



RICHARDSON

TEXAS

Press Release

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RICHARDSON CITY MANAGER PRESENTS 2020-2021 PROPOSED BUDGET

(Richardson, TX) – The City of Richardson’s proposed budget for the 2020-2021 fiscal year is \$287,369,626. The proposed amount represents a decrease of \$1,592,949, or 0.6 percent, from the 2019-2020 estimated expenditures of \$288,962,575.

Budget Overview

The city’s budget development for this upcoming fiscal year, and the years to follow, are being heavily influenced by the impact of COVID-19. A multi-year financial outlook is utilized to prepare for the likely future dampening of commercial values and the unpredictability of key revenue sources.

“This year’s budget is designed to focus on maintaining progress on our infrastructure and core municipal services while protecting our strong financial position,” said Richardson City Manager Dan Johnson. “The COVID-19 pandemic has created a great deal of economic uncertainty, and we are still maneuvering through many of its impacts. Because of that, we are shifting our course for the foreseeable future towards dedicating all available resources for our primary services, with an emphasis on road and other repairs, police, fire, trash and other basic services. This will help us maintain our momentum in these vital areas, which the community expects and depends on us to provide every day.”

Key highlights of the **Proposed 2020-2021 Budget** include:

- Certified Property Tax Appraisal Estimate decrease of 1.81 percent
- Maintains a tax rate of \$0.62516.
- Maintains the Senior Tax Exemption at \$100,000
- Building fund balance to assist with economic uncertainties
- Sustaining a total of approximately \$5.376 million in street/alley maintenance
- Providing dedicated funding of \$412,580 for park maintenance projects

- Sales Tax forecast of 16.9 percent below estimated year-end 2019-2020 collections
- Continuing to evaluate all vacant positions and freeze select positions
- No compensation adjustments are budgeted for City employees
- Suspending community events based on safety and service priority concerns
- Funding of \$4.34 million using a combination of cash and short-term debt for fire equipment, general equipment, information technology equipment, vehicles and projects

General Fund

The General Fund portion of the proposed 2020-2021 Budget is programmed at \$133,953,901. Proposed 2020-2021 expenditures and transfers are \$3,130,413, a 2.3 percent decrease, less than 2019-2020 estimated expenditures of \$137,084,314.

Key General Fund budget initiatives include sustaining efforts to invest in the City's key infrastructure and neighborhoods and increasing the General Fund balance.

A fund balance for the General Fund of 77.45 days is proposed, an increase of 1.52 days.

Increases and decreases by department between the proposed 2020-2021 Budget and 2019-2020 estimated expenditures for the General Fund are illustrated on page 20 of the Proposed Budget, exclusive of debt financed capital equipment.

General Fund Revenues

The proposed tax rate for the support of the 2020-2021 General Fund expenditures is submitted at a rate of \$0.62516 per \$100 of assessed valuation. This tax rate will be \$0.01602 below the "no new revenue" rate of \$0.64118, and \$0.04181 below the "voter approval rate" of \$0.66697. Apportionment of the proposed \$0.62516 per \$100 of assessed valuation rate is \$0.38124 for operations and maintenance funds to be used toward daily operating expenses and \$0.24392 for debt service based on full valuation.

This tax rate is predicated on a Certified Tax Estimate of \$16,205,275,907 including Value in Dispute and net of Tax Increment Financing (TIF) impacts. Overall, this is a reduction of \$297,919,744, or a 1.81% decrease from the prior year. Because of the impacts of COVID-19, the appraisal districts are only able to provide a Certified Tax Estimate that must be used for budgeting purposes per the requirements of State law. The submitted 2020-2021 Budget is based on these Certified Tax Estimates. A final certified roll will be presented by both appraisal districts later in the Fall.

Based on the tax rate and appraisal status, General Fund Property Tax for FY2020-2021 operations will be \$1.268 million or -2.0 percent below the FY2019-2020 prior budget for this key revenue.

Remaining revenue projections are based primarily on a conservative recovery or sustained trend. The remaining revenues projected for the General Fund for the

proposed 2020-2021 Budget represent a decrease of \$5,571,951, or 7.5 percent, from 2019-2020 estimated revenues. Sales and Other Business Taxes for 2020-2021 is projected at \$30,672,253 reflecting a decrease of \$6,247,159, or 16.9 percent, from 2019-2020 year-end estimated revenues.

Water and Sewer Fund

The proposed 2020-2021 Budget for the Water and Sewer Fund including debt service is submitted at \$86,078,834. This represents an increase of \$2,669,008, or 3.2 percent, from the 2019-2020 estimated expenditures. Included in the proposed expenditures for the 2020-2021 Water and Sewer Fund is \$32.9 million associated with the water purchase requirement from the North Texas Municipal Water District, representing 38.3 percent of the total expenses and transfers in this fund.

The proposed budget for the purchase of water anticipates no increase in wholesale water rates from North Texas Municipal Water District (NTMWD). With minor rate increases expected from all three sewer treatment providers, sewer treatment services are expected to increase \$775,454 over the year-end estimate of \$21 million to allow for rate increases and increases in flow.

Beyond the proposed operational expenditures, funding of \$6,705,000 is required for the debt service requirements associated with our ongoing multi-year utility capital improvement program. Increases and decreases by departments between the proposed 2020-2021 Budget and 2019-2020 estimated expenditures are illustrated on page 25 of the Proposed Budget, exclusive of debt financed capital equipment/projects.

Water and Sewer Revenues

Proposed Water and Sewer Fund revenues of \$86,860,878 reflect an increase of \$2,101,906, or 2.5 percent, from the 2019-2020 estimate based on the assumption of normal consumption and normal weather patterns. No rate increase is requested with this budget. As the new fiscal year begins, water and sewer sale and consumption patterns will be tracked and monitored closely.

Solid Waste Services Fund

The 2020-2021 Budget for the Solid Waste Services Fund is proposed at \$15,517,956 representing a 2.5 percent, or \$385,321 increase, from the 2019-2020 estimate. The disposal fees paid to NTMWD are budgeted at \$4,016,250, a 1 percent increase over the year-end estimate. Necessary vehicle and container replacements are also included in the proposed 2020-2021 Budget for the Solid Waste Services Fund.

Solid Waste Fund Revenues

Solid Waste revenues are programmed at \$15,521,719 for 2020-2021, an increase of 1.5 percent from the 2019-2020 estimate. Minor rate changes for select fees for commercial customers are under consideration.

Golf Fund

Total expenditures and transfers for the Golf Fund for fiscal year 2020-2021 are proposed at \$2,308,866 reflecting a decrease of 7.5 percent from estimated 2019-2020 expenditures.

Golf Fund Revenues

Golf Fund revenues are projected at \$2,336,534 based on estimated rounds.

Hotel/Motel Tax Fund

The 2020-2021 Budget for the Hotel/Motel Tax Fund is proposed at \$2,905,583, a decrease of \$2,242,330, or 43.6 percent, from 2019-2020 estimated. The proposed budget reflects funding for the Charles W. Eisemann Center for Performing Arts and Corporate Presentations, as well as support for Convention and Visitors Bureau and funding for arts initiatives. A multi-year recovery strategy has been developed for this fund that was significantly impacted by COVID-19.

Hotel/Motel Tax Revenues

Total revenues for the Hotel/Motel Tax Fund are projected at \$1,669,832 for 2020-2021 reflecting a decrease of \$2,479,792, or 59.8 percent, from estimated 2019-2020. Hotel/motel tax receipts are projected at \$1,456,308 reflecting a decrease from estimated 2019-2020 receipts. In addition to hotel/motel tax receipts, the Hotel/Motel Tax Fund also hosts fees associated with the use of the City's Parking Garage at Galatyn Park and the Eisemann Center. Parking fees are projected at \$45,000. Eisemann Center fees are projected at \$153,524 or 86.5 percent, below the 2019-2020 estimate. Eisemann Center revenue projections for 2020-2021 are based primarily on conservative projections for facility use next fiscal year.

Fund Balances

As reflected in the fund summaries, targeted fund balances have been maintained in the General Fund (77.45 days), the Water and Sewer Service Fund (96.64 days), the Solid Waste Services Fund (94.08 days) and the Golf Fund (54.96 days).

Input and Adoption

City Council and community input regarding the City Manager's proposed budget and tax rate will continue with the presentation of the City Manager's proposed budget on Aug. 10 followed by budget public hearings scheduled for Aug. 17 and Aug. 24. Adoption of the 2020-2021 Budget is scheduled for Aug. 24.