

BUDGET MESSAGE

Lanny S. Lambert, City Manager
City of Brownsville



August 27, 2002

The Honorable Mayor Blanca S. Vela
The Honorable Mayor Pro Tem Eddie Trevino, Jr.
The Honorable Deputy Mayor David A. Betancourt
The Honorable City Commissioner Joseph A. Zavaletta, MD.
The Honorable City Commissioner Ernie Hernandez
The Honorable City Commissioner Carlos Cisneros

Mayor and City Commissioners:

This budget was approved in accordance with the City Charter and budgetary laws of the State of Texas.

Below is a brief summary of the City of Brownsville's budget for the fiscal year 2002-2003.

ALL OPERATING FUNDS

The City's total budget revenue for all operating funds is \$85,593,016; \$4,048,586 in cash transfers from the Brownsville Public Utilities Board (BPUB) is included in this revenue total. The City's total expenditure (expense) budget is \$86,055,995. This budget was balanced by using surplus funds carried over from previous years.

GENERAL FUND

The General Fund's budget consists of \$53,678,363 in revenues; \$4,048,586 of cash transfers from the BPUB is included in this revenue total. The expenditure budget is \$54,477,842. Budgeted expenditures and cash transfers exceed revenues and cash transfers by \$496,019. The ending fund balance for fiscal year 2003 is estimated at \$3,448,006 or approximately 6.1% of reserves as measured against expenditures. Our target should be 15%. This budget reflects an increase in sales taxes of \$843,750 or 5% over the sales taxes budgeted in fiscal year 2002. Through August 2002, sales tax revenues are 4.63% or \$682,745 above the same period ending August 2001. It also includes a \$2,050,000 cash transfer from the bridge fund. This cash transfer is \$360,000 more than fiscal year 2002. Please note that all of the \$2,050,000 cash transfer from the

City of Brownsville

P.O. Box 911 / City Hall / Market Square / Brownsville, Texas 78522
(956) 548-6000

<http://www.ci.brownsville.tx.us>
EQUAL OPPORTUNITY EMPLOYER

Bridge Fund to the General Fund is being earmarked for operations and not a single portion is being set aside for street construction. Property taxes exceed fiscal year 2002 totals by \$957,043. The 2003 tax levy is based on an ad valorem tax rate of 68 cents per \$100 valuation or the same tax rate as fiscal year 2002. Intergovernmental revenues have been reduced by \$801,079. As more grants are awarded to the City after the start of the fiscal year, grant revenues will increase, but so will corresponding grant expenditures.

Even though this budget includes \$1,081,511 in salary adjustments for the police department collective bargaining employees, overall expenditures in the General Fund have been reduced by \$2,054,323 from fiscal year 2002. Since the City and the Fire/EMS collective bargaining employees have not yet settled on a salary contract, some of these potential or additional expenditures are not in this budget. No salary adjustments were budgeted for non-collective bargaining employees. This budget includes two new part-time animal care technician positions for the Animal Control Department, and one new assistant building official position for the Building & Inspections Department. In order to reduce costs, nine probationary police officer vacant positions were budgeted for nine months, seven for six months and six for three months. All other vacant positions in other departments will remain frozen for at least six months. All secondary recipient budgets were reduced by 15%.

This budget does not include capital expenditures and special projects requests totaling \$ 3,548,504 and \$10,781,125, respectively. Since there is no funding available for these expenditures, we recommend that the City Commission issue certificates of obligation to cover the cost of some of these expenditures.

CONVENTION & TOURISM FUND

This fund has a deficiency of revenues under expenditures of \$264,408. In order to balance this budget, the General Fund is contributing a cash transfer of \$265,000. The estimated ending fund balance—after the General Fund cash transfer—at the end of fiscal year 2003 is \$3,731. This budget reflects contributions to the following entities: Brownsville Convention & Visitors Bureau, \$700,315; Gladys Porter Zoo or Valley Zoological Gardens, \$234,600; Historic Brownsville Museum, \$36,125; Brownsville Historical Association, \$36,125; Camille Playhouse, \$21,250; CAF, \$21,250; and Brownsville Art Museum, \$21,250. All of the contributions to these entities were reduced by 15% from the previous fiscal year. This budget contains \$130,000 in event center rentals and \$362,993 in event center expenditures.

Community Development Fund

This fund receives all of its funding from HUD. Consequently, budget revenues equal budget expenditures.

Non- Bonded Debt Service Fund

The ending fund balance at the end of fiscal year 2003 is \$140,864.

General Bonded Debt Service Fund

This fund will have an ending fund balance of approximately \$1,236,414 at end of fiscal year 2003.

Streetscape Project Fund

This fund will satisfy all its obligations during fiscal year 2003. The estimated ending fund balance at the end of fiscal year 2003 is \$311,320.

Landfill Tipping Fee Increase Fund

This fund has an ending fund balance for fiscal year 2003 of \$291,933. This budget contains landfill tipping fee rate increases of 7%, residential garbage rate increases of 4.65% and commercial garbage rate increases of 6.40%. All of these rate increases will become effective October 1, 2002. Approximately \$450,000 of additional revenue will be generated from these rate adjustments of which all of the \$450,000 will be transferred to the General Fund. This budget also includes \$50,000 for the beautification landscape architect or the same funding as last fiscal year. This budget does not include approximately \$450,000 of much needed landfill equipment.

Airport Fund

This budget shows operating revenues of \$1,916,370 and operating expenses of \$2,559,095. In order to balance this budget, the City's General Fund will contribute a cash transfer of \$818,535. The GBIC note payable payments have not yet been appropriated. These are the Neoplan and Horace Small note payables. Since these two projects qualify as economic development projects, we will continue to ask the Greater Brownsville Incentives Corporation (GBIC) to convert these two notes to grants. The Airport does not generate enough revenues to provide capital maintenance for its buildings. The Airport is not yet self-supporting. It receives cash transfers from the City's General Fund every year.

Bridge Fund

This fund shows \$2,060,000 in net income and \$2,050,000 in cash transfers to the General Fund.

Motor Vehicle Parking System Fund

This fund has \$513,900 in revenues and \$442,496 in expenses.

Public Transit Fund

This fund shows an operating loss of \$2,921,451. Please note that all public transit systems in the United States operate at a loss. This is the reason why the federal and state governments provide cash subsidies to transit systems. The Federal Transit Administration's (FTA) grant for fiscal year 2002 is \$1,460,726. The Texas Department of Transportation's (TxDOT) grant is \$600,000. The General Fund will contribute \$800,387 as the local share for the operating assistance grant, \$18,037 for the planning grant and \$83,511 for the capital grant.

This fund includes passenger fare increases that will become effective October 1, 2002. The para-transit fare will increase from one dollar to \$1.50. The para-transit ticket books will increase from \$20 to \$30 per book.

Brownsville Golf Center Fund

This fund has a budget deficit of \$151,676. It includes \$695,900 in revenues and \$847,576 in expenses. The City's General Fund will contribute \$175,000 during fiscal year 2003 to cover the deficit.

I would like to recognize the hard work of the financial staff in preparing this budget, as well as the difficult decisions made by the department heads to trim expenditures, and to thank the City Commission for their dedication to keep expenses low and services high for the citizens of Brownsville.

Sincerely,



Lanny S. Lambert
City Manager