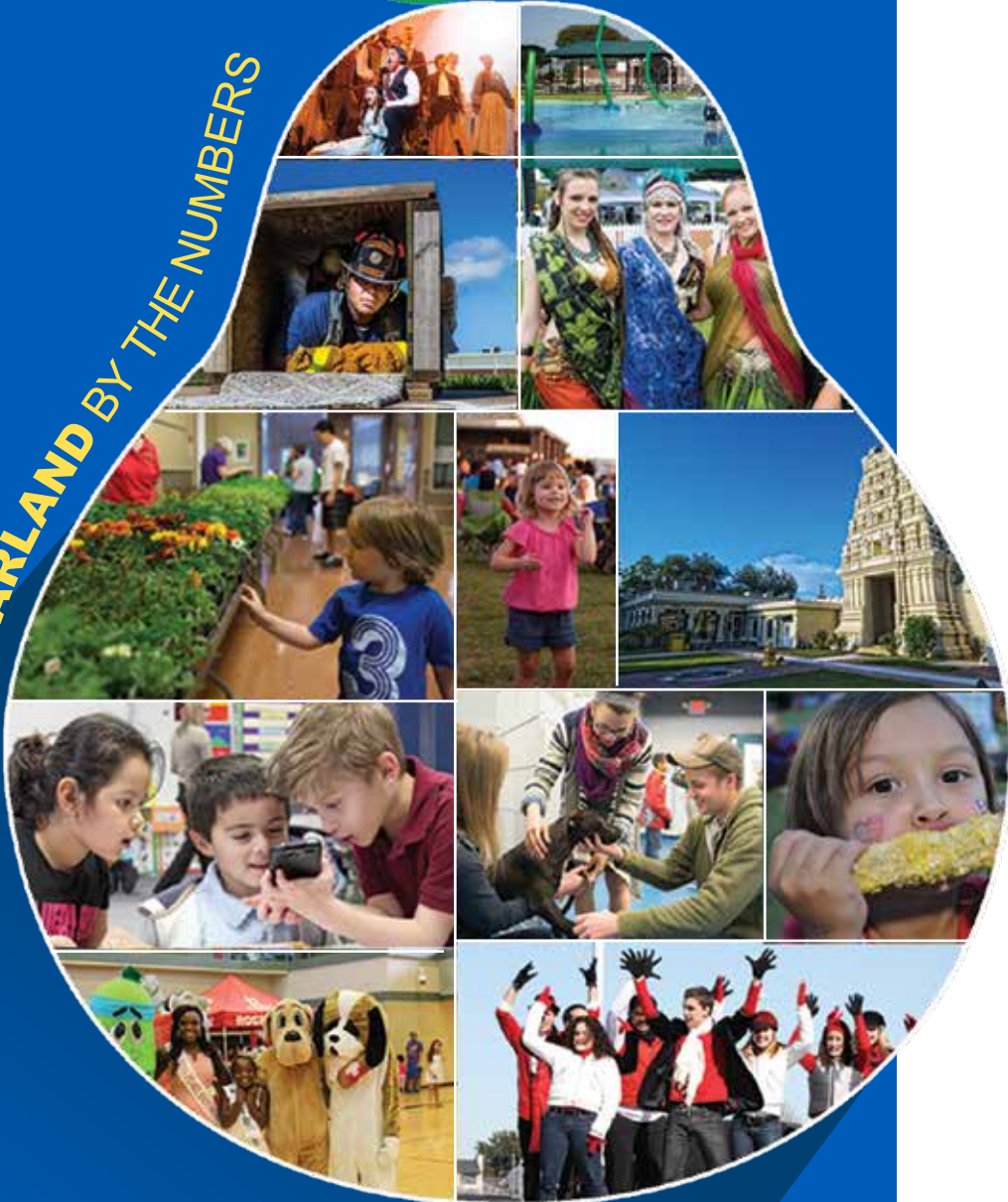


PEARLAND BY THE NUMBERS



CITY OF PEARLAND
CALENDAR
& ANNUAL
REPORT
2015



You're in the Right Place

Pearland at a Glance



Tony Carbone,
Councilmember
Position 1

Scott Sherman,
Councilmember
Position 2

Gary Moore,
Councilmember
Position 3

Greg Hill,
Councilmember
Position 5

Tom Reid,
Mayor

Keith Ordeneaux,
Mayor Pro Tem,
Councilmember
Position 4

THE CITY OF PEARLAND CITY COUNCIL

Current City Limit - 47.6 square miles

Current Extraterritorial Jurisdiction - 21.4 square miles

Total Pearland area: 69 square miles

Source: 2013 American Community Surveys

Estimated Total Population: - 130,100

Source: City Limits: U.S. Census and City of Pearland Building Permits
ETJ : County data from GIS

Median Household Income - \$105,208 - Pearland,
\$51,704 - State of Texas

Source: 2013 American Community Survey

Average Home Sale Price - \$193,000

Source: 2012 HAR/MLS

**Education - Hold Graduate or
Professional Degrees** - 16.8%

Source: 2013 American Community Survey

College Degrees - Bachelor's Degree or Higher - 46%

Source: 2013 American Community Survey

Resident Satisfaction - 92% of residents feel the
quality of life in their neighborhood and in Pearland
overall is good or excellent

Source: City of Pearland 2013 Citizen Survey

Unemployment Rate - 4.8% - Pearland, 7.4% - National

Source: 2013 Texas Workforce Commission & Bureau of Labor Statistics

Visitor Spending - \$127 million (2013)

Source: Dean Runyan Associates,
Portland Oregon for the Economic Impact of Travel on Texas

Local Tax Revenue from Visitors - \$3.24 million (2013)

Source: Dean Runyan Associates,
Portland Oregon for the Economic Impact of Travel on Texas

Hotel Occupancy Tax revenue - \$1,150,360 million (2013)

Source: City of Pearland Finance Department

ABOUT PEARLAND

Pearland is located in the Texas Gulf Coast Region in northern Brazoria County with a small portion of the City in Fort Bend and Harris counties.

The innovative, fast-growing community is approximately 20 minutes from downtown Houston and 8 miles from the Texas Medical Center.

OUR CORE BELIEFS

The City of Pearland is the innovative leader for delivery of quality services.

WE ARE –

Responsive:

We anticipate and respond to the real and perceived needs of citizens.

Results-Oriented:

We have a clear focus on solving problems.

Trust-Builders:

We develop and maintain the trust of those we serve and those who serve with us.

Accountable:

We demonstrate a clear commitment to these principles through our actions.

Pearland is a big, diverse community with 110,000 residents plus visitors who appreciate their choice to be here. Pearland has great location, public schools, neighborhoods, friendly people, safe streets, and great entertainment. The garden that is Pearland is big. It has well-prepared soil. It is planted with a great mix of flora that ranges from the life-sustaining to the aesthetic. But it is still a young garden. It is not self-sustaining and in many ways will always be interdependent with our surroundings. The fully-blossomed, though still young community has not yet completely taken root.

Planting seeds for the
FUTURE



The City of Pearland seeds have sprouted and are beginning to take root, but they are still a ways from having the firm network of root support that brings a plant to full bloom.

The seeds are the investments that have been made around the City, our garden, the shape of which will ultimately be determined by the plans we have adopted and executed. We have plans for systems of roads, parks, water, stormwater, sanitary sewers, and facilities. Just as bigger, stronger roots and cells thrive with proper care and watering, our utilities and transportation networks will lead to community growth with our tending. The City of Pearland has established roots with thoroughfares like Magnolia Road from east to west and Cullen Boulevard from north to south. We have planted trees and other landscaping in our parks that attract residents to those amenities. Pearland has an appropriately aggressive Capital Improvement Program to continue nurturing the growth of the community. With some of the projects from the voter-approved 2007 Bond Issue still working towards completion, Pearland continues to grow a latticework of sustainable infrastructure. That work has gotten Pearland off to a good start, but such rapid growth can expose some vulnerabilities.

We have grown, but do not yet have all of the needed support structures in place to maintain every plant yet alone the whole garden. We have grown, but without these structures in place cannot reap the fruits of those early plantings.



2014 Awards

The City of Pearland receives recognition for a number of its service programs and activities. In 2014, the City's commitment to providing quality programs and services for residents resulted in receipt of the following awards:

COMMUNICATIONS

Silver Excalibur Award

Calendar and Annual Report
Public Relations Society of America

Bronze Quill Award of Excellence

Pearland Connect
International Association of Business Communicators

Bronze Quill Award of Excellence Best in Division

Calendar and Annual Report
International Association of Business Communicators

TAMI Award of Excellence

Share the Love Campaign (2 awards)
Pearland Connect
Texas Association of Municipal Information Officers

Silver Circle Award

Share the Love Campaign (2 awards)
City-County Communications
& Marketing Association (3CMA)

Award of Excellence

Calendar & Annual Report
City-County Communications
& Marketing Association (3CMA)

1st & 2nd Place (respectively)

Documentary, Event Promotion
TX Association of Telecommunications Officers

FINANCE

Certificate of Achievement of Excellence in Financial Reporting - Distinguished Budget Award

Government Finance Officers Association

Platinum Leadership Circle Award for Financial Transparency

Texas Comptroller

FIRE MARSHAL

Achievement of Excellence Gold Award

Texas Fire Marshal's Association
Roscoe Gibson Award - Roland Garcia

National Fire Sprinkler Association
Outstanding Media Reporting

PLANNING

Certificate of Planning Excellence

American Planning Association (APA)

PROJECTS

Project of the Year - (Environment Category)

*Barry Rose Wastewater Treatment Plant
Rehabilitation project*
Texas Public Works Association

Richard Ridings Community Involvement Award,
Cara Davis
Texas Public Works Association

PARKS AND RECREATION

Photography Award

1st Place Program

Spirit of a Team (PISD at a swim meet in a circle)
Texas Recreation and Parks Society

2nd Place Program

Family Picnic (@ Independence Park)
Texas Recreation and Parks Society

3rd Place

Special Event Taps (EMS playing the bugle @ (4th))
Texas Recreation and Parks Society

Honorable Mention

Policy Tools (Operations/Maintenance)
Park Standards Manual HGAC

Budget Overview

GENERAL FUND

The General Fund accounts are used to finance the fundamental operations of the City. This fund covers all activities for which a separate fund has not been established. The City's primary sources of revenue are property and sales and use taxes, franchise fees, licenses and permits, and fines and forfeitures.

EXPLANATION OF BUDGET PURPOSE AND PROCESS

One of the vital functions of the City Manager is to establish and maintain internal control procedures designed to ensure that the assets of the City are protected and used efficiently. These internal controls include a budget (required by state law) that covers the proposed expenditures of the government and contains a complete financial statement. The Fiscal Year 2015 budget was adopted September 2014 and can be found on the City's Web site, pearlandtx.gov.

GENERAL FUND REVENUE OVERVIEW

The City's General Fund Revenue, including transfers in and other financing sources (leases), is \$63.7 million. That total, excluding lease purchase proceeds; is a 5.6% increase from the prior fiscal year-end estimate, excluding lease purchase proceeds and the one time sale of property.

This Budget includes an increase in fees for development, planning, and health services to reflect the cost of services so that the safety and compliance reviews completed are paid for by the individuals requesting service, and not overly subsidized by existing residents and businesses. As part of the review of current cost of service compared to fees charged, a comparison of nearby large cities was completed showing areas where the City could competitively charge more. Because of these changes, additional revenue of \$335,930 is projected.

Excluding the fee increases, we are budgeting slightly less in FY 2015 than FY 2014 for licenses and permits, being conservative in anticipating future private development not keeping up quite the torrid pace recently seen.

For General Fund Operations, Sales and Use Tax has been our most significant revenue stream at 28% of operating revenue. Sales tax revenue is equivalent to approximately \$0.25 of the property tax rate. Even with the sales tax growth, the total available to the General Fund does not provide adequate funding for the City to offer a healthy mix of services for our citizens and visitors. The pay-off of higher values seems close, but not yet here. With residential values of existing homes increasing and more retail with higher value sales, a solid future in three years is achievable with continued focused work.

Sales tax is more volatile than property tax and needs to be regularly monitored. Reserves must be available for adjusting to unexpected fluctuations in receipts during the year. The FY 2014 budget projection of \$16.8 million is off by 2.4% compared to the budget, which depending on the remaining months in this fiscal year could result in a \$420,000 shortfall. With the nature of sales tax, we have set a target to have a more conservative 20% General Fund unencumbered fund balance through the life of this budget and multi-year financial plan.

The FY 2015 Budget includes an increase of \$.007 to the Operating and Maintenance property tax rate. The increase was included in the financial plan last year and provides \$481,380 in additional revenue to reflect increased cost of services, including maintenance and operations of new capital projects like Fire Station #3, Max Road Sports Park, etc.

Residential properties represent 66% or two-thirds of the property value tax base. The additional proposed on the operating tax component of the tax rate, equates to \$10.50 on a \$150,000 house and \$21 on a \$300,000 house and so on. Thus, the total proposed tax rate of \$.7121 generates \$402 for Operations and Maintenance and \$887 for debt service, based on an average value of \$186,000.

The information on this page is an excerpt from City Manager Clay Pearson and is included in the 2015 Budget document found online at pearlandtx.gov.

EXPENDITURE OVERVIEW

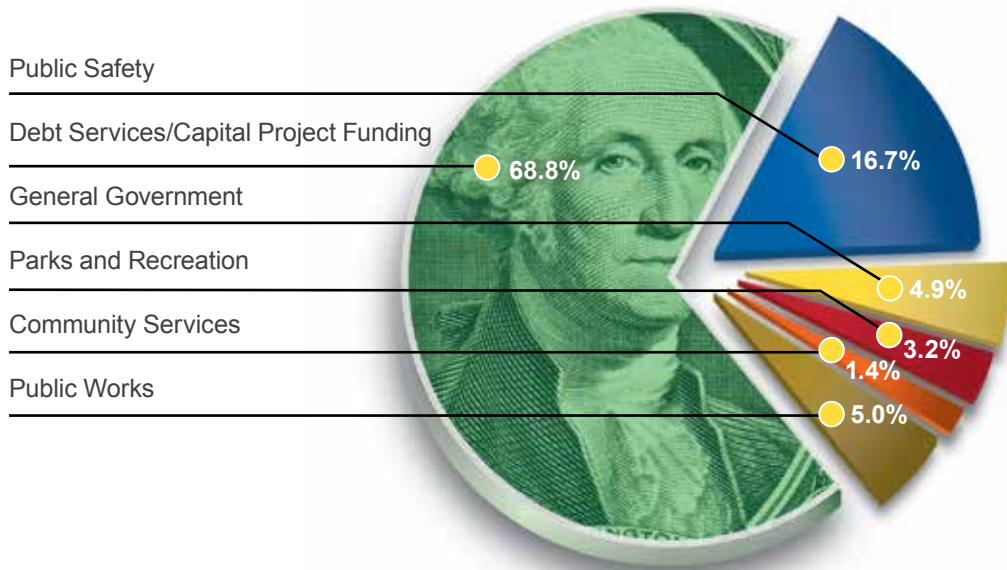
Local government is an operation geared to the health, safety, and welfare of its residents and visitors. For that reason, more than half (52%) of General Fund expenditures are dedicated to Public Safety (Police and Fire/EMS). For the past two years, public safety expenditures have had a double-digit growth rate, 16.8% and 14.5% in FY 2013 and FY 2014, respectively. This growth was associated with the improved coverage for Fire/EMS operations with facilities, equipment, and staffing.

Overall General Fund Expenditures, including transfers out are up 1.8% from FY 2014 projections. Operating expenditures without the transfers out are up 3.8% from FY 2014 projections.

Being a "people" organization, it is not surprising that 67% of General Fund expenditures are for wages and benefits across all departments. The cost for employee health care mentioned earlier is one of the significant cost factors, but providing wages and other benefits at levels needed to recruit and retain the desired high caliber of dedicated professionals across this organization is the largest expense.

The Parks and Recreation category is budgeted at \$6.77 million in expenditures, lower than last year's budget of \$8.64 million, which is primarily a result of our reorganization transferring functions to Public Works. The contract for rights-of-way maintenance and for City facilities and custodial management has been moved to Public Works as well, where the expenditures likewise are reflected as higher in FY 2015. One of the advantages of the transplanted duties is to allow our Parks and Recreation team to zero in on their core services. We have opportunity and need to grow new service opportunities at our new facilities coming out of the ground like Max Road and the forthcoming Shadow Creek Ranch Sports Complex. Moreover, we want to deepen our programs and services with the diverse range of our resident backgrounds, including older adult services, preparing for the steadily growing aging demographic.

City Services Supported by the Property Tax Dollar



Summary of All Funds (before inter-fund transfers)

General Government	\$11,716,297
Public Safety	\$35,465,648
Community Services	\$3,060,665
Public Works	\$50,189,646
Parks & Recreation	\$6,910,155
Debt Service	\$38,887,129
Construction ¹	\$55,634,653
Insurance Coverage	\$8,176,248
Economic Development Corporation	\$3,992,815
Other ²	\$1,312,953
TOTAL EXPENDITURES	\$215,346,209

1 - Construction includes streets, facilities, drainage, parks, water and sewer

2 - Other includes Special Revenue Funds

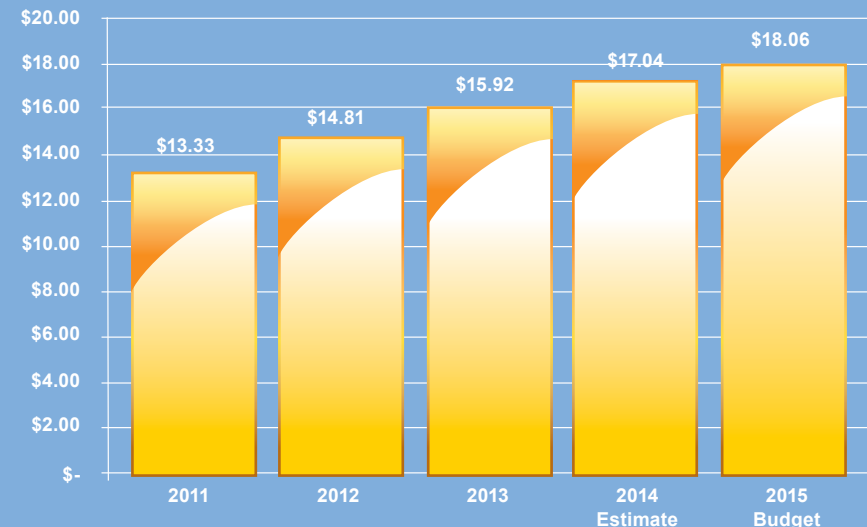
Property Tax Rate 5-Year Comparison

Pearland's property tax rate for Fiscal Year 2015 is \$0.7121. This is a slight increase (0.007 cents) above the Fiscal Year 2014 Tax Rate. Over the past years, the debt component has increased due to an aggressive capital improvement plan, while the operating component of the tax rate remained relatively stable due to other revenue sources. Increase in the total tax rate is consistent, yet lower than anticipated, with the 2007 bond referendum.

Fiscal Year	2010	2011	2012	2013	2014	2015
Debt Service Fund	0.4325	0.4500	0.4700	0.4900	0.4900	0.4900
General Fund (Operating)	0.2201	0.2151	0.2151	0.2151	0.2151	0.2221
Total	0.6526	0.6651	0.6851	0.7051	0.7051	0.7121

Sales and Use Tax

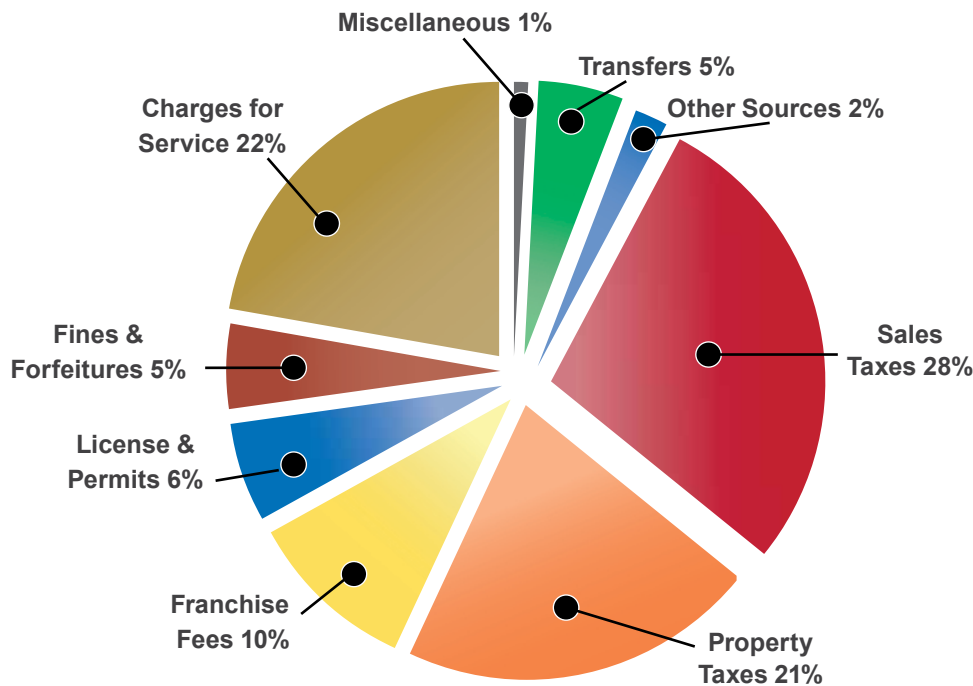
Sales Taxes, primarily composed of a one cent local sales tax collection (from the City's General Fund), are estimated to increase from \$17.04 million in Fiscal Year 2014 to \$18.06 million in Fiscal Year 2015, an increase of 6%. The sales tax revenue has increased as the local economy improves. The Pearland Economic Development Corporation also collects a half-cent local sales tax which is not reflected in the numbers below.



General Fund Revenues (\$63.7 MILLION)

General Fund Revenues - Sales and Use Tax revenue makes up 28% of the General Fund Revenues. General Fund sales tax is 1% of all taxable sales. Service charges account for 22% of the budget and include Ambulance fees, Parks and Recreation fees and administrative fees from the Tax Increment Reinvestment Zone. Property Taxes (21%) comes from the City's 0.2221 operating tax rate to fund operations. Franchise fees (10% of revenues) come from utilities (gas, cable, electric, telephone, garbage) for use of City's right of ways.

REVENUE TYPE	
Sales and Use Taxes	\$18,063,535
Property Taxes	\$13,104,208
Franchise Fees	\$6,646,438
License & Permits	\$3,922,331
Fines & Forfeitures	\$3,105,239
Charges for Service	\$14,077,727
Miscellaneous	\$611,309
Transfers	\$2,975,094
Other Sources	\$1,187,000
TOTAL	\$63,692,881



How The City Allocates Money From the General Fund (\$67.5 MILLION)

Adopted General Fund expenditures for Fiscal Year 2015 total \$67,520,359. Public Safety (Police/Fire/EMS) accounts for 52% of the budget as services are provided 24/7. There are 647 positions (full and part-time) in the General Fund of which 370 or 57% are Public Safety related.

DEPARTMENT	%
Police	34.4%
Fire	18%
Public Works	15.5%
Parks and Recreation	10%
Other Requirements/Transfers	5.7%
Information Systems	4.5%
Community Services	4.4%
Finance	3%
HR/Legal/Library	2.9%
General Government	1.7%

