

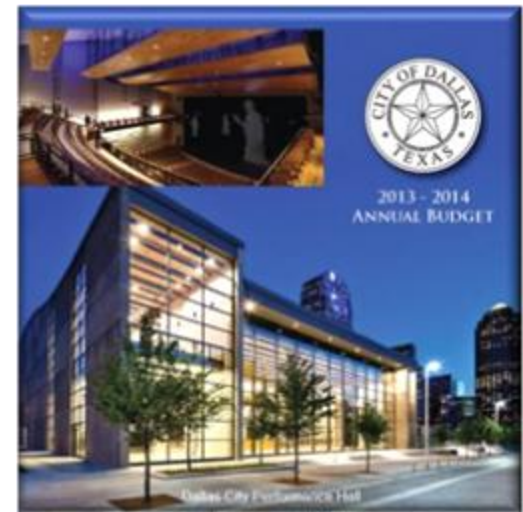


City of Dallas Proposed Annual Budget for Fiscal Year 2013-14

Recommended by A.C. Gonzalez
Interim City Manager
Wednesday, August 7, 2013

Agenda

- Summary of City Manager's Proposed Budget for FY 2013-14
- Economic indicators
- Financial summaries
- Key Focus Area highlights
- Other funds overview
- State taxation law requirements
- Financial forecast beyond FY 2013-14
- Schedule for August/September 2013
- City Auditor's opinion and revenue review



FY 2013-14 Budget Summary

- **Proposed budget is fiscally responsible and strategically invests in improving the quality of life in Dallas**
- FY 2013-14 budget is balanced and totals \$2.81 billion
- Continued improvement seen in local economy demonstrated by 4.27% growth in property values and sales tax collections remain strong
- No property tax rate increase
 - Rate to support general fund and debt service remains at \$0.7970 per \$100 of valuation
 - Tax rate required to pay debt service reduced to less than 30%



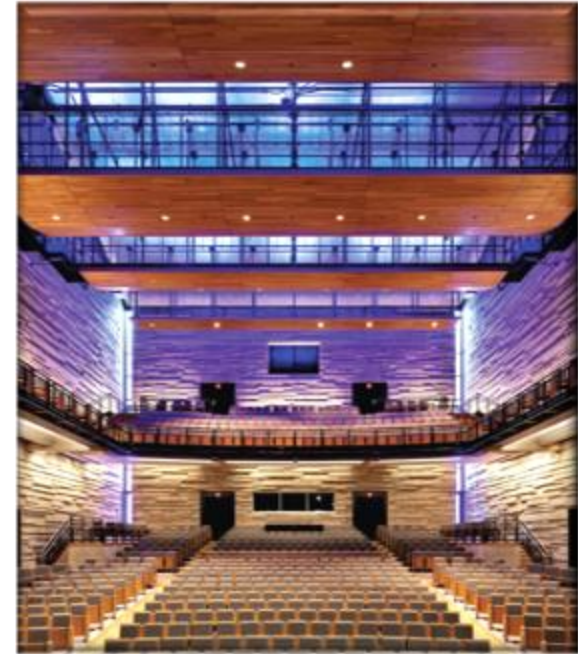
FY 2013-14 Budget Summary

- Budget continues to restore and add to most critical services reduced during economic downturn:
 - 20 additional police officers above attrition
 - Fund one step pay increase to retain newer officers
 - Paramedic training for firefighters
 - 10 additional 911 call-takers & training
 - Additional funds for street maintenance
 - Library materials and computers
 - Improve maintenance of park land
 - Investment in Fair Park programming and marketing



FY 2013-14 Budget Summary

- FY 2013-14 budget is balanced but reflects cautious optimism in the economy
- Budget reflects Council's guiding principles focusing investment in Key Focus Areas:
 - Public Safety
 - Economic Vibrancy
 - Clean Healthy Environment
 - Culture, Arts, & Recreation
 - Educational Enhancements
 - Efficient, Effective, & Economical Government (E³)





City of Dallas FY 2013-14 Proposed Budget

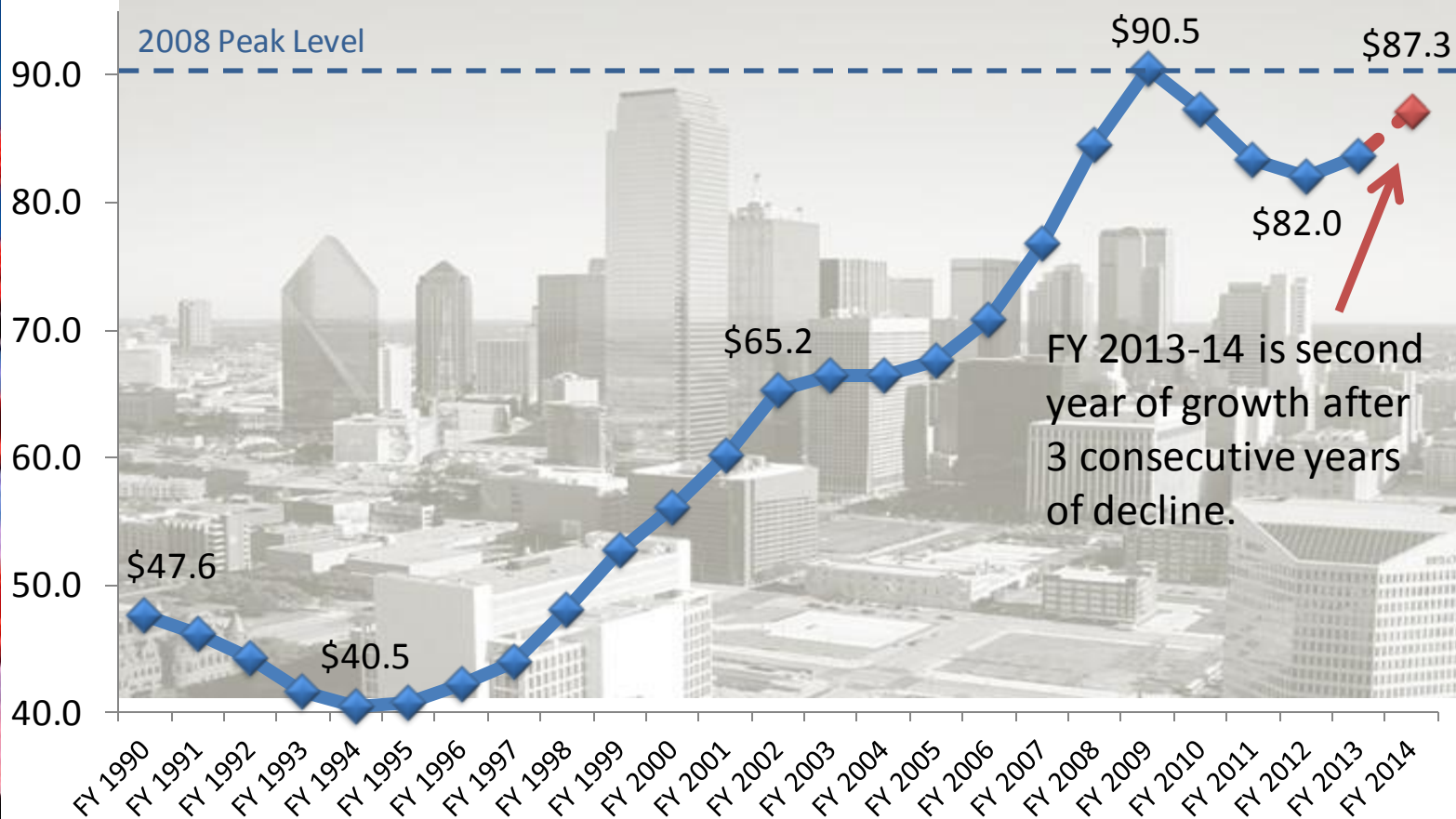
ECONOMIC INDICATORS

FY 2013-14 Economic Indicators

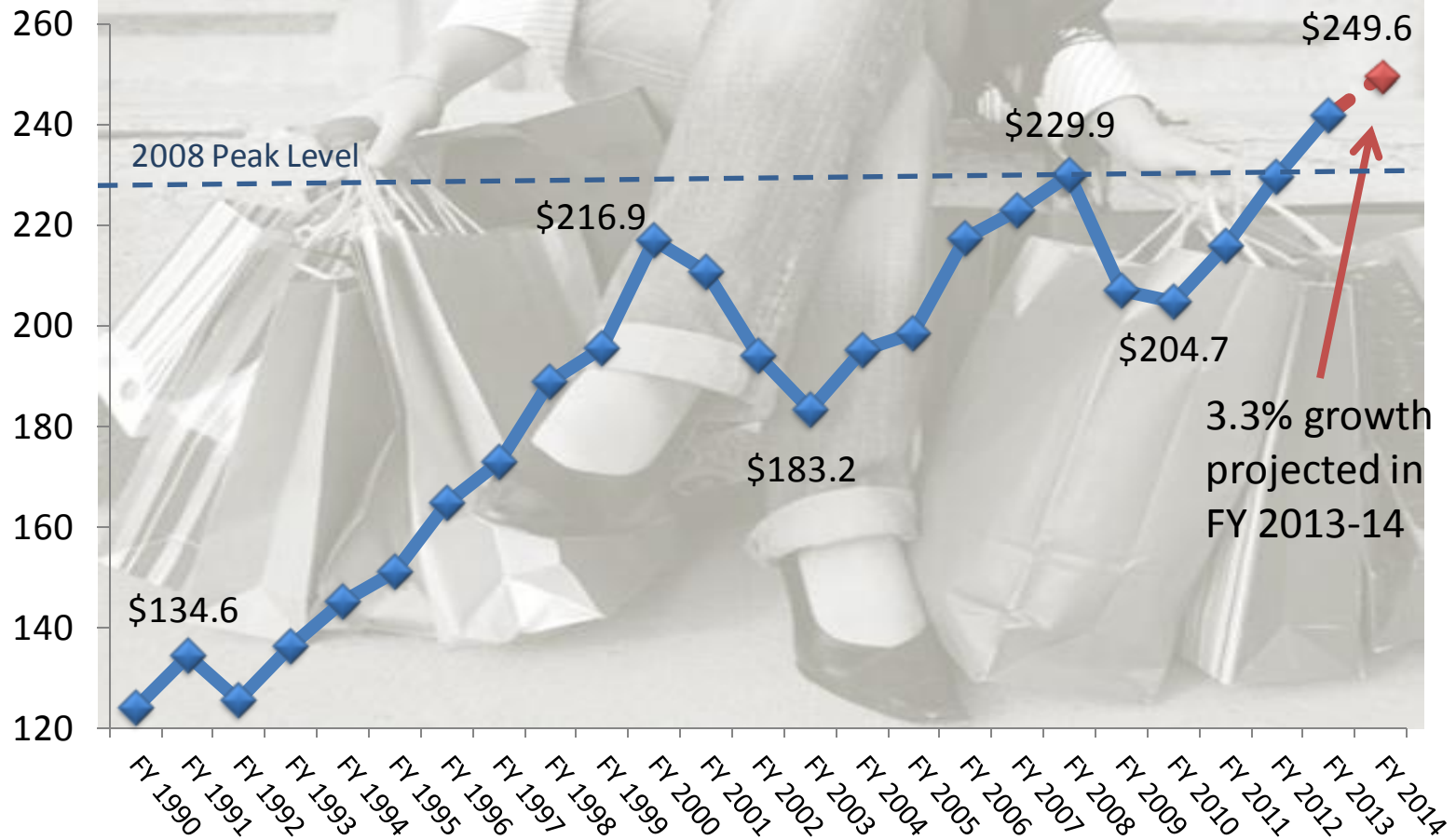
- Dallas continues its post-recession stabilization and is experiencing areas of measured economic growth
- Although this period of growth is expected to continue, the City maintains a cautionary approach anticipating further growth in property values but moderating growth in sales tax



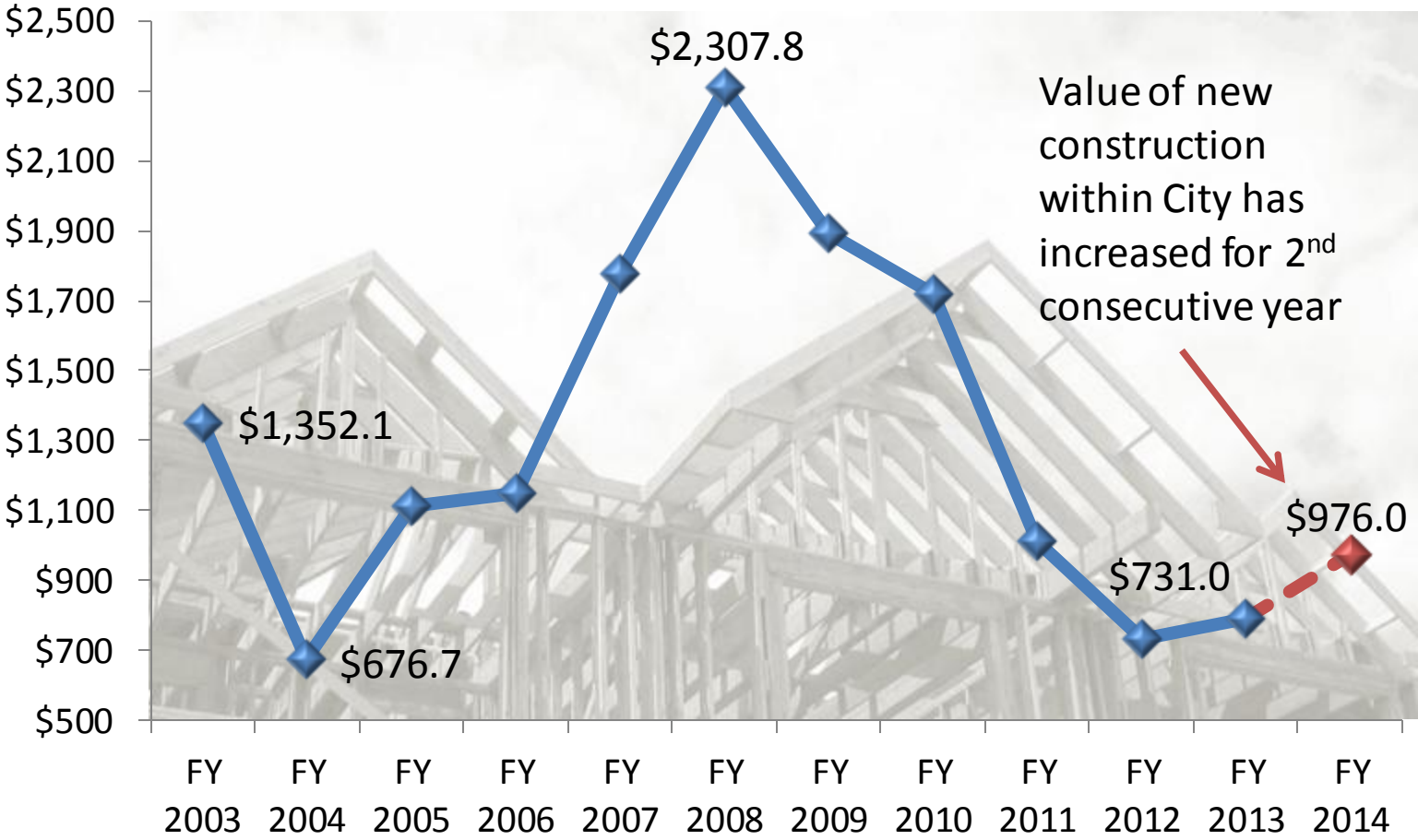
Property Tax Base Values (\$ in Billions)

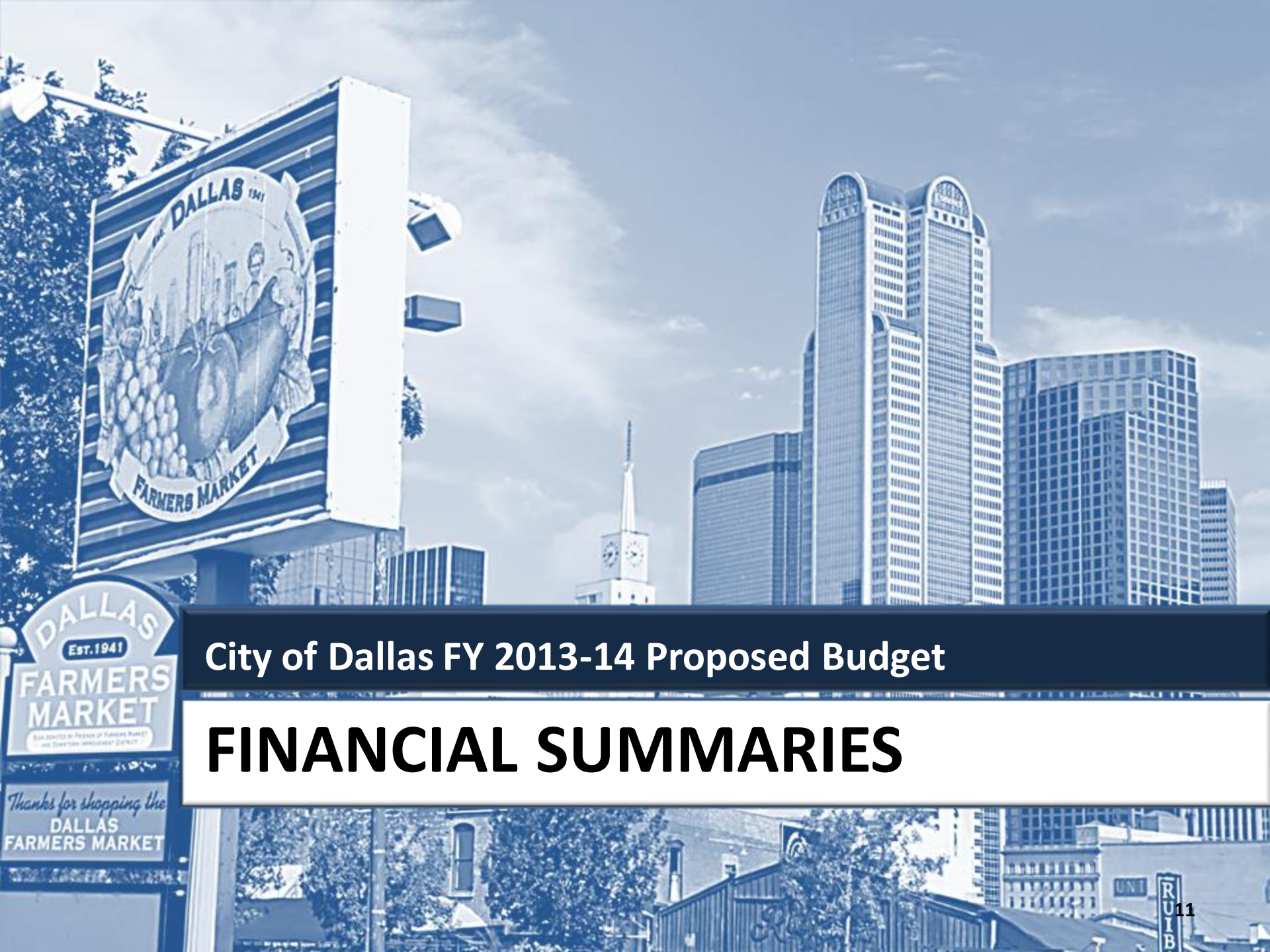


Sales Tax Revenue (\$ in Millions)



New Construction Appraised Values (\$ in Millions)



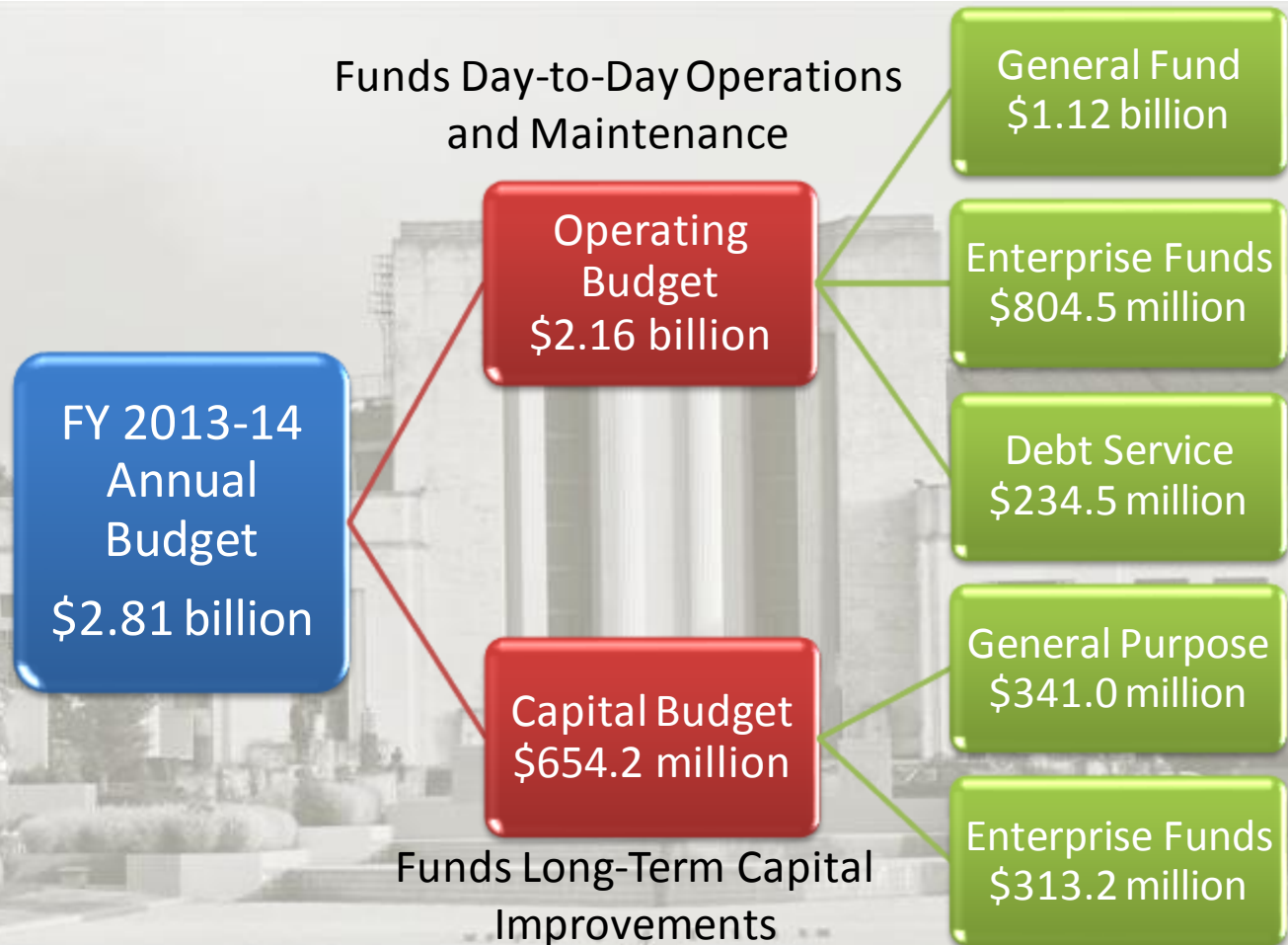


City of Dallas FY 2013-14 Proposed Budget

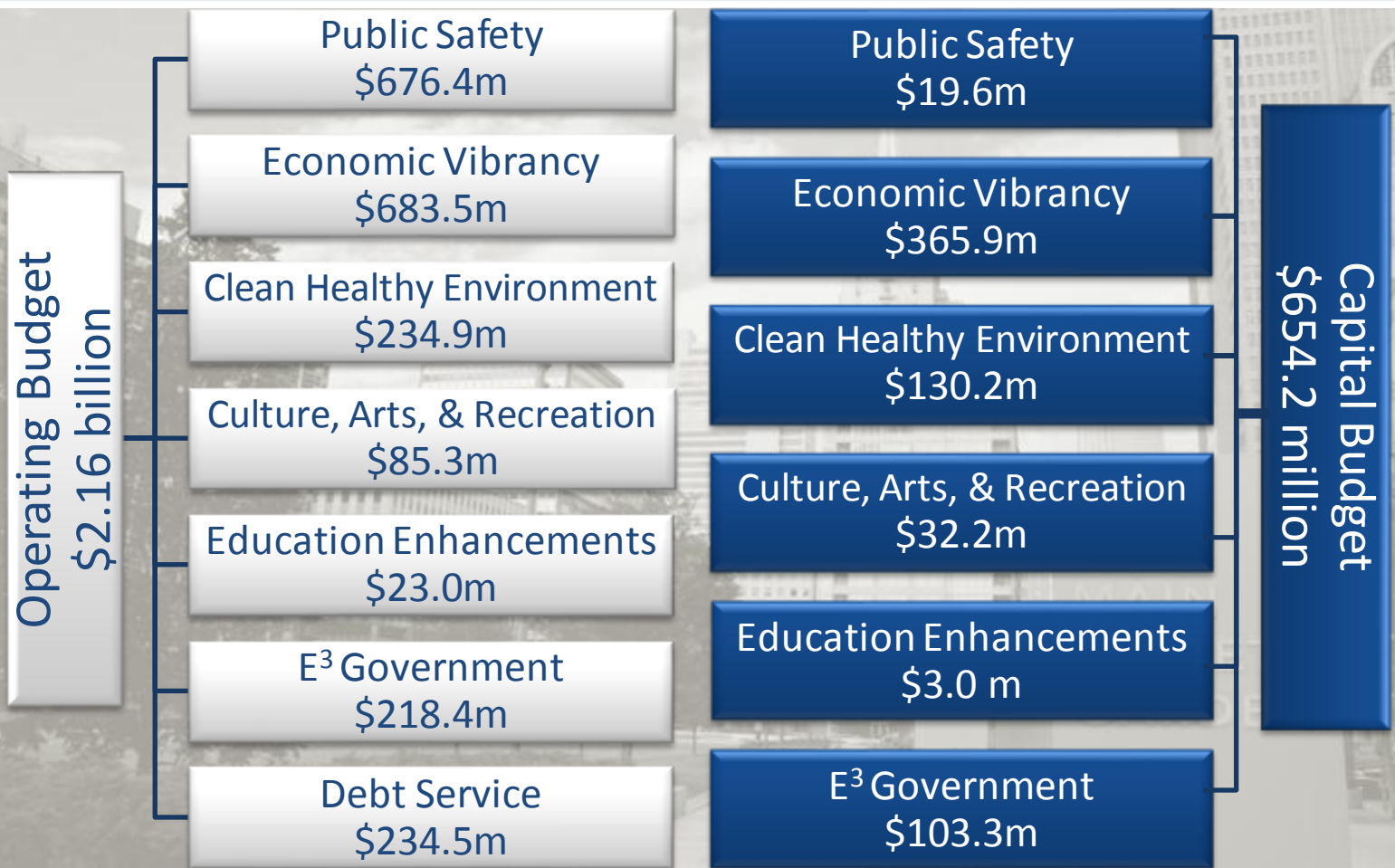
FINANCIAL SUMMARIES

FY 2013-14 Proposed Budget

All Funds



FY 2013-14 Proposed Budget Expenses by Key Focus Area



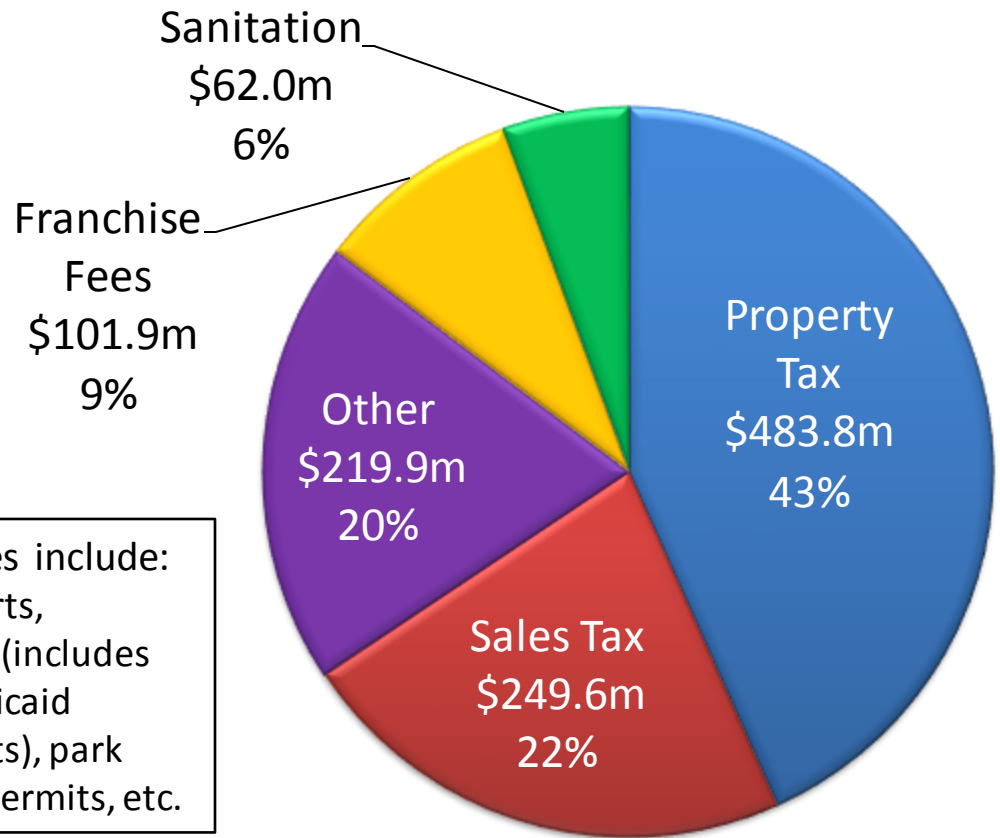
Total FY 2013-14 All Funds Budget: \$2.81 billion

FY 2013-14 General Fund Revenues

FY 2013-14 revenues total \$1.12 billion

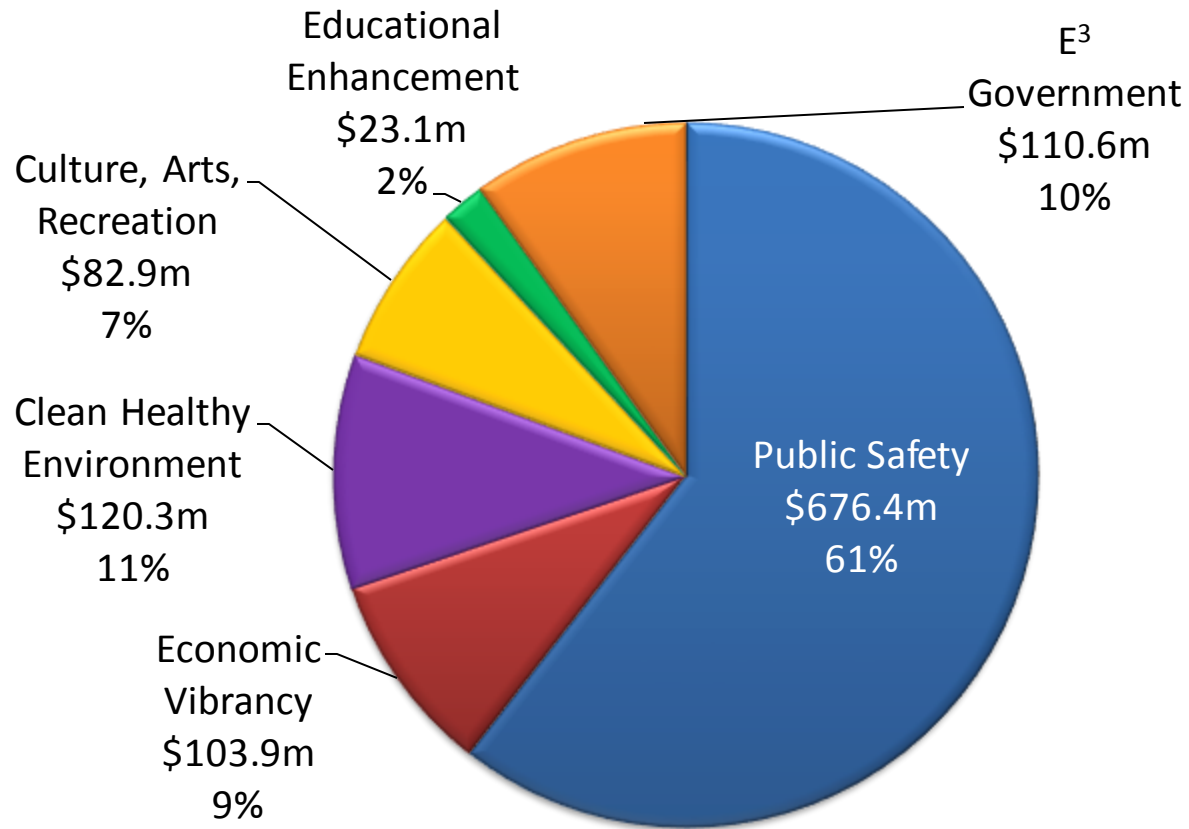
Franchise Fees include:
-Electric, gas, phone, and cable franchises

Other Revenues include:
-Municipal courts, fines, EMS fees (includes Medicare/Medicaid reimbursements), park fees, licenses/permits, etc.



FY 2013-14 General Fund Expenditures by KFA

FY 2013-14 expenditures total \$1.12 billion





City of Dallas FY 2013-14 Proposed Budget

KEY FOCUS AREA HIGHLIGHTS

Key Focus Area: Public Safety-Overview

- Goal: Enhance public safety to ensure people feel safe & secure where they live, work, and play
- Public safety services include:
 - Fire and rescue emergency response
 - Emergency medical services
 - Police field patrol
 - Lew Sterrett jail contract and City detention center
 - Narcotics, criminal investigations, vice, police intelligence, etc.
 - Police Special Operations such as mounted, helicopter, tactical, traffic, and Love Field
 - Municipal court services
 - Security services for City facilities



Key Focus Area: Public Safety-Highlights

- Hire 20 additional police officers above attrition to begin addressing population growth
- Fund one step pay increase and full-year education pay for uniform police and fire personnel
- Fund 10 additional call-takers and training in 911 center
- Replace 183 police squad cars
- Increase number of firefighters receiving paramedic training and begin community paramedic pilot program



Key Focus Area: Economic Vibrancy-Overview

- Goal: To foster a growing economy sustained by a healthy mix of local and international business opportunities
- Services for Economic Vibrancy include:
 - Traffic safety and congestion management
 - Street Service maintenance areas including street repairs, slurry seal/micro-surfacing, etc.
 - Street maintenance - asphalt and concrete
 - Economic development initiatives such as area redevelopment, international business, small business, etc.
 - Operation and maintenance of Fair Park
 - Street lighting



Key Focus Area: Economic Vibrancy-Highlights

- Add \$3m for preventative street maintenance
 - Additional 105 lane miles addressed (from 489 miles in FY 2012-13 to 594 in FY 2013-14)
- \$2m investment in and around Fair Park
 - Funds programming and marketing to increase foot-traffic and utilization
- Continue to fund bike lane striping at \$500k
- Funds initial work to upgrade City's traffic signal system leveraging Federal grants





Key Focus Area: Clean Healthy Environment-Overview

- Goal: Develop a sustainable community with a clean, healthy environment
- Clean Healthy Environment services include:
 - Sanitation services
 - Environmental initiatives
 - Neighborhood code and nuisance abatement
 - Animal services



Key Focus Area: Clean Healthy Environment-Highlights

- Address neighborhood cleanliness by expanding demolition, mow clean, and Mow-mentum programs
- Add new positions for food sanitarians and mosquito control
- Provide additional support to The Bridge
- Enhance senior transportation program
- Add new positions to continue environmental protection work including environmental assessments of City properties



Key Focus Area: Culture, Arts, & Recreation-Overview

- Goal: Promote a community where citizens and visitors enjoy a vibrant and diverse system of cultural, arts, and recreation opportunities
- Culture, Arts, & Recreation services include:
 - Cultural service contracts
 - City cultural centers and facilities
 - Recreation centers
 - Maintenance of park land
 - Dallas Zoo Management stipend
 - Aquatic services
 - Golf and tennis centers



Key Focus Area: Culture, Arts, & Recreation-Highlights

- Improve maintenance of park land by mowing an average of every 10 days instead of 12 days
- Provide additional funds for cultural programming
- Fund programming and maintenance for Continental Bridge
- Fund contractual adjustments with Dallas Zoo Management and Dallas Black Dance Theater



Key Focus Area: Educational Enhancements-Overview

- Goal: Supports learning opportunities through partnerships throughout the community
- Educational Enhancement services include:
 - Central library and 27 neighborhood libraries including 2 libraries operating jointly with DISD
 - Big Thought for Thriving Minds initiative



Key Focus Area: Educational Enhancements-Highlights

- Restore library materials funding to peak level in FY 2007-08
- Replace 600 aging obsolete public-use computers in library system to accommodate more effective use of electronic media and online research materials
- Maintain current library service hours



Key Focus Area: E³ Government-Overview

- Goal: Responsible for customer-focused government working to enhance the quality of life in Dallas
- E³ services include:
 - Legal services, financial management and reporting, independent audit, procurement, human resources, and public information
 - City-wide costs such as appraisal districts, tax collection, liability claims fund, and TIF payments



Key Focus Area: E³ Government-Highlights

- Provide additional funding for Earned Income Tax Credit program
- Add a position to monitor ethics program
- Add three positions and training in City Auditor's Office
- Continue implementation of total compensation study and fund an average 3% civilian merit increase (effective April 2014)
- Invest in technology infrastructure that enhances citizen interaction and network security
- Fund replacement of aging vehicles in the City fleet



An aerial photograph of a large dam with multiple spillways, viewed from an elevated angle. The dam is a long, low structure with several large, rectangular spillway gates. The water is visible behind the dam, and the surrounding landscape is flat and open. The image is overlaid with a dark blue banner at the bottom containing text.

City of Dallas FY 2013-14 Proposed Budget

OTHER FUNDS OVERVIEW

Dallas Water Utilities

- Proposed budget includes:
 - Operating budget of \$595.3m
 - Capital Budget of \$297.1m
- Total retail revenues projected to increase by 4.5%
 - Typical residential monthly bill would increase by 3.6%; from \$59.27 to \$61.37
- Wholesale revenues estimated to increase by 2.8%
- Continue commitment to provide high quality and sufficient water and wastewater service to meet customer needs
- Continue Water Conservation Five-Year Strategic Plan to reduce per capita water consumption by 1.5% a year
- Future outlook on retail rates:
 - FY 2014-15: 3.7% increase (previously briefed 5.6%)
 - FY 2015-16: 4.2% increase (previously briefed 5.4%)

Dallas Water Utilities

Customer Usage in Range	Average Bill at Current Rates	Proposed Rate Average	Proposed Increase	% Increase	Number of Customers Impacted	% of Customers in Range
0 to 4,000 Gal	\$22.59	\$23.32	\$0.73 ^a	3.2%	72,563	30.9%
4,001 to 10,000 Gal	\$53.23	\$54.96	\$1.73 ^b	3.3%	94,848	40.4%
10,001 to 15,000 Gal	\$76.17	\$79.27	\$3.10 ^c	4.1%	28,601	12.2%
Above 15,000 Gal	\$194.69	\$205.16	\$10.48 ^d	5.4%	38,572	16.5%
Total					234,584	100.0%

Data based on January 2012 through December 2012 usage:

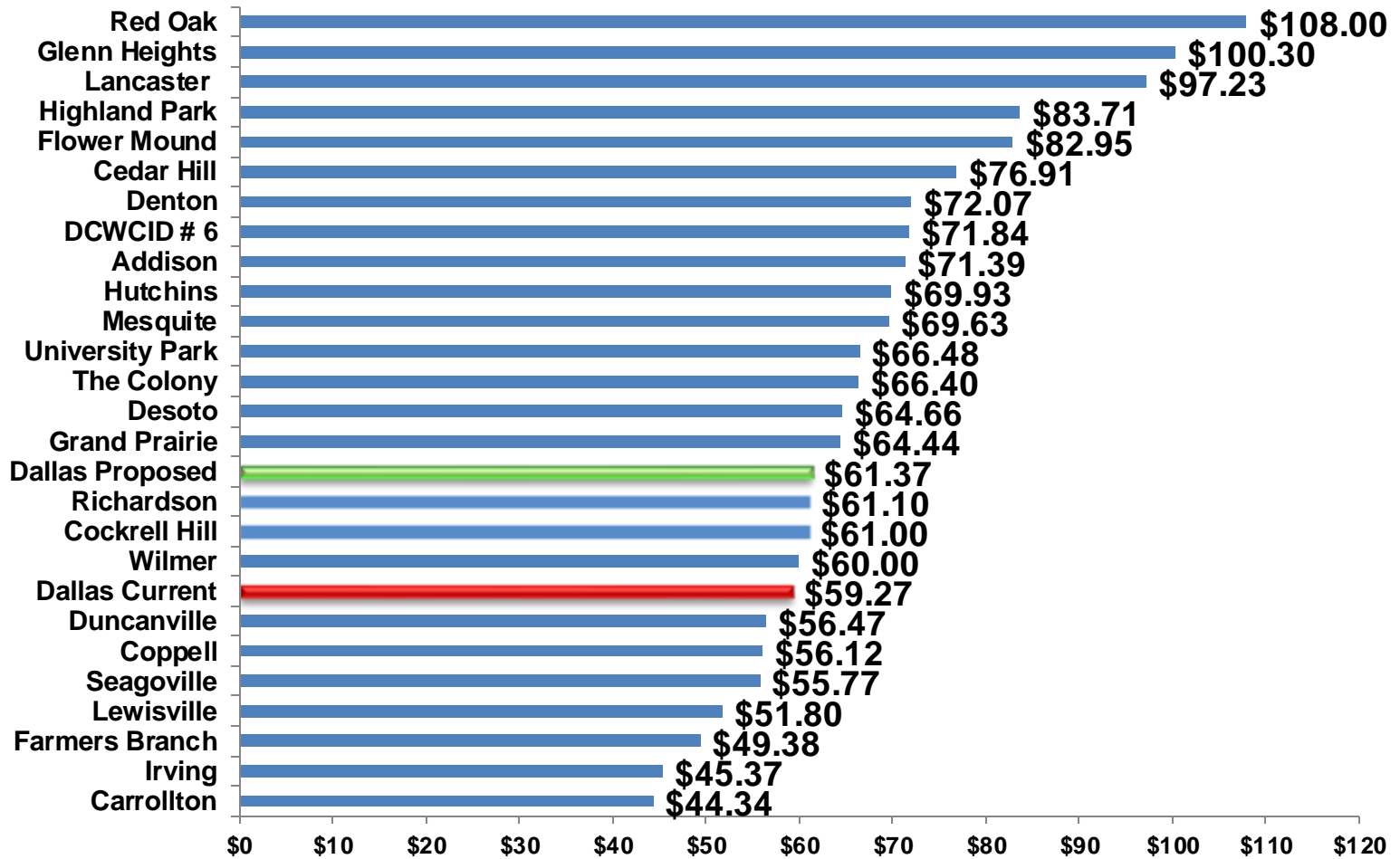
^a Average water and sewer use: 2,132 gallons

^b Average water use 6,608 gallons and sewer use: 5,900 gallons

^c Average water use 12,214 gallons and sewer use: 5,900 gallons

^d Average water use 30,705 gallons and sewer use: 5,900 gallons

Neighboring Cities Comparison of Average Monthly Water & Sewer Residential Bills



Other Funds Overview

- Sanitation Services

- Operate on a full cost recovery model; expenses must be covered by service revenues
- Increase to expenses for fleet maintenance and sanitation worker compensation/contract will require additional revenue
- Proposed residential fee rate adjustment: \$0.39/month (from \$20.25 to \$20.64/month)
- No change to McCommas Landfill rate: \$21.50/ton



- Storm Water Drainage Management

- No rate change proposed in FY 2013-14



City of Dallas FY 2013-14 Proposed Budget

STATE TAXATION LAW REQUIREMENTS

State Taxation Law Requirements

- State Law requires public notice of tax rate calculations
- Permits taxpayers to roll back or limit tax increase in certain cases

City of Dallas Ad Valorem Tax Rates		
FY 2012-13 current rate = \$0.7970		
FY 2013-14 proposed rate = \$0.7970		
<p>FY 2013-14 Effective Rate = \$0.7768</p> <p>-Generates the same amount of revenue in new fiscal year as previous fiscal year on property taxed in both years</p> <p>-Adopting Effective Rate would decrease property tax revenue by \$17.2m from proposed budget</p>	<p>FY 2013-14 Rollback Rate = \$0.8014</p> <p>-Allows general fund portion plus 8%</p> <p>-Allows debt service portion necessary to cover debt service expense</p> <p>-If rate <u>above</u> rollback rate is adopted, voters may petition for an election to reduce rate to rollback rate</p> <p>-Adopting Roll Back Rate would increase property tax revenue by \$3.7m from proposed budget</p>	<p>FY 2013-14 Notice and Hearing Rate = \$0.7768</p> <p>-Lower of <u>either</u> the Effective Rate or Rollback Rate</p>



State Taxation Law Requirements

- Requirements if Notice and Hearing Rate is exceeded and if Council desires to reserve option to adopt a tax rate higher than \$0.7768
 - Have a record vote to consider a specific tax rate higher than Notice and Hearing Rate (Wednesday, Aug 21)
 - Publish date/time for two public hearings (Friday, Aug 23)
 - Hold two tax rate public hearings (Wednesday, Sept 4 and Wednesday, Sept 11)
 - Publish date/time of meeting to adopt tax rate (Wednesday, Sept 11)
 - Adopt tax rate (Wednesday, Sept 18)



City of Dallas FY 2013-14 Proposed Budget

THREE-YEAR FINANCIAL FORECAST

Three-Year Financial Forecast-Modeling

- A long-range forecast model has been developed to provide a 3-year projection of cost for general fund and debt service
- Forecast model is a financial planning tool based on assumptions, it does not reflect what budget will actually be in future fiscal years
- Enables early look at potential “gaps” in future years
- Forecast will be updated annually as additional information becomes available



Three-Year Financial Forecast- Assumptions

- Forecast assumes maintaining all services at their FY 2013-14 service levels
- Included within forecast model are assumptions for:
 - Range of conservative to moderate growth scenarios for property tax base and sales tax
 - Includes projected tax rate shift of \$0.0153 to debt service in FY 2015-16
 - Projected inflation increase for items such as utilities, fuel, building material expenses (asphalt/concrete), etc.
 - Increase in healthcare expenses
 - Projected costs to provide internal City services (EBS/CIS)
 - Increased cost associated with completed bond projects
 - Hiring 20 police officers above attrition each year

Three-Year Financial Forecast- Assumptions

- Additional budget considerations arising beyond FY 2013-14 that are not included in forecast model:
 - Continued restoration of services cut during recession including library hours, recreation center hours, cultural contracts, etc.
 - Deferred maintenance of infrastructure, facilities, and technology
 - Next Meet & Confer agreement for Police and Fire uniform employees
 - Civilian employee compensation adjustments
 - Future bond program for investment in City's infrastructure
 - Unforeseen changes in inflation, unfunded state/federal mandates, adverse judgments
 - Desired investments in new initiatives, projects/programs such as development in Southern Dallas and community partnerships

General Fund Forecast (\$ in Millions)

CONSERVATIVE GROWTH	FY 2014 Proposed	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast
Revenues	\$1,117	\$1,128	\$1,148	\$1,178
Expenses	\$1,117	\$1,137	\$1,148	\$1,159
Current "Gap"	\$0	(\$9)	(\$0.5)	\$19
MODERATE GROWTH	FY 2014 Proposed	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast
Revenues	\$1,117	\$1,140	\$1,161	\$1,193
Expenses	\$1,117	\$1,137	\$1,148	\$1,159
Current "Gap"	\$0	\$3	\$13	\$34

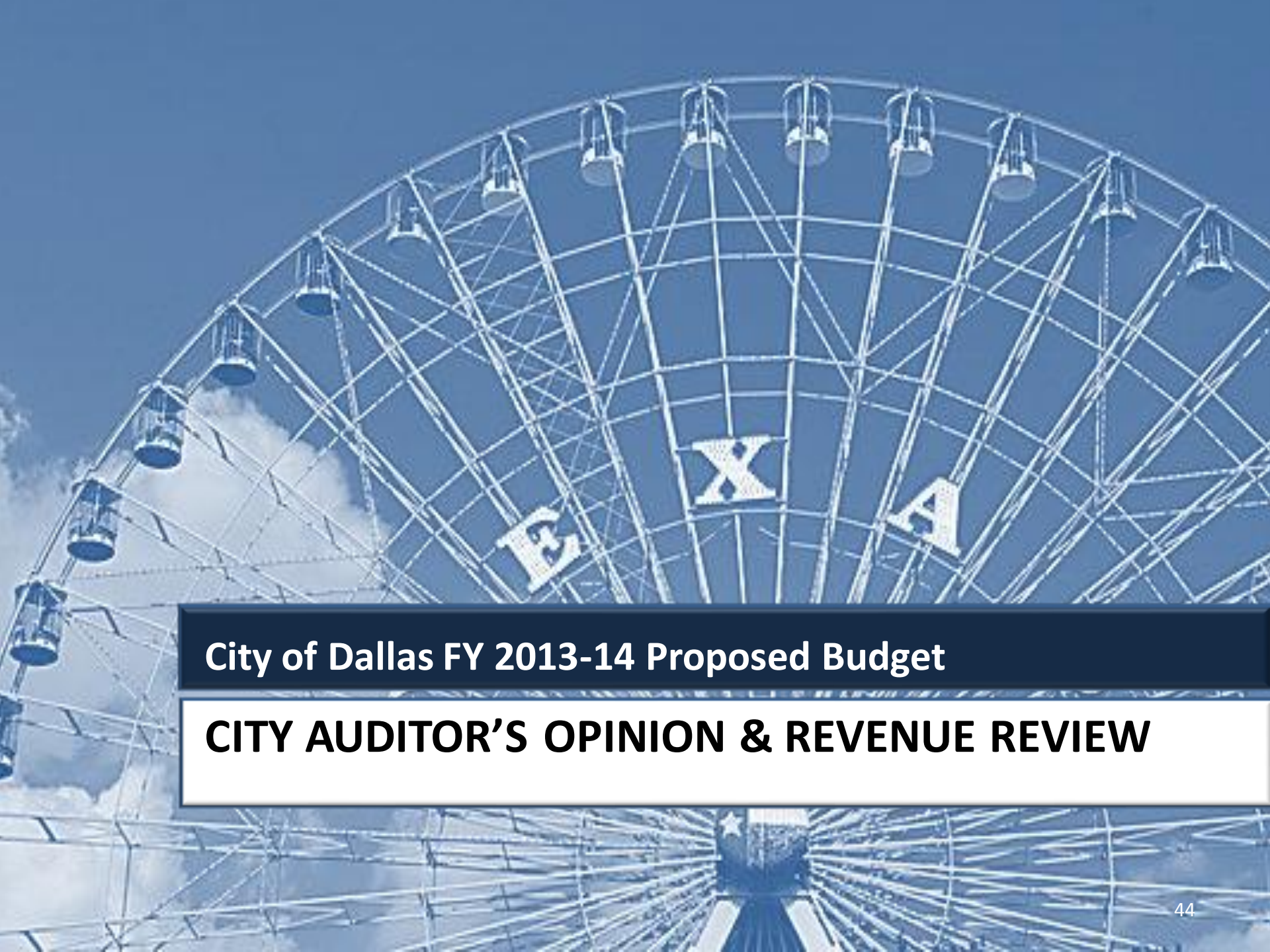


City of Dallas FY 2013-14 Proposed Budget

SCHEDULE FOR AUGUST/SEPTEMBER 2013

August and September 2013

Aug 6	Publish notice of calculated effective and roll back rate
Aug 7	Budget Workshop – City Council briefed on proposed budget
Aug 8	Town Hall meetings begin – 42 scheduled
Aug 21	Budget Workshop #5 – Briefing on tax rate requirements and other topics TBD
Aug 23	Publish notice of public hearings on tax rate
Aug 27	Budget Workshop #6 – City Council briefed on topics TBD
Aug 28	Budget public hearing
Aug 30	End Town Hall meetings
Sep 4	Adopt budget at First Reading; 1 st tax rate public hearing
Sep 6	Publish annual budget ordinance following First Reading
Sep 10	Budget Workshop #7 – Council amendments
Sep 11	2 nd tax rate public hearing; Publish notice regarding tax revenue
Sep 18	Adopt budget at Second Reading



City of Dallas FY 2013-14 Proposed Budget

CITY AUDITOR'S OPINION & REVENUE REVIEW

Potential Service Additions

- Per Council request, the following service priorities recommended if additional \$1m becomes available before budget is adopted:
 - \$320k-Restore additional 5 hours/week at 14 recreation centers
 - \$182k-Additional mow/clean crew
 - \$300k-Additional bike lanes
 - \$100k-Additional cultural programming
 - \$100K-Additional spay/neuter funding
- Or reduce tax rate by \$0.0012 (\$1m revenue reduction)

Budget Briefing Direction

Councilmember: _____

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

1. _____

2. _____

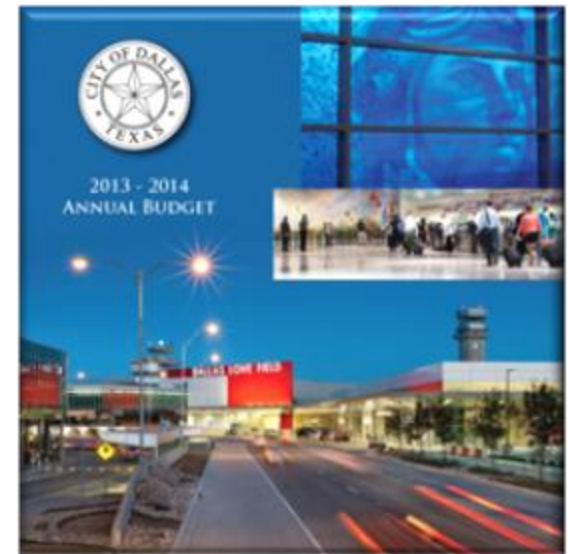
3. _____

Please return to A.C. Gonzalez by Friday August, 9th



For More Information...

- Please visit www.dallascityhall.com for more information including:
 - FY 2013-14 proposed budget document
 - Copy of this presentation
 - Town hall meeting schedule



Questions?

