

# Direction 16-17: *The Intersection of Opportunity and Mission*

2016-2017 Fiscal Year  
City of Richardson, Texas  
Municipal Budget Presentation



City Council Budget Presentation  
August 8, 2016



## Direction 16-17:

### *The Intersection of Opportunity and Mission*

- A phrase that summarizes the “choice aspects” for this year’s budget development efforts is: ***The Intersection of Opportunity and Mission.***
- Through active discussion and community engagement, the City’s Mission(s) are well-documented in our Goals/Strategies/Tactics.
- What is compelling for 2016-17 is the concurrent emergence of opportunities to act - or accelerate the impact - on these missions.

- **Opportunities:**

- *Resources*
- *Vivid Plans*
- *Assessments / Priorities*
- *Market Attention*
- *Community Support*
- *Recovery & Sustainability*
- *Synergistic Impacts*
- *Interest Rate Environment*
- *Stewardship*
- *Preparation for the future*

# An active work plan underway:

- The Summer of 2016 finds us active in the many important projects and initiatives that will shape the 2016-17 fiscal year:
  - Implementation of the 2015 Bond Program
  - Public Safety Campus improvements
  - Multi-faceted maintenance strategies
  - Main Street/Central Expressway studies and redevelopment initiatives
  - Transit Oriented Development and the Cotton Belt Passenger Rail Line
  - Discussions with North Texas Municipal Water District
  - Development of the Spring Creek Nature Area



# Still True for 16-17:

## *Stacked Initiatives, Sustained Attention*

- The key themes of recent budgets continue to be:
  - Enhanced infrastructure maintenance
  - Public Safety facility and staff enhancements
  - Economic Development funding
  - Enhanced customer and City experiences



# Strong Budget Support to the Key Initiatives

- Reduce tax rate by a full cent to \$0.62516/\$100 valuation
  - A \$1.3 million reduction in tax revenue
- Commit to Maintenance.
  - Move to 2.5 pennies dedicated to Street Maintenance
  - Dedication of a ½ penny of the tax rate to an Alley Rehabilitation program
  - Sustain Year 4 Strategies for key maintenance activities: walls, bridges, markings, etc.
  - Increased water distribution and sewer collection systems maintenance strategies
  - New initiatives for facilities and aquatics maintenance
- Continue with Police and Fire Staffing Initiatives
- Increasing resources for Economic Development dedication to 8/10 of a penny
- Accelerate and consolidate the Police/Fire Campus redevelopment in a timely/single project





# 2016-2017 Budget Development

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



# Key Budget Elements for 2016-2017: Public Safety Initiatives

- The FY 2016-2017 Budget includes several efforts to enhance public safety resources including:
  - Capital funding for public safety campus projects that was approved in the 2015 Bond Program
  - Funding for body cameras and related technology
  - Enhanced staffing resources for both Fire & Police departments in the FY 2016-2017 budget:
    - Three patrol officers
    - Fire management code technician



# Key Budget Elements for 2016-2017: Maintenance Activities - General Fund

## Streets

Proposed budget includes 2.5 cents of property tax for:

- Two collector streets, three neighborhoods zones and a preventive maintenance program

## Screening Walls & Bridge Railings

Proposed budget includes funding for:

- Ten bridges will be repaired and enhanced
- City owned walls, entry features and bridges will be painted and washed on a rotational basis

## Traffic Signs & Pavement Markings

Proposed budget includes funding for:

- Small street name signs in two zones
- Markings on streets repaired via rehab program
- Updating one bike lane and adding one mile of bike lane

## Initiate a New Alley Maintenance Initiative

- Provide new ½ penny of property tax for alley repair





# Key Budget Elements for 2016-2017: Maintenance Activities – General Fund

	FY13-FY14 Actual	FY 14-15 Actual	FY15-FY16 Actual	FY16-FY17 Proposed
Street Maintenance Strategy	\$1,985,000	\$2,465,000	\$2,616,000	\$3,262,709
Alley Rehabilitation	-	-	-	\$652,542
Misc. Street and Alley Concrete Repair	\$476,274	\$664,051	\$995,000	\$552,500
Screening Walls	\$120,000	\$120,000	\$50,000	\$40,000
Bridge Railings	\$225,000	\$320,000	\$300,000	\$300,000
Pavement Markings	\$250,000*	\$300,000*	\$350,000*	\$400,000*
Street Name Sign Replacement	\$100,000*	\$100,000*	\$100,000*	\$100,000*
<b>TOTAL</b>	<b>\$3,156,274</b>	<b>\$3,969,051</b>	<b>\$4,411,000</b>	<b>\$5,307,751</b>

\* Includes funding from the Traffic Safety Fund

# Key Budget Elements for 2016-2017: Maintenance Activities - Facilities and Aquatics

## **Facilities Services Renewal/Replacement Strategy:**

The FY2016-2017 Proposed Budget includes funding for:

- Preventative maintenance/service Contracts/corrective maintenance
- Facility condition assessment
- HVAC system unit replacements
- Eisemann Center improvements

## **Aquatics Maintenance Strategy:**

The FY 2016-2017 Proposed Budget includes funding for:

- Aquatics maintenance needs
- Aquatics reinvestment items

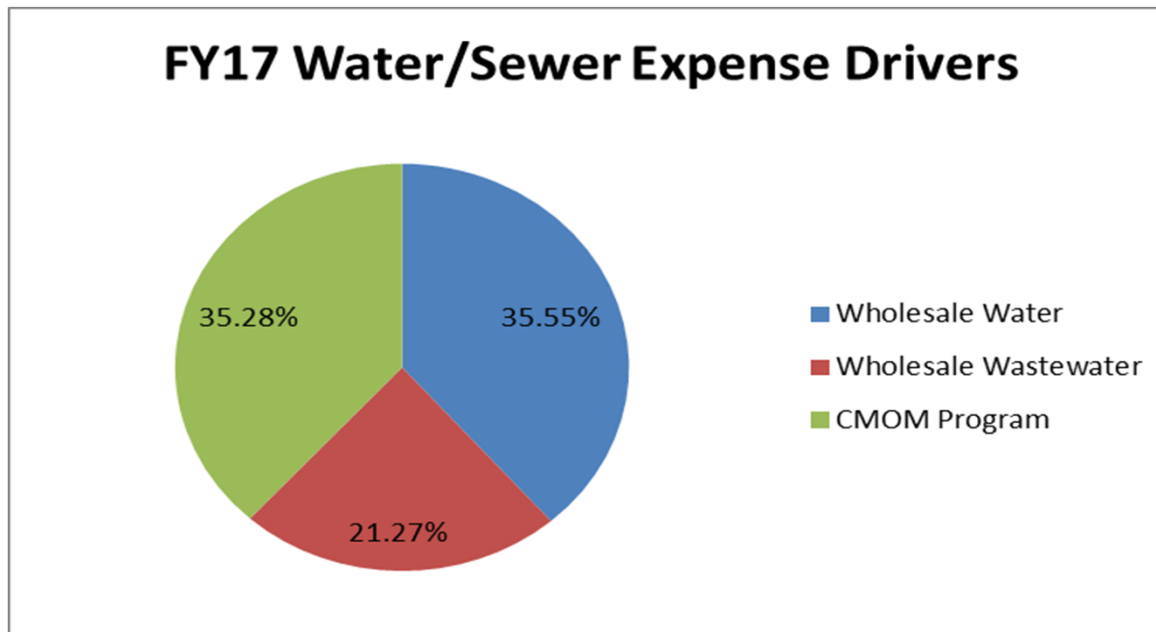


## Key Budget Elements for 2016-2017: Maintenance Activities - Facilities & Aquatics

	FY 14-15 Budget	FY15-FY16 Projected	FY16-17 Proposed
Facilities – General Fund	\$373,000	\$513,000	\$699,000
Facilities – Hotel Fund	\$200,000	\$530,000	\$377,841
Aquatics – Operations	\$28,000	\$47,868	\$238,530
Aquatics – Short-Term Debt	\$44,000	\$46,350	\$162,900
<b>TOTAL</b>	<b>\$645,000</b>	<b>\$1,137,218</b>	<b>\$1,478,271</b>

# Key Budget Elements for 2016-2017: Water/Sewer Utility Fund

- Water and Sewer services are both experiencing additional mandates and requirements that necessitate greater financial resources. Below is a chart that demonstrates the impact of three expense drivers that comprise 92.1% of the increase in Water/Sewer Utility Fund non-capital expenses.



# Key Budget Elements for 2016-2017: Staffing & Compensation

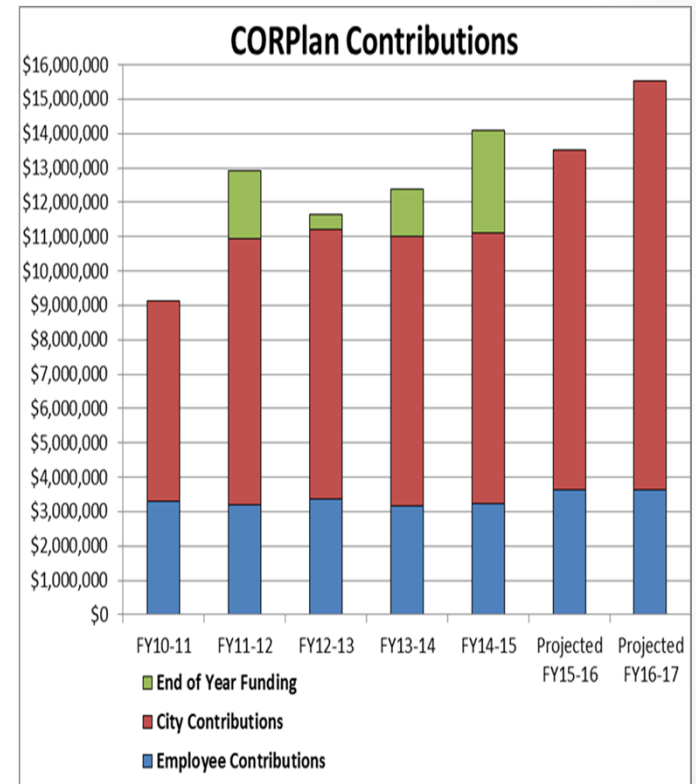
- Personal Services comprise the largest expense category of the General Fund. Staff continues to hold open some vacant positions and understaff to assist in managing these expenses.
- The City compares salary and benefits information with twelve benchmark cities as well as uses private sector data to help develop compensation and benefit recommendations.





# Key Budget Elements for 2016-2017: Health Benefits

- The City's philosophy regarding health insurance is to:
  - Ensure the medical plan is financially sustainable
  - Remain compliant with the Affordable Care Act
  - Offer a medical plan that is competitive in attracting and retaining employees
- In 2017, the City is continuing its efforts to achieve these goals by:
  - Strengthening efforts towards creating a **consumer driven health care plan**
  - Implementation of **plan design changes** to help increase the sustainability of the medical plan
  - Increasing the **City's investment** in health benefits for the second year of a two year strategy, therefore minimizing the financial impact in future years
  - Expanding efforts related to **wellness programming** that are results-oriented and engaging employees to lead a healthy lifestyle



# Update Since City Council Budget Work Session

- Since the Budget Workshop on July 19 and 20, staff have continued refining the proposal and completed the tasks still in progress at that time including:
  - Receipt and analysis of the final certified tax rolls from both Dallas and Collin Central Appraisal Districts
  - Completed analysis of public safety compensation
  - Filing of the proposed budget with the City Secretary on Friday, August 5, in compliance with Charter requirements
- As we now transition to more detailed discussions on the five major operating funds we note the formal opportunities for public input before final adoption.
  - Web, City Secretary & Library copies of the filed budget provided
  - Budget/Tax Rate Public Hearings on August 22 and 29.

# **City of Richardson, Texas**

## **Combined Fund Summaries**

# FY 2016-2017 Combined Budget

<b>Combined Budget</b>				
	<b>2015-2016 Estimated</b>	<b>2016-2017 Budget</b>	<b>Est./Bud.</b>	<b>%</b>
<b>Beginning Fund Balances</b>	\$53,802,836	\$54,286,732	\$483,896	0.9%
<b>Revenues</b>	\$239,919,942	\$255,983,192	\$16,063,250	6.7%
<b>Expenditures</b>	\$239,436,046	\$251,064,930	\$11,628,884	4.9%
<b>Ending Fund Balances</b>	\$54,286,732	\$59,204,994	\$4,918,262	9.1%

# FY 2016-2017 Combined Budget

<b>Classification of Combined Operating Fund Expenditures</b>		
	<b>Proposed Budget</b>	<b>Percent of Total</b>
<b><u>Operating Expenditures</u></b>		
Personal Services	\$ 104,843,873	41.76%
Professional Services	23,365,727	9.31%
Maintenance	52,979,437	21.10%
Contracts	23,797,375	9.48%
Supplies	11,457,699	4.56%
Capital	2,251,643	0.90%
<b><u>Total Operating Expenditures</u></b>	<b>\$ 218,695,754</b>	<b>87.11%</b>
Transfers Out	\$ 25,285,008	10.07%
<b><u>Total Operating Expenditures and Transfers Out</u></b>	<b>\$ 243,980,762</b>	<b>97.18%</b>
Debt Service Payments	\$ 40,113,593	15.98%
Less Interfund Transfers	\$ (33,029,425)	-13.16%
<b><u>Net Appropriations</u></b>	<b>\$ 251,064,930</b>	<b>100.00%</b>



# General Fund



# FY 2016-2017 General Fund

<b>General Fund Budget</b>				
	<b>2015-2016 Estimated</b>	<b>2016-2017 Budget</b>	<b>Est./Bud.</b>	<b>%</b>
<b>Beginning Fund Balances</b>	\$19,303,680	\$20,128,412	\$824,732	4.3%
<b>Revenues</b>	\$119,914,671	\$123,442,420	\$3,527,749	2.9%
<b>Expenditures</b>	\$119,089,939	\$123,279,216	\$4,189,277	3.5%
<b>Ending Fund Balances</b>	\$20,128,412	\$20,291,615	\$163,203	0.8%

# FY 2016-2017

## General Fund Revenue Overview

- \$3,528,000 or 2.9% increase
  - Property Taxes increase \$4,388,000
  - Franchise Fees increase \$467,000
  - Sales Tax decrease (\$402,000)
  - License and Permits decrease (\$1.0 million)
  - Remaining Revenues increase \$114,000

# 2016 Property Tax Analysis

# Assessed Valuation

- Tax Rate Management Considerations:
  - Appraisal Increase Components
  - General Tax Payer Impact
  - Senior Citizen Impact
  - Trends and Averages
  - Maintenance Realities
  - Guidance of Current Law
  - Expected Future Legislative Revisions
  - Opportunities to Accelerate/Enhance



# Required Budget Narrative:

“This budget will raise more total property taxes than last year’s budget by \$9,528,563 (12.18%) and of that amount \$1,120,018 is tax raised from new property added to the tax roll this year.”

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

# Property Tax Increase Explained: \$9.5 million

**Increase in Property Tax Revenue** \$ **9,528,563**

Item Description	Amount	Remaining Increase
Tax Increment Financing Fund #1 Increase	\$ 690,569	\$ 8,837,994
Tax Increment Financing Fund #2 Increase	961,273	7,876,721
Tax Increment Financing Fund #3 Increase	56,019	7,820,702

<b>Public Safety Initiatives</b>		
Debt Service - Public Safety Campus Acceleration	3,661,607	
Full year impact of new Public Safety Positions hired in FY16 (3 Fire Fighters, 4 APO and 1 Evidence Tech)	700,000	
Additional 2% pay plan increase for Public Safety	693,734	
Year Two Body Camera Agreement	161,430	
Partial Yr. FY 17 Funding for 3 APO's and 1 Fire Mgt Tech	88,000	
<b>Sub Total Public Safety Initiatives</b>	<b>\$5,304,771</b>	<b>2,515,931</b>

<b>Street/Alley Rehabilitation Initiatives</b>		
Street Rehab \$0.02 value increase	287,354	
Street Rehab Supplement	652,542	
Alley Rehabilitation	652,542	
<b>Sub Total Street/Alley Rehabilitation Initiatives</b>	<b>\$1,592,438</b>	<b>923,493</b>

**Increase in Economic Development Dedication** **347,183** **576,310**

<b>General Maintenance</b>		
Cottonwood Pool Pump House and Bath House Rehabilitation	198,830	
General PARD Facility Maintenance	81,030	
Traffic signal systems, markings and street light maintenance	40,000	
<b>Sub Total General Maintenance</b>	<b>\$ 319,860</b>	<b>256,450</b>

Library Books	100,100	156,350
Electricity and Natural Gas	115,950	\$ 40,400

# 2016 Certified Tax Roll Comparison

<b>2016 Certified Tax Roll Comparisons</b>	
<b>August 2016</b>	
<b>Entity</b>	<b>% Change</b>
<b>Richardson CCAD</b>	<b>17.61%</b>
Frisco	14.92%
<b>Richardson Total</b>	<b>14.23%</b>
McKinney	12.59%
<b>Richardson DCAD</b>	<b>12.14%</b>
Collin County	11.98%
Garland	11.28%
Grand Prairie	11.02%
Allen	10.28%
Dallas County	10.12%
Dallas	10.04%
Mesquite	9.62%
Fort Worth	9.36%
Plano	9.28%
Irving	8.36%
Carrollton	7.74%
Arlington	6.90%

# Tax Parcel Reappraisals

<b>DCAD 2016 Tax Roll – Percent of Parcels Reappraised</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Residential</b>	58%	76%	91%
<b>Commercial</b>	66%	48%	22%
<b>BPP</b>	100%	100%	100%
<b>All</b>	66%	78%	88%

- CCAD reappraises 100% of all parcels each year

# Property Tax Features

	<b>Budget</b>	<b>Estimated</b>	<b>Budget</b>
	<b>2015-2016</b>	<b>2015-2016</b>	<b>2016-2017</b>
<b>Certified Assessed Value</b>	\$11,614,067,324	\$11,614,067,324	\$13,050,836,888
<b>Property Tax Revenue</b>			
<b>Operations &amp; Maintenance</b>	\$44,169,459	\$43,930,459	\$48,328,554
<b>Debt Service</b>	\$29,598,451	\$29,513,846	\$33,260,058
<b>Total</b>	<b>\$73,767,910</b>	<b>\$73,444,305</b>	<b>\$81,588,612</b>

# Assessed Valuation

- Total assessed valuation assumes a 14.2% increase in certified assessed valuation plus \$51.9 Million of “Values in Dispute”, that could be added to the certified roll once the cases have been finalized and allows for deduction of the Tax Increment Financing Districts values of (\$991.6 million).

	<b>2015</b>	<b>2016</b>	<b>% Difference</b>
<b>Certified</b>	\$12,248,037,292	\$13,990,521,446	14.2%
<b>Values In Dispute</b>	\$73,115,057	\$51,898,700	(29.0%)
<b>Tax Increment Financing District 1</b>	(\$390,724,254)	(\$507,436,918)	29.9%
<b>Tax Increment Financing District 2</b>	(\$306,204,021)	(\$464,866,265)	51.8%
<b>Tax Increment Financing District 3</b>	(\$10,156,750)	(\$19,280,075)	89.8%
<b>Taxable Value for General Fund Debt and O/M</b>	<b>\$11,614,067,324</b>	<b>\$13,050,836,888</b>	<b>12.4%</b>

<b>Property Tax Rate</b>		
	<b>2015-2016</b>	<b>2016-2017</b>
Operations & Maintenance (O & M)	\$0.38031	\$0.37031
Debt Service	\$0.25485	\$0.25485
Total	\$0.63516	\$0.62516

# Tax Rate Calculations

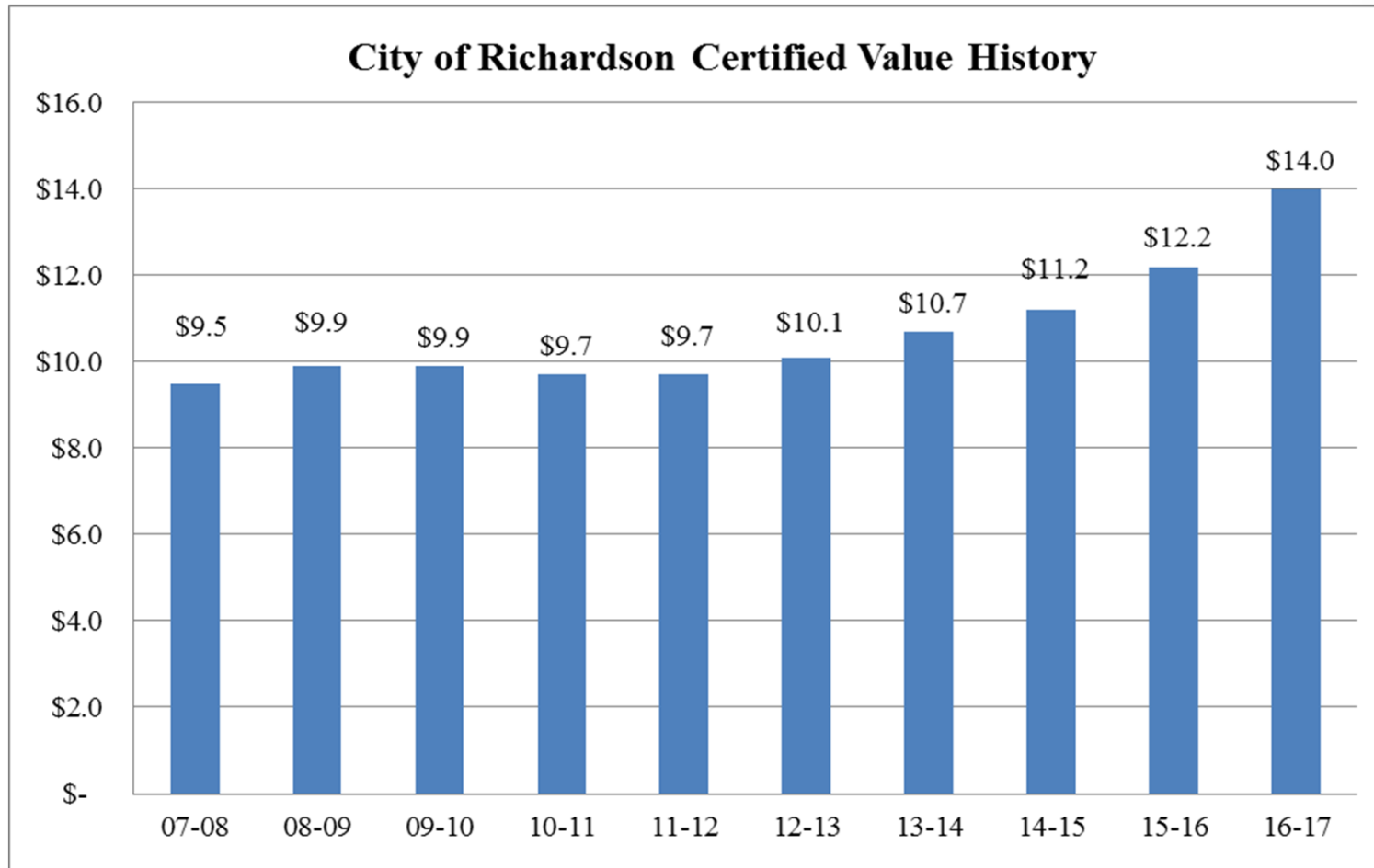
<b>2016-2017 Tax Rate Calculations</b>			
	<b>Rate</b>	<b>Difference</b>	<b>Revenue</b>
<b>2016-2017 Rate</b>	\$0.62516	-	-
<b>Rollback Rate</b>	\$0.63570	\$0.01054	\$1,375,558
<b>Effective Rate</b>	\$0.57794	(\$0.04722)	(\$6,162,605)

- The tax rate adoption ordinance will refer to what is “effectively an 8.17 percent increase in the tax rate”. This is the percent change of the proposed tax rate (\$0.62516) above the effective rate (\$0.57794).

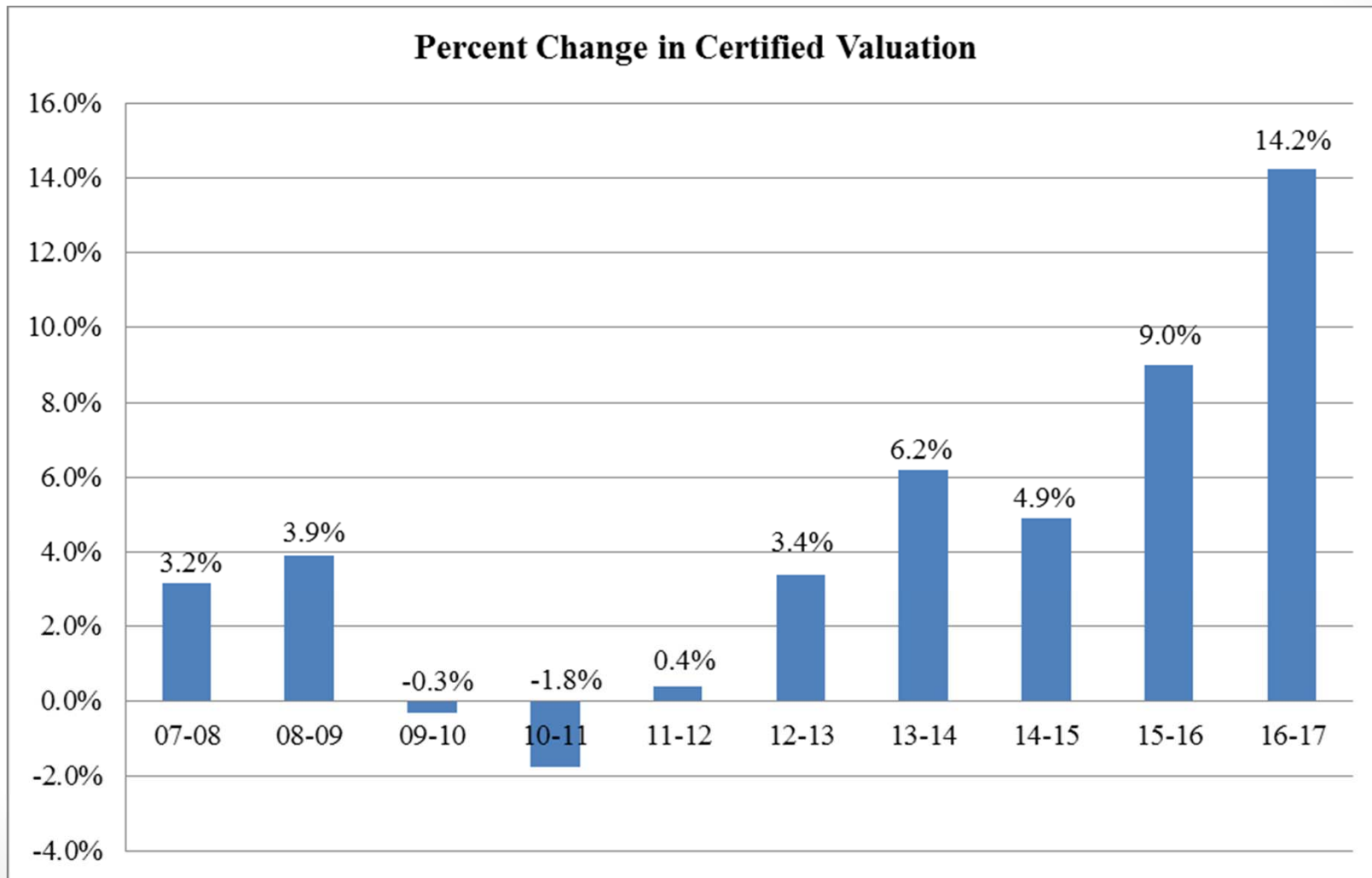
<b>2015-2016 Tax Rate Calculations</b>			
	<b>Rate</b>	<b>Difference</b>	<b>Revenue</b>
<b>2015-2016 Rate</b>	\$0.63516	-	-
<b>Rollback Rate</b>	\$0.63659	\$0.00143	\$166,081
<b>Effective Rate</b>	\$0.60638	(\$0.02878)	(\$3,342,529)



# FY 2016-2017 Assessed Valuation



# FY 2016-2017 Assessed Valuation



# FY 2016-2017 Assessed Valuation

<b>Valuation Including New Improvements</b>			
<b>District</b>	<b>2016 Certified Roll</b>	<b>2016 New Improvements</b>	<b>%</b>
CCAD	\$5,494,973,034	\$295,504,137	5.38%
DCAD	\$8,495,548,412	\$175,955,157	2.07%
<b>Total</b>	<b>\$13,990,521,446</b>	<b>\$471,459,294</b>	<b>3.37%</b>

<b>Valuation Including New Improvements</b>			
<b>District</b>	<b>2015 Certified Roll</b>	<b>2015 New Improvements</b>	<b>%</b>
CCAD	\$4,672,143,113	\$154,409,316	3.30%
DCAD	\$7,575,894,179	\$73,616,407	0.97%
<b>Total</b>	<b>\$12,248,037,292</b>	<b>\$228,025,723</b>	<b>1.86%</b>

# Tax Roll Increase

Roll Increase – Taxable Values								
	Residential	% Change	Commercial	% Change	BPP	% Change	Total	% Change
<b>2016</b>	<b>\$5,766,003,571</b>	<b>10.69%</b>	<b>\$5,486,130,258</b>	<b>12.98%</b>	<b>\$2,738,387,617</b>	<b>25.43%</b>	<b>\$13,990,521,446</b>	<b>14.23%</b>
2015	\$5,209,050,756	6.95%	\$4,855,828,650	11.47%	\$2,183,157,886	8.67%	\$12,248,037,292	9.01%
2014	\$4,870,390,715	3.92%	\$4,356,084,831	8.99%	\$2,008,982,551	-0.75%	\$11,235,458,097	4.93%
2013	\$4,686,522,612	0.94%	\$3,996,773,284	8.97%	\$2,024,115,794	14.42%	\$10,707,411,690	6.23%
2012	\$4,642,723,828	-0.88%	\$3,667,775,991	11.30%	\$1,769,065,742	0.10%	\$10,079,565,561	3.42%
2011	\$4,684,107,745	-1.50%	\$3,294,460,395	0.70%	\$1,767,914,290	4.90%	\$9,746,482,430	0.36%
2010	\$4,753,636,539	1.20%	\$3,272,140,875	-7.20%	\$1,685,380,954	1.60%	\$9,711,158,368	-1.75%
2009	\$4,699,651,917	-0.90%	\$3,525,971,862	-2.20%	\$1,658,474,266	5.90%	\$9,884,098,045	-0.31%
2008	\$4,742,302,167	0.60%	\$3,605,732,317	6.50%	\$1,566,813,227	9.00%	\$9,914,847,711	3.97%
2007	\$4,712,070,464	2.90%	\$3,386,900,716	3.50%	\$1,437,536,180	3.10%	\$9,536,507,360	3.16%
2006	\$4,578,470,728	1.10%	\$3,271,227,051	18.70%	\$1,394,937,977	-1.70%	\$9,244,635,756	6.21%
2005	\$4,529,783,318	5.05%	\$2,755,659,510	3.50%	\$1,418,623,768	4.60%	\$8,704,066,596	4.47%
2004	\$4,311,934,417	3.41%	\$2,663,396,379	-5.80%	\$1,356,666,064	-7.10%	\$8,331,996,860	-1.50%
2003	\$4,169,788,247	9.16%	\$2,827,745,763	-8.50%	\$1,460,920,007	-16.80%	\$8,458,454,017	-2.39%
2002	\$3,820,030,932	7.42%	\$3,089,714,225	-0.70%	\$1,755,517,943	-18.00%	\$8,665,263,100	-1.62%
<b>2001</b>	<b>\$3,556,206,861</b>	<b>7.90%</b>	<b>\$3,110,180,887</b>	<b>10.20%</b>	<b>\$2,141,535,354</b>	<b>17.90%</b>	<b>\$8,807,923,102</b>	<b>11.00%</b>
<b>Change in Values From 2001 to 2016</b>								
	<b>\$2,209,796,710</b>	<b>62.14%</b>	<b>\$ 2,375,949,371</b>	<b>76.39%</b>	<b>\$ 596,852,263</b>	<b>27.87%</b>	<b>\$ 5,182,598,344</b>	<b>58.84%</b>

# Tax Roll Comparison

<b>Tax Roll Comparison</b>					
	<b>2015</b>		<b>2016</b>		
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>	<b>% Change</b>
Residential	\$5,209,050,756	42.53%	\$5,766,003,571	41.21%	10.69%
Commercial	\$6,249,533,851	51.02%	\$7,468,486,393	53.38%	19.50%
Industrial	\$601,048,479	4.91%	\$613,302,527	4.39%	2.04%
Undeveloped	\$188,404,206	1.54%	\$142,728,955	1.02%	-24.24%
<b>Total</b>	<b>\$12,248,037,292</b>	<b>100.00%</b>	<b>\$13,990,521,446</b>	<b>100.00%</b>	<b>14.23%</b>

# Percent of Total Value

Percent of Total Value				
Tax Year	Residential	Commercial	BPP	Total
2016	41%	39%	20%	100%
2015	42%	40%	18%	100%
2014	43%	39%	18%	100%
2013	44%	37%	19%	100%
2012	46%	36%	18%	100%
2011	48%	34%	18%	100%
2010	49%	34%	17%	100%
2009	47%	36%	17%	100%
2008	48%	36%	16%	100%
2007	49%	36%	15%	100%
2006	50%	35%	15%	100%
2005	52%	32%	16%	100%

# Top Ten Taxpayers

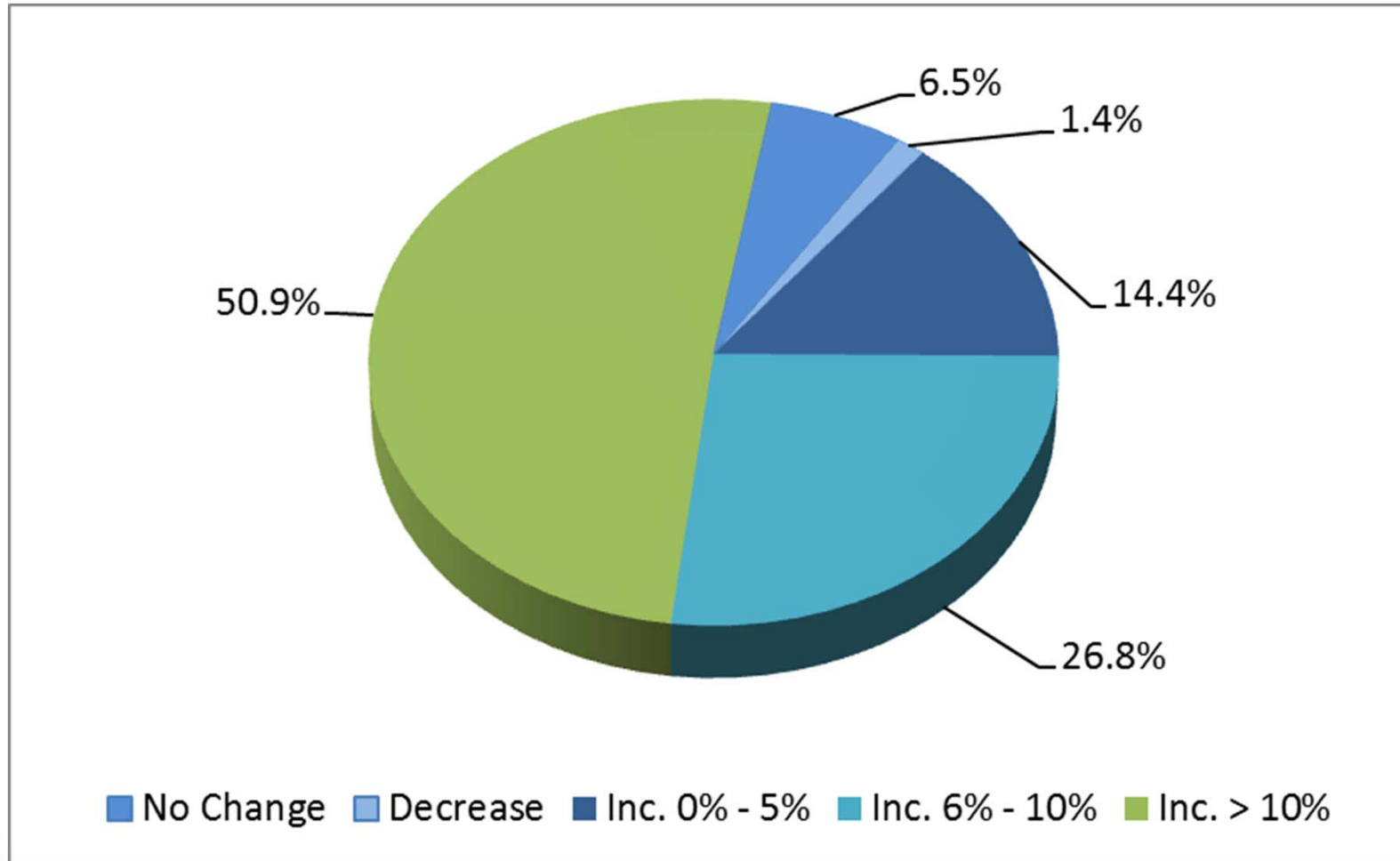
Top Ten Taxpayers		
	Taxable Value	% of Total Taxable Value
1. KDC	\$536,493,198	3.83%
2. Bank of America	\$297,289,588	2.12%
3. Collins Technology Park Partners	\$265,123,000	1.90%
4. Qorvo	\$264,464,924	1.89%
5. Cisco Systems	\$205,174,611	1.47%
6. IBM	\$199,212,586	1.42%
7. Verizon	\$141,261,506	1.01%
8. Health Care Services Corporation (BCBSTX)	\$133,169,339	0.95%
9. AT&T	\$120,987,086	0.86%
10. Texas Instruments	\$98,917,378	0.71%
<b>Total</b>	<b>\$2,262,093,216</b>	<b>16.17%</b>
<b>Total 2016 Taxable Value</b>	<b>\$13,990,521,446</b>	



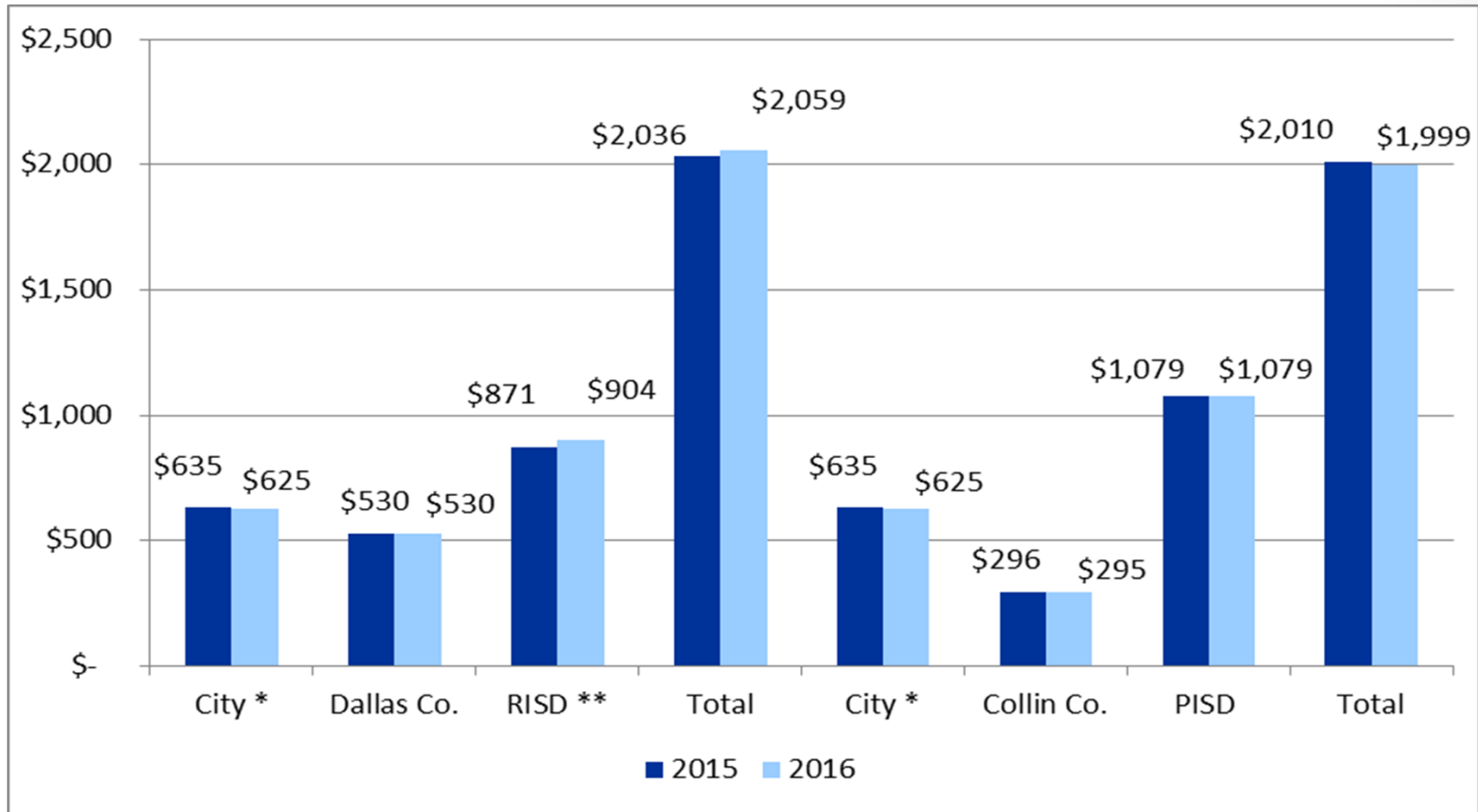
# Change In Residential Market Valuations

<b>Number Residential Properties Affected by Valuation</b>				
	<b>2015-2016</b>		<b>2016-2017</b>	
<b>Impact</b>	<b># Properties</b>	<b>% of Total Res. Properties</b>	<b># Properties</b>	<b>% of Total Res. Properties</b>
<b>No Change</b>	5,494	19.5%	1,846	6.48%
<b>Decrease</b>	1,206	4.3%	405	1.42%
<b>Increase 0% - 5%</b>	8,587	30.4%	4,115	14.44%
<b>Increase 6% - 10%</b>	6,742	23.9%	7,637	26.80%
<b>Increase &gt;10%</b>	6,180	21.9%	14,490	50.86%
<b>Total Res. Properties</b>	<b>28,209</b>	<b>100.0%</b>	<b>28,493</b>	<b>100.0%</b>

# Change In Residential Market Valuations



# Tax Impact on a \$100,000 Home



\* City of Richardson includes a \$0.01 reduction in the tax rate for FY17

\*\* RISD change is due to 2015 Bond Election.

# Average Senior Home Value

<b>Average Senior Home Value Statistics</b>						
<b>Tax Year</b>	<b>Qualifying Parcels</b>	<b>% Change From Year to Year</b>	<b>Senior Exempt.</b>	<b>Average Senior Home Market Value</b>	<b>% Change From Year to Year</b>	<b>% of Total Value</b>
2016	7,883	2.37%	\$70,000	\$229,526	13.52%	30.50%
2015	7,700	1.36%	\$60,000	\$202,187	7.98%	29.68%
2014	7,597	2.23%	\$60,000	\$187,251	3.88%	32.04%
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%

# Senior Exemption

- The Council took action on March 28 to increase the Over 65 and Disabled Persons tax exemption from \$60,000 to \$70,000 a year, an increase of \$10,000 or 16.7%. Given the anticipated valuation increase for FY 2016-2017, the adopted increase will maintain the goal of providing a 30% tax benefit and save those receiving the exemption an average of \$438 a year in City property taxes.
  - The average value of a senior's home would have to increase by 16% before a \$70,000 exemption fell below the 30% financial policy goal.
  - At \$70,000, the exempted value of \$545,495,274 will provide a total of \$3,410,218 in tax savings.

# Remaining Revenues

# Franchise Fees

- Franchise Fees are projected at \$16.1 million for 2016-2017, an increase of 467,000 or 3.0% over estimated year-end.
  - The largest increase this year, \$284,000, is projected in the Water and Sewer Franchise Fee based on a 8.25% rate increase proposal to be discussed in more detail when we talk about that fund.
  - The Electric Franchise Fee is the next largest increase projected at \$66,000 over year-end and is reflective of the standard growth in consumption as well as price fluctuations.
  - The remaining fees, budgeted at \$5.9 million, increase \$117,000 from year end.

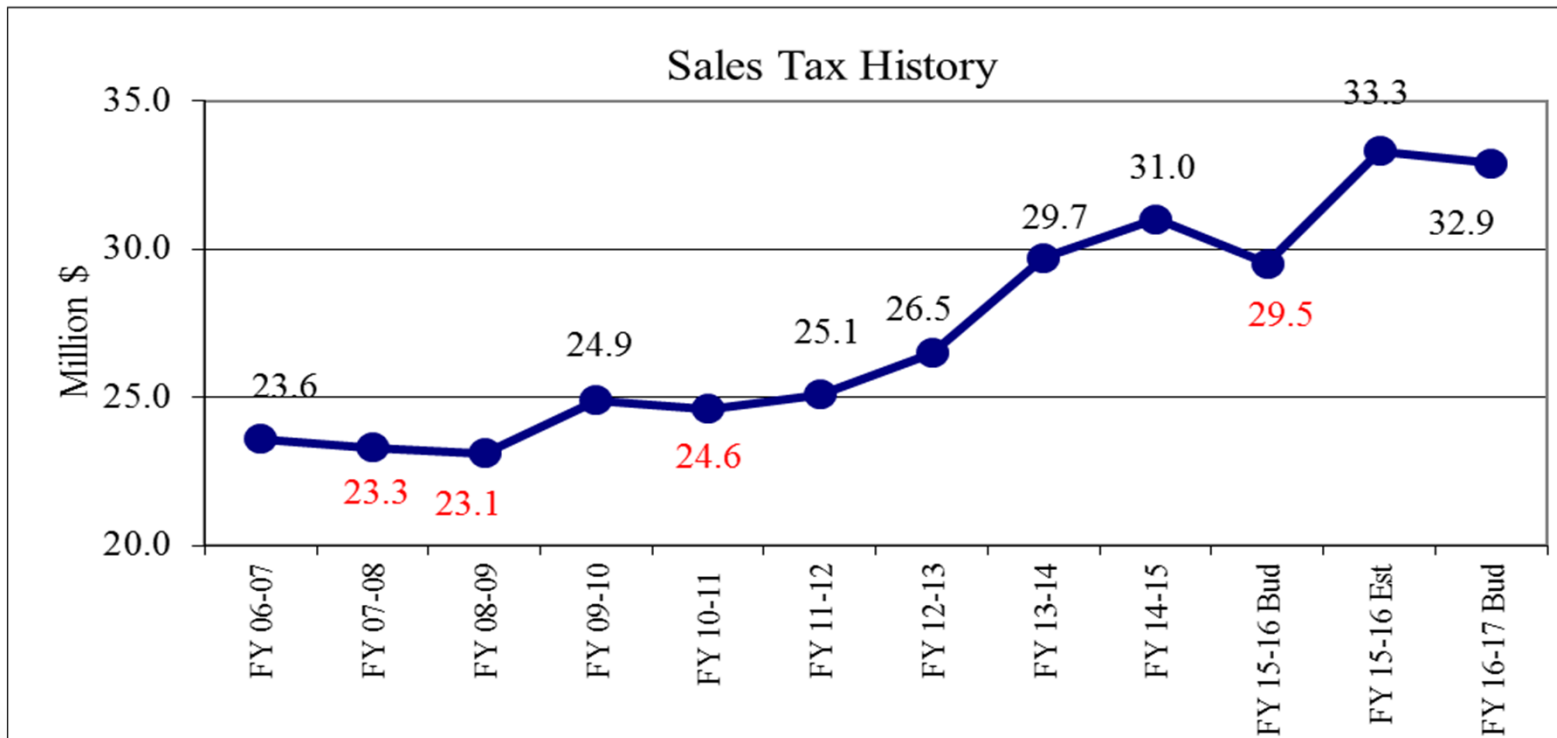


# Sales and Other Business Taxes

- Sales and Other Business Taxes are projected at \$33.5 million for next year reflecting a decrease of (\$402,000) or -1.2% from estimated year-end revenues.
  - Our top 20 remitters account for 27.7% of total receipts this year, up slightly from the 27.6% last year. We are seeing modest growth across most sectors including high tech manufacturing, computing services, high tech leasing and business to business sales, with energy services and construction slightly down from last year. Strong growth is being recognized in retail sales, while the telecommunications services and insurance services sectors are experiencing modest declines.
  - Mixed Beverage and Bingo receipts are anticipated to increase modestly by \$5,000 over year-end.
  - Sales Tax, the largest of the three in this category, is projected to increase \$959,000 or 3.0% from year-end estimates for “base to base” collections. Significant audit adjustments are removed prior to forecasting the coming year.

# Sales and Other Business Taxes

FY 15-16	Projected	FY 16-17
Base Actual	Growth Rate	Projected
\$31,969,106	3.0%	\$32,928,179



# License and Permits

- License and Permits are projected to decrease (\$1.0 million) from the year-end estimate of \$4.0 million. Building Permits account for the entirety of this decline due to the inclusion last year 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.
- In keeping with our goal of maintaining a fair and market competitive user fee structure, eight minor increases to select fees and permits are included in this projection totaling approximately \$137,000.

# Remaining Revenues

- **Fines and Forfeits** are expected to remain flat at \$3.5 million. This revenue in this category is received through the Municipal Court and Library.
- Both **Interest Earnings** and **Civic Center** revenue are expecting minimal increases totaling \$17,000 in FY17.
- **Recreation and Leisure Services** revenues are budgeted at \$4.3 million, an increase of \$198,000 over 2015-2016 year-end estimates. The projection assumes we will not have another weather related cancellation of the Fall Huffhines Arts Trail event.

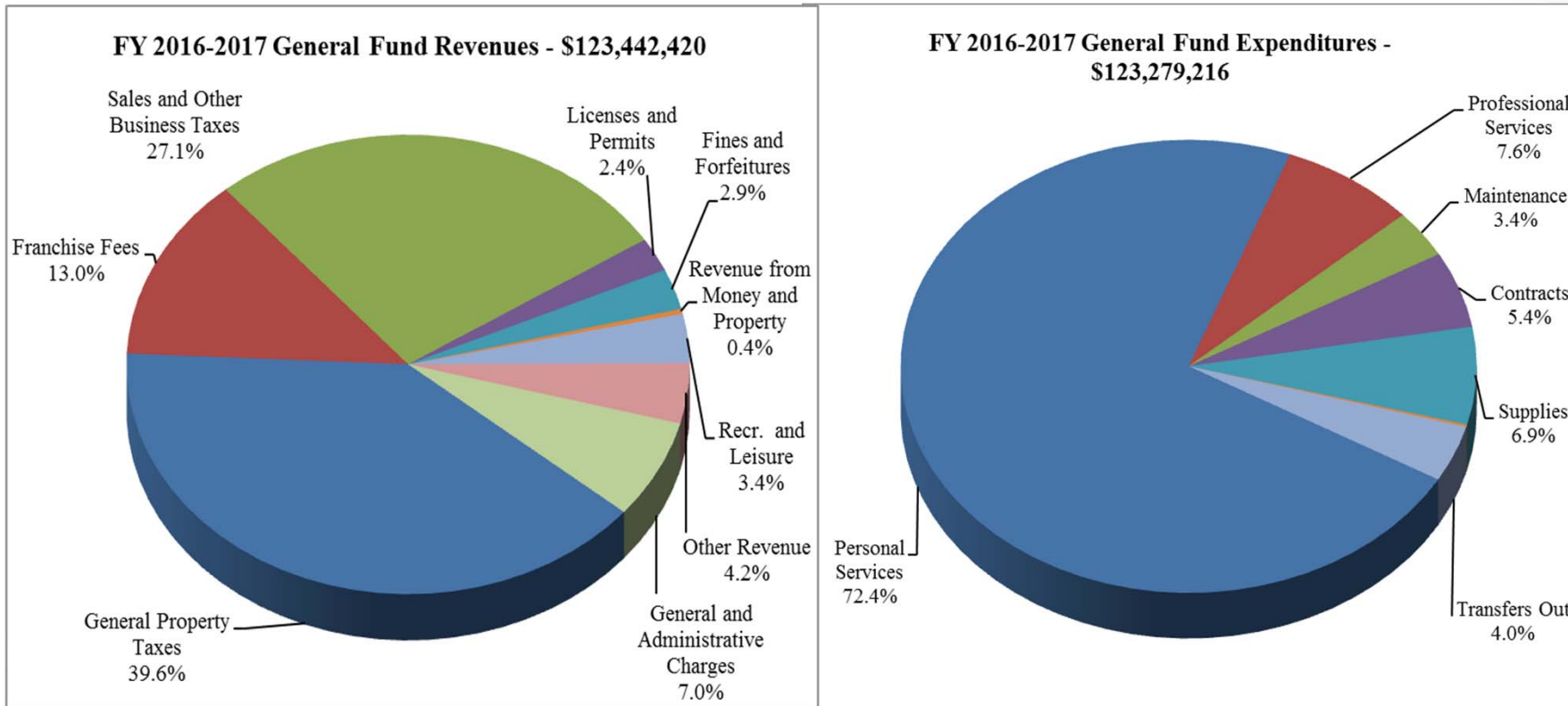
# Remaining Revenues

- **Other Revenue** projected at \$5.2 million or (\$28,000) below estimated year-end for 2015-2016. Modest increases across most categories are offset by a small decline in the miscellaneous category.
- Total revenue from **General & Administrative** Transfers is projected at \$8.6 million, a decrease of (\$108,000) from FY 2015-2016 as the Drainage Fund operational support transfer is adjusted based on the latest indirect cost analysis performed by MGT of America.

# FY 2016-2017 General Fund Expenditures

<b>Classification of General Fund Expenditures</b>		
<b><u>Operating Expenditures</u></b>	<b>Proposed Budget</b>	<b>Percent of Total</b>
Personal Services	\$ 89,252,071	72.40%
Professional Services	9,393,342	7.62%
Maintenance	4,198,991	3.41%
Contracts	6,712,029	5.44%
Supplies	8,564,635	6.95%
Capital	198,830	0.16%
<b><u>Total Operating Expenditures</u></b>	<b>\$ 118,319,898</b>	<b>95.98%</b>
Transfers Out	\$ 4,959,318	4.02%
<b><u>Total Operating Expenditures and Transfers</u></b>	<b>\$ 123,279,216</b>	<b>100.00%</b>

# FY 2016-2017 General Fund Expenditures





# FY 2016-2017

## General Fund Expenditures

- Total Expenditures and Transfers for the General Fund are projected at \$123.3 million, an increase of \$4.2 million from the FY 2015-2016 year-end estimates.
- **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 \$89.3 million, an increase of 7.9% from the year-end estimate of \$82.7 million and account for 72.4% of the total General Fund operating budget. The key personnel issues addressed in this proposal include:

# FY 2016-2017

## General Fund Expenditures

- ***Movement within approved pay plan ranges = \$875,000*** - Approximately 46% of all city personnel are at the top of their pay range. The remaining 54% have room to grow within their approved pay plan ranges. Historically the annual merit based movement has been on a 5% growth step that can be earned for each year of service until the top of the pay range is reached.
- ***Market Adjustment for Public Safety = \$694,000*** – Given the continued upward market pressure to attract and retain the most qualified public safety employees, this funding will provide for a 2% increase for all public safety classifications to help ensure we remain competitive with our benchmark cities and to reflect the increasing complexities of fire and police services.

# FY 2016-2017

## General Fund Expenditures

- ***CORPlan Health Insurance for \$1.6 million*** – For FY 16-17, the City contribution will be increased \$2.0 million, the General Fund portion of which will be approximately \$1.6 million. Further plan design changes are under review that will continue to refine the shift to a consumer driven health care plan.
- ***Texas Municipal Retirement System rate adjustment - \$500,000*** – The contribution rate for the City is recalculated each year to ensure adequate funding levels for our employee retirement system.
- ***\$700,000 for full year funding of new public safety staff authorized for partial year last year-***
  - 3 new Fire Fighters to fully staff the new Ambulance at Station 3
  - 4 Police Officers and 1 Evidence Technician
- ***Partial Year Funding for 4 New Positions - \$88,000 -***
  - 3 Apprentice Police Officers with a July hire date
  - 1 Fire Management Code Technician for 6 months

# FY 2016-2017

## General Fund Expenditures

- ***Understaffing of 10 positions for a total savings of (\$614,000)*** - Understaffing is a way of recognizing savings that occur during the year through normal vacancy rates and is a particularly useful tool in larger, personnel intensive departments like Police and Fire. The City has always understaffed a certain number of sworn and non-sworn personnel in recognition that over the course of 12 months, a certain amount of salary savings is always achieved as we experience employee transitions. We recognize some of this salary savings up front, rather than at the end of the year.

# FY 2016-2017

## General Fund Expenditures

- ***Pay Range Plan Adjustment - \$450,000*** - As mentioned above, 46% of our non public-safety employees are at the top of their existing pay range. 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 a nominal merit based, pay increase.

# FY 2016-2017

## General Fund Expenditures

- **Non-Personnel Operations** – For FY 2016-2017, Non-Personal Services operating line items are currently proposed at \$29.1 million, a decrease of (\$84,000) or -0.3% from year end estimates while maintaining all activities at the same high level of service currently provided.
- **Professional Services** – Decrease (\$306,000) or -3.2% while maintaining, among other things:
  - \$52,000 for a visitor market study in the Convention and Visitors Bureau to evaluate visitor demographics for future marketing efforts.
  - \$240,000 for third party building inspections. This outsourcing program, working under the direction of the Building Official provides complete and thorough construction inspections for non-recurring, large projects for which the City would otherwise have to add permanent staff to complete.

# FY 2016-2017

## General Fund Expenditures

- ***Professional Services (continued)...***
  - \$238,000 for Information Technology for off-site data storage and recovery agreements and includes a disaster recovery plan with IBM. In the event of a catastrophic loss of our main computing system, the IBM recovery agreement would immediately restore essential data services such as purchasing, payroll, accounts payable, among others, so that normal business could proceed. The second installment of the body camera data storage is also included here at \$161,000.
  - \$300,000 for the 10 bridge maintenance projects briefed to Council on June 6<sup>th</sup>. These locations are part of the expanded assessment now that the original 25 locations are complete or nearing completion. The purpose of the program is aimed at improving the aesthetic quality while also protecting the infrastructure of the bridge railings throughout the City.
  - \$1.6 million for Parks and Recreation maintenance contracts, an increase of \$133,000 from year end and maintains all programs.

# FY 2016-2017

## General Fund Expenditures

- **Maintenance** – This category will increase \$178,000 or 4.4% for FY 2016-2017.
  - Parks Maintenance will receive \$826,380 in funding for repair and enhancement of irrigation, plumbing, electrical systems and general parks facility maintenance.
  - Traffic and Transportation will receive \$375,500 of General Fund support for signs, markings, signal systems and video camera maintenance.
  - Facilities Services receives a total of \$260,000 for general building maintenance, elevator and heating and cooling system repairs and maintenance.
  - Information Technology maintenance increases \$209,000 for a total of \$1.4 million of software licensing and hardware maintenance.



# FY 2016-2017

## General Fund Expenditures

- **Contracts** – Increase \$467,000 or 7.5% from year end while maintaining all current service and program levels including;
  - The Home Improvement Incentive Program budget will increase \$331,000 based on the participation of 118 residents and the preliminary values from the appraisal district. This amount may change once the true value impacts of the properties are assessed. Established by the City Council in February of 2007, the purpose of the Home Improvement Incentive Program is to positively affect the value of the City's housing stock by encouraging reinvestment in residential neighborhoods. Since the program's inception, over 930 projects have applied to take part in the program. Because of these projects over \$37 million dollars has been added to the tax roll. Of that total, just over 210 projects have invested over \$100,000 each back into residential housing stock.
  - Funding for special events including the Wildflower Festival, Santa's Village, Christmas Parade, Family 4<sup>th</sup>, Huffhines and Cottonwood Art Festivals continues in this category.

# FY 2016-2017

## General Fund Expenditures

- **Supplies Categories** – Decrease (\$504,000) from year end due to the exclusion of \$444,000 of the prior year encumbrances from year end 2015-2016.
- **Street Rehabilitation** – For the last 19 years, the City dedicated a portion of the total tax rate to street rehabilitation. Over the last few years we have been incrementally increasing from the original one cent of the tax rate, to a total last year of two full cents. This year, the dedication of the full two cents will provide \$2.6 million. This funding will allow for ongoing repair, street leveling and crack sealing projects.
  - **Street Rehabilitation Supplemental Funding** – Proposed for Council consideration is the dedication of an additional half penny dedication which will provide an additional \$653,000 for the Street Rehab program.
- **Alley Rehabilitation** – Also for consideration, a half penny dedication, or \$653,000 to begin a rehabilitation program for alleys in similar fashion to the Street Rehabilitation program.

# FY 2016-2017

## General Fund Expenditures

- ***Economic Development*** – Increases to 8/10 of a penny dedicated to economic development, an increase of 2/10 cent or approximately \$347,000 from year end.
- **Fund Balance** – The proposed budget ends the year at the Council prescribed 60.1 days of fund balance.
- **Capital Requests** – Funding of capital equipment will be handled through the use of short-term C.O.'s.

# Fire Department Enhancements

- Vehicles - The department will utilize \$1.1 million in 8 year CO's for the replacement purchase of a Fire Suppression Apparatus with 78' Aerial, as well as the purchase of the replacement Ambulance for Station 2.
- Tactical - In addition to the standard uniform, hose and equipment replacements, the department will also purchase 7 video equipped laryngoscopes, furniture and fixtures for Station 3 and replace one command SUV.

	4 Year CO's	8 year CO's
Quint - Replacement for Engine 2		\$850,000
Ambulance – Replacement Station 2		200,000
Fire Station 3 Furniture, Fixtures, Equipment	\$75,000	
Mid-Size SUV - Replacement	35,000	
Video Laryngoscope (7)	18,375	
Fire Hose Replacement Program	10,000	
<b>Total</b>	<b>\$138,375</b>	<b>\$1,050,000</b>

# Police Department Enhancements

- The Department will receive \$724K in funding from short term CO's for vehicle and equipment replacement.
- Vehicles – The Department will replace 12 patrol vehicles and 3 Investigative vehicles as their standard vehicle replacement program as well as 2 replacement portable radios.

Patrol Vehicles (11 Tahoe's - 1 Charger)	\$629,610
Pickup Truck - Investigations (1)	29,000
Mid-Sedan - Investigations (1)	25,500
Mid –SUV Investigations (1)	25,500
Portable Radios (2)	14,000
<b>Total</b>	<b>\$723,610</b>

# Parks and Recreation Department

- A total of \$1.6 million of park improvements, maintenance projects and equipment/vehicle replacements are planned using \$694,000 of our \$2.9 million annual CO's and \$931,000 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		\$270,294
Irrigation System Maintenance		291,130
Electrical System Maintenance		125,500
Land Betterment		113,000
Plumbing Systems Repair		71,350
Parks Building Improvements		59,500
High Speed Rotary Mower (2) - Replacement	\$210,000	
Bucket Truck - Replacement	200,000	
Pool Liner (Cottonwood Pool and Diving Pool) - Replacement	143,000	
Playground Safety Surfaces (4)	38,815	
Matching Fund Beautification (3)	23,000	
Gymnastics Pit Fluffer	17,350	
Cable TV Splicers/Head Units (2)	11,000	
Soccer Goals (3 Sets)	9,000	
BBQ Grills (6)	9,000	
Diving Board (3) - Replacements	8,400	
Portable Sound System	6,700	
Pool Furniture - Replacement	6,000	
Quad Bar System (2) - Replacement	6,000	
Handicap Chair Lift (Glenville) - Replacement	5,500	
	<b>\$ 694,165</b>	<b>\$930,774</b>

# Street Repair and Rehabilitation

- This funding allows for the active street maintenance work plan presented during the 2016 Summer Council Work Sessions.
  - Funding of \$4.5 million includes,
    - \$3,915,251 for three cent dedication of the tax rate.
    - \$592,500 in operations funding

	Actual 2014-2015	Estimated 2015-2016	Proposed 2016-2017
<b>Tax Rate Dedication</b>			
Street Rehabilitation Fund = \$0.02	\$2,169,563	\$2,322,813	\$2,610,167
Street Rehabilitation Supplement = \$0.005			\$652,542
Alley Rehabilitation = \$0.005			\$652,542
<b>Subtotal Tax Rate Dedication</b>	<b>\$2,169,563</b>	<b>\$2,322,813</b>	<b>\$3,915,251</b>
<b>Operating Budget</b>			
Misc. Street & Alley Concrete Repairs	\$510,542	\$350,500	\$412,500
Contract Street Repair	-	495,500	-
Misc. Asphalt Overlay Projects	153,509	150,000	140,000
Screening Fence repairs	36,312	50,000	40,000
<b>Subtotal Operating Budget</b>	<b>\$700,363</b>	<b>\$1,046,000</b>	<b>\$592,500</b>
<b>Total Street Rehabilitation and Operating</b>	<b>\$2,869,926</b>	<b>\$3,368,813</b>	<b>\$4,507,751</b>



# Capital Improvement Plan

# 2015 GO Bond Program & CO Supplement

- This budget accelerates the annual GO bond issuance amounts for the Police Campus and adds a CO supplement to include the design and construction of Fire Station #1 for a fully complete Public Safety Campus
- Provides for construction to begin in the fall of 2017 as opposed to the fall of 2020 as proposed in the original bond issuance plan.

Fiscal Year Issued	Advanced Serial Sale Issuances	Fire Station #1 & Advanced Serial Sales	Difference
2015-2016	8,500,000	8,500,000	0
2016-2017	20,340,000	38,140,000	17,800,000
2017-2018	40,915,000	44,615,000	3,700,000
2018-2019	18,115,000	20,315,000	2,200,000
2019-2020	14,940,000	14,940,000	0
2020-2021	12,190,000	12,190,000	0
<b>Total</b>	<b>115,000,000</b>	<b>138,700,000</b>	<b>23,700,000</b>

# FY 2016-2017 Capital Improvement Plan

<b>Series 2017: 2016-2017 Debt Issuance Program – All Funds</b>			
<b>Amount</b>	<b>Bond Type</b>	<b>Purpose</b>	<b>Debt Service</b>
\$2.9 million	C.O.	General Fund Capital Equipment – 4 yr.	General Debt Service
\$1.0 million	C.O.	Information Technology Equipment – 4 yr.	General Debt Service
\$1.05 million	C.O.	General Fund Fire Equipment – 8 yr.	General Debt Service
\$6.1 million	C.O.	Streets & Drainage Supplement – 20 yr.	General Debt Service
\$17.8 million	C.O.	Public Safety Campus Supplement – 15 to 20 yr.	General Debt Service
\$20.34 million	G.O.	2015 G.O. Bond Program (Yr 2 Projects) – 20 yr.	General Debt Service
\$3.825 million	C.O.	Water and Sewer C.I.P. – 15 to 20 yrs.	Utility Fund Debt Service
\$0.94 million	C.O.	Solid Waste Services Capital Equipment – 8 yr.	Solid Waste Debt Service
<b>\$ 53.955 million</b>	<b>Total</b>		

# Water and Sewer Fund



# FY 2016-2017 Water and Sewer Fund

<b>Water and Sewer Fund Budget</b>				
	<b>2015-2016 Estimated</b>	<b>2016-2017 Budget</b>	<b>Est./Bud.</b>	<b>%</b>
<b>Beginning Fund Balances</b>	\$14,775,778	\$16,068,665	\$1,292,887	8.8%
<b>Revenues</b>	\$66,204,266	\$71,891,240	\$5,686,974	8.6%
<b>Expenditures</b>	\$64,911,379	\$70,510,348	\$5,600,969	8.6%
<b>Ending Fund Balances</b>	\$16,068,665	\$17,449,557	\$1,380,892	8.6%

# FY 2016-2017

## Water and Sewer Fund

<b>Classification of Water and Sewer Fund Expenditures</b>		
	<b>Proposed Budget</b>	<b>Percent of Total</b>
<b><u>Operating Expenditures</u></b>		
Personal Services	\$ 6,559,018	9.30%
Professional Services	4,533,459	6.43%
Maintenance	43,431,360	61.60%
Contracts	857,248	1.22%
Supplies	1,158,866	1.64%
Capital	417,072	0.59%
<b><u>Total Operating Expenditures</u></b>	<b>\$ 56,957,023</b>	<b>80.78%</b>
Transfers Out	\$ 13,553,325	19.22%
<b><u>Total Operating Expenditures and Transfers</u></b>	<b>\$ 70,510,348</b>	<b>100.00%</b>

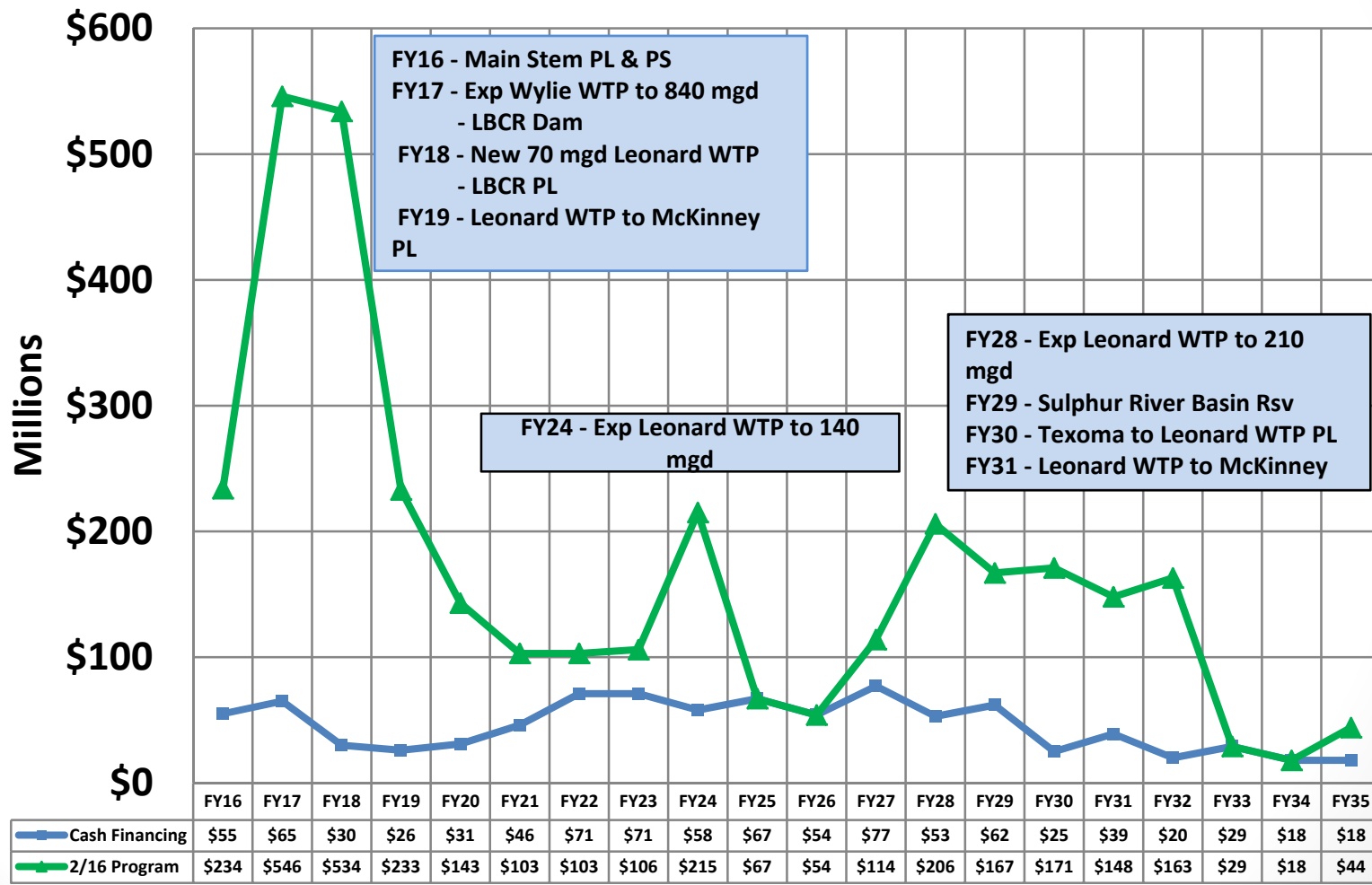
# FY 2016-2017

## Water and Sewer Fund Revenues

- On June 6, 2016, the Executive Director of the North Texas Municipal Water District gave Council an update on the District's Water Supply Plan and other initiatives.
  - A copy of that presentation and video of his remarks are available on-line at [www.cor.net](http://www.cor.net).
    - In addition to the 10.5% increase in the cost of wholesale water outlined in that presentation, Mr. Kula also discussed sewer treatment initiatives that will require the district to raise the cost of sewer treatment 18.4% for City sewer flowing into the Upper East Fork Interceptor and a similar 11.9% increase for sewer flowing into the Regional Waste Water System.

# FY 2016-2017

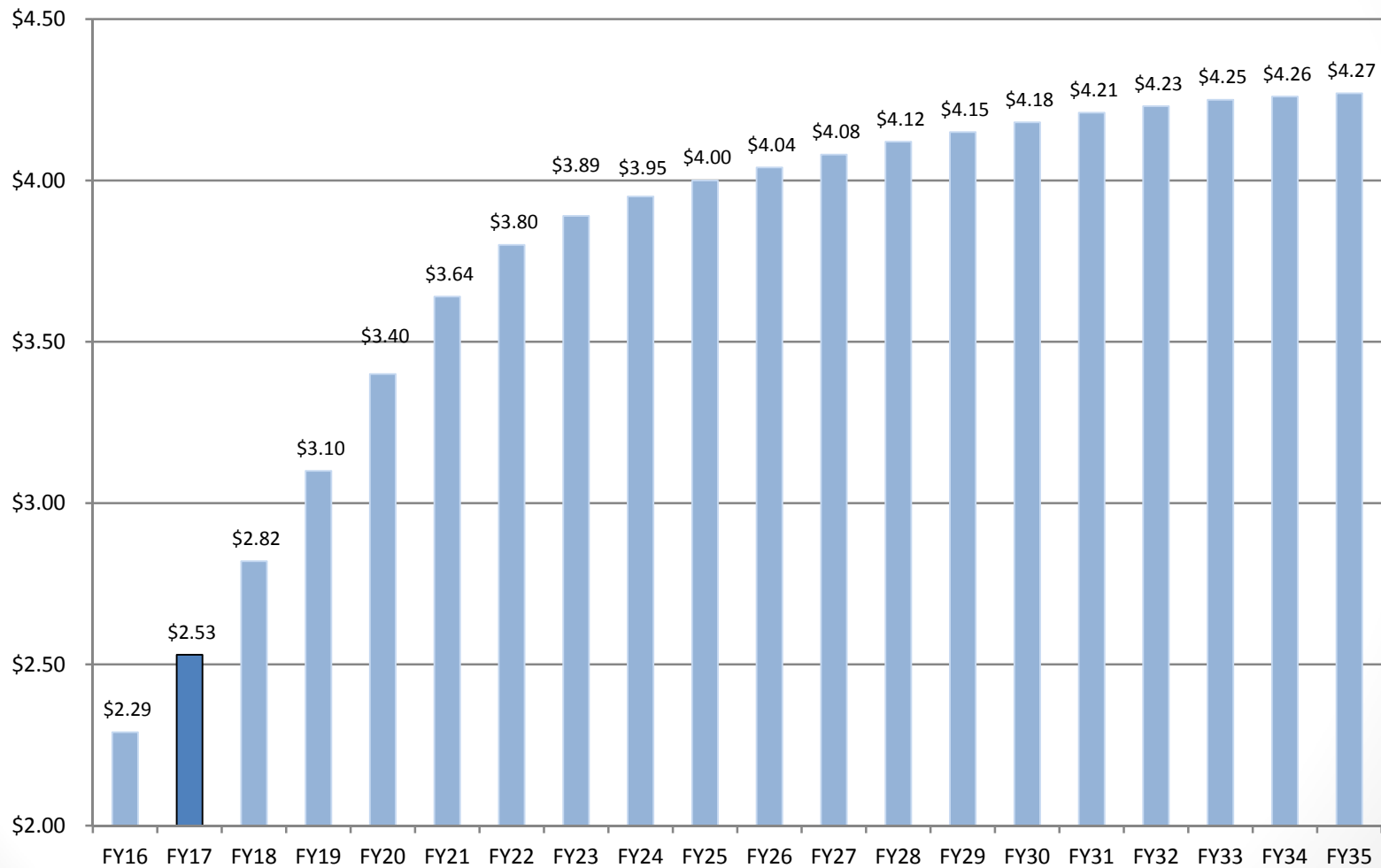
## North Texas Municipal Water District Supply – Bond Issue Update



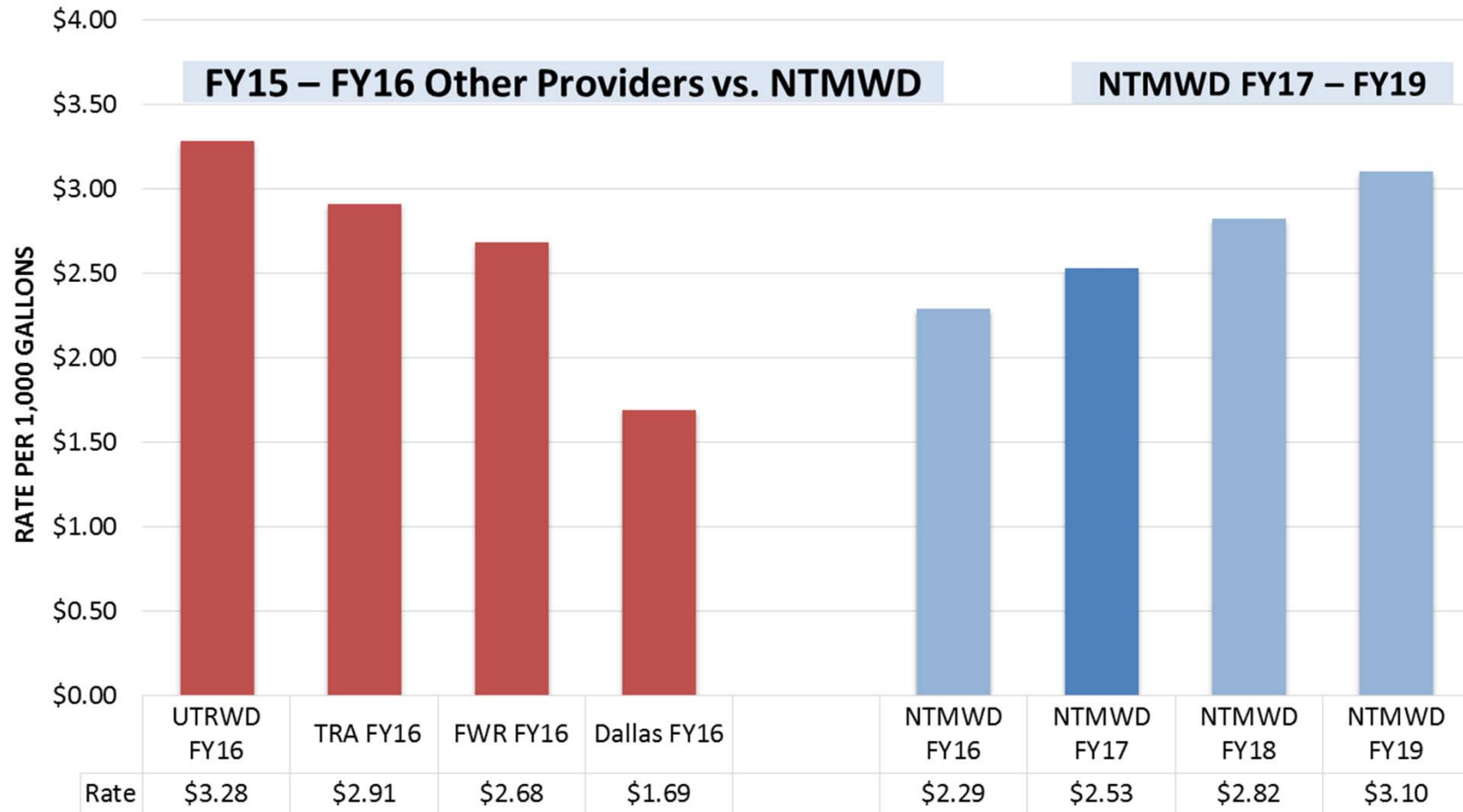


# FY 2016-2017

## North Texas Municipal Water District Supply – Member City Rates

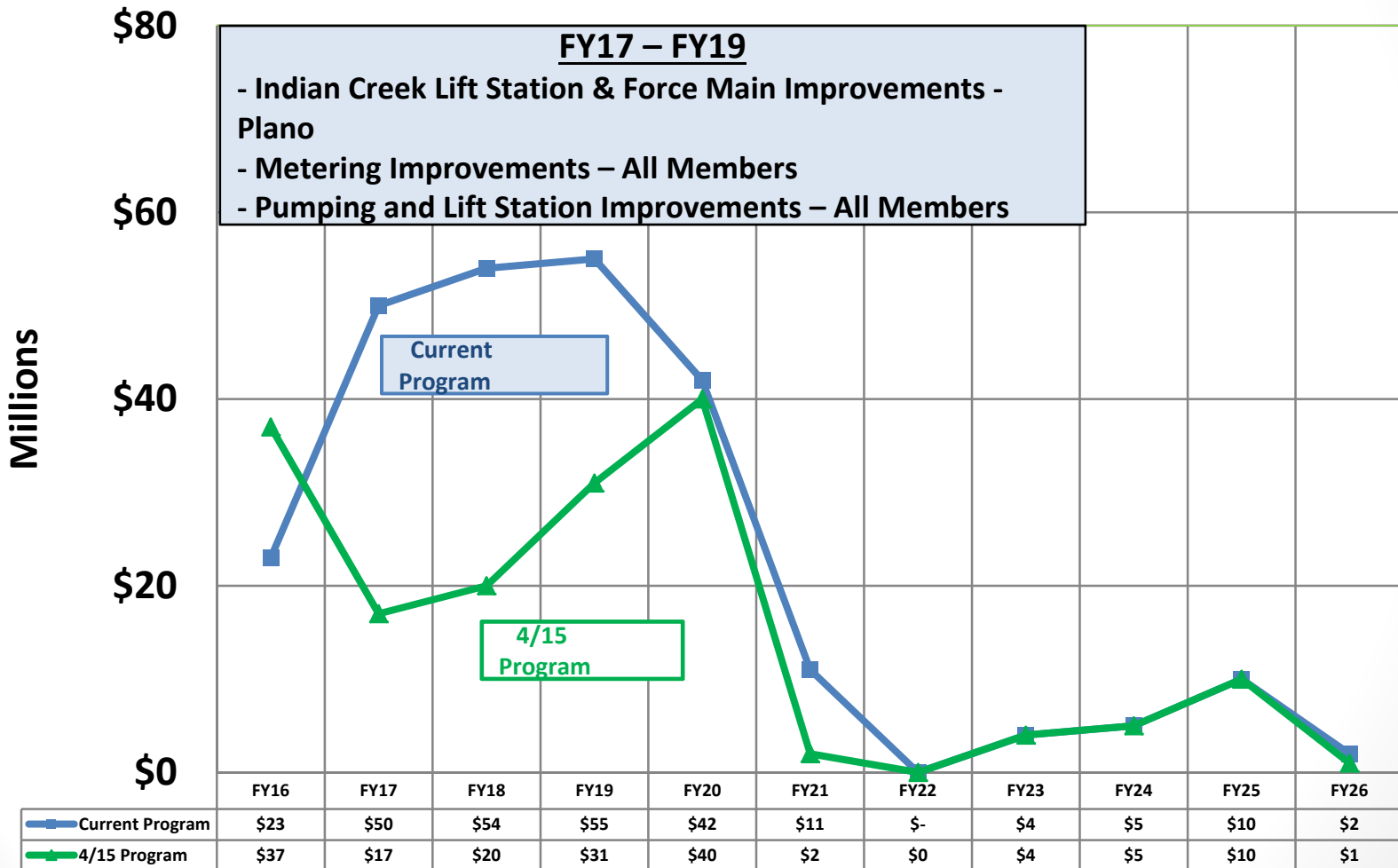


# FY 2016-2017 North Texas Municipal Water District Cost Comparison



# FY 2016-2017

## North Texas Municipal Upper East Fork Interceptor Waste Water Capital Program Update

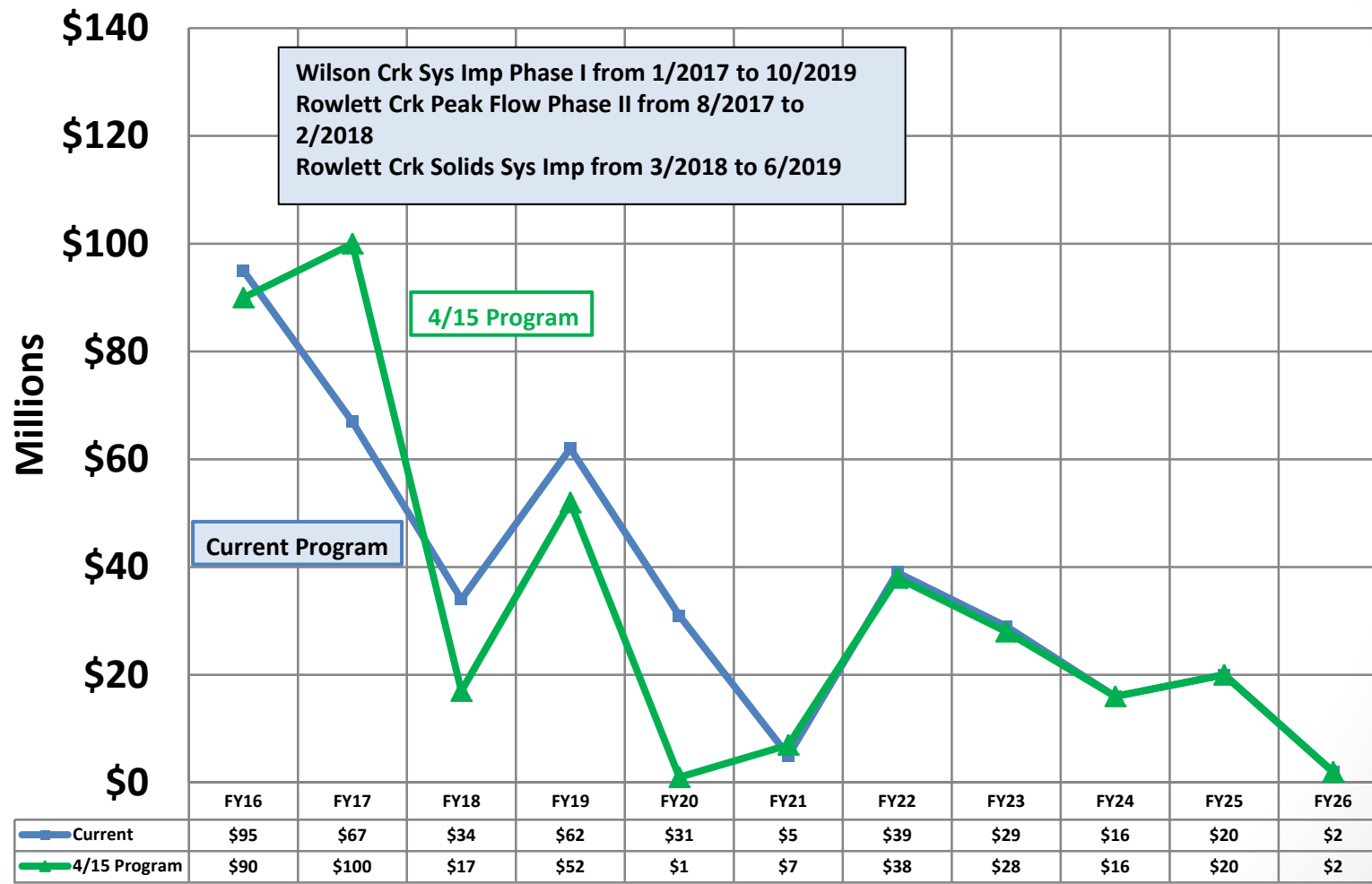


**FY 2016-2017**  
**North Texas Municipal Upper East Fork**  
**Interceptor Preliminary Charges (Million \$)**

	<b>FY16 Bud</b>	<b>FY17 Est</b>	<b>FY18 Est</b>	<b>FY19 Est</b>
Allen	\$ 3.10	\$ 3.47	\$ 4.20	\$ 4.73
Frisco	\$ 1.33	\$ 1.43	\$ 1.73	\$ 1.95
McKinney	\$ 5.83	\$ 6.97	\$ 8.43	\$ 9.50
Plano	\$ 10.60	\$ 12.55	\$ 15.18	\$ 17.10
Princeton	\$ 0.26	\$ 0.33	\$ 0.40	\$ 0.46
Prosper	\$ 0.62	\$ 0.68	\$ 0.80	\$ 0.87
<b>Richardson</b>	<b>\$ 2.50</b>	<b>\$ 2.96</b>	<b>\$ 3.58</b>	<b>\$ 4.03</b>

# FY 2016-2017

## North Texas Municipal Regional Waste Water Capital Program Update



# FY 2016-2017

## North Texas Municipal Regional Waste Water Preliminary Charges (Million \$)

	<b>FY16 Bud</b>	<b>FY17 Est</b>	<b>FY18 Est</b>	<b>FY19 Est</b>
Allen	\$ 5.19	\$ 5.14	\$ 5.72	\$ 6.32
Forney	\$ 1.30	\$ 1.54	\$ 1.71	\$ 1.89
Frisco	\$ 2.22	\$ 2.13	\$ 2.36	\$ 2.61
Heath	\$ 0.63	\$ 0.75	\$ 0.84	\$ 0.93
McKinney	\$ 9.75	\$ 10.34	\$ 11.49	\$ 12.71
Mesquite	\$ 8.00	\$ 8.44	\$ 9.38	\$ 10.37
Plano	\$ 17.74	\$ 18.61	\$ 20.68	\$ 22.88
Princeton	\$ 0.44	\$ 0.50	\$ 0.55	\$ 0.61
Prosper	\$ 0.70	\$ 0.81	\$ 0.90	\$ 1.00
<b>Richardson</b>	<b>\$ 5.61</b>	<b>\$ 6.28</b>	<b>\$ 6.98</b>	<b>\$ 7.72</b>
Rockwall	\$ 1.24	\$ 1.18	\$ 1.31	\$ 1.45
Seagoville	\$ 1.15	\$ 1.12	\$ 1.21	\$ 1.30

## **FY 2016-2017**

### **Water and Sewer Fund Revenues**

- This budget is based on these factors as well as an increased emphasis on the City's CMOM program aimed at addressing aging infrastructure through enhanced inflow and infiltration (I&I) abatement efforts and general system maintenance including, but not limited to line and valve repair/replacement.
- Projected revenues for FY 2016-2017 are based on an 8.25% rate increase for both the water and sewer retail rates. The increase would go into effect with the first billing in November of 2016.

# FY 2016-2017

## Water and Sewer Fund Revenues

- Revenue from Water Sales and Charges is programmed at \$44.7 million representing a 10.1% increase from year-end and is based on an 8.25% increase across all five tiers as well as maintaining twice a week watering for the full year.
- Sewer Sales are budgeted at \$25.6 million or 6.6% above year-end and includes the 8.25% rate increase. 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.
- Remaining revenues combined increase \$16,000 based on a budget of \$1.6 million.



# Proposed Rate Tiers

Fiscal Year	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17
NTMWD/1,000 gal.	\$ 1.18	\$ 1.25	\$ 1.37	\$ 1.49	\$ 1.70	\$ 1.87	\$ 2.06	\$ 2.29	\$ 2.53
% Increase	9.25%	5.90%	9.60%	8.70%	14.80%	10.00%	10.16%	11.17%	10.48%
<b>City Rates</b>									
Minimum	\$ 7.00	\$ 7.00	\$ 7.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
0-11,000 gallons	\$ 2.95	\$ 2.95	\$ 2.95	\$ 3.22	\$ 3.63	\$ 4.03	\$ 4.41	\$ 4.76	\$ 5.15
11,001-20,000	\$ 3.19	\$ 3.19	\$ 3.19	\$ 3.48	\$ 3.93	\$ 4.36	\$ 4.77	\$ 5.15	\$ 5.58
20,001-40,000	\$ 3.33	\$ 3.33	\$ 3.33	\$ 3.63	\$ 4.10	\$ 4.55	\$ 4.98	\$ 5.38	\$ 5.82
40,001-60,000	\$ 3.87	\$ 3.87	\$ 3.87	\$ 4.22	\$ 4.77	\$ 5.29	\$ 5.79	\$ 6.25	\$ 6.77
Over 60,000	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.41	\$ 4.99	\$ 5.53	\$ 6.06	\$ 6.54	\$ 7.08
% Increase	0.00%	0.00%	0.00%	9.00%	13.00%	10.90%	9.50%	8.00%	8.25%

# Residential Impact

## **Sample residential bill increases \$6.71/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 \$4.52/month
- Average residential sewer bill increases \$2.19/month

## FY 2016-2017

# Water and Sewer Fund Expenditures

- Expenditures and Transfers are proposed at \$70.5 million representing an increase of \$5.6 million or 8.6% 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,” however we will be charged an additional \$0.24/1,000 gallons in the price of wholesale water from the NTMWD. This represents an increase of \$2.6 million over last year. For FY 2016-2017, the total cost of wholesale water increases to \$27.9 million.
- We continue to believe the water rebate program will continue for the foreseeable future. For this reason, we are budgeting the assumption of a NTMWD rebate of \$1,000,000 for a total “budgeted” charge for water \$26.9 million.

# FY 2016-2017

## Water and Sewer Fund Expenditures

- Sewer treatment services are expected to increase \$1.6 million over the original FY15 budget of \$13.3 million.
- Together, the wholesale cost of water and sewer treatment services account for \$41.7 million or 59.1% of the total expenses.
- Personal Services is proposed at \$6.6 million, an increase of 11.7% over year-end estimates and includes full staffing, the merit pay package and CORPlan adjustments previously described in this presentation.
- Professional Services of \$4.5 million increases \$2.4 million.
  - As discussed at the June 6th work session, this proposal sets aside \$3.6 million (an increase of \$2.6 million from year-end) to continue the CMOM work begun last year and includes:
    - Capacity Analysis Modeling in Rowlett Creek, Cottonwood Creek and Duck Creek watersheds.

# FY 2016-2017

## Water and Sewer Fund Expenditures

- (CMOM components cont. from prior page)
  - Flow Monitoring to identify excessive inflow and infiltration (I/I)
  - Data Analysis & TV/Clean approximately 430,000 linear feet of pipe
  - Smoke testing for I/I
  - Manhole Inspections
  - Lift Station Condition Assessment and Failure Response Plan
  - Self-Audit Plan Update
  - Info Master Database Management
  - Fats Oil and Grease (FOG) Plan Implementation - Grease Interceptor Inspections
  - Review and evaluate all wastewater programs
- Contracts increases \$63,000 or 8.0% from year end and is made up of small increases across several line items.

## FY 2016-2017

### Water and Sewer Fund Expenditures

- Supplies of \$1.2 million will decrease (\$208,000) due to the inclusion last year of \$307,000 in prior year encumbrances. The two largest expenses in his category are electricity at \$732,000 and postage for water bills at \$148,000.
- Continuing the “pay-as-you-go” initiative, \$417,000 of capital equipment/vehicle replacements.
- Operating Transfer Out sees an increase of \$362,000 based on \$284,000 in additional Franchise Fee while the BABIC Transfer remains unchanged at \$467,000.

# FY 2016-2017

## Water and Sewer Fund Expenditures

- The debt service transfer increases \$76,000 to \$5.6 million to cover debt obligations for this fund.
- Fund Balance is projected at 90.3 days in compliance with the Council approved policy of 90 days.

# FY 2016-2017

## Water and Sewer Fund Expenditures

<b>Water Purchases</b>				
	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
Minimum Purchase	11.0 billion	11.0 billion	11.0 billion	11.0 billion
Projected Sales	6.1 billion	6.5 billion	7.1 billion	7.1 billion
Actual Purchase	7.4 billion	7.2 billion	N/A	N/A
Purchase as a % of Contract	67.3%	65.5%	N/A	N/A
Wholesale Cost	\$18,974,257	\$20,750,908	\$24,234,223	\$26,878,857
Rebate per 1,000 Gals.	\$0.45	\$0.51	N/A	N/A
Total Rebate	\$1,631,855	\$1,948,872	N/A	N/A
Rebate as a % of Total Cost	8.6%	9.4%	N/A	N/A

<b>Sewer Purchases</b>				
	<b>2012-2013 Actual</b>	<b>2013-2014 Actual</b>	<b>2014-2015 Estimate</b>	<b>2015-2016 Budget</b>
NTMWD	\$6,180,020	\$6,362,086	\$7,212,442	\$8,105,000
Dallas	\$2,441,657	\$2,323,995	\$2,500,000	\$2,369,000
Garland	\$2,781,924	\$2,781,924	\$2,800,000	\$2,800,000
<b>Total</b>	<b>\$11,403,601</b>	<b>\$11,468,005</b>	<b>\$12,512,442</b>	<b>\$13,274,000</b>



# Capital Equipment

Item Description	Operations
Backhoe (Motor Pool) (1)	\$ 128,000
1 1/2 Ton Truck with Service Body (2)	110,000
Creek Annual Repair Program	50,000
Sewer System Cameras (2)	30,000
1/2 Ton Pickup Truck (1)	30,000
Midsize Pickup Truck (1)	25,000
Bumper Mounted Value Operator (1)	20,000
Two-Way Clean Out Material	12,000
Steel Trench Box	7,100
Line Locater	3,672
Chop Saw	1,300
	<u>\$ 417,072</u>

# Infrastructure Maintenance

<b>Water, Sewer, &amp; Erosion Maintenance Projects 2016-2017</b>		
	<b>Operations</b>	<b>Debt</b>
Capacity, Management, Operations and Maintenance (CMOM) Initiatives	\$3,645,000	
Paving Cut Repair	391,000	
Inline Sewer Replacement	275,000	
Pump Station and Tower Maintenance	259,200	
Meter Repair and Replacement	151,000	425,000
Fire Hydrant Maintenance and Replacement	133,500	
Water - Main Break Repair and Line Replacement	127,548	830,000
Sewer - Main Break Repair & Replacement	70,868	
Centennial Water Tower Rehabilitation		1,250,000
Large Valve Replacement		200,000
New Water Line Installation		370,000
New Sewer Line Installation		200,000
Manhole Rehab/Replacement		200,000
Waste Water System Maintenance		350,000
<b>Sub Total</b>	<b>\$5,053,116</b>	<b>\$3,825,000</b>
<b>Grand Total Operations and Debt</b>	<b>\$8,878,116</b>	

# Solid Waste Services Fund



# FY 2016-2017 Solid Waste Fund

<b>Solid Waste Services Fund Budget</b>				
	<b>2015-2016 Estimated</b>	<b>2016-2017 Budget</b>	<b>Est./Bud.</b>	<b>%</b>
<b>Beginning Fund Balances</b>	\$4,181,431	\$3,752,585	(\$428,846)	-10.3%
<b>Revenues</b>	\$13,332,335	\$14,646,524	\$1,314,189	9.9%
<b>Expenditures</b>	\$13,761,181	\$14,617,334	\$856,153	6.2%
<b>Ending Fund Balances</b>	\$3,752,585	\$3,781,775	\$29,190	0.8%

# FY 2016-2017 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	\$ 4,749,805	32.49%
Professional Services	448,035	3.07%
Maintenance	4,423,892	30.26%
Contracts	330,387	2.26%
Supplies	278,150	1.90%
Capital	-	-
<b><u>Total Operating Expenditures</u></b>	<b><u>\$ 10,230,269</u></b>	<b><u>69.99%</u></b>
Transfers Out	\$ 4,387,065	30.01%
<b><u>Total Operating Expenditures and Transfers</u></b>	<b><u>\$ 14,617,334</u></b>	<b><u>100.00%</u></b>

# FY 2016-2017

## Solid Waste Fund Revenues

- Total revenues are projected to be \$1.3 million over year-end estimates.
- The City last raised the monthly collection fee for residents in the 2008-2009 budget when a \$2 a month increase was enacted due to rising costs for service. Over the course of the last seven fiscal years, the City has been able to maintain the high level of service our residents deserve and expect through increases in Commercial Collection fees and the use of strategic cost containment strategies.
- For the first time since 2008-2009, the City is proposing a fee increase for Residential Collections precipitated by continued cost pressure including increased costs for recycling services.

# FY 2016-2017

## Solid Waste Fund Revenues

- Residential Collections include a proposed \$3 per month increase from the current \$18 per month to the proposed \$21 per month. The Senior Discount remains at 26% or a total proposed of \$15.56 per month. As you can see in the graphic below, the “true cost” of residential service is expected to be \$26.05 per month. This means commercial fees continue to subsidize residential collection by \$6.55 per month (excluding sales tax), or \$78.60 a year for each resident in the City.

<b>Residential Cost Breakdown</b>				
	<b>Actual</b>	<b>Budget</b>	<b>Estimate</b>	<b>Budget</b>
	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Operating Cost	\$7.20	\$7.43	\$7.52	\$7.57
Disposal Costs	3.95	4.44	4.32	4.38
BABIC	2.49	2.57	2.54	2.71
Recycling	2.45	2.51	3.06	3.91
G&A and Fran. Fees	4.83	4.77	4.79	4.96
Debt	2.35	2.13	2.13	2.52
	<b>\$23.27</b>	<b>\$23.85</b>	<b>\$24.36</b>	<b>\$26.05</b>

# FY 2016-2017

## Solid Waste Fund Revenues

- Commercial Collections Fees are expected to increase 5.6% or \$416,000 from year end estimates. This represents a 10% increase in both Open Top and Compactor service as well as a 3% increase in Front Load fees. These market driven increases are designed to maintain our service at or just slightly above the market average for the Metroplex.
- 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.



# FY 2016-2017

## Solid Waste Fund Revenues

- Other Revenue is projected to remain flat during the fiscal year.
- Interest Earnings are expected to remain relatively flat for the upcoming year.

# FY 2016-2017

## Solid Waste Fund Expenditures

- Total expenditures and transfers are proposed at \$14.6 million, an increase of \$856,000 or 6.2% over the year-end estimate of \$13.8 million.
- Personal Services increase \$210,000 or 4.6% over year-end estimate and includes full staffing load and the full year impacts of the merit based pay program.
- Professional Services increase \$275,000 from the year-end estimate. The increase reflects the recycling contract that went into effect July 1, 2016.
- The Maintenance category is projected to increase \$70,000 or 1.6% over the year-end estimate and includes nominal increases in the disposal fees charged by NTMWD.

# FY 2016-2017

## Solid Waste Fund Expenditures

- Contracts and Supplies combined decrease (\$42,000) next year based on a projected budget of \$609,000 and includes facility and equipment insurances as well as the wholesale cost of refuse bags.
- The General and Administrative transfer increases \$43,000 as a result of the indirect cost allocation study performed by MGT of America.
- The Franchise Fee increases \$65,000 based on the proposed rate increases.

# FY 2016-2017

## Solid Waste Fund Expenditures

- The Debt Service Transfer of \$1.5 million is \$235,000 higher than year-end estimate and represents the current payment due on equipment debt issuance.
- FY 2016-2017 fund balance is proposed at 94.4 days. This achieves the goal established in the adopted financial policy of “60 days building towards 90”.

# Golf Fund



# FY 2016-2017 Golf Fund

<b>Golf Fund Budget</b>				
	<b>2015-2016 Estimated</b>	<b>2016-2017 Budget</b>	<b>Est./Bud.</b>	<b>%</b>
<b>Beginning Fund Balances</b>	\$167,815	\$258,550	\$90,735	54.1%
<b>Revenues</b>	\$2,151,705	\$2,350,591	\$198,886	9.2%
<b>Expenditures</b>	\$2,060,970	\$2,221,300	\$160,330	7.8%
<b>Ending Fund Balances</b>	\$258,550	\$387,841	\$129,291	39.2%

# FY 2016-2017 Golf Fund

<b>Classification of Golf Fund Expenditures</b>		
<b><u>Operating Expenditures</u></b>	<b>Proposed Budget</b>	<b>Percent of Total</b>
Personal Services	\$ 1,117,218	50.30%
Professional Services	244,215	10.99%
Maintenance	239,718	10.79%
Contracts	133,388	6.00%
Supplies	389,500	17.53%
Capital	-	-
<b><u>Total Operating Expenditures</u></b>	<b>\$ 2,124,039</b>	<b>95.62%</b>
Transfers Out	\$ 97,261	4.38%
<b><u>Total Operating Expenditures and Transfers</u></b>	<b>\$ 2,221,300</b>	<b>100.00%</b>

# FY 2016-2017 Golf Fund - Revenues

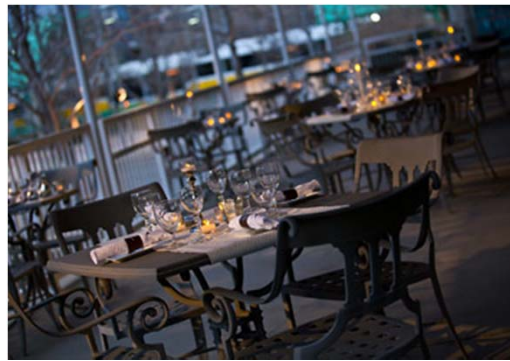
- Revenues for the Golf Fund are projected at \$2.4 million for FY 2016-2017 representing an increase of \$199,000 or 9.2% over year-end.
  - Green fees of \$1.6 million represent a full year of operations and the fee increases implemented last May.
  - Cart Fees are projected to increase \$42,000.
  - The remaining revenues of \$118,000 decrease (\$2,000) from the year end position due to an insurance reimbursement received last year.



# FY 2016-2017 Golf Fund - Expenditures

- Total Expenditures and Transfers for the Golf Fund are proposed at \$2.2 million, an increase of \$160,000 from year-end.
- Personal Services increase \$100,000 and represent a full year of initiatives begun last year as well as the proposed pay plan.
- The remaining operational expenditures increase \$61,000 from year-end savings, representing modest increases across the categories.
- Given the projected revenue and expenditure performance, the fund balance should end the year with 63.7 days, 3.7 days in excess of the Council approved “30 building to 60” days.

# Hotel/Motel Tax Fund



# FY 2016-2017 Hotel/Motel Tax Fund

<b>Hotel/Motel Tax Fund Budget</b>				
	<b>2015-2016 Estimated</b>	<b>2016-2017 Budget</b>	<b>Est./Bud.</b>	<b>%</b>
<b>Beginning Fund Balances</b>	\$2,234,405	\$1,923,748	(\$310,657)	-13.9%
<b>Revenues</b>	\$6,508,776	\$7,020,340	\$511,564	7.9%
<b>Expenditures</b>	\$6,819,433	\$6,821,165	\$1,732	0.0%
<b>Ending Fund Balances</b>	\$1,923,748	\$2,122,923	\$199,175	10.4%

# FY 2016-2017 Hotel/Motel Tax Fund

## Classification of Hotel/Motel Tax Fund Expenditures

<u>Operating Expenditures</u>	<u>Proposed Budget</u>	<u>Percent of Total</u>
Personal Services	\$ 2,273,962	33.34%
Professional Services	1,160,927	17.02%
Maintenance	178,568	2.62%
Contracts	1,297,880	19.03%
Supplies	500,065	7.33%
Capital	582,841	8.54%
<b><u>Total Operating Expenditures</u></b>	<b><u>\$ 5,994,243</u></b>	<b><u>87.88%</u></b>
Transfers Out	\$ 826,922	12.12%
<b><u>Total Operating Expenditures and Transfers</u></b>	<b><u>\$ 6,821,165</u></b>	<b><u>100.00%</u></b>

# Hotel Occupancy

<b>Year</b>	<b>Occupancy Rate</b>	<b>Average Daily Rate</b>	<b>RevPAR</b>
Oct-May 2015	69.73%	\$89.82	\$63.85
Oct-May 2016	75.05%	\$92.28	\$70.44

# FY 2016-2017

## Hotel/Motel Tax Fund Revenues

<b>Hotel Property</b>	<b>Actual 2014-2015</b>	<b>Budget 2015-2016</b>	<b>Estimated 2015-2016</b>	<b>Budget 2016-2017</b>
Como Motel	\$ 19,977	\$ 19,923	\$ 20,039	\$ 20,440
DoubleTree Hotel	582,704	616,068	637,859	650,616
Econo Lodge	55,629	54,271	65,040	66,341
Extended Stay of America	43,258	57,022	61,861	63,098
Hawthorne Suites	61,787	68,898	72,345	73,792
Hilton Garden Inn	306,003	315,646	322,490	328,940
Holiday Inn	195,254	206,702	222,241	226,686
Hyatt House	183,346	180,263	207,258	211,403
Hyatt Regency	632,831	623,790	727,038	741,579
Marriott Courtyard - Galatyn	243,334	241,045	275,461	280,970
Marriott Courtyard - Spring Valley	230,641	217,445	286,501	292,231
Marriott Renaissance	745,214	753,124	819,139	835,522
Marriott Residence Inn	213,920	221,716	230,163	234,766
Marriott Springhill Suites	200,362	213,894	218,370	222,737
Super 8	62,042	66,838	68,068	69,429
Wingate by Wyndham	160,558	154,860	194,187	198,071
National Corporate Housing	-	-	34	-
<b>TOTAL</b>	<b>\$ 3,936,860</b>	<b>\$ 4,011,505</b>	<b>\$ 4,428,094</b>	<b>\$ 4,516,621</b>

# FY 2016-2017

## Hotel/Motel Tax Fund Revenues

- Total Revenues for the Hotel/Motel Tax Fund are projected at \$7.0 million for next year, reflecting a 7.9% increase in overall revenues.
- For 2016-2017, Hotel/Motel Tax Receipts are budgeted at \$4.5 Million.
  - New hotel facilities are in various stages of development and may initiate service during this upcoming fiscal year. We will monitor these, but believe that prudent budget efforts should let them initiate service and establish a pattern of collection before we make budget use assumptions. These facilities include;
    - Aloft at CityLine
    - Hampton Inn at Galatyn Park
- Parking Garage fees are projected at \$211,000, an increase of \$11,000 over year-end.

# FY 2016-2017

## Hotel/Motel Tax Fund Revenues

- Eisemann Center revenues are projected at \$2.3 million reflecting a \$411,000 increase from estimated year-end reflecting minimal increases in operations and a full program for Eisemann Center Presents revenue for the 2016-2017 Season as briefed to Council on May 2.
- FY 2016-2017 marks the third full year for the Facility/Maintenance Fee. As a reminder this fee is set aside in a separate fund to be used only for maintenance and capital improvements to the facility. This fee is expected to generate \$195,000 over the course of the fiscal year.



# FY 2016-2017

## Hotel/Motel Tax Fund Expenditures

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



## FY 2016-2017

# Hotel/Motel Tax Fund Expenditures

- Total Expenditures and Transfers for 2016-2017 are proposed at \$6.8 million reflecting a \$1,700 increase from current year-end expenditures.
  - The Eisemann Center expenditures increase \$360,000 from year-end.
  - The Eisemann Center's daily operations increase \$107,000.
- Eisemann Center Presents Series expenditures increase \$253,000 reflecting a full season as referenced above.
- Parking Garage Expenditures are expected to increase slightly by \$9,000 next year at \$514,000.

# FY 2016-2017

## Hotel/Motel Tax Fund Expenditures

- Capital/Renewal Expenditures of \$653,000 includes;
  - Eisemann Center upgrades and replacements for \$378,000 including \$105,000 for facility/campus maintenance and \$273,000 for lighting and stage equipment upgrades.
  - For the second year, \$275,000 will be set aside for future Eisemann campus improvements
- Arts Grants funding are recommended to increase \$25,000 to \$375,000 for the 2016-2017 budget.
- Miscellaneous expense of \$68,000 includes event advertising, the Hotel/Motel Fund share of the citywide audit expense, arts website maintenance and smaller miscellaneous expenses.

## FY 2016-2017

# Hotel/Motel Tax Fund Expenditures

- The Transfer to General Fund – CVB matches the department budget at \$477,000 and includes \$52,000 for the Visitor Market Study/Analysis.
- The Hotel/Motel G&A remains static at \$350,000 and reflects the services provided by the General Fund for these activities.
- The Fund Balance is projected to end the year at \$2.1 million

# Homeowner Impact of 2016-2017 Budget

- As submitted, this budget will have the following impacts to the average homeowner in the City of Richardson
  - Property tax increase as a result of higher valuation and decreased tax rate = **\$107**
  - Water and Sewer Rate change = **\$81**
  - Solid Waste change = **\$36**
  - Total impact to average homeowner = **\$224 per year**
- Over 65 and Disabled Persons exemption
  - Property tax increase as a result of higher valuation, \$10,000 exemption increase and decreased tax rate = **\$82**
  - Water and Sewer Rate change = **\$81**
  - Solid Waste change = **\$27**
  - Total impact for Over 65 and Disabled Persons = **\$190 per year**

## Other Fund Highlights

- Pages 24 through 51 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 38-40) experienced AV growth of 40% over the prior year to \$991,583,258 generating \$6.2 million in property tax revenue which is tied to reimbursement obligations inside the respective zones.
  - The Economic Development Fund (page 46) was established in FY 14-15 to acknowledge and receive the tax rate allocation for economic development programs.

# Other Fund Highlights

- Drainage Fund (page 28) is programmed at \$2.4 Million.
  - \$475,000 in contract services will provide:
    - Street Sweeping
    - Open channel and pipe and inlet maintenance
    - Watershed flood studies
    - Litter abatement
  - \$1.2 Million is programmed for flood prevention and storm drain improvements at the following locations:
    - Beck Branch Outfall/Erosion
    - Prairie Creek Outfall/Erosion
    - Forest Grove/Valley Glen Outfall

# Summary

- The 2016-17 budget will be the **fourth** year of an intensive focus on enhanced infrastructure maintenance.
- Prior budgets initiated articulate plans and dedicated funding strategies to foster enhanced street, traffic, and roadside amenity maintenance.
  - This 2016-17 budget adds the next year in this initiative and significantly enhances the plan for water/sewer utility infrastructure.



- We appreciate the budget dialogue with the City Council over the last several months.



## 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
  - Public Hearing on the Property Tax Rate/Budget on August 22, 2016
  - Tax Rate Public Hearing on August 29, 2016
  - Budget Adoption on September 12, 2016

