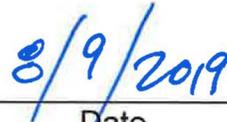


**AUGUST 13, 2019 CITY COUNCIL BUDGET BRIEFING AGENDA
CERTIFICATION**

This certification is given pursuant to Chapter XI, Section 9 of the City Charter for the City Council Budget Briefing Agenda dated August 13, 2019. We hereby certify, as to those contracts, agreements, or other obligations on this Agenda authorized by the City Council for which expenditures of money by the City are required, that all of the money required for those contracts, agreements, and other obligations is in the City treasury to the credit of the fund or funds from which the money is to be drawn, as required and permitted by the City Charter, and that the money is not appropriated for any other purpose.



T.C. Broadnax
City Manager



Date



Elizabeth Reich
Chief Financial Officer



Date

RECEIVED

City of Dallas

2019 AUG -9 PM 5:38

1500 Marilla Street
Dallas, Texas 75201

CITY SECRETARY
DALLAS, TEXAS



COUNCIL BUDGET BRIEFING AGENDA

August 13, 2019

Budget Workshop

(For General Information and Rules of Courtesy, Please See Opposite Side.)
(La Información General Y Reglas De Cortesía Que Deben Observarse
Durante Las Asambleas Del Consejo Municipal Aparecen En El Lado Opuesto, Favor De Leerlas.)

General Information

The Dallas City Council regularly meets on Wednesdays beginning at 9:00 a.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council agenda meetings are broadcast live on WRR-FM radio (101.1 FM) and on Time Warner City Cable Channel 16. Briefing meetings are held the first and third Wednesdays of each month. Council agenda (voting) meetings are held on the second and fourth Wednesdays. Anyone wishing to speak at a meeting should sign up with the City Secretary's Office by calling (214) 670-3738 by 5:00 p.m. of the last regular business day preceding the meeting. Citizens can find out the name of their representative and their voting district by calling the City Secretary's Office.

If you need interpretation in Spanish language, please contact the City Secretary's Office at 214-670-3738 with a 48 hour advance notice.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-3738 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act.

The Council agenda is available in alternative formats upon request.

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

Información General

El Ayuntamiento de la Ciudad de Dallas se reúne regularmente los miércoles en la Cámara del Ayuntamiento en el sexto piso de la Alcaldía, 1500 Marilla, a las 9 de la mañana. Las reuniones informativas se llevan a cabo el primer y tercer miércoles del mes. Estas audiencias se transmiten en vivo por la estación de radio WRR-FM 101.1 y por cablevisión en la estación *Time Warner City Cable* Canal 16. El Ayuntamiento Municipal se reúne el segundo y cuarto miércoles del mes para tratar asuntos presentados de manera oficial en la agenda para su aprobación. Toda persona que desee hablar durante la asamblea del Ayuntamiento, debe inscribirse llamando a la Secretaría Municipal al teléfono (214) 670-3738, antes de las 5:00 pm del último día hábil anterior a la reunión. Para enterarse del nombre de su representante en el Ayuntamiento Municipal y el distrito donde usted puede votar, favor de llamar a la Secretaría Municipal.

Si necesita interpretación en idioma español, por favor comuníquese con la oficina de la Secretaría del Ayuntamiento al 214-670-3738 con notificación de 48 horas antes.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-3738 (aparato auditivo V/TDD). La Ciudad de Dallas está comprometida a cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act*. **La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.**

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesía

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*paggers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal.

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que esté presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que esté presidiendo la sesión a tomar acción." Según la sección 3.3(c) de las reglas de procedimientos del Ayuntamiento.

Handgun Prohibition Notice for Meetings of Governmental Entities

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistol oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

9:00 a.m. Invocation and Pledge of Allegiance 6ES

BRIEFINGS 6ES

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

B. FY 2019-20 Property Tax Rate State Law Requirements

C. FY 2019-20 Annual Budget: Public Safety

ITEMS FOR INDIVIDUAL CONSIDERATION

Office of Budget

1. 19-1184 Authorize **(1)** public hearings to be held on Wednesday, September 4, 2019 and Wednesday, September 11, 2019 to receive comments on a proposed tax rate; and **(2)** a proposal to consider adoption of a \$0.7800/\$100 valuation tax rate, or a lower rate as may be proposed by the City Council on September 18, 2019 - Financing: No cost consideration to the City

Closed Session

Attorney Briefings (Sec. 551.071 T.O.M.A.)

- Legal issues related to Meet and Confer.

The above schedule represents an estimate of the order for the indicated briefings and is subject to change at any time. Current agenda information may be obtained by calling (214) 670-3100 during working hours.

Note: An expression of preference or a preliminary vote may be taken by the Council on any of the briefing items.

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]



Agenda Information Sheet

File #: 19-1184

Item #: 1.

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: August 13, 2019

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Office of Budget

EXECUTIVE: Elizabeth Reich

SUBJECT

Authorize **(1)** public hearings to be held on Wednesday, September 4, 2019 and Wednesday, September 11, 2019 to receive comments on a proposed tax rate; and **(2)** a proposal to consider adoption of a \$0.7800/\$100 valuation tax rate, or a lower rate as may be proposed by the City Council on September 18, 2019 - Financing: No cost consideration to the City

BACKGROUND

The City Manager's recommended FY 2019-20 budget includes a tax rate of \$0.7800/\$100. To set a property tax rate above the effective rate of \$0.7472/\$100, State law requires the following:

- Specify a proposed desired rate; take record vote and schedule two special public hearings;
- Publish "Notice of 2019 Tax Year Proposed Property Tax Rate" (quarter-page notice) at least seven days before public hearing (by August 23, 2019);
- Minimum 72-hour notice for public hearing;
- Hold two special public hearings, schedule and announce meeting to adopt tax rate 3-14 days from this date (Wednesday, September 4, 2019 and Wednesday, September 11, 2019);
- Minimum 72-hour notice for meeting at which Council will adopt tax rate; and
- Meeting to adopt tax rate (September 18, 2019).

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

City Council will be briefed on the City Manager's Proposed Budget on August 13, 2019.

FISCAL INFORMATION

No cost consideration to the City.

August 13, 2019

WHEREAS, the City Manager's proposed FY 2019-20 Budget includes a \$0.7800/\$100 tax rate; and

WHEREAS, Chapter 26 of the Texas Property Tax Code requires the publication of one notice and holding two public hearings should a tax rate above the lower of the effective or rollback rate be considered; and

WHEREAS, the City's FY 2019-20 effective rate is calculated to be \$0.7472/\$100; and

WHEREAS, the City Council desires to reserve the option to set a tax rate that exceeds the calculated effective rate of \$0.7472/\$100; and

WHEREAS, the City Council is committed to providing the citizens with the opportunity to speak on the City's FY 2019-20 tax rate.

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That public hearings on the City's FY 2019-20 proposed tax rate be held on Wednesday, September 4, 2019 after 9:00 a.m. and Wednesday, September 11, 2019 after 1:00 p.m. at Dallas City Hall.

SECTION 2. That the City Council will consider adoption of a \$0.7800/\$100 valuation property tax rate, or a lower rate as may be proposed by the City Council on September 18, 2019.

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

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

**City Council Briefing
August 13, 2019**

**Elizabeth Reich
Chief Financial Officer**

**Jack Ireland, Director
Office of Budget**

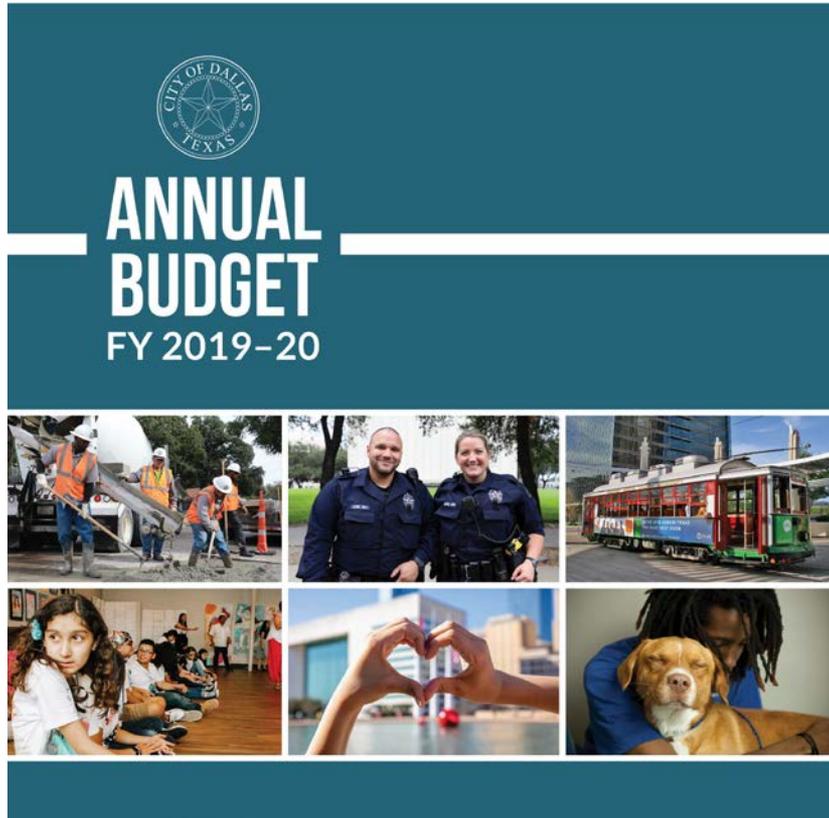
**Janette Weedon, Assistant Director
Office of Budget**



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

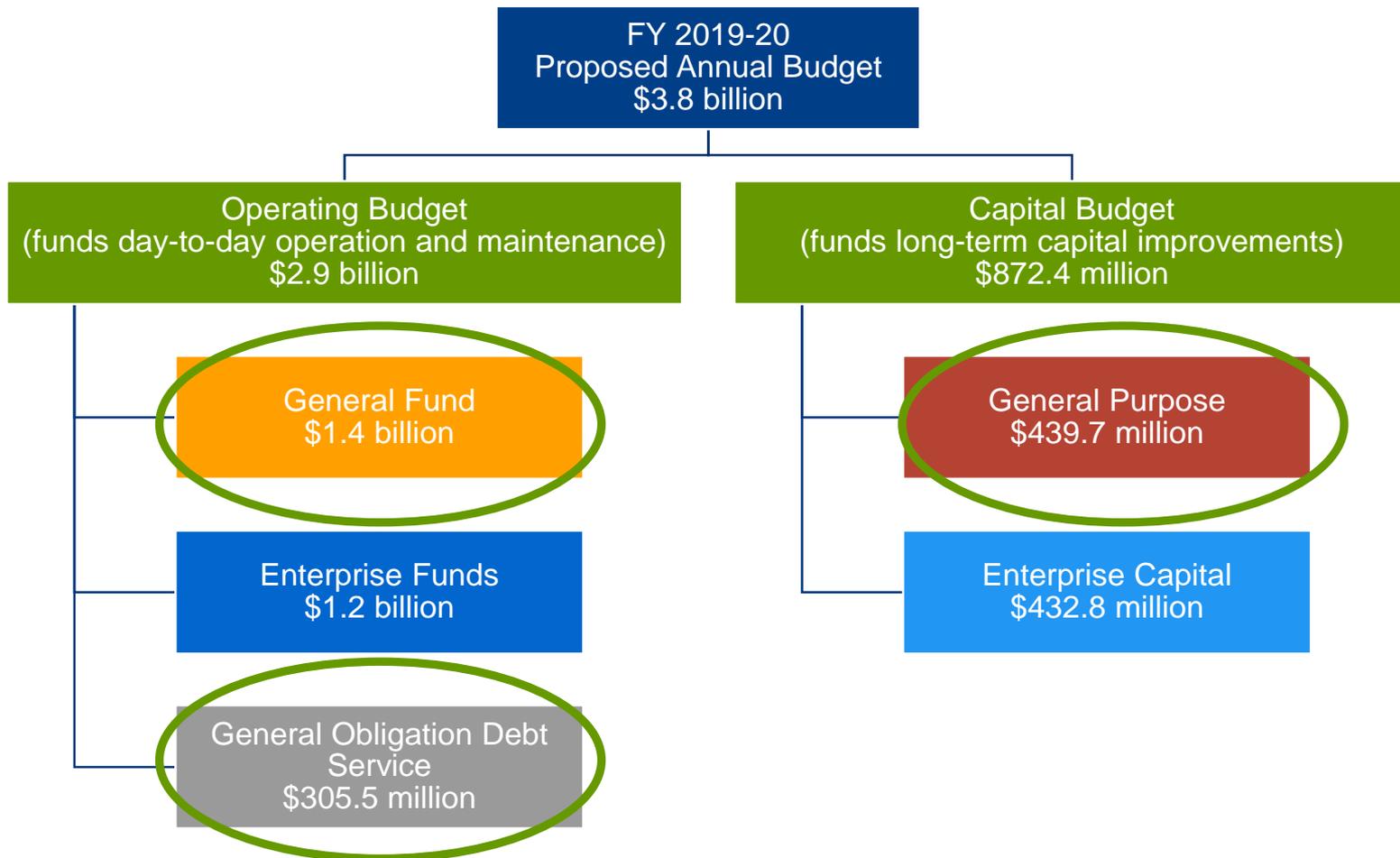
Expenditure	FY 2018-19 Adopted	FY 2018-19 Amended	FY 2019-20 Proposed	FY 2020-21 Planned
General Fund	1,365,966,274	1,368,601,406	1,442,850,000	1,493,285,000
Aviation	144,132,819	154,991,423	158,255,683	159,528,062
Convention and Event Services	108,647,915	108,647,915	114,358,254	114,436,726
Municipal 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

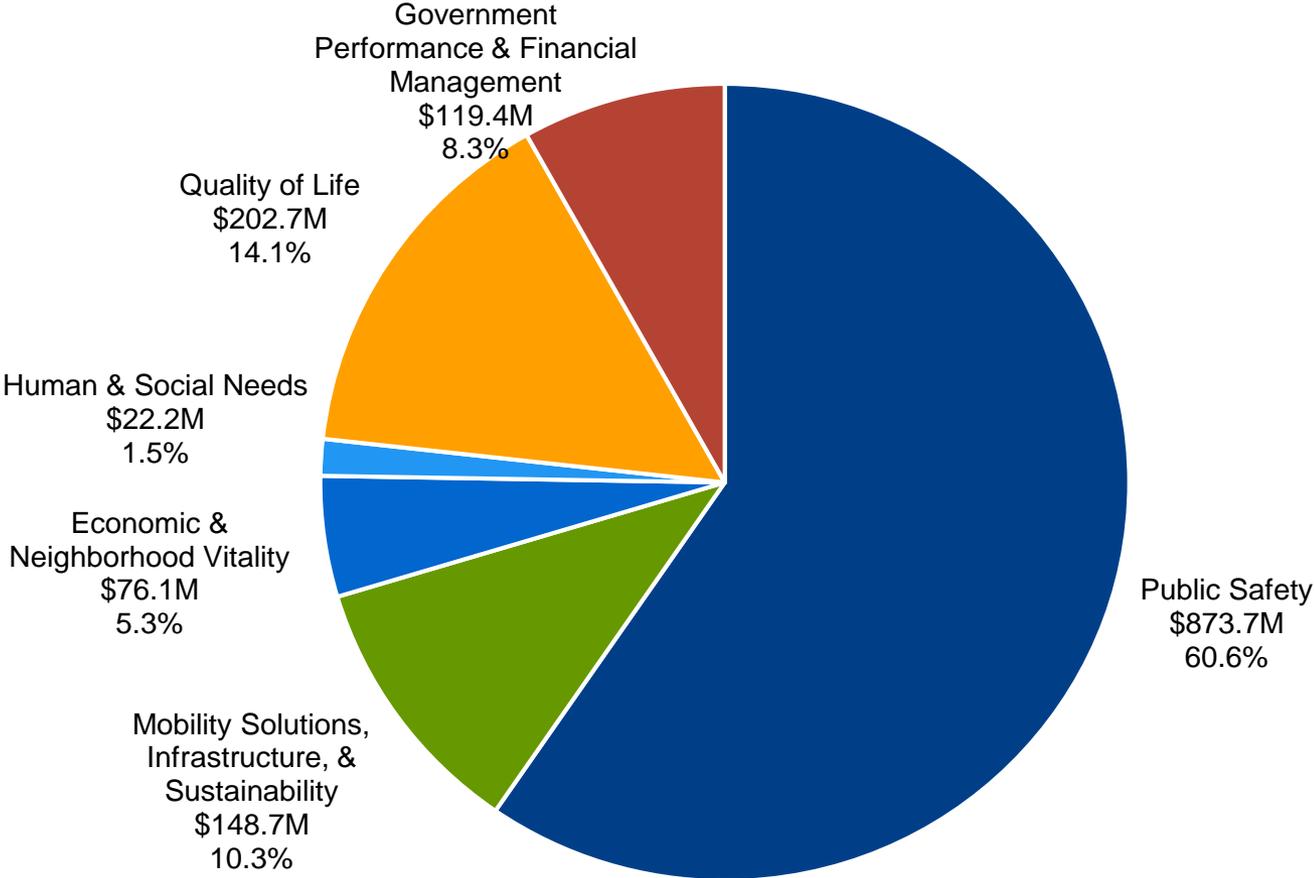
FY 2018-19 Proposed Budget



General Fund Expenses

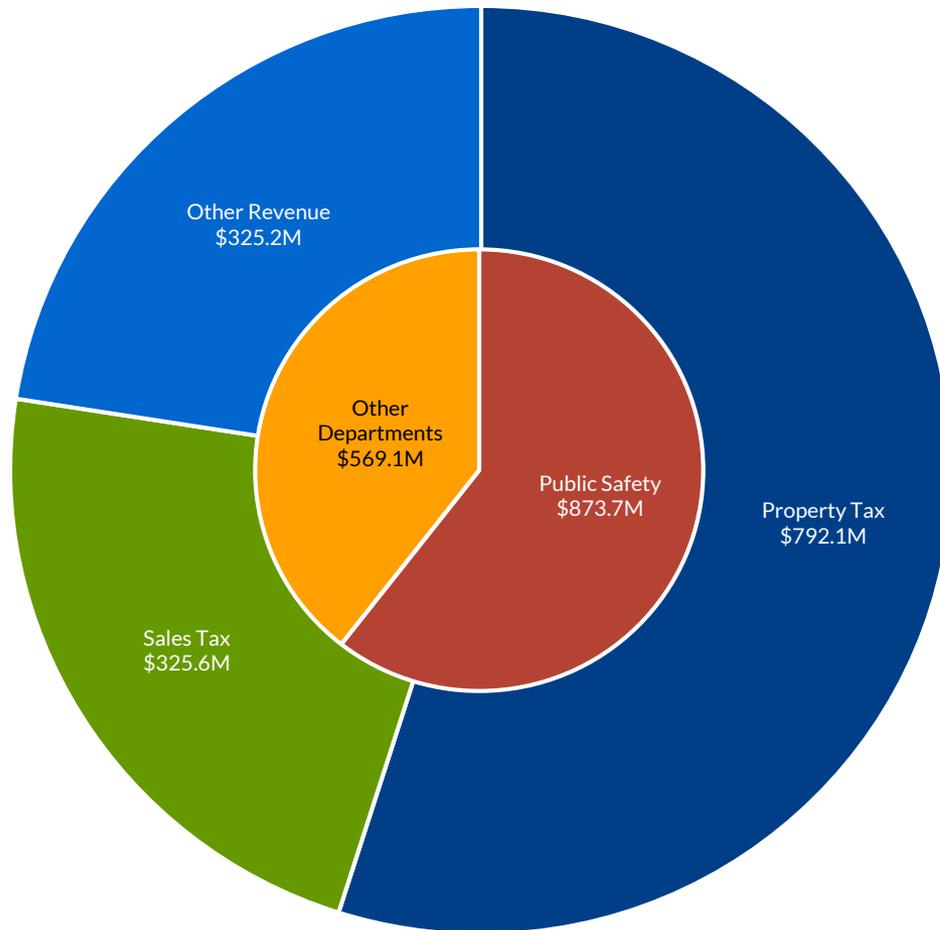


General Fund Expenses



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

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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

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Organizational Changes

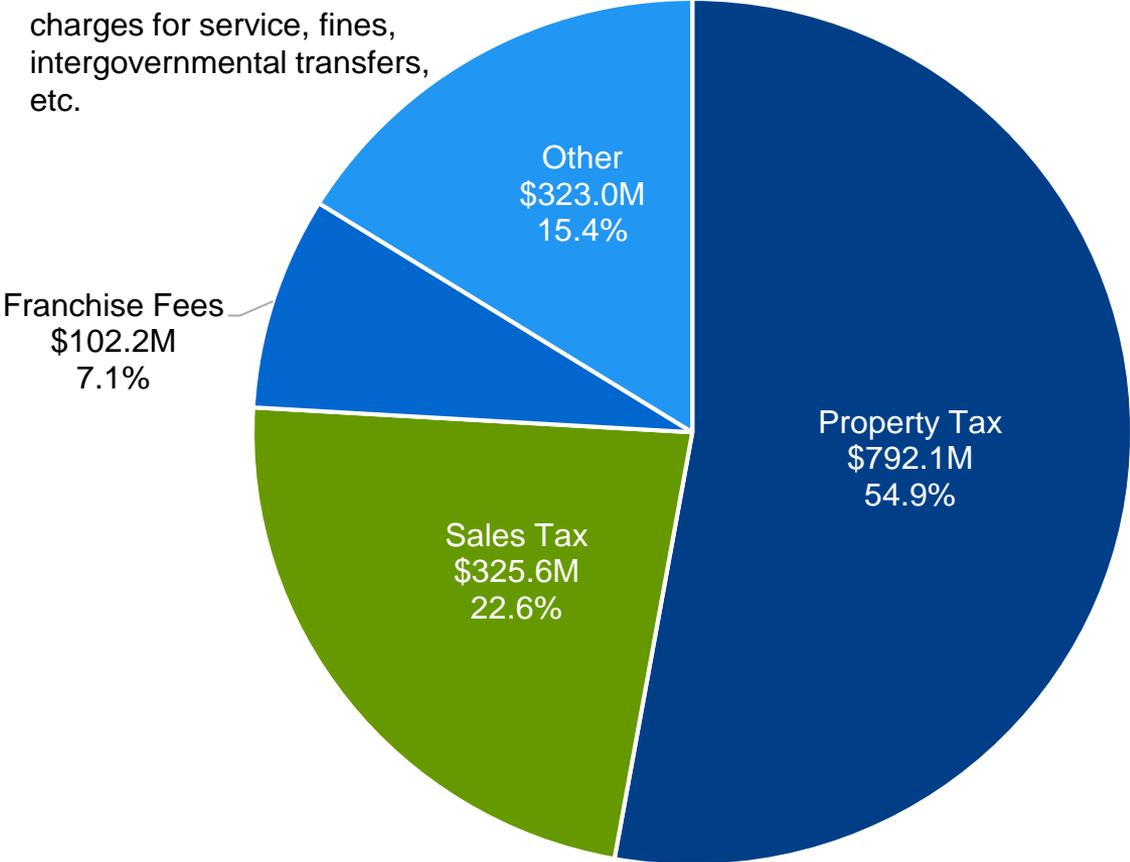
- Budget accounts for several organizational changes:
 - Transfer Historic Preservation to Management Services
 - Create multiple divisions within Management Services by splitting Office of Equity and Human Rights
- Name changes:
 - Office of Cultural Affairs to Office of Arts and Culture
 - Communication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

General Fund Revenues



General Fund Revenue

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

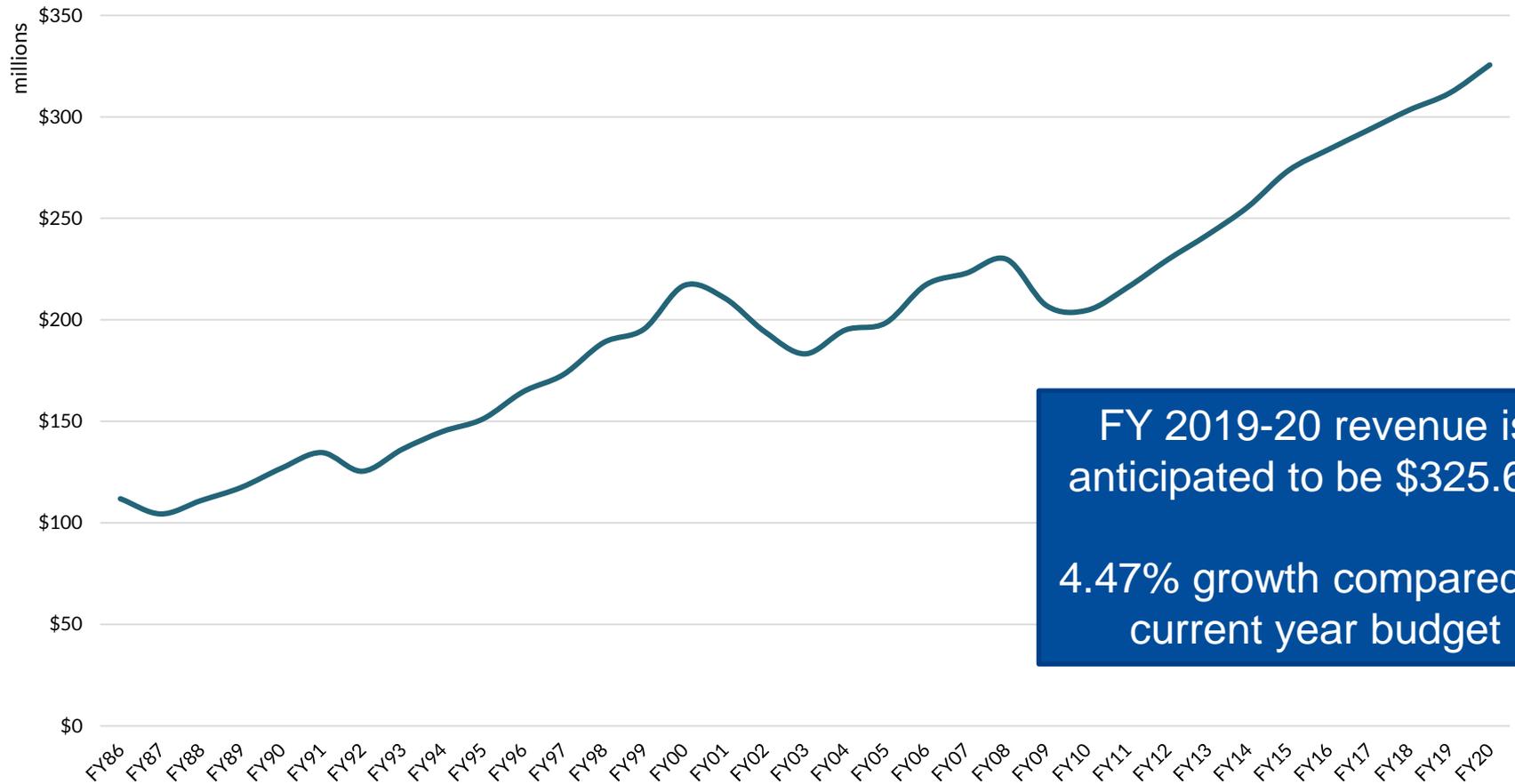


Sales Taxes

- 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

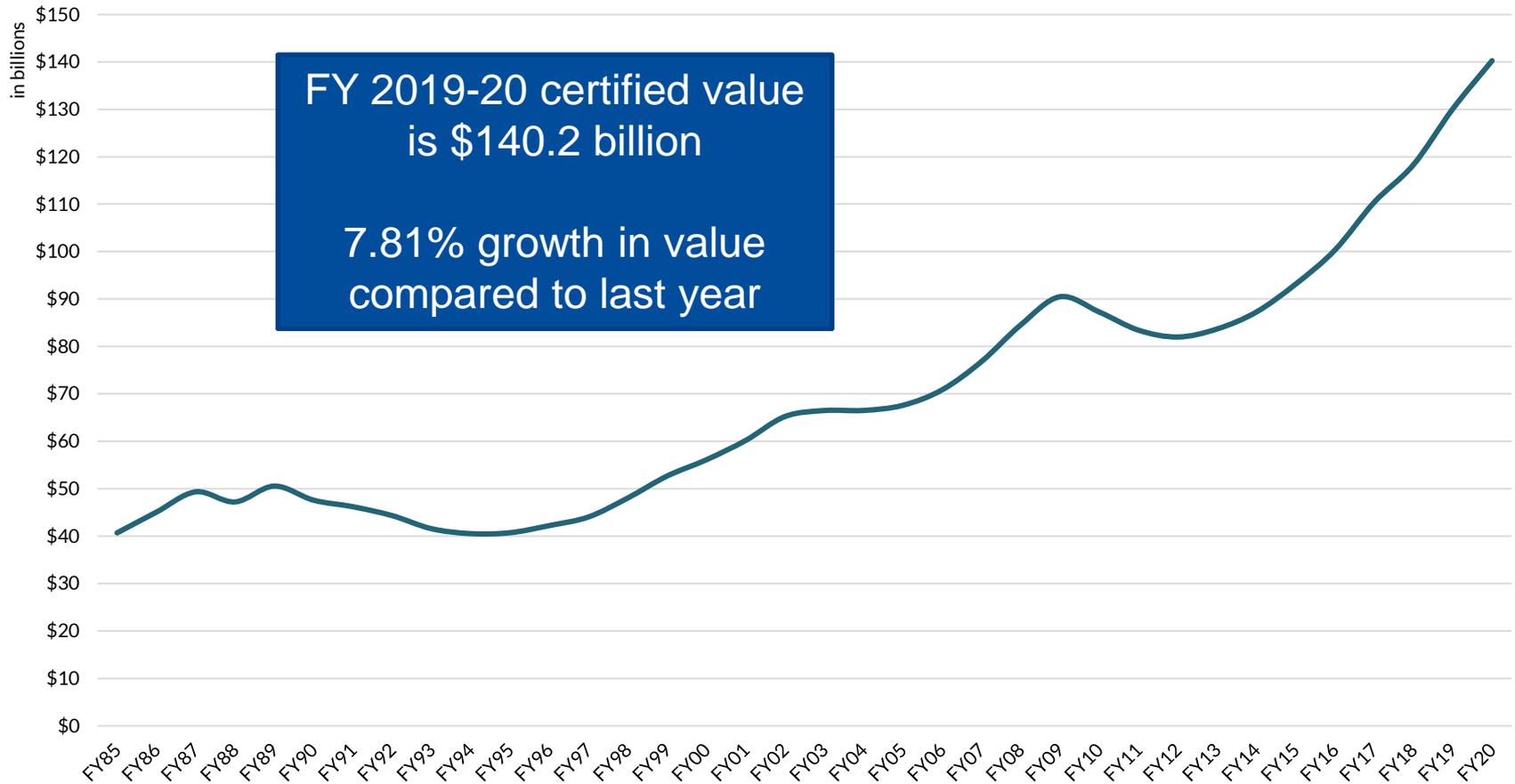
Sales Tax Distribution	
State of Texas	6.25%
Local Option – Dallas Area Rapid Transit (DART)	1.00%
Local Option – City of Dallas	1.00%
Total	8.25%

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

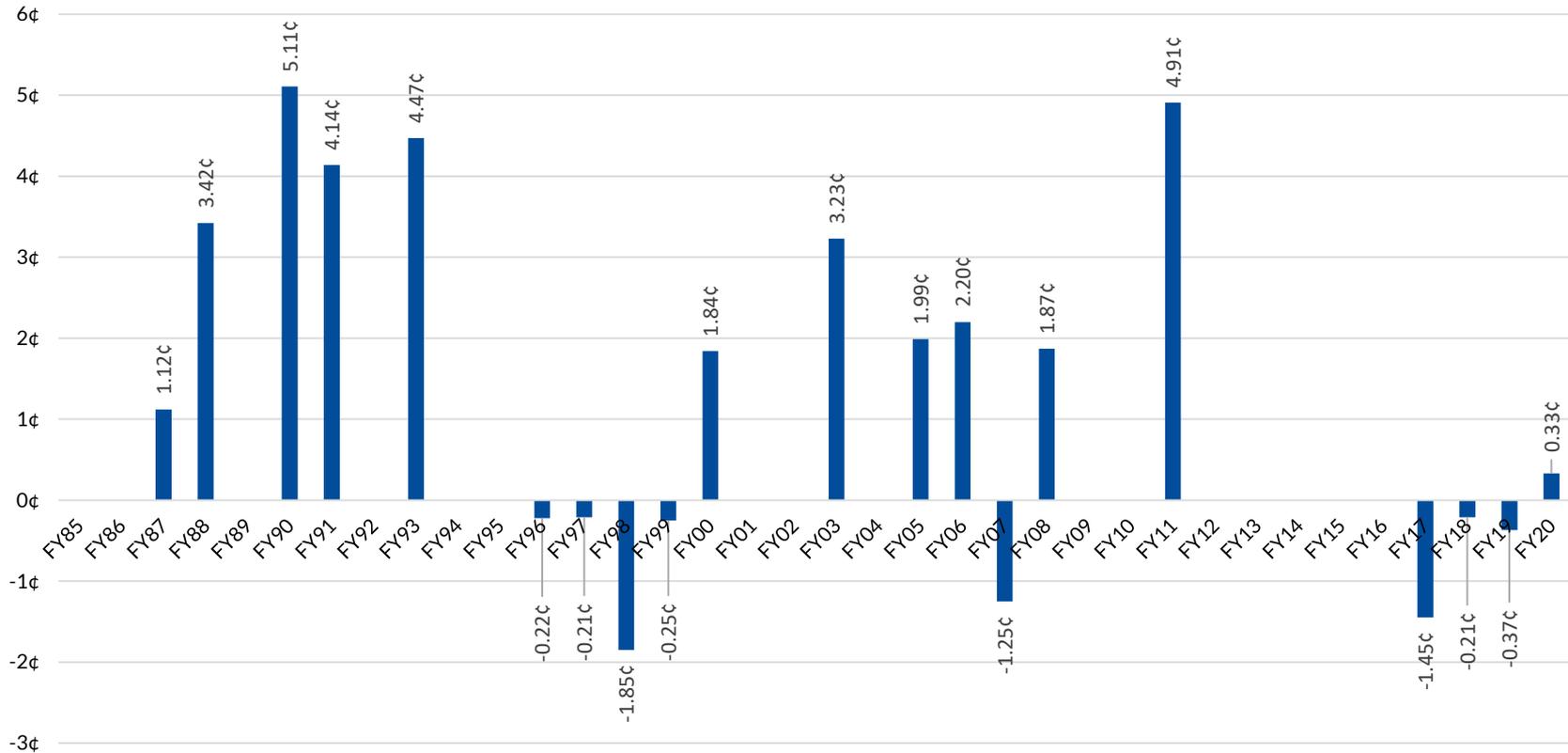
- FY 2019-20 proposed and FY 2020-21 planned budgets are balanced, with a proposed 0.33¢ increase to City's property tax rate
 - From 77.67¢ to 78.00¢ per \$100 valuation
- Values have increased by 7.81% this year and are expected to increase again next year



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

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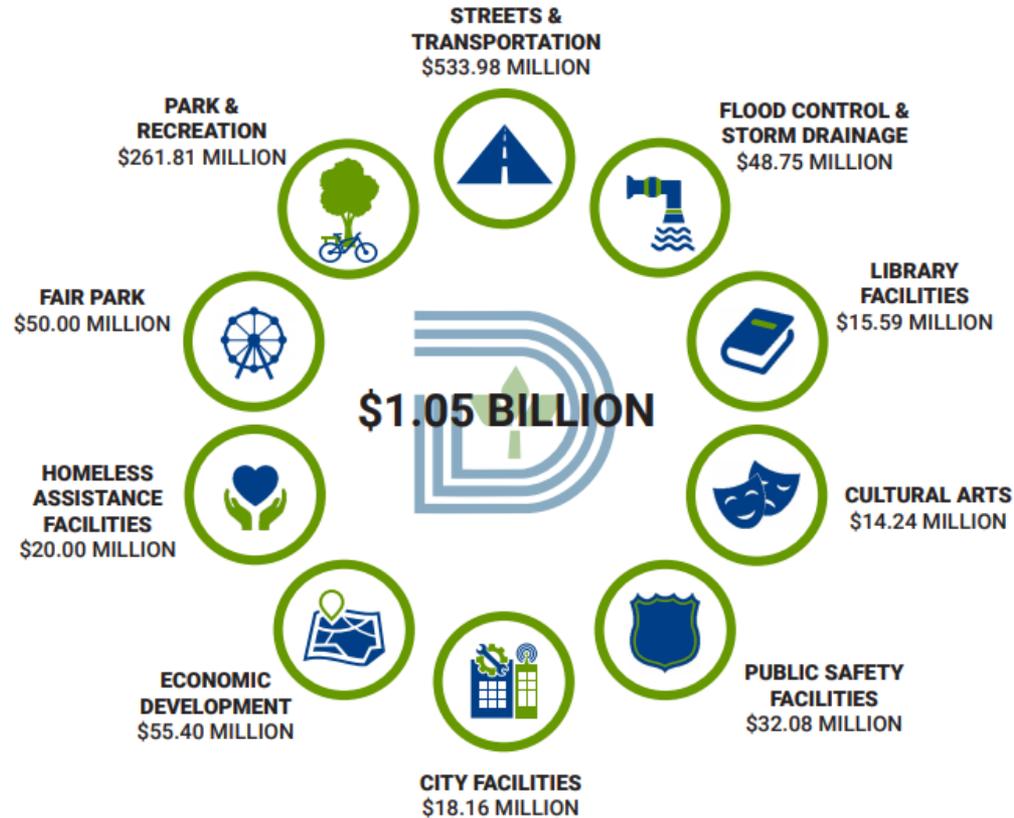


General Purpose Capital

- 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



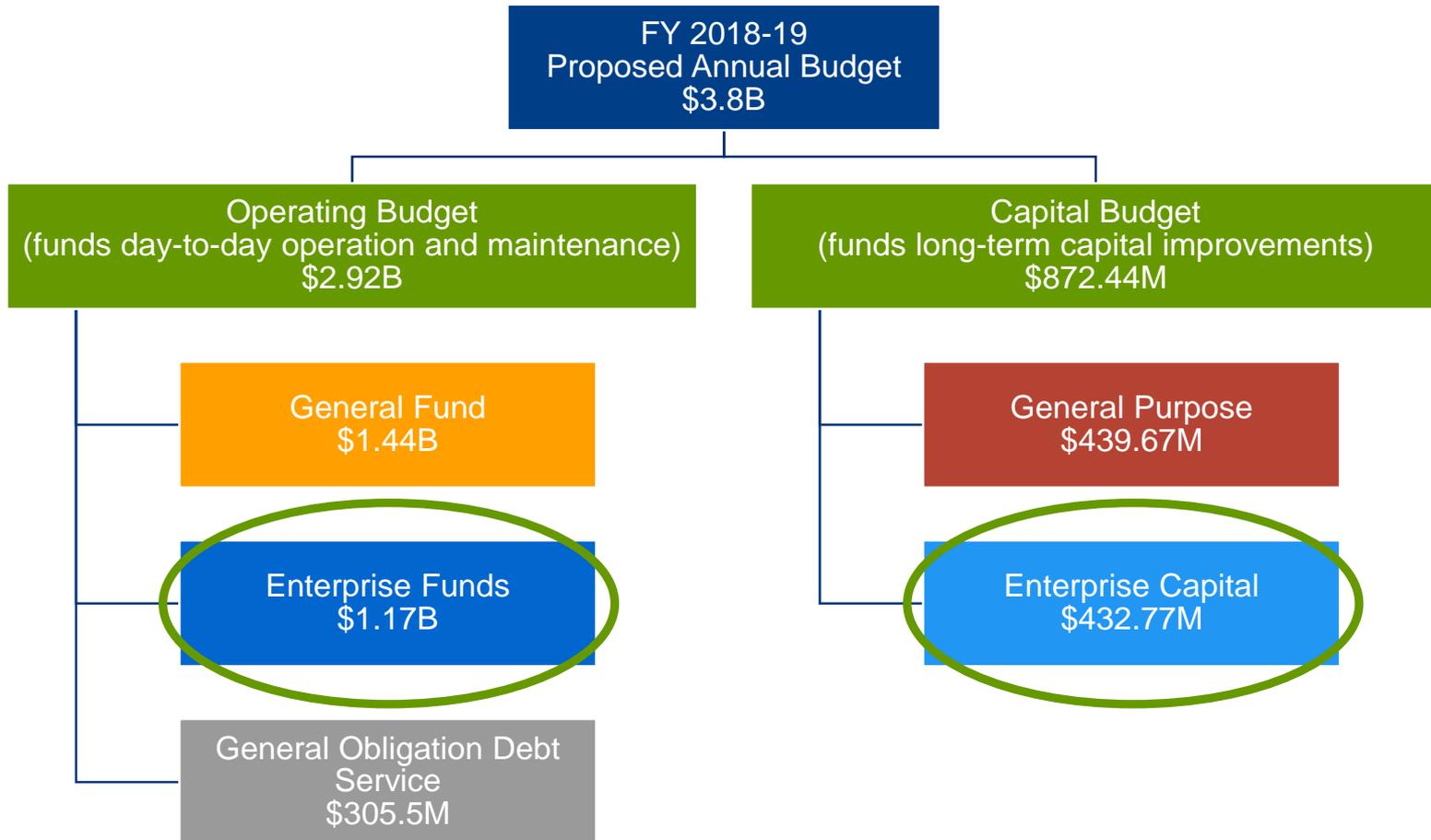
Debt Service

- 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



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

City Council Briefing

August 13, 2019

**Elizabeth Reich
Chief Financial Officer**

**Jack Ireland, Director
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Office of Budget**



FY 2019-20 Property Tax Rate State Law Requirements

**City Council Briefing
August 13, 2019**

**M. Elizabeth Reich,
Chief Financial Officer**

**Jack Ireland, Director
Office of Budget**



Overview

- Provide overview of property tax
- Review state law requirements
 - Effective tax rate
 - Rollback tax rate
- Review schedule for adopting a tax rate

Property Tax Overview

- Property tax is the single largest source of revenue for City of Dallas and totals \$1.1 billion as proposed for FY 2019-20
 - General Fund – \$792.1 million
 - Debt Service – \$287.4 million
- Property tax is composed of three factors:
 - Tax base value certified by four appraisal districts
 - Tax exemptions allowed by state law and approved by City Council
 - Tax rate set by City Council

Property Tax Base Value and Growth

- Collin, Dallas, Denton, and Rockwall Appraisal Districts are required to certify values by July 25 of each year
- Certified tax base values for tax year 2019 (FY 2019-20) are \$140.2 billion, or 7.81% higher than FY 2018-19 certified values

Values by Type of Property	FY 2018-19 (\$ in billions)		FY 2019-20 (\$ in billions)		% Growth
	Value	%	Value	%	
Residential	\$57.8	44.4%	\$63.2	45.0%	9.3%
Non-residential*	\$72.3	55.6%	\$77.1	55.0%	6.6%
Total	\$130.1	100.0%	\$140.2	100.0%	7.8%

*Non-residential includes commercial and business personal property.

Property Tax Exemptions

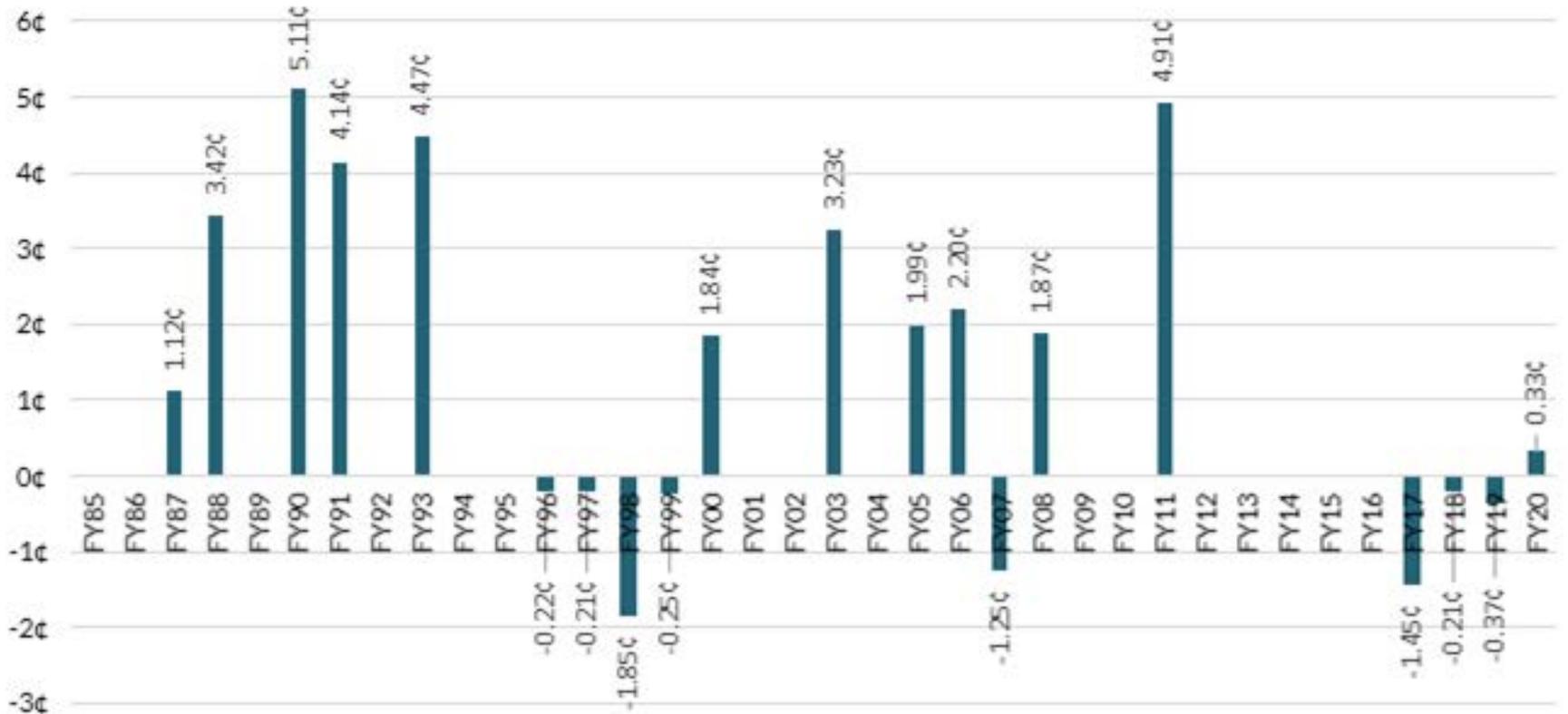
- City-approved exemptions, plus those allowed by state law, result in property value being exempt from taxation
 - Exempt property value = \$41.6 billion
 - Revenue foregone = \$324.6 million
- City Council approved a 20% homestead exemption on April 13, 1988, the maximum allowed by the state
- City Council established the 65 and over or disabled exemption on April 23, 1986; and approved an increase in the exemption from \$90,000 to \$100,000 on June 12, 2019

Property Tax Rate

- Each September, City Council sets a property tax rate necessary to support the City's annual budget
- Proposed tax rate for FY 2019-20 is 78.00¢ per \$100 of valuation, which is 0.33¢ higher than current year tax rate of 77.67¢
 - Increased tax rate will generate \$4.5 million additional revenue
 - Tax rate increase is recommended to support public safety

Property Tax Rate

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



Property Tax Rate

Tax rate is split between:

- General Fund, which supports day-to-day operations
- Debt Service Fund, which is used to pay City's general obligation long-term debt

Fiscal Year	General Fund	Debt Service	Total
FY 2015-16	56.46¢ (70.8%)	23.24¢ (29.2%)	79.70¢
FY 2016-17	56.01¢ (71.6%)	22.24¢ (28.4%)	78.25¢
FY 2017-18	55.80¢ (71.5%)	22.24¢ (28.5%)	78.04¢
FY 2018-19	56.67¢ (73.0%)	21.00¢ (27.0%)	77.67¢
FY 2019-20	57.25¢ (73.4%)	20.75¢ (26.6%)	78.00¢



State Requirements

- State law governs property taxes in Texas and ensures property owners are given notice and have certain rights
- FY 2019-20 will continue to be governed by existing State law, however, Senate Bill 2 will become effective 1/1/20 and impact FY 2020-21 budget development
 - Slides from 6/18/19 are included in Appendix
- If the proposed tax rate exceeds the lower of the Effective Tax Rate or the Rollback Tax Rate, the City is required to publish the calculated rates and hold two public hearings:
 - Dallas County Tax Office calculates Effective and Rollback Tax Rates for the City
 - Public notice of proposed tax rate calculations will be published in Dallas Morning News, Al Dia, and Dallas Weekly and posted on City's website on August 23
- State law allows taxpayers to roll back or limit tax increase in certain cases

State Requirements

State law mandates specific requirements and language for the public notice:

- Language included in notice must match language as it appears in Local Government Code
- Must be at least a quarter-page in newspaper with a headline in 24-point type or larger
- May not be in legal or classified section of newspaper
- Must be published no later than September 1 or the 30th day after receiving the certified tax roll, whichever is later
- Must be posted on website until City adopts a tax rate

NOTICE OF 2019 TAX YEAR PROPOSED PROPERTY TAX RATE FOR CITY OF DALLAS

A tax rate of \$0.780000 per \$100 valuation has been proposed for adoption by the governing body of City of Dallas. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of City of Dallas proposes to use revenue attributable to the tax rate increase for the purpose of public safety, infrastructure, and general operation and maintenance.

PROPOSED TAX RATE	\$0.780000 per \$100
PRECEDING YEAR'S TAX RATE	\$0.776700 per \$100
EFFECTIVE TAX RATE	\$0.747203 per \$100
ROLLBACK TAX RATE	\$0.796214 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for City of Dallas from the same properties in both the 2018 tax year and the 2019 tax year.

The rollback tax rate is the highest tax rate that City of Dallas may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) / 100$$

For assistance or detailed information about tax calculations, please contact:

John R. Ames, PCC, CTA
Dallas County Tax Assessor/Collector
1201 Elm Street, Suite 2600, Dallas TX
214.653.7811
TNTHELP@dallascounty.org

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: September 4, 2019 at 9:00 am at City Hall, 1500 Marilla Street, 6th Floor, Dallas, TX 75201.

Second Hearing: September 11, 2019 at 1:00 pm at City Hall, 1500 Marilla Street, 6th Floor, Dallas, TX 75201.

Effective Tax Rate

- Effective Tax Rate is the rate that generates the same amount of revenue in the new fiscal year on property taxed in the previous fiscal year
 - New construction is excluded from this calculation
- FY 2019-20 Effective Tax Rate = 74.72¢
 - 3.28¢ less than proposed rate
- If tax rate were set at Effective Tax Rate, proposed revenue for FY 2019-20 would decrease by \$45 million and expenses would need to be reduced by an equivalent amount

Rollback Tax Rate

- Rollback Tax Rate is the rate that, if exceeded, provides voters an opportunity to limit tax rate increase through a petition process to call a citywide Rollback Election
- Rollback Tax Rate divides overall property taxes into two categories: General Fund and Debt Service
- Rollback Tax Rate is the effective General Fund rate plus 8%, plus the tax rate required to pay Debt Service

Rollback Tax Rate

- FY 2019-20 Rollback Tax Rate = 79.62¢
 - 1.62¢ increase above proposed rate
- If tax rate were set at the Rollback Tax Rate, proposed revenue for FY 2019-20 would increase by \$22.2 million
- If debt service rate changes as a result of City Council amendments to the budget, the Rollback Tax Rate changes
- If adopted tax rate exceeds the Rollback Tax Rate, voters have option to petition for a Rollback Election and limit tax rate increase

Tax Rate Adoption

- For a taxing unit to adopt a rate above the lower of the Effective Tax Rate (74.72¢) or the Rollback Tax Rate (79.62¢), the following requirements must be met:
 - Take a record vote for or against consideration of a specific tax rate higher than the Effective Tax Rate (74.72¢)
 - Publish notice of date and time for two public hearings
 - Hold two public hearings on tax rate
 - Vote on tax rate
 - Ratify increase in taxes in a separate vote

Tax Rate Recap

- Current = 77.67¢
 - Rate adopted for FY 2018-19
- Proposed = 78.00¢
 - Rate included in City Manager's proposed budget
- Effective = 74.72¢ (3.28¢ or \$45 million revenue decrease)
 - Generates same amount of revenue in new year as generated in previous year
- Rollback = 79.62¢ (1.62¢ or \$22.2 million revenue increase)
 - Effective General Fund rate plus 8%, plus rate necessary to pay debt service
 - Rate that if exceeded provides voters the opportunity to limit tax rate increase through citywide Rollback Election

Schedule – August 13th

- Tax rate considered on today's resolution becomes maximum tax rate Council may set on Wednesday, September 18
- Take a record vote to consider a specific tax rate that exceeds the Effective Tax Rate (74.72¢)
- If Council wishes to consider a different rate than the posted rate (78.00¢), resolution can be amended (from floor) to consider an alternative tax rate
- Call public hearings on tax rate for Wednesday, September 4 and Wednesday, September 11
- If no vote is taken, the FY 2019-20 maximum tax rate will be 74.72¢, which will decrease revenues by \$45 million and require an equal reduction in General Fund expenses

Schedule

Tuesday, August 13	Take record vote to establish <u>maximum</u> tax rate that can be approved on September 18
Friday, August 23	Publish Notice of 2018 Tax Year Proposed Property Tax Rate
Wednesday, September 4 (9:00 a.m.)	Hold first public hearing – if called (City Hall, Room 6ES)
Wednesday, September 11 (1:00 p.m.)	Hold second public hearing – if called (City Hall, Council Chambers)
Wednesday, September 18	Vote on tax rate and ratify increase in taxes in a separate vote, if necessary

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Appendix



Legislative Change: SB2 (6/18/19 briefing)

- Texas Property Tax Reform and Transparency Act of 2019 (SB2) will cap the City's ability to grow property tax revenue at 3.5% instead of 8% without seeking voter approval
 - Applies to reappraisals for the General Fund
 - Continues to exclude revenue needed to pay voter-approved debt
 - Growth from new construction does not count against the cap

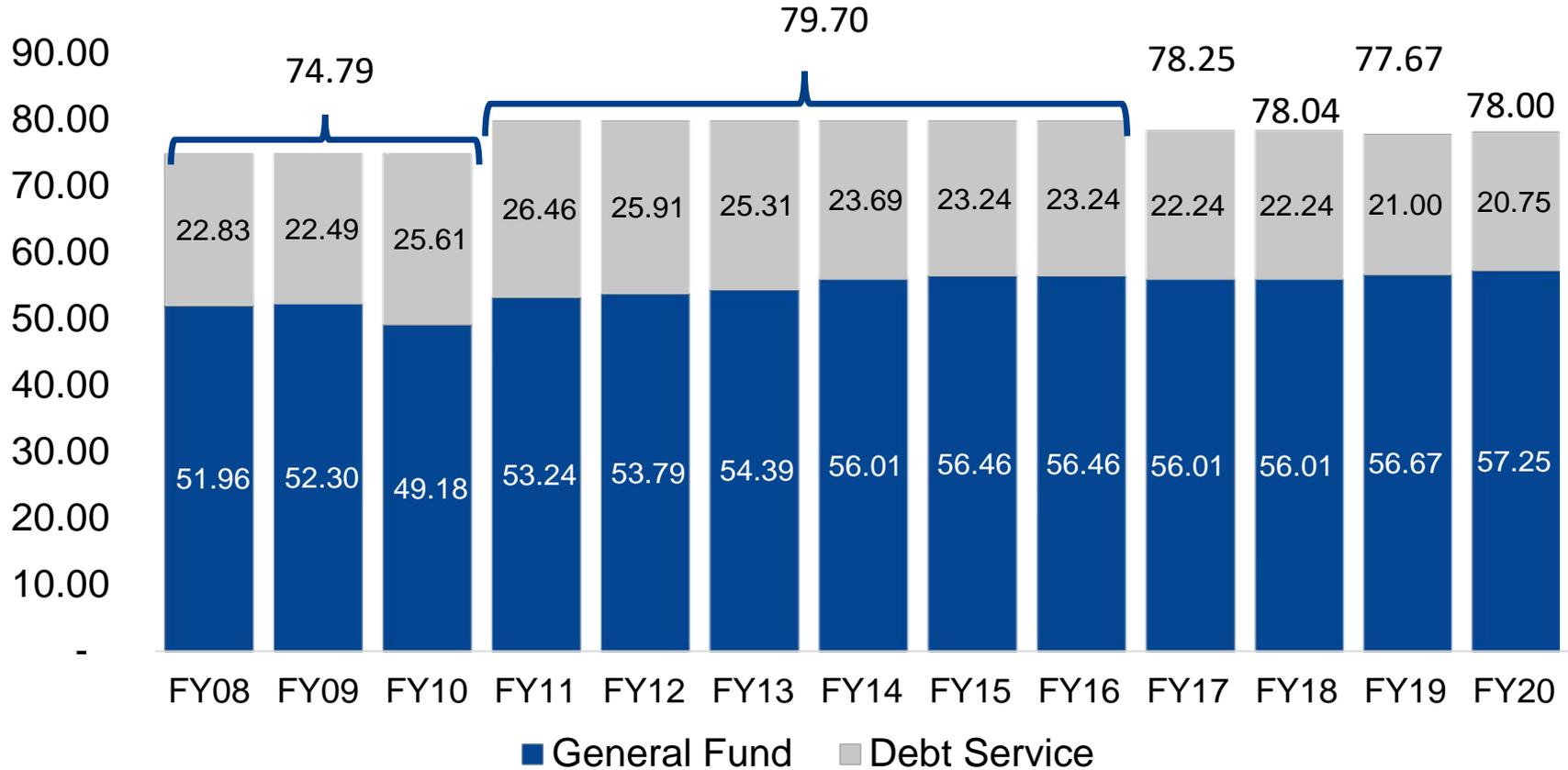
Legislative Change: SB2 (6/18/19 briefing)

- Exceeding the 3.5% cap is allowed, but requires an election on the November uniform election date
- City Council must adopt the budget before it adopts the tax rate
- City Council must adopt the tax rate no later than the 71st day before the November uniform election date (mid- to late August)

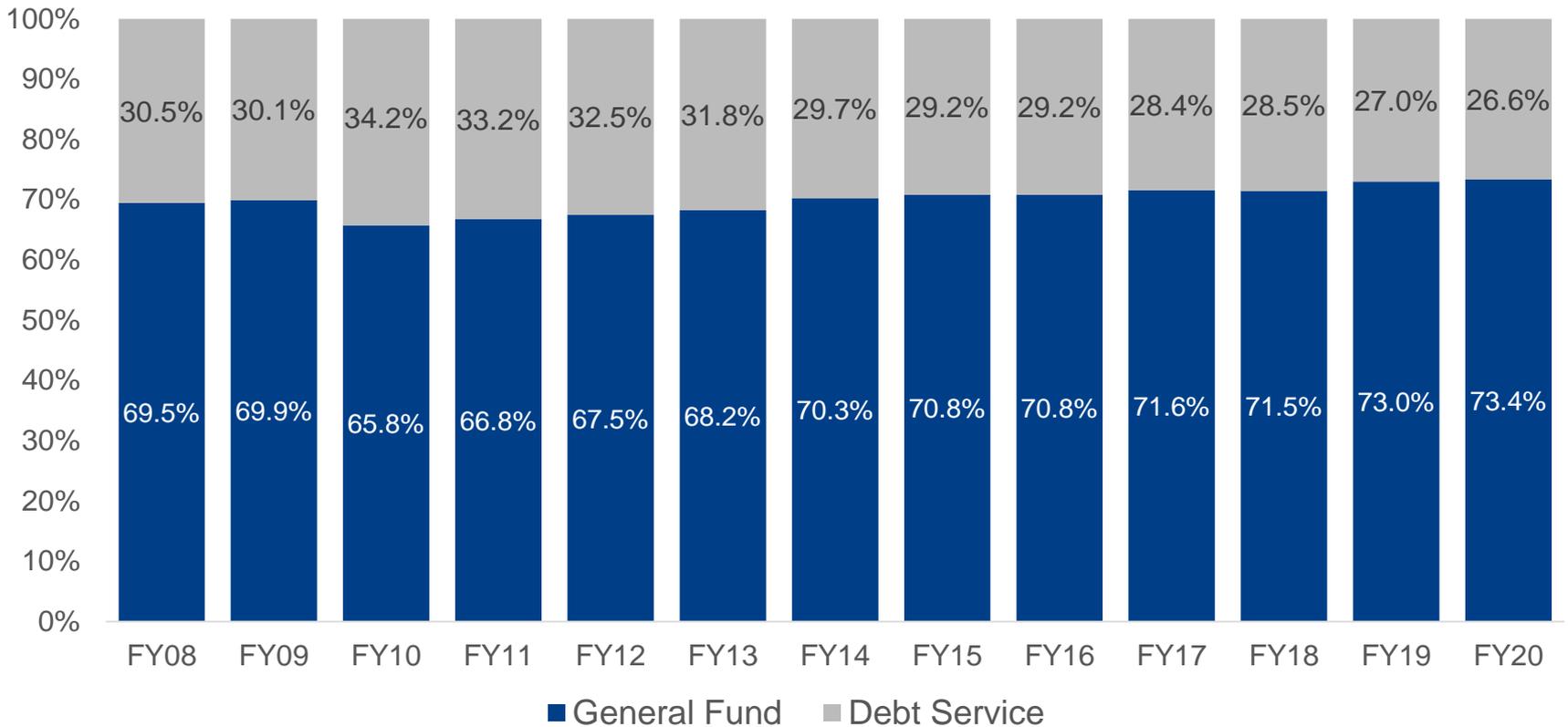
Legislative Change: SB2 (6/18/19 briefing)

- SB2 will not affect FY 2019-20 but will affect FY 2020-21 (effective date 1/1/20)
 - Although property tax values are forecast to continue to grow for FY 2020-21, City will likely be unable to take advantage of all growth without voter approval
 - City may be required to reduce the property tax rate to avoid exceeding revenue cap
- If SB2 had been in effect September 2018, \$25.1 million in revenue and expense reductions would have been required to balance FY 2018-19 budget

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



Historical Property Tax Rate – Tax Rate Distribution



Tax Rate Change Impact

Tax Rate Change per \$100 Valuation	Revenue Impact	Annual Tax Bill Impact	
		\$100K residential property with Homestead Exemption	\$303K residential property with Homestead Exemption
1.00¢	\$13,708,228	\$8.00	\$24.26
0.75¢	\$10,281,171	\$6.00	\$18.20
0.50¢	\$6,854,114	\$4.00	\$12.13
0.25¢	\$3,427,057	\$2.00	\$6.07



FY 2019-20 Annual Budget: Public Safety

**City Council Briefing
August 13, 2019**

**Jon Fortune,
Assistant City Manager**



Overview

- Strategic Priority Statement
- Organizational Structure
- FY 2018-19 Accomplishments
- FY 2019-20 Budget by Strategic Priority and Department
- FY 2019-20 Budget Highlights
- Dallas 365 Measures
- Appendix

Strategic Priority Statement

Enhance the welfare and general protection of residents, visitors, and businesses in Dallas



Organizational Structure

Public Safety

City
Attorney's
Office

Court &
Detention
Services

Dallas Fire-
Rescue

Dallas Police

Judiciary

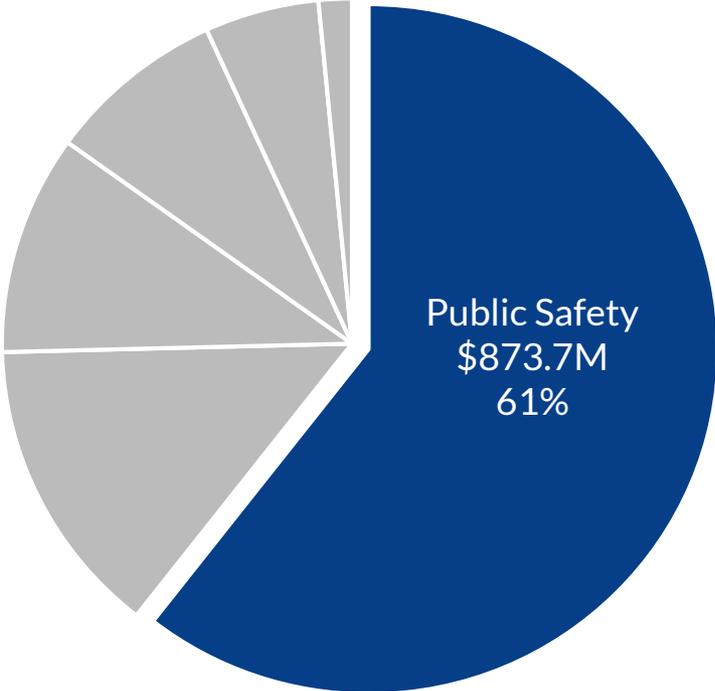
Office of
Emergency
Management



FY 2018-19 Accomplishments

- Raised based pay for police and firefighters and amended the 2016 Meet and Confer agreement to provide additional increases
- Implemented the Right Care pilot program
- Revamped and updated ordinance to create the new Community Police Oversight Board and the Office of Community Police Oversight
- Implemented DORS – The Dallas Police Department’s new online reporting system
- Continued improvements to the 911 Call Center with the implementation of the Text-to-911
- Created Animal Cruelty Team within the Dallas Police Department
- Successfully implemented the transition of school crossing guards from Dallas County Schools
- Placed a new medic unit in service at Fire Station 18
- Created new program to electronically report Class C Family Violence convictions to the Department of Public Safety

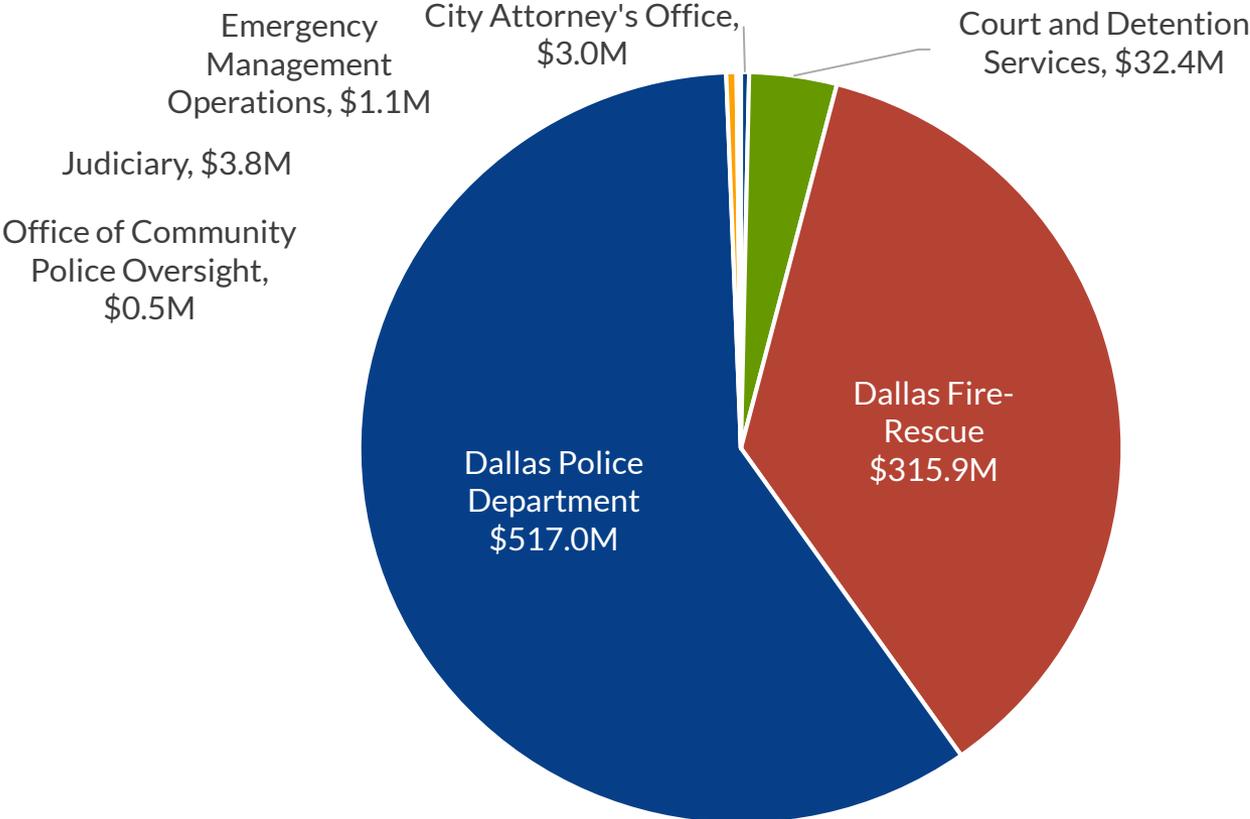
FY 2019-20 Budget by Strategic Priority



General Fund only



Strategic Priority Budget by Department



General Fund only



FY 2019-20 Budget Highlights

- 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

FY 2019-20 Budget Highlights

- 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

FY 2019-20 Budget Highlights

- 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

Dallas 365 Measures

Department	Measure	Target
Dallas Fire-Rescue	Percentage of responses to structure fires within 5 minutes and 20 seconds of dispatch	90%
Dallas Fire-Rescue	Percentage of EMS responses within nine minutes	90%
Dallas Police	Percentage of responses to Priority 1 calls within eight minutes	55%
Dallas Police	Percentage of 911 calls answered within 10 seconds	91%
Dallas Police	Homicide clearance rate	60%
Dallas Police	Crimes against persons (per 100,000 residents)	1,999

FY 2019-20 Annual Budget: Public Safety

**City Council Briefing
August 13, 2019**

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Assistant City Manager**

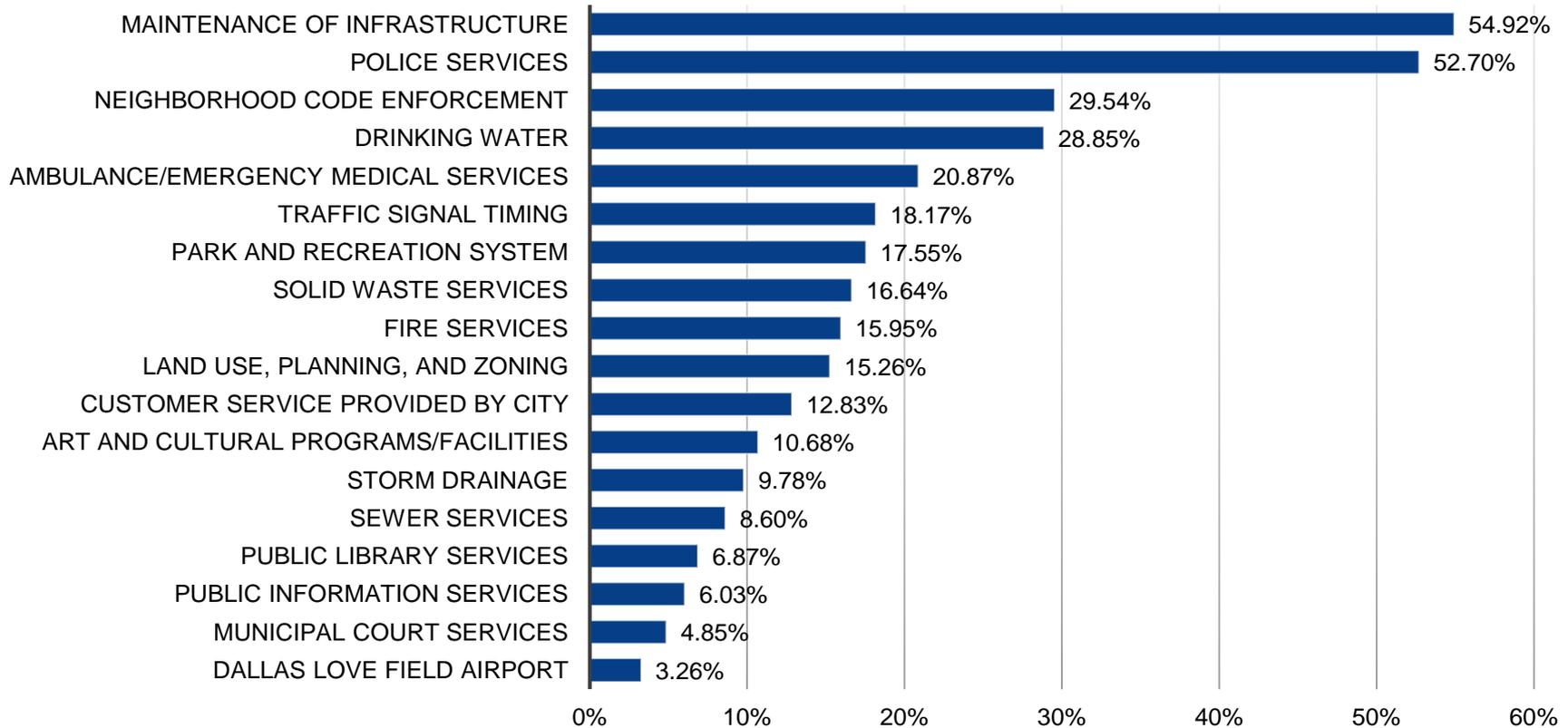


Appendix

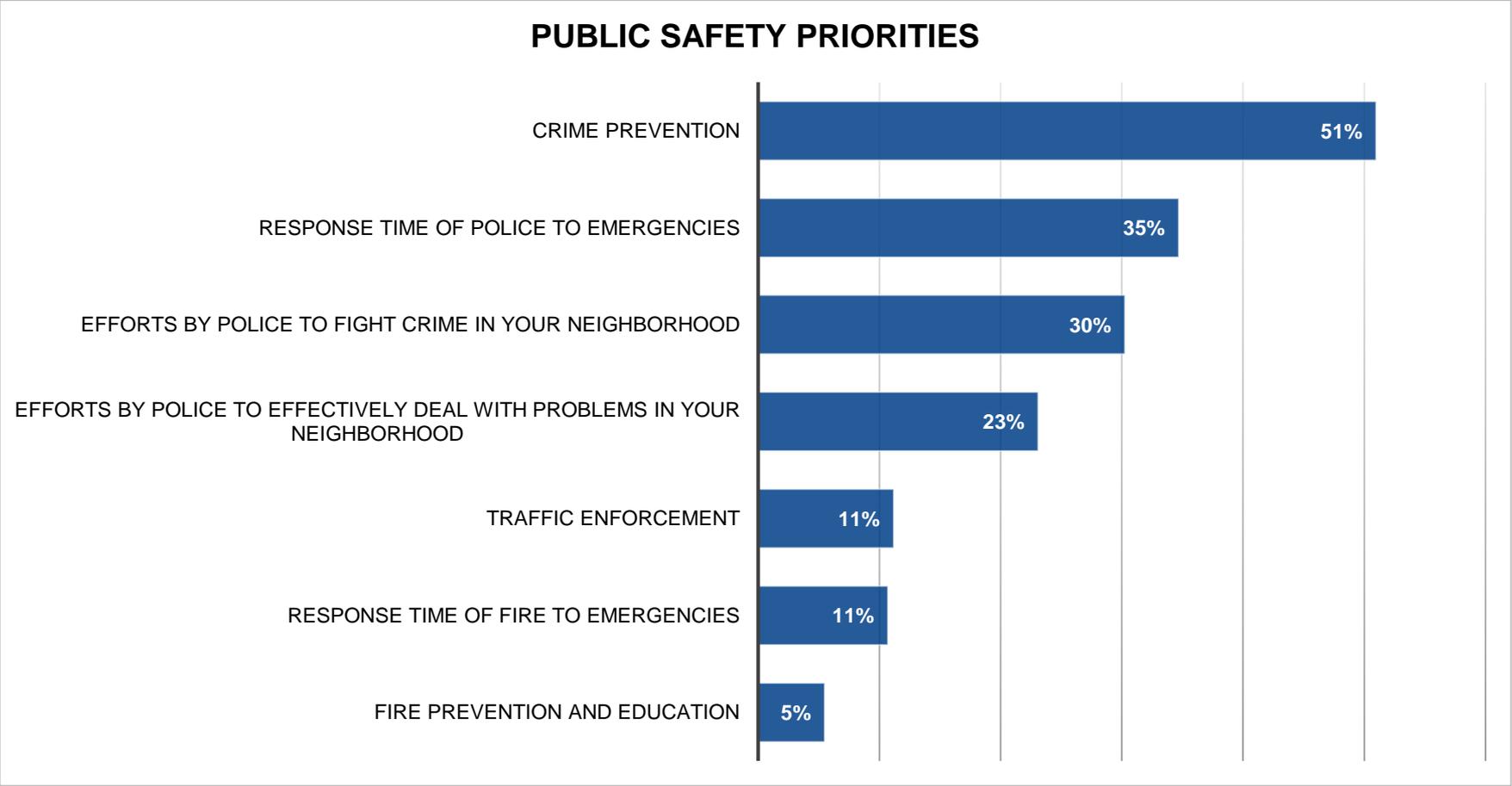
- Community Survey Highlights
- Services by Strategic Priority

Community Survey Highlights

MAJOR SERVICE PRIORITIES



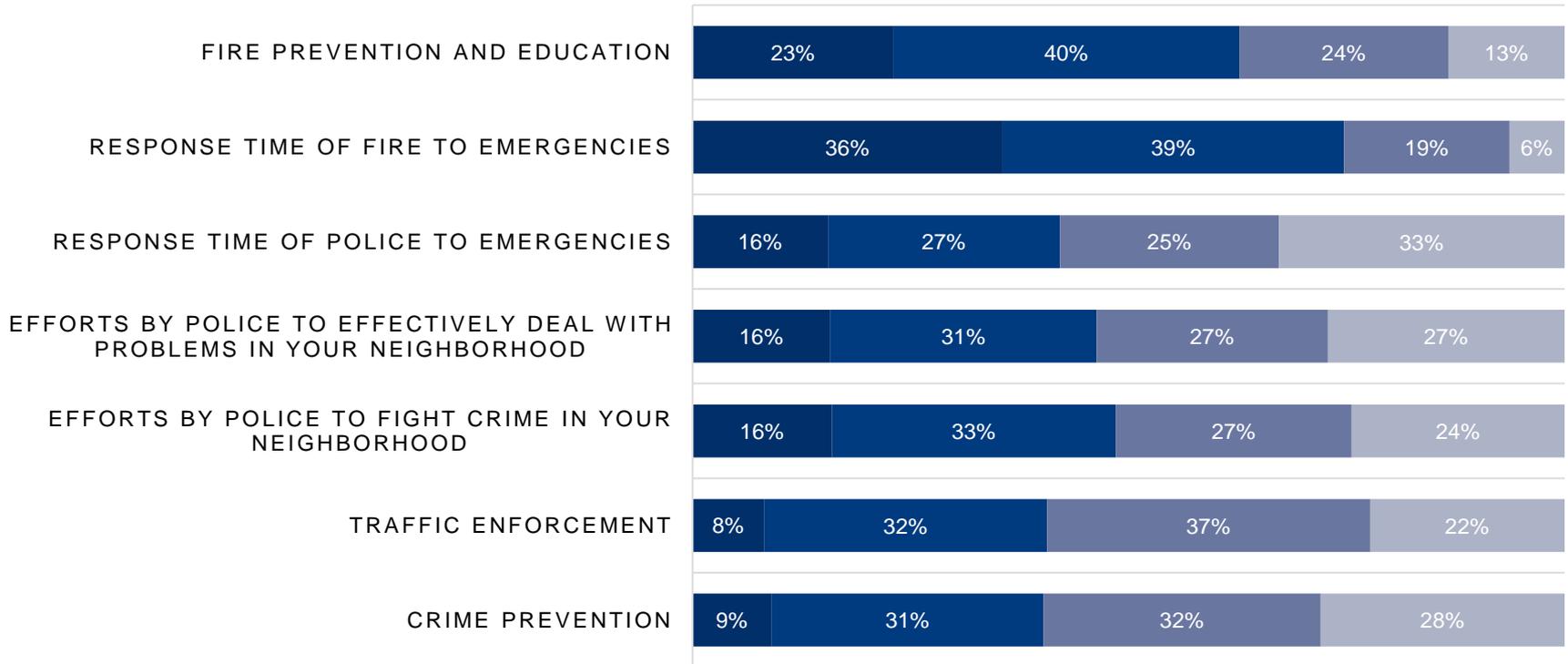
Community Survey Highlights (cont.)



Community Survey Highlights (cont.)

PUBLIC SAFETY SATISFACTION RATINGS

■ Excellent (4) ■ Good (3) ■ Fair (2) ■ Poor (1)



Services by Strategic Priority

	FY 2019-20 Total Budget	FY 2020-21 Total Planned	FY 2019-20 General Fund Budget	FY 2020-21 General Fund Planned
City Attorney's Office				
Municipal Prosecution	2,274,201	2,280,005	2,274,201	2,280,005
Police Legal Liaison	739,961	741,250	739,961	741,250
Court and Detention Services				
Adjudication Office	642,604	681,843	642,604	681,843
City Detention Center	1,184,485	1,243,232	1,184,485	1,243,232
Dallas City Marshal	3,252,063	3,009,140	3,252,063	3,009,140
Lew Sterrett Jail Contract	9,845,124	10,262,117	9,845,124	10,262,117
Municipal Court Services	7,794,288	8,002,954	7,794,288	8,002,954
School Crossing Guard Program	5,287,414	5,292,849	5,287,414	5,292,849
Security Services	4,410,851	4,411,278	4,410,851	4,411,278



Services by Strategic Priority

	FY 2019-20 Total Budget	FY 2020-21 Total Planned	FY 2019-20 General Fund Budget	FY 2020-21 General Fund Planned
Dallas Fire-Rescue	19,717,147	19,662,240	19,717,147	19,662,240
EMS Administration, Contracts, and Community Health	232,727,551	243,182,392	232,727,551	243,182,392
Fire and Rescue Emergency Response and Special Operations	7,708,285	8,171,379	7,708,285	8,171,379
Fire Dispatch and Communications	5,018,461	5,230,635	5,018,461	5,230,635
Fire Investigation – Explosive Ordnance Disposal	19,018,901	19,586,071	19,018,901	19,586,071
Fire Training and Recruitment	18,870,835	13,848,997	18,870,835	13,848,997
Fire-Rescue Equipment Maintenance and Supply	10,872,532	11,089,555	10,872,532	11,089,555
Inspection and Life Safety Education	2,006,764	2,056,618	2,006,764	2,056,618
Special Operations	19,717,147	19,662,240	19,717,147	19,662,240



Services by Strategic Priority

	FY 2019-20 Total Budget	FY 2020-21 Total Planned	FY 2019-20 General Fund Budget	FY 2020-21 General Fund Planned
Dallas Police Department				
Juvenile Case Managers-First Offender Program	0	0	0	0
Police Academy and In-Service Training	23,234,091	26,679,211	23,234,091	26,679,211
Police Administrative Support	29,619,097	30,599,640	29,619,097	30,599,640
Police Community Outreach	1,756,424	1,834,799	1,756,424	1,834,799
Police Criminal Investigations	70,940,219	72,586,192	70,940,219	72,586,192
Police Field Patrol	290,918,625	304,471,393	290,918,625	304,471,393
Police Intelligence	10,099,777	11,348,829	10,099,777	11,348,829
Police Investigation of Vice-Related Crimes	4,180,331	4,349,842	4,180,331	4,349,842
Police Investigations of Narcotics-Related Crimes	16,055,506	16,752,133	16,055,506	16,752,133
Police Operational Support	31,566,830	32,513,653	31,566,830	32,513,653
Police Recruiting and Personnel Service	12,228,757	13,503,518	12,228,757	13,503,518
Police Special Operations	26,367,538	27,848,324	26,367,538	27,848,324



Services by Strategic Priority

	FY 2019-20 Total Budget	FY 2020-21 Total Planned	FY 2019-20 General Fund Budget	FY 2020-21 General Fund Planned
Judiciary				
Civil Adjudication Court	392,883	405,779	392,883	405,779
Community Court	109,341	110,827	109,341	110,827
Court Security	890,314	902,610	890,314	902,610
Municipal Judges-Cases Docketed	2,414,404	2,450,299	2,414,404	2,450,299
Management Services				
Emergency Management Operations	1,122,695	956,380	1,122,695	956,380
Office of Community Police Oversight	475,000	475,000	475,000	475,000
Capital				
Capital Improvement	1,065,000	151,000	0	0
Debt Service				
Debt Service	8,454,541	5,854,545	0	0
Public Safety Total	883,262,838	912,546,528	873,743,297	906,540,984

