

Irving
F  **OCUS**
Areas

and Budget
Priorities
2010-11

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Budget Overview

- > **Structurally balanced \$169.50 million General Fund budget**
- > **No use of reserves to fund operations**
- > **Proposed tax rate of 57.61 cents**
 - **1.57 cents below effective rate of 59.18**
 - **Revenue decrease of \$446,000 from effective**
- > **All facilities open and fully staffed**
- > **No employee layoffs or furloughs**
- > **Continuing capital improvement program**
- > **Residential water rates second lowest among 30 member cities**
- > **Achieves objectives and priorities of community**
- > **Salaries and benefits are 72% of total expenditures**
- > **Public safety is 50% of total expenditures**

Key Focus Areas

- > **Public Safety**
- > **Non-Compliant Apartments**
- > **Code Enforcement**
- > **Corridor Enhancements**
- > **Capital Improvement Projects**
- > **Communications and Customer Service**
- > **Neighborhood Improvements**
- > **Economic Development Initiatives**

Voice of the Customer

> Citizen Input

- Town Hall meetings
- Budget hearings (May, June, September)
- Online budget comments

> Transparency

- Online documents and information
- Ask the “Budget Guy”
- Gold Transparency Award from State Comptroller

> Budget Results

- Capital improvements at Jaycee Park
- Neighborhood sprayground
- Neighborhood water, sewer and sidewalk replacements

Property Values

- > **Taxable value \$16.9 billion**
 - **Down \$2.5 billion from two years ago**
 - **Loss of \$919 million this year (5.15%)**

- > **Residential is 29% of total value**

- > **Irving has the highest commercial tax base of Metroplex cities**

- > **Commercial values driven by occupancy rates and rents**

Property Tax Rates

- > **Proposed rate of 57.61 is below the effective rate**
 - **Revenues to city \$6 million**
 - **Cost to average household resident \$2.20 per month**

- > **No adjustment last year when values declined**

- > **No tax rate increase since 2004**

- > **Tax rate decrease in 2007**
 - **0.73 cents**
 - **Values fully recovered from 2001 recession**

Budget Gap

- > **Initial budget gap of \$20 million**

- > **Revenue decrease of \$13.7 million**

- > **Base budget increase of \$6.3 million**
 - **Health insurance**
 - **Retirement rate increase**
 - **Salary and special pay increases**

- > **Decrease in economic activity also affected other revenues**
 - **Interest income**
 - **Permits and inspections**
 - **Reduction in permit revenue during FY 2009-10 indicates low growth in new construction for FY 2010-11**

Revenue Decreases

> Property taxes	-\$6.4 million
> Sales taxes	-\$3.0 million
> Electric utility franchise	-\$2.4 million
> Interest income	-\$900,000
> Other revenues	-\$1 million
Total:	<hr/> -\$13.7 million

Expenditure Increases

> Salary and benefits	+ \$2.8 million
> Health insurance	+ \$1.5 million
> Retiree health insurance	+ \$700,000
> Retiree sick leave bonus	+ \$700,000
> Supplies, maintenance and contractual expenditure increases	+ \$600,000
Total:	<hr/> + \$6.3 million

Process Review

- > 360 review of positions and functions**
 - Focus on community priorities**
 - Improve customer service**
 - Increase span of control**
 - Realign services and functions**
 - Incentivize employees for additional duties**
 - Review processes and redesign workflow**
 - Reduce supervisory and management positions**

Personnel Savings

- > **91 vacant positions eliminated since 2006**
 - **Reduced general government / executive positions**
 - **Added positions directed to community priorities**
 - **Staffing aligned with strategic plan key focus areas**
 - **Police, Fire, Code Enforcement, Animal Services**

- > **Additional 62 positions held vacant**
 - **\$4 million in annual savings to the General Fund**

Budget Balancing

> Expenditure Reductions

- **Hold all General Fund vacancies**
- **Defer market adjustments**
- **Shift insurance costs to increase employee contribution**
- **Defer all non-critical capital and replacement transfers**
- **Reduce supplies, maintenance, contractual services and other departmental budgets to balance budget**
- **Further budget cuts would come from reductions in service**
- **Reducing transfers and maintenance is a one-year solution**

Incentive Programs

> Incentive-based organization

- Demanded by customers
- Listened to residents, visitors and businesses
- Maintained exceptional service levels
- Reduced administrative costs
- Reduced supervisory and management positions
- Rewarded employees for taking on additional duties
- Skill-based and behavior-based incentives

Incentive Programs

> Citywide

- Lean Six Sigma incentive pay
- On-the-Spot award for exceptional services
- Temporary assignment pay
- Biometrics testing
- Fitness pay (I Win)
- Language skills pay
- Work boots for field employees

> Solid Waste Services

- Incentive for workers with perfect safety record
- Equipment certification program

> Water and Sewer System

- Water certifications
- Sewer certifications

Incentive Programs

> Police

- Night/rotating shift pay
- Certification pays
- Field training officer pay
- Relocation reimbursement
- Physical assessments
- Education pays
- Referral bonus
- Sick leave payout

> Fire

- Ambulance assignment pay
- Arson investigation pay
- SCBA technician pay
- Administration pay
- Swift water rescue pay
- High angle rescue pay
- Hazardous materials pay
- Physical assessments
- Sick leave payout
- Paramedic pay
- Fire prevention pay
- Out of class pay

Water and Sewer System

- > **Total budget \$84.1 million**

- > **5.1% rate increase to provide funding for key infrastructure improvements**

- > **Focus Areas**
 - **Maintain operations and maintenance**
 - **Replace aging infrastructure**
 - **Develop new water resources**
 - **Develop water reuse program**

- > **Second-lowest residential water and sewer rates among 30 Dallas Water Utility customers**

System Needs

> Growth

- Urban Center and Las Colinas
 - Add pump at Northgate Pump Station
 - New 20-inch distribution (Burlington Northern line)

> Large Line Replacements

- Replace and upgrade Carl Road sewer to 15"
- Replace and upgrade Story Road sewer to 18" (north of Grauwylar)
- Replace 16" Northgate waterline

> Lake Chapman Booster Pump Station (supply pipeline)

> Water Reuse

Water and Sewer Key Cost Drivers

> Proposed Budget

• Debt service	\$19.6 million	+0%
• Operations	\$25.0 million	+1.8%
• Sewage treatment	\$14.7 million	+9.2%
• Water treatment	\$8.4 million	+3.7%
• Water purchases	\$2.2 million	+3.0%
• Pay-as-you-go capital	\$6.2 million	+6.8%
• Transfers (other)	\$1.1 million	+11.8%
• Transfers (general)	\$4.5 million	-2.3%
• Coverage reserve	\$2.4 million	

Total:	\$84.1 million
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Other Cities Water Rate Increases

	2010		2011		Total	
	Water	Sewer	Water	Sewer	Water	Sewer
Crandall	45.0	80.0	0.0	0.0	45.0	80.0
Mesquite	13.0	11.0	15	15	28.0	26.0
Grand Prairie	14.0	8.0	8.6	8.6	22.6	16.6
Flower Mound	9.3	3.2	8.0	8.0	17.3	11.2
Garland	9.0	6.0	12	0	21.0	6.0
Arlington	0.6	3.1	10.0	10.0	10.6	13.1
University Park	15.0	0.0	8	0	23.0	0.0
Burleson	0.0	12.5	0.0	10.0	0.0	22.5
Irving	5.0	5.0	5.1	5.1	10.1	10.1
Addison	0.0	0.0	10.0	10.0	10.0	10.0
Denton	0.0	0.0	9.0	9.0	9.0	9.0
Dallas	4.2	4.2	3.1	3.1	7.3	7.3
Plano	6.0	0.0	6.0	0.0	12.0	0.0
Fort Worth	2.0	2.1	2.5	2.5	4.5	4.6
Eules	0.0	0.0	4.0	4.0	4.0	4.0
Duncanville	0.0	0.0	3.0	4.0	3.0	4.0
Carrollton	3.0	3.0	0.0	0.0	3.0	3.0

Solid Waste Services

- > **Solid Waste Services is a self-supporting enterprise fund**

- > **Budget \$11.7 million**

- > **78% customer satisfaction rating**
 - **Twice weekly trash collection**
 - **Weekly recycling collection**
 - **Brush and bulky item collection**
 - **75-year landfill**

Municipal Drainage Utility

- > **Current residential rate \$4 per month – since 10/1/08**
- > **Created to comply with state and federal (unfunded) mandates**
- > **\$4.9 million budget**
- > **33 full-time and 3 part-time employees**
- > **\$424,000 transferred to flood control districts**
 - **Subsidizes operations and capital programs**
- > **City of Irving 5 Year MDU Plan**
 - **Delaware Creek Channel Improvements**
 - **Phase I – Live Oak to Canyon Oaks**
 - **Phase II – North of Canyon Oaks**
 - **Senter bridge and road improvements**
 - **Centennial Park desiltation and slope stabilization**
 - **Drainage improvement retention ponds**
 - **Continuation of alley drainage improvements**

Hotel Occupancy Tax

> HOT (5%) collections

> FY 2007–08 actual:	\$11,324,789
> FY 2008–09 actual:	\$9,112,320
> FY 2009–10 estimate:	\$9,009,641
> FY 2009–10 projection:	\$8,860,861

> Brimer Tax (2% HOT) collections:

• FY 2007–08 actual (half year)	\$2,278,079
• FY 2008–09 actual	\$3,644,928
• FY 2009–10 estimate	\$3,587,202
• FY 2010–11 projection	\$3,507,055

Entertainment Venue

- > 2% HOT tax, ticket tax and parking tax authorized by voters in a Brimer election in November 2007**
- > Revenues dedicated to construction and operation of an entertainment venue**
- > Entertainment venue, along with a convention center hotel, is a key component of the convention center site**
- > Venue and restaurants will provide a destination for visitors, and increase viability and profitability of surrounding properties**
- > FY 2010-11 budget provides funding for the city's share of construction for the venue**

Capital Improvement Program

- > **Reduce CIP to account for economic conditions**

- > **GO sale of \$6.6 million 1/3 of recent average**

- > **Funding allocated to council priorities**
 - **Public Safety Radio System replacement**
 - **Utility undergrounding**
 - **South Irving Library design**
 - **South Irving Aquatic Center design**
 - **Neighborhood sidewalks and drainage funded pay-as-you-go**

Affordable Cities Comparison

- > **Irving ranks as the third most affordable city in the Metroplex for the total municipal cost of service**
 - **Top three cities all have a large commercial property base that reduces the cost of service to the residents**
 - **Among the top 10 benchmark cities, Irving has the lowest total municipal cost of service**
 - **Addison and Farmers Branch have a large commercial and industrial base and a relatively small residential component**
 - **Irving is similar to these smaller cities, but offers a full range of services**

- > **Net impact to the average Irving household from proposed tax rate is \$2.20 per month**

Conclusion

- > Recession will continue to affect city revenues for the next 2-3 years**
- > Expenditure reductions and cost savings were identified first and reduced the need for revenue increases**
- > Tax rate and water rate adjustments are necessary to maintain current levels of service and finance necessary capital improvements**
- > FY 2010-11 budget is structurally balanced**