

— **CITY OF DALLAS** —

**ANNUAL BUDGET**

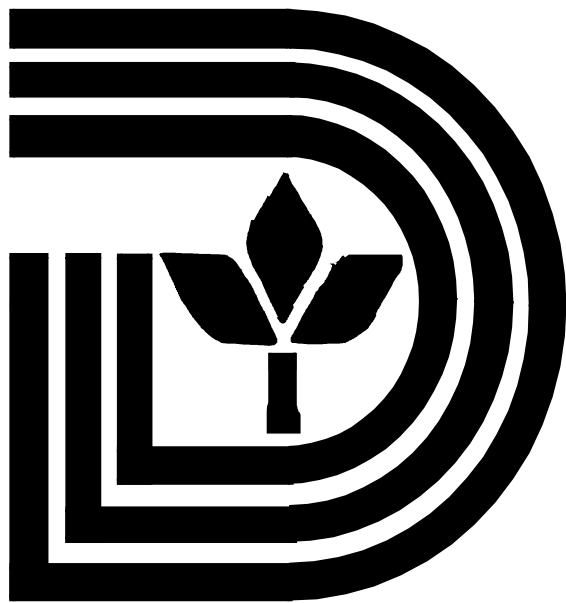
**For Fiscal Year 2003-2004**

**October 1, 2003 – September 30, 2004**

*As Approved By:*

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

**September 24, 2003**



# DALLAS CITY COUNCIL

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District 2

District 5

District 1

District 3

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District 6

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District 9

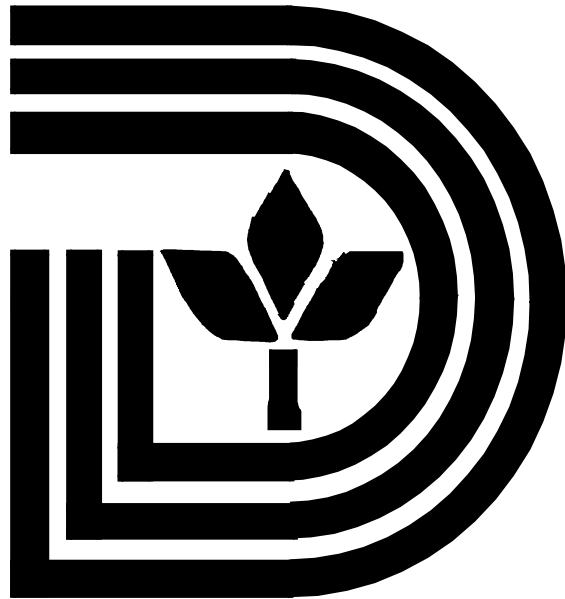
District 10

District 11

District 12

District 13

District 14



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**To the Honorable Mayor and  
Members of the Dallas City Council**

The local economy continues to be sluggish as evidenced by the third consecutive year of decline in sales tax revenues and a property tax valuation that was basically flat this year. We are forecasting a 3.2 percent decline in sales tax revenues for FY 2003-04. Even within this difficult economic reality, the priorities of the FY 2003-04 budget include:

- No tax rate increase
- No reduction of direct City services
- Expanded public safety efforts in addition to the second 5 percent pay increase for police and fire personnel (effective December 2003)
- Implementation of the first year of the 2003 General Obligation Bond Program
- Strengthening of Code Compliance for multi-family housing inspections and Cadillac Heights relocation efforts
- Major building maintenance
- General fleet replacement, including marked squad vehicles and Fire and Rescue apparatus
- Expanded ambulance service and increased peak hours service
- Implementation of a land bank program in South Dallas
- Reinstatement of the DART Pass program for employees in conjunction with the establishment of parking fees for City garages

- Full-year funding for the Latino Cultural Center, Jack Evans Police Headquarters, Trammell Crow Visitor Education Pavilion, Timberglen Recreation Center, and other City facilities
- A team approach to expedite and streamline the review of building permits
- Increased information security initiatives
- A \$500 one-time lump sum payment for all permanent full-time civilians and uniformed executives (as of 9/30/03) and a \$250 one-time lump sum pro-rated payment for part-time employees (as of 9/30/03) to be issued in January 2004
- A \$300 one-time reduction in health benefit premiums to 2,740 over-65 retirees

We have accomplished this by identifying areas to reduce or avoid costs and implementing operational efficiencies that include:

- \$1.8 million in savings through price agreements and other purchasing efficiencies
- \$2.2 million initial year savings from managed competition through which Equipment and Building Services (EBS) reduced cost for fleet maintenance
- \$4 million in savings from making overtime payment policies consistent throughout the organization. Changes to civilian policies were made four years ago. FY 2003-04 budget includes changes to police and fire overtime pay policies as outlined per FLSA.
- \$7.5 million in savings and a reduction of 92.1 FTEs from various operational efficiencies, identified through the zero-based budget process

- \$10.9 million in savings and \$14.3 million in cost avoidance from providing a health benefits plan with catastrophic coverage program; a preventative care component; and higher deductibles
- \$13.8 million in savings from changes made last year in Service Incentive Program

## **PUBLIC SAFETY**

The public safety of citizens and their property is the primary responsibility of government. We are committed to the goal of making Dallas the safest city in the world to live, work, and visit. Achieving this goal requires a coordinated effort on a number of different fronts.

The responsibility for crime reduction in our community lies not only with law enforcement but also with the entire city organization and citizens. In the short term, it is primarily a police responsibility, but long term strategies require a much more holistic approach.

### **Law Enforcement:**

The budget includes funding for the second year of the three-year program to increase salaries 5 percent per year for police and firefighters, effective December 2003. It is important to attract and retain "the best and the brightest" public safety officials with competitive salaries. Evidence indicates success with this effort. Excluding retirements,

uniform turnover rate is only 1.75 percent. That compares to a turnover rate of 5.48 percent in our civilian workforce.

This budget will increase the police department's "street strength" with 40 additional uniform officers to improve policing and crime fighting efforts. The budget contains \$347,140 for the addition of 20 officers; reassigns 5 sworn officers and \$329,647 from Love Field (reflecting the policy change by the Transportation Security Administration regarding screening checkpoints), and reassigns 15 administrative positions. In addition, one day a month, the approximately 250 police officers currently assigned administrative duties will go out on the streets answering calls, effectively adding more than 10 FTEs to the department's "street strength." A savings of \$729,370 will be realized from a reduction in sworn overtime and delaying the promotions of 45 senior corporals, 15 sergeants and 5 lieutenants without a reduction of sworn strength.

The budget includes funding for a Police Department Efficiency Study. The savings from the study are recommended to replace officers in civilian positions with lower-cost civilian employees and moving more officers to the street. Three "mobile storefronts" are scheduled to come on-line this year to complement the existing mobile and stationary storefronts. These units will aid in crime reduction, focusing on areas where street racing is creating victims.

The Police Department will also:

- Host meetings with county law enforcement officials and the Department of Public Safety to develop a more effective warrant roundup strategy. The DPD's aim is to identify where parolees are located which could facilitate the execution of felony warrants, thus being more effective in getting those accused of felonies off the streets.
- Create a Drug House Contact Team comprised of six patrol officers supervised by a sergeant. This team will investigate anonymous and incomplete drug complaints provided by the Narcotics Division, and coordinated efforts will be made among Narcotics, Vice, Neighborhood Nuisance Response Unit and other divisions, as well as federal agencies.
- Encourage patrol officers to be proactive in their efforts to ensure that students are not truant from school. The DPD will conduct an organized truancy “sweep” using officers from across the city. This initiative will be coordinated with the DISD and the Youth Division.
- Dispatch patrol officers to locations where curfew violators are known to congregate. These special assignment officers will work from 11 p.m. to 3 a.m. These special squads will be in place at each patrol division.

### **Building a safer Dallas:**

While constant, continuous visibility of police officers on the streets goes a long way in preventing crime, it is not the only answer. The Police Department will be stepping up its public awareness programs to remind citizens to lock their automobiles (60 percent of all

automobiles stolen have their keys left inside), to use their garages to store their cars when they are parked at home, to practice habits at home that discourage burglars and other crime prevention programs.

We have initiated longer-range programs and strategies as well. Passage and implementation of the 2003 General Obligation Bond program should help with societal challenges, such as homelessness, that contribute to criminal behavior. The economic development initiatives that are part of the bond package as well as our Neighborhood Redevelopment programs should help alleviate the economic stress that many criminal justice experts say exacerbates criminal activity.

The funding for additional multi-family inspectors in Code Compliance should strike at the heart of certain crime areas. These efforts will add seven inspectors to Code Compliance, improve the resolution of multi-family zoning, premise and structural complaints, and provide for more proactive field inspections.

We are determined to use the resources available for a vigorous attack on the roots of crime and working with the Council in the first quarter of the fiscal year, develop very specific goals to accomplish this end.

In other public safety measures, this budget adds \$1,470,987 to replace 16 ambulances and \$969,707 to add one additional peak demand ambulance and to expand the peak hours of service from 72 to 86 hours per week, with the aim of reducing the average

times for emergency responses and ensuring a safer city. An additional \$2.9 million is included to replace other Fire-Rescue emergency apparatus. Funding is included to complete the two-year program for replacing protective clothing for Fire Department personnel, to provide a cash match for an Investigation of Violations of Emergency Protective Orders grant to the Dallas Police Department, and to purchase additional field drug testing kits.

### **EFFICIENCIES AND LINE ITEM/ZERO-BASED REVIEWS**

The budget realizes \$1.8 million in savings through price agreements and other purchasing efficiencies, \$7.5 million in savings from various operational efficiencies identified through zero-based budgeting and \$2.2 million in savings the first year from lowered EBS costs through managed competition for fleet maintenance.

Fleet maintenance has been an area of concentration for review and consideration for privatization. A Request for Bid was issued for privatization of all fleet maintenance except for the Fire fleet. Several private companies and EBS submitted bids. Through effective managed competition, the EBS bid was \$2.2 million lower than its current costs, and includes the reduction of 69 positions. The FY 2003-04 budget includes this \$2.2 million savings.

### **RATES AND FEES**

The budget includes an 11.3 percent increase in water and wastewater rates for FY 2003-04. Dallas Water Utilities (DWU) provides efficient, high quality service at an extremely

low cost. DWU's rates are among the lowest in the nation for comparable cities. Since 1990, the population served by DWU has increased 35 percent and our facilities to meet this growth have also increased. During this same period, DWU has decreased its workforce by 24 percent.

Rates have not been increased since 1997 even though the Dallas-Fort Worth consumer price index has risen by 20 percent. A conservation tier to our basic water rate structure was instituted in 2001 to encourage customers to reduce their peak summer water usage.

Now, additional funds are needed to meet continued increases in service demands, to maintain an aging infrastructure and to operate recently constructed facilities required by state and federal regulatory agencies. In addition, the costs of electricity and chemicals continue to increase.

This rate increase is necessary so that DWU can continue to meet their goal of providing the quality service customers have the right to expect from us.

In addition, the budget includes a 73-cent/month increase in the residential sanitation fee and a Storm Water fee increase to recover fully the costs of those services. The residential Storm Water fee increase ranges from 31 cents for up to 5,000-square-foot residential lots to \$2.35 a month for a residential lot of over 43,600 square feet. The typical residential fee will increase 48 cents per month.

## **REVENUES**

The current trend in sales tax revenues requires continued prudence to ensure future stability. The FY 2003-04 budget includes a \$5.8 million reduction in sales tax revenues from last year's budget. Although the budget includes ending the restricted hiring freeze on October 1, all the new hires will not be on the payroll by that time and a savings is allowed for that delay. The freeze may be reinstated if sales tax revenues fail to meet current conservative projections.

As planned during preparation of the 2003 bond program, there is no change to the property tax rate. Because property valuations increased only .03 percent this year, we are projecting a very slight increase in ad valorem tax revenues. We are forecasting a \$0.2 million increase in franchise revenues from last year's budget and \$2.4 million increase in charges for service.

## **PERSONNEL COSTS**

Personnel costs account for 82.0 percent of this year's General Fund Budget. There are no base salary cuts, merit increases or market maintenance adjustments for civilian staff. This budget includes a \$500 one-time lump sum payment for all permanent full-time civilians and uniformed executives (as of 9/30/03) and a \$250 one-time lump sum pro-rated payment for part-time employees (as of 9/30/03) to be issued in January 2004. The second year 5 percent raise for police and fire is included effective December 2003. The budget includes a policy for the cessation of lump sum sick leave payouts for employees hired after October 1, 2003.

Civilian full-time equivalents are reduced by 75 in this budget. As always, we will do everything possible to place the remaining individuals whose positions are cut, and our success rate has been fairly high in past years.

The costs of health benefits are projected to increase 12 to 15 percent in 2004. It was critical in this fiscal year to explore creative ways to maintain a solid health care program, contain the impacts of these increases on employees/retirees premiums and meet budget obligations. The result is a health plan that does not increase monthly premiums and includes a Preventative Care Program that is not subject to the deductible. The plan does increase the deductible from \$300 to \$1,000 and the in-network out-of-pocket maximum from \$2,800 to \$4,000. However, employees have the option of increasing their monthly premiums to reduce those numbers back to the current levels of \$300 and \$2,800. To mitigate the increased cost for retirees, this budget also provides 2,740 over-65 retirees with a \$300 one-time reduction in health benefit premiums.

## **ECONOMIC DEVELOPMENT**

To encourage economic growth in a progressive community environment, this FY 2003-04 budget allocates \$480,000 to create the Express Plan Team, a team of specialists from various disciplines to work with developers to streamline the review process. This innovative concept will bring City officials and those involved in a particular development project together at one time to make all the adjustments and decisions necessary to finalize the plans and allow the project to proceed and spur economic

development. Charging the private developers a per/hour fee for the meeting will offset the cost of this team.

The budget also includes \$394,000 for the implementation of a Land Bank program. This program, which places emphasis on the five Neighborhood Improvement Program areas, is an initiative to foreclose on those vacant lots with six or more years of back taxes. A grouping of vacant lots in the land bank can be released to either a for-profit or a non-profit developer to build houses mostly within the older inner core of the city. By its third year, this operation will directly contribute to 500 new homes being built in the inner city.

The City has been successful in moving the southern sector of our city from an area that investors ignored to one that's being developed. The 1998 bond program allowed us to open three business parks at Pinnacle Park, Mountain Creek Park and Southport. These parks have produced over \$350 million in investments and more than 6,000 jobs. Efforts turned to bringing retail to these areas and we are being successful in those efforts (i.e., Wal-Mart and Lowe's at Pinnacle Park), but the retail community wants to see housing before they really become interested in building. So emphasis has been increased in housing construction in the southern sector. The results speak for themselves: in 2002, there were 791 building permits in the northern sector for houses. In the southern sector, there were 1,311 permits. The 2003 bond program contains \$3 million for "in-fill housing" and another \$8 million for infrastructure participation for a housing development.

The bond program also includes \$15.3 million in economic development funds to facilitate commercial development in the southern sector.

### **FUTURE IMPLICATIONS OF THIS YEAR'S BUDGET**

Although this budget is for the 366 days beginning October 1, it would be irresponsible not to look beyond that time span and prepare for the future. To that end, the budget includes funding the fourth year of a five-year program recommended by our outside auditor to increase our financial reserves. We are also continuing efforts to stand at the forefront of environmental responsibility. The city-constructed buildings approved by voters in the most recent Bond election will be constructed according to strict LEED (Leadership in Energy & Environmental Design) standards. Because air quality is a major concern, existing fleet is being replaced with alternative-fuel vehicles in as many situations as possible. For financial as well as health reasons, we are looking at ways to reduce vehicular miles traveled by our employees, including alternative work schedules and telecommuting. This budget re-institutes our DART pass subsidy program to encourage employees to use public transportation.

At the same time, we are instituting a more equitable system of payment for employee parking spaces. All employees parking in the City Hall Garage will be required to pay the same amount, regardless of which shift they work. In addition, employees will be required to pay parking fees in other garages at municipal facilities. Parking fees at these locations promote equity among our facilities and encourage carpooling and the use of public transportation.

## **CAPITAL PROJECTS**

The FY 2003-04 budget includes the first of four sale dates for the 2003 General Obligation Bonds. The goal is to have many of the street projects, particularly the downtown street projects, financed early in the bond program. Construction on the new cell at the McCommas Bluff Landfill will be completed this fiscal year that will extend the landfill's capacity until the year 2008. The new levee contract will be awarded during FY 2003-04, providing capacity to the year 2045 at McCommas Bluff, already the largest landfill in the state and the ninth largest in the country.

The Capital budget allocates the following bond program expenditures for FY 2003-04, listed in order of the percentage of the total amount to be expended for those projects in FY 2003-04:

- McCommas Bluff Landfill: \$24,000,000 (100%)
- City Service and Maintenance Facilities: \$16,825,000 (100%)
- Animal Control Facilities: \$11,755,000 (100%)
- Land Acquisition for Low/Moderate Income Single Family Homes: \$2,000,000 (66%)
- Major and Citywide Park and Recreation Facilities: \$14,340,043 (33.2%)
- Street and Transportation Improvements: \$54,425,262 (27.4%)
- Flood Protection and Storm Drainage Facilities Improvements: \$4,325,657 (26.3%)
- Neighborhood and Community Park, Playground, and Recreational Facilities: \$10,789,957 (18.8%)

- Library Facilities: \$9,538,679 (17.2%)
- Specified Street Projects: \$10,794,860 (15.9%)
- Farmers Market Improvements: \$300,000 (9.4%)
- Police Department Facilities: \$1,563,061 (6.7%)
- Fire Station Facilities: \$1,239,000 (6.3%)
- Performing Arts Theater: \$450,000 (4%)
- Cultural Arts Facilities: \$473,481 (2.7%)

This FY 2003-04 budget dedicates the resources available to ensure Dallas remains a city which citizens can be proud to call home—a safe, clean, vibrant oasis that delivers quality and efficient services to its citizens and is a beacon to visitors and those looking for a place to relocate.

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, 2002**

A handwritten signature in black ink, appearing to read 'William R. White'.

President

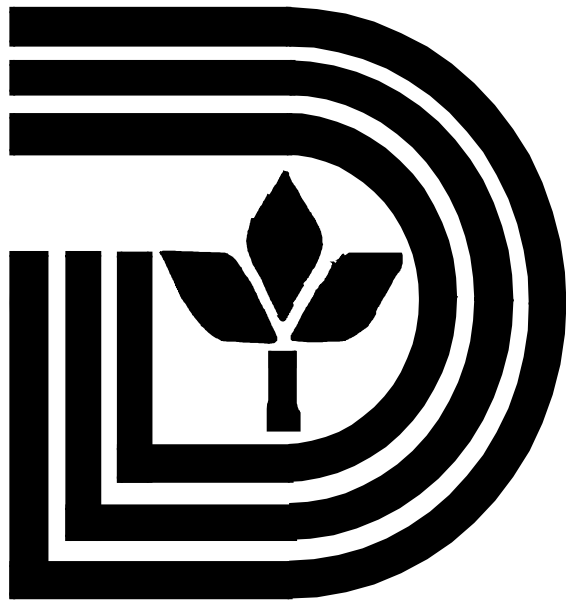
A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan'.

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, 2002.

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.



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