

# **BUDGET MESSAGE - FISCAL YEAR 2016 – 2017**

## **CITY OF STAFFORD, TEXAS**

**BY MAYOR LEONARD SCARCELLA**

**6 SEPTEMBER 2016**

**In her initial public message to the City of Stafford, Patti Worfe, the new Executive Director of the Stafford Economic Development Corporation (SEDC), responded to a question from the Board on her perspective as to the most prudent areas on which to concentrate. Without hesitation, her response: “It is my goal to promote the fact there is not a property tax in Stafford. Talk about an incredible incentive, people all over the place are just stunned. What do you mean there is no property tax?” She continued: “What I want to do is ensure the people that do want to move into the City understand what an incredible incentive NO PROPERTY TAX is, because it is a HUGE incentive.”**

**With that compelling statement, the recently hired Economic Development spokesperson, with years of experience and a vast overview of the drivers of local business activity in our region who is charged with**

**expanding and elevating our economy, emphatically confirms what many have known for 20 years: No City Property Taxes is widely recognized as the distinguishing factor and the key to Stafford's economic vibrancy.**

**In order to continue this most successful policy, there is one unmistakable requirement: *living within our means*. This is no small feat. It was especially challenging over the past year in view of the significant decline in the oil and gas industry of which we are located in the epicenter, and which is the major driver of commercial activity and jobs within our City. We have 50% more people working here than living here—something few others can claim. In this regard, we must be ever mindful that it is quality, well-paying jobs that makes our economy, and that of most vibrant economies, prosper. If there is doubt about the importance of manufacturing jobs, just ask the twenty major party candidates who sought the U.S. Presidency this year. It is the only answer they all give on which they agree. Speaking of the national scene, it's nothing to brag about, in fact, this past quarter saw the lowest increase—1.1% -- in the United States Gross Domestic Product (GDP) since the end of World War II.**

**With this backdrop, we examine this \$37 million 2016-2017 Fiscal Year Budget for the City and the Stafford Economic Development Corporation. This is by far the largest such budget ever presented.**

**Why this substantial sum? Police, Fire and Information Technology Department expenditures, have been substantially elevated in the last two years, resulting in higher salary, benefit, equipment and technology expenditures. An anomaly difficult to explain is a divergence between the City's escalating costs and the sluggish national and local economies. Nevertheless, this is simply the situation in which we find ourselves.**

**The pertinent details of this Budget make an effort to address this incongruity.**

**We logically begin with revenues. As expected, this category is led by sales tax receipts, which are expected to tally a conservative \$16 million allocated between the General, Municipal Sales Tax and Economic Development Corporation funds, which cumulatively represents a modest decline due to the economic circumstances addressed. Major additional income streams are Stafford Centre receipts and Franchise Taxes of \$1.8 million each, Fines and Violations will contribute**

**\$1.4 million and Hotel Tax receipts of \$1.2 million, with the remaining revenues being derived from a myriad of sources.**

**A major resource is contained in a proposal long missing from a City of Stafford Budget: \$5 million in general obligation debt for the much discussed and debated categories of infrastructure improvements, namely \$2.7 million for four drainage projects, and \$2.3 million for three Fire Department facilities. The City's electorate will vote on the two issues in next May's election.**

**On the debit side of the ledger, the most significant expenditures occur in personnel—this is especially true considering the increasing number of employees. Contained in this category are salaries, healthcare, life, dental, disability insurance benefits, as well as retirement and other amenities. A 3% across-the-board salary increase for all full-time employees is provided. Consequently, total personnel cost this year is \$15 million—two million dollars more than last year. The triggering events were Council's addition of eight full-time employees in the Fire Department, four in the Police Department, one in the Building and Permits Department--all of which were amendments to the fiscal year 2015-2016 budget and paved the path for a**

**substantial swelling of our bureaucracy. This year's new hiring's include a Patrol Officer for the Police Department, a Bailiff/Patrol Officer sharing time in the Municipal Court and Police Departments and an Accounting Clerk for the Finance Department.**

**Several departments deserve special attention. In view of the high profile and the national attention being focused on responsible law enforcement, we begin with our Police Department led by newly named Chief Richard Ramirez, which has received applause and support from the large majority of citizens. Costs to support the operations and equipment will exceed \$7.4 million. Another anticipated \$500,000 for equipment will be available from Federal Awarded Funds for our Police Department's excellent work in confiscating illegally attained assets.**

**The Fire Department under the leadership of Chief Larry DiCamillo, which concentrates at least as much of its time, efforts and resources on providing medical services, will have a budget of \$2.7 million. This increase in the last two years results due largely to the new full time employees brought on board. Not to be overlooked is the request for \$2.3 million new and remodeled facilities which the citizens will vote on in May.**

**Recently the Information Technology Department has advocated a host of high quality equipment requests. A prime example: The fiber system that is necessary for the inter-connectivity of City facilities and uninterrupted services during emergencies, which carried a price tag of allegedly three-quarters of a million dollars. When bids came in, it pushed the cost close to a million dollars and left some important questions unanswered. There may be a much better and inexpensive way: a private/public partnership with Frontier Communications, the new phone company in town, which has not only expressed a strong desire to work with the City but has put forth a concerted, impressive effort to demonstrate it. The collaboration is being pursued.**

**Stafford Municipal Educational Television (SMETV) headed by Director Carolyn Entricht, is another successful innovation of this City. The number of viewers, both citizens and interested followers, who watch this access channel live, taped or by streaming, is most impressive. There needs to be some restructuring of our arrangements with Houston Community College (HCC). We are currently in negotiations with HCC and specifically, with Chancellor Maldonado leading their team. It must be reiterated that the City was able to get the state law changed—no easy feat, passed bonds to**

**fund the construction of the Science and Technology Center and entered into a lease/purchase agreement with HCC, so as to allow the City to have a state-of-the-art television station. For many years it has worked well. However, with the retirement and changing of the guard at the college, the appreciation for the arrangement with the City has been lost on the new employees of the college. The negotiations currently underway are meant to reestablish the previous relationship and to continue to provide the City with an updated, highly efficient television station from which to function. Anticipated expenditures add up to \$430,000.**

**The rebuilding of the Public Works Department is underway. The resignation this year of its staff of three, were bright, well-educated and well connected. On the plate of our recently hired new Director, Dr. Milton Rahman, are some of the most watched endeavors by our citizens. Those consist of the Vaccaro Manor, Missouri City Estates, Sugar Creek and Willow Water Hole drainage projects. These projects have a tab of \$2.7 million—which is the amount of the bond proposition. With the addition of SEDC funded street improvements for US 90-A maintenance, Staffordshire sidewalk and street lighting undertaking, Kirkwood Road signal**

**structure and FM 1092 enhancements have all added up to \$2.4 million.**

**The umbrella of Public Works also covers the Street, Parks and Maintenance Departments. Outlays for the operations and equipment in these very necessary components, exclusive of the itemized projects above, have a cumulative grand tally in excess of \$4.2 million.**

**A department continuing to escalate in services, and revenues generated, is that of Building and Zoning—often referred to as Permits and Inspections under Director Chris Riggs. This department issues all building permits and makes the inspections, grants and enforces all health standards and is in charge of zoning applications and enforcement of the complex regulations. So much of what ultimately comes to fruition in the City starts here. The expenses, as well as revenues, will each approach three-quarters of a million dollars. When addressing this segment, it is worthy of note that the recently adopted revised Comprehensive Development Plan dictates the Zoning Ordinance conform to the Plan. As a result, Council is taking proposals for the writing of these revamped regulations. The anticipated tab: \$100,000.**

**While it costs the City a little over a half million dollars to operate and contrastingly generates almost three times that amount, the Municipal Courts demonstrates it's highly acclaimed efficiency and gives people who are not always enamored with coming to the City a positive and professional perspective on the manner in which their tickets are handled. For this, Court Director Nicole Nguyen and her staff as well as the Judge, Prosecutor and Bailiff deserve commendation. A recently implemented night court has demonstrated the efficiency of the department, even under expanded responsibilities and pressures.**

**The obligations and functions of the General Administration continues to expand. With not only all of the responsibilities for meetings, elections, newsletters, notices to the public as well as this Budget Message and the State of the City, the department continues to produce quality products. It is no small feat that Tomika Lewis, the new City Secretary and her assistant, Nici Browe, have stepped into some very big shoes left by retirement and are endeavoring to not only provide maximum efficiency but implement innovations which will help with serving citizens. The tally of this operation is \$1.6 million.**

**This Budget could not be presented without the most capable assistance of the City's Finance Director, Karen Austin. While it is referred to as the Finance Department, which includes accounting and auditing components, it also has the responsibilities of human resources, health insurance and property insurance. The cost, in spite of these significant responsibilities is slightly more than \$400,000.**

**An area of significant attention—with a recently adopted ordinance is animal control. This is under the auspices of the Humane Department. Many are watching the City's progress in regards to a more humane treatment of animals, especially cats and dogs. A committee of citizens and interested parties will be convening to make recommendations and some revisions to the new ordinance. While no money was placed in the budget for a new animal shelter, in view of current arrangements with the City of Missouri City, there will be a focused effort to develop a program including a site and facility for the day, which may be coming sooner than later, when the city must provide its own animal shelter. The anticipated cost this year is just over \$110,000.**

**Throughout this budget the Stafford Economic Development Corporation is providing significant support for various projects. As indicated at the beginning, the corporation has a new Executive Director who will be exploring numerous pursuits to elevate and enhance our economy. In addressing this corporation with a board of seven headed by President Wen Guerra, the maintenance, landscaping and improvements to the US 90-A and US 59 corridors are noteworthy—and continues to impress hundreds of thousands of motorists with its appealing view as they travel from Houston to Sugar Land. As indicated, major street projects will require funding from the corporation and in several instances, assistance from the Fort Bend Mobility bonds. One of the SEDC important responsibilities is providing for all of the Stafford Centre’s needs. This moves us into a discussion of that outstanding facility.**

**The Stafford Centre will be under close scrutiny as a result of the impressive Theater/Convention Center facilities in Sugar Land which will be opening this January. The SEDC has been the main stay in keeping the Stafford Centre with its outstanding Performing Arts Theatre and Convention Center in prime condition. Further a new marquee is being erected within the month. This budget affords several most beneficial**

**improvements in order to maintain its outstanding condition and make the Stafford Centre even more appealing. As part of the assessment and review of the Centre's expansive grounds, a consulting firm CBRE, has been retained to make a thorough analysis for the expansion and continued excellence of this impressive venue.**

**In addressing the Stafford Centre we would be remiss not to extol the virtues and outstanding achievements of this most impressive widely acclaimed facility. It has truly garnered the attention and admiration of tens of thousands of people and has encouraged not only Sugar Land but several of our neighbors to consider a similar type of project. The revenues and utilization of the Centre continues to grow, making it truly the most recognizable feature of the City.**

**A companion and forerunner to the Stafford Centre is the Civic Center both of which are overseen by Susan Ricks. Built thirty years ago, many still consider it one of the prime gathering venues in this County with a most flexible multi-purpose capability. This year, as in past years, it will not only be well maintained but will receive highly beneficial improvements to the audio and lighting. Now moving into its fourth decade the Civic Center**

**continues to be a most well received and appreciated facility.**

**Another primary revenue stream is the Hotel Occupancy Tax, derived from our 23 hotels and motels which will contribute a \$1.2 million. Funds from this tax are used for the Civic Center, Stafford Centre as well as tourism and the arts.**

**A feature that the City continues to provide and which has served its citizens, especially our children and many neighboring groups is our Municipal Pool. While many other cities have found it, in their view, inexpedient to have such a facility, Stafford is acclaimed for providing one of the best outdoor municipal pools in the area. It is not only used for fun, lessons and competitions but serves as a basis for our swim team and for some neighboring swim groups to practice and hone their swimming talents. One of the most important utilizations of this fine facility is to give the elementary school students of SMSD swimming lessons. Operating and improving this very special facility has a price tag of approximately \$250,000.**

**An accomplishment of this City which no other city can claim is the creation of a breakaway school district**

**namely the Stafford Municipal School District. Not only did the City bear all costs and responsibilities for the district's contentious establishment, it has continued for more than three decades to fund numerous support services for the district. These include policing, which are often referred to as resource officers, use of facilities consisting of the Civic Center, Pool and the Stafford Centre. Couple that with a host of special items, not the least of which is providing a lobbyist for the district. Most importantly the district avails itself of the City's Emergency Management Coordinator and Police Officers to provide the safest possible environment for the children attending SMSD. Recently, the district has made some very notable achievements. Still it is most important and the budget provides for the enticing of all Stafford students to attend SMSD, striving for the elevation of academics, seeking to have diversity in SMSD commensurate with that of the City's population and providing a system for selection of the most capable of transfer students (commonly referred to as LOE's) and limit those students to the number necessary to avoid Robin Hood payments.**

**With the election of Mayor Sylvester Turner in Houston and the strong advocacy of his support for a US 90-A commuter rail line extending to Fort Bend**

**County once more funds are provided to assist in encouraging that pursuit and effort. Indications are positive but this elusive goal enters its seventeenth year.**

**In discussing the budget an imperative is to address cash funds in both the City's and SEDC's accounts. Entering the new fiscal year there are cash funds, many of which are restricted. These total \$17,650,000. Similarly cash funds currently in the SEDC accounts tally up to just short of \$16 million. Considering the downturn and especially the negative impacts on our largest economic generators, the oil and gas related businesses, this demonstrates a strength worthy of acknowledgement.**

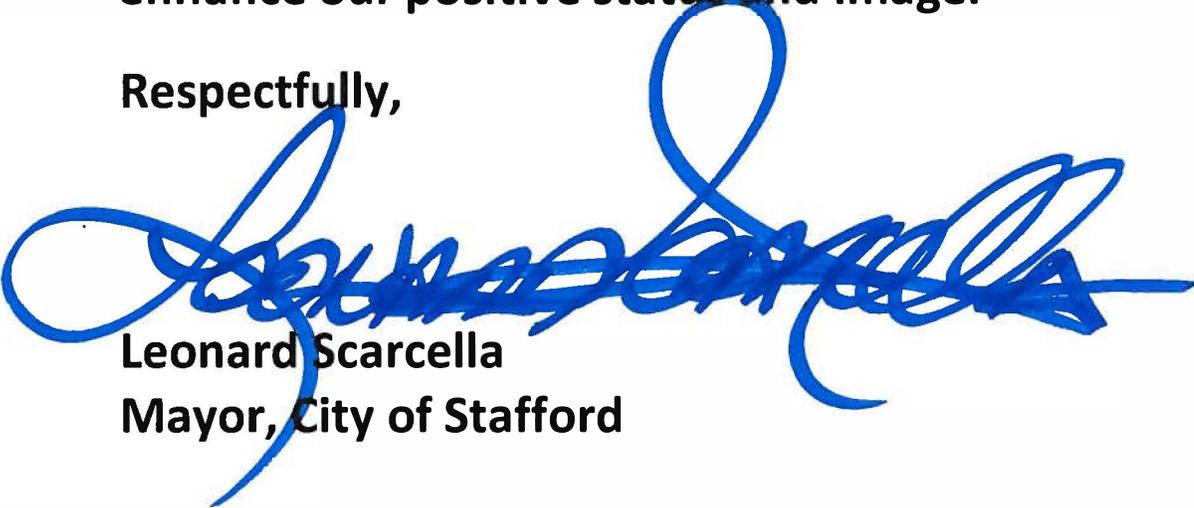
## **CONCLUSION**

**In spite of the struggles of our local and national economies, the prospects for Stafford going into 2017 are quite positive. The developer of the widely anticipated 192 acre former Texas Instruments property, namely Street Level, has indicated just this past week that they are in a more aggressive mode for moving forward with the project. Although clearly struggling, most analysts are predicting an upturn in the oil and gas industry in 2017. Couple this with the significant layoffs**

across not only this state but in the country, most companies have apparently reached a level of obtaining a lean and efficient staff and conditions for improved profitability.

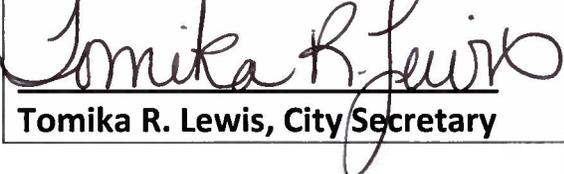
This considered we still go full circle to the “incredible” benefits of the zero property tax, and the corollary of living within our means. By promoting our economy, being very careful with our spending, addressing necessary changes in this most volatile world, Stafford should see the coming fiscal year as a prospect that not only moves this City forward, but continues to enhance our positive status and image.

Respectfully,



**Leonard Scarcella**  
**Mayor, City of Stafford**

I CERTIFY THAT THE BUDGET MESSAGE OF FISCAL YEAR 2016-2017 WAS SUBMITTED BY THE MAYOR TO THE CITY SECRETARY ON SEPTEMBER 6, 2016.



**Tomika R. Lewis, City Secretary**