

CITY COUNCIL BUDGET AMENDMENTS

Operating Budget Amendments

Expenditure Adjustments:

(\$25,615)	Delay hiring retail coordinator in Development Services for 3 months
(\$3,033,407)	Delay Police and Fire uniform personnel 5% pay increase by 2 months
(\$450,000)	Eliminate funding for the Charter Election
(\$162,000)	Reduce funding for Dallas Police Department's public information office by eliminating 2 of 5 positions
(\$502,000)	Reduce overtime in various departments
(\$100,000)	Reduce supply funding in the Police Department
\$25,615	Add funding for a retail market study for Council Districts 4, 5, and 7. Also added to funding being made available through reprogramming of Consolidated Plan/HUD funds
\$2,901,494	Add funding for all General Fund permanent full-time and part-time civilians and uniformed executives (as of 9/30/03) to receive a \$500 one-time lump sum payment in the first paycheck issued after 1/1/04. Part-time employees to receive a \$250 pro-rated payment
\$107,528	Restore two caseworkers in the Dallas Police Department's First Offender Program
\$716,385	Increase funding for the Police Department management/efficiency study from the \$100,000 proposed to \$816,385
\$87,800	Increase transfer to capital construction for major maintenance to address more of the maintenance needs of our city facilities
\$822,000	Provide 2,740 over-65 retirees with a one-time \$300 reduction in health benefit premiums
\$30,000	Dallas Film Commission
<u>\$417,800</u>	

Revenue Adjustments:

\$80,000	Increase the auto impoundment fee by \$10 from \$10 to \$20
\$87,800	Make fines for certain animal-related offenses consistent with state law and establish a fee for late registration of dogs and cats
<u>\$250,000</u>	Increase Municipal Courts revenues for an aggressive warrant round-up
<u>\$417,800</u>	

CITY COUNCIL BUDGET AMENDMENTS

Enterprise, Internal Service, and Other Funds Amendments

Expenditure Adjustments:

(1,461,850) Enterprise Funds, Internal Service Funds, and Other Funds will utilize fund balance, reduce transfers to capital construction programs, and/or adjust hiring lags to generate additional funding

\$1,461,850 Add funding for all Enterprise Fund, Internal Service Fund, and Other Fund permanent full-time and part-time civilians (as of 9/30/03) to receive a \$500 one-time lump sum payment in the first paycheck issued after 1/1/04. Part-time employees to receive a \$250 pro-rated payment

\$0

Expenditure Adjustments:

(\$197,570) Delay payment that Municipal Radio is scheduled to receive on 1/1/04 from DCVB and extend the DCVB's payment term by one year (to 01/07)

\$197,570 Allow DCVB to utilize funds for incentives (such as shuttle transportation, hosted receptions, etc.) to attract conventions and trade shows to the City

\$0

Grants and Trusts Budget

Reallocation of Housing and Urban Development (HUD) Funds

Expenditure Adjustments:

(\$400,000) Reprogram Consolidated Plan/HUD funds from the Lot Acquisition Program

\$400,000 Add funding for a retail market study to other CDBG eligible areas as well as implement CDBG Business Development Program

\$0

Capital

Expenditure Adjustments:

\$87,800 Add Funding for major maintenance projects to address city facility needs

\$87,800

Revenue Adjustments:

\$87,800 Transfer from General Fund to Capital Construction Fund

\$87,800

BUDGET PROCESS CALENDAR

The City of Dallas' budget process consists of a nine-month schedule of presentations, hearings, and deliberations. The FY 2003-04 budget process dates are as follows:

<u>January - February</u>	Various Consolidated Plan Public Hearings
<u>January 22</u>	Public Hearing on the 2003 General Obligation Bond Program
<u>January 24 – March 17</u>	Office of Financial Services develops base budget numbers. Departments develop reduction options and identify new funding needs.
<u>February 12</u>	City Council calls General Obligation Bond Election.
<u>March 24 – June 18</u>	Department directors brief and discuss overall department budget, new funding needs, and reduction options to designated Council Committees. Department budgets, new funding needs, and reduction options are briefed to full Council.
<u>March 26</u>	Public Hearing on the Operating, Capital, and Grants and Trusts Budgets
<u>April – August 8</u>	City Manager's Office budget deliberations are held with Office of Financial Services and individual departments.
<u>April 3</u>	Community Development Commission approval of Consolidated Plan Budget
<u>May 3</u>	City of Dallas voters approved \$579.3M General Obligation Bond Program
<u>May 7</u>	City Council Budget Workshop – FY 2003-04 Consolidated Plan Budget
<u>May 14</u>	Public hearing on the Operating, Capital, and Grants and Trust Budget
<u>May 21</u>	City Council Budget Workshop – FY 2003-04 General Fund Budget Outlook and FY 2003-04 Consolidated Plan Budget. Council can request specific budget topics for briefing and discussion. Council questions are responded to either verbally at the workshop or with follow-up written responses.
<u>June 4</u>	City Council Budget Workshop – FY 2003-04 General Fund Budget Outlook and FY 2003-04 Consolidated Plan Budget. Council can request specific budget topics for briefing and discussion. Council questions are responded to either verbally at the workshop or with follow-up written responses.
<u>June 11</u>	City Council preliminary adoption of Consolidated Plan Budget
<u>June 18</u>	City Council Budget Workshop – FY 2003-04 General Fund Budget Outlook Council can request specific budget topics for briefing and discussion. Council questions are responded to either verbally at the workshop or with follow-up written responses.

BUDGET PROCESS CALENDAR

<u>June 25</u>	City Council Consolidated Plan Budget Public Hearing
<u>July 25</u>	Certified Tax Roll from Dallas Central Appraisal District
<u>August 11</u>	City Manager's FY 2003-04 Proposed Budget presented to City Council in a formal Council briefing. Council feedback is received.
<u>August 11 - September 9</u>	City Council Budget Town Hall Meetings – These are scheduled by the individual Councilmembers. An Assistant City Manager presents the City Manger's recommended budget to those in attendance and the Councilmember receives comments and feedback from their constituents on the budget.
<u>August 13</u>	City Council final adoption of Consolidated Plan Budget
<u>August 25</u>	City Council Budget Workshop – Specific budget related topics are briefed to the Council. Councilmembers provide their comments on possible changes to the recommended budget.
<u>August 27</u>	Public Hearing on the Operating, Capital, and Grants and Trusts Budget
<u>September 3</u>	City Council Budget Workshop - Specific budget related topics are briefed to the Council. Councilmembers provide their comments on possible changes to the recommended budget.
<u>September 10</u>	City Council adopts Budget on First Reading (requires a majority vote)
<u>September 15</u>	City Council Budget Amendment Workshop – Councilmembers submit proposed amendments to the City Manager's recommended budget. Proposed amendments should be balanced with revenue and/or expenditure changes. A majority straw vote is required for an amendment to be included in the recommended budget.
<u>September 17</u>	City Council Budget Amendment Workshop (if necessary) – Councilmembers submit proposed amendments to the City Manager's recommended budget. Proposed amendments should be balanced with revenue and/or expenditure changes. A majority straw vote is required for an amendment to be included in the recommended budget.
<u>September 24</u>	City Council adopts Budget on Second Reading and sets Tax Rate (requires a majority vote)

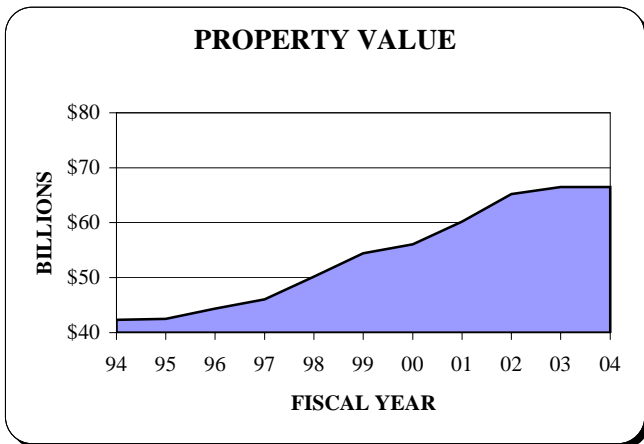
MAJOR REVENUE SOURCES

GENERAL FUND MAJOR REVENUE SOURCES

The revenue sources described in this section account for \$718,642,737 (88.6%) of the City's total General Fund operating revenues and \$115,681,244 (86.9%) of the Tax Supported Debt Service revenues.

PROPERTY TAXES

Property (ad valorem) taxes attach as an enforceable lien on property as of each January 1st. The City's property tax is levied each September on the assessed value listed as of the prior January 1st for all real property



and income-producing personal property located in the City. Assessed values are established by the Dallas Central Appraisal District at 100% of the estimated market value and certified by the Appraisal Review Board. The assessed taxable value for the tax roll as of January 1, 2003 (upon which the FY 2003-2004 levy is based) is \$66,501,655,057. The 2003 tax roll is 0.03% greater than the 2002 tax roll.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of

principal and interest on general obligation long-term debt. The tax rate for the year ending September 30, 2004 is set at 69.98¢ per \$100 of which 52.43¢ is allocated for general government operations and maintenance and 17.55¢ is allocated for general obligation debt service payments.

Taxes are due January 31st following the September levy and are considered delinquent after January 31st of each year. Based upon historical collection trends, current tax collections for the year ending September 30, 2004 are estimated to be 96.57% of levy and will generate \$336,708,859 in General Fund revenues and \$112,707,238 in Debt Service revenues for a total of \$449,416,097 in revenues. Prior year taxes, penalties, and interest are expected to produce an additional \$10,471,853 in revenues.

AMBULANCE REVENUES

The Dallas Fire Department provides emergency ambulance services within the boundaries of the City of Dallas and the City of Cockrell Hill to any person requesting aid. The emergency medical staff transports the individual or individuals to a hospital providing emergency aid for a transport charge plus itemized charges. The charge is \$320 for residents and \$420 for non-city residents.

The billing and collection of ambulance fees is provided by an outside agency through a contract with the City of Dallas. The current collection agency is Southwest General Services, Inc. To estimate the FY 2003-2004 revenue, historical information is used to project the gross amount billed, and a projected rate is applied to this amount. To determine the net revenue to the City, projected commissions paid to the contractor are subtracted from the projected gross collections.

MAJOR REVENUE SOURCES

SANITATION SERVICES REVENUE

Sanitation Services Revenue is collected to support the cost of providing garbage collection, brush and bulky collection, and recyclables collection services for residential customers and a few small commercial customers. This revenue is based on fees which are collected through the monthly water bills issued by Dallas Water Utilities. The FY 2003-2004 estimated revenue is determined by multiplying the current residential rate (increase from \$15.13 to \$15.86 per month) by the projected number of residential customers plus estimates for pack out service and commercial customers. In addition, an allowance of 1.25% is assumed for uncollectible accounts.

PRIVATE DISPOSAL REVENUE

Private Disposal Revenue is collected primarily at the McCommas Bluff Landfill for the privilege of disposing of solid waste at the site. The rates at the McCommas Bluff Landfill and Bachman Transfer Station are weight-based rates of \$15 per ton at the landfill and \$40 per ton at the transfer station. City of Dallas residents hauling their own household and yard wastes are exempt from the fees. The FY 2003-2004 figure is determined by projecting the estimate for the current fiscal year and then making adjustments for any other expected changes (including fee increases). In addition, an allowance of 1.25% is assumed for uncollectible accounts.

FRANCHISE FEE REVENUE

The City of Dallas maintains non-exclusive franchise agreements with utilities and other service providers that use the City's right-of-ways to provide services to the public. These franchise ordinances provide for compensation to the City in the form of franchise fees. These fees are in lieu of all other fees and charges related to the use of the right-of-ways. They are in addition to sales and ad valorem taxes.

Generally, franchise fees are calculated based on a percentage of the companies' gross receipts as a result of doing business in Dallas. Comcast Cable Communications Inc., pays a fee equal to 5% of gross receipts, paid monthly, 30 days after the end of the period covered. Franchise fees for TXU Gas are 4% of their gross receipts, paid quarterly, by wire transfer. Projections for FY 2003-2004 revenues for cable are based on historical data trended forward using regression analysis. Franchise fees for TXU Electric are based on a fee of .002622 per kilowatt hour consumed and are projected for FY 2003-2004 using historical data, trended forward by statistical analysis techniques and normalized for weather.

Certificated telecommunications providers no longer pay franchise fees to the City. Pursuant to Local Government Code 283 telecommunications providers must compensate the City for use of the right-of-way on a per access line basis. These fees are to be paid to the City 45 days after the end of each calendar quarter. It is anticipated that these municipal fees for all telecommunications providers in the City will total \$35,075,000 for FY 2003-2004.

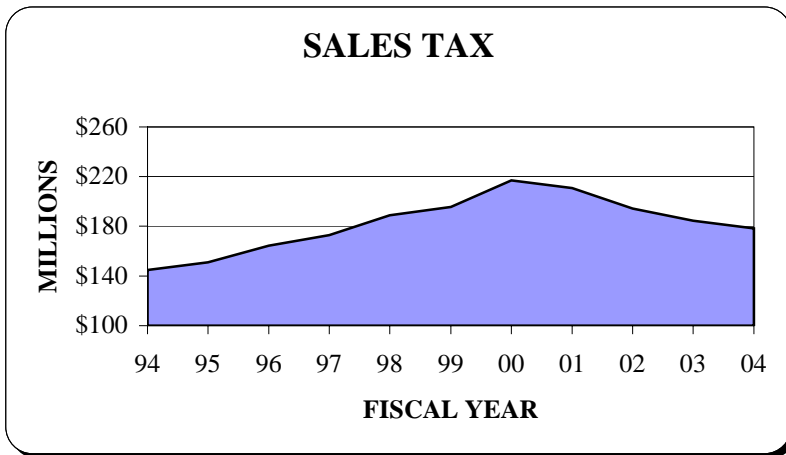
MAJOR REVENUE SOURCES

MUNICIPAL COURT REVENUES

Court and Detention Services collects fines and fees on Class C Misdemeanor citations, including moving/non-moving traffic violations and State law/City ordinance violations. Revenues are collected at cashier windows, by mail-in payments and through express mail depositories. Delinquent accounts are forwarded to a collection agency for additional collection efforts. The methodology used to project revenues is a combination of straight lining actuals, historical analysis and multi-year averaging.

SALES TAX

The sales tax rate in the City of Dallas is 8.25% of taxable goods or services sold within the City limits. The tax is collected by the retriever at the point of sale and forwarded to the State Comptroller's Office on a monthly or quarterly basis. Of the 8.25% collected, the state retains 6.25% and distributes 1% to the City of Dallas and 1% to the Dallas Area Rapid Transit transportation authority.



As illustrated in the accompanying graph, sales tax receipts have increased from \$144,976,455 in FY 1993-94 to a projected \$178,391,126 in FY 2003-04. The sales tax budget for FY 2003-2004 is based on a negative 3.22% growth factor with an adjustment made for an additional day of receipts due to leap year, which is the growth reflected by the last 36 months of sales tax receipts. Sales tax revenues are historically volatile; therefore, actual collections may differ significantly from the budgeted amount, as experienced in FY

2000-01, FY 2001-02, and FY 2002-03.

SECURITY ALARM PERMIT FEE

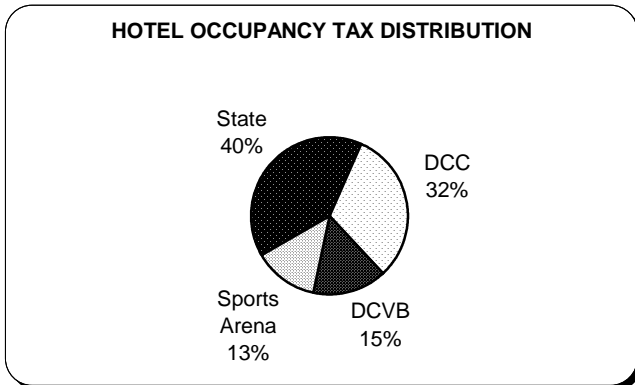
The City of Dallas charges businesses and residences \$50 for new or renewal of a security alarm permit, which must be renewed annually. It allows for the dispatch of police in response to notification from an alarm company that a security alarm has been activated. Dallas City Code Chapter 15C (Emergency Reporting Equipment and Procedures) describes the requirements and responsibility of the permit holder and the alarm company. A false alarm fee of \$50 (after the 5th false alarm in a 12 month period) will be assessed for each subsequent false alarm notification.

MAJOR REVENUE SOURCES

ENTERPRISE FUND MAJOR REVENUE SOURCES

HOTEL OCCUPANCY TAXES

The Hotel Occupancy Tax rate in the City of Dallas is 15% of the room rate charged within the City limits. The tax is collected by the Hotel at the point of sale and forwarded to the State (6%) and City (9%) on a monthly



basis. Two percent of the City's portion supports the Sports Arena Project. 32.6% of the remaining 7% collected by the City is paid to the Dallas Convention and Visitors Bureau (DCVB) to market and promote the City of Dallas as a convention and tourist destination. The remaining revenue (67.4% of the 7%) is used to support Dallas Convention Center (DCC) operations and capital improvements. The distribution of the 15% hotel occupancy tax is illustrated in the accompanying graph.

The Dallas Convention Center's portion of Hotel Occupancy Tax revenues (7%) has increased from \$22,154,948 in FY 1993-94 to a projected \$30,111,995 in FY 2003-2004. Hotel occupancy tax revenues are historically volatile; therefore, actual collections may differ significantly from the budgeted amount, as experienced in FY 2001-02 and FY 2002-03.

STORMWATER REVENUES

The Storm Water Drainage Utility Revenue is collected to support the cost of operating and maintaining the City's storm sewer system; creek, river and levee maintenance; monthly sweeping of the City's major thoroughfares; water quality activities required by the City's EPA storm water permit, e.g., sampling, testing, monitoring, public education, code enforcement, and hazardous spill cleanup and disposal; lake de-silting; and engineering, design and inspection of storm sewer infrastructure. The actual construction of storm sewer system infrastructure is not covered by this revenue, but instead is funded through General Obligation Bonds. This revenue is collected through the monthly water bills issued by Dallas Water Utilities. The FY 2003-2004 estimated revenue is generated by rates based on the size and use of each property within Dallas. This is then multiplied by a factor that reflects amount of runoff the property is expected to generate that the City's storm sewer system must handle. In addition, an allowance of 2.0% is assumed for uncollectible accounts. In FY2003-2004, the Storm Water fee increase will achieve full cost recovery.

WATER/WASTEWATER REVENUES

The Water Utilities Department is owned and operated by the City of Dallas as a self-supporting enterprise fund. The department receives no tax dollars and obtains its revenues through the sale of water and wastewater services in five customer classes. These classes are Residential, General Service, Municipal, Optional General Service, and Wholesale. The wholesale customer class is comprised of 19 communities outside the City of Dallas, which receives water service, and 10 communities, which receive wastewater service. Rates for each class are determined by a cost of service study that assigns costs to each class based on the department's cost to provide them with these services.

MAJOR REVENUE SOURCES

WATER/WASTEWATER REVENUES (CONTINUED)

The breakdown of the source of revenues from these customer classes is as follows:

- 37% of the revenues come from the Residential class,
- 40% comes from the General class,
- 1% comes from the Municipal class,
- 4% comes from the Optional General class
- 18% comes from the Wholesale class.

These revenues are used to pay for the following:

- Operating and maintenance costs of providing water and wastewater service to customers,
- Debt service (principal and interest) on outstanding debt used to design and construct the facilities necessary to provide these services,
- Street Rental payment (equivalent to franchise fees assessed to other utilities) to the General Fund for the use of the City's right-of-ways,
- Cash funding for capital improvement facilities not funded through the sale of revenue bonds or other debt.

The Water Utilities Department also receives other miscellaneous revenues such as, but not limited to, interest earnings, connection fees, and system improvement contributions. In FY 2003-2004, water and wastewater revenues will total \$370.27 including an 11.3% increase in the retail rate. Water revenues can fluctuate depending on the summer temperatures and the amount of rainfall in the area.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

FY 2003-04 Adopted Budget Status

Operating Program Status

1. The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of undesignated fund balance accumulated through prior year surplus. Nonrecurring or one-time revenues should, to the extent possible, only be used for one-time expenditures (expenditures not expected to reoccur and requiring future appropriations) to avoid future shortfalls.

2. The year-to-year increase of actual revenue from the levy of the ad valorem tax will generally not to exceed 8%:
 - Excluding taxable value gained by through annexation or consolidation;
 - Excluding the value gained through new construction;
 - Excluding expenditure increases mandated by the voters or another governmental entity; and
 - Not excluding the valuation gained through revaluation or equalization programs.

3. Debt will not be used to fund current operating expenditures.

4. All retirement systems will be financed in a manner to systematically fund liabilities. The City will assure sufficient funds are provided to pay current service plus interest on unfunded liabilities plus amortization of the unfunded liabilities over a programmed period. No less than annual reviews will be provided to Council by the pension funds.

Status

In Compliance
 Current revenues are sufficient to support current expenditures in all operating funds in FY 2003-04.

In Compliance
 The % change in base revenue (from FY 2002-03 to FY 2003-04) is .61%.

Adjusted revenues cannot exceed “base” revenues more than 8%.

Base revenues = FY 2002-03 budgeted revenues from current tax roll (in 000's)	\$ 451,016
2003-04 Ad-Valorem Tax Revenue	\$ 449,416
Less: Voter Mandated-Debt Service	\$ (8,908)
Growth from Annexation	\$ 0
Growth from New Construction	<u>\$ 4,573</u>
Adjusted revenue recommendation:	\$ 453,751
% Change from base revenues:	.61%

In Compliance
 No debt is programmed in the Operating Budget to fund current expenses.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
FY 2003-04 Adopted Budget Status

Operating Program Status (Continued)

Status

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| 5. Actuarial analysis will be performed annually on all retirement systems. Adjustments in benefits and contributions will be authorized only after meeting the test of actuarial soundness. All health plans should have actuarial reviews performed bi-annually to determine the required levels of funding necessary. These health plans shall be financed in a manner to ensure sufficient funds are available to fund current liabilities and provide some reserve levels for extraordinary claims. | In Compliance |
| 6. Each enterprise fund of the City will maintain revenues which support the full (direct and indirect) cost of the utility. In addition, each Enterprise Fund and Internal Service Fund should maintain at least 30 days of budgeted operations and maintenance expense in net working capital, and avoid cash deficits. | In Compliance |
| 7. The Emergency Reserve shall be used to provide for temporary financing of unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity, a 5% decline in property values, or an unexpected liability created by Federal or State legislative action. Funds shall be allocated from the Emergency Reserve only after an analysis has been prepared by the City Manager and presented to City Council. The analysis shall provide sufficient evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources. The analysis shall address the nature of the proposed expenditure and the revenue requirement in subsequent budget years. Prior to allocating funds from the Emergency Reserve, the City Council shall find that an emergency or extraordinary need exists to justify the use of these funds. Funds shall be allocated each year in the budget process to replace any use of the Emergency Reserve funds during the preceding fiscal year to maintain the balance of the Emergency Reserve levels. | In Compliance |

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

FY 2003-04 Adopted Budget Status

Operating Program Status (Continued)

8. The Contingency Reserve shall be used to provide for unanticipated needs that arise during the year: for example, expenses associated with new service needs that have been identified after the budget process, new public safety or health needs, revenue shortfalls, service enhancements, or opportunities to achieve cost savings. Funds shall be allocated from the Contingency Reserve only after an analysis has been prepared by the City Manager and presented to the City Council outlining the initial and recurring costs associated with the proposed expenditure. Additionally, these funds would be used prior to use of the Emergency Reserve funds. Funds shall be allocated each year in the budget process to replace any use of the Contingency Reserve funds during the preceding fiscal year and to maintain the balance of the Contingency Reserve at a level ranging from ½% to 1% of budgeted departmental expenditures.

9. The combined levels of the Emergency Reserve and the Contingency Reserve shall be maintained at a level which, when added to the end-of-year unreserved, undesignated fund balances of the General Fund is not less than 5% of the General Fund operating expenditures less debt service.

Status

In Compliance

The adopted Contingency Reserve level is \$5,000,000, 0.62% of the General Fund budget. It will be funded from FY 02-03 Contingency Reserve ending balance of \$3,870,870 and General Fund contribution of \$1,129,130.

In Compliance

Emergency Reserve	
9/30/03 (projected)	\$18.5M
FY2003-04 appropriations	\$1.6M

Contingency Reserve	
9/30/03 (projected)	\$3.9M
FY2003-04 appropriations	\$1.1M

Fund Balance 9/30/03 (projected)	<u>\$22.6M</u>
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Combined	\$47.7M
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\$47.7M is 5.88% of the adopted General Fund budget

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

FY 2003-04 Adopted Budget Status

Operating Program Status (Continued)

10. A Risk Reserve shall be maintained at a level, which, together with purchased insurance policies, adequately protects the City's assets against loss. An analysis shall be conducted every three years or when the deductible level of the City's property insurance is modified (whichever is earlier), to determine the appropriate level of this reserve.

11. A General Fund liability fund shall be budgeted annually to provide for outstanding and anticipated claims expense and resulting liabilities during the budget year. An individual judgment settlement cap is set at \$5,000,000. The Emergency Reserve will be accessed should the cap be exceeded. An independent actuarial analysis shall be conducted every two years to determine the appropriate level of this fund.

12. Consider the establishment of a Landfill Closure / Post-Closure Reserve to provide for any future potential liabilities. Analysis will be performed periodically to determine appropriate timing and amount of funding needs. Funds could be allocated from an increase in user fees.

13. Operating expenditures will be programmed to include current costs of fully maintaining City facilities, including parks, streets, levees, vehicles, buildings, and equipment. A cost benefit analysis will be performed on replacement cost versus projected required maintenance costs to determine the level at which City facilities should be maintained. The analysis will also determine the long-term cost of any potential deferred maintenance cost. Normal maintenance will be funded through the operating budget.

Status

In Compliance

The adopted Risk Reserve level is \$1,250,000. It will be funded from the FY 02-03 Risk Reserve ending balance of \$1,250,000.

In Compliance

The adopted Liability Reserve will be funded at \$12,222,866. It will be funded from FY 03-04 General Fund contribution of \$9,034,771, General Fund departmental contributions of \$804,513 and other funds contributions of \$2,383,582.

Establishment of reserve not recommended at this time.

Not In Compliance

The adopted budget includes \$2.5M for major building maintenance. It is estimated that \$5.0M would be necessary to maintain buildings. All other aspects are in compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

FY 2003-04 Adopted Budget Status

Operating Program Status (Continued)

14. An annual assessment and five year projection for all equipment and maintenance needs should be performed, and a maintenance and replacement schedule developed based on the projection.

Status

In Compliance
Replacement and maintenance needs are funded.

15. An annual review of selected fees and charges will be conducted to determine the extent to which the full cost of associated services is being recovered by revenues. All fees and charges will be reviewed at least once every four years.

In Compliance
A comprehensive fees and charges study was completed in FY 01-02.

Capital and Debt Management

16. Any capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project. (Bonds issued for street resurfacing shall be financed for a period not to exceed 10 years.)

In Compliance

17. The net (non self-supporting) General Obligation (G.O.) Debt of Dallas will not exceed 4% of the true market valuation of the taxable property of Dallas.

In Compliance
1.18%

18. Total direct plus overlapping debt shall be managed so as to not exceed 8% of market valuation of taxable property of Dallas. All debt, which causes total direct plus overlapping debt to exceed 6% of market valuation, shall be carefully planned and coordinated with all overlapping jurisdictions.

In Compliance
2.92%

19. Interest expenses and other capital related expenses incurred prior to actual operation will be capitalized only for facilities of enterprise activities.

In Compliance

20. Average (weighted) General Obligation bond maturities shall be kept at or below 10 years.

In Compliance
6.95 Years

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

FY 2003-04 Adopted Budget Status

<u>Capital and Debt Management (Continued)</u>	<u>Status</u>
21. Annual General Obligation debt service (contribution) including certificates of obligation debt for risk management funding shall not exceed 20% of the total governmental fund expenditures (comprised of general fund, special funds, debt service funds and capital project funds).	In Compliance 10.58%
22. Per Capita General Obligation Debt including Certificates of Obligation, Equipment Acquisition Notes and General Obligation Bonds will be managed to not exceed 10% of the latest authoritative computation of Dallas' per capita annual personal income.	In Compliance 1.90%
23. Debt may be used to finance betterments intended to extend service life of original permanent capital improvements under the following conditions: <ul style="list-style-type: none"> • the original improvement is at or near the end of its expected service life; • the betterment extends the life of the original improvement by at least one third of the original service life; • the life of the financing is less than the life of the betterment; • the betterment is financed through either C.O.'s or G.O.'s. 	In Compliance
24. Interest earnings from G.O. Bonds shall be used solely to fund capital expenditures, debt service, or used to fund a reserve for capital contingencies.	In Compliance
25. Certificates of Obligation should be used only to fund tax-supported projects previously approved by the voters; or for risk management funding as authorized by the City Council; or non-tax revenue-supported projects approved by City Council.	In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

FY 2003-04 Adopted Budget Status

<u>Capital and Debt Management (Continued)</u>	<u>Status</u>
26. Certificates of Obligation (C.O.) Debt including that for risk management funding supported by an ad valorem tax pledge should not exceed 15% of total authorized and issued General Obligation (G.O.) Debt.	In Compliance 6.22%
<ul style="list-style-type: none"> • All C.O.'s issued in lieu of revenue bonds should not exceed 10% of outstanding G.O. Debt. 	0%
27. Certificates of Obligation will be limited to projects consistent with Financial Management Performance Criteria for debt issuance.	In Compliance
28. Certificates of Obligation for an enterprise system will be limited to only those projects, which can demonstrate the capability to support the certificate debt either through its own revenues, or another pledged source other than ad valorem taxes.	In Compliance
29. Certificates of Obligation authorization will remain in effect for no more than five years from the date of approval by the City Council.	In Compliance
30. Certificates of Obligation authorized for risk management funding shall be issued for a term not to exceed 20 years.	In Compliance
31. Tax Increment Financing zones should be established where revenues will recover 1.25 times the public cost of debt in order to provide an adequate safety margin.	In Compliance
32. No more than 10% of the property (i.e. parcels) in a Tax Increment Financing zone, excluding property dedicated for public use, may be used for residential purposes. "Residential purposes" includes property occupied by a house, which has less than five living units.	In Compliance
33. No more than 5% of the City's tax base will be in Tax Increment Financing zones.	In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

FY 2003-04 Adopted Budget Status

Capital and Debt Management (Continued)

Status

34. All PID and TIF proposals, even “pay-as-you-go” projects, will be valued for service impact. A five-year fiscal note must accompany any request to establish a PID or TIF including repayment terms of any inter-fund borrowing.

In Compliance

35. All adopted PID or TIF debt issuances supported by a district's revenues, are subject to the following criteria:

In Compliance

- Coverage Tests - The project should provide for revenues, net of overlapping taxes, of 1.25 times maximum annual debt service requirement. The issuance of TIF bonds may be considered prior to achieving coverage ratio of 1.25 if:
 - ▶ a developer or property owner provides a credit enhancement such as a letter of credit or bond insurance from an AAA-rated financial institution for the entire amount of the debt issue; and
 - ▶ in the event that there is insufficient TIF increment revenues to retire TIF bonds, which event consequently requires that the credit enhancement mechanism be called upon to service the TIF bonded indebtedness, contingent liability to reimburse a credit-enhancer would be the sole liability of the developer or its affiliates; and
 - ▶ in the event that there are changes in the rating of the financial institution providing credit enhancement, then that institution shall be replaced with an AAA-rated financial institution within 90 days; and
 - ▶ in the event that no replacement of an AAA-rated institution is provided, no further TIF bonds in advance of the 1.25 coverage ratio will be provided for any additional TIF projects undertaken by the developer or its affiliates.

**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
FY 2003-04 Adopted Budget Status**

Capital and Debt Management (Continued)

Status

- Additional Bonds Test - the project should include an additional bonds test parallel to the coverage test.
- Reserve Fund - the project should include a debt service reserve fund equal to the maximum annual debt service requirements.
- Limitations on Amount of PID/TIF Bonds- The total amount of PID/TIF indebtedness will be included and managed as part of the City's overlapping debt, and
- The total amount of PID/TIF debt outstanding should generally not exceed 20% of the City's outstanding general obligation indebtedness.
- PID/TIF bonds should be limited to projects consistent with the City's previously adopted Financial Management Performance Criteria for debt issuance.
- PID bonds should be limited to those projects, which can demonstrate the ability to support the debt either through its own revenues or another pledge source other than ad valorem taxes.
- PID/TIF bond authorizations should remain in effect for no more than five years from the date of City Council approval.

36. All adopted PID or TIF debt issuances must mature on or before the termination date of the respective PID or TIF district and, further, all bonds must also conform to the district's Financial Plan by maturing on or before the plan's projected date by which all district expenses would be paid, including repayment of bonds.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
FY 2003-04 Adopted Budget Status

Capital and Debt Management (Continued)

Status

37. The City will not propose the issuance of any unrated, high yield PID/TIF bond which could be labeled a “high risk bond” except for small (less than \$5 million) private placements coordinated with the City’s Financial Advisor.

In Compliance

- All projects must be carefully evaluated for credit-worthiness and meet the criteria above whether or not a credit rating is obtained.

38. The City should use PID/TIF bonds only when other options have been considered.

In Compliance

39. Advance refundings and forward delivery refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 4%.

In Compliance

Current refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 3%.

40. Each Enterprise Fund (where applicable) will maintain fully funded debt service reserves. A surety bond (or other type of credit facility such as a letter of credit) may be used in lieu of funding the reserve if the former is economically advantageous.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

FY 2003-04 Adopted Budget Status

Accounting, Auditing, and Financial Planning

41. The City will establish and maintain a high degree of accounting practices; accounting practices will conform to generally accepted accounting principles as set forth by the authoritative standard setting body for units of local government.

Status

In Compliance

The basis of budgeting for all funds essentially follows the basis of accounting (modified accrual). The major differences between the budgeting and accounting basis are: 1) encumbrances are recorded as expenditures (budget basis) rather than as a reservation of fund balance (accounting basis); 2) compensated absences (accrued but unused leave) are not reflected in the budget; 3) depreciation expense is not included in the budget basis.

42. An annual audit will be performed by an independent public accounting firm, with the subsequent issue of an official Comprehensive Annual Financial Report (CAFR) within 120 days of the City's fiscal year end.

Field work completed March 21, 2003
Report issued May 30, 2003

43. Full disclosure will be provided in the annual financial statements and bond representations.

In Compliance

Budget

44. Revenues and expenditures will be projected annually for at least three years beyond the current budget projections.

In Compliance

45. Financial systems will be maintained to monitor expenditures, revenues and performance of all municipal programs on an ongoing basis.

In Compliance

46. Operating expenditures will be programmed to include the cost of implementing service of the capital improvements, and future revenues necessary for these expenditures will be estimated and provided for prior to undertaking the capital improvement.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
FY 2003-04 Adopted Budget Status

Budget (Continued)

47. A report reflecting end of fiscal year status of performance against these criteria will be prepared within 60 days after official presentation of the Comprehensive Annual Financial Report to the City Council. A pro forma report reflecting Proposed budget status will be submitted with the City Manager's Proposed Budget each year.

Status

In Compliance

Cash Management

48. Investments will be made in conformance with the City's investment policy, with the primary objectives of preservation of capital, maintenance of sufficient liquidity and maximization of return on the portfolio.

In Compliance

49. The accounting system and cash forecasting system will provide regular information concerning cash position and investment.

In Compliance

50. Internal Service Funds and Enterprise Funds will maintain positive cash balances.

In Compliance

Grants and Trusts

51. All grants will be managed to comply with the laws, regulations and guidance of the grantor; and all gifts and donations will be managed and expended according to the wishes and instructions of the donor.

In Compliance

52. Prior to acceptance of proposed gifts and donations and governmental grants a fiscal review will be conducted. The review should consider matching requirements, impacts on both revenues and expenditures for the next five years, whether the objectives of the gifts, donation or grants meet the strategic goals of the City, and any potential impact of loss of funds.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
FY 2003-04 Adopted Budget Status

Dallas Water Utilites

Status

- | | |
|---|---|
| 1. Current revenues will be sufficient to support current expenses including debt service and other obligations of the system. | In Compliance |
| 2. Long-term debt will be used only for capital expansion, replacement and improvement of plant, not for current expenses. | In Compliance |
| 3. Short-term debt, including tax-exempt commercial paper, will be used as authorized for interim financing of projects which result in capital improvements. The authorization of tax-exempt commercial paper will be limited to 10% of the 10-year capital improvement program in effect at the time of the commercial paper authorization. No commercial paper program will be authorized for more than ten years. Outstanding tax-exempt commercial paper will never exceed the amount authorized by Council. | In Compliance |
| 4. Contingency reserves will be appropriated at a level sufficient to provide for unanticipated, nonrecurring expenditures. | In Compliance |
| 5. Debt financing for capital projects will not exceed the useful life of the asset, and in no case shall the term exceed 30 years for water supply projects, or 20 years for other types of projects. | In Compliance |
| 6. An unreserved cash balance will be maintained such that it provides a minimum quick ratio of 1.50 and at least 30 days of budgeted expenditures for operations and maintenance in net working capital. | In Compliance
Budgeted ending cash balance of \$17,387 |

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

FY 2003-04 Adopted Budget Status

Dallas Water Utilities, continued

- | | <u>Status</u> |
|--|--|
| 7. Net revenues available for debt service should be at least 1.5 times the maximum annual principal and interest requirements of relevant outstanding revenue bonds at the end of the fiscal year, and at least 1.3 times maximum-year requirements at all times, measured during a fiscal year using the previous year net revenues available for debt service. | In Compliance
1.55 times maximum annual principal and interest |
| 8. Current revenues which are more than operating expenses and debt service will be used for capital expenditures and other water and wastewater purposes. | In Compliance |
| 9. Funds available from current rates in each fiscal year for system rehabilitation, replacement, and expansion will be appropriated equal to or more than financial statement depreciation expense reasonably estimated in the same year. | In Compliance |
| 10. Capital financing will be provided through a combination of revenue bonds, current revenues, contributed capital, and short-term debt. An equity to debt ratio of at least 20% should be maintained on all capital projects. | Not In Compliance
Budgeted transfers to construction are \$766,000 less than the recommendation of 20%. This resulted from the lump-sum payments to employees to offset rising health insurance costs and a need to maintain a balanced budget. |
| 11. Retail cost of service studies will be performed at least every two years and reviewed annually. Rate adjustments will be recommended when required, but, normally, no more frequently than annually. | In Compliance |
| 12. Wholesale treated water rates for customer cities and other governmental entities will be determined on the basis of the inter-city agreement of 1979. Wholesale wastewater and untreated water rates will be determined on the basis of contractual agreements with wholesale customers. Rates shall be adjusted annually if cost of service studies indicate a need therefore. | In Compliance |

**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
FY 2003-04 Adopted Budget Status**

Dallas Water Utilities, continued

13. Funds generated by Dallas Water Utilities will be used solely for the development, operation, and maintenance of the water and wastewater utility system.

Status

In Compliance

GLOSSARY OF BUDGET TERMINOLOGY

AD VALOREM TAX

A tax levied on the assessed valuation of real land and improvements and personal property located in the City.

APPROPRIATION

An authorization made by the City Council that permits officials to incur obligations against and make expenditures of governmental resources.

ARBITRAGE

The interest earnings derived from invested bond proceeds or debt service fund balances.

ASSESSED VALUATION

This represents the total valuation of land and improvements and personal property less all properties exempt from tax. Also identified as taxable valuation.

BOND

A written promise to pay a sum of money on a specified date at a specified interest rate. General Obligation (GO) and Revenue Bonds are used for funding permanent capital improvements such as buildings, streets, and bridges.

BUDGET

A financial plan for a specified period of time that matches all planned revenues and expenditures with various municipal services. It is the primary means by which most of the expenditure and service delivery activities of a government are controlled.

CAPITAL CONSTRUCTION FUND

Capital construction funds are used to pay for capital projects which are not debt financed. Funding is usually derived from operating fund transfers.

CAPITAL GIFTS AND DONATIONS

Contributions by individuals or organizations for the purpose of funding capital improvements within the scope of interest of the donor.

CAPITAL IMPROVEMENT PROGRAM (CIP)

The City's plan to finance major infrastructure development and improvement. It is primarily funded through General Obligation Bonds and Revenue Bonds.

CERTIFICATE OF OBLIGATION (CO)

A written promise secured by the full faith and credit of the City. Used for funding permanent capital improvements. Debt Service is paid from ad valorem taxes or operating revenues.

COMMERCIAL PAPER

A short-term promissory note offering flexibility to borrow as needed at the time of the actual award of projects instead of sale of bond. Used for interim financing for water and wastewater improvements.

GLOSSARY OF BUDGET TERMINOLOGY

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

Federal funds available to municipalities specifically for activities and programs to create viable urban communities for low and moderate income persons.

CONTINGENCY RESERVE

A budgetary reserve which provides for unanticipated expenditures of a non-recurring nature.

CONTRACTUAL SERVICE

The cost related to services performed for the City by individuals, businesses, or utilities.

DEBT SERVICE

Sometimes referred to as the Interest and Sinking Fund, it is used to account for the accumulation of financial resources to meet the requirements of general obligation debt service and debt service reserve.

DEPARTMENT

A major administrative division of the City that indicates overall management responsibility for an operation or a group of related operations within a functional area.

EMERGENCY RESERVE

A budgetary reserve which provides for temporary financing of unforeseen needs of an emergency nature, unanticipated fluctuations in revenue, and individual judgment/settlement payments exceeding a \$5,000,000 liability cap.

ENCUMBRANCE

The commitment of appropriated funds to purchase an item or service.

ENTERPRISE FUND

These funds are fully supported by charges for service. Each fund establishes revenue-based fees and charges to recoup the costs of providing the services.

EQUIPMENT ACQUISITION NOTES

Short term note financing secured by the full faith and credit of the City used for funding capital equipment purchases. Debt service requirements are met with ad valorem or operating transfers from fee supported funds.

FIDUCIARY FUND

This type of fund accounts for assets held by the City in a trustee or agency capacity.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

The City maintains Financial Management Performance Criteria (FMPC), established in the late 1970's to reflect financial policies that the City believes necessary for planning purposes and to measure sound financial condition. These criteria are applied to the ongoing management of the City's finances and covers the following aspects of financial management: operating programs; capital and debt management; accounting, auditing and financial planning; cash management; grants and trusts; and, Dallas Water Utilities.

GLOSSARY OF BUDGET TERMINOLOGY

FINES AND FORFEITURES

Charges levied by City departments to individuals and businesses that are resolved through payment or loss of property.

FISCAL YEAR

The twelve-month period beginning October 1st and ending the following September 30th to which the annual budget applies.

FRANCHISE FEE

A fee levied by the City Council on businesses that use the City's right-of-way to deliver services. This fee is usually charged as a percentage of gross receipts.

FULL TIME EQUIVALENTS (FTE)

A unit used to quantify staffing. One FTE is a full year, 40 hour per week position. A part-time position working 20 hours per week or a temporary full-time position working six months would be 0.5 FTEs.

FULL YEAR FUNDING

The additional required funding necessary for twelve full months of operations related to positions and/or program funding added in the previous fiscal year. This funding complements prior year funding.

FUND

A fiscal and accounting entity with a self-balancing set of accounts (assets, liabilities, fund balance) which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE

The difference between a fund's assets and liabilities. For the purposes of this document, two different calculations are utilized. For the General Fund, the unreserved undesignated portion of fund balance is reported. For all other funds, fund balance is reported as current assets less current liabilities less reserves for encumbrances. For non-enterprise funds, sick and vacation accruals are excluded.

GENERAL CAPITAL RESERVE

Depository for proceeds from property sale, abandonments, or reimbursements of prior loans/advances providing funds for Capital Improvements and/or to provide interim financing for Capital Projects.

GENERAL FUND

This is the main operating fund of the City. It accounts for basic operating services such as Police, Fire, Streets, Sanitation, Code Enforcement, Park and Recreation, Library, Environmental and Health Services, and others.

GENERAL OBLIGATION BOND

Bonds used for funding permanent public capital improvements such as buildings, streets, and bridges. The repayment of these bonds is made from the levy of property tax. Voter approval is required to issue these bonds.

GLOSSARY OF BUDGET TERMINOLOGY

GRANT

A contribution by a government or other organization to support a particular function. Typically, these contributions are made to a local government from the state or federal government.

IN SERVICE DATE

Date on which a City facility is available to the public.

INTER-DEPARTMENT FINANCING

Short-term interim financing from one City department to another City department (necessary due to timing of project with permanent financing mechanism) with the repayment of the loan plus interest once permanent financing is in place.

INTEREST EARNED

Assets collected through investment of cash.

INTERFUND REVENUE

Assets transferred from one fund to another for services rendered.

INTERGOVERNMENTAL REVENUE

Money collected from other governmental entities.

LIABILITY RESERVE

Funds reserved for outstanding current and forecasted future liabilities.

MODIFIED ACCRUAL BASIS OF ACCOUNTING

Basis of accounting according to which (a) revenues are recognized in the accounting period in which they became available and the measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

OBJECTIVE

A specific statement describing what is to be achieved, by how much, and within what time frame. Objectives should be results-oriented, specific, measurable, and relevant to the goals of the programs to which they relate.

OPERATING AND MAINTENANCE COST

Operational cost incurred by a facility for one year.

OPERATING BUDGET

The personnel, supply, service, and short term capital expenditures of a department.

PROGRAM

A sub-unit of a department.

GLOSSARY OF BUDGET TERMINOLOGY

PUBLIC IMPROVEMENT DISTRICT (PID)

A specific neighborhood where property owners have petition the City to authorize a special assessment on the property within that neighborhood to generate funds for public amenities and services.

REIMBURSEMENT

Payment from one fund or department to another for a specific purpose.

REVENUE BONDS

Bonds used for funding permanent capital improvements for an enterprise fund, such as water and wastewater, aviation, and convention center improvements. The repayment of these bonds is made from the revenues of the enterprise fund.

SALES TAX

Charges levied on retail sales by the City of Dallas for the purpose of funding services performed for the common good of the City.

TAX INCREMENT FINANCING (TIF)

A specific neighborhood where property tax revenue above a base value is designated for public infrastructure improvements in an effort to encourage new private development.

COMMUNITY PROFILE

CITY OF DALLAS, TEXAS

The City of Dallas was incorporated in 1856. The City Charter was adopted in 1907. Dallas is currently the third largest city in the nation with a Council-Manager form of government. There are fourteen single-member districts and a mayor elected at large. The Mayor and Council appoint the City Manager, City Attorney, City Auditor, City Secretary, and the Municipal Court Judges. The City Manager appoints all other department directors except two appointed by the Civil Service Board and the Park and Recreation Board.

Population: Dallas is the 5th fastest growing city in the nation, with a population of 1,188,580 that places Dallas as the eighth largest city in the United States. The following denotes the population and racial/ethnic composition of the City of Dallas as of January 1, 2001 (provided by the United States Census Bureau):

Population by Race:

Hispanic	35.6%	422,587
White	34.6%	410,777
Black	25.6%	304,824
American Indian	0.3%	3,705
Asian	2.7%	31,993
Other	0.1%	1,254
Two or more races	1.1%	<u>13,440</u>
	Total	1,188,580

Population by Sex:

Female	49.6 %	589,589
Male	50.4%	<u>598,991</u>
	Total	1,188,580

Population by Age:

Under 19 years	29.4%	350,006
20 to 44 years	44.3%	526,232
45 to 64 years	17.7%	210,041
65 to 85+ years	8.6%	<u>102,301</u>
	Total	1,188,580

Median Age	30.5
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<i>Land area (in square miles):</i>	384.7
<i>Lake Area (in square miles):</i>	45.0

COMMUNITY PROFILE

CITY OF DALLAS, TEXAS

Climate:

Daily Mean Temperature, Annual Average	65.4°F
Precipitation, Average Annual Total	33.7 inches

Miles of Streets:

Paved (lane miles)	11,398
Unpaved (gravel)	14

Number of street lights:

84,424

Fire Protection:

Number of stations	55
Number of uniformed personnel (FTE's)	1,685.2

Police Protection:

Number of stations	6
Number of uniformed personnel (FTE's)	2,989.9

Parks:

Number of Parks	406
Total Park Acreage	22,743

Public Libraries:

Public Library Locations	23
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Transportation:

Love Field	
Total Passengers	5,635,677

Dallas Executive (General Aviation Airport)

Number of operations (annual)	89,123
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Dallas/Forth Worth International Airport (FY 2002-03)

Total Revenue Passengers	39,752,533
Passenger Enplanements	2,197,046
Cargo (tons)	493,590

Construction Activity (FY 2002-03):

Permits Issued	29,767
Estimated Value	\$1,363,701,434

COMMUNITY PROFILE

CITY OF DALLAS, TEXAS

Median Family Income: \$65,000

Unemployment Rate (September, 2003) 8.8%

Employment:

Largest Public Sector Employers (by Net Sales - 2001)*	Net Sales (\$ Millions)
TXU Corp.	27,927
Kimberly Clark Corp.	14,524
Halliburton Co.	12,939
7-Eleven Inc.	9,782
Texas Instruments Inc.	8,201
Centex Corp.	6,711
Dean Foods	6,230
Southwest Airlines Co.	5,555

**Source: "Largest Metroplex Public Companies", Book of Lists 2003, Dallas Business Journal*

Largest Public Sector Employers (by number of Employees)*	# Local Employees
SBC Southwestern Bell	15,400
Baylor Health Care Systems	12,600
Texas Instruments	11,100
Brinker International	11,000
Bank of America	8,100
Tom Thumb	6,550
Southwest Airlines	5,883
AT&T Corp.	5,300

**Source: "Largest Metroplex Private Sector Employers", Book of Lists 2003, Dallas Business*

Institutions of Higher Education (Dallas Area)

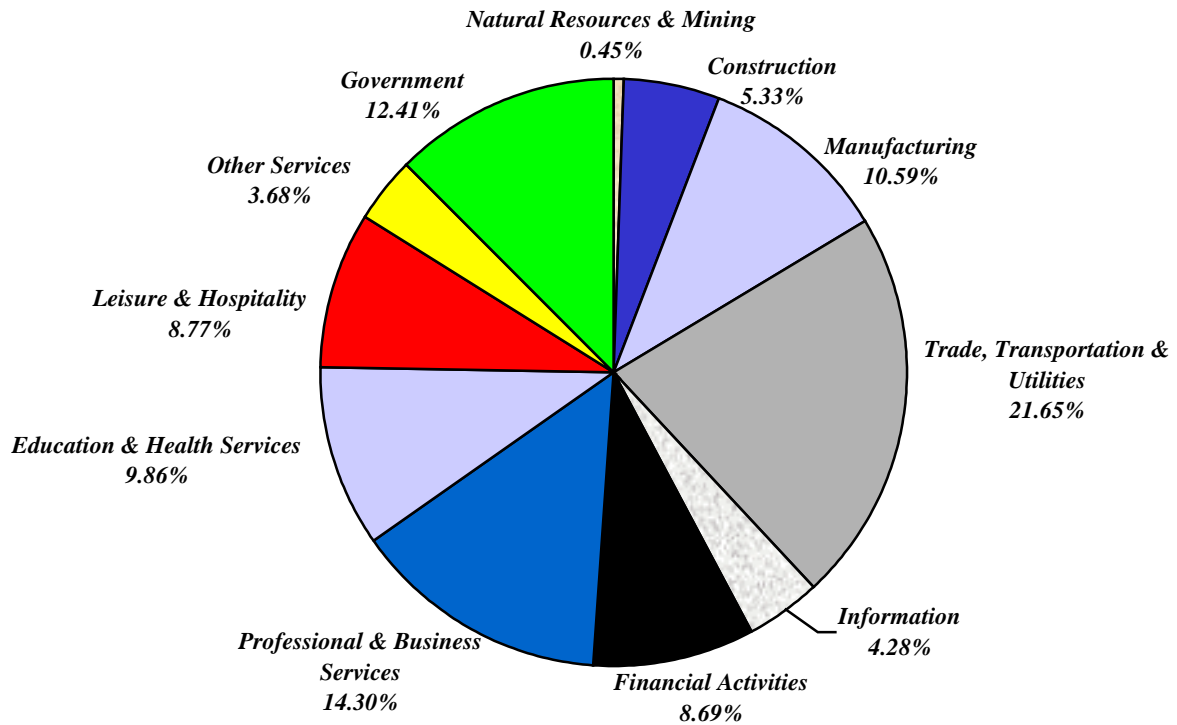
University of North Texas System Center at Dallas	Public University
University of Texas Southwestern Medical Center at Dallas	Public University
Baylor University College of Dentistry	Independent Graduate
Dallas Baptist University	Independent Senior College
Paul Quinn College	Independent Senior College
Brookhaven College	Community College
El Centro College	Community College
Mountain View College	Community College
Richland College	Community College
Dallas County Community College District	Community College

Source: Texas Higher Education Coordinating Board

COMMUNITY PROFILE

CITY OF DALLAS, TEXAS

Employment by Industry
Dallas, Texas Metropolitan Statistical Area
*September, 2003 **



**Source: Texas Workforce Commission*

DALLAS 2000



STRATEGIC PLAN SUMMARY



City Manager's Message

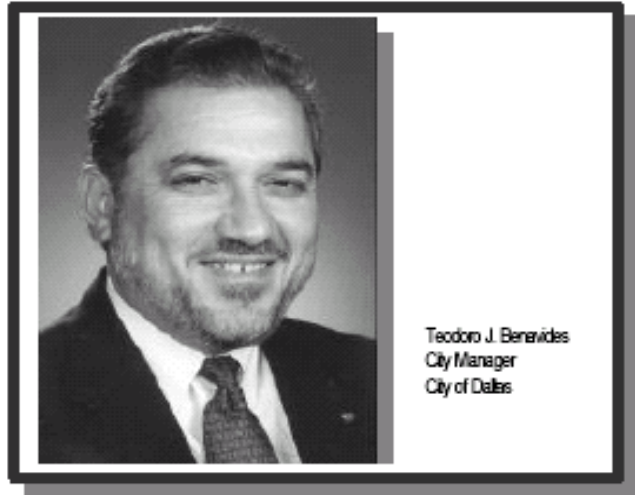
Our mission is "To serve the needs of the Dallas community by enhancing the vitality and quality of life for all." The Dallas 2000 – Strategic Plan will help us to renew our focus and improve customer service to fulfill our mission and to provide continuous improvement for our organization and our community.

We are proud of our accomplishments and we will build on them to fulfill our vision of the future. This strategic plan will align our resources and activities with guidance from the Dallas City Council and our citizens. We will have a common basis for evaluating our performance through the clear communication of expectations and an improved performance measurement system.

In order to provide the highest level of customer service, we have a clear statement of our vision and mission and have identified six core values, which will define the culture of our organization.

Integrity
Leadership
Innovation
Commitment
Sensitivity
Teamwork

We have developed ten strategic goals, which reflect our leadership priorities and vital issues in the community. These ten strategic goals are supported by focused and results oriented Strategic Objectives and Implementation Strategies. Our performance in achieving these goals will be measured by Strategic Indicators that represent the vital measures needed to gauge our success.



We have also identified six key areas needing improvement and have established subcommittees to review and recommend improvements to the purchasing process, budget process, customer service, compensation and benefits, organizational culture and technology.

The Dallas 2000 – Strategic Plan is the impetus for our new strategic management system. It will be a living document to be reviewed and updated to respond to internal and external factors. I welcome your thoughts on how we can improve this new system and the delivery of services to our citizens. All City of Dallas employees should read this plan and seek ways to contribute to our future success. With your help we can make a difference in the quality of life for our citizens, building on the past and moving to a better future.

Teodoro J. Benavides
City Manager

CITY MANAGER'S MESSAGE

STRATEGIC FRAMEWORK SUMMARY

The Dallas 2000 – Strategic Plan is designed to move our organization to the next level of success. The Dallas 2000 – Strategic Plan will communicate clear performance expectations to all levels of employees in the organization to ensure successful implementation of all City services and programs over the next five years. It is also designed to improve work unit and individual accountability through the establishment of a performance measurement system. The combination of the two will provide a common basis for directing our activities and evaluating our performance.

VISION, MISSION AND CORE VALUES

The Dallas 2000 – Vision defines for us how we want to be perceived by our customers, stakeholders and the many others visiting or working in our community.

Vision: “Dallas, the City that works: diverse, vibrant and progressive”

The Dallas 2000 – Mission communicates the expectation that our services and programs are here for the sole purpose of serving our citizens and community in a manner that will improve the quality of life for all.

Mission: “To serve the needs of the Dallas community by enhancing the vitality and quality of life for all”

We also recognize that how we go about the delivery of services and programs is important to achieving our vision. We must therefore, foster an organizational culture that is built on the following:

CORE VALUES:

❖ Integrity

We will safeguard public trust by ensuring that our actions are consistent with our vision, mission and core values. We are dedicated to a standard of values that promotes honesty and ethical behavior. We will treat our customers, as we would want to be treated and deliver the highest level of customer service possible.

❖ Leadership

We are dedicated to quality-focused principals and performance excellence in everything we do. Each of us will set high individual standards to ensure that our customers are provided quality service in a timely and cost effective manner.

❖ Innovation

We will continue a tradition of creativity and innovation in the delivery of municipal services. We will seek out and apply innovative approaches in providing the best service to our customers.

❖ Commitment

We will foster an organizational culture that promotes commitment from all employees to the vision, mission and core values established in this plan. We recognize that our success is dependent on our ability to meet our service commitments in an effective and caring manner.

❖ Sensitivity

We are committed to promote a workforce that respects and values diversity in our community. We must also be respectful and tolerant of the many ideas, emotions and circumstances of those living in and visiting our community. We will promote the highest possible service for all customers while being sensitive to the differences among ourselves and the customers we serve.

❖ Teamwork

We recognize the strength in teamwork and that our success is dependent on our ability to perform as a highly effective team. Through effective teamwork we are able to harness our energy, creativity and resources to design and implement programs and services that are the best that they can be.

STRATEGIC GOALS:

The Dallas 2000 – Strategic Plan describes how we will implement this mission through ten Strategic Goals. The strategic goals were developed to reflect our leadership priorities and issues vital to the community. All of the strategic goals are important to our continued success and have equal priority.

❖ Customer Service and Human Resources

We will provide the highest quality service through a skilled, customer oriented workforce.

❖ Economic and Business Development

We will contribute to the maintenance and enhancement of an economically vibrant city.

❖ Education Advocacy

We will support and encourage efforts that result in an enlightened and informed community.

❖ Environmental, Health and Human Services

We will support and participate in partnerships to respond to the environmental, health and human service needs of the citizens of Dallas.

❖ Infrastructure

In response to public need, we will develop and maintain the City's infrastructure in a safe and sensitive manner and serve as stewards of the environment.

❖ Neighborhood Vitality

We will develop, maintain and encourage diverse, vibrant and viable neighborhoods.

❖ Public Funds and Assets

We will provide responsible stewardship of public resources.

❖ Public Safety

We will provide a safe and secure community through prevention, emergency response and enforcement efforts.

❖ Recreation and Culture

We will serve as a catalyst for excellence, creativity and diversity in arts, cultural and recreational programming.

❖ Technology

We will continuously improve technology to support delivery of services and provide information in the most efficient and cost effective manner.

These strategic goals are supported by more detailed Strategic Objectives and Implementation Strategies that are future focused and results oriented. They are comprehensive and will require participation from many City departments and community partners to be successful. Performance in achieving these goals will be measured by Strategic Indicators that represent the vital few indicators needed to gauge our success.

IMPROVEMENTS TO STRATEGIC INITIATIVE

Successes and failures of past strategic planning initiatives were considered during this plan's development. As a result of these recommendations the completed strategic plan will encompass four documents including the Dallas 2000 – Strategic Plan, a Performance Plan, a Management Systems Handbook and an Annual Performance Report. It is anticipated that all four documents will be completed over the next year, to allow full implementation in FY 2000-01.

INTER-WEAVING FUNCTIONS

Underlying the Dallas 2000 – Strategic Goals and Objectives are several critical activities that provide the means by which we develop and deliver our services and programs to both our internal and external customers. As we perform our jobs we must engage in one or more of the inter-weaving functions to be successful. Effective implementation of these inter-weaving functions will position us to achieve our goals and objectives and better serve our citizens.

❖ Safety

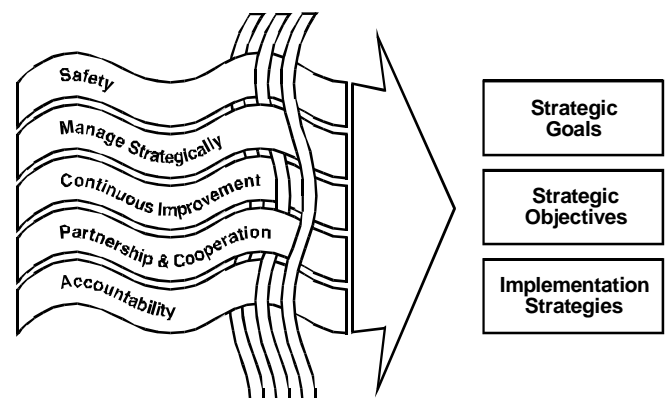
❖ Manage Strategically

❖ Continuous Improvement

❖ Partnership and Cooperation

❖ Accountability

INTER-WEAVING FUNCTIONS



SUMMARY OF STRATEGIC GOALS & OBJECTIVES

Strategic Goals	Customer Service & Human Resources	Economic & Business Development	Education Advocacy	Environmental, Health & Human Services
	We will provide the highest quality service through a skilled, customer oriented workforce.	We will contribute to the maintenance and enhancement of an economically vibrant city.	We will support and encourage efforts that result in an enlightened and informed community.	We will support and participate in partnerships to respond to the environmental, health and human service needs of the citizens of Dallas.
#1 Objective	We will preserve confidence in the City of Dallas by delivering on our promises and by being accountable for our performance	We will create an environment to sustain a diverse economic base in Dallas.	We will increase awareness of City services, programs, regulations and community issues.	We will reduce environmental risks relating to air, water, noise and other hazardous materials in our community.
#2 Objective	We will empower each other to develop collaborative responses within and across our organization to provide the highest quality of services.	We will foster growth of the City's industries to retain and create jobs within the city of Dallas.	We will build lasting alliances with schools, businesses and community organizations to support common educational challenges and opportunities in Dallas.	We will improve the health of our community through collaboration with area health agencies to assess community needs, develop and implement coordinated community strategies.
#3 Objective	We will build and retain an effective, diverse and dedicated team.	We will increase economic, residential and recreational development opportunities in Southern Dallas, the Central Business District and the Trinity River Corridor.		
#4 Objective	We will expand the use and visibility of volunteer initiatives including community and corporate partnerships that increase the quality and effectiveness of customer service delivery.	We will develop and implement a collaborative and comprehensive marketing strategy for Dallas to promote community pride and to encourage business and residential development in Dallas.		
#5 Objective	We will better inform citizens of City services and programs and establish ongoing dialogue with our customers.	We will position Dallas as a visitor destination.		

SUMMARY OF STRATEGIC GOALS & OBJECTIVES

(Continued)

Strategic Goals	Infrastructure	Neighborhood Vitality	Public Funds & Assets	Public Safety
	In response to public need, we will develop and maintain the City's infrastructure in a safe and sensitive manner and serve as stewards of the environment.	We will develop, maintain and encourage diverse, vibrant and viable neighborhoods.	We will provide responsible stewardship of public resources.	We will provide a safe and secure community through prevention, emergency response and enforcement efforts.
#1 Objective	We will conserve and protect our environment in Dallas for future generations.	We will establish City service levels and provide those levels of service to ensure continued viability of neighborhoods.	We will ensure compliance with applicable laws, regulations, City policies and best business practices to protect our financial and other assets.	We will prevent an increase in incidents of major crimes and traffic related injuries and fatalities through prevention, safe operations, enforcement and crime solving efforts.
#2 Objective	We will increase the effectiveness of our infrastructure operation and maintenance programs to improve service delivery.	We will ensure adequate service provision and viability of neighborhoods through the development of comprehensive planning strategies, which involve neighborhood stakeholders.	We will ensure that City services are provided in the most cost efficient and effective manner possible.	We will reduce injuries, fatalities and property damage resulting from fires, accidents and substance abuse through education and intervention strategies.
#3 Objective	We will develop and implement long-range planning strategies that maximize the use of our infrastructure to provide dependable services now and in the future.	We will develop and implement proactive neighborhood strategies to improve neighborhoods in decline or on the verge of decline.	We will maintain effective revenue collection, monitoring, forecasting and develop competent financial strategies to achieve the City's long term goals.	We will provide coordinated emergency response to protect lives and property in the event of a large-scale emergency or disaster.
#4 Objective				We will maintain and enforce City codes needed to protect our community.
#5 Objective				We will provide a fair and effective municipal court system to ensure due process.

SUMMARY OF STRATEGIC GOALS & OBJECTIVES

(Continued)

Strategic Goals	Recreation & Culture	Technology
Strategic Goals	We will serve as a catalyst for excellence, creativity and diversity in arts, cultural and recreational programming.	We will continuously improve technology to support delivery of services and provide information in the most efficient and cost effective manner.
#1 Objective	We will preserve and enhance the natural, cultural and recreational resources of our City.	We will improve critical technological systems to safeguard our community and assets.
#2 Objective	We will leverage public resources to support and enhance cultural and recreational facilities and programs.	We will increase use of new technologies, innovative information systems and staff proficiency training to improve the effectiveness and efficiency of City operations.
#3 Objective	We will increase community access and participation in the arts, cultural and recreational services and programs offered in the city of Dallas.	We will develop and implement a comprehensive Web-based system to better serve Dallas.