

City of Richardson, Texas

2012-2013 Municipal Budget Overview

Charting the Course

City Council Budget Presentation

August 6, 2012



Charting the Course

- ***“Charting the Course”*** is the suggested theme for the 2012-2013 budget to reflect the variety of planning and assessment efforts currently underway that will give profound direction for the City’s future during 2012-2013 and beyond.
- *Charting the Course* also conveys a process of deliberate preparation to set a direction, with a full assessment of:
 - the desired goal destination(s),
 - the route to accomplish the task
 - the factoring of obstacles/challenges
 - an assessment of the resources that will be required



Charting the Course

- Among others, active land use planning and assessments that will set our future course include:
 - U.S.75 Corridor/Main Street Study
 - East Arapaho Flex Space Study
 - Spring Valley Study implementation
- Key operational reviews and operation-impacting activities underway include:
 - Solid Waste Study
 - Golf Fund Operation Refinements
 - Arts Master plan
 - National Health Care Policy provisions
 - NTMWD Water Supply Capital Initiatives
 - Municipal Capital Facility Upgrades
 - Retail Study

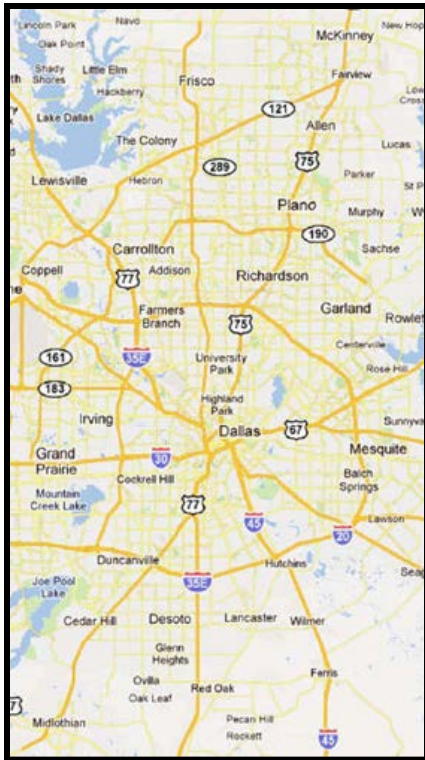


Charting the Course

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



Budget Development Objectives



- Continue an active implementation of the City Council's Goals & Near-Term Action Items
- Develop a 2012-2013 Budget and Work Plan that requires no new property tax rate change.
- Continue the strong alignment of municipal resources around the key themes of the Council's goals: strong comprehensive planning, quality public safety services, neighborhood integrity and renewal, sustained infrastructure enhancements, active economic development, and strong fiscal management.
- Sustain the many initiatives begun with the current 2011-2012 work plan, including key studies and capital project initiations.

Budget Development Objectives



- Continue the active implementation of the 2010 G.O. Bond Program, and respond to the operating impacts of these improvements.
- Support the implementation work plan for the West Spring Valley Reinvestment Study.
 - Continue the active attention to the catalyst projects
- Support transit-oriented development initiatives around the existing and proposed DART Light Rail stations – and seek continued support of DART transit enhancements for Richardson.
- Complete the activation of public safety radio and technology infrastructure enhancements.
- Continue the strengthening work plan for enhanced community outreach.

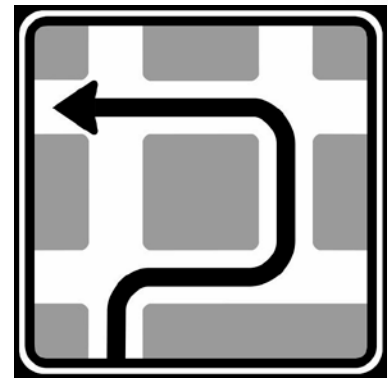
Budget Development Objectives

- Continue to leverage with personal and corporate donations and volunteerism to strengthen community arts, city services, and community assets.
- Maximize the economic development retention and recruitment opportunities to strengthen our tax base – including retail initiatives and international business development.
- Foster the redevelopment of Richardson’s older assets through quality planning updates and financial support efforts like Tax Increment Financing (TIF) and active infrastructure upgrades.



Budget Development Objectives

- Continue to support the strong work plan of Community Services – including the key partnerships with HOA's and volunteers .
- Sustain Richardson's leadership posture with DART, NTTA and TxDOT initiatives to sustain good transportation access and air quality efforts.
- Support the planning and fiscal requirements for regional utility services for water supply, sewer treatment, and solid waste management to assure the future of these important infrastructure assets and resources.



Budget Development Objectives

- Continue our strong alliance commitments with our community partnerships: RISD, PISD, MRMC & UT Dallas
- Sustain our focus on the quality-of-life components of municipal services devoted to parks, recreation and open space/trail. Be attentive to refining service delivery in these areas as we design and construct the bond and grant-funded recreation assets.
- Continue to support a competitive employment environment to sustain and recruit a high-quality public service work force.



Key Budget Elements for 2012-2013: Property Tax

- Certified Tax Rolls from both Dallas and Collin Central Appraisal Districts grew 3.4% for the 21012-2013 Budget.
- **No tax rate change is proposed.** The current \$0.63516 rate has been applied in budget development.
- With no upward pressure in residential property values, the Senior Exemption's current \$55,000 value amount will maintain the 30% protection objective for 2012-2013.
- Property Taxes provide about 37% of the entire General Fund resources.

Key Budget Elements for 2012-2013 :

Sales Tax

- Sales tax revenue estimating continues to be a challenge, but a modest firming pattern seems to be the emerging trend. Additionally, periodic audit adjustments must be factored into any forecast estimate.
- This current 2011-2012 year has had a mixed pattern for sales tax – but generally has been an increase, given our budgeted assumption for a reduction.
- This preliminary 2012-2013 estimate of \$25.5 million uses a 2% growth factor
- This revenue provides about 26% of the entire General Fund resources.

Key Budget Elements for 2012-2013 :

Rates & Fees

- Water/Sewer Utility
- The ability to absorb District water rate changes were exhausted during the Spring of 2012, and the City Council authorized a 9% rate change for June billings.
- It was advised that this was a “catch-up” adjustment and did not factor the expected additional rate changes from NTMWD related to the significant Texoma water pipe capital program and other District CIP plans.
- **The NTMWD wholesale water rate is projected to increase by about \$0.21 every year for the next several years. The City must move to considering an annual “pass-through” format to these wholesale rate adjustments to maintain our financial policies.**
- For 2012-2013, a city utility rate adjustment of 13% is proposed to begin with the new fiscal year.

Key Budget Elements for 2012-2013 :

Rates & Fees (more)

- Solid Waste Rates
- Based on operating cost pressures and a flat performance in commercial revenues to help subsidize the residential customers, an increased revenue requirement is needed in this fund. These rates were last adjusted in 2008-2009.
- However, an exact plan is still under development as a comprehensive Solid Waste operations and rate review study is underway through this Fall 2012.
- To allow for the orderly consideration of any rate adjustment in the context of the findings from the HDR study currently underway, the 2012-2013 budget will be developed with the use a non-recurring rate stabilization funding supplement of \$625,000.
- The Solid Waste study is scheduled for completion before the end of this year. Rate adjustments will be directed as an outcome of that study report and/or the next fiscal year budget development.

Key Budget Elements for 2012-2013 :

Rates & Fees (more)

- Drainage Utility Fee
- This 2012-2013 budget will be the first full fiscal year for this fee, which was enacted during 2011-2012 and the City began revenue receipts in February 2012.
- Recall that Richardson was one of the few remaining cities in the DFW area that had not established this fee, even as our General Fund has absorbed the mandates of the State's Storm water Quality Management regulations.
 - With the adopted plan, about \$910,000 of current General Fund expenses related to this program (engineering, enforcement, inspection, etc.) will be supported by the new Drainage Utility Fund. Additionally, about \$1.385 million in annual storm water/drainage capital improvements will be funded.
- The use of these funds is reflected in the Drainage Utility Fund as well as a transferred portion to the General Fund for specific cost allocated support.

Key Budget Elements for 2012-2013 : Debt & Capital Program

- Following the approval of the \$66 million 2010 G.O. Bond program and related debt-assigned \$0.06 tax rate change, the current focus is on active implementation of the program.
- Debt service requirements now reflect these recently added obligations, and are handled in 2012-2013 through the multi-year debt plan that was developed.
- Cash Defeasance - The City plans to payoff approximately \$2.0 million of callable debt related to a 2004 Bond issue in February of 2013. Doing so will realize approximately \$400,000 in savings as a result of this early redemption opportunity.

Key Budget Elements for 2012-2013 : Debt & Capital Program

- For 2012-2013, **\$ 8.64 million** across all funds is proposed for the Series 2013 C.O. debt program. This will cover the annual capital replacement requirements and the Utility Fund C.I.P. needs:
 - \$2.9 million for General Fund capital equipment
 - \$0.775 million for Fire Equipment
 - \$0.750 million for Fire Training Center for Emerg. Mgt. Operations
 - \$1.217 million for Solid Waste equipment
 - \$3.0 million for Utility Fund C.I.P.

Key Budget Elements for 2012-2013 : **Staffing & Compensation**

- Personal Services comprise the largest expense category of the General Fund. Staff continues to hold vacant positions and to understaff to assist in managing these expenses. Overall staffing remains below the level of 2001-2002.
- Currently, 15 positions are frozen for 2012-2013. Understaffing factors will also be utilized for budget efficiency.
- Significant adjustments in the City's employee health insurance program are under review. The current 2011-2012 year has been seen large claim impacts of the insurance fund, and a year ending transfer is required. 2012-2013 is the last year that the city can utilize a "grandfather/exemption" provision of the new national health care mandates before coverage changes and other plan features must be revised.

Key Budget Elements for 2012-2013 :

Staffing & Compensation

- A proposed compensation adjustment plan is included to remain regionally competitive with other communities and key labor markets.
 - Support for compensation steps (5%) is proposed for the 48% of employees still within ranges. For those at the top of range, a 3% adjustment to the top range is proposed. By design, an employee will receive only one of these adjustments.
- Staffing adjustments are proposed to respond to the new recreation facility activation and the reactivation of the Heights Park pool.
- An allocation of \$250,000 has been made for parks maintenance contracts to respond to contract inflation provisions and new service areas.
- No other benefit adjustments are proposed, but a significant insurance program review will occur to give guidance for 2013-2014.

Key Budget Elements for 2012-2013 : **Staffing & Compensation**

- Staffing supplements are proposed in selective areas, based on workload factors:
 - **Animal Services** – conversion of a part time Kennel Attendant to a full time Kennel Attendant
 - **Eisemann Center** – conversion of a part time marketing position to a full time Assistant Marketing and Development Manager
 - **Facilities Services** – reactivate a frozen Sr. Maintenance Technician and adding 3 Custodial positions in response to the opening of new facilities later this year.

Review Process

- Further opportunities to provide access and to gain public input are scheduled before final adoption.
 - Council Budget Retreat - Web/Cable Access
 - Council Budget Work Session – Web/Cable Access
 - Web, City Secretary & Library copies of the filed budget provided
 - Budget/Tax Rate Public Hearings
- This filed budget reflects the excellent feedback and direction provided from the City Council at their July 17-18 Council Budget Retreat, and follow-up discussions at the July 30 work session. These forums have provided confirming direction that the 2012-2013 budget proposal has “charted the course” well to be fiscally responsible, and responsive to our service needs for 2012-2013.



City of Richardson, Texas

Combined Fund Summaries

FY 2012-2013 Combined Budget

Combined Budget				
	2011-2012 Estimated	2012-2013 Budget	Est./Bud.	%
Beginning Fund Balances	\$39,057,158	\$38,086,813	(\$970,345)	-2.5%
Revenues	\$190,439,584	\$198,370,281	\$7,930,697	4.2%
Expenditures	\$191,409,929	\$198,235,950	\$6,826,021	3.6%
Ending Fund Balances	\$38,086,813	\$38,221,144	\$134,331	0.4%

FY 2012-2013 Combined Budget

Classification of Combined Operating Fund Expenditures

<u>Operating Expenditures</u>	<u>Proposed 2012-2013 Budget</u>	<u>Percent of Total</u>
Personal Services	\$ 89,116,516	44.95%
Professional Services	11,617,615	5.86%
Maintenance	37,877,358	19.11%
Contracts	30,572,687	15.42%
Supplies	11,079,431	5.59%
Capital	2,220,517	1.12%
<u>Total Operating Expenditures</u>	<u>\$182,484,124</u>	<u>92.05%</u>
Transfers Out	\$ 9,079,592	4.58%
<u>Total Operating Expenditures and Transfers Out</u>	<u>\$191,563,716</u>	<u>96.63%</u>
Debt Service Payments	\$34,301,368	17.30%
Less Interfund Transfers	(\$27,629,134)	-13.94%
<u>Net Appropriations</u>	<u>\$198,235,950</u>	<u>100.00%</u>

FY 2012-2013 Combined Budget

- 2012-2013 Key Budget Elements
 - Certified Tax Roll Increase of 3.4%
 - Senior Exemption of \$55,000/31%
 - 1% of Tax Roll equals \$638,000 impact
 - 1 penny equals \$1,000,000
 - No change in tax rate

FY 2012-2013 Combined Budget

- 2012-2013 Key Budget Elements (cont.)
 - 13% rate adjustment in Water and Sewer
 - No rate adjustment in Solid Waste or Golf
 - Sales Tax forecast 2% over estimated “base to base” year-end 2011-2012 collections
 - Minor adjustment in shelter fees for the Animal Shelter
 - Fund Balances Maintained in all 5 major operating funds.

FY 2012-2013 Combined Budget

- 2012-2013 Key Budget Elements (cont.)
 - General Fund Expenditures Increase 1.4%
 - Non Personal Services increase 2.6%
 - 5% Step Increases
 - For the 50% of employees eligible and who merit the increase.
 - Public Safety pay plan compression
 - Shortens length of tenure to top pay

FY 2012-2013 Combined Budget

- 2012-2013 Key Budget Elements (cont.)
 - 3.0% merit based increase for those employees at the top of their pay range and have not received a pay adjustment for at least one year.
 - Continued funding for employee retirement and health care program.

General Fund



FY 2012-2013 General Fund

General Fund Budget				
	2011-2012 Estimated	2012-2013 Budget	Est./Bud.	%
Beginning Fund Balances	\$15,997,741	\$16,230,042	\$232,301	1.5%
Revenues	\$98,715,312	\$100,034,524	\$1,319,212	1.3%
Expenditures	\$98,483,011	\$99,815,248	\$1,332,237	1.4%
Ending Fund Balances	\$16,230,042	\$16,449,318	\$219,276	1.4%

FY 2012-2013

General Fund Revenue Overview

- \$1,319,212 or 1.3% increase
 - Property Taxes increase \$181,000
 - Franchise Fees increase \$547,000
 - Sales Tax increase \$539,000
 - Recreation and Leisure \$265,000
 - General & Administrative (G&A) decrease (\$345,000) — reduced Drainage Fund and Capital Projects G&A's
 - Remaining Revenues \$133,000 — animal shelter fee increase

2012 Property Tax Analysis

2012 Certified Tax Roll Comparison

2012 Certified Tax Roll Comparisons	
August 2012	
Entity	% Change
Richardson (CCAD)	8.40%
Allen	4.90%
Frisco	4.70%
Irving	3.90%
Richardson (Total)	3.40%
Collin County	2.90%
Fort Worth	2.50%
Plano	2.50%
Arlington	2.40%
Carrollton	2.30%
Dallas	2.10%
McKinney	1.70%
Dallas County	1.40%
Richardson (DCAD)	0.70%
Grand Prairie	-0.70%
Garland	-1.50%
Mesquite	-2.50%

Tax Parcel Reappraisals

DCAD 2012 Tax Roll – Percent of Parcels Reappraised			
	2010	2011	2012
Residential	46%	28%	10%
Commercial	42%	65%	48%
BPP	100%	100%	100%
All	54%	42%	26%

- CCAD reappraises 100% of all parcels each year

Property Tax Revenue

Property Tax Revenue			
	Budget	Estimated	Budget
	2011-2012	2011-2012	2012-2013
Certified Assessed Value	\$9,746,482,430	\$9,746,482,430	\$10,079,565,561
Operations & Maintenance (GF)	\$35,419,258	\$35,440,855	\$36,450,467
Debt Service (DS)	\$26,588,118	\$26,588,118	\$27,362,215
Total	\$62,007,375	\$62,028,973	\$63,812,682

Assessed Valuation

- Total assessed valuation assumes a 3.4% increase in certified assessed valuation plus \$87.9 Million of “Values in Dispute”, that could be added to the certified roll once the cases have been finalized and allows for deduction of the Tax Increment Finance District values of \$120.7 million

	2011	2012	% Difference
Certified	\$9,746,482,430	\$10,079,565,561	3.4%
Values In Dispute	\$81,652,836	\$87,897,941	7.6%
TIF	(\$65,654,139)	(\$120,753,668)	83.9%
Taxable Value for General Fund Debt and O/M	\$9,762,481,127	\$10,046,709,834	2.9%

Property Tax Rate		
	2011-2012	2012-2013
Operations & Maintenance (O & M)	\$0.36281	\$0.36281
Debt Service	\$0.27235	\$0.27235
Total	\$0.63516	\$0.63516

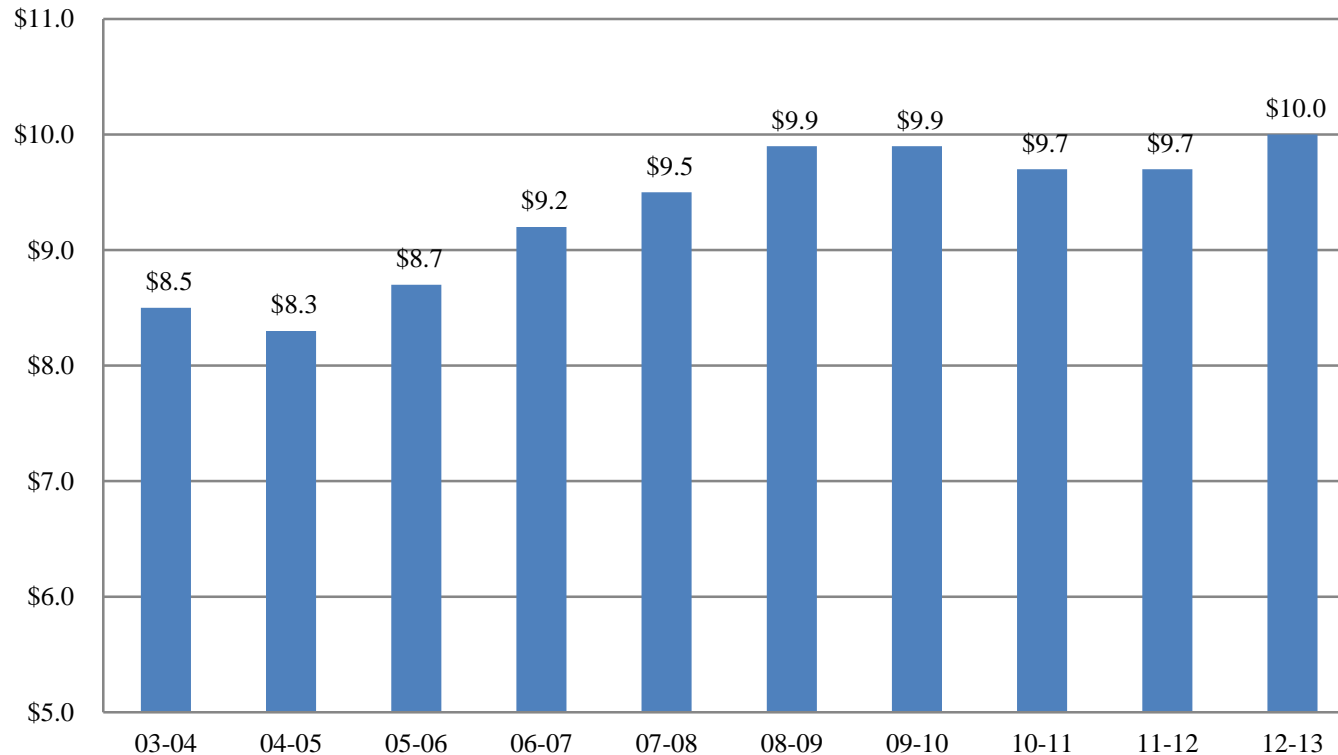
Tax Rate Calculations

2012-2013 Tax Rate Calculations			
	Rate	Difference	Revenue
2012-2013 Rate	\$0.63516	-	-
Rollback Rate	\$0.66280	\$0.02764	\$2,776,911
Effective Rate	\$0.63291	(\$0.00225)	(\$226,051)

2011-2012 Tax Rate Calculations			
	Rate	Difference	Revenue
2011-2012 Rate	\$0.63516	-	-
Rollback Rate	\$0.66589	\$0.03073	\$3,000,010
Effective Rate	\$0.63769	\$0.00253	\$246,991

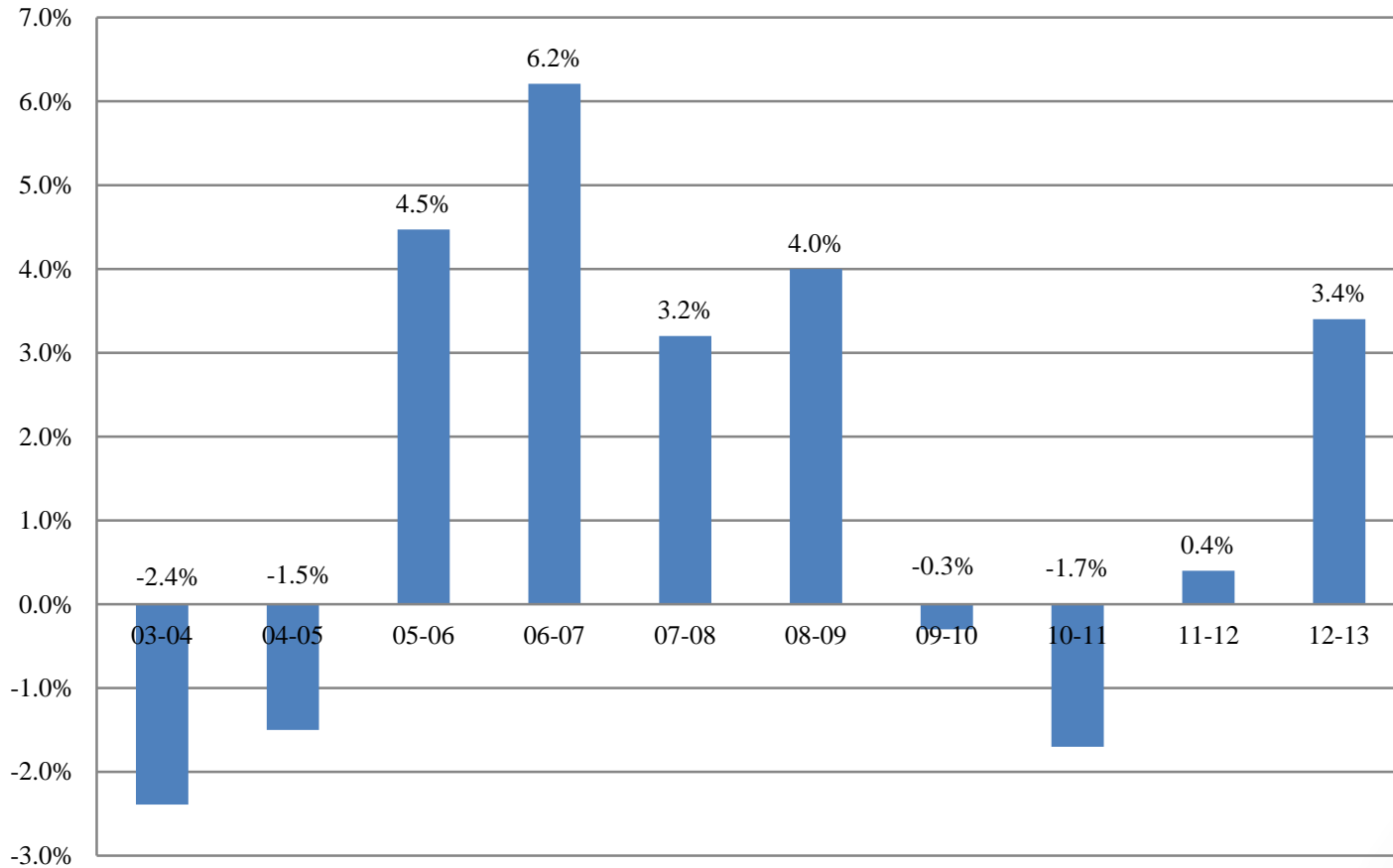
FY 2012-2013 Assessed Valuation

City of Richardson Assessed Valuation History



FY 2012-2013 Assessed Valuation

Percent Change in Assessed Valuations



FY 2012-2013 Assessed Valuation

Valuation Including New Improvements			
District	2012 Certified Roll	2012 New Improvements	%
CCAD	\$3,707,807,681	\$41,867,465	1.1%
DCAD	\$6,371,757,880	\$30,150,707	0.5%
Total	\$10,079,565,561	\$72,018,172	0.7%

Valuation Including New Improvements			
District	2011 Certified Roll	2011 New Improvements	%
CCAD	\$3,419,042,246	\$19,834,836	0.6%
DCAD	\$6,327,440,184	\$28,076,707	0.4%
Total	\$9,746,482,430	\$47,911,543	0.5%

Market Value Increase

Roll Increase - Market Value					
	2011	%	2012	%	% Change
Improvements	\$6,885,779,461	58.7%	\$7,052,329,410	59.3%	2.4%
Land	\$2,736,472,951	23.3%	\$2,732,955,620	22.9%	-0.1%
Business & Personal Property	\$2,109,860,775	18.0%	\$2,110,854,046	17.8%	0.1%
Total	\$11,732,113,187	100.0%	\$11,896,139,076	100.0%	1.4%

Tax Roll Increase

Roll Increase – Taxable Values								
	Residential	% Change	Commercial	% Change	BPP	% Change	Total	% Change
2001	\$3,556,206,861	7.9%	\$3,110,180,887	10.2%	\$2,141,535,354	17.9%	\$8,807,923,102	11.0%
2002	\$3,820,030,932	7.4%	\$3,089,714,225	-0.7%	\$1,755,517,943	-18.0%	\$8,665,263,100	-1.6%
2003	\$4,169,788,247	9.2%	\$2,827,745,763	-8.5%	\$1,460,920,007	-16.8%	\$8,458,454,017	-2.4%
2004	\$4,311,934,417	3.4%	\$2,663,396,379	-5.8%	\$1,356,666,064	-7.1%	\$8,331,996,860	-1.5%
2005	\$4,529,783,318	5.1%	\$2,755,659,510	3.5%	\$1,418,623,768	4.6%	\$8,704,066,596	4.5%
2006	\$4,578,470,728	1.1%	\$3,271,227,051	18.7%	\$1,394,937,977	(1.7%)	\$9,244,635,756	6.2%
2007	\$4,712,070,464	2.9%	\$3,386,900,716	3.5%	\$1,437,536,180	3.1%	\$9,536,507,360	3.2%
2008	\$4,742,302,167	0.6%	\$3,605,732,317	6.5%	\$1,566,813,227	9.0%	\$9,914,847,711	4.0%
2009	\$4,699,651,917	-0.9%	\$3,525,971,862	-2.2%	\$1,658,474,266	5.9%	\$9,884,098,045	-0.3%
2010	\$4,753,636,539	1.2%	\$3,272,140,875	-7.2%	\$1,685,380,954	1.6%	\$9,711,158,368	-1.7%
2011	\$4,684,107,745	-1.5%	\$3,294,460,395	0.7%	\$1,767,914,290	4.9%	\$9,746,482,430	0.4%
2012	\$4,642,723,828	-0.9	\$3,667,775,991	11.3%	\$1,769,065,742	0.1%	\$10,079,565,561	3.4%
Change in Values From 2001 to 2012								
	\$1,086,516,967	30.5%	\$557,595,104	17.9%	(\$372,469,612)	(17.4%)	\$1,271,642,459	14.4%

Tax Roll Comparison

Tax Roll Comparison					
	2011		2012		
	\$Mil	%	\$Mil	%	% Change
Residential	\$4,684,107,745	48.1%	\$4,642,723,828	46.1%	-0.9%
Commercial	\$4,449,248,128	45.7%	\$4,715,651,563	46.8%	6.0%
Industrial	\$453,141,251	4.6%	\$577,740,687	5.7%	27.5%
Undeveloped	\$159,985,306	1.6%	\$143,449,483	1.4%	-10.3%
Total	\$9,746,482,430	100.0%	\$10,079,565,561	100.0%	3.4%

Percent of Total Value

Percent of Total Value				
Tax Year	Residential	Commercial	BPP	Total
2000	42%	35%	23%	100%
2001	40%	36%	24%	100%
2002	44%	36%	20%	100%
2003	49%	34%	17%	100%
2004	52%	32%	16%	100%
2005	52%	32%	16%	100%
2006	50%	35%	15%	100%
2007	49%	36%	15%	100%
2008	48%	36%	16%	100%
2009	47%	36%	17%	100%
2010	49%	34%	17%	100%
2011	48%	34%	18%	100%
2012	46%	36%	18%	100%

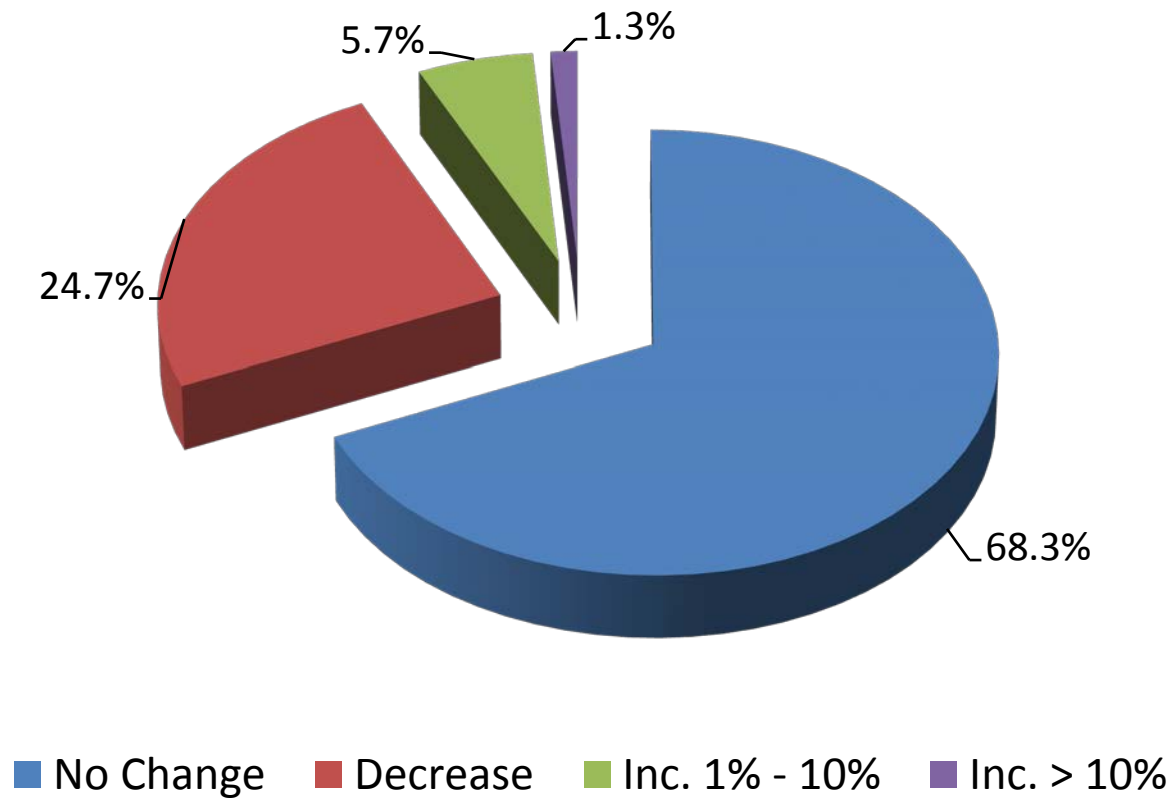
Top Ten Taxpayers

Top Ten Taxpayers		
	Taxable Value	% of Total Taxable Value
1. Bank of America	\$249,002,334	2.47%
2. Health Care Service Corporation	\$223,642,779	2.22%
3. Cisco Systems	\$206,854,494	2.05%
4. AT&T	\$126,856,414	1.26%
5. Verizon	\$124,709,481	1.24%
6. Fujitsu	\$120,965,744	1.20%
7. Texas Instruments	\$97,206,509	0.96%
8. IBM	\$81,223,404	0.80%
9. Collins Technology Park Partners	\$68,656,880	0.68%
10. Triquint Semiconductor	\$64,016,131	0.64%
Total	\$1,363,134,170	13.52%
Total 2012 Taxable Value	\$10,079,565,561	

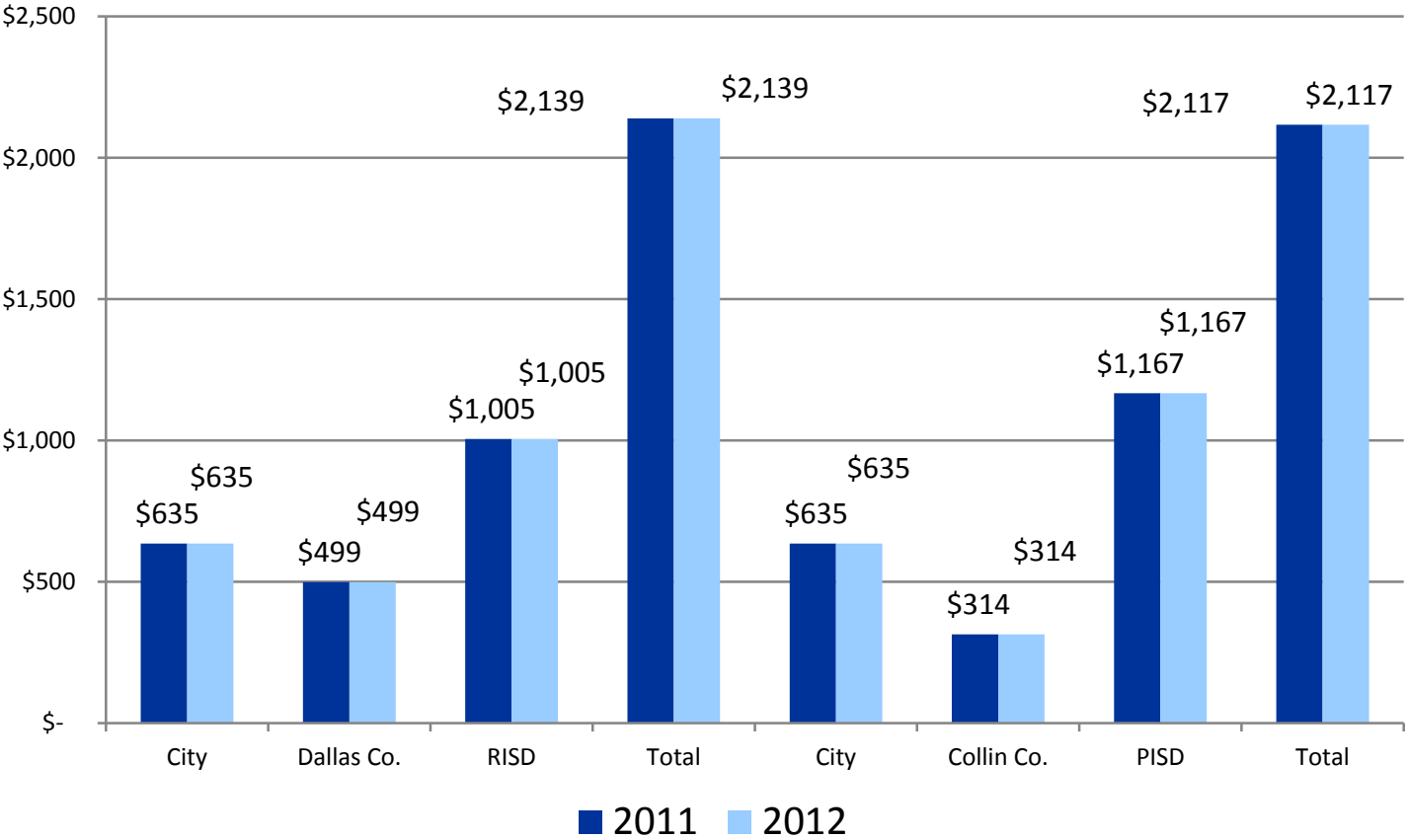
Change In Residential Valuations

Number Residential Properties Affected by Valuation				
	2011-2012		2012-2013	
Impact	# Properties	% of Total Res. Properties	# Properties	% of Total Res. Properties
No Change	13,632	48.8%	19,087	68.3%
Decrease	8,813	31.6%	6,908	24.7%
Up 1-10%	4,692	16.8%	1,603	5.7%
Up>10%	791	2.8%	365	1.3%
Total Res. Properties	27,928	100.0%	27,963	100.0%

Change In Residential Valuations



Tax Impact on a \$100,000 Home



Average Senior Home Value

Average Senior Home Value Statistics				
Tax Year	Senior Exempt.	Avg. Sr. Home Mkt. Value (1)	% Change From Year to Year	% of Total Val
2002	\$30,000	\$146,315	9.54%	20.50%
2003	\$30,000	\$151,997	3.88%	19.74%
2004	\$30,000	\$155,650	2.40%	19.27%
2005	\$30,000	\$163,726	5.19%	18.32%
2006	\$50,000	\$168,609	2.98%	29.65%
2007	\$50,000	\$173,581	2.95%	28.80%
2008	\$55,000	\$178,094	2.60%	30.88%
2009	\$55,000	\$178,961	0.49%	30.73%
2010	\$55,000	\$178,079	(0.49%)	30.89%
2011	\$55,000	\$178,788	0.40%	30.76%
2012	\$55,000	\$178,609	-0.10%	30.79%

Senior Exemption

- The number of senior property tax exemptions (for persons 65 and older, disabled persons, and surviving spouses) increases by 301 for 2012-2013. The revenue impact of the \$55,000 exemption for 2012-2013 is \$2.5 Million

Senior Citizen Exemptions			
Year	Number	Total Residential Properties	% of Total
2002-2003	5,479	27,456	20.0%
2003-2004	5,617	27,458	20.5%
2004-2005	5,630	27,453	20.5%
2005-2006	5,737	27,625	20.8%
2006-2007	5,923	27,749	21.3%
2007-2008	6,095	27,947	21.8%
2008-2009	6,302	27,904	22.6%
2009-2010	6,563	27,762	23.6%
2010-2011	6,769	28,115	24.1%
2011-2012	6,972	27,928	25.0%
2012-2013	7,273	27,963	26.0%

Remaining Revenues

Franchise Fees

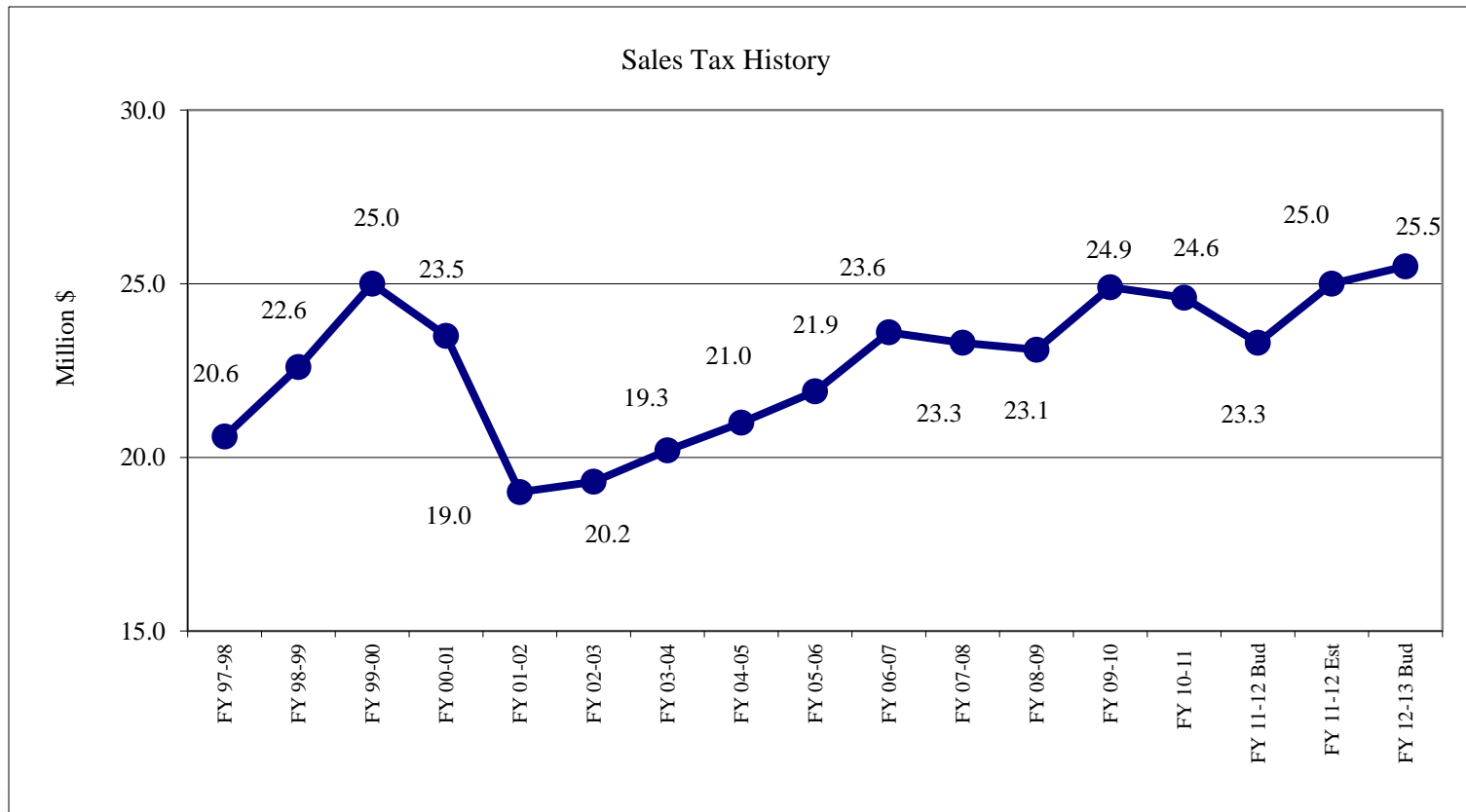
- Franchise Fees are projected at \$13.8 million for 2012-2013, an increase of \$547,000 or 4.1% over estimated year-end.
 - The largest increase this year, \$351,000, is projected in the Water and Sewer Franchise Fee based on a proposed 13% rate adjustment across both water and sewer rate tiers.
 - The Electric Franchise Fee is the next largest increase projected at \$116,000 over year-end and is reflective of the standard growth in consumption as well as price fluctuations.
 - The remaining categories combined reflect minimal growth in collections totaling \$80,000.

Sales and Other Business Taxes

- Sales and Other Business Taxes are projected at \$25.9 Million for next year reflecting an increase of \$539,000 or 2.1% from estimated year-end revenues.
- Our top 20 remitters account for 30.2% of total receipts this year, down from the 33.2% last year.
- Mixed Beverage receipts are anticipated to increase modestly to \$296,000 while the Bingo tax continues its small decline begun earlier this year. Sales Tax, the largest of the three in this category, is projected to increase \$533,000 or 2.1% from year-end estimates based on current trends and expectations of 2% growth in “base to base” activity. Year-end 2011-2012 estimate includes a total of (\$33,000) in non-recurring audit adjustments. Those adjustments are not included in the forecast for next year, only the “base” collection.

Sales and Other Business Taxes

FY 11-12 Est.	Projected	FY 12-13
Base Actual	Growth Rate	Projected
\$ 25,011,090	2.00%	\$25,511,312



License and Permits

- License and Permits is projected to decrease (\$12,000) from the year-end estimate of \$2.1 Million. Building Permits decline (\$56,000) from year end due to the inclusion last year of a large, one time permit. These large permits are removed from year-end estimates before projections are made about the coming year.
- This budget does include one proposed set of fee increases for the Animal Shelter. The Animal Services Advisory Board members have reviewed and support the implementation of increased fees for various services including raising the adoption, boarding and impoundment fees. The table below illustrates some of the larger fee changes recommended.

License and Permits

Fee	Current	Proposed
Puppy Adoption	\$3.00	\$35.00
Kitten Adoption	\$3.00	\$20.00
Dog Adoption	\$15.00	\$25.00
Cat Adoption	\$15.00	\$15.00
Boarding/Day	\$5.00	\$10.00
Sterile Pet		
1 st Impound	\$20.00	\$25.00
2 nd Impound	\$30.00	\$35.00
3 rd Impound	\$40.00	\$50.00
Intact Pet		
1 st Impound	\$20.00	\$35.00
2 nd Impound	\$30.00	\$45.00
3 rd Impound	\$40.00	\$60.00

- Total additional revenue generated by increasing the Animal Services fees is \$25,000. The remaining license and permits see minimal increases totaling \$19,000.

Remaining Revenues

- **Fines and Forfeits** are expected to increase \$44,000 or 1.0% from the 2011-2012 estimated year-end position of \$4.4 Million. The revenue in this category is received through the Municipal Court and Library with the majority of the increase expected in Court activity.
- Both **Interest Earnings** and **Civic Center** revenue are expecting minimal increases totaling \$7,000 in 2012-2013.
- **Recreation and Leisure Services** revenues are budgeted at \$3.4 Million, an increase of \$265,000 over 2011-2012 year-end estimates and includes modest growth across all categories except pool, gymnastics and class fees. These three areas are programmed with a larger than normal increases as a result of the new facilities coming on-line by summer.

Remaining Revenues

- **Other Revenue** is projected at \$4.4 million or \$94,000 above estimated year-end for 2011-2012 and includes minor increases across several smaller revenue accounts.
- **General and Administrative Transfers** projected at \$8.9 million, a decrease of (\$345,000) from FY 2011-2012. The largest area of decrease is in the Capital Projects G&A as we complete the 4 year step down of that transfer. For 2012-2013, the transfer is decreased (\$300,000) from year-end to \$675,000. The Drainage Fund Operational Support decreases (\$240,000) due to the reassignment of contract services directly to the Drainage Fee Fund and out of the General Fund. The Water and Sewer G&A is increased \$88,000 based on the indirect cost analysis.

FY 2012-2013

General Fund Expenditures

Classification of General Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 74,907,150	75.05%
Professional Services	6,702,070	6.71%
Maintenance	3,436,082	3.44%
Contracts	4,961,455	4.97%
Supplies	8,194,081	8.21%
Capital	-	0.00%
<u>Total Operating Expenditures</u>	\$ 98,200,838	98.38%
Transfers Out	\$1,614,410	1.62%
<u>Total Operating Expenditures and Transfers</u>	\$ 99,815,248	100.00%

FY 2012-2013

General Fund Expenditures

- Total Expenditures and Transfers increase \$1,332,237 or 1.4% from year-end estimates.
- Personal Services increases \$1.8 million and includes:
 - Step Pay Plan (\$520,000) - Approximately 52% of all city personnel are at the top of their pay range. The remaining 48% have room to grow within their approved pay plan ranges. Historically the annual movement has been on a 5% growth step that can be earned for each year service until the top of the pay range is reached, usually within a 4-5 year period, which is a consistent pay plan program utilized in public safety across the Dallas-Fort Worth Metroplex.

FY 2012-2013

General Fund Expenditures

- Pay Range Plan Adjustment - (\$660,000) as mentioned above, 52% of our employees are at the top of their existing pay range. This adjustment will add 3% to the top of the pay ranges for all employee pay ranges excluding single step ranges. This will allow our longest tenured employees, who also tend to be the majority of those at the top of their pay range, an opportunity to receive no more than a 3%, merit based, pay increase.
- Public Safety Pay Plan Compression (\$150,000) - An adjustment from the current 9-step plan to a 7-step plan is proposed for both Police and Fire.

FY 2012-2013

General Fund Expenditures

- Facilities Services Personnel – (\$115,000) – With the opening of new facilities, as well as increased traffic in existing buildings, this proposal reactivates 1 Senior Maintenance Technician to help minimize these impacts on current staff and re-establish preventative maintenance programs that have been on hold due to staffing levels. Also proposed are 3 Custodian positions to address the need for janitorial services at the new facilities opening next year.
- Animal Services (\$29,000) will convert a part time Kennel Attendant to a full time position.

FY 2012-2013

General Fund Expenditures

- CoRPlan - City of Richardson Employee and Retiree Health Insurance Program
 - Self Funded, BCBSTX is current claims administrator
 - ~950 of employees and retirees
 - Patient Protection and Affordable Care Act (PPACA) signed into law on March 23, 2010 – now in our third year of “grandfathered” (no change to premiums or coverage's) status the full implementation date is January 2014
 - Current year claims experience suggest that expenses will outpace City and Employee Contributions due to a number of significant high costs cases.
 - Projections for next year indicate expenses will again outpace contributions.
 - Between the two fiscal years approximately \$2 million in additional funding is needed for the fiscal stability of the fund.

FY 2012-2013

General Fund Expenditures

- Non-Personal Services operations Line Items of \$23,293,688, an increase \$590,000 over year end estimates excluding transfers.
 - **Professional Services** – Increase \$762,000 or 12.8%. The majority of this increase is related to an increase in economic development payments coming due this year. While the Parks Department contract maintenance maintains its \$1.3 million level of funding, this will actually be an increase from year-end since the \$250,000 street sweeping contract is now hosted in the Drainage Fee Fund for 2012-2013.
 - **Maintenance** – This category will increase \$486,000, or 16.5% for FY 2012-2013. This category includes an additional \$160K for radio system maintenance and \$133K for maintaining citywide software license. An additional \$130,000, will be used for increased maintenance in Traffic and Transportation. These funds will bring maintenance funding to \$287,000 in the General Fund

FY 2012-2013

General Fund Expenditures

- **Contracts and Supplies Categories** – will decrease (\$518,000). The reclassification of economic development agreements account for (\$200,000) of the decrease while the inclusion of \$92,000 in prior year encumbrances in FY 2011-2012 account for another (\$92,000). Projected savings in fuel and electricity account for another (\$145,000).

Parks and Recreation Department

- A total of \$1.1 million of park improvements, civic center upgrades, maintenance projects and equipment/vehicle replacements are planned using \$840,000 of our \$2.9 million annual CO's and \$550,000 of operating funds for routine maintenance throughout the park system including irrigation, electrical and plumbing systems.

Parks and Recreation Department

	CO's	Operating Budget
Botanical		\$170,000
Irrigation System Maintenance		169,150
Electrical System Maintenance		119,000
Plumbing Systems Repair		52,195
Soils for Ball Field and Athletic Fields Repair		40,000
Parks Lighting Upgrade	142,000	
Security Cameras - Heights and Gymnastics	100,000	
Heights Park Hydraulic Irrigation	85,000	
Truck - Replacement (2)	80,000	
Civic Center Audio Upgrades	67,000	
Furniture - Heights Rec. (Tables, Chairs and Misc.)	63,245	
Filter Replacement - Cottonwood	47,750	
Matching Fund Beautification	47,430	
Pre-School Area - Heights Recreation Center	38,800	
Arapaho Pool Fixtures	36,775	
Computers/Printers/Telephones - Heights Recreation Center	27,605	
Playground Safety Surface - Custer Park and Galatyn Woodland	25,000	
Furniture - Gymnastics (Tables, Chairs, Files and Shelving)	24,000	
Computers/Printers/Telephones - Gymnastics	16,970	
Appliances - Heights Recreation Center and Gymnastics	12,500	
Fitness Equipment - Heights Recreation Center	8,485	
Miscellaneous Fixtures for Heights Recreation Center	5,000	
History Plaque - Heights Park	5,000	
Automated External Defibrillators (AED's) (2)	4,000	
Heights Gymnasium Wall Treatment	3,000	
Totals	\$839,560	\$550,345

Parks and Recreation Department

- Over the last 17 years, much of the increase in maintenance has been handled using contract services. This has allowed the division to maintain an acceptable rotation of grounds maintenance on parks, medians, roadsides, and public properties. Privatization of the following projects/responsibilities are presently being contracted out:

Landscape Maintenance:	Others:
Median landscape maintenance	Street sweeping – (Drainage Fee Funded)
US 75 landscape maintenance	Parks restroom cleaning
Pool landscape maintenance	Water management of five swimming pools
Duck Creek Park landscape maintenance	Street banner program
Memorial Park landscape maintenance	Arboricultural Services
Fire Station #5 landscape maintenance	
Public Safety Complex landscape maintenance	
DART right-of-way landscape maintenance	
Ruth Young Park landscape maintenance	
Renner Parkway landscape maintenance	
Bluett Cemetery landscape maintenance	

Parks and Recreation Department

- Matching Fund Beautification Projects

Homeowners Association	Amount
Yale Park HOA	\$8,130
Canyon Creek HOA	\$7,800
JJ Pearce HOA	\$7,500
College Park HOA	\$6,000
Water Taps (6)	\$18,000
Total	\$47,430

Police Department Enhancements

- The Department will receive \$626,000 in funding from short term CO's for vehicle replacement and building renovations.
- Vehicles – the replacement of 13 patrol vehicles will be funded with short term CO's
- Tactical – operations include \$72,000 for replacement body armor in addition to \$64,000 in standard uniform replacement.

Tahoe - Patrol (13)	\$441,650
Mobile Data Computer Mounts and Adaptors	85,000
Cubicles - Replacement	78,100
Carpet - Replacement	20,876
Total	\$625,626

Fire Department Enhancements

- Vehicles – the department will utilize \$755,000 in 8 year CO's for the replacement purchase of CAFS Pumper to replace Engine 5 and an ambulance replacement at Station 1.
- Tactical - In addition to the standard hose and wellness equipment replacements, the department will upgrade to wireless headset systems on 7 apparatus and begin phase 1 of a 3 phase Fire Helmet replacement Program

	4 Year CO's	8 year CO's
Engine with CAFS - Replacement (1)		\$600,000
Ambulance - Replacement (1)		155,000
Wireless Headsets for use on 7 apparatus	45,500	
Fire Helmet Replacement Program - Phase I – (150)	16,500	
Fire Hose Replacement	10,000	
Battery/Charger Power System for powered gurneys	9,732	
LED Rescue Flashlights	8,580	
Furniture for Station 5	7,600	
Total	\$97,912	\$755,000

Street Repair and Rehabilitation

- The Street Rehabilitation Program continues for the sixteenth year. This funding allows for the continued crack sealing, city wide concrete repair contract and “clean sweep” projects.
 - Funding of \$1.4 million includes,
 - \$1,004,000, for one penny of the tax rate.
 - \$380,000 in operations funding

	Actual 2010-2011	Estimated 2011-2012	Proposed 2012-2013
Street Rehabilitation Fund	\$969,678	\$976,248	\$1,004,410
Operating Budget			
Misc. Street & Alley Concrete Repairs	\$261,548	\$239,000	\$239,000
Misc. Asphalt Overlay Projects	\$125,563	\$124,000	\$120,638
Screening Fence repairs	\$20,185	\$12,461	\$20,000
Subtotal Operating Budget	\$407,296	\$375,461	\$379,638
Total Street Rehab and Operating	\$1,376,974	\$1,351,709	\$1,384,048

Capital Improvement Plan

FY 2012-2013

Capital Improvement Plan

Series 2013: 2012-13 Debt Issuance Program Proposed – All Funds

- | • Amount | Bond Type | Purpose | Debt Service |
|--------------------------|---------------|--------------------|-----------------------------|
| • \$2.900 million | C.O. | Capital Equipment | 4 yr. General Debt Service |
| • \$0.775 million | C.O. | Fire Equipment | 8 yr. General Debt Service |
| • \$0.750 million | CO | Fire Training Supp | 20 yr. General Debt Service |
| • \$1.217 million | C.O. | Capital Equipment | 8 yr. Solid Waste Debt Ser. |
| • \$3.000 million | C.O. | Utility C.I.P | Utility Fund Debt Service |
| • \$8.642 million | Total. | | |
-
- In compliance with City of Richardson Home Rule Charter , Section 11.02(f), a report is included in the filed budget in response to the requirement of a listing of “capital projects which should be considered” within the next five years.

Water and Sewer Fund



FY 2012-2013

Water and Sewer Fund

Water & Sewer Fund				
	Actual	Budget	Estimated	Proposed
	2010-2011	2011-2012	2011-2012	2012-2013
Beginning Fund Balance	\$11,716,649	\$12,097,322	\$12,249,178	\$11,375,220
Total Revenues	\$48,506,507	\$46,447,459	\$47,811,777	\$53,038,712
Total Funds Available	\$60,223,156	\$58,544,781	\$60,060,955	\$64,413,932
Operating Expenditures	\$34,540,263	\$35,274,243	\$36,955,686	\$39,713,918
Operating Transfers.	\$6,613,285	\$6,361,087	\$6,424,077	\$6,863,430
Debt Service Transfer	\$6,820,430	\$5,305,972	\$5,305,972	\$5,072,350
Total Expend. & Transfers	\$47,973,978	\$46,941,302	\$48,685,735	\$51,649,698
Ending Fund Balance	\$12,249,178	\$11,603,479	\$11,375,220	\$12,764,234
Days in Fund Balance	90.41	90.22	85.28	90.20

FY 2012-2013

Water and Sewer Fund

Classification of Water and Sewer Fund Expenditures		
	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 6,195,844	12.00%
Professional Services	1,651,002	3.20%
Maintenance	29,575,253	57.26%
Contracts	7,509,591	14.54%
Supplies	1,250,141	2.42%
Capital	395,517	0.77%
<u>Total Operating Expenditures</u>	\$ 46,577,348	90.18%
Transfers Out	\$ 5,072,350	9.82%
<u>Total Operating Expenditures and Transfers</u>	\$ 51,649,698	100.00%

FY 2012-2013

Water and Sewer Fund Revenues

- Projected revenues for FY 2012-2013 are based on a five-year average of consumption. That period includes the back to back factors of a record setting rainfall and a record setting drought. The other three years in the calculations are considered to be “normal” in their consumption patterns.
- A 13% rate increase is requested with this budget. The increase would go into effect with the first billing in November of 2012.

FY 2012-2013

Water and Sewer Fund Revenues

	12-13	13-14	14-15	15-16	16-17
NTMWD Rate 5/12/12	\$ 1.70	\$ 1.94	\$ 2.16	\$ 2.35	\$ 2.52
Raw \$ Increase	\$ 2,314,055	\$ 2,644,635	\$ 2,424,248	\$ 2,093,669	\$ 1,873,283
Based on Average Consumption and Current Rate Structure					
1% City Rate Increase =	\$ 376,000	\$ 376,000	\$ 376,000	\$ 376,000	\$ 376,000
\$1 Inc to Base for Water OR					
Sewer =	\$ 390,000	\$ 390,000	\$ 390,000	\$ 390,000	\$ 390,000
Holding All Other Costs Static					
% Retail Rate Inc Required	6.2%	7.0%	6.4%	5.6%	5.0%
OR Base Rate Increase	\$ 5.93	\$ 6.78	\$ 6.22	\$ 5.37	\$ 4.80

FY 2012-2013

Water and Sewer Fund Revenues

Fiscal Year	07-08	08-09	09-10	10-11	11-12	12-13
NTMWD/1,000 gal.	\$ 1.08	\$ 1.18	\$ 1.25	\$ 1.37	\$ 1.49	\$ 1.70
% Increase	5.90%	9.25%	5.90%	9.60%	8.70%	14.10%
Mid-Yer City Rates Adjustment						
Minimum	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 8.00	\$ 8.00
0-11,000 gallons	\$ 2.95	\$ 2.95	\$ 2.95	\$ 2.95	\$ 3.22	\$ 3.63
11,001-20,000	\$ 3.19	\$ 3.19	\$ 3.19	\$ 3.19	\$ 3.48	\$ 3.93
20,001-40,000	\$ 3.33	\$ 3.33	\$ 3.33	\$ 3.33	\$ 3.63	\$ 4.10
40,001-60,000	\$ 3.87	\$ 3.87	\$ 3.87	\$ 3.87	\$ 4.22	\$ 4.77
Over 60,000	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.41	\$ 4.99
% Increase	15.50%	0.00%	0.00%	0.00%	9.00%	13.00%

FY 2012-2013

Water and Sewer Fund Revenues

- From the previous Spring 2012 presentation from Jim Parks, Executive Director of the NTMWD, the primary reasons for the cost increases are the CIP plans required to revise a transport strategy due to loss of 28% of our water supply with Texoma offline due to the Zebra Mussel issue as well as regional population growth spurring higher demand and the need to acquire additional water resources.
 - NTMWD Board approved strategies to address these issues
 - Implement Drought Contingency Plan
 - Stage 3 March 2012 – “relaxed” Stage 2 June 2012

FY 2012-2013

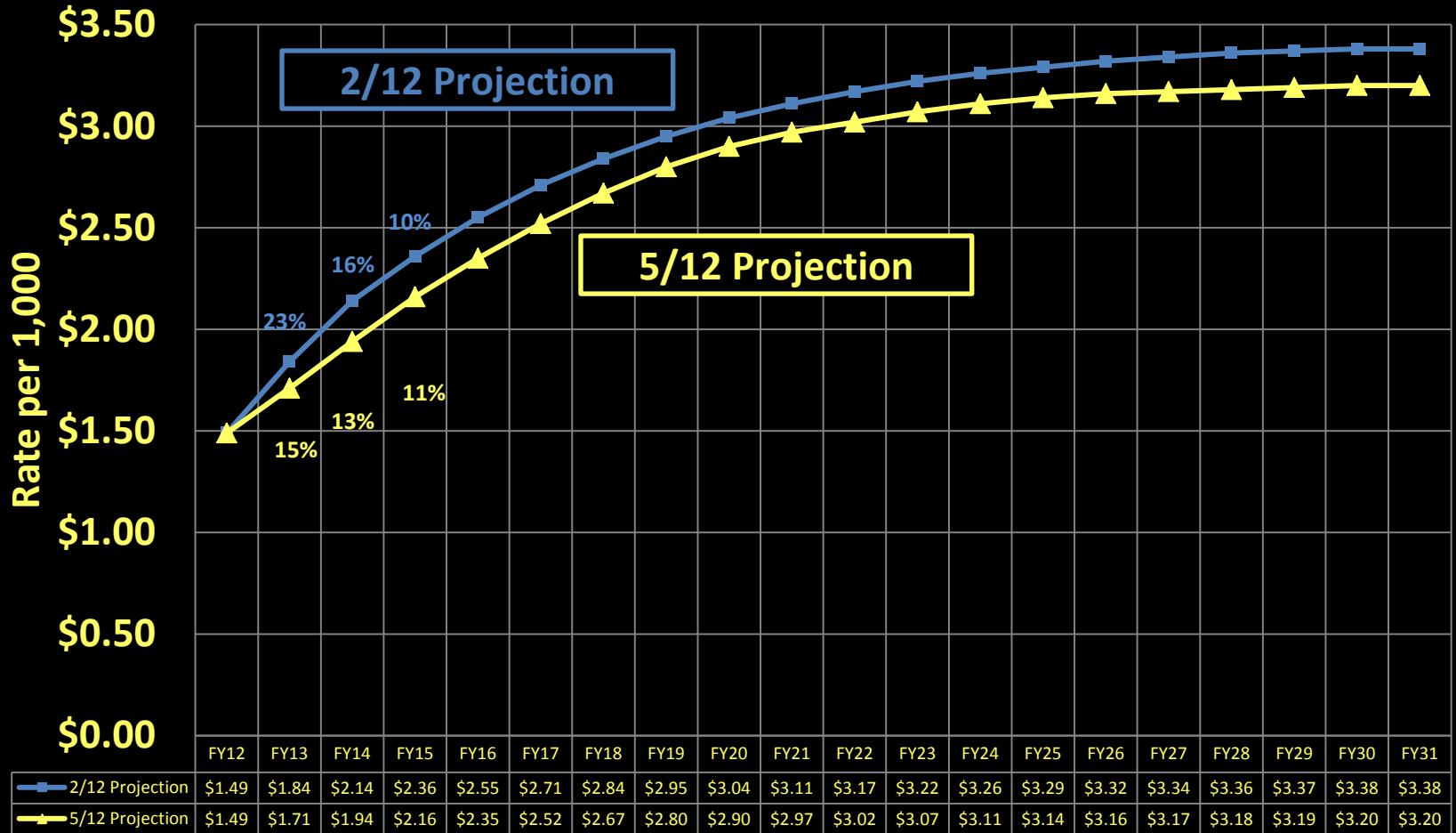
Water and Sewer Fund Revenues

- Authorized short-term water purchases
 - 60 mgd estimated to cost \$14 Million per Year
- Approved extension of Texoma Pipeline
 - Complete Fall of 2013 at an estimated cost of \$300 Million
- Main stem Trinity Pump Station to Wetland
 - Complete 2013 at an estimated cost of \$65 Million
- In addition to these cost pressures from the District as they make inroads into addressing the supply issue, we also face:
 - Constrained Volume
 - Weather constrains volume during drought as demand exceeds availability.

(EXCERPT FROM NTMWD PRESENTATION)

MEMBER WATER RATE PROJECTION

Preliminary – Rates are adopted by the Board Annually in September



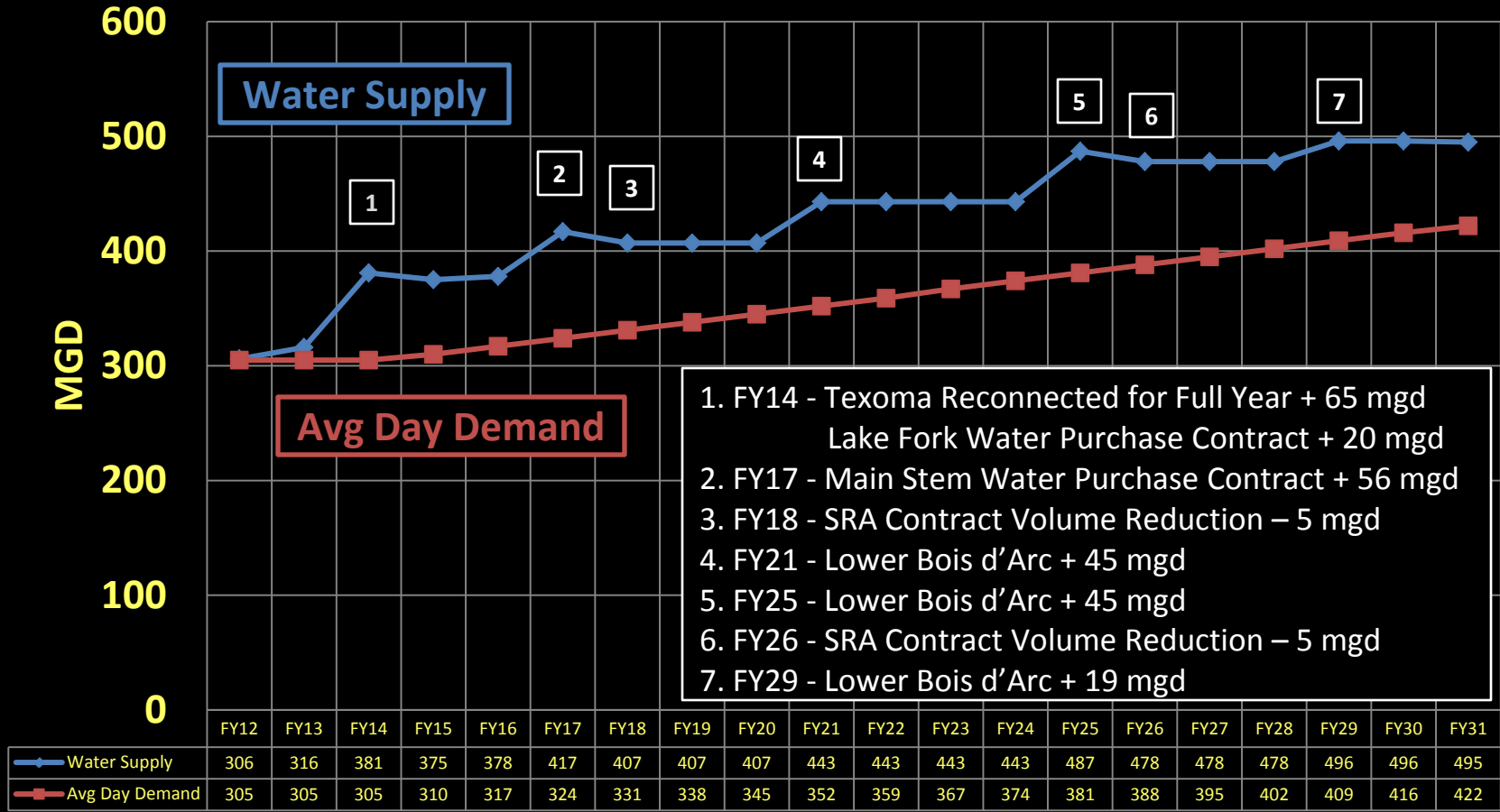
Note: Rates are calculated based on Estimated Total Costs less Interest and Other Income.





(EXCERPT FROM NTMWD PRESENTATION

CONNECTED WATER SUPPLY & DEMAND



- 1. FY14 - Texoma Reconnected for Full Year + 65 mgd
Lake Fork Water Purchase Contract + 20 mgd
- 2. FY17 - Main Stem Water Purchase Contract + 56 mgd
- 3. FY18 - SRA Contract Volume Reduction - 5 mgd
- 4. FY21 - Lower Bois d'Arc + 45 mgd
- 5. FY25 - Lower Bois d'Arc + 45 mgd
- 6. FY26 - SRA Contract Volume Reduction - 5 mgd
- 7. FY29 - Lower Bois d'Arc + 19 mgd

Note: Avg Day Demand reflects estimated Minimum Annual Demands.



FY 2012-2013

Water and Sewer Fund Revenues

- Conservation Regulations...as population growth continues, the region may expect to see increasing regulatory actions mandating even more conservation.
- With the cost of wholesale water and sewer accounting for 72% of the daily operations expense and 55% of the total fund expenditure, any change to these costs will have a dramatic impact on the fund. To keep the rate increase in perspective, with the exception of the increase in water and sewer services and the Franchise Fees they generate, the remaining expenditures in the fund decrease (\$218,000).

FY 2012-2013

Water and Sewer Fund Revenues

- Revenue from Water Sales and Charges is programmed at \$32.9 Million representing a 16.6% increase from year-end and is based on an average consumption year as well as the proposed water and sewer rate increase.
- Sewer Sales are budgeted at \$19.1 Million or 13.9% above year-end.
- Remaining revenues combined increase only \$9,000.

Current Residential Cost of Service

<u>City</u>	<u>Water</u>	<u>City</u>	<u>Sewer</u>	<u>City</u>	<u>Total</u>
Mesquite	\$ 638	Plano	\$ 505	Garland *	\$ 1,076
Garland	599	Dallas	505	Mesquite *	1,068
McKinney	569	Garland	477	McKinney *	1,018
Grand Prairie	563	McKinney	449	Dallas	1,010
Fort Worth	531	Mesquite	430	Grand Prairie	982
Allen	511	Grand Prairie	419	Fort Worth	940
Frisco	506	Frisco	410	Allen *	919
Dallas	505	Fort Worth	409	Average	918
Richardson	541	Allen	408	Frisco *	916
Average	514	Average	405	Plano *	880
Carrollton	453	Richardson	311	Richardson *	852
Irving	488	Arlington	406	Arlington	805
Arlington	399	Irving	272	Irving	760
Plano	375	Carrollton	261	Carrollton	714
Average	514	Average	405	Average	918

Proposed Rate Tiers

	October	June 2012	Oct 2012	Percent
City Water Rates	2011	Adjustment	Adjustment	Change
Minimum	\$ 7.00	\$ 8.00	\$ 8.00	
0-11,000 gallons	\$ 2.95	\$ 3.22	\$ 3.63	13%
11,001-20,000	\$ 3.19	\$ 3.48	\$ 3.93	13%
20,001-40,000	\$ 3.33	\$ 3.63	\$ 4.10	13%
40,001-60,000	\$ 3.87	\$ 4.22	\$ 4.77	13%
Over 60,000	\$ 4.05	\$ 4.41	\$ 4.99	13%
City Sewer Rates				
Minimum	\$ 7.00	\$ 8.00	\$ 8.00	
0-11,000 gallons	\$ 2.10	\$ 2.29	\$ 2.59	13%
Over 11,000 gallons	\$ 4.16	\$ 4.53	\$ 5.12	13%

Residential Impact

Sample residential bill increases \$7.12/month

(Based on 8,000 gallons a month from Oct. through May & 18,000 gallons a month for June through Sept.)

- Average residential water bill increases \$4.77/month
- Average residential sewer bill increases \$2.35/month

Proposed Residential Cost of Service

<u>City</u>	<u>Water</u>	<u>City</u>	<u>Sewer</u>	<u>City</u>	<u>Total</u>
Mesquite *	\$ 638	Plano *	\$ 505	Garland *	\$ 1,076
Garland *	599	Dallas	505	Mesquite *	1,068
McKinney *	569	Garland *	477	McKinney *	1,018
Grand Prairie	563	McKinney *	449	Dallas	1,010
Richardson/Proposed *	598	Mesquite *	430	Grand Prairie	982
Fort Worth	531	Grand Prairie	419	Fort Worth	940
Richardson – Current	541	Arlington	406	Richardson/Proposed *	938
Allen *	511	Frisco *	410	Allen *	919
Frisco *	506	Fort Worth	409	Frisco *	916
Dallas	505	Allen *	408	Plano *	880
Carrollton	453	Richardson – Current	311	Richardson - Current	852
Irving	488	Richardson/Proposed *	340	Arlington	805
Arlington	399	Irving	272	Irving	760
Plano *	375	Carrollton	261	Carrollton	714
Average - Current	\$ 514	Average - Current	\$ 405	Average - Current	\$ 918
Average - Proposed	\$ 518	Average - Proposed	\$ 407	Average - Proposed	\$ 925

Alternative Rate Strategy – Partial Use of Rate Stabilization

- At the Council Work Session, Monday, July 30, staff was asked to prepare an alternative rate proposal using a combination of remaining rate stabilization funding and increased water rates.
 - An 11% rate increase would be needed to raise fund balance to 85 day (the expected 2011-2012 year end fund balance position).
 - The sample residential bill would increase \$5.99/month compared to the 13% proposal resulting in an increase of \$7.12/ month
 - Reduces Franchise Fee by (\$38,000)
 - \$700,000 of rate stabilization would be required to increase fund balance the 5 days necessary to achieve 90 days by year-end.

FY 2012-2013

Water and Sewer Fund Expenditures

- Expenditures and Transfers are proposed at \$51.6 Million representing an increase of \$2.9 Million or 6.1% over year-end estimates. 96% of the increase is attributed to water and sewer services contract increases. When we exclude the additional \$351,000 in additional Franchise Fees generated by the increased water and sewer sales, all remaining categories actually decline (\$218,000) from year end.

FY 2012-2013

Water and Sewer Fund Expenditures

- The Maintenance category is the largest operational expenditure in this fund and includes the costs of water and sewer services. The City is not expecting to set a new “minimum purchase,” however we will be charged an additional \$0.21/1,000 in the price of wholesale water from the NTMWD. This represents an increase of \$2.3 Million or 14.1% over last year. For FY 2012-2013, the total cost of wholesale water increases to \$18.7 Million.
- We are again assuming a rebate at year end for unsold water but expect these “Board approved” rebates to decline in value as NTMWD continues to resolve the supply issues outlined above. For this reason, we are budgeting a rebate of \$500,000 for a total “budgeted” charge for water \$18.2 Million.

FY 2012-2013

Water and Sewer Fund Expenditures

- With no rate increases from either Dallas or Garland (final NTMWD pending) for the treatment of raw sewer, Sewer treatment services are expected to increase \$177,000 over the year end estimate to allow for minor changes in flow.
- Together, the wholesale cost of water and sewer treatment services account for \$28.5 Million or 55% of the total fund expenditures.

FY 2012-2013

Water and Sewer Fund Expenditures

- Personal Services is proposed at \$6.2 Million, an increase of 1.6% over year-end estimates.
- Professional Services increase of 2.1% or \$34,000. The largest part of the increase is the \$13,000 increase in Water Production for the fees paid to T.C.E.Q. for our water provider license. This proposal maintains; \$60,000 for large meter testing and vault replacement through the Meter Shop, \$100,000 for a sanitary sewer wastewater collection system analysis to insure we have adequate infrastructure capacity for future growth demands, as well as maintaining the current \$125,000 support for the Household Hazardous Waste Disposal Program.

FY 2012-2013

Water and Sewer Fund Expenditures

- Contracts decrease of (\$54,000) or -7.7% below year end and is made up of small decreases across several line items.
- Supplies show a decrease of (\$242,000) from year-end estimates due to the inclusion of \$200,000 in prior year encumbrances in 2011-2012 year-end estimates. The remaining line items consist of minor increases and decreases from their year-end positions.
- Continuing the “pay-as-you-go” initiative for equipment replacement, \$396,000 of capital equipment is proposed in operations.

FY 2012-2013

Water and Sewer Fund Expenditures

- Three annual capital renewal programs will be funded through the annual Certificates of Obligation program due to the life expectancy of those repairs, including;
 - \$775,000 for water line replacement
 - \$375,000 for utility pavement replacement
 - and \$350,000 for the reconstruction of sanitary sewers.
- Operating Transfer Out sees increase in \$439,000 based on an \$88,000 increase in the G&A and \$351,000 in additional Franchise Fee while the BABIC Transfer remains unchanged at \$467,000.
- The debt service transfer decreases (\$234,000) to \$5.1 Million to cover debt obligations for this fund.
- Fund Balance is budgeted at 90.2 days in accordance with the Council approved Financial Policies.

FY 2012-2013

Water and Sewer Fund Expenditures

Expenditures	FY 2000-2001 Actual	FY 2012-2013 Proposed	% Growth FY 2000- 2001 to FY 2011-2012
Operations	\$11,515,439	\$17,749,023	54.1%
Wholesale Water	7,588,501	\$18,212,829	140.0%
Sewer Treatment	6,975,362	\$10,219,979	46.5%
Capital	873,717	\$395,517	(54.7%)
Debt Service	2,447,278	\$5,072,350	107.3%
Total Costs	\$29,400,297	\$51,649,698	75.7%

FY 2012-2013

Water and Sewer Fund Expenditures

Water Purchases				
	2009-2010	2010-2011	2011-2012	2012-2013
Minimum Purchase	11.0 billion	11.0 billion	11.0 billion	11.0 billion
Projected Purchase	7.3 billion	7.3 billion	7.2 billion	7.2 billion
Actual Purchase	7.9 billion	9.1 billion	8.7 billion	N/A
Purchase as a % of Contract	72%	83%	79%	N/A
Wholesale Cost	\$13,774,139	\$15,096,456	\$16,418,773	\$18,732,829
Rebate per 1,000 Gals.	\$0.44	\$0.38	N/A	N/A
Total Rebate	\$1,355,631	\$706,912	N/A	N/A
Rebate as a % of Total Cost	9.8%	4.7%	N/A	N/A

Capital Equipment

Item Description	Request	Operations	CO's
Sanitary Sewer Reconstruction	\$ 351,000	\$ -	\$ 351,000
Creek Annual Repair Program	150,000	150,000	-
Water Main Replacement Material	71,195	71,195	-
Service Connection Material	48,172	48,172	-
3/4 Ton Extended Cab Pickup Truck	30,000	30,000	-
New Meters and Settings	26,000	26,000	-
Equipment Trailer - Replacement	25,000	25,000	-
Sewer Camera - Replacement	12,000	12,000	-
Pipe Rack & Shipping Cont. - New (2)	10,000	10,000	-
Toughbook's (2)	7,250	7,250	-
Utility Trailer (2)	7,000	7,000	-
Chain Saw	3,500	3,500	-
Gas Pipe Saw	3,400	3,400	-
Toughbook Vehicle Mounts (2)	1,000	1,000	-
Submersible Saw - Replacement	1,000	1,000	-
	<u>\$746,517</u>	<u>\$395,517</u>	<u>\$351,000</u>

Infrastructure Maintenance – CO Funded

Water, Sewer, & Erosion Maintenance Projects 2012-2013	
Street & Alley Water/Sewer Replacements	\$775,000
100 Gentle, 800 Lockwood	
100-300 N. Weatherred, 201-205 N. Weatherred Alley	
300 Pittman, 300 Wista Vista, 300 Huffhines	
400 Grace, 400 Pittman, 400 Lois	
100-600 Dublin	
Utility Pavement Replacement	\$375,000
500-516 Cambridge	
1214-1228 Cypress	
1118-1200 Windsong	
627-643 Harvest Glen	
Inline Sewer Replacement	\$350,000
300 Centennial	
100 Hyde Park	
800 Belt Line	
Manhole Rehab	

Water and Sewer Fund CIP

- The Utility CIP program proposes a \$3.0 million C.O. issue to fund Water & Sewer System improvements and replacements.

Water and Sewer Series 2013 CIP	
Water Line Replacement	\$775,000
Utility Pavement Repair	\$375,000
Sewer Line Replacement (inline)	\$350,000
UT Dallas Water Tower (partial)	\$1,500,000
Total	\$3,000,000

Solid Waste Services Fund



FY 2012-2013

Solid Waste Fund

Solid Waste Services Fund				
	Actual	Budget	Estimated	Proposed
	2010-2011	2011-2012	2011-2012	2012-2013
Beginning Fund Balance	\$3,582,693	\$3,391,849	\$3,453,463	\$3,384,167
Total Revenues	\$12,329,822	\$12,912,633	\$12,706,425	\$13,022,680
Total Funds Available	\$15,912,515	\$16,304,482	\$16,159,888	\$16,406,847
Total Expenditures	\$8,288,085	\$9,266,830	\$8,974,719	\$9,152,135
Total Operating Transfers. Out	\$2,693,272	\$2,597,228	\$2,593,017	\$2,649,024
Total Other Transfers	\$1,477,695	\$1,207,985	\$1,207,985	\$1,336,800
Total Expend. & Transfers	\$12,459,052	\$13,072,043	\$12,775,721	\$13,137,959
Ending Fund Balance	\$3,453,463	\$3,232,439	\$3,384,167	\$3,268,888
Days in Fund Balance	101.13	90.26	96.69	90.82

FY 2012-2013

Solid Waste Fund

Classification of Solid Waste Services Fund Expenditures

<u>Operating Expenditures</u>	<u>Proposed Budget</u>	<u>Percent of Total</u>
Personal Services	\$ 4,256,672	32.40%
Professional Services	20,211	0.15%
Maintenance	4,416,204	33.61%
Contracts	2,899,612	22.07%
Supplies	208,460	1.59%
Capital	-	0.00%
<u>Total Operating Expenditures</u>	<u>\$ 11,801,159</u>	<u>89.82%</u>
Transfers Out	\$ 1,336,800	10.18%
<u>Total Operating Expenditures and Transfers</u>	<u>\$ 13,137,959</u>	<u>100.00%</u>

FY 2012-2013

Solid Waste Fund Revenues

- Total revenues are projected to be \$316,000 or 2.5% over year-end estimates.
- Residential Collections are budgeted flat from the 2011-2012 year-end estimate at \$5.1 million and assumes no change in the City's residential solid waste rate and the continuation of the reduced rate for seniors.
- Every \$1.00 per month increase to the residential solid waste rate, \$0.75 for seniors, would generate an additional \$309,000 in revenue.

FY 2012-2013

Solid Waste Fund Revenues

- Commercial Collections Fees are expected to increase 0.5% or \$32,000 over the year-end estimate and includes no adjustments to the commercial rate structure.
- Rate Stabilization of \$625,000 is programmed for next year, but will only be used at year-end if necessary based on year-end revenue and expenditure performance. This activation allows the fund to maintain the required 90 days of fund balance.
- With the HDR review of solid waste operations in its final stages, a rate analysis for both residential and commercial customers will be conducted based on the accepted service enhancements recommended by that work.

FY 2012-2013

Solid Waste Fund Revenues

- The BABIC transfer from the Water and Sewer fund will remain at \$467,000. This allocation acknowledges the water supply protection provided by the BABIC program.
- Other Revenue is projected to decrease (\$344,000) or - 51.0%. The category as a whole is expected to increase slightly, but the one time proceeds from the vehicle auction in FY 2011-2012 has been removed from the projection for next year
- Interest Earnings are expected to remain relatively flat for the upcoming year.

FY 2012-2013

Solid Waste Fund Expenditures

- Total expenditures and transfers are proposed at \$13.1 Million, an increase of \$363,000 or 2.8% over the year-end estimate of \$12.8 Million.
- Personal Services increase \$139,000 or 3.4% over year-end estimate. The majority of this increase can be attributed to the impact on the fund of the City's overall proposed compensation plan .

FY 2012-2013

Solid Waste Fund Expenditures

- Professional Services decreases -29.6% or (\$8,500) from the year-end estimate. Included in 2011-2012 but not included in 2012-2013 is the cost of consultant services.
- The Maintenance category is projected to increase \$83,000 or 1.9% over the year-end estimate due to anticipated growth in tonnage and an increase of 4.0% in the disposal fees charged by NTMWD.

FY 2012-2013

Solid Waste Fund Expenditures

- Contracts are projected to decrease (\$33,000) or -11.6% from their year-end position as we anticipate bank charges and auction expenses to return to normal levels.
- Supplies increase \$12,000 or 6.4% due in large part to increases in the cost to purchase blue bags for the recycling program.

FY 2012-2013

Solid Waste Fund Expenditures

- The General and Administrative transfer increases \$54,000 as a result of the indirect cost allocation study performed by DMG Maximus.
- The Debt Service Transfer of \$1.3 Million accounts for \$129,000 of the total increase in the fund and is a 10.7% increase over the year-end debt service payment of \$1.2 Million. The increase is the result of the increased equipment replacement debt resulting from the service enhancements enacted over the last few years.
- FY 2012-2013 fund balance is proposed at 90.8 days. This achieves the goal established in the adopted financial policy of “60 days building towards 90.”

Hotel/Motel Tax Fund



FY 2012-2013

Hotel/Motel Tax Fund

Hotel Motel Tax Fund				
	Actual	Budget	Estimated	Proposed
	2010-2011	2011-2012	2011-2012	2012-2013
Beginning Fund Balance	\$924,621	\$651,471	\$1,105,610	\$776,974
Total Revenues	\$5,528,323	\$5,679,850	\$5,406,830	\$5,441,653
Total Funds Available	\$6,452,944	\$6,331,322	\$6,512,440	\$6,218,627
Total Expend. & Transfers	\$5,347,334	\$5,740,289	\$5,735,466	\$5,544,270
Ending Fund Balance	\$1,105,610	\$591,033	\$776,974	\$674,357

FY 2012-2013

Hotel/Motel Tax Fund

Classification of Hotel/Motel Tax Fund Expenditures

	Proposed Budget	Percent of Total
<u>Operating Expenditures</u>		
Personal Services	\$ 1,924,258	34.71%
Professional Services	970,558	17.51%
Maintenance	93,660	1.69%
Contracts	1,858,753	33.53%
Supplies	697,041	12.57%
Capital	-	0.00%
<u>Total Operating Expenditures</u>	\$ 5,544,270	100.00%
Transfers Out	\$ -	0.00%
<u>Total Operating Expenditures and Transfers</u>	<u>\$5,544,270</u>	<u>100.00%</u>

FY 2012-2013

Hotel/Motel Tax Fund Revenues

Hotel Property	Actual 2010-2011	Budget 2011-2012	Estimated 2011-2012	Budget 2012-2013
Como Motel	\$ 17,382	\$ 18,505	\$ 15,319	\$ 19,285
Continental Inn	51,941	20,524	27,540	0
Doubletree Hotel	421,436	440,483	425,892	430,151
Econo Lodge	36,288	34,201	39,569	39,965
Hampton Inn	144,048	153,358	150,851	153,868
Hawthorne Suites	34,956	33,952	36,896	37,634
Hilton Garden Inn	241,612	247,817	225,973	228,233
Holiday Inn	190,418	196,679	164,919	166,568
Homestead Suites	64,443	70,051	66,840	67,508
Hyatt Regency	509,672	522,966	517,459	527,808
Hyatt Summerfield	174,775	185,806	149,517	152,507
Marriott Courtyard - Galatyn	187,423	188,433	177,975	181,535
Marriott Courtyard - Spring Valley	165,143	166,852	176,001	179,521
Marriott Renaissance	602,367	572,284	615,989	628,309
Residence Inn	153,571	162,152	134,793	137,489
Springhill Suites	-	-	52,981	79,472
Super 8	43,622	38,304	39,510	45,300
TOTAL	\$3,039,097	\$3,052,367	\$3,018,024	\$3,075,152

Hotel Occupancy

Year	Occupancy Rate	Average Daily Rate	RevPAR
Jan-May 2011	62.3%	\$84.86	\$53.75
Jan-May 2012	59.6%	\$85.33	\$50.78

FY 2012-2013

Hotel/Motel Tax Fund Revenues

- Total Revenues for the Hotel/Motel Tax Fund are projected at \$5.4 Million for next year, reflecting a 0.6% increase in overall revenues.
- For 2012-2013, Hotel/Motel Tax Receipts are budgeted at \$3.1 Million.
- Parking Garage fees are projected at \$215,000, an increase of \$7,000 over year-end.

FY 2012-2013

Hotel/Motel Tax Fund Revenues

- Eisemann Center revenues are projected at \$2.2 Million reflecting a (\$29,000) or -1.3% decrease from estimated year-end. Operations revenue is estimated based on performance levels similar to FY 2011-2012.
 - This level of revenue reflects proposed increases in internal labor service fees from \$24/hr. to \$30/hr. and increases the custodial service fee in the Hill Performance Hall from \$250/event to \$300/event. Eisemann Center Presents revenue reflects a decrease of (\$149,000).
 - Yearly increases or decreases in revenue and expenditures for the ECP Series are directly related to the mix of shows planned for the season.

FY 2012-2013

Hotel/Motel Tax Fund Expenditures

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



FY 2012-2013

Hotel/Motel Tax Fund Expenditures

- Total Expenditures and Transfers for 2012-2013 are proposed at \$5.5 Million reflecting a (\$191,000) decrease from current year-end expenditures.
- The Eisemann Center expenditures decrease (\$170,000) from year-end. The Eisemann Center's daily operations increase \$56,000 and Eisemann Center Presents Series expenditures decrease (\$225,000). The increase in Eisemann operations is the conversion of the Assistant Marketing and Development Manager Position from part time to full.
- Parking Garage Expenditures increase 9.0% or \$45,000 based on the parking garage services agreement. The City budgets the maximum allowable by contract. It's worth noting that the contractor has yet to bill the City the whole amount due to good contract performance.

FY 2012-2013

Hotel/Motel Tax Fund Expenditures

- The miscellaneous expense category returns to its normal funding level. A reduction of (\$112,000).
- The Transfer to General Fund – CVB matches the department budget at \$450,000.
- The Hotel/Motel G&A remains static at \$250,000.
- The Fund Balance is projected to end the year at \$674,000.

Golf Fund



FY 2012-2013 Golf Fund

- In keeping with the work plan discussed at a recent July work session with the City Council, an active golf course operational review is underway and due to be complete this fall. The following budget has been prepared to meet budget preparation deadlines, with the expectation to provide a revised budget plan during early 2012-2013 to reflect any revisions in golf course operations and cost allocations.

FY 2012-2013 Golf Fund

Golf Fund				
	Actual	Budget	Estimated	Proposed
	2010-2011	2011-2012	2011-2012	2012-2013
Beginning Fund Balance	\$192,719	\$176,689	\$186,983	\$186,314
Total Revenues	\$2,364,972	\$2,182,447	\$2,226,110	\$2,271,896
Total Funds Available	\$2,557,691	\$2,359,136	\$2,413,093	\$2,458,210
Total Expenditures	\$1,770,798	\$1,635,400	\$1,684,779	\$1,712,082
Total Transfers Out	\$599,910	\$542,000	\$542,000	\$556,032
Total Expend. & Transfers	\$2,370,708	\$2,177,400	\$2,226,779	\$2,268,114
Ending Fund Balance	\$186,983	\$181,736	\$186,314	\$190,096
Days in Fund Balance	28.66	30.46	30.54	30.59

FY 2012-2013 Golf Fund

Classification of Golf Fund Expenditures

<u>Operating Expenditures</u>	<u>Proposed Budget</u>	<u>Percent of Total</u>
Personal Services	\$997,541	43.98%
Professional Services	30,805	1.36%
Maintenance	102,908	4.54%
Contracts	171,528	7.56%
Supplies	384,300	16.94%
Capital	25,000	1.10%
<u>Total Operating Expenditures</u>	<u>\$1,712,082</u>	<u>75.48%</u>
Transfers Out	\$556,032	24.52%
<u>Total Operating Expenditures and Transfers</u>	<u>\$2,268,114</u>	<u>100.00%</u>

FY 2012-2013 Golf Fund - Revenues

- Revenues for the Golf Fund are projected at \$2.3 Million for FY 2012-2013. This represents a 2.1% growth in anticipated revenues over year-end estimates and is based on 95,000 rounds played. The projected revenues also assume the absorption of sales tax will discontinue in January 2013 with the restructuring of Sherrill Park's operations that are planned to take affect at that time. No green fee increases are recommended at this time.
- General Fund support in the amount of \$160,000 will be required in FY 2012-2013. The transfer will be used to protect the Council approved fund balance policy of "30 building to 60" days in fund balance.

FY 2012-2013 Golf Fund - Expenditures

- Total Expenditures and Transfers for the Golf Fund are proposed at \$2.3 Million, an increase of \$41,000 or 1.9% from year-end estimates.
- Personal Services will increase \$11,000 or 1.1% from year-end and includes full staffing and a slight increase in contractual labor.
- Professional Services is projected to decrease (\$19,000) or -38.6% from the year-end estimate of \$50,000. The FY 2011-2012 year-end estimate includes \$20,000 for the current review of Sherrill Park's operational structure.
- Maintenance decreases (\$14,000) or -11.9% and reflects more traditional irrigation system maintenance levels.

FY 2012-2013 Golf Fund - Expenditures

- Contracts increases \$22,000 or 38.4% and reflects normal funding levels for the category after funding was diverted during the 2011-2012 budget year to address irrigation system maintenance needs. Liability insurance premiums for the golf course are expected to increase in FY 2012-2013 as well.
- Supplies increases \$19,000 or 5.2% and includes increases for botanical services and janitorial supplies.
- At this point in time, \$25,000 is being made available for the purchase of capital equipment.
- The General and Administrative charge increases \$7,000 or 8.4% over the year-end estimate of \$85,000.
- Debt Service continues to represent the full, yearly obligation of outstanding debt for the fund.
- Given the projected revenue and expenditure performance, the days in fund balance of 30.6 will be in compliance with Council approved “30 building to 60” days.

Other Fund Highlights

- Pages 25 through 52 of the filed budget represent all remaining funds for the City of Richardson including the Special Revenue, Internal Service and Capital Funds.
 - Drainage Fund - Now in its first full year and programmed at \$2.7 Million.
 - \$1.4 Million is programmed for drainage system capital improvements:
 - Cottonwood Culvert at Brentwood
 - Cottonwood Culvert at Melrose
 - Cottonwood Culvert at Wisteria
 - Dumont Drive at Hunt Branch
 - Tax Increment Financing Districts experienced AV growth of 84% over the prior year to \$120,753,668 generating \$767,000 in property tax revenue which is tied to reimbursement obligations inside the respective zones.

Summary Comments (more)

- We appreciate the extensive commentary and guidance provided by the City Council for the development of this 2012-2013 budget:
 - Ongoing Council and Community interactions
 - City Council Retreat on July 17 & 18
 - Council Work Session Follow-up Items – July 30
- As before, this budget will take a year-long effort of close monitoring and verification of assumptions as we guide this fiscal plan through the next year.
- Calendared actions for tonight:
 - Motion to set required hearings on tax rate – Aug. 20 & 27
 - Motion to set required hearing on budget – Aug. 20
- Thank You.

Next Steps

- Further opportunities to provide access and to gain public input are scheduled before final adoption.
 - Council Budget Work Session – Web/Cable Access
 - Web, City Secretary & Library copies of the filed budget provided
 - Budget Public Hearing - August 20, 2012
 - Budget Public Hearing – August 27, 2012
 - Adoption on September 10, 2012