



RICHARDSON

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Press Release

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RICHARDSON CITY MANAGER PRESENTS 2019-2020 BUDGET

(Richardson, TX) – The City of Richardson’s proposed budget for the 2019-2020 fiscal year is \$298,355,410. The proposed amount represents an increase of \$11,778,885, or 4.1 percent, from the 2018-2019 estimated expenditures of \$286,576,555.

Budget Overview

The city’s budget development for this upcoming fiscal year, and the years to follow, are being heavily influenced by recently ratified state legislation that constrains property tax and franchise tax revenue. While the fuller impact will be felt in the future 2020-2021 budget cycle, key preparation steps and constraints have been made in this 2019-2020 proposed budget. A “new era two-year view” has been mentioned as an informal budget theme for this outlook. Stronger attention to new operating expenses, price and inflation escalations and recurring cost obligations will be made. These will likely impact future municipal service delivery.

“This budget responds to the fiscal policy changes made during this year’s legislative session in Austin,” said Richardson City Manager Dan Johnson. “We’re evolving our budget to adjust to this ‘new era’ and balance the services we provide in order to focus on key City Council initiatives related to neighborhood vitality, development and redevelopment of key commercial corridors and keeping a priority on funding infrastructure improvements.”

Increase in funding this year is made possible in part due to continuation of strong property values experienced in the city associated with growth in the Richardson Telecom Corridor® and North Texas area. Pursuant to the City Council’s goals, the proposed budget directly applies the impact of this recent growth towards improvements in infrastructure and providing resources for replacing the City’s traffic and information technology legacy systems.

Key highlights of the Proposed 2019-2020 Budget include:

- Certified Tax Roll increase of 7.51 percent
- Maintains a tax rate of \$0.62516
- Increasing the Senior Tax Exemption from \$85,000 to \$100,000
- A total of approximately \$5.8 million in street/alley maintenance
- Providing dedicated funding of \$412,580 for park maintenance projects
- Sales Tax forecast of 2 percent above estimated “base to base” year-end 2018-2019 collections
- 2.5 percent merit-based market adjustments for all public safety employees. Eligible public safety employees may also receive up to 5 percent merit-based step increases
- 2.5 percent merit-based increases for general employees
- 7.5 percent rate adjustment in water and sewer services
- Funding of \$5.2 million using a combination of cash and short-term debt for fire equipment, general equipment, information technology equipment, vehicles and projects

General Fund

The General Fund portion of the proposed 2019-2020 Budget is programmed at \$143,581,454. Proposed 2019-2020 expenditures and transfers represents \$7,171,357, a 5.3 percent increase, over 2018-2019 estimated expenditures of \$136,410,097.

Key General Fund budget initiatives include sustaining efforts to invest in the City’s key infrastructure, establishing an ongoing fund strategy to update/replace the City’s traffic and information technology legacy systems, continuing efforts to transition the General Government equipment replacement fund to a cash financed fund through a phased approach and increasing the General Fund balance.

A strengthened fund balance for the General Fund of 70.28 days is proposed.

* Increases and decreases by department between the proposed 2019-2020 Budget and 2018-2019 estimated expenditures for the General Fund are illustrated on page 9 of the proposed budget, exclusive of debt financed capital equipment.

General Fund Revenues

The proposed tax rate for the support of the 2019-2020 General Fund expenditures is submitted at a rate of \$0.62516 per \$100 of assessed valuation. Apportionment of the proposed \$0.62516 per \$100 of assessed valuation rate is \$0.38124 for operations and maintenance funds to be used toward daily operating expenses and \$0.24392 for debt service based on full valuation.

This tax rate is predicated on a certified tax roll of \$10,537,549,812 for Dallas County and \$7,577,535,894 for Collin County for a 2019 total Certified Tax Roll of \$18,115,085,706 reflecting an increase of \$1,264,704,865, or 7.51 percent, from the 2018 final certified tax roll. While recent growth in property values is higher this year, the

average growth in value during the past 15 years has been approximately 4.7 percent. The submitted 2019-2020 Budget is based on these taxable values plus \$227,175,512 of taxable values in dispute still pending with Dallas County Appraisal District and Collin County Appraisal District and less the Tax Increment Financing (TIF) District increment of \$1,839,066,377.

Remaining revenue projections are based primarily on historical trends and conservative growth indicators. The revenues projected for the General Fund for the proposed 2019-2020 Budget represent an increase of \$5,742,580, or 4.1 percent, from 2018-2019 estimated revenues. Sales and Other Business Taxes for 2018-2019 is projected at \$38,783,040 reflecting a decrease of \$855,994, or 2.2 percent, from 2018-2019 year-end estimated revenues.

Water and Sewer Fund

The proposed 2019-2020 Budget for the Water and Sewer Fund including debt service is submitted at \$85,453,557. This represents an increase of \$3,209,565, or 3.9 percent, from the 2018-2019 estimated expenditures. Included in the proposed expenditures for the 2019-2020 Water and Sewer Fund is \$32,947,740 associated with the water purchase requirement from the North Texas Municipal Water District, representing 38.6 percent of the total expenses and transfers in this fund.

The proposed budget for the purchase of water anticipates an additional \$0.07 per thousand gallons or a \$771,000 increase in wholesale water rates from North Texas Municipal Water District (NTMWD) in accordance with their multi-year financial plans. With rate increases expected from all three sewer treatment providers, sewer treatment services are expected to increase \$2.0 million over the year-end estimate of \$18.9 million to allow for rate increases and increases in flow.

Beyond the proposed operational expenditures, funding of \$6,330,000 is required for the debt service requirements associated with our ongoing multi-year utility capital improvement program. Increases and decreases by departments between the proposed 2019-2020 Budget and 2018-2019 estimated expenditures are illustrated on page 14 of the Proposed Budget, exclusive of debt financed capital equipment/projects.

Water and Sewer Revenues

Proposed Water and Sewer Fund revenues of \$87,832,549 reflect an increase of \$10,125,904, or 13.0 percent, from the 2018-2019 estimate based on the assumption of normal consumption and normal weather patterns. A 7.5 percent rate increase is requested with this budget. The increase would go into effect with the first billing in November of 2019. As the new fiscal year begins, water and sewer sale and consumption patterns will be tracked and monitored closely.

Solid Waste Services Fund

The 2019-2020 Budget for the Solid Waste Services Fund is proposed at \$15,121,566 representing a 1 percent, or \$151,918 decrease, from the 2018-2019 estimate. The disposal fees paid to NTMWD are budgeted at \$3,996,000, a 5.2 percent decrease over

the year-end estimate due to storm cleanup expenses recorded in FY18-19 and not needed in FY19-20. Necessary vehicle and container replacements are also included in the proposed 2019-2020 Budget for the Solid Waste Services Fund.

Solid Waste Fund Revenues

Solid Waste revenues are programmed at \$15,293,169 for 2019-2020, an increase of 1.4 percent from the 2018-2019 estimate.

Golf Fund

Total expenditures and transfers for the Golf Fund for fiscal year 2019-2020 are proposed at \$2,316,285, reflecting an increase of 1.6 percent above estimated 2018-2019 expenditures.

Golf Fund Revenues

Golf Fund revenues are projected at \$2,296,800 based on estimated rounds.

Hotel/Motel Tax Fund

The 2019-2020 Budget for the Hotel/Motel Tax Fund is proposed at \$6,429,939, a decrease of \$647,504, or 9.1 percent, from 2018-2019 estimated. The proposed budget reflects funding for the Charles W. Eisemann Center for Performing Arts and Corporate Presentations, as well as support for Convention and Visitors Bureau and funding for arts initiatives.

Hotel/Motel Tax Revenues

Total revenues for the Hotel/Motel Tax Fund are projected at \$6,508,310 for 2019-2020 reflecting an increase of \$122,240, or 1.9 percent, from estimated 2018-2019.

Hotel/motel tax receipts are projected at \$4,073,310 reflecting a slight decrease from estimated 2018-2019 receipts. In addition to hotel/motel tax receipts, the Hotel/Motel Tax Fund also hosts fees associated with the use of the City's Parking Garage at Galatyn Park and the Eisemann Center. Parking fees are projected at \$238,000. Eisemann Center fees are projected at \$2,127,000, or 6.1 percent, above the 2018-2019 estimate. Eisemann Center revenue projections for 2019-2020 are based primarily on current bookings for facility use next fiscal year.

Fund Balances

As reflected in the fund summaries, targeted fund balances have been maintained in the General Fund (70.28 days) and the Solid Waste Services Fund (99.14 days). The Water and Sewer Service Fund (76.91 days) and the Golf Fund (27.56 days) are below the targeted fund balance, but with plans to rebuild these fund balances in future years.

Input and Adoption

City Council and community input regarding the City Manager's proposed budget and tax rate will continue with the presentation of the City Manager's proposed budget on Aug. 12 followed by budget public hearings scheduled for Aug. 19 and Aug. 26. Adoption of the 2019-2020 budget is scheduled for Sept. 9.