



**The City of Brownsville Five Year General Fund Forecast**

2021-2025

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## Introduction

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The City Commission engaged in workshops to develop its Strategic Vision in late 2019 and early 2020 to set the foundation for future year objectives and provides a blueprint on where the organization should focus its direction. The Strategic Vision was adopted on May 5, 2020.

This is the first year the City will establish strategic fiscal forecast planning tools for the General Fund. The tools provide staff and the City Commission sound policy guidance in preparing for and developing a fiscal forecast that protects the integrity of the General fund and acts as a model for other operational funds.

The pandemic of COVID-19 hit during the development of this report. It was intended initially to provide four scenarios that would establish a five-year financial forecast with several scenarios relevant to the anticipated commercial growth and initiatives underway. The efforts established with regards to this report created more of a sense of urgency to continue to move forward and stay on task to complete an approach to forecasting.

The City has approached its budgeting with a very conservative method over the years, which has allowed healthy fund balances and surpluses in both revenues and expenditures. The current environment requires the programming of funds to be more aggressive and strategic by developing policies that align with the Strategic Vision.

This approach started with the FY 2020 budget process by the organization of funds and the programming of surpluses. It will continue with the development and documentation of a forecast model.

This message builds on the City Manager's FY 2020 Budget Message:

*“The budget sets the tone for upcoming years as we align resources to City Commission and community priorities..... As City Manager, I am responsible and committed to fulfilling those objectives beginning with those identified in this budget. The FY2020 budget is one of transition and preparation for future growth. This budget addresses immediate needs, while implementing systems for proactive and strategic decision-making. An overarching budget theme could be described as “The City of Brownsville is building a fiscally sustainable future through growth management, economic development/redevelopment, and innovative strategies.” .....*”

## Commission Pillars

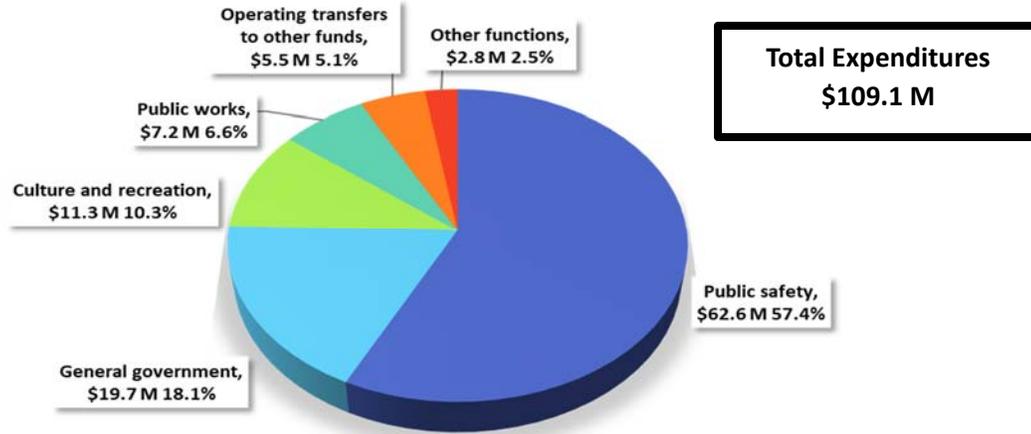


The Strategic Vision establishes a framework of six (6) Pillars that serve as the foundation for the City's direction and much of its decision-making for future years. The six (6) Pillars are; 1) Public Safety, 2) Planning, Zoning, & Development, 3) Governance, 4) Economic Development, 5) Quality of Life, and 6) Infrastructure.

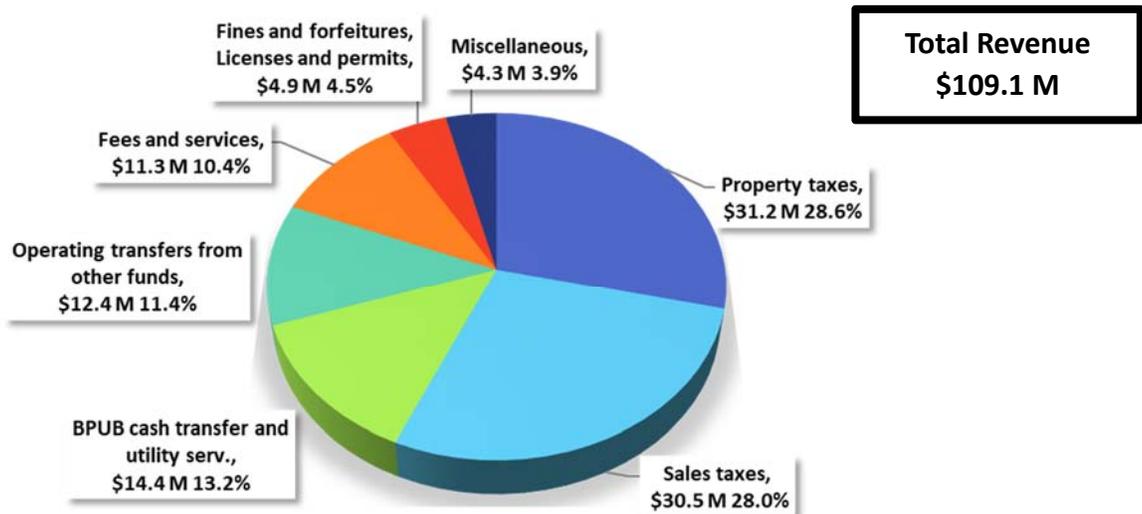
The City Manager's Office led the development of staff work plans in response to the City Commission's input during the Strategic Visioning process. Items within the plan are incorporated in the 2019-2020 budget. The work plan items will be incorporated into the development of departmental assessments that will document current service levels and the expectation of future service levels.

## General Fund Summary

The General Fund includes 63% (\$103M of the City's overall budget without transfers or \$109.1M with transfers) of total expenditures for the City, which consists of the following six (6) major spending areas that make up of over sixty (60) budget units. The major functional areas are General Government, Public Safety, Public Works, Sanitation, Public Health, and Culture and Recreation.



Major revenue sources for the General Fund are Property and Sales Taxes, Transfers-In, Fees and Services, Fines and Forfeitures, and License and Permits.



For a complete overview of the General Fund, please see the [City’s FY 2020 Annual Budget](#).

### The Approach of the Model

The development of the model incorporates information from a variety of agreements, plans, reports, and staff knowledge. The main goal was to ensure a balanced fiscally sustainable General Fund budget for future years to meet current and future service level expectations. The City’s Cultivating a Stronger Brownsville report states:

*“The fiscal analysis included herein is the tool that helps city leaders and citizens better understand the reality of current practices and evaluate alternative methods designed to grow revenues, reduce costs, and balance budgets over the long term.”*

## Goals

- Provide a model aligned with the City Commission’s Vision.
- Work through scenarios, both internally and externally, that may impact the General Fund.
- Provide a basket of assumptions that can be applied to develop desired scenarios.
- Provide policy statements that maintain the integrity of the General Fund based on priorities and needs.
- Provide external and internal entities with a model that shows the capacity of the General Fund with sound policy statements.

When developing the report and the model, an effort was made to provide information that would be educational to citizens, employees, and the City Commission. Although the model does not predict what the State Legislature will do each session or what will happen to the global economy, City staff stays abreast of local, state, and federal impacts as information is available. References are provided to other documents that contain more in-depth discussion on specific topics mentioned. The model is built on the above foundation of aligned relationships related to the following:

- Policy Statements and Assumptions – Policy Statements provide a commitment to the development of the annual budget. Policy Statements are meant to be in place for the duration of the five (5) years in which the model is being developed. Assumptions are flexible and can change as new information becomes available.



## Resources

The following documents and references were key in the development of this model:

- Fiscal Year 2020 Departmental Work Plans
- City Commission's Strategic Vision
- FY 2020 Budget
- Comprehensive Annual Finance Reports (CAFR)
- Airport Master Plan
- Interlocal Agreements and various Contracts
- Review of 12 years of Historical revenue and expenditure data
- Government Finance Officer Association (GFOA) best practices
- Moody's White Papers – referencing peso, NAFTA and USMCA
- International City/County Management Association (ICMA)
- Various reports that are available through professional associations and academic sources listserve
- Staff institutional knowledge and vision

At the time of this report, there are many studies and efforts underway that will provide input into the model in the near future as well as guide the City in the development of future bond programs. This information can be found in the City Manager's Fiscal Year 2020 Work Plan.

A few that will inform the model in the future and are critical for financial planning are:

## Workplan efforts

- Technology Needs Assessment
- Brownsville Police Department - Workload Data Analysis & Staffing Review
- Brownsville Fire Department – Workload Data Analysis, Staffing Review, & Station Location and Deployment
- Airport Master Plan Rates and Charges Study
- Hotel Feasibility Study
- Traffic Signal Masterplan
- Pavement Condition Index (PCI)
- Update of Five-Year Capital Improvement Plan
- Implementation of recommendations from the Verdunity Study - [“Cultivating a Stronger Brownsville”](#)
- Unified Development Code (UDC) and Code Revamp
- Broadband Feasibility and Digital Inclusion Plan
- Gladys Porter Zoo Masterplan
- Downtown Tax Increment Re-Investment Zone

## Resource Gap

This report is intended to be educational to inform how decisions are made going forward. It considers and provides a strong emphasis on the gap between the resources available and current and future needs as well as expectations that center around:

- Service Levels and Demands
- Infrastructure (Streets and Drainage)

## Commitments

The City has many commitments that are key to the development of the forecast. These commitments guide the prioritization of the General Fund allocation of expenditures and supplemental funding to external funds. Key expenditure commitments that are prioritized first above all others are:

- Collective Bargaining Agreements (Fire & Police)
- Step and Grade Pay Plan (Fire & Police)
- Self-Funded Health Insurance Plan
- Base Service Levels
- Supplemental Transfers to other Funds
- Cost Allocation from Department's to Internal Service Funds (Fleet, Facilities, and Technology)
- Other Post Employment Benefits (OPEB) (Established \$1M trust fund. Plans under development)

## The Development of the Model

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Due to COVID- 19, the one and only scenario that will be presented is the tracking tool developed to analyze COVID – 19 impacts monthly as FY 2020 is closed out and potentially into FY 2021. We are deferring the selection of any budget development scenario.

This report was intended to provide forecasted scenarios for FY 2021-FY 2025 with associated assumptions. Some of this work is included in the Appendix as reference only for the first year of the financial forecast. The model will maintain a sense of fluidity as new information becomes available. The General Fund has many funds that rely on it for supplemental funding sources, administrative oversight, and it is the one fund that includes the base services for the City.

All assumptions are based on current efforts, the Departmental Work Plans, legislative issues that have not been resolved by the state (online sales tax impact), staff knowledge of impacts to revenue and expenditures, and the many regional efforts such as the Brownsville 2030 Space City and continued development at the Port of Brownsville. See the resources section as well.

The goal is to “leave no stone unturned” that would threaten the General Fund’s integrity to provide the services levels to its citizens that are expected. Adding to this effort and vision are reports such as the [“Cultivating a Stronger Brownsville”](#) with its emphasis on fiscal sustainability and recommendations on moving forward. However, there was not a stone that said COVID-19.

Although the model does not incorporate development assumptions, it does incorporate a recommendation to exercise the option to increase beyond the 3.5% property cap based on the Governor’s Disaster Declaration up to 8%, should the cap be exceeded. This option would assist with offsetting potential sales tax revenue declines.

In addition, license and permit fee increases, as well as increases to the sales tax revenue projections, were all considered as part of scenario development. Due to the March 2020 COVID-19 pandemic, the finance department has developed a financial outlook and contingency planning for areas to manage, which will guide the tracking of the COVID-19 impacts.

### **Assumptions**

The City currently performs mid-year budget amendments. Going forward, the financial forecast will include a mid-year budget review to assist with the assumptions starting with the base year projections. (i.e. Base year would be the 2021 projects in March of 2021) Original scenarios will be provided for information purpose only and can be found in the Appendix.

During the months of April and May of 2020 the Commission's Budget Committee (committee) went through a series of meetings where they were presented elements of the report in each meeting. The Committee approved the policy statements provided in this report, and the City Commission as a whole considered and approved the report approach and the policy statements provided on May 19, 2020. The approval of these policy statements and assumptions provides direction to the City Manager on how to approach the FY 2021 annual budget development.

The committee was created by the City Commission in late 2017, appointed by the Mayor in 2019, and officially started meetings in April of 2020. See the Appendix of this report for the scope of the committee.

The scenarios can be combined into one by applying the desired assumptions presented. The model assumptions center around the following questions:

- Scenario One - What do we know?
- Scenario Two - What are we about to know?
- Scenario Three – Do Nothing
- Scenario Four (tracking) – COVID-19 – Recession

It is essential to keep in mind that expenditure assumptions are made at the lump sum personnel

and non-personnel level to keep this report at a high level. In preparation for this all line items were reviewed for anomalies, and if any existed, have been or will be addressed as part of the budget process. There are over 3,500 expenditure line items and over 500 revenue line items in the General Fund alone.

Individual line items will be reviewed during the budget development process. There will be line item exceptions that will either be over or under the assumption levels provided. The goal is that the overall department meets the parameters provided for in the directives given by the City Manager at the start of the budget process that has been pre-determined and approved by both the Budget Committee and the City Commission. The City Manager will follow policy statements and present a balanced budget based on Current Revenues to Current Expenditures.

<b>Assumption Approach</b>	
<b>Revenue Assumptions</b>	<b>Meaning</b>
Flat at 2020	<p>An assumption based on the 2020 budget – It remains at a flat rate throughout the five years presented. These are revenues or expenditures that do not have enough data behind them to support an increase and/or they are beyond any influence or control by City staff. In some cases it maybe anticipated that future legislation will impact the amount cities receive. For example: With regards to Franchise fees although the average is a 2% increase – Corporate franchise companies continue to lobby for reduced fees to be paid to local governments.</p> <p>As it relates to how much can be collected and what rate can be charged. The flat assumption is the more conservative approach.</p> <p>Examples: Franchise Fees, Fines and Forfeitures and Ambulance Fees.</p> <p>Note- Ambulance Fee revenue can be reduced through public education efforts and/or how the City wishes to collect or not collect. (i.e. exempt collection of seniors/residents etc) Fines and Forfeitures are related to Municipal Court and in most cases are restricted by the state as to increases and can be impacted downward through public education.</p>
Flat	An assumption based on the five year average actuals from 2015-2019. These are revenues or expenditures that in some cases can be influenced by the city

	<p>through an increase in fee, additional fees etc. Examples:, License and permits, Fees and services and Misc Fees.</p> <p>Note: Fees will be assessed on an annual basis to incrementally cost recover based on methodologies as determined by departments and in comparison with the market. Within <i>Fees and Services</i> category exists parks, library, development fees as well as a variety of other revenue sources. Each individual revenue source has been evaluated with the collective assumption to remain flat. Breaking these line items out in future year budgets will provide for more transparent assumptions.</p> <p><i>Note: Staff will be working to categorize fees and Services to provide a more accurate assumptions.</i></p>
Rates (Non-Property Tax)	When an actual rate is presented, it represents an established trend of upward movement over the past two decades, and the actual rate established is based on an average of the last five years 2015-2019.
Property Tax Revenue	Staff recommending exceeding the 3.5% property tax cap if the threshold is exceeded.
Capped	City Manager has Capped the level at which will be applied to supplement the fund. See policy statements for surplus.
<b>Expenditure Assumptions</b>	<b>Meaning</b>
Municipal Cost Index (MCI)	Applied to Non-Personnel Across the board – See policy statement.
SAFR Grant	Actual Amount applied to increase personnel line item.
Collective Bargaining	Actual Amount applied to increase personnel line item.
Flat – Transfers Out	Applied to Transfer out unless the actual amount is known. These are based on historical trends.
Flat - Personnel	No pay increase outside of Collective Bargaining.
Cost of Living Increase (COLA)	Considered in increments of ½% \$155,000 – Non – Public Safety Only.
Zero Base	<p>Line items that are required to be rejustified as part of the budget process due to inactivity.</p> <p><i>Note: The zero based budget approach will be applied where relevant. (i.e. if a line item has been budgeted for more than 2 years and never used then the line item</i></p>

	<i>will be zero based and require a more detailed justification that recurring line items with activity.</i>
Salary Savings	Historic trends considered - Average since 2016 - \$855,000 – Scenarios that include salary savings will use this trend.
Masterplan	Information provided for in a related Masterplan.

## Policy Statements

The policy recommendations are needed for the assumptions to be realistic. These recommendations add an overarching vision to model assumptions. The policy recommendations create a foundation to reinvest in the City's infrastructure, human capital, services and maintain required fund balances.

These policies position the City Commission and management with an approved direction on allocating one-time revenue fluctuations from anticipated non-residential and/or residential growth, unique revenue increases due to short term development activity (LNG), strategic utilization of transfer surpluses when appropriating surpluses revenues and/or lower than expected expenditures. In addition, the policy statements provide guidance during economic downturns such as the COVID-19 pandemic.

Bond rating agencies include the City's approach to forecasting its capital improvement needs, programming fund balances, and its policy development in their decisions when rating the City. Putting in place policy statements and five-year strategic plans allows the City to continue to position itself as a stable and financially strong City allowing the City to maintain and potentially increase ratings. The City will explore all opportunities to work towards developing relationships that emphasis a regional approach in the reinvestment of capital infrastructure. This approach will better position the City for state and/or federal funding if a regional effort is supported.

Detailed financial information can be found in the City's [Comprehensive Annual Financial Report \(CAFR\)](#) and the [City's FY 2020 Annual Budget](#). In addition, the Finance Director provides quarterly reports to the City Commission, which will be made available online.

## General Fund Policy Statements

Name	Statement	Impacts
<b>Balanced Budget</b>	Continue to keep current revenues and current expenditures equal to zero.	Utilize a conservative and strategic approach for maintaining assumptions and fund balance requirements.
<b>Fund Balance Requirement</b>	Change current policy from % to days as recommended by GFOA Best Practices. Fund balance requirement will be based on the current year expenditures plus transfers, of approx \$27.6M, to meet a 90-day fund balance.	The 90-day fund balance is a reserve amount that is not-appropriated and is available in case the City is impacted by something unforeseen, such as a natural disaster and/or global pandemic. At any given time, the City has funds in the bank that can be reallocated to cover costs.
	<p>Replenishing deficiencies - when fund balance falls below the minimum 90 day range, the City will replenish the shortages using strategies and timeframes described below. The following budgetary strategies shall be utilized by the City to replenish funding shortfalls:</p> <ol style="list-style-type: none"> <li>1. The City will reduce recurring expenditures to eliminate any deficit or,</li> <li>2. The City will increase revenues or pursue other funding sources or,</li> <li>3. Some combination of the two options just mentioned.</li> </ol> <p>Minimum fund balance shortfalls shall be replenished within the following time periods:</p> <ol style="list-style-type: none"> <li>1. Deficiency resulting in a minimum fund balance under 90 days shall be replenished over a period not to exceed two years.</li> <li>2. Deficiency resulting in a minimum fund balance under 60 days shall be replenished over a period not to exceed three years.</li> <li>3. Deficiency resulting in a minimum fund balance under 30 days shall be replenished over a period not to exceed five years.</li> </ol>	
<b>Fund Balance Surplus</b>	The current policy is to use surplus fund balance for one-time non-recurring expenditures such as Capital Improvement Plan (CIP) and/or Capital Outlay needs. Every year surplus over the fund balance requirement will be programmed as a pay-as-you-go component to pay for future capital outlay and/or	<p>The City has many unfunded Capital Outlay and CIP needs. Capital Outlay purchases over \$15,000 are to be funded by cash.</p> <p>The objective should be that over time the City minimizes General Fund dependence on Enterprise Funds to supplement these needs. (FY 2020</p>

	<p>capital improvements. The projects and outlay needs within each program will be prioritized by staff and submitted for consideration during the annual budget process.</p>	<p>Bridge Fund providing Pay-As-You-Go Funding) The CIP is currently being updated as well as future bond programs. Surplus fund balance, if available, will provide a pay-as-you-go component to begin discovery, studies, and analysis as well as help offset debt when needed, if available.</p>
<p><b>Revenues</b></p>	<p>All revenues that exceed the amount budgeted will be subject to the fund balance surplus statement. The City Manager has identified “buckets” that are in need of resources such as CIP, Capital Outlay, and development-related strategies. See the dedicated revenue policy statement below related to revenues.</p>	<p>See fund balance statement.</p> <p>See recommendations based on Verdunity report.</p> <p><i>Legislative Note: As of 2020 the City is not subject to SB2 Revenue Cap – Assumptions are being made to show impact. At the time of this report, the State of Texas Comptroller is looking at online sales tax revenue distributions that could impact local governments. There are no assumptions that include these changes. At this time the impact to COB is not known. Staff is taking steps to analyze.</i></p>
<p><b>Dedicated Revenue Earmarks</b></p>	<p>The creation of any one fee to cover identified costs will go directly to fund and/or supplement identified capital outlay/cip identified with the new fee. All new fees or approaches will require a public education component before implemented.</p> <p>New Technology Fee for the digitization of development plans</p> <p>Ambulance Fee – amount above budgeted amount will go directly to fund capital outlay/techonolgy used to provide these services.</p>	<p>Provide supplemental pay-as-you-go funding for directly identified expenditures if there is a surplus.</p> <p>The new tech fee could be a source of funding directly linked to Enterprise Applications Fund to help with the cost of software/hardware or to offset the cost of the O&amp;M in future years.</p> <p>Ambulance fees above the budgeted amount will end up in the fund balance but can be earmarked to provide a revenue source for new capital outlay as it relates to ambulance services.</p>

	<p>Street Maintenance Fee – Fee structure based on Pavement Condition Index (PCI) recommendations.</p> <p>Any one-time influx in commercial activity that brings jobs to the City therefore increasing sales tax will directly be restricted by the fund balance statement to help fund the City’s CIP needs.</p>	<p>Street maintenance fee is budgeted as a enterprise fund for streets and drainage. Fee adjustments based on maintenance funding needs. (recommend towards a transportation user fee) <b>Revisit Methodology.</b></p> <p><i>Legislative Note: Franchise Fee Collection is based on a % of revenue from certain entities that use the City’s right of way. Cable Company revenue portion has been reduced. City Staff to provide more information if needed. (AT&amp;T and Spectrum has gone down by \$275,000)</i></p>
<p><b>Revenues related to increased development</b></p>	<p>Revenues that are related to increased development where the value of the property tax base increases through additional non-residential and residential property brought onto the tax rolls will be associated with increased expectation in service level where service will need to be provided and will be used to fund those “enhancements”.</p>	<p>Increased services will be required as non-residential and residential development in future years becomes evident. The model will assume increased service levels once this is known. At this time, the model only makes assumptions on increased values not on added properties.</p> <p><i>Reference: Verdunity Report</i></p>
<p><b>General Fund Transfers In</b></p>	<p>The General Fund receives supplemental funding from both the bridge, landfill, and BPUB funds. The transfer from the bridge capped at \$3.1M, landfill \$9.3M and BPUB at \$9.9M.</p> <p>In addition, it is important that the bridge fund maintains a fund balance due to the dependence that the General Fund has on it. The bridge fund should maintain a 60 day fund balance based on the transfer cap or approx. \$1.5M. Once this is established, any surplus available in the bridge fund will be used as a pay-as-you-go component for both capital outlay and CIP.</p>	<p>Capping these transfers allows these external funds to provide reserves for future capital needs (landfill) and any volatility in activity and or political change (inter-local) with regards to the county as it relates to the bridge fund.</p> <p><i>Legislative Note: Some states – such as Florida are putting restrictions on using a utility transfer to supplement the general fund, which allows the entities to keep property taxes lower.</i></p>

	<p>However, surplus from the landfill will be prioritized to fund landfill needs prior to supplementing general government-related CIP or capital outlay.</p>	
<b>General Fund Transfers Out</b>	<p>The General Fund supplements several external funds. The following are policy statements for General Fund transfers. The General Fund will fund <b>debt-related</b> transfers as first priority and then City operational entities as the second. The priority for operational funding is as follows:</p> <ol style="list-style-type: none"> <li>1. Airport</li> <li>2. Public Transit</li> <li>3. Golf and Recreation</li> <li>4. Brownsville Events Center</li> <li>5. Brownsville Sports Park</li> </ol>	<p>The City must consider its debt commitments first when deciding on prioritizing funding. The City’s public transit and airport operations are base service levels provided by the City and the City’s economy benefits highly from both of these operational entities. However, the City is working towards a hybrid (administrative, public safety, and some other logistics are still provided by General Fund) efficient Airport, therefore, the transfer to the Airport will be reduced and eventually eliminated if the Airport meets its goal. See Policy Statement for Airport Fund.</p>
<b>Airport Fund Transfer</b>	<p>Until the Airport has maintained a fund balance of 60 days for 3 consecutive years the General Fund will continue to provide a supplemental transfer. Current 60 day target is \$700,000. Once this occurs the General Fund will repurpose this transfer for future priorities and needs of the General Fund.</p>	<p>An Airport Master Plan was adopted by the Commission (Feb 2020) that implies revenue and expenditure needs that will allow it to be an efficient hybrid funded airport.</p>
<b>Base Budget</b>	<p>The base budget each year will be what the City needs to maintain current year service levels. Base budgets are considered recurring operational expenditures. Budget development directives will be given that follow the fiscal forecast. Non-Personnel assumptions will be gauged on the Municipal Cost Index (MCI). This index consists of the Construction Cost Index (CCI),</p>	<p>The City provides and purchases commodities and services beyond the standard household therefore only looking at the CPI index, which is meant for consumers does not provide an accurate index for establishing the cost of doing business for a City. This provides another means for management to evaluate the impacts of other markets when developing the budget. For more information on the MCI see</p>

	Consumer Price Index (CPI) and the Producer Price Index (PPI).	<a href="https://www.americancityandcounty.com/more-about-the-municipal-cost-index/">https://www.americancityandcounty.com/more-about-the-municipal-cost-index/</a>
<b>Personnel</b>	<p>The City currently does not have a pay plan for non-public safety personnel. Other commitments related to OPEB, Self-Funding, Collective Bargaining and Civil Service have maxed out any capacity to provide an on-going pay plan approach to non-public safety.</p> <p>This policy statement is to keep in mind as trends in revenue identified that would allow for the capacity to sustain a non-public safety pay plan approach. In the meantime, lump sum payouts will be considered once fund balance policy statement priorities have been met.</p>	<p>Provide a COLA when the market indicates the need for one until the City establishes a pay plan.</p> <p>It is management’s goal to continue to be strategic in finding a method to provide a sustainable non-public safety approach to a pay plan that will provide a market-based approach with equitable pay for non-public safety employees.</p> <p><i>Note: Ten Year transition schedule under development for OPEB.</i></p>
<b>Enhancements to the Base</b>	All increases to the base budget that are beyond increases to “cost of doing business” will require separate approval by the City Commission with full justification of the need to increase the base. Enhancements are new expenditures such as a new O&M costs due to the implementation of new software, increased contract cost due to expanded hours, or increased service territory and or new positions. Enhancements become recurring expenditures.	This provides a transparent approach to capture items added to the base and what service levels are being enhanced. The City Manager will prioritize enhancements to present to the Commission with the annual budget process.
<b>Debt Limit</b>	Set a maximum debt limit of 5% of the assessed valuation.	Current Value \$7.1B * .05 would be a maximum debt limit of \$355M. Current debt issued \$166M, allowing \$189M left to issue. (as of May 2020)
<b>Term of Debt</b>	Consider longer-term debt between 20-30 years.	City does not have the tax base and puts pressure on the tax rate allocation. Equity principle (Intergenerational)
<b>Hotel Tax</b>	How we allocate the HOT	This will be a new policy statement for Commission Consideration as the information becomes known.

## Service Plans

The City Manager will implement the development of service plans, to begin with the FY 2021 budget process. [“Cultivating a Stronger Brownsville”](#) report recommends that the City will focus on development efforts in locations where city services and infrastructure are already in place.

As development becomes more evident, future models will incorporate an expansion of service levels where needed, which will be considered as enhancements to the base budget.

The priorities set by the Commission drive the order in which service plans will be developed and presented. It is intended that service plans are developed by the assigned department head.

Some service plans may require supplemental third party evaluation to assist with technical best practice approaches that impact personnel safety and health, citizens' quality of life, and accreditation standings that could impact resource availability.

The first cycle started with the FY 2020 budget process and includes Planning and Redevelopment Services, Engineering and Public Works, Library and Multi-Modal Transportation. The service plans slated to be complete in FY 2021 are Fire, Police, Parks and Recreation and Enterprise Applications. Service plans will be updated every three (3) years. The service plans provide a five (5) year forecast and should answer the following questions:

- What services does the department provide?
- What level of service does the department provide?
- What resources are necessary to provide current services?
- What are the challenges related to providing these services?
- What enhancements are needed to provide future services?
- Why are the services provided?

<b>Service Plans – Sequence to be determined from FY 22 and beyond</b>		
<b>Department</b>	<b>Service Plan Due</b>	<b>Service Plan Updated</b>
Planning and Redevelopment Services	2020	2023
Engineering and Public Works	2020	2023
Multi-modal Transportation	2020	2023
Library	2020	2023
Police	2021	2024
Fire	2021	2024
Parks and Recreation	2021	2024
Enterprise Applications	2021	2024
Finance	2022	2025
OD and HR	2022	2025
Communication and Marketing	2022	2025
Internal Services	2023	2026
Public Health	2023	2026

Airport	2023	2026
Municipal Court	2024	2027
City Secretary	2024	2027

## Appendix

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## Scenarios

EXAMPLE USED DURING BUDGET COMMITTEE MEETINGS FOR  
PRESENTATION PURPOSES ONLY

<b>City of Brownsville Pre-COVID Scenario One</b>							
<b>In \$millions</b>	<b>FY 20</b>	<b>FY 20P</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>
Beginning Balance	24.8	24.8	25.4	26.9	28.2	29.0	29.2
Recurring Revenue	87.5	87.5	89.7	91.3	93.1	95.0	96.6
Recurring Expense	102.2	102.2	103.3	105.3	107.7	110.2	112.8
Transfers In	22.3	22.3	22.3	22.3	22.3	22.3	22.3
Transfer Out	6.9	6.9	7.2	6.9	6.9	6.9	6.9
Total Transfers In/Out	15.4	15.4	15.1	15.4	15.4	15.4	15.4
Current Rev/Ex	(14.7)	(14.7)	(13.6)	(14.0)	(14.6)	(15.2)	(16.2)
Total Rev/Ex w Transfers	0.6	0.6	1.6	1.4	0.9	0.2	(0.7)
Enhancements			0.1	0.1	0.1	0.1	0.1
Ending Fund Balance	25.4	25.4	26.9	28.2	29.0	29.2	28.4
90 Day Fund Balance Requirement	27.3	27.3	27.6	28.1	28.6	29.3	29.9
Over/Under FB Requirement	(1.9)	(1.9)	(0.7)	0.1	0.4	(0.1)	(1.5)

<b>Scenario One Revenue Assumptions – What do we Know – Pre COVID</b>		
<b>Description</b>	<b>Rate</b>	<b>Note</b>
Franchise Fee	Flat 2020	Based on 2020 Budget
Property Tax Revenue	3%/year	Based on Value increase
Sales Tax	2%/year	Based on 5 year average
Fines and Forfeitures	Flat	Based on 5 year average
Licenses and Permits	3%	Conservative estimate
Fees and Services	2%	Conservative estimate
Ambulance	Flat 2020	Based on 2020 Budget
BPUB	Capped	\$4.6M
Landfill	Capped	\$9.3M
Bridge	Capped	\$3.1M
Fund Balance	60 Day of Current Year Exp	

<b>Scenario One Expenditure Assumptions – What do we Know – Pre COVID</b>		
<b>Description</b>	<b>Rate</b>	<b>Impacts</b>
Non-Personnel increase	MCI Rate for Month of Feb -Need to use March	Exceptions to line item increases require full justification. Contract commitments and increases from services procured
No new positions		
Enhancements will be considered only for completed work plan initiatives		O&M Impacts
Convention & Tourist Fund/Event Center	Flat	
Non-Bonded Debt Fund	Actual	
Street & Drainage Maint. Fund	Flat	
Airport Fund	Masterplan	
Public Transit Capital and Planning	Flat 2020	
Public Transit Operating	Flat 2020	
Bro Golf & Recreation	Flat	

<b>Scenario Two Revenue Assumptions – What we are about to know – Pre COVID</b>		
<b>Description</b>	<b>Rate</b>	<b>Note</b>
Franchise Fee	2%/year	Assuming no new legislation
Property Tax Revenue	City Meets the 3.5% Property Tax Cap	Based on Value increase
Sales Tax	2% for 21 and an increase of \$200K 22-25 assumes LNG impact for more jobs which relates to more shopping	If it is more than \$200K – Policy Statement
Fines and Forfeitures	Flat	Based on 5 year average
Licenses and Permits	3%	Still not assuming any major redevelopment in conjunction with Verdunity report or major housing rebuild.

Fees and Services	2%	Conservative estimate
Ambulance	Flat 2020	Based on 2020 Budget
BPUB	Capped	\$4.6M
Landfill	Capped	\$9.3M
Bridge	Capped	\$3.1M
Fund Balance	60 Day of Current Year Exp	

**Scenario Two Expenditure Assumptions– What we are about to know – Pre COVID**

<b>Description</b>	<b>Rate</b>	<b>Impacts</b>
Non-Personnel increase	MCI Rate for Month of May	Exceptions to line item increases require full justification. Contract commitments and increases from services procured
No new positions		
Enhancements will be considered only for completed work plan initiatives		O&M Impacts
COLA for Non-Public Safety	2%	Increase of approx. \$700 compounded per year
Convention & Tourist Fund/Event Center	Flat	
Non-Bonded Debt Fund	Actual	
Street & Drainage Maint. Fund	Flat	
Airport Fund	Masterplan (20-21)	\$1.8M to \$1.5M
Public Transit Capital and Planning	Flat 2020	
Public Transit Operating	Flat 2020	
Bro Golf & Recreation	Flat	

### Covid-19 Tracking Tool

	COVID IMPACT GENERAL FUND		5/18/2020
	Adopted 2020 Budget	COVID 2020 Projections	Impact
<b>Revenues with Transfers In</b>	<b>109,125,034</b>	<b>107,386,273</b>	<b>(1,738,761)</b>
Sales Tax	30,535,800	28,495,309	(2,040,491)
Municipal Fees	2,668,401	2,371,138	(297,263)
Licenses & Permits	2,274,100	2,018,035	(256,065)
Ambulance Billings	4,200,000	3,700,000	(500,000)
Interest Income	640,000	550,000	(90,000)
Operating Transfer In			
Landfill Fund	9,299,345	8,943,804	(355,541)
Bridge Fund	3,100,000	2,600,000	(500,000)
B PUB Transfer	9,874,234	9,874,234	-
CARES Act Allocation Funding Available \$10M, access up to 20%		2,300,599	2,300,599
<b>Total Current Revenues Variance</b>			<b>(1,738,761)</b>
<b>Total Expenditures with Transfers Out</b>	<b>109,125,034</b>	<b>107,386,273</b>	<b>1,738,761</b>
Hiring Freeze Salary Savings in addition to what is already budgeted		(1,000,000)	1,000,000
What Departmental line items will not be used - Each department head should be providing projections on the non- personnel expenditure side. Should see a drop in several areas. Reduced by 10% in over all budget.		(1,346,366)	1,346,366
<i>Operating Transfers Out</i>			
Airport Fund	1,373,637	750,000	623,637
Public Transit Operating	2,069,211	700,000	1,369,211
Sports Park Complex	1,330,387	1,330,387	-
Events Center	381,930	526,274	(144,344)
Bville Golf Center	386,646	542,156	(155,510)
Covid-19 Response (Non-Budgeted Portion)		2,300,599	(2,300,599)
<b>Total Current Expenditure Variance</b>			<b>1,738,761</b>
<b>Total COVID Impacts</b>			<b>0</b>

## **The Scope of the 2021 Budget Committee**

**Purpose:** Act as an advisory committee to the City Commission appointed by the Mayor for the establishment of policy statements, and the strategic approach to the annual budget process through the development of assumptions based on a forecasting model that aligns with the Commission's Strategic Vision.

The Budget Committee will meet at the early stages of budget development from April-May of each year to prepare for the Commission's consideration and approval of the five-year fiscal forecast model that will provide direction to the City Manager on the parameters for the development of the upcoming annual budget.

The City Manager is responsible for the preparation, development, and presentation of the City's annual budget.

### **Members:**

Juan "Trey" Mendez - Mayor  
Nurith Galonsky – Commissioner District 1  
John Cowen Jr. -Commissioner At-Large A

### **Liaisons**

Noel Bernal – City Manager  
Lupe Granado – Finance Director

**Term:** April – May annually

### **Role:**

- Provide feedback on the information presented by City staff with regards to the fiscal forecast model.
- Provide recommendations to the City Commission on the approval of a five-year fiscal forecast model that will set the direction for the City Manager to approach the annual budget process.
- Provide ambassador roles during Commission Budget Work Sessions in conjunction with the City Manager.