



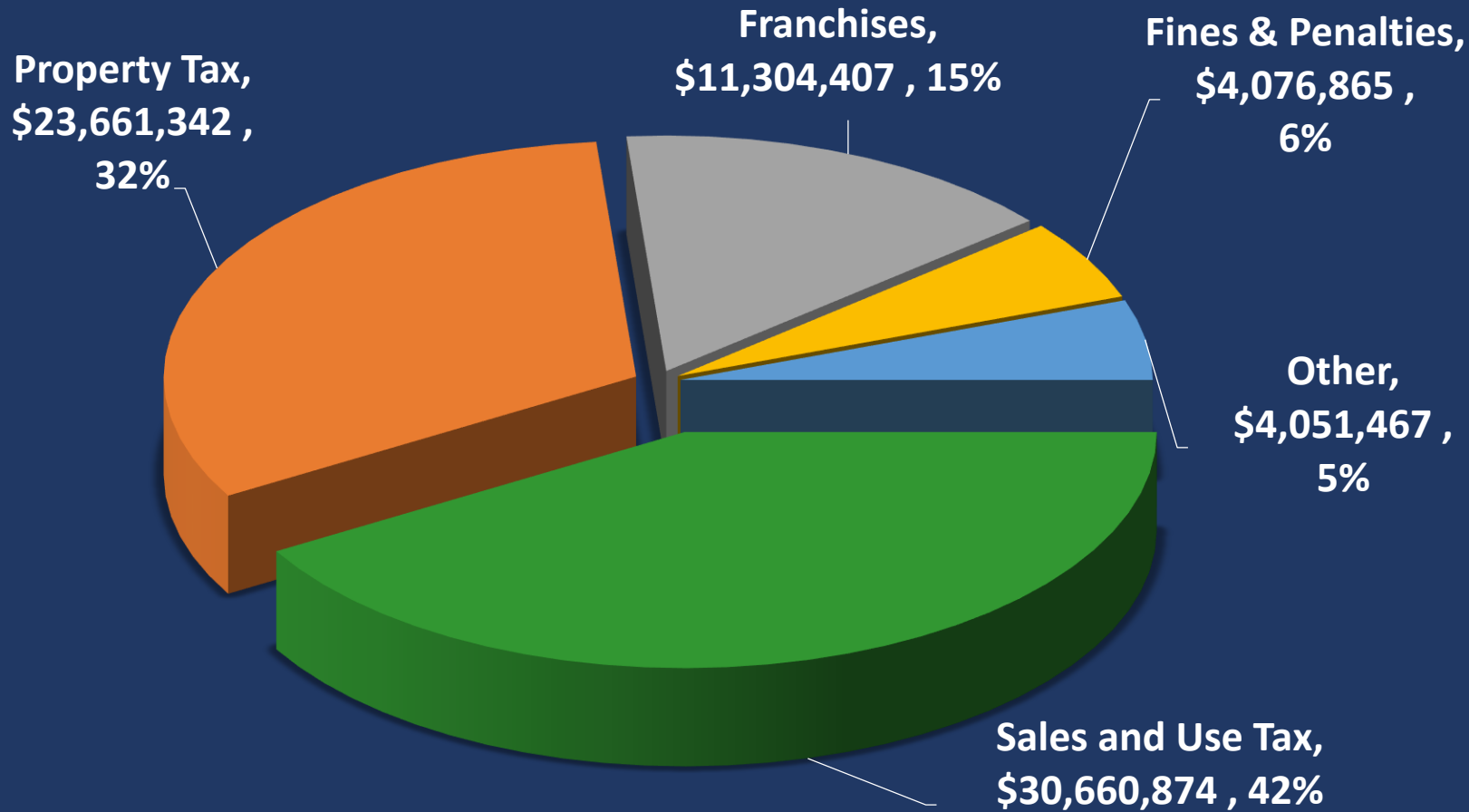
2020-2021 Annual Budget Presentation

Always Called to SERVE.
Anywhere, Anytime, No Excuses!



General Fund

Revenue Highlights



Still Funded Predominantly by 1% Sales Tax



Sales & Use Tax

Still our predominate revenue, amount fluctuates with the economy is vulnerable to shifts



Property Tax

Municipalities depend upon property tax for providing public safety and basic services



Franchises

These funds are generated from the use of city-owned property by city-enterprise and non-city operations.



Fines & Fees

Revenues earned by citations, penalties, and fines help support services

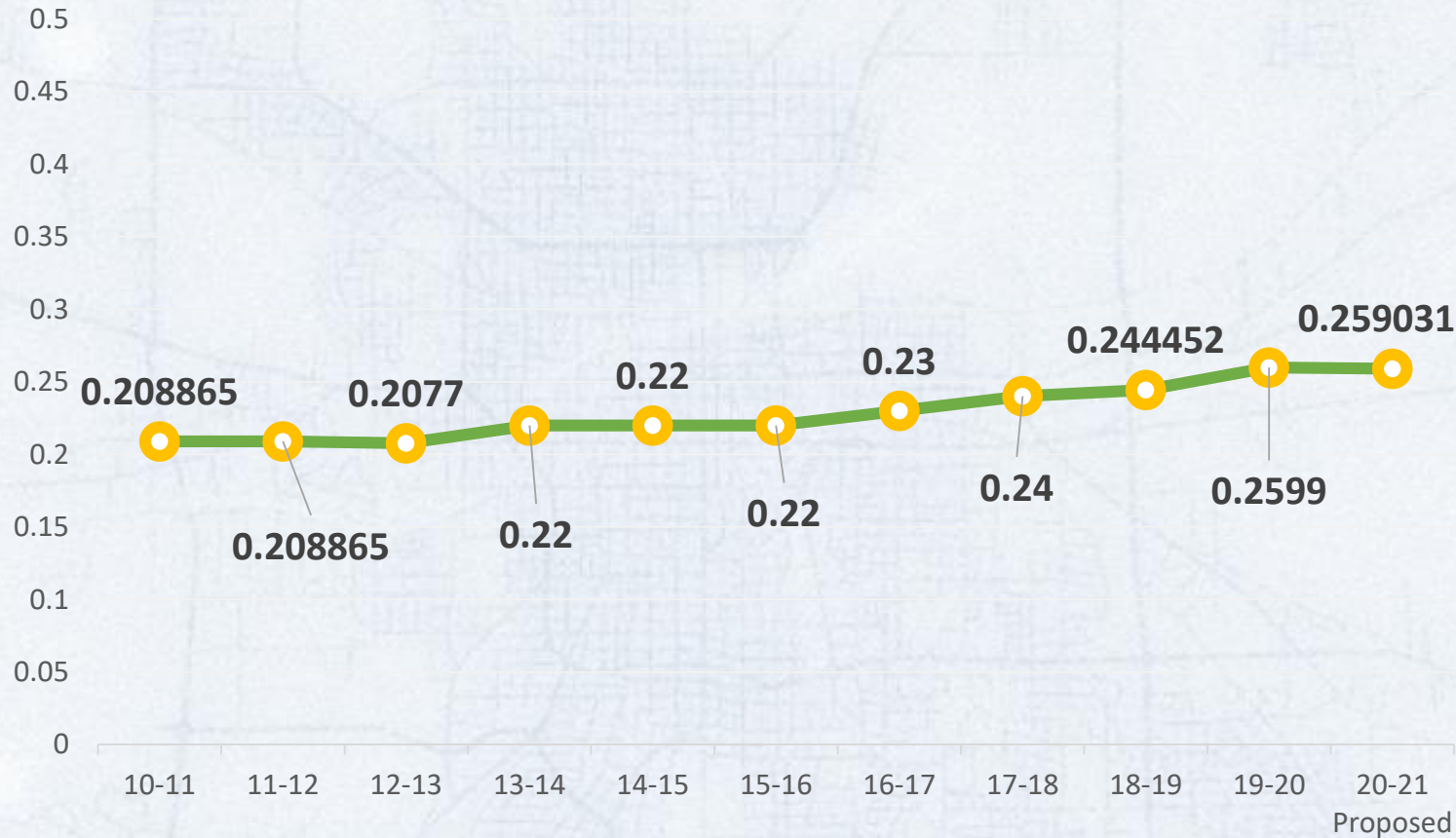


Other

Grants and other revenue sources

Tyler's Historical Tax Rate

Ensuring the Best Citizen Value



1995

Pledge of Fiscal Responsibility

City Council takes a pledge of fiscal responsibility, which led to the approval of the 1/2 Cent Local Sales Tax. Council then worked to take the City to \$0 general obligation debt and utilize a pay-as-you-go approach.

2008/09

Tyler Pays Off General Obligation Debt

After thirteen years of effort, the City of Tyler paid off all general revenue bonds and began paying for major capital improvement projects through the Half Cent Sales Tax CIP.

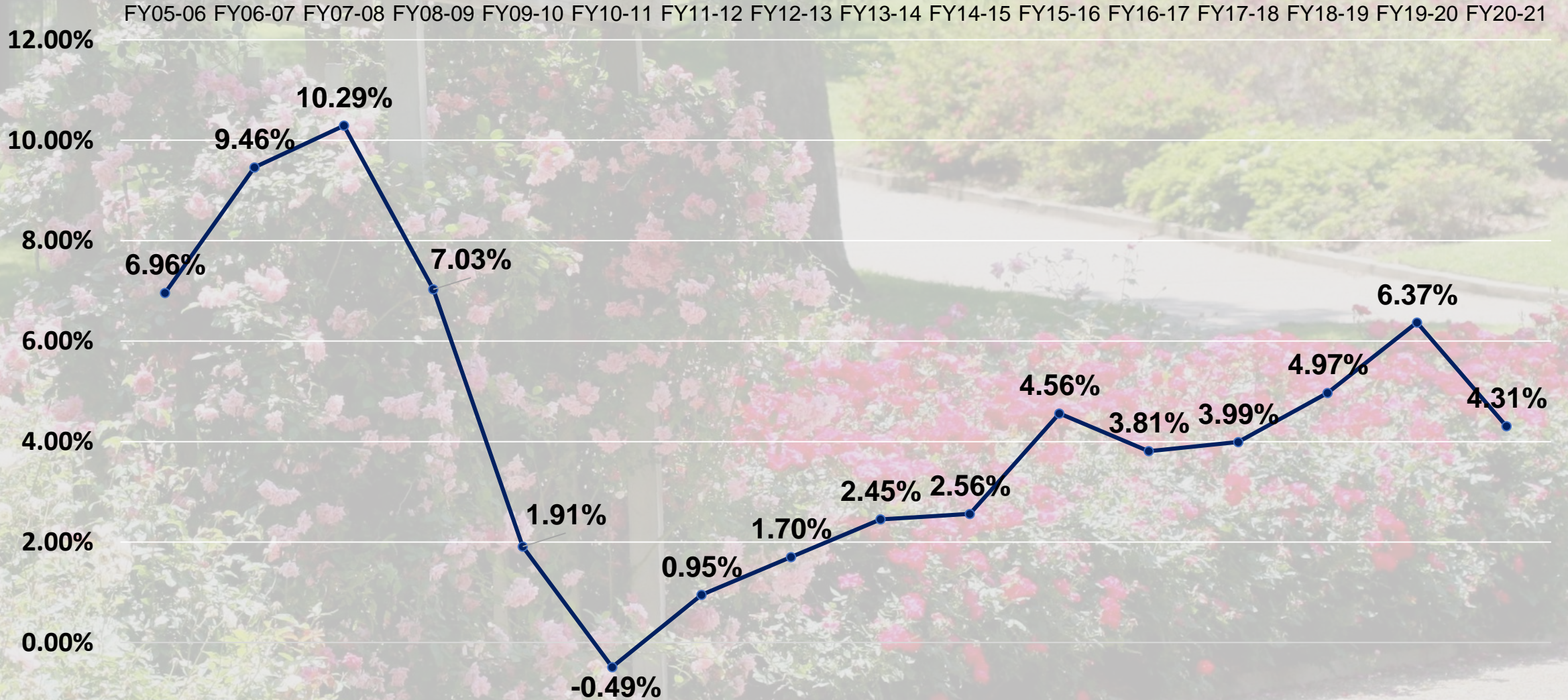
2019

Infrastructure Investment

The City Council authorized a one cent property tax increase in 2016 and renewed the pledge of fiscal responsibility while dedicating that extra cent to a Street Maintenance Fund. This year they pledge two cents dedicated as part of their infrastructure investment policy.

Change in Taxable Value

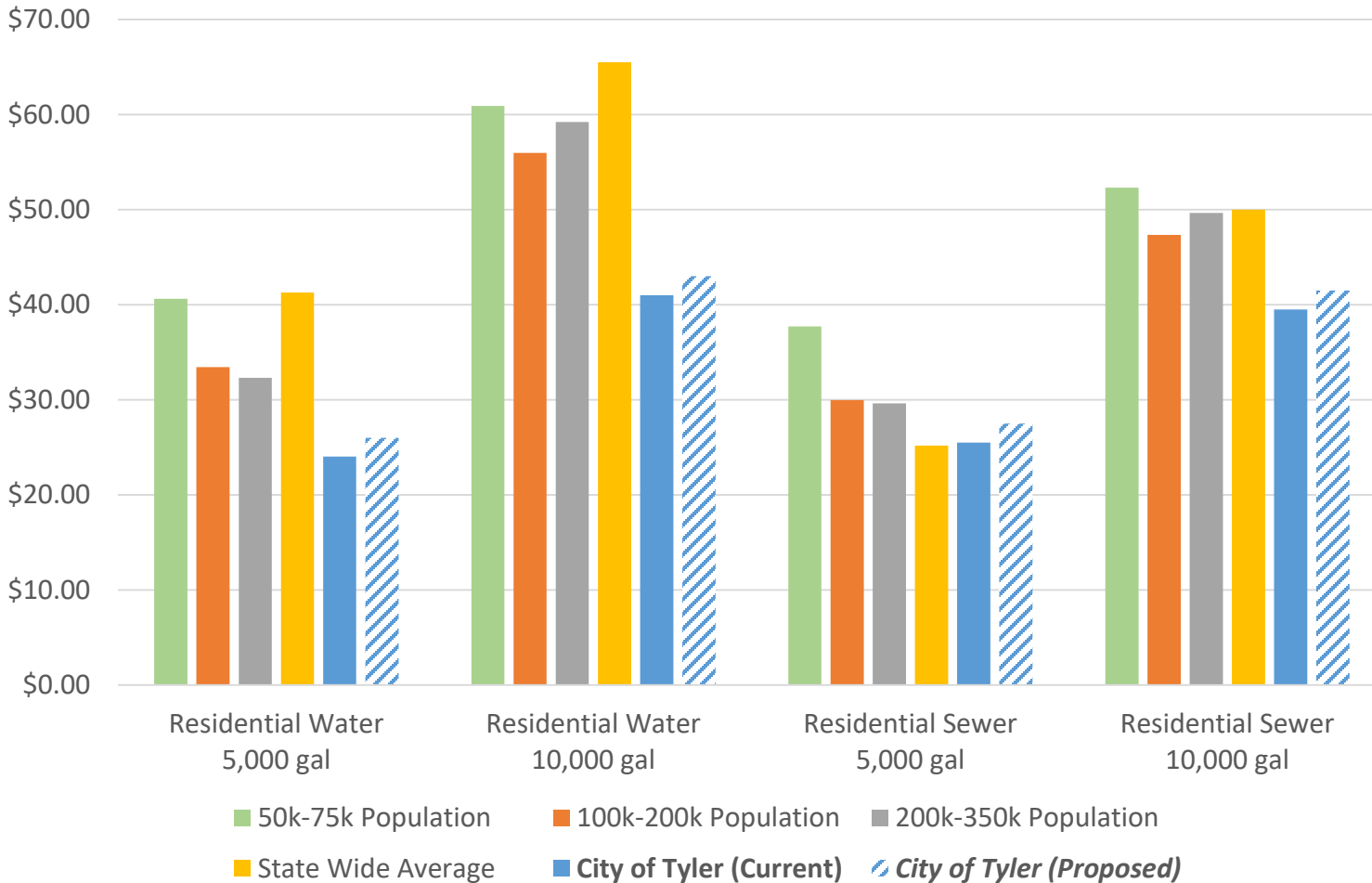
Sustainable Growth



Utilities Rates

Comparison

Chart provides average rates of all Texas municipalities based upon population size. Tyler's rate is below our population category as well as the statewide average for all cities.



2016 EPA Consent Decree

Investment in upgrading the wastewater collection system. The City has adopted a Capacity, Management, Operation and Maintenance (CMOM) program to insure continual progress to comply fully with EPA and TCEQ regulations.

2015 Water Quality Commitment

Tyler Water Utilities has joined the American Water Works Association Safe Water Treatment Program to perform a detailed evaluation the water treatment plants.

2015 Sustainable Infrastructure

Council committed to reinvesting resources into maintaining and enhancing the City's infrastructure. To take actions that would create sustainable funding practices to reinvest in an aging infrastructure and build system readiness for future growth.

Proposed Base Rate Increases Tyler Water Utilities



- \$2.00 Water Base Rate Increase
- \$2.00 Sewer Base Rate Increase
- Effective October 1, 2020

Consumption of 5,000 gallons		
	Current	2021
Water	24.02	26.00
Sewer	25.49	27.50
Water Service	0.27	0.27
Water Quality	0.35	0.35
Storm Water	2.97	3.21
Regulatory Compliance	6.13	6.13
Water Franchise Fee	2.96	3.17
Total	62.19	66.63
	Increase	\$4.44

Consumption of 10,000 gallons		
	Current	2021
Water	41.02	43.00
Sewer	39.49	41.50
Water Service	0.27	0.27
Water Quality	0.35	0.35
Storm Water	4.83	5.07
Regulatory Compliance	6.13	6.13
Water Franchise Fee	4.60	4.82
Total	96.70	101.14
	Increase	\$4.44

Consumption of 30,000 gallons		
	Current	2020
Water Base Charge	13.82	15.80
Water Vol. Charge	89.65	89.65
Water Service Fee	0.27	0.27
Sewer Base Charge	17.09	19.10
Sewer Vol. Charge	22.40	22.40
Water Quality	0.35	0.35
Storm Water (6%)	8.58	8.82
Regulatory Compliance	6.13	6.13
Water Franchise Fee	7.91	8.13
Total	166.20	170.65
	Increase	\$4.45

Adopt Inclining Rate Structure



- History
 - April 2017 – City of Tyler signs Consent Decree that mandates waste water systems improvements which must be implemented by April 2027.
 - Estimated total cost to comply with Consent Decree - \$248,340,965
 - Estimated borrowing need - \$213,038,501
 - Amount borrowed through current fiscal year - \$25,760,169
 - Remaining amount to be funded by debt - \$187,278,332
- Texas Water Development Board (TWDB)
 - Source of funding for Consent Decree projects with interest rates lower than open market.
 - Financing these projects through TWDB has the potential to save customers approximately \$74.5 million over the life of the debt.
 - One of the requirements for eligibility is a water rate structure that promotes water conservation.

Adopt Inclining Rate Structure



- Current water rate structure
 - Declining block rate structure – the more water a customer uses the lower the unit cost.
 - This rate structure has been in place for over 85 years.
 - The current blocks were adopted in 1986.
 - All primary customers classes pay the same volumetric rate.
 - Tyler is one of the last cities in Texas to utilize this type of rate structure.
- Proposed water rate structure
 - Inclining block rate structure – the more water a customer uses the higher the unit cost.
 - Proposed rate structure was developed by staff and an outside rate consultant in 2019, and was designed to generate the same amount of revenue
 - Each primary customer class now has it's own rate structure.

Proposed Water Volumetric Rates



Rate per 1,000 gallons

Current Rate Structure			Proposed Rate Structure													
Gallons	All Rate Payers		Residential - Single Family		Residential - Multi-Family		Commercial		Governmental/ Institutional		Industrial		Irrigation - Residential & Commercial		Irrigation - Others	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
0 - 2,000	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size
2,001 – 10,000	3.40	5.10	3.40	5.10	3.40	5.10	2.85	4.28	2.60	3.90	2.25	3.38	3.40	5.10	3.40	5.10
10,001 - 25,000			3.95	5.93												
25,001 – 50,000	2.29	3.44	4.50	6.75												
50,000 – 1,000,000			5.20	7.80	3.95	5.93										
1,000,001 - 5,000,000	1.90	2.85	4.50	6.75	3.95	5.93										
5,000,001 and up	1.83	2.75	5.20	7.80	4.50	6.75										

Cost to produce 1,000 gallons = \$3.17

Proposed Sewer Volumetric Rates



Rate per 1,000 gallons

Current Rate Structure				
Gallons	Residential & Commercial		Industrial	
	Inside City	Outside City	Inside City	Outside City
	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size
0 - 2,000				
2,001 - 25,000	2.80	4.21	2.04	3.06
25,001 - 1,000,000	2.69	4.03		
1,000,001 - 5,000,000	1.98	2.97	1.69	2.55
5,000,001 and up	1.51	2.27	1.51	2.27

Proposed Rate Structure									
Residential - Single Family		Residential - Multi-Family		Commercial		Governmental/ Institutional		Industrial	
Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size	Minimum based on meter size
2.80	4.20	2.80	4.20	2.80	4.20	2.80	4.20	1.65	2.48

Cost to treat 1,000 gallons = \$3.26

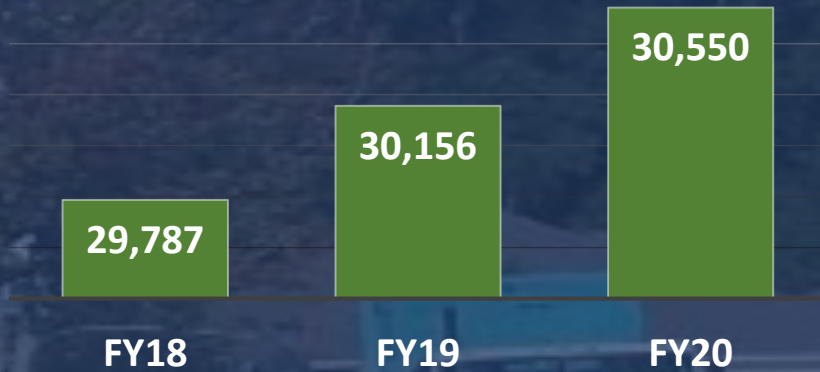


Solid Waste

Household Growth

Tyler has a population of 104,798

Residential Customers



History of Excellence

- Rated #1 Garbage Collection Service in Tyler for seven consecutive years.
- 19 trash routes – approx 800 stops/ day
- 1 recycle route – approx 550 stops
- All proceeds from Landfill Tipping Fee are reinvested into Keep Tyler Beautiful and Parks projects such as lights, irrigation, and playground repairs.

City	Residential Trash Collections Rate	Residential Trash Collections per Week	Recycle Collections per Week	Tipping Fee for Trash	Tipping Fee for Recycle
Denton	26.26	1	1	44.00	-
Brownsville	22.05	2	2	30.00	-
Mesquite	21.25	2	0	38.50	15.00
Round Rock	20.97	1	1	34.00	-
Carrollton	20.92	2	1	15.00	-
Killeen	19.78	1	0	61.60	-
Richardson	19.40	2	1	38.00	-
Pearland	18.58	2	0	45.00	-
Longview	18.20	1	1	50.37	-
Tyler (Proposed Rate)	17.03	2	0	47.00	-
Tyler (Current Rate)	16.70	2	0	42.00	-
McKinney	16.63	1	1	35.00	-
Waco	16.10	1	1	35.25	-
College Station	16.00	1	1	28.00	12.00
Allen	15.02	1	1	38.00	-

Development Services

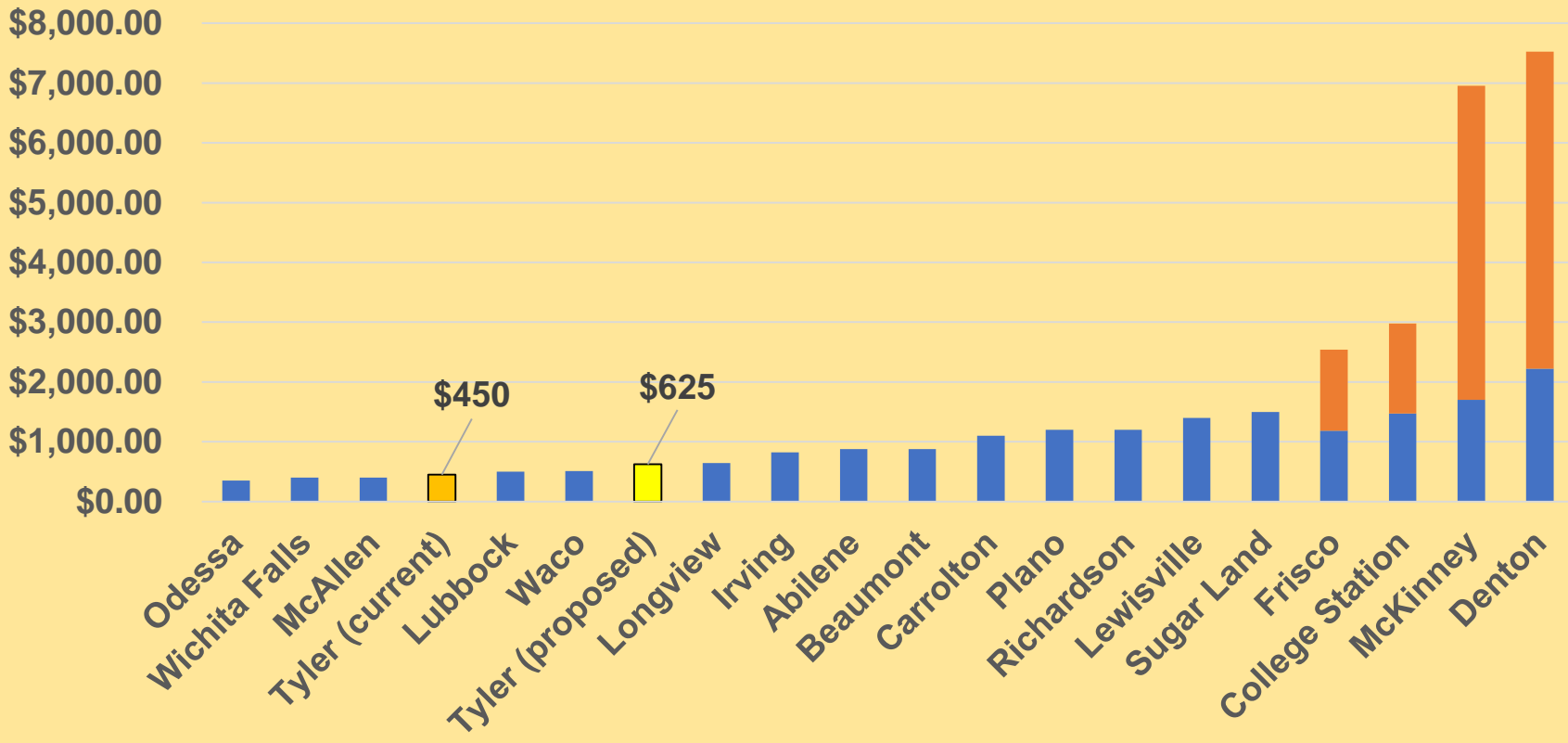
Residential New Construction

Permit Fee Increases



Proposed Fee Increase for 2,500sf Home

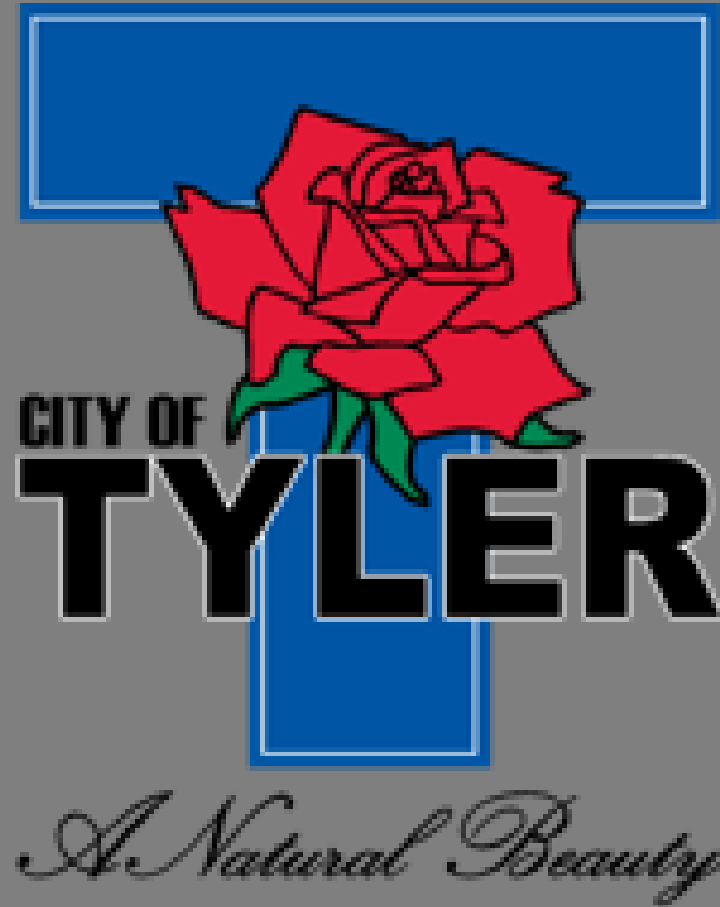
■ Permit Fee ■ Impact Fee



Permit Price Estimated Increase by Square Foot			
SQFT	Tyler Current	.025/sf	Proposed Increase
1,500	\$315	375	\$60
2,000	\$380	500	\$120
2,500	\$450	625	\$175
3,000	\$510	750	\$240
Average	\$414	563	\$149

Timeline

1. Consider today's presentation of budget and establish timeline for public hearings and adoption per state law.
2. August 26, 2020 – Public Hearing on proposed tax rate and budget.
3. September 9, 2020 – Ordinance adopting proposed tax rate and budget.



Next Steps

1. Motion to place adoption of the tax rate and the 2020-2021 Budget as action items on the September 9, 2020 City Council Agenda.
2. Motion to schedule public hearings on the proposed property tax rate and the proposed budget on August 26, 2020 agenda.

COVID-19 RESPONSE & IMPACT

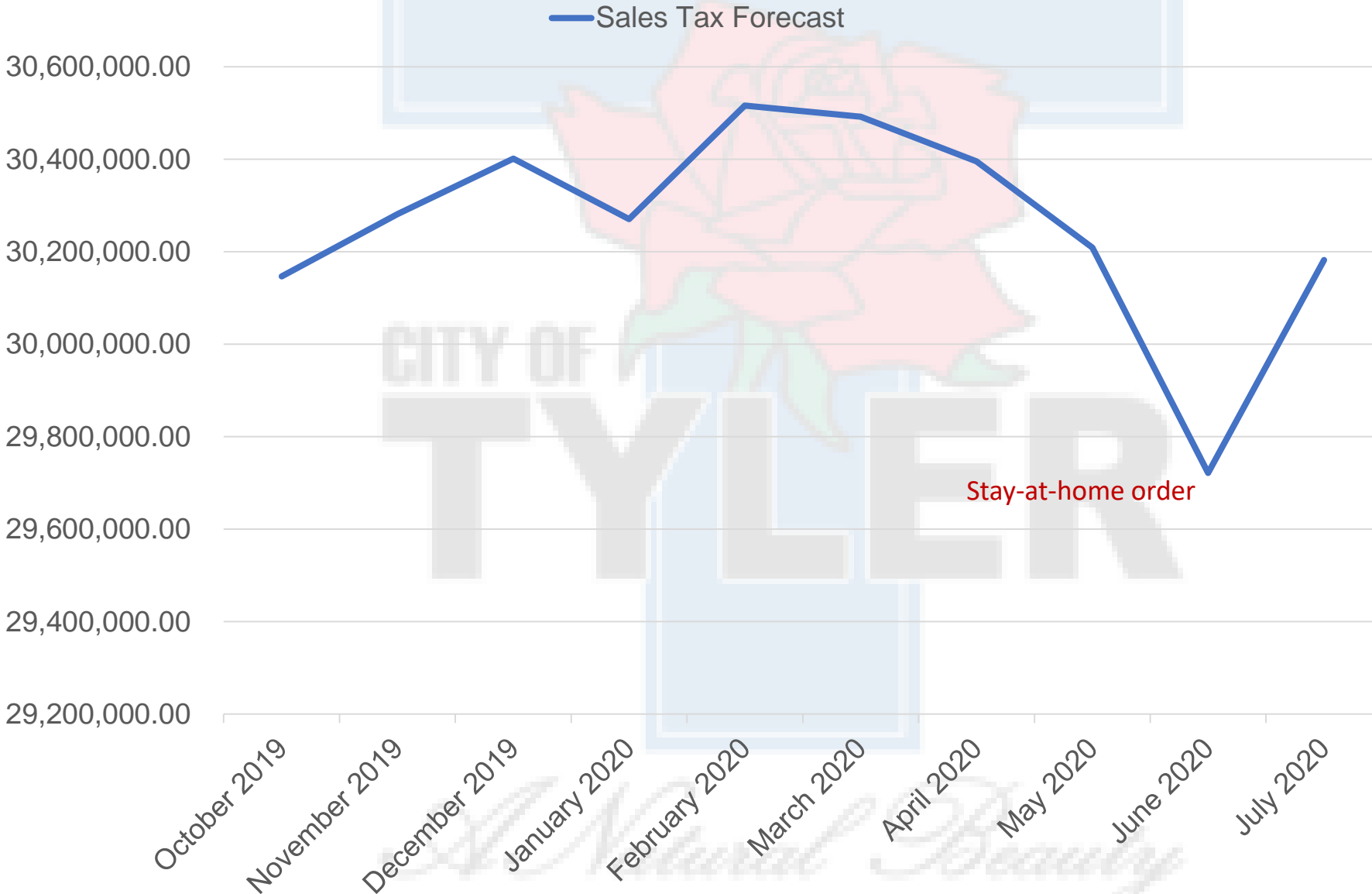


Community Response



- Activation of Emergency Operations Center on March 16, 2020
- Participation in Joint Information Committee with Smith County, NETHealth and local stakeholders
- Ongoing coordination between City of Tyler, Smith County, NET Health, hospitals and schools to better protect and support the community

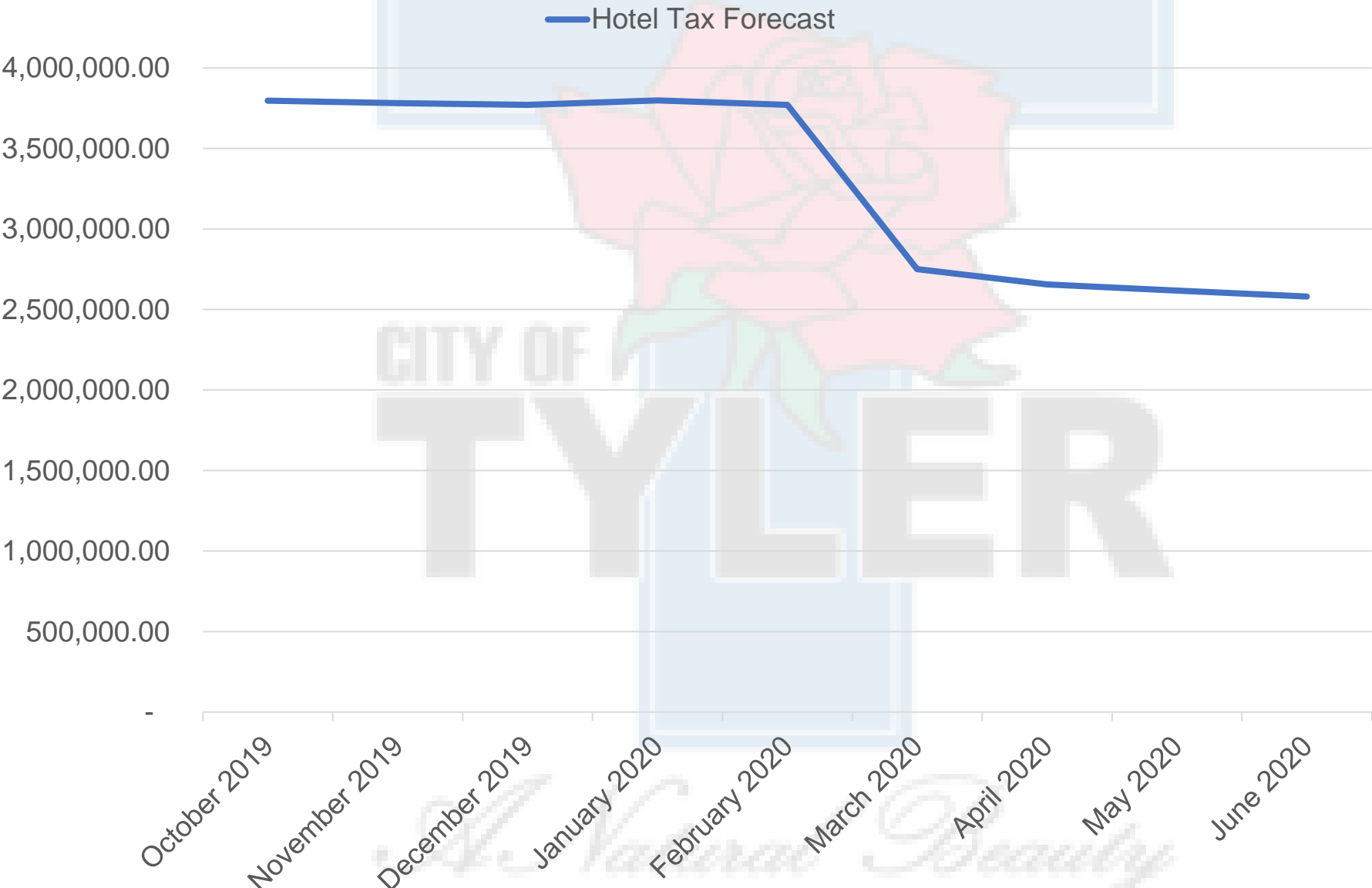
COVID-19 and Sales Tax



Notes:

- Sales tax revenues have a two month lag (ex. February Revenues = December Sales Data)
- Revenue estimates from October 2019 to February 2020 grew +1.23%
- Revenue estimates from February 2020 to June 2020 declined -2.60%
- June revenues are for the April 2020 sales data. April was the month the County was under a stay-at-home order.
- It is estimated that the City lost \$219,218 in General Fund sales tax revenue due to COVID-19

COVID-19 and Hotel Tax



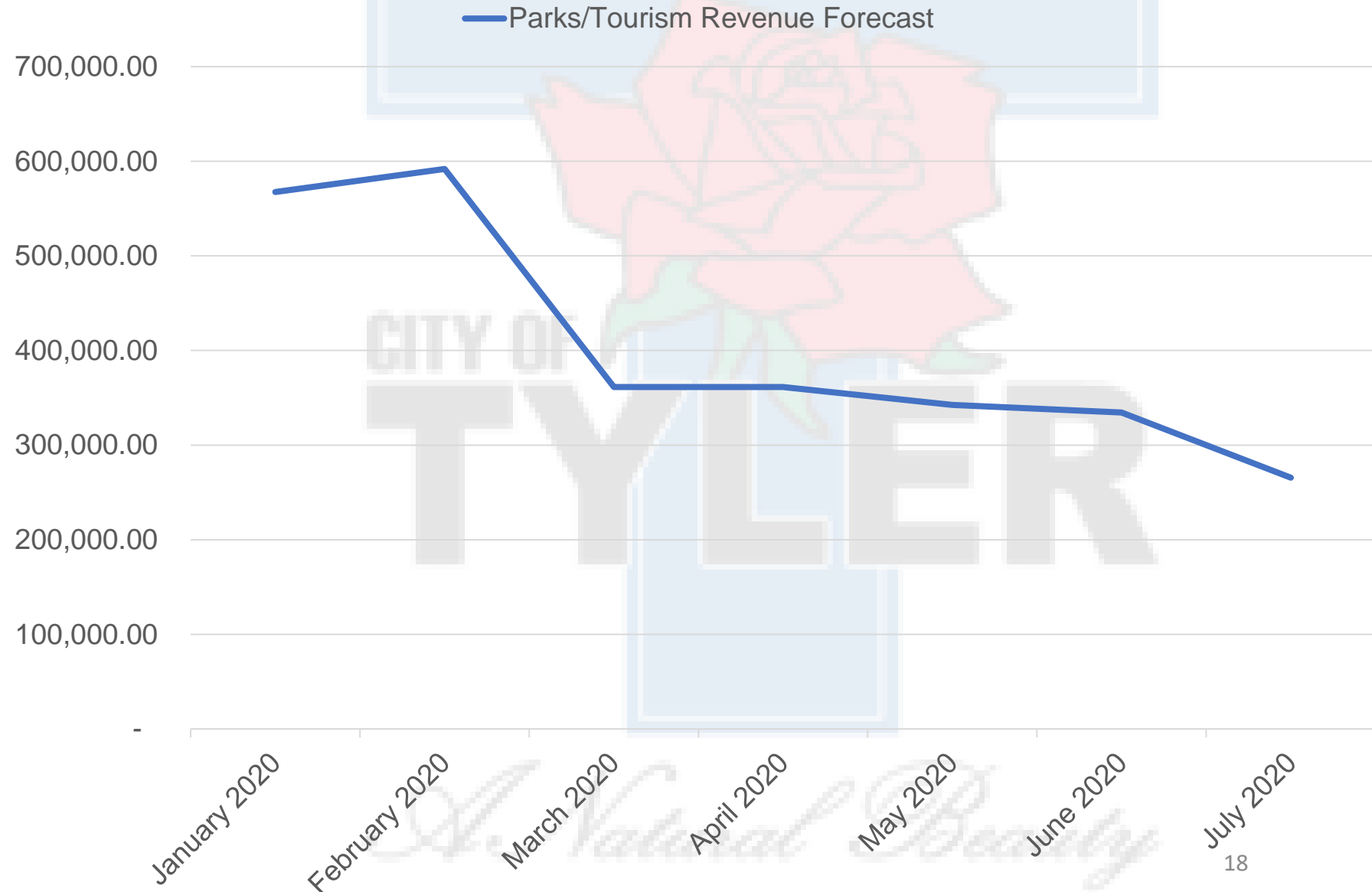
Notes:

- Revenue estimates from October 2019 to February 2020 remained relatively flat
- Revenue estimates from February 2020 to June 2020 declined -31.59%
- Reductions in travel due to COVID-19 on both personal and professional levels. Many events and conferences were re-scheduled or cancelled due to the pandemic.
- Estimated loss in revenues total \$1,215,789

Notes:

- Revenue estimates from October 2019 to July 2020 declined -53.19%
- Decline in usage of facilities due to COVID-19 uncertainties, Governor Orders, and social distancing requirements.
- Some have been closed since March 2020.
- Tourism facilities that generate revenue from facility rentals have had events re-schedule or cancel due to the pandemic.
- Estimated loss in revenues total \$301,850

COVID-19 and Park Usage Fees



Police and Public Safety



Departmental Growth

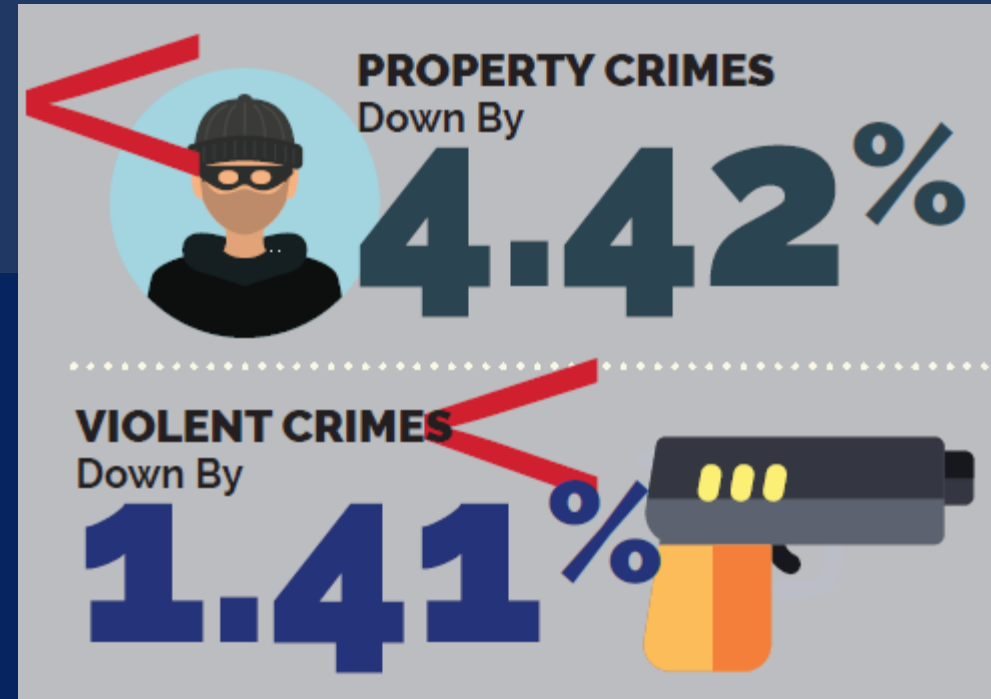
- 2 additional officer positions in April (additional 2 through COPS Grant for coming year)
- Upgrades to Dispatch monitors and televisions

Training Capability Growth

- Training provider
- Gun range improvements
- Digital Forensics and Advanced/Reconstruction Investigator
- MOU to provide skimmer/fraud training

Social Media and Public Information Prioritization

- Expanded use of information resources to enhance community outreach
- #Giddup Challenge
- Friendly Neighborhood Thief
- Find 'em Fridays



Fire and Public Safety



New Motto: "Our Family Serving Your Family"

- Implemented traffic blocking for firefighter response safety
- Instituted Rehabilitation Trailer Program for recovery during and after fires
- School and community training outreach

Opened new Fire Stations 1 and 4

- Emergency Operations Center at Fire Station 1 (used during COVID response for Joint Information Center)
- Reduce response times in high-growth areas of Tyler
- Enables multi-gender recruiting and hiring

Training and Recruiting Enhancements

- Creation of Fire Academy – new concept program that will allow broader recruitment
- Open testing
- Trained bomb technicians



Parks and Recreation



- 11,720 total volunteer hours
- Became official Bee City USA (4th in Texas)
- Tree City USA – 10th Year
- Planted 1,151 trees
- Restarted Corporate Challenge – 706 Participants



Hillside Park



Southside Park



Glass Recreation Center



Gassaway Park



Bergfeld - Splasher



Faulkner Skate Park - 1

Parks & Keep Tyler Beautiful



Fun Forest Pool

- Fun Forest rebuild with a zero-entry and splash park to open this summer



Woldert Park

- Woldert Park splash-pad installed
- Upgrades Glass Rec Center at Woldert Park



Keep Tyler Beautiful (KTyB)

- Award Winning: 2020 Governor's Keep Texas Beautiful Community Achievement Award
- 2019 Tree City USA Growth Award from Arbor Day Foundation
- Community Focused
 - Annual Great Tyler Cleanup and Park Service Day
 - Multiple annual volunteer events, including those for youth, churches, and non-profits to serve in our parks and community
 - Beauty and the Box program to support local artists and provide public art over existing infrastructure (traffic signal boxes)
 - Adopt a Street Program



Public Works



Completed 13 CIP projects totaling \$21,947,383

- Drainage Improvements at Broadway, College, Courtney Miller, Fleishel
- Comprehensive Storm Water Master Plan (CSWWP), Phase 2
- Water System Inventory, Phase 1
- Fire Stations 1 and 4
- Lake Tyler Dam Retaining Wall
- GRWTP Backwash Pump Station

Managing 31 CIP projects (in progress) totaling \$21,254,146

- Water Main Improvements; CSWWP Phase 3; 5 TWU Projects
- Cambridge Road Widening, Academy Extension, Melinda & Donna Reconstruction, MLK Sidewalk Improvements, Bike Stripes
- 11 Drainage, Channel or Storm Drain Projects or Improvements

Completed 5 emergency repairs totaling \$160,623

- Managing 3 additional in progress

Traffic

Intelligent Transportation System (ITS)

- Traffic signalization study completed and moved into implementation of ITS
- Improved timing along S. Broadway corridor
- Decrease traffic congestion
- Optimize signalization

Routine Maintenance

- Implemented preventative maintenance program
- Improved work order system for increased responsiveness
- Created asset inventory of traffic operations assets



Streets



Respond to Street Obstructions

- Tree Complaints & Down Trees – 311
- ROW Complaints – 253

Routinely Maintain Street Integrity

- Pot Holes Repaired – 6,418
- Utility Cuts – 653 (backlog 233)
- Street Base Repairs – 188
- Brick Street Repairs – 11

Street Maintenance Fund Investments

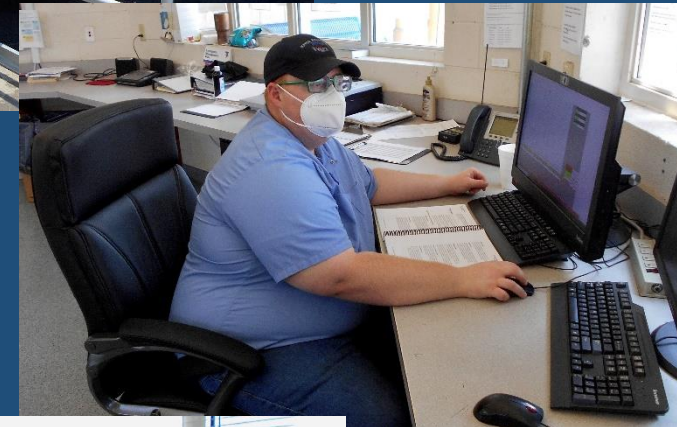
- Overlay – 22 Lane Miles
- Seal Coat & Onyx Coat– 55 Lane Miles



TWU – Water Treatment



- Successful annual free chlorine conversion
- Chlorine residual stability through completion of Golden Road WTP Backwash Pump Station and Clearwell Baffling Project
- Compliance with TCEQ
- Certified AWIA Risk & Resilience Assessment completed
- Discovered and repaired Lake Tyler and Lake Palestine raw water line leaks
- TWDB Region 1 Planning for Treatment supply
- Lake Tyler Dam Project (with Engineering)
- Rehabilitated catfish ponds at Lake Tyler



TWU – Water Distribution



- Flushed all dead end mains (DEMs)
- Water line improvements completed:
 - 1,200 feet at Dobbs
 - 940 feet at Boyd
 - 350 feet at Harmony
 - 400 feet at Belmont
 - 500 feet at Oakwood & Maxwell
- 3,390 feet of new PVC water main upgrades
- Hydrant flushing program complete (2,254)
- Replaced 79 hydrants and repaired 55



TWU – Wastewater



- No TCEQ Inspection Violations at Either Plant
- Southside Plant – primary clarifier and headworks improvement project began
- Lift Station improvements per EPA – 75% complete
- Westside Plant biosolids lagoon closure plan complete
- Industrial Pretreatment and Fats, Oil & Grease (FOG) Program software fully implemented
- Shackleford and University Park Lift Stations - major repair projects completed

Solid Waste

Residential

- 30,550 Customers
- Voted #1 for 7th consecutive year by Locals Love Us

Commercial

- 2,308 Customers
- Created new route (70) to provide better service and enhance efficiency
- Next Traq software to optimize service and reduce labor cost

Recycling

- 4,330 Customers



Development Services

Building Services & Inspections

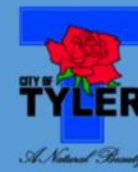
- Implemented new 2015 Building Codes
- Created online digital plan review
- Promoted online inspection scheduling

Planning

- Completed 5-year update to Tyler 1st Comprehensive Plan
- 120 Zoning items processed
- 150 Plats processed
- 15 Variances processed
- 3 annexations initiated

Historic Preservation

- 5 – Half Mile of History Designations
- 1 – Historic Landmark Designation



CITY OF TYLER
2019 FISCAL YEAR - DEVELOPMENT REPORT

▲ **338** New Single-Family Homes

▼ **73** New Duplexes & Townhomes

▼ **8** offices

▲ **55** New Commercial Permits

Signs ▲ **235**

▼ **18,559** INSPECTIONS



▼ **3436** Electrical



▼ **3887** Plumbing

▼ **1147** Building Final

PLANNING APPLICATIONS

▼ **370**

▲ **155**

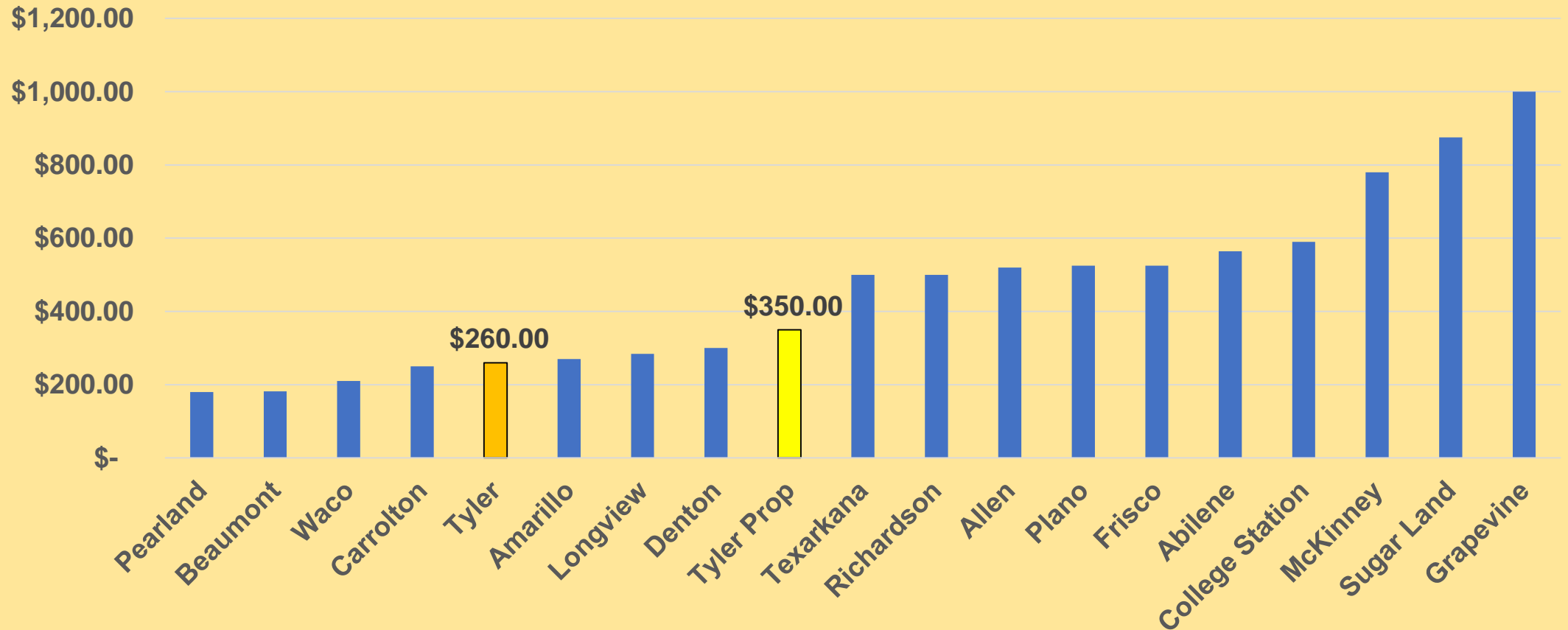
SUBDIVISION PROPOSALS

Development Services

Alteration and Remodel Permit Fee Increases



Remodel/Alteration/Addition 1,000 sf

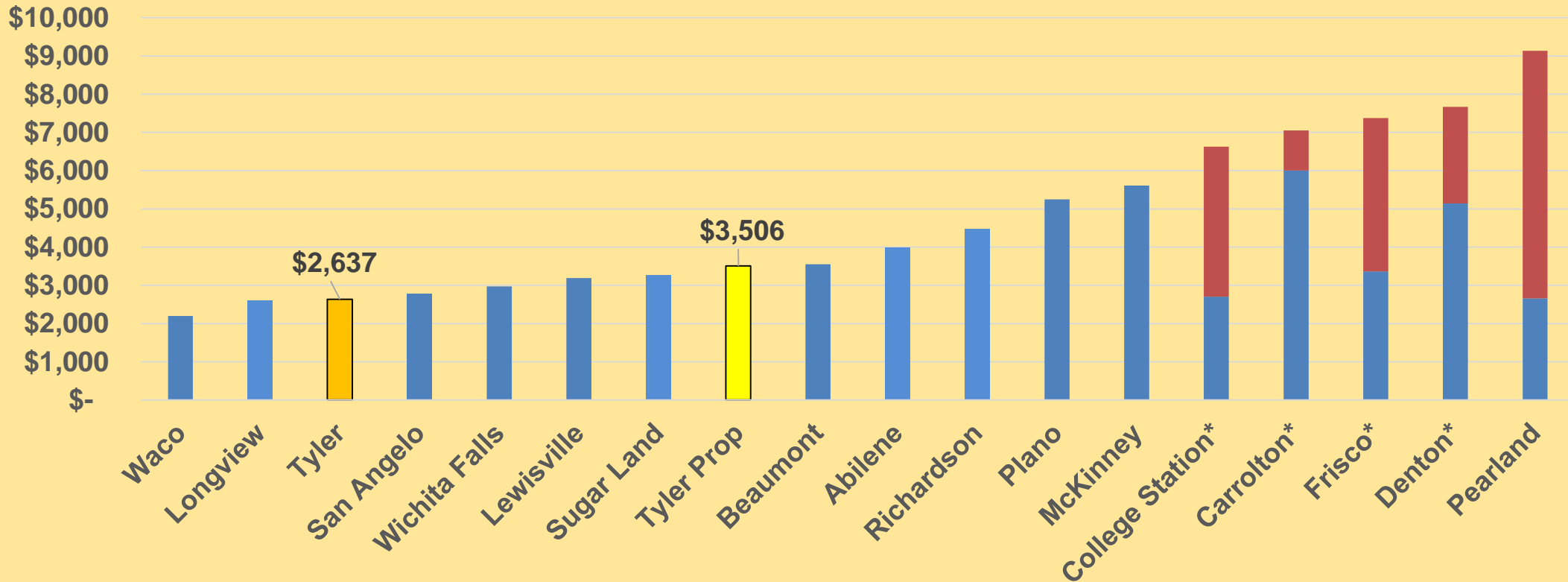


Development Services Commercial New Construction Permit Fee Increases



Commercial (\$1 million)

■ Permit Fee ■ Impact Fee



The City of Tyler is committed to investing in our employees.

New Positions

- 2 Police Recruits (funded through COPS grant)
- 2 Tyler Water Utilities Laborers (conversion of temporary positions)
- 1 VES Mechanic (conversion of temporary position.)
- 1 IT Helpdesk (Part-time)(funded through contracts with other municipalities.)

Benefits

We are proposing a modest increase to employee premiums for the 2019-20 budget year. Employees should expect to see an increase of approximately:

- \$2.50 per period on Employee only plans.
- \$20.00 per period on Employee Family plans with up to 3 children.

Note: Health benefits are only deducted from 24 of 26 pay periods.

Compensation & Benefits Update

