

City of Dallas Proposed Annual Budget for Fiscal Year 2012-13

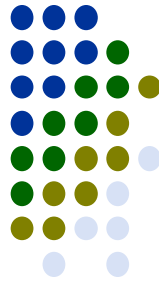
*Recommended by
Mary K. Suhm, City Manager*

*Budget posted at:
<http://www.dallascityhall.com>*

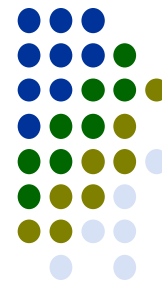


City of Dallas

Briefing Contents



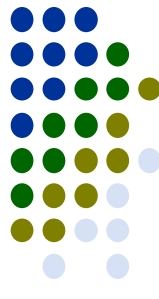
- FY 2012-13 (FY13) Overview
- City Manager's Proposed Budget for FY 2012-13
- Key Focus Area Highlights
- Fee-Based Services: Brief Overview of Other Funds
- State Law Taxation Requirements
- Outlook Beyond FY 2012-13
- Schedule for August and September 2012
- City Auditor's Opinion and Revenue Review



FY 2012-13 Overview

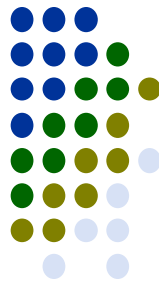
- FY13 budget totals \$2.57 billion
- Tax rate to support the general fund and debt service fund are proposed to remain at 79.70¢ - no tax rate increase
- Sales tax revenues are expected to grow 2.6% above FY12 estimate
- Water Utilities' overall retail revenue increase is 5.1%
 - 3.9% for residential customers (81% of residential customers will see an average monthly bill increase of \$3.61 or less)
- Sanitation and Stormwater fees remain the same
- Proposed budget maintains all service levels and begins to restore reductions that were necessary to weather the recent economic recession

FY 2012-13 Overview



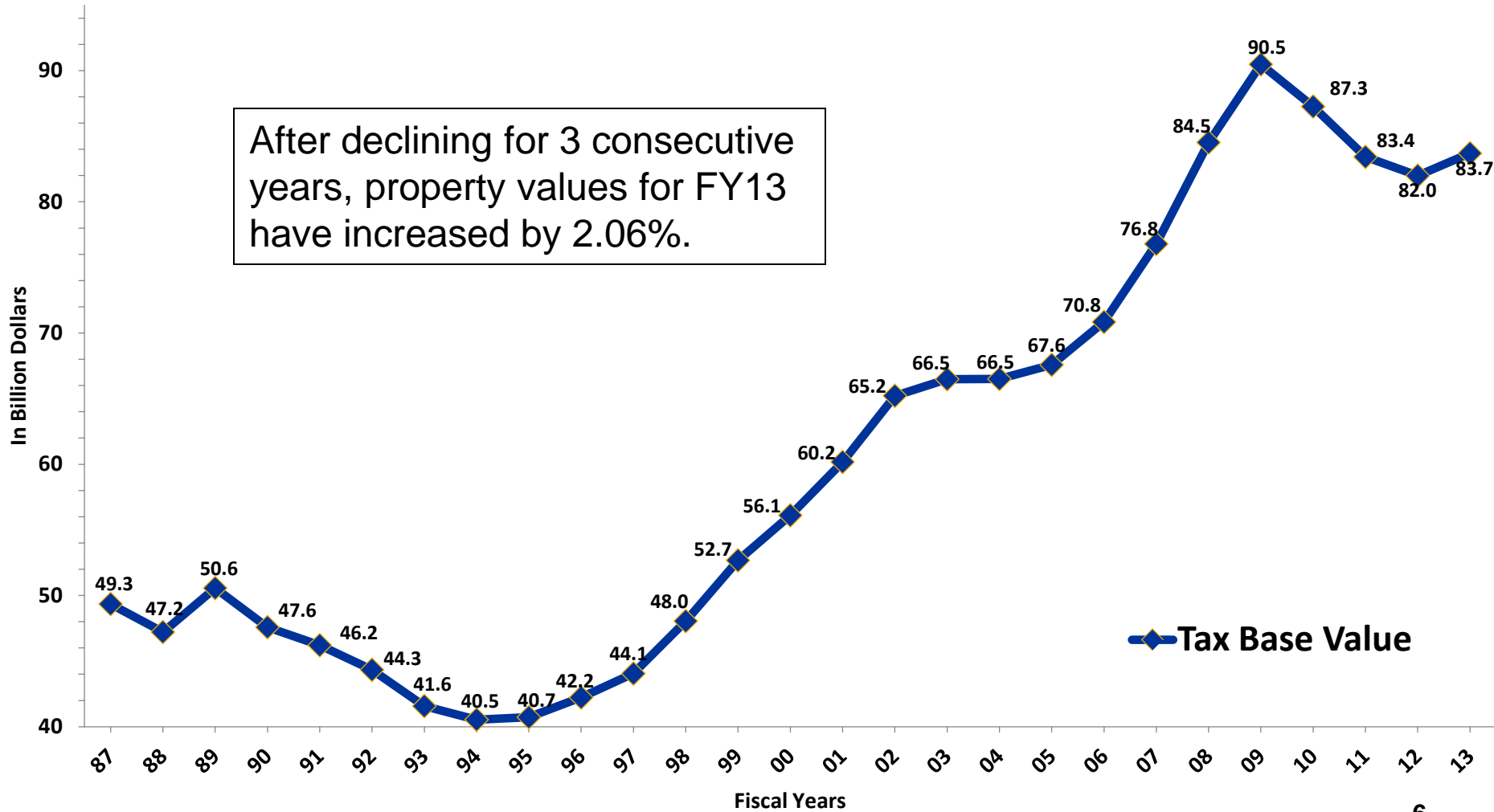
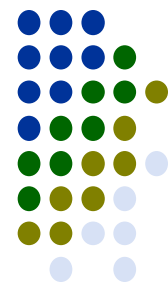
- Cost savings and reductions are put in place that do not impact service levels
 - Eliminate Battalion 10 and increase management span of control in Fire-Rescue
 - Realize overtime savings in Fire-Rescue as result of increased hiring in FY12
 - Reduce capital planning, design and construction staff in both Public Works and Park and Recreation recognizing work demands of the 2012 Bond Program
 - Use FY12 savings to make one-time purchases such as marked squad cars for police officers and protective equipment for fire fighters
 - Reduce city-wide costs such as unemployment, liability/claims, commercial paper interest, and fuel

FY 2012-13 Overview

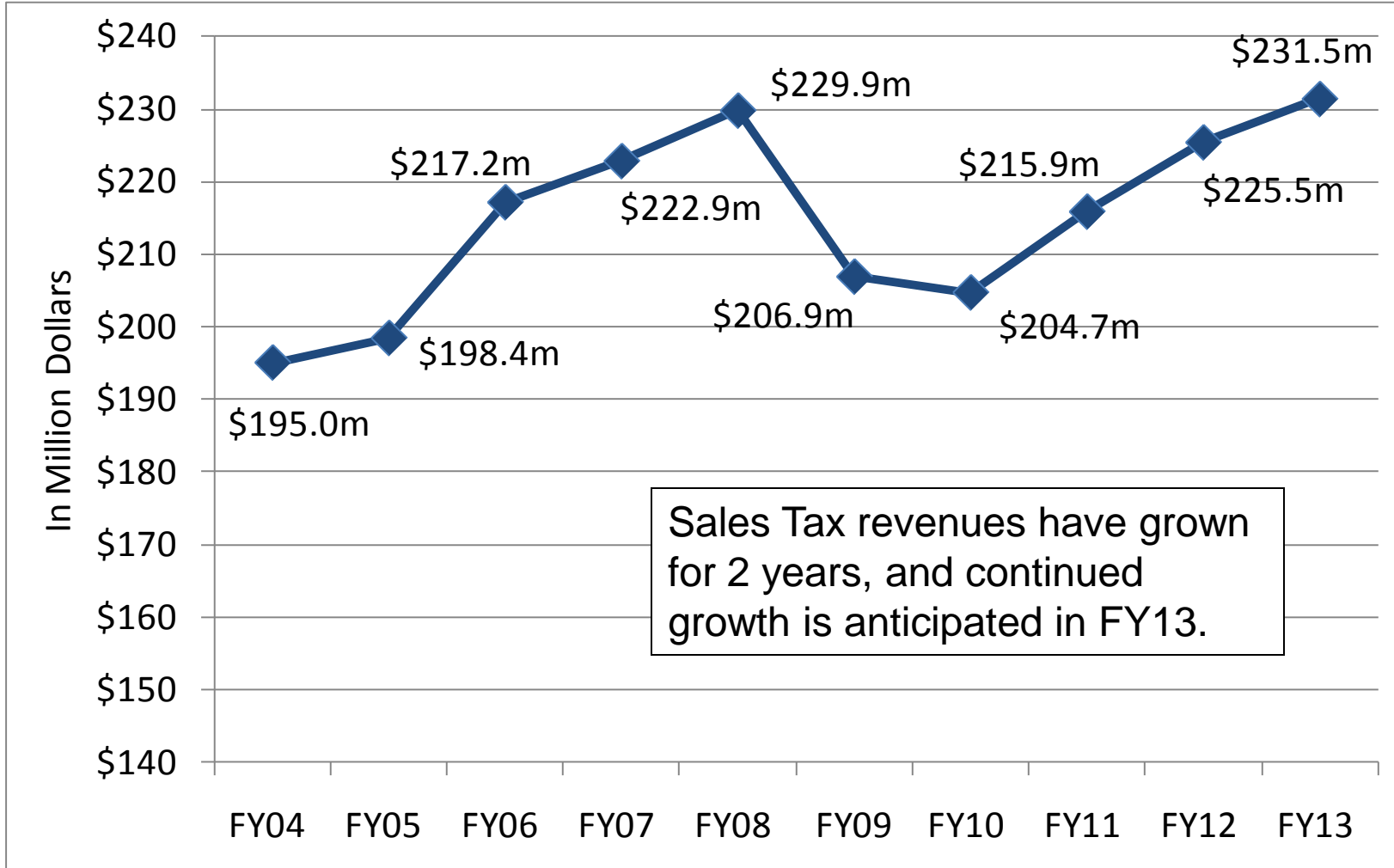
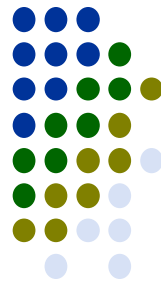


- Through revenue increases, cost savings, and efficiencies, the FY13 projected gap was eliminated
- Some restorations and enhancements are proposed, including:
 - Add 200 police officers and 90 fire recruits to replace those leaving the force
 - Improve traffic safety through street striping and signage
 - Re-open 13 of 14 recreation centers that were closed for renovation or construction during FY12
 - Increase demolition of blighted structures
 - Improve restaurant and bar inspection program
 - Implement boarding house ordinance
 - Increase library materials
 - Meet contractual commitment to Zoo and ATTPAC
 - Improve building maintenance
 - Eliminate Mandatory City Leave days

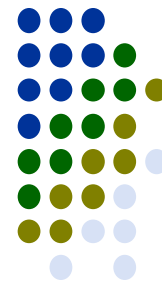
FY 2012-13 Overview – Property Tax Base Values



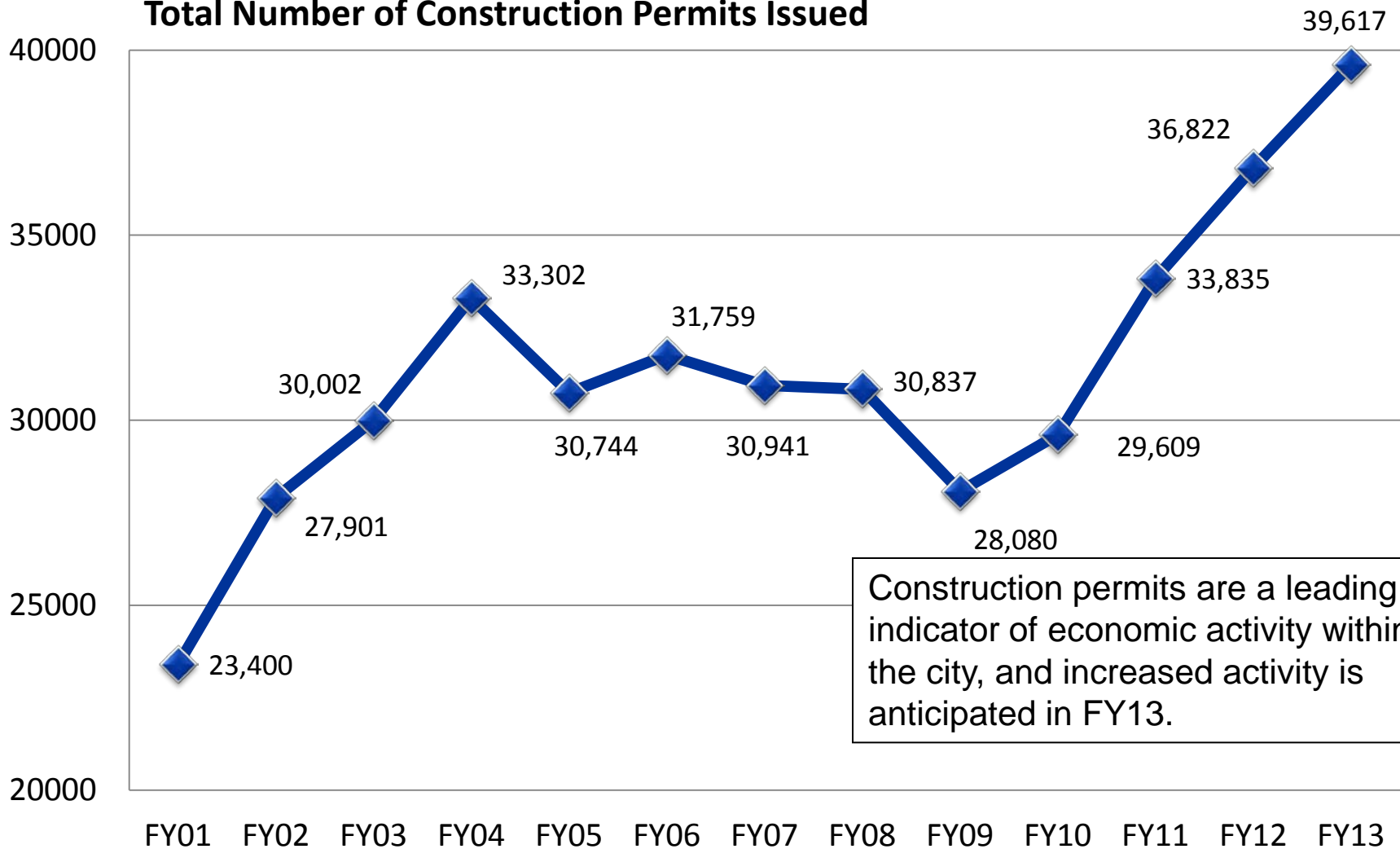
FY 2012-13 Overview – Sales Tax Revenue



FY 2012-13 Overview – Construction Permits



Total Number of Construction Permits Issued



Construction permits are a leading indicator of economic activity within the city, and increased activity is anticipated in FY13.

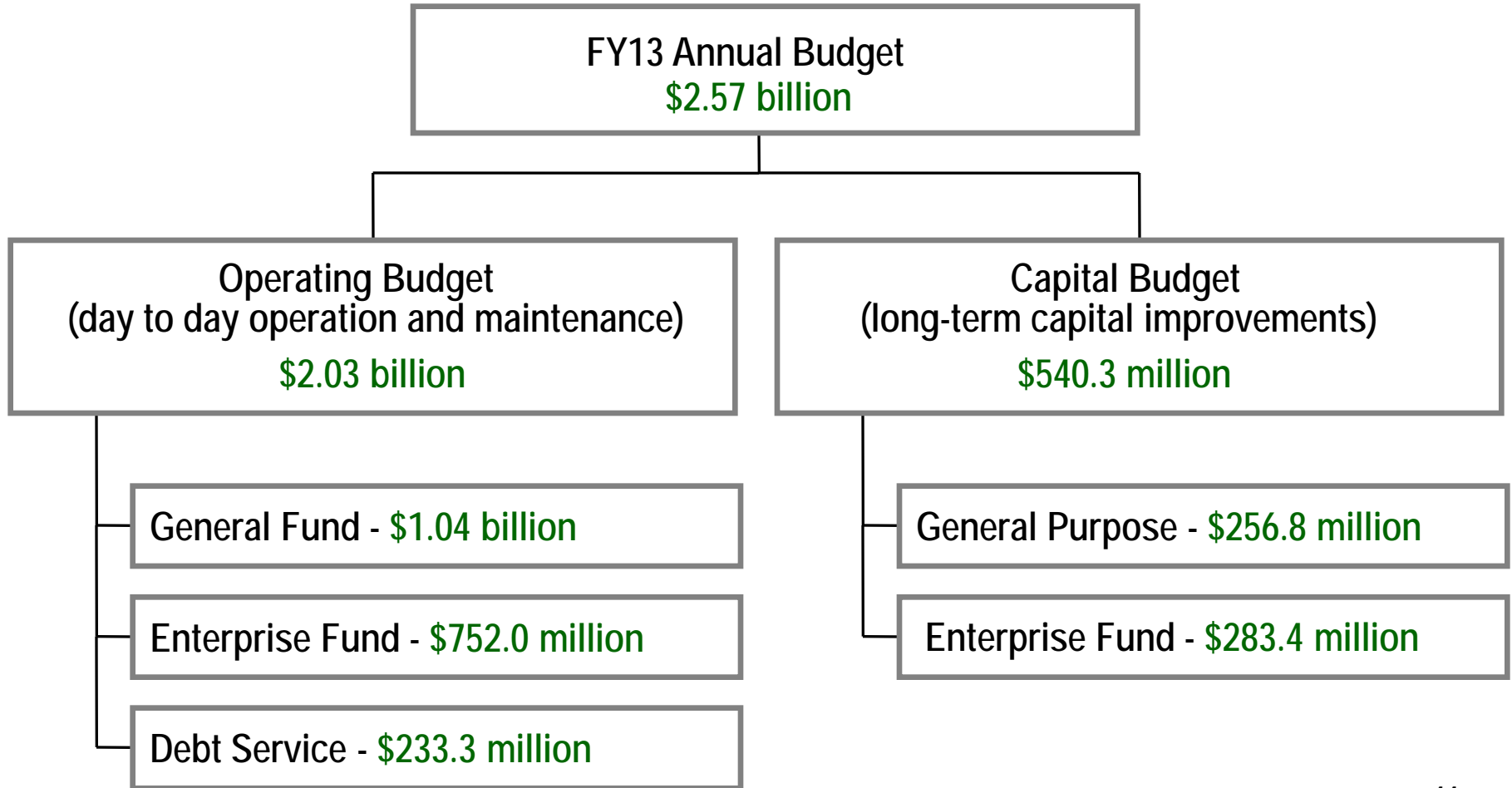
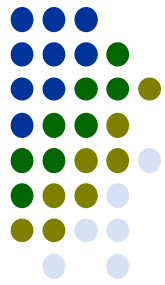


FY 2012-13 Overview

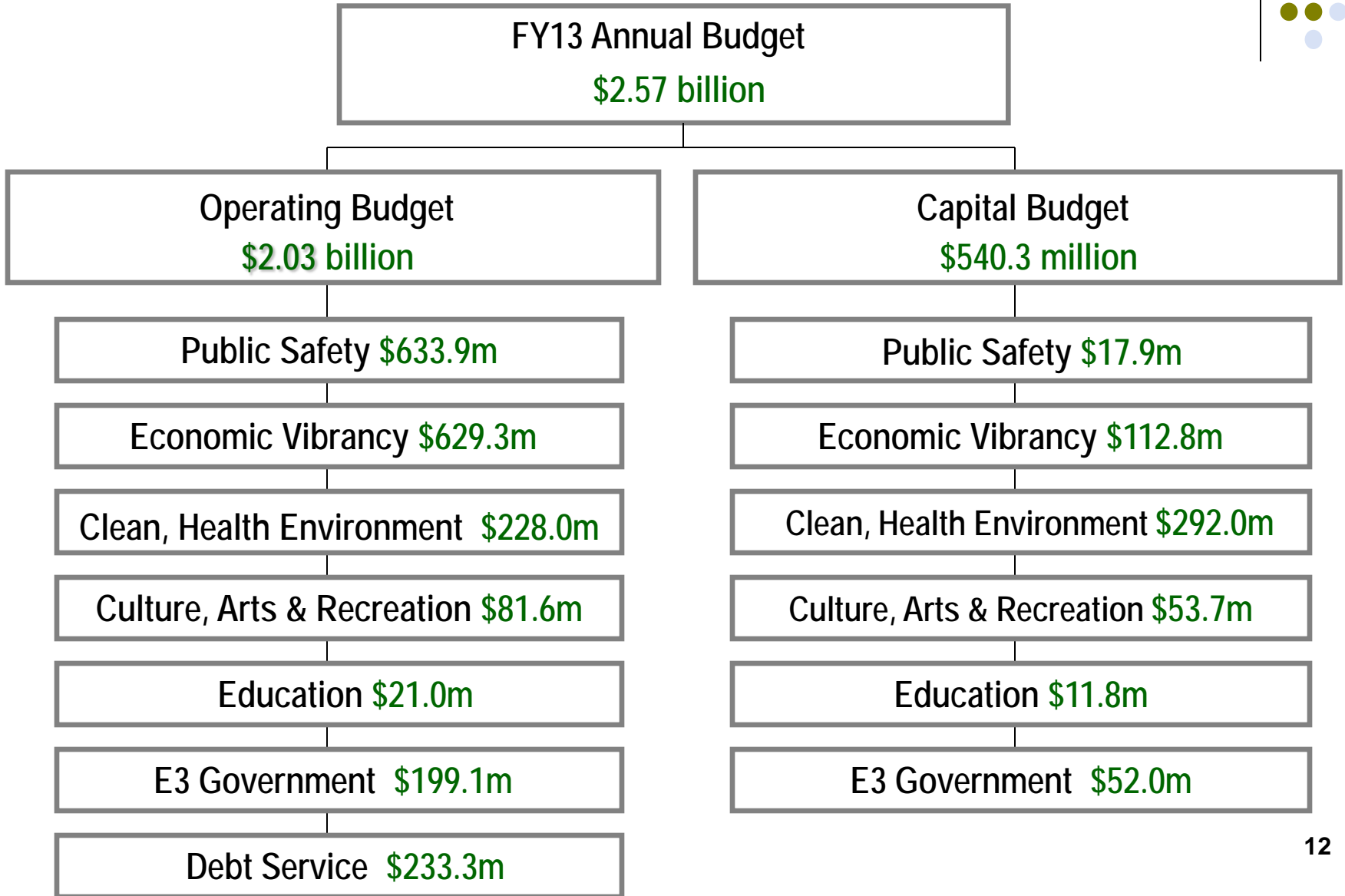
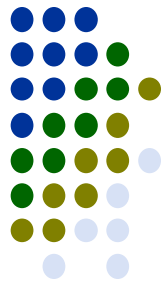
- Although some caution is necessary due to economic uncertainty in Europe and US federal budget issues, the approach for developing the City's budget for FY13 is optimistic yet watchful
- Additionally, the budget builds upon the guiding principles found in the Council's strategic plan, with investment focused in the following areas:
 - Public Safety
 - Economic Vibrancy
 - Clean Healthy Environment
 - Culture, Arts, and Recreation
 - Educational Enhancements
 - Efficient, Effective and Economical Government

**City Manager's Proposed
FY 2012-13 Budget**

FY 2012-13 Proposed Budget – by Fund



FY 2012-13 Proposed Budget – by Key Focus Area



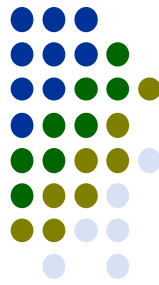
Key Focus Area (KFA) Highlights





Public Safety

KFA Highlights



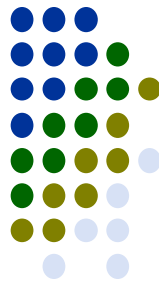
Services provided include:

- Emergency call response by Police field patrol
 - Hire 200 officers to replace those leaving
 - Maintain a sworn strength of 2.94 officers per 1,000 citizens
 - Continue routine replacement of marked squad cars
 - Expand “hot spot” technology program to 9 Target Area Action Grid areas
- Criminal investigations – property, vice, narcotics, youth and family, and crimes against persons
- Special operations – mounted, tactical, traffic, and Love Field
 - Transfer school crossing guard program to Dallas County Schools
- Police property room and auto pound operations
- Municipal Courts and Judiciary
 - Renovations of courts building to be complete in FY13
- City Detention Center and Lew Sterrett jail contract



Public Safety

KFA Highlights



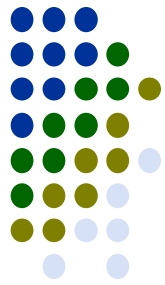
Services provided include:

- EMS and Fire-Rescue emergency response
 - Hire 90 recruits to replace those leaving
 - Provide paramedic training for 66 firefighters
 - Add 10,000 hours of EMS coverage through efficiencies
 - Continue replacement of apparatus and ambulances
 - Eliminate Battalion 10 and increase management span of control
- 9-1-1 – improve call recording and emergency dispatch systems
- Security for City Facilities
 - Enhance service with 14 additional officers and expanded use of technology such as cameras and access control (for facilities such as MLK, West Dallas, and Oak Cliff Municipal Centers; Central Library; and City Hall)



Economic Vibrancy

KFA Highlights



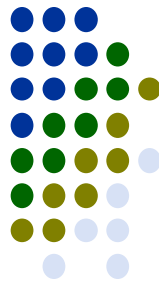
Services provided include:

- Economic Development – maintain same level of programming such as business development, small business initiatives, international business development, area redevelopment, etc.
 - Increase funding for Public Private Partnership program
- Streets – continue routine maintenance; restoration and rehabilitation; concrete street, alley, curb and gutter repairs; and ROW mowing/sweeping
- Traffic Operation maintenance
 - Improve street striping, school crosswalks, reflective buttons, and intersection signage
 - Expand bike lane markings and improve development of trails
- Street light power and maintenance



Economic Vibrancy

KFA Highlights

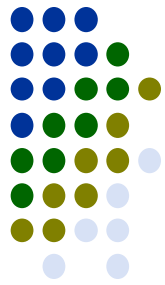


Services provided include:

- Capital program planning and implementation – transportation infrastructure, interagency, and city facilities
 - Continue preparation of November 2012 General Obligation Bond program focused on Streets, Flood Protection and Economic Development
- Sustainable Development and Construction
 - Add 57 new positions in Building Inspection in response to increased permit/construction activity
 - Implement technology improvements for faster plan review, enhanced customer service, replacement of outdated equipment and replacement of a document management system
 - Continue phasing Historic Preservation cost from Building Inspection to General Fund
 - Expand capacity for City Council initiated zoning hearings
- Flood control and floodplain management



Clean, Healthy Environment KFA Highlights



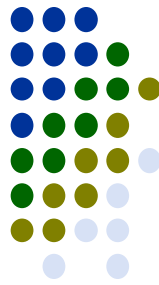
Services provided include:

- Stormwater management program
- Code Compliance – neighborhood code, restaurant and bar inspections, environmental assessments, and demolitions
 - Expand restaurant and bar inspection team with 5 additional sanitarians, and add contracted food safety inspections
 - Implement boarding house enforcement team
 - Increase funding for demolition of blighted structures
- Animal Services
 - Additional animal control officers and HVAC maintenance at Animal Shelter funded
- Air quality and other environmental programs
- Community Centers – MLK and West Dallas
- Comprehensive Homeless Outreach – City funding maintained



Culture, Arts & Recreation

KFA Highlights



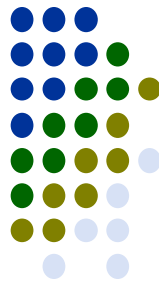
Services provided include:

- Recreation Centers – 40 centers will be in operation in FY13
 - Re-open 13 of 14 recreation centers that were closed for renovation in FY12
- Park land maintenance – no change to services
 - Funding increased for capital projects now in-service
- Support continued for Arboretum, Discovery Garden, Cedar Ridge Preserve, Audubon Center, and Zoo
 - Zoo stipend increased per contract
- Aquatic services – no change to services
- Golf and Tennis centers – supported primarily through fees



Culture, Arts & Recreation

KFA Highlights



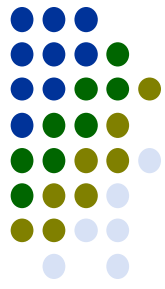
Services provided include:

- City Cultural Centers – Bath House, Latino Cultural Center, Oak Cliff Cultural Center, South Dallas Cultural Center, Meyerson Symphony Center, and Majestic Theater – no change to staffing or programming
- City Performance Hall will be in full operation in FY13 after opening in September 2012
- Cultural Facilities – 23 city-owned facilities receive support
 - AT&T Performing Arts Center – increased to fully fund contracted amount
- Cultural Services Contracts – approximately 66 non-profits will continue to receive programming support



Educational Enhancements

KFA Highlights



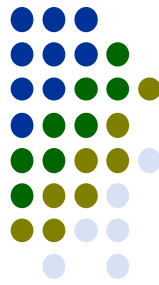
Services provided include:

- Thriving Minds – Big Thought program funding maintained
- Central and Neighborhood Libraries
 - Central Library – maintain 40 hours per week
 - Neighborhood Libraries – maintain 40 hours per week
 - DISD co-locations – maintain 56.25 hours per week
 - Increase materials funding by 47% or \$1.0m



E³ Government

KFA Highlights



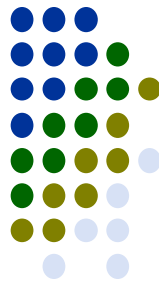
Current Services include:

- Mayor and City Council Offices and appointed officers including City Manager, City Attorney, City Auditor, City Secretary and Judiciary
- City-wide administrative services:
 - Such as appraisal districts, tax collection, independent audit, cash and debt management, TIF payments, electricity, payroll, and financial reporting
- Maintenance and operation of approximately 750 city-owned buildings
 - Enhanced to address building needs deferred in prior years
- 3-1-1 and Strategic Customer Service
 - Upgrade service request system in FY13 to streamline processes and allow creation of service requests via smart phones
 - Conduct Community Survey to gauge residents' perceptions



E³ Government

KFA Highlights

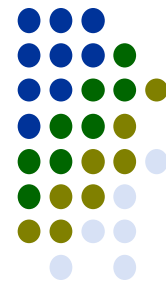


Workforce Impact:

- Uniform employees – Meet and Confer Agreement with uniform employees
 - Eliminate Mandatory City Leave days
 - 3% across the board pay increase
 - Enhance education incentive pay
 - Add 2 uniform holidays
- Civilian employees
 - Eliminate Mandatory City Leave days
 - Reinststitute merit pay program (average 1.5%)
 - Implement phase one of pay adjustments identified as part of Total Compensation Study
- Employee Health Benefits – no premium increase for employees
 - Expand Wellness Program

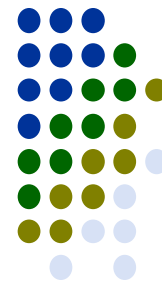
Fee-Based Services: Brief Overview of Other Funds

Dallas Water Utilities



- Proposed Budget for FY13 includes:
 - Operating Budget of \$564.0m
 - Capital Budget of \$275.0m
- Overall retail revenue increase of 5.1%
- Revenue increase by type of account: residential 3.9%, wholesale 4.0%, industrial 5.3%, and commercial 7.2%
- 81% of residential customers will see an average monthly bill increase of \$3.61 or less
- Continue commitment to provide high quality and sufficient water and wastewater service to meet customer needs now and in the future
- Continue Water Conservation Program to reduce per capita water consumption
- Future Retail Rate Outlook
 - FY14 6.9% increase
 - FY15 6.1% increase

Dallas Water Utilities



Customer Usage in Range	Average Bill at Current Rates	Proposed Average Rates	Proposed Increase	% Increase	Number of Customers Impacted	% of Customers in Range
0 to 4,000 gallons	\$20.92	\$21.81	\$0.88 ^a	4.2%	67,726	28.7%
4,001 to 10,000 gallons	\$49.16	\$51.44	\$2.28 ^b	4.6%	94,567	40.1%
10,001 to 15,000 gallons	\$70.88	\$74.49	\$3.61 ^c	5.1%	29,510	12.5%
Above 15,000 gallons (Includes conservation tier rate)	\$190.84	\$202.45	\$11.61 ^d	6.1%	<u>44,100</u>	<u>18.7%</u>
Total					235,902	100.0%

Data based on January 2011 through December 2011 usage

^a Average water and sewer use: 2,010 gallons

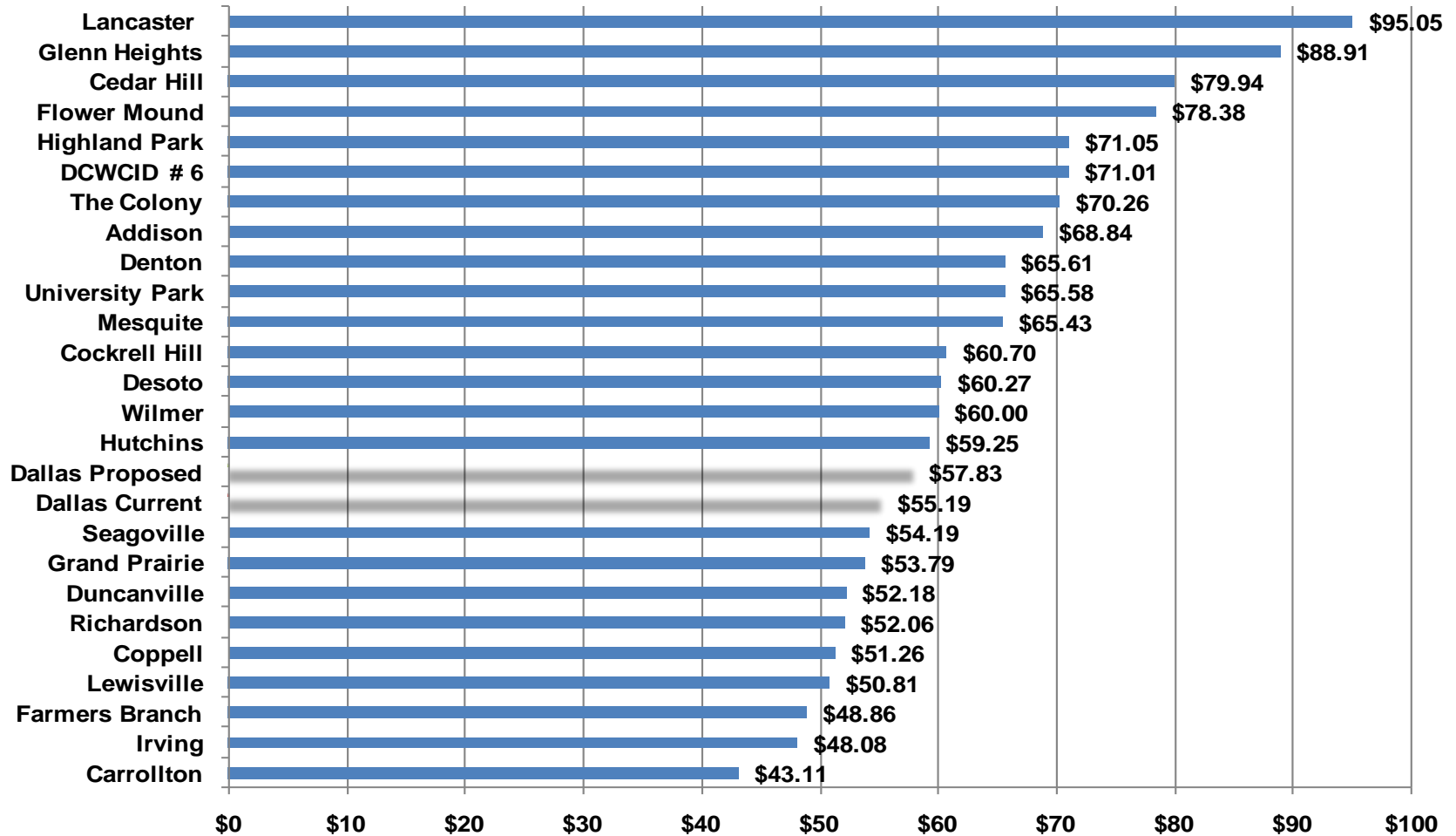
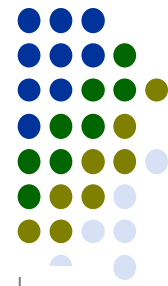
^b Average water use 6,533 gallons and sewer use: 5,600 gallons

^c Average water use 12,158 gallons and sewer use: 5,600 gallons

^d Average water use 32,096 gallons and sewer use: 5,600 gallons

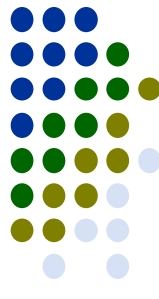
81% of residential customers will see an average monthly bill increase of \$3.61 or less

Neighboring Cities Comparison of Average Monthly Water & Sewer Residential Bills



Note: Bill comparison based on rates effective July 2012; water consumption of 8,300 gallons; and 5,600 gallon Winter Months Average for sewer

Other Fee-Based Services



Sanitation Services:

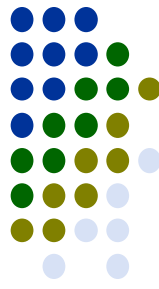
- No change in service to customers
 - Continue OneDay Dallas for solid waste and recycling
 - Continue monthly bulky trash and brush removal
- Maintain full-cost recovery for services provided
- Residential fee will not change, stays at current \$20.25 per month
- McCommas Landfill gate fee per ton will not change, stays at \$21.50 per ton

Stormwater Drainage Management:

- No change is proposed in FY13 for the Stormwater Drainage Management fee

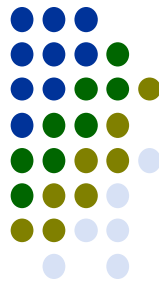
State Law Taxation Requirements

State Law Taxation Requirements



- State Law requires public notice of tax rate calculations
- Allows taxpayers to roll back or limit tax increase in certain cases
- **FY12 Current Rate = 79.70¢**
- **FY13 Proposed Rate = 79.70¢**
- **Effective Rate = 79.11¢**
 - Generates same amount of revenue in new fiscal year on taxable property that was taxed in previous fiscal year
 - Effective rate would decrease property tax revenue by \$4.9m from proposed budget
- **Rollback rate = 82.80¢**
 - Allows for general fund portion of Effective rate plus 8%
 - Allows debt service portion necessary to cover debt service costs
 - If a rate above 82.80¢ is adopted, voters may petition for an election to reduce the rate to the Rollback rate
 - Rollback rate would generate an additional \$25.2m in property tax revenue over proposed budget
- **Notice and Hearing Rate = 79.11¢** is the lower of either the Effective rate or the Rollback rate

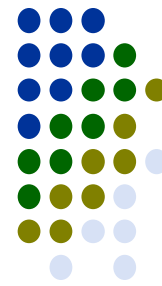
State Law Taxation Requirements



- Requirements if Notice and Hearing Rate is to be exceeded and if Council desires to reserve the option to adopt a tax rate higher than 79.11¢
 - Vote to consider a specific tax rate higher than the Notice and Hearing Rate (August 15th)
 - Schedule and publish date/time for two public hearings
 - Hold two tax rate public hearings (August 27th and September 10th)
 - Schedule and publish date/time of meeting to adopt tax rate
 - Meet to adopt tax rate
 - **If these steps are not taken, maximum tax rate = 79.11¢, and \$4.9m revenue and equal expense decrease is required**
- Recap
 - FY12 Current rate = 79.70¢
 - Effective rate = 79.11¢
 - Rollback rate = 82.80¢
 - Notice and Hearing rate = 79.11¢
 - FY13 Proposed rate = 79.70¢
 - 1¢ of the tax rate generates \$8.2m in property tax revenue
 - 1% change of tax rate (0.80¢) generates \$6.5m in property tax revenue

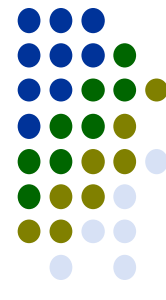
Outlook Beyond FY 2012-13

Outlook Beyond FY 2012-13



- Looking beyond the upcoming fiscal year and into FY14, there are additional budget issues for consideration
 - Meet and Confer agreement with police and fire uniform employees covered FY11, FY12, and FY13, therefore, compensation issues for uniform employees must be reviewed
 - Total Compensation Study completed in the current year provided recommendations that should be phased over multiple years
 - Health care costs continue to escalate, therefore, developing a multi-year approach to mitigate these costs is necessary
 - Recent budget limitations have resulted in deferred maintenance of City facilities and infrastructure that must be addressed
 - Completion of all 2006 bond program facilities will increase O&M costs
 - Continued investment in technology is necessary to operate efficiently and effectively

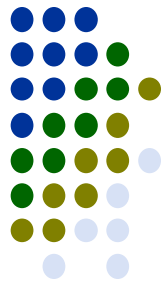
Outlook Beyond FY 2012-13



- Looking beyond the upcoming fiscal (continued)
 - In order to position the City to deal with future periods of economic decline, consideration should be given to strategies to further grow the tax base and expand the Dallas economy
 - As revenues rebound, improving financial reserves should be reviewed
 - State legislative session will begin in January 2013 and early indication shows a challenge to home rule authority and decision making capacity of citizens of Dallas

Schedule for August and September 2012

August & September 2012

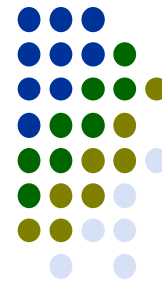


August 13	Budget Workshop – City Council Briefed on Proposed FY13 Budget
August 13	Town Hall Meetings begin – 37 scheduled
August 15	Council Briefings
August 22	Public Hearing on Proposed Budget (1:00 p.m. City Hall, Council Chambers)
August 27	Budget Workshop
August 27	Public Hearing on Tax Rate (9:00 a.m. City Hall, Room 6ES)
September 4	Town Hall Meetings end
September 5	Budget Adoption – First Reading
September 10	Budget Amendment Workshop
September 10	Public Hearing on Tax Rate (9:00 a.m. City Hall, Room 6ES)
September 19	Budget Adoption – Final Reading

City Auditor's Opinion and Revenue Review

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 17, 2012