

BUDGET, FINANCE, & AUDIT COMMITTEE
DALLAS CITY COUNCIL COMMITTEE AGENDA

RECEIVED

2017 MAY -4 PM 4:34

CITY SECRETARY
DALLAS, TEXAS

MONDAY, MAY 15, 2017
CITY HALL
COUNCIL BRIEFING ROOM, 6ES
1500 MARILLA
DALLAS, TEXAS 75201
1:00 P.M. – 2:30 P.M.

Chair, Councilmember Jennifer S. Gates
Vice-Chair, Councilmember Philip T. Kingston
Deputy Mayor Pro Tem Erik Wilson
Councilmember Rickey D. Callahan
Councilmember Scott Griggs
Councilmember Lee M. Kleinman


Call to Order

1. Consideration of the minutes from the April 17, 2017 Budget, Finance, & Audit Committee meeting
2. Consideration of Upcoming Agenda Items Memo(s) for May 24, 2017 City Council Meeting

BRIEFINGS

- | | | |
|----|---|---|
| 3. | Atmos Energy Corporation -
Dallas Annual Rate Review | Nick Fehrenbach, Manager of Regulatory Affairs
<i>Office of Financial Services</i> |
| 4. | Office of the City Auditor Preliminary
Fiscal Year 2018 Budget Proposal | Craig D. Kinton, City Auditor |
| 5. | Property Tax Overview and
Senior Exemptions | Jack Ireland, Director
<i>Office of Financial Services</i> |
| 6. | FY 2016-17 Financial Forecast Report
<i>Information as of March 31, 2017</i> | Jack Ireland, Director
<i>Office of Financial Services</i> |

Adjourn


Jennifer S. Gates, Chair
Budget, Finance, & Audit Committee

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding economic development negotiations. Section 551.087 of the Texas Open Meetings Act.

Handgun Prohibition Notice for Meetings of Governmental Entities

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

Budget, Finance, & Audit Committee

Meeting Record

Meeting Date: April 17, 2017

Convened: 1:02 pm

Adjourned: 2:01 pm

Committee Members Present:

Jennifer S. Gates, Chair
Erik Wilson
Rickey D. Callahan

Lee Kleinman
Philip Kingston, Vice Chair
Scott Griggs

Committee Members Absent:

Other Council Members Present:

Staff Present:

Stephanie Cooper
Jack Ireland
Jody Puckett
Mike Frosch
Edward Scott

Akilah McLaughlin
Corrine Steeger
Jeanne Chipperfield
Randall Hanks
Lee Chiang

Bisola Macfoy
Randy Payton
Craig Kinton
Rory J Galter
Julia Canter

Bob Smith
Thandee Kywe
Doug O'Rourke
Carol Ann Smith
Robert Rubel

Terry Lowery
Renee Hayden
Barbara Hobbs
Janette Weedon
Tony Aguilar

Others Present:

N/A

AGENDA:

Call to Order

1. Consideration of the March 20, 2017 Minutes

Presenter(s):

Information Only: _

Action Taken/Committee Recommendation(s):

A motion was made to approve the March 20, 2017 minutes. Motion passed unanimously.

Motion made by: Rickey Callahan

Motion seconded by: Scott Griggs

2. Consideration of Upcoming Agenda Items Memo for April 26, 2017 City Council Meeting

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s):

A motion was made to forward to the City Council on April 26, 2017. Motion passed on unanimous vote.

Motion made by: Erik Wilson

Motion seconded by: Rickey Callahan

Budget, Finance, & Audit Committee

Meeting Record

Briefings

3. Office of the City Auditor – Fiscal year 2017 Third Quarter Update

Presenter(s): Craig D. Kinton, City Auditor

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

4. Dallas Water Utilities Upcoming Bond Sale

Presenter(s): Corrine Steeger, Assistant Director, *City Controller's Office*

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

FYI

5. FY 2016-17 Financial Forecast Report *Information as of February*

Presenter(s):

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

Adjourn

Jennifer S. Gates, Chair
Budget, Finance, & Audit Committee

Memorandum



CITY OF DALLAS

DATE May 8, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT **Upcoming Agenda Items Memo for May 24, 2017 City Council Meeting**

The following draft agenda items are scheduled to go before City Council on May 24th.

Draft Agenda Item A

Authorize **(1)** a three-year service contract, with two one-year renewal options, for legal advertising with a locally published newspaper of mass distribution with major circulation - The Dallas Morning News in the amount of \$1,328,612, sole source; and **(2)** a three-year service contract, with two one-year renewal options, for non-legal advertising with a locally published newspaper of mass distribution with major circulation - The Dallas Morning News in the amount of \$1,898,751, exempt from bidding per Texas Local Government Code Sec. 252.022 – Total not to exceed \$3,227,363 - Financing: Current Funds (subject to annual appropriations)

Draft Agenda Item B

Authorize the purchase of **(1)** 28 pieces of fleet vehicles and equipment with Metro Fire Apparatus Specialists in the amount of \$5,779,817, Daco Fire Equipment in the amount of \$1,663,124, Hudson Bus Sales, LLC in the amount of \$1,534,608, Rush Truck Centers of Texas, LP in the amount of \$319,062, Silsbee Ford, Inc. in the amount of \$316,938, Cues, Inc. in the amount of \$169,500, Johnston North America, Inc. in the amount of \$140,600, and Houston Freightliner, Inc. in the amount of \$51,717, through the Houston Galveston Area Council of Governments; **(2)** 8 pieces of fleet and equipment with Bond Equipment in the amount of \$1,000,560, Austin Truck & Equipment dba Freightliner of Austin in the amount of \$148,532, RDO Equipment in the amount of \$111,750, Chastang Ford in the amount of \$83,879, and Briggs Equipment in the amount of \$59,874, through The Texas Association of School Boards; and **(3)** 32 pieces of fleet and equipment with Sam Pack's Five Star Ford in the amount of \$1,280,051, through Texas SmartBuy - Total amount not to exceed \$12,660,012 - Financing: Current Funds (\$1,214,337), Municipal Lease Agreement Funds (\$6,869,271), Aviation Current Funds (\$1,734,330), Water Utilities Current Funds (\$1,091,879), Sanitation Current Funds (\$1,000,560), Urban Area Security Initiative Grant Funds (\$689,634), and Auto Theft Auction Revenue Funds (\$60,001)

DATE May 8, 2017
SUBJECT Upcoming Agenda Items Memo for May 24, 2017 City Council Meeting

Draft Agenda Item C

Authorize a three-year master agreement for motor fuel – Martin Eagle Oil Company, Inc., lowest responsible bidder of five – Not to exceed \$7,505,345 - Financing: Current Funds

Draft Agenda Item D

Authorize Supplemental Agreement No. 8. to increase and extend the service contract with Motorola Solutions, Inc. for maintenance and support of the Citizen Request Management System - Not to exceed \$260,463, from \$2,034,103 to \$2,294,566- Financing: Current Funds (subject to annual appropriations)

Draft Agenda Item E

Authorize a five-year service contract, with two one-year renewal options, for a web-based environmental, quality, and safety management information software system - BSI Service & Solutions (West), Inc. dba BSI EHS Services and Solutions, most advantageous proposer of six - Not to exceed \$437,350 - Financing: Current Funds (subject to annual appropriations)

Should you have any questions on these items, please contact me at (214) 670-3309.


Elizabeth Reich
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
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Cheritta Johnson, Interim Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE May 8, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT Atmos Energy Corporation – Dallas Annual Rate Review

On Monday, May 15, 2017, the Office of Financial Services will brief the Budget, Finance, & Audit Committee on Atmos Energy Corporation – Dallas Annual Rate Review. I have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
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Directors and Assistant Directors

Atmos Energy Corporation – Dallas Annual Rate Review

**Budget, Finance, and Audit Committee
May 15, 2017**

**Nick Fehrenbach
Manager of Regulatory Affairs
Office of Financial Services
City of Dallas**



Presentation Overview

- Purpose
- Background
- Current filing
- Proposed settlement
- Options for City Council consideration
- City Manager's Recommendation and Next Steps



Purpose

- Update committee on Dallas Annual Rate Review (DARR) filing by Atmos Energy Corporation (Atmos)
- Consider options and review City Manager's recommendation

Background

- Current franchise approved on 1/13/2010 (ordinance #27793) authorizes Atmos to provide natural gas utility service in city
- Original franchise granted to The Dallas Gas Company in 1905
 - Purchased by Lone Star Gas in 1927
 - Acquired by TXU Gas in 1996
 - Merged with Atmos in 2004

Background (continued)

- Texas Utilities Code indicates jurisdictional responsibility for regulation of natural gas in State
 - City has original jurisdiction to set local distribution rates within City's boundaries
 - Railroad Commission of Texas (RCT) has appellate jurisdiction over local distribution rates and original jurisdiction over pipeline rates



Background (continued)

- Customer's gas utility bill has 2 primary components
 1. Local distribution rates
 - Approved by City (RCT has appellate jurisdiction)
 - Charges for distribution from City limits to customers' premises
 - Includes costs for meter reading, billing, and customer service
 - Distribution charges split between monthly customer charge and consumption charge
 2. Pipeline rates (appears on bill as Rider GCR)
 - Approved by Railroad Commission of Texas
 - Costs from producer and pipeline company to city limits
 - Includes pass through of actual cost of gas
 - Pipeline costs typically comprises 60% of residential charges and 70% of commercial charges

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Background (continued)

- Gas utility customers are divided into 4 billing classes
 1. Residential
 2. Commercial
 - Businesses and apartments with gas for common use
 3. Industrial
 - Contract for a minimum of 125 Mcf per month
 - Service may be interrupted in extreme conditions
 4. Transport
 - Fee charged to transport gas between 2 other parties

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Current Filing

- Atmos filed 6th DARR rate request on 1/13/17 with proposed effective date of 6/1/17
 - Atmos requested an increase in base rates of \$10.7m annually
 - 10.9% overall increase in base rates (without gas costs)
 - Monthly bill for average residential consumer would increase by \$3.25
 - City Council must take action by 5/28/17

Current Filing (continued)

- City retained Garrett Group LLC (Garrett) to assist in reviewing current filing
 - Expertise in gas rate regulation
 - Assisting City with Atmos Pipeline case currently before the Railroad Commission of Texas
 - Garrett contract approved by Administrative Action on 2/21/17

Proposed Settlement

- With assistance of Garrett and outside legal counsel, and after numerous meetings, negotiated settlement was reached (pending approval of City Council)
 - If approved, rates will become effective for gas sold on or after 6/1/17
 - Base rates would increase by \$7.8m as compared to \$10.7m originally requested by Atmos
 - Overall increase is 8.5% (see appendix for additional details)
 - Average residential bill will increase by \$2.46 per month plus revenue related fees/taxes
 - Atmos will negotiate modifications to DARR tariff to be brought back to committee in Oct 2017
 - Atmos will work with staff to modify rates if major revisions are made to federal income tax rates

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Options for City Council Consideration

1. Approve rates originally requested by Atmos
 - Overall increase of \$10.7m (10.9%)
 - Average residential bill to increase by \$3.25 per month
2. Approve rates per negotiated settlement
 - Overall increase of \$7.8m (8.5%)
 - Average residential bill to increase by \$2.46 per month
3. Deny rate request
 - Atmos will likely appeal denial to RCT and may immediately implement rates as originally requested (subject to refund)
4. Set rates at some other level
 - Atmos may appeal new rates to RCT and may immediately implement rates as originally requested (subject to refund)

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City Manager's Recommendation and Next Steps

- City Manager recommends City Council approval of Option #2 on 5/24/17 per negotiated settlement
 - Overall increase of \$7.8m (8.5%)
 - Average residential bill to increase by \$2.46 per month
 - Atmos and staff to negotiate revisions to DARR tariff and report back to committee in Oct 2017
 - Atmos to work with staff to modify rates if major changes are implemented to federal income tax rates

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Atmos Energy Corporation – Dallas Annual Rate Review

**Budget, Finance, and Audit Committee
May 15, 2017**

**Nick Fehrenbach
Manager of Regulatory Affairs
Office of Financial Services
City of Dallas**



Appendix



Appendix

- Comparison of current, requested, and negotiated tariff rates for residential customers

Residential Rates	Current Authorized Rates	Atmos Energy Requested Rates	Negotiated Settlement Rates
Customer Charge	\$20.00	\$21.25	\$21.00
Amount per Ccf	\$0.09774	\$0.13042	\$0.12208
Bill for average residential customer using 60 Ccf of gas (does not include tax or gas cost)	\$25.86	\$29.08	\$28.32.



Appendix

- Comparison of current, requested, and negotiated tariff rates for commercial customers

Commercial Customers	Current Authorized Rates	Atmos Energy Requested Rates	Negotiated Settlement Rates
Customer Charge	\$40.25	\$44.25	\$43.00
Amount per Ccf	\$0.07143	\$0.08210	\$0.07708



Appendix

- Comparison of current, requested, and negotiated tariff rates for industrial and transport customers

Industrial & Transportation Customers	Current Authorized Rates	Atmos Energy Requested Rates	Negotiated Settlement Rates
Customer Charge	\$735.00	\$811.50	\$802.75
Consumption Charge/MMBTU			
First 1,500 MMBTU	\$0.1891	\$0.2243	\$0.2124
Next 3,500 MMBTU	\$0.1375	\$0.1631	\$0.1544
Over 5,000 MMBTU	\$0.0218	\$0.0259	\$0.0245

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Appendix: Regulatory Background

- Last fully litigated case to set Dallas rates
 - 11/5/08 - Atmos requested an increase in rates of \$9.1m
 - 3/25/09 - City denied increase and set rates below Atmos existing rates
 - Atmos appealed this rate decision to RCT
 - 1/23/10 - RCT granted Atmos an increase in rates of \$1.6m

Appendix: Regulatory Background

- Gas Reliability Infrastructure Program (GRIP)
 - Enacted by 78th Legislature (2003) as an incentive for gas utilities to invest in new infrastructure
 - Rates are adjusted annually to account for changes in net investment
 - 2/25/11 - filed with City of Dallas
 - Atmos requested an increase of \$20.2m (system wide)
 - Settled for an increase of \$11.0m (system wide)
 - As part of settlement City authorized tariff DARR-Dallas Annual Rate Review (DARR)

Appendix: DARR Filing History

Year of DARR Filing	Atmos Request	Settlement
1 st filing in 2012	\$2.5m increase	\$0.4m decrease
2 nd filing in 2013	\$4.0m increase	\$1.8m increase
3 rd filing in 2014	\$8.7m increase	\$6.3m increase
4 th filing in 2015	\$7.4m increase	\$4.7m increase
5 th filing in 2016	\$7.4m increase	\$5.3m increase
6 th filing in 2017	\$10.7m increase	TBD

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Memorandum



CITY OF DALLAS

DATE: May 8, 2017

TO: Honorable Members of the Budget, Finance & Audit Committee –
Jennifer S. Gates (Chair); Philip T. Kingston (Vice Chair);
Deputy Mayor Pro Tem Erik Wilson; Rickey D. Callahan;
Scott Griggs; Lee M. Kleinman

SUBJECT: Office of the City Auditor Preliminary Fiscal Year 2018 Budget Proposal

I will provide a briefing to the members of the Budget, Finance & Audit Committee on Monday, May 15, 2017 regarding:

- Office of the City Auditor Preliminary Fiscal Year 2018 Budget Proposal

Sincerely,

Craig D. Kinton
City Auditor

[Attachment]

C: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
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**Office of the City Auditor
Preliminary Fiscal Year 2018
Budget Proposal**

**Budget, Finance and Audit Committee
May 15, 2017**

**Craig D. Kinton, City Auditor
Office of the City Auditor
City of Dallas**



Preliminary Budget Proposal – City Charter

- The Office of the City Auditor (Office) is established by the City of Dallas (City) Charter, Chapter IX as an independent audit function with the primary responsibility of serving at the direction of the City Council.
- **Proposition 5 (11-04-2014) Amended Ch. XI, Sec 2**
The city auditor shall furnish a detailed budget estimate of the needs and requirements of the city auditor's office for the coming year directly to the city council, to be approved by the city council, and then consolidated with the city manager's annual budget estimate. (Amend. of 11-8-05, Prop. No. 13; Amend. of 11-4-14, Prop. No. 5)

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Preliminary Budget Proposal – Mission and Purpose

Mission

To promote public trust and advance accountability through independent, objective, and useful professional services

Purpose

To assist the Council with oversight responsibilities and management with operational responsibilities

Objective assessments provide information regarding:

- ❑ Accountability for City resources
- ❑ Adequacy of internal controls
- ❑ Accuracy of information
- ❑ Efficiency and effectiveness of City programs, projects, and departments

Preliminary Budget Proposal - Overview

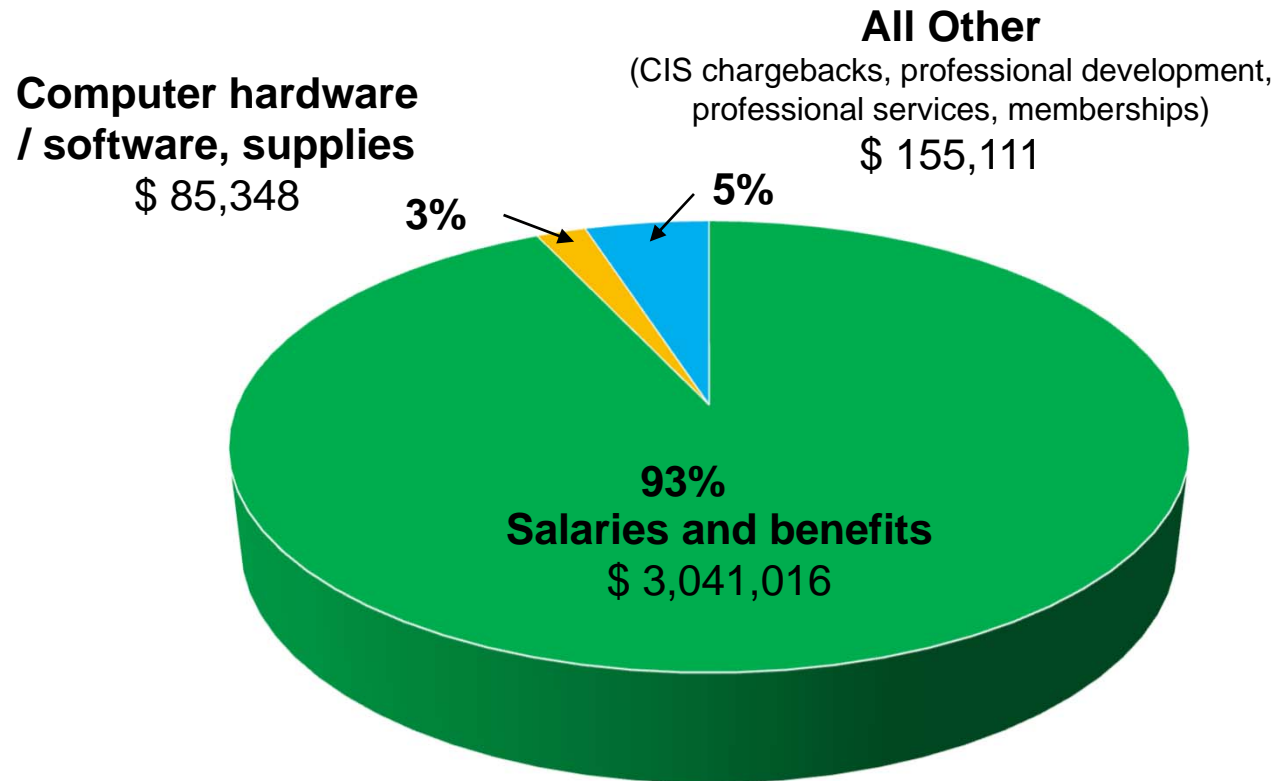
	FY 2016-2017 Budget	FY 2016-2017 Estimate (as of 03/31/2017)	FY 2017-2018 Total Proposed
Total Expenditures	\$ 3,194,434	\$ 3,071,159	\$ 3,281,475
Total FTEs	25.8	23.2	26.0



Preliminary Budget Proposal – Notable Items

- Full-year funding of FY 2017 merit increases that were effective November 2016
- Addition of TeamMate Cloud Office License

Preliminary Budget Proposal – Breakdown



Preliminary Budget Proposal – Final Adjustments Needed

- Decision on merit increases
- Pension costs
- Health costs
- Worker's Comp rates
- Property, casualty, and public liability insurance
- CIS chargebacks

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Preliminary Budget Proposal – Revenue Impact

- Audits provide oversight of controls supporting operational responsibilities for revenue collections
- Office administers sales / use tax compliance contract
- Office administers outsourced audit of utility franchise fees

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Preliminary Budget Proposal – FY 2016 Results

	FY 2016 Target	FY 2016 Actual	FY 2017 Target	FY 2017 YTD Actual
Outputs				
Performance Audits	15	16	17	7
Attestations	13	2	0	0
Investigative Reports	7	8	8	4
Nonaudit Services	6	7	6	0
Efficiency				
% of Hours on Direct Projects	73%	78%	75%	74%
Hourly Billable Rate	\$80.94	\$83.13	\$86.63	\$88.24*

* Projected annual Hourly Billable Rate (based on actual expenditures and direct project hours through March 31, 2017)

Preliminary Budget Proposal

Outcomes

City management’s implementation of Office recommendations improves city operations and delivery of city services

	FY 2016 Target	FY 2016 Actual	FY 2017 Target	FY 2017 YTD Actual
Outcome Measures Include:				
Percentage of Recommendations Management Agrees to Implement	90%	99%	93%	100%
Percentage of Recommendations Implemented by Management	90%	---	90%	---
Percentage of Substantiated Fraud/Waste/Abuse Complaints Resulting in Accountability Actions	100%	100%	100%	100%



Next Steps

- Seeking approval from the Budget, Finance and Audit Committee for the Office of the City Auditor's proposed preliminary budget estimate of \$3,281,475 (subject to final citywide adjustments, such as staff benefits, insurance, Communication and Information Services charges, and other items that may affect all City departmental budgets) to be included in the City Manager's annual budget estimate for FY 2017-18
- Item will be on the City Council Agenda for Wednesday, June 14, 2017

QUESTIONS?

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**Office of the City Auditor
Preliminary Fiscal Year 2018
Budget Proposal**

**Budget, Finance and Audit Committee
May 15, 2017**

**Craig D. Kinton, City Auditor
Office of the City Auditor
City of Dallas**



Memorandum



CITY OF DALLAS

DATE May 8, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT Property Tax Overview and Senior Exemptions

On Monday, May 15, 2017, the Office of Financial Services will brief the Budget, Finance, & Audit Committee on Property Tax Overview and Senior Exemptions. I have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
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Directors and Assistant Directors

Property Tax Update

Budget, Finance, & Audit
May 15, 2017

Elizabeth Reich,
Chief Financial Officer
City of Dallas

Jack Ireland, Director
Office of Financial Services
City of Dallas



Background/History

- Briefed Budget, Finance, and Audit Committee on January 3, 2017
- Briefed Economic Development Committee on January 17, 2017
- Follow-up information requested:
 - Legislative update
 - Financial impact of increasing over-65 exemption



Purpose

- Provide update on legislative session
- Discuss over-65 property tax exemption
- Review next steps



Property Tax Legislation

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E-Gov



City of Dallas

Property Tax Legislation: Current Law

- Rollback Tax Rate:
 - Divides overall property taxes into two categories: general fund and debt service
 - Is effective general fund rate + 8% + tax rate required to pay debt service

Property Tax Legislation: Current Law

- Rollback Tax Rate:
 - Effective tax rate generates same amount of revenue in new fiscal year on property that was taxed in previous fiscal year
 - If exceeded, provides voters an opportunity to limit tax rate increase through a petition process to call a citywide Rollback Election

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Property Tax Legislation: SB2

- Senate Bill 2 (Bettencourt) main provisions:
 - Lowers amount cities can increase property taxes year over year without a vote
 - Changes rollback rate calculation from an allowed increase of 8% to 5%
 - Requires rollback election at 5% rather than allowing petition for an election at 8%
 - Increase exemption amount for Business Personal Property (BPP) from \$500 to \$2,500

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Property Tax Legislation: SB2

- SB2 scheduled for House Ways and Means Committee on Wednesday, May 10, 2017
- House committee substitute for SB2
 - Petition Rollback Rate – Allows cities to have year over year revenue growth of 3% + inflation
 - If exceeded, citizens may petition for a roll-back election
 - Triggered by petition of 10% of voters in last gubernatorial election

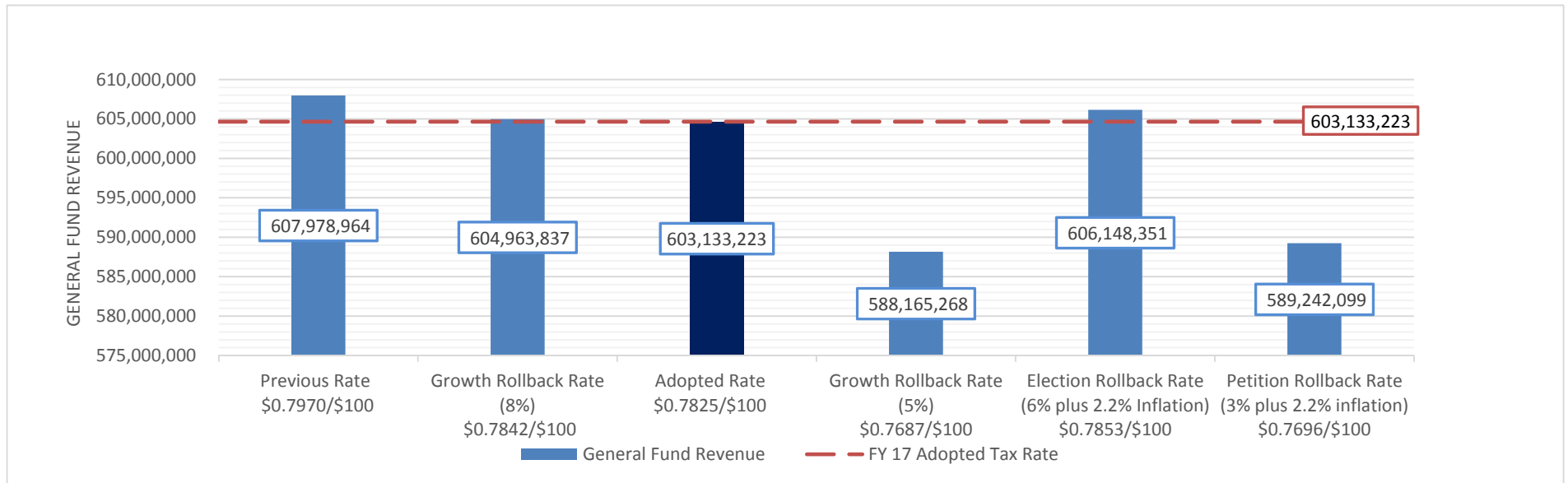
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Property Tax Legislation: SB2

- House committee substitute for SB2
 - Election Rollback Rate – Allows cities to have year over year revenue growth of 6% + inflation
 - If exceeded, cities are required to hold rollback election

Property Tax Legislation: SB2 Impact

Analysis based on FY17 certified values and as if SB2 had been in effect last year.



- 8% rollback rate would have generated \$1.9m more revenue compared to FY17 adopted, but Council opted to reduce tax rate
- 5% rollback rate would have generated \$14.9m less revenue compared to FY17 adopted
- 6% + inflation election rollback rate would have generated \$3m more revenue compared to FY17 adopted
- 3% + inflation petition rollback rate would have generated \$13.9m less revenue compared to FY17 adopted

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Possible Rollback Election

- Depending on the final outcome of SB2 and HB3158, the Dallas Police and Fire Pension legislation, City Council may need to consider calling a rollback election in November
- It is too early to advise on specific scenarios

Property Tax Exemptions

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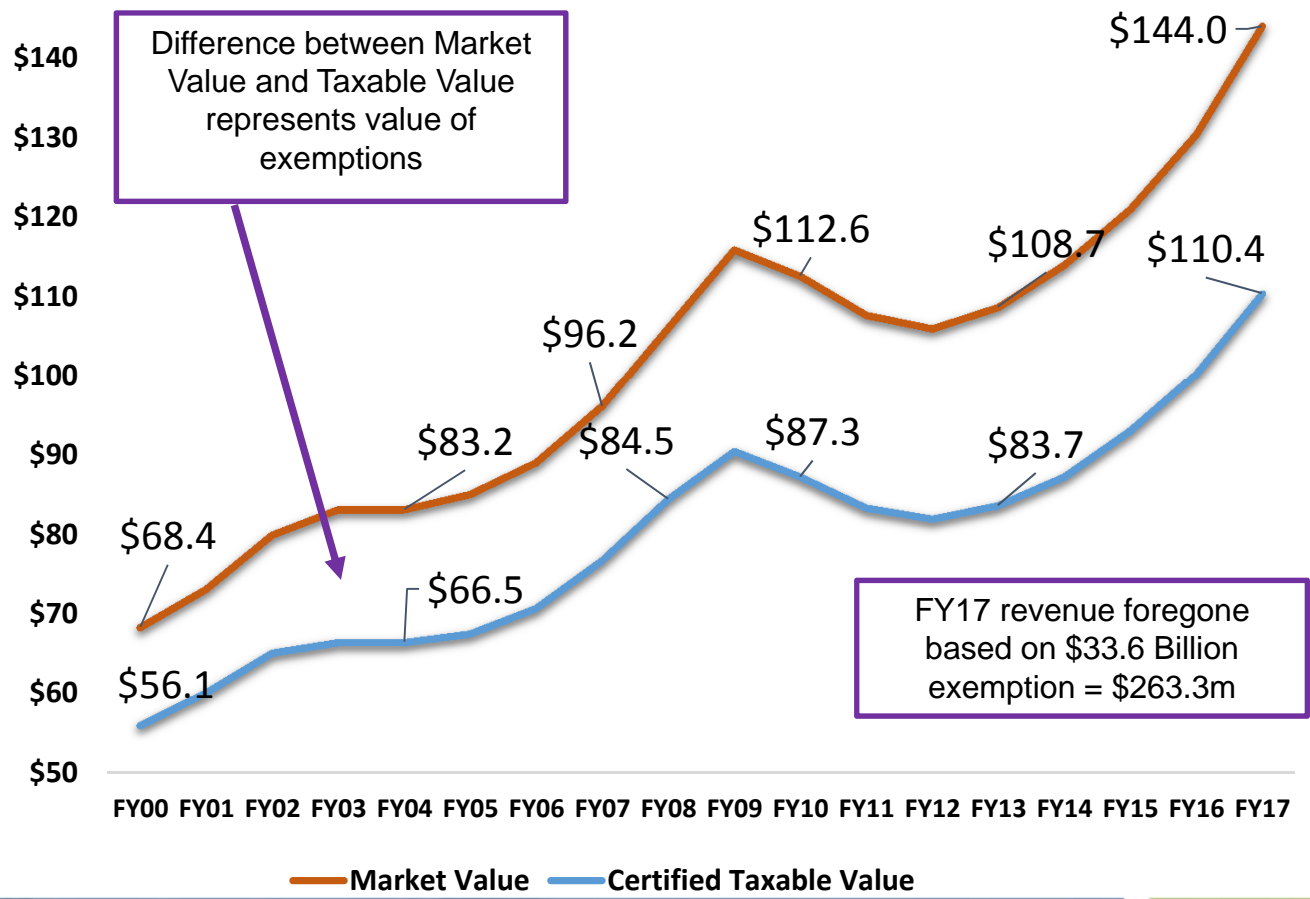
Property Tax Exemptions

- Value definitions
 - Market value is price property would sell for when both buyer and seller seek best price
 - Exemptions lower value and liability for homeowner but also lower revenue to support city services
 - Taxable property values represent market value (determined by Appraisal Districts) net of exemptions

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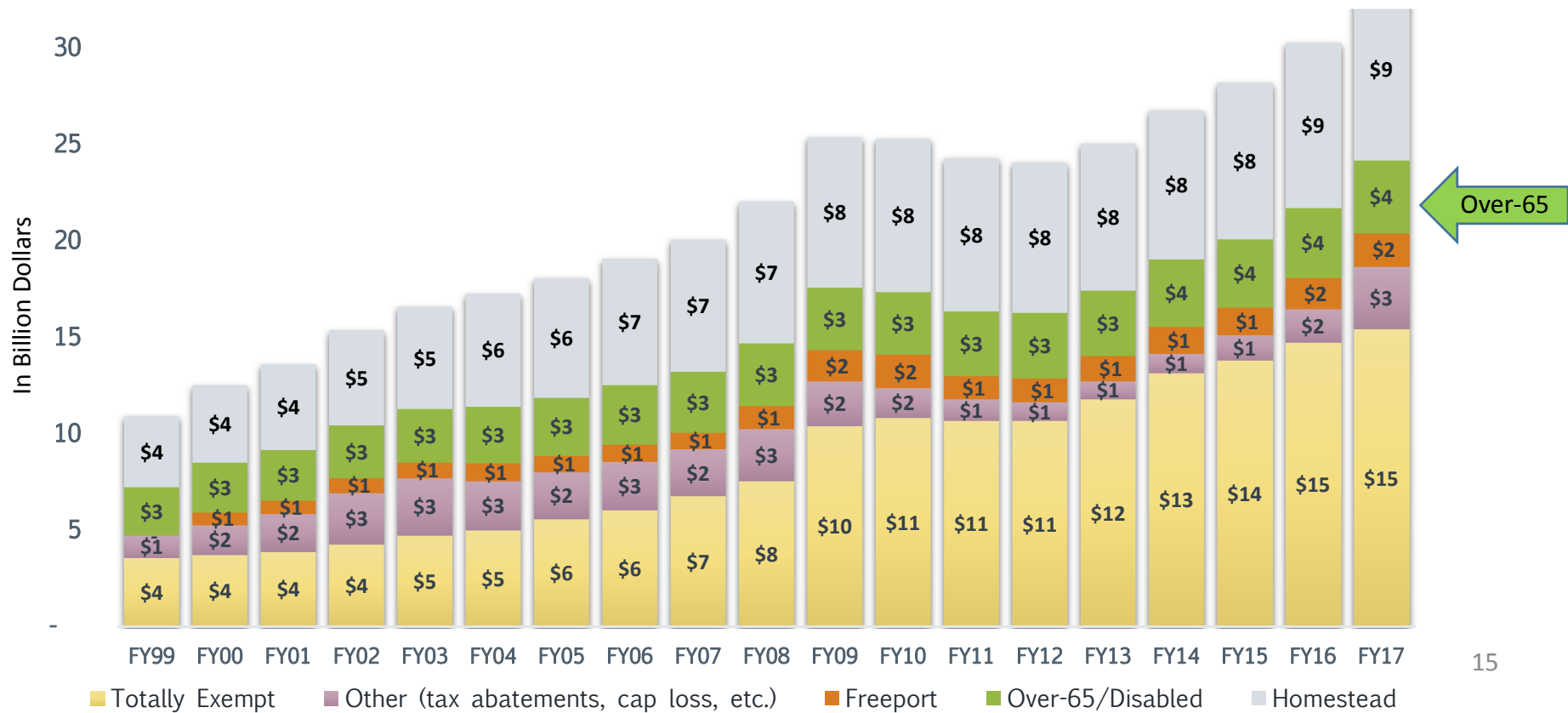
Market Value vs Taxable Value

(\$ in billions)



Property Tax Exemptions

Historical Value of Exemptions (\$ in billions)



Property Tax Exemptions

- Residential homestead
 - City adopted maximum general homestead exemption allowed by State law on April 13, 1988

Property Tax Exemptions

- Over-65/disabled
 - City Council approved \$64,000 exemption on September 17, 1986
 - Council has flexibility to increase or decrease this exemption
 - There is no maximum amount related to this exemption
 - Minimum amount is \$3,000
 - Must be dollar amount, not percent

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Property Tax Exemption Analysis

City	General Homestead	Over- 65	Disabled
Houston	20%	\$160,000	\$160,000
Austin	8%	\$82,500	\$82,500
San Antonio	0%	\$65,000	\$12,500
Dallas	20%	\$64,000	\$64,000
Fort Worth	20%	\$40,000	\$40,000

Property Tax Exemption Analysis

City	General Homestead	Over-65	Disabled
University Park	20%	\$338,000	\$338,000
Flower Mound	0%	\$100,000	\$100,000
Coppell	5%	\$75,000	\$75,000
Southlake	16%	\$75,000	\$75,000
Richardson	0%	\$70,000	\$70,000
Frisco	0%	\$70,000	\$70,000
Farmers Branch	20%	\$65,000	\$60,000
Mesquite	0%	\$65,000	\$15,000
Sunnyvale	0%	\$65,000	\$65,000
Dallas	20%	\$64,000	\$64,000
Lewisville	0%	\$60,000	\$20,000
Addison	20%	\$50,000	\$60,000
Allen	0%	\$50,000	\$25,000
Plano	20%	\$40,000	\$40,000

Property Tax Exemption Analysis

- Comparison analysis
 - 92 cities surveyed in Dallas, Collin, Denton, and Rockwall counties
 - Average over-65 exemption = \$36,178
 - Dallas over-65 exemption = \$64,000
 - 9 cities with amounts greater than \$64,000
 - 4 of the 9 cities offer a homestead exemption

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Property Tax Exemption: Options

Current Exemption →

Over-65/Disabled			
Revenue Foregone			
Exemption Amount	General Fund	Debt	Total
\$64,000	(\$20.6m)	(\$8.0m)	(\$28.6m)
\$69,000	(\$1.9m)	(\$0.75m)	(\$2.7m)
\$74,000	(\$3.8m)	(\$1.5m)	(\$5.3m)
\$79,000	(\$5.7m)	(\$2.3m)	(\$8.0m)
\$84,000	(\$7.6m)	(\$3.0m)	(\$10.6m)
\$89,000	(\$9.5m)	(\$3.8m)	(\$13.3m)

Property Tax Exemption - Options

Change in tax bill for average value for residential homestead property (\$240,000)

Exemption Amount	Adopted Tax Rate	Homestead Exemption	Change in Tax Burden
\$64,000	\$0.7825	20%	\$0
\$69,000	\$0.7825	20%	(\$40)
\$74,000	\$0.7825	20%	(\$79)
\$79,000	\$0.7825	20%	(\$118)
\$84,000	\$0.7825	20%	(\$157)
\$89,000	\$0.7825	20%	(\$196)

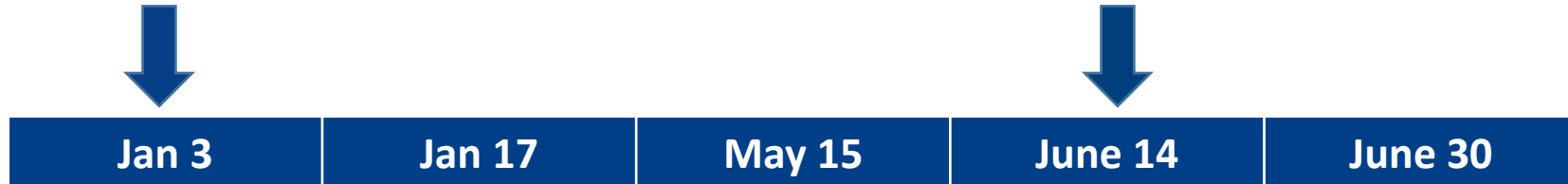
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Exemption Discussion Timeline

First staff briefing

- Budget, Finance, & Audit Committee
- Current exemptions

City Council Consideration



Second staff briefing

- Economic Development Committee
- Current exemptions

Third staff briefing

- Budget, Finance, & Audit Committee
- Comparative analysis
- General Fund revenue impact

Deadline to notify appraisal districts



Next Steps

- Continue to follow legislative changes related to limiting City's property tax revenue
- Schedule an agenda item for Council action on June 14 if BFA committee recommends change to current over-65 exemption
- Notify appraisal districts by June 30

Property Tax Update

Budget, Finance, & Audit
May 15, 2017

Elizabeth Reich,
Chief Financial Officer
City of Dallas

Jack Ireland, Director
Office of Financial Services
City of Dallas



Appendix: Property Tax Exemption Analysis

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Appendix - Property Tax Exemption Analysis

Appraisal District	City Name	Homestead Exemption Percent	2016 OV65 Amount	2016 Disabled Amount
Collin CAD	Allen	0%	\$ 50,000	\$ 25,000
Collin CAD	Anna	0%	\$ 30,000	\$ -
Collin CAD	Blue Ridge	0%	\$ 10,000	\$ 10,000
Collin CAD	Carrollton	20%	\$ 60,000	\$ 60,000
Collin CAD	Celina	0%	\$ 30,000	\$ 30,000
Collin CAD	Dallas	20%	\$ 64,000	\$ 64,000
Collin CAD	Farmersville	0%	\$ 10,000	\$ 20,000
Collin CAD	Frisco	0%	\$ 70,000	\$ 70,000
Collin CAD	Garland	8%	\$ 51,000	\$ 51,000
Collin CAD	Josephine	0%	\$ 10,000	\$ 10,000
Collin CAD	Lavon	1%	\$ 20,000	\$ 20,000
Collin CAD	Lowry Crossing	0%	\$ 15,000	\$ 15,000
Collin CAD	Lucas	8%	\$ 50,000	\$ 50,000
Collin CAD	McKinney	0%	\$ 50,000	\$ 50,000
Collin CAD	Melissa	0%	\$ 10,000	\$ 10,000
Collin CAD	Murphy	0%	\$ 50,000	\$ 50,000
Collin CAD	Nevada	0%	\$ 10,000	\$ -
Collin CAD	Parker	0%	\$ 50,000	\$ -
Collin CAD	Plano	20%	\$ 40,000	\$ 40,000
Collin CAD	Princeton	0%	\$ 25,000	\$ 25,000
Collin CAD	Richardson	0%	\$ 70,000	\$ 70,000
Collin CAD	Royse	0%	\$ 6,000	\$ 5,000
Collin CAD	Sachse	0%	\$ 50,000	\$ 50,000
Collin CAD	Town of Fairview	0%	\$ 60,000	\$ 60,000
Collin CAD	Town of New Hope	0%	\$ 50,000	\$ 50,000
Collin CAD	Town of Prosper	7%	\$ 10,000	\$ 3,000
Collin CAD	Town of St. Paul	0%	\$ 40,000	\$ -
Collin CAD	Van Alstyne	0%	\$ 5,000	\$ -
Collin CAD	Weston	0%	\$ 20,000	\$ 20,000
Collin CAD	Wylie	0%	\$ 30,000	\$ 30,000
Dallas CAD	Addison	20%	\$ 50,000	\$ 60,000
Dallas CAD	Balch Springs	1%	\$ 30,000	\$ 30,000
Dallas CAD	Carrollton	20%	\$ 60,000	\$ 60,000
Dallas CAD	Cedar Hill	0%	\$ 30,000	\$ 30,000
Dallas CAD	Cockrell Hill	1%	\$ 3,000	\$ -
Dallas CAD	Combine	0%	\$ 35,000	\$ 35,000
Dallas CAD	Coppell	5%	\$ 75,000	\$ 75,000
Dallas CAD	Dallas	20%	\$ 64,000	\$ 64,000
Dallas CAD	DeSoto	0%	\$ 30,000	\$ 25,000
Dallas CAD	Duncanville	0%	\$ 26,400	\$ 26,400
Dallas CAD	Farmers Branch	20%	\$ 65,000	\$ 60,000
Dallas CAD	Ferris	0%	\$ 3,000	\$ -
Dallas CAD	Garland	8%	\$ 51,000	\$ 51,000
Dallas CAD	Glenn Heights	0%	\$ 25,000	\$ 25,000
Dallas CAD	Grand Prairie * 2004	1%	\$ 45,000	\$ 30,000
Dallas CAD	Grapevine	20%	\$ 60,000	\$ 10,000
Dallas CAD	Highland Park	20%	\$ 50,000	\$ -
Dallas CAD	Hutchins	10%	\$ 10,000	\$ 10,000

Appendix - Property Tax Exemption Analysis

Appraisal District	City Name	Homestead Exemption Percent	2016 OV65 Amount	2016 Disabled Amount
Dallas CAD	Irving	20%	\$ 30,000	\$ 30,000
Dallas CAD	Lancaster	0%	\$ 30,000	\$ 30,000
Dallas CAD	Lewisville * 2004	0%	\$ 60,000	\$ 20,000
Dallas CAD	Mesquite * 2004	0%	\$ 65,000	\$ 15,000
Dallas CAD	Ovilla * 2009	0%	\$ 50,000	\$ 50,000
Dallas CAD	Richardson	0%	\$ 70,000	\$ 70,000
Dallas CAD	Rowlett * 2004	1%	\$ 30,000	\$ 50,000
Dallas CAD	Sachse * 2006	0%	\$ 50,000	\$ 50,000
Dallas CAD	Seagoville	10%	\$ 30,000	\$ 30,000
Dallas CAD	Sunnyvale * 2006	0%	\$ 65,000	\$ 65,000
Dallas CAD	University Park	20%	\$ 338,000	\$ 338,000
Dallas CAD	Wilmer	1%	\$ 6,000	\$ 6,000
Dallas CAD	Wylie	0%	\$ 30,000	\$ 30,000
Denton CAD	Aubrey	0%	\$ 10,000	\$ -
Denton CAD	Carrollton	20%	\$ 60,000	\$ 60,000
Denton CAD	Celina	0%	\$ 30,000	\$ 30,000
Denton CAD	Coppell	5%	\$ 75,000	\$ 75,000
Denton CAD	Corinth	0%	\$ 20,000	\$ 20,000
Denton CAD	Dallas	20%	\$ 64,000	\$ 64,000
Denton CAD	Denton	1%	\$ 50,000	\$ 50,000
Denton CAD	Fort Worth	20%	\$ 40,000	\$ 40,000
Denton CAD	Frisco	0%	\$ 70,000	\$ 70,000
Denton CAD	Grapevine	20%	\$ 60,000	\$ 10,000
Denton CAD	Hackberry	0%	\$ 10,000	\$ -
Denton CAD	Haslet	20%	\$ 50,000	\$ -
Denton CAD	Highland Village	0%	\$ 50,000	\$ 50,000
Denton CAD	Justin	0%	\$ 5,000	\$ -
Denton CAD	Krugerville	0%	\$ 20,000	\$ 20,000
Denton CAD	Krum	0%	\$ 6,000	\$ 6,000
Denton CAD	Lake Dallas	0%	\$ 20,000	\$ 20,000
Denton CAD	Lewisville	0%	\$ 60,000	\$ 20,000
Denton CAD	Oak Point	0%	\$ 20,000	\$ 20,000
Denton CAD	Pilot Point	0%	\$ 10,000	\$ -
Denton CAD	Plano	20%	\$ 40,000	\$ 40,000
Denton CAD	Roanoke	20%	\$ 40,000	\$ 4,500
Denton CAD	Sanger	0%	\$ 30,000	\$ 20,000
Denton CAD	Southlake	16%	\$ 75,000	\$ 75,000
Denton CAD	The Colony	0%	\$ 10,000	\$ 10,000
Denton CAD	Town of Argyle	1%	\$ 40,000	\$ 40,000
Denton CAD	Town of Bartonville	0%	\$ 50,000	\$ 50,000
Denton CAD	Town of Copper Canyon	1%	\$ 10,000	\$ 10,000
Denton CAD	Town of Corral City	0%	\$ -	\$ -
Denton CAD	Town of Dish	0%	\$ 10,000	\$ 5,000
Denton CAD	Town of Double Oak	0%	\$ 50,000	\$ 50,000
Denton CAD	Town of Flower Mound	0%	\$ 100,000	\$ 100,000
Denton CAD	Town of Hickory Creek	0%	\$ 10,000	\$ 10,000
Denton CAD	Town of Lakewood Village	0%	\$ 25,000	\$ -
Denton CAD	Town of Little Elm	0%	\$ 10,000	\$ 10,000

Appendix - Property Tax Exemption Analysis

Appraisal District	City Name	Homestead Exemption Percent	2016 OV65 Amount	2016 Disabled Amount
Denton CAD	Town of Northlake	0%	\$ 10,000	\$ -
Denton CAD	Town of Ponder	0%	\$ 50,000	\$ 50,000
Denton CAD	Town of Prosper	8%	\$ 10,000	\$ 3,000
Denton CAD	Town of Providence Village	0%	\$ 10,000	\$ 10,000
Denton CAD	Town of Shady Shores	1%	\$ 10,000	\$ -
Denton CAD	Town of Trophy Club	0%	\$ 35,000	\$ -
Denton CAD	Town of Westlake	20%	\$ 10,000	\$ 10,000
Rockwall CAD	Dallas	20%	\$ 64,000	\$ 64,000
Rockwall CAD	Fate		\$ 25,000	\$ 25,000
Rockwall CAD	Garland		\$ 51,000	\$ 51,000
Rockwall CAD	Heath		\$ 30,000	\$ 30,000
Rockwall CAD	McLendon-Chisholm		\$ 30,000	\$ 30,000
Rockwall CAD	Rockwall		\$ 60,000	
Rockwall CAD	Rowlett	1%	\$ 30,000	\$ 50,000
Rockwall CAD	Royse		\$ 6,000	\$ 5,000
Rockwall CAD	Wylie		\$ 30,000	\$ 30,000

Memorandum



CITY OF DALLAS

DATE May 8, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair),
Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs,
Lee M. Kleinman

SUBJECT FY 2016-17 Financial Forecast Report

On Monday, May 15, 2017, the Office of Financial Services will brief the Budget, Finance, & Audit Committee on the Financial Forecast Report. I have attached the briefing along with the monthly report for your review.

The Financial Forecast Report is based on information through March 2017 and covers six months of this fiscal year.

We forecast General Fund revenues will exceed expenses at the end of the fiscal year by \$15.9 million. Based on current forecasts, revenues will be \$8.1 million above budget and expenses will be \$7.8 million below budget.

Please let me know if you need additional information.

A handwritten signature in cursive script, appearing to read 'Elizabeth Reich'.

for M. Elizabeth Reich
Chief Financial Officer

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Jill A. Jordan, P.E., Assistant City Manager

Joey Zapata, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Majed A. Al-Ghafry, Assistant City Manager
Raquel Favela, Chief of Economic Development & Neighborhood Services
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

FY 2016-17 Financial Forecast Report

(Information as of March 31, 2017)

**Budget, Finance, and Audit Committee
May 15, 2017**

**Jack Ireland, Director
Office of Financial Services
City of Dallas**



Purpose

- General Fund Forecast
 - Revenue & Expenditure Projections
 - Highlighted Areas
- Enterprise Fund Forecast
- Appendix – March Financial Forecast Report
- Next Steps





General Fund



General Fund as of March 31, 2017

(Dollars in Millions)

	Amended Budget	Year-to-Date Actual	Year-End Forecast	Difference (between Year-End Forecast & Amended Budget)	Difference as Percent of Budget
Revenues	\$1,230.6	\$857.1	\$1,238.7	\$8.1	0.66%
Expenses	\$1,230.6	\$541.3	\$1,222.8	(\$7.8)	(0.63%)
Net Excess	\$0	\$315.8	\$15.9	\$15.9	1.29%

- General Fund budget was amended/increased based on Council's approved use of contingency reserve funds
- Overall, forecast revenues exceed forecast expenses by \$15.9m

Property Tax

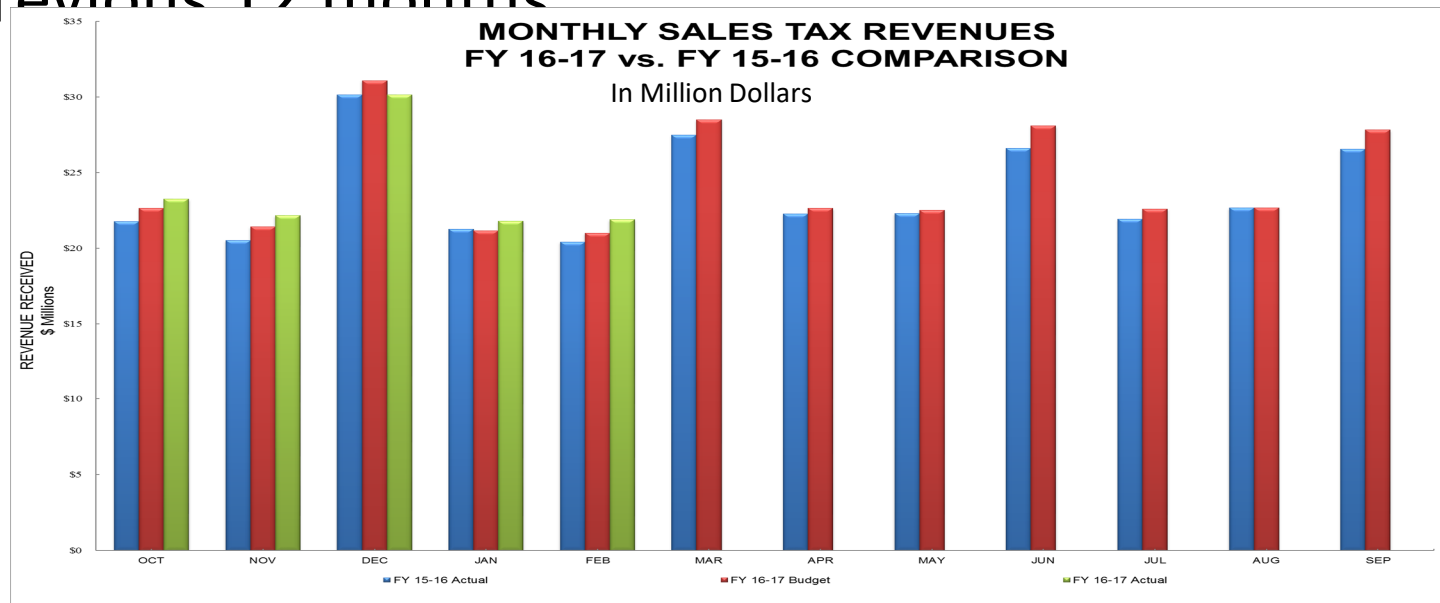
- Current year taxes are due by Jan 31 of each year
- YTD collections represent 99% of property tax budget

Months of FY17	Historical Distribution of Collections	FY17 Budget	FY Actual Receipts
		Dollars in Millions	
October	3.1%	\$18.9	\$12.8
November	3.4%	\$20.7	\$29.1
December	30.3%	\$184.9	\$181.8
January	45.9%	\$280.1	\$252.2
February	14.4%	\$87.9	\$120.1
March	1.2%	\$7.3	\$7.3
April	0.6%	\$3.7	
May	0.3%	\$1.8	
June	0.4%	\$2.4	
July	0.1%	\$0.6	
August	0.2%	\$1.2	
September	0.1%	\$0.6	
Total	100.0%	\$610.2	\$603.2



Sales Tax

- Revenues for FY17 are above budget by \$2m
- Most recent 12 months are 4.1% better than previous 12 months



Other General Fund Revenues

- Municipal Court revenues
 - Forecast to be \$1.6m below budget
 - Due to decrease in volume of citations being issued by Police Department
- Fire Department revenues
 - Fire watch fees (\$1.7m), Mobile Community Health Program fees (\$1.8m), and reimbursement from Parkland Hospital System for Biotel services (\$0.5m) are projected less than budget
 - Additional funding of \$8.2m is forecast to be received from the State for Ambulance Supplemental Payment Program

Highlighted Area: Police & Fire Pay – Complete

- 3-year Meet and Confer agreement approved by Council on 2/14/16 totaling \$89.4m

City Manager Proposal - Final				
Proposal	Agreement Term			Obligated Cost
	FY16-17	FY17-18	FY18-19	FY19-20
FY16-17 Double Step & New 2% Top Step (1st Year Costs)	\$15,814,622			
FY16-17 Double Step & New 2% Top Step (2nd Year Costs)		\$ 15,814,622		
FY16-17 Cost to hire at higher pay rate (1st Year Costs)	\$ 499,165			
FY16-17 Cost to hire at higher pay rate (2nd Year Costs)		\$ 499,165		
FY17-18 Single Step & New 2% Top Step (1st Year Costs)		\$ 8,697,957		
FY17-18 Single Step & New 2% Top Step (2nd Year Costs)			\$ 8,697,957	
FY17-18 Cost to hire at higher pay rate (1st Year Costs)		\$ 527,373		
FY17-18 Cost to hire at higher pay rate (2nd Year Costs)			\$ 527,373	
FY17-18 Cost for Increased Certification Pay (1st Year Costs)		\$ 5,236,401		
FY17-18 Cost for Increased Certification Pay (2nd Year Costs)			\$ 1,745,467	
FY18-19 Double Step & New 2% Top Step (1st Year Costs)			\$ 15,134,074	
FY18-19 Double Step & New 2% Top Step (2nd Year Costs)				\$ 15,134,074
FY18-19 Cost to hire at higher pay rate (1st Year Costs)			\$ 514,736	
FY18-19 Cost to hire at higher pay rate (2nd Year Costs)				\$ 514,736
Budget Impact	\$16,313,787	\$ 30,775,519	\$ 26,619,607	\$ 15,648,810

Costs calculated using 27.5% for pension contribution; 1.45% for medicare contribution. Does not include the impact to overtime earnings.

Highlighted Area: Police Hiring – Not on Track

- Budget – Hire 451
- Current forecast – Hire 200
- DPD has forecast to be \$2.9m below budget:
 - Salary savings from reduced hiring
 - Pension savings due to DFPF members rejecting City and member contribution rate increases
 - Offset primarily by increased overtime expense and paying out accrued sick/vacation time for those leaving

Police Sworn Strength	FY17 Budget	Dec Forecast	Mar Forecast
Number of Officers at 9/30/16	3,382	3,338	3,338
FY 17 Attrition	(220)	(350)	(360)
Hiring for FY17 Attrition	220	300	200
Hiring to Replace Prior Year Attrition	129		
Increase Number of Officers above Attrition	100		
Council Amendment (School Resource Officers)	2		
Total Hiring	451	300	200
Forecast Number of Officers at 9/30/17	3,613	3,288	3,178

Highlighted Area: Overtime

– In Progress

- Police Department overtime
 - DPD has projected to exceed overtime budget by \$13.9m
 - Overtime offset by \$24.3m salary savings

DPD	FY 17 Budget	FY 17 Estimate
Salaries - Civilian	\$28,139,410	\$25,027,028
Salaries - Uniform	\$265,045,200	\$243,898,993
<i>Overtime - Civilian</i>	\$0	\$2,781,762
<i>Overtime - Uniform</i>	\$16,133,037	\$27,274,405
Other	\$125,873,360	\$126,391,012
Total Personal Services	\$435,191,007	\$425,373,200

Highlighted Area: Fire Attrition – Not on Track

- DPD has forecast to be \$0.7m below budget:

- Salary savings from abnormal attrition
 - Normal attrition – 80
 - Forecast attrition – 190

Fire Sworn Strength	FY17 Budget	Mar Forecast
Number of Officers at 9/30/16	1,902	
FY 17 Attrition	(80)	(190)
Hiring to Replace Prior Year Attrition	104	104
Total Hiring	104	104
Forecast Number of Officers at 9/30/17	1,926	1,816

- Pension savings due to DFPF members rejecting City and member contribution rate increases
- Offset primarily by increased overtime expense and paying out accrued sick/vacation time for those leaving



Highlighted Area: Overtime

– In Progress

- Fire-Rescue Department overtime
 - DFR has projected to exceed overtime budget by \$3.1m
 - Overtime offset by \$4.3m salary savings

DFR	FY 17 Budget	FY 17 Estimate
Salaries - Civilian	\$5,681,644	\$5,494,668
Salaries - Uniform	\$156,640,163	\$152,482,514
<i>Overtime - Civilian</i>	<i>\$118,265</i>	<i>\$389,036</i>
<i>Overtime - Uniform</i>	<i>\$7,262,583</i>	<i>\$10,123,377</i>
Other	\$67,351,750	\$67,389,868
Total Personal Services	\$237,054,405	\$235,879,463

Highlighted Area: Street and Alley Condition – At Risk

- FY17 budget goal was to maintain overall street condition with zero degradation by improving over 550 lane miles
- Funding strategy relied on \$27.3m of 2017 bond funds to complete approximately 100 lane miles
- Options to replace 2017 bond funds by reallocating or appropriating other funds:
 - \$13m – General Fund surplus forecast for current year
 - \$7m – Unappropriated interest from bond funds
 - Continue to identify additional funds



Highlighted Area: Dallas Animal Services – On Track

- FY17 budget includes \$2.7m additional funding to implement items related to BCG report
- Implemented on-duty overnight shifts 4 nights a week (August 2016)
- Filled 17 of 21 new positions (7 animal safety officers, 2 supervisors, 8 animal keepers)
- Contract in place for spay/neuter of animals at DAS
 - 486 surgeries completed to date (as of March 31, 2017)
 - 1,600 surgeries estimated for remainder of fiscal year
- Planning stage for free spay/neuter surgeries for owned animals
- Pending agreement with SPCA of Texas and Operation Kindness for a combined 3,000 animals pulled from shelter annually



Highlighted Area: Dallas Animal Services – On Track

- Planning to purchase identified needs relating to BCG report and audit findings including:
 - Security camera system
 - Medical equipment for another surgery suite due to increase in spay/neuter of shelter animals due to increased intakes
 - Curriculum for Early Childhood Education
- Performance metrics
 - 78% live release rate (Oct-Mar 2017)
 - 20% increase field intake of loose animals (Oct-Mar 2017 compared to Oct-Mar 2016)
 - 122% increase of enforcement/citations (Oct-Mar 2017 compared to Oct-Mar 2016)



Highlighted Area: Homeless Initiatives – On Track

- FY17 budget includes \$1m additional funding
- Bid closed 4/20/17 for panhandling initiative
- Cleaned and secured Haskell encampment site; cleaning scheduled for Harwood and 2nd Avenue
- 3 properties identified to accept vouchers for homeless clients; City Council has approved 1 property
- Working on partnership with Texas Department of Public Safety Driver License Division to assist with obtaining IDs
- 3 caseworkers hired providing street outreach services and housing navigation
- Homeless Management Information Systems migration to Pieces IRIS occurring 5/1/17 with staff training ongoing



Highlighted Area: Fair Park Public Private Partnership – *In Progress*

- FY17 budget anticipated transferring operation to non-profit entity in Jan 2017
- City will now continue operation of park throughout FY17
 - Enhanced year-round programming
 - Major maintenance of facilities
- On 4/12/17, City Council authorized service contract with C.H. Johnson Consulting, Inc. to assist with development of RFP for management and operations of Fair Park



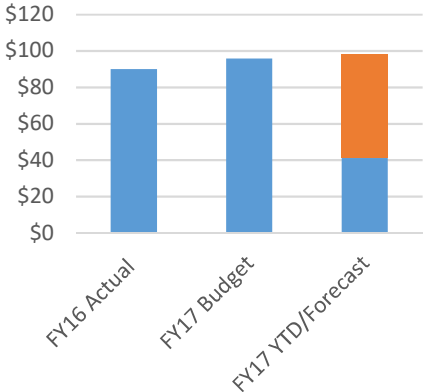


Enterprise Funds



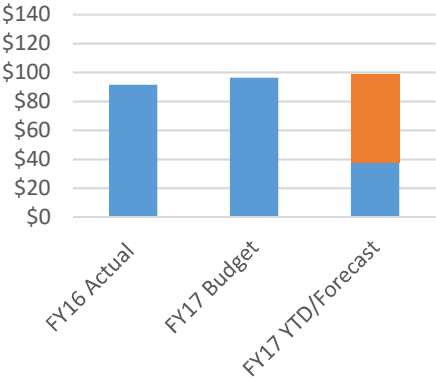
Enterprise Funds

Sanitation Services Expenditures
Dollars in Millions



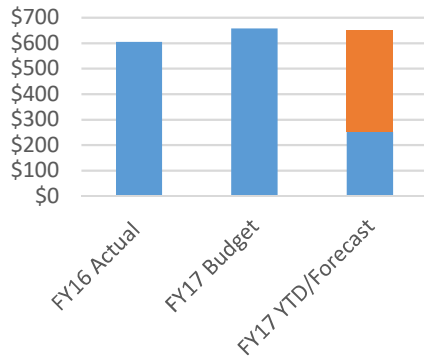
Forecast to be \$2m over budget offset by \$6.6m increased revenue

Convention Center Expenditures
Dollars in Millions



Forecast to be \$2.5m over budget offset by \$2.5m increased revenue

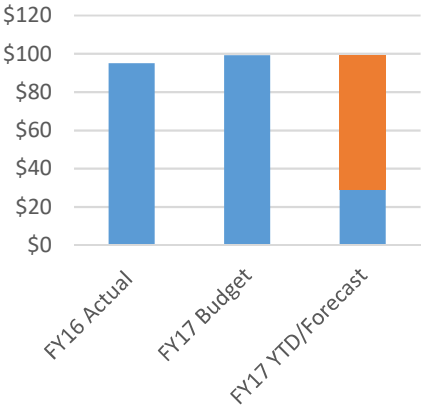
Water Utilities Expenditures
Dollars in Millions



Forecast to be \$7.9m under budget

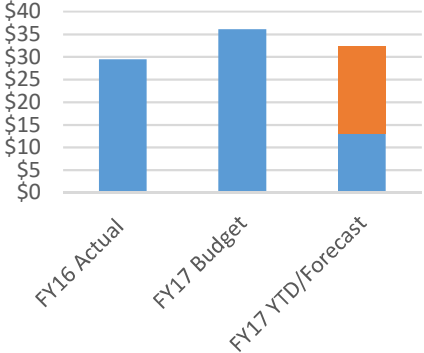
Enterprise Funds

Aviation Expenditures
Dollars in Millions



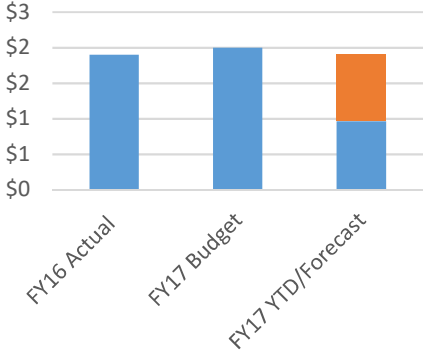
Forecast to be \$11K under budget

Sustainable Development Expenditures
Dollars in Millions



Forecast to be \$3.7m under budget

Municipal Radio Expenditures
Dollars in Millions



Forecast to be \$85K under budget

Next Steps

- Seek council approval in May/June on budget adjustments to fund additional street and alley improvements
 - \$13m – General Fund surplus forecast for current year
 - \$7m – Unappropriated interest from bond funds
- Continue to identify additional funds for street and alley improvements to replace 2017 bond funds
- Continue to closely monitor revenues and expenditures
- Provide BFA committee 3rd quarter update in August including any additional appropriation adjustments
- Seek council approval of final appropriation adjustments for FY17 in August



FY 2016-17 Financial Forecast Report

(Information as of March 31, 2017)

**Budget, Finance, and Audit Committee
May 15, 2017**

**Jack Ireland, Director
Office of Financial Services
City of Dallas**





Appendix: March Financial Forecast Report





FY 2016-17

Financial Forecast Report

Information as of March 31, 2017



GENERAL FUND

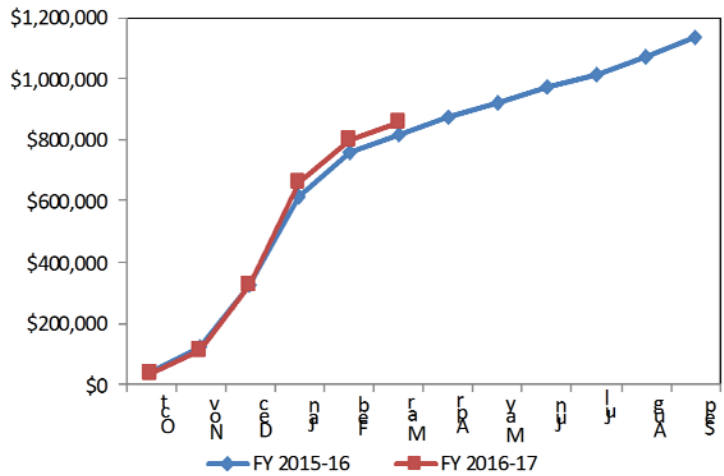
As of March 31, 2017
(000s)

ITEM	AMENDED BUDGET¹	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Revenues	\$1,230,598	\$857,118	\$1,238,683	\$8,085
Expenditures	1,230,598	541,282	1,222,798	(7,800)
Net Excess of Revenues Over Expenditures/Transfers	\$0	\$315,835	\$15,885	\$15,885

GENERAL FUND REVENUES

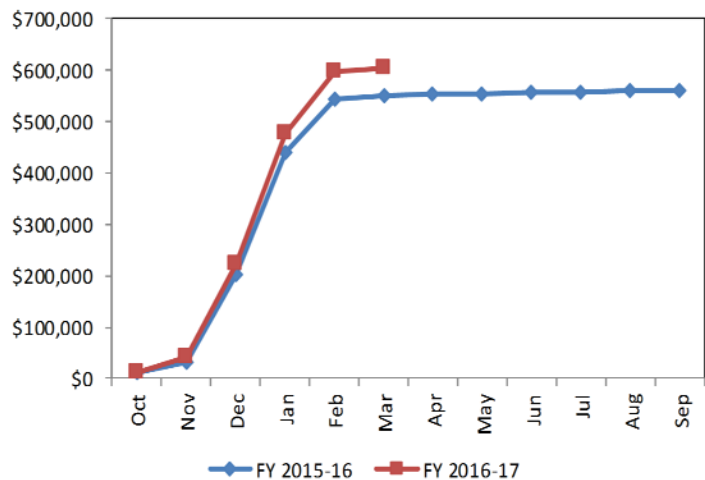
ALL SOURCES

	FY 2015-16	FY 2016-17	Variance
Oct	\$41,660	\$36,761	(\$4,898)
Nov	77,665	75,718	(1,947)
Dec	203,876	210,273	6,397
Jan	288,996	336,924	47,928
Feb	147,975	139,749	(8,226)
Mar	53,193	57,692	4,499
Apr	58,776		
May	49,762		
Jun	47,660		
Jul	45,379		
Aug	56,960		
Sep	62,480		
Total	\$1,134,380	\$857,118	\$43,753



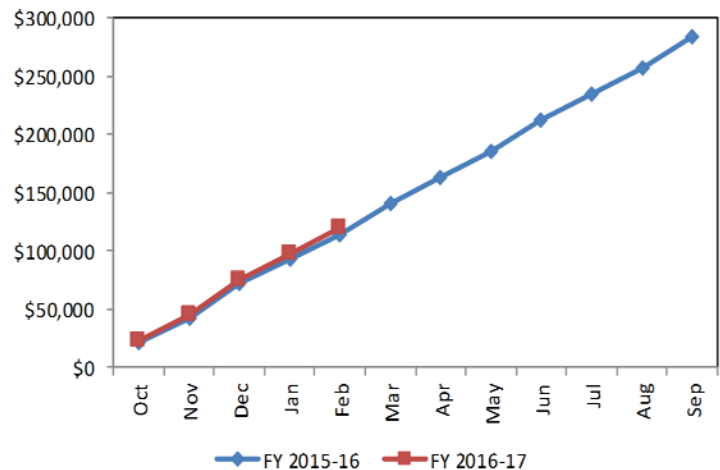
PROPERTY TAX

	FY 2015-16	FY 2016-17	Variance
Oct	\$11,487	\$12,787	\$1,300
Nov	20,589	29,060	8,471
Dec	169,848	181,782	11,934
Jan	237,273	252,156	14,883
Feb	104,025	120,141	16,116
Mar	7,675	7,304	(371)
Apr	2,364		
May	1,593		
Jun	2,523		
Jul	858		
Aug	852		
Sep	891		
Total	\$559,978	\$603,229	\$52,332



SALES TAX

	FY 2015-16	FY 2016-17	Variance
Oct	\$21,769	\$23,256	\$1,487
Nov	20,524	22,167	1,643
Dec	30,137	30,146	9
Jan	21,258	21,810	552
Feb	20,418	21,899	1,480
Mar	27,482		
Apr	22,265		
May	22,311		
Jun	26,609		
Jul	21,921		
Aug	22,670		
Sep	26,554		
Total	\$283,918	\$119,278	\$5,172



GENERAL FUND REVENUES

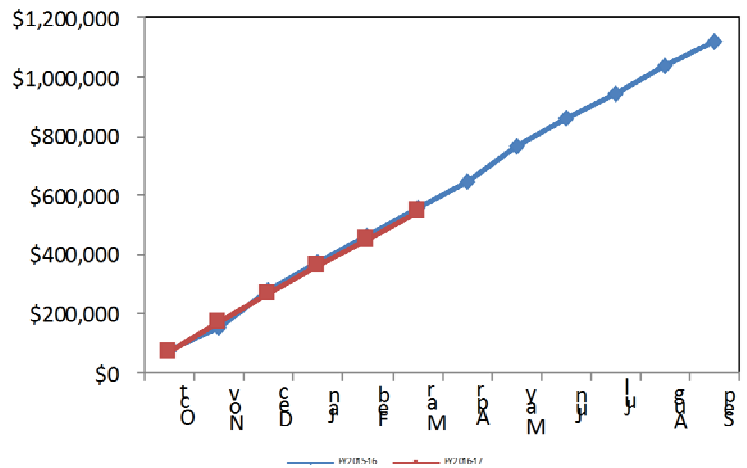
As of March 31, 2017
(000s)

	AMENDED BUDGET¹	REVENUES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
TAXES				
Ad Valorem Tax ²	\$610,219	\$603,229	\$611,900	\$1,681
Sales Tax ³	292,189	119,278	294,146	1,957
TOTAL TAXES	902,408	722,507	906,046	3,638
FRANCHISE REVENUES				
Oncor Electric ⁴	51,078	28,417	52,108	1,030
AT&T	9,594	5,198	9,594	0
Atmos Energy ⁵	17,157	6,422	16,157	(1,000)
Time Warner Cable	6,210	3,304	6,210	0
Other	29,737	13,785	30,373	636
TOTAL FRANCHISE REVENUES	113,775	57,126	114,441	667
LICENSES AND PERMITS	4,891	3,175	4,891	0
INTEREST EARNED⁶	1,316	1,866	2,783	1,467
INTERGOVERNMENTAL⁷	8,501	738	9,118	618
FINES AND FORFEITURES				
Municipal Court ⁸	18,701	9,125	17,075	(1,626)
Vehicle Towing & Storage ⁹	7,146	3,816	7,640	494
Parking Fines	5,022	1,824	5,022	0
Red Light Camera Fines	7,460	0	7,460	0
Public Library ¹⁰	431	90	275	(156)
TOTAL FINES	38,760	14,855	37,472	(1,288)
CHARGES FOR SERVICE				
Parks	10,522	4,530	10,755	233
Emergency Ambulance ¹¹	32,091	9,552	40,332	8,241
Security Alarm	4,380	2,041	4,295	(85)
Street Lighting	648	336	648	0
Vital Statistics	1,600	878	1,616	16
Other ¹²	28,311	11,608	23,042	(5,269)
TOTAL CHARGES	77,552	28,946	80,688	3,136
INTERFUND REVENUE	75,782	24,056	75,549	(232)
MISCELLANEOUS	7,616	3,850	7,694	79
TOTAL REVENUES	\$1,230,598	\$857,118	\$1,238,683	\$8,085

GENERAL FUND EXPENDITURES

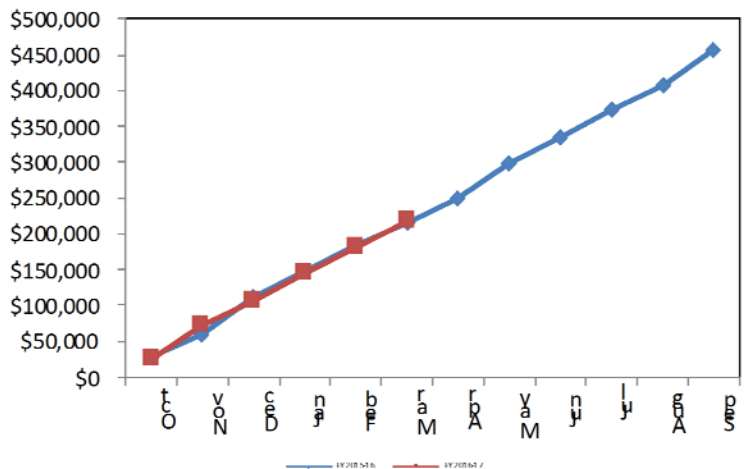
ALL EXPENSES

	FY 2015-16	FY 2016-17	Variance
Oct	\$75,601	\$71,583	(\$4,018)
Nov	78,065	97,700	19,635
Dec	124,594	98,282	(26,312)
Jan	97,321	94,625	(2,696)
Feb	84,683	87,016	2,333
Mar	95,576	92,076	(3,500)
Apr	86,104		
May	126,118		
Jun	90,989		
Jul	82,900		
Aug	93,679		
Sep	85,148		
Total	\$1,120,778	\$541,282	(\$14,558)



POLICE

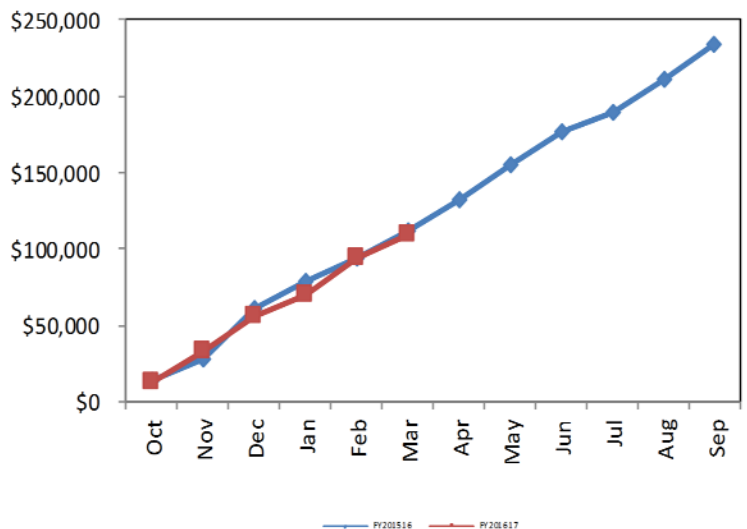
	FY 2015-16	FY 2016-17	Variance
Oct	\$28,488	\$25,289	(\$3,199)
Nov	31,370	46,089	14,719
Dec	52,490	35,634	(16,856)
Jan	35,550	37,304	1,754
Feb	37,126	36,295	(831)
Mar	30,058	37,745	7,687
Apr	34,931		
May	48,649		
Jun	37,058		
Jul	38,075		
Aug	32,689		
Sep	49,363		



Total	\$455,847	\$218,357	\$3,275
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FIRE

	FY 2015-16	FY 2016-17	Variance
Oct	\$13,994	\$12,198	(\$1,796)
Nov	14,184	20,784	6,600
Dec	32,389	23,355	(9,034)
Jan	17,547	13,952	(3,595)
Feb	16,128	23,830	7,702
Mar	18,076	15,740	(2,336)
Apr	19,295		
May	23,154		
Jun	21,372		
Jul	13,779		
Aug	21,006		
Sep	23,230		



Total	\$234,154	\$109,859	(\$2,459)
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GENERAL FUND EXPENDITURES

As of March 31, 2017
(000s)

DEPARTMENT	AMENDED BUDGET ¹	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$25,312	\$13,091	\$25,312	\$0
Business Dev/Procurement Svcs	3,041	1,406	3,037	(3)
City Attorney's Office	16,762	7,717	16,762	0
City Auditor's Office	3,194	1,340	3,071	(123)
City Controller's Office	5,441	2,369	5,393	(48)
City Manager's Office	2,310	1,542	2,310	0
City Secretary's Office	2,029	881	2,029	(0)
Civil Service	2,887	1,127	2,893	6
Code Compliance	42,386	20,497	42,386	0
Court Services	11,976	5,823	11,973	(2)
Elections ¹³	1,401	864	1,902	502
Fire ¹⁴	254,603	109,859	253,939	(664)
Housing	14,403	9,134	14,403	(0)
Human Resources	5,220	2,432	5,132	(88)
Independent Audit	865	-	865	0
Jail Contract - Lew Sterret	7,813	3,255	7,813	0
Judiciary	3,296	1,663	3,264	(31)
Library	29,984	14,122	29,984	0
Management Services	10,235	4,933	10,035	(200)
Mayor and Council	4,465	2,125	4,524	58
Mobility and Street Services	84,577	45,179	84,546	(31)
Mobility and Street Services-Street Lighting	16,956	7,974	16,945	(11)
Non-Departmental ¹⁵	70,412	3,360	66,101	(4,312)
Office of Cultural Affairs	19,605	12,968	19,605	0
Office of Economic Development	2,575	2,110	2,575	0
Office of Financial Services	2,957	1,175	2,957	0
Park and Recreation	94,673	43,198	94,673	0
Planning & Urban Design	3,029	1,167	3,054	26
Police ¹⁶	478,004	218,357	475,146	(2,858)
Sustainable Dev/Construction	1,386	1,287	1,367	(19)
Trinity Watershed Management	1,318	328	1,318	0
RESERVES AND TRANSFERS				
Contingency Reserve	1,650	0	1,650	0
Liability/Claim Fund	4,283	0	4,283	0
Salary & Benefit Reserve ¹⁷	1,554	0	1,554	0
TOTAL EXPENDITURES	\$1,230,598	\$541,282	\$1,222,798	(\$7,800)

PROPRIETARY FUNDS

As of March 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
AVIATION				
BEGINNING FUND BALANCE	\$9,907	\$ -	\$9,907	\$ -
REVENUES:				
Parking	27,143	12,367	26,352	(791)
Terminal Concessions	25,416	11,137	25,403	(12)
Landing Fees	17,784	9,156	17,784	(0)
Rental on Airport - Terminal	14,789	6,844	14,789	0
Rental on Airport - Field	8,586	3,859	8,586	(0)
Fuel Flow Fees	1,225	548	1,225	(0)
All Remaining Revenues	3,230	2,719	4,725	1,495
TOTAL REVENUES	98,174	46,630	98,865	692
TOTAL EXPENDITURES	99,188	29,244	99,177	(11)
ENDING FUND BALANCE	\$8,893	\$ -	\$9,596	\$703
CONVENTION AND EVENT SERVICES				
BEGINNING FUND BALANCE	\$29,150	\$ -	\$29,150	\$ -
REVENUES:				
Hotel Occupancy Tax	58,856	19,391	58,532	(325)
Alcoholic Beverage Tax	12,445	3,140	12,528	82
Operating Revenues	25,002	14,195	27,765	2,763
Office of Special Events	100	59	106	7
TOTAL REVENUES¹⁸	96,403	36,786	98,931	2,528
TOTAL EXPENDITURES¹⁸	96,403	37,896	98,931	2,528
ENDING FUND BALANCE	\$29,150	\$ -	\$29,150	\$0

PROPRIETARY FUNDS

As of March 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
SUSTAINABLE DEVELOPMENT AND CONSTRUCTION				
BEGINNING FUND BALANCE	\$36,856	\$ -	\$36,856	\$ -
REVENUES:				
Building Permits	19,240	11,170	19,603	363
Certificate of Occupancy	1,412	586	1,412	0
Plan Review	3,749	2,351	3,870	121
Registration/License	1,028	576	1,028	0
Special Plats	887	553	887	0
Private Development	1,010	726	1,156	146
Zoning	1,184	581	1,184	0
Interest Earnings	117	238	155	38
All Remaining Revenues	1,477	927	1,477	0
TOTAL REVENUES	30,103	17,708	30,772	668
TOTAL EXPENDITURES¹⁹	36,090	13,036	32,343	(3,747)
ENDING FUND BALANCE	\$30,869	\$ -	\$35,285	\$4,416
MUNICIPAL RADIO				
BEGINNING FUND BALANCE	\$1,288	\$ -	\$1,288	\$ -
REVENUES:				
Local and National Sales	1,980	875	2,000	20
All Remaining Revenues	75	4	15	(60)
TOTAL REVENUES	2,055	879	2,015	(40)
TOTAL EXPENDITURES	2,032	964	1,948	(85)
ENDING FUND BALANCE	\$1,310	\$ -	\$1,355	\$44

PROPRIETARY FUNDS

As of March 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
WATER UTILITIES				
BEGINNING FUND BALANCE	\$87,038	\$ -	\$87,038	\$ -
REVENUES:				
Treated Water - Retail	294,427	130,695	293,119	(1,308)
Treated Water - Wholesale	84,700	40,497	83,761	(939)
Wastewater - Retail	236,075	110,844	230,959	(5,116)
Wastewater - Wholesale	10,554	4,911	10,074	(479)
All Remaining Revenues	31,708	15,088	31,695	(13)
TOTAL REVENUES	657,465	302,034	649,609	(7,856)
TOTAL EXPENDITURES	657,465	252,098	649,609	(7,856)
ENDING FUND BALANCE	\$87,038	\$ -	\$87,038	\$0
COMMUNICATION & INFORMATION SERVICES				
BEGINNING FUND BALANCE	\$11,178	\$ -	\$11,178	\$ -
REVENUES:				
Interdepartmental Charges	58,330	18,906	58,330	0
Telephones Leased	7,723	1,519	7,723	0
Circuits	1,449	0	1,449	0
Desktop Services	0	2	2	2
Interest	150	79	159	20
Equipment Rental	5,002	141	5,002	0
Miscellaneous	171	64	171	1
TOTAL REVENUES	72,825	20,711	72,836	11
TOTAL EXPENDITURES	74,838	40,353	73,371	(1,467)
ENDING FUND BALANCE	\$9,165	\$ -	\$10,642	\$1,478

PROPRIETARY FUNDS

As of March 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
EQUIPMENT SERVICES				
BEGINNING FUND BALANCE	\$4,450	\$ -	\$4,450	\$ -
REVENUES:				
Rental/Wreck	33,541	14,874	34,657	1,116
Fuel	16,482	5,885	16,482	0
Auto Auction/Non-Taxable	418	267	418	0
Miscellaneous Revenue	391	444	855	464
Interest and Other	5	0	0	(5)
TOTAL REVENUES	50,837	21,470	52,411	1,574
TOTAL EXPENDITURES	50,837	21,995	51,553	716
ENDING FUND BALANCE	\$4,450	\$ -	\$5,308	\$858
 EXPRESS BUSINESS CENTER				
BEGINNING FUND BALANCE	\$1,631	\$ -	\$1,631	\$ -
REVENUES:				
Postage Sales	2,703	1,157	2,703	0
All Other Revenues	1,278	846	1,278	0
TOTAL REVENUES	3,981	2,003	3,981	0
TOTAL EXPENDITURES	3,780	1,724	3,779	(1)
ENDING FUND BALANCE	\$1,833	\$ -	\$1,834	\$1

PROPRIETARY FUNDS

As of March 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
SANITATION SERVICES				
BEGINNING FUND BALANCE	\$14,681	\$ -	\$14,681	\$ -
REVENUES:				
Residential Collection	72,502	38,209	73,968	1,465
Cost Plus Bulk/Brush	122	61	126	5
Sale of Recyclables	695	695	1,026	331
City Facility Collection	737	382	764	28
Landfill Revenue	21,890	14,687	26,654	4,764
TOTAL REVENUES²⁰	95,946	54,034	102,538	6,592
TOTAL EXPENDITURES²⁰	95,946	41,073	97,941	1,995
ENDING FUND BALANCE	\$14,681	\$ -	\$19,279	\$4,598

OTHER FUNDS

As of March 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
9-1-1 SYSTEM OPERATIONS				
BEGINNING FUND BALANCE	\$5,494	\$ -	\$5,494	\$ -
REVENUES:				
9-1-1 Service Receipts - Wireless	6,374	2,926	6,332	(42)
9-1-1 Service Receipts - Wireline	6,450	3,099	6,281	(169)
Interest and Other	48	53	109	60
TOTAL REVENUES	12,873	6,078	12,722	(151)
TOTAL EXPENDITURES	16,389	2,181	16,357	(31)
ENDING FUND BALANCE	\$1,978	\$ -	\$1,859	(\$120)
 STORM DRAINAGE MANAGEMENT				
BEGINNING FUND BALANCE	\$6,754	\$ -	\$6,754	\$ -
REVENUES:				
Storm Water Fees	50,856	24,404	50,856	-
Interest and Other	81	76	81	0
TOTAL REVENUES	50,937	24,481	50,937	0
TOTAL EXPENDITURES	53,008	15,590	52,989	(18)
ENDING FUND BALANCE	\$4,683	\$ -	\$4,701	\$18

OTHER FUNDS

As of March 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
EMPLOYEE BENEFITS				
BENEFITS ADMINISTRATION				
TOTAL EXPENDITURES	\$998	\$352	\$998	\$0
WELLNESS PROGRAM				
TOTAL EXPENDITURES	\$349	\$76	\$281	(\$69)
RISK MANAGEMENT				
TOTAL EXPENDITURES	\$2,630	\$1,410	\$2,641	\$11
LIABILITY/CLAIMS FUND				
Beginning Balance October 1, 2016				\$3,158
Budgeted Revenue				9,453
FY 2016-17 Available Funds				12,611
Paid October 2016				(596)
Paid November 2016				(315)
Paid January 2017				(422)
Paid February 2017				(343)
Paid March 2017				(424)
Balance as of March 31, 2017				10,511

DEBT SERVICE FUND

As of March 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
DEBT SERVICE FUND				
BEGINNING FUND BALANCE	\$10,235	\$ -	\$10,235	\$ -
REVENUES:				
Ad Valorem	242,487	239,638	243,113	625
Interest/Transfers/Other	19,799	665	19,799	0
TOTAL REVENUES	262,287	240,303	262,912	625
TOTAL EXPENDITURES	261,865	209,698	261,865	0
ENDING FUND BALANCE	\$10,657	\$ -	\$11,282	\$625

NOTES

(Dollars in 000s)

1. The General Fund budget was amended/increased based on Council's approved use of contingency reserve funds:
 - Increased by \$500 on February 22, 2017 by CR# 17-0438 for additional legal services necessary to continue representing four Dallas City Councilmembers with regard to the Dallas Police and Fire Pension System; and
 - Increased by \$759 on March 22, 2017 by CR# 17-0483 for actuarial services related to the Dallas Police and Fire Pension System.
2. Ad Valorem tax revenues are forecast to be \$1,681 over budget based on current year property tax receipts trending above average.
3. Sales tax revenues are forecast to be \$1,957 over budget based on current sales tax receipts. Sales tax receipts have increased by 4.1 percent over the most recent 12 months.
4. Oncor Electric revenues are forecast to be \$1,030 over budget based on current receipts.
5. Atmos Energy revenues are forecast to be \$1,000 below budget primarily due to a warm fall and winter, which led to decreased gas consumption by customers.
6. Interest earned revenues are forecast to be \$1,467 above budget due to an increase in the market interest rate.
7. Intergovernmental revenues are projected to be \$618 above budget primarily due to a refund check received from the Dallas County Elections Department and a Dallas Fire Rescue deployment reimbursement received from the State.
8. Municipal Court revenues are forecast to be \$1,626 below budget primarily as a result of a decrease in the volume of citations being issued.
9. Vehicle Towing and Storage fines are forecast to be \$494 over budget due to an increase in tows as well as vehicles staying on the auto pound property longer than anticipated.
10. Public Library revenues are projected to be \$156 below budget due to implementation of automatic renewal on materials that have been checked out at library locations and an increase in the usage of e-materials. Fines and late fees are not collected on e-materials as they are electronically recalled on the due date.
11. Emergency Ambulance revenues are projected to be \$8,241 over budget due to an anticipated increase in the reimbursement from the State based on the recent cost report.

NOTES

(Dollars in 000s)

12. Other Charges for Services is projected to be \$5,269 below budget primarily due to the reduction of fire watch fees, contract delays for the Mobile Community Health Program and a change in the interlocal agreement with Parkland Health System for Biotel services whereby government entities that would formerly reimburse the City for Biotel services now contract directly with Parkland.

13. Elections expenditures are forecast to be \$502 above budget due to an increase in costs associated with several jurisdictions withdrawing from the May Joint Election.

14. Fire Department expenditures are forecast to be \$664 below budget primarily due to salary and pension savings offset by increased use of overtime and increased vacation/sick termination payments. Pension savings are a result of the budget including funds to increase the City's contribution rate contingent upon members increasing their contribution rate via plan election, which did not pass.

15. Non-Departmental expenditures are forecast to be \$4,312 below budget primarily due to savings in the master lease program.

16. Police Department expenditures are forecast to be \$2,858 below budget primarily as a result of salary and pension savings offset by increased use of overtime and increased vacation/sick termination payments. Pension savings are a result of the budget including funds to increase the City's contribution rate contingent upon members increasing their contribution rate via plan election, which did not pass. Additionally, the Police Department planned to hire 451 officers this year, however, that proved to be extremely difficult so the revised plan includes 200 new hires.

17. Salary and Benefit Reserve funds were allocated to City Attorney's Office (\$102) and City Manager's Office (\$344) to offset vacation/sick termination payments.

18. Convention and Event Services is projected to be \$2,528 above budget in revenues and expenditures due to large catered events that exceeded the contractual minimum guarantees.

19. Sustainable Development and Construction is projected to be \$3,747 below budget due to vacancies and technology enhancements deferred to FY 2017-18.

20. Sanitation Services revenues are projected to be \$6,592 above budget due to an increase in cash customers at the landfill. Expenses are projected to be \$1,995 above budget due to increase in landfill activity.