

Memorandum



CITY OF DALLAS

DATE January 15, 2010

TO Honorable Mayor and Members of the City Council

SUBJECT Budget Workshop #3: FY 2010-11 Preliminary Outlook

This briefing provides a high-level overview of the major issues the City will be facing as the upcoming FY2010-11 budget is developed. The FY2010-11 revenues and expenditures discussed in the briefing are preliminary estimates as it is still very early in the budget process. We will be updating and refining these estimates as we receive more data. Additional briefings on the status of the budget will be provided during the upcoming months.

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
Forest Turner, Assistant City Manager
David Cook, Chief Financial Officer
Jeanne Chipperfield, Director, Office of Financial Services

Budget Workshop #3: FY2010-11 Preliminary Outlook

City Council Briefing
January 20, 2010





Purpose

- Review the preliminary outlook for FY2010-11 Budget
- Review the schedule for the development of the FY2010-11 Budget



FY2010-11 Outlook

- This briefing includes a range of forecasts to illustrate the potential impact (“lesser” to “greater”) various scenarios may have on the budget:
 - Revenues forecasted using data currently available
 - Expenditure adjustments which are anticipated to be included in the budget

FY2010-11 Revenue Outlook

Revenue Forecast (\$ million)	“Greater Impact”	“Lesser Impact”
<p>Property Tax Base</p> <p>“Greater Impact” - Appraisal districts’ staff forecasts as much as 10% value loss for commercial property and 1% value loss for residential property; resulting in overall value loss of approximately 6%</p> <p>“Lesser Impact” – commercial value loss of 3.5% and residential growth of 3%; Overall value loss of approximately 0.5%</p>	(\$36.7)	(\$3.1)
<p>Sales Tax - preliminary forecast flat to moderate recovery of 5% growth (compared to FY09-10 estimate)</p>	(\$3.8)	\$6.3
<p>Atmos Gas franchise fee increase (full year)</p>	\$1.3	\$1.3
<p>Non-recurring revenues including fund balance, in the FY09-10 budget</p>	(\$29.5)	(\$29.5)
<p>Street rental payment increase from anticipated Water Utilities’ rate increase</p>	\$1.2	\$1.2
<p>Total Anticipated Revenue Adjustments</p>	<p>(\$67.5)</p>	<p>(\$23.8)</p>

FY2010-11 Expenditure Outlook

Anticipated Expenditure Adjustments* (\$ million)	“Greater Impact”	“Lesser Impact”
Public Safety Commitment		
•Full year funding of 141 officers added in FY09-10	\$12.3	\$12.3
•Replacement ambulances	\$3.0	\$3.0
•DFD staffing for added truck at Fire Station #10 (deferred from FY09-10)	\$0.8	\$0.8
•Police Officers hired over attrition		
▪“Greater impact” – 127 officers	\$4.2	
▪“Lesser impact” – delay final phase of officer hiring		\$0.0
Debt Service		
▪“Greater Impact” - \$354.7m bond sale in March (updated)	\$16.9	
▪“Lesser Impact” – alternate financing option in Bond Program briefing		\$6.8
Replenish Contingency Reserve	\$2.5	\$1.9
May 2011 Election	\$1.0	\$1.0
Total Anticipated Expenditure Adjustments	\$40.7	\$25.8

*Range assumes civilian merits and sworn pay steps will not be reinstated in FY2010-11; continues 5 civilian furlough days; delay of increase in Over 65/Disabled Persons exemption



FY2010-11 Outlook - Summary

	“Greater Impact”	“Lesser Impact”
Revenue adjustments	(\$67.5m)	(\$23.8m)
Expenditure adjustments	\$40.7m	\$25.8m
Differential	<hr/> (\$108.2m)	<hr/> (\$49.6m)



FY2010-11 Budget Development Schedule

July 29 th	Budget Workshop #1: Council updates to Key Focus Area objectives
October 19 th	Budget Workshop #2: Council confirmation of objectives set at Budget Workshop #1
January 20 th	Budget Workshop #3: FY2010-11 Budget – Preliminary Outlook FY2010-11 Strategies & Objectives Bond Sale Update
February 17 th	Budget Workshop #4: Setting the Price of Government for FY2010-11
March 10 th	Budget Public Hearing
May 19 th	Budget Workshop #5: FY2010-11 Preliminary Rankings
May 20 th	Receive Preliminary Tax Rolls from Appraisal Districts

FY2010-11 Budget Development Schedule

- May 24th **Quality of Life and Government Services Committee** – FY2010-11 Preliminary Bid Rankings - Culture, Arts & Recreation; Educational Enhancements; and E3 Government Key Focus Areas
Transportation & Environment Committee – FY2010-11 Preliminary Bid Rankings - Clean, Healthy Environment Key Focus Area
- May 26th Budget Public Hearing
- June 7th **Economic Development Committee** – FY2010-11 Preliminary Bid Rankings - Economic Vibrancy Key Focus Area
Public Safety Committee –FY2010-11 Preliminary Bid Rankings -Public Safety Key Focus Area
- June 16th Budget Workshop #6: FY2010-11 Preliminary Budget Outlook
- July 26th Receive Certified Tax Rolls
- August 9th City Manager’s Proposed FY2010-11 Budget