

Memorandum



CITY OF DALLAS

DATE January 2, 2009

TO Honorable Mayor and Members of the City Council

SUBJECT FY2009-10 Budget Workshop #2 – Initial Revenue and Expenditure Outlook

This briefing provides a high-level overview of the major issues the City will be facing as the upcoming FY2009-10 budget is developed. Many of the FY2009-10 revenues and expenditures discussed in the briefing are preliminary estimates as it is still very early in the budget process. As we receive more data, we will be updating and refining these estimates. Staff will be providing regular updates on the status of the budget throughout the upcoming months. A schedule of all upcoming budget briefings is included as well as an update on the status of the FY2008-09 budget.

Please let me know if I can provide any additional information.

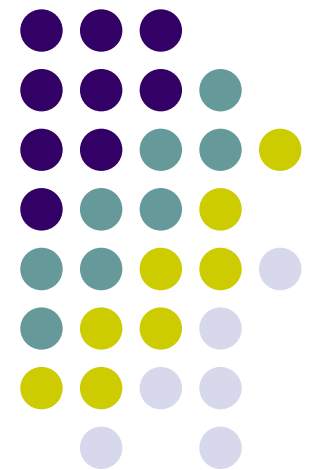
A handwritten signature in black ink, appearing to read 'Mary K. Suhm'.

Mary K. Suhm
City Manager

C: Thomas P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Deborah Watkins, City Secretary
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Ramon Miguez, Assistant City Manager
Forest Turner, Interim Assistant City Manager
David Cook, Chief Financial Officer
Jeanne Chipperfield, Director, Budget & Management Svcs

FY2009-10 Budget Workshop #2- Initial Revenue and Expenditure Outlook

City Council Briefing
January 7, 2009





Purpose

- Provide an outlook for the FY2009-10 budget
- Review the schedule for the development of the FY2009-10 budget
- Provide an update on the status of the FY2008-09 budget



FY2009-10 Outlook

Revenues*

- Little to no growth in property tax base anticipated
- Potential decline in sales tax revenue
- FY08-09 budget included 2 significant non-recurring revenues
 - Use of fund balance - \$13.5m
 - Final TXU franchise payment -\$15m
- Planned increase in the Over 65 Exemption reduces property tax revenue - \$2.6m
- Other revenues also affected by changes in the economy

*All amounts are preliminary and subject to change



FY2009-10 Outlook (cont'd)

Expenses*

- Public Safety commitment
 - 200 additional police officers and full year funding of officers added in FY09-10 - \$18m
 - Police and Fire pay plan – full year funding - \$9.7m
- Debt service for 2006 Bond Program - \$30.5m
- Operating and maintenance costs for bond program facilities - \$3.4m

*All amounts are preliminary and subject to change

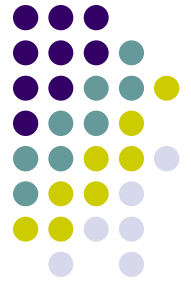


FY2009-10 Outlook (cont'd)

Options for addressing FY2009-10 budget requirements:

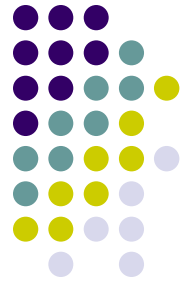
- Implement efficiencies
- Service reductions
- Increase revenues
 - New revenue sources
 - Fee increases to maintain full cost recovery
- Potential continuation of lower gas and electricity costs, if prices remain at current levels
- Carry forward FY2008-09 savings
- Tax rate increase

FY2009-10 Budget Schedule



- October 6th -7th Budget Workshop #1 – Updates on Six Key Priorities
- January 7th Budget Workshop #2 – Initial Revenue and Expenditure Outlook
- February 4th Budget Workshop #3 – FY2009-10 Strategies & Objectives
- February 18th Budget Workshop #4 – Setting the Price of Government
- March 25th Budget Public Hearing
- April 15th Budget Workshop #5 – Revenue & Expenditure Updates
- May 4th **Economic Development Committee** – FY09-10 Preliminary Bid Rankings - Economic Vibrancy Key Focus Area
- Public Safety Committee** –FY09-10 Preliminary Bid Rankings -Public Safety Key Focus Area

FY2009-10 Budget Schedule (cont'd)



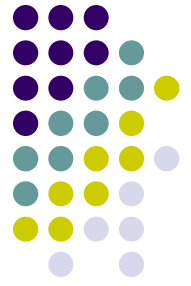
- May 6th Budget Workshop #6 – Revenue & Expenditure Updates
- May 11th **Quality of Life and Government Services Committee** – FY09-10 Preliminary Bid Rankings - Culture, Arts & Recreation; Educational Enhancements; and E3 Government Key Focus Areas
- Transportation & Environment Committee** – FY09-10 Preliminary Bid Rankings - Clean, Healthy Environment Key Focus Area
- May 20th Budget Workshop #7 – FY2009-10 Preliminary Rankings
- May 21st Receive Preliminary Tax Rolls from Appraisal Districts
- May 27th Budget Public Hearing
- June 17th Budget Workshop #8 – FY2009-10 Preliminary Budget Outlook
- August 10th City Manager’s Proposed FY2009-10 Budget

FY2008-09 Status



Revenues

- Sales tax
 - October's current collections 0.3% growth over same period of prior year
 - 2 large, one-time refunds to tax payers for overpayments reduced City's allocation
 - Forecast reduced by \$2.4m based on October's net refunds
 - But for the 2 refunds, October sales tax revenues would have been 2.8% over budget for the month
- Reduction in Courts revenues - \$1.6m



FY2008-09 Status (cont'd)

Expenses

- Fuel and electricity savings forecasted - \$8m
- Savings in Police due to lower than projected net increase in officers as of 9/30/08 - \$1.2m
 - Overall net increase 203 officers
 - Final class of FY08 had 13 fewer officers than the anticipated 50
- Fire overrun due to greater than anticipated number of officers receiving certification pay - \$1.5m



FY2008-09 Status (cont'd)

- Consideration of reductions in certain current year services to increase the FY08-09 ending balance for use in the FY09-10 budget
- Service reductions may carry forward into FY09-10