

City Manager's Recommended Budget for FY 2019-20 and FY 2020-21

**City Council Briefing
August 13, 2019**

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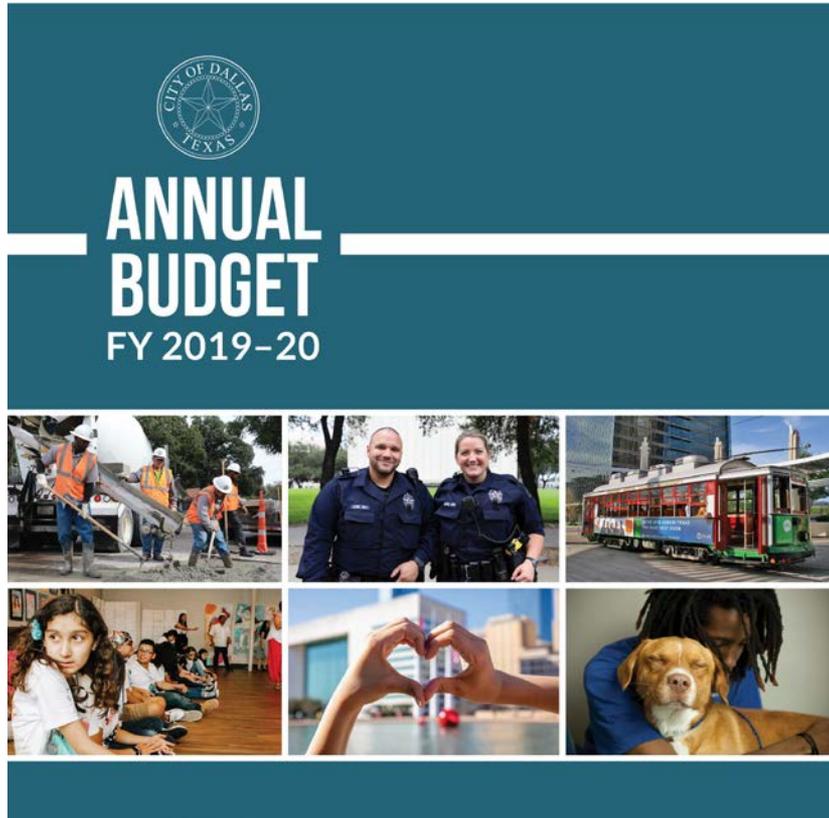
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Office of Budget**



Overview

- FY 2019-20 proposed and FY 2020-21 planned budgets
- General Fund revenue, expense, capital, and debt service
- Enterprise Fund budgets
- Next steps

Budget Overview



- Recommended budget reflects our commitment to strong City government and provides a framework to put *Service First!*
- It gives us an opportunity to focus on priorities like public safety, clean and vibrant neighborhoods, and streets and transportation

Budget Overview

- FY 2019-20 proposed and FY 2020-21 planned budgets are balanced and total \$3.8 billion and \$3.9 billion, respectively
- FY 2019-20 General Fund totals \$1.4 billion and focuses on our number one priority, Public Safety

Budget Overview

- Biennial budget is focused on long-term fiscal sustainability
- Budget priorities are based on community input and City Council direction
- Budget addresses six strategic priorities:
 - Public Safety
 - Mobility Solutions, Infrastructure, and Sustainability
 - Economic and Neighborhood Vitality
 - Human and Social Needs
 - Quality of Life
 - Government Performance and Financial Management

Budget Overview

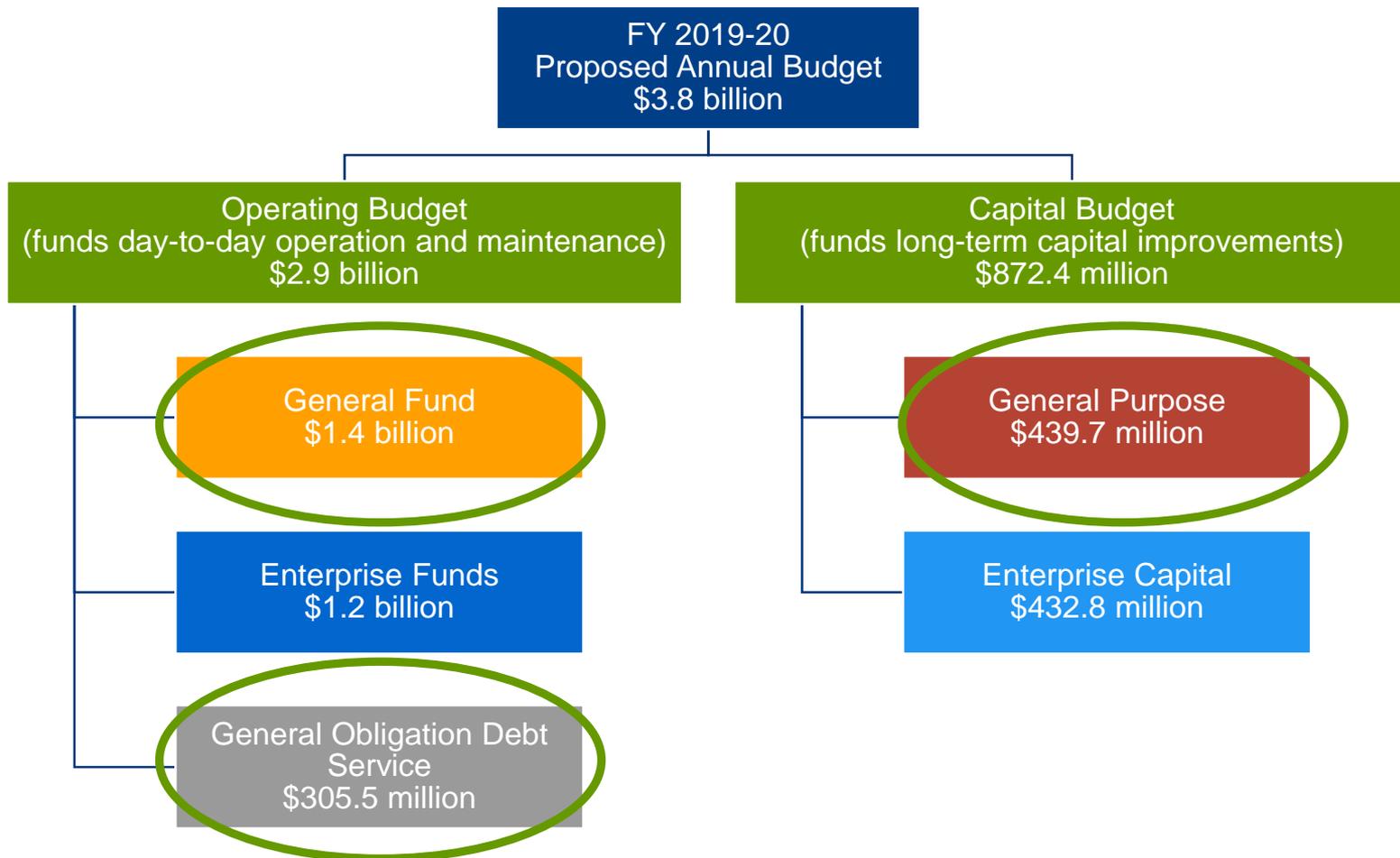
Expenditure	FY 2018-19 Adopted	FY 2018-19 Amended	FY 2019-20 Proposed	FY 2020-21 Planned
General Fund	1,365,966,274	1,368,601,406	1,442,850,000	1,493,285,000
Aviation	144,132,819	154,991,423	158,255,683	159,528,062
Convention and Event Services	108,647,915	108,647,915	114,358,254	114,436,726
Municipal Radio	2,076,728	2,076,728	2,067,782	2,140,534
Sanitation Services	112,653,465	114,157,465	122,129,201	131,413,418
Storm Drainage Management	58,436,837	58,436,837	60,936,837	63,678,995
Sustainable Development and Construction	34,571,119	34,571,119	34,550,990	35,364,689
Dallas Water Utilities	665,491,395	665,491,395	681,220,919	711,793,613
Debt Service	296,200,044	296,200,044	305,451,298	327,919,149
Total Operating Budget	\$2,788,176,596	\$2,803,174,332	\$2,921,820,964	\$3,039,560,186
General Purpose Capital	420,377,152	420,377,152	439,669,343	473,138,900
Enterprise Capital	377,646,036	377,646,036	432,770,756	405,948,935
Total Capital Budget	\$798,023,188	\$798,023,188	\$872,440,099	\$879,087,835
Total Budget	\$3,586,199,784	\$3,601,197,520	\$3,794,261,063	\$3,918,648,021



Budget Overview

- Funding for the City's budget comes from many different revenue sources
- General Fund revenues come from property taxes, sales taxes, franchise fees, charges for service, and fines and forfeitures
- Enterprise Fund revenues come from customer service charges for operations such as water and sanitation

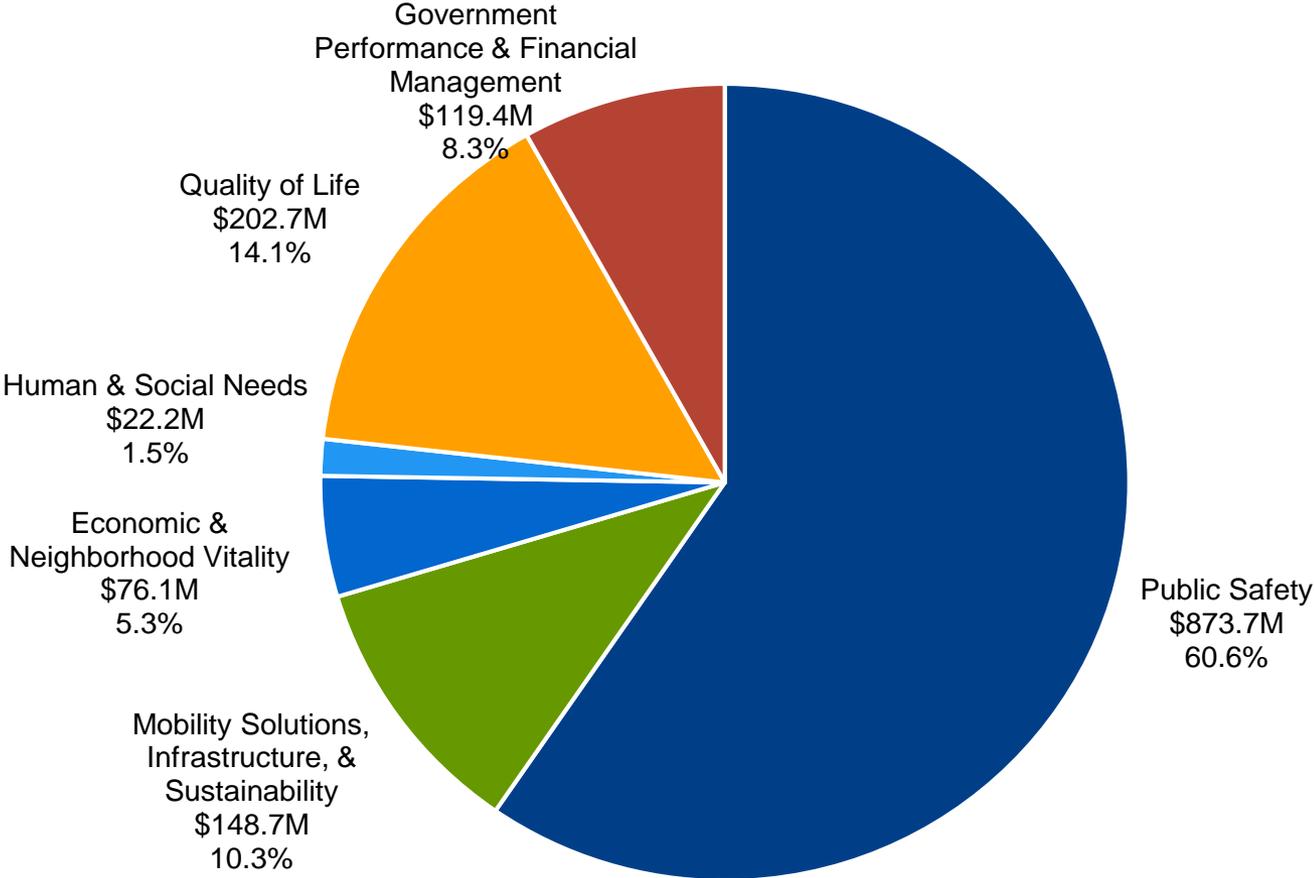
FY 2018-19 Proposed Budget



General Fund Expenses

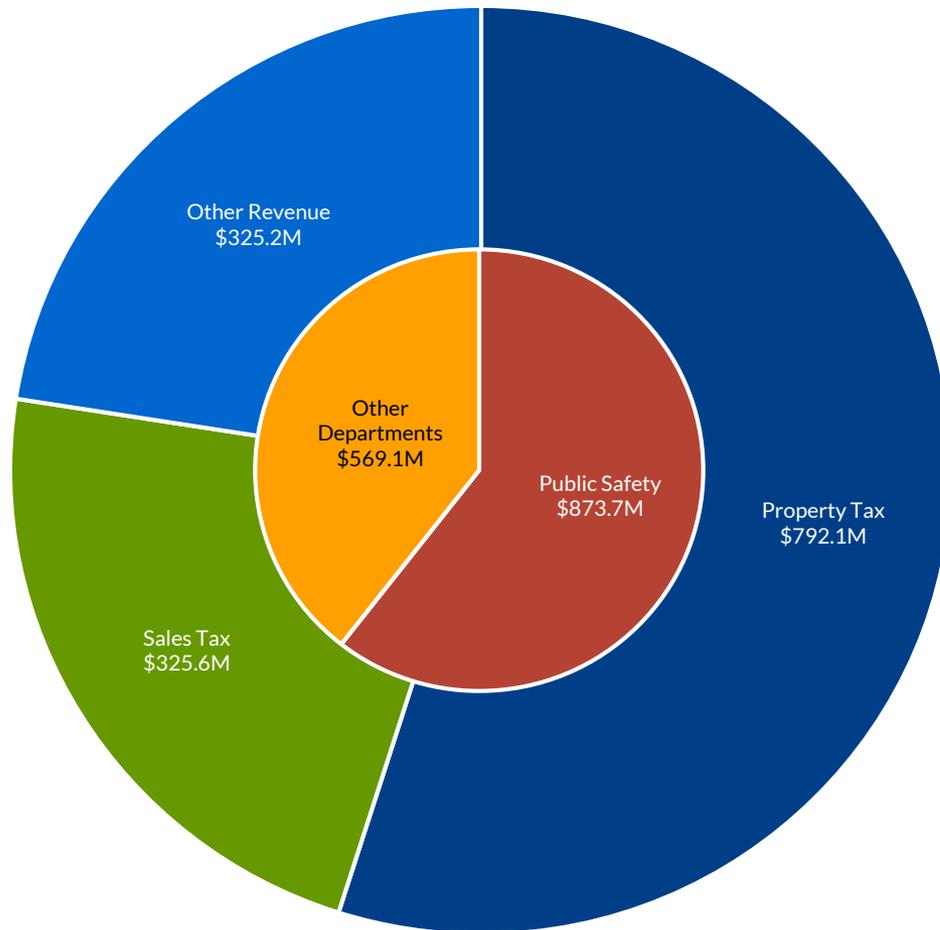


General Fund Expenses



General Fund Expense and Revenue

100% of General Fund property tax + 25.1% of sales tax is needed to fund the Public Safety strategic priority, including Police, Fire, Courts, Jail, and Judiciary



Public Safety

- Recruit and retain police officers and firefighters through a new pay structure based on an annual market survey of 17 comparison cities and set aside funds to hire or retain additional police officers or for recommendations from the DPD staffing analysis

Start of Fiscal Year	Sworn Police Officers	Sworn Fire-Rescue Officers
October 1, 2017 (actual)	3,070	1,810
October 1, 2018 (estimated)	3,028	1,939
October 1, 2019 (estimated)	3,034	1,961
October 1, 2020 (estimated)	3,053	1,942
October 1, 2021 (estimated)	3,064	1,942

Public Safety

- Secure the future of our first responders by contributing \$162 million to the Dallas Police and Fire Pension System, \$5.2 million more than last year
- Establish a team of civilian crime intelligence analysts who will analyze imaging and data in real time to proactively implement crime-fighting strategies
- Protect our first responders by purchasing a second set of personal protective equipment and a complete replacement of self-contained breathing apparatus for firefighters and replacing body-worn cameras for police officers
- Strengthen relationships between the community and police department through the Office of Community Police Oversight

Mobility Solutions, Infrastructure, & Sustainability

- Conserve resources and maintain infrastructure by devoting \$140.8 million for installation and rehabilitation of about 80 miles of water and wastewater mains
- Prevent flooding in local streets through the neighborhood drainage program, focusing on erosion control and channel repairs
- Ensure City facilities stay safe and functional through major maintenance of roofs, HVAC, and other building systems and reduce future costs through an enhanced preventive maintenance program
- Improve the pavement condition of 710 lane miles of streets and alleys by investing more than \$32.8 million in bonds and \$52.7 million in cash
- Promote safety and enhance traffic flow by replacing broken vehicle detectors at 40 critical intersections, retiming 250 traffic signals, and installing 21 LED Dynamic Message Signs around Fair Park

14

Economic & Neighborhood Vitality

- Further affordable housing throughout the city as prescribed in the Comprehensive Housing Policy through the 2020 Notice of Funding Availability
- Update the City's Comprehensive Plan to incorporate more recent policy initiatives and encourage strategic land development while promoting equity, sustainability, and neighborhood revitalization
- Stimulate small businesses and startups in high-opportunity areas through training and other workforce development services
- Broaden investment in minority- and women-owned businesses based in Dallas through capacity-building resources and training
- Spur new development in the 19 Tax Increment Financing (TIF) districts throughout the city by reinvesting \$85 million in property tax revenue

Human & Social Needs

- Provide tax relief to residents over 65 or with a disability by increasing the property tax exemption to \$100,000 from \$90,000
- Advance equity and inclusion in City government and across Dallas by understanding historical and deeply ingrained policies and practices and engaging the community to address present-day challenges
- Partner with nonprofit and other community agencies to deliver services designed to address the nine drivers of poverty, including eliminating barriers to work
- Offer temporary shelter to individuals experiencing homelessness during extreme hot and cold weather or for up to 90 days through a pay-to-stay initiative
- Develop a neighborhood grant program to maximize resources for reclaiming and repurposing chronic homeless encampments

Quality of Life

- Boost recreational programming for teenage residents with a focus on arts and culture, community service, health and wellness, leadership and life skills, and technology
- Engage residents in the Community Clean! initiative to reduce illegal dumping, litter, and high weeds in focus neighborhoods through regular community-led cleanups
- Expand Internet access, a basic 21st-century need for education and employment, to more residents by making mobile hot spots available for checkout at high-need libraries
- Augment overnight animal service response by scheduling officers to be on duty seven nights a week instead of four
- Create pop-up cultural centers to bring cultural activities to areas of the city without easy access to arts programming

Government Performance & Financial Management

- Cultivate the use of data analytics and evidence-based decision making throughout the City under the leadership of the Office of Innovation
- Take a big-picture approach to technology projects by prioritizing proposals through the IT Governance Committee
- Drive operational efficiency, reduce overall costs, and improve delivery of City services through timely replacement and preventive maintenance of fleet vehicles
- Centralize monitoring of vendor performance to ensure contracts are completed on time, within budget, and fulfill the terms of the agreement
- Foster an ethical organizational culture by continuing biennial ethics training and expanding the Values Ambassador program

18



Organizational Changes

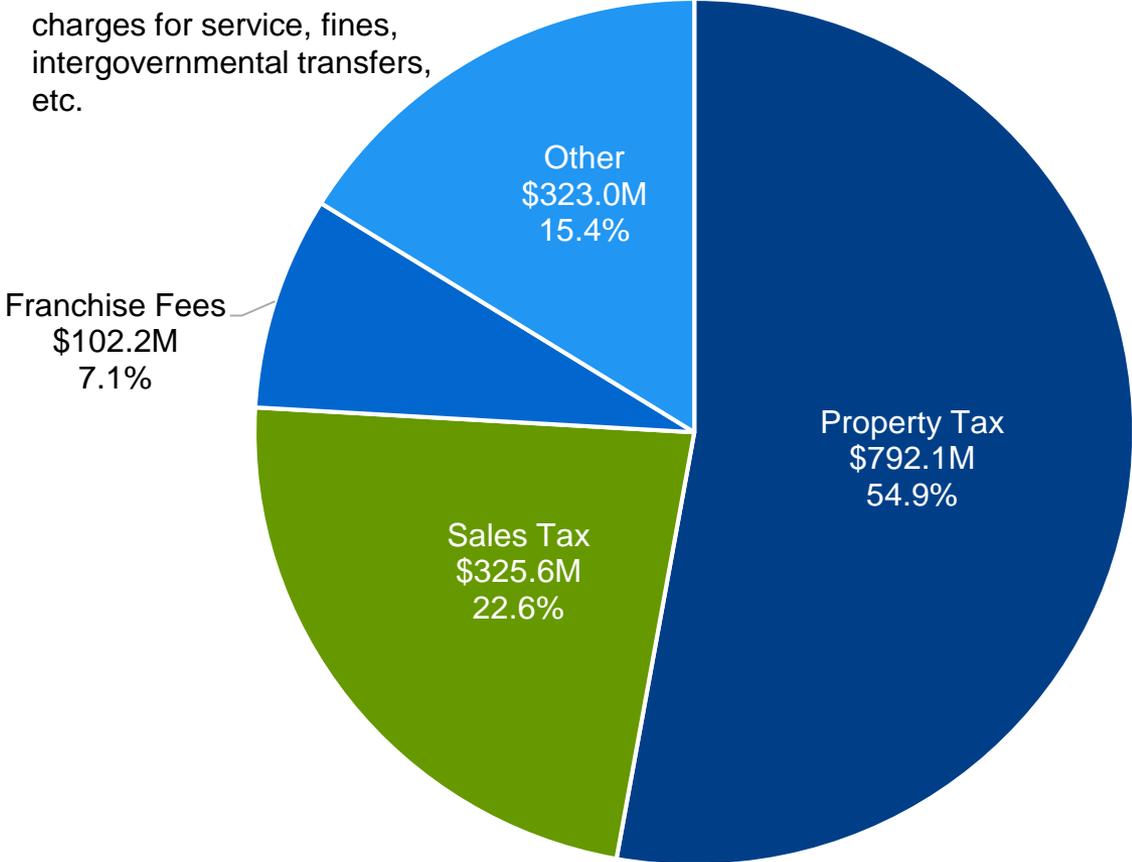
- Budget accounts for several organizational changes:
 - Transfer Historic Preservation to Management Services
 - Create multiple divisions within Management Services by splitting Office of Equity and Human Rights
- Name changes:
 - Office of Cultural Affairs to Office of Arts and Culture
 - Communication & Information Services to Information & Technology Services

General Fund Revenues



General Fund Revenue

Other revenues include charges for service, fines, intergovernmental transfers, etc.

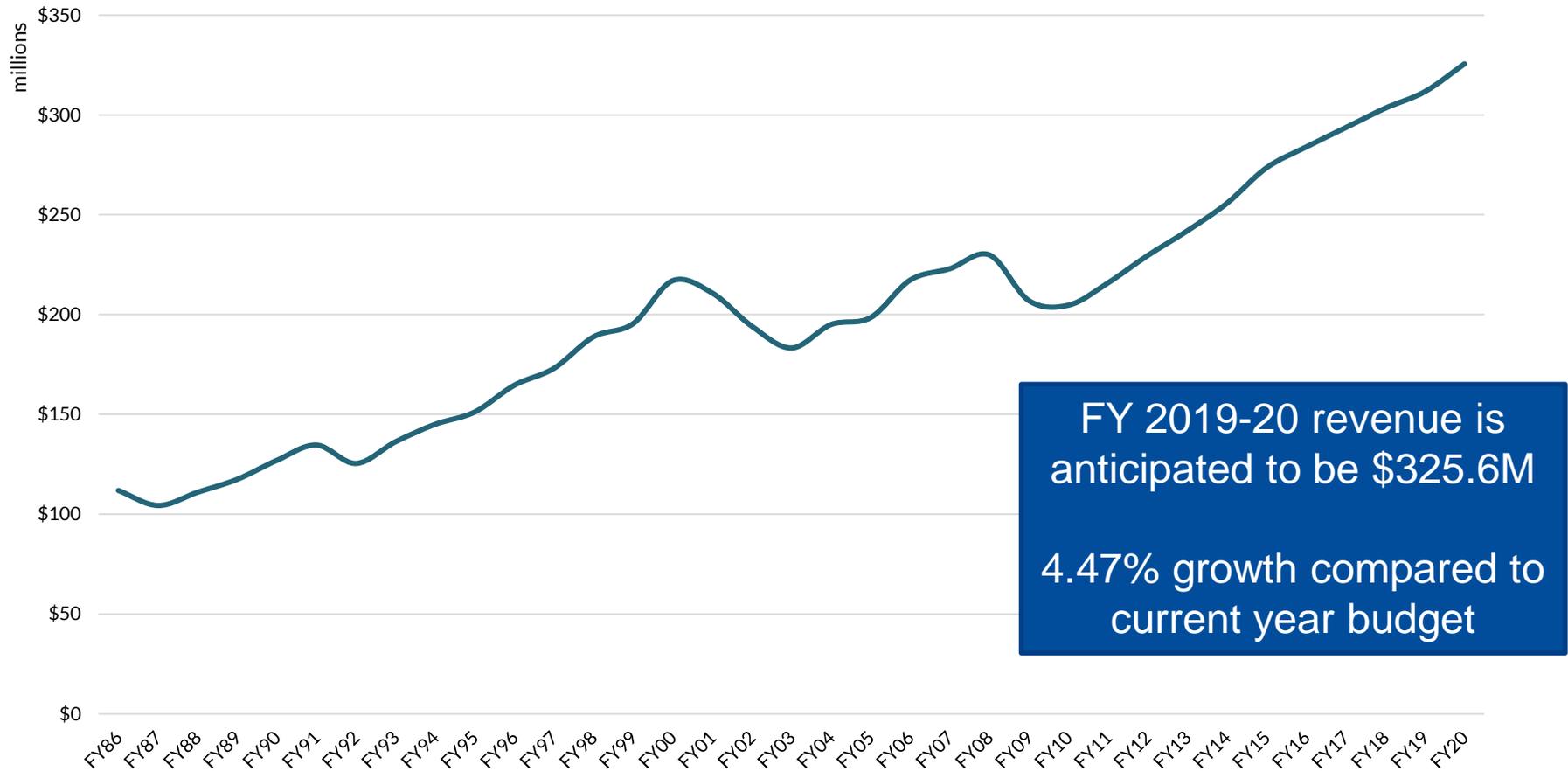


Sales Taxes

- Sales tax in Dallas is 8.25%, including the 2% local option that is governed and capped by state law
- State law identifies which goods and services are taxable versus non-taxable
- FY 2019-20 assumes 4.47% growth above FY 2018-19 budget and totals \$325.6 million anticipated revenue
- Continued growth is forecast for future years, but at slower pace

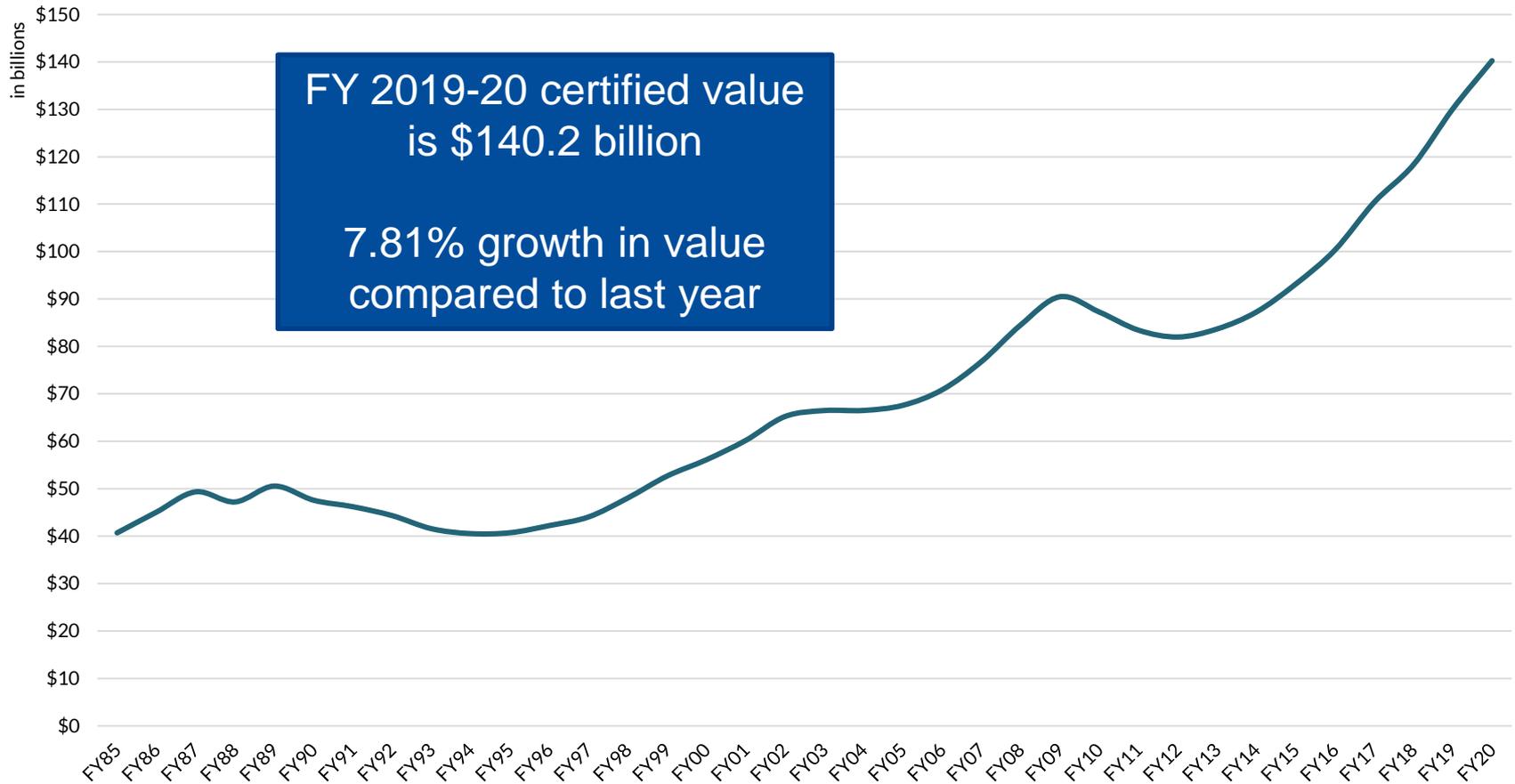
Sales Tax Distribution	
State of Texas	6.25%
Local Option – Dallas Area Rapid Transit (DART)	1.00%
Local Option – City of Dallas	1.00%
Total	8.25%

Sales Tax Revenue



FY 2019-20 revenue is anticipated to be \$325.6M
4.47% growth compared to current year budget

Certified Taxable Property Values



Property Taxes

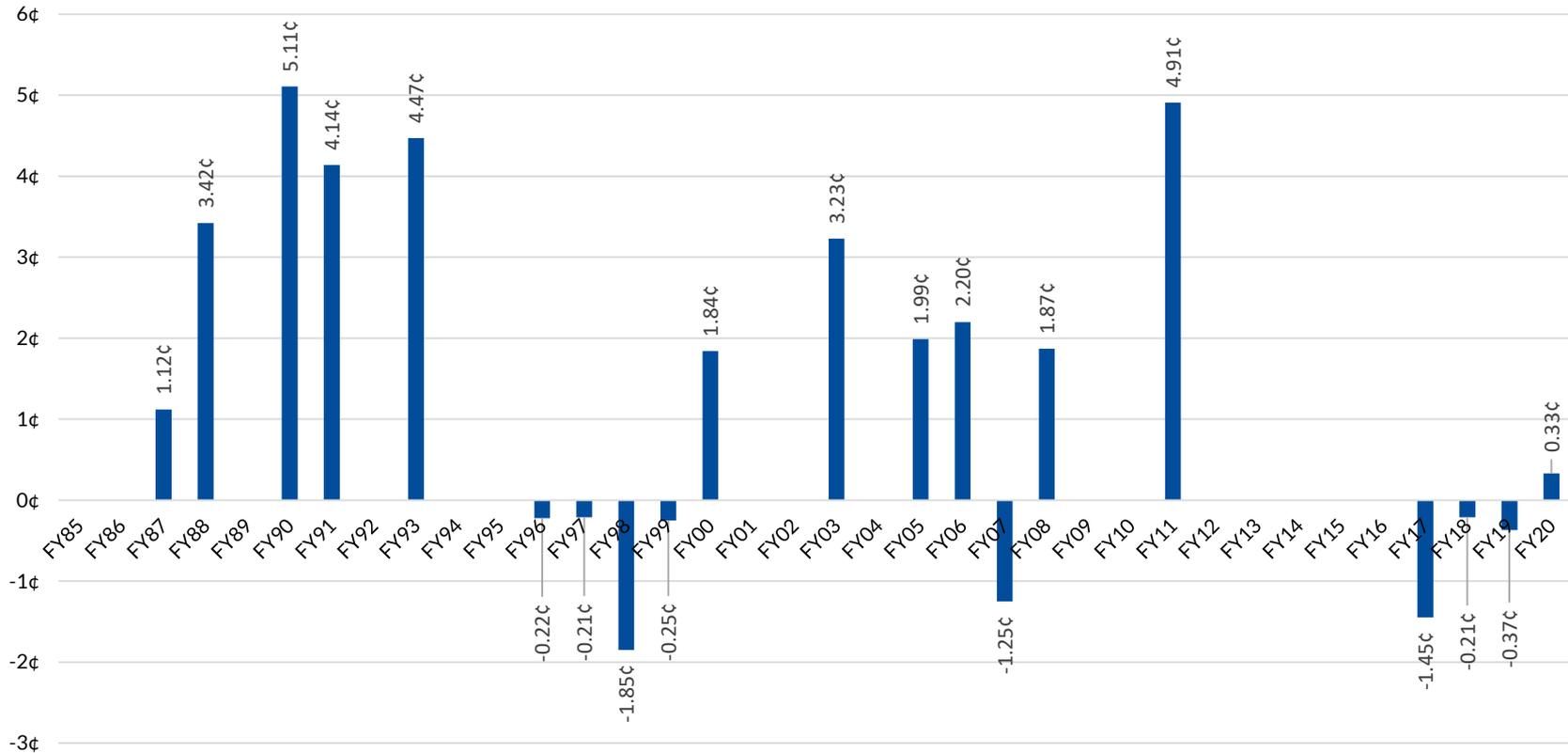
- FY 2019-20 proposed and FY 2020-21 planned budgets are balanced, with a proposed 0.33¢ increase to City's property tax rate
 - From 77.67¢ to 78.00¢ per \$100 valuation
- Values have increased by 7.81% this year and are expected to increase again next year



Tax rate per \$100 valuation

Property Taxes

Year-over-Year Change in Tax Rate
in cents per \$100 valuation



Property Taxes

- Each property owner’s tax bill differs based on the property value, applicable exemptions, and county and school district in which they reside
- Average value for single-family residential property is currently \$303,301

Taxing Entity	Tax Rate/\$100 Value	Tax Bill	Percent of Tax Bill
City of Dallas	\$0.780000	\$1,892.60	28.6%
Dallas County	\$0.243100	\$589.86	8.9%
Dallas Community College District	\$0.124000	\$300.87	4.5%
Parkland Hospital	\$0.269550	\$654.04	9.9%
Dallas ISD	\$1.310385	\$3,179.53	48.1%
Total	\$2.727035	\$6,616.90	100.0%

- Dallas overlaps four counties and 18 school districts
- Tax bill assumes residential property has 20% homestead exemption

Note: Additional property tax information will be provided in the briefing on Property Tax Rate State Law Requirements.



General Purpose Capital and Debt Service

28

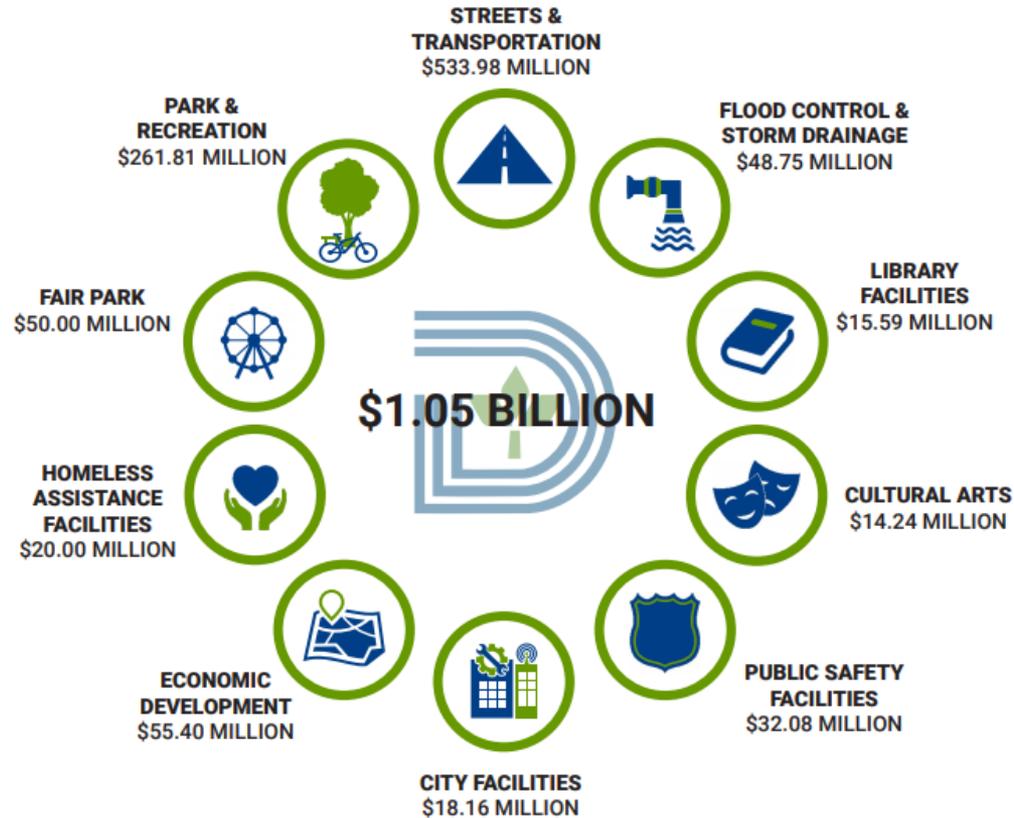


General Purpose Capital

- Budget includes capital improvement projects supported through tax revenues either through pay-as-you-go or by issuing debt
- Projects typically include streets and alleys, flood protection, park and recreation, and City facilities, among others
- For FY 2019-20, budget is \$439.7M including:
 - Street and alley improvements
 - Park and recreation improvements
 - Equipment replacement
 - Facility maintenance

General Purpose Capital

2017 Bond Program



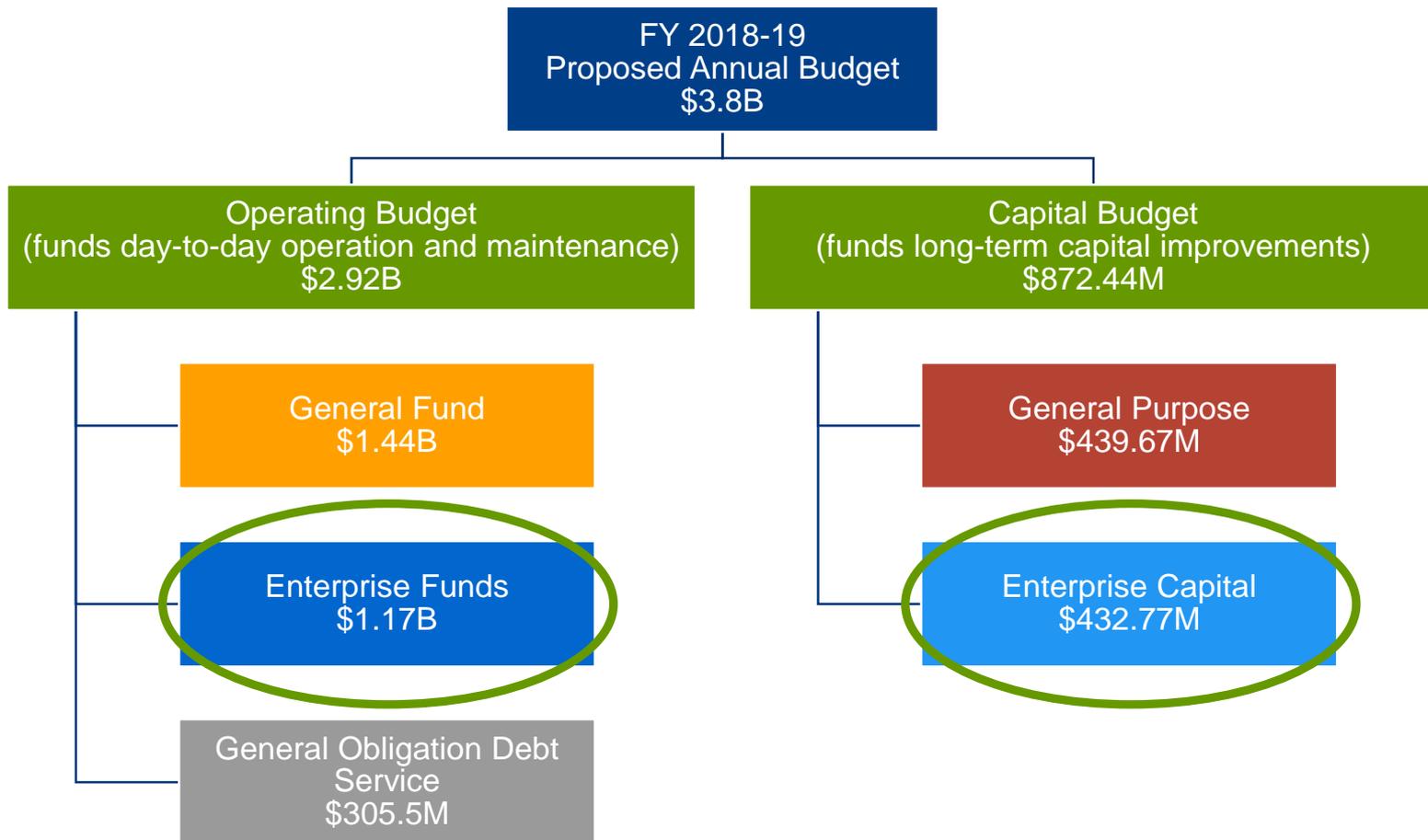
Debt Service

- Property tax revenues are used to pay debt service on \$2.1 billion outstanding principal (as of 9/30/19)
- FY 2019-20 budget includes \$305.5M for principal and interest payments, and for TIF increment payment
- Bond issuance anticipated in May 2020 totaling \$232.4 million in General Obligation bonds and \$30.0 million in equipment acquisition notes and in May 2021 totaling \$228.7 million in General Obligation bonds and \$30.0 million in equipment acquisition notes

Enterprise Funds



FY 2018-19 Proposed Budget



Dallas Water Utilities

- FY 2019-20 proposed operating and capital budget for Dallas Water Utilities (DWU) is \$997 million
- DWU will continue to focus on infrastructure maintenance and conserving resources
- After settling Sabine River Authority dispute, DWU will not require a retail revenue increase for the 1st year of biennial, instead customer rates will be reduced
- Typical residential customers will see a fee decrease of \$2.68 from \$65.30 to \$62.62 per month

Storm Drainage Management

- Storm Drainage Management (SDM) is responsible for flood control, floodplain, and surface water quality activities
- SDM operations was incorporated into Dallas Water Utilities beginning in FY 2018-19
- Proposed operating budget is \$60.9 million
- Typical residential customers will see a fee increase of 33¢ per month from \$7.41 to \$7.74
 - Fees are assessed based on measured impervious data for each parcel of property
- Fee increase will allow SDM to address capital needs, fund equipment, and increase neighborhood drainage maintenance

Sanitation Services

- Sanitation Services' proposed operating budget for FY 2019-20 is \$122.1 million
- 4.95% fee increase is needed for employee compensation and health care increases, equipment maintenance, and fleet replacement cost
- Residential customers will see a monthly increase of \$1.35 from \$27.29 to \$28.64
- McCommas Bluff Landfill gate rate will increase by 8.6% from \$26.25 to \$28.50 per ton

Budget Timeline



Timeline

Date	Activity
August 13	Budget Workshop: (1) City Manager's recommended budget, (2) Truth in Taxation, and (3) Public Safety
August 21	Budget Workshop: (1) Mobility, Infrastructure, & Sustainability, (2) Economic & Neighborhood Vitality, (3) Human & Social Needs, (4) Quality of Life, and (5) Government Performance & Financial Management
August 15-29	Budget Town Hall meetings
August 26	Budget Workshop: Council amendments (Straw votes anticipated)
August 28	Budget Public Hearing
September 4	Budget Workshop: Adopt budget on first reading Tax Rate Public Hearing (#1)
September 10	Budget Workshop: Amendments (if necessary)
September 11	Tax Rate Public Hearing (#2)
September 18	Adopt budget on second reading and adopt tax rate
October 1	Begin FY 2019-20



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