



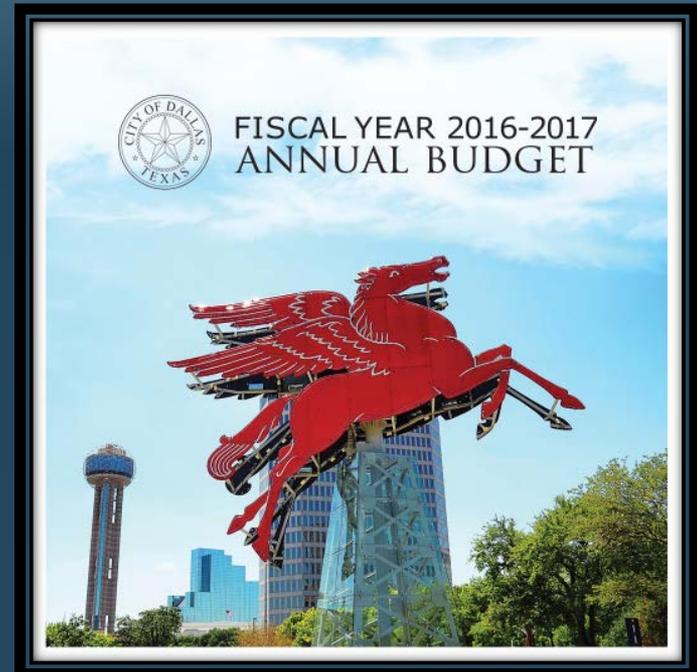
Photo Credit: Stephen Masker

# City of Dallas

Proposed Annual Budget for Fiscal Year 2016-17  
Submitted by City Manager A.C. Gonzalez  
Tuesday, August 9, 2016

# Proposed Annual Budget for FY17

- FY17 budget development process began over 9 months ago, and now a balanced budget is proposed to City Council for consideration
- Proposed budget is based on citizen priorities indicated in community survey and Council formal/informal input as well as an understanding of operational needs of the city





# FY17 Budget Overview

## City Council Input – February 2016

- Focus resources on infrastructure needs
- Slow growth of Public Safety allocation
  - Address police and fire uniform employee compensation
  - Add police officers above attrition
- Focus resources to address neighborhood issues
- Focus budget allocations on citizen priorities
- Scrutinize services for efficiencies and cost reductions
- Increase growth of Culture, Arts, Recreation, and Education allocation



# FY17 Budget Overview

## Community Survey – June 2016

- While citizens expressed that City is heading in right direction and expressed overall satisfaction with City services, opportunities for improvements exist
- Again this year, top priorities for residents are:
  - Maintenance of infrastructure
  - Code enforcement
  - Police services

2016 Importance-Satisfaction Rating City of Dallas Major Categories of City Services						
Category of Service	Most Important %	Most Important Rank	Satisfaction %	Satisfaction Rank	Importance-Satisfaction Rating	I-S Rating Rank
<b>Very High Priority (IS &gt; 20)</b>						
Maintenance of infrastructure	57%	1	31%	18	0.3933	1
<b>High Priority (IS 10-20)</b>						
Neighborhood code enforcement	31%	3	45%	16	0.1705	2
Police services	50%	2	66%	13	0.1700	3
<b>Medium Priority (IS &lt; 10)</b>						
Land use, planning and zoning	15%	9	41%	17	0.0885	4
Traffic signal timing	18%	7	51%	15	0.0882	5
Drinking water	28%	4	78%	9	0.0616	6
Customer service provided by city employees	15%	11	67%	12	0.0495	7
The City's parks and recreation system	18%	6	78%	8	0.0396	8
Municipal court services	7%	15	60%	14	0.0280	9
Solid waste services	15%	10	82%	6	0.0270	10
Ambulance/emergency medical services	22%	5	88%	4	0.0264	11
Storm drainage	10%	13	74%	10	0.0260	12
Fire services	17%	8	86%	5	0.0238	13
Sewer services	10%	12	82%	7	0.0180	14
Public information services	6%	17	71%	11	0.0174	15
Public library services	6%	16	89%	3	0.0066	16
Arts and cultural programs	9%	14	95%	1	0.0045	17
Overall quality of Dallas Love Field Airport	3%	18	91%	2	0.0027	18



# FY17 Budget Overview

Manager's Proposed Budget – **August 2016**

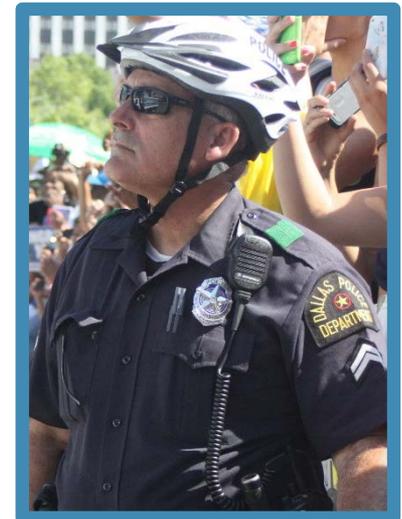
- FY17 proposed budget has been developed focusing resources to:
  - Strengthen public safety and code enforcement
  - Maintain street infrastructure
  - Prepare for significant challenges that threaten financial stability of City



Photo Credit: Joseph Haubert

# FY17 Budget Overview

- FY17 budget is balanced and totals \$3.1 billion
- Current year service levels are maintained with enhancements in priority areas
- Improve public safety
  - Improve pay for current uniform employees by funding double steps
  - Attract new police officers and firefighters with better starting pay
  - Hire more police officers to improve response time and keep crime rate down
  - Retain patrol officers with more patrol-pay
  - Better equip officers and improve their safety



# FY17 Budget Overview

- Address street and alley condition
  - Maintain current condition through FY17 with proposed operating budget and planned 2017 bond program
  - Improve overall condition with planned 2017 bond program
- Address quality of life issues such as loose animals, single-family rental properties, and multi-tenant properties, and homelessness
- Expand City funding of arts through increased subsidy to ATTPAC and facility maintenance
- Transition Fair Park to public-private partnership

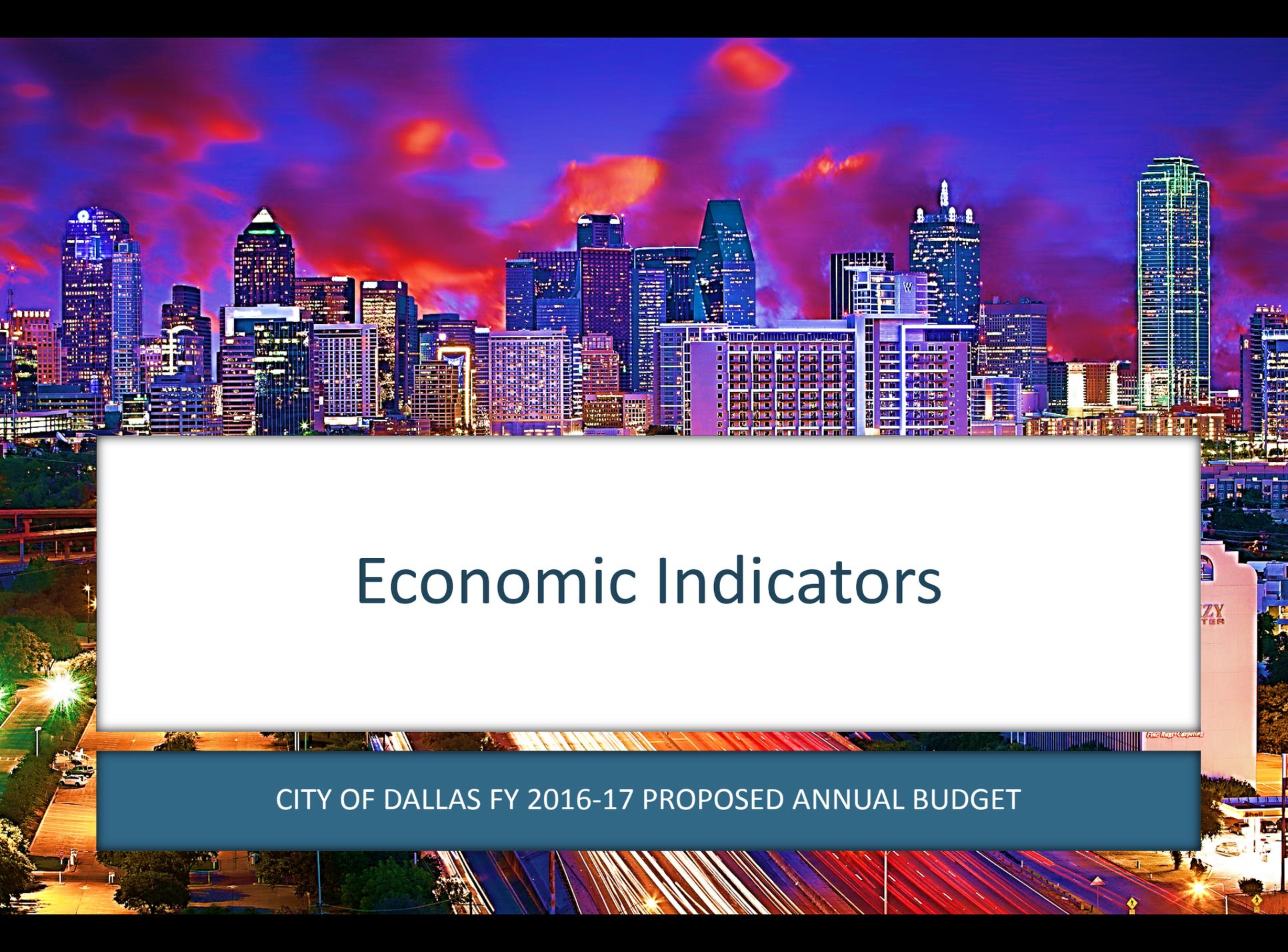




# FY17 Budget Overview

- Approximately \$14.1m in efficiencies, cost reductions, and savings to General Fund
- Property tax rate proposed to decrease by 1.58¢ per \$100 valuation
- Retail water and sewer revenues proposed to increase 2.6%
- Sanitation residential rate proposed to increase \$1.53 per month



A nighttime photograph of the Dallas skyline, featuring numerous illuminated skyscrapers against a dark sky with some clouds. The city lights are reflected in the foreground, which shows a highway with light trails from traffic. A large white rectangular box is centered over the middle of the image, containing the title text.

# Economic Indicators

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET



# Economic Indicators

- Dallas' economy continues to grow
- Property tax base grew for 5th consecutive year (10%) reaching all time high (primarily due to commercial properties and new construction)
- Sales tax revenue has had growth in current collections for 73 of 75 months, and is forecast to grow 3% above FY16 estimate
- Both single-family and apartment construction continue to be active in Dallas metro-area
- Retail sales show some signs of softness but auto sales are holding steady
- Unemployment in Dallas (3.5%) remains lower than both Texas (4.4%) and national (4.7%) levels

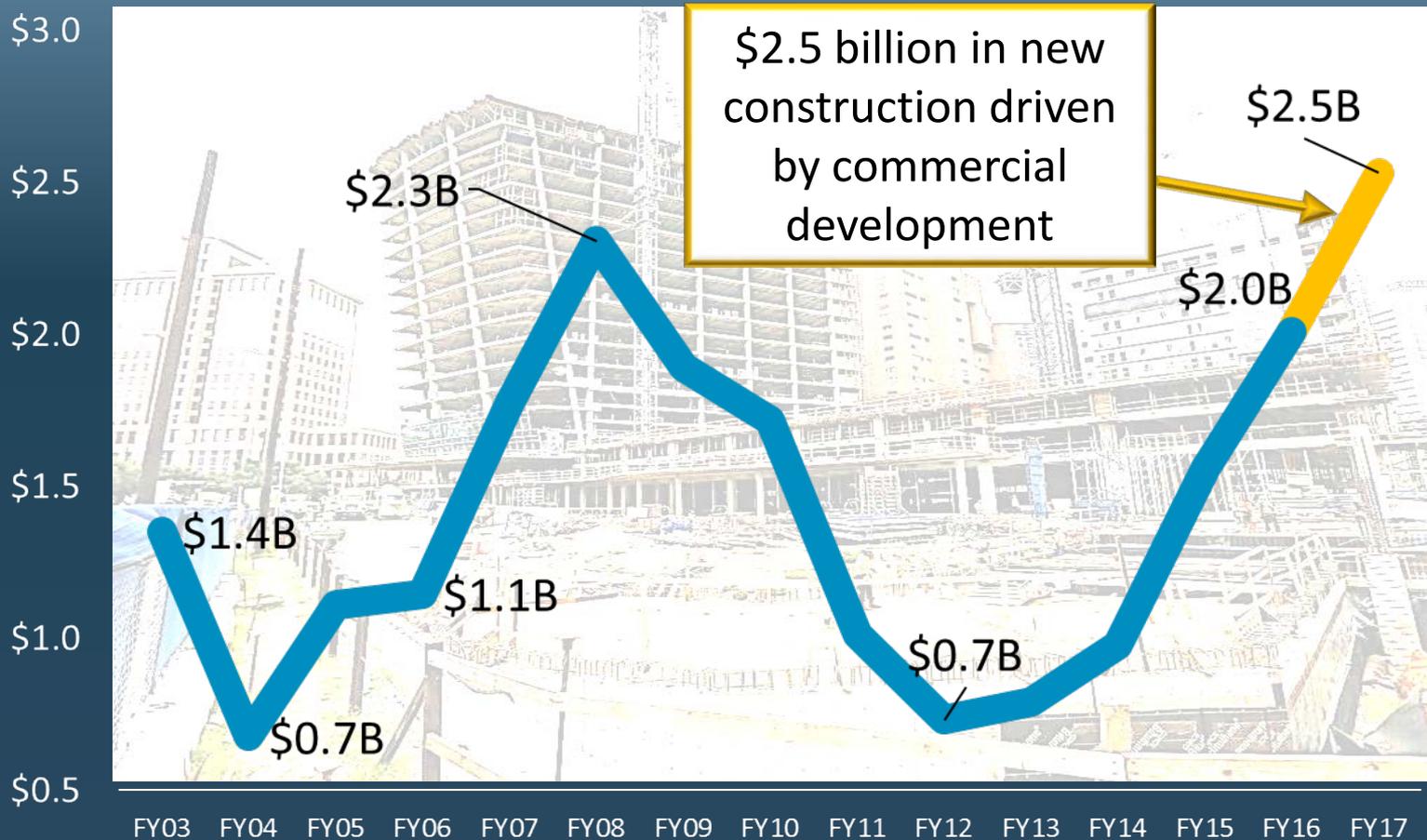


# Property Tax Base Values (\$ in billions)





# New Construction Values (\$ in billions)





# Sales Tax Revenue

(\$ in millions)



A nighttime photograph of the Dallas skyline, featuring numerous illuminated skyscrapers against a dark sky with some clouds. The buildings are lit up in various colors, including blue, white, and yellow. In the foreground, there are some blurred lights and structures, possibly from a highway or a park. A large white rectangular box is overlaid on the center of the image, containing the text 'FY17 Proposed Budget'.

# FY17 Proposed Budget

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET

# FY17 Proposed Budget

FY 2016-17  
Annual Budget  
\$3.1 billion

\$2.5 billion  
Operating Budget  
Funds day-to-day  
operations and  
maintenance

\$524.7 million  
Capital Budget  
Funds long-term  
capital improvements

General Fund:  
\$1.23 billion

Enterprise Funds:  
\$1.03 billion

General Obligation  
Debt Service:  
\$261.9 million

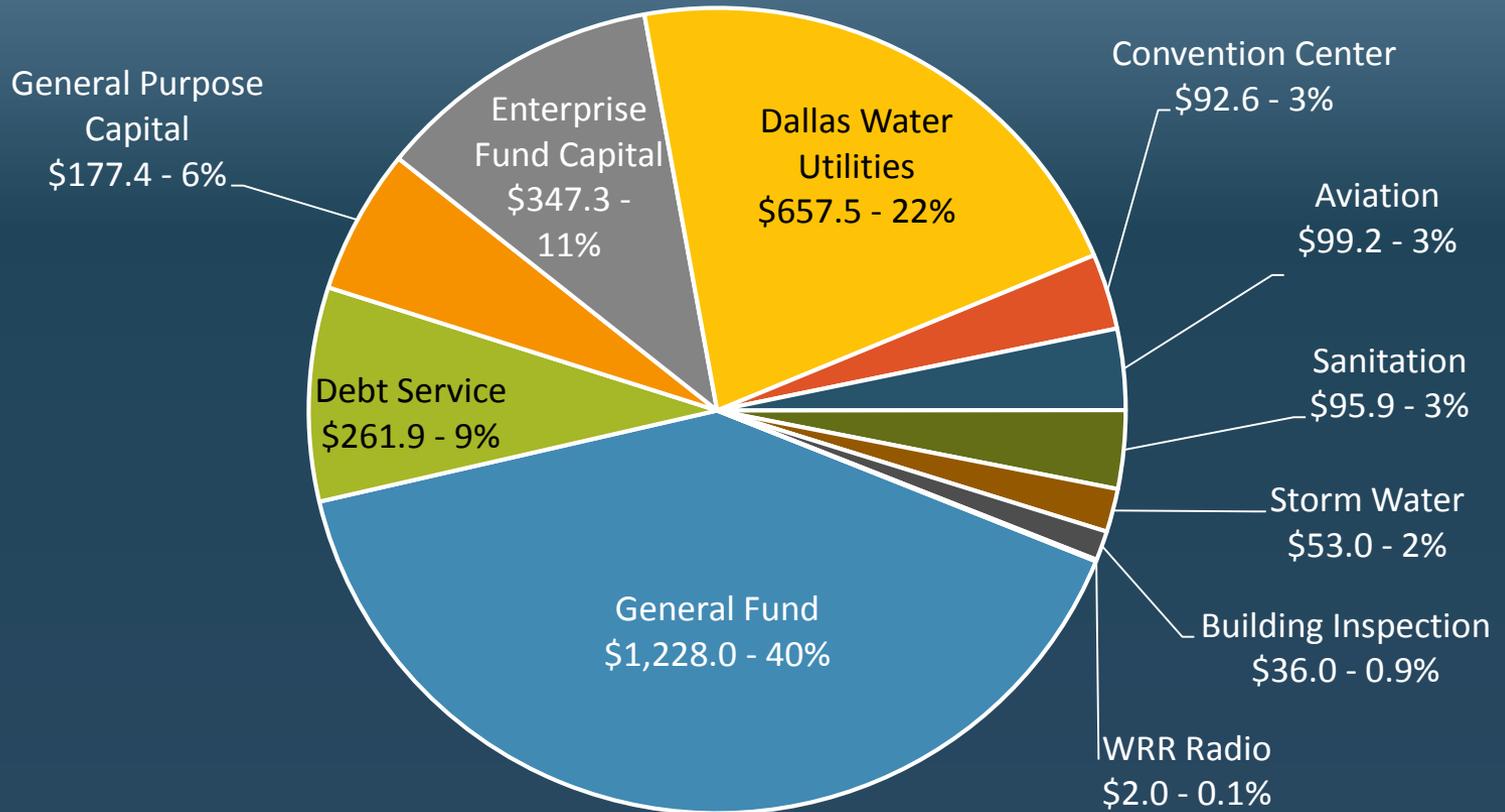
General Purpose:  
\$177.4 million

Enterprise Capital:  
\$347.3 million

# FY17 Proposed Budget

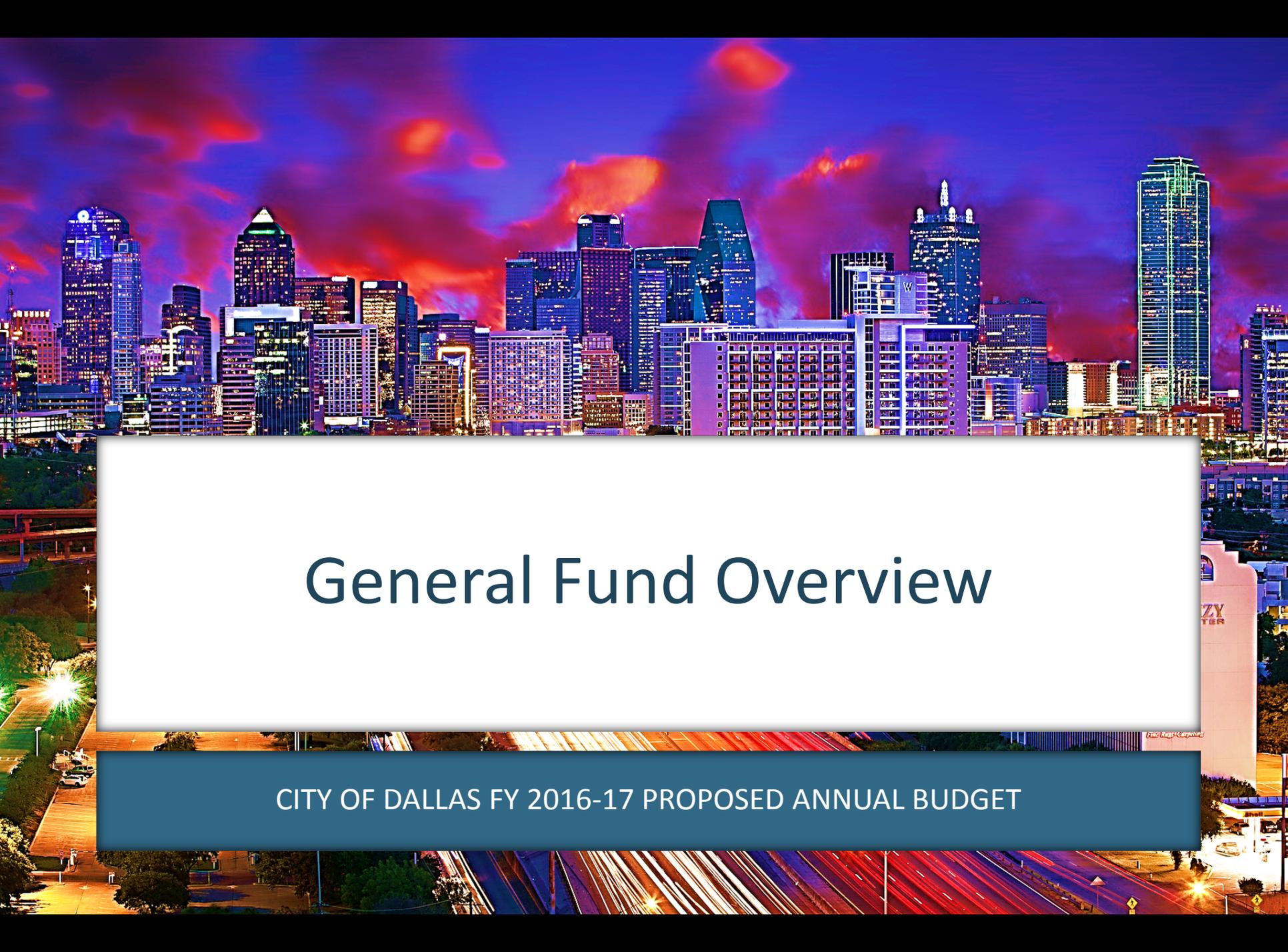
(\$ in millions)

Operating & Capital Budget: \$3.1 billion



# Year-over-Year Expense Change

Expenditures	FY16 Amended	FY17 Proposed	% Change
General Fund	\$1,145,712,607	\$1,228,000,000	7.18%
General Obligation Debt Service	255,325,736	261,865,145	2.56%
Aviation	93,875,967	99,187,992	5.66%
Convention and Event Services	82,938,892	92,605,145	11.65%
Municipal Radio	2,054,549	2,032,482	-1.07%
Sanitation Services	86,480,147	95,946,054	10.95%
Storm Drainage Management	51,416,846	53,007,769	3.09%
Sustainable Development & Construction	30,696,618	36,090,295	17.57%
Water Utilities	645,128,387	657,464,737	1.91%
<b>Total Operating Budget</b>	<b>\$2,393,629,749</b>	<b>\$2,526,199,619</b>	<b>5.54%</b>
General Purpose Capital Budget	462,968,883	177,410,919	-61.68%
Enterprise Fund Capital Budget	241,786,923	347,256,085	43.62%
<b>Total Budget</b>	<b>\$3,098,385,555</b>	<b>\$3,050,866,623</b>	<b>-1.53%</b>

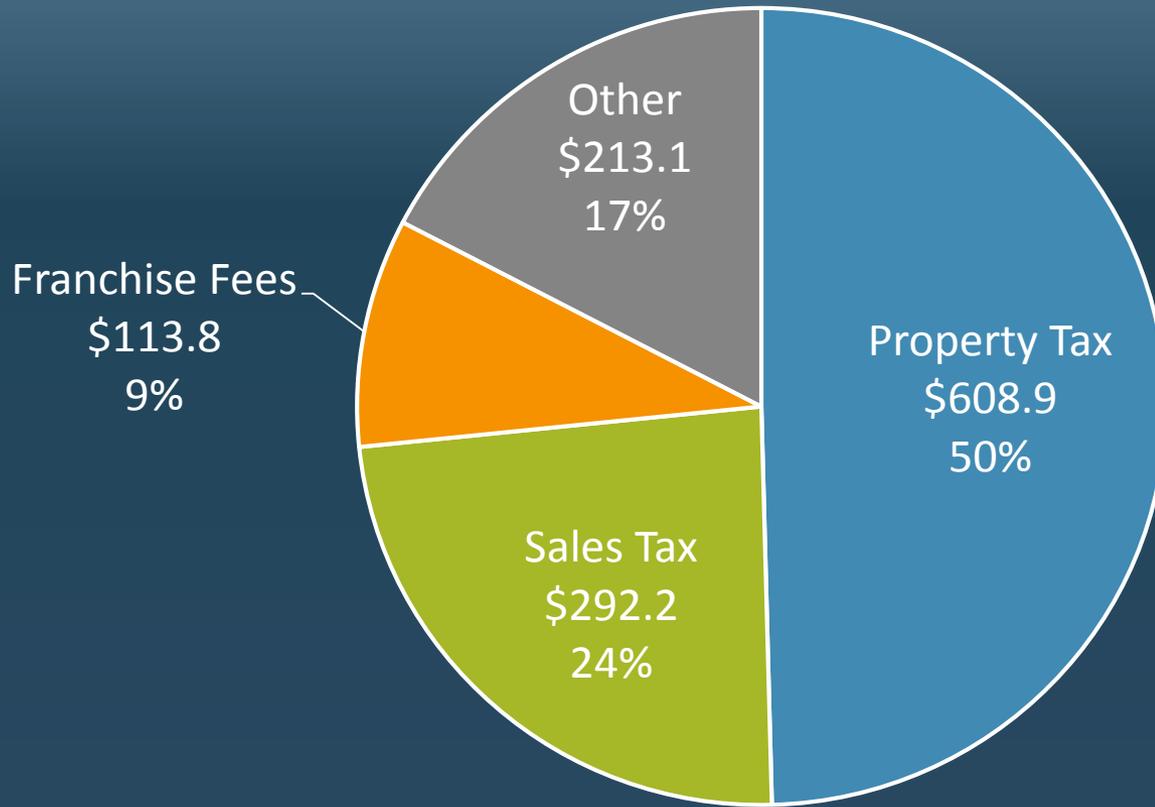
A nighttime photograph of the Dallas skyline, featuring numerous illuminated skyscrapers against a dark sky with some clouds. The city lights are reflected in the foreground, which shows a highway with light trails from traffic. A large white rectangular box is centered over the middle of the image, containing the title text.

# General Fund Overview

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET

# FY17 General Fund Revenues (\$ in millions)

Revenues Total \$1.23 billion





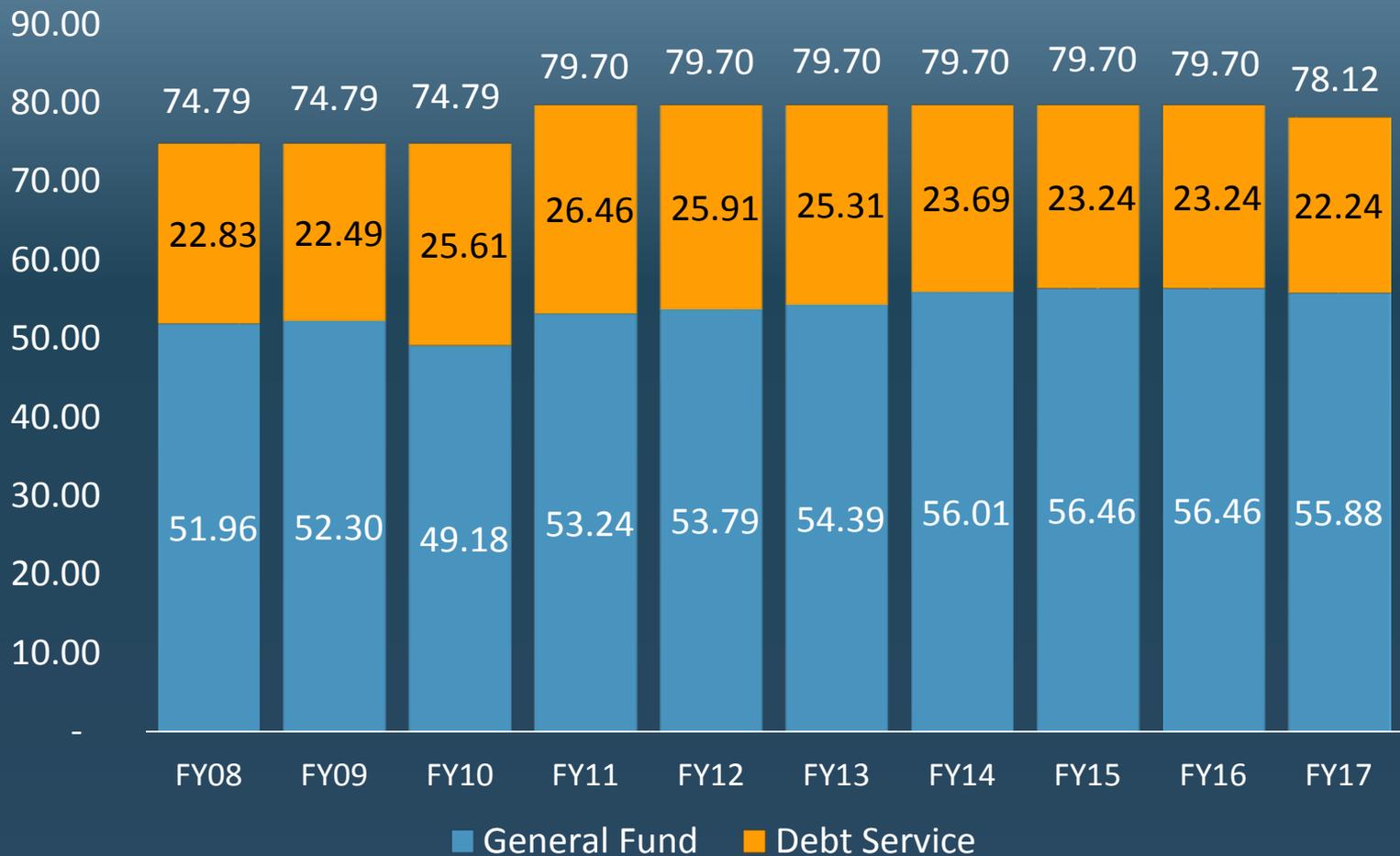
# Property Tax Base Value and Tax Rate

- Property **tax base values** have grown by 10.04% or over \$10 billion from last year's certified value
  - FY86 to FY16 (30 years), City had only seen one year with 10% growth
  - \$2.5 billion or 25% of growth is from new construction
- FY17 Proposed Budget includes decrease in City property tax rate of 1.58¢

	FY16 Adopted	FY17 Proposed	Change
General Fund	56.46¢	55.88¢	-0.58¢
Debt Service	23.24¢	22.24¢	-1.00¢
<b>Total Tax Rate</b>	<b>79.70¢</b>	<b>78.12¢</b>	<b>-1.58¢</b>

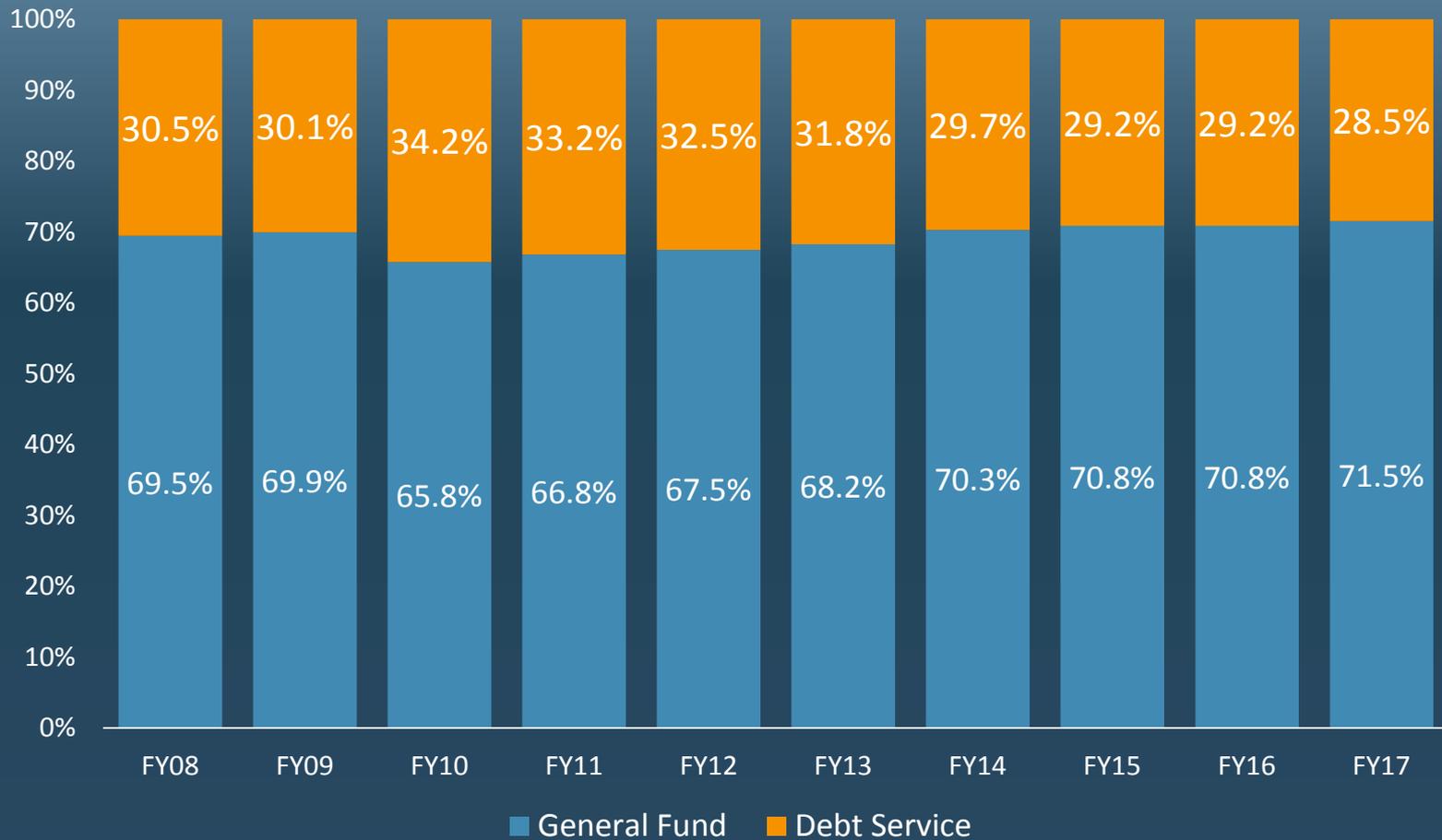


# Historical Property Tax Rate- Tax Rate Distribution (¢/\$100 value)



Note: Tax rate has increased or stayed the same since FY99 except for FY07 when there was a 1.25¢ decrease.

# Historical Property Tax Rate- Tax Rate Distribution



Note: Percent of tax rate allocated to debt service has steadily decreased since FY10.

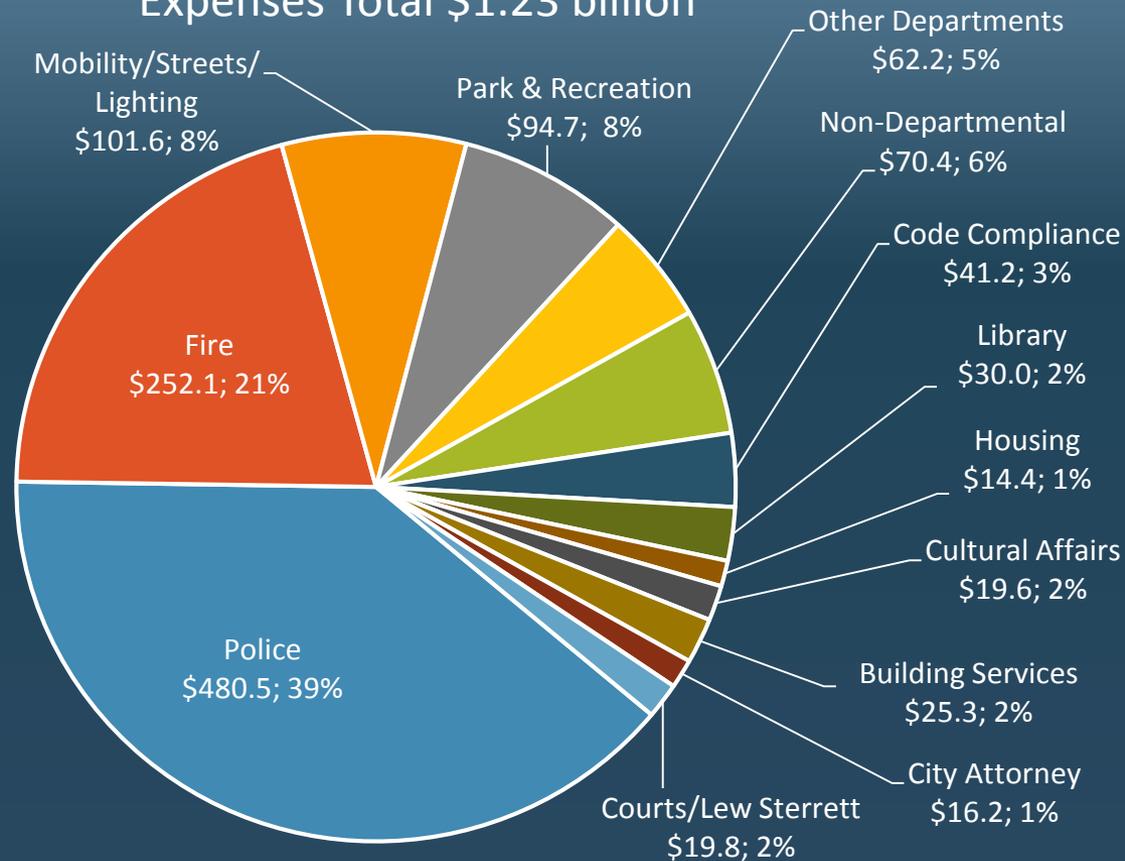


# FY17 General Fund Expenses

(\$ in millions; by Department)

Other Includes:  
 Mgmt Services: \$10.2m  
 City Controller: \$5.5m  
 Human Resources: \$5.2m  
 Mayor/Council: \$4.3m  
 City Secretary: \$3.4m  
 Judiciary: \$3.3m  
 City Auditor: \$3.2m  
 Planning/Urban: \$3.0m  
 Financial Services: \$3.0m  
 Procurement: \$3.0m  
 Civil Service: \$2.9m  
 City Manager: \$2.0m  
 Economic Develop: \$2.6m  
 Develop Services: \$1.4m  
 Trinity: \$1.3m  
 Reserves/Transfers: \$7.9m

Expenses Total \$1.23 billion

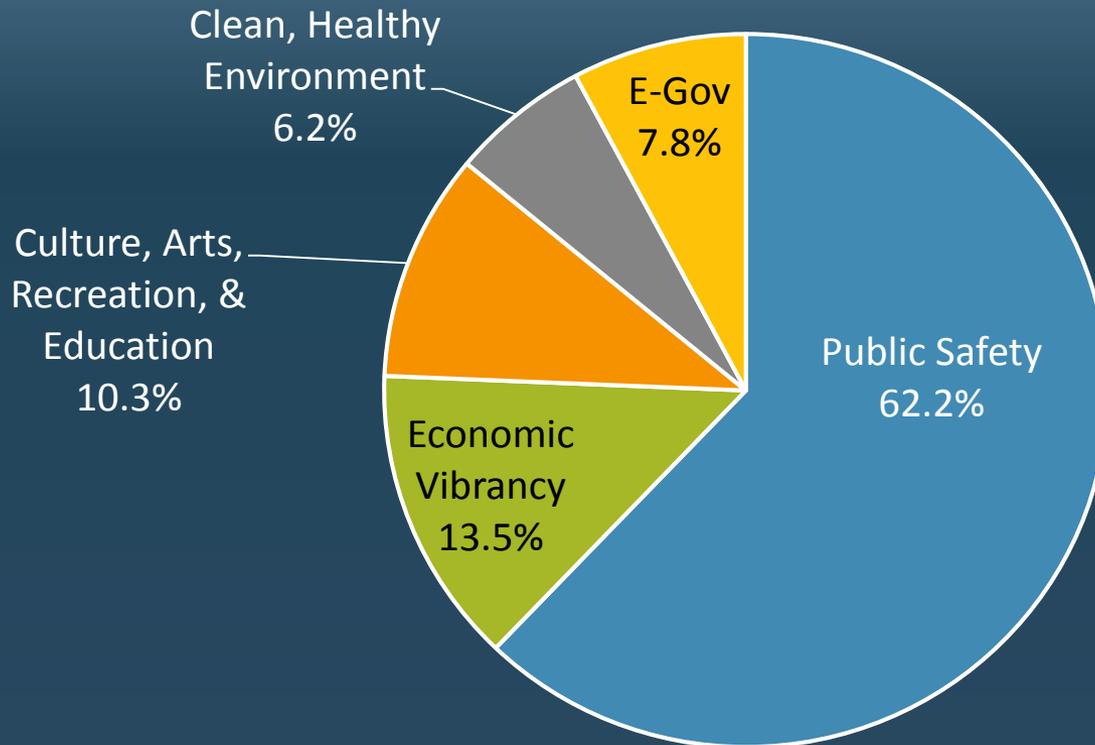


# FY17 General Fund Expenses (by Department)

Department	FY16 Amended	FY 17 Proposed	Net \$ Change	Net % Change
Dallas Police Department	\$452,694,912	\$480,503,576	\$27,808,664	6.14%
Dallas Fire Rescue	239,567,341	252,102,513	12,535,172	5.23%
Mobility & Street Services (Street Lighting)	89,056,379	101,533,127	12,476,748	14.01%
Park & Recreation	85,646,066	94,673,026	9,026,960	10.54%
Non-Departmental	58,026,112	70,412,439	12,386,327	21.35%
Code Compliance	38,569,313	41,185,536	2,616,223	6.78%
Library	30,508,677	29,983,725	(524,952)	-1.72%
Building Services	23,970,895	25,311,983	1,341,088	5.59%
Court & Detention Services/Lew Sterrett	19,120,181	19,788,513	668,332	3.50%
Office of Cultural Affairs	17,671,062	19,604,511	1,933,449	10.94%
City Attorney's Office	15,886,107	16,159,590	273,483	1.72%
Housing and Community Services	11,935,624	14,403,063	2,467,439	20.67%
Management Services	8,544,370	10,235,231	1,690,861	19.79%
Public Works	5,910,853	N/A	(5,910,853)	-100.00%
City Controller's Office/Independent Audit	5,327,336	5,547,681	220,345	4.14%
Human Resources	4,788,424	5,219,858	431,434	9.01%
Mayor and City Council	4,266,189	4,326,505	60,316	1.41%
Planning and Urban Design	4,232,181	3,028,557	(1,203,624)	-28.44%
Judiciary	3,230,516	3,295,676	65,160	2.02%
City Auditor's Office	3,004,057	3,194,434	190,377	6.34%
Office of Financial Services	2,957,377	2,956,619	(758)	-0.03%
Business Development and Procurement	2,884,352	3,040,515	156,163	5.41%
Civil Service	2,598,983	2,887,337	288,354	11.09%
City Secretary's Office/Elections	2,101,434	3,429,909	1,328,475	63.22%
City Manager's Office	1,972,061	1,965,631	(6,430)	-0.33%
Office of Economic Development	1,818,423	2,574,535	756,112	41.58%
Trinity Watershed Management	1,526,320	1,317,717	(208,603)	-13.67%
Sustainable Development and Construction	1,437,742	1,385,651	(52,091)	-3.62%
Reserves and Transfers	6,459,320	7,932,542	1,473,222	22.81%
<b>Total</b>	<b>\$1,145,712,607</b>	<b>\$1,228,000,000</b>	<b>\$82,287,393</b>	<b>7.18%</b>

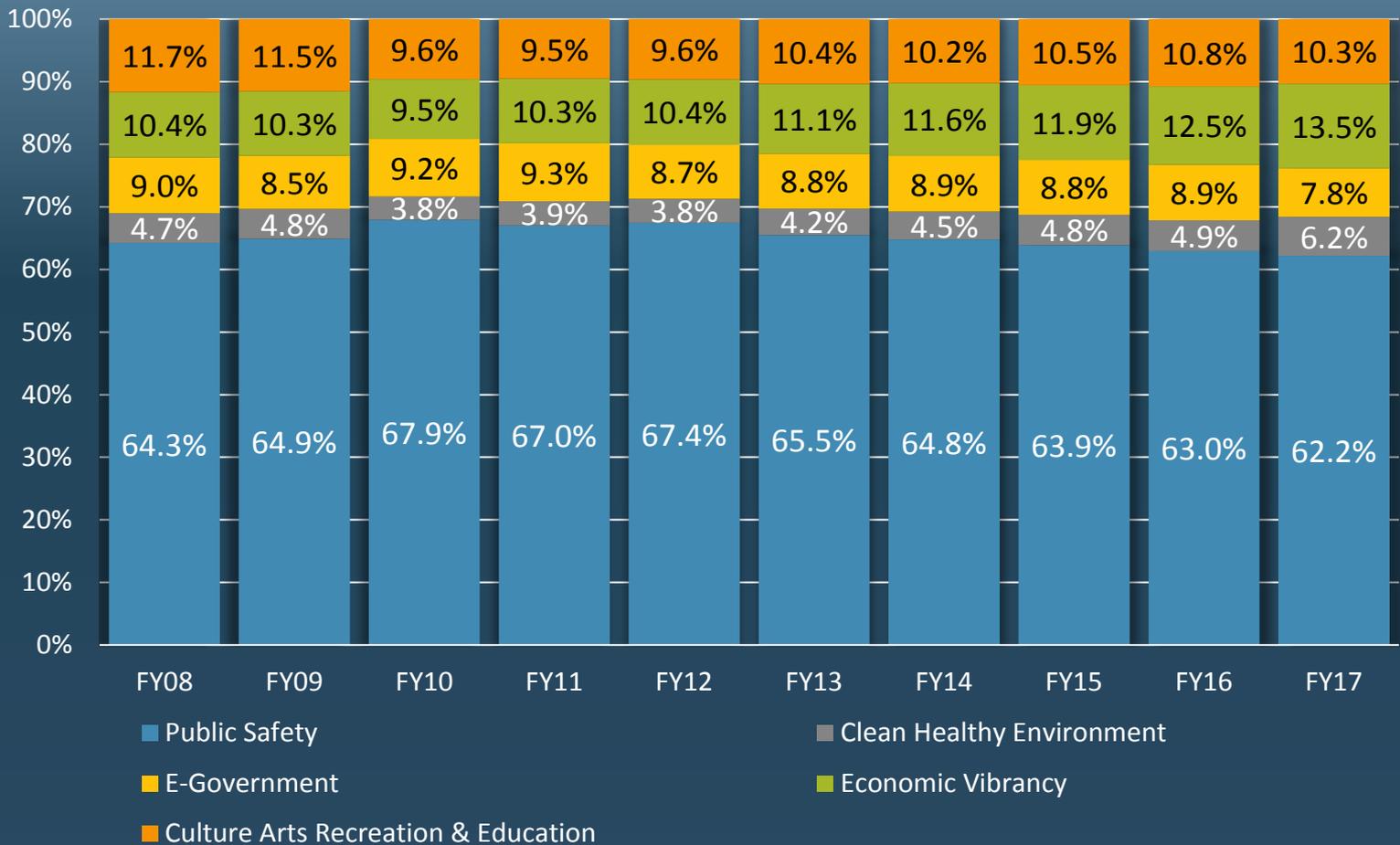
# FY17 General Fund Expenses (by Key Focus Area)

Expense Budget Totals \$1.23 billion



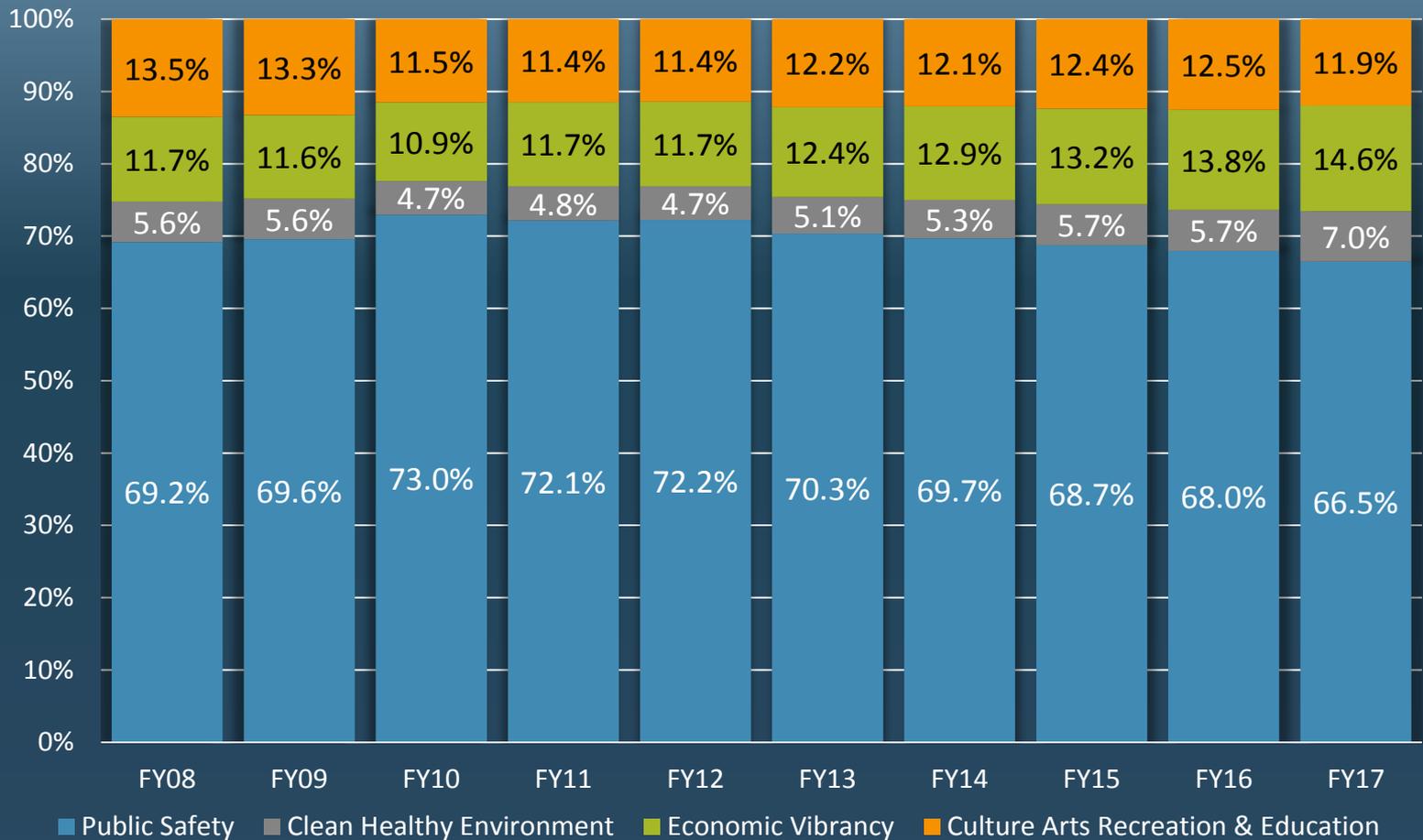


# History of General Fund Expenses (by Key Focus Area- % of Total)



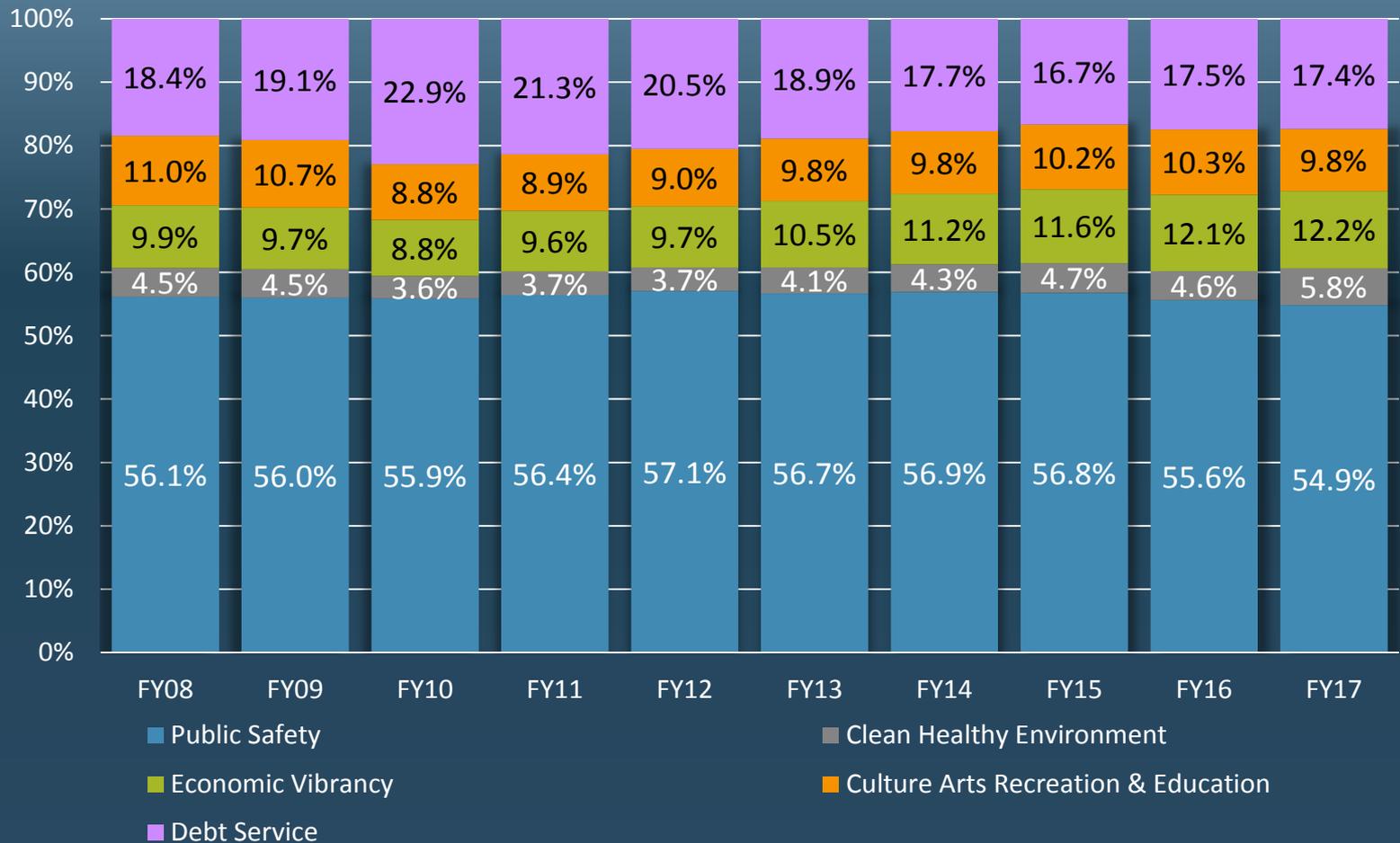


# History of General Fund Expenses (by Key Focus Area- % of Total; e-Gov Distributed)

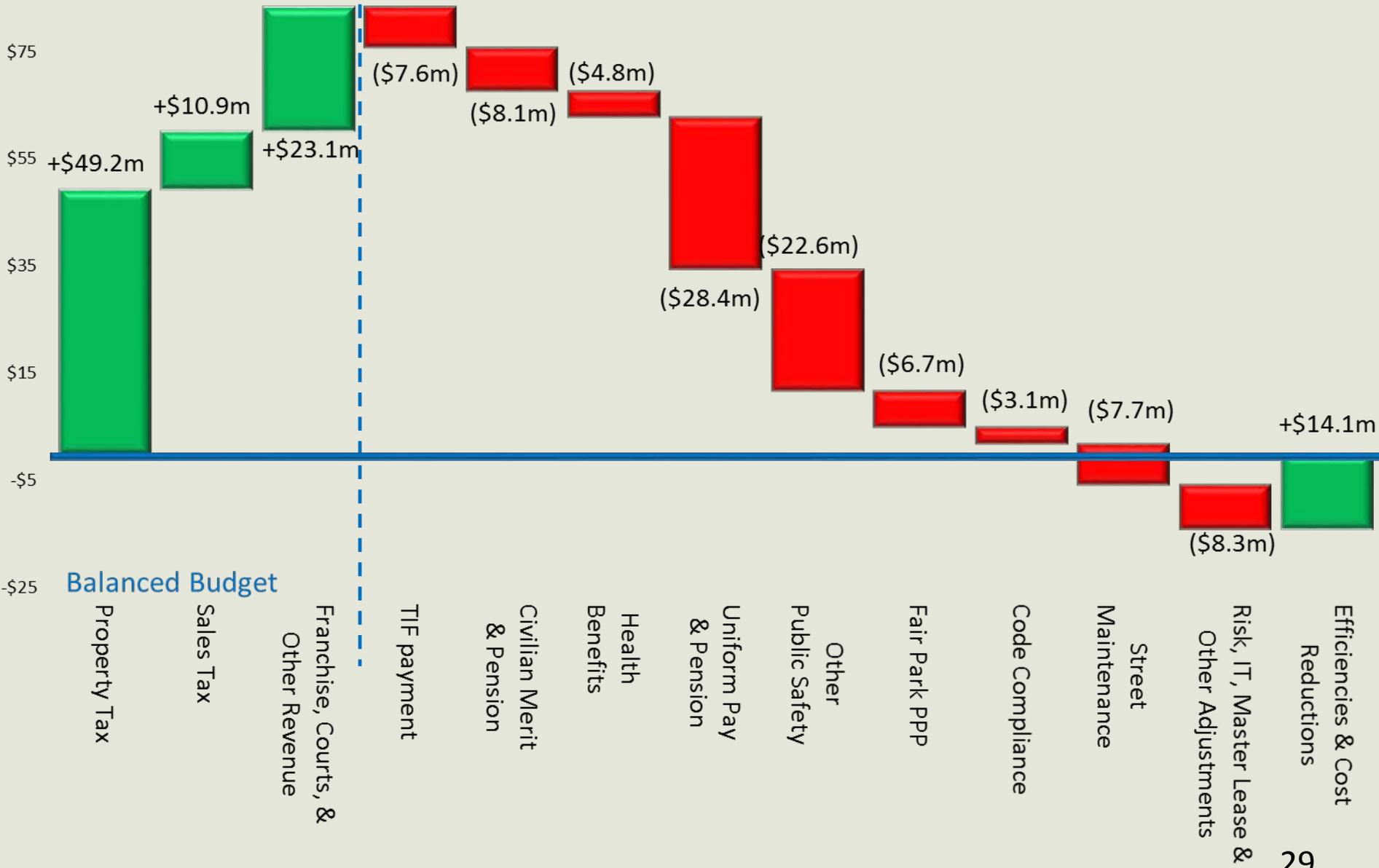


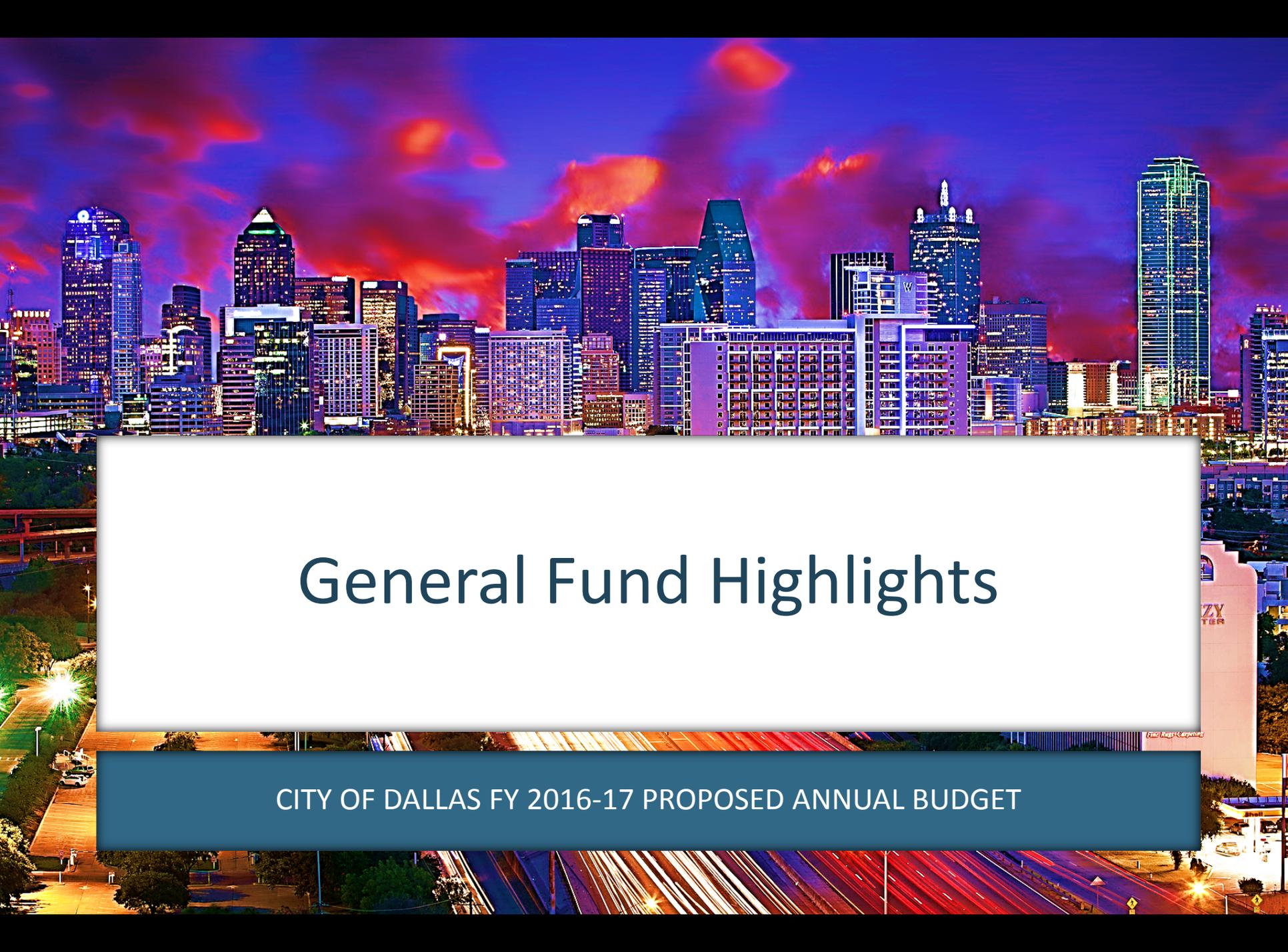


# History of General Fund Expenses (by Key Focus Area- % of Total; w/Debt Service)



# General Fund Gap Update (\$ in millions)



A nighttime photograph of the Dallas skyline, featuring numerous illuminated skyscrapers against a dark sky with some clouds. The city lights are reflected in the foreground, which shows a highway with light trails from traffic. A large white rectangular box is centered over the middle of the image, containing the title text.

# General Fund Highlights

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET



# Public Safety – Police

- Hire 549 police officers during FY17 – increase authorized strength from 3,511 to 3,711 officers (\$13.9m)
- Address police officer compensation through double-step pay increases (10%), patrol pay, and improved starting pay
- Purchase additional police officer protective equipment using grant funds (\$4.4m)
- Continue work on Police facility security enhancements
- Add 50 Public Safety Officers (civilian positions) to complement sworn strength (\$1.1m)





# Public Safety – Fire

- Hire 98 firefighters, including 18 additional firefighters, to replace for higher attrition in prior years
- Address fire fighter compensation through double-step (10%) pay increase
- Replace 2 aerial trucks, 5 engines, and 14 ambulances
- Enhance safety training (\$0.3m)
- Fund promotional exams (\$0.3m)
- Fund O&M expenses for Fire Stations #06, #27 and #44





# Public Safety – Police & Fire

## FY17 Proposed Budget – Uniform Staffing and Compensation Changes

Item	FY17 First-Year Cost	FY18 Full-Year Cost
Full-year funding for FY16 step-pay increase	\$7.7m	\$7.7m
Increase police sworn strength to 3,711	\$13.9m	\$30.2m
Double step-pay Increase	\$14.0m	\$28.0m
Police patrol pay	\$1.8m	\$1.8m
18 additional firefighters	\$1.5m	\$1.5m
Pension increase	\$4.9m	\$4.9m
<b>Totals</b>	<b>\$43.8m</b>	<b>\$74.1m</b>





# Public Safety – Courts

- Budget initiatives over last several fiscal years paying dividends
  - Right-sizing staffing levels as citation volume declined
  - Leveraging technology for resolving citations online
  - Hiring additional Marshals to focus on clearing warrants
- Expand hours one evening per week and fully utilize City Detention Center that is open 24x7





# Transportation Infrastructure

- Infrastructure maintenance once again #1 priority in 2016 citizen survey & online survey, and received unanimous Council support at retreat
- Proposed budget and planned 2017 bond program will maintain overall street condition with zero degradation during FY17 by improving over 550 lane miles



## Street & Alley Funding in FY17

General Fund O&M budget	\$36.0m
Street and Alley Improvement Fund	\$20.8m
CDBG funds	\$0.6m
2006 and 2012 bond projects (for streets & alleys)	\$44.0m
2017 bond projects (pending May 2017 election)	\$27.3m

**Total FY17 Street & Alley Improvement Funding**

**\$128.7m**



# Transportation Infrastructure

- Budget includes \$1.8m matching funds to leverage total \$10m Federal grant
  - \$10m grant will enable design/construction of 25 traffic signals as well as intersection improvements at high-accident locations across city
- Maintain funding for sidewalk construction
- Fund second year operation and maintenance of Oak Cliff Streetcar including Bishop Arts extension (\$1.0m)



# Transportation Infrastructure

- Budget includes merging Public Works, Street Services, and Transportation Planning to create Mobility & Street Services department (\$0.8m savings)
  - Create one-stop-shop for:
    - Transportation/trail planning
    - Pavement management
    - Street system maintenance/construction
    - Interagency projects
- Add Forestry division to provide proper maintenance of trees in City rights-of-way and provide education/outreach (\$0.5m)



# Code Compliance

- Dallas Animal Services will add on-duty overnight shift 4 nights/week and provide free spay/neuter surgeries and microchipping to combat loose dogs in high impact areas (\$1.5m)
- Add 15 positions to support pending Chapter 27 code revisions for single family rental inspections (\$1.1m)
- Enhance multi-family inspection program including 8 positions (\$0.5m)
- Consolidate transportation regulation services within Aviation department



# Neighborhoods/ Economic Development

- Budget includes \$1.0m additional funds to help address homelessness
  - Seeking to leverage \$1.0m with additional resources to achieve \$3.0m total funding consistent with Homeless Commission's interim report
  - Expand street outreach program to provide support services for chronically homeless individuals
  - Expand placement of homeless in permanent supportive housing through housing navigation to locate units and continual case management with weekly follow-up visits
- Fund \$0.5m for Neighborhood Plus home improvement rebate program



# Neighborhoods/ Economic Development

- Expand funding for South Dallas/Fair Park Trust fund
- Re-engineer 7 Business Assistance Centers by partnering with local community colleges (\$0.6m)
- Begin infrastructure work for UNT-Dallas area
- Include outside funding for review/due diligence associated with Dallas-Houston high-speed rail project
- Add funds for smart city innovation through public-private partnership (\$0.1m)





# Dallas Public Library

- Budget maintains current level of service with hours of operation at unprecedented level
- Maintain funding for library materials at peak level (\$4.2m annually)
- Library and outside partners working to expand Little Free Library in neighborhoods



Central	11 branches	14 branches	1 DISD site	1 DISD site	Bookmarks	Total Hours/Week
7 days	7 days	5 days	7 days	6 days	6 days	1,510.5

# Park & Recreation

- Budget maintains current service level at recreation centers
- Partner with Dallas Police Athletic League and Dallas Apartment Association to develop gym in northeast Dallas for boxing club and other fitness initiatives for youth
- Continue park maintenance at current intervals:
  - 10-day mowing cycles
  - 4 time per week litter pickup
  - Average 3-day response for graffiti removal
- Aquatics services for 17 community pools, Bahama Beach, and Bachman indoor pool also maintained at current levels
- Budget funds a pilot program with DISD for aquatics programming during school year





# Park & Recreation

- Budget includes opportunity to enter public-private agreement for management of Fair Park
  - Subject to Council approval of management agreement
- Budget includes initial management fee with Fair Park Texas Foundation on pro-rated basis
  - January 1, 2017 effective date
  - City staff will continue to operate Fair Park first quarter of FY17
  - Will require full-year funding in FY18 as well as required increment



# Cultural Arts

- Cultural contract funding maintained at record high levels
- Provides funding to expand Dallas Arts Week into Dallas Arts Month
- Add \$1.5m for AT&T Performing Arts Center to support services to City-supported organizations
- Also fund \$1m towards major maintenance of existing City-owned arts facilities



# E-Government Programs

- Budget implements portion of HireDallas program in order to improve and expedite process for hiring uniform and civilian employees; includes 6 positions
- Fund outside assessments related to:
  - Assessment of Fair Housing (required by HUD)
  - HIPPA security assessment (required by HIPPA regulations)
- Add position to assist with Americans with Disabilities Act (ADA) compliance

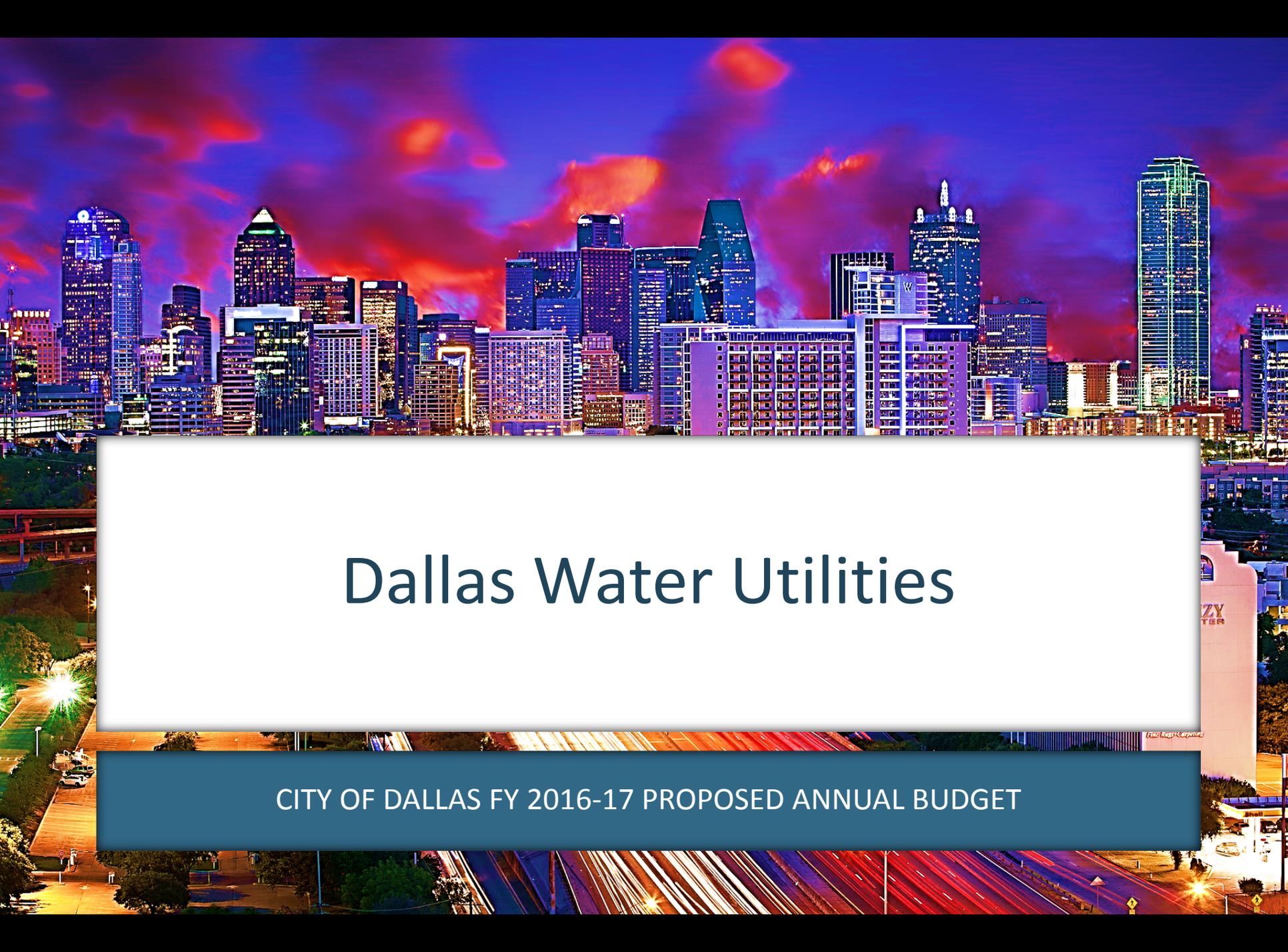




# Efficiencies & Reductions

- Budget includes approximately \$14.1m in efficiencies, cost reductions, and savings to General Fund

FY17 General Fund Expense Reductions	
Sunset Review projects	\$2.7m
Lean/Six Sigma projects	\$1.3m
Elimination of under-utilized positions	\$1.9m
Salary and vacancy rate analysis	\$2.7m
Line-item budget review and reduction of one-time costs	\$1.3m
Electricity contract savings	\$2.0m
Cost reductions through use of non-GF resources	\$2.2m
Total	\$14.1m

A vibrant night-time photograph of the Dallas skyline, featuring numerous illuminated skyscrapers and buildings against a dark sky with scattered clouds. The lights from the buildings create a colorful glow, with some buildings appearing in shades of blue, purple, and red. In the foreground, there are blurred light trails from traffic on a highway, suggesting a long-exposure shot. The overall scene is a dynamic and colorful representation of a modern city at night.

# Dallas Water Utilities

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET



# Dallas Water Utilities

- FY17 budget includes
  - Operating budget of \$657.5m (+\$12.4m from FY16)
  - Capital budget of \$311.5m
- Retail revenues projected to increase 2.6%
  - Typical residential monthly bill will increase from \$63.54 to \$65.03
  - About 88% of residential customers will have increase of \$2.16 or less per month
  - Required revenue increase driven by continued need to fund rehab and replacement of system and to continue funding ongoing rate dispute with Sabine River Authority





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



# Residential Bill Impact Based on Usage

Number of Customers Impacted	% of Customers in Range	Customer Usage in Range	Average Bill at Current Rates	Average Bill at Proposed Rates	Proposed Increase	% Increase
85,967	36.3%	0 to 4,000 Gal	\$24.69	\$25.24	\$0.55 <sup>a</sup>	2.2%
96,177	40.6%	4,001 to 10,000 Gal	\$57.51	\$58.83	\$1.32 <sup>b</sup>	2.3%
24,443	10.3%	10,001 to 15,000 Gal	\$82.88	\$85.04	\$2.16 <sup>c</sup>	2.6%
30,413	12.8%	15,000+ Gal	\$225.48	\$233.65	\$8.17 <sup>d</sup>	3.6%
<b>237,000</b>	<b>100.0%</b>	<b>Totals</b>				

Data based on January 2015 through December 2015 usage:

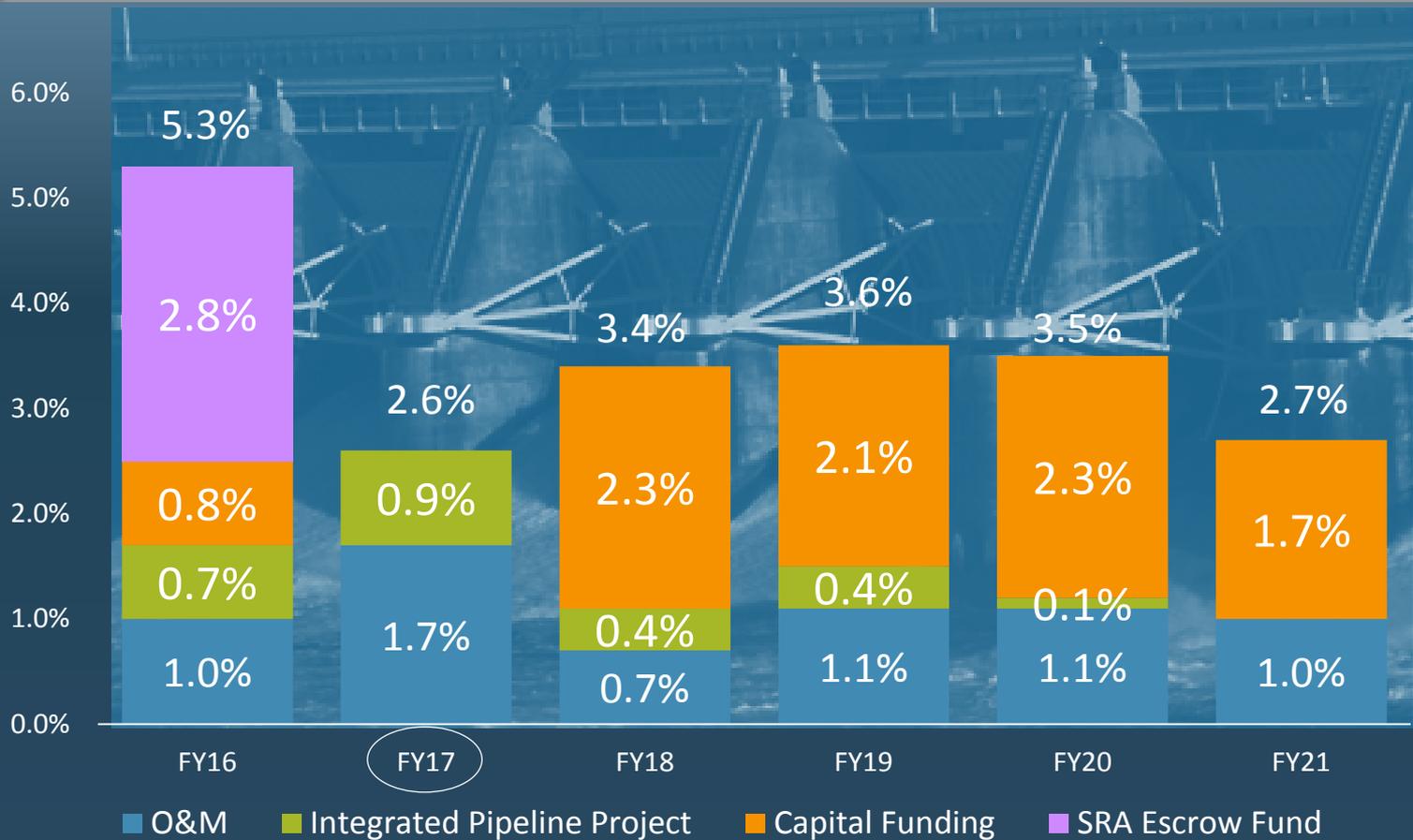
<sup>a</sup> Average water and sewer use: 2,123 gallons

<sup>b</sup> Average water use 6,842 gallons and sewer use: 5,500 gallons

<sup>c</sup> Average water use 12,168 gallons and sewer use: 5,500 gallons

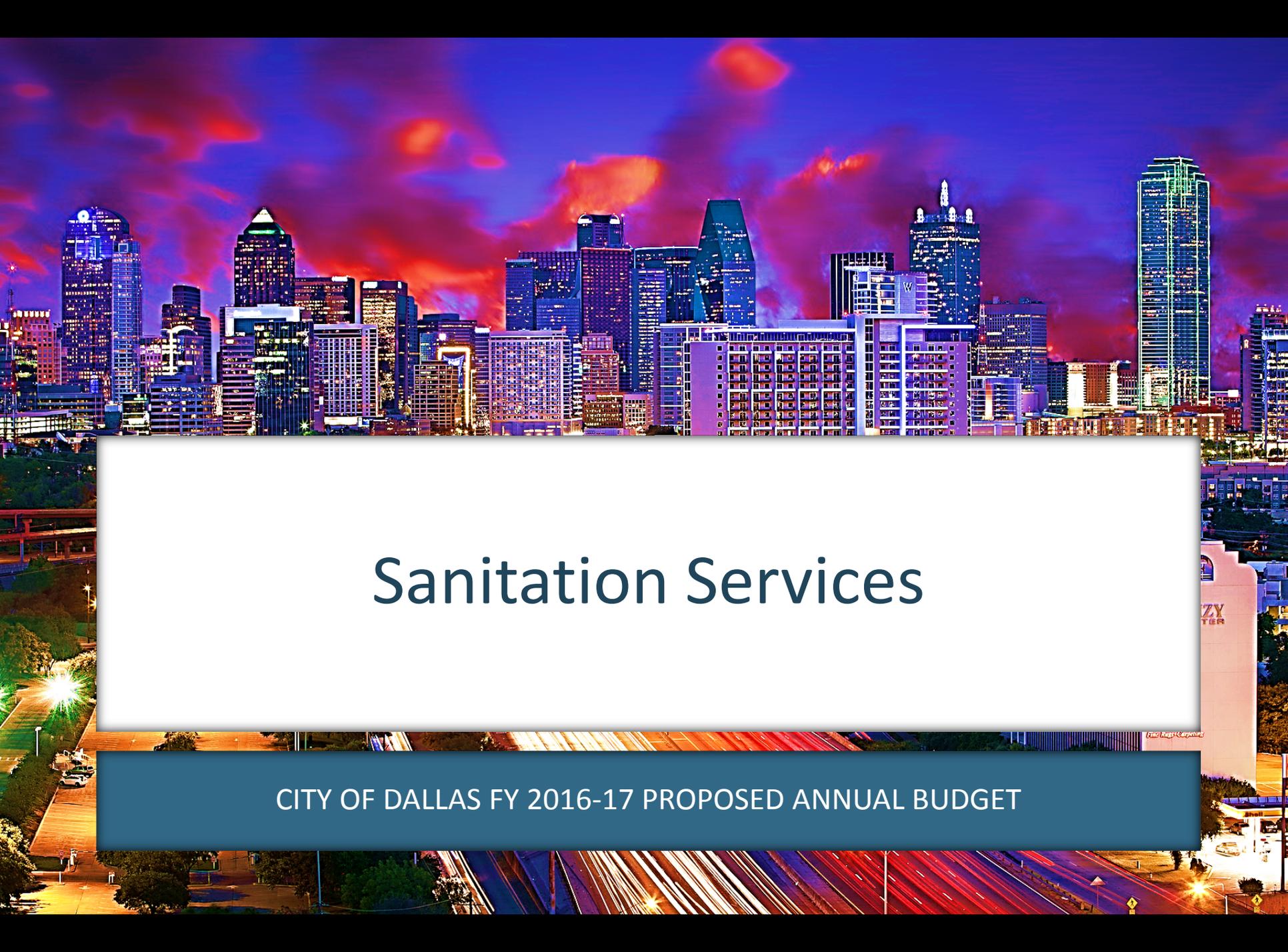
<sup>d</sup> Average water use 30,359 gallons and sewer use: 5,500 gallons

# Water Utilities Future Outlook-Retail Revenue Increases



# Water Utilities Future Capital Improvement Program



A nighttime photograph of the Dallas skyline, featuring numerous illuminated skyscrapers against a dark sky with some clouds. The buildings are lit up in various colors, including blue, white, and yellow. In the foreground, there are some blurred lights and structures, possibly from a highway or a park. A large white rectangular box is centered over the middle of the image, containing the text 'Sanitation Services'.

# Sanitation Services

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET

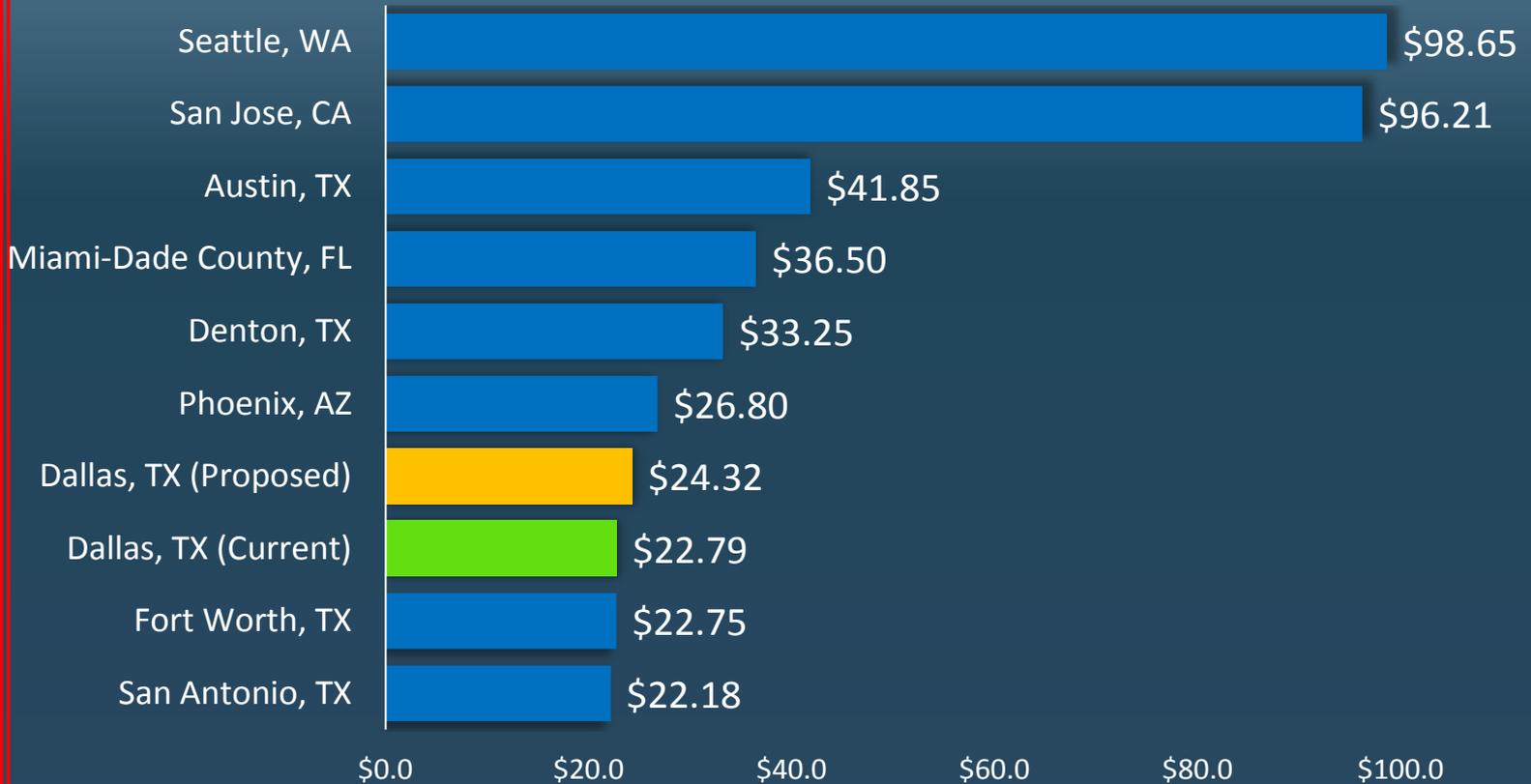
# Sanitation Services

- Sanitation services is funded by revenues from residential collection and commercial tipping fees which pay for:
  - Weekly solid waste and recycling collection
  - Monthly brush/bulky collection
  - Operation of landfill and transfer stations
- Proposed budget includes an increase to residential fee of \$1.53 based on full cost recovery analysis
  - Personnel cost (merit, pension, benefits), fleet acquisition/replacement, increased street rental fee (1% to 3%) , “wage floor” for new temporary labor contract and lower recycling revenues
- Landfill gate rate increase proposed
  - General gate rate increase from \$21.50 to \$25.00
  - Discounted landfill contract rates (specific term length, with guaranteed annual volumes) increasing by approximately 2%



# Sanitation Services

Collection Fee per Month (96 gallon container)



# Sanitation Services

City	Service Location	# of Collections (Brush/Bulky)
San Antonio, TX	Predominately curb service	- 2X per calendar year for Brush & Bulk - Restrictions (volume, size, type)
Ft. Worth, TX	Predominately curb service	- 1X per month Bulk and no brush - Restrictions (volume, size, type)
<b>Dallas, TX</b>	<b>47% alley collection; 53% curb service</b>	- <b>1X per month Brush &amp; Bulk</b> - <b>Minimal restrictions (only type)</b>
Phoenix, AZ	Predominately curb service	- 4X per year – Restrictions
Denton, TX	Predominately curb service	- 1X per month Brush & Bulk - Bulky requires advanced call to City for collection
Miami Dade County, FL	Predominately curb service	- 2X per year - Residents can use 13 drop off locations
Austin, TX	Predominately curb service	- 2X per year for Brush & Bulk - Restrictions (volume, size, type)
San Jose, CA	Predominately curb service	- Single Family – \$26.40 for 1-3 items, Apt. - \$58.36 for up to 3 items and \$19.45 for each additional item
Seattle, WA	Predominately curb service	- \$30.00 per item, \$28.00 per items containing CFC.

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# Other Enterprise Fund Highlights

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET

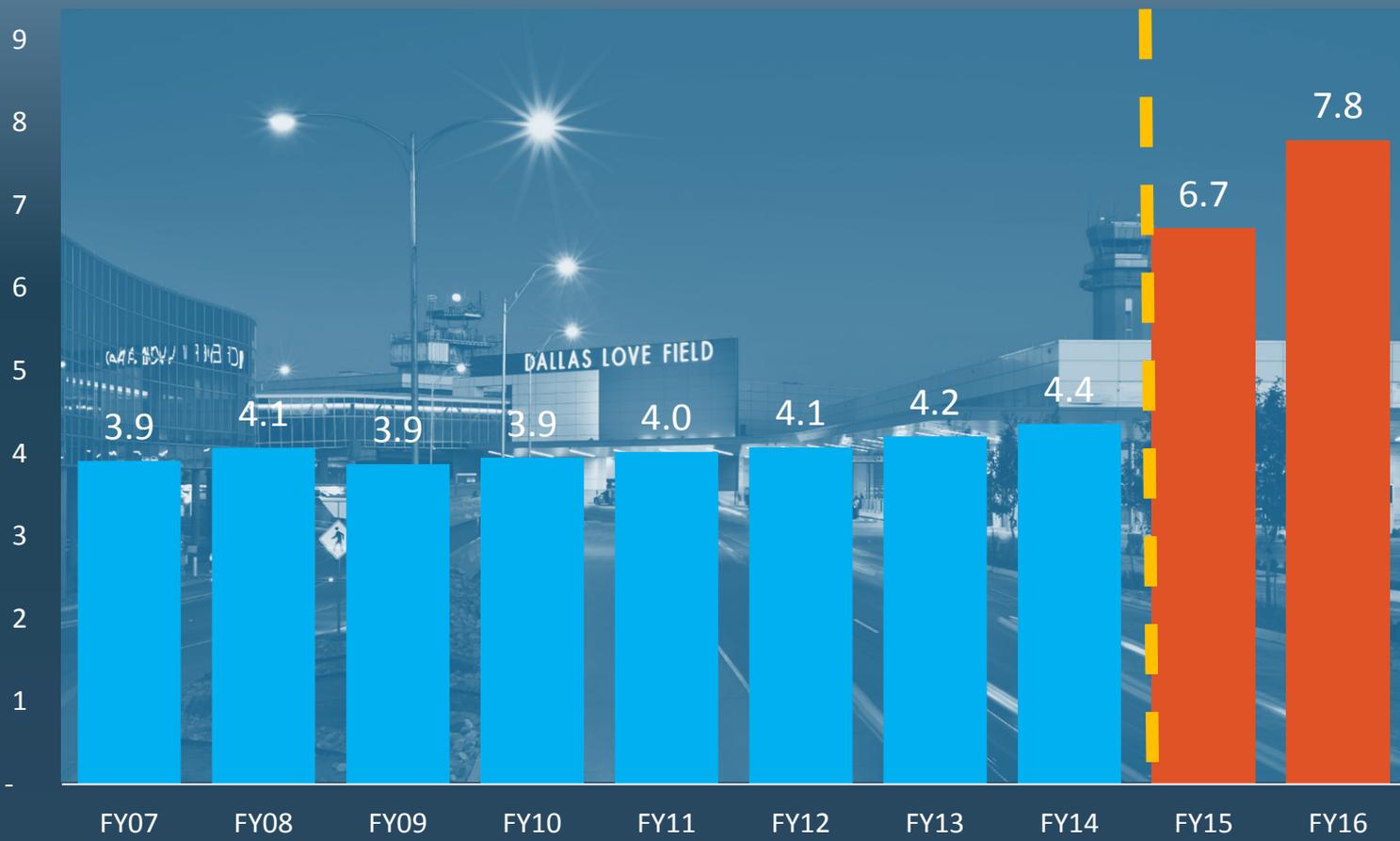
# Aviation

- FY17 Proposed Budget = \$99.2m
- Fund operation and maintenance of Love Field Airport, Dallas Executive Airport, downtown Vertiport, and debt service payment on new Love Field Terminal
- Capital construction transfer of \$7m to reinvest in aviation facilities





# Historical Love Field Enplanements (Departing Passengers in Millions)



Wright Amendment Repeal

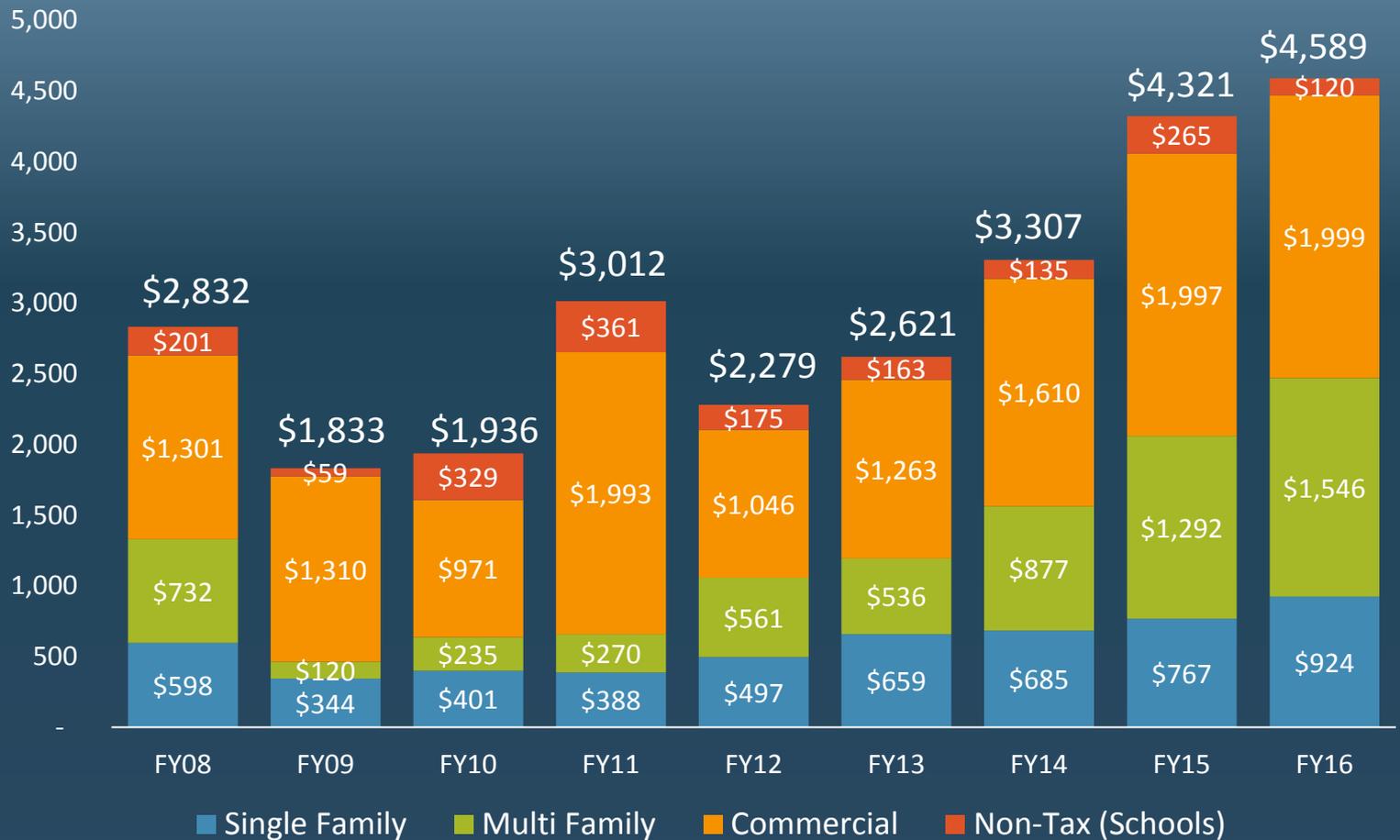
# Building Inspection

- FY17 Proposed Budget = \$36.1m
- Construction environment continues to be strong
- Budget adds 12 new positions to address increased demand for service
  - 6 new positions for construction plan review and permitting; 1 new position for field inspection
  - 2 new positions for Express Plan Review
  - 3 new positions for engineering section
- Also fund \$3m in technology for data management, customer service, and electronic plan review





# Historical Building Permit Valuations (\$ in millions)



# Convention Center

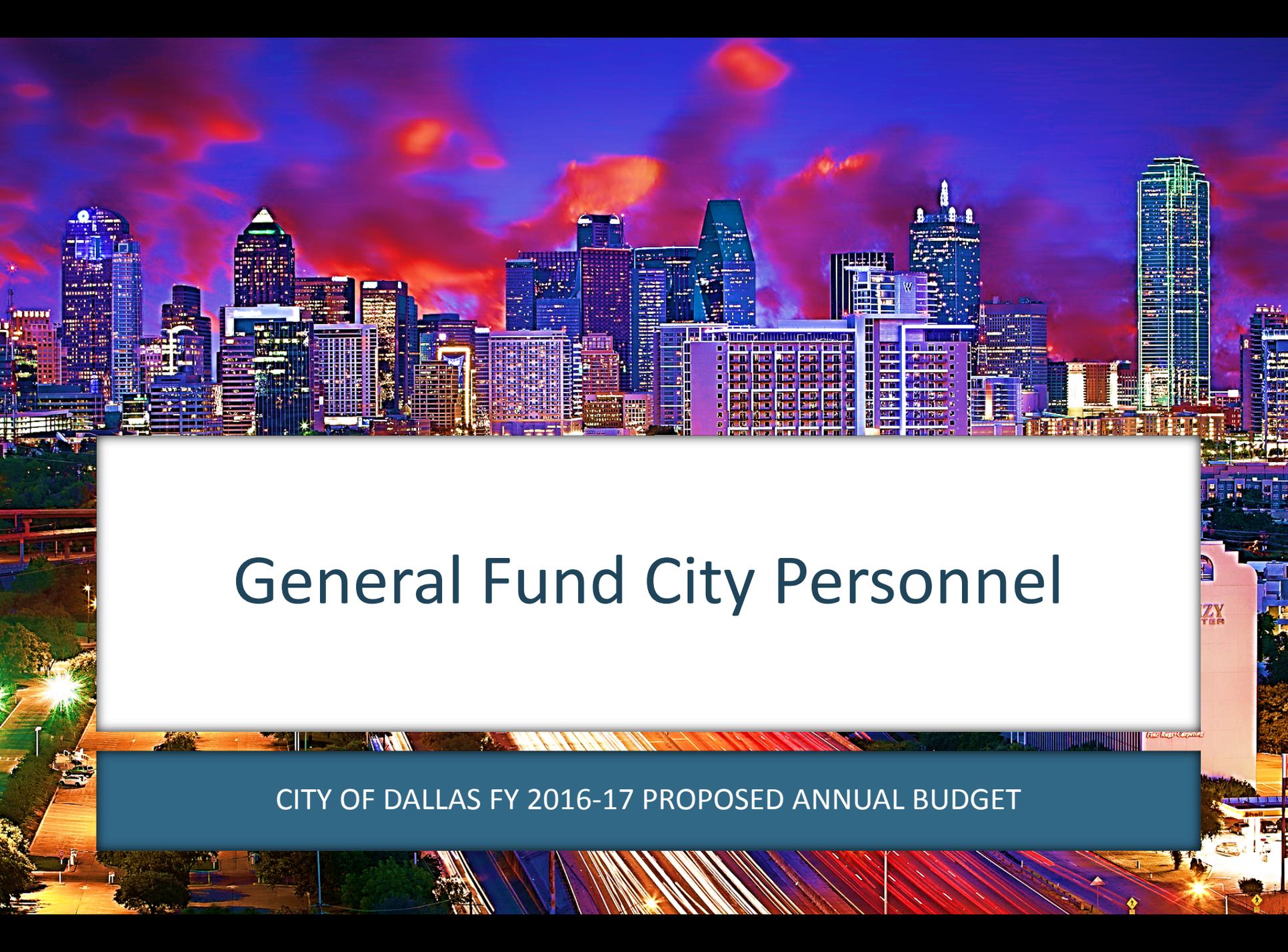
- FY17 Proposed Budget = \$92.6m
- Budget funds operations and maintenance of Kay Bailey Hutchison Convention Center, Union Station, and Office of Special Events
- Hotel Occupancy Tax budget is \$55.1m
  - 30% of HOT (\$16.5m) to be allocated to Dallas Convention & Visitors Bureau
  - 2.6% of HOT (\$1.4m) to be dedicated towards cultural arts programming
  - Remainder of HOT is pledged to repayment of outstanding revenue bonds
- Include \$9m transfer to capital construction fund to address deferred facility maintenance
- Also include \$1m transfer to support major maintenance of City-owned arts facilities



# Storm Drainage Management

- FY17 Proposed Budget = \$52.9m
- Fund operation and maintenance of City's storm drainage system and pump stations
- Budget includes implementation of new stormwater fee structure
  - Fee design is revenue neutral
  - Utilizes GIS data to measure actual impervious cover areas
  - Implementing incentive program for residential properties to reduce their impervious coverage



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# General Fund City Personnel

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET

# General Fund Employee Compensation

- Increase civilian compensation - \$8.1m
  - Full year funding for FY16 merits (2 months)
  - Fund average 3% merit effective November 9<sup>th</sup>
  - Civilian pension
    - City 22.68% (14.33% to ERF + 8.35% for POB)
    - Employee 13.32%
- Increase uniform compensation - \$28.4m
  - Full year funding for FY16 step pay increase
  - Fund double-step (10%) pay increase
  - Additional funds for patrol pay
  - Uniform pension
    - City 27.5% increase to 28.5% (anticipating employee increase)
    - Employee 8.5% (potential increase to 9%)





# General Fund Employee Compensation

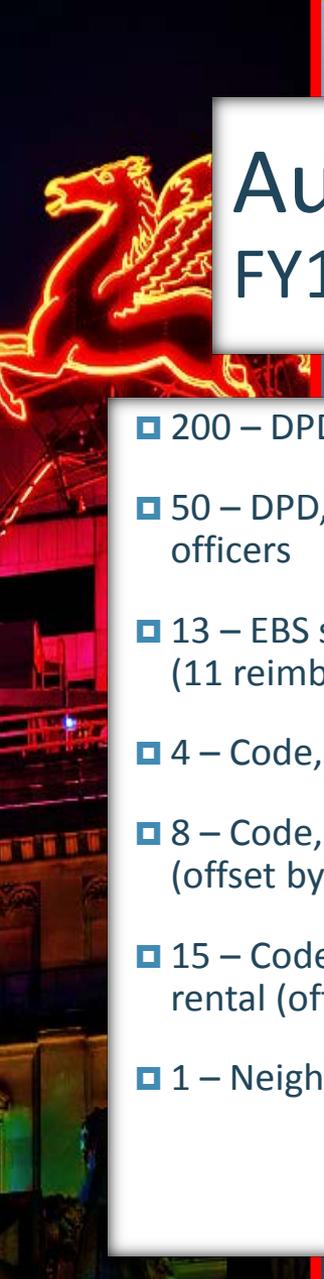
- Employee/Retiree health benefits - \$4.8m (General Fund increase)
  - Active employees
    - No increase to employee only premiums
    - Increase all tiers covering a spouse by \$25 per month
  - Retirees
    - Retiree only – increase \$50 per month
    - Retiree & Spouse, Retiree & Children, and Retiree & Family – increase \$60 per month
    - Spouse Only & Spouse + Children – increase \$100 per month



# Authorized Position Count

- Going forward, positions are metric used for counting personnel and evaluating salary/benefits
- FY17 proposed budget has net reduction of 1,692 or 10% of authorized positions

Positions Adjustments	General Fund	Enterprise Funds	Internal Service Funds	Other Funds	Total
FY16 Adopted	12,565	3,436	617	1,071	17,689
Clean-up Reductions	(1,502)	(183)	(61)	(205)	(1,951)
Transfer Between Funds	1	10	10	(21)	0
FY17 Budget Reductions	(73)	0	(6)	(6)	(85)
FY17 Budget Adds	322	16	6	0	344
FY17 Proposed	11,313	3,279	566	839	15,997



# Authorized Position Count

## FY17 budget includes 344 additional positions

- ▣ 200 – DPD, police officers
- ▣ 50 – DPD, public safety officers
- ▣ 13 – EBS security officers (11 reimbursed)
- ▣ 4 – Code, animal services
- ▣ 8 – Code, multi-tenant (offset by fees)
- ▣ 15 – Code, single family rental (offset by fees)
- ▣ 1 – Neighborhood Plus

- ▣ 8 – Homeless initiative
- ▣ 1 – ADA compliance
- ▣ 1 – OCA Majestic Theater (offset by revenue)
- ▣ 2 – Park & Recreation, boxing program
- ▣ 4 – Park & Recreation, DISD pilot aquatics program
- ▣ 2 – Park & Recreation, O&M for capital projects
- ▣ 6 – Forestry division

- ▣ 5 – Hire Dallas (HR and Civil Service) – for police and civilian positions
- ▣ 1 – Chief Planner (reimbursed)
- ▣ 1 – City Auditor, executive assistant
- ▣ 1 – Convention Center
- ▣ 12 – Building Inspection
- ▣ 3 – Storm Water
- ▣ 6 – CIS

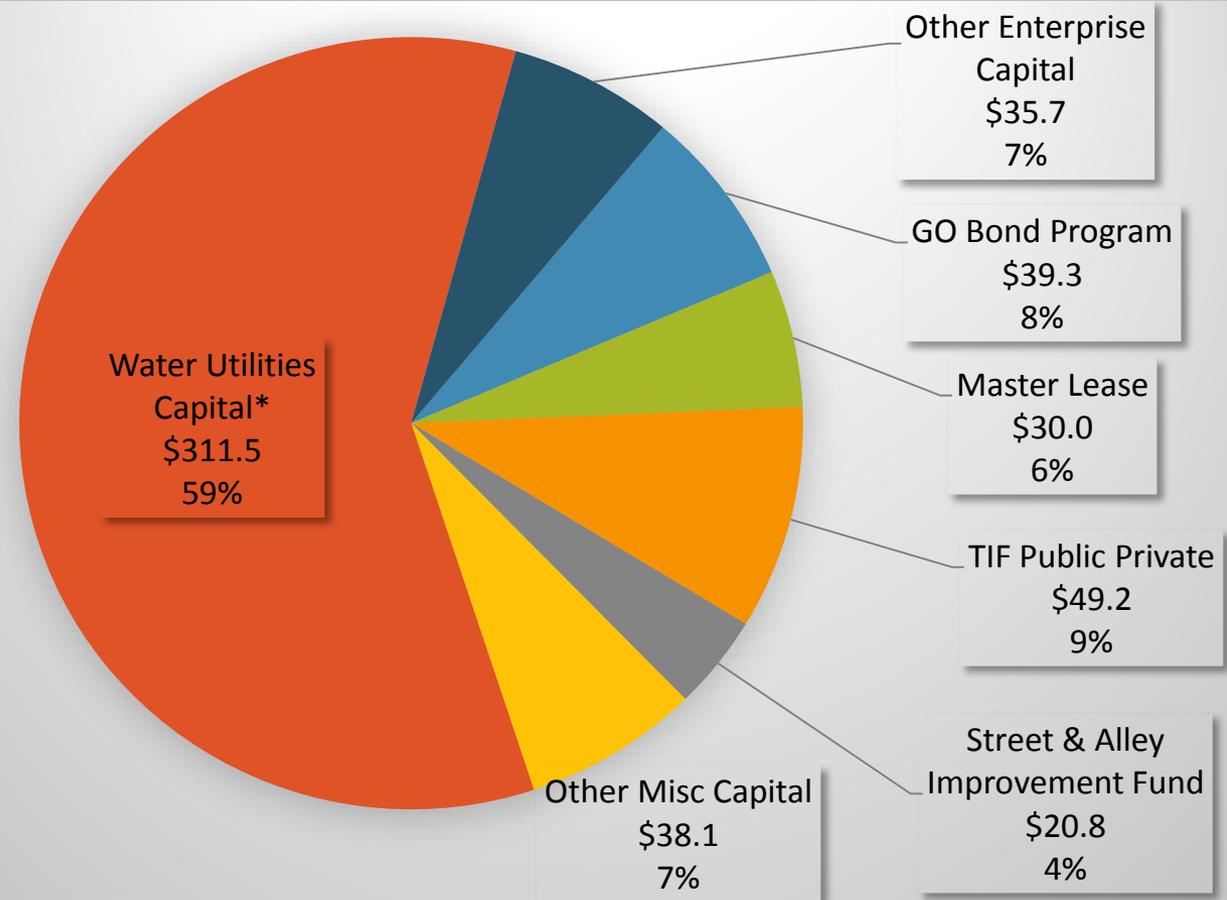
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# Capital Budget & Debt Service

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET



# Capital Budget Overview – \$525 million (\$ in millions)



\*96% of DWU FY17 Capital Budget is for rehab and replacement of water/wastewater system



# Capital & Debt Overview

- Based on project award schedules for FY17, projects will continue to be awarded using commercial paper and will be refunded with General Obligation bond sale in FY18
- Future authorized bond issues to complete 2006/2012 bond programs are projected
  - FY18: \$225m (+\$17m cash refunding of commercial paper)
  - FY19: \$175m (+\$10m cash refunding of commercial paper)



# Capital & Debt Overview

- \$1.77 billion outstanding General Obligation debt as of 9/30/16 (principal only)
- FY17 Debt Service budget totals \$261.9m
  - \$238m principal + interest payment on existing debt
  - \$10m cash to be used to retire commercial paper
  - \$13.9m for Debt Service Fund's share of TIF increment
- Debt Service long-range forecast maintains projected capacity for 2017 Bond Program up to \$1 billion

# Debt Service Future Projections (\$ in millions)





# 2017 Bond Program – Next Steps

- Development process for 2017 Bond Program is underway
- Council committees were briefed during spring about needs inventory/technical criteria for bond program
- Council will be briefed on financial capacity and next steps on August 30<sup>th</sup>
- Bond Election slated for May 2017



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# State Taxation Law Requirements

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET



# State Taxation Law Requirements

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

## City of Dallas Ad Valorem Tax Rates

FY 2015-16 current rate = \$0.7970

FY 2016-17 proposed rate = \$0.7812

FY 2016-17 Effective Rate = \$0.7490

- Generates 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 \$34.6m from proposed budget

FY 2016-17 Rollback Rate = \$0.7842

- Allows general fund **revenue** portion plus 8%
- Allows debt service portion necessary to cover debt service expense
- If rate above rollback rate is adopted, voters may petition for an election to reduce rate to rollback rate
- Adopting rollback rate would generate \$3.3m in additional revenue



# State Taxation Law Requirements

- Requirements if Council desires to reserve option to adopt a tax rate higher than effective tax rate of \$0.7490/\$100 valuation
  - Have a record vote to consider a specific tax rate higher than effective rate (August 17<sup>th</sup>)
  - Publish date/time for two public hearings (August 19<sup>th</sup>)
  - Hold two tax rate public hearings (September 7<sup>th</sup> and 14<sup>th</sup>)
  - Adopt tax rate (September 21<sup>st</sup>)

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# Long-Range Financial Forecast

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET

# Long Range Financial Forecast

- Long-range forecasting is financial planning tool designed to give an early look at revenues and expenses in future years
- Forecast is a projection and does not reflect what general fund budgets will actually be in any given future year
- Forecast is based on assumptions about growth in revenues and expenses multiple years before they actually occur





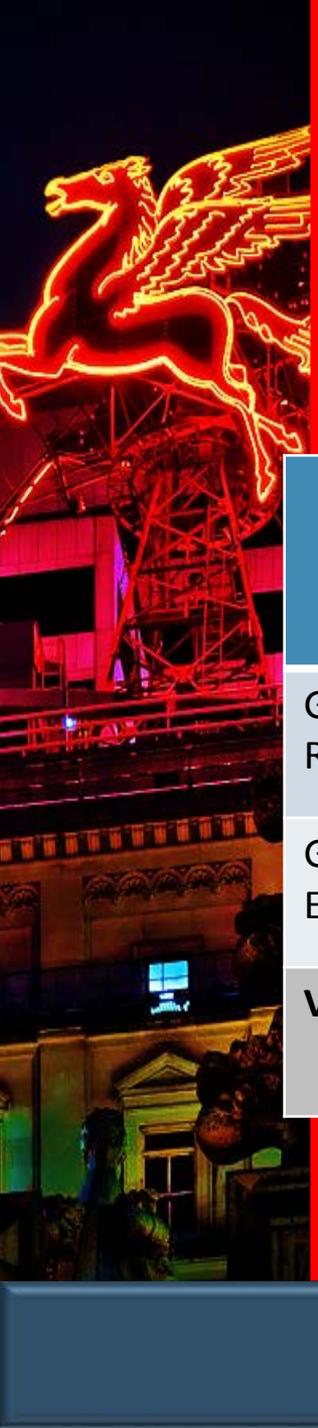
# Long-Range Financial Forecast Assumptions

- Long-range forecast model includes assumptions for:
  - Continued growth in property values and sales tax revenues
  - Maintains all FY17 service levels
  - Considers impact of step pay increases; FY17 double-step, FY18 single-step, FY19 double-step, FY20 single step
  - Funds impact of civilian merit pay increases; assumes average of 3% merit in future years
  - Cost increases for employee/retiree health benefits
  - Costs associated with completed capital projects coming into service
  - Inflation costs for certain supplies/materials such as fuel and utilities
  - Increases for internal services such as IT and fleet



# Long-Range Financial Forecast Assumptions

- Long-range forecast model does not include assumptions for:
  - Further changes in property tax rate
  - Service enhancements beyond FY17 levels such as further increases for animal services, cultural contracts, recreation center hours, etc.
  - Efficiencies/reductions/outsourcing arising from Sunset Review and Lean/Six-Sigma projects
  - Impact of operation and maintenance expenses resulting from potential 2017 Bond Program
  - Changes resulting from State or Federal legislation on City
  - Police/Fire Pension System or pay referendum lawsuit



# Long-Range Financial Forecast

	FY 2016-17 Proposed	FY 2017-18 Forecast	FY 2018-19 Forecast	FY 2019-20 Forecast
General Fund Revenue	\$1,228.0m	\$1,253.6m	\$1,286.3m	\$1,324.4m
General Fund Expense	\$1,228.0m	\$1,345.4m	\$1,394.0m	\$1,435.2m
Variance/Gap	\$0	(\$91.8m)	(\$107.7m)	(\$110.8m)

Note: Forecasts are very preliminary and will change.

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# Schedule for August & September 2016

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET



# August & September 2016

Date	Item
Aug 9	Budget Workshop #6: City Manager's recommended budget
Aug 9-Sept 1	Budget Town Hall Meetings
Aug 17	Budget Workshop #7: Property Tax Rate and other topics TBD
Aug 24	Budget Public Hearing
Aug 30	Budget Workshop #8 (optional): 2017 Bond Program and other topics TBD
Sept 7	Budget Workshop #9: Council amendments
Sept 7	Adopt budget on First Reading
Sept 13	Budget Workshop #10: Amendments (if necessary)
Sept 21	Adopt budget on Second Reading and adopt tax rate
Oct 1	Begin FY17

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# City Auditor's Opinion & Revenue Review

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET



# Budget Briefing Request

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

Please list priority areas you wish discussed in upcoming budget workshops:

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

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

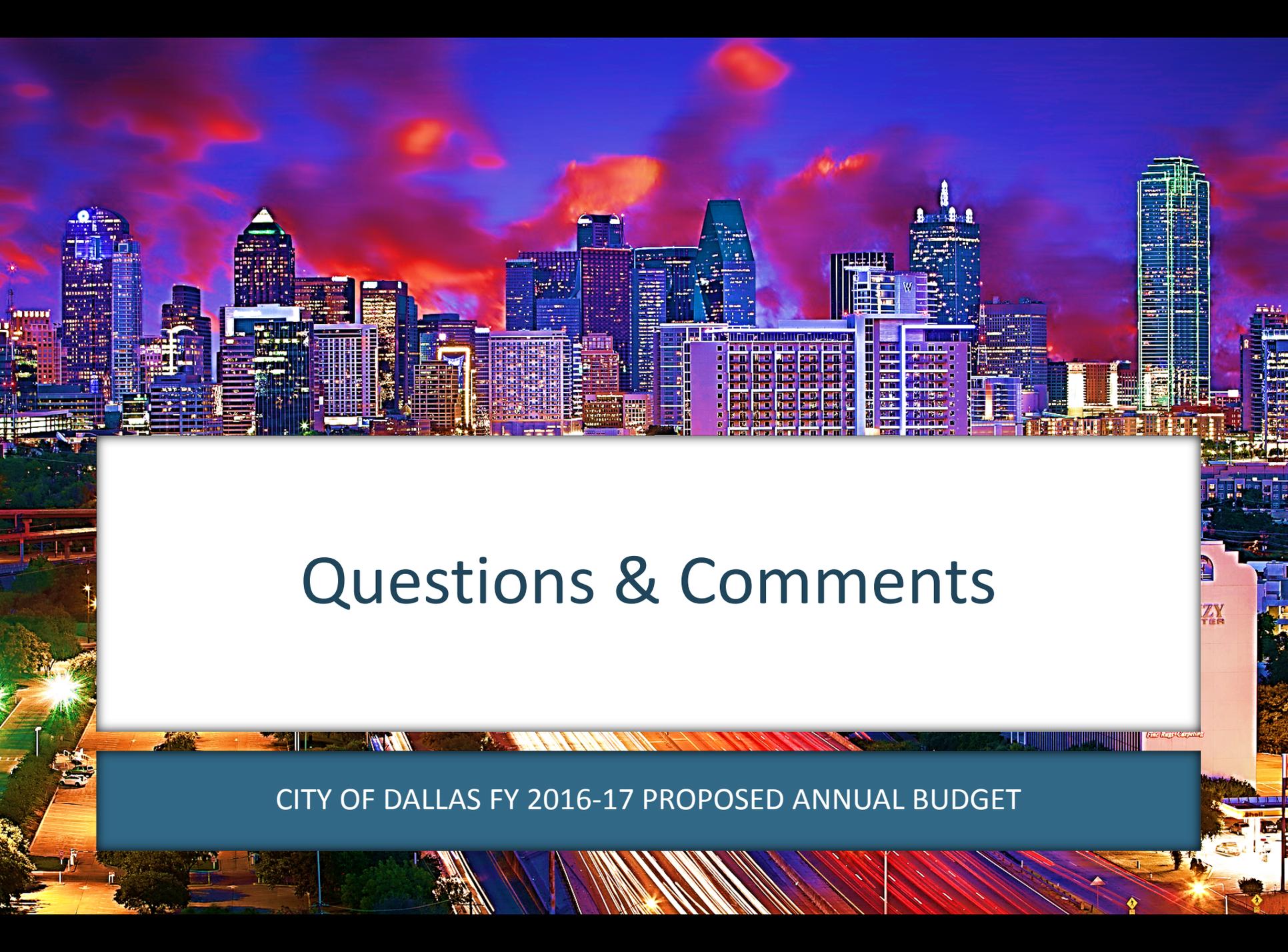
3. \_\_\_\_\_

Please return to A.C. Gonzalez by Thursday August 11<sup>th</sup>

# For More Information

- Please visit [www.dallascityhall.com](http://www.dallascityhall.com) for more information including:
  - FY 2016-17 Proposed Budget document
  - Copy of this presentation
  - Town hall meeting schedule



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# Questions & Comments

CITY OF DALLAS FY 2016-17 PROPOSED ANNUAL BUDGET