

## City Council Work Session Handouts

August 10, 2020

- I. Review and Discuss COVID-19 Response
- II. Review and Discuss the City Manager's Proposed Budget for Fiscal Year 2020-2021



# COVID-19 STATUS REPORT #11

City Council Briefing: August 10, 2020

# COVID-19 CASES

	<u>Cases</u>	<u>Deaths</u>
▪ Globally	19,936,547	732,467
▪ United States	5,063,770	163,156
▪ Texas	430,485	6,837
▪ Dallas County	54,676	755
▪ Collin County	7,654	89
▪ Richardson	877	23

*As of August 10, 2020 at 12:00 pm*

# RECENT STATE ACTIVITY

- On August 8, Governor Abbott extended the statewide disaster declaration he first issued in March
- On August 6, Governor Abbott participated in a round table discussion and urged Texans to get the flu vaccine as soon as possible this year due to COVID-19 pandemic
  - Goal is to reduce the risk of hospitals being overwhelmed and shortages in personal protective equipment if surges occur with both diseases
- On August 6, the Texas Health and Human Services Commission announced it will allow limited visitation at nursing facilities and long-term care facilities



# NURSING FACILITIES – LIMITED VISITATION

- Nursing Facilities
  - Public visitation is limited to outdoor visits only
  - Physical contact between residents and visitors is not permitted
  - Additional conditions a facility must meet to conduct limited outdoor visitation include:
    - No confirmed positive COVID-19 cases in staff in the last 14 days
    - No active positive cases in residents
    - Facility staff are being tested for COVID-19 weekly
    - Any facility previously experiencing an outbreak that has fully recovered must be adequately staffed and following adequate infection control procedures
    - Further guidance on limited nursing facility visitation rules, which include window visits and vehicle parades, is available on the HHSC COVID-19 provider web page

# LONG-TERM CARE FACILITIES – LIMITED VISITATION

- Long Term Care Facilities
  - Limited outdoor and indoor visitation allowed
  - Physical contact between residents and visitors is not permitted
  - Additional conditions a facility must meet to conduct limited visitation include:
    - No confirmed COVID-19 positive staff in last 14 days
    - No active positive cases in residents
    - Use of plexiglass as a safety barrier for indoor visitation to prevent spread of COVID-19
    - Any facility previously experiencing an outbreak that has fully recovered must be adequately staffed and following adequate infection control procedures

# ASSISTANCE FOR RICHARDSON RESIDENTS

## 1. Collin County Housing & Living Assistance Program Overview

- No change since last update

## 2. Dallas County Emergency Housing Assistance Program

- No change since last update

## 3. Dallas County Health and Human Services (DCHHS) Emergency Housing Assistance Program

- No change since last update
- DCHHS will close the pre-screening application process August 20, 2020 at 4:00 p.m.
- DCHHS will also accept pre-screening applications by phone at (214) 819-1968, Monday-Thursday, 9:00 a.m. to 4:00 p.m.



Collin County  
**CARES**



**DCHHS**  
*Safe families, healthy lives.*

Dallas County Health and Human Services

# ASSISTANCE FOR RICHARDSON BUSINESSES

- Dallas County Emergency Small Business Assistance Program – 3<sup>rd</sup> Round
  - Pre-application Period is August 10-23
  - Randomized borrowed selection process
  - Forgivable loan up of up to \$50,000
- <https://ndconline.org/ntxsmallbiz>



**DALLAS COUNTY  
EMERGENCY SMALL BUSINESS  
ASSISTANCE PROGRAM**

**SUBMIT YOUR  
PRE-APPLICATION  
AUGUST 10-23, 2020**

PROGRAM IS NOT FIRST-COME FIRST-SERVED.  
A RANDOMIZED BORROWER SELECTION PROCESS WILL BE  
CONDUCTED AT THE END OF THE PRE-APPLICATION PERIOD.

**FOR MORE INFO:  
[HTTPS://NDCONLINE.ORG/NTXSMALLBIZ](https://ndconline.org/ntxsmallbiz)**

EMAIL: [NTXSMALLBIZ@NDCONLINE.ORG](mailto:NTXSMALLBIZ@NDCONLINE.ORG)  
OR LEAVE A VOICEMAIL AT: (214) 845-7673

OPEN TO SMALL BUSINESSES OPERATING IN DALLAS COUNTY*	FORGIVABLE LOAN OF UP TO \$50,000	FUNDS MAY BE USED FOR WORKING CAPITAL
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# ASSISTANCE FOR RICHARDSON BUSINESSES

- Collin County Emergency Small Business Assistance Program
  - Pre-application Period is August 1-16
  - Randomized borrowed selection process
  - Forgivable loan up of up to \$50,000
- <https://ndconline.org/ntxsmallbiz/richardsoncollin/>

## City of Richardson/Collin County Emergency Business Assistance Program Overview

**The City of Richardson believes in the power of small business. The goal of the EBAP is to quickly provide eligible small businesses up to \$50,000 in emergency financial assistance in the form of a forgivable loan.**

Businesses must meet eligibility requirements, including being located in Collin County and within the City limits of Richardson and demonstrate a decrease in revenue of at least 25% due to COVID-19.

1. Pre-applications will be accepted between August 1 and August 16, 2020.
2. After answering the first 10 questions in the pre-application, you will be notified whether you appear to be eligible for an EBAP loan.
3. If you appear to be eligible for an EBAP loan, you will be required to answer additional questions. If you do not answer all of the questions, your pre-application will not be considered.
4. Late pre-applications will not be accepted.
5. All pre-applications may be completed online at:  
**<https://www.surveymonkey.com/r/RichardsonEBAP>**
6. The pre-application is available in English and Spanish.
7. You may use your smartphone, tablet, or desktop to submit a pre-application.
8. Please attempt to fill out the pre-application online first. If you still have questions about the application, leave a voicemail message at 214-845-7673 or email [NTXsmallbiz@ndconline.org](mailto:NTXsmallbiz@ndconline.org). Your message will be returned within one business day.
9. The third-party administrator for the EBAP is the National Development Council (NDC), a national economic development non-profit. You can learn more about NDC and the EBAP here: <https://ndconline.org/ntxsmallbiz/>
10. Not all eligible businesses will be invited to submit a full loan application. After the pre-application period closes, NDC will use a randomized selection process to select the eligible businesses that will be invited to submit a full application.

# ASSISTANCE FOR FOOD PANTRIES

- Dallas County Food Pantry Assistance Programs
  - Applications are being accepted effective today
  - First come, first served basis
  - Community organizations providing food assistance to county residents, including food banks, food pantries, soup kitchens, and community cupboards
  - Award of up to \$15,000
  - Shared with Richardson Interfaith Alliance
  - [www.dallascounty.org/cares-act/](http://www.dallascounty.org/cares-act/)



## DALLAS COUNTY ANNOUNCES THE FOOD PANTRY ASSISTANCE PROGRAM

On Monday, August 10<sup>th</sup>, 2020, Dallas County will begin accepting applications for its Food Pantry Assistance Program. Community organizations providing food assistance to county residents are encouraged to apply. The award amount offered is up-to \$15,000.

### Eligibility

- Be in operation on or before March 1, 2019;
- Be current in the payment of all Dallas County and local taxes;
- Must be physically located in Dallas County (excluding the City of Dallas) with a physical Dallas County mailing address;
- Demonstrate increased food assistance or cost since March 1, 2020 due to responding to the Covid-19 public health emergency.

Food pantries that are interested in applying for financial assistance through Food Pantry Assistance Program can visit the county's website: [www.dallascounty.org/cares-act/](http://www.dallascounty.org/cares-act/).

If assistance is needed, please contact a member of the Dallas County CARES Team at [CARES@dallascounty.org](mailto:CARES@dallascounty.org) or contact 214-875-2184.

# CITY COUNCIL MEETINGS

- Council Chamber has been modified to provide COVID-19 related safety features and separation
- Council Meetings will return to Council Chamber on August 17
  - Work Sessions will continue to be conducted in the Richardson Room
- Seating in the Council Chamber will be limited so that appropriate social distancing can always be achieved
  - We will utilize an usher approach to manage seating in the Chamber
  - Overflow will be hosted in the Parks Rooms with live video coverage of meeting provided



# CITY COUNCIL MEETINGS

- Effective August 17, individuals that wish to address the City Council will have two options:
  - General Comments
    - Submit comments electronically via the online Public Comment Card form
      - The card must be submitted by 5 pm on the day of the meeting
      - Cards will continue to be acknowledged by the City Manager during the meeting
    - Provide comments in person during the Visitors Section by completing City Council Appearance Card in advance of the meeting
  - Public Hearings
    - Provide comments in person by completing a City Council Appearance Card in advance of the public hearing
    - The telephone option for public hearings will be deactivated

# NEXT STEPS

- Continue to monitor Governor Abbott's reopening announcements and adjust our operations accordingly
- Continue to provide City Council updates as new developments occur
- Continue to update COVID-19 information and share via communication strategies





# COVID-19 STATUS REPORT #11

City Council Briefing: August 10, 2020

# FY20-21: Advancing our Missions Through the COVID Storm

City Manager's Budget Presentation  
August 10, 2020



# What a Journey!

- ***“FY20-21: Advancing Our Missions Through the COVID Storm”*** The theme for this new fiscal year’s budget is to reflect the incredibly unique and profound challenges that the COVID-19 global pandemic is presenting locally as we still seek to deliver the City’s core service missions and community aspirations.





# The COVID Storm: An Evolving Impact



- The “Storm’s” mid-fiscal year arrival (2019-2020) created a half year/half year initial fiscal impact: Oct.- March v. April – Sept. Full fiscal year impacts were buffered.
- FY 2020-2021 Budget is the first full fiscal year of budgetary impacts.
- The changing nature of so many factors, policies, and manifestations are making work planning very challenging.
  - In some cases, impacted “cycles” have not yet been felt. (sales tax, water sales...)
- Clearly, a multi-year outlook must be factored into decisions. Flexibility, contingent plans, reserves and agile response must prevail in this season.

# Advancing the Missions

- *Sustain and Restore*: Even as we factor the evolving features of this public health crisis, Advancing the Missions conveys our desire to seek purpose and productivity in these challenging times:

- foster a sustaining strategy with prudent trimming and refinements to best utilize scarcer resources while focusing on safety, yet preserving our foundational service resources to foster the fullest future restoration
- keep momentum on key development missions that will aid our local recovery
- explore the opportunities that may be present in a dampened economy & restricted environment
- continue our attention to infrastructure and capital asset renewals



# Property Tax Considerations

- FY 20-21 Budget is the first to be developed under Senate Bill 2 (SB2)
- SB2 established a 3.5% tax cap. The 3.5% cap does not include taxes on:
  - New construction
  - Property added to the roll due to an expiring abatement agreement
- SB 2 also contained a disaster provision, which was triggered by the Governor's pandemic disaster declaration, allow the City Council to direct staff to calculate the voter-approval rate at 8% instead of 3.5%
  - This is simply a calculation and acknowledgement step required by SB 2; it does not mean the tax rate or taxes are increasing
- FY 20-21 tax rate calculations have utilized the required Certified Estimate Values
  - A **-1.81%** change in overall valuation or **-\$1.86 million** less in property taxes are utilized in this proposed budget for operations and debt service.
- Even with total General Fund revenue losses projected to be nearly **\$14 million**, the City has proposed keeping the tax rate the same at \$0.62516/\$100 valuation

# Property Tax Rate Considerations

- Why did the City Council activate the disaster exemption?
  - The Council took this action to provide future Councils with the preserved latitude to consider possibly restoring property tax revenue by more than 3.5% over the next 2-3 years if economic conditions worsen and additional revenue is needed to provide basic services such as public safety
  - Citizens will have the opportunity to take part in this consideration by participating in public hearings or by contacting the Council directly at that time, if considered
- Why did the City Council take this action now?
  - SB2 requires the City Council to activate the disaster exemption during the current tax year in which a disaster is declared
  - If not acted upon, the exemption is forgone permanently
- How long is the disaster exemption good for?
  - This provision is valid for two additional tax years and possibly a third depending on how taxable values compare to the current year's values
  - Public hearings on the tax rate and budget are required regardless

# Budget Development Requirements/Guidelines

State and  
Federal Laws

City Charter

City Council  
Direction

City Financial  
& Investment  
Policies

Fund  
Accounting  
Standards

Bond Rating  
Criteria

# Economic Outlook

# FY2020-2021: “Through the COVID Storm”

*2019-2021 City Council Strategy: “Manage City finances effectively and efficiently”*

## Challenges/“Storms”:

- May 2019 – Senate Bill 2 passes, sets FY 20-21 Budget for initial year impacts
- October 20, 2019 – Tornado damages southeast Richardson
- March 2020 – COVID-19 impacts the entire World/pandemic

April 20<sup>th</sup> and May 18<sup>th</sup> City Council Briefings presented the City’s strategies for handling these challenges in both FY19-20 and FY20-21

# Multi-Year Economic Challenges

## Nationally & Texas

- The national unemployment rate increased from 3.5% to 14.7% in April, representing an increase of 25 million people \*
  - The unemployment is forecast to average 11.5% in 2020 and 9.3% in 2021
- Real (inflation-adjusted) consumer spending fell 17% from February to April 2020 \*
- The U.S. Gross Domestic Product is projected to fall by 5.6% in 2020, before growing by 2.8% in 2021 \*
- In May, the Federal Reserve Bank of Dallas reported that Texas economic activity has fallen sharply in wake of COVID-19, shaking business and consumer confidence \*\*
  - As of June 18, 2020, employment in Texas had contracted by 9.6% (1.25 million jobs) since February
  - 74% of service firms and 65% of manufacturers reported falling output/revenues
  - Construction contracts decreased by 13.9%
  - Existing home sales in Texas fell by 4.5%
- It is forecast that Texas will underperform the U.S. in job and output growth due to the state's outsized share of vulnerable industries – such as air transportation and food services - as well as prolonged weakness in the oil and gas sector \*\*

\* Congressional Budget Office

\*\*Federal Reserve Bank of Dallas, May 7, 2020



# Non-Economic Uncertainties

- Ever changing re-opening orders and guidance
- The public's willingness to attend large gatherings when permitted
- The ability of entertainers, exhibitors, vendors, etc. needed to host events
- Congruency of devoting resources to events when other basic services are being curtailed

# FY20-21 Budget Approach

Understanding and analyzing the multi-year impact of many key economic uncertainties, led the City staff to develop a multi-year approach to the FY20-21 budget

- City of Richardson principles for the FY20-21 Budget:
  - We seek to sustain “base services” that are dependable and helpful to a stressed community
  - We seek to model the same austerity and sacrifice in our actions that is impacting our stakeholders
  - As we are able, we are a flywheel and stimulus for the recovery
  - Devise sustaining techniques for the key foundational services and programs that are valued municipal services

# FY20-21 Budget Approach

The FY20-21 City Manager's Budget Approach aspires to achieve key objectives:

- Multi-year budgeting approach to prepare for dampening of commercial values and the unpredictability of key revenue sources
- Building fund balance and select reserves to assist with economic uncertainties
- Sustaining efforts to invest in the City's infrastructure and neighborhoods
- If warranted, implementing a careful and measured restoration strategy

# FY20-21 Budget Approach

## Results in Key Decisions

- **Intensify revenue analysis**
  - Review and update revenues each month
  - Utilize multi-year revenue forecasts to examine future impacts
  - Conservatively forecast key revenue sources due to economic uncertainties
- **Focus on core essential services and maintaining key infrastructure**
  - Suspend hiring except for critical positions
  - Continue to modify service delivery methods to ensure that citizens and employee remain safe
- **Consider options**
  - Transitioning a few select expenses to other funds
  - Postponing specific events/programs for safety and congruency

# City Work Plan and Implications of Budget Approach

# What's Currently Incorporated Into the Budget

The following broad categories provide essential City services to residents and businesses and are currently included in the FY20-21 Budget:

- Core city services and departmental programs
- Maintenance of critical infrastructure
- Funding for filled positions or positions that the City is currently recruiting for or that provide core city services. Sustaining a “freeze” on other open positions
- Neighborhood support services
- Sustained Public Safety support

# Neighborhood Initiatives

Multi-Year  
Neighborhood  
Park Maintenance  
Strategies

Dedicated Funding  
for Alley Repairs

Street  
Maintenance  
Strategies

Matching Fund  
Beautification  
Program

Home  
Improvement  
Incentive Program

# Neighborhood Initiatives

## **FY20-21 Key Initiatives:**

### **Neighborhood Parks Maintenance Strategies:**

- Funding for neighborhood park improvements at 9 different parks and one median project

### **Dedicated Alley Funding:**

- Dedicated funding for 83 alley segment repair projects

### **Street Maintenance Strategies:**

- One residential area – Canyon Creek
- Collector street repairs – E. Buckingham, S. Glenville and N. Collins
- Arterial street repairs – Arapaho, Centennial

### **Matching Fund Beautification Program:**

- Matching funds for five neighborhood projects

### **Home Improvement Incentive Program:**

- Funding for 146 homes in FY20-21



# Infrastructure Initiatives

Street and Alley  
Maintenance  
Strategies

Traffic Signs and  
Markings  
Maintenance  
Strategies

Water  
Maintenance  
Strategies

Sewer  
Maintenance  
Strategies

Drainage  
Maintenance  
Strategies

# Infrastructure Initiatives

## Streets, Alleys, Traffic

**Note: Funding for dedicated infrastructure maintenance, economic development and Equipment Replacement Fund are currently not indexed**

### **FY20-21 Streets and Alleys Key Initiatives:**

- Sustained funding of preventative maintenance through penny tax
- Increased focus on collector streets through penny tax
- Deliver June 2020 Street Rehabilitation Workplan
- Continued focus on alley repairs through penny tax

### **FY20-21 Traffic Signs, Traffic Markings Key Initiatives:**

- Implementation of traffic operations central system software
- Upgrade of traffic detection equipment at 43 intersections
- Replace traffic regulatory and warning signs as needed in Zone 1
- Refresh bike line markings on Yale from Belt Line to Campbell

# Infrastructure Initiatives

## Water Fund and Drainage Fund

### **FY20-21 Water Key Initiatives**

- Assessment of Copper Ridge, Collins and Renner elevated storage
- Completion of Northside Water Tower construction
- Waterline replacements for 2015 Bond Program Street Projects
- Meter replacement program

### **FY20-21 Sewer Key Initiatives:**

- Continuation of CMOM initiatives
- Prairie Creek condition assessment
- Spring Creek Basin condition assessment
- Cottonwood basin rehabilitation
- Construction of sewer projects

### **FY20-21 Drainage Key Initiatives:**

- Completion of Duck Creek watershed stream assessment
- Completion of design and design/construction of flood prevention projects
  - Beck Branch Erosion
  - Cherrywood and Cambridge Culverts

# What's Not Incorporated Into the Budget

Due to concerns regarding safety of citizens/participants, congruence with community needs and financial uncertainties, the following items are not currently included in the FY20-21 Budget:

- CARES funding for COVID-19 support (update to be provided in Fall 2020 after funding details are finalized)
- Funding for “frozen positions”
- Recommended but not required maintenance of facilities/infrastructure
- Compensation adjustments for City employees
- Community events (some Departmental Programs retained)
- Restoration of most departmental expenditure reductions for core services

# Restoration Strategy

- Measured and careful restoration of non-recurring expenses could be considered as/if:
  - Financial trends/forecasts are positive for a sustained period AND
  - Options are congruent with community conditions
- Potential restoration options might include:
  - Reinstatement of funding for maintenance of infrastructure
  - Select filling of City positions to fulfill core services/maintenance activities
  - Funding for select departmental budgets reductions for core services
  - Community engagement initiatives

# Further Contingencies and Assumptions

## General Fund

- Property Tax “Certified Tax Roll and Appraisal Supplemental” reports
- Sales Tax Estimate Assumptions
- “Penny” Maintenance Allocations
- Department Operations Expense Remainders
- COVID CARES Expenditure Offsets
- Continued “Position Reviews”
- SB2 Calculation Elements (future years)
- Fund Balance

## Other Funds

- NTMWD True-ups/Reconciliations
- Pay-Go Capital Deferrals
- Rate Stabilization/Reserve Allocations
- Interfund Transfers
- Fund Balance

# Combined Funds

# FY 2020-2021 Combined Budget

<b>Combined Budget (p. 14-15)</b>				
	<b>2019-2020 Estimate</b>	<b>2020-2021 Budget</b>	<b>Est./Bud.</b>	<b>%</b>
<b>Beginning Fund Balances</b>	\$87,739,602	\$91,214,264	\$3,474,662	4.0%
<b>Revenues</b>	\$292,437,237	\$286,708,105	(\$5,729,132)	-2.0%
<b>Expenditures</b>	\$288,962,575	\$287,369,626	(\$1,592,949)	-0.6%
<b>Ending Fund Balances</b>	\$91,214,264	\$90,552,743	(\$661,521)	-0.7%



# FY 2020-2021 Combined Budget

<b>Classification of Combined Operating Fund Expenditures (p, 15)</b>		
	<b>Proposed Budget</b>	<b>Percent of Total</b>
<b><u>Operating Expenditures</u></b>		
Personal Services	\$110,890,811	38.59%
Professional Services	27,211,097	9.47%
Maintenance	67,902,372	23.63%
Contracts	22,581,180	7.86%
Supplies	10,978,572	3.82%
Capital	3,757,115	1.31%
<b><u>Total Operating Expenditures</u></b>	<b>\$243,321,147</b>	<b>84.67%</b>
Transfers Out	\$ 33,920,672	11.80%
<b><u>Total Operating Expenditures and Transfers Out</u></b>	<b>\$ 277,241,819</b>	<b>96.48%</b>
Debt Service Payments	\$ 47,487,000	16.52%
Less Interfund Transfers	\$ (37,359,193)	-13.00%
<b><u>Net Appropriations</u></b>	<b><u>\$ 287,369,626</u></b>	<b>100.00%</b>

# General Fund Overview

# FY 2020-2021 General Fund

## General Fund Budget (p. 17)

	2019-2020 Estimated	2020-2021 Budget	Est./Bud.	%
<b>Beginning Fund Balances</b>	\$32,519,593	\$31,805,177	(\$714,416)	-2.2%
<b>Revenues</b>	\$136,369,898	\$130,571,649	(\$5,798,249)	-4.3%
<b>Expenditures</b>	\$137,084,314	\$133,953,901	(\$3,130,413)	-2.3%
<b>Ending Fund Balances</b>	\$31,805,177	\$28,422,925	(\$3,382,252)	-4.6%

# “Certified Tax Estimates”

- In order to certify an appraisal roll, the appraisal district must resolve 95% of the total value district-wide
- If the district cannot meet this benchmark by July 25, the Chief Appraiser prepares a “Certified Tax Estimate” that must be used for budget purposes
- Due to delays in Appraisal Review Board (ARB) hearings at both appraisal districts, Certified Estimates have been provided
- These Estimates include all actual values that have been resolved and the Chief Appraiser’s best estimate of the outcome of future ARB hearings
- A true Certified Roll will be provided at a future date as ARB hearings are resolved and may result in better taxable values if the Chief Appraiser’s estimates were too conservative
  - DCAD expected late August
  - CCAD expected mid-September

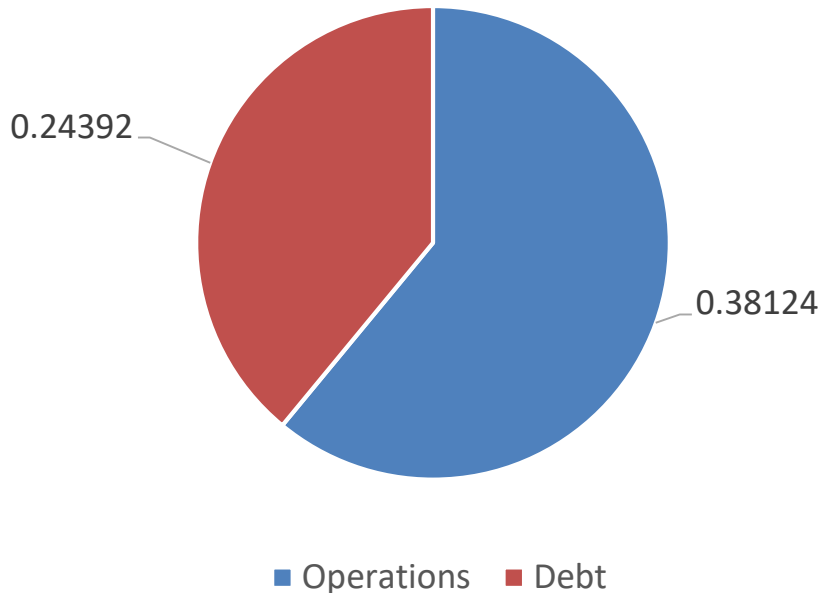
# Estimated Tax Rolls

	2019 Tax Year	Budget Workshop 2020	Post Workshop 2020 Tax Year	Change
DCAD	\$10,537,549,812	\$8,518,128,026	\$ 8,518,128,026	\$(2,019,421,786)
CCAD	7,577,535,894	8,220,000,000	3,715,863,771	(3,861,672,123)
Values in Dispute	227,175,512	1,545,960,352	6,050,096,581	(6,277,272,093)
Total Tax Values	\$18,342,261,218	\$18,284,088,378	\$ 18,284,088,378	\$ (58,172,840)
TIF Values	-1,839,066,377	-2,078,813,281	-2,078,813,281	(239,656,904)
Total for Gen Fund/Debt	\$16,503,194,841	\$16,205,275,097	\$ 16,205,275,097	\$ (297,919,744)

- The 2020 values reflect a **1.81%** decrease from 2019
- Each CAD's conservative estimates surrounding increased Values in Dispute (VID) drive this year's value loss
- An additional estimated \$600 million in appraised value could be restored to the roll later in the fall when ARB hearings are completed

# General Fund - Property Tax

\$0.62516 Tax Rate



- No change in the tax rate proposed
- Currently projecting a -1.81% appraisal decrease for FY20-21 due to a loss in value caused by significant Values in Dispute
  - Declines in future years likely due to ongoing pandemic impacts
- No use of the SB2 Disaster Exemption (i.e.. 3.5% waiver) in the FY20-21 Budget
- Property taxes make up 47.5% of General Fund revenues

## Senior Tax Exemption:

- Maintained at \$100,000
- Goal is to maintain a 30% protection objective

# 2019 Property Tax Rates

City	2019 Tax Rate
Dallas	\$0.776600
Garland	\$0.769600
Ft. Worth	\$0.747500
Mesquite	\$0.734000
Grand Prairie	\$0.669998
<b>Richardson</b>	<b>\$0.625160</b>
Arlington	\$0.624000
<i>AVERAGE</i>	<i>\$0.617718</i>
Irving	\$0.594100
Carrollton	\$0.589970
McKinney	\$0.515600
Allen	\$0.489000
Plano	\$0.448200
Frisco	\$0.446600

# Tax Rate Calculations

2020-2021 Tax Rate Calculations			
	Rate	Difference	Revenue
<b>2020-2021 Rate</b>	\$0.62516	-	-
<b>No New Revenue Rate</b>	\$0.64118	\$0.01602	\$ 2,596,085
<b>Voter Approval Rate 3.5%</b>	\$0.64935	\$0.02419	\$ 3,920,056
<b>Voter Approval Rate 8.0%</b>	\$0.66697	\$0.04181	\$ 6,775,426

- The 2020-2021 Proposed Tax Rate based on the “Certified Estimate” provided by the Appraisal District provides **\$2.6 Million less revenue than last year**
  - The proposed tax rate is a **2.5% decrease from the No New Revenue Rate**
- Not proposing to increase the current tax rate or proposing adopting the higher Voter Approval Rate authorized by State Law

Property Tax Rate		
	2019-2020	2020-2021
Operations & Maintenance (O & M)	\$0.38124	\$0.38124
Debt Service	\$0.24392	\$0.24392
Total	\$0.62516	\$0.62516



# FY 2020-2021 Assessed Valuation

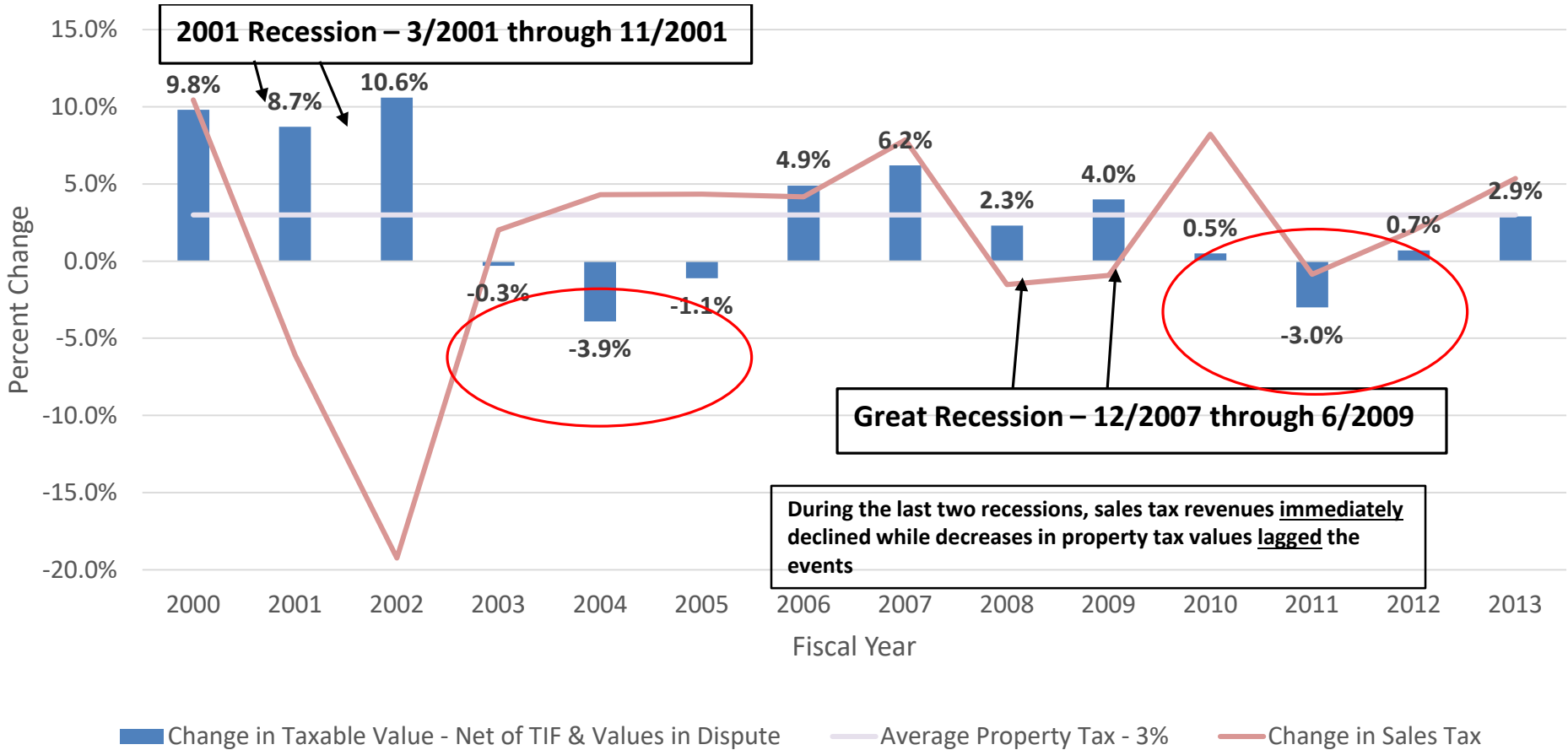
<b>Valuation Including VID, TIF &amp; New Improvements</b>			
<b>District</b>	<b>2020 “Certified Estimate” Roll</b>	<b>2020 New Improvements</b>	<b>%</b>
CCAD	\$8,220,000,000	\$276,344,080	3.36%
DCAD	\$10,064,088,378	\$168,851,955	1.68%
<b>Total</b>	<b>\$18,284,088,378</b>	<b>\$445,196,035</b>	<b>2.43%</b>

<b>Valuation Including New Improvements</b>			
<b>District</b>	<b>2019 Certified Roll</b>	<b>2019 New Improvements</b>	<b>%</b>
CCAD	\$7,704,329,533	\$164,511,127	2.14%
DCAD	\$10,637,931,685	\$112,142,893	1.05%
<b>Total</b>	<b>\$18,342,261,218</b>	<b>\$276,654,020</b>	<b>1.51%</b>

# Senior Exemption

- The City Council kept the Over 65 and Disabled Persons tax exemption at \$100,000 for the second year. The exemption will maintain the goal of providing a 30% tax benefit and save those receiving the exemption an average of \$625 a year in City property taxes.
  - The average value of a senior's home would have to increase by 11% before the \$100,000 exemption fell below the 30% financial policy goal.
    - At \$100,000, the exempted taxes are estimated to total \$5,310,734 with an incremental cost to the City of \$179,911 over last year.
    - Operations = \$109,715 and Debt Service = \$70,196

# Change in Taxable Value & Sales Tax Fiscal Year 2000 through 2013



# FY20-21 Budget Assumptions Revenue

The FY20-21 City Manager's Proposed Budget was developed using the following key assumptions:

- **Sales Tax Revenue:**
  - Cautionary approach due to uncertainty of COVID-19's impact on the community and businesses
  - Anticipating reduced sales tax for the next several months compared to prior year receipts
  - Estimating gradual recovery of economic activity resulting in increased sales tax revenue starting in 2021
- **Other General Fund Revenue:**
  - Conservative recovery in other revenue sources that are based on economic activity or user fees

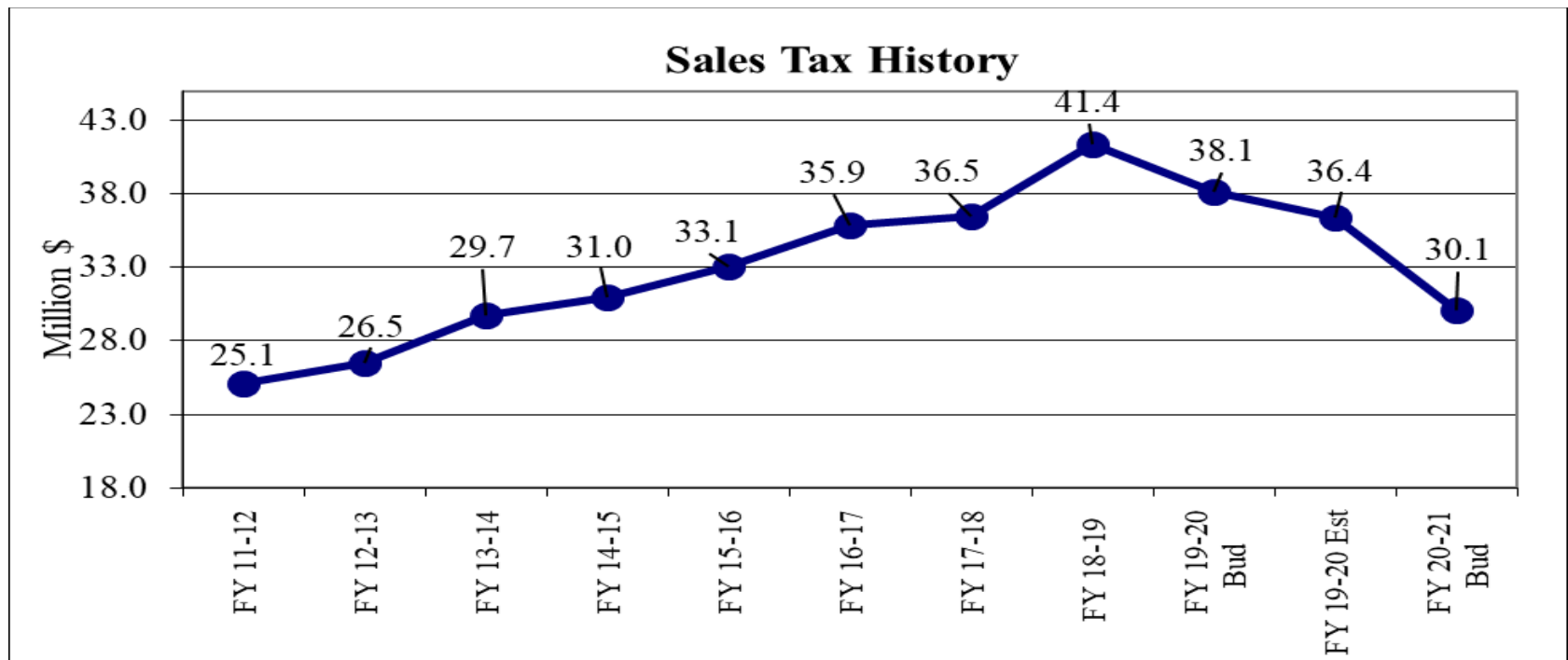
# Why Aren't Sales Tax Collections Worse?\*

- Congressional fiscal stimulus packages have insulated some citizens (keeping workers on payroll, providing unemployment benefits)
- Purchase of expensive, work-at-home technology
- Consumer hoarding “sped” up some sales
- Interest rates were reduced
- New sales tax from remote sellers
- Our unique Richardson mixture of business-to-business “essential” services and products (i.e. technology, insurance)

\* Texas Taxpayers and Research Association

# FY20-21 Budget Assumptions: Sales Tax

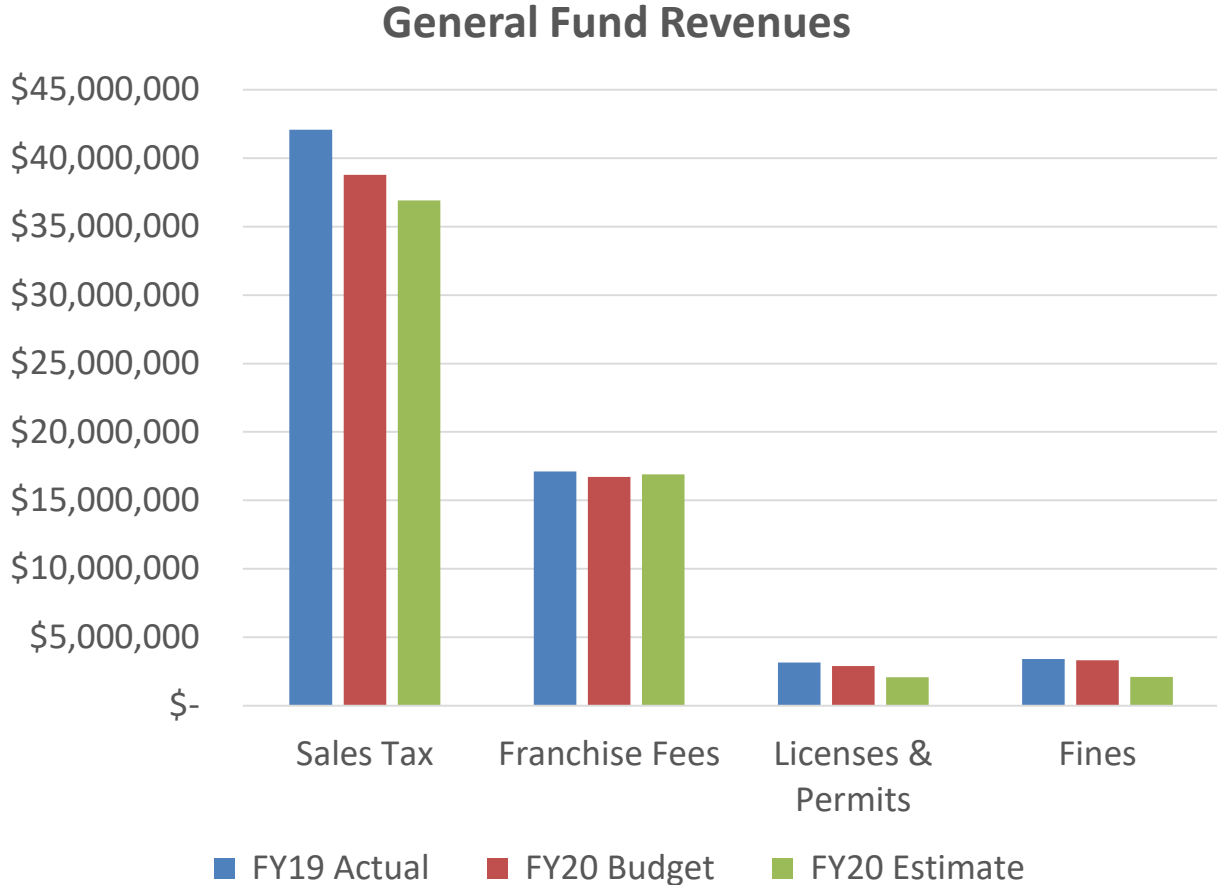
- Sales and Other Business Taxes are projected at \$30.7 million for FY 2020-2021 reflecting a decrease of (\$6.3 million) from estimated year-end revenues. We are cautiously anticipating dampened economic activity as we continue to work through the effects of COVID-19 in the coming year.



# FY20-21 Budget Assumptions: Remaining Revenue (p. 18-19)

- **License and Permits**
  - Projected flat at \$2.1 million with only minimal changes in each category.
- **Fines and Forfeits**
  - Expected to decrease (\$277,000) to \$1.8 million.
- **Recreation and Leisure Services**
  - Budgeted at \$2.4 million, an increase of \$704,000. Most of the increase is based on an anticipated increase in summer activities next year.
- **General and Administrative/Transfers**
  - Projected at \$9.0 million, an increase of \$111,000 from FY 2019-2020. This increase is tied to inflation as outlined in the indirect cost study by MGT America

# General Fund Revenues (p. 18-19)



FY20-21 Budget Projections from FY20 Estimate:

- Sales Tax: 16.9% decrease
- Franchise Fees: 0.4% increase
- Licenses & Permits: 1.4% decrease
- Fines & Forfeitures: 13.1% decrease



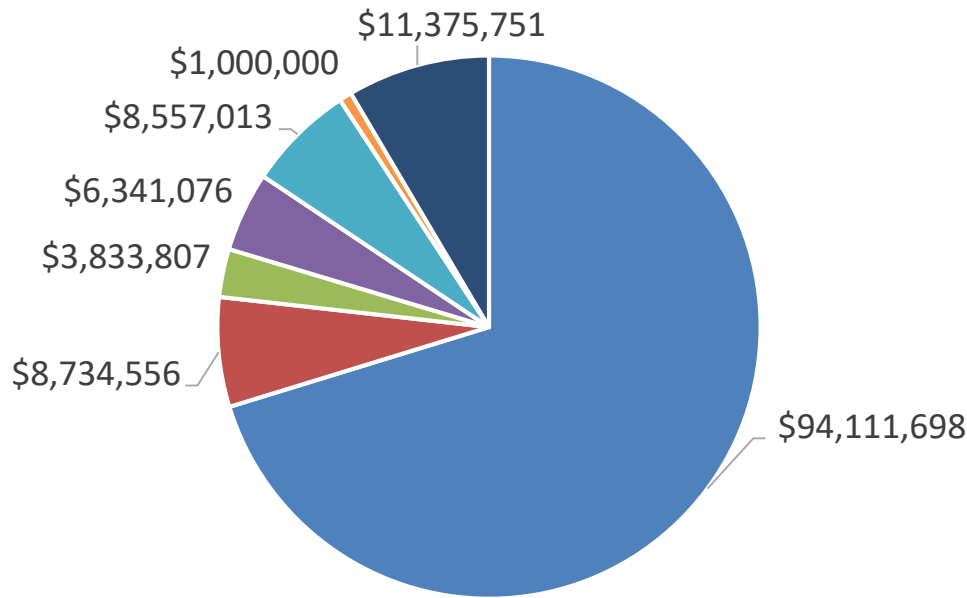
# FY20-21 Budget Expenditures (p. 17)

The FY20-21 City Manager's Proposed Budget was developed using the following key assumptions:

- General Fund Expenditures:
  - Restrained departmental operating expenditures focusing on essential services
    - A 6.7% reduction in operating expenditures from FY19-20 Budget to FY20-21 Budget
  - Sustained efforts to invest in the City's key infrastructure and support neighborhoods
  - Attentiveness to capital planning to lay a foundation to reinvest in infrastructure and community assets in the future
  - No compensation adjustment budgeted at this time
  - No large community events budgeted until we have:
    - Congruence with community conditions
    - Confidence in the General Fund financial assumptions
    - Solid understanding of the future of events with COVID-19 safety measures

# FY20-21 Proposed General Fund Expenditures

FY 20-21 General Expenditures



**General Fund Expenditures:**  
Personal Services: 70.3%  
Transfers: 8.5%  
Professional Services: 6.5%  
Supplies: 6.4%  
Contracts: 4.7%  
Maintenance: 2.9%  
Capital: 0.7%

- Personal Services
- Professional Services
- Maintenance
- Contracts
- Supplies
- Capital
- Transfers

# FY20-21 Budget Assumptions: Expenditures

- Total Expenditures and Transfers for the General Fund are projected at \$134.0 million, a decrease of (\$3.1 million) or -2.3% from the FY 2019-2020 year-end estimates.
  - **Personal Services** – presented at \$94.1 million, an increase of 0.4% from the year-end estimate. No salary adjustments are requested at this time.
- **Non-Personnel Operations** – For FY 2020-2021, Non-Personal Services operating line items are currently proposed at \$28.5 million, a decrease of (\$3.0 million) or -9.4% from year end.
- **Transfers Out** – All dedications for Street and Alley Rehabilitation, Parks Maintenance, Information Technology, Economic Development and Equipment Replacement Fund remain at FY 2019-2020 levels.
- **Fund Balance** -The proposed budget ends the year 77.5 days, or 17.5 days over the Council prescribed 60.0 days of fund balance and builds an additional 1.5 days of fund balance above the FY 2018-2019 position of 75.9 days.

# Capital and Debt Planning

# Series 2021 Debt Factors

- Stewardship of AAA bond rating from Moody's and Standard & Poor's
- Continued conservative property value growth and interest rate modeling assumptions
- Focus on completion of 2015 GO Bond Program projects
- Annual equipment/infrastructure needs for Fire, IT, Solid Waste, Water & Sewer
- Supplemental project considerations
- Capacity planning for future GO Bond Programs

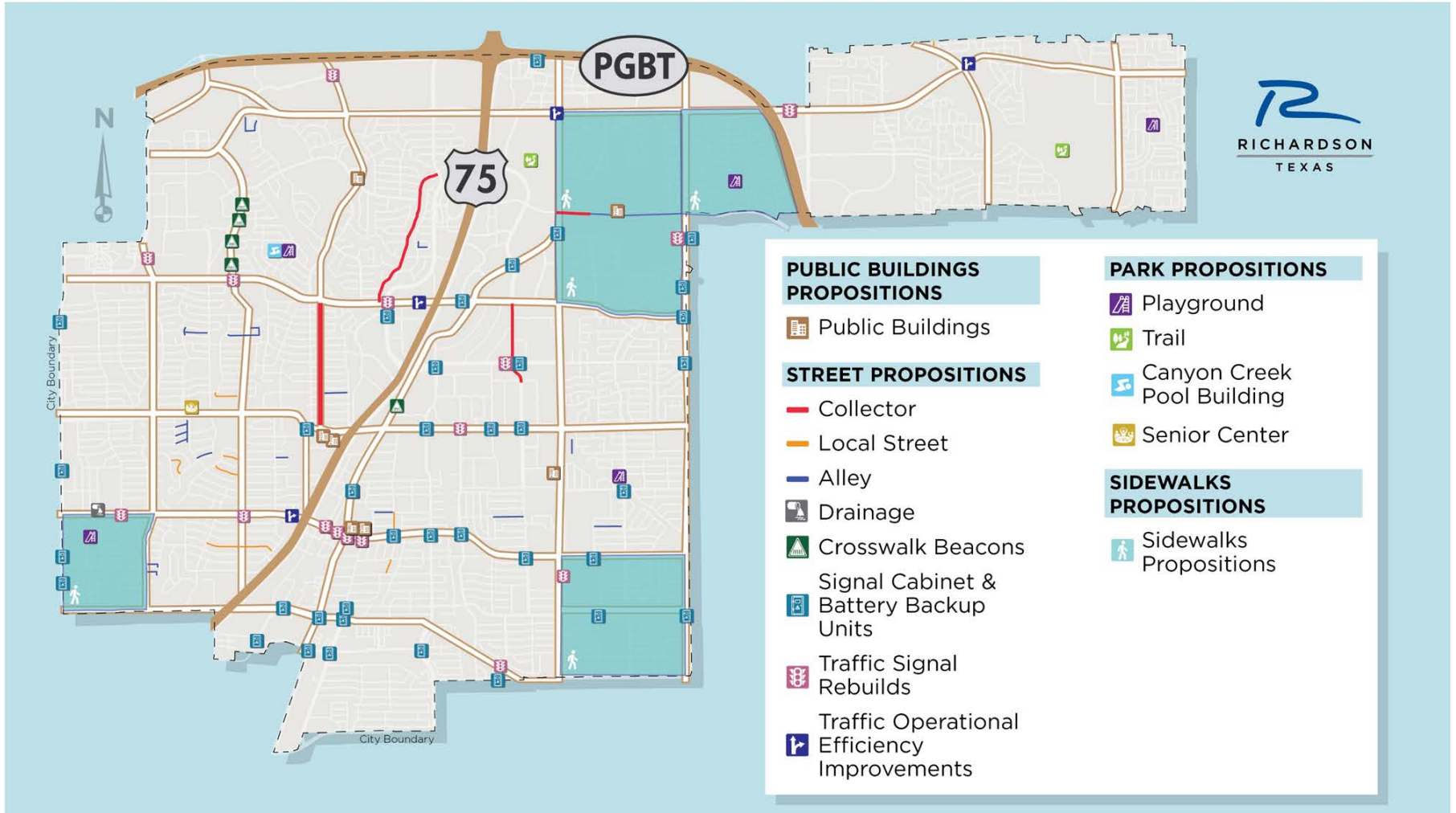
MOODY'S

AAA

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S&P Global

# 2015 G.O. Bond Program



# Series 2021 Proposed

Purpose	Type	Amount
2015 GO Bond Program 20-Yr	GO	\$13.3 million
General Government Supplement 4/10/15/20-Yr	CO	\$24.145 million
IT Equipment 4-Yr	CO	\$1.20 million
Fire Equipment 8-Yr	CO	\$0.24 million
Water & Sewer CIP 15/20-Yr	CO	\$14.09 million
Solid Waste Equipment 8-Yr	CO	\$1.205 million
	<b>Total</b>	<b>\$54.18 million</b>

# Future Bond Program Planning

The 2015 Bond Program was a six year program providing funding for projects through 2021. To best prepare for discussions about a future bond program, City staff presented a work plan on July 20<sup>th</sup> for consideration:

The Future Bond Program Work Plan includes:

- City Council direction on timing and priorities
- Review of recommendations from key studies (i.e. street conditions) on City infrastructure/facilities
- City Council review and discussions about potential propositions
- City Council finalizing propositions and calling for an election
- Public education
- Bond election



# Water/Sewer Fund

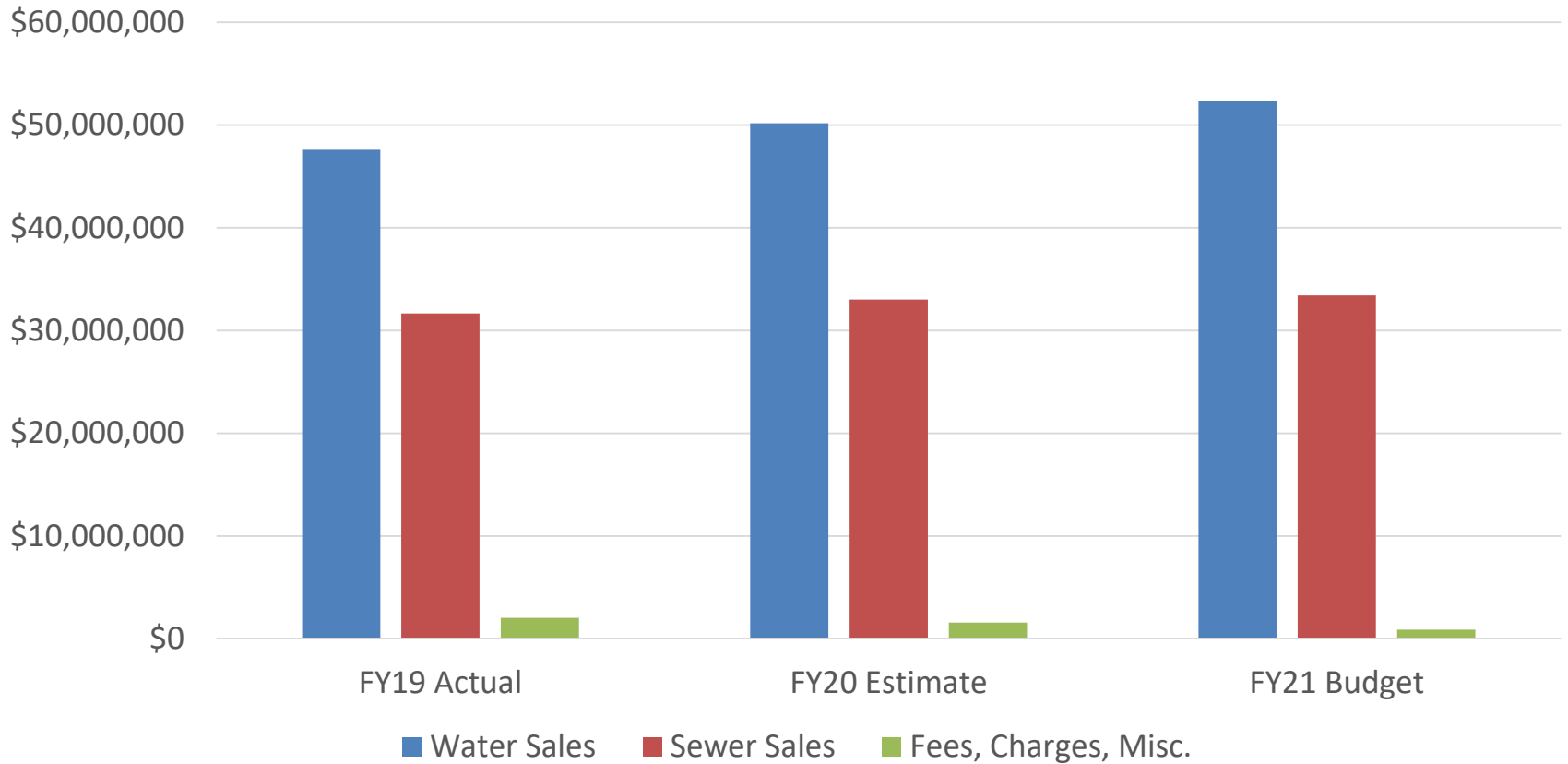
# Water and Sewer Fund

## Water and Sewer Fund Budget (p. 23)

	2019-2020 Estimated	2020-2021 Budget	Est./Bud.	%
<b>Beginning Fund Balances</b>	\$20,658,826	\$22,007,972	\$1,349,146	6.5%
<b>Revenues</b>	\$84,758,972	\$86,860,878	\$2,101,906	2.5%
<b>Expenditures</b>	\$83,409,826	\$86,078,834	\$2,669,008	3.2%
<b>Ending Fund Balances</b>	\$22,007,972	\$22,790,016	\$782,044	3.6%

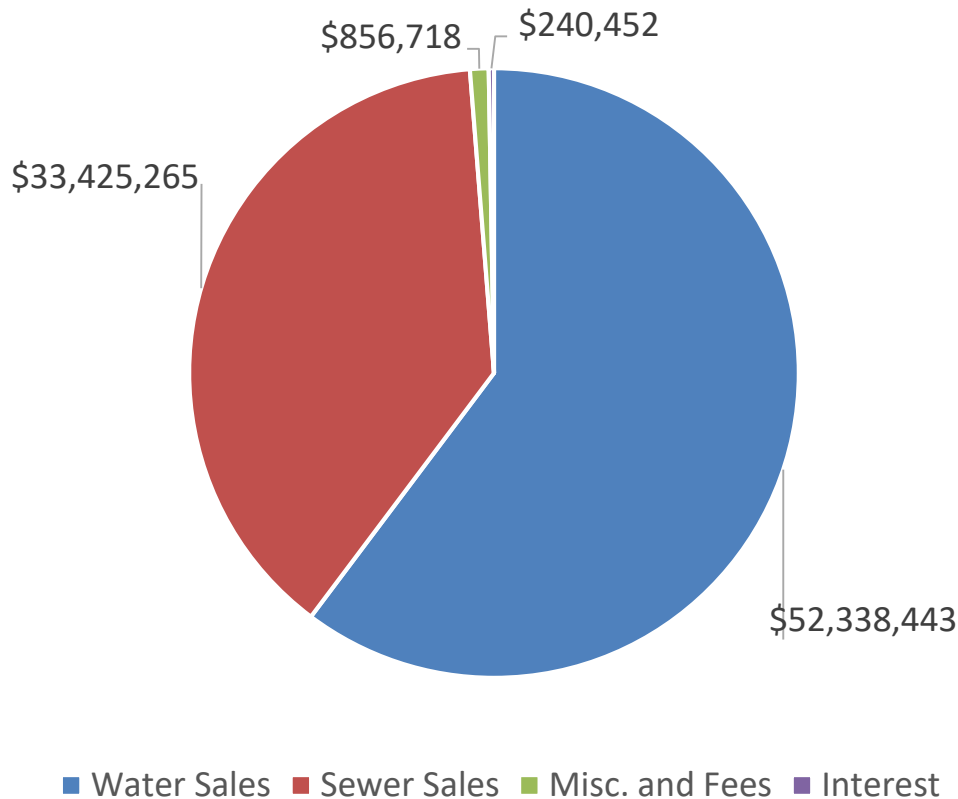
# FY20-21 Proposed Water/Sewer Fund

## Water/Sewer Fund Revenue



# FY20-21 Proposed Water/Sewer Fund

**FY20-21 Water/Sewer Fund Revenue**



- Water/Sewer Fund Expenditures:**
- Maintenance: 66.3%
  - Transfers Out: 10.9%
  - Personal Services: 8.1%
  - Debt Service: 7.8%
  - Prof. Services: 4.0%
  - Contracts: 1.4%
  - Supplies: 1.2%
  - Capital: 0.2%

- Key Elements:**
- No fee adjustments
  - FY21 Days of Fund Balance: 96.64 days

# FY 20-21 Water/Sewer Fund Revenues (p. 23)

- Projected revenues for FY 2020-2021 are based on no change to the City's current water and sewer retail rates.
- Revenue from Water Sales and Charges is programmed at \$52.3 million representing a 4.3% increase from year-end.
- Sewer Sales are budgeted at \$33.4 million or 1.2% above year-end.
- Remaining revenues combined decrease (\$477,000) based on a budget of \$1.1 million. The decline is the result of continuing to waive Late Fees for outstanding charges.

# FY20-21 Water/Sewer Expenditures (p. 23)

- Expenditures and Transfers are proposed at \$86.1 million representing an increase of \$2.7 million or 3.2% over year-end estimates.
- 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” and no change to the wholesale water rate from the NTMWD is anticipated at this time. For FY 2020-2021 the total cost of wholesale water is \$32.9 million.
- Sewer treatment services are expected to increase \$775,000 over the year end estimates of \$21.0 million. These increases are due to the combination of the rate increases from our service providers mentioned earlier and projected flows in the sewer basins.
- Together, the wholesale cost of water and sewer treatment services account for \$54.8 million or 63.6% of the total expenses.
- Fund Balance is projected at 96.6 days, in compliance with the City Council approved Financial Policy for the Water and Sewer Fund of “90 Days in Fund Balance”.

# Solid Waste Fund

# Solid Waste Services Fund

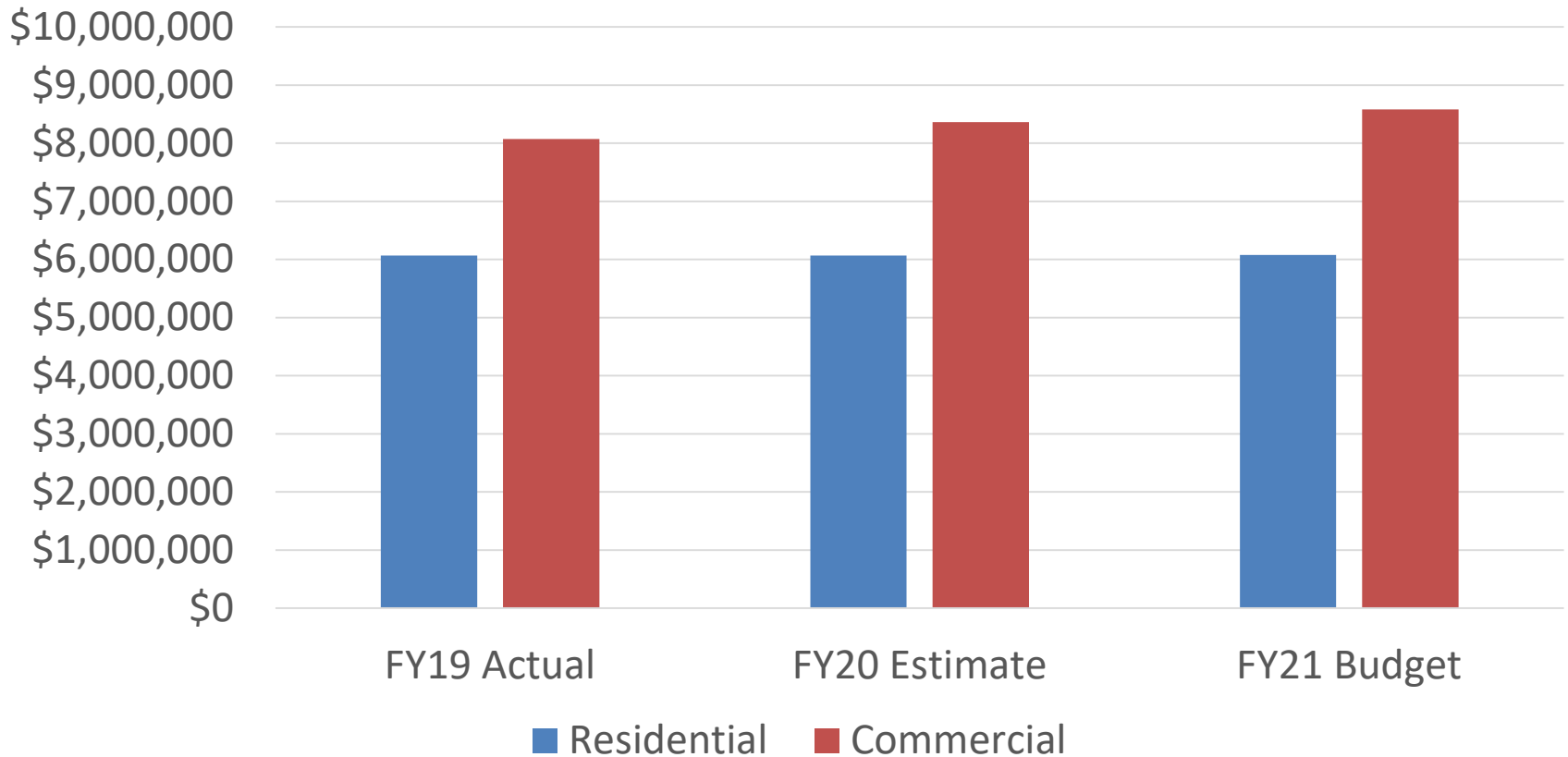
**Solid Waste Services Fund Budget (p. 28)**

	<b>2019-2020 Estimated</b>	<b>2020-2021 Budget</b>	<b>Est./Bud.</b>	<b>%</b>
<b>Beginning Fund Balances</b>	\$3,836,292	\$3,995,972	\$159,680	4.2%
<b>Revenues</b>	\$15,292,315	\$15,521,719	\$229,404	1.5%
<b>Expenditures</b>	\$15,132,635	\$15,517,956	\$385,321	2.5%
<b>Ending Fund Balances</b>	\$3,995,972	\$3,999,735	\$3,763	0.1%



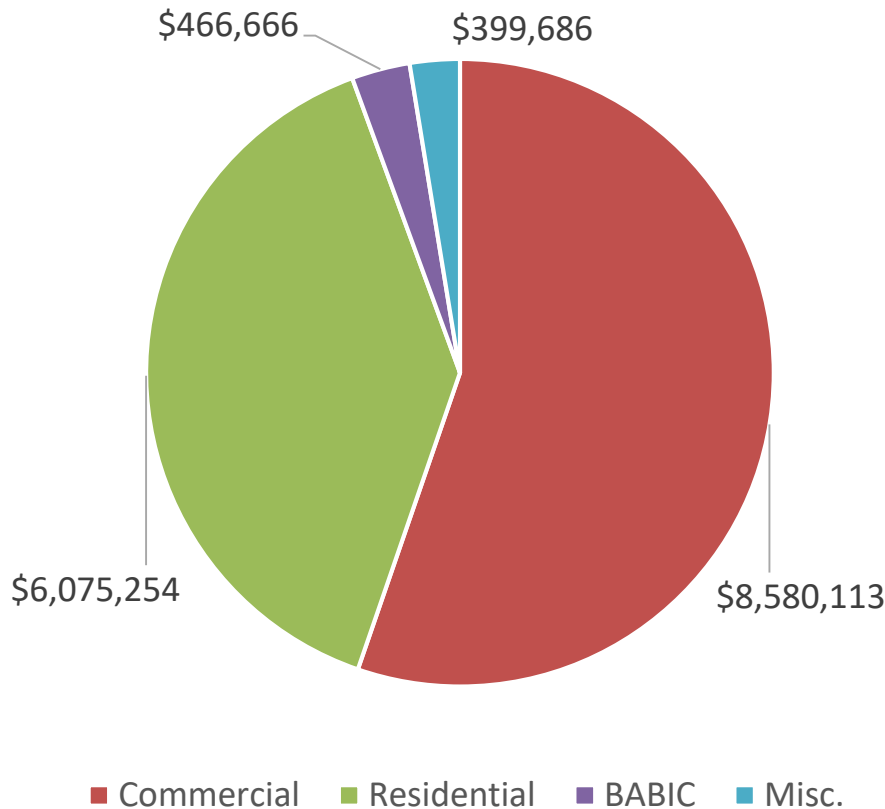
# FY20-21 Proposed Solid Waste Fund

## Solid Waste Fees



# FY20-21 Proposed Solid Waste Fund

FY20-21 Solid Waste Fund Revenue



## Solid Waste Expenditures:

- Personal Services: 35.5%
- Maintenance: 27.9%
- Transfers: 20.2%
- Debt Service: 8.6%
- Contracts: 3.5%
- Prof. Services: 2.7%
- Supplies: 1.6%

## Key Elements:

- FY21 Days of Fund Balance: 94.08 days
- No residential fee changes and no general commercial fee changes
- Consideration of minimal fee change for select commercial special services for consistency

# FY20-21 Proposed Solid Waste Fee Changes

## Select Commercial Services

- Proposal to update select special services fees for commercial solid waste services to better align with the pricing of the City's other comparable services and allow the City to remain at the market average within the Metroplex:
    - Increasing the fee for off-schedule special collections
    - Matching the disposal fee for temporary open top containers with permanent open top containers
    - Increasing the fee for blocked containers
- FY20-21 estimated revenue: \$98,428

# FY20-21 Solid Waste Fund Revenues (p. 29)

- Total revenues are projected to be \$229,000 over year-end estimates.
- Residential Collection Fees are projected to increase \$6,000 or 0.1% from their estimated year-end position of \$6.1 million with no increase to Residential Collections rates proposed at this time.
- Commercial revenues are expected to increase 2.6% or \$215,000 from year end estimates.
- 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.
- The Other Revenue category is projected to increase 1.5% or \$5,000.
- Interest Earnings are expected to increase 6.0% or \$3,000 based on anticipated earnings.

# FY20-21 Solid Waste Fund Expenditures (p. 28)

- Total expenditures and transfers are proposed at \$15.5 million, an increase of \$385,000 or 2.5% over the year-end estimate of \$15.1 million.
- Personal Services increase \$352,000 or 6.8% over year-end estimates and reflects full staffing and a modification to the pay plan for Drivers/Loaders in order to improve recruitment efforts.
- Professional Services are projected to increase \$33,000 or 8.6% from the year-end estimate. This increase reflects the increase in the processing contract for recycle materials.
- The Maintenance, Contracts, and Supplies categories increase \$17,000 on a combined budget of \$5.1 million. From year end.
- The General and Administrative transfer increases \$60,000 as a result of the indirect cost allocation study performed by MGT of America.
- FY 2020-2021 fund balance is proposed at 94.1 days. This achieves the goal established in the adopted financial policy of “60 days building towards 90.”

# Golf Fund

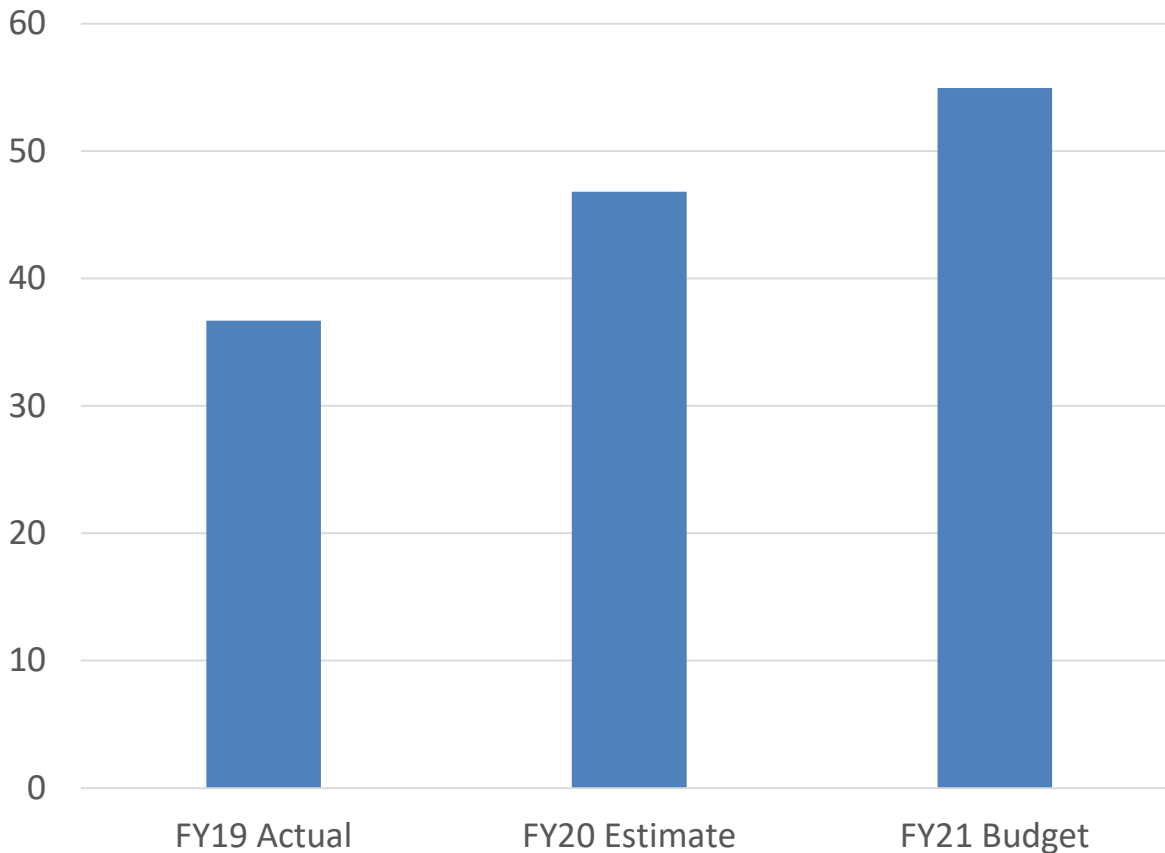
# Golf Fund

## Golf Fund Budget (p. 33)

	2019-2020 Estimated	2020-2021 Budget	Est./Bud.	%
<b>Beginning Fund Balances</b>	\$220,876	\$319,989	\$99,113	44.9%
<b>Revenues</b>	\$2,594,737	\$2,336,534	(\$258,203)	-10.0%
<b>Expenditures</b>	\$2,495,624	\$2,308,866	(\$186,758)	-7.5%
<b>Ending Fund Balances</b>	\$319,989	\$347,657	\$27,668	8.6%

# FY20-21 Proposed Golf Fund

## Golf Fund - Days of Fund Balance

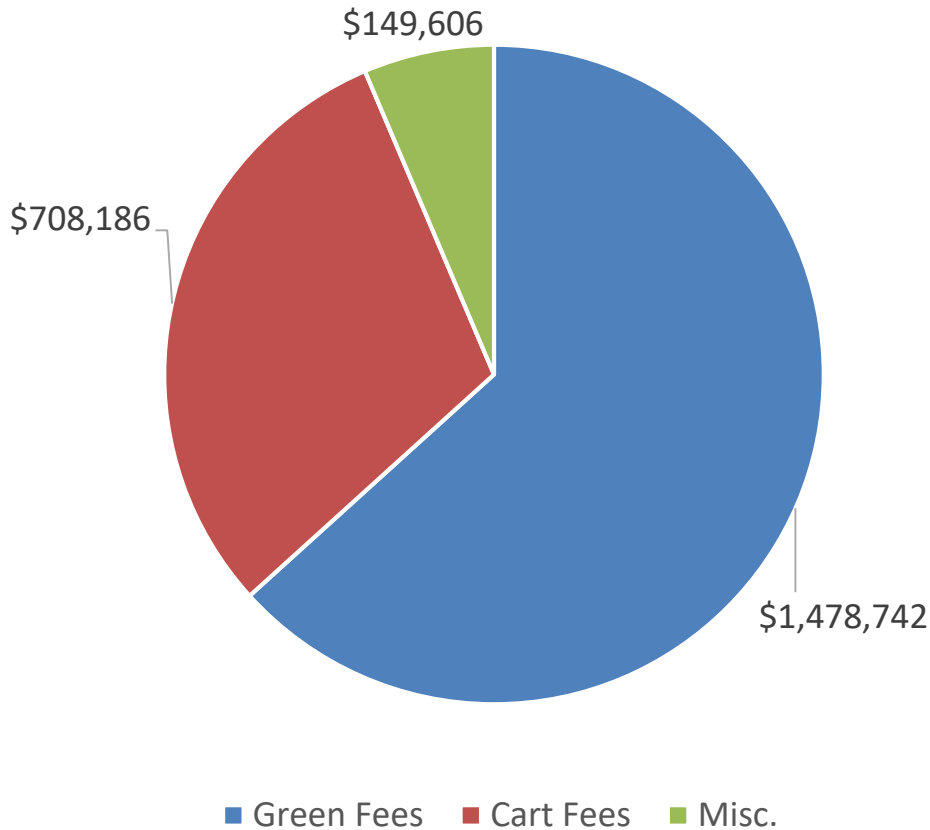


Golf Rounds Played:  
FY19 Actual: 74,577  
FY20 Estimate: 87,000



# FY20-21 Proposed Golf Fund

FY20-21 Golf Fund Revenue



## Golf Fund Expenditures:

- Personal Services: 51.9%
- Supplies: 16.5%
- Maintenance: 10.7%
- Prof. Services: 9.8%
- Contracts: 6.4%
- Transfers: 4.6%

## Key Elements:

- FY21 Days of Fund Balance: 54.96 days
- Establishment of Golf Operations Reserve
- Replacement of Golf Maintenance Equipment: \$190,600

# Golf Fund Revenues (p. 34)

- Revenues for the Golf Fund are projected at \$2.3 million for FY 2020-2021 representing a decrease of (\$258,000) from year-end.
  - Green fees of \$1.5 million represents a reduction of (\$261,000) from year-end and reflects a conservative projection of rounds played and includes no change to the current fee structure.
  - Cart Fees are projected to increase \$7,000.
  - The remaining revenues of \$150,000 decrease (\$4,000) from the year end position due to the insurance reimbursement received in FY 2019-2020.

# Golf Fund Expenditures (p. 33)

- Total Expenditures and Transfers for the Golf Fund are proposed at \$2.3 million, a decrease of (\$186,000) as a result of removing the one-time transfer out projected in FY 2019-2020.
- Personal Services increase \$14,000 from year end estimates.
- The remaining operational expenditures decrease \$3,000 from year-end estimates of \$1.0M.
- The General and Administrative transfer increases \$3,000 as a result of the indirect cost allocation study performed by MGT of America.
- Given the projected revenue and expenditure performance, the fund balance should end the year with 55.0 days in compliance with the Council approved financial policy of “30 building to 60 days”.

# Hotel/Motel Tax Fund

# Hotel Motel Tax Fund

<b>Hotel Motel Tax Fund Budget (p. 37)</b>				
	<b>2019-2020 Estimated</b>	<b>2020-2021 Budget</b>	<b>Est./Bud.</b>	<b>%</b>
<b>Beginning Fund Balances</b>	\$3,069,357	\$2,071,068	(\$998,289)	-32.5%
<b>Revenues</b>	\$4,149,624	\$1,669,832	(\$2,479,792)	-59.8%
<b>Expenditures</b>	\$5,147,913	\$2,905,583	(\$2,242,330)	-43.6%
<b>Ending Fund Balances</b>	\$2,071,068	\$835,317	(\$1,235,751)	-59.7%

# FY20-21 Proposed Hotel/Motel Fund

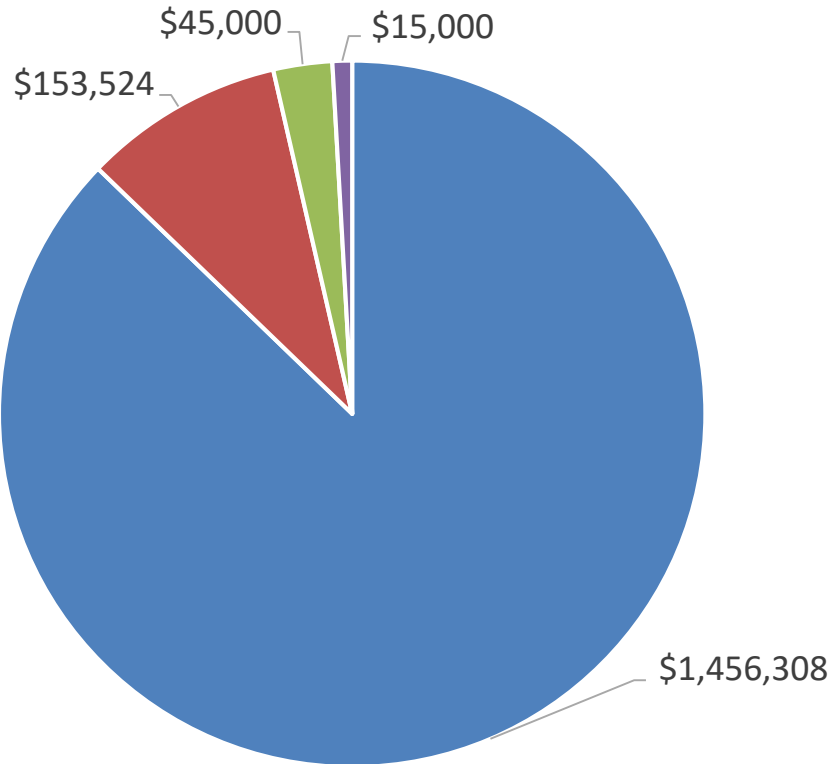
- Challenging environment for both hospitality and performing arts industries
  - Total revenue with the fund is budgeted to decrease 74% from the FY20 budget
  - Hotel Occupancy Tax is projected to decline 64% from the FY20 budget
- Occupancy in the U.S. hotel industry is projected to slightly increase in 2021
  - Richardson hotels are prepared to move forward when occupancy returns
- Eisemann Center is working with arts organizations on options for hosting performing arts offerings in a “modified environment”

# FY20-21 Proposed Hotel/Motel Fund

- Multi-year Recovery Strategy
  - In FY20, a General Fund transfer of \$600,000 is proposed to support the stability of the fund
  - Conservatively budgeting revenues
    - Hotel/motel occupancy tax
    - Eisemann Center revenue
  - Working closely with hotels on recovery strategies
  - Reducing expenditures to focus on critical needs
  - Suspending Eisemann Center Presents season for FY2020-2021
  - Reducing arts grants funding to \$180,000 for FY20-21
  - If actual revenues are higher than projected, consider “incremental restoration” options

# FY20-21 Proposed Hotel/Motel Fund

FY20-21 Hotel/Motel Fund Revenue



## Hotel/Motel Expenditures:

- Eisemann Center: 75.5%
- Transfers: 10.0%
- Parking Garage: 7.5%
- Arts Grants: 6.2%
- Misc: 0.6%

## Key Elements:

- FY21 Fund Balance: \$835,317

■ Hotel/Motel Tax ■ Eisemann Center ■ Parking ■ Misc.



# Other Funds

# Other Fund Highlights

- Pages 41 through 74 of the filed budget represent all remaining funds for the City of Richardson including the Special Revenue, Internal Service and Capital Funds.
  - Tax Increment Financing Districts (pages 57-59) experienced AV growth of 13.0% over the prior year to \$2.1 billion generating \$13.0 million in property tax revenue which is tied to reimbursement obligations inside the respective zones.
  - The Economic Development Fund (page 68) was established in FY 14-15 to receive the tax rate allocation for economic development programs.

# Other Fund Highlights

- Drainage Fund (page 45) is programmed at \$4.2 million.
  - \$1.0 million will include:
    - Storm Drain Inspection, Cleaning and Repair
    - Street Sweeping
    - Channel Maintenance
    - Litter Abatement
  - 1.1 million is programmed for flood prevention and storm drain improvements at the following locations:
    - Beck Branch erosion control
    - Duck Creek Watershed Study
    - Cherrywood and Cambridge Culvert Replacement
  - \$1.3 million for completion of prior year projects
  - No Fee Adjustment Proposed

# Concluding Thoughts

# Budget Adoption Summary

August 10<sup>th</sup>:  
Presentation of  
City Manager's  
Proposed Budget

August 17<sup>th</sup> &  
24<sup>th</sup>: Budget  
Public Hearings

August 24<sup>th</sup>:  
Budget Adoption

## Public Access to Budget Information:

- Web/Cable Access – Budget Workshops
- Web/Cable Access – Budget Work Sessions
- Web/City Secretary/Library – Copies of the Proposed Budget

# Budget Details Summary

- No property tax rate increase
- No water/sewer rate increase
- No solid waste rate increase for residents
- Maintaining Senior Tax Exemption at \$100,000
- Continuation of maintenance strategies at full funding
- Focus on core services and programs
- General Fund expenditures reduced by \$9.6 million
- Property and sales tax revenue projected to decrease
- 30+ full time positions frozen
- No compensation adjustments for employees
- Suspending community events
- Ongoing COVID-19 Vigilance and Response

# Summary

- Our budget development continues as we will have a very heavy monitoring/tracking process through this dynamic process.
  - We anticipate periodic post-adoption updates, as needed.
- We suspect more than the usual impacts will occur over these next many months that may further challenge our fiscal plan, but we are prepared.
  - Likely elements include: Ongoing Health/Government COVID Policy declarations, treatment/vaccine dynamics, compounding impacts of other seasonal maladies, support system stresses, local/state/national economic changes, Fall political campaigns and election impacts, ongoing financial market reactions, labor and material markets, emotional fatigue, etc.





**RICHARDSON**

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**T E X A S**