



**BUDGET IN BRIEF
FISCAL YEAR 2021**

**FORWARD
THINKING** >>>



BY THE NUMBERS

Proposed Budget FY 2021

The City of Galveston's proposed FY 2021 budget represents our commitment to fiscal responsibility while ensuring our ability to provide daily services to our residents and visitors. The budget also demonstrates our commitment to forward-thinking planning for infrastructure improvements and a long-term blueprint for the city, and calls for a nearly 2 cent decrease from FY20.



The proposed budget for FY 2021, which includes maintenance and operations expenditures, one-time expenses and the capital budget, is \$217.97 million, 6.85 percent less than the adopted FY 2020 budget.





FY 2021

PROPOSED TAX RATE

The proposed property tax rate for FY 2021 is \$0.56 per \$100 valuation, a nearly two cent decrease in the tax rate from FY 20. If adopted, a homeowner of a house valued at \$200,000 would pay approximately \$93 per month in City property taxes for the next year.

The proposed budget does not include a change to the water and sewer rate.

\$0.56

*per \$100 valuation
Proposed FY 2021*

\$0.579885

*per \$100 valuation
Adopted FY 2020*



COVID-19

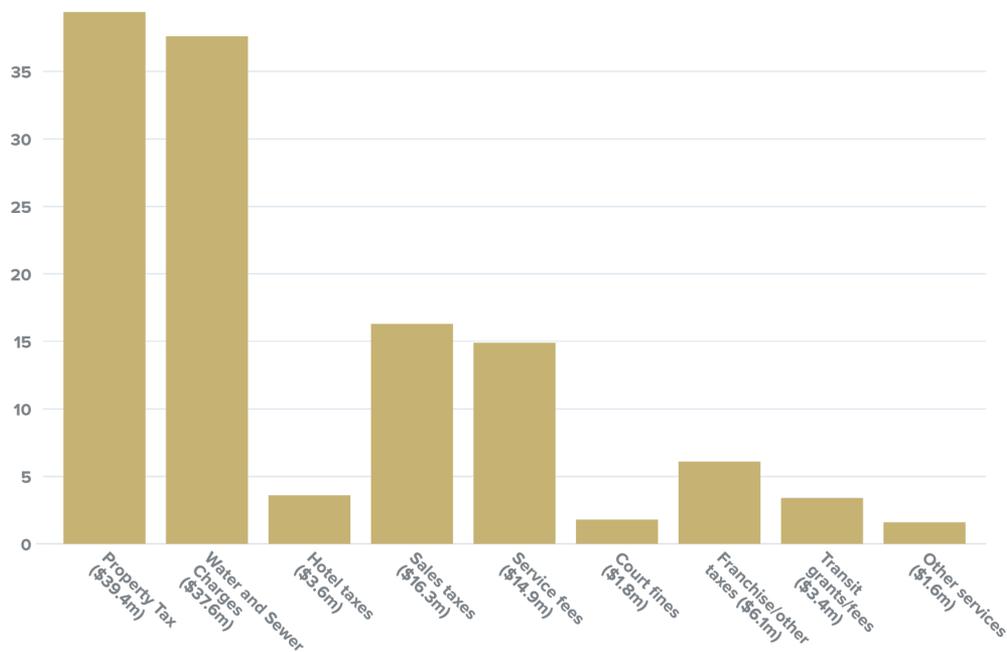
The City is facing unusually volatile revenue and expenditure challenges that must be addressed in this budget. Like most sectors of the economy, the City of Galveston is directly affected by the Covid-19 pandemic. Economically sensitive revenues (such as sales, hotel occupancy and property taxes) can be expected to reflect lower levels of economic activity but at a different pace. Sales tax revenue received by the City in early May began to reflect the effects of closures that began in March.

As expected, sales tax revenue is significantly less than last year's revenue received from the state for the same month. Property taxes are a different story. When closures began, over ninety percent of property tax revenue had been collected for the current fiscal year. Collections appear to be on budget but may fall short by one percent for the current fiscal year. The City is closely monitoring these revenue sources and planning for projected reductions.



CITY-WIDE REVENUE

Revenue Sources



The City Budget is structured to provide for revenue collected by and expended through each of a number of funds. This presentation is intended to reflect the city's operating revenues as though there was only one fund. This is accomplished by leaving out transfers shown as revenue (transfers from one fund to another) between city operating funds.

Total citywide revenue included in the FY 2021 Proposed Budget is \$124.8 million or approximately \$2.8 million more than the FY 2020 estimated total of \$122.1 million. This is due to \$2.1 million growth in property taxes, and \$0.7 million net growth in all other sources. The net growths were offset by slight declines in sales tax due to the pandemic.





Proposed FY 2021

CITY-WIDE EXPENSES

The most significant changes to expenditures for FY2021 are the result of personnel expenses.

The FY 2021 Proposed Budget for personnel is \$2.02 million more than is being spent in FY 2020. FY 2021's personnel budget includes a total of \$1,505,000 for public safety costs to provide:

- Police civil service personnel pay raises (\$672,900);
 - Fire civil service personnel pay raises (\$516,200);
 - and • Cost of assuming the final COPs grant funded share (\$316,000) of police officers added to the force in FY 2018.
- Other changes to personnel accounts that offset each other include:
- A net reduction of \$545,000 in the contribution to the Health Benefits plan for city employees and retirees;
 - Funding for Island Transit Transportation Manager and rail trolley staffing (\$263,000);
 - Funding to fill vacant positions in Public Works Enterprise funds (\$275,000);
 - and • Turnover is very low at the present time so the Proposed Budget factors in slightly higher position-filled rates citywide (\$559,000).

BUDGET TRENDS

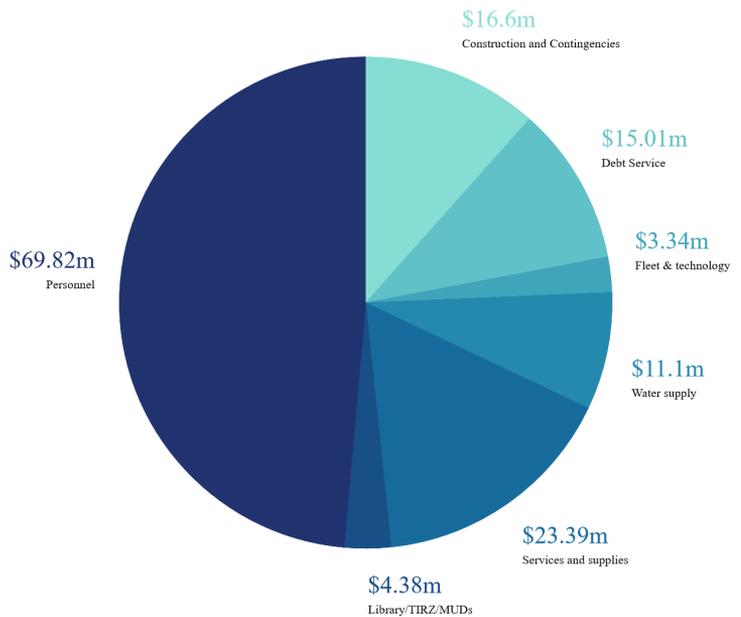
With the exception of the police, fire and public works departments, department expenses have remained flat or declining since 2015. In that time, the city has hired 37 additional employees to the public works department to prioritize street and drainage projects. These employees make up the crews that address potholes, street repairs and drainage-related work to help meet the city's priority of strengthening our infrastructure.

Since 2015, the city has also increased the salaries for public safety personnel to remain competitive with other cities in the region.

Police personnel pay has increased 24 percent and fire personnel pay has increased 21 percent. Also since 2015, the city has prioritized saving for the future. The proposed FY 2021 budget also includes a \$4.9 million set aside investment in the general fund for infrastructure and debt service. Since FY 2015, the city has set aside an increasing percentage of its general fund budget for future infrastructure and debt service payments. In FY2015, the set aside accounted for 3 percent and in proposed FY2021 is 8 percent of the general fund budget.

\$142.9M EXPENDITURES

City Expenses





Proposed FY 2021-2025

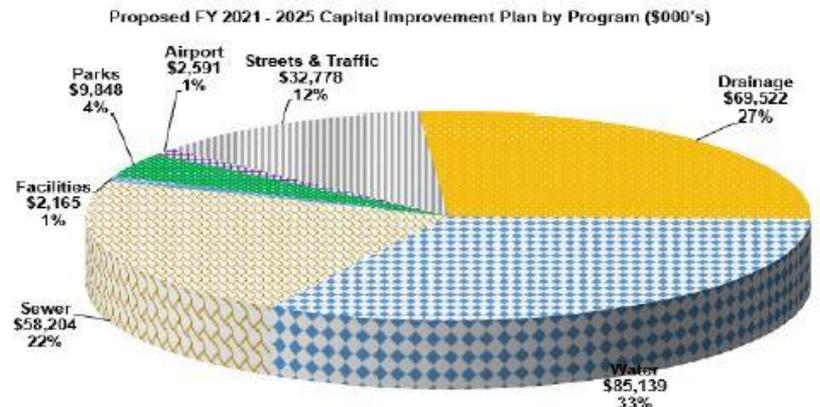
CAPITAL IMPROVEMENT PLAN

The City of Galveston's blueprint for future repairs, improvements and new investments includes \$260 million in projects, including for streets, drainage and sewer. Residents can track the capital improvement plan and ongoing city projects at gis.galvestontx.gov.

The CIP includes major reconstruction projects, such as 25th and 43rd streets, as well as pedestrian and transit enhancements downtown. It includes drainage projects, such as a pilot pump system to move water quickly in the event of rain events. It also includes funding for special projects such as beach building and public park improvements. Galveston voters in May 2017 approved the sale of \$62 million in bonds for street and drainage projects across the city.



Many of these projects have already been completed and the City continues to accelerate design and fund construction. The City anticipates all projects funded in the election will be completed by FY2022. The CIP includes the status of all projects funded by the 2017 bond election.



TRANSPARENCY

The FY2021 proposed budget and proposed FY2021-25 Capital Improvement Plan are available in their entirety at www.galvestontx.gov/financialtransparency. The proposed budget includes an itemized list of spending in all budget areas for FY2019, FY2020 and FY2021 as proposed.

The City of Galveston will hold a public hearing on the budget at the September 10, 2020 City Council meeting.

