



City of Dallas

FY 2023-24 and FY 2024-25 Biennial Budget Update

**City Council Briefing
May 17, 2023**

Jack Ireland, Chief Financial Officer

Janette Weedon, Director
Budget & Management Services

Overview



- Discuss biennial budget process
- Review FY 2023-24 “planned” budget
- Discuss community engagement
- Outline next steps



Biennial Budget Process



- Each year, the City Manager proposes a balanced biennial budget to City Council
 - First year of the biennial is adopted by City Council
 - FY 2022-23 budget was adopted on September 28, 2022
 - Second year is balanced “planned” budget that demonstrates the sustainability of budget decisions made for the first year
 - FY 2023-24 is planned and balanced
- “Planned” budget then serves as the starting point for development of next biennial budget
 - All revenue and expense assumptions are analyzed and updated as necessary
 - FY 2023-24 recommendations will be presented on August 8, 2023
 - Revenue and expense assumptions are made for the second year to create the next biennial
 - FY 2024-25 “planned” budget will be included on August 8, 2023



Biennial Budget Process

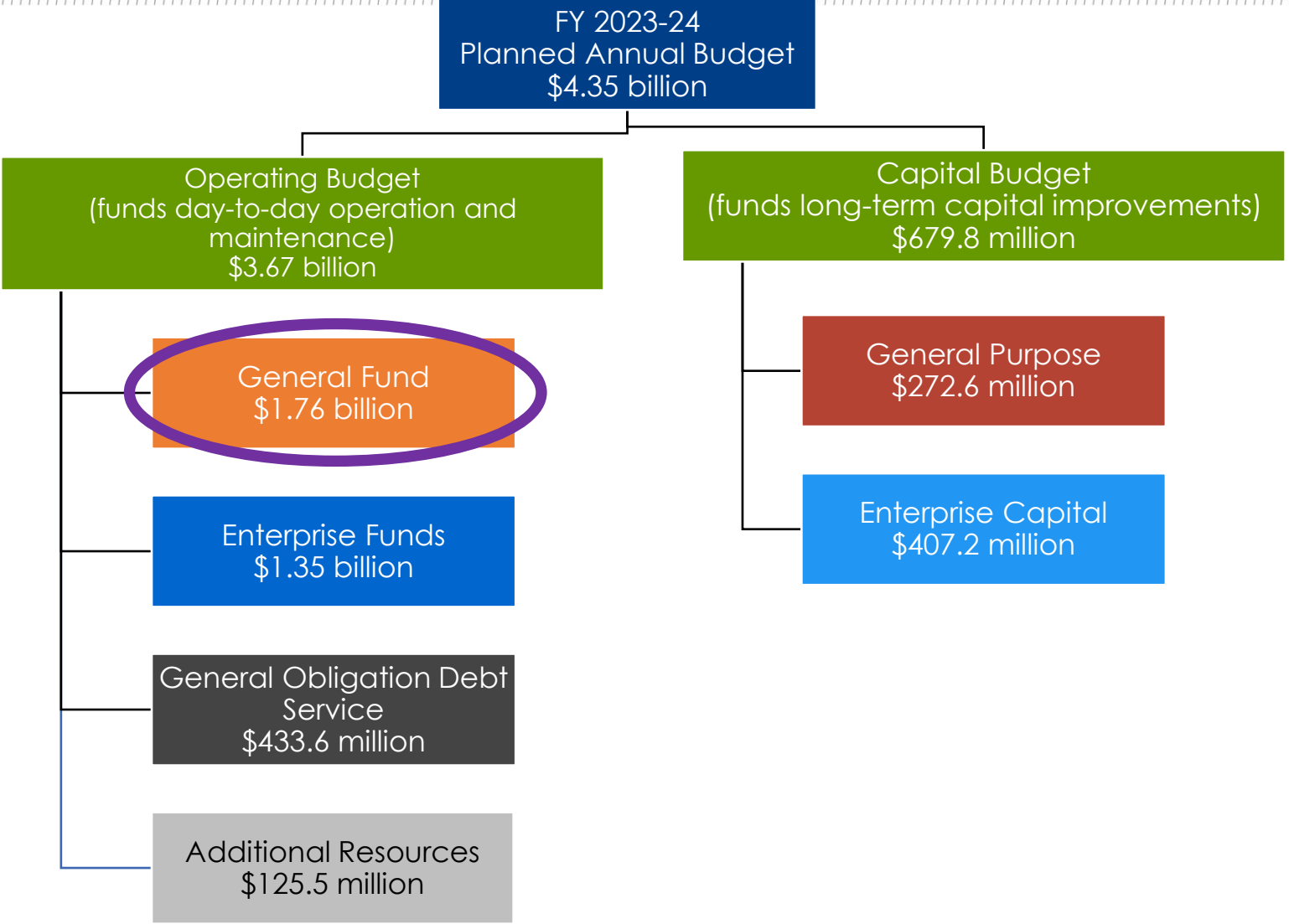


Date	Activity
March 6-9	Budget Town Hall Meetings – Listening Sessions in Advance of Budget Preparation*
March 8	Public Hearing – Budget*
May 17	Budget Workshop
May 24	Budget Public Hearing*
June 21	Budget Workshop
August 8	Budget Workshop: City Manager's Recommended Budget
August 10- 24	Budget Town Hall Meetings*
August 17	Budget Workshop (If necessary)
August 23	Public Hearing – Budget*
August 30	Budget Workshop: Consider Amendments (straw votes anticipated)
September 6	Adopt budget on First Reading
September 20	Adopt tax rate and budget on Final Reading
October 1	Fiscal year begins

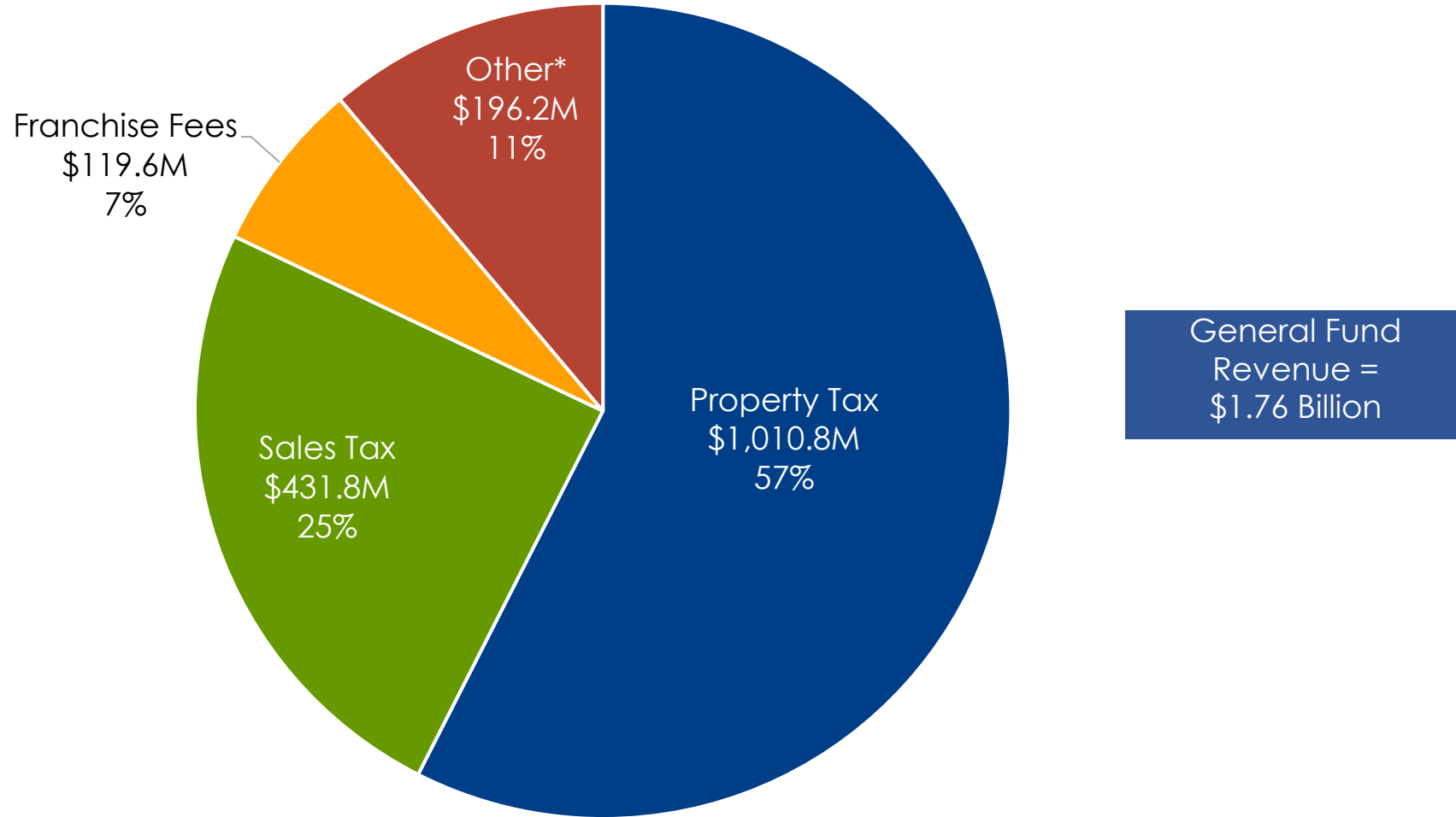


*Opportunities for Public Input

FY 2023-24 Planned Budget



FY 2023-24 Planned Budget – General Fund Revenue



*Note: Other revenues include charges for service, fines, intergovernmental transfers, etc.

Property Tax



- Revenue is governed by State law and is based on (1) property value, (2) exemptions, and (3) tax rate
 - SB2 caps revenue for property taxed in the prior year excluding new construction to 3.5% growth
- Dallas, Collin, Denton, and Rockwall Central Appraisal Districts (CADs) have recently provided estimated values to property owners
 - Homestead property values are capped at 10 percent growth annually
 - Owners may protest values to their CAD by May 23 or 30 days after the notice was mailed by the CAD
 - Each CAD will provide total preliminary values to City in mid-May
 - Staff monitor values each week through the summer as protest are settled through the Appraisal Review Board Process
 - State law requires each CAD to certify value by July 25



Property Tax



- A taxpayer has a right to protest
 - Appraisal district contact information

Appraisal District	Telephone Number	Website
Dallas	(214) 631-0910	https://www.dallascad.org/
Collin	(469) 742-9200	https://www.collincad.org/
Denton	(940) 349-3800	https://dentoncad.com/
Kaufman	(972) 932-6081	https://kaufman-cad.org/

- Exemptions authorized by the City Council include:
 - 20% homestead exemption (maximum allowed by state law)
 - Age-65/over or disabled exemption - \$115,500
- In compliance with FMPC #23, over-65 and disabled property tax exemption is being reviewed with modifications presented to GPFM on May 22 and for City Council consideration in June



Property Tax



- FY 2023-24 “planned” budget assumes a 5.17% increase (reflects reappraisal cap of 3.5% + new construction)
- Current tax rate is \$0.7458 per \$100 valuation
 - General Fund: \$0.5403 or 72% (long-term average 71%)
 - Debt Service: \$0.2055 or 28% (long-term average 29%)
- City Council has lowered the adopted tax rate for the last seven years, a total reduction of 5.12¢
- Property tax revenue amounts equivalent to tax rate reductions
 - 1.00¢ = \$17.6 million revenue foregone
 - 0.50¢ = \$8.8 million revenue foregone
 - 0.25¢ = \$4.4 million revenue foregone



Sales Tax



- Sales tax is the most volatile source of revenue and is affected by local, national, and global factors
- Revenue continue to exceed projections however moderation to more historical growth rates expected over the next several months
- Sales tax budget was increased from \$417.2 million to \$432.8 million as part of the FY 2022-23 mid-year budget ordinance
- FY 2023-24 “planned” budget assumed a 3.5% increase compared to adopted budget (\$431.8 million)
- Five-year forecast including FY 2022-23 and FY 2023-24 will be updated by contract economist in June



Other Revenues



- In compliance with FMPC #12, fees for services are being reviewed to ensure full cost recovery based on current City Council policy
 - Dallas Police Department
 - Dallas Fire Rescue
 - Dallas Animal Services
 - Office of Environmental Quality
 - Code Compliance



Expenses Aligned to Strategic Priorities



 ECONOMIC DEVELOPMENT	To be known as a business-friendly city that supports job creation, private investment, a broadened tax base, and economic opportunities for all members of our community.
 ENVIRONMENT & SUSTAINABILITY	To be a global leader focused on sustainability, conservation, climate change, and environmental justice to build a more resilient city.
 GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT	To be a well-managed and fiscally responsible city focused on delivering effective and efficient government services.
 HOUSING & HOMELESSNESS SOLUTIONS	To ensure housing opportunities for all residents while promoting fair housing and affordable choices throughout every area of the city while working to eliminate homelessness.



Expenses Aligned to Strategic Priorities



PUBLIC SAFETY

To be the safest large city in the United States while serving and protecting our diverse community with integrity, respect, and equity.

**QUALITY OF LIFE,
ARTS, & CULTURE**

To be a world-class city that fosters clean and appealing neighborhoods while offering recreational, educational, and cultural activities that enhance the quality of life for our residents and visitors.

**TRANSPORTATION
& INFRASTRUCTURE**

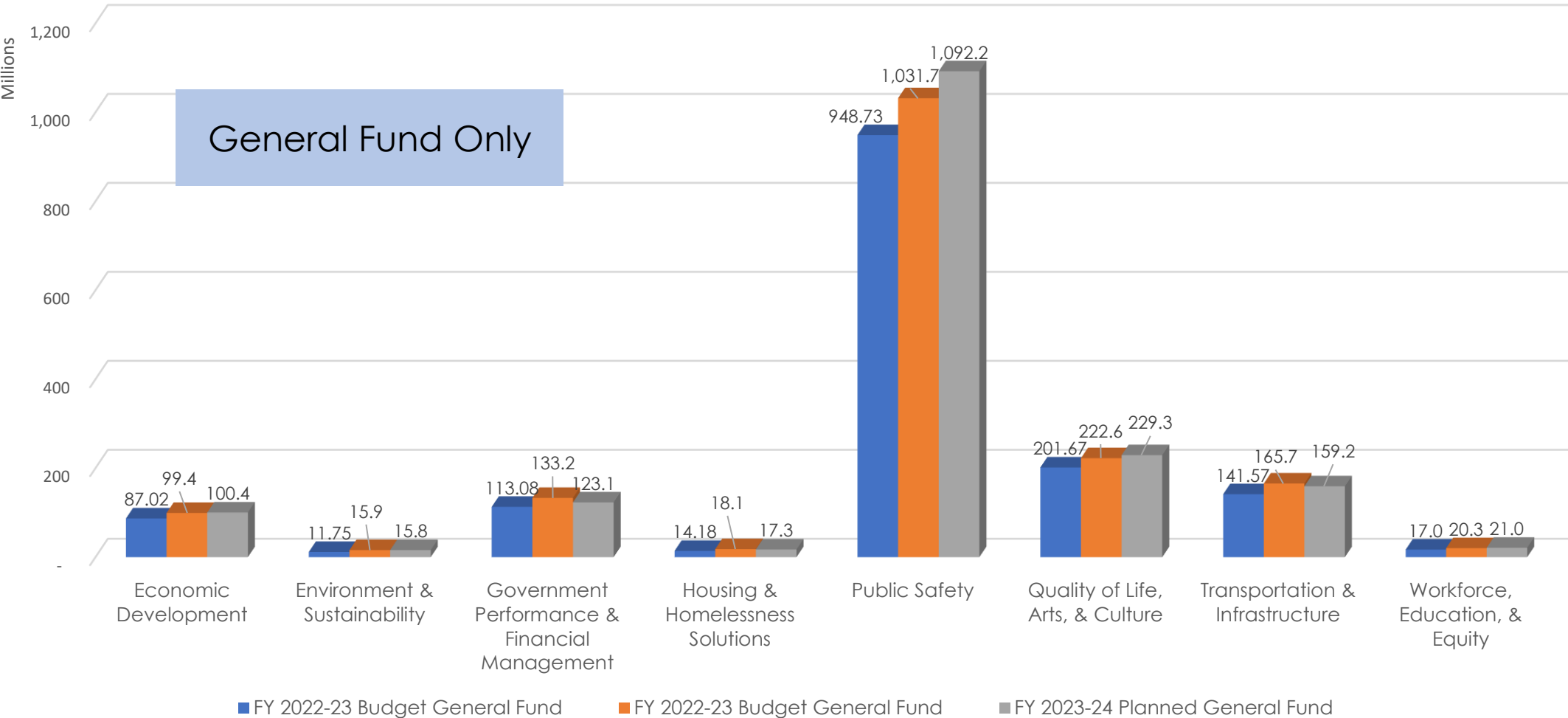
To protect and enhance the city's transportation and infrastructure network while continuing to deliver innovative, safe, and equitable infrastructure solutions and moving Dallas forward with a "service first" mentality.

**WORKFORCE,
EDUCATION, & EQUITY**

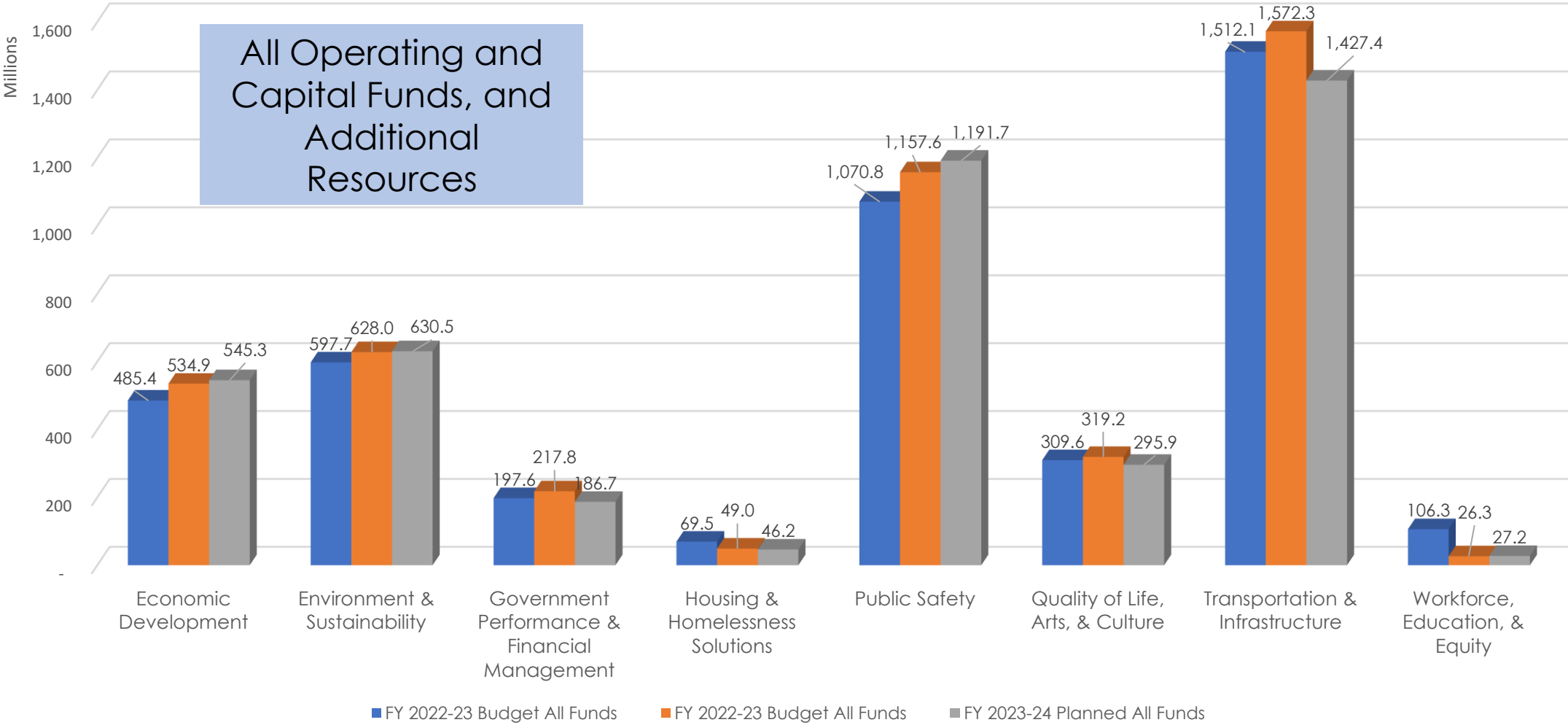
To be recognized as a city that is equitable, inclusive, and welcoming for all residents and visitors.



Expenses Aligned to Strategic Priority



Expenses Aligned to Strategic Priority



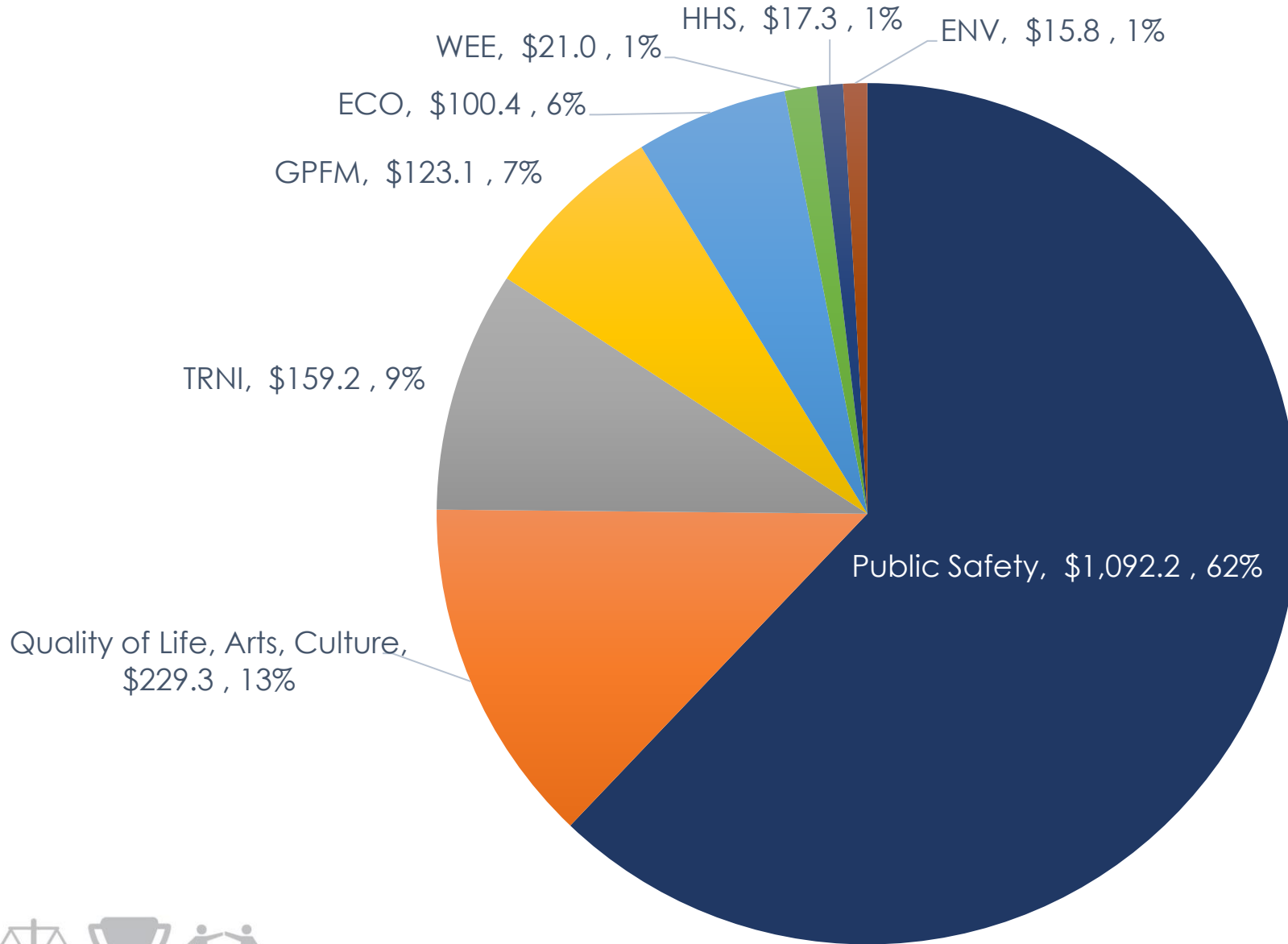
Expense Drivers



- FY 2023-24 “planned” budget focused on:
 - Support public safety staffing, retention, and equipment
 - Support transportation infrastructure & mobility
 - Support park maintenance & security
- Consider inflationary factors that affect expenses
 - Master agreement and contract service provider costs will be passed on to the city
- Implement market pay adjustments for police and fire uniformed personnel per the Meet and Confer agreement and maintain compliance with FMPC #25 - competitive pay for non-uniform personnel



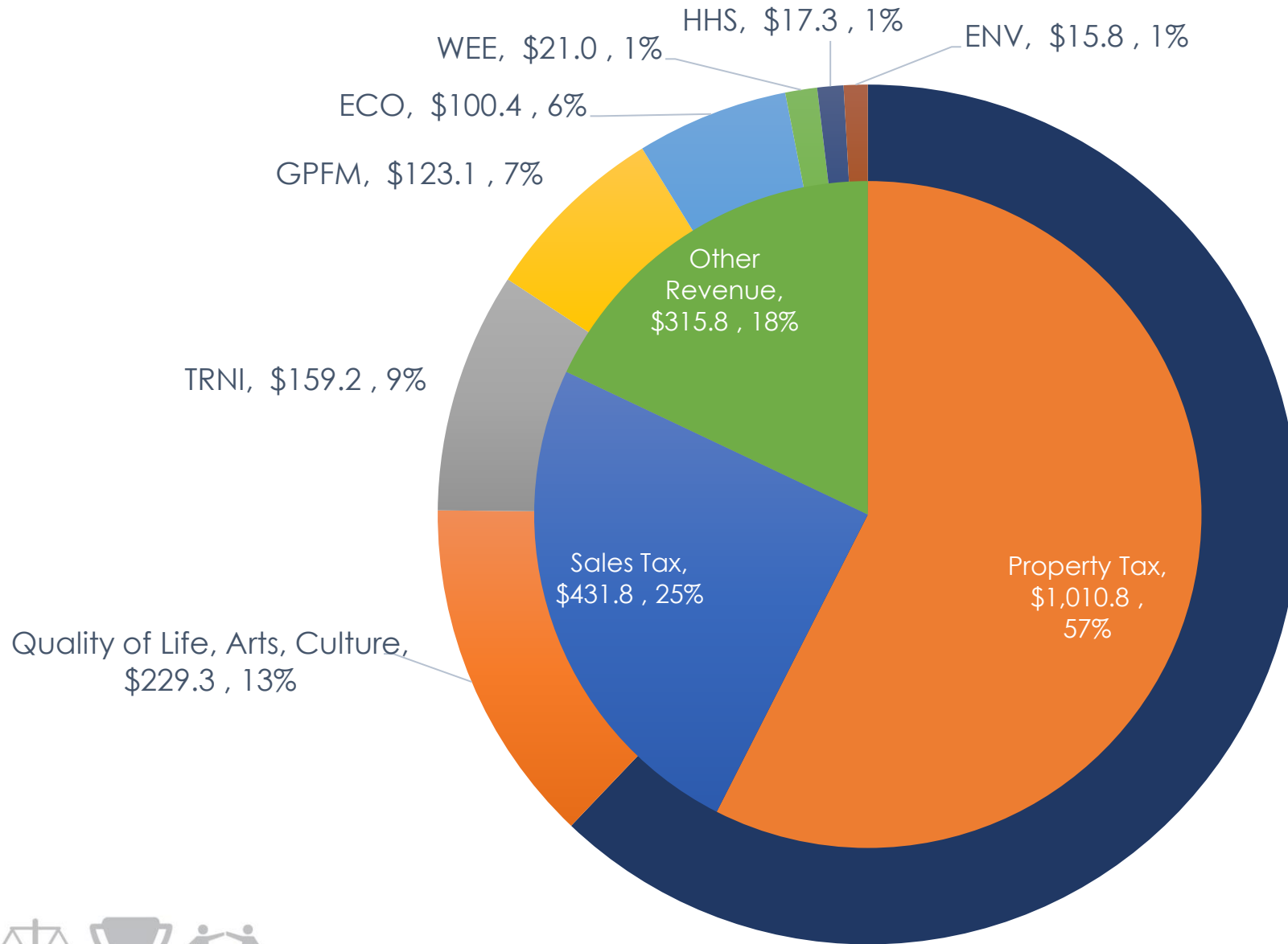
FY 2023-24 Planned Expenses (\$ in millions)



PS	Public Safety
QOL	Quality of Life, Arts, Culture
TRNI	Transportation and Infrastructure
GPFM	Government Performance and Financial Management
ECO	Economic Development
WEE	Workforce, Education, and Equity
HHS	Housing and Homelessness Solutions
ENV	Environment and Sustainability



Expenses and Revenues by Strategic Priority



Public Safety requires 100% of Property taxes and 19% of Sales taxes

Public Safety, \$1,092.2, 62%

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Community Engagement



- Spring listening sessions held March 6 – 9
 - Led by Mayor and City Council Office (MCC)
 - 16 total sessions
 - 337 attendees
- Top 3 points of discussion
 - Public Safety
 - Homelessness
 - Streets/sidewalks



Community Engagement



- Three public hearings held at City Council meetings – March 8, May 24, and August 23
- Biennial Community Survey conducted by ETC Institute April-May using statistically valid methods with results anticipated to be available at June 21 workshop
- Annual Budget Priority Survey being conducted March – July
 - Online survey available (additional languages)
 - Paper surveys distributed to high impact equity areas at recreation centers and libraries (June)
- Council-hosted budget town hall meetings planned for August 10-24



Next Steps



- Biennial Budget update will be provided to City Council on June 21
- FY 2023-24 recommended budget and FY 2024-25 planned budget will be presented to City Council on August 8





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financialtransparency.dallascityhall.com

