



City of Dallas

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

**City Council Briefing
June 16, 2021**

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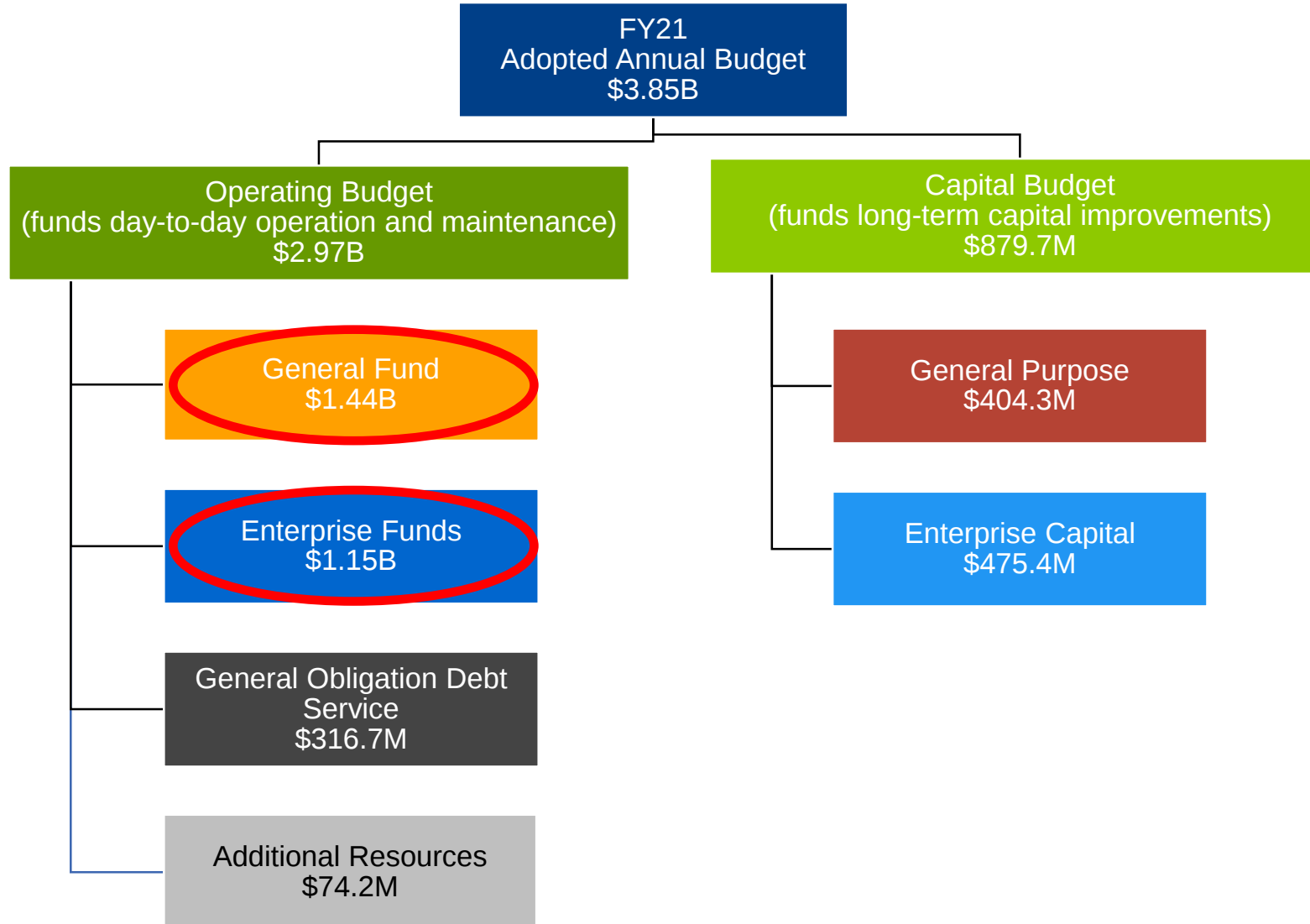
Overview



- City's total budget structure
- General Fund budget planned for fiscal year 2021-22 (FY22)
 - Revenue
 - Expenses
- Enterprise Fund rates and fees
- American Rescue Plan Act – Local Fiscal Recovery
- Community engagement
- Next steps



FY21 Adopted Budget





General Fund Revenue

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 released 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
- Federal funds will offset lost revenue and ensure stabilization of General Fund
- Updated projection for FY22 indicates \$22.5M more revenue than projected summer 2020
- All revenue projections will change as more information becomes available and before recommended budget is finalized for 8/10



General Fund Revenue for FY22



Source	FY19 Actuals	FY20 Actuals	FY21 Budget	FY21 Forecast*	FY22 Planned**	FY22 Update**
Property Tax	\$729,595,992	\$789,114,183	\$825,006,993	\$839,095,701	\$853,700,364	\$853,700,364
Sales Tax	313,460,750	310,737,497	296,324,365	331,500,000	309,328,700	338,702,914
Franchise and Other	135,697,060	120,944,398	115,907,401	119,674,474	117,675,235	117,226,948
Charges for Service	101,378,260	92,493,689	105,618,133	100,184,807	112,986,578	109,826,618
Fines and Forfeitures	35,826,127	24,313,182	23,554,646	24,042,330	30,352,701	26,361,423
Operating Transfers In	24,092,615	25,694,604	42,410,021	42,410,021	38,662,108	38,662,108
Intergovernmental	10,178,117	15,669,512	12,111,533	12,214,046	11,830,681	11,792,385
Miscellaneous	10,010,286	7,529,784	6,716,212	6,241,029	7,062,182	7,854,067
Licenses and Permits	6,593,687	4,485,774	5,023,871	4,944,634	5,330,772	5,350,516
Interest	8,025,690	5,399,335	4,366,308	1,324,844	4,366,308	4,366,308
Total GF Revenue	\$1,374,858,584	\$1,396,381,958	\$1,437,039,483	\$1,481,631,886	\$1,491,295,629	\$1,513,843,651

*FY21 forecast is based on data through 3/31/21 (Budget Accountability Report)

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



Property Tax Overview



- Ad valorem (property) taxes are single largest revenue source for City at nearly \$1.1B*
 - General Fund: \$818.3M or 73% of revenue
 - Debt Service: \$298.5M or 27% of revenue
- Ad valorem taxes are based on:
 - Property values determined by four appraisal districts
 - \$150B in FY21
 - Exemptions set by City Council
 - 20% homestead
 - \$107,000 disabled or 65 and older
 - Tax rate set by City Council
 - \$0.7763 per \$100 valuation in FY21
- FY22 property tax revenue will not be finalized until appraisal districts provide certified values on 7/26



*Current-year collections only with 97.57% collection rate

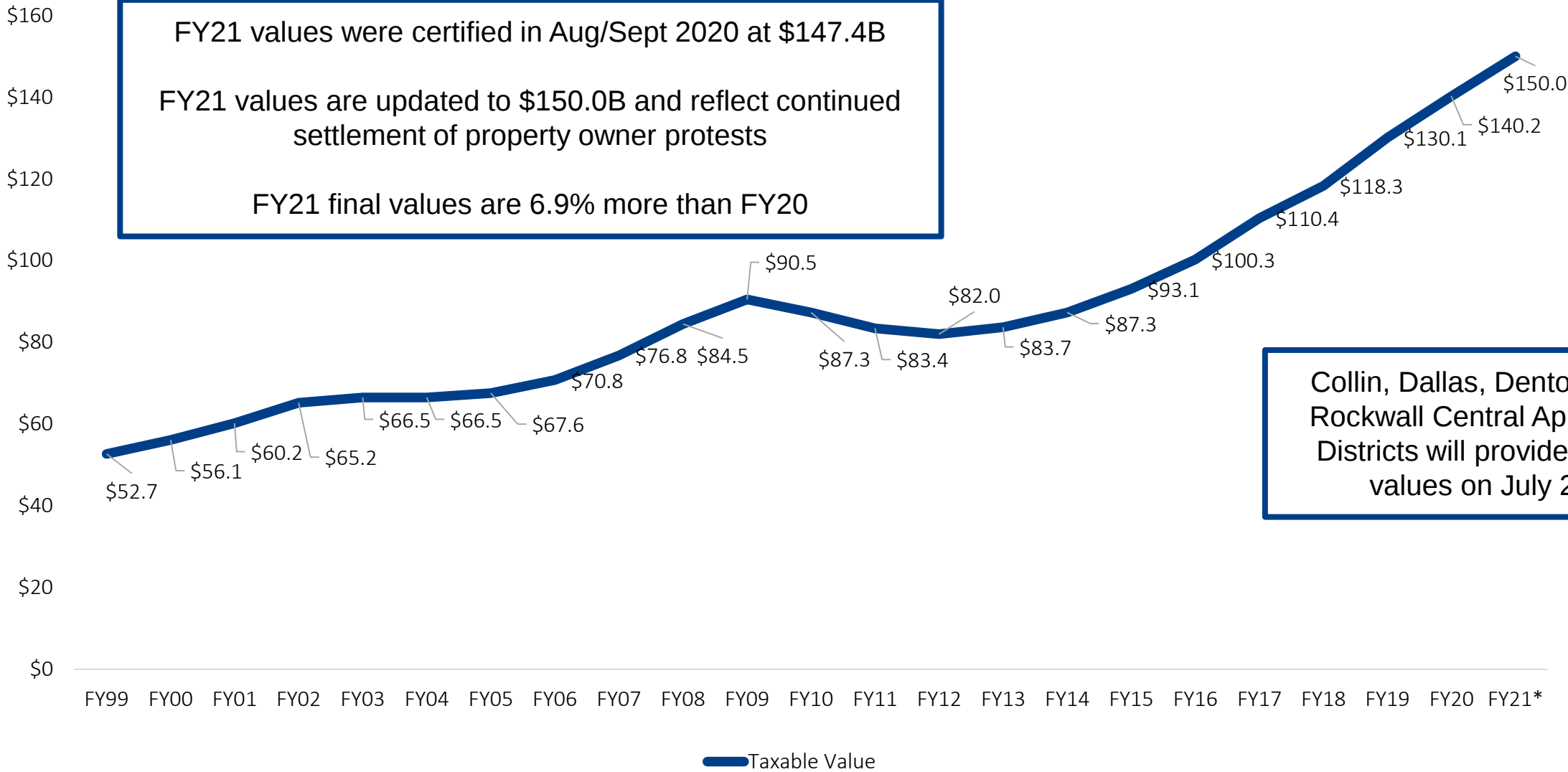
Property Value History (\$ in billions)



FY21 values were certified in Aug/Sept 2020 at \$147.4B

FY21 values are updated to \$150.0B and reflect continued settlement of property owner protests

FY21 final values are 6.9% more than FY20

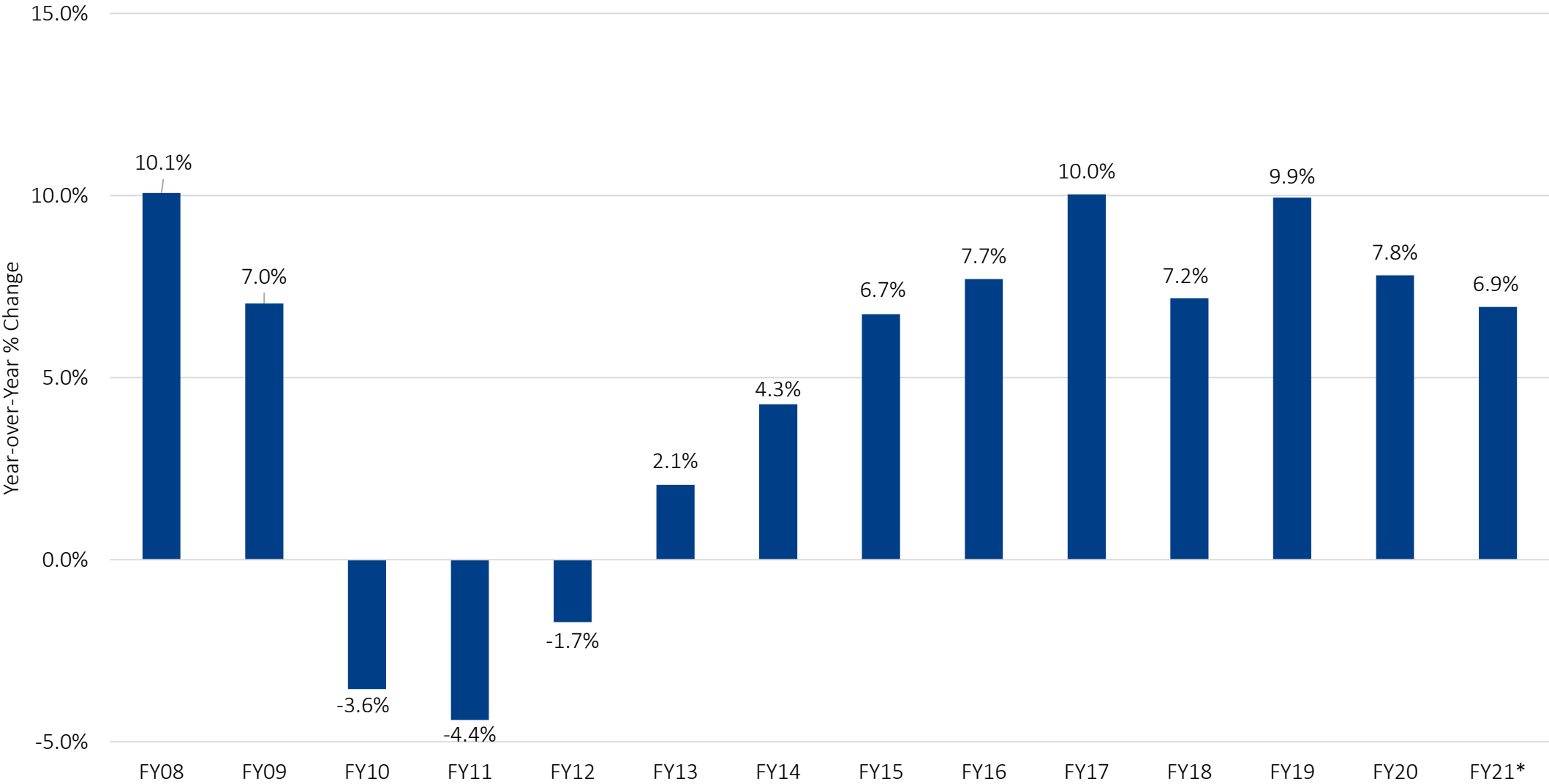


Collin, Dallas, Denton, and Rockwall Central Appraisal Districts will provide FY22 values on July 26



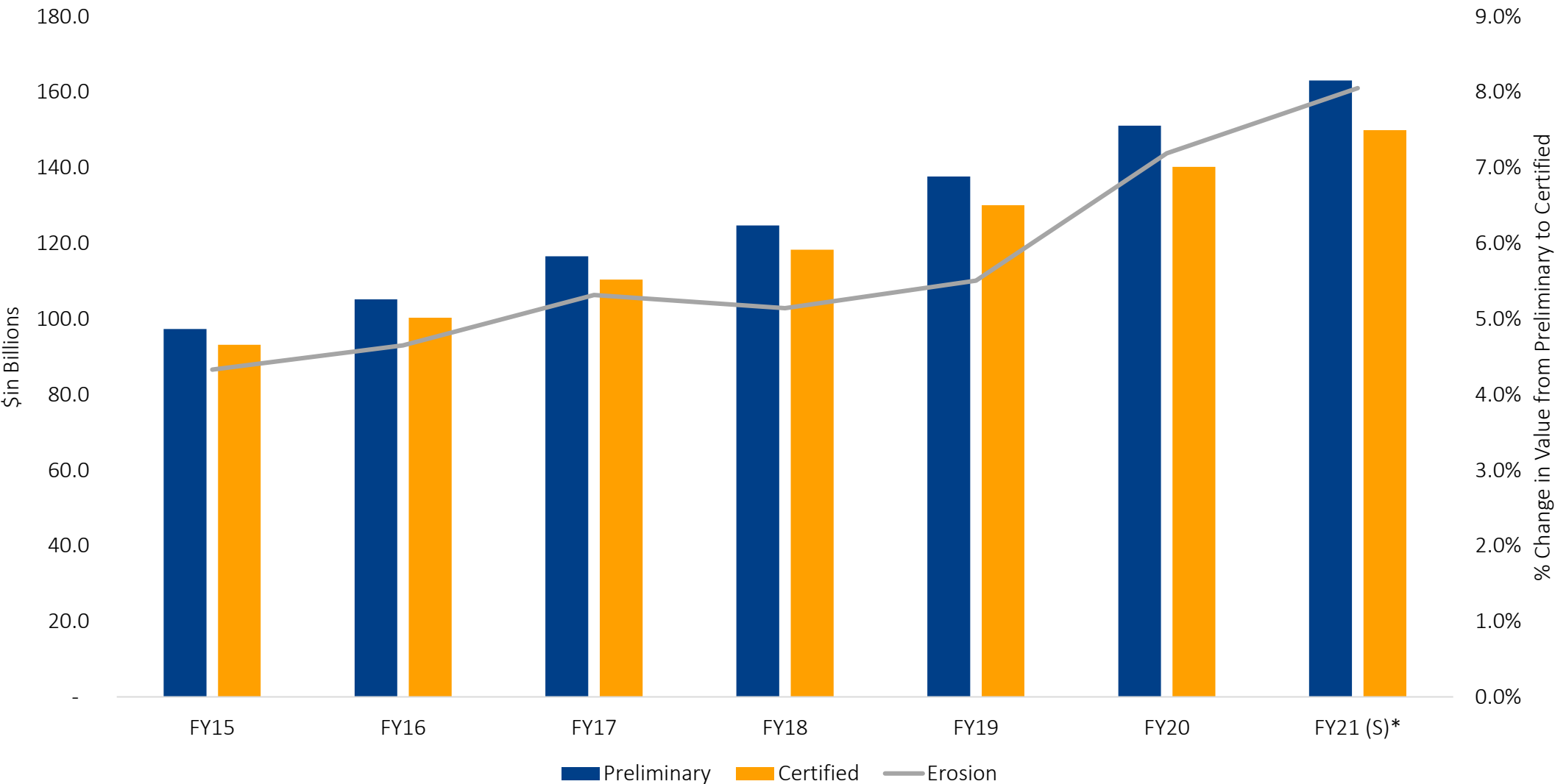
*FY21 reflects supplemental values

Property Values (% Change)



*FY21 reflects supplemental values

Preliminary Values vs. Certified Values



*FY21 reflects supplemental values

Preliminary Values



- FY22 planned budget assumed values would be \$152.6B
- Preliminary value as of May 2021 is \$167B but will erode as appraisal districts resolve property owners' protests
- Will receive certified values from four appraisal districts on 7/26

	Erosion % Change	Preliminary Value (May 2021)	<u>Potential</u> Certified Value (July 2021)
7-Year Average	(5.7%)	\$167.0B	\$157.4B
5-Year Average	(6.2%)	\$167.0B	\$156.5B
3-Year Average	(6.9%)	\$167.0B	\$155.4B
Prior Year	(8.1%)	\$167.0B	\$153.5B



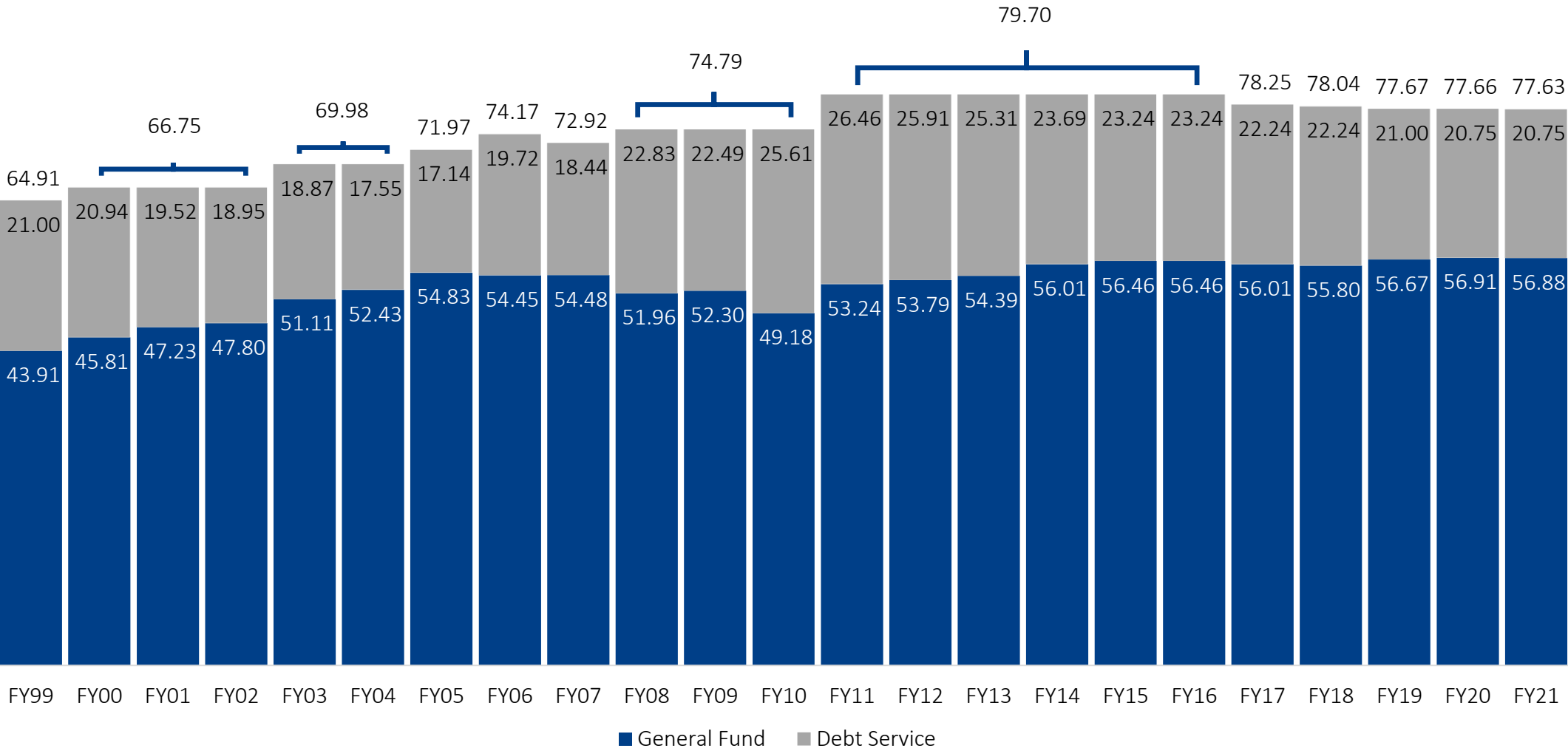
Property Tax Rate



- Current tax rate is \$0.7763 per \$100 valuation
 - General Fund: \$0.5688 or 73%
 - Debt Service: \$0.2075 or 27%
- Average tax rate split between FY99 and FY21
 - General Fund: 71%
 - Debt Service: 29%
- City Council has lowered adopted tax rate for last five years, a total reduction of 2.07¢ or 2.6%
- 1¢ change in tax rate equals \$14.6M in revenue
 - \$25.91 tax bill impact on average residential homestead (non-senior homesteads)



Historical Tax Rate Distribution (\$ in cents)



Sales Tax

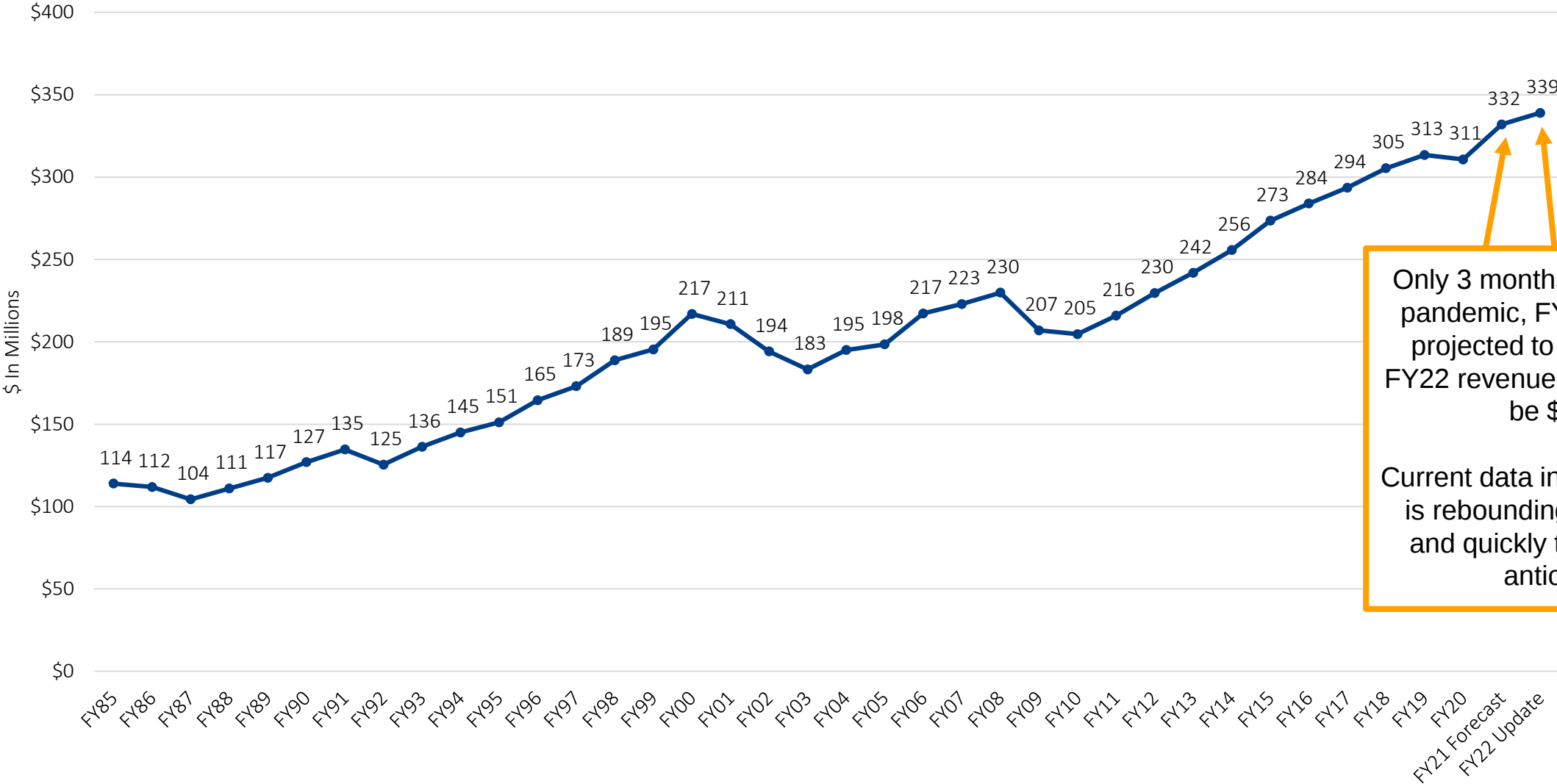


- Sales tax is second-largest revenue source for General Fund and represents 21% of total
- Sales tax is 8.25% of taxable goods/services sold in city limits
 - State of Texas – 6.25%
 - Dallas Area Rapid Transit (DART) – 1%
 - City of Dallas – 1%
- Sales tax is volatile and significantly impacted by economic changes

Budget vs. Actual Revenue		
Fiscal Year	Budget	Actual
FY18	\$303.3M	\$305.4M
FY19	\$311.6M	\$313.5M
FY20	\$325.6M	\$310.7M
FY21	\$296.3M	\$331.5M (forecast)
FY22	\$309.3M (planned)	\$338.7M (updated forecast)



Sales Tax History and Forecast



FY21 reflects current forecast. FY22 reflects updated projection.

Sales Tax Forecast



- Sales tax forecasts provided by Dearmon Analytics (contract economist)
- Sales tax collections rebounding strongly, especially in large metro areas
- Stimulus funding has strong impact on economy, but impact may weaken over time
- Policy unknowns will impact recovery
 - Large infrastructure bill
 - Fourth stimulus round
 - Interest rate
- Forecast assumes “soft policy landing” in FY22 and FY23



Sales Tax Forecast



Sales Tax Revenue					
	Optimistic	Baseline	Slow Growth	Mild Recession	Recession
FY22	3.7%	2.1%	1.2%	(0.7%)	(2.0%)
FY23	5.1%	3.2%	2.5%	1.4%	(6.1%)
FY24	4.6%	3.9%	3.9%	2.9%	1.7%
FY25	4.3%	4.1%	4.0%	3.1%	3.8%
FY26	4.3%	4.1%	3.9%	3.7%	4.7%



Fee Review



- Financial Management Performance Criteria (FMPC) #12: “An annual review of selected fees and charges will be conducted to determine the extent to which the full cost of associated services is being recovered by revenues. All fees and charges will be reviewed at least once every four years. Where feasible and desirable, the City shall set fees and charges to achieve full cost recovery. The City may subsidize the services funded by fees or charges based on other City objectives”



Fee Review



- Fees reviewed this year:
 - Code Compliance
 - Dallas Police Department
 - Office of Historic Preservation
- Full cost recovery would result in fee increases and add revenue of \$3.2M to support service delivery
- Fee recommendation will be included in FY22 proposed budget in August



Fee Review



#	Fee Name	Current Fee per Unit	% Cost Recovery (Effective Oct 2017)	Full Cost per Unit
Code Compliance				
1	Dog-Friendly Patio Restaurant Permit Fee	\$264	100%	\$591
2	Food Service Manager Registration	\$30	100%	\$63
3	Food Permit Application Fee (Food Prep/Hot Truck)	\$286	100%	\$481
4	Food Permit (Name Change Fee)	\$127	100%	\$220
5	Late Food Inspection Permit Fee	\$111	100%	\$199
6	Mobile Food Unit Permit Fee (Catering Vehicle)	\$125	100%	\$311
7	Mobile Food Unit Permit Fee (General Services)	\$240	100%	\$408
8	Mobile Food Unit Permit Fee (Limited-Service Carts)	\$238	100%	\$382
9	Mobile Food Unit Permit Fee (Vehicle Inspection)	\$185	100%	\$330
10	Temporary Food Vendor Permit	\$121	100%	\$217
11	Temporary Food Vendor Permit (each event day)	\$13	100%	\$28
12	Temporary Food Vendor Permit (P&R Concessionaire)	\$187	100%	\$356
13	Temporary Food Vendor Permit (School Stadium Concession)	\$223	100%	\$388
14	Restaurant Reinspection Fee	\$71	100%	\$191
15	Pre-Closure	\$87	100%	\$158
16	Food Permit Application Fee	\$121	100%	\$197



Fee Review



#	Fee Name	Current Fee per Unit	% Cost Recovery (Effective Oct 2017)	Full Cost per Unit
Code Compliance				
17	Temporary Food Vendor Permit (Neighborhood Farmer's Market)	\$100	43%	\$270
18	Mobile Kiosk/Coffee Cart Plan Review Fee	\$205	100%	\$562
19	Mobile Kiosk/Coffee Cart Plan Inspection Fee	\$240	100%	\$404
20	Non-Time and Temperature Controlled (TCS) Product Sampling	\$74	100%	\$204
#	Fee Name	Current Fee per Unit	% Cost Recovery (Effective July 2018)	Full Cost per Unit
21	Annual Inspection Fee Level I (1-2,000 sq. ft.)	\$77	100%	\$283
22	Annual Inspection Fee Level I (>2,000 sq. ft.)	\$87	100%	\$310
23	Annual Inspection Fee Level II (1-2,000 sq. ft.)	\$155	100%	\$283
24	Annual Inspection Fee Level II (>2,000 sq. ft.)	\$174	100%	\$308
25	Annual Inspection Fee Level III (1-2,000 sq. ft.)	\$280	100%	\$468
26	Annual Inspection Fee Level III (>2,000 sq. ft.)	\$318	100%	\$513



Fee Review



#	Fee Name	Current Fee per Unit	% Cost Recovery	Full Cost per Unit
Code Compliance				
27	Tier 1 – Initial Registration (Voluntary Registration – No Fee)	-	-	\$47
28	Tier 2 – Initial Registration (2 unresolved violations in 6 months)	-	-	\$51
29	Tier 3 – Initial Registration (3+ unresolved violations in 6 months)	-	-	\$149
30	Tier 3 – Monitoring	-	-	\$171
	Total Revenue \$5.3 million (\$2.9 million increase)			



Fee Review



#	Fee Name	Current Fee per Unit	% Cost Recovery (Effective Oct 2017)	Full Cost per Unit
Dallas Police Department				
1	Dance Hall Class A	\$851	100%	\$526
2	Dance Hall Class B	\$851	100%	\$526
3	Dance Hall Class C	\$852	100%	\$526
4	Dance Hall Class E	\$926	100%	\$526
5	Late Hour Permit	\$926	100%	\$526
6	Sexually Oriented Business License	\$1,097	100%	\$696
7	Amusement Center License	\$48	100%	\$39
8	Billiard Hall License	\$75	100%	\$52
Total Revenue \$86K (\$39K decrease)				



Fee Review



#	Fee Name	Current Fee per Unit	% Cost Recovery	Full Cost per Unit
Office of Historic Preservation				
1	Certificate of Appropriateness (Type A)	-	-	\$725
2	Certificate of Appropriateness (Type B) – New Construction	-	-	\$1,500
3	Certificate of Demolition or Removal	-	-	\$1,500
4	Certificate of Appropriateness / Certificate for Demolition or Removal (Unauthorized Work)	-	-	\$725
Total Revenue \$299K				



Fine and Fee Justice



- City was selected as one of 10 jurisdictions to participate in inaugural Cities and Counties for Fine and Fee Justice cohort facilitated by PolicyLink
 - Review fines and fees, residents' ability to pay, and disproportionate impact
 - Engage community and government stakeholders
- Per briefing memo to WEE Committee on 6/4/21, City will discontinue participation in the OmniBase and vehicle registration (Scofflaw) hold programs
 - Alleviate burden on more than 72,000 residents
 - FY22 projected revenue loss of \$0.7M





General Fund Expenses

General Fund Expenses for FY22



- FY22 planned expenses were balanced with FY22 planned revenues
- FY22 planned spending is \$52.9M, or 3.7% more than FY21 budget
 - Does not include \$27M reimbursement from Coronavirus Relief Fund (CRF) included in FY21 budget
- Investment is needed in FY22 and future years to address pay issues, neighborhood concerns, infrastructure needs, etc.



Personnel



- City relies on employees to deliver vast array of services—from public safety to solid waste collection, from code compliance to cultural services, from food inspection to fleet maintenance
- Approximately 15,000 full-time, part-time, seasonal, and temporary positions across all departments and funding sources
 - Headcount as of 6/1/21 is 12,828 individuals, including 12,379 full-time and 449 part-time
- Total personnel cost accounts for approximately 70% of General Fund budget and includes pay, overtime, health benefits, pension, life insurance, and worker's compensation



Personnel – Non-Uniform



- Improving wage floor for City employees has been multi-year effort
- FY21 budget increased wage floor for all full-time and part-time permanent, temporary, and seasonal City employees to \$14 per hour
- FY22 planned budget anticipated increasing this pay to \$15 per hour
- Current MIT living wage is \$15.21 per hour and would require additional \$0.3M (\$0.2M General Fund) in FY22 to maintain parity with City's contract workers
- To maintain City wage floor at a rate higher than paid to City's contract workers would require additional funds in FY22

Increase Wage Floor	Total		General Fund		Other Funds	
	# of Employees	Cost	# of Employees	Cost	# of Employees	Cost
From \$14 to \$15.00	765	\$1,500,000	505	\$1,000,000	260	\$500,000
From \$14 to \$15.21	836	\$1,800,000	548	\$1,200,000	288	\$600,000
From \$14 to \$15.50	876	\$2,400,000	574	\$1,500,000	302	\$900,000
From \$14 to \$15.75	930	\$2,900,000	599	\$1,900,000	331	\$1,000,000
From \$14 to \$16.00	968	\$3,400,000	627	\$2,200,000	341	\$1,200,000



Personnel – Non-Uniform



- Human Resources engaged with Public Sector Personnel Consultants beginning in 2019 for Total Compensation Study
- Implementation will improve market competitiveness

Schedule	Summary	General Fund	Other Funds	Total
Phase I (in FY21 Adopted Budget)	Move employees to new salary schedule and bring everyone to minimum of new range	\$1,100,000	\$900,000	\$2,000,000
Phase 2 (in FY22 Planned Budget)	Begin to address vertical compression and increase distance between workers and supervisors	\$1,200,000	\$500,000	\$1,700,000
Phase 3 (TBD)	Begin to address horizontal compression and begin moving employees through their new range at pace to reach midpoint in 20 years	\$6,100,000	\$5,700,000	\$11,800,000
Phase 4 (TBD)	Finalize moves to market and address remaining horizontal compression	\$5,200,000	\$2,900,000	\$8,100,000



Personnel – Non-Uniform



- Merit pay for non-uniform employees is typically included within annual budget to ensure wages do not fall further behind market
- Neither FY21 adopted budget nor FY22 planned budget included merit pay due to economic recession resulting from COVID-19 pandemic
- Full-year cost to add 3% average merit plus pension is \$13.0M
 - General Fund – \$7.1M
 - Other Funds – \$5.9M



Personnel – Uniform



- Police and Fire-Rescue departments' employees are classified as uniform or sworn positions
- Uniform employees have a separate pay schedule and separate pension plan

	Police – Uniform Headcount				Fire – Uniform Headcount			
Fiscal Year	Start of Year	Hiring	Attrition	End of Year	Start of Year	Hiring	Attrition	End of Year
FY16	3,490	142	(294)	3,338	1,907	93	(124)	1,876
FY17	3,338	190	(458)	3,070	1,876	116	(182)	1,810
FY18	3,070	199	(241)	3,028	1,810	265	(136)	1,939
FY19	3,028	281	(242)	3,067	1,939	144	(104)	1,979
FY20	3,067	269	(187)	3,149	1,979	65	(70)	1,974
FY21 Forecast	3,149	150	(204)	3,095	1,974	100	(71)	2,003
FY22 Projected	3,095	150	(205)	3,040	2,003	99	(85)	2,017
FY23 Projected	3,040	150	(205)	2,985	2,017	85	(85)	2,017



Personnel – Uniform



- City Council and police/fire associations entered a three-year (FY20, FY21, and FY22) Meet and Confer (M&C) Agreement, which included a new pay philosophy for uniformed employees
- The Agreement outlined a market-based pay philosophy, as well as step pay increases
- Funding for the Agreement is subject to the City Manager's annual budget recommendation based on anticipated General Fund revenues, and is subject to annual appropriations by the City Council
 - FY20 budget included funding for market-based pay and step pay increases
 - FY21 budget included step pay increases, but due to the financial impact of the COVID-19 pandemic, did not include a market-based pay adjustment



Personnel – Uniform



- FY22 planned budget includes \$6.3M to fully fund step pay increases given in FY21 and to implement additional step pay increases in FY22
 - Although the Agreement expires on 9/30/22, fully implementing changes made in FY22 is estimated to cost an additional \$3.0M in FY23
- Preliminary cost estimate to provide market-based pay adjustments and step pay increases in FY22 is \$15.0M
 - Although the Agreement expires on 9/30/22, fully implementing changes made in FY22 is estimated to cost an additional \$14.3M in FY23



Neighborhood Concerns



- Residents use 311 to report concerns and request City services

#	Most Requested Service Types FY20 (10/1/19 – 9/30/20)	Count	Percent	Most Requested Service Types FY21 (10/1/20 - 6/9/21)	Count	Percent
1	Code Concern	115,521	22%	Code Concern	68,465	20%
2	Sanitation Roll Cart Maintenance/Delivery	39,072	8%	Sanitation Roll Cart Maintenance/Delivery	23,700	7%
3	Sanitation Missed Garbage	23,964	5%	Water/Wastewater Line Locate	15,394	5%
4	Emergency Regulations Violation	21,802	4%	Sanitation Missed Garbage	14,886	4%
5	Water/Wastewater Line Locate	18,735	4%	Parking – Report a Violation	8,899	3%
6	Parking – Report a Violation	13,965	3%	Dead Animal Pick Up	7,712	2%
7	Dead Animal Pick Up	11,479	2%	Sanitation Same Day Missed Collection	7,358	2%
8	Animal Loose	9,834	2%	Animal Lack of Care	7,203	2%
9	24 Hour Parking Violation	9,619	2%	Sanitation Missed Recycle	6,622	2%
10	Sanitation Missed Recycle	9,065	2%	Sanitation Billing	6,204	2%
	All other service requests	244,277	47%	All other service requests	171,669	51%
	Total	517,333	100%	Total	338,112	100%



Neighborhood Concerns



- Code Compliance concerns are number one reason for calls to 311

FY20 Code Compliance Service Requests – Type of Violation	Count	FY21 (Through 6/9/21) Code Compliance Service Requests – Type of Violation	Count
High Weeds	31,932	Litter	15,417
Litter	21,292	High Weeds	13,505
Street/Alley/Sidewalk Obstruction	10,189	Bulky Trash	6,378
Bulky Trash	7,917	Street/Alley/Sidewalk Obstruction	4,337
Signs	6,966	Illegal Dumping	4,065
Illegal Dumping	5,335	Vegetation Obstruction	3,045
Illegal Outside Storage	4,215	Illegal Outside Storage	2,852
Exterior Structure Issues	3,800	Exterior Structure Issues	2,453
Vegetation Obstruction	3,677	Fences	1,634
Fences	2,170	Graffiti	1,359



Street Condition



- On 6/2, Public Works provided City Council with an update on five-year Infrastructure Management Program (IMP) and pavement degradation models
- IMP created in FY19 to establish rolling five-year forecast of infrastructure maintenance projects (outside of bond programs) for streets, alleys, sidewalks, and bridges
- Each street segment in City has Pavement Condition Index (PCI) score of 0-100
 - IMP projects focus on A-C streets and bonds are primarily targeted at D-E streets
 - Overall, City's street network is rated at 59.4

Rating	PCI Range
A	100-85
B	70-84.9
C	55-69.9
D	40-54.9
E	0-39.9



Street Condition



- FY21 IMP includes 1,024 street projects and budget of \$62.1M (1,180 projects and total budget of \$111.7M with bond dollars)
- Increased financial investment is needed over next 10 years to address street deterioration
 - Current budget allocation results in -0.2 PCI annual change (assumes new bond program in FY24)
 - Estimated annual average budget of \$100M needed to maintain current street PCI condition
 - Estimated annual average budget of \$150M needed to increase to an overall street PCI of 70.2 by FY30



Transportation



- Transportation has updated TRNI Committee over last several months on infrastructure needs, including traffic signals, school zone flashing beacons, and pavement markings
- City has nearly 1,400 signals, nearly 70% of which are older than 30 years, and many signals operating on old communication system
 - Need an average of \$22M per year over 15 years to bring signals up to current standards
 - Also need approximately \$14M over next three years to meet obligations toward local match for grants
- 1,000 school zone flashing beacons with 1980s technology need to be upgraded at cost of \$2.5M over three years
- 2019 inventory found approximately 76% of City's roadway striping has little to no visibility
 - \$5.5M is needed to address backlog; current budget is \$1.1M





- Information and Technology Services has identified several necessary upgrades and enhancements, including:
 - Professional services to migrate to dallas.gov domain – \$1M
 - Financial system upgrade – \$2.5M
 - Network bandwidth upgrades at various sites – \$2.7M
 - City website redesign – \$0.5M
 - 911 system enhancements – \$1.4M
 - Multifactor authentication security software – \$0.8M
 - Long-term strategic plan for IT security – \$2M
 - Network connectivity expansion to address digital divide – \$2M
 - Network management tools – \$0.6M





- In 2018, Alvarez & Marsal conducted Fleet Management Study (briefed to City Council 12/5/18) and identified vehicles for replacement

	Annual Cost for Replacement Eligible Vehicles						
Department	2019	2020	2021	2022	2023	2024	Total
Enterprise Fund							
AVI	1,205,398	906,580	377,035	613,720	149,580	216,014	3,468,326
DWU	22,760,316	11,973,917	7,284,957	2,936,976	2,794,734	5,271,307	53,022,209
DWU - Storm Water	5,407,424	3,185,694	2,612,421	203,584	512,126	555,552	12,476,801
SAN	25,473,132	7,713,672	10,259,681	3,050,779	3,117,745	3,600,500	53,215,510
Total Enterprise Fund	54,846,270	23,779,864	20,534,094	6,805,059	6,574,186	9,643,373	122,182,847
General Fund							
DFD - EFM Maintained	756,836	265,924	251,399	375,052	108,359	172,441	1,930,010
DFD - DFD Maintained	43,563,852	713,825	16,005,440	3,563,227	8,975,617	13,660,733	86,482,693
DPD	14,060,457	1,485,292	1,755,134	714,016	656,756	733,968	19,405,623
EFM	5,033,849	1,641,547	920,119	549,877	349,095	601,555	9,096,042
PBW	13,463,416	11,447,052	3,553,192	1,094,368	953,508	1,387,654	31,899,189
PKR	6,745,356	7,089,815	2,505,907	1,462,195	689,515	604,466	19,097,253
All Other	3,518,157	4,350,926	1,889,764	2,121,267	528,918	1,261,820	13,670,852
Total General Fund	87,141,921	26,994,379	26,880,955	9,880,002	12,261,769	18,422,637	181,581,663
Total	141,988,191	50,774,244	47,415,050	16,685,061	18,835,954	28,066,010	303,764,510





Enterprise Funds

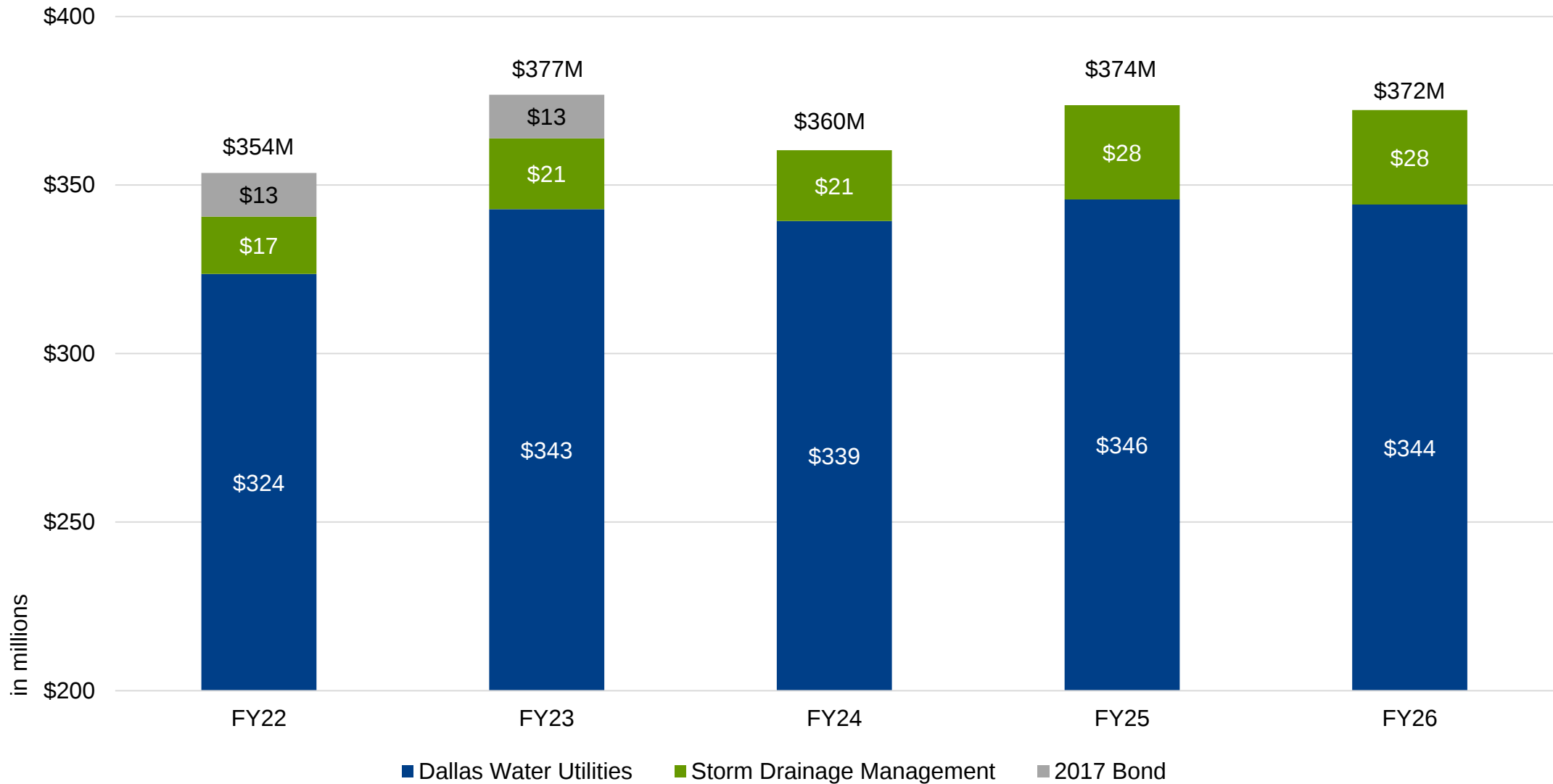
Dallas Water Utilities and Storm Drainage



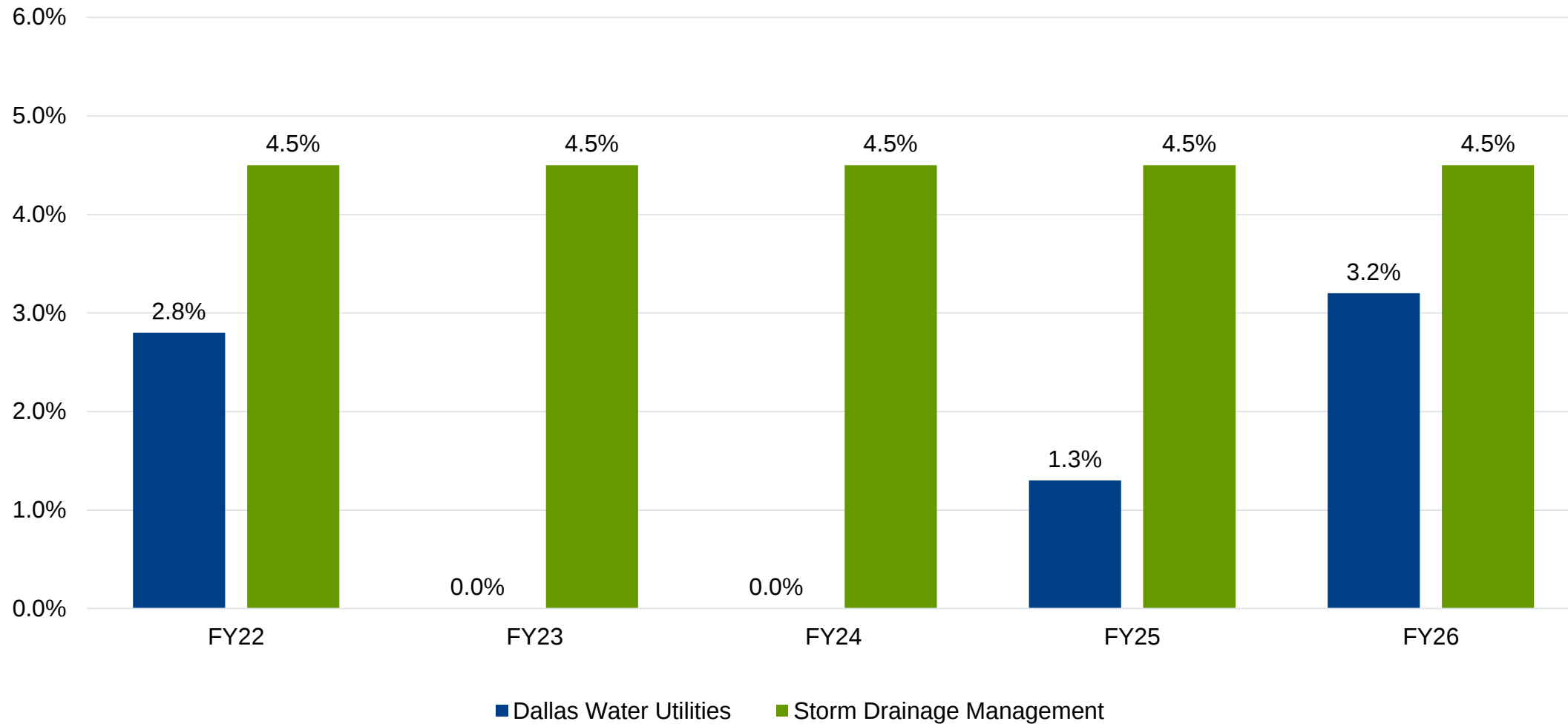
- FY22 planned budget anticipated rate increases for enterprise funds
- Dallas Water Utilities (DWU): Rate increase for operation and maintenance of water and wastewater utilities with focus on investments in utility's capital infrastructure and fleet replacement
- Storm Drainage Management (SDM): Fee increase to address capital needs, fund equipment, and increase neighborhood drainage maintenance



DWU/SDM Capital Program Outlook



DWU/SDM Residential Rate Outlook



DWU/SDM Monthly Utility Bill Projections



	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Water and wastewater*	\$63.16	\$63.79	\$65.58	\$65.58	\$65.58	\$66.43	\$68.55
Stormwater**	\$7.74	\$8.41	\$8.79	\$9.18	\$9.60	\$10.03	\$10.48
Total	\$70.90	\$72.20	\$74.37	\$74.76	\$75.18	\$76.46	\$79.03
Increase		\$1.30	\$2.17	\$0.39	\$0.42	\$1.28	\$2.57
Percent change		1.8%	3.0%	0.5%	0.6%	1.7%	3.4%
5-year average annual change						1.5%	1.8%

*Monthly residential bill comprised of 5/8" meter, 8,300 gallons of water use, winter months' wastewater average of 5,300 gallons

**Average monthly residential stormwater bill

Projections as of June 2021



Sanitation Services



- To fully fund historical service delivery expenses and provide more stable collections service, we will evaluate budget adjustments for FY22 and FY23

Proposed Enhancement	Proposed Budget	Notes
Truck driver pay increase	\$2.9M	Increase starting pay with a tiered scale based on license type and experience to improve recruitment and retention
Equipment operator pay increase	\$0.3M	
Brush contractor services	\$2.4M	Increase the current annual budget of \$600K to \$3M to fully cover contractor expenses
Outreach and Compliance division	\$2.0M	Fund outreach specialist, inspector positions, and management personnel for a compliance division responsible for education, outreach, and enforcement of program guidelines
Total	\$7.6M	

- FY21 residential fee is currently \$30.52 per month
- Estimated impact of increased expense is \$2.70 per month or 8.9%



Sanitation Services



- On 6/2/21, staff presented City Council with four new brush and bulky trash program alternatives
- Staff developing steps for program alternative #4
 - Monthly brush and yard trimmings collection
 - Quarterly bulk collection of up to 10 cubic yards; limited to items that do not fit inside the garbage collection cart
- Pilot program for ~6-9 months in four diverse areas of the city
 - Present regular City Council updates and receive feedback
- Initiate “knock and talk” outreach and survey in all Council Districts
 - Use feedback to adjust program details



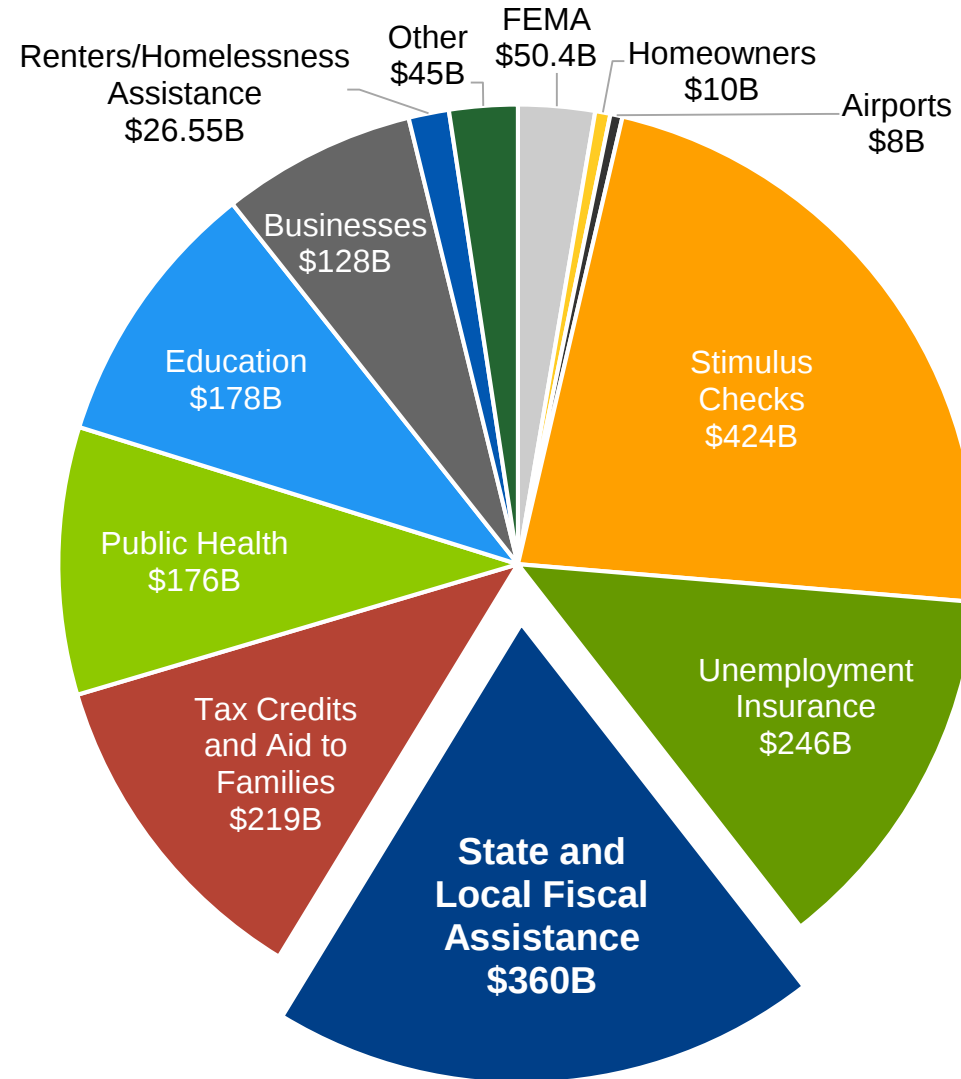


American Rescue Plan Act – Local Fiscal Recovery

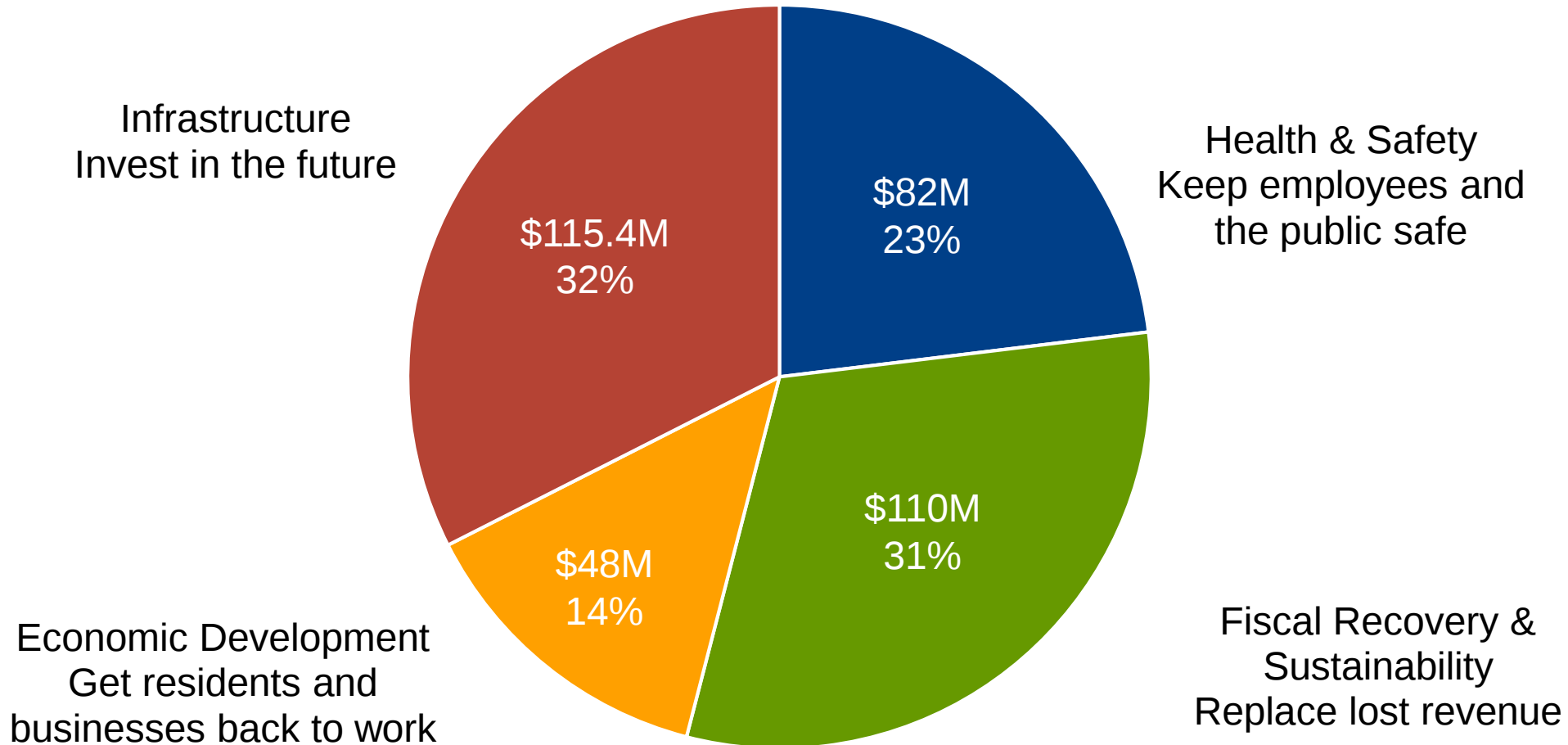
American Rescue Plan Act (ARPA)



- President Biden signed the **\$1.9T** American Rescue Plan Act of 2021 (ARPA) into law on 3/11/21
- City of Dallas will receive \$355.4M from Local Fiscal Recovery Funds with 50% now and 50% in May 2022



Proposed Spending Framework



Does not include an additional \$22.4M for health and safety for residents experiencing homelessness

Prioritizing Funds for Long-Term Sustainability



Short Term

6 months to 1 year

Tier 1: Immediate Relief

Meet immediate public health and safety needs and support people in crisis

Tier 2: Budget Sustainability

Replace lost revenue and take actions to further fiscal sustainability

Tier 3: Service Delivery

Analyze and prioritize programs and services

Tier 4: Regional Partnerships

Pursue local solutions at scale and leverage partnerships to optimize resources regionally

Tier 5: Big Swings

Fuel results through bold resource investments; spend to save more

Long Term

1 to 3 years



Tier 1: Immediate Relief

Meet immediate public health and safety needs and support people in crisis



- COVID-19 testing and vaccination – \$19M
- Personal protective equipment and disinfection – \$16M
- Eliminate backlog of paramedic training – \$8.5M
- Replace 35 rescues including stretcher, LifePak15, and disinfecting UV equipment – \$11.5M
- Equip DFR to meet public health needs, including handheld radios, chest compression devices, priority dispatch software, and medication inventory management systems – \$5M
- Retrofit City facilities, including air filtration improvements, remote monitoring and control, duct cleaning, and other retrofits – \$21M
- Install air quality monitors – \$1M
- Support people in crisis by providing targeted and equitable workforce development, mental health care, food/essentials assistance, etc. – \$32M
- Provide City Council District funding for relief to small businesses, nonprofits, or impacted industries based on established criteria – \$16M



Tier 2: Budget Sustainability

Replace lost revenue and take actions to further fiscal sustainability



- Partially replace FY20 lost revenue – \$50M
- Partially replace FY21 lost revenue – \$50M
- ARPA implementation, compliance, auditing, and communication – \$10M



Tier 3: Service Delivery

Analyze and prioritize programs and services



- Automation to securely and effectively deliver City services online – \$15M



Tier 4: Regional Partnerships

Pursue local solutions at scale and leverage partnerships to optimize resources regionally



- Bridge digital divide through broadband investment – \$43M
 - Wi-Fi at PKR facilities – \$3M
 - Other TBD – \$40M
- Partner with MDHA and others to address homelessness through Rapid Rehousing Program – \$22.4M
 - CARES/ESG – \$4.2M
 - ARPA/HOME – \$18.2M
 - Staff presented feedback from listening sessions with service providers to Citizens Homelessness Commission on 6/7/21 and HHS Committee on 6/8/21
 - Listening sessions with community and unsheltered residents are upcoming



Tier 5: Big Swings

Fuel results through bold resource investments; spend to save more



- Extend DWU water and wastewater service to occupied areas of city that are currently unserved – \$37.4M
- Other investments in the future – \$20M





Community Engagement

Tele-Town Hall Meetings



- Conducted three TTHMs in May
 - Monday 5/24 at 6 p.m.
 - Tuesday 5/25 at 9 a.m.
 - Tuesday 5/25 at 5 p.m.
- Reached more than 17K residents, including:
 - 1,670 Spanish speakers
 - 6,200 residents age 65 and older



Tele-Town Hall Meetings



- During Q&A, residents expressed:
 - Need for help with home repairs, small jobs like yard work or tree trimming, rental and housing assistance, and employment services
 - Concerns about street and alley conditions, property taxes, garbage and bulk/brush pickup, 911 wait times, and neighbors experiencing homelessness
 - Support for parks, library programs, Comprehensive Environmental and Climate Action Plan (CECAP), and recreational programs, especially for children and teens
- Also conducted five polling questions around value of City services and residents' financial situation and needs



Q1/Q5 City Property Taxes



- Asked question about property taxes at beginning and end of each TTHM
- When you pay taxes on your home, about 30% of that money is used to pay for City services. The rest of the money goes to other organizations, like the school district, community colleges, or hospitals, to pay for those services.

Thinking about all City services, what sentence do you agree with most?

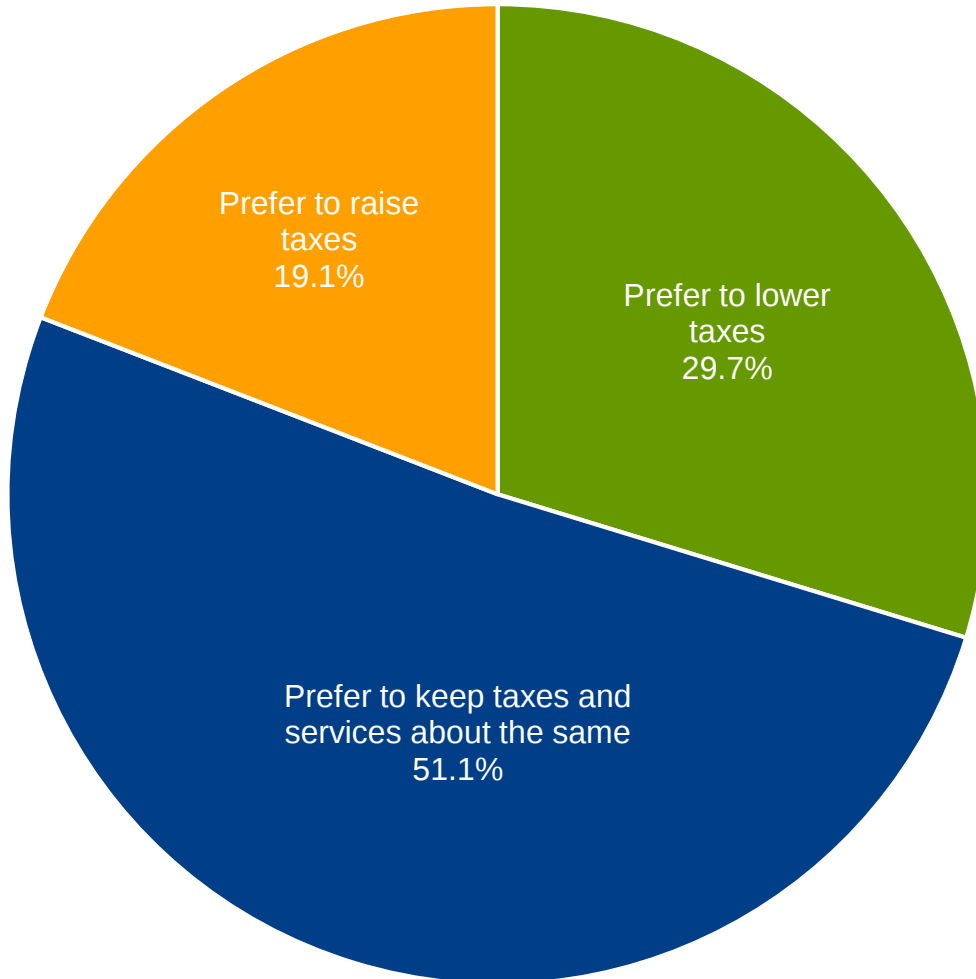
1. I prefer to lower taxes, even if it means cutting City services.
2. I prefer to keep taxes and City services about the same.
3. I prefer to raise taxes to allow the City to offer more services.



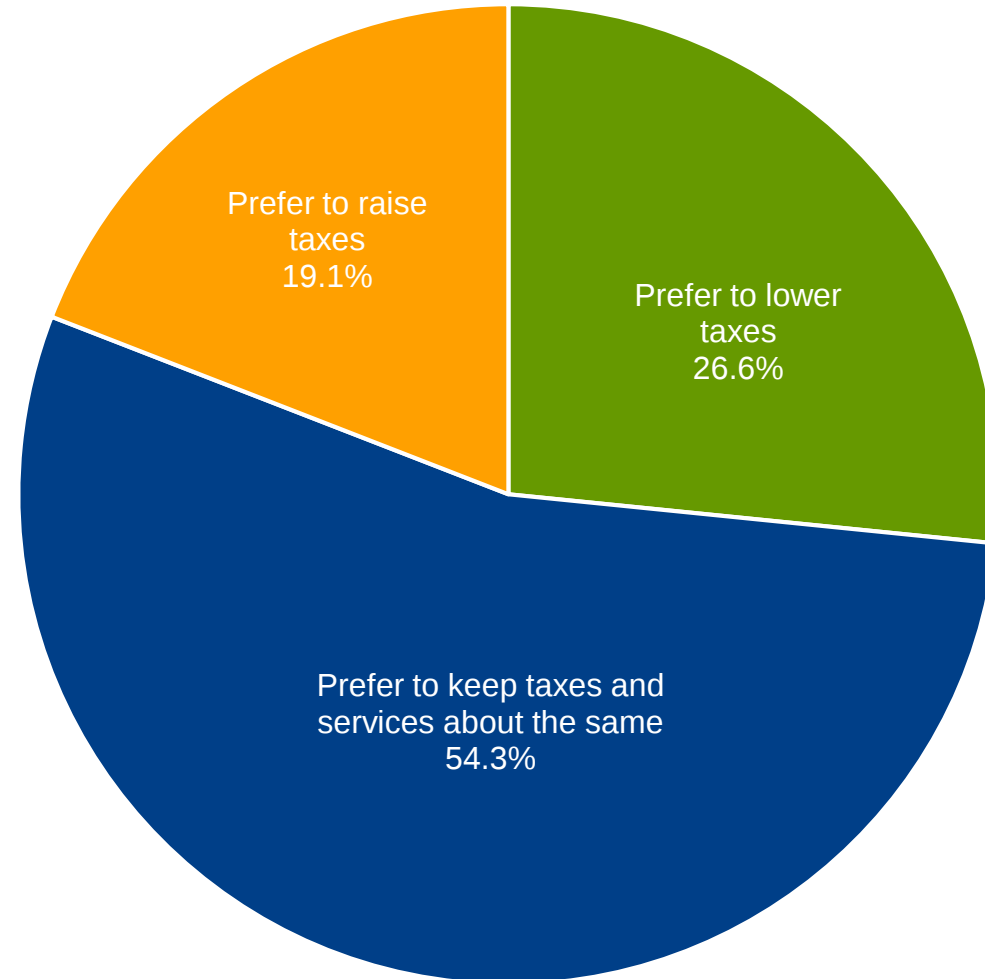
Q1/Q5 City Property Taxes



Before presentation



After presentation



Q2 Financial Situation



- Has your financial situation gotten worse because of COVID-19? Please select the option that best applies to you or the people in your household.

Response	Total %	Under-65 %	65+ %
Yes, I've been sick and unable to work	12.6%	13.2%	11.3%
Yes, my hours have been reduced or I lost my job	14.6%	15.9%	11.7%
Yes, sales are down, or projects have been postponed at my company or business	16.1%	19.4%	9.4%
Yes, the value of my stocks or investments has dropped	12.9%	12.3%	14.1%
No, my financial situation has not gotten worse	43.9%	39.2%	53.5%

Of note, more residents age 65+ said COVID-19 has not negatively impacted their financial situation than residents younger than 65



Q3 Financial Needs



- Are you having problems paying for necessities because of COVID-19?

Response	Total %	Under-65 %	65+ %
Yes, I am behind on my rent, mortgage, or utility payments	18.6%	21.5%	13.5%
Yes, I have lost my housing or received an eviction notice	1.7%	1.7%	1.8%
Yes, I am having problems paying for other necessities, such as food, child-care, health care, or transportation	16.5%	19.5%	11.2%
No, I have not had problems paying for necessities	63.2%	57.4%	73.5%

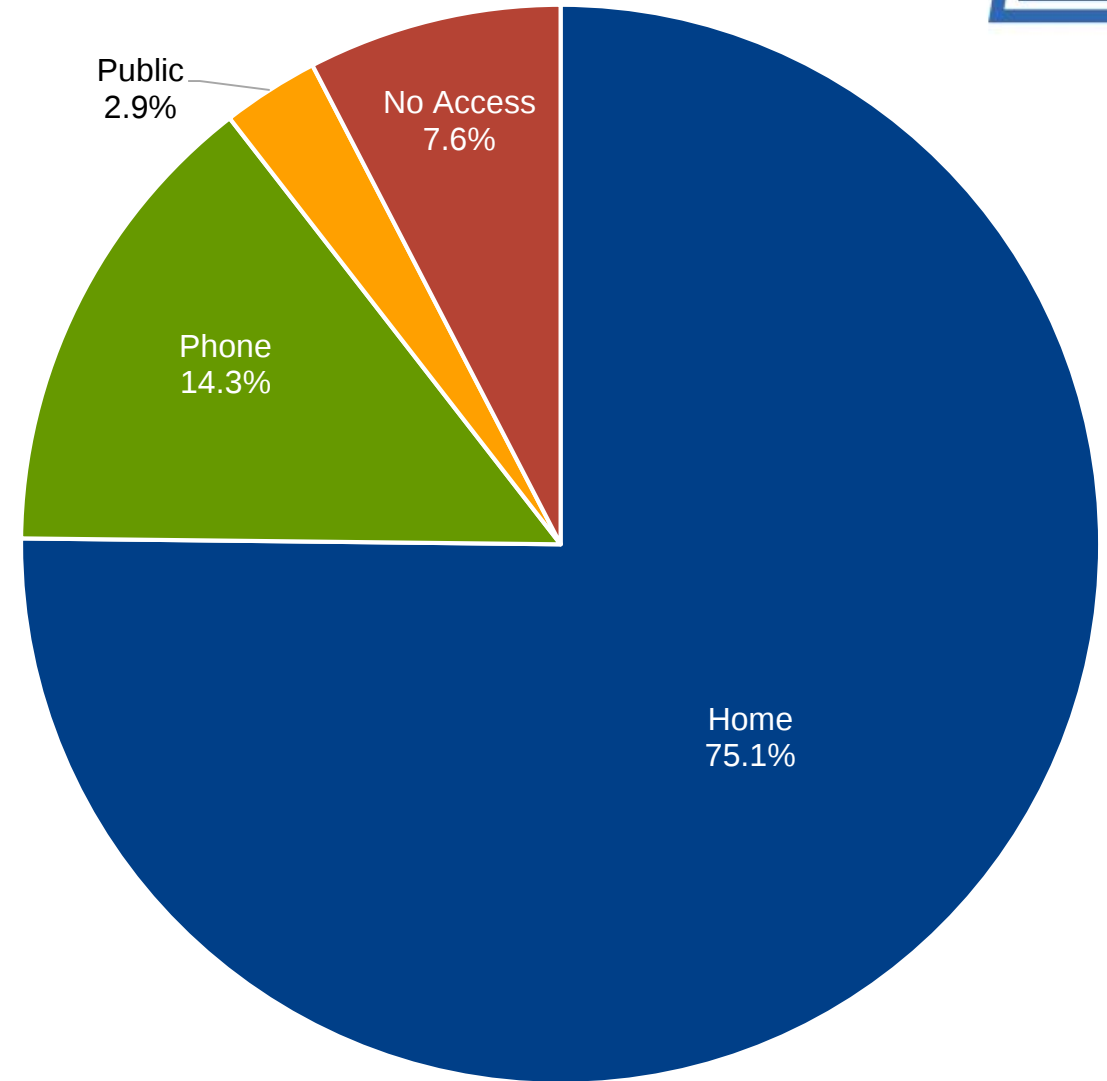


Q4 Internet Access



How do you access the internet?

1. I access the internet at home through a fixed connection, such as DSL or cable, a wireless connection, or a mobile hot spot
2. I access the internet primarily through my phone
3. I access the internet in public spaces, such as the library
4. I do not have internet access



FY22 Budget Priorities Survey



- In addition to TTHMs, staff launched informal annual survey about programs and services residents value most
- Survey includes questions about residents' financial situation and needs considering COVID-19
- Survey will run online from June 2-23 at bit.ly/2SQWnkW



Next Steps



- Budget priorities discussions with each Councilmember (6/21 through 7/9)
- Seek City Council approval of appropriations for first tranche (\$177.5M) of ARPA Local Fiscal Recovery Funds 6/23
- Councilmembers asked to submit budget town hall meeting dates, times, and locations to MCC Director by 6/30
 - Town Hall meetings are scheduled 8/12 through 8/26
- Appraisal districts certify property values on 7/26
- Present City Manager's recommended budget on 8/10
 - Materials provided to Councilmembers and residents on 8/6



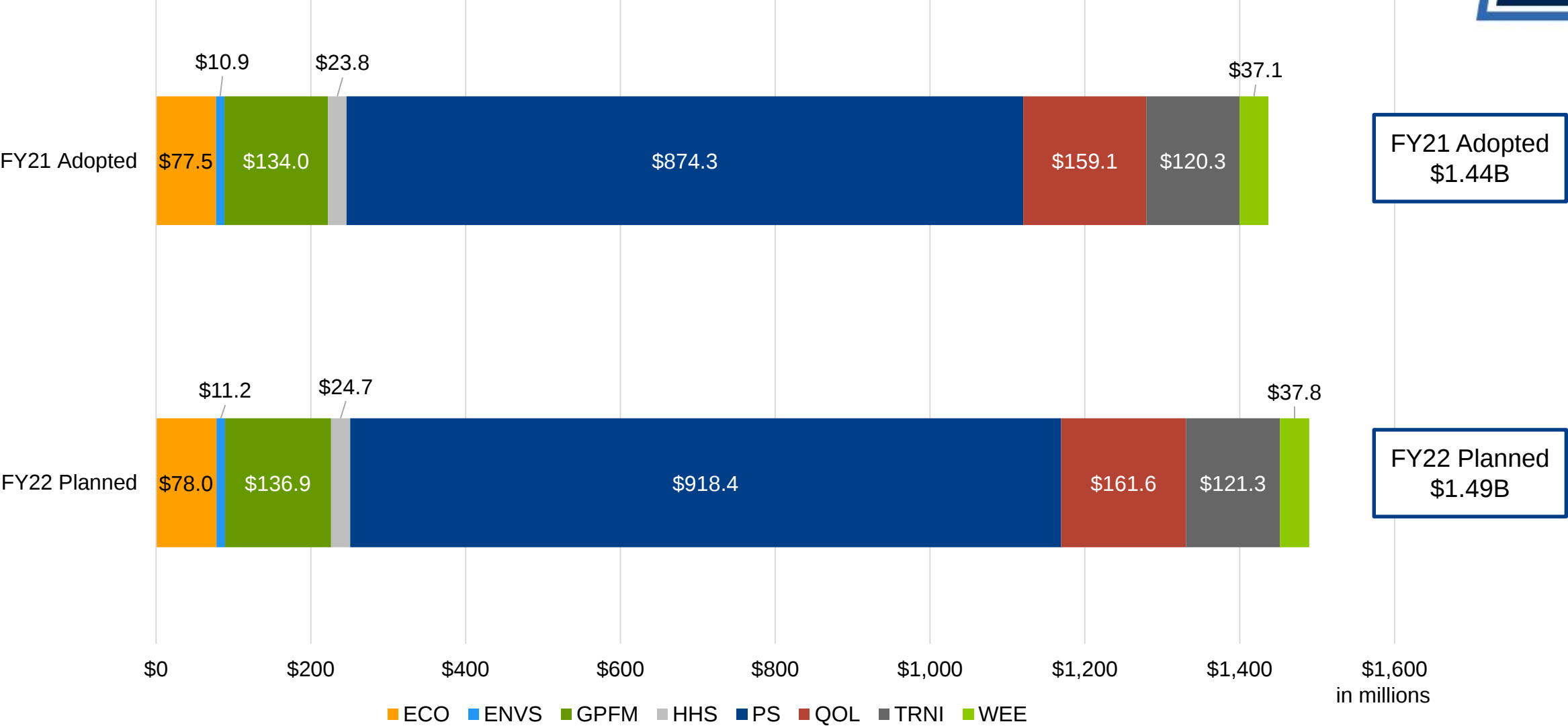


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Appendix

General Fund Expenses by Strategic Priority



*Public Safety in FY21 adopted budget includes \$27M in reimbursements from CRF. Adding reimbursement to General Fund allocation for Public Safety in FY21 (\$901.3M) is more comparable to FY22 planned amount (\$918.4M).

General Fund Expenses for FY22



Departments	FY21 Budget	FY21 Forecast*	FY22 Planned**
Budget and Management Services	\$4,172,709	\$4,168,273	\$4,401,268
Building Services	23,397,410	25,369,367	24,240,152
City Attorney's Office	16,978,300	16,967,371	17,034,954
City Auditor's Office	3,123,860	3,015,360	3,130,622
City Controller's Office	8,004,574	7,974,227	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	1,944,316	106,210
Civil Service	2,946,744	2,867,021	3,119,011
Code Compliance	32,209,414	31,362,553	32,222,233
Court and Detention Services	23,811,595	22,337,749	24,834,592
Jail Contract	9,547,117	9,547,117	9,450,527
Dallas Animal Services	15,314,969	15,314,969	15,588,499
Dallas Fire-Rescue	315,544,933	318,735,691	331,833,957
Dallas Police Department	513,535,030	525,218,496	539,053,187

*FY21 forecast is based on data through 3/31/21 (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 Expenses for FY22



Departments	FY21 Budget	FY21 Forecast*	FY22 Planned**
Housing and Neighborhood Revitalization	3,587,062	3,352,718	3,813,218
Human Resources	6,055,192	6,027,595	6,465,230
Judiciary	3,663,199	3,580,358	3,657,078
Library	32,074,999	31,580,264	32,615,204
Management Services			
311 Customer Service Center	4,639,768	4,229,030	5,021,751
Communications, Outreach, and Marketing	2,295,750	2,057,763	2,348,477
Emergency Management Operations	1,152,959	1,285,878	1,183,850
Office of Community Care	8,415,504	8,415,505	9,190,397
Office of Community Police Oversight	545,133	536,729	629,233
Office of Environmental Quality and Sustainability	4,247,434	4,222,896	4,521,797
Office of Equity and Inclusion	2,401,046	2,393,065	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	12,239,655	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 3/31/21 (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 Expenses for FY22



Departments	FY21 Budget	FY21 Forecast*	FY22 Planned**
Mayor and City Council	5,140,653	5,140,653	5,128,285
Non-Departmental	113,461,571	112,211,571	117,472,690
Office of Arts and Culture	20,204,697	20,098,584	20,156,223
Office of Data Analytics and Business Intelligence	1,261,913	1,182,073	1,261,913
Office of Economic Development	5,442,727	5,406,958	5,816,746
Park and Recreation	94,313,446	96,141,776	96,571,639
Planning and Urban Design	3,312,735	3,164,343	3,372,652
Procurement Services	3,018,085	2,747,542	3,081,830
Public Works	76,141,197	75,747,101	76,989,047
Sustainable Development and Construction	1,868,980	1,284,713	1,894,929
Transportation	43,105,575	42,817,312	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	\$1,449,119,380	\$1,489,954,483

*FY21 forecast is based on data through 3/31/21 (Budget Accountability Report).

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

