



EXECUTIVE SUMMARY

The City Council strives to provide a wide range of quality services to maintain the quality of life for the citizens through efficient fiscal and personnel management. To this end, this budget has been developed in keeping with the adage “the function of government in Colleyville is protection of the home.” Accepting this charge, this city government continually endeavors to provide safe streets, quick emergency response, esthetically pleasing and safe public parks and facilities and efficient and effective government. We look forward to reviewing with the Council and community the proposed Fiscal Year 2009 budget.

The proposed budget is balanced and in accordance with State law, City Charter and ordinances. The combined proposed expenditures and transfers total \$34,674,210 which is a \$29,250 increase over the current year budget. In keeping with the Council fiscal policy of a 90 day reserve requirement, the General Fund is projected to have 76 days over the 90 day minimum and the Utility Fund is projected to have 39 days over the 90 day minimum, day’s cash balance as of September 30, 2008.

Fund Type	Proposed FY 2009	Adopted FY 2008	Change
General	\$19,391,408	\$17,814,731	\$1,576,677
Drainage	\$ 819,361	\$ 1,210,767	\$ (391,406)
Utility	\$ 9,948,581	\$10,090,389	\$ (141,808)
Debt Service	\$ 2,667,126	\$ 3,162,417	\$ (495,291)
CEDC	\$ 1,337,124	\$ 1,307,864	\$ 29,260
CCCPD	\$ 1,203,441	\$ 1,058,792	\$ 144,649
Total:	\$35,367,041	\$34,644,960	\$ 722,081

One measure of a city’s financial strength is the level of its fund balance. The general and enterprise funds will maintain a minimum reserve in accordance with the Council’s adopted Financial Principles. The reserve earns interest, smoothes cash flow and is ready for unanticipated expenditures or emergencies. As a non-recurring revenue source, beginning fund balances are only to be used to fund capital or other one-time expenses.

Fund Type	Number of Days	Amount
General	160	\$8,495,371
Utility	129	\$3,501,929

Preparing the Budget

In formulating the proposed budget, we first looked to the Council's visioning and goals and objectives to shape how we work to continue excellent service delivery in an economic downturn with relatively limited revenue growth. Using this as a back drop, we have prioritized the emerging needs of the City, as identified by the Council, while maintaining a conservative fiscal approach that has allowed Colleyville to sustain the highest bond rating of any comparable city in Texas. A careful reading of the proposed budget will reveal recommendations which focus on technology for efficiency of service and continued attention to an aggressive compensation program.

Serving as a service plan for delivering the results that matter most to our citizens, the proposed budget does not include any operational tax increase. A few of the key factors addressed in preparing the proposed budget include:

- No increase in the ad valorem tax rate
- No increase in utility rates, pending cost of FY 2009 treated water and wastewater from Trinity River Authority effective in December 2008
- Assumed a 19% increase in electrical costs
- Assumed a 2% increase for general overhead
- Assumed a 57% increase in fuel costs
- Maintained a sound personnel salary and benefits package
- Fund all debt requirements and provide for adequate debt service fund balances

Over the years, Colleyville's budget document has evolved from a simple financial report with proposals for expenditures and estimates of revenue, into what has become the most comprehensive, annual document, establishing budgetary policies that influence the fiscal state of the City, the function of government and budget preparation for current and future needs. A budget, therefore, is the most important working and planning tool used by the Council and staff for providing quality of service to the citizens of Colleyville and maintenance of infrastructure, which the Council has determined to be necessary and for which funds are available.

The proposed budget has been formulated by reflecting on the Council strategic vision of being a model city with attention to being an efficient and attractive neighborhood-oriented community, sensitive to its history, resources and residents. Preparing the annual budget allows the Council to steer the course toward this strategic vision by aligning municipal resources with community needs in addressing seven strategic goals:

- ❖ Economic Development

- ❖ Fiscal integrity
- ❖ Environmental awareness
- ❖ City infrastructure
- ❖ Promotion of paid and volunteer human resources
- ❖ Continuation of an engaged, safe and secure community
- ❖ Development, expansion and promotion of leisure activities

Every new effort, every element of the work plan and existing programs are tied to one or more of these strategic goals. This helps staff, Council and the community sort through the many demands to provide programs and high level of service by focusing only on those elements which will help achieve our strategic goals. The intent is, if we are focused on these initiatives, the City will be providing exceptional customer service and meeting the highest priorities of the citizenry.

This year's proposed budget reflects an effort to balance expectations of citizens with available resources. Although projected revenues and expenditures encompass only a twelve month period, the proposed budget was once again developed with an emphasis on strategic objectives which are identified as part of the Council's annual work plan.

As you review the proposed budget, attention is directed to the continued resources applied for street maintenance, continued emphasis on customer service, commitment to employee compensation and the focus on technology for efficiency of service.

The proposed budget has been posted on the City website. Citizens are encouraged to review the document and if they have any questions or need additional information, contact Terry Leake, Finance Director, at 817-503-1015 or by e-mail at leaket@ci.colleyville.tx.us.

Appreciation goes to the Mayor and Council members for their community leadership and strong financial acumen. I want to thank the Budget Team staff including Terry Leake (Finance Director), Karen Hines (Accountant) and Elise Welborn (Human Resources Manager) for their efforts in building our service plan for 2009.

My special thanks to all City employees who have worked so hard to provide quality services to our citizens and who are committed to the success of our great City.



Timeless Neighborhoods & Exceptional People

VISION

Colleyville is a model city with attention to being an efficient and attractive neighborhood-oriented community, sensitive to our history, resources and residents.

GOALS and OBJECTIVES

Foster a commitment to community investment

- ❖ *Make Colleyville more prosperous through economic development efforts.*
Success defined: To make Colleyville more prosperous with a focus on promoting the City as a place for unique and boutique retailers and offering the City as a destination place.
- ❖ *Enhance the maintenance and reconstruction of City infrastructure.*
Success defined: To have a public works infrastructure system properly maintained and funded, providing effective management while meeting citizen's service demands and expectations with special attention to enhancement of the maintenance and reconstruction of streets.

Continue focus to delivering superior services and demanding results

- ❖ *Develop, expand and promote leisure activity opportunities for the citizens.*
Success defined: Delivery of efficient and broad based opportunities in support of the needs of the general public.
- ❖ *Continue Colleyville being an engaged, safe and secure community.*
Success defined: To provide efficient and user-friendly services that maintain the City as a safe, secure, clean and attractive community for family and business.

Continue organizational development with a focus to – Being the Best

- ❖ *Effectively utilize and promote Colleyville's paid and volunteer human resources.*
Success defined: Employees consistently demonstrating the core principles through effective hiring and retention programs along with an inviting and involved role for citizen participation in the delivery of customer service.

Sustain a reputation for excellence

- ❖ *Ensure fiscal integrity and stewardship of the City's financial planning.*
Success defined: To bring the financial picture into balance by identifying expenses and revenues that sustain City growth and support service levels, while maintaining strong fiscal accountability and financial stewardship.
- ❖ *Enhance the promotion and preservation of natural resources.*
Success defined: To have a progressive and supportive attitude, valuing the impacts of development and operations of the City to the environment.



BUDGET MESSAGE

We are pleased to present the proposed FY 2009 Combined Annual Operating Budget for the City of Colleyville. This document represents our continued commitment to prudent fiscal management while enhancing services to improve the quality of life and meet expressed needs by our citizenry.

While the proposed budget does not fund all departmental requests, it meets the Council's priorities for service improvements identified during the budget planning work session. The proposed budget has been formulated by reflecting on a philosophy of:

- ✓ Providing solid, core governmental services with quality service;
- ✓ Valuing our employees;
- ✓ Remaining fiscally sound;
- ✓ Pursuing opportunities to partner with other public providers; and
- ✓ Effectively allocating resources to meet citizen needs.

Striving toward our commitment of effective community involvement, a summary presentation of the proposed budget was placed on the City website and cable channel. A budget public hearing was scheduled for August 26, 2008 to allow citizens to provide comments regarding the proposed budget. The proposed budget will be presented to City Council for approval on September 16, 2008.

Economic Outlook

On the national level, economic data over the last several months indicates a slowing economy at best, leaning toward a recession. While there is some difference of opinion among economists, recent trends indicate an economic downturn. The consumer dollar only stretches so far and with increasing oil and gas prices which affect costs of so many other commodities, such as utility and food costs, consumers have less to spend.

For Colleyville, the economy is expected to follow the national trend this next year, slowing with limited growth. The City is fortunate to have a very strong residential base that helps to soften the negative effects of economic fluctuations. Limited growth is expected in economy-driven revenues, such as sales tax, property tax and some business fees. It is also expected there will be a leveling off in the number of subdivisions expected to be platted this next year.

The cost drivers in the proposed budget include increases in fuel and utilities, employee wages, health care, and pension costs. These cost drivers result in an average expenditure growth of 4.7% in the General Fund.

During the development of the budget, we kept an eye on current and projected economic indicators as we developed projected revenues and projected expenditure needs. As we neared the final preparation of the proposed budget, major revenues were again reviewed to ensure the most recent economic information is incorporated into the document.

Accounting for Integrity

The proposed budget is balanced and prepared in accordance with state law, the Colleyville City Charter, ordinances, budget policies and in accordance to provisions outlined within the Governmental Accounting Standards Board (GASB) "Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. All funds are budgeted and accounted for on a Generally Accepted Accounting Practice (GAAP) basis for purposes of financial statement presentation. The Governmental Fund types use a financial resources measurement focus and are accounted and budgeted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures represent a decrease in net financial resources and, other than interest on general long-term debt, are recorded when the fund liability is incurred, if measurable. Interest on general long-term debt is recorded when due.

Governmental fund types are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the Proprietary and Fiduciary fund types) are accounted for through Governmental Fund types.

The Proprietary Fund types are accounted and budgeted for on a cost of services or "capital maintenance" measurement focus, using the accrual basis of accounting. Proprietary fund types operate in a manner similar to private business. The City utilizes only the enterprise fund type. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. For purposes of this budget presentation,

depreciation is not displayed and capital expenditures and bond principal payments are shown as uses of funds.

The City provides a full range of municipal services supported by statute or charter. This budget contains all of the funds that account for these services. The identity and functions of these funds are:

General Fund - to account for the resources and expenditures related to the generally recognized governmental services and/or functions provided by the various City departments - a governmental fund type.

Utility Fund - to account for all the activities required for the provision of water and sanitary sewer to residents of the City - a proprietary fund type.

Capital Projects Fund - to account for financial resources to be used for the acquisition or construction of major capital projects – a governmental fund type.

Equipment Replacement Fund - an internal service fund to account for funding for, and acquisition of, the City's vehicles, maintenance equipment and computer equipment – a proprietary fund type.

Drainage Utility Fund – to account for all the activities required for the management of storm water drainage – a proprietary fund type.

Court Technology Fund – to account for all activities, in accordance with state statute, related to the collection and use of the Municipal Court Technology Fee imposed on convictions on cases adjudicated in the Court – a governmental fund type.

Court Security Fund – to account for all activities, in accordance with state statute, related to the collection and use of the Municipal Court Building Security Fee imposed on convictions on cases adjudicated in the Court – a governmental fund type.

Budget FY2009 Goals

In preparing the budget, the primary budget goal is to achieve identified objectives that maintain and improve City services for the citizens. During the budget planning session, the Council identified seven organizational objectives used as the cornerstone in the development of the budget. Work initiatives having a direct fiscal impact in the preparation of the budget include:

- ✚ *Make Colleyville more prosperous through economic development efforts with a focus on promoting the City as a place for unique and boutique retailers and offering the City as a destination place.*
- ✚ *Enhance the maintenance and reconstruction of the City infrastructure system that is properly maintained and funded providing effective management by meeting citizen's service demands and expectations with special attention toward enhancement of the maintenance and reconstruction of streets.*
- ✚ *Develop, expand and promote leisure activity opportunities for citizens through delivery of efficient and broad based opportunities in support of the needs of the general public.*
- ✚ *Continue Colleyville being an engaged, safe and secure community providing user friendly services that maintain the City as a safe, secure, clean and attractive community for family and business.*
- ✚ *Effectively utilize and promote Colleyville's paid and volunteer human resources through employees consistently demonstrating the core principles, through effective hiring and retention programs, along with an inviting and involved role for citizen participation in the delivery of customer service.*
- ✚ *Ensure fiscal integrity and stewardship of the City's fiscal resources by bringing the financial picture into balance by identifying expenses and revenues that sustain City growth and support service levels, while maintaining strong fiscal accountability and financial stewardship.*
- ✚ *Enhance the promotion and preservation of natural resources by working toward the promotion of Colleyville's natural resources.*

The goal is to better align the services delivered with what is most important to our community. The reality of any budget is that it consists of a collection of purchasing decisions. The Council, on behalf of the citizens, establishes the price community members are willing to pay for local government services. Council, using citizen input, determines the various goals in attaining the prioritized wants of the citizenry. Staff plays a critical role in guiding the process, ranking and recommending purchasing proposals pursuant to Council priorities.

The Budget Challenge

The continuation of sound financial and operational philosophies has guided the development of the budget for the upcoming year. By its very nature, the


preparation of any budget is the allocation of scarce resources. There will always be more needs than available funds. This year in particular was challenging due to the slowing economy and the increased costs previously mentioned, which effects all departments (fuel, utilities, health care, pension).

The budget building process includes four key components:

- Determine the price of government in identifying how much revenue will be available.
- Determine the priorities of service by identifying what results matter most to our citizens.
- Decide the price for each priority result by identifying how much should be spent to achieve each result.
- Decide how best to deliver each priority result at the set price by identifying how we can BEST deliver the results our citizens expect.

Drawing from the input and direction provided by the Council, management met with the mid-level managers and department managers to set the expectations of service enhancement for the ensuing year. In setting out the charge for preparing recommendations for the proposed budget, staff's attention was drawn to the seven broad Council goals identified at the planning session.

A cross section of departmental service providers were selected to serve on a peer budget committee to review the various offers in providing service programs by the department manager. The committee ranked the offers by buying according to priority until available funds were allocated (spent). Combining the input provided by the Council during the budget planning session, we were better able to assess proposals that ranked within available resources. Final output is a budget that reflects Council priorities and delivers service efficiently for our customers (citizens).

 *Make Colleyville more prosperous through economic development efforts with a focus on promoting the City as a place for unique and boutique retailers and offering the City as a destination place.*

- **General Fund**
Having an effective and proactive communications and outreach plan helps the organization communicate to our stakeholders in a more compelling manner about issues of importance. As a result, the discipline in our communications program is highly specialized, involving the need to convey specific messages to varying targeted audiences. To augment current staff time, the proposed budget provides \$15,000 toward using various communications consultants for projects throughout the year.

Special events and festivals bring substantial visibility and economic impact to the City and this budget proposal contains several recommendations that support existing venues or events. Funding in the amount of \$43,171

continues for Celebrate Colleyville, as does the \$20,000 allocated for the Old Tyme BBQ and other City sponsored events.

Additionally, a reprioritization of staffing is proposed to provide additional support with economic development marketing and promoting Colleyville as a destination. This staffing reallocation will provide one additional staff to economic development. With the importance of economic development to Colleyville and the work continuing with the redevelopment corridor, additional staff support is needed to enhance efforts in supporting and promoting Colleyville businesses, retailers and future commercial developments.


Also under consideration is retaining a consultant mid-year to develop a preliminary concept plan for the Bear Creek pedestrian corridor with an integrated focus for the Glade Road corridor for State Highway 26, pending improvement of the economy in FY 2009.

- CEDC
Allocate \$40,000 from the Colleyville Economic Development Corporation toward the general marketing and promotion of the City. This includes several recommendations that support existing venues or events such as the Regal Opera, Northeast Orchestra and other various concerts and events such as the possibility of a blues festival. These combined strategies will help the City achieve its short and long-term goals related to economic growth and vitality for Colleyville.

The proposed budget also carries forward (\$181,250) funding toward design and construction of entry/monument markers to highlight the entrance to the City.

Although the results are not known yet as to the effectiveness of the Shop Colleyville it's a Gas Coop, the excitement generated among retailers leads staff to propose funding of \$80,000 with the FY 2009 budget, an increase of \$40,000 from the FY 2008 budget.

- Public Art Fund
Continuation of a community public arts program designed to reinforce Colleyville as the center for culture, art and entertainment for the larger area. In support of these efforts, \$30,000 is provided by the General, Utility and Drainage Funds and CEDC (each contributing \$7,500) to the Fund. Each year following, staff will evaluate additional locations of City owned high public visibility sites for budget consideration of public art pieces.

 *Enhance the maintenance and reconstruction of the City infrastructure system that is properly maintained and funded providing effective management by meeting citizen's service demands and expectations with*

special attention toward enhancement of the maintenance and reconstruction of streets.

- **General Fund**

The estimated useful life of asphalt overlay is eight to twelve years depending upon traffic volume and road base condition. The City has 158 miles of paved roadway. A consistent focus by the Council has been to continue effective funding levels for street maintenance. Given this, the proposed budget again provides one million dollars to pavement maintenance to aggressively address our infrastructure maintenance needs. This funding allows the City to address several miles of roadway during the year.

Implement the funding of the micro-resurfacing program from the difference in revenues over expenditures in the FY 2008 General Fund budget in the amount of \$150,000.

The proposed budget also continues funding toward installation and repair of sidewalks and continues the focus of enhancing the safety of our children and the walk-ability of the City to activity centers. This funding continues at \$50,000. Staff will also continue work in the development of a City Council approved multi-year interoperable Capital Improvement Program (CIP) for trails-sidewalks, streets, utilities and drainage projects.

In addition, City Council recently adopted a proposal from staff regarding the Capital Improvement Program (CIP) and approved a resolution for the recommended 10 year pay-as-you-go program. This program will allow staff to address street infrastructure improvements beginning this fiscal year by using the General, Utility and other appropriate funding sources (as outlined in the CIP document). FY 2009 CIP would include work on the following: four street/cul-de-sac segments in the Tara Plantation Subdivision (\$680,000) to be funded from a draw down of available cash in the General Fund, and the intersection of Glade and Pool Roads and engineering design in FY 2009 with construction in FY 2010.

Staff will continue the development of a planning study, in conjunction with the North Central Texas Council of Governments, identifying “best practices” for traffic management initiatives, incorporating traffic calming techniques with special focus to alternative transportation means and promoting a pedestrian friendly plan.

- ✚ *Develop, expand and promote leisure activity opportunities for citizens through delivery of efficient and broad based opportunities in support of the needs of the general public.*

- **General Fund**
The proposed budget attempts to move toward the long-term goal of expanding the operations of the Library, Colleyville Center and parks system. This proposed budget carefully allocates limited resources to two important projects currently being studied, the spatial reorganization of the Library and carrying forward FY 2008 funding into the Capital Projects Fund for the renovation and/or future use of the Colleyville Center.

Completion of the spatial reorganization study for the Library will take place later this calendar year. With the study's completion, staff will begin to focus on developing a financial implementation plan. This plan's focus will be to utilize available space providing enhanced support for the children and adult programming. With this effort, the FY 2009 proposed budget provides \$20,000 as a transfer to the Capital Projects Fund.


The proposed budget also continues to include \$50,000 for the Library's material collection from the General Fund and with the continued growth in programming with another successful summer reading program, the FY 2009 budget also includes \$11,747 for hiring an additional part-time library assistant position.

The Colleyville Center study will also be completed later this year and staff will begin to develop a financial implementation plan for Council approval for the renovation and/or future use of the Colleyville Center.

- **Utility Fund**
The second phase of McPherson Park is due to begin design this next year. This project includes additional parking and pavilion space, demonstration botanical garden, renovated rock house and open space. Current construction estimates provide funding of \$2,000,000. In an effort to position the City as a leader in sustainable design and set a community standard of environmental, economic and social stewardship, approximately 60% of the remaining park improvements will be directed to developing a low water tolerant demonstration botanical garden with a portion of the funding provided by the Utility Fund. Plans call for the botanical garden being styled somewhat after the LBJ Wildflower Center. The Colleyville Garden Club will be partnering with the City in hosting community education events along with various community activities in support of making the park a destination visit for the greater area.
- **CEDC**
Staff will begin the design of the Senior Center Open Space Master Plan through work with a consultant. The proposed budget includes \$110,000 funding for the design phase. This area will provide additional outdoor activity space for seniors including a walking trail, bocce ball, shuffle board and

horseshoes, while also providing a neighborhood park which includes a pavilion, playground, open play space, basketball court and picnic area.

The CEDC also includes proposed funding for the Pleasant Run Trail and Webb House Trail design as well as completing the update of the Comprehensive Parks, Recreation and Open Space Master Plan which will reflect new priorities and projects for the next five (5) to 10 years.

 *Continue Colleyville being an engaged, safe and secure community providing user friendly services that maintain the City as a safe, secure, clean and attractive community for family and business.*

- **General Fund**

Public Safety remains a top priority among Colleyville residents, and the Council, likewise, has made clear its commitment to maintaining a strong public safety core. A new initiative developed in FY 2008 will kick-off during the FY 2009 budget year which is the formation of a Citizen Corps or Citizen Emergency Response Team. This is an expansion of the volunteer resources generated by the Police and Fire citizen academies to assist at City functions such as Celebrate Colleyville or during extended emergency incidents where citizens would be safely able to provide support.


A Fire Department staffing plan previously approved by the Council details planned acquisition of an aerial ladder truck (\$1,000,000) and the hiring of twelve firefighters by 2012. However, this past year the fire department experienced a large number of inspections, stretching resources to the limit. As annual inspections are a requirement for all businesses, additional funding to support the fire department in this area is needed. The proposed budget includes \$15,000 for additional contract services to assist the Fire Marshal in completion of inspection activities. Additionally, one-third of the Fire Department's hand-held radios will be replaced in FY 2009.

This year, our Information Services Department has done an outstanding job in servicing all the computer needs of the City. As technology opportunities present themselves, staff is proactive in seeking to implement new and improved sources to increase productivity, enhance customer service and improve efficiency of service. This year a major initiative will be computer server needs with the acquisition of various servers. The proposed General Fund budget recommends additional funding of \$56,000 to increase server capacity and bandwidth to enhance network operations for departments to communicate and share documents electronically. Additionally, staff will begin to study technology resources to better understand needs, capacity and resources that will meet the needs of the City in the future.

- CCCPD
In an effort to continue providing excellent service, one new sworn police officer is recommended for funding by the CCCPD budget (\$65,482). This addition will result in some improvements in response time to Priority 1 calls and property crimes resolution.

Recognizing the importance of providing effective and reliable communication capabilities continued funding is provided for the acquisition of hand held radios. In meeting this need, the proposed budget provides \$30,000 for the replacement purchase of 10 radios. In addition to radios, the budget this year replaces four external defibrillators (AED's) and provides for two portable radar traffic safety signs, accident-scene speed bumps and traffic safety equipment (barriers and cones) for use at community service events. These items assist the department in operations and put life-saving equipment in the hands of first responders.

- Utility Fund
This year will finalize the security measures outlined in the Vulnerability Assessment Study provided in 2005, with final funding of \$10,000. Additional safety and security measures will continue to be evaluated as needed with additional funding being identified at that time.
- Drainage Fund
This year funding will be provided to make improvements to the Public Works facility which has been in use since approximately 1984. The second floor is used for training and office space and will be enhanced to include a second floor exit door and fire escape from available cash (\$38,226). Other necessary building repairs to the Public Works facility are also proposed this year from the Drainage and General Fund with FY 2008 end of year savings and available cash.

 *Effectively utilize and promote Colleyville's paid and volunteer human resources through employees consistently demonstrating the core principles through effective hiring and retention programs along with an inviting and involved role for citizen participation in the delivery of customer service.*

Colleyville strives to be a model entrepreneurial – high performance organization, while meeting the service delivery requirements of our customers. The Council's leadership in hosting a sustainable commitment toward an effective compensation program is critically important when valuing that 66% of the total General Fund budget is spent on human resources.

The proposed budget provides a staffing level of 186 full-time positions which is an increase of one position proposed in the CCCPD budget. Pay levels for

each employee is dependent upon the employee's average pay for performance evaluation rating and their previous pay level within their respective pay grade.

Maintaining an investment in staff is an important component in the development of the proposed budget. This 6% pay for performance program will cost the General Fund \$396,351, the Drainage Fund \$10,867 and the Utility Fund \$48,536, inclusive of retirement and taxes. Funding a pay for performance program at this rate will enable the City to offer employees a pay adjustment range of 0% to 8%. Also provided is our strong attention to employee benefits with continuation in funding employee dependent insurance at 75% to maintain our overall competitive position with peer cities.


The total cost for the insurance program is \$1,820,720 for the proposed FY 2009 budget. This amount includes health, dental, life, long-term disability, COBRA and flexible spending account administration, and a proposed health reimbursement arrangement. Of this amount, \$1,486,101 is funded through the General Fund. Citywide, the annual health insurance premium employee only coverage is \$5,067, with dependent insurance costing \$15,354. The dependent premium is split with the City paying 75% (\$11,515) and the employee paying 25% (\$3,838).

In addition, the City participates at the premium level in the Texas Municipal Retirement System (TMRS). Under this system, the City matches the employee retirement contribution at a 2 to 1 ratio. The City is at the maximum contribution rate and annually provides updated service credit adjustments to maximize the employee retirement potential. In order to comply with Generally Accepted Accounting Principals, TMRS is changing its method of accounting of funding annually repeating updated service credits and annuity increases. The period amortization for these pension benefits will be a move from a twenty-five year open period to a thirty year closed period. This change caused the City's unfunded actuarial liability in the plan to increase from \$2,252,326 (10.1%) to \$7,039,932 (24.9%) which will be funded over a thirty year period. Virtually all cities in the state received a rate increase of at least 2% with some cities as high as 7%. Over the past year there have been many discussions with TMRS regarding additional funding requirements and various options of cities changing plan designs. After meeting with TMRS representatives and evaluation of the overall plan, there are no changes in the plan design proposed for FY 2009. The FY 2009 proposed budget includes funding for participation in the TMRS program at the increased contribution rate of 14.26% (annualized 13.665%) from the current rate of 11.88%. This totals \$126,713 from the General Fund.

Focusing on efforts to improve employee health, the City implemented in FY2005 a wellness program, *Fit and Well in Colleyville*. This is a voluntary

program that encourages employees to evaluate overall health and work toward improvement. Due to this program we have seen individual employee results including weight reduction, decrease in prescription medication, increased physical activity and nutrition. The program offers a variety of elements such as on-line health assessments, lab work, individual coaching, fitness assessment, weight loss programs and participation in “Companies in Action” which is a corporate challenge allowing employees to team up and play a variety of sports and participate in fitness activities. The long-term goal is to minimize premium increases through improved health and wellness of our employees. The proposed budget funds \$22,000 for this program.

Two new initiatives this year include staff evaluating “best practices” for consideration in structuring a cafeteria-style benefits program to include wellness based initiatives as well as other benefit options to enhance the overall benefits program.

 *Ensure fiscal integrity and stewardship of the City’s fiscal resources by bringing the financial picture into balance by identifying expenses and revenues that sustain city growth and support service levels, while maintaining strong fiscal accountability and financial stewardship.*

- **General Fund**

During the past year, staff has purchased and began implementation of the building permit software program with a focus to providing online issuance of building permits. The proposed budget allocates the final payment toward the lease purchase of the program. Acquisition of the program will enhance accounting interaction with the finance department, meeting a goal established by the auditors. Additionally, this budget year proposes the purchase of five computer interfaced hand-held devices for \$27,510, which will provide real time inspection results, eliminating duplication of work efforts currently required to key inspection notes into the computer system. This will enhance services by increasing efficiency and decreasing inspection notification delays to builders.

- **Utility Fund**

Following this year’s work of developing specifications for software needs, staff has identified a budget of \$350,000 toward the purchase of a complete financial package for the City. The proposed budget provides \$100,000 funding toward the initial acquisition of the software, with Fiscal Year 2010 providing \$100,000 toward remaining lease-purchase payments.

In FY 2009, staff will initiate several studies in an effort to continue good financial stewardship of the City’s resources. These studies include evaluating the implementation of an automated utility meter recording program, evaluating current and long-term computer server capabilities and identifying realistic and viable cost-beneficial “paperless” software programs.

✚ *Enhance the promotion and preservation of natural resources by working toward the promotion of Colleyville's natural resources.*

- **General Fund**

Staff focus on the environment continues by offering the household hazardous waste collection program (\$10,000) and the Clean Sweep semi-annual collection (\$5,000) and continuing the Operation Live Green festival for a second year. Funding for tree planting in the amount of \$5,000 is provided by \$2,500 from the General Fund and \$2,500 from the Tree Preservation Fund.

Staff will continue evaluating community based planning by identifying “best practices” for consideration in adopting a “Green” initiative program. Some items for consideration are reviewing building codes, reduction of yard waste education, enhanced community recycling program and identifying replacement of gasoline-diesel vehicles with hybrid or bio-diesel fuels.

- **Utility Fund**

The cost of purchasing potable water from Trinity River Authority (TRA) has increased this past year due in part to a wet spring in 2007, increased operational costs, decreased usage through effective water conservation by area cities and an overall percentage increase in Colleyville's percent of debt service due to TRA. This is because one of the member cities has reduced water use while completing maintenance on their water system. TRA's new fiscal year begins in December and their budget will be presented in the fall. As they will be facing higher fuel costs, chemical costs, ongoing infrastructure maintenance costs, labor-related costs and compliance with more stringent state and federal water quality regulations, it is likely their rates will increase. In the event there is a rate increase from TRA, staff will prepare a pass through adjustment for Council consideration in fall 2008.

Phase II of McPherson Park is proposed for design in FY 2009 and includes botanical demonstration garden for citizen education on use of water tolerant planting and tree farm. Proposed funding for this phase of the park is shared between CEDC, Parkland Dedication Fund, Voluntary Park Fund and the Utility Fund.

- **CCCPD**

Additional funding in the FY 2009 budget for the planting of trees at the Justice Center (\$30,000) along the pond area is also provided.

An ongoing means of funding for City operations is to also aggressively look at other area governments to maximize economy of scale for cost savings. As with past years, part of the budget approach is to embrace the concept of partnering

with other governmental units, with the guiding principal that it should meet the BEE test (beneficial, economical and efficient) for Colleyville.

The proposed budget will contract for services with other governments in the following areas:

- **Street Overlay:**
To maximize street maintenance, the City will continue partnering with Tarrant County. The County has phenomenal street overlay capabilities and has shown a strong interest in assisting our maintenance program.
- **Elections:**
The City will continue to contract with the Tarrant County Elections Administration Department to conduct local elections. The efficiency and expertise provided by the County enhances the quality of the electoral process available to the citizenry.
- **Building Maintenance:**
We will continue to contract with Tarrant County for janitorial support services for the Colleyville Justice Center, the Colleyville Public Library, Colleyville City Hall and Colleyville Senior Center.
- **Public Safety**
Continued participation with the Metroport Teen Court is funded jointly with the cities of Colleyville and Southlake. Funding is also provided to meet the contractual obligations of the Bedford Response Area.
- **Regional Transportation:**
The expense plan continues funding with the Trinity Railway Express (TRE) for resident's participation with the regional mass transit authority.
- **GCISD:**
We will continue to focus work efforts with the District for tax collection services and use of recreational facilities to maximize our operating budget.
- **Economic Development:**
Continue partnering with the North Central Texas Council of Governments (NCTCOG) hosting a website offering property information in support of our economic development efforts. City infrastructure information, mappings and property information is provided on the site. Contracting services for GIS related mapping information for aerial photography with the NCTCOG for public works and economic development will also be continued.

General Fund

In developing the proposed budget, significant focus was directed toward it representing a series of balances constructed between revenues and

expenditures and between prioritized operational needs and long-term community investment strategies. We strived to develop the document as a means to review past accomplishments, identify future needs, set objectives for the coming year, and define the purposes and resources to achieve those objectives. In meeting these objectives, both the community and the organization are able to use the document as a management guide, planning document and a financial report.

Revenues

The development of the proposed budget started with an evaluation of available revenues. A few points in assessing revenue opportunities and challenges were:

- Slight sales tax growth of 2%
- Decrease in investment earnings rate from 4.5% to 3%
- Anticipating 180 housing starts in 2009 compared to 234 budgeted for the current year providing a decrease of \$86,667 in building permits revenues

Property Tax

The major budgetary issue in preparing a budget each year is the setting of the property tax rate. Once the roll is received in late July, the tax rate is determined based on both the debt rate needed to pay for the City's bonded indebtedness and funds needed for maintenance and operation funding in the General Fund.

Focusing attention for home ownership of citizens aged 65 and over and disabled residents, in 2003 the Council increased the Over 65 Property Tax Exemption to \$65,000 and approved the Senior Property Tax Freeze in 2004. The loss in property tax revenue from the Senior Tax Freeze for the upcoming year is projected to be \$127,404. Currently, 12.3% of all residential property tax accounts are frozen.

The main source of income for the City is property taxes, which account for 52% of our total revenue. The Tarrant Appraisal District has rendered Colleyville's property valuations for 2008 at \$3,612,568,857, which includes the TIF District valuation of \$246,581,344. This is 18.5% higher overall than last year's valuation and 225% higher from base year 1999.

As submitted, the proposed budget provides for a property tax rate of \$0.3559 per \$100 value to support a property tax levy of \$11,979,550 excluding the TIF property. The tax rate is comprised of Operation and Maintenance of \$.288595 and an Interest and Sinking rate of \$.067305. The latter component provides funding for retirement of the annual debt obligations. Reviewing the peer cities, the property tax rate has Colleyville currently ranked lowest which we do not anticipate changing with the adoption of the proposed budget.

The proposed property tax rate will adjust the typical homeowner's tax bill by 4.2% compared to this year's tax billing. The average homeowner will see a

property tax payment adjustment of \$56.67 to support City services, which equates to \$0.15 per day. The tax rate is unchanged from FY 2008 and the primary driver of the increase in average property values was higher permit values for new residential construction.

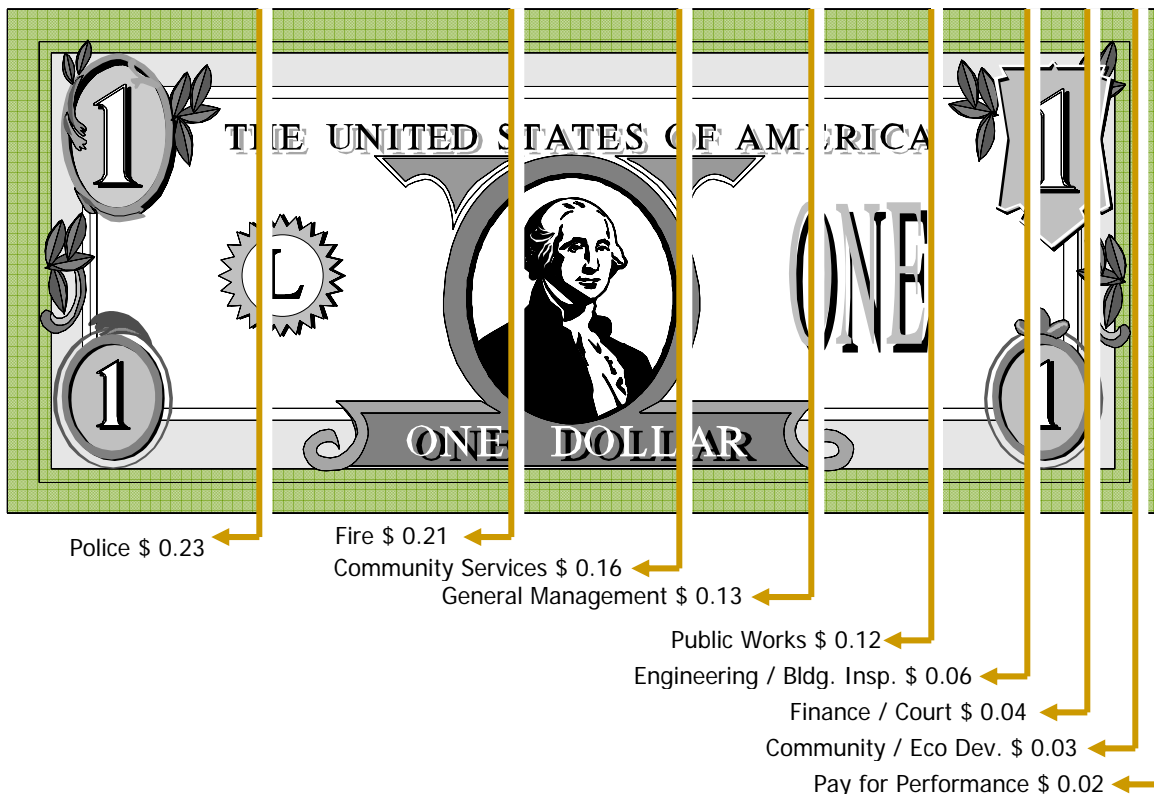
Budget Year	Average Residential Property Value	Property Tax Rate	Property Tax Payment
2008	\$375,211	\$0.3559	\$1,335.37
2009	\$391,133	\$0.3559	\$1,392.04

Sales Tax

The second major financial consideration that guides the development of the budget is the growth of sales tax revenues. The City collects a total of 2% sales tax: 1% for General Fund and the remaining 1% allocated for two ½ cent special purpose districts. Due to current economic conditions, a 2% growth in revenue is projected.

Expenditures

The following illustration shows where the City will spend the tax dollar for the upcoming fiscal year. For example, public safety expenses and programs represent 44% of the total available expenses for the upcoming year.



Utility Fund

The Utility Fund is a proprietary fund structured and operated as a stand-alone business or enterprise. For budgeting purposes, the fund segregates the operating expenses and debt service in an accounting fashion similar to the General Fund. In accordance with Generally Accepted Accounting Principles (GAAP), this fund uses a full accrual basis of accounting that combines the accounting of long-term assets and liabilities with operating expenses and revenues. As a stand-alone Enterprise Fund, the Utility Fund pays its share of overhead costs as a reimbursement to the General Fund. The fund also makes a franchise fee payment to the General Fund.

Revenues

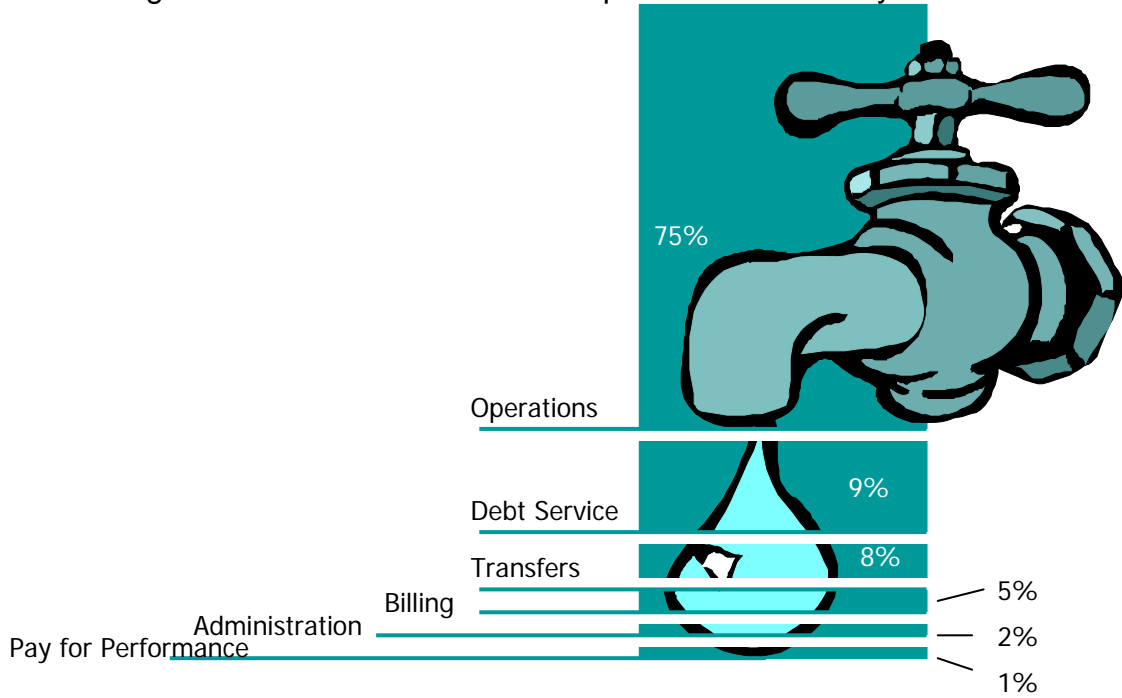
Combined Utility Fund revenues total \$10,359,427. Water sales account for 71% of this amount and sewer revenues account for 21%. Interest, tap fees and miscellaneous revenues make up the remainder. As noted earlier, if Trinity River Authority (TRA) increases its rates in December 2008, a pass through rate increase will be needed. The current rates are built upon the City paying TRA \$1.80 per 1,000 gallons for water and \$1.10 for wastewater.

Meeting bond covenant requirements, the existing rate structure provides for a 1.5 times coverage factor. An additional rate increase of \$0.14 (water) and \$0.06 (sewer) per 1,000 gallon usage has been scheduled since 2000 to be implemented for the remaining share of debt issuance for the utility relocation costs for State Highway 26 (estimated construction in 2010). Capital programming for the fund directed by the Council in FY2005 provides for the maintenance of a 90-day working capital reserve.

Expenditures

Utility Fund expenditures total \$9,948,581 for the proposed budget. The largest component, 53% of the fund, covers the contractual obligation for water and wastewater to the Trinity River Authority. As part of the program to repair and rehabilitate the utility system, the budget continues funding the annual meter replacement program at a cost of \$30,000. The expenditure decrease in the budget from FY 2008 stems from various major capital purchases such as a backhoe, truck mounted vacuum excavator and water well removal not being repeated in FY 2009.

The following illustrates the distribution of expenses for the Utility Fund.



Debt Service Fund

The City budgets for debt service in two separate Funds - utility and tax supported debt service. The Utility Fund's times coverage ratio of 1.20 is effectively met with a projected 1.50 ratio with the current rate structure.

The City's bond ratings are further evidence of Colleyville's financial strength. In 2002, the City received an upgrade in its General Obligation bond rating from Standard and Poor's from "AA" to "AA+". A very strong tax base growth coupled with a low tax rate, strong financial performance and substantial cash balances are the primary reasons for the bond rating.

The Waterworks and Sewer System revenue bonds and the Drainage System revenue bonds also received a rating upgrade in 2003 and 2007, respectively. Standard and Poor's upgraded the water and sewer utility revenue bonds from "A" to "AA-" and the drainage utility revenue bonds from "AA-" to "AA". Reasons for the upgrades include strong financial operations, growth in service area, adequate water and sewer treatment capacity to meet future demands and moderate debt ratio with manageable future borrowing plans. These credit ratings for outstanding debt means the City's bonds are considered to be of superior investment quality, meaning lower interest payments. With a population of only 22,500, Colleyville is in a peer of only five other Texas cities (average population of 200,000) with this magnitude of bond rating.

The Colleyville Economic Development Corporation's rating by Standard & Poor's on its outstanding debt was increased from "A-" to "A" two years ago. The increase in the rating was based upon a strong debt service reserve and improved maximum annual debt service coverage due to greater sales tax revenue.

As part of the work plan for this year, staff will finalize various planning for the issuance of long-term debt related for improvements for SH26. The State currently projects the bidding of construction for highway improvements for summer 2009. Local funding will include \$5 million for utility relocation and \$5 million for construction assistance. It is anticipated there will be sufficient cash balance in the TIF fund that a debt sale will not be needed or a tax anticipation note of short duration will be issued.

Stormwater Drainage Utility Fund

In 1993, the Council adopted a monthly fee to assess against residential and commercial utility billing accounts for stormwater management. The Stormwater Drainage Utility Fund keeps up with the increased operation and maintenance of the City's drainage system and addresses federally mandated requirements for stormwater systems.

This fund is designated to help the Public Works Department maintain streets, sewers and drainage ditches to manage runoff from commercial and residential development. A Drainage Department was previously established to account for related personnel and operating costs.

The Fund receives \$859,728 annually from the collection of the monthly fee. Annual debt payments for the outstanding bonds comprise \$260,420. The remaining funds of \$558,941 are allocated for six staff positions and miscellaneous projects. The drainage bonds require a coverage ratio of 1.25 times annual debt service, approximately \$325,525 annually. The decrease in expenses for FY 2009 relates to the FY 2008 capital expenditures for the advanced flood warning system and a backhoe not being repeated in the proposed budget.

Special Districts

SPECIAL DISTRICTS

The Council continues to be innovative in evaluating financing options for various City programs. Programs implemented, to date, include:

- Colleyville Tax Increment Financing District:

The Tax Increment Reinvestment Zone (TIRZ) District was created in 1998. The primary goal of the District is to encourage quality commercial development in the City. The District boundaries predominately occupy property located along State Highway 26, comprising 633 acres of land area. The base value for the District was \$75,821,735 in 1998. Incremental values subsequent to January 1998 are taxed at the City's adopted property tax rate. However, the ad valorem revenues are utilized within the District rather than being allocated to the City's overall budget. Overlapping taxing entities, including Tarrant County, Tarrant County College District, Tarrant County Hospital District and the Colleyville Independent School District participate at varying levels in the District by assigning their ad valorem tax dollars.

The incremental value for Fiscal Year 2009 (tax year 2008) is \$246,581,344, an increase of \$38,433,452 over the valuation for Fiscal Year 2008 (tax year 2007). In 1998, initial planning projections stated the anticipated incremental property valuation for the District would be \$139,631,200 in Fiscal Year 2009. The actual FY 2009 incremental value is a 76.6% increase over the original 1998 projection for FY 2009.

The debt service payment for the coming year is \$738,665 for bonds issued for District projects. Additionally, expenditures are anticipated for payment to the Villages at Colleyville and The Town Center at Colleyville for developer infrastructure as a result of Board and Council incentified approved projects.

- **Colleyville Crime Control and Prevention District:**
The primary goal of the District is to fund public safety facilities. The District was created by voter approval in 1999, with oversight of funds assigned to the Board of Directors composed of the Council. State law provides that a District's life is limited to five years, unless voters continue the District by approval of a referendum. In September 2003, Colleyville voters approved continuation of the District for an additional 20 years.

Expected revenue from the special purpose sales tax, use of funds generated from prior years coverage ratio and related interest income for the proposed budget is \$1,404,529. The budget provides funding for the annual debt for the Colleyville Justice Center, compensation for police staffing, acquisition of vehicles and various minor capital with total expenditures of \$1,203,441.

- **Colleyville Economic Development Corporation:**
Authority for the Corporation is provided by State statute as a 4B Corporation. The 0.5% sales and use tax approved by the voters in August 1996 has been an important resource in our capital improvement program for community related facilities. Expected revenue from the special purpose sales tax, use of funds generated from prior years coverage ratio and related interest income for the proposed budget is \$1,594,402. The CEDC Board met in August to approve the proposed budget. Funding provided by this special

sales tax historically has been allocated to community development initiatives (i.e. parks, libraries, etc.). Consistent with state law, some monies will likely be allocated by the Board of Directors for economic development efforts for festival and marketing efforts.

A Look to the Future

Our local economy has remained robust for the last several years. During this period, the Council has exhibited prudent fiscal foresight and overall restraint in the face of compelling yet competing demands for limited resources. Because of the current tax structure and the components of costs in city budgets, facing long-term fiscal challenges is a reality for most cities in Texas.

Property tax revenues could be adversely affected in future years if state legislative efforts are successful in decreasing the current 10% cap on residential appraisal growth. Growth caps of 3% and 5% for local government property appraisals have been discussed. On a percent of growth basis, expenditures are simply rising faster than revenues. This is because the major components of costs in our budget are labor, construction and energy, which are the components with the greatest inflationary pressures. As the Legislature continues to threaten voter approved limitations on mill rates and tax revenue growth, abilities by the Council to keep pace with inflation will become more paramount. The most immediate means to adjust for this is through continued economic development efforts.

A benefit of a city reaching complete build out is the efficiency in collecting the maximization of revenues. For a city like Colleyville, this brings about some unique challenges. Colleyville is landlocked and is almost entirely developed. This means it has very few opportunities for true growth. This obligates the City to maximize the economic opportunities within its very limited available commercial land and zoning. The City is primarily zoned and developed as residential with only a very small percentage of the land zoned for commercial activity. Prudent and judicious consideration must be made regarding its future use. It will be incumbent of us all to guardedly review all proposals for conversion of this limited commercial space to non-commercial uses or less productive commercial use.

To effectively and efficiently meet the needs of our citizens, innovation and continual improvements by the organization are the norm. Colleyville's ability to provide excellent public service for our citizens is due to the dedication, skills and talents of not just our elected officials and volunteer board members, but as much by our excellent employees. Employee's devotion and commitment to this community are shown each and every day. Compensation study after study reveals that Colleyville ranks lowest of area cities in salary. Yet at the same time, we have a citizenry that has high demands and expectations. It is critically important the Council stay the course in funding our Workforce Development and

Sustainability Program over the next few years. While there continues to be competing challenges, continuing to grow salaries to 110% of the market (for employees with five plus years) is a must. As reviewed previously, we can meet this goal by continuing the pay for performance with an average adjustment of 6%.

Conclusion

The development of the FY 2009 budget was a challenge considering the economic conditions and service needs exceeding available resources. The primary focus rests in meeting the challenges of the annual workplan, funding adequately for fuel and utility cost increases, while continuing to aggressively address the compensation program.

The City has been consistently recognized throughout the years for its judicious management of financial resources to support the wide array of services and programs provided. With a dedicated workforce and a steady and diverse revenue base, the City of Colleyville, continues to be in an enviable position of delivering municipal programs and services our residents can be proud of and that make Colleyville a desirable location for residents, businesses and visitors.

As always, staff will continue to be diligent in its review of City finances in order to assist the Council in making decisions that will ensure the fiscal viability of the government. Additionally, staff will continue to evaluate and improve business practices in an effort to find efficiencies while also looking at regional synergy and collaborations to reduce ongoing costs.

The proposed budget is presented for your consideration with the commitment and confidence it effectively funds the varying needs of the community. We look forward to working with you on achieving all the goals set forth in the proposed budget.

This document provides a strong financial plan while ensuring a superior level of municipal services to our citizens. We feel confident the projections and estimates are conservative, yet reasonable and accurately reflect anticipated revenues and municipal needs.

Over the past several years, through the vision and leadership of the Council, dedication of each of our employees and our partners throughout the community, Colleyville has truly evolved into a City rich in opportunities and community resources. We are surrounded by phenomenal residential and commercial development, and environmental programs to clean our air. Furthermore, the City has resources to continue protection of our neighborhoods; continued expansion of open-space and recreation opportunities; a strengthened police force with new equipment and an additional patrol officer keeping our streets safe; and an over \$1,000,000 level of residential street and sidewalk repair work.

These new assets will begin to pay dividends through increased property and sales tax revenue to fund essential services, cleaner and safer streets on which residents and businesses can thrive and economic opportunities to provide resources and quality of life for our growing workforce.

Underlying all of this success is a unifying commitment across the organization to exercise fiscal discipline, deliver services with maximum efficiency and provide improved results to the entire community. We will undoubtedly be continually challenged to maintain a structurally balanced budget once it is achieved. However, as we grow our base of resources, and continue to align our organization around core services with continued fiscal prudence, we will be able to better ourselves as a community for years to come.

Preparing the proposed budget was a tremendous undertaking. It is important to acknowledge the efforts of the dedicated staff that worked resolutely to formulate fiscally responsible proposals. Together, the City will continue to plan prudently by following the strong financial management principles espoused by the Council and implement sound long-term fiscal solutions that will carry the City into the future. While many of the changes included in this service plan were difficult decisions, they will help assure the long-term financial viability of the City and will help protect our core services and infrastructure.

In summary we pledge our time and talents to achieve continued excellence for the citizens we serve.

Kelly Cooper
Interim City Manager