

Memorandum



CITY OF DALLAS

DATE May 14, 2010

TO The Honorable Mayor and Members of the City Council

SUBJECT FY 2010-11 Budget: Brainstorming Ideas

Your May 19th meeting agenda includes an overview of several Budget Brainstorming Ideas that are under-review for possible inclusion in the FY 2010-11 budget. Consideration of increasing existing revenues and implementing new revenues is necessary in order to deal with declining revenues. These ideas are still preliminary and being reviewed.

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

Attachment

c: Thomas P. Perkins, Jr., City Attorney
Deborah A. Watkins, City Secretary
Craig Kinton, City Auditor
C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
A.C. Gonzales, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Helena Stevens-Thompson, Assistant to the City Manager

FY 2010-11 Budget Brainstorming Ideas

May 19, 2010



Purpose

- As part of FY 2010-11 budget process, numerous brainstorming ideas are being reviewed that could possibly generate new revenues, increase existing revenues or reduce expenses
 - Ideas are being vetted including assessing financial, legal and service impact
- Briefing provides an overview of some of the brainstorming ideas for feedback

Increase Existing Revenues

- Increase Extended Neighborhood Patrol (ENP) fees to full cost recovery for those neighborhoods or groups that receive benefit from this service
 - Potential revenue increase of about \$623,000
- Increase multi-tenant registration fees
 - \$13 per unit fee would achieve full cost recovery
 - Fee is currently set at \$6 per unit
 - An increase to \$10 per unit would generate an additional \$917,000
- Increase occupation tax on coin operated machines
 - City can charge up to one-fourth of State's \$60 per machine charge for entertainment-type coin operated machines
 - Increase from \$8 to State allowed \$15 will generate estimated \$217,000

Expand Existing Programs

- Expand street cut inspection fee to individuals that receive this service
 - Will generate about \$100,000
- Expand solid waste franchise fee to City's Department of Sanitation for use of city streets and alleys, same as for private waste haulers
 - 4% fee charged to private haulers operating in city
 - Charging franchise fee to Department of Sanitation will require 71¢ increase in monthly residential rate and generate \$1,770,000 for general fund

Expand Existing Programs

- Expand advertising on City property
 - Expand kiosk program to include alcohol advertisements in limited areas
 - Expand advertising in City ROW to additional kiosks or in conjunction with DART bus shelter advertising program
 - Expand advertising to City facilities, property, Cotton Bowl, website, parking meters, equipment, etc.
 - Revenue projections are being determined
- Expand sale of alcohol to additional areas of city which will result in additional sales tax revenue
 - Anticipate petition to be submitted to City Secretary by May 24th
 - At least 20,000 signatures must be certified
 - Council will be required to call November election no later than June 23rd
 - Sales tax is projected to generate additional \$11.3m per year (\$5.6m in FY 2010-11)

Implement New Revenues

- Implement overhead fee to entities that use off-duty police officers for private security
 - Overhead fee would help offset City cost for training, uniform, equipment, etc. that enables officer to perform off-duty job
 - \$2 per hour fee would generate about \$535,000
- Implement garage sale permit fee
 - \$5 fee is projected to generate about \$125,000
- Implement Transportation User Fee
 - Assessed to each benefited property based on property type and estimated number of motor trips
 - Revenues dedicated to maintenance of City's transportation system including right-of-way from curb/gutter to curb/gutter
 - Revenue projections are being determined

Implement New Revenues

- Implement requirement that solid waste collected by commercial waste haulers in city must be disposed of in city
 - In order to address a number of health and safety issues, such as reduction of air emissions from longer hauling to landfills outside of city
 - Increased volume received at McCommas Landfill will generate additional revenue estimated at \$14.0m
- Implement electricity interruptible load service (EILS) within City facilities
 - Receive payment from ERCOT in exchange for temporarily reducing consumption in situations when electricity grid is overloaded
 - Revenue estimated at \$70,000

Outsource Services

- Outsource operation of Vilbig Auto Pound
 - Seek private entity to provide towing services, manage the City auto pound and oversee sale of unclaimed vehicles
 - Request for Proposal process underway
- Outsource alarm permitting
 - Seek private entity to provide alarm permitting, tracking, and billing in order to increase revenue, improve compliance with ordinance, and reduce false alarms
 - Request for Proposal process underway

Outsource Services

- Outsource collection of certain Code Compliance revenues
 - Seek private entity to issue permit and collect fees (based on approval of City director) such as food establishment permit, multi-tenant registration, non-owner occupied rental registration, dog and cat registration, scrap tire registration, motor vehicle repair business registration, coin operated machine, etc.
 - Request for Proposal process underway
- Outsource audit of certain revenues including sales tax audit and franchise fee audit
 - Seek private entity to provide compliance review and recovery services
 - Request for Proposal process underway

Employee Impact

- Reduce expenses by implementing pay reductions
- Reduce expenses by implementing furlough days
 - Civilian employees
 - Two furlough days in FY 2008-09
 - Five furlough days in FY 2009-10
 - Five furlough days already assumed for FY 2010-11
 - Five furlough days result in 2% less pay for employees
 - Each furlough day results in estimated \$678,000 savings
 - Uniform employees
 - To date, no furlough days have been implemented
 - Each furlough day results in estimated \$1.3m savings
- Eliminate civilian employee service incentive pay

Property Tax

- Increase property tax
 - 1¢ tax rate increase will increase revenue by \$7.7m
 - Increase tax rate from 74.79¢ per \$100 valuation to 75.79¢ would have \$17.02 per year tax impact on average residential home with homestead exemption
 - 1% increase of property values will increase revenue by \$6.3m

Dispose of City Assets

- Begin process to market and sell Elgin B. Robertson Park
 - 257 acre park at Lake Ray Hubbard; located 10 miles outside of main limits of Dallas
 - Proceeds from sell of park land must be used for park capital program including land acquisition
 - Before park land can be sold (other than to an entity with eminent domain powers), public referendum is required, with November 2010 being next opportunity for this step

Other Considerations

- Change existing lease at police headquarters parking garage in order to achieve savings
 - Extend lease by 2 years and realize \$650,000 savings next year
 - Lease amendment will be included on upcoming Council agenda for approval
- Change existing parking at City Hall to increase paid parking on surface lot and eliminate non-paid spaces within garage
- Change type of trash receptacles utilized in certain areas to “big belly” solar powered trash compactors
 - Upfront cost with less than 3 year payback
- Review options for charging Payment in Lieu of Taxes (PILOT) to hospitals that currently have non-profit status

Future Year Considerations

- Continue analysis of City becoming a self-serving Retail Electric Provider
 - Current retail contract with Suez expires 12/31/10
 - Research indicates that it will take at least 12 months to prepare for becoming self-serving REP
 - Therefore, a new REP contract will be needed after 12/31/10 and before implementing self-serving REP program
 - Annual savings is estimated to be \$4.4m of which GF is \$1.9m once implemented
- Continue analysis of new technology to reduce solid waste cost
 - Partner with energy service company to implement technology to vaporize waste at transfer station or as opposed to requiring landfill disposal
 - Initial research indicates this to be promising long-term project, but not for implementation in short-term

Summary

- Less general fund revenue is projected to be received next year than current year
- New revenues, increases to existing revenues or reduced expenses are needed to help offset FY 2010-11 projected revenue decline
- Some brainstorming ideas presented here will be incorporated into budget outlook to be provided in June in order to help offset budget differential