



UPDATED August 2, 2021

Honorable Mayor and City Councilmembers:

Submitted for your consideration is the proposed FY 2021/2022 Annual Budget for the City of Brownwood, pursuant to Article VII, Sections 68, 69, and 70 of the City Charter and other relevant state laws. Based upon your leadership and request to lower the tax rate and minimize budget growth, we are presenting to you a \$36,558,387 budget, which is a 1.3% increase over last fiscal year. Below are the primary changes to the budget from last year. Please see the Budget Factors in this document for more details.

The budget is based upon the tax rate of \$.7317 per \$100 valuation. It is a reduction of 1.31¢ or 1.76% and is the second consecutive year we have lowered the tax rate.

We are budgeting for a 9.3% increase in sales tax revenue over the 2020/2021 budget. Year-to-date, sales tax revenue has exceeded the budget by 12.9% or \$543,323. We are budgeting for a reduction in sales tax in 2021/2022 from the actual sales tax projected in 2020/2021. We do not anticipate a downturn in the economy; we simply want to be conservative to ensure the upward trend is sustainable.

We are proposing an increase in the water consumption rate due to Brown County Water Improvement District's (BCWID) increase in the wholesale rate over the past two years. BCWID increased the wholesale rate by 3.4% in 2020 that the City absorbed. The 2021 rate increase is 1.8%. The proposed water rate is \$2.41, or a 1.3% increase to cover the increased cost of water. The average residential customer will see an increase of 30¢ per month. We used a five-year average to estimate water consumption. The proposed water consumption budget is 3.04% higher than the 2020/2021 budget or \$194,009.

There are no changes to the water base rate, sewer rate, sanitation rate, or landfill gate rate. We are recommending a \$100 increase to the water and sewer tap fees to address the increased cost of meters and supplies.

A pay raise for non-civil service employees is budgeted at 3% of total payroll and benefits, or \$294,545. The pay raise will be merit-based and will be distributed accordingly. Meet and Confer negotiations with civil service employees has resulted in pay raises for police officers and firefighters. The pay adjustments are based upon getting Brownwood employees to the average pay of nine comparable cities. For Fire, the increase ranges from 0-3% or \$35,573. Additionally, a new firefighter will be added at a cost of \$64,350. For police, the pay increase is 3.5% or \$80,157 and education pay of \$16,229.

This is the fourth year of the Enterprise fleet management program. We are replacing 11 vehicles at a cost of \$95,000.

We are budgeting for several major equipment replacements. Included is a new front-line fire engine to replace a 21-year-old engine. The ladder truck will be paid off in 2021, and the note payment for the new engine will be less than the ladder truck.

Our policy is to adopt a sound and fiscally conservative budget and to adhere to it closely during the budget year. Any amendments that need to be made during the year will be accomplished according to established policies, including obtaining authorization from the City Council for any significant changes. There have been no major changes in financial policy from the preceding year.

A copy of this document has been posted on the City website, placed on file with the City Secretary, and available at the Brownwood Public Library, where the public may review it during normal hours of operation.

I appreciate Finance Director Melanie Larose and the entire finance team, Deputy City Manager Marshal McIntosh, and all the Department Heads for their diligence in the budget process and throughout the year.

We look forward to working with you to finalize the City budget.

Sincerely,

A handwritten signature in black ink that reads "Emily Crawford". The signature is written in a cursive, flowing style.

Emily Crawford
City Manager