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CITY SECRETARY  
DALLAS, TEXAS



# COUNCIL BUDGET BRIEFING

August 9, 2010

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DATE

(FOR GENERAL INFORMATION AND RULES OF COURTESY PLEASE SEE OPPOSITE SIDE.)

(LA INFORMACIÓN GENERAL Y REGLAS DE CORTESÍA QUE DEBEN OBSERVARSE

DURANTE LAS ASAMBLEAS DEL CONSEJO MUNICIPAL APARECEN EN EL LADO OPUESTO, FAVOR DE LEERLAS.)

## General Information

The Dallas City Council regularly meets on Wednesdays beginning at 9:00 a.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council agenda meetings are broadcast live on WRR-FM radio (101.1 FM) and on Time Warner City Cable Channel 16. Briefing meetings are held the first and third Wednesdays of each month. Council agenda (voting) meetings are held on the second and fourth Wednesdays. Anyone wishing to speak at a meeting should sign up with the City Secretary's Office by calling (214) 670-3738 before 9:00 a.m. on the meeting date. Citizens can find out the name of their representative and their voting district by calling the City Secretary's Office.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act. **The Council agenda is available in alternative formats upon request.**

If you have any questions about this agenda or comments or complaints about city services, call 311.

## Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

## Informacion General

El Ayuntamiento de la Ciudad de Dallas se reúne regularmente los miércoles en la Cámara del Ayuntamiento en el sexto piso de la Alcaldía, 1500 Marilla, a las 9 de la mañana. Las reuniones informativas se llevan a cabo el primer y tercer miércoles del mes. Estas audiencias se transmiten en vivo por la estación de radio WRR-FM 101.1 y por cablevisión en la estación *Time Warner CityCable* Canal 16. El Ayuntamiento Municipal se reúne el segundo y cuarto miércoles del mes para tratar asuntos presentados de manera oficial en la agenda para su aprobación. Toda persona que desee hablar durante la asamblea del Ayuntamiento, debe inscribirse llamando a la Secretaría Municipal al teléfono (214) 670-3738, antes de las 9 de la mañana del día de la asamblea. Para enterarse del nombre de su representante en el Ayuntamiento Municipal y el distrito donde usted puede votar, favor de llamar a la Secretaría Municipal.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act*. **La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.**

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

## Reglas de Cortesia

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*pagers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal.

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben de obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que esté presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que esté presidiendo la sesión a tomar acción." Según la sección 3.3(c) de las reglas de procedimientos del Ayuntamiento.

AGENDA  
CITY COUNCIL BUDGET BRIEFING  
MONDAY, AUGUST 9, 2010  
CITY HALL  
1500 MARILLA  
DALLAS, TEXAS 75201  
9:00 A.M.

9:00 am      Invocation and Pledge of Allegiance      6ES

Briefing      6ES

City Manager's Proposed FY 2010-11 Budget

Adjournment

The above schedule represents an estimate of the order for the indicated briefings and is subject to change at any time. Current agenda information may be obtained by calling (214) 670-3100 during working hours.

Note: An expression of preference or a preliminary vote may be taken by the Council on any of the briefing items.

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding economic development negotiations. Section 551.087 of the Texas Open Meetings Act.

# **City Manager's Proposed FY 2010-11 Budget**

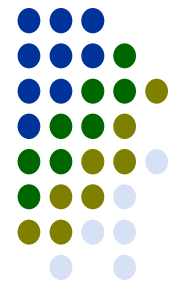
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***Recommended by  
Mary K. Suhm, City Manager***

***Presented to the Dallas City Council  
August 9, 2010***

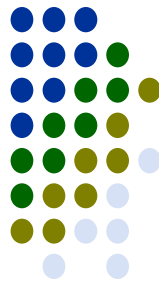


**City of Dallas**

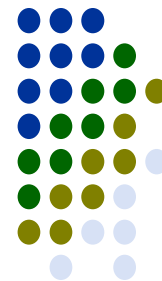


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# *Briefing Contents*



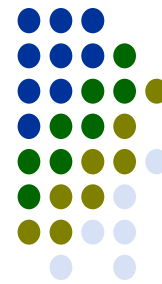
- Status of Budgeting For Outcomes
- Price of Government (POG) in Dallas
- Proposed FY11 Budget
- Major General Fund Revenue and Expense Changes
- Key Focus Area Highlights
- Fee-Based Services: Overview of Other Funds
- State Law Taxation Requirements
- Possible Revenue Opportunities
- Outlook Beyond FY11
- City Auditor's Opinion and Revenue Review
- 2010 Calendar: August and September
- Council Feedback



# *Where are we in the Process?*

- ✓ City Council (7/29/09) established citywide objectives
- ✓ City Council (10/19/09 & 1/20/10) set strategic direction for FY11
- ✓ Created “Requests for Results”
- ✓ Invited departments to make offers
- ✓ City Council (4/7/10) set preliminary “Price” of Dallas government
- ✓ Allocated “Price” to each Key Focus Area
- ✓ Evaluated & prioritized offers in each Key Focus Area
- ✓ City Council (5/19/10) reviewed FY10 status and FY11 outlook
- ✓ City Council (6/23/10) received preliminary outlook for FY11
- ✓ Buy down list of offers until money ran out (“draw the line”)
- ✓ Build City Manager proposed budget to present to City Council (8/9/10)





# ***Price of Government in Dallas***

FY09 Price of Government	\$1,961,900,000
FY10 Price of Government	\$1,911,400,000
FY11 Price of Government (City Manager's Proposed FY11 Budget)	\$1,890,700,000

Note: POG does not include Capital Funds or Internal Services Funds

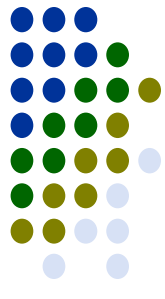
# **Proposed FY11 Budget**

# *National Overview*



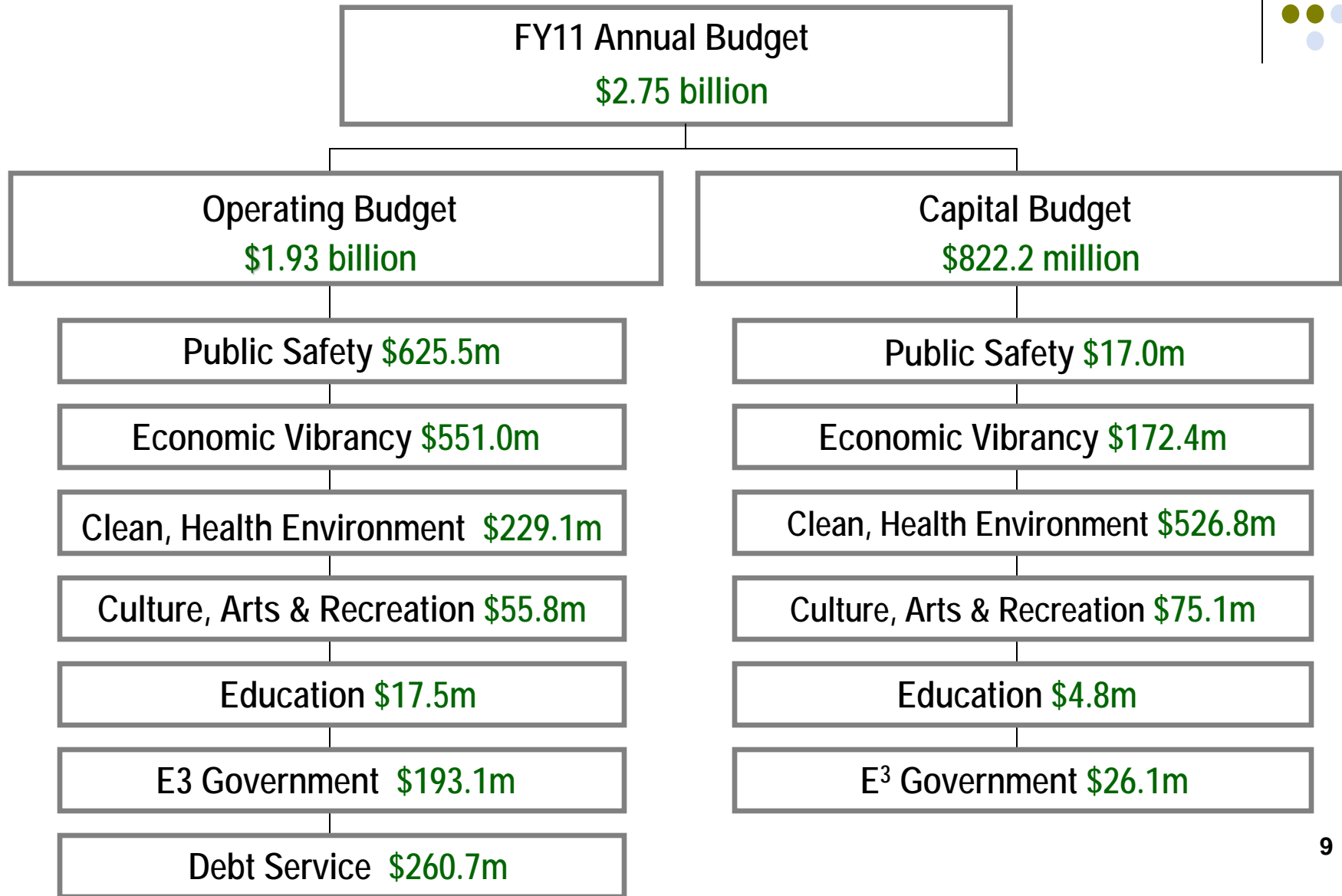
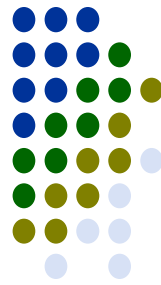
- Global recession that began in 2008 continues to impact government budgets which lag behind private sector economy
- Dallas' FY11 budget is affected; as was this past year (FY10) and most likely will be next year (FY12)
  - Property values declined by 4.4% in 2010 preceded by decline of 3.55% in 2009 (combined total over \$54m)
  - Sales tax revenues have declined by 11% (over \$26m) from amount realized 2 years ago
- Dallas is not alone in its financial position
  - Other large cities across the nation are in a comparable or even worse financial condition and are making significant service reductions to balance their budgets

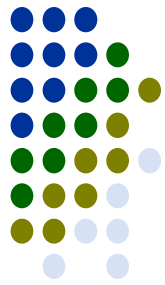
# *Guiding Principles*



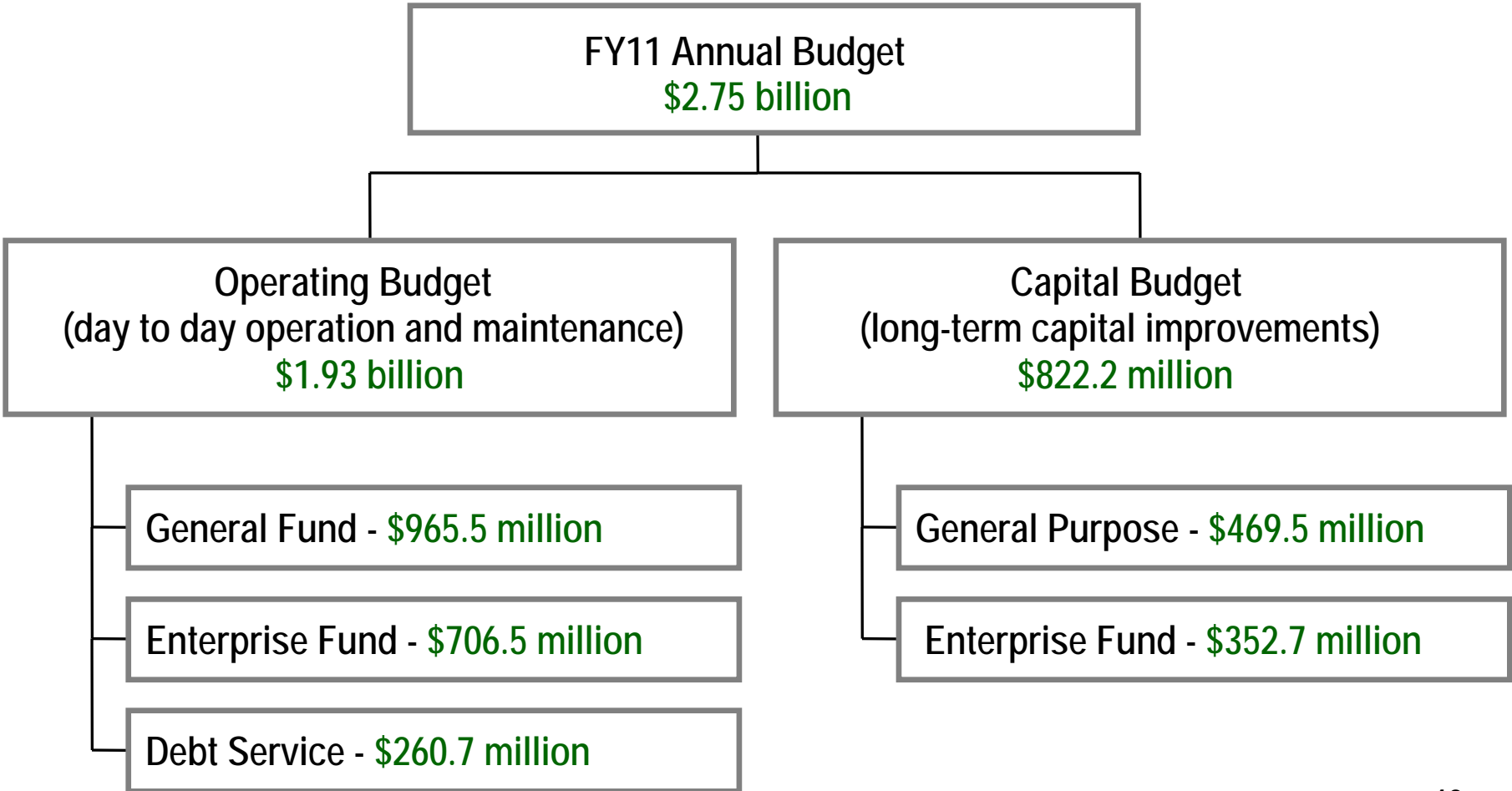
- In the face of global economic challenges, Dallas' FY11 budget has been developed from the guiding principles found in the Council's strategic plan, with investment focused in following areas:
  - Public Safety
  - Economic Vibrancy
  - Clean Healthy Environment
  - Culture, Arts, and Recreation
  - Education
  - Efficient, Effective and Economical Government

# FY11 Proposed Budget – by Key Focus Area



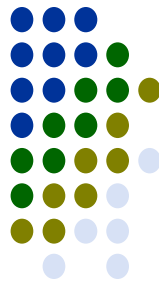


# FY11 Proposed Budget – by Fund



# **Major General Fund Revenue & Expense Changes**

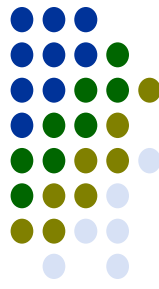
# *Major General Fund Revenue Changes*



- Property tax revenue reduction
  - 4.4% tax base value loss
  - No tax rate increase
- Sales tax revenue – forecast to be flat with current year estimate plus additional revenue from audit of sales tax
- Economy-related revenue losses, including landfill fees and interest earnings
- Fee increases/new fees – multi-family registration, garage sale, coin-operated amusement machine, certificate of occupancy validation fees



# *Major General Fund Expense Changes*



- Revenue reductions of about \$57m have necessitated expenditure reductions in order to balance budget
- Significant reductions in personnel costs through reduction-in-civilian-force and reduction in pay for all civilian and uniform employees
- Public Safety reductions negotiated through Meet and Confer process and assumed in proposed budget
- Significant service reductions in remainder of General Fund

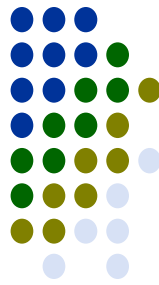
# Key Focus Area (KFA) Highlights





# *Public Safety*

## *KFA Highlights*



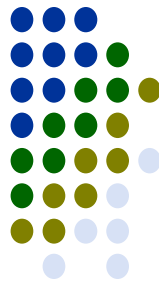
### **Enhancements include:**

- Although slowing growth, there will be more police officers on duty at end of FY11 than at end of FY10
  - New hires will be limited to replacing half of attrition
- DFD apparatus replacement will remain on an accelerated schedule
- Improvements within Court Services will include replacement/enhancement of Case Management technology and implementation of Night Court services
- Begin replacement of Fire Station #27 (Douglas at Northwest Hwy) and construction of Fire Station #50 (Keeneland at Walton Walker)



# *Public Safety*

## *KFA Highlights*



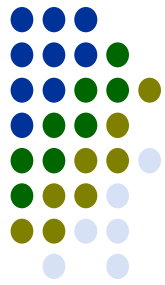
### **Current Services include:**

- Emergency call response by Police field patrol
- Criminal investigations – property, vice, narcotics, youth and family, and crimes against persons
- Special operations – mounted, tactical, traffic, Love Field, and school crossing guards
- Police property room and auto pound operations (possible privatization)
- EMS and Fire-Rescue emergency response
- Fire prevention inspections and education
- Arson investigations
- Municipal Courts and Judiciary
- City Detention Center and Lew Sterrett Jail contract



# *Public Safety*

## *KFA Highlights*



### **Reductions include:**

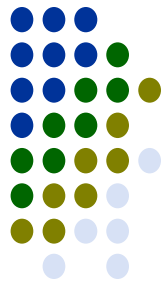
- Meet and Confer process results in \$22.4m savings proposal pending approval by police and fire associations and City Council
  - 5 Mandatory City Leave days (furlough) equals 1.923% salary savings
  - Earn compensatory time in lieu of being paid for overtime
  - No step pay increases for uniformed staff
  - Suspend Wellness program in Fire-Rescue
  - Delay paramedic school for Fire rookie classes
- Academy, recruiting, personnel and training for both police and fire
- Limited marked squad car and ambulance replacement

City Council accepted petition for Meet and Confer in Feb 2010. Management Team and Uniform Coalition Team negotiated 3-year agreement March through July. \$22.4m savings proposal is pending approval by police and fire associations. Savings is assumed and necessary to balance Proposed Budget.



# *Economic Vibrancy*

## *KFA Highlights*



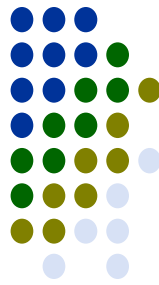
### **Enhancements include:**

- Public-Private Partnership fund – increased funding level
- Levee remediation
- Construction plan review/permitting and field inspections – adds rapid response team and inspectors
- 2006 bond program implementation – economic development infrastructure improvements



# *Economic Vibrancy*

## *KFA Highlights*

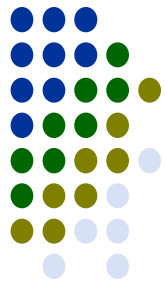


### **Current Services include:**

- Flood control and floodplain/drainage management
- Street maintenance - maintain current funding level for ROW mowing/sweeping; pothole, level-up and other routine maintenance; restoration and rehabilitation; and concrete street, alley, curb and gutter repairs
- Capital program planning and implementation – transportation infrastructure, interagency, and city facilities
- Economic Development – similar service delivery provided by enhancing outside revenues through New Market Tax Credits and City of Dallas Regional Center programs
- Operation and maintenance of Fair Park
- Street light power and maintenance



# *Economic Vibrancy Highlights*



## **Reductions include:**

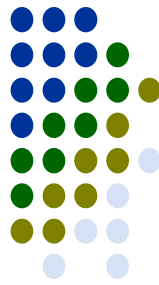
- Traffic operation maintenance – increased repair time for traffic signal malfunctions, fewer signs repaired/replaced, and reduced street stripping – 27% reduction
- Transportation engineering – only high priority safety and congestion issues will be studied and fewer signal timing adjustments to reduce congestion – 33% reduction





# *Clean, Healthy Environment*

## *KFA Highlights*



### **Enhancements include:**

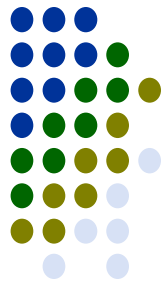
- Demolition – increase funding to address backlog
- Water conservation – plan, develop, and implement programs from 2010 Water Conservation 5-year strategic plan
- TCEQ mandated action for leaking petroleum storage tanks

### **Current Services include:**

- Stormwater management program
- Code Compliance – neighborhood services, nuisance abatement, and animal services continued with only administrative and management reductions
- Air quality programs
- Community Centers – MLK and West Dallas
- Senior services – medical transportation, ombudsman, and job placement contract



# *Clean, Healthy Environment KFA Highlights*



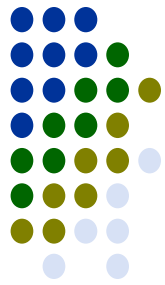
## **Reductions include:**

- Comprehensive Homeless Outreach – County indicates reduced funding
- Dental Health reduced to CDBG funding only



# *Culture, Arts & Recreation*

## *KFA Highlights*



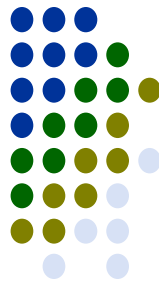
### **Enhancements include:**

- Start construction on the Northaven Trail, Five Mile Creek Trail and Phase 2 of the loop trail at Bachman Lake Park
- Start construction of renovations and/or expansions of Campbell Green, Fretz, Kidd Springs, Walnut Hill and Willie B. Johnson recreation centers



# *Culture, Arts & Recreation*

## *KFA Highlights*



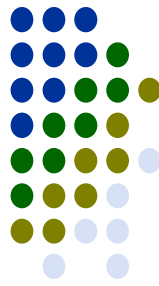
### **Current Services include:**

- Golf and Tennis centers – supported through fees
- Nature Centers and Destination parks – adjustment to stipends to 3 entities (Arboretum, Discovery Garden and Cedar Ridge Preserve) for combined reduction of \$0.1m
- Aquatic services – operate 7 community pools, Bachman indoor pool, and Bahama Beach
- City Cultural Centers funded – Bath House, Latino Cultural Center, South Dallas Cultural Center, Oak Cliff Cultural Center, Meyerson Symphony Center, and Majestic



# *Culture, Arts & Recreation*

## *KFA Highlights*



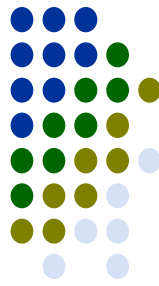
### **Reductions include:**

- Recreation Center hours reduced
  - 10 large centers reduced from 55 to 40 hours per week
  - 27 large centers reduced from 55 to 30 hours per week
  - 2 small centers reduced from 40 to 30 hours per week
  - 4 small centers reduced from 40 to 20 hours per week
- Park land maintenance reduced by about 30%
- Support for the Arts
  - Cultural Organizations Program (COP) reduced by 53%
  - Cultural facilities funding reduced
  - Cultural Projects Program (CPP) eliminated
  - Neighborhood Touring Program eliminated



# *Educational Enhancements*

## *KFA Highlights*



### **Enhancements include:**

- Prairie Creek branch library scheduled to open in Fall 2010
- Award construction contract for White Rock Hills and renovation contract for Polk-Wisdom branch libraries

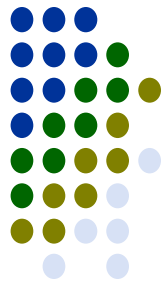
### **Current Services include:**

- Library materials – funded above current year purchases
- Neighborhood libraries – maintain 40 hours per week



# *Educational Enhancements*

## *KFA Highlights*



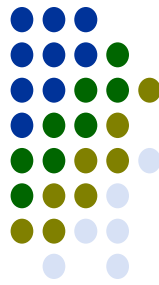
### **Reductions include:**

- Central Library
  - Hours reduced from 68 to 44 hours per week in FY10 and to 40 hours per week in FY11 with floors 3-8 only available to public 26 hours per week
- Thriving Minds – Big Thought program funding maintained; City staff support reduced



# *E<sup>3</sup> Government*

## *KFA Highlights*



### **Enhancements include:**

- Mayor and Council election in May 2011
- Dallas City Design Studio funded and leverages non-city funds – Deedie and Rusty Rose pledged \$2.0m over 5 years

### **Current Services include:**

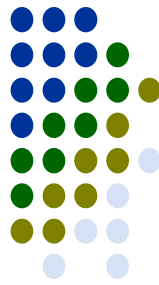
- 311 call taking
- City administrative services
  - e.g. appraisal districts, tax collection, independent audit, cash and debt management, TIF payments, electricity, payroll, human resources, and financial reporting
- Comply with Financial Management Performance Criteria – fund Contingency Reserve and Liability/Claims





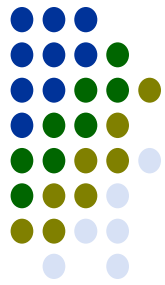
# *E<sup>3</sup> Government*

## *KFA Highlights*



### **Reductions include:**

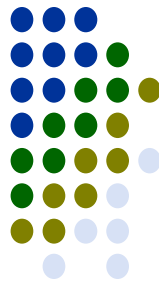
- Custodial services for City facilities reduced
- Maintenance of City facilities reduced
- Major Maintenance, Design and Construction consolidated into Public Works from Equipment and Building Services
- Council Appointees
  - Judiciary – increased funding by 3.8%
  - City Attorney’s Office – reduced by 4% including 7 attorney positions
  - City Auditor’s Office – reduced by 8% including 1 support position and administrative overhead expenses
  - City Secretary’s Office – reduced by 9% including IT charges
  - City Manager’s Office – reduced by 26% by not filling vacant Assistant City Manager and eliminating 7 support positions



# *Civilian Workforce Impact*

- Reduction-in-force
  - 450 civilian layoffs
- 8 Mandatory City Leave days for civilian employees (5 date-specific and 3 floating) equals 3.08% salary savings
- Additional tiered pay reductions based on employee base salary
  - 0% for employees earning less than \$30,000
  - 2% for employees earning \$30,000 to \$90,000
  - 3% for employees earning more than \$90,000
- No civilian pay for performance increases

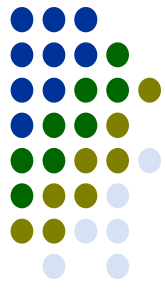
# *Civilian Workforce Impact*



- Employee Health Benefits
  - Receipt of federal funds through Early Retiree Reinsurance Program assumed
  - Limit benefits to In-Network only except for emergency care
  - Decrease HRA allocation by \$300 if on-line health assessment is not completed
  - Increase annual prescription deductible
  - Surcharge added to premiums for tobacco users
  - Employee premiums unchanged
  - Retiree (under 65) health benefit premiums raised \$25 monthly
  - Retiree (over 65) - premiums raised \$36 per month for current Medicare Part D Plan (prescription plan)
    - Introduce a new Medicare Part D option that provides less coverage but has a lower premium
    - Increase premiums of Medicare Medical Plans by average of \$11 per month
    - Completely eliminate City subsidy for post-65 retirees who are on City's HRA or PPO plan to encourage transition to Medicare

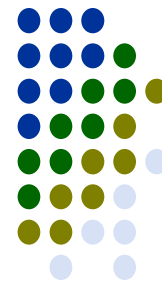
# Possible Revenue Opportunities

# *Possible Revenue Opportunities*



- Additional opportunities for Council consideration include:
  - Charge property owners a Transportation User Fee based on benefit each property receives from transportation system in order to fund street improvements - \$10m or amount for which fee is set to recover
  - Charge Sanitation Services Department a franchise fee similar to private waste haulers - \$1.8m
  - Increase ad valorem tax rate – 1¢ tax rate generates \$8.0m
  - Charge voluntary Payment-In-Lieu-of-Taxes to certain non-profit properties - \$5m to \$8m

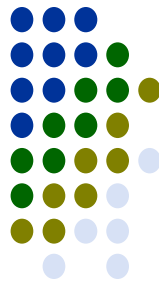
# **Fee-Based Services: Brief Overview of Other Funds**



# *Sanitation Services*

- No change in service to customers
- FY11 proposed budget of \$72.7m
  - Expenses cut by \$1.7m (or 2.3%)
- Maintain full-cost recovery for services provided
- Residential rate decrease of 9¢
  - From \$20.34 to \$20.25
  - 2<sup>nd</sup> rate decrease in two years
  - Largely due to *OneDAY Dallas* and fuel costs
- Slight increase in landfill fee
  - From \$21.00 to \$21.50 per ton (due to CPI increase)
  - No effect on residential customer
- Estimated net revenue to General Fund of \$15.5m from landfill operations

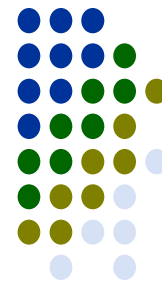
# *Dallas Water Utilities*



- The Proposed Budget includes:
  - Operating Budget of \$531.2m
  - Capital Budget of \$346.3m
  - Overall retail rate increase by 3.1%
- Continue commitment to provide high quality and sufficient water and wastewater service to meet customer needs
- Continue Water Conservation Program to reduce per capita water consumption
- Future outlook on retail rates:
  - FY12 – 7.4% increase
  - FY13 – 7.1% increase



# Dallas Water Utilities



## Proposed Rate Adjustment Impact to Residential Water and Sewer Bills

Customer Usage in Range	Average Bill at Current Rates	Average Bill at Proposed Rates	Proposed Increase	% Increase	Number of Customers Impacted	% of Customers in Range
0 to 4,000 gallons	\$20.76	\$21.35	\$0.58 <sup>a</sup>	2.8%	77,192	31.4%
4,001 to 10,000 gallons	\$47.51	\$48.81	\$1.31 <sup>b</sup>	2.8%	103,468	42.1%
10,001 to 15,000 gallons	\$67.62	\$69.75	\$2.13 <sup>c</sup>	3.1%	28,959	11.8%
Above 15,000 gallons (Includes conservation tier rate)	\$194.32	\$205.80	\$11.49 <sup>d</sup>	5.9%	<u>36,299</u>	<u>14.8%</u>
<b>Total</b>					245,918	100.0%

Data based on January 2009 through December 2009 usage

<sup>a</sup> Average water and sewer use: 2,239 gallons

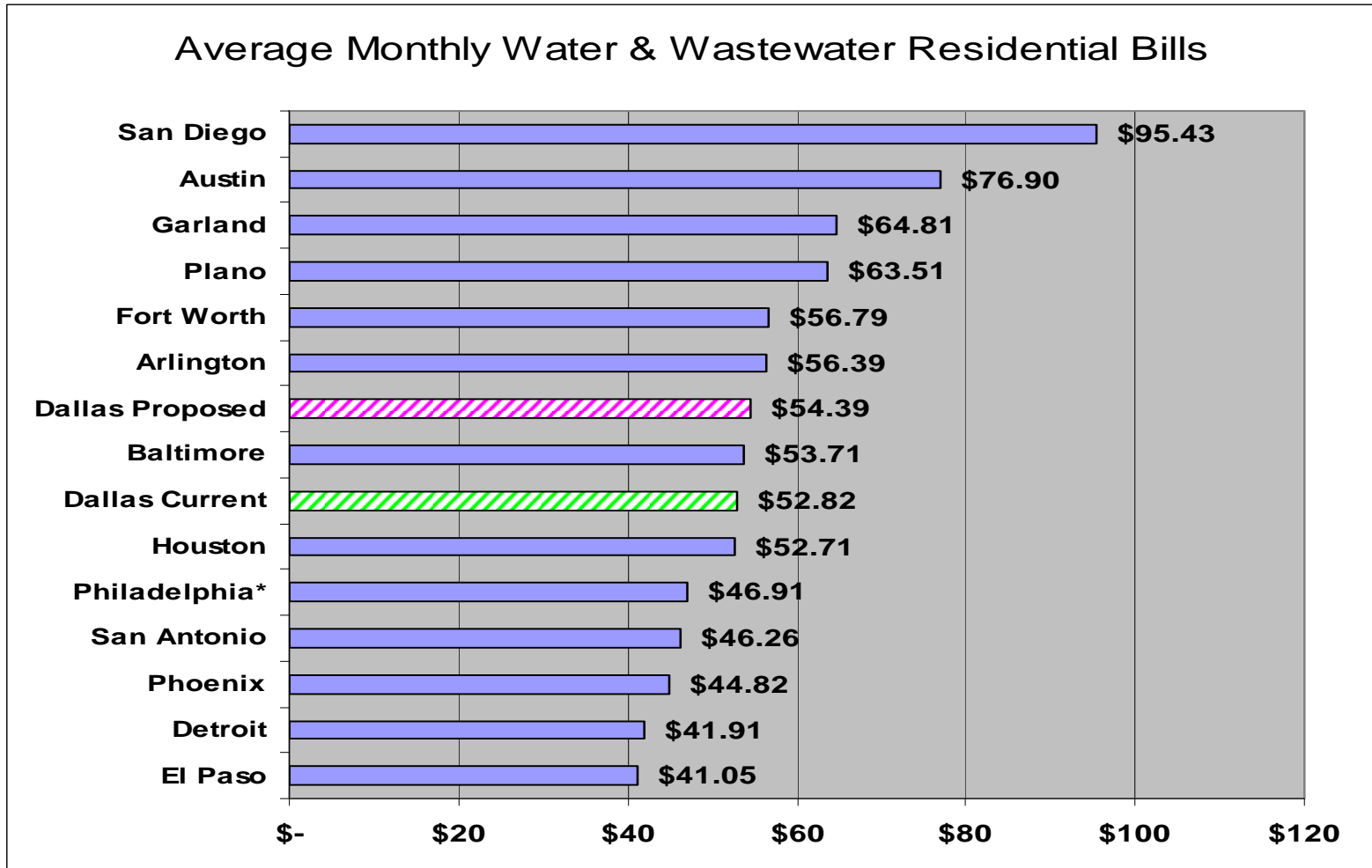
<sup>b</sup> Average water and sewer use: 6,531 gallons

<sup>c</sup> Average water use 12,310 gallons and sewer use: 6,100 gallons

<sup>d</sup> Average water use 36,456 gallons and sewer use: 6,100 gallons

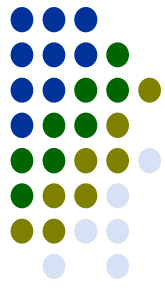
85% of residential customers will see an average monthly bill increase of \$2.13 or less

# Index Cities Comparison of Average Monthly Water & Sewer Residential Bills



Note: Bill comparison based on rates effective August 2010; water consumption of 8,300 gallons; and, 6,100 gallon Winter Months Average for sewer

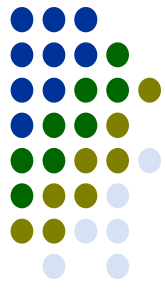
# *Storm Drainage Management Fund*



- No change to Stormwater Fees proposed
- FY11 budget includes:
  - Proposed expenses - \$50.1m
  - Forecasted revenue - \$48.2m
  - Use of fund balance - \$1.9m
- Current year revenue is projected to be approximately 8% higher than budget due to continuing progress cleaning up billing data and new accounts
- FY11 transfer reduces fund balance to level of operating reserve required by City's Financial Management Performance Criteria

# **State Law Taxation Requirements**

# *State Law Taxation Requirements*



- Requires public notice of tax rate calculations
- Allows taxpayers to roll back or limit tax increase in certain cases

# *State Law Taxation Requirements*



**Proposed Rate = 74.79¢**

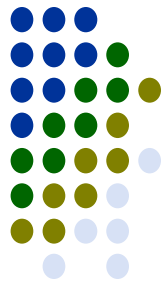
**Effective Rate = 79.72¢**

- Generates same amount of revenue in new fiscal year on taxable property that was taxed in previous fiscal year
  - New construction not included in calculation
- Effective rate would generate an additional \$39.7m in property tax revenue over proposed budget

**Rollback rate = 82.35¢**

- Allows for general fund portion of Effective rate plus 8%
- Allows debt service portion necessary to cover debt service costs
- If a rate above 82.35¢ is adopted voters may petition for an election to reduce the rate to the Rollback rate
- Rollback rate would generate an additional \$60.8m in property tax revenue over proposed budget

# *State Law Taxation Requirements*



- The Notice and Hearing Rate is the lower of either the Effective rate or the Rollback rate
- Two Tax Rate Public Hearings are required if the Notice and Hearing Rate will be exceeded
- Tax rate adoption ordinance must state the percent increase over the Effective rate and the increased operations and maintenance tax on a \$100,000 home if adopted rate is higher than Effective rate
- Following budget adoption and tax rate levy, the Council must ratify any property tax increase with a separate vote if the budget raises more property tax revenue than the preceding year

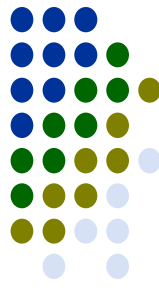
# *State Law Taxation Requirements*



- Requirements if Notice and Hearing Rate is to be exceeded
  - Vote to consider a specific tax rate higher than the Notice and Hearing Rate
  - Schedule and publish date/time for two public hearings
  - Hold two tax rate public hearings
  - Schedule and publish date/time of meeting to adopt tax rate
  - Meet to adopt tax rate
- If these steps not taken, maximum tax rate = 79.72¢



# *State Law Taxation Requirements*



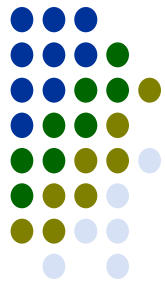
- If Council desires to reserve the option to adopt a tax rate higher than 79.72¢, the following schedule is recommended:
  - August 23<sup>rd</sup> – In order to retain flexibility, the City Council needs to vote to consider a specific higher rate and call the tax rate public hearings
    - The rate voted on this day becomes the maximum tax rate that would be allowed
  - September 1<sup>st</sup> – Publish public hearing notification
  - September 8<sup>th</sup> and 15<sup>th</sup> – Hold public hearings

# State Law Taxation Requirements



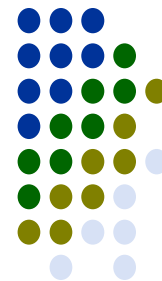
- **Recap**
  - Current rate = 74.79¢
  - Effective rate = 79.72¢
  - Rollback rate = 82.35¢
  - Notice and Hearing rate = 79.72¢
  - Proposed rate = 74.79¢
  - 1¢ of the tax rate generates \$8.0m in property tax revenue
  - 1% change of tax rate (0.75¢) generates \$6.0m in property tax revenue
- **August 23<sup>rd</sup>**
  - Ability to adopt a rate greater than 79.72¢ requires a Council vote on August 23<sup>rd</sup>
  - Would retain tax rate flexibility

# Outlook Beyond FY11



# *Outlook Beyond FY11*

- Several projects are in progress that will have positive impact on future budgets
  - Margaret Hunt Hill Bridge
  - Continental conversion
  - Belo Gardens
  - Woodall Rodgers Deck Park
  - Convention Center Hotel
  - Standing Wave along Trinity
  - UNT campus and law school
  - City Performance Hall
  - Love Field Modernization Program
  - DART 2010 extension opening to Carrollton
  - Super Bowl XLV



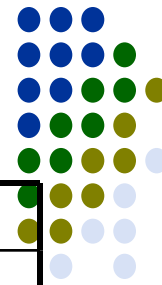
# *Outlook Beyond FY11*

- Financial challenges may continue into FY12 Budget
- Further decline in commercial tax base expected
- Sales tax remains volatile
- Costs deferred from FY10 and FY11 budget will begin to have long-term effect if not restored (such as street and facility conditions)
- Restoration of components of Meet and Confer will be required
- Debt Service requirement
- Strategies to help City's budget outlook in future include:
  - Solid waste flow control initiative
  - Outsource Auto Pound operation
  - Sell underutilized or surplus property such as Elgin B. Robertson Park and Vilbig Auto Pound

# **City Auditor's Opinion and Revenue Review**

# **2010 Calendar: August and September**

# August & September 2010



August 9	Budget Workshop – Briefing on Proposed FY11 Budget
August 9	Townhall Meetings begin – 38 scheduled
August 18	Budget Briefing – ✓Sanitation Services
August 23	Budget Workshop – ✓Dallas Water Utilities ✓Park and Recreation Department ✓Storm Drain Management ✓State Law Taxation Requirements
August 25	Public Hearing
September 1	Budget Workshop – ✓Topics to be determined
September 7	Townhall Meetings end
September 8	Public Hearing (if necessary for tax rate)
September 8	Budget Adoption – First Reading
September 13	Amendment Workshop
September 15	Amendment Workshop (if necessary) and Public Hearing (if necessary for tax rate)
September 22	Budget Adoption – Final Reading



# *Budget Briefing Rank Ordering Process*



Councilmember: \_\_\_\_\_

Please rank by priority the areas you wish discussed in the budget workshops:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Please return to Mary Suhm by Friday, August 13, 2010