

Memorandum



CITY OF DALLAS

DATE August 26, 2022

TO Honorable Mayor and Members of the City Council

SUBJECT **Financial Management Performance Criteria (FMPC) #24**

FMPC #24 directs staff to develop a budget scenario that is based on the No-New-Revenue Tax Rate as calculated by Dallas County Tax Office.

The No-New-Revenue tax rate applies to the General Fund portion of the tax rate. The City Manager's recommended budget is based on a General Fund tax rate of 54.03¢ which is less than the current year's General Fund tax rate of 56.58¢. The No-New-Revenue tax rate for the General Fund is calculated to be 47.9082¢. This is 6.1218¢ less than the recommended tax rate. To lower the tax rate to this level, we would need to reduce General Fund revenue by \$108.0 million. In order to maintain a balanced budget, we would also need to reduce General Fund expenses by the same amount.

The attached document further describes FMPC #24, the No-New-Revenue tax rate, and the expense reductions that would be necessary to lower the tax rate by this amount.

The City Manager **does not** recommend this tax rate nor these reductions. This is only provided to comply with City Council's FMPC #24.

Thank you for your continued support of the budget process. If you have immediate questions, please contact me.


Jack Ireland

Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

No-New-Revenue Tax Rate

COMPLYING WITH THE CITY'S FMPC IS A PRIORITY FOR CITY MANAGEMENT

On December 13, 2017, the City Council adopted a criterion for the City's Financial Management Performance Criteria (FMPC) related to the effective tax rate, which was amended on June 9, 2021 to change the name to be consistent with State Law. Refer to the box to the right for FMPC #24. This no-new-revenue tax rate scenario is provided to comply with the FMPC.

What is the no-new-revenue tax rate?

The no-new-revenue tax rate is the rate that generates the same amount of revenue in the next fiscal year on property that was taxed in the previous fiscal year. The calculation excludes the value of new construction and other adjustments. The Dallas County Tax Office calculates this rate.

What is Dallas' no-new-revenue tax rate for FY 2022-23?

The no-new-revenue tax scenario applies to the General Fund portion of the property tax rate. The calculated no-new-revenue tax rate is 47.9082¢ per \$100 valuation while the proposed tax rate is 54.03¢ per \$100 valuation for the General Fund. The total proposed tax rate is 74.58¢ when both General Fund and Debt Service Fund are included.

To lower the tax rate to 47.9082¢ (or 6.1218¢ less than the proposed tax rate), General Fund revenue would be decreased. To maintain a balanced budget, General Fund expenses would also need to be reduced. To have a no-new-revenue tax rate, we would need to decrease both revenue and expenses by \$108,025,021 in FY 2022-23 and \$113,612,133 in FY 2023-24.

The table below shows the reductions necessary to achieve a no-new-revenue tax rate budget. A larger reduction would be required in the FY 2023-24 planned budget since the tax base is assumed to continue to grow in the planned year of the biennial.

FMPC #24

"The City Manager will develop an estimated No-New-Revenue Tax Rate budget scenario and, if different from the City Manager's recommended budget required by Chapter 11, Section 1 of the City Charter, will provide it to the City Council at the same time. The estimated No-New-Revenue Tax Rate budget scenario will include a prioritized list of services/expenses that could be funded and a prioritized list of services/expenses that could not be funded with the estimated No-New-Revenue tax rate."

No-New-Revenue Tax Rate

Rank	Department	Description	FY 2022-23 Expense	FY 2023-24 Expense
1	Office of Government Affairs	Eliminate one Government Affairs Coordinator to promote the City's strategic partnerships, focusing on how policies and legislation impacting ZIP codes identified in the Racial Equity Plan, including but not limited to Southern Dallas and West Dallas, and making the City aware to increase advocacy efforts.	-	66,312
2	City Attorney	Eliminate six positions added to the Inspector General Division.	444,141	592,188
3	Dallas Fire Rescue	Eliminate Financial & Personnel Support - one Budget & Grants Administrator, one Fire and Rescue Budget Analyst, and two Administrative Specialist II positions.	287,500	380,500
4	Data Analytics & Business Intelligence	Eliminate one Manager, one Senior Data Science Analyst, one Data Coordinator, two Data Science Analyst II, and two Data Science Analyst positions added for the data team.	-	753,310
5	Office of Community Police Oversight	Eliminate Policy Analyst position to provide more comprehensive reporting, policy recommendation, and advise law enforcement on best practices.	74,100	85,852
6	Office of Community Police Oversight	Eliminate one Community Engagement Coordinator to assist in accepting complaints filed against police officers by residents, developing and conducting community outreach and engagement, and conducting a needs assessment.	83,927	111,902
7	Multiple	Eliminate one-time bonus for part-time and full-time employees earning less than \$100,000 annually.	2,555,711	-
8	Non-Departmental	Eliminate funding for the IT Governance committee to use for the General Fund portion of Citywide IT projects.	1,000,000	1,000,000
9	Non-Departmental	Eliminate Pension Stabilization Reserve Fund.	14,000,000	-
10	Transportation	Eliminate increased funding for Bike Lanes reducing the total in FY23 to \$2,000,000.	500,000	500,000
11	Dallas Police Department	Eliminate replacement of two REACT trucks.	-	180,000
12	Dallas Police Department	Eliminate two National Integrated Ballistic Information Network (NIBIN) Analyst positions and two Forensic Firearm and Toolmark Examiner positions in Crime Scene Response.	-	278,467
13	Dallas Police Department	Eliminate one-time funding for Squad Car Replacement.	3,000,000	4,056,608
14	Office of Environmental Quality & Sustainability	Eliminate one-time funding to support comprehensive brownfield program.	1,500,000	-
15	Office of Environmental Quality & Sustainability	Eliminate one Environmental Coordinator II and one Environmental Coordinator III position to support comprehensive brownfield program.	118,255	157,674
16	Small Business Center	Eliminate one position for the Day Labor Center.	62,650	83,533
17	Dallas Animal Services	Eliminate three Animal Services Counselor positions to support Rescue Team Expansion.	-	134,767
18	Dallas Fire Rescue	Eliminate five positions in the recruitment training division.	641,044	722,900
19	Dallas Police Department	Eliminate 28 Investigative Support Specialist positions in the Investigations and Operations Bureau.	-	1,539,164
20	Office of Environmental Quality & Sustainability	Reduce comprehensive multimedia outreach and education program by 50 percent.	250,000	250,000
21	Library	Eliminate increased hours of operations at nine branch locations (Arcadia Park, Bachman Lake, Fretz Park, Hampton-Illinois, Highland Hills, Lancaster-Kiest, Mountain Creek, Prairie Creek, White Rock Hills Branches) from five days at 40 hour per week to six days at 54 hours per week.	1,172,243	1,563,055
22	Multiple	Eliminate additional funding to develop the Emerald Ash Borer Response Program (Park and Recreation and Public Works).	1,093,234	1,799,788
23	Office of Equity and Inclusion	Eliminate increased funding for Americans with Disabilities Act (ADA) compliance efforts for approximately 20 building assessments per year.	300,000	300,000
24	Park and Recreation	Eliminate funding to operate and maintain newly purchased, constructed, or improved capital park land, trails, and/or facilities.	-	1,159,699
25	Public Works	Eliminate funding for TxDOT grounds maintenance, tree services, and sweeping contracts.	1,400,000	1,400,000
26	Public Works	Eliminate funding for Micro & Slurry Treatment contracts.	3,696,496	3,696,496
27	Dallas Police Department	Eliminate the new Retention Incentive Program.	4,078,500	8,279,355
28	Multiple	Eliminate non-uniform merit, minimum wage increase of \$18 per hour, and other total compensation changes (compression within the pay grades).	13,802,099	18,057,995

No-New-Revenue Tax Rate

Rank	Department	Description	FY 2022-23 Expense	FY 2023-24 Expense
29	Dallas Fire Rescue	Eliminate FY23 pay adjustments in accordance with Meet and Confer Agreement (includes Step Pay and Market Adjustments).	14,442,085	18,451,056
30	Dallas Police Department	Eliminate FY23 pay adjustments in accordance with Meet and Confer Agreement (includes Step Pay and Market Adjustments).	23,689,051	30,273,813
31	Dallas Fire Rescue	Eliminate Inspection Life Safety Education (ILSE) Night Detail Team.	1,150,000	1,450,000
32	Public Works	Eliminate funding added for Annual Bridge Maintenance Program by \$1,400,000.	3,400,000	3,400,000
33	Office of Integrated Public Safety Solution	Eliminate expansion of the Crisis Intervention Team.	266,682	355,611
34	Office of Integrated Public Safety Solution	Eliminate funding for Blight Remediation - street lighting in task force areas.	500,000	500,000
35	Planning and Urban Design	Eliminate funding for consultant contract to update the Development Code (zoning and subdivision) and efficiency review of the current development process.	-	1,000,000
36	Small Business Center	Eliminate one position in the Fresh Start Program.	62,650	83,533
37	Dallas Police Department	Eliminate funding to upgrade to the web-based RMS system.	1,004,765	1,004,765
38	Small Business Center	Eliminate funding to expand the capacity of minority and women-owned business enterprises utilizing an Accelerators Pilot Program.	750,000	1,000,000
39	Small Business Center	Eliminate one Business Manager to increase resources for startup and existing small businesses in underserved areas by providing innovation programming.	-	102,568
40	Transportation	Eliminate two Electrician positions to create a second crew and additional funds of \$200K for lighting maintenance.	-	391,584
41	Transportation	Eliminate one Project Manager dedicated for Intelligent Transportation System.	-	138,941
42	Transportation	Eliminate one Manager for Signs and Markings.	-	107,163
43	Transportation	Eliminate increased funding for parking management to explore a comprehensive approach to parking management citywide.	-	500,000
44	Transportation	Eliminate increased funding to address speed mitigation reducing the total to \$200,000 in FY 2022-23.	800,000	800,000
45	Multiple	Eliminate Homeless Action Response Team.	2,498,713	2,498,713
46	Office of Equity and Inclusion	Eliminate one Public Engagement Coordinator to increase outreach and engagement efforts.	65,322	86,095
47	Office of Equity and Inclusion	Eliminate one Equity and Inclusion Coordinator to support citywide efforts of increasing equity in the City, including updating the Racial Equity Plan.	65,146	86,861
48	Transportation	Eliminate one Engineer, one Planner, and other costs associated with the position as part of the Vision Zero Plan, leaving \$1,500,000 for low cost improvements.	257,846	330,499
49	Code Compliance	Eliminate two Code Officers to work with the Office of Integrated Public Safety Solutions to focus on blight remediation in specific crime grids.	310,075	350,000
50	Dallas Animal Services	Eliminate Loose Dog Operations Team.	253,675	338,232
51	Court and Detention Services	Eliminate funding to increase the number of hours for school crossing guards from 235,000 hours to 290,000 hours.	1,090,425	1,090,425
52	Code Compliance	Eliminate funding for two Pro-Teams that will proactively remove debris around the City by quadrant and sites flagged by Homeless Action Response Team.	2,277,285	1,544,974
54	Public Works	Reduce one-time funding for Street and Alley projects in FY23.	5,081,401	-
55	Transportation	Reduce funding for traffic signal equipment repair for knockdowns and damages.	-	577,735
		Total	\$108,025,021	\$113,612,133