

Fully Engaged 2017-18:

*Advancing the Richardson Mission(s)
in our North Texas setting*



2017-2018 Fiscal Year
City of Richardson, Texas
Municipal Budget Presentation



City Council Budget Presentation
August 14, 2017

“Fully Engaged”

- Vivid City Council Goals and Strategies
- Strategic partnerships and active member agency engagement
- Offering State/Regional leadership and forums for problem-solving:
 - DART, NTMWD, NCTCOG, RTC, DRMC, MMA, NTC, TML, ...
- Active community/residential dialogues, communications & participations
- Regional awareness with key benchmarking efforts
- Research, engagement & advocacy



“Richardson Mission(s)”

- Exceptional Public Safety
- Strong neighborhoods
- High attention to infrastructure
- Business friendly setting
- Economic Development & talent attraction
- Place-making and contemporary development support
- Vibrant cultural arts, parks & trails
- Our full/fair value in regional service agencies
- Committed staff and effective public facilities
- Retained local governance discretion and values
- ... A place to call “Home.”



“North Texas Setting”

- A globally vibrant regional economy
- A dynamic “market” of residential and business centers
- A competitive “workforce market” of business, agencies and other cities
- Utilized & stressed infrastructure and resource capacities
- Exposure to economic and supply pressures on construction
- A shared-delivery setting for many services



The Context for Preparation

- The Summer of 2017 finds us active in the many important projects and initiatives that will shape the 2017-18 fiscal year:
 - Establishment of City Council Strategic Goals for 2017-2019
 - Contingent planning to policy revisions for taxation and other local control topics under review by the Texas Legislature Special Session(s)
 - Implementation of Public Safety Campus and Fire Station #3 improvements
 - Rehabilitation of Spring Valley Road in partnership with Dallas County
 - Sustained attention to our multi-faceted maintenance strategies
 - Working with DART to advance the Cotton Belt project design



Budget Development Update

- Following our successful July 17-18 Budget Work Sessions, refinement continued on our budget development. We also received the certified tax roll values.
- The 5% AV growth factor utilized in the budget work session is now revised to an 8.64% factor. This has provided a response to contingent considerations previously unfunded:
 - The initiation of a new software licensing at **\$300,000** to migrate from the Notes environment
 - The initiation of a phased growth in General Fund's fund balance from a 60-day level towards a next goal of 70-days by use of ending-year savings and new year resources at **\$600,000**. The 2017-2018 year-ending fund balance projection is proposed now at 63 days.
 - **\$650,000** for added street maintenance areas in 2017-18, as well as added street and alley maintenance scopes at **\$140,000** due to "stronger penny".
 - Incremental impact of **\$38,000** for the economic development designation

Key Budget Elements for 2017-2018: Public Safety Initiatives

- The FY 2017-2018 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.
 - Replacement of vehicles for the Police Department, replacement of a Quint fire apparatus and an ambulance.
 - Recognition of the efforts of Fire personnel serving as field training officers and supporting EMS services.
 - Funding for enhanced equipment for Dispatch and Fire EMS units.
 - Adding two Police Officers and converting one part time crime analyst to full time is included in this proposal.



Key Budget Elements for 2017-2018: Maintenance Activities - General Fund

Streets

Proposed budget includes 2.5 cents of property tax for arterial streets, collector streets and neighborhoods zones, an alley repair program (0.5 cents) and a preventive maintenance program. An added \$650,000 is proposed for 2017-2018.

Bridge Railings

In 2017-2018, 5 bridge railings will be repaired and enhanced.

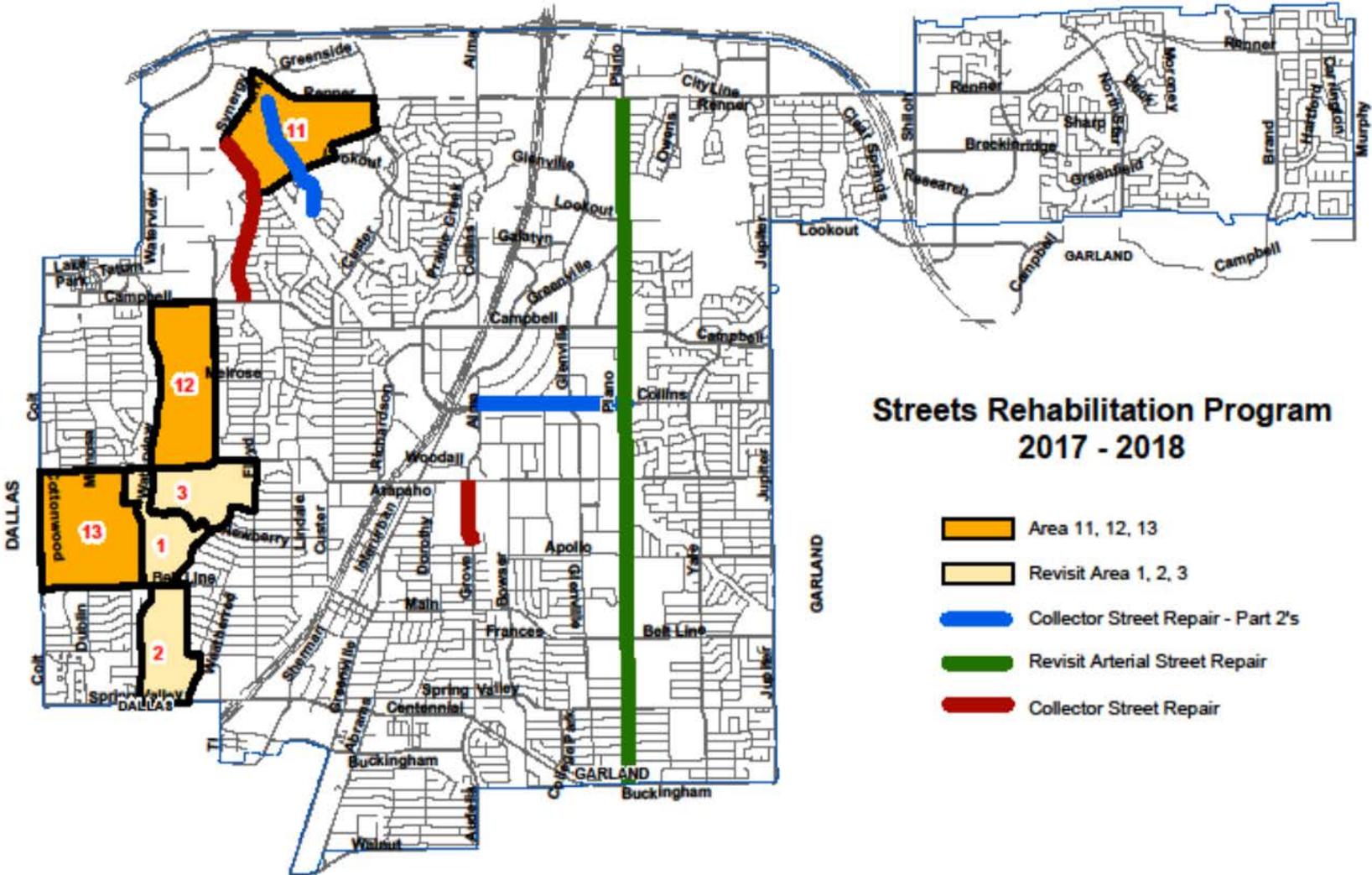
Traffic Signs & Pavement Markings

Proposed budget includes funding for:

- Replacing small street name signs in two zones plus severely faded signs along major arterials in remaining areas
- Refreshing and replace markings
- Updating one bike lane and adding one mile of bike lane



PLANO



Streets Rehabilitation Program 2017 - 2018

- Area 11, 12, 13
- Revisit Area 1, 2, 3
- Collector Street Repair - Part 2's
- Revisit Arterial Street Repair
- Collector Street Repair

Key Budget Elements for 2017-2018: Maintenance Activities – General Fund

	FY13-FY14 Actual	FY 14-15 Actual	FY15-FY16 Actual	FY16-FY17 Projected	FY 17-18 Proposed
Street/Alley Maintenance Strategy	\$2,185,000	\$2,570,000	\$2,889,000	\$4,327,000	\$4,903,000
Bridge Railings	\$225,000	\$320,000	\$300,000	\$0	\$300,000
Pavement Markings	\$250,000*	\$300,000*	\$350,000*	\$400,000*	\$400,000
Street Name Sign Replacement	\$100,000*	\$100,000*	\$100,000*	\$100,000*	\$100,000
TOTAL	\$2,760,000	\$3,290,000	\$3,639,000	\$4,827,000	\$5,703,000

* Includes funding from the Traffic Safety Fund

Key Budget Elements for 2017-2018: Maintenance Activities - Water/Sewer Fund

Water Distribution System Strategy:

Proposed budget includes funding for:

- Water storage and pumping facilities
- Water mains replacement
- Hydrant maintenance
- Valve replacement program
- Water meter replacement program

Sewer Collection System Strategy:

Proposed budget includes funding for CMOM:

- **Capacity:** flow monitoring, capital improvements
- **Management:** minimization of Inflow & Infiltration
- **Operations & Maintenance:** condition assessment, sewer line televising, planned and unplanned rehabilitation



Key Budget Elements for 2017-2018: Maintenance Activities - Water/Sewer Fund

	FY 14-15 Actual	FY15-FY16 Actual	FY16-17 Projected	FY 17-18 Proposed
Water Distribution – Operations	\$568,000	\$947,000	\$1,002,000	\$1,216,000
Water Distribution – Debt	\$2,300,000	\$1,900,000	\$3,075,000	\$3,500,000
Sewer Collection – Operations	\$666,000	\$1,325,000	\$4,100,000	\$3,900,000
Sewer Collections - Debt	-	-	\$1,550,000	\$1,760,000
TOTAL	\$3,534,000	\$4,172,000	\$9,727,000	\$10,376,000

Key Budget Elements for 2017-2018: Maintenance Activities - Facilities

Facilities Services Renewal/Replacement Strategy:

The FY 2017-2018 Proposed Budget includes funding for:

- Preventative maintenance/service contracts/corrective maintenance/regulatory certifications
- HVAC system unit replacements
- Refreshing of City facilities
- Parking lot repairs

In addition, additional revenue received in FY2016-2017 will be dedicated to maintenance projects:

- Flooring work at several fire stations
- Refreshing the Sherrill Park golf pro shop and pavilion
- Animal Shelter signage and cat kennels
- Next phase of Library makerspace technology initiative



Key Budget Elements for 2017-2018: Maintenance Activities - Aquatics

Aquatics Maintenance Strategy:

The FY 2017-2018 Proposed Budget includes funding for:

- Aquatics maintenance needs, which include re-plastering Glenville Pool and replacing a shade structure at Canyon Creek Pool.
- Aquatics reinvestment items, which include replacing/refinishing slides, replacing diving boards and replacing deck furniture.



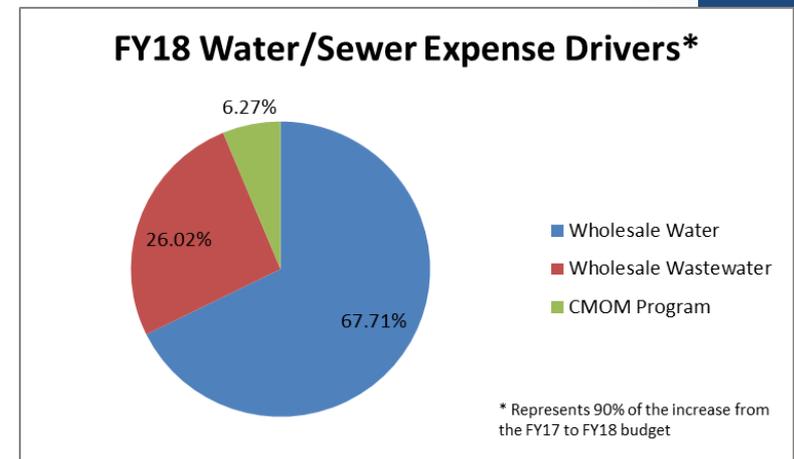
Key Budget Elements for 2017-2018: Maintenance Activities - Facilities & Aquatics

	FY 14-15 Actual	FY15-FY16 Actual	FY16-17 Projected	FY 17-18 Proposed
Facilities – General Fund	\$154,000	\$221,000	\$517,000	\$290,000*
Facilities – C.O. Debt	\$145,000	\$234,000	\$218,000	\$285,000
Facilities – Hotel Fund	\$200,000	\$376,000	\$343,000	\$200,000
Aquatics – Operations	\$28,000	\$0	\$551,000	\$49,000
Aquatics – Short-Term Debt	\$44,000	\$46,000	\$163,000	\$216,000
Aquatics – GO Bond	\$0	\$0	\$322,000	\$0
TOTAL	\$571,000	\$877,000	\$2,114,00	\$1,040,000

* Includes funding from the General Fund and Special Maintenance Initiatives

Key Budget Elements for 2017-2018: Water/Sewer Utility Fund

- Water and Sewer services are both experiencing additional mandates and requirements that necessitate greater financial resources. A 9.5% adjustment to water and sewer utility rates is required for 2017-2018.
- The chart demonstrates the impact of three expense drivers that comprise 90% of the increase in Water/Sewer Utility Fund non-capital expenses.



Key Budget Elements for 2017-2018: Staffing & Compensation

- Personal Services comprise the largest expense category of the General Fund.
- In this competitive North Texas employment environment, the City compares salary and benefits information with twelve benchmark cities and uses private sector data (World at Work and Kaiser Health Survey) to help develop compensation and benefit recommendations.



Key Budget Elements for 2017-2018: Staffing & Compensation

- Most classifications in the City of Richardson have been on a step compensation plan. Beginning in October 2017, general employees (non-Public Safety employees) will be in an open range. Progression through the range will be based on performance and annual funding.
- Police and Fire employees are on a step plan. All benchmark cities are on a step plan for sworn Police and Fire employees.
- Eligible public safety employees are recommended in this budget to receive up to a 5% merit-based step adjustment, and a three percent market adjustment to the public safety pay plan.
- General employees are budgeted for up to 3 % merit-based adjustment within pay ranges.

Key Budget Elements for 2017-2018: Health Benefits

- The City's philosophy regarding health insurance is: 1.) to ensure that the plan is financially sustainable, and 2.) offer a medical plan that is competitive to help attract and retain employees.
- In 2018, the City is continuing its efforts to achieve these goals by:
 - Strengthening efforts towards creating a **consumer driven health care plan**
 - Implementing **plan design changes** to help increase the sustainability of the medical plan
 - Encouraging and engaging employees and their families to maintain **healthy lifestyles**

2018 Consumer Driven Health Care Plan Initiatives:

- Close access to one of the PPO plans to new participants
- Increase deductibles for the PPO plans
- Increase premiums for pre-65 retirees
- Implement a narrow pharmacy network/exclusive home delivery service for maintenance medications
- Implement a working spouse surcharge

Our Sustainable Budget Attentions

Enhanced
Infrastructure
Maintenance



Public Safety
Facilities and
Staffing



Economic
Development
and Renewal



Enhanced
Customer &
City
Experience



City of Richardson, Texas

Combined Fund Summaries

FY 2017-2018 Combined Budget

Combined Budget				
	2016-2017 Estimated	2017-2018 Budget	Est./Bud.	%
Beginning Fund Balances	\$58,128,825	\$58,817,349	\$688,524	1.2%
Revenues	\$254,696,190	\$272,336,173	\$17,639,984	6.9%
Expenditures	\$254,007,666	\$265,102,751	\$11,095,085	4.4%
Ending Fund Balances	\$58,817,349	\$66,050,771	\$7,233,432	12.3%

FY 2017-2018 Combined Budget

Classification of Combined Operating Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 108,874,884	41.07%
Professional Services	25,109,694	9.47%
Maintenance	56,633,514	21.36%
Contracts	24,895,901	9.39%
Supplies	11,319,475	4.27%
Capital	2,252,900	0.85%
<u>Total Operating Expenditures</u>	\$ 229,086,368	86.41%
Transfers Out	\$ 26,578,553	10.03%
<u>Total Operating Expenditures and Transfers Out</u>	\$ 255,664,921	96.44%
Debt Service Payments	\$ 42,950,126	16.20%
Less Interfund Transfers	\$ (33,512,332)	-12.64%
<u>Net Appropriations</u>	\$ 265,102,751	100.00%

General Fund



FY 2017-2018 General Fund

General Fund Budget				
	2016-2017 Estimated	2017-2018 Budget	Est./Bud.	%
Beginning Fund Balances	\$20,824,477	\$21,505,201	\$680,724	3.3%
Revenues	\$125,160,972	\$130,011,025	\$4,850,053	3.9%
Expenditures	\$124,480,248	\$129,210,166	\$4,729,918	3.8%
Ending Fund Balances	\$21,505,201	\$22,306,061	\$800,860	3.7%

2017 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

Required Budget Narrative:

(Front Cover Page)

“This budget will raise more total property taxes than last year’s budget by \$9,757,547 (11.11%) and of that amount \$2,137,425 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 and by obligations, a portion of 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: \$9.8 million

Increase in Property Tax Revenue \$ 9,757,547

Item Description	Amount	Remaining Increase
Tax Increment Financing Fund #1 Increase	\$ 968,104	\$ 8,789,443
Tax Increment Financing Fund #2 Increase	\$ 1,471,127	\$ 7,318,316
Tax Increment Financing Fund #3 Increase	\$ 271,636	\$ 7,046,680

Operations/Debt Service Increases From FY17 Budgeted Amounts

Increase in Debt Service Requirement \$ 2,872,619 \$ 4,174,061

Public Safety Initiatives		
Public Safety movement within approved pay plan ranges	1,517,616	
Positions hired in FY16 (3 PO's, 1 Inv. Spl, 1 PD Planner, 1 Fire Mgmt. Tech)	272,764	
Partial Year for New Police Officers (2)	91,708	
Ambulance Assignment and FTO pay	105,828	
Crime Analyst PT to FT FY18	35,356	
Year Three Body Camera Agreement	192,702	
Sub Total Public Safety Initiatives	\$ 2,215,974	1,958,087
Street/Alley Rehabilitation Initiatives		
Street Rehab \$0.025 value increase	\$ 281,795	
Street Rehab Supplement	650,000	
Alley Rehabilitation value increase	56,359	
Sub Total Street/Alley Rehabilitation Initiatives	\$ 988,154	969,933
Economic Dev. partial penny AV growth	\$ 90,174	879,759
General Maintenance / I.T. Initiatives		
Additional traffic signal systems, markings and street light maintenance	\$ 346,000	
Microsoft 365 Initiative	300,000	
Electricity, Natural Gas, and Fuel	90,092	
Sub Total General Maintenance	\$ 736,092	143,667
Fund Balance Maintenance	\$ 120,136	23,531

2017 Certified Tax Roll Comparison

2017 Certified Tax Roll Comparisons	
August 2017	
Entity	% Change
Richardson CCAD	17.09%
Fort Worth	17.05%
Collin County	14.24%
Plano	14.08%
Arlington	13.70%
McKinney	13.39%
Richardson Total	10.86%
Frisco	10.39%
Grand Prairie	9.77%
Allen	9.66%
Garland	9.06%
Carrollton	8.88%
Mesquite	8.83%
Dallas County	7.04%
Richardson DCAD	6.83%
Dallas	6.35%
Irving	5.32%

Tax Parcel Reappraisals

DCAD 2017 Tax Roll – Percent of Parcels Reappraised			
	2015	2016	2017
Residential	76%	91%	83%
Commercial	48%	22%	67%
BPP	100%	100%	100%
All	78%	88%	85%

- CCAD reappraises 100% of all parcels each year

Assessed Valuation

- Total assessed valuation assumes a \$1.5 billion increase in certified assessed valuation plus \$93.4 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 (\$1.4 billion).

	2016	2017	% Difference
Certified	\$13,990,521,446	\$15,509,840,625	10.86%
Values In Dispute	\$51,898,700	\$93,387,516	79.94%
Tax Increment Financing District 1	(\$507,436,918)	(\$662,293,996)	30.52%
Tax Increment Financing District 2	(\$464,866,265)	(\$700,186,342)	50.62%
Tax Increment Financing District 3	(\$19,280,075)	(\$62,730,629)	225.37%
Taxable Value for General Fund Debt and O/M	\$13,050,836,888	\$14,178,017,174	8.64%

Property Tax Rate		
	2016-2017	2017-2018
Operations & Maintenance (O & M)	\$0.37031	\$0.37031
Debt Service	\$0.25485	\$0.25485
Total	\$0.62516	\$0.62516

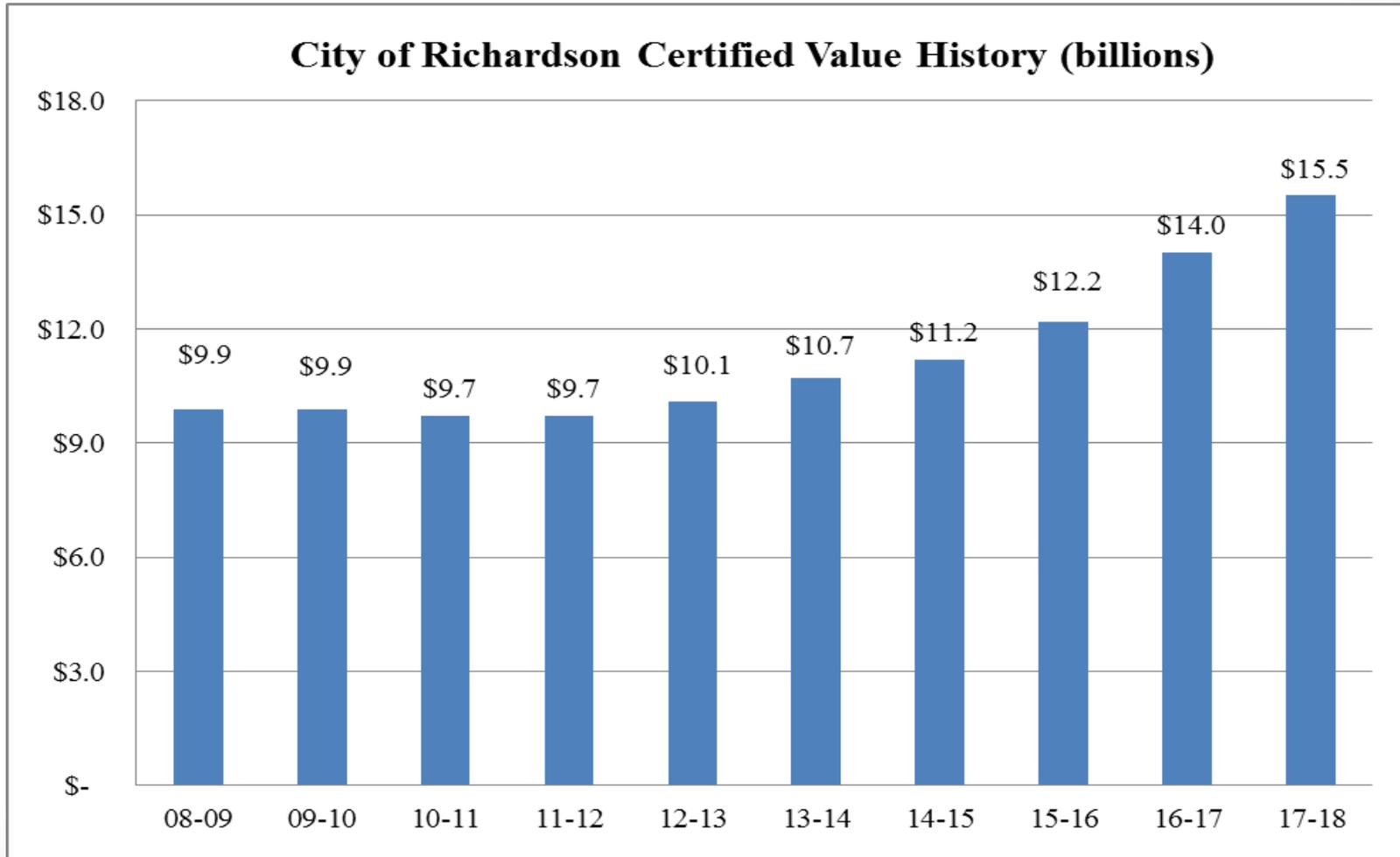
Tax Rate Calculations

2017-2018 Tax Rate Calculations			
	Rate	Difference	Revenue
2017-2018 Rate	\$0.62516	-	-
Rollback Rate	\$0.63316	\$0.008	\$1,134,241
Effective Rate	\$0.59135	(\$0.03381)	(\$4,793,588)

- The tax rate adoption ordinance will refer to what is “effectively an 5.72 percent increase in the tax rate”. This is the percent change of the proposed tax rate \$0.62516 above the effective rate \$0.59135.

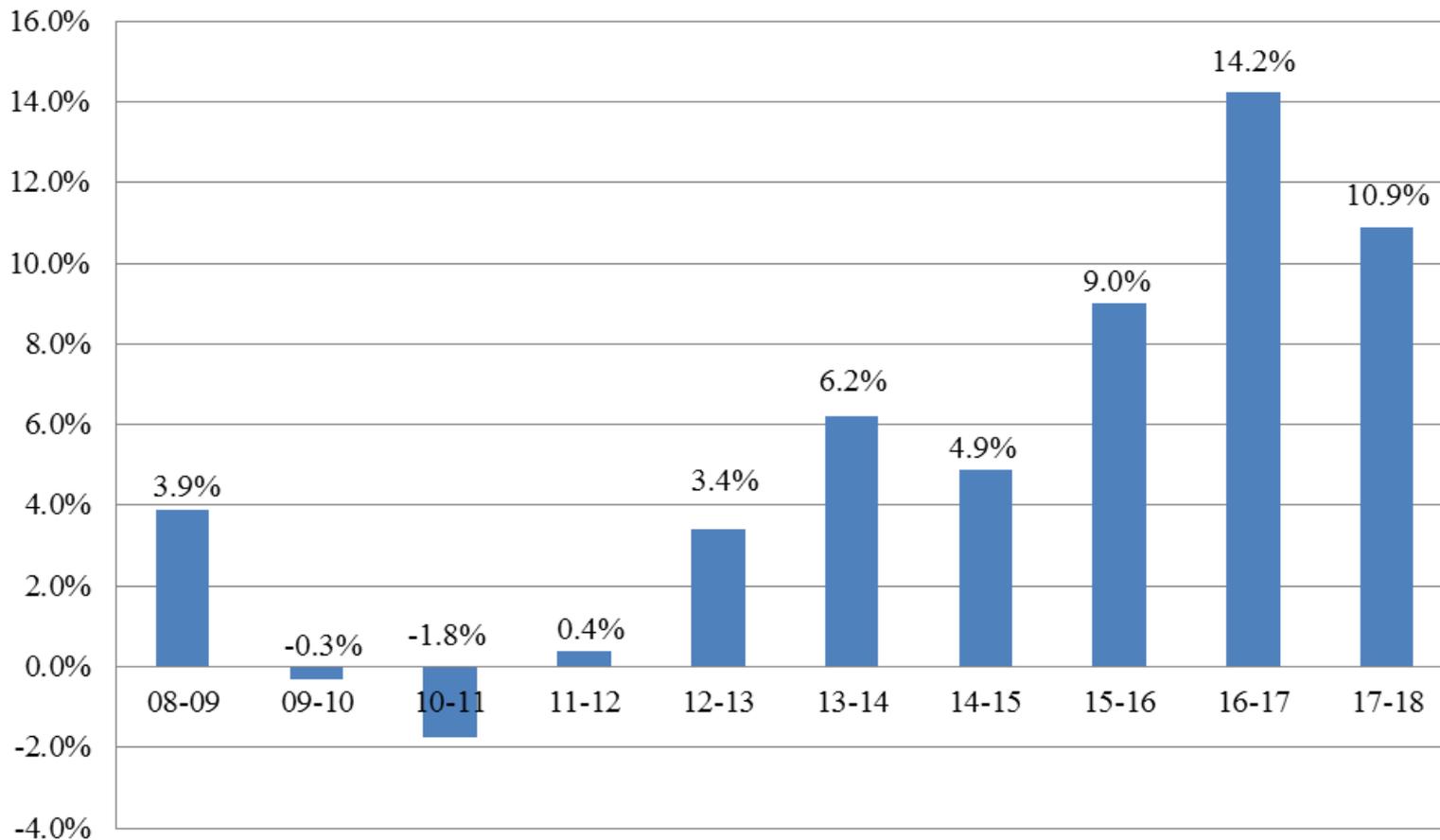
2016-2017 Tax Rate Calculations			
	Rate	Difference	Revenue
2016-2017 Rate	\$0.62516	-	-
Rollback Rate	\$0.63570	\$0.01054	\$1,375,558
Effective Rate	\$0.57794	(\$0.04722)	(\$6,162,605)

FY 2017-2018 Assessed Valuation



FY 2017-2018 Assessed Valuation

Percent Change in Certified Valuation



FY 2017-2018 Assessed Valuation

Valuation Including New Improvements			
District	2017 Certified Roll	2017 New Improvements	%
CCAD	\$6,434,094,065	\$249,042,857	3.87%
DCAD	\$9,075,746,560	\$225,039,564	2.48%
Total	\$15,509,840,625	\$474,082,421	3.06%

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

Tax Roll Increase

Roll Increase – Taxable Values								
	Residential	% Change	Commercial	% Change	BPP	% Change	Total	% Change
2017	\$6,208,971,875	7.68%	\$6,535,677,328	19.13%	\$2,765,191,422	0.98%	\$15,509,840,625	10.86%
2016	\$5,766,003,571	10.69%	\$5,486,130,258	12.98%	\$2,738,387,617	25.43%	\$13,990,521,446	14.23%
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%

Tax Roll Comparison

Tax Roll Comparison					
	2016		2017		
	Value	%	Value	%	% Change
Residential	\$5,766,003,571	41.2%	\$6,208,971,875	40.0%	7.7%
Commercial	\$7,468,486,393	53.4%	\$8,343,018,022	53.8%	11.7%
Industrial	\$613,302,527	4.4%	\$790,355,033	5.1%	28.9%
Undeveloped	\$142,728,955	1.0%	\$167,495,695	1.1%	17.4%
Total	\$13,990,521,446	100.0%	\$15,509,840,625	100.0%	10.9%

Percent of Total Value

Percent of Total Value				
Tax Year	Residential	Commercial	BPP	Total
2017	40%	42%	18%	100%
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%

Top Ten Taxpayers

Top Ten Taxpayers		
	Taxable Value	% of Total Taxable Value
1. Corporate Properties Trust (State Farm)	\$685,493,462	4.42%
2. Collins Technology Park Partners	\$363,167,960	2.34%
3. Bank of America	\$315,371,123	2.03%
4. Texas Instruments	\$254,713,927	1.64%
5. Qorvo	\$216,330,694	1.39%
6. Cisco Systems	\$210,305,204	1.36%
7. IBM	\$198,681,759	1.28%
8. Health Care Services Corporation (BCBSTX)	\$144,807,193	0.93%
9. Verizon	\$134,343,231	0.87%
10. AT&T	\$116,982,521	0.75%
Total	\$2,640,197,074	17.01%
Total 2017 Taxable Value	\$15,509,840,625	

Change In Residential Market Valuations

Number Residential Properties Affected by Valuation				
	2016-2017		2017-2018	
Impact	# Properties	% of Total Res. Properties	# Properties	% of Total Res. Properties
No Change	1,846	6.48%	4,545	16.19%
Decrease	405	1.42%	1,056	3.76%
Increase 0% - 5%	4,115	14.44%	3,999	14.24%
Increase 6% - 10%	7,637	26.80%	4,406	15.69%
Increase >10%	14,490	50.86%	14,071	50.12%
Total Res. Properties	28,493	100.0%	28,077	100.00%

Senior Exemption

- The Council took action on February 20th to increase the Over 65 and Disabled Persons tax exemption from \$70,000 to \$80,000 a year, an increase of \$10,000 or 14.3%. Given the valuation increase for FY 2017-2018, the adopted increase maintains the goal of providing a 30% tax benefit and save those receiving the exemption an average of \$500 a year in City property taxes.
 - At \$80,000, the exempted taxes total \$3,958,793 with an incremental cost of \$548,574.
 - Operations and Maintenance = \$324,945
 - Debt Service = \$223,629

Average Senior Home Value

Average Senior Home Value Statistics						
Tax Year	Qualifying Parcels	% Change From Year to Year	Senior Exempt.	Average Senior Home Market Value	% Change From Year to Year	% of Total Value
2017	8,013	1.60%	\$80,000	\$254,115	10.71%	31.48%
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%

Remaining Revenues

Franchise Fees

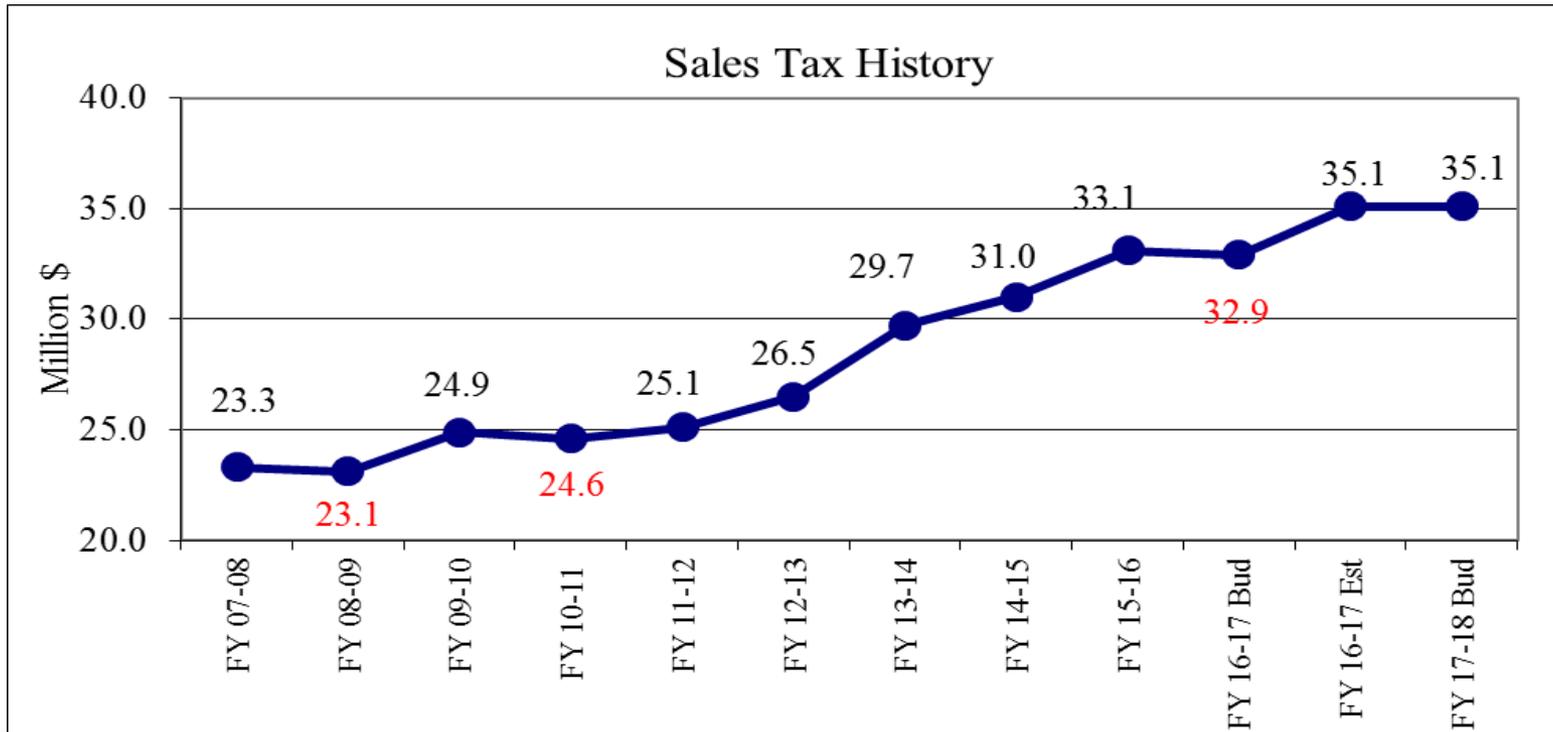
- Franchise Fees are projected at \$16.8 million for FY 2017-2018, an increase of \$448,000 or 2.7% over estimated year-end.
 - The largest increase this year, \$343,000, is projected in the Water and Sewer Franchise Fee based on a proposed 9.5% rate increase for water and sewer.
 - The Electric Franchise Fee is the next largest increase projected at \$72,000 over year-end and is reflective of the standard growth in consumption as well as price fluctuations.
 - The remaining fees, budgeted at \$5.7 million, increase \$33,000 from year end.

Sales and Other Business Taxes

- Sales and Other Business Taxes are projected at \$35.7 million for next year reflecting an increase of \$20,000 or 0.1% from estimated year-end revenues.
 - Our top 20 remitters account for 27.6% of total receipts this year, down slightly from the 27.7% last year. We are seeing modest growth across most sectors including business to business sales, health, insurance and leisure related services, utilities and construction. Strong growth is being recognized in information and “other” services, while the category retail service is experiencing a slight decline.
 - Mixed Beverage and Bingo receipts are anticipated to increase modestly by \$3,000 over year-end.
 - Sales Tax, the largest of the three in this category, is projected to increase \$940,000 or 2.75% from year-end estimates for “base to base” collections. As mentioned above, significant audit adjustments are removed prior to forecasting the coming year.

Sales and Other Business Taxes

FY 16-17	Projected	FY 17-18
Base Actual	Growth Rate	Projected
\$34,190,178	2.75%	\$35,130,408



License and Permits

- License and Permits are projected to decrease (\$1.0 million) from the year-end estimate of \$3.7 million. Building Permits account for (\$954,000) 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 recently enacted HB3326, Contractor Fees will decline (\$67,000). Beginning September 1, 2017 the city may not impose or collect a permit fee, registration fee, administrative fee, or any other fee from an electrician who holds a license issued by the state for work performed in the city, but may continue to charge and collect building permit fees.

Remaining Revenues

- **Fines and Forfeits** are expected to increase \$74,000 to \$3.1 million. This projection is based on current citation volume. Revenue in this category is received through the Municipal Court and Library.
- Both **Interest Earnings** and **Civic Center** revenue are expecting minimal increases totaling \$75,000 in FY 2017-2018.
- **Recreation and Leisure Services** revenues are budgeted at \$4.4 million, an increase of \$123,000 over FY 2016-2017 year-end estimates. The majority of the increase, or \$80,000, includes the market driven, proposed 10.0% increase in Gymnastics Fees.

Remaining Revenues

- **Other Revenue** projected at \$5.1 million or \$45,000 over estimated year-end for FY 2016-2017. Modest increases across most categories are offset by a small decline in the auction and storage fees.
- Total revenue from **General & Administrative** Transfers is projected at \$8.7 million, an increase of \$90,000 from FY 2016-2017. This increase is tied to inflation as outlined in the indirect cost study preformed last year by MGT America.

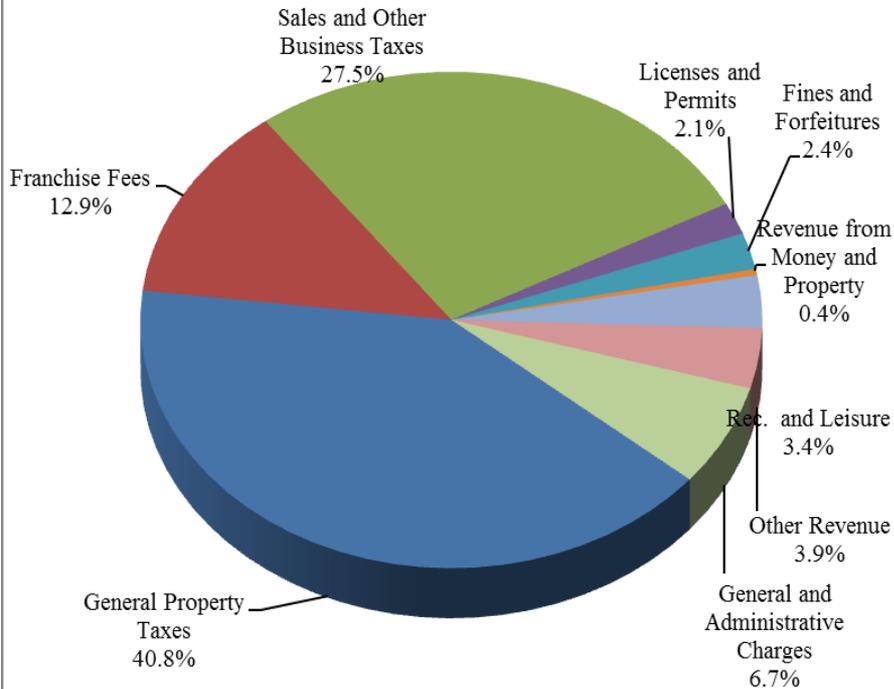
FY 2017-2018

General Fund Expenditures

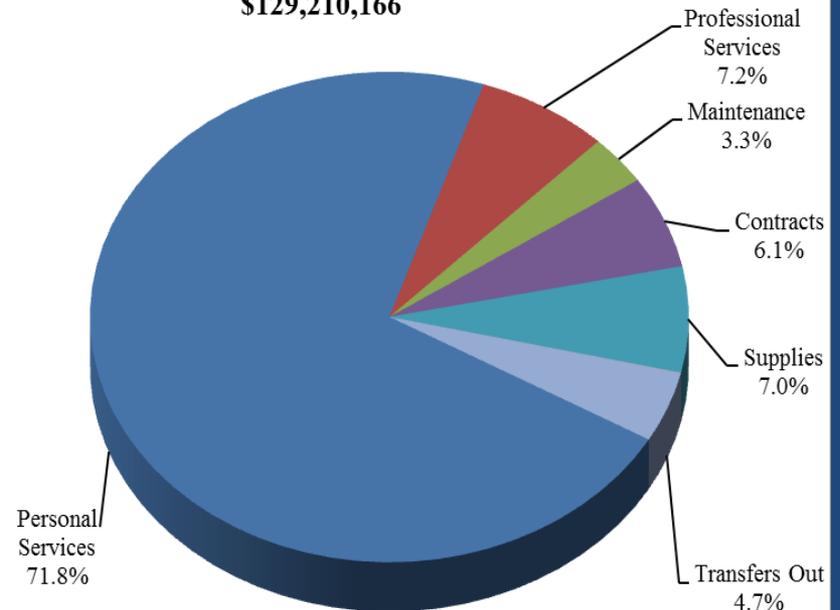
Classification of General Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 92,738,573	71.77%
Professional Services	9,282,805	7.18%
Maintenance	4,243,969	3.28%
Contracts	7,877,744	6.10%
Supplies	9,015,029	6.98%
Capital	14,400	0.01%
<u>Total Operating Expenditures</u>	\$ 123,172,520	95.33%
Transfers Out	\$ 6,037,646	4.67%
<u>Total Operating Expenditures and Transfers</u>	\$ 129,210,166	100.00%

FY 2017-2018 General Fund Expenditures

FY 2017-2018 General Fund Revenues - \$130,011,025



FY 2017-2018 General Fund Expenditures - \$129,210,166



FY 2017-2018

General Fund Expenditures

- Total Expenditures and Transfers for the General Fund are projected at \$129.2 million, an increase of \$4.7 million from the FY 2016-2017 year-end estimates.
- **Personal Services** – Personnel is 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 \$92.7 million, an increase of 5.4% from the year-end estimate of \$88.0 million and account for 75.3% of the total General Fund operating budget. The key personnel issues addressed in this proposal include:

FY 2017-2018

General Fund Expenditures

- **Public Safety movement within approved pay plan ranges of \$1.5 million** – In keeping with current market demands, public safety compensation continues to be the primary driver in personnel expense. Effective October 1, 2017, pay ranges for public safety will increase 3% while those employees will continue to progress through their approved pay ranges. This movement is typically on a yearly merit based 5% step plan.
- **\$273,000 for full year funding of new public safety staff authorized for partial year last year -**
 - Police - 3 Police Officers, 1 Investigative Specialist and 1 Police Planner
 - Fire – 1 Fire Management Technician.

FY 2017-2018

General Fund Expenditures

- **Partial Year Funding for New Positions - \$113,000**
 - 2 Apprentice Police Officers with a July hire date
 - 1 Crime Analyst converted from Part Time to Full Time Status
- **Non-public safety Open Range adjustment totals \$724,000 -** Effective October 1, 2017, non-public safety employees will no longer be on the traditional step plan but instead in open range plans. Progression through these ranges depends on performance and available funding. For FY 2017-2018, these employees will be eligible for a 3% merit based increase.
- **Market Adjustment for \$71,000 -** Since 1995-1996, the City has proactively reviewed approved pay ranges to insure market compatibility in an effort to recruit and retain high quality employees.

FY 2017-2018

General Fund Expenditures

- **Understaffing of 12 positions for a total savings of (\$662,000)** - 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 public safety. 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 employees come and go. The departments do not slow down or otherwise change hiring and staffing objectives, but we recognize the salary savings up front, rather than at the end of the year.

FY 2017-2018

General Fund Expenditures

- **Non-Personnel Operations** – For FY 2017-2018, Non-Personal Services operating line items are proposed at \$30.4 million, an increase of \$105,000 or 0.3% from year end estimates while maintaining all activities at the same high level of service currently provided.
- **Professional Services** – Decrease (\$179,000) or -1.9% while maintaining, among other things:
 - \$1.7 million for Parks and Recreation maintenance contracts, an increase of \$15,000 from year end and maintains all programs.
 - \$150,000 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 2017-2018

General Fund Expenditures

- **Professional Services (continued)...**
 - \$315,000 for Information Technology for off-site data storage and recovery agreements and includes a disaster recovery plan. In the event of a catastrophic loss of our main computing system, the recovery agreement would immediately restore essential data services such as purchasing, payroll, accounts payable, among others, so that normal business could proceed. Police body camera data storage is also included here at \$193,000.
 - \$300,000 for Information Technology to begin migration from the current Microsoft Office and IBM Lotus Notes platforms to the more contemporary Microsoft Office 365 including Microsoft Exchange e-mail.

FY 2017-2018

General Fund Expenditures

- **Professional Services (continued)...**
 - Bridge maintenance program - due to difficulty in acquiring the appropriate service provider for this work in FY 2016-2017, the \$300,000 allocated that year will be carried over with the expectation that the original work plan will be completed this year.

FY 2017-2018

General Fund Expenditures

- **Maintenance** – This category will increase \$166,000 or 4.1% for FY 2017-2018.
 - Parks Maintenance will receive \$808,000 in funding for repair and enhancement of irrigation, plumbing, electrical systems and general parks facility maintenance.
 - Information Technology maintenance receives \$1.4 million for software licensing and hardware maintenance.
 - Traffic and Transportation will receive \$723,000 for signs, markings, signal systems and video camera maintenance. This represents an increase of \$346,000 from last year. The increase was hosted in the Traffic Safety Fund in prior years.
 - Facilities Services receives a total of \$143,000 for general building maintenance, elevator and heating and cooling system repairs and maintenance

FY 2017-2018

General Fund Expenditures

- **Contracts** – Increase \$611,000 or 8.4% from year end while maintaining all current service and program levels including;
 - The Home Improvement Incentive Program budget will increase \$243,000 based on the participation of 176 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 1,044 projects have applied to take part in the program. Because of these projects, over \$54 million dollars has been added to the tax roll. Of that total, just over 230 projects have invested over \$100,000 each back into residential housing stock.
 - Economic development agreements increase \$297,000 from year-end. This increase is offset by increased revenue.

FY 2017-2018

General Fund Expenditures

- **Supplies Categories** – Decrease (\$271,000) from year end due to the exclusion of \$454,000 of the prior year encumbrances from year end 2016-2017.
- **Capital** – Includes \$14,400 for radios associated with the addition of two Police Officers
- **Street Rehabilitation** – For the last 20 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 and a half cents. This year that dedication will provide \$3.5 million in funding that will allow for ongoing repair, street leveling and crack sealing projects.
 - **Street Rehabilitation Supplemental Funding** – An additional \$650,000 is proposed to supplement the current 2.5 cent dedication.

FY 2017-2018

General Fund Expenditures

- ***Alley Rehabilitation*** – The half cent dedication, begun last year, will provide \$709,000 for the rehabilitation program for alleys in similar fashion to the Street Rehabilitation program.
- ***Economic Development*** – Increased last year to 8/10 of a cent, this tax rate dedication will provide \$1.1 million for economic development work in FY 2017-2018.
- **Fund Balance** – The proposed budget ends the year at 63.0 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.
- Tactical - In addition to the standard uniform, hose and equipment replacements, the department will also purchase 10 AED replacements, 17 replacement medication vaults, and furniture and fixtures for Station 3.

	4 Year CO's	8 year CO's
Quint - Replacement for Engine 5		\$887,000
Ambulance – Replacement Station 1		260,000
FFE Fire Station #3	\$75,000	
Med Vault 2 Replacements (17)	29,546	
High Security Master Key Retention System with Wi-Fi (19)	18,031	
AED/Electrode Replacement (10)	16,200	
Fire Hose Replacement Program	10,000	
Total	\$148,777	\$1,147,000

Police Department Enhancements

- The Department will receive \$770K in funding from short term CO's for vehicle replacement and implement a "text-to-911" system.
- Vehicles – The Department will replace a total of 18 vehicles including; 13 in patrol, 1 for the V.I.P.S. program, 4 in Investigations as their standard vehicle replacements.

Tahoe's - Patrol (9)	\$ 423,168
Ford SUV (3)	74,000
Volunteers In Police Service Vehicle – Tahoe (1)	50,926
Charger - Patrol (1)	50,926
Text-to-911 Enhancement Equipment	50,000
Mid-Sized Sedan (2)	48,000
Ford SUV - Patrol (1)	44,707
Crew Cab Pickup (1)	28,000
Total	\$ 769,727

Parks and Recreation Department

- A total of \$2.1 million of park improvements, maintenance projects and equipment/vehicle replacements are planned using \$1.1 million of our \$2.9 million annual CO's and \$1.1 million 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		\$293,594
Irrigation System Maintenance		276,000
General PARD Facility Maintenance		144,000
Electrical System Maintenance		115,000
Land Betterment		111,000
Plumbing Systems Repair		76,450
Parks Building Improvements		55,000
Parks Field Maintenance Equipment Replacement (7)	\$ 229,000	
1.5 Ton Pickup/Dump Body (3)	195,000	
Glenville Pool Plastering	155,000	
Median Irrigation Conversion	91,638	
3/4 Ton Extended Cab Pickup (3)	87,000	
Aquatics Equipment Replacement	60,800	
Matching Fund Beautification Projects (4)	47,500	
Treadmills (5) - Heights	45,000	
Playground Safety Surfaces (4)	40,000	
Huffhines Court Resurfacing	38,000	
Steps at Richardson Women's Club - Replacement	30,000	
Compact SUV	26,000	
Gymnastics Center Equipment	14,000	
Sectional Seating in Kids Area (Huffhines)	5,000	
	\$1,063,938	\$1,071,044

Street Repair and Rehabilitation

- This funding allows for the active street maintenance work proposed for FY 2017 2018.
 - Funding of \$5.3 million includes,
 - \$4,903,405 from the tax rate dedication.
 - \$363,500 in operations funding

	Actual 2015-2016	Estimated 2016-2017	Proposed 2017-2018
Tax Rate Dedication			
Street Rehabilitation Fund	\$2,322,813	\$3,262,709	\$3,544,504
Street Rehabilitation Supplement	-	-	\$650,000
Alley Rehabilitation	-	\$652,542	\$708,901
Subtotal Tax Rate Dedication	\$2,322,813	\$3,915,251	\$4,903,405
Operating Budget			
Misc. Street & Alley Concrete Repairs	\$219,483	\$268,736	\$199,000
Contract Street Repair	\$495,409	-	-
Misc. Asphalt Overlay Projects	\$108,018	\$120,000	\$140,000
Screening Fence repairs	\$45,139	\$40,000	\$24,000
Subtotal Operating Budget	\$868,049	\$428,736	\$363,000
Total Street Rehabilitation and Operating	\$3,190,862	\$4,343,987	\$5,266,405

Capital Improvement Plan

FY 2017-2018 Capital Improvement Plan

Series 2017: 2017-2018 Debt Issuance Program – All Funds

Amount	Bond Type	Purpose	Debt Service
\$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
\$1.15 million	C.O.	General Fund Fire Equipment – 8 yr.	General Debt Service
\$3.5 million	C.O.	Streets and Parks Supplement – 20 yr.	General Debt Service
\$3.7 million	C.O.	Public Safety Campus Supplement – 4 & 20 yr.	General Debt Service
\$40.59 million	G.O.	2015 G.O. Bond Program (Yr. 3 Projects) – 20 yr.	General Debt Service
\$5.26 million	C.O.	Water and Sewer C.I.P. – 15 to 20 yrs.	Utility Fund Debt Service
\$1.365 million	C.O.	Solid Waste Services Capital Equipment – 8 yr.	Solid Waste Debt Service
\$ 59.465 million	Total		

Water and Sewer Fund



FY 2017-2018

Water and Sewer Fund

Water and Sewer Fund Budget				
	2016-2017 Estimated	2017-2018 Budget	Est./Bud.	%
Beginning Fund Balances	\$15,718,367	\$15,279,379	(\$438,988)	-2.8%
Revenues	\$70,194,504	\$77,075,476	\$6,880,972	9.8%
Expenditures	\$70,633,492	\$75,009,050	\$4,375,558	6.2%
Ending Fund Balances	\$15,279,379	\$17,345,805	\$2,066,426	13.5%

FY 2017-2018

Water and Sewer Fund

Classification of Water and Sewer Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 6,726,788	8.96%
Professional Services	4,276,966	5.70%
Maintenance	47,380,168	63.17%
Contracts	941,299	1.25%
Supplies	1,086,885	1.45%
Capital	726,500	0.97%
<u>Total Operating Expenditures</u>	\$ 61,138,606	81.51%
Transfers Out	\$ 13,870,444	18.49%
<u>Total Operating Expenditures and Transfers</u>	\$ 75,009,050	100.00%

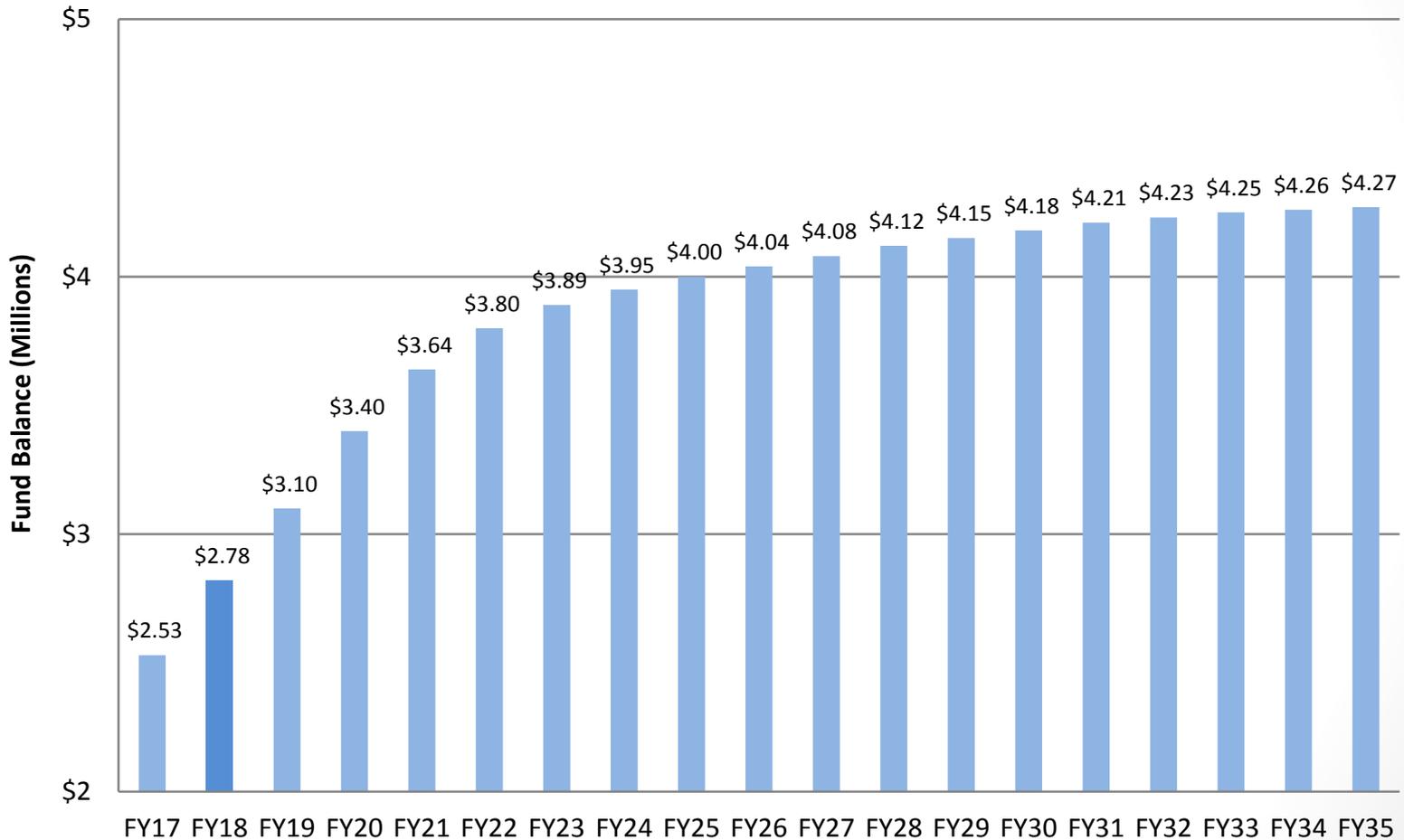
FY 2017-2018

Water and Sewer Fund Revenues

- On June 5, 2017, 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 are available on-line at www.cor.net.
 - In addition to the 10.0% increase in the cost of wholesale water outlined in that presentation, the District also discussed sewer treatment initiatives that will require the district to raise the costs of sewer treatment 14.9% for City sewer flowing into the Upper East Fork Interceptor and a similar 10.0% increase for sewer flowing into the Regional Waste Water System.

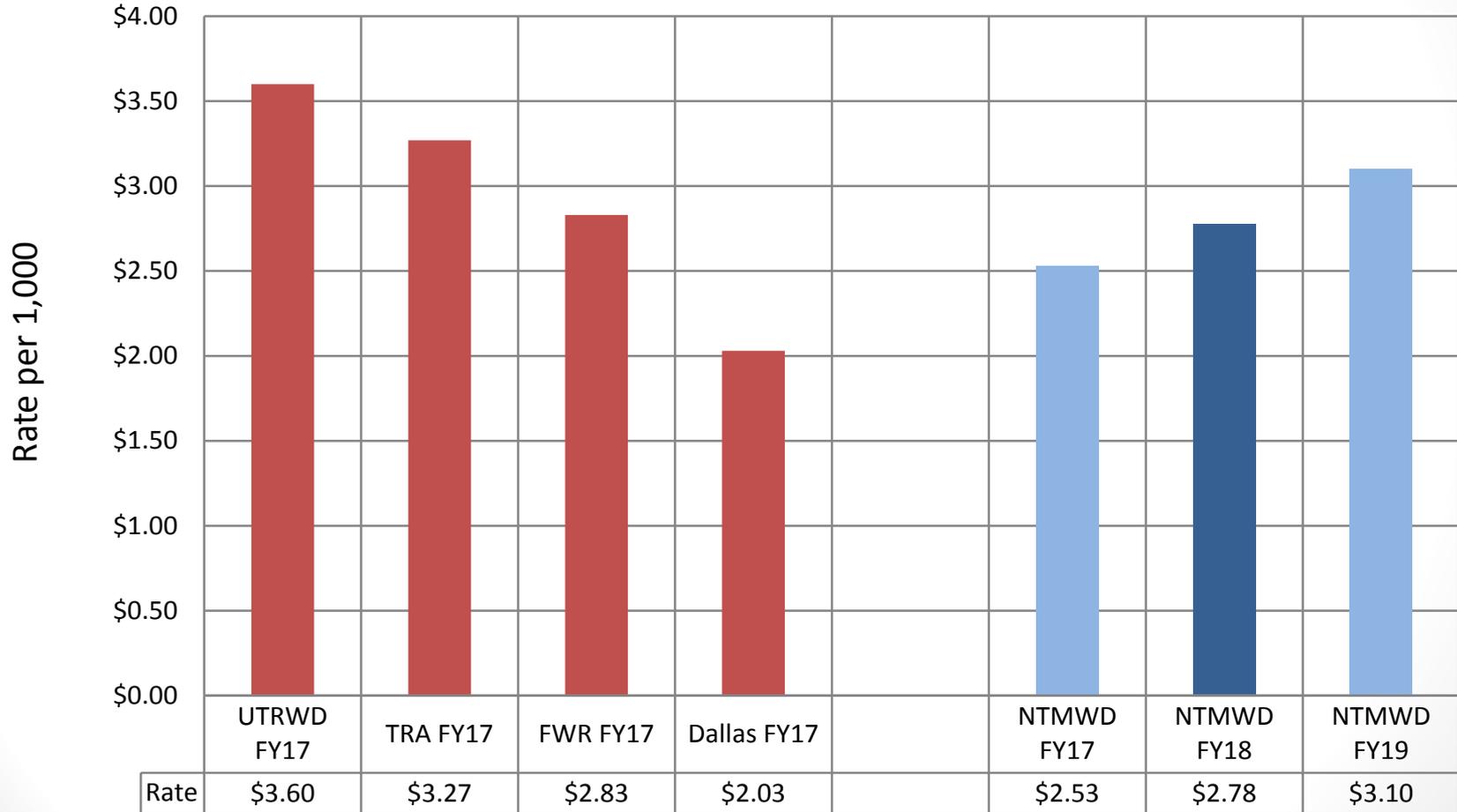
FY 2017-2018

North Texas Municipal Water District Supply – Member City Rates



FY 2017-2018

North Texas Municipal Water District Cost Comparison



FY 2017-2018

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

Participating Cities	FY17 Budget	FY18 Est
Allen	\$5.14	\$5.65
Forney	\$1.53	\$1.69
Frisco	\$2.12	\$2.34
Heath	\$0.75	\$0.83
McKinney	\$10.32	\$11.36
Mesquite	\$8.42	\$9.27
Plano	\$18.58	\$20.45
Princeton	\$0.49	\$0.54
Prosper	\$0.81	\$0.89
Richardson	\$6.27	\$6.90
Rockwall	\$1.18	\$1.30
Seagoville	\$1.12	\$1.23

FY 2016-2017

North Texas Municipal Upper East Fork Interceptor Waste Water Capital Preliminary Charges (million \$)

Participating Cities	FY17 Budget	FY18 Est
Allen	\$3.39	\$3.90
Frisco	\$1.40	\$1.61
McKinney	\$6.82	\$7.83
Plano	\$12.27	\$14.09
Princeton	\$0.33	\$0.38
Prosper	\$0.66	\$0.76
Richardson	\$2.89	\$3.32

FY 2017-2018

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 2017-2018 are based on a rate increase for both the water and sewer retail rates. The increase would go into effect with the first billing in November of 2017.

FY 2017-2018

Water and Sewer Fund Revenues

- Revenue from Water Sales and Charges is programmed at \$48.0 million representing a 13.1% increase from year-end and is based on a 9.5% increase across all five tiers as well as maintaining twice a week watering for the full year.
- Sewer Sales are budgeted at \$27.5 million or 5.0% above year-end and includes the 9.5% 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 \$14,000 based on a budget of \$1.5 million.

Proposed Rate Tiers

Fiscal Year	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
NTMWD/1,000 gal.	\$1.18	\$1.25	\$1.37	\$1.49	\$ 1.70	\$ 1.87	\$ 2.06	<i>\$ 2.29</i>	<i>\$ 2.53</i>	<i>\$ 2.78</i>
% Increase	9.25%	5.90%	9.60%	8.70%	14.80%	10.00%	<i>10.16%</i>	<i>11.17%</i>	<i>10.48%</i>	<i>9.88%</i>
City Rates										
Minimum	\$7.00	\$7.00	\$7.00	\$8.00	\$ 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	\$ 5.64
11,001-20,000	\$3.19	\$3.19	\$3.19	\$3.48	\$ 3.93	\$ 4.36	\$ 4.77	\$ 5.15	\$ 5.58	\$ 6.11
20,001-40,000	\$3.33	\$3.33	\$3.33	\$3.63	\$ 4.10	\$ 4.55	\$ 4.98	\$ 5.38	\$ 5.82	\$ 6.37
40,001-60,000	\$3.87	\$3.87	\$3.87	\$4.22	\$ 4.77	\$ 5.29	\$ 5.79	\$ 6.25	\$ 6.77	\$ 7.41
Over 60,000	\$4.05	\$4.05	\$4.05	\$4.41	\$ 4.99	\$ 5.53	\$ 6.06	\$ 6.54	\$ 7.08	\$ 7.75
% Increase	0.00%	0.00%	0.00%	9.00%	13.00%	10.90%	9.50%	8.00%	8.25%	9.50%

Residential Impact

Sample residential bill increases \$8.39/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 \$5.65/month
- Average residential sewer bill increases \$2.74/month

FY 2017-2018

Water and Sewer Fund Expenditures

- Expenditures and Transfers are proposed at \$75.0 million representing an increase of \$4.4 million or 6.2% 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,” however we will be charged an additional \$0.25/1,000 gallons in the price of wholesale water from the NTMWD. This represents an increase of \$2.8 million over last year. For FY 2017-2018, the total cost of wholesale water increases to \$30.6 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 \$29.6 million.

FY 2017-2018

Water and Sewer Fund Expenditures

- Sewer treatment services are expected to increase \$1.6 million over the year end estimates of \$14.3 million.
- Together, the wholesale cost of water and sewer treatment services account for \$45.6 million or 60.7% of the total expenses.
- Personal Services is proposed at \$6.7 million, an increase of 10.3% over year-end estimates and includes full staffing and the merit pay package.
- Professional Services of \$4.3 million decrease (\$238,000).
 - As discussed at the June 5th work session, this proposal sets aside \$3.9 million (an increase of \$259,000 from year-end) for the 3rd year of the CMOM (Capacity, Management, Operations, and Maintenance) program and includes:

FY 2017-2018

Water and Sewer Fund Expenditures

- (CMOM continued)
 - \$1.1 million for Hydraulic Analysis/Modeling
 - Complete City Wide Effort
 - \$2.0 million Condition Assessment
 - Cleaning and Inspection for 10% of the system
 - Data Collection and Asset Management
 - \$750,000 Rehabilitation and Capital Improvements
 - Lift station capital improvements
 - Repair and maintenance
 - Manhole and pipeline repairs in previously assessed areas
- Contracts increases \$37,000 or 4.1% from the year end estimate of \$904,000.
- Supplies of \$1.1 million will decrease (\$574,000) due to the inclusion last year of \$568,000 in prior year encumbrances. The two largest expenses in his category are electricity at \$718,000 and postage for water bills at \$149,000.

FY 2017-2018

Water and Sewer Fund Expenditures

- Continuing the “pay-as-you-go” initiative, \$727,000 of capital equipment/vehicle replacements.
- Operating Transfer Out sees an increase of \$424,000 based on \$343,000 in additional Franchise Fee while the BABIC Transfer remains unchanged at \$467,000.
- The debt service transfer decreases (\$26,000) to \$5.5 million to cover debt obligations for this fund.
- Fund Balance is projected at 84.4 days, 5.6 days below the Council approved policy of 90 days.

FY 2017-2018

Water and Sewer Fund Expenditures

Water Purchases				
	2014-2015	2015-2016	2016-2017	2017-2018
Minimum Purchase	11.0 billion	11.0 billion	11.0 billion	11.0 billion
Projected Sales	6.5 billion	6.8 billion	6.9 billion	6.9 billion
Actual Purchase	7.2 billion	8.5 billion	N/A	N/A
Purchase as a % of Contract	65.5%	77.3%	N/A	N/A
Wholesale Cost	\$20,750,908	\$24,219,789	\$26,878,857	\$29,633,685
Rebate per 1,000 Gals.	\$0.51	\$0.41	N/A	N/A
Total Rebate	\$1,948,872	\$1,014,433	N/A	N/A
Rebate as a % of Total Cost	9.4%	4.2%	N/A	N/A

Sewer Purchases				
	2014-2015 Actual	2015-2016 Actual	2016-2017 Estimate	2017-2018 Budget
NTMWD	\$6,905,128	\$8,167,619	\$8,898,512	\$9,943,509
Dallas	\$2,496,552	\$2,668,374	\$2,507,832	\$2,988,817
Garland	\$2,781,924	\$2,864,328	\$2,878,299	\$2,999,999
Total	\$12,183,604	\$13,700,321	\$14,284,643	\$15,932,325

Capital Equipment

Item Description	Operations
1 Ton Truck with Service Body (4)	\$224,000
Articulated Wheel Loader (1)	200,000
Track Excavator (1)	160,000
1/2 Ton Crew Cab Pickup Truck (2)	58,000
Creek Annual Repair Program	50,000
Open Sided ISO Container (1)	15,000
Two-Way Clean Out Material	12,000
Horizontal Boring Tool (1)	7,500
	<u>\$726,500</u>

Infrastructure Maintenance

Water, Sewer, & Erosion Maintenance Projects 2016-2017		
	Operations	Debt
Capacity, Management, Operations and Maintenance (CMOM) Initiatives	\$ 3,900,000	
Paving Cut Repair	339,000	675,000
Pump Station and Tower Maintenance	303,280	
Water - Main Break Repair and Line Replacement	220,742	
Meter Repair and Replacement	151,000	1,175,000
Fire Hydrant Maintenance and Replacement	140,000	
Sewer - Main Break Repair & Replacement	48,401	
Lift Station Rehabilitation (Lookout Dr)		1,000,000
New Water Line Installation		650,000
New Sewer Line Installation		560,000
UTD Water Tower Design		500,000
Ground Storage/Pump Station Maintenance		300,000
Manhole Rehab/Replacement		200,000
Sub Total	\$ 5,102,423	\$ 5,260,000
Grand Total Operations and Debt	\$10,362,423	

Solid Waste Services Fund



FY 2017-2018 Solid Waste Fund

Solid Waste Services Fund Budget				
	2016-2017 Estimated	2017-2018 Budget	Est./Bud.	%
Beginning Fund Balances	\$4,098,185	\$3,969,518	(\$128,667)	-3.1%
Revenues	\$14,519,951	\$14,708,492	\$188,541	1.3%
Expenditures	\$14,648,618	\$14,970,413	\$321,795	2.2%
Ending Fund Balances	\$3,969,518	\$3,707,596	(\$261,922)	-6.6%

FY 2017-2018 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	\$ 5,036,658	33.64%
Professional Services	431,494	2.88%
Maintenance	4,474,350	29.89%
Contracts	409,866	2.74%
Supplies	280,430	1.87%
Capital	-	-
<u>Total Operating Expenditures</u>	<u>\$ 10,632,798</u>	<u>71.03%</u>
Transfers Out	\$ 4,337,615	28.97%
<u>Total Operating Expenditures and Transfers</u>	<u>\$ 14,970,413</u>	<u>100.00%</u>

FY 2017-2018

Solid Waste Fund Revenues

- Total revenues are projected to be \$189,000 over year-end estimates.
- Residential Collection Fees are projected to increase \$86,000 or 1.4% from their estimated year-end position of \$6.0 million with no increase to Residential Collections fees proposed at this time.
- The City raised the monthly residential collection fee by \$3.00 per month for the FY 2016-2017 budget due to rising costs for service. The current monthly residential fee is \$21.00 including tax and \$15.56 including tax for seniors. The City receives the pre-tax amounts of \$19.40 and \$14.37 per month respectively.

FY 2017-2018

Solid Waste Fund Revenues

- As seen in the graphic below, the “true cost” of residential service is expected to be \$26.85 per month. This means commercial fees continue to subsidize residential collection by \$7.45 per month (excluding sales tax), or \$89.40 a year for each resident in the City.

Residential Cost Breakdown				
	Actual	Budget	Estimate	Budget
	2015-16	2016-17	2016-17	2017-18
Operating Cost	\$7.49	\$7.71	\$7.84	\$8.25
Disposal Costs	4.18	4.38	4.38	4.38
BABIC	2.49	2.73	2.72	2.95
Recycling	2.76	3.92	3.82	3.93
G&A and Fran. Fees	4.78	4.94	4.91	5.00
Debt	2.13	2.52	2.51	2.35
	\$23.83	\$26.19	\$26.17	\$26.85

FY 2017-2018

Solid Waste Fund Revenues

- Commercial Collections Fees are expected to increase 1.1% or \$88,000 from year end estimates with no increase to commercial fees proposed at this time. This maintains the City's goal to be 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.
- Other Revenue is projected to increase 6.0% or \$10,000 and includes stronger auction revenue.
- Interest Earnings are expected to increase 24.9% or \$4,000 based on anticipated higher interest rates..

FY 2017-2018

Solid Waste Fund Expenditures

- Total expenditures and transfers are proposed at \$15.0 million, an increase of \$322,000 or 2.2% over the year-end estimate of \$14.6 million.
- Personal Services increase \$281,000 or 5.9% over year-end estimate and includes full staffing and the full year impacts of the merit based pay program.
- Professional Services increase of \$44,000 from the year-end estimate and includes increases for the recycling contract.
- The Maintenance category is projected to increase \$20,000 or 0.5% over the year-end estimate and includes nominal increases in the disposal fees charged by NTMWD.

FY 2017-2018

Solid Waste Fund Expenditures

- Contracts and Supplies, with a combined budget of \$690,000, increase \$20,000 from year end.
- The General and Administrative transfer increases \$44,000 as a result of the indirect cost allocation study performed by MGT of America.
- The Franchise Fee increases \$9,000.
- The Debt Service Transfer of \$1.4 million is (\$97,000) lower than year-end estimate and represents the current payment due on equipment debt issuance.
- FY 2017-2018 fund balance is proposed at 90.4 days. This achieves the goal established in the adopted financial policy of “60 days building towards 90.”

Golf Fund



FY 2017-2018 Golf Fund

Golf Fund Budget				
	2016-2017 Estimated	2017-2018 Budget	Est./Bud.	%
Beginning Fund Balances	\$107,470	\$99,427	(\$8,043)	-7.5%
Revenues	\$2,163,785	\$2,282,588	\$118,803	5.5%
Expenditures	\$2,171,828	\$2,275,125	\$103,297	4.8%
Ending Fund Balances	\$99,427	\$106,890	\$7,463	7.5%

FY 2017-2018 Golf Fund

Classification of Golf Fund Expenditures

<u>Operating Expenditures</u>	<u>Proposed Budget</u>	<u>Percent of Total</u>
Personal Services	\$ 1,149,618	50.52%
Professional Services	236,275	10.39%
Maintenance	246,338	10.83%
Contracts	149,688	6.58%
Supplies	394,000	17.32%
Capital	-	-
<u>Total Operating Expenditures</u>	\$ 2,175,919	95.64%
Transfers Out	\$ 99,206	4.36%
<u>Total Operating Expenditures and Transfers</u>	\$ 2,275,125	100.00%

FY 2017-2018 Golf Fund - Revenues

- Revenues for the Golf Fund are projected at \$2.3 million for FY 2017-2018 representing an increase of \$119,000 or 5.5% over year-end.
 - Green fees of \$1.5 million represents a \$101,000 from year-end and includes no change to the current fee structure.
 - Cart Fees are projected to increase \$12,000.
 - The remaining revenues of \$116,000 increase \$6,000 from the year end position.

FY 2017-2018 Golf Fund - Expenditures

- Total Expenditures and Transfers for the Golf Fund are proposed at \$2.3 million, an increase of \$103,000 from year-end.
- Personal Services increase \$44,000 and represents full staffing.
- The remaining operational expenditures increase \$57,000 from year-end estimates of \$969,000, representing modest increases across the categories.
- The General and Administrative transfer increases \$2,000 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 17.2 days.

Hotel/Motel Tax Fund



FY 2017-2018 Hotel/Motel Tax Fund

Hotel/Motel Tax Fund Budget				
	2016-2017 Estimated	2017-2018 Budget	Est./Bud.	%
Beginning Fund Balances	\$3,023,281	\$2,427,599	(\$595,682)	19.7%
Revenues	\$6,662,003	\$6,864,917	\$202,914	3.0%
Expenditures	\$7,257,685	\$6,591,660	(\$666,025)	-9.2%
Ending Fund Balances	\$2,427,599	\$2,700,856	\$273.257	11.3%

FY 2017-2018

Hotel/Motel Tax Fund

Classification of Hotel/Motel Tax Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 2,333,592	35.40%
Professional Services	1,232,274	18.69%
Maintenance	148,294	2.25%
Contracts	1,257,428	19.08%
Supplies	499,969	7.58%
Capital	369,000	5.61%
<u>Total Operating Expenditures</u>	\$ 5,840,557	88.61%
Transfers Out	\$ 751,103	11.39%
<u>Total Operating Expenditures and Transfers</u>	\$ 6,591,660	100.00%

Hotel Occupancy

Year	Occupancy Rate	Average Daily Rate	RevPAR
Oct-May FY16	75.05%	\$92.28	\$70.44
Oct-May FY17	69.82%	\$94.04	\$65.94

FY 2017-2018

Hotel/Motel Tax Fund Revenues

Hotel Property	Actual 2015-2016	Budget 2016-2017	Estimated 2016-2017	Budget 2017-2018
Como Motel	\$ 20,008	\$ 20,440	\$ 18,699	\$ 18,325
DoubleTree Hotel	633,542	650,616	625,578	616,194
Econo Lodge	62,187	66,341	67,164	69,851
Extended Stay of America	88,249	63,098	101,664	106,747
Hampton Inn	-	-	131,784	186,300
Hawthorne Suites	76,318	73,792	70,138	68,735
Hilton Garden Inn	325,178	328,940	315,577	309,265
Holiday Inn	239,519	226,686	232,788	230,460
Hyatt Regency	726,367	741,579	628,074	624,934
Hyatt House	207,711	211,403	209,324	211,417
Marriott Courtyard - Galatyn	277,345	280,970	254,890	247,243
Marriott Courtyard - Spring Valley	278,355	292,231	241,727	234,475
Marriott Renaissance	810,206	835,522	753,604	746,068
Marriott Residence Inn	219,526	234,766	225,056	220,555
Marriott Springhill Suites	211,117	222,737	214,328	210,041
Super 8	70,334	69,429	78,764	79,552
Wingate by Wyndham	189,921	198,071	170,907	169,198
National Corporate Housing	25	-	-	-
Estates of Richardson	182	-	712	705
Aloft CityLine - TBD	-	-	-	-
TOTAL	\$ 4,436,091	\$ 4,516,621	\$ 4,340,778	\$ 4,350,066

FY 2017-2018

Hotel/Motel Tax Fund Revenues

- Total Revenues for the Hotel/Motel Tax Fund are projected at \$6.8 million for next year, reflecting a 3.1% increase in overall revenues.
- For 2017-2018, Hotel/Motel Tax Receipts are budgeted at \$4.3 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 assumptions. These facilities include;
 - Aloft CityLine
 - Drury Inn
- Parking Garage fees are projected at \$223,000, an increase of \$6,000 over year-end.

FY 2017-2018

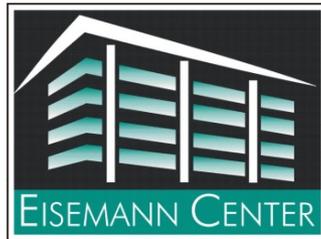
Hotel/Motel Tax Fund Revenues

- Eisemann Center revenues are projected at \$2.3 million reflecting a \$182,000 increase from estimated year-end reflecting minimal increases in operations and a full program for Eisemann Center Presents revenue for the 2017-2018 Season as briefed to Council on May 1.
- FY 2017-2018 marks the fourth 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 \$250,000 over the course of the fiscal year.

FY 2017-2018

Hotel/Motel Tax Fund Expenditures

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



FY 2017-2018

Hotel/Motel Tax Fund Expenditures

- Total Expenditures and Transfers for FY 2017-2018 are proposed at \$6.6 million reflecting a (\$666,025) decrease from current year-end expenditures.
 - The Eisemann Center expenditures decrease (\$105,000) from year-end.
 - The Eisemann Center's daily operations decrease (\$72,000).
- Eisemann Center Presents Series expenditures decrease (\$33,000) reflecting a full season as referenced above.
- Parking Garage Expenditures are expected to increase slightly by \$2,000 next year at \$516,000.

FY 2017-2018

Hotel/Motel Tax Fund Expenditures

- Capital/Renewal Expenditures of \$400,000 includes;
 - Eisemann Center upgrades and replacements of \$195,000
 - \$175,000 is set aside for the future replacement of the Eisemann roof
 - \$20,000 for HVAC repairs and replacement
 - Galatyn Campus Renewal of \$200,000 includes;
 - \$35,000 for Phase III Galatyn tree well LED conversion
 - \$165,000 is budgeted for plaza improvements/repairs including tree grates, bollards, tree replacement/ relocation, irrigation improvements, pavement delineation, and site furnishings
 - Parking Garage will receive \$5,000 to replace a cooling unit in the electrical room

FY 2017-2018

Hotel/Motel Tax Fund Expenditures

- Arts Grants funding are programmed at \$375,000 for the 2017-2018 budget, reflecting no change from FY 2016-2017.
- Miscellaneous expense of \$63,000 includes event advertising, the Hotel/Motel Fund share of the citywide audit expense, arts website maintenance and smaller miscellaneous expenses.
- The Transfer to General Fund – CVB matches the department budget at \$401,000.
- 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 \$2.7 million.

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 44% over the prior year to \$1.4 billion generating \$8.9 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 receive the tax rate allocation for economic development programs.

Other Fund Highlights

- Drainage Fund (page 28) is programmed at \$2.8 Million.
 - \$600,000 in contract services will provide:
 - Storm Drain Pipe Inspection, Cleaning and Repair
 - Inlet Inspection and Cleaning
 - Street Sweeping
 - Inlet Filters in Target Catchments
 - Open Channel Maintenance
 - Semi-annual rotation (one site)
 - Bi-annual rotation (two sites)
 - Addition sites as needed
 - \$1.37 Million is programmed for flood prevention and storm drain improvements at the following locations:
 - Dorothy Drive Drainage Improvements

Summary

- The 2017-18 budget will be the **fifth** 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 2017-18 budget adds the next year of enhanced infrastructure maintenance initiatives and increases resources for public safety while maintaining the current tax rate.



- 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 on August 21, 2017
 - Public Hearing on the Budget and Tax Rate on August 28, 2017
 - Budget Adoption on September 11, 2017

