

**AUGUST 11, 2020 CITY COUNCIL BUDGET BRIEFING AGENDA
CERTIFICATION**

This certification is given pursuant to Chapter XI, Section 9 of the City Charter for the City Council Budget Briefing Agenda dated August 11, 2020. We hereby certify, as to those contracts, agreements, or other obligations on this Agenda authorized by the City Council for which expenditures of money by the City are required, that all of the money required for those contracts, agreements, and other obligations is in the City treasury to the credit of the fund or funds from which the money is to be drawn, as required and permitted by the City Charter, and that the money is not appropriated for any other purpose.



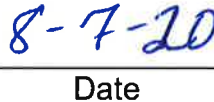
T.C. Broadnax
City Manager



Date



Elizabeth Reich
Chief Financial Officer



Date

RECEIVED

City of Dallas

2020 AUGUST 07 PM 2:00

1500 Marilla Street
Dallas, Texas 75201

CITY SECRETARY
DALLAS, TEXAS



COUNCIL BRIEFING AGENDA

August 11, 2020

9:00 AM

Budget Workshop

Public Notice

200604

POSTED CITY SECRETARY
DALLAS, TX

(For General Information and Rules of Courtesy, Please See Opposite Side.)

(La Información General Y Reglas De Cortesía Que Deben Observarse

Durante Las Asambleas Del Consejo Municipal Aparecen En El Lado Opuesto, Favor De Leerlas.)

General Information

The Dallas City Council regularly meets on Wednesdays beginning at 9:00 a.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council agenda meetings are broadcast live on WRR-FM radio (101.1 FM) and on Time Warner City Cable Channel 16. Briefing meetings are held the first and third Wednesdays of each month. Council agenda (voting) meetings are held on the second and fourth Wednesdays. Anyone wishing to speak at a meeting should sign up with the City Secretary's Office by calling (214) 670-3738 by 5:00 p.m. of the last regular business day preceding the meeting. Citizens can find out the name of their representative and their voting district by calling the City Secretary's Office.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act. **The Council agenda is available in alternative formats upon request.**

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while

Información General

El Ayuntamiento de la Ciudad de Dallas se reúne regularmente los miércoles en la Cámara del Ayuntamiento en el sexto piso de la Alcaldía, 1500 Marilla, a las 9 de la mañana. Las reuniones informativas se llevan a cabo el primer y tercer miércoles del mes. Estas audiencias se transmiten en vivo por la estación de radio WRR-FM 101.1 y por cablevisión en la estación *Time Warner City Cable* Canal 16. El Ayuntamiento Municipal se reúne en el segundo y cuarto miércoles del mes para tratar asuntos presentados de manera oficial en la agenda para su aprobación. Toda persona que desee hablar durante la asamblea del Ayuntamiento, debe inscribirse llamando a la Secretaría Municipal al teléfono (214) 670-3738, antes de las 5:00 pm del último día hábil anterior a la reunión. Para enterarse del nombre de su representante en el Ayuntamiento Municipal y el distrito donde usted puede votar, favor de llamar a la Secretaría Municipal.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act*. **La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.**

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesía

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*paggers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal

"Los ciudadanos y visitantes presentes durante las

attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

asambleas del Ayuntamiento Municipal deben de obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que este presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisara al oficial que este presidiendo la sesión a tomar acción." Según la sección 3.3 (c) de las reglas de procedimientos del Ayuntamiento.

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 pistol 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."

The City Council meeting will be held by videoconference. Individuals who wish to speak in accordance with the City Council Rules of Procedure must sign up with the City Secretary's Office. The following videoconference link is available to the public to listen to the meeting and Public Affairs and Outreach will also stream the City Council Briefing on Spectrum Cable Channel 95 and [bit.ly/cityofdallastv: https://dallascityhall.webex.com/dallascityhall/onstage/g.php?MTID=e6d6b7d049b54eda6ed536b604119a9e9](https://dallascityhall.webex.com/dallascityhall/onstage/g.php?MTID=e6d6b7d049b54eda6ed536b604119a9e9)

9:00 a.m. Invocation and Pledge of Allegiance

Special Presentations

Open Microphone Speakers

BRIEFINGS

A. [20-1377](#) City Manager's Recommended Budget for FY 2020-21 and FY 2021-22

Attachments: [Presentation](#)

B. [20-1398](#) FY 2020-21 Budget: One Dallas: Responsible, Equitable, Accountable, Legitimate (R.E.A.L.) Change and R.E.A.L. Action, Part 1

Attachments: [Presentation](#)

Adjournment

The above schedule represents an estimate of the order for the indicated briefings and is subject to change at any time. Current agenda information may be obtained by calling (214) 670-3100 during working hours.

Note: An expression of preference or a preliminary vote may be taken by the Council on any of the briefing items.

EXECUTIVE SESSION NOTICE

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

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 20-1377

Item #: A.

City Manager's Recommended Budget for FY 2020-21 and FY 2021-22



City of Dallas

City Manager's Recommended Budget for FY 2020-21 & FY 2021-22

**City Council Briefing
August 11, 2020**

**Elizabeth Reich
Chief Financial Officer**

**Jack Ireland, Director
Office of Budget**

Overview



- FY21 proposed and FY22 planned budgets
- General Fund revenue, expense, capital, and debt service
- Enterprise Fund budgets
- Property tax requirements
- Next steps



Budget Overview



- Recommended budget reflects our vision of One Dallas—Together!
- It outlines our efforts to reimagine public safety and reinvest in our communities



Budget Overview



- FY21 proposed and FY22 planned budgets are balanced and total \$3.83 billion and \$3.82 billion, respectively
- FY21 General Fund totals \$1.44 billion and maintains the current property tax rate at 77.66¢ per \$100 valuation
- Recommended budget focuses on addressing systemic issues in ways that are Responsible, Equitable, Accountable, and Legitimate
 - R.E.A.L. Change
 - R.E.A.L. Action



Budget Overview



- Biennial budget is focused on long-term fiscal sustainability and economic recovery for City and residents
- Budget priorities are based on recommendations from residents, faith and education leaders, community activists, neighborhood groups, the City Council, and other stakeholders
- Budget is informed by the City Council BHAGs, eight strategic priority areas, Resilience 2.0, drivers of poverty, and other strategic initiatives



Budget Overview



Expenditure	FY20 Adopted	FY20 Amended	FY21 Proposed	FY22 Planned
General Fund	\$1,438,089,000	\$1,429,495,904	\$1,438,060,000	\$1,492,625,000
Aviation	158,255,683	158,255,683	112,758,320	127,453,790
Convention and Event Services	114,358,254	114,358,254	85,832,581	110,483,703
Municipal Radio	2,067,782	2,067,782	1,875,612	1,888,798
Sanitation Services	122,129,201	127,945,397	128,413,418	129,591,160
Storm Drainage Management	60,936,837	60,936,837	66,329,747	69,314,586
Sustainable Development and Construction	34,550,990	34,550,990	35,834,103	34,920,484
Dallas Water Utilities	681,220,919	681,220,919	714,778,341	726,579,463
Debt Service	305,451,298	305,451,298	317,319,701	325,944,054
Additional Resources	88,136,856	97,047,036	60,632,336	58,528,352
Total Operating Budget	3,005,196,820	3,011,330,100	2,961,834,159	3,077,329,390
General Purpose	439,669,343	348,771,727	393,550,616	373,034,604
Enterprise Capital	432,770,756	492,749,533	475,362,500	372,060,538
Total Capital Budget	872,440,099	841,521,260	868,913,116	745,095,142
Total Budget	\$3,877,636,919	\$3,852,851,360	\$3,830,747,275	\$3,822,424,532



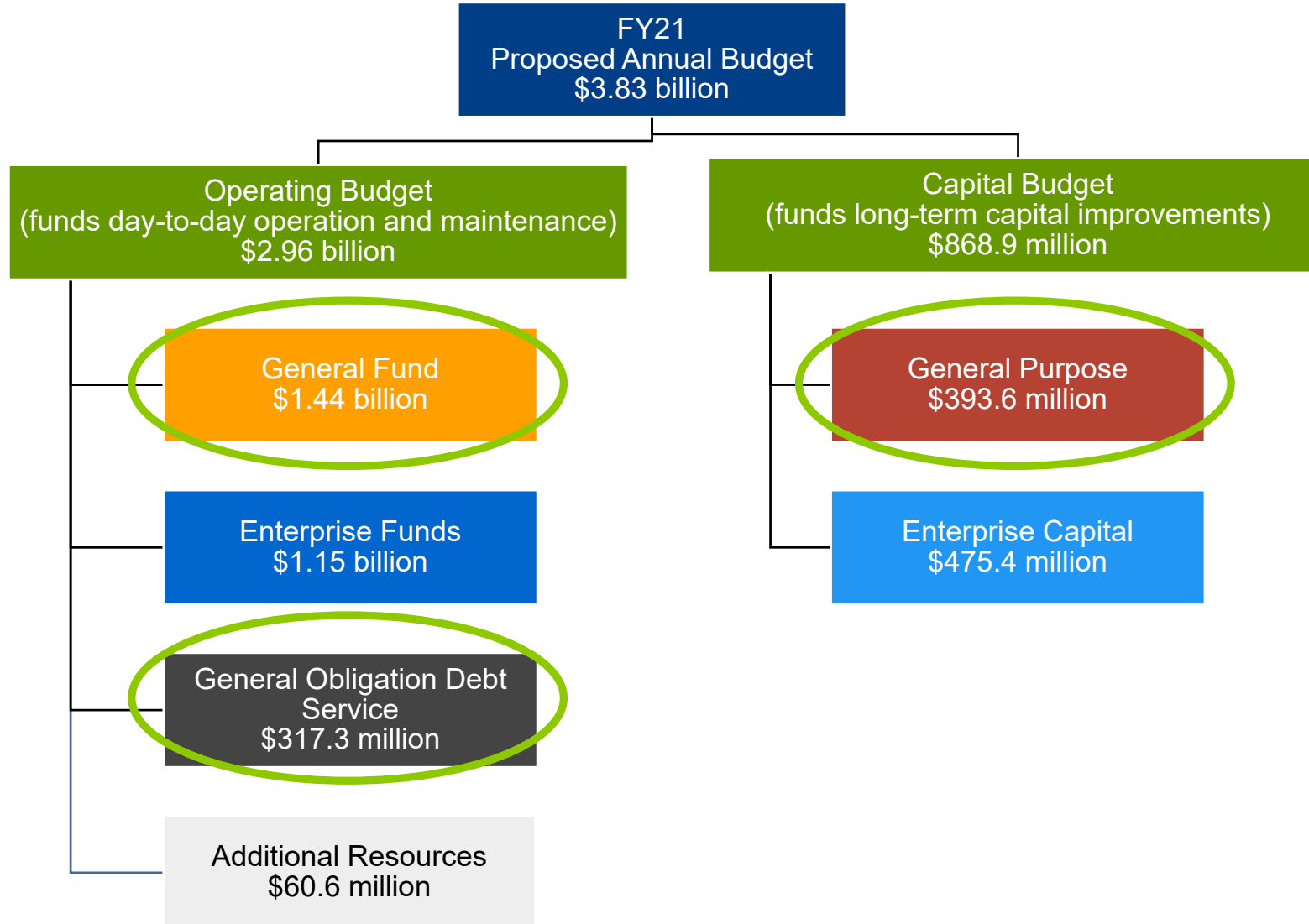
Budget Overview



- Funding for the City's budget comes from many different revenue sources
- General Fund revenues come from property taxes, sales taxes, franchise fees, charges for service, fines, and other sources
- Enterprise Fund revenues come from customer service charges for operations such as water and sanitation



FY21 Proposed Budget





General Fund Expenses

R.E.A.L. Change



- Expand the RIGHT Care program and increase access to appropriate health services to mitigate behavioral health crises and avoid unnecessary hospitalization, arrests, and interactions between residents and law enforcement
- Form a mobile crisis response team to support police officers when residents need direct services such as food, housing, transportation, or shelter in cases of domestic violence
- Support formerly incarcerated people reentering public life through community-based services such as housing placement, job skills training, job placement, and wraparound support services
- Partner with community organizations to establish violence interrupters—credible individuals who serve as mentors and conflict resolution experts to curb violence from within their neighborhoods



R.E.A.L. Change



- Divert public intoxication cases from jail to a recovery services center staffed with case workers who will help individuals identify and manage substance use disorders
- Improve police training in alignment with the principles of 21st Century Policing by enhancing external review, expanding programs to reduce implicit bias, and requiring annual training in alternative solutions, de-escalation, and less-lethal tactics
- Strengthen accountability through the Office of Community Police Oversight by adding a mediation coordinator and intake specialist
- Respond more efficiently to high-priority calls and free up resources for other efforts through continued implementation of staffing study recommendations
- Reduce crime and improve quality of life by remedying environmental issues such as vacant lots, abandoned properties, substandard structures, and insufficient lighting



R.E.A.L. Action



- Engage Dallas youth through expanded recreational and cultural programming, mentoring relationships, job training and apprenticeships, physical and mental health initiatives, and fun educational activities
- Merge business and workforce development efforts into a single team in Economic Development that will collaborate with community and business stakeholders to prepare residents for emerging job growth sectors
- Roll out the Broadening Urban Investment to Leverage Dallas (B.U.I.L.D.) program to strengthen small businesses and provide access to technical training, funding, mentorship, and capacity-building guidance
- Lead by example by increasing the minimum wage for permanent City employees to \$14 per hour in FY21 and \$15 per hour in FY22 and maintaining pay for part-time, seasonal, and temporary employees at \$0.50 above the MIT living wage



R.E.A.L. Action



- Refine the Comprehensive Housing Policy to better meet residents' housing needs, including changing the terms of some loans from repayable to forgivable and creating a targeted home rehabilitation program
- Alleviate financial hardship through an eviction diversion program that connects tenants facing eviction to resources ranging from housing assistance and direct legal services to financial education
- Meet residents' basic needs with direct assistance, including rent and utility assistance, food distribution, benefits navigation, and clothing distribution
- Pilot two Financial Empowerment Centers, community-based centers that offer financial coaching, employment referrals, mental health services, and housing support to help low-income residents navigate out of poverty and achieve financial stability



R.E.A.L. Action



- Set aside \$2.9 million annually to extend water and wastewater infrastructure to all residents in unserved areas within the next 10 years
- Dedicate \$5.8 million to make equitable investments in streets, alleys, sidewalks, and other infrastructure in underserved neighborhoods and near schools and senior centers
- Increase accessibility for residents with disabilities by implementing the Sidewalk Master Plan with \$9.4 million in bond funds and by updating City facilities in compliance with the Americans with Disabilities Act
- Establish the City as a trusted primary source for information and ensure residents with limited English proficiency have equal access to programs and services through a new Virtual Language Center and other translation efforts



R.E.A.L. Action



- Launch the Multimedia Center at Fair Park to magnify the impact of City programs and services, broadcast a Spanish-language City television channel, provide apprenticeships for local students, and bolster resilience through additional digital communications capacity
- Begin to bridge the digital divide through multiple creative pilot programs, including making additional mobile hot spots and Chromebooks available for checkout at select libraries
- Augment our fire-rescue response by hiring 21 new firefighters to fully staff Fire Station #59 (scheduled to open in September 2021) and operating a ladder truck at Fire Station #18 to respond more efficiently to multi-story structure fires in downtown
- Open two state-of-the-art branch libraries at Vickery Park in Fall 2020 and Forest Green in Spring 2021



R.E.A.L. Action



- Initiate the immediate and short-term actions identified in the Comprehensive Environmental and Climate Action Plan (CECAP), including forming a community advisory group, implementing recommendations from the Urban Forest Master Plan, and developing an urban agriculture plan
- Streamline brush/bulky trash collection to reduce emissions, improve air quality, and realize collection efficiencies as outlined in the CECAP
- Target illegal dumping by adding three new mow/clean crews in Code Compliance
- Build a new Data Analytics team that will harness the City's data to promote transparency and accessibility to the public and provide crucial insights that support better decision-making throughout the organization
- Integrate the City's equity, resilience, inclusion, fair housing, and human rights initiatives in the Office of Equity and Inclusion





Managing the Difficult Realities of a Recession and Pandemic

Recession



- In June, the National Bureau of Economic Research's Business Cycle Dating Committee declared the recession—the [fastest NBER has declared any recession](#) since the group began formal announcements in 1979
- Expansion peaked in February after a record 128 months
- While the committee points to February as the month the economy peaked and the recession began, the quarterly peak came at the end of last year
 - The economy slowed so sharply in March, it erased the gains of January and February and turned economic output for the first quarter negative

"The burden of the downturn has not fallen equally on all Americans. Instead, those least able to withstand the downturn have been affected most."

"Until the public is confident that the disease is contained, a full recovery is unlikely."

- Fed Chair Jerome H. Powell, June 2020



From Triage to Stability to Sustainability



Immediate Triage (hours/days)

Funding (and quantifying) emergency needs
Ensuring liquidity in core operating funds, enterprises, and related
Cash flow forecasts
Initial budget controls

Near-Term Stability (days/weeks)

Reforecasts (scenarios, quarter-by-quarter, transparent assumptions)
Cost containment (flexible freezes, department/stakeholder engagement)
Workforce strategies
Reimbursement framework
Intergovernmental coordination
Economic relief programs, community partnerships
Budget revisions, contingency appropriations, (policy-driven) plans for use of reserves?

Longer-Term Sustainability (weeks/months)

Capital projects and planning (getting shovel-ready for federal or local stimulus opportunities)
Pension/OPEB concerns
Sector relief and rebuilding (e.g. small businesses, arts and culture)
Intergovernmental advocacy
Multi-year framework
Evaluating potential lasting impacts and how to respond (e.g. new ways of working and living after COVID-19)

Credit: Michael Nadol, PFM Group Consulting LLC, used with permission

Iterative: Reevaluation, Reworking, and Refinement



FY21 General Fund Revenue



Source of Revenue	FY21 Planned Budget	FY21 Update Scenario 1	Variance S1 to FY21 Planned	FY21 Update Scenario 2	Variance S2 to FY21 Planned	FY21 Proposed Budget
Property Tax	\$835.9	\$830.5	(\$5.4)	\$820.1	(\$15.9)	\$826.6
Sales Tax	333.4	304.3	(29.1)	289.1	(44.3)	296.3
Franchise and Other	127.6	113.8	(13.8)	108.1	(19.5)	115.9
Charges for Services	110.7	100.3	(10.4)	95.3	(15.4)	105.6
Other	80.8	78.8	(1.9)	75.2	(5.5)	93.7
Total Revenue	\$1,488.3	\$1,427.7	(\$60.6)	\$1,387.8	(\$100.6)	\$1,438.1

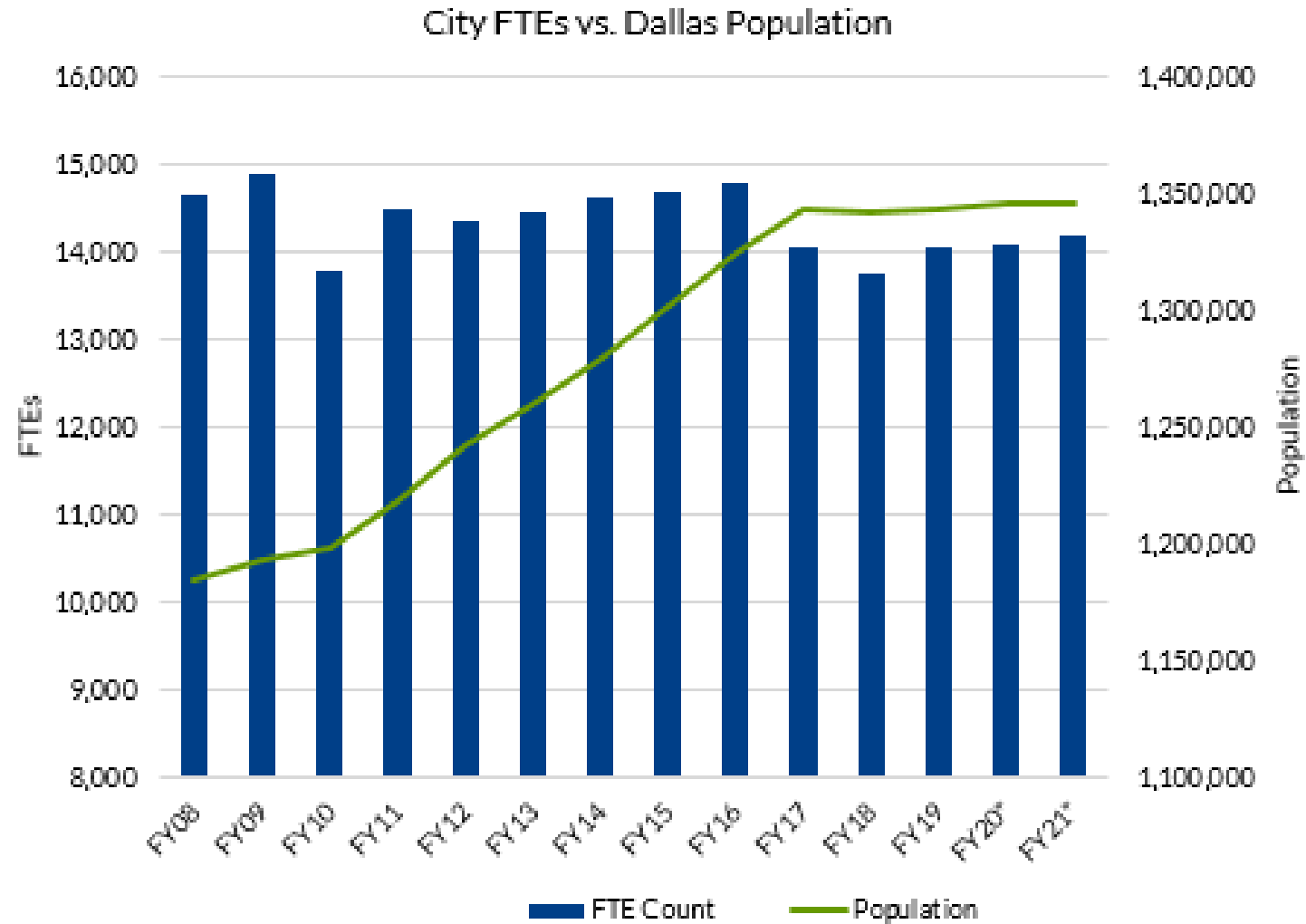
Amounts in millions

Reduction of \$50.2 million in revenue from Planned

Reduction of \$62.6 million in revenue from Planned
(after deducting \$12.4 million from "Other")



Growing Population, Prudent FTEs



*Using 2019 population estimate.



Organizational Changes



- Reduced direct reports to City Manager to eight, by eliminating one ACM and one Chief position; and consolidated Ethics, Youth Commission, and City Agenda Process into City Manager's Office
- Reorganized duties:
 - Innovation and GIS reassigned to new Office of Data Analytics & Business Intelligence
 - Equity, Resilience, WCIA, and Fair Housing combined to Office of Equity & Inclusion
 - Business Diversity combined with Office of Economic Development
- Renamed departments:
 - Budget & Management Services
 - Communications, Outreach, & Marketing
 - Government Affairs



Coronavirus Relief Funds



- Dallas received \$234 million in Coronavirus Relief Funds (CRF) from the U.S. Treasury
- We allocated those funds to eligible activities and briefed the City Council on June 17
- CRF is available through December 2020 to cover eligible expenses, and the budget assumes using \$27 million in FY21
 - Police (patrol and police communications/dispatch)
 - \$60 million projected to be eligible during this time period
 - Budget assumes using \$17.3 million to reimburse Police in FY21
 - Shown on page 168
 - Fire-Rescue (EMS and fire communications/dispatch)
 - \$31.9 million projected to be eligible during this time period
 - Budget assumes using \$9.7 million to reimburse Fire-Rescue in FY21
 - Shown on page 158



Fiscal Stabilization



- By the end of FY20, we estimate we will have underspent our General Fund revenues by \$25 million
- We set this money aside in a Revenue Stabilization Fund to be used in FY21 and FY22 when we forecast General Fund revenue will be affected by the recession
 - \$12.4 million in FY21
 - \$12.2 million in FY22
- Shown as revenue to the General Fund (Operating Transfers In) on page 41



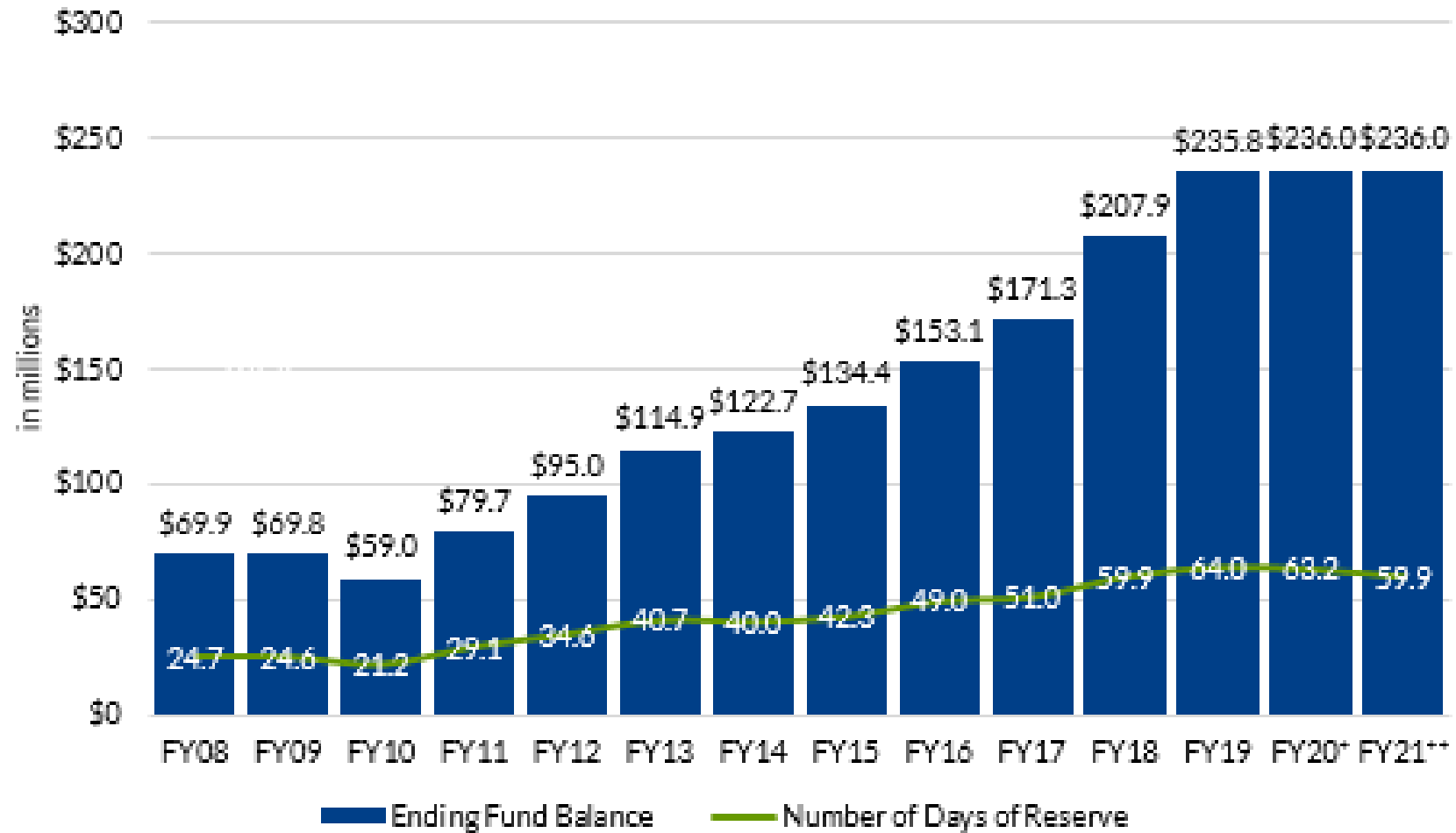
General Fund – Five-Year Forecast



General Fund (\$ in millions)					
	FY 2020-21 Budget	FY 2021-22 Planned	FY 2022-23 Planned	FY 2023-24 Planned	FY 2024-25 Planned
Property Tax	\$826.6	\$855.3	\$862.8	\$892.8	\$923.8
Sales Tax	\$296.3	\$309.3	\$323.2	\$338.2	\$354.0
Franchise Fees	\$115.9	\$117.7	\$118.9	\$120.0	\$121.2
Other Revenue	\$199.3	\$210.4	\$210.4	\$210.4	\$210.4
Total Revenues	\$1,438.1	\$1,492.6	\$1,515.3	\$1,561.4	\$1,609.4
Ending Fund Balance	\$236.0	\$236.0	\$220.5	\$224.7	\$262.5
Days of Reserve	59.9	57.7	52.6	52.7	61.0



General Fund – Fund Balance (Reserves)



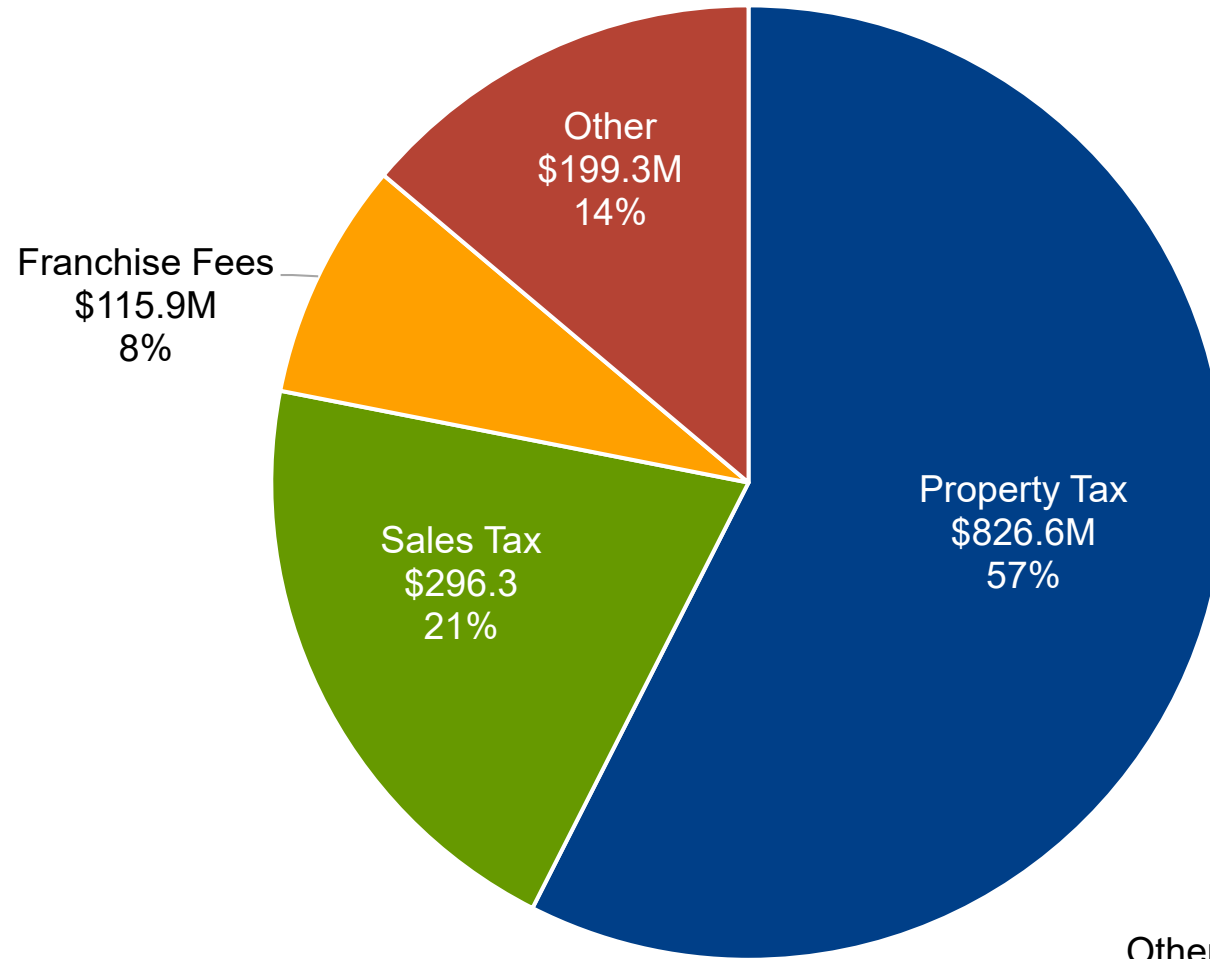
*FY20 is an estimate. **FY21 is proposed.





General Fund Revenues

General Fund Revenue



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



Property Tax



- Property tax is the single largest source of revenue for the City of Dallas and totals \$1.1 billion as proposed for FY21
 - General Fund – \$826.6 million
 - Debt Service Fund – \$301.7 million
- Property tax is composed of three factors:
 - Tax base value certified by four appraisal districts
 - Tax exemptions allowed by state law and approved by City Council
 - Tax rate set by City Council



Property Tax – Values



- Collin, Dallas, Denton, and Rockwall appraisal districts are required to certify values by July 25 (Sec. 26.01(a))
- State law allows appraisal districts to certify an estimate of taxable value if the Appraisal Review Board (ARB) has not approved the appraisal records by July 20 (Sec. 26.01(a-1))
 - May postpone certification to no later than August 30 (Sec. 41.12(a)-c))
- Due to pandemic, three of four appraisal districts have not completed the appeal and certification process leaving a substantial amount of value still in dispute
 - Lower value in dispute is \$27.4 billion or 20 percent of the value
 - Higher value in dispute is \$48.6 billion or 31 percent of the value



Property Tax – Values



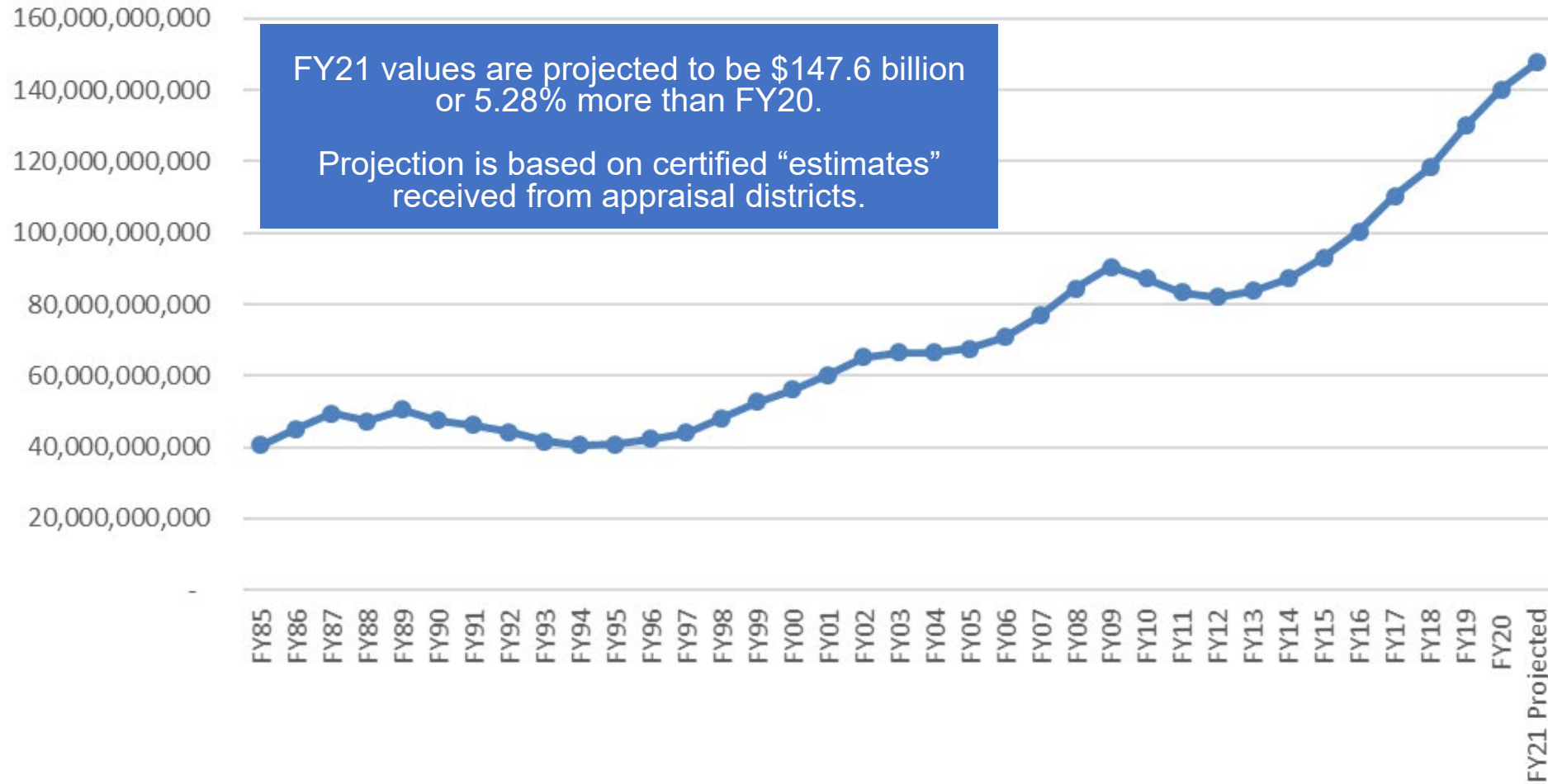
- FY21 property tax revenue is based on projected property value as opposed to certified values
- Appraisal districts provided a certified “estimate” that was used to project a value for budget development purposes
 - Rockwall CAD is certified
- FY21 budget development is based on value of \$147.6 billion or 5.28 percent growth above FY20 certified value of \$140.2 billion
- Based on projections, new construction accounts for \$4.5 billion or 3.19 percent of growth while reappraisal accounts for \$2.9 billion or 2.08 percent of growth



Property Tax – Values



Property Tax Value



Property Tax – Rate



- Tax rate is split between:
 - General Fund, which supports day-to-day operations
 - Debt Service Fund, which is used to pay City's general obligation long-term debt
- Budget recommends maintaining current tax rate of 77.66¢ per \$100 valuation for FY21

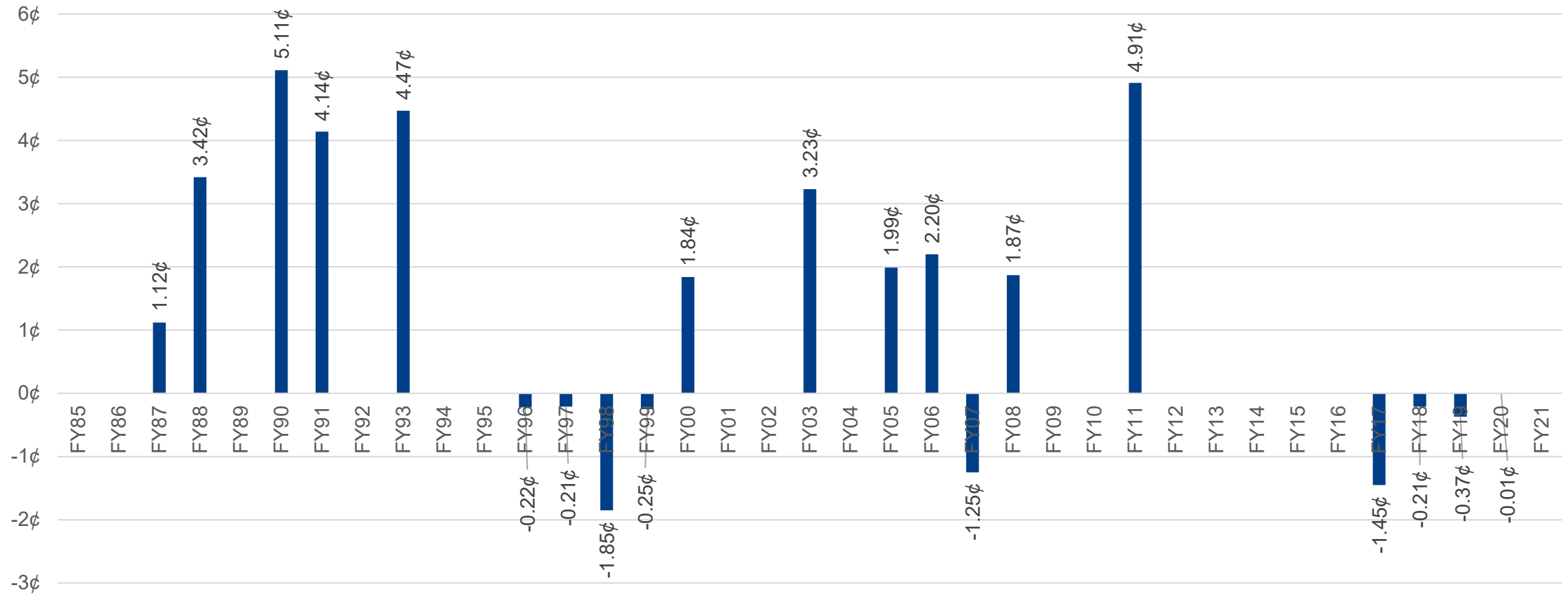
Fiscal Year	General Fund	Debt Service	Total
FY 2015-16	56.46¢ (70.8%)	23.24¢ (29.2%)	79.70¢
FY 2016-17	56.01¢ (71.6%)	22.24¢ (28.4%)	78.25¢
FY 2017-18	55.80¢ (71.5%)	22.24¢ (28.5%)	78.04¢
FY 2018-19	56.67¢ (73.0%)	21.00¢ (27.0%)	77.67¢
FY 2019-20	56.91¢ (73.3%)	20.75¢ (26.7%)	77.66¢
FY 2020-21 (proposed)	56.91¢ (73.3%)	20.75¢ (26.7%)	77.66¢



Property Tax – Rate



YEAR-OVER-YEAR CHANGE IN TAX RATE
IN CENTS PER \$100 VALUATION



Property Tax – State Requirements



- Dallas County Tax Office calculated tax rates in compliance with the Texas Reform and Transparency Act of 2019 (Senate Bill 2), however, they are based on an incomplete valuation process and significant amount of value still in dispute
 - No-new-revenue rate = 84.59¢
 - Voter-approval rate = 88.72¢
- City's current tax rate and FY21 proposed rate are lower than the calculated rates
 - Current = 77.66¢ (rate adopted for FY20)
 - Proposed = 77.66¢ (rate included in City Manager's proposed budget)
- Tax rate recommended in FY21 budget does not exceed either of the two calculated rates



Sales Tax



- Sales tax in Dallas is 8.25%, including the 2% local option that is governed and capped by state law
- State law identifies which goods and services are taxable versus non-taxable
- Revenue has declined sharply from FY20 budget of \$325.6 million to current forecast of \$309.3 million
- Further decline of 4.2 percent is expected in FY21 with decrease to \$296.3 million
- Economic recovery is expected in FY22 when receipts are projected to return to \$309.3 million

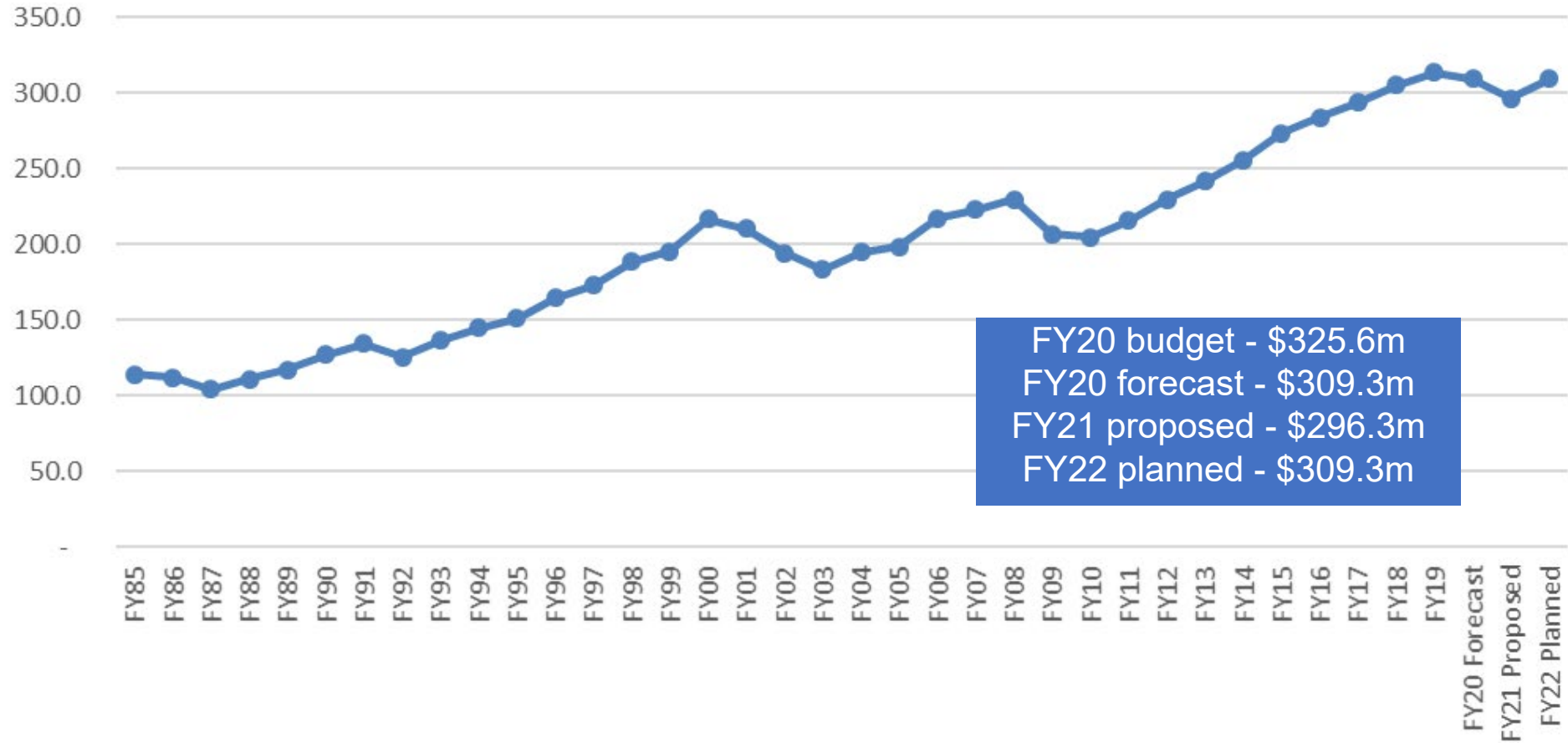
Sales Tax Distribution	
State of Texas	6.25%
Local Option – Dallas Area Rapid Transit (DART)	1.00%
Local Option – City of Dallas	1.00%
Total	8.25%



Sales Tax Revenue



Sales Tax Revenue
(In Million Dollars)





General Purpose Capital and Debt Service

General Purpose Capital



- Budget includes capital improvement projects totaling \$393.6 million supported through both debt issuance and pay-as-you-go funding
- Projects include streets and alleys, flood protection, park and recreation, and City facilities, among others
- 2017 General Obligation Bond Program includes new appropriations:
 - FY21 – \$178 million
 - FY22 – \$178 million
 - FY23 – \$180 million



Debt Service



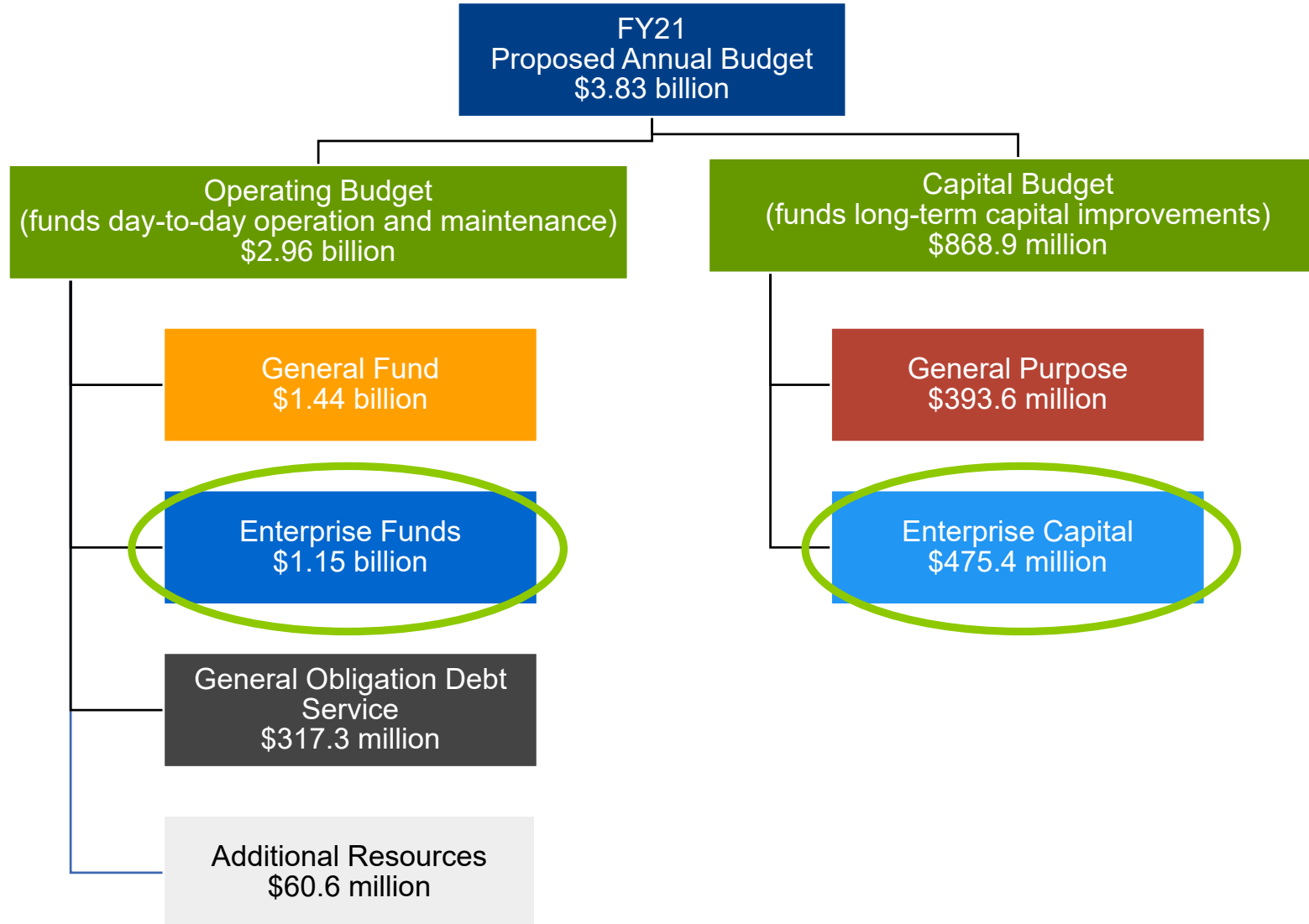
- Property tax revenues are used to pay debt service on General Obligation debt totaling \$1.9 billion outstanding principal (as of 9/30/20)
- FY21 debt service budget includes \$317.3 million
 - \$192.35 million for principal and \$85.13 million for interest payments on existing debt
 - \$12.7 million for planned debt issuance
 - \$27.1 million for TIF increment payments
- Debt issuance planned each Fall during the biennial period:
 - General Obligation bonds anticipated to be \$178 million each year
 - Equipment Acquisition notes anticipated to be \$28 million in FY21





Enterprise Funds

FY21 Proposed Budget



Dallas Water Utilities



- FY21 proposed operating and capital budget for Dallas Water Utilities
 - Operating budget – \$714.8 million
 - Capital budget – \$350.5 million
- DWU will continue to focus on infrastructure maintenance and conserving resources
- DWU plans a 1 percent fee increase from \$63.16 to \$63.79 per month for typical residential customer



Storm Drainage Management



- FY21 proposed budget for Storm Drainage Management is \$66.3 million for operations and maintenance
- SDM budget will fund ongoing O&M of the system, increased neighborhood drainage maintenance, and street rental fee payment for street/alley and other infrastructure improvements
- SDM plans a 8.7 percent fee increase from \$7.74 to \$8.41 per month for typical residential customer
 - Fees are assessed based on measured impervious data for each parcel of property



Sanitation Services



- FY21 proposed operating budget for Sanitation Services is \$128.4 million
- SAN budget includes increases for living wage adjustments for temporary laborers, overtime costs, equipment maintenance, fleet replacement, and establishing a storm reserve
- SAN plans a 6.56 percent residential fee increase from \$28.64 to \$30.52 per month
- McCommas Bluff Landfill gate rate will increase by 20 percent from \$28.50 to \$34.20 per ton



Taxpayer Impact Statement



Estimated Annual Impact of Proposed Rate and Fee Changes on a Typical Residential Ratepayer

Residential homeowner
with homestead
exemption

Service or Fee	FY 2019-20 Yearly Rate	FY 2020-21 Proposed Rate	Annual Change	How we defined "typical"
Water and Wastewater	\$757.92	\$765.48	\$7.56	Residential customer usage of 8,300 gallons of water and 5,300 gallons of wastewater
Stormwater	\$92.88	\$100.92	\$8.04	Residential customer with 2,000 to 5,500 sq. ft. of impervious cover
Sanitation	\$343.68	\$366.24	\$22.56	Per single-family home
Property Tax Bill	\$1,886.21	\$2,021.38	\$135.17	A home with an estimated median taxable value of \$260,286* with a 20% homestead exemption (without senior/disabled exemption)
TOTAL YEARLY IMPACT	\$3,080.69	\$3,254.02	\$173.33	Combined projected increase of 5.6%

*Based on 2020 certified estimate average value of \$325,358

Residential homeowner
with homestead
exemption and
65 & older or disabled
exemption

Service or Fee	FY 2019-20 Yearly Rate	FY 2020-21 Proposed Rate	Annual Change	How we defined "typical"
Water and Wastewater	\$757.92	\$765.48	\$7.56	Residential customer usage of 8,300 gallons of water and 5,300 gallons of wastewater
Stormwater	\$92.88	\$100.92	\$8.04	Residential customer with 2,000 to 5,500 sq. ft. of impervious cover
Sanitation	\$343.68	\$366.24	\$22.56	Per single-family home
Property Tax Bill	\$1,109.61	\$1,244.78	\$135.17	A home with an estimated median taxable value of \$160,286* with a 20% homestead exemption and \$100,000 senior/disabled exemption
TOTAL YEARLY IMPACT	\$2,304.09	\$2,477.42	\$173.33	Combined projected increase of 7.5%

*Based on 2020 certified estimate average value of \$325,358





Budget Timeline

Timeline



Date	Activity
August 11	Budget Workshop: (1) City Manager's recommended budget and (2) R.E.A.L. Change and Action (part 1)
August 13-27	Budget town hall meetings (virtual)
August 19	Budget Workshop: R.E.A.L. Change and Action (part 2)
August 26	Budget public hearing
September 2	Budget Workshop: Council amendments (straw votes anticipated)
September 9	Budget Workshop: Adopt budget on first reading
September 16	Budget Workshop: Council amendments (if necessary); notice of public hearing on property tax rate for 2020 tax year (if necessary)
September 23	Budget Workshop: Public hearing on tax rate (if necessary); adopt tax rate; and adopt budget on second reading
October 1	Begin FY21





Appendix

Property Tax – State Requirements



- Texas Property Tax Reform and Transparency Act of 2019 (SB2) established new requirements to inform taxpayers about local property taxes
- New law introduced new terminology and tax rate calculations
 - No-new-revenue tax rate is the tax rate that generates the same amount of revenue in the new fiscal year on property taxed in the previous fiscal year
 - New construction is excluded from this calculation
 - Voter-approval tax rate is the highest tax rate that the City may adopt without holding an election to seek voter approval of the rate
 - Voter-approval rate is the no-new-revenue rate plus 3.5%, plus the tax rate required to pay debt service



Property Tax – State Requirements



- State law ensures property owners are given notice and have certain rights
- Notice of public hearing required if proposing a rate higher than the no-new-revenue tax rate (assuming that the voter-approval tax rate is higher than the no-new-revenue tax rate)
 - Must announce the date, time, and place of vote
 - Governing body may vote on the proposed tax rate at the public hearing (Sec. 26.06(d))
 - A meeting to adopt the tax rate may not be held later than the seventh day after the date of the public hearing



Property Tax – State Requirements



- For a taxing unit to adopt a tax rate above the lower of the no-new-revenue tax rate or voter-approval tax rate, the following requirements must be met:
 - Take a record vote for or against consideration of a specific tax rate higher than the no-new-revenue tax rate
 - Publish notice of date and time for public hearing
 - Hold one public hearing on tax rate
 - Vote on tax rate



Property Tax – City Council Options



- Tax rate discussed today does not become the maximum tax rate the City Council may set on Wednesday, September 23
- City Council may consider a rate up to 84.59¢ without a public hearing
- City Council may consider a rate between 84.59¢ and 88.72¢
 - A public hearing is required to exceed the no-new-revenue tax rate
 - City Council would need to call the public hearing on September 16 if considering exceeding the no-new-revenue tax rate
 - Public hearing and adoption of tax rate on September 23
 - Only one public hearing required
 - Public hearing and vote may occur on the same day
- City Council may not consider a rate exceeding 88.72¢
 - Election required to consider a rate higher than the voter-approval tax rate
 - The schedule does not allow an election for the 2020 tax year
- The City Manager's Budget **does not recommend** increasing the tax rate from the current rate of 77.66¢





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City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 20-1398

Item #: B.

FY 2020-21 Budget: One Dallas: Responsible, Equitable, Accountable, Legitimate (R.E.A.L.) Change and R.E.A.L. Action, Part 1



City of Dallas

FY 2020-21 Budget
One Dallas: Responsible,
Equitable, Accountable,
Legitimate (R.E.A.L.)
Change and
R.E.A.L. Action

Jon Fortune
Assistant City Manager

U. Renee Hall
Chief of Police

Overview



- R.E.A.L. Change
- Actions taken
- Alternatives to police response
- Reducing harm
- Addressing root causes
- Strategic alignment





“Although we have made some progress, we acknowledge that it is not enough. We must set a new vision that improves safety for all.”

– City Manager T.C. Broadnax



R.E.A.L. Change



- In June, City Manager and DPD released One Dallas: R.E.A.L. Change, an action plan aligned with 21st Century Policing practices
- Included immediate, short-term, and long-term strategies that align our intentions and resources to produce policing that is:
 - Responsible
 - Equitable
 - Accountable
 - Legitimate
- FY21 budget expands on this action plan
 - Refocuses DPD on enhancing safety and promoting justice for all residents
 - Recognizes we cannot arrest our way out of violent crime
 - Redirects resources to alternative solutions that reduce harm and increase safety in our neighborhoods



Actions Taken



- Created Office of Community Police Oversight in FY20
- DPD reports officer contact data on all traffic stops and citations on a monthly basis
- Increased number of UNIDOS liaisons to engage our Spanish-speaking residents and appointed a full-time liaison to the LGBTQ+ community
- Created the Office of Integrated Public Safety Solutions in FY20



Actions Taken



- DPD updated or implemented several use-of-force orders:
 - A new General Order restating the department's ban on chokeholds, a policy that has been in place since 2004
 - A new "duty to intervene" General Order that compels officers "to either stop, or attempt to stop, another employee when force is being inappropriately applied or is no longer required"
 - A "warning before shooting" General Order, meaning officers must warn a suspect or detainee when feasible before firing a weapon at the person
 - A new "video release" General Order stating the City will release video within 72 hours of officer shootings or when deaths occur in custody



FY21 Investments: Alternatives to Police Response



- Expand RIGHT Care program
 - City receives more than 13,000 mental health calls annually
 - \$2.2M in FY21 to fund the existing team and four new teams with goal of responding to 6,500 calls
 - An additional \$1.5M in FY22 and five more teams with a goal of responding to all 13,000 calls
 - Once implemented, the total annual cost will be \$3.7M
 - External partners are critical to the expansion of the program



FY21 Investments: Alternatives to Police Response



- Increase access to appropriate health services
 - \$1M annually to remove barriers to behavioral health care in communities with limited or no access
- Investment in RIGHT Care and health services will reduce the need to dispatch police officers to behavioral health calls
- Provides solutions and helps to avoid unnecessary:
 - Hospitalizations
 - Arrests
 - Interactions between residents and law enforcement



FY21 Investments: Alternatives to Police Response



- Form mobile crisis response team
 - Support police officers when residents need direct services such as food, housing, transportation, or shelter in cases of domestic violence
 - Team of civilian social service professionals trained in de-escalation
 - Connected to community resources to provide immediate assistance and access to long-term solutions
 - 25 positions and \$1.7M in FY21 with full year funding at \$2.7M in FY22



FY21 Investments: Alternatives to Police Response



- Divert public intoxication cases from jail to recovery services center
 - New cross-organizational team
 - Help individuals identify and manage substance use disorders
 - Alternative to assessing a criminal charge
 - \$650K for 11 case workers and modifications to existing facility
 - Develop recovery and diversion options by March 2021



FY21 Investments: Alternatives to Police Response



- Respond more efficiently to high-priority calls and free up resources for other efforts
 - Continue implementation of KPMG staffing study recommendations
 - Transition support responsibilities to non-uniformed staff
 - Explore transfer of low-priority calls to other City departments
 - Identify internal efficiencies

End of Fiscal Year	Sworn Police Officers
September 30, 2017 (actual)	3,070
September 30, 2018 (actual)	3,028
September 30, 2019 (actual)	3,067
September 30, 2020 (estimated)	3,150
September 30, 2021 (estimated)	3,095
September 30, 2022 (estimated)	3,040



FY21 Investments: Reducing Harm



- Improve police training in alignment with 21st Century Policing
 - Enhance external review
 - Expand programs to reduce implicit bias
 - Require annual training in alternative solutions, de-escalation, and less-lethal tactics
 - Develop early warning system to identify officers that exhibit a dangerous pattern of behavior
 - \$545,000 annually



FY21 Investments: Reducing Harm



- Strengthen accountability through Community Police Oversight by adding mediation coordinator and intake specialist
- Additional positions will ensure:
 - An avenue for residents to voice concerns outside of the police department
 - Oversight to help hold the police department accountable for officers' actions
 - Oversight to improve the rigor of internal investigations of alleged misconduct
 - A more transparent disciplinary process
 - Improved community relations
 - Increased public understanding of law enforcement policies and procedures



FY21 Investments: Reducing Harm



- Partner with community organizations to establish violence interrupters
 - Credible individuals who serve as mentors and conflict resolution experts to curb violence from within their neighborhoods



Community rally in a Cure Violence neighborhood
Source: CVG via Mayor's Task Force Report



FY21 Investments: Addressing Root Causes



- Support formerly incarcerated people reentering public life
 - Community-based services such as housing placement, job skills training, job placement, and wraparound support services
 - Goal is to provide pre-release contact and services
 - \$1M to enhance existing programs
 - \$500K grant to connect individuals to services prior to their release



FY21 Investments: Addressing Root Causes



- Reduce crime and improve quality of life by remedying environmental issues
 - \$750K for Integrated Public Safety Solutions to address vacant lots, abandoned properties, substandard structures, and insufficient lighting
 - Partnership with Code Compliance and Transportation
- \$500K for three new mow/clean crews in Code Compliance to target illegal dumping



Strategic Alignment



The Mayor's Task Force on Safe Communities



- Remediate blighted buildings and abandoned lots in high-violence locations
- Add outdoor lighting in locations where nighttime violence has been most severe
- Utilize schools to deliver group support that teaches kids to pause before they act
- Hire and train credible messengers from within high-violence neighborhoods as “violence interrupters” to keep resolvable conflicts from escalating into gun violence



Strategic Alignment



- BHAGs
 - Safest city for youth to succeed
 - Safest, resilient large city with coordinated and engaged partnerships
 - National leader in rehabilitation and diversion programs
- Equity Indicators
 - Juvenile detentions
 - Fines and fees
 - Jail admissions
 - Arrests
 - Traffic stops and searches
 - Sense of community
 - Long-term residential vacancies





Appendix

Initiative Details



R.E.A.L. Change Initiative	Implementation Date	Assigned Department	Positions	FY21 Cost	FY22 Cost
RIGHT Care	October 2020	OIPSS	1	\$419,633	\$499,000
		DFR	11	\$1,773,325	\$3,165,454
Behavioral Health Services	October 2020	OIPSS	0	\$1,000,000	\$1,000,000
Mobile Crisis Response	March 2021	OIPSS	25	\$1,694,375	\$2,739,375
Recovery Services Center	March 2021	CTS (Marshal's)	11	\$650,000	\$803,169
Reentry Services	October 2020	OCC	0	\$500,000	\$500,000
		ECO	0	\$500,000	\$500,000
21 st Century Training	October 2020	DPD	0	\$545,000	\$545,000
Community Police Oversight	March 2020	OCPO	2	\$70,000	\$169,000
Violence Interrupters	January 2021	OIPSS	0	\$750,000	\$1,000,000
Environmental Improvements	October 2020	CCS	0	\$250,000	\$250,000
		TRN	0	\$500,000	\$500,000
Illegal Dumping Reduction	February 2021	CCS	9	\$500,000	\$500,000
Total			59	\$9,152,363	\$12,170,998

