

City Council Meeting Handouts

August 18, 2014

- I. Budget Presentation: Public Hearing for Proposed Tax Rate of \$0.63516 per \$100 Valuation for Fiscal Year 2014-2015.

City of Richardson, Texas
2014-2015 Municipal Budget Overview

***Budget & The Future:
Sustaining Excellence in
Richardson's "Era of Next"***



City Council Budget Presentation
August 18, 2014



Contemplating and Preparing for the Future...*The Era of Next*



- During this 2014-2015 Budget will be the 30th Anniversary of the movie “*Back to the Future*” (1985).
- Time-traveling Marty McFly propels himself into the year 2015...and the adventure begins!
- While they await hoverboards, flying DeLoreans, and Powerlace Nike shoes in Hill Valley – we make our efforts at preparing for the future with the “next” we do know!



Sustaining Excellence in Richardson's "Era of Next"



- ***Sustaining Excellence in Richardson "Era of Next"*** is a theme for this 2014-2015 budget that acknowledges our community's history of excellence - and our duty to set a plan for the future that sustains & enhances our service levels even as we add, change, and renovate to shape the "future Richardson".
- We speak of an "era" to acknowledge the multi-year trend and direction - more than just a factor for only 2014-2015 - but giving focus on the elements that will impact this next year's budget.

Sustaining Excellence in Richardson's "Era of Next"

- Drive around town and observe the new and renewing developments underway... residential, office, and retail.
- We monitor these changes to our capacity assessments and work measurements to assure the City can meet the next service requirements as these new developments begin operations.
- As staff members complete careers of service, we prepare successors to sustain these missions.
- As community resources approach decades of service longevity, we seek an orderly and affordable method for replacement and upgrade.



VERSIS²N

“Era of Next”

- The dynamics of “next” are all around us...:
 - The next steps for infrastructure attention...
 - The next redevelopment study strategy...
 - The next steps for community arts...
 - The next transit-oriented development...
 - The next era in business formation support...
 - The next decade for the Eisemann Center...
 - The next evolution of technology...
 - The next announcement at CityLine ...
 - The next growth of UTDallas...
 - The next renewal of older public facilities...
 - The next water supplies...
 - The next support for public safety responsiveness...
 - The next....



2014-2015 Projects In Progress:

- Completion and Opening of State Farm and the Initial Phase of CityLine
- Opening of the city park at CityLine
- Completion of Central Trail
- Completion of Main Street/Belt Line Road Updated Zoning
- Completion of Proposal for Updated City Charter
- Substantial Completion of the 2010 Bond Program
- Preparation for the Fall 2015 G.O. Bond Referendum
- Completion of a Public Art Master Plan
- Completion of Dog Park and Park in Northrich Neighborhood
- Initiation and Completion of Golf Course #1 Rebuild

Highlights of the Proposed FY 2014-2015 Budget

- Commit to Increased Maintenance.
 - 2 pennies dedicated to Street Maintenance
 - Year 2 Strategies for Key Maintenance Activities
- Increase Senior Tax Exemption from \$55,000 to \$60,000 to maintain the 30% goal. *(Completed)*
- Launch Police and Fire/EMS Staffing Initiatives.
- Enhance our Economic Development “Tool Box” Strategies.
 - Dedicate a ½ cent of the property tax rate for economic development
 - Consider economic development projects in TIF zones
- Advance Reinvestment Strategies – US75/Main Street and Spring Valley Corridor.
- Sustain a Competitive Employee Compensation and Benefits Profile.
- Continue Active Implementation of the Cultural Arts Master Plan.

Budget Development Objectives

- Develop a 2014-2015 Budget and Work Plan that requires no new property tax rate change.
- Continue the strong alignment of municipal resources around the key themes of the Council's goals: sustained infrastructure enhancements, quality public safety services, strong comprehensive planning, neighborhood integrity and renewal, active economic development and strong fiscal management.
- Sustain the many initiatives begun with the current 2013-2014 work plan, including key studies and capital project initiations.

Budget Development Objectives

- Finish the implementation of the 2010 G.O. Bond Program, and respond to the operating impacts of these improvements.
- Support the implementation work plan for our reinvestment studies.
 - Continue the active attention to catalyst projects
- Support transit-oriented development initiatives around the existing and proposed DART Light Rail stations – and seek continued support of DART transit enhancements for Richardson.
- Enhance maintenance efforts to protect existing city infrastructure and assets.
- Continue the work plan for enhanced communication outreach.

FY 2014-2015 Combined Budget

Combined Budget				
	2013-2014 Estimated	2014-2015 Budget	Est./Bud.	%
Beginning Fund Balances	\$46,049,285	\$42,433,114	(\$3,616,171)	-7.9%
Revenues	\$208,007,532	\$217,933,150	\$9,925,618	4.8%
Expenditures	\$211,623,703	\$216,593,734	\$4,970,031	2.3%
Ending Fund Balances	\$42,433,114	\$43,772,530	\$1,339,416	3.2%

FY 2014-2015 Combined Budget

- 2014-2015 Key Budget Elements:
 - Enhanced maintenance initiatives in the General Fund with no property tax increase.
 - Total General Fund Expenditure increase of 2.9%
 - 9.5% increase in Water and Sewer
 - No Residential Solid Waste rate change
 - Commercial frontload service increases 5% to market average
 - Course 1 renovation at Sherrill Park
 - Fund Balances Maintained

FY 2014-2015 General Fund

General Fund Budget				
	2013-2014 Estimated	2014-2015 Budget	Est./Bud.	%
Beginning Fund Balances	\$17,358,795	\$17,567,108	\$208,134	1.2%
Revenues	\$106,266,987	\$109,511,949	\$3,244,963	3.1%
Expenditures	\$106,058,673	\$109,114,152	\$3,055,479	2.9%
Ending Fund Balances	\$17,567,108	\$17,964,906	\$397,797	2.3%

FY 2014-2015

General Fund Revenue Overview

- \$3,245,000 or 3.1% increase
 - Property Taxes increase \$2,150,000
 - Franchise Fees increase \$168,000
 - Sales Tax increase \$710,000
 - License and Permits (\$365,000)
 - General & Administrative (G&A) increases \$382,000 – standard growth plus increased Hotel / Motel and Drainage fund (for new engineer)
 - Remaining Revenues \$200,000

Key Budget Elements for 2014-2015:

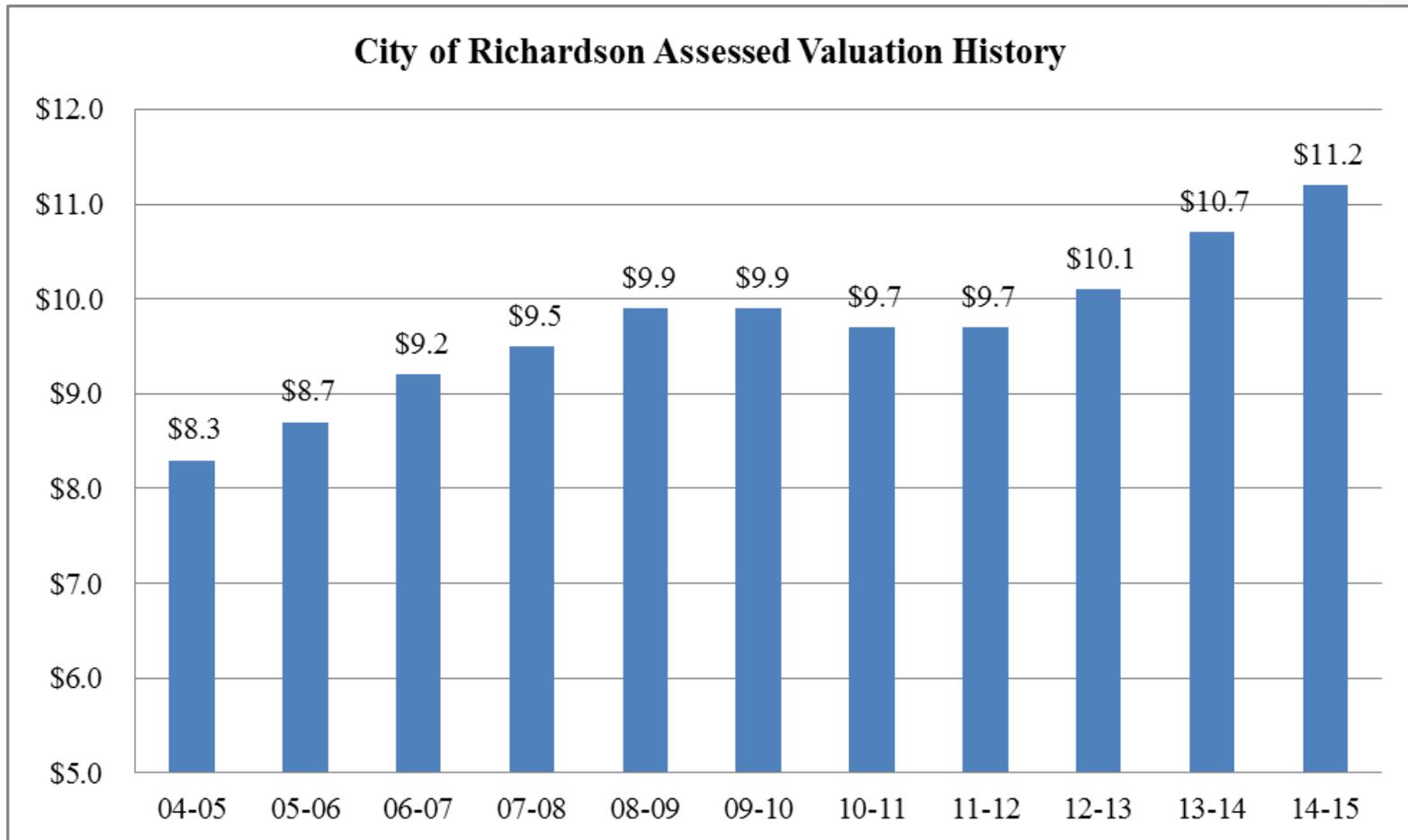
Property Tax

- The combined Certified Tax Rolls from CCAD and DCAD increase 4.9%* over the prior year.
 - *includes increased property tax values for the TIF areas. The effective increase for the General Fund is 3.3% after excluding TIF areas.
- **No tax rate change is proposed.** The current \$0.63516 rate is used in budget development.
- The Senior Exemption's current \$55,000 value amount has increased to \$60,000 effective July 1, 2014 to maintain the 30% protection objective for 2014-2015.
- Property taxes provide about 37.1% of the entire General Fund resources.

2014 Certified Tax Roll Comparison

2014 Certified Tax Roll Comparisons	
August 2014	
Entity	% Change
Frisco	13.7%
McKinney	12.8%
Collin County	9.4%
Allen	9.1%
Carrollton	7.6%
Grand Prairie	7.4%
Plano	7.1%
Irving	6.8%
Dallas	6.7%
Dallas County	6.7%
Fort Worth	6.1%
Richardson (DCAD)	5.3%
Richardson (Total)	4.9%
Mesquite	4.9%
Arlington	4.5%
Richardson (CCAD)	4.4%
Garland	3.9%

FY 2014-2015 Assessed Valuation



Percent of Total Value

Percent of Total Value				
Tax Year	Residential	Commercial	BPP	Total
2014	43%	39%	18%	100%
2013	44%	37%	19%	100%
2012	46%	36%	18%	100%
2011	48%	34%	18%	100%
2010	49%	34%	17%	100%
2009	47%	36%	17%	100%
2008	48%	36%	16%	100%
2007	49%	36%	15%	100%
2006	50%	35%	15%	100%
2005	52%	32%	16%	100%
2004	52%	32%	16%	100%
2003	49%	34%	17%	100%
2002	44%	36%	20%	100%
2001	40%	36%	24%	100%
2000	42%	35%	23%	100%

Change In Residential Valuations

Number Residential Properties Affected by Valuation				
	2013-2014		2014-2015	
Impact	# Properties	% of Total Res. Properties	# Properties	% of Total Res. Properties
No Change	11,599	41.4%	11,376	40.2%
Decrease	6,490	23.1%	2,844	10.1%
Increase 0% - 5%	8,194	29.2	8,473	29.9%
Increase 6% - 10%	960	3.4%	3,180	11.2%
Increase >10%	815	2.9%	2,435	8.6%
Total Res. Properties	28,058	100.0%	28,308	100.0%

Assessed Valuation

- Total assessed valuation assumes a 4.9% increase in certified assessed valuation plus \$39.5 Million of “Values in Dispute”, that could be added to the certified roll once the cases have been finalized and allows for deduction of the Tax Increment Finance District values of \$427.2 million

	2013	2014	% Difference
Certified	\$10,707,411,690	\$11,235,458,097	4.9%
Values In Dispute	\$63,965,608	\$39,536,840	(38.2%)
TIF	(\$265,694,954)	(\$427,179,942)	60.8%
Taxable Value for General Fund Debt and O/M	\$10,505,682,334	\$10,847,814,995	3.3%

Property Tax Rate		
	2013-2014	2014-2015
Operations & Maintenance (O & M)	\$0.36531	\$0.37031
Debt Service	\$0.26985	\$0.26485
Total	\$0.63516	\$0.63516

Tax Rate Calculations

2014-2015 Tax Rate Calculations			
	Rate	Difference	Revenue
2014-2015 Rate	\$0.63516	-	-
Rollback Rate	\$0.64862	\$0.01346	\$1,460,116
Effective Rate	\$0.61785	(\$0.01731)	(\$1,877,757)

2013-2014 Tax Rate Calculations			
	Rate	Difference	Revenue
2013-2014 Rate	\$0.63516	-	-
Rollback Rate	\$0.64873	\$0.01357	\$1,425,621
Effective Rate	\$0.61406	(\$0.0211)	(\$2,216,699)

Required Budget Narrative:

“This budget will raise more total property taxes than last year’s budget by \$3,198,778 (4.68%) and of that amount \$408,903 is tax raised from new property added to the tax roll this year.”

- This specific language is required by the Local Government Code, section 102.005(b). This calculation represents a comparison of certified tax rolls and ***includes*** TIF values. In practice, appraised value in the TIF areas are segregated into separate funds and not included in the General Fund O&M and Debt portions of property tax revenue.
- This revenue is generated through growth in new value and the reappraisal of existing properties and not through an increase in the current property tax rate of \$0.63516.

Key Budget Elements for 2014-2015: Sales Tax

- Sales tax revenue estimating continues to be on a modest upward trend.
- This current 2013-2014 year has seen a positive trend for sales tax.
- This preliminary 2014-2015 estimate of \$29.7 million uses a 3% growth factor for base collections.
- This revenue provides about 27.1% of the entire General Fund resources.

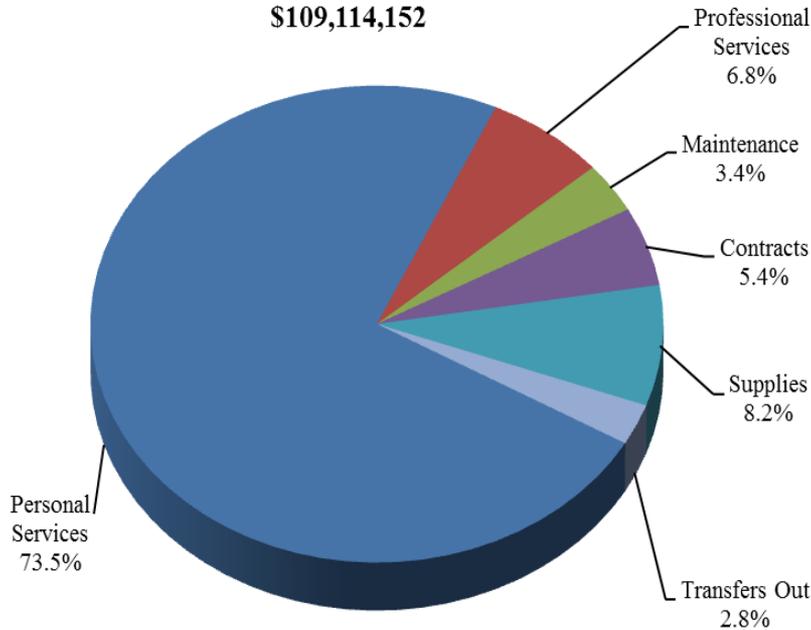
FY 2014-2015

General Fund Expenditures

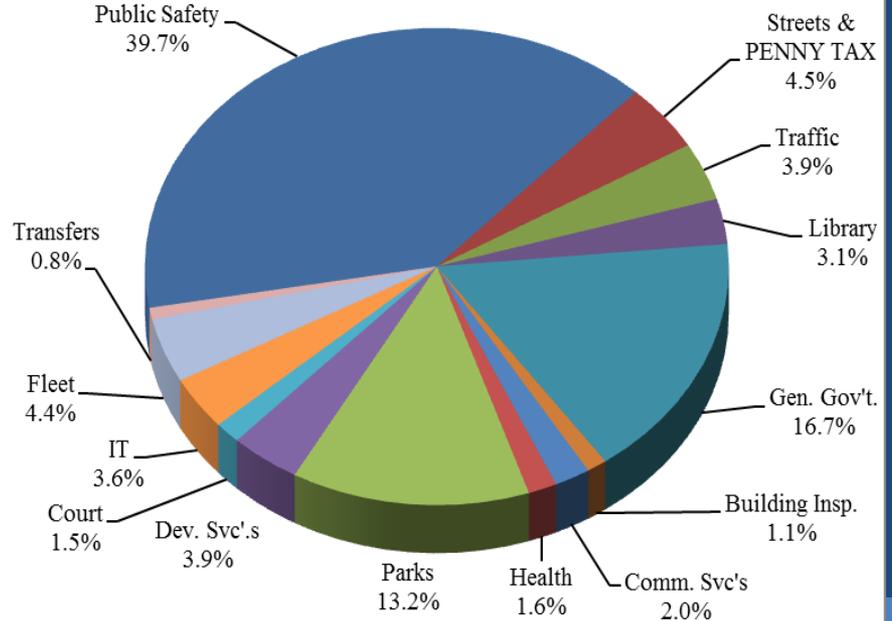
Classification of General Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 80,178,479	73.48%
Professional Services	7,393,219	6.78%
Maintenance	3,740,135	3.43%
Contracts	5,847,387	5.36%
Supplies	8,917,978	8.17%
Capital	-	0.00%
<u>Total Operating Expenditures</u>	\$ 106,077,198	97.22%
Transfers Out	\$3,036,954	2.78%
<u>Total Operating Expenditures and Transfers</u>	\$ 109,114,152	100.00%

FY 2014-2015 General Fund Expenditures

FY 2014-2015 General Fund Expenditures - \$109,114,152



FY 2014-2015 General Fund Expenditures - \$109,114,152



FY 2014-2015

General Fund Expenditures

- Total Expenditures and Transfers for the General Fund are projected at \$109.1 million, an increase of \$3.1 million over FY 2013-2014 year-end estimates.
- **Personal Services** – Personnel is always the largest expense and most valuable resource for an organization whose primary purpose is the provision of services to the public. Personal Services are presented at \$80.2 million, an increase of 3.7% from the year-end estimate of \$77.3 million and account for 74% of the total General Fund operating budget.

Key Budget Elements for 2014-2015: Staffing & Compensation

- Personal Services comprise the largest expense category of the General Fund. Staff continues to hold vacant positions and to understaff to assist in managing these expenses.
- Staffing in the General Fund for non-public safety employees remains below the level of 2007-2008.
- Health benefits are structured to work toward being financially sustainable and to allow employees to select from a Health Savings Account or a more traditional plan with two different levels of deductibles and co-insurance. This structure allows the organization to continue the transition to consumer driven health care plans.

Key Budget Elements for 2014-2015: Staffing & Compensation

- 16 additional employees including 13 in Public Safety, 2 in Parks Maintenance and 1 Capital Projects Engineer.
- Support for compensation steps (up to 5%) is proposed for the 61% of employees still within ranges.
- A 2% merit based increase available for the remaining 39% of employees not affected by the step program.
- A 2% market adjustment for Fire and Police sworn personnel.

Key Budget Elements for 2014-2015: Public Safety Initiatives

Police Staffing Initiatives

- The proposed budget includes funding for a July 2015 start for additional police staffing, vehicles and equipment.
 - One additional Sergeant
 - Four additional Patrol Officers
 - Two Public Safety Officers

Fire/EMS Staff Initiatives

- The proposed budget includes funding for a July 2015 start for an additional ambulance and six firefighters to be located at Fire Station #3.
 - The ambulance which would be in service beginning in 2016 would be initially in service during peak times for a twelve-hour shift.

Key Budget Elements for 2014-2015: Maintenance Activities

Maintenance initiatives are multi-year, multi-faceted strategies designed to maximize dedicated funding.

Streets

Proposed budget includes an additional 1/4 cent property tax for:

- One arterial, two collectors and three neighborhoods zones

Screening Walls & Bridge Railings

Proposed budget includes funding for:

- All remaining screening walls will be painted
- Seven bridges will be repaired and enhanced

Traffic Signs & Pavement Markings

Proposed budget includes funding for:

- Small street name signs in two zones
- Markings on streets repaired via rehab program
- Painting of remaining traffic poles

Key Budget Elements for 2014-2015: Maintenance Activities

	FY12-FY13 Actual	FY13-FY14 Estimate	FY14-FY15 Proposed
Streets Management	\$1,235,000	\$1,985,000	\$2,449,563
Screening Walls	\$40,000	\$120,000	\$120,000
Bridge Railings	\$115,000	\$225,000	\$230,000
Pavement Markings	\$165,000*	\$250,000*	\$300,000*
Street Name Sign Replacement	\$72,500	\$100,000	\$100,000
TOTAL	\$1,627,500	\$2,680,000	\$3,199,563

* Includes funding from the Traffic Safety Fund

Key Budget Elements for 2014-2015: “Economic Tool Box”

- Council Strategies:
 - Attract and Retain Targeted Businesses
 - Increase the number, quality, and variety of job opportunities throughout the City.
- Implementation Tactics:
 - Review the City’s Economic Tool Box for incenting desired projects
 - Develop additional funding for economic development initiatives
- New for 2014-2015 Tool Box enhancement:
 - Dedicated ½ cent of property tax rate to economic development
 - Upcoming Fall 2014 draft of Financial Policy on use
- Fall 2014 review with the TIF Board on coordination of economic development projects in TIF 1

FY 2014-2015

General Fund Expenditures

- **Non-Personnel Operations** – For FY 2014-2015, non-personal services operating line items are currently projected at \$25.9 million, an increase of \$120,000 or 0.5% over year end estimates while maintaining all activities at the same high level of service currently provided.
- **Fund Balance** – The proposed budget ends the year at the Council prescribed 60.1 days of fund balance.

Key Budget Elements for 2014-2015: Water/Sewer Utility Fund

- The NTMWD wholesale water rate is projected to increase 19 cents/1,000 gallons or \$2.1 million for the next fiscal year. In addition, the NTMWD wholesale water rates continue to increase annually through the near future.
- Mr. Tom Kula, NTMWD Executive Director, provided a presentation at the July 21st City Council meeting regarding the water supply and treatment needs for the district.
- The City must continue to use a “pass-through” format to these wholesale rate adjustments to maintain our financial policies.
- For 2014-2015, a rate adjustment for water and sewer of 9.5% is included in the proposed budget.

Key Budget Elements for 2014-2015: Water/Sewer Utility Fund

- Included in the Water/Sewer Utility Fund is the creation of a base fee for irrigation meters to recover expenses related to managing irrigation accounts.
 - A base fee helps recover cost for managing irrigation accounts.
 - The proposed fee is a \$8.00 charge per irrigation meter per month.
 - 2,802 customers (1,670 residential and 1,132 commercial) currently have an irrigation meters.
 - All of the benchmark cities that have irrigation meters charge a base fee.
- There is also a proposal to adjust late fees from 5% to 10% to encourage prompt payment and to better match surrounding cities.

Key Budget Elements for 2014-2015: Solid Waste Fund

- Commercial revenues can be somewhat dynamic. A fee increase of 5% for commercial frontload service is recommended and is included in the Solid Waste Fund as presented. A 5% increase will allow the City to be at market average.
- Residential revenues are more stable. An increase in commercial fees assists with deferring a residential rate adjustment for this next fiscal year.
- No residential fee adjustment is proposed for 2014-2015.
- The use of fund balance in the Solid Waste Fund in this year's budget will result in continued review and study of these operations.

Key Budget Elements for 2014-2015: Drainage Fund

- This 2014-2015 budget will be the third full fiscal year for a drainage fee, which was enacted during 2011-2012 and the City began revenue receipts in February 2012.
- A key rationale for a drainage fee is the City's absorption of mandates of the State's Stormwater Quality Management regulations through the General Fund.
- A presentation of the proposed Drainage Fund was presented at the August 4th City Council meeting. \$1.025 million of current General Fund expenses related to this program (engineering, enforcement, inspection, etc.) will be supported by the Drainage Utility Fund.
- A new position, an Engineer dedicated to addressing drainage issues, has been proposed for this Fund.
- Additionally, \$1.675 million in annual stormwater/drainage capital improvements will be funded.
- The use of these funds is reflected in the Drainage Utility Fund as well as a transferred portion to the General Fund for specific cost allocated support.

Key Budget Elements for 2014-2015: Golf Fund

- The Golf Fund includes the proposed closing of Course #1 for renovation beginning in February/March 2015.
- The closure of Course #1 reduces revenue estimates for both green fees and cart fees and necessitates a one-time General Fund supplement of \$325,000.
- Expenditures are proposed at \$2.1 million, very similar to FY13-14, since operations will continue as normal for Course #2.
- Course #1 will return to full operation for 2015-2016.

Key Budget Elements for 2014-2015: Hotel/Motel Fund

- Hotel Occupancy Taxes remain strong and are budgeted at \$3.7 million, an increase of 10.6% from the original FY 2013-2014 budget.
- Eisemann Center revenues are projected at \$2.1 million and parking garage fees are projected at \$226,000.
- The Cultural Arts Master Plan marks its second year with a focus on increasing support to local arts organizations and completion of a public art master plan.
- The G&A transfer from the Hotel/Motel Fund to the General Fund has increased to \$350,000 to better reflect the services being provided by the General Fund to support Hotel/Motel Fund activities.

Key Budget Elements for 2014-2015: Debt & Capital Program

- Following the approval of the \$66 million 2010 G.O. Bond program and related debt-assigned \$0.06 tax rate change, the current focus is on the final completion of the program.
- Debt service requirements now reflect these recently added obligations, and are handled in 2014-2015 through the multi-year debt plan that was developed.
- For 2014-2015, \$8.63 million across all funds is proposed for the Series 2014 C.O. debt program. This will cover the annual capital replacement requirements and the Utility Fund C.I.P. needs:
 - \$2.9 million for General Fund capital equipment
 - \$0.5 million for Fire Equipment (EMS ambulance)
 - \$1.8 million for Golf Course #1 renovation
 - \$0.91 million for Solid Waste equipment
 - \$0.52 million for Street rehabilitation
 - \$2.0 million for Utility Fund capital equipment/programs
- There is also \$1.1 million included for lease financing for computers and network equipment in this year's budget.

Access

- Further opportunities to provide access and to gain public input are scheduled before final adoption.
 - Council Budget Work Session – Web/Cable Access
 - Web, City Secretary & Library copies of the filed budget provided

Next Steps

- Budget/Tax Rate Public Hearings on August 25, 2014
- Budget Adoption on September 8, 2014

