



FY 2015-16 Budget Outlook

City Council Retreat
January 16, 2015



Purpose/Outline of Briefing

- Review schedule for developing FY 2015-16 budget
- Recap December 3rd first outlook at FY 2015-16 general fund budget
- Provide update and second outlook at FY 2015-16 general fund budget
- Discuss budget goals for FY 2015-16
- Discuss Council service priorities
- Appendix
 - 1) Summary of input from citizen survey
 - 2) Summary of strategic plan goals and measurable objectives

Budget Schedule



✓October 28	Brief City Council on citizen survey
✓November 18	Brief City Council on FY 2013-14 Strategic Plan
✓December 3	Brief City Council: first outlook for FY 2015-16 budget
January 15-16	Council/ staff planning session
February 4	Budget Workshop
February	On-line citizen survey using TalkDallas.com
March	Survey of board and commission members
March 23	Brief Public Safety Committee and Quality of Life Committee on Sunset Review
March 25	Budget Public Hearing
April 1	Brief City Council on Sunset Review
May 20	Budget Workshop
May 27	Budget Public Hearing
June 24	Budget Workshop
July 24	Appraisal Districts certify 2015 tax roll for FY 2015-16

Budget Schedule

August 7	Deliver City Manager's recommended budget to council members
August 11	Budget Workshop: City Manager's recommended budget
August 11 to Sept 3	Town hall meetings
August 19	Budget Workshop
August 26	Budget Public Hearing
September 2	Budget Workshop
September 2	Tax Rate Public Hearing #1 (if necessary)
September 9	Adopt Budget on First Reading
September 16	Budget Workshop: Council Amendments
September 16	Tax Rate Public Hearing #2 (if necessary)
September 23	Adopt Budget on Second Reading and Adopt Tax Rate
October 1	Begin FY 2015-16

FY 2015-16 Second Outlook

- This outlook into FY 2015-16 is forecasting revenue and expense changes 21 months into future (Oct 1, 2015 through Sep 30, 2016)
- Information is very preliminary and will change as more information becomes available through budget development process
- All numbers will change between this outlook and next August when a balanced budget for FY 2015-16 will be recommended
- Outlook for FY 2015-16:

	Dec 3 rd	Jan 15 th
Revenue increase	\$32.8m	\$26.8m
Expense increase	\$64.0m	\$62.4m
Variance/Gap	(\$31.2m)	(\$35.6m)

Revenue Forecast

- Economic analysis has been conducted by City’s Office of Economic Development utilizing several input variables from a variety of economic sources
- Long-range forecasting provides range of possible outcomes from pessimistic to optimistic
 - Forecasts will change as more information becomes available

Fiscal Year	Property Base Values			Sales Tax Revenue		
	Pessimistic	Base	Optimistic	Pessimistic	Base	Optimistic
FY 2015-16	3.17%	4.56%	5.99%	0.5%	4.5%	7.2%
FY 2016-17	3.94%	5.00%	6.18%	1.8%	3.4%	3.2%
FY 2017-18	4.84%	4.65%	5.35%	1.3%	2.4%	2.9%
FY 2018-19	5.08%	5.38%	6.44%	0.6%	2.3%	3.2%
FY 2019-20	5.11%	5.64%	6.69%	0.3%	2.2%	3.0%

FY 2015-16 Revenue Forecast

Preliminary revenue adjustments anticipated for FY 2015-16	Dollars
Property Tax – current growth assumptions range from 3.17% to 5.99% growth; base assumption is 4.56% growth	+ \$23.4m
Sales Tax – current growth assumptions range from 0.5% to 7.2% growth; base assumption is 4.5% growth	+ \$12.2m
Other general fund revenues – decline in non-recurring revenues offset by increase in Court revenue	- \$2.8m
Preliminary revenue adjustments for FY 2015-16	+ \$32.8m
 Ambulance supplemental payment program – decline in allocation available to City as more entities apply for supplemental payment through State. FY 2013-14 actual revenue was less than anticipated and will reduce FY 2013-14 end of year surplus. FY 2014-15 revenue is now forecast to be less than budget and must be offset by spending reductions and/or other revenues. FY 2014-15 will be monitored monthly and adjustments made as necessary.	- \$6.0m
Updated revenue adjustments for FY 2015-16	+ \$26.8m

Note: Forecasts are very preliminary and **will** change through budget development process.

FY 2015-16 Expense Forecast

Preliminary expense adjustments anticipated for FY 2015-16	Dollars
Meet and Confer – police and fire pay increases include (1) full-year funding for 4% across-the-board pay on 4/1/15; (2) full-year funding for FY 2014-15 step pay increase; and (3) partial-year funding for FY 2015-16 step pay increase	+ \$24.4m
Civilian employee pay adjustments include (1) full-year funding for average 3% merit on 1/1/15 is \$1.7m; and (2) average 3% merit for FY 2015-16 is \$7.0m	+ \$8.7m
Uniform and civilian employee/retiree health benefit cost increases (assumes 5% cost increases)	+ \$6.9m
Tax Increment Financing cost increase as property values within TIF districts increase	+ \$1.0m
Library increases include (1) full-year funding for expanded hours in FY 2014-15; and (2) full-year implementation of 2 nd of 2 year plan for expanded services	+ \$4.1m
Master lease cost increases required to pay debt for equipment and technology enhancements added for FY 2014-15 (no additional equipment or technology purchases assumed at this point for FY 2015-16)	+ \$3.4m

Note: Forecasts are very preliminary and **will** change through budget development process.

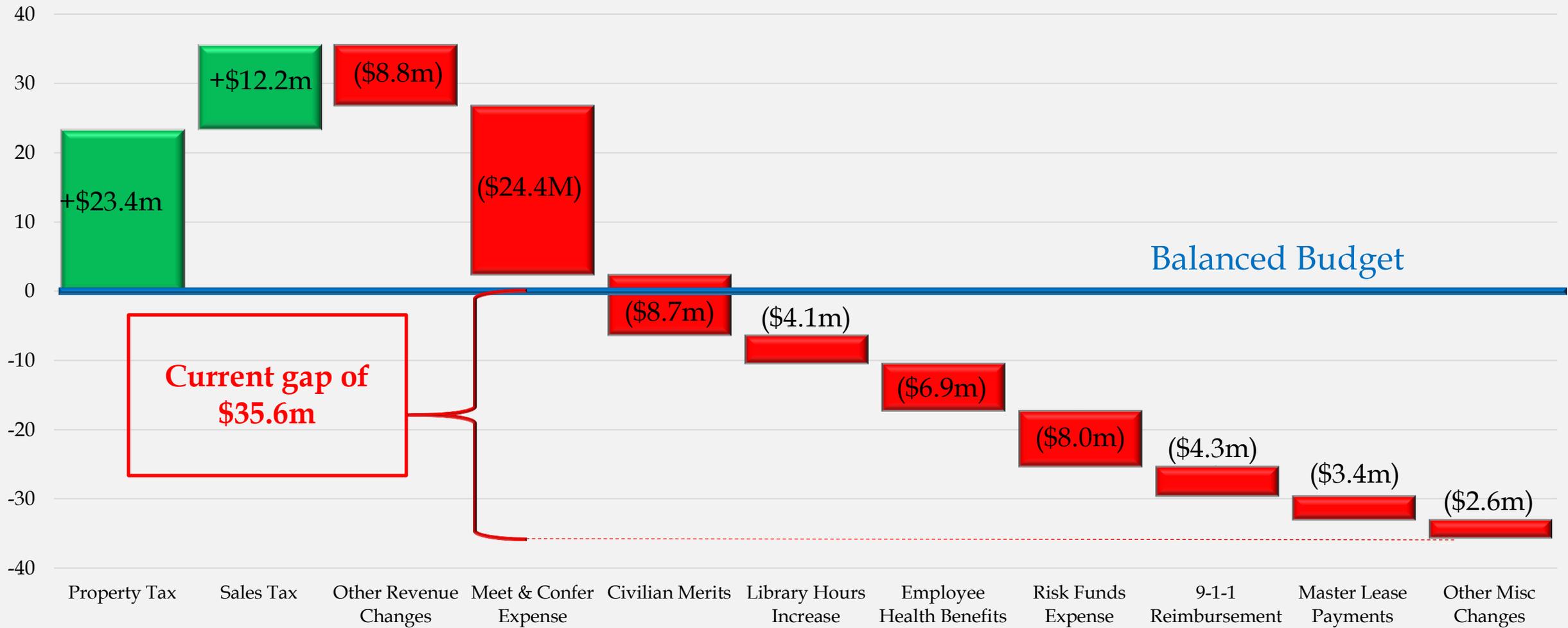
FY 2015-16 Expense Forecast

Preliminary expense adjustments anticipated for FY 2015-16		Dollars
FY 2015-16 funding requirements for liability, worker's compensation, and property insurance are expected to increase due to less prior year surplus being available		+ \$8.0m
Prior year surplus is not anticipated to be available to reimburse police and fire expenses from 911 Fund, therefore, cost increases will be necessary in FY 2015-16		+ \$4.3m
O&M cost required in FY 2015-16 for projects being placed in-service		+ \$1.8m
Net increase of other adjustments for costs deferred and/or one-time savings budgeted in FY 2014-15		+ \$1.4m
Preliminary expense adjustments for FY 2015-16		+ \$64.0m
 Update Election funding not required during FY 2015-16		- \$1.0m
 Update Reduction in consultant expense for ambulance supplemental payment program commensurate with decreased revenue		- \$0.6m
Updated expense adjustments for FY 2015-16		+ \$62.4m

Note: Forecasts are very preliminary and **will** change through budget development process.

FY 2015-16 First Outlook

(\$ in millions)



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FY 2015-16 Second Outlook

- Current outlook forecasts expenditures for FY 2015-16 to be \$35.6m more than forecast revenues
- Other challenges exist and have not been included at this time (examples include):
 - Information technology needs
 - Additional plans to address poverty
 - Capital needs inventory for infrastructure such as streets, alleys, signals, etc.
 - Maintenance and needs of City facilities
 - Additional plans to further economic development initiatives
 - Strategy for addressing public education

Discussion: Budget Goals for FY 2015-16



Budget Goals for FY 2015-16

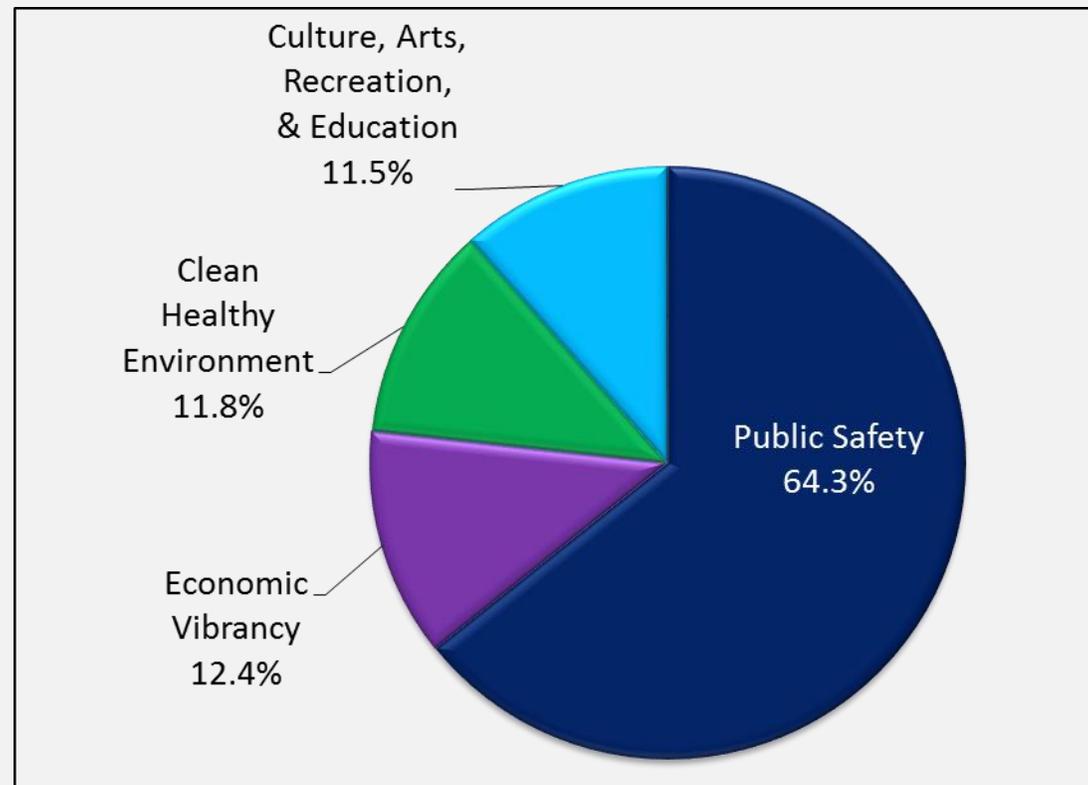
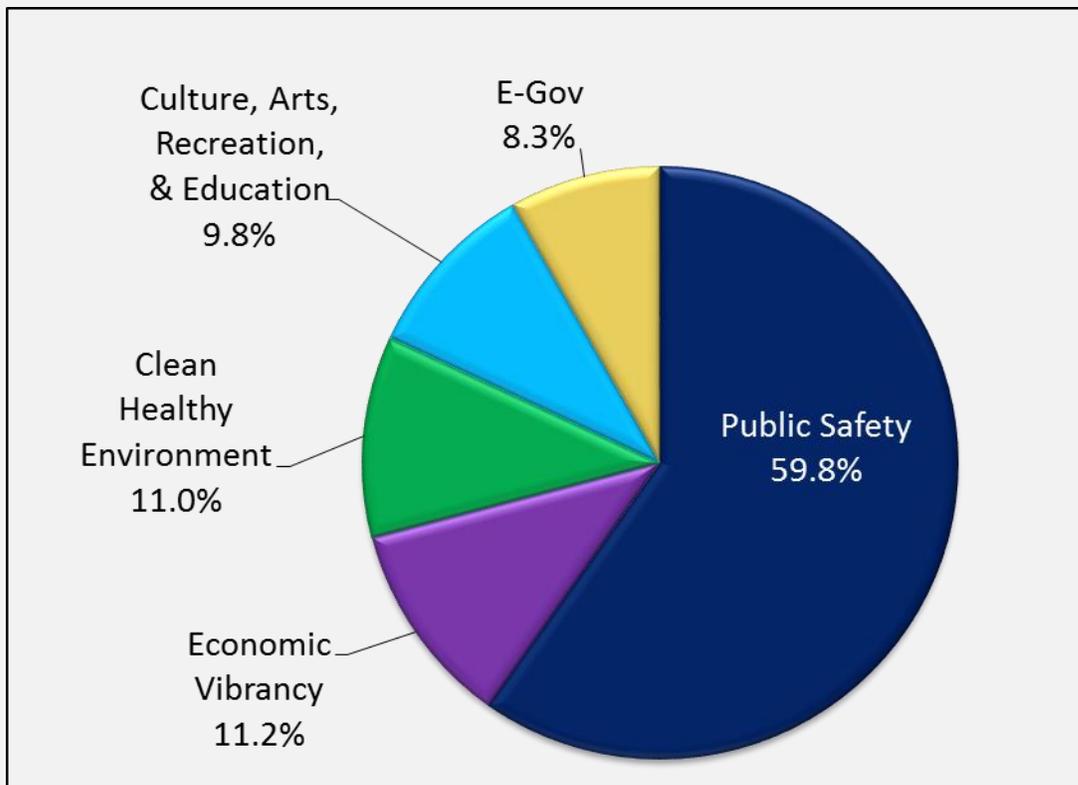
- To expand Council's early involvement in FY 2015-16 budget development, an understanding of Council's budget goals is needed
- Budget goals represents high level direction for City Manager to consider as FY 2015-16 budget is developed
- Following budget goals are proposed for developing FY 2015-16 general fund budget:
 - No increase in ad valorem tax rate
 - Focus on top 3 priorities identified in citizen survey: maintenance of infrastructure, code enforcement, and police services
 - Phased increase in percent of budget allocated to Culture, Arts, Recreation, and Education KFA
 - Honor commitment to uniform employees through meet and confer agreement
 - Invest in civilian employees through fair compensation and improved training
 - Invest in technology to improve services and efficiencies
 - Fund additional infrastructure needs with cash instead of using debt financing
 - Scrutinize services for efficiencies and cost reductions

Discussion: Council Service Priorities

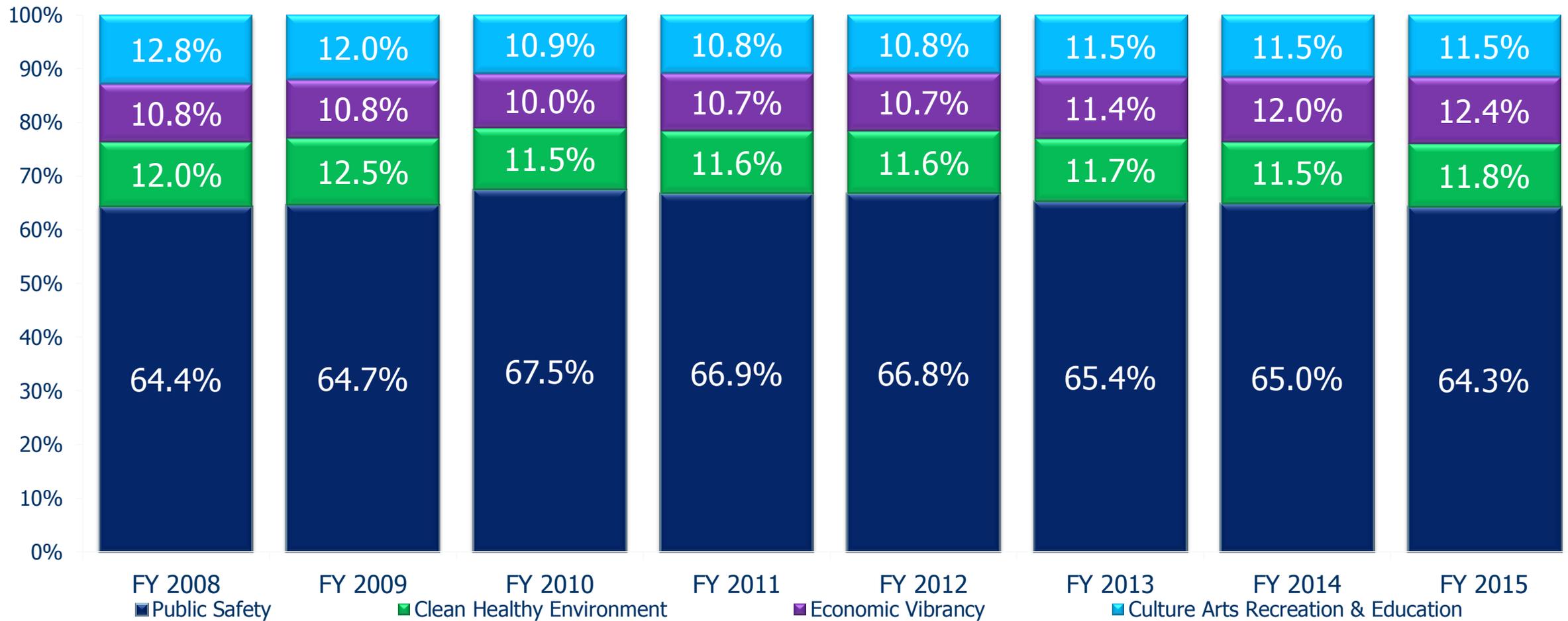


FY 2014-15 General Fund Expenses: By Key Focus Area

- Services within E-Gov KFA provide support services to other 4 KFAs
- Following is representation of E-Gov costs allocated to other KFAs based on most recent cost allocation plan and includes estimates/assumptions



History of General Fund Expenses: by Key Focus Area*



*E-Gov KFA retroactively distributed for all years based on FY 2014-15 allocation assumptions.

Key Focus Areas		Department (% of KFA Total)		Citizen Ranking		Other Challenges	Increase/Maintain/Decrease
Public Safety	64.3%	Police	40.5%	Police	3		
		Fire	21.0%	EMS Fire	11 13	Public health	
		Courts	1.9%				
		Other	0.9%			Technology needs	
		Total Public Safety	64.3%				
Economic Vibrancy	12.4%	Streets & Street Lighting	7.6%	Infrastructure Traffic signal	1 4	Capital needs inventory	
		TIF	1.8%				
		Fair Park	1.0%				
		Public Works & Trinity Watershed	1.0%	Infrastructure Storm drainage	1 10	Capital needs inventory	
		Other	1.0%	Land use/Planning	7	Poverty, Neighborhoods, Economic growth, Technology	
Total Eco Vibrancy	12.4%						
Clean Healthy Environment	11.8%	Sanitation	7.0%	Solid waste	9		
		Code	3.4%	Code Enforcement	2		
		Housing	1.2%				
		Other	0.2%			Technology needs	
Total CHE	11.8%						
Culture, Arts, Recreation, and Education	11.5%	Park & Recreation	6.9%	Park/Recreation	8	Public education	
		Library	3.0%	Library	15	Public education	
		OCA	1.6%	Arts/Culture	16		
		Other	0.0%			Technology needs	
		Total CARE	11.5%				

Comments and Questions



Appendix:

- 1) Summary of input from Citizen Survey
- 2) Summary of Strategic Plan goals and measurable objectives



Citizen Input through Spring/Summer 2014 Survey (October 28 briefing)

- Overall satisfaction with City services is 15% above the national average for large US cities
- The City is maintaining current service levels
- Overall satisfaction with city services is similar in most areas of the City
- Dallas rated above the national average for large U.S. cities in all areas of customer service that were assessed on the survey
- Although the City is generally heading in the right direction, there are opportunities for improvement

Citizen Input through Spring/Summer 2014 Survey

- Survey gauged both citizen rating for importance and citizen rating for satisfaction for major categories of City services
- Following 2 slides were provided by consultant and show ranking of those services based on importance and satisfaction

Importance-Satisfaction Rating

City of Dallas

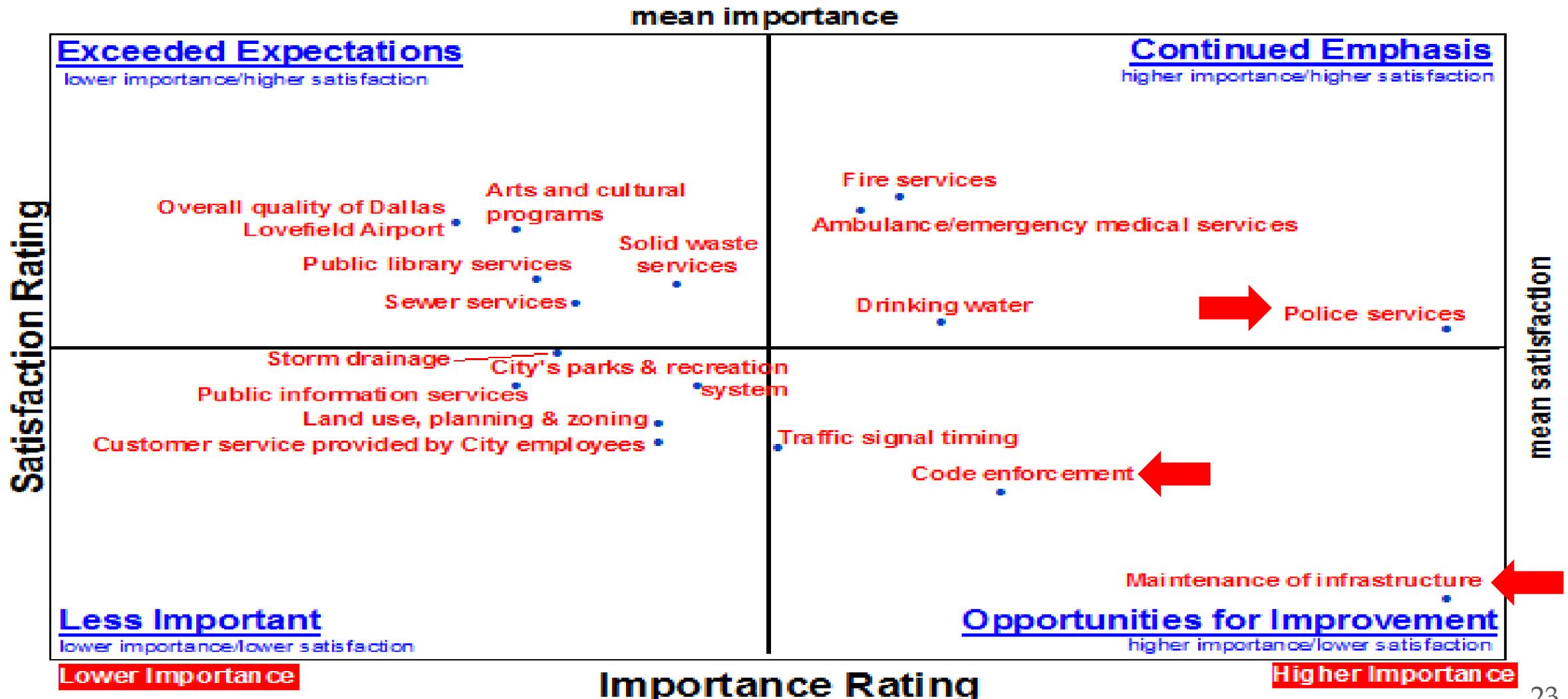
Major Categories of City Services

Category of Service	Most Important %	Most Important Rank	Satisfaction %	Satisfaction Rank	Importance-Satisfaction Rating	I-S Rating Rank
<u>Very High Priority (IS >.20)</u>						
Maintenance of infrastructure	53%	2	25%	17	0.3975	1
<u>High Priority (IS .10-.20)</u>						
Code enforcement	31%	3	42%	16	0.1798	2
Police services	53%	1	68%	9	0.1696	3
Traffic signal timing	20%	7	49%	15	0.1020	4
<u>Medium Priority (IS <.10)</u>						
Drinking water	28%	4	69%	8	0.0868	5
Customer service provided by City employees	14%	10	50%	14	0.0700	6
Land use, planning and zoning	14%	11	53%	13	0.0658	7
The City's parks and recreation system	16%	8	59%	12	0.0656	8
Solid waste services	15%	9	75%	6	0.0375	9
Storm drainage	9%	13	64%	10	0.0324	10
Ambulance/emergency medical services	24%	6	87%	2	0.0312	11
Public information services	7%	15	59%	11	0.0287	12
Fire services	26%	5	89%	1	0.0286	13
Sewer services	10%	12	72%	7	0.0280	14
Public library services	8%	14	76%	5	0.0192	15
Arts and cultural programs	7%	15	84%	4	0.0112	16
Overall quality of Dallas Lovefield Airport	4%	17	85%	3	0.0060	17

Overall priorities:

2014 City of Dallas DirectionFinder Importance-Satisfaction Assessment Matrix -Major Categories of City Services-

(points on the graph show deviations from the mean importance and satisfaction ratings given by respondents to the survey)



City-wide Performance Metrics

- Current strategic plan briefed to Council on April 2, 2014 for FY 2014-15, FY 2015-16, and FY 2016-17 includes:
 - 5 Key Focus Areas (KFAs) with 1 city-wide goal for each area
 - 21 measurable objectives that are aligned to 5 goals and KFAs
- Goals and objectives are designed to show progress of City as moving in direction as set forth in strategic plan



City-wide Performance Metrics

- **Public Safety**

- *Goal: Enhance public safety to ensure people feel safe and secure where they live, work, & play*

By September 2017:

- 1) Improve standing of safest large cities in the US from 6th to 5th place (FBI Crime Statistics)
- 2) Fire suppression resources shall be deployed to provide for the arrival of an engine company within 5 minutes, 20 seconds from dispatch to 90% of all incidents in accordance with NFPA 1710
- 3) Increase number of residents CERT-trained by 100% (1,500 trained as of FY 2014)
- 4) Continue to increase collection per resolved citation rate by 5% annually (from \$115.13 to \$139.94)



City-wide Performance Metrics

- **Economic Vibrancy**

- *Goal: Grow a sustainable economy by job creation, private investment, a broadened tax base, sustainable neighborhoods, livability, and quality of the built environment*

By September 2017:

- 5) Improve the mobility index in the Community Survey from 112 to 115 (composite rating of ease of travel by rail, bus, car, bicycle, and walking in Dallas)
- 6) Maintain street condition satisfaction levels at current level in each Council district
- 7) Ensure Dallas' tax base grows faster than bordering suburbs
- 8) Increase favorable rating of neighborhoods as a place to live from 26.95% to 30% on Community Survey
- 9) Add and/or retain 5,000 jobs as a result of City's economic development programs
- 10) Add 15,000 residents per year through quality of life, transportation, and housing activities (Note: objective modified after briefing in April 2014)

City-wide Performance Metrics



- **Clean, Healthy Environment**

- *Goal: Create a sustainable community with a clean, healthy environment*

By September 2017:

- 11) Increase favorable rating of residents' neighborhood as a place to live from 69% to 75% (Community Survey)
- 12) Increase solid waste satisfaction index from 129 to 140 (Community Survey)
- 13) Increase carbon reductions to 39% from 33% over 1990 levels
- 14) Implement an average 5% improvement in storm water management per year in water quality for bacteria in Trinity River and tributaries

City-wide Performance Metrics



- **Culture, Arts, Recreation, & Education**

- *Goal: Support lifelong opportunities for Dallas residents and visitors in cultural, artistic, recreational, and educational programs that contribute to Dallas' prosperity, health, and well-being*

By September 2017:

- 15) Increase participation in literacy services from 3.5% to 5% of the population in need of these services by optimizing community partnerships
- 16) All citizens will be within 10 minutes (or half mile) of cultural, arts, recreation, or education (CARE) experiences
- 17) Increase overall CARE service utilization by 10%
- 18) Increase citizen survey "excellent" ratings of CARE services by 10%



City-wide Performance Metrics

- **E-Gov**

- *Goal: Provide excellent government services to meet the needs of the City*

By September 2017:

- 19) Improve citizen perception of the direction that the City is taking from 54% to 57% (Community Survey)
- 20) Increase overall satisfaction with City's internal and external customer service from 34% to 40% (Community Survey)
- 21) Increase social media followers by 10%