



AGENDA MEMO

Business of the City Council City of Sweeny, Texas

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|---|--|---------------------|-----------------------------|
| Meeting Date | 08.13.2024 | Agenda Items | |
| Approved by City Manager | Yes | Presenter(s) | Administration, Dept. Heads |
| Reviewed by City Attorney | No | Department | All |
| Subject | Workshop on Fiscal Year 2024-2025 Budget | | |
| Council Strategic Goals | 4. Government Sustainability – Protect the City’s Financial Integrity. | | |
| Attachments / Supporting documents | Budget FY25 working document | | |
| Financial Information | Expenditure Required: | N/A | |
| | Amount Budgeted: | N/A | |
| | Account Number: | | |
| | Additional Appropriation Required: | | |
| | Additional Account Number: | | |

Executive Summary

This budget season has been difficult amid financial challenges stemming from numerous infrastructure failures, maintenance and repair needs, rising costs of materials and other goods, flat sales tax collection, regulatory compliance requirements, compounded by stretched and limited resources and no savings for capital needs.

We have found that there is a disproportionate amount of debt in the Enterprise Fund, as projects for utility needs have been funded by issued debt as opposed to capital projects savings. We have also found that our rates are comparatively lower for utilities, and the idea of raising rates is unpopular considering the very public outcry for water free of discoloring elements that occur in ground water.

More optimistic observations that have recently been identified include FY24 year-end revenue projection of \$742K in water sales – far better than we initially anticipated. For that reason, water sales have been increased slightly. As stated in the meeting on August 6th, sales tax collection appears to be better than initially thought, therefore the project revenue from sales taxes has been adjusted.

Unfortunately, there is no room for extras in this year. We are faced with the need to make tough decisions that make the largest impact on the budget. The biggest expense in municipal budgets typically is personnel. These most recent changes proposed were not easy to make, and while these changes to do no balance the budget entirely, we are a lot closer now than we were before.

The most recent changes include the following:



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Removal of Staff Positions:

| POSITION | GENERAL FUND | ENTERPRISE FUND |
|-----------------------------------|------------------|------------------|
| ACCOUNTANT I (PT) | 21,819 | 0 |
| CIP MANAGER (REPURPOSED POSITION) | 35,898 | 35,898 |
| PW GENERAL LABORER | 30,347 | 30,347 |
| PATROL OFC (NIGHT – NEW) | 39,147 | 39,147 |
| TOTAL | \$127,211 | \$105,483 |

*All removed positions include salary and all personnel costs.

Increased total projected water sales to \$740K, for a \$20,000 increase in revenue.

Sewer sales are calculated at 80% of water sales. The newest iteration of the FY25 budget working file includes increasing sewer collection to 90%. With this percentage, at 90% of \$740K in water sales, that brings the potential revenue in sewer sales to \$666K, a \$46,000 increase from the last review of the FY25 budget.

From the General Fund, \$10K in building maintenance was removed from the police department.

The budget in the General Fund could be balanced with an increase in taxes. A 3.5% increase in taxes equates to approximately \$54,000.

In the Enterprise Fund, we could likely afford a transfer in from Fund Balance to balance the EF fund budget.

Staff is currently discussing the possibility of utilizing State resources to fill staffing needs in Public Works at no cost to the City. We will have more information on that for the workshop on Aug. 13th.

With these changes, that brings our budget totals to:

General Fund: (-\$42,617)

Enterprise Fund: (-\$112,478)

Recommended Action

No recommended action.