

City Council Work Session Handouts

August 12, 2019

- I. Review and Discuss the City Manager's Proposed Budget for Fiscal Year 2019-2020

A Portal to the “New Era” FY19-20 and FY20-21: A 2-Year View



City Council Budget Presentation
August 12, 2019

2-Years of Considerable Events Ahead

- Opening of Public Safety Campus & Fire Station #3
- Completion of Senior Center Renovations
- Last two years of Serial Sale for 2015 Bond Program
- Census – City officially greater than 100,000
- Collins/Arapaho entitlement work completed, start of implementation
- Completion of Main Street road projects
- Near completion of Cotton Belt/Silver Line commuter rail
- Spring Creek Nature Area opening
- *The Gateway at CORE* construction underway: Main Street at 75
- Drury hotel opening
- Legislative Impacts.....

Legislative Impacts

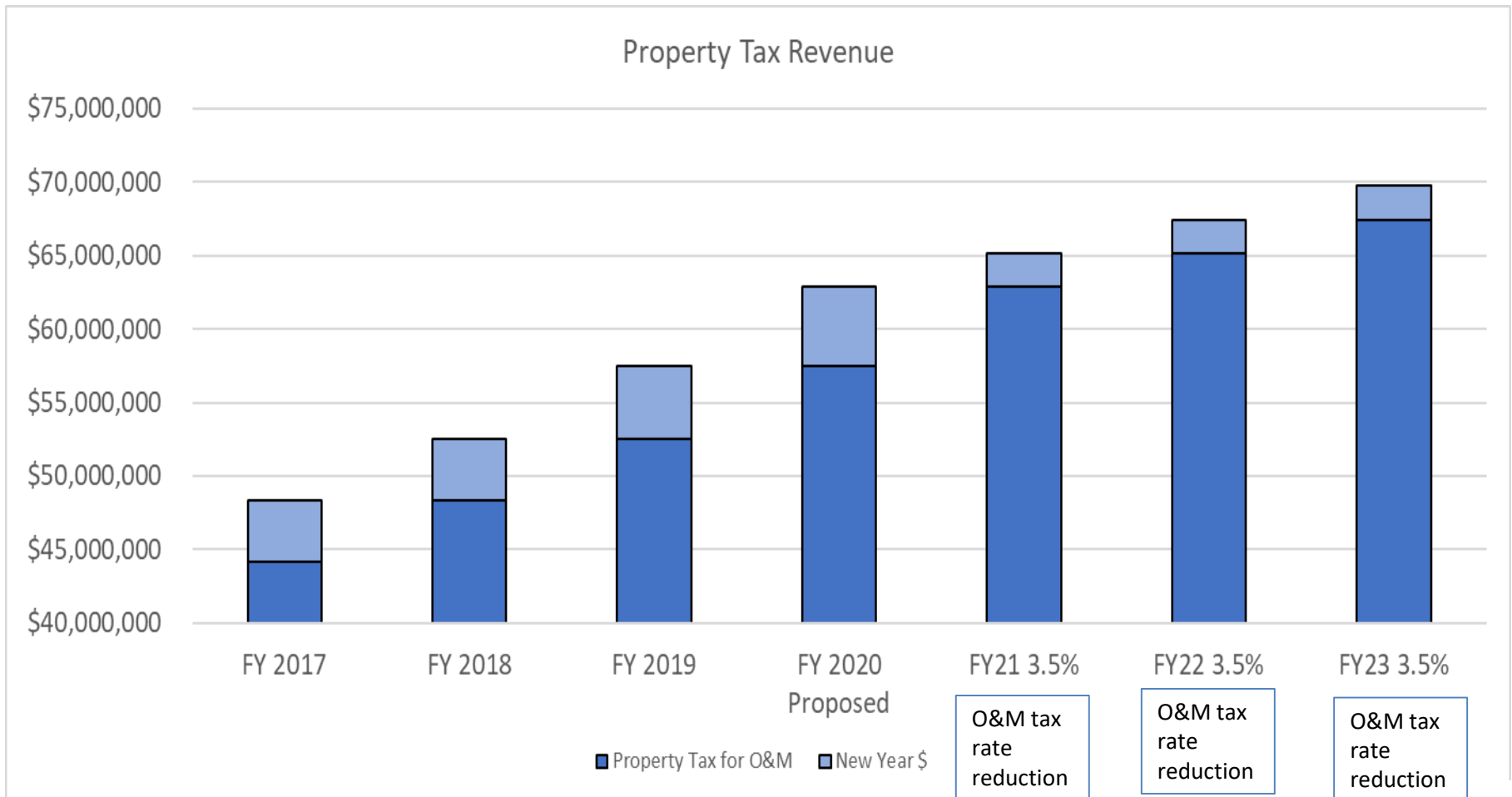
Legislation that will Reduce Revenue or Increase Expenditures by Budget Year

FY 18-19	FY 19-20	FY 20-21
HB 852 - Building Permit Fees	HB 1152 - Franchise Fees	SB 2 - 3.5% Cap
<i>HB 1631 - Red Light Cameras</i>	HB 346 - Municipal Court Fees	
HB 3834 - Cyber Security Training	HB 2048 - Repeal of Driver Responsibility Program	
	HB 2899 - Civil Liability for Plans, Specs, Etc.	

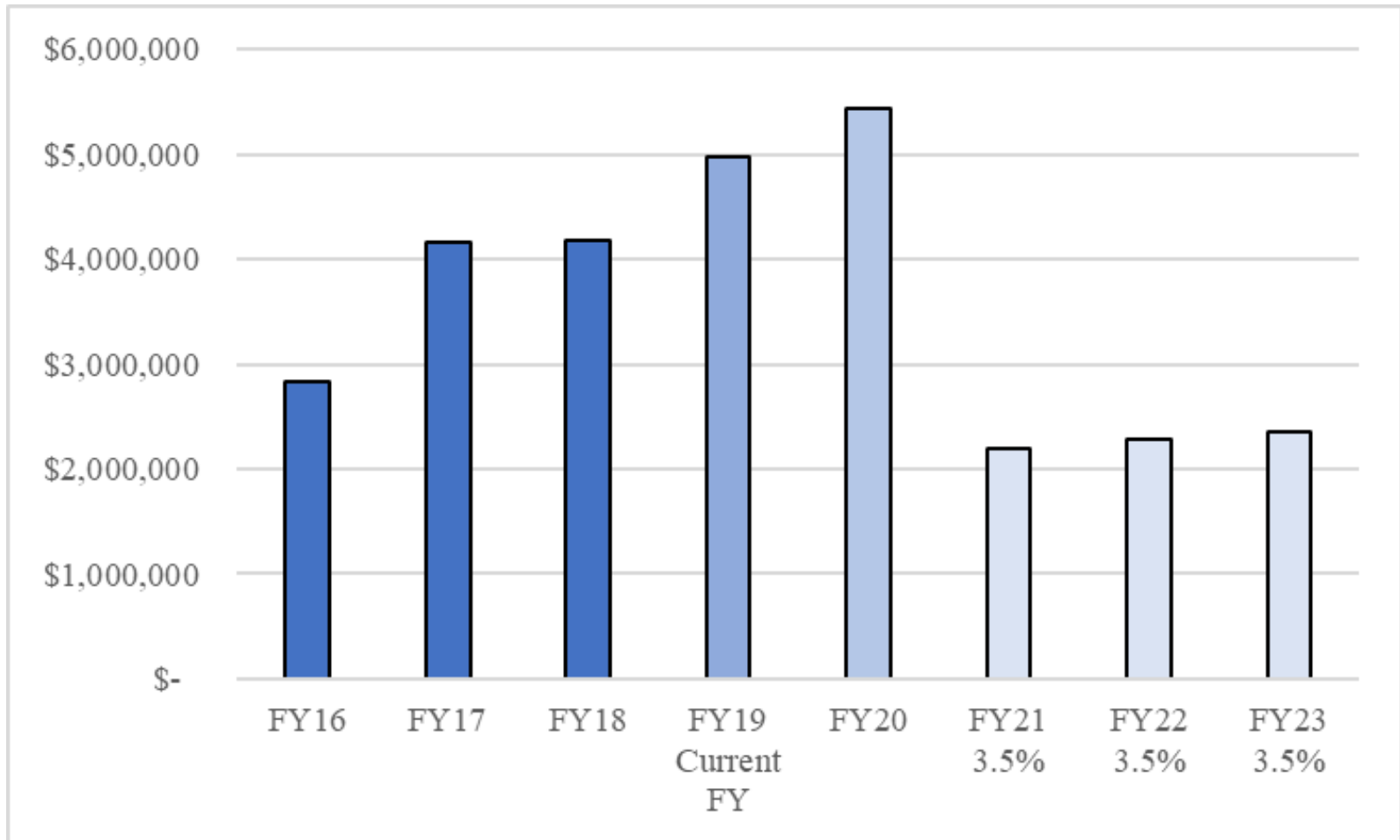
SB 2 Overview

- Renames the current Rollback Rate to the Voter-Approval Rate
- Lowers the rollback threshold from 8% to 3.5% for cities over 30,000 in population
- Exceeding the Voter-Approval calculation requires a mandatory ratification election on the November Uniform Election Date
- Makes numerous calendar changes to the property tax appraisal process
- Requires Appraisal Districts to create a searchable property tax database showing individual values and estimated taxes based on the rates that each government proposes, as well as detailed information about the public hearing process

Property Tax Revenue – SB 2



Incremental Increase in Property Taxes for Operations (New Revenue)



Other Impactful Factors

- Competitive N. Texas talent market
- Medical and prescription cost drivers
- Aging infrastructure reconstruction and maintenance
- Aging facility reconstruction and maintenance
- Technology costs – replacement and escalation
- Mandates (Example: CMOM)
- Fuel, electricity, etc.
- Debt (ability to utilize certificates of obligation in the future)
- Weather patterns

Considerations for a New Era

- Careful **evaluation of new programs/services** to determine recurring expenses and impact on future budgets
- Re-examination of current master plans and key studies to ensure **operating factors are identified** and are affordable
- **Reframe city comparison** practices as SB 2 will have a different impact on cities: 4A/4B, or cities that are experiencing significant new growth
- Careful consideration of the City's programs/services to determine what is still **essential to the community** and what may no longer be a priority
- Analysis of user-based services to determine if adjustments are needed for some **fees** that have a direct benefit to specific users

FY19-20 Budget Aspirations

The FY19-20 City Manager's Proposed Budget aspires to achieve five key objectives:

- Sustain efforts to invest in the City's key infrastructure
- Establish ongoing funding strategy to update/replace the City's traffic and information technology legacy systems
- Provide a competitive and sustainable compensation and benefits program to retain and recruit high quality employees
- Continue efforts to transition the General Government Equipment Replacement Fund to a cash financed fund through a phased approach
- Increase the General Fund balance

Equipment Replacement Fund

Transition Strategy

- The FY18-19 Budget included a multi-year plan to begin the transition of the General Government Equipment Replacement Fund from a debt financed approach to a phased cash financed approach
- Series 2019 included the issuance of \$5.05 million for equipment to begin efforts
- In the FY 2019-2020 budget, a transfer of \$1,803,799 will be made to this fund through the planned shift of debt to operations
- To further this transition, additional funds can be transferred to this fund by:
 - Shifting dedicated funding for Parks Maintenance from ½ penny to ¼ penny yields an additional \$412,580
 - Shifting dedicated funding for Economic Development from \$0.008 to \$0.005 yields an additional \$495,096
 - Additional \$200,000 from operations due to higher value growth
 - This establishes a cumulative 2019-2020 funding level of \$2,911,475.
- A revised hybrid game plan is proposed due to SB 2 constraints

General Fund – Fund Balance

- A City Council financial goal has been to incrementally increase the General Fund fund balance.
- Stronger fund balance provides contingent reserves in emergency or economic challenges, as well as credit-quality assurances to our municipal bond holders.
- By chiefly using year-end savings, fund balance growth has been achieved.
- A five-year review confirms an 8.36 days increase since FY15-16
- The FY19-20 budget is estimated to continue this adjustment practice, from a budget position of now 70.28 days.

Sustaining Key Areas of Focus

- Notwithstanding these key 2-year considerations, the mission of Plan Our Work-Work Our Plan continues
- Attention continues to be devoted to initiatives in key areas, including:
 - Neighborhoods
 - Urban/Commercial Villages
 - Operations (Talent & Systems)
 - Infrastructure and Facilities
- Sustaining attention to these community priorities is critical, even as we embrace new budget development realities

2019-2020 Key Initiatives



Neighborhood Initiative



Urban/Commercial Village Initiative



Operations (Talent and Systems) Initiative



Infrastructure/Facilities Initiative



Neighborhood Initiatives



Multi-Year
Neighborhood
Park Maintenance
Strategies

Dedicated Funding
for Alley Repairs

Street
Maintenance
Strategies

Matching Fund
Beautification
Program

Home
Improvement
Incentive Program

Neighborhood Initiatives



FY19-20 Key Initiatives:

Neighborhood Parks Maintenance Strategies:

- Funding for neighborhood park improvements at 13 different parks

Dedicated Alley Funding:

- Dedicated funding for 47 alley repair projects

Street Maintenance Strategies:

- Three residential areas
- Collector street repairs – Floyd, Yale, Richardson Drive/Municipal, Apollo
- Arterial street repairs – W. Campbell, Centennial

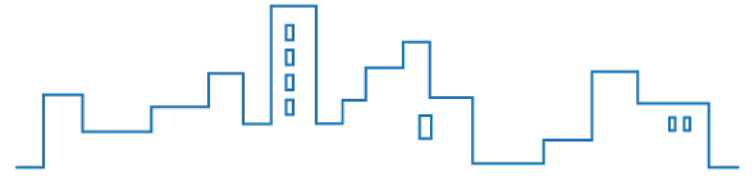
Matching Fund Beautification Program:

- Matching funds for five neighborhood projects

Home Improvement Incentive Program:

- Funding for 121 homes in FY19-20

Urban/Commercial Village Initiatives



The Core
(Main Street)

W. Spring Valley

Collins/Arapaho

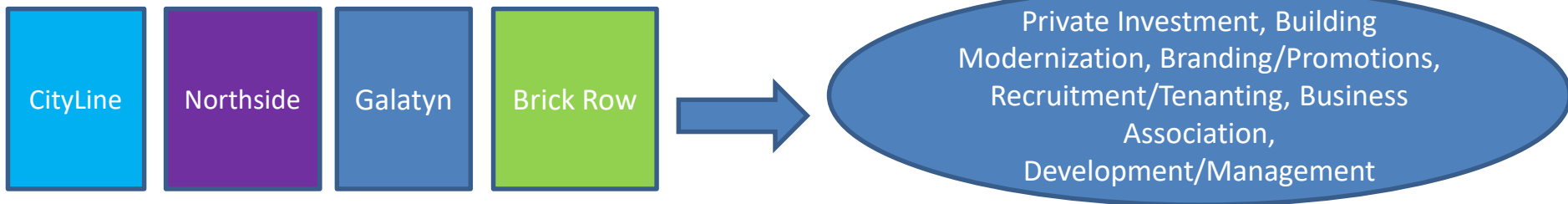
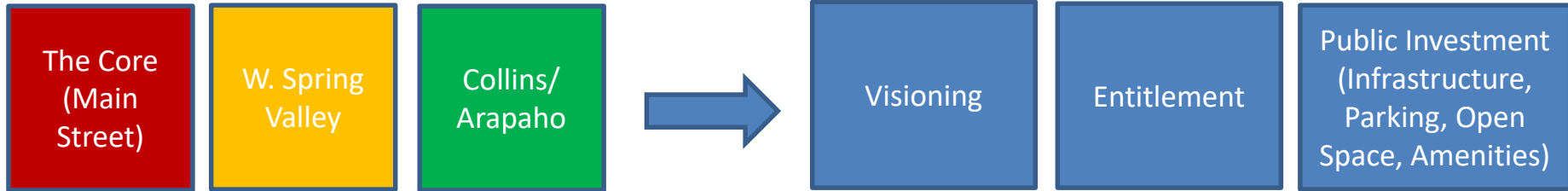
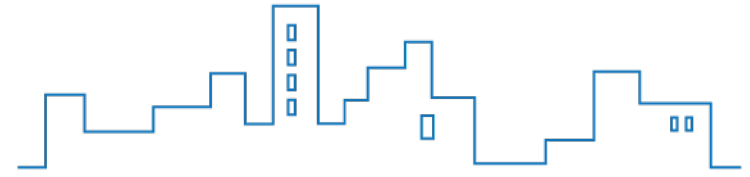
CityLine
Cooperative
Efforts

UTD/Northside

Galatyn
Campus

Brick Row

Urban/Commercial Village Initiative



Operations (Talent & Systems) Initiative



Information
Technology
Strategies

Traffic
Management
Strategies

Compensation
& Benefits
Strategies

Support of
Key City
Services

Operations (Talent & Systems) Initiative



FY19-20 Information Technology Key Initiatives:

- Replacement of Municipal Court software
- Replacement of payroll entry software
- Begin replacement of financial system software
- Implementation of technology at Fire Station #3

FY19-20 Traffic Management Strategies:

- Implementation of upgraded network connectivity for traffic signals
- Implementation of 40 video detection cameras for traffic management

FY19-20 Compensation and Benefit Strategies:

- Compensation and benefits that are sustainable and allows the City to remain competitive

FY19-20 Support of Key City Services:

- Support of the Police Department's electronic citation software and 9-1-1 public safety system

Infrastructure/Facilities Initiative



Street and Alley
Maintenance
Strategies

Traffic Signs and
Markings
Maintenance
Strategies

City Facilities
Maintenance
Strategies

Water/Sewer
Maintenance
Strategies

Drainage
Maintenance
Strategies

Infrastructure/Facilities Initiatives – Streets, Alleys, Traffic



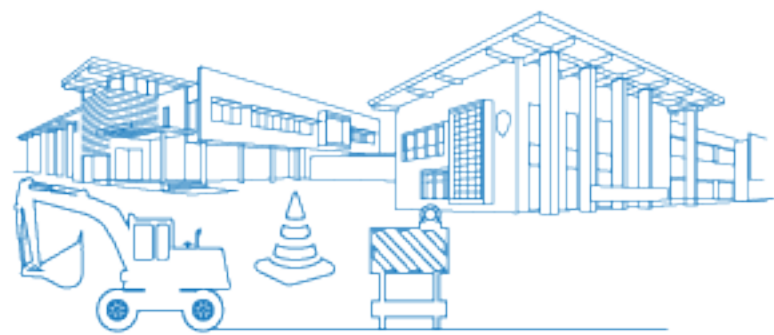
FY19-20 Street and Alley Key Initiatives:

- Increase in preventative maintenance funding through penny tax
- Increased focus on collectors through penny tax
- Continued focus on alley repairs through penny tax

FY19-20 Traffic Signs, Traffic Markings Key Initiatives:

- Replace small street name signs in Zones 5 and 6
- Replace markings and buttons along arterial and collector streets in conjunction with pavement program
- Add 1 mile of bike lanes - Spring Valley – Grove to Plano
- Update existing bike lanes at Yale – Buckingham to Campbell

Infrastructure/Facilities Initiatives - Facilities



FY19-20 General Fund Facilities Initiatives:

- City Hall air conditioning unit replacement
- Fire Training Center tank isolation
- Annual service contracts
- Preventative and corrective maintenance strategies

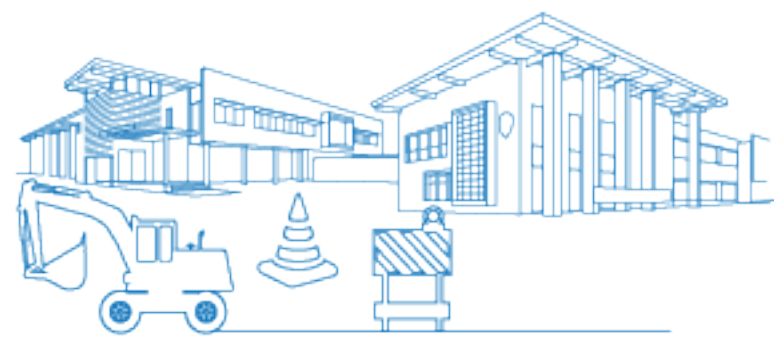
FY19-20 Water Fund Facilities Initiatives:

- Assessment of Collins and Renner elevated storage
- Electrical upgrades and improvements at Northside Pump Station

FY19-20 Eisemann Galatyn/Campus Initiatives:

- Eisemann Center drainage repairs
- Galatyn Campus and Eisemann Center step repairs

Infrastructure/Facilities Initiatives – Water Fund and Drainage Fund



FY19-20 Water Key Initiatives

- Northside Water Tower construction
- Meter replacement program
- Enhanced hydrant maintenance program
- Water main and valve repair and replacement program

FY19-20 Sewer Key Initiatives:

- Continuation of CMOM initiatives
- Cottonwood Basin condition assessment
- Duck Creek Basin rehabilitation
- Construction of sewer projects

FY19-20 Drainage Key Initiatives:

- Completion of stream assessment
- Completion of design and design/construction of flood prevention projects

Infrastructure/Facilities Initiatives - Future Bond Program Planning



The 2015 Bond Program was a six year program providing funding for projects through 2021. To best prepare for discussions about a future bond program, City staff has put together a two year work plan for consideration:

The Two Year Future Bond Program Work Plan includes:

- City Council direction on timing and priorities
- Key studies on City infrastructure/facilities
- City Council review and discussions about potential propositions
- City Council finalizing propositions and calling for an election
- Public education
- Bond election

Budget Development Requirements/Guidelines

State and
Federal Laws

City Charter

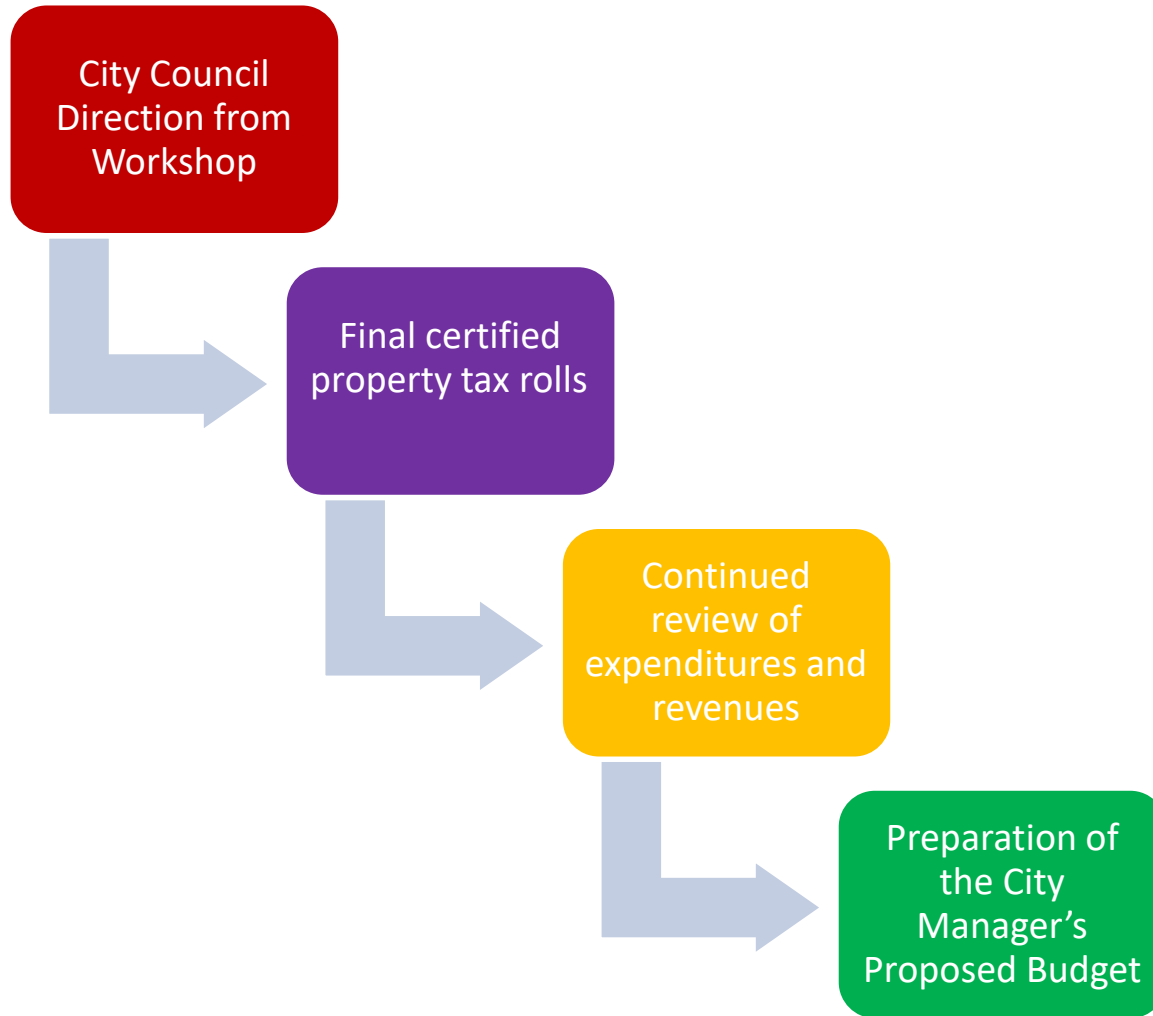
City Council
Direction

City Financial
& Investment
Policies

Fund
Accounting
Standards

Bond Rating
Criteria

July/August Budget Preparation Steps



City of Richardson, Texas

Combined Fund Summaries

FY 2019-2020 Combined Budget

Combined Budget				
	2018-2019 Estimate	2019-2020 Budget	Est./Bud.	%
Beginning Fund Balances	\$74,740,870	\$74,967,233	\$226,362	0.3%
Revenues	\$286,802,917	\$304,804,522	\$18,001,605	6.3%
Expenditures	\$286,576,555	\$298,355,410	\$11,778,855	4.1%
Ending Fund Balances	\$74,967,233	\$81,416,345	\$6,449,112	8.6%

FY 2019-2020 Combined Budget

Classification of Combined Operating Fund Expenditures		
<u>Operating Expenditures</u>	<u>Proposed Budget</u>	<u>Percent of Total</u>
Personal Services	\$115,678,372	38.77%
Professional Services	29,775,004	9.98%
Maintenance	67,917,315	22.76%
Contracts	25,685,824	8.61%
Supplies	12,143,365	4.07%
Capital	2,437,047	0.82%
<u>Total Operating Expenditures</u>	<u>\$253,636,927</u>	<u>85.01%</u>
Transfers Out	\$ 34,347,213	11.51%
<u>Total Operating Expenditures and Transfers Out</u>	<u>\$ 287,984,140</u>	<u>96.52%</u>
Debt Service Payments	\$ 48,046,078	16.10%
Less Interfund Transfers	\$(37,674,808)	-12.63%
<u>Net Appropriations</u>	<u>\$ 298,355,410</u>	<u>100.00%</u>

General Fund



FY 2019-2020 General Fund

General Fund Budget				
	2018-2019 Estimated	2019-2020 Budget	Est./Bud.	%
Beginning Fund Balances	\$24,517,518	\$26,797,078	\$2,279,560	9.3%
Revenues	\$138,689,657	\$144,432,237	\$5,742,580	4.1%
Expenditures	\$136,410,097	\$143,581,454	\$7,171,357	5.3%
Ending Fund Balances	\$26,797,078	\$27,647,861	\$850,783	3.2%

2019 Property Tax Analysis

Assessed Valuation

- Tax Rate Management Considerations:
 - Appraisal Increase Components
 - General Tax Payer Impact
 - Senior Citizen Impact
 - Trends and Averages
 - Maintenance Realities
 - Guidance of Current Law
 - Recent Legislation

Required Budget Narrative:

(Front Cover Page)

“This budget will raise more total property taxes than last year’s budget by \$8,152,761 (7.65%) and of that amount \$1,218,401 is tax raised from new property added to the tax roll this year.”

- This specific language is required by the Local Government Code, section 102.005(b). This calculation represents a comparison of certified tax rolls and *includes* TIF values. In practice and by obligations, a portion of appraised value in the TIF areas are segregated into separate funds and not included in the General Fund O&M and Debt portions of property tax revenue.
- This revenue is generated through growth in new value and the reappraisal of existing properties.

Property Tax Increase Explained: \$8.2 million

Increase in Property Tax Revenue		\$ 8,152,761
Increase in Expenditures		
Item Description	Amount	Remaining Increase
Tax Increment Financing District 1 Increase	\$ 624,242	\$ 7,528,519
Tax Increment Financing District 2 Increase	\$ 270,871	\$ 7,257,648
Tax Increment Financing District 3 Increase	\$ 120,431	\$ 7,137,217
Debt Service Increase	\$ 1,692,538	\$ 5,444,679
Operations Increases From FY19 Budgeted Amounts		
Public Safety Initiatives		
Public Safety Movement within Approved Pay Ranges	\$ 1,385,533	
Full Year funding for 1 Sgt. positions hired mid year FY19	122,000	
Information Technology Specialist II (Public Safety)	100,528	
Full Year funding for 6 Public Safety Complex custodial positions funded partial year FY19	134,000	
Sub Total Public Safety Initiatives	\$ 1,742,061	\$ 3,702,618
Street/Alley Rehabilitation Initiatives		
Street Rehab \$0.025 value increase	\$ 285,416	
Alley Rehabilitation \$0.01 value increase	114,166	
Sub Total Street/Alley Rehabilitation Initiatives	\$ 399,582	\$ 3,303,036
Information Tech and Traffic Initiatives	\$ 1,850,000	\$ 1,453,036
Information Technology addt'l. Cloud Computing Resources	\$ 81,180	\$ 1,371,856
Equipment Replacement Fund (ERF) Funding		
Shift of 1/4 cent from Parks Maint to ERF	\$ (412,580)	
Shift of 3/10 cent from Economic Dev. to ERF	(495,096)	
Second Year Funding for Equipment Replacement Fund	2,311,475	
Sub Total Equipment Replacement Fund	\$ 1,403,799	\$ (31,943)

2019 Certified Tax Roll Comparison

2019 Certified Tax Roll Comparison August 2019	
Entity	% Change
Fort Worth	13.65%
Arlington	13.27%
Grand Prairie	10.23%
Carrollton	8.96%
Irving	8.67%
Richardson - CCAD	8.02%
McKinney	7.93%
Mesquite	7.63%
Richardson Total	7.51%
Dallas County	7.49%
Garland	7.41%
Collin County	7.20%
Richardson - DCAD	7.14%
Dallas	7.07%
Frisco	6.94%
Allen	5.71%
Plano	5.01%

2018 Property Tax Rates

City	2018 Tax Rate
Ft. Worth	\$0.785000
Dallas	\$0.776700
Mesquite	\$0.734000
Garland	\$0.704600
Grand Prairie	\$0.669998
Arlington	\$0.634800
Richardson	\$0.625160
<i>AVERAGE</i>	<i>\$0.619184</i>
Carrollton	\$0.594970
Irving	\$0.594100
McKinney	\$0.525170
Allen	\$0.498000
Plano	\$0.460300
Frisco	\$0.446600

Tax Parcel Reappraisals

DCAD 2019 Tax Roll – Percent of Parcels Reappraised			
	2017	2018	2019
Residential	83%	90%	49%
Commercial	67%	48%	50%
BPP	100%	100%	100%
All	85%	89%	58%

- CCAD reappraises 100% of all parcels each year

Assessed Valuation

- Total assessed valuation assumes a \$1.3 billion increase in certified assessed valuation plus \$227.2 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 Financing Districts values of (\$1.8billion).

	2018	2019	% Difference
Certified	\$16,850,380,841	\$18,115,085,706	7.51%
Values In Dispute	\$187,772,485	\$227,175,512	21.0%
Tax Increment Financing District 1	(\$779,563,666)	(\$879,416,749)	12.8%
Tax Increment Financing District 2	(\$787,119,523)	(\$830,447,820)	5.50%
Tax Increment Financing District 3	(\$109,937,793)	(\$129,201,808)	17.5%
Taxable Value for General Fund Debt and O/M	\$15,361,532,344	\$16,503,194,841	7.43%

Property Tax Rate		
	2018-2019	2019-2020
Operations & Maintenance (O & M)	\$0.37413	\$0.38124
Debt Service	\$0.25103	\$0.24392
Total	\$0.62516	\$0.62516

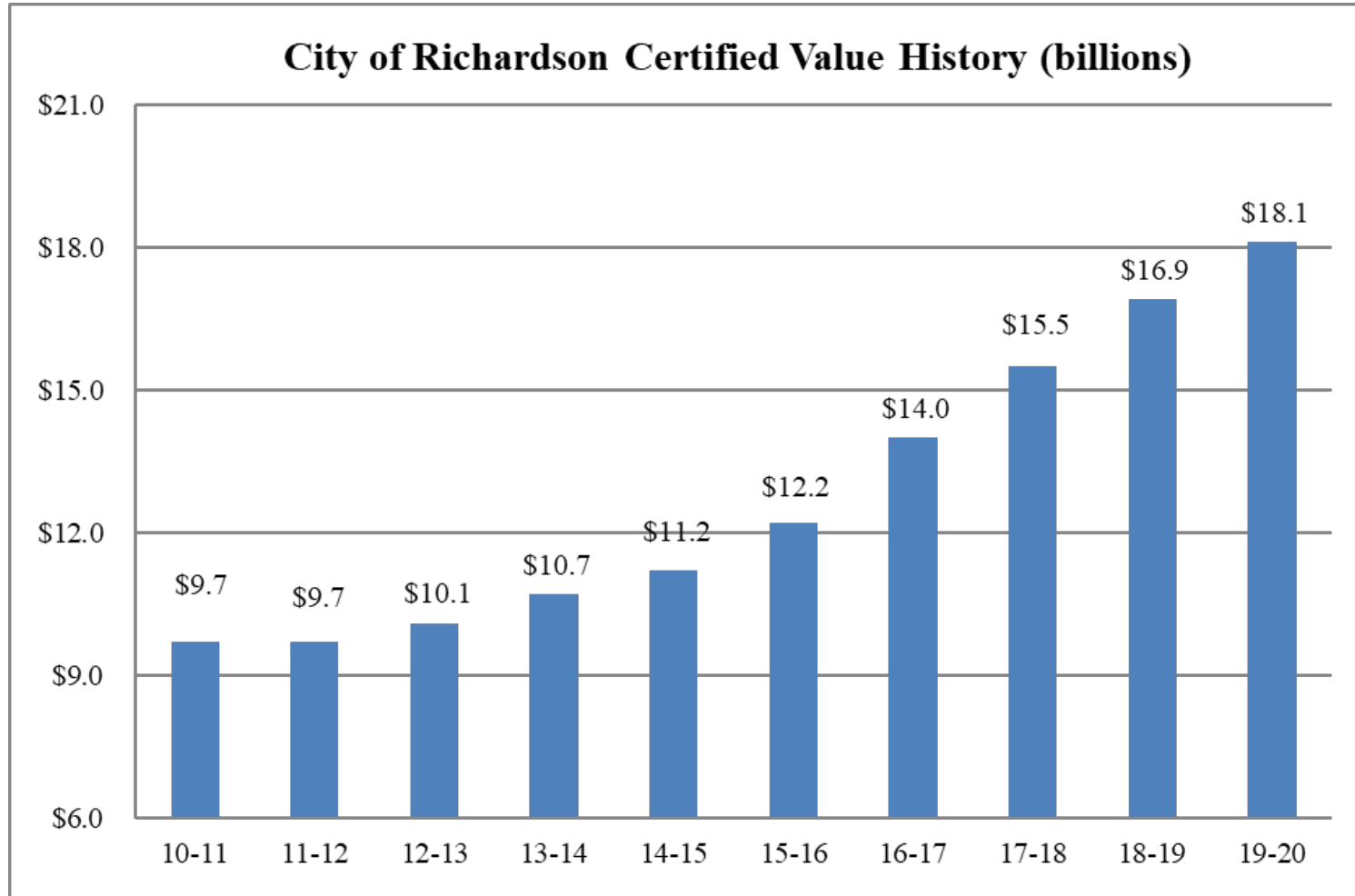
Tax Rate Calculations

2019-2020 Tax Rate Calculations			
	Rate	Difference	Revenue
2019-2020 Rate	\$0.62516	-	-
Rollback Rate	\$0.62517	\$0.00001	\$1,650
Effective Rate	\$0.58991	(\$0.03525)	(\$5,817,376)

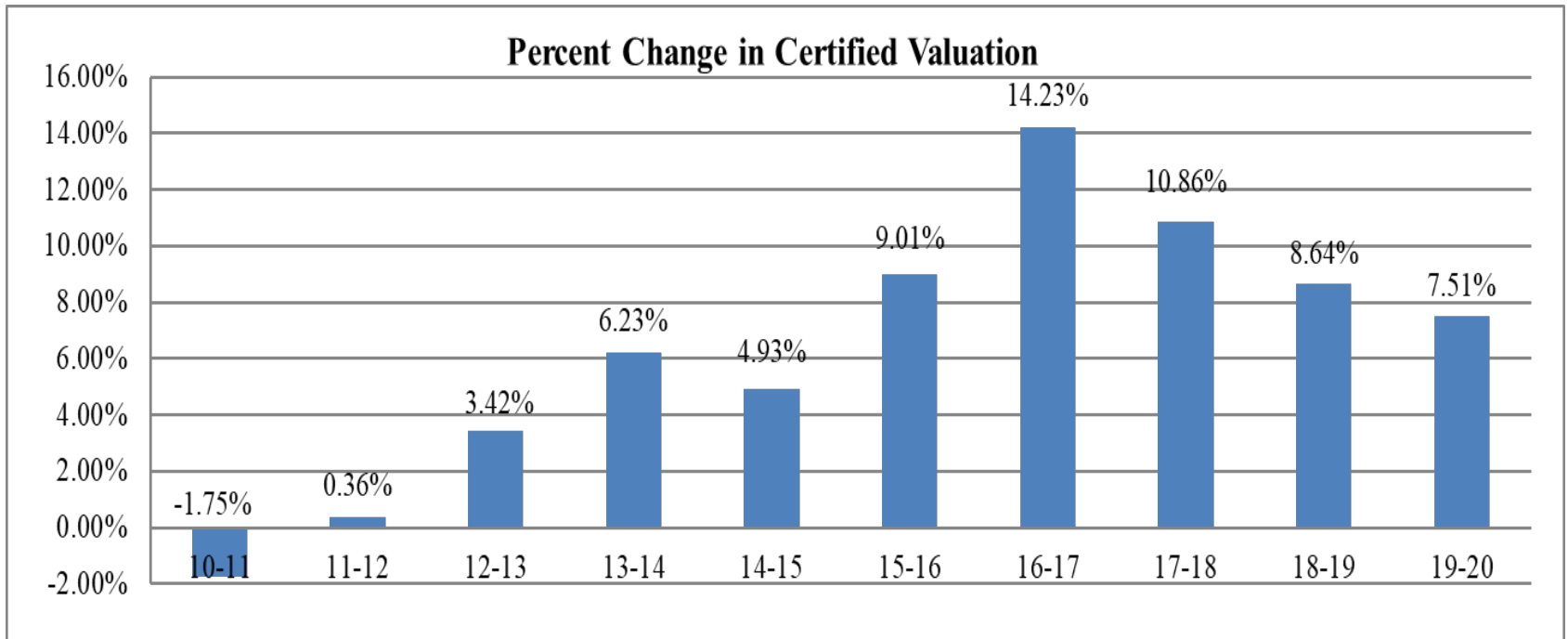
- The tax rate adoption ordinance will refer to what is “effectively an 5.98 percent increase in the tax rate”. This is the percent change of the proposed tax rate \$0.62516 above the effective rate \$0.58991.

2018-2019 Tax Rate Calculations			
	Rate	Difference	Revenue
2018-2019 Rate	\$0.62516	-	-
Rollback Rate	\$0.62517	\$0.00001	\$1,536
Effective Rate	\$0.58485	(\$0.04031)	(\$6,192,234)

FY 2019-2020 Assessed Valuation



FY 2019-2020 Assessed Valuation



FY 2019-2020 Assessed Valuation

Valuation Including New Improvements			
District	2019 Certified Roll	2019 New Improvements	%
CCAD	\$7,577,535,894	\$164,511,127	2.17%
DCAD	\$10,537,549,812	\$112,142,893	1.06%
Total	\$18,115,085,706	\$276,654,020	1.53%

Valuation Including New Improvements			
District	2018 Certified Roll	2018 New Improvements	%
CCAD	\$7,014,752,668	\$286,849,040	4.09%
DCAD	\$9,835,628,173	\$133,941,250	1.36%
Total	\$16,850,380,841	\$420,790,290	2.50%

Tax Roll Increase

Roll Increase – Taxable Values								
	Residential	% Change	Commercial	% Change	BPP	% Change	Total	% Change
2019	\$ 7,234,114,768	5.17%	\$ 7,709,013,784	7.23%	\$ 3,171,957,154	14.00%	\$ 18,115,085,706	7.51%
2018	\$ 6,878,420,600	10.78%	\$ 7,189,562,607	10.00%	\$ 2,782,397,634	0.62%	\$ 16,850,380,841	8.64%
2017	\$ 6,208,971,875	7.68%	\$ 6,535,677,328	19.13%	\$ 2,765,191,422	0.98%	\$ 15,509,840,625	10.86%
2016	\$ 5,766,003,571	10.69%	\$5,486,130,258	12.98%	\$2,738,387,617	25.43%	\$13,990,521,446	14.23%
2015	\$ 5,209,050,756	6.95%	\$4,855,828,650	11.47%	\$2,183,157,886	8.67%	\$12,248,037,292	9.01%
2014	\$ 4,870,390,715	3.92%	\$4,356,084,831	8.99%	\$2,008,982,551	-0.75%	\$11,235,458,097	4.93%
2013	\$4,686,522,612	0.94%	\$3,996,773,284	8.97%	\$2,024,115,794	14.42%	\$10,707,411,690	6.23%
2012	\$ 4,642,723,828	-0.88%	\$3,667,775,991	11.33%	\$1,769,065,742	0.07%	\$10,079,565,561	3.42%
2011	\$ 4,684,107,745	1.45%	\$3,294,460,395	0.68%	\$1,767,914,290	4.90%	\$9,746,482,430	0.36%
2010	\$ 4,753,636,539	1.15%	\$3,272,140,875	-7.20%	\$1,685,380,954	1.62%	\$9,711,158,368	-1.75%

Tax Roll Comparison

Tax Roll Comparison					
	2018		2019		
	Value	%	Value	%	% Change
Residential	\$6,878,420,600	40.8%	\$7,234,114,768	39.9%	5.17%
Commercial	\$8,891,903,891	52.8%	\$9,818,965,065	54.2%	10.43%
Industrial	\$906,204,351	5.4%	\$860,693,860	4.8%	-5.02%
Undeveloped	\$173,851,999	1.0%	\$201,312,013	1.1%	15.79%
Total	\$16,850,380,841	100.0%	\$18,115,085,706	100.0%	7.51%

Percent of Total Value

Percent of Total Value				
Tax Year	Residential	Commercial	BPP	Total
2019	39%	43%	18%	100%
2018	41%	42%	17%	100%
2017	40%	42%	18%	100%
2016	41%	39%	20%	100%
2015	42%	40%	18%	100%
2014	43%	39%	18%	100%
2013	44%	37%	19%	100%
2012	46%	36%	18%	100%
2011	48%	34%	18%	100%
2010	49%	34%	17%	100%

Top Ten Taxpayers

Top Ten Taxpayers		
	Taxable Value	% of Total Taxable Value
1 Corporate Properties Trust (State Farm)	\$711,682,592	3.93%
2 Collins Technology Park Partners	\$495,531,730	2.74%
3 Bank of America	\$394,732,747	2.18%
4 Qorvo	\$347,095,947	1.92%
5 Texas Instruments	\$305,829,883	1.69%
6 Cisco Systems	\$261,853,905	1.45%
7 Health Care Services Corp. (BCBSTX)	\$189,020,966	1.04%
8 LinkedIn	\$158,301,650	0.87%
9 IBM	\$157,690,280	0.87%
10 Jefferson LP (Apartments)	\$153,440,802	0.85%
Total	\$3,175,180,502	17.53%
Total 2019 Taxable Value	\$18,115,085,706	

Change In Residential Market Valuations

Number of Residential Properties Affected by Market Valuation				
	2018-2019		2019-2020	
Impact	# Properties	% of Total Res. Properties	# Properties	% of Total Res. Properties
No Change	2,459	8.70%	9,901	35.30%
Decrease	524	1.85%	3,051	10.88%
Increase 0% - 5%	4,369	15.46%	4,463	15.91%
Increase 6% - 10%	6,413	22.70%	4,050	14.44%
Increase >10%	14,488	51.28%	6,587	23.48%
Total Res. Properties	28,253	100.00%	28,052	100.00%

Senior Exemption

- The City Council acted on February 25th to increase the Over 65 and Disabled Persons tax exemption from \$85,000 to \$100,000 a year, an increase of \$15,000 or 17.6%.
 - The adopted increase will maintain the goal of providing a 30% tax benefit and save those receiving the exemption an average of \$625 a year in City property taxes.

Average Senior Home Value

Average Senior Home Value Statistics						
Tax Year	Qualifying Parcels	% Change From Year to Year	Senior Exempt.	Average Senior Home Market Value	% Change From Year to Year	% of Total Value
2019	8,328	1.23%	\$100,000	\$301,583	5.56%	33.16%
2018	8,227	2.67%	\$85,000	\$285,693	12.43%	29.75%
2017	8,013	1.65%	\$80,000	\$254,115	10.71%	31.48%
2016	7,883	2.38%	\$70,000	\$229,526	13.52%	30.50%
2015	7,700	1.36%	\$60,000	\$202,187	7.98%	29.68%
2014	7,597	2.23%	\$60,000	\$187,251	3.88%	32.04%
2013	7,431	2.17%	\$55,000	\$180,265	0.93%	30.51%
2012	7,273	4.32%	\$55,000	\$178,609	-0.10%	30.79%
2011	6,972	3.00%	\$55,000	\$178,788	0.40%	30.76%
2010	6,769	3.14%	\$55,000	\$178,079	-0.49%	30.89%

Remaining Revenues

Franchise Fees

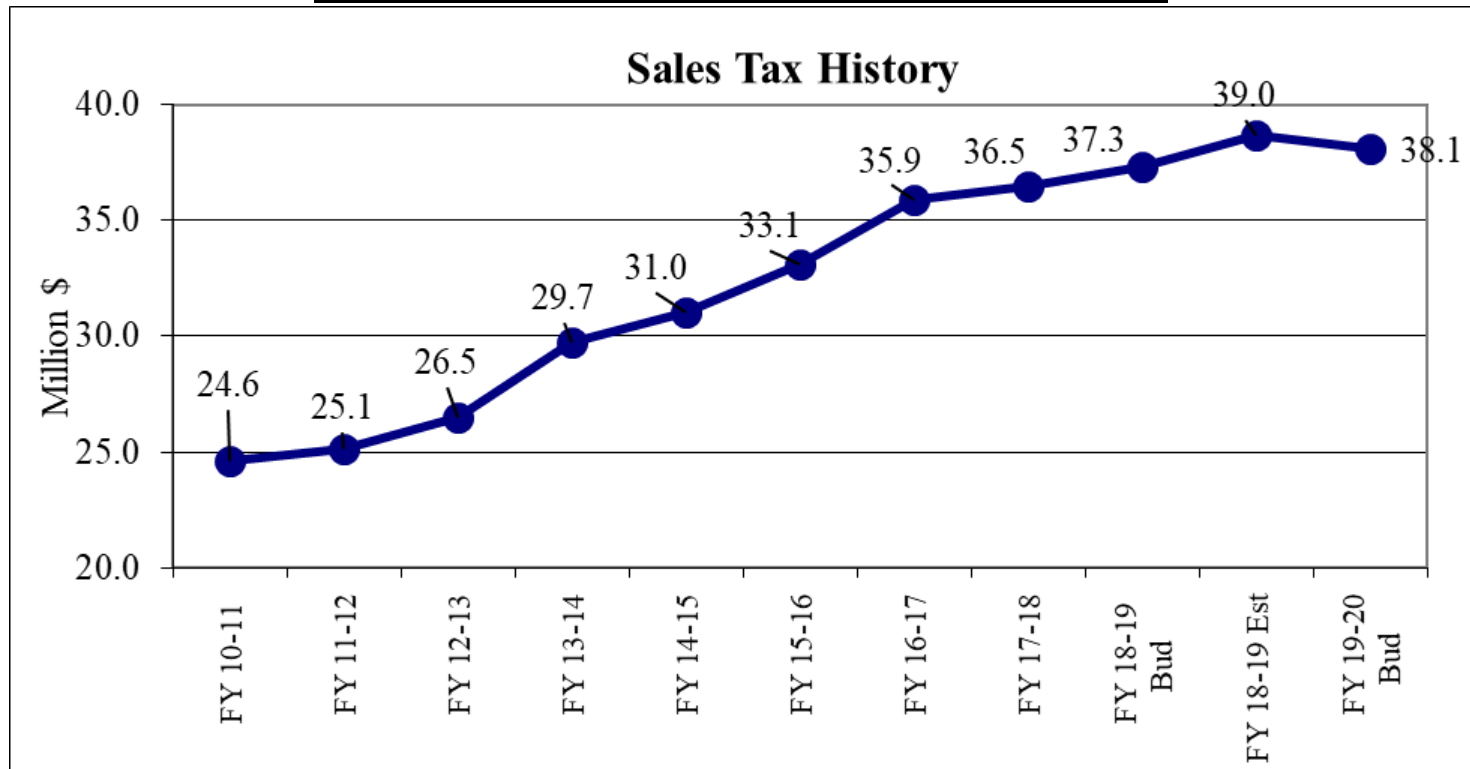
- Franchise Fees are projected at \$16.7 million for FY 2019-2020, a decrease of (\$174,000) or -1.0% below estimated year-end.
 - The largest increase this year, \$503,000, is projected in the Water and Sewer Franchise Fee based on a rate change proposal to be discussed in more detail when we talk about that fund.
 - The Electric Franchise Fee is the next largest increase projected at \$229,000 over year-end and is reflective of the standard growth in consumption as well as price fluctuations.
 - Telecommunications and Cable TV fees decrease (\$500,000) each for FY 2019-2020. The effects of S.B. 1152 will become more apparent as the year progresses and the affected companies file with the State, but this represents Staff's best estimate for a first-year impact.

Sales and Other Business Taxes

- Sales and Other Business Taxes are projected at \$38.8 million for next year reflecting a decrease of (\$859,000) or -2.2% from estimated year-end revenues.
 - Mixed Beverage and Bingo receipts are anticipated to increase modestly by \$3,000 over year-end.
 - Sales Tax, the largest of the three in this category, is projected to increase \$749,000 or 2.0% from year-end estimates for “base to base” collections.

Sales and Other Business Taxes

FY 18-19	Projected	FY 19-20
Base Actual	Growth Rate	Projected
\$37,428,390	2.00%	\$38,176,958



Remaining Revenues

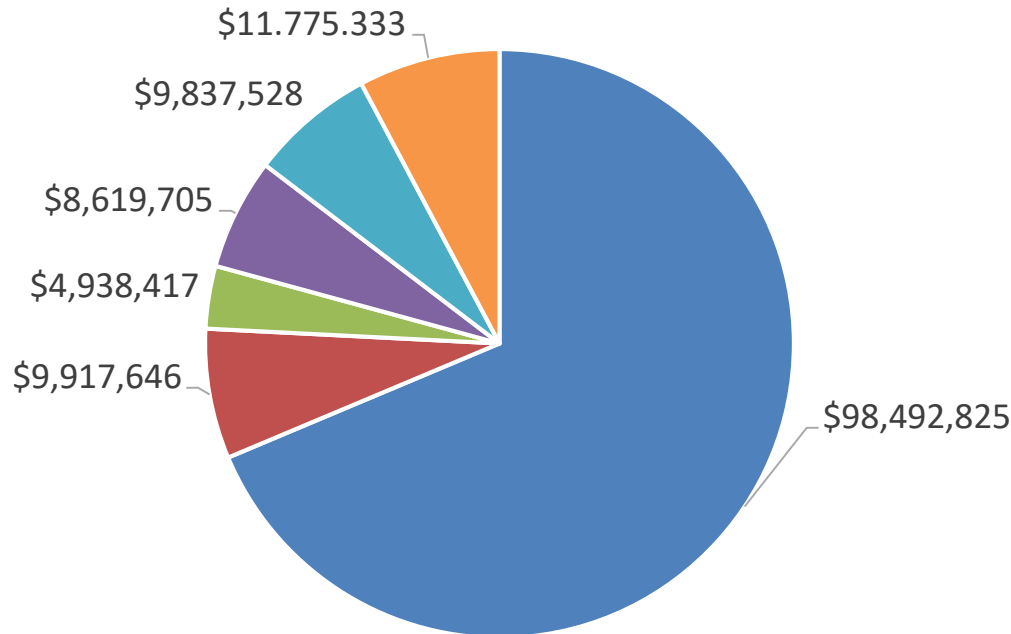
- **License and Permits** are projected to remain flat at \$2.9 million. Most categories are expecting minor increases except residential permits. The decrease here relates directly to the impact of H.B. 852 which changes the way permit fees are charged for new residential construction and remodels.
- **Fines and Forfeits** are expected to decrease (\$271,000) to \$3.3 million. This projection is based on the anticipated impact of H.B. 2048 regarding the repeal of the driver responsibility program.
- Both **Interest Earnings** and **Civic Center** revenue are expecting minimal increases totaling \$16,000 in FY 2019-2020

Remaining Revenues

- **Recreation and Leisure Services** revenues are budgeted at \$4.0 million, a decrease of (\$16,000). The renovations at the Senior Center are expected to decrease revenue by (\$37,000). This is offset by anticipated increases in activity at the Tennis Center, Gymnastics and Classes/Entrance Fees.
- **Other Revenue** is projected at \$4.9 million or \$124,000 over estimated year-end for FY 2018-2019 with modest increases across most categories.
- **General and Administrative** transfers is projected at \$9.3 million, an increase of \$454,000 from FY 2018-2019. This increase is tied to inflation as outlined in the indirect cost study by MGT America as well as a \$100,000 increase in the transfer from the Wireless Fund used to help offset the increased cost for the new 9-1-1 System.

FY19-20 Proposed General Fund Expenditures

FY 19-20 Proposed General Fund Expenditures



General Fund Expenditures:
Personal Services: 68.6%
Transfers: 8.2%
Professional Services: 6.9%
Supplies: 6.9%
Contracts: 6.0%
Maintenance: 3.4%

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

FY 2019-2020 General Fund Expenditures

- Total Expenditures and Transfers for the General Fund are projected at \$143.6 million, an increase of \$7.2 million from the FY 2018-2019 year-end estimates.
- **Personal Services** – Personnel is always the largest expense and most valuable resource for an organization whose primary purpose is the provision of services to the public. Personal Services are presented at \$98.5 million, an increase of 4.5% from the year-end estimate of \$94.3 million and account for 68.6% of the total General Fund operating budget. The key personnel issues addressed in this proposal include;

FY 2019-2020 General Fund Expenditures

- ***Public Safety movement within approved pay plan ranges of \$1.4 million*** – In keeping with current market demands, public safety compensation continues to be the primary driver in personnel expense. Effective October 1, 2019, pay ranges for public safety will increase 2.5% while those employees will continue to progress through their approved pay ranges. This movement is on a merit based step plan. In addition, modifications are being made to entry pay to continue to improve the competitive position for recruiting purposes.
- ***\$122,000 for full year funding of the Sergeant position added mid-year FY 2019.***
- ***\$100,528 for an Information Technology Specialist II*** for the Public Safety Complex to maintain and support the I.T. systems in that facility.
- ***\$134,000 Full Year Funding*** of the 6 custodial personnel funded for a partial year last year, also to support the new facility.

FY 2019-2020 General Fund Expenditures

- ***Non-public safety Open Range adjustment totals \$605,000*** – Effective two years ago, non-public safety employees are no longer on the traditional step plan but instead in open range plans. Progression through these ranges depends on performance and available funding. For FY 2019-2020, these employees will be eligible for a 2.5% merit based increase.
- ***Market Adjustment for \$64,000*** - Since 1995-1996, the City has proactively reviewed pay ranges to insure market compatibility in an effort to recruit and retain high quality employees.

FY 2019-2020 General Fund Expenditures

- **Non-Personnel Operations** – For FY 2019-2020, Non-Personal Services operating line items are currently proposed at \$33.3 million, a decrease of (\$605,000) or -1.8% from year end estimates, maintaining all activities at the same high level of service currently provided.
- **Professional Services** – Decrease (\$393,000) or -3.8% while maintaining, among other things:
 - \$2.1 million for Parks and Recreation maintenance contracts, an increase of \$71,000 from year end and maintains all programs.
 - \$753,000 for Information Technology Cloud Computing, an increase of \$82,000
 - \$100,000 to continue the bridge rail maintenance program
- **Maintenance** – This category will increase \$135,000 or 2.8% for FY 2019-2020.
 - Information Technology will receive an additional \$346,000 for computer hardware and software maintenance.

FY 2019-2020 General Fund Expenditures

- **Contracts** – Decrease (\$105,000) or -1.2% from year end while maintaining all current service and program levels including;
 - An additional \$117,000 for 9-1-1 service fees are included in the budget as we replace the City's current 9-1-1 system with the new Vesta 9-1-1 system in January 2020.
 - The Home Improvement Incentive Program budget will increase \$153,000 based on the participation of 121 residents and the preliminary values from the appraisal district. This amount may change once the true value impacts of the properties are assessed. Established by the City Council in February of 2007, the purpose of the Home Improvement Incentive Program is to positively affect the value of the City's housing stock by encouraging reinvestment in residential neighborhoods. Since the program's inception, over 1,505 projects have applied to take part in the program. Because of these projects, over \$92.8 million dollars has been added to the tax roll.
 - These increases will partially be offset by a (\$187,000) reduction in election expenses for the upcoming year after the City Council election in 2018-2019.

FY 2019-2020 General Fund Expenditures

- ***Supplies Categories*** – Decrease (\$192,000) from year end due to the exclusion of \$374,000 of the prior year encumbrances from year end 2018-2019.
 - Parks will receive an additional \$28,000 for botanical items like fertilizer, sod and seeds.
 - Fire will receive an additional \$29,000 for EMS supplies.
 - Fuel expenses are expected to increase \$58,000.
- ***Street Rehabilitation*** – For the last 22 years, the City dedicated a portion of the total tax rate to street rehabilitation. Over the last few years we had been incrementally increasing from the original one cent of the tax rate, to a total last year of two and a half cents. For 2019-2020, this dedication equals \$4.1 million and will provide for street repair, street leveling and crack sealing projects.

FY 2019-2020 General Fund Expenditures

- ***Alley Rehabilitation*** – In FY 2016-2017, the City began a dedication of a portion of the tax rate for alley rehabilitation in a similar fashion to the Street Rehabilitation program. For FY 2019-2020, this funding will provide \$1.7 million for the program.
- ***Information Technologies and Traffic Initiatives*** – New this year is a dedication of an annual \$1.85 million to begin I.T. and Traffic technology upgrades as briefed to Council on Monday, July 8th.
- ***Economic Development*** – This will provide \$825,000 for economic development work in the upcoming year. Increased three years ago to 8/10 of a cent, for FY 2019-2020 this dedication will decrease to a half cent. The 3/10 of a cent reduction has been shifted to the Equipment Replacement Fund.

FY 2019-2020 General Fund Expenditures

- ***Parks Maintenance*** – Beginning in FY 2018-2019, a ½ cent of the tax rate was set aside for the maintenance of neighborhood parks. For FY 2019-2020, this amount is \$413,000 or a quarter of a cent. The other ¼ cent has been shifted to the Equipment Replacement Fund. The proposed program includes funding for neighborhood park improvements at thirteen different parks.
- ***Equipment Replacement Fund*** – FY 2019-2020 will be the second year of a multi-year transition from the use of short-term Certificates of Obligation to a pay as you go strategy for General Fund related machinery and equipment. This year's dedication to that effort is projected to be \$2.9 million.
- ***Fund Balance*** – The proposed budget ends the year 70.3 days, or 10.3 days over the Council prescribed 60.0 days of fund balance. Further adjustment is likely as the FY 2018-2019 budget year is completed.

Equipment Replacement Fund

- Series 2019 included an additional \$5.05 million for equipment (Transitional Equipment CO) to transition General Government to a cash financed Equipment Replacement Fund (“ERF”) through a phased approach
 - \$2.9 million General Equipment, \$1.0 million IT Equipment, \$1.15 million Fire Equipment
- The original plan was to shift approximately 3.31 cents from debt to operations over four years to generate \$5.5 million for annual equipment needs

Equipment Replacement Fund

“Hybrid Approach” to Funding

- After Year 2 of the 4-year transition, SB 2 has effectively capped transfers from debt to operations, constraining new funding for the ERF
- A “hybrid approach” is needed going forward, with some elements of the ERF funded by cash transfers and some by CO issuance
 - \$2.9 million General Equipment – cash financed
 - \$1.105 million Fire Equipment – 8-year CO financed
 - \$1.2 million IT Equipment – 4-year CO financed
- This hybrid approach will reduce the need for \$2.9 million each year in General Equipment CO’s from the City’s traditional \$5.05 million in annual issuance of equipment CO’s

Fire and Police Department Equipment

- The Fire Department will replace a Rescue Pumper Apparatus for \$820,000 and an Ambulance for \$285,000.
- The Police Department will replace 11 patrol vehicles totaling \$510,000.
- These vehicles are part of both departments scheduled fleet replacement program.

Parks and Recreation Department

- In addition to the ¼ cent dedication of property tax, a total of \$2.3 million of park improvements, maintenance projects and equipment/vehicle replacements are planned using \$1.0 million of the Equipment Replacement Fund and \$1.3 million of operating funds for routine maintenance throughout the park system including irrigation, electrical and plumbing systems.

Street: Alley Repair and Rehabilitation

- This funding allows for the active street and alley maintenance work proposed for FY 2019 2020.
 - Funding of \$6.2 million includes,
 - \$5,776,118 from the tax rate dedication.
 - \$390,500 in operations funding

	Actual 2017-2018	Estimated 2018-2019	Proposed 2019-2020
Tax Rate Dedication			
Street Rehabilitation Fund	\$ 3,544,504	\$3,840,383	\$4,125,799
Street Rehabilitation Supplement	650,000	-	-
Alley Rehabilitation	708,901	1,536,153	1,650,319
Subtotal Tax Rate Dedication	\$ 4,903,405	\$5,376,536	\$5,776,118
Operating Budget			
Misc. Street & Alley Concrete Repairs	\$ 158,080	\$ 200,000	\$ 200,000
Misc. Asphalt Overlay Projects	102,220	140,000	140,000
Screening Fence repairs	76,352	70,000	50,000
Subtotal Operating Budget	\$ 336,652	\$ 410,000	\$ 390,000
Total Street Rehabilitation and Operating	\$ 5,240,057	\$5,786,536	\$6,166,118

Capital Improvement Plan

FY 2019-2020 Proposed Capital Improvement Program

Amount	Type	Purpose
\$15.015 million	GO	2015 GO Bond Program 20-Yr
\$4.65 million	CO	General Government Supplement 4/15/20-Yr
\$1.20 million	CO	IT Equipment 4-Yr
\$1.105 million	CO	Fire Equipment 8-Yr
\$9.31 million	CO	Water & Sewer CIP 15/20-Yr
\$0.84 million	CO	Solid Waste Equipment 8-Yr
\$32.12 million	Total	

Water and Sewer Fund



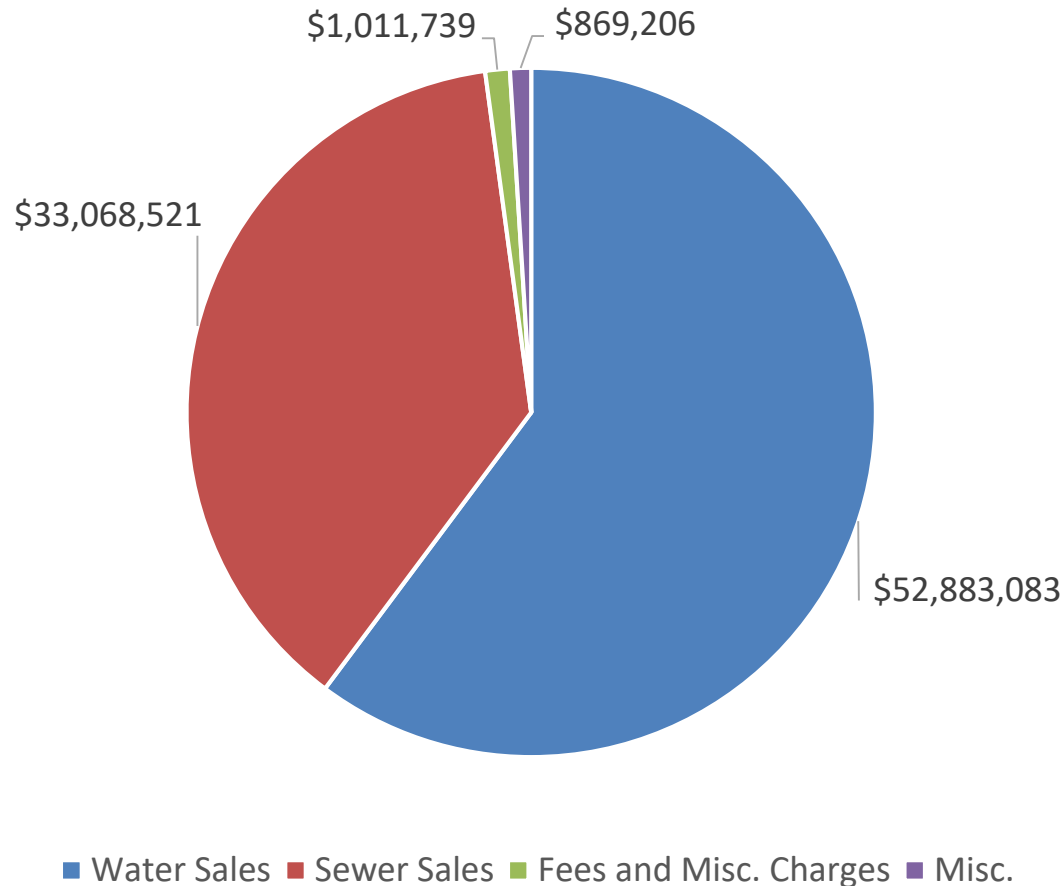
Water and Sewer Fund

Water and Sewer Fund Budget

	2018-2019 Estimated	2019-2020 Budget	Est./Bud.	%
Beginning Fund Balances	\$20,165,096	\$15,627,779	(\$4,537,317)	-22.5%
Revenues	\$77,706,675	\$87,832,549	\$10,125,874	13.0%
Expenditures	\$82,243,992	\$85,453,557	\$3,209,565	3.9%
Ending Fund Balances	\$15,627,779	\$18,006,771	\$2,378,992	15.2%

FY19-20 Proposed Water/Sewer Fund

FY19-20 Proposed Water/Sewer Fund Revenue



Water/Sewer Fund Expenditures:

- Maintenance: 65.7%
- Transfers Out: 10.9%
- Personal Services: 8.5%
- Debt Service: 7.4%
- Prof. Services: 4.5%
- Supplies: 1.3%
- Contracts: 1.4%
- Capital: 0.3%

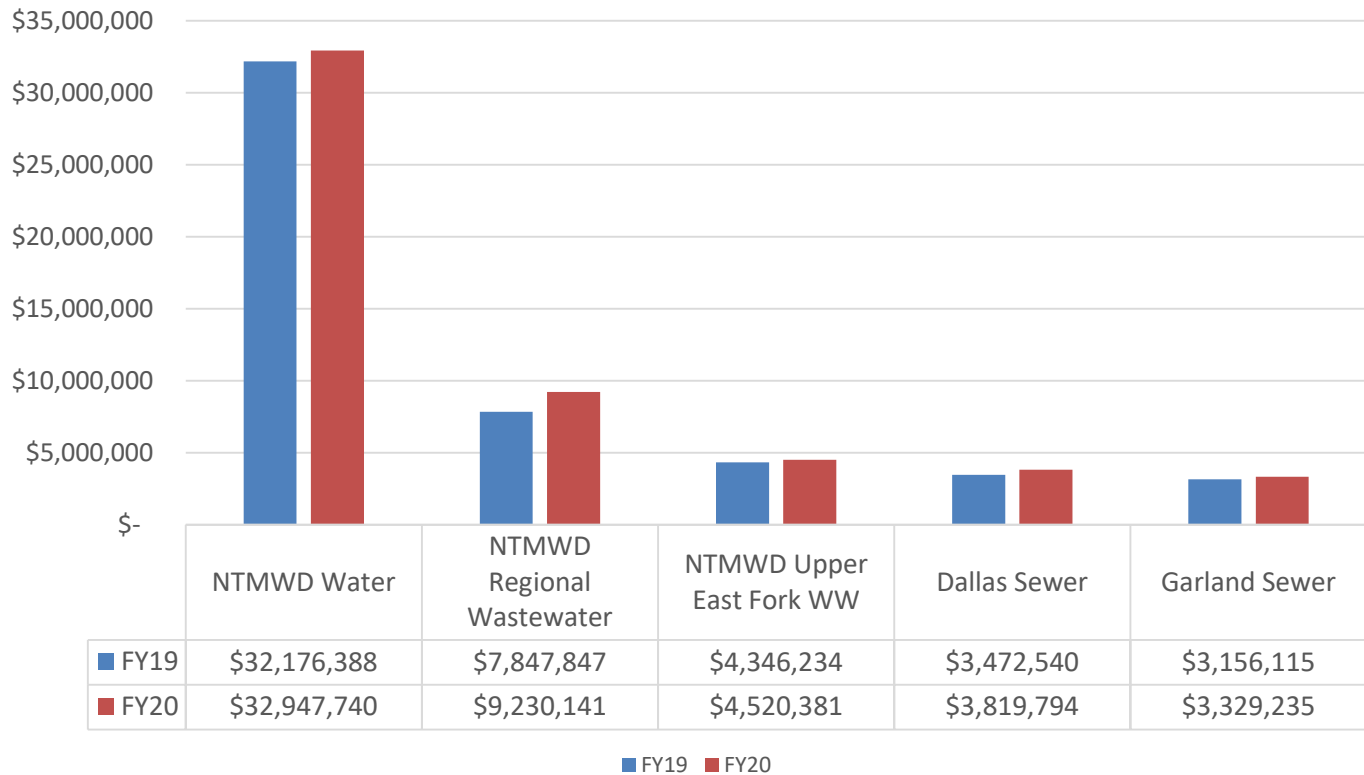
Key Elements:

- FY20 Days of Fund Balance: 76.91 days
- NTMWD wholesale water rate increase: \$771,000
- Increase from wholesale sewer providers: \$2,000,000
- Proposed City rate adjustment: 7.5%

FY 2019-2020

Water and Sewer Fund Revenues

Wholesale Water and Sewer Cost Increases



FY 2019-2020

Water and Sewer Fund Revenues

- This budget is based on these key provider obligations as well as a continued emphasis on the City's CMOM program aimed at addressing aging infrastructure through enhanced inflow and infiltration (I&I) abatement efforts and general system maintenance including, but not limited to line and valve repair/replacement.
- Projected revenues for FY 2019-2020 are based on a 7.5% rate increase for both the water and sewer retail rates. The increase would go into effect with the first billing in November of 2019.

FY 2019-2020

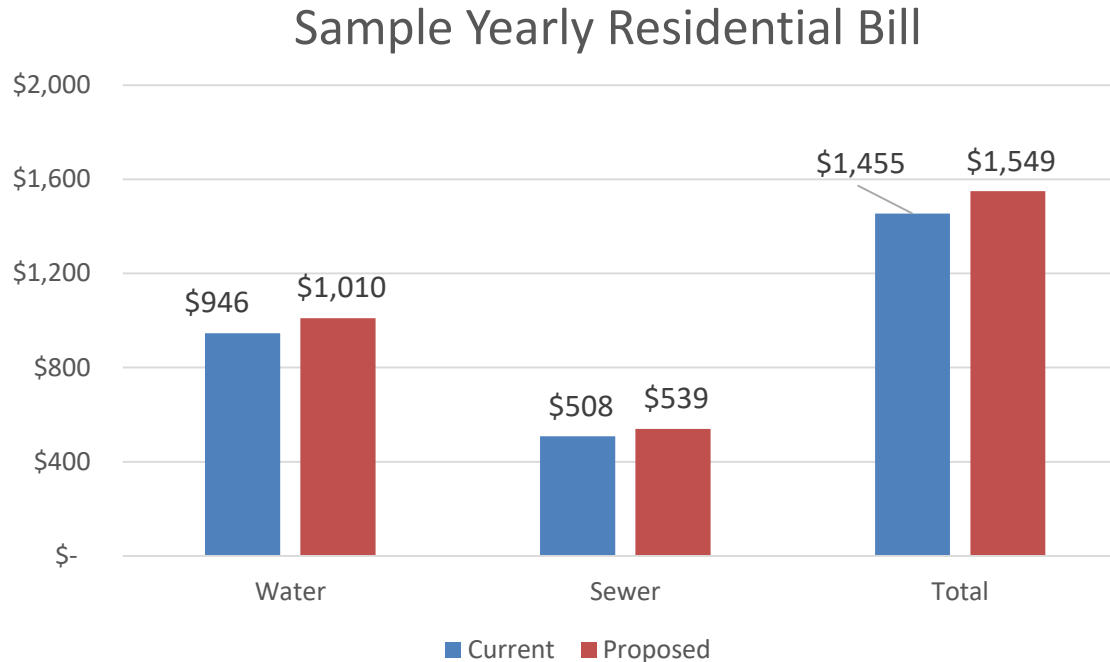
Water and Sewer Fund Revenues

- Revenue from Water Sales and Charges is programmed at \$52.9 million representing a 17.7% increase from year-end and is based on a 7.5% increase across all five tiers, a return to normal weather patterns as well as maintaining twice a week watering for the full year.
- Sewer Sales are budgeted at \$33.1 million or 6.8% above year-end and includes the 7.5% rate increase. Sewer charges do not apply to irrigation.
- Remaining revenues combined increase \$63,000 based on a budget of \$1.9 million.

Proposed Rate Tier

Fiscal Year	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
NTMWD/1,000 gal.	\$ 1.37	\$ 1.49	\$ 1.70	\$ 1.87	\$ 2.06	\$ 2.29	\$ 2.53	\$ 2.78	\$ 2.92	\$ 2.99
% Increase	9.60%	8.70%	14.80%	10.00%	10.16%	11.17%	10.48%	9.88%	5.04%	2.40%
City Rates										
Minimum	\$ 7.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
0-11,000 gallons	\$ 2.95	\$ 3.22	\$ 3.63	\$ 4.03	\$ 4.41	\$ 4.76	\$ 5.15	\$ 5.64	\$ 6.15	\$ 6.61
11,001-20,000	\$ 3.19	\$ 3.48	\$ 3.93	\$ 4.36	\$ 4.77	\$ 5.15	\$ 5.58	\$ 6.11	\$ 6.66	\$ 7.16
20,001-40,000	\$ 3.33	\$ 3.63	\$ 4.10	\$ 4.55	\$ 4.98	\$ 5.38	\$ 5.82	\$ 6.37	\$ 6.94	\$ 7.46
40,001-60,000	\$ 3.87	\$ 4.22	\$ 4.77	\$ 5.29	\$ 5.79	\$ 6.25	\$ 6.77	\$ 7.41	\$ 8.08	\$ 8.68
Over 60,000	\$ 4.05	\$ 4.41	\$ 4.99	\$ 5.53	\$ 6.06	\$ 6.54	\$ 7.08	\$ 7.75	\$ 8.45	\$ 9.08
% Increase	0.00%	9.00%	13.00%	10.90%	9.50%	8.00%	8.25%	9.50%	9.00%	7.50%

Residential Impact



Sample residential bill increases **\$7.90/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 \$5.32/month
- Average residential sewer bill increases \$2.58/month

FY 2019-2020

Water and Sewer Fund Expenditures

- Expenditures and Transfers are proposed at \$85.5 million representing an increase of \$3.2 million or 3.9% over year-end estimates.
- The Maintenance category is the largest operational expenditure in this fund and includes the costs of water and sewer services. The City is not expecting to set a new “minimum purchase,” however we will be charged an additional \$0.07/1,000 gallons in the price of wholesale water from the NTMWD. This represents an increase of \$771,000 over last year. For FY 2019-2020 the total cost of wholesale water increases to \$32.9 million.

FY 2019-2020

Water and Sewer Fund Expenditures

- Personal Services is proposed at \$7.3 million, an increase or 8.1% over year-end estimates.
- Professional Services of \$3.8 million decrease (\$306,000) from year end estimates.
 - As discussed at the June 10th work session, this proposal includes \$3.6 million for the 5th year of the CMOM (Capacity, Management, Operations, and Maintenance) program and includes in this category:
 - \$1.9 million for condition assessment in the Cottonwood Basin, including video inspection/cleaning and begin video inspection/cleaning in Spring Creek Basin.
 - \$1.1 million manhole and pipeline rehabilitation in the Duck Creek basins.
- Contracts increase \$206,000 or 20.3% from the year end estimate of \$1.0 million.
 - Includes a \$200,000 transfer to the new for FY20 Information Technology and Traffic Initiative Internal Service Fund.

FY 2019-2020

Water and Sewer Fund Expenditures

- Supplies of \$1.1 million will decrease (\$960,000) due to the inclusion last year of \$975,000 in prior year encumbrances. The two largest expenses in this category are electricity at \$718,000 and postage for water bills at \$146,000.
- Continuing the “pay-as-you-go” initiative, \$293,000 of capital equipment/vehicle replacements.
- Operating Transfer Out sees an increase of \$781,000 including a \$503,000 increase in Franchise Fee and a \$278,000 increase the General and Administrative charge.
 - The BABIC Transfer remains unchanged at \$467,000.
 - The increase in the Franchise Fee is based on estimated sales of water and sewer services while the increase in G&A is based on the MGT America Cost of Service Study.

FY 2019-2020

Water and Sewer Fund Expenditures

- The debt service transfer increases \$197,000 to \$6.3 million to cover debt obligations for this fund.
- Fund Balance is projected at 76.9 days, 13.1 days below the City Council approved policy of 90 days, with an outlook towards restoration as weather normalizes.

FY 2019-2020

Water and Sewer Fund Expenditures

Water Purchases				
	2016-2017	2017-2018	2018-2019	2019-2020
Minimum Purchase	11.0 billion	11.0 billion	11.0 billion	11.0 billion
Projected Sales	6.9 billion	7.1 billion	6.1 billion	6.7 billion
Actual Purchase	8.1 billion	8.7 billion	N/A	N/A
Purchase as a % of Contract	73.4%	79.1%	N/A	N/A
Wholesale Cost	\$26,680,040	\$29,720,230	\$32,176,388	\$32,947,740
Rebate per 1,000 Gals.	\$0.41	\$0.40	N/A	N/A
Total Rebate	\$1,198,817	\$913,454	N/A	N/A
Rebate as a % of Total Cost	4.5%	3.1%	N/A	N/A
Sewer Purchases				
	2017-2018 Actual	2018-2019 Actual	2018-2019 Estimate	2019-2020 Budget
NTMWD	\$10,625,358	\$12,194,081	\$12,194,081	\$13,750,522
Dallas	\$2,726,775	\$3,472,540	\$3,575,125	\$3,819,794
Garland	\$2,991,908	\$3,156,115	\$3,156,115	\$3,329,235
Total	\$16,344,041	\$18,822,736	\$18,925,321	\$20,899,551

Infrastructure Maintenance

Water, Sewer, & Erosion Maintenance Projects 2018-2019		
	Operations	Debt
Capacity, Management, Operations and Maintenance (CMOM) Initiatives	\$ 3,643,000	\$ -
Water Main Repair/Replacement	564,000	3,395,000
Fire Hydrant Maintenance and Replacement	560,000	-
Water - Main Break Repair and Line Replacement	382,000	-
Water Facilities Maintenance	343,000	1,600,000
Paving Cuts	305,000	-
Meter Repair and Replacement	176,300	1,175,000
Water Valve Maintenance	84,000	-
Wastewater Main Replacement/Construction	-	1,240,000
Water Tank Rehabilitation	-	1,075,000
Manhole/Lift Station Rehabilitation	-	600,000
Large Valve Replacement	-	225,000
Sub Total	\$ 6,057,300	\$ 9,310,000
Grand Total Operations and Debt	\$15,367,300	

Solid Waste Services Fund

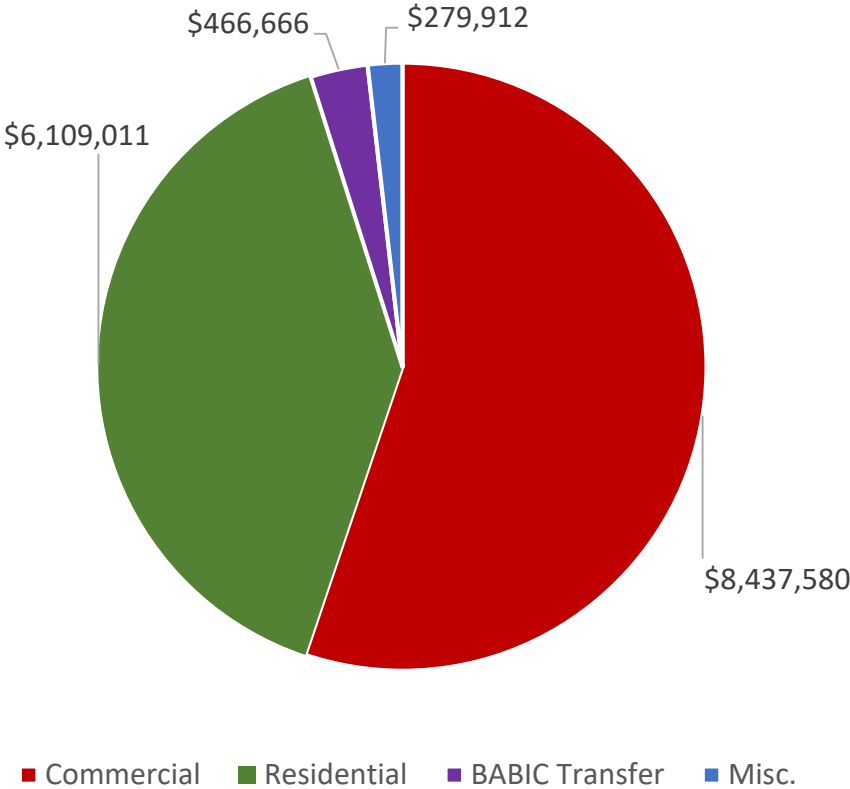


FY 2019-2020 Solid Waste Services

Solid Waste Services Fund Budget				
	2018-2019 Estimated	2019-2020 Budget	Est./Bud.	%
Beginning Fund Balances	\$4,122,028	\$3,935,818	(\$186,210)	-4.5%
Revenues	\$15,087,274	\$15,293,169	\$205,895	1.4%
Expenditures	\$15,273,484	\$15,121,566	(\$151,918)	-1.0%
Ending Fund Balances	\$3,935,818	\$4,107,421	\$171,603	4.4%

FY19-20 Proposed Solid Waste Fund

FY20 Solid Waste Fund Revenue



Solid Waste Expenditures:

- Personal Services: 34.2%
- Maintenance: 28.4%
- Transfers: 20.3%
- Debt Service: 9.4%
- Contracts: 3.5%
- Prof. Services: 2.1%
- Supplies: 2.0%

Key Elements:

- FY20 Days of Fund Balance: 99.14 days
- Consideration of minimal fee change for select commercial service types

FY 2019-2020 Solid Waste Fund Revenue

- Total revenues are projected to be \$206,000 over year-end estimates.
- Residential Collection Fees are projected to increase \$24,000 or 0.4% from their estimated year-end position of \$6.1 million with no increase to Residential Collections fees proposed at this time.
- The City last raised the monthly residential collection fee by \$3.00 per month for the FY 2016-2017 budget due to rising costs for service. The current monthly residential fee is \$21.00 including tax and \$15.56 including tax for seniors. The City receives the pre-tax amounts of \$19.40 and \$14.37 per month respectively.

FY 2019-2020 Solid Waste Fund Revenue

- As seen in the graphic below, the “true cost” of residential service is expected to be \$27.08 per month. This means commercial fees continue to subsidize residential collection by \$7.68 per month (excluding sales tax), or \$92.16 a year for each resident in the City.

Residential Cost Breakdown				
	Actual	Budget	Estimate	Budget
	2017-18	2018-19	2018-19	2019-20
Operating Cost	\$8.17	\$8.60	\$8.64	\$8.52
Disposal Costs	3.92	4.24	4.53	4.21
BABIC	2.63	3.00	2.92	3.01
Recycling	3.74	3.62	3.63	3.71
G&A and Fran. Fees	4.99	5.08	5.07	5.20
Debt	2.34	2.37	2.36	2.36
	\$25.79	\$26.92	\$27.16	\$27.02

FY 2019-2020 Solid Waste Fund Revenue

- Commercial Collections Fees are expected to increase 4.7% or \$381,000 from year end estimates. This represents a 7% increase to Front Load fees, as well as a 10% increase to Open Top container rental fees. These market driven increases are designed to maintain our service at or just slightly above the market average for the Metroplex.
- The BABIC transfer from the Water and Sewer fund will remain at \$467,000. This allocation acknowledges the water supply protection provided by the BABIC program.
- The Other Revenue category is projected to increase 27.0% or \$48,000. This reflects a return to normal levels of auction revenue for the fund after a light year in FY 2018-2019.
- FY 2019-2020 revenue projections for this fund do reflect the removal of the one-time rate stabilization supplement recognized in FY 2018-2019.

FY 2019-2020 Solid Waste Fund

Expenditures

- Total expenditures and transfers are proposed at \$15.1 million, a decrease of (\$152,000) or -1.0% from the year-end estimate of \$15.3 million.
- Personal Services decrease (\$41,000) or -0.8% from year-end estimates.
- Professional Services are projected to decrease (\$2,000) or -0.5% from the year-end estimate.
- The Maintenance category is projected to decline (\$208,000) or -4.6% from the year-end estimate. The majority of this decrease is a result of storm cleanup expenses recorded in FY 2018-2019 but not needed in FY 2019-2020.

FY 2019-2020 Solid Waste Fund Expenditures

- Contracts and Supplies, with a combined budget of \$833,000, increase \$19,000 from year end.
- The General and Administrative transfer increases \$57,000 as a result of the indirect cost allocation study performed by MGT of America.
- The Franchise Fee increases \$20,000 and reflects the proposed fee increases for commercial collections.
- The Debt Service Transfer of \$1.4 million is \$2,000 higher than year-end estimate and represents the current payment due on equipment debt issuance.
- FY 2019-2020 fund balance is proposed at 99.14 days. This achieves the goal established in the adopted financial policy of “60 days building towards 90.”

Golf Fund

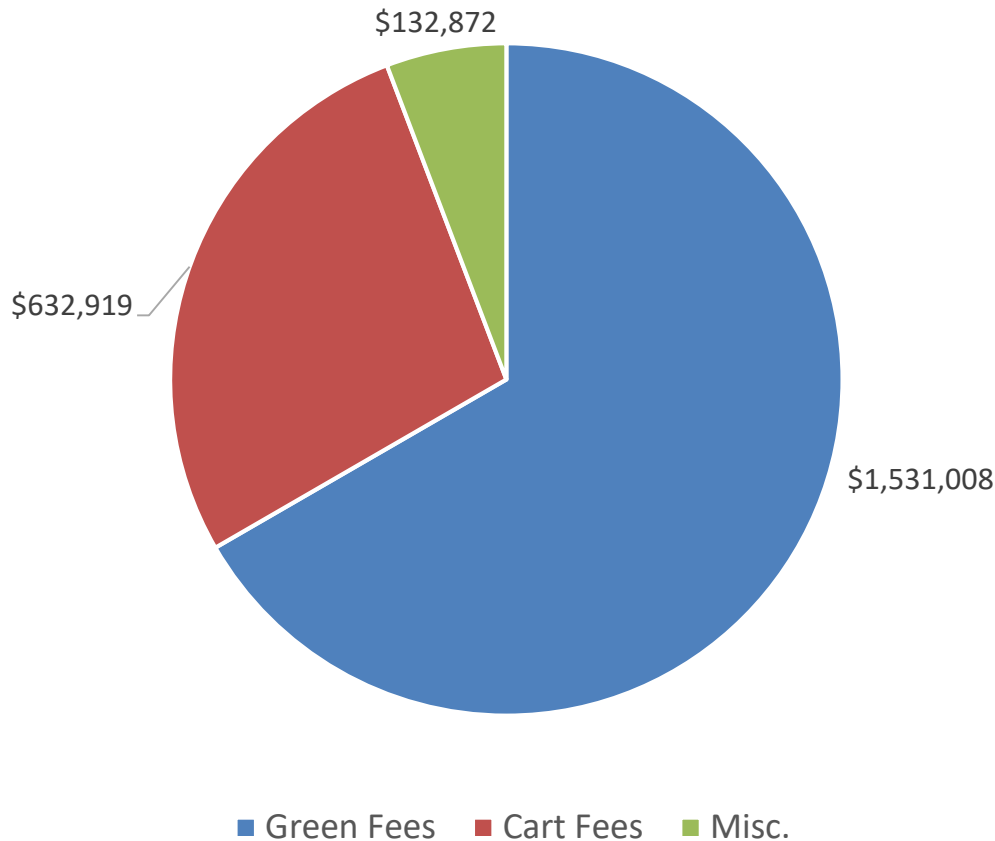


FY 2019-2020 Golf Fund

Golf Fund Budget				
	2018-2019 Estimated	2019-2020 Budget	Est./Bud.	%
Beginning Fund Balances	\$165,207	\$194,375	\$29,168	17.7%
Revenues	\$2,308,515	\$2,296,800	(\$11,715)	-0.5%
Expenditures	\$2,279,347	\$2,316,285	\$36,938	1.6%
Ending Fund Balances	\$194,375	\$174,890	(\$19,485)	-10.0%

FY19-20 Proposed Golf Fund

FY19-20 Proposed Golf Fund Revenue



Golf Fund Expenditures:

- Personal Services: 51.8%
- Supplies: 17.0%
- Maintenance: 10.6%
- Prof. Services: 9.6%
- Contracts: 6.5%
- Transfers: 4.5%

Key Elements:

- FY20 Days of Fund Balance: 27.6 days
- Replacement of Golf Maintenance Equipment: \$145,200

FY 2019-2020 Golf Fund Revenues

- Revenues for the Golf Fund are projected at \$2.3 million for FY 2019-2020 representing an increase of \$218,000 over year-end (excluding the FY19 General Fund Transfer In).
 - Green fees of \$1.5 million represents a \$159,000 from year-end and includes no change to the current fee structure.
 - Cart Fees are projected to increase \$63,000.
 - The remaining revenues of \$133,000 decrease (\$4,000) from the year end position due to the insurance reimbursement included last year.

FY 2019-2020 Golf Fund Expenditures

- Total Expenditures and Transfers for the Golf Fund are proposed at \$2.3 million, an increase of \$37,000 from year-end.
- Personal Services increase \$32,000 from year end estimates.
- The remaining operational expenditures increase \$3,000 from year-end estimates of \$1.0M.
- The General and Administrative transfer increases \$3,000 as a result of the indirect cost allocation study performed by MGT of America.
- Given the projected revenue and expenditure performance, the fund balance should end the year with 27.6 days, 2.4 days below the Council approved financial policy of “30 building to 60 days”.

Hotel/Motel Tax Fund

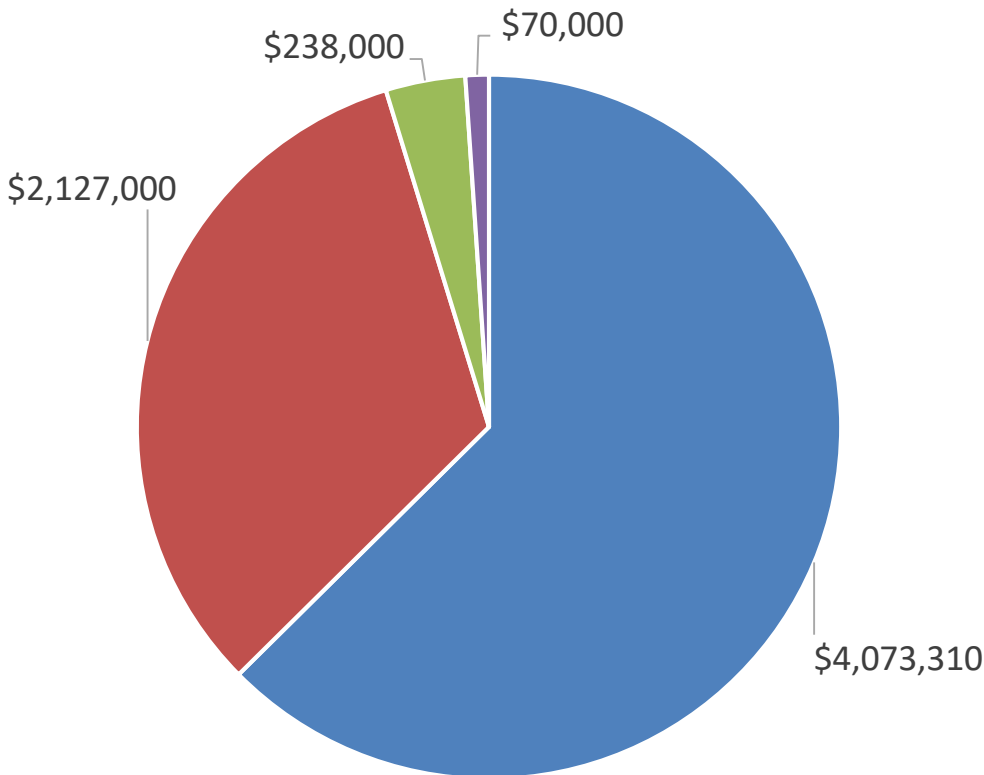


FY 2019-2020 Hotel Motel Tax Fund

Hotel/Motel Tax Fund Budget				
	2018-2019 Estimated	2019-2020 Budget	Est./Bud.	%
Beginning Fund Balances	\$3,227,438	\$2,536,065	(\$691,373)	-21.4%
Revenues	\$6,386,070	\$6,508,310	\$122,240	1.9%
Expenditures	\$7,077,443	\$6,429,939	(\$647,504)	-9.1%
Ending Fund Balances	\$2,536,065	\$2,614,436	\$78,371	3.1%

FY19-20 Proposed Hotel/Motel Fund

FY19-20 Proposed Hotel/Motel Fund Revenue



Hotel/Motel Expenditures:

- Eisemann Center: 68.5%
- Transfers: 11.6%
- Parking Garage: 8.2%
- Arts Grants: 5.8%
- Capital Renewal: 4.7%
- Miscellaneous: 1.2%

Key Elements:

- FY20 Fund Balance: \$1,614,436
- Capital Renewal projects for Eisemann Center and Galatyn Campus: \$300,000

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

Hotel Occupancy

Year	Occupancy Rate	Average Daily Rate	RevPAR
Oct-May FY18	69.43%	\$99.84	\$69.32
Oct-May FY19	66.44%	\$101.26	\$67.28

FY 2019-2020 Hotel Motel Tax Fund Revenues

Hotel Property	Actual 2017-2018	Budget 2018-2019	Estimated 2018-2019	Budget 2019-2020
Aloft CityLine	\$297,700	\$294,254	\$343,107	\$349,969
Como Motel	18,358	18,658	17,588	17,236
DoubleTree Hotel	546,841	536,810	545,364	537,184
Econo Lodge	69,495	76,694	53,204	55,332
Extended Stay of America	75,959	81,984	67,086	70,440
Hampton Inn	178,078	192,218	195,491	205,266
Hawthorne Suites	58,947	61,290	55,563	54,452
Hilton Garden Inn	284,307	275,573	267,099	261,757
Holiday Inn	215,863	214,705	172,881	171,152
Hyatt Regency	502,561	524,288	495,575	493,097
Hyatt House	201,171	229,369	147,590	149,066
Marriott Courtyard - Galatyn	232,064	227,722	208,782	202,519
Marriott Courtyard - Spring Valley	245,791	237,491	249,958	242,459
Marriott Renaissance	701,337	719,866	715,461	708,306
Marriott Residence Inn	208,839	210,231	175,496	171,986
Marriott Springhill Suites	175,474	169,727	164,811	161,515
Super 8	68,134	69,682	58,254	58,837
WaterWalk	-	-	22,205	37,749
Wingate by Wyndham	161,906	172,223	124,697	123,450
National Corporate Housing	152	151	97	96
Estates of Breckinridge	1,696	1,215	1,457	1,442
Drury Plaza – TBD				
Cambria Inn - TBD				
TOTAL	\$ 4,244,671	\$ 4,314,151	\$ 4,081,766	\$ 4,073,310

FY 2019-2020 Hotel Motel Tax Fund Revenues

- Total Revenues for the Hotel/Motel Tax Fund are projected at \$6.5 million for next year, reflecting an 1.9% increase in overall revenues.
- For 2019-2020, Hotel/Motel Tax Receipts are budgeted at \$4.1 Million.
- New hotel facilities are in various stages of development and may initiate service during this upcoming fiscal year. We will monitor these, but believe that prudent budget efforts should let them initiate service and establish a pattern of collection before we make budget assumptions. These facilities include;
 - Drury Plaza
 - Cambria Inn

FY 2019-2020 Hotel Motel Tax Fund

Revenues

- Parking Garage fees are projected at \$238,000, an increase of \$7,000 over year-end.
- Eisemann Center revenues are projected at \$2.1 million reflecting a \$123,000 increase from estimated year-end reflecting minimal increases in operations and a full program for Eisemann Center Presents revenue for the 2019-2020 Season as briefed to the City Council on May 6.
- FY 2019-2020 marks the seventh full year for the Facility/Maintenance Fee. As a reminder this fee is set aside in a separate fund to be used only for maintenance and capital improvements to the facility. This fee is expected to generate \$250,000 over the course of the fiscal year.

FY 2019-2020 Hotel Motel Tax Fund

Expenditures

- Total Expenditures and Transfers for FY 2019-2020 are proposed at \$6.4 million reflecting a (\$648,000) decrease from current year-end expenditures.
- The Eisemann Center expenditures decrease (\$142,000) from year-end.
 - The Eisemann Center’s daily operations increase \$65,000.
 - Eisemann Center Presents Series expenditures decrease (\$207,000) reflecting a full season as briefed at the May 6 Council Meeting.
- Parking Garage Expenditures are expected to increase slightly by \$38,000 next year at \$528,000 based on contract maximums.
- Arts Grants funding are programmed at \$375,000 for the 2019-2020 budget, reflecting no change from FY 2018-2019.
- Funding in the amount of \$300,000 is included for Galatyn Campus Renewal.

FY 2019-2020 Hotel Motel Tax Fund Expenditures

- Miscellaneous expense of \$68,000 includes event advertising, the Hotel/Motel Fund share of the citywide audit expense, arts website maintenance and smaller miscellaneous expenses.
- The Transfer to General Fund – CVB matches the department budget at \$393,000.
- The Hotel/Motel G&A remains static at \$350,000 and reflects the services provided by the General Fund for these activities.
- The Fund Balance is projected to end the year at \$1.6 million, net of \$1.0 million set aside for future roof repair/replacement.

Other Fund Highlights

- Pages 29 through 60 of the filed budget represent all remaining funds for the City of Richardson including the Special Revenue, Internal Service and Capital Funds.
 - Tax Increment Financing Districts (pages 44-46) experienced AV growth of 9.6% over the prior year to \$1.8 billion generating \$11.5 million in property tax revenue which is tied to reimbursement obligations inside the respective zones.
 - The Economic Development Fund (page 55) was established in FY 14-15 to receive the tax rate allocation for economic development programs.

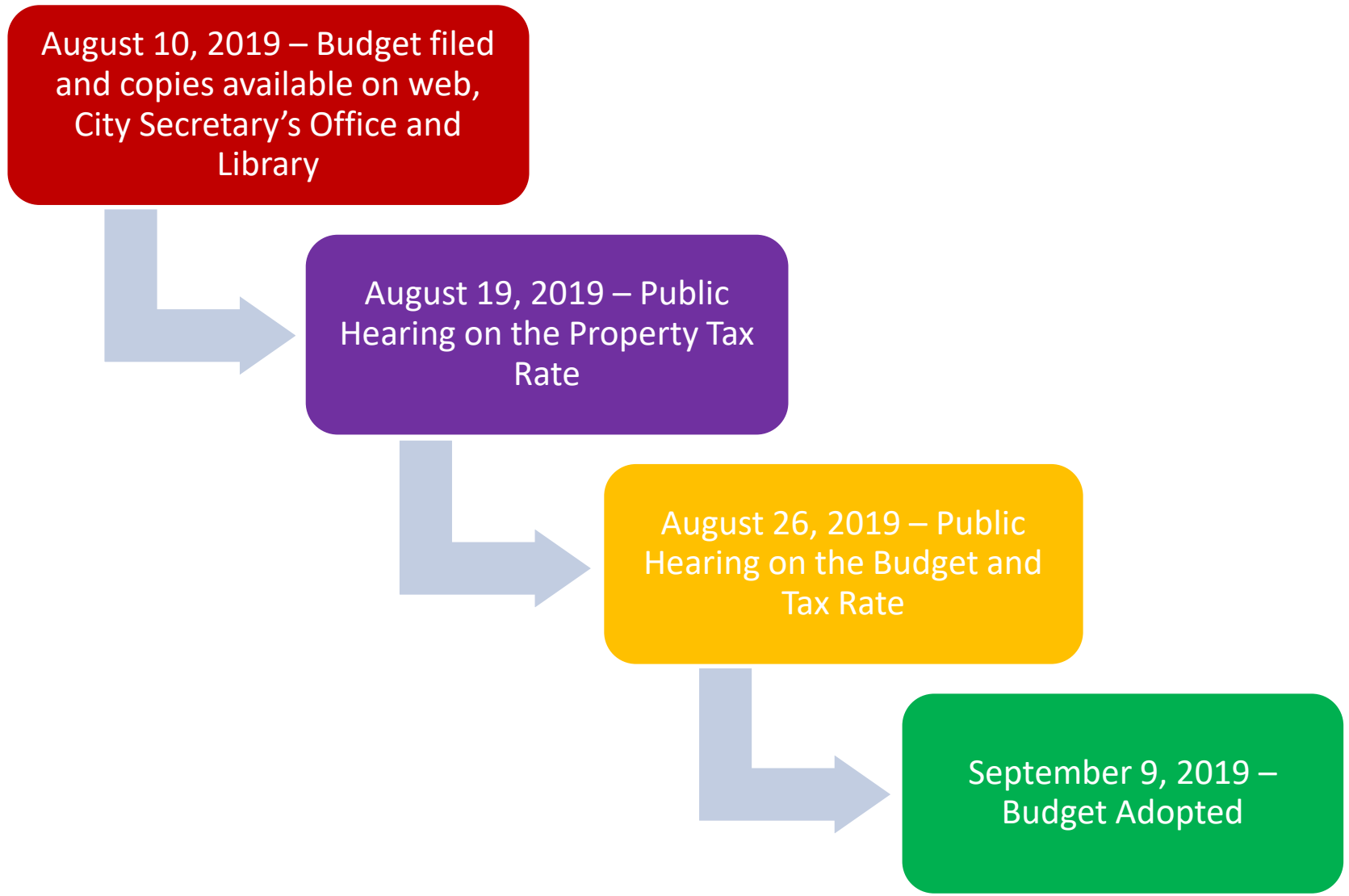
Other Fund Highlights

- Drainage Fund (page 34) is programmed at \$4.0 million.
 - \$1.4 million in contract/professional services will provide:
 - Storm Drain Pipe Inspection, Cleaning and Repair
 - Street Sweeping
 - Duck Creek Watershed Study
 - Litter Abatement
 - Open Channel Maintenance
 - 1.0 Million is programmed for flood prevention and storm drain improvements at the following locations:
 - Spring Valley at Lois Branch
 - Cherrywood at Hunt Branch
 - Cambridge Culvert Replacement
 - \$800,000 for completion of prior year projects
 - No Fee Adjustment Proposed

Summary

- The Proposed 2019-2020 budget will be the seventh year of an intensive focus on enhanced infrastructure maintenance.
- The Proposed budget 2019-2020 budget devotes resources to the following key initiatives:
 - Neighborhoods
 - Urban/Commercial Villages
 - Operations (Talent & Systems)
 - Infrastructure and Facilities
- We appreciate the budget dialogue with the City Council and community over the last several months.

Next Steps





RICHARDSON

TEXAS