

2015-2016 Fiscal Year City of Richardson, Texas Municipal Budget Overview

A “Three-Strong” Plan:

- Budget 2015-16*
- Charter Refresh*
- 2015 G.O. Bond Program*



City Council Budget Retreat
July 14 – 15, 2015

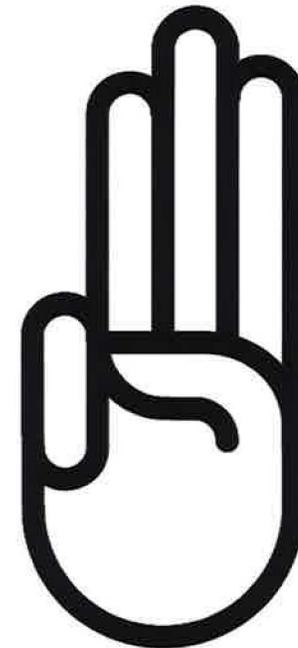
A Busy Summer of Preparation

- The Summer of 2015 finds us active in the preparation of three significant activities that will shape the 2015-16 fiscal year:
 - The **2015-16 Operating Budget**
 - The completion of a comprehensive **City Charter refresh** to submit for voter approval
 - The development of a no-tax increase **2015 General Obligation Bond Program** to continue to develop and renew key capital elements of the community
- *Three Pronged/Three Strong* - Each of these is a special effort and has strong implications and impacts for our future Richardson community.



Stacked Initiatives, Sustained Attention

- The key theme of these recent budgets have been:
 - Enhanced infrastructure maintenance
 - Public Safety facility and staff enhancements
 - Economic Development funding
 - Enhanced customer and City experiences
- The 2015-16 budget will be the **third** year of an intensive focus on enhanced infrastructure maintenance.
- Prior budgets have initiated articulate plans and dedicated funding strategies to foster enhanced street, traffic, and roadside amenity maintenance.
 - This 2015-16 budget adds the next year in this initiative and proposes to develop a similar focused plan for water/sewer utility infrastructure.



Stacked Initiatives... Sustained Attention

City Infrastructure and Funding

Public Safety Facilities and Staffing

E.D. Funding & Toolbox

*Customer/City
Experiences*

Aspirations for the FY 2015-2016 Budget

- Commit to Maintenance.
 - 2 pennies dedicated to Street Maintenance
 - Year 3 Strategies for Key Maintenance Activities
 - Initiate enhanced water distribution and sewer collection systems maintenance strategies
- Maintain Senior Tax Exemption at \$60,000 to maintain the 30% goal
- Continue with Police and Fire/EMS Staffing Initiatives
- Sustain a Competitive Employee Compensation and Benefits Profile



July 14-15: Suggested Retreat Approach

- We await several elements to complete the preparation effort: final certified property tax roll, final review of any proposed user fee charges, etc. Final certified property tax rolls are released by July 25th.
- Review of departmental expenditures continue.
- We use this early retreat to assess the over-arching strategy and dynamics expected for the 2015-2016 fiscal year.
 - Over the two evenings, a fund-by-fund overview report will be presented for the key operating funds.
- At this retreat, we will focus on the key operating funds that speak to most of the City's annual resources and delivery of services. A budget for all funds will be submitted with the required filing in early August.
- A key goal of this retreat is to confirm the suggested strategies and approaches for completing the current fiscal year and developing the next year's budget.

City of Richardson Fiscal Year 2015-2016 Budget Methods

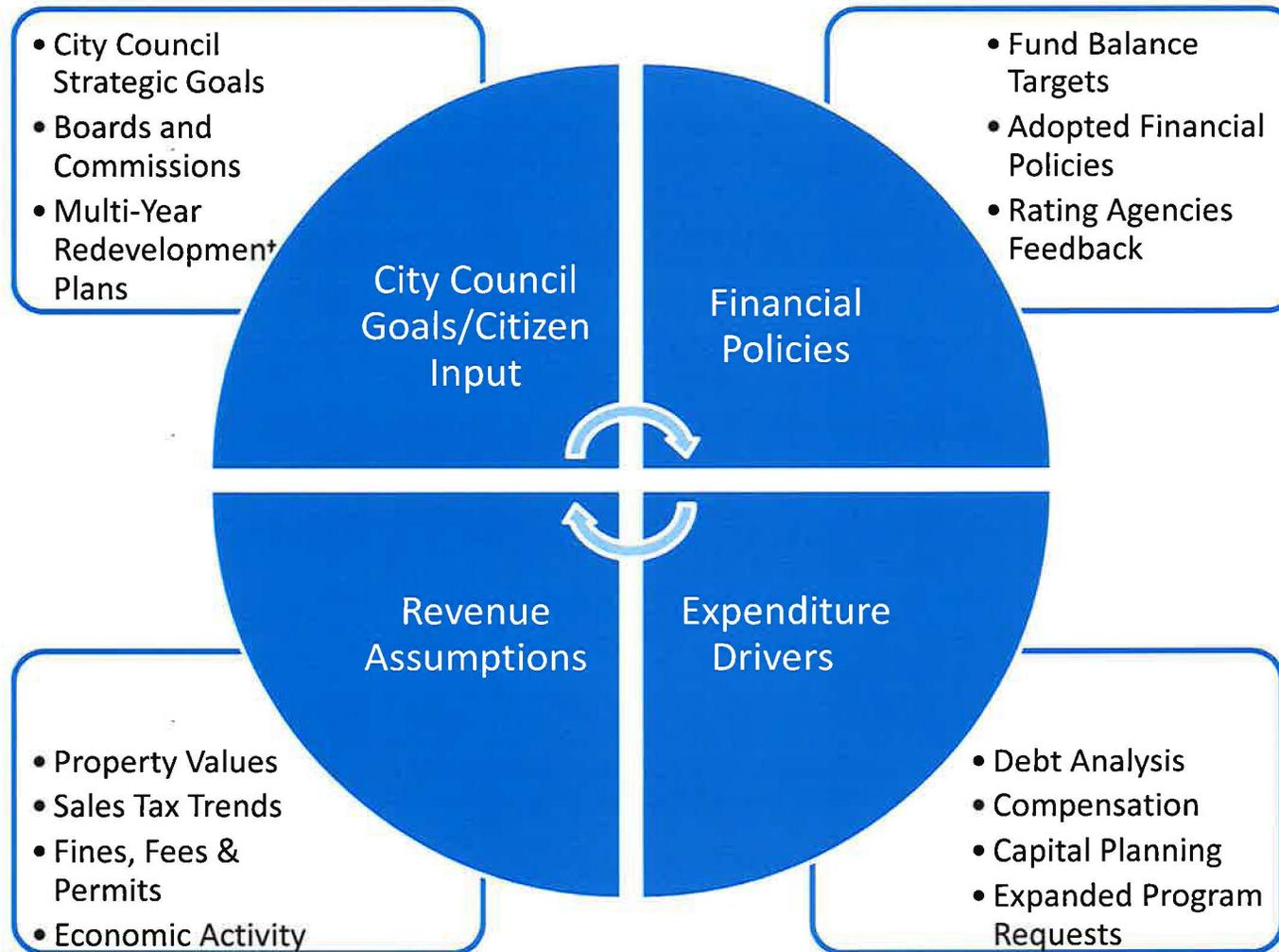
- **Key Budget Principles:**
 - Serving our citizens and our stakeholders is our top priority.
 - Alignment with City Council Strategic Goals – budgeting is a year-round discussion based on City Council priorities.
 - Importance of building upon the focus of “*Maintaining a Solid Foundation*” from the FY 2013-14 Budget and maintaining and reinvesting in our key infrastructure.
 - Need to plan for the future – reinvestment studies and infrastructure master plans lay the framework for future years.

City of Richardson Fiscal Year 2015-2016 Budget Methods

- **Key Budget Principles:**

- Importance of understanding and analyzing revenue and expenditure drivers.
 - Identifying the details of key revenue drivers
 - Identifying the details of key expenditure drivers
 - Historical analysis/trends of the economic drivers
 - Multi-year projections of the economic drivers
- “Reset to Zero” – An organized effort to avoid budget incrementalism by vivid review and re-entry of all budget data annually
- “Know Your Numbers” – employees are expected to know and understand the services they provide and continually look for opportunities for innovation and improvement.

Budgeting – “Convergence” of Key Decisions



2015-2016 Budget Development

- The City's budget development process conforms to a variety of guidance features:
 - State & Federal Laws
 - City Charter
 - City Council Direction
 - City Financial & Investment Policies
 - Fund Accounting Standards
 - Bond Rating Criteria



Budget Development Objectives

- Develop a 2015-2016 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 maintenance initiatives begun with the 2013-2014 work plan.



Budget Development Objectives

- 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.



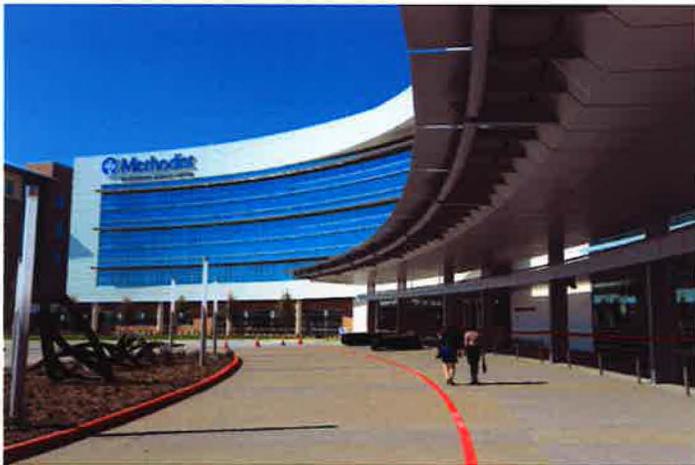
Budget Development Objectives

- Continue to leverage with personal and corporate donations and volunteerism to strengthen community arts, city services, and community assets. Be part of a “compassionate community”.
- Maximize the economic development retention and recruitment opportunities to strengthen our tax base – including retail initiatives and international business development.
- Foster the redevelopment of Richardson’s older assets through quality planning updates and financial support efforts like Tax Increment Financing (TIF) and active infrastructure upgrades.



Budget Development Objectives

- Continue to support the strong work plan of neighborhood outreach and reinvestment – including our partnerships with HOA's and other groups and the Home Improvement Incentive Program.
- Sustain Richardson's leadership posture with DART, NTTA and TxDOT initiatives to sustain good transportation access and air quality efforts.
- Support the planning and fiscal requirements for regional utility services for water supply, sewer treatment, and solid waste management to assure the future of these important infrastructure assets and resources.



Budget Development Objectives



- Continue our strong alliance commitments with our community partnerships: RISD, PISD, MRMC & UTDallas.
- Sustain our focus on the quality-of-life components of municipal services devoted to parks, recreation and open space/trails.
- Continue to support a competitive employment environment to sustain and recruit a high-quality public service work force.



Key Budget Elements for 2015-2016: Maintenance Activities - General Fund

Streets

Proposed budget includes 2 cents of property tax for:

- Two arterials and two neighborhoods zones

Screening Walls & Bridge Railings

Proposed budget includes funding for:

- City owned walls, entry features and bridges will be painted and washed on a rotational basis
- Five 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
- Updating one bike lane and adding one mile of bike lane

Key Budget Elements for 2015-2016: Maintenance Activities – General Fund

	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Proposed
Street Maintenance Strategy	\$1,235,000	\$1,985,000	\$2,465,000	\$2,616,000
Screening Walls	\$40,000	\$120,000	\$120,000	\$50,000
Bridge Railings	\$115,000	\$225,000	\$320,000	\$300,000
Pavement Markings	\$165,000*	\$250,000*	\$300,000*	\$350,000*
Street Name Sign Replacement	\$72,500	\$100,000	\$100,000	\$100,000
TOTAL	\$1,627,500	\$2,680,000	\$3,305,000	\$3,416,000

* Includes funding from the Traffic Safety Fund

Key Budget Elements for 2015-2016: Maintenance Activities - Water/Sewer Fund

Maintenance initiatives are multi-year, multi-faceted strategy.

Water Distribution System Strategy:

Proposed budget includes funding for:

- Water main repair and replacement
- Hydrant repair and replacement
- Valve replacement program
- Water meter replacement program
- Pump maintenance and upgrades

Sewer Collection System Strategy:

Proposed budget includes funding for:

- Sewer main maintenance
- Sewer main repairs
- Manhole rehabilitation
- Sewer main in-line rehabilitation
- Lift station maintenance



Key Budget Elements for 2015-2016: Maintenance Activities - Water/Sewer Fund

	FY 14-15 Estimated	FY 15-16 Proposed
Water Distribution – Operations	\$1,193,000	\$1,252,000
Water Distribution – Debt	\$2,000,000	\$2,000,000
Sewer Collection – Operations	\$388,500	\$1,175,000
TOTAL	\$3,581,500	\$4,427,000

Key Budget Elements for 2015-2016: Public Safety Initiatives

- The FY 2014-2015 Budget included several efforts to enhance public safety resources including:
 - An additional ambulance and six firefighters to be located at Fire Station #3
 - Seven additional Police personnel
- In 2015-2016, the City is working on enhancing public safety resources through efforts such as:
 - Consideration of capital funding for several public safety facilities in the 2015 Bond Program
 - Additional security for the public safety complex
 - Consideration of enhanced staffing resources for both Fire & Police departments in the FY 2015-2016 budget:
 - The next Police Patrol and technician needs
 - Three Firefighters to make the 5th EMS Unit 24 hours



Key Budget Elements for 2015-2016: Property Tax

- Our tracking efforts with the DCAD and CCAD appraisal districts suggest that 2015-2016 will be a year of increasing property values. A 7% increase has been predicated in this current preliminary budget draft.
- The 7% increase includes property tax values for the TIF areas. The effective increase for the General Fund is 3%, after excluding TIF areas.
- The specific components of the tax base and their trends will be known with the certified rolls to be received by July 25th.



Key Budget Elements for 2015-2016: Property Tax

- **No tax rate change is proposed.**
The current \$0.63516 rate will be used in budget development.
- The adjustment of one penny from debt to operations is a proposal under review in the development of this year's budget.
 - Operations: \$0.38031
 - Debt: \$0.25485
 - Total: \$0.63516
- The Senior Exemption's remains at \$60,000 to maintain the 30% protection objective for 2015-2016.
- Property taxes provide about 38% of the entire General Fund resources.



Key Budget Elements for 2015-2016: Revenue Overview

- Sales tax revenue estimating continues to be on a modest upward trend.
- This current 2014-2015 year has seen a mostly positive trend for sales tax.
- This preliminary 2015-2016 estimate for sales tax of \$29.5 million uses a 2% growth factor for base collections.
- Sales tax revenue provides about 26% of the entire General Fund resources.
- Minor fee adjustments in Building Inspection, Health and Tennis are included in next year's proposed budget to remain competitive with benchmark cities.



Key Budget Elements for 2015-2016: Water/Sewer Utility Fund

- The NTMWD wholesale water rate is projected to increase 23 cents/1,000 gallons or \$2.5 million for the next fiscal year. In addition, the NTMWD wholesale water rates continue to increase annually through the near future.
- The NTMWD Executive Director provided a presentation at the June 15th 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 2015-2016, a rate adjustment for water and sewer of 8% is included in the proposed fund summary.

Key Budget Elements for 2015-2016: Water/Sewer Utility Fund

The July 13th City Council briefing highlighted the enhanced emphasis on water and sewer line maintenance that is being incorporated in the FY 2015-2016 budget. Key strategies include:

- An increase in flow monitoring professional services to reduce the amount of inflow and infiltration
- Video inspection of the sanitary sewer system and localized, point repairs
- Increased funds for water main replacements and sanitary sewer reconstruction
- Strategic meter replacement



Key Budget Elements for 2015-2016: Solid Waste Fund

- Commercial revenues and residential revenues are primarily stable.
- Expenditures remain fairly consistent with prior years at \$9.5 million.
- 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 2015-2016: Drainage Fund

- A presentation of the proposed Drainage Fund was presented at the July 13th 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.
- Additionally, about \$1.675 million in annual stormwater/drainage capital improvements and contract services 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 2015-2016: Golf Fund

- The Golf Fund includes the re-opening of Course #1 in October 2015.
- Expenditures are proposed at \$2.2 million, very similar to FY13-14 and FY14-15.
- Revenues are expected to rebound to \$2.2 million, very similar to FY13-14.
- Adjustments to rates and fees will be considered in 2016-2017 after play has resumed on Course #1.



Key Budget Elements for 2015-2016: Hotel/Motel Fund

- Hotel Occupancy Taxes remain strong and are budgeted at \$4 million, an increase of 2.0% from the prior year.
- Eisemann Center revenues are projected at \$2.0 million and parking garage fees are projected at \$225,000.
- The need to renew and maintain key equipment and infrastructure at the Eisemann Center has led to the initiation of a multi-year investment strategy for these assets.
- Key expenditures included in the proposed budget include the replacement of an air conditioning cooling tower at the Eisemann Center.



Key Budget Elements for 2015-2016: Debt & Capital Program

- For 2015-2016, \$7.4 million across all funds is under review 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
 - \$1.4 million for Fire Equipment
 - \$1.1 million for Solid Waste equipment
 - \$2.0 million for Utility capital equipment and projects
- A final recommendation will be part of the August submitted budget.

Key Budget Elements for 2015-2016: Staffing & Compensation

- Personal Services comprise the largest expense category of the General Fund. Staff continues to hold some vacant positions and to understaff to assist in managing these expenses.
- Part-time employees will be offered the option of continuing to contribute to Social Security or an array of investment options. This reduces the City's contributions and allows employees to make pre-tax contributions.



Key Budget Elements for 2015-2016: Staffing & Compensation

- Funding health benefits (CORPlan) continues to be a challenge. Under evaluation is an initiative to:
 - Continue and strengthen the promotion of the **wellness programming** that focuses on employees being proactive in maintaining healthy practices
 - Consider **plan adjustments** that minimizes the impact to most employees and retirees and challenges employees and retirees to be more responsible consumers of health care expenses
 - Increase the City's **funding** for health benefits – and sustain the funding as part of “current receipts” each year
 - Initiate a **two year strategy** to allocate additional resources during budget development to increase resources for health benefits



Key Budget Elements for 2015-2016: Staffing & Compensation

- Support for compensation steps (up to 5%) is proposed for the 55% of employees still within ranges.
- A proposed compensation adjustment plan is being considered to remain regionally competitive with other communities.



Key Budget Elements for 2015-2016: Next Steps

- Incorporate City Council feedback from July 14-15 Budget Retreat discussions.
- Confirm appraised values and revenue projections.
- Refine and finalize departmental budget requests.
- Complete analysis of compensation and market recommendations.

Summary

- Many tasks and further detailing is required before the planned August 7, 2015 budget filing.
- Further opportunities to provide access and to gain public input are scheduled before final adoption.
 - Council Budget Retreat - Web/Cable Access
 - Council Budget Work Session – Web/Cable Access
 - Web, City Secretary & Library copies of the filed budget provided
 - Budget/Tax Rate Public Hearings
- The City Council's input is sought at this early stage to confirm that the 2015-2016 budget proposal is fiscally responsible and responsive to our service needs for 2015-2016.

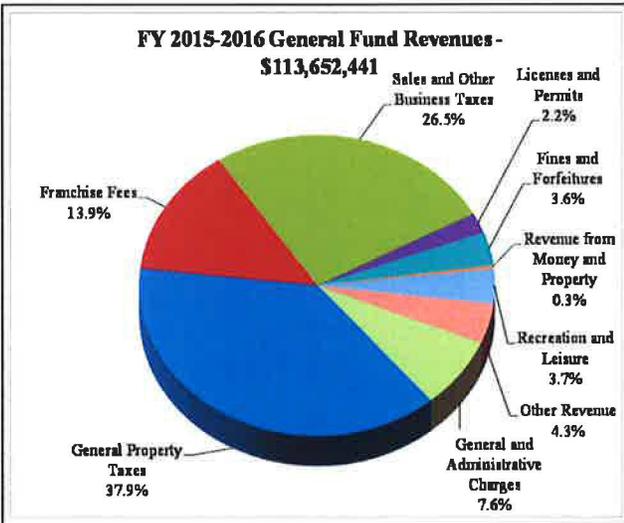


General Fund

The General Fund is the largest of the City's five operating funds, accounting for most of the City's financial resources except those required for debt or specifically attributable to the enterprise funds. The General Fund provides for basic city services such as public safety, parks and administration.

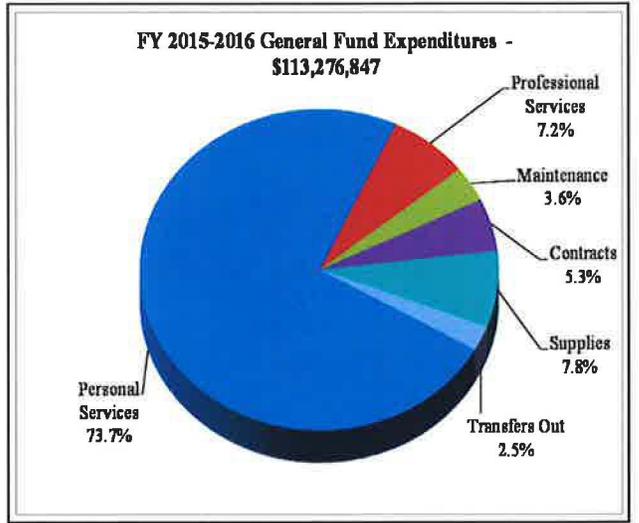
Sources

Resources are generated by Property Taxes, Sales Taxes, Franchise Fees, Fines, Licenses, and fees for city services. Property Tax, Sales Tax and Franchise Fee revenues account for 78.3% of all revenues in the fund.



Uses

Operating expenditures provide support for most traditional tax-supported municipal services such as Public Safety, Parks and Recreation, Development Services, Traffic and Transportation, Library, Building Inspection, Finance, Human Resources, Health and General Administration. Personal Services account for 73.7% of all expenditures in the fund.



Fund Balance

The Fund Balance target for the General Fund is 60 days of expenditures.

General Debt Service Fund

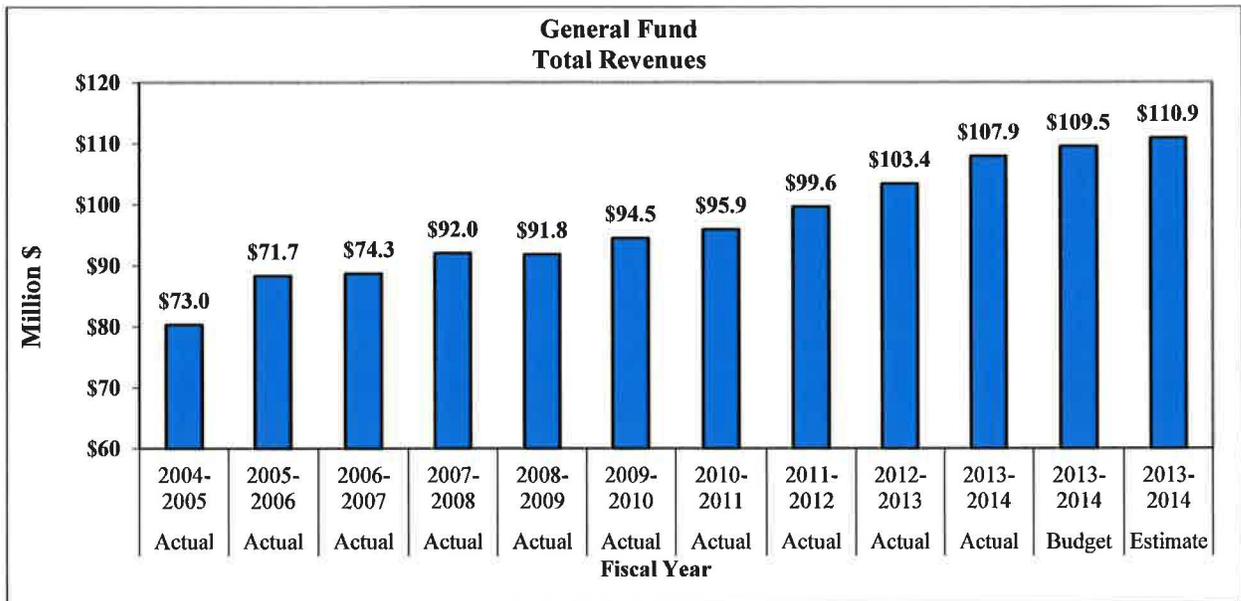
The General Debt Service Fund hosts the revenue and expenses for general debt service obligations. The primary source of revenue is general property taxes and expenditures include the annual debt services payments for outstanding debt not financed through other debt service funds.

GENERAL FUND

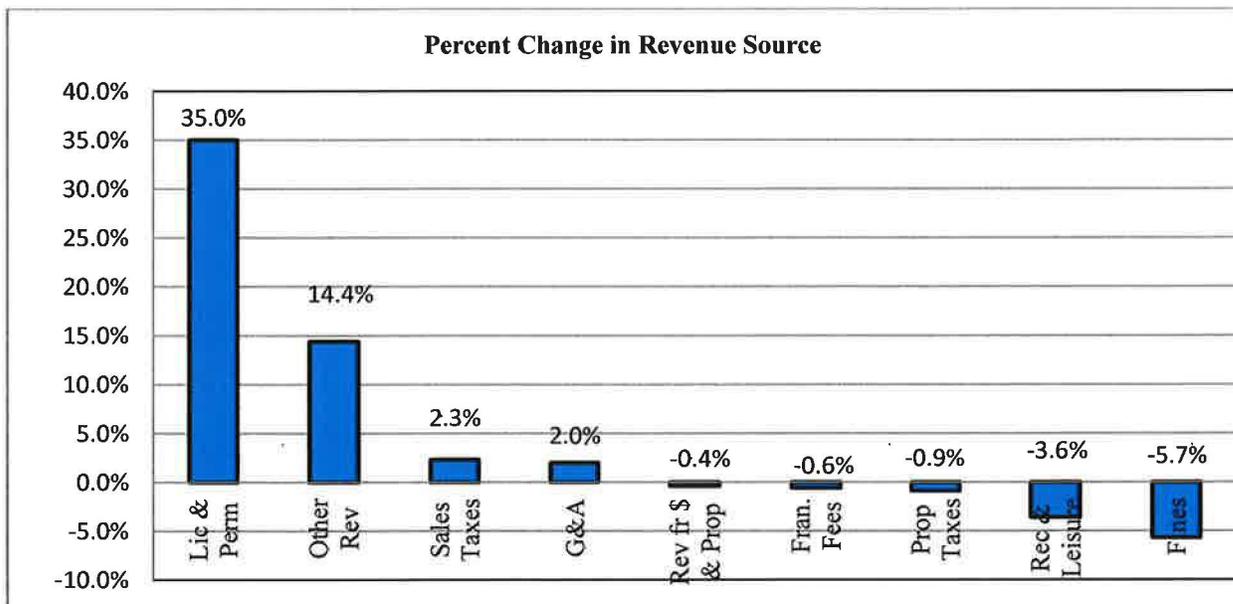
2014-2015 Year End Estimate

Revenues

- Total Revenues for the General Fund have been revised based on 9 months of actual revenues received to date across all revenue sources. Total Revenues are now projected to end the year at \$110.9 million or \$1.4 million over the original budget projections.



- Of the 9 major categories of revenue sources, 4 are expected to be at or above original revenue projections while the remaining 5 categories are expected to be lower than original budget estimates.



General Property Taxes

- Original 2014-2015 Budget projections for revenue from General Property Taxes assumed 100% collection. Property Tax revenues for 2014-2015 were predicated on a citywide assessed value tax base of \$10.8 billion which included a July 2014 Certified Tax Base of

\$11.2 billion, \$39.6 million of values in dispute still outstanding at the time of DCAD roll certification and a reduction of (\$427.2 million) for the Tax Increment Financing Districts. Year-end estimates call for total collections, including prior year taxes and penalties of \$40.3 million for General Fund operations, a decrease of (\$378,000). Throughout the year, the City receives supplemental adjustments to the roll that happen as a result of the settlement of any outstanding cases from the Appraisal Review Board process and lawsuits associated with valuation disputes. These adjustments may add or subtract value to our July certified rolls. Likewise in the category Prior Taxes, if an outstanding case is settled that includes taxes from a prior year, the City may receive those collections in Prior Taxes. The reduction also includes (\$225,000) that will be recorded in the Debt Service Fund. Property Taxes are split between debt and operations so any collection rate less than 100% will affect the debt fund as well. Since the only form of revenue that the debt service fund receives is property taxes and the interest it earns, this year-end balancing treatment is required to maintain 30 days in fund balance.

Franchise Fees

- Franchise Fees are charged to utility service providers for the use of City owned right-of-way for placement of the necessary infrastructure to provide their service to clients. Total revenue received from franchise fees is anticipated to end the year (\$97,000) below original budget. The largest increase is in Gas franchise which is expected to be \$239,000 over the original budget. The largest decrease of (\$276,000) is expected in the Electric franchise which should end at \$6.2 million. The remaining fees, budgeted at \$7.6 million, combine for a decrease of (\$61,000).

Sales Taxes

- Total Sales and Other Business Taxes were budgeted at \$29.7 million for 2014-2015. With five significant audit adjustment this year totaling \$872,000, we project year-end sales tax of \$29.8 million representing a \$598,000 increase. Combined, Mixed Beverage and Bingo Tax will end \$80,000 over a combined budget of \$461,000.

License and Permits

- License and Permits are expected to finish the year \$809,000 over the original budget of \$2.3 million. As you can see in the chart on the next page, the number of permits for New Buildings increased 19.4% with an increase in permit value of 33.8%. Permits for residential additions and alterations are up in both number of permits and value of those permits while both the number and value of non-residential addition and alteration permits decline as some of the remodeling/retrofit projects are completed.

No. Of Permits Comparison				
	YTD 2012-2013	YTD 2013-2014	YTD 2014-2015	% Change FY14 – FY15
New Buildings				
Residential	100	85	107	25.9%
Non-residential	42	85	96	11.3%
Subtotal	142	170	203	19.4%
Additions & Alterations				
Residential	596	807	844	4.5%
Non-Residential	172	302	242	(20.0%)
Subtotal	768	1,109	1,086	(2.1%)
Total	910	1,279	1,289	0.8%

Permit Valuation Comparison				
	YTD 2012-2013	YTD 2013-2014	YTD 2014-2015	% Change FY14 – FY15
New Buildings				
Residential	\$57,999,793	\$58,018,000	\$74,656,363	28.7%
Non-residential	\$338,808,886	\$143,072,404	\$194,302,223	35.8%
Subtotal	\$396,808,679	\$201,090,404	\$268,958,586	33.8%
Additions & Alterations				
Residential	\$7,966,830	\$11,420,081	\$17,875,382	56.5%
Non-Residential	\$33,587,297	\$71,830,906	\$41,935,389	(58.4%)
Subtotal	\$41,554,127	\$83,250,987	\$59,810,771	(71.8%)
Total	\$438,362,806	\$284,341,391	\$328,769,357	15.6%

Fines and Forfeits

- Revenue from Fines and Forfeits are expected to be (\$241,000) or -5.7% below the original budget.

Revenue from Money/Property

- Revenue from Money/Property, which includes interest earnings and the Civic Center revenues, is expected to end the year (\$2,000) below the original budget of \$372,000.

Recreation and Leisure Services

- Revenue received from the variety of city-sponsored Recreation and Leisure Services is expected to end the year (\$150,000) below original budget of \$4.2 million. Wildflower Festival revenues are down (\$162,000) from budget due mainly to weather related ticket and vendor losses. The remaining fees combine for an increase of \$12,000 on a \$3.3 million budget.

Other Revenues

- The Other Revenues category is expected to end the year at \$4.8 million, an increase of \$606,000 from the original budget. Ambulance fees are expected to end the year \$262,000 above the original budget, while the Miscellaneous category is expected to be \$326,000 over the original budget of \$1.1 million original budget. As a reminder, the Miscellaneous

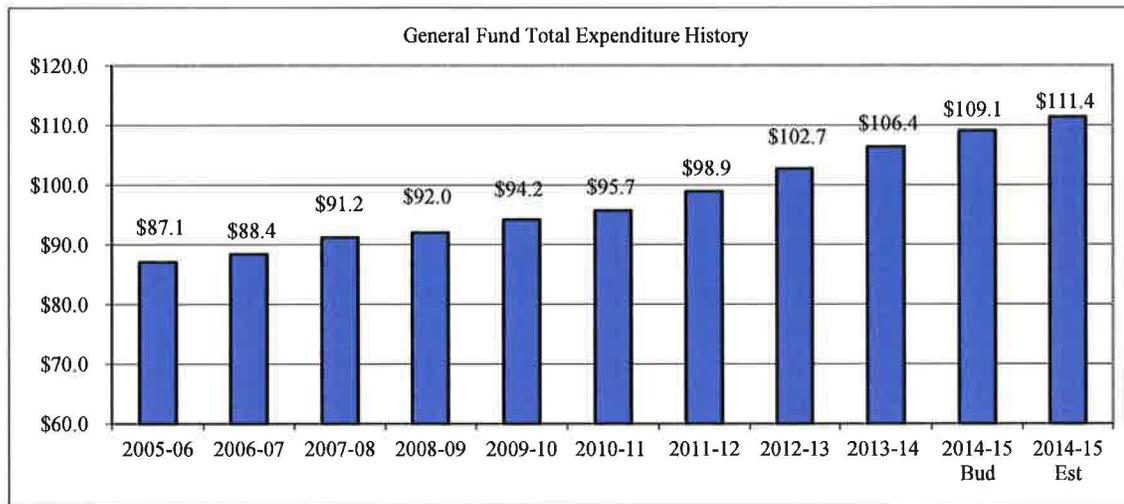
category is a compendium of 45 smaller revenue accounts that do not fit cleanly into another defined revenue category.

General & Administrative

- The General and Administrative (G&A) Transfer revenue category is expected to end the year \$175,000 over the original budget of \$8.6 million. The transfer from the Wireless Fund is increased \$100,000 at year end to help support the 911 Call Center while the transfer from the Child Safety Fund is increased \$50,000 for crossing guard support. In addition, the transfer from the Hotel Motel Tax Fund to support the Convention and Visitors Bureau is tuned to match their actual year-end expenditures.

Expenditures

- Total Expenditures and Transfers for the General Fund are estimated to end the year at \$111.4 million or \$2.3 million above the original budget.



- With 9 months of actual expenditures and an eye towards year-end, departments have submitted year-end estimated operating expenditures totaling \$105.9 million, a decrease of (\$211,000) from original budget.
- Departments have recognized (\$1.5 million) in savings in the Personal Services category as a result of natural attrition throughout the year.
- Professional Services increases \$726,000, or 9.8% from the original budget of \$7.4 million. The increase includes an additional \$160,000 for contract building inspection services for the multi-family projects Eastside Phase II and Alexan. Engineering – Capital Projects increase \$323,000 for bridge rail maintenance projects that had to be carried over from the prior year as well as 2 additional street repairs
- The Maintenance account group increases \$132,000, the majority of which provides additional concrete for the street and alley repair program as well as additional sand for the inclement weather experienced this Winter.
- Contracts are expected to end the year \$151,000, or 2.6% over the original budget due to additional Wildflower Festival expense.
- Supplies increase \$116,000 or 1.3% from the original budget and include \$304,000 in prior year encumbrances. These encumbrances represent items or services that were ordered or placed under contract in FY 13-14 but not delivered or completed until this current year. Funding for encumbrances is reserved in fund balance at the end of each year.

- Capital shows an expenditure of \$170,000 for vehicle damage during the year. Much of this expense is offset by insurance reimbursement.
- Operating Transfers Out is estimated to end the year \$2.5 million over the original budget due to the positive revenue and expenditure performance. A \$2.2 million transfer to CORPlan will be made to bolster the City contribution in advance of plan design changes currently under review. The transfer to the Golf Fund may increase an additional \$285,000 by year-end due to weather related losses during the Winter and Spring.

Fund Balance

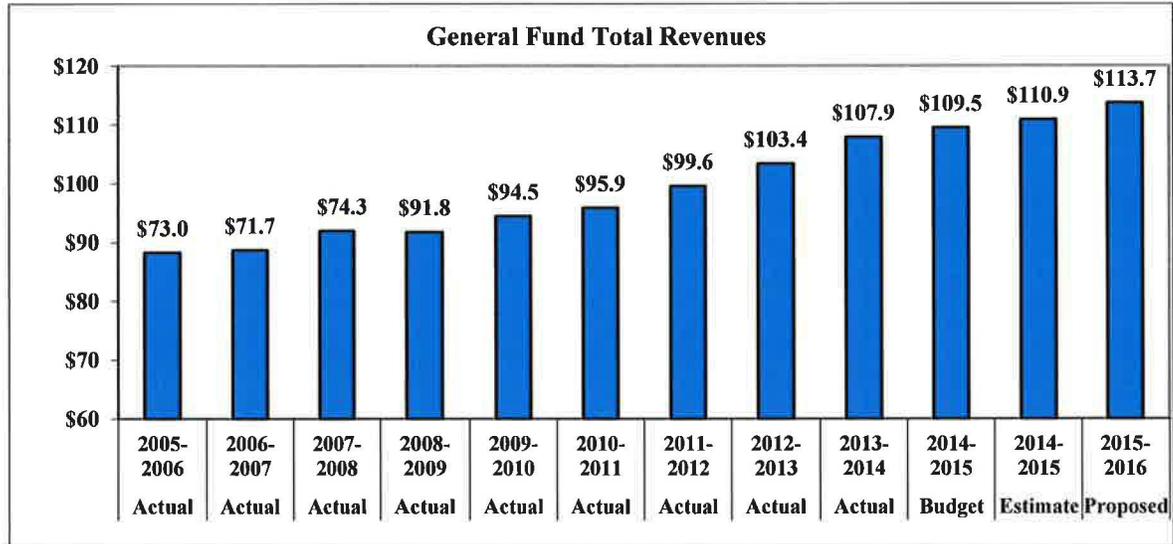
- Fund balance is estimated to end the year at 60.2 days in compliance with the financial policy for the General Fund. We will continue to monitor and adjust revenues and expenditures through the remaining months of the fiscal year so as to end the year at 60 days of fund balance.

GENERAL FUND

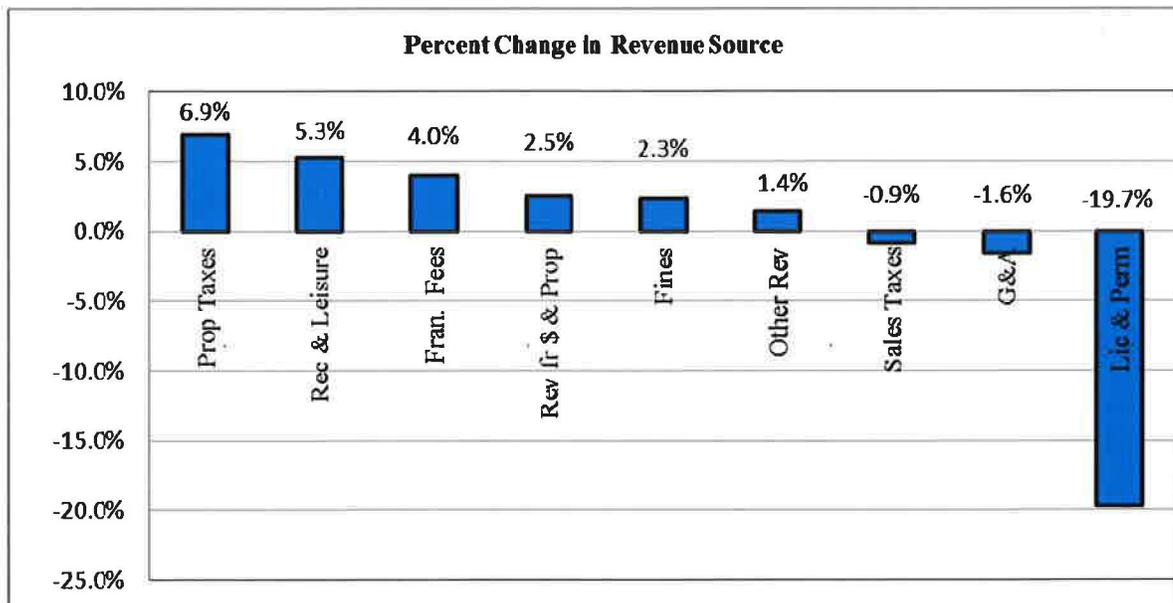
2015-2016 Budget

Revenues

- Total Revenues for the General Fund of \$113.7 million, an increase of \$2.7 million from the estimated year-end revenues of \$110.9 million.



- Of the nine major revenue categories, revenue from Property Tax, Sales Tax and Franchise Fees comprise 78.2% of all projected General Fund revenues for 2015-2016. Six of the nine revenue sources are anticipated to be higher than year-end estimates for 2014-2015.



Property Taxes

- Based on information provided to us by DCAD, the table below summarizes the percent of parcels in each category reappraised by DCAD for the last three years. CCAD reappraises 100% of all parcels each year.

DCAD 2014 Tax Roll – Percent of Parcels Reappraised			
	2013	2014	2015
Residential	63%	58%	76%
Commercial	54%	66%	48%
BPP	100%	100%	100%
All	68%	66%	78%

- In May 2015, total preliminary values for the 2015-2016 tax roll were \$12.3 billion combined from Dallas Central Appraisal District (DCAD) and Collin Central Appraisal District (CCAD), indicating a 9.4% increase in assessed valuations from the overall 2014 Certified Roll of \$10.8 billion. Throughout the summer, reductions to these preliminary values routinely occur through taxpayer challenges of appraisal values.
- For DCAD, the preliminary value of \$7.8 billion represents an 11.5% increase from the 2014 Certified Roll of \$7.0 billion. While in CCAD, a \$4.5 billion preliminary roll represents a 5.9% increase from the 2014 Certified Roll of \$4.2 billion.

	Certified 2014	First Preliminary 2015	\$ Change	% Change
CCAD	\$4,248,114,986	\$4,500,000,000	\$251,885,014	5.9%
DCAD	\$6,987,343,111	\$7,792,576,994	\$805,233,883	11.5%
Total	\$11,235,458,097	\$12,292,576,994	\$1,057,118,897	9.4%

- Over the course of the last two months, several interim appraisal reports have been received as the DCAD Appraisal Review Board works toward resolution of appeals. Through July 9, 2015, the preliminary \$7.8 billion DCAD roll has been adjusted downward by a total of (\$213.6 million), a decline of (2.7%) from the first Preliminary Estimate. The CCAD estimate of \$4.5 billion remains unchanged from the first preliminary estimate. As a general rule, the CCAD does not issue interim updates like DCAD. We receive the original estimate, then the final on or about July 25th.
- Given the expected further changes in the tax rolls before we receive Certified Finals on or about July 25, the 2015-2016 General Fund Budget is predicated on a 3.0% increase in assessed values from the certified values for 2014-2015. The forecasting technique used to predict the 3.0% is based on a 5-year history of adjustment from the first preliminary roll through actual certified. As certified rolls are received from the 2 appraisal districts at the end of this month, assessed valuation assumptions in the proposed 2015-2016 Budget will be updated to reflect final figures.
- Using the projected value, each 1% of the 2015 tax roll is worth about \$689,000 of tax revenue. Each \$0.01 cent of the tax rate is worth about \$1.1 million. These will adjust slightly as a certified roll is resolved.
- The current 2014-2015 tax rates for our comparative cities are presented in the following graph.

Current 2014-2015 Adopted Rates				
City	2014 Tax Rate	2014 Homestead	2014 Over 65	2014 Over 65 Freeze
Frisco	\$0.460000	N/A	\$60,000	No
Plano	\$0.488600	20%	\$40,000	Yes
Allen	\$0.540000	N/A	\$50,000	No
McKinney	\$0.583000	N/A	\$50,000	No
Irving	\$0.594100	20%	\$30,000	No
Carrollton	\$0.615375	20%	\$60,000	No
<i>AVERAGE</i>	<i>\$0.633141</i>		<i>\$51,923</i>	
Richardson	\$0.635160	N/A	\$60,000	No
Mesquite	\$0.640000	N/A	\$65,000	Yes
Arlington	\$0.648000	20%	\$60,000	Yes
Grand Prairie	\$0.669998	1%	\$45,000	Yes
Garland	\$0.704600	8%	\$51,000	No
Dallas	\$0.797000	20%	\$64,000	No
Ft. Worth	\$0.855000	20%	\$40,000	Yes

- Property Tax Revenues for operations are projected at \$42.5 million reflecting a \$2.9 million increase from budgeted 2014-2015 Property Tax Revenues.
- For the past 18 years the City has dedicated a portion of the tax rate to the Street Rehabilitation Program. Beginning last year, that commitment reached a full two cents of the overall levy.

History of Taxable Value, Tax Levy and Tax Rates 2006 to Proposed Budget 2015-2016								
Tax Year	Taxable Value	Tax Levy	Operation & Maintenance			Total O & M	Interest & Sinking	Total Tax Rate
			Street*	Eco. Devo.	Operations			
2015	\$ 11,173,249,445	\$ 70,968,011	\$0.020	\$0.005	\$0.35531	\$0.38031	\$0.25485	\$0.63516
2014	\$10,847,814,995	\$68,900,982	\$0.020	\$0.005	\$0.34531	\$0.37031	\$0.26485	\$0.63516
2013	\$10,505,682,344	\$66,727,892	\$0.015	-	\$0.35031	\$0.36531	\$0.26985	\$0.63516
2012	\$10,046,709,834	\$63,812,682	\$0.010	-	\$0.35281	\$0.36281	\$0.27235	\$0.63516
2011	\$9,762,481,127	\$62,007,375	\$0.010	-	\$0.35281	\$0.36281	\$0.27235	\$0.63516
2010	\$9,696,775,165	\$61,590,037	\$0.010	-	\$0.35281	\$0.36281	\$0.27235	\$0.63516
2009	\$9,993,609,491	\$57,479,244	\$0.010	-	\$0.35281	\$0.36281	\$0.21235	\$0.57516
2008	\$9,940,193,373	\$57,172,016	\$0.010	-	\$0.35281	\$0.36281	\$0.21235	\$0.57516
2007	\$9,554,151,301	\$54,951,657	\$0.010	-	\$0.35281	\$0.36281	\$0.21235	\$0.57516
2006	\$9,334,869,777	\$53,171,447	\$0.010	-	\$0.34868	\$0.35868	\$0.21648	\$0.57516

Franchise Fees

- Franchise Fees are projected at \$15.8 million for 2015-2016, an increase of \$606,000 or 4.0% over estimated year-end. The largest increase this year, \$402,000, is projected in the Water and Sewer Franchise Fee based on a rate change proposal to be discussed in more detail when we talk about that fund. The Electric Franchise Fee is the next largest increase

projected at \$125,000 over year-end and is reflective of the standard growth in consumption as well as price fluctuations. The remaining fees, budgeted at \$6.2 million, increase \$79,000 from year end.

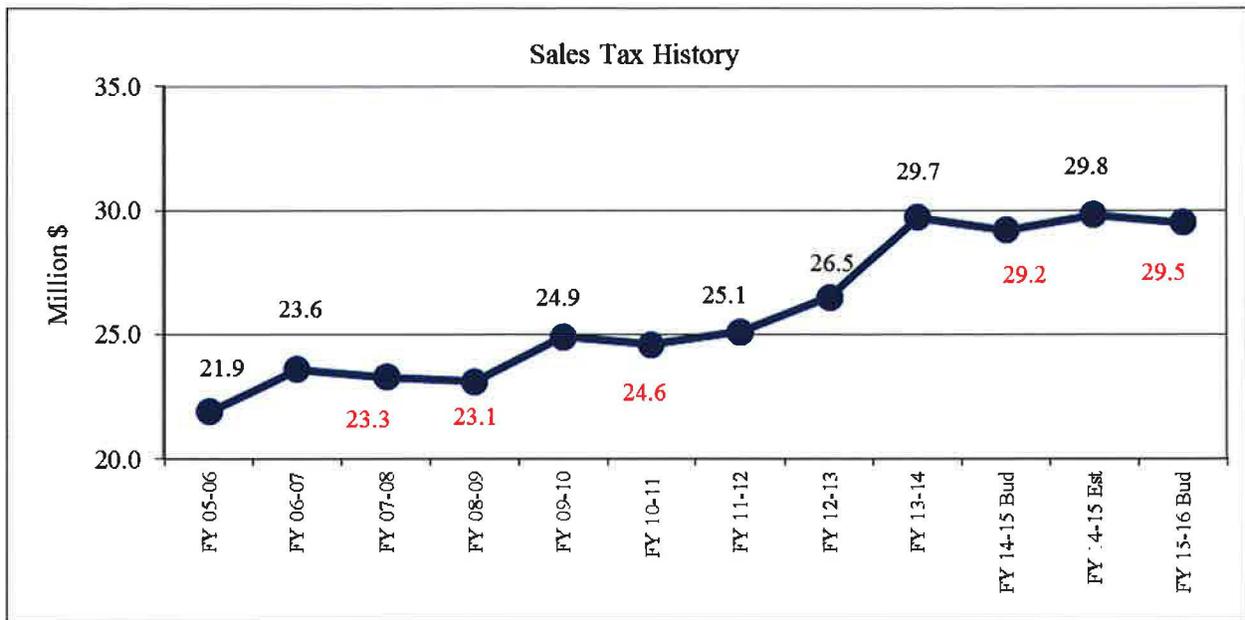
Sales and Other Business Taxes

- Sales and Other Business Taxes are projected at \$30.1 million for next year reflecting a decrease of (\$287,000) or -0.9% from estimated year-end revenues.
- As you can see in the following table, YTD 2015 and FY 2014, the City received significant audit adjustments totaling \$1.6 million. For budgeting purposes, we remove these audit adjustments before projecting the expected budget.

	FY 2013-2014			FY 2014-2015			
	Base Actual	Significant State Audit Adjustments	Actual	Budget	Base Actual	Significant State Audit Adjustments	Actual
NOV	\$ 2,712,987	\$ -	\$ 2,712,987	\$ 2,789,227	\$ 2,806,142	\$ 135,576	\$ 2,941,718
DEC	2,217,808	-	2,217,808	2,336,080	2,514,683	-	2,514,683
JAN	2,073,396	-	2,073,396	2,039,604	1,955,456	-	1,955,456
FEB	3,166,160	-	3,166,160	3,066,512	3,060,303	108,401	3,168,704
MAR	2,192,074	-	2,192,074	2,154,303	2,182,512	238,055	2,420,567
APR	2,192,146	149,758	2,341,904	2,002,545	2,032,069	-	2,032,069
MAY	2,611,292	-	2,611,292	2,720,955	2,704,779	126,319	2,831,098
JUN	2,219,725	-	2,219,725	2,350,178	2,354,826	263,352	2,618,178
JUL	2,200,313	-	2,200,313	2,261,483	1,978,096	-	1,978,096
Cumulative	21,585,901	149,758	21,735,659	21,720,888	21,588,866	871,703	22,460,569
AUG	2,807,107	-	2,807,107	2,775,196	-	-	
SEP	2,174,296	130,111	2,304,407	2,301,307	-	-	
OCT	2,378,682	466,467	2,845,149	2,426,012	-	-	
TOTAL	\$ 28,945,986	\$ 746,336	\$ 29,692,322	\$ 29,223,403	\$21,588,866	\$ 871,703	\$22,460,569

- Our top 20 remitters account for 24.6% of total receipts this year, down slightly with the 27.5% last year. We are seeing modest growth across most sectors including retail sales, high tech manufacturing and computing services, with business to business sales and energy services slightly down from last year. Stronger growth is being recognized in the construction sector, while the telecommunications services sector is experiencing a modest decline.
- Mixed Beverage and Bingo receipts are anticipated to increase modestly by \$5,000 over year-end. Sales Tax, the largest of the three in this category, is projected to increase \$579,000 or 2.0% from year-end estimates for “base to base” collections. As mentioned above, significant audit adjustments are removed prior to forecasting the coming year.

FY 14-15 Est.	Projected	FY 15-16
Base Actual	Growth Rate	Projected
\$ 28,949,961	2.0%	\$29,528,961



License and Permits

- License and Permits are projected to decrease (\$614,000) from the year-end estimate of \$3.1 million. Building Permits account for the entirety of this decline due to the inclusion last year of large, one time permits related to current economic development activities. These large permits are removed from year-end estimates before projections are made about the coming year. In keeping with our goal of maintaining a fair and market competitive user fee structure, eight minor increases to select fees and permits are included in this projection totaling approximately \$13,000.

Fines and Forfeits

- Fines and Forfeits are expected to remain flat at \$4.0 million. This projection is based on citation volume as well as handling capacity since the revenue in this category is received through the Municipal Court and Library with the majority of the increase expected in Court activity.

Revenue from Money and Property

- Both Interest Earnings and Civic Center revenue are expecting minimal increases totaling \$9,000 in 2015-2016.

Recreation and Leisure Services

- Recreation and Leisure Services revenues are budgeted at \$4.2 million, an increase of \$211,000 over 2014-2015 year-end estimates. The majority of the increase, or \$148,000, assumes the Wildflower Festival will return to normal revenue levels after the weather related losses this year. As with License and Permits, minor adjustments to existing fees are proposed in Recreation and Leisure user fees totaling \$9,000 at the Tennis Center.

Other Revenue

- Projected at \$4.9 million or \$67,000 above estimated year-end for 2014-2015 with modest increases across all categories.

General and Administrative/Transfers

- Total revenue from G&A Transfers is projected at \$8.7 million, a decrease of (\$140,000) from FY 2014-2015 as the transfers for both the Wireless Fund and the Child Safety Fund return to their standard funding level. A slight decline in the CPI results in G&A transfers from the Water & Sewer, Solid Waste, and Golf Funds that are (\$22,000) lower than year-end while the Convention and Visitors Bureau transfer is matched to their operating budget.

Under Study before Final Budget Filing on August 7, 2015

- Receipt of final Certified Tax Rolls from DCAD and CCAD are expected around July 24, 2015.

Expenditures

Total Expenditures and Transfers for the General Fund are projected at \$113.3 million, an increase of \$1.9 million FY 2014-2015 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 \$83.4 million, an increase of 6.1% from the year-end estimate of \$78.7 million and account for 73.7% of the total General Fund operating budget. The key personnel issues addressed in this proposal include:
 - ***Movement within approved pay plan ranges - \$900,000*** - Approximately 45% of all city personnel are at the top of their pay range. The remaining 55% have room to grow within their approved pay plan ranges. Historically the annual movement has been on a 5% growth step that can be earned for each year of service until the top of the pay range is reached.
 - ***Understaffing of 5 positions for a total savings of (\$330,000)*** - Understaffing is a way of recognizing savings that occur during the year through normal vacancy rates and is a particularly useful tool in larger, personnel intensive departments like Police and Fire. The City has always understaffed a certain number of sworn and non-sworn personnel in recognition that over the course of 12 months, a certain amount of salary savings is always achieved as employees come and go. The Police Department does not slow down or otherwise change hiring and staffing objectives, but we recognize the salary savings up front, rather than at the end of the year. For FY 2015-2016, Five Police Officer positions are understaffed for an estimated year-end savings of (\$330,000)
 - ***CORPlan Health Insurance for \$1.6 million*** – For FY 15-16, the City contribution will be increased \$2.0 million, the General Fund portion of which will be approximately \$1.6 million. Further plan design changes are under review that will continue to refine the shift to a consumer driven health care plan. Proposed changes will be reviewed with Council during the coming weeks.
 - ***\$1.4 million for full year funding of new public safety staff authorized for partial year last year-***
 - 6 new Fire Fighters to staff the new Ambulance at Station 3
 - 4 Police Officers, 1 Sergeant, 2 Public Safety Officers

Personnel Items Not Addressed By This Budget Include:

- ***Market Adjustment*** – (\$608,000 under review). Since 1995-1996, the City has proactively reviewed approved pay ranges to insure market compatibility once these ranges have been coordinated with the merit package in an effort to recruit and retain high quality employees.
- ***Pay Range Plan Adjustment*** - (\$305,000 under review) as mentioned above, 45% of our employees are at the top of their existing pay range. This will allow our longest tenured employees, who also tend to be the majority of those at the top of their pay range, an opportunity to receive no more than a 3.0%, merit based, pay increase.
- **Non-Personnel Operations** – For FY 2015-2016, Non-Personal Services operating line items are currently proposed at \$27.0 million, a decrease of \$(147,000) or -0.5% from year end estimates while maintaining all activities at the same high level of service currently provided.

- **Professional Services** – Increase \$91,000 or 1.1% and includes \$50,000 for a CVB website redesign while maintaining, among other things:
 - \$72,000 for Information Technology for off-site data storage and recovery agreements and includes a disaster recovery plan with IBM. In the event of a catastrophic loss of our main computing system, the IBM recovery agreement would immediately restore essential data services such as purchasing, payroll, accounts payable, among others, so that normal business could proceed.
 - \$1.5 million for Parks and Recreation maintenance contracts, an increase of \$65,000 from year end and maintains the recycling program at Heights and Huffines Parks begun in FY 14-15.
 - \$300,000 for 5 bridge rail maintenance projects aimed at improving the aesthetic quality while also protecting the infrastructure of the bridge railings throughout the City. This is the third of a three year program and with the 13 in last year's budget, and 7 previously completed projects would mean the completion of all 25 bridges initially identified.
 - \$200,000 for third party building inspections. This outsourcing program, working under the direction of the Building Official provides complete and thorough construction inspections for non-recurring, large projects for which the City would otherwise have to add permanent staff to complete.
- **Maintenance** – This category will increase \$174,000 or 4.5% for FY 2015-2016.
 - Parks Maintenance will receive an additional \$203,000 for a total of \$865,000 in funding for repair and enhancement of irrigation, plumbing, electrical systems and general parks facility maintenance.
 - Traffic and Transportation will receive an additional \$28,000 for signs, markings, signal systems and video camera maintenance for a total General Fund commitment of \$364,000.
 - Facilities Services receives a total of \$249,000 for general building maintenance, elevator and heating and cooling system repairs and maintenance.
 - Information Technology maintenance increases \$105,000 for software licensing and hardware maintenance.
- **Contracts** – Increase \$7,600 or 0.1% from year end while maintaining all current service and program levels including;
 - The Home Improvement Incentive Program budget will increase \$57,000 based on the participation of 75 residents and the preliminary values from the appraisal district. This amount may change once the true value impacts of the properties are assessed. Established by the City Council in February of 2007, the purpose of the Home Improvement Incentive Program is to positively affect the value of the City's housing stock by encouraging reinvestment in residential neighborhoods. Since the program's inception, 607 projects have applied to take part in the program. Because of these projects over 27 million dollars have been added to the tax roll. Of that total, just over 170 projects have invested over \$100,000 each back into residential housing stock.
 - Special events including the Wildflower Festival, Santa's Village, Christmas Parade, Family 4th, Huffines and Cottonwood Arts Festivals

- **Supplies Categories** – Decrease (\$249,000) from year end due to the exclusion of \$304,000 of the prior year encumbrances from year end 2014-2015.
- **Street Rehabilitation** – For the last 18 years, the City dedicated a portion of the total tax rate to street rehabilitation. Over the last few years we have been incrementally increasing from the original one cent of the tax rate, to a total last year of two full cents. This year, the dedication of the full two cents will provide \$2.2 million. This funding will allow for ongoing street leveling, crack sealing and “clean sweep” projects. Along with \$400,000 of operations funds, this will increase our commitment to just over \$2.6 million for FY 2015-2016.
- **Alternative Funding** – The Traffic Safety Fund, as funded through the safety camera enforcement program, is able to absorb \$422,000 of expenses from the Police and Traffic Departments that would otherwise have to be funded in the General Fund. These items include an additional \$330,000 for signs, markings, signal and video camera maintenance. When combined with the \$364,000 in the General Fund for these items, the total commitment this year of \$694,000 is an increase of \$32,000 over last year. All expenditures from this fund are in compliance with allowable uses according to state law.
- **Fund Balance** – The proposed budget ends the year at the Council prescribed 60.4 days of fund balance.
- **Capital Requests** – Funding of capital equipment will be handled through the use of short-term C.O.’s.

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
GENERAL FUND**

	ACTUAL	BUDGET	ESTIMATE	BUDGET	VARIANCE	
	FY 2013-14	FY 2014-15	FY 2014-15	FY 2015-16	BUD to BUD	EST to BUD
Beginning Designated Fund Balance	\$ 17,022,196	\$ 17,567,108	\$ 18,191,975	\$ 18,381,455	4.6%	1.0%
Reserve for Encumbrances	336,599	-	664,622	-	N/A	-100.0%
Adjusted Beginning Fund Balance	\$ 17,358,795	\$ 17,567,108	\$ 18,856,597	\$ 18,381,455	4.6%	-2.5%
Revenues						
General Property Taxes	\$ 38,529,678	\$ 40,683,401	\$ 40,305,768	\$ 43,102,510	5.9%	6.9%
Franchise Fees	14,753,325	15,246,937	15,149,693	15,755,320	3.3%	4.0%
Sales and Other Business Taxes	30,156,126	29,684,162	30,362,104	30,074,804	1.3%	-0.9%
Licenses and Permits	3,309,125	2,312,148	3,120,648	2,507,019	8.4%	-19.7%
Fines and Forfeitures	4,129,519	4,195,872	3,955,078	4,046,666	-3.6%	2.3%
Revenue from Money and Property	349,068	371,825	370,195	379,500	2.1%	2.5%
Recreation and Leisure	4,090,764	4,168,560	4,018,986	4,230,350	1.5%	5.3%
Other Revenue	4,376,846	4,213,243	4,819,187	4,885,582	16.0%	1.4%
General and Administrative Charges	8,169,754	8,635,800	8,810,911	8,670,690	0.4%	-1.6%
Total Revenues	\$ 107,864,205	\$ 109,511,949	\$ 110,912,570	\$ 113,652,441	3.8%	2.5%
Total Available Funds	\$ 125,223,000	\$ 127,079,057	\$ 129,769,167	\$ 132,033,896	3.9%	1.7%
Expenditures						
Personal Services	\$ 76,944,159	\$ 80,178,479	\$ 78,672,142	\$ 83,436,727	4.1%	6.1%
Professional Services	7,098,469	7,393,219	8,119,294	8,210,059	11.0%	1.1%
Maintenance	3,218,705	3,740,135	3,872,126	4,045,724	8.2%	4.5%
Contracts	5,184,451	5,847,387	5,998,095	6,005,741	2.7%	0.1%
Supplies	9,168,931	8,917,978	9,034,368	8,785,283	-1.5%	-2.8%
Capital	13,194	-	169,733	-	N/A	-100.0%
Total Expenditures	\$ 101,627,909	\$ 106,077,198	\$ 105,865,758	\$ 110,483,534	4.2%	4.4%
Transfers Out						
Street Rehabilitation	\$ 1,838,494	\$ 2,169,563	\$ 2,169,563	\$ 2,234,650	3.0%	3.0%
Special Projects	1,500,000	-	-	-	N/A	N/A
CoRPlan Supplement	1,400,000	-	2,200,000	-		
Economic Development	-	542,391	542,391	558,663	3.0%	3.0%
Transfer Out - Golf Fund	-	325,000	610,000	-	-100.0%	-100.0%
Total Transfers Out	\$ 4,738,494	\$ 3,036,954	\$ 5,521,954	\$ 2,793,313	-8.0%	-49.4%
Total Expenditures and Transfers	\$ 106,366,403	\$ 109,114,152	\$ 111,387,712	\$ 113,276,847	3.8%	1.7%
Revenue Over/(Under)	\$ 1,497,802	\$ 397,798	\$ (475,142)	\$ 375,594	-5.6%	-179.0%
Reserve for Encumbrances	\$ 664,622	\$ -	\$ -	\$ -	N/A	N/A
Ending Designated Fund Balance	\$ 18,191,975	\$ 17,964,906	\$ 18,381,455	\$ 18,757,049	4.4%	2.0%
Days of Fund Balance	62.43	60.09	60.23	60.44	0.6%	0.3%

**CITY OF RICHARDSON
REVENUE BY DETAIL
GENERAL FUND**

	ACTUAL FY 2013-14	BUDGET FY 2014-15	ESTIMATE FY 2014-15	BUDGET FY 2015-16	VARIANCE	
					BUD to BUD	EST to BUD
<u>General Property Taxes</u>						
Current Taxes	\$ 37,889,583	\$ 40,170,544	\$ 39,560,298	\$ 42,492,985	\$ 2,322,441	\$ 2,932,687
Prior Taxes	326,378	245,000	459,279	320,000	75,000	(139,279)
Penalties and Interest	313,716	267,857	286,191	289,525	21,668	3,334
Total	\$ 38,529,678	\$ 40,683,401	\$ 40,305,768	\$ 43,102,510	\$ 2,419,109	\$ 2,796,742
<u>Franchise Fees</u>						
Electric	\$ 6,253,419	\$ 6,511,706	\$ 6,236,028	\$ 6,360,749	\$ (150,957)	\$ 124,721
Telecommunications	2,665,508	2,708,260	2,618,949	2,645,138	(63,122)	26,189
Gas	1,414,102	1,145,485	1,385,279	1,412,985	267,500	27,706
Cable Television	1,314,380	1,349,605	1,472,069	1,501,510	151,905	29,441
Water & Sewer	2,511,536	2,929,908	2,825,729	3,227,529	297,621	401,800
Solid Waste Services	594,380	601,973	611,639	607,409	5,436	(4,230)
Total	\$ 14,753,325	\$ 15,246,937	\$ 15,149,693	\$ 15,755,320	\$ 508,383	\$ 605,627
<u>Sales and Other Business Taxes</u>						
Sales Tax	\$ 29,692,322	\$ 29,223,403	\$ 29,821,665	\$ 29,528,961	\$ 305,558	\$ (292,704)
Mixed Beverage Tax	422,445	418,925	498,100	503,081	84,156	4,981
Bingo Tax	41,358	41,834	42,339	42,762	928	423
Total	\$ 30,156,126	\$ 29,684,162	\$ 30,362,104	\$ 30,074,804	\$ 390,642	\$ (287,300)
<u>License and Permits</u>						
Building Permits	\$ 1,710,475	\$ 969,133	\$ 1,626,880	\$ 990,000	\$ 20,867	\$ (636,880)
Food Establishment Permits	216,045	222,578	219,690	221,887	(691)	2,197
Animal License & Shelter Fees	57,752	59,082	45,372	45,826	(13,256)	454
Alarm Fees	237,204	240,507	233,790	237,297	(3,210)	3,507
Apartment Inspection Fee	143,676	146,550	151,231	154,256	7,706	3,025
Rental Registration	225,900	222,706	244,275	247,939	25,233	3,664
Miscellaneous License and Permits	473,556	165,935	207,939	212,098	46,163	4,159
Construction Inspection Fees	102,117	149,980	233,071	237,732	87,752	4,661
Contractor Fees	142,400	135,677	158,400	159,984	24,307	1,584
Total	\$ 3,309,125	\$ 2,312,148	\$ 3,120,648	\$ 2,507,019	\$ 194,871	\$ (613,629)
<u>Fines and Forfeitures</u>						
Municipal Court	\$ 3,981,791	\$ 4,049,953	\$ 3,809,864	\$ 3,900,000	\$ (149,953)	\$ 90,136
Library Fines	147,728	145,920	145,214	146,666	746	1,452
Total	\$ 4,129,519	\$ 4,195,872	\$ 3,955,078	\$ 4,046,666	\$ (149,206)	\$ 91,588
<u>Revenue from Money and Property</u>						
Interest Earnings	\$ 53,887	\$ 54,409	\$ 70,195	\$ 72,500	\$ 18,091	\$ 2,305
Civic Center Use	295,181	317,417	300,000	307,000	(10,417)	7,000
Total	\$ 349,068	\$ 371,825	\$ 370,195	\$ 379,500	\$ 7,675	\$ 9,305

**CITY OF RICHARDSON
REVENUE BY DETAIL
GENERAL FUND**

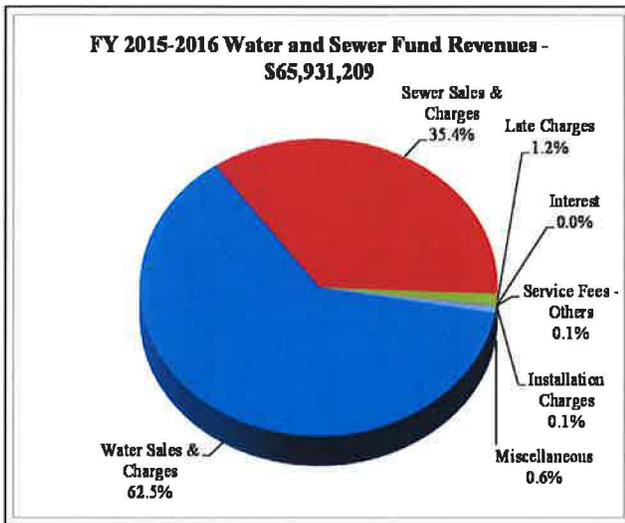
	<u>ACTUAL</u> <u>FY 2013-14</u>	<u>BUDGET</u> <u>FY 2014-15</u>	<u>ESTIMATE</u> <u>FY 2014-15</u>	<u>BUDGET</u> <u>FY 2015-16</u>	<u>VARIANCE</u>	
					<u>BUD to BUD</u>	<u>EST to BUD</u>
<u>Recreation and Leisure Services</u>						
Season Swim Passes	\$ 89,988	\$ 90,000	\$ 90,000	\$ 90,000	\$ -	\$ -
Pool Fees	236,185	205,000	241,500	241,500	36,500	-
Swim Program	132,287	133,000	138,300	140,050	7,050	1,750
Tennis Fees	106,610	115,250	109,500	119,500	4,250	10,000
Classes/Entrance Fees	868,198	905,000	908,383	909,000	4,000	617
Athletic Fees	354,588	367,600	364,075	366,000	(1,600)	1,925
Gymnastic Fees	690,580	694,250	714,000	716,000	21,750	2,000
Arts Festivals	372,357	365,600	365,600	385,000	19,400	19,400
Wildflower Festival	886,181	897,000	735,000	883,300	(13,700)	148,300
Older Adults	303,393	325,000	298,453	325,000	-	26,547
Miscellaneous	50,397	70,860	54,175	55,000	(15,860)	825
Total	\$ 4,090,764	\$ 4,168,560	\$ 4,018,986	\$ 4,230,350	\$ 61,790	\$ 211,364
<u>Other Revenue</u>						
Ambulance	\$ 1,668,461	\$ 1,558,459	\$ 1,820,185	\$ 1,856,589	\$ 298,130	\$ 36,404
Miscellaneous	1,148,437	1,088,243	1,413,892	1,428,031	339,788	14,139
R.I.S.D. Participation	299,467	297,950	297,950	300,930	2,980	2,980
Auction & Storage	50,694	48,826	76,063	76,824	27,998	761
9-1-1	1,209,786	1,219,764	1,211,097	1,223,208	3,444	12,111
Total	\$ 4,376,846	\$ 4,213,243	\$ 4,819,187	\$ 4,885,582	\$ 672,339	\$ 66,395
<u>General and Administrative Charges</u>						
G & A Water & Sewer Fund	\$ 3,879,623	\$ 3,945,574	\$ 3,945,574	\$ 3,936,833	\$ (8,741)	\$ (8,741)
G & A Golf Operations	94,175	95,939	95,939	95,354	(585)	(585)
G & A Solid Waste Operations	2,122,106	2,154,283	2,154,283	2,141,138	(13,145)	(13,145)
G & A Hote/Motel Fund	250,000	350,000	350,000	350,000	-	-
Transfer - Drainage Fund Operational Support	910,000	1,025,000	1,025,000	1,025,000	-	-
Transfer - Hotel/Motel Tax - C.V.B.	246,000	415,004	440,115	472,365	57,361	32,250
Transfer - Wireless Fund	450,000	450,000	550,000	450,000	-	(100,000)
Transfer - Child Safety Fund	50,000	50,000	100,000	50,000	-	(50,000)
Transfer - Special Revenue Fund Close Out	17,850	-	-	-	-	-
G & A TIF	150,000	150,000	150,000	150,000	-	-
G & A Capital Projects	-	-	-	-	-	-
Total	\$ 8,169,754	\$ 8,635,800	\$ 8,810,911	\$ 8,670,690	\$ 34,890	\$ (140,221)
Grand Total General Fund	\$ 107,864,205	\$ 109,511,949	\$ 110,912,570	\$ 113,652,441	\$ 4,140,492	\$ 2,739,871

Water and Sewer Fund

The Water and Sewer Fund, an enterprise fund and the City's second largest operating fund, provides for the administration, operation and maintenance of the City's water and wastewater system, as well as the City's billing and collection activities.

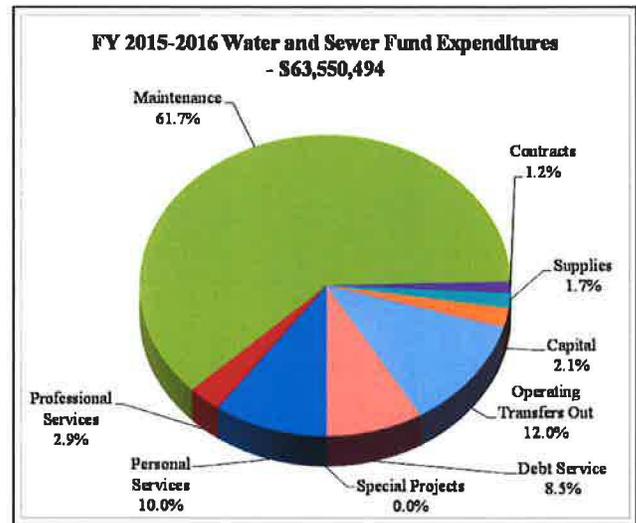
Sources

The services provided by the Water and Sewer Fund are financed through user fees charged to residential and commercial customers. Water and Sewer rates are periodically reviewed and adjusted to assure that revenues collected are sufficient to fund the expenditures related to providing water and wastewater services.



Uses

The expenditures of the Water and Sewer Fund are related to the purchase of water and sewer services from service providers, as well as water and sewer daily operations and infrastructure maintenance and renewal. The purchase of water from the North Texas Municipal Water District (NTMWD) and sewer services from the NTMWD, the City of Dallas and the City of Garland account for 59.0% of the fund's total expenditures.



Fund Balance

The Fund Balance target for the Water and Sewer Fund is 90 days of expenditures.

Water and Sewer Debt Service Fund

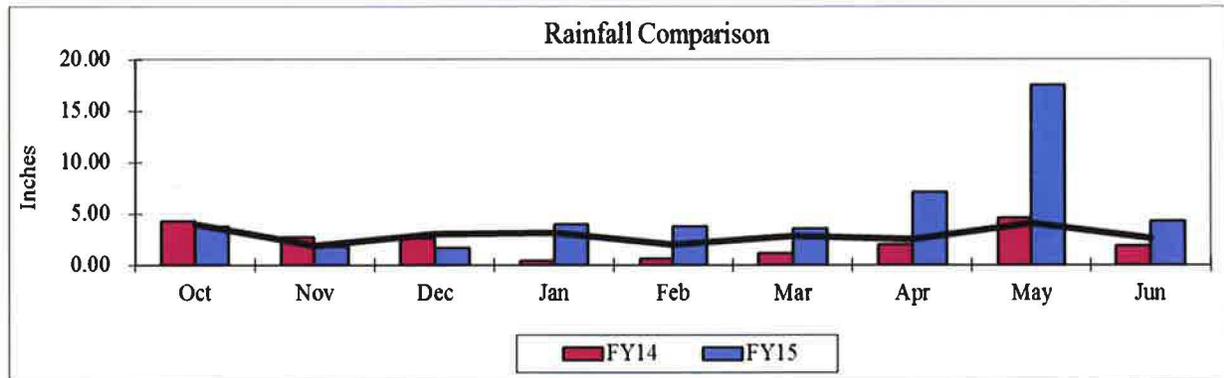
The Water and Sewer Debt Service Fund hosts the revenue and expenditures required to meet the City's utility debt service obligations. The primary source of revenue for the fund is a transfer of revenues from the Water and Sewer Fund generated through the sale of water and sewer services to residential and commercial customers. The expenditures include the annual debt service payments for water and sewer infrastructure renewal projects funded through the issuance of utility certificated of obligation.

WATER AND SEWER FUND

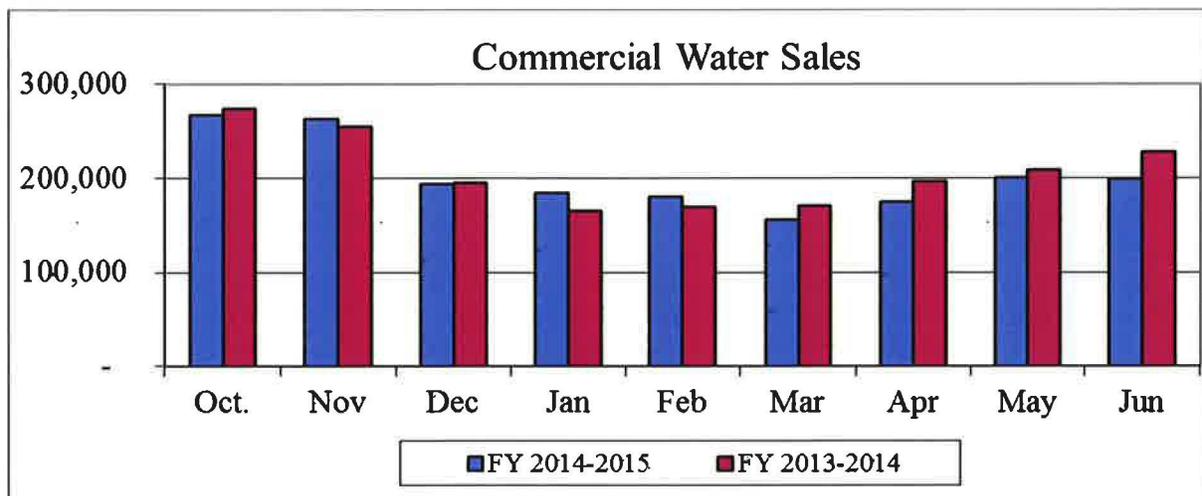
2014-2015 Year End Estimates

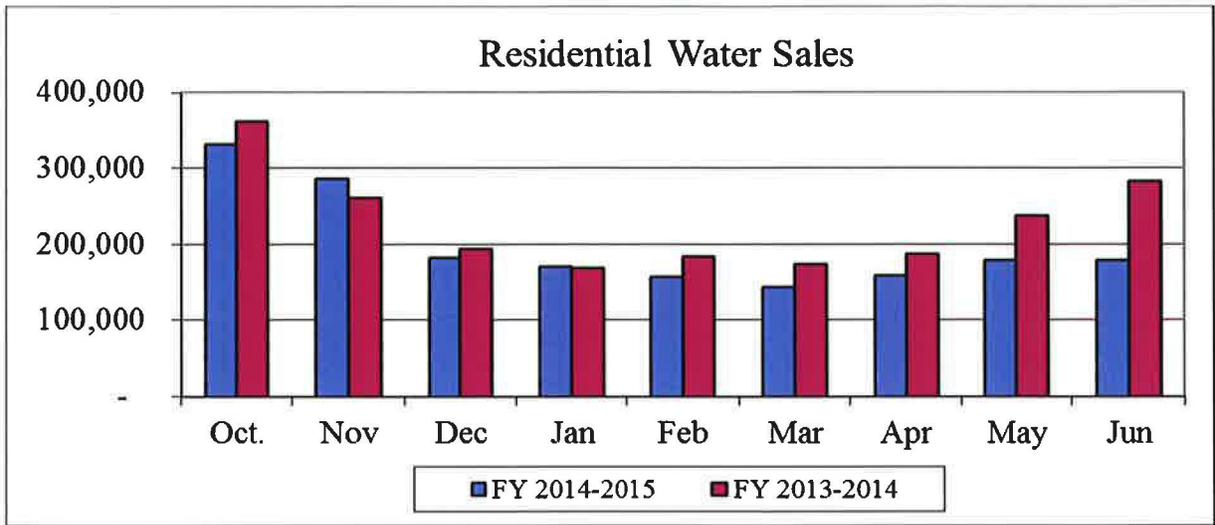
Revenues

- Revenue in the water and sewer fund is a function of the rate structure and expected sales of service. Sales are affected by several factors including weather, consumption patterns, and vacancy rates in commercial and residential properties. Clearly, consumption constrained by water conservation stage restrictions impact sales as well. In light of continued increasing costs for water and sewer wholesale services, as well as fluctuating demand, Council passed a 9.5% increase in response to the continued rate pressures in this fund. The following year-end projections are based on the new customer rate, nine months of actual consumption and projected summer usage in light of the recently relaxed water restrictions.
- Revenue projections call for a decrease of (\$2.0 million) or -3.3% at year-end from the original budget of \$59.9 million.
- Through the end of June this year, the City received 47.3" of rainfall compared to the YTD for FY 2013-2014 of 20.2" and the five-year average rainfall of 26.0".

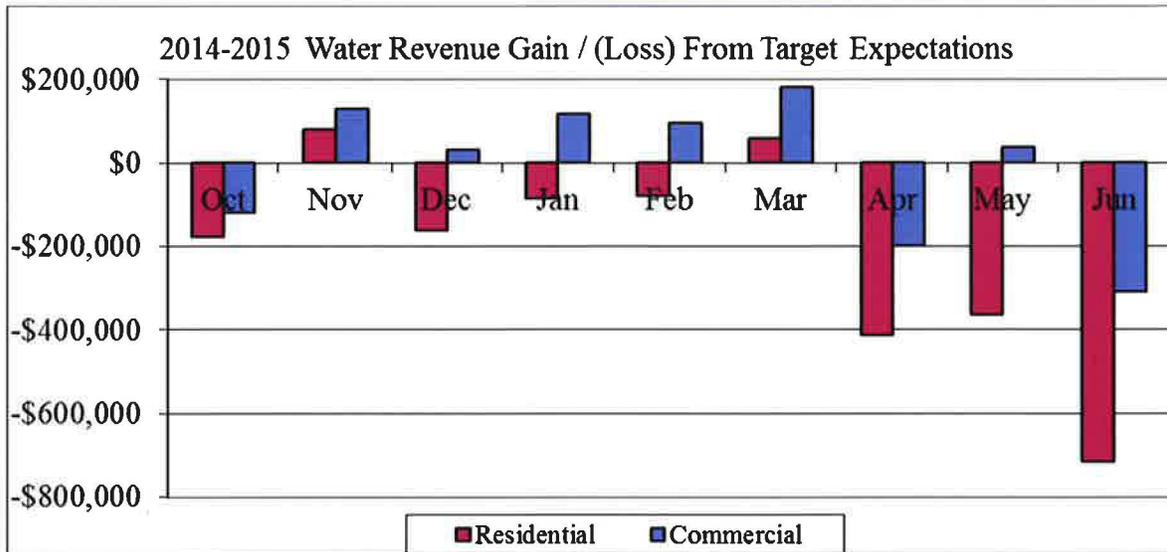


- The following graphics compare current year consumption with last year. Through the end of June, commercial consumption is down -2.4% from last year while residential is down -12.6%.





- This graph measures revenue gain/ (loss) from the expected budget targets for each month this year. When all the variances are added together, water sales are (\$1.9 million) below budget targets.



- The following chart illustrates the changes to our tier structure that have resulted from the NTMWD increases to the wholesale rate over the last ten years.

Fiscal Year	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
NTMWD/1,000 gal.	\$ 0.97	\$ 1.02	\$ 1.08	\$ 1.18	\$ 1.25	\$ 1.37	\$ 1.49	\$ 1.70	\$ 1.87	\$ 2.06
% Increase	0.00%	5.20%	5.90%	9.25%	5.90%	9.60%	8.80%	14.09%	10.00%	10.16%
Mid-Yr Adj.										
City Rates										
Minimum	\$ 6.00	\$ 6.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
0-11,000 gallons	\$ 2.55	\$ 2.55	\$ 2.95	\$ 2.95	\$ 2.95	\$ 2.95	\$ 3.22	\$ 3.63	\$ 4.03	\$ 4.41
11,001-20,000	\$ 2.76	\$ 2.76	\$ 3.19	\$ 3.19	\$ 3.19	\$ 3.19	\$ 3.48	\$ 3.93	\$ 4.36	\$ 4.77
20,001-40,000	\$ 2.88	\$ 2.88	\$ 3.33	\$ 3.33	\$ 3.33	\$ 3.33	\$ 3.63	\$ 4.10	\$ 4.55	\$ 4.98
40,001-60,000	\$ 3.35	\$ 3.35	\$ 3.87	\$ 3.87	\$ 3.87	\$ 3.87	\$ 4.22	\$ 4.77	\$ 5.29	\$ 5.79
Over 60,000	\$ 3.51	\$ 3.51	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.41	\$ 4.99	\$ 5.53	\$ 6.06
% Increase	14.50%	0.00%	15.50%	0.00%	0.00%	0.00%	9.00%	13.00%	10.90%	9.50%

- Year end revenue projections for Water Sales of \$34.6 million decrease (\$2.6 million) or (7.0%) from original budget.
- Sewer Sales are projected to end the year up \$503,000 or 2.4% from the original budget of \$21.4 million.
- Late Charges, Interest Earnings, Service Fees, Installation Fees and Miscellaneous revenue combine for an increase \$79,000 from original budgets totaling \$1.3 million.

Expenditures

- Overall, expenditures and transfers are projected to end the year down (\$778,000) or -1.3% from the original budget of \$59.1 million.
- Personal Services will realize (\$330,000) due to standard vacancies throughout the year
- Professional Services increase \$5,000 from original budget.
- The Maintenance category is expected to finish the year (\$331,000) from the original budget of \$36.2 million due to expected year-end final costs adjustments for sewer services.
- With a combined budget of \$2.9 million, the remaining categories of Contracts, Supplies and Capital show a combined decrease of (\$18,000).

Fund Balance

- Fund Balance is projected to be 72.6 days at year-end or 17.4 days below the Council approved Financial Policy for the Water and Sewer Fund of “90 Days in Fund Balance”.

WATER AND SEWER FUND

2015-2016 Proposed

On June 15, 2015, the Executive Director of the North Texas Municipal Water District gave Council an update on the Districts Water Supply Plan and other initiatives. A copy of that presentation and video of his remarks are available on-line at www.cor.net. In addition to the 11.2% increase in the cost of wholesale water outlined in that presentation, Mr. Kula also discussed sewer treatment initiatives that will require the district to raise the costs of sewer treatment 16.7% for City sewer flowing into the Upper East Fork Interceptor and a similar 11.6% increase for sewer flowing into the Regional Waste Water System.

This budget is based on these factors as well as an increased emphasis on addressing the City's aging infrastructure through enhanced inflow and infiltration (I&I) abatement efforts and general system maintenance including, but not limited to line and valve repair/replacement.

Revenues

Projected revenues for FY 2015-2016 are based on an 8.0% rate increase for both the water and sewer retail rates. The increase would go into effect with the first billing in November of 2015.

Fiscal Year	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
NTMWD/1,000 gal.	\$ 1.08	\$ 1.18	\$ 1.25	\$ 1.37	\$ 1.49	\$ 1.70	\$ 1.87	\$ 2.06	\$ 2.29
% Increase	5.90%	9.25%	5.90%	9.60%	8.70%	14.80%	10.00%	10.16%	11.17%
Mid-Yer Adjustment									
City Rates									
Minimum	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
0-11,000 gallons	\$ 2.95	\$ 2.95	\$ 2.95	\$ 2.95	\$ 3.22	\$ 3.63	\$ 4.03	\$ 4.41	\$ 4.76
11,001-20,000	\$ 3.19	\$ 3.19	\$ 3.19	\$ 3.19	\$ 3.48	\$ 3.93	\$ 4.36	\$ 4.77	\$ 5.15
20,001-40,000	\$ 3.33	\$ 3.33	\$ 3.33	\$ 3.33	\$ 3.63	\$ 4.10	\$ 4.55	\$ 4.98	\$ 5.38
40,001-60,000	\$ 3.87	\$ 3.87	\$ 3.87	\$ 3.87	\$ 4.22	\$ 4.77	\$ 5.29	\$ 5.79	\$ 6.25
Over 60,000	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.41	\$ 4.99	\$ 5.53	\$ 6.06	\$ 6.54
% Increase	15.50%	0.00%	0.00%	0.00%	9.00%	13.00%	10.90%	9.50%	8.00%

- Revenue from Water Sales and Charges is programmed at \$41.2 million representing an 18.9% increase from year-end and is based on an 8.0% increase across all five tiers as well as maintaining twice a week watering for the full year.
- Sewer Sales are budgeted at \$23.4 million or 6.7% above year-end and includes the 8.0% rate increase. Sewer revenue does not exhibit the same consumption based swings as water due in part to winter averaging. Sewer charges do not apply to irrigation.
- Remaining revenues combined increase \$25,000 based on a budget of \$1.4 million.

Expenditures

- Expenditures and Transfers are proposed at \$63.6 million representing an increase of \$5.2 million or 8.9% over year-end estimates.
- The Maintenance category is the largest operational expenditure in this fund and includes the costs of water and sewer services. The City is not expecting to set a new "minimum purchase," however we will be charged an additional \$0.23/1,000 gallons in the price of wholesale water from the NTMWD. This represents an increase of \$2.5 million over last year. For FY 2015-2016, the total cost of wholesale water increases to \$25.2 million.

- We continue to believe the water rebate program will continue for the foreseeable future. For this reason, we are budgeting a rebate of \$1,000,000 for a total “budgeted” charge for water \$24.2 million.

Water Purchases				
	2012-2013	2013-2014	2014-2015	2015-2016
Minimum Purchase	11.0 billion	11.0 billion	11.0 billion	11.0 billion
Projected Sales	7.2 billion	6.1 billion	6.5 billion	7.1 billion
Actual Purchase	8.6 billion	7.4 billion	N/A	N/A
Purchase as a % of Contract	78%	67.3%	N/A	N/A
Wholesale Cost	\$17,868,807	\$18,974,257	\$21,699,782	\$24,234,223
Rebate per 1,000 Gals.	\$0.35	\$0.45	N/A	N/A
Total Rebate	\$864,022	\$1,631,855	N/A	N/A
Rebate as a % of Total Cost	4.8%	8.6%	N/A	N/A

- Sewer treatment services are expected to increase \$762,000 over the year end estimate.
- Together, the wholesale cost of water and sewer treatment services account for \$37.5 million or 59.0% of the total expenses.
- Personal Services is proposed at \$6.3 million, an increase of 6.9% over year-end estimates and includes the merit pay package and CORPlan adjustments previously described in this presentation.
- Professional Services of \$1.8 million increases \$678,000.
 - As discussed in Monday night’s work session, this proposal sets aside \$500,000 to help implement a maintenance plan that will be responsive to likely EPA recommendations. The specific use of these funds will be fully outlined once a corrective action plan is developed.
 - \$80,000 in additional funding for the water line replacement program
 - An additional \$75,000 for remote camera line inspections.
- Contracts increases \$44,000 or 6.1% from year end and is made up of small increases across several line items.
- Supplies of \$1.1 million will be flat from year-end estimate and includes \$708,000 for electricity as well as \$163,000 in postage for mailing water bills.
- Continuing the “pay-as-you-go” initiative, \$1.3 million of capital equipment/programs are proposed in operations, including \$350,000 for sewer line and manhole reconstruction.
- Operating Transfer Out sees an increase of \$393,000 based on a \$402,000 in additional Franchise Fee while the BABIC Transfer remains unchanged at \$467,000.
- The debt service transfer increases \$70,000 to \$5.4 million to cover debt obligations for this fund.

Fund Balance

- Fund Balance is budgeted at 80.3 days. With a blended strategy of increased consumption and strategic increases to our rate structure based on increasing wholesale costs, we plan to be back at 90 days by the end of 2016-2017.

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
WATER AND SEWER FUND**

	ACTUAL	BUDGET	ESTIMATE	BUDGET	VARIANCE	
	FY 2013-14	FY 2014-15	FY 2014-15	FY 2015-16	BUD to BUD	EST to BUD
Beginning Designated Fund Balance	\$ 14,275,437	\$ 12,298,172	\$ 11,823,488	\$ 11,601,335	-5.7%	-1.9%
Reserve for Encumbrances	49,811	-	267,395	-	N/A	-100.0%
Adjusted Beginning Fund Balance	\$ 14,325,248	\$ 12,298,172	\$ 12,090,883	\$ 11,601,335	-5.7%	-4.0%
Revenues						
Water Sales & Charges	\$ 29,768,613	\$ 37,208,985	\$ 34,622,397	\$ 41,182,664	10.7%	18.9%
Sewer Sales & Charges	20,462,099	21,389,168	21,892,189	23,367,918	9.3%	6.7%
Late Charges	449,277	780,759	814,981	819,056	4.9%	0.5%
Interest Earnings	13,385	13,777	8,825	9,266	-32.7%	5.0%
Service Fees - Others	44,372	42,282	51,642	53,191	25.8%	3.0%
Installation Charges	69,320	49,727	66,925	73,618	48.0%	10.0%
Miscellaneous	477,685	389,714	413,103	425,496	9.2%	3.0%
Total Revenues	\$ 51,284,752	\$ 59,874,411	\$ 57,870,062	\$ 65,931,209	10.1%	13.9%
Total Available Funds	\$ 65,610,000	\$ 72,172,583	\$ 69,960,945	\$ 77,532,544	7.4%	10.8%
Expenditures						
Personal Services	\$ 6,215,382	\$ 6,246,782	\$ 5,916,411	\$ 6,325,574	1.3%	6.9%
Professional Services	539,719	1,151,689	1,156,908	1,834,519	59.3%	58.6%
Maintenance	32,552,035	36,204,494	35,873,067	39,219,133	8.3%	9.3%
Contracts	706,640	691,085	716,628	760,615	10.1%	6.1%
Supplies	1,041,865	1,116,856	1,067,252	1,061,299	-5.0%	-0.6%
Capital	455,651	1,044,900	1,051,375	1,308,326	25.2%	24.4%
Total Expenditures	\$ 41,511,292	\$ 46,455,806	\$ 45,781,641	\$ 50,509,466	8.7%	10.3%
Operating Transfers Out						
General and Administrative Charges	\$ 3,879,623	\$ 3,945,574	\$ 3,945,574	\$ 3,936,833	-0.2%	-0.2%
Franchise Fees	2,511,536	2,929,908	2,825,729	3,227,529	10.2%	14.2%
BABIC Program	466,666	466,666	466,666	466,666	0.0%	0.0%
Total Operating Transfers Out	\$ 6,857,825	\$ 7,342,148	\$ 7,237,969	\$ 7,631,028	3.9%	5.4%
Total Exp. And Oper. Transfers Out	\$ 48,369,117	\$ 53,797,954	\$ 53,019,610	\$ 58,140,494		N/A
Transfers Out						
Debt Service	\$ 5,150,000	\$ 5,340,000	\$ 5,340,000	\$ 5,410,000	1.3%	1.3%
Total Transfers Out	\$ 5,150,000	\$ 5,340,000	\$ 5,340,000	\$ 5,410,000	1.3%	1.3%
Total Expenditures and Transfers	\$ 53,519,117	\$ 59,137,954	\$ 58,359,610	\$ 63,550,494	7.5%	8.9%
Revenue Over/(Under)	\$ (2,234,365)	\$ 736,457	\$ (489,548)	\$ 2,380,715	223.3%	-586.3%
Reserve for Encumbrances	\$ 267,395	\$ -	\$ -	\$ -	N/A	N/A
Ending Designated Fund Balance	\$ 11,823,488	\$ 13,034,629	\$ 11,601,335	\$ 13,982,050	7.3%	20.5%
Days of Fund Balance	80.64	80.45	72.56	80.31	-0.2%	10.7%

**CITY OF RICHARDSON
REVENUE BY DETAIL
WATER AND SEWER FUND**

	ACTUAL	BUDGET	ESTIMATE	BUDGET	VARIANCE	
	FY 2013-14	FY 2014-15	FY 2014-15	FY 2015-16	BUD to BUD	EST to BUD
<u>Water and Sewer Revenue</u>						
Water Sales & Charges	\$ 29,768,613	\$ 37,208,985	\$ 34,622,397	\$ 41,182,664	\$ 3,973,679	\$ 6,560,267
Sewer Sales & Charges	20,462,099	21,389,168	21,892,189	23,367,918	1,978,750	1,475,729
Rate Stabilization	-	-	-	-	-	-
Late Charges	449,277	780,759	814,981	819,056	38,297	4,075
Interest Earnings	13,385	13,777	8,825	9,266	(4,511)	441
Service Fees - Others	44,372	42,282	51,642	53,191	10,909	1,549
Installation Charges	69,320	49,727	66,925	73,618	23,891	6,693
Miscellaneous	477,685	389,714	413,103	425,496	35,782	12,393
Total	\$ 51,284,752	\$ 59,874,411	\$ 57,870,062	\$ 65,931,209	\$ 6,056,798	\$ 8,061,147
Grand Total Water and Sewer Fund	\$ 51,284,752	\$ 59,874,411	\$ 57,870,062	\$ 65,931,209	\$ 6,056,798	\$ 8,061,147

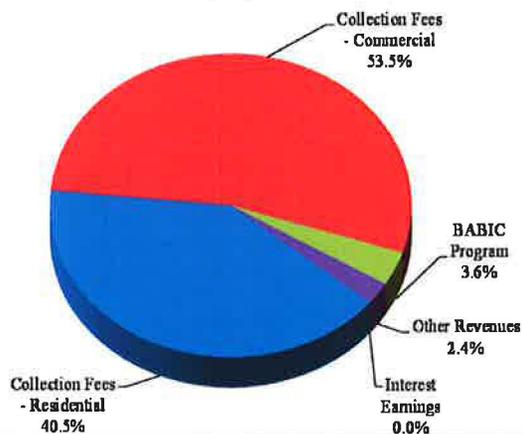
Solid Waste Services Fund

The Solid Waste Services Fund, an enterprise fund, provides for residential and commercial solid waste collection services, including recycling and brush and bulky item collection.

Sources

Monthly service fees charged to residential and commercial customers provide the revenue for the fund. Rates are reviewed annually to confirm that sufficient revenues are generated to fund the anticipated expenses related to solid waste services.

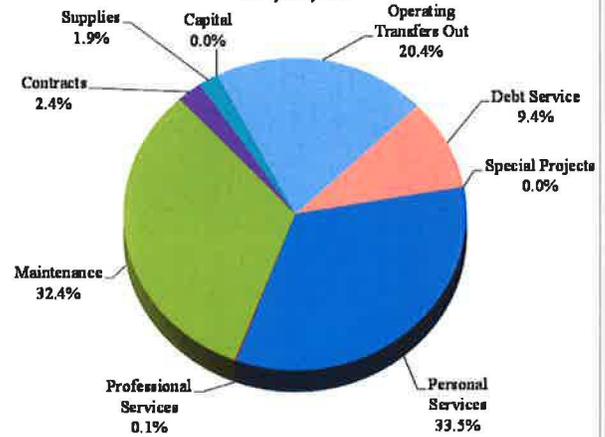
FY 2015-2016 Solid Waste Fund Revenues - \$12,929,815



Uses

Expenditures for daily operations and disposal fees charged by the North Texas Municipal Water District (NTMWD) are hosted in the Solid Waste Services Fund. Disposal fees comprise 31.2% of the overall expenditures of the fund.

FY 2015-2016 Solid Waste Fund Expenditures - \$13,492,883



Fund Balance

The established target Fund Balance for the Solid Waste Services Fund is 60 days of expenditures, building to 90 days.

Water and Sewer Debt Service Fund

The Solid Waste Services Debt Service Fund hosts the revenue and expenditures required to meet solid waste related debt service obligations. The primary source of revenue for the fund is a transfer of revenues from the Solid Waste Services Fund generated through the collection of solid waste service fees from residential and commercial customers. The expenditures include the annual debt service payments for solid waste vehicle and equipment replacements funded through the issuance of public property certificated of obligation.

SOLID WASTE SERVICES FUND

2014-2015 Year End Estimates

Revenues

- Solid Waste revenues are projected to end the year \$205,000 or 1.6% above their original budget of \$12.8 million.
- Residential Collections are tracking up \$9,000 from the programmed \$5.2 million. With a rate of \$16.63 per month (\$18.00 including tax) and with an estimated true cost of \$23.27, Commercial Collections subsidizes Residential Collection \$6.64 per resident each month or almost \$80.00 per year.
- Commercial Collections are expected to be \$184,000 over the original budget of \$6.8 million. This includes an expected \$160,000 for the Construction and Demolition Program. Because these revenues can vary significantly from year to year, we only budget a minimum amount at the beginning of each year.
- The Other Revenue category and Interest Earnings will combine for an estimated increase \$11,000 over an original budget of \$268,000.

Expenditures

- Total Expenditures and Transfers are expected to end the year \$212,000 or 1.6% above the \$13.0 million programmed for FY 2014-2015.
- Personal Services should finish the year (\$124,000) or -2.8% below its original budget due to savings achieved through normal vacancies.
- Professional Services is expected to finish the year (\$4,000) below the original budget of \$23,000.
- Maintenance is expected to increase \$287,000 or 7.4% for additional disposal fees due to the restructured Construction and Demolition (C&D) program as well as "spoils" hauling from City projects.
- Contracts are projected to finish the year \$38,000 over the original budget of \$294,000 due in part to increased advertising costs of \$12,000 related to the Recycling Program, as well as minor increases across several smaller accounts.
- Supplies are expected to end the year \$5,000 above its budgeted position of \$285,000.
- The debt service transfer remains unchanged from the budgeted \$1.4 million.

Fund Balance

- Days in Fund balance are expected to end the year with 107.4 days, in compliance with the adopted financial policy of "60 days building towards 90 days."

SOLID WASTE SERVICES FUND

2015-2016 Proposed

Revenues

- Total revenues are projected to be (\$49,000) below year-end estimates.
- Residential Collections are budgeted flat from year-end estimates at \$5.2 million and assumes no change for 2015-2016 in the City's residential solid waste rate and the continuation of the reduced rate for seniors. Every \$1.00 per month increase to the residential solid waste rate, \$0.75 for seniors, would generate an additional \$310,000 in revenue.
- Commercial Collections Fees are expected to decrease -1.6% or (\$110,000) from year end estimates. This represents the portion of the C&D program we consider as non-recurring revenue. With the continued development in the City, we are erring on the side of caution and not counting on what is considered a fluctuating revenue source.
- The BABIC transfer from the Water and Sewer fund will remain at \$467,000. This allocation acknowledges the water supply protection provided by the BABIC program.
- Other Revenue is projected to increase \$36,000 with an anticipated vehicle auction during the fiscal year.
- Interest Earnings are expected to remain relatively flat for the upcoming year.

Expenditures

- Total expenditures and transfers are proposed at \$13.5 million, an increase of \$238,000 or 1.8% over the year-end estimate of \$13.3 million.
- Personal Services increase \$252,000 or 5.9% over year-end estimate and includes the full year impacts of the merit based pay program.
- Professional Services decrease (\$3,000) from the year-end estimate.
- The Maintenance category is projected to increase \$183,000 or 6.3% over the year-end estimate due to an increase of \$1.75 per ton in the disposal fees charged by NTMWD.
- Contracts and Supplies combined decrease (\$44,000) next year based on a projected budget of \$578,000 and includes facility and equipment insurances as well as the wholesale cost of refuse bags,
- The General and Administrative transfer decreases (\$13,000) as a result of the indirect cost allocation study performed by DMG Maximus.
- The Franchise Fee decreases (\$4,000) based on decreased commercial revenue.
- The Debt Service Transfer of \$1.3 million is (\$133,000) lower than year-end estimate and represents the current payment due on equipment debt issuance.

Fund Balance

- FY 2015-2016 fund balance is proposed at 90.2 days. This achieves the goal established in the adopted financial policy of "60 days building towards 90."

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
SOLID WASTE SERVICES FUND**

	ACTUAL	BUDGET	ESTIMATE	BUDGET	VARIANCE	
	FY 2013-14	FY 2014-15	FY 2014-15	FY 2015-16	BUD to BUD	EST to BUD
Beginning Designated Fund Balance	\$ 3,747,906	\$ 3,602,497	\$ 4,174,849	\$ 3,898,935	8.2%	-6.6%
Reserve for Encumbrances	-	-	174	-	N/A	-100.0%
Adjusted Beginning Fund Balance	\$ 3,747,906	\$ 3,602,497	\$ 4,175,023	\$ 3,898,935	8.2%	-6.6%
Revenues						
Collection Fees - Residential	\$ 5,181,346	\$ 5,198,147	\$ 5,207,129	\$ 5,233,165	0.7%	0.5%
Collection Fees - Commercial	6,706,260	6,841,316	7,025,646	6,915,024	1.1%	-1.6%
BABIC Program	466,666	466,666	466,666	466,666	0.0%	0.0%
Other Revenues	402,349	265,606	274,284	310,000	16.7%	13.0%
Interest Earnings	2,694	2,143	4,938	4,960	131.5%	0.4%
Total Revenues	\$ 12,759,315	\$ 12,773,879	\$ 12,978,663	\$ 12,929,815	1.2%	-0.4%
Total Available Funds	\$ 16,507,221	\$ 16,376,376	\$ 17,153,686	\$ 16,828,750	2.8%	-1.9%
Expenditures						
Personal Services	\$ 4,176,297	\$ 4,387,277	\$ 4,262,826	\$ 4,514,868	2.9%	5.9%
Professional Services	181,800	22,570	18,352	14,977	-33.6%	-18.4%
Maintenance	3,221,804	3,894,710	4,182,199	4,365,742	12.1%	4.4%
Contracts	314,458	294,402	332,585	322,064	9.4%	-3.2%
Supplies	230,378	285,080	290,002	256,685	-10.0%	-11.5%
Capital	-	-	-	-	N/A	N/A
Total Expenditures	\$ 8,124,737	\$ 8,884,039	\$ 9,085,964	\$ 9,474,336	6.6%	4.3%
Operating Transfers Out						
General and Administrative Charges	\$ 2,122,106	\$ 2,154,283	\$ 2,154,283	\$ 2,141,138	-0.6%	-0.6%
Franchise Fees	594,380	601,973	611,639	607,409	0.9%	-0.7%
Total Operating Transfers Out	\$ 2,716,486	\$ 2,756,256	\$ 2,765,922	\$ 2,748,547	-0.3%	-0.6%
Total Exp. And Oper. Transfers Out	\$ 10,841,223	\$ 11,640,295	\$ 11,851,886	\$ 12,222,883		
Transfers Out						
Debt Service	\$ 1,490,975	\$ 1,402,865	\$ 1,402,865	\$ 1,270,000	-9.5%	-9.5%
Special Projects	-	-	-	-	N/A	N/A
Total Transfers Out	\$ 1,490,975	\$ 1,402,865	\$ 1,402,865	\$ 1,270,000	-9.5%	-9.5%
Total Expenditures and Transfers	\$ 12,332,198	\$ 13,043,160	\$ 13,254,751	\$ 13,492,883	3.4%	1.8%
Revenue Over/(Under)	\$ 427,117	\$ (269,281)	\$ (276,088)	\$ (563,068)	109.1%	103.9%
Reserve for Encumbrances	\$ 174	\$ -	\$ -	\$ -	N/A	N/A
Ending Designated Fund Balance	\$ 4,174,849	\$ 3,333,216	\$ 3,898,935	\$ 3,335,867	0.1%	-14.4%
Days of Fund Balance	123.56	93.28	107.37	90.24	-3.3%	-16.0%

**CITY OF RICHARDSON
REVENUE BY DETAIL
SOLID WASTE SERVICES FUND**

	ACTUAL	BUDGET	ESTIMATE	BUDGET	VARIANCE	
	FY 2013-14	FY 2014-15	FY 2014-15	FY 2015-16	BUD to BUD	EST to BUD
<u>Solid Waste Services Revenue</u>						
Collection Fees - Residential	\$ 5,181,346	\$ 5,198,147	\$ 5,207,129	\$ 5,233,165	\$ 35,018	\$ 26,036
Collection Fees - Commercial	6,706,260	6,841,316	7,025,646	6,915,024	73,708	(110,622)
Rate Stabilization	-	-	-	-	-	-
BABIC Program	466,666	466,666	466,666	466,666	-	-
Other Revenues	402,349	265,606	274,284	310,000	44,394	35,716
Interest Earnings	2,694	2,143	4,938	4,960	2,817	22
Total	\$ 12,759,315	\$ 12,773,879	\$ 12,978,663	\$ 12,929,815	\$ 155,936	\$ (48,848)
 Grand Total Solid Waste Services Fund	 \$ 12,759,315	 \$ 12,773,879	 \$ 12,978,663	 \$ 12,929,815	 \$ 155,936	 \$ (48,848)

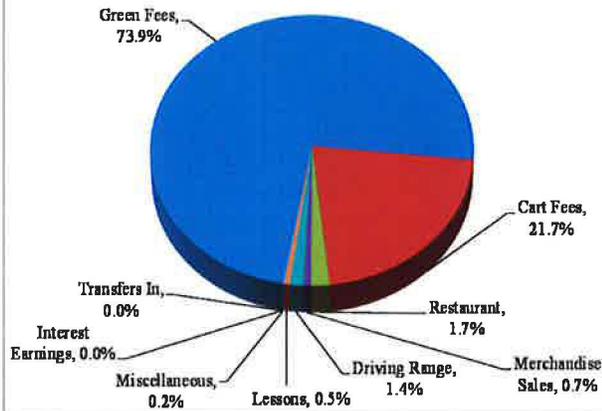
Golf Fund

The Golf Fund, a special revenue fund, accounts for the administration, operations, maintenance and periodic renovation of Sherrill Park Golf Course.

Sources

Revenues for the Golf Fund are generated through golf fees charged to patrons. The number of rounds of golf played on an annual basis drive the revenues of the fund. The number of rounds played is affected by weather as well as by competition in the regional golf market.

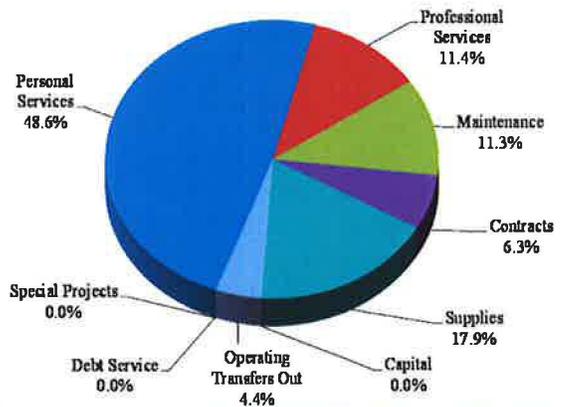
FY 2015-2016 Golf Fund Revenues - \$2,186,700



Uses

Expenditures include expenses related to daily operations, course maintenance, fleet maintenance and replacement, as well as special projects. Personnel Services account for 48.6% of all expenditures in the Golf Fund.

FY 2015-2016 Golf Fund Expenditures - \$2,158,871



Fund Balance

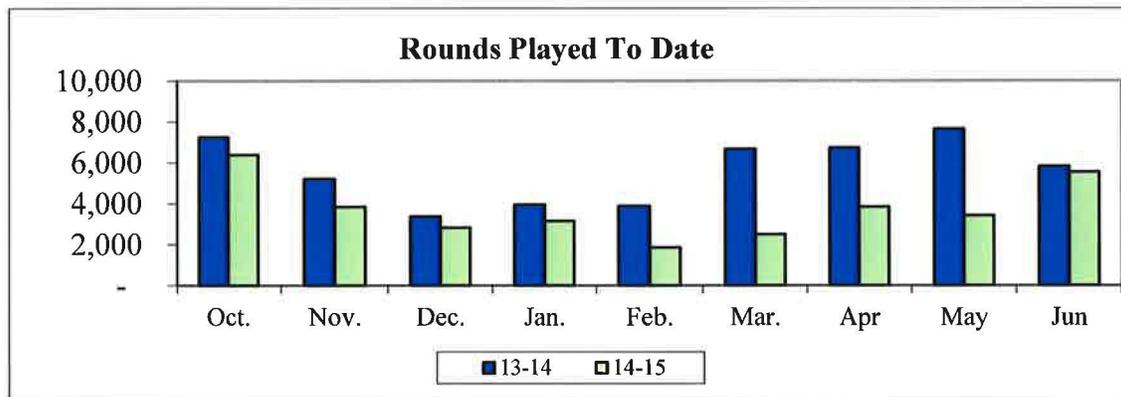
The established target Fund Balance for the Golf Fund is 30 days of expenditures, building to 60 days.

GOLF FUND

2014-2015 Year End Estimates

Revenues

- Revenues for the Golf Fund are expected to end the year (\$40,000) or -2.1% below the budgeted \$1.9 million.
- Green Fees are expected to finish the year (\$263,000) or -23.9% below the original budget of \$1.1M. Rounds played of 33,414 are down (17,173) from this time last year.



- Even accountings for the renovation of Course 1, rounds played are below expectations due to the extraordinary rain the area has received throughout late winter and spring playing seasons. During the month of May for example, the course received rain 27 of the 31 days.
- Cart Fees are projected at \$317,000 at year end representing a (\$41,000) decrease from the original budget.
- Revenue from the remaining operations sources, totaling \$72,000 are expected to end the year down (\$20,000).
- The General Fund support was budgeted at \$325,000 to assist the fund during the renovation of Course 1. With the weather related losses mentioned above, this support is expected to increase to \$610,000. The transfer will be adjusted as needed at year-end to assure the financial stability of the fund.

Expenditures

- Total Golf Fund Expenditures and Transfers are expected to end the year at \$2.0 million, a decrease of (\$122,000) from the original budget. With the renovation underway, every effort has been made to achieve maximum savings while continuing to maintain Course 2 and the rest of the facility to the high standard expected by the golfing community.

Fund Balance

- Given the projected revenue and expenditure performance, the days in fund balance in the Golf Fund will end the year at 24.2 days, or 5.8 days below the Council approved financial policy of "30 days building to 60."

GOLF FUND

2015-2016 Proposed

The following program of service is based on the completion of course improvements and reopening by October 1, 2015.

Revenues

- Revenues for the Golf Fund are projected at \$2.2 million for FY 2015-2016 representing an increase of \$351,000 or 19.1% over year-end.
 - Green fees of \$1.6 million represent a return to full operations.
 - Cart Fees are projected to increase \$157,000 with both courses open.
 - The remaining revenues of \$97,000 increase \$25,000 from the year end position.

Expenditures

- Total Expenditures and Transfers for the Golf Fund are proposed at \$2.2 million, an increase of \$175,000 from year-end.
- Personal Services increase \$73,000 and includes the addition of a new equipment mechanic. The course currently only has one equipment mechanic and since taking over the golf carts last year, the course has more than doubled the number of units it maintains.
- The remaining operational expenditures increase \$103,000 from year-end savings, but merely represent a return to normal levels of expenditures for the fund.

Fund Balance

- Given the projected revenue and expenditure performance, the fund balance should end the year with 26.9 days, 3.1 days below the Council approved “30 building to 60” days.

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
GOLF FUND**

	ACTUAL	BUDGET	ESTIMATE	BUDGET	VARIANCE	
	FY 2013-14	FY 2014-15	FY 2014-15	FY 2015-16	BUD to BUD	EST to BUD
Beginning Designated Fund Balance	\$ 194,669	\$ 304,063	\$ 279,311	\$ 131,486	-56.8%	-52.9%
Reserve for Encumbrances	312	-	24	-	N/A	-100.0%
Adjusted Beginning Fund Balance	\$ 194,981	\$ 304,063	\$ 279,335	\$ 131,486	-56.8%	-52.9%
Revenues						
Green Fees	\$ 1,347,471	\$ 1,099,308	\$ 836,431	\$ 1,615,507	47.0%	93.1%
Cart Fees	437,081	358,333	317,000	473,760	32.2%	49.5%
Restaurant	34,754	27,376	21,888	38,000	38.8%	73.6%
Merchandise Sales	13,620	11,398	9,381	16,000	40.4%	70.6%
Driving Range	28,249	29,000	23,805	29,907	3.1%	25.6%
Lessons	8,382	5,969	9,939	10,000	67.5%	0.6%
Miscellaneous	52,457	18,963	7,320	3,294	-82.6%	-55.0%
Transfer In - Capital Projects/Equipment	260,000	-	-	-	N/A	N/A
Transfer In - General Fund	-	325,000	610,000	-	-100.0%	-100.0%
Interest Earnings	100	78	131	232	195.9%	77.1%
Total Revenues	\$ 2,182,114	\$ 1,875,426	\$ 1,835,895	\$ 2,186,700	16.6%	19.1%
Total Available Funds	\$ 2,377,095	\$ 2,179,489	\$ 2,115,230	\$ 2,318,186	6.4%	9.6%
Expenditures						
Personal Services	\$ 1,001,823	\$ 983,288	\$ 975,980	\$ 1,048,890	6.7%	7.5%
Professional Services	236,498	246,563	242,205	246,356	-0.1%	1.7%
Maintenance	277,420	252,688	194,000	244,188	-3.4%	25.9%
Contracts	120,356	135,177	108,120	137,083	1.4%	26.8%
Supplies	355,051	392,500	367,500	387,000	-1.4%	5.3%
Capital	12,437	-	-	-	N/A	N/A
Total Expenditures	\$ 2,003,585	\$ 2,010,216	\$ 1,887,805	\$ 2,063,517	2.7%	9.3%
Operating Transfers Out						
General and Administrative Charges	\$ 94,175	\$ 95,939	\$ 95,939	\$ 95,354	-0.6%	-0.6%
Total Operating Transfers Out	\$ 94,175	\$ 95,939	\$ 95,939	\$ 95,354	-0.6%	-0.6%
Total Exp. And Oper. Transfers Out	\$ 2,097,760	\$ 2,106,155	\$ 1,983,744	\$ 2,158,871	2.5%	8.8%
Total Expenditures and Transfers	\$ 2,097,760	\$ 2,106,155	\$ 1,983,744	\$ 2,158,871	2.5%	8.8%
Revenue Over/(Under)	\$ 84,354	\$ (230,729)	\$ (147,849)	\$ 27,829	-112.1%	-118.8%
Reserve for Encumbrances	\$ 24	\$ -	\$ -	\$ -	N/A	N/A
Ending Designated Fund Balance	\$ 279,311	\$ 73,334	\$ 131,486	\$ 159,315	117.2%	21.2%
Days of Fund Balance	48.60	12.71	24.19	26.94	111.9%	11.3%

**CITY OF RICHARDSON
REVENUE BY DETAIL
GOLF FUND**

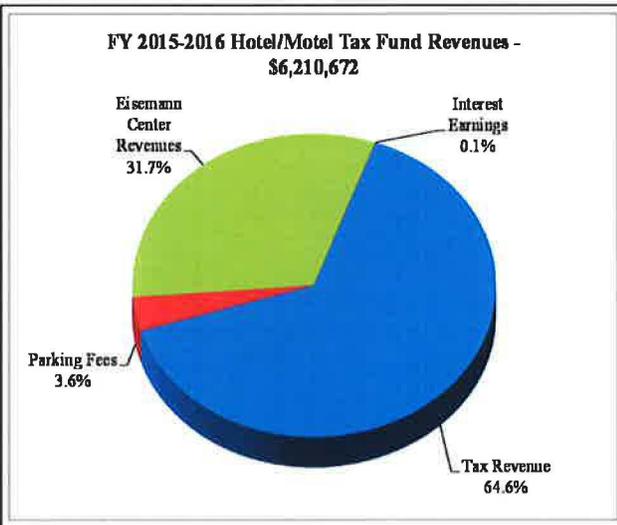
	ACTUAL	BUDGET	ESTIMATE	BUDGET	VARIANCE	
	FY 2013-14	FY 2014-15	FY 2014-15	FY 2015-16	BUD to BUD	EST to BUD
<u>Golf Revenue</u>						
Green Fees	\$ 1,347,471	\$ 1,099,308	\$ 836,431	\$ 1,615,507	\$ 516,199	\$ 779,076
Cart Fees	437,081	358,333	317,000	473,760	115,427	156,760
Restaurant	34,754	27,376	21,888	38,000	10,624	16,112
Merchandise Sales	13,620	11,398	9,381	16,000	4,602	6,619
Driving Range	28,249	29,000	23,805	29,907	907	6,102
Lessons	8,382	5,969	9,939	10,000	4,031	61
Miscellaneous	52,457	18,963	7,320	3,294	(15,669)	(4,026)
Transfer In - Capital Projects/Equipment	260,000	-	-	-	-	-
Transfer In - General Fund	-	325,000	610,000	-	(325,000)	(610,000)
Interest Earnings	100	78	131	232	154	101
Total	\$ 2,182,114	\$ 1,875,426	\$ 1,835,895	\$ 2,186,700	\$ 311,274	\$ 350,805
Grand Total Golf Fund	\$ 2,182,114	\$ 1,875,426	\$ 1,835,895	\$ 2,186,700	\$ 311,274	\$ 350,805

Hotel Motel Tax Fund

The Hotel Motel Tax Fund, a special revenue fund, accounts for the administration, operations and maintenance of the Charles W. Eisemann Center, parking garage, Convention and Visitors Bureau and annual grants to local arts organizations.

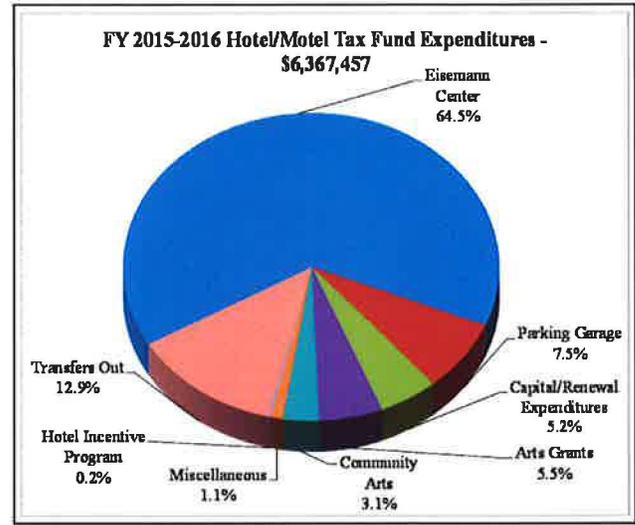
Sources

The fund is supported by the Hotel/Motel Occupancy Tax, which is restricted by State law to tourism promotion, capital construction, the operation of meeting facilities and the funding of cultural activities. The fund also hosts the operating revenues received from user fees charged for the use of the Eisemann Center and the Parking Garage.



Uses

Daily operations at the Eisemann Center and the Parking Garage account for 72.0% of the expenditures in the Hotel Motel Tax Fund. Resources for the Convention and Visitors Bureau and local arts grants are also allocated in the Hotel Motel Tax Fund.



Fund Balance

There is no pre-established Fund Balance target for the Hotel Motel Tax Fund.

Hotel Motel Tax Debt Service Fund

Hotel Motel Tax Fund resources are transferred to the General Debt Service Fund to assist in the funding of the annual debt service payment on the Eisemann Center.

HOTEL MOTEL TAX FUND

2014-2015 Year End Estimates

Revenues

- Based on 8-months of revenue receipts and projected activities for the 4 remaining months, the Hotel Motel Tax Fund year-end revenues are projected to end the year (\$163,000) or (2.7%) below the budgeted position of \$6.0 million for 2014-2015.

Hotel/Motel Tax Receipts

- Hotel Motel Tax Receipts are a factor of both room rate and occupancy levels. From October to May 2015 (latest available data), all three major indicators are increased over the same time last year, indicating continued growth in our local hotel market.

Year	Occupancy Rate	Average Daily Rate	RevPAR
Oct-May 2014	68.13%	\$85.87	\$58.90
Oct-May 2015	70.08%	\$91.12	\$63.76

- Hotel/Motel Tax Receipts are anticipated to end the year \$255,000 or 6.9% above the 2014-2015 budget projection of \$3.7 million.

Hotel Property	Actual 2013-2014	Budget 2014-2015	Estimated 2014-2015	Variance Bud to Est
Como Motel	\$ 19,645	\$ 19,421	\$ 19,726	\$ 305
DoubleTree Hotel	535,459	561,297	603,988	42,691
Econo Lodge	50,006	48,525	53,207	4,682
Extended Stay of America	58,982	52,704	55,904	3,200
Hawthorne Suites	61,430	55,861	67,547	11,686
Hilton Garden Inn	280,799	278,455	309,457	31,002
Holiday Inn	195,170	191,680	204,655	12,975
Hyatt House	171,253	169,509	176,728	7,219
Hyatt Regency	603,761	601,409	611,559	10,150
Marriott Courtyard - Galatyn	220,374	216,122	234,024	17,902
Marriott Courtyard - Spring Valley	210,956	206,572	211,112	4,540
Marriott Renaissance	716,250	703,534	738,357	34,823
Marriott Residence Inn	182,983	169,150	217,369	48,219
Marriott Springhill Suites	179,233	202,986	211,776	8,790
Super 8	54,904	52,232	66,176	13,944
Wingate by Wyndham	123,871	148,468	151,824	3,356
National Corporate Housing	28	-	-	-
TOTAL	\$ 3,665,107	\$ 3,677,926	\$ 3,933,409	\$ 255,483

Remaining Revenues

- Total Eisemann Center revenues are expected to be down (\$390,000) or -18.7% below budget.
 - Revenues for the Eisemann Presents Series are expected to be down (\$363,000) due to several factors including; the postponement of two MainStage shows (Vereen and DeYoung), the ice storm impacting the Arlo Guthrie event, only having one Special Event (Celebrate Texas) and lower program ad sales. Sponsorships and Friends memberships will both exceed budget.

- Eisemann Center revenues are expected to be down (\$27,000) or -2.7%.
- Parking Garage revenues are anticipated to finish the year (\$31,000) or -13.7% below its budgeted position of \$226,000. In addition to the reasons mentioned above, bookings for August and September are below where they were last year when we had 40 shows of “Menopause the Musical” from July through September 2014.

Expenditures

- Total Expenditures and Transfers for 2014-2015 are projected to end the year \$277,000 over the original budget \$5.9 million.
- Eisemann Center operational expenditures are down (\$3,000).
- Eisemann Center Presents Series will recognize (\$108,000) in savings.
- Parking Garage expenditures are projected to end the year \$15,000 over budget.
- New this year is an expense category called Capital/Renewal Expenses. With the Center now in its fourteenth year of operation, we recognize the need for the replacement and/or renewal of major equipment and systems that require a larger financial commitment than just yearly upkeep and routine maintenance. These larger items will be reflected in this category as they occur.
 - The Parking Garage entry/exit gates are in need of a mechanical and technological refresh. Year-end includes \$192,000 for this program which includes;
 - New articulating arms with sensors to protect vehicles from damage
 - Entry terminals/ticketing machines
 - New verifiers for access cards
 - Registers, computers and software to run the system and support the “chip” cards, all of which is aimed at minimizing egress times
- The \$156,000 increase in “Other Uses” is due primarily to;
 - An additional \$35,000 in Arts Grants
 - \$50,000 as a first year public art commitment
 - \$38,000 that included a public arts study, Civic Center space study, and a vertical expansion assessment of the Eisemann Parking Garage.
 - \$38,000 in prior year encumbrances is also included in this category.

Fund Balance

- The Hotel Motel Tax Fund balance is anticipated to end the year at \$1.6 million. There is no formal designated fund balance policy for the Hotel Motel Tax Fund.

HOTEL MOTEL TAX FUND

2015-2016 Proposed

Revenues

- Total Revenues for the Hotel/Motel Tax Fund are projected at \$6.2 million for next year, reflecting a 6.5% increase in overall revenues.

Hotel/Motel Tax Receipts

- For 2015-2016, Hotel/Motel Tax Receipts are budgeted at \$4.0 Million.

Hotel Property	Actual 2013-2014	Budget 2014-2015	Estimated 2014-2015	Budget 2015-2016
Como Motel	\$ 19,645	\$ 19,421	\$ 19,726	\$ 19,923
DoubleTree Hotel	535,459	561,297	603,988	616,068
Econo Lodge	50,006	48,525	53,207	54,271
Extended Stay of America	58,982	52,704	55,904	57,022
Hawthorne Suites	61,430	55,861	67,547	68,898
Hilton Garden Inn	280,799	278,455	309,457	315,646
Holiday Inn	195,170	191,680	204,655	206,702
Hyatt House	171,253	169,509	176,728	180,263
Hyatt Regency	603,761	601,409	611,559	623,790
Marriott Courtyard - Galatyn	220,374	216,122	234,024	241,045
Marriott Courtyard - Spring Valley	210,956	206,572	211,112	217,445
Marriott Renaissance	716,250	703,534	738,357	753,124
Marriott Residence Inn	182,983	169,150	217,369	221,716
Marriott Springhill Suites	179,233	202,986	211,776	213,894
Super 8	54,904	52,232	66,176	66,176
Wingate by Wyndham	123,871	148,468	151,824	154,860
National Corporate Housing	28	-	-	-
TOTAL	\$ 3,665,107	\$ 3,677,926	\$ 3,933,409	\$ 4,011,505

Parking Garage Revenues

- Parking Garage fees are projected at \$225,000, an increase of \$30,000 over year-end.

Eisemann Center Revenues

- Eisemann Center revenues are projected at \$2.0 million reflecting a \$274,000 or 16.1% increase from estimated year-end reflecting minimal increases in operations and a full program for Eisemann Center Presents revenue for the 2015-2016 Season.
- FY 2015-2016 will be the second full year for the recently enacted Facility/Maintenance Fee. As a reminder this fee is set aside in a separate fund to be used only for maintenance and capital improvements to the facility. This fee is expected to generate \$180,000 over the course of the fiscal year.

Expenditures

- Total Expenditures and Transfers for 2015-2016 are proposed at \$6.4 million reflecting a \$205,000 increase from current year-end expenditures.
- The Eisemann Center expenditures increase \$57,000 from year-end.

- The Eisemann Center's daily operations increase \$41,000.
- Eisemann Center Presents Series expenditures increase \$16,000.
- Parking Garage Expenditures are expected to remain flat for next year at \$480,000.
- Capital/Renewal Expenditures includes \$330,000 for the replacement of the 14 year old cooling tower.
- Arts Grants Supplement funding will decrease (\$100,000) from year end but is still \$25,000 over the 2013-2014 actual budget.
- The Community Arts funding includes \$200,000, which along with the \$50,000 set aside in 2014-2015 will total \$250,000 for the public arts program.
- Miscellaneous expense of \$67,000 is a decrease of (\$52,000) after the inclusion last year of the three studies listed above and last year's rewiring of the security cameras and system.
- The Transfer to General Fund – CVB matches the department budget at \$472,000.
- The Hotel/Motel G&A remains static at \$350,000 and reflects the services provided by the General Fund for these activities.

Fund Balance

The Fund Balance is projected to end the year at \$1.4 million.

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
HOTEL/MOTEL TAX FUND**

	ACTUAL	BUDGET	ESTIMATE	BUDGET	VARIANCE	
	FY 2013-14	FY 2014-15	FY 2014-15	FY 2015-16	BUD to BUD	EST to BUD
Beginning Designated Fund Balance	\$ 1,160,902	\$ 1,282,461	\$ 1,899,467	\$ 1,609,370	25.5%	-15.3%
Reserve for Encumbrances	15,747	-	43,393	-	N/A	-100.0%
Adjusted Beginning Fund Balance	\$ 1,176,649	\$ 1,282,461	\$ 1,942,860	\$ 1,609,370	25.5%	-17.2%
Revenues						
Tax Revenue	\$ 3,665,107	\$ 3,677,926	\$ 3,933,409	\$ 4,011,505	9.1%	2.0%
Parking Fees	229,778	226,300	195,275	225,000	-0.6%	15.2%
Eisemann Center Revenues	2,016,946	2,086,692	1,697,069	1,970,914	-5.5%	16.1%
Interest Earnings	1,971	1,351	3,458	3,253	140.8%	-5.9%
Total Revenues	\$ 5,913,802	\$ 5,992,269	\$ 5,829,211	\$ 6,210,672	3.6%	6.5%
Total Available Funds	\$ 7,090,451	\$ 7,274,730	\$ 7,772,071	\$ 7,820,042	7.5%	0.6%
Operating Expenditures						
Eisemann Center	\$ 3,733,652	\$ 4,162,625	\$ 4,051,244	\$ 4,107,889	-1.3%	1.4%
Parking Garage	502,853	465,817	480,707	479,803	3.0%	-0.2%
Total Operating Expenditures	\$ 4,236,505	\$ 4,628,442	\$ 4,531,951	\$ 4,587,692	-0.9%	1.2%
Capital/Renewal Expenditures						
Eisemann Center	\$ -	\$ -	\$ -	\$ 330,000	N/A	N/A
Parking Garage	-	-	192,000	-	N/A	-100.0%
Total Capital/Renewal Expenditures	\$ -	\$ -	\$ 192,000	\$ 330,000	N/A	71.9%
Other Uses						
Arts	\$ 325,000	\$ 415,000	\$ 450,000	\$ 350,000	-15.7%	-22.2%
Community Arts	-	-	50,000	200,000		
Miscellaneous	87,086	67,400	138,635	67,400	0.0%	-51.4%
Hotel Incentive Program	3,000	10,000	10,000	10,000	0.0%	0.0%
Total Other Uses	\$ 415,086	\$ 492,400	\$ 648,635	\$ 627,400	27.4%	-3.3%
Total Exp. And Other Uses	\$ 4,651,591	\$ 5,120,842	\$ 5,372,586	\$ 5,545,092		
Transfers Out						
Transfer to General Fund - C.V.B.	\$ 246,000	\$ 415,004	\$ 440,115	\$ 472,365	13.8%	7.3%
General and Administrative Charges	250,000	350,000	350,000	350,000	0.0%	0.0%
Total Transfers Out	\$ 496,000	\$ 765,004	\$ 790,115	\$ 822,365	7.5%	4.1%
Total Expenditures and Transfers	\$ 5,147,591	\$ 5,885,846	\$ 6,162,701	\$ 6,367,457	8.2%	3.3%
Revenue Over/(Under)	\$ 766,211	\$ 106,423	\$ (333,490)	\$ (156,785)	-247.3%	-53.0%
Reserve for Encumbrances	\$ 43,393	\$ -	\$ -	\$ -	N/A	N/A
Ending Designated Fund Balance	\$ 1,899,467	\$ 1,388,884	\$ 1,609,370	\$ 1,452,585	4.6%	-9.7%

**CITY OF RICHARDSON
REVENUE BY DETAIL
HOTEL/MOTEL TAX FUND**

	<u>ACTUAL FY 2013-14</u>	<u>BUDGET FY 2014-15</u>	<u>ESTIMATE FY 2014-15</u>	<u>BUDGET FY 2015-16</u>	<u>VARIANCE</u>	
					<u>BUD to BUD</u>	<u>EST to BUD</u>
<u>Tax Revenue</u>						
Como Motel	\$ 19,645	\$ 19,421	\$ 19,726	\$ 19,923	\$ 502	\$ 197
DoubleTree Hotel	535,459	561,297	603,988	616,068	54,771	12,080
Econo Lodge	50,006	48,525	53,207	54,271	5,746	1,064
Extended Stay of America	58,982	52,704	55,904	57,022	4,318	1,118
Hawthorne Suites	61,430	55,861	67,547	68,898	13,037	1,351
Hilton Garden Inn	280,799	278,455	309,457	315,646	37,191	6,189
Holiday Inn	195,170	191,680	204,655	206,702	15,022	2,047
Hyatt House	171,253	169,509	176,728	180,263	10,754	3,535
Hyatt Regency	603,761	601,409	611,559	623,790	22,381	12,231
Mariott Courtyard - Galatyn	220,374	216,122	234,024	241,045	24,923	7,021
Marriott Courtyard - Spring Valley	210,956	206,572	211,112	217,445	10,873	6,333
Marriott Renaissance	716,250	703,534	738,357	753,124	49,590	14,767
Marriott Residence Inn	182,983	169,150	217,369	221,716	52,566	4,347
Marriott Springhill Suites	179,233	202,986	211,776	213,894	10,908	2,118
Super 8	54,904	52,232	66,176	66,838	14,606	662
Wingate by Wyndham	123,871	148,468	151,824	154,860	6,392	3,036
National Corporate Housing	28	-	-	-	-	-
Total	\$ 3,665,107	\$ 3,677,926	\$ 3,933,409	\$ 4,011,505	\$ 333,579	\$ 78,096
<u>Parking Fees</u>						
Parking Garage	\$ 229,778	\$ 226,300	\$ 195,275	\$ 225,000	\$ (1,300)	\$ 29,725
Total	\$ 229,778	\$ 226,300	\$ 195,275	\$ 225,000	\$ (1,300)	\$ 29,725
<u>Eisemann Center Revenue</u>						
Fees	\$ 814,141	\$ 745,000	\$ 717,201	\$ 720,000	\$ (25,000)	\$ 2,799
Ticket Sales and Surcharges	201,302	175,000	181,330	180,000	5,000	(1,330)
Concessions	17,621	15,000	19,097	19,000	4,000	(97)
Eisemann Presents Revenue	914,523	1,083,692	720,775	991,914	(91,778)	271,139
Miscellaneous	69,359	68,000	58,666	60,000	(8,000)	1,334
Total	\$ 2,016,946	\$ 2,086,692	\$ 1,697,069	\$ 1,970,914	\$ (115,778)	\$ 273,845
<u>Interest Earnings</u>						
Interest Earnings	\$ 1,971	\$ 1,351	\$ 3,458	\$ 3,253	\$ 1,902	\$ (205)
Total	\$ 1,971	\$ 1,351	\$ 3,458	\$ 3,253	\$ 1,902	\$ (205)
Grand Total Hotel/Motel Tax Fund	\$ 5,913,802	\$ 5,992,269	\$ 5,829,211	\$ 6,210,672	\$ 218,403	\$ 381,461

EISEMANN CENTER EXPENDITURE DETAIL

	<u>ACTUAL FY 2013-14</u>	<u>BUDGET FY 2014-15</u>	<u>ESTIMATE FY 2014-15</u>	<u>BUDGET FY 2015-16</u>	<u>VARIANCE</u>	
					<u>BUD to BUD</u>	<u>EST to BUD</u>
<u>Eisemann Center Expenditures</u>						
Eisemann Center	\$ 2,798,807	\$ 3,078,933	\$ 3,075,594	\$ 3,116,130	\$ 37,197	\$ 40,536
Eisemann Center Presents	934,845	1,083,692	975,650	991,759	(91,933)	16,109
Total Eisemann Center Expenditures	\$ 3,733,652	\$ 4,162,625	\$ 4,051,244	\$ 4,107,889	\$ (54,736)	\$ 56,645

2014-15 CAPITAL IMPROVEMENT PROGRAM AND DEBT SERVICE PLAN OVERVIEW

Background & Overview

- The City closely coordinates the Capital Improvement Plan (CIP) and the related debt service planning with the annual Operating Budget development. This allows an integrated and accurate development of the Debt Service fund segments of the overall budget.
- Funding resources for the City's capital program occur through a variety of sources, both of local city origin and from other agencies, and can be a dynamic process within the fiscal year. The City has taken an active posture in seeking "external" funding support for capital efforts, which can lower the local expense component of a project.
- The main budgetary aspects to the capital program are the debt service requirements, and properly tracking the special revenues, grant funding, capital surplus transfers and other capital funds that the City oversees. Key funding types include:
 - Annual short-term Certificate of Obligation (C.O.) program.
 - General Capital Special Projects from year ending transfers, when available.
 - General Obligation (G.O.) Bond & Certificate of Obligation (C.O.) funding.
 - Lease Financing
 - Utility Special Capital Projects from year ending transfers, when available.
 - Self-supporting enterprise debt for the Solid Waste Services, and Water and Sewer Funds
 - Other developer-financed or special project capital funding
 - Tax Increment Financing (TIF) revenue of the City
 - Court Technology Funds
 - 911 Wireless Funds
 - Federal and/or State Transportation Grants
 - Dallas County Parks and Trail Pay As You Go Program
 - Dallas County Capital Pay As You Go Program
 - Collin County Bond Program – Open Space and Transportation
 - Texas Parks and Wildlife
 - Federal/State Homeland Security Grants
 - Philanthropy Gifts & Sponsorship Funding
 - Federal or State Pass-Through Stimulus & Energy Management Grants

An Active Current Capital Improvement Program

- Following the favorable passage of the \$66 million 2010 G.O. Bond referendum in May 2010, the City of Richardson has been active with implementation for these capital projects.
- As explained to the voters in the referendum information, a required \$0.06 property tax rate for debt only would be required if all propositions passed.
- With the completion of the Series 2010 bond sale and the development of the subsequent 2010-2011 budget, the debt service tax rate was adjusted by the \$0.06 in the 2010-2011 budget.

- The subsequent issues (Series 2011, 2012, 2013, 2014 and 2015) returned to very nominal programs for capital replacements for the General and Solid Waste funds, scheduled fire apparatus upgrade, and the ongoing Utility C.I.P. program only.
- The Series 2015 issue was a combined \$9.38 million C.O. program.

Series 2015: 2014-2015 Debt Issuance Program – All Funds			
Amount	Bond Type	Purpose	Debt Service
\$2.90 million	C.O.	General Fund Capital Equipment – 4 yr.	General Debt Service
\$0.50 million	C.O.	General Fund Fire Equipment – 8 yr.	General Debt Service
\$0.52 million	C.O.	General Fund Capital – Street Rehabilitation -20 yr.	General Debt Service
\$2.15 million	C.O.	General Fund Capital – Sherrill Park Golf Course #1 renovation -10 yr.	General Debt Service
\$ 2.40 million	C.O.	Water and Sewer C.I.P. – 20 yr.	Utility Fund Debt Service
\$.91 million	C.O.	Solid Waste Services Capital Equipment – 8 yr.	Solid Waste Debt Service
\$ 9.38 million	Total		

- In July, 2014 the City Council approved a \$5.600 million CO debt issue for the purchase of 26 acres at 301 North Plano Road intended for parks and recreation improvements in the future.
- In December, 2014 the City Council approved an \$11.425 million debt issue for the purchase of 58 acres adjoining the Spring Creek Nature Area to expand the nature area, including the existing hike-bike system.

**2015-2016 Capital Improvement Program
AND RELATED DEBT SERVICE PLAN**

- The key focuses for the capital program in 2015-2016 are:
 - The annual short term C.O. Program to sustain a timely and organized replacement of capital equipment.
 - The issuance of a \$2.0 million C.O. for scheduled water and sewer system improvements.
 - The issuance of a \$1.1 million C.O. for solid waste equipment.
- Completion of the 2010 \$66 million G.O. capital program
 - Completion of final project elements to finish out the 2010 G.O. program.
- Call an election for a new Bond Referendum that the City Council has planned for during FY 2014-2015.
- Below is a reference table of the debt tax rate actions for the recent fiscal years and for the coming FY 2015-2016 Fiscal Year.

Year	Debt Rate	Operations Rate	TOTAL
2011-12	\$0.27235	\$0.36281	\$0.63516
2012-13	\$0.27235	\$0.36281	\$0.63516
2013-14	*\$0.26985	\$0.36531	\$0.63516
2014-15	**\$0.26485	\$0.37031	\$0.63516
2015-16	***\$0.25485	\$0.38031	\$0.63516

* \$0.0025 moved from the Debt Rate to the Operations Rate for dedicated street maintenance
 **\$0.005 moved from Debt Rate to Operations for Economic Development
 ***\$0.01 moved from Debt Rate to Operations for COR Plan

- The attached updated General Debt Service plan evaluated the impact of the following factors in providing the debt management plan for 2015-2016:
 - **3.0%** property tax roll increase for 2015-2016
 - Conservative growth of **2%** in 2016-2017, **1%** for 2018 through 2019, and no growth after FY 2019.
 - The outlook years also factor the continuation of the City’s short-term notes program for capital replacements and periodic fire apparatus upgrades to assure their baseline inclusion.
 - These same debt planning assumptions have been used for planning the 2015 Bond Election with No Tax Rate Increase.
- Importantly, this updated debt plan shows no anticipated “spikes” in debt tax rate requirements for the existing or newly added debt. The debt tax rate begins to show a steady/gradual decline, as future tax base growth strengthens the impact of each tax penny,

and older debt obligations are retired. This falling off of debt provides for a potential new Bond Program subject to a November 2015 election.

- The City will continue to monitor all debt management assumptions during 2015-2016.

Series 2016: 2015-2016 Proposed Debt Issue Activities

- The proposed Series 2016 Debt Issuance program will continue to maintain our capital program for equipment purchases and our ongoing Utility infrastructure program.
- For the Series 2016 C.O. issue, the proposed components are:
 - The 4-year C.O. element provides the funding for the routine general fleet and equipment replacement requirements of the General Fund.
 - The 8-year C.O. element will provide for the next scheduled fire equipment replacements: a replacement Quint and a new Ambulance.
 - The 15 to 20-year C.O. element will provide for water and sewer system improvements.
 - The 8-year C.O. element will provide for the needed Solid Waste heavy equipment, containers, and fleet replacements.
- The following debt issuance plan for 2015-2016 (“Series 2016”) summarizes the proposed \$7.4 million debt elements:

Series 2016: 2015-2016 Debt Issuance Program <u>Under Evaluation</u> – All Funds			
For Discussion			
Amount	Bond Type	Purpose	Debt Service
\$2.9 million	C.O.	General Fund Capital Equipment – 4 yr.	General Debt Service
\$1.4 million	C.O.	General Fund Fire Equipment – 8 yr.	General Debt Service
\$ 2.0 million	C.O.	Water and Sewer C.I.P. – 15 to 20 yrs.	Utility Fund Debt Service
\$ 1.1 million	C.O.	Solid Waste Services Capital Equipment – 8 yr.	Solid Waste Debt Service
\$ 7.4 million	Total		

Summary

- The debt management program continues to meet required financial policy requirements.
- Our history and practice of this debt review process has been an important element of the rating agency’s positive review of the City of Richardson.

2016 Planning - Base Case
CITY OF RICHARDSON, TEXAS

Does not include any Hotel/Motel Tax Revenues or Golf Revenues

Projected Growth Rates (3% for FYE 2016, 2% for FYE 2017, 1% for FYE 2018, 1% for FYE 2019, and no growth thereafter)

\$4,300M issued in 2016, \$3,950M issued in 2017, \$3,950M issued in 2018, \$3,950M issued in 2019, \$3,850M issued in 2020 and \$3,960M issued 2021-2040

FYE	Projected Taxable Assessed Valuation (1)	Projected % of Growth	Net Outstanding Debt Payable from Tax Levy (2)	Series 2016	Series 2017	Series 2018	Series 2019	Series 2020	2021-2035	Less: Projected Interest Earnings	Proposed Total Debt Service	Required Tax Rate for All Debt (3)
				\$2.9M - 4 Yr \$1.4M 8 Yr at 4.70%	\$2.9M - 4 Yr \$1.050M 8 Yr at 4.70%	\$2.9M - 4 Yr \$1.050M 8 Yr at 4.70%	\$2.9M - 4 Yr \$1.050M 8 Yr at 4.70%	\$2.9M - 4 Yr \$960K 8 Yr at 4.70%	\$2.9M - 4 Yr \$1.060M 8 Yr at 4.70%			
2015/16	11,173,249,445	3.00%	28,479,910							(5,000)	28,474,910	0.25485
2016/17	11,396,714,434	2.00%	28,028,101	\$ 1,021,372						(5,000)	29,044,472	0.25485
2017/18	11,510,681,578	1.00%	27,354,107	1,020,348	\$ 965,261					(5,000)	29,334,715	0.25485
2018/19	11,625,788,394	1.00%	26,676,968	1,018,283	971,365	\$ 965,261				(5,000)	29,626,876	0.25484
2019/20	11,625,788,394	0.00%	25,712,689	1,019,220	966,063	971,365	\$ 965,261			(5,000)	29,629,598	0.25486
2020/21	11,625,788,394	0.00%	25,557,836	212,430	968,880	966,063	971,365	954,738		(5,000)	29,626,312	0.25483
2021/22	11,625,788,394		18,936,317	213,735	159,088	968,880	966,063	952,723	965,888	(5,000)	23,157,692	0.19919
2022/23	11,625,788,394		14,079,276	214,570	157,625	159,088	968,880	953,008	1,937,723	(5,000)	18,465,168	0.15883
2023/24	11,625,788,394		13,676,992	214,935	160,810	157,625	159,088	956,295	2,904,255	(5,000)	18,224,999	0.15676
2024/25	11,625,788,394		13,006,712		158,643	160,810	157,625	146,973	3,873,605	(5,000)	17,499,367	0.15052
2025/26	11,625,788,394		10,512,024			158,643	160,810	145,980	4,033,163	(5,000)	15,005,619	0.12907
2026/27	11,625,788,394		6,145,433				158,643	144,753	4,196,140	(5,000)	10,639,968	0.09152
2027/28	11,625,788,394		6,152,786					143,290	4,357,185	(5,000)	10,648,261	0.09159
2028/29	11,625,788,394		6,151,994						4,520,945	(5,000)	10,667,939	0.09176
2029/30	11,625,788,394		6,147,528						4,520,945	(5,000)	10,663,473	0.09172
2030/31	11,625,788,394		400,668						4,520,945	(5,000)	4,916,613	0.04229
2031/32	11,625,788,394		398,183						4,520,945	(5,000)	4,914,128	0.04227
2032/33	11,625,788,394		252,824						4,520,945	(5,000)	4,768,769	0.04102
2033/34	11,625,788,394		210,331						4,520,945	(5,000)	4,726,276	0.04065
2034/35	11,625,788,394		208,294						4,520,945	(5,000)	4,724,239	0.04064
Totals 2015/16 - 2034/35:			\$ 258,088,969	\$ 4,934,892	\$ 4,507,733	\$ 4,507,733	\$ 4,507,733	\$ 4,397,758	\$ 53,914,573	\$ (100,000)	\$ 334,759,392	

Assumptions:

- (1) The 2015/16 value is certified and includes _____ of values in dispute and excludes _____ of TIF values.
- (2) Issues subsequent to 2015 are presumed to be dated April 15 and the first coupon payment is due on February 15 of following year.
- (3) Tax Collections at 100% for debt service.

**Budget Calendar
Fiscal Year 2015-2016**

Thu., Mar 19	BUDGET KICKOFF - Key Leadership Meeting
May	City to receive Preliminary Values from appraisal districts
Fri., May 8	Departmental revenue projections, budgets and all support documentation due to the Budget Office
May 18 - June 5	Departmental budget presentations
Fri., July 10	Post notice of City Council Budget Retreat
Tue, July 14 - Wed, July 15	City Council Budget Retreat - 5:30pm
Sat., July 25	Certified tax rolls received by the City
July 27 - 31	Calculation of effective and rollback tax rates (including uploading & balancing data from CADs)
Mon., July 27	City Council Meeting
Fri., July 31	Post notice of City Council Meeting, for discussion of tax rate, setting public hearing and to take a record vote on tax rate.
Mon. Aug. 3	Discuss tax rate, set public hearings on tax rate (Tax public hearings are required if proposed rate will exceed the lower of the rollback tax rate or the effective tax rate) & take record vote on tax rate AND Set date & place of public hearing on budget. (Budget public hearings must be at least 15 days after filing of Budget with City Secretary/Council)
Fri., Aug. 7	City Manager files budget w/City Secretary for public review (by August 15, 2013) (Budget Public Hearing must be at least 15 days after filing of Budget w/City Secretary/Council)
Mon., Aug. 10	City Council Meeting and City Manager Budget Presentation
Fri., Aug. 14	Post notice of City Council Meeting, for public hearing on tax rate
Mon., Aug. 17	City Council Meeting - Hold 1st Public Hearing on tax rate (2nd Public Hearing on Tax Rate is required to be at least 3 days after the 1st Public Hearing)
Fri., Aug. 21	Post notice of City Council Meeting, for public hearings on budget & 2nd on tax rate
Mon., Aug. 24	City Council Meeting (Regular) - Hold Public Hearing on Budget and 2nd Public Hearing on tax rate (PH on Budget must be at least 15 days after budget is filed with CSO/Council. 2nd Public Hearing on Tax Rate is required to be at least 3 days after the 1st Public Hearing.
Mon., Sept.7	Labor Day - No Meeting, City offices closed
Fri., Sept. 11	Post notice of City Council Meeting, adoption of budget and property tax rate
Mon., Sept.14	City Council Meeting* (Regular) - Vote to Ratify tax increase reflected in the budget, Adopt Budget and Adopt Property Tax Rate for FY 2014-2015, *3 separate vote actions needed.