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CITY SELECTION
DALLAS, TEXAS

AGENDA
CITY COUNCIL BUDGET BRIEFING
MONDAY, AUGUST 13, 2012
CITY HALL
1500 MARILLA
DALLAS, TEXAS 75201
9:00 A.M.

9:00 am Invocation and Pledge of Allegiance 6ES

Briefing 6ES

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

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 of Dallas Proposed Annual Budget for Fiscal Year 2012-13

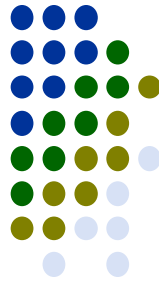
*Recommended by
Mary K. Suhm, City Manager*

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

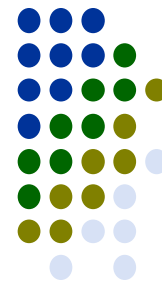


City of Dallas

Briefing Contents



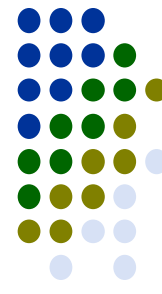
- FY 2012-13 (FY13) Overview
- City Manager's Proposed Budget for FY 2012-13
- Key Focus Area Highlights
- Fee-Based Services: Brief Overview of Other Funds
- State Law Taxation Requirements
- Outlook Beyond FY 2012-13
- Schedule for August and September 2012
- City Auditor's Opinion and Revenue Review



FY 2012-13 Overview

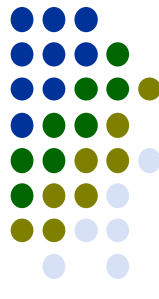
- FY13 budget totals \$2.57 billion
- Tax rate to support the general fund and debt service fund are proposed to remain at 79.70¢ - no tax rate increase
- Sales tax revenues are expected to grow 2.6% above FY12 estimate
- Water Utilities' overall retail revenue increase is 5.1%
 - 3.9% for residential 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



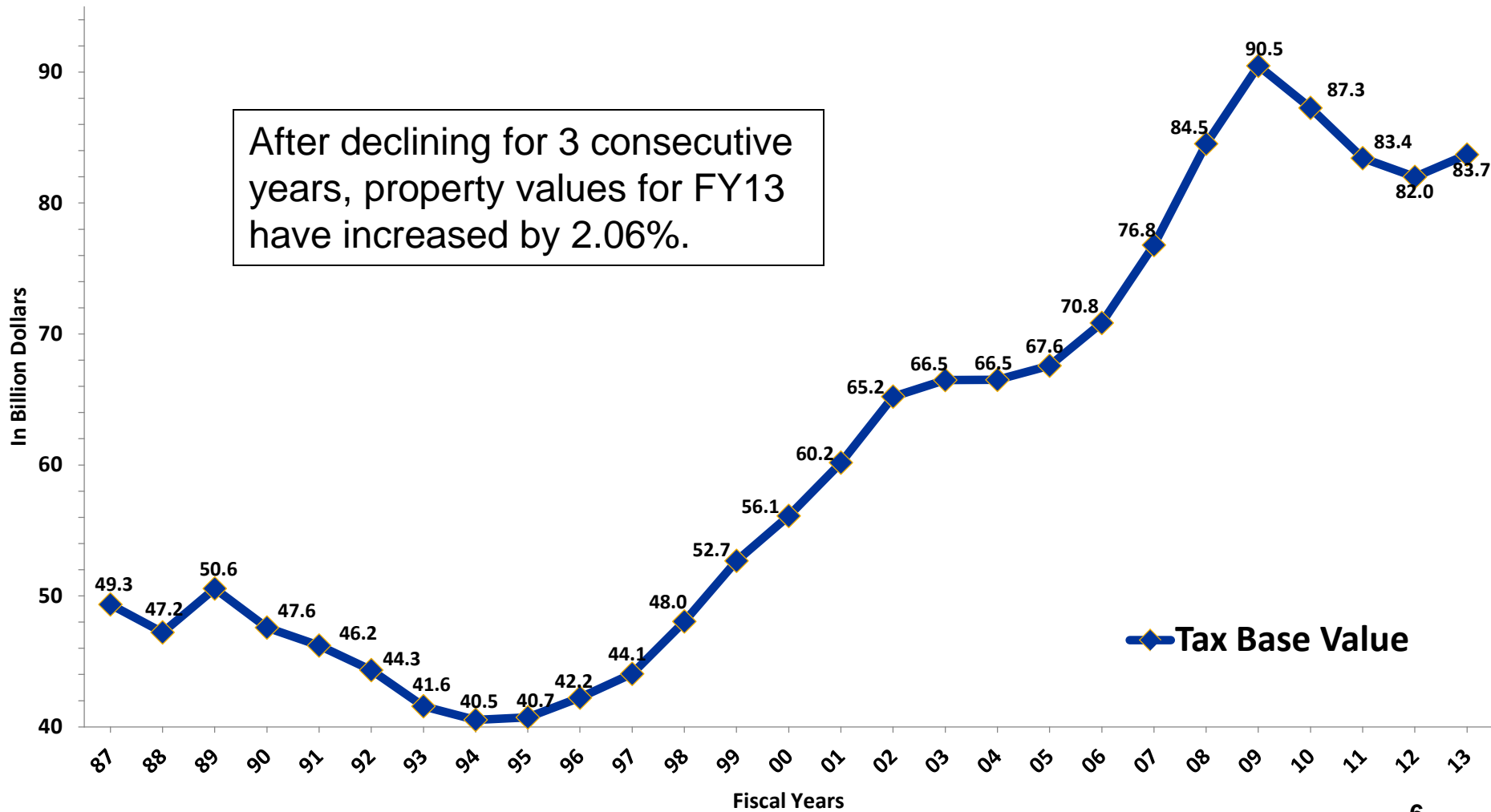
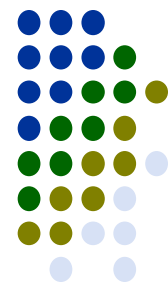
- Cost savings and reductions are put in place that do not impact service levels
 - Eliminate Battalion 10 and increase management span of control in Fire-Rescue
 - Realize overtime savings in Fire-Rescue as result of increased hiring in FY12
 - Reduce capital planning, design and construction staff 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

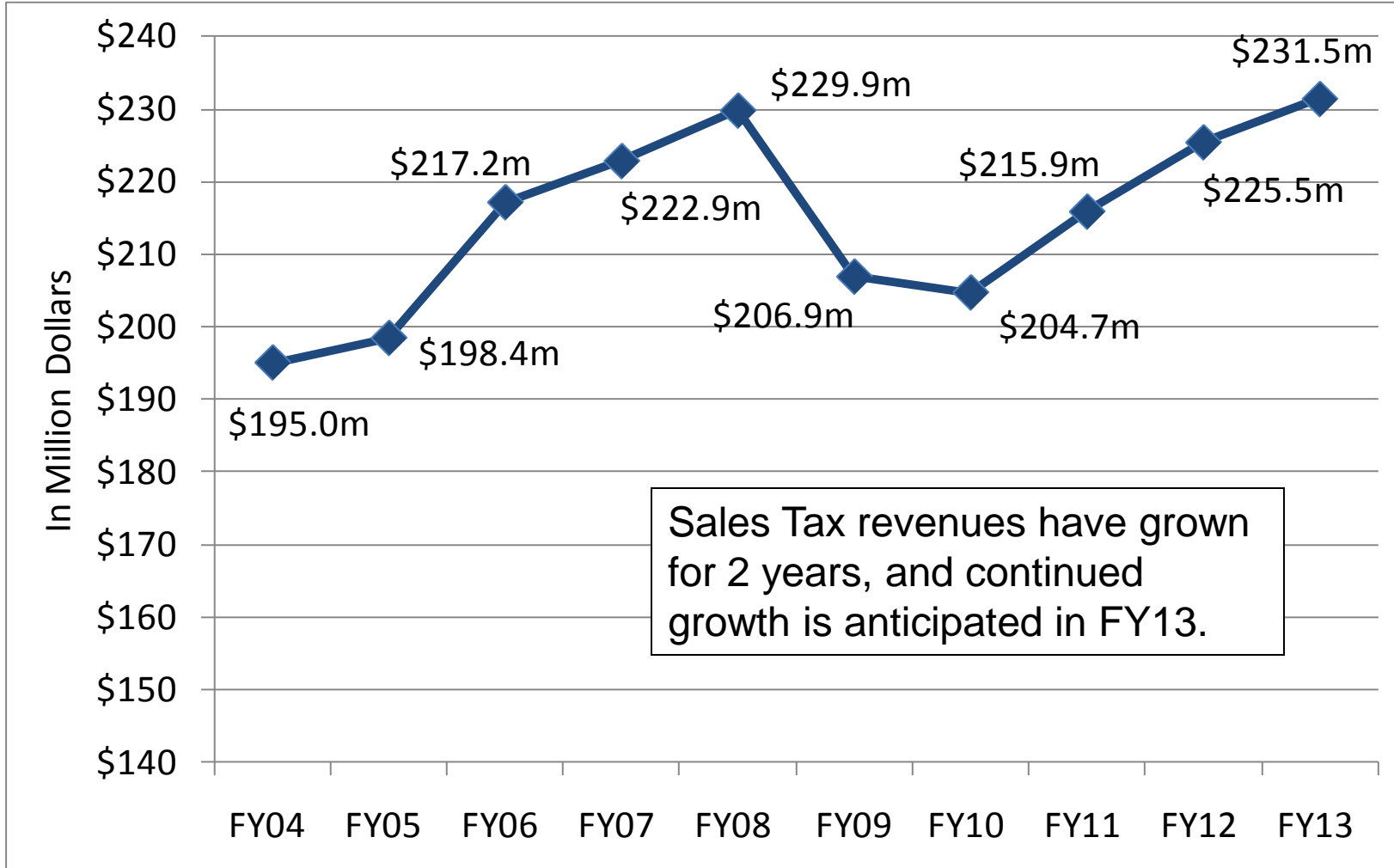


- Through revenue increases, cost savings, and efficiencies, the FY13 projected gap was eliminated
- Some restorations and enhancements are proposed, including:
 - Add 200 police officers and 90 fire recruits to replace those leaving the force
 - Improve traffic safety through street striping and signage
 - 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

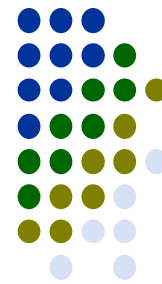
FY 2012-13 Overview – Property Tax Base Values



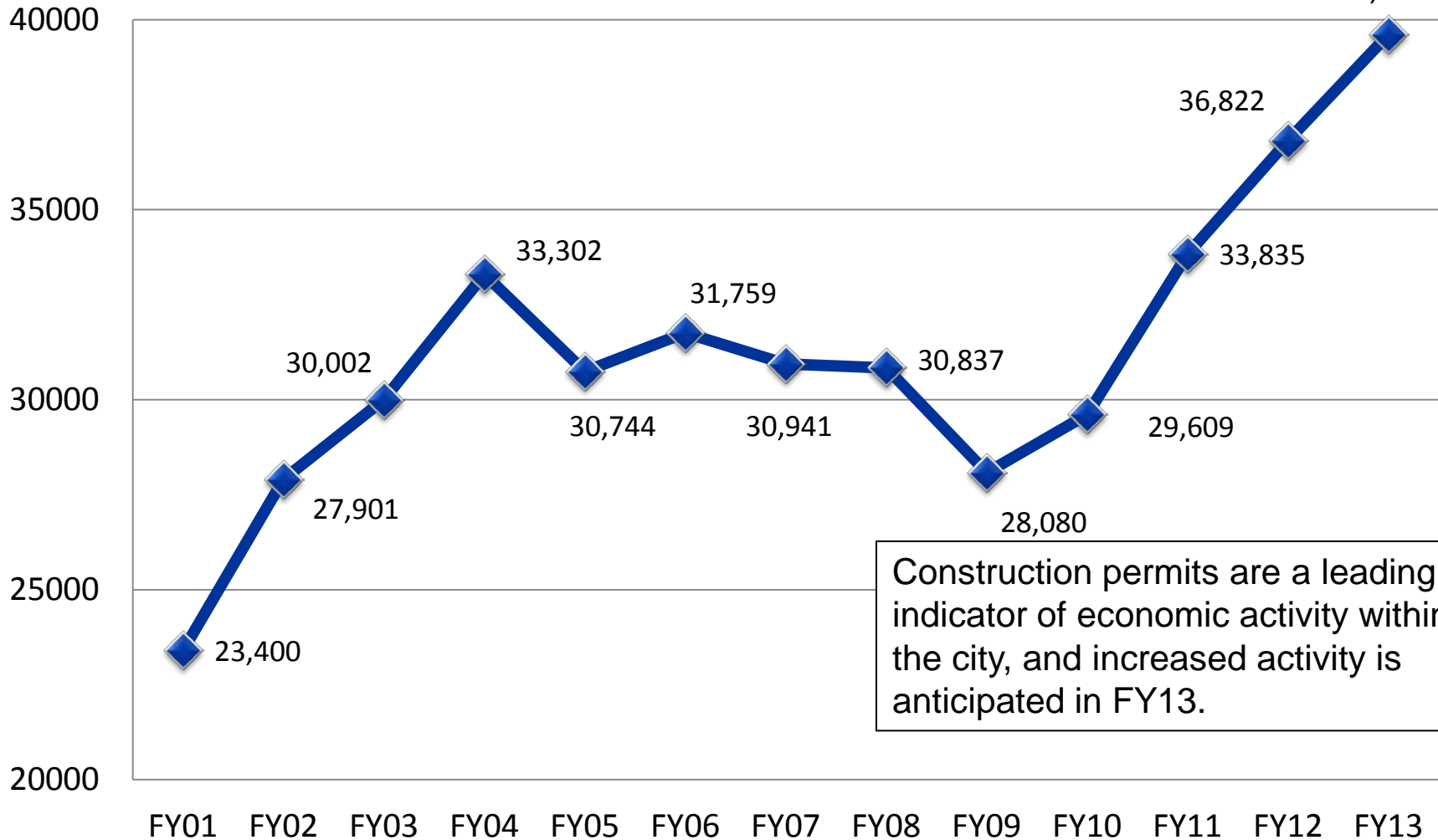
FY 2012-13 Overview – Sales Tax Revenue



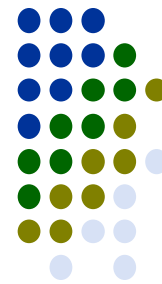
FY 2012-13 Overview – Construction Permits



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.

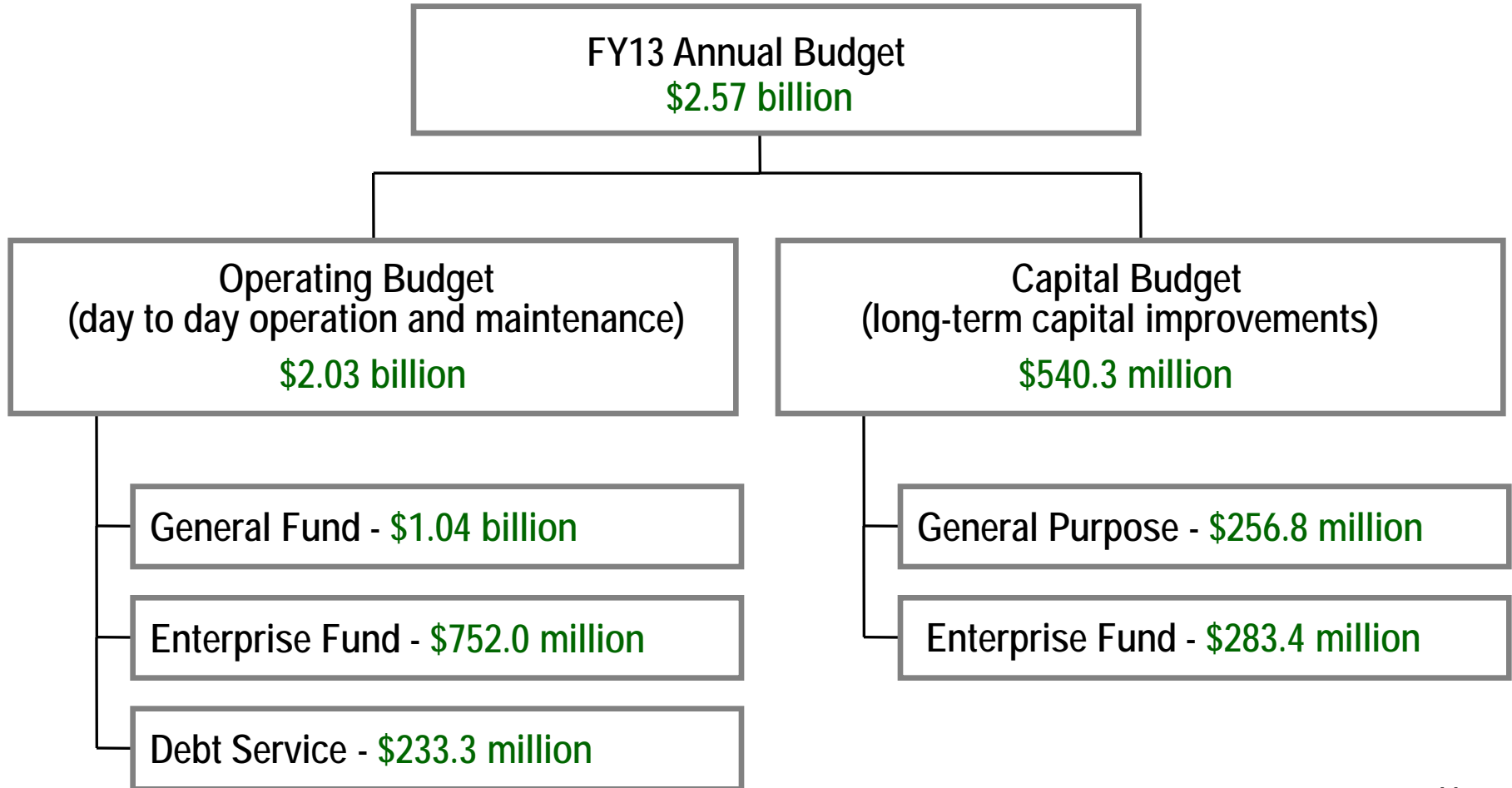
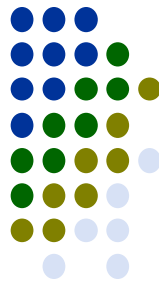


FY 2012-13 Overview

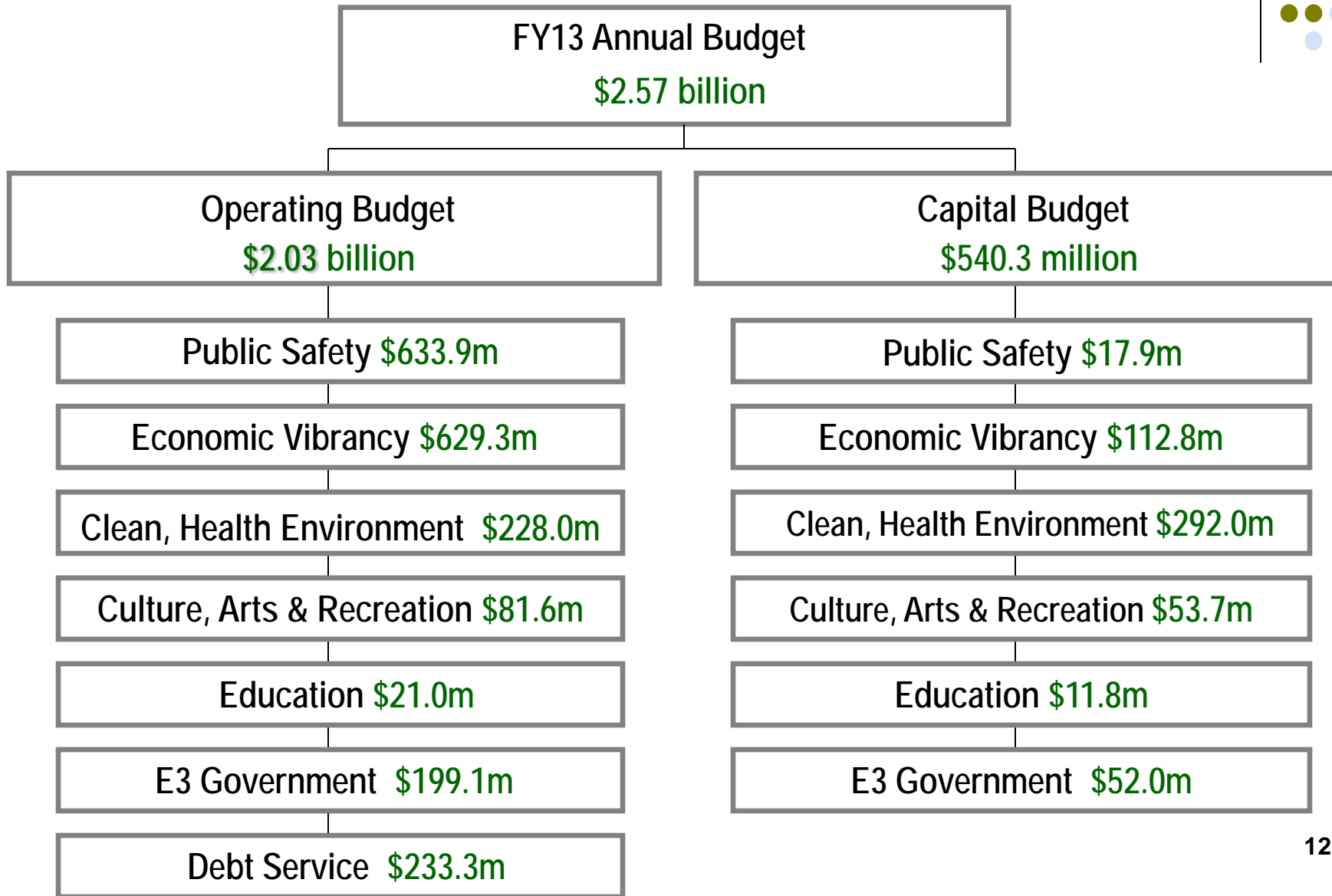
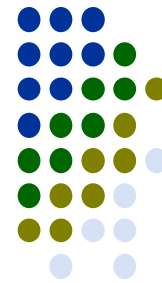
- Although some caution is necessary due to economic uncertainty in Europe and US federal budget issues, the approach for developing the City's budget for FY13 is optimistic yet watchful
- Additionally, the budget builds upon the guiding principles found in the Council's strategic plan, with investment 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



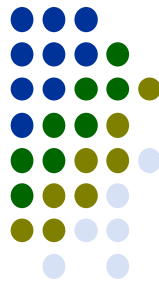
Key Focus Area (KFA) Highlights





Public Safety

KFA Highlights



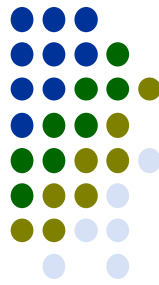
Services provided include:

- 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



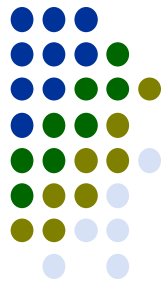
Services provided include:

- 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



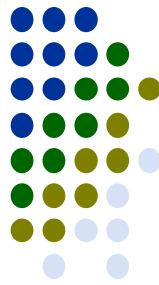
Services provided include:

- 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



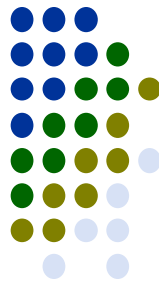
Services provided include:

- 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



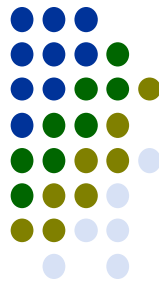
Services provided include:

- 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

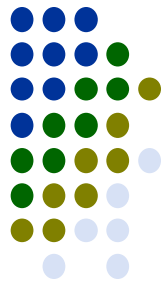


Services provided include:

- 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



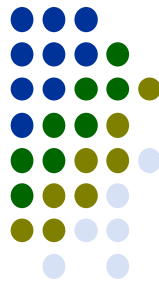
Services provided include:

- 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



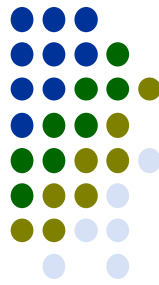
Current Services include:

- 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

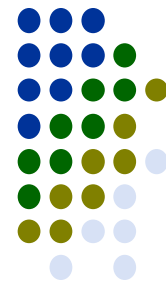


Workforce Impact:

- 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

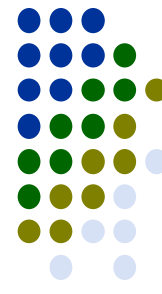
Fee-Based Services: Brief Overview of Other Funds

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

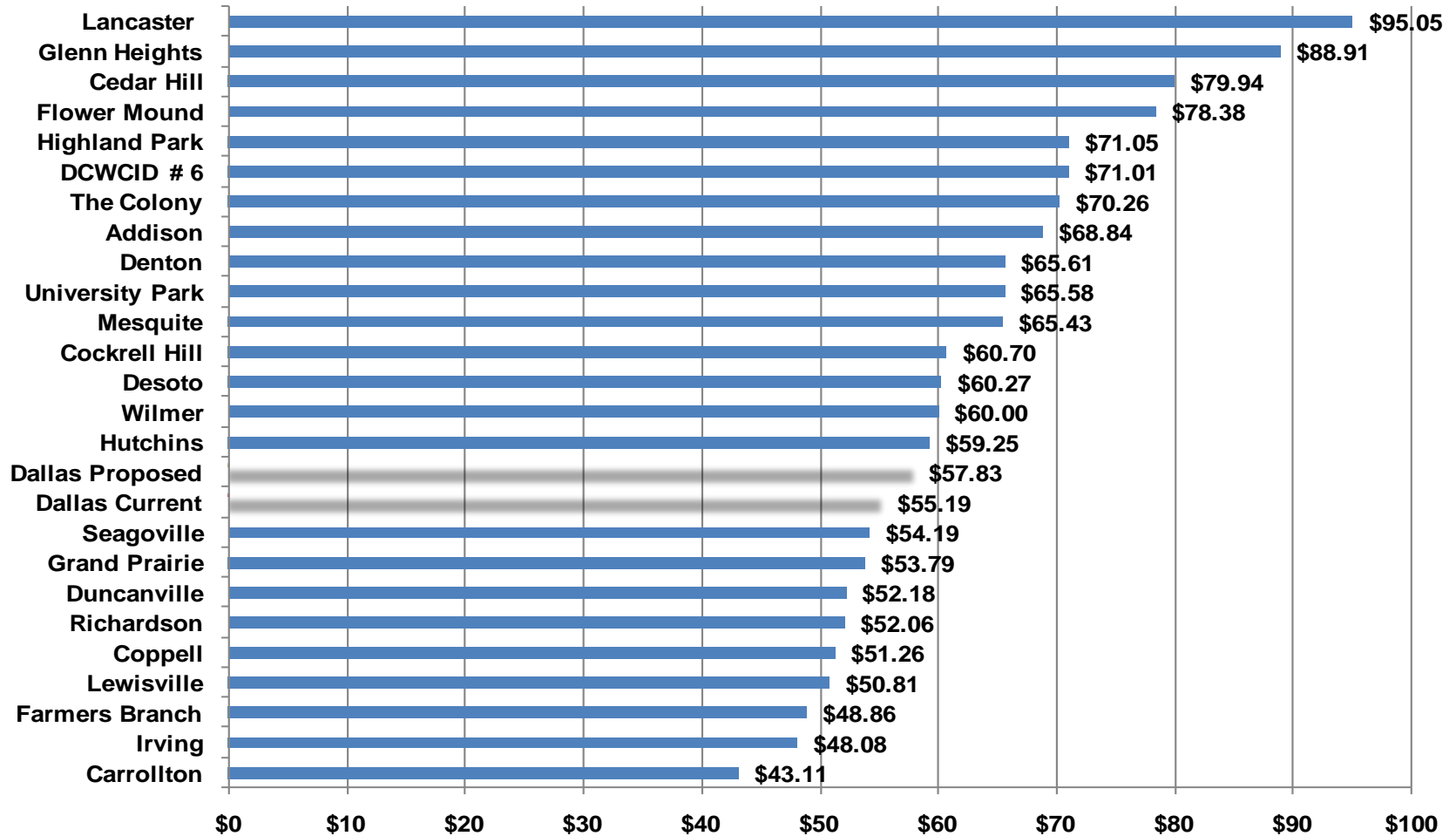
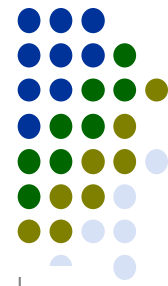
^b Average water use 6,533 gallons and sewer use: 5,600 gallons

^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

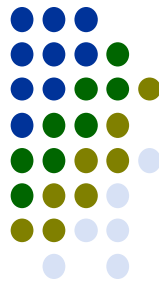
81% of residential customers will see an average monthly bill increase of \$3.61 or less

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

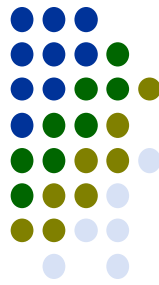
State Law Taxation Requirements

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

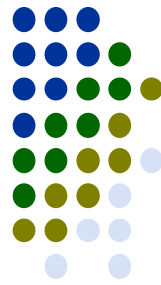
State Law Taxation Requirements



- 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

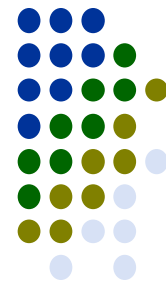
Outlook Beyond FY 2012-13

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

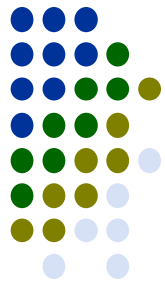
Outlook Beyond FY 2012-13



- 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

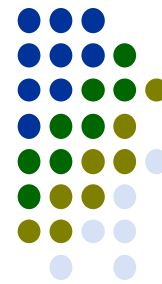
August & September 2012



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