

City of Richardson, Texas

2013-2014 Municipal Budget Overview

Maintaining a Solid Foundation

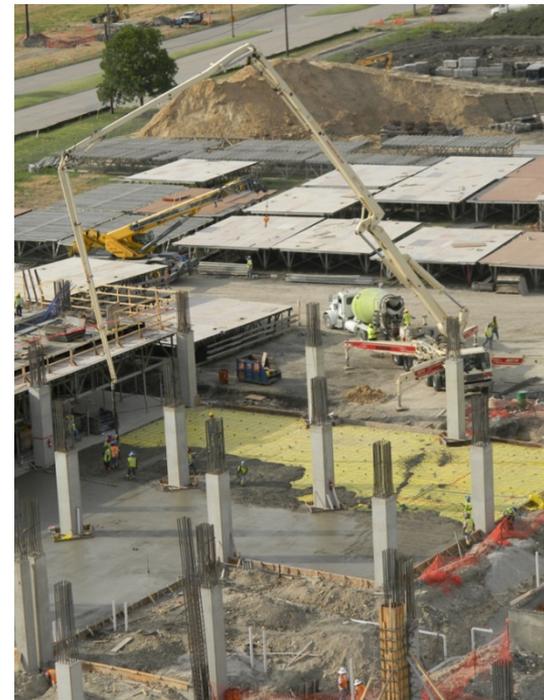
City Council Budget Presentation

August 19, 2013



Maintaining a Solid Foundation

- ***“Maintaining a Solid Foundation”*** is the theme for this 2013-2014 budget that reflects the attention to maintaining and reinvesting in our key infrastructure. It also reflects the impactful commercial developments underway that are key building blocks for the City’s ongoing economic success.
- ***A Solid Foundation*** is....
 - The most important component of any structure and the basis for future success
 - Footed deep into the ground to provide stability, reliability, and integrity
 - Allow future, loftier efforts to be built upon this solid base



Maintaining a Solid Foundation

- Maintenance enhancements for 2013-2014 include:
 - Arterial, Collector and Neighborhood Streets
 - Screening Walls and Bridge Railings
 - Traffic signs, poles and markings
 - City facilities
 - Parks and entry features
- Key operational impacts include:
 - Solid Waste Service Enhancements
 - Arts Master Plan Implementation
 - NTMWD Water Supply Capital Initiatives
 - Municipal Capital Facility Upgrades
 - Golf Fund Operation Refinements
 - Next Gen 911 Public Safety Technology



Maintaining a Solid Foundation

- The City's budget development process conforms to a variety of guidance criteria.
- The City Council has devoted significant work session agenda time to refine key budget priorities and strategies for the 2013-2014 budget.



Budget Development Objectives

- Develop a 2013-2014 Budget with no property tax rate change.
- Continue the strong alignment of municipal resources around the Council's goals.
- Sustain initiatives begun with the 2012-2013 work plan, including key studies and capital project initiations.
- Continue the active implementation of the 2010 G.O. Bond Program.
- Support the implementation of our reinvestment studies.
- Support transit-oriented development initiatives around existing and proposed DART Light Rail stations – and seek continued support of DART transit enhancements for Richardson.

Budget Development Objectives

- Enhance maintenance to existing city infrastructure and assets.
- Continue strengthening enhanced communications outreach.
- Continue the strong work plan of neighborhood outreach – including our partnerships with HOA's and other groups.
- Sustain leadership posture with DART, NTTA and TxDOT.
- Continue our strong alliance commitments with our community partnerships: RISD, PISD, MRMC & UTDallas
- Sustain our focus on the quality-of-life components.
- Continue to support a competitive employment environment.

FY 2013-2014 Combined Budget

Combined Budget				
	2012-2013 Estimated	2013-2014 Budget	Est./Bud.	%
Beginning Fund Balances	\$40,920,196	\$38,017,599	(\$2,902,597)	-7.1%
Revenues	\$200,071,167	\$208,374,634	\$8,303,467	3.4%
Expenditures	\$202,973,764	\$207,421,545	\$4,447,781	2.2%
Ending Fund Balances	\$38,017,599	\$38,970,689	\$953,089	2.5%

FY 2013-2014 Combined Budget

- 2013-2014 Key Budget Elements.
 - Enhanced maintenance initiatives in the General Fund with no property tax rate increase.
 - Total General Fund expenditures increase 2%
 - Non-Personal Services expenditures increase 3% with enhanced maintenance initiatives.
 - 10.9% rate adjustment in Water and Sewer
 - No rate adjustment in Solid Waste or Golf
 - Fund Balances Maintained

FY 2013-2014 General Fund

General Fund Budget				
	2012-2013 Estimated	2013-2014 Budget	Est./Bud.	%
Beginning Fund Balances	\$16,700,336	\$17,000,353	\$300,017	1.8%
Revenues	\$102,507,762	\$104,402,757	\$1,894,995	1.8%
Expenditures	\$102,207,746	\$104,251,506	\$2,043,760	2.0%
Ending Fund Balances	\$17,000,352	\$17,151,603	\$151,251	0.9%

FY 2013-2014

General Fund Revenue Overview

- \$1,895,000 or 1.8% increase
 - Property Taxes increase \$2,319,000
 - Franchise Fees increase \$394,000
 - Sales Tax increase \$497,000
 - License and Permits (\$1,162,000)
 - General & Administrative (G&A) decrease (\$506,000) – Phased out of Capital Projects G&A's
 - Remaining Revenues \$353,000

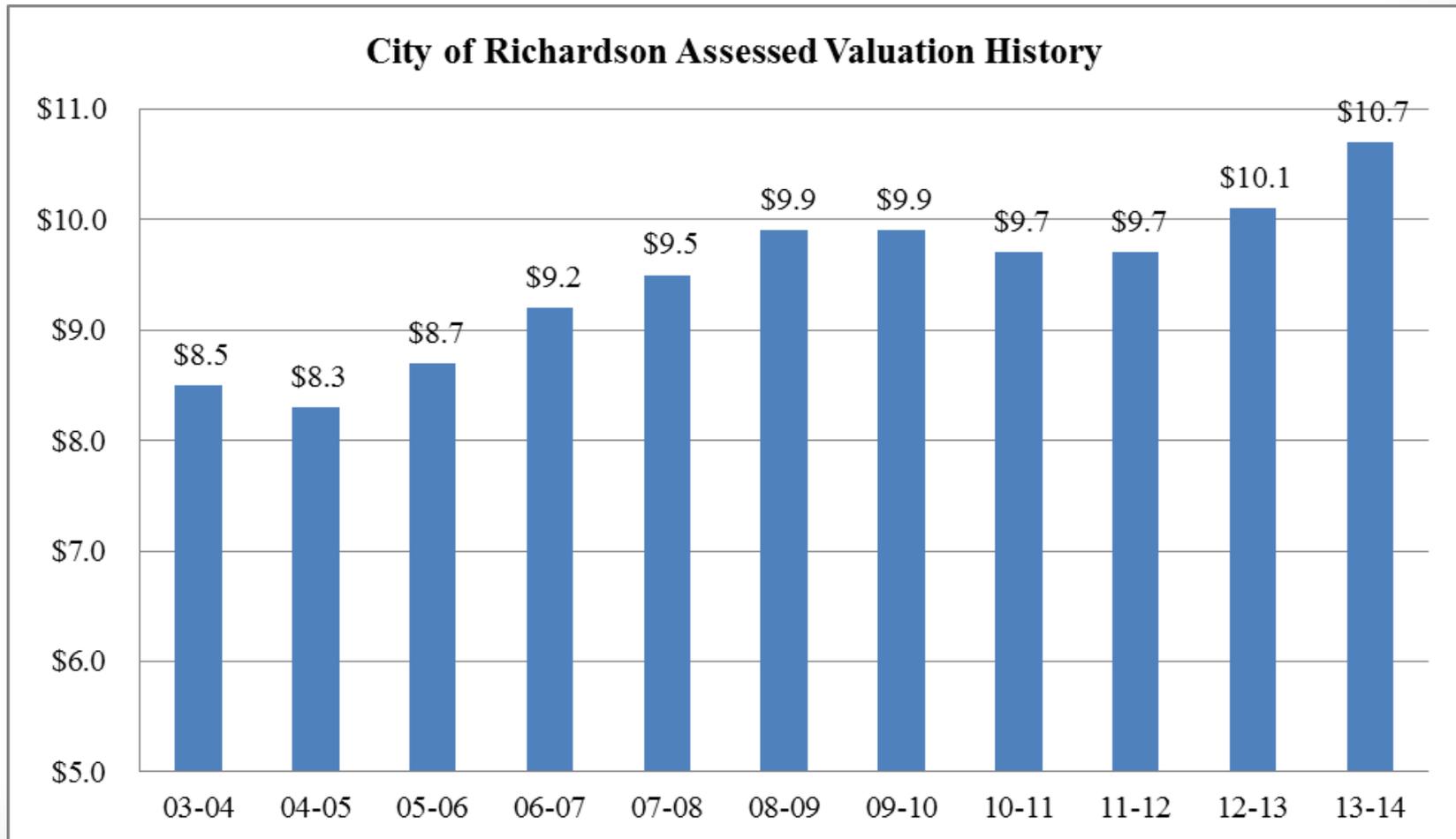
Key Budget Elements for 2013-2014: Property Tax

- Our tracking efforts with the DCAD and CCAD appraisal districts have now reported that 2013-2014 is a year of increasing property values. The Certified Tax Rolls increase 6.2%* over the prior year.
 - * Includes increased property tax values for the TIF areas. The effective increase for the General Fund is 4.6%, after excluding TIF areas.
- **No tax rate change is proposed.** The current \$0.63516 rate will be used in budget development.
- The Senior Exemption's current \$55,000 value amount will maintain the 30% protection objective for 2013-2014.
- Property taxes provide about 37% of the entire General Fund resources.
- 1% of the Tax Roll equals \$667,000. 1 penny of the tax rate equals \$1,000,000 of revenue.

2013 Certified Tax Roll Comparison

2013 Certified Tax Roll Comparisons	
August 2013	
Entity	% Change
Richardson (CCAD)	9.7%
McKinney	8.2%
Frisco	8.0%
Richardson (Total)	6.2%
Collin County	6.1%
Allen	5.8%
Plano	5.1%
Irving	5.1%
Carrollton	5.0%
Grand Prairie	4.9%
Dallas	4.2%
Richardson (DCAD)	4.2%
Dallas County	4.1%
Fort Worth	2.7%
Arlington	2.3%
Garland	0.6%
Mesquite	0.1%

FY 2013-2014 Assessed Valuation



Percent of Total Value

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

Change In Residential Valuations

Number Residential Properties Affected by Valuation				
	2012-2013		2013-2014	
Impact	# Properties	% of Total Res. Properties	# Properties	% of Total Res. Properties
No Change	19,087	68.3%	11,599	41.4%
Decrease	6,908	24.7%	6,490	23.1%
Increase 0% - 5%	1,333	4.8%	8,194	29.2
Increase 6% - 10%	270	1.0%	960	3.4%
Increase >10%	365	1.2%	815	2.9%
Total Res. Properties	27,963	100.0%	28,058	100%

Assessed Valuation

- Total assessed valuation assumes a 6.2% increase in certified assessed valuation plus \$64.0 Million of “Values in Dispute”, that could be added to the certified roll once the cases have been finalized and allows for deduction of the Tax Increment Finance District values of \$265.7 million

	2012	2013	% Difference
Certified	\$10,079,565,561	\$10,707,411,690	6.2%
Values In Dispute	\$87,897,941	\$63,965,608	(27.2%)
TIF	(\$120,753,668)	(\$265,694,954)	120.0%
Taxable Value for General Fund Debt and O/M	\$10,046,709,834	\$10,505,682,334	4.6%

Property Tax Rate		
	2012-2013	2013-2014
Operations & Maintenance (O & M)	\$0.36281	\$0.36531
Debt Service	\$0.27235	\$0.26985
Total	\$0.63516	\$0.63516

Tax Rate Calculations

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

2012-2013 Tax Rate Calculations			
	Rate	Difference	Revenue
2012-2013 Rate	\$0.63516	-	-
Rollback Rate	\$0.66280	\$0.02764	\$2,776,911
Effective Rate	\$0.63291	(\$0.00225)	(\$226,051)

Key Budget Elements for 2013-2014 :

Sales Tax

- Sales tax revenue estimating continues to be on a modest upward trend.
- This current 2012-2013 year has had a mixed pattern for sales tax – but generally has seen solid increases.
- The 2013-2014 budget target of \$27.2 million uses a 3.5% growth factor from base collections
- This revenue provides about 26% of the entire General Fund resources.

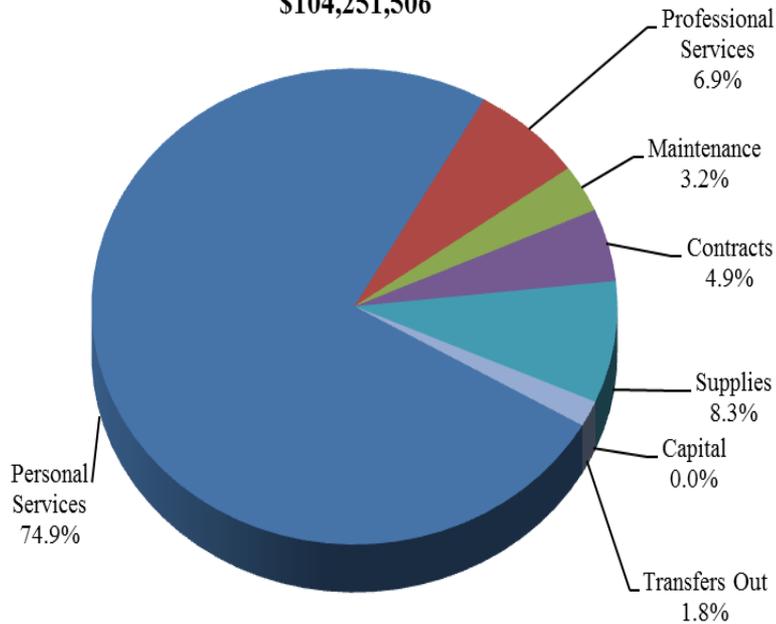
FY 2013-2014

General Fund Expenditures

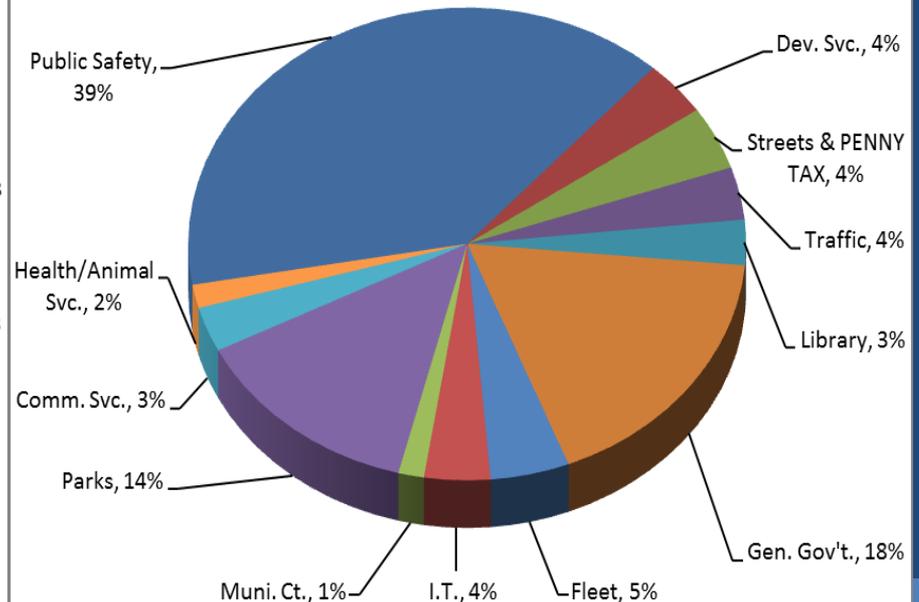
Classification of General Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 78,058,803	74.88%
Professional Services	7,217,842	6.92%
Maintenance	3,369,917	3.23%
Contracts	5,135,168	4.93%
Supplies	8,631,282	8.28%
Capital	-	0.00%
<u>Total Operating Expenditures</u>	\$ 102,413,012	98.24%
Transfers Out	\$1,838,494	1.76%
<u>Total Operating Expenditures and Transfers</u>	\$ 104,251,506	100.00%

FY 2013-2014 General Fund Expenditures

FY 2013-2014 General Fund Expenditures by Category -
\$104,251,506



FY 2013-2014 General Fund Expenditures by Activity
\$104,251,506



FY 2013-2014

General Fund Expenditures

- Total Expenditures and Transfers for the General Fund are projected at \$104.3 million, an increase of \$2.0 million over FY 2012-2013 year-end estimates.
- This budget maintains all current service levels and provides additional funding for basic maintenance items throughout the City with key attention to the following areas;

Key Budget Elements for 2013-2014 : Maintenance Activities

	FY12-FY13 Estimate	FY13-FY14 Proposed	FY14-FY15 Goal	FY15-FY16 Goal
Streets Management – “Penny Tax”	\$1,004,410	\$1,838,494	\$2,088,495	\$2,088,495
Screening Walls	\$40,000	\$120,000*	\$120,000*	\$50,000
Bridge Railings	\$115,000	\$150,000	\$150,000	\$150,000
Pavement Markings	\$165,000**	\$250,000**	\$300,000**	\$350,000**
Street Name Sign Replacement	\$72,500	\$100,000	\$100,000	\$100,000
TOTAL	\$1,396,910	\$2,458,494	\$2,758,495	\$2,738,495

* Includes funding from Capital Reserves

** Includes funding from the Traffic Safety Fund

Key Budget Elements for 2013-2014 :

Staffing & Compensation

- Personal Services comprise the largest expense category of the General Fund.
 - Overall staffing remains below the level of 2001-2002.
- Health benefits are re-structured to be financially sustainable while moving to a more consumer driven health care program.
- City funding for medical benefits remains consistent with the prior year.

FY 2013-2014

General Fund Expenditures

- **Personal Services** – presented at \$78.1 million and account for 75% of the total General Fund operating budget. The key personnel issues addressed in this proposal, include:
 - ***Movement within approved pay plan ranges*** – (\$600,000) - 48% of employees have room to grow within approved pay plan ranges. Up to a 5% growth step can be earned each year until the top of the pay range is reached, usually within a 4-5 year period.
 - This is consistent with other pay plan program utilized in public safety across the Dallas-Fort Worth Metroplex.

FY 2013-2014

General Fund Expenditures

- ***Pay Range Plan Adjustment*** - (\$1.18 Million) This merit based adjustment will add no more than 3.0% to the top of the pay ranges for the 52% of employees at the top of their approved pay range; typically the longest tenured and experienced employees.
- ***Market Adjustment*** – (\$500,000 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.

FY 2013-2014

General Fund Expenditures

- ***Additional Staffing –***
 - **Police** – 1 additional **Investigative Operations Sergeant** will be added to the Investigative Operations Division.
 - **Fire** - a **Fire Lieutenant** will be added to support operations at the new Fire Training Center scheduled to open in September 2013.
 - **Information Technology** – an **IT Support Specialist I** will aid in the maintenance, programming and support of Fire Department specific programs.

FY 2013-2014

General Fund Expenditures

- **Non-Personnel Operations** – For FY 2013-2014, Non-Personal Services operating line items are currently projected at \$24.4 Million, an increase of \$712,000 or 3.0% over year end estimates and includes the aforementioned enhanced maintenance initiatives.
- **Fund Balance** – will be maintained at the Council approved funding level of 60 days worth of expenditures.

Key Budget Elements for 2013-2014 : Water and Sewer Fund

- The NTMWD wholesale water rate is projected to increase \$0.18 every year for the next 4 year period, with continued increases planned for the near future.
- Jim Parks, NTMWD Executive Director, provided a presentation at the July 8th 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.
- The Water/Sewer Fund is also experiencing other financial pressures from contractual providers for sewer services.
- For 2013-2014, a rate adjustment for water and sewer of 10.9% is proposed.

Key Budget Elements for 2013-2014 :

Solid Waste Services

- The City will adopt a Construction and Demolition license program for haulers of this debris effective October 1, 2013.
- A new communications specialist will be dedicated to increasing recycling participation and a licensing program for commercial and multi-family recycling haulers is proposed.
- Commercial and residential revenues are stable, resulting in a deferred rate adjustment for this fiscal year.
- 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 2013-2014 :

Drainage Fee

- FY 2013-2014 is the second full year for this fee enacted during 2011-2012.
- \$910,000 of current General Fund expenses related to this program (engineering, enforcement, inspection, etc.) will be supported by the new Drainage Utility Fund.
- \$1.410 million in annual stormwater/drainage capital improvements will be funded.
- The use of these funds is reflected in the Drainage Utility Fund as well as a transferred portion to the General Fund for specific cost allocated support.

Key Budget Elements for 2013-2014 : Debt & Capital Program

- Following the approval of the \$66 million 2010 G.O. Bond program and related debt-assigned \$0.06 tax rate change, the current focus is on active completion of the program.
- Debt service requirements now reflect these recently added obligations, and are handled in 2013-2014 through the multi-year debt plan that was developed.
- For 2013-2014, \$8.125 million across all funds is proposed for the Series 2014 C.O. debt program. This will cover the annual capital replacement requirements and the Utility Fund C.I.P. needs:
 - \$2.9 million for General Fund capital equipment
 - \$0.995 million for Fire Equipment
 - \$3.200 million for General Fund Capital – City Facility and Land Acquisition
 - \$1.030 million for Solid Waste equipment

Next Steps

- Further opportunities to provide access and to gain public input are scheduled before final adoption.
 - Web/Cable Access
 - Web, City Secretary & Library copies of the filed budget provided
 - Tax Rate Public Hearing – August 26, 2013
 - Adoption on September 9, 2013