

FY20-21: Advancing our Missions Through the COVID Storm

City Manager's Budget Presentation
August 10, 2020



What a Journey!

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



The COVID Storm: An Evolving Impact



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

Advancing the Missions

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

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



Property Tax Considerations

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

Property Tax Rate Considerations

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

Budget Development Requirements/Guidelines

State and
Federal Laws

City Charter

City Council
Direction

City Financial
& Investment
Policies

Fund
Accounting
Standards

Bond Rating
Criteria

Economic Outlook

FY2020-2021: “Through the COVID Storm”

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

Challenges/“Storms”:

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

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

Multi-Year Economic Challenges

Nationally & Texas

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

* Congressional Budget Office

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

Non-Economic Uncertainties

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

FY20-21 Budget Approach

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

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

FY20-21 Budget Approach

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

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

FY20-21 Budget Approach

Results in Key Decisions

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

City Work Plan and Implications of Budget Approach

What's Currently Incorporated Into the Budget

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

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

Neighborhood Initiatives

Multi-Year
Neighborhood
Park Maintenance
Strategies

Dedicated Funding
for Alley Repairs

Street
Maintenance
Strategies

Matching Fund
Beautification
Program

Home
Improvement
Incentive Program

Neighborhood Initiatives

FY20-21 Key Initiatives:

Neighborhood Parks Maintenance Strategies:

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

Dedicated Alley Funding:

- Dedicated funding for 83 alley segment repair projects

Street Maintenance Strategies:

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

Matching Fund Beautification Program:

- Matching funds for five neighborhood projects

Home Improvement Incentive Program:

- Funding for 146 homes in FY20-21

Infrastructure Initiatives

Street and Alley
Maintenance
Strategies

Traffic Signs and
Markings
Maintenance
Strategies

Water
Maintenance
Strategies

Sewer
Maintenance
Strategies

Drainage
Maintenance
Strategies

Infrastructure Initiatives

Streets, Alleys, Traffic

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

FY20-21 Streets and Alleys Key Initiatives:

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

FY20-21 Traffic Signs, Traffic Markings Key Initiatives:

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

Infrastructure Initiatives

Water Fund and Drainage Fund

FY20-21 Water Key Initiatives

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

FY20-21 Sewer Key Initiatives:

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

FY20-21 Drainage Key Initiatives:

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

What's Not Incorporated Into the Budget

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

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

Restoration Strategy

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

Further Contingencies and Assumptions

General Fund

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

Other Funds

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

Combined Funds

FY 2020-2021 Combined Budget

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

FY 2020-2021 Combined Budget

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

General Fund Overview

FY 2020-2021 General Fund

General Fund Budget (p. 17)

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

“Certified Tax Estimates”

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

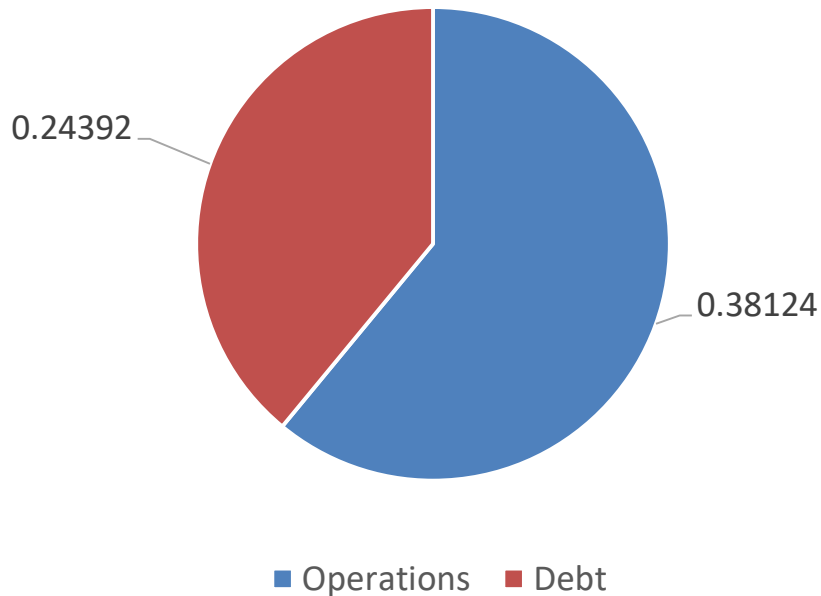
Estimated Tax Rolls

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

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

General Fund - Property Tax

\$0.62516 Tax Rate



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

Senior Tax Exemption:

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

2019 Property Tax Rates

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

Tax Rate Calculations

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

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

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

FY 2020-2021 Assessed Valuation

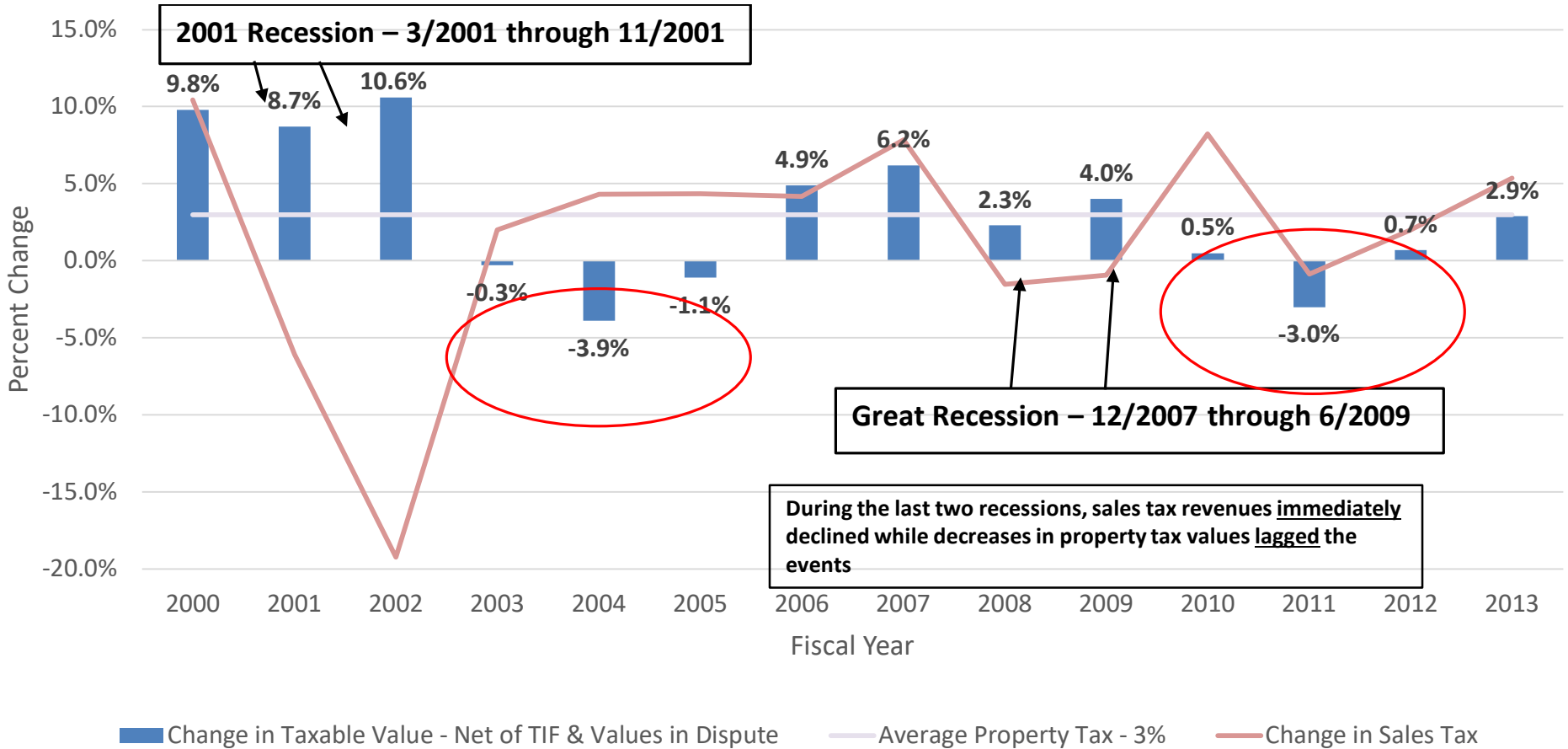
Valuation Including VID, TIF & New Improvements			
District	2020 “Certified Estimate” Roll	2020 New Improvements	%
CCAD	\$8,220,000,000	\$276,344,080	3.36%
DCAD	\$10,064,088,378	\$168,851,955	1.68%
Total	\$18,284,088,378	\$445,196,035	2.43%

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

Senior Exemption

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

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



FY20-21 Budget Assumptions Revenue

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

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

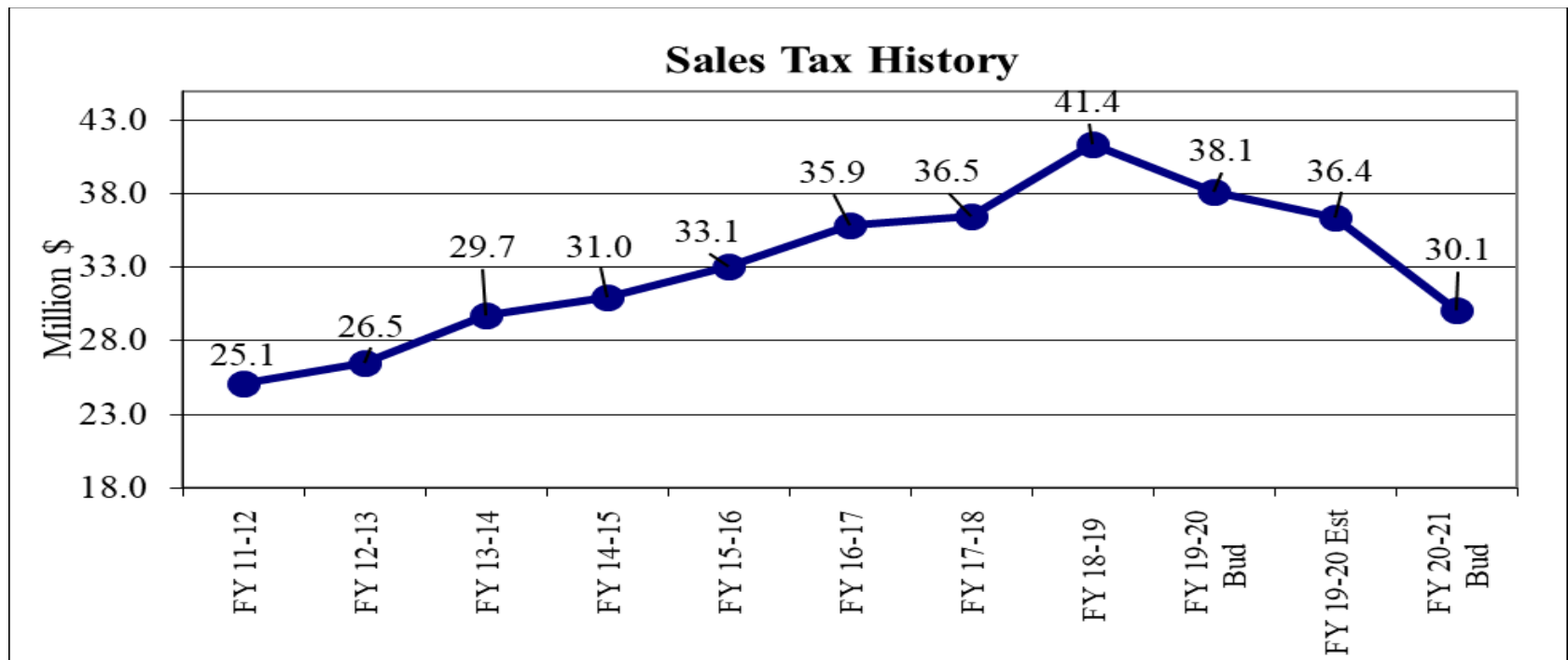
Why Aren't Sales Tax Collections Worse?*

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

* Texas Taxpayers and Research Association

FY20-21 Budget Assumptions: Sales Tax

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

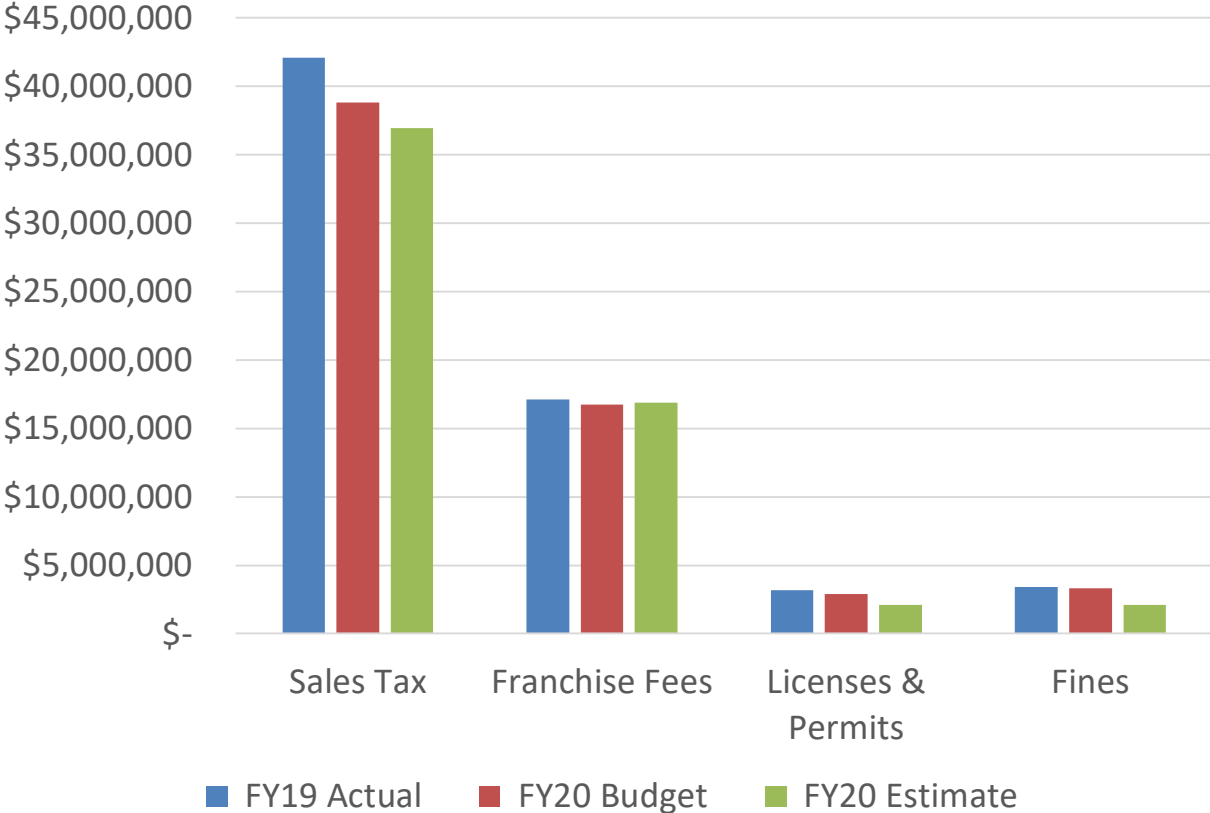


FY20-21 Budget Assumptions: Remaining Revenue (p. 18-19)

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

General Fund Revenues (p. 18-19)

General Fund Revenues



FY20-21 Budget Projections from FY20 Estimate:

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

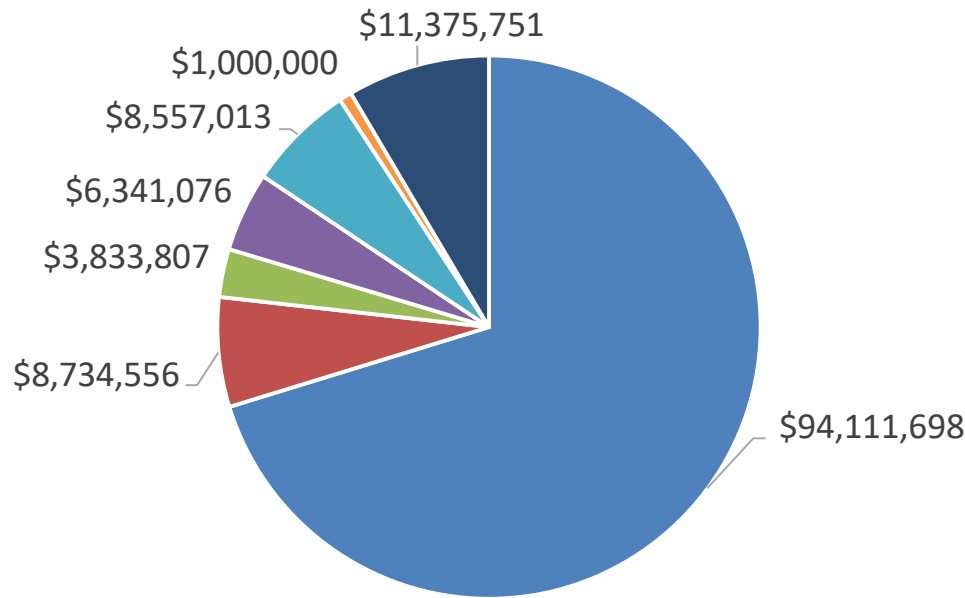
FY20-21 Budget Expenditures (p. 17)

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

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

FY20-21 Proposed General Fund Expenditures

FY 20-21 General Expenditures



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

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

FY20-21 Budget Assumptions: Expenditures

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

Capital and Debt Planning

Series 2021 Debt Factors

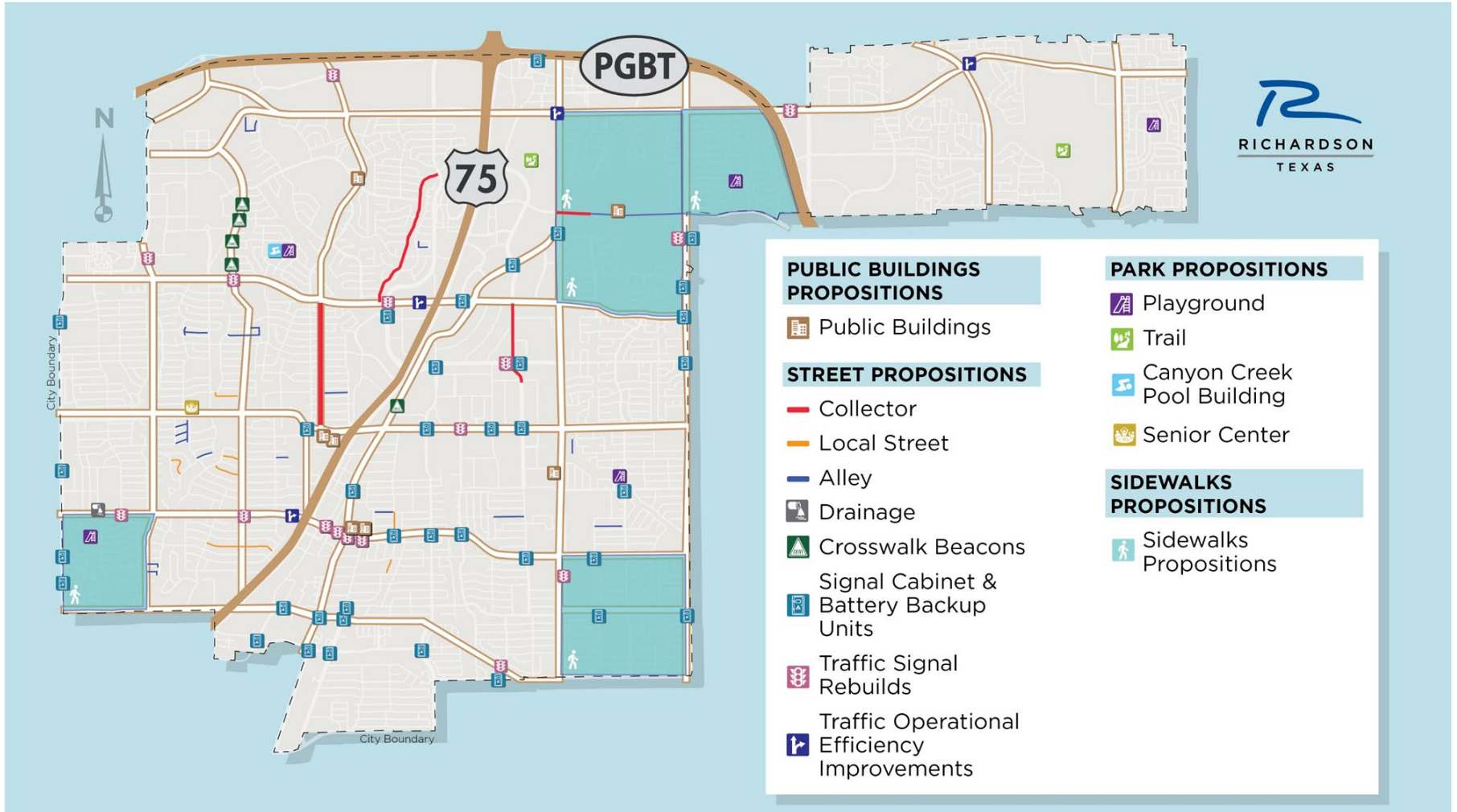
- Stewardship of AAA bond rating from Moody's and Standard & Poor's
- Continued conservative property value growth and interest rate modeling assumptions
- Focus on completion of 2015 GO Bond Program projects
- Annual equipment/infrastructure needs for Fire, IT, Solid Waste, Water & Sewer
- Supplemental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

MOODY'S

AAA

S&P Global

2015 G.O. Bond Program



Series 2021 Proposed

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

Future Bond Program Planning

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

The Future Bond Program Work Plan includes:

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

Water/Sewer Fund

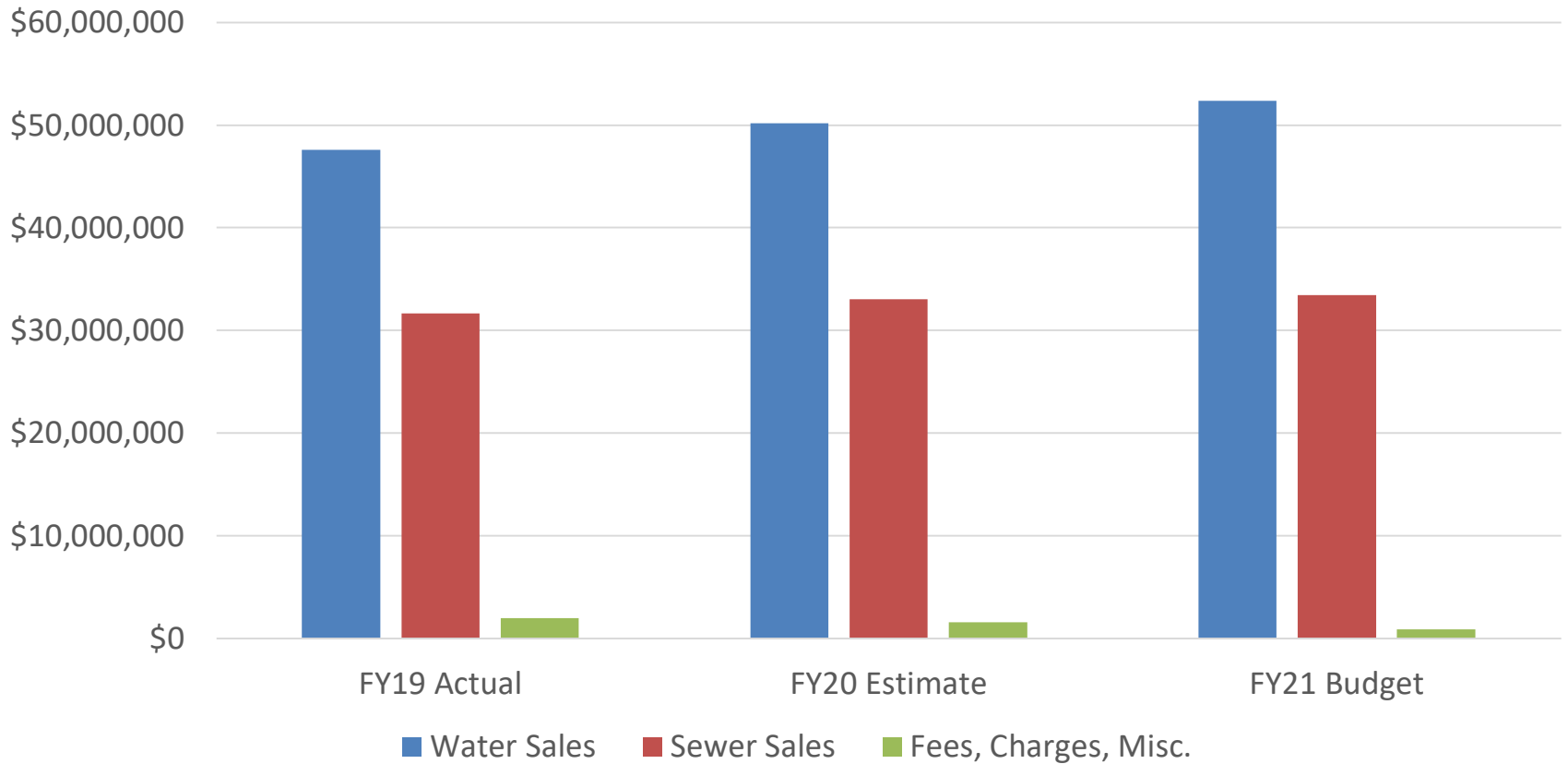
Water and Sewer Fund

Water and Sewer Fund Budget (p. 23)

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

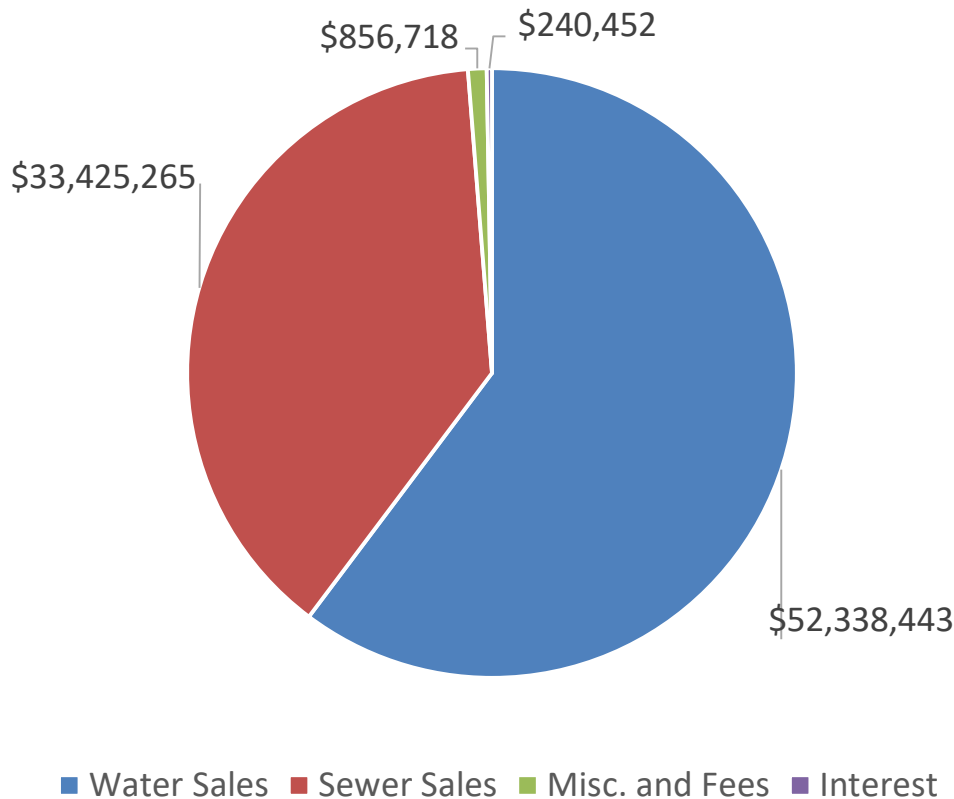
FY20-21 Proposed Water/Sewer Fund

Water/Sewer Fund Revenue



FY20-21 Proposed Water/Sewer Fund

FY20-21 Water/Sewer Fund Revenue



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

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

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

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

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

- Expenditures and Transfers are proposed at \$86.1 million representing an increase of \$2.7 million or 3.2% over year-end estimates.
- The Maintenance category is the largest operational expenditure in this fund and includes the costs of water and sewer services. The City is not expecting to set a new “minimum purchase” and no change to the wholesale water rate from the NTMWD is anticipated at this time. For FY 2020-2021 the total cost of wholesale water is \$32.9 million.
- Sewer treatment services are expected to increase \$775,000 over the year end estimates of \$21.0 million. These increases are due to the combination of the rate increases from our service providers mentioned earlier and projected flows in the sewer basins.
- Together, the wholesale cost of water and sewer treatment services account for \$54.8 million or 63.6% of the total expenses.
- Fund Balance is projected at 96.6 days, in compliance with the City Council approved Financial Policy for the Water and Sewer Fund of “90 Days in Fund Balance”.

Solid Waste Fund

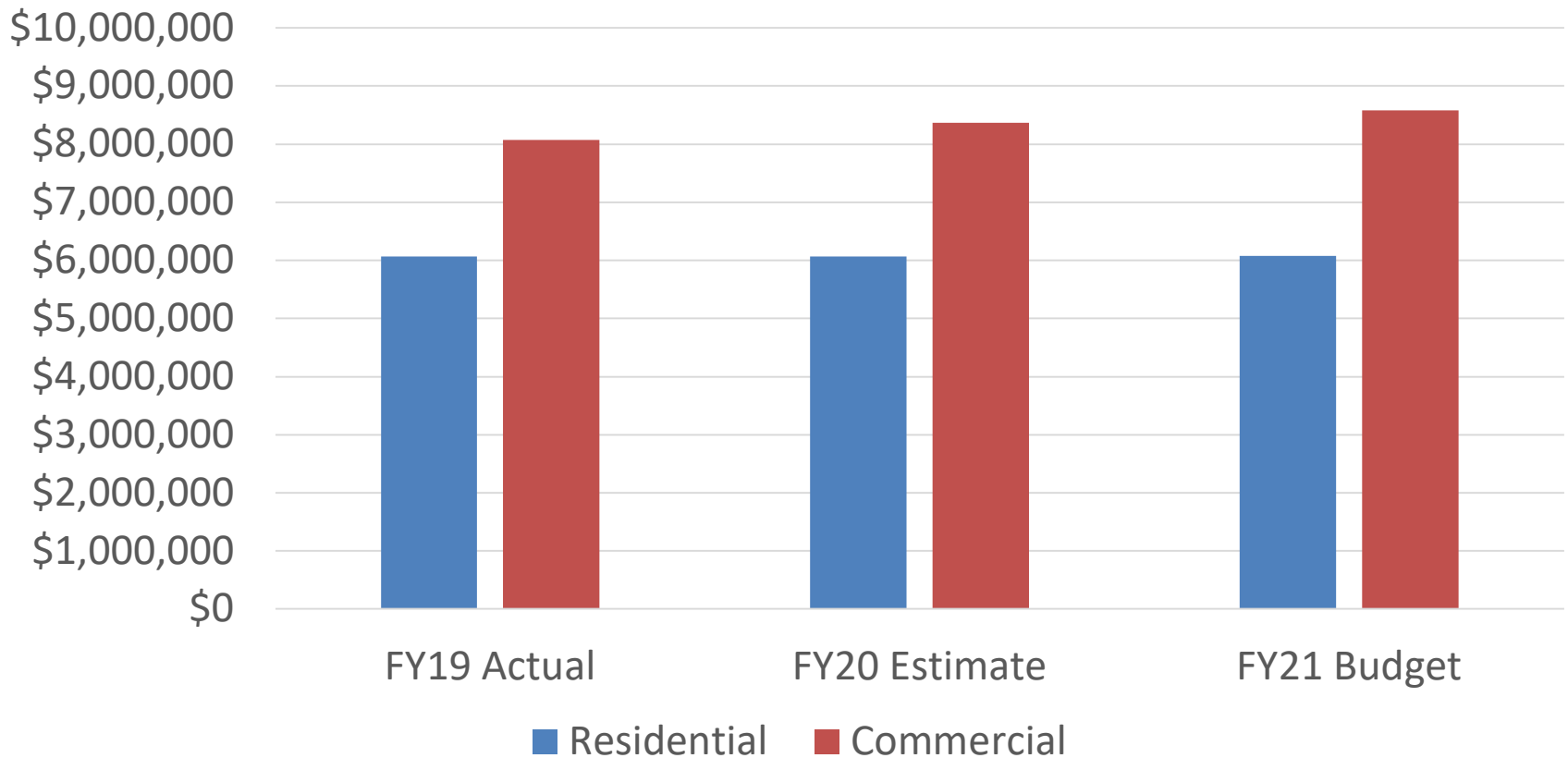
Solid Waste Services Fund

Solid Waste Services Fund Budget (p. 28)

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

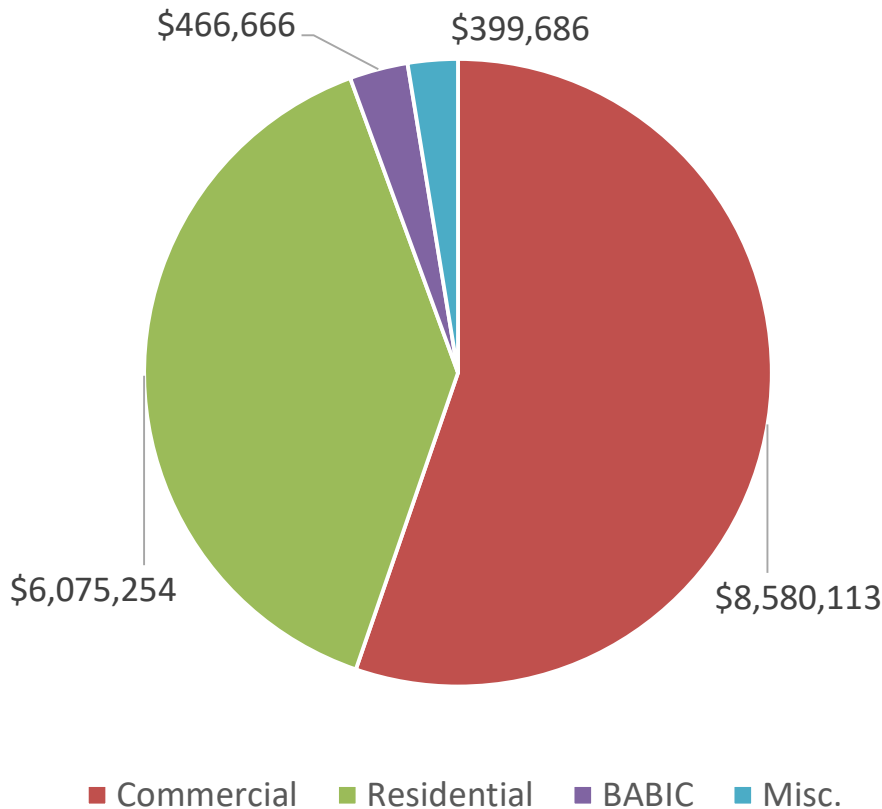
FY20-21 Proposed Solid Waste Fund

Solid Waste Fees



FY20-21 Proposed Solid Waste Fund

FY20-21 Solid Waste Fund Revenue



Solid Waste Expenditures:

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

Key Elements:

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

FY20-21 Proposed Solid Waste Fee Changes

Select Commercial Services

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

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

- Total revenues are projected to be \$229,000 over year-end estimates.
- Residential Collection Fees are projected to increase \$6,000 or 0.1% from their estimated year-end position of \$6.1 million with no increase to Residential Collections rates proposed at this time.
- Commercial revenues are expected to increase 2.6% or \$215,000 from year end estimates.
- The BABIC transfer from the Water and Sewer fund will remain at \$467,000. This allocation acknowledges the water supply protection provided by the BABIC program.
- The Other Revenue category is projected to increase 1.5% or \$5,000.
- Interest Earnings are expected to increase 6.0% or \$3,000 based on anticipated earnings.

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

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

Golf Fund

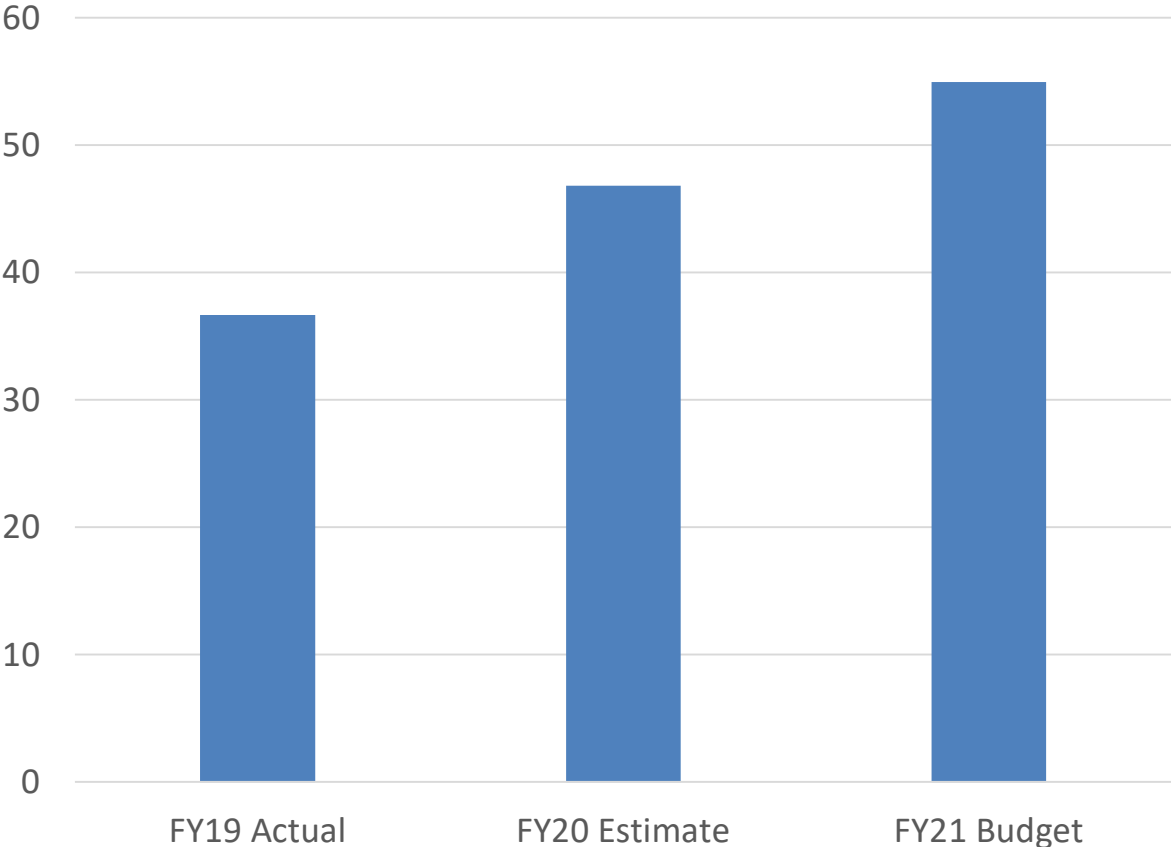
Golf Fund

Golf Fund Budget (p. 33)

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

FY20-21 Proposed Golf Fund

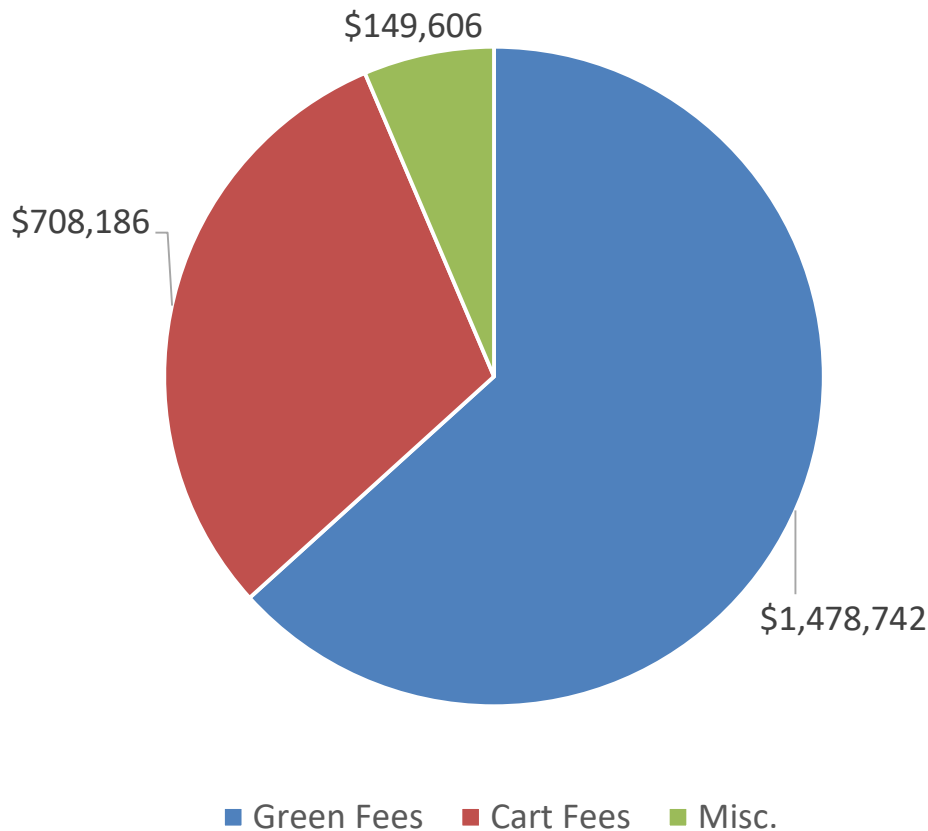
Golf Fund - Days of Fund Balance



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

FY20-21 Proposed Golf Fund

FY20-21 Golf Fund Revenue



Golf Fund Expenditures:

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

Key Elements:

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

Golf Fund Revenues (p. 34)

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

Golf Fund Expenditures (p. 33)

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

Hotel/Motel Tax Fund

Hotel Motel Tax Fund

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

FY20-21 Proposed Hotel/Motel Fund

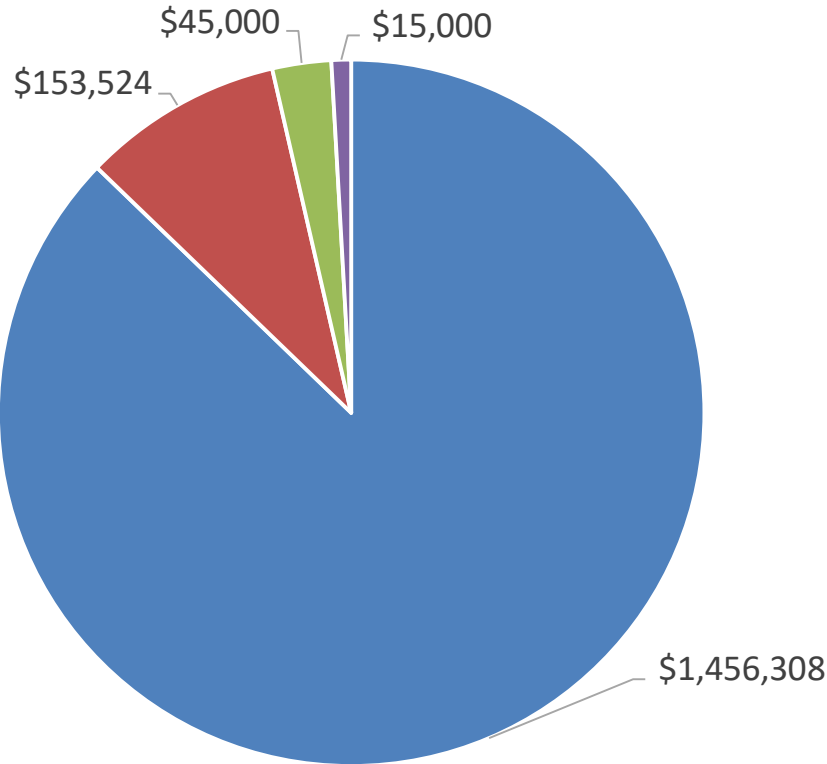
- Challenging environment for both hospitality and performing arts industries
 - Total revenue with the fund is budgeted to decrease 74% from the FY20 budget
 - Hotel Occupancy Tax is projected to decline 64% from the FY20 budget
- Occupancy in the U.S. hotel industry is projected to slightly increase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

FY20-21 Proposed Hotel/Motel Fund

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

FY20-21 Proposed Hotel/Motel Fund

FY20-21 Hotel/Motel Fund Revenue



Hotel/Motel Expenditures:

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

Key Elements:

- FY21 Fund Balance: \$835,317

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

Other Funds

Other Fund Highlights

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

Other Fund Highlights

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

Concluding Thoughts

Budget Adoption Summary

August 10th:
Presentation of
City Manager's
Proposed Budget

August 17th &
24th: Budget
Public Hearings

August 24th:
Budget Adoption

Public Access to Budget Information:

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

Budget Details Summary

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

Summary

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





RICHARDSON

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