

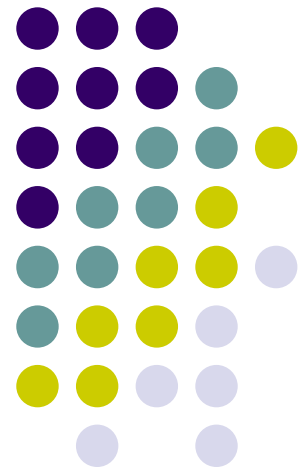
# City of Dallas Budgeting for Outcomes:

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## ***FY 2007-08 Annual Budget***

*Recommended by  
Mary K. Suhm, City Manager*

*Presented to the Dallas City Council  
August 13, 2007*





# Overview:

- Review Status of Budgeting For Outcomes
- Review Price of Government (POG) in Dallas
- Recommended FY 2007-08 Budget
- Major Revenue and Expense Drivers
- Highlights of Enhanced Services in each Key Focus Area
- Fee Based Services: Overview of Other Funds
- State Law Taxation Requirements
- City Auditor's Opinion and Revenue Review
- 2007 Calendar: August and September
- Council Feedback



# Status of Budgeting for Outcomes

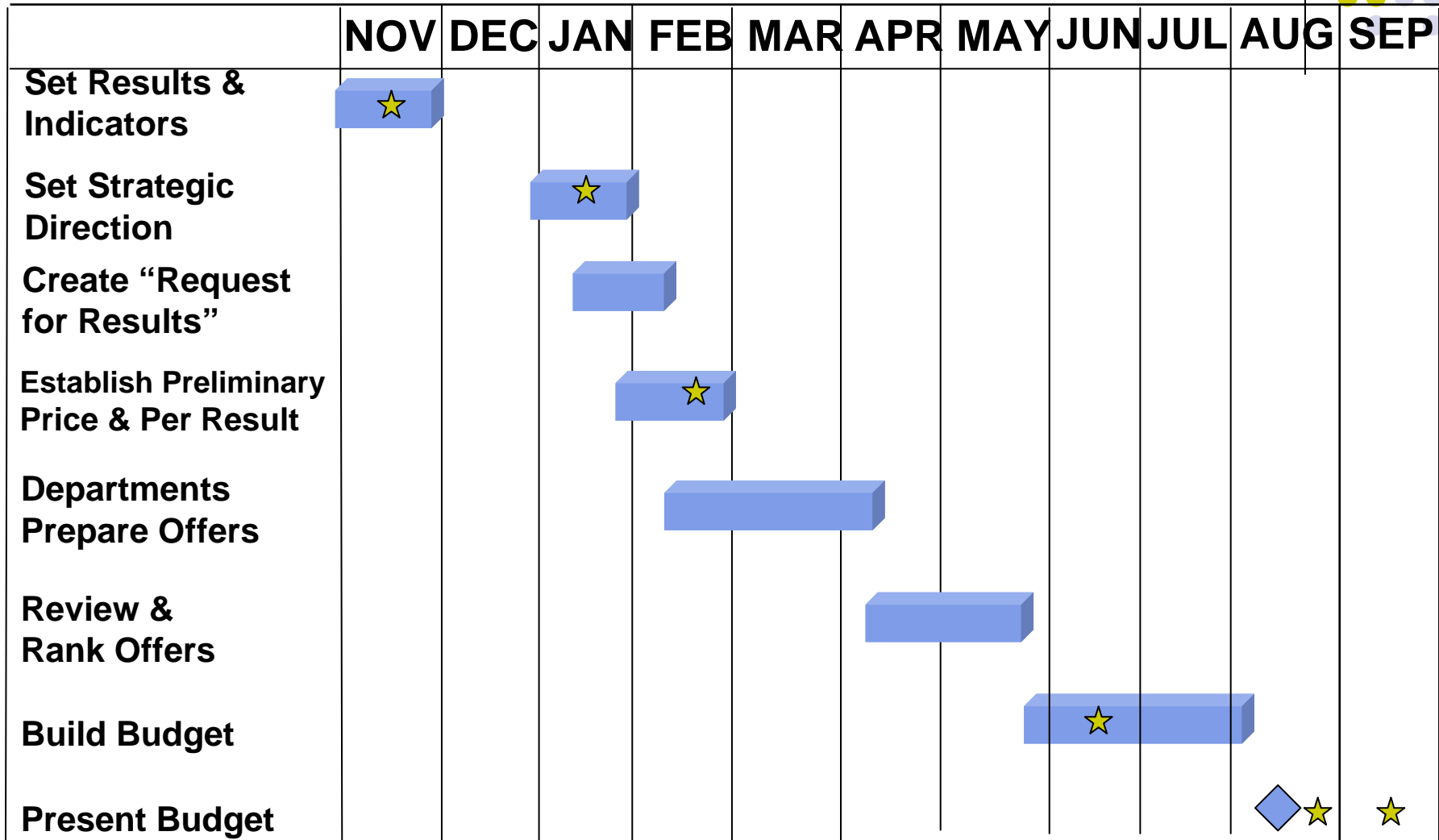


# Where are we in the Process?

- ✓ City Council Established Citywide Results & Indicators
- ✓ Council Set Strategic Direction for FY 2007-08
- ✓ Created “Requests for Results”
- ✓ Invited Departments to Make Offers
- ✓ Council Set Preliminary “Price” of Dallas Government
- ✓ Allocate “Price” to Each Result
- ✓ Evaluate & Prioritize Offers in Each Result
- ✓ Buy Down the List of Offers Until the Money Runs Out (“draw the line”)
- ✓ Build Final Budget to Present to Council



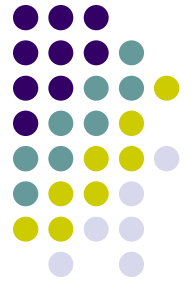
# BFO Timeline





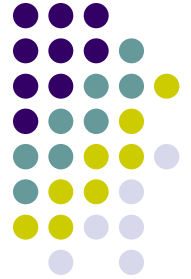
# Review Price of Government in Dallas

# Price of Government in Dallas:

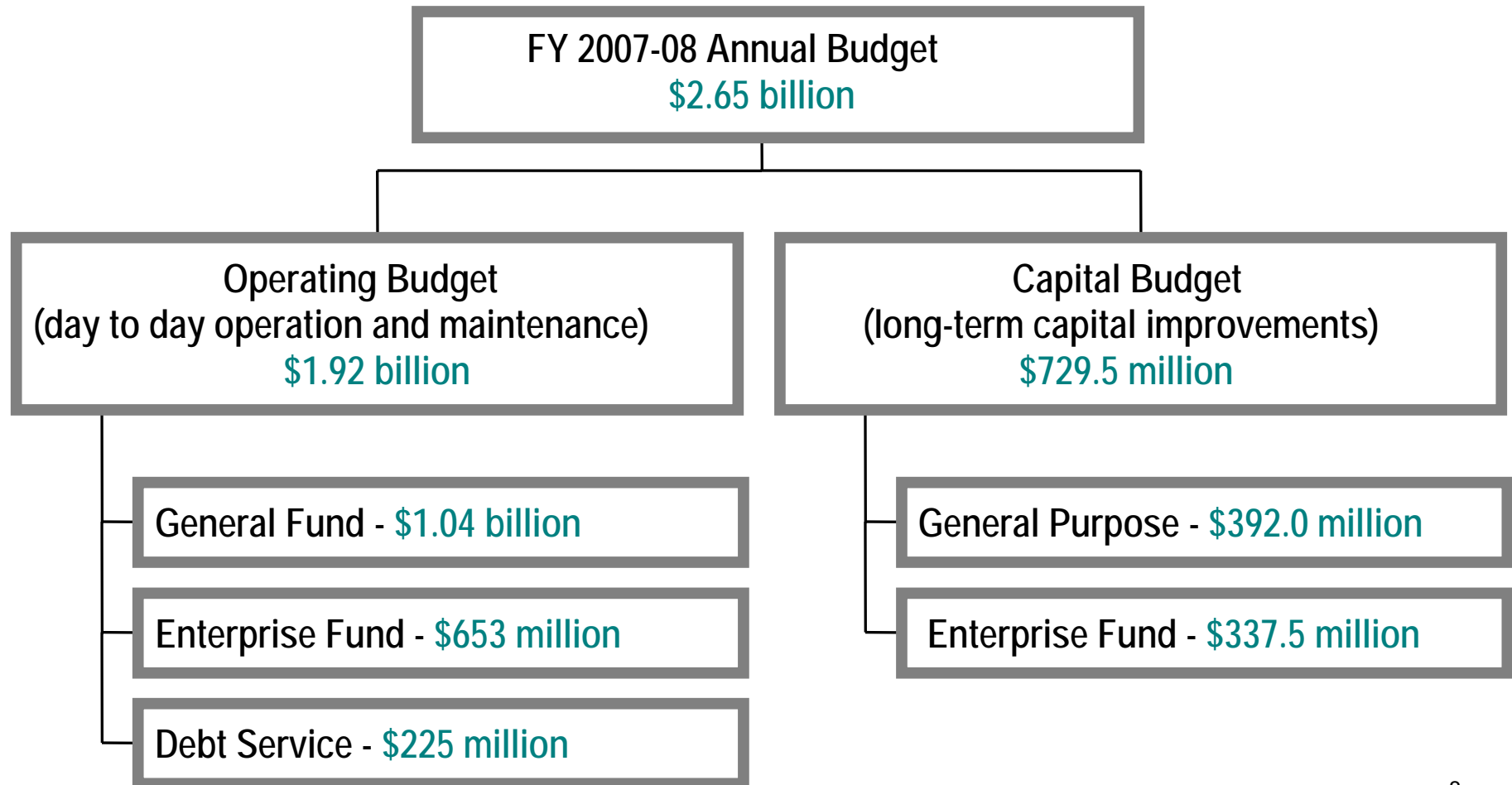


- FY 2006-07 Price of Government \$1,735,526,507
- FY 2007-08 Price of Government \$1,882,877,939  
(Updated by City Council based on more current projections in June 2007)
- FY 2007-08 Price of Government \$1,875,578,536  
(Proposed by City Manager - August 13, 2007 – includes a 2.17¢ tax rate increase)

*Note: POG does not include Capital Funds or Internal Services Funds*

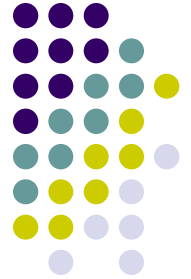


# FY 2007-08 Recommended Budget





# Recommended Budget - By Key Focus Area



FY 2007-08 Annual Budget  
\$2.652 billion

Operating Budget  
\$1.922 billion

Capital Budget  
\$729 million

Public Safety \$636m

Public Safety \$60m

Economic Vibrancy \$566m

Economic Vibrancy \$88m

Clean, Health Environment - \$212m

Clean, Health Environment - \$409m

Culture, Arts & Recreation \$86m

Culture, Arts & Recreation \$100m

Education - \$31m

Education - \$12m

E3 Government \$166m

E3 Government \$60m

Debt Service \$225m



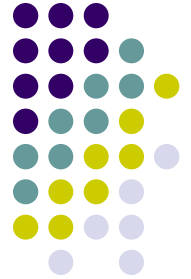
# Major Revenue Drivers

- 2.17¢ Tax Rate increase from 72.92¢ to 75.09¢
- 4.79% Sales Tax Revenue Projected Increase
- Sanitation fee increase of 68¢ (including FYF enhanced “Too Good To Throw Away” program)
- Landfill rate increase of \$2 per ton (from \$16 to \$18)
- Water / Wastewater overall retail rate increase of 7.7%
- Anticipate \$20M from natural gas rights drilling contract



# Major Expense Drivers

- Public Safety Enhancements
  - Additional 200 officers
  - Compensation packages
  - Additional equipment
- Debt Service for authorized bond program
- Capital projects
- Water and Wastewater operations
- Homeless Assistance Center
- New Animal Shelter



# Highlights of enhanced services in each Key Focus Area



## In Public Safety, we are buying:

- 200 Additional Police Officers
  - Plus anticipated attrition of 160 – for a total of 360 new hires
- 2<sup>nd</sup> year implementation of an enhanced Police and Fire-Rescue Compensation Package
  - To recruit and retain public safety personnel
- South Central Patrol Facility
  - Becoming the seventh patrol division in October
- Improved Security and Lighting at the Auto Pound



## Public Safety (cont.):

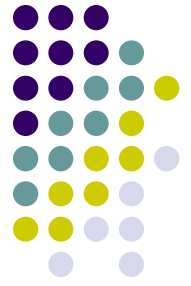
- **Augment DPD's MOSAIC Fusion Center**
  - To purchase a records management system, software, training and two intelligence analysts
- **Upgrade DPD's vehicle scheduling software**
- **Fire-Rescue Chief of Staff**
  - To assure geographic accountability, streamline operations and strengthen overall management of department
- **Additional ambulance and staff**
  - To address increasing demand and maintain current response level
- **45 Thermal Imagers**
  - Every engine, truck, and battalion chief vehicle will be equipped



## Public Safety (cont.):

- Replacement of outdoor warning system
  - Bond funds for 150 new, high-tech warning sirens
- New “Reverse 9-1-1” system
  - To place out-going emergency calls
- Anticipate contract amendment to increase number of cameras for red light enforcement

# In Economic Vibrancy, we are buying:



- Terminal Area Redevelopment Plan Study at Love Field as part of the Love Field Modernization Program
  - To determine work and improvements to be done to the terminal
- Infrastructure improvements in the Southern Sector - International Inland Port
  - 2006 Bond Program funds to augment investments in International Inland Port





## Economic Vibrancy (cont.):

- Enhancements at the Farmers Market
  - Finalize renovation of Shed 2
  - Implement new marketing plan
  - Improve lighting, streetscaping and landscaping at Pearl Street Esplanade
- \$106M continued investment in Streets 2010 Program
  - To improve overall streets condition from 85% to 87% satisfactory by late 2010
  - In current goal, no council district will fall below current rating and or 80% minimum satisfactory rating



## Economic Vibrancy (cont.):

- Enhanced Flood Protection
  - 2006 Bond Program funds to enhance flood management, storm drainage and erosion control
- Enhanced Street Lighting and Transportation Planning
  - Position to identify street light outages and report them to ONCOR
  - Sr. Engineer to conduct railroad quiet zone studies

# In Clean, Healthy Environment we are buying :



- **New “Green” Initiatives**
  - Position to drive sustainability efforts in City departments and promote green building construction in the public and private sector
  - Increase number of alternative fueled vehicles in City’s fleet
  - Integrated Storm Water Management (iSWM) Manual to be considered for adoption
- **Municipal Setting Designation – West Dallas**
  - To collaborate with multiple property owners to ease redevelopment costs



## Clean, Healthy Environment (cont):

- **Pride in Your Neighborhood Pilot Program**
  - Partnership with Keep Dallas Beautiful and six neighborhood associations to establish a program to beautify and maintain the neighborhood's aesthetics.
- **Enhanced Litter Control**
  - Add 12 staff members and funding for litter control in parks for an average of two additional litter collections each week at most heavily attended parks
- **“Too Good to Throw Away”**
  - Full year funding of the program with a goal to increase recycled tons from 21,500 to 35,000 tons



## Clean, Healthy Environment (cont):

- Opening of Homeless Assistance Center
- Enhanced Senior Transportation Program
  - Partnership with NCTCOG, CCGD and other non-profit agencies
- Enhanced “Project Reconnect”
- Expand Community Prosecutors and add a Community Court
  - Two new community prosecutors, a code inspectors and a legal assistant for the Lake Highlands/Hamilton Park area and Bachman Lake/Stemmons Freeway Corridor area
  - New community court to serve West Dallas, West Oak Cliff and North Oak Cliff



## Clean, Healthy Environment (cont):

- Full year funding for the new Dallas Animal Shelter
  - Plus two additional animal control officers
- Boarding House Task Force
  - Multi-departmental initiative to ensure the health and safety of people in group residential facilities and boarding houses
- Single Family Rental Registration and Inspection Program development

# In Culture, Arts & Recreation we are buying:



- Reopening of the South Dallas Cultural Center
  - Position to program new flexible theater and expanded gallery and classroom space
- New Park Partners Beautification Program
  - To contract with volunteer/community groups to provide landscaping, beautification or ongoing maintenance in parks
- NorthPark Center Children's Library



# In Education we are buying:

- Dallas Arts Learning Initiative (DALI)
  - Partnership with DISD, Big Thoughts and local cultural organizations to coordinate and leverage high-quality arts leaning experiences for Dallas children and families
- Every Child Ready to Read @ Dallas Program
- Safe Routes to School Program to proactively provide transportation infrastructure and safety education to school children
  - Position to design and implement program





# In E<sup>3</sup> Government, we are buying:

- Technological Infrastructure Project
  - Upgrade the City's network communications
  - Electronic Discovery (E-Discovery) process
  - Improvements and updates to technology in vehicle computers used by police, fire-rescue, code compliance, city marshal office and EHS food inspection personnel
  - Installation of Digital Video Recorder technology as police vehicles are replaced
- Establish separate 9-1-1 and 3-1-1 Call Centers for emergency calls and customer service requests
- Develop a standard city-wide approach to improving processes



## E<sup>3</sup> Government (cont.):

- Courts on-line payment services to pay fines via Internet or telephone
- Implementation of Pay1 Project
  - Phases 1 and 2 of city-wide enterprise billing collection system
    - Aviation, Code Compliance, Convention & Event Svcs., Cultural Affairs, Dallas Water Utilities, Development Svcs., Environmental & Health Svcs., Financial Svcs., Fire, Housing, Library, Police, Public Works, and Sanitation
- Reduced pension contributions for both civilian employees and the City
  - Improved performance of the Employees' Retirement Fund



# Fee Based Services: Brief Overview of Other Funds



# Sanitation Service

## Expense / Revenue Assumptions:

- Maintain Full-Cost Recovery for 6 services provided
  - FY 2007-08 Proposed Budget of \$70.7M
  - Cost to maintain current services increases residential rate by \$0.68
    - Full Year Funding of the “Too Good To Throw Away” residential recycling program
- \$2 per ton Landfill rate increase (to \$18) and implement long term contracts for services



# Sanitation Service

<b>Current Residential Fee</b>	<b>\$ 18.85</b>
Cost to maintain service	\$ 0.68
Full year Funding of Too Good to Throw Away	\$ 0.04
Day labor increases (minimum wage and contract rebid)	\$ 0.18
Fuel, Equipment Maintenance, Replacements & Other	\$ (0.08)
Year 1 of Green fleet Phase-In Program	\$ 0.18
2003 GO Bond Debt Service	\$ 0.21
McCommas landfill Waste Cell	\$ 0.11
E-recycling events	\$ 0.04
<b>FY 07-08 Proposed Residential Fee</b>	<b>\$ 19.53</b>



## Dallas Water Utilities:

- The City Manager's Recommended Budget for FY2007-08 includes
  - Operating Budget of \$489.2M
  - Capital Budget of \$337.5M
- Overall retail rate increase of 7.7%



## Dallas Water Utilities (cont.):

- Overall residential rates would increase by 6.4%
- Overall commercial rates would increase by 10.2% and industrial by 10.7%
- Wholesale rates decreased by 2.6%



## Dallas Water Utilities (cont.):

- Overall 7.7% retail rate increase is being driven by the following:
  - Debt cost and cash transfer to construction costs to fund capital program for water supply and infrastructure replacement/maintenance (4.7%)
  - Operating costs have increased for reservoir costs and maintenance and repair of water and wastewater infrastructure (1.7%)
  - Conservation/Usage Trends (1.3%)





## Dallas Water Utilities (cont.):

- Continue commitment to provide high quality and sufficient water and wastewater service to meet customer needs
- Continue Water Conservation Program to reduce per capita water consumption
- Future outlook on rates
  - Retail rate increase projection for FY 2008 10.2%
  - FY 2009 3.8%

# Dallas Water Utilities (cont.):



## Proposed Rate Adjustment Impact to Residential Water and Sewer Bills

Customer Usage in Range	Average Bill at Current Rates	Proposed Increase	% Increase	Number of Customers Impacted	% of Customers in Range
0 to 4,000 gallons	\$15.05	\$0.89 <sup>a</sup>	5.9%	61,659	24.4%
4,001 to 10,000 gallons	\$38.82	\$2.28 <sup>b</sup>	5.9%	96,791	38.3%
10,001 to 15,000 gallons	\$51.96	\$3.69 <sup>c</sup>	7.1%	36,764	14.5%
Above 15,000 gallons (Includes conservation tier rate)	\$121.57	\$10.92 <sup>d</sup>	9.0%	<u>57,655</u>	<u>22.8%</u>
<b>Total</b>				<b>252,869</b>	<b>100.0%</b>

Data based on January 2006 through December 2006 usage

<sup>a</sup> Average water and sewer use: 1,575 gallons

<sup>b</sup> Average water and sewer use: 5,851 gallons

<sup>c</sup> Average water use 10,813 gallons and sewer use: 6,200 gallons

<sup>d</sup> Average water use 28,719 gallons and sewer use: 6,200 gallons

The FY08 overall revenue requirement is 7.7% increase; however, the residential water and wastewater rates are projected to increase 6.4% based on the cost of service study. 77% of residential customers will see an average monthly bill increase of \$3.69 or less



# State Law Taxation Requirements



# State Law Taxation Requirements:

- Requires public notice of tax rate calculations
- Allows taxpayers to roll back or limit tax increase in certain cases



# State Law Taxation Requirements:

**Effective Rate = 68.72¢**

- Generates same amount of revenue in new fiscal year on taxable property that was taxed in previous fiscal year
  - New construction not included in calculation

**Rollback rate = 78.19¢**

- Allows for general fund portion of Effective rate plus 8%
- Allows debt service portion necessary to cover debt service costs
- If a rate above 78.19¢ is adopted voters may petition for an election to reduce the rate to the Rollback rate (78.19¢)



# State Law Taxation Requirements:

- The Notice and Hearing Rate is the lower of either the Effective rate or the Rollback rate
- Two Tax Rate Public Hearings are required if the Notice and Hearing Rate will be exceeded
- Tax rate adoption ordinance must state the increased operations and maintenance tax on a \$100,000 home if adopted rate is higher than Effective rate
- Following budget adoption and tax rate levy, the Council must ratify any property tax increase with a separate vote



# State Law Taxation Requirements:

- Requirements if Notice and Hearing Rate is to be exceeded
  - Vote to consider a specific tax rate higher than the Notice and Hearing Rate
  - Schedule and publish date/time for two public hearings
  - Hold two tax rate public hearings
  - Schedule and publish date/time of meeting to adopt tax rate
  - Meet to adopt tax rate
- *If these steps not taken, maximum tax rate = 68.72¢*

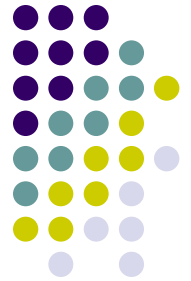


# State Law Taxation Requirements:

- If Council desires to reserve the option to adopt a tax rate higher than 68.72¢, the following schedule is recommended:
  - August 27<sup>th</sup> – In order to retain flexibility, the City Council needs to vote to consider a specific higher rate and schedule tax rate public hearings
    - The Rate voted on this day becomes the maximum tax Rate that would be allowed
  - September 5<sup>th</sup> – Publish public hearing notification
  - September 12<sup>th</sup> and 17<sup>th</sup> – Hold public hearings



# State Law Taxation Requirements:



- **Recap**

- Current rate = 72.92¢
- Effective rate = 68.72¢
- Rollback rate = 78.19¢
- Notice and Hearing rate = 68.72¢
- Proposed rate = 75.09¢

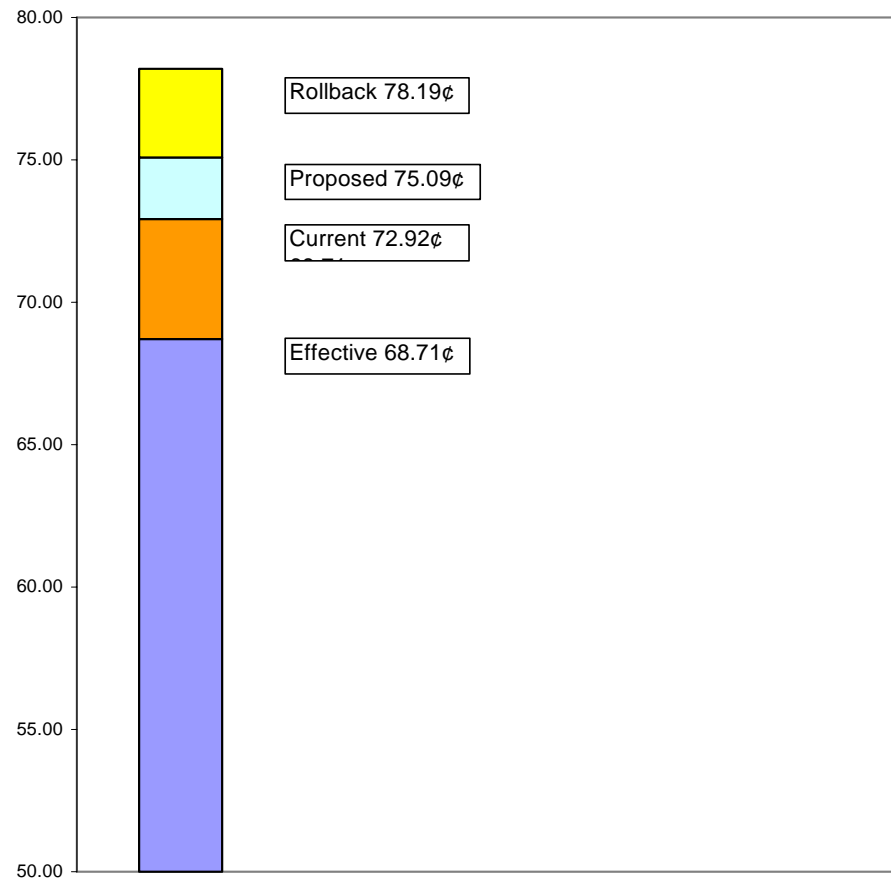
- **August 27<sup>th</sup>**

- Ability to adopt a rate greater than 68.72¢ requires a Council vote on August 27<sup>th</sup>
- Would retain tax rate flexibility

# State Law Taxation Requirements:



Property Tax Rates - Comparison





# City Auditor's Opinion and Revenue Review



# 2007 Calendar: August and September



# Future Budget Briefings

- August 15 – Dallas Water Utilities
- August 15 - Sanitation/Recycling Services
- August 27 – Police
- August 27 – Grants
- August 27 – Others to be identified
- September 5 – Others to be identified

# 2007 Calendar: August



S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13 W T Begins	14	15	16	17	18
19	20	21	22 PH	23	24	25
26	27 W	28	29	30	31	

**AW:** Amendment Workshop

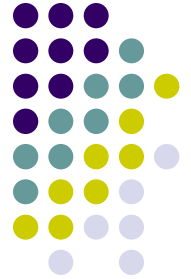
**BA:** Budget Adoption

**PH:** Public Hearing

**T:** Town Hall Meeting

**W:** Workshop

# 2007 Calendar: September



S	M	T	W	T	F	S
						1
2	3	4	5 W	6	7	8
9	10	11 T -end	12 PH BA 1 <sup>st</sup> reading	13	14	15
16	17 AW, PH	18	19 AW	20	21	22
23	24	26	26 BA	27	28	29

**AW:** Amendment Workshop

**BA:** Budget Adoption

**PH:** Public Hearing

**T:** Town Hall Meeting

**W:** Workshop

# Budget Briefing Rank Ordering Process



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

Please rank by priority the areas you wish discussed in the budget workshops:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Please return to Mary Suhm by Monday, August 20, 2007