

2015-2016 Fiscal Year City of Richardson, Texas Municipal Budget Presentation

- A “Three-Strong” Plan:***
- Budget 2015-16***
 - Charter Refresh***
 - 2015 G.O. Bond Program***



City Council Budget Presentation
August 24, 2015

Budget Development Objectives

- Continue the strong alignment of municipal resources around the key themes of the Council's goals: sustained infrastructure enhancements, quality public safety services, strong comprehensive planning, neighborhood integrity and renewal, active economic development and strong fiscal management.
- Develop a 2015-2016 Budget and Work Plan that requires no new property tax rate change.
- Stacked Initiatives...Sustained Attention
 - City Infrastructure and Funding
 - Public Safety Facilities and Staffing
 - E.D. Funding & Toolbox
 - Customer/City Experiences

Budget Development Objectives

- Commit to Maintenance.
 - 2 pennies dedicated to Street Maintenance
 - Year 3 Strategies for Key Maintenance Activities
 - Initiate enhanced water distribution and sewer collection systems maintenance strategies
- Maintain Senior Tax Exemption at \$60,000 to maintain the 30% goal
- Continue with Police and Fire/EMS Staffing Initiatives
- Sustain a Competitive Employee Compensation and Benefits Profile

FY 2015-2016 Combined Budget

Combined Budget				
	2014-2015 Estimated	2015-2016 Budget	Est./Bud.	%
Beginning Fund Balances	\$48,697,775	\$46,793,918	(\$1,903,857)	-3.9%
Revenues	\$216,844,728	\$233,749,542	\$16,904,814	7.8%
Expenditures	\$218,748,585	\$232,217,969	\$13,469,384	6.2%
Ending Fund Balances	\$46,793,918	\$48,460,491	\$1,666,573	3.6%

FY 2015-2016 General Fund

General Fund Budget				
	2014-2015 Estimated	2015-2016 Budget	Est./Bud.	%
Beginning Fund Balances	\$18,856,597	\$18,381,455	(\$475,142)	-2.5%
Revenues	\$110,912,570	\$115,443,915	\$4,531,345	4.1%
Expenditures	\$111,387,712	\$114,927,193	\$3,539,481	3.2%
Ending Fund Balances	\$18,381,455	\$18,898,177	\$516,722	2.8%

FY 2015-2016

General Fund Revenue Overview

- \$4,531,000 or 4.1% increase
 - Property Taxes increase \$4,503,000
 - Franchise Fees increase \$606,000
 - Sales Tax decrease (\$287,000)
 - License and Permits decrease (\$604,000)
 - Remaining Revenues increase \$313,000

Key Budget Elements for 2015-2016:

Property Tax

- Final tax rolls have been received from both DCAD and CCAD. Combined, the certified value increases 9.0%.
 - The effective increase for the General Fund is 7.1%, after excluding the TIF districts and adding the values still in ARB.
- **No tax rate change is proposed.** The current \$0.63516 rate will be used in budget development.
- The adjustment of one penny from debt to operations is proposed in this year's budget.
 - Operations: \$0.38031
 - Debt: \$0.25485
 - Total: \$0.63516
- The Senior Exemption's remains at \$60,000 to maintain the 30% protection objective for 2015-2016.
- Property taxes provide about 39% of the entire General Fund resources.

2015 Certified Tax Roll Comparison

2015 Certified Tax Roll Comparisons	
August 2015	
Entity	% Change
Frisco	14.00%
McKinney	13.46%
Collin County	11.04%
Allen	10.81%
Richardson (CCAD)	9.98%
Irving	9.68%
Richardson (Total)	9.01%
Richardson (DCAD)	8.42%
Plano	8.10%
Dallas	7.77%
Dallas County	7.49%
Grand Prairie	6.79%
Garland	6.29%
Carrollton	5.96%
Mesquite	4.27%
Arlington	3.70%
<i>Fort Worth</i>	<i>0.08%</i>

Assessed Valuation

- Total assessed valuation assumes a 9.01% increase in certified assessed valuation plus \$73.1 Million of “Values in Dispute”, that could be added to the certified roll once the cases have been finalized and allows for deduction of the Tax Increment Financing Districts values of (\$707.1 million).

	2014	2015	% Difference
Certified	\$11,235,458,097	\$12,248,037,292	9.01%
Values In Dispute	\$39,536,840	\$73,115,057	84.93%
Tax Increment Financing District 1	(\$328,200,971)	(\$390,724,254)	19.05%
Tax Increment Financing District 2	(\$94,883,120)	(\$306,204,021)	222.71%
Tax Increment Financing District 3	(\$4,095,851)	(\$10,156,750)	147.98%
Taxable Value for General Fund Debt and O/M	\$10,847,814,995	\$11,614,067,324	7.06%

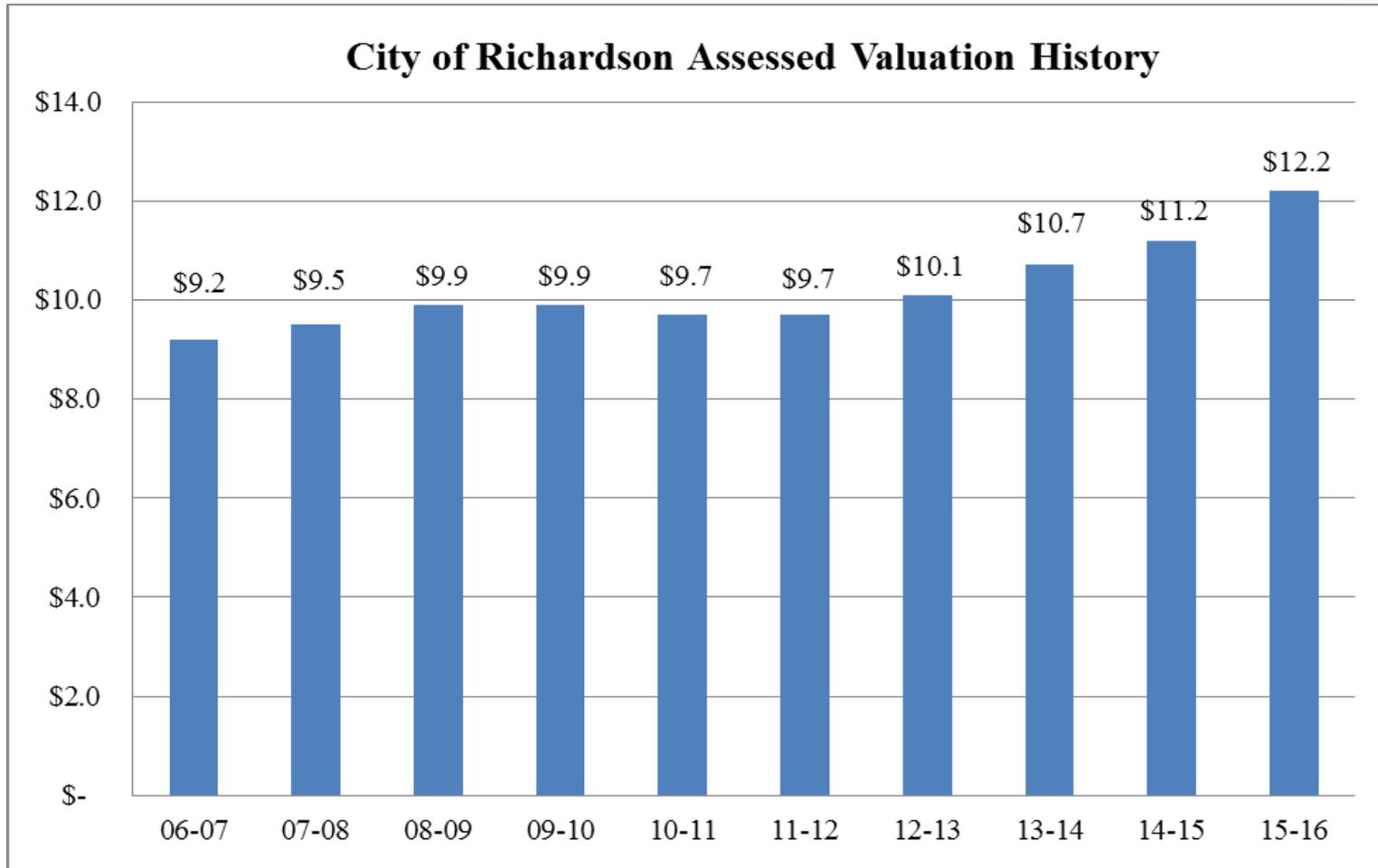
Property Tax Rate		
	2014-2015	2015-2016
Operations & Maintenance (O & M)	\$0.37031	\$0.38031
Debt Service	\$0.26485	\$0.25485
Total	\$0.63516	\$0.63516

Tax Rate Calculations

2015-2016 Tax Rate Calculations			
	Rate	Difference	Revenue
2015-2016 Rate	\$0.63516	-	-
Rollback Rate	\$0.63659	\$0.00143	\$166,081
Effective Rate	\$0.60638	(\$0.02878)	(\$3,342,529)

2014-2015 Tax Rate Calculations			
	Rate	Difference	Revenue
2014-2015 Rate	\$0.63516	-	-
Rollback Rate	\$0.64862	\$0.01346	\$1,460,116
Effective Rate	\$0.61785	(\$0.01731)	(\$1,877,757)

FY 2015-2016 Assessed Valuation



Percent of Total Value

Percent of Total Value				
Tax Year	Residential	Commercial	BPP	Total
2015	42%	40%	18%	100%
2014	43%	39%	18%	100%
2013	44%	37%	19%	100%
2012	46%	36%	18%	100%
2011	48%	34%	18%	100%
2010	49%	34%	17%	100%
2009	47%	36%	17%	100%
2008	48%	36%	16%	100%
2007	49%	36%	15%	100%
2006	50%	35%	15%	100%
2005	52%	32%	16%	100%

Change In Residential Valuations

Number Residential Properties Affected by Valuation				
	2014-2015		2015-2016	
Impact	# Properties	% of Total Res. Properties	# Properties	% of Total Res. Properties
No Change	11,376	40.2%	5,494	19.5%
Decrease	2,844	10.1%	1,206	4.3%
Increase 0% - 5%	8,473	29.9%	8,587	30.4%
Increase 6% - 10%	3,180	11.2%	6,742	23.9%
Increase >10%	2,435	8.6%	6,180	21.9%
Total Res. Properties	28,308	100.0%	28,209	100.0%

Required Budget Narrative:

“This budget will raise more total property taxes than last year’s budget by \$6,644,773 (9.28%) and of that amount \$822,601 is tax raised from new property added to the tax roll this year.”

- This specific language is required by the Local Government Code, section 102.005(b). This calculation represents a comparison of certified tax rolls and ***includes*** TIF values. In practice, appraised value in the TIF areas are segregated into separate funds and not included in the General Fund O&M and Debt portions of property tax revenue.
- This revenue is generated through growth in new value and the reappraisal of existing properties and not through an increase in the current property tax rate of \$0.63516.

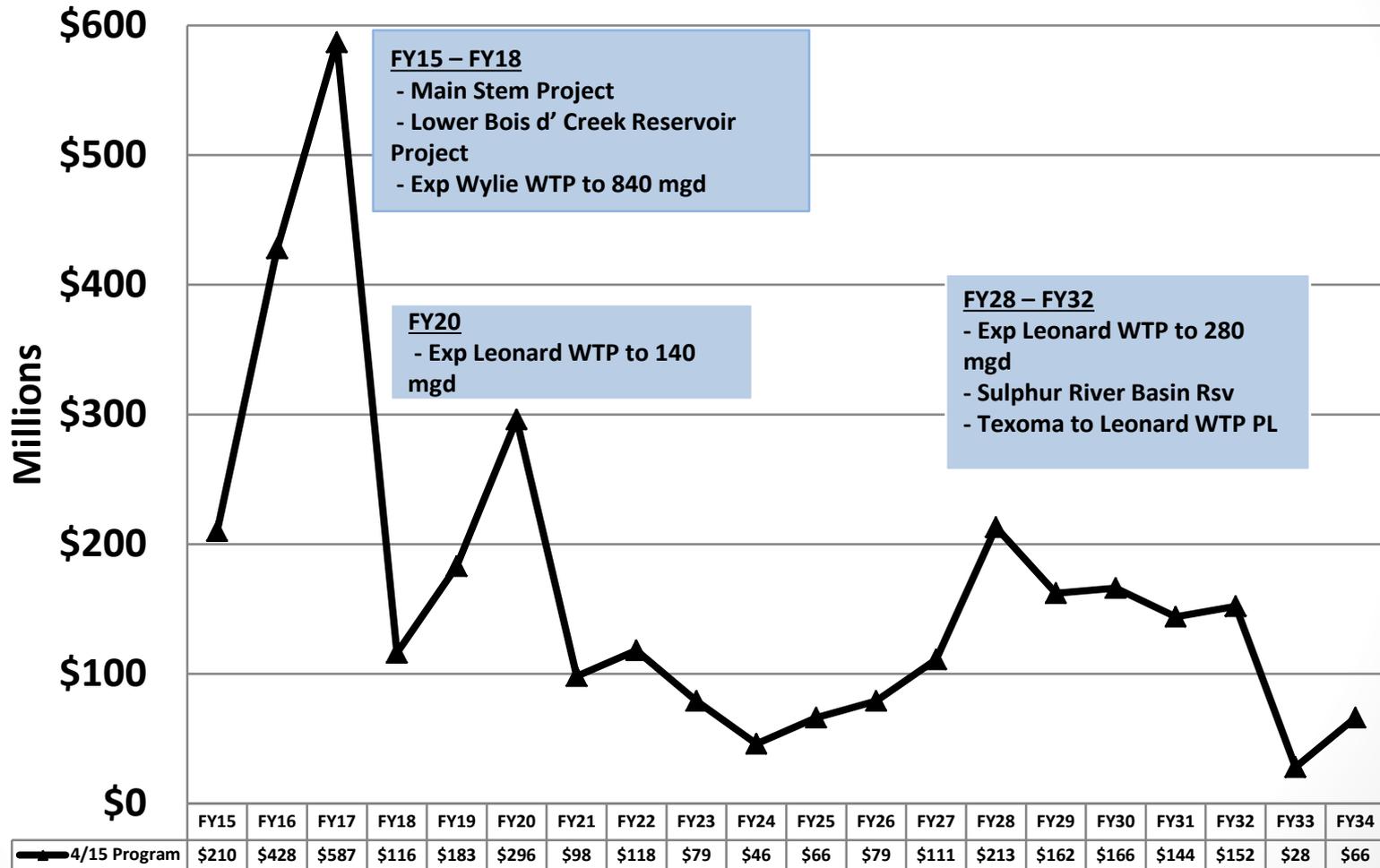
FY 2015-2016

Water and Sewer Fund Revenues

- On June 15, 2015, the Executive Director of the North Texas Municipal Water District gave Council an update on the Districts Water Supply Plan and other initiatives.
 - In addition to the 11.2% increase in the cost of wholesale water outlined in that presentation, Mr. Kula discussed sewer treatment initiatives that will require the district to raise the costs of sewer treatment 16.7% for City sewer flowing into the Upper East Fork Interceptor and a similar 11.6% increase for sewer flowing into the Regional Waste Water System.
- This budget is based on these factors as well as an increased emphasis on addressing the City's aging infrastructure through enhanced inflow and infiltration (I&I) abatement efforts and general system maintenance including, but not limited to line and valve repair/replacement.
- Projected revenues for FY 2015-2016 are based on an 8.0% rate increase for both the water and sewer retail rates. The increase would go into effect with the first billing in November of 2015.

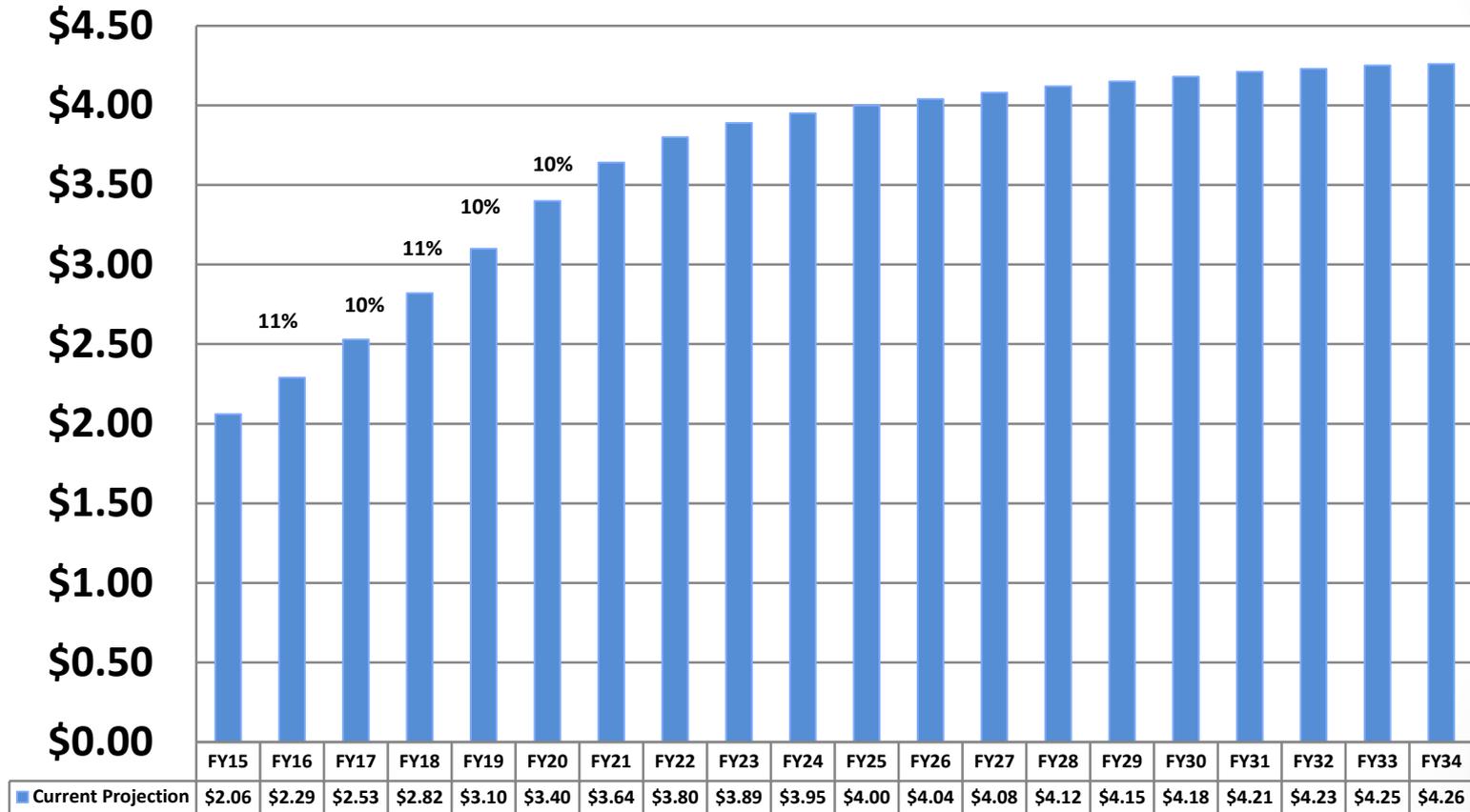
FY 2015-2016

North Texas Municipal Water District Supply – Bond Issue Update



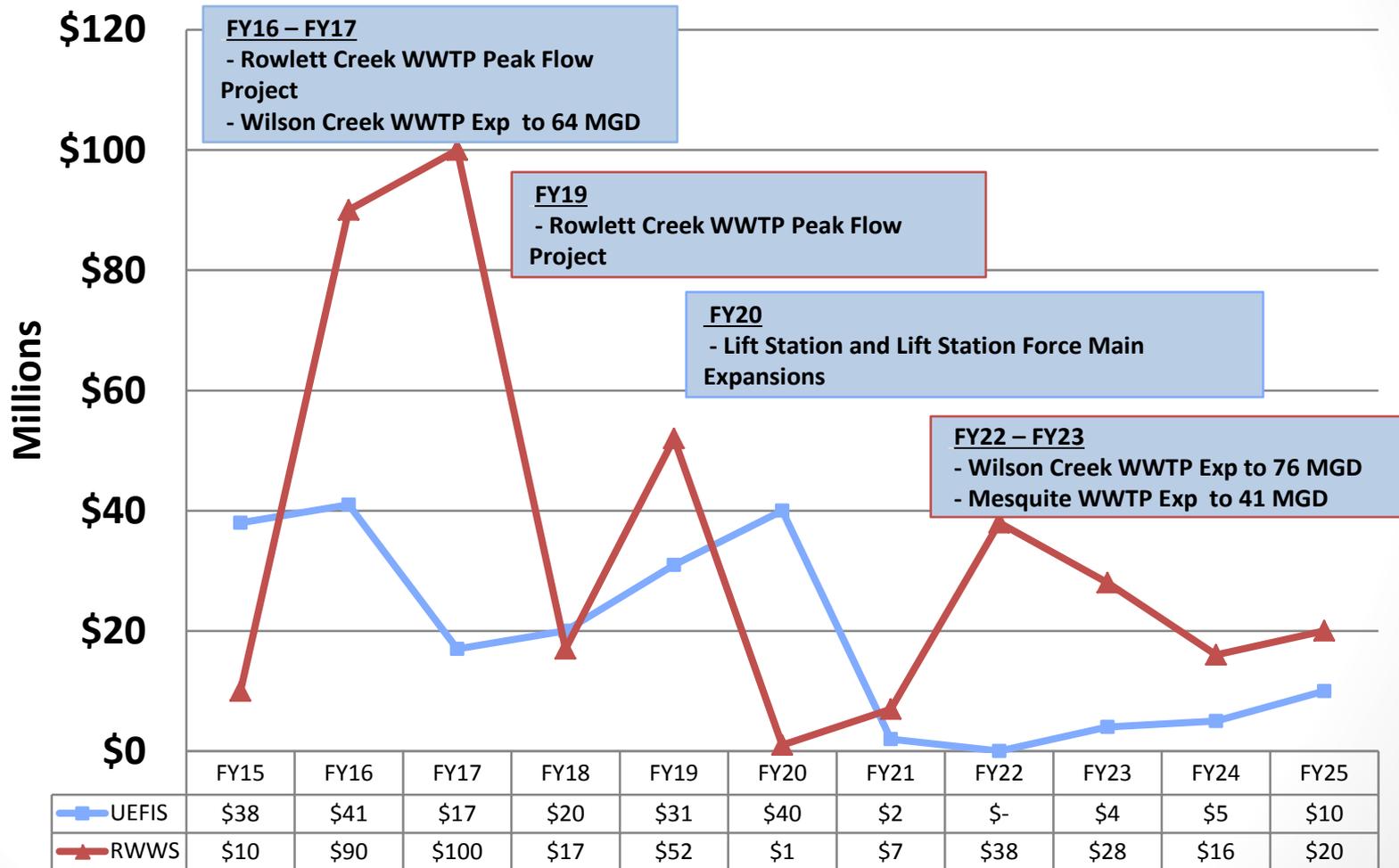
FY 2015-2016

North Texas Municipal Water District Supply – Member City Rates



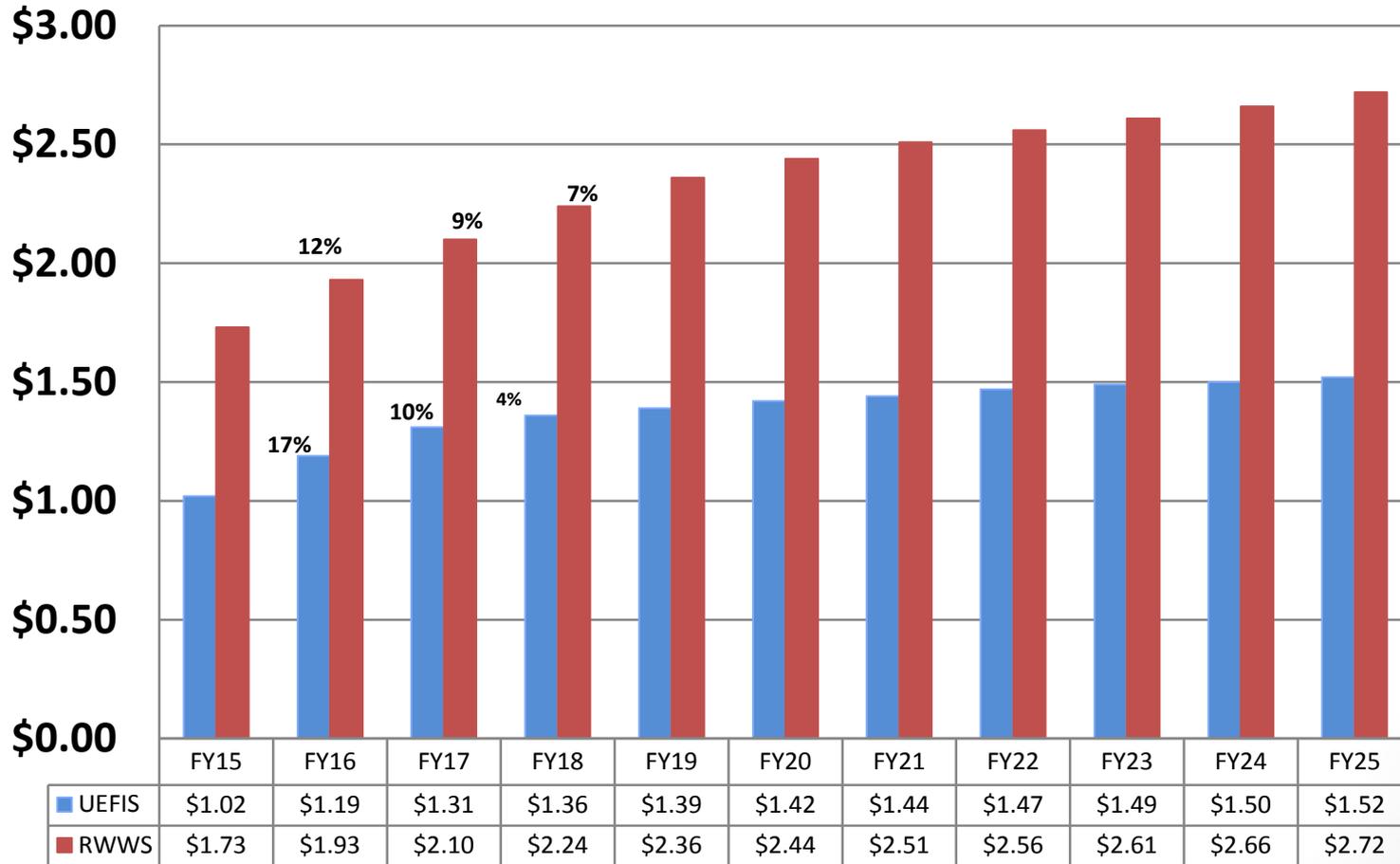
FY 2015-2016

North Texas Municipal Waste Water Capital Program Update



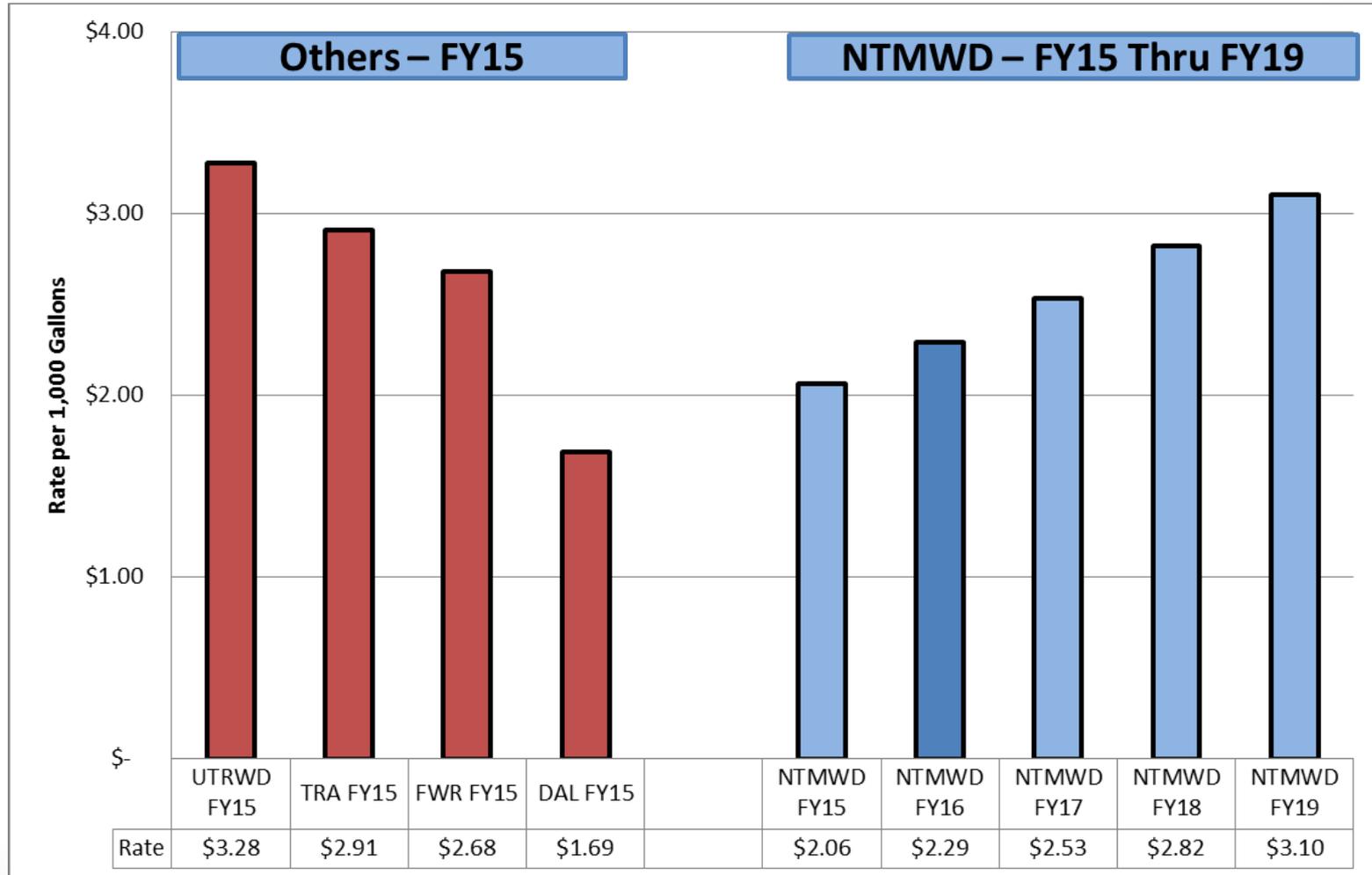
FY 2015-2016

North Texas Municipal Waste Water – Member City Rates



FY 2015-2016

North Texas Municipal Water District Cost Comparison



FY 2015-2016

Water and Sewer Fund Expenditures

- Expenditures and Transfers are proposed at \$63.7 million representing an increase of \$5.3 million or 9.1% over year-end estimates.
 - Together, the wholesale cost of water and sewer treatment services account for \$37.5 million or 59.0% of the total expenses.
 - This proposal sets aside \$500,000 to help implement a maintenance plan that will be responsive to likely EPA recommendations. The specific use of these funds will be fully outlined once a corrective action plan is developed.
 - \$80,000 in additional funding for the water line replacement program
 - An additional \$75,000 for remote camera line inspections
- Fund Balance is budgeted at 79.7 days. With a blended strategy of increased consumption and strategic increases to our rate structure based on increasing wholesale costs, we plan to be back at 90 days by the end of 2016-2017.

FY 2015-2016

Solid Waste Fund

- Total revenues are projected to be (\$21,000) below year-end estimates.
- Residential Collections are budgeted flat from year-end estimates at \$5.2 million and assumes no change for 2015-2016 in the City's residential solid waste rate and the continuation of the reduced rate for seniors.
- Commercial Collections Fees are expected to decrease -1.6% or (\$111,000) from year end estimates. This represents the portion of the C&D program we consider as non-recurring revenue.
- Total expenditures and transfers are proposed at \$13.5 million, an increase of \$261,000 or 2.0% over the year-end estimate of \$13.3 million.
- FY 2015-2016 fund balance is proposed at 90.2 days. This achieves the goal established in the adopted financial policy of "60 days building towards 90."

FY 2015-2016 Golf Fund

- Revenues for the Golf Fund are projected at \$2.2 million for FY 2015-2016 representing an increase of \$361,000 or 19.6% over year-end.
- Total Expenditures and Transfers for the Golf Fund are proposed at \$2.2 million, an increase of \$184,000 from year-end.
- Given the projected revenue and expenditure performance, the fund balance should end the year with 22.4 days, 7.6 days below the Council approved “30 building to 60” days.

FY 2015-2016

Hotel/Motel Tax Fund

- Total Revenues for the Hotel/Motel Tax Fund are projected at \$6.2 million for next year, reflecting a 6.5% increase in overall revenues.
- Total Expenditures and Transfers for 2015-2016 are proposed at \$6.4 million reflecting a \$220,000 increase from current year-end expenditures.

FY 2015-2016 Drainage Fund

- A presentation of the proposed Drainage Fund was presented at the July 13th City Council meeting. \$1.025 million of current General Fund expenses related to this program (engineering, enforcement, inspection, etc.) will be supported by the Drainage Utility Fund.
- Additionally, about \$1.675 million in annual stormwater/drainage capital improvements and contract services will be funded.
- The use of these funds is reflected in the Drainage Utility Fund as well as a transferred portion to the General Fund for specific cost allocated support.

FY 2015-2016

Capital Improvement Plan

Series 2016: 2015-16 Debt Issuance Program Proposed – All Funds

• Amount	Bond Type	Purpose	Debt Service
• \$2.9 million	C.O.	Capital Equipment	4 yr. General Debt Service
• \$1.4 million	C.O.	Fire Equipment	8 yr. General Debt Service
• \$2.0 million	C.O.	Water & Sewer CIP	15/20 yr. Water & Sewer Debt Service
• \$1.1 million	C.O.	Capital Equipment	8 yr. Solid Waste Debt Service
• \$7.4 million	Total.		

- In compliance with City of Richardson Home Rule Charter, Section 11.02(f), a report is included in the filed budget in response to the requirement of a listing of capital projects which should be considered within the next five years.

Summary

- It's been an active budget preparation season with on-going dialogue between the citizens, City Council and City Staff. The meetings and all related documents and video coverage are available on-line at www.cor.net including;
 - July 14-15 Council Budget Work Session
 - August 10 Budget Presentation
 - August 17 Tax Rate Public Hearing
- Web, City Secretary & Library copies of the filed budget provided

Next Steps

- Budget Adoption on September 14, 2015 will include the following action items;
 1. Tax Rate Ordinance
 2. Budget Ordinance
 3. Ratification of Property Tax Increase *
 4. Water and Sewer Rate Ordinance **
 5. Health Dept. Food Service Truck Plan Review Resolution **
 6. Building Inspection Fee Changes Resolution **
 7. Parks and Recreation Tennis Center Fee Resolution **
 8. Public Agency Retirement Services option for part time employees and other services resolution **

* Includes required language

** Consent agenda item