Memorandum

DATE January 30, 2015

TO The Honorable Mayor and Members of the City Council

SUBJECT Budget Workshop #3: FY 2015-16 Budget Update

The February 4th budget update briefing provides a recap of the January 15th and 16th council retreat. Council's input at the retreat will be used in the development of the FY 2015-16 budget. The briefing materials are attached for your review.

Please let me know if you need additional information.

A. C. Gonzalez
City Manager

Attachment

c: Warren M.S. Ernst, City Attorney
    Craig D. Kinton, City Auditor
    Rosa A. Rios, City Secretary
    Daniel F. Solis, Administrative Judge
    Ryan S. Evans, First Assistant City Manager
    Jill A. Jordan, P.E., Assistant City Manager
    Joey Zapata, Assistant City Manager

Mark McDaniel, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Forest E. Turner, Chief Wellness Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager
BUDGET WORKSHOP #3
FY 2015-16 BUDGET UPDATE

City Council Briefing
Wednesday, February 4, 2015
Purpose of Briefing

- Recap council discussion from retreat held on January 15 & 16 at Trinity River Audubon Center
- Provide staff take-aways and next steps related to the discussion
- Appendix
  - Budget Schedule
  - Citizen survey summary
Council retreat provided council members an opportunity to give early, high level input into “big rocks” and FY 2015-16 budget development.

Following topics discussed:

1) New Economy, New Visions
2) Code Compliance Department *
3) Police Department *
4) Technology Update and Trends in Government
5) Budget development goals and prioritization of departments

* Note: Both Code and Police departments are receiving additional scrutiny this year through the Sunset Review process.
Topic #1: New Economy, New Visions

- **Identify two take-aways from presentation**
  - Big Ideas – Small Areas, i.e. West End Market-Brewery
  - Entice younger people to Dallas to attract the companies
  - More small projects
  - Clean up- what’s next
    - Wrap around support
  - More young smart people
    - Grow universities
    - New schools
  - 14 local activation pilot projects
    - Compete
    - Pop-ups
    - Find right leaders
New Economy, New Visions

- Additional thoughts expressed
  - Economic data discussed was regional more than City specific
    - Masks Dallas’ issues (declining median income, increasing poverty rate/wealth gap)
  - Education/skills training emphasis
    - Not a recruiting issue today, but will be if not addressed
    - Many high paying jobs are held by non-Dallas citizens
Additional thoughts expressed (continued)

- Quality of life and urban focus
  - Key to sustainable growth
  - Need viable urban option within region
  - Ripple effect of downtown redevelopment on surrounding neighborhoods is significant
  - Important to fully support catalyst projects (Farmer’s Market, 1401 Elm, Statler Hilton, etc.) because of overall impact
  - Marquee projects and targeted business recruitment best when combined with neighborhood focus

- Leveraging education collaboration and medical assets requires strong leadership

- Most strategies used in Memphis are also being implemented in Dallas; but NYC not necessarily a good comparative model
New Economy, New Visions

- Approach for moving forward
  - Attract more smart young people to Dallas which, in turn, will attract companies and stimulate new school development
    - Grow universities: lobby legislature regarding Tier 1 research university in North Texas; funding for downtown UNT law school; funding for UNT-Dallas campus expansion
  - Keep big ideas/projects, but support more small projects in focused geographic areas to achieve optimal impact
    - Emphasize a more holistic approach to community development through rollout of Neighborhood Plus Plan
    - Activate pilot projects throughout the City (pop-ups, etc.)
    - Build upon Grow South initiative with continued emphasis on clean up and building neighborhood organizations
New Economy, New Visions

- Approach for moving forward (continued)
  - Improve internal coordination
    - Development service reviews
    - Collaborative approach to major initiatives
Topic #2: Code Compliance

#1: Which code regulations would you like to stop doing?
- Review all code sections and ordinances for possible suspension
- Prioritize enforcement
- Create a matrix from ease to severity/intensity

#2: Which code regulations need to be modified in our approach to enforcement?
- Faster enforcement
  - Compress process
  - Stricter/consistent compliance
- Housing infill
  - Get lots back under new development
  - Make available free with conditions
- What more can we do within current state law for more impact?
- With regards to illegal dumping, what alternatives for bulk/brush collection frequency?
Code Compliance

#3: Which code regulations do you want focus on?

- Illegal dumping
- Multitenant housing inspections
- Assess which violations have greatest cost to abate or impact to neighborhoods
Approach for moving forward

- Broaden education outreach
  - District-by-district approach based on the needs of the district (examples - water conservation in North Dallas, illegal dumping in South Dallas)

- Review ordinances for possible suspension and/or for prioritized enforcement
  - Create a matrix comparing Ease of Enforcement and Severity/Intensity
    - Did the ordinance solve the problem?
    - If yes, do we need to keep it? (example - vacant buildings)

- Investigate ways to speed up enforcement activities
  - What can we do to enhance current State Laws related to enforcement?
  - What is governed by State law vs. City Council?
  - Shorter re-inspection time for more severe notices of violation (example - weeds above 2 feet, litter and debris on >50% of property, violations next to a school or business, etc.)
Approach for moving forward (continued)

- Develop risk-based approach for restaurant inspections
- Work with Sanitation department as they prepare alternatives for bulk/brush collection frequency, cost, model, etc. to reduce illegal dumping
  - Sanitation department briefed the Quality of Life Committee on 1/26/15 and expects to brief specifically on bulk/brush collection in February
- Work with Center for Community Progress on recommended strategies to address property blight, vacancy and abandonment
- Change department mission by adding “enriching” to the statement
  - Our mission is to foster clean, healthy, safe, enriching communities while preventing physical blight from Dallas neighborhoods
#1: Is a lower ratio acceptable? If so, what ratio? And can PSOs count?
- Yes (lower ratio) (table 2)
- No (lower ratio) (table 3)
- 2.66 (table 2)
- 2.74 (table 3)
- Yes (counting PSOs) (table 2)
- No (counting PSOs) (table 3)
- Per shift, have a certain number of sworn officers & a certain number of PSOs

#2: Continue to invest in technology and infrastructure?
- Yes, increase technology and improve technology infrastructure

#3: Should quality of life calls be upgraded to higher priority?
- Ask reserve officers to handle category 4 calls
- Explore using marshals to augment our force
Police Department

- Majority of Council members expressed desire to slow the growth in Police Department’s expenses, however, no consensus on how to achieve this
  - Given the fact that personnel expenditures account for 91% of the Police Department’s budget, reductions in the growth of personnel expenditures will be necessary

- Clarification is needed
  - Is it acceptable to replace sworn officers with public safety (civilian) officers?
  - Is it acceptable to use sworn officers plus public safety (civilian) officers to achieve a ratio of officers per 1,000 population?
  - Is it acceptable to reduce the ratio of officers per 1,000 population?
  - What ratio of officers per 1,000 population is acceptable?
Topic #4: Technology Update and Trends

#1: What are top priorities for IT outside of city hall and with the citizens?
- First make people aware of what we do have & make more accessible (WIFI - $500K, Website, Etc.)
- Upgrade communication infrastructure (fiber with street improvements)
- More system computing capacity
- Proceed with disposition of mainframe & phone switch

#2: What is best opportunity/investment in technology to deliver value in next year’s budget?
- City-citizen communication/feedback
- Traffic automation
- Technology to improve service delivery (application communication plan)
- Website
- Hot spot strategy
- Make Jefferson (Building Inspection at Oak Cliff Municipal Center) totally electronic (front & back office)
#3: How do we leverage technology to promote economic development?

- Push more City data into open, while assuring privacy
- How to use tech to allow citizens to give City input on economic development
- How do we push information out to all
- Have staff focus on one thing such as e-filing at Jefferson (Building Inspection at Oak Cliff Municipal Center) and cross-out all other items
Technology Update and Trends

- Approach for moving forward
  - Develop a Strategic IT Plan – continue work with Gartner on the strategic IT plan which will be completed Spring 2015
  - Invest in technologies and IT services that support doing business with citizens online, and that transform and automate internal city services to improve efficiencies
  - Continue to promote and use technology for citizen engagement in communication and feedback
  - Manage IT priorities; avoid over committing CIS resources
  - Update City of Dallas website (dallascityhall.com), and emphasize content
  - Invest in technologies that help us leverage data to make better and more timely decisions, and continue to make City data available to the public

- Bottom line – invest in technologies that maximize the opportunities to better serve the citizens and that create efficiencies with our internal operations
## Topic #5: Budget Development Goals

<table>
<thead>
<tr>
<th>Budget Goals</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invest in technology to improve services and efficiencies</td>
<td>8</td>
<td>22.2%</td>
</tr>
<tr>
<td>Focus on top 3 priorities identified in citizen survey: maintenance of infrastructure, code enforcement, and police services</td>
<td>6</td>
<td>16.7%</td>
</tr>
<tr>
<td>Phase increases in percent of budget allocated to Culture, Arts, Recreation, and Education KFA</td>
<td>6</td>
<td>16.7%</td>
</tr>
<tr>
<td>Scrutinize services for efficiencies and cost reductions</td>
<td>6</td>
<td>16.7%</td>
</tr>
<tr>
<td>No increase in ad valorem tax rate</td>
<td>4</td>
<td>11.1%</td>
</tr>
<tr>
<td>Honor commitment to uniform employees through meet and confer agreement</td>
<td>2</td>
<td>5.6%</td>
</tr>
<tr>
<td>Invest in civilian employees through fair compensation and improved training</td>
<td>2</td>
<td>5.6%</td>
</tr>
<tr>
<td>Fund additional infrastructure needs with cash instead of using debt financing</td>
<td>2</td>
<td>5.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Budget Development Goals

- Based on preferences indicated by council members, the following will be high level goals used by City Manager’s Office during the development of the FY 2015-16 general fund budget:
  - Invest in technology to improve services and efficiencies
  - Focus on top 3 priorities identified in citizen survey: maintenance of infrastructure, code enforcement, and police services
  - Phase increases in percent of budget allocated to Culture, Arts, Recreation, and Education KFA
  - Scrutinize services for efficiencies and cost reductions
<table>
<thead>
<tr>
<th>Key Focus Areas</th>
<th>Department (% of KFA Total – Based on FY 2014-15 Budget)</th>
<th>Citizen Survey</th>
<th>Green Dots</th>
<th>Red Dots</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Safety</strong></td>
<td>Police 40.5%</td>
<td>3</td>
<td>7</td>
<td>9</td>
<td>- 2</td>
</tr>
<tr>
<td></td>
<td>Fire-Rescue 21.0%</td>
<td>13, 11</td>
<td>1</td>
<td>3</td>
<td>- 2</td>
</tr>
<tr>
<td></td>
<td>Court Services 1.9%</td>
<td>0</td>
<td>4</td>
<td></td>
<td>- 4</td>
</tr>
<tr>
<td></td>
<td>Other 0.9%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
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<tr>
<td></td>
<td><strong>Total Public Safety</strong></td>
<td><strong>64.3%</strong></td>
<td><strong>8</strong></td>
<td><strong>16</strong></td>
<td><strong>- 8</strong></td>
</tr>
<tr>
<td><strong>Economic Vibrancy</strong></td>
<td>Streets &amp; Street Lighting 7.6%</td>
<td>1, 4</td>
<td>9</td>
<td>2</td>
<td>+ 7</td>
</tr>
<tr>
<td></td>
<td>Tax Increment Financing Districts (TIF) 1.8%</td>
<td></td>
<td>0</td>
<td>2</td>
<td>- 2</td>
</tr>
<tr>
<td></td>
<td>Fair Park 1.0%</td>
<td>1</td>
<td>1</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Public Works &amp; Trinity Watershed 1.0%</td>
<td>1, 10</td>
<td>0</td>
<td>3</td>
<td>- 3</td>
</tr>
<tr>
<td></td>
<td>Other 1.0%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total Economic Vibrancy</strong></td>
<td><strong>12.4%</strong></td>
<td><strong>10</strong></td>
<td><strong>8</strong></td>
<td><strong>+ 2</strong></td>
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<tr>
<td><strong>Clean Healthy Environment</strong></td>
<td>Sanitation Services 7.0%</td>
<td>9</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Code Compliance 3.4%</td>
<td>2</td>
<td>5</td>
<td>0</td>
<td>+ 5</td>
</tr>
<tr>
<td></td>
<td>Housing &amp; Community Services 1.2%</td>
<td>2</td>
<td>4</td>
<td></td>
<td>- 2</td>
</tr>
<tr>
<td></td>
<td>Other 0.2%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total Clean Healthy Environment</strong></td>
<td><strong>11.8%</strong></td>
<td><strong>8</strong></td>
<td><strong>5</strong></td>
<td><strong>+ 3</strong></td>
</tr>
<tr>
<td><strong>Culture, Arts, Recreation, and Education</strong></td>
<td>Park &amp; Recreation 6.9%</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td>+ 4</td>
</tr>
<tr>
<td></td>
<td>Library 3.0%</td>
<td>15</td>
<td>6</td>
<td>0</td>
<td>+ 6</td>
</tr>
<tr>
<td></td>
<td>Office of Cultural Affairs 1.6%</td>
<td>16</td>
<td>4</td>
<td>6</td>
<td>- 2</td>
</tr>
<tr>
<td></td>
<td>Other 0.0%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total Culture, Arts, Recreation, Education</strong></td>
<td><strong>11.5%</strong></td>
<td><strong>16</strong></td>
<td><strong>8</strong></td>
<td><strong>+ 8</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Grand Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>42</strong></td>
<td><strong>37</strong></td>
<td><strong>+ 5</strong></td>
</tr>
</tbody>
</table>
Prioritization of Departments

- The exercise, while not definitive, was intended to gather high level understanding of Council’s preferences and willingness for trade-offs necessary in budget development
  - Preference for increases are:
    - Streets, Library, Code, and Park/Recreation
  - Willingness for decreases are:
    - Courts, PBW/TWM, Police, Fire, TIF, Housing, and Cultural Affairs
- This input will be used over the course of next several months as a balanced budget is developed
Summary

- Retreat provided Council members an opportunity to:
  - Have earlier involvement in FY 2015-16 budget development process
  - Give input on “big rock” or policy issues effecting the budget
  - Indicate preferences and trade-offs necessary in making budget decisions
- Staff will use information provided during budget development process
- Additional opportunities for Council input will be provided on April 1, May 20, and June 24
- A balanced budget will be recommended by the City Manager on Aug 11
APPENDIX
# Budget Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 28</td>
<td>Brief City Council on citizen survey</td>
</tr>
<tr>
<td>November 18</td>
<td>Brief City Council on FY 2013-14 Strategic Plan</td>
</tr>
<tr>
<td>December 3</td>
<td>Brief City Council: first outlook for FY 2015-16 budget</td>
</tr>
<tr>
<td>January 15-16</td>
<td>Council/staff planning session</td>
</tr>
<tr>
<td>February 4</td>
<td>Budget Workshop</td>
</tr>
<tr>
<td>March</td>
<td>Survey of board and commission members</td>
</tr>
<tr>
<td>March 25</td>
<td>Budget Public Hearing</td>
</tr>
<tr>
<td>April 1</td>
<td>Brief City Council on Sunset Review</td>
</tr>
<tr>
<td>May 20</td>
<td>Budget Workshop</td>
</tr>
<tr>
<td>May 27</td>
<td>Budget Public Hearing</td>
</tr>
<tr>
<td>June 24</td>
<td>Budget Workshop</td>
</tr>
<tr>
<td>July 24</td>
<td>Appraisal Districts certify 2015 tax roll for FY 2015-16</td>
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</tbody>
</table>
## Budget Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 7</td>
<td>Deliver City Manager’s recommended budget to council members</td>
</tr>
<tr>
<td>August 11</td>
<td>Budget Workshop: City Manager’s recommended budget</td>
</tr>
<tr>
<td>August 11 to Sept 3</td>
<td>Town hall meetings</td>
</tr>
<tr>
<td>August 19</td>
<td>Budget Workshop</td>
</tr>
<tr>
<td>August 26</td>
<td>Budget Public Hearing</td>
</tr>
<tr>
<td>September 2</td>
<td>Budget Workshop</td>
</tr>
<tr>
<td>September 2</td>
<td>Tax Rate Public Hearing #1 (if necessary)</td>
</tr>
<tr>
<td>September 9</td>
<td>Adopt Budget on First Reading</td>
</tr>
<tr>
<td>September 16</td>
<td>Budget Workshop: Council Amendments</td>
</tr>
<tr>
<td>September 16</td>
<td>Tax Rate Public Hearing #2 (if necessary)</td>
</tr>
<tr>
<td>September 23</td>
<td>Adopt Budget on Second Reading and Adopt Tax Rate</td>
</tr>
<tr>
<td>October 1</td>
<td>Begin FY 2015-16</td>
</tr>
</tbody>
</table>
## Importance-Satisfaction Rating

**City of Dallas**

**Major Categories of City Services**

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

**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)

Source: ETC Institute (2014)