

Memorandum



CITY OF DALLAS

DATE May 20, 2022

TO Honorable Mayor and Members of the City Council

SUBJECT **Responses to Questions from City Council Briefing on FY 2022-23 Budget Development (May 4, 2022)**

Thank you for the opportunity to discuss the Fiscal Year 2022-23 budget development. We are working in earnest to develop a budget that reflects the priorities of the City Council and Dallas residents.

Please see questions raised during the briefing with answers included below.

1. How is resident input incorporated into the budget development process?

Resident engagement is a cornerstone of our budget development process. Our Biennial Community Survey is an important tool that we use to gain community feedback on budget development priorities. Every two years, we conduct this survey through an outside vendor using a statistically sound process. As part of the survey, we ask residents to rank the services provided by the City on a scale of importance and rate the satisfaction of each service listed.

Services that are ranked as high importance and low satisfaction are identified as “opportunities for improvement.” The table below shows the results for this category from the past three survey cycles (2020, 2018, and 2016).

	2020	2018	2016
Opportunities for Improvement <i>(High Importance, Low Satisfaction)</i>	<ul style="list-style-type: none">• Police services• Infrastructure maintenance• Traffic management• Neighborhood code enforcement• Social services	<ul style="list-style-type: none">• Police services• Infrastructure maintenance• Neighborhood code enforcement	<ul style="list-style-type: none">• Infrastructure maintenance• Police services• Neighborhood code enforcement

Below are the links to the briefings from the past three biennial Community Survey cycles for detailed reference:

- Link to 2020 Survey briefing:
<https://cityofdallas.legistar.com/View.ashx?M=F&ID=8224543&GUID=74BC6D02-9866-4374-B6A9-1BC1B2F03EFE>
- Link to 2018 Survey briefing:
https://dallascityhall.com/government/Council%20Meeting%20Documents/b_2018-community-survey_combined_050218.pdf

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- Link to 2016 Survey briefing:
https://dallascityhall.com/government/Council%20Meeting%20Documents/A_2016%20City%20of%20Dallas%20Community%20Survey%20Findings_Combined_060116.pdf

2. What were the two State amendments being voted on May 2022, and do they have any impact on the City?

On Saturday, May 7, 2022, the Texas State Legislature had two propositions on the ballot. Both of the propositions passed and will benefit property taxpayers.

Proposition 1

The ballot language: *“The constitutional amendment authorizing the legislature to provide for the reduction of the amount of a limitation on the total amount of ad valorem taxes that may be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is elderly or disabled to reflect any statutory reduction from the preceding tax year in the maximum compressed rate of the maintenance and operations taxes imposed for those purposes on the homestead.”*

What it means: Homeowners who are disabled or 65 years and older currently qualify to have school district property taxes capped or frozen. When lawmakers in 2019 passed legislation to offset rising property values with lower school district tax rates for all homeowners, the adjustments did not account for elderly and disabled homeowners whose property taxes were already frozen. With the passing of Proposition 1, these homeowners will qualify for additional reductions in 2023, lowering property taxes further without eliminating their property tax cap.

Proposition 2

The ballot language: *“The constitutional amendment increased the amount of the residence homestead exemption from ad valorem taxation for public school purposes from \$25,000 to \$40,000.”*

What it means: The passing of Proposition 2 will increase the residence homestead exemption to \$40,000 for school districts property taxes.

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3. What is the cost of maintenance for the TxDOT rights-of-way and how much is paid by the State versus how much is paid by the City?

The cost of the maintenance for TxDOT rights-of-way is \$2.2 million, which includes staff costs, supplies, and the cost of the Municipal Maintenance contract with the City vendor. The State pays \$1.2 million, which fluctuates based on acreage/rate. The City typically pays \$986,000 over and above what the State pays.

TxDOT reimburses for three mow cycles and 12 litter cycles only. They do not reimburse staff or any other expenses.

4. What information can be shared on the City's efforts to budget for equity?

The City of Dallas is implementing a Budgeting for Equity (BfE) process on a consistent, annual basis. Beginning in FY 2018-19, the process has been evolving to align with best transformative practices.

In addition to every department completing a 10-question tool, reviewed by the Office of Equity and Inclusion, departments are requested to: 1) analyze how funds could impact communities of color and historically marginalized communities; 2) develop long-range planning and investment strategies; and, 3) highlight specific budget commitments to advance equity.

The City of Dallas BfE efforts center on the following goals:

- Assess the equity impacts of budget decisions for potential benefits and burdens to communities of color and lower-income communities;
- Identify whether budget requests and enhancements advance equitable outcomes for residents;
- Verify programs, projects, plans, and investments to help reduce disparities;
- Increase community engagement in improvements, reductions, and overall budget development; and
- Confirm, commit, and communicate specific resource allocation to advance equity.

5. What agreements exist for the City to be reimbursed for expenses that the other entity does not fully reimburse the City per the agreement?

No reimbursement agreement has been identified where the other party refuses to reimburse the City in accordance with the agreement.

6. How much revenue is foregone from tax abatements?

According to data from the Dallas Central Appraisal District, there is approximately \$910 million property value within the city with a tax abatement. This results in approximately \$7 million of foregone revenue each year.

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Thank you for your continued engagement in the ongoing budget process. The next scheduled Budget Briefing update is on June 15. If you have any questions, please contact me or Jack Ireland, Director of Budget and Management Services.



M. Elizabeth Reich
Chief Financial Officer

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
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Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
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