	6,504,743	187,520	2.97%
Transfers Out	3,827,529	972,726	755,127	(217,599)	-22.37%
<b>Total Expenditures</b>	<b>95,744,652</b>	<b>103,438,410</b>	<b>108,473,549</b>	<b>5,035,139</b>	<b>4.87%</b>

# FY 2025 General Fund Expenditures



## Personnel Services:

As indicated in the charts above, the major expense in the General Fund is the cost of the personnel necessary to provide services to the community. The FY 2025 General Fund budget dedicates \$77,755,242, or 71.68%, of total spending on personnel related expenses. Personnel expenses in the General Fund represent an increase of \$3,886,968, or 5.26% above the FY 2024 adopted budget. The increase is primarily driven by the proposed cost-of-living pay increase of 11% for Police civil service employees and 5% for all other employees.

Other factors contributing to the increase include: off-duty police coverage for the Public Library (\$36,655), certification pay for the Fire Department (\$176,967) and Health Department (\$30,718), Police Department shift differential pay (\$186,785), an expanded take-home vehicle policy for the Police Department (\$85,000), pay increases for Police Academy Recruits (\$75,000) and the addition of Language Incentive Pay (\$30,000) for the Police Department. Also reflective in the increase is the addition of four (4) new full-time equivalent (FTE) positions to the fund as outlined below:

- Fire Lieutenant EMS Coordinator (1.0 FTE)
- Bicycle Safety Coordinator (1.0 FTE)
- Parks Director (1.0 FTE)
- Open Record Specialist (1.0 FTE)

## Supplies:

Supplies in the General Fund amount to \$2,798,605, marking a 4.83% increase from the previous year. This rise is primarily driven by inflationary costs of lumber, steel, and chemicals.

## Maintenance & Repair:

The proposed budget for this category is \$2,357,426, which is an increase of \$527,796, or 28.85%, from last year. This increase is due to additional maintenance needs, including facility improvements, roof replacement for Fire Central Station 1, air conditioning piping for the Health Department, new flooring for the Public Library, and an ADA compliant bathroom remodel at the Municipal Court Building.

## Insurance and Contracts:

Overall expenses have decreased by \$174,416, or 9.12%, compared to last year. While the City's contribution to the Wichita Appraisal District has risen by \$93,416, or 18.5%, this increase is offset by a \$340,000 reduction in the budgeted cost of worker's compensation claims for FY 2025.

### **Debt Expenditures:**

Included in this category is the payment towards the 15-Year LED Street Light Program.

### **Non-Capital Fund Expenditures:**

The FY 2025 Proposed Budget of \$277,950 is 70.52% higher compared to FY 2024, and will be allocated for park improvements, city landscaping, and enhancements to Memorial Auditorium's landscaping.

### **Capital Improvements:**

The FY 2025 budget allocates \$6,504,743 for capital improvements funded by the General Fund, representing a \$187,520, or 2.97%, increase compared to the previous year. The largest expenditure is for Street Rehabilitation and Lighting, with a budget of \$2,649,864, reflecting the city's priority on maintaining and enhancing road infrastructure. Another significant allocation is \$2,100,000 for installing turf at Sports Complex #2, aimed at improving recreational facilities. The chart to the right is the list of projects planned for FY 2025.

<b>General Fund</b>	<b>Amount</b>
Street Rehab & Lighting	\$ 2,649,864
Turf for Sports Complex #2	2,100,000
Traffic System Equipment	577,915
Library Improvements	450,000
Axon Police Cameras (Year 2 Pymt)	311,854
Municipal Court Improvements	215,000
Parks Equipment	145,000
Scoreboard Replacement	20,000
Warning Sirens	17,750
Lake Arrowhead Street Maintenance	15,360
PC Computer Equipment	2,000
<b>Total</b>	<b>\$ 6,504,743</b>

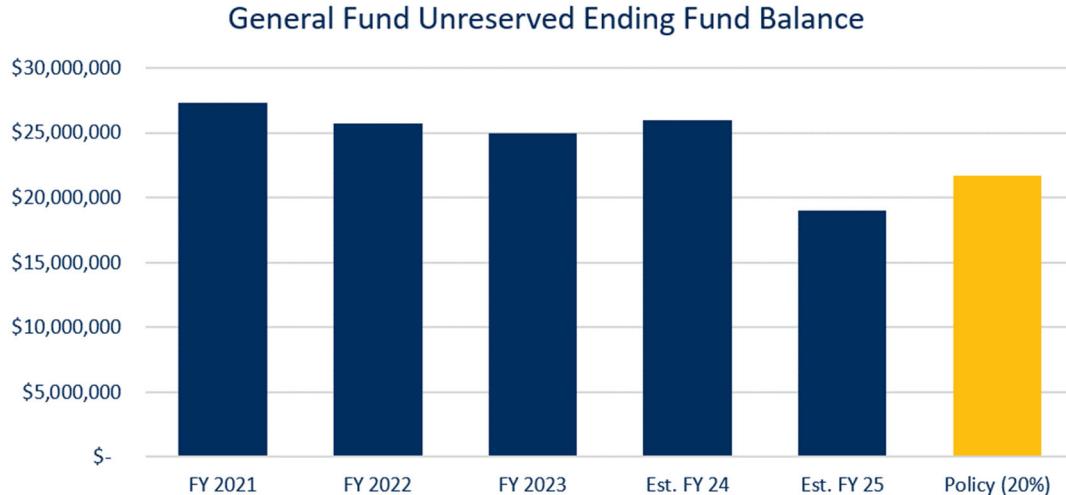
### **Transfers Out:**

These funds support other funds through subsidy when needed and also include amounts for one-time expenditures from surplus reserves from the General Fund. For FY 2025, amounts include \$430,000 for the MPEC, \$100,000 is for taser replacement and \$155,218 for Health Department Grant matching program.

## **GENERAL FUND RESERVE APPROPRIATIONS**

The City maintains reserves in the General Fund to be used for major emergencies such as a widespread tornado, large legal liabilities, or important one-time expenditures. The Government Finance Officers Association recommends maintaining a fund balance in the General Fund between 15 to 25% of the annual operational cost of the fund. The City's fund balance policy established a goal of maintaining 20% of expenditures in General Fund Reserves, which, based on the proposed \$108,473,549 General Fund budget, equals \$21,695,000. This budget estimates an end of FY 2025 fund balance of \$19,035,000, or 17.55%, which includes the recommendation of \$4M in excess fund balance be added to the capital fund for future use.

The chart below shows the 5-year history of unreserved fund balance in the General Fund.



## THE WATER/SEWER SYSTEM FUND

The Water and Sewer Fund accounts for the water and sewer utility services provided to residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service. The FY 2024 Adopted Budget included a 5% increase in the retail rates, as well as an increase of approximately 8% in wholesale water rates. The FY 2025 Proposed Budget includes an effective average retail rate increase of 2.5%, which is lower than the current Consumer Price Index (CPI). This does not apply to wholesale water rates, which will increase by 0.45% based on the annual wholesale rate study, in accordance with our agreements. The rate increases will address the impact of inflation and will maintain market competitive salaries. The City's water and sewer infrastructure is aging and in need of continued replacement and repair to protect and maintain the system.

### WATER/SEWER FUND REVENUES

Water sales and sewer treatment fees make up almost 92% of the total revenue, and the increase in FY 2025 compared to FY 2024 is tied directly to the previously described rate increase. The FY 2025 Proposed Budget includes the use of \$392,000 from the fund balance and allocates \$5 million for permitting Lake Ringgold, with \$4 million from reserved funds and \$1 million from FY 25 operating revenues.

Revenue Source	FY 23 Actual	FY 24 Adopted Budget	FY 25 Tentative Budget	Amount Change	% Change
Water & Sewer Revenue	47,624,764	50,808,500	52,365,700	1,557,200	3.06%
Other Financing Sources	3,658,535	4,000,000	4,392,000	392,000	9.80%
All Other Revenue	3,815,226	1,177,226	1,360,845	183,619	15.60%
<b>Total Operating Revenue</b>	<b>55,098,525</b>	<b>55,985,726</b>	<b>58,118,545</b>	<b>2,132,819</b>	<b>3.81%</b>

The Proposed Budget includes an increase of the total bill for water and wastewater from an average of \$64.46 to \$66.07 for a residential customer using 5,000 gallons in a month. The following chart illustrates a comparison of Wichita Falls' water rates with similar cities in Texas as of June 1, 2024, not including any increases being considered by the other cities.

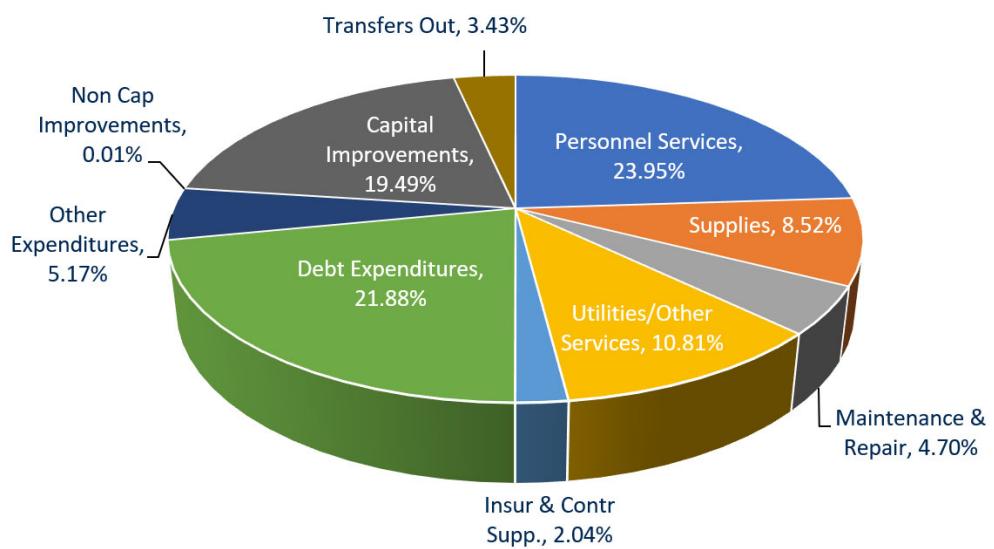
City	Water Use	Water Base	Wastewater		Total Bill (Water & Sewer ONLY)
			Use	Base	
McKinney	\$23.50	\$18.70	\$34.25	\$24.55	\$101.00
Mesquite	\$30.68	\$17.68	\$28.92	\$18.41	\$95.69
San Angelo	\$25.18	\$31.92	\$7.62	\$30.17	\$94.89
Allen	\$17.85	\$20.35	\$16.38	\$36.95	\$91.53
Waco	\$17.76	\$16.50	\$32.05	\$24.83	\$91.14
Grand Prairie	\$22.50	\$17.72	\$25.10	\$16.11	\$81.43
Richardson	\$35.60	\$8.00	\$25.35	\$8.00	\$76.95
Beaumont	\$21.84	\$16.14	\$20.76	\$10.93	\$69.67
Abilene	\$19.25	\$18.25	\$14.50	\$16.00	\$68.00
Tyler	\$16.90	\$15.80	\$15.82	\$19.10	\$67.62
Denton	\$18.15	\$15.84	\$21.10	\$12.21	\$67.30
<b>Wichita Falls</b>	<b>\$25.44</b>	<b>\$20.24</b>	<b>\$11.87</b>	<b>\$8.52</b>	<b>\$66.07</b>
Odessa	\$18.60	\$22.27	\$9.99	\$14.55	\$65.41
Midland	\$18.33	\$21.61	\$2.64	\$21.79	\$64.37
League City	\$20.26	\$8.26	\$18.45	\$15.32	\$62.29
Lewisville	\$10.71	\$24.18	\$13.83	\$10.23	\$58.95
Sugar Land	\$6.11	\$15.90	\$17.85	\$16.39	\$56.25
Killeen	\$10.14	\$15.04	\$7.60	\$20.76	\$53.54
College Station	\$13.75	\$12.40	\$4.50	\$22.55	\$53.20
Pasadena	\$11.28	\$13.48	\$11.25	\$13.47	\$49.48
McAllen	\$8.25	\$12.45	\$8.50	\$12.50	\$41.70
Edinburg	\$4.98	\$10.78	\$3.84	\$10.07	\$29.67
<b>AVERAGE</b>	<b>\$18.05</b>	<b>\$16.98</b>	<b>\$16.01</b>	<b>\$17.43</b>	<b>\$68.46</b>

## WATER/SEWER FUND EXPENDITURES

The FY 2025 expenditure budget for the Water/Sewer System Fund is \$58,118,545 which is an increase of \$2,132,819, or +3.81%, from the prior year adopted budget. It should be noted that the budget plans for the use of \$5 million for the permitting of Lake Ringgold.

Expenditures	FY 23	FY 24	FY 25		
	Actual	Adopted Budget	Proposed Budget	Difference	% Diff.
Personnel Services	12,076,978	13,356,207	13,918,175	561,968	4.21%
Supplies	5,032,422	4,758,212	4,948,755	190,543	4.00%
Maintenance & Repair	2,363,739	2,903,953	2,733,493	(170,460)	-5.87%
Utilities/Other Serv	5,334,062	5,821,002	6,280,998	459,996	7.90%
Insur & Contr Supp.	856,592	1,059,824	1,186,037	126,213	11.91%
Debt Expenditures	1,784,103	12,716,682	12,717,233	551	0.00%
Other Expenditures	2,060,220	2,910,383	3,004,612	94,229	3.24%
Non Cap Improvements	-	8,000	8,000	-	0.00%
Capital Improvements	8,541,962	10,488,800	11,327,800	839,000	8.00%
Transfers Out	1,827,817	1,962,663	1,993,442	30,779	1.57%
	<b>39,877,894</b>	<b>55,985,726</b>	<b>58,118,545</b>	<b>2,132,819</b>	<b>3.81%</b>

### FY 2024 Expenditures by Classification



#### Personnel Services:

Personnel costs represent an increase of \$561,968, or 4.21%, from the prior year. This increase includes the previously mentioned cost-of-living adjustment and the addition of evening shift differential pay.

#### Supply Accounts:

Supply costs have increased \$190,543, or 4.00%, from the FY 2024 Adopted Budget due to increased chemical costs.

#### Maintenance Budget:

The Maintenance Budget has decreased \$170,460, or 5.87%, due to not replacing as many pumps and motors at the Lakes and treatment plants compared to FY 24.

### **Utilities/ Other Services:**

This category has increased \$459,996, or 7.90%, due to the increased cost of electricity and natural gas.

### **Insurance & Contracts:**

The Proposed Budget for this category is \$1,186,037, which is 11.91% higher than the previous year budget due to an expected increase in the cost of property and liability insurance provided by the Texas Municipal League (TML). This category also includes worker's compensation costs.

### **Debt Expenditures:**

This category accounts for debt service payments in FY 2025 of \$12,717,233 including repayments of three debt issuances related to (1) water sewer system improvements in the early 2000's (\$118M), (2) the temporary water reuse system in 2013 (\$13M), and (3) the Indirect Potable Reuse Project in 2015 (\$33.5M). More information about debt expenditures is available in the Debt Service Fund section of this document.

### **Capital Improvements:**

The chart below provides the proposed capital improvements for FY 2025:

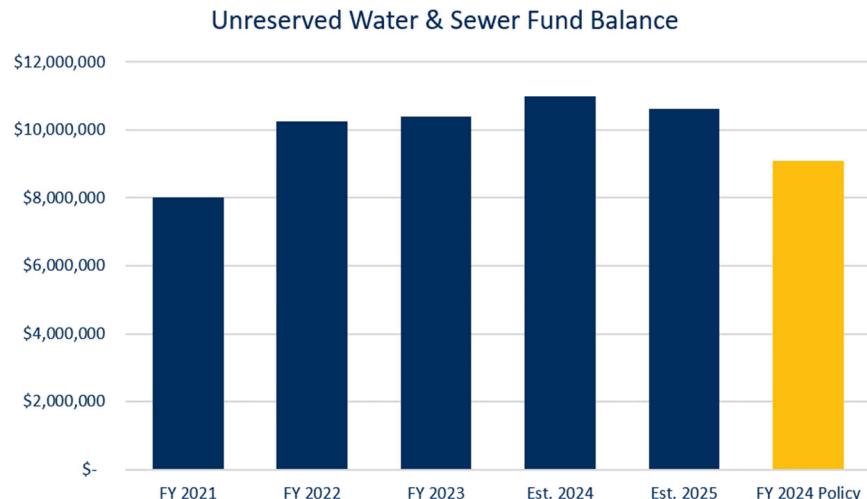
Water & Sewer	Amount
Lake Ringgold	\$ 5,000,000
Water Line Replacement	1,750,000
Sewer Line Replacements	1,750,000
Lift Station Rehab Projects	750,000
Microfiltration Rev. Osmosis	600,000
Refurbish Belt Press & Accessories	433,000
Return Activated Sludge Motors & Pump	392,000
Large Valve Replacement Program	200,000
Lagoon Pump Rehabilitation	76,000
All Other Items	376,800
<b>Total</b>	<b>\$ 11,327,800</b>

### **Transfers Out:**

This category of spending accounts for transfers from the Water/Sewer Fund to the General Fund and IT Fund for franchise payment for use of the City's right-of-way, administrative overhead, and the cost for technological support. There is an increase in the FY 2025 budget of \$30,779, or 1.57%, from the prior year for these transfers.

## **WATER/SEWER FUND RESERVE APPROPRIATIONS**

The budget sets the City's policy goal at 20% of expenditures in unreserved fund balance, less debt service. Of the fund's \$58,118,545 expenditures in the FY 2025 budget, \$12.7 million is reserved for debt payments, bringing the ongoing expenditures budget to \$45.4 million. This means that the total needed to meet the unrestricted fund balance policy is \$9.1 million. The current unrestricted balance at the start of FY 2025 is anticipated to be \$11 million.



## THE SANITATION FUND

The Sanitation Fund accounts for all of the City's business activity related to the collection of solid waste and composting materials, transportation of that waste to the transfer station and landfill for disposal, and daily operation of the landfill.

### SANITATION FUND REVENUES

Revenues for the Sanitation Fund are made up of the monthly refuse collection charges to commercial and residential customers (79%), landfill tonnage fees (16%), transfer station fees and other miscellaneous charges (5%). At the current sanitation collection and disposal rates, revenues are insufficient to finance the operating budget outlined below. The FY 2025 Proposed Budget includes an average effective 2.5% increase in sanitation rates for all customers, which is below the current inflation rate.

Sanitation Fund	FY 23	FY 24	FY 25		
	Actual	Adopted Budget	Proposed Budget	Difference	% Diff
<b>Revenues</b>					
Commercial Sanitation Fees	6,214,288	6,518,859	6,683,800	164,941	2.53%
Residential Sanitation Fees	7,542,237	8,124,549	8,263,100	138,551	1.71%
Landfill Fees	2,966,115	2,577,000	3,090,100	513,100	19.91%
All Other Revenue	816,690	941,592	935,500	(6,092)	-0.65%
<b>Total Revenues</b>	<b>17,539,330</b>	<b>18,162,000</b>	<b>18,972,500</b>	<b>810,500</b>	<b>4.46%</b>

Included below is a rate comparison with other peer cities that shows Wichita Falls is lower than the average and many of these cities only provide service once per week.

City	Rate	Curbside Service per Week
Abilene*	\$23.30	2 days
Odessa*	\$22.40	2 days
Beaumont	\$22.25	1 day
Richardson	\$22.17	2 days
Round Rock	\$22.14	1 day
Tyler	\$20.81	2 days
Killeen	\$19.78	1 day
Wichita Falls*	\$18.93	2 days
College Station	\$18.48	1 day
McKinney	\$17.92	1 day
Waco	\$17.70	1 day
San Angelo	\$17.63	1 day
Midland	\$17.24	2 days
Lewisville	\$14.28	1 day
<b>AVERAGE</b>	<b>\$19.65</b>	<b>1.4 days</b>

\* Weighted average of alley and curbside rates

## SANITATION FUND EXPENDITURES

The proposed FY 2025 expenditure budget for the Sanitation Fund totals \$18,972,500, which is an increase of \$810,500, or 4.46%, from the prior year adopted budget. Personnel costs have increased proportionately based on the previously mentioned 4% COLA adjustment.

	FY 24		FY 25		Percent Change
	FY 23 Actual	Adopted Budget	Proposed Budget	Difference	
Personnel Services	4,960,494	5,370,925	5,562,771	191,846	3.57%
Supplies	345,592	389,493	398,843	9,350	2.40%
Maintenance & Repair	165,961	182,840	185,818	2,978	1.63%
Utilities/Other Serv	5,817,969	6,609,050	6,020,357	(588,693)	-8.91%
Insur & Contr Supp.	104,603	94,522	96,556	2,034	2.15%
Other Expenditures	518,072	513,661	533,579	19,918	3.88%
Non Cap Improvements	4,500	6,000	6,000	-	0.00%
Capital Improvements	4,660,734	3,981,763	5,137,327	1,155,564	29.02%
Transfers Out	969,072	1,013,746	1,031,249	17,503	1.73%
<b>Total Expenditures</b>	<b>17,546,996</b>	<b>18,162,000</b>	<b>18,972,500</b>	<b>810,500</b>	<b>4.46%</b>

The chart below shows the proposed Capital Improvements in the Sanitation Fund for FY 2025:

Item	Amount
Horizontal Grinder Unit (Replacement)	\$1,370,408
Automated Sideload Curbside Trucks (3)	1,313,871
Street Rehab Costs	800,000
Structural Repair of Transfer Station Walls	385,000
Commercial Frontload	443,584
Alley Sideload	343,190
Alley Rehabilitation	300,000
Container Carrier	113,334
Wind Screens	42,940
Roll Off Trailer	25,000
<b>Total</b>	<b>\$5,137,327</b>

## OTHER FUND HIGHLIGHTS

### **Hotel/Motel Tax Fund:**

The Hotel/Motel Fund contains two divisions, the Convention and Visitor's Bureau (CVB) and the Multi-Purpose Events Center (MPEC). The Convention and Visitor's Bureau works to attract tourists and groups to Wichita Falls and market the City as a destination for various types of travel.

Total revenues and expenditures in the Fund are projected to be \$252,573, or 5.32%, more than the previous year's budget. The \$4,998,573 in total revenue includes: (1) \$2,441,882 from the City's 7% portion of the hotel occupancy tax (includes \$30,000 from short-term rentals) which is a 5.94% increase from FY 2024, (2) \$2,091,291 revenue from MPEC events, sponsorships, and advertising sales which is a 9.72% increase than the previous year due to the anticipation in the number of events held, (3) \$430,000 operating transfer from the General Fund, commonly referred to as the "MPEC Subsidy", and (4) \$35,000 for events/promotions from the 4B Sales Tax.

The expenditure budget includes \$4,188,796 for MPEC, \$711,778 for the CVB, \$90,000 for funding to local non-profits through the WF Alliance for Arts and Culture, and \$8,000 to River Bend Nature Center. Personnel Services account for 45% of all expenditures in the Fund and have increased by 29.34% over previous year. The increase includes the addition of two full time positions, the previously mentioned proposed COLA increase and an increase in temporary event staffing due to more events.

**Regional Airport Fund:**

The Regional Airport Fund is an Enterprise Fund, which is supported by user fees and federal grants. The City's Regional Airport Fund proposed FY 2025 budget is \$2,333,092 which is \$335,894, or 16.82%, higher than the FY 2024 Budget due largely to increased transfers out to pay the debt service on the 2013 Airport bond of \$671,579 for FY 2025.

**Kickapoo Airport Fund:**

The Kickapoo Airport Fund is an Enterprise Fund which is self-supported by user fees. The Proposed Budget for the Kickapoo Airport totals \$1,266,413. This is an increase of \$88,218, or 7.49%, from the previous year. This rise is primarily attributed to the proposed cost of living adjustment, a reclass of 2 part-time positions to a full-time position, and an increase in outgoing transfers necessary to fulfill the matching requirements of a hangar renovation grant program.

**Fleet Maintenance Fund:**

The Fleet Maintenance Fund is an Internal Service Fund responsible for the maintenance and replacement of the City's fleet of vehicles and equipment. The Proposed Revenue and Expenditure Budget for the Fund is \$14,260,524. 99% of the revenue generated to operate the fund is transferred from other City departments and funds. The total fund budget is reflective of a \$265,832, or 1.83%, decrease from the FY 2024 budget, due to the landfill compactor overhaul (\$650,000) completed in the previous year. Also included is \$2,657,517 in expenditures for Capital Improvements, reflective of a 5.85% decrease from the previous year.

**Information Technology Fund:**

The Information Technology Fund is an Internal Service Fund and is responsible for the maintenance and replacement of the City's computers and ancillary devices, network infrastructure, and communications equipment. The budget for the Information Technology Fund is \$4,699,580, which is a decrease of \$638,867, or 11.97%, from the previous year. This decrease is primarily due to a decrease in the capital improvement budget and is partially offset by the proposed cost of living adjustment and the addition of a Network Analyst position. Capital improvements for FY 2024 included one-time upgrades of Panasonic Tough books (\$760,000) and the Zebra Ticket Printers (\$200,000) for the Police Department.

**Transit Fund:**

The Transit Fund is an Enterprise Fund that is primarily funded through Federal and State Grants, as well as service charges (fares), used to operate the City's bus system. Transit Operations and Preventative Maintenance is now operating out of the recently constructed Transit Center, allowing the Transit Department to conduct in-house preventative maintenance, refueling, and cleaning on its fleet of public transportation vehicles. The Transit Fund budget is \$4,962,399 which is \$174,682, or 3.65%, more than the prior year budget. The FY 2025 budget includes increases in insurance expense, compensation for employees, and the purchase of 2 new transit buses (\$1,380,000).

**Stormwater Utility Fund**

In 2000, the City Council authorized the establishment of a Stormwater Drainage Utility System. This system, which took effect on May 1, 2001, provides a funding mechanism for drainage improvements in the city as allowed by State law. The system is designed to assign a fair and equitable charge to the public for stormwater drainage management services, including capital improvements. The fee is based upon the impervious area of all real property; whereby each residential water customer is assessed for one Single Family Living Unit Equivalent (SFLUE). Each commercial customer pays a multiplier of the SFLUE based upon

the impervious area of their property. The monthly fee for a SFLUE is \$5.00 and generates \$3.7 million annually for the operating and capital costs of this program.

The Stormwater Fund has a total budget of \$4,005,000 which is an increase of \$58,213, or 1.47%. The FY 2025 Proposed Budget includes a revenue increase that is primarily attributed to increased interest revenue. The proposed budget also includes funds for the design of the third phase of the Quail Creek drainage project (\$650,000).

**Golf Course Fund:**

This enterprise fund is to operate and maintain the City-owned Champions Golf Course at Weeks Park. The Golf Course Budget is devised to align with our management services agreement with A.P.G.L. Under the terms of that agreement, the City is responsible for reimbursing A.P.G.L. for golf course expenses, plus \$130,000 for complete management oversight of the course. In exchange, the city receives nearly all of the revenue at the course. The Golf Course estimates revenues and expenditures for FY 2025 at \$1,108,172. The budget assumes no operating subsidy from the General Fund.

**Water Park Fund:**

This fund accounts for the operating revenues and expenditures related to Castaway Cove Water Park. Total revenues and expenditures for this Enterprise Fund are estimated to be \$1,913,500, which is a decrease from the previous year of \$725,334, or 27.49%. The FY 2024 budget included the use of \$918,834 of Fund Balance to assist in the purchase and installation of a new \$1,675,700 Mat Racer Attraction and Timing Light System approved by City Council on March 19, 2024.