

CITY OF AZLE, TEXAS

ANNUAL BUDGET

FOR

FISCAL YEAR OCTOBER 1, 2021 TO SEPTEMBER 30, 2022

AS SUBMITTED BY:

**THOMAS J. MUIR
CITY MANAGER**

AND

**LAWRENCE BRYANT
ASSISTANT CITY MANAGER**

ON

AUGUST 6, 2021

This budget will raise more revenue from property taxes than last year's budget by an amount of \$505,274, which is a 7.43 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$151,355.

Total debt obligation for the City of Azle secured by property taxes: \$11,860,000



City of Azle, Texas
Budget for Fiscal Year 2021-2022

Table of Contents

Introduction

| | |
|---|----|
| Table of Contents | i |
| City Council & Officials | iv |
| Distinguished Budget Presentation Award | v |

Budget Message **1-1**

Budget Information **2-1**

| | |
|--|------|
| Budget Calendar | 2-2 |
| Organizational Chart | 2-3 |
| Budget Process | 2-4 |
| Financial Policies | 2-6 |
| Charter – Article 9, Municipal Finance | 2-14 |
| Budget Related Ordinances | 2-16 |

Budget Summaries **3-1**

| | |
|---|-----|
| All Fund Summary | 3-2 |
| Revenue & Expenditure/Expense Comparisons | 3-4 |
| Proposed Personnel | 3-6 |

General Fund **4-1**

| | |
|--|-------|
| General Fund Summary & Revenue Projections | 4-3 |
| Ad Valorem Analysis | 4-11 |
| Expenditure Summaries | 4-15 |
| Administration | 4-24 |
| City Secretary | 4-32 |
| Municipal Court | 4-42 |
| Mayor & Council | 4-50 |
| Human Resources | 4-56 |
| Economic Development | 4-64 |
| Finance & Accounting | 4-72 |
| Police Department | 4-82 |
| Ambulance | 4-96 |
| Fire Department | 4-110 |
| Animal Control | 4-124 |
| Code Enforcement | 4-134 |
| Maintenance | 4-142 |
| Street Department | 4-152 |
| Community Development | 4-162 |
| Parks & Recreation | 4-172 |
| Library | 4-186 |
| Public Buildings | 4-196 |
| Non-Department | 4-204 |

| | |
|--|-------------|
| Debt Service Fund | 5-1 |
| Summary of Revenues & Expenditures | 5-2 |
| Schedule and Description of Accounts | 5-3 |
| Overview of Debt Service Expenditures | 5-4 |
| Debt Service Schedules | 5-5 |
| Utility Fund | 6-1 |
| Utility Fund Summary and Revenue Projections | 6-3 |
| Utility Fund Expense Summaries | 6-9 |
| Utility Fund Transfers to the General Fund | 6-16 |
| Water Department | 6-18 |
| Wastewater Department | 6-28 |
| Utility Non-Department | 6-38 |
| Utility Billing | 6-46 |
| Utility Maintenance | 6-56 |
| Utility Fund Debt Service | 6-65 |
| Golf Course Fund | 7-1 |
| Golf Course Fund Summary | 7-2 |
| Revenue Summary | 7-3 |
| Department Expense Summary | 7-4 |
| Category Expense Summary | 7-5 |
| Course Maintenance | 7-6 |
| Food & Beverage | 7-16 |
| General Operations | 7-24 |
| Stormwater Fund | 8-1 |
| Fund Summary & Revenue Projections | 8-3 |
| Stormwater Department | 8-4 |
| Special Purpose Funds | 9-1 |
| Street Maintenance Fund | 9-2 |
| Court Security Fund | 9-3 |
| Court Technology Fund | 9-4 |
| Hotel/Motel Tax Fund | 9-5 |
| Cable PEG Fee Capital Projects Fund | 9-6 |
| Capital Projects Funds | 10-1 |
| Capital Project Fund Summary | 10-2 |
| Water and Sewer Capital Project Fund Summary | 10-3 |
| Salary Plan | 11-1 |
| Miscellaneous Information | 12-1 |
| History of Azle | 12-2 |
| Miscellaneous Statistical Data | 12-3 |
| City of Azle Demographic Statistics | 12-4 |

City of Azle 2020 Top Ten Taxpayers
Ad Valorem Tax Rate Comparisons

12-5
12-6

Glossary

13-1

AZLE CITY COUNCIL

| | |
|---------------------------|-----------------------|
| ALAN BRUNDRETT | MAYOR |
| DAVID MCCLURE | MAYOR PRO TEM |
| COREY WYNNS | COUNCIL MEMBER |
| STACY PEEK | COUNCIL MEMBER |
| RANDA GOODE | COUNCIL MEMBER |
| ROUEL ROTHENBERGER | COUNCIL MEMBER |
| BRIAN CONNER | COUNCIL MEMBER |

CITY OF AZLE MISSION STATEMENT

IN PARTNERSHIP WITH THE COMMUNITY, WE ARE COMMITTED TO PROVIDING QUALITY SERVICES THROUGH THOUGHTFUL PLANNING, FISCAL RESPONSIBILITY AND ACCESSIBLE, RESPONSIVE LEADERSHIP RESULTING IN A CONTINUOUSLY IMPROVING QUALITY OF LIFE.

CITY OFFICIALS

| | |
|------------------------|--|
| THOMAS J. MUIR | CITY MANAGER |
| LAWRENCE BRYANT | ASSISTANT CITY MANAGER |
| RENITA BISHOP | FINANCE DIRECTOR |
| RICK PIPPINS | POLICE CHIEF |
| WILL SCOTT | FIRE CHIEF |
| YAEL FORGEY | CITY SECRETARY |
| RICK WHITE | PUBLIC SERVICES DIRECTOR |
| DAVID HAWKINS | PLANNING & DEVELOPMENT DIRECTOR |
| CURREN MCLANE | LIBRARY DIRECTOR |



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Azle
Texas**

For the Fiscal Year Beginning

October 01, 2020

Christopher P. Morill

Executive Director

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Azle, Texas, for its Annual Budget for the fiscal year beginning October 01, 2020. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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August 6, 2021

Honorable Mayor and
Members of the City Council
Azle, Texas



Staff is pleased to present the Fiscal Year 2021-22 budget for your review. The budget is a means of presenting overall plans for accomplishing municipal objectives during the upcoming year. The expenditure and expense levels that are ultimately approved will act as a control on overall spending for City programs, services, and projects. The budget indicates the probable cost of the various programs, policies, and projects to be carried forth by the City during FY 2021-22.

The budget is presented after long hours of study and review by department heads and management staff. Our basic approach in preparing this budget was to maintain levels of service and make improvements where possible. The City continues to be on a solid financial foundation as we prepare for the coming years.

Overall, operating revenues are projected to rise moderately across all funds. As a result, this budget attempts to maintain current service and employee levels and provide improvements where possible. As this budget was prepared, a look toward FY 2022-23 was taken in order to insure proposed programs and services are sustainable.

Goals and Strategies

The City Council and Staff have worked together to identify goals for the next five (5) years. Last year's strategic planning session was cancelled due to the COVID-19 pandemic. This year the Council chose to maintain the goals and objectives in planning the FY 2021-22 budget but revise future goal-setting processes to structure the goals and objectives as short-, mid- and long-term goals. Therefore, the carry-over goals are as follows:

1. Plan and prepare for the current and future needs of a growing city by managing growth and development, encouraging economic development, identifying and addressing infrastructure needs, and maintaining a financially sound and stable government. Priorities in this area include:
 - Expanding the tax base through economic development efforts
 - Improving facilities including recreational amenities
 - Reviewing ordinances and design criteria
 - Working with TxDOT on transportation issues within the city
 - Planning for capital replacements
 - Developing public/private partnerships

2. Achieve excellence in city government services by broadening avenues of communication and encouraging citizen involvement, attracting and retaining quality employees and providing quality customer service. Priorities in this area include:
 - Improving employee salaries and benefits
 - Staff development
 - Improving overall customer service
 - Improving IT infrastructure
 - Providing annual staff reports to the Council

3. Promote livability and community pride by creating an "identity" for Azle and improving the overall appearance of the City. Priorities in this area include:
 - Improve highway and overall city appearance
 - Encourage commercial property improvements
 - Develop new avenues of communication with residents and businesses

The Azle City Council and Staff will continue to offer the highest quality services and promote livability within the city. Council and Staff will work to ensure the City's priorities, which are closely tied to our goals, are addressed in an effort to continually improve the quality of life for the residents of our community.

Accomplishments

The following is a list of accomplishments over the past year which was particularly challenging due to the pandemic. It is evident from this list that the City goals and strategies can work as the framework for identifying targets for action and establishing plans for the future.

Plan and prepare for the future needs of a growing city.

- Completed reclamation of Poe St., Carpenter St., Cresthaven Ct., Shady Ln., School St. and Astoria Ave.
- Completed construction of the Locust Ave. Area Drainage Improvement Project.
- Maintained the tax rate at \$0.657204.
- Maintained water and sewer rates.

Achieve excellence in city government services.

- The entire state suffered from an extreme weather event in February 2021 in which many communities were without power, initiated boil notices for their water, etc. Azle fared very well. There were extensive power outages throughout the area but City operations only suffered a power outage for a couple of hours which had a minor effect on our water and wastewater plants. The area power outages did have a substantial effect on lift station operations but overall, the City did very well in comparison to other area cities.
- Maintained staffing levels during the pandemic.

- Equipment and fixture purchases included a fire truck; three (3) police pursuit vehicles; a 5-7 cu. yd. dump truck for Utility Maintenance; as well as an excavator (lease purchase), trailer-mounted jetter, planer/milling machine and a ¾-ton truck, all to be shared by the Street and Stormwater Departments.
- Received the Government Finance Officers Association Distinguished Budget Award and Certificate of Excellence in Financial Reporting for the 18th consecutive year, as well as the Award for Outstanding Achievement in Popular Annual Financial Reporting for the 5th consecutive year.
- Continued the quarterly newsletter and monthly “City Page” in *The Azle News*.
- Continued to evaluate and improve services.

Promote livability and community pride.

- Partnered with Azle Independent School District in 2017 in obtaining a sidewalk grant (\$376,000) to provide a sidewalk through Shady Grove Park and to a new elementary school. Construction was completed in July 2021.
- Cross Timbers Golf Course has experienced steady growth in the number of rounds played for the past several years but last year that growth jumped over 10% compared to the previous year. Cross Timbers is becoming a destination place to play – attracting golfers from around the Metroplex and beyond.
- Since the pandemic hit, businesses across the nation have been forced to close or revise their operations. Locally, Staff continued working with businesses, encouraging them to utilize the Internet and/or phone-in orders and develop some type of touchless delivery method.
- Continued code enforcement efforts to improve the overall appearance of the City.
- Conducted two (2) city-wide and one (1) neighborhood cleanup days.

Budget Overview

The evolution of the City’s budget centers around the goals and strategies listed above while at the same time dealing with current economic realities and the COVID-19 pandemic. From this information, the following specific objectives to be accomplished during FY 2021-22 have been developed:

- Maintain or improve current levels of service to meet customer demands.
- Revise and improve the formal economic development marketing program in cooperation with the Azle Municipal Development District.
- Continue implementation of the Capital Improvement Plan.
- Continue to develop financial policies that guide future decision makers, especially during difficult economic times.
- Continue to expand and diversify the economic base.
- Continue to provide the tools necessary for employees to safely do their job.
- Continue efforts to attract and retain quality employees.
- Continue to improve appearance of the City through increased code enforcement and education efforts.
- Address infrastructure issues to improve transportation, drainage, City facilities and utility services in the city.
- Maintain the City’s financial reserves to enhance overall financial stability.

All of these short-term objectives are consistent with the City's long-term vision of managing diversified growth while continually providing quality services and adequate infrastructure to the community.

Revenues for the FY 2021-22 budget are estimated by evaluating the current state of the economy, identifying trends in different revenue sources and using estimates from other government entities. Staff used recent trends created by the current economic conditions as well as past actual collections from the previous five (5) years to create trends in the City's various revenue sources in order to come up with reasonable revenue estimates. Property appraisals from Tarrant Appraisal District and Parker County Appraisal District were used to estimate this year's property tax revenues and comprise the only estimates from other governments used to determine revenues. Revenues in the Utility Fund were estimated after determining actual increases in the amount of accounts due to recent growth along with projections for the coming year.

Highlights

- Taxable appraised ad valorem property values increased \$111,130,223;
- New construction value of \$23,424,199;
- Increases are projected in sales taxes;
- All current service levels are maintained or expanded for FY 2021-22;
- Compensation plan is maintained with funding included for step increases;
- Ten (10) positions are included – Police Officer, Police Sergeant, Dispatcher (2), Firefighter/EMT (3), Stormwater/Street Maintenance Worker III, Utility Maintenance Worker I, and Food & Beverage Manager (Cross Timbers Golf Course);
- Equipment and fixture purchases include police pursuit vehicles (2); ½-ton pickup truck (2 – Parks and Utility Maintenance); ¾-ton pickup truck (2 – Fire and Street/Stormwater); 1-ton pickup truck (Utility Maintenance); and vehicle extrication equipment for the Fire Department and a pothole repair machine (Street Department);
- Capital projects include a restroom and splashpad at Central Park, playground shade structure for Shady Grove Park, Allsup's water & sewer line extensions, Ash Avenue Drainage Improvement Project and office space at the Library;
- Major maintenance projects include the continued slip lining of sewer lines adjacent to Glenhaven Dr.;
- The Street Maintenance Fund includes funds for the reclamation of Arledge St., Etheridge Dr., Ferndale Ave., Gladstone Ave., and Idlewood Ave.
- Continued updating of computer systems and software;
- Lower the ad valorem property tax rate from the current rate of \$0.657204 to \$0.646149, which will produce a total increase in property tax revenue of \$605,401 over the FY 2020-21 budget due to increased property values and new construction; and
- Water and sewer rates will be unchanged.

Property Values and Tax Rates

Taxable value for this year is \$1,130,174,680 which is an increase of \$111,130,223 (10.91%) from last year's certified total of \$1,019,044,457. This increase includes \$23,424,199 in new construction.

A combined tax rate of \$0.646149 per \$100 is proposed for FY 2021-22, with \$0.582086 allocated to the General Fund for maintenance and operations (M&O) and \$0.064063 allocated

to debt service. The proposed rate is \$0.011055 less than the FY 2020-21 adopted tax rate. The \$0.064063 rate allocated to debt service will generate \$724,024. The \$0.582086 rate allocated to M&O will generate \$6,578,589. The proposed rate is 3.3869 cents above the no-new-revenue rate of \$0.612280 and 2.5416 cents above the voter-approval rate of \$0.620733.

General Fund

Revenues

The proposed General Fund budget provides for estimated revenues of \$12,427,889 during FY 2021-22. This reflects a decrease of \$55,463 (0.44%) compared to the FY 2020-21 amended budget. Transfers in the amount of \$949,756 bring total available revenues for operations to \$13,374,645.

General Fund revenue from current ad valorem taxes is projected to be \$6,578,589 in FY 2021-22.

Sales tax revenue is estimated at \$2,625,000 in FY 2021-22, which is an increase of \$50,000 over the amended FY 2020-21 budget. This estimate is based on recent trends in sales tax collections.

Franchise fees are projected at \$750,000 which is an increase of \$65,000 over the FY 2020-21 budget.

Court fees are anticipated to be \$400,000 in FY 2021-22 which is the same amount as the anticipated amount for FY 2020-21.

Within the General Fund, ad valorem taxes, sales taxes, franchise fees, ambulance and fire fees, court fees and development fees account for 90.87% of the total revenue.

Expenditures

The General Fund expenditure budget for FY 2021-22 is \$14,397,103. The proposed amount reflects an increase of \$990,367 (7.39%) from the FY 2020-21 amended budget. Including transfers in from other funds, revenue is projected to be \$1,019,458 under expenditures before transfers to other funds. The projected ending fund balance is \$5,035,426 or 35% of projected expenses.

Debt Service Fund

Total debt service for outstanding obligations is \$786,027. Along with Agent Fees, the total debt service cost is \$790,027. To finance this debt obligation, the budget provides for estimated ad valorem taxes of \$724,024, delinquent tax revenue, penalties & interest of \$11,000, and interest income of \$100 and \$54,903 from reserves. A fund balance of \$76,931 is projected for the end of FY 2021-22. Again, the I&S portion of the tax rate is proposed at \$0.064063.

Utility Fund

Revenues

Total Utility Fund revenues of \$9,349,428 have been projected for FY 2021-22. This reflects an increase of \$316,348 over the FY 2020-21 budget. The water and sewer rates are proposed to remain unchanged for FY 2021-22.

Expenses

Total expenses for the Utility Fund are projected at \$8,655,168. The transfer to the General Fund totals \$719,782. Total operating expenses for FY 2021-22, excluding debt service, have been proposed at \$6,994,403. The fund has a projected ending working capital of \$3,900,989.

Golf Course Fund

Revenues

Total revenue for FY 2021-22 is projected at \$1,617,000. This amount is based on a projected 43,500 rounds of golf played. The above projected revenue does not include any funds derived from gas leases at the golf course.

Expenses

Golf Course Fund expenses are projected at \$1,531,002, which is an increase of \$294,599 (23.83%) above the FY 2020-21 budget. This increase is mainly attributable to increased golf play due to the pandemic in that golf is an outdoor activity which can be done while being socially distanced. In addition, there have also been outstanding debts to the General Fund and Utility Fund of \$452,616 and \$365,754, respectively, for over 25 years. Consequently, the debt will start to be repaid annually with transfers to each fund in the amounts of \$110,000 and \$90,000, respectively.

Stormwater Utility Fund

Stormwater revenue is projected at \$2,160,500. Of this amount, \$1,650,000 is coming from ARPA funds which will fund the Ash Avenue Drainage Improvement Project. Expenses are projected at \$1,986,428.

Special Purpose Funds

Special Purpose Funds are used to account for resources associated with a specific purpose and include the Street Maintenance Fund, Court Security Fund, Court Technology Fund, Hotel/Motel Tax Fund, and the Cable PEG Fee Fund. Other Special Purpose Funds of the City include the Crime Control and Prevention District Fund and the Municipal Development District Fund. However, these budgets for these funds are prepared and adopted separately from this budget.

Revenue in the Street Maintenance Fund is projected at \$625,750. The projected revenue, added to the projected beginning balance of \$855,098 provides \$1,480,848 for projects in the coming year. Street Maintenance Fund expenditures are projected at \$645,200 for the

reclamation of Arledge St., Etheridge Dr., Ferndale Ave., Gladstone Ave., and Idlewood Ave. The ending balance in the Street Maintenance Fund is projected to be \$835,648.

Revenues in the Court Security Fund are estimated for the year at \$9,020. Expenditures are projected at \$7,500 to cover overtime pay for officers who act as bailiff during court proceedings.

Court Technology Fund revenue is projected at \$8,010. Expenditures are projected at \$9,500 for court-related computer system fees. The ending balance is expected to be \$18,749.

The Hotel/Motel Tax Fund derives revenue from a seven percent tax levied upon the cost of hotel occupancy. The purpose of this tax and these funds is to benefit tourism and the hotel industry within Azle. Projected revenues are \$24,250 for total available resources of \$269,970. Revenue projections are based on previous year occupancy rates. No expenditures are proposed for this fund.

The Cable PEG Fee Capital Projects fund was established to account for Cable PEG fees. Chapter 66 of the Texas Utilities Code provides for funds, over-and-above franchise fees, to support public, educational, and governmental (PEG) access facilities to assist cities with providing PEG channel capacity. The funds are collected from an additional one percent of a provider's gross revenues. Permissible capital expenditures include all facilities and equipment that have a useful life of longer than one year and that are used for PEG access facilities to provide or enhance the provisioning of PEG channel capacity, programming, and transmissions for a governmental use. Projected revenue for FY 2021-22 is \$20,300. Typically, there have been no expenditures for this fund but for this budget, \$40,000 is budgeted for cameras and streaming system to enable on-line broadcasting of Council meetings. The ending balance is expected to be \$223,245.

Capital Projects

The Capital Projects Fund consists of facility projects. A beginning balance of \$247,300 is projected for this fund. Included in this beginning balance is \$75,000 in gas royalties and \$172,300 from prior transfers from the Municipal Development District.

Revenue of \$1,571,450 is projected for the Capital Projects Fund, of which \$1,500,000 is from the General Fund for a yet to be determined project(s), \$40,000 is from gas well royalties, \$31,250 from the Municipal Development District and \$200 from interest earnings.

The Utility Capital Projects Fund consists of the Allsup's water and sewer line extensions enabling a new Allsup's Travel Center to move into Azle. The City is participating in the project by funding 60% of the water line and 65% of the sewer line from impact fees (\$119,000 and \$382,000, respectively). In addition, each water meter needs to have the radio and antenna replaced of which the vendor is providing the parts and the City will fund the labor for the replacement (\$150,000). In addition, the construction of the Emergency Process Generator & Onshore Pump Intake Station Project for the Water Plant (\$435,000). The ending balance is expected to \$2,443,100.

Summary

While the national and regional economies are struggling during the COVID-19 pandemic, the City still faces many challenges. The cost of providing City services continues to rise. New

home construction continues to be very active in the City with the potential to add new residential subdivisions in the near future. However, attention will need to be given to streets as traffic congestion will become a problem. As always, Staff will keep a close eye on the economy and stay prepared to respond to changes as they come. Staff has made every effort to create a budget that will provide the services our citizens have come to expect and Staff will continue to seek improvements where they can be found. Furthermore, it is important to take a cautious approach in the coming year while at the same time intensifying our efforts to attract new businesses to Azle.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. Muir', written in a cursive style.

Thomas J. Muir
City Manager