



Travis County Commissioners Court Agenda Request

Meeting Date: June 24, 2014

Prepared By/Phone Number: Yolanda Aleman, (512)854-9106

Elected/Appointed Official/Dept. Head: Leroy Nellis, Acting County Executive, Planning and Budget

Commissioners Court Sponsor: Judge Samuel T. Biscoe

AGENDA LANGUAGE: Receive an update on the Fiscal Year 2015 budget development process.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:
Please see attached memo.

STAFF RECOMMENDATIONS: Please see attached memo

ISSUES AND OPPORTUNITIES: Please see attached memo

FISCAL IMPACT AND SOURCE OF FUNDING: Please see memo

REQUIRED AUTHORIZATIONS:

Leroy Nellis – Planning and Budget Office, (512)854-9106

Jessica Rio – Planning and Budget Office, (512)854-9106

David Salazar - County Judge's Office, (512)854-9555

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials should be submitted as a pdf to the County Judge's office, agenda@co.travis.tx.us by Tuesdays at 5:00 p.m. for the next week's meeting.

Cost Drivers

In March, the Planning and Budget Office estimated cost drivers for the FY 2015 budget process in the range of \$11.5 million to \$17 million. These cost drivers included the annualization of funding for program priorities in 2014 as well as other cost drivers such as health insurance, interlocal agreements, support of the Road & Bridge Fund and Balcones Canyonland Preserve, risk management and other mandated expenses. The Planning and Budget Office is currently in the process of refining these costs and preparing our recommendations for the FY 2015 Preliminary Budget. We are confident that we will be able to make prudent recommendations that cover those areas that we expressed in March would need additional resources during this budget development. At the same time, we are cognizant of additional cost drivers that Travis County will face in the near future such as the addition of two new criminal courts approved in the 83rd legislative session.

Tax Rate

The Travis Central Appraisal District (TCAD) has provided updated estimates for Travis County that reflect taxable value of \$115.6 billion, including new construction of \$2.8 billion. Taxable value is up from \$107.1 billion certified last July for FY 2014. At this time, average taxable homesteads are estimated at \$240,434 (in comparison to \$222,581 for Fiscal Year 2014 as updated by TCAD). This is an 8% increase in the average taxable homestead. These estimates will continue to be refined this summer. As you are aware, as appraised values increase, the effective tax rate calculation reduces the tax rate for all properties and therefore does not produce additional revenue outside of new construction.

The table that follows includes the latest valuation projections and reflects an estimated tax rate of 47.72 cents per \$100 of taxable value, which is approximately 3.5% lower than the current tax rate of 49.46 cents per \$100 of taxable value. Given expected increases in the average taxable value, there would still be an annual increase in taxes of approximately \$46. It is important to note that the effective tax rate is currently estimated at 47.02 cents, which would also translate into an annual increase of \$30 on the average homestead given the increases in taxable homestead values of 8% noted above.

The median taxable homestead value has increased nearly 9% according to the Travis Central Appraisal District and is currently estimated at \$180,300, up \$14,533 from last year. The estimated annual tax impact on a median taxable homestead is \$860, as compared to \$820 in FY 2014. Be advised that this calculation could continue to change up until August when TCAD certifies the tax roll.

Preliminary Estimate of Average Annual Tax Impact on Homestead Owners
(Estimates based on latest figures for both FY 2014 and FY 2015 provided by TCAD)

	Current FY 2014	Projected FY 2015	Difference	
			\$	%
M&O	0.4190	0.4023	-0.0167	-4.0%
I&S	0.0756	0.0749	-0.0007	-0.9%
Total Ad Valorem Tax Rate (per \$100 taxable value)	0.4946	0.4772	-0.0174	-3.5%
Average Homestead Value	282,413	319,798	37,385	13.2%
Average Taxable Value after 20% homestead exemption and other required adjustments	222,581	240,434	17,853	8.0%
Annual Tax Impact	1,101	1,147	46	4.2%
Median Homestead Value	209,385	238,926	29,541	14.1%
Median Taxable Value	165,767	180,300	14,533	8.8%
Annual Tax Impact	820	860	40	4.9%

Second Revenue Estimate

The County Auditor recently released the second revenue estimate for Fiscal Year 2015. The estimate reflects \$627.7 million in General Fund resources. The FY 2015 estimate includes one-time funds of \$112.4 million and ongoing resources estimated at \$515.3 million. The County Auditor has indicated that this estimate includes all funds with the exception of the Self Insurance Fund, the Employee Health Benefit Fund, and the Debt Service Fund. In addition, it is important to note that the revenue estimation process becomes much more refined as we get closer to the end of the year since both revenue and expenditure analysis is not linear in nature.

Budget Requests from Departments and Offices

Fiscal Year 2015 budget submittals from departments and offices were received on May 5, 2014. While many of these submittals reflect internal reallocations to accommodate existing and future funding needs, we have received a number of requests for new budgetary resources. The requested dollar amounts are all currently being verified by our budget analysts and recommendations are being shared departments and offices as we meet with them through early July. The remainder of July will be spent finalizing

recommendations to the Commissioners Court that will be reflected in a balanced Preliminary Budget.

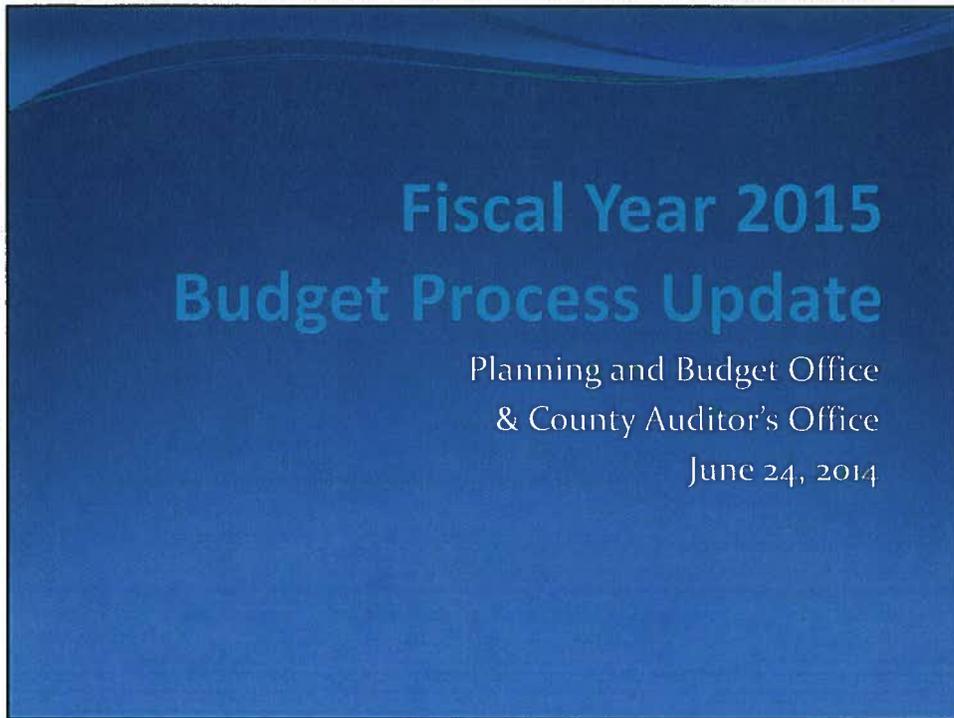
Total requests submitted this year include approximately 340 individual requests and total over \$40 million in the General Fund, nearly \$4 million in other requested funding, over \$150 million in capital requests, and a total more than 180 new full-time equivalents (FTEs). As we work through verification of these requests, some will be adjusted to correct for duplication or other errors, or simply to refine the estimates as more information becomes available.

Compensation and Benefits

The Commissioners Court has invested significant resources in recent years to ensure that its workforce is competitive with market conditions. A Compensation Committee appointed by the Court has presented recommendations on the implementation of performance based pay in the future. The proposed policy is under review by the County Attorney's Office and will be available for employee review and comment.

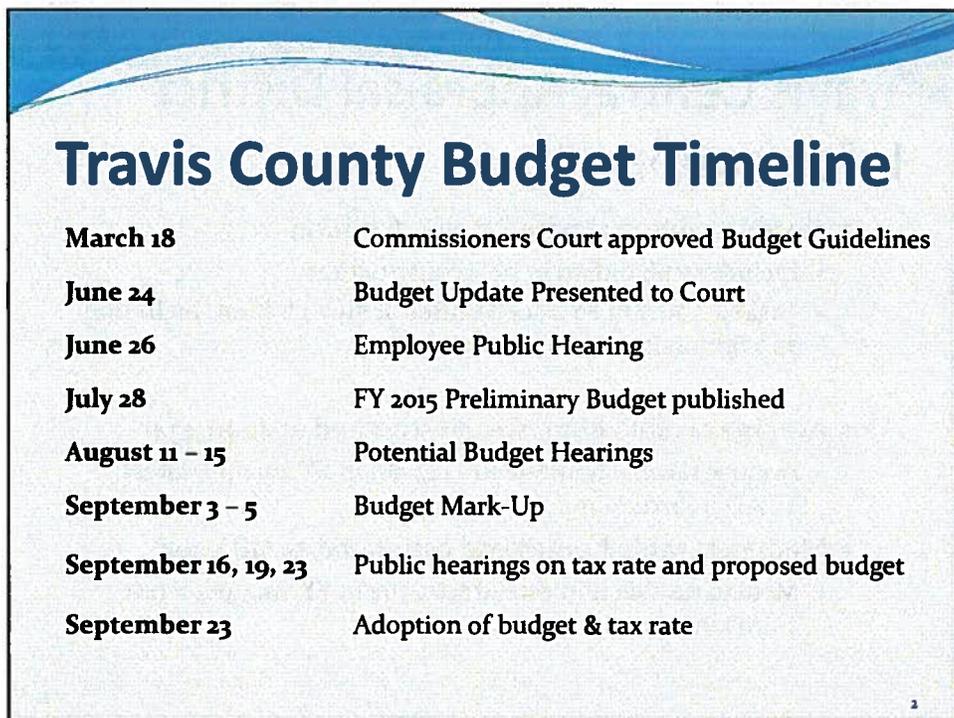
At this time, the Fiscal Year 2015 Preliminary Budget is not expected to include funding for pay increases for classified employees or those on the peace officer pay scale. Benefit changes were discussed with Commissioners Court on June 10th, and direction was given to prepare information for employees and retirees regarding benefit options before a scheduled employee public hearing on Thursday, June 26th at 4:30 p.m. The employee public hearing is held each year, and provides employees and employee groups an opportunity to comment specifically on compensation and benefits at Travis County.

We look forward to working with you to develop the Fiscal Year 2015 budget. Please do not hesitate to let us know if you have questions or need additional information.



Fiscal Year 2015 Budget Process Update

Planning and Budget Office
& County Auditor's Office
June 24, 2014



Travis County Budget Timeline

March 18	Commissioners Court approved Budget Guidelines
June 24	Budget Update Presented to Court
June 26	Employee Public Hearing
July 28	FY 2015 Preliminary Budget published
August 11 - 15	Potential Budget Hearings
September 3 - 5	Budget Mark-Up
September 16, 19, 23	Public hearings on tax rate and proposed budget
September 23	Adoption of budget & tax rate

2

FY 2015 Budget Guidelines: Cost Drivers

- **Cost drivers between \$11.5 and \$17 million were presented:**
 - Annualized Funding for 2014 Program Priorities
 - Benefits (County funded portion)
 - Interlocal Agreements
 - Road & Bridge Support
 - Balcones Canyonlands Preservation Fund
 - Risk Management
 - Civil Indigent Attorney Fees
- **FY 2016 and Beyond Cost Drivers:**
 - health benefits and retirement costs
 - increased costs related to elections
 - interlocal agreements and other long-term commitments like Balcones Canyonlands Preserve and Waller Creek
 - two new criminal courts
 - Managed Assigned Caseload Program
 - new Juvenile Probation statutory requirements
 - workload demands

3

Travis Central Appraisal District Information:

- **Taxable value estimated at \$115.6 billion**
 - Includes \$2.8 billion in new construction
 - Taxable value in FY 2014 certified at \$107.1 billion, including \$2.3 billion in new construction
- **Average taxable homestead estimated at \$240,434**
 - Average taxable homestead \$222,581 in FY 2014 per latest TCAD information
- **Median taxable homestead estimated at \$180,300**
 - Median taxable homestead \$165,767 in FY 2014 per latest TCAD information

4

FY 2015 Budget Development: Tax Rate

Commissioners Court directed the Planning and Budget Office to work toward balancing the Preliminary Budget at 1.5% above the effective tax rate.

- FY 2014 tax rate is 49.46 cents per \$100 of taxable value.
- FY 2015 effective tax rate in March was estimated at 48.24 cents per \$100 of taxable value. Current estimate of the effective tax rate is 47.02 cents per \$100 of taxable value.
- FY 2015 proposed tax rate for planning purposes is currently estimated at 47.72 cents per \$100 of taxable value, which is 1.74 cents less than the 2014 tax rate (3.5% decrease).

5

Estimated Average Annual Tax Impact on Homestead Owners

	Current FY 2014	Projected FY 2015	Difference	
			\$	%
Maintenance & Operations (M&O)	0.4190	0.4023	-0.0167	-4.0%
Interest & Sinking (I&S)	0.0756	0.0749	-0.0007	-0.9%
Total Ad Valorem Tax Rate	0.4946	0.4772	-0.0174	-3.5%
Average Homestead Value	282,413	319,798	37,385	13.2%
Average Taxable Value after 20% homestead exemption and other required adjustments	222,581	240,434	17,853	8.0%
Annual Tax Impact	1,101	1,147	46	4.2%
Median Homestead Value	209,385	238,926	29,541	14.1%
Median Taxable Value	165,767	180,300	14,533	8.8%
Annual Tax Impact	820	860	40	4.9%

*All figures updated by TCAD in June of 2014.

6

Other Revenue Sources

- **Potential Increase in TNR Fees**
 - *Platting Fees*
 - *Park Entrance Fees*
 - *Administrative Costs Billed Out at 10%*
- **Increase Accounts Receivable Collections**
 - *EMS Ambulance Fees*
 - *Civil Collections*
 - *Criminal Fees*

7

FY 2015 Budget Process

8

General Fund-Revenue Estimate

	2014 Adopted Budget	2015 Estimate	Change
Taxes	\$431.4M	\$447.0M	\$15.6M
Intergovernmental	10.2	10.9	.7
Charges for Services	56.2	54.1	(2.1)
Investment Income	(2.3)	(2.3)	-0-
Other	3.2	5.6	2.4
Total Revenue	\$498.7M	\$515.3M	\$16.6M
Available Resources	\$618.7M	\$627.7M	\$9.0M

9

FY 2015 Budget Submissions

- Departments submitted their FY 2015 target budgets and any new budget requests on May 5th.
- Approximately 340 individual requests:
 - 180 new positions requested (FTE)
 - \$40 million requested in the General Fund
 - \$4 million requested in other funds
 - \$150 million requested in capital funds
 - Includes \$30 million for District Attorney Office Building, \$2 million for Medical Examiner facility design and \$15 million for SH45 SW.

10

