



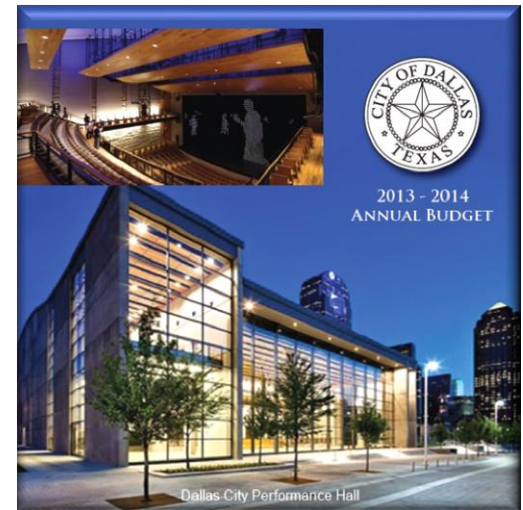
# **City of Dallas**

## **Proposed Annual Budget for Fiscal Year 2013-14**

Recommended by A.C. Gonzalez  
Interim City Manager  
Wednesday, August 7, 2013

# Agenda

- Summary of City Manager's Proposed Budget for FY 2013-14
- Economic indicators
- Financial summaries
- Key Focus Area highlights
- Other funds overview
- State taxation law requirements
- Financial forecast beyond FY 2013-14
- Schedule for August/September 2013
- City Auditor's opinion and revenue review



# FY 2013-14 Budget Summary

- **Proposed budget is fiscally responsible and strategically invests in improving the quality of life in Dallas**
- FY 2013-14 budget is balanced and totals \$2.81 billion
- Continued improvement seen in local economy demonstrated by 4.27% growth in property values and sales tax collections remain strong
- No property tax rate increase
  - Rate to support general fund and debt service remains at \$0.7970 per \$100 of valuation
  - Tax rate required to pay debt service reduced to less than 30%



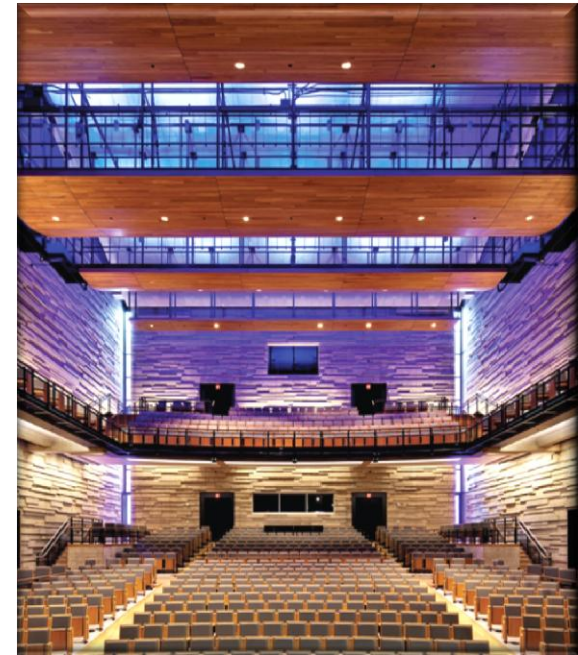
# FY 2013-14 Budget Summary

- Budget continues to restore and add to most critical services reduced during economic downturn:
  - 20 additional police officers above attrition
  - Fund one step pay increase to retain newer officers
  - Paramedic training for firefighters
  - 10 additional 911 call-takers & training
  - Additional funds for street maintenance
  - Library materials and computers
  - Improve maintenance of park land
  - Investment in Fair Park programming and marketing



# FY 2013-14 Budget Summary

- FY 2013-14 budget is balanced but reflects cautious optimism in the economy
- Budget reflects Council's guiding principles focusing investment in Key Focus Areas:
  - Public Safety
  - Economic Vibrancy
  - Clean Healthy Environment
  - Culture, Arts, & Recreation
  - Educational Enhancements
  - Efficient, Effective, & Economical Government (E<sup>3</sup>)





**City of Dallas FY 2013-14 Proposed Budget**

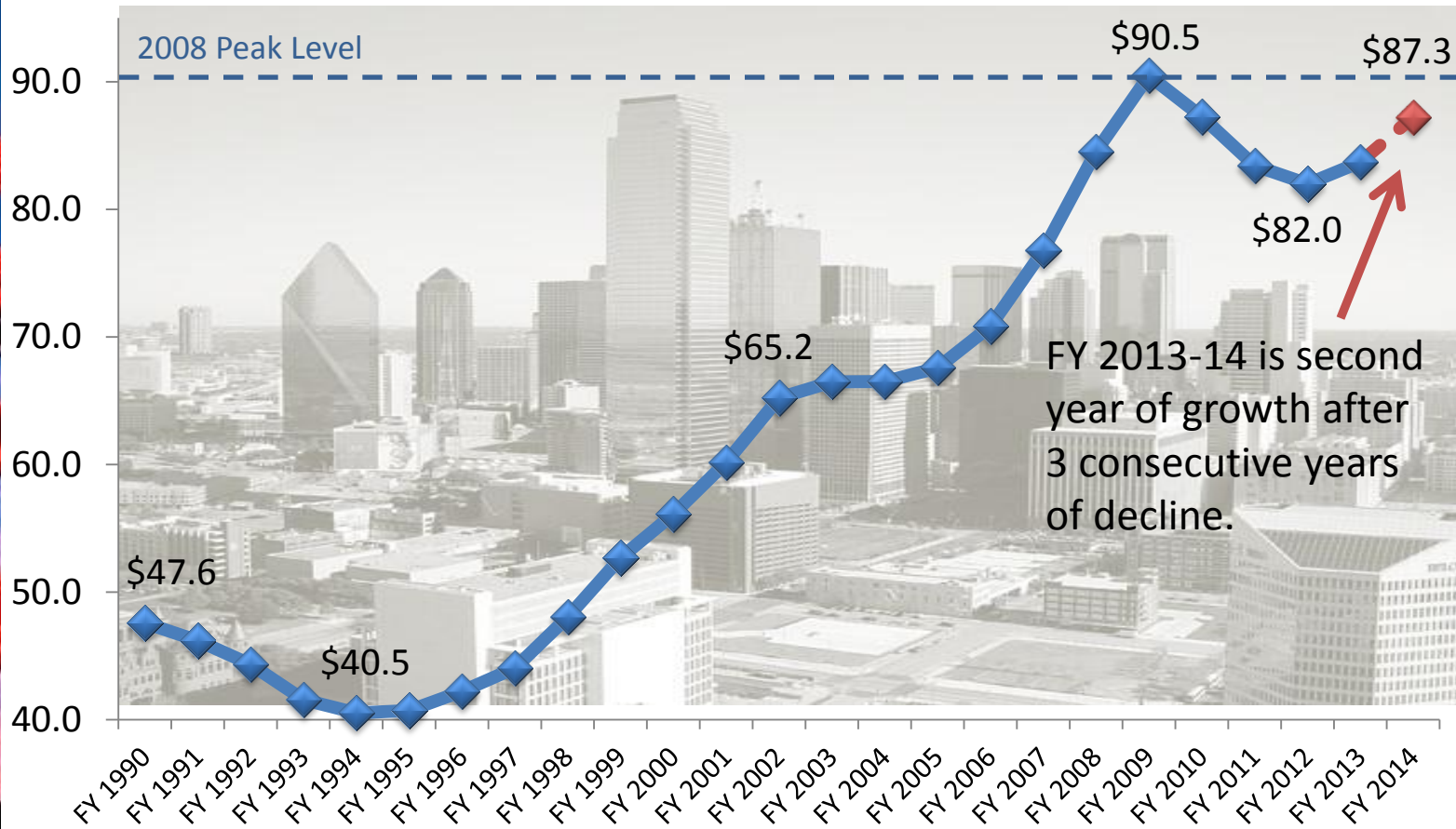
# **ECONOMIC INDICATORS**

# FY 2013-14 Economic Indicators

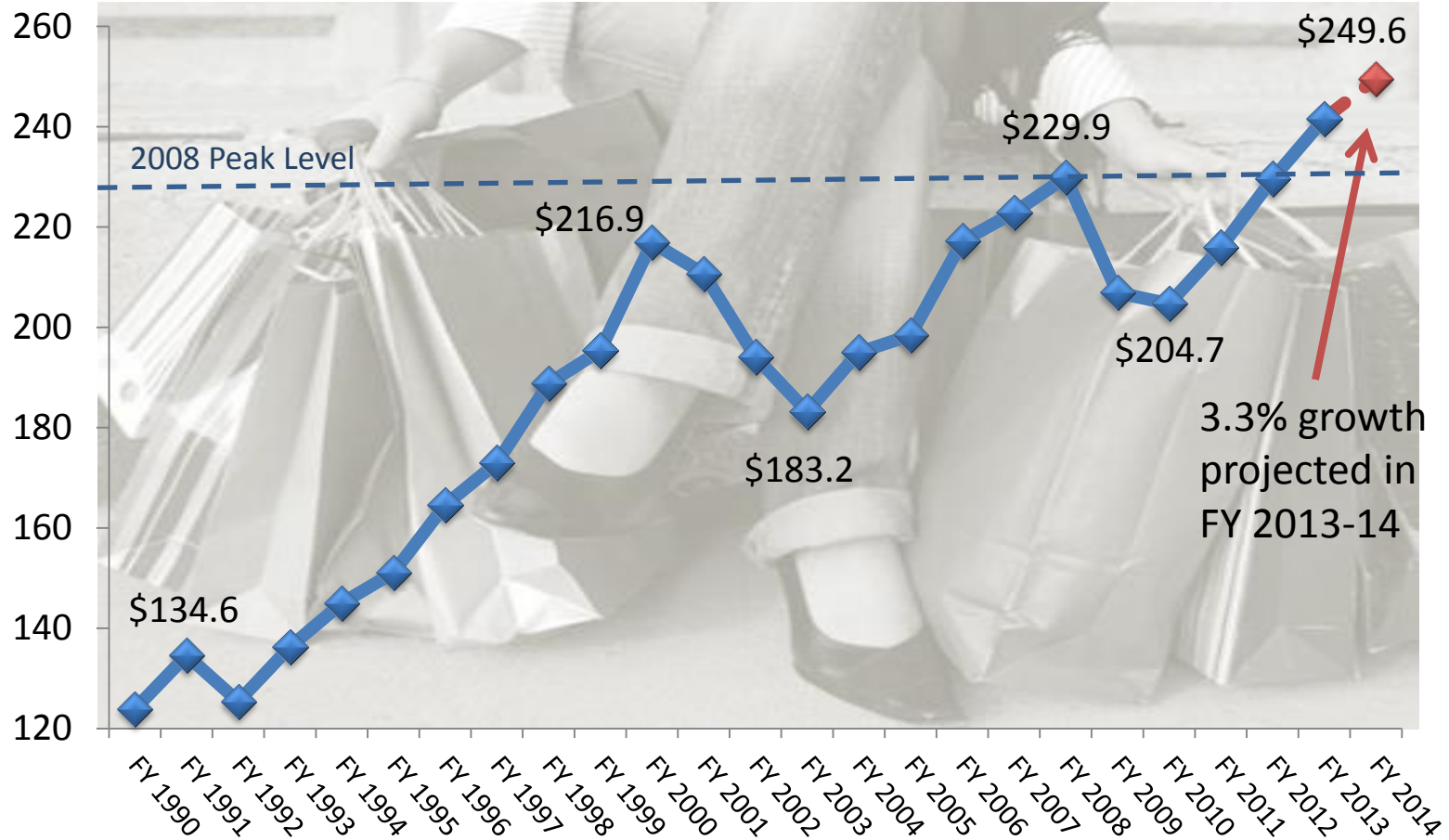
- Dallas continues its post-recession stabilization and is experiencing areas of measured economic growth
- Although this period of growth is expected to continue, the City maintains a cautionary approach anticipating further growth in property values but moderating growth in sales tax



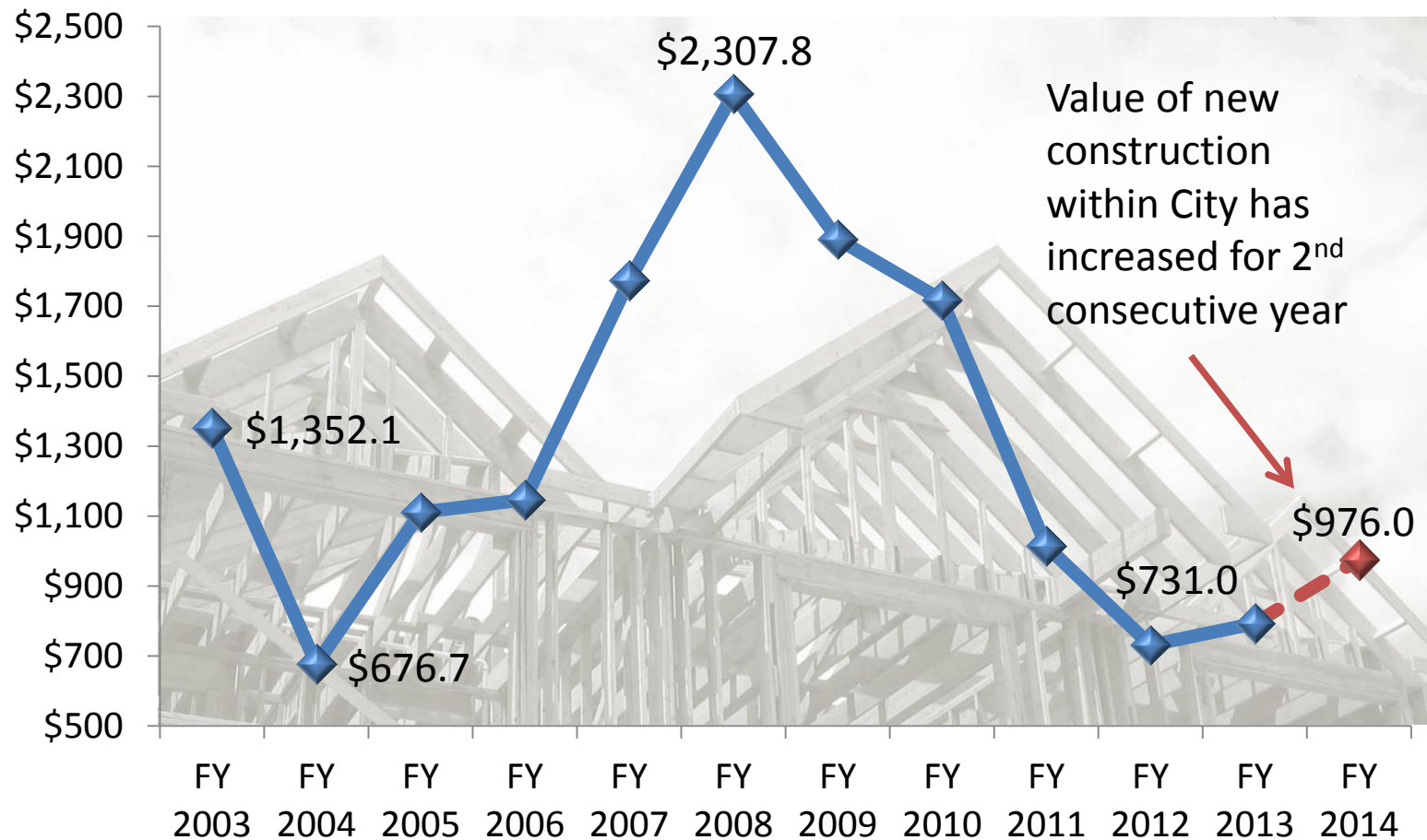
# Property Tax Base Values (\$ in Billions)



# Sales Tax Revenue (\$ in Millions)



# New Construction Appraised Values (\$ in Millions)



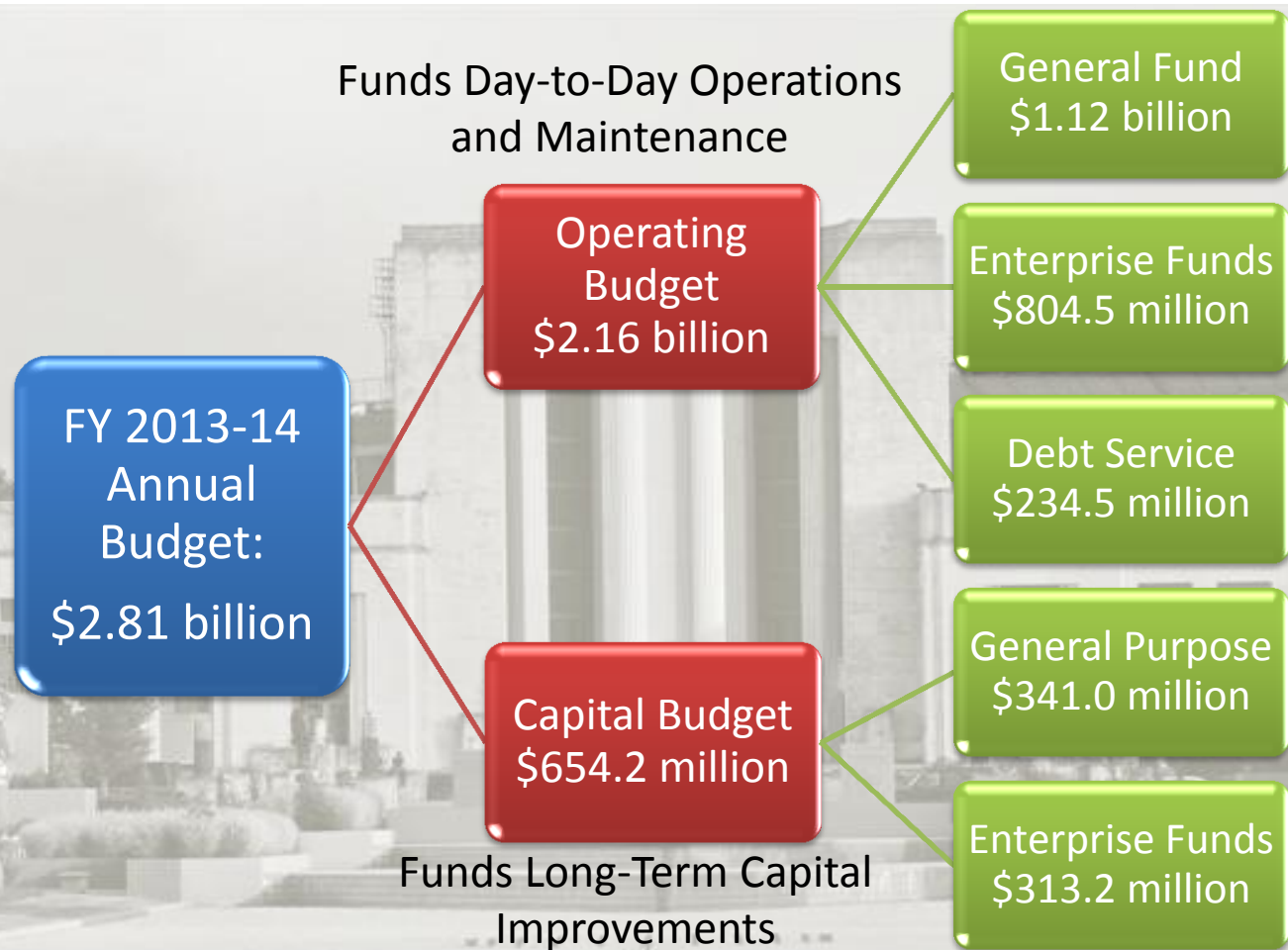


## City of Dallas FY 2013-14 Proposed Budget

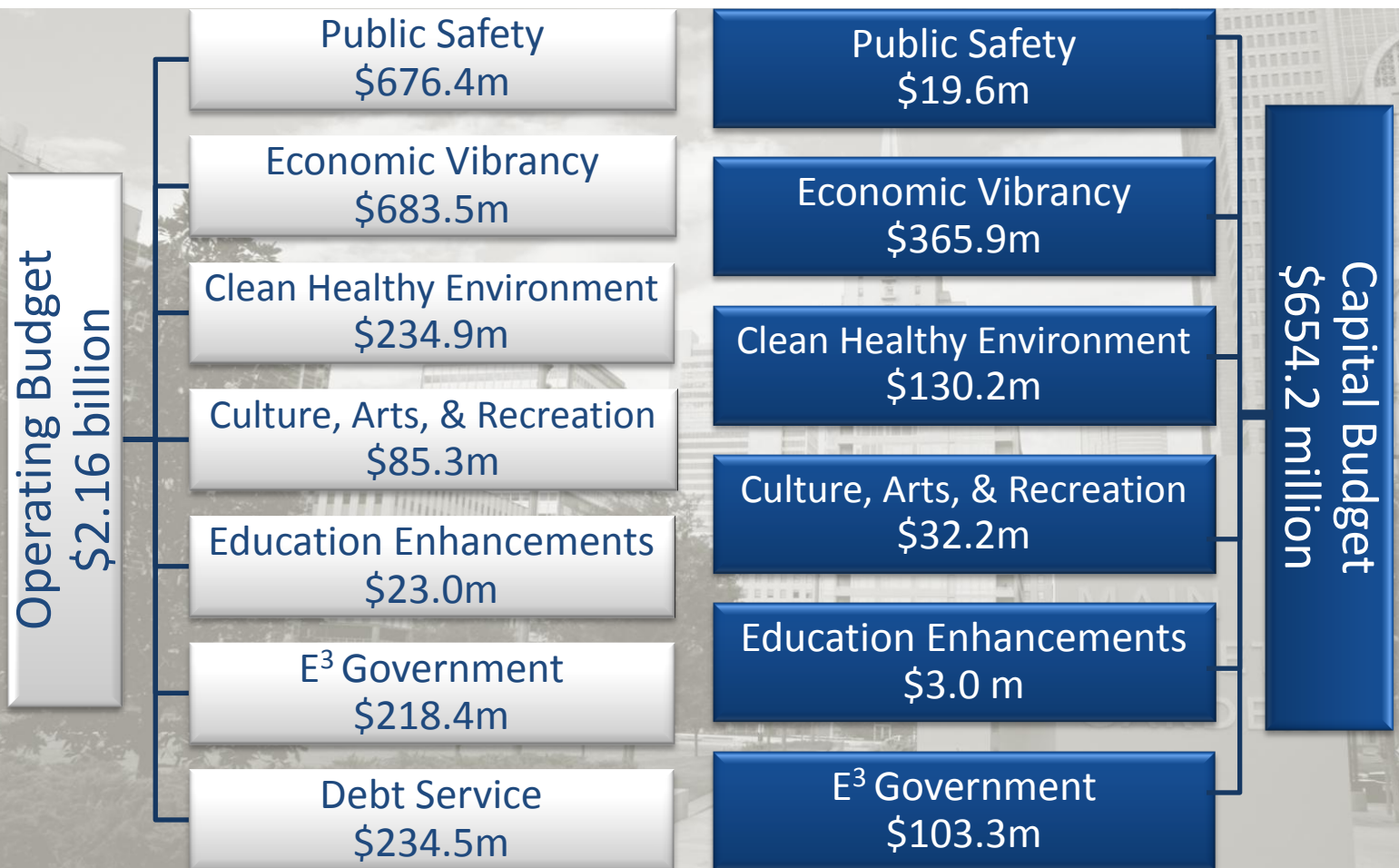
# FINANCIAL SUMMARIES

# FY 2013-14 Proposed Budget

## All Funds



# FY 2013-14 Proposed Budget Expenses by Key Focus Area



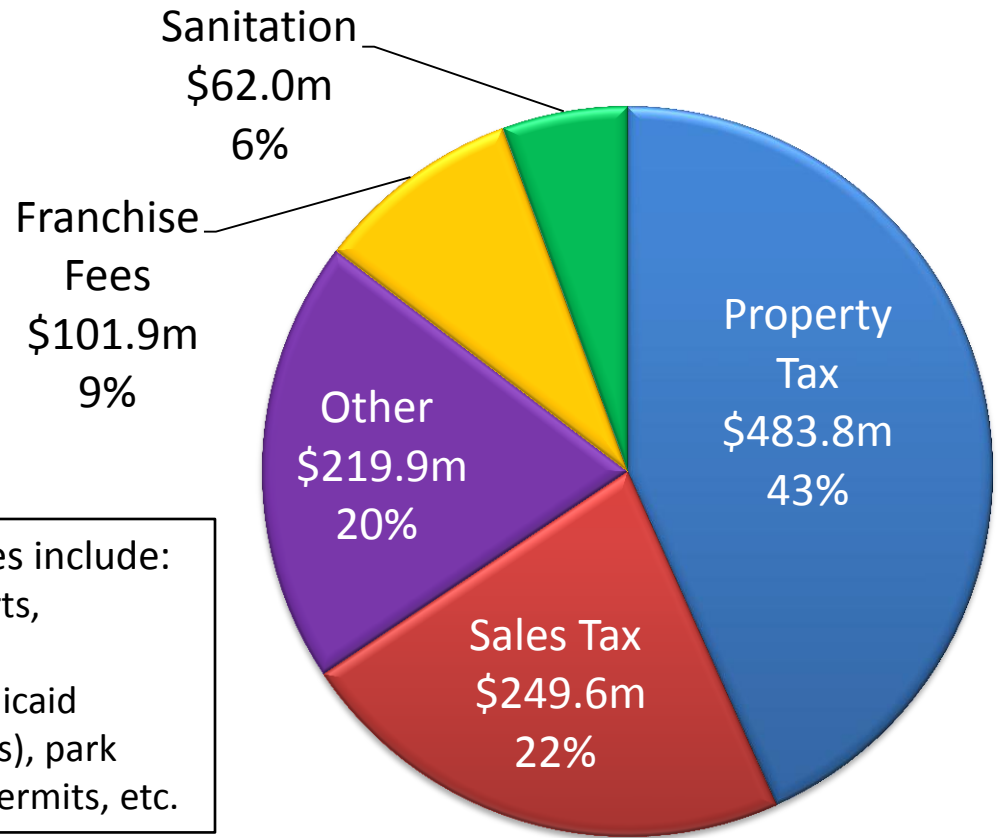
**Total FY 2013-14 All Funds Budget: \$2.81 billion**

# FY 2013-14 General Fund Revenues

FY 2013-14 revenues total \$1.12 billion

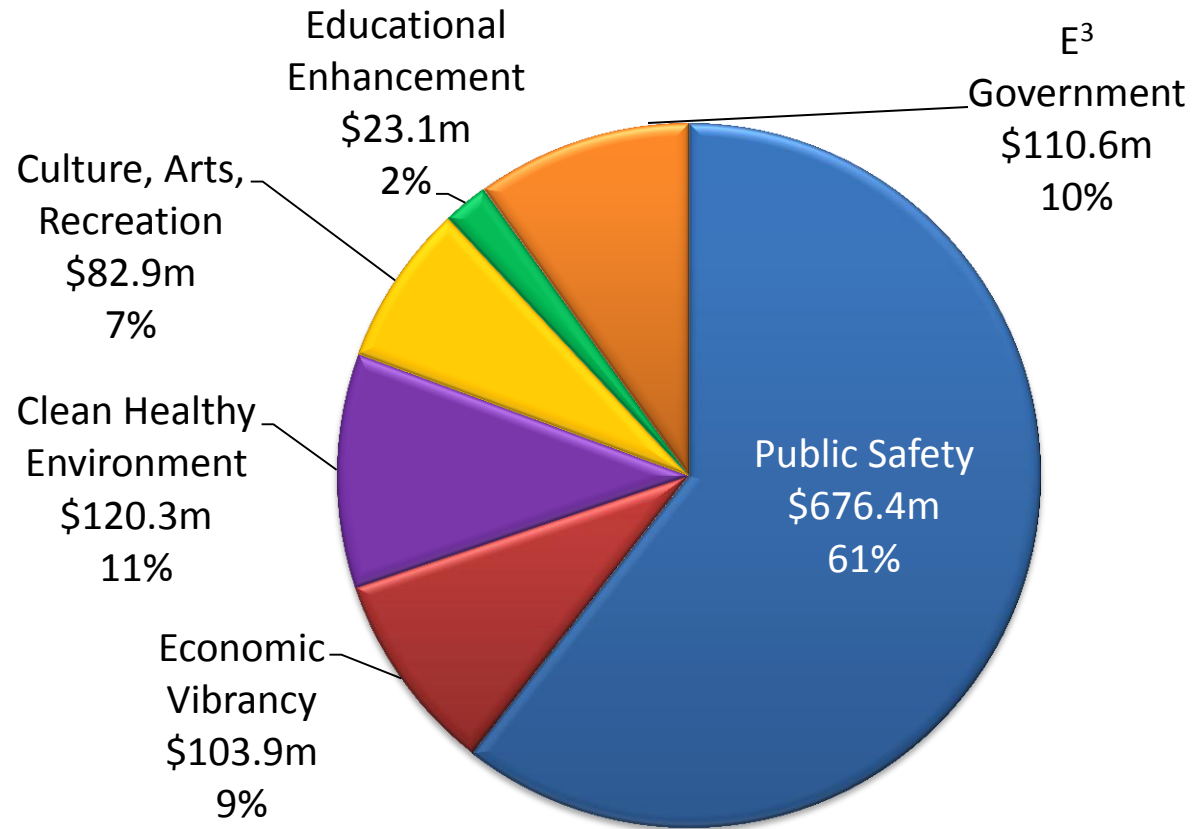
Franchise Fees include:  
-Electric, gas, phone, and  
cable franchises

Other Revenues include:  
-Municipal courts,  
fines, EMS fees  
(Medicare/Medicaid  
reimbursements), park  
fees, licenses/permits, etc.



# FY 2013-14 General Fund Expenditures by KFA

FY 2013-14 expenditures total \$1.12 billion



A blue-tinted photograph of the Dallas skyline. In the background, the Reunion Tower stands prominently. To its left, a church with a tall steeple is visible. In the foreground, a modern building with a large, white, ribbed canopy structure is shown. The scene is reflected in a body of water at the bottom.

**City of Dallas FY 2013-14 Proposed Budget**

# **KEY FOCUS AREA HIGHLIGHTS**

# Key Focus Area: Public Safety-Overview

- Goal: Enhance public safety to ensure people feel safe & secure where they live, work, and play
- Public safety services include:
  - Fire and rescue emergency response
  - Emergency medical services
  - Police field patrol
  - Lew Sterrett jail contract and City detention center
  - Narcotics, criminal investigations, vice, police intelligence, etc.
  - Police Special Operations such as mounted, helicopter, tactical, traffic, and Love Field
  - Municipal court services
  - Security services for City facilities



# Key Focus Area: Public Safety-Highlights

- Hire 20 additional police officers above attrition to begin addressing population growth
- Fund one step pay increase and full-year education pay for uniform police and fire personnel
- Fund 10 additional call-takers and training in 911 center
- Replace 183 police squad cars
- Increase number of firefighters receiving paramedic training and begin community paramedic pilot program



# Key Focus Area: Economic Vibrancy-Overview

- Goal: To foster a growing economy sustained by a healthy mix of local and international business opportunities
- Services for Economic Vibrancy include:
  - Traffic safety and congestion management
  - Street Service maintenance areas including street repairs, slurry seal/micro-surfacing, etc.
  - Street maintenance - asphalt and concrete
  - Economic development initiatives such as area redevelopment, international business, small business, etc.
  - Operation and maintenance of Fair Park
  - Street lighting



# Key Focus Area: Economic Vibrancy-Highlights

- Add \$3m for preventative street maintenance
  - Additional 105 lane miles addressed  
(from 489 miles in FY 2012-13 to 594 in FY 2013-14)
- \$2m investment in and around Fair Park
  - Funds programming and marketing to increase foot-traffic and utilization
- Continue to fund bike lane striping at \$500k
- Funds initial work to upgrade City's traffic signal system leveraging Federal grants





# Key Focus Area:

## Clean Healthy Environment-Overview

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- Goal: Develop a sustainable community with a clean, healthy environment
- Clean Healthy Environment services include:
  - Sanitation services
  - Environmental initiatives
  - Neighborhood code and nuisance abatement
  - Animal services



# Key Focus Area:

## Clean Healthy Environment-Highlights

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- Address neighborhood cleanliness by expanding demolition, mow clean, and Mow-mentum programs
- Add new positions for food sanitarians and mosquito control
- Provide additional support to The Bridge
- Enhance senior transportation program
- Add new positions to continue environmental protection work including environmental assessments of City properties



# Key Focus Area:

## Culture, Arts, & Recreation-Overview

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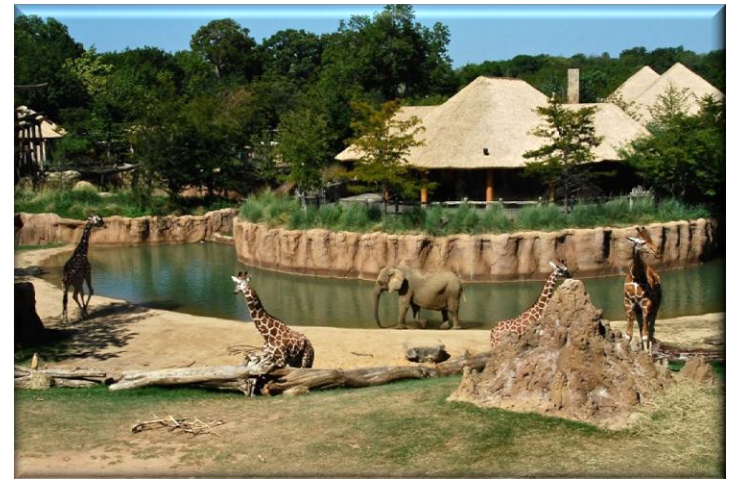
- Goal: Promote a community where citizens and visitors enjoy a vibrant and diverse system of cultural, arts, and recreation opportunities
- Culture, Arts, & Recreation services include:
  - Cultural service contracts
  - City cultural centers and facilities
  - Recreation centers
  - Maintenance of park land
  - Dallas Zoo Management stipend
  - Aquatic services
  - Golf and tennis centers



# Key Focus Area: Culture, Arts, & Recreation-Highlights

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- Improve maintenance of park land by mowing an average of every 10 days instead of 12 days
- Provide additional funds for cultural programming
- Fund programming and maintenance for Continental Bridge
- Fund contractual adjustments with Dallas Zoo Management and Dallas Black Dance Theater



# Key Focus Area: Educational Enhancements-Overview

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- Goal: Supports learning opportunities through partnerships throughout the community
- Educational Enhancement services include:
  - Central library and 27 neighborhood libraries including 2 libraries operating jointly with DISD
  - Big Thought for Thriving Minds initiative



# Key Focus Area: Educational Enhancements-Highlights

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- Restore library materials funding to peak level in FY 2007-08
- Replace 600 aging obsolete public-use computers in library system to accommodate more effective use of electronic media and online research materials
- Maintain current library service hours



# Key Focus Area: E<sup>3</sup> Government-Overview

- Goal: Responsible for customer-focused government working to enhance the quality of life in Dallas
- E<sup>3</sup> services include:
  - Legal services, financial management and reporting, independent audit, procurement, human resources, and public information
  - City-wide costs such as appraisal districts, tax collection, liability claims fund, and TIF payments



# Key Focus Area: E<sup>3</sup> Government-Highlights

- Provide additional funding for Earned Income Tax Credit program
- Add a position to monitor ethics program
- Add three positions and training in City Auditor's Office
- Continue implementation of total compensation study and fund an average 3% civilian merit increase (effective April 2014)
- Invest in technology infrastructure that enhances citizen interaction and network security
- Fund replacement of aging vehicles in the City fleet





City of Dallas FY 2013-14 Proposed Budget

# **OTHER FUNDS OVERVIEW**

# Dallas Water Utilities

- Proposed budget includes:
  - Operating budget of \$595.3m
  - Capital Budget of \$297.1m
- Total retail revenues projected to increase by 4.5%
  - Typical residential monthly bill would increase by 3.6%; from \$59.27 to \$61.37
- Wholesale revenues estimated to increase by 2.8%
- Continue commitment to provide high quality and sufficient water and wastewater service to meet customer needs
- Continue Water Conservation Five-Year Strategic Plan to reduce per capita water consumption by 1.5% a year
- Future outlook on retail rates:
  - FY 2014-15: 3.7% increase (previously briefed 5.6%)
  - FY 2015-16: 4.2% increase (previously briefed 5.4%)

# Dallas Water Utilities

Customer Usage in Range	Average Bill at Current Rates	Proposed Rate Average	Proposed Increase	% Increase	Number of Customers Impacted	% of Customers in Range
0 to 4,000 Gal	\$22.59	\$23.32	\$0.73 <sup>a</sup>	3.2%	72,563	30.9%
4,001 to 10,000 Gal	\$53.23	\$54.96	\$1.73 <sup>b</sup>	3.3%	94,848	40.4%
10,001 to 15,000 Gal	\$76.17	\$79.27	\$3.10 <sup>c</sup>	4.1%	28,601	12.2%
Above 15,000 Gal	\$194.69	\$205.16	\$10.48 <sup>d</sup>	5.4%	38,572	16.5%
<b>Total</b>					<b>234,584</b>	<b>100.0%</b>

Data based on January 2012 through December 2012 usage:

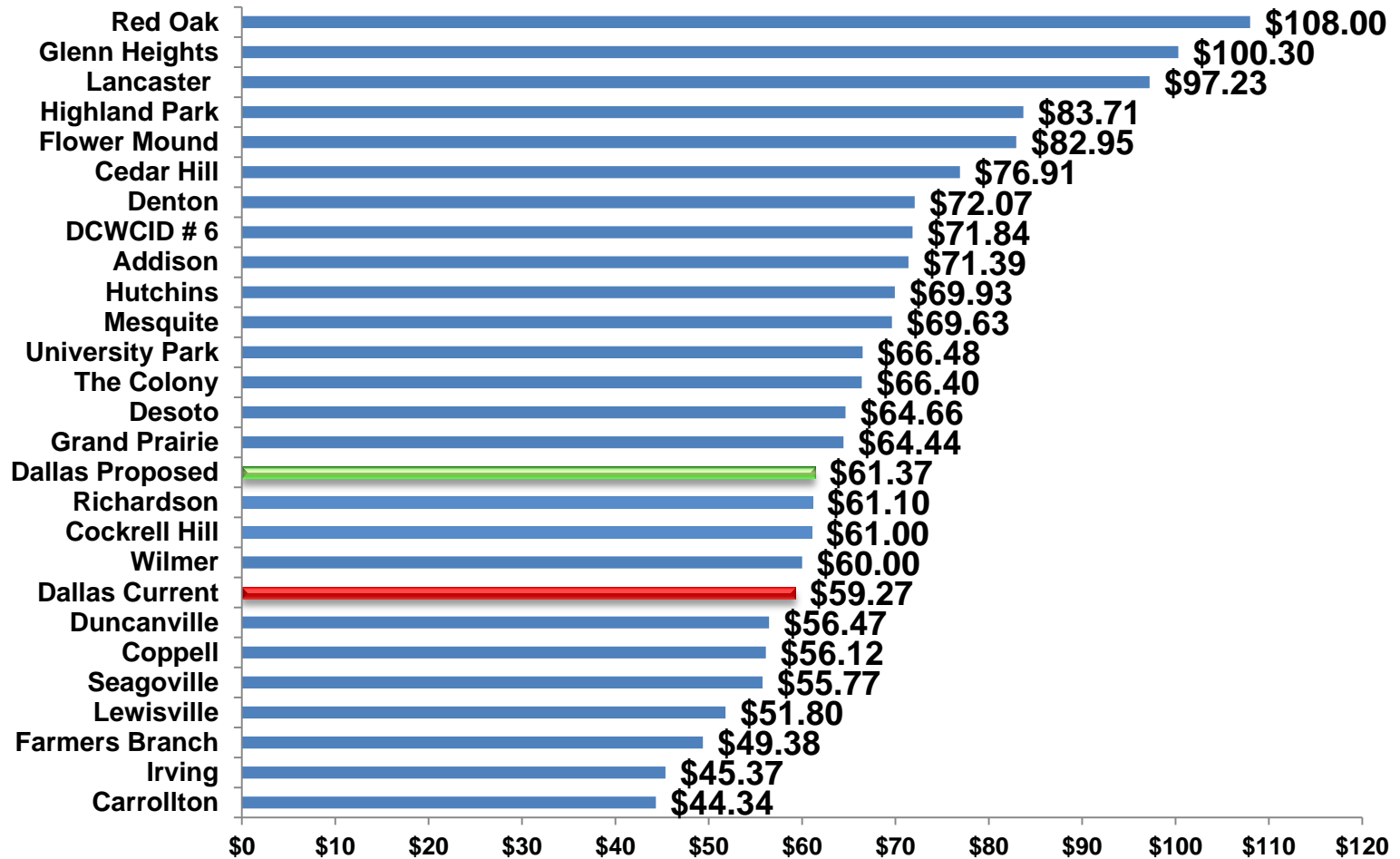
<sup>a</sup> Average water and sewer use: 2,132 gallons

<sup>b</sup> Average water use 6,608 gallons and sewer use: 5,900 gallons

<sup>c</sup> Average water use 12,214 gallons and sewer use: 5,900 gallons

<sup>d</sup> Average water use 30,705 gallons and sewer use: 5,900 gallons

# Neighboring Cities Comparison of Average Monthly Water & Sewer Residential Bills



# Other Funds Overview

- Sanitation Services
  - Operate on a full cost recovery model; expenses must be covered by service revenues
  - Increase to expenses for fleet maintenance and sanitation worker compensation/contract will require additional revenue
  - Proposed residential fee rate adjustment: \$0.39/month (from \$20.25 to \$20.64/month)
  - No change to McCommas Landfill rate: \$21.50/ton
- Storm Water Drainage Management
  - No rate change proposed in FY 2013-14





**City of Dallas FY 2013-14 Proposed Budget**

# **STATE TAXATION LAW REQUIREMENTS**

# State Taxation Law Requirements

- State Law requires public notice of tax rate calculations
- Permits taxpayers to roll back or limit tax increase in certain cases

City of Dallas Ad Valorem Tax Rates		
FY 2012-13 current rate = \$0.7970		
FY 2013-14 proposed rate = \$0.7970		
<b>FY 2013-14 Effective Rate = \$0.7768</b> -Generates the same amount of revenue in new fiscal year as previous fiscal year on property taxed in both years -Adopting Effective Rate would decrease property tax revenue by \$17.2m from proposed budget	<b>FY 2013-14 Rollback Rate = \$0.8014</b> -Allows general fund portion plus 8% -Allows debt service portion necessary to cover debt service expense -If rate <u>above</u> rollback rate is adopted, voters may petition for an election to reduce rate to rollback rate -Adopting Roll Back Rate would increase property tax revenue by \$3.7m from proposed budget	<b>FY 2013-14 Notice and Hearing Rate = \$0.7768</b> -Lower of <u>either</u> the Effective Rate or Rollback Rate

# State Taxation Law Requirements

- Requirements if Notice and Hearing Rate is exceeded and if Council desires to reserve option to adopt a tax rate higher than \$0.7768
  - Have a record vote to consider a specific tax rate higher than Notice and Hearing Rate (Wednesday, Aug 21)
  - Schedule and publish date/time for two public hearings (Friday, Aug 23)
  - Hold two tax rate public hearings (Wednesday, Sept 4 and Wednesday, Sept 11)
  - Schedule and publish date/time of meeting to adopt tax rate (Wednesday, Sept 11)
  - Meet to adopt tax rate (Wednesday, Sept 18)



City of Dallas FY 2013-14 Proposed Budget

# THREE-YEAR FINANCIAL FORECAST

# Three-Year Financial Forecast-Modeling

- A long-range forecast model has been developed to provide a 3-year projection of cost for general fund and debt service
- Forecast model is a financial planning tool based on assumptions, it does not reflect what budget will actually be in future fiscal years
- Enables early look at potential “gaps” in future years
- Forecast will be updated annually as additional information becomes available



# Three-Year Financial Forecast- Assumptions

- Forecast assumes maintaining all services at their FY 2013-14 service levels
- Included within forecast model are assumptions for:
  - Range of conservative to moderate growth scenarios for property tax base and sales tax
    - Includes projected tax rate shift of \$0.0153 to debt service in FY 2015-16
  - Projected inflation increase for items such as utilities, fuel, building material expenses (asphalt/concrete), etc.
  - Increase in healthcare expenses
  - Projected costs to provide internal City services (EBS/CIS)
  - Increased cost associated with completed bond projects
  - Hiring 20 police officers above attrition each year

# Three-Year Financial Forecast- Assumptions

- Additional budget considerations arising beyond FY 2013-14 that are not included in forecast model:
  - Continued restoration of services cut during recession including library hours, recreation center hours, cultural contracts, etc.
  - Deferred maintenance of infrastructure, facilities, and technology
  - Next Meet & Confer agreement for Police and Fire uniform employees
  - Civilian employee compensation adjustments
  - Future bond program for investment in City's infrastructure
  - Unforeseen changes in inflation, unfunded state/federal mandates, adverse judgments
  - Desired investments in new initiatives, projects/programs such as development in Southern Dallas and community partnerships

# General Fund Forecast (\$ in Millions)


CONSERVATIVE GROWTH	FY 2014 Proposed	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast
Revenues	\$1,117	\$1,128	\$1,148	\$1,178
Expenses	\$1,117	\$1,137	\$1,148	\$1,159
Current "Gap"	\$0	(\$9)	(\$0.5)	\$19
MODERATE GROWTH	FY 2014 Proposed	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast
Revenues	\$1,117	\$1,140	\$1,161	\$1,193
Expenses	\$1,117	\$1,137	\$1,148	\$1,159
Current "Gap"	\$0	\$3	\$13	\$34



**City of Dallas FY 2013-14 Proposed Budget**

**SCHEDULE FOR AUGUST/SEPTEMBER 2013**

# August and September 2013



Aug 6	Publish notice of calculated effective and roll back rate
Aug 7	Budget Workshop – City Council briefed on proposed budget
Aug 8	Town Hall meetings begin – 42 scheduled
Aug 21	Budget Workshop #5 – Briefing on tax rate requirements and other topics TBD
Aug 23	Publish notice of public hearings on tax rate
Aug 27	Budget Workshop #6 – City Council briefed on topics TBD
Aug 28	Budget public hearing
Aug 30	End Town Hall meetings
Sep 4	Adopt budget at First Reading; 1 <sup>st</sup> tax rate public hearing
Sep 6	Publish annual budget ordinance following First Reading
Sep 10	Budget Workshop #7 – Council amendments
Sep 11	2 <sup>nd</sup> tax rate public hearing; Publish notice regarding tax revenue
Sep 18	Adopt budget at Second Reading



**City of Dallas FY 2013-14 Proposed Budget**

**CITY AUDITOR'S OPINION & REVENUE REVIEW**

# Potential Service Additions

- Per Council request, the following service priorities recommended if additional \$1m becomes available before budget is adopted:
  - \$320k-Restore additional 5 hours/week at 14 recreation centers
  - \$182k-Additional mow/clean crew
  - \$300k-Additional bike lanes
  - \$100k-Additional cultural programming
  - \$100K-Additional spay/neuter funding
- Or reduce tax rate by \$0.0012 (\$1m revenue reduction)

# Budget Briefing Direction

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Councilmember: \_\_\_\_\_

Please rank by priority the areas you wish discussed in upcoming budget workshops:

1. \_\_\_\_\_

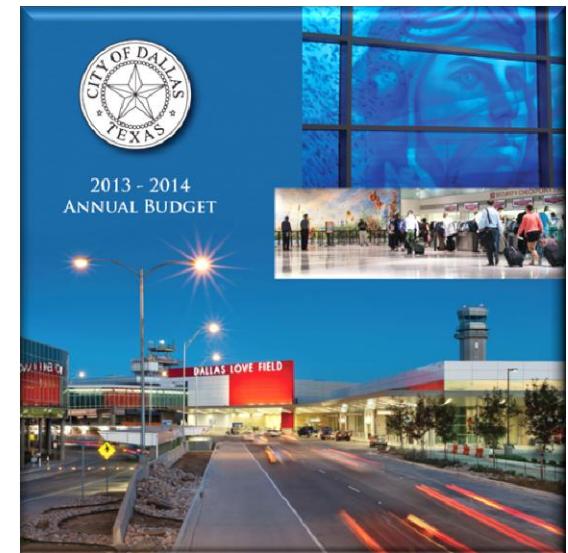
2. \_\_\_\_\_

3. \_\_\_\_\_

Please return to A.C. Gonzalez by Friday August, 9th

# For More Information...

- Please visit [www.dallascityhall.com](http://www.dallascityhall.com) for more information including:
  - FY 2013-14 proposed budget document
  - Copy of this presentation
  - Town hall meeting schedule



# Questions?

