

TO THE HONORABLE MAYOR, CITY COUNCIL AND CITIZENS OF CEDAR HILL:

Presented herein is the Fiscal Year 2013-2014 approved operating budget. The budget represents the financial plan for providing various services for the year, as well as a policy document for the City. This budget concentrates on the goals set by the City Council and furthers the vision of Cedar Hill as a Premier City. In addition, it reflects the City's mission to deliver the highest quality municipal services to our citizens and customers, consistent with our community values as reflected in the Vision Statement, Mission Statement and Premier Statements.

BUDGET GOALS:

Vision Statement: We envision Cedar Hill as a Premier City that retains its distinctive character, where families and businesses flourish in a safe and clean environment.

Mission Statement: The mission of the City of Cedar Hill is to deliver the highest quality municipal services to our citizens and customers, consistent with our community values.

Premier Statements: Cedar Hill is safe.

Cedar Hill has Texas Schools of Choice.

Cedar Hill is clean.

Cedar Hill has vibrant parks and natural beauty.

Cedar Hill has a strong and diverse economy.

Cedar Hill has excellent, safe and efficient infrastructure.

Cedar Hill has distinctive character.

City Values:

Citizen Input and Participation

Accountability and Responsiveness

Diversity and Respect for Individual Differences

Highest Ethical Standards of Integrity

Teamwork and Regional Cooperation

Excellence and Continuous Improvement

The Vision, Mission and Premier Statements were not changed from the prior year; the FY 2013-2014 new theme is "Cedar Hill...Where opportunities grow naturally."

PRIORITIES/BUDGET FACTORS

In preparing the FY 2013-2014 Budget, the City was faced with the following three major budget factors:

- Improvement of Development Activity
- Stabilizing Property Tax Value
- Rising Health Care Costs

The budget factors in FY 2012-2013 were:

- Declining Property Tax Revenue
- Minimal Growth in Sales Tax
- Rising Health Care Costs

Property tax revenue, minimal growth in sales tax revenue and rising health care costs are common denominators in both years. A more comprehensive description is in the Executive Summary portion of this document.

I am pleased to report that this budget:

- ✓ Ensures that all debt requirements are met.
 - The current tax rate is adequate to satisfy the debt requirements and City operations.
- ✓ Funds each department adequately to continue services at existing levels.
 - The current budget is appropriately designed for all City departments to continue to provide services to our citizens.
 - The current budget provides a 4% merit increase for all general employees.

The following are highlights for the upcoming year and address the directive to make Cedar Hill a Premier City.

AD VALOREM TAX RATES

This budget is based upon the estimated effective tax rate of \$0.69876, which is a \$0.00307 increase to the tax rate to offset the loss in assessed valuation of existing property. The effective Maintenance & Operations (M&O) tax rate is estimated at \$0.51270 and the Interest and Sinking (I&S) tax rate is \$0.18606. Every year, the City receives the total value of all property in which taxes will be assessed from the Dallas and Ellis Central Appraisal Districts. The total taxable value this year is projected to increase by 0.17% from \$2,697,467,361 to \$2,702,074,018. The increase in taxable value totals \$4,606,657. New construction is estimated at \$12,054,420 and revaluations of existing property are estimated to decline \$7,447,763. General Fund property tax revenue for 2013-2014 is projected to increase by \$86,200 or 0.63% when compared to 2012-2013 budgeted revenues.

GENERAL FUND REVENUES

Revenue comparisons are last year's budgeted amounts versus this year's projected amounts, since last year's budgeted amounts were used to establish the level of services.

Total General Fund revenues are projected to decrease \$558,490 or 1.87%, primarily due to the lesser need for transfers between the 2012 – 2013 and 2013-2014 budgets. Included in the current year's revenues are transfers from the Street Construction Fund totaling \$351,730. Changes from the previous year's budget in General Fund revenues are discussed below.

Sales Tax – Fiscal Year 2013-2014 sales tax is estimated to increase by \$489,000 or 7.59% versus the 2012-2013 Budget. When the 2013-2014 budgeted sales tax of \$6,929,000 is compared to the current 2012-2013 estimate of \$6,664,685, it represents a 4% increase.

Franchise Taxes – Total franchise taxes are projected to increase by \$96,160 or 2.9% versus the 2012-2013 Budget.

Administrative Services Revenue – This revenue source is projected to increase by \$4,605 or 1.2% versus the 2012-2013 Budget.

Public Safety Revenue – This revenue source is projected to decrease by \$84,135 or 2.3% when compared to the 2012-2013 Budget. This decrease is primarily due to lower fines, forfeitures and grant revenue.

Community Development Revenues – These revenues are projected to decrease by \$25,050 or 3.7% when compared to the 2012-2013 Budget, primarily due to lower grant revenue.

Inter-fund Transfer – The proposed transfers of \$351,730 discussed above are needed to keep the General Fund's fund balance at or above the 25% fund balance policy.

COMPENSATION PLAN

The proposed budget includes funding for phase II of a market adjustment for sworn public safety personnel on October 1, 2013. The budget also includes a 4% merit increase for all general employees.

The City offers employees two medical plans, a PPO and a high deductible Health Savings Account (HSA) plan. Due to a high loss ratio, the City went out to bid to try to control costs. This process caused us to change carriers from *Blue Cross, Blue Shield of Texas* to Aetna and successfully reduced the potential increase from 19% to 11.81%. A majority of the increase is being passed on to the employees and the premium increase will depend on the plan selected.

GENERAL FUND EXPENDITURES

The General Fund is organized into four (4) major functions: Administrative Services, Public Safety, Community Development and Public Works. Each department or division is assigned to the appropriate major functional area. A description of each function is presented below.

ADMINISTRATIVE SERVICES

This function includes the Administration, Human Resources, Information Technology, Finance, Government Center and Nondepartmental Departments. The budget does not include any new programs for these departments. However, normal City operation will require equipment replacement, which will be purchased through the Equipment Fund.

The **Information Technology Department's** budget includes replacing 55 desktop computers, eight laptops and three tablets and fiber optic expansions.

PUBLIC SAFETY

This function includes the Police, Animal Control, Fire, Emergency Management, Municipal Court, Code Enforcement and Animal Shelter Departments. No new programs are recommended for these departments. However, normal City operation will require equipment replacement to be purchased through the Equipment Fund.

The **Police Department's** budget includes the transferring of the PACT unit to the Crime Control and Prevention District as approved by the voters. This year's budget includes replacing four patrol vehicles.

The **Fire Department's** budget includes replacing an ambulance, stretcher, three stair chairs and an SUV.

The **Emergency Management Department's** budget includes the replacement of an outdoor warning tornado siren at Fire Station 2.

The **Municipal Court's** budget includes replacing a mobile data terminal computer and E-court software.

The **Animal Shelter Department's** budget includes replacing an animal transport van.

COMMUNITY DEVELOPMENT

This function includes the Parks, Recreation, Library, Neighborhood Services and Planning Departments. Normal City operation will require equipment replacement, which is included in the Equipment Fund's budget.

The **Parks Department's** budget includes replacing a pickup truck, three zero-turning-radius mowers, two automatic external defibrillators and the addition of a Landscape Beautification Crew.

PUBLIC WORKS

This function includes the Street and Fleet Maintenance Departments. Normal City operation will require equipment replacement, which is included in the Equipment Fund's budget.

The **Fleet Maintenance Department's** budget includes updating their fleet inventory software.

WATER AND SEWER FUND

Revenues - The minimum charge for water increased by \$0.55 per \$1,000 gallons. The minimum charge for sewer increased \$0.74 per 1,000 gallons. This increase is the result of increased operating cost and lower average customer consumption.

Expenditures - The departments funded by the Water and Sewer Fund include Public Works Administration/Engineering, Water and Sewer Operations, Utility Billing, Information Technology and Nondepartmental. No programs are recommended for these departments.

EQUIPMENT FUND

A total of \$992,670 of replacement equipment is included in the budget.

SIGNIFICANT ACCOMPLISHMENTS FROM PRIOR YEAR

Clean - The City installed solar street lights in various subdivisions to continue Green initiatives.

Distinguished Budget Awards - The Finance Department received an award for providing a distinguished budget.

Mothers Against Drunk Drivers (MADD) - A Cedar Hill Police Officer received an award from MADD for a third year.

Operation Clean Sweep - The Code Enforcement Department continued to educate the public on code enforcement issues, resulting in fewer City code violations.

Parks - Adopted a Parks and Open Space Master Plan.

Police - The Police Department received a second renewal of Texas Recognized Agency for best practices.

Public Works - Completed 257 miles of water distribution line leak detection.

Texas Municipal League Library of Excellence Award - The Library received this award for superior library services provided to our patrons.

Tree City USA Designation - The Parks and Recreation Department received this award for distinguished efforts in tree preservation and beautification.

Utility Billing - The Utility Billing Department facilitated a public/private partnership for the Automatic Meter Infrastructure (AMI) project.

The content of the budget is a direct response to the Cedar Hill City Council's current and ongoing vision, values and directives to management. Various goals, along with specific objectives, meet those established by management and staff in formulating the FY 2014 Budget. I am confident this budget reflects the policy and direction established by the City Council.

Respectfully submitted,

Alan E. Sims
City Manager