

City Council Work Session Handouts

August 5, 2013

- I. Review and Discuss the City Manager's Proposed Fiscal Year 2013-2014 Budget

City of Richardson, Texas

2013-2014 Municipal Budget Overview

Maintaining a Solid Foundation

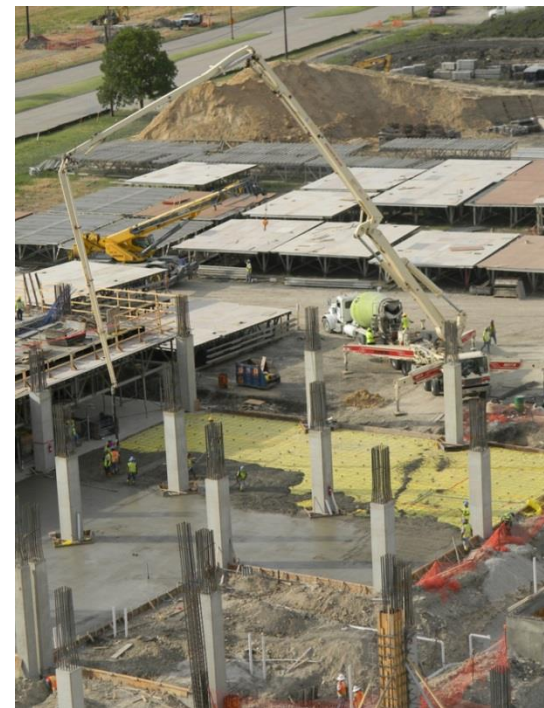
City Council Budget Presentation

August 5, 2013



Maintaining a Solid Foundation

- ***“Maintaining a Solid Foundation”*** is the theme for this 2013-2014 budget that reflects the attention to maintaining and reinvesting in our key infrastructure. It also reflects the impactful commercial developments underway that are key building blocks for the City’s ongoing economic success.
- ***A Solid Foundation*** is....
 - The most important component of any structure and the basis for future success
 - Footed deep into the ground to provide stability, reliability, and integrity
 - Allow future, loftier efforts to be built upon this solid base



Maintaining a Solid Foundation

- Maintenance enhancements for 2013-2014 include:
 - Arterial, Collector and Neighborhood Streets
 - Screening Walls and Bridge Railings
 - Traffic signs, poles and markings
 - City facilities
 - Parks and entry features
- Key operational impacts include:
 - Solid Waste Service Enhancements
 - Arts Master Plan Implementation
 - NTMWD Water Supply Capital Initiatives
 - Municipal Capital Facility Upgrades
 - Golf Fund Operation Refinements
 - Next Gen 911 Public Safety Technology



Maintaining a Solid Foundation

- The City's budget development process conforms to a variety of guidance features:
 - City Council Direction
 - State & Federal Laws
 - City Charter
 - City Financial & Investment Policies
 - Fund Accounting Standards
 - Bond Rating Criteria



Budget Development Objectives

- Develop a 2013-2014 Budget and Work Plan that requires no new property tax rate change.
- Continue the strong alignment of municipal resources around the key themes of the Council's goals: sustained infrastructure enhancements, strong comprehensive planning, quality public safety services, neighborhood integrity and renewal, active economic development, and strong fiscal management.
- Sustain the many initiatives begun with the current 2012-2013 work plan, including key studies and capital project initiations.



Budget Development Objectives



- Continue the active implementation of the 2010 G.O. Bond Program, and respond to the operating impacts of these improvements.
- Support the implementation work plan for our reinvestment studies.
 - Continue the active attention to the catalyst projects
- Support transit-oriented development initiatives around the existing and proposed DART Light Rail stations – and seek continued support of DART transit enhancements for Richardson.
- Enhance maintenance efforts to protect existing city infrastructure and assets.
- Continue the strengthening work plan for enhanced communication outreach.

Budget Development Objectives



- Continue to leverage with personal and corporate donations and volunteerism to strengthen community arts, city services, and community assets.
- Maximize the economic development retention and recruitment opportunities to strengthen our tax base – including retail initiatives and international business development.
- Foster the redevelopment of Richardson’s older assets through quality planning updates and financial support efforts like Tax Increment Financing (TIF) and active infrastructure upgrades.

Budget Development Objectives

- Continue to support the strong work plan of neighborhood outreach – including our partnerships with HOA's and other groups.
- Sustain Richardson's leadership posture with DART, NTTA and TxDOT initiatives to sustain good transportation access and air quality efforts.
- Support the planning and fiscal requirements for regional utility services for water supply, sewer treatment, and solid waste management to assure the future of these important infrastructure assets and resources.



Budget Development Objectives



- Continue our strong alliance commitments with our community partnerships: RISD, PISD, MRMC & UTDallas
- Sustain our focus on the quality-of-life components of municipal services devoted to parks, recreation and open space/trail. Be attentive to refining service delivery in these areas as we design and construct the bond and grant-funded recreation assets.
- Continue to support a competitive employment environment to sustain and recruit a high-quality public service work force.

Key Budget Elements for 2013-2014: Property Tax

- Our tracking efforts with the DCAD and CCAD appraisal districts have now reported that 2013-2014 is a year of increasing property values. The Certified Tax Rolls increase 6.2%* over the prior year.
 - * Includes increased property tax values for the TIF areas. The effective increase for the General Fund is 4.6%, after excluding TIF areas.
- **No tax rate change is proposed.** The current \$0.63516 rate will be used in budget development.
- The Senior Exemption's current \$55,000 value amount will maintain the 30% protection objective for 2013-2014.
- Property taxes provide about 37% of the entire General Fund resources.
- 1% of the Tax Roll equals \$667,000. 1 penny of the tax rate equals \$1,000,000 of revenue.

Key Budget Elements for 2013-2014 :

Sales Tax

- Sales tax revenue estimating continues to be on a modest upward trend.
- This current 2012-2013 year has had a mixed pattern for sales tax – but generally has seen solid increases.
- The 2013-2014 budget target of \$27.2 million uses a 3.5% growth factor from base collections
- This revenue provides about 26% of the entire General Fund resources.

Key Budget Elements for 2013-2014 :

Rates & Fees

- Water/Sewer Utility
- The NTMWD wholesale water rate is projected to increase about \$0.18 every year for the next 4 year period. In addition, the NTMWD wholesale water rates continue to increase annually through the near future.
- Jim Parks, NTMWD Executive Director, provided a presentation at the July 8th City Council meeting regarding the water supply and treatment needs for the district.
- The City must continue to use a “pass-through” format to these wholesale rate adjustments to maintain our financial policies.
- The Water/Sewer Fund is also experiencing other financial pressures from contractual providers for sewer services.
- For 2013-2014, a rate adjustment for water and sewer of 10.9% is proposed.

Key Budget Elements for 2013-2014 :

Rates & Fees (more)

- Solid Waste Rates
- The results from a comprehensive Solid Waste services study were presented at the July 15th City Council Meeting.
- Based on the results of this study and the City Council's direction, the City will adopt an ordinance requiring construction and demolition haulers to be licensed and pay an annual license fee beginning October 1st. \$200,000 is budgeted in additional revenue from this fee in the 2013-2014 budget.
- Commercial and residential revenues are stable, resulting in a deferred rate adjustment for this fiscal year.
- The use of fund balance in the Solid Waste Fund in this year's budget will result in continued review and study of these operations.

Key Budget Elements for 2013-2014 :

Rates & Fees (more)

- Drainage Utility Fee
- This 2013-2014 budget will be the second full fiscal year for this fee, which was enacted during 2011-2012 and the City began revenue receipts in February 2012.
- Recall that Richardson was one of the few remaining cities in the DFW area that had not established this fee, even as our General Fund has absorbed the mandates of the State's Stormwater Quality Management regulations.
 - With the adopted plan that was presented at the July 1st City Council meeting, \$910,000 of current General Fund expenses related to this program (engineering, enforcement, inspection, etc.) will be supported by the new Drainage Utility Fund. Additionally, about \$1.410 million in annual stormwater/drainage capital improvements 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.

Key Budget Elements for 2013-2014 : Debt & Capital Program

- Following the approval of the \$66 million 2010 G.O. Bond program and related debt-assigned \$0.06 tax rate change, the current focus is on active completion of the program.
- Debt service requirements now reflect these recently added obligations, and are handled in 2013-2014 through the multi-year debt plan that was developed.
- For 2013-2014, \$8.125 million across all funds is proposed for the Series 2014 C.O. debt program. This will cover the annual capital replacement requirements and the Utility Fund C.I.P. needs:
 - \$2.9 million for General Fund capital equipment
 - \$0.995 million for Fire Equipment
 - \$3.200 million for General Fund Capital – City Facility and Land Acquisition
 - \$1.030 million for Solid Waste equipment

Key Budget Elements for 2013-2014 : Essence of a Solid Foundation

- The planning for the Fiscal Year 2013-2014 Budget began in early 2013 with the identification of maintenance strategies as a high priority for the community.
- Beginning in June, City staff has provided presentations on key maintenance and operational needs and strategies to meet these needs.
- City staff has continued to discuss and refine maintenance strategies to best meet community needs. These discussions have led to the development of “three year” budgetary goals for key maintenance needs.
- These strategies help create an orderly maintenance plan that builds sustained funding for these programs over the next few years.
- Maintenance strategies will continue to be reviewed and evaluated, mindful of the tolerance of the community, contractors and city staff to achieve these maintenance goals.

Key Budget Elements for 2013-2014 : Maintenance Activities

	FY12-FY13 Estimate	FY13-FY14 Proposed	FY14-FY15 Goal	FY15-FY16 Goal
Streets Management – “Penny Tax”	\$1,004,410	\$1,838,494	\$2,088,495	\$2,088,495
Screening Walls	\$40,000	\$120,000*	\$120,000*	\$50,000
Bridge Railings	\$115,000	\$150,000	\$150,000	\$150,000
Pavement Markings	\$165,000**	\$250,000**	\$300,000**	\$350,000**
Street Name Sign Replacement	\$72,500	\$100,000	\$100,000	\$100,000
TOTAL	\$1,396,910	\$2,458,494	\$2,758,495	\$2,738,495

* Includes funding from Capital Reserves

** Includes funding from the Traffic Safety Fund

Key Budget Elements for 2013-2014 : Additional Maintenance Attention

Facilities Services

- \$78,000 in additional financial resources are being dedicated to maintaining the City's municipal facilities.
 - \$476,000 in capital projects including HVAC replacement at the Police Department and boiler and chiller replacement projects at the Municipal Court are included in the 2013-2014 budget.
 - Over \$245,000 in maintenance contracts and small facility projects are funded, an increase of \$78,000.

Parks and Recreation Maintenance

- Resources dedicated to park maintenance have increased by approximately \$131,000. This includes funds for maintenance of Durham Park, Gymnastics Center as well as the Heights Recreation Center and Aquatic Center
- Key Parks and Recreation capital projects include playground safety surface renovation, Breckinridge pedestrian bridge renovation project, tennis courts resurfacing at Huffhines, replacement of exercise equipment at Huffhines Recreation Center and the Senior Center and replacement of fencing at Cottonwood Pool.

Key Budget Elements for 2013-2014 :

Staffing & Compensation

- Personal Services comprise the largest expense category of the General Fund. Staff continues to hold vacant positions and to understaff to assist in managing these expenses. Overall staffing remains below the level of 2001-2002.
- Health benefits are structured to be financially sustainable and to allow employees to select from three different plans with three different levels of deductibles and co-insurance. This structure allows the organization to begin the transition to consumer driven health care plans.
- Due to restrictions of the Patient Protection and Affordable Care Act medical and dental coverages will be separated. Dental coverage will be an optional choice for employees and retirees.
- City funding for medical benefits remains consistent with the prior year.

Key Budget Elements for 2013-2014 : Staffing & Compensation

- The TMRS contribution rate has been reduced from 14.79% to 14.61% and the City's funded ratio has increased from 89% to 91%.
- A proposed cap on the city's contribution to retiree health insurance is anticipated to be instituted in 2014, which will reduce the long-term OPEB liability by approximately \$20-\$30 million.
- A proposed compensation adjustment plan is included to remain regionally competitive with other communities.
- Support for compensation steps (5%) is proposed for the 48% of employees still within ranges. For those at the top of range or single step, a 3.0% adjustment is proposed. By design, an employee will receive only one of these adjustments.

City of Richardson, Texas

Combined Fund Summaries

FY 2013-2014 Combined Budget

Combined Budget				
	2012-2013 Estimated	2013-2014 Budget	Est./Bud.	%
Beginning Fund Balances	\$40,920,196	\$38,017,599	(\$2,902,597)	-7.1%
Revenues	\$200,071,167	\$208,374,634	\$8,303,467	3.4%
Expenditures	\$202,973,764	\$207,421,545	\$4,447,781	2.2%
Ending Fund Balances	\$38,017,599	\$38,970,689	\$953,089	2.5%

FY 2013-2014 Combined Budget

Classification of Combined Operating Fund Expenditures

<u>Operating Expenditures</u>	<u>Proposed 2013-2014 Budget</u>	<u>Percent of Total</u>
Personal Services	\$ 92,579,854	44.63%
Professional Services	11,830,234	5.70%
Maintenance	42,782,822	20.63%
Contracts	29,255,770	14.10%
Supplies	11,713,276	5.65%
Capital	2,315,114	1.12%
<u>Total Operating Expenditures</u>	<u>\$190,477,070</u>	<u>91.83%</u>
Transfers Out	\$ 9,136,664	4.40%
<u>Total Operating Expenditures and Transfers Out</u>	<u>\$199,613,734</u>	<u>96.24%</u>
Debt Service Payments	\$35,026,643	16.89%
Less Interfund Transfers	(\$27,218,832)	-13.12%
<u>Net Appropriations</u>	<u>\$207,421,545</u>	<u>100.00%</u>

General Fund



FY 2013-2014 General Fund

General Fund Budget				
	2012-2013 Estimated	2013-2014 Budget	Est./Bud.	%
Beginning Fund Balances	\$16,700,336	\$17,000,353	\$300,017	1.8%
Revenues	\$102,507,762	\$104,402,757	\$1,894,995	1.8%
Expenditures	\$102,207,746	\$104,251,506	\$2,043,760	2.0%
Ending Fund Balances	\$17,000,352	\$17,151,603	\$151,251	0.9%

FY 2013-2014

General Fund Revenue Overview

- \$1,895,000 or 1.8% increase
 - Property Taxes increase \$2,319,000
 - Franchise Fees increase \$394,000
 - Sales Tax increase \$497,000
 - License and Permits (\$1,162,000)
 - General & Administrative (G&A) decrease (\$506,000) – Phased out of Capital Projects G&A's
 - Remaining Revenues \$353,000

2013 Property Tax Analysis

2013 Certified Tax Roll Comparison

2013 Certified Tax Roll Comparisons	
August 2013	
Entity	% Change
Richardson (CCAD)	9.7%
McKinney	8.2%
Frisco	8.0%
Richardson (Total)	6.2%
Collin County	6.1%
Allen	5.8%
Plano	5.1%
Irving	5.1%
Carrollton	5.0%
Grand Prairie	4.9%
Dallas	4.2%
Richardson (DCAD)	4.2%
Dallas County	4.1%
Fort Worth	2.7%
Arlington	2.3%
Garland	0.6%
Mesquite	0.1%

Tax Parcel Reappraisals

DCAD 2013 Tax Roll – Percent of Parcels Reappraised			
	2011	2012	2013
Residential	28%	10%	63%
Commercial	65%	48%	54%
BPP	100%	100%	100%
All	42%	26%	68%

- CCAD reappraises 100% of all parcels each year

Property Tax Features

	Budget	Estimated	Budget
	2012-2013	2012-2013	2013-2014
Certified Assessed Value	\$10,079,565,561	\$10,079,565,561	\$10,707,411,690
Property Tax Revenue			
Operations & Maintenance	\$36,450,467	\$36,047,072	\$38,378,308
Debt Service	\$27,362,215	\$27,320,679	\$28,349,584
Total	\$63,812,682	\$63,367,751	\$66,727,892

Assessed Valuation

- Total assessed valuation assumes a 6.2% increase in certified assessed valuation plus \$64.0 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 Finance District values of \$265.7 million

	2012	2013	% Difference
Certified	\$10,079,565,561	\$10,707,411,690	6.2%
Values In Dispute	\$87,897,941	\$63,965,608	(27.2%)
TIF	(\$120,753,668)	(\$265,694,954)	120.0%
Taxable Value for General Fund Debt and O/M	\$10,046,709,834	\$10,505,682,334	4.6%

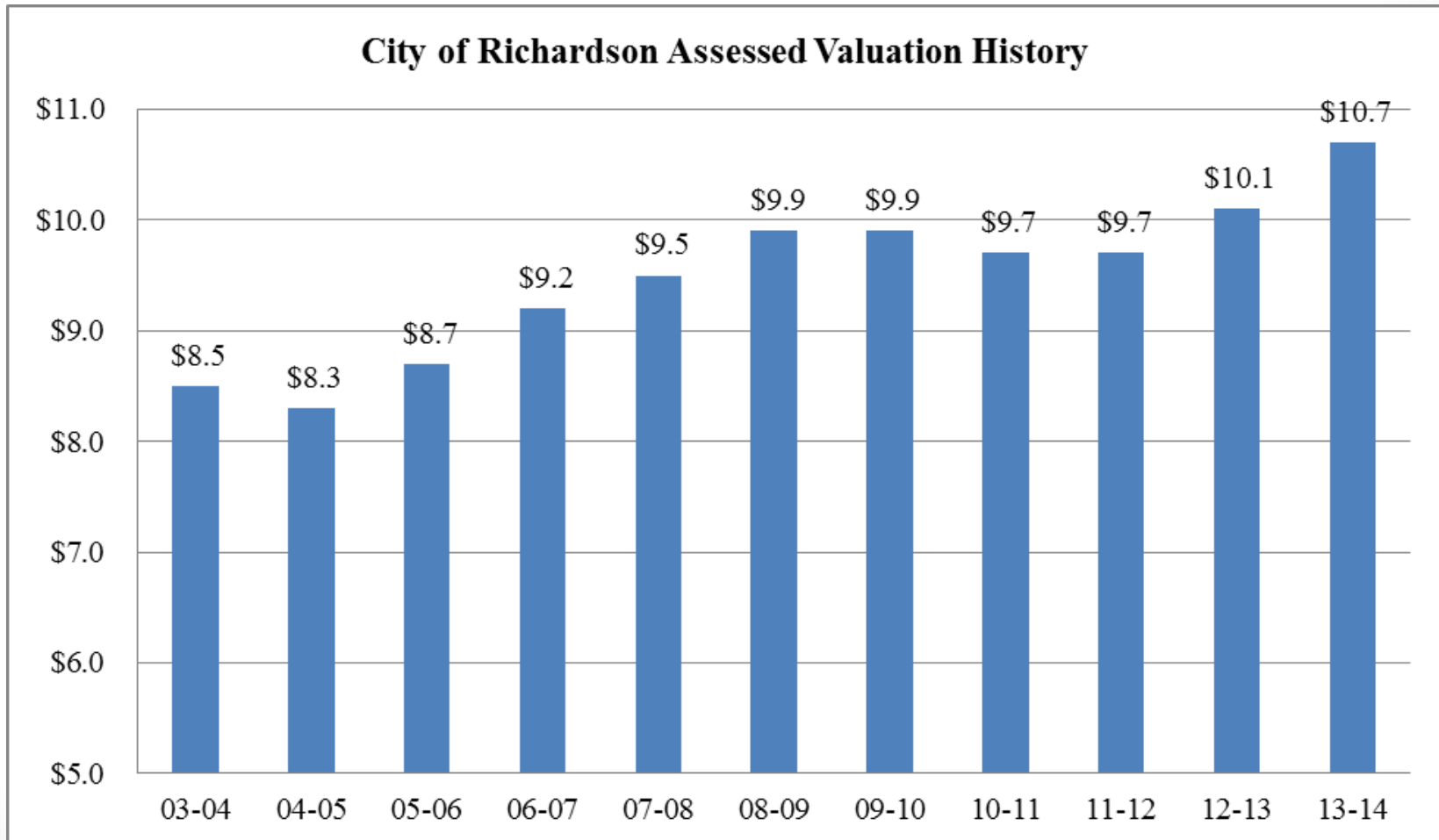
Property Tax Rate		
	2012-2013	2013-2014
Operations & Maintenance (O & M)	\$0.36281	\$0.36531
Debt Service	\$0.27235	\$0.26985
Total	\$0.63516	\$0.63516

Tax Rate Calculations

2013-2014 Tax Rate Calculations			
	Rate	Difference	Revenue
2013-2014 Rate	\$0.63516	-	-
Rollback Rate	\$0.64873	\$0.01357	\$1,425,621
Effective Rate	\$0.61406	(\$0.0211)	(\$2,216,699)

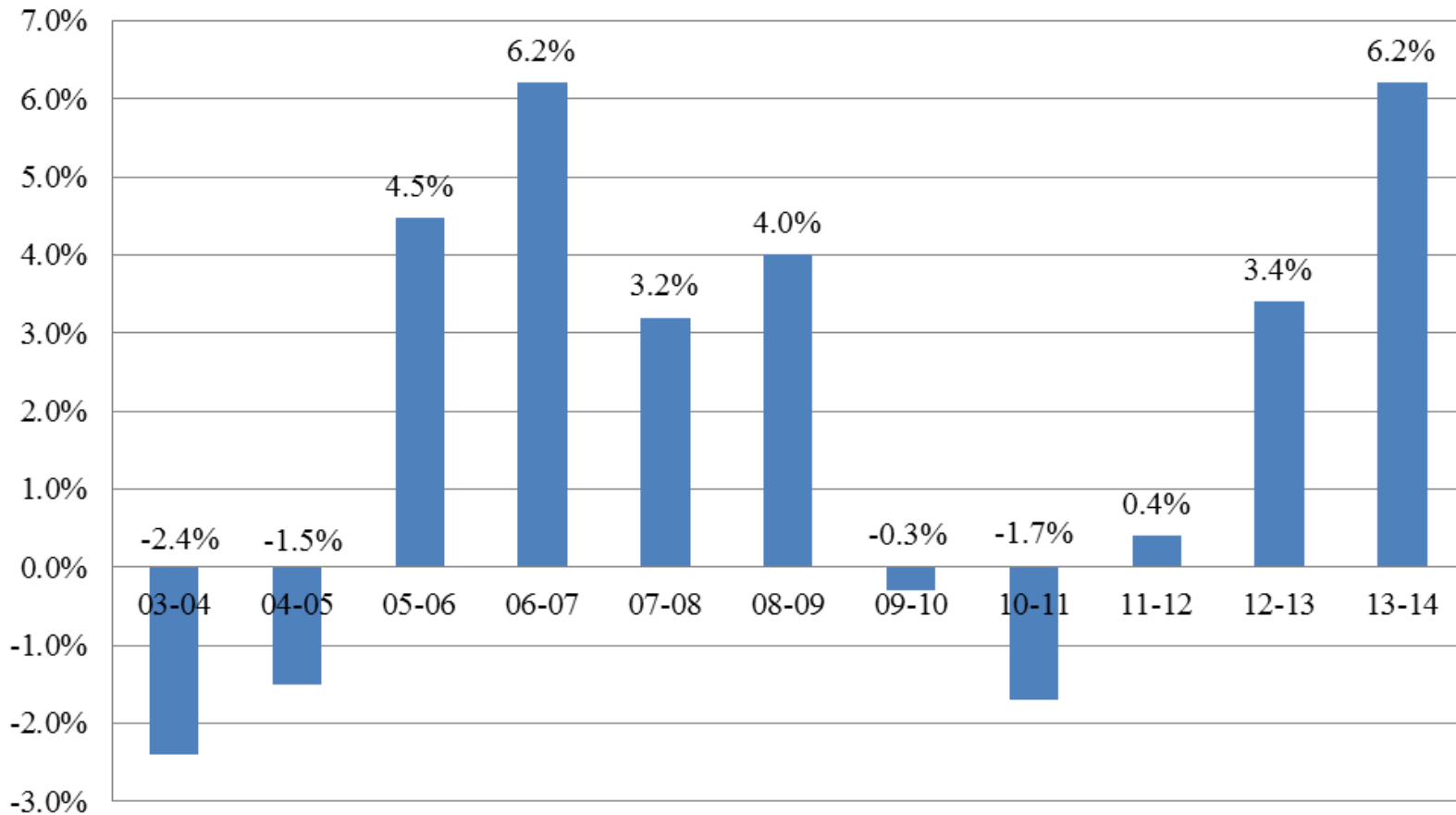
2012-2013 Tax Rate Calculations			
	Rate	Difference	Revenue
2012-2013 Rate	\$0.63516	-	-
Rollback Rate	\$0.66280	\$0.02764	\$2,776,911
Effective Rate	\$0.63291	(\$0.00225)	(\$226,051)

FY 2013-2014 Assessed Valuation



FY 2013-2014 Assessed Valuation

Percent Change in Assessed Valuations



FY 2013-2014 Assessed Valuation

Valuation Including New Improvements			
District	2013 Certified Roll	2013 New Improvements	%
CCAD	\$4,069,117,071	\$82,953,067	2.04%
DCAD	\$6,638,294,619	\$53,375,468	0.80%
Total	\$10,707,411,690	\$136,328,535	1.27%

Valuation Including New Improvements			
District	2012 Certified Roll	2012 New Improvements	%
CCAD	\$3,707,807,681	\$41,867,465	1.1%
DCAD	\$6,371,757,880	\$30,150,707	0.5%
Total	\$10,079,565,561	\$72,018,172	0.7%

Market Value Increase

Roll Increase - Market Value					
	2012	%	2013	%	% Change
Improvements	\$7,052,329,410	59.28%	\$7,399,507,298	59.00%	4.92%
Land	\$2,732,955,620	22.97%	\$2,827,834,988	22.55%	3.47%
Business & Personal Property	\$2,110,854,046	17.75%	\$2,312,978,085	18.45%	9.58%
Total	\$11,896,139,076	100.00%	\$12,540,320,371	100.00%	5.42%

Tax Roll Increase

Roll Increase – Taxable Values								
	Residential	% Change	Commercial	% Change	BPP	% Change	Total	% Change
2013	\$4,686,522,612	0.94%	\$3,996,773,284	8.97%	\$2,024,115,794	14.42%	\$10,707,411,690	6.20%
2012	\$4,642,723,828	-0.88%	\$3,667,775,991	11.30%	\$1,769,065,742	0.10%	\$10,079,565,561	3.40%
2011	\$4,684,107,745	-1.50%	\$3,294,460,395	0.70%	\$1,767,914,290	4.90%	\$9,746,482,430	0.40%
2010	\$4,753,636,539	1.20%	\$3,272,140,875	-7.20%	\$1,685,380,954	1.60%	\$9,711,158,368	-1.70%
2009	\$4,699,651,917	-0.90%	\$3,525,971,862	-2.20%	\$1,658,474,266	5.90%	\$9,884,098,045	-0.30%
2008	\$4,742,302,167	0.60%	\$3,605,732,317	6.50%	\$1,566,813,227	9.00%	\$9,914,847,711	4.00%
2007	\$4,712,070,464	2.90%	\$3,386,900,716	3.50%	\$1,437,536,180	3.10%	\$9,536,507,360	3.20%
2006	\$4,578,470,728	1.10%	\$3,271,227,051	18.70%	\$1,394,937,977	-1.70%	\$9,244,635,756	6.20%
2005	\$4,529,783,318	5.10%	\$2,755,659,510	3.50%	\$1,418,623,768	4.60%	\$8,704,066,596	4.50%
2004	\$4,311,934,417	3.40%	\$2,663,396,379	-5.80%	\$1,356,666,064	-7.10%	\$8,331,996,860	-1.50%
2003	\$4,169,788,247	9.20%	\$2,827,745,763	-8.50%	\$1,460,920,007	-16.80%	\$8,458,454,017	-2.40%
2002	\$3,820,030,932	7.40%	\$3,089,714,225	-0.70%	\$1,755,517,943	-18.00%	\$8,665,263,100	-1.60%
2001	\$3,556,206,861	7.90%	\$3,110,180,887	10.20%	\$2,141,535,354	17.90%	\$8,807,923,102	11.00%
Change in Values From 2001 to 2013								
	\$1,130,315,751	31.78%	\$886,592,397	28.51%	(\$117,419,560)	(5.48%)	\$1,899,488,588	21.57%

Tax Roll Comparison

Tax Roll Comparison					
	2012		2013		
	\$Mil	%	\$Mil	%	% Change
Residential	\$4,642,723,828	46.06%	\$4,686,522,612	43.77%	0.94%
Commercial	\$4,715,651,563	46.78%	\$5,215,337,409	48.70%	10.60%
Industrial	\$577,740,687	5.74%	\$634,753,621	5.93%	9.87%
Undeveloped	\$143,449,483	1.42%	\$170,798,048	1.60%	19.06%
Total	\$10,079,565,561	100.00%	\$10,707,411,690	100.00%	6.23%

Percent of Total Value

Percent of Total Value				
Tax Year	Residential	Commercial	BPP	Total
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%
2004	52%	32%	16%	100%
2003	49%	34%	17%	100%
2002	44%	36%	20%	100%
2001	40%	36%	24%	100%
2000	42%	35%	23%	100%

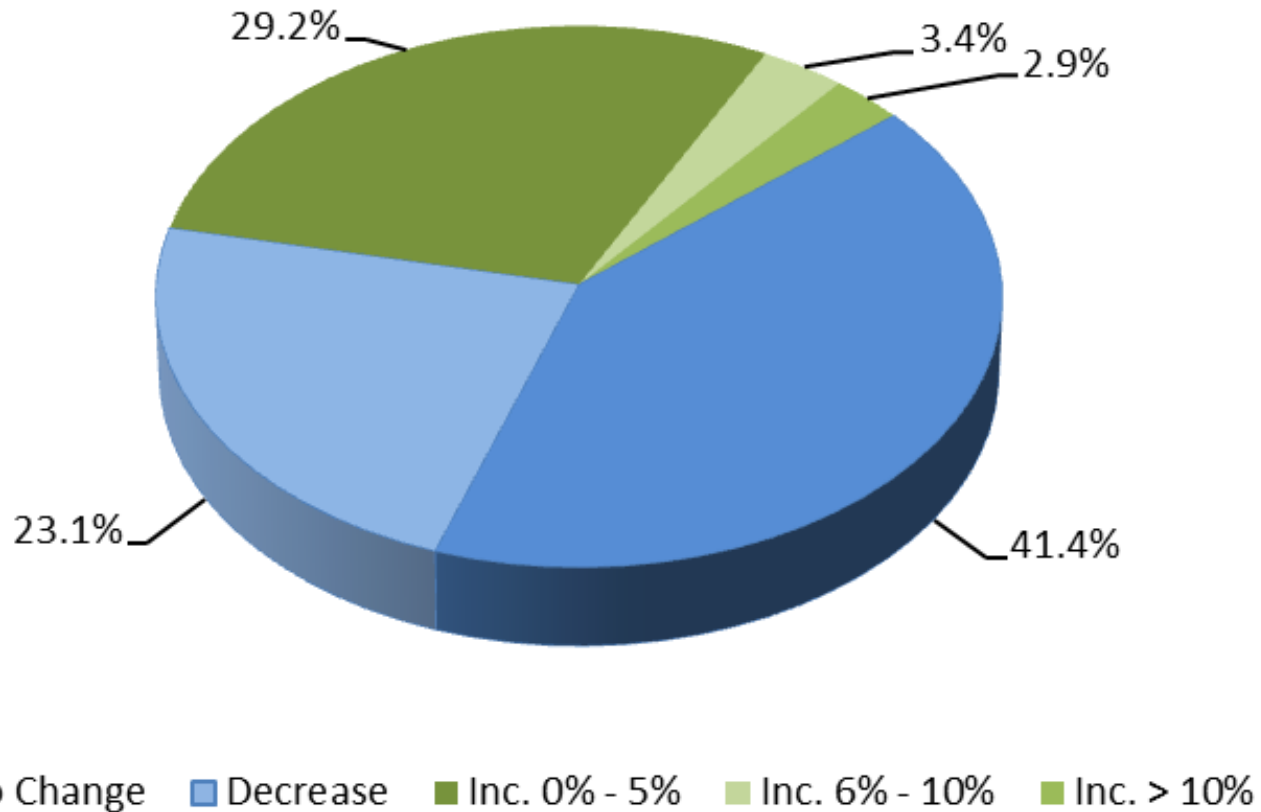
Top Ten Taxpayers

Top Ten Taxpayers		
	Taxable Value	% of Total Taxable Value
1. Bank of America	\$236,224,713	2.21%
2. Health Care Service Corporation	\$222,606,231	2.09%
3. Cisco Systems	\$209,269,733	1.95%
4. Collins Technology Park Partners	\$149,931,630	1.40%
5. Verizon	\$132,774,845	1.24%
6. Champion Partners	\$116,119,082	1.08%
7. AT&T	\$107,249,758	1.00%
8. Fujitsu	\$105,695,813	0.98%
9. IBM	\$104,168,636	0.97%
10. Texas Instruments	\$95,722,725	0.90%
Total	\$1,479,763,166	13.82%
Total 2013 Taxable Value	\$10,707,411,690	

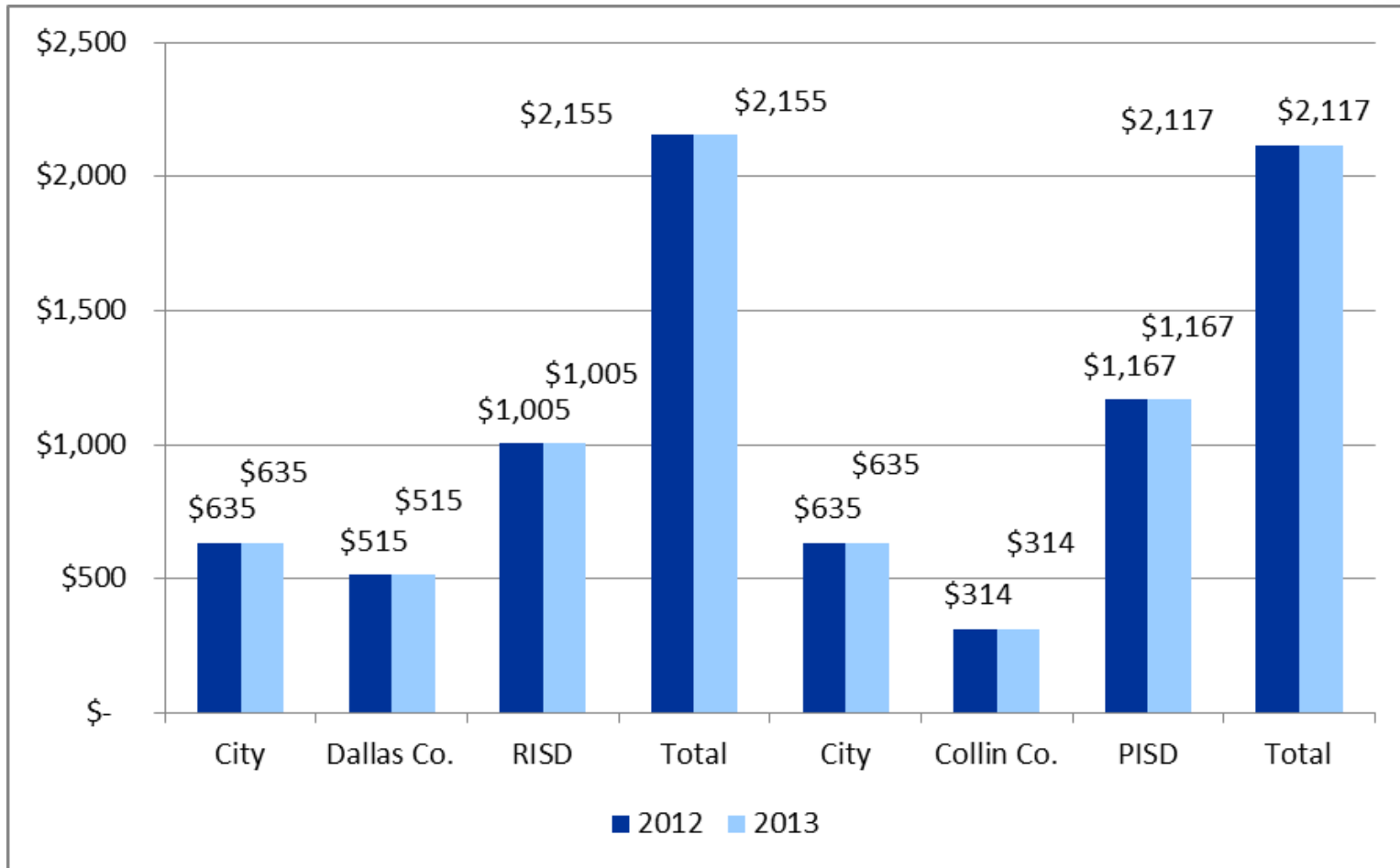
Change In Residential Valuations

Number Residential Properties Affected by Valuation				
	2012-2013		2013-2014	
Impact	# Properties	% of Total Res. Properties	# Properties	% of Total Res. Properties
No Change	19,087	68.3%	11,599	41.4%
Decrease	6,908	24.7%	6,490	23.1%
Increase 0% - 5%	1,333	4.8%	8,194	29.2
Increase 6% - 10%	270	1.0%	960	3.4%
Increase >10%	365	1.2%	815	2.9%
Total Res. Properties	27,963	100.0%	28,058	100%

Change In Residential Valuations



Tax Impact on a \$100,000 Home



Average Senior Home Value

Average Senior Home Value Statistics						
Tax Year	Qualifying Parcels	% Change From Year to Year	Senior Exempt.	Average Senior Home Market Value	% Change From Year to Year	% of Total Val
2013	7,431	2.17%	\$55,000	\$180,265	0.93%	30.51%
2012	7,273	4.32%	\$55,000	\$178,609	-0.10%	30.79%
2011	6,972	3.00%	\$55,000	\$178,788	0.40%	30.76%
2010	6,769	3.14%	\$55,000	\$178,079	-0.49%	30.89%
2009	6,563	4.14%	\$55,000	\$178,961	0.49%	30.73%
2008	6,302	3.40%	\$55,000	\$178,094	2.60%	30.88%
2007	6,095	2.90%	\$50,000	\$173,581	2.95%	28.80%
2006	5,923	3.24%	\$50,000	\$168,609	2.98%	29.65%
2005	5,737	1.90%	\$30,000	\$163,726	5.19%	18.32%
2004	5,630	0.23%	\$30,000	\$155,650	2.40%	19.27%
2003	5,617	2.52%	\$30,000	\$151,997	3.88%	19.74%
2002	5,479	3.18%	\$30,000	\$146,315	9.54%	20.50%

Senior Exemption

- The number of senior property tax exemptions (for persons 65 and older, disabled persons, and surviving spouses) total 7,431, an increase of 158 for 2013-2014. The revenue impact of the \$55,000 exemption for 2013-2014 is \$2.6 Million

Remaining Revenues

Franchise Fees

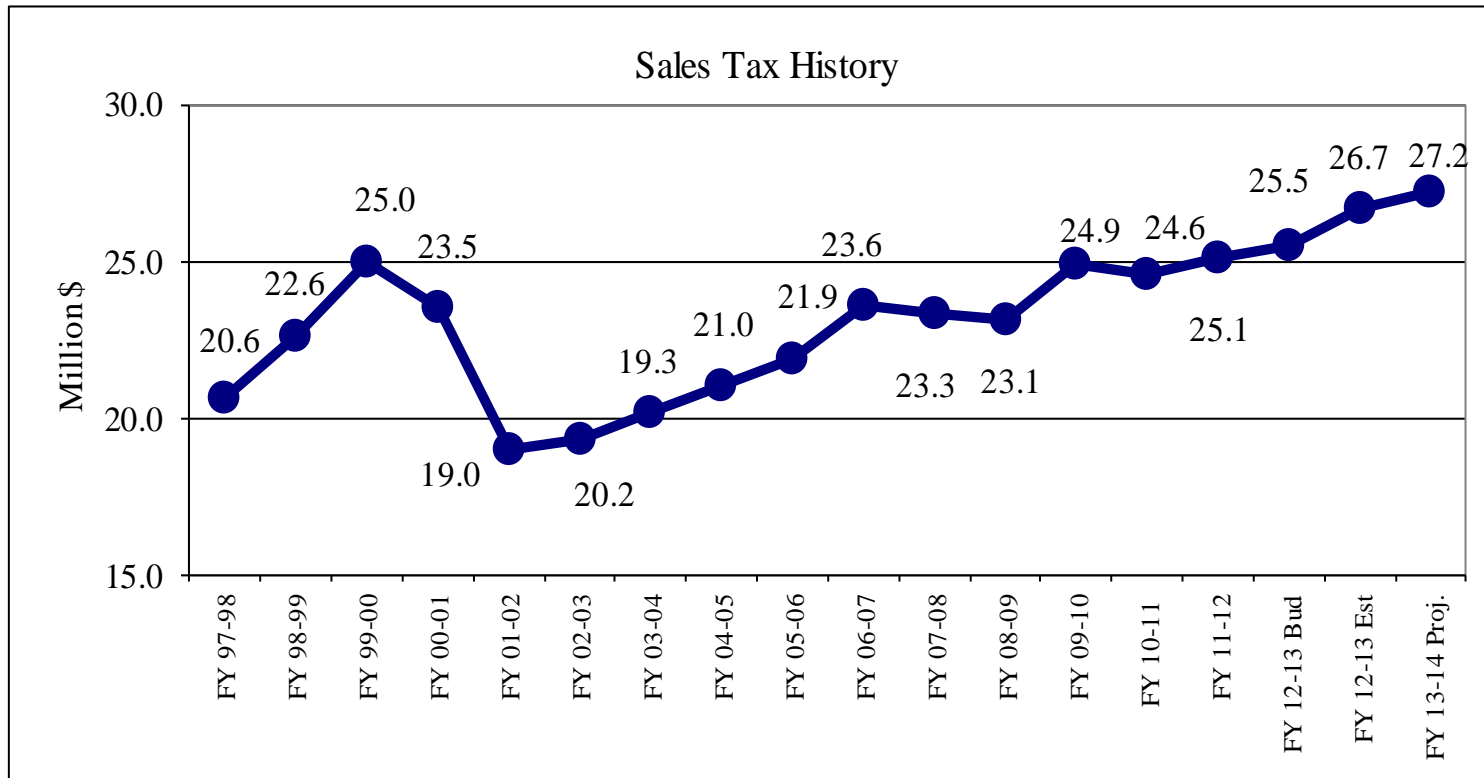
- Franchise Fees are projected at \$14.2 million for 2013-2014, an increase of \$394,000 or 2.8% over estimated year-end.
 - The largest increase this year, \$276,000, is projected in the Water and Sewer Franchise Fee based on a rate change proposal to be discussed in more detail when we talk about that fund.
 - The Electric Franchise Fee is the next largest increase projected at \$61,000 over year-end and is reflective of the standard growth in consumption as well as price fluctuations. The remaining categories combined reflect minimal growth in collections totaling \$57,000.

Sales and Other Business Taxes

- Sales and Other Business Taxes are projected at \$27.6 million for next year reflecting an increase of \$497,000 or 1.8% from estimated year-end revenues.
 - Our top 20 remitters account for 31.4% of total receipts this year, about even with the 31.6% last year. We are seeing modest increases in the retail sales and the high tech manufacturing sectors, with business to business sales and telecommunications starting to experience stronger growth.
 - Mixed Beverage and Bingo receipts are anticipated to increase modestly by \$4,000 over year-end. Sales Tax, the largest of the three in this category, is projected to increase \$493,000 or 1.8% from year-end estimates based on current trends and expectations of 3.5% growth in “base to base” activity. Year-end 2012-2013 estimate includes a total of \$427,000 in “significant”, non-recurring audit adjustments. Those adjustments are not included in the forecast for next year, only the “base” collection.

Sales and Other Business Taxes

FY 12-13 Est.	Projected	FY 13-14
Base Actual	Growth Rate	Projected
\$ 26,296,483	3.5%	\$27,216,860



License and Permits

- License and Permits are projected to decrease (\$1.2 Million) from the year-end estimate of \$3.3 million. Building Permits account for the entirety of this decline due to the inclusion in FY 2012-2013 of large, one time permits related to current economic development activities. These large permits are removed from year-end estimates before projections are made about the coming year.

Remaining Revenues

- **Fines and Forfeits** are expected to remain flat at \$4.5 million with only a minor 1% increase over year-end. This projection is based on citation volume as well as handling capacity since the revenue in this category is received through the Municipal Court and Library with the majority of the increase expected in Court activity.
- Both **Interest Earnings** and **Civic Center** revenue are expecting minimal increases totaling \$13,000 in 2013-2014.
- **Recreation and Leisure Services** revenues are budgeted at \$3.8 million, an increase of \$158,000 over 2012-2013 year-end estimates including modest growth across most categories.

Remaining Revenues

- **Other Revenue** projected at \$4.6 million or \$137,000 above estimated year-end for 2012-2013. The largest portion of the increase is \$110,000 in Ambulance Fees and Miscellaneous Revenue. This is normal, expected growth in collections with no change in fees.
- Total revenue from **General & Administrative** Transfers is projected at \$8.3 million, a decrease of (\$506,000) from FY 2012-2013. The largest area of decrease (\$675,000) is in the Capital Projects G&A as we complete the 4 year phase out of that transfer. The Water and Sewer, Solid Waste and Golf G&A increase a combined \$140,000 based on the indirect cost analysis while the transfer from Hotel/Motel for the Convention and Visitors Bureau is matched to their operating budget.

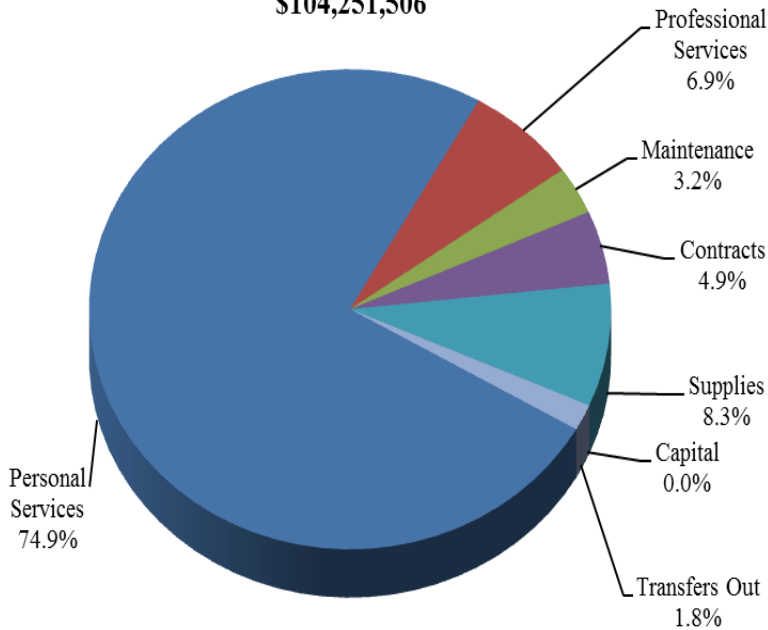
FY 2013-2014

General Fund Expenditures

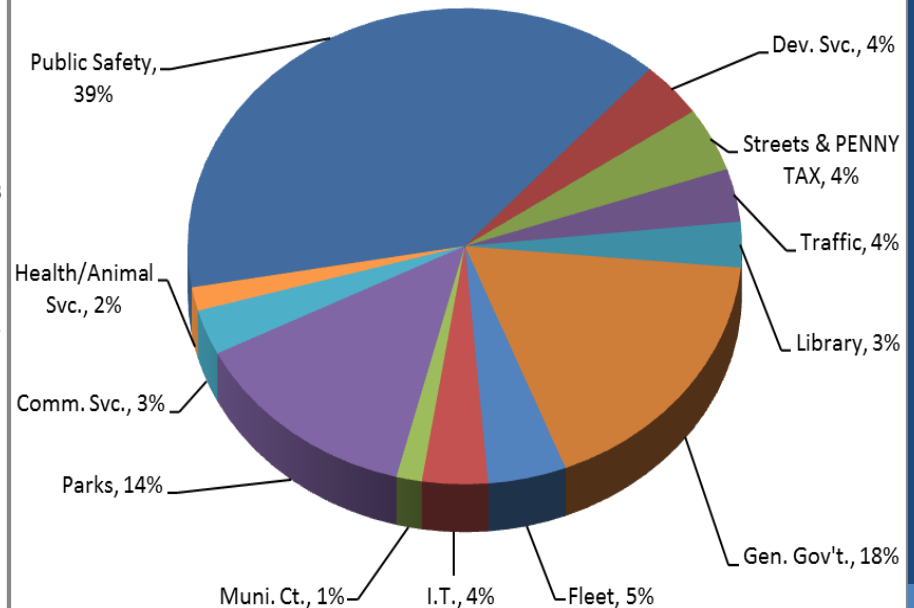
Classification of General Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 78,058,803	74.88%
Professional Services	7,217,842	6.92%
Maintenance	3,369,917	3.23%
Contracts	5,135,168	4.93%
Supplies	8,631,282	8.28%
Capital	-	0.00%
<u>Total Operating Expenditures</u>	\$ 102,413,012	98.24%
Transfers Out	\$1,838,494	1.76%
<u>Total Operating Expenditures and Transfers</u>	\$ 104,251,506	100.00%

FY 2013-2014 General Fund Expenditures

**FY 2013-2014 General Fund Expenditures by Category -
\$104,251,506**



**FY 2013-2014 General Fund Expenditures by Activity
\$104,251,506**



FY 2013-2014

General Fund Expenditures

- Total Expenditures and Transfers for the General Fund are projected at \$104.3 million, an increase of \$2.0 million over FY 2012-2013 year-end estimates.
- This budget maintains all current service levels and provides an additional \$1.4 million for basic maintenance items throughout the City. These items will be discussed in more detail below.

FY 2013-2014

General Fund Expenditures

- **Personal Services** – Personnel is always the largest expense and most valuable resource for an organization whose primary purpose is the provision of services to the public. Personal Services are presented at \$78.1 million, an increase of 4.1% from the year-end estimate of \$75.0 million and account for 75% of the total General Fund operating budget. The key personnel issues addressed in this proposal, include:
 - ***Movement within approved pay plan ranges*** – (\$600,000) - Approximately 52% of all city personnel are at the top of their pay range. The remaining 48% have room to grow within their approved pay plan ranges. Historically the annual movement has been on a 5% growth step that can be earned for each year service until the top of the pay range is reached, usually within a 4-5 year period, which is a consistent pay plan program utilized in public safety across the Dallas-Fort Worth Metroplex.

FY 2013-2014

General Fund Expenditures

- **Pay Range Plan Adjustment** - (\$1.18 Million) as mentioned above, 52% of our employees are at the top of their existing pay range. This adjustment will add 3.0% to the top of the pay ranges for all employee pay ranges. This will allow our longest tenured employees, who also tend to be the majority of those at the top of their pay range, an opportunity to receive no more than a 3.0%, merit based, pay increase.
- **Market Adjustment** – (\$500,000 under review) - Since 1995-1996, the City has proactively reviewed approved pay ranges to insure market compatibility once these ranges have been coordinated with the merit package in an effort to recruit and retain high quality employees.

FY 2013-2014

General Fund Expenditures

- ***Additional Staffing –***
 - **Police** – 1 additional **Investigative Operations Sergeant** will be added to the Investigative Operations Division to aide the existing three sergeants with investigative case loads.
 - **Fire** - With the new Fire Training Center scheduled to open in September 2013, the addition of a **Fire Lieutenant** will provide the required support to maintain the high level of training and enhance the learning experience for not only RFD but the mutual aid fire departments that will use the center.
 - **Information Technology** – a **IT Support Specialist I** will be added to aid and assist in the maintenance, programming and support of Fire Department specific programs and devices.

FY 2013-2014

General Fund Expenditures

- The TMRS contribution rate has been reduced from 14.79% to 14.61% and the City's funded ratio has increased from 89% to 91%.
- **CORPlan – Health Insurance** –While there will be no change to City contributions, changes are planned for employees and retirees that include the development of three different plan options providing different benefit levels thereby providing a more consumer driven program. An adjustment to retiree health insurance is also proposed to contain future City cost exposure and control the funds future liability.

FY 2013-2014

General Fund Expenditures

- **Non-Personnel Operations** – For FY 2013-2014, Non-Personal Services operating line items are currently projected at \$24.4 Million, an increase of \$712,000 or 3.0% over year end estimates.
 - As mentioned above, in addition to funding all activities at the same high level of service currently provided, we have enhanced basic maintenance services by \$1.4 million, including an additional \$834,000 in Street Rehabilitation funding.
- **Professional Services** – Increase \$338,000 or 4.9% and includes;
 - \$150,000 in enhanced bridge rail maintenance which will fund the first year of the three year program aimed at improving the aesthetic quality while also protecting the infrastructure of the bridge railings throughout the City.

FY 2013-2014

General Fund Expenditures

- **Professional Services continued...**
 - \$50,000 for a spay/neuter program through the Animal Shelter. Health and Safety Code 828 requires all animals adopted from an animal shelter to be spayed or neutered. Currently we have the adopter sign a contract to accomplish this and provide the shelter proof. This requires a staff member track all adoptions, send reminder letters, ultimately issuing citations making the process time consuming and compliance challenging. This funding will begin providing a contract spay/neuter service.
 - Parks Maintenance receives an additional \$67,000 for contract maintenance bringing the total to \$1.4 million in FY 2013-2014.
- **Maintenance** – This category will increase \$328,000 or 10.8% for FY 2013-2014.
 - Parks Maintenance will receive an additional \$64,000 for a total of \$579,000 in funding for repair and enhancement of irrigation, plumbing, electrical systems and general parks facility maintenance.

FY 2013-2014

General Fund Expenditures

- **Maintenance continued...**
 - Traffic and Transportation will receive an additional \$60,000 for signal pole painting adding to the \$221,000 for signs, markings, signal systems and street light maintenance for a total General Fund commitment of \$281,000.
 - Facilities Services maintenance increases \$78,000 for a total of \$245,000 for general building maintenance, elevator and heating and cooling system repairs and maintenance.
 - Information Technology maintenance increases \$184,000 and includes;
 - \$65,000 in increased radio maintenance for antennae roof rentals, replacement batteries and the first year of the new maintenance agreement.
 - \$57,000 in increased software licensing and maintenance, and,
 - \$62,000 in increased hardware maintenance and repair.

FY 2013-2014

General Fund Expenditures

- ***Contracts and Supplies Categories*** - will see minimal changes in funding levels for these categories.
- ***Street Rehabilitation*** – For the last 17 years, the City dedicated a portion of the total tax rate to street rehabilitation. This year, we propose increasing that commitment by $\frac{3}{4}$ of a cent to $1\frac{3}{4}$ cents of the tax rate. We accomplish this by bringing in an additional $\frac{1}{2}$ cent from operations and a $\frac{1}{4}$ cent from the debt service fund. In doing so, we increase the Street Rehabilitation Program by \$834,000 from prior years bringing our commitment this year to \$1.8 million. This funding will allow the accelerated implementation of the work plan presented at the July 1, 2013 Council work session. Along with \$376,000 of operations funds, this will increase our commitment to just over \$2.2 million.

FY 2013-2014

General Fund Expenditures

- **Support Funding** – The Traffic Safety Fund, as funded through the red light enforcement program, is able to absorb \$378,000 of expenses from the Police and Traffic Departments that would otherwise have to be funded in the General Fund. These items include an additional \$225,000 for signs, markings, signal and video camera maintenance. When combined with the \$281,000 in the General Fund for these items, the total commitment this year of \$602,000 is an increase of \$247,000 over last year. All expenditures from this fund are in compliance with allowable uses according to state law.
- **Fund Balance** – The proposed budget ends the year at the Council prescribed 60.05 days of fund balance.

Parks and Recreation Department

- A total of \$1.3 million of park improvements, maintenance projects and equipment/vehicle replacements are planned using \$756,000 of our \$2.9 million annual CO's and \$565,000 of operating funds for routine maintenance throughout the park system including irrigation, electrical and plumbing systems.

Parks and Recreation Department

	CO's	Operating Budget
Botanical		\$220,212
Irrigation System Maintenance		185,650
Electrical System Maintenance		109,000
Plumbing Systems Repair		50,000
Breckinridge A/B Bridge Renovation	\$ 250,000	
Crew Cab Pickup with Dump Body (2)	84,000	
Shuttle Bus – Replacement	75,000	
Civic Center Outdoor Furniture	55,000	
Treadmills - Replacements at Huffhines Rec. Center (5)	41,350	
Playground Safety Surface Renovation (3)	40,000	
Tennis Court Resurfacing - Huffhines	36,000	
Crew Cab Pickup with Service Body	36,000	
Wrought Iron Fencing - Cottonwood	27,440	
Soccer Goals	18,300	
Treadmills - Replacements (2)	13,520	
Water Taps (3)	13,500	
Lake Pump - Breckinridge	10,500	
Canyon Creek HOA - Matching Fund Beautification	10,000	
Stretch Trainers - Replacement at Huffhines Rec. Center (1)	8,400	
AED - Replacements (4)	8,400	
Windscreen Replacements	8,000	
Pool Furniture - Replacement	6,000	
Richardson Woman's Club - Matching Fund Beautification	6,000	
Recumbent Cycle - Replacements at Huffhines Rec. Center (1)	4,600	
Waterview Preservation - Matching Fund Beautification	4,000	
	\$ 756,010	\$ 564,862

Parks and Recreation Department

- Over the last 18 years, much of the increase in maintenance has been handled using contract services. This has allowed the division to maintain an acceptable rotation of grounds maintenance on parks, medians, roadsides, and public properties. The following projects/responsibilities are presently being contracted out:

Landscape Maintenance:	Others:
Median landscape maintenance	Street sweeping – (Drainage Fee Funded)
US 75 landscape maintenance	Parks restroom cleaning
Pool landscape maintenance	Water management of five swimming pools
Duck Creek Park landscape maintenance	Street banner program
Memorial Park landscape maintenance	Arboricultural Services
Fire Station #5 landscape maintenance	
Public Safety Complex landscape maintenance	
DART right-of-way landscape maintenance	
Ruth Young Park landscape maintenance	
Renner Parkway landscape maintenance	
Bluett Cemetery landscape maintenance	

Fire Department Enhancements

- Vehicles – the department will utilize \$995,000 in 8 year CO's for the replacement purchase of Quint Aerial Engine to replace Engine 4 and an ambulance replacement at Station 5 as well as a Special Events Response vehicle.
- Tactical - In addition to the standard uniform, hose and wellness equipment replacements, the department will replace the overhead doors at Stations 5 & 6.

	4 Year CO's	8 year CO's
Quint Aerial Engine - Replacement (1)		\$820,000
Ambulance - Replacement (1)		155,000
Special Events Vehicle (1)		20,000
Fire Station Improvements	\$116,227	
Security Modifications - Administration	50,000	
Overhead Door Replacement - Station 6	44,978	
Overhead Door Replacement - Station 5	43,751	
Rescue Saw (1)	12,000	
Wellness Equipment	11,000	
Fire Hose Replacement Program	10,000	
Total	\$287,956	\$995,000

Police Department Enhancements

- The Department will receive \$1.2 Million in funding from short term CO's for vehicle and equipment replacement as well as building enhancements and Next Generation 911.
- Vehicles – the replacement of 13 patrol vehicles will be funded with short term CO's

Next Generation 911	\$627,185
Patrol Vehicles (9 Tahoe's – 2 Chargers)	399,561
Investigations Vehicles (2)	51,000
Replace 15 patrol Unit DVR's	66,315
Two Factor Authentication - CJIS (requirement)	20,108
Remodel Patrol Report Room	20,000
Remodel Investigations Conference Room	18,000
Total	\$1,202,169

Street Repair and Rehabilitation

- The Street Rehabilitation Program continues for the seventeenth year increasing this year to 1 ¾ cents of the tax rate. This funding allows for the active street maintenance work plan presented during the 2013 Summer Council Work Sessions.
 - Funding of \$2.2 million includes,
 - \$1,838,000, for one penny of the tax rate.
 - \$376,000 in operations funding

	Actual 2011-2012	Estimated 2012-2013	Proposed 2013-2014
Street Rehabilitation Fund	\$976,248	\$1,004,410	\$1,838,494
Operating Budget			
Misc. Street & Alley Concrete Repairs	\$189,317	\$235,743	\$205,500
Misc. Asphalt Overlay Projects	\$124,993	\$120,638	\$150,000
Screening Fence repairs	\$12,300	\$20,000	\$20,000
Subtotal Operating Budget	\$326,610	\$376,381	\$375,500
Total Street Rehab and Operating	\$1,302,858	\$1,380,791	\$2,213,994

Capital Improvement Plan

FY 2013-2014

Capital Improvement Plan

Series 2014: 2013-14 Debt Issuance Program Proposed – All Funds

• Amount	Bond Type	Purpose	Debt Service
• \$2.900 million	C.O.	Capital Equipment	4 yr. General Debt Service
• \$0.995 million	C.O.	Fire Equipment	8 yr. General Debt Service
• \$3.200 million	C.O.	Land/Parks/Capital Acquisition	2 yr. General Debt Service
• \$1.030 million	C.O.	Capital Equipment	8 yr. Solid Waste Debt Service
• \$8.125 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.

Water and Sewer Fund



FY 2013-2014

Water and Sewer Fund

Water & Sewer Fund				
	Actual 2011-2012	Budget 2012-2013	Estimated 2012-2013	Proposed 2013-2014
Beginning Fund Balance	\$12,247,504	\$11,375,220	\$11,610,963	\$10,104,352
Revenues	\$47,785,979	\$53,038,712	\$51,301,523	\$56,783,150
Total Funds Available	\$60,033,483	\$64,413,932	\$62,912,486	\$66,887,502
Operating Expenditures	\$36,691,971	\$39,713,918	\$40,959,910	\$44,027,293
Operating Transfers.	\$6,424,577	\$6,863,430	\$6,775,874	\$7,136,986
Debt Service Transfer	\$5,305,972	\$5,072,350	\$5,072,350	\$5,150,000
Total Expend. & Transfers	\$48,422,520	\$51,649,698	\$52,808,134	\$56,314,279
Ending Fund Balance	\$11,610,963	\$12,764,234	\$10,104,352	\$10,573,223
Days in Fund Balance	87.41	90.20	69.84	68.53

FY 2013-2014

Water and Sewer Fund

Classification of Water and Sewer Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 6,383,767	11.34%
Professional Services	667,617	1.19%
Maintenance	34,349,647	61.00%
Contracts	7,865,591	13.97%
Supplies	1,252,728	2.22%
Capital	644,929	1.15%
<u>Total Operating Expenditures</u>	\$ 51,164,279	90.85%
Transfers Out	\$ 5,150,000	9.15%
<u>Total Operating Expenditures and Transfers</u>	\$ 56,314,279	100.00%

FY 2013-2014

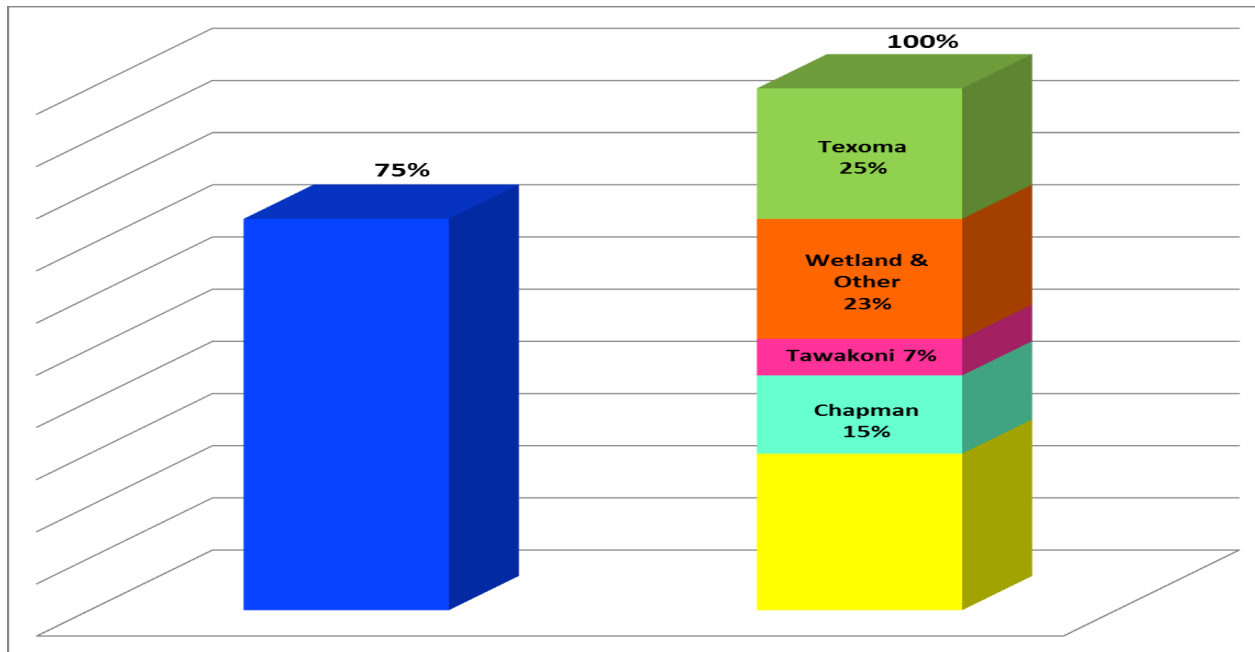
Water and Sewer Fund Revenues

- Projected revenues for FY 2013-2014 are based on the assumption of continued Stage 3 restrictions through the first quarter with a slow return to normal consumption by year-end.
- A 10.9% rate increase is required with this budget. The increase would go into effect with the first billing in November of 2013.

FY 2012-2013 – Current

North Texas Municipal Water District Supply

- 25% of NTMWD supply still off-line



- Anticipated Pipeline In-Service Dates
 - –Water Treatment Plant III & IV – January 2014
 - –Water Treatment Plant I & II – March 2014

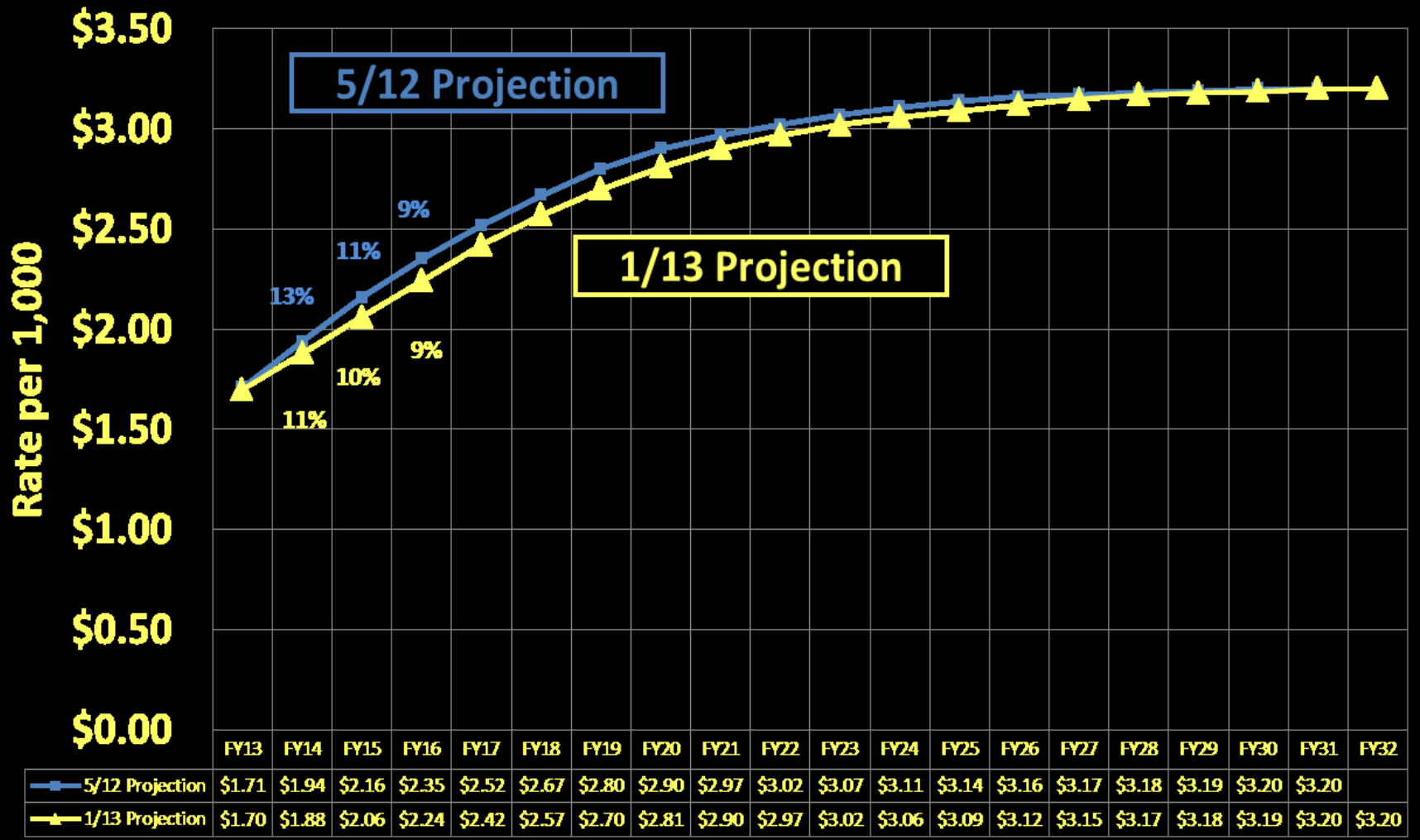
FY 2013-2014

North Texas Municipal Water District Supply

- NTMWD has secured additional raw water through a three year contract with the City of Dallas
 - Up to 67,200 acre-feet per year (about ½ Lavon Yield) from:
 - Lake Tawakoni
 - Lake Fork
 - Lake Ray Hubbard

FY 2013-2014

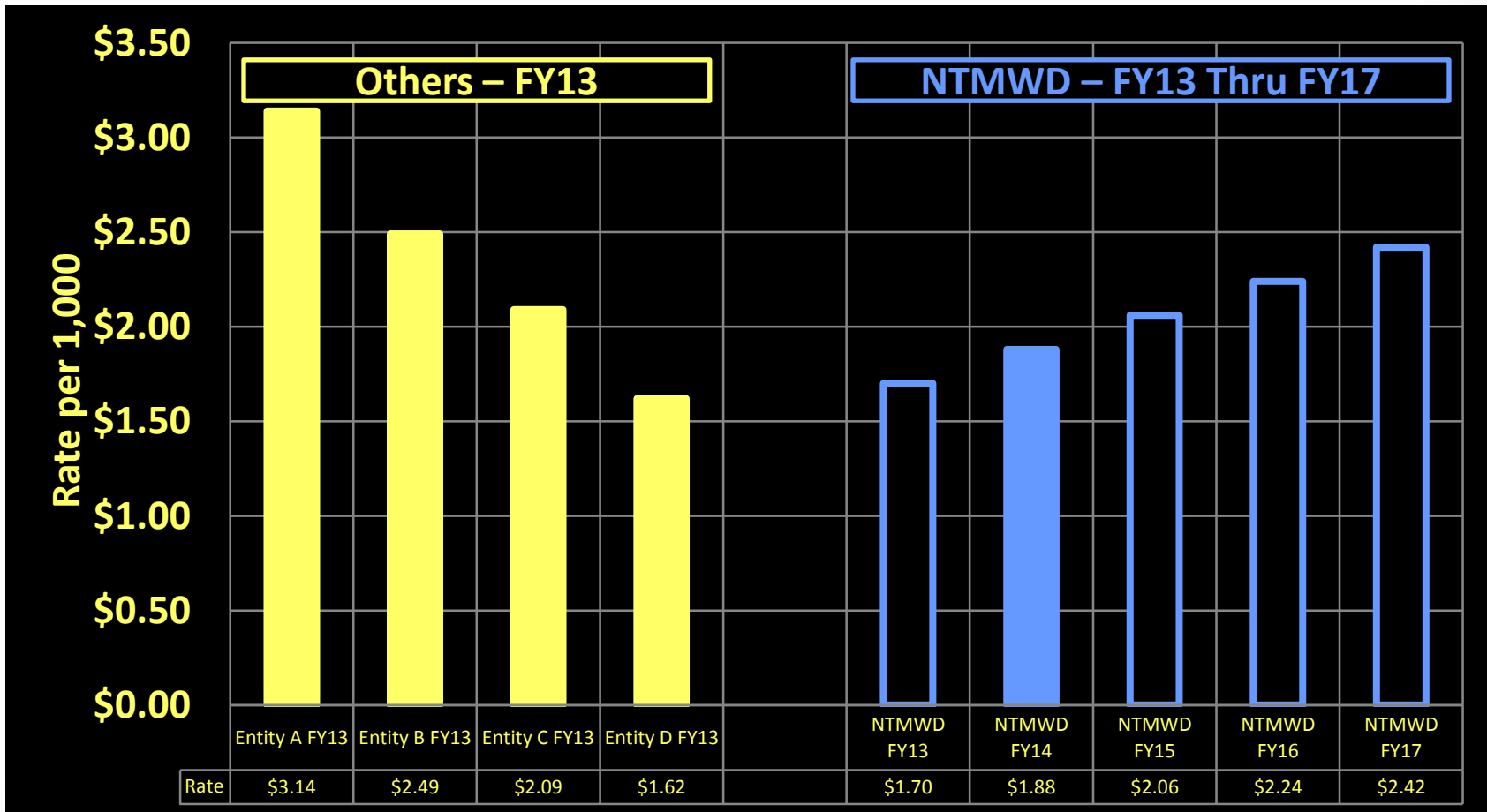
North Texas Municipal Water District Supply



FY 2013-2014

North Texas Municipal Water District

Cost Comparison



FY 2013-2014

Water and Sewer Fund Revenues

	13-14	14-15	16-17	17-18	18-19
NTMWD Rate 7/8/13	\$ 1.88	\$ 2.06	\$ 2.24	\$ 2.42	\$ 2.57
Raw \$ Increase	\$ 1,983,476	\$ 1,983,476	\$ 1,983,476	\$ 1,983,476	\$ 1,652,897
Based on Average Consumption and Current Rate Structure					
1% City Rate Increase =	\$ 273,000	\$ 273,000	\$ 273,000	\$ 273,000	\$ 273,000
\$1 Inc to Base Charge =	\$ 391,000	\$ 391,000	\$ 391,000	\$ 391,000	\$ 391,000
Holding All Other Costs Static					
% Retail Rate Inc Required	7.3%	7.3%	7.3%	7.3%	6.1%
OR Base Rate Increase	\$ 5.07	\$ 5.07	\$ 5.07	\$ 5.07	\$ 4.23

FY 2013-2014

Water and Sewer Fund Revenues

- Revenue from Water Sales and Charges is programmed at \$35.4 million representing a 15.7% increase from year-end and is based on a 10.9% increase across all five tiers as well as continued Stage 3 restrictions for the first quarter of the fiscal year.
- Sewer Sales are budgeted at \$20.4 million or 3.7% above year-end. Sewer revenue does not exhibit the same consumption based swings as water due in part to winter averaging. Sewer charges do not apply to irrigation.
- Installation fees return to a more normal level after the installation of several large meters in the KDC development in FY 2012-2013
- Remaining revenues combined increase \$31,000.

Current Residential Cost of Service

<u>City</u>	<u>Water</u>	<u>City</u>	<u>Sewer</u>	<u>City</u>	<u>Total</u>
Mesquite*	\$ 656	Dallas	\$ 529	Garland*	\$1,131
Garland*	654	Plano*	505	Mesquite*	1,104
Richardson*	598	Garland*	477	Dallas	1,065
Grand Prairie	586	McKinney*	460	McKinney*	1,043
McKinney*	583	Mesquite*	448	Grand Prairie	1,021
Dallas	536	Grand Prairie	435	Frisco*	963
Average	534	Frisco*	431	Fort Worth	958
Frisco*	532	Fort Worth	427	Average	950
Fort Worth	531	Average	416	Richardson*	938
Allen*	511	Arlington	416	Allen*	919
Irving	488	Allen*	408	Plano*	917
Carrollton	455	Richardson*	340	Arlington	815
Plano*	412	Irving	272	Irving	760
Arlington	399	Carrollton	261	Carrollton	716
Average	534	Average	416	Average	950

* Denotes NTMWD Member

Proposed Rate Tiers

	October	June 2012	Oct 2012	Oct 2013	Percent
City Water Rates	2011	Adjustment	Adjustment	Adjustment	Change
Minimum	\$ 7.00	\$ 8.00	\$ 8.00	\$ 8.00	
0-11,000 gallons	\$ 2.95	\$ 3.22	\$ 3.63	\$ 4.03	10.9%
11,001-20,000	\$ 3.19	\$ 3.48	\$ 3.93	\$ 4.36	10.9%
20,001-40,000	\$ 3.33	\$ 3.63	\$ 4.10	\$ 4.55	10.9%
40,001-60,000	\$ 3.87	\$ 4.22	\$ 4.77	\$ 5.29	10.9%
Over 60,000	\$ 4.05	\$ 4.41	\$ 4.99	\$ 5.53	10.9%
City Sewer Rates					
Minimum	\$ 7.00	\$ 8.00	\$ 8.00	\$ 8.00	
0-11,000 gallons	\$ 2.10	\$ 2.29	\$ 2.59	\$ 2.87	10.9%
Over 11,000 gallons	\$ 4.16	\$ 4.53	\$ 5.12	\$ 5.68	10.9%

Residential Impact

Sample residential bill increases \$6.77/month

(Based on 8,000 gallons a month from Oct. through May & 18,000 gallons a month for June through Sept.)

- Average residential water bill increases \$4.56/month
- Average residential sewer bill increases \$2.21/month

Proposed Residential Cost of Service

City	Water	City	Sewer	City	Total
Mesquite*	\$ 656	Dallas	\$ 529	Garland*	\$1,131
Garland*	654	Plano*	505	Mesquite*	1,104
Richardson - Proposed	653	Garland*	477	Dallas	1,065
Richardson - Current	598	McKinney*	460	McKinney*	1,043
Grand Prairie	586	Mesquite*	448	Grand Prairie	1,021
McKinney*	583	Grand Prairie	435	Richardson - Proposed	1,019
Dallas	536	Frisco*	431	Frisco*	963
Frisco*	532	Fort Worth	427	Fort Worth	958
Fort Worth	531	Arlington	416	Richardson - Current	938
Allen*	511	Allen*	408	Allen*	919
Irving	488	Richardson - Proposed	366	Plano*	917
Carrollton	455	Richardson - Current	340	Arlington	815
Plano*	412	Irving	272	Irving	760
Arlington	399	Carrollton	261	Carrollton	716
Average - Current	\$ 534	Average - Current	\$ 416	Average - Current	\$ 950
Average - Proposed	\$ 538	Average - Proposed	\$ 418	Average - Proposed	\$ 958

* Denotes NTMWD Member

FY 2013-2014

Water and Sewer Fund Expenditures

- Expenditures and Transfers are proposed at \$56.3 million representing an increase of \$3.5 million or 6.6% over year-end estimates. 91% of the increase is attributed to water and sewer services contract increases.
- The Maintenance category is the largest operational expenditure in this fund and includes the costs of water and sewer services. The City is not expecting to set a new “minimum purchase.”
- We will be charged an additional \$0.18/1,000 in the price of wholesale water from the NTMWD. This represents an increase of \$2.0 million or 10.6% over last year. For FY 2013-2014, the total cost of wholesale water increases to \$20.7 million.

FY 2013-2014

Water and Sewer Fund Expenditures

- After a recent meeting with the NTMWD, we believe the water rebate program will continue for the foreseeable future. For this reason, we are budgeting a rebate of \$800,000 for a total “budgeted” charge for water \$19.9 million.
- With no rate increases from either Dallas or Garland (final NTMWD pending) for the treatment of raw sewer, Sewer treatment services are expected to increase \$428,000 over the year end estimate.
- Together, the wholesale cost of water and sewer treatment services account for \$28.6 million or 57.0% of the total expenses.

FY 2013-2014

Water and Sewer Fund Expenditures

- The Maintenance category also hosts \$658,000 for paving cut repairs after water and sewer line replacement. This program was formerly debt funded and moves back into operations this year.
- An additional \$160,000 will provide additional large meters to our inventory for current and planned development in the City.

FY 2013-2014

Water and Sewer Fund Expenditures

- Personal Services is proposed at \$6.4 million, an increase of 4.8% over year-end estimates and includes the merit pay package previously described as well as filling a vacant superintendent position in Construction.
- Professional Services decrease of (\$1.1 million). The decrease is the result of changes made to the economic development agreement formerly carried in this account grouping. This proposal includes; \$80,000 for large meter testing and vault replacement through the Meter Shop (an increase of \$20,000), \$100,000 for Inflow and Infiltration testing in the Rowlett Creek Drainage area, as well as maintaining the current \$125,000 support for the Household Hazardous Waste Disposal Program.

FY 2013-2014

Water and Sewer Fund Expenditures

- Contracts increase \$39,000 or 5.6% above year end and is made up of small increases across several line items.
- Supplies of \$1.3 million will be flat from year-end estimate.
- Continuing the “pay-as-you-go” initiative, \$645,000 of capital equipment is proposed in operations, including \$351,000 for sewer line and manhole reconstruction. This program was funded through the CIP program in prior years.

FY 2013-2014

Water and Sewer Fund Expenditures

- Operating Transfer Out sees increase in \$361,000 based on an \$85,000 increase in the G&A and \$276,000 in additional Franchise Fee while the BABIC Transfer remains unchanged at \$467,000.
- The debt service transfer increases \$78,000 to \$5.2 million to cover debt obligations for this fund.
- Fund Balance is budgeted at 68.5 days. With a blended strategy of increased consumption as the Texoma water supply returns to service during 2014, allowing us to hopefully step out of Stage 3 and into a more relaxed Stage 2, and strategic increases to our rate structure based on increasing wholesale costs, we plan to be back at 90 days by the end of 2014-2015.

FY 2013-2014

Water and Sewer Fund Expenditures

Expenditures	FY 2000-2001 Actual	FY 2013-2014 Proposed	% Growth FY 2000–2001 to FY 2013-2014
Operations	\$11,515,439	\$18,255,963	58.5%
Wholesale Water	7,588,501	\$19,916,305	162.5%
Sewer Treatment	6,975,362	\$12,347,082	77.0%
Capital	873,717	\$644,929	(26.2%)
Debt Service	2,447,278	\$5,150,000	110.4%
Total Costs	\$29,400,297	\$56,314,279	91.5%

FY 2013-2014

Water and Sewer Fund Expenditures

Water Purchases				
	2010-2011	2011-2012	2012-2013	2013-2014
Minimum Purchase	11.0 billion	11.0 billion	11.0 billion	11.0 billion
Projected Sales	7.3 billion	7.4 billion	6.6 billion	7.1 billion
Actual Purchase	9.1 billion	8.7 billion	N/A	N/A
Purchase as a % of Contract	83%	79%	N/A	N/A
Wholesale Cost	\$15,096,456	\$16,418,773	\$18,212,829	\$19,916,305
Rebate per 1,000 Gals.	\$0.38	\$0.39	N/A	N/A
Total Rebate	\$706,912	\$917,206	N/A	N/A
Rebate as a % of Total Cost	4.7%	5.6%	N/A	N/A

Sewer Purchases				
	2010-2011	2011-2012	2012-2013	2013-2014
			Estimate	Budget
NTMWD	\$4,760,490	\$5,393,830	\$6,517,581	\$6,937,943
Dallas	\$2,052,550	\$2,275,051	\$2,610,069	\$2,627,034
Garland	\$2,524,859	\$2,767,797	\$2,791,503	\$2,782,105
Total	\$9,337,899	\$10,436,678	\$11,919,153	\$12,347,082

Capital Equipment

Item Description	Operations
Sanitary Sewer Reconstruction Material	\$351,000
Water Main Replacements	51,678
Creek Annual Repair Program	50,000
1 Ton Pickup - Replacement	36,000
1 Ton Pickup - Replacement	36,000
1/2 Ton Extended Cab Pickup Truck	26,000
New Meters and Settings	26,000
Handheld Computers	24,699
Service Connections	16,000
Service Connection Material	14,000
Service Connection Material	<u>13,552</u>
	<u>\$644,929</u>

Infrastructure Maintenance

Water, Sewer, & Erosion Maintenance Projects 2013-2014	
Utility Pavement Replacement	\$413,000
601-641 Rorary Dr.	
401-423 Georgetown Dr.	
100-116 Ocean Dr.	
309-313 Ridgeview Dr.	
1801-1905 University Drive	
Inline Sewer Replacement	\$351,000
600-700 W. Arapaho	
1000-1100 S. Sherman	
Manhole Rehabilitation	
Paving Cut Repair	\$245,000

Solid Waste Services Fund



FY 2013-2014

Solid Waste Fund

Solid Waste Services Fund				
	Actual	Budget	Estimated	Proposed
	2011-2012	2012-2013	2012-2013	2013-2014
Beginning Fund Balance	\$3,453,463	\$3,384,167	\$3,968,036	\$3,758,528
Total Revenues	\$12,681,820	\$13,022,680	\$12,307,717	\$12,704,104
Total Funds Available	\$16,135,283	\$16,406,847	\$16,275,753	\$16,462,632
Total Expenditures	\$8,367,535	\$9,152,135	\$8,530,281	\$8,981,243
Total Operating Transfers. Out	\$2,591,727	\$2,649,024	\$2,650,144	\$2,716,969
Total Other Transfers	\$1,207,985	\$1,336,800	\$1,336,800	\$1,490,975
Total Expend. & Transfers	\$12,167,247	\$13,137,959	\$12,517,225	\$13,189,187
Ending Fund Balance	\$3,968,036	\$3,268,888	\$3,758,528	\$3,273,445
Days in Fund Balance	119.02	90.82	109.60	90.59

FY 2013-2014 Solid Waste Fund

Classification of Solid Waste Services Fund Expenditures

<u>Operating Expenditures</u>	<u>Proposed Budget</u>	<u>Percent of Total</u>
Personal Services	\$ 4,287,234	32.51%
Professional Services	19,318	0.15%
Maintenance	4,207,362	31.90%
Contracts	2,962,628	22.46%
Supplies	221,670	1.68%
Capital	-	0.00%
<u>Total Operating Expenditures</u>	<u>\$ 11,698,212</u>	<u>88.70%</u>
Transfers Out	\$ 1,490,975	11.30%
<u>Total Operating Expenditures and Transfers</u>	<u>\$ 13,189,187</u>	<u>100.00%</u>

FY 2013-2014

Solid Waste Fund Revenues

- Total revenues are projected to be \$396,000 or 3.2% over year-end estimates.
- Residential Collections are budgeted flat from the 2012-2013 year-end estimates at \$5.2 million and assumes no change in the City's residential solid waste rate and the continuation of the reduced rate for seniors. Every \$1.00 per month increase to the residential solid waste rate, \$0.75 for seniors, would generate an additional \$309,000 in revenue.
- Commercial Collections Fees are expected to increase 4.1% or \$265,000 over the year-end. In addition to routine fluctuations in commercial collections, this increase also includes \$200,000 in anticipated revenues from the Construction and Demolition licensing program recently briefed to Council.

FY 2013-2014

Solid Waste Fund Revenues

- The BABIC transfer from the Water and Sewer fund will remain at \$467,000. This allocation acknowledges the water supply protection provided by the BABIC program.
- Other Revenue is projected to increase \$119,000 with an anticipated vehicle auction during the fiscal year.
- Interest Earnings are expected to remain relatively flat for the upcoming year.

FY 2013-2014

Solid Waste Fund Expenditures

- Total expenditures and transfers are proposed at \$13.2 million, an increase of \$672,000 or 5.4% over the year-end estimate of \$12.5 million.
- Personal Services increase \$175,000 or 4.3% over year-end estimate.
 - The increase includes the impact of the City's merit based pay program as well as the proposed new position of Marketing/Communications Specialist for the enhanced recycling efforts.
- Professional Services increases modestly by \$5,000 from the year-end estimate.

FY 2013-2014

Solid Waste Fund Expenditures

- The Maintenance category is projected to increase \$265,000 or 6.7% over the year-end estimate due to anticipated growth in tonnage and a modest increase in the disposal fees charged by NTMWD.
- Contracts, Supplies and the Capital categories combined increase \$5,900 next year based on a projected budget of \$467,000 and includes facility and equipment insurances as well as the wholesale cost of refuse bags.
- The General and Administrative transfer increases \$53,000 as a result of the indirect cost allocation study performed by DMG Maximus.

FY 2013-2014

Solid Waste Fund Expenditures

- The Debt Service Transfer of \$1.5 million accounts for \$154,000 of the total increase in the fund and is an 11.5% increase over the year-end debt service transfer of \$1.3 million. The increase is the result of the increased equipment replacement debt resulting from the service enhancements enacted over the last few years.
- FY 2013-2014 fund balance is proposed at 90.59 days. This achieves the goal established in the adopted financial policy of “60 days building towards 90.”

Hotel/Motel Tax Fund



FY 2013-2014

Hotel/Motel Tax Fund

Hotel Motel Tax Fund				
	Actual	Budget	Estimated	Proposed
	2011-2012	2012-2013	2012-2013	2013-2014
Beginning Fund Balance	\$1,105,607	\$776,974	\$984,409	\$802,339
Total Revenues	\$5,410,188	\$5,441,653	\$5,278,970	\$5,489,118
Total Funds Available	\$6,515,795	\$6,218,627	\$6,263,379	\$6,291,457
Total Expend. & Transfers	\$5,531,386	\$5,544,270	\$5,461,040	\$5,488,775
Ending Fund Balance	\$984,409	\$674,357	\$802,339	\$802,682

FY 2013-2014

Hotel/Motel Tax Fund

Classification of Hotel/Motel Tax Fund Expenditures

	<u>Proposed Budget</u>	<u>Percent of Total</u>
<u>Operating Expenditures</u>		
Personal Services	\$ 1,989,215	36.24%
Professional Services	891,307	16.24%
Maintenance	115,478	2.10%
Contracts	1,829,433	33.33%
Supplies	663,342	12.09%
Capital	-	0.00%
<u>Total Operating Expenditures</u>	\$ 5,488,775	100.00%
Transfers Out	\$ -	0.00%
<u>Total Operating Expenditures and Transfers</u>	<u>\$5,488,775</u>	<u>100.00%</u>

FY 2013-2014

Hotel/Motel Tax Fund Revenues

Hotel Property	Actual 2011-2012	Budget 2012-2013	Estimated 2012-2013	Budget 2013-2014
Como Motel	\$ 16,282	\$ 19,285	\$ 19,032	\$ 19,222
Continental Inn	22,804	-	-	-
DoubleTree Hotel	418,883	430,151	477,208	486,752
Econo Lodge	42,171	39,965	43,693	44,567
Hawthorne Suites	38,280	37,634	37,825	38,582
Hilton Garden Inn	235,344	228,233	253,905	258,983
Holiday Inn	167,490	166,568	187,656	189,533
Homestead Suites	69,214	67,508	67,688	69,042
Hyatt Regency	500,745	527,808	519,969	530,368
Hyatt House (formerly Summerfield)	156,313	152,507	161,587	164,819
Marriott Courtyard - Galatyn	173,064	181,535	220,110	226,713
Marriott Courtyard - Spring Valley	182,249	179,521	205,357	211,518
Marriott Renaissance	615,650	628,309	665,532	689,170
Marriott Springhill Suites	71,699	79,472	132,099	145,309
Residence Inn	136,139	137,489	152,620	155,672
Super 8	42,433	45,300	44,315	50,201
Wingate by Wyndham	123,745	153,868	44,646	45,539
National Corporate Housing	419	-	-	-
TOTAL	\$ 3,012,924	\$ 3,075,152	\$ 3,233,242	\$ 3,325,990

Hotel Occupancy

Year	Occupancy Rate	Average Daily Rate	RevPAR
Oct-May 2012	60.05%	\$83.86	\$50.36
Oct-May 2013	62.32%	\$82.87	\$51.64

FY 2013-2014

Hotel/Motel Tax Fund Revenues

- Total Revenues for the Hotel/Motel Tax Fund are projected at \$5.5 million for next year, reflecting a 4.0% increase in overall revenues.
- For 2013-2014, Hotel/Motel Tax Receipts are budgeted at \$3.3 Million.
- Parking Garage fees are projected at \$215,000, an increase of \$21,000 over year-end.

FY 2013-2014

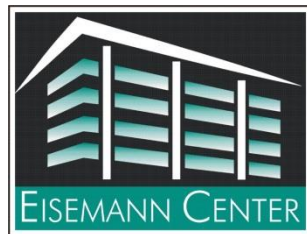
Hotel/Motel Tax Fund Revenues

- Eisemann Center revenues are projected at \$1.9 million reflecting a \$96,000 or 5.2% increase from estimated year-end reflecting minimal increases in operations and Eisemann Center Presents revenue for the 2013-2014 Season.
- A Facility/Maintenance Fee of \$1.50 per ticket sold is proposed and would be set aside in a separate fund to be used only for maintenance and capital improvements to the facility. Non-ticketed events would be scaled appropriately to the size and venue. This fee is expected to generate \$150,000 to \$190,000 per year.

FY 2013-2014

Hotel/Motel Tax Fund Expenditures

- Eisemann Center Operations
- Eisemann Center Presents
- Convention & Visitors Bureau
- Parking Garage
- Local Arts Grants



FY 2013-2014

Hotel/Motel Tax Fund Expenditures

- Total Expenditures and Transfers for 2013-2014 are proposed at \$5.5 million reflecting an \$28,000 increase from current year-end expenditures.
- The Eisemann Center expenditures decrease (\$126,000) from year-end. The Eisemann Center's daily operations increase \$13,900 and Eisemann Center Presents Series expenditures decrease (\$140,000).
- Parking Garage Expenditures increase 5.5% or \$26,000 based on the parking garage services agreement.

FY 2013-2014

Hotel/Motel Tax Fund Expenditures

- Arts Grant funding will increase 8.3% to \$325,000 in 2013-2014.
- Miscellaneous expenses of \$65,000 includes: \$50,000 for a Public Arts Master Plan and \$10,000 for an Arts website design.
- The Hotel Incentive Program increases to \$50,000.
- The Transfer to General Fund – CVB matches the department budget at \$412,000.
- The Hotel/Motel G&A remains static at \$250,000.

Golf Fund



FY 2013-2014 Golf Fund

Golf Fund				
	Actual	Budget	Estimated	Proposed
	2011-2012	2012-2013	2012-2013	2013-2014
Beginning Fund Balance	\$186,983	\$98,864	\$187,482	\$188,837
Total Revenues	\$2,269,424	\$2,271,896	\$2,257,709	\$2,294,878
Total Funds Available	\$2,456,407	\$2,370,760	\$2,445,191	\$2,483,715
Total Expenditures	\$1,641,944	\$1,619,934	\$1,939,206	\$2,050,464
Total Transfers Out	\$626,981	\$648,180	\$317,148	\$189,175
Total Expend. & Transfers	\$2,268,925	\$2,268,114	\$2,256,354	\$2,239,639
Ending Fund Balance	\$187,482	\$102,646	\$188,837	\$244,076
Days in Fund Balance	30.00	16.52	30.55	39.78

FY 2013-2014 Golf Fund

Classification of Golf Fund Expenditures

<u>Operating Expenditures</u>	<u>Proposed Budget</u>	<u>Percent of Total</u>
Personal Services	\$967,567	43.20%
Professional Services	246,029	10.99%
Maintenance	259,388	11.58%
Contracts	228,155	10.19%
Supplies	403,000	17.99%
Capital	40,500	1.81%
<u>Total Operating Expenditures</u>	<u>\$2,144,639</u>	<u>95.76%</u>
Transfers Out	\$95,000	4.24%
<u>Total Operating Expenditures and Transfers</u>	<u>\$2,239,639</u>	<u>100.00%</u>

FY 2013-2014 Golf Fund - Revenues

- Revenues for the Golf Fund are projected at \$2.3 million for FY 2013-2014. This represents a 1.6% growth in anticipated revenues over year-end estimates.
- Green fees are projected to increase \$94,000 to \$1.8 million representing a rate model of approximately 90,000 rounds. It's important to note that as the rate card gets revised in order to maximize course play, the City is moving to a more revenue based model for tracking and developing projections. For example, the number of rounds played YTD 2012-2013 are down from the prior year while revenue per player is actually up around 10%. Accurately tracking the number of rounds played is an invaluable tool in assessing course performance, but with the mix of rounds in flux, a revenue based model will be a more prudent approach as we move forward.
- No General Fund transfer is required or proposed.
- The remaining revenues increase \$43,000 (excluding the year end 2012-2013 capital revenue transfer)

FY 2013-2014 Golf Fund - Expenditures

- Total Expenditures and Transfers for the Golf Fund are proposed at \$2.2 Million, a decrease of (\$17,000) or -0.7% from year-end estimates.
- Personal Services increase \$56,000 over year-end but the increase is merely a return to full staffing after year-end savings was recognized in FY 2012-2013.
- Professional Services increase \$65,000 and includes the full year of the contract revisions as well as some minor funding for miscellaneous electrical and plumbing work.
- Maintenance increases \$41,000, including an additional \$30,500 for the full year of the golf cart lease.

FY 2013-2014 Golf Fund - Expenditures

- The remaining operational expenditures decrease (\$51,000) making it possible to have \$95,000 available for special projects at year end if revenue and expenditure performance allow.
- Based on anticipated revenue estimates and ongoing capital improvement needs, the debt service will not be transferred, and is being discontinued and placed with the General Debt Service Fund.
- Given the projected revenue and expenditure performance, the fund balance should end the year with 39.8 days, in compliance with Council approved “30 building to 60” days.

FY 2013-2014 Golf Fund – Capital Projects Planning

Forecasted Revenue:

- Revenues are established through a special projects account available in each budget year.

FY 2012-13	FY 2013-14	Total
\$225,000	\$95,000	\$315,000

Anticipated Capital Projects:

- The dredging of the irrigation pond on Course #1 is needed to remove silt that is currently infiltrating the irrigation system. Silt has built up in the irrigation pond over a 40 year period and the level is close to the irrigation system intake. This project is needed prior to the greens renovation on Course #1 in order to eliminate the spraying of silt on the green structures and the rest of Course #1.
- The greens renovation project will include the seeding of a strain of Bermuda turf as well as the reconstruction of a certain green structures. This improvement will improve the putting surface on Course #1 as well as enhance the level of play by creating more movement on certain greens.

FY 2013-2014 Golf Fund

- Capital Projects Planning

Year	Project	Cost
FY 2013-14	Course #1 irrigation pond dredging project	\$100,000
FY 2014-15	Course #1 greens renovation (new turf and limited green reconstruction)	\$200,000
Future Years	<ul style="list-style-type: none"> - Clubhouse Renovations - Pond Aeration - Pond Erosion Repair - Clubhouse Deck - Cart Path Reconstruction - Bunker Renovations 	TBD

Other Fund Highlights

- Pages 25 through 52 of the filed budget represent all remaining funds for the City of Richardson including the Special Revenue, Internal Service and Capital Funds.
 - Drainage Fund - Now in its second full year and programmed at \$2.7 Million.
 - \$1.4 Million is programmed for second year disbursement which will complete the renovation of the three culverts on Cottonwood Creek:
 - Cottonwood Culvert at Brentwood
 - Cottonwood Culvert at Melrose
 - Cottonwood Culvert at Wisteria
 - Tax Increment Financing Districts experienced AV growth of 119% over the prior year to \$265,694,954 generating \$1.7 million in property tax revenue which is tied to reimbursement obligations inside the respective zones.

Next Steps

- Further opportunities to provide access and to gain public input are scheduled before final adoption.
 - Council Budget Work Session – Web/Cable Access
 - Web, City Secretary & Library copies of the filed budget provided
 - Budget/Tax Rate Public Hearing - August 19, 2013
 - Tax Rate Public Hearing – August 26, 2013
 - Adoption on September 9, 2013

Budget Outlook

An Outlook to FY 2014 -2015

- Continued strengthening of the maintenance initiatives for infrastructure
- Expect continued positive impact of economic development
- Track appraisal impacts of current residential property market
- Factor growing TIF elements of Property Tax Base
- Possible Solid Waste Residential Rate review
- Continues wholesale water rate impact, but some sales opportunity if a conservation stage reduction. Complete utility fund balance renewal
- Phased response to service demand impacts of added employment and student impacts – Police & Fire/EMS, etc.

