



BUDGET AND BUSINESS PLAN

FY24



FY24 Budget Preview

PART I: PRESENTED ON JUNE 27, 2023

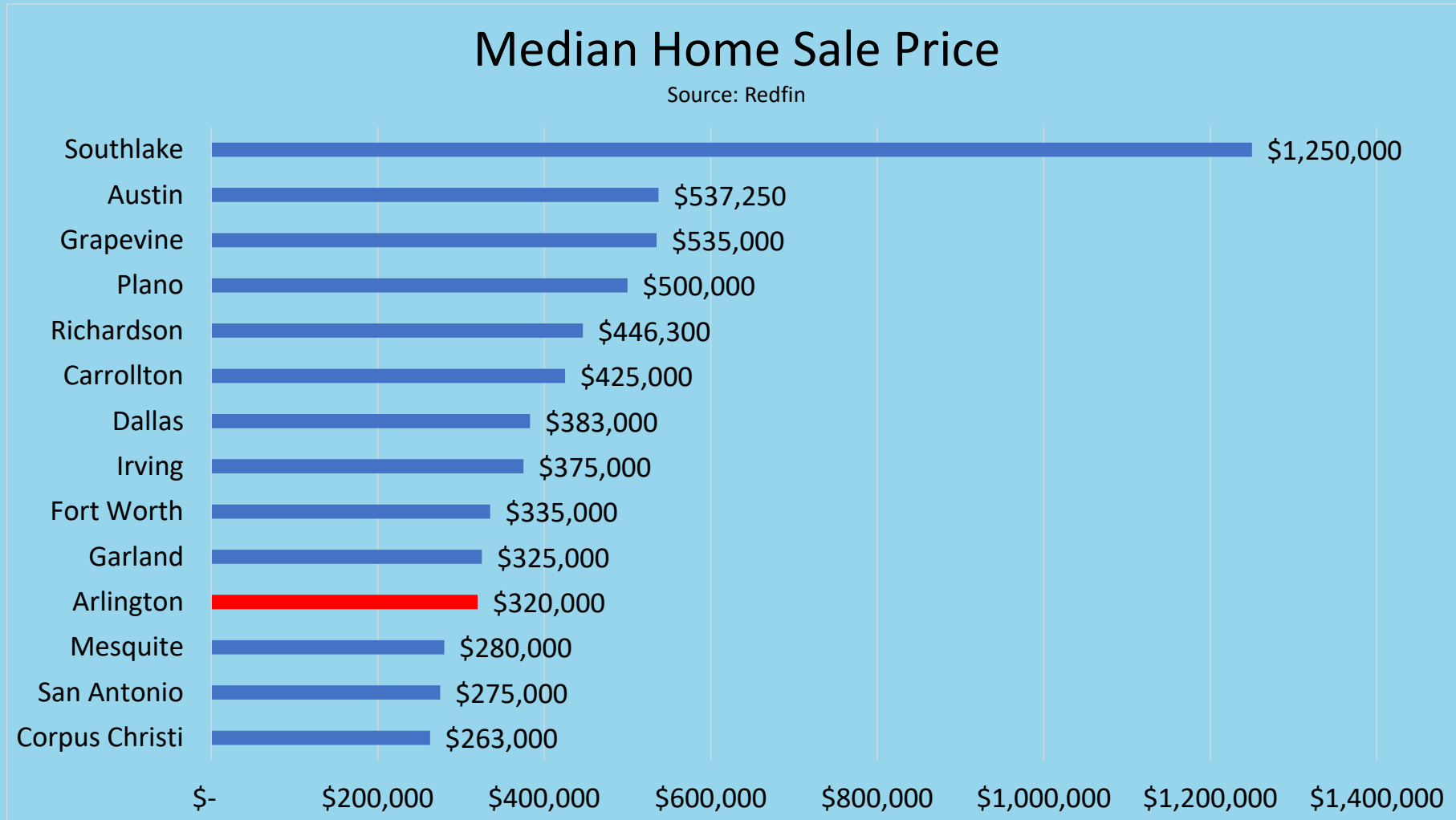
Overview

- City Comparisons
- Favorable Tax Policy
- Budget Drivers
- FY 2024 Budget Preview

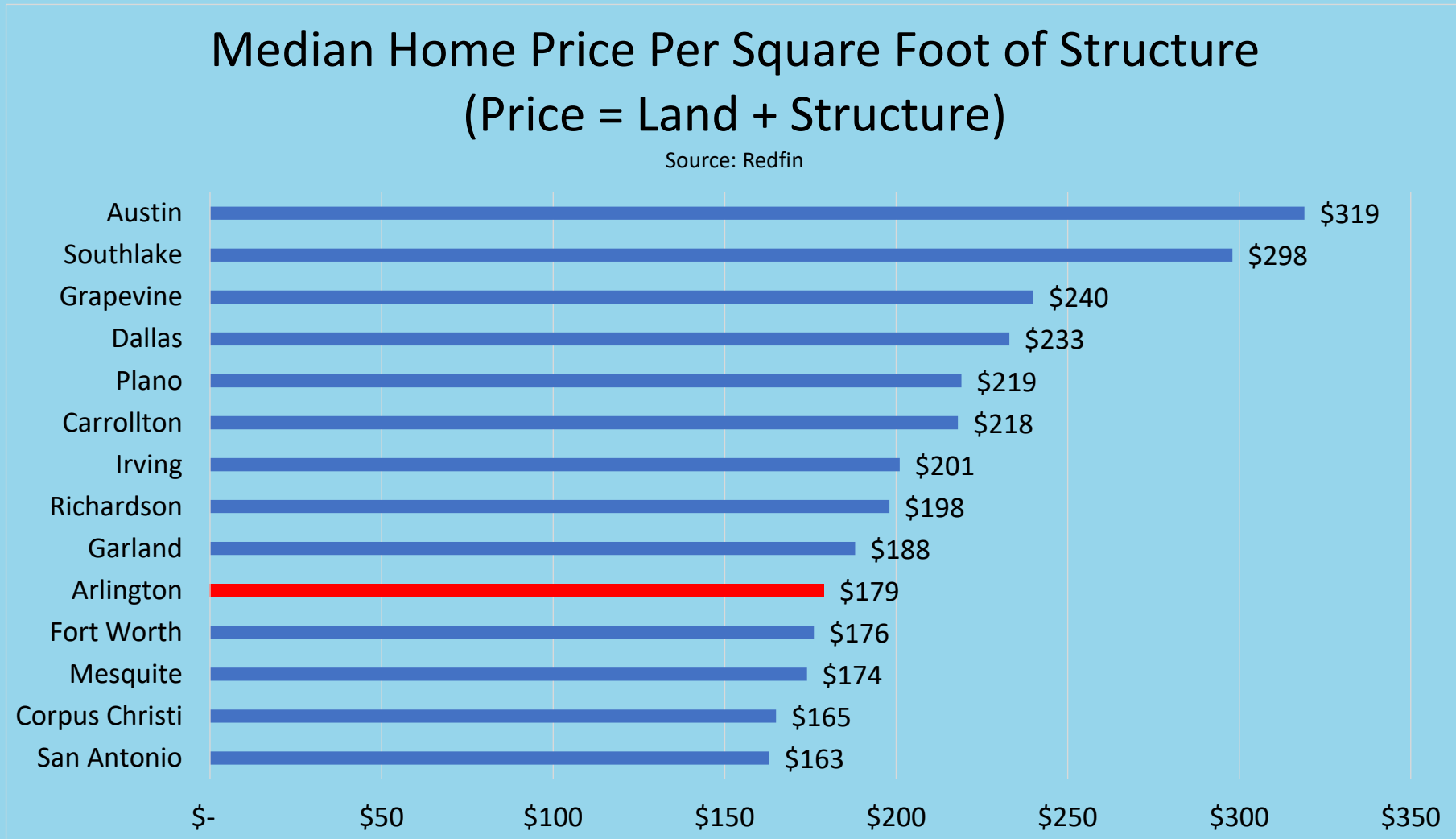


City Comparisons

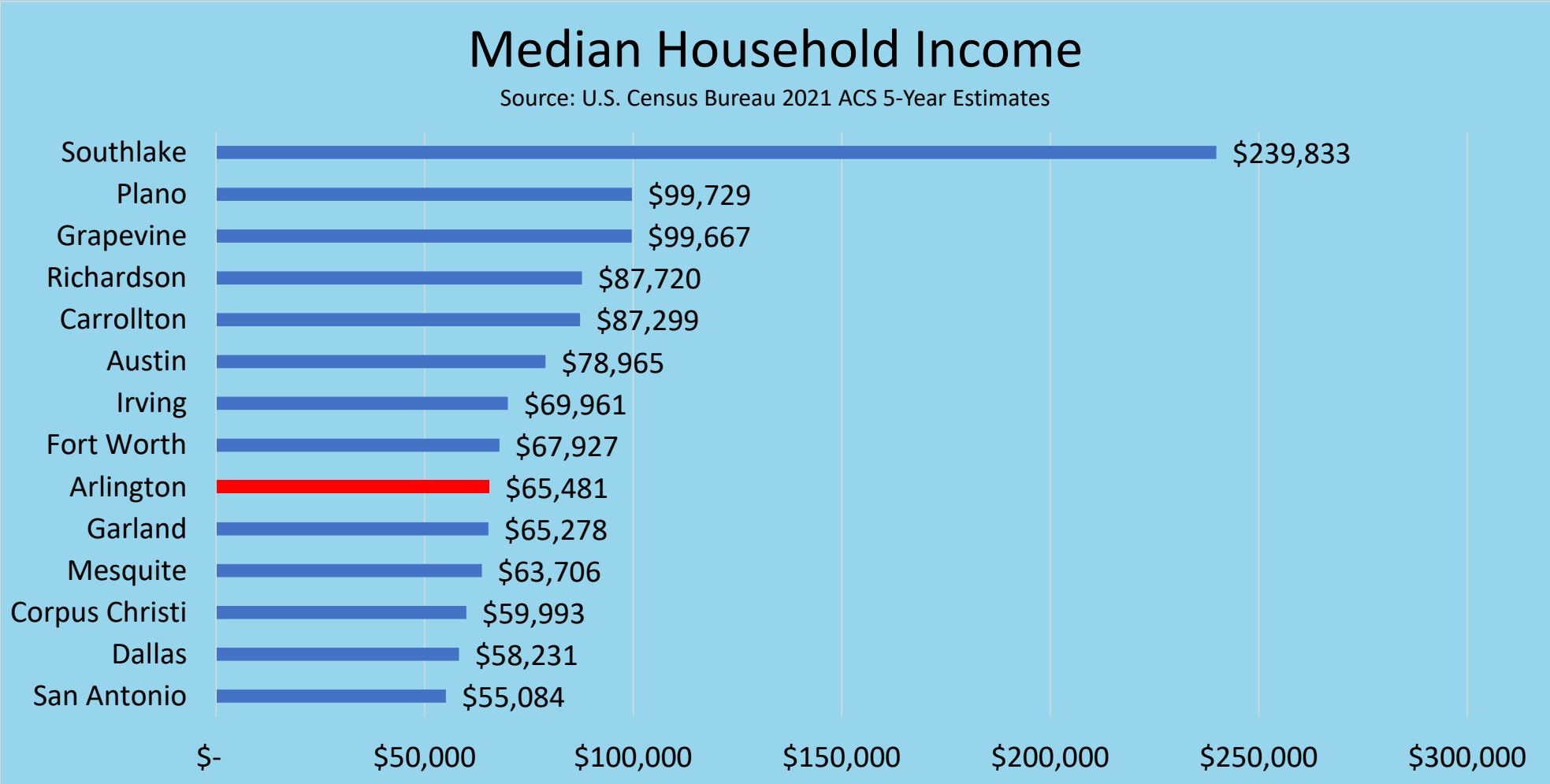
Median Home Sale Price



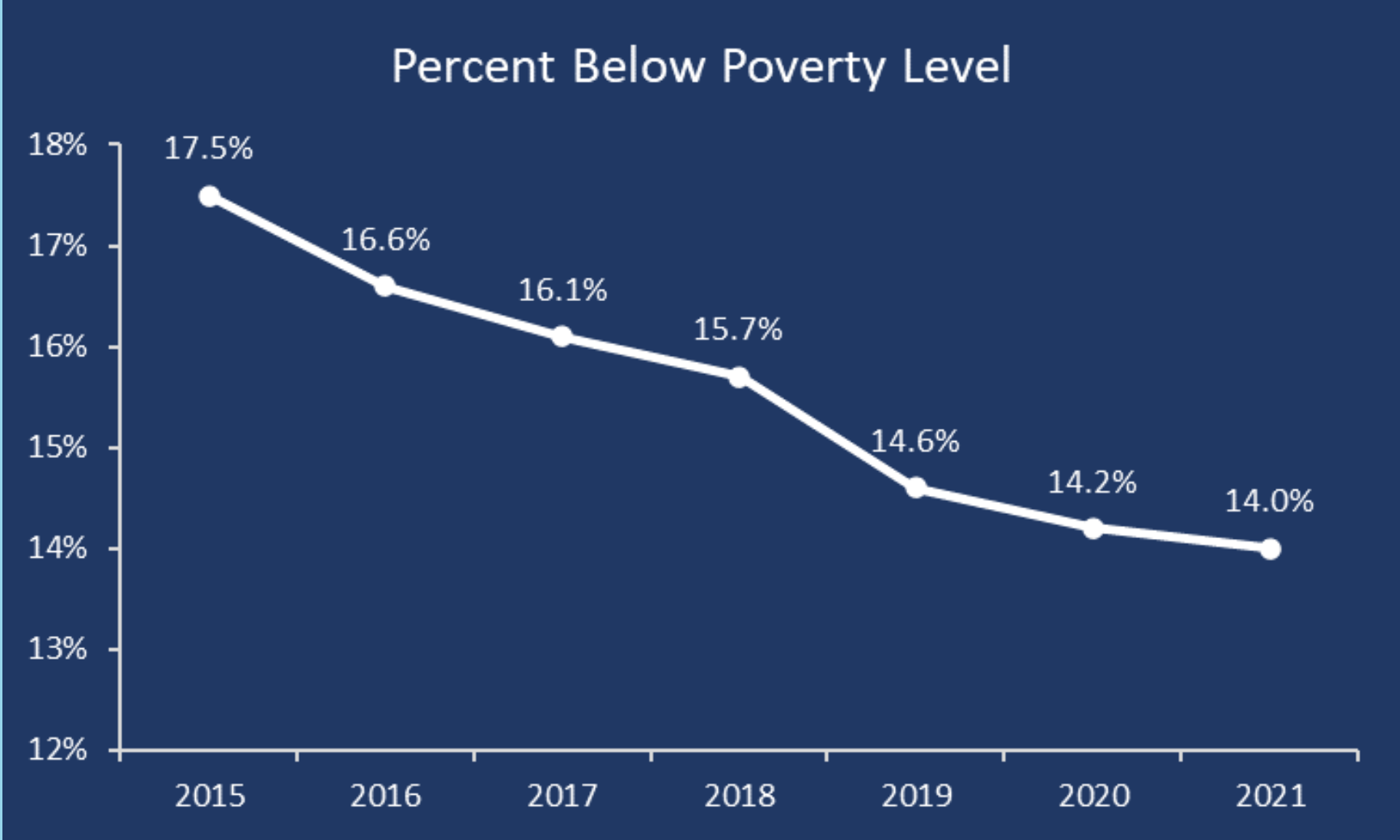
Median Home Price Per Square Foot



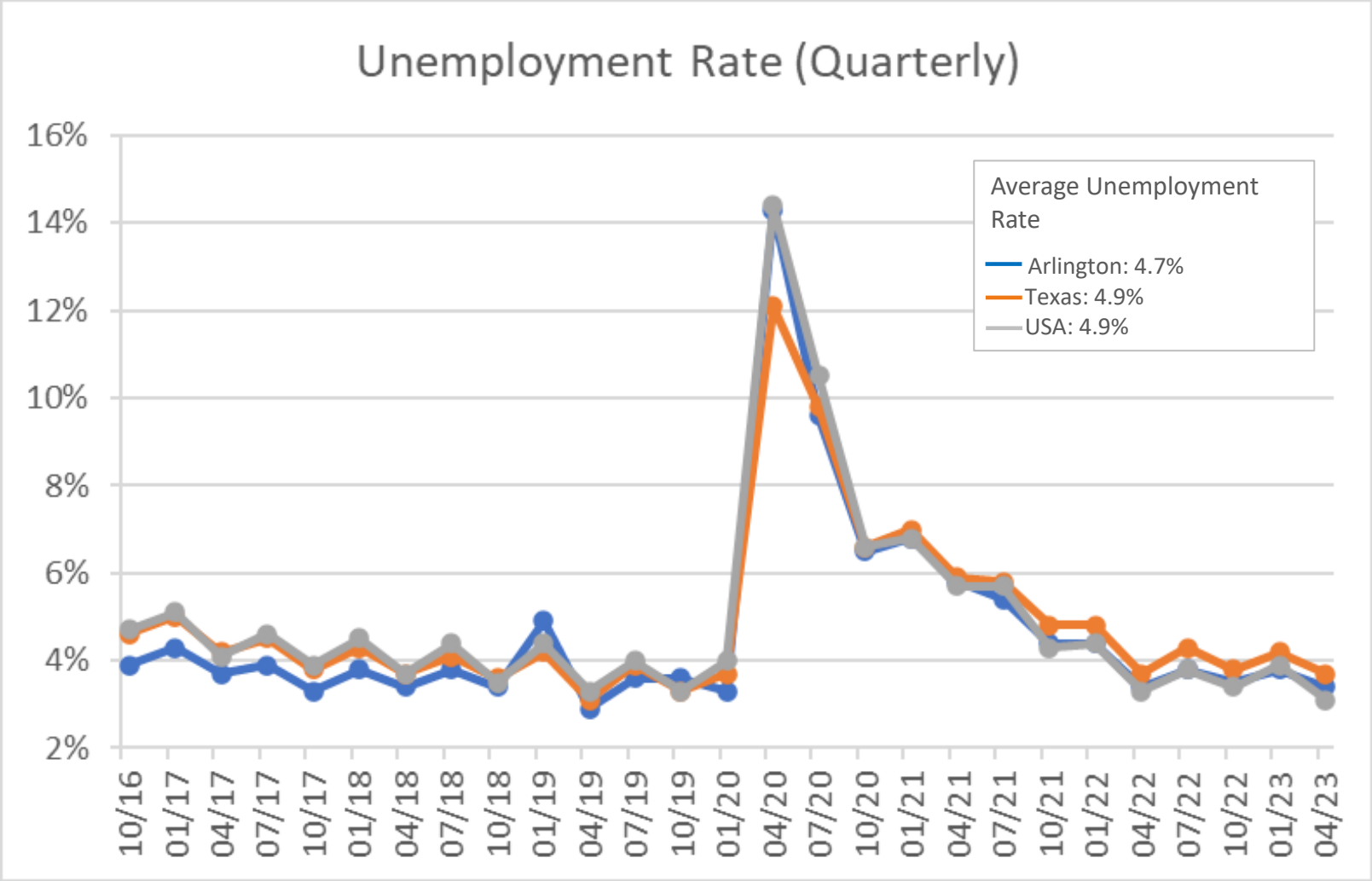
Median Household Income



Evidence of Success



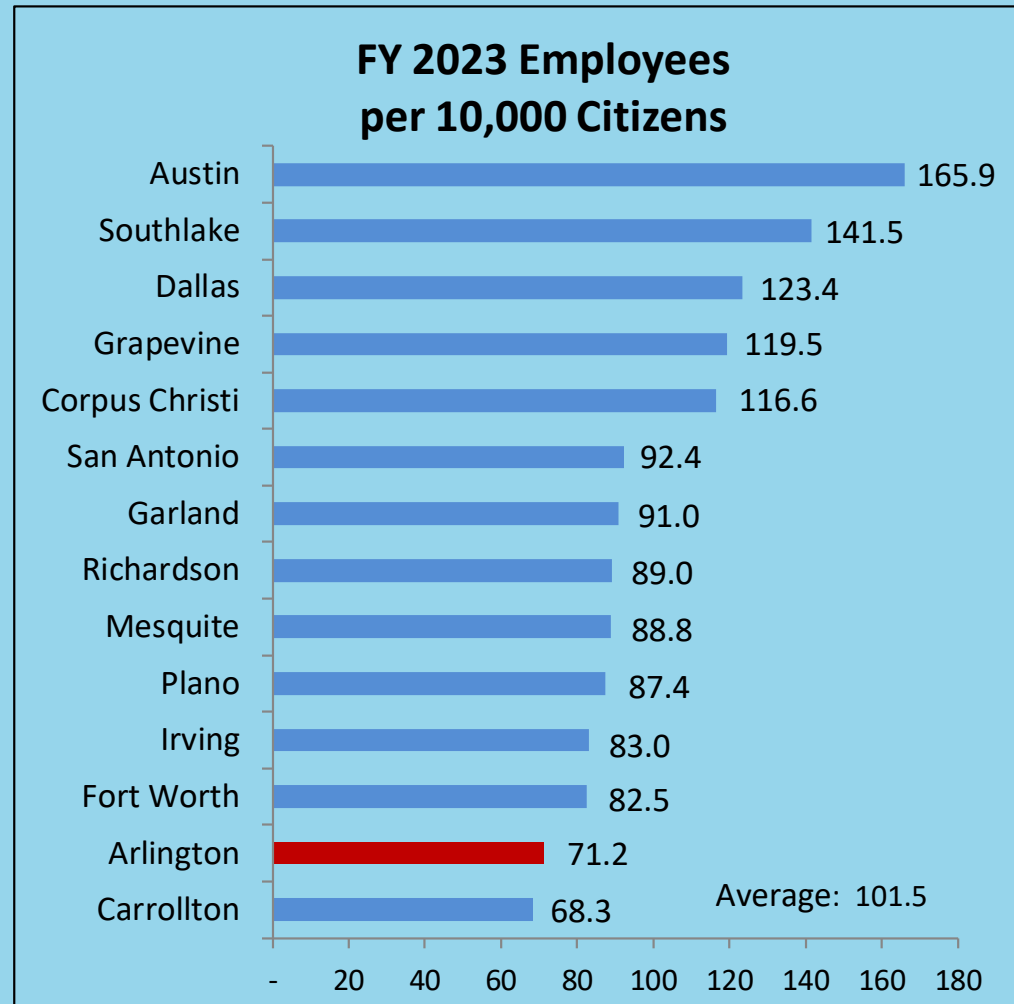
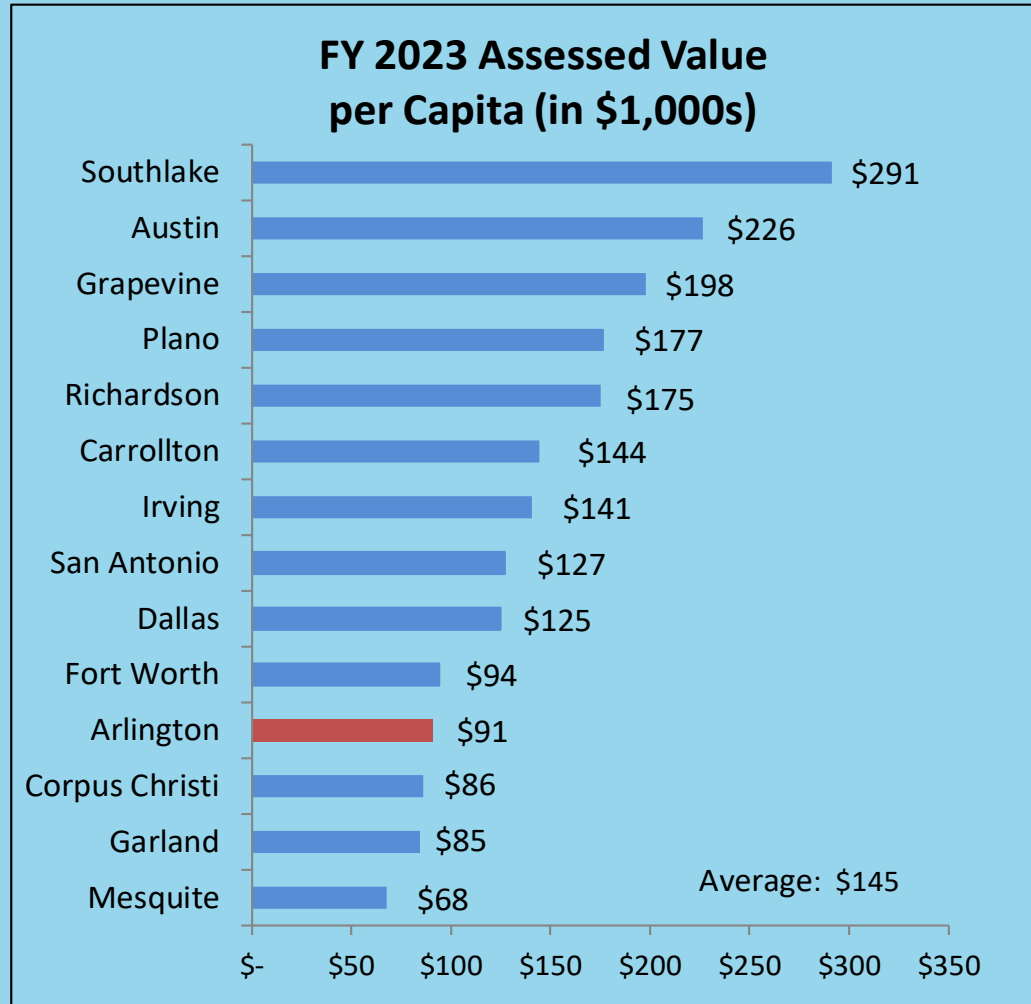
Evidence of Success



Bond Ratings

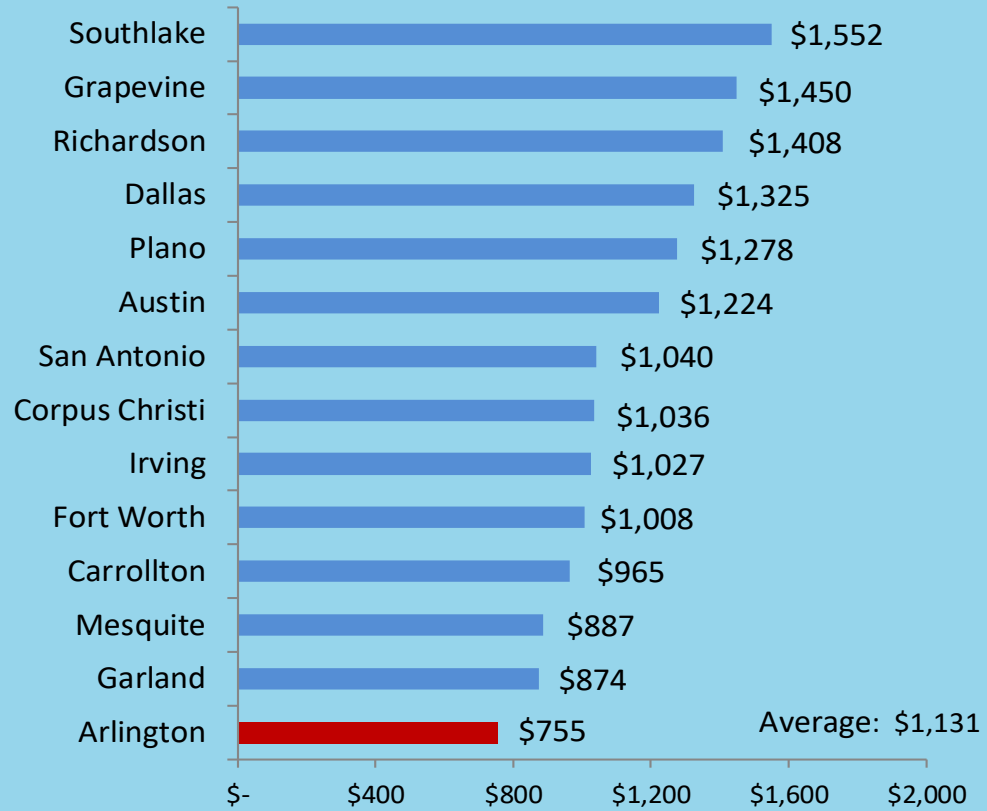
	Fitch	S&P	Moody's
City GO/CO	AAA	AAA	Aa1
Water/Wastewater Revenue	AAA	AAA	Aa1
Storm Water Revenue	AAA	AAA	Aa1

City Comparisons

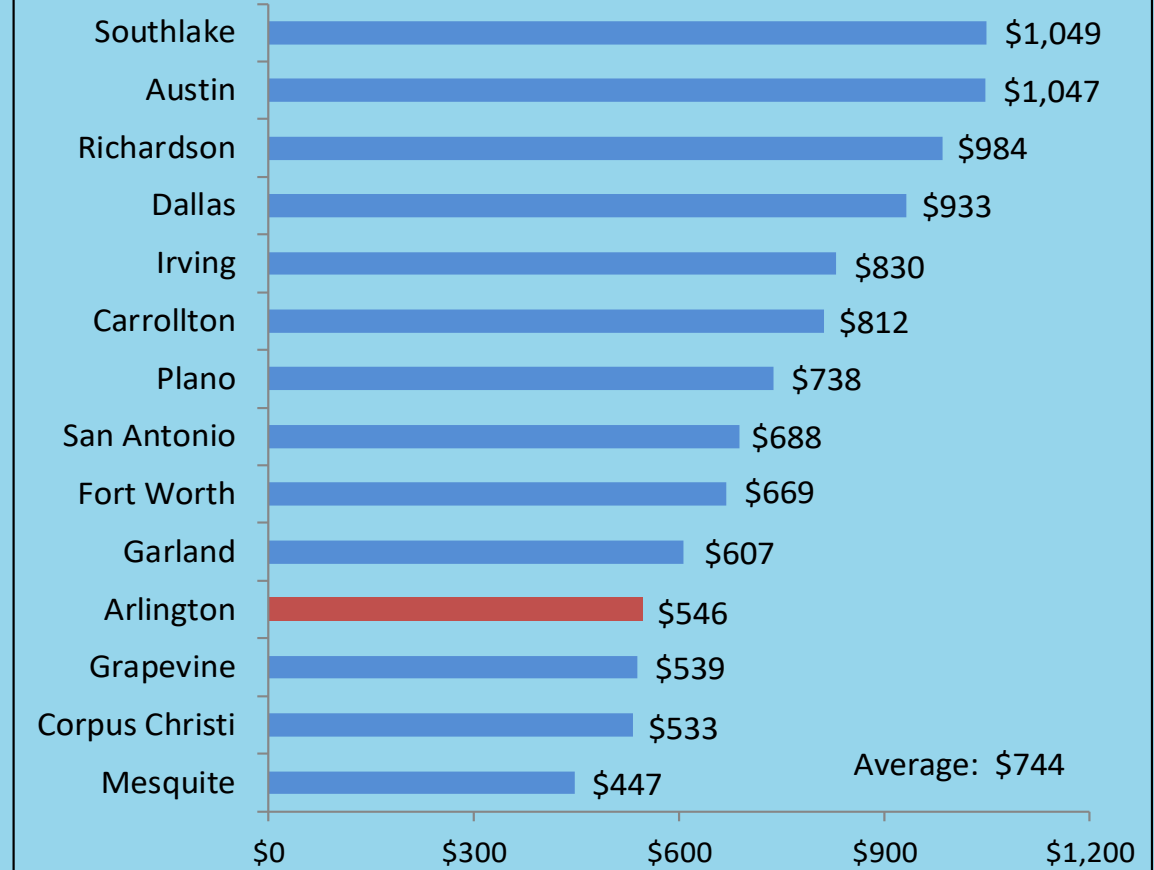


City Comparisons

FY 2023 General Fund Expenditures per Capita

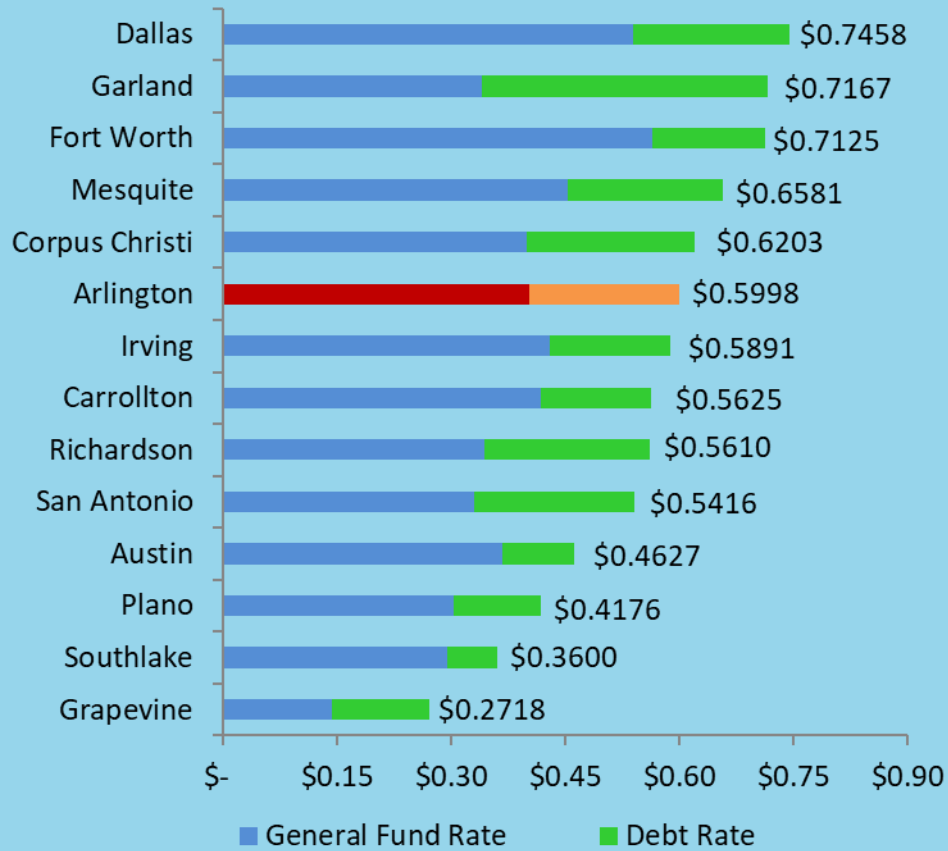


FY 2023 Tax Levy Per Capita

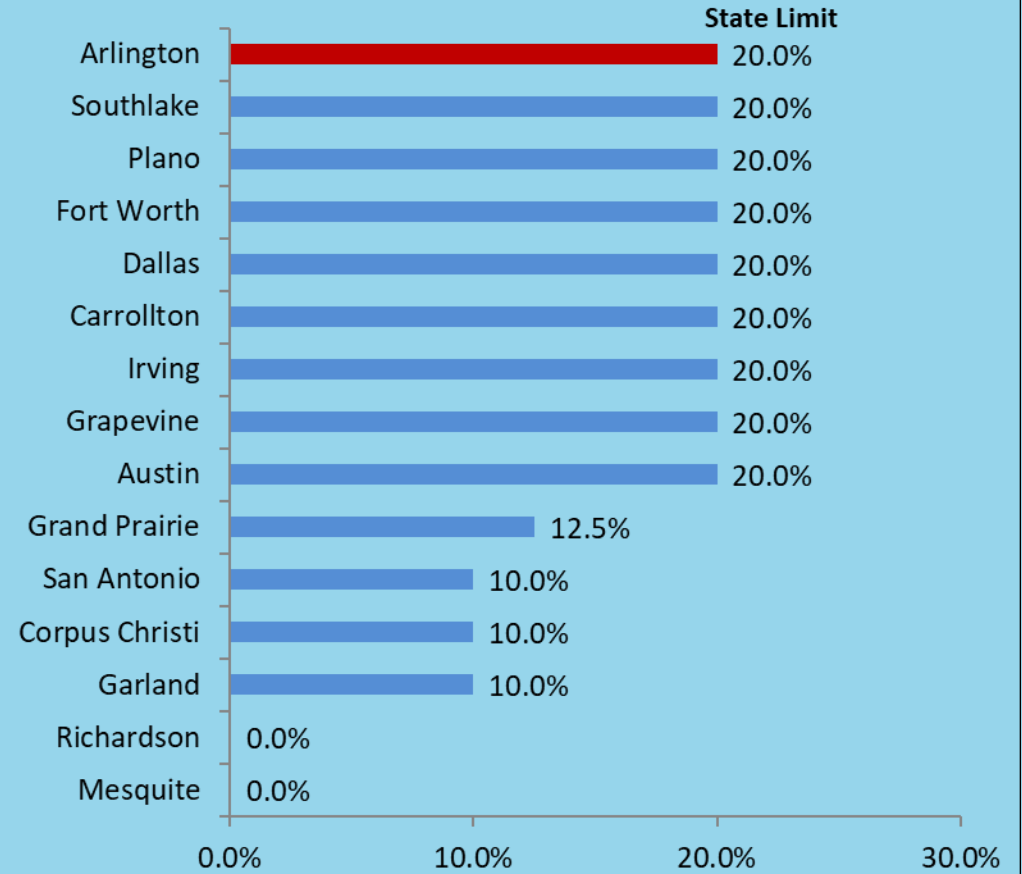


City Comparisons

FY 2023 Ad Valorem Tax Rates

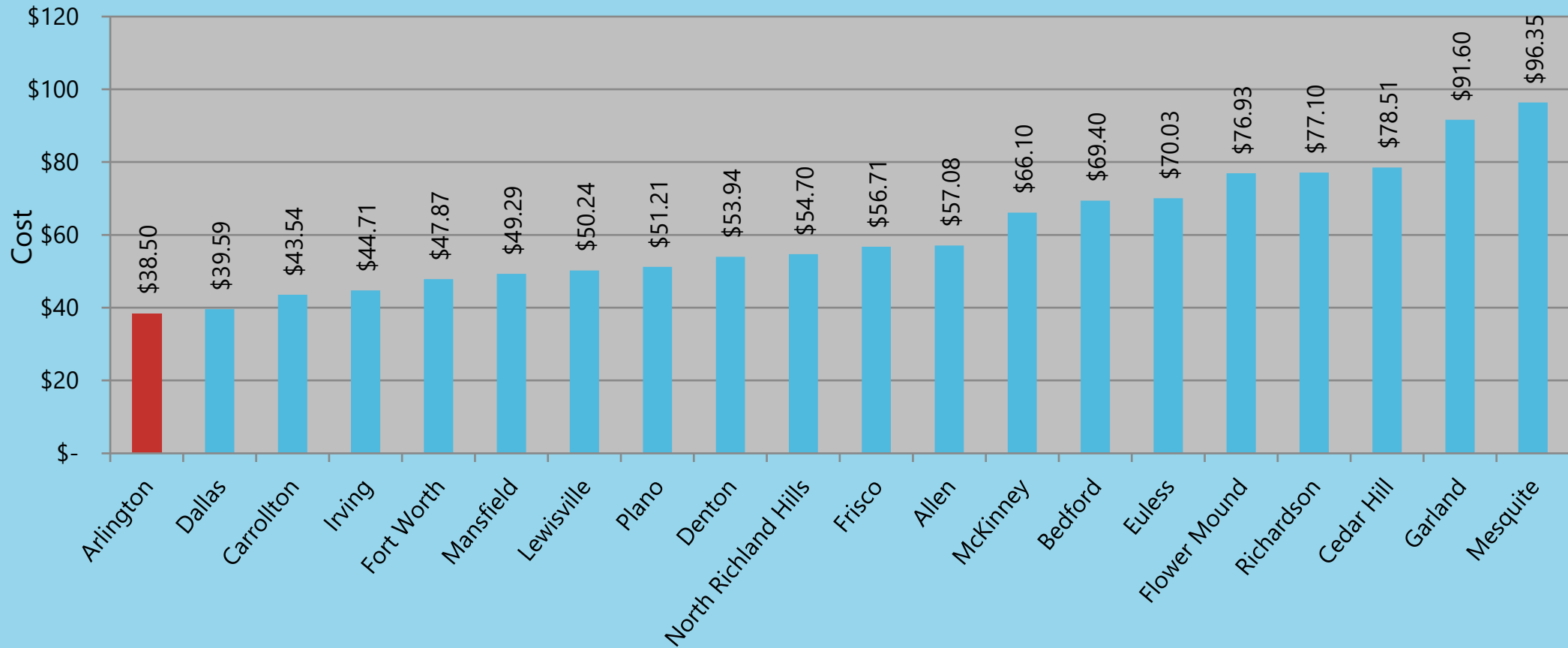


FY 2023 General Homestead Exemption



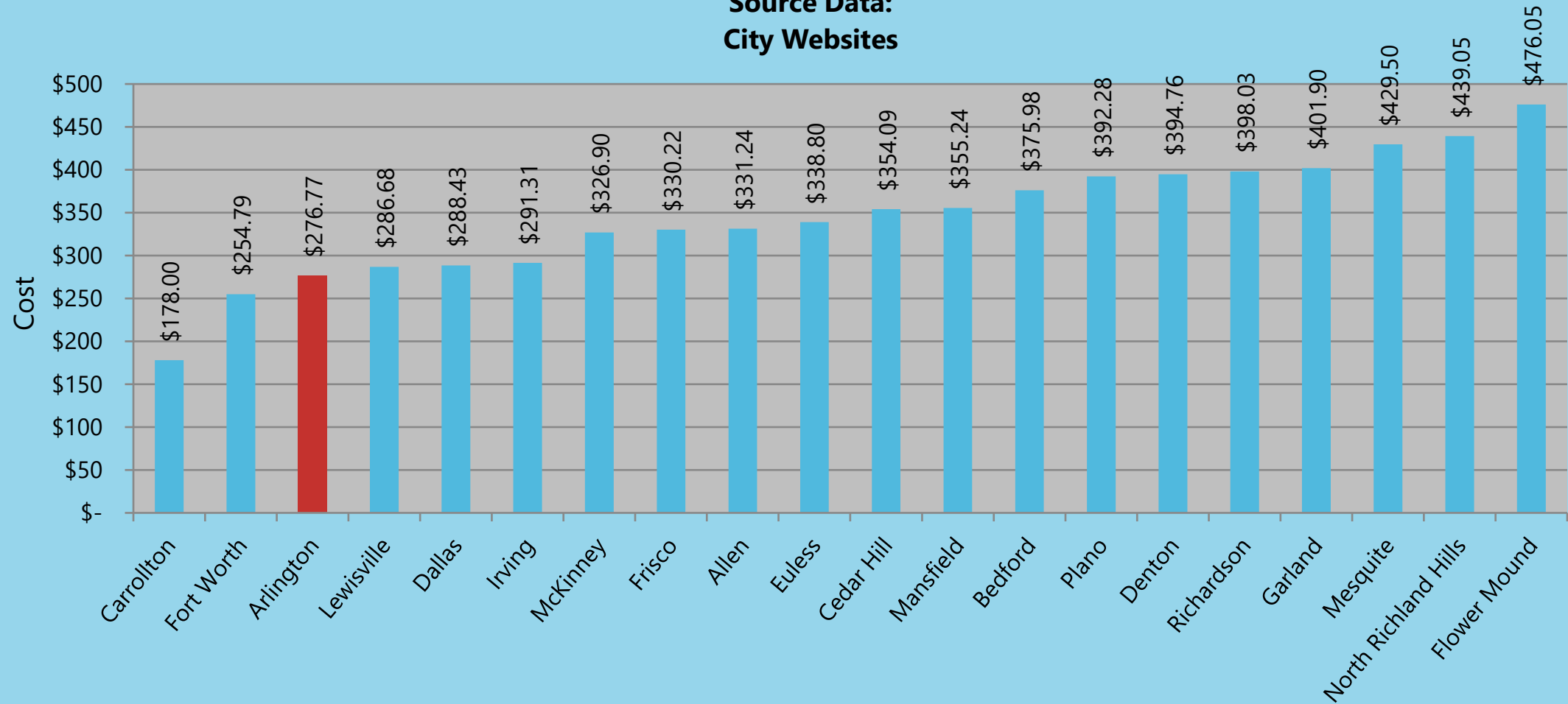
Residential Water Rates for 10,000 Gallons

Source Data:
City Websites

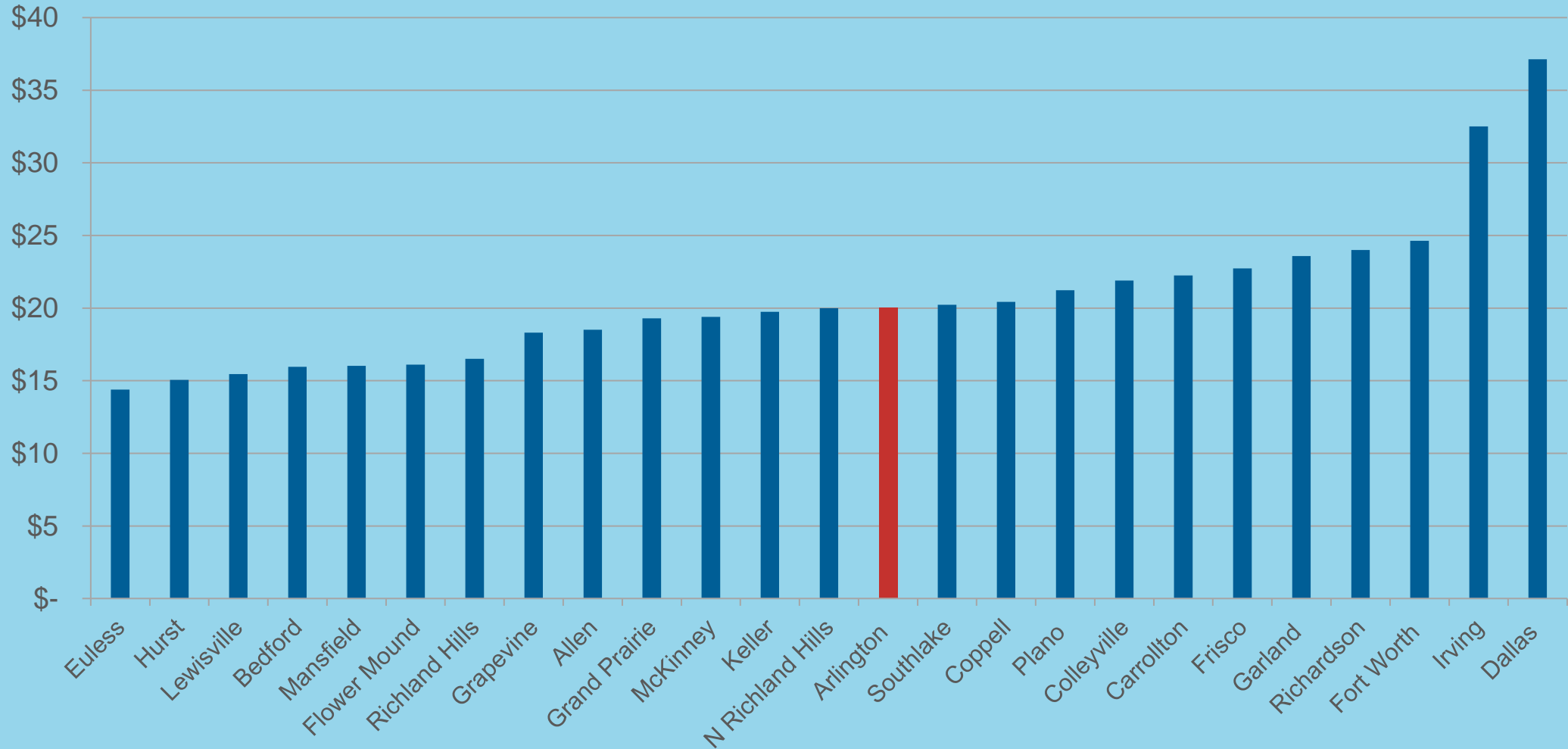


Commercial Water Rates for 50,000 Gallons

Source Data:
City Websites



Residential Monthly Trash Rate Comparison



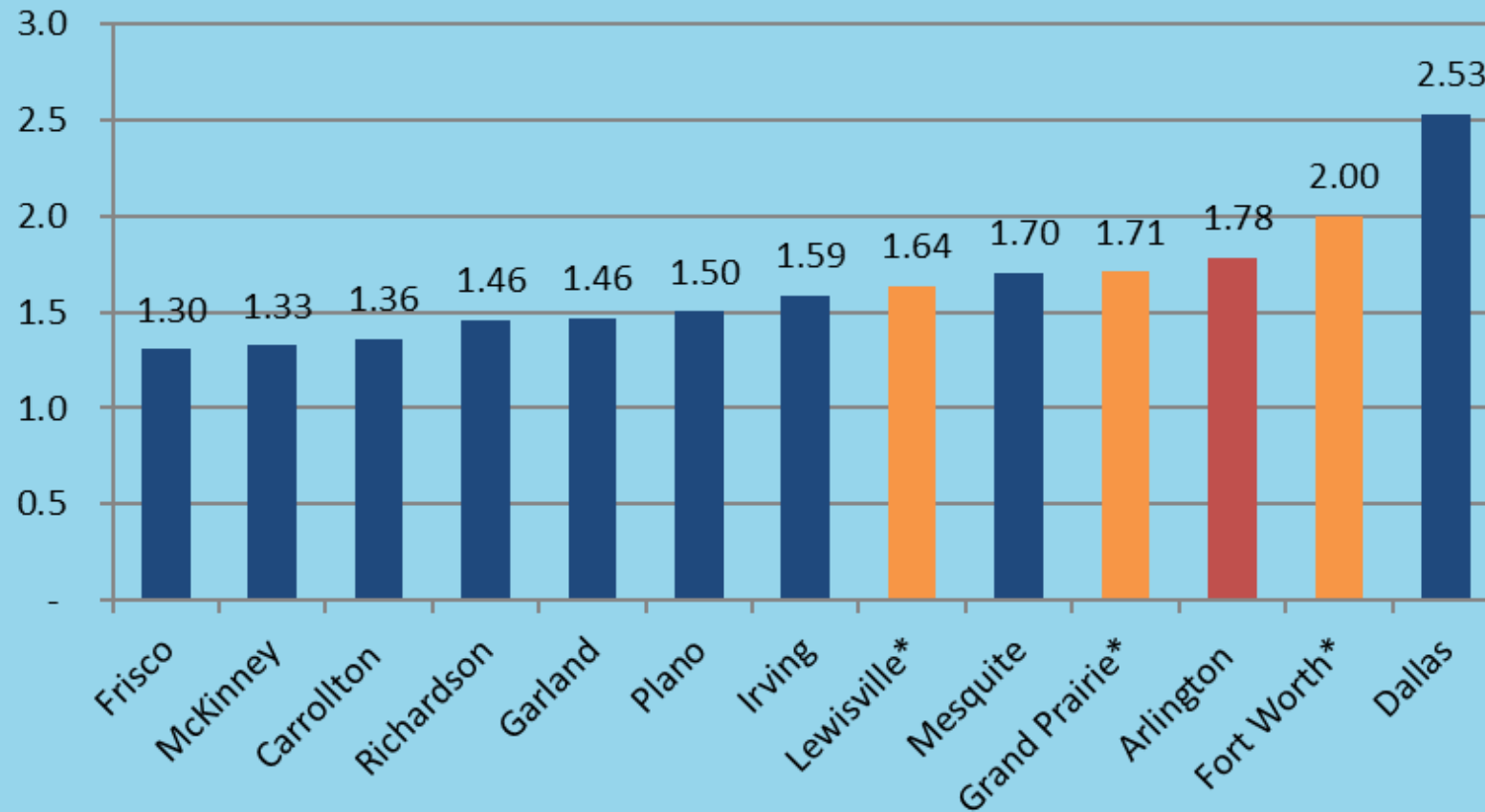
Garbage Rate 5-Year History



Other City Comparisons – Sworn Staff

Per 10,000 Population

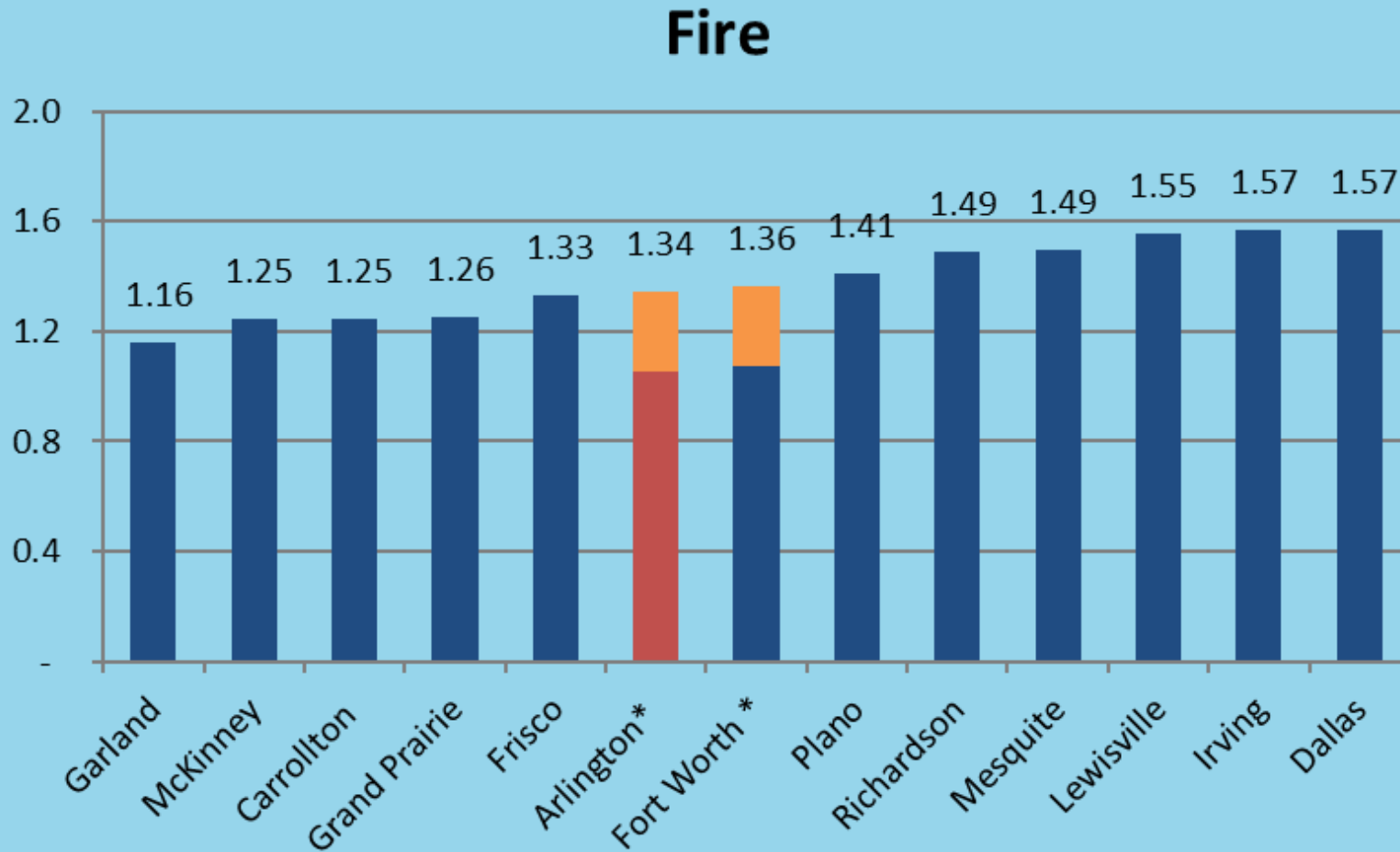
Police



*Adopted Crime Tax

Other City Comparisons – Sworn Staff

Per 10,000 Population

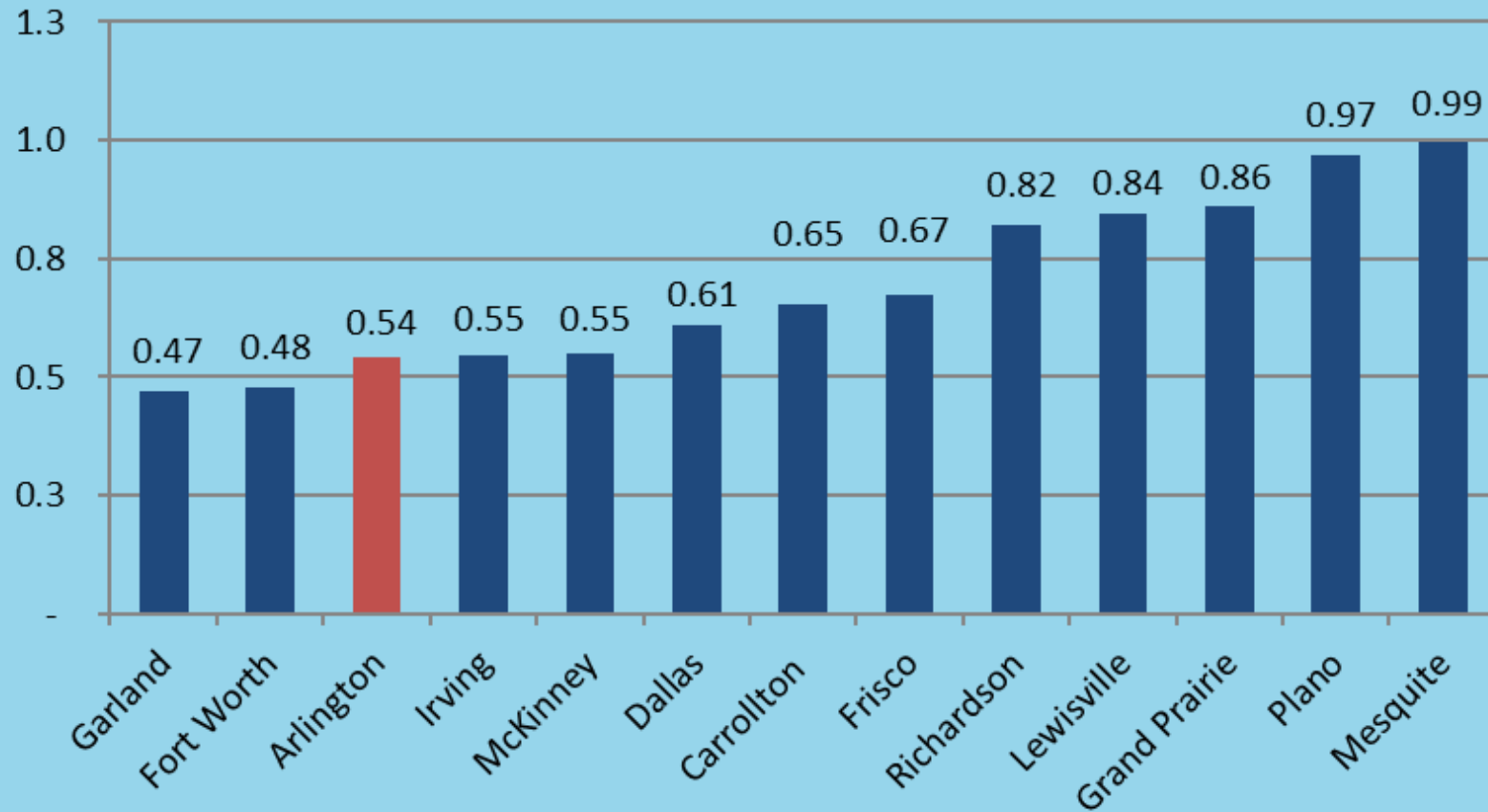


*Estimated Size with Ambulance Service

Other City Comparisons – Staffing

Per 10,000 Population

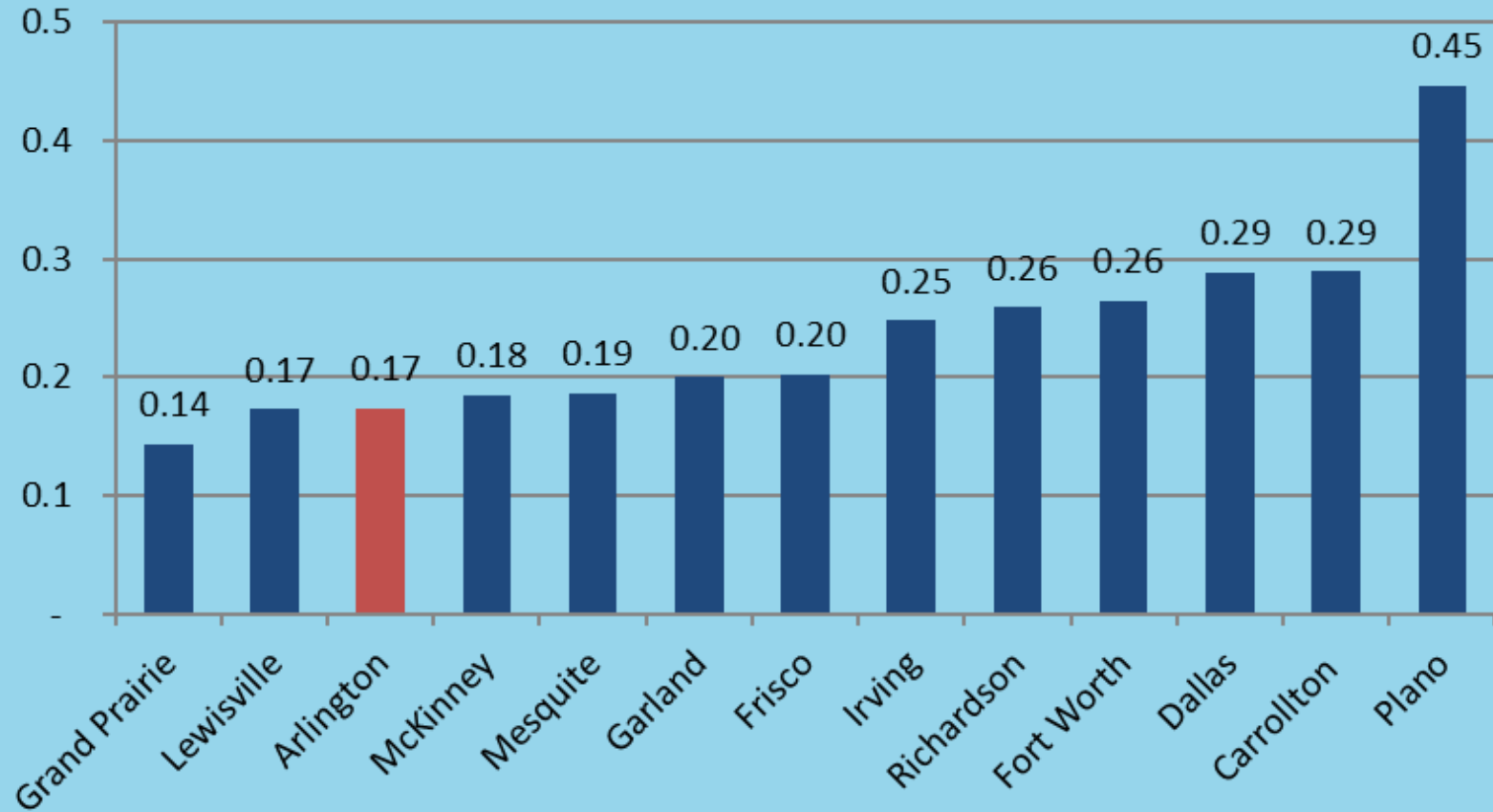
Parks



Other City Comparisons – Staffing

Per 10,000 Population

Library

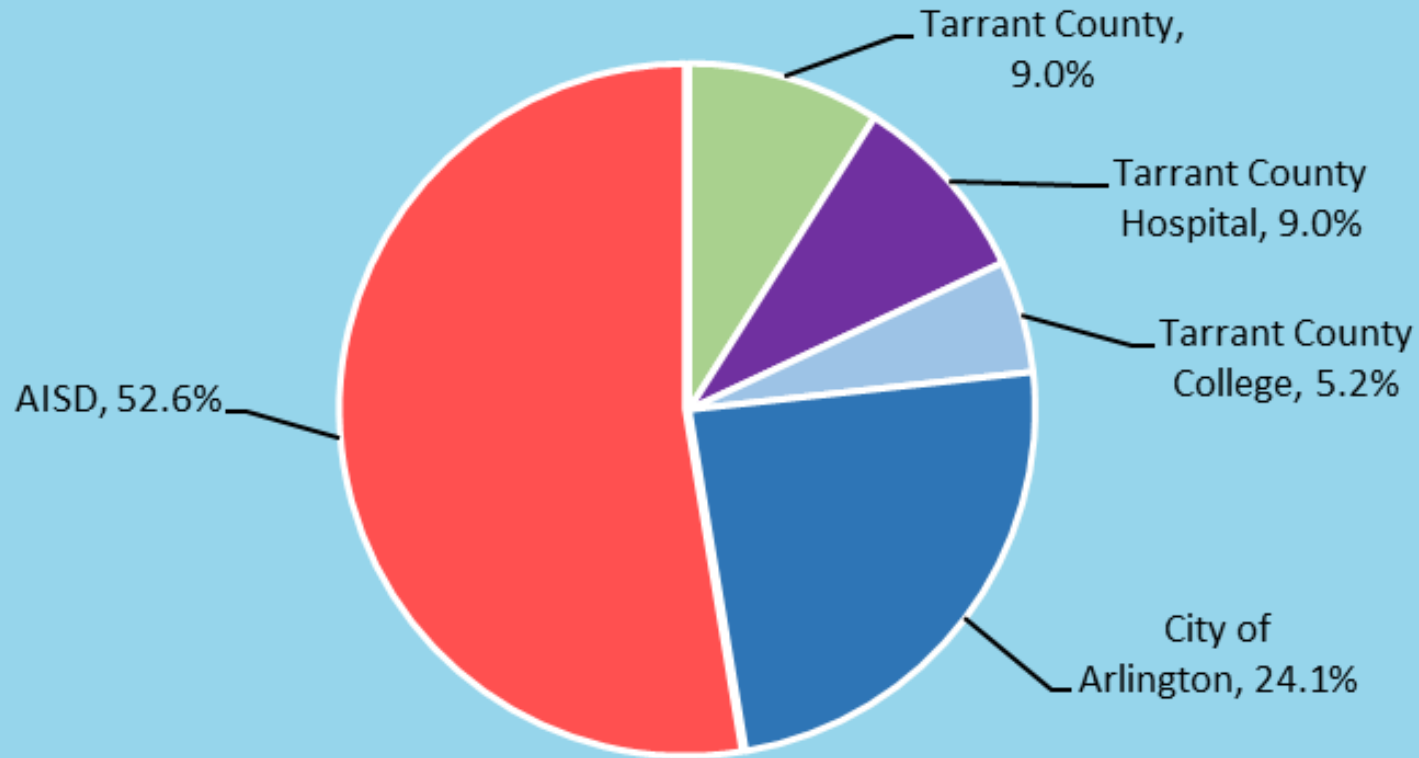




Favorable Tax Policy

Arlington Tax Bill Breakdown 2023

Arlington Tax Bill Breakdown for 2023



Property Tax Rate History

- Last property tax increase was in FY 2004 (\$0.6480)
- Seven consecutive years of tax rate decreases beginning in FY 2017

Fiscal Year	Tax Rate	Savings
FY17	\$0.6448	(\$682,222)
FY18	\$0.6398	(\$1,922,585)
FY19	\$0.6348	(\$3,399,432)
FY20	\$0.6240	(\$6,977,535)
FY21	\$0.6225	(\$7,605,648)
FY22	\$0.6198	(\$8,907,133)
FY23	\$0.5998	(\$17,197,252)
Total		(\$46,691,807)

Tax Bill Comparisons

**Tax Bill Comparisons
Using \$300,000 as Average Home Value**

	Tax Rate	Homestead	Over 65	Tax Bill
El Paso	0.8624	0%	\$ 40,000	\$ 2,242
Mesquite *	0.6581	0%	\$ 65,000	\$ 1,547
Garland	0.7167	10%	\$ 56,000	\$ 1,534
Mansfield *	0.6800	12%	\$ 50,000	\$ 1,455
Grand Prairie *	0.6600	12.5%	\$ 45,000	\$ 1,436
Fort Worth *	0.7125	20%	\$ 40,000	\$ 1,425
Corpus Christi *	0.6203	10%	\$ 50,000	\$ 1,365
Lubbock *	0.4768	0%	\$ 16,700	\$ 1,351
Richardson	0.5610	0%	\$ 105,000	\$ 1,094
Arlington *	0.5998	20%	\$ 60,000	\$ 1,080
Dallas	0.7458	20%	\$ 115,500	\$ 929
Carrollton	0.5625	20%	\$ 80,000	\$ 900
Plano *	0.4176	20%	\$ 40,000	\$ 835
Southlake *	0.3600	20%	\$ 75,000	\$ 594
Austin	0.4627	20%	\$ 113,000	\$ 588

Average : \$ 1,225

* City provides a senior tax freeze.



Budget Drivers

Overview

- Inflation
- Legislative Requirements
- Citizen Survey Results

Inflation Outlook

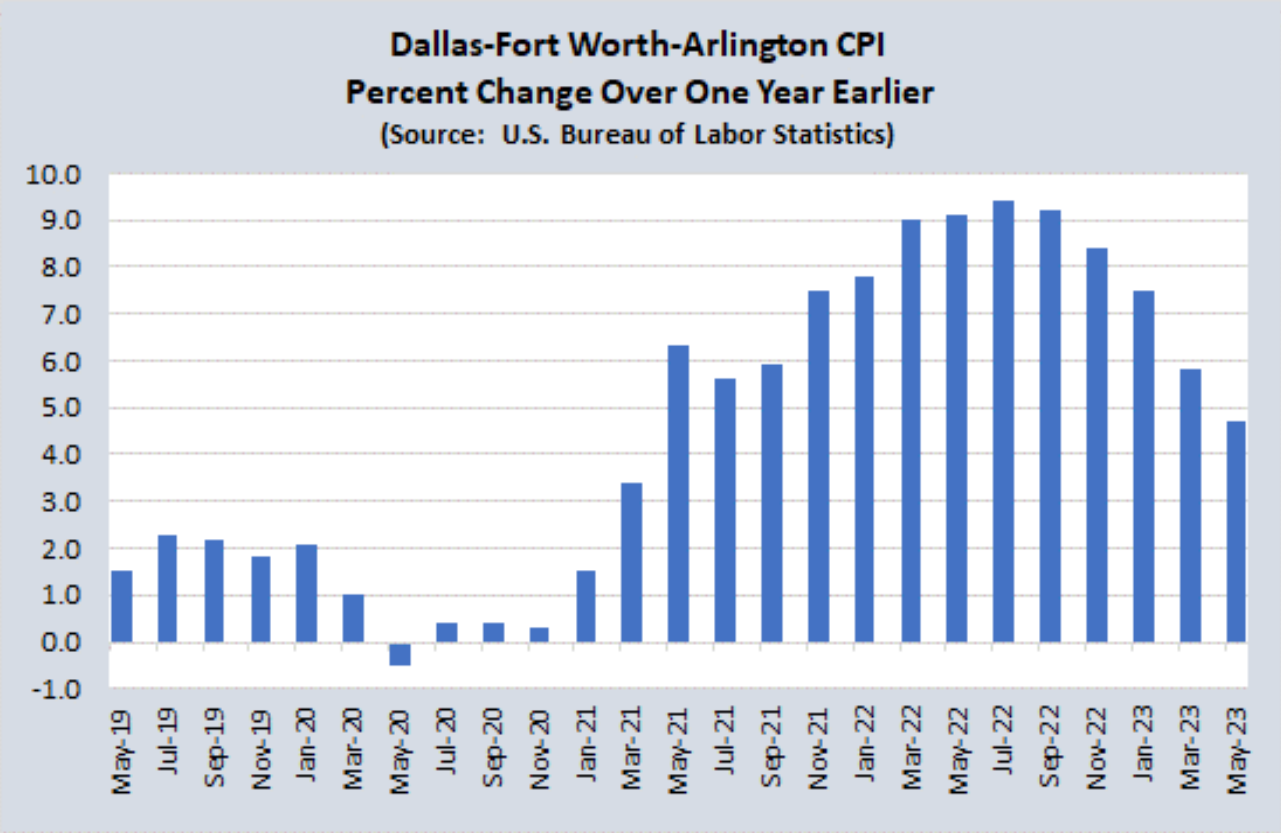
➤ **Kiplinger, May 2023**

“Though still running high, inflation showed some signs of easing in April. The headline figure ticked down to 4.9% at an annual rate, vs. 5% in March. More important, some price categories that have been driving overall inflation slowed or fell. Shelter prices, the biggest piece of the inflation index, logged a smaller gain for the month, as the housing market continues to cool. Sky-high grocery prices dipped for the second month in a row. New-car prices also fell, though used-car prices rose. Inflation is far from beaten, but the headline number will drop in coming months.”

➤ **Morningstar, May 2023**

“Over 2021 and 2022, strong consumer demand ran into a brick wall of supply constraints, causing prices to explode in many industries, especially food, energy, and durable goods. But demand is cooling off, thanks greatly to the Federal Reserve’s interest-rate hikes. Just as importantly, supply constraints are disappearing. With the main causes of high inflation now running in reverse gear, the economy is set to receive a large deflationary impulse. After peaking at 6.2% in 2022, we expect inflation to fall to 3.5% for 2023. Over 2024 to 2027, we expect inflation to average just 1.8%—below the Fed’s 2% target.”

Inflation Outlook



The inflation rate in the DFW area for the year ending in May 2023 was 4.7%, including food and energy costs.

If food and energy are excluded from the calculation, the rate was 7.0% for the most recent 12 months.

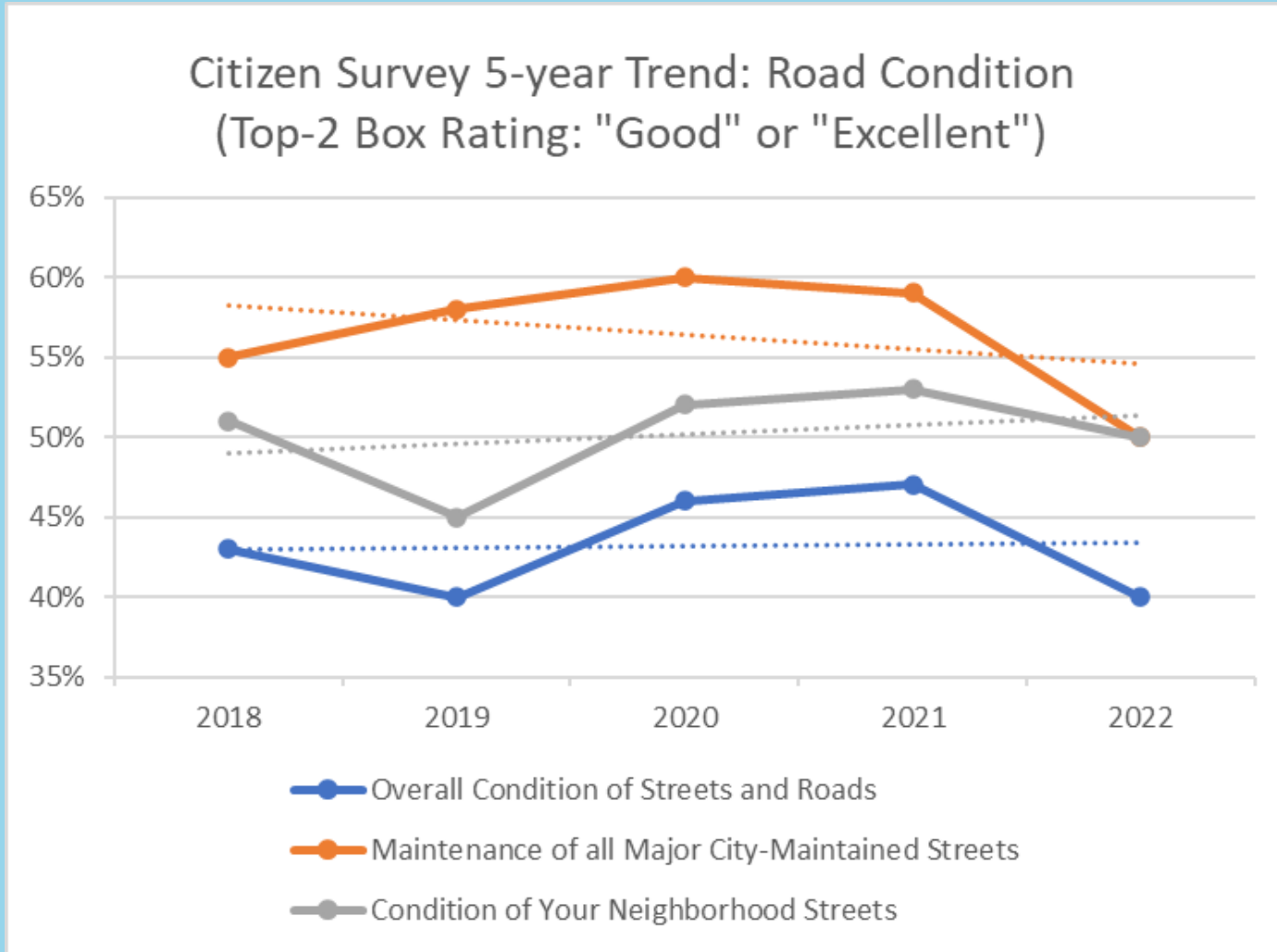
Legislative Impacts

- HB2127 preempting municipal and county regulation
- HB3492 prohibiting cities from using the cost of constructing or improving public infrastructure as a factor in determining certain value-based fees
- HB 471 Workers' Comp salary continuation for one year (from 120 days) for first responders.
- TCEQ Lead and Copper Rule Revisions require service line inventories to account for all service lines connected to the public water distribution system by October of 2024

Citizen Satisfaction Survey

- Road Condition
- Traffic Congestion
- Public Safety
- Cleanliness

Citizen Survey Trend Data



CURRENT OVERALL STREET CONDITIONS



**CITY-OWNED STREETS ONLY
(DOES NOT INCLUDE TXDOT OR PRIVATE STREETS)**

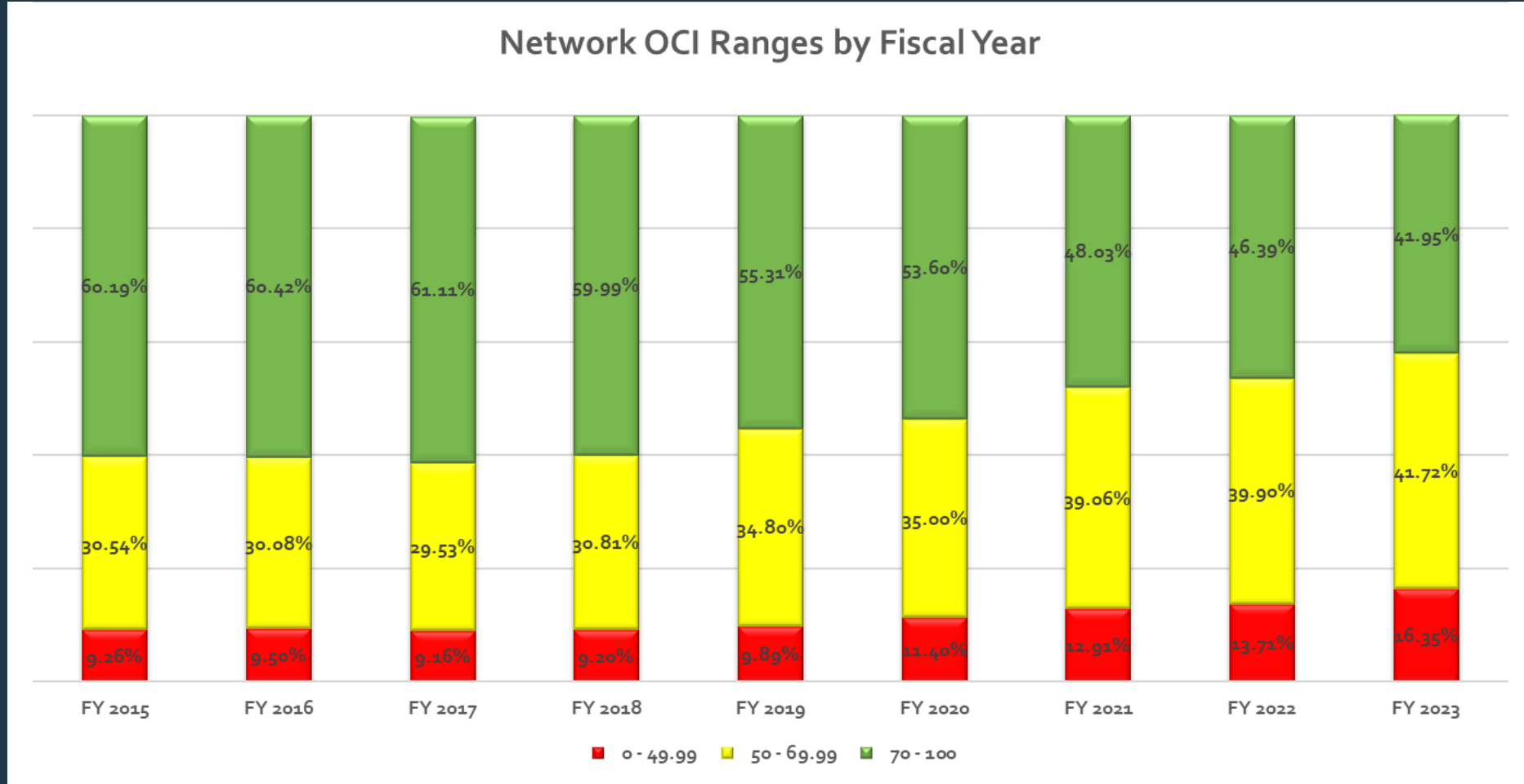
STREET TYPE	0-49.99	50-69.99	70-100	CONDITION SCORE
RESIDENTIAL	382	869	590	61
TDP	111	391	677	67

493 LANE MILES (16%) OF STREETS SCORE LESS THAN 50

**NEW CONSTRUCTION / REBUILDS FUNDED THROUGH GENERAL
OBLIGATION BONDS**

MAINTENANCE FUNDED THROUGH STREET SALES TAX / GENERAL FUND

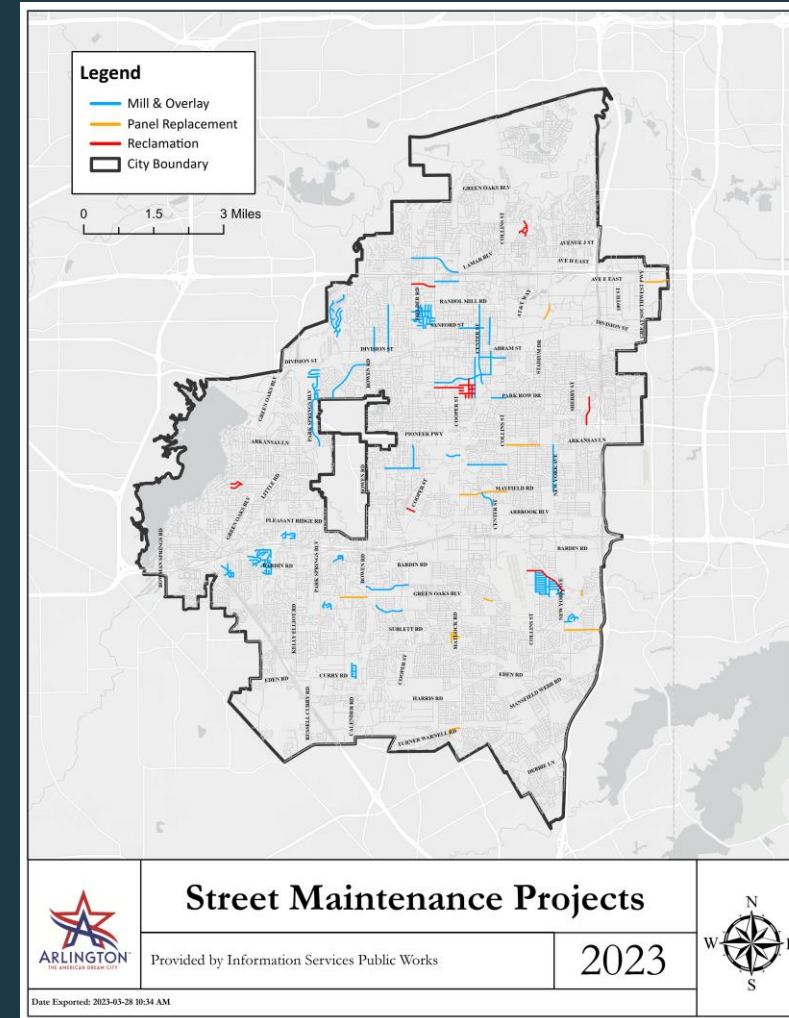
LANE MILES BY OCI CATEGORY 2015-2023



CURRENT MAINTENANCE STRATEGY



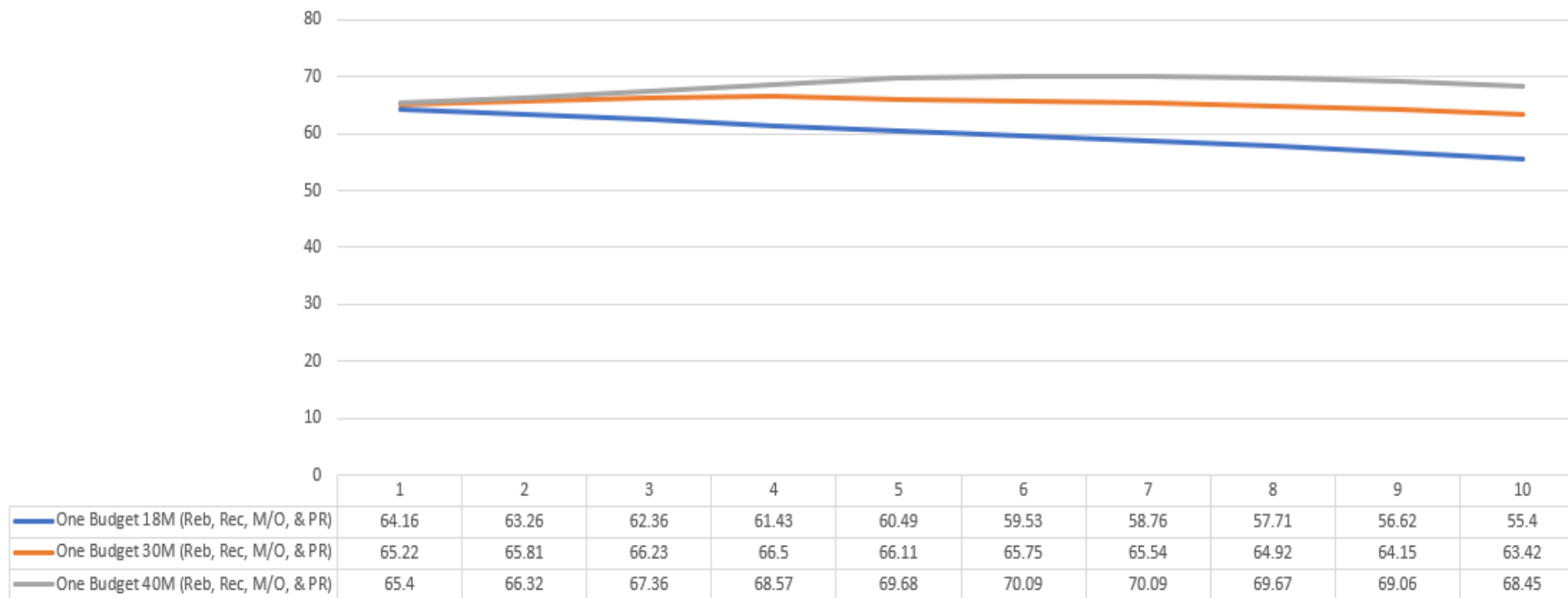
- The previous maintenance strategy was focused on red streets, “worst-first”.
- The current maintenance strategy focuses on red and yellow streets using the following techniques:
 - ✓ Reclamation – full pavement structure maintenance (red & yellow streets)
 - ✓ Panel replacement – concrete panel maintenance (red & yellow streets)
 - ✓ Mill & overlay – pavement surface maintenance (yellow streets)



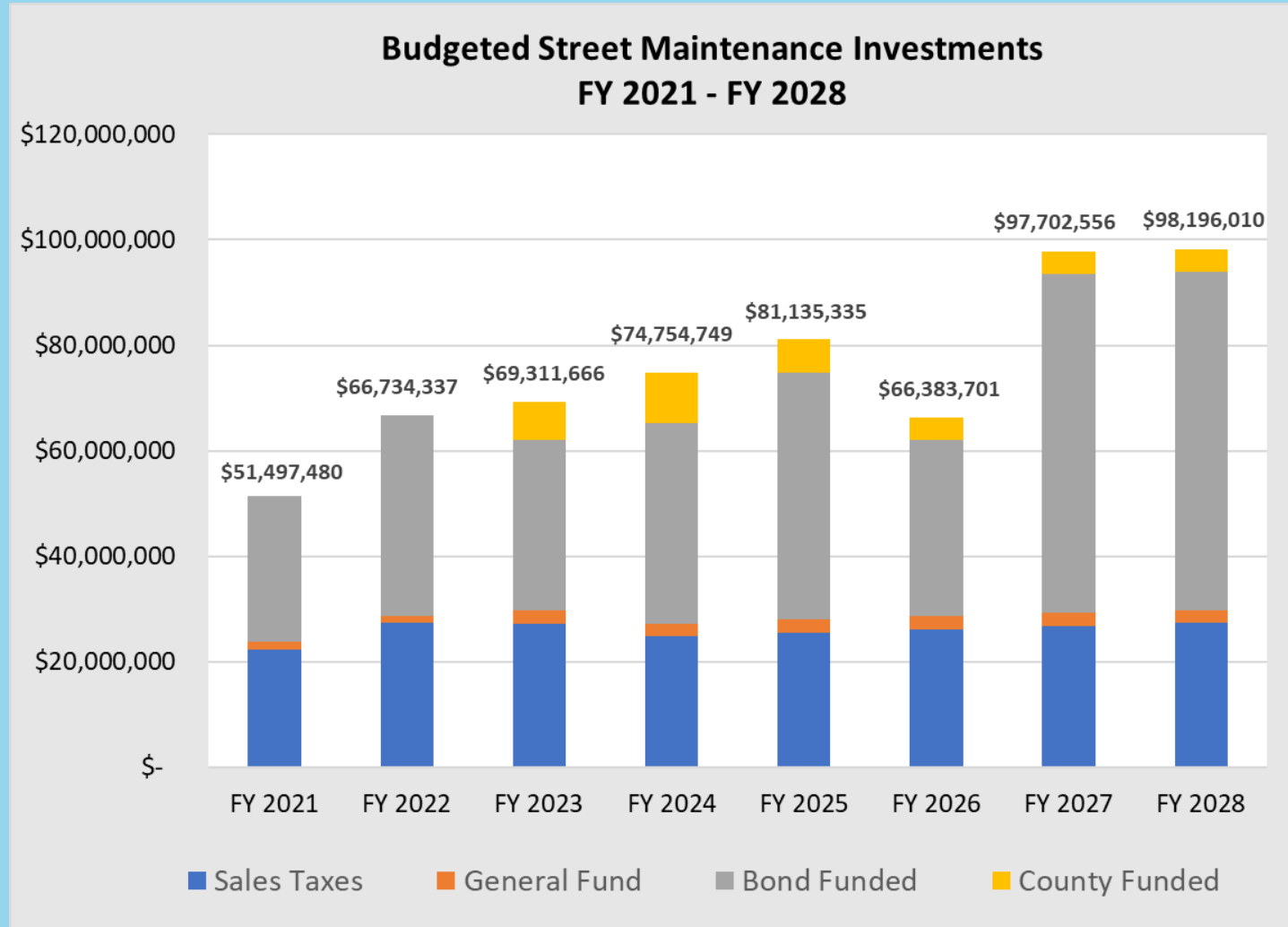
10 -YEAR FORECAST NEW STRATEGY



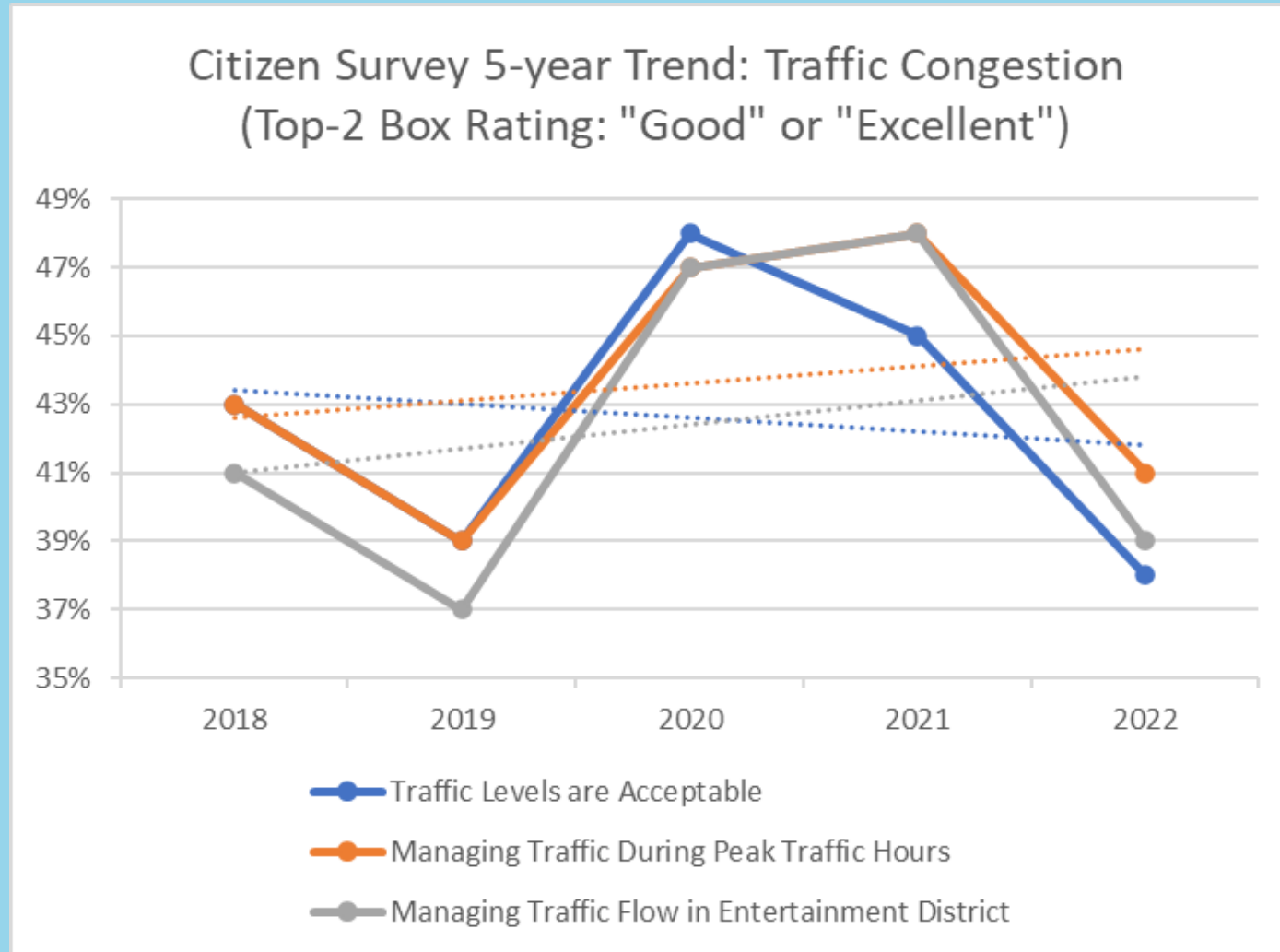
10 Year One Budget OCI Predictions
Add Mill & Overlay + Increasing Bond Funds



Street Maintenance Investment



Citizen Survey Trend Data



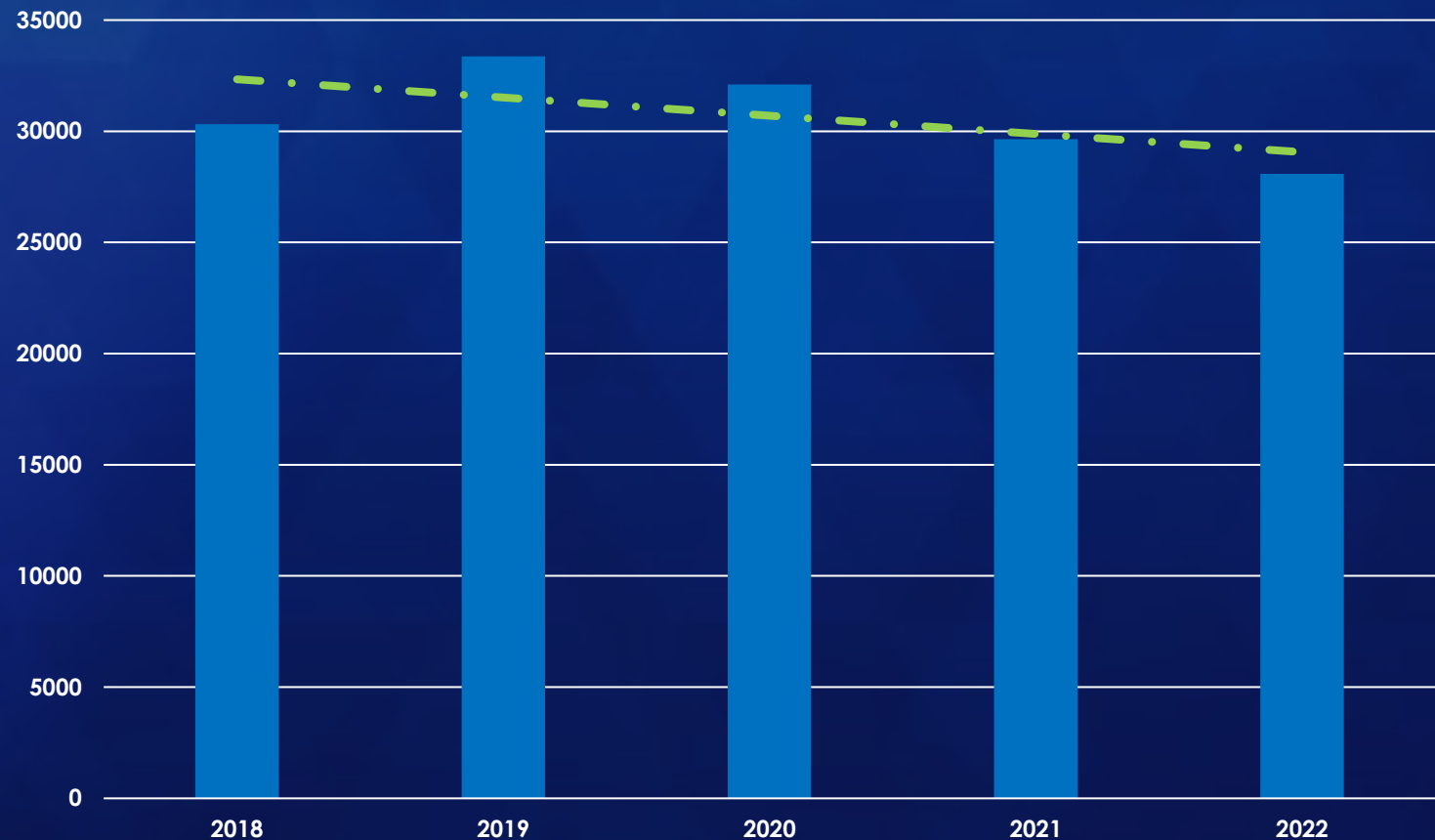
TRAFFIC CONGESTION



Roads Measured (Travel Times in Minutes)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Travel time on northbound Cooper from Turner-Warnell to I-30	21:44	21:54	20:54	20:15	22:15
Travel time on southbound Cooper from I-30 to Turner-Warnell	19:46	21:49	21:50	18:57	22:22
Travel time on northbound Collins from S. Green Oaks to N. Green Oaks	19:23	19:42	20:44	20:05	26:27
Travel time on southbound Collins from N. Green Oaks to S. Green Oaks	19:06	18:27	19:45	19:05	26:17
Travel time on eastbound Division from Bowen to SH-360	10:47	11:36	11:00	10:44	15:29
Travel time on westbound Division from SH-360 to Bowen	11:04	11:21	8:17	9:09	15:34
Travel time on eastbound Pioneer Parkway from SH-360 to Green Oaks	13:26	13:49	13:49	12:30	17:45
Travel time on westbound Pioneer Parkway from Green Oaks to SH-360	13:14	13:40	14:04	12:53	17:31

NIBRS (National Incident-Based Reporting System) OVERALL YEAR-TO-YEAR COMPARISON

NIBRS Overall Crime



OVERALL CRIME
DOWN
5%
VS 2021

NIBRS CRIMES AGAINST PERSONS

CRIMES AGAINST
PERSONS

DOWN

4% SINCE 2021

2021 Crimes
Against Persons

8,903

8,550

2022 Crimes
Against Persons

NIBRS CRIMES AGAINST PROPERTY

CRIMES AGAINST
PROPERTY

DOWN

10% SINCE 2021

2021 Crimes
Against Property

16,661

14,945

2022 Crimes
Against Property

NIBRS CRIMES AGAINST SOCIETY

Represents society's prohibition against engaging in crimes such as narcotics use, prostitution, disorderly conduct and public intoxication

**CRIMES AGAINST
SOCIETY**

UP

12% SINCE 2021

**2021 Crimes
Against Society**

4,082

4,585

**2022 Crimes
Against Society**

Cleanliness

- Enhanced Right-of-Way maintenance
- Code Compliance technology
- Effective handling of homelessness
- Panhandling
- Litter
- Street sweeping



FY 2024 Budget Development

Overview

- Unused Increment
- Public Safety Spending Comparison
- Other Council Priorities
- Compensation
- Budget Calendar

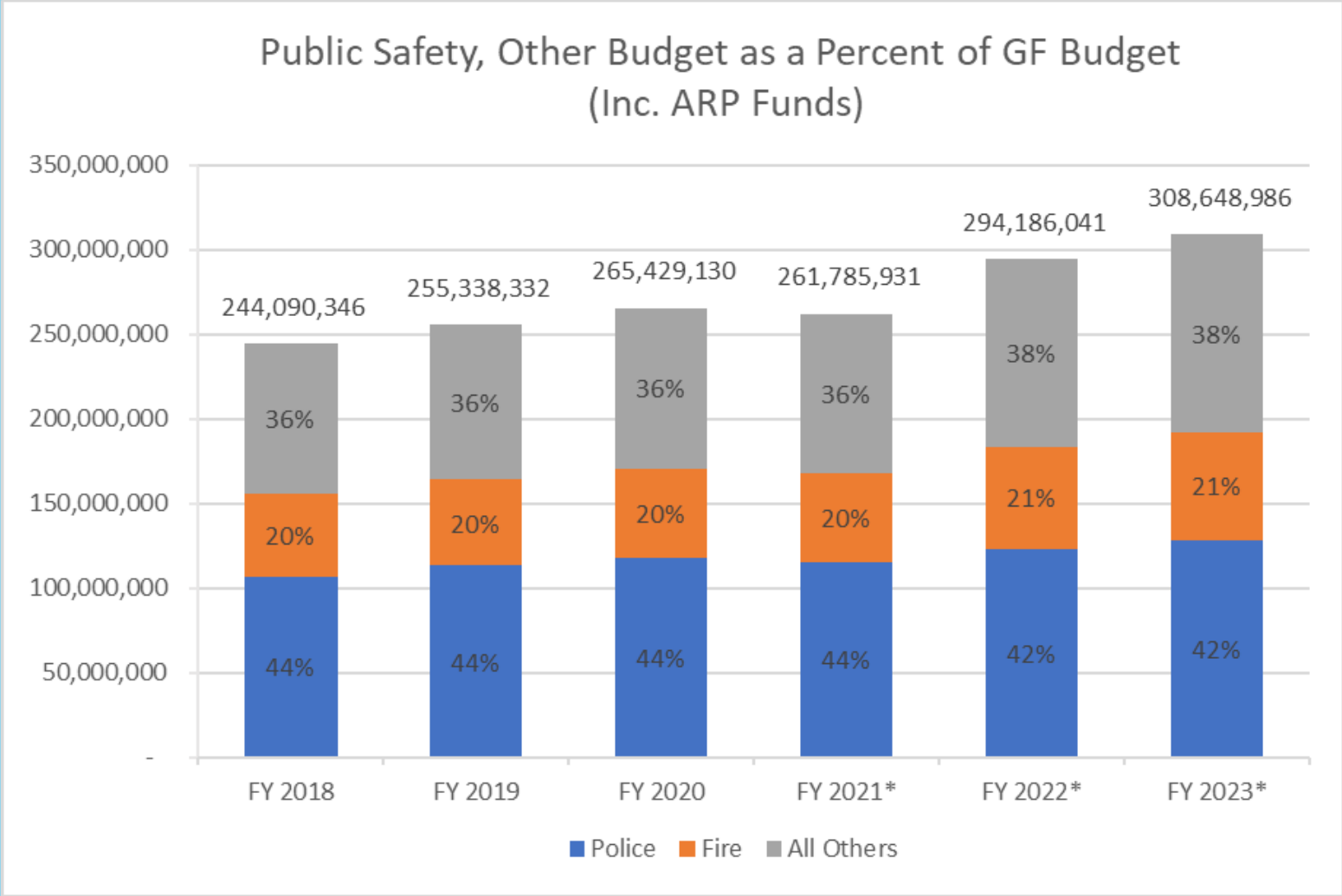
Unused Tax Increment

- In 2019 the Texas Legislature amended the State's Property Tax Code limiting local governments to increase the No New Revenue Tax Rate (NNRTR) from 8% to 3.5%, named the Voter Approval Tax Rate (VATR).
- In addition, the Statute allows for any Unused Increment (the delta between the Adopted Rate and the VATR) to be assessed in subsequent years on a three-year rolling basis.
- The City has consistently adopted a rate less than the VATR.

Unused Increment & VATR

- Unused Increment available: 0.0652
- Property value increases will drive down Voter Approval Tax Rate (VATR), lowering the tax rate
 - Projected AV growth rate may drop VATR by 2 to 3 cents
- Potential to use available increment to offset all or part of VATR drop
- Penny on the tax rate = \$4M
- All numbers are estimates until certified roll available from TAD on July 25th

Public Safety Spending Ratio



Public Safety Expenditure Requests

- Fire 4-personnel Staffing
 - 81 New Firefighter Positions: \$7.3M
 - Equipment: \$745,200
 - Impact on General Fund Reserves: \$1.5M
 - SAFER Grant Funding

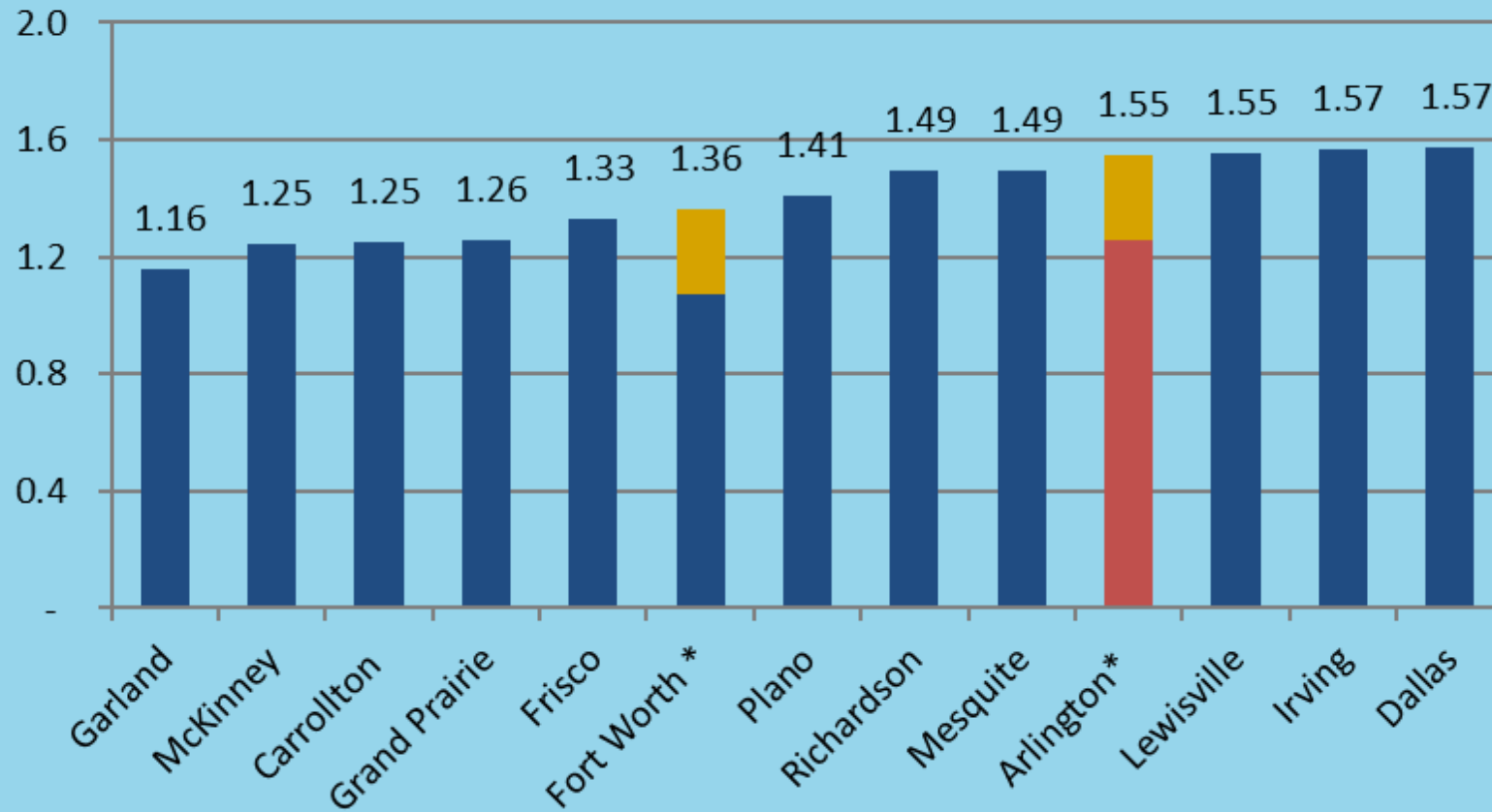
	Current Minimum	4-Person Staffing
• 17 Engines	52	68
• 5 Aerial Ladder Trucks	15	20
• 8 Squad Units	16	16
• 1 ARFF Unit	1	1
• 1 EMS Lieutenant	1	1
• 3 Battalion Commanders & Techs	6	6
• 1 Shift Commander	<u>1</u>	<u>1</u>
	Minimum Staffing	113
	Per Shift Assigned	143

143 - 116 = 27 * 3 shifts = 81 additional FF hires. All positions are FF positions.

Other City Comparisons – Sworn Staff

Per 10,000 Population

Fire w/4-Person Staffing



*Estimated Size with Ambulance Service

Public Safety Expenditure Requests

➤ Police Staffing

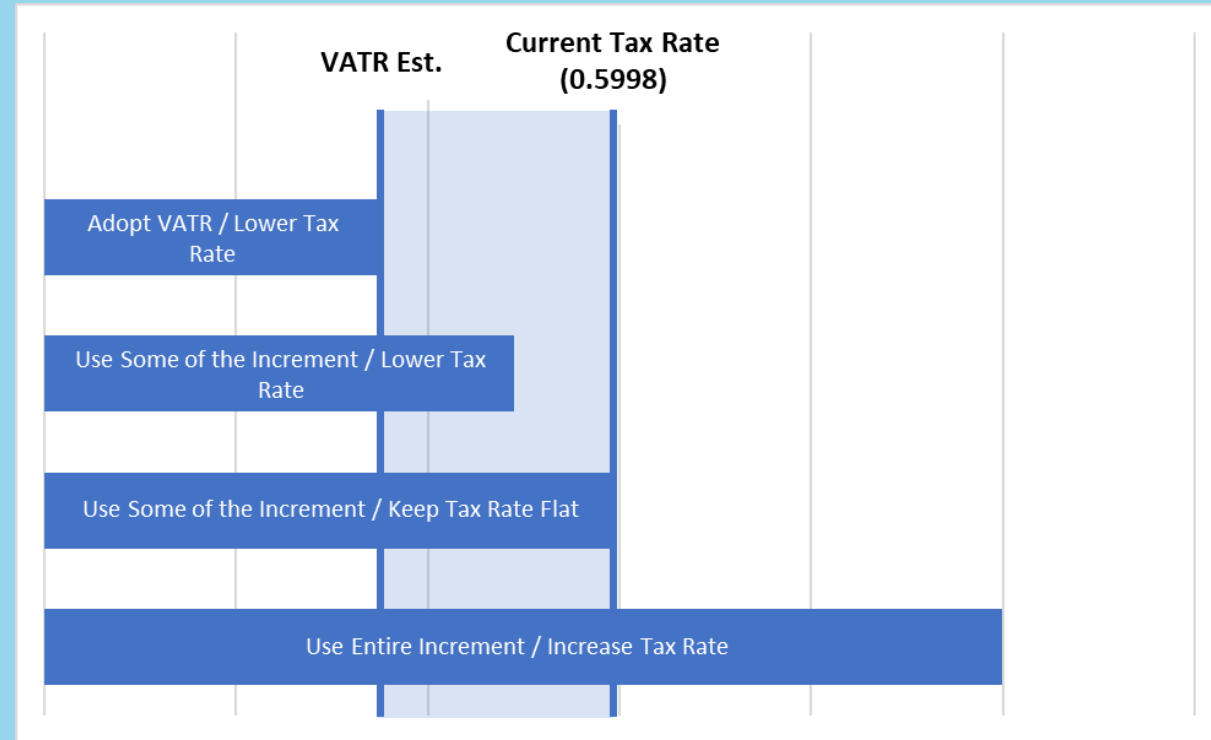
- Increase staffing by 100 to enhance Patrol operations over the next 5 years
- COPS Grant funding pending
- Will continue to develop a plan over the summer

Other Potential Projects for Unused Increment

- Community Cleanliness Objectives
- Building Maintenance
- Street Repair
- Inflation Costs
- Increase Bond Capacity
- Continued Tax Relief
- Other Ideas

Unused Increment Direction

- Adopt the VATR, don't use the unused increment, lower the tax rate
- Use some of the unused increment, lower tax rate
- Use some of the unused increment, keeping tax rate flat
- Use all unused increment, potentially increasing the tax rate



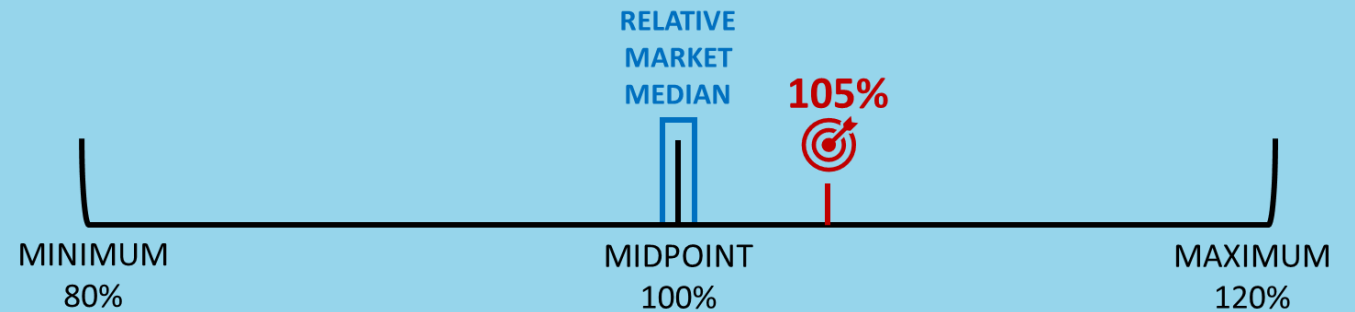
* Chart is for illustrative purposes only – all potential tax rates are estimates not actual

Compensation History

- FY 2019
 - Increases ranged from 2.5% to 5.7%
- FY 2020
 - 2% Across-the-board increase
 - Raise was suspended
- FY 2021
 - No Raise Budgeted
 - Mid-year Budget Amendment: 2% recurring & 2% one-time
- FY 2022
 - 3% Across-the-board
- FY 2023
 - 6% COLA increase
 - Mid-Year Adjustment: 2% Across-the-board + additional 7.5% for Admin/Clerical positions

Civilian Personnel Market Comparison

- Full Market Study Completed in 2022
 - Last year's market data adjusted 3.5% for FY 2023
- Compensation Goal: Median Pay at 105% of Market
- Make Pay Adjustments to Maintain Goal



Job Family	Current Market Comparison (Apr. 2023)
Administrative/Clerical	106.9%
Engineering	106.9%
Information Technology	113.2%
Management/Professional	106.5%
Technical/Skilled Craft	103.8%

Sworn Personnel Market Comparison

	Current Metro Average Comparison	Rank
Officer	+1.7%	7 th of 15
Sergeant	+1.0%	6 th of 14
Lieutenant	+2.3%	3 rd of 12

	Current Metro Average Comparison	Rank
Firefighter	+1.4%	5 th of 15
Apparatus Operator	+2.7%	7 th of 15
Lieutenant	+1.5%	4 th of 9
Captain	+2.2%	6 th of 15
Battalion Chief	+2.5%	6 th of 15

FY 2023 Market Cities:

- Allen
- Carrollton
- Dallas
- Denton
- Fort Worth
- Frisco
- Garland
- Grand Prairie
- Irving
- Lewisville
- McKinney
- Mesquite
- Plano
- Richardson

Budget Calendar

- July 25th: TAD Certified Property Tax Roll
- August 1st: Propose FY 2024 Budget to City Council
- August 8th: Council Budget Retreat
- September 5th: 1st Reading of the Budget and Tax Rate Ordinance
Public Hearing on the Budget
Public Hearing on the Tax Rate
- September 12th: 2nd Reading of the Budget and Tax Rate Ordinances