

**— CITY OF DALLAS —**

**ANNUAL BUDGET**

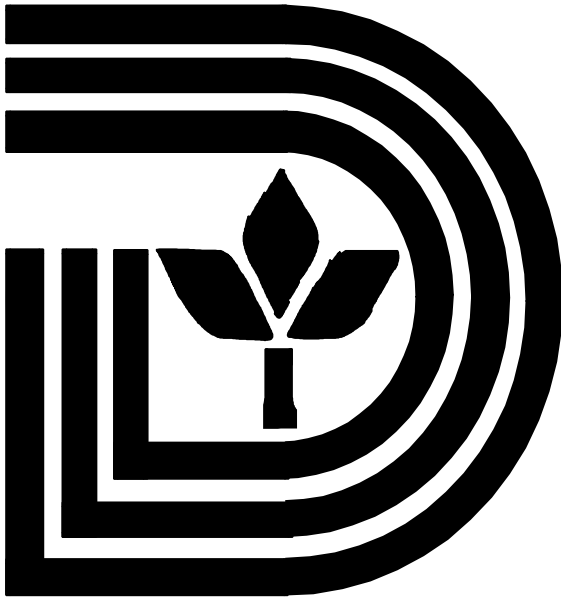
**For Fiscal Year 2002-2003**

**October 1, 2002 – September 30, 2003**

*As Approved By:*

**The Honorable Mayor  
*and*  
Members of the City Council**

**September 30, 2002**



# DALLAS CITY COUNCIL

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District 2

District 1

District 3

District 4

District 6

District 7

District 8

District 9

District 10

District 11

District 12

District 13

District 14



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To the Honorable Mayor and  
Members of the Dallas City Council

The FY2002-03 budget process has been challenging and difficult. Significant revenue declines during the current fiscal year including sales tax declines of \$18M, landfill revenues decreasing by \$5.9M, and gas franchise fees \$4.6M lower, foretold tough decisions in the upcoming year's budget process. Recognizing the challenges ahead, we responded promptly by reducing expenditures in the current year, positioning the city prudently for FY 2003.

The FY 2002-2003 budget process was different. We made specific efforts to have more information, options, and considerations available earlier to the council, the citizens, and the staff. The discussions, feedback, suggestions, and guidance provided from all these groups have been valuable in the preparation of this budget. In examining the possibilities, it became clear that maintaining a balance of fiscal responsibility, service levels, and staff stability was critical.

The \$1.7B FY 2002-03 budget includes:

- tax base growth of 1.9%;
- sales tax revenue projections that are lowered \$11M from FY 2002's \$195M level to \$184M for FY 2003;
- fee increases (sanitation, development processes, food inspections, park services, etc.) which continue our move toward full cost recovery;
- 5% increase for police and fire personnel to maintain competitive salaries;

- continuation of the restricted hiring freeze that began early in FY 2001 -2002;
- elimination of 433 funded civilian positions in the General Fund, a \$21M reduction;
- administrative efficiency reductions facilitated by technological improvements;
- significant reductions in travel, training, cell phones, periodical subscription budgets; office supplies, and the purchase of bottled water;
- reduction of some citizens' services only after careful examination of criticality and usage;
- no base salary reductions for civilian employees, no merit increases, no market maintenance;
- sharing of health benefits cost increases with employees and retirees;
- consolidation of development-related functions to improve and enhance development/construction projects in the city of Dallas; and
- a tax rate increase of 3.23¢ (4.8%)

Financial conditions are cyclical. Actions taken and decisions made during both the good and tough times should be made with an eye toward future stability. Current trends in sales tax revenue call for prudence. The FY 2003 budget recommends an \$11M reduction from year-end FY 2002 sales tax revenues. Sales tax projections for FY 2003 budget are \$29M lower than the FY 2002 budget.

Fee studies conducted this spring recommend increases to move fees toward full cost recovery. Sanitation rates (increased by \$1.25), land development, food inspection, and park fee increases are included in the budget. The refunding of previous debt allows us to forego a water rate increase. Storm water rates are not being increased.

To provide competitive public safety salaries, FY 2003 begins a three-year program to increase salaries (5% annually) for police and firefighters. The Police Department currently has 2,980 sworn officers, the largest number since records began being stored electronically in 1984. Additionally, the budget contains funding for a two-year program to phase-in the replacement of protective clothing for the Fire Department personnel and two new MICUs with a corresponding increase in staff of 16 FTEs to respond to increasing calls or service.

To address revenue shortfalls and increasing salary costs, the proposed FY 2003 budget recommends continuing the restricted hiring freeze. Combined with other position cuts, this results in the elimination of 433 General Fund funded civilian positions (\$21M). These staffing cuts include reductions in administrative functions (such as payroll and accounts payable) that have been facilitated by technological improvements, consolidations, and reduction of certain internal activities. While no direct service to citizens has been eliminated, there are staffing cuts associated with targeted reductions in some services.

These cutbacks associated with direct citizen services have been carefully analyzed so as to affect the least number of citizens using the service. There has been no complete elimination of any direct citizen service, rather strategic reductions based on usage patterns. The hours of service at court payment windows has been reduced. Pet canvassing will be a volunteer-supported service.

With an approximately 7% reduction of the General Fund workforce, it is important to balance the economic impacts on employees. Therefore, no base salary cuts are recommended for civilian staff. Service Incentive Pay is included in the recommended

budget. But health benefits costs increases, which have been borne by the City in previous budgets, will be shared with employees and retirees. As in this year's budget, neither merits nor market maintenance will be granted.

The budget also includes recommendations for reductions that are of a temporary nature--- such as a one year elimination of General Fund vehicle purchases (except for MICUs) and major maintenance projects--and the shift of \$1.7M eligible Housing staff expenses to CDBG with \$1.7M of program funds returned to CDBG to offset any reduction in the services provided by CDBG funds.

While we must be conservative in our forecasts and restrictive in our spending, we cannot ignore the future. We have to make decisions now to address future needs, meet responsibilities and secure fiscal stability. To that end, the budget recommends continuing the third year of the five-year program recommended by our outside auditor to increase our reserves. Funds are available for demolition of Emmanuel Village on Hatcher Street, paving the way for a development of over 200 housing units and retail in an area that has not experienced this type of redevelopment in decades. The recommended FY 2003 budget addresses the informational needs of our growing Hispanic population with the inclusion of two translators for City information and publications. It continues last year's increased level of overtime for police services which has facilitated a decreasing crime rate.

Future obligations include environmental stewardship. With no storm water fee increases, we are enhancing the monitoring and compliance of all City facilities to avoid contamination of our storm water system. Additions include increased staffing for inspections, education,

and equipment for cleaning of city fleet facilities to prevent improper run-off/drainage. Contributions toward improved air quality include the construction of two Compressed Natural Gas (CNG) fueling stations, one at Love Field and the other at the Central Service Center and the expenditure of \$600,000 state funds for CNG fleet replacement vehicles. Council approval for the city's "green buildings" policy will also be sought during the upcoming year with the opening of the Jack Evans Police Headquarters, a LEED (Leadership in Energy & Environmental Design) certified building.

One positive future indicator is the significant level of building permits filed this fiscal year—a 19% increase over this same period last year. Recognizing the contributions of development and growth to the tax base, ten months ago we began a review of the development/construction process. The budget recommends the consolidation of all elements of this process, enhancing areas of weakness, and acquiring software to facilitate these paper-intensive, time-consuming procedures. Internet access will provide information on the progress of development and/or construction. The existing Interactive Voice Recognition system will be adapted to provide next day inspection scheduling with estimated arrival times. The project also includes funding for a GIS program to assist in development of the land use element of the citywide comprehensive plan. Staff is also included to assist with DART rail station planning.

While the immediate economic issues are challenging, all future indicators are not bleak. By this time next year, the Jack Evans Police Headquarters, the Nasher Sculpture Center, the Latino Cultural Center and the Dallas Convention Center Expansion will be open. We continue to work on the Trinity River Corridor Project, the Fair Park Master Plan, downtown

redevelopment, business parks development, and Runyon Springs. These are the significant investments in our city that help assure our future fiscal stability.

The FY 2003 budget maintains a steady course through economically difficult times and prepares for the uncertainties of the future. The city has been fiscally responsible in its reduction of expenses, conservative estimations of revenues, and increases in reserves. The budget looks to both the employees and the citizens to participate in addressing the revenue shortfalls. While base salaries have been protected, there are increases in health benefit contributions. Additionally, the budget includes a 3.23¢ (4.8%) cent tax increase from 66.75 cents to 69.98 cents. At the same time, service reductions have been strategic and commitments put in place to take full advantage when recovery occurs.

Respectfully,

Teodoro J. Benavides  
*Dallas City Manager*



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Dallas  
Texas**

For the Fiscal Year Beginning  
**October 1, 2001**

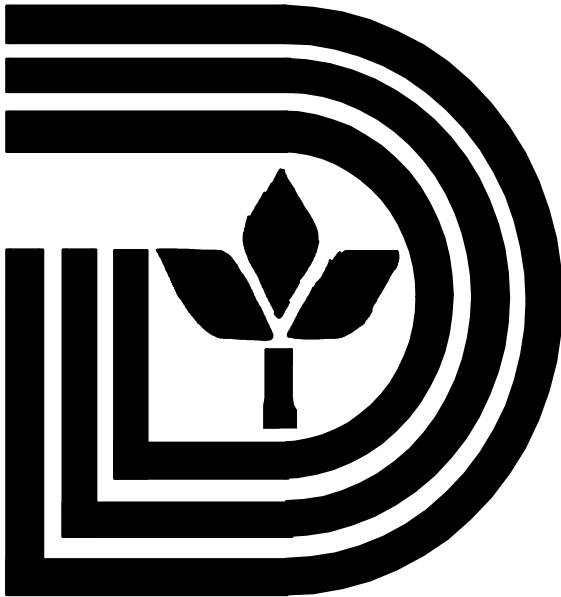
*Samuel D. Chew*  
President

*Jeffrey R. Emery*  
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Dallas for its annual budget for the fiscal year beginning October 1, 2001.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



# 2002-2003 CITY OF DALLAS

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