

Memorandum



CITY OF DALLAS

DATE September 16, 2016

TO Honorable Mayor and Members of the City Council

SUBJECT FY 2016-17 Budget – Actions Required on Wednesday, September 21

On Wednesday, September 21, Council will consider approval of the Fiscal Year (FY) 2016-17 budget.

Attached is a summary of the proposed budget amendments that received support from a majority of Council Members during last week's discussion. We have incorporated amendments 2, 3, 11, and 14 (attachment A) into the FY 2016-17 appropriation ordinances. We have not yet included amendments 15, 25-B, and 26 (attachment B), each of which is related to public safety services. These amendments have conflicting sources of funds and different potential effects on the tax rate and use of general fund reserves (fund balance), and thus will require additional discussion before determining what language we will include in the appropriation ordinances.

In addition, we have attached additional budget amendments we received before 5 p.m. today (attachment C). We have not incorporated any of these newly proposed amendments into the appropriation ordinances. The Council will have an opportunity to discuss them next Wednesday.

Following discussion of the budget and amendments, we will incorporate the final will of the Council into the ordinances for your approval. For your information, we have included below an explanation of the requirements related to each of the ordinances. In total, there are five related action items for your consideration and approval:

Item #3 – An ordinance adopting the FY 2016-17 budget – The Local Government Code requires a record vote to adopt the appropriation ordinance.

Item #4 – An ordinance setting the tax rate – The Texas Property Tax Code requires specific language in the motion to adopt the ordinance setting the tax rate. The motion must be made in the following form: *"I move that the property tax rate be increased by the adoption of a tax rate of _____, which is effectively a _____ percent increase in the tax rate."* The Texas Property Tax Code requires the vote in favor of the ordinance setting the tax rate to be a record vote and approved by 60 percent of the city council (i.e. nine votes).

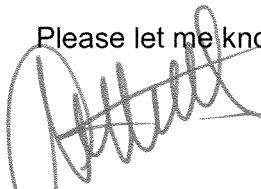
Item #5 – A vote to ratify the increase in property tax revenues – Per the Local Government Code, adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget. This vote is in addition to, and separate from, the vote to adopt the budget or a vote to set the tax rate.

Item #6 – An ordinance amending several chapters of the City Code related to fees

Item #7 – A resolution authorizing position changes and salary schedules

After the Council approves the five budget-related action items, FY 2016-17 will begin on October 1, 2016 and run through September 30, 2017.

Please let me know if you need additional information.



A.C. Gonzalez
City Manager

Attachments

c: Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager

Joey Zapata, Assistant City Manager
Mark McDaniel, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Elizabeth Reich, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager

Attachment A

**FY 2016-17 Budget Amendments Receiving Majority Support on 9/7/16:
Included in FY 2016-17 Appropriation Ordinance**

Source of Funds	Amount	Use of Funds	Amount
Amendment #2 (9 yes & 6 no)			
Hotel Occupancy Tax	3,797,931	Transfer to Cultural Affairs	98,747
		Advertising/DCVB	1,139,379
		Transfer to Capital Construction	2,559,805
Total	3,797,931	Total	3,797,931
Amendment #3 (12 yes & 3 no)			
Additional property tax revenue from tax rate above City Manager's proposed tax rate of \$0.7812	1,200,000	Dallas Animal Services	1,200,000
Total	1,200,000	Total	1,200,000
Amendment #11 (9 yes & 6 no)			
Additional property tax revenue from tax rate above City Manager's proposed tax rate of \$0.7812	138,885	Add 2 positions in City Council Office (1 coordinator and 1 public information officer)	138,885
Total	138,885	Total	138,885
Amendment #14 (8 yes & 7 no)			
Homeless initiative funding	100,000	Anti-panhandling initiative	100,000
Total	100,000	Total	100,000

Attachment B

**FY 2016-17 Budget Amendments Receiving Majority Support on 9/7/16:
Pending Further Discussion and Not Yet Included in FY 2016-17 Appropriation Ordinance**

Source of Funds	Amount	Use of Funds	Amount
Amendment #15 (12 yes & 3 no) and Amendment #26 (13 yes & 2 no)			
Reduction of total number of police officers hired and reduction of DPD overtime allocation (*see footnote)	7,400,000	Police/fire on-going pay increase for uniform employees that are not eligible for step pay increase (i.e. adds a new step to the pay schedule, to enable those at top step to receive a 5% pay increase, and those at next to highest step to receive the double step; implemented on salary anniversary date, or earlier if made part of a meet and confer contract modification). FY 2016-17 cost for uniform employee pay will be approximately \$4.75m and will ensure that all DPD/DFR get at least a 5% salary increase and the tax rate remains less than the calculated roll back rate. Full cost of this pay increase in future years will be approximately \$9.5m. Sets aside funds for two school resource officers. Ambulance enhancement (April 2017). To the extent the full \$7.4m from implementing the 3 year DPD hiring plan (the source of funds) is not needed for these provisions, funds may be used for uniform compensation, overtime, and pension.	7,400,000
Total	7,400,000	Total	7,400,000
Amendment #25-B (12 yes & 3 no) and Amendment #26 (13 yes & 2 no)			
3-year DPD hiring plan consistent with \$7 million year-one savings (Reduces number of police officers to be hired in FY17) (*see footnote)	7,400,000	Police/fire one-time retention bonus (i.e. 3.31% over FY 2015-16 base pay; paid on or after April 1, 2017, or earlier if made part of a meet and confer contract modification).	14,700,000
No \$200/month patrol pay bonus	2,000,000	Ambulance enhancement (April 2017)	900,000
Additional property tax revenue from tax rate above City Manager's proposed tax rate of \$0.7812 (set tax rate at roll-back rate and exclude revenue used for amendments #3 and #11)	1,891,609		
General Fund reserves (fund balance)	4,308,391		
Total	15,600,000	Total	15,600,000

*Footnote - Amendments #15 and #25-B both use \$7.4 million by reducing police officer hiring in FY 2016-17. This duplication must be resolved.

Attachment C

Additional FY 2016-17 Budget Amendments

Source of Funds	Amount	Use of Funds	Amount
Amendment #27 (submitted by CM Kingston)			
City Attorney's Office - compensation savings from anticipated attrition	160,000	ESL classes (based on Poverty Task Force)	160,000
Total	160,000	Total	160,000
Amendment #28 (submitted by MPT Alonzo)			
General Fund reserves (fund balance)	160,000	Expand ESL at the library	160,000
Total	160,000	Total	160,000
Amendment #29 (submitted by DMPT Wilson)			
General Fund reserves (fund balance)	2,700,000	Hire 7 neighborhood consultants/urban planners to implement NH Fellows program with strategic NH plan and place making. Leverage capacity building programs/façade and tenant improvements, leadership development programs, and innovation and entrepreneurship (Report to ECO).	700,000
		Sidewalk replacement or repairs	1,000,000
		Traffic lights	1,000,000
Total	2,700,000	Total	2,700,000
Amendment #30 (submitted by CM Clayton)			
Public Information Office (service #5.45)	100,000	Media buy and campaign to address teen pregnancy (recommendation of Poverty Task Force)	300,000
Fair Park Foundation	200,000		
Total	300,000	Total	300,000
Amendment #31 (submitted by CM Callahan)			
Mobility and Streets - capital implementation (charge cost to bond program) (page 155)	1,000,000	Reduce property tax rate	2,100,000
Sustainable Development and Construction - historic preservation (charge cost to applicant) (page 246)	700,000		
Management Services - reduce Center for Performance Excellence (page 140)	300,000		
Office of Financial Services - reduce grant administration (page 196)	100,000		
Total	2,100,000	Total	2,100,000