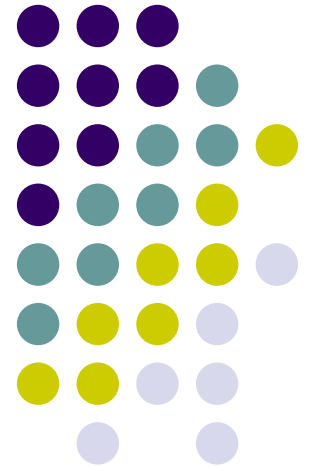


Budget Workshop #5- Progress of FY2009-10 Budget Development and FY2008-09 Budget Update

City Council Briefing
May 20, 2009





- The following briefing is a “snapshot” of the progress of the FY2009-10 budget development process. The numbers included in the briefing are estimates/projections and are subject to further change and review.
- On Wednesday June 17th, Council will receive an updated progress report prior to the presentation of the City Manager’s proposed FY2009-10 budget on August 10th

Purpose



- Update on the FY2009-10 Budget process including:
 - Update of FY2009-10 revenue and expenditure forecast
 - FY2009-10 preliminary list of funded and unfunded services
 - Budget Balancing Measures to review
 - Over 65/Disabled Property Tax Exemption
 - Fee Adjustments
 - Next Steps in the Price of Government process
- Update on FY2008-09 Revenues and Expenditures
 - Recommendations for immediate revenue/expenditure adjustments in preparation for FY2009-10

FY2009-10 Outlook



- From FY2005 to date, City has made significant investments in
 - Public safety
 - Infrastructure improvements
 - Customer service
 - Economic development

FY2009-10 Outlook



- The returns on these investment include:
 - Steady reductions in crime rates – 20.9% decrease (from calendar 2005 to 2008)
 - Significant growth in tax base – 34% increase (from FY05 to FY09)
 - Increases in customer satisfaction as reported in the Citizen Survey – 26.8% increase (from FY05 to FY09)

FY2009-10 Outlook



- Global economic circumstances have significantly affected cities across the country
- For Dallas, the decline in the economy has resulted in substantial revenue losses in many city funding sources, including:

Sales Tax

Property Tax Base

Municipal Court fines

Landfill Fees

Interest Earnings

FY2009-10 Outlook



- February's FY2009-10 Budget Outlook briefing projected revenue decreases of \$71.4 million

Property Taxes - increase in Over 65/Disabled exemption	(\$2.6m)
Sales Tax – reduction based on YTD collections	(16.4m)
Other Revenue	
Included Court Fines, Red Light Camera fines, Landfill Fees, and interest earnings	(23.9m)
FY09 Non-recurring revenues – use of fund balance and the balance in the TXU Reserve Fund	(28.5m)
	<u>(52.4m)</u>
Total Forecasted Revenue Reduction, in February briefing	(\$71.4m)

FY2009-10 Outlook – Revenue Update



- Since February, additional revenue losses are forecasted, primarily due to the impact of the economy on local revenues
 - **Property tax base** value loss of 5% is forecasted
 - Appraisal notices mailed to property owners in late April
 - 92% of residential and 88% of commercial properties fell in value or remained the same in value (Dallas County)
 - Informal discussion held in early May with Dallas Central Appraisal District staff regarding the tax base value and appraisal notices
 - **Estimated revenue loss of \$32.8 million**

FY2009-10 Outlook – Revenue Update



- Revenue Update (cont'd)
 - **Sales tax** revenues have continued to decline each month and are down year-to-date 6.5% over the same period last year as compared to 4% in February forecast
 - FY10 revenue projected to be the same as the FY09 estimate of \$212 million
 - Continue to watch receipts closely and adjust forecast as needed
 - **Estimated additional revenue reduction of \$7.6 million**
 - **Landfill** revenue continues to decline due to the effects of the economy and reduced waste stream from 2 major customers
 - **Additional revenue reduction of \$3.8 million**

FY2009-10 Outlook – Revenue Update



- Revenue Update (cont'd)
 - **Interest earnings** continue to decline due to low interest rates currently being paid on investments
 - **Revenue reduction of \$2.8 million**
 - **Other** revenue reductions including the sale of recycled materials (\$1.5m), indirect cost recovery (\$2.8m), sale of city surplus property (\$4.2m) and other miscellaneous revenues (\$3.8m) are forecasted to decline, primarily attributable to the worsening economy
 - **Revenue reduction of \$12.3 million**

FY2009-10 Outlook – Revenue Update



- Revenue Recap
 - February briefing revenue loss of \$71.4 million
 - Updated revenue projections (since February 18th briefing) total \$59.3 million in reductions
 - Current total forecasted revenue loss of \$130.7 million when compared to FY2008-09 budget

FY2009-10 Outlook – Revenue Update



- **Revenue Recap**

	February	Change	May
Property Taxes - increase in Over 65/Disabled exemption	(\$2.6m)	-	(\$2.6m)
Property Taxes – 5% value loss		(32.8m)	(32.8m)
Sales Tax – reduction based on YTD collections	(16.4m)	(7.6m)	(24.0m)
Other Revenue			
Includes Court Fines, Red Light Camera fines, Landfill Fees, and interest earnings	(23.9m)	(18.9m)	(42.8m)
FY09 Non-recurring revenues – use of fund balance and the balance in the TXU Reserve Fund	(28.5m)	-	(28.5m)
Total Forecasted Revenue Reduction	(\$71.4m)	(\$59.3m)	(\$130.7m)

