

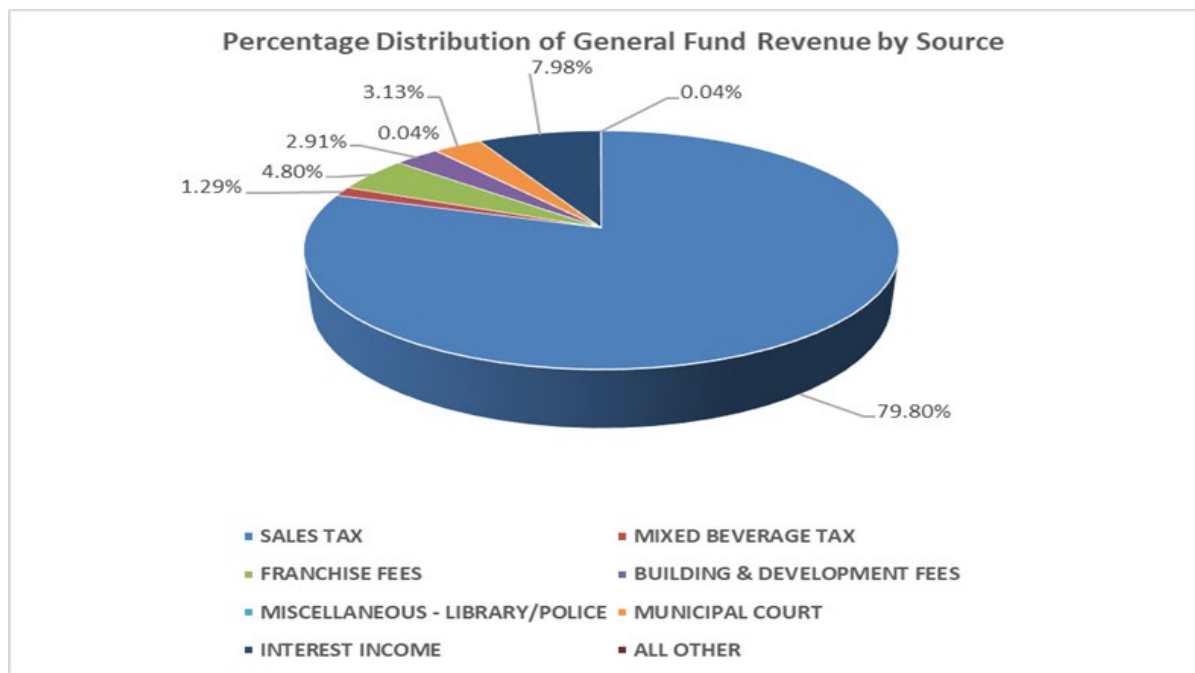


To: City Manager, Mayor & Council  
 From: Administration  
 Date: September 24<sup>th</sup>, 2024  
 Re: FY 2025 Budget Narrative

Please accept this memorandum to accompany the FY Budget Document detail for all funds FY 2025 revenue and expense. We begin with information related to General Fund Revenue and Expense:

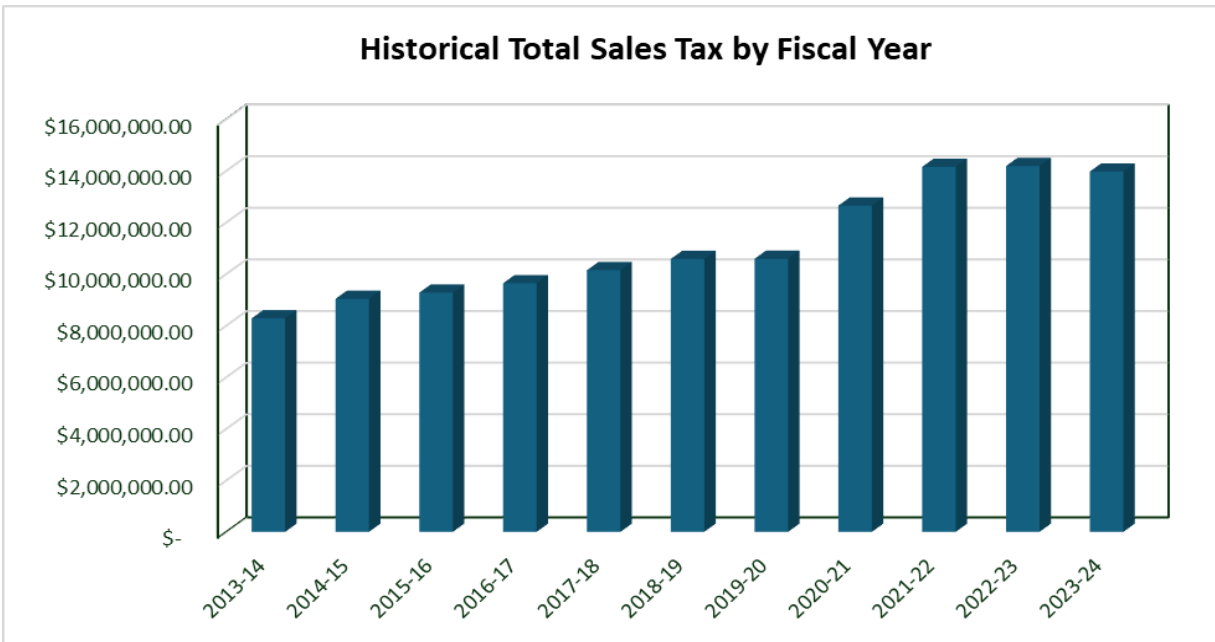
	Actual FY 23	Original Budget FY 24	Projected Actual FY 24	Proposed Budget FY25
<b>REVENUE</b>				
Sales Tax	\$ 10,610,419	\$ 10,500,000	\$ 10,474,224	\$ 10,500,000
Mixed Beverage Tax	\$ 181,308	\$ 165,000	\$ 172,072	\$ 170,000
Franchise Fees	\$ 645,794	\$ 564,000	\$ 564,000	\$ 631,500
Building and Development Fees	\$ 1,146,497	\$ 376,000	\$ 683,025	\$ 383,500
Miscellaneous - includes Library	\$ 16,267	\$ 14,500	\$ 5,100	\$ 5,500
Municipal Court	\$ 357,281	\$ 274,500	\$ 517,320	\$ 411,775
Interest Income	\$ 1,684,573	\$ 1,250,000	\$ 1,090,225	\$ 1,050,000
All Other -includes sale of property/TDEM	\$ 1,150,153	\$ -	\$ 644,612	\$ 5,000
<b>Revenue Total</b>	<b>\$ 15,792,292</b>	<b>\$ 13,144,000</b>	<b>\$ 14,150,578</b>	<b>\$ 13,157,275</b>

Here's the distribution of General Fund Revenue by source; Sales Tax represents ~80% of the total:

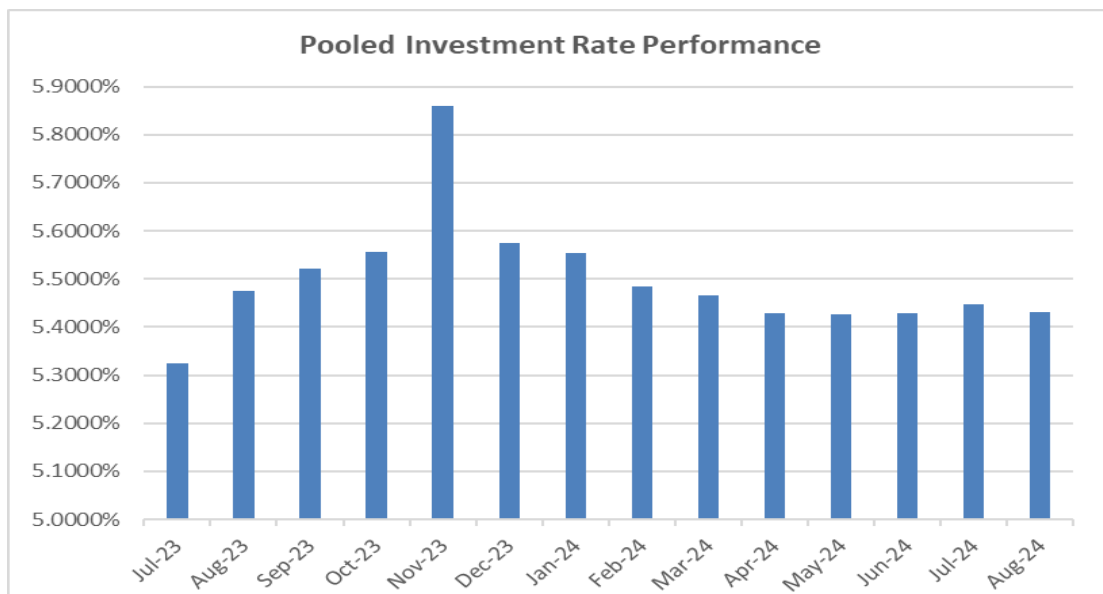


Our FY 2025 General Fund revenue forecast is flat year-over-year although our projected 2024 actual exceeded the prior FY budget forecast. Once again, this fiscal year, please note the transfer amount from the Economic Development Corporation for the Chapter 380 Agreement related to the Willie Way ROW acquisition and extension construction has been reduced. Overall, and as we've discussed during our previous meetings, our total Sales Tax Revenue target will remain at \$14M.

We've again included a chart that depicts Sales Tax revenue performance over the past 10 fiscal years. Of note is the consistency over the past 3 fiscal years at around \$14M.



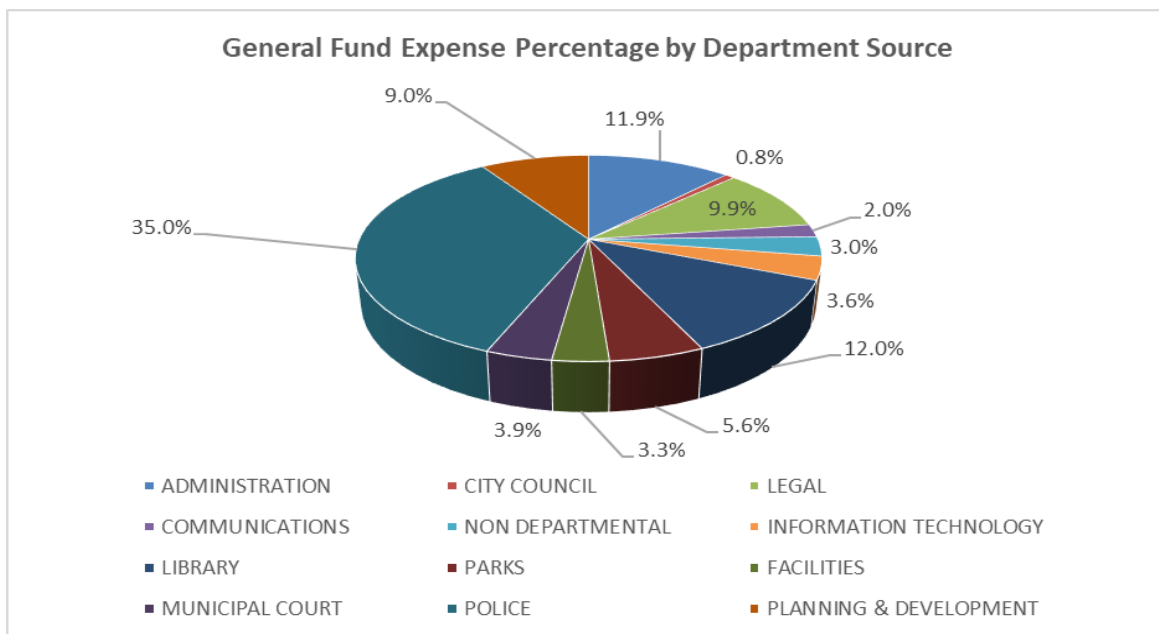
As we discussed during our budget workshops, we “re-distributed” interest earnings to other Funds including Hotel Occupancy, Road Maintenance and Economic Development. That said, our interest income earnings continued to perform steadily over 5.4% thru the majority of the fiscal year.



## General Fund Department Expense:

	Actual FY 23	Original Budget FY 24	Projected Actual FY 24	Proposed Budget FY25
<b>EXPENDITURES</b>				
Administration	\$ 1,423,844	\$ 1,109,234	\$ 1,368,980	\$ 1,247,479
City Council	\$ 41,598	\$ 54,600	\$ 38,403	\$ 81,600
Legal	\$ 311,419	\$ 350,000	\$ 650,000	\$ 1,040,000
Communications	\$ 221,056	\$ 166,534	\$ 229,664	\$ 209,891
Non-Departmental	\$ 159,698	\$ 268,600	\$ 228,325	\$ 318,500
Information Technology	\$ 476,292	\$ 431,000	\$ 416,180	\$ 381,500
Library	\$ 1,055,815	\$ 1,150,372	\$ 1,122,986	\$ 1,256,551
Parks	\$ 415,656	\$ 525,862	\$ 393,948	\$ 582,102
Facilities	\$ 349,961	\$ 359,278	\$ 383,527	\$ 344,534
Municipal Court	\$ 339,681	\$ 394,002	\$ 408,617	\$ 405,624
Police	\$ 3,084,972	\$ 3,217,994	\$ 3,810,673	\$ 3,674,392
Planning & Development	\$ 1,083,812	\$ 1,125,289	\$ 990,991	\$ 941,651
<b>Expenditure Total</b>	<b>\$ 8,963,804</b>	<b>\$ 9,152,765</b>	<b>\$ 10,042,294</b>	<b>\$ 10,483,824</b>

Overall, our General Fund Expenses by Department are up ~14%. The chart below represents the distribution of General Fund Expense for department operations.



Department line-item expenses are included in the detail attachment; inquiries related to those revisions may be addressed by the Directors accordingly. An updated Org Chart is attached as well and reflects current staffing at 66 full-time equivalents. As has been discussed previously, new, larger facilities constructed in the future for the Library and Police Department may require additional personnel as well as increases to maintenance and operations line-item expenses.

Once again as a reminder, this fiscal year budget will likely require an amendment at mid-year as capital project costs and timelines become more well-defined. That wraps up the General Fund Revenue & Expense. We'll move on to the other funds included in the budget appropriation request for FY 2025.

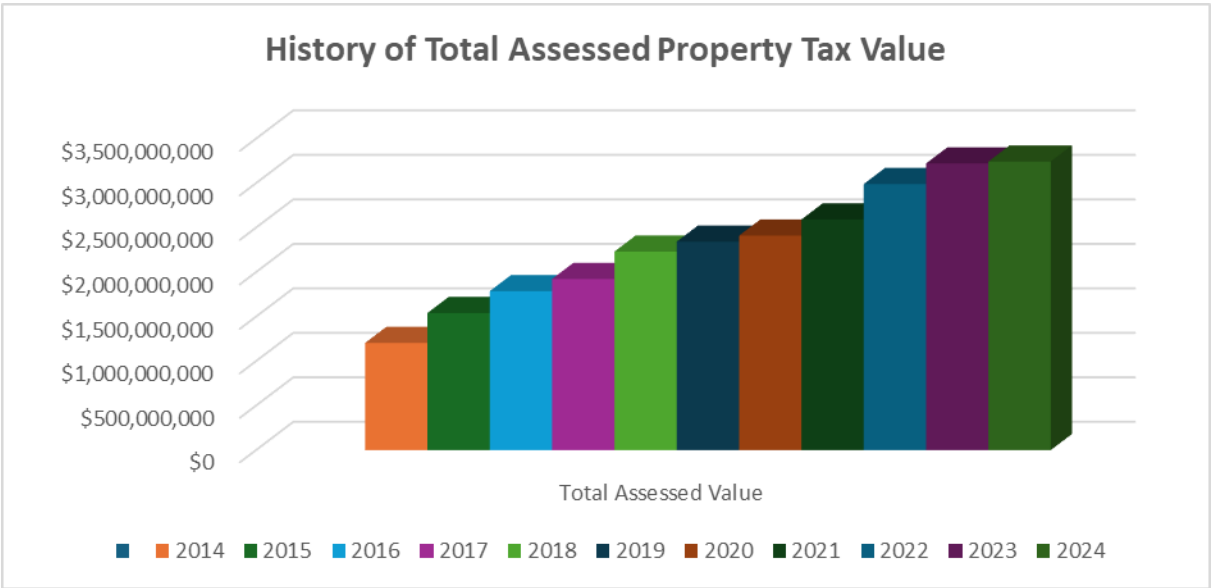
## Debt Fund

	Actual FY 2023	Budget FY 2024	Projected Actual FY 2024	Budget FY 2025
Beginning Fund Balance	\$ 37,886	\$ 503	\$ -	\$ -
<b>REVENUE</b>				
PROPERTY TAX REVENUE - I & S	\$ 598,041	\$ 644,361	\$ 604,892	\$ 289,632
PROPERTY TAX REVENUE - M & O		\$ -	\$ -	\$ 359,040
PROP TAX-PENALTY & INTEREST	\$ 2,000	\$ 2,000	\$ 3,340	\$ 3,000
TRANSFER FROM GEN FUND	\$ 968,559	\$ 556,722	\$ 595,351	\$ -
<b>Total</b>	<b>\$ 1,568,600</b>	<b>\$ 1,203,083</b>	<b>\$ 1,203,583</b>	<b>\$ 651,672</b>
<b>EXPENSE</b>				
PROFESSIONAL FEES	\$ 3,000	\$ 5,000	\$ 5,500	\$ 5,500
PRINCIPAL - 2015 REFUND GO BOND	\$ 355,000	\$ -	\$ -	\$ -
INTEREST - 2015 REFUND GO BOND	\$ 3,451	\$ -	\$ -	\$ -
PRINCIPAL - 2017 TAX NOTE	\$ 880,000	\$ 890,000	\$ 890,000	\$ -
INTEREST - 2017 TAX NOTE	\$ 36,007	\$ 18,565	\$ 18,565	\$ -
PRINCIPAL - 2020 TAX NOTE	\$ 280,000	\$ 280,000	\$ 280,000	\$ 285,000
INTEREST - 2020 TAX NOTE	\$ 11,142	\$ 9,518	\$ 9,518	\$ 7,698
<b>Total</b>	<b>\$ 1,568,600</b>	<b>\$ 1,203,083</b>	<b>\$ 1,203,583</b>	<b>\$ 298,198</b>
Revenue over/(under) Expenditures	\$ -	\$ -	\$ -	\$ 353,474
Ending Fund Balance	\$ 503	\$ 503	\$ 503	\$ 353,474

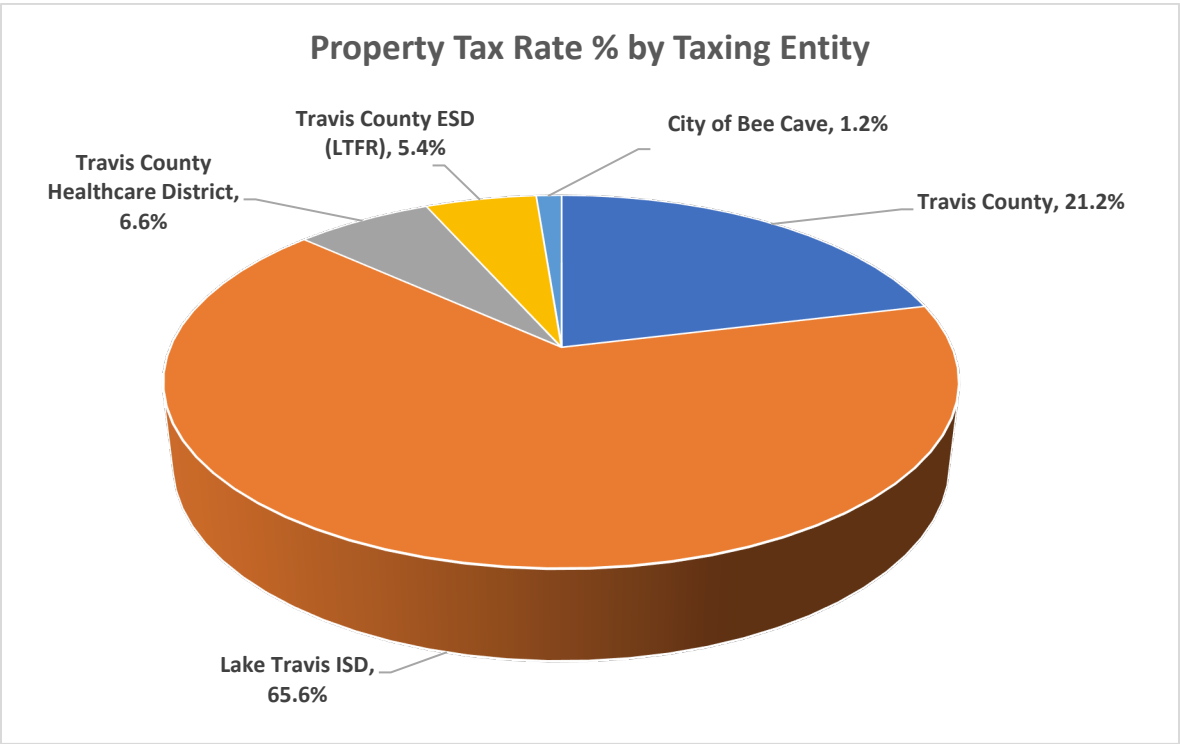
The Debt Fund Revenue calculation is the Total Appraised Value x the proposed tax rate of \$0.02/100 valuation. Our total property tax rate will remain at \$0.0200 for the budget appropriation. The total Tax Rate of \$0.0200 is comprised of an I&S Rate of \$0.008930 and an M&O Rate of \$0.011070.

The Debt Fund Expense for FY 2025 has been reduced and no longer includes payment for the 2017 Tax Note \$6M (*Brown Property Acquisition*) which is now complete. The only remaining debt is the principal and interest payments for the 2020 Tax Note \$1.98M (*Revival Property Acquisition*) @ 1.01%. Please note the end date for that issuance is September 2027. Also more importantly, a transfer from the General Fund to the Debt Fund is not required for FY 2025.

The chart below illustrates the history of our Total Appraised Value over the past 10 years as provided by the Travis Central Appraisal District. Our Total Appraised Value in 2014 was \$1,204,342,529; the certified 2024 Total Appraised Value is \$3,243,361,100 up just slightly over the prior year.



The chart below shows a typical Bee Cave resident’s Total Tax bill. This illustration does not include those homeowners with an additional MUD tax. In this example, the City’s \$0.0200 tax rate portion of the total tax rate of \$1.62/\$100 valuation is ~1.2%. Also, please note the chart below uses 2024 *proposed* tax rates.



## Expenditure Budget Capital Projects - CIP

	Actual FY 2023	Original Budget FY 2024	Projected Actual FY 2024	Proposed Budget FY 2025
<b>Beginning Fund Balance</b>	\$ 35,499	\$ -	\$ -	\$ -
<b>REVENUE</b>				
Transfers In	\$ 7,862,298	\$ 3,279,501	\$ 1,909,768	\$ 2,242,389
Reimbursement of Expenses	\$ -	\$ -	\$ 580,522	\$ -
<b>Total</b>	<b>\$ 7,862,298</b>	<b>\$ 3,279,501</b>	<b>\$ 2,490,290</b>	<b>\$ 2,242,389</b>
<b>EXPENSE</b>				
Emergency Management	\$ 660	\$ -	\$ -	\$ -
Repairs	\$ -	\$ -	\$ 8,680	\$ -
Other Professional Fees	\$ 949,425	\$ -	\$ -	\$ -
Other Professional Fees (TTH)	\$ -	\$ -	\$ 319,838	\$ 652,556
Other Professional Fees (Lake Flato)	\$ -	\$ 750,000	\$ 1,198,270	\$ -
Other Professional Fees (Hoar)	\$ -	\$ 250,000	\$ 25,000	\$ -
Other Professional Fees (HDR)	\$ -	\$ -	\$ -	\$ 167,000
Other Professional Fees (PGAL)	\$ -	\$ 500,000	\$ 753,500	\$ 902,833
Other Professional Fees (ROB)	\$ -	\$ 250,000	\$ 40,000	\$ 520,000
Public Safety Facility Construction	\$ -	\$ 1,500,000	\$ -	\$ -
Parks Improvement	\$ 17,147	\$ -	\$ 424	\$ -
Property Acquisition	\$ 6,058,277	\$ -	\$ 300	\$ -
Facilities Improvement	\$ 15,201	\$ 15,000	\$ 61,833	\$ -
City Hall Renovation Phase II	\$ 125,678	\$ -	\$ 32,445	\$ -
Special Projects (Revival Demo)	\$ -	\$ 50,000	\$ 50,000	\$ -
Special Projects (Storm Damage)	\$ 731,409	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 7,897,797</b>	<b>\$ 3,315,000</b>	<b>\$ 2,490,290</b>	<b>\$ 2,242,389</b>
<b>Revenue over/(under) Expenditures</b>	<b>\$ (35,499)</b>	<b>\$ (35,499)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

FY 2025 budget expenditures forecast in the Capital Projects CIP Fund are once again primarily those costs, we anticipate will be incurred by our multiple Professional Services providers. In addition to the required transfer from the General Fund, we have included revenue estimates for being reimbursed by Lake Travis Fire & Rescue (LTFR District 6) in accordance with the approved inter-local agreement for design.

The CIP Subcommittee (Mayor King, Councilmembers Willott & Hight) met recently and were provided with an update from Turner Townsend Heery (Chelsea Maldonado & Brian Jorgensen) regarding project status. Among the topics discussed included possible future contract amendments required for professional service providers and an interlocal agreement with LTFR required for construction. FY 2024-2025 includes significant Capital Improvement Project expenditures and will significantly impact future fiscal years.

## Capital Projects - Operating Fund

	Actual FY 2023	Original Budget FY 2024	Proposed Budget FY 2025
<b>Beginning Fund Balance</b>	\$ -	\$ -	\$ -
<b>REVENUE</b>			
<i>Transfers In</i>	\$ -	\$ -	\$ 3,000,000
<b>Total</b>	\$ -	\$ -	\$ 3,000,000
<b>EXPENSE</b>			
Bobcat	\$ -	\$ -	\$ 35,000
City Hall HVAC/RTU Replacement(s)	\$ -	\$ -	\$ 150,000
Irrigation - Central Park	\$ -	\$ -	\$ 76,756
Mowers	\$ -	\$ -	\$ 26,000
PD CAD/RMS	\$ -	\$ -	\$ 356,956
Next Request (Public Info Requests)	\$ -	\$ -	\$ 10,498
NEOGOV (HR)	\$ -	\$ -	\$ 13,844
RFID Tagging Software (Library)	\$ -	\$ -	\$ 15,200
GIS Interactive (P & D)	\$ -	\$ -	\$ 25,000
Upgrade Recording System (Communications)	\$ -	\$ -	\$ 30,000
Fleet Acquisition (Police)	\$ -	\$ -	\$ 75,000
<b>Total</b>	\$ -	\$ -	\$ 814,254
<b>Revenue over/(under) Expenditures</b>	\$ -	\$ -	\$ 2,185,746
<b>Ending Fund Balance</b>	\$ -	\$ -	\$ 2,185,746

The Capital Projects – Operating Fund is new for FY 2025 and includes a forecast of budget expenditures comprised primarily of “New” requests submitted by Department Directors to the City Manager for consideration. Creation of this new Fund helps us more closely identify one-time expenses and separate them from year-over-year costs for Salary & Benefits and ongoing Maintenance & Operations.

# Expenditure Budget

## Hotel Occupancy Fund

	Actual FY 2023	Original Budget FY 2024	Projected Actual FY 2024	Proposed Budget FY 2025
<b>Beginning Fund Balance</b>	<b>\$ 2,097,726</b>	<b>\$ 2,113,257</b>	<b>\$ 2,265,194</b>	<b>\$ 2,827,938</b>
<b>REVENUE</b>				
Hotel Occupancy Tax Revenue	\$ 586,749	\$ 600,000	\$ 542,138	\$ 550,000
Bee Cave On Ice Annual (Ice Rink)	\$ 340,920	\$ 300,000	\$ 314,040	\$ 300,000
Interest Income	\$ -		\$ 129,000	\$ 100,000
Donations	\$ 15,000	\$ -	\$ 10,000	\$ -
<b>Total</b>	<b>\$ 942,669</b>	<b>\$ 900,000</b>	<b>\$ 995,178</b>	<b>\$ 950,000</b>
<b>EXPENSE</b>				
Salary	\$ 51,676	\$ 51,532	\$ 61,427	\$ 135,151
Medicare @ 1.45%	\$ 739	\$ 728	\$ 878	\$ 1,397
Retirement (Tmrs)	\$ 4,988	\$ 5,018	\$ 6,071	\$ 16,582
Vision Coverage	\$ 79	\$ 78	\$ 84	\$ 255
Health Insurance	\$ 4,994	\$ 5,330	\$ 6,091	\$ 15,941
Dental Coverage	\$ 337	\$ 364	\$ 372	\$ 839
Life Insurance	\$ 8	\$ 13	\$ 11	\$ 25
Bee Cave On Ice Annual	\$ 424,317	\$ 355,000	\$ 309,808	\$ 300,000
Other Application Approvals	\$ 260,000	\$ 240,000	\$ 117,000	\$ 100,000
Advertising & Promotion	\$ -	\$ -	\$ -	\$ 78,571
Arts Promotion	\$ 180,000	\$ 90,000	\$ -	\$ 100,000
Capital Outlay	\$ -	\$ -	\$ 21,234	\$ -
<b>Total</b>	<b>\$ 927,138</b>	<b>\$ 748,063</b>	<b>\$ 522,976</b>	<b>\$ 748,761</b>
<b>Revenue over/(under) Expenditures</b>	<b>\$ 15,531</b>	<b>\$ 151,937</b>	<b>\$ 472,202</b>	<b>\$ 201,239</b>
<b>Ending Fund Balance</b>	<b>\$ 2,113,257</b>	<b>\$ 2,265,194</b>	<b>\$ 2,737,396</b>	<b>\$ 3,029,177</b>

Hotel Occupancy Tax Revenue pursuant to City Ordinance No.07-08-14-D adopted in August 2007 includes the Sonesta Hotel and the Mountain Star Lodge and represents 7% of the total taxable receipts. Our budget estimate for FY 2025 has been slightly reduced to reflect current FY performance. And again, this fiscal year, HOT fund revenue includes “Bee Cave on Ice” approved by Council via Resolution. As we’ve done prior, we’re forecasting a net zero for revenue and expense.



## Expenditure Budget Court Technology Fund

	Actual		Budget		Projected	
	FY 2023		FY 2024		FY 2024	
					FY 2025	
Beginning Fund Balance	\$	36,707	\$	48,067	\$	61,067
					\$	60,806
<b>REVENUE</b>						
Court Technology Fund	\$	13,075	\$	13,000	\$	18,212
<b>Total</b>	\$	<b>13,075</b>	\$	<b>13,000</b>	\$	<b>16,000</b>
<b>EXPENSE</b>						
Court Technology Hardware	\$	1,715	\$	-	\$	9,021
Court Technology Software					\$	9,452
<b>Total</b>	\$	<b>1,715</b>	\$	<b>-</b>	\$	<b>18,473</b>
					\$	<b>19,000</b>
Revenue over/(under) Expenditures	\$	11,360.00	\$	13,000.00	\$	(261.00)
					\$	(3,000)
Ending Fund Balance	\$	48,067.00	\$	61,067.00	\$	60,806.00
					\$	57,806.00

## Expenditure Budget Court Building Security Fund

	Actual		Budget		Projected	
	FY 2023		FY 2024		FY 2024	
					FY 2025	
Beginning Fund Balance	\$	57,619	\$	73,509	\$	83,509
					\$	105,850
<b>REVENUE</b>						
Court Building Security Fund	\$	15,890	\$	10,000	\$	22,341
<b>Total</b>	\$	<b>15,890</b>	\$	<b>10,000</b>	\$	<b>22,341</b>
					\$	<b>20,000</b>
<b>EXPENSE</b>						
Court Building Security Expense					\$	-
<b>Total</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>-</b>
					\$	<b>39,541</b>
Revenue over/(under) Expenditures	\$	15,890.00	\$	10,000.00	\$	22,341.00
					\$	(19,541)
Ending Fund Balance	\$	73,509.00	\$	83,509.00	\$	105,850.00
					\$	86,309.00

# Expenditure Budget

## Road Maintenance Fund

	Actual FY 2023	Original Budget FY 2024	Projected Actual FY 2024	Proposed Budget FY 2025
<b>Beginning Fund Balance</b>	<b>\$ 4,805,494</b>	<b>\$ 5,239,463</b>	<b>\$ 6,151,041</b>	<b>\$ 7,055,366</b>
<b>REVENUE</b>				
Road Maintenance, Sales Tax	\$ 884,202	\$ 875,000	\$ 872,853	\$ 875,000
Misc Revenue	\$ 6,288	\$ -	\$ -	\$ -
Interest Income, ROI	\$ -	\$ -	\$ 324,029	\$ 275,000
Reimbursement For Txdot Signals	\$ -	\$ -	\$ 140,578	\$ 96,252
<b>Total</b>	<b>\$ 890,490</b>	<b>\$ 875,000</b>	<b>\$ 1,337,460</b>	<b>\$ 1,246,252</b>
<b>EXPENSE</b>				
Salary	\$ 39,432	\$ 51,688	\$ 46,502	\$ 76,435
FICA	\$ 109	\$ 390	\$ 30	\$ -
Medicare @ 1.45%	\$ 560	\$ 728	\$ 658	\$ 697
Retirement (Tmrs)	\$ 3,664	\$ 4,472	\$ 4,568	\$ 8,003
Vision Coverage	\$ 96	\$ 130	\$ 98	\$ 138
Health Insurance	\$ 6,559	\$ 8,242	\$ 9,077	\$ 12,475
Dental Coverage	\$ 418	\$ 520	\$ 489	\$ 590
Life Insurance	\$ 15	\$ 26	\$ 19	\$ 22
Repair & Maint - Street	\$ 98,016	\$ 615,304	\$ 32,858	\$ 35,000
Signs	\$ 1,909	\$ 5,000	\$ 2,966	\$ 5,000
Guardrails	\$ -	\$ 3,500	\$ -	\$ 3,500
Pavement Markings	\$ -	\$ 7,500	\$ -	\$ 7,500
Repair & Maint - Sidewalk	\$ -	\$ 2,500	\$ -	\$ 2,500
Other Professional Fees	\$ 3,176	\$ -	\$ 145,429	\$ 235,000
Service Contracts	\$ 302,567	\$ 75,000	\$ 54,791	\$ 61,725
Capital Outlay	\$ -	\$ 100,000	\$ 135,650	\$ 3,000,000
<b>Total</b>	<b>\$ 456,521</b>	<b>\$ 875,000</b>	<b>\$ 433,135</b>	<b>\$ 3,448,585</b>
<b>Revenue over/(under) Expenditures</b>	<b>\$ 433,969</b>	<b>\$ -</b>	<b>\$ 904,325</b>	<b>\$ (2,202,333)</b>
<b>Ending Fund Balance</b>	<b>\$ 5,239,463</b>	<b>\$ 5,239,463</b>	<b>\$ 7,055,366</b>	<b>\$ 4,853,033</b>

The Road Maintenance Fund is supported by a portion of Sales Tax Revenue. An election to “re-authorize” this special revenue for another 4-years will need to be considered in 2025. We have included cost estimates for a City Street assessment and overlay of a portion of Bee Cave Parkway in FY 2025 expenses. And again, as a reminder, we are reimbursed by TxDot for the cost of maintaining signalized intersections.

# Expenditure Budget

## Police Confiscation Fund

	Actual		Budget		Projected	
	FY 2023		FY 2024		FY 2024	
	FY 2025					
<b>Beginning Fund Balance</b>	\$	9,133	\$	11,265	\$	11,265
					\$	14,764
<b>REVENUE</b>						
Police Confiscation Revenue	\$	12,362	\$	-	\$	4,762
<b>Total</b>	\$	12,362	\$	-	\$	4,762
					\$	-
<b>EXPENSE</b>						
Return of Property	\$	10,230			\$	1,263
<b>Total</b>	\$	10,230	\$	-	\$	1,263
					\$	-
<b>Revenue over/(under) Expenditures</b>	\$	2,132.00	\$	-	\$	3,499.00
					\$	-
<b>Ending Fund Balance</b>	\$	11,265.00	\$	11,265.00	\$	14,764.00
					\$	14,764.00

This Police Confiscation Fund allows for police seizure and forfeiture of property used in, and the proceeds gained from, the commission of certain crimes. In some cases, property or cash confiscated is returned to the defendant upon completion of their trial process. If not returned, monies may be used for discretionary expenditures approved by the Chief.

# Expenditure Budget

## Public Improvement Districts Fund

	Actual		Projected	
	FY 2023		FY 2024	
	FY 2023		FY 2024	
Beginning Fund Balance	\$	5,565,824	\$	5,565,824
<b>REVENUE</b>				
Property Tax Revenue	\$	101,946	\$	101,946
<b>Total</b>	\$	<b>101,946</b>	\$	<b>101,946</b>
<b>EXPENSE</b>				
Other Professional Fees			\$	94
Backyard PID Property Tax Disburse	\$	101,946	\$	101,946
<b>Total</b>	\$	<b>101,946</b>	\$	<b>101,946</b>
Revenue over/(under) Expenditures	\$	-	\$	-
Ending Fund Balance	\$	5,565,824.00	\$	5,565,824.00

The PID Fund was created for the Backyard and Spanish Oaks PIDs. Project costs are paid for using current property tax assessments of property owners within the district, developer contributions, and a debt issuance with the assessment pledged to service that debt. We exist as a pass-through for activity within the district and employ a 3<sup>rd</sup> party service provider to oversee the transactions.

We hope you find this transmittal document helpful, and we thank you as always for your support, your time, consideration, and active participation over the past several weeks developing the proposed FY 2025 budget. We also thank the Department Directors and their staff members for continuing to effectively manage their budgets throughout the fiscal year. The work they perform providing service to the community and their proactive participation in the preparation of this budget is always very much appreciated.

We will provide an updated PowerPoint presentation Tuesday evening with much of this information included as well as any updates that may be required. We're happy to answer any questions and look forward to the discussion.