



City of Dallas

FY 2021-22 & FY 2022-23 Biennial Budget Overview

**City Council Briefing
May 5, 2021**

**Elizabeth Reich, CFO
Jack Ireland, BMS Director
Janette Weedon, BMS Assistant Director**

Overview



- Biennial budget process
- General Fund budget planned for FY22
 - Revenues
 - Expenses
 - Highlights
 - Considerations
- Property tax relief for over-65/disabled homeowners
- American Rescue Plan Act funding
- Community engagement
- Next steps



Biennial Budget Process



- Since August 2017 and in compliance with FMPC #22, City Manager presents balanced biennial budget to City Council each year
 - City Council adopts only first year of biennial along with property tax rate in accordance with state law
 - Second year of biennial is not adopted, but rolls forward and becomes starting point for developing subsequent biennial
- Last summer, we presented balanced budget for FY21 (adopted 9/23/20) and FY22 (planned year)
- Currently updating FY22 revenue and expense projections and developing plan for FY23
 - FY22 numbers will change as budget development continues
 - City Manager will present balanced biennial budget to City Council on 8/10



General Fund Revenue for FY22



- General Fund budget primarily supported by property tax (57%) and sales tax (21%)
- Planned budget assumed 3.5% growth in property tax revenue but may not be achieved; now anticipate commercial values will decline
 - Appraisal districts will release preliminary values in mid-May
 - Property owner appeals will reduce preliminary values
 - Certified values will be released on 7/26
- Planned budget assumed 4.4% growth in sales tax revenue
 - Actual revenue received thus far in FY21 indicates economy is rebounding quicker than anticipated
 - Staff will continue to work with contract economist and update forecasts
- Federal funds will offset lost revenue and ensure stabilization of General Fund (pending further guidance from U.S. Treasury)



General Fund Revenue for FY22



Source	FY19 Actuals	FY20 Actuals	FY21 Budget	FY21 Forecast*	FY22 Planned**
Property Tax	\$729,595,992	\$789,114,183	\$825,006,993	\$825,006,993	\$853,700,364
Sales Tax	313,460,750	310,737,497	296,324,365	312,609,784	309,328,700
Franchise and Other	135,697,060	120,944,398	115,907,401	119,543,561	117,675,235
Charges for Service	101,378,260	92,493,689	105,618,133	99,706,859	112,986,578
Fines and Forfeitures	35,826,127	24,313,182	23,554,646	24,065,069	30,352,701
Operating Transfers In	24,092,615	25,694,604	42,410,021	42,523,563	38,662,108
Intergovernmental	10,178,117	15,669,512	12,111,533	12,214,046	11,830,681
Miscellaneous	10,010,286	7,529,784	6,716,212	6,276,905	7,062,182
Licenses and Permits	6,593,687	4,485,774	5,023,871	4,941,758	5,330,772
Interest	8,025,690	5,399,335	4,366,308	1,175,871	4,366,308
Total GF Revenue	\$1,374,858,584	\$1,396,381,958	\$1,437,039,483	\$1,448,064,408	\$1,491,295,629

*FY21 forecast is based on data through 2/28/21 (Budget Accountability Report).

**FY22 revenue projections will change as additional analysis is conducted and before a balanced budget is presented on 8/10.



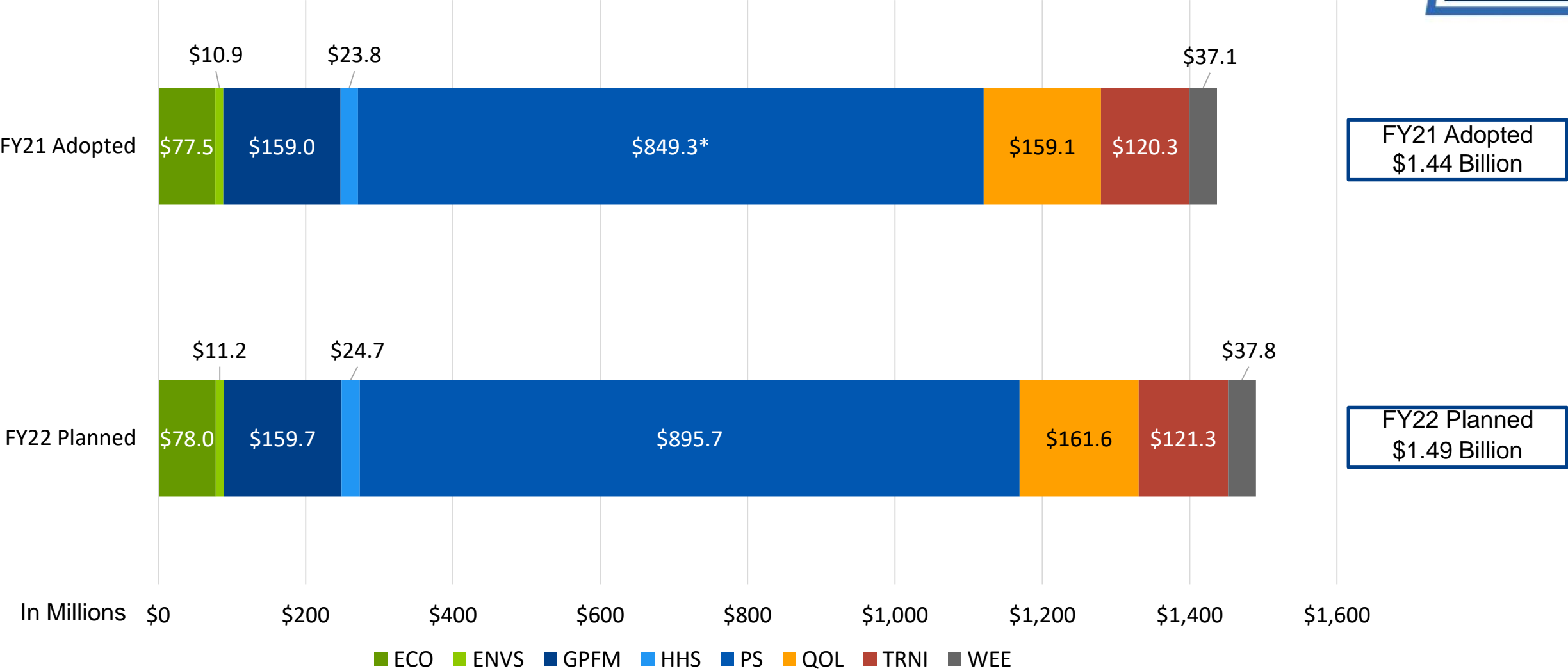
General Fund Expenses for FY22



- FY22 planned expenses increase by \$52.9M or 3.7%
- Increased spending is required to maintain current service levels but does not include increases for DPD and DFR market-based pay adjustments nor increases in non-uniform merit pay
- FY22 planned expenses do not include \$27M reimbursement from Coronavirus Relief Fund included in FY21 budget



General Fund Expenses by Strategic Priority



*Public Safety in FY21 adopted budget includes \$27M in reimbursements from Coronavirus Relief Fund. Adding the reimbursement to the General Fund allocation for Public Safety in FY21 (\$876.3M) is more comparable to FY22 planned amount (\$895.7M).



FY22 Highlights



- Make step pay adjustments for eligible uniformed employees per current Meet and Confer Agreement (\$7.8M)
- Add 50 non-sworn public safety positions (in addition to 45 in FY21) and redeploy 95 sworn positions to patrol and other units to maximize effectiveness (\$3.2M)
- Expand RIGHT Care to 10 total teams to adequately respond to ~13K mental health calls City receives annually (\$2.0M)
- Lead by example and increase minimum wage for permanent, part-time, seasonal, and temporary City employees to \$15/hour (\$907K) and continue implementation of non-uniform employee compensation study (\$913K)



FY22 Highlights



- Implement Phase 2 of Enterprise Work Order and Asset Management for TRN and BSD (\$801K)
- Increase use of organic chemicals on park land as part of CECAP action to include comprehensive ecofriendly and sustainable park operations (\$510K)
- Expand TRN's Neighborhood Management and Traffic Calming program (\$500K)
- Increase language access by adding four Spanish-speaking 311 customer service agents (in addition to four in FY21), funding Spanish-language feature for 311 website, and hiring Language Access Coordinator (\$335K)



FY22 Considerations



- FY22 planned budget serves as starting point for developing FY22 and FY23 biennial budget to present to City Council on 8/10
- Revenue and expense forecasts will change as additional information becomes available and analysis is completed
- Property values will not be known until 7/26 and we anticipate commercial values will decline
 - Over-65/disabled homestead exemption changes must be provided to appraisal districts by 6/30
- Guidance from U.S. Treasury on eligible uses of American Rescue Plan Act (ARPA) funds will inform how federal funds can be used to stabilize revenue losses
- Ongoing input from residents and City Council provides guidance



Tax Relief for Over-65/Disabled Homeowners



- On 4/7, City Council discussed additional property tax relief for over-65 or disabled homeowners through tax exemption
 - A tax exemption reduces home's taxable value and homeowner's tax bill based on specified exemption amount (currently \$100,000)

- Recommend amending FMPC #23

The City will compare the over-65/disabled exemption to the most recent annual Consumer Price Index for the Elderly (CPI-E) and the year-over-year change in the average residential market value (whichever is greater) ~~every two years~~ annually and provide the analysis to City Council for consideration prior to June 30 for possible modification ~~increase~~ of this property tax exemption.



Impact of Over-65/Disabled Exemption



	Current: \$100,000	Option A: \$103,600	Option B: \$103,800	Option C: \$107,000
CPI-U combined 2021 & 2020	N/A	+3.6%		
CPI-E combined 2021 & 2020	N/A		+3.8%	
Average market value growth	N/A			+7%
Change in Exemption	No Change	+\$3,600	+\$3,800	+\$7,000
Value of exemption	\$6.1B	\$160M	\$169M	\$311M
Total revenue foregone	\$47.4M	\$1.2M	\$1.3M	\$2.4M
City tax bill*	\$1,234.71	\$1,206.76	\$1,205.21	\$1,180.34
Change in City tax bill	-	(\$27.95)	(\$29.50)	(\$54.34)

*Assumes average value of \$323,813 and 20% homestead exemption plus over-65/disabled exemption.
Scenario C: \$1.8M General Fund and \$0.6M Debt Service revenue foregone.



Current \$100,000 Exemption



Number of Over-65/Disabled Exemptions (2020 taxable values)								
Taxable Value	\$0	\$1 - \$125K	\$125,001 - \$300K	\$300,001 - \$500K	\$500,001 - \$1M	\$1,000,001 - \$10M	\$10M+	Total
CD1	2,200	1,446	509	143	75	6	-	4,379
CD2	1,060	1,046	355	63	28	3	-	2,555
CD3	2,307	3,116	125	6	-	-	-	5,554
CD4	5,056	1,437	10	-	-	-	-	6,503
CD5	3,846	337	1	-	-	-	-	4,184
CD6	1,654	790	332	56	25	3	-	2,860
CD7	2,209	1,877	112	1	-	-	-	4,199
CD8	3,795	844	8	-	-	-	-	4,647
CD9	1,021	1,763	2,339	712	372	66	1	6,274
CD10	587	1,356	2,630	551	47	1	-	5,172
CD11	413	973	1,742	1,155	951	272	-	5,506
CD12	90	1,038	3,283	1,084	186	24	-	5,705
CD13	320	1,024	1,946	1,859	1,551	902	7	7,609
CD14	124	811	1,649	678	471	221	-	3,954
Total	24,680	17,858	15,041	6,308	3,708	1,498	8	69,101
Percent	35.72%	25.84%	21.77%	9.13%	5.37%	2.17%	0.01%	100.00%

Source: City of Dallas GIS services. The estimates above were generated using 2020 tax parcel data furnished by the Dallas, Collin, and Denton central appraisal districts and linked with GIS data.



Proposed \$107,000 Exemption



Number of Over-65/Disabled Exemptions (2020 taxable values)								
Taxable Value	\$0	\$1 - \$125K	\$125,001 - \$300K	\$300,001 - \$500K	\$500,001 - \$1M	\$1,000,001 - \$10M	\$10M+	Total
CD1	2,422	1,253	493	134	71	6	-	4,379
CD2	1,175	959	333	57	28	3	-	2,555
CD3	2,781	2,673	96	4	-	-	-	5,554
CD4	5,267	1,227	9	-	-	-	-	6,503
CD5	3,931	253	-	-	-	-	-	4,184
CD6	1,728	730	322	52	25	3	-	2,860
CD7	2,317	1,790	92	-	-	-	-	4,199
CD8	3,987	653	7	-	-	-	-	4,647
CD9	1,145	1,745	2,271	690	358	64	1	6,274
CD10	609	1,433	2,593	491	45	1	-	5,172
CD11	501	940	1,743	1,131	920	271	-	5,506
CD12	104	1,195	3,184	1,016	182	24	-	5,705
CD13	343	1,070	1,934	1,840	1,523	892	7	7,609
CD14	151	825	1,641	660	458	219	-	3,954
Total	26,459	16,746	14,718	6,075	3,612	1,483	8	69,101
Percent	38.29%	24.23%	21.30%	8.79%	5.23%	2.15%	0.01%	100.00%

Source: City of Dallas GIS services. The estimates above were generated using 2020 tax parcel data furnished by the Dallas, Collin, and Denton central appraisal districts and linked with GIS data.



American Rescue Plan Act



- As briefed to City Council on 4/21, ARPA will provide federal funding to address community needs and provide direct allocation to local governments
- Anticipate first of two deposits for Local Fiscal Recovery Fund and U.S. Treasury guidance by mid-May
- Broad eligible categories for use of Local Fiscal Recovery Funds include:

Respond to
COVID-19 or its
economic impacts

Replace revenue
lost due to
COVID-19

Provide premium
pay for eligible
essential workers

Invest in water,
sewer, and
broadband
infrastructure



American Rescue Plan Act



- While we wait on U.S. Treasury guidance on specific eligible uses, we recommend proceeding with:
 - \$35M to advance water and sewer infrastructure for unserved areas (frees up City funds to increase annual allocation for Street and Alley Improvement Fund)
 - \$20M to address backlog of paramedic training (\$8.5M) and replace ambulances (\$11.5M)
 - \$20M to respond to economic effect of COVID
 - Economic Development Policy and Strategy Implementation
 - Public Private Partnership Fund
 - Economic Development Entity
 - Mayor's Task Force on Entrepreneurship and Innovation
 - 6/16 briefing will include additional recommended uses of first tranche based on prioritization strategies



Community Engagement



- City hosts three public hearings during City Council meetings every year: 3/24, 5/26, 8/25
- For last four years, staff have also engaged residents in the spring through community meetings and online survey
- Due to ongoing COVID-19 restrictions, City Manager will host three Citywide tele-town hall meetings (TTHM) this year
 - Monday, 5/24, 6-7 p.m.
 - Tuesday, 5/25, 9-10 a.m.
 - Tuesday, 5/25, 5-6 p.m.
- Residents can register for TTHMs at tthm.wufoo.com/forms/city-of-dallas-teletownhall-registration-form/



Community Engagement



- 8/12 through 8/26 are reserved for City Councilmembers to host budget town hall meetings
 - Councilmembers are asked to identify dates, times, and locations for meetings (submit to MCC Director by 6/30)
 - Funding is available for each Councilmember to host one TTHM during this time



Next Steps



- Engage community through tele-town hall meetings, public hearings, and online survey
- Conduct second budget public hearing on 5/26
- Present amendment to FMPC #23 and tax relief for over-65/disabled homeowners for City Council consideration on 5/26
- Provide additional information at budget workshop on 6/16 including discussion of ARPA Local Fiscal Recovery Funds
- Present City Manager's recommended budget on 8/10





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Appendix

General Fund Expense for FY22



Departments	FY21 Budget	FY21 Forecast*	FY22 Planned**
Budget and Management Services	\$4,172,709	\$4,170,019	\$4,401,268
Building Services	23,397,410	25,495,241	24,240,152
City Attorney's Office	16,978,300	16,950,789	17,034,954
City Auditor's Office	3,123,860	3,041,618	3,130,622
City Controller's Office	8,950,003	7,979,467	8,098,988
Independent Audit	945,429	745,429	945,429
City Manager's Office	2,918,134	2,961,755	2,920,834
City Secretary's Office	2,886,027	2,886,027	2,898,122
Elections	1,106,896	1,928,528	106,210
Civil Service	2,946,744	2,913,188	3,119,011
Code Compliance	32,209,414	31,620,677	32,222,233
Court and Detention Services	23,811,595	23,027,233	24,834,592
Jail Contract	9,547,117	9,547,117	9,450,527
Dallas Animal Services	15,314,969	15,309,389	15,588,499
Dallas Fire-Rescue	315,544,933	317,776,236	331,833,957
Dallas Police Department	513,535,030	519,480,783	539,053,187

*FY21 forecast is based on data through 2/28/21 (Budget Accountability Report).

**FY22 expense projections will change as additional analysis is conducted and before a balanced budget is presented on 8/10.



General Fund Expense for FY22



Departments	FY21 Budget	FY21 Forecast*	FY22 Planned**
Housing and Neighborhood Revitalization	3,587,062	3,352,820	3,813,218
Human Resources	6,055,192	5,982,035	6,465,230
Judiciary	3,663,199	3,654,058	3,657,078
Library	32,074,999	31,615,036	32,615,204
Management Services			
311 Customer Service Center	4,639,768	4,639,768	5,021,751
Communications, Outreach, and Marketing	2,295,750	2,197,868	2,348,477
Emergency Management Operations	1,152,959	1,285,878	1,183,850
Office of Community Care	8,415,504	8,414,383	9,190,397
Office of Community Police Oversight	545,133	536,510	629,233
Office of Environmental Quality and Sustainability	4,247,434	4,177,722	4,521,797
Office of Equity and Inclusion	2,401,046	2,387,285	2,563,948
Office of Government Affairs	937,370	894,745	937,969
Office of Historic Preservation	728,797	728,797	751,598
Office of Homeless Solutions	12,364,516	12,243,470	12,374,744
Office of Integrated Public Safety Solutions	3,393,814	3,393,814	4,768,560

*FY21 forecast is based on data through 2/28/21 (Budget Accountability Report).

**FY22 expense projections will change as additional analysis is conducted and before a balanced budget is presented on 8/10.



General Fund Expense for FY22



Departments	FY21 Budget	FY21 Forecast*	FY22 Planned**
Mayor and City Council	5,140,653	5,281,713	5,128,285
Non-Departmental	113,461,571	112,211,571	117,472,690
Office of Arts and Culture	20,204,697	20,126,550	20,156,223
Office of Data Analytics and Business Intelligence	1,261,913	1,176,821	1,261,913
Office of Economic Development	5,442,727	5,408,569	5,816,746
Park and Recreation	94,313,446	96,167,056	96,571,639
Planning and Urban Design	3,312,735	3,179,409	3,372,652
Procurement Services	3,018,085	2,631,952	3,081,830
Public Works	76,141,197	75,734,219	76,989,047
Sustainable Development and Construction	1,868,980	1,812,042	1,894,929
Transportation	43,105,575	42,809,011	42,741,874
Liability/Claims Fund Transfer	4,822,220	4,822,220	2,745,016
Salary and Benefit Stabilization	2,000,000	2,000,000	2,000,000
Total GF Expense	\$1,437,039,483	\$1,444,698,818	\$1,489,954,483

*FY21 forecast is based on data through 2/28/21 (Budget Accountability Report).

**FY22 expense projections will change as additional analysis is conducted and before a balanced budget is presented on 8/10.

