

June 9, 2021

WHEREAS, a fiscally sound city government is in the best interest of the present and future residents of Dallas; and

WHEREAS, on March 15, 1978, the City Council adopted the Financial Management Performance Criteria (FMPC) to provide standards and guidelines for the City's financial and managerial decision making and to provide for a periodic review of the criteria to maintain standards and guidelines consistent with current economic conditions by Resolution No. 78-2737; and

WHEREAS, City Council adopted specific FMPC for the Water Utilities Department on July 8, 1981; and

WHEREAS, on December 13, 2017, the City Council approved revisions and established new criteria by Resolution No. 17-1909; and

WHEREAS, a periodic review of the criteria is deemed necessary to maintain standards and guidelines consistent with current economic conditions.

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the proposed revisions are adopted for incorporation into the City of Dallas' Financial Management Performance Criteria (FMPC).

SECTION 2. That FMPC #1 shall state, "The year-to-year increase of the actual revenue from the levy of the ad valorem tax will generally not exceed 3.5%; excluding taxable value gained through annexation or consolidation; excluding the value gained through new construction; excluding expenditures mandated by the voters or another governmental entity; and not excluding the valuation gained through revaluation or equalization programs."

SECTION 3. That FMPC #2 shall state, "The unassigned fund balance of the General Fund, which includes the Emergency and Contingency Reserves, shall be maintained within a range of not less than 50 days and not more than 70 days of the General Fund operating expenditures less debt service. Funds will be allocated from unassigned fund balance only after the City Manager has prepared an analysis and presented it to the City Council. If at any point the unassigned fund balance drops below the 50-day minimum, the City Manager will prepare a plan of how the unassigned fund balance will be brought into compliance, including over multiple years if necessary. If unassigned fund balance exceeds 70 days, the City Manager will recommend to the City Council to use the excess for one-time or non-recurring costs."

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SECTION 4. That FMPC #3 shall state, “The Contingency Reserve, a component of unassigned fund balance, shall be used to provide for unanticipated needs that arise during the year; for example, expenses associated with new service needs that have been identified after the budget process, new public safety or health needs, revenue shortfalls, service enhancements, or opportunities to achieve cost savings. Funds shall be allocated from the Contingency Reserve only after an analysis has been prepared by the City Manager and presented to the City Council outlining the initial and recurring costs associated with the adopted expenditure. Additionally, these funds would be used prior to use of the Emergency Reserve Funds. Funds shall be allocated each year in the budget process to establish and maintain the balance of the Contingency Reserve at a level ranging from 0.5 percent to 1.0 percent of General Fund operating expenditures less debt service.”

SECTION 5. That FMPC #4 shall state, “The Emergency Reserve, a component of unassigned fund balance, shall be used to provide for temporary financing of unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity, a 5 percent decline in property values, or an unexpected liability created by federal or state legislative action. Funds shall be allocated from the Emergency Reserve only after an analysis has been prepared by the City Manager and presented to City Council. The analysis shall provide enough evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources. The analysis shall address the natures of the adopted expenditure and the revenue requirement in subsequent budget years. Prior to allocating funds from the Emergency Reserve, the City Council shall find that an emergency or extraordinary need exists to justify the use of these funds. Management shall designate up to 5 percent of the General Fund operating expenditures less debt service but not less than \$50 million to the Emergency Reserve. Use of the Emergency Reserve shall require a supermajority of City Council.”

SECTION 6. That FMPC #20 shall state, “Prior to authorization of new or replacement facilities/buildings or renovation of previously decommissioned facilities/buildings, the City Manager will provide the total estimated capital cost and five-year forecast of ongoing operating and maintenance costs to City Council. Operating expenditures will be programmed to include the cost of implementing service of the capital improvements, and future revenues necessary for these expenditures will be estimated and provided for prior to undertaking the capital improvement. The City Council will authorize each new or reopened facility/building by super-majority vote.”

SECTION 7. That FMPC #23 shall state, “The City will compare the current disabled and over-65 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) annually and provide the analysis of each scenario to City Council for consideration prior to June 30 for possible modification of this property tax exemption. Changes to property tax exemptions must be provided to the appraisal districts no later than June 30.”

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SECTION 8. That FMPC #24 shall state, “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.”

SECTION 9. That FMPC #28 is deleted.

SECTION 10. That a new FMPC shall state, “Competitive Pay. The City shall attract, develop, motivate, reward, and retain a high-performing and diverse workforce. The City Manager shall provide analyses and recommendations for the City Council to consider each year in the budget development process to adjust employee pay. The recommendation for adjustments to uniformed employee pay will conform with the applicable meet and confer agreement. The recommendation for adjustments to non-uniformed/civilian employee pay will consider: (1) an annual survey of peer governmental entities; (2) an annual review of the Massachusetts Institute of Technology living wage; (3) a total compensation study every three years to assess market competitiveness; (4) parity with uniformed employee pay adjustments; and (5) budget capacity.” Effective with the FY 2021-22 budget recommendation.

SECTION 11. That a new FMPC shall state, “Full Cost Recovery from Grants. For each federal and state grant received by the City, staff will consider the feasibility and appropriateness of minimizing the use of local funds for indirect and/or administrative costs that are attributable to the grant and eligible or allowable expenses based on the grant agreement. Indirect and/or administrative costs will be recovered from the grant as defined by the grant agreement or as defined on the Indirect Cost Rate Proposal Plan calculated based upon the costs established in the Cost Allocation Plan (prepared annually).” Effective for grants applied after 10/1/21.

SECTION 12. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.