



**City of Dallas**

# **FY 2022-23 and FY 2023-24 Biennial Budget Update**

**City Council Briefing  
May 4, 2022**

**M. Elizabeth Reich, Chief Financial Officer**

**Jack Ireland, Director  
Budget and Management Services**

# Presentation Overview



- Discuss biennial budget process
- Review FY 2022-23 “planned” budget
- Identify community engagement
- Outline next steps



# Biennial Budget Process



- Each year, City Manager proposes a balanced biennial budget to City Council
  - First year of biennial is adopted by City Council
    - FY 2021-22 budget was adopted on September 22, 2021
  - Second year is balanced “planned” budget that demonstrates the sustainability of budget decisions made for first year
    - FY 2022-23 is planned and balanced
- “Planned” budget then serves as starting point for development of next biennial budget
  - All revenue and expense assumptions are analyzed and updated as necessary
    - FY 2022-23 recommendations will be presented on August 9, 2022
  - Revenue and expense assumptions are made for the second year to create the next biennial
    - FY 2023-24 “planned” budget will be included on August 9, 2022



# Biennial Budget Process



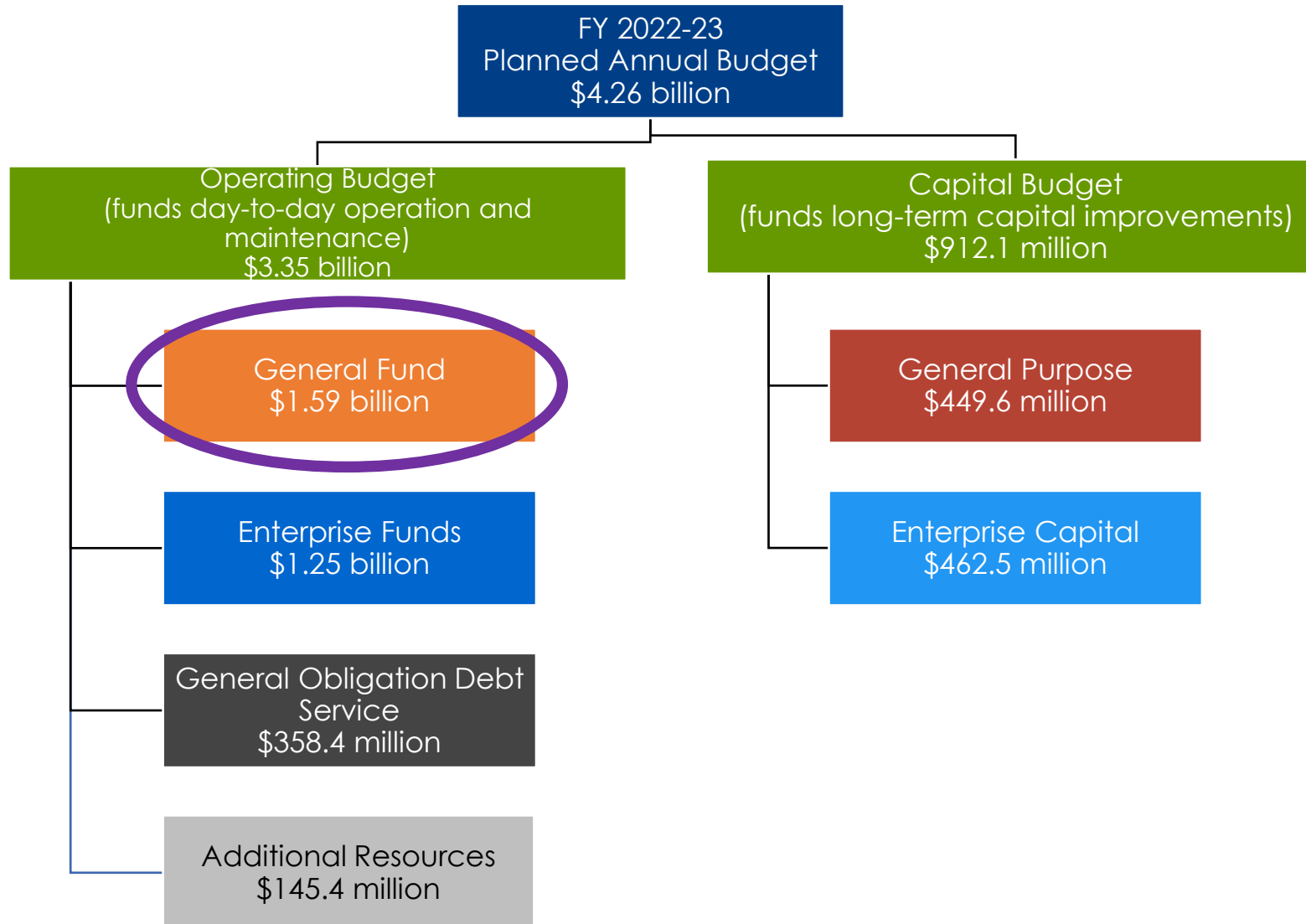
Date	Activity
March 9	Budget Public Hearing*
March 28-31	Budget Town Hall Meetings – Listening Sessions in Advance of Budget Preparation*
May 4	Budget Workshop
May 25	Budget Public Hearing*
June 15	Budget Workshop
August 9	Budget Workshop: City Manager's Recommended Budget
August 11- 25	Budget Town Hall Meetings*
August 17	Budget Workshop
August 24	Budget Public Hearing*
August 31	Budget Workshop: Consider Amendments (straw votes anticipated)
September 7	Adopt budget on First Reading
September 21	Adopt tax rate and budget on Final Reading
October 1	Fiscal year begins



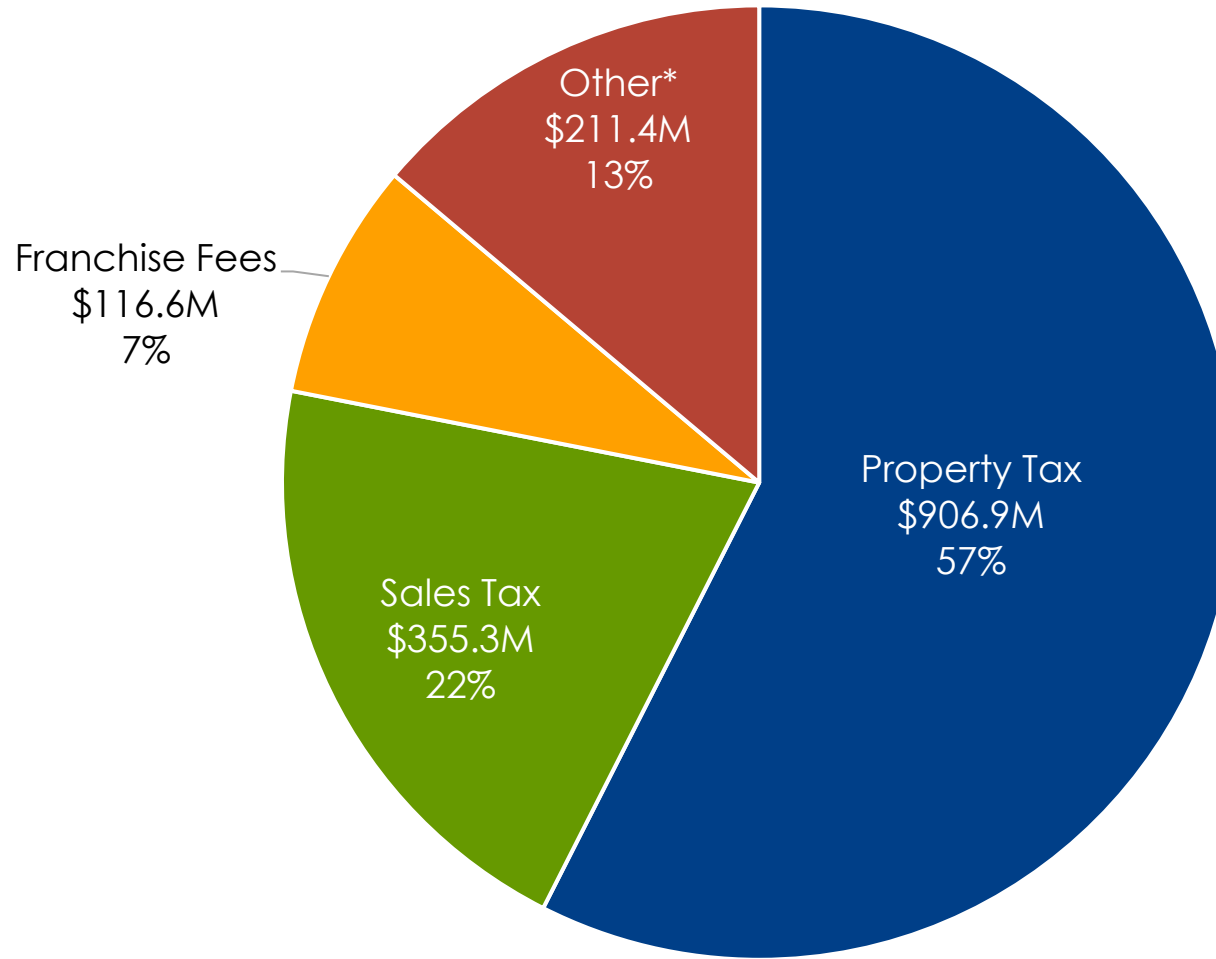
\*Opportunities for Public Input



# FY 2022-23 Planned Budget



# FY 2022-23 Planned Budget General Fund Revenue



General Fund  
Revenue =  
\$1.59 Billion



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

# Property Tax



- Revenue is governed by State law and is based on (1) property value, (2) exemptions, and (3) tax rate
  - SB2 caps revenue for property taxed in the prior year excluding new construction to 3.5% growth
- Dallas, Collin, Denton, and Rockwall Central Appraisal Districts (CADs) have recently provided estimated values to property owners
  - Homestead property values are capped at 10% growth annually
  - Owners may protest values to their CAD by May 15 or 30 days after the notice was mailed by the CAD
  - Each CAD will provide total preliminary values to City in mid-May
  - Staff monitor values each week through the summer as protests are settled through the Appraisal Review Board Process
  - State law requires each CAD to certify value by July 25



# Property Tax



- Appraisal district contact information

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

- In compliance with FMPC #23, over-65 and disabled property tax exemption is being reviewed with modifications being presented to GPFM on May 23 and for City Council consideration during June





# Property Tax



- Current tax rate is \$0.7733 per \$100 valuation
  - General Fund: \$0.5658 or 73%
  - Debt Service: \$0.2075 or 27%
- Average tax rate split between FY 1998-99 and FY 2021-22
  - General Fund: 71%
  - Debt Service: 29%
- City Council has lowered the adopted tax rate for the last six years, a total reduction of 2.37¢ or 3.0%
- Property tax revenue amounts equivalent to tax rate reductions
  - 1.00¢ = \$15.4 million revenue foregone
  - 0.50¢ = \$7.7 million revenue foregone
  - 0.25¢ = \$3.8 million revenue foregone



# Sales Tax



- Sales tax is most volatile source of revenue and is affected by local, national, and global factors
- Revenue in current year is better than projected and has rebounded more quickly than anticipated following 2020 COVID outbreak
- With only five months of actual collections, the current year forecast is now \$375.5 million compared to \$344.3 million budgeted
- Five-year forecast including FY 2022-23 and FY 2023-24 will be updated by contract economist in June after receiving two more months of data (increased revenue projection is anticipated)



# Other Revenues



- In compliance with FMPC #12, fees for services are being reviewed to ensure full cost recovery based on current City Council policy
  - Housing
  - Office of Environmental Quality and Sustainability
  - Public Works
  - Criminal Nuisance Abatement (DPD, DFR, CCS, ATT)



# Expenses Aligned to Strategic Priorities



**ECONOMIC  
DEVELOPMENT**

To be known as a business-friendly city that supports job creation, private investment, a broadened tax base, and economic opportunities for all members of our community.



**ENVIRONMENT &  
SUSTAINABILITY**

To be a global leader focused on sustainability, conservation, climate change, and environmental justice to build a more resilient city.



**GOVERNMENT PERFORMANCE  
& FINANCIAL MANAGEMENT**

To be a well-managed and fiscally responsible city focused on delivering effective and efficient government services.







**HOUSING &  
HOMELESSNESS SOLUTIONS**

To ensure housing opportunities for all residents while promoting fair housing and affordable choices throughout every area of the city while working to eliminate homelessness.



# Expenses Aligned to Strategic Priorities

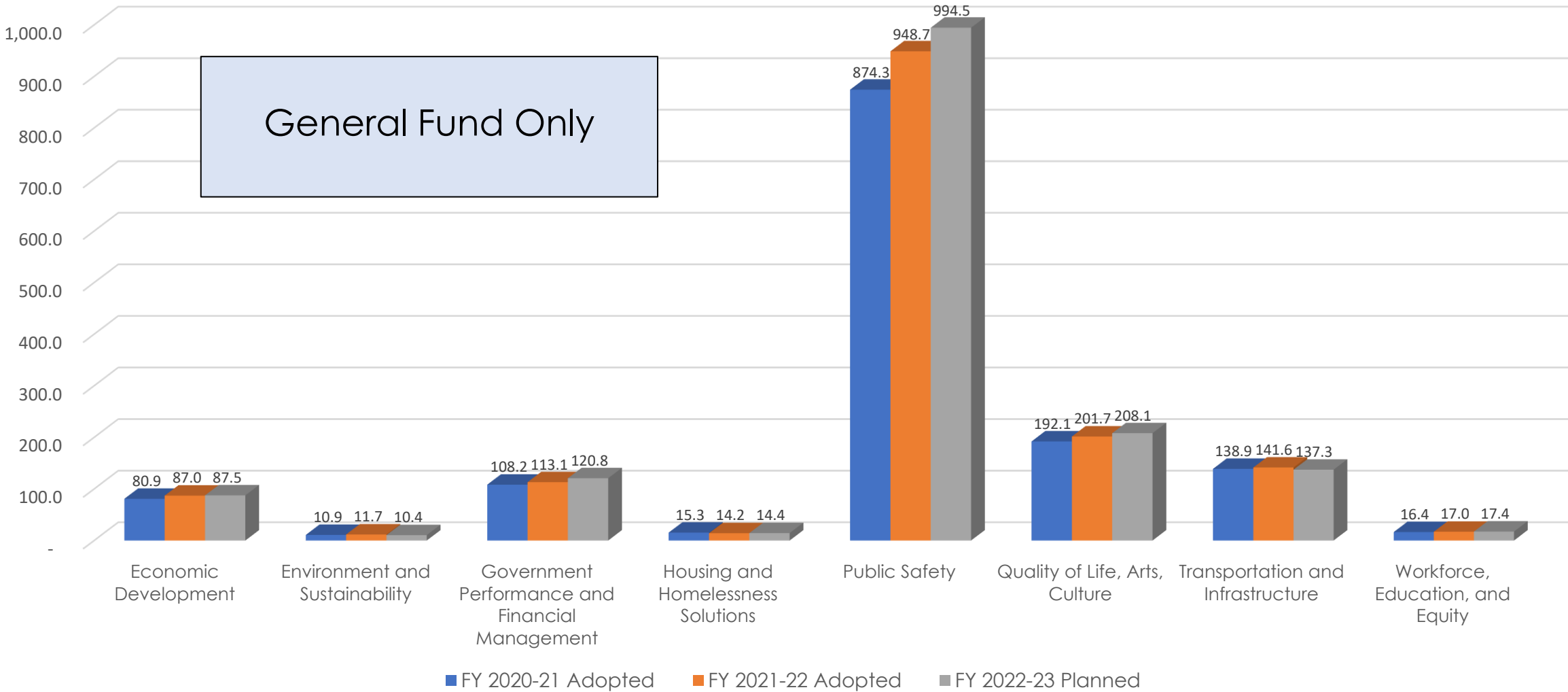


 <b>PUBLIC SAFETY</b>	To be the safest large city in the United States while serving and protecting our diverse community with integrity, respect, and equity.
 <b>QUALITY OF LIFE, ARTS, &amp; CULTURE</b>	To be a world-class city that fosters clean and appealing neighborhoods while offering recreational, educational, and cultural activities that enhance the quality of life for our residents and visitors.
 <b>TRANSPORTATION &amp; INFRASTRUCTURE</b>	To protect and enhance the city's transportation and infrastructure network while continuing to deliver innovative, safe, and equitable infrastructure solutions and moving Dallas forward with a "service first" mentality.
 <b>WORKFORCE, EDUCATION, &amp; EQUITY</b>	To be recognized as a city that is equitable, inclusive, and welcoming for all residents and visitors.





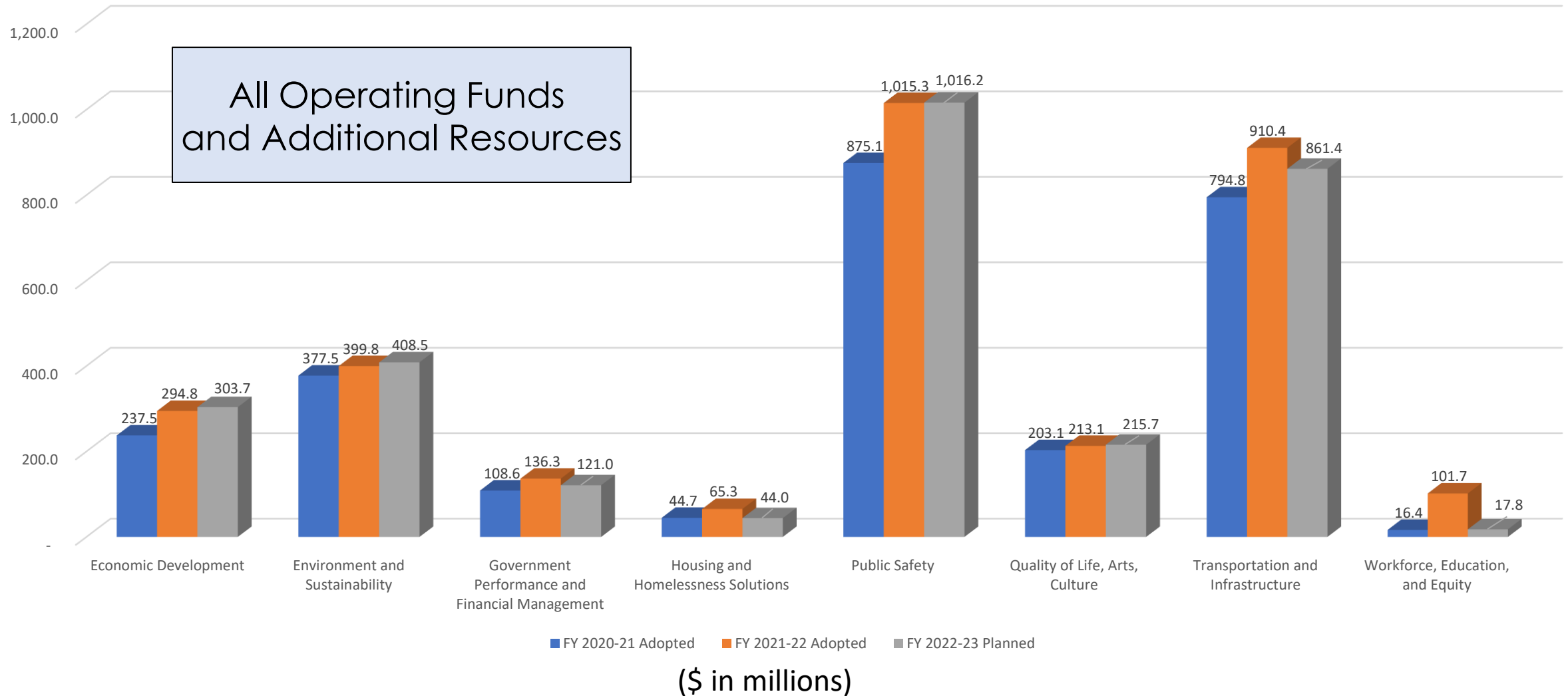
# Expenses Aligned to Strategic Priority



(\$ in millions)



# Expenses Aligned to Strategic Priority



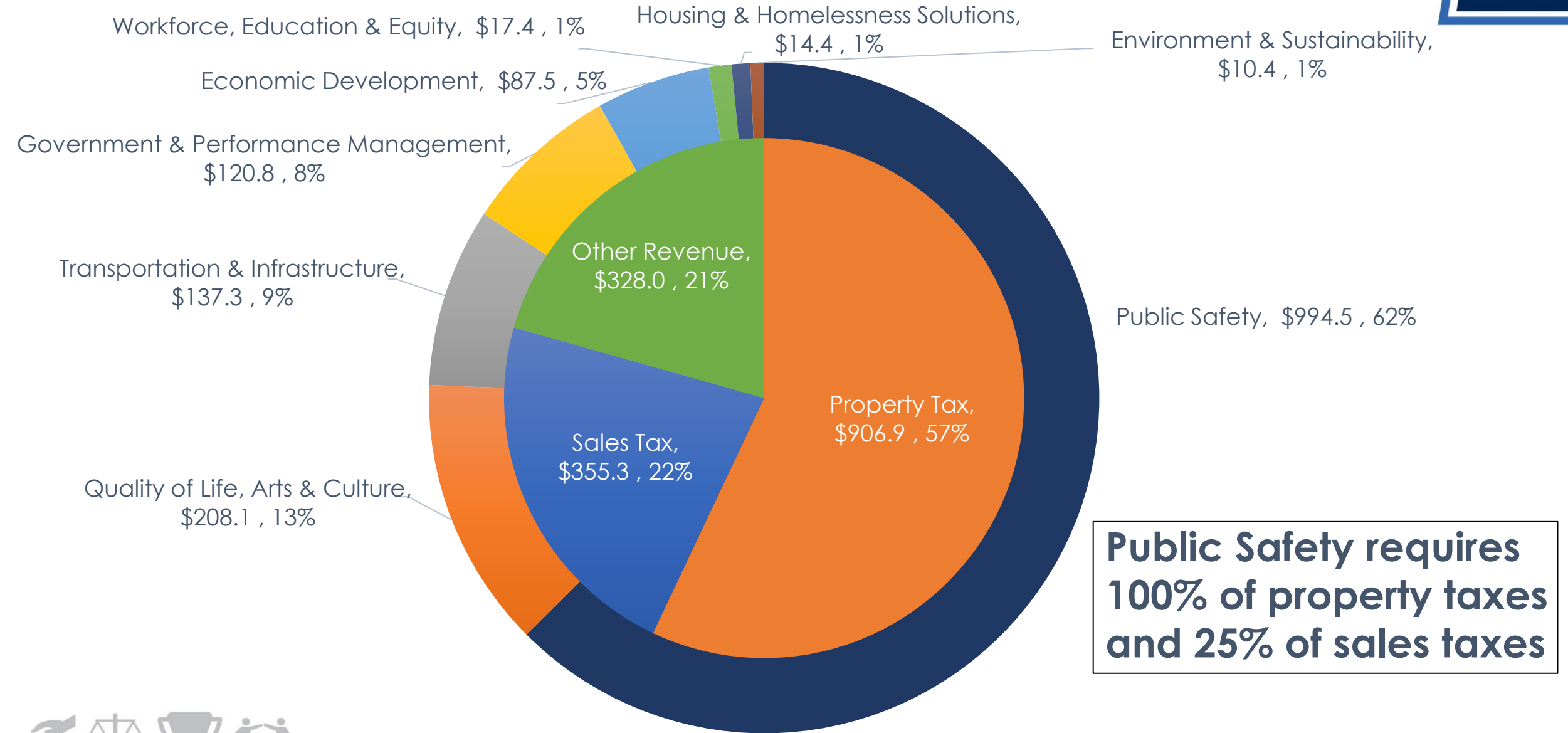
# Expense Drivers



- Ensure community and MCC priorities are addressed including following examples:
  - Employ multipronged approach to reduce crime
  - Improve the City's permitting process
  - Further CECAP and environmental initiatives
- Consider inflationary factors that affect expenses
  - Living wage increase is more than expected
  - Fuel increases during current year are expected to continue
  - Master agreement and contract service provider costs will be passed on to City
- Implement the remaining market pay adjustments for police and fire uniformed personnel as agreed in the current Meet and Confer agreement that expires on September 30, 2022



# Expenses and Revenues by Strategic Priority



# Community Engagement



- Spring listening sessions held March 28 - 31
  - Led by Mayor and City Council Office (MCC)
  - 18 total sessions
  - 435 attendees
- Top 3 points of discussion
  - Environmental/Sustainability
  - Streets and roads
  - Public safety





# Community Engagement



- Three public hearings held at City Council meetings – March 9, May 25, and August 24
- Biennial Community and Business Survey conducted by Allied-SCSS April-May using statistically valid methods with results anticipated to be available at June 15 budget workshop
- Annual Budget Priority Survey being conducted May 2 through July 2
  - Online survey available (additional languages)
  - Paper surveys distributed to high impact equity areas at recreation centers and libraries
- Council-hosted budget town hall meetings planned for August 11-25



# Next Steps



- City Council members are invited to submit their top three budget priorities to City Manager by May 25 with follow-up meetings with CFO in June if requested
- Update budget briefing will be provided to City Council on June 15
- FY 2022-23 recommended budget and FY 2023-24 planned budget will be presented to City Council on August 9





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# Appendix



# 10% Cap on Homestead Property Values



## **Section 23.23 of the Texas Property Tax Code**

Sec. 23.23. Limitation on Appraised Value of Residence Homestead.

(a) Notwithstanding the requirements of Section 25.18 and regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, an appraisal office may increase the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of:

(1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office; or

(2) the sum of:

(A) 10 percent of the appraised value of the property for the preceding tax year;

(B) the appraised value of the property for the preceding tax year; and

(C) the market value of all new improvements to the property.

(b) When appraising a residence homestead, the chief appraiser shall:

(1) appraise the property at its market value; and

(2) include in the appraisal records both the market value of the property and the amount computed under Subsection (a)(2).

(c) The limitation provided by Subsection (a) takes effect as to a residence homestead on January 1 of the tax year following the first tax year the owner qualifies the property for an exemption under Section 11.13. The limitation expires on January 1 of the first tax year that neither the owner of the property when the limitation took effect nor the owner's spouse or surviving spouse qualifies for an exemption under Section 11.13.

