

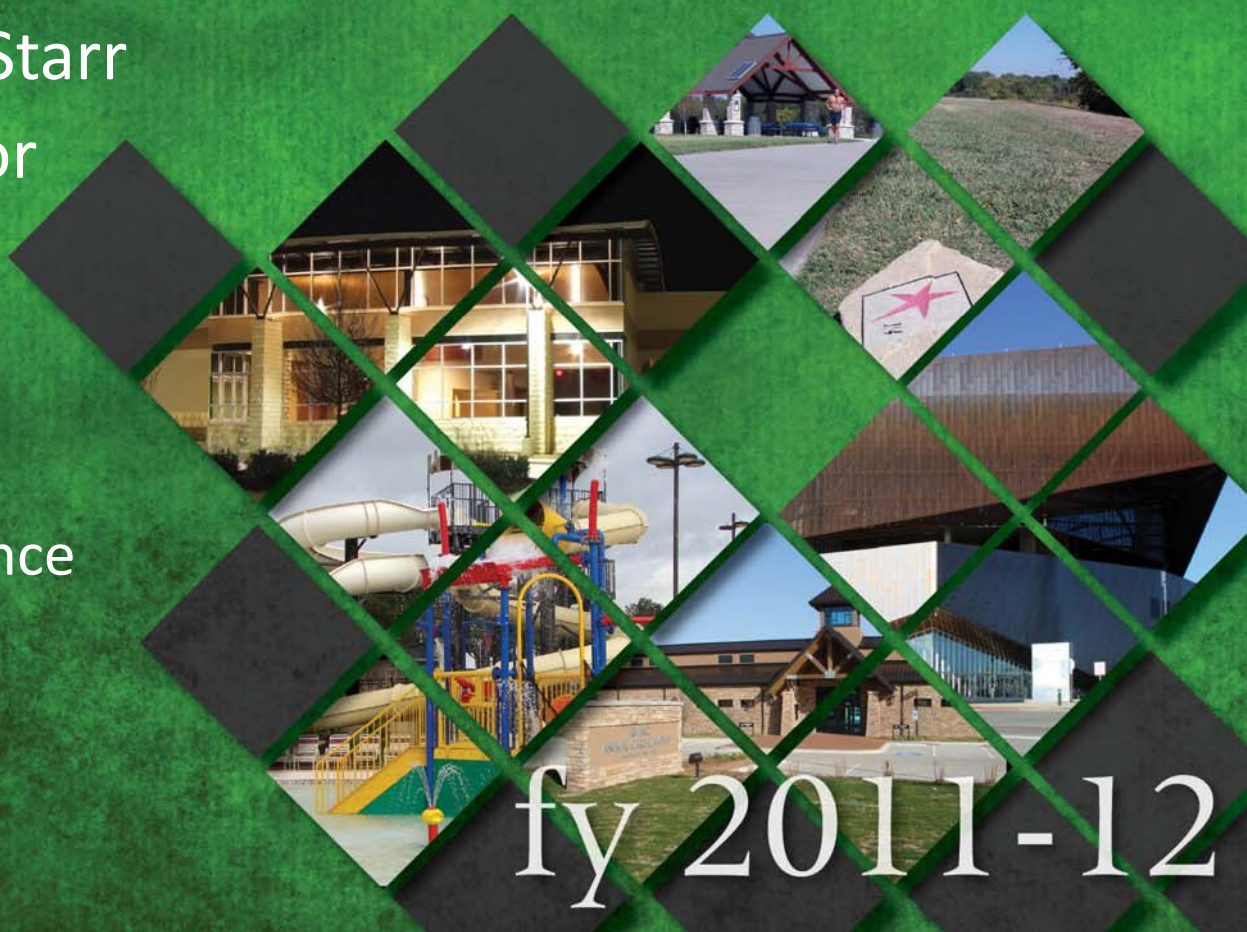
FY 2011-12 Budget Development Public Input Hearing

Presented by: Bret Starr
Budget Administrator
June 23, 2011

Goal 8: Sound Governance

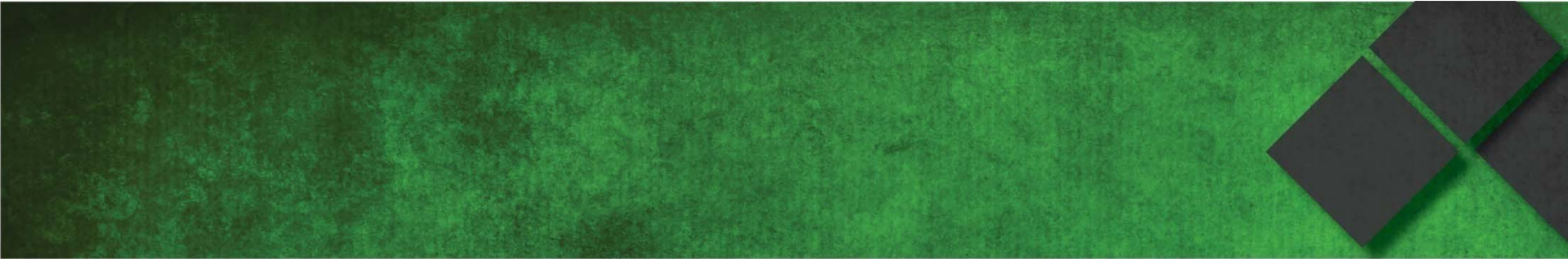


fy 2011-12



Overview

- Economic Conditions
- Reduced Revenues
- Operating Costs and Management Innovations
- Budget Game Plan
- Capital Projects and Debt Service
- Public Outreach
- Budget Calendar



Economic Conditions

Use of City Services

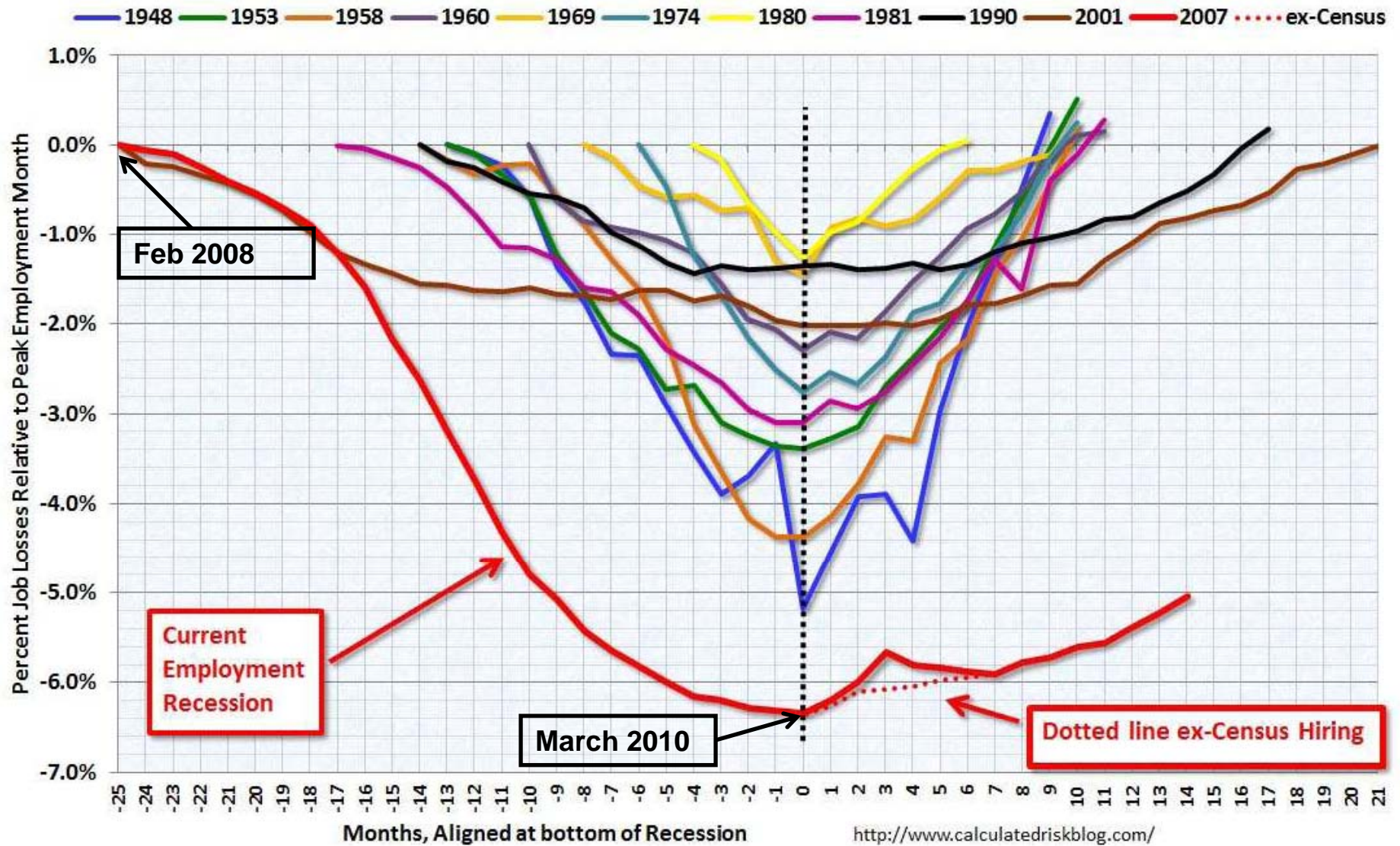
- During recessions, use of city services increases while city revenue decline
 - Child care
 - Recreation programs
 - Library programs
 - Library internet access
 - Tutoring and after school care
 - Aquatic Centers, spray grounds, playgrounds
 - Housing and Human Services

2 Year Economic Forecast

- Inflation from food, fuel and commodity prices
- Slow growth in manufacturing
- Low job growth due to federal government regulations
- Slow pace of residential and commercial property sales until banks clear current risky loans

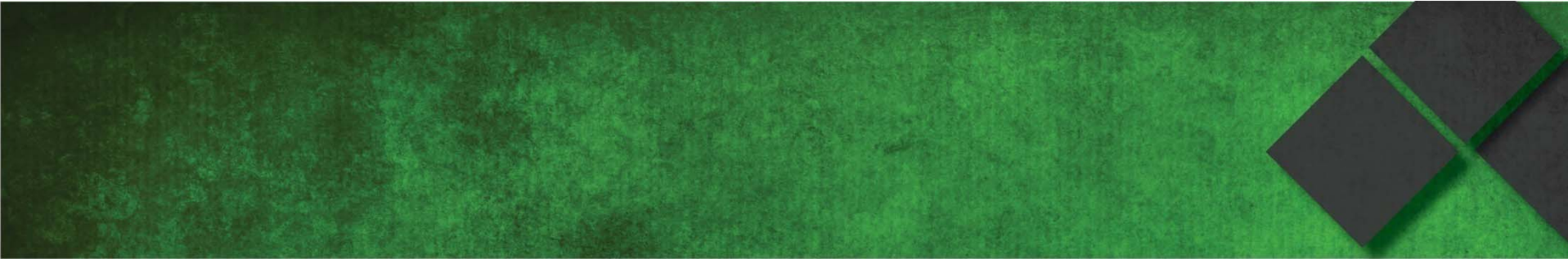
Source: Texas A&M Real Estate Center

Percent Job Losses in Post WWII Recessions, aligned at maximum job losses



Budget Outlook

- Revenues continue to decline
 - Each year, more efficiencies are required to balance budget
- Costs continue to rise
 - Fuel costs +\$1,280,000
 - Health insurance +\$1,300,000
 - Pay plan +\$590,000
 - Total increased costs of operations +\$3,170,000
- Game Plan:
 - I Win – mitigate health insurance costs
 - Maintain current service levels to residents
 - Avoid furloughs and layoffs
 - Maintain a structurally balanced budget



Decreased Revenues

FY 2010-11 Midyear Update

- Revenue reforecast
 - Conservative assumptions
 - Based on end of 2010 actual revenues
 - \$5.2 million potential revenue shortfall
- Offset by expenditure reductions
 - \$2.9 million vacancy savings
 - \$2.3 million operating budget savings
- Balanced budget maintained

Facing the Challenges

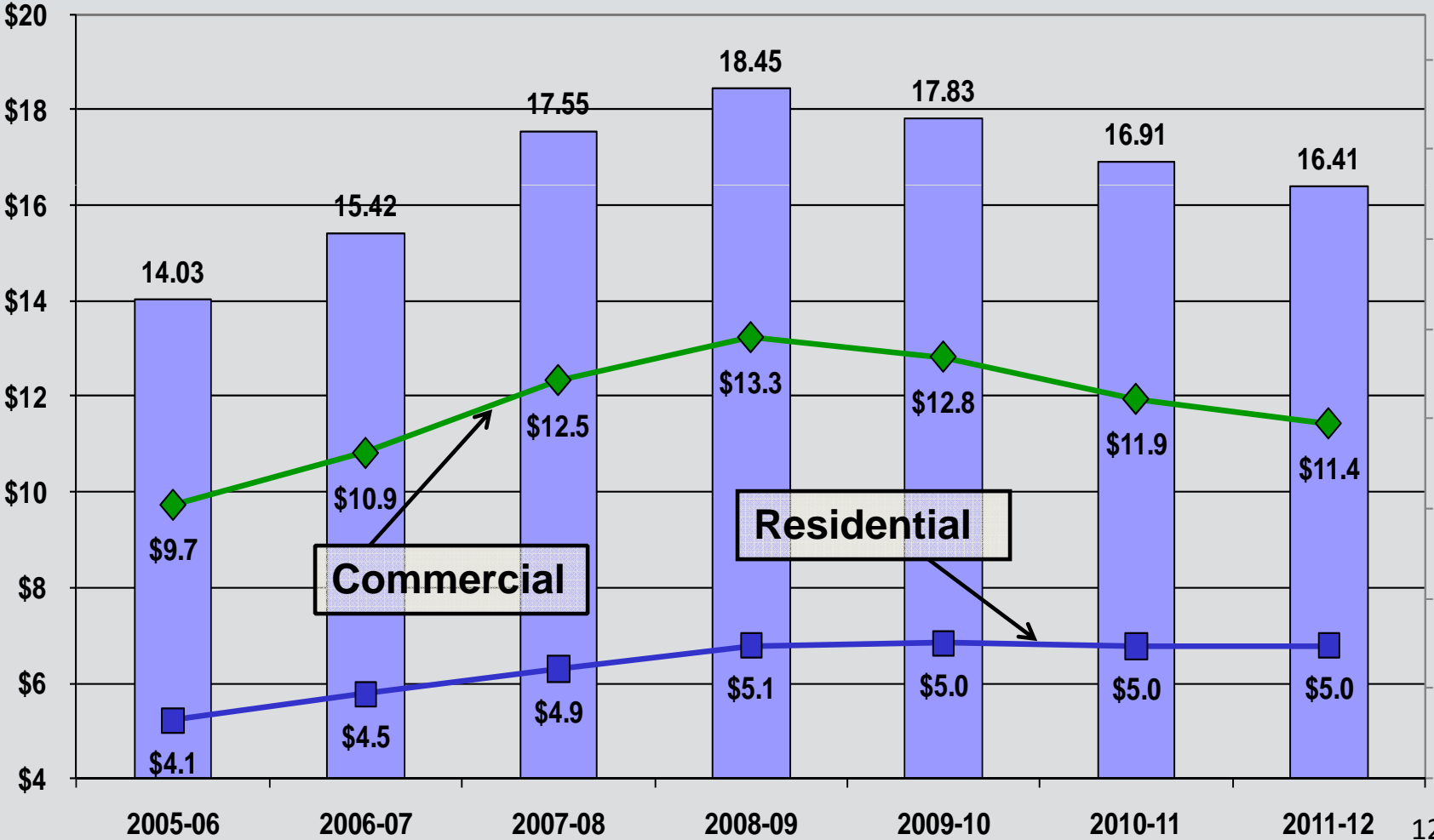
- Reduced Revenues
 - Property Tax, Sales Tax
 - Franchise Fees
 - Hotel Occupancy Tax (HOT) Revenues
 - Inspection Fees
 - Interest Income
- Reduced Appraisals

Taxable Values

- Certified Tax Roll – July 25th
 - ↓ – \$1 Billion decrease in values estimated
 - Final value is used to determine taxes on each property
- Taxes are appraised by Dallas County Appraisal District (DCAD)
- Preliminary Tax Values – May 25th
 - Listing of values for all property in Irving
 - Exemptions reduce the taxable value
 - Owners can protest valuations
 - Tax hearing at DCAD
 - Companies file lawsuits to challenge unfavorable decisions

Taxable Values

In Billions



Residential vs. Commercial Values

- Commercial values rise and fall with economic conditions
- Commercial property is 70% of Irving's total taxable value
- \$13.6 million in lost property tax revenue over last 3 years
- Reduction in commercial values means they are paying less for same level of service
- Residential values stable
 - Growth in rates from new residential construction

Homeowner X vs. Commercial Y

Homeowner X

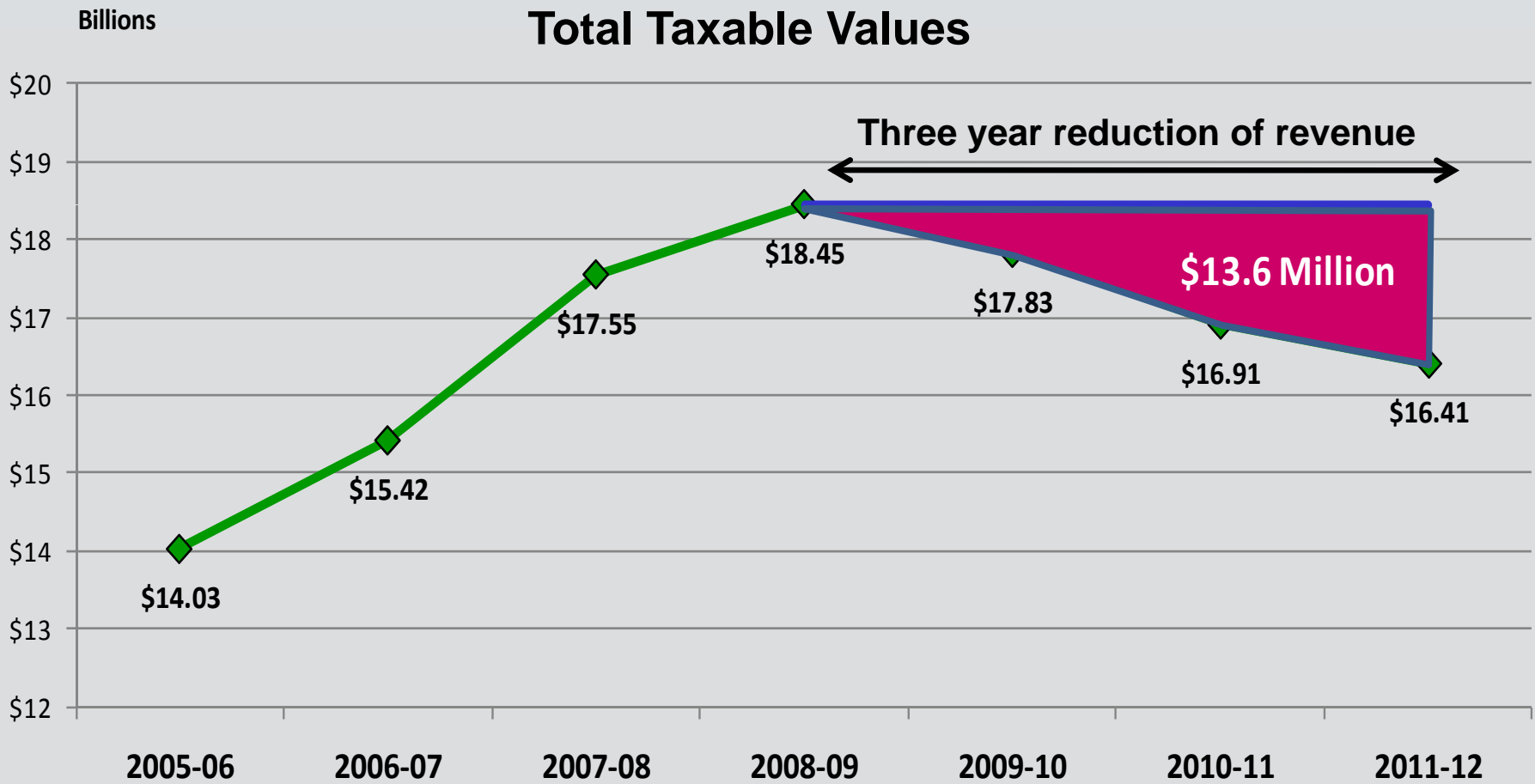
Tax Year	Market Value	Taxable Value	Change	Tax Rate	City Taxes	Dollar Change	Percent Change
2001	144,700	115,760		0.4880	\$ 565		
2002	143,000	114,400	-1.17%	0.4980	\$ 570	\$5	0.9%
2003	143,000	114,400	0.00%	0.5328	\$ 610	\$40	7.0%
2004	143,000	114,400	0.00%	0.5479	\$ 627	\$17	2.8%
2005	143,000	114,400	0.00%	0.5479	\$ 627	\$0	0.0%
2006	152,960	122,368	6.97%	0.5479	\$ 670	\$44	7.0%
2007	152,960	122,368	0.00%	0.5406	\$ 662	(\$9)	-1.3%
2008	152,960	122,368	0.00%	0.5406	\$ 662	\$0	0.0%
2009	152,960	122,368	0.00%	0.5406	\$ 662	\$0	0.0%
2010	152,960	122,368	0.00%	0.5761	\$ 705	\$43	6.6%
2011	149,702	119,762	-2.13%	0.5761	\$ 690	(\$15)	-2.1%
Average			0.64%		\$ 644	\$16	2.54%

Commercial Y

Market Value	Taxable Value	Change	Tax Rate	City Taxes	Dollar Change	Percent Change
84,762,370	84,762,370	-7.26%	0.4880	\$413,640	(\$32,372)	-7.26%
66,673,580	66,673,580	-21.34%	0.4980	\$332,034	(\$81,606)	-19.73%
56,485,880	56,485,880	-15.28%	0.5328	\$300,957	(\$31,078)	-9.36%
50,646,490	50,646,490	-10.34%	0.5479	\$277,492	(\$23,465)	-7.80%
51,591,480	51,591,480	1.87%	0.5479	\$282,670	\$5,178	1.87%
59,493,950	59,493,950	15.32%	0.5479	\$325,967	\$43,298	15.32%
61,114,200	61,114,200	2.72%	0.5406	\$330,383	\$4,416	1.35%
72,172,980	72,172,980	18.10%	0.5406	\$390,167	\$59,784	18.10%
61,446,000	61,446,000	-14.86%	0.5406	\$332,177	(\$57,990)	-14.86%
56,926,000	56,926,000	-7.36%	0.5761	\$327,951	(\$4,226)	-1.27%
51,722,964	51,722,964	-9.14%	0.5761	\$297,976	(\$29,975)	-9.14%
		-4.32%		\$338,119	(\$13,458)	-2.98%

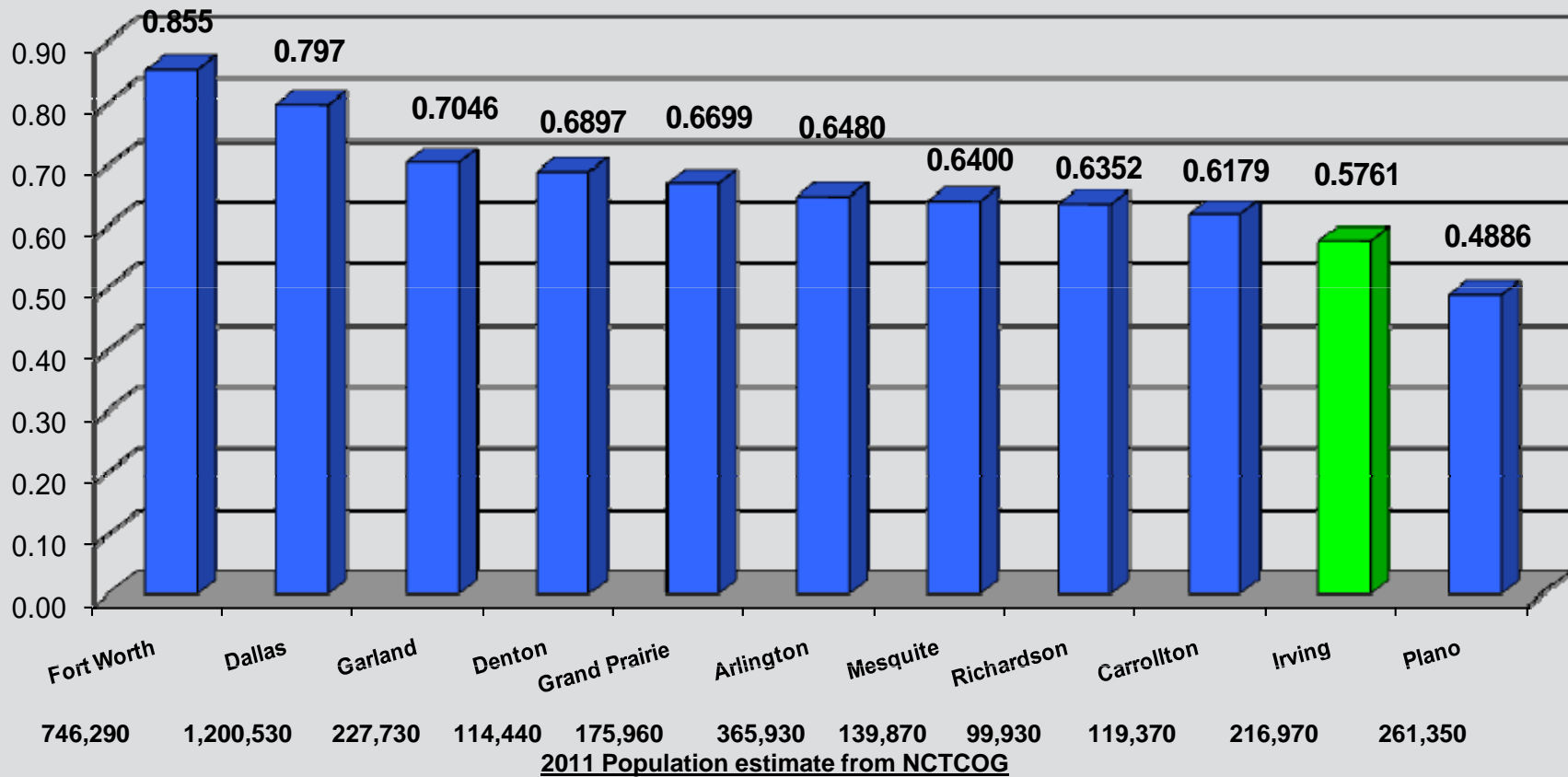
- Commercial property receives no exemptions from market value
- 2011 Commercial values projected to decline 9.14%
- Residential property receives 20% Homestead exemption
- 2011 Residential values projected to decline 2.13%

Property Tax Revenue Reduction



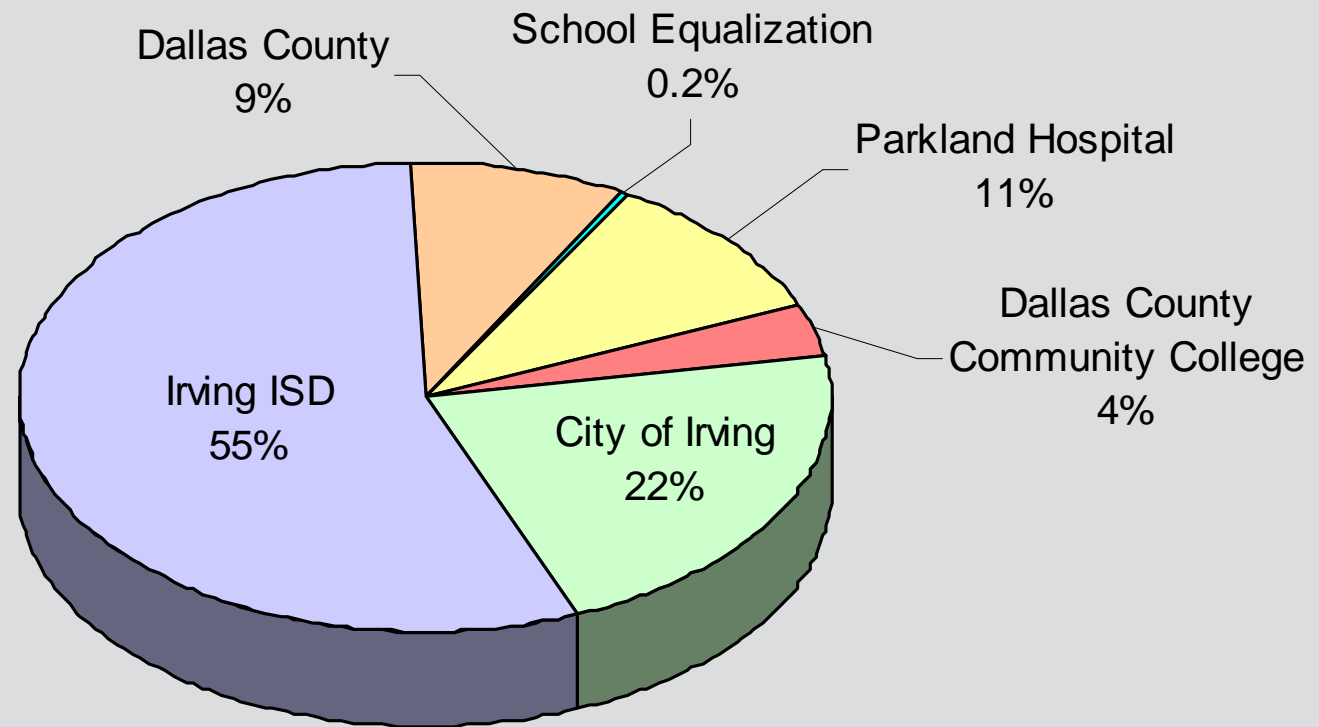
Property Tax Rates

FY 2010-11 Adopted Ad Valorem Tax Rates



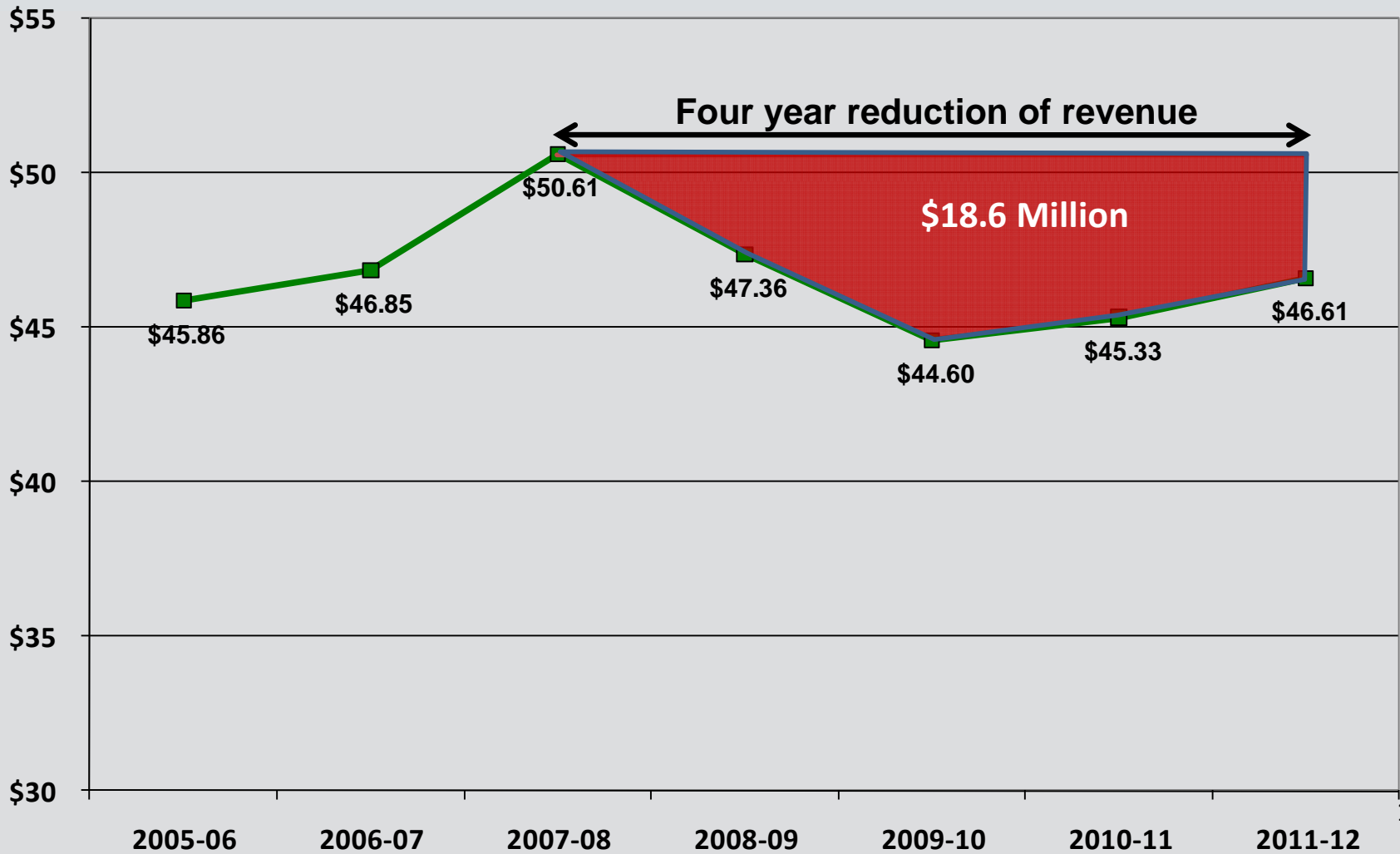
Overlapping Tax Rates

Percent of Total Tax Burden Tax Year 2010



Sales Tax Revenue Reduction

Millions

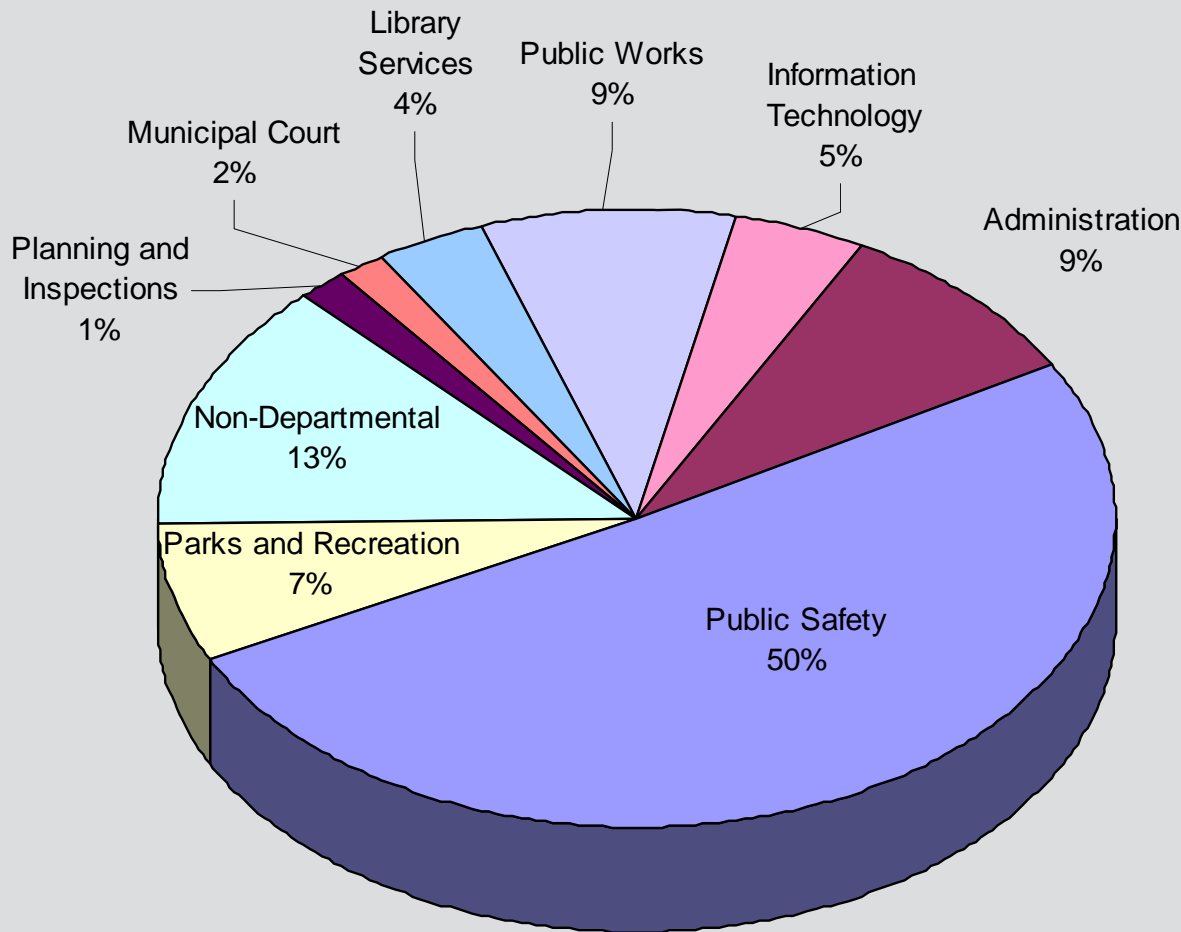




Operating Costs and Management Innovations

2010-11 General Fund Expenditures by Service Type

FY 2010-11 Total Expenditure \$169,504,406



Administration:

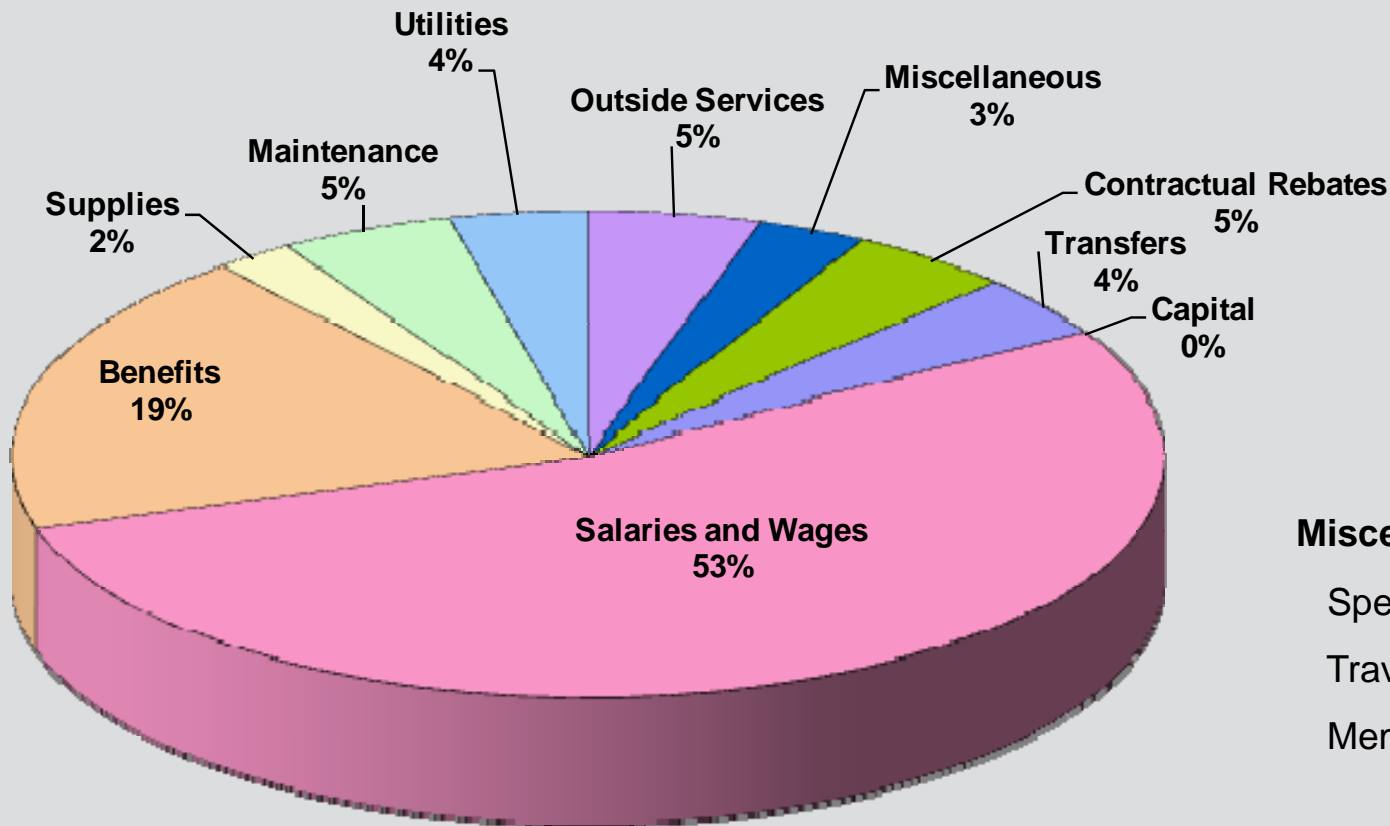
- City Council
- City Secretary
- City Manager
- Financial Services
- Management Operations
- City Attorney
- Corporate Communications
- Real Estate Services
- Intergovernmental Services

Public Safety:

- Police
- Fire
- Code Enforcement
- Animal Services

2010-11 General Fund Expenditures by Classification

FY 2010-11 Total Expenditure \$169,504,476



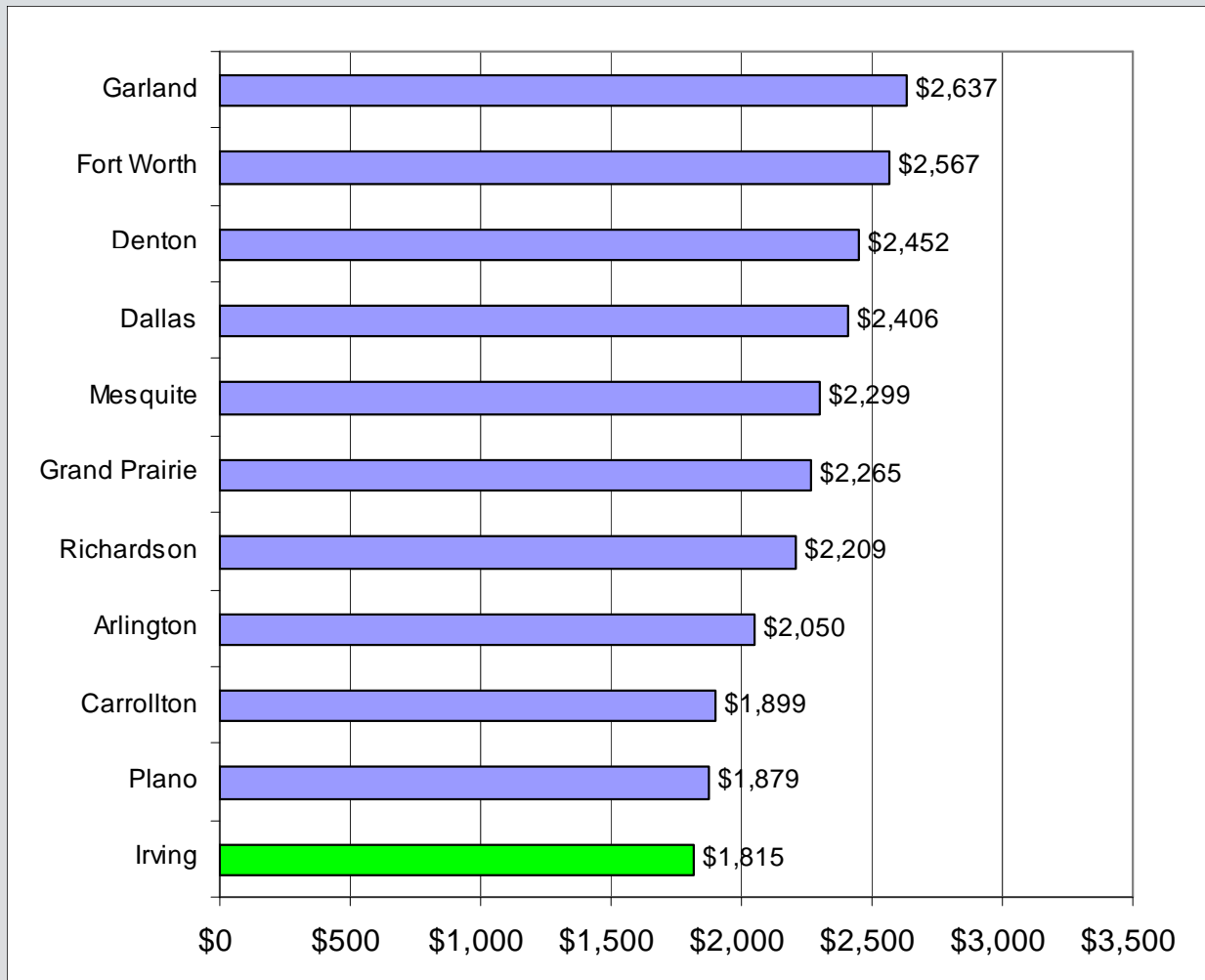
Miscellaneous:

- Special Events
- Travel & Training
- Membership and Dues

Cost of Municipal Service

- Average Irving home value: \$127,193
- Value with 20% Homestead \$101,754
 - Tax rate \$0.5761
 - Monthly tax payment: \$48.85
- Total cost of services
 - City of Carrollton affordable cities annual survey
 - Total cost of all city services to an average resident
 - Irving is 3rd lowest overall cost in the Metroplex
 - Irving is the lowest cost of the ten largest cities

Affordable Benchmark Cities Comparison



Source: City of Carrollton Residential Cost of Service Comparison

Cost of Municipal Service



• Police	\$0.25	• Economic growth	\$0.05
• Fire	\$0.17	• Street repair	\$0.08
• Public Safety	\$0.03	• Communication	\$0.01
• Debt Service	\$0.14	• Administration	\$0.12
• Utilities and Maintenance	\$0.06	• Summer Recreation/ after-school programs	\$0.09

Cost Increases from Other Entities

- Irving ISD - School Resource Officer
 - Lady Bird Johnson middle school
 - School pays half cost, net cost to the city is **\$84,000**
- Dallas County - Prisoner Transport Service
 - Provided at no charge in prior years
 - Now charging **\$90,000** per year for service
- Water & Sewer Treatment
 - Dallas Water Utilities - 3% increase in costs: **\$1.5 million**
 - Trinity River Authority - Sewer 6.5% increase: **\$0.9 million**

State & Federal Regulatory Costs

- Federal regulations
 - Clean Air and Clean Water Act fees and regulations
 - ADA renovations to existing buildings
 - Homeland Security required training (NIMS) 10,078 hours of training
 - Housing grant caps on administrative costs (5%, 10%, 20%)
- State regulations
 - Required city matching funds for highway projects – 10% of total costs
 - Electronic voting machines – required at all polling places
 - Interpreters for Municipal Court - (\$5,500 /year)
 - Traffic sign replacement program - \$342,000 material costs
 - Municipal Drainage Utility regulations
 - TCEQ water and sewer system fees and mandates

Rising Health Care Costs

- FY 09-10 actual claims exceeded budget
- New provider
- Dependent claim audit
 - Removed 154 ineligible dependents
 - Estimated annual savings of \$500,000
- Incentive driven benefit programs
 - I Win Fitness Program
 - Sick leave bonus (general government)
 - Sick leave buyback (police and fire)

Cost Savings

- Energy contract savings \$3.6 million per year
- Position reductions
 - Vacant positions held or eliminated
 - No layoffs
- Other process savings – Six Sigma
- Salary and benefit adjustments
- Departmental operating budget reductions
- Deferral of capital replacements

Cost Saving Focus

- Five years of cost-saving initiatives
 - Focus on service delivery
 - Reduced internal processes and workflow
 - Eliminated duplication of efforts across departments
 - Interdepartmental teams
- Cost savings began before the recession
 - Proactive vs. reactive
 - Avoided dramatic reductions in service and personnel

Strategic Plan Implementation

Community Priorities

- Increased Public Safety
- Reduced Crime
- Vibrant Neighborhoods
- Community Development



Strategic Plan

- Focus city resources to meet community priorities
- Allocate resources and programs to highest impact



New Services added

- Ambulance #8
- Additional police officers
- Police problem solving team
- Enhanced code enforcement



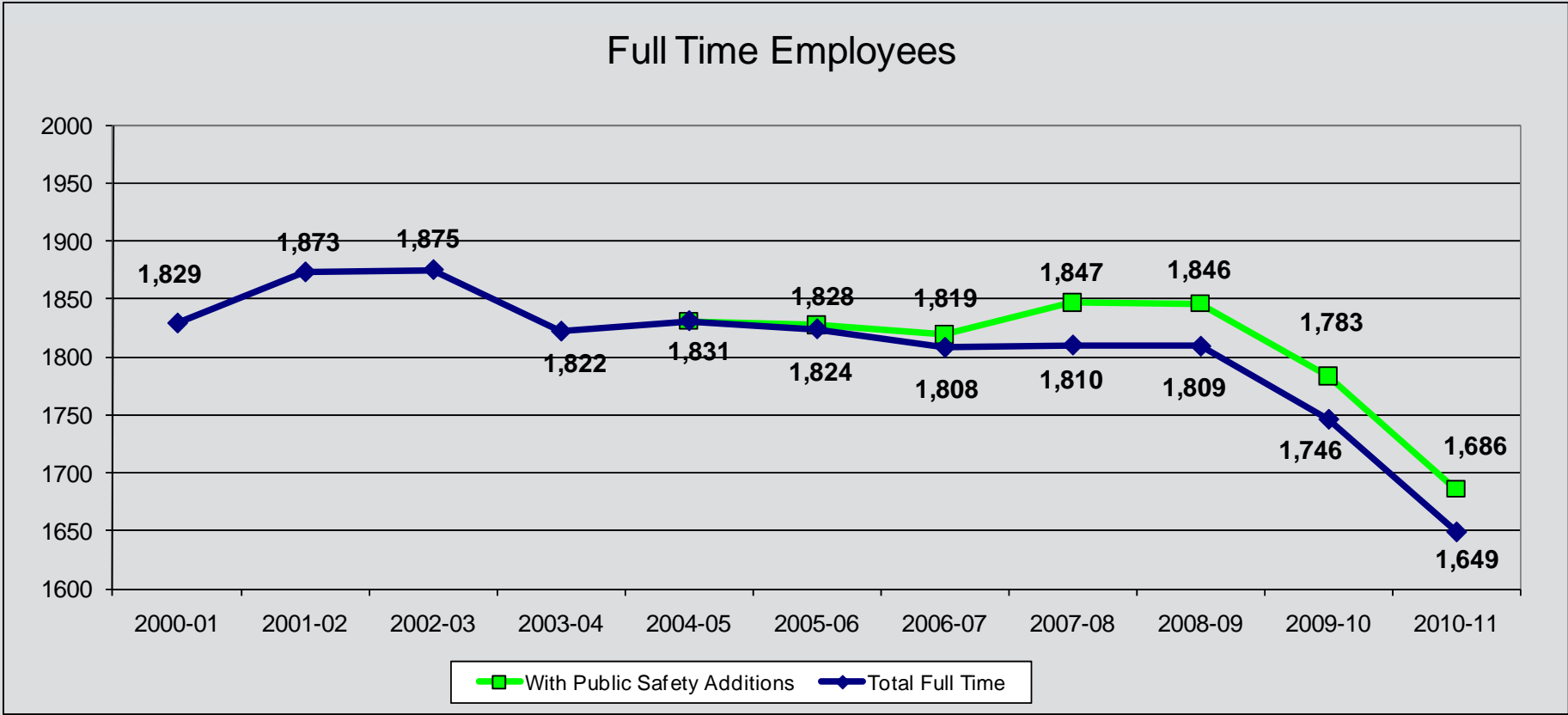
Bang for your buck

- Improved response times
- Reduction in crime rate (40%)
- 26 Level 4 complexes closed
- 41 Level 4 complexes improved
- 0 Level 4 complexes currently
- Tudor Lane redevelopment³⁰

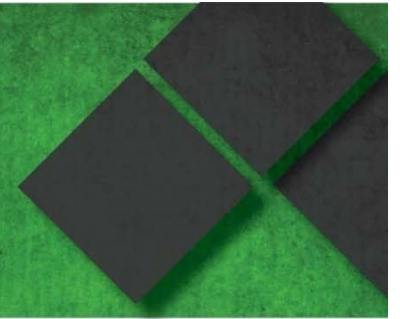
Personnel Savings

- Lean Six Sigma methodology
 - Become more efficient
 - Able to eliminate processes
 - Total of 111 vacant positions eliminated since 2006
 - \$5.3 million in annual savings citywide
- FY 2010-11 Budget
 - 135 vacant positions held for the year
 - \$6.6 million in savings helped balance the budget

General Fund Staffing Reductions



Incentive Programs



Incentive-based organization

- Incentive based organization, not entitlement based
- Changed organizational culture
- Put money into the hands of the employees doing the work
- Motivate employees to work more efficiently
- Reward employees for taking on additional duties
- Skill based and behavior based incentives

Employee Incentives

Performance driven organization

- Incentives for additional duties and skills
 - Certification pay
 - Shift pay
 - EMS, swift water, and high angle rescue pay
- Incentives for wellness
 - I Win
 - Sick leave bonus & buyback
- Temporary assignment pay

Return on Investment

- Resident Satisfaction
 - Overall Quality of Life +27%
 - Code Enforcement +76%
 - Safety in Neighborhoods +20%
 - Safety in Parks +28%
 - Visual Appearance of City +38%
 - Customer Service +8%
- Professional Recognition
 - Texas Award for Performance Excellence (TAPE)
 - Best Place to Work Award
 - 100 Best Fleets Award
 - Best Government TV Programming in TX
 - Outstanding Municipal Utility

Incentive Programs

City-Wide

- Six Sigma incentive pay
- On the Spot incentive pay for exceptional service
- All Eyes On Irving incentive pay
- Temporary Assignment Pay
- Biometrics testing
- Fitness Pay (IWIN)
- Language skills pay
- Work boots for field employees
- Step Up pay

Incentive Programs

Solid Waste Services

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

Water & Sewer System

- Water Certifications
- Sewer Certifications

Incentive Programs

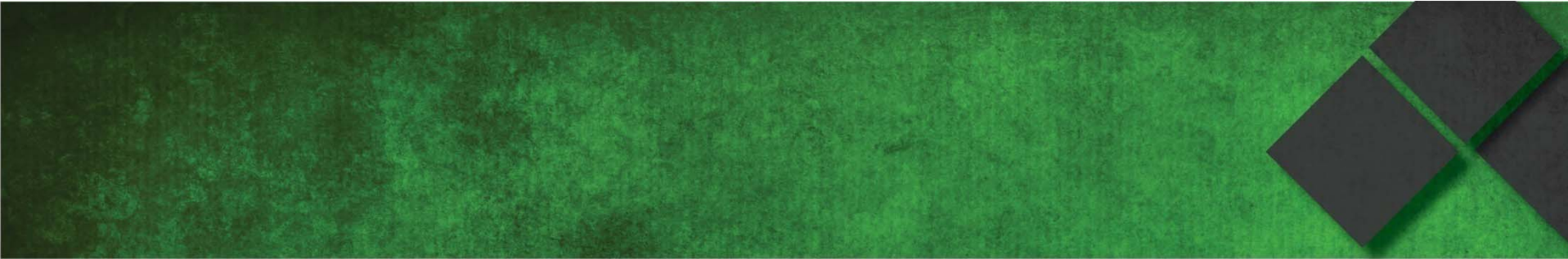
Police

- Night/Rotating Shift Pay
- Education Pays
- Certification Pays
- Field Training Officer Pay
- Sick Leave Payout
- Referral Bonus
- Relocation Reimbursement
- Physical Assessments
- Accident avoidance incentive

Incentive Programs

Fire

- On the Box Pay
- SCBA Technician Pay
- Out of Class Pay
- Administration Pay
- Fire Prevention Pay
- Paramedic Pay
- Education Pay
- Arson Pay
- Swift Water Rescue Pay
- High Angle Rescue Pay
- Hazardous Materials Pay
- Physical Assessments
- Sick Leave payout
- Certification Pay



Budget Game Plan

Budget Game Plan

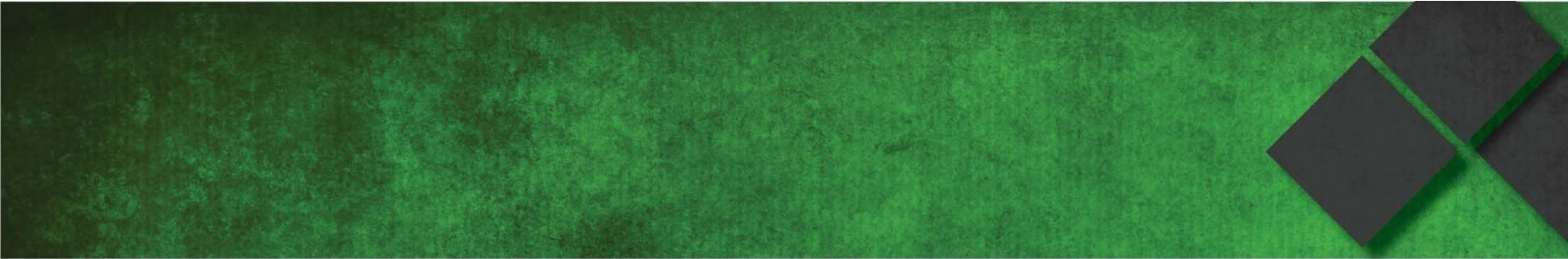
- Cost savings and efficiencies
 - Helped maintain balanced budget in past
 - City has already implemented the major cost savings
 - 13% personnel reduction for General Fund
 - Significant additional cuts will impact service delivery
- Maintain core services
- Reallocate resources to most effective programs
 - Strategic plan priorities
 - Customer service survey priorities

Budget Game Plan

- Stabilize revenues to maintain high quality service levels
 - Same services tax rate
 - Rate that gives city same tax revenue as last year on the same properties
 - Charge increased service fees for non-residents
 - Recover cost of service delivery

Multi Year Budget Planning

- Five year financial forecast
- Planning two year operating budget
- Five year Capital Plan
- 20 year Water and Sewer model
- Proactive approach to cost containment
 - Efficiency improvements have allowed for operating savings while maintaining services and increasing performance



Capital Program and Debt Service

Capital Program

- Significant capital improvements underway
- Significant future capital investment is needed in several areas
 - Infrastructure
 - Quality of Life amenities
 - Development
- TxDOT projects in Irving require additional city funding commitments
- Voters have repeatedly supported capital program
- Projects prioritized through Strategic Plan
- Debt is structured to meet financial capacity

Capital Improvement Program

- Projects address key community needs and wants
 - 2006 bond election: \$335 million in new projects
 - \$131.4 million was also unissued from the 1999 election
 - Total of \$466 million in bond capacity authorized
 - \$46.6 million per year would have been required to complete all authorized projects in 10 years
- Capital plan scaled back for recession
 - Reduced tax revenues
 - Focus on key projects having the most positive impact on quality of life
- Five year plan to prioritize future projects

Major Capital Projects Completed

• Neighborhood streets & alleys	\$13,457,000
• West Irving Aquatic Center	\$4,100,000
• Animal Care Campus	\$7,000,000
• West Irving Library	\$8,089,000
• Lively Pointe Teen Center	\$2,495,000
• ADA Park and Miracle League Field	\$2,400,000
• Veterans Memorial Park	<u>\$3,000,000</u>
General Bond financed	\$46,541,000

Major Capital Projects Completed

- Convention Center \$133,000,000

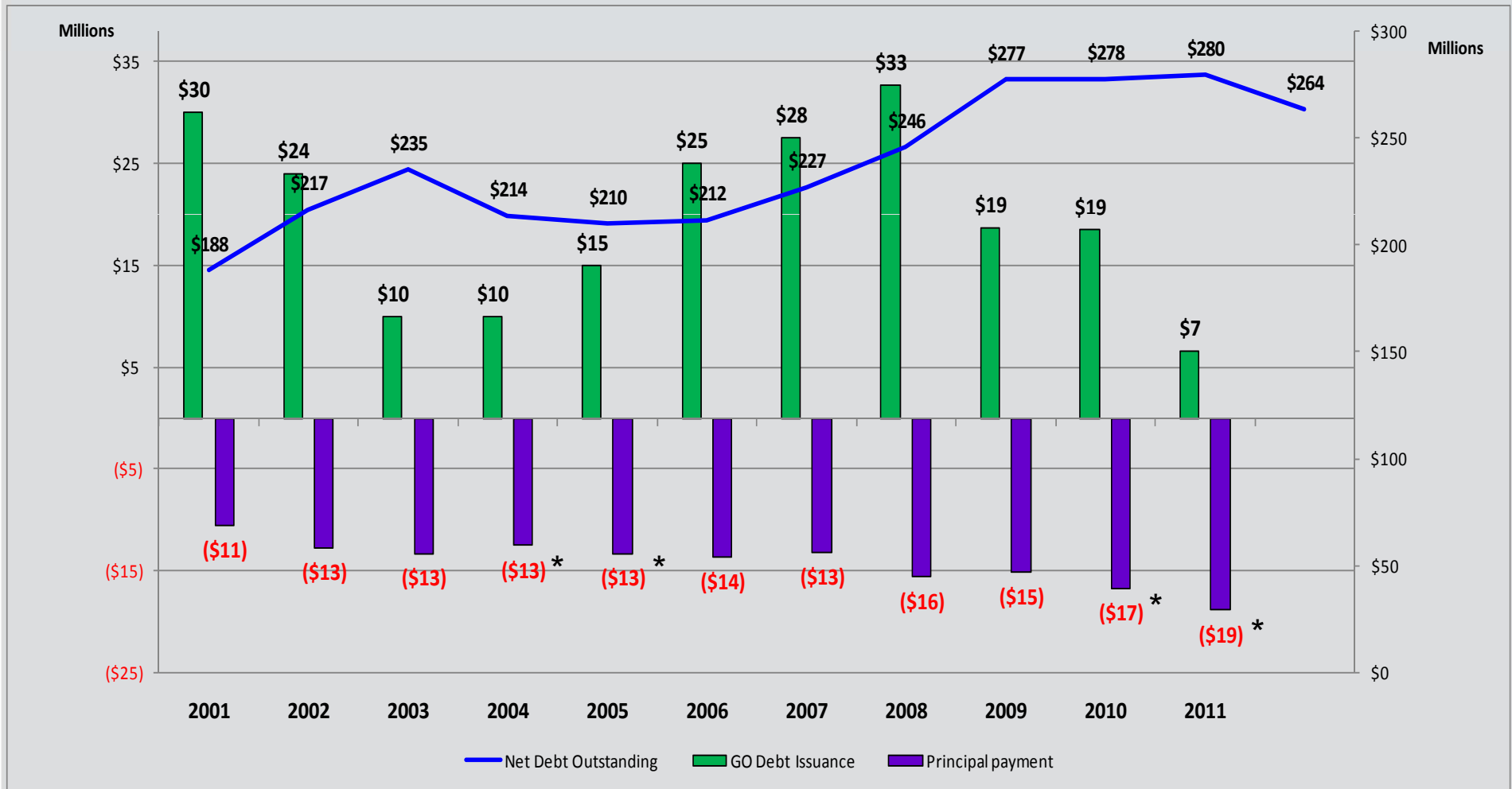
Water and Sewer Projects

- Water Line Replacements \$13,369,000
 - Sewer Line Replacements \$24,674,000
 - Hackberry Pump Station \$12,124,000
 - Northgate Pump Station \$8,505,500
 - MacArthur Pump Station \$14,625,000
- Total: \$73,297,500

AAA Bond Rating

- Double AAA bond rating affirmed
 - Financing at lowest interest rate possible
 - Reduced cost to residents
 - 3.71% on General debt
 - 3.51% on Water & Sewer system debt
 - Savings of millions in interest costs
- Only 5 double AAA cities in Texas
 - Irving is not a natural AAA city
 - Sound financial management
 - Reduction in costs
 - Maintenance of fund balances

Debt Outstanding 2001-11



* Debt refunded to reduce interest costs

TxDOT – City Participation

\$46 million General participation

\$40 million Water & Sewer participation

- Diamond Interchange
 - \$700 million total TxDOT cost
 - City responsible for cost of upgrades
 - ROW and drainage diversion \$15 million (General)
- SH 183 expansion
 - \$9 million: City share of remaining ROW costs (General)
 - \$40 million: Utility relocation costs (Water & Sewer)
- NW Highway – bridge over Las Colinas Blvd. \$250,000 (General)
- Irving Boulevard - \$7 million to replace MacArthur bridge (General)
- SH 114 expansion
 - ROW cost has not been estimated
 - Frontage road extension estimate \$15 million (General)
- Loop 12 ROW needs to include elevated HOV lanes

Future Obligations

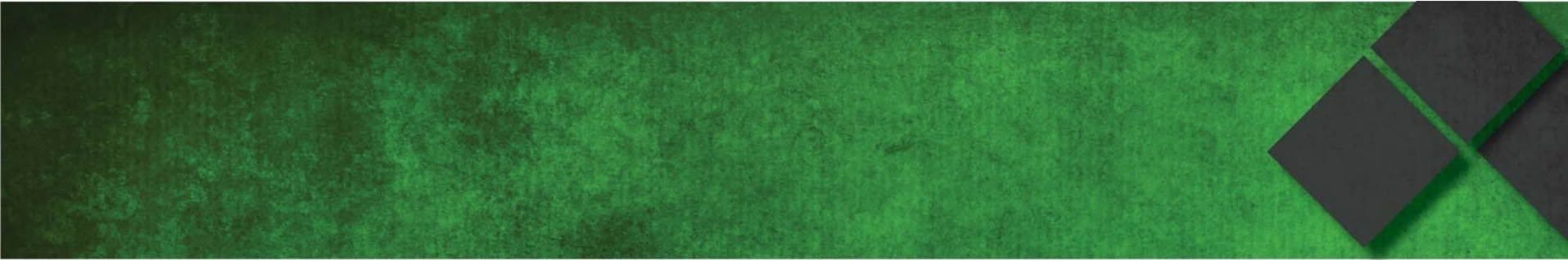
- TxDOT - SH 183 widening
 - \$49 million estimated city participation
 - \$40 M Water and Sewer relocation
 - \$9 M general participation
 - Right of Way acquisition
 - Drainage improvements
 - Upgrades and aesthetic improvements

Future Obligations

- Water and Sewer Projects
 - Replacement of aging infrastructure
 - System improvements
 - Increased capacity
 - Expansion for new development
- New Water Resources
 - Water rights (Lake Hugo)
 - Transmission line to Irving
- Municipal Drainage projects
 - FCD#1 levee repairs
 - Irving stormwater drainage

Water Resource Development

- Lake Chapman and pipeline
 - Completed in 2003
 - Supplies 85% of current water needs
 - \$119 million cost to city for pipeline
 - \$16 million in payments for lake remaining
- Water resource development
 - 6 options proposed for Lake Hugo
 - Cost from \$135 - \$400 million
 - Secures water needs necessary for maximum buildout



Public Outreach & Public Information

Public Outreach



City Manager Presentations

- 3/10/11 Irving AMBUCS
- 3/30/11 Henry Holmes Breakfast Group
- 4/12/11 Hackberry Creek Country Club members
- 4/19/11 TxSWANA Conference at Irving Convention Center
- 4/26/11 Neighborhood Roundtable
- 4/28/11 Irving Sunrise Rotary
- 5/12/11 U.S.-Mexico Economic Recovery & Stability Conference
- 6/15/11 Irving Lions Club (scheduled)
- 6/23/11 Irving Rotary Club (scheduled)

Public Outreach

- Public hearings – June 23
- Answer Questions directly
 - “Ask The Budget Guy” – city website (June 20th)
 - Three business day turnaround
 - Questions and answers posted on website
- Presentations to civic organizations
- All About Irving – electronic newsletter
- Interactive budget forums
 - July 14 and August 11 (Tentative)
 - Live question and answer with city staff

- Online budget input
- Budget archives

Budget Home
Know the Facts



FY 2010-11 Budget

Bret Starr, Assistant CFO-Budget
825 W. Irving Blvd.
Irving, TX 75060
P: (972) 721-3750



Ask the Budget Guy

To enhance transparency and provide taxpayers accurate information regarding financial matters, the City of Irving offered direct access to the "Budget Guy." Residents asked the Budget Guy questions regarding the FY 2010-11 budget and answers were posted on the [Ask the Budget Guy webpage](#).

► [FY 2011-12 Budget Hearings](#) | [Submit Input Online Now](#)

Planning for the FY 2011-12 budget is already under way. Residents will have the opportunity to provide input on the budget during several upcoming public hearings. Public input sessions are set for June 9 and 23, with adoption of the budget scheduled for Sept. 22. All hearings are at 7 p.m. at City Hall, 825 W. Irving Blvd. The city's budget year runs from Oct. 1-Sept. 30. Call the City Secretary's Office at (972) 721-2493 to confirm hearing dates.

Budget Documents

FY 2010-11

FY 2009-10

Budget Archive

Public Outreach

Share Report Abuse Next Blog»



Ask the Budget Guy

TO ENHANCE TRANSPARENCY AND PROVIDE TAXPAYERS ACCURATE INFORMATION, THE CITY OF IRVING OFFERS DIRECT ACCESS TO THE "BUDGET GUY."

THE BUDGET GUY



BRET STARR

825 W. IRVING BLVD.
IRVING, TX 75060
P: (972) 721-3750

WWW.CITYOFIRVING.ORG/BUDGET

WWW.CITYOFIRVING.ORG/BUDGETGUY

[VIEW MY COMPLETE PROFILE](#)

JUNE 6, 2011

QUESTION 3.

LOREM IPSUM DOLOR SIT AMET, CONSECTETUR ADIPISCING ELIT. AENEAN TEMPOR, EST ET ADIPISCING VULPUTATE, NIBH MI TEMPUS VELIT, AT SAGITTIS LECTUS QUAM ET TURPIS. VESTIBULUM ANTE IPSUM PRIMIS IN FAUCIBUS ORCI LUCTUS ET ULTRICES POSUERE CUBILIA CURAE; QUISQUE VEL NISI VITAE DOLOR BLANDIT ULTRICES PRETIUM ET DUI. SUSPENDISSE AT LIBERO ERAT, AC SAGITTIS MAURIS. PHASELLUS BIBENDUM MOLESTIE AUCTOR. CRAS VEHICULA, METUS QUIS TRISTIQUE MOLLIS, NISI LIGULA ULTRICES ARCU, AT RUTRUM LECTUS DOLOR SIT AMET NULLA. NULLA FACILISI. PELLENTESSQUE NEC SAPIEN VEL TORTOR FACILISIS RHONCUS. SED ELEIFEND VARIUS JUSTO SEMPER HENDRERIT. INTEGER SEM SEM, ULLAMCORPER AT LUCTUS DIGNISSIM, EGESTAS ET NUNC. PHASELLUS VITAE SCLETERISQUE DOLOR. CRAS ELEIFEND ORNARE BLANDIT. PHASELLUS VITAE NISI TURPIS. CURABITUR ALIQUET NISL VEL AUGUE MATTIS EUISMOD SODALES QUAM EUISMOD. MAECENAS HENDRERIT CONGUE LIGULA ID IACULIS.

BUDGET PUBLIC HEARINGS

7 P.M. JUNE 9 AND 23 AT CITY HALL, 825 W. IRVING BLVD. [READ MORE](#)

[ASK THE BUDGET GUY NOW!](#)



Budget Calendar

FY 2011-12 Budget Calendar

May 19, June 9 June 23, 2011	Public Input Hearings
June 17, 2011	City Manager budget review
July 25, 2011	Certified Tax Roll received
August 18-20, 2011	Budget Retreat
September 1, 2011	Public Hearing on Budget and Tax Rate
September 22, 2011	Budget Adoption



Conclusion

Conclusion

- Recession will impact revenues for another two years
- Revenues have declined significantly
- Forecasting/multi-year planning allowed budgets to keep pace with decline
- Cost containment has prevented
 - Reductions in service
 - Employee lay-offs/furloughs
- Results of Resident Survey has shown a positive double digit increase in most areas/reducing operating costs
- Significant obligations for infrastructure and development will need to be prioritized and included in future budgets