

FY 05 Key Budget Decision Points

The following is a summary of some of the key decision points in the FY 2004-2005 budget.

1. **Tax Rate** - The City Council has provided direction to consider a tax rate not higher than 46.40 cents per \$100 assessed valuation. Adopting a tax rate of 46.40 cents will provide the resources needed to fund the 2004-2005 budget, and provide an additional \$68,165. Adopting a tax rate of 46.21 cents will provide the resources needed to fund the 2004-2005 budget. Adopting a tax rate of 45.05 cents does not provide the resources to fund the proposed budget, and would require an increase in revenues or a reduction in expenditures totaling \$370,038.

Staff recommendation - Adopt the tax rate of 46.40 cents per \$100 assessed valuation and reserve the additional \$68,165 for public safety budget needs.

Impacts - The tax rate of 46.40 cents will fund the proposed budget, and meet some additional public safety budget needs. Lowering the tax rate any farther will not provide significant additional resources for public safety, and also results in a loss of revenue to the Wolf Pen Creek TIF. The City portion of the TIF is based on the tax rate, and lowering the tax rate will result in lower revenues in the TIF. If the tax rate is lowered to the effective rate of 45.05 it would result in the loss of approximately \$6,000 in City TIF revenues.

2. **Utility Rates** - The proposed budget includes utility rate increases in the Wastewater Fund and in the Sanitation Fund. The proposed rate increase in the Wastewater Fund is 3%. This will generate an estimated additional \$275,700 in revenues for the Wastewater Fund. The proposed residential sanitation rate increase is 5% and will generate an additional \$152,100 in revenues for the Sanitation Fund.

Staff recommendation - Approve the 3% wastewater rate increase in the Wastewater Fund, and the 5% residential sanitation rate increase in the Sanitation Fund.

Impacts - These increases will provide the necessary revenues to ensure the Wastewater Fund and the Sanitation Fund will have the resources necessary to continue to provide the current levels of service.

3. **Outside Agency Funding** - The City Council has received recommendations from the College Station members of the Joint Relief Funding Review Committee regarding the funding requests from outside agencies. The City Council has also received recommendations from the Arts Council of Brazos Valley regarding requests from art and culture related organizations from the General Fund.

Staff recommendation - Staff recommends the Council consider the recommendations received and determine what level of funding to provide to these groups.

Impacts - Funds are available in the General Fund from one time resources for these requests.

