

2005-06 Budget Preview

**City Council Briefing
April 6, 2005**

Purpose of Briefing:

- **To review the budget process to be used in FY2005-06 and preview potential expenses/revenues for FY2005-06**

Budgeting for Outcomes

- **Governmental entities are recognizing the need to move from budgeting strategies that do not directly tie to performance**
- **New budgeting strategies respond to citizens demand for responsive, accountable government services at the best value**
- **Permanent fundamental changes to the economy are reducing traditional governmental tax revenues**
- **Dallas City Council has taken steps toward budgeting for outcomes**
 - In FY2004-05 implemented zero-based budgeting
 - Established City Council Priorities (January 2005)
 - Upgrade to existing financial system is underway and will provide flexibility to appropriate and track costs of services and roll up to City Council priorities
 - Finalizing new performance measurement system for each Service
 - Scheduled City Council workshop for April 11, 2005, to learn more about budgeting for outcomes

Budget Process for 2005-06

Continue zero-based budgeting

- No target numbers will be provided to departments
- No services or costs will automatically be rolled forward from the current year
- The cost of each service must be built-up from zero
- Each cost, by line item, for each service must be justified

Continue to refine costs and services

- During the 2004-05 budget development process each department divided budget into programs and services
- The 2005-06 Budget will organize services by City Council Key Focus Areas (See Appendix – Chart 1)
- Departments will provide a separate budget for each service and must be prepared to justify the continuation of the service

Balancing the Budget

- Each department will be asked to demonstrate how a service contributes to the Key Focus Area
- As a result, high priority services might be enhanced, while middle priority services might be maintained or reduced and lower priority services might be reduced or eliminated

Revenue Outlook for FY 2005-06

At this point in the year, revenues are difficult to project due to very limited data.

- The City has received only 4 months of Sales Tax receipts from the State this fiscal year. The receipts have been volatile from October 2004 through January 2005. Additional monthly receipts are needed to provide reasonable projections on this revenue source.
- Sales Tax represent approximately 23.0% of our total revenues.
- Dallas Central Appraisal District will provide the preliminary tax roll on May 24th 2005, and provide the certified tax roll on July 25, 2004.
- Ad Valorem Taxes represent approximately 42.2% of our total revenues.
- Projected property tax rate increase of 2.25¢ to support the 2003 Bond Program generates approximately \$15M.

Preliminary Outlook - FY2005-06

- Revenue and expenditures will continue to be developed as zero-based budgeting is followed through the Spring, Summer and prior to the City Manager's budget recommendations being presented in August
 - **Potential/Recommended expenditures to consider in developing preliminary estimates:**

Health Benefit Increases (8%)	\$5.0M
City Share of Pension Increase (4.3%)	9.3M
FY05-06 Civilian Merits	3.7M
FYF of Programs Added in FY04-05	5.5M
Increase in DPD Sworn Personnel (50 Additional)	1.6M
Police Equipment Purchase (New Tools)	4.0M
Increase in Electricity Costs	4.3M
Increase in Fuel Costs	1.0M
Debt Service Expenses Associated w/ 2003 Bonds	15.0M
Eliminate One-Time Costs Added in FY04-05	<u>(2.7M)</u>
Total	\$46.7

Note: These estimates do not include potential EPA liability costs, helicopters, or additional emergency warning sirens.

Preliminary Examination of FY2004-05 Costs By Key Focus Areas

Key Focus Areas	Budgeted \$'s
Economic Development	\$ 250.4M
Staff Accountability	168.0M
Neighborhood Quality	511.7M
Public Safety and Homeland Security	496.2M
Trinity River Project	Capital Budget Expense
Total General Fund & Enterprise Funds	\$ 1,426.3M

Note: Includes all General Fund and Enterprise Operating funds. The Capital Improvements Budget, Debt Service and approx. \$9M in City Attorney costs are not included in this summary.

2005-06 Budget Development Schedule

- **April 11** **Budgeting for Outcomes Presentation**
- **May 11** **Budget Public Hearing**
- **May 18** **Budget Outlook Update**
- **May 24** **Preliminary Tax Roll Due from DCAD**
- **June 15** **Budget Outlook Update**
- **July 25** **Certified Tax Roll Due from DCAD**
- **August 15** **Presentation of City Manager's
Proposed Budget**
- **August 15 –
September 13** **City Council Budget Townhall Meetings**
- **September 7** **Budget Workshop**
- **September 14** **Vote to Adopt Budget – First Reading**
- **September 19** **Budget Amendment Workshop**
- **September 21** **Budget Amendment Workshop (if needed)**
- **September 28** **Budget Adoption – Second Reading**

Example of Service Listing by Key Focus Area and Component

Priority 3. Neighborhood Quality

Component 6

Provide equitable and enhanced social, cultural, leisure and environmental programs

SERVICES

Housing - Materials for minor repair to low- to moderate-income owner-occupied single-family homes by volunteers

Libraries – Branch libraries and Outreach Services

Cultural Affairs – Cultural Programs and Municipal Radio

Environmental and Health Services – Homeless Services, Maternal Health Services and Food Nutrition and Education

Parks and Recreation– Recreation Centers, Youth Services and Aquatics

Public Works and Transportation – Street Lighting

Office of Environmental Quality – Education & Outreach

Sanitation – Residential Collection, Animal Collection and Brush