

FY 2024-2025 BUDGET WORKSHOP

August 5th & 6th, 2024

BUDGET WORKSHOP – DAY ONE

August 5, 2024

- Overview of Budget Process
- Workshop Goals / Council Tactics
- Economic Factors & General Fund Revenue
- Economic Development Response
- FY 2024-2025 Key Focus Areas
- Additional Budget Considerations
- General Fund Key Programs & Services Overview
- Tax Rate Discussion
- Final Thoughts
- Discussion and Feedback



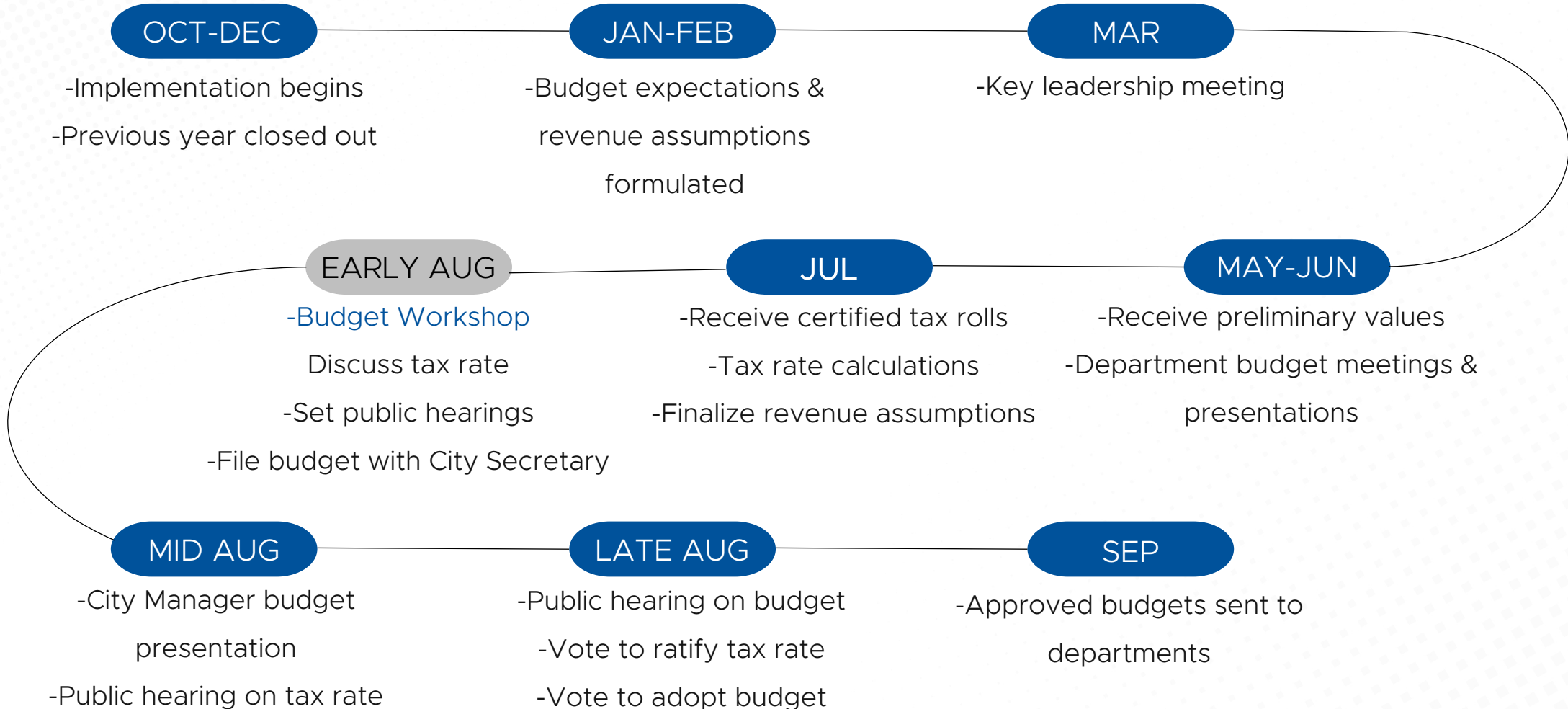
BUDGET WORKSHOP – DAY TWO

August 6, 2024

- Day 1 Recap / Day 2 Introduction
- Overview of Operating Fund Budgets:
 - Water and Sewer Fund
 - Drainage Fund
 - Solid Waste Fund
 - Golf Fund
 - Hotel/Motel Tax Fund
- Capital & Debt Planning
- Final Thoughts & Next Steps
- Discussion and Additional Feedback



BUDGET DEVELOPMENT PROCESS



WORKSHOP GOALS

- 1.** Layout the City's overall strategy for the Fiscal Year 2024-2025, building from the "deep dives" presented previously
- 2.** Provide the City Council with an opportunity to provide feedback on and discuss the direction proposed by staff
- 3.** Focus on key operating funds that speak to most of the City's annual resources. A budget for all funds will be submitted with the required filing in August
- 4.** Staff will continue to refine the fund summaries based on the Council's feedback in preparation for the August 15th filing deadline

CITY COUNCIL TACTICS

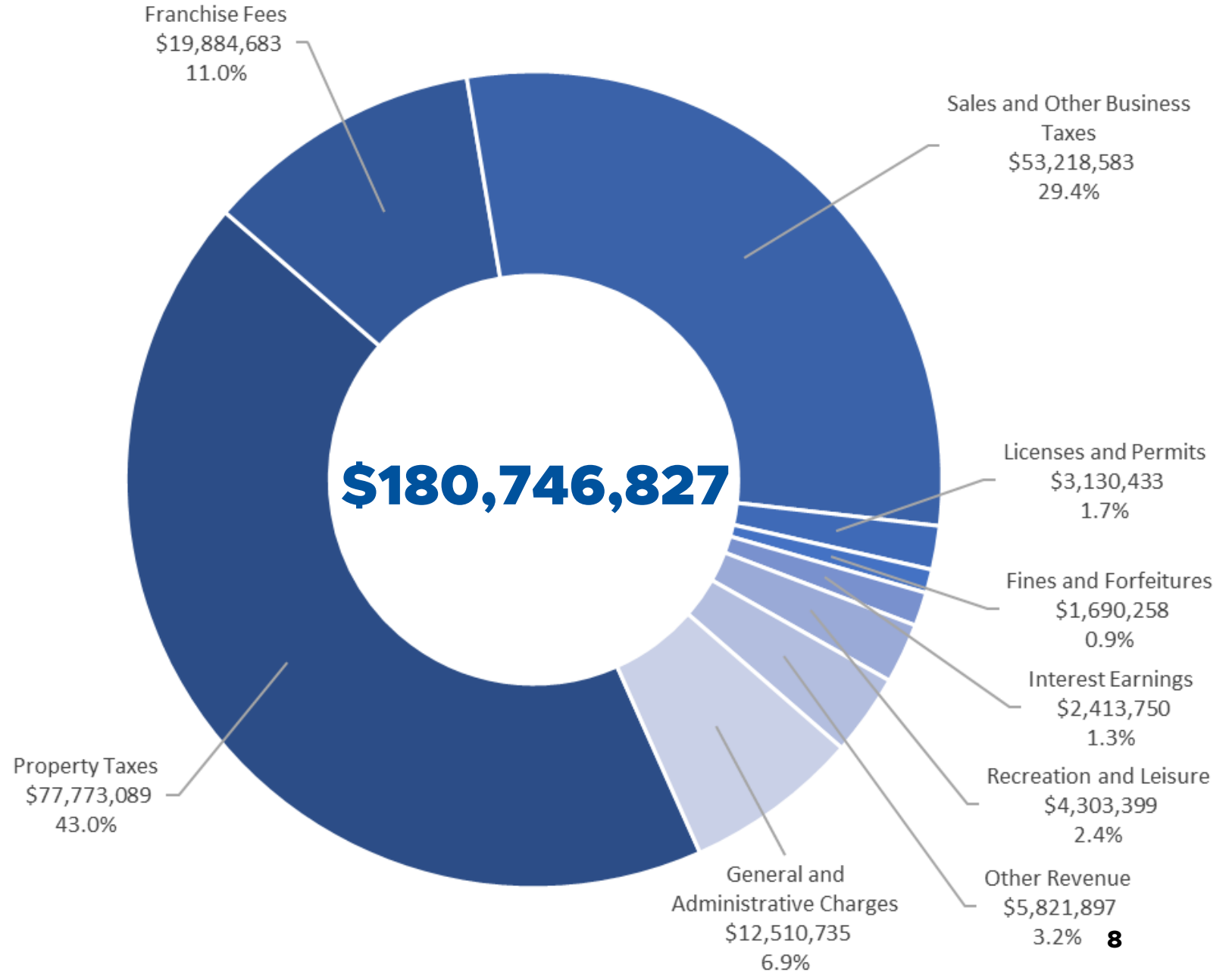
- Implement Years 3 & 4 of the 2021 Bond Program
- Perform comprehensive compensation analysis on an annual basis to sustain market competitiveness
- Continue implementation of multi-year sustainability strategies to CORPlan, which balances competitiveness with financial stability
- Prepare for annual bond issuance/bond rating agency meetings to continue capital project implementation
- Review outstanding debt annually for future refunding opportunities
- Annually evaluate property tax exemptions in conjunction with financial policies
- Evaluate utility/enterprise rate structures to stay competitive within the market and set rates to maintain a 90-day fund balance
- Maintain multi-year capital improvement plan; update annually

ECONOMIC FACTORS & GENERAL FUND REVENUE CONSIDERATIONS

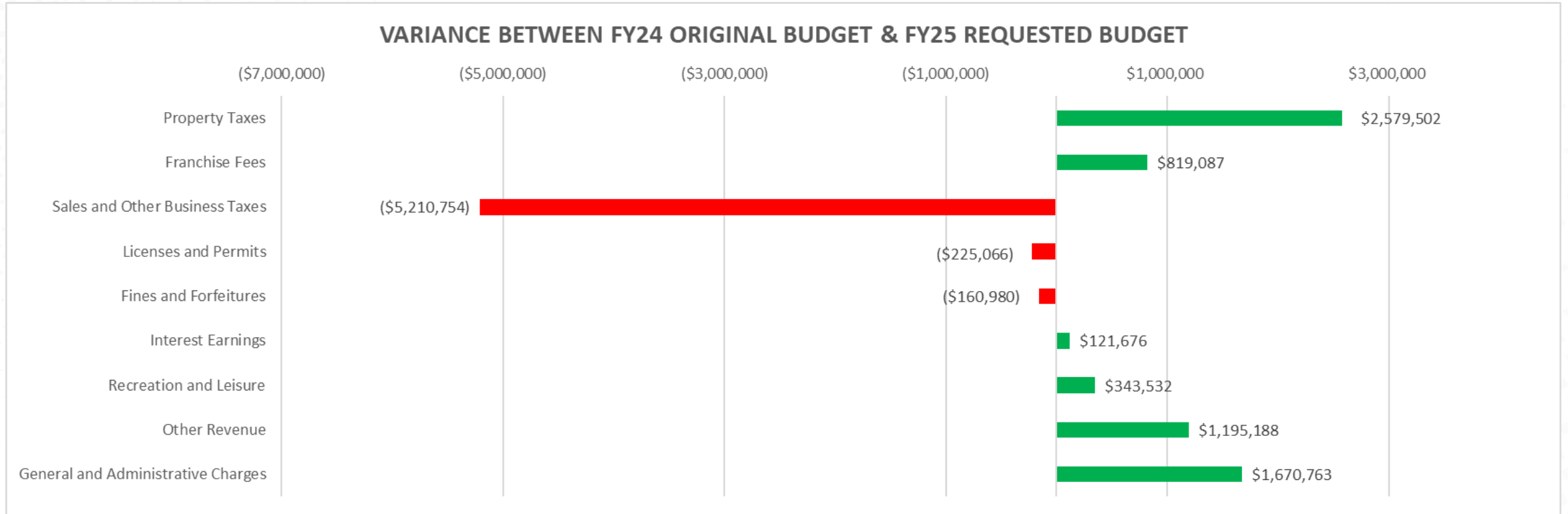
How did we get here?

GENERAL FUND REVENUES

72.4% of general fund revenues derive from Property Taxes (43.0%) and Sales & Other Business Taxes (29.4%).



GENERAL FUND – YEAR OVER YEAR CHANGE IN REVENUES



FY25 revenues are projected to increase **\$1.1 million** to **\$180.7 million** from Prior Year Budget

ECONOMIC FACTORS IMPACTING REVENUE



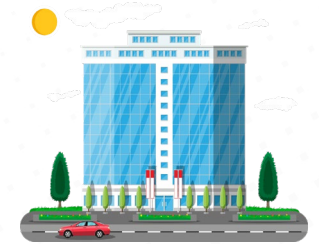
**PERSISTENT
INFLATION**



**HIGH INTEREST
RATES**

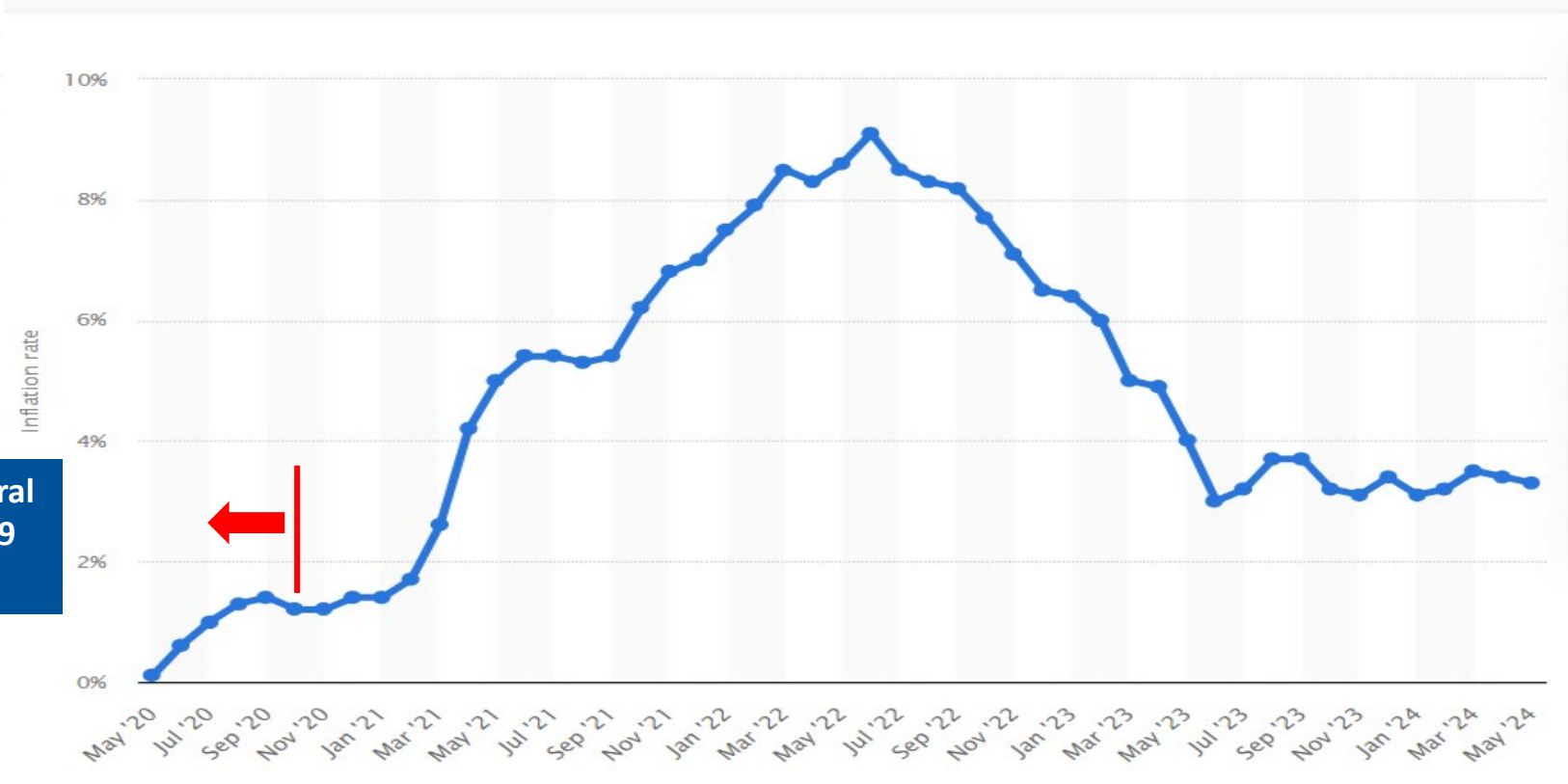


**REDUCED
BUSINESS &
CONSUMER
SPENDING**



**EVOLVING
OFFICE MARKET**

COVID-19 IMPACT ON INFLATION

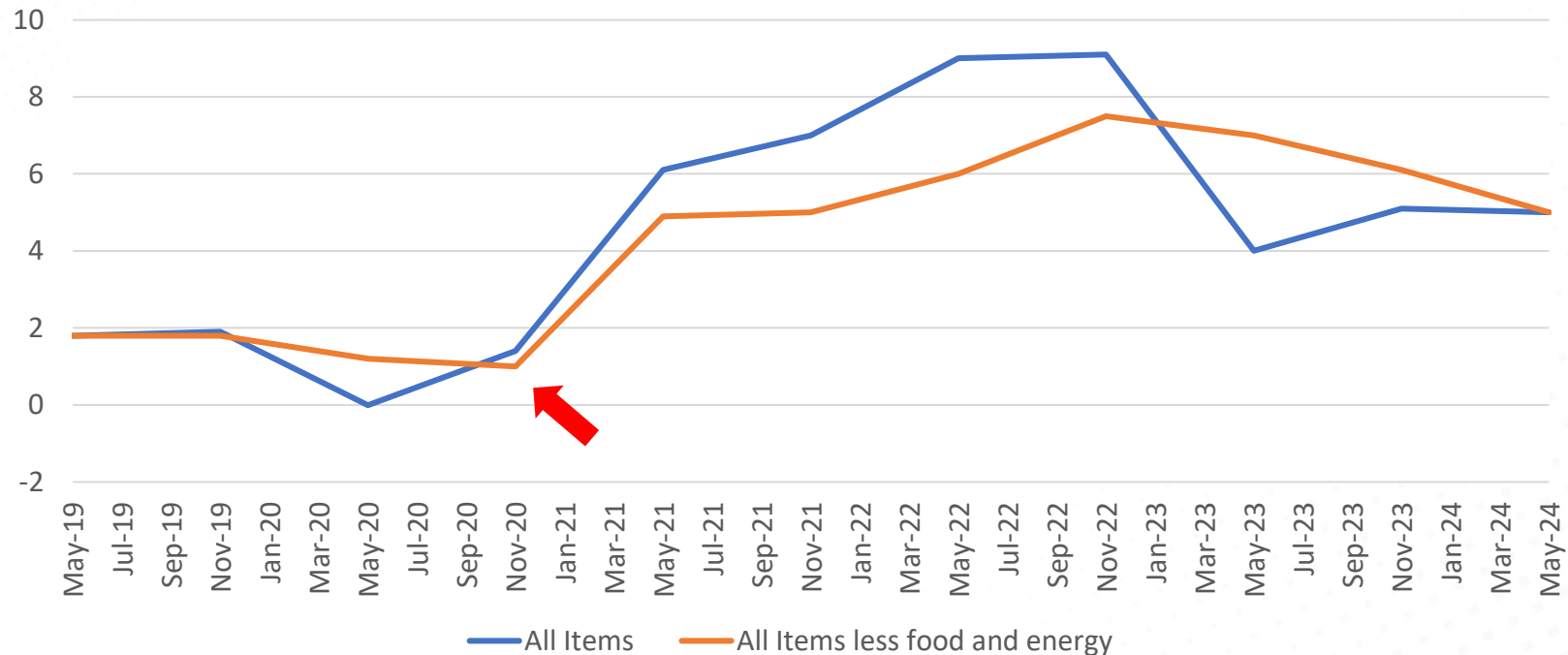


\$1.6 trillion spent by federal government on COVID-19 response in FY 2020

U.S Inflation Rate May 2020 – May 2024

PERSISTENT INFLATION IN NORTH TEXAS

Over-the-year percent change in CPI-U, Dallas-Fort Worth-Arlington May 2019-May 2024
 Source: U.S. Bureau of Labor Statistics



The Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services

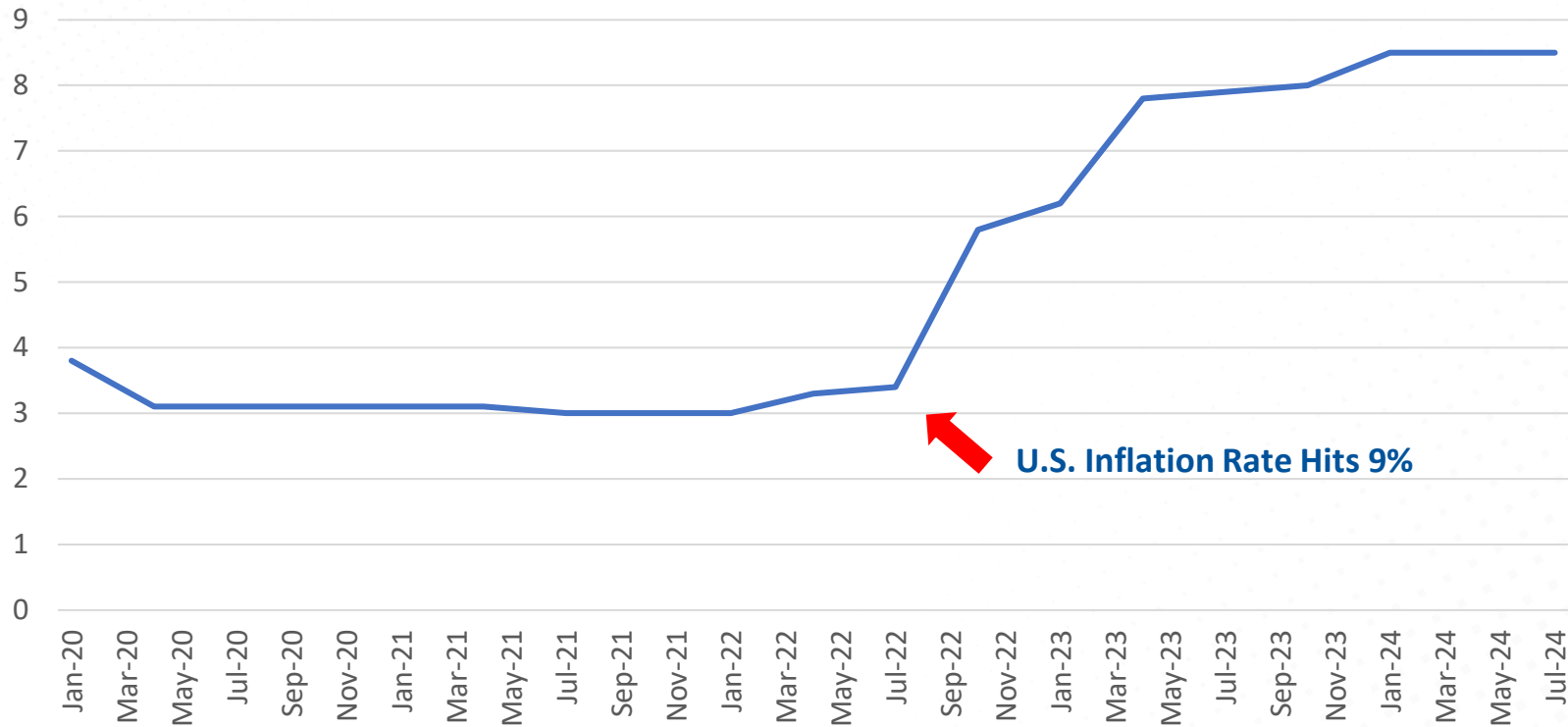
FEDERAL FUNDS RATE HISTORY

FOMC Meeting Date	Rate Change (bps)	Federal Funds Rate
July 26, 2023	+25	5.25% to 5.50% ← 23yr High
May 3, 2023	+25	5.00% to 5.25%
March 22, 2023	+25	4.75% to 5.00%
Feb 1, 2023	+25	4.50% to 4.75%
Dec 14, 2022	+50	4.25% to 4.50%
Nov 2, 2022	+75	3.75% to 4.00%
Sept 21, 2022	+75	3.00% to 3.25%
July 27, 2022	+75	2.25% to 2.50%
June 16, 2022	+75	1.50% to 1.75%
May 5, 2022	+50	0.75% to 1.00%
March 17, 2022	+25	0.25% to 0.50%

The *Federal Funds Rate* refers to the interest rate that banks charge other institutions for lending excess cash to them from their reserve balances on an overnight basis

HIGH INTEREST RATES

Prime Rate January 2020 – July 2024



The *Prime Rate* is the interest rate commercial banks charge their most creditworthy customers

ECONOMIC FACTORS IMPACTING REVENUE



**PERSISTENT
INFLATION**



**HIGH INTEREST
RATES**



**REDUCED
BUSINESS &
CONSUMER
SPENDING**



**EVOLVING
OFFICE MARKET**

BUSINESS AND CONSUMERS REACT

- Inflation and higher interest rates have led to less spending (decreased sales tax revenue) and less investment (decreased property tax revenue) by businesses and consumers
- Both report postponing important spending decisions until economic indicators stabilize and more favorable conditions become apparent
- Businesses also report that ongoing concerns about political volatility and a potential recession are contributing to their cautious spending approach

Harvard Business Review

Government Policy And Regulation

Companies Need a New Approach to Investing This Election Year

by Vijay Govindarajan, Felipe B. G. Silva, and Anup Srivastava

July 29, 2024

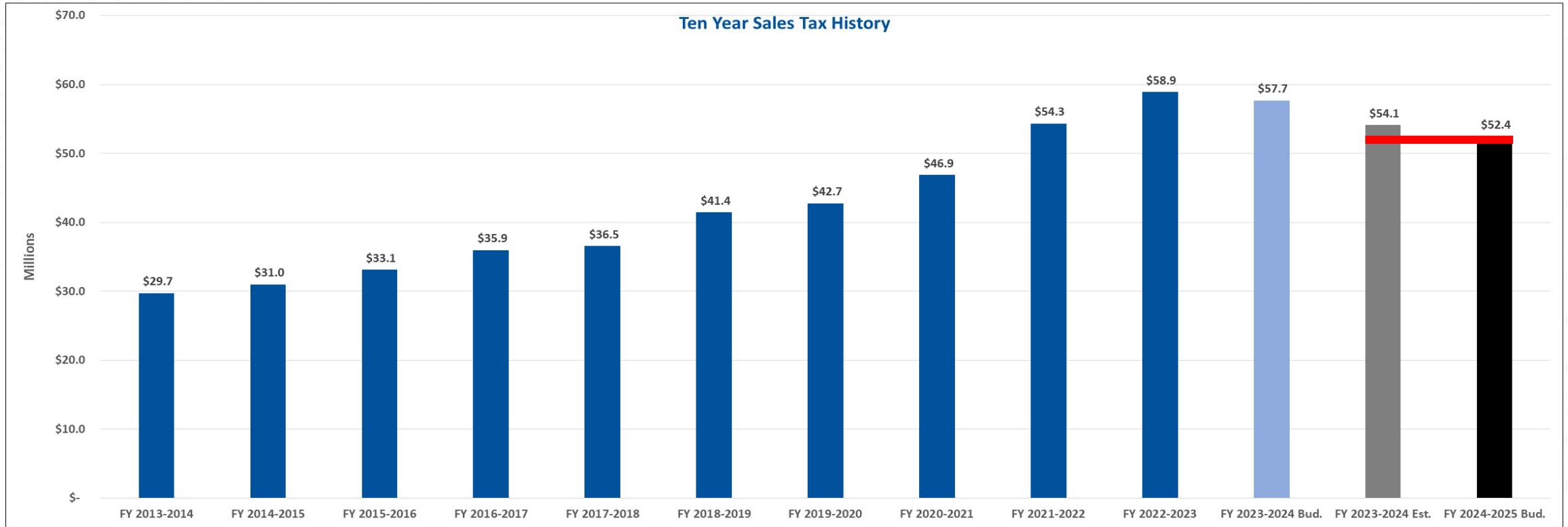


Lynne Gilbert/Getty Images

Summary. In the U.S., it's normal for policy uncertainty to increase before a major election, then decrease once the results are in. In any other election cycle, the predictable increase and decrease in uncertainty offers shrewd managers unique opportunities for operating... [more](#)

Election years have long been characterized by increased [policy uncertainty](#), which typically reverts to lower levels after the results become known. Opposing parties have different views on a gamut of economic policies that affect firms' [growth](#), [risks](#), and [profitability](#). This pattern of uncertainty buildup followed by its sudden post-election decline has been observed at levels across the political spectrum, including U.S. [gubernatorial](#) and [presidential](#) elections as well as [major elections](#) around the globe.

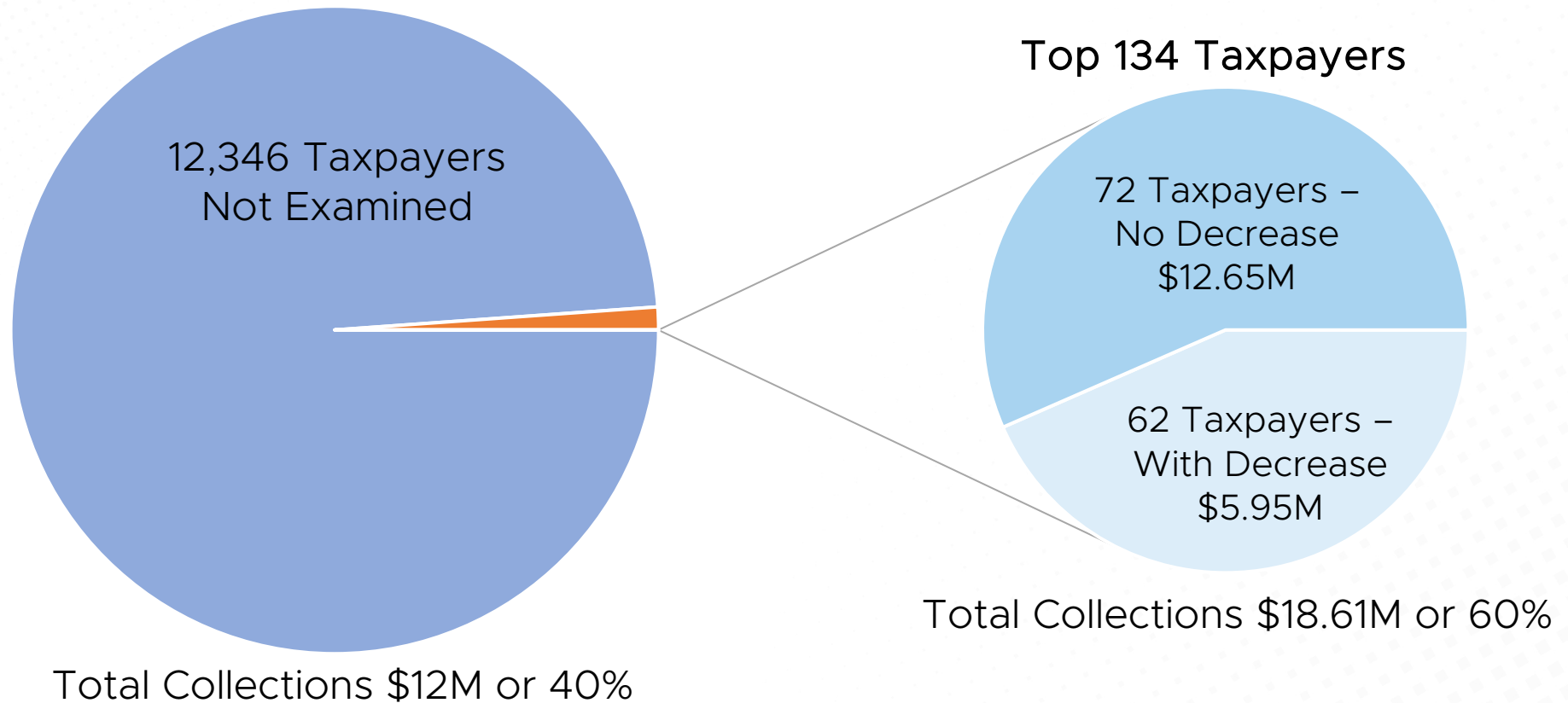
SALES TAX REVENUE



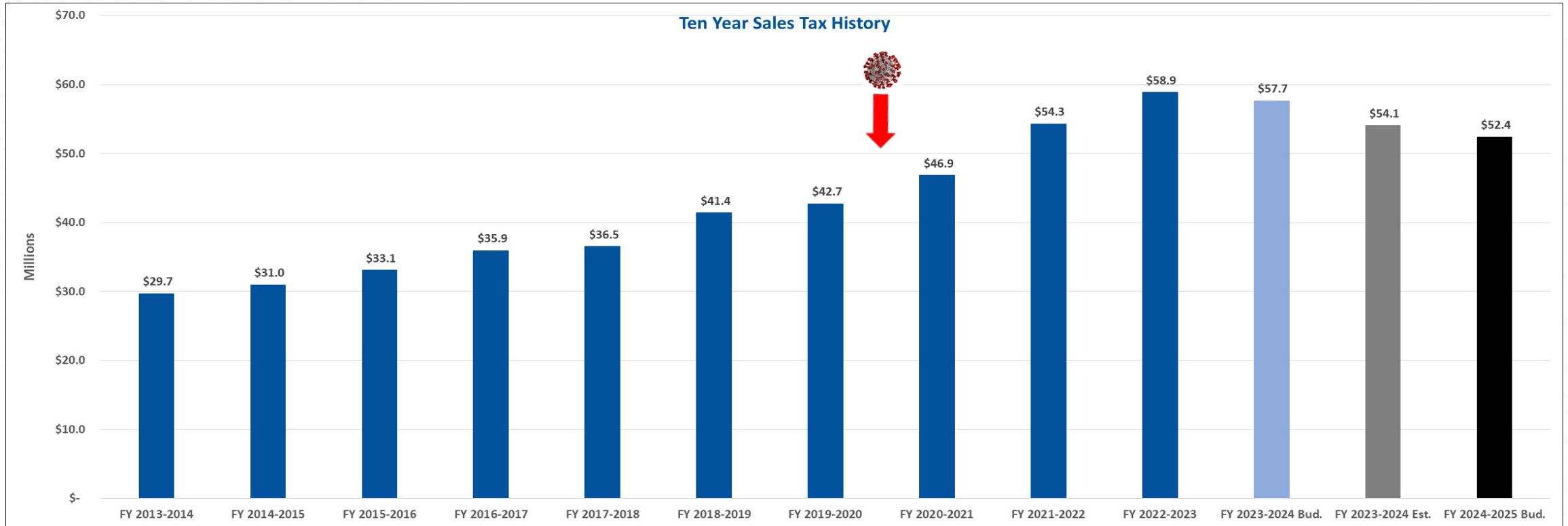
**FY24-25 Budget is
3.1% less than
FY23-24 Estimate**

SALES TAX ANALYSIS

- Performed by a third-party after a \$1.9m decrease in sales/use tax for first five months of FY23-24
- Analysis sampled top 134 Sales/Use Tax depositors for the 2022, 2023 and 2024 year-to-date



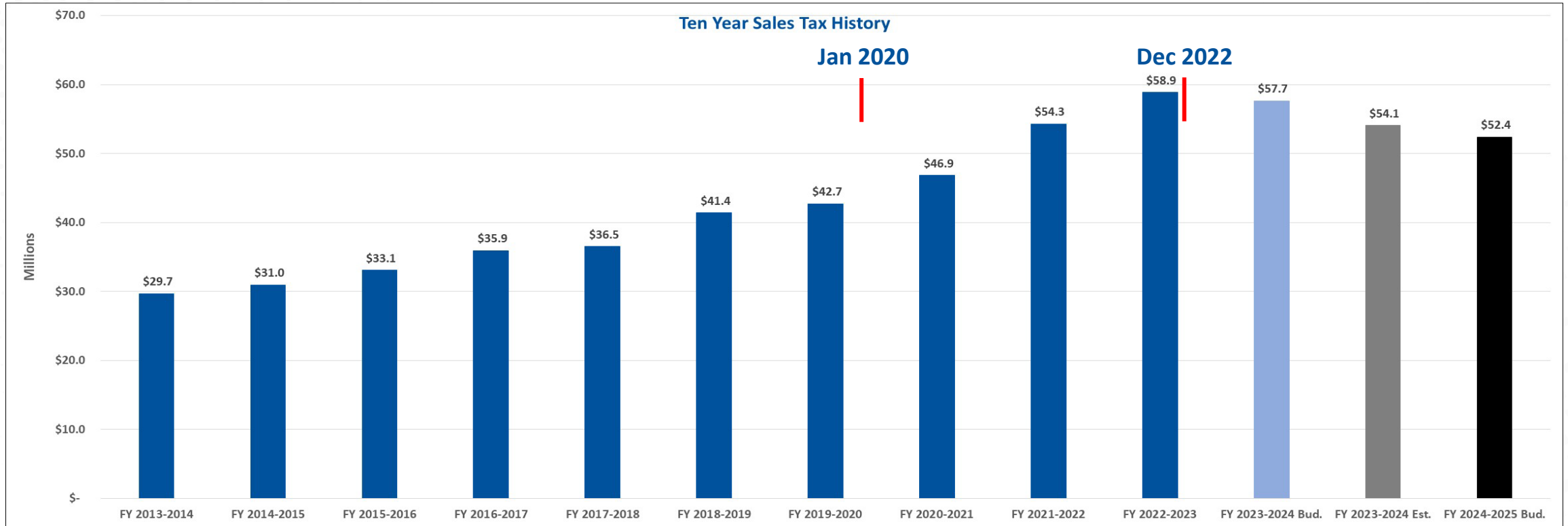
SALES TAX REVENUE – TECHNOLOGY RELATED SPENDING



Sales tax related to technology purchases increase sharply

The need for technology to work remotely greatly increased due to the pandemic

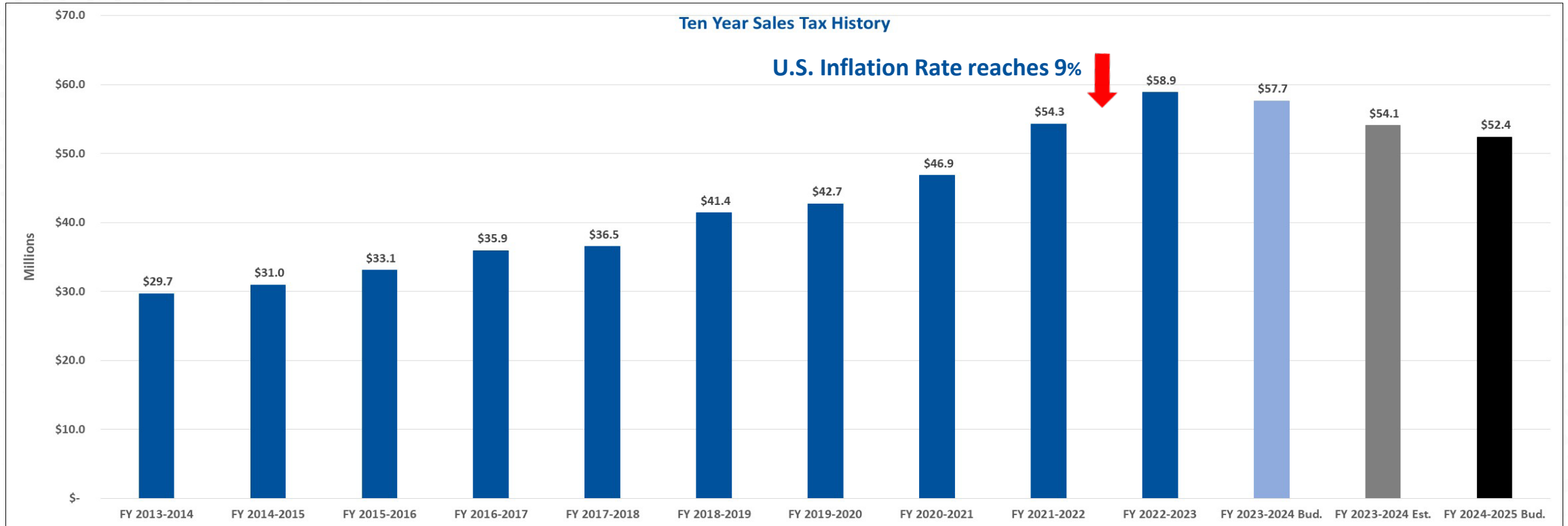
SALES TAX REVENUE – INSURANCE RELATED SPENDING



Sales tax related to insurance claims increased steeply

2020-2022 there were 30-Billion Dollar Weather Disasters resulting in ~\$80 Billion in losses in Texas

SALES TAX REVENUE – CONSTRUCTION RELATED SPENDING



NEWS > ECONOMIC NEWS

The Fed's High Interest Rates Are Hampering Construction

By TERRY LANE Published July 01, 2024 03:02 PM EDT

ECONOMIC FACTORS IMPACTING REVENUE



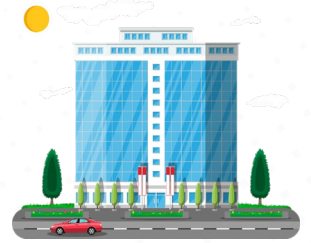
**PERSISTENT
INFLATION**



**HIGH INTEREST
RATES**



**REDUCED
BUSINESS &
CONSUMER
SPENDING**



**EVOLVING
OFFICE MARKET**

POST PANDEMIC OFFICE MARKET - “FLIGHT TO QUALITY”

- The U.S. office vacancy rate currently is at a record 19.8% (compared to 9.4% in 2019)
- In the first quarter of 2024, tenants signed leases for about 102 million square feet (about 10% below 2019)
- Houston, Dallas and Austin are the first-, second- and third-most-vacant office markets among the nation’s largest 50 metros
- There is a significant discrepancy in leasing activity between buildings constructed before and after 2015
- DFW Market
 - Buildings Older than 2015: lost 17.9 million sq ft.
 - Buildings Newer than 2015: gained 14 million sq ft.
- Businesses want exceptional places for their talent to work so they can attract them to return to the office rather than require them to return

Less than 10% of office stock in major metros considered ‘prime’ space

The National Observer (June 20, 2024)

Flight-to-Quality Trend Apparent as Top-Tier Office Assets Outperform

CBRE.com

POST PANDEMIC OFFICE MARKET - LOAN DEFAULTS

- Today's high interest rates are particularly problematic because commercial-property owners typically borrow at least half of a building's cost
- Most of the mortgages that are coming due now were made when interest rates were much lower
- In a stable office market, many landlords would be able to pay the higher rates when refinancing
- However, the pandemic accelerated the adoption of remote work technologies, leading to decreased demand for traditional office spaces
- Owners are struggling to cope with the situation and have defaulted on billions in commercial-property loans
- Older office buildings lacking modern amenities and functionality are now exposed as uneconomical and undesirable

Office-Loan Defaults Near Historic Levels With Billions on the Line

Wall Street Journal (April 30, 2024)

Office Building Losses Start to Pile Up, and More Pain Is Expected

The New York Times (June 6, 2024)

PROPERTY TAX REVENUES

Projected at **\$77.8 million**, which is an increase of **\$2.6 million** above the FY24 Original Budget

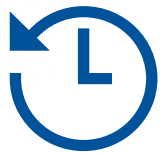
CURRENT TAXES



Projection of **\$77.9 million** is based on 9.96% value growth from FY24

- An increase of \$3.0 million from FY 2023-2024
- **Commercial office sector values down (9.4%)**

PRIOR TAXES



Projection of (\$350,000)

- Forecast for FY 2024-2025 is based on current trends and assumes continued higher than normal property value dispute lawsuits filed in District Court, **many related to commercial office sector**
- Assumes a continued impact of less than favorable outcomes of these lawsuits
- A decrease of (\$411,000) from FY 2023-2024

PENALTIES & INTEREST



Projection of \$261,667 based on 5-year average

- An increase of \$32,000 from FY 2023-2024

ECONOMIC DEVELOPMENT RESPONSE

What are we doing about it?

OFFICE & FLEX REAL ESTATE STRATEGY

- Evolving since the adoption of the economic strategic plan in 2023
 - Based on property owner focus groups, broker input sessions, tenant feedback meetings, and capital investor guidance
1. Reinvent outdated office campuses
 - Create “places” where talent wants to work by replacing outdated office buildings that can no longer compete in the market with housing, restaurants, entertainment, etc.
 2. Reinvest in strategic office buildings
 - Create “Class A” assets by investing in the modernization of buildings that are surrounded by existing amenities
 3. Reduce the tenant improvement “gap”
 - For target industry opportunities, help property owner's close deals by assisting with the high cost of tenant improvements



OFFICE & FLEX REAL ESTATE STRATEGY



Lang Partners eyes 297-unit complex in Richardson
\$38M project set to rise in suburb's growing technology district

Lang Partners' Dirk Oudt, Matt Johnson, and Kyle Oudt with 111 Spring Valley Road (Lang Partners, Google Maps)

DEVELOPMENT DALLAS

JLB replacing Richardson office building with \$70M apartment project

390 units planned for 4-acre site north of Dallas



JLB Partners' CEO Bay Miltenberger and 2520 North Central Expressway (Facebook, Google Maps)

Noteworthy Points:

- Total of 80,000 square feet of outdated office eliminated valued at \$5.7M
- Estimated value of new development: \$130M
- Both projects located near DART Red Line Station and on the Central Trail
- Both projects will bring new residents to support adjacent retail

OFFICE & FLEX REAL ESTATE STRATEGY

- Evolving since the adoption of the economic strategic plan in 2023
 - Based on property owner focus groups, broker input sessions, tenant feedback meetings, and capital investor guidance
1. Reinvent outdated office campuses
 - Create “places” where talent wants to work by replacing outdated office buildings that can no longer compete in the market with housing, restaurants, entertainment, etc.
 2. Reinvest in strategic office buildings
 - Create “Class A” assets by investing in the modernization of buildings that are surrounded by existing amenities
 3. Reduce the tenant improvement “gap”
 - For target industry opportunities, help property owner's close deals by assisting with the high cost of tenant improvements



OFFICE & FLEX REAL ESTATE STRATEGY - GALATYN COMMONS



OFFICE REAL ESTATE STRATEGY – 6 MONTH REVIEW



Collins Crossing
1500 N. Greenville Ave



78,000 sq ft.



29,000 sq ft.

93%
Occupied...
92,000 sq ft
leased since
January



14,000 sq ft.



OFFICE & FLEX REAL ESTATE STRATEGY

- Evolving since the adoption of the economic strategic plan in 2023
 - Based on property owner focus groups, broker input sessions, tenant feedback meetings, and capital investor guidance
1. Reinvent outdated office campuses
 - Create “places” where talent wants to work by replacing outdated office buildings that can no longer compete in the market with housing, restaurants, entertainment, etc.
 2. Reinvest in strategic office buildings
 - Create “Class A” assets by investing in the modernization of buildings that are surrounded by existing amenities
 3. Reduce the tenant improvement “gap”
 - For target industry opportunities, help property owner's close deals by assisting with the high cost of tenant improvements



OFFICE REAL ESTATE STRATEGY – 6 MONTH REVIEW



10,000 sq ft.
2221 Lakeside Blvd



30,000 sq ft.
2811 Telecom Pkwy



14,000 sq ft.
1301 W. PGBT



260,000 sq ft.
2301 N. Greenville Ave & 1300 Lookout Drive



15,000 sq ft
305 S. Central Expy



20,000 sq ft.
1231 Columbia Dr



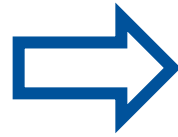
22,766 sq ft.
2505 N. Plano Rd

RETAIL REAL ESTATE STRATEGY

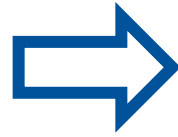
- Evolving since the adoption of the City Council Strategies in 2023
 - Based on property owner focus groups, broker input feedback meetings, small business feedback meetings, and capital investor guidance
1. Reinvent legacy shopping centers
 - Provide acquisition assistance to owner/developers who wish to revitalize legacy centers with new visions and proven tenanting strategies
 2. Reinvest in site and building façade improvement projects
 - Assist with building modernization, compliance with new regulations and modern signage strategies to increase the value of centers and attract high quality, diverse tenants
 3. Reduce obstacles for tenants to execute their vision
 - Work with high quality tenants on finish out and system upgrades so that their complete vision can be achieved



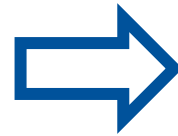
RETAIL REAL ESTATE STRATEGY – 6 MONTH REVIEW



92%
Leased



Min \$1M
Phase 1
Investment



“Significant renovations are in the works for the 201,433-square-foot shopping center, including architectural enhancements, façade modifications, landscaping and lighting upgrades, and other improvements, Graham Irvine, managing director at JAH, said in a statement”

LOOKING AHEAD

- North Texas will continue to be a driving force in the world's economy
- The economic and real estate cycles we discussed today could last ~2 years
 - Will need to be especially mindful of the impact the evolving office real estate market will have in coming years as more leases expire, companies “right-size” and owners have to make difficult decisions about
 - Will need to remain vigilant until we see sales tax start to meet projections
- When conditions stabilize, Richardson will be poised to strongly rebound because of the steps we have taken to leverage market trends, establish meaningful relationships with the development community, and clearly communicate our vision which is based in real estate market realities

Fed Urged to Enact Emergency Rate Cut as Global Sell-Off Stokes Recession Fears

Economist Paul Krugman argued there is a "real case for an emergency cut soon" as concerns grow that the Fed has waited too long to act.

An Emergency Fed Rate Cut Would Be A Mistake

The US central bank should ease policy at its next meeting in September, rather than be bullied into acting by a slump in stock markets.

Emergency Fed Meeting: Is a Rate Cut Imminent?

Chicago Federal Reserve president Austan Goolsbee refused to say if an emergency Fed meeting will happen

How an emergency Fed rate cut to restore market confidence might backfire

An emergency rate cut 'could cause more panic,' strategist says

KEY FOCUS AREAS

KEY FOCUS AREA DRIVERS

- Current and anticipated economic factors
- City Council Goals & Strategies
- City Council Feedback during “Deep Dives”
- City Manager’s Organizational Assessment
- Boards and Commissions Input
- Homeowner/Neighborhood Association Meetings
- Institutional Partners
- Business and Development Community
- Adopted Plans and Special Initiatives
- City Assessments and Evaluations
- External Assessments and Evaluations



KEY FOCUS AREAS



**RECRUITMENT
& RETENTION**



**PUBLIC
SAFETY**



INFRASTRUCTURE



**ECONOMIC
DEVELOPMENT**

KEY FOCUS AREAS



**RECRUITMENT
& RETENTION**



INFRASTRUCTURE



**PUBLIC
SAFETY**



**ECONOMIC
DEVELOPMENT**

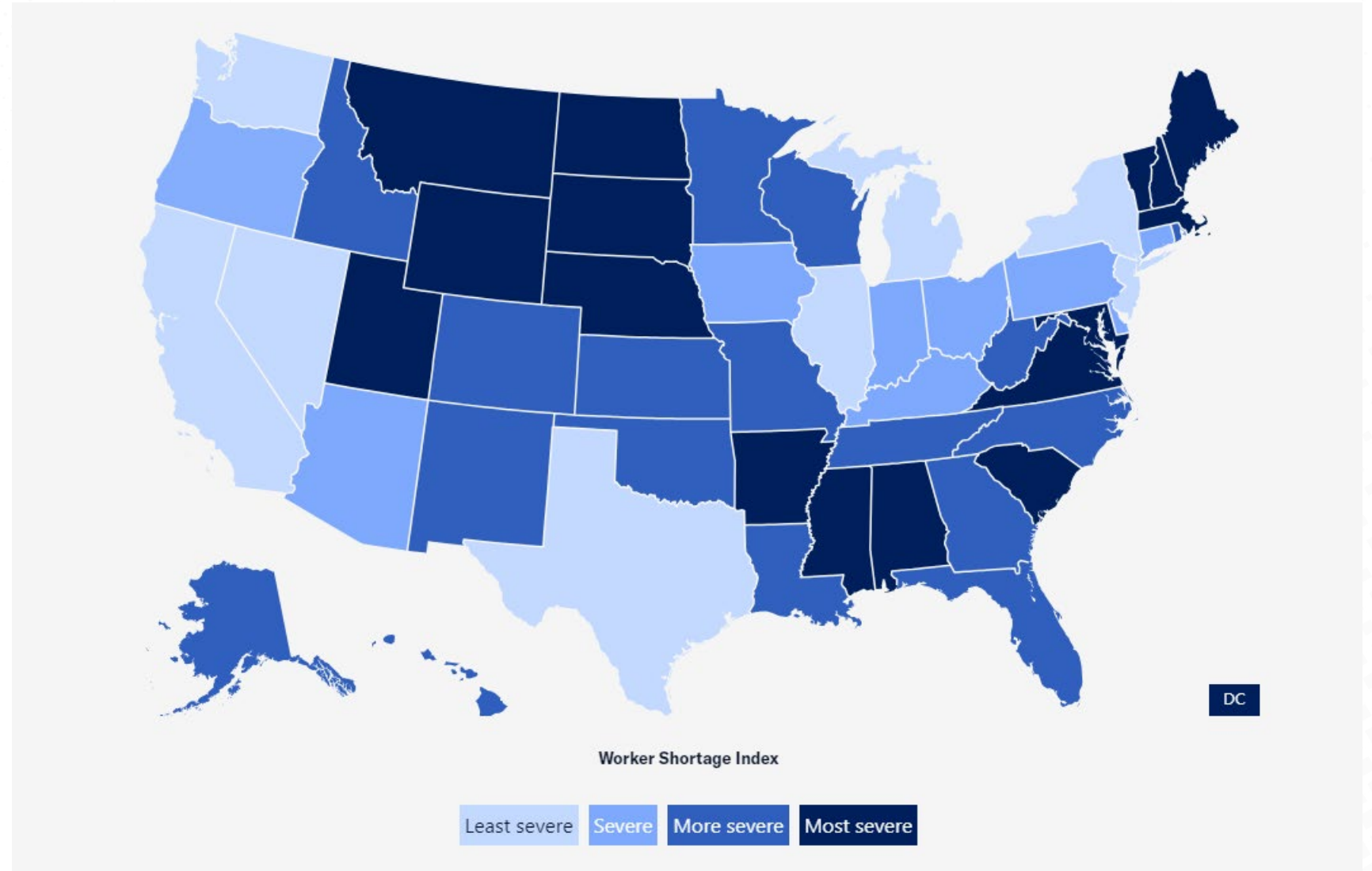
WORKER SHORTAGE INDEX

Texas has **80** available workers for every 100 open jobs.

0.80

Texas's Worker Shortage Index

- Job Openings: 774,000
- Unemployed Workers: 622,845
- Labor Force Participation Rate: 64.2
- Unemployment Rate: 4.1
- Quit Rate: 2.7
- Hiring Rate: 3.8



STRATEGIES IMPLEMENTED TO RECRUIT & RETAIN TALENT

PAY:

- Market adjustments for various classifications (for Police, Fire, General employees) (2022 thru 2024); Salary ranges further adjusted based on wages of competitors and/or because difficult to fill positions (2022 & 2023)
- “Living Wage” Adjustment of \$18.89/hour for FT positions (based on MIT study of Dallas County – 2022 thru 2024)
- Alleviated significant salary compression issues for some difficult to fill positions (2022)
- Increased auto allowances for positions that drive significant miles to fulfill duties (2022 & 2023)
- Increased longevity pay (2023)
- Parks Department paid/reimbursed for lifeguard certification training (since 2023)
- Lateral Entry program for Fire and Police (since 2022)
- Increased recruitment and referral incentives for difficult to fill positions (2022 thru 2024)
- Increased “Box Pay” for Fire (2023)

BENEFITS:

- Enhanced retirement eligibility benefit (2023)
- Adjusted vacation leave accruals for new hire employees (2022)
- Added new floating holiday (2024)
- No increase in medical insurance premiums (for last 7 years)
- December insurance premium holiday
- Increased City contribution for employee’s Health Savings Account (2023), enhanced medical benefits (2024)
- Departments pay for the cost for employee training and testing for CDLs (2022 thru 2024)

WORK-LIFE:

- Telecommuting Policy (with approval of director) (2022)
- Ability to work 4–10-hour days (with approval of director) (2022)

APPLICANT ACTIVITY

RECRUITMENT APPLICATION TRAFFIC	TOTAL APPLICATIONS BY FISCAL YEAR						
	Month	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
	October	350	491	587	855	438	833
	November	347	510	440	573	664	567
	December	884	524	624	345	739	538
	January	966	643	892	562	539	813
	February	932	655	388	340	580	453
	March	795	634	639	264	767	369
	April	804	302	444	214	446	817
	May	691	467	403	690	475	869
	June	715	365	651	578	659	795
	July	1,187	428	622	1,060	957	450
	August	1,360	322	599	832	1,088	
	September	1,240	792	636	484	595	
	TOTAL	10,271	6,133	6,925	6,797	7,947	6,504

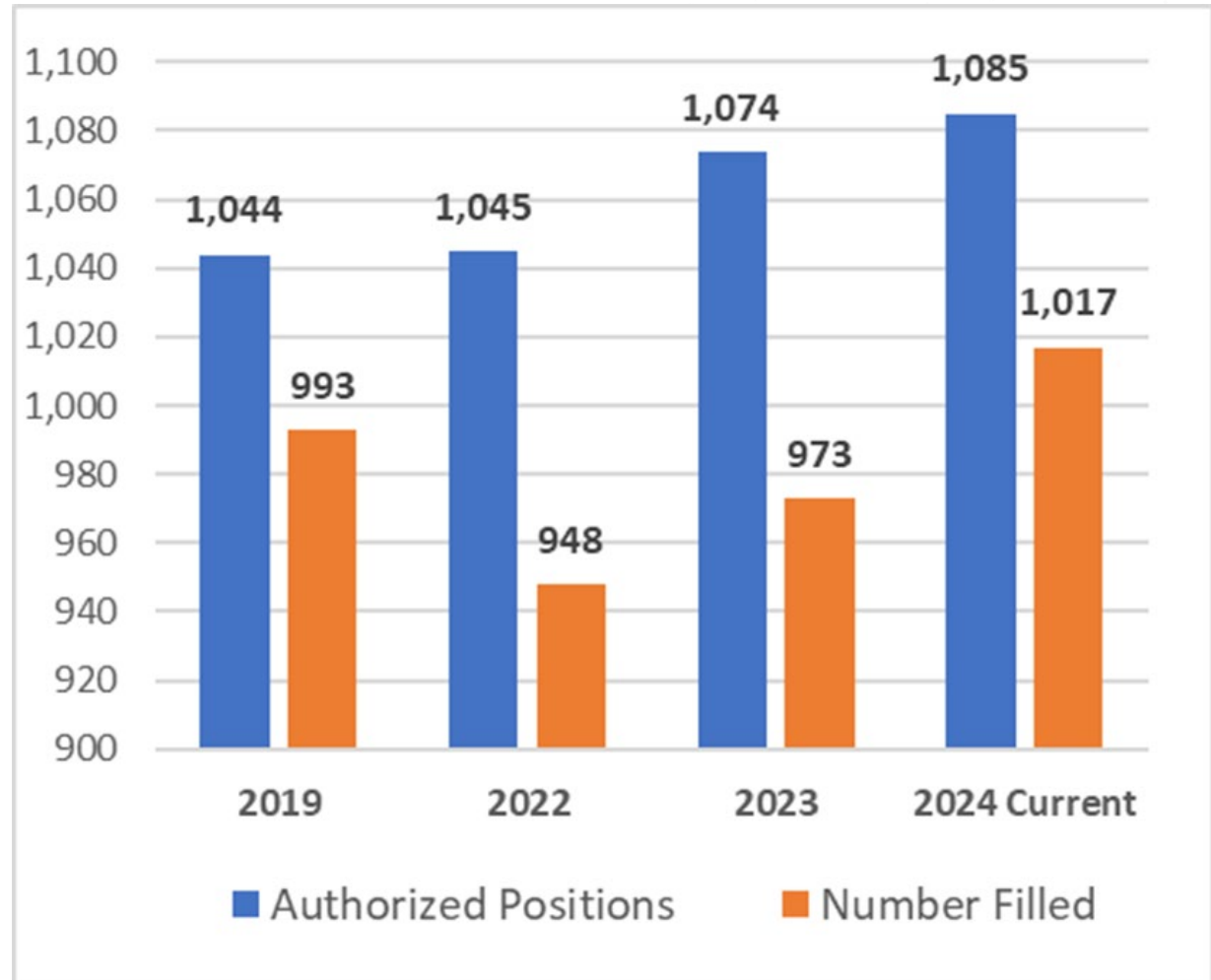
6,264 vs 6,504

APPLICANT ACTIVITY

RECRUITMENT APPLICATION TRAFFIC	Positions	2019	2022	2023	2024 - Current
		Custodian	227	82	78
	Fleet Technician II	22	7	6	7
	Heavy Equipment Operator	88	65	81	92
	Driver/Loader	274	110	242	271
	Solid Waste Loader	191	53	50	0
	Maintenance Helper II	212	122	104	134
	Crew Chief	36	19	34	35
	Combination Inspector	77	36	42	32
	911 Operator	1,039	264	536	400
	Police Officer	1,228	641	671	483
	TOTAL APPLICATIONS	3,394	1,399	1,844	1,467

PRE-PANDEMIC VS POST-PANDEMIC VACANCIES

City-Wide	2019	2022	2023	2024 Current
Authorized Positions	1,044	1,045	1,074	1,085
Number Filled	993	948	973	1,017
Number Vacant	51	97	101	76
% Vacant	4.9%	9.3%	9.4%	7.0%



CITY DEPARTMENTS WITH HIGHEST LEVEL OF VACANCIES*

*Difficult to fill positions as of July 31, 2024



PUBLIC SERVICES

Division	Authorized	Vacancies
Construction	7	1
Meter Shop	6	1
PS Administration	2	0
Sewer Collection	10	4
SW - BABIC	10	0
SW - Commercial	13	1
SW - Recycling	10	1
SW - Residential	37	6
Streets	35	3
Water Operations	15	5
Water Production	17	0
TOTAL	162	22



FLEET & FACILITIES

Division	Authorized	Vacancies
Custodial Services	21	1
Facilities Maintenance	13	3
Fleet Services	23	3
Warehouse	2	1
TOTAL	59	8



ENGINEERING

Division	Authorized	Vacancies
Engineering/Cap Proj	30	3
TOTAL	30	3



POLICE

Police	Authorized	Vacancies
911 Dispatcher	25	1
Detention Officer	16	3
Police Officer	136	4
Public Safety Officer	4	2
Police Sergeant	22	1
TOTAL		14

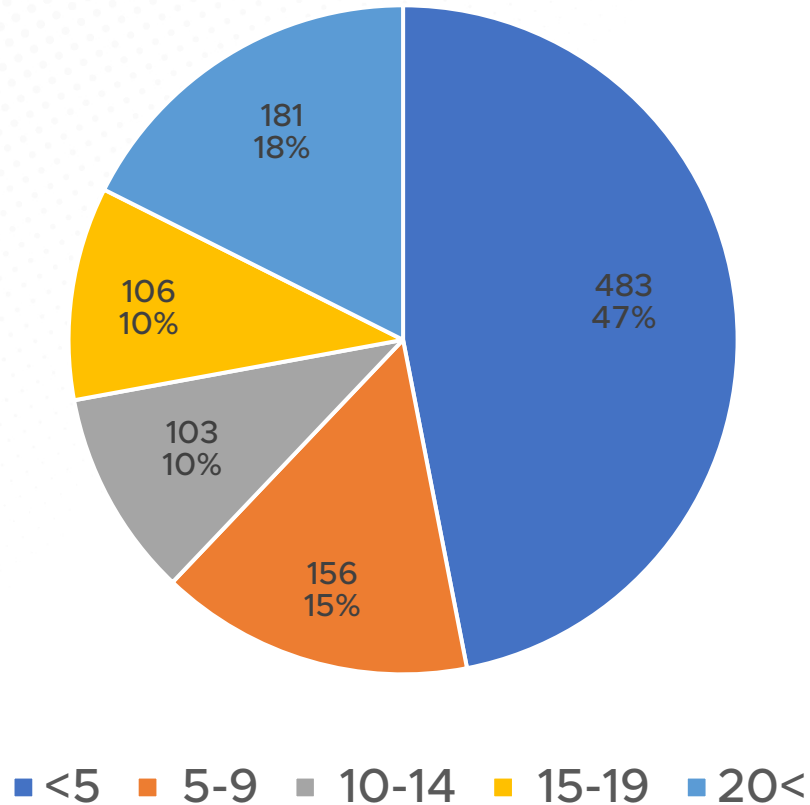


BUILDING INSPECTION

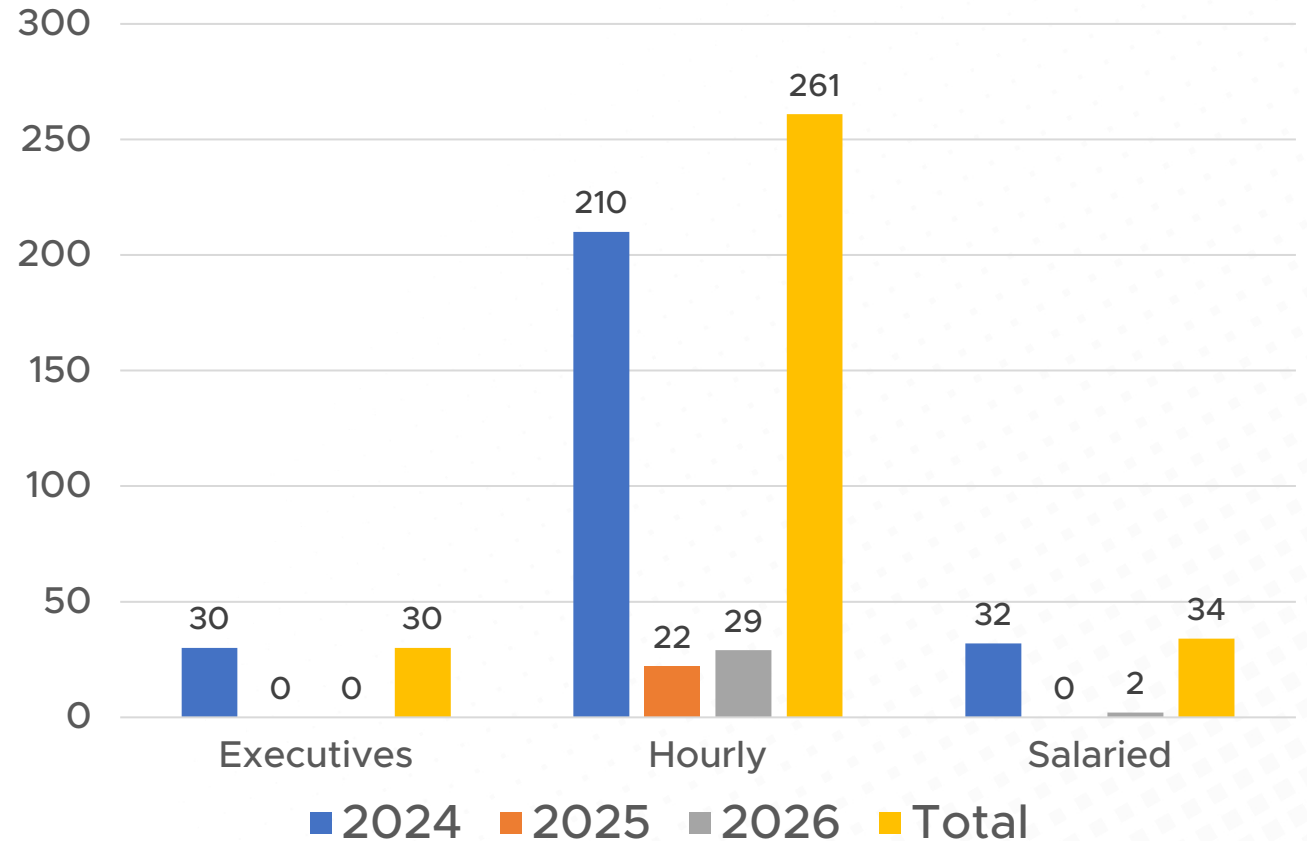
Division	Authorized	Vacancies
Building Inspection	13	4
TOTAL	13	4

RETIREMENT ELIGIBILITY

Employee Years of Service



272* Employees Eligible to Retire Today 325 Employees Eligible to Retire by End of 2026



*Of the 272 employees currently eligible to retire, the number of employees with 20-25 years of service is 71

PUBLIC SAFETY PAY SURVEY COMPARISON



Job Title	Rank at MINIMUM	% COR MINIMUM Pay Below Rank #4	Rank at MAXIMUM	% COR MAXIMUM Pay Below Rank #4
Police Officer	5 of 13	-2.70%	10 of 13	-4.11%
Police Sergeant	9 of 12	-3.33%	10 of 12	-3.72%
Police Lieutenant	7 of 13	-2.13%	8 of 13	-1.88%
Police Captain	7 of 10	-2.17%	6 of 10	-3.33%



Job Title	Rank at MINIMUM	% COR MINIMUM Pay Below Rank #4	Rank at MAXIMUM	% COR MAXIMUM Pay Below Rank #4
Firefighter	8 of 13	-6.88%	9 of 13	-4.42%
Driver/Engineer	7 of 13	-4.15%	8 of 13	-1.10%
Fire Captain	10 of 13	-6.34%	10 of 13	-4.53%
Fire Battalion Chief	9 of 13	-4.05%	10 of 13	-1.91%

As of May 2024

GENERAL EMPLOYEE PAY SURVEY COMPARISON

Job Title	Rank at MINIMUM	% COR MINIMUM Pay Below Rank #4	Rank at MAXIMUM	% COR MAXIMUM Pay Below Rank #4
Construction Inspector III	6 of 9	-6.84%	6 of 9	-3.3%
Response & Recovery Coord	4 of 11	-	7 of 11	-5.6%
Facilities Maintenance Supv	8 of 13	-12.6%	7 of 13	-10.2%
Senior Maintenance Tech	6 of 8	-4.3%	5 of 8	-7.24%
Fleet Technician III	5 of 7	-1.9%	5 of 7	-5.5%
Assistant Controller	5 of 10	-4.5%	5 of 10	-5.5%
Accountant II	6 of 11	-9.2%	6 of 11	-4.0%
Senior Accounting Tech	6 of 13	-4.2%	3 of 13	-
Customer Service Specialist	7 of 12	-3.2%	5 of 12	-1.7%
Court Specialist	7 of 10	-7.6%	8 of 10	-12.0%
Accounts Payable Rep	8 of 13	-4.4%	8 of 13	-2.9%
Senior Programmer Analyst	6 of 10	-4.6%	7 of 10	-4.9%
Sr Water Systems Operator	5 of 8	-3.9%	8 of 8	-6.5%
Light Equipment Operator	4 of 10	-	6 of 10	-4.3%
Traffic Signs/Markings Tech II	7 of 11	-5.4%	6 of 11	-2.8%

LIVING WAGE CALCULATION

DALLAS COUNTY, TEXAS

	1 ADULT			
	0 Children	1 Child	2 Children	3 Children
Living Wage	\$22.06	\$36.79	\$45.35	\$58.63
Poverty Wage	\$7.24	\$9.83	\$12.41	\$15.00
Minimum Wage	\$7.25	\$7.25	\$7.25	\$7.25

The living wage shown is the hourly rate that an **individual** in a household must earn to support his or herself and their family. The assumption is the sole provider is working full-time (2080 hours per year).

Source: MIT Living Wage Calculator

CITY EMPLOYEES

20% of full-time job titles' minimum salary falls below 2024 living wage

- 150 full-time employees

74% of permanent part-time job titles minimum salary falls below 2024 living wage

- 179 part-time employees

Implementation of the living wage would have significant budget impact and create compression issues in the City's pay plan

RECOMMENDED COMPENSATION ADJUSTMENTS

SWORN POLICE & FIRE PERSONNEL

Police:

- Up to a 3% merit-based pay adjustment for up to 273 total positions - \$841,017
- Scheduled Steps: Steps for 36 of 168 sworn and 26 of 63 civilian positions - \$224,891



Fire:

- Up to a 3% merit-based pay adjustment for up to 183 total positions - \$643,541
- Scheduled Steps: Steps for 70 of 178 sworn positions - \$280,145



GENERAL PERSONNEL

Merit-Based Market Adjustment: Up to a 3% pay adjustment for general employees - \$1,624,190



The 3% Pay Plan adjustment puts the minimum hourly wage for full-time and permanent part-time positions at \$19.45

Total recommended Pay Plan Adjustments - \$3,613,784

PUBLIC SAFETY PAY SURVEY COMPARISON

AFTER ADD 3%



Job Title	Rank at MINIMUM	% COR MINIMUM Pay BELOW Rank #4	% COR MINIMUM Pay ABOVE Rank #4	Rank at MAXIMUM	% COR MAXIMUM Pay BELOW Rank #4	% COR MAXIMUM Pay ABOVE Rank #5
Police Officer	4 of 13	0.0%	-	7 of 13	-1.1%	-
Police Sergeant	8 of 12	-3.0%	-	6 of 12	-0.7%	-
Police Lieutenant	4 of 13	0.0%	-	3 of 13	0.0%	+0.5%
Police Captain	3 of 10	0.0%	-	5 of 10	-0.3%	-



Job Title	Rank at MINIMUM	% COR MINIMUM Pay BELOW Rank #4	% COR MINIMUM Pay ABOVE Rank #4	Rank at MAXIMUM	% COR MAXIMUM Pay BELOW Rank #4	% COR MAXIMUM Pay ABOVE Rank #5
Firefighter	7 of 13	-3.8%	-	8 of 13	-1.4%	-
Driver/Engineer	6 of 13	-1.1%	-	2 of 13	0.0%	+1.7%
Fire Captain	8 of 13	-3.2%	-	9 of 13	-1.5%	-
Fire Battalion Chief	6 of 13	-1.0%	-	3 of 13	0.0%	+0.3%

GENERAL EMPLOYEE PAY SURVEY COMPARISON

AFTER ADD 3%

Job Title	Rank at	% COR MINIMUM	% COR MINIMUM	Rank at	% COR MAXIMUM	% COR MAXIMUM
	MINIMUM	Pay BELOW Rank #4	Pay ABOVE Rank #4	MAXIMUM	Pay BELOW Rank #4	Pay ABOVE Rank #4
Construction Inspector III	5 of 9	-3.73%		5 of 9	-0.3%	
Response & Recovery Coord	4 of 11	-		7 of 11	-2.5%	
Facilities Maintenance Supv	8 of 13	-9.4%		7 of 13	-7.0%	
Senior Maintenance Tech	5 of 8	-1.2%		5 of 8	-4.1%	
Fleet Technician III	3 of 7	-	+0.7%	5 of 7	-2.5%	
Assistant Controller	5 of 10	-1.5%		5 of 10	-2.4%	
Accountant II	6 of 11	-6.0%		5 of 11	-1.0%	
Senior Accounting Tech	5 of 13	-1.1%		1 of 13	-	+3.3%
Customer Service Specialist	5 of 12	-0.2%		3 of 12	-	+1.2%
Court Specialist	6 of 10	-4.4%		8 of 10	-8.7%	
Accounts Payable Rep	7 of 13	-1.3%		4 of 13	-	-
Senior Programmer Analyst	5 of 10	-1.5%		6 of 10	-1.8%	
Sr Water Systems Operator	5 of 8	-0.8%		7 of 8	-3.4%	
Light Equipment Operator	4 of 10	-	-	5 of 10	-1.3%	
Traffic Signs/Markings Tech II	7 of 11	-2.3%		4 of 11	-	-

KEY FOCUS AREAS



**RECRUITMENT
& RETENTION**



**PUBLIC
SAFETY**



INFRASTRUCTURE



**ECONOMIC
DEVELOPMENT**

PUBLIC SAFETY

GENERAL FUND SUMMARY:

FY24 Original Budget:
\$70,435,138

FY25 Proposed Budget:
\$72,437,872

\$ Change: \$2,002,734

% Change: 2.8%

Departments included:
Police, Fire,
Emergency Management

CONTINUED KEY INVESTMENTS:

- Police services which are essential to the public's safety and well-being: \$39,551,790
- Full-service emergency response providing fire suppression, advanced emergency medical service, specialized rescue, hazardous materials response, and fire prevention/education to the community: \$32,169,708
- Preparedness and disaster resiliency of the whole community: \$716,374

PUBLIC SAFETY - FIRE

CAPITAL REPLACEMENT FUND:

- Command vehicle: \$84,000
- Thermal imagers (quantity 12): \$127,184
- Rotary rescue saws (quantity 9): \$15,777
- Positive pressure ventilation fans (PPV) (quantity 5): \$28,500
- Fire training tower roll-up overhead door: \$15,000
- Fire Training Center auxiliary building misting fan system: \$8,500
- Fire tower second floor balcony sliding door assembly: \$9,000

SPECIAL PROJECTS FUND:

- Station bay improvements: \$75,000

DEBT FINANCED:

- Aerial Platform Truck: \$2,014,000
- M.I.C.U: \$418,000

PUBLIC SAFETY - POLICE

CAPITAL REPLACEMENT FUND:

- Replacement of fourteen vehicles: \$1,072,199

SPECIAL PROJECTS FUND:

- Forensic Imaging System Replacement (Crime-light auto): \$45,000

EXPANDED KEY INVESTMENTS:

- Thermal Drone: \$17,000
- Crime Prevention Bait Vehicle Equipment: \$14,000
- Rapid Deployment Smart Camera (UbiHub): \$5,000
- Community relations and programs: \$10,000

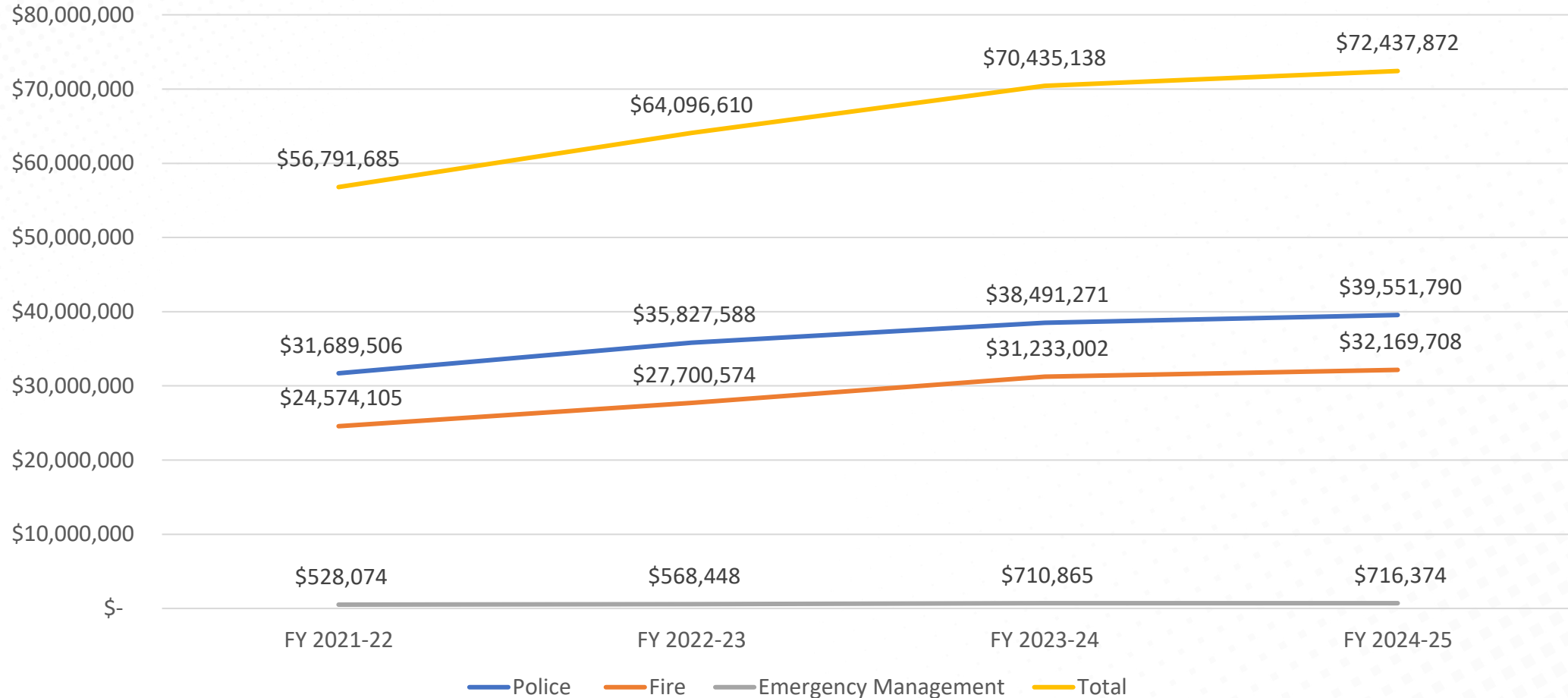
PUBLIC SAFETY – EMERGENCY MANAGEMENT

CAPITAL REPLACEMENT FUND:

- Additional security cameras: \$9,000

PUBLIC SAFETY INVESTMENT

 27.6% in 3 years



KEY FOCUS AREAS



**RECRUITMENT
& RETENTION**



**PUBLIC
SAFETY**



INFRASTRUCTURE



**ECONOMIC
DEVELOPMENT**

INFRASTRUCTURE

GENERAL FUND SUMMARY:

FY24 Original Budget:
\$21,172,625

FY25 Proposed Budget:
\$21,111,609

Change: (\$61,016)

% Change: (0.3%)

Departments included:
Engineering – Capital Projects,
Streets, Transportation & Mobility,
Street & Alley Rehabilitation

CONTINUED KEY INVESTMENTS:

- Screening Walls, Entry Features and Bridges:
 - Screening Wall Maintenance: \$120,000
 - Bridge Rail Maintenance: \$150,000
- Transportation & Mobility: Inflationary increases for supplies and materials: \$99,537

SPECIAL PROJECTS FUND :

- Transportation & Mobility: New School Zone Flashers (Renner Rd): \$35,000

INFRASTRUCTURE


KEY INITIATIVES:

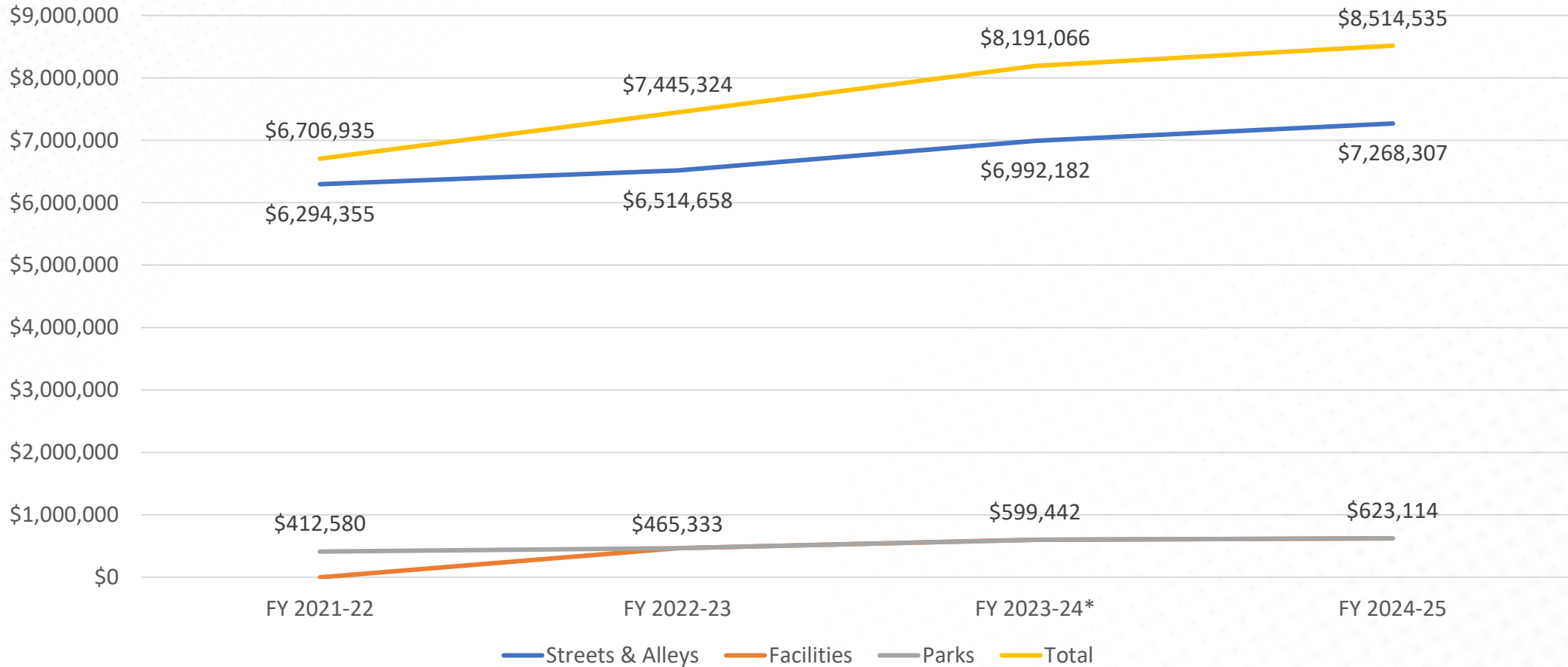
- 2021 GO Bond Program: \$54,150,000 (Year 4)
- 2023 GO Bond Program: \$9,520,000 (Year 2)
- Water and Wastewater Maintenance and Capital Projects: \$18,852,000 in a combination of debt and cash funding
- Drainage Fee Initiatives: \$2,727,007
- Property Tax Maintenance Initiatives are indexed to grow at the same rate as the revenue from current year property taxes or 3.95% for FY 2024-2025
 - Street dedication of \$5,258,694, a decrease of (\$500,220) after the removal of the FY24 one-time supplement of \$700,000 and then indexed to property tax revenue growth
 - Alley dedication of \$2,009,613, an increase of \$76,345
 - Parks Maintenance dedication of \$623,114, an increase of \$23,672
 - Facility Maintenance dedication of \$623,114, an increase of \$23,672

CAPITAL REPLACEMENT FUND:

- Streets: Replacement of 2-yard dump body: \$75,000
- Transportation & Mobility: Replacement of Sign Roller Table: \$50,000

INFRASTRUCTURE MAINTENANCE PROGRAMS

 27% in 3 years



*Does not include one-time dedication

KEY FOCUS AREAS



**RECRUITMENT
& RETENTION**



**PUBLIC
SAFETY**



INFRASTRUCTURE



**ECONOMIC
DEVELOPMENT**

ECONOMIC DEVELOPMENT

The City utilizes three primary funding sources to promote economic development

GENERAL FUND

- Manages and coordinates specific assigned projects and programs, which include complex development and redevelopment projects, economic development activities, public/private partnerships, policy and ordinance development, and interdepartmental strategic plans and studies
- Total FY 2024-2025 proposed funding: **\$627,818**

ECONOMIC DEVELOPMENT FUND

- Established in FY 2014-2015, the Economic Development Fund to advance development opportunities in the community
- Yearly transfers from General Fund occur through property tax dedication. FY 2024-2025 is funded at **\$2,076,659**
- Key FY 2024-2025 expenditures:
 - International Business Development: \$90,000

TAX INCREMENT FINANCING (TIF) FUNDS

- The City has three TIF Zones that are utilized for various economic development purposes. TIF #1 was established in 2006 and TIF #2 and TIF #3 were established in 2012
- Key FY 2024-2025 expenditures from TIF #1:
 - IQHQ Enhancements: \$90,000
 - ED Personnel cost offset: \$123,000
 - CORE District Programming: \$250,000
 - Placemaking Initiatives: \$100,000

FY 2024-2025 GENERAL FUND NEW REVENUE USES

FY 2024-2025 General Fund New Revenue	\$ 1,132,948
FY 2024-2025 General Fund Use of New Revenue	
Public Safety Pay Plan Adjustments and Steps	\$ 1,989,594
Non-Public Safety Pay Plan Adjustments	1,184,675
Unavoidable Inflationary Increases and Limited New Spending	840,923
Assumed Savings from Attrition	(881,770)
Departmental Cost Containments	(881,974)
Information Tech and Traffic Initiatives	(600,000)
CORPlan Contribution Adjustment	(518,500)
	\$ 1,132,948

ADDITIONAL BUDGET CONSIDERATIONS

HOTEL FUND TRANSFER

- To help ensure the stability of the Hotel/Motel Tax Fund during the hospitality downturn and temporary closure of the Eisemann Center during the COVID-19 pandemic, \$2,000,000 in excess reserves were transferred from the General Fund to the Hotel/Motel Tax Fund
 - FY 2019-2020: \$1,000,000
 - FY 2020-2021: \$1,000,000
- At that time, the recovery in the hospitality industry was expected to take multiple years
- Hotel/Motel taxes in Richardson recovered to their pre-pandemic levels in 18 months, allowing the fund to outperform the conservatively set budgets in FY 2020-2021 and FY 2021-2022
- As a result of the strong performance in the Hotel/Motel Tax Fund, \$1,000,000 will be transferred out of the Hotel/Motel Tax Fund to the General Special Projects Fund as partial repayment of that support

USE OF HOTEL FUND TRANSFER

- The \$1,000,000 transfer out to the General Special Projects Fund will go toward funding the following:
 - Pool Resurfacing at Heights Pools: \$335,000
 - ADA Transition Plan : \$150,000
 - Housing Needs Assessment : \$135,000
 - Fire Station Bay Improvements : \$75,000
 - Forensic Imaging System Replacement (Crime-light auto) : \$45,000
 - New School Zone Flashers – Renner Road : \$35,000
 - City-Wide Cybersecurity Risk Assessment : \$25,000
 - Richardson Replants : \$200,000

RICHARDSON REPLANTS

- In 2017, Richardson was designated as a Platinum Scenic City, in part due to the quality of our trees
- May 28, 2024, straight-line wind event caused loss of nearly 260,000 cubic yards of vegetation – including hundreds of trees throughout the City
- City Council instructed staff to develop a program to assist residents with tree restoration
- Richardson Replants will assist with the multi-year restoration plan



RICHARDSON REPLANTS

- Year 1 Goal: Give away **1,000** trees and plant **100** trees in parks before May 28, 2025
- Fall 2024 Tree Give-Away Events
 - Huffhines Harvest Fest
 - National Night Out
 - Fall Neighborhood Leadership Meeting
 - Public Safety Expo Event
 - Texas Arbor Day
- Fall 2024 Tree Give-Away Options*
 - Canopy Tree – Bur Oak
 - Ornamental Tree – Desert Willow
- FY24-25 Budget: \$200,000
- Exploring grant funding to supplement the program in the future



*Options based on availability, species may change



RICHARDSON

TEXAS

GENERAL FUND

GENERAL FUND - HIGHLIGHTS

\$180,746,827

Revenues

+0.60% from last fiscal year

Resources are generated by Property Taxes, Sales Taxes, Franchise Fees, Fines, Licenses, and fees for city services. Property Tax, Sales Tax and Franchise Fee revenues account for **83.4%** of all revenues in the fund.

\$180,346,044

Expenditures

+1.20% from last fiscal year

Operating expenditures provide support for most traditional tax-supported municipal services such as Public Safety, Parks and Recreation, Development Services, Transportation & Mobility, Library, Building Inspection, Finance, Human Resources, Health and General Administration. Personal Services account for **67.1%** of all expenditures in the fund.

90.99 days

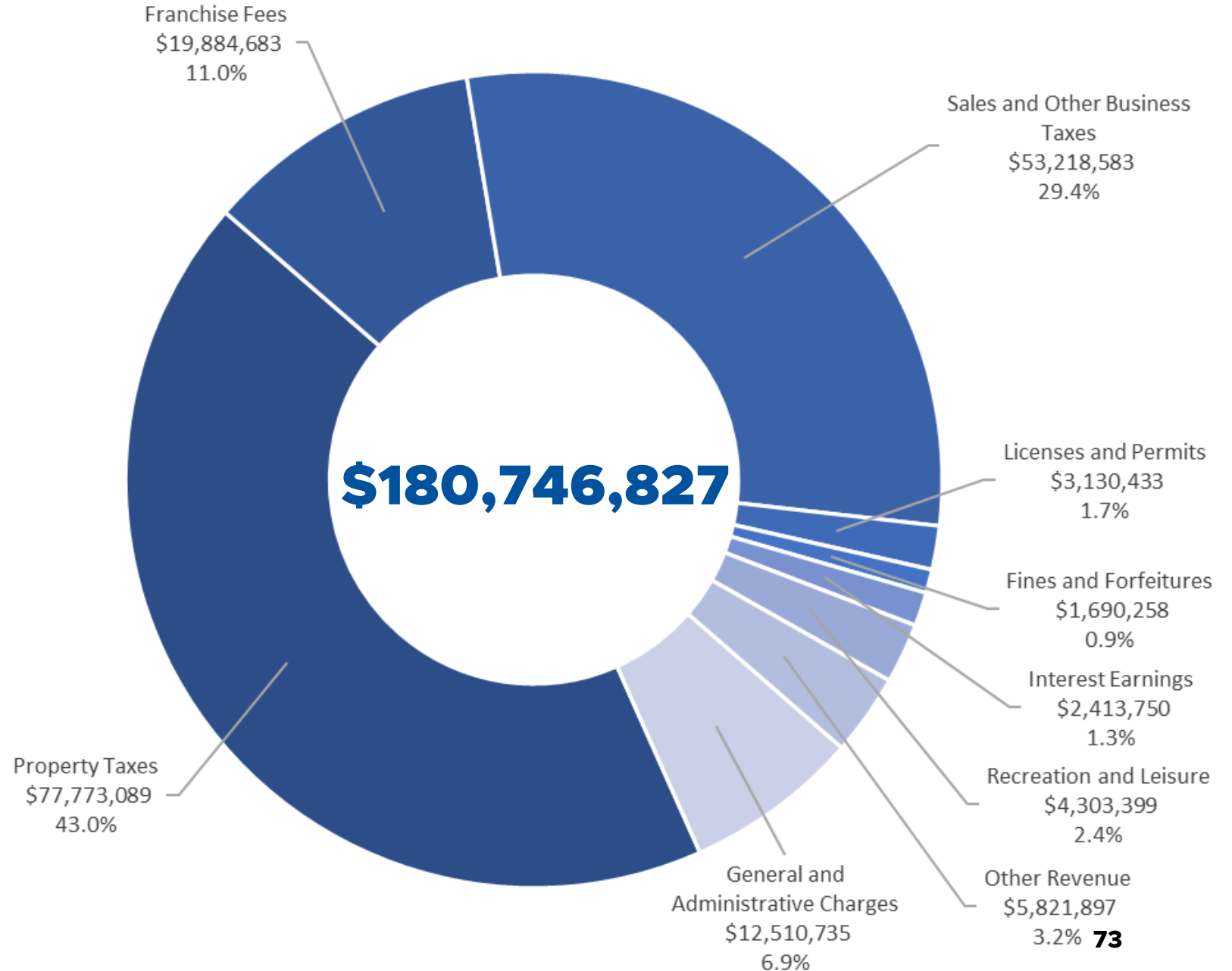
Fund Balance

+0.09 days from last fiscal year

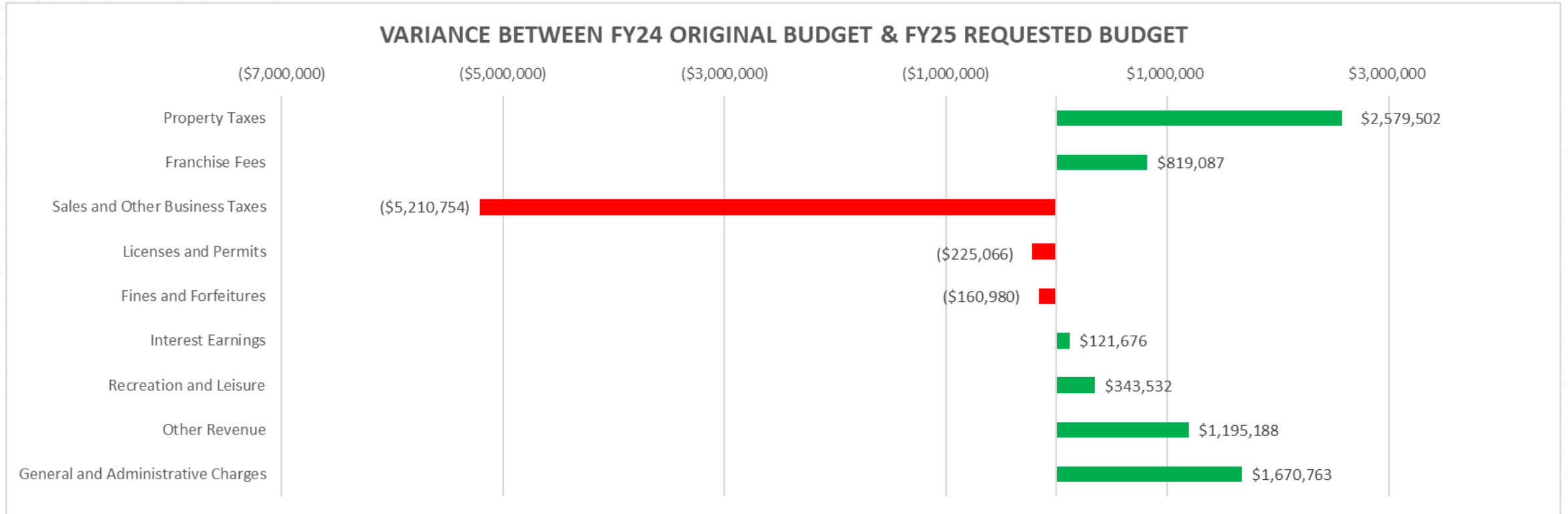
Meets fund balance policy of 90 days

GENERAL FUND REVENUES

72.4% of general fund revenues derive from Property Taxes (43.0%) and Sales & Other Business Taxes (29.4%).



GENERAL FUND – YEAR OVER YEAR CHANGE IN REVENUES



FY25 revenues are projected to increase **\$1.1 million** to **\$180.7 million** from Prior Year Budget

PROPERTY TAX REVENUES

Projected at **\$77.8 million**, which is an increase of **\$2.6 million** above the FY24 Original Budget

CURRENT TAXES



Projection of **\$77.9 million** is based on **9.96% value growth** from FY24

- Assumes the maximum revenue increase allowed under SB2
- Lowers the current rate by \$0.01877, while using the available increment of \$0.00493
- An **increase of \$3.0 million** from FY 2023-2024
- One Cent is worth \$2.4 million
- 1% from FY24 Certified = \$749,034 to the General Fund
- Commercial Office sector values down (9.4%)

PRIOR TAXES



Projection of **(\$350,000)**

- Forecast for FY 2024-2025 is based on current trends and assumes continued higher than normal property value dispute lawsuits filed in District Court, [many related to commercial office sector](#)
- Assumes a continued impact of less than favorable outcomes of these lawsuits
- A **decrease of (\$411,000)** from FY 2023-2024

PENALTIES & INTEREST



Projection of **\$261,667** based on 5-year average

- An **increase of \$32,000** from FY 2023-2024

FRANCHISE FEE REVENUES

Projected at **\$19.9 million** which is an increase of **\$819,087** above the FY24 Original Budget



ELECTRIC FRANCHISE FEES

Based on a normalized year (non pandemic year) and 2.5% growth



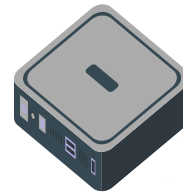
GAS FEES

Based on a normalized year and removes the impact of the colder than normal February 2023, but does factor in recent increases in the unit cost



TELEPHONE FRANCHISE FEES

Assumes reduced fees as residential customers continue to drop their land lines. FY23 benefitted from the reactivation of commercial accounts as workers returned to the office



CABLE FEES

Continue to reflect the full impact of SB 1152 and the current trend of customers switching from cable service to streaming



WATER/SEWER & SOLID WASTE FRANCHISE FEES

Based on 5.0% of sales and service fees for the use of the City's rights-of-way and is consistent with best practices

SALES & OTHER BUSINESS TAX REVENUE

Projected at **\$53.2 million** which is a decrease of **(\$5.2) million** below the FY24 Original Budget



SALES TAX

- Budgeted at **\$52.4** million
- Based on (2.0%) decline from the FY24 Base Collections, which removes all state adjustments from total collections
 - (9.1%) reduction from FY24 budget



MIXED BEVERAGE TAX

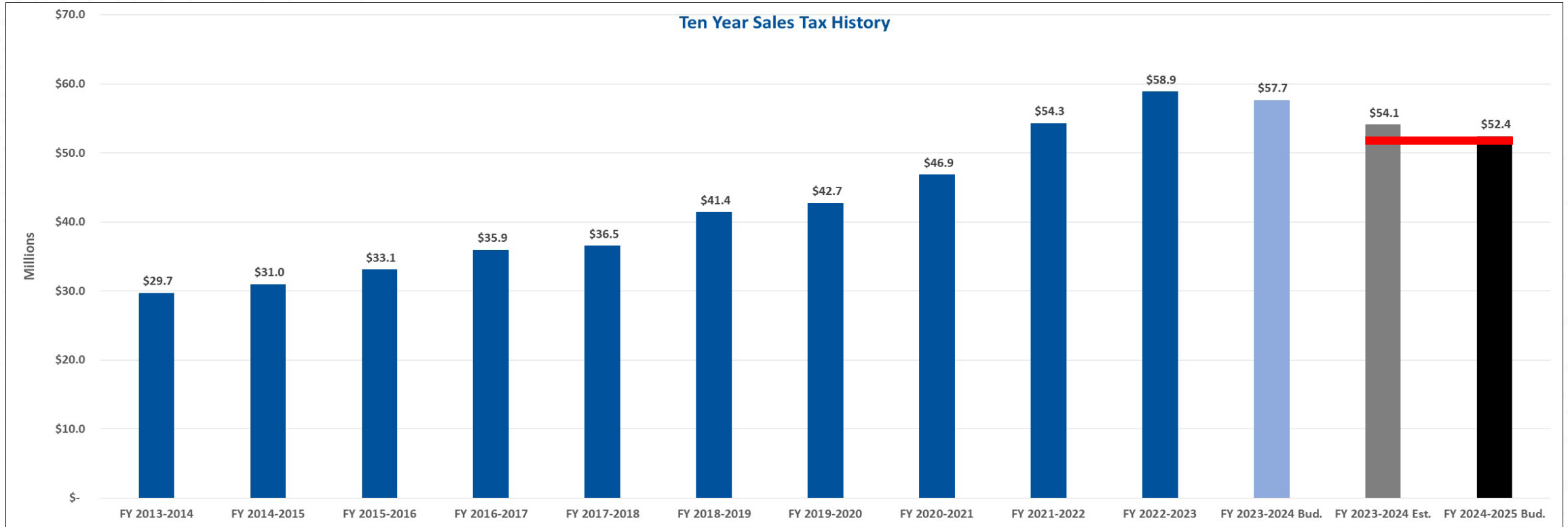
- Budgeted at **\$755,735**
- Increased \$47,222 from FY24 Budget



BINGO TAX

- Budgeted at **\$48,736**
- Decreased (\$1,502) from FY24 Budget

SALES TAX REVENUE



**FY 24-25 Budget is
3.1% less than FY 23-
24 Estimate**

OTHER REVENUES

Projected at **\$29.9 million** which is an increase of **\$2.9 million** above the FY24 Original Budget



LICENSES & PERMITS

Based on current trends and includes \$66,325 from increases to building and development fees



FINES & FORFEITURES

Continued low activity

OTHER REVENUES

FY25 forecast includes increased ambulance revenue resulting from higher insurance reimbursements rates. Also includes an increase to ambulance transport fee.



INTEREST

FY24 budget assumed multiple rate cuts by the Fed, which did not occur. FY25 forecast based on high fund balance and gradual rate cuts in 2025.



RECREATION & LEISURE

Includes revenues from Community Events, Athletics, Recreation Centers and Senior Center, Aquatics, and from the City's Gymnastics and Tennis programs. This category includes \$108,613 in increases to Parks fees



GENERAL & ADMINISTRATIVE CHARGES

Based on most recent update to the City's cost allocation plan

GENERAL FUND FEE CHANGES INCLUDED*

Fire	Change/New	Current	Proposed	Change	Revenue Impact	Comment
Ambulance Transport Fee	Change	\$675	\$875	\$200	\$275,000	Market Based
					\$275,000	

Building Inspection	Change/New	Current	Proposed	Change	Revenue Impact	Comment
Multi-Family Permit Fee	Change	\$650	\$750	\$100	\$38,400	Market Based
Single Family Permit Fee	Change	\$1,800	\$1,950	\$150	\$4,350	Market Based
Detached Building < 150 sf	Change	\$50	\$100	\$50	\$2,250	Market Based
Detached Building > 150 sf	Change	\$100	\$200	\$100	\$1,200	Market Based
Commercial Fence Permit	Change	\$50	\$100	\$50	\$700	Market Based
					\$46,900	

Planning	Change/New	Current	Proposed	Change	Revenue Impact	Comment
Tree Mitigation	New	\$0	\$500	\$500	\$18,500	Need Based
Tree Removal Permit	New	\$0	\$50	\$50	\$900	Need Based
					\$19,400	

* Proposed fee changes are included in presented numbers

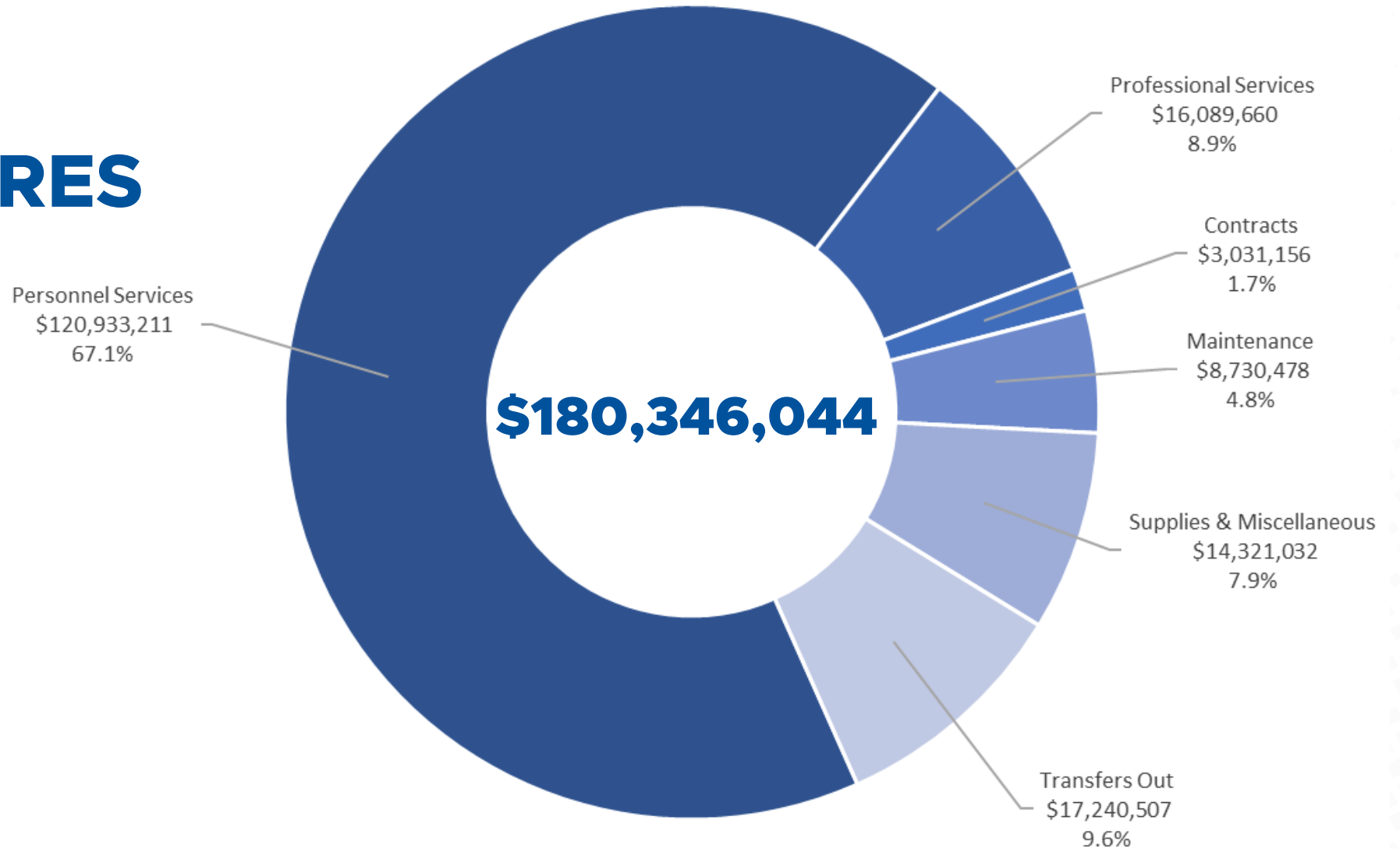
GENERAL FUND FEE CHANGES INCLUDED*

Parks and Recreation	Change/New	Current	Proposed	Change	Revenue Impact	Comment
Special Use Permitting	New	\$0	\$25	\$25	\$1,250	Cost Recovery
Pavilion Rental - Resident	Change			N/A	\$3,200	Set Minimum Hours
Pavilion Rental - Non-Resident	Change			N/A	\$1,600	Set Minimum Hours
Breckinridge Fire Pit	New	\$0	\$50	\$50	\$150	Educational programs only
Playground Camp	Change	\$150	\$175	\$25	\$13,700	Cost Recovery
Kindergarten Camp	Change	\$175	\$200	\$25	\$4,675	Cost Recovery
Elementary Camp	Change	\$175	\$200	\$25	\$11,775	Cost Recovery
Teen Camp	Change	\$200	\$225	\$25	\$6,500	Cost Recovery
Recreation Center Membership - Individual	Change	Varies	Varies	17%-29%	\$30,070	Market Based
Recreation Center Membership - Family	Change	Varies	Varies	11%	\$5,565	Market Based
Recreation Center Membership - Monthly	Change	Varies	Varies	30%-50%	\$8,310	Market Based
Recreation Center Membership - Corporate	Change	\$90	\$105	\$15	\$750	Market Based
Tournament Gate Fee (per team)	Change	\$100	\$150	\$50	\$17,500	Cost Recovery
Tennis Court Fees (per person/per 1.5 hours)	Change	\$3.00	\$3.50	\$0.50	\$1,745	Market Based
Tennis Court Punch Card	Change	Varies	Varies	31%-51%	\$650	Market Based
Van Ride Rate - Senior Center	Change	\$0.25	\$0.50	\$0.25	\$1,173	Cost Recovery
					\$108,613	

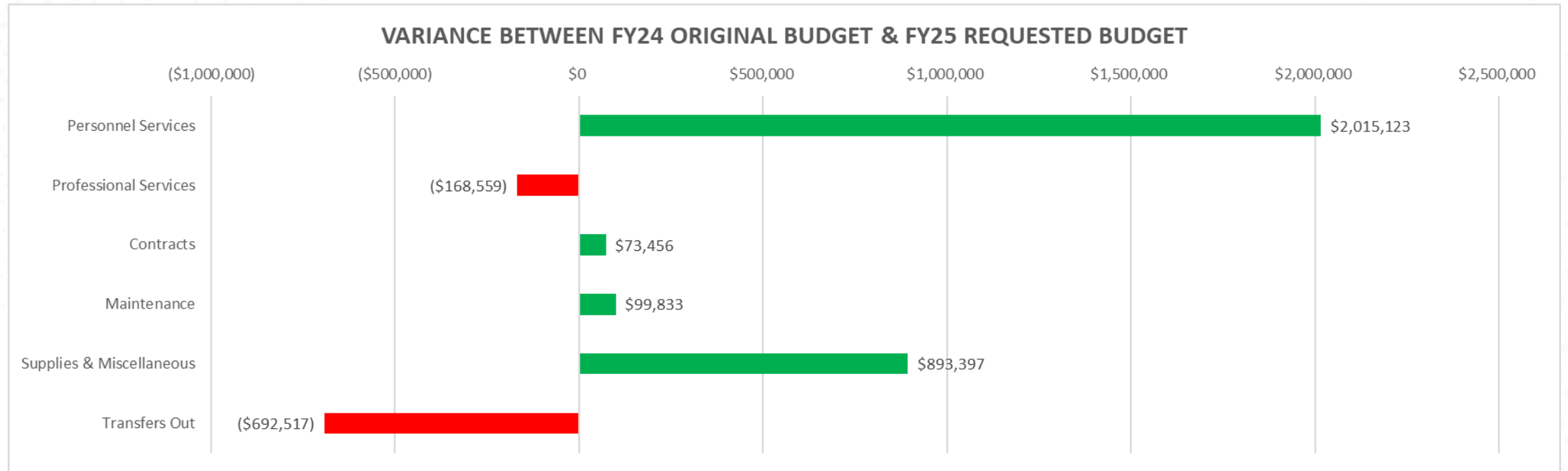
* Proposed fee changes are included in presented numbers

GENERAL FUND EXPENDITURES

67.1% of
expenditures
comprised of
Personnel Services



GENERAL FUND – YEAR OVER YEAR CHANGE IN EXPENDITURES



FY25 expenditures are projected to increase **\$2.2 million** to **\$180.3 million** from Prior Year Budget

GENERAL FUND EXPENDITURES

WHERE THE
MONEY GOES
75.3%

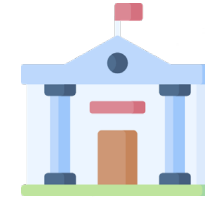
of General Fund
expenditures are from Public
Safety, General Government,
Infrastructure & Mobility and
Recreation & Leisure



PUBLIC
SAFETY

40.2%

\$72.4 MILLION



GENERAL
GOVERNMENT

13.8%

\$24.8 MILLION



INFRASTRUCTURE
& MOBILITY

11.7%

\$21.1 MILLION



RECREATION
& LEISURE

9.6%

\$17.3 MILLION

GENERAL FUND OPERATING & OTHER TRANSFERS OUT

Budgeted at **90.99 days**, in compliance with the minimum of 90 days set by the City's financial policies



INFORMATION TECH & TRAFFIC INITIATIVES

A decrease of (\$600,000).

As the replacement of the City's legacy computer systems shifts to utility billing, a larger portion of the program will be funded out of the Water and Sewer Fund.



STREET & ALLEY REHAB FACILITY MAINTENANCE PARKS MAINTENANCE ECONOMIC DEVELOPMENT EQUIPMENT REPLACEMENT

Property tax dedications programmed in support of the City's pay-as-you go capital and maintenance initiatives are programmed to increase at the same rate as Property Tax revenue from Current Taxes after removing the one-time FY24 supplement of \$700,000.

KEY PROGRAMS & SERVICES OVERVIEW



GENERAL GOVERNMENT

SUMMARY:

FY24 Original Budget:

\$25,246,926

FY25 Proposed Budget:

\$24,825,254

Change:

(\$421,672)

% Change: (1.7%)

Departments included:

City Secretary, General Government,
Budget, Non-Departmental,
Accounting, Finance Admin,
Purchasing, Tax, Municipal Court,
Human Resources, Citizens'
Information Services

CONTINUED KEY INVESTMENTS:

- Continue enhancing culturally diverse programming and event opportunities, including expanded community engagement strategies
- Strategies to broaden diversity of applicants on boards and commissions
- CARES Program funding
- City-wide expenses such as insurance premiums and radio/phone system fees and maintenance
- Ongoing support for the Network of Community Ministries and Counseling Place (\$500,000 each)
- Continued funding for enhanced recruitment efforts

EXPANDED KEY INVESTMENTS:

- General Government/CMO: CAC Grant Application Software: \$10,000

JUDICIAL EFFICIENCY FUND:

- Municipal Court Building Refresh (phase 2): \$43,073

COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY:

FY24 Original Budget:
\$7,986,195

FY25 Proposed Budget:
\$8,557,908

Change:
\$571,713

% Change: 7.2%

Departments included:
Community Services,
Building Inspection,
Health, Animal Control

CONTINUED KEY INVESTMENTS:

- Community Services:
 - Home Improvement Incentive Program:
\$1,900,000
 - Increase of \$657,086
 - Increase due to higher per project value when compared to previous years
 - Ongoing funding for homeowner and neighborhood association support programs
 - Screening Wall Washing and Painting Program:
\$90,000
 - Graffiti Abatement Program: \$30,000

COMMUNITY & NEIGHBORHOOD SERVICES

CONTINUED KEY INVESTMENTS:

- Building Inspection:
 - Reduction in funding for contracted building inspections based on lower expected permit activity in FY 2024-2025:
 - Decrease of (\$94,497)

EXPANDED KEY INVESTMENTS:

- Curb Appeal Campaign: \$5,000
- New Resident Resources: \$5,000

SPECIAL PROJECTS FUND:

- Community Services:
 - ADA Transition Plan: \$150,000

PLANNING AND DEVELOPMENT SERVICES

GENERAL FUND SUMMARY:

FY24 Original Budget:
\$1,799,154

FY25 Proposed Budget:
\$1,760,337

Change: (\$38,817)

% Change: (2.2%)

Departments included:
Planning,
Development & Engineering

CONTINUED KEY INVESTMENTS:

- Ongoing support for the City Plan Commission and Zoning Board of Adjustment
- Provides continued funding for the Comprehensive Plan update

FACILITY & FLEET SERVICES

SUMMARY:

FY24 Original Budget:
\$13,119,717

FY25 Proposed Budget:
\$13,867,507

Change:
\$747,790

% Change: 5.7%

Departments included:

Facility Maintenance, Custodial Services, Fleet Services, Facility Maintenance Tax Rate Dedication

CONTINUED KEY INVESTMENTS:

- Facility Maintenance:
 - Contracted facility inspections and maintenance services: \$435,000 (increase of \$69,168)
 - Includes elevator, generator and fire panel inspections and cooling tower cleaning
 - Routine facility maintenance: \$838,000
 - Property Tax Dedication for repair and maintenance projects: \$623,114
 - Electric and heating costs: \$1,000,000 and \$210,000 respectively (total increase of \$145,000)
- Custodial Services: In-house custodial services and contracted custodial services: \$1,690,987 and \$453,640 respectively
- Fleet Services: Fleet is charged with acquiring and maintaining city vehicles and equipment with a total budget of \$7,082,102

CAPITAL REPLACEMENT FUND:

- Facility Maintenance: Replacement of cargo van: \$65,000

INFORMATION TECHNOLOGY

SUMMARY:

FY24 Original Budget:
\$10,226,059

FY25 Proposed Budget:
\$9,991,627

Change:
(\$234,432)

% Change: (2.3%)

Departments included:
Information Technology,
Information Tech & Traffic Initiatives,
Pay-as-you-go IT Replacement Program

CONTINUED KEY INVESTMENTS:

- Cloud based services: \$1,408,904; increase of \$262,786
- Software license agreements and maintenance: \$1,145,492; increase of \$106,217
- Hardware maintenance: \$324,874
- Continued funding for the replacement of the City's legacy computer systems and upgrades to the technology backbone of the City's traffic system:
 - As the program begins to focus on the utility billing system, more of the program will be supported by the Water and Sewer Fund; \$1,250,000; decrease of (\$600,000)
- Property Tax Dedication for the replacement of computer and network hardware: \$1,557,701; programmed to increase at the same rate as Property Tax revenue from Current Taxes

SPECIAL PROJECTS FUND:

- Cybersecurity Risk Assessment: \$25,000

LIBRARY

SUMMARY:

FY24 Original Budget:
\$3,951,604

FY25 Proposed Budget:
\$3,953,337

Change:
\$1,733

% Change: 0.0%

Departments included:
Library Services

CONTINUED KEY INVESTMENTS:

- Funding for the Library’s modified operations the temporary City Hall as the Library prepares for improvements that were passed as part of the 2021 Bond Program
- Funding to continue enhancing culturally diverse programming and event opportunities
- Funding for operation of the Library Community Outreach Van
- Subscription services: \$50,420
- Continued support for the Richardson Adult Literacy Center: \$30,000

CAPITAL REPLACEMENT FUND:

- Continues purchase of additional books and materials: \$375,000

RECREATION AND LEISURE

SUMMARY:

FY24 Original Budget:
\$17,292,075

FY25 Proposed Budget:
\$17,294,504

Change:
\$2,429

% Change: 0.0%

Departments included:

Parks – Administration, Community Events,
Recreation, Heights Recreation Center,
Huffhines Recreation Center, Senior Center,
Pools, Tennis, Gymnastics, Parks Maintenance,
and Parks Maintenance Tax Rate Dedication

CONTINUED KEY INVESTMENTS:

- Funding for all traditional community events
- Full programming at Heights and Huffhines Recreation Centers and the Senior Center
- Pools at full operations at the four community pools and the Heights Aquatics Center
- Support the increased activity at the Tennis Center
- Continuation of the City’s Property Tax Dedication for Parks Maintenance: \$623,114
- Matching Fund Beautification: \$25,000 funded through the Capital Replacement Fund

RECREATION AND LEISURE

EXPANDED KEY INVESTMENTS:

- Adaptive Adult Venture Days: \$5,262
- Adaptive Program – Camp Courageous: \$6,944
- Mimosa Park Musco Lighting Conversion: \$14,025
- Huffhines Facility-Wide Public Address and Sound System Upgrade: \$4,500

SPECIAL PROJECTS FUND:

- Pool resurfacing – Heights lap pool, Leisure pool and Tot pool: \$335,000

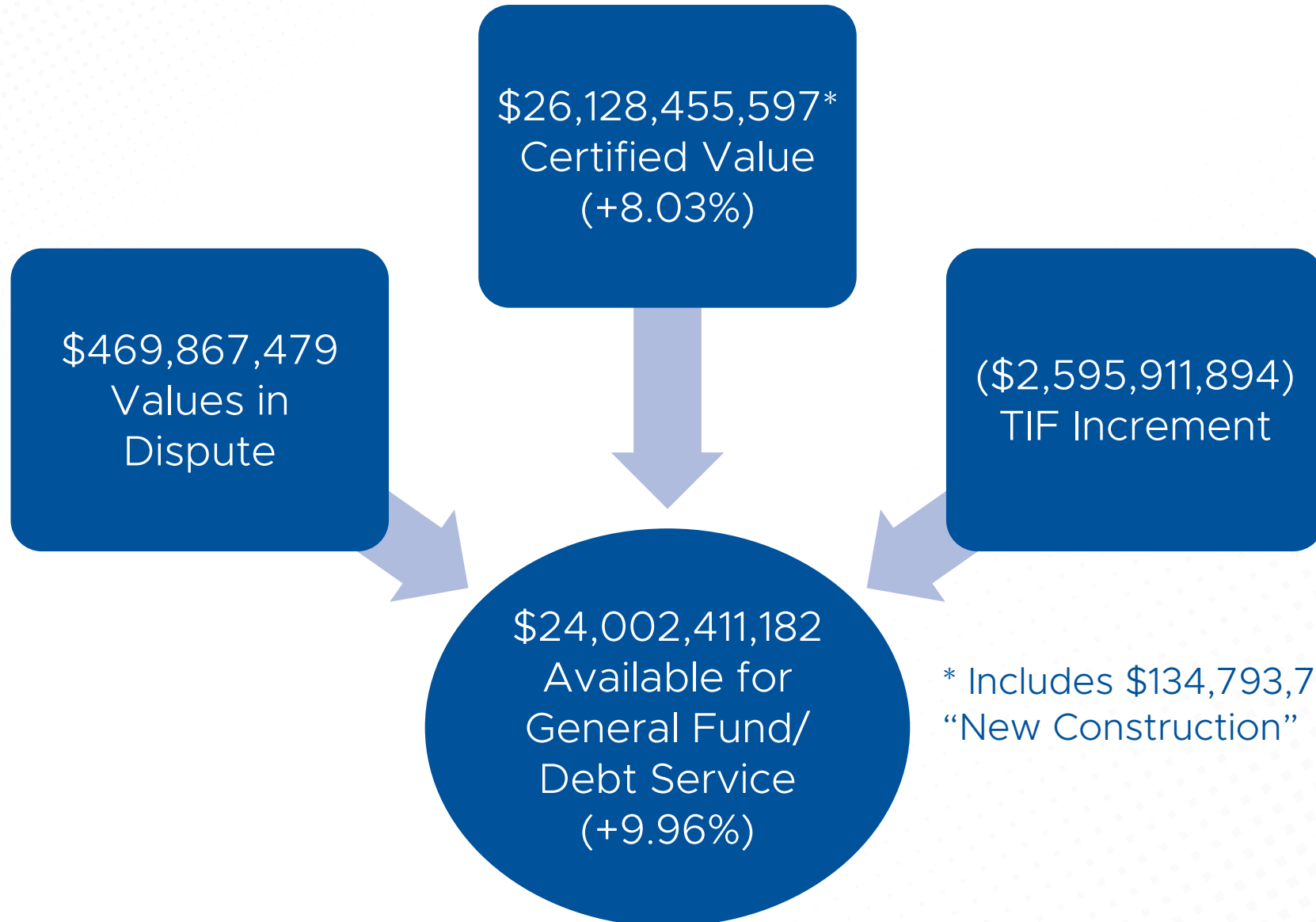
RECREATION AND LEISURE

CAPITAL REPLACEMENT FUND:

- Credit card readers for facilities: \$6,500
- Heights gymnasium floor resurfacing: \$14,457
- Heights treadmill replacements (qty. 5): \$56,052
- Heights new landing area installation: \$12,788
- Heights Creek Room floor replacement: \$18,000
- Huffhines stairclimber replacement (qty. 1): \$12,250
- Heights Vortex pool VFD replacement: \$9,500
- Canyon Creek Tot pool sand media filter replacement: \$6,000
- Glenville shade structure fabric replacement: \$3,000
- Heights FAC Tot pool cascade feature replacement: \$28,000
- Tennis fabric shade structure replacement: \$10,450
- Gymnastics security cameras replacement: \$36,000
- Compact SUV Hybrid replacement (qty. 1): \$36,000
- Pickup Truck (3/14 ton) replacement (qty. 5): \$300,000

TAX RATE DISCUSSION

CERTIFIED TAX ROLL



* Includes \$134,793,718 of
“New Construction”

TAX ROLL IMPACTS

- 51.75% of residential accounts saw a market value increase of 10% or more
- 65.56% of residential accounts qualified for the homestead cap limiting taxable increases to 10%

Average Home Values

Market: \$475,638 (+10.18%)
Taxable: \$387,624 (+10.37%)

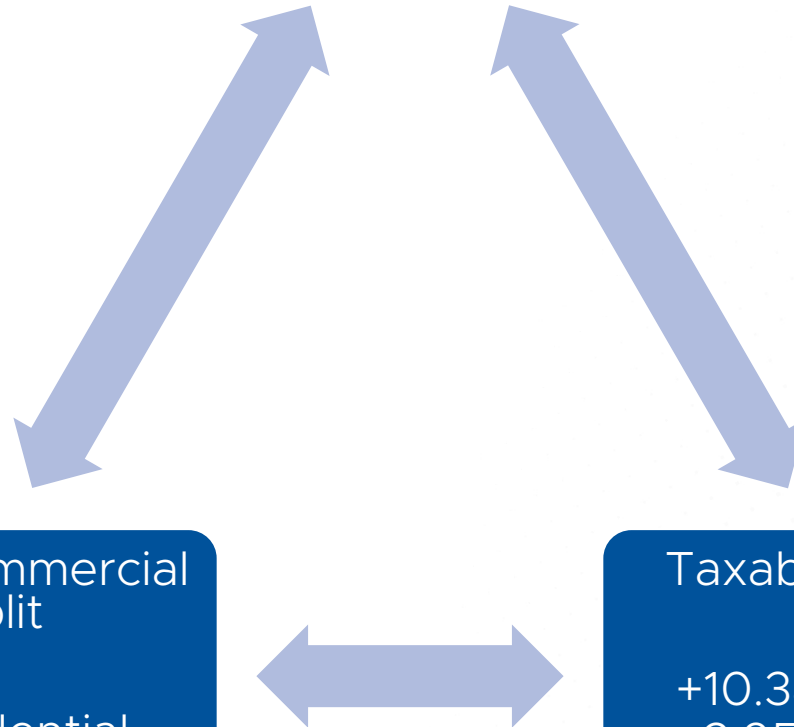
- Current senior exemption of \$145,000 equates to a 30.21% protection against market value
- Total senior accounts increased by 2.27% - currently 31.99% of residential accounts

Residential/Commercial Value Split

41.76% Residential
58.24% Commercial

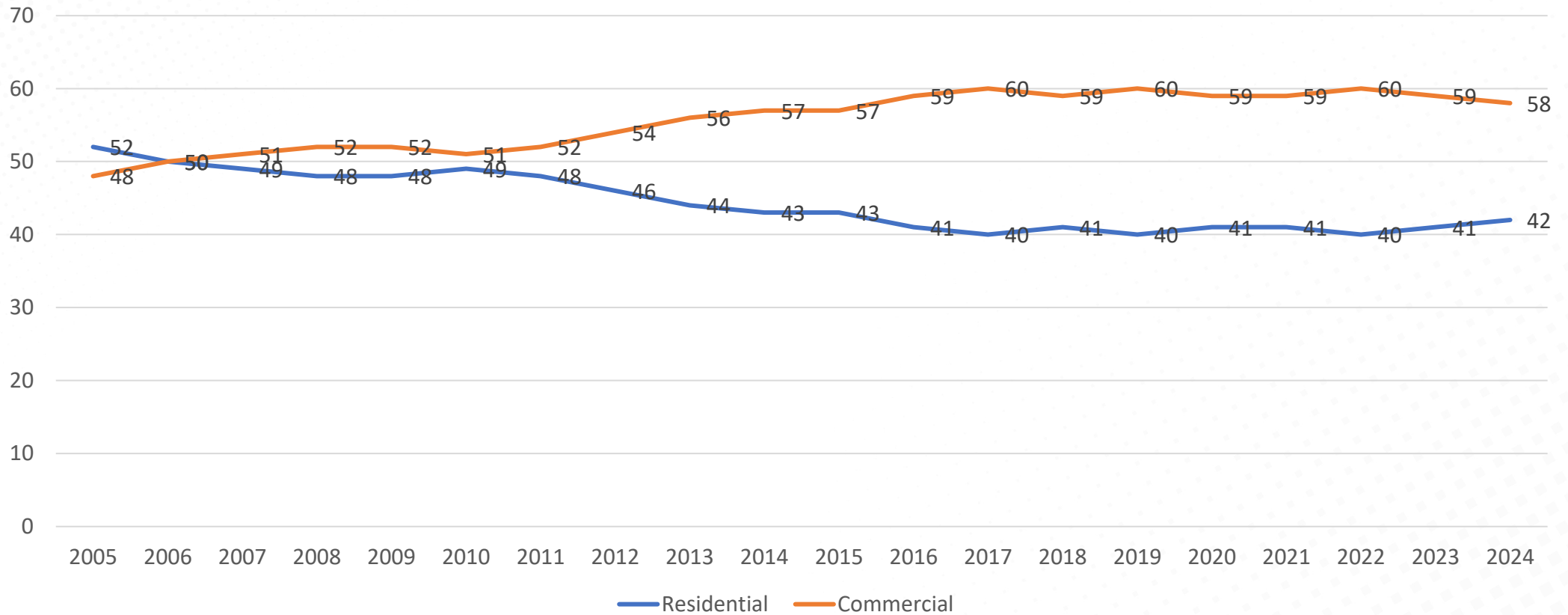
Taxable Roll Change

+10.38% Residential
+3.95% Commercial
+12.41% BPP



TAX ROLL HISTORY

Taxable Value History



TAX RATE OVERVIEW

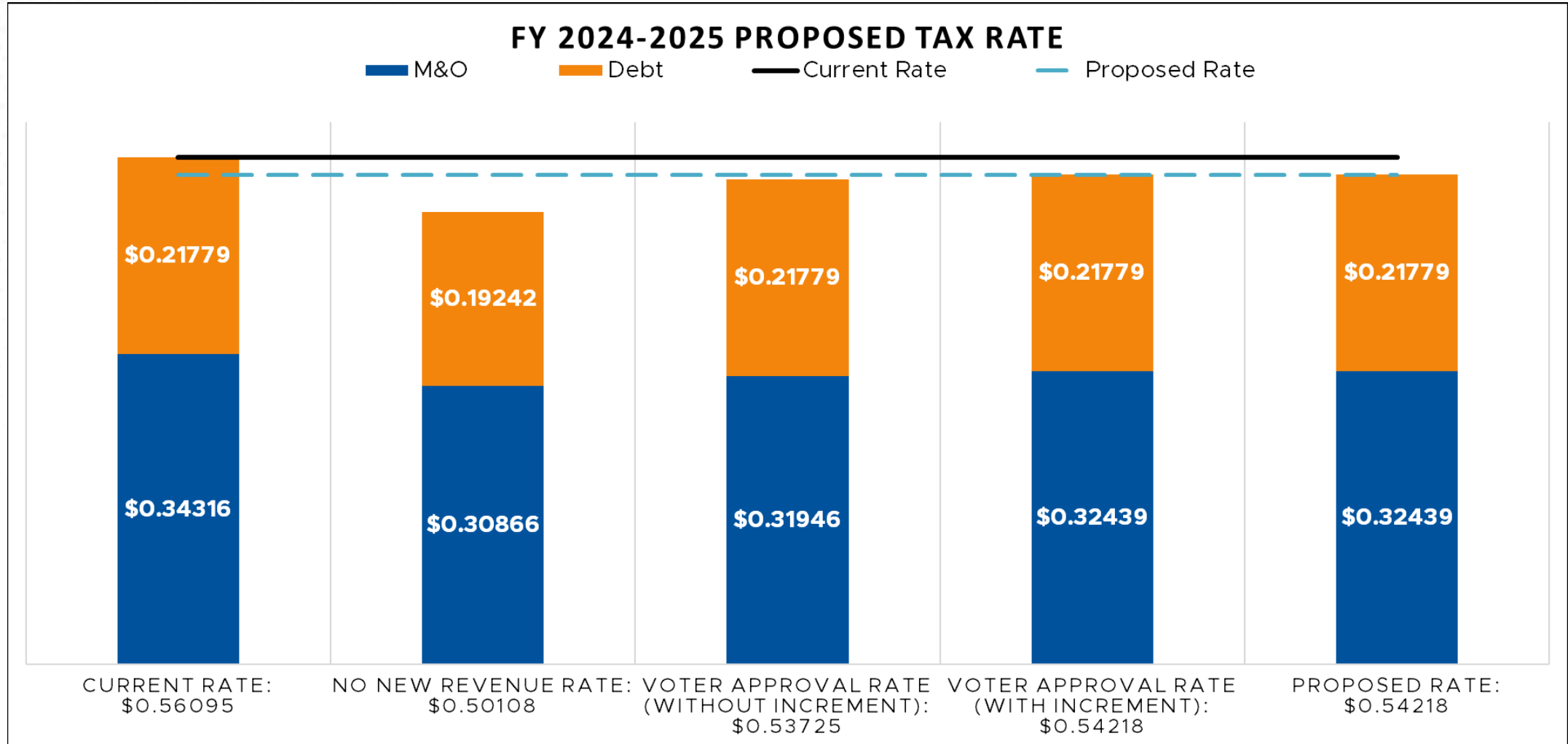
- **Property Tax Rate** is the adopted tax rate assessed on the taxable value of real and business personal property
 - Comprised of two components:
 - A **Maintenance & Operations Rate** that goes to the General Fund for general spending
 - A **Debt Rate** that goes to the Debt Service fund to pay outstanding debt
- **No New Revenue Rate** would generate approximately the same revenue as the prior year
- **Voter Approval Rate** is the highest rate that a City Council can adopt without a mandatory ratification election
 - This rate allows a City to collect 3.5% more revenue from property taxes than in the prior year unless the City has increment to apply to the rate
 - Increment is created when a City adopts a Property Tax Rate lower than the Voter Approval Rate
 - Available unused increment is \$.00493 of the tax rate based on current taxable valuation
 - State Law allows for the increment to be applied to future tax rates within three years
 - After three years, any increment is forfeited
 - **Published Voter Approval Rate** includes the total increment available to the City

TAX RATE OVERVIEW

Current Tax Rate	No New Revenue Rate	Voter Approval Rate (without increment)	Voter Approval Rate (with increment)
\$0.34316 M&O \$0.21779 Debt <hr/> \$0.56095 Total	\$0.30866 M&O \$0.19242* Debt <hr/> \$0.50108 Total	\$0.31946 M&O \$0.21779 Debt <hr/> \$0.53725 Total	\$0.32439 M&O \$0.21779 Debt <hr/> \$0.54218 Total

* True Debt Service rate is calculated based on actual Debt Service requirements

FY 21-22 INCREMENT AND FY 24-25 PROPOSED TAX RATE



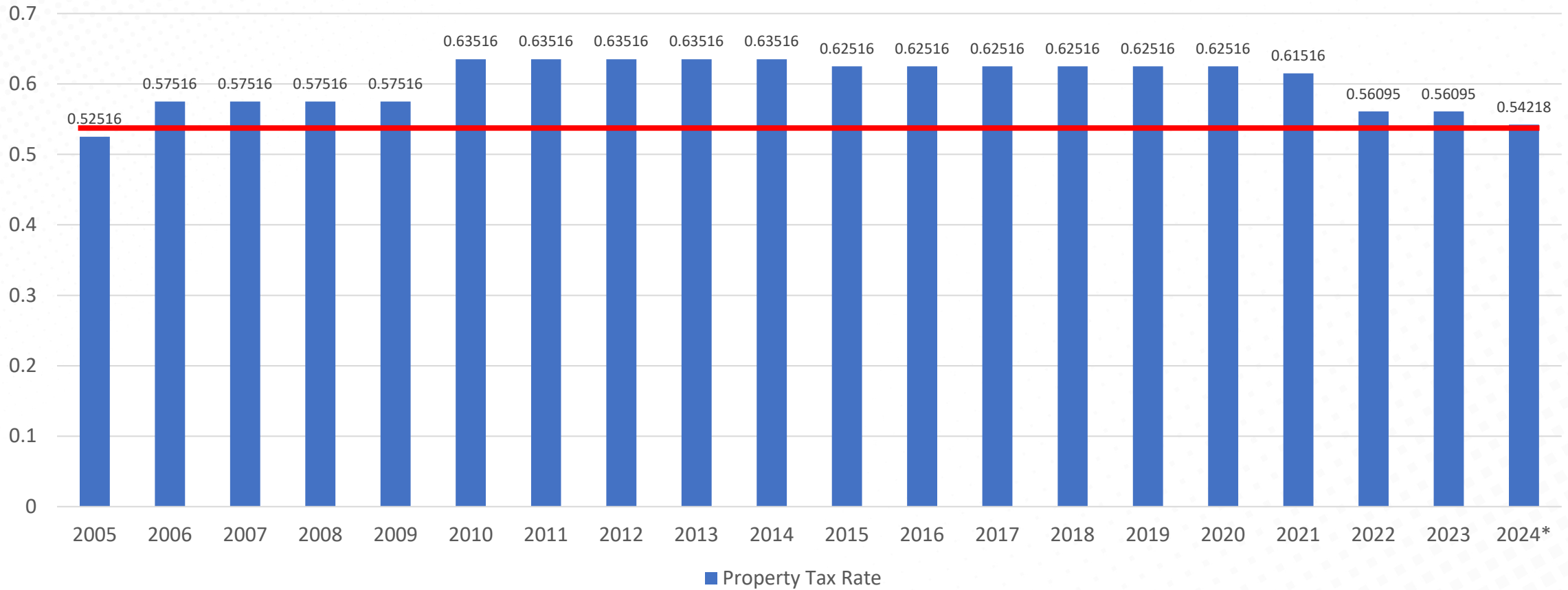
PEER COMPARISONS

- Last year, Richardson’s tax rate ranked 6th lowest among peer cities and was \$0.011309 below the average rate of \$0.572259
- The current peer city average tax rate is expected to decrease once other cities adopt their rates this year

City	FY 2023-2024 Tax Rate
Dallas	\$0.735700
Mesquite	\$0.690000
Garland	\$0.689746
Fort Worth	\$0.672500
Grand Prairie	\$0.660000
Arlington	\$0.589800
Irving	\$0.589100
Average	\$0.572259
Richardson (Current Rate)	\$0.560950
Carrollton	\$0.553750
Richardson (Proposed Rate)	\$0.542180
Frisco	\$0.432205
McKinney	\$0.427513
Allen	\$0.420500
Plano	\$0.417600

PROPERTY TAX RATE HISTORY

Property Tax Rate



*Proposed Rate

RESIDENTIAL IMPACTS

Rate	Value	Average Resident Tax Increase	Average Senior Tax Increase
Current Rate	\$0.56095	\$204.37 (10.37%)	\$145.69 (10.32%)
Voter Approval Rate (with increment) / Proposed Rate	\$0.54218	\$131.61 (6.68%)	\$93.57 (6.63%)

Tax Rate	Average Resident Bill	Average Senior Bill
Current Rate	\$2,175	\$1,557
Voter Approval Rate (with increment) / Proposed Rate	\$2,102	\$1,505
Savings from Proposed Rate	\$73	\$52

ESTIMATED RESIDENTIAL TAX BILLS

- All tax rates shown are for the prior year unless marked with a *.
- Final adopted rates may be lower than proposed rates.
- Includes all applicable exemptions.

Entity	Tax Rate	Amount	% of Total
City of Richardson*	\$0.542180	\$2,102	24.3%
Richardson ISD*	\$1.139900	\$4,419	51.2%
Dallas County	\$0.215718	\$836	9.7%
Dallas College	\$0.110028	\$426	4.9%
Parkland Hospital	\$0.219500	\$851	9.9%
Total	\$2.227326	\$8,634	100.0%

Entity	Tax Rate	Amount	% of Total
City of Richardson*	\$0.542180	\$2,102	29.3%
Plano ISD*	\$1.076750	\$4,174	58.2%
Collin County	\$0.149343	\$579	8.1%
Collin College	\$0.081220	\$314	4.4%
Total	\$1.849493	\$7,169	100.0%

TAX RATE NOTICE

- Once the public hearing is called, the City is required by State law to post notice of the public hearing with the various tax rates in the Dallas Morning News
- Notice is also posted on the City’s website

Excerpt from the notice:

The 86th Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

The following table compares the taxes imposed on the average residence homestead by City of Richardson last year to the taxes proposed to be imposed on the average residence homestead by City of Richardson this year.

	2023	2024	Change
Total tax rate (per \$100 of value)	\$0.56095	\$0.54218	(\$0.01877) or -3.35%
Average homestead taxable value	\$351,191	\$387,624	\$36,433 or 10.37%
Tax on average homestead	\$1,970	\$2,102	\$132 or 6.70%
Total tax levy on all properties	\$ 136,961,617	\$ 144,210,788	\$7,249,171 or 5.29%

- Recommendation: Set public hearing on September 9, 2024, for a proposed tax rate of \$0.54218 per \$100 valuation for Fiscal Year 2024-2025

FINAL THOUGHTS DAY ONE



FY 2024-2025 GENERAL FUND SUMMARY

REVENUES:

- Revenue from Current Property Taxes are projected to increase 3.95% from the FY24 Budget
 - Based on 3.5% max from Supplemental Tax Rolls allowed under SB2
 - Uses total available SB2 tax rate increment
 - Results in a \$0.01877 reduction to the tax rate
 - Includes the senior tax exemption of \$145,000
- Sales tax revenue projected to decrease from the prior year base budget by (9.1%)

OTHER:

- Maintains fund balance at 90.99 days

EXPENDITURES:

- 3.0% merit-based market pay plan adjustment for all employees
- Increase the minimum starting salary for full-time and permanent part-time positions to \$19.45 from \$18.71
- Continued investment in public safety via 5.0% public safety steps, capital equipment replacement, mental health care, expanded community programming
- Property Tax Dedications (Street and Alley Rehabilitation, Facility Maintenance, Parks Maintenance, Economic Development, and the City's Pay-As-You-Go Capital and IT Replacement Programs) are programmed to increase 3.95%
- \$3.84 million in funding for pay-as-you-go capital replacements and \$1.56 million for the IT replacement fund
- \$1.25 million in funding for the replacement of the City's legacy IT systems and for upgrades to the traffic management system

