

FY 2010-11 Proposed Budget Revenue and Expenditure Review

Goal 8: Sound Governance

Presented by:

Bret Starr, Assistant CFO

fy 2010-11



Agenda

- Budget Overview
- General Fund
- General Fund Revenues
- General Fund Expenditures
- Debt Service
- Water & Sewer System Funds – presented by Todd Reck
- Municipal Drainage Utility – presented by Shirley Smith
- Solid Waste System Fund
- Hotel Occupancy Tax Funds
- Capital Improvement Program



Budget Overview

Economic Forecast

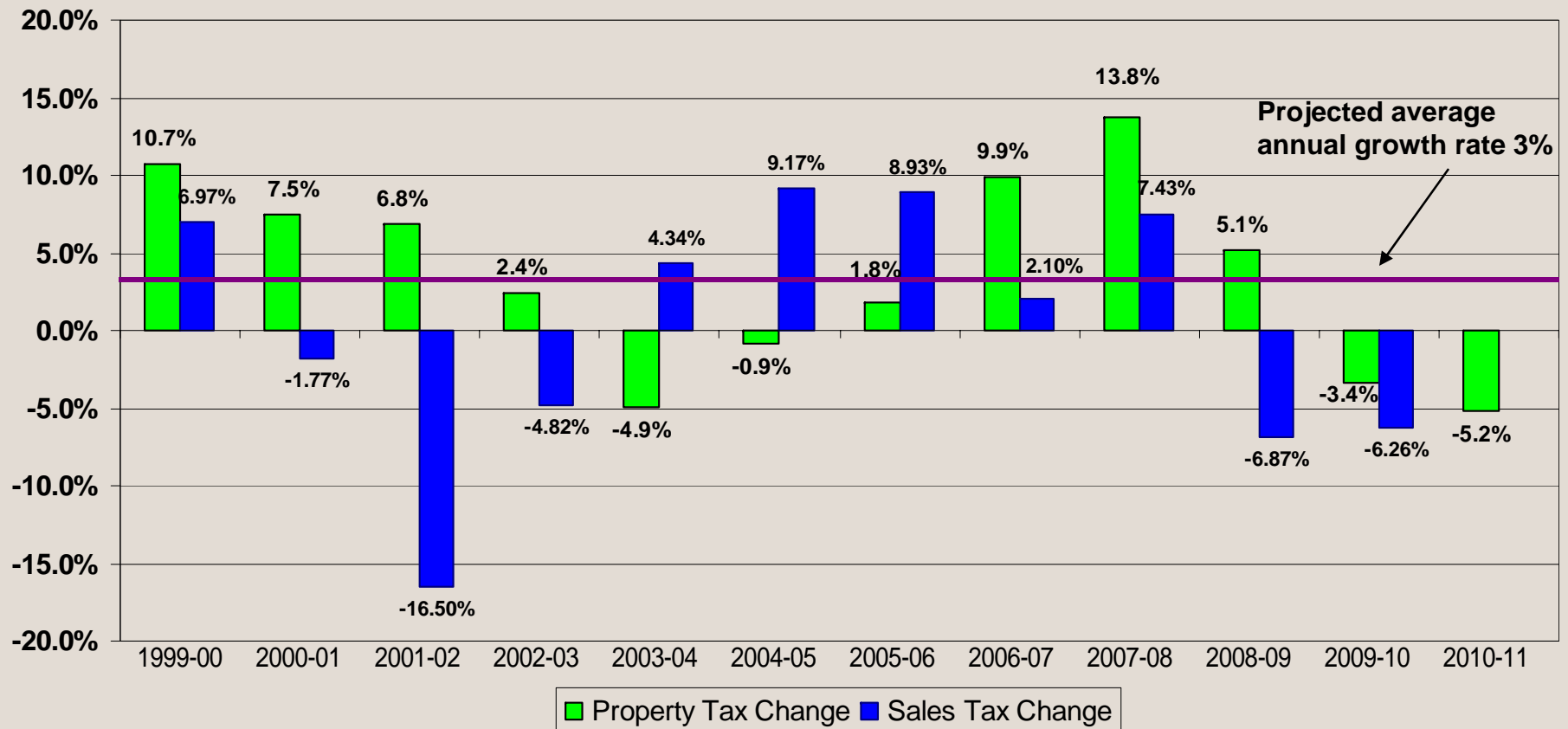
- Economists predict a “U” shaped recovery instead of a “V” shaped with sharp economic increases
- Fuel and energy costs expected to rise
- Federal deficit spending will increase inflation
- Federal regulatory and tax rate uncertainty creates a disincentive to invest and grow businesses
- Banks reluctant to extend credit

Economic Impact

- Impact of national recession on Irving revenues looks to be prolonged
 - Two to three years of additional reduced revenue
 - Lack of significant new development and growth
- Comparison to 2001 Recession
 - Both property and sales taxes have declined
 - Previous recovery was sharp and quick
 - Current recovery is shallow and prolonged

Recession Comparison

Property Tax and Sales Tax Percentage Change



Irving Budget Priorities

- Continue funding for current levels of service
- Focus on community priorities through the strategic plan
- Continue using Lean Six Sigma and other productivity tools to reduce time and expense
- Focus on streamlining workforce through attrition and reorganization
- Group like services and skills together to reduce redundancies
- Incentivize employees to take on additional training and duties

Process Review

- Review and redefine duties and positions
- Increase span of control
- Realign services and functions
- Incentivize employees for additional duties
- Reduce supervisory and management positions

Community Expectations

- Sustain exceptional service levels
 - Police and Fire protection
 - Street and sidewalk repair and improvements
- Create new programs
 - West Irving Library
 - West Irving Aquatic Center
- Maintain hours and services of existing programs
- Resident satisfaction increases tracked by survey results
- Maintain fiscal responsibility

Council Focus Areas

- Public Safety
- Non-Compliant Apartments
- Code Enforcement
- Corridor Improvements
- Capital Improvement Program
- Communications and Customer Service
- Neighborhood Improvements
- Economic Development

Budget Presentation

- Departments and Funds are presented by the 10 Goals of the Strategic Plan
- Presentation covers major operating funds
 - General Fund
 - Water and Sewer enterprise fund
 - Municipal Drainage Utility enterprise fund
 - Solid Waste Services enterprise fund
 - Housing and Human Services grant funds
 - Hotel Occupancy Tax (HOT) operating funds
 - Irving Convention & Visitors Bureau (ICVB)
 - Irving Arts Center (IAC)
 - Other HOT funds
- Department goal totals are for all funds, not just General Fund

Budget Presentation by Goal

Program Area	FY 09-10 Adopted	FY 10-11 Proposed	Total Variance
Goal 1	\$2,555,893	\$2,448,157	(\$107,736)
Goal 2	\$11,653,618	\$6,376,814	(\$5,276,804)
Goal 3	\$16,662,823	\$15,508,060	(\$1,154,763)
Goal 4	\$94,100,898	\$88,511,828	(\$5,589,070)
Goal 6	\$3,378,269	\$2,727,380	(\$650,889)
Goal 7	\$29,062,416	\$26,818,669	(\$2,243,747)
Goal 8	\$9,200,131	\$8,983,226	(\$216,905)
Non-Departmental	\$21,523,023	\$21,965,363	\$442,340
Goal 9	\$110,370,974	\$108,660,053	(\$1,710,921)
Goal 10	\$25,615,967	\$25,633,470	\$17,503
Total	\$324,124,012	\$307,633,020	(\$16,490,992)

General Fund

Balancing the Budget

- 2001-2004 Recession
 - Tax rate increase of 5.99 cents
 - Use of \$4.7 million in reserves to balance
- 2008 to Present
 - No tax rate adjustment for 2008, 2009 or 2010
 - Proposed rate keeps a portion of the Effective Rate
 - No use of reserves

Two Year Decline

FY 2009-10 and FY 2010-11

FY 2008-09 Budget = \$183.3 million

Transfer of Solid Waste Services reduced revenues and expenditures by \$7.9 million

Revenue Decreases

Property Tax	(\$10.3)	
Sales Tax	(\$5.0)	
Electric Utility Franchise	(\$2.4)	
Permit and Inspection Fees	(\$1.5)	
Interest Income	(\$1.0)	(\$20.2)

Expenditure Increases

Salaries and Benefits	(\$13.2)	
Market Adjustments	(\$2.5)	
Health Insurance	(\$1.9)	
Incentive Programs	(\$3.6)	
Supplies, Maint & Contracts	(\$2.7)	(\$23.9)

Total Loss: **(\$44.1)**

Expenditure Adjustments

Energy contract savings	\$7.2	
Position reductions	\$7.2	
Other process savings	\$1.2	
Salary and Benefit adj.	\$3.8	
Departmental reductions	\$0.8	\$20.2

Additional Expenditure Adjustments

Deferral of capital and maint.	\$3.4	
Departmental reductions	\$3.8	\$7.2
Total Expenditure Adjustments		\$27.4

Revenue Adjustments

Other Revenues (2009-2011)	\$4.9	
Transfers from Other Funds	\$6.8	
Property Tax Rate	\$5.0	\$16.7

Total Savings: **\$44.1**

FY 2010-11 Budget = \$168.5 million

Budget Gap \$0.0

Revenue Decline

	Peak Revenue	FY 2010-11 Revenue	Change \$	%
Property Tax	\$73,892,673	\$63,552,663	(\$10,340,010)	-14.0%
Sales Tax	\$ 50,612,347	\$44,570,000	(\$6,042,347)	-11.9%
Total	\$124,505,020	\$108,122,663	(\$16,382,357)	-13.2%
\$0.5704 Rate			\$4,988,404	30%
Lost Revenue			(\$11,393,953)	70%

FY 2010-11 Budget Challenges

- 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
- Drop in economic activity also affected other revenues
 - Interest Income
 - Permits and inspections
 - Reduction in permit revenue FY 2009-10 indicates low growth in new construction for FY 2010-11

FY 10-11 General Fund Revenues

- Revenue Decreases

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

Total: -\$13.7 million

FY 10-11 General Fund Expenditures

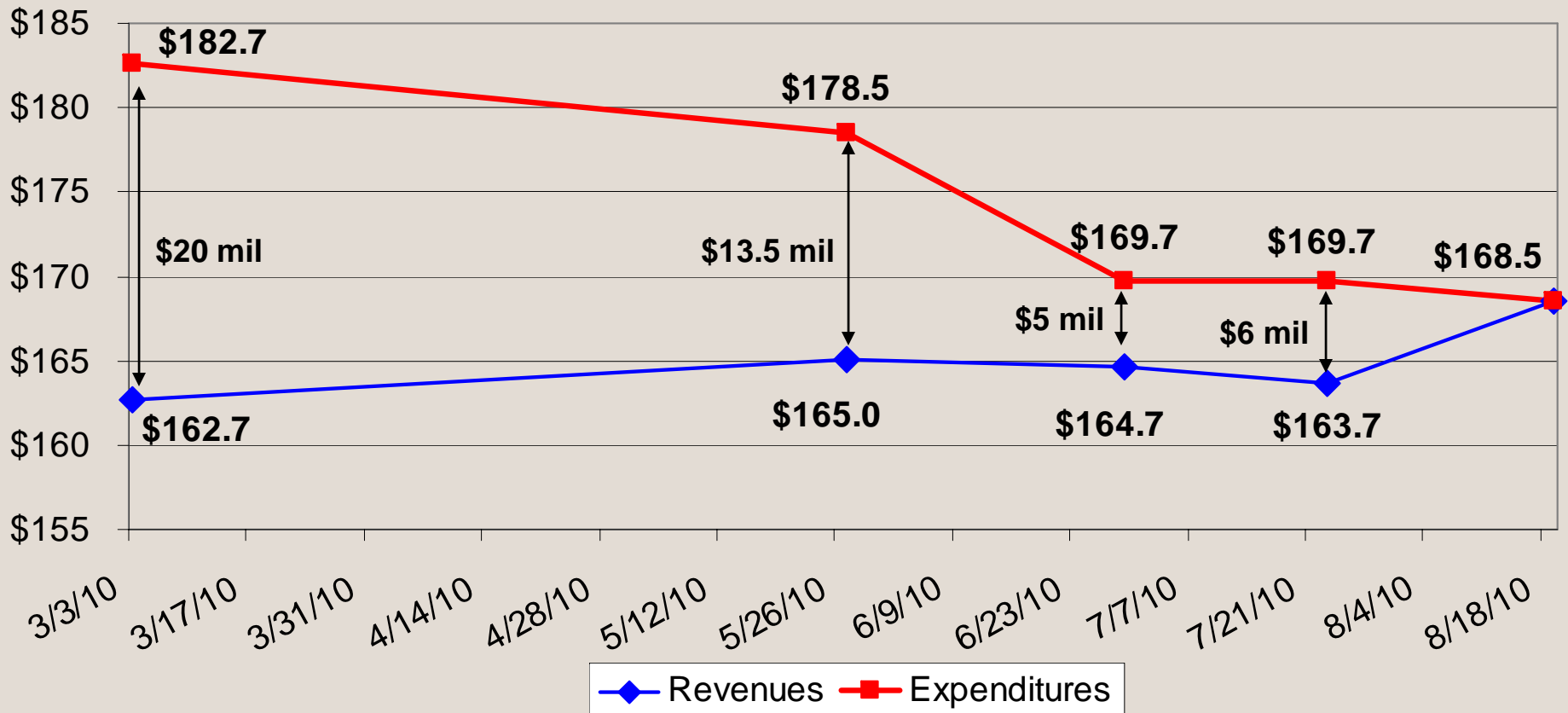
- Structural Increases

– Salary & 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	<u>+\$600,000</u>

Total:+\$6.3 million

FY 2010-11 Budget Balancing

Millions



Personnel Related 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 Strategies

- Hold all general fund vacancies
- Defer steps for one year
- 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 1 year solution

Budget Balancing Strategies

- Additional Revenue
 - Municipal Court fines + \$930,000
- Set tax rate below the Effective Tax Rate
 - Main component of revenue shortfall is drop in commercial values
 - Maintaining current rate shifts tax burden from businesses to residents because of the difference in valuation change
 - Rate of \$0.5704 cents based on tax levy of 16.91 billion
 - Estimated revenue + \$5 million

2010-11 Tax Rate

- Effective Tax rate \$0.5918, +5.12 cents above current tax rate
 - Effective rate generates the same amount of general fund revenue on existing properties as the prior year
 - New construction of \$278.5 million is not included in Effective Rate calculation
- Current rate of \$0.5406 reduces General Fund revenues by \$6.4 million
- Proposed rate of \$0.5704 is 2.14 cents below the effective rate
 - (\$1.4 million) decrease in General Fund revenues
 - Irving remains the second lowest tax rate among benchmark cities
- Rollback Tax rate \$0.6068, +6.62 cents above current tax rate
 - Rollback rate is calculated at +8% of the effective rate

Irving Budget Outlook

- Current Year
 - Budget remains balanced
 - Expenditure savings
 - Revenue reductions
- FY 2010-11
 - Structurally balanced budget
 - Minimal impact to service levels
 - Non-critical maintenance and capital deferred
- FY 2011-12
 - Budget already under development
 - Five Year Financial Forecast
 - Departmental needs assessments

FY 2011-12 Outlook

Projected Gap

(\$7.7 million)

- Revenue Reductions

- Property Tax (-2% Commercial) (\$2,200,000)
- Texas Stadium revenue (\$2,000,000)
- Electric Franchise +\$2,400,000

Total Rev (\$1,800,000)

- Expenditure Increases

- Resume step increases \$750,000
- Health Insurance increases \$1,600,000
- Reinstate capital transfers \$800,000
- Reinstate replacement transfers \$2,700,000

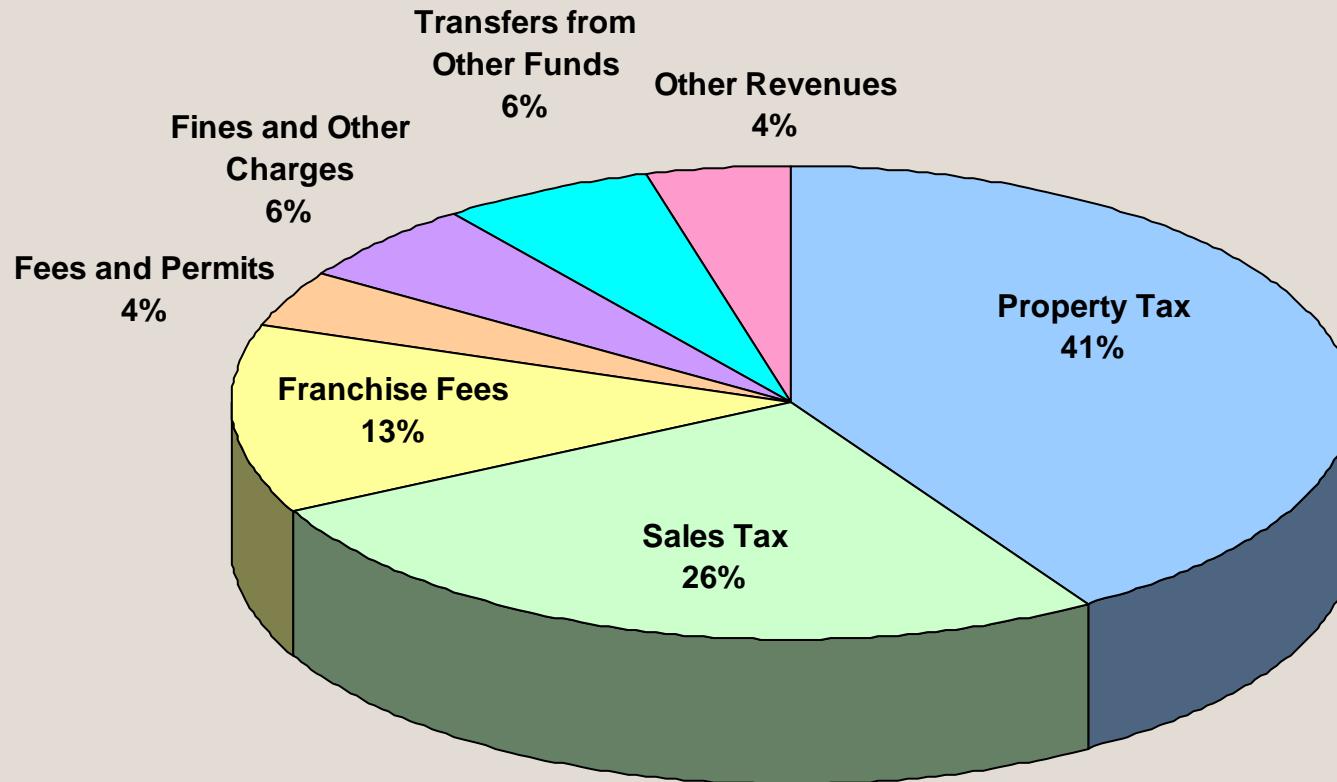
Total Exp \$5,900,000

Total Gap: \$7,700,000

General Fund Revenues

General Fund Revenues

FY 2010-11 Total Revenue \$168,550,318



Sales Tax Revenues



Property Tax Comparison

Certified Ad Valorem Roll

\$16,883,755,665

(Preliminary Roll – \$18.08 billion)

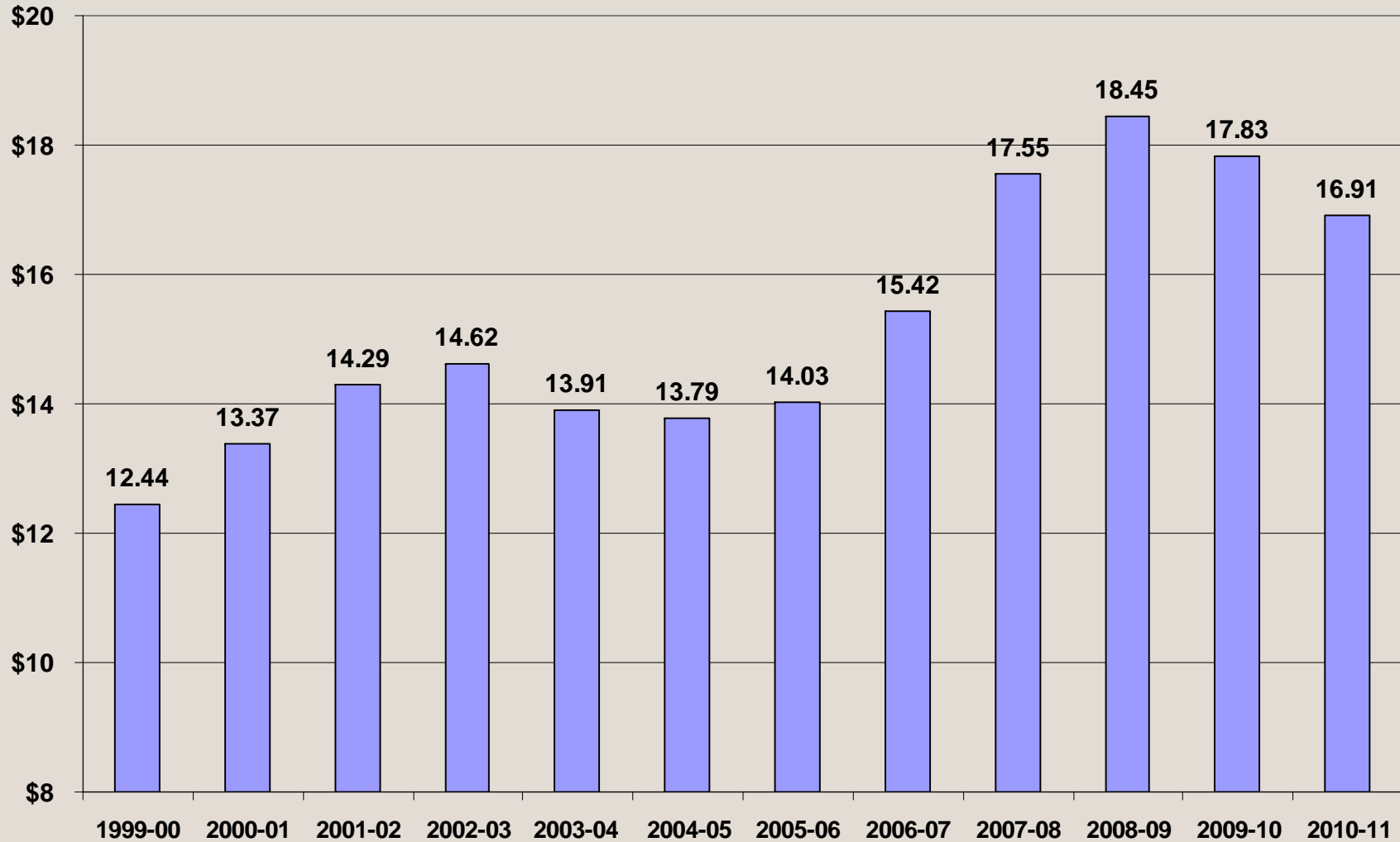
2010 Roll Composition

• Residential	\$4,967,896,123	-0.77%
• Commercial	\$7,615,442,310	-9.74%
• BPP	<u>\$4,325,358,790</u>	<u>-1.33%</u>
Total:	\$16,883,755,665	-5.15%

New Construction \$278,498,549

Taxable Value History

In Billions



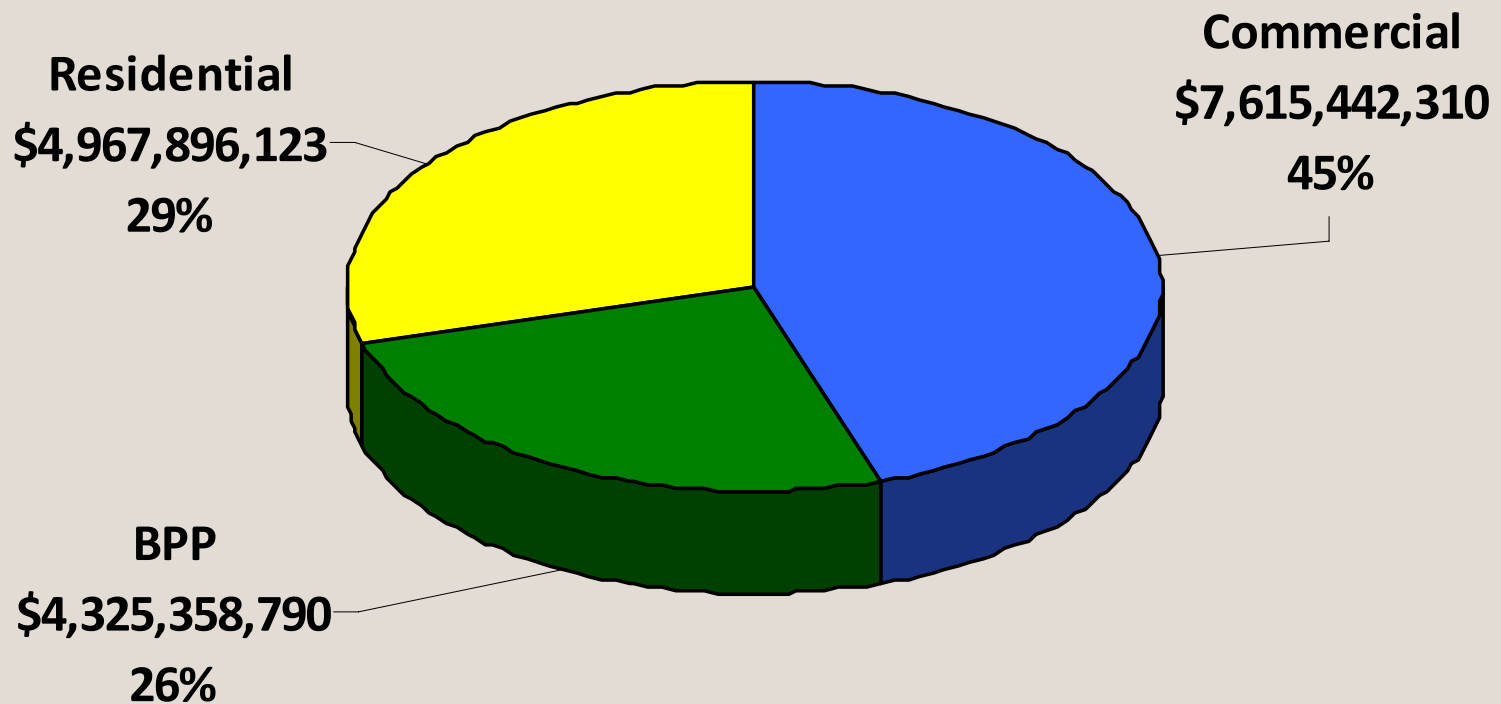
2010 Certified Roll

Ad Valorem Percentage Change

	Tax Year 2009 Certified Value	Tax Year 2010 Certified Value	% Change	Value Change
Commercial	\$8,437,407,691	\$7,615,442,310	-9.74%	(\$821,965,381)
BPP	\$4,383,697,175	\$4,325,358,790	-1.33%	(\$58,338,385)
Residential	\$5,006,494,374	\$4,967,896,123	-0.77%	(\$38,598,251)
Total	\$17,827,599,240	\$16,908,697,223	-5.15%	(\$918,902,017)

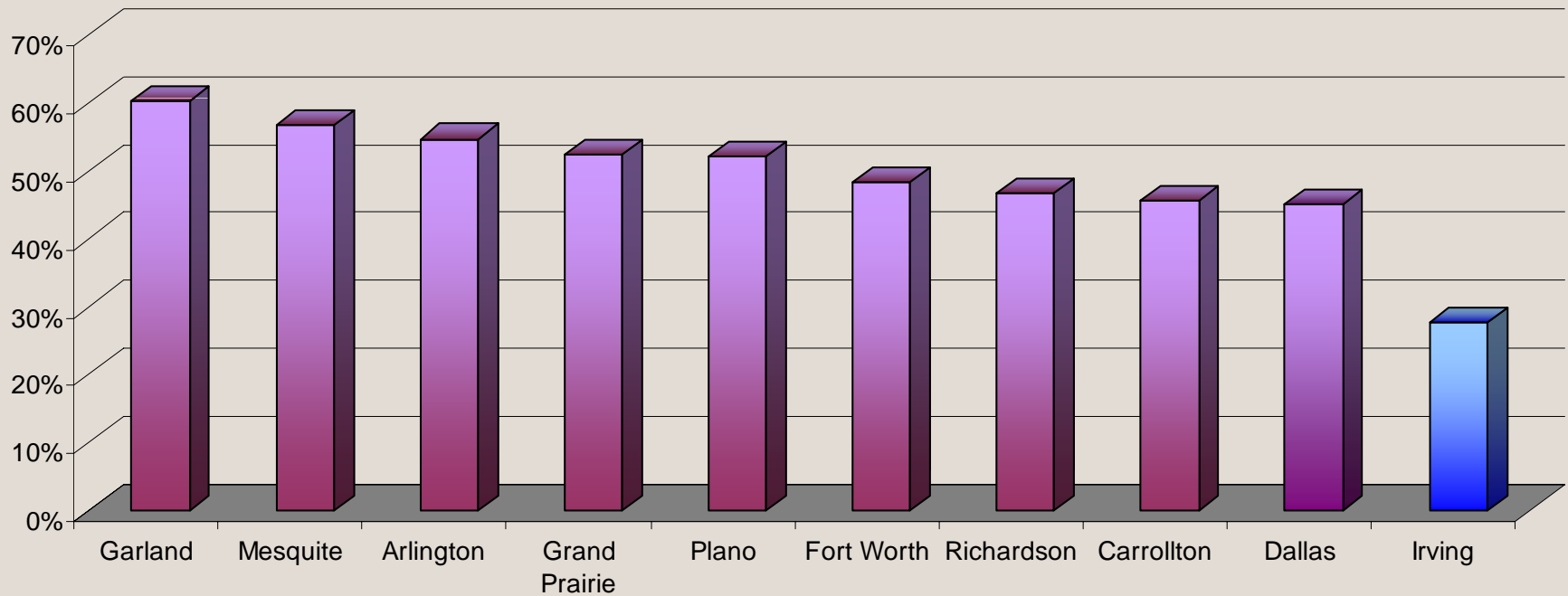
- New Construction \$278,498,549
- Total decline of existing properties (\$1.2 billion)

2010 Tax Roll Composition

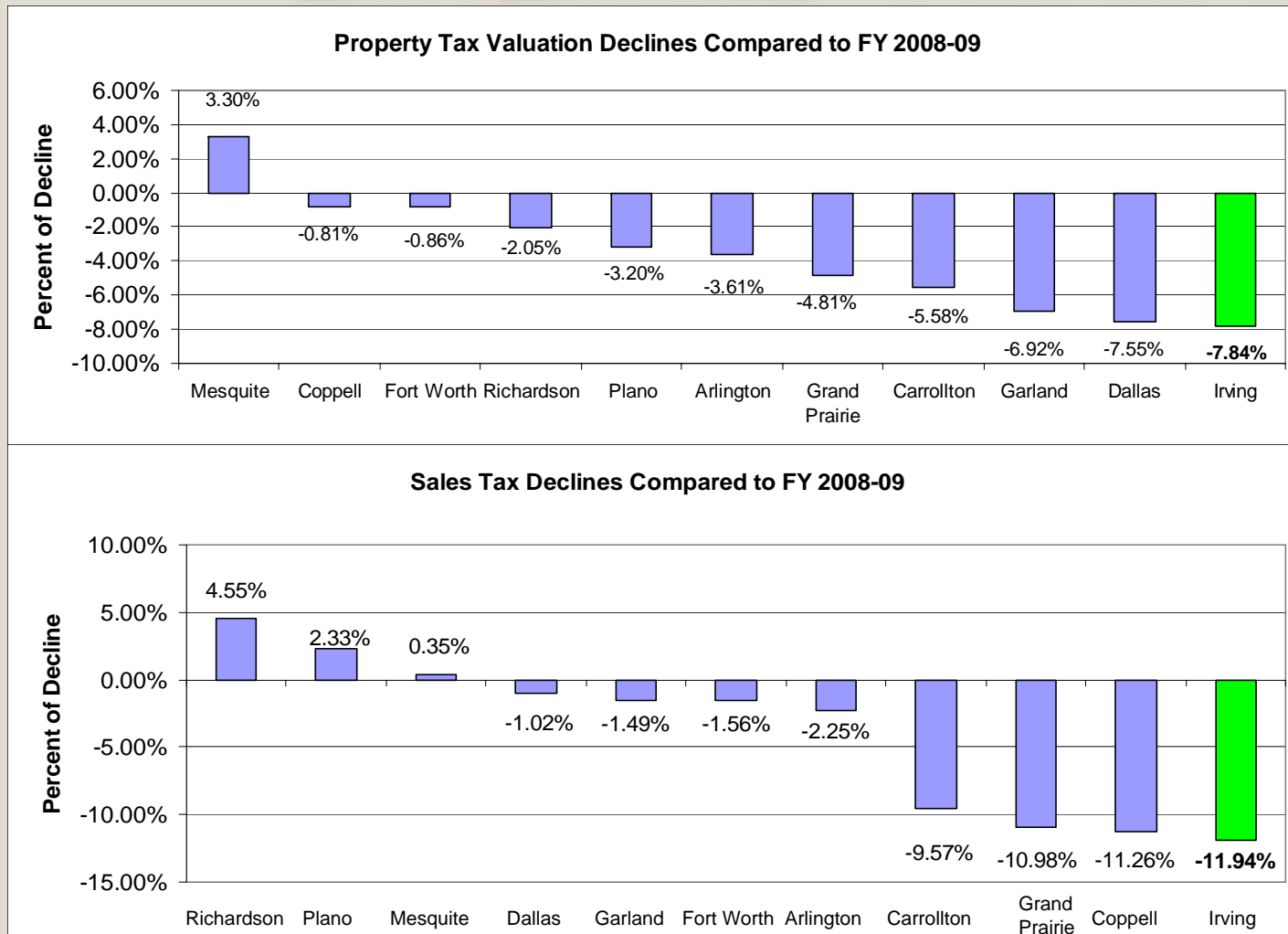


Property Tax Comparison

**10 City Comparison of 2007 Property Tax Base:
Percentage of Residential Property**



Property and Sales Tax Decline



Metroplex Tax Rate Increases

Benchmark Cities

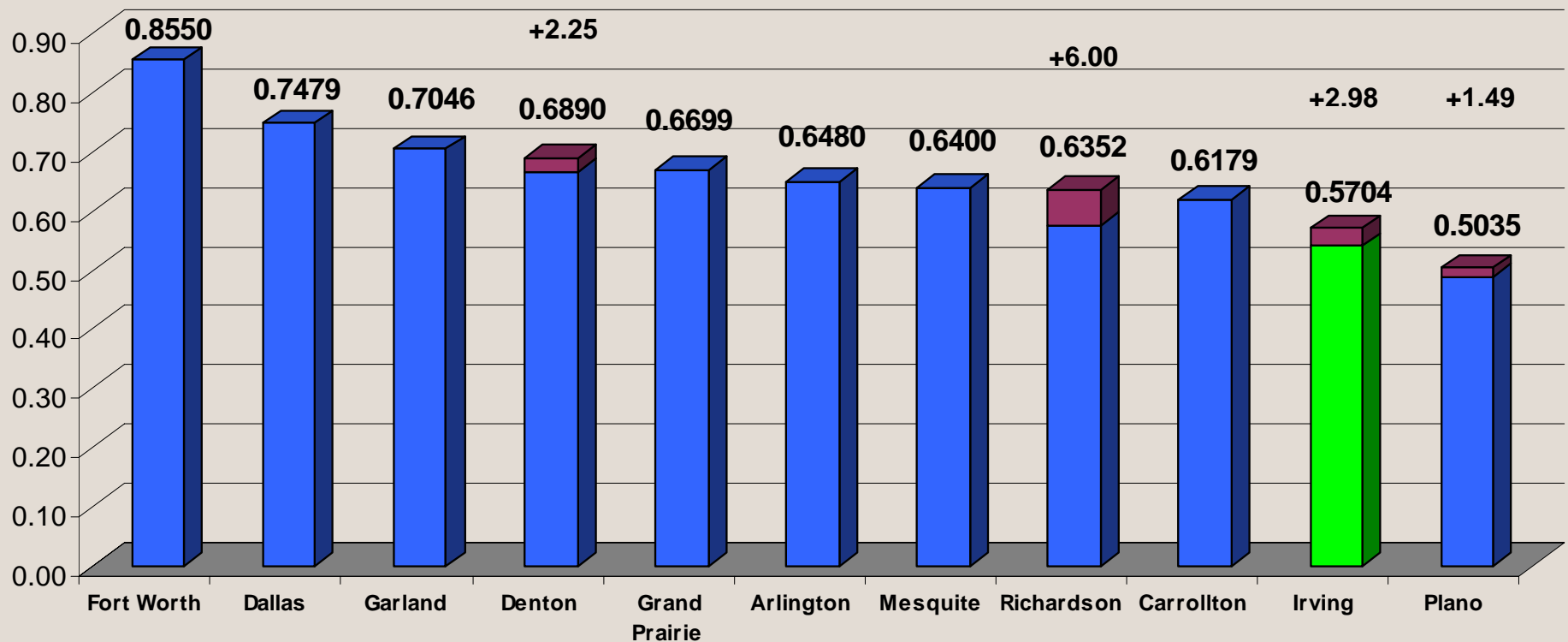
- Plano +1.49 cents to \$0.5035
- Richardson +6.00 cents to \$0.6352
- Denton +2.25 cents to \$0.6890

Other Cities

- University Park +1.30 cents to \$0.2785
- Coppell +4.90 cents to \$0.6900
- Frisco +1.26 cents to \$0.4776

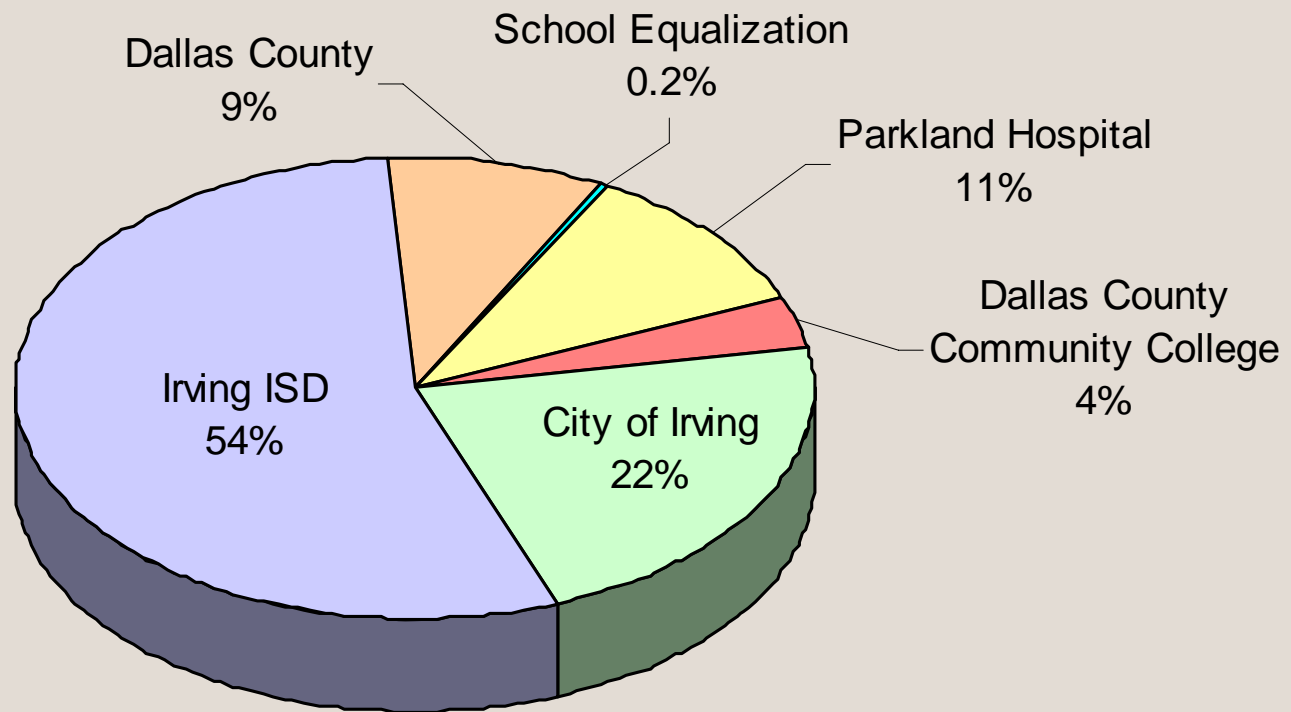
Benchmark Tax Rates

FY 2010-11 Proposed Ad Valorem Tax Rates



Total Tax Rate

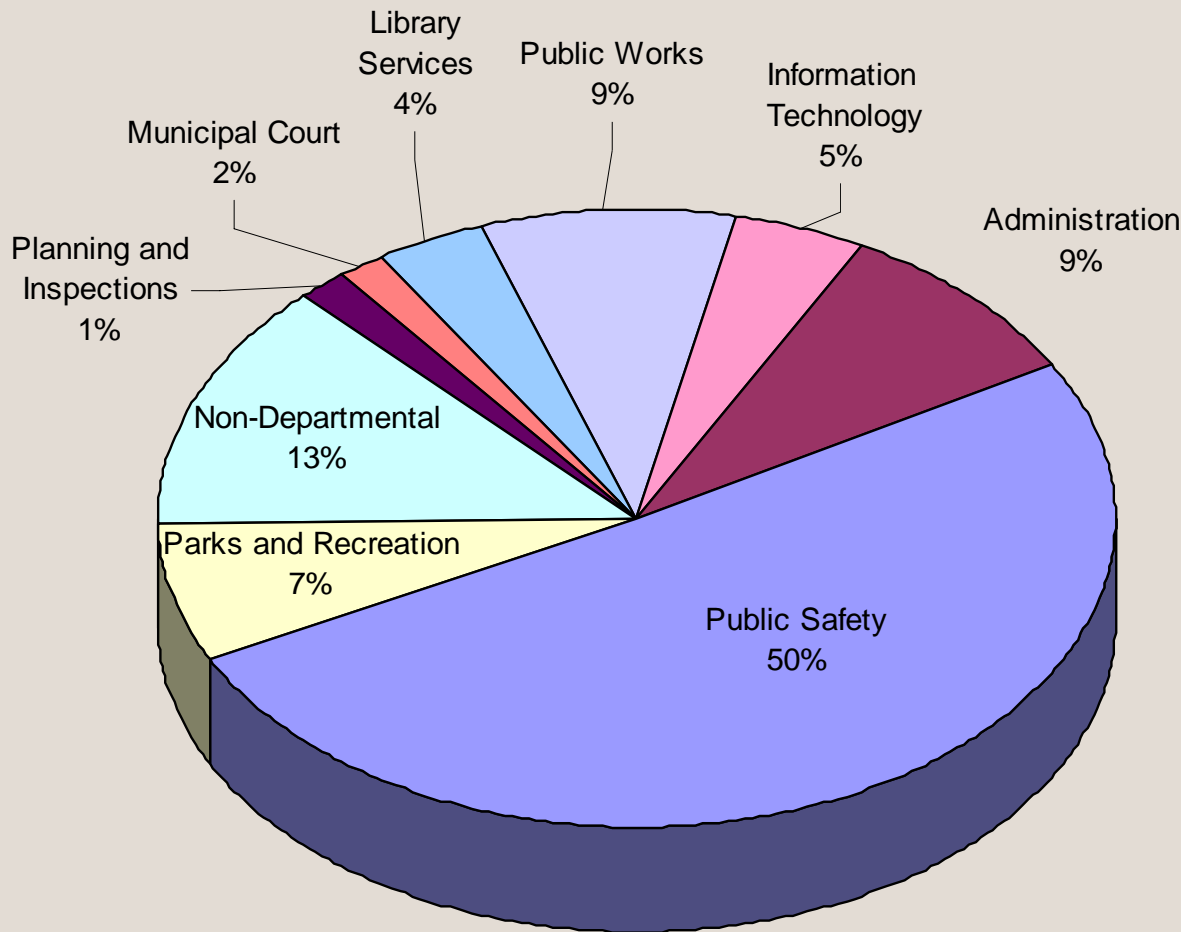
Percent of Total Tax Burden Tax Year 2010



General Fund Expenditures

2010-11 General Fund Expenditures by Service Type

FY 2010-11 Total Expenditure \$168,550,318



Administration:

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

Public Safety:

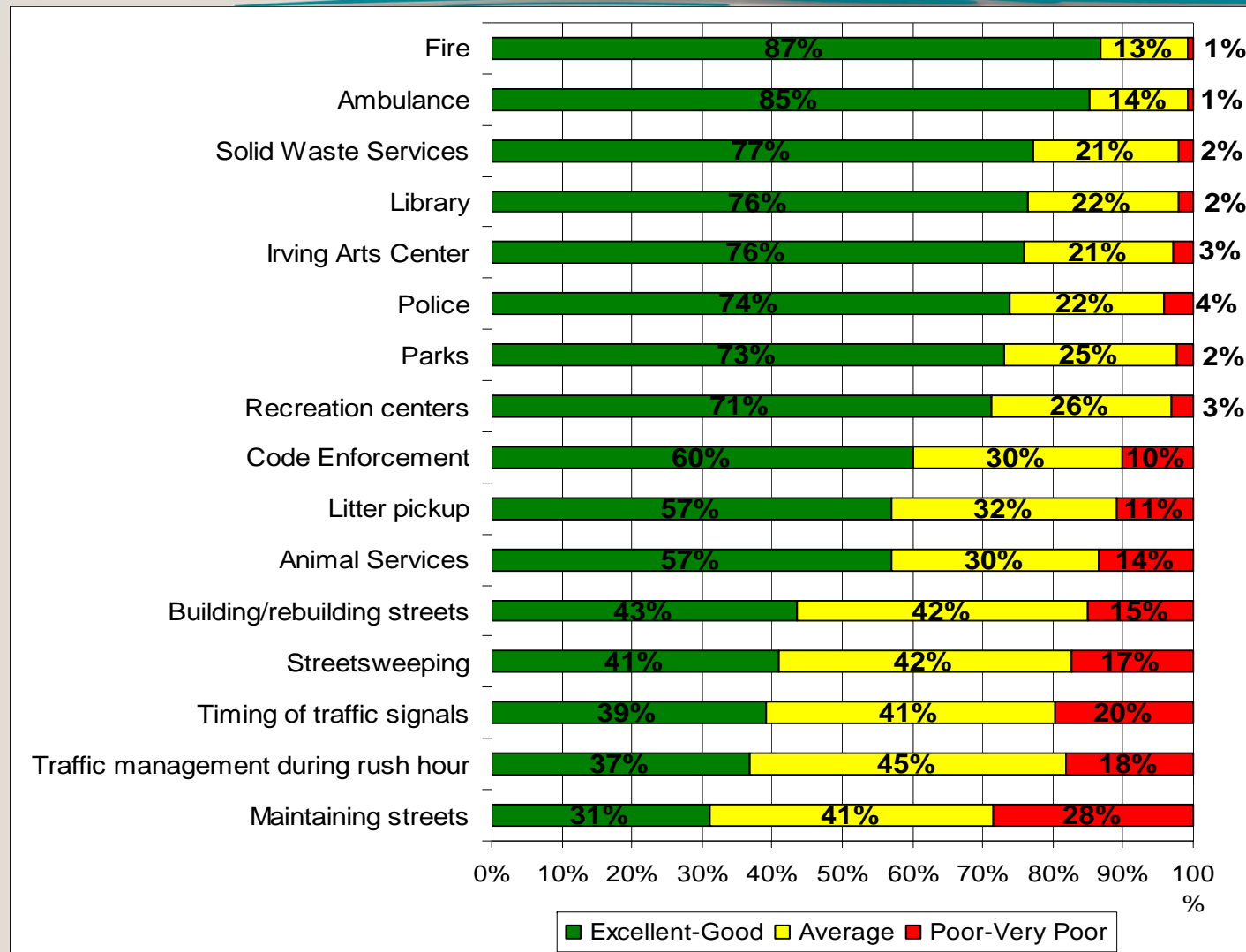
- Police
- Fire
- Code Enforcement
- Animal Services

Customer Satisfaction

- Service Levels Remain High
 - 2010 Resident Survey: continued increases
 - Overall quality of life +14%
 - Quality of Code Enforcement +26%
 - Safety in Neighborhoods +13%
 - Safety in Parks +13%
 - Visual Appearance of City +15%
 - Customer Service +5%

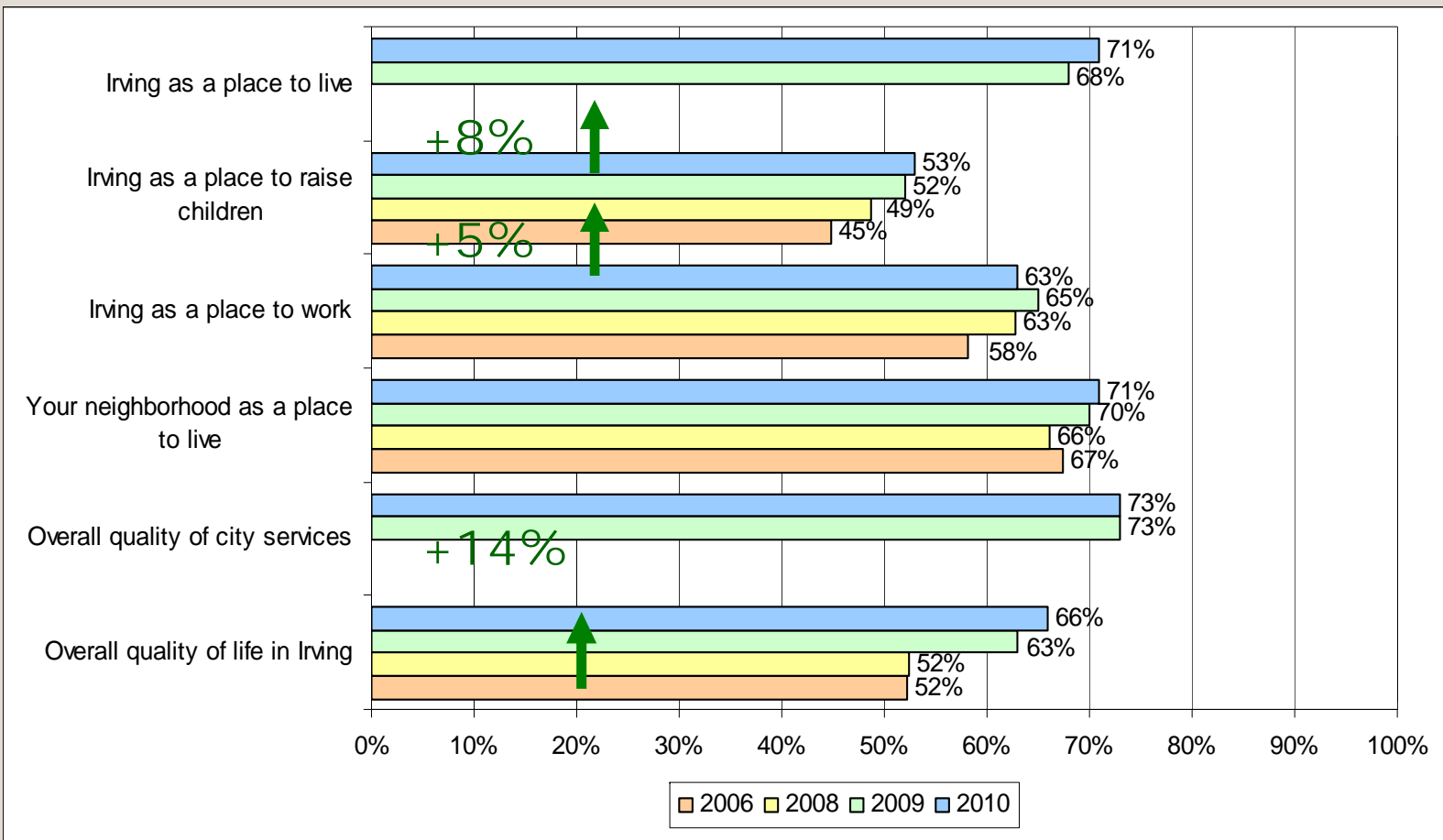
Service Quality Ratings

Overall service ratings 2010



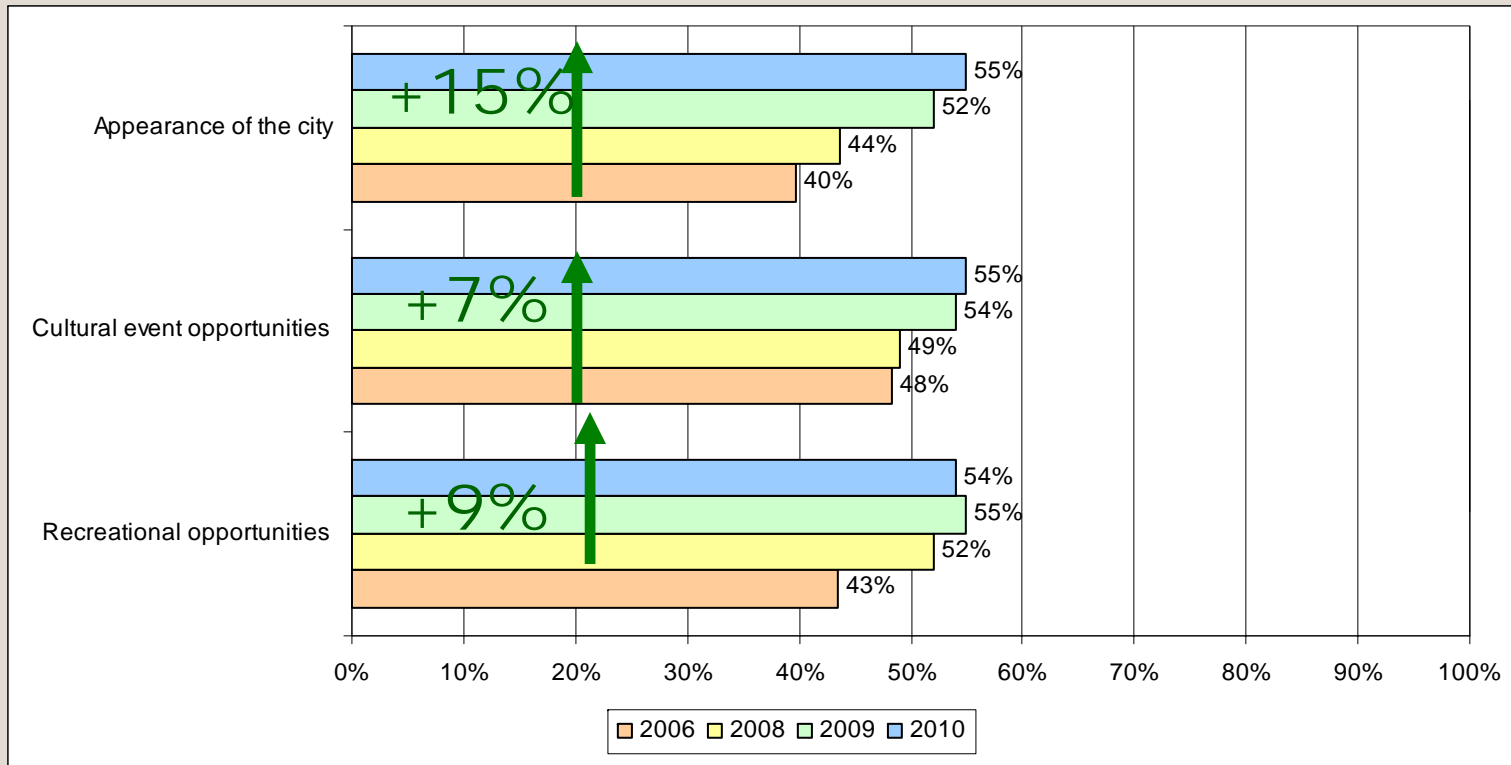
Strategic Goal 1 Trends

Percent rating quality of life questions as excellent or good



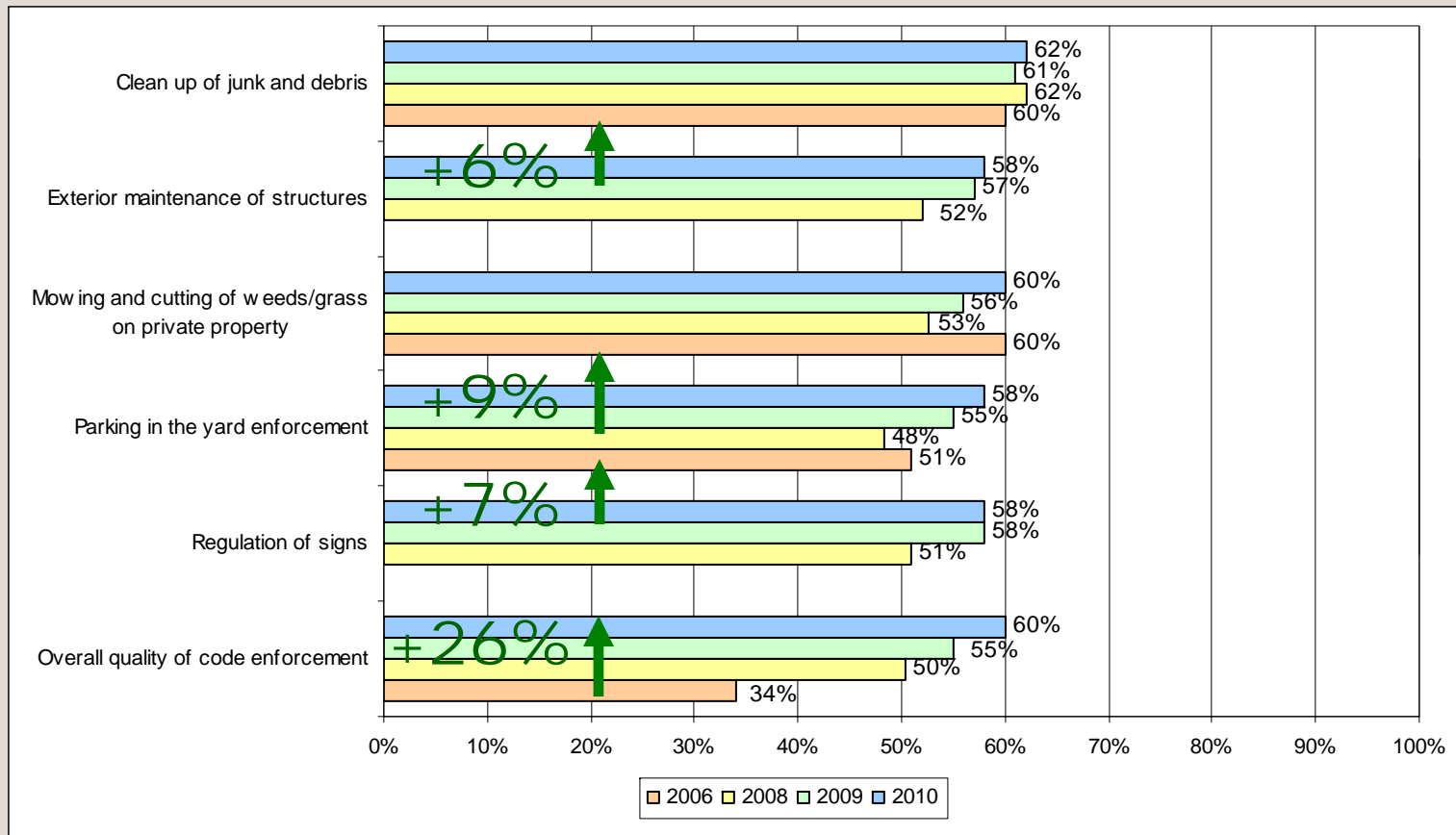
Strategic Goal 1 Trends

Percent rating quality of life questions as excellent or good



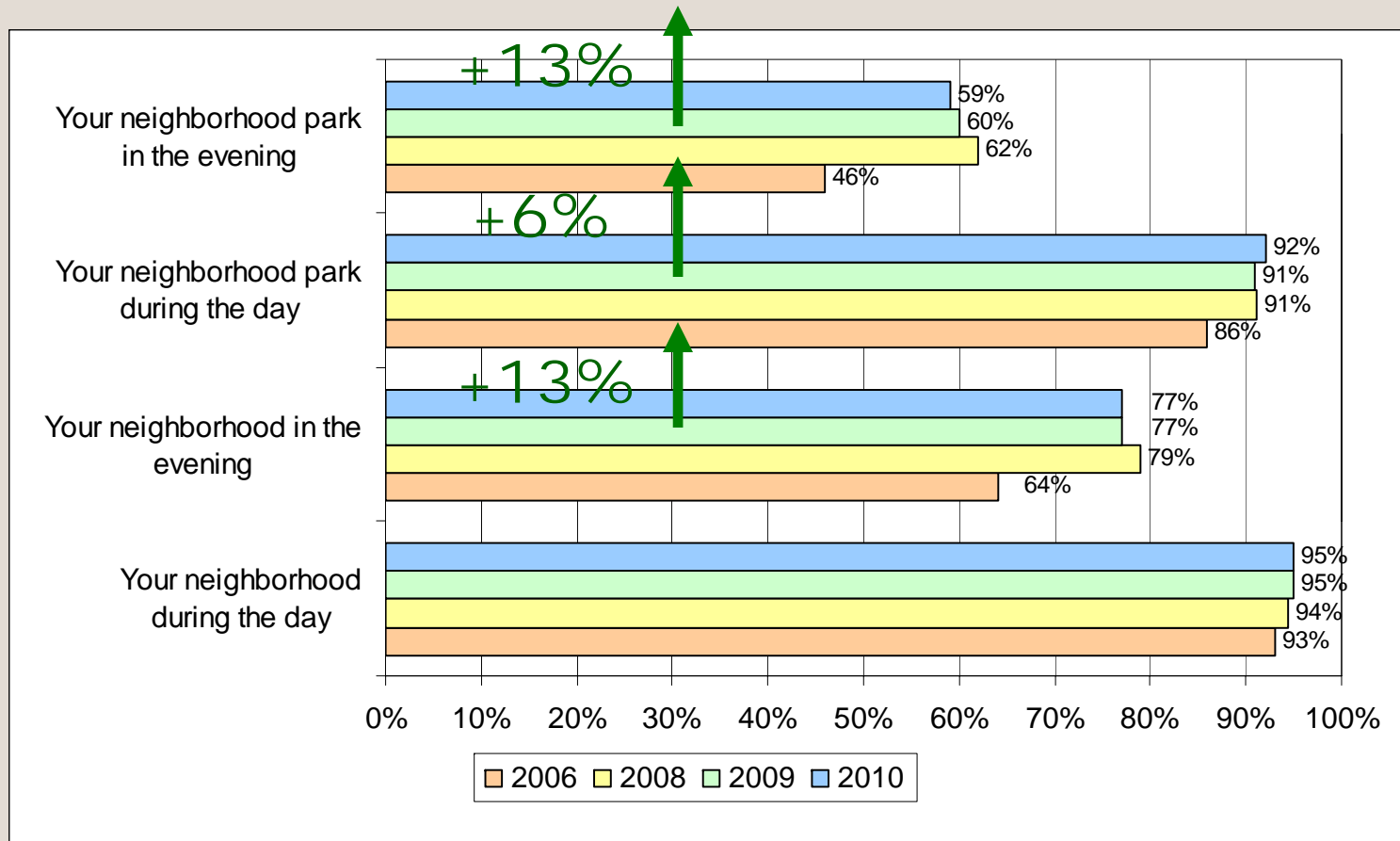
Strategic Goal 2 Trends

Percent rating code enforcement services as excellent or good



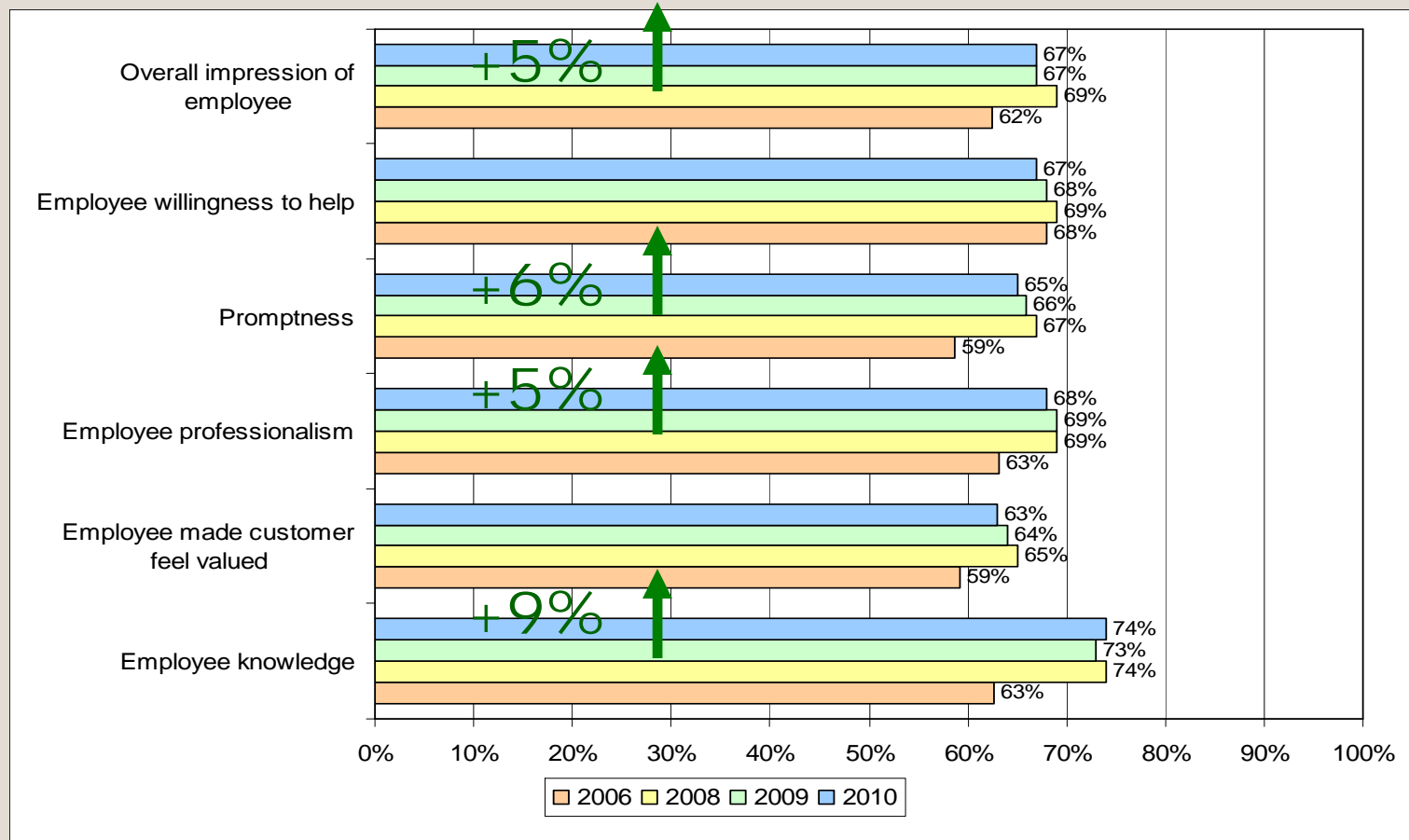
Strategic Goal 4 Trends

Percent rating neighborhood safety as excellent or good



Strategic Goal 8 Trends

Percent rating customer service as excellent or good



Cost Savings and Efficiencies

- Four Year Review of processes and services
 - Six Sigma and other performance reviews
 - Positions and Duties reviewed and redefined
 - Workloads distributed
 - Incentive pay for taking on additional duties
 - Custodians at Animal Services
 - Sanitation – Equipment Certification Program
 - Police – Property Supervisor
 - Able to maintain or increase services

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

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

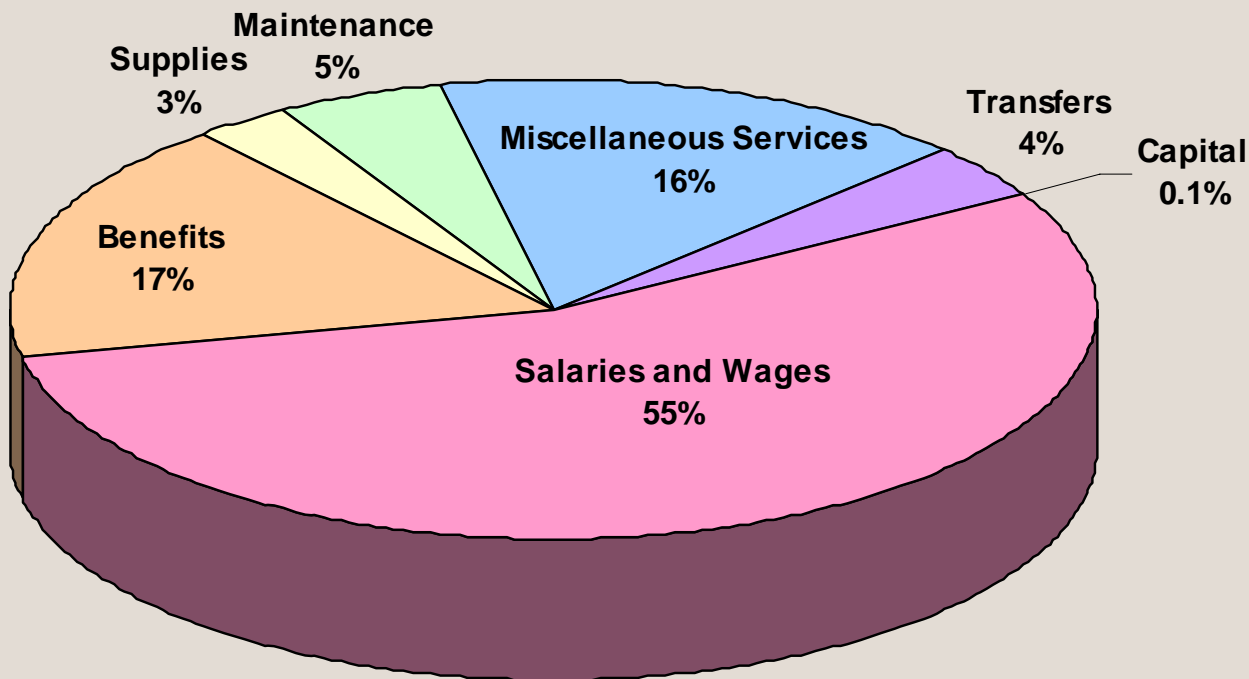
- On the Box Pay
- SCBA Technician Pay
- Out of Class Pay
- Administration Pay
- Fire Prevention Pay
- Paramedic Pay
- Education Pay
- Arson Pay
- Swift Water Rescue Pay
- High Angle Rescue Pay
- Hazardous Materials Pay
- Physical Assessments
- Sick Leave payout
- Certification Pay

Wellness Initiatives

- Proactive control of health care costs
- Employee Wellness Program
 - Financial Incentives for participating
 - Rewards increase for meeting targets
- IWIN Fitness Program
 - Employee tests based on fitness standards
 - Three levels of monthly bonus
 - Retest annually

2010-11 General Fund Expenditures by Classification

FY 2010-11 Total Expenditure \$168,550,318




Miscellaneous Services

- Utilities
- Contractual Rebates
- Professional Services
- Special Events
- Travel & Training
- Membership and Dues

All Goals

(Eliminated/Vacant Positions)

Program Area	Eliminated	Vacant	Total
Goal 1	5	2	7
Goal 2	1	4	5
Goal 3	1	0	1
Goal 4	2	5	7
Goal 6	5	1	6
Goal 7	30	26	56
Goal 8	16	7	23
Goal 9	7	14	21
Goal 10	24	3	27
Total	91	62	153



General Debt Service

General Debt Service

- Principal and Interest - \$28.1 million
- Tax Rate \$0.1606 or 28.2% of \$0.5704 rate
- Solid Waste Services portion \$927,000

	<u>2009-10 Budgeted</u>		<u>2010-11 2010 Certified Roll</u>			
ESTIMATED DISTRIBUTION OF COLLECTIONS						
	<u>% of Total</u>	<u>Tax Rate</u>		<u>% of Total</u>	<u>Tax Rate</u>	
General Fund	73.30%	0.3813	\$69,941,103	71.78%	0.4098	\$68,541,067
Interest & Sinking Fund	<u>26.70%</u>	<u>0.1593</u>	<u>\$25,471,138</u>	<u>28.22%</u>	<u>0.1606</u>	<u>\$26,941,670</u>
Total	<u>100.00%</u>	<u>0.5406</u>	<u>\$95,412,241</u>	<u>100.00%</u>	<u>0.5704</u>	<u>\$95,482,737</u>

Change in General Fund Revenue From 2009-10

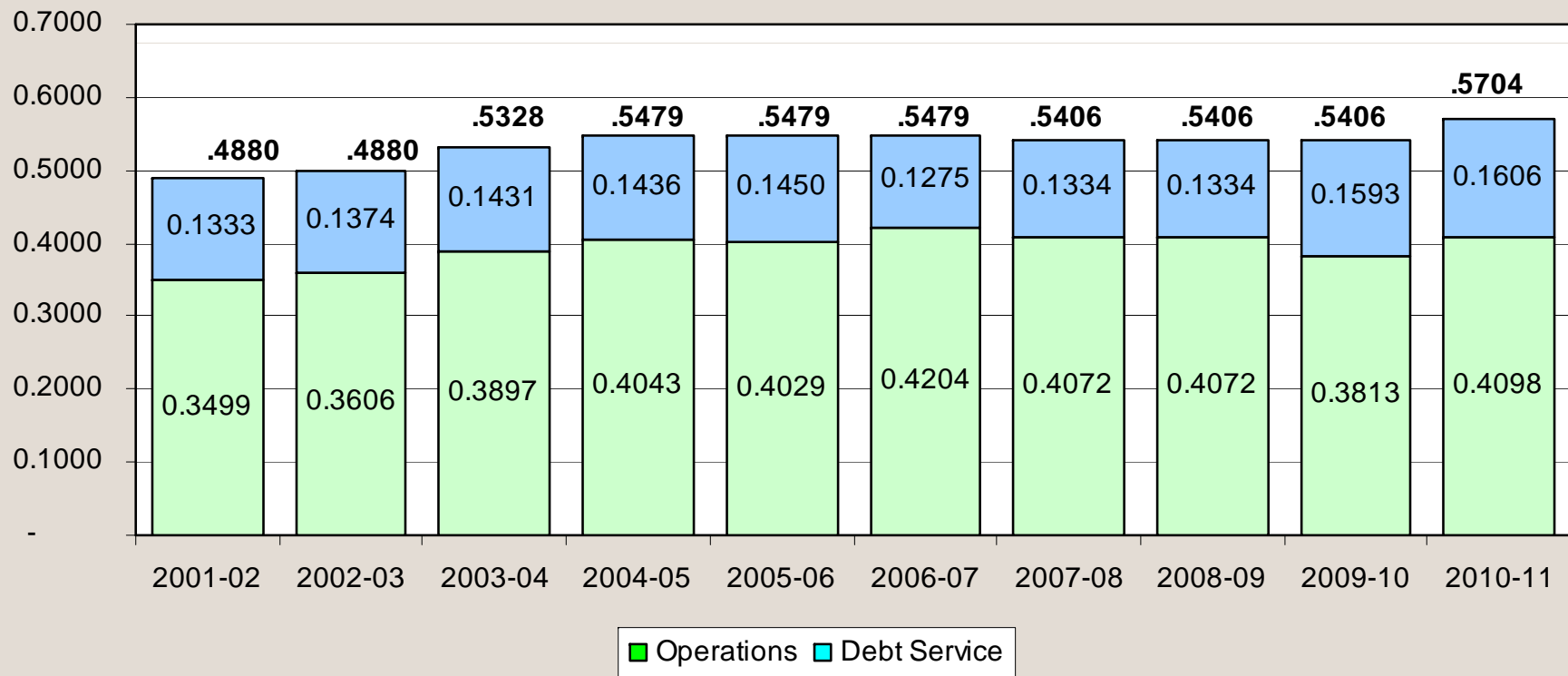
(\$1,400,037)

Change in I&S Fund Revenue From 2009-10

\$1,470,532

General Debt Service

Distribution of Property Tax Rate FY 2001-02 to 2010-11

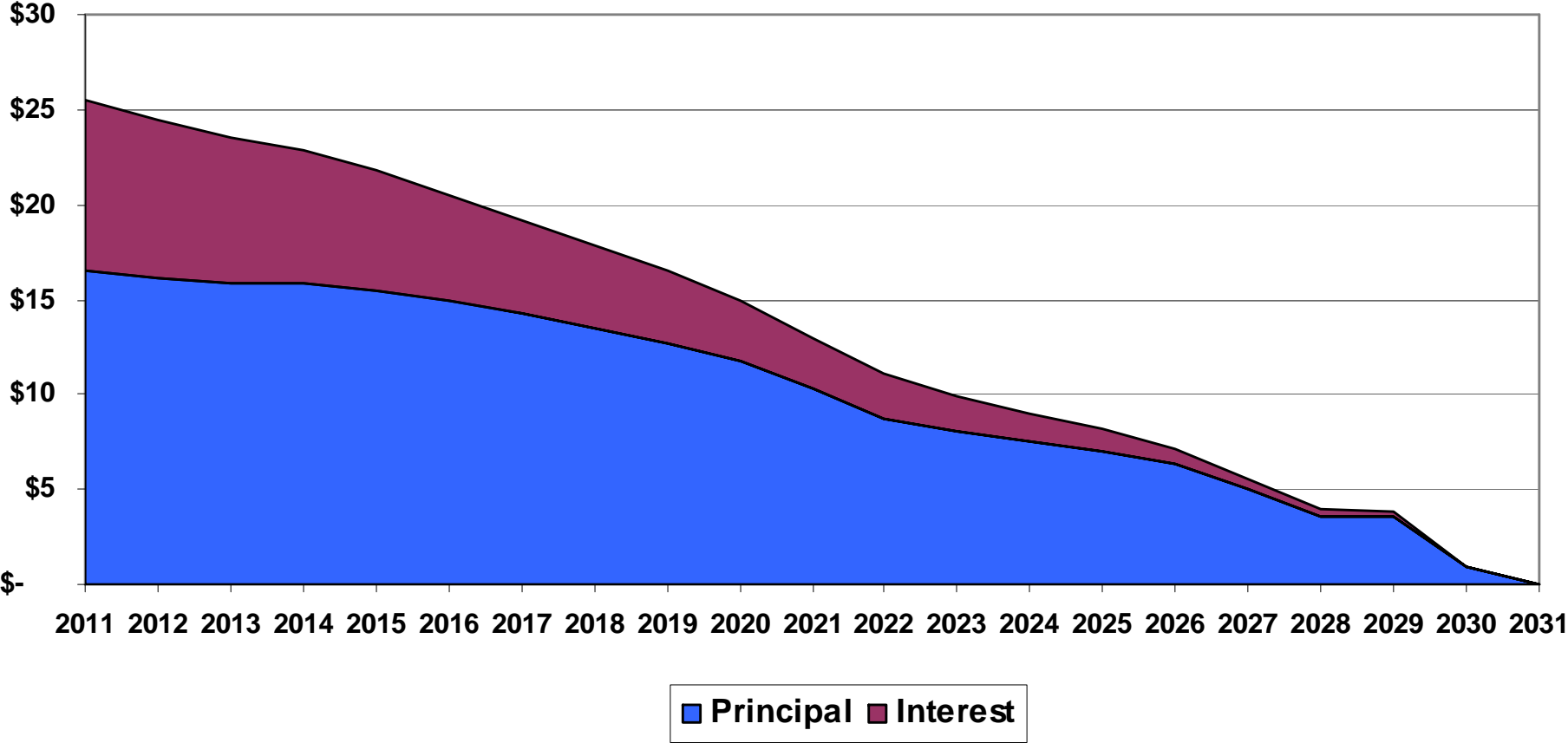


FY 2010-11 General Debt Service

<u>Series</u>	<u>Name of Bond</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	General Obligation	1,500,000	67,500	1,567,500
2002	General Obligation	775,000	461,512	1,236,512
2003	General Obligation	500,000	244,000	744,000
2004	General Obligation Refunding and Improvement	3,285,000	931,588	4,216,588
2005	General Obligation	750,000	455,438	1,205,438
2005A	General Obligation Refunding and Improvement	3,020,000	2,207,433	5,227,433
2007	General Obligation	1,375,000	1,058,750	2,433,750
2008	General Obligation	1,640,000	1,251,066	2,891,066
2008	Certificates of Obligation	200,000	153,600	353,600
2009	General Obligation	2,510,000	1,558,675	4,068,675
2010	General Obligation Refunding and Improvement	900,000	640,025	1,540,025
2011	Proposed General Obligation	-	262,500	262,500
2011	Developer Participation Payments	2,400,000	-	2,400,000
		<u>\$ 18,855,000</u>	<u>\$ 9,292,086</u>	<u>\$ 28,147,086</u>

General Obligation Bonded Indebtedness to Maturity

Millions





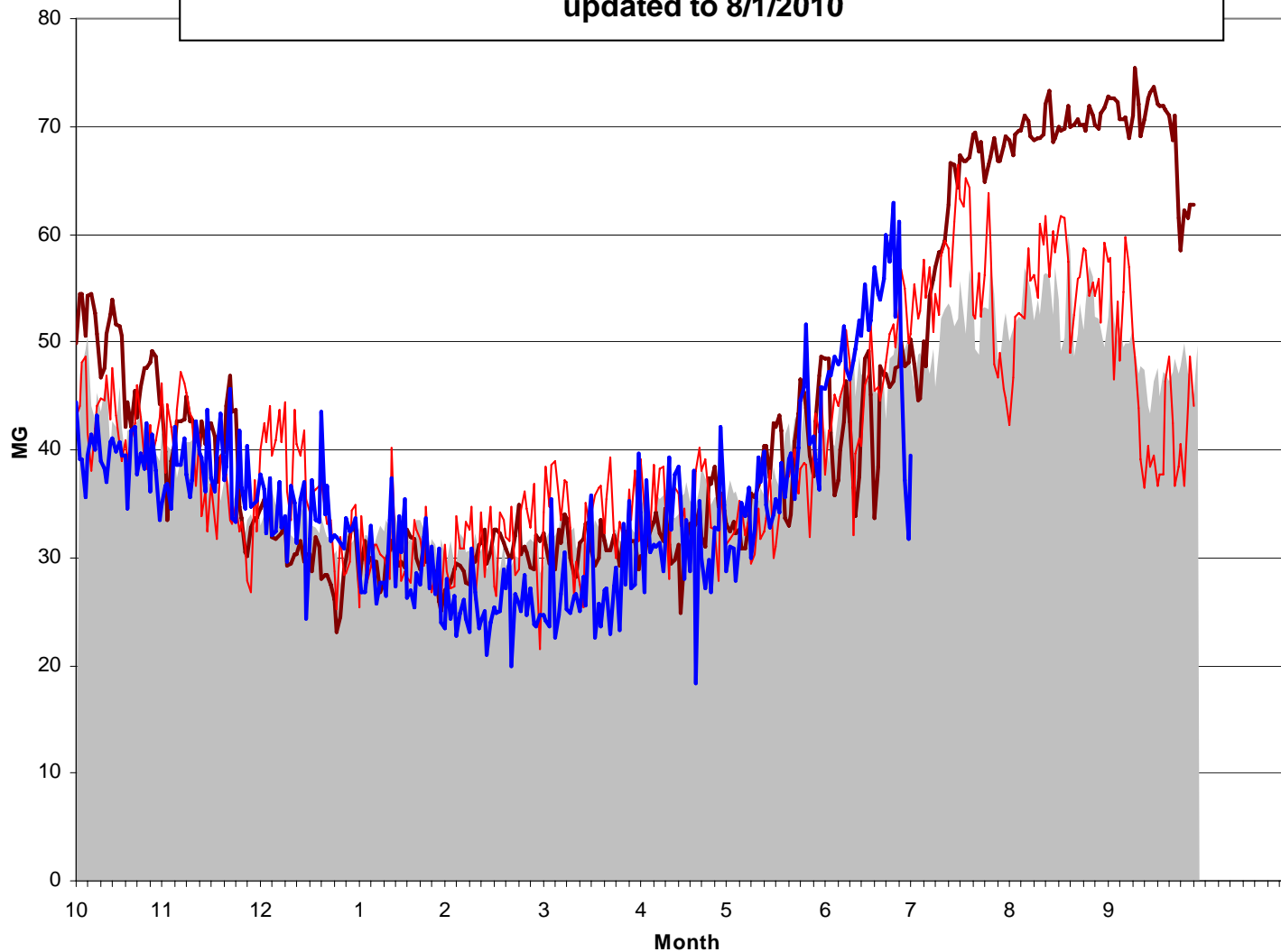
Water and Sewer System Funds

Water & Sewer Fund Overview

- Proposed FY 2010-11 Budget \$84.1 million
 - 2.8% increase from FY 2009-10
- Proposed 5.1% increase in rates based on
 - Replacement of neighborhood water & sewer mains
 - Key infrastructure needs (booster pump)
 - Bond covenant coverage requirements
 - Cost of service
- Continue to pursue future system expansion
- Continue to pursue water reuse infrastructure development

Irving Water Utilities System

Daily Water Demand
updated to 8/1/2010



■ 04-05 to 08-09 Average — 99-00 Drought — 08-09 — 09-10

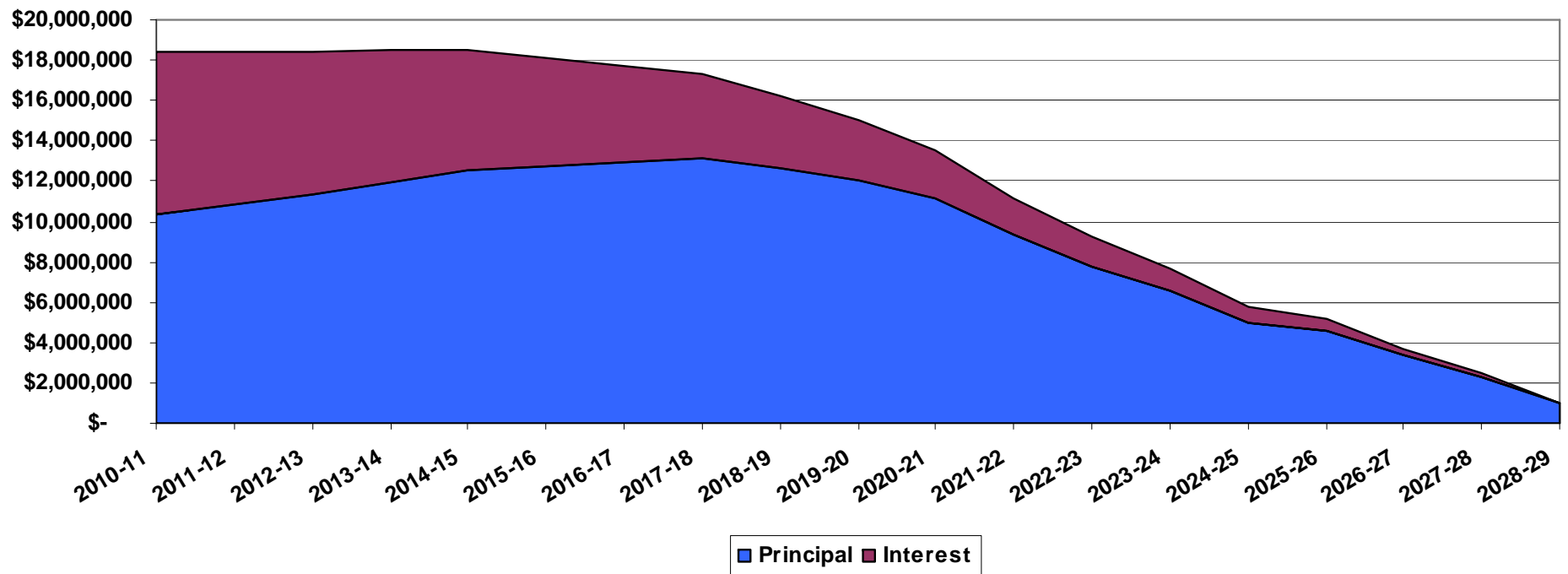
Water & Sewer Key Cost Drivers

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-go Capital	\$6.2 million	+6.8%
• Transfers (Other)	\$1.1 million	+11.8%
• Transfers (General)	\$4.5 million	-2.3%
• Coverage Reserve	<u>\$2.4 million</u>	
Total:	\$84.1 million	

Water & Sewer Debt

Revenue Bonded Indebtedness to Maturity by Year



CIP with No Rate Increase

- Capital Improvement Plan (CIP) for FY 2010-11 without a bond sale
 - \$8M Total CIP
 - \$2M Water Pipe Replacements
 - \$2M Sewer Pipe Replacements
 - \$2M Booster Pump Station Design
 - \$1M Tank Rehab
 - \$1M Facility Security
 - CIP dependent on receiving planned revenues (favorable weather)

CIP With Proposed 5.1% Increase

- Would provide \$3.5 M in revenue in FY 2010-11
 - \$2M Debt service to finance \$27M capital program
 - \$2M Booster Pump Station design
 - \$16.8M Pipe replacements
 - \$5.5M System expansion projects (pipe)
 - \$750K Pump addition
 - \$2M Tanks and security
 - \$1.5M Debt Coverage and Operational Costs

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 Rd sewer to 15”
 - Replace and upgrade Story Rd sewer to 18” (north of Grauwyler)
 - Replace 16” Northgate waterline
- Lake Chapman Booster Pump Station (Supply Pipeline)
- Water Reuse

Neighborhood Pipe Replacement Priorities

- Target cast iron, fiber cement, and concrete (sewer) pipe
- Breaks/failures
- Water quality problems
- Sewer backups and overflows
- Complaints
- Study results/recommendations
- Risk and consequence of failure

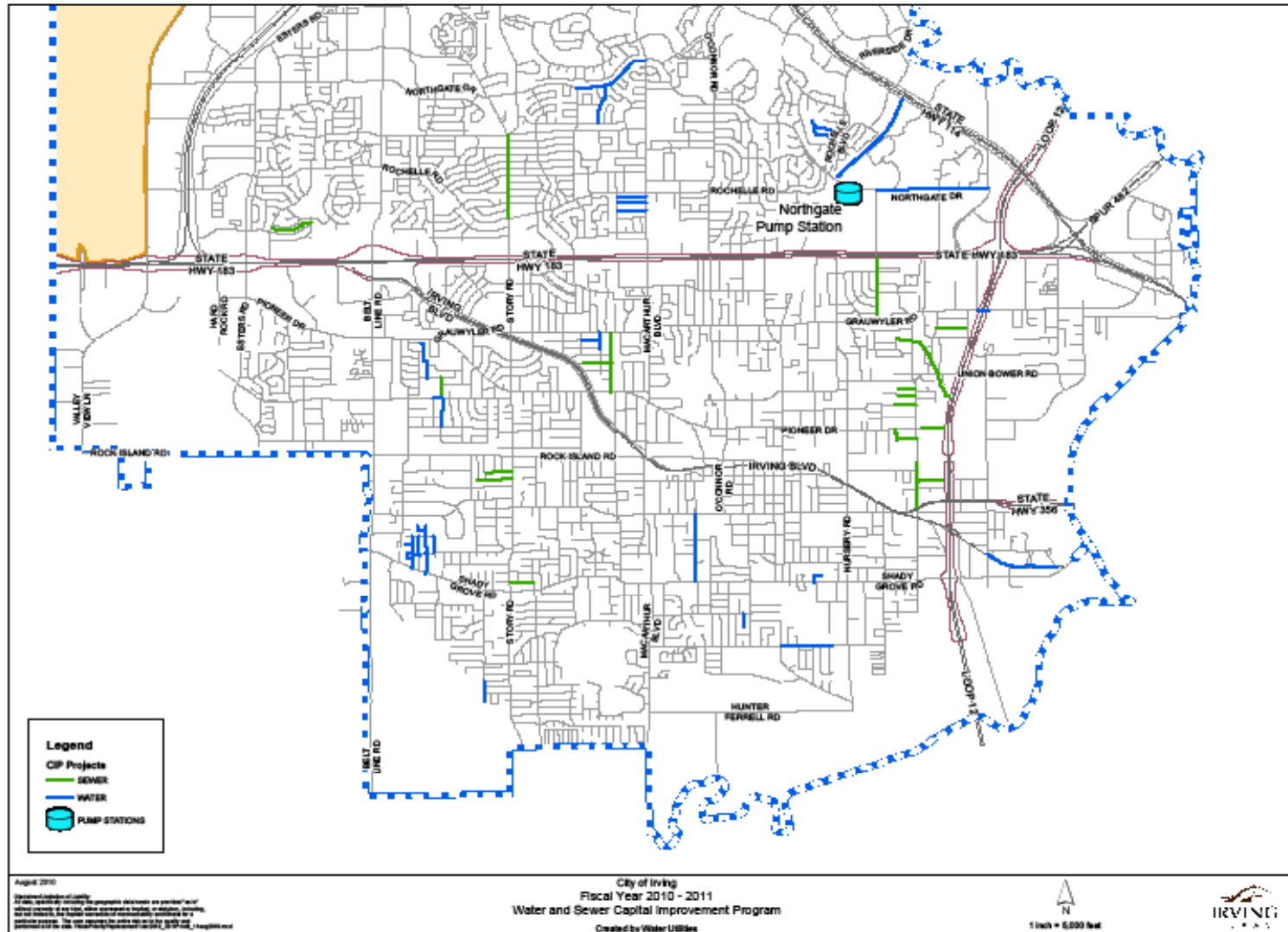
Neighborhoods Scheduled for Pipe Replacements

- \$12.6 M (about 16 miles) in Neighborhood Replacements
- Includes, but not limited to:
 - Arts District
 - Barton Estates
 - Grauwyler Heights
 - Hillcrest Oaks
 - Irving Heights
 - Irving Heritage District
 - Lamar-Brown
 - Owen Point
 - Sherwood Forest
 - University Hills

Neighborhood Replacements with Rate Increase

Water Replacements		Sewer Replacements	
N/S Durango Cir	Louise	Olympia	Patrick
Durango Ct	Gail	Rogers	Himes
Rochelle	Irving Blvd	Park Place	Anna
Missy	Fairfax	Irving Heights	Daywood
Marie	Fairfield	Williams Rd	Union Bower
Hilltop	Fairdale	Mark	Brookhollow
Northgate	Fairmont	Sharon	Horseshoe Bend
Windsor	Etain	Pioneer	Drexel
Jan	Oakdale	Ben	
Patricia	Sunnybrook		
Shere	Dixon		
Eleventh	King Richard		
Joslin	Conflans		
Konet	Briarwood		

Neighborhood Replacements with Rate Increase



5-Year Investment Plan

- Infrastructure investment at \$30M per year

Average Annual Investment Over 5 years	Focus Areas
\$20.9 M	Replacement of aging pipes
\$5.5 M	Growth projects (pipes)
\$5.8 M	Facility (pump station/tank) upgrades

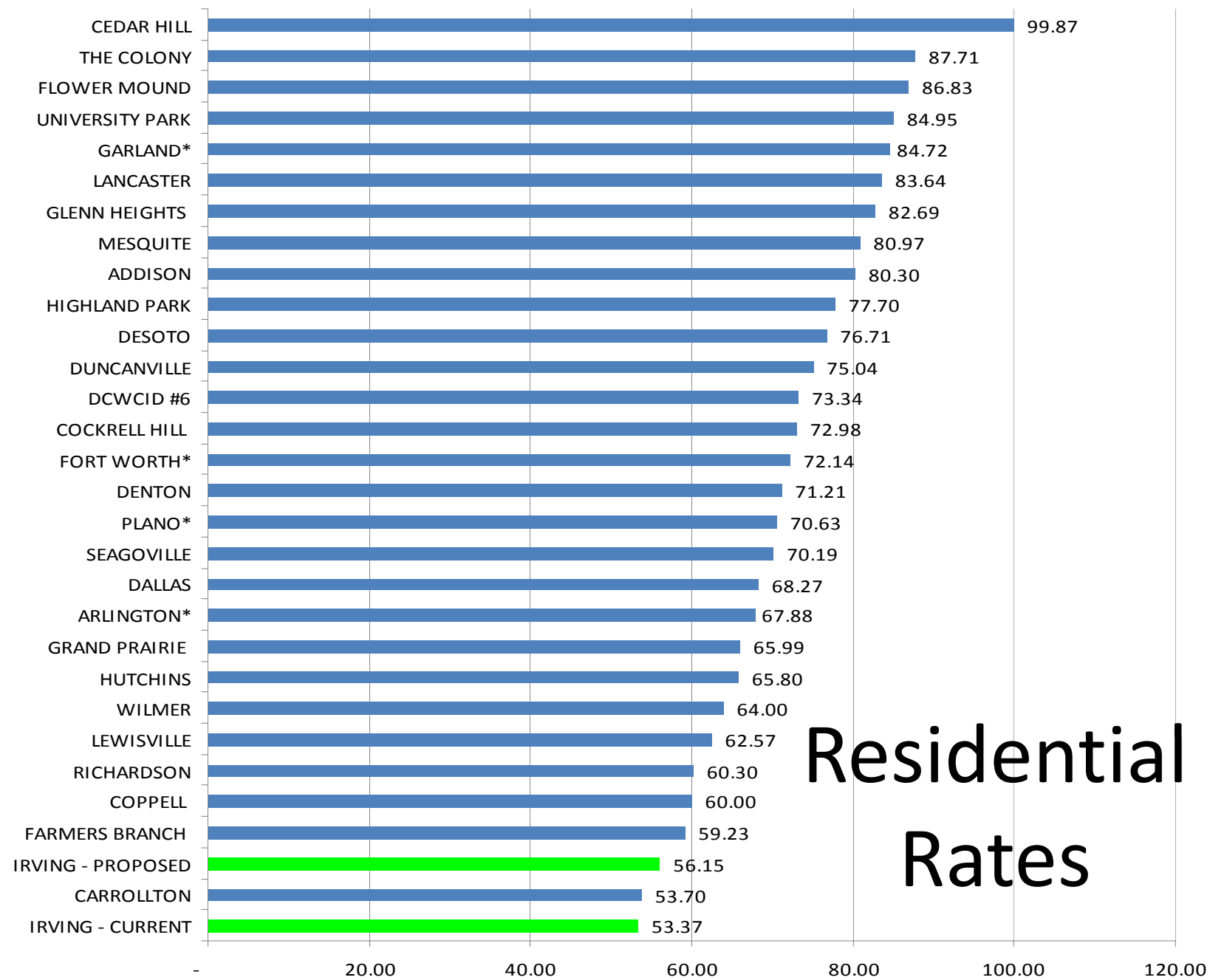
Benefits of 5-Year Plan

- Pipe replacements and pump station upgrades impacting all areas of Irving
- Increased cast iron and fiber cement pipe replacements
- Construct the booster pump station
- Move Jamison water supply line out of the Hwy 183 right-of-way
- Maintain debt service coverage goals

Cumulative Water and Sewer Rate Increases FY 2009-10 and 2010-11

	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
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
Euless	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
Richardson	0.0	0.0	0.0	0.0	0.0	0.0

Bolded cities are the 10 benchmark cities



Residential Rates

Questions



Municipal Drainage Utility Fund

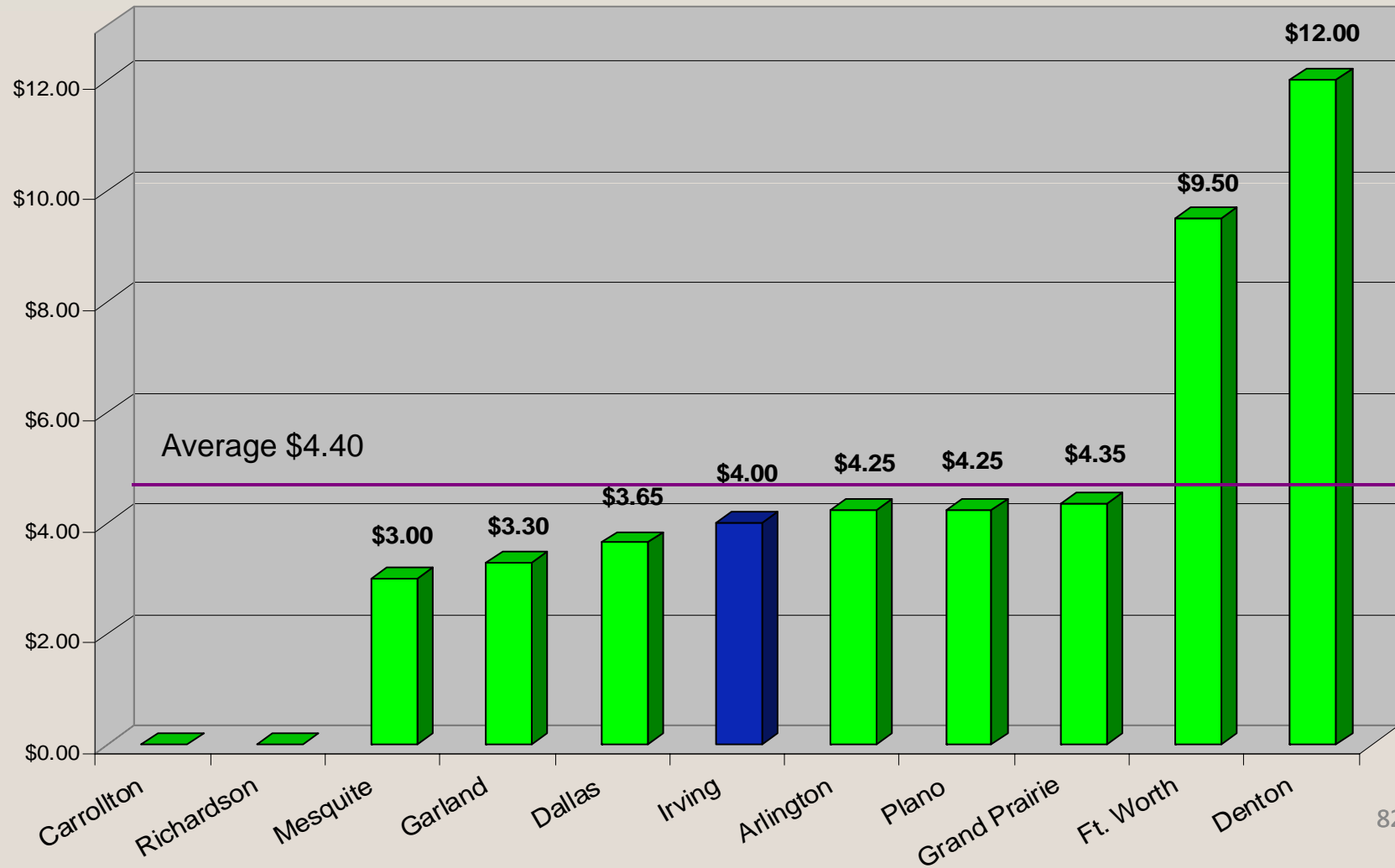
Purpose of the MDU

- Provides funding source for:
 - Federal and state regulatory requirements
 - Improvements to private and public drainage systems
 - Public education
 - Erosion control and inspection
 - Testing for water pollutants
 - Channel maintenance/litter control
 - Street sweeping
 - Partnering with flood control districts and KIB

Current Drainage Fees

- Last rate increase was October 1, 2008
- Average residential customer – \$4.00/month
- Commercial and industrial customer – starting at \$9.00/month
- Results in approximately \$4.8 million in annual revenue

Benchmarking - Current Stormwater Drainage Rates



Proposed FY10-11 Budget

Salary and Benefits	\$2,210,465 (47%)
O & M	\$ 958,351 (19%)
Debt Service	\$ 225,449 (5%)
Flood Control Districts	\$ 424,000 (8%)
Drainage Projects	<u>\$1,064,735</u> (21%)
	\$4,883,000
Revenue Bond Sale	\$2,600,000
(Delaware Creek Improvements & IFCD I Levee)	

FY10-11 Funding for Flood Control District and City Drainage Projects

Irving Flood Control District I	\$ 16,000
Dallas County Flood Control District I	\$ 24,000
DCURD	<u>\$ 384,000</u>
Sub-Total	\$ 424,000
IFCD I Levee	\$ 600,000
City Projects	<u>\$3,064,735</u>
Total improvements	\$4,088,735

IFCD | 5-Year Plan

Texas Stadium

- Flood Control Facilities Maintenance and Improvements - \$5.7 million
 - Ongoing Levee Maintenance
 - DART Orange Line Impacts – Levee Crossing
 - Levee – SH 183 south to Proctor
 - Pump Station Upgrades and Emergency Generators
 - Dredging and Erosion Control

DCFCDD | 5-Year Plan Bear Creek

- Flood Control Facilities Maintenance and Improvements - \$500,000
 - Replacement of Channel & Weir Structures
 - FEMA Appeal
 - Rock Island Road Protection – New Drop Structure
 - SH 161 Coordination
 - Maintenance Activities

IFCD III 5-Year Plan Valley Ranch

- Dredging, Waterway Maintenance, Waterway Slope Repair and Shoreline Erosion Control - \$6.2 million
 - Emergency Backup Power – Installation of Generators
 - Slope/Wall Repairs
 - Dredging and Erosion Control

DCURD 5-Year Plan

Las Colinas

- Dredging, Waterway Maintenance, Waterway Slope Repair and Shoreline Erosion Control - \$9.7 million
 - Settling Basin Maintenance
 - Dredging and Erosion Control
 - Emergency Backup Power – Installation of Generators

City of Irving 5-Year 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 & Slope Stabilization
- Drainage Improvement Retention Ponds
- Continuation of Alley Drainage Improvements

Questions



Solid Waste Services Fund

Solid Waste Services Fund

- Recommended by Grant Thornton
- Solid Waste is a self-supporting enterprise fund
- Solid Waste provides an exceptional level of service
 - Twice weekly trash collection
 - Weekly recycling collection
 - Brush and bulky item collection
 - Household hazardous waste collection
 - 75 year landfill
- 78% Customer Satisfaction rating in 2010

Solid Waste System Fund

- Enterprise fund – rates and charges for service pay for full cost of service
 - Operations
 - Equipment replacement
 - Cost of service
 - Capital projects
 - Existing debt on prior year GO Landfill bonds
- Current rate structure funds all costs of service
 - Sanitation Rate \$17.25 Set September 2006
 - Recycling Rate \$1.00 Set September 2006

Solid Waste System Fund

FY 2010-11 Budget \$11.7 million

Operations \$7.5 million

Debt Service \$927,000

Equipment Replacement \$424,000

Indirect Cost Allocation \$2.9 million

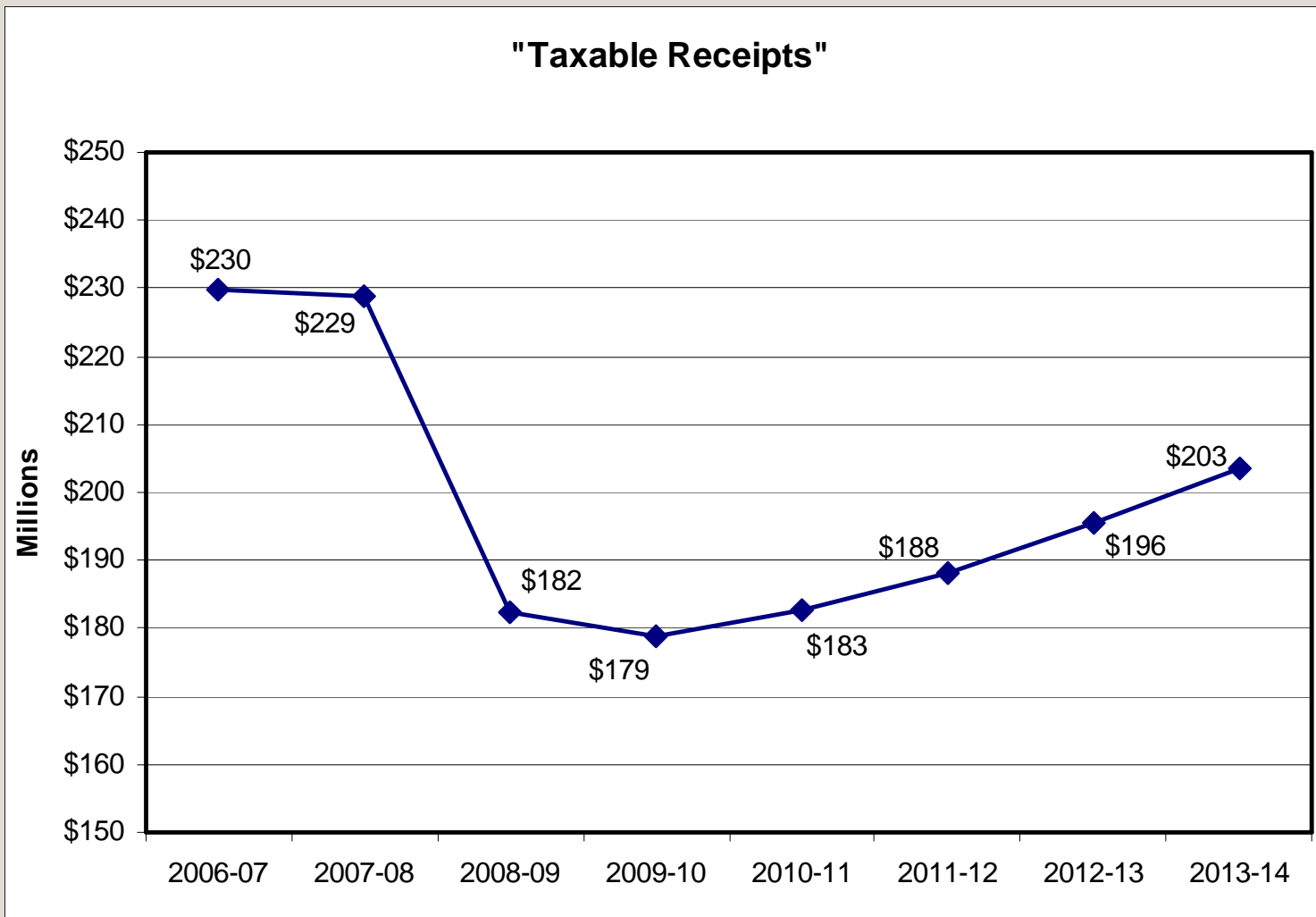
Total: \$11.7 million

Hotel Occupancy Tax Funds

HOT Projections

- 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 2010-11 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

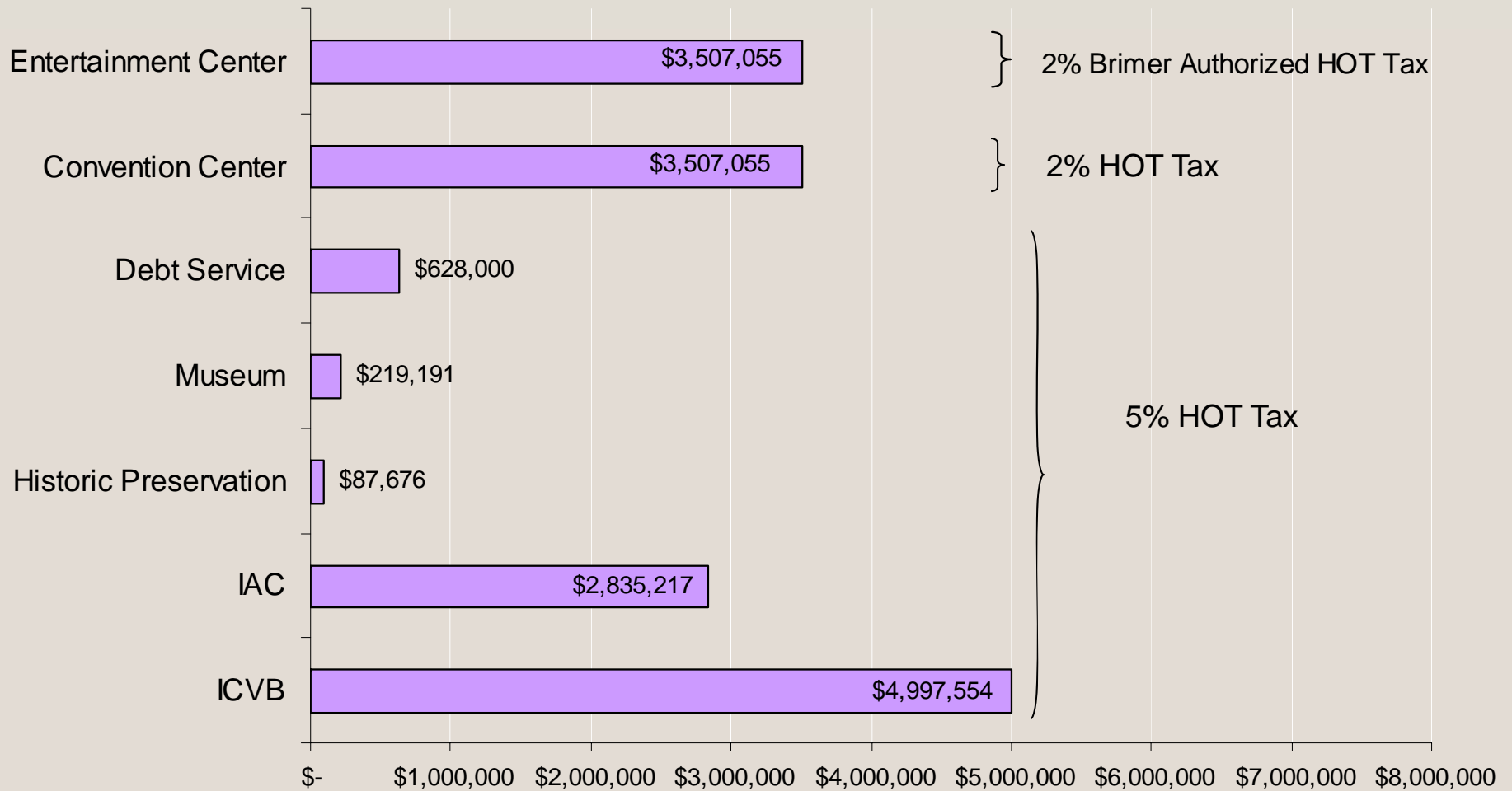
Annual HOT Revenues



HOT Program Budgets 2010-11

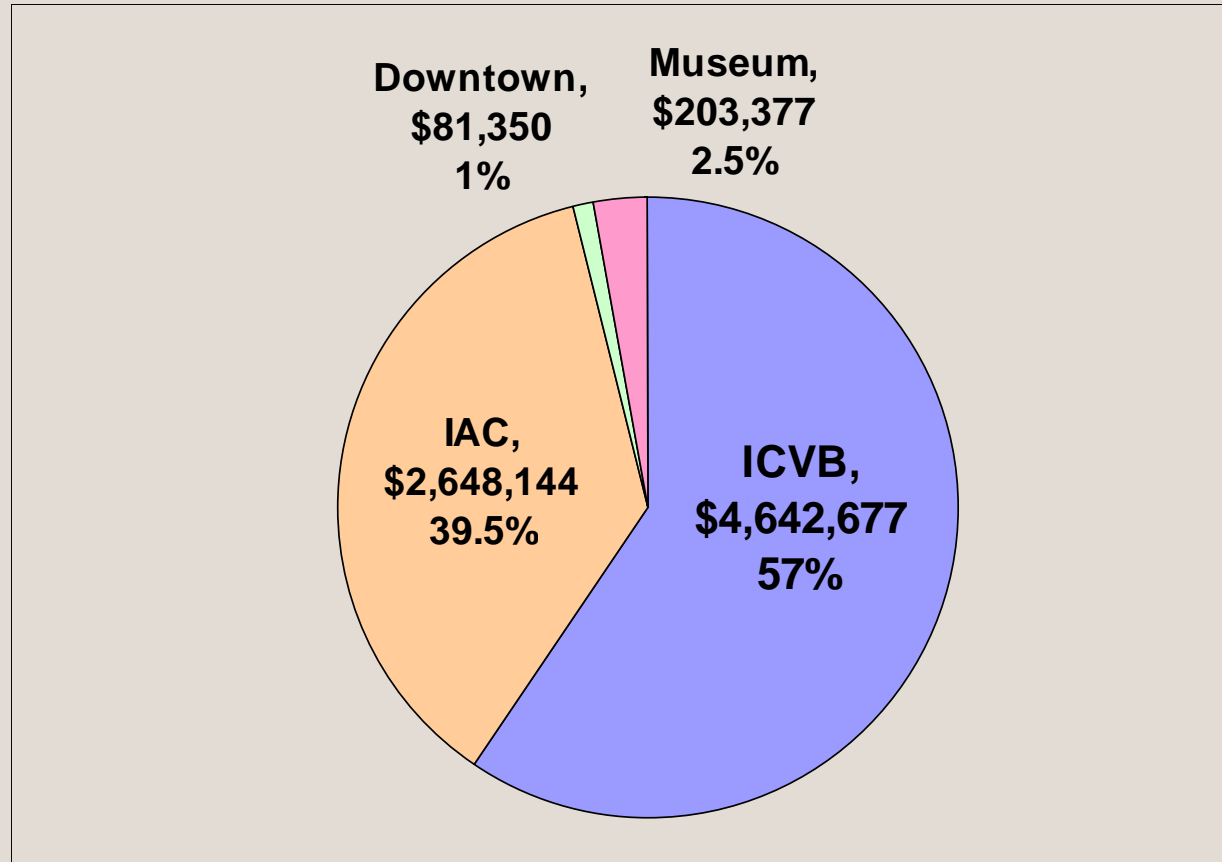
• ICVB – Operations	\$6 million	-4.5%
• IAC – Operations	\$3.8 million	-12%
• Museum	\$244,846	-33%
• Convention Center Fund	\$4.1 million	
• Entertainment Venue	\$53.6 million	

HOT Allocation 2010-11



5% HOT Allocation

- \$ 8.8 Million 2010-11 Revenue Projection
- \$ 628,000 Allocated to Debt Service before allocation, per bond covenants



Genghis Khan: The Exhibition

June 1 to September 30, 2011

Exhibition Hours

Monday to Saturday

9 AM to 8 PM

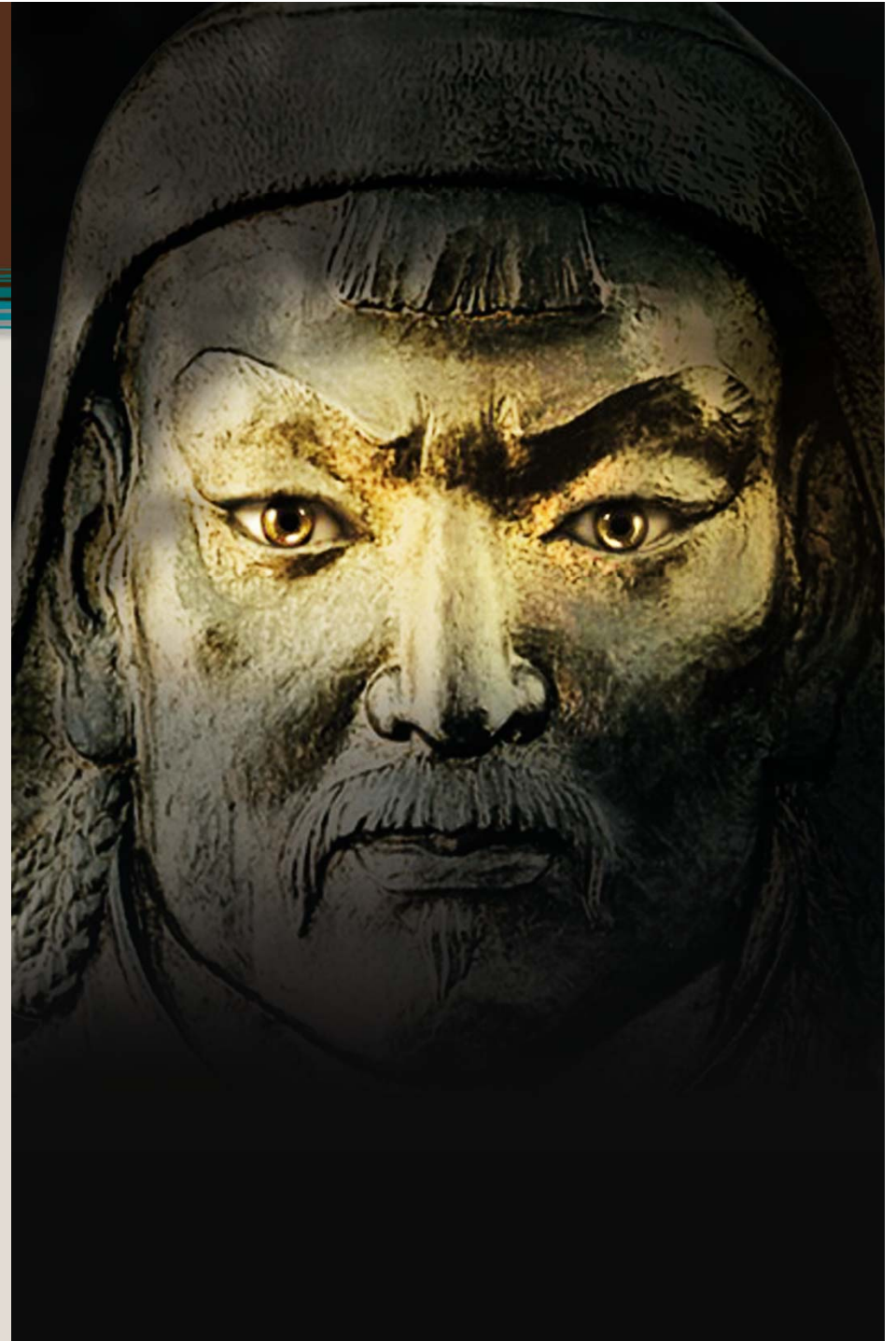
Sunday

1-8 PM

Pricing

Adults	\$12
Members	\$8
Students	\$8
K-12 Groups	\$5
Groups (10 or more)	\$8

FY 2010-11 Budget \$993,159



Convention Center Debt Service

- HOT revenues have declined well below projections for the last 2 years
- Current revenue allocation is insufficient to cover debt service cost of the Convention Center
- Debt service obligations are deposited in an escrow account one year in advance
- FY 2009-10 collections are funding FY 2010-11 debt service
- Projected shortfall for 2011 is (\$2,337,991)

Convention Center Debt Service

FY 2011 Estimated Shortfall	(\$2,337,991)
- ICVB Reserve	\$1,072,200
- ICVB Operating Fund Reserves	<u>\$1,265,791</u>
Total	\$0

Remaining Reserves:

ICVB Reserve Fund	\$250K
ICVB Operating Fund	\$1.5M

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
- The entertainment venue, along with a convention center hotel, is a key component of the convention center site
- The venue and restaurants will provide a destination for visitors, and increase the viability and profitability of surrounding properties in Las Colinas.
- FY 2010-11 budget provides funding for the city's share of construction for the venue.



Capital Improvement Program

Capital Improvement Program

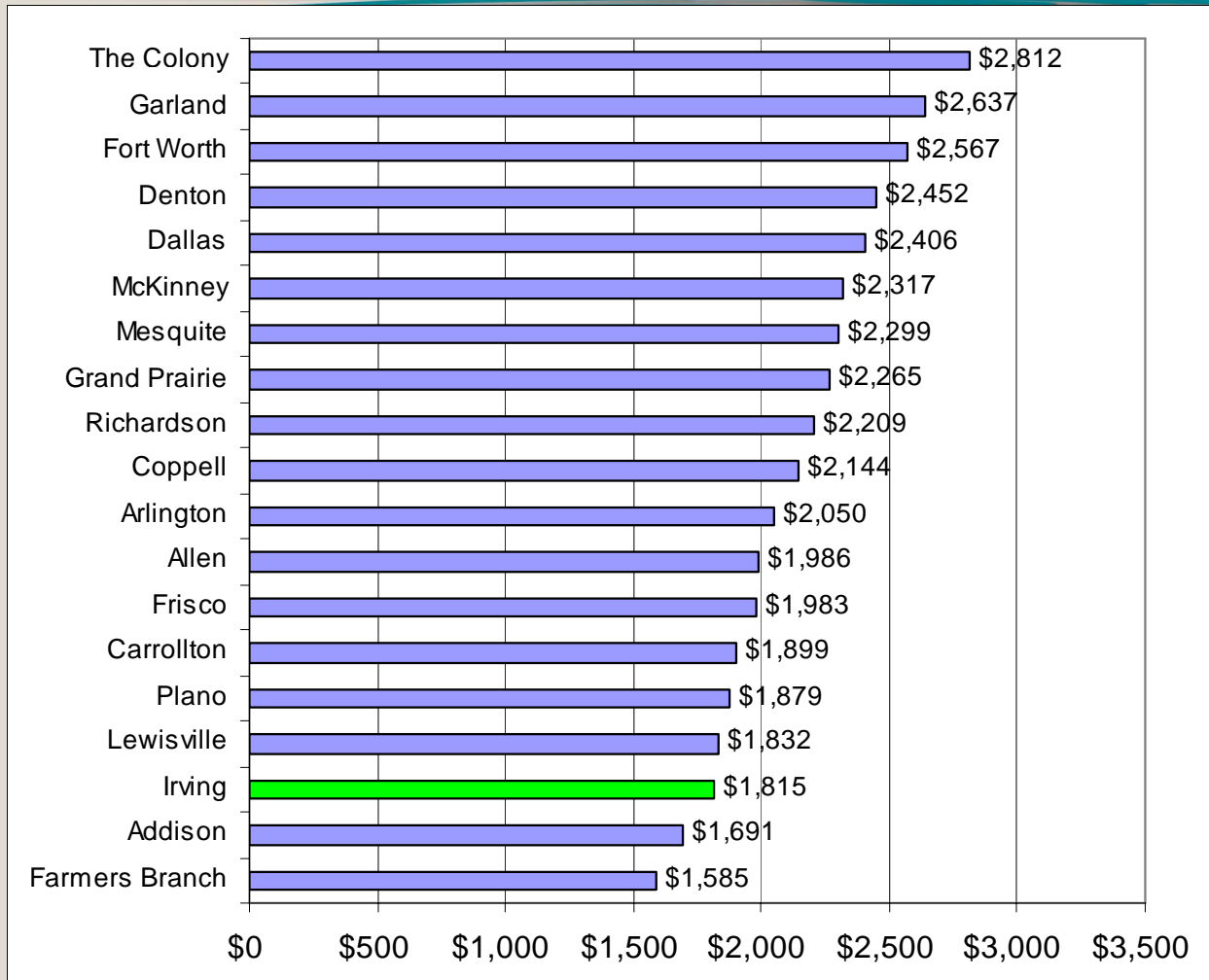
- Reduce CIP to account for economic conditions
- GO sale of \$6.6 million 1/3 of recent average
- Funding allocated to Council priorities
 - Public Safety Radio System replacement
 - Utility undergrounding
 - South Irving Library design
 - South Irving Aquatic Center design
 - Neighborhood sidewalks and drainage funded pay-as-you-go

Capital Improvement Program

Capital Improvement Program FY 2010-11		
	Debt Financed	Cash Financed
General CIP	\$6,600,000	\$975,500
Streets	\$2,500,000	\$500,000
Parks	\$2,100,000	\$475,500
Library	\$2,000,000	\$0
Lease Purchase	\$17,060,000	\$0
Fire Services	\$1,060,000	
Public Safety Radios	\$16,000,000	\$0
Water & Sewer System	\$27,050,000	\$6,000,000
Water	\$18,650,000	\$4,000,000
Sewer	\$8,400,000	\$2,000,000
Certificates of Obligation	\$33,700,000	\$0
Water Street	\$33,700,000	\$0
Municipal Drainage Utility	\$2,600,000	\$0
Entertainment Venue	\$215,008,000	\$0

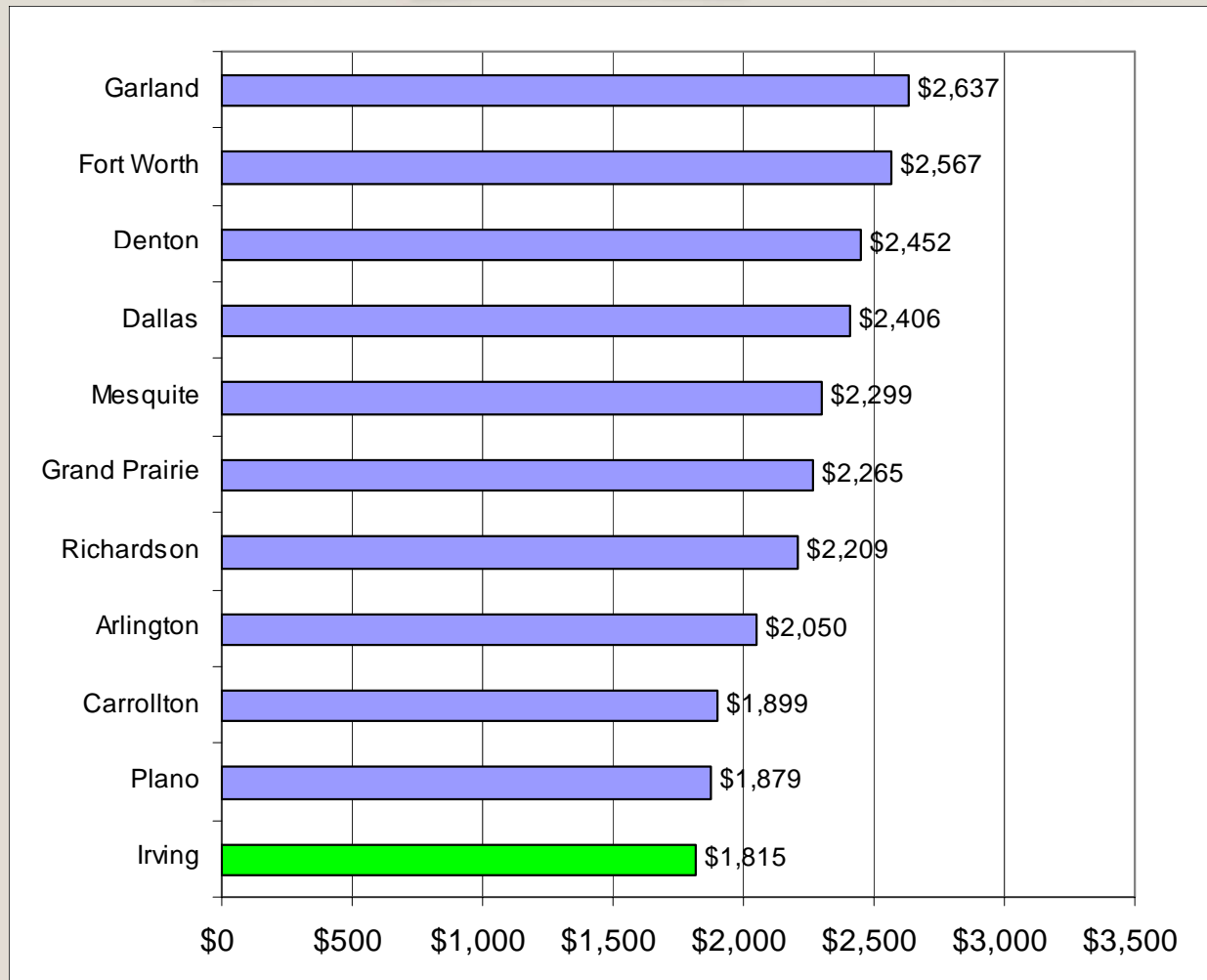
Conclusion

Affordable Cities Comparison



Source: City of Carrollton Residential Cost of Service Comparison

Affordable Benchmark Cities Comparison



Source: City of Carrollton Residential Cost of Service Comparison

Affordable Cities Comparison

- Irving ranks as the third most affordable city in the Metroplex for the total municipal cost of service
 - The 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 **\$1.72** per month

Conclusion

- Recession will continue to affect city revenues for the next 2-3 years
- Expenditure reductions and cost savings have partially offset the need for revenue increases
- Tax rate and water rate adjustments are necessary to maintain current levels of service and finance necessary capital improvements
- Further revenue reductions will require reductions in services
- FY 2010-11 is structurally balanced
- Adopting a rate that is a portion of the effective rate will also begin to address shortfalls in the FY 2011-12 budget

Budget Calendar

- No special meeting or special notices on tax rate are required
 - Proposed tax rate of .5704 is below the effective rate of .5918
- August 25
 - Special Meeting for HHS and Entertainment Venue issues
- September 9
 - Public Hearing on Budget
- September 23
 - Public Hearing on Budget
 - Adoption of Tax Rate
 - Adoption of Budget

Questions