

Town of Prosper

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TOWN COUNCIL BUDGET WORK SESSION

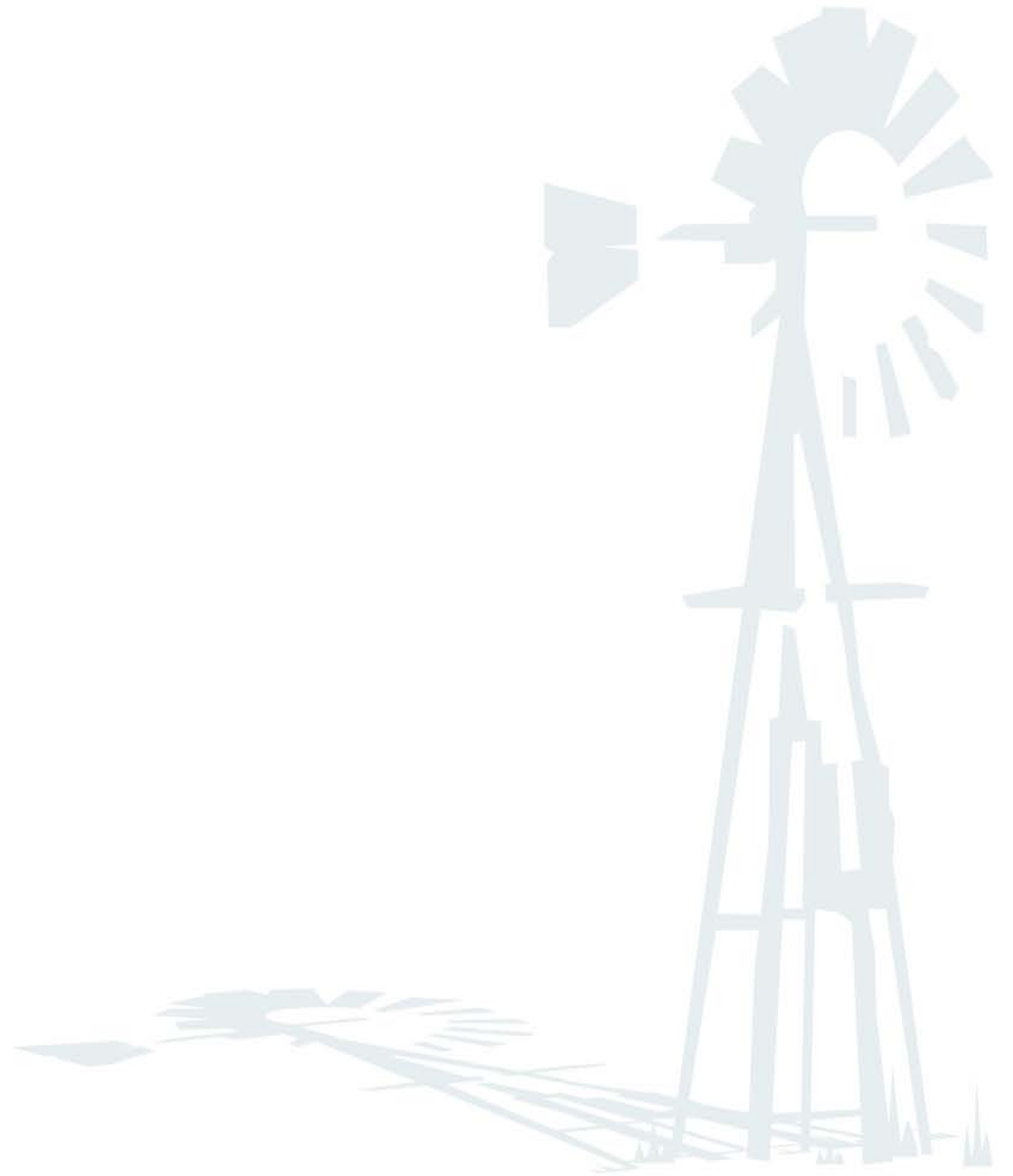
June 18, 2020



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Call to Order/Roll Call.



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Work Session Agenda

- Budget Calendar and Strategies
- FY 2019-2020 Budget Highlights
- FY 2020-2021 Budget Projections
- Council Budget Priorities for FY 2020-2021
- CIP Update
- Strategic Planning Update
- CARES Act
- Retention Pond Fountains



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Review of FY 2020-2021 Budget Calendar

- July 25, 2020
Appraisal District Certifies Tax Roll
- August 11, 2020
Town Manager presents Proposed Budget
Certified Collection Rate/Certified Appraisal Roll and
Proposed Property Tax Rate to Town Council
- August 17, 2020
Finance Subcommittee Reviews Proposed Budget
- August 25, 2020
Town Council Meeting – Public Hearing
- September 8, 2020
Adopt Budget and Tax Rate
- October 1, 2020
New Fiscal Year Begins

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Budget Strategies for current Economic Environment

- Focus on one-time expenditures or non-recurring costs
- Anticipate future needs in the five-year plan and the ability to fund those needs
- Fund long-term under conservative growth assumptions
- Potentially consider a mid-year budget adjustment as we evaluate the ongoing environment

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FY 2019-2020 Budget Highlights

- No increase in property tax rate
- Increased property valuations
- New growth to tax roll
- Increased sales tax receipts
- Increased service levels to Town
- Increased infrastructure improvements

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FY 2019-2020 General Fund Budget Highlights

- Increased approved workforce from 183 to 199 FTE positions
- Received SAFER grant to hire 6 Firefighter/Paramedics
- Constructed an office in Town Hall for the Mayor
- Increased Library hours to include Mondays
- Funded \$1.25M towards street construction projects

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FY 2019-2020 Water-Sewer Fund Budget Highlights

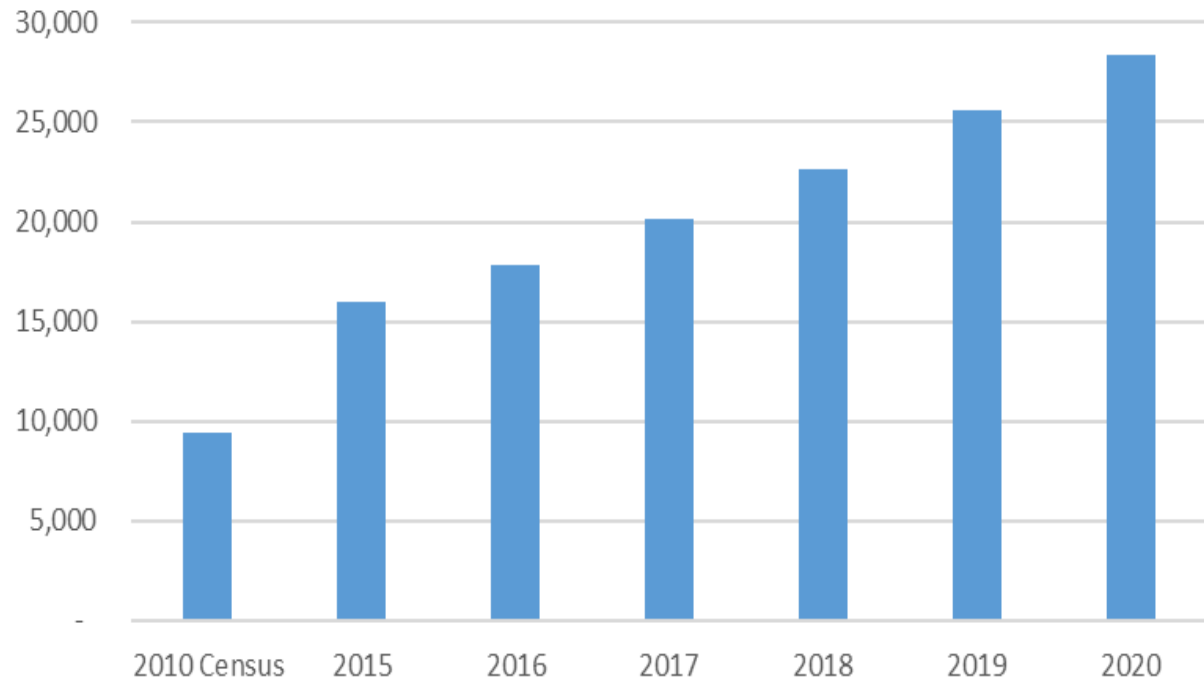
- Increased approved workforce from 40 to 47 FTE positions
- Renewed solid waste contract with CWD
- Funded various water capital projects - \$850,000
- Funded an inline and manhole rehabilitation project

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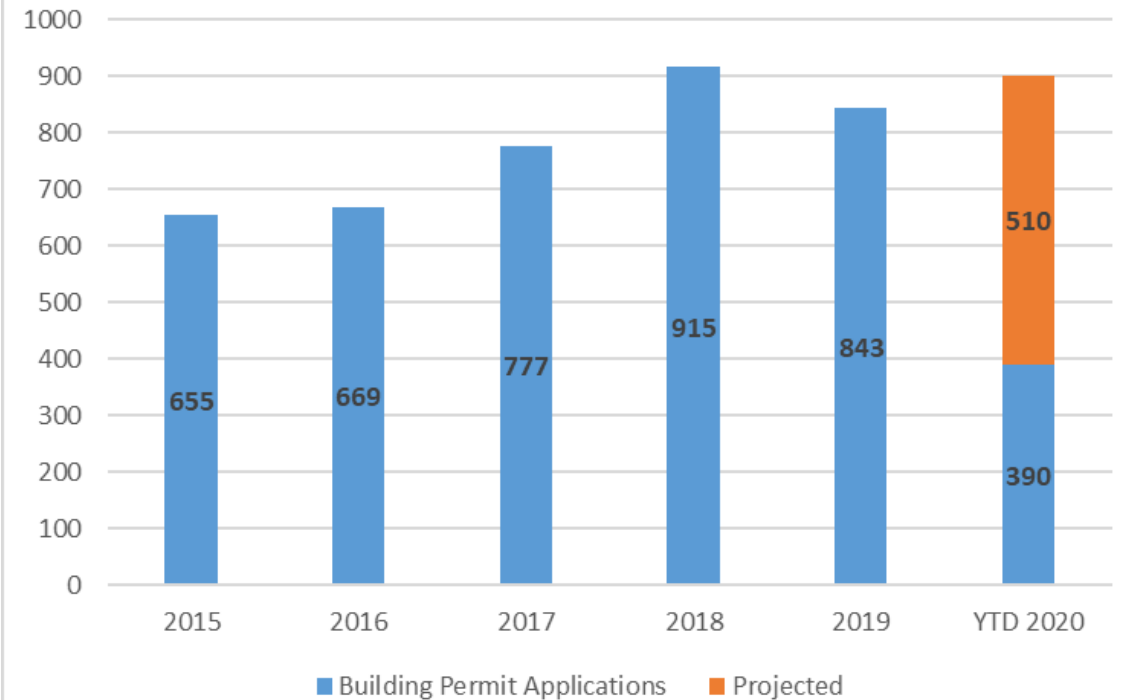
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Growth Pressures

Population



Residential Building Permits

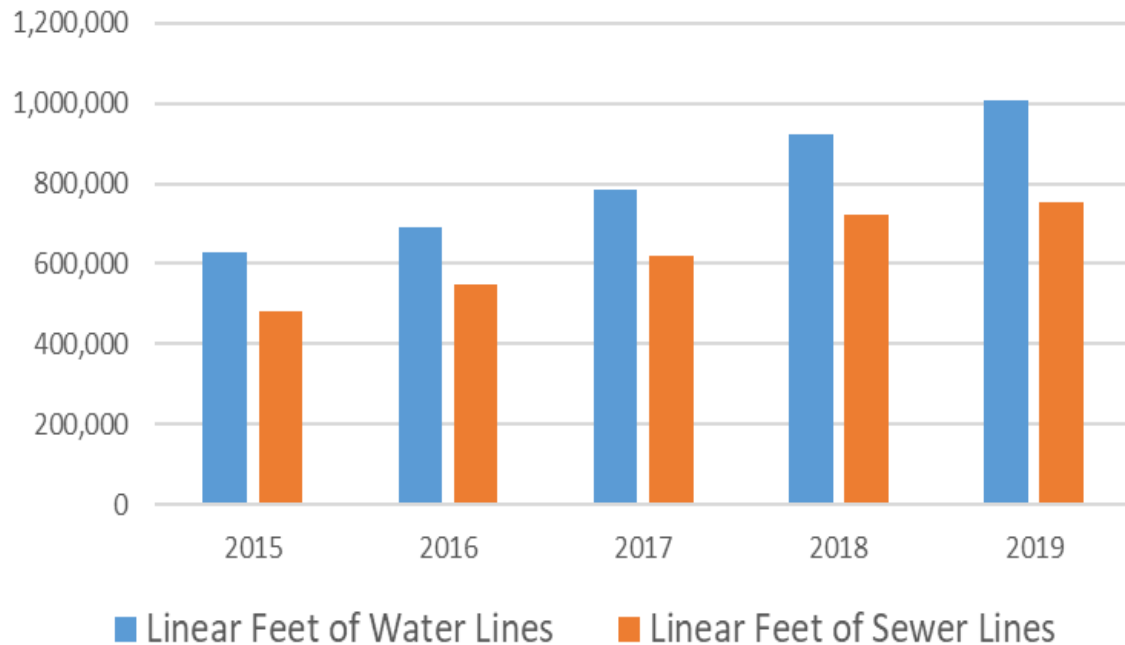


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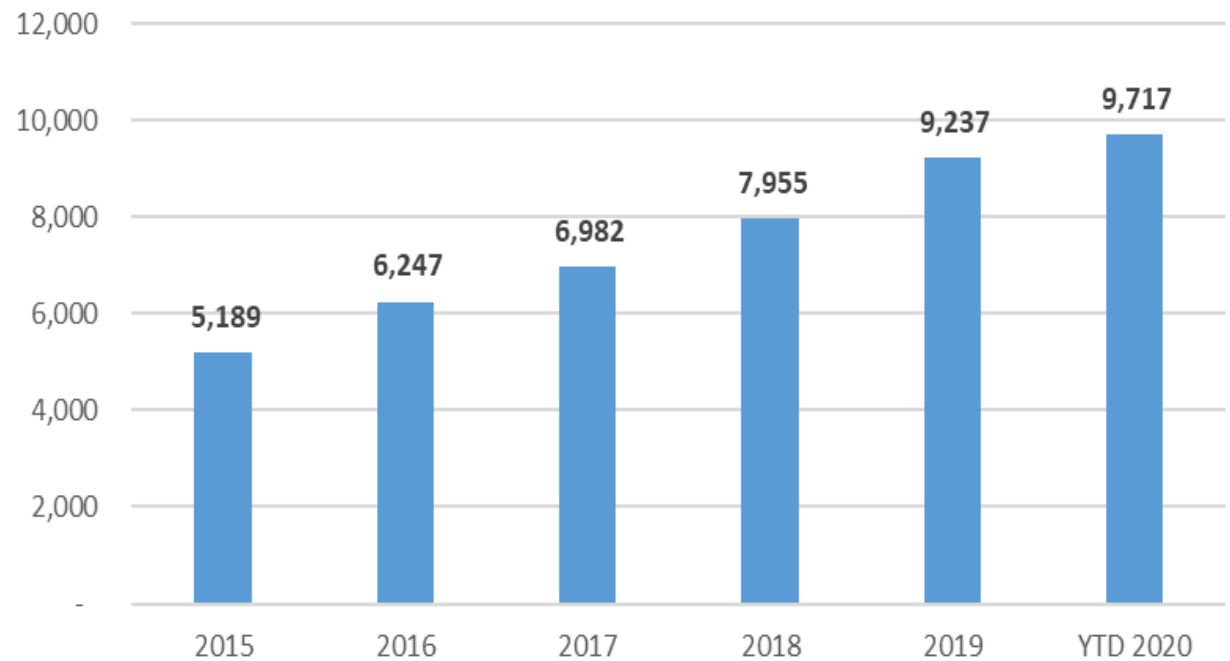
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Growth Pressures

Public Works



Utility Billing Customers

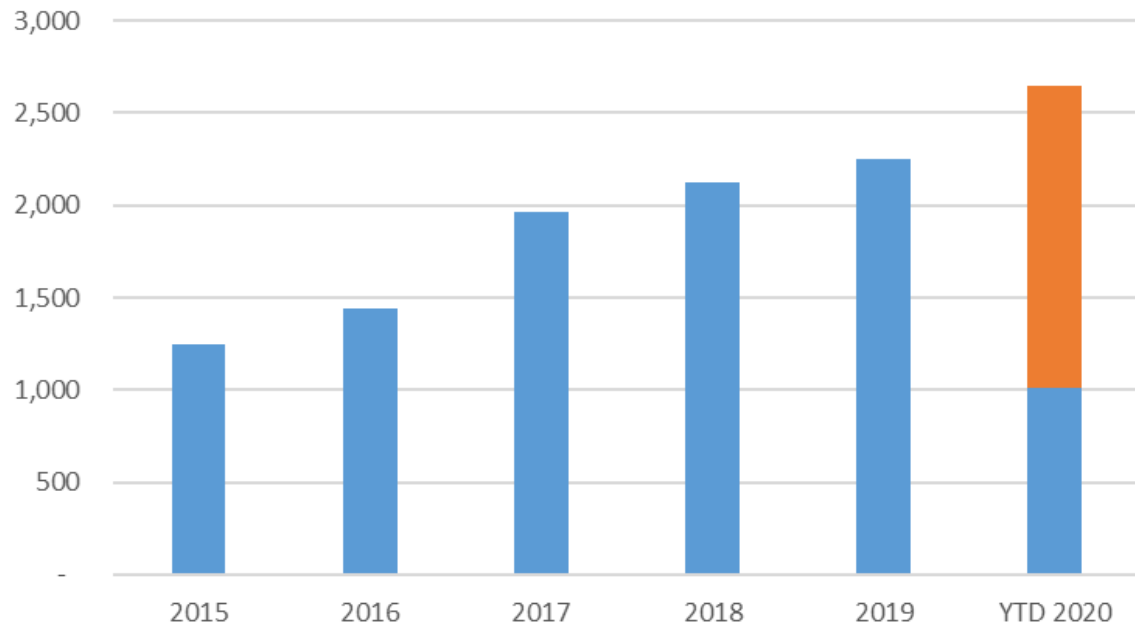


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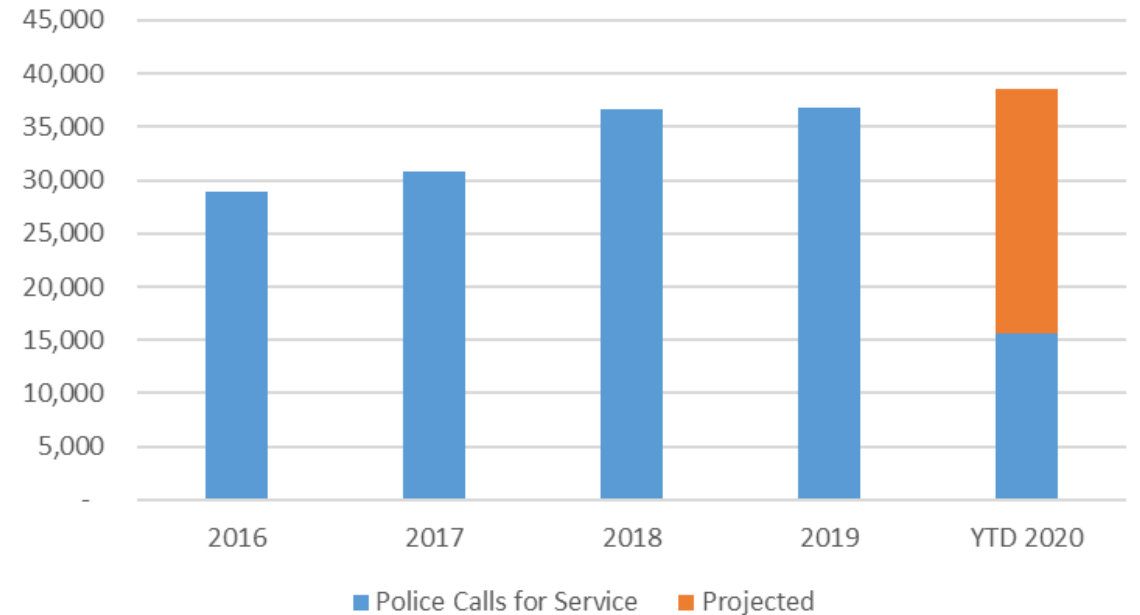
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Growth Pressures – Public Safety

Prosper Fire Department - Calls for Service



Prosper Police Department - Calls for Service



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Major Revenue Streams

- Property values and TAV projected growth
- Debt Service – I & S Rate
- Sales Tax
- Building Permits
- Water and Sewer Rates



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GENERAL FUND

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General Fund Revenue Projections

FUND	ACCOUNT TYPE	ACTUAL 2018-2019	AMENDED BUDGET 2019-2020	PROJECTED 2019-2020	PRELIMINARY ESTIMATE 2020-2021
REVENUES	Property Tax	14,663,044	16,580,933	16,904,305	18,010,000
	Sales Tax	4,943,218	5,077,533	5,481,710	5,644,361
	Franchise Fees	1,671,416	1,731,375	1,716,666	1,792,875
	License, Fees & Permits	4,725,967	4,315,353	4,474,988	3,575,100
	Charges for Services	428,911	435,847	507,860	528,275
	Fines & Warrants	486,868	474,163	350,000	400,000
	Grants	106,906	458,672	432,717	414,672
	Investment Income	367,860	300,249	200,000	85,000
	Transfers In	881,542	989,087	989,087	1,071,820
	Miscellaneous	197,673	99,000	116,890	252,350
	Park Fees	320,070	270,280	98,654	222,000
	TOTAL REVENUES	\$ 28,793,476	\$ 30,732,492	\$ 31,272,877	\$ 31,996,453

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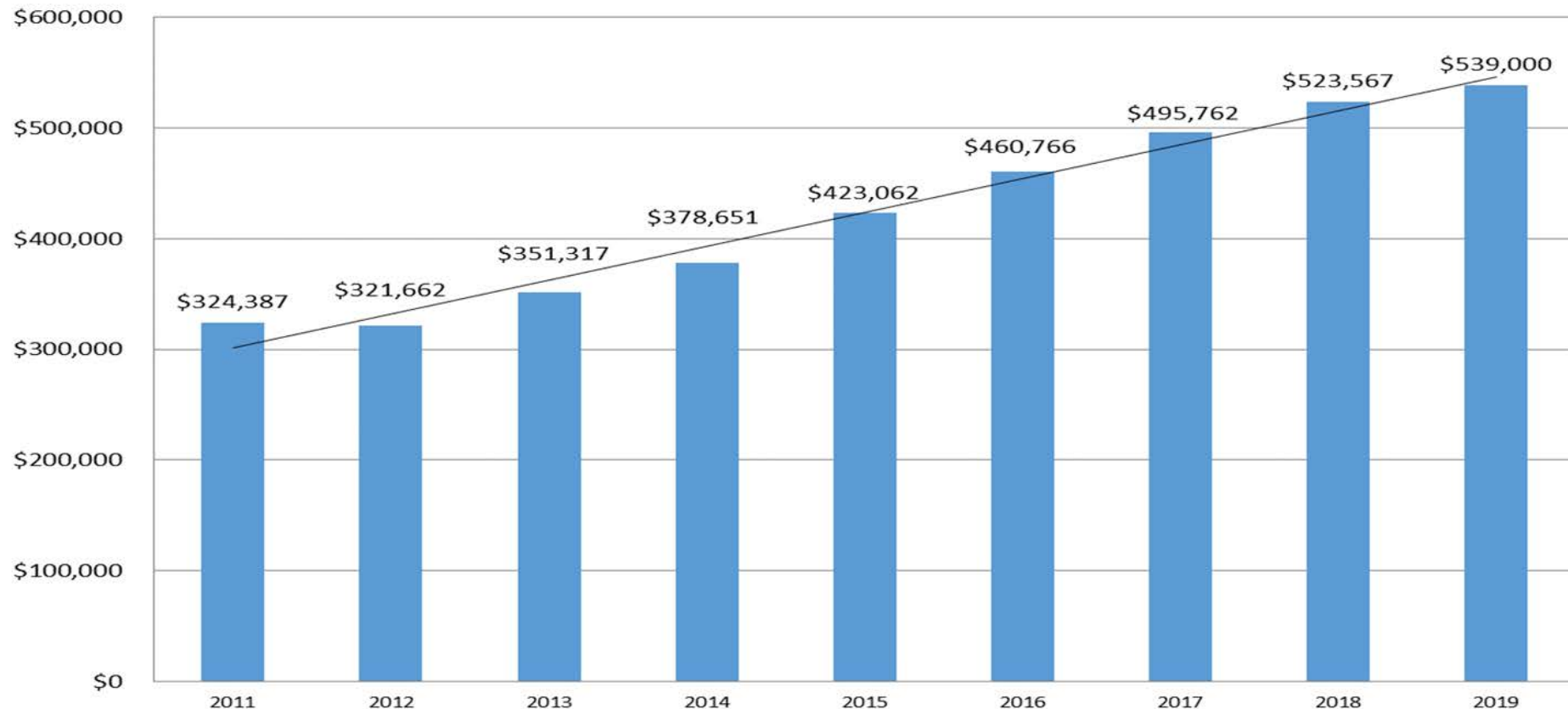
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2020 Preliminary Property Valuation and Tax Revenue

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Average Single-Family Home Value History (Collin County)



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Appraised Values History

Tax Year	2015	2016	2017	2018	2019	2020*
Final Value (\$Billions)	\$2.139	\$2.546	\$3.114	\$3.744	\$4.307	\$4.632
Value Changes (\$Millions)	\$385.7	\$407.2	\$567.8	\$630.6	\$563.0	\$325.0
Percentage Change	22.00%	19.04%	22.30%	20.25%	15.04%	7.54%

*2020 estimated values are based on a final value estimate from CCAD and historical preliminary value loss from DCAD

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2020 Preliminary Property Valuations Including TIRZ

- **Preliminary Total Taxable (after freeze loss) Increased 19.74%**

Collin County Value \$4,079,561,563

Denton County Value \$1,077,987,717

Total Valuation \$5,157,549,280

- **Preliminary Existing Taxable Values Increased \$441,687,135 or 10.26%**
- **Preliminary New Construction Totaled \$408,398,504 or 9.48%**
- **Final Estimated Values \$4,632,260,717 or 7.54%**

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Property Tax Reform – SB 2

- New legislation limits Texas governments' ability to raise maintenance and operations (M&O) property tax revenues above 3.5% without voter approval.
- Calculate the voter-approval rate at 3.5% (formerly rollback rate)
- Voter-approval rate = (No-New-Revenue Maintenance and Operations Rate x 1.035) + current debt service rate
- After the assessor submits the appraisal roll to the governing body, an officer or employee designated by the City (Town) shall calculate the no-new-revenue tax rate, and the voter-approval tax rate for the taxing unit.
- A City (Town) Council may direct the designated officer or employee to calculate the voter-approval tax rate in the manner provided for a special taxing unit (8 percent) if any part of the City (Town) is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. TEX. TAX CODE 26.04 (c-1)

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DEBT SERVICE FUND I&S RATE

Town of Prosper Town's Debt Capacity

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- Town's Debt Policy:
 - Total principal of GO Bonds and all other outstanding tax indebtedness will be targeted not to exceed 6% of TAV tax rolls.
 - Town has maintained a level below the maximum debt capacity
- Town's target of 35% or less of the total tax rate - \$0.52 per Town's debt policy
- Town's I&S rate has been stabilized at 29.30% of tax rate or \$0.1525

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Bond Ratings

- **Moody's** current rating on the 2019 GO Bonds and COs outlook as stable at Aa1
- **S&P** current rating on the 2019 GO Bonds and COs at AA+
- **Most recently confirmed June 2019**
- Aa1 and AA+ ratings are the second highest ratings of each agency
- Application currently in for 2020 ratings anticipated in July 2020

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2021 Proposed Sales and Use Tax

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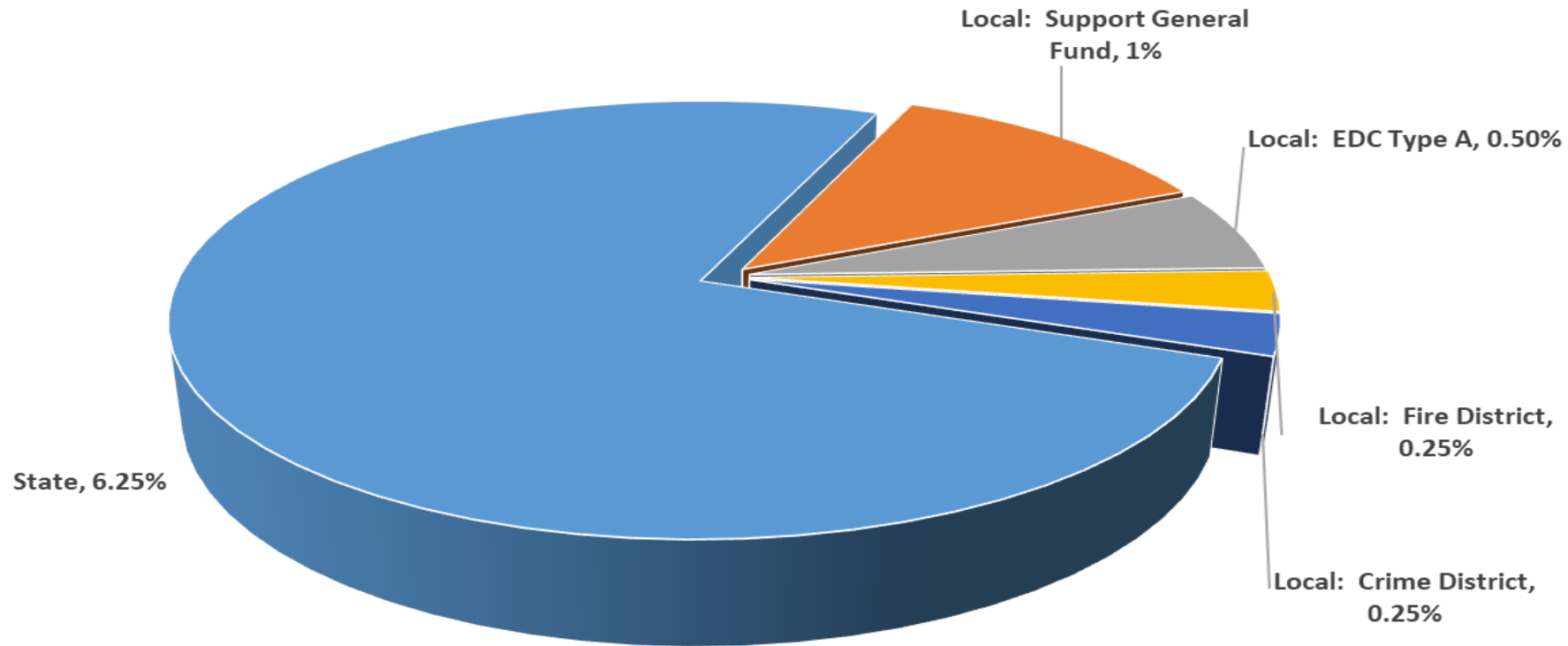
Sales Tax

- Town levies a total of 2% sales tax on all taxable items sold within its borders.
- Prosper Economic Development Corporation-Type A levies 0.50%.
- Prosper Crime Control and Prevention District levies 0.25%
- Prosper Fire Control, Prevention and Emergency Medical Services District levies 0.25%

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Sales Tax 8.25% Collected in the Town



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GF 1% Sales Tax Historical Net of TIRZ & Projected Collections

Fiscal Year	Sales Tax Collections	% Change
FY 2015-2016	\$2,796,393	28.79%
FY 2016-2017	\$3,509,444	25.50%
FY 2017-2018	\$4,424,976	26.09%
FY 2018-2019	\$4,870,250	10.06%
FY 2019-2020 Estimate	\$5,421,710	11.32%
FY 2020-2021 Current Estimate	\$5,584,361	3.00%

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WATER AND SEWER FUND



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Water & Sewer Fund Revenue Projections

NET ASSETS AND RESERVE POSITIONING

FUND	ACCOUNT TYPE	ACTUAL 2018-2019	AMENDED BUDGET 2019-2020	PROJECTED 2019-2020	PRELIMINARY ESTIMATE 2020-2021
REVENUES	Water Charges for Services	12,015,127	13,623,413	13,357,448	14,203,322
	Sewer Charges for Services	6,769,595	7,051,798	7,128,716	8,012,010
	Sanitation Charges for Services	1,292,434	1,460,230	1,466,650	1,622,200
	License, Fees & Permits	172,056	54,258	176,000	171,000
	Water Penalties	1,575	1,675	1,500	1,500
	Utility Billing Penalties	142,650	112,200	50,000	112,000
	Investment Income	221,556	142,024	130,000	55,000
	Other	144,138	2,508,028	2,331,998	327,661
	TOTAL REVENUES	\$ 20,759,131	\$ 24,953,626	\$ 24,642,312	\$ 24,504,693

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Water-Sewer Rate Plan Rate Model

- Each budget cycle, staff reviews the adopted rates to see if parameter of financial stability are met.
 - Must maintain minimum of 25% of annual operating expense
 - Must target minimum 1.25 debt coverage per debt management policy
- The Water/Sewer Fund has performed well due to:
 - Accelerated customer account growth
 - Capital Plan Management

Staff recommends no increases to water or sewer rates for Fiscal Year 2020/2021

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Town Council Priorities

- Discussion on Council priorities for fiscal year 2020-2021 budget



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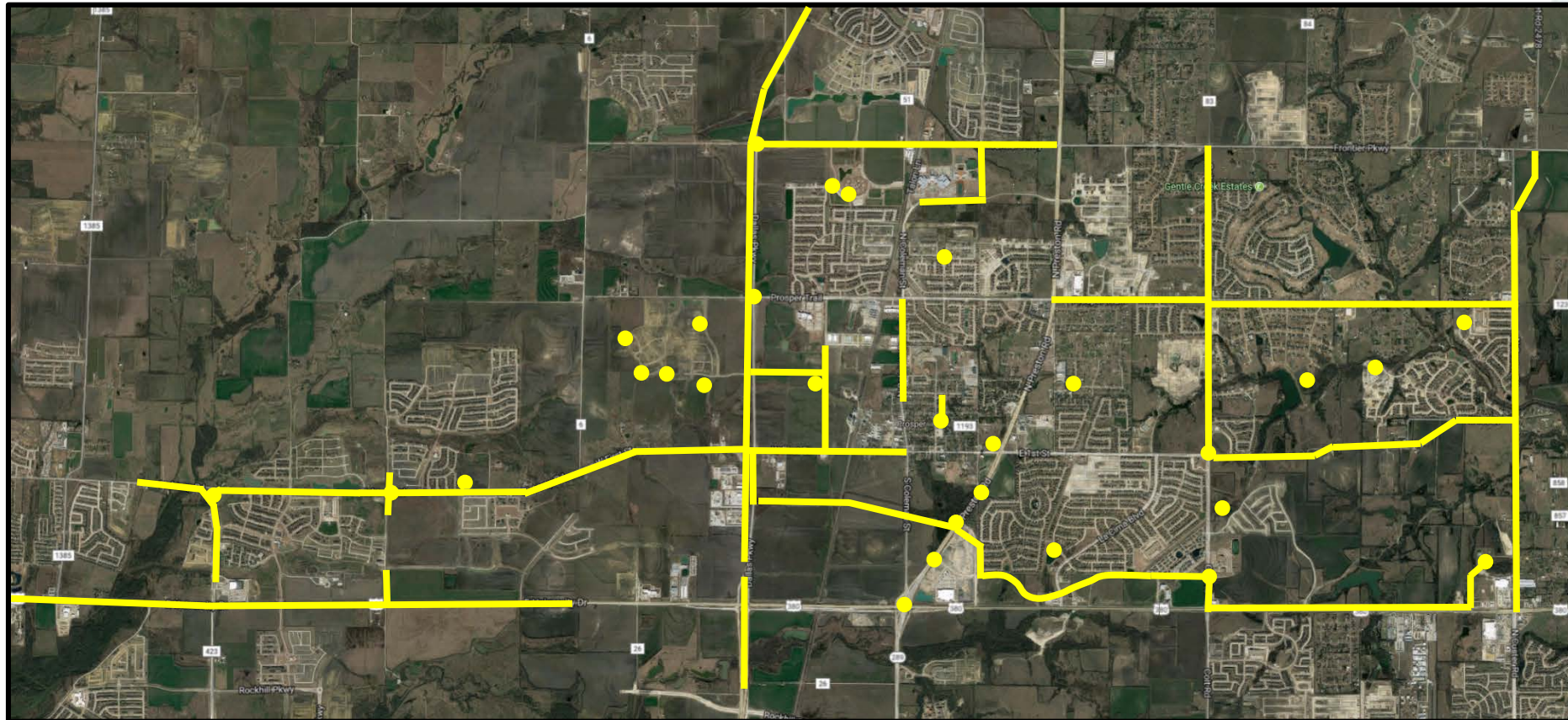
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CAPITAL IMPROVEMENT PROJECTS

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Recently Completed & Under Design

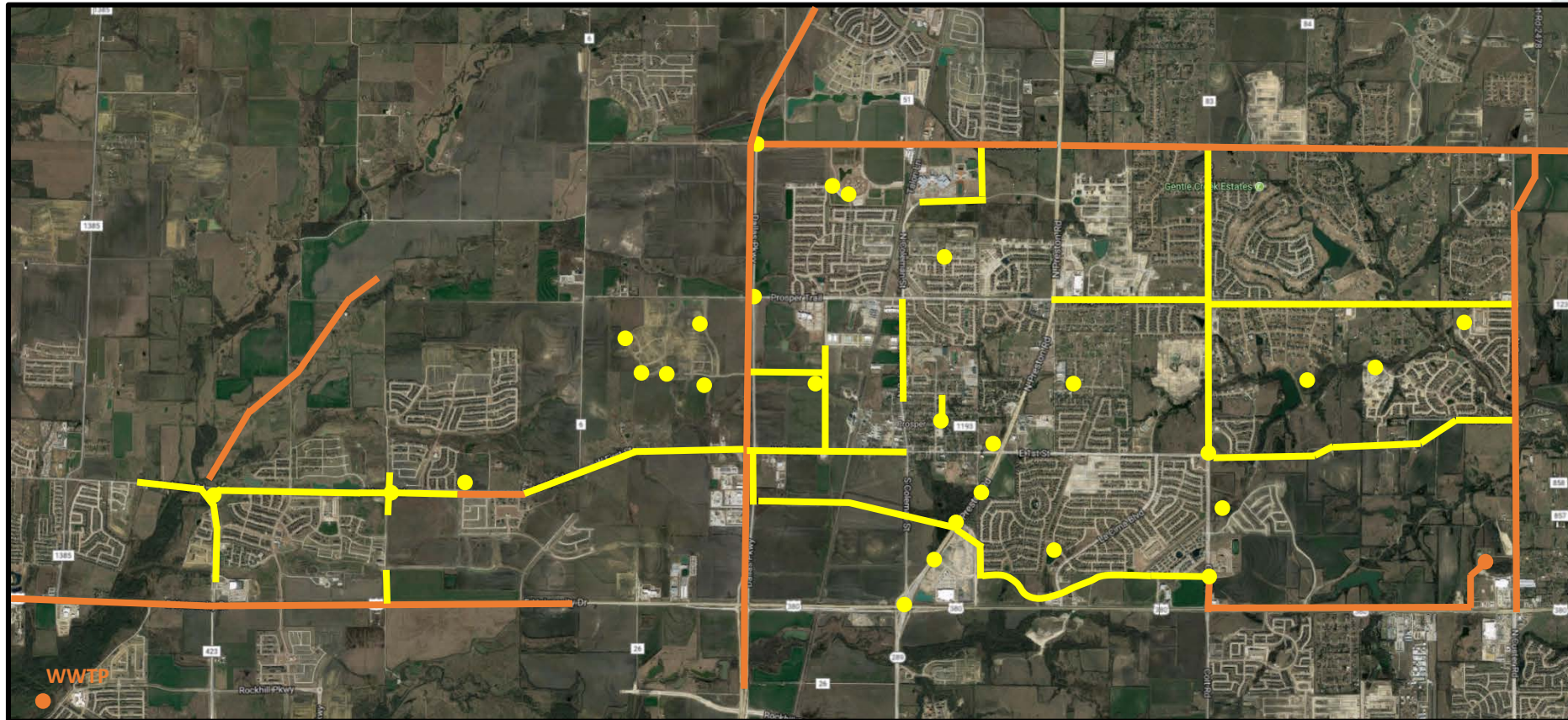


**Recently Completed &
Under Design
\$189,024,041**

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Completed Next 5 Years



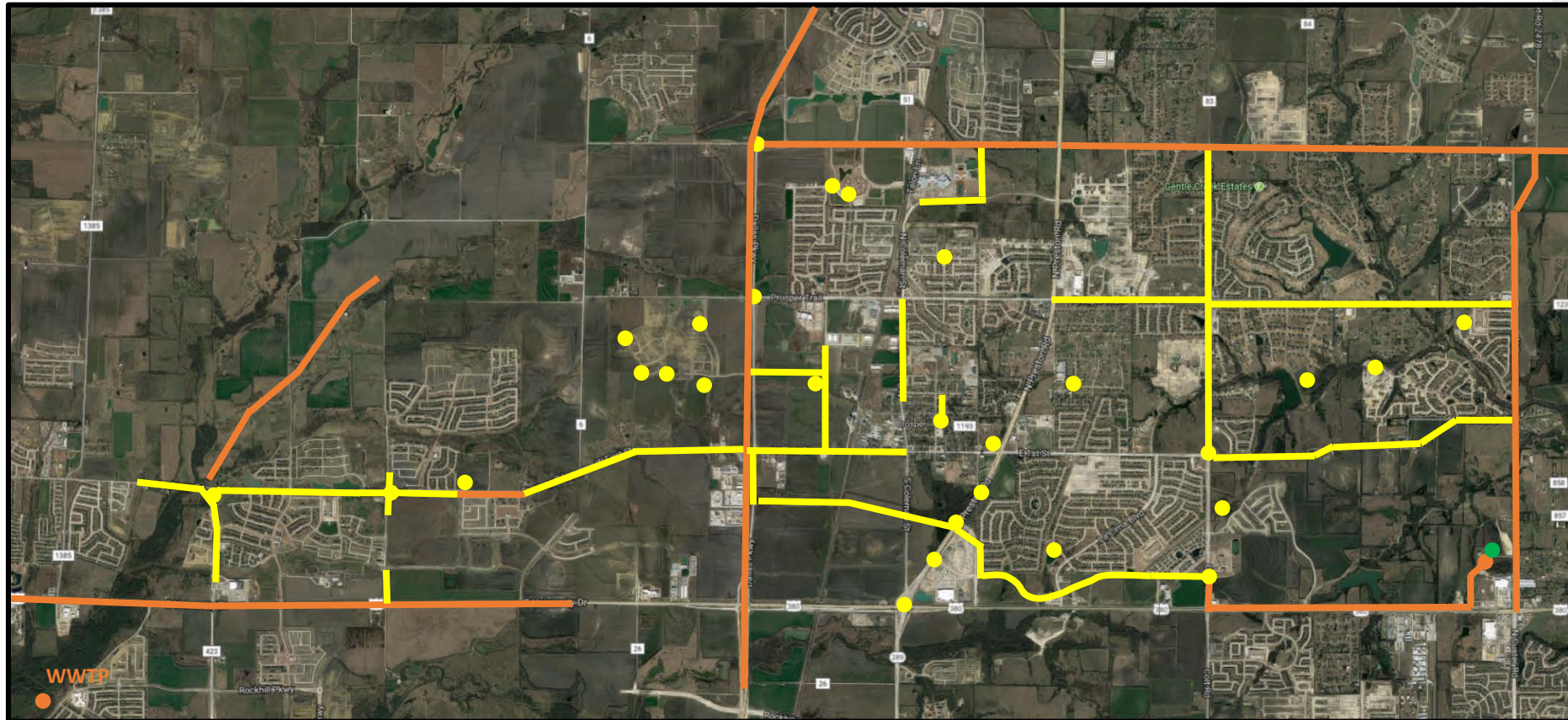
Recently Completed & Under Design
\$189,024,041

Completed Next 5 Years
\$717,721,866

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Completed Beyond 5 Years



Recently Completed & Under Design
\$189,024,041

Completed Next 5 Years
\$717,721,866

Completion Beyond 5 Years
\$14,000,000

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STREET PROJECTS

Project Name	Town CO Debt Funding	Other Town Funding	Non Town Funding
Fishtrap, Segment 4 (Middle - Elem): (Construction)	\$ 2,750,000		
Frontier Parkway (DNT - SH 289): (Design & Construction)	\$ 5,750,000		\$ 24,162,496
FM 1461 (SH 289 – CR 165): (TxDOT)		\$ 175,000	
US 380 (US 377 – Denton County Line): (TxDOT)		\$ 105,000	\$ 178,000,000
FM 2478 (US 380 – FM 1461): (TxDOT)			\$ 57,000,000
TOTAL FUNDING SOURCES:	\$ 8,500,000	\$ 280,000	\$ 259,162,496
TOTAL STREETS PROJECTS:	\$	267,942,496	

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TRAFFIC PROJECTS

Project Name	Town CO Debt Funding	Other Town Funding	Non Town Funding
Traffic Signal - Fishtrap & Artesia Boulevard: (Design)		\$ 25,000	\$ 25,000
Traffic Signal - Fishtrap & Artesia Boulevard: (Construction)		\$ 212,500	\$ 212,500
Traffic Signal - FM 1385 & Fishtrap: (TxDOT)			\$ 250,000
TOTAL FUNDING SOURCES:	\$ -	\$ 237,500	\$ 487,500
TOTAL TRAFFIC PROJECTS:	\$	725,000	

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<u>PARK PROJECTS</u>			
Project Name	Town CO Debt Funding	Other Town Funding	Non Town Funding
Lakewood Preserve: (Construction)*		\$ 544,500	
Hays Park: (Construction)		\$ 375,000	
Windsong Park #2: (Design)*		\$ 30,000	
Windsong Park #2: (Construction)*		\$ 230,000	
Pecan Grove Park Phase #2: (Construction)		\$ 575,000	
Windsong Hike and Bike Trail (Phases 5-7): (Design)*		\$ 40,000	
Windsong Hike and Bike Trail (Phases 5-7): (Construction)*		\$ 435,000	
Downtown Monument (Broadway/Preston): (Design)		\$ 45,000	
Downtown Monument (Broadway/Preston): (Construction)		\$ 80,000	\$ 300,000
TOTAL FUNDING SOURCES:	\$ -	\$ 2,354,500	\$ 300,000
TOTAL PARK PROJECTS:	\$	2,654,500	

*Park Development Agreement

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FACILITY PROJECTS

Project Name	Town CO Debt Funding	Other Town Funding	Non Town Funding
Westside Radio Tower for Communications	\$ 500,000		
TOTAL FUNDING SOURCES:	\$ 500,000	\$ -	\$ -
TOTAL FACILITY PROJECTS:	\$	500,000	

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WATER PROJECTS

Project Name	Town CO Debt Funding	Other Town Funding	Non Town Funding
LPP Water Line Phase 2 Easement Costs		\$ 1,000,000	
TOTAL FUNDING SOURCES:	\$ -	\$ 1,000,000	\$ -
TOTAL WATER PROJECTS:	\$	1,000,000	

WASTEWATER PROJECTS

Project Name	Town CO Debt Funding	Other Town Funding	Non Town Funding
Doe Branch Parallel Interceptor: (Design)		\$ 500,000	
Doe Branch Parallel Interceptor: (Construction)	\$ 3,500,000	\$ 1,000,000	
TOTAL FUNDING SOURCES:	\$ 3,500,000	\$ 1,500,000	\$ -
TOTAL WASTEWATER PROJECTS:	\$	5,000,000	

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DRAINAGE PROJECTS

Project Name	Town CO Debt Funding	Other Town Funding	Non Town Funding
Coleman Street Channel Improvements: (Construction)	\$ 400,000		
Old Town Regional Retention Pond #2 - Land Acquisition	\$ 385,000		
TOTAL FUNDING SOURCES:	\$ 785,000	\$ -	\$ -
TOTAL DRAINAGE PROJECTS:	\$	785,000	

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Strategic Planning Update



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Strategic Planning Update

Town of Prosper 2030 Vision

Prosper is a community committed to excellence. It is a high quality, family-oriented community maintaining a visually aesthetic open feel with job-producing, economically sustainable commercial development directed to the Town's major transportation corridors, all while maintaining strong fiscal responsibility, and meeting the infrastructure needs of the Town.

Strategic Planning Update

Town of Prosper Strategic Goals

- Goal 1 Maintain Community Character
 - Goal 1a Ensure Quality Development
 - Goal 1b Maintain Safety and Security
 - Goal 1c Provide Efficient and Effective Utilities, Roads and Infrastructure
- Goal 2 Maintain a Quality Town Workforce
- Goal 3 Ensure Fiscal Stewardship
- Goal 4 Maintain Proactive Communication to Engage Residents and Stakeholders
- Goal 5 Provide Quality Recreation Opportunities and Town Facilities.
 - Goal 5a Maximize Recreation and Leisure Opportunities:
 - Goal 5b Improve Town Facilities
- Goal 6 Engage in Effective Intergovernmental Relations

Strategic Planning Update

Major Initiatives



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Coronavirus Aid, Relief, and Economic Security (CARES) Act

- Passed by Congress on March 27th, 2020
- \$2 trillion economic relief package due to COVID-19
- Intended to provide fast and direct economic assistance to workers, families, and small businesses
- \$150 billion allocated to the Coronavirus Relief Fund (CRF) for state, local, and tribal governments

Collin County CARES Act Funding Allocation

\$171 million

- \$3 million for COVID-19 testing for uninsured individuals
- \$5 million for personal protective equipment (PPE)
- \$45 million for housing (rent and mortgage), utilities, and food assistance
- \$5 million to help re-stock local food pantries
- \$50 million to cities for COVID-19 costs and recovery efforts
- \$40 million for county COVID-19 costs
- \$23 million reserved for future costs

Denton County CARES Act Funding Allocation

\$147 million

- \$45 million to cities based on population = \$55 per capita
- \$24 million allocated for local business grants
- \$20 million for housing assistance
- \$10 million for food programs
- \$6 million estimated expenditures to date on COVID-19
- \$2 million to support nonprofit efforts
- \$40 million for ongoing county expenses, PPE, Public Health

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Town of Prosper CARES Act Allocation

Collin County	\$1,098,850.23
Denton County	\$245,300.00
Total	\$1,344,150.23

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Eligibility Criteria

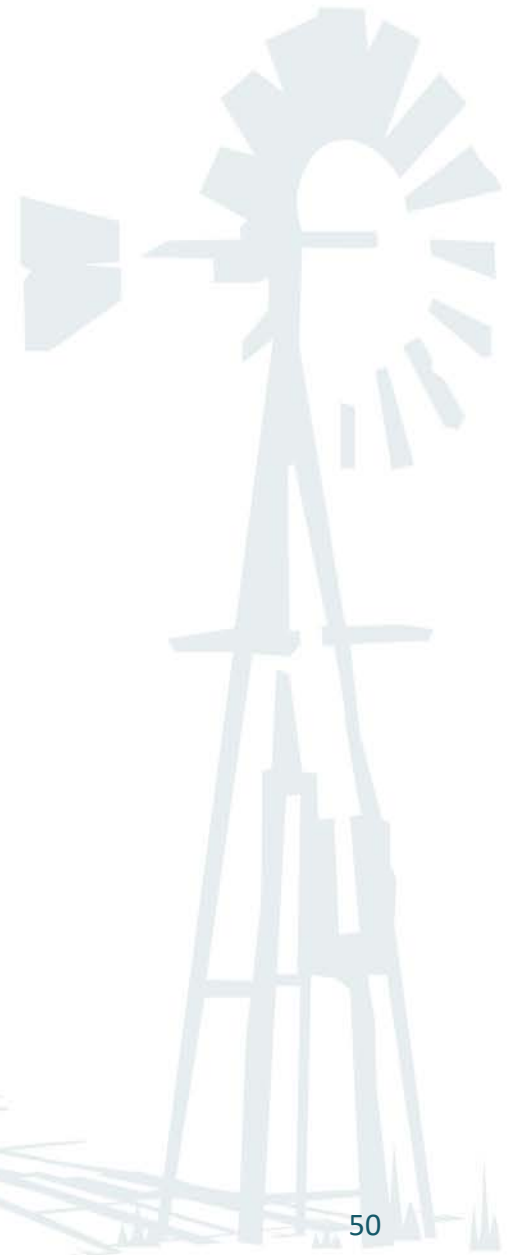
- Necessary expenditure due to COVID-19;
- Expense must not be accounted for in the Town's most recent approved budget; and,
- Expense must be incurred and paid between March 1, 2020 and December 30, 2020.

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CARES Act Expenses

- Personal Protective Equipment (PPE)
- Sanitation supplies & services
- Expenses to improve teleworking capabilities
- EOC equipment
- Medical equipment
- Communication expenses
- Expenses to facilitate social distancing
- Emergency sick leave and FMLA leave



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Next Steps

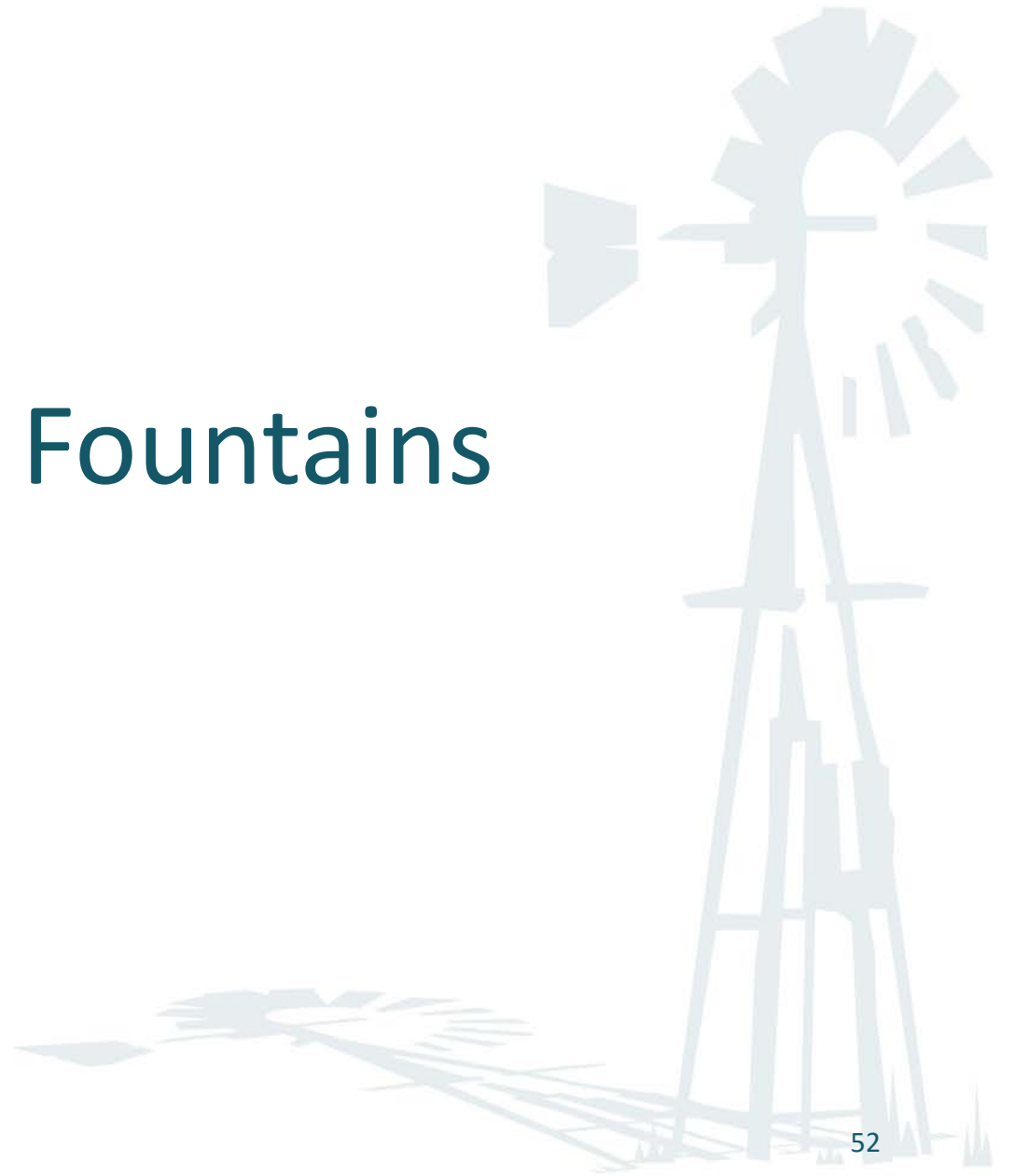
- Approve Denton County ILA on June 23
- Expend funds by December 30, 2020
- Provide required documentation to counties



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Retention Pond Fountains



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Purpose of Fountains / Aerators

- Increase fish / pond health,
- Reduce non beneficial aquatic plant growth,
- Aesthetics,
- Mosquito control.



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Pond Fountains

Pro's

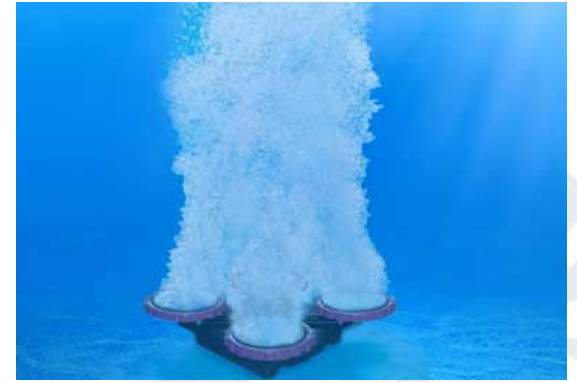
- Looks nice,
- Ambient background noise,
- Some aeration of water,
- Water movement at the fountain.

Con's

- Can be expensive to maintain,
- Can be expensive to operate,
- Limited amount of air introduced into the water,
- Increases evaporation,
- Limited water movement,
- Water stratification can still exist.

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Pond Aerators

Pro's

- Most air introduced into the water,
- Gentle pond water circulation,
- Cools water in warmer months,
- Less susceptible to beaver damage,
- Better pond / fish health,
- Operation and maintenance cost are less than fountains,
- Less chemicals used to treat algae.

Con's

- Not as aesthetic as a traditional fountain

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Recommendation

- Use fountains where that visual effect is desired and delivers the most bang for the buck,
- Use aerators in ponds to improve pond / fish health.

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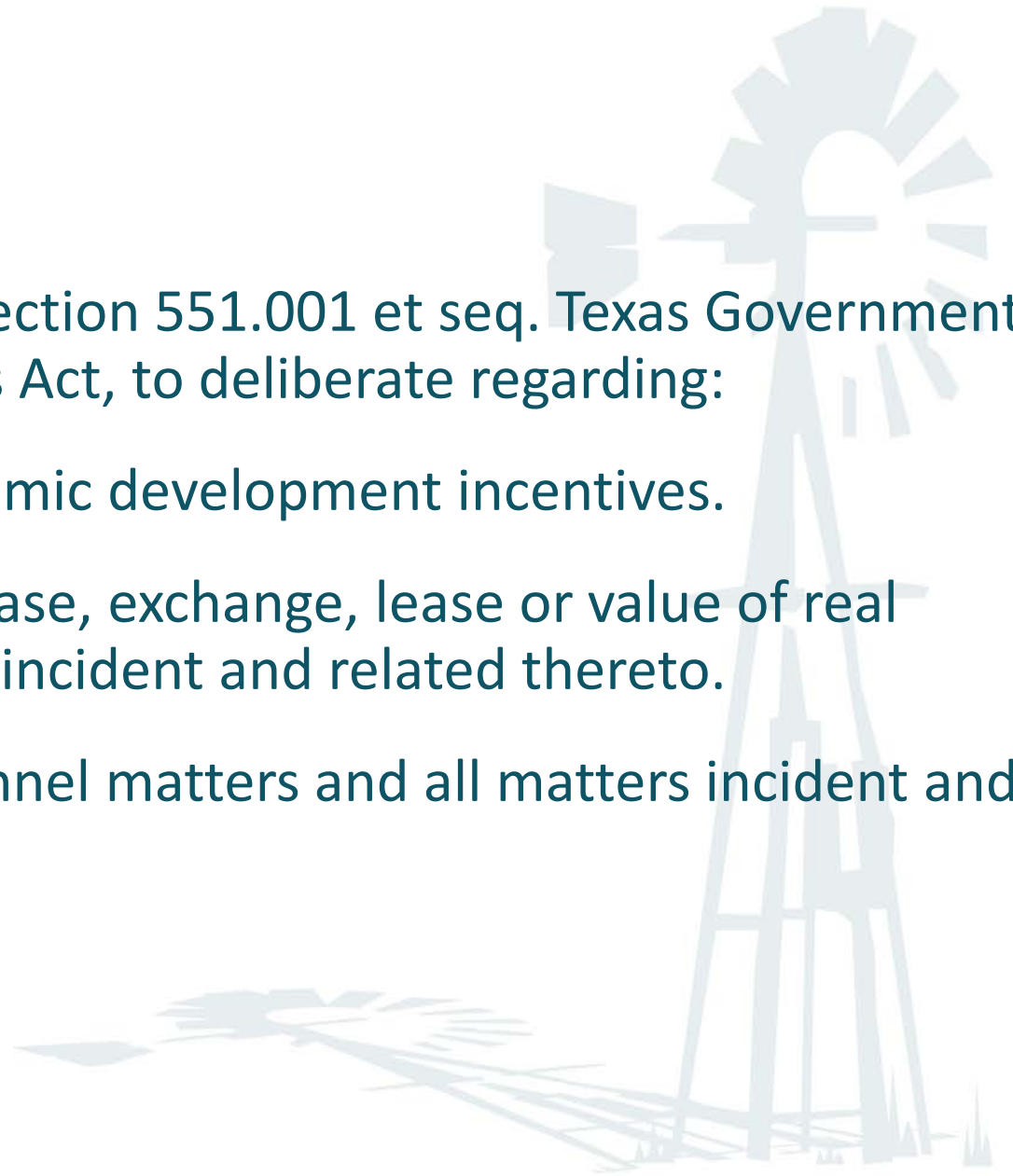
Executive Session

Recess into Closed Session in compliance with Section 551.001 et seq. Texas Government Code, as authorized by the Texas Open Meetings Act, to deliberate regarding:

Section 551.087 – To discuss and consider economic development incentives.

Section 551.072 – To discuss and consider purchase, exchange, lease or value of real property for municipal purposes and all matters incident and related thereto.

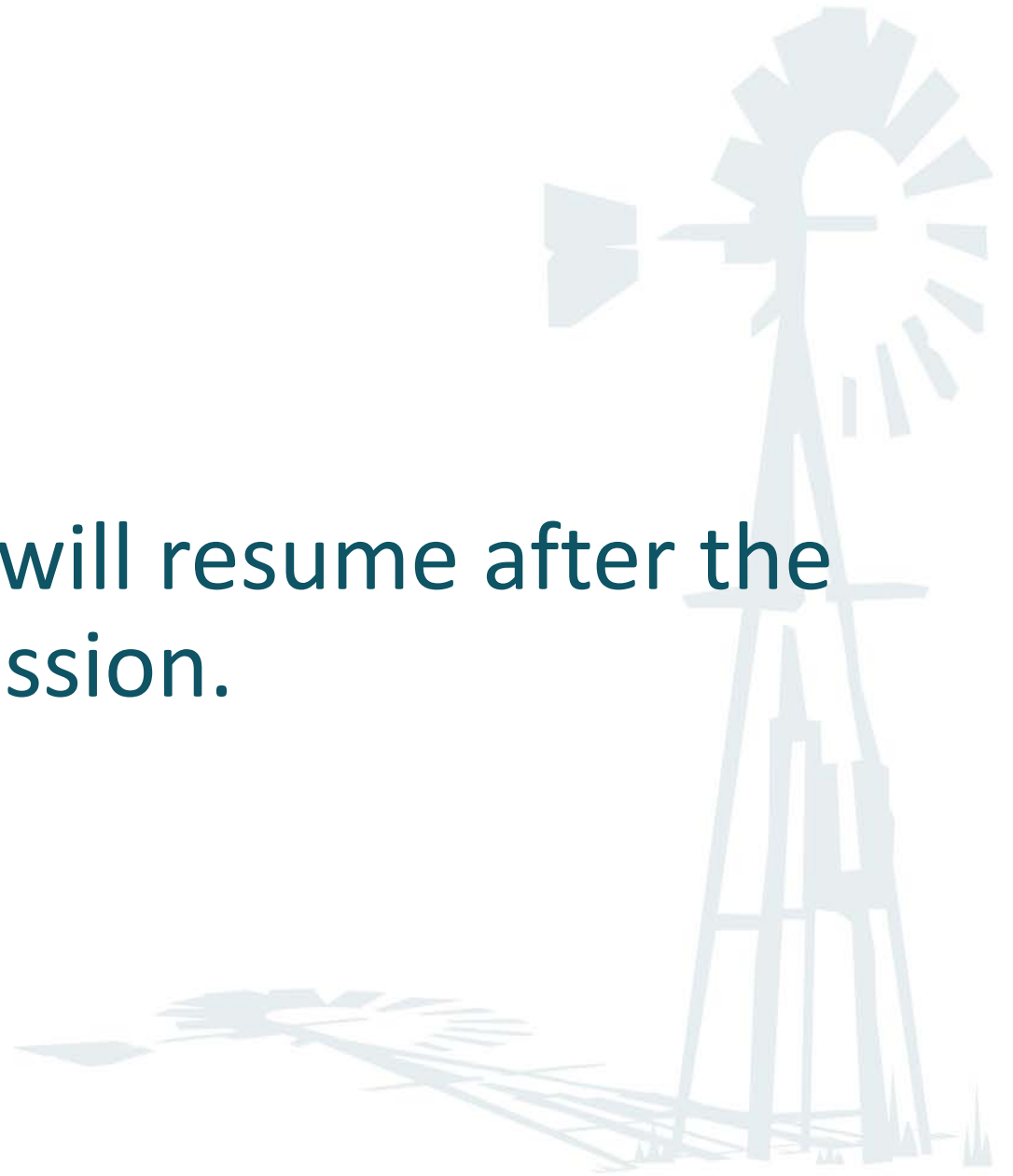
Section 551-074 - To discuss and consider personnel matters and all matters incident and related thereto.



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The Town Council Meeting will resume after the
Executive Session.



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Reconvene in Regular Session and take any action necessary as a result of the Closed Session.



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Possibly direct Town staff to schedule topic(s) for discussion at a future meeting.



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Adjourn.

