AGENDA
Irving City Council Budget Retreat
Wednesday, August 19, 2020 at 8:00 AM
City Hall, First Floor, Council Conference Room
825 West Irving Boulevard, Irving, TX 75060

A possible quorum of the Firemen’s Relief and Retirement Fund Board and the Supplemental Benefit Plan Administrative Board may be present at this meeting.

Members of the City Council and public may participate in the Budget Retreat by telephone conference or videoconference call. Sign-in via telephone or online will be from 8:30 a.m. to 9:00 a.m. on August 19, 2020. All participants by telephone conference or videoconference will be able to speak when called upon, however video images of the citizen participants will not be available. The phone numbers to sign-in and participate are 1-888-475-4499 (Toll Free) or 1-877-853-5257 (Toll Free) or online at https://zoom.us/j/94597062246 Webinar ID: 945 9706 2246

8:00 AM Breakfast
9:00 AM Meeting
   A. Citizen Comments on Items listed on the Agenda
   B. Budget Environment and Context
      1. Strategic Plan
         i. Last Five Years Overview
         ii. Next Five Years Overview
      1. New Strategic Plan Process
      2. Five Year Cost of Service
   C. General Fund Overview
      1. Base Budget and Operating Costs
      2. Supplemental Budget Items
         i. Auto Pound Fee Discussion
      3. Compensation
      4. Impact of Hotel Occupancy Tax (HOT) loans to Debt Service
      5. Service Level Reductions
         i. Recreation, Aquatics, Libraries
      6. Shift of $2.2 million from Maintenance & Operation to Interest & Sinking
      7. Tax Rate Discussion
   D. Utility Funds Overview
      1. Water and Sewer
      2. Solid Waste Services

This meeting can be adjourned and reconvened, if necessary, the following regular business day.

Any item on this posted agenda could be discussed in executive session as long as it is within one of the permitted categories under sections 551.071 through 551.076 and section 551.087 of the Texas Government Code.

A member of the public may address the City Council regarding an item on the agenda either before or during the Council's consideration of the item, upon being recognized by the presiding officer or the consent of the Council.

This facility is physically accessible and parking spaces for the disabled are available. Accommodations for people with disabilities are available upon request. Requests for accommodations must be made 48 hours prior to the meeting. Contact the City Secretary’s Office at 972-721-2493 or Relay Texas at 7-1-1 or 1-800-735-2988.
3. Municipal Drainage Utility (MDU)
E. Capital Improvement Program
F. Debt Service
G. Economic Development (ED) and ED Incentive Agreement Funds
   1. Entertainment Venue Operating Budget and Work Plan
H. Pension Discussion
   1. Texas Municipal Retirement System
   2. Supplemental Benefit Plan
   3. Firemen’s Relief and Retirement Fund
      i. Election Results
I. Health Insurance
J. Tax Increment Financing (TIF) Districts
   1. TIF #1 Ratchet Down and Allocation
   2. Public Improvement Districts (PID)
K. Charter Organizations Budgets (presented by Charter Orgs)
   1. Irving Convention and Visitors Bureau (ICVB)
   2. Arts and Culture
L. Council Priorities and Projects
   1. Financial Sustainability
   2. Systematic Infrastructure Investment
   3. Vibrant Economy
   4. Service Excellence
   5. Inclusive and Collaborative Governance
   6. Talented and Energized Workforce
M. Council Action
   1. Resolution – Expressing Intent to Consider Adopting the Proposed Tax Rate
      If the City Council determines an increase in revenue is necessary by adopting a tax rate that is above the no new revenue tax rate, this action is needed to comply with state law.

CERTIFICATION
I, the undersigned authority, do hereby certify that this Notice of Meeting was posted on the Kiosk at the City Hall of the City of Irving, Texas, a place convenient and readily accessible to the general public at all times, and said Notice was posted by the following date and time: Friday, August 14, 2020 at 5:00 p.m., and remained so posted at least 72 hours before said meeting convened.

[Signature]
Date Notice Removed
B.1 – Strategic Plan
Budget Retreat
August 19, 2020

B.1.i. – Strategic Plan Accomplishments
Budget Retreat
August 19, 2020
Financial Stability

- Committed to the highest credit worthiness
- Maintained bond ratings
  - AAA/Aaa for general obligation bonds
  - AA+/Aa2 for water and sewer revenue bonds
- Adopted structurally balanced budgets
- Implemented long term financial plan
- Increased homestead exemption rate twice

**Strategies:**
- Contain costs and increase operational efficiency
- Maintain adequate fund reserves
- Develop and deploy a long-range financial planning process
- Establish appropriate equipment replacement funding levels
- Manage long-term pension liabilities

Systematic Infrastructure Investment

- Implemented Road to the Future
- Launched Drainage Solutions for a Better Tomorrow
- Administered aggressive CIP program
- Designated silver in integrated Storm Water Management
- Updated Water Conservation and Drought Management Plans
- Increased staffing levels to reduce the cost of outsourcing and meet needs of an expanded CIP

**Strategies:**
- Secure reliable future water supply
- Develop and fund an aggressive multiyear capital improvement program
- Expand, extend, and maintain the major thoroughfare network
- Maintain and extend water, wastewater, and storm water systems
- Support strategic investment in city facilities
Vibrant Economy

- Implemented an economic development strategic plan
- Adopted new comprehensive plan
- Completed signature projects
- Welcomed new businesses and retained existing businesses through incentive agreements

**Strategies:**
- Promote revitalization of targeted areas
- Create a thriving downtown
- Develop a comprehensive economic development strategy and funding model
- Complete signature projects
- Effectively plan and manage land use

Service Excellence

- Opened the Criminal Intelligence Center
- Established the Behavioral Health Leadership Team and a Mental Health Response Team
- Implemented body-worn camera program
- Placed Medic 1 into service
- Opened Fire Station 12
- Achieved ISO rating of 1
- Constructed joint fire training facility with Grand Prairie

**Strategies:**
- Safeguard public safety, security, and health
- Leverage IT to drive efficient and responsive service delivery
- Improve community appearance and protect neighborhood integrity
- Clearly define service levels and the associated resource requirements
- Implement enhancements to cultural and recreational facilities
Service Excellence

- Launched targeted code enforcement initiatives
- Created an Information Technology Strategic Plan
- Expanded hours at West Irving Library
- Completed Parks Master Plan
- Renovated North Lake Aquatic Center
- Reopened Irving Golf Club
- Increase staffing to meet needs of new programs and facilities

Inclusive and Collaborative Governance

- Launched Irving 360° Civic Academy and Youth 360° Civic Academy
- Launched a Junior Police Academy
- Nationally recognized Shop Talk program
- Developed Diversity and Inclusion initiative
- Adopted Open Data Policy
- Launched the city’s Open Data Portal
- Recognized by the Texas Comptroller of Public Accounts Transparency Stars program

**Strategies:**
- Actively engage and communicate with the community
- Ensure transparent and inclusive governance
Talented and Energized Workforce

- Launched The Irving Innovation Project and related grant funding
- Adopted new employee created value statements
- Implemented new learning management system
- Developed succession planning process
- Maintained high ratings from employees

**Strategies:**
- Encourage and reward employee innovation and creativity
- Recruit, retain, and develop a diverse municipal workforce
- Develop a succession plan and succession management process

Questions and Discussion
B.1.ii. – New Strategic Plan
Budget Retreat
August 19, 2020

Background

- Created in February 2015
- Strategic Goals:
  - Financial Sustainability
  - Systematic Infrastructure Investment
  - Vibrant Economy
  - Service Excellence
  - Inclusive and Collaborative Governance
  - Talented and Energized Workforce
What is strategic planning?

- A systematic process to identify why our local government exists, whom it serves, what benefits are derived from our services, and the vision our administration has regarding how residents’ needs can be best served.

Why do we need one?

- Yields results
- Provides management tool
- Fosters agility
- Responds to stakeholder needs
- Narrows communication gap
- Creates accountability
Basic Strategic Plan Elements

Mission

- Deliver exceptional services and promote a high quality of life for residents, visitors and businesses.

Vision

- Irving will be the model for safe and beautiful neighborhoods, a vibrant economy, and exceptional recreational, cultural and educational opportunities.
Who should be involved?

- Mayor and Council
- City Management
- Department Directors
- Key Stakeholders

Timeline

- Collect and Analyze Stakeholder Feedback
- Revise or Reaffirm Mission and Vision
- Evaluate Current Environment
- Identify Goals and Objectives
- Develop Initiatives and Align with Budget
- Implement Plan and Monitor Results

Staff Facilitated/Led
Council Led
Questions and Discussion
Strategic Plan Accomplishments
FY 2016 though 2019

The City of Irving is a progressive and professionally managed municipal government. Strategic thinking, planning and management play a strong role in the organization’s culture. We are guiding our future growth and development with this Strategic Plan, created in 2015, which consists of six goals and 25 objectives and is based on input from City Council, staff, residents, visitors and businesses. Both elected and appointed leaders understand that the decisions they make on a weekly basis with respect to such matters as growth and development, municipal operations, spending and capital investments, must be considered within a clearly articulated strategic framework.

The this report includes highlights associated with the first four years of the plans implementation and includes a sampling of performance measures that are directly aligned with, and demonstrative of, results achieved against strategic plan goals and objectives set by Council. For additional metrics, please view the Strategic Plan Report Card on the city’s website.

Goal 1: Financial Sustainability

• Contain costs and increase operational efficiency.
• Maintain adequate financial reserves.
• Develop and deploy a long-range financial planning process.
• Establish appropriate equipment replacement funding levels.
• Manage long-term pension liabilities.

2016 Highlights

The city developed a 15-year financial projection. The purpose of the plan is to understand the city’s long-term financial outlook. To accomplish this, the long term financial plan consolidates financial and operational data currently contained in a variety of sources into a single report that communicates the city’s current financial state and overall financial direction. Financial policy recommendations based on the long-term financial plan were reviewed and discussed throughout the year. (2016)

2017 Highlights

The city reaffirmed its Aaa/AAA bond rating from Moody’s and Standard & Poor’s. In addition, interest rate conditions were favorable and the city was able to achieve significant debt service savings and significant savings on a net present value basis. In response to the favorable conditions, the city issued 2017 General Obligation Refunding Bonds with a Net Present Value Savings of $3.2 million, and issued 2017 Water Sewer Revenue Refunding Bonds with a Net Present Value Savings of $2 million. Combined with the $23.1 million in savings from the Combination Tax and Hotel Occupancy Tax Revenue Refunding Bonds, the city saved a significant amount reducing the interest on previously issued bonds. The purpose of refunding is to replace the higher interest rate debt with a lower interest rate debt, and to reduce the overall debt service payment.

2018 Highlights

On June 7, 2018, the City Council approved a second increase in the exemption rate for residents who qualify for either the Over 65 or the Disabled Persons exemption. The exemption was increased by $10,000 per parcel to a total of $45,000. This exemption is in addition to the Homestead Exemption of 20 percent, which is the maximum allowed by state law. This increase is effective for 2019 and will affect about 9,000 parcels. The impact on the average home with a taxable value of $164,939 will be a 27 percent reduction in city taxes, or a reduction of $57.34.

2019 Highlights

The city experienced a 32 percent reduction in workers’ compensation claims costs, likely due to the constant reinforcement of timely accident reporting, which attributed to employees receiving immediate treatment. A combination of safety training and retraining regarding common occurring accident types, as well as effective nurse case management and professional relationships with medical providers, has greatly attributed to the reduction of claims cost.
Overall

Irving’s large corporate tax base, formal investment and reserve policies, and healthy reserves have allowed the city to maintain its Aaa bond rating for general obligation debt and Aa2 for water and sewer revenue debt. The city’s overall strong credit ratings have saved taxpayers and ratepayers millions in annual interest costs related to outstanding debt.

The adopted budget projects revenues and expenditures required to sustain or improve service levels and presents a structurally balanced budget where operating costs are funded from operating revenues to maintain fund balances. It addresses capital needs for the present and future. This strong financial management approach has allowed the city to endure economic ups and downs with resiliency.

By the numbers:

- 35 years the city has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting
- 31 years the city has received the GFOA Distinguished Budget Presentation Award
Goal 2: Systematic Infrastructure Investment

- Secure a reliable future water supply.
- Develop and fund an aggressive multiyear capital improvement program.
- Expand, extend and maintain the major thoroughfare network.
- Maintain and extend water, wastewater and storm water systems.
- Support strategic investments in city facilities.

2016 Highlights
The city had $270.5 million in capital improvement projects underway at the end of 2016. Funding supports the reconstruction and expansion of major thoroughfares, infrastructure replacements and improvements, renovations to neighborhood parks, construction of Fire Station No. 12, the Fire Training Facility, and the Toyota Music Factory.

Relocation of the Jamison Water Supply Line along MacArthur Boulevard from State Highway 183 to Grauwyler Road was completed. The Jamison line serves the southern part of the city through the MacArthur Pump Station. It also provides water to the City of Grand Prairie, which participates in the funding of this construction. The line had to be relocated before the expansion of State Highway 183 could begin.

The city continues to manage construction for city utilities related to Midtown Express, a massive multiyear TxDOT project that affects people traveling through Irving on three highways: SH 183, SH 114 and Loop 12. The scope includes reconstructing portions of frontage roads and general purpose lanes, and building a toll-managed lane in each direction.

The city completed a pavement management assessment program in order to inventory existing street assets, which resulted in a street rating system and cost scenarios for long-term maintenance of the roadway infrastructure network. This information will be used to assist in prioritizing street maintenance operations and capital improvements.

The Hunter Ferrell Landfill Scale House and Office Complex was completed to provide updated office and training space for landfill administration and more accurate tracking of refuse collection and disposal. The facility was constructed in the middle of the site with a new entryway to the landfill. This will allow convenient access throughout the remaining life of the landfill to all sections of the site.

2017 Highlights
Resident surveys have consistently shown that road maintenance and improvement is the highest ranked priority throughout the city. With this in mind, the city has developed “Road to the Future”, a plan to achieve the goal of investing $100 million in street improvements over a five-year period. The 2017 Capital Improvement Plan included $1.1 million in pay-as-you-go capital funding for street rehabilitation. This increases to $2.2 million in the 2018 adopted budget and also will allow for the capacity to sell an additional $22.5 million in bonds for street rehabilitation and reconstruction as a component of the $100 million goal. Additionally, water and wastewater main and storm sewer replacements will be coordinated with the street reconstruction projects.

The city also completed construction on two street projects, 11 water and wastewater projects, four park projects, three drainage projects, one trail project and four facilities totaling $27.3 million. An additional 25 projects will be under construction and 36 projects will be under design by the end of the fiscal year.

The city renovated North Lake Aquatic Center through a partnership with the Irving Independent School District and North Lake College/Dallas County Community College District. This renovation included replacing the air supported roof with a permanent metal truss and deck system, removing the teaching pool, constructing new locker rooms, renovating the office and admissions area, and adding infrastructure for a new climate control and pool heating unit, along with several other updates.

2018 Highlights
Resident surveys have consistently shown that road maintenance and improvement is the highest ranked priority throughout the city. With this in mind, the city developed “Road to the Future,” a plan to achieve the goal of investing
$100 million in street improvements over five years. In the first two years, $3.3 million in pay-as-you-go capital funding and $24.2 million in general obligation bonds have been allocated for street reconstruction and rehabilitation. Additionally, $2.7 million in revenue bonds have been allocated for water and wastewater main replacements, which have been coordinated with street reconstruction projects.

As part of its Capital Improvement Program (CIP), construction was completed on one street project, three park projects, seven water and wastewater projects, six drainage projects, one sidewalk and one facility totaling $23.4 million. In addition, there were 51 projects under design totaling $103 million and 33 projects under construction totaling $244 million, including Las Colinas Blvd, Brockbank Channel, the Convention Center hotel and the entertainment center.

The city introduced the Future Leaders Student Competition, a STEM-based competition engaging Irving ISD high school students, at the 2018 Irving Transportation Investment Summit. Through seven summer sessions, students had the opportunity to design a real-world project: the new development on the site of the former Texas Stadium. Engineering, architecture and public service professionals mentored students through the development of their projects while sharing valuable insight into their fields. The project concluded with the presentation of the winning project at the summit. Along with the Irving-Las Colinas Chamber of Commerce, the city presented the winning team with an award and scholarship.

The city was awarded the silver designation in integrated Storm Water Management through the NCTCOG. The city achieved this by designing storm water infrastructure in fully developed land-use conditions, requiring downstream stabilization to maintain velocity, and requiring higher finished floor elevations for structures in the 100-year flood area.

2019 Highlights
The city completed updates to the Water Conservation Plan and Drought Management Plan to ensure Irving’s water supplies are used efficiently and conserved to withstand future droughts. To protect the city from water loss, a satellite leak detection pilot study was completed. This study resulted in the discovery and subsequent repair of 38 public and private leaks in the water system.

Resident surveys have consistently shown that road maintenance and improvement is the highest ranked priority throughout the city. With this in mind, the city developed “Road to the Future”, a plan to achieve the goal of investing $100 million in street improvements over five years. In the first three years, $3.3 million in pay-as-you go capital funding and $46.9 million in general obligation bonds have been allocated for street reconstruction and rehabilitation. Additionally, $6.3 million in revenue bonds have been allocated for water and wastewater main replacements, which have been coordinated with street reconstruction projects. As part of this initiative, approximately 19.2 miles of road throughout Irving was overlaid to help improve the ride quality for residents and visitors driving on city streets.

The city completed construction of its new traffic operations center, which is the nucleus of its Advanced Traffic Management System. The project, which includes a wireless communication network, is aimed at improving traffic safety and synchronizing traffic flow. Since 2017, the Traffic and Transportation Department has upgraded 216 traffic signals, 114 school zone indicators and added 90 traffic signal battery backup systems. Through enhanced communication, the city’s new wireless traffic management system helps motorists navigate Irving streets, as city staff monitor roadway issues throughout the day and traffic signals communicate with one another. This real-time information allows the traffic signal system to be proactive and adjust to current traffic flows.

By the numbers:
Goal 3: Vibrant Economy

- Promote revitalization of targeted areas.
- Create a thriving downtown.
- Develop a comprehensive economic development strategy and funding model.
- Complete “signature projects”.
- Effectively plan and manage land use.

2016 Highlights

In March 2016, McKesson, the nation’s largest pharmaceutical distributor and 11th on the Fortune 500 list, announced that it will open a regional office in Irving. The new office will be located at State Highways 114 and 161. This move is expected to create 1,875 jobs and includes capital investment of $157 million in the location. It is estimated to generate $4.7 billion in economic activity over the next decade.

Pioneer Natural Resources has committed to move almost 1,100 people from its existing Irving headquarters to a $115 million office campus. The planned office will sit on a 37-acre site as part of Verizon’s Hidden Ridge development. Located on 110 acres adjacent to Verizon’s existing regional office, Hidden Ridge will be a mixed-use development constructed adjacent to a new DART commuter rail station, connecting DFW International Airport to downtown Dallas. The Hidden Ridge project will include offices, retail shops, apartments, townhomes and a hotel. The development will have room for 10,000 employees and has a projected value of more than $1 billion when completed.

The Water Street Development, located in the center of the Las Colinas Urban Center, is a mixed-use project that includes approximately 300 to 350 luxury apartments and more than 60,000 square feet of retail shops and restaurants. Several already announced restaurants include: The Londoner Pub, Planet Sub, Main Street Bistro & Bakery, Olivella’s Pizzeria and Twisted Root Burger Co. The project will include a park for special events and public pathways with access to Lake Carolyn.

The Convention Center Hotel is a key component of the city’s Convention Center district, which includes the Toyota Music Factory and the Irving Convention Center. A master development agreement was approved by the City Council in June 2016. The hotel is expected to include 350 rooms, about 16,000 square feet of meeting space (including a 10,000-square-foot ballroom) and a 600-space parking garage.

Construction began on the Toyota Music Factory, an 18-acre complex that will be adjacent to the Irving Convention Center and the Convention Center hotel in the Las Colinas Urban Center. The venue includes an 8,000-seat amphitheater, plaza, parking garage, restaurants, office tower and retail space. The entertainment complex will attract patrons from across the North Texas region, as well as those in town attending conferences. Additionally, it will provide Irving residents and workers a place to visit for dining and entertainment.

After almost two years of community design workshops, public surveys, interviews with community leaders and neighborhood representatives, attendance at numerous events and fairs, and briefings to a citizen’s advisory committee and the Planning and Zoning Commission, the Imagine Irving Comprehensive Plan is tentatively scheduled for adoption by the City Council in 2017. The Imagine Irving Plan provides policy guidelines for the next 20 to 30 years in virtually all areas of city operations.

2017 Highlights

To respond to the highly competitive economic development environment, the city developed an Economic Development Strategic Plan. The plan provides a roadmap for Irving’s economic development program, and will guide staff activities to advance the Irving economy for the next five years.

The Planned Unit Development (PUD) No. 6 development will be served by two DART Rail System stations. The first station is complete and serves the University of Dallas. In July 2017, the city approved an agreement with TxDOT to build a $45 million signature bridge in the center of the district, connecting the former stadium site to both State Highway 114 and the second DART Rail System station, which will be completed with future development on the site. The bridge is
critical for redevelopment of the approximately 218 acres north of SH 114, as it is the primary vehicular access for this area. The bridge is slated to be completed in 2019. The district will yield about 400 acres of developable property that will be a primary growth area for the City of Irving in the years to come.

Construction began in 2017 on a Westin-branded Convention Center headquarters hotel. This is a key component of the city’s Convention Center district, which includes the Toyota Music Factory and the Irving Convention Center. The hotel is expected to include 359 rooms and approximately 16,000 square feet of meeting space, including a 10,000-square-foot ballroom.

Construction continues on the Toyota Music Factory. This 18-acre complex is adjacent to the Irving Convention Center and the Convention Center hotel. The venue includes an 8,000-seat amphitheater, restaurants, additional entertainment venues, an office tower and retail space. The entertainment complex will attract patrons from across the North Texas region, as well as those in town attending conferences. Additionally, it will provide Irving residents and the business community a place to visit for dining and entertainment. The first performance by ZZ Top was held on Sept. 9 with new restaurants and shops opening throughout the remainder of the calendar year.

The Irving Comprehensive Plan was adopted unanimously by the City Council on July 20. Its primary functions are to form the basis for making land use decisions and zoning recommendations, and to provide guidance to the city’s Strategic Plan, which in turn drives the city’s Financial Plan related to budgeting, business plans and strategic maintenance. The Imagine Irving Plan provides policy guidelines for the next 20 to 30 years in virtually all areas of city operations. The plan includes a total of 83 goals and 320 strategies along with recommendations for implementation.

The city contracted with the Indigo Group to provide support and professional guidance to entrepreneurs from businesses, colleges and professional organizations. The Study, which opened in May, features co-working space and private meeting rooms. Residents, professionals and students of all backgrounds can benefit from the center’s programs and learning opportunities. The Study also serves as a valuable resource for those seeking professional development, such as women’s and veterans’ entrepreneur empowerment programs; training, certifications and STEM programming; continued learning opportunities for adults; partnerships with corporate and academic institutions; and a digital database connecting job seekers with potential employers.

2018 Highlights

One key economic development strategic initiative is to attract investment from foreign businesses, help local firms gain entry into foreign markets, and create a welcoming environment for the international community to promote Irving as a logical choice for expansion and relocation of multinational corporations. Irving is well-positioned to make international business development an additional core component of its economic development program. In FY 2018, Irving welcomed many new businesses, including United Kingdom based Mimecast and Ieso Digital Health.

Pioneer Natural Resources is expanding its presence in Irving by developing a $350 million office campus on a 37-acre site as part of Verizon’s Hidden Ridge development. Adjacent to Verizon’s existing regional office, Hidden Ridge will be a mixed-use development with a new DART commuter rail station connecting Dallas/Fort Worth International Airport with downtown Dallas. The development has a projected value of more than $1 billion. To support the Hidden Ridge development project, the city approved an interlocal agreement with DART for the construction of the Carpenter Ranch Light Rail Station.

To provide for the advancement of funding for the reconstruction of portions of Irving Boulevard, an interlocal agreement with the Regional Transportation Commission and the NCTCOG was approved. Prior to the approval of this agreement, the boundaries of Tax Increment Reinvestment Zone No. 2 were expanded by city ordinance.

The Delaware Creek Residential Phase II Development Plan was approved. The plan will allow for the construction of about 47 new homes in the mid- to upper-$300,000 range in the Downtown Heritage Crossing District. Once completed, the Delaware Creek Residential Development is projected to provide a new net taxable value of more than $14 million.
2019 Highlights

In March, the city opened a new $113 million hotel, the Westin Irving Convention Center at Las Colinas, the final piece to a multidecade entertainment and convention district vision. Irving now has a vibrant, fun-filled location in the heart of North Texas that is easily accessible by plane, train or automobile. For the business and convention crowd, the city now delivers a complete destination package — beautiful meeting space, a luxury hotel and loads of entertainment, including a variety of music options, movies and great restaurants. And all of it is easily walkable.

In support of council’s strategic objectives focused on creating a thriving downtown and completing signature projects, including those in the Heritage District, the following initiatives were completed:

- Approved an Interlocal Agreement with Dallas County to participate in Tax Increment Reinvestment Zone No. 2 for the reconstruction of portions of Irving Boulevard through tax increment financing (TIF) No. 2.
- Established a new attraction in downtown Irving with the lease of a city-owned facility to MainStage Irving-Las Colinas that provides the public with six live theatrical performances each year.
- Managed the design and construction of the Main Street Plaza, a downtown art gallery plaza, which included the demolition of the existing building, new decorative pavement, lighting, and street furniture.
- Created 33 new public parking spaces in downtown Irving with the approval of a Corridor Enhancement Incentive agreement for exterior improvements to property located at 124 S. Hastings St.

Another area of focus for council is the Urban Center. In 2019, the Pavilion at Toyota Music Factory was recognized as the No. 1 concert amphitheater in the United States ranking and the No. 2 in the world for ticket sales ranking by Pollstar. There also were numerous new restaurant and business openings at the Toyota Music Factory.

By the numbers:
- Irving boasts 54 Fortune 500 companies with headquarters or a corporate presence in the city (2019)
Goal 4: Service Excellence

- Safeguard public safety, security and health.
- Leverage information technology to drive efficient and responsive service delivery.
- Improve community appearance and protect neighborhood integrity.
- Clearly define service levels and the associated resource requirements.
- Implement enhancements to cultural and recreational facilities.

2016 Highlights

The City of Irving experienced its 11th consecutive year of crime rate reduction for calendar year 2015. The continued decrease is due to the Police Department’s focus on areas of high crime and emerging crime trends. Since 2004, Irving has seen an overall decreased crime rate of more than 49 percent. The reduction includes a 49 percent decrease in the property crime rate and a 51 percent drop in the violent crime rate. The overall crime rate dropped by 6.6 percent since the 2014 calendar year, according to data from the Uniform Crime Reporting program.

The city opened the Criminal Intelligence Center, intended to serve as an aid in criminal investigations, crime analysis and offender intelligence, both within and outside the department. The center functions as an intelligence center to gather, analyze and distribute criminal intelligence information.

A body-worn camera program was implemented in the Police Department. Patrol officers now are equipped with these cameras, which are used by uniformed personnel during the normal course of their duties. This documentation can help the investigative process and strengthen an officer’s accountability and credibility when interacting with the public.

The ninth frontline ambulance was placed into service in order to decrease response times within Fire Station No. 1’s district and strengthen the city’s ability to meet the emergency medical needs of southeast Irving. Fire Station No. 1 has more than 4,000 medical calls per calendar year in its response district.

Irving Animal Services held its third Clear the Shelter event on July 23. During the special adoption event, adoption fees were waived in an effort to find home for all of the adoption-ready animals. The summer months tend to have the highest rate of abandoned and surrendered animals, putting a strain on shelter resources. This year’s event was a greater success than the past two years. In Irving alone, 279 animals were adopted, including all dogs in the shelter.

Operation Saturation, a unique, innovative concept to improve code enforcement, was implemented. This approach created a dedicated team tasked with evaluating every property in the city for code violations. In most cases, a “thank you” door hanger was placed as notification that the property has been reviewed and is in compliance. Benefits to this approach include increased productivity, focused efforts in targeted areas, more interaction and outreach with residents, a reduction in reactive enforcement cases and visible neighborhood condition improvements.

The flooding events of 2015 and 2016 caused more than $2 million in infrastructure damage to Campion Trail and Trinity View Athletic Complex. More than 3,000 man-hours have gone into cleanup efforts that included the installation of security fencing and barricades to maintain resident safety, the removal of silt and debris, and the sterilization of picnic tables, benches, signs, exercise equipment, etc.

2017 Highlights

On Nov. 1, Irving became one of only 27 cities in the state and 98 cities across the country with an Insurance Services Office (ISO) rating of 1. Every municipality is given an ISO rating, which ranges from 1 to 10, where 1 is the highest and 10 is the lowest. The score is distributed based on a city’s emergency communication, water distribution system and fire department. Because Irving received an ISO-2 rating in 2015, a primary goal of the city has been to achieve an ISO-1 rating. A key component in achieving the rating has been the addition of Fire Station No. 12, which helps reduce response times in the northern area of the city. The station houses three companies with 42 additional Fire personnel. The change in the ISO rating signifies lower insurance rates for existing residential and commercial properties and provides an added economic development incentive.
The city completed the first phase of a new public safety training facility to replace the current site, which is aging and is adjacent to residential neighborhoods. The first phase of the facility includes construction of a burn tower and classrooms. To share resources, reduce capital and operating costs, and promote regional cooperation, Irving entered into an agreement with the City of Grand Prairie for joint use of the facility, and sharing of the operating and capital costs. Additional phases will include both police and fire training facilities.

The city added eight new police officers as public safety remains a priority. In addition, the city also developed and implemented a traffic control plan, a security plan and a standard operating procedure for police services for the newly opened Toyota Music Factory.

Personnel representing 21 city departments, along with county and state representatives, attended the Federal Emergency Management Agency (FEMA) Integrated Emergency Management Course in July. The four-day exercise-based training gave personnel practice in simulated, but highly realistic, crisis situations customized to Irving. The city was one of only eight to 10 entities selected each year for the training and the only participant from FEMA Region VI. Funding for the training was provided by a FEMA grant. The course brought city staff together to manage and respond to different emergency situations in an effort to evaluate response capabilities, collaboration and training, and to identify strengths and weaknesses. If an emergency happens, the experience gained by city personnel and first responders in simulated scenarios will help staff provide the best possible service to the community.

Irving responded to the needs of Hurricane Harvey evacuees by providing shelter at the Lively Pointe Youth Center for 25 days. The city worked alongside volunteers and nonprofits to operate the shelter. Many of the evacuees were displaced rapidly and were unprepared to be transported to North Texas. Knowing this, the city also supplemented the need of supplies such as drinking water, clothing and hygiene products. City of Irving staff provided needed relief to its South Texas neighbors.

**2018 Highlights**

The first ever police-led Behavioral Health Leadership Team in Texas has been established by the Irving Police Department. The interdisciplinary team consists of police officers, a licensed clinician and a paramedic. The team is responsible for responding to emergency mental health calls with the goal of de-escalating the crisis on scene and reconnecting the person in crisis with their mental health care provider. Some of the overall program goals are to reduce the mentally ill jail population, reduce local emergency room use, provide alternative treatment and resources by tapping into under used services, and to increase local access to behavioral health care.

The city completed the Corridor Pride Campaign, focused on the development of business-friendly guides that show the correlation between compliant properties and curb appeal. Quality site visits with business owners created a joint agenda intended to ultimately enhance the visual impression along main corridors through voluntary compliance. This initiative began with Irving Boulevard and will expand in future years to other major thoroughfares. Through proactive enforcement and frequent follow-up visits with commercial property owners, the city was able to enhance the visual impression along main corridors.

Parks and Recreation began the process of creating a new Parks Master Plan, as the previous master plan was last updated in 2000. The comprehensive plan, adopted in 2017, indicates that residents are eager to provide input on future parks and recreation developments. With a majority of aging inventory needing replacement or upgrades, this is an opportune time. The Master Plan will let residents define direction and assist the city in setting future goals and objectives. During the process of developing the plan, visioning and input meetings will be held.

**2019 Highlights**

Irving’s Police Department launched a Mental Health Response Team, providing training to police officers with the goal of improving outcomes to calls for service involving the mentally ill. The team conducts follow-ups with individuals with mental illness who have had an interaction with the police and work to connect them with mental health service providers. This allows the individual to receive the help they need while reducing future calls for police and fire services. In 2019, the team conducted 40 crisis intervention training classes and contacted 1,372 mental health consumers.
In July, the Fire Department was recertified through the Texas Fire Chiefs Association Best Practices Recognition Program based on compliance with more than 117 best business practices for fire departments in the State of Texas. This program was developed by fire service professionals to assist agencies in the efficient and effective delivery of service to communities and covers all aspects of fire department management and services. Irving was the first city in the state to receive this certification.

The city received the Municipal Traffic Safety Initiatives Award through the Texas Municipal Courts Education Center, which recognize those who work in local municipalities and have made outstanding contributions to increase traffic safety by preventing impaired driving in their communities.

Irving created a targeted parking enforcement task force to help minimize the impact of illegal on-and off-street parking. The task force provides educational outreach and targeted enforcement within neighborhoods identified as having excessive vehicles parked on both private property and the public right-of-way.

In January 2019, the West Irving Library increased weekly service hours from 54 to 64. This change has resulted in a continual increase in library services utilized. As a result, visitors to the library have increased by 6 percent for the year, and computer sessions increased by 9 percent. New library card registrations increased by 11 percent and attendance for children’s programs increased by 36 percent.

After significant renovation, the former Twin Wells Golf Course has reopened as the Irving Golf Club. The remodeled 18-hole course winds along the Trinity River. The renovation included rerouting eight holes and installing a new irrigation system. Architects reshaped the greens and built them to United States Golf Association specifications. Additionally, architects reconstructed and leveled the tees and recontoured the fairways to improve drainage and increase strategic interest.

Luzon Park and AS Johnston Elementary School playgrounds were rededicated. Luzon Park received a much-needed renovation, which included new shade structures, park amenities, improved lighting and a new playground. The AS Johnston playground site was on the top of the replacement priority list because of its age and heavy usage. Input was requested from Irving ISD students on design elements, and they were recognized during the ribbon cutting ceremony.

The city worked with a historic preservation architecture firm to complete a Historic Structures Report and Master Plan for the Jackie Townsell Bear Creek Heritage Center, identifying the most pressing structural needs of the property. This report included an assessment of the three historic structures at the Heritage Center and provided a clear plan for addressing the preservation and maintenance needs of the site, as well as cost estimates.

By the numbers:
Goal 5: Inclusive and Collaborative Governance

- Actively engage and communicate with the community.
- Ensure transparent and inclusive government.

2016 Highlights
The city held Canal Fest, a celebration of art and culture, bringing fun, food, music and culture to the beautiful Mandalay Canal, featuring a local art exhibit, cultural dance displays, a variety of activities and attractions, live music, a food court and much more.

The Police Department hosted Coffee with a Cop at locations throughout the city to break down barriers between officers and the residents they serve by removing agendas and allowing opportunities to ask questions, voice concerns and get to know local police officers.

“City Spectrum” was redesigned to keep the publication fresh and modern while functioning on multiple levels and producing greater visibility for city information, programs and initiatives. “City Spectrum” is rated as good or excellent by 90 percent of residents, making it the city’s highest-rated form of communication.

The North Texas Teen Book Festival was expanded to two days. The Educator Day on April 22 provided sessions with continuing education credits and an author luncheon for about 180 middle school and high school teachers. The festival on Saturday attracted nearly 8,000 attendees and featured 75 authors of young adult literature in panel discussions throughout the day.

2017 Highlights
The city launched Irving 360°, a civic academy, designed to give participants a behind-the-scenes look at daily operations and encourage civic engagement. Participants attended a 10-week program in which they were exposed to various aspects of city operations. The curriculum included presentations, tours of city facilities and several hands-on opportunities. Highlights of the program included backstage tours at the Irving Arts Center, a crash course on the science behind the city’s landfill, and an in-depth review of how the city generates and allocates revenue for its programs and services. An idea submitted to the Irving Innovation Project created a new avenue for community engagement with the launch of the Spring Open House. Held in conjunction with the Taste of Irving, the Open House allowed community members to interact with employees from different departments.

The city initiated a pilot program with the Irving Youth Action Council for teen leadership development. The initiative included a trip to the state capital in Austin and meeting with city and state officials. The result was funding for teens to continue their leadership development with trips planned to attend the local TML Conference, as well as the NLC Youth Summit in Washington, D.C.

2018 Highlights
Irving’s City Council adopted an Open Data Policy to demonstrate the city is committed to fostering an open, transparent and accessible city government. By sharing data freely, the city will generate opportunities for economic development, commerce and civic engagement. Providing timely access to city data will improve transparency, public access to information, and coordination between city departments, residents, visitors, businesses and other key stakeholders.

The city received the Traditional Finances, Public Pension and Debt Obligations Transparency Star from the Texas Comptroller of Public Accounts. This award was received in recognition of the city’s efforts to ensure transparency in the areas of finance, contracting, procurement, economic development, public pensions and debt obligations. The city was recognized for posting financial documents online that contain thorough summaries, visualizations, downloadable data and other relevant information.

Irving 360° Civic Academy graduated its inaugural class. Participants attended a 10-week program in which they were exposed to various aspects of city operations. Highlights of the program included backstage tours at the Irving Arts Center, a crash course on the science behind the city’s landfill, and an in-depth review of how the city generates and allocates
revenue for its programs and services. Program participants went on to succeed in speaking before the City Council on key issues, serving on city committees and getting involved in volunteering opportunities.

For the past 25 years, the City of Irving Teen Court program has helped area youth maintain clear records while fostering active engagement in the judicial system. The program, which operates through the Municipal Court, was launched in 1992. The goal of the program is to offer teens an alternative sentencing option so they can make restitution for their mistakes, rather than being convicted and hindering their chances of college acceptance or career advancement.

The city hired an Animal Services Volunteer Coordinator and established new and improved volunteer, foster and outreach programs for Animal Services. With the new and improved programs, more than 140 volunteers were able to give more than 500 animals the care they needed in order to be placed in the adoption program.

**2019 Highlights**

Following the success of the Irving 360° Civic Academy, in its third year, the city created the Youth 360° Civic Academy in order to engage with high school students interested in local government. Participants attended an 11-week program in which they were exposed to various aspects of city operations. Highlights included backstage tours at the Irving Arts Center, a crash course on the science behind the city’s landfill and an in-depth review of how the city generates and allocates revenue for programs and services.

In June, Irving launched a Junior Police Academy, offering seventh and eighth graders the opportunity to experience law enforcement firsthand. Participants were versed in the basic functions of a police department and had the chance to learn about a career in law enforcement. The program also provided an opportunity for police officers to mentor participants and encourage them to help build a safer community.

Irving was recognized for its dedication to going above and beyond in transparency efforts with an award from the Texas Comptroller of Public Accounts Transparency Stars program. This award was received in recognition of the city’s efforts to ensure transparency in the areas of finance, contracting, procurement, economic development, public pensions and debt obligations. The city was recognized for posting financial documents online that contain thorough summaries, visualizations, downloadable data and other relevant information.

The City of Irving established a data governance structure to ensure that the highest quality data is collected, used and made available to key stakeholders through coordinated efforts within the organization for the purpose of improving efficiency, enhancing community engagement and enabling better decision-making. In addition, departments across the organization completed comprehensive data inventories in order to make the city’s data more discoverable and accessible.

The city launched Irving Open Data. The open data portal is used to implement council’s open data policy, ensuring transparency and engaging the public through data. This initiative was carried out as part of the city’s ongoing work with the What Works Cities initiative. Internal and external focus groups were conducted to ensure data sets of relevance to stakeholders were identified and prioritized for release.

**By the numbers:**
Goal 6: Talented and Energized Workforce

- Encourage and reward employee innovation and creativity.
- Recruit, retain and develop a diverse municipal workforce.
- Develop a succession plan and succession management process.

2016 Highlights
The city launched The Irving Innovation Project, built upon Irving’s history of performance excellence with a goal of making Irving one of the most innovative municipalities on the planet. The project looks to city employees to generate ideas that create a meaningful impact on the community with a focus on projects that help accomplish the city’s vision, achieve strategic initiatives and meet the needs of Irving customers.

2017 Highlights
The city administered its biennial employee survey, which provides employees with the opportunity to share their thoughts on what is working well and where there are opportunities for improvement. Overall, the survey results are positive and indicate that employees are engaged in their work and in providing quality services to the city’s customers.

2018 Highlights
Through the Irving Innovation Project, grants worth up to $25,000 are available to all city departments for innovative projects with the potential to improve city services and deliver a positive, meaningful impact on the community. The Irving Innovation Project builds upon Irving’s history of performance excellence that benefits the city and residents. Several departments submitted innovative solutions, two of which were awarded funds to help with their innovative projects. Grant funds were awarded for the purchase and installation of counters along Campion Trail and small, unmanned aircraft system (UAS) for the Police Department.

The city conducted training for employees on succession planning and workplace development. Such training helps develop employees who can effectively and efficiently carry out city programs and services with minimum disruption.

2019 Highlights
Irving launched new value statements following a nearly year-long process during which the city manager met with employees from all departments and work groups to discuss the organization’s values and culture. Employees then created, proposed and voted on the winning statements, encompassing professional, resilient, innovative, dependable and ethical values.

The city implemented a new learning management system to assist in maintaining a high-quality, well-trained workforce and ensure that employees remain competent, and compliant with internal policies and procedures.

Irving conducted data analytics training and launched multiple projects as part of a pilot program. Participants received training on how to develop problem statements and build project plans with a focus on solving pressing issues through the use of data analytics.

By the numbers:
Item B2 – Five Year Cost of Service

Budget Retreat

August 19, 2020

Agenda

• Expenditure Trends
• Revenue Trends
• Changes in Service Levels
We are a service organization

- 74% of General Fund budget to salaries and benefits

Personnel Base Cost Increases

- Merit and Step program – average 1.5%
  - General Government: 11 steps, 3.5% per step
  - Civil Service: 8 steps, 5.0% per step

- Cost of Living Adjustments
  - General Government employees
    - Based on annual change in DFW CPI-U
      - Excluding volatile food and energy changes

- Market Adjustments
  - Police and Fire Civil Service
  - Benchmark by each position against Metroplex Salary Group benchmarks
  - Policy for over 20 years has been to match the top of each position to the 65th percentile
  - Steps for higher grades have been dropped to prevent compression
Personnel Base Cost Increases

- **Health Insurance**
  - Success in containing costs for Irving
  - Market trends continue to increase
- **Pensions**
  - TMRS and SBP contributions based on actuarially determined amounts
  - FRRF move to contributions based on actuarially determined amounts
  - Recommended by:
    - Pension Review Board
    - Credit Rating Agencies
  - Potential future legislative action to mandate funding to actuarially determined amounts

Operating Base Costs

- **Fuel/Energy**
  - Currently low costs for electricity and fuel
- **Maintenance**
  - Vehicles
  - Structure
  - Many buildings over 40 year old
  - Normal wear from usage (carpets, gym floors, fitness equipment)
- **Information Technology**
  - Includes printers, telecommunications, Mobile Data Terminals
Revenue Constraints

• Property Taxes
  – SB2 impact on revenue growth after recessions
• Franchise Fees
  – Increasingly restrictive legislation
  – New service delivery models
• Interest Income

Revenue Growth

• Growth in Property and Sales tax bases over time
  – Property Tax Base 20 year average +4.3%
  – Sales Tax 20 year average +2.7%
• User Fees
  – Review fee structures and benchmarks
  – Charge for cost to provide service or enhanced service levels
  – Pair new fees with service expansions
• TIF #1 Ratchet Down
  – Decrease from 77.5% to 20%
  – Dedicated source of ED funding
  – Allocate to one-time projects
  – Additional funds available for General operations and maintenance
Economic Development

• Opportunities:
  – New development is at a higher value than existing commercial and residential values

• Challenges:
  – Increased development and population growth require additional staff and resources to maintain current service levels
  – Incentive agreements rebate portions of new revenues

Service Delivery Options

• Evaluate cost/benefit of services
• Review customer preferences and wants
• Reduce overhead and ongoing cost of service delivery
  – Partnerships
  – Expanded services at fewer, larger facilities
New Bond Election

• Postponed past November 2020
  – New election date TBD
• Several projects have operating costs
  – Central Fire Station
    • One Fire Engine company (18 Fire personnel)
  – New Library
  – Recreation Center expansions
    • Senter Recreation Center
    • Mustang Recreation Center

Discussion
Overview

- Fiscal Year 2020-21 Proposed Budget
  - Budget Overview
  - General Fund Revenues
    - Property Taxes
    - Other Revenues
  - General Fund Expenditures
    - Base Budget
    - Service Level Expansions
    - Transfers
    - Total Proposed Budget
- Summary
Budget Overview – FY 2020-21

• Property value growth initially projected as strong but “Certified Estimate” Tax Roll showed record amount of disputed values
  – Legislature change on property tax of capping M&O portion of tax rate at 3.5%
• Sales tax projected to be below current budget
• Interest rates near zero indefinitely
• Other revenues will be depressed due to uncertainty related to coronavirus impact

Budget Overview – FY 2020-21

• Extended facility closures
• Employee furloughs and held vacancies
• Service level reductions
• Use of expenditure reductions
• Maintain a structurally balanced budget
## General Fund Revenues

### 2018-19 to 2020-21 Revenues

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property Tax</strong></td>
<td>111,048,664</td>
<td>107,746,707</td>
<td>108,526,134</td>
<td>112,717,969</td>
<td>4,971,262</td>
<td>4,191,835</td>
<td>4.61%</td>
<td>3.86%</td>
</tr>
<tr>
<td><strong>Sales Tax</strong></td>
<td>76,118,144</td>
<td>72,238,738</td>
<td>72,625,605</td>
<td>70,677,259</td>
<td>(1,551,366)</td>
<td>(6,948,346)</td>
<td>-3.86%</td>
<td>-5.44%</td>
</tr>
<tr>
<td><strong>Zoning and Development</strong></td>
<td>3,551,187</td>
<td>4,070,782</td>
<td>3,988,466</td>
<td>2,787,451</td>
<td>(1,203,335)</td>
<td>(1,191,015)</td>
<td>-25.11%</td>
<td>5.36%</td>
</tr>
<tr>
<td><strong>Fines</strong></td>
<td>7,932,682</td>
<td>7,412,576</td>
<td>7,370,032</td>
<td>7,067,259</td>
<td>(252,317)</td>
<td>(2,564,777)</td>
<td>-3.36%</td>
<td>2.16%</td>
</tr>
<tr>
<td><strong>Charges for Services</strong></td>
<td>4,101,139</td>
<td>4,230,066</td>
<td>2,847,933</td>
<td>3,487,335</td>
<td>(639,137)</td>
<td>(1,640,302)</td>
<td>-15.69%</td>
<td>34.40%</td>
</tr>
<tr>
<td><strong>Intergovernmental</strong></td>
<td>1,674</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>0.00%</td>
<td>-0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Investment Income</strong></td>
<td>2,094,438</td>
<td>1,941,800</td>
<td>1,165,809</td>
<td>186,335</td>
<td>(1,755,465)</td>
<td>(1,755,465)</td>
<td>-86.40%</td>
<td>-86.36%</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>3,772,122</td>
<td>2,972,551</td>
<td>3,502,908</td>
<td>3,284,367</td>
<td>218,457</td>
<td>(218,457)</td>
<td>7.36%</td>
<td>-2.4%</td>
</tr>
<tr>
<td><strong>Transfers from Other Funds</strong></td>
<td>8,756,289</td>
<td>8,225,343</td>
<td>9,127,625</td>
<td>9,127,625</td>
<td>(55,276)</td>
<td>(55,276)</td>
<td>-0.60%</td>
<td>-0.02%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 241,807,614</td>
<td>$ 234,017,969</td>
<td>$ 233,947,053</td>
<td>$ 232,864,119</td>
<td>($1,153,850)</td>
<td>($1,082,934)</td>
<td>-0.50%</td>
<td>-0.50%</td>
</tr>
</tbody>
</table>

Sales tax projection includes June receipts collected in August

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### General Fund Revenues FY 2020-21 - $232,864,119

- **Property Tax**: 48%
- **Sales Tax**: 30%
- **Fines**: 2%
- **Fees & Permits**: 3%
- **Charges for Services**: 2%
- **Investment Income**: 0%
- **Transfers from Other Funds**: 4%
- **Miscellaneous**: 2%
- **Zoning & Development**: 1%
- **Franchise Fees**: 5%

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C1-3
Property Taxes

Property Tax Revenues

- DCAD did not provide a Certified appraisal roll for Tax Year 2020 on July 27, 2020
- Instead DCAD provided a Certified Estimate
  - Includes only properties certified as of July 25, 2020
  - Certified roll will be issued on or before August 20
    (1 day after Budget Retreat)
- Council requested that the Tax Assessor/Collector calculate the voter-approval tax rate in the manner for a special taxing unit (8%) pursuant to Section 26.04 of the Texas Code
  - Gives flexibility in setting a tax rate up to 8%
  - The 8% calculation City Council approved at the July 16 meeting was a precautionary measure to address the potentially devastating effects that COVID-19 may have had on essential city services and primary revenue sources
Certified Estimate Revenue Projection

- Dallas County Tax Assessor/Collector will calculate rates off of the 7/27/2020 certified estimate
  - The No New Revenue and Voter Approval rates are well above current tax rate of $0.5941
    - No New Revenue rate $0.6568
    - Voter Approval rate $0.7012
  - DCAD advises for budgeting purposes to estimate 85% collection of disputed property instead of the 50% they provided for certification
    - Exceedingly large portion of the tax base under review
    - Prior year percentages of value and results not applicable

2020-21 Certified Estimate

- Tax Year 2019 Certified Value - $28.4 billion
- 2020 Certified Estimate as of 7/24/2020
  - Certified $21.7 billion
  - Value under protest: $9.5 billion DCAD estimate
  - Value under protest: $5.0 billion property owner’s estimate
- Range of 2020 certified value
  - $29.9 billion an increase of $1.5 billion or +5.3% at 85% of value under protest
  - $26.5 billion a decrease of $1.9 billion or -6.7% at 50% of value under protest
Property Tax Estimates

- **City Manager Recommendation**
  - Maintain Tax Rate of $0.5941
  - Maintain Debt Service rate at $0.1200
    - Increase of $1.4 million
  - Use 82.5% valuation of disputed property to budget for revenues
    - Projected Valuation of $29.42 billion +4.4% over prior year
      - Existing properties - 2.5 percent
      - New properties - 1.9 percent
    - Increase of $3.9 million to General Fund revenue
      - New growth accounts for $3.3 million of the increase
    - Partially offsets decrease of $7.0 million from other revenue sources

Ad Valorem Rate by Components

**General Fund – M&O**
- Public Safety
- Public Works
- Parks and Recreation
- Libraries
- Administration and Support Services

**Debt Service – I&S**
- Funds principal and interest payments on outstanding bonds
Other Revenues

Sales Tax

- Second largest General Fund revenue source
- Sales Tax collections are diversified across major categories and taxpayers
- Projected to be below current budget
  - Decrease from FY 2019-20 Budget - $1,511,479
  - Elimination of Bingo Revenue - $50,000
- Major categories
  - Retail Trade – 25%
  - Information – 10%
  - Wholesale Trade – 8.4%
- Top Taxpayers
  - Top 10 taxpayers - $9.4 million or 14%
  - Top 20 taxpayers - $14.3 million or 21%
  - Top 25 taxpayers - $16.1 million or 24%
Sales Tax Allocation – 8.25 Cents

Sales Tax Percentage

- 6.25%, $300,578,351
- 1.00%, $70,677,259
- 1.00%, $70,677,259

State of Texas
General Fund
DART

Sales Tax History

- 2007: $54.2
- 2008: $54.3
- 2009: $50.7
- 2010: $47.4
- 2011: $48.3
- 2012: $48.1
- 2013: $50.7
- 2014: $53.5
- 2015: $56.6
- 2016: $65.5
- 2017: $66.9
- 2018: $68.7
- 2019: $69.2
- 2020: $72.4
- 2021: $75.9
- 2022: $75.6

% Change:
- 2008: +6.2%
- 2009: +7.4%
- 2010: +8.1%
- 2011: +8.2%
- 2012: +9.7%
- 2013: +9.2%
- 2014: +2.4%
- 2015: +2.1%
- 2016: +2.6%
- 2017: +9.5%
- 2018: +2.6%
- 2019: +0.3%
- 2020: +4.9%
- 2021: +6.2%
- 2022: +7.4%
Other Revenues

- Interest rates near zero indefinitely
- New revenue – Auto Pound Administrative Fee - $80,000
  - Discussion in Item C2.i
- Other revenues will be depressed and projected to be flat due to uncertainty related to coronavirus impact
  - Social distancing restrictions
  - Public confidence

General Fund Expenditures
## Budget Development Process

**FY 2019-20**
- Adopted Budget - $234,017,969
- Reductions - $7,031,620

**FY 2020-21 Base Budget**
- $226,986,349

**Additions**
- $5,166,184

**Service Level Expansions**
- $711,586

**FY 2020-21 Proposed Budget**
- $232,864,119

## General Fund Summary

### Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>2018-19 Actual</th>
<th>2019-20 Budget</th>
<th>2019-20 Projected</th>
<th>2020-21 Proposed</th>
<th>VARIANCE FROM ADOPTED</th>
<th>PERCENT CHANGE</th>
<th>VARIANCE FROM PRI.</th>
<th>PERCENT CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor and Council</td>
<td>187,611</td>
<td>245,081</td>
<td>210,177</td>
<td>217,177</td>
<td>(27,904)</td>
<td>-11.4%</td>
<td>20,746</td>
<td>10.6%</td>
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<tr>
<td>City Secretary's Office</td>
<td>984,322</td>
<td>1,195,175</td>
<td>1,091,354</td>
<td>1,189,933</td>
<td>(5,242)</td>
<td>-0.4%</td>
<td>98,579</td>
<td>9.0%</td>
</tr>
<tr>
<td>City Manager's Office</td>
<td>1,740,930</td>
<td>2,102,526</td>
<td>2,041,146</td>
<td>2,105,246</td>
<td>64,096</td>
<td>3.1%</td>
<td>61,804</td>
<td>0.6%</td>
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<tr>
<td>Non-Departmental</td>
<td>26,542,215</td>
<td>24,068,405</td>
<td>24,300,763</td>
<td>24,300,763</td>
<td>(6,632,018)</td>
<td>-27.6%</td>
<td>(6,684,377)</td>
<td>-28.2%</td>
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<tr>
<td>Financial Services</td>
<td>4,611,932</td>
<td>4,630,007</td>
<td>4,344,078</td>
<td>4,388,009</td>
<td>207,002</td>
<td>4.7%</td>
<td>293,931</td>
<td>6.8%</td>
</tr>
<tr>
<td>City Attorney's Office</td>
<td>2,466,174</td>
<td>2,846,990</td>
<td>2,706,501</td>
<td>2,944,847</td>
<td>97,857</td>
<td>3.4%</td>
<td>238,346</td>
<td>8.8%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>3,965,660</td>
<td>5,177,265</td>
<td>5,003,151</td>
<td>5,237,084</td>
<td>(133,824)</td>
<td>-2.6%</td>
<td>(179,427)</td>
<td>-7.6%</td>
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<tr>
<td>IT Historical</td>
<td>10,093,608</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Police</td>
<td>64,460,334</td>
<td>70,698,309</td>
<td>68,782,436</td>
<td>73,106,878</td>
<td>2,408,569</td>
<td>3.4%</td>
<td>4,324,443</td>
<td>6.3%</td>
</tr>
<tr>
<td>Code Enforcement</td>
<td>2,177,344</td>
<td>2,241,343</td>
<td>2,121,337</td>
<td>2,121,337</td>
<td>(200,003)</td>
<td>-0.9%</td>
<td>(203,003)</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Fire</td>
<td>48,523,736</td>
<td>49,832,686</td>
<td>49,832,686</td>
<td>52,606,304</td>
<td>2,773,618</td>
<td>5.6%</td>
<td>2,773,618</td>
<td>5.6%</td>
</tr>
<tr>
<td>Municipal Court</td>
<td>2,550,866</td>
<td>2,735,545</td>
<td>2,735,545</td>
<td>2,941,146</td>
<td>207,597</td>
<td>7.6%</td>
<td>293,931</td>
<td>8.8%</td>
</tr>
<tr>
<td>Judicial</td>
<td>451,231</td>
<td>465,941</td>
<td>464,151</td>
<td>508,520</td>
<td>43,579</td>
<td>9.1%</td>
<td>48,360</td>
<td>9.6%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>17,749,549</td>
<td>18,286,577</td>
<td>18,307,298</td>
<td>18,286,577</td>
<td>20,721</td>
<td>0.1%</td>
<td>7,575</td>
<td>4.2%</td>
</tr>
<tr>
<td>Library</td>
<td>5,072,128</td>
<td>7,296,153</td>
<td>7,254,293</td>
<td>7,254,293</td>
<td>(3,754)</td>
<td>-0.9%</td>
<td>(21,893)</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Capital Improvement Program</td>
<td>9,616,899</td>
<td>10,287,810</td>
<td>10,287,810</td>
<td>10,299,134</td>
<td>11,324</td>
<td>0.1%</td>
<td>338,414</td>
<td>3.4%</td>
</tr>
<tr>
<td>Transportation</td>
<td>10,054,754</td>
<td>12,213,808</td>
<td>11,544,166</td>
<td>11,575,820</td>
<td>(51,688)</td>
<td>-0.4%</td>
<td>333,454</td>
<td>3.0%</td>
</tr>
<tr>
<td>Communications</td>
<td>7,262,610</td>
<td>3,094,866</td>
<td>3,042,534</td>
<td>3,042,534</td>
<td>(52,952)</td>
<td>-1.7%</td>
<td>7,763</td>
<td>0.3%</td>
</tr>
<tr>
<td>Economic Development</td>
<td>14,916,605</td>
<td>3,094,090</td>
<td>3,167,113</td>
<td>4,187,168</td>
<td>1,093,078</td>
<td>35.4%</td>
<td>1,050,074</td>
<td>32.1%</td>
</tr>
<tr>
<td>Planning</td>
<td>1,279,455</td>
<td>1,280,900</td>
<td>1,287,311</td>
<td>1,295,524</td>
<td>(91,015)</td>
<td>-0.6%</td>
<td>(91,207)</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Inspections</td>
<td>3,087,080</td>
<td>3,231,016</td>
<td>3,195,108</td>
<td>3,257,539</td>
<td>26,524</td>
<td>0.8%</td>
<td>62,432</td>
<td>2.0%</td>
</tr>
<tr>
<td>Community Development</td>
<td>31,703</td>
<td>42,925</td>
<td>42,925</td>
<td>42,925</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Transfer to IT Fund</td>
<td>-</td>
<td>11,965,892</td>
<td>11,965,892</td>
<td>11,965,892</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>233,876,970</td>
<td>234,017,969</td>
<td>229,983,531</td>
<td>232,864,119</td>
<td>(1,153,850)</td>
<td>-0.5%</td>
<td>5,820,587</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

Total Expenditures: $234,017,969 - $232,864,119

**Variance**
- $1,153,850
- 0.5%

**Percent Change**
- 5,820,587
- 1.3%
Summary

- Revenue shortfalls as a result of pandemic impact and “certified estimate” tax roll
- Uncertainty of how long and type of recovery
- Shortfall response for current year includes use of expenditure reductions
- Avoid one-time use for operational funding
- Service level reductions
- Rate of recovery dependent on future social distancing restrictions and public confidence
- Present a structurally balanced budget

Discussion
## Overview of General Fund Proposed Budget for FY 2020-21
### As of August 19, 2020

### FY 2019-20 Adopted Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019-20 Adopted Budget</td>
<td>$ 234,017,969</td>
</tr>
</tbody>
</table>

### Reductions

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>(2,614,728)</td>
</tr>
<tr>
<td>Vacancy savings at 1.5% of salaries and benefits</td>
<td></td>
</tr>
<tr>
<td>Retiree/separation payments</td>
<td>(165,326)</td>
</tr>
<tr>
<td>Operations</td>
<td>(585,220)</td>
</tr>
<tr>
<td>Essential travel only for maintaining certifications and licenses</td>
<td></td>
</tr>
<tr>
<td>Fuel and maintenance</td>
<td>(216,454)</td>
</tr>
<tr>
<td>Reduction of $2.60 price per gallon to $2.25 price per gallon with an increase of 36,807 gallons</td>
<td></td>
</tr>
<tr>
<td>Electric, water and natural gas</td>
<td>(392,768)</td>
</tr>
<tr>
<td>One-time expenditures in FY 2019-20 not applicable in FY 2020-21</td>
<td></td>
</tr>
<tr>
<td>Capital purchases</td>
<td>(92,653)</td>
</tr>
<tr>
<td>2020 Census outreach</td>
<td>(28,277)</td>
</tr>
<tr>
<td>Code Summit postponement due to COVID-19</td>
<td>(14,376)</td>
</tr>
<tr>
<td>Other Department identified reductions</td>
<td>(247,305)</td>
</tr>
<tr>
<td>Transfers</td>
<td>(7,031,620)</td>
</tr>
<tr>
<td>Debt service transfer for RTTF</td>
<td>(2,200,000)</td>
</tr>
<tr>
<td>VERF replacements and lease payments</td>
<td>(490,075)</td>
</tr>
<tr>
<td>SWS Debt service for Heritage Crossing</td>
<td>(7,016)</td>
</tr>
<tr>
<td>Irving Golf Club subsidy</td>
<td>(20,075)</td>
</tr>
<tr>
<td>Total Reductions</td>
<td>(7,031,620)</td>
</tr>
</tbody>
</table>

### FY 2020-21 Base Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2020-21 Base Budget</td>
<td>226,986,349</td>
</tr>
</tbody>
</table>

### Additions

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>1,304,825</td>
</tr>
<tr>
<td>Step/Merit Increases for all General Fund Employees</td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>809,953</td>
</tr>
<tr>
<td>Civil Service</td>
<td>494,872</td>
</tr>
<tr>
<td>Health Insurance premium increase - 2%</td>
<td>267,000</td>
</tr>
<tr>
<td>Pensions</td>
<td>1,710,109</td>
</tr>
<tr>
<td>TMRS - Increase from 14.64% to 14.93%</td>
<td>257,533</td>
</tr>
<tr>
<td>SBP - Increase from 2.11% to 2.35%</td>
<td>213,131</td>
</tr>
<tr>
<td>FRRF - Increase from 16.75% to 20.25%</td>
<td>1,239,445</td>
</tr>
<tr>
<td>Operations</td>
<td>114,522</td>
</tr>
<tr>
<td>Sanitation commercial cost for dumpster service for General Fund departments</td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>65,198</td>
</tr>
<tr>
<td>IT Internal Service funding gap</td>
<td>1,104,530</td>
</tr>
<tr>
<td>TIF #1 Ratchet down</td>
<td>600,000</td>
</tr>
<tr>
<td>One-time transfer for Pioneer/Hidden Ridge future incentive agreement</td>
<td></td>
</tr>
<tr>
<td>Total Additions</td>
<td>5,166,184</td>
</tr>
</tbody>
</table>

### Service Level Expansion

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>110,508</td>
</tr>
<tr>
<td>Assistant City Attorney I</td>
<td>262,641</td>
</tr>
<tr>
<td>Public Safety</td>
<td></td>
</tr>
<tr>
<td>Mental Health Clinician</td>
<td>82,727</td>
</tr>
<tr>
<td>Field Social Worker</td>
<td>78,365</td>
</tr>
<tr>
<td>Auto Pound Equipment and Repair</td>
<td>48,663</td>
</tr>
<tr>
<td>Auto Pound Clerk Position Reclassification</td>
<td>2,886</td>
</tr>
<tr>
<td>AFG and NCTCOG Grant Match - (90%/10% split)</td>
<td>50,000</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>338,437</td>
</tr>
<tr>
<td>Survey Field Assistant</td>
<td>92,837</td>
</tr>
<tr>
<td>Survey Field Technician</td>
<td>67,264</td>
</tr>
<tr>
<td>Purchasing Agent</td>
<td>87,362</td>
</tr>
<tr>
<td>CIP Accountant</td>
<td>90,974</td>
</tr>
<tr>
<td>Total Service Level Expansion</td>
<td>711,586</td>
</tr>
</tbody>
</table>

### FY 2020-21 Proposed Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2020-21 Proposed Budget</td>
<td>232,864,119</td>
</tr>
</tbody>
</table>
Item C-2 General Fund Supplementals

Budget Retreat
August 19, 2020

Public Safety

• Police Department
  ▪ Auto Pound Equipment and Repair- $48,663
  ▪ Auto Pound Coordinator Position- $2,886 (reclass position)
  ▪ Mental Health Clinician- $82,457
  ▪ Counselor- $77,583

• Fire Department
  ▪ NCTCOG Grant Match (contingent upon receipt of grant, it is a 90%/10% match)- $50,000
# General Government

## Infrastructure
- **Financial Services**
  - Purchasing Agent: $87,362 (funded from Capital Projects)
  - CIP Accountant: $90,974 (funded from Capital Projects)
- **Capital Improvement Program**
  - Survey Crew Assistant: $92,837
  - Survey Field Technician: $67,264

## Operations
- **City Attorney’s Office**
  - Assistant City Attorney I: $110,508

## Questions and Discussion
Irving Auto Pound

Administrative Fee Proposal

Irving Auto Pound

- Built in 2005

- Facility uses:
  - Storage for vehicles impounded by the City of Irving – approximately 4,000 per year
  - Offices for three auto theft investigators and civilian auto pound coordinator
  - Criminal investigations and vehicle inspection
  - Houses contracted wrecker service personnel and equipment
  - City of Irving / Police auction
Option to Adjust Current Fees

- Storage and Impound Fee rate adjustment 2019 legislative session
  - Set by Texas Occupations Code Sec. 2303.1552

<table>
<thead>
<tr>
<th>Current City of Irving Fees</th>
<th>Current Allowed Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20.00 Daily Storage Fee under 25ft</td>
<td>$20.64 Daily Storage Fee under 25ft</td>
</tr>
<tr>
<td>$35.00 Daily Storage Fee over 25ft</td>
<td>$36.11 Daily Storage Fee over 25ft</td>
</tr>
</tbody>
</table>

Adjustment would increase revenue by approximately $7,100 a year

Administrative Fee

- Governmental or Law Enforcement Administrative Fee
  - Authorized by Texas Administrative Code, Title 16, Chapter 85, Rule 85.722(f)
  - Intended for government entities to offset operational costs
  - The fee amount is not specified, but must be justified by operational costs
  - Pounds operated by government entities in region: Dallas, Fort Worth, Grand Prairie, and Irving
  - Fort Worth: $20 Administrative Fee
  - Grand Prairie and Dallas are currently evaluating it
  - Corpus Christi: $25
Reasons for Impound*

- Arrest – 44%
- Accident – 26%**
- Traffic Hazard – 12%
- Stolen Recovery – 6%
- Evidence – 3%
- Abandoned – 3%
- No Insurance (traffic stop) – 2%
- Junk/Authorized Pull – 1%

*Decimal places eliminated; total does not equal 100%
**Includes accident with no insurance and accident unable to consent to tow elsewhere

Facility Operating Expenses

<table>
<thead>
<tr>
<th>Maintenance &amp; Utilities</th>
<th>Total: $40,050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility Maintenance, HVAC, Custodial</td>
<td>$21,500</td>
</tr>
<tr>
<td>Utilities</td>
<td>$12,550</td>
</tr>
<tr>
<td>Auto Pound Software &amp; Storage</td>
<td>$ 6,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Total Compensation</th>
<th>% Dedication</th>
<th>Total:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Pound Coordinator</td>
<td>$ 74,208</td>
<td>100</td>
<td>$74,208 ($85,536 proposed)</td>
</tr>
<tr>
<td>Auto Pound Investigator</td>
<td>$114,582</td>
<td>60</td>
<td>$88,749</td>
</tr>
<tr>
<td>Auto Pound Sergeant</td>
<td>$134,634</td>
<td>45</td>
<td>$60,585</td>
</tr>
<tr>
<td>Field officer processing*</td>
<td>$103,060</td>
<td>N/A</td>
<td>$103,060</td>
</tr>
<tr>
<td>Telecommuter processing*</td>
<td>$  14,720</td>
<td>N/A</td>
<td>$  14,720</td>
</tr>
<tr>
<td>Total:</td>
<td>$321,322 ($332,650)</td>
<td></td>
<td>$361,372 ($372,700)</td>
</tr>
</tbody>
</table>

*Midpoint salary
Auto Pound Fee Structure - City Revenue

**Contractor-retained fees**
- Impound Fee $20
- Standard Tow Fee $145

<table>
<thead>
<tr>
<th>City-retained fees</th>
<th>FY 18-19</th>
<th>FY19-20 (YTD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Storage Fee ($20 or $35)</td>
<td>$224,175</td>
<td>$135,520</td>
</tr>
<tr>
<td>$50 Notification Fee</td>
<td>$17,450</td>
<td>$20,950</td>
</tr>
<tr>
<td>Total City Revenue:</td>
<td>$241,625</td>
<td>$156,470 ($187,764 projected)</td>
</tr>
</tbody>
</table>

Operating Expenses vs. Fee Revenue Summary

- Facilities & Maintenance: $40,050
- Personnel: $321,322
- Total Operating Expenses: $361,372 ($372,700)

2-year fee revenue average: $214,965
Projected avg. fee revenue deficit: $(146,407) –($157,735)
Budget Impacts

- $20.00 Administrative Fee + Adj. Storage Fee = Approx. $87,100/yr.

- $25.00 Administrative Fee + Adj. Storage Fee = Approx. $107,100/yr.

- $30.00 Administrative Fee + Adj. Storage Fee = Approx. $127,100/yr.


Sec. 683.014. AUCTION OR USE OF ABANDONED ITEMS; WAIVER OF RIGHTS.

(a) If an abandoned motor vehicle, aircraft, watercraft, or outboard motor is not claimed under Section 683.012:

(1) the owner or lienholder:

(A) waives all rights and interests in the item; and

(B) consents to the sale of the item by public auction or the transfer of the item, if a watercraft, as provided by Subsection (d); and

(2) the law enforcement agency may sell the item at a public auction, transfer the item, if a watercraft, as provided by Subsection (d), or use the item as provided by Section 683.016.
Auction Proceeds

FY 2018-19: 617 vehicles auctioned
FY 2019-20: 580 vehicles auctioned (YTD)
  - Impound fee, towing fee, auction contractor fees deducted from proceeds
  - Held 90 days in escrow for lienholder claims
  - After escrow period, proceeds are transferred to the general fund

<table>
<thead>
<tr>
<th>Net auction proceeds</th>
<th>Average net unit value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017-18: $420,322</td>
<td>Not available</td>
</tr>
<tr>
<td>FY 2018-19: $406,207</td>
<td>$658.35</td>
</tr>
<tr>
<td>FY 2019-20: $549,307 (YTD)</td>
<td>$947.08</td>
</tr>
</tbody>
</table>

Questions
Item C3 – Compensation

Budget Retreat

August 19, 2020

Compensation

• Salaries
  – Step and Merit Increases
  – Market and COLA adjustments
  – Use of Vacancy Savings

• Benefits
  – Health Insurance
  – Pensions
COLA and Civil Service Market Adjustments

• City Manager recommendation
  – Fund Step and Merit raises for all employees
  – FY 2020-21 Step/Merit costs - $1,304,825
    • General Government - $809,953
    • Civil Service - $494,872
  – No Market or COLA adjustments for FY 2020-21
    • For COLA current change in CPI for July is +1.5
    • Most benchmark cities are not proposing Market Adjustments unless required by prior meet and confer agreements

Projected Vacancy Savings FY 2020-21

• Vacancy Savings
  – $2.6 million for General Fund
  – Estimated at 1.5% of FY 2020-21 projected salary and benefits

• Excess vacancy savings
  – Savings from positions held vacant
  – Fully funded in budget to allow for positions to be filled if services are restored
  – Provides capacity to absorb additional losses if revenue losses are worse than projections
Health Insurance

• Success at reducing cost over past three years
  – No cost increase to employees or city
• Additional services
  – Employee Clinic
  – Cancer Guardian screening
  – Pharmacogenetics screening
  – Other employee health screenings
• Proposed rate increase – 2%
  – Last three month’s trend lower costs than before
  – General Fund impact $267,000

Pensions

Pensions will be discussed in full on Item H to follow
• Fund General Government/Police pensions at actuarially defined contribution rate of 17.28%
• TMRS – increase from 14.64% to 14.93%
  – General Fund cost $257,533
• SBP – increase from 2.11% to 2.35%
  – General Fund cost $213,131
  – Funding was reduced in FY 2019-20 to maintain the cap of 16.75%
  – Without the cap, this rate would be lower for FY 2020-21
• FRRF - City Manager’s Proposed Budget
  – 3.5% increase to 20.25% per Council discussion on May 20
  – General Fund cost $1,239,445
## Proposed Budget

- Fund Step and Merit increases
- No COLA/Market increases
- Budget at 1.5% for vacancy savings
- 81 positions currently held vacant, but funded
  - Position Review Committee to determine necessity to fill remaining positions
- Health insurance premium increase at 2%
- Pension funding
  - Actuarially determined rate for Police/General Government
  - 3.5% rate increase for Fire

## Discussion
Overview

- 9% Hotel Occupancy Tax (HOT) Revenues
- Possible increase in HOT Cash Flow
- Impact of COVID-19 on
  - 2017 GO Bonds (Convention Center)
    - General Debt Service Sub-Fund Loan
  - Brimer Bonds (Entertainment Center)
  - Convention Center Hotel Public Spaces Bonds
9% HOT Revenues

Possible Increase to HOT Cash Flow

- Conversion of HOT collections from Quarterly to Monthly would
  - Increase timing of cash flow
  - Provide more timely data for revenue estimation
- Agenda item to change to Monthly is on the August 20th City Council Meeting
- If passed:
  - Effective October 1, 2020
  - Would provide two extra months of HOT Cash Flow in FY20-21
    - July and August of 2021 would be due before the end of the fiscal year
Impact of COVID-19 on 2017 GO Bonds (Convention Center)

<table>
<thead>
<tr>
<th>Debt Service - Cash Flow Basis</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected FY19-20 Deficit</td>
<td>$ 0</td>
</tr>
<tr>
<td>Projected FY20-21 Deficit</td>
<td>-1,272,112</td>
</tr>
<tr>
<td>Total Projected Deficit for Two Years</td>
<td>-1,272,112</td>
</tr>
<tr>
<td>Plus Two Months Cash Flow if Monthly Collections are approved</td>
<td>825,949</td>
</tr>
<tr>
<td>Total Projected Deficit for two years, with Monthly Collections</td>
<td>-446,163</td>
</tr>
</tbody>
</table>

Note – while the debt service on the bonds is supported by a pledge of ad valorem tax and hotel occupancy tax, it is the City’s intent to pay the debt service using HOT revenues. To accomplish this, the city is tracking the ad valorem tax used to pay the 2017 GO Bonds, and in periods when HOT revenues exceed debt service requirements, the “sub-fund loan” is reduced, freeing up ad valorem tax to service general debt. The balance of the “sub-fund loan” as of 9/30/19 was $5,810,015. The above amount would increase the amount of the “sub-fund loan.”

General Debt Service Sub-Fund Loan to HOT Debt Service Sub-Fund

FY12-FY19 are actuals, FY20 and 21 are projections assuming monthly collections
Impact of COVID-19 on Brimer Bonds (Entertainment Center)

<table>
<thead>
<tr>
<th>Debt Service - Cash Flow Basis</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected FY19-20 Deficit</td>
<td>$  0</td>
</tr>
<tr>
<td>Projected FY20-21 Deficit</td>
<td>-645,450</td>
</tr>
<tr>
<td>Total Projected Deficit for Two Years</td>
<td>-645,450</td>
</tr>
<tr>
<td>Plus Two Months Cash Flow if Monthly Collections are approved</td>
<td>743,946</td>
</tr>
<tr>
<td>Total Projected Deficit for two years, with Monthly Collections</td>
<td>98,496</td>
</tr>
</tbody>
</table>

Note – The current balance in the Brimer Reserve Fund is $5,044,792. Based on current cash flows, we expect to use $587,726 of that reserve to make the February 2021 debt service payments, and if monthly collections are not approved, that amount will increase to $645,450 in August 2021. If the monthly collections are approved, the Brimer Reserve Fund will be replenished before the end of FY20-21.

Impact of Covid-19 on Convention Center Hotel Public Spaces Debt Service

- Funded from
  - City HOT
  - City Sales and Mixed Beverage Tax
  - State HOT and State Sales Tax Grant
- Projected Fund Balance at 9/30/21 is $330,285
- If Monthly Collections is approved, the balance would increase $84,819
Questions and Discussion
Library Service Level Reductions
August 19, 2020

Overview

- East Irving Library Transition
  - Staffing
  - Materials
- Collection Development funding
- Programming funding
  - COVID-19-related programming reduction
  - North Texas Teen Book Festival
**East Staffing Changes**

<table>
<thead>
<tr>
<th>Traditional Library model</th>
<th>Learning Center model</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch Manager</td>
<td>Reclassify to Library Services Supervisor</td>
<td>Cost Reduction: $69,364*</td>
</tr>
<tr>
<td>Senior Librarian</td>
<td>Reassign to increase VR &amp; South children’s program offerings</td>
<td>Achieves efficiency by redirecting staffing costs away from services only lightly used and toward services highly desired by the community</td>
</tr>
<tr>
<td>Customer Service staffing (2.5 FTE)</td>
<td>Reduce 1 FTE (2 PT positions) through attrition; FT positions assigned to South Library</td>
<td></td>
</tr>
</tbody>
</table>

* Part-time salaries remain funded in FY 2021 Budget but will be removed in FY 2022 when positions are vacant

---

**East Transition Cost Reductions**

<table>
<thead>
<tr>
<th>Traditional Library model</th>
<th>Learning Center model</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Books, AV &amp; Magazines</td>
<td>Reduce systemwide costs for materials</td>
<td>Cost Reduction: $24,651*</td>
</tr>
<tr>
<td>Building operations</td>
<td>Reduced to minimum</td>
<td>Programming provided will be partner driven, not requiring the previous investment in large community programs</td>
</tr>
<tr>
<td>Programming costs</td>
<td>Reduce systemwide costs for programming supplies &amp; services</td>
<td></td>
</tr>
</tbody>
</table>

* Change in costs between FY2020 Budget allocation & recommended FY 2021 Budget
East Irving Transition Opportunities

- Offers the opportunity to build stronger systemwide services related to workforce development and literacy and to increase outreach activities aimed at achieving stronger diversity and inclusion outcomes for the entire community.
- Builds on partnerships already in place with Irving ISD and Texas Workforce Commission and allows for adding additional programming partners.
- Staff reassignments build capacity for increased programming for children at the Valley Ranch and South Libraries.

Collection Development & Programs

- Library materials reduction: $85,221
  - Includes shift in funding from physical to digital formats
  - “Right-sizing” collection/data driven decision making
- Programming cost reduction: $75,000
  - North Texas Teen Book Festival
  - Virtual programming anticipated for at least the first quarter
Overview

- The COVID-19 Pandemic has had a profound impact on Parks and Recreation services
- Operational Changes were:
  - Closing of all Recreational and Aquatic Facilities
  - Closing of Heritage Senior Center
  - Furlough of 109 Permanent PT employees
    - 62 Recreation Part Timers
    - 47 Aquatic Part Timers
  - Cancellation of numerous special vents including our 4th of July celebration
Aquatic Service Level Impact

- The closure of the traditional in-ground pools (Senter, Lee, and Lively) in FY 20 provided a net operational savings of $219,154
  - This takes into account approximately $13,982 in lost revenue
  - Our plan is to keep these facilities closed and realize this same net savings from these facilities in FY 21
- Our plan for FY 21 is to operate our indoor aquatic facilities year round and our aquatic centers during the summer
- This is all contingent on the state of the pandemic and public health requirements at that particular time

Recreation Impacts

- The pandemic has created a complex challenge when it comes to our Recreation operations
- We closed our recreation facilities on March 13
  - Senior meals program shifted to delivery
  - Started a daily senior outreach to call and stay connected to our senior services clients
  - Permanent PT staff was furloughed
  - Seasonal PT positions were frozen
  - Permanent FT staff shifted to providing programming online via social media and Zoom
    - This group also worked special projects for other departments as well as assisted with park maintenance
Community Impact – Afterschool Care

- In addition to classes, fitness, and leagues, our Recreation Centers provide after-school care for Irving youth
  - We currently have 300 to 400 participants in our formal structured afterschool program
  - This paid program currently generates approximately $350,000 in revenue annually

- Our Recreation Centers also provide unstructured afterschool care to children that are not part of the aforementioned formal afterschool program
  - We estimate that we have an equal number of kids who come to our centers while their parents are still at work

- We need to be mindful of the impact on this program when we make operational decisions with our recreation facilities

Proposed Budget

- Reflects the service level reductions in Aquatics.
  - Reductions in operational expenses and seasonal staff.

- Currently does not reflect a reduction of services in Recreation.
  - Budget reductions will be made based upon policy direction from the City Council.
Recreation Operating Models

- The next series of slides will take a closer look at the operating models, budgets, and hours of operation of our recreation centers in three facets:
  - Pre-Pandemic
  - Option A which reflects our structure this summer in response to the pandemic
  - Option B which is the staff recommendation

Recreation Operations—Pre Pandemic

<table>
<thead>
<tr>
<th>Center</th>
<th>Mon-Fri</th>
<th>Sat</th>
<th>Sun</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cimarron</td>
<td>T,Th 11 a.m. to 10 p.m. M,W,F 6 a.m. to 10 p.m.*</td>
<td>9 a.m. to 5 p.m.</td>
<td>1 p.m. to 5 p.m.</td>
<td>86</td>
</tr>
<tr>
<td>Lee</td>
<td>9 a.m. to 10 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>1 p.m. to 5 p.m.</td>
<td>77</td>
</tr>
<tr>
<td>Mustang</td>
<td>T,Th,F 11 a.m. to 10 p.m. M,W 6 a.m. to 10 p.m.*</td>
<td>9 a.m. to 5 p.m.</td>
<td>1 p.m. to 5 p.m.</td>
<td>83</td>
</tr>
<tr>
<td>Northwest</td>
<td>9 a.m. to 10 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>1 p.m. to 5 p.m.</td>
<td>77</td>
</tr>
<tr>
<td>Senter</td>
<td>9 a.m. to 10 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>1 p.m. to 5 p.m.</td>
<td>77</td>
</tr>
<tr>
<td>Georgia Farrow</td>
<td>9 a.m. to 10 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>73</td>
</tr>
</tbody>
</table>

Total operational hours 473

*Note that these early opening times were provided many years back as a fitness option for those living in far north Irving when there were no private fitness centers opened at that time.
Recreation Operations-Pre Pandemic

<table>
<thead>
<tr>
<th></th>
<th>Cimarron</th>
<th>Lee</th>
<th>Mustang</th>
<th>Northwest</th>
<th>Senter</th>
<th>Georgia Farrow</th>
<th>Total Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and Benefits</td>
<td>$537,002</td>
<td>$430,573</td>
<td>$514,975</td>
<td>$445,872</td>
<td>$539,362</td>
<td>$595,152</td>
<td>$3,062,936</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$252,035</td>
<td>$93,475</td>
<td>$227,199</td>
<td>$116,817</td>
<td>$134,368</td>
<td>$124,462</td>
<td>$948,356</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$789,037</td>
<td>$524,048</td>
<td>$742,174</td>
<td>$562,689</td>
<td>$673,730</td>
<td>$719,614</td>
<td>$4,011,292</td>
</tr>
</tbody>
</table>

Recreation Operations-Option A

<table>
<thead>
<tr>
<th></th>
<th>Mon-Fri</th>
<th>Sat</th>
<th>Sun</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cimarron</td>
<td>9 a.m. to 10 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>73</td>
</tr>
<tr>
<td>Lee</td>
<td>9 a.m. to 10 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>73</td>
</tr>
<tr>
<td>Mustang</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
<td>0</td>
</tr>
<tr>
<td>Northwest</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
<td>0</td>
</tr>
<tr>
<td>Senter</td>
<td>9 a.m. to 10 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>73</td>
</tr>
<tr>
<td>Georgia Farrow*</td>
<td>9 a.m. to 10 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>73</td>
</tr>
</tbody>
</table>

Total operational hours 292

*This is the model set up in response to the COVID-19 Pandemic and a potential operating model going forward. Note that Georgia Farrow did not operate during the summer of 2020 due to renovations but will in FY 21.
Recreation Operations-Option A

<table>
<thead>
<tr>
<th></th>
<th>Cimarron</th>
<th>Lee</th>
<th>Mustang</th>
<th>Northwest</th>
<th>Senter</th>
<th>Georgia Farrow</th>
<th>Total Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and Benefits</td>
<td>$676,518</td>
<td>$570,089</td>
<td>$0</td>
<td>$0</td>
<td>$678,878</td>
<td>$734,668</td>
<td>$2,660,153</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$252,035</td>
<td>$93,475</td>
<td>$0</td>
<td>$0</td>
<td>$134,368</td>
<td>$124,462</td>
<td>$604,340</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$928,553</td>
<td>$663,564</td>
<td>$0</td>
<td>$0</td>
<td>$813,246</td>
<td>$859,130</td>
<td>$3,264,493</td>
</tr>
</tbody>
</table>

Estimated Annual Savings $746,799
This option also has an estimated rev loss of $313,079
After rev loss $433,720

- Operate 4 Centers - Close Northwest and Mustang
- No After School Program provided at these sites
- Re-deploy 18 FT staff to the other four facilities
- Cut 6 PT Rec Specialists and 6 PT Rec Leaders

Recreation Operations-Option B

- **Staff Recommended Option**

<table>
<thead>
<tr>
<th></th>
<th>Mon-Fri</th>
<th>Sat</th>
<th>Sun</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cimarron</td>
<td>11 a.m. to 8 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>53</td>
</tr>
<tr>
<td>Lee</td>
<td>11 a.m. to 8 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>53</td>
</tr>
<tr>
<td>Mustang</td>
<td>11 a.m. to 8 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>53</td>
</tr>
<tr>
<td>Northwest</td>
<td>11 a.m. to 8 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>53</td>
</tr>
<tr>
<td>Senter</td>
<td>11 a.m. to 8 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>53</td>
</tr>
<tr>
<td>Georgia Farrow</td>
<td>11 a.m. to 8 p.m.</td>
<td>9 a.m. to 5 p.m.</td>
<td>Closed</td>
<td>53</td>
</tr>
</tbody>
</table>

Total operational hours 318
Recreation Operations-Option B

**Staff Recommended Option**

<table>
<thead>
<tr>
<th></th>
<th>Cimarron</th>
<th>Lee</th>
<th>Mustang</th>
<th>Northwest</th>
<th>Senter</th>
<th>Georgia Farrow</th>
<th>Total Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and Benefits</td>
<td>$447,372</td>
<td>$413,808</td>
<td>$457,080</td>
<td>$430,420</td>
<td>$539,362</td>
<td>$502,535</td>
<td>$2,790,577</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$233,535</td>
<td>$93,475</td>
<td>$210,449</td>
<td>$116,817</td>
<td>$128,818</td>
<td>$119,062</td>
<td>$902,156</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$680,907</td>
<td>$507,283</td>
<td>$667,529</td>
<td>$547,237</td>
<td>$668,180</td>
<td>$621,597</td>
<td>$3,692,733</td>
</tr>
</tbody>
</table>

Estimated Annual Savings: $318,559

- Operate all 6 centers
- Keep 3 FT staff, 2 PT Rec Specialists and 2 PT Rec Leaders
- Reduce staff by 7 PT Rec Specialists and 11 PT Rec Leaders
- Reduce programming funds with reduction in hours
- Minimal revenue loss

---

**In Summary**

**Total up savings from staff recommended option**

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Recreation Proposed</th>
<th>Savings</th>
<th>Current</th>
<th>Aquatics Proposed</th>
<th>Savings</th>
<th>Overall Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary &amp; Benefits</td>
<td>$3,062,936</td>
<td>$2,790,577</td>
<td>$272,359</td>
<td>$844,913</td>
<td>$669,482</td>
<td>$175,431</td>
<td>$447,790</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$948,356</td>
<td>$902,156</td>
<td>$46,200</td>
<td>$223,728</td>
<td>$166,023</td>
<td>$57,705</td>
<td>$103,905</td>
</tr>
<tr>
<td>Total</td>
<td>$4,011,292</td>
<td>$3,692,733</td>
<td>$318,559</td>
<td>$1,068,641</td>
<td>$835,505</td>
<td>$233,136</td>
<td>$551,695</td>
</tr>
</tbody>
</table>
Questions?
Item C-6 Shift of $2.2 million from Maintenance and Operations to Interest and Sinking

Budget Retreat
August 19, 2020

Overview

• Road to the Future (RTTF) Debt being paid from the Maintenance and Operations Tax Rate (M&O) can be paid from the Debt Service Interest and Sinking Tax Rate (DS Fund)

• Paying the RTTF debt from the DS Fund will free up an average of $2.1 million of M&O funds a year for each of the next ten years
  – Nine years at $2.2 million, and
  – One year at $1.4 million
Impact of future Debt Capacity

• Shifting this amount to the Debt Service Fund will have a one-time impact of using approximately $19.4 million of debt capacity.
• As a response to reduced General Fund revenues caused by COVID-19, Staff recommends the Shift.

Questions and Discussion
Overview

- Perfect Storm
- State Required Communication
- Proposed Tax Rate
- Recent Events
Perfect Storm

- COVID-19
- Senate Bill 2 – Unintended Consequences

COVID-19

- COVID-19 wrecked havoc on the Dallas Central Appraisal District’s (DCAD) ability to provide a Certified Tax Roll
  - Number of protests increased 12.7% from prior year
  - Offices were closed and staff worked from home, making it difficult to meet with those who protested their values
Senate Bill 2 – Unintended Consequences

• Senate Bill 2 (SB2) added Section 26.01 a-1 which allows the Chief Appraiser to provide a Certified Estimate of Taxable Value if 90% of the values of the property in the entity have not been Certified by July 25th
• For Irving, only 70% of the value was Certified by July 25th, so an Estimate of Taxable Value was provided

Senate Bill 2 – Unintended Consequences

• Created a 3.5% voter Approval Rate, but allowed the entity to choose to use the Special District calculation if a disaster declaration was issued
  – The Special District calculation is similar to the previous 8% Rollback Rate calculation
• The 8% calculation City Council approved at the July 16 meeting was a precautionary measure to address the potentially devastating effects that COVID-19 may have had on essential city services and primary revenue sources.
State Required Communication

• Again, State Law requires the use of the Certified Estimate of Value in this year’s calculation
• Which results in a:
  – No New Taxes Rate of .6567/$100
  – Voter Approval Rate of .7012/$100

Proposed Tax Rate

• After discussion at the May 20th Budget and Strategic Planning Session, the City Manager prepared the FY20-21 Budget using a tax rate of .5941, the same rate used in the previous six years
State Required Communication

- Based on the City’s proposed rate of .5941 and the Certified Estimate of Taxable Value, State Law requires the following statement to be published on the cover page of the published budget:
  - This budget will raise less revenue from property taxes than last year's budget by an amount of $21,256,099, which is a -12.93 percent decrease from last year’s budget. The property tax revenue to be raised from new property added to the tax roll this year is $5,162,205
- This statement is not accurate, but is what the state requires.

Proposed Tax Rate

- When we received the Certified Estimate of Taxable Value, we recognized it did not reflect reality, and decided to perform our own calculation assuming properties under protest would be discounted by 17.5%, i.e. we included 82.5% of the value of properties under protest
- We are required to publish the calculation according to State Law, so that is what we will be publishing
Proposed Tax Rate – City Calculation

- Assuming the properties under protest are added to the Certified Roll at 82.5% of their original value, the City calculates the tax rates would be:
  - No New Taxes Rate of .5794/$100
  - Voter Approval Rate
    - At 3.5% of .5986/$100
    - At 8% of .6192/$100
- Based on the City’s calculation, the proposed rate of .5941/$100 is lower than the 3.5% Voter Approval Rate required by SB2.

Proposed Tax Rate Revenues

<table>
<thead>
<tr>
<th>Tax Revenue Category</th>
<th>Certified Estimate of Value</th>
<th>City’s Estimate at 82.5% of Protested Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance &amp; Operations at .4741</td>
<td>$132,872,541</td>
<td>$138,505,362</td>
</tr>
<tr>
<td>Debt Service at .12</td>
<td>33,631,522</td>
<td>35,057,252</td>
</tr>
<tr>
<td>Total at .5941</td>
<td>166,504,063</td>
<td>173,562,614</td>
</tr>
</tbody>
</table>

As clarification, while the State Required calculation, based on the Certified Estimate of Value, seems to generate lower taxes, it is deceiving because once properties under protest have been reconciled, the actual amount of taxes will increase.
Recent Events

• On August 14, 2020, we received notice from the DCAD that they had reached the 90% certification level and would be providing us our Certified Tax Roll on Thursday, August 20th
• We will continue to provide updates to Council.

Tax Revenue Projections

• Rates are based on staff calculations of values assuming an 82.5% valuation of disputed properties from the DCAD Certified Estimate from July 24, 2020

<table>
<thead>
<tr>
<th></th>
<th>Rate</th>
<th>General Fund Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue at Proposed Rate</td>
<td>$0.5941</td>
<td>$112,717,969</td>
</tr>
<tr>
<td>Value of One Cent</td>
<td>$0.0100</td>
<td>$2,921,438</td>
</tr>
<tr>
<td>To No New Revenue Rate</td>
<td>$0.5794</td>
<td>($4,294,514)</td>
</tr>
<tr>
<td>To Voter Approval Rate (at 8%)</td>
<td>$0.6192</td>
<td>$7,332,809</td>
</tr>
<tr>
<td>To Voter Approval Rate (at 3.5%)</td>
<td>$0.5987</td>
<td>$1,343,861</td>
</tr>
</tbody>
</table>
Change in Property Tax Payments

<table>
<thead>
<tr>
<th>Totals</th>
<th>Current Year FY 2019-20</th>
<th>Proposed 2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No New Revenue</td>
<td>Proposed</td>
</tr>
<tr>
<td>Value</td>
<td>$215,000</td>
<td>$215,000</td>
</tr>
<tr>
<td>Homestead Exemption 20%</td>
<td>$43,000</td>
<td>$43,000</td>
</tr>
<tr>
<td>Senior Exemption</td>
<td>45,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Taxable Value*</td>
<td>127,000</td>
<td>127,000</td>
</tr>
<tr>
<td>Rate</td>
<td>0.5941</td>
<td>0.5794131</td>
</tr>
<tr>
<td>Total</td>
<td>$754.51</td>
<td>$735.85</td>
</tr>
<tr>
<td>Difference</td>
<td>$ -</td>
<td>-$18.65</td>
</tr>
</tbody>
</table>

*Exemptions include 20% Homestead and $45,000 Senior/Disabled

Benchmark Comparison of City Services

Municipal Combined Cost of City Services FY 2010-20

C7-8
Conclusion

• SB2 adds constraints in returning to property tax funding levels after a recession
• Covid-19 added additional challenges to tax calculations and revenue estimates
• Proposed budget maintains the current tax rate of $0.5941
  – Above the estimated No New Revenue Rate but below both estimated Voter Approval Rates at 3.5% and 8.0%
  – Revenues remain uncertain as the Certified Roll anticipated on August 20 will still have up to 10% of values under protest
• Recommend adopting $0.5941 today as the rate not to be exceeded for FY 2020-21 Budget

Questions and Discussion
FY2021 Budget Highlights

• Proposed FY2021 Budget: $115,133,872
  – Overall Increase: $3,504,768 (3.1%)

• Pass-through cost increase
  – Trinity River Authority (TRA) wastewater treatment services are budgeted to increase about $1.7M

• Other changes from the FY2020 Budget
  – Reduced debt service
  – Reduced travel and training
  – Reduced professional services
  – Reduced supplies
  – Increased labor and equipment (capital) for a water main replacement crew
  – Increased transfers to General Fund and Non-Bond CIP
  – Increased maintenance expense for billing software
FY2021 Operating Budget

- Salaries and Benefits, $14,364,258, 12%
- Operations and Maintenance - Supplies, Utilities, Outside Services and Transfers, $18,475,087, 16%
- Debt Service - Capital, $23,453,576, 20%
- Non-bond CIP (Cash) and Other Capital, $17,140,951, 15%
- Capital Improvements
- Pass-Through Treatment & Supply

Total Budget: $115,133,872

Wastewater Treatment - TRA, $31,200,000, 27%
Water Treatment and Wholesale Water - Dallas, $10,500,000, 9%
Debt Service - Capital, $23,453,576, 20%
Non-bond CIP (Cash) and Other Capital, $17,140,951, 15%
Capital Improvements
Pass-Through Treatment & Supply

Total Budget: $115,133,872

FY2021 CIP Breakdown

- Water Mains, $8,580,000, 25%
- Water Storage Tanks, $3,500,000, 10%
- Water Metering, $1,200,000, 3%
- Pump Stations, $2,750,000, 8%
- Pipe and Manhole Repairs/Assessments, $550,000, 2%
- Wastewater Mains, $17,900,000, 52%
- Total CIP: $34,480,000

Funding Split
$20.48M Bond Funded (59.4%)
$14.0M Cash Funded (40.6%)

Highlights
- Irving Blvd Project
- Road to the Future
- Carbon Pump Station Design
- Cottonwood Golf Course Sewer
- Cottonwood Hackberry Sewer

Total CIP: $34,480,000
Supplemental Item: Water Main Construction Crew – Why?

- 200 miles of cast iron and fiber cement pipe in the water system (150 miles of 6” - 8” pipe)
- About half of this pipe has exceeded the expected design life of 50 years
- Replacement rates have dropped the past few years to an average of >150 yr life cycle
  - Construction costs are increasing
  - Have focused CIP funding on large sewers, transportation (TXDOT, RTTF) projects, development projects, billing and other needs
- Need increased replacement of this pipe to make sure we don’t create a future hardship
- New crew would supplement CIP Program

Supplemental Item: Water Main Construction Crew - Request

- New Crew Positions: $398,160
  - 2 Crew Leaders
  - 2 Heavy Equipment Operators
  - 2 Maintenance Workers

- Equipment: $1,422,560
  - Crew Truck
  - 2 Excavators
  - Loader Backhoe
  - Trenchless Machine for Pipe Bursting
  - Compact Track Loader
  - Concrete/Asphalt Saw
Supplemental Item:
Water Main Construction Crew - ROI

- Current construction cost of $150/ft to $200/ft or more
- Irving Water Utilities cost closer to $110/ft
- Break Even ROI
  - About 3 years if installing 2 miles per year and using $170/ft contractor cost
  - Less than 2 years if installing 3 miles per year and using $170/ft contractor cost
- It will take most of the year to get staffing and equipment in place so the break even would most likely be about 3 years after the crew is fully functional (3 to 4 years total)
- Benefits: We could respond quicker to replacement priorities on 8” water mains, save money and reduce expected life cycles to a more realistic number

Supplemental Item:
Water Main Construction Crew - ROI

Break-Even Analysis

- Savings = Initial Investment Cost in about 3 to 4 years
- Initial Cost for Labor and Equipment
- Savings at 2 miles installed per year
Proposed FY2021 Water and Sewer Rates

- Overall Residential Increase: 2.0%
  - Water Rates – no increase
  - Sewer Rates – 4.95% increase
- Water system revenues are currently subsidizing the expenses for the sewer system
- Moving towards a more accurate cost-of-service for each utility

Rate Impacts

<table>
<thead>
<tr>
<th>Residential Monthly Bill Impact (3/4&quot; meter)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Volume</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>3,000</td>
</tr>
<tr>
<td>10,000</td>
</tr>
<tr>
<td>25,000</td>
</tr>
</tbody>
</table>
• Questions/Comments
D2 - Solid Waste Services

Budget Retreat
August 19, 2020

Solid Waste Services System

• Enterprise Fund – self supporting
• Fees pay for:
  – Operations and maintenance
  – Equipment replacements
  – Infrastructure replacement and improvements
  – Funding a Solid Waste Non Bond CIP fund
  – Annual transfer to the General Fund for administrative support
• FY 2020-21 budget $15.1 million
• Recommending no rate increase
Current Year Financial Update

• Sanitation receipts trending slightly behind projection
• Landfill capacity tonnage on track of contracted value
• Landfill tipping fees behind projection – impacted by COVID-19 and weather (80+ days)
• Roll-off receipts behind projection – impacted by COVID-19

Current Year Financial Update

• Maintain current service levels
  – Twice per week refuse collection
  – Once per week recycling collection
  – Once per week brush/bulky item collection
  – Landfill operations seven days per week
  – No changes in Departmental structure or function
• Utilization of Non-Bond CIP funds
  – On-call engineering contract
  – Landfill showers
  – FEMA floodplain permit (landfill)
  – Excavator replacement
2020-21 Outlook

• Continue filling the Middle Tract Cell
• Improve citizens’ services at the landfill (drop-off, recycling, reuse)
• Continue education and outreach/proper way to recycle
• Promote and expand the roll-off services
• Fund balance above 90 days of operating expenditures is transferred to SWS Non-Bond CIP fund for future projects and annual vehicle purchases
• Evaluate the revision of the commercial solid waste fee

Solid Waste Service Non-Bond CIP

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Projects</th>
<th>Estimate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19-20</td>
<td>On-call engineering contract</td>
<td>$237,000</td>
<td>Landfill life expectancy, TCEQ annual report, citizens drop-off center, landfill permit. Landfill showers, FEMA floodplain permit, &amp; excavator replacement</td>
</tr>
<tr>
<td></td>
<td>Landfill showers</td>
<td>$25,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FEMA floodplain permit (landfill)</td>
<td>$110,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Excavator replacement</td>
<td>$362,950</td>
<td></td>
</tr>
<tr>
<td>FY20-21</td>
<td>On-call engineering contract</td>
<td>$589,000</td>
<td>Landfill Master Plan, TCEQ annual report, landfill drainage plan, &amp; Solid Waste Services vehicles</td>
</tr>
<tr>
<td></td>
<td>Solid Waste Services vehicles</td>
<td>$1,915,500</td>
<td></td>
</tr>
</tbody>
</table>
Summary

- Proposing **no solid waste rate increase**
- Maintaining the current level of service
- Moving solid waste vehicle funding to non-bond CIP to relieve operating budget impact
- Initiating proactive actions through the use of Non-bond CIP providing for future planning and enhanced service
- Operating and capital expenses are completely funded through the rates charged for services provided to customers

Questions
Commercial Solid Waste Fee: Issues and Potential Solution

• **Issue:** Some businesses are charged for a service they may not want or use as they have private waste haulers performing collections

• **Issue:** Some businesses do utilize the service and would prefer not to use a private hauler’s dumpster service as they do not have room on their property for dumpsters

• **Potential Solution:** Allow business the option to “opt-out” of the $16.80 monthly commercial solid waste fee
### Commercial Solid Waste Fee: Market Averages for Services

#### Market Averages (monthly charges)

<table>
<thead>
<tr>
<th>Service</th>
<th>Arlington</th>
<th>Allen</th>
<th>Frisco</th>
<th>Garland</th>
<th>Grand Prairie</th>
<th>McKinney</th>
<th>Mesquite</th>
<th>Plano</th>
<th>Market Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 yard</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1x week</td>
<td>$119.33</td>
<td>$121.77</td>
<td>$71.15</td>
<td>$76.51</td>
<td>$181.72</td>
<td>$85.45</td>
<td>$109.39</td>
<td>$102.30</td>
<td>100.12</td>
</tr>
<tr>
<td>2x week</td>
<td>$189.33</td>
<td>$191.92</td>
<td>$142.36</td>
<td>$130.27</td>
<td>$322.42</td>
<td>$173.52</td>
<td>$139.66</td>
<td>$170.33</td>
<td>186.25</td>
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<tr>
<td>3x week</td>
<td>$262.63</td>
<td>$278.13</td>
<td>$207.30</td>
<td>$321.04</td>
<td>$349.82</td>
<td>$271.48</td>
<td>$259.42</td>
<td>$260.20</td>
<td>260.60</td>
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<tr>
<td>4x week</td>
<td>$305.83</td>
<td>$314.36</td>
<td>$294.60</td>
<td>$281.83</td>
<td>$494.94</td>
<td>$377.04</td>
<td>$377.42</td>
<td>$244.16</td>
<td>$280.60</td>
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<tr>
<td>5x week</td>
<td>$416.72</td>
<td>X</td>
<td>$332.75</td>
<td>$303.60</td>
<td>$569.14</td>
<td>$319.02</td>
<td>$265.16</td>
<td>X</td>
<td></td>
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<tr>
<td>6x week</td>
<td>$532.82</td>
<td>X</td>
<td>$436.60</td>
<td>$433.37</td>
<td>$797.85</td>
<td>$432.34</td>
<td>$616.60</td>
<td>X</td>
<td>$523.39</td>
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</table>

<table>
<thead>
<tr>
<th>8 yard</th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1x week</td>
<td>$189.43</td>
<td>$148.90</td>
<td>$134.12</td>
<td>$108.37</td>
<td>$319.81</td>
<td>$159.96</td>
<td>$115.09</td>
<td>$163.72</td>
<td>171.80</td>
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<tr>
<td>2x week</td>
<td>$328.14</td>
<td>$275.95</td>
<td>$287.90</td>
<td>$202.19</td>
<td>$642.96</td>
<td>$279.69</td>
<td>$231.16</td>
<td>$322.00</td>
<td>300.84</td>
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<tr>
<td>3x week</td>
<td>$452.74</td>
<td>$378.77</td>
<td>$433.13</td>
<td>$307.93</td>
<td>$961.38</td>
<td>$413.32</td>
<td>$351.09</td>
<td>$479.85</td>
<td>465.15</td>
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<tr>
<td>4x week</td>
<td>$588.50</td>
<td>$595.35</td>
<td>$646.20</td>
<td>$403.57</td>
<td>$1,383.43</td>
<td>$602.46</td>
<td>$514.80</td>
<td>$744.25</td>
<td>704.95</td>
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<tr>
<td>5x week</td>
<td>$687.50</td>
<td>$698.35</td>
<td>$719.10</td>
<td>$468.30</td>
<td>$1,618.62</td>
<td>$682.40</td>
<td>$772.72</td>
<td>$750.75</td>
<td>$754.75</td>
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<tr>
<td>6x week</td>
<td>$683.16</td>
<td>$688.56</td>
<td>$685.60</td>
<td>$585.05</td>
<td>$1,924.38</td>
<td>$694.25</td>
<td>$814.10</td>
<td>$914.10</td>
<td>$914.10</td>
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</tbody>
</table>

### Commercial Solid Waste Fee: Market Averages for Service

![Graph](image_url)
Commercial Solid Waste Fee: 
Market Averages for Service

• Market Averages – Monthly Charge for 4yd. Dumpster service
  – 1 x week service = $100.12 per month
  – 2 x week service = $186.25 per month

• Community Waste Disposal (CWD) charges the City of Irving on average $159.05 per location per month

Next Steps

• To complete by the end of this calendar year:
  – Bring this issue to the Transportation and Natural Resources Committee (TNR) for discussion
  – In coordination with the Finance Department, initiate an in-depth fee analysis/study of current monthly commercial trash rates
  – Conduct an analysis on an “opt-out” option for commercial users and work with the City Attorney’s to revise the ordinance as necessary

• Report the findings and the TNR recommendation to City Council when completed
Overview

- Current Projects
- MDU Capital Plan
- FY 20-21 Projects
Neighborhood Projects in Process

- **Post Oak drainage improvement - Complete** $469,145
  - Concrete channel to increase capacity to 100 year rain event
- **Cooper Street - Complete** $150,325
  - Resolve street flooding
- **Steeplechase Drive - Complete** $78,400
  - Repair storm pipe that was causing ponding of water in yards
- **Northgate Drive - Complete** $58,932
  - Resolve ponding water in drainage easement
- **Kinwest Trash Interceptor** $375,407
  - Removal of floatable debris in Hackberry Creek

---

Five Year Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Standard Residential Monthly Rate</th>
<th>Total Revenues</th>
<th>Cash Funding For Non-Bond CIP</th>
<th>Cumulative Debt Service</th>
<th>Annual Debt Issue at Level 15M</th>
<th>Annual Debt Issue at Level 20M</th>
<th>Annual Debt Issue at Level 25M</th>
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</thead>
<tbody>
<tr>
<td>FY18-19</td>
<td>4.00</td>
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<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>FY19-20</td>
<td>6.00</td>
<td>6,400,000</td>
<td>1,775,684</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FY20-21</td>
<td>7.50</td>
<td>9,500,000</td>
<td>3,193,469</td>
<td>953,480</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY21-22</td>
<td>9.00</td>
<td>11,400,000</td>
<td>3,238,913</td>
<td>2,540,383</td>
<td></td>
<td></td>
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<tr>
<td>FY22-23</td>
<td>10.50</td>
<td>13,300,000</td>
<td>3,588,537</td>
<td>3,809,724</td>
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<td></td>
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<tr>
<td>FY23-24</td>
<td>12.00</td>
<td>15,200,000</td>
<td>3,926,701</td>
<td>5,076,473</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*First debt payment due in 2021.
## FY 2020 – 2021
### MDU Projects

<table>
<thead>
<tr>
<th>Category</th>
<th>Projects</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Channel Design</td>
<td>West Irving Creek, Brockbank Channel, Lindy Lane Outfall, Delaware Creek</td>
<td>$6,720,000</td>
</tr>
<tr>
<td>Major Drainage Improvements</td>
<td>Pioneer: Delaware Creek – O’Connor, South Irving Heights @ Shady Grove</td>
<td>$4,500,000</td>
</tr>
<tr>
<td>Neighborhood Drainage Improvements</td>
<td>Timberview Drainage, Parkwood Place Drainage, Hillburn Court Drainage, West Irving Creek Trash Interceptor, Boise Court Drainage</td>
<td>$3,780,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$15,000,000</td>
</tr>
</tbody>
</table>

---

### Questions
Overview

• Recap Current FY Bond Sale
• FY 20-21 Projects
Current FY Bond Sale

- Bond sale reductions
  - Street Bonds - $15.55 M reduced to $9.9 M
  - Park Bonds - $11.45 M reduced to $10.1 M
  - Building Bonds - $3.6 M reduced to $2.0 M
  - Fire Bonds - $400K reallocated to Park Bonds
  - Gateway Bonds – $1.5 M – no reduction

- Total GO Bond Sale $23.5 Million

Recap – Park Improvement Bonds Reductions

Campion Trails – Central Section
- Original targeted FY 20 Bond Sale $3,000,000
- Proposed FY 20 Bond Sale $2,725,000
- Proposed Reduction $275,000
  - Project timing allows for a 1 year deferral in a small percentage of this project’s bond sale

Park Security
- Original targeted FY 20 Bond Sale $500,000
- Proposed FY 20 Bond Sale for Priority Projects $225,000
- Proposed Reduction $275,000

Lake Carolyn Promenade
- Fund with TIF in lieu of Bond Sale
- Seek Council approval for use of TIF 1
- Proposed Reduction $1,200,000
Lake Carolyn Promenade

- Construct a pedestrian trail to link Lake Carolyn Promenade to the DART station
- Provide accessible ramp from Promenade Parkway street level to the pedestrian trail

FY 20-21 Projects
Street Improvements

- MacArthur – Metker to Byron Nelson $10,000,000
- Nursery Road Improvements $ 4,000,000
- Neighborhood Street Reconstruction $ 2,000,000
  - Water & Wastewater
- Signals $ 300,000
- Street Lighting $ 300,000
- Street Rehabilitation $ 5,500,000
  - Mudjacking, overlay, panel replacement

Total Street Improvements $22,100,000
### FY 20-21 Projects
#### Park Services / City Buildings

- Campion Trails $5,250,000
- Community/Neighborhood Park Development $660,000
- Park Infrastructure Renovations/Improvements $1,000,000
- Renovations to Park Facilities $650,000
- Park Security - Lighting $500,000

  **Total Park Services** $8,335,000

- Facility HVAC Replacements $700,000
- Human Services Building Roof Replacement $300,000
- City Elevator Upgrades: Lighting, Door Edges $400,000
- Briery Generator Replacement $500,000
- Miscellaneous Improvements $165,000

  **Total City Buildings** $2,065,000

### FY 20-21 Projects
#### Summary

- Street Improvements $22,100,000
- Park Services $8,335,000
- City Buildings $2,065,000

  **Total FY 20-21** $32,500,000
Questions
Item F – Debt Service

Budget Retreat
August 19, 2020

Overview

• Debt Service on the Bonds sold and refunded this fiscal year will have their first payment made in fiscal year 20-21
• Response to COVID-19 impacting Debt Service include
  • Reduction of Bond Sale from $32.5 million to $23.5 million
  • Shifting Road To The Future debt from Maintenance and Operations to Debt Service
• Assumption General Debt Service Fund will need to pay a portion of the Convention Center Bonds normally paid from Hotel Occupancy Tax Funds
# COVID-19 Impact

<table>
<thead>
<tr>
<th>Description</th>
<th>HOT Quarterly Collections</th>
<th>HOT Monthly Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Fund Balance 9/30/20</td>
<td>$11,467,069</td>
<td>$11,467,069</td>
</tr>
<tr>
<td>Reduction caused by General Debt Service Greater than General Debt Expenditures</td>
<td>-1,402,115</td>
<td>-1,402,115</td>
</tr>
<tr>
<td>Reduction caused by supporting Convention Center HOT Debt</td>
<td>-1,272,112</td>
<td>-446,163</td>
</tr>
<tr>
<td>Projected Ending Fund Balance 9/30/21</td>
<td>8,792,842</td>
<td>9,618,791</td>
</tr>
<tr>
<td>Days of General Debt Service Expenditures</td>
<td>87</td>
<td>95</td>
</tr>
</tbody>
</table>

Note – While we do not have a Targeted Fund Balance for the Debt Service Fund, a range of 30 to 60 days of expenditures is acceptable.

## Questions and Discussion
The Economic Development Fund is a sub-fund of the General Fund – rolls up into the General Fund in the Comprehensive Annual Financial Report (CAFR)

Revenues
- Rent from city-owned properties
- Theme towers lease
- Sale of city-owned properties
- Transfer from General Fund (for contracts with Irving-Las Colinas Chamber and Irving Hispanic Chamber)
- Interest Income

Expenditures
- Maintenance for rental properties
- Contracts for economic development services with chambers
- Legal/consulting services, as needed, for economic development projects
- Downtown and Corridor Enhancement grants
# Economic Development Fund

## FY 2020-21 Proposed Budget

**Fund Balance 10-01-20**: $1,838,322

**Total Revenues**: $3,717,658

- Transfer from General Fund: $2,058,763
- Sale of Property: $1,269,390
- Rent/Lease Revenue: $384,377
- Interest: $5,128

**Total Expenditures**: ($2,992,975)

**Estimated Fund Balance 9-30-21**: $2,563,005

**Committed Fund Balance**: ($1,100,000)

- Chamber Contract Termination: $100,000
- NCTCOG Land Bank Loan: $1,000,000

**Estimated Available Fund Balance 9-30-21**: $1,463,005

## FY 2020-21 Proposed Budget (with no sale of property)

**Fund Balance 10-01-20**: $1,838,322

**Total Revenues**: $2,448,268

- Transfer from General Fund: $2,058,763
- Sale of Property: $1,269,390
- Rent/Lease Revenue: $384,377
- Interest: $5,128

**Total Expenditures**: ($2,992,975)

**Estimated Fund Balance 9-30-21**: $1,293,615

**Committed Fund Balance**: ($1,100,000)

- Chamber Contract Termination: $100,000
- NCTCOG Land Bank Loan: $1,000,000

**Estimated Available Fund Balance 9-30-21**: $193,615
Economic Development Incentive Fund

Special Revenue Fund that records property tax and sales tax revenues for economic development incentive agreement (EDIA) payments - (new fund created for FY 2019-20)

Revenues
- Property Taxes
- Sales Taxes
- State Sales Tax Revenues
- Transfers from General Fund
- Interest Income

Expenditures
- Economic Development Incentives
  - Property Taxes
  - Sales Taxes
  - State Sales Taxes
  - Business Enhancements Grants (Job Credits)

FY 2020-21 Proposed Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Fund Balance 10-01-20</td>
<td>$4,083,316</td>
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<tr>
<td>Total Revenues</td>
<td>$16,432,185</td>
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<tr>
<td>City Property &amp; Sales Tax</td>
<td>$15,719,352</td>
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<tr>
<td>State Sales Tax</td>
<td>$133,165</td>
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<tr>
<td>Transfer from GF (TIF Reallocation)</td>
<td>$570,246</td>
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<tr>
<td>Interest</td>
<td>$9,423</td>
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<tr>
<td>Total Expenditures (Property/Sales Tax Grants &amp; Job Credits)</td>
<td>($15,719,352)</td>
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<tr>
<td>Estimated Fund Balance 9-30-21</td>
<td>$4,796,150</td>
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<tr>
<td>Committed Fund Balance</td>
<td>($2,127,700)</td>
</tr>
<tr>
<td>Estimated Available Fund Balance 9-30-21</td>
<td>$2,668,450</td>
</tr>
</tbody>
</table>
Discussion/Questions
Overview

• Lease requires ARK to submit a Budget and Work Plan each year for Council approval
• Budget and Work Plan includes the following revenues:
  – Brimer HOT – 2% Brimer Hotel Occupancy Tax (HOT) assessed on all room nights across city
  – Admissions Tax – 10% tax assessed on revenue-producing activities or events for which admission tickets are sold at the entertainment venue
• There are a variety of restrictions on the use of both types of revenues
• By state law, revenues must be expended for eligible venue project costs, including:
  – Venue construction costs
  – Maintenance costs
  – Operational costs
  – Administrative costs
  – Capital replacements
  – Capital improvements

• Contractual flow of Brimer HOT revenues
  1. Fund debt service on city’s bonds for the project
  2. Fund city’s administrative costs directly related to EV
  3. Fund maintenance & operations reserve (restricted)
  4. Reimburse ARK for construction costs not already paid by City Construction Contribution
  5. Reimburse any lawful venue project cost

### Brimer HOT

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2019-20 BUDGET</th>
<th>2019-20 ESTIMATED</th>
<th>2020-21 PROPOSED</th>
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<tbody>
<tr>
<td>Hotel Occupancy Tax (Brimer)</td>
<td>$5,993,807</td>
<td>$3,366,982</td>
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<tr>
<td>Sales &amp; Mixed Beverage EDIA</td>
<td>750,000</td>
<td>400,816</td>
<td>463,631</td>
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<tr>
<td>Intergovernmental (State Grant)</td>
<td>-</td>
<td>1,157,684</td>
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<td>Interest on Investment</td>
<td>-</td>
<td>3,835</td>
<td>428</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>6,743,807</td>
<td>4,929,317</td>
<td>5,860,733</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2019-20 BUDGET</th>
<th>2019-20 ESTIMATED</th>
<th>2020-21 PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td>4,055,284</td>
<td>3,472,061</td>
<td>3,688,594</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>855,710</td>
<td>855,710</td>
<td>101,588</td>
</tr>
<tr>
<td>M&amp;O Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess Brimer HOT</td>
<td>1,082,813</td>
<td>172,210</td>
<td>-</td>
</tr>
<tr>
<td>Sales &amp; Mixed Beverage EDIA</td>
<td>1,550,000</td>
<td>1,140,357</td>
<td>463,631</td>
</tr>
<tr>
<td>State Grant</td>
<td>1,157,684</td>
<td>1,157,684</td>
<td>627,680</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>7,543,807</td>
<td>6,798,022</td>
<td>4,881,493</td>
</tr>
</tbody>
</table>
Brimer HOT

- Administrative Expenses
  - City’s administrative expenses directly related to the entertainment venue
    - Staff time dedicated to project
    - Ongoing audit services
    - Legal services
    - Annual inspection services
  - Reduced staff salary and benefits by 68% to $253,158

### Administrative Expenses

<table>
<thead>
<tr>
<th></th>
<th>2019-20 BUDGET</th>
<th>2019-20 ESTIMATED</th>
<th>2020-21 PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Fund Balance</td>
<td>$ 245,203</td>
<td>$ 421,019</td>
<td>$(81,351)</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from EV Fund 2261</td>
<td>855,710</td>
<td>855,710</td>
<td>101,588</td>
</tr>
<tr>
<td>Transfer from EV Fund 2260</td>
<td>-</td>
<td>-</td>
<td>777,546</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>3,719</td>
<td>3,329</td>
<td>375</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>859,429</td>
<td>859,039</td>
<td>879,509</td>
</tr>
<tr>
<td>Total Funds Available</td>
<td>1,104,632</td>
<td>1,280,058</td>
<td>798,158</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Services</td>
<td>100,000</td>
<td>147,000</td>
<td>135,000</td>
</tr>
<tr>
<td>Legal Expenses</td>
<td>200,000</td>
<td>418,422</td>
<td>400,000</td>
</tr>
<tr>
<td>Transfer to General Fund</td>
<td>794,632</td>
<td>794,632</td>
<td>253,158</td>
</tr>
<tr>
<td>Misc</td>
<td>10,000</td>
<td>1,355</td>
<td>10,000</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>1,104,632</td>
<td>1,361,409</td>
<td>798,158</td>
</tr>
<tr>
<td>Available Fund Balance</td>
<td>-</td>
<td>$(81,351)</td>
<td>$ -</td>
</tr>
</tbody>
</table>
Brimer HOT

• Maintenance and Operations Reserve
  – Adequately funded
• Excess Brimer HOT
  – No excess Brimer HOT projected available
  – Therefore, no funds to reimburse ARK for construction expenditures confirmed by audit as eligible and paid

Admission Tax

• By state law, revenues must be expended for maintenance and operations of the eligible venue
• ARK must submit annual work plan and budget
• City Council approves work plan and budget
• Proposed work plan includes items identified in inspection (performed by ASM Global)
  – Inspection performed annually
  – Work plan will address items identified each year
## Admission Tax

### Admission Tax Revenue = $1,850,000

**Maintenance and Operating Expenses**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>$211,200</td>
</tr>
<tr>
<td>Print Advertising</td>
<td>50,000</td>
</tr>
<tr>
<td>Public Relations Firm</td>
<td>30,000</td>
</tr>
<tr>
<td>Radio and Television Advertising</td>
<td>40,000</td>
</tr>
<tr>
<td>Social Media Advertising</td>
<td>50,000</td>
</tr>
<tr>
<td>Talent for Pavilion and Texas Lottery Plaza</td>
<td>62,200</td>
</tr>
<tr>
<td><strong>Renting, Maintenance and Repair</strong></td>
<td>$478,222</td>
</tr>
<tr>
<td>City Annual Inspection, Rental Maintenance and Repair</td>
<td>$238,000</td>
</tr>
<tr>
<td>Cleaning Contract</td>
<td>105,222</td>
</tr>
<tr>
<td>Residenial Maintenance Contracts</td>
<td>50,000</td>
</tr>
<tr>
<td>Pre Alarm Service Contracts</td>
<td>10,000</td>
</tr>
<tr>
<td>General Maintenance and Operations Labor</td>
<td>50,000</td>
</tr>
<tr>
<td>Total Maintenance Costs</td>
<td>25,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>$380,000</td>
</tr>
<tr>
<td>Medical Liability and Property Insurance</td>
<td>380,000</td>
</tr>
<tr>
<td>Landscaping</td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>Contract for Landscaping Maintenance</strong></td>
<td>46,000</td>
</tr>
<tr>
<td>General Landscaping Maintenance and Impact Areas</td>
<td>54,000</td>
</tr>
<tr>
<td>Parking</td>
<td>$549,178</td>
</tr>
<tr>
<td>Parking Garages, Leases</td>
<td>54,378</td>
</tr>
<tr>
<td>Parking operating costs</td>
<td>50,300</td>
</tr>
<tr>
<td>Security</td>
<td>$158,000</td>
</tr>
<tr>
<td>Uniformed Security and Official Police</td>
<td>100,000</td>
</tr>
</tbody>
</table>

**Total Maintenance and Operating Expenses (ADMISSION) $1,850,000**

---

### Questions
Item H – Pensions:
- Texas Municipal Retirement System
- Supplemental Benefit Plan
- Firemen’s Relief and Retirement System

Budget Retreat
August 19, 2020

Background

- City’s pension plans cover two employee groups
  - General Government (including Police)
    - Texas Municipal Retirement System (TMRS)
    - Supplemental Benefit Plan (SBP)
  - Firemen
    - Firemen’s Relief and Retirement Plan (FRRF)
- Key Indicators as of 9/30/19
- FRRF
  - FRRF - City Steps Taken
  - FRRF - Fire Steps Taken
  - Current Status
- Proposed Contribution Rates for FY20-21
Pension System Key Indicators
CAFR pages 94-99

<table>
<thead>
<tr>
<th>Indicator</th>
<th>TMRS</th>
<th>SBP</th>
<th>FRRF</th>
<th>Calculated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TPL - Total Pension Liability</td>
<td>765,586,675</td>
<td>85,874,241</td>
<td>296,815,791</td>
<td>1,149,278,707</td>
</tr>
<tr>
<td>FNP - Fiduciary Net Positions</td>
<td>665,855,340</td>
<td>58,112,359</td>
<td>195,301,301</td>
<td>919,259,000</td>
</tr>
<tr>
<td>NPL - Net Pension Liability*</td>
<td>100,733,335</td>
<td>27,761,882</td>
<td>101,514,490</td>
<td>230,009,707</td>
</tr>
<tr>
<td>FNP as % of TPL</td>
<td>86.86%</td>
<td>67.67%</td>
<td>65.80%</td>
<td>79.99%</td>
</tr>
<tr>
<td>Covered Payroll</td>
<td>105,577,597</td>
<td>105,124,101</td>
<td>33,831,773</td>
<td></td>
</tr>
<tr>
<td>NPL as % of Covered Payroll</td>
<td>95.41%</td>
<td>26.41%</td>
<td>300.06%</td>
<td></td>
</tr>
<tr>
<td>Remaining Amortization Period</td>
<td>27 years</td>
<td>32 years</td>
<td>Does not Amort</td>
<td></td>
</tr>
<tr>
<td>Projected Estimated Rate of Return</td>
<td>6.75%</td>
<td>6.75%</td>
<td>7.50%</td>
<td></td>
</tr>
</tbody>
</table>

* - Net Pension Liability is recorded on the Government Wide Statement of Net Position

FRRF - City Steps Taken

- Election to remove Charter restriction on pension contributions
  - Passed by 62.5%
- City Manager FY20-21 budget proposes increase in contribution to FRRF of 3.5% of payroll
- Hired GRS as pension consultant
  - Provided analysis to compare FRRF plan to TMRS + SBP
FRRF Steps Taken

• FRRF
  – Selected Meketa as investment consultant
  – Selected Foster & Foster as actuary

FRRF Investment Changes

• Based on Meketa Analysis
  – Adopted new investment mix in December 2019
  – Targeted Investment Return of 7%
  – More conservative portfolio
  – Less Risk
FRRF Actuarial Changes

- Based on Foster & Foster Analysis – Major Changes
- Updated Investment Return
  - Lowered from 8.25% to 7.50% in 2018
    - Per 2018 Pension Review Board Intensive Actuarial Review (PRB Review), 8.25% was the highest expected Investment Return of FRRF Peer Group
    - Lowered from 7.50% to 7.0% in 2019
- Payroll Growth
  - Lowered from 4.2% to 2.75%
    - Per PRB Review, 4.2% was most aggressive payroll growth of FRRF Peer Group
- Established 40 year Amortization Period

Result of Actuarial Changes and other Potential Changes

<table>
<thead>
<tr>
<th>Amortization Period</th>
<th>Baseline</th>
<th>5-Year Avg Salary</th>
<th>DROP No Return of Contribs</th>
<th>DROP 3.3% Interest Crediting</th>
<th>DROP No Interest Crediting</th>
<th>Tier II</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-yr Funding Deficit</td>
<td>10.00%</td>
<td>9.41%</td>
<td>8.61%</td>
<td>9.53%</td>
<td>8.74%</td>
<td>8.61%</td>
</tr>
<tr>
<td>Cost Savings (% of pay)</td>
<td>n/a</td>
<td>0.65%</td>
<td>1.35%</td>
<td>0.54%</td>
<td>1.32%</td>
<td>1.45%</td>
</tr>
<tr>
<td>40-yr Funding Deficit</td>
<td>7.93%</td>
<td>7.29%</td>
<td>6.40%</td>
<td>7.38%</td>
<td>6.58%</td>
<td>5.90%</td>
</tr>
<tr>
<td>Cost Savings (% of pay)</td>
<td>n/a</td>
<td>0.67%</td>
<td>1.47%</td>
<td>0.55%</td>
<td>1.34%</td>
<td>1.97%</td>
</tr>
</tbody>
</table>

- Excerpt from June 15, 2020 Foster & Foster Actuarial Analysis
- Board selected options 1, 3 and 5 to take to the Members for a vote
  - Note – Impact of Option 3 was since lowered to .3% Cost Savings
- Results of vote will be known Monday August 17, 2020
- If all three options pass - Cost Savings will be 2.94%
### Result of FRRF Election

<table>
<thead>
<tr>
<th>Option</th>
<th>For</th>
<th>Against</th>
<th>Result</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year Avg Salary</td>
<td>218</td>
<td>150</td>
<td>Passed</td>
<td>0.67%</td>
</tr>
<tr>
<td>DROP 3.3% Interest Crediting</td>
<td>240</td>
<td>130</td>
<td>Passed</td>
<td>0.30%</td>
</tr>
<tr>
<td>Tier II</td>
<td>194</td>
<td>174</td>
<td>Passed</td>
<td>1.97%</td>
</tr>
<tr>
<td>Total Impact of Passed Options</td>
<td></td>
<td></td>
<td></td>
<td>2.94%</td>
</tr>
</tbody>
</table>

### Current Status of FRRF

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Funding Deficit</td>
<td>7.93%</td>
</tr>
<tr>
<td>City Manager proposed increase in City Contributions</td>
<td>3.50%</td>
</tr>
<tr>
<td>FRRF Changes approved by members</td>
<td>2.94%</td>
</tr>
<tr>
<td>Remaining funding deficit</td>
<td>1.49%</td>
</tr>
</tbody>
</table>
Proposed Contribution Rates for FY20-21

<table>
<thead>
<tr>
<th>Plan</th>
<th>FY19-20 Rate</th>
<th>FY20-21 Rate</th>
<th>% Change</th>
<th>$ Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMRS</td>
<td>14.64%</td>
<td>14.93%</td>
<td>.29%</td>
<td>$ 257,533</td>
</tr>
<tr>
<td>SBP</td>
<td>2.11%</td>
<td>2.35%</td>
<td>.24%</td>
<td>213,131</td>
</tr>
<tr>
<td>FRRF</td>
<td>16.75%</td>
<td>20.25%</td>
<td>3.5%</td>
<td>1,239,445</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>$ 1,710,109</td>
</tr>
</tbody>
</table>

Questions and Discussion
I – Health Insurance

Budget Retreat
August 19, 2020

Health Fund Update

• Change in Plan Year Starting October 1, 2021
• Health Fund Status
• High Claimants
• Health Insurance Rates for 01/01/2021-10/01/2021
Moving Plan from Calendar to Fiscal Year

- Puts benefit plans on the same cycle with the budget year to help with budget planning and projections
- Will allow HR staff to competitively bid all lines of insurance coverage
- 9 month plan year starting January 1, 2021 and concluding October 1, 2021

Health Fund Status

![Graph showing health fund status with months and claim amounts]
<table>
<thead>
<tr>
<th></th>
<th>Oct -19</th>
<th>Nov -19</th>
<th>Dec -19</th>
<th>Jan -20</th>
<th>Feb -20</th>
<th>Mar -20</th>
<th>Apr -20</th>
<th>May -20</th>
<th>Jun -20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Claims</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td>$(400,000.00)</td>
<td>$(300,000.00)</td>
<td>$(200,000.00)</td>
<td>$(100,000.00)</td>
<td>$0.00</td>
<td>$100,000.00</td>
<td>$200,000.00</td>
<td>$300,000.00</td>
<td>$400,000.00</td>
</tr>
<tr>
<td>RX</td>
<td>$(400,000.00)</td>
<td>$(300,000.00)</td>
<td>$(200,000.00)</td>
<td>$(100,000.00)</td>
<td>$0.00</td>
<td>$100,000.00</td>
<td>$200,000.00</td>
<td>$300,000.00</td>
<td>$400,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>$(400,000.00)</td>
<td>$(300,000.00)</td>
<td>$(200,000.00)</td>
<td>$(100,000.00)</td>
<td>$0.00</td>
<td>$100,000.00</td>
<td>$200,000.00</td>
<td>$300,000.00</td>
<td>$400,000.00</td>
</tr>
</tbody>
</table>

- Employee Claims Total Surplus/Deficit = $(72,808.00)
- Retiree Claims Total Surplus/Deficit = $(291,227.00)
Health Fund Status

• Fiscal Year Surplus/Deficit (Employee and Retiree)
  – Total Net HSA seed and RX rebates
    • $674,885
  – Total Gross Cost
    • ($19,651,234)
  – Gross Funding Rate
    • $19,962,083
  – Budget Surplus/Deficit
    • $310,850

High Claimants

• 2019
  – Top 10 claimants incurred total medical spend
    • $3,733,727.00
  – Equaled 16% of overall medical spend in 2019
• 2020
  – Top 20 claimants incurred in the 1st half of the plan year (January – June) total medical spend
    • $3,077,010.00
    • Equaled 27% of overall medical spend so far in 2020
### Monthly Insurance Rates (01/01/2021-10/01/2021)

#### Choice Local Plus (707 employees)

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>EE 2020 / 2021 (2% increase)</th>
<th>w/SP 2020 / 2021 (2% increase)</th>
<th>w/other 2020 / 2021 (2% increase)</th>
<th>w/family 2020 / 2021 (2% increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Contribution</td>
<td>$102.92 / $104.98 ($2.06)</td>
<td>$347.78 / $354.74 ($6.96)</td>
<td>$613.96 / $626.24 ($12.28)</td>
<td></td>
</tr>
<tr>
<td>Employer Contribution</td>
<td>$637.04 / $649.78 ($12.74)</td>
<td>$1,176.86 / $1,200.4 ($23.54)</td>
<td>$2,314.63 / $2,360.92 ($46.29)</td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td>$739.96 / $754.76 ($14.80)</td>
<td>$1,513.72 / $1,524.31 ($29.89)</td>
<td>$2,928.59 / $3,027.14 ($98.55)</td>
<td></td>
</tr>
</tbody>
</table>

#### Quality OAP (622 employees)

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>EE 2020 / 2021 (2% increase)</th>
<th>w/SP 2020 / 2021 (2% increase)</th>
<th>w/other 2020 / 2021 (2% increase)</th>
<th>w/family 2020 / 2021 (2% increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Contribution</td>
<td>$75.83 / $77.35 ($1.52)</td>
<td>$283.69 / $289.36 ($5.67)</td>
<td>$1,024.57 / $1,045.06 ($20.49)</td>
<td>$485.37 / $495.08 ($9.71)</td>
</tr>
<tr>
<td>Employer Contribution</td>
<td>$553.15 / $564.21 ($11.06)</td>
<td>$2,042.57 / $2,045.06 ($20.49)</td>
<td>$6,981.48 / $7,127.53 ($146.05)</td>
<td>$1,482.08 / $1,511.72 ($29.64)</td>
</tr>
<tr>
<td>Total Premium</td>
<td>$628.98 / $641.56 ($12.58)</td>
<td>$2,326.26 / $2,334.43 ($26.17)</td>
<td>$8,006.05 / $8,172.59 ($166.54)</td>
<td>$1,967.45 / $2,006.80 ($39.35)</td>
</tr>
</tbody>
</table>
## Monthly Insurance Rates
(01/01/2021-10/01/2021)

### Quality Connect OAP (379 employees)

<table>
<thead>
<tr>
<th>Funding Type</th>
<th>EE 2020 / 2021 (2% increase)</th>
<th>w/SP 2020 / 2021 (2% increase)</th>
<th>w/ch 2020 / 2021 (2% increase)</th>
<th>w/fam 2020 / 2021 (2% increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Contribution</td>
<td>$32.91 / $33.57 ($0.66)</td>
<td>$160.8 / $164.02 ($3.22)</td>
<td>$142.52 / $145.37 ($2.85)</td>
<td>$263.68 / $268.95 ($5.27)</td>
</tr>
<tr>
<td>Employer Contribution</td>
<td>$410.84 / $419.06 ($8.22)</td>
<td>$775.53 / $791.04 ($15.51)</td>
<td>$723.37 / $737.84 ($14.47)</td>
<td>$1,068.92 / $1,090.30 ($21.38)</td>
</tr>
<tr>
<td>Total Premium</td>
<td>$443.75 / $452.63 ($8.88)</td>
<td>$936.33 / $955.06 ($18.73)</td>
<td>$865.89 / $883.21 ($17.32)</td>
<td>$1,332.6 / $1,359.25 ($26.65)</td>
</tr>
</tbody>
</table>

## Pre-65 Retiree Monthly Insurance Rates
(01/01/2021-10/01/2021)

### Retiree Rates (102 Retirees)

<table>
<thead>
<tr>
<th>Plan</th>
<th>EE 2020 / 2021 (2% increase)</th>
<th>w/SP 2020 / 2021 (2% increase)</th>
<th>w/ch 2020 / 2021 (2% increase)</th>
<th>w/fam 2020 / 2021 (2% increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice Local Plus (16 members)</td>
<td>$1,479.23 / $1,508.81 ($29.58)</td>
<td>$2,403.01 / $2,451.07 ($48.06)</td>
<td>$2,351.70 / $2,398.73 ($47.03)</td>
<td>$3,299.42 / $3,365.41 ($65.99)</td>
</tr>
<tr>
<td>Quality OAP (102 members)</td>
<td>$1,352.64 / $1,379.69 ($27.05)</td>
<td>$2,136.14 / $2,178.86 ($42.72)</td>
<td>$2,092.52 / $2,134.37 ($41.85)</td>
<td>$2,898.07 / $2,956.03 ($57.96)</td>
</tr>
<tr>
<td>Quality Connect OAP (56 members)</td>
<td>$1,136.82 / $1,159.56 ($22.74)</td>
<td>$1,706.2 / $1,740.32 ($34.12)</td>
<td>$1,623.09 / $1,655.55 ($32.46)</td>
<td>$2,164.24 / $2,207.52 ($43.28)</td>
</tr>
</tbody>
</table>
Questions?
J-1 – Tax Increment Reinvestment Zone 1
(TIF 1) Ratchet Down and Allocation Budget Retreat
August 19, 2020

TIF 1 Ratchet Down and Allocation

• TIF 1 Extended for 20-year term
  – Begins with Tax year 2019
• City Contribution for original term was 77.5% of incremental Maintenance and Operations (M&O) Taxes generated on properties in the TIF
• New City Contributions Rates were established for 20-year extension
TIF 1 Ratchet Down and Allocation

- City Manager’s recommendation was the difference between the M&O tax contribution rate for the first 20 years, i.e. the 77.5%, and the Ratchet Down Rate, be allocated equally between the Economic Development Fund and the Non-Bond Capital Improvement Program Fund
- The Ratchet Down Allocation for Tax Year 2020 (Fiscal Year 20-21) is $1,140,492 and will be distributed
  - $570,246 going to the Economic Development Fund and
  - $570,246 the Non-Bond Capital Improvement Program Fund

Questions and Discussion
Overview

- Residential PIDs
- PID Debt
- Budgets and Assessments
- Unusual Characteristics of the PIDs
Residential PIDs

• Three Residential PIDs
  – PID 1 – Bridges of Las Colinas
  – PID 2 – Ranchview (Campion Hollows)
  – PID 3 – Parkside Estates

Purpose of Residential PIDs

• Used to Finance Public Improvements for the benefit of the property in the PID
• City is the governing body and issued bonds to fund improvements
• Bonds are repaid by an annual assessment, offset by the City contributing 50% of the Maintenance and Operation (M&O) Taxes on the incremental value of property located in the PID
• Service and Assessment Plan is prepared each year recapping the activity in the PID, calculating the new year and estimating future years’ assessments.
Debt Associated with each PID

<table>
<thead>
<tr>
<th>PID</th>
<th>Total Debt As of October 1, 2020</th>
<th>Average Lot Size</th>
<th>Debt for Average Lot Size</th>
<th>Bond Call Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridges</td>
<td>$8,000,000</td>
<td>7,956</td>
<td>$19,949</td>
<td>9/15/23</td>
</tr>
<tr>
<td>Ranchview</td>
<td>2,540,500</td>
<td>6,638</td>
<td>21,032</td>
<td>9/15/23</td>
</tr>
<tr>
<td>Parkside</td>
<td>18,680,000</td>
<td>6,951</td>
<td>21,036</td>
<td>9/15/24</td>
</tr>
</tbody>
</table>

How is Assessment Determined?

- Annual debt service plus administration and collection costs
- Less City’s contribution of 50% of the City’s M&O taxes on the incremental value increase for property in the PID
- Less other Sources
  - Interest Income
  - Use of Fund Balance
- Equals Total Assessment
- Divided by total square foot in the PID
- Multiplied by each property’s square foot
- Equals Annual Assessment
### FY21 Proposed Budgets and Assessments

<table>
<thead>
<tr>
<th></th>
<th>Bridges</th>
<th>Ranchview</th>
<th>Parkside</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td>$802,800</td>
<td>257,963</td>
<td>1,650,950</td>
</tr>
<tr>
<td>Administration &amp; Other</td>
<td>24,608</td>
<td>7,670</td>
<td>54,506</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>827,408</td>
<td>265,633</td>
<td>1,705,456</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less 50% of City M&amp;O Taxes</td>
<td>430,950</td>
<td>109,412</td>
<td>822,104</td>
</tr>
<tr>
<td>Less Other Sources</td>
<td>1,224</td>
<td>858</td>
<td>7,010</td>
</tr>
<tr>
<td>Less use of Fund Balance</td>
<td>22,031</td>
<td>8,992</td>
<td>78,587</td>
</tr>
<tr>
<td>Equals Assessment</td>
<td>373,203</td>
<td>146,371</td>
<td>797,755</td>
</tr>
</tbody>
</table>

The above are calculated using the Estimate Taxable Value provided by the Dallas Central Appraisal District (DCAD), and will be updated for any changes prior to the October Billing.

### Annual Assessments & Projections

Based on Average Lot Size in each PID

- Bridges (7,956 sf)
- Ranchview (6,638 sf)
- Parkside (6,951 sf)
Communications with Bridges PID

- Annual Service and Assessment Plan posted to City’s Website
- Discussed at past Home Owner Association meetings
- After Certified Roll has been received on August 20, 2020, update amounts and send unique letter to each property owner informing them of the increase in debt service payments and associated increase in the annual assessment that will be sent in October annual billing.
Unusual Characteristic of the PIDs

• If property owner wants to pay entire debt amount associated with their property, they lose the benefit of the maintenance and operations taxes contributed by the City for the remaining life of the PID’s

Questions and Discussion
• “The industry was already set for a non-growth year, now throw in this ultimate ‘black swan’ event, and we’re set to see occupancy drop to an unprecedented low,” said Jan Freitag, STR’s senior VP of lodging insights.

“Our historical database extends back to 1987, and the worst we have ever seen for absolute occupancy was 54.6% during the financial crisis in 2009. With roughly six of 10 rooms on average empty, already wavering pricing confidence will take a significant hit and drop ADR to a six-year low.”

SOURCE: STR, April 2020
Three Phases To Get Through This

**RESPONSE**  **RECOVERY**  **RESILIENCE**

**RESPONSE PHASE**

- Where we continue to be today
- Constant pivots on every front, all the time
- Crisis management mode vs destination marketing mode
- Reopening was important, but statewide and DFW case trends remain a concern
- From occupancy lows in the low 20s, we are now inching in to mid 30s
- Legislation STALLED in both House & Senate that would include CVBs/DMOs of all structures to be eligible for PPP in next phase
- Movement now STALLED in Senate to allow publicly-owned venues to be eligible for PPP in next phase
- Federal action on corporate liability will be a key for the return of corporate travel and events
Visitor Economy Impact

TOTAL TRAVEL INDUSTRY IMPACT
Projected downturns of the U.S. travel industry in 2020 as a result of the coronavirus:

- **$1.2 TRILLION**
  - Total Economic Loss
  - (Loss of $1.2 trillion in direct travel spending)

- **8 MILLION**
  - Total Employment Loss
  - (Loss of 8 million direct travel jobs)

- **$80 BILLION**
  - in federal, state and local taxes

Travel industry losses alone will be great enough to push the U.S. economy into a RECESSION

8.4% UNEMPLOYMENT RATE will result from travel-related job losses alone

Job losses will spike in April and May, shedding 77% of ALL TRAVEL EMPLOYMENT before May

More Than 9x the Impact of 9/11

Updated April 16, 2020

SOURCE: Tourism Economics

---

US Travel Forecast

![US Travel Forecast Chart]

Total Travel Spending in the U.S.

- Domestic
- International
- % change in total travel spending

FORECAST

2017: $1.054B
2018: $1.069B
2019: $1.137B
2020: $1.583B
2021: $1.701B
2022: $1.540B
2023: $1.614B

SOURCE: US Travel Association/Oxford Economics
National Restaurant Impact

COVID-19 IMPACT ON RESTAURANTS

4 out of 10
restaurants have
closed their doors

$240 billion
forecasted lost revenue
by end of year

$80 billion
est. lost revenue in
March and April

8 million
employees laid off
or furloughed

SOURCE: Texas Restaurant Association

Texas Restaurant Impact

Texas COVID-19
Restaurant Impact Snapshot

Restaurant Industry THEN
(March 1, 2020)

49,666
Eating and drinking place
locations in Texas in 2019

$70.6 billion
Estimated sales in Texas’s
restaurants in 2019

1,349,500
Restaurant and foodservice
jobs in Texas in 2020 = 10% of
employment in the state

Restaurant Industry NOW
(April 16, 2020)

BETWEEN MARCH 1 - APRIL 15

34%
of operators temporarily
closed their restaurants

84%
of operators who laid off or
furloughed employees

BETWEEN MARCH 1 - APRIL 16

$4.2 billion
Restaurant sales lost in April
due to COVID-19 outbreak

688,000
Restaurant employees laid
off or furloughed since
COVID-19 outbreak

SOURCE: Texas Restaurant Association
### Irving Hotel COVID Impacts

#### Room Nights
- Lost: 29,704
- Cancelled: 67,953
- Rescheduled: 12,340
- Attendees: 98,480

#### Attendees
- Lost: 20,000
- Cancelled: 40,000
- Rescheduled: 60,000
- Attendees: 80,000

#### Occupancy
- Jan-20: 64.8%
- Feb-20: 72%
- Mar-20: 43.7%
- Apr-20: 22.6%
- May-20: 27.3%
- Jun-20: 33.4%
- Jul-20: 34.7%

### RECOVERY PHASE

- Keep the pump primed on all fronts – sales, marketing, operations – for both organizations
- Continue to manage expenditures daily
- Continue to maintain the facility
- Recognize that every destination is operating as a start-up
- Travel will continue to change – for how long and in what ways, we don’t know yet
- Recovery should start to begin in 2021, but it will be slow
  - 2023 is likely the soonest for full recovery in terms of Average Daily Rate (ADR) & Revenue Per Available Room (RevPAR)
**Proposed National Recovery Initiatives**

- **Industrywide, National Marketing Campaign**
  - To motivate travel in the US

- **Federal Grants to DMOs**
  - To replenish decimated budgets

- **Consumer Tax Incentive**
  - For travel completed before 12/2021

**Combined Impact of Recovery Initiatives**

- +$71.3 billion in travel spending
- +$162.5 billion in economic output
- +$11.4 billion in taxes generated

---

**Travel Sentiment Study**

**Impact on Travel Plans**

- 73% of travelers planning to travel in the next six months will change their travel plans due to coronavirus

- Reduced travel plans: 47%
- Cancelled trip completely: 41%
- Changed destination to one I can drive to as opposed to fly: 27%
- Changed trip from international to domestic: 15%

*Source: Longwoods / miles*
Impact on Future Travel Behaviors

ANTICIPATED IMPACT OF THE PANDEMIC ON FUTURE TRAVEL BEHAVIORS:
APRIL VS AUGUST

(Question: Do you expect that you will avoid any of the following in the six-month period immediately after the coronavirus situation is resolved? Check all that would complete the following sentence for you: I will most likely avoid...)

(Base: All respondents, 1,200 and 1,201 completed surveys. Data collected: April 10-12 and August 7-9, 2020)

TSA Trends

Number of People Screened at TSA Checkpoints
(7-day average, March 5 - Aug 4, 2020)

Source: TSA
RESILIENCE PHASE: Not a Today Conversation

• Travel and group gatherings will have fundamentally changed
  – “Small but Mighty” may still be on our side
  – How long change lasts and what it looks like as it evolves remains to be seen
• Conversation starts when we can see daylight with recovery
  – Reserves will need to be rebuilt
  – Loans will have to be repaid
  – ICC will still need a subsidy
  – Other funding sources (TPID) will still need to be pursued
## Updated Assumptions

**MARCH 31 Presentation to Council**

Best Case Scenario – “June Recovery, No China Relapse”
- 10% Occupancy for April
- 10% Occupancy for May
- 25% Occupancy for June
- 30% Occupancy for July
- 40% Occupancy for August
- 55% Occupancy for September
- 60% Occupancy for October
- Occupancies restored to typical levels by year-end due to pent-up business demand
- Average Daily Rate (ADR) will take 12 months minimum to catch up (recovery may be compressed due to rapid decline of remaining business – rate war timing could potentially be limited)

**AUGUST 17**

Best Case Scenario – 2021 Recovery in Occupancy, 2023 in Rate
- 22.6% Occupancy for April (actual)
- 27.3% Occupancy for May (actual)
- 33.4% Occupancy for June (actual)
- 34.7% Occupancy for July (estimated)
- 35% Occupancy for August
- 35% Occupancy for September
- 40% Occupancy for October
- Occupancies restored to typical levels by SUMMER/FALL 2021
- Average Daily Rate (ADR) likely will not recover until FY 2023-24
- Business Travel recovery dependent on: stock market, liability protections, back-to-school/parents as teachers, vaccine availability
- Convention attendee travel dependent on trust in other attendees, and destination COVID data
Citywide HOT Collection History

ICVB Net Operating Expenditure History
ICVB Reserve Fund History

Operating Budget Assumptions

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>57% Hotel Occupancy Tax</td>
<td>$6,490,005</td>
</tr>
<tr>
<td>Add'l Revenues: Events Trust Fund, Interest, Misc</td>
<td>$9,995</td>
</tr>
<tr>
<td>Convention Center Operating Subsidy</td>
<td>&lt;$1,395,000</td>
</tr>
<tr>
<td>Convention Center Property Insurance</td>
<td>&lt;$79,738</td>
</tr>
<tr>
<td>Convention Center Management Incentive</td>
<td>&lt;$165,877</td>
</tr>
<tr>
<td>Transfer to ICC Reserve/Capital Projects</td>
<td>&lt;$100,000</td>
</tr>
<tr>
<td>4% Administrative Fee</td>
<td>&lt;$259,600</td>
</tr>
<tr>
<td>Transfer to ICVB Reserve Fund</td>
<td>&lt;$0</td>
</tr>
<tr>
<td>Funds Available for CVB Programming</td>
<td>$4,499,785</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$1,265,205</td>
</tr>
<tr>
<td>PROPOSED PROGRAM BUDGET TOTAL</td>
<td>$6,124,308</td>
</tr>
<tr>
<td>Shortfall – Net Support Requested from City</td>
<td>&lt;$359,318</td>
</tr>
</tbody>
</table>

ICC $1,740,615/21.4% of budget
Budget Overview

Irving Convention and Visitors Bureau

Key Expenditure Trend Analysis
Performance Indicators YTD

- Successfully implemented Phase 1 of City’s ERP transition and actively involved in second/final phase
- Completed office-wide computer replacement and transitions to Office 365/Windows 10
- Provided resources and systems to enable full staff to work remotely immediately when COVID-19 forced office closure
- Daily cash-flow monitoring and reporting to enable staff to continue working as effectively as possible with a wide range of cost-savings measures and constantly changing data
- Identified best resource and established protocol for use of ZOOM for board, committee and staff meetings
- Initiated pilot program for volunteer-driven information center in ICC lobby Saturdays and Sundays
Proposed Program Highlights

- Restart TPID process for possible FY 2021-22 implementation
- Work alongside City through ERP conversion (Banner replacement)
- Support staff efficiency & effectiveness through better use of existing technologies while maintaining a secure operating environment
- Per CDC guidelines and as events return, complete pilot program for volunteer-driven visitor info center for Saturdays and Sundays based out of ICC lobby
- Develop plan for re-establishing long-term funding within all reserve funds
- Update Technology and Business Continuity plans
- Maintain sound accounting practices that conform with Governmental Accounting Standards Board (GASB) statements
- Increase employee satisfaction & engagement through programming & professional development
- Maintain DMAP accreditation requirements with annual renewal obligations

Budget – Select Highlights

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>2020-21 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Finance &amp; Administration Budget</td>
<td>$1,790,286</td>
</tr>
<tr>
<td>Travel and Training</td>
<td>$35,000</td>
</tr>
<tr>
<td>Promotions (Industry &amp; Community Events, Chamber Events, Volunteer Prog)</td>
<td>$69,000</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>$48,000</td>
</tr>
<tr>
<td>Administrative Cost Reimbursement (4% Fee)</td>
<td>$259,600</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$170,000</td>
</tr>
<tr>
<td>Total FT Staff Members</td>
<td>7</td>
</tr>
</tbody>
</table>
# Performance Indicators YTD

- **1,158 Hotel Leads generated**
  - 255 Definites
  - 240 Lead Status
  - 147 Cancelled

- **455,571 Total Lead Room Nights generated**
  - 47,234 Definite Room Nights
  - 131,587 Lead Room Nights
  - 288,880 Cancelled

- **582 Convention Center Leads generated**
  - 122 Definites
  - 34,186 Definite Room Nights
  - 16,080 Cancelled

- Hosted two “evolution of meetings” webinars for clients
Proposed Program Highlights

- Prospect new business via old-fashioned "smiling and dialing" and internet research
- Work i/c/w Hotels and the Irving Convention Center to target previous Lost Business and Covid-19 Cancellations
- Continue emphasis on weekends, summer & holiday business
- Amplify hotelier efforts with focus on local & regional planners
- Continue building & enhancing key 3rd party relationships: HelmsBriscoe, ConferenceDirect, Prestige Global & Experient
- Partner with Drive Nation for weekend events
- Utilize Events Trust Fund for sporting & other eligible weekend-focused events
- Stage local blitzes targeting Assn & Corp markets i/c/w ICC
- Continue hosting luncheons and sales calls in Austin as budget allows
- Target meetings & events for desired clusters from City EcoDev Strategic Plan
- Utilize TMF & other in-market events for prospect development & client appreciation where budget allows

Budget – Select Highlights

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>2020-21 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales Budget</td>
<td>$2,344,346</td>
</tr>
<tr>
<td>Business Development Incentive Prog (BizDIP)</td>
<td>$540,000</td>
</tr>
<tr>
<td>Travel and Training</td>
<td>$230,000</td>
</tr>
<tr>
<td>Promotions (Industry Events, Destination Forums, Client Entertainment)</td>
<td>$57,000</td>
</tr>
<tr>
<td>Sales Resources (Specialty Items, Convention Services Materials)</td>
<td>$65,350</td>
</tr>
<tr>
<td>Total FT Staff Members</td>
<td>10</td>
</tr>
</tbody>
</table>
**BizDIP History**

*2019-20 reflects reductions from original budget*

**Sales Performance History – Definites**

246,709
Sales Performance History –
Lost Business

City of Irving, Texas
FISCAL YEAR 2020-21
Marketing &
Communications
Irving Convention
and Visitors Bureau
### Performance Indicators YTD

<table>
<thead>
<tr>
<th>Earned Media Generated</th>
<th>Website Visitors</th>
<th>Digital Source RFPs</th>
<th>New Social Media Followers</th>
<th>ICC Facebook Check-Ins</th>
</tr>
</thead>
<tbody>
<tr>
<td>• PR Value - $11,362,731</td>
<td>• ICV - 272,538</td>
<td>• 666 generated</td>
<td>• ICV - 8,621</td>
<td>• 11,673</td>
</tr>
<tr>
<td>• Impressions – 456,554,508</td>
<td>• ICC - 52,520</td>
<td>• 259,951 potential room nights</td>
<td>• ICC - 280</td>
<td></td>
</tr>
</tbody>
</table>

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Digital Source RFPs</strong></td>
</tr>
<tr>
<td>• 666 generated</td>
</tr>
<tr>
<td>• 259,951 potential room nights</td>
</tr>
</tbody>
</table>

### Proposed Program Highlights

- Reprioritize advertising buy resources/limit print placements.
- Develop lead generation opportunities targeted at acquiring top prospects - primary focus on group weekend business, followed by business and leisure travelers.
- Execute fully integrated meetings micro-campaigns that incorporate remarketing, video and SEM for leads/RFPs.
- Engage in the Simpleview Performance Framework (SPF) for destination marketing to evaluate investments that drive the highest ROI.
- Expand email marketing strategy for lead prospecting, client/partner communications, and visitor engagement.
- Expand integrated “drip” marketing automation platform to improve customer engagement and conversions.
- Continually update ICV and ICC websites to reflect appropriate messaging - including communication of important/urgent information related to COVID-19 and safety/sanitation protocols.
- Conduct press tours targeting key media market segments. Host travel journalists/bloggers for individual press visits.
- Refocus leisure PR efforts on the drive-in market; conduct media blitzes in Oklahoma City, Shreveport, Wichita Falls, etc., as budget allows.
- Utilize public-interest Irving events to generate regional coverage in key feeder markets.
- Continue to expand Visit Irving’s blog campaign.
- Hold a social media activation at the SXSW 2021 Music Festival in Austin (partially paid for in 19-20 budget), as well as a co-branded media event (fully paid for in 19-20 budget).
## Budget – Select Highlights

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>2020-21 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Marketing &amp; Communications Budget</td>
<td>$2,249,276</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$970,000</td>
</tr>
<tr>
<td>Media Advertising</td>
<td>$350,000</td>
</tr>
<tr>
<td>Travel and Training</td>
<td>$65,000</td>
</tr>
<tr>
<td>Promotions (Industry Events, Media Fams, Media Entertainment)</td>
<td>$50,900</td>
</tr>
<tr>
<td>Marketing Resources (Social Media, Bloggers, Specialty Items)</td>
<td>$25,560</td>
</tr>
<tr>
<td>Total FT Staff Members</td>
<td>5</td>
</tr>
</tbody>
</table>

## Media Advertising Expenditure History

*2019-21 reflects reductions from original budget*
Advertising Agency Expenditure History

*2019-20 reflects reductions from original budget

Irving Convention Center

Irving Convention and Visitors Bureau
Primary Space Utilization

<table>
<thead>
<tr>
<th>Year</th>
<th>Full Building</th>
<th>Exhibit Hall</th>
<th>Grand Ballroom</th>
<th>Junior Ballroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>79.6</td>
<td>47.6</td>
<td>48.6</td>
<td>48.7</td>
</tr>
<tr>
<td>2012-13</td>
<td>85.5</td>
<td>47.5</td>
<td>56.4</td>
<td>50.9</td>
</tr>
<tr>
<td>2013-14</td>
<td>84.75</td>
<td>49.6</td>
<td>57.6</td>
<td>49.4</td>
</tr>
<tr>
<td>2014-15</td>
<td>85.88</td>
<td>48.37</td>
<td>58.25</td>
<td>47.25</td>
</tr>
<tr>
<td>2015-16</td>
<td>86.17</td>
<td>59.83</td>
<td>57.92</td>
<td>53.25</td>
</tr>
<tr>
<td>2016-17</td>
<td>83</td>
<td>56.75</td>
<td>54.5</td>
<td>51.5</td>
</tr>
<tr>
<td>2017-18</td>
<td>84.12</td>
<td>53.12</td>
<td>60.25</td>
<td>56</td>
</tr>
<tr>
<td>2018-19</td>
<td>85.25</td>
<td>61.5</td>
<td>68.83</td>
<td>57.92</td>
</tr>
<tr>
<td>2019-YTD</td>
<td>58</td>
<td>37.5</td>
<td>46.6</td>
<td>43.1</td>
</tr>
</tbody>
</table>

Performance Indicators YTD

- 582 Convention Center Leads generated
  - 122 Definites
- 34,186 Definite Room Nights
  - 16,080 Rooms Cancelled (COVID-19)
  - Net Rooms – 18,016
- 106,119 attendees
- $3.13M ICC event income
ICC Sales – COVID Impacts

- 85 Cancellations
- Lost Revenue - $2,509,621
- Rebooked - $369,600
- Net Loss - $2,140,021
  - *Lost revenue does not include any ancillary revenue such as parking, electrical, AV, or internet.
  - *Lost revenue only reflects contracted about for rent and F & B and does not account for amounts spent over and above the F & B minimum

Post-COVID Operational Impacts

- Capacity restrictions and social distancing requirements impacting bookings that remain
  - A ballroom that could previously host 800 no longer can
    - Six feet between tables, six seats at a table
  - An exhibit hall that could hold 200 trade show booths no longer can
    - 12-foot aisles in exhibit halls, booths set six feet apart
  - How consumer behavior changes in the long-term remains to be seen, pending a wide variety of local laws
    - Hotels and venues can clean and provide staff protocols, but it will be up to meeting planners and event organizers to manage attendee requirements
  - Operating expenses now must absorb additional costs:
    - One-time re-opening expenses
    - Ongoing increased labor expenses for additional cleaning requirements
    - Ongoing increased supply expenses, especially with current supply chain limitations
    - Estimated 30% increase annually for hotels
ICC Income Statement – 2020-21

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Event Income</td>
<td>$585,421</td>
</tr>
<tr>
<td>Ancillary Income</td>
<td>$3,358,580</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>$456,000</td>
</tr>
<tr>
<td><strong>ADJUSTED GROSS INCOME</strong></td>
<td>$4,400,000</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$5,795,001</td>
</tr>
<tr>
<td><strong>NET OPERATING INCOME</strong></td>
<td><strong>($1,395,000)</strong></td>
</tr>
<tr>
<td>FEES</td>
<td></td>
</tr>
<tr>
<td>Base Management Fee</td>
<td>$165,877</td>
</tr>
<tr>
<td>*Management Incentive Fee (Maximum)</td>
<td>$165,877</td>
</tr>
<tr>
<td>F&amp;B Incentive Fee (6% commission)</td>
<td>$270,000</td>
</tr>
</tbody>
</table>

ICC Capital Improvement Priorities

- **Key Goals**
  - Protect guests & employees
  - Maintain & increase customer satisfaction
  - Extend the life of mechanical systems
  - Enhance appeal, and thus revenues

- **Project Priorities**
  - Health & safety requirements
  - Mechanical systems
  - ROI/Revenue enhancement
  - Customer, environmental & aesthetic benefits

- Respond nimbly to emergencies
- Achieve & sustain a minimum balance of $1.3 million in this fund
2020-21 Capital Improvement Plan

Projection - $409,500

- HVAC/Mechanical - $65,000
  - Fans, Motors, Pumps
  - Chillers, Boilers
- Electrical - $50,000
  - Barrisol Lighting – Grand Ballroom
- Food & Beverage - $65,000
  - Small Wares
  - Kitchen Equipment
- General Bldg & Maint - $10,000
  - Airwalls
- Site - $165,000
  - Water Feature/Landscaping
  - Marquee Sign by Fountain
- Communications - $45,000
  - Wireless Network/Monitors
- Contingency (5%) $19,500

Capital Projects Fund History
## In Summary

Irving Convention and Visitors Bureau

## Financial Position Summary

<table>
<thead>
<tr>
<th>Fund</th>
<th>General Fund</th>
<th>Computer Replacement Fund</th>
<th>Convention Center Reserve/ Capital Projects Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected YE Fund Balance</td>
<td>Projected YE Fund Balance - &lt;$359,318&gt;</td>
<td>Projected YE Fund Balance - $167</td>
<td>$409,500 Projected Budget</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>Projected YE Fund Balance - $1,210</td>
<td></td>
<td>$100,000 Budgeted Expenditures</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$100,000 Transfer from ICVB General Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Projected YE Fund Balance - $62,088</td>
</tr>
</tbody>
</table>
Irving’s Visitor Economy – The Beat Will Be Back…

- 3.75 Million visitors annually
- $2.68 Billion annual visitor spending
- 23,148 Jobs supported
- $611 Million payroll
- $61.8 Million tax revenues generated
- $745 Tax revenues generated per Irving household

Questions?
K2 – Arts and Culture
Budget Retreat
August 19, 2020

Arts and Culture

Overview

• Irving Arts Center
  – Revenue Projections
  – Budget Decrease/Increase
  – Initiatives for FY 2021
• Irving Archive and Museums
  – Revenue Projections
  – Budget Decrease/Increase
  – Initiatives for FY 2021
• Historic Preservation
  – Fund Balance
  – Initiatives for FY 2021
## REVENUE PROJECTIONS - IAC

<table>
<thead>
<tr>
<th></th>
<th>FY 19-20 ADOPTED</th>
<th>FY 19-20 PROJECTED</th>
<th>PROJECTED INCREASE / LOSS AMOUNT</th>
<th>FY 20-21 PROJECTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOT</td>
<td>4,473,007</td>
<td>3,304,620</td>
<td>(1,568,387)</td>
<td>4,082,161</td>
</tr>
<tr>
<td>RENTAL</td>
<td>589,490</td>
<td>252,081</td>
<td>(337,409)</td>
<td>284,667</td>
</tr>
<tr>
<td>TICKET SALES</td>
<td>65,136</td>
<td>64,864</td>
<td>(272)</td>
<td>52,109</td>
</tr>
<tr>
<td>PERFORMANCES</td>
<td>56,160</td>
<td>57,352</td>
<td>1,192</td>
<td>29,400</td>
</tr>
<tr>
<td>CLASSES/ CAMPS</td>
<td>112,847</td>
<td>16,118</td>
<td>(96,729)</td>
<td>113,417</td>
</tr>
<tr>
<td>GIFT SHOP</td>
<td></td>
<td>893</td>
<td></td>
<td>893</td>
</tr>
<tr>
<td>COMMISSIONS</td>
<td>289</td>
<td>289</td>
<td></td>
<td>289</td>
</tr>
<tr>
<td>DONATIONS</td>
<td>270</td>
<td>270</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEMBERSHIP</td>
<td>2,661</td>
<td>2,661</td>
<td></td>
<td>3,506</td>
</tr>
<tr>
<td>MISC.</td>
<td>4,203</td>
<td>6,779</td>
<td>2576</td>
<td>6,203</td>
</tr>
<tr>
<td>INTEREST</td>
<td>30,343</td>
<td>36,337</td>
<td>5,994</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>5,734,136</strong></td>
<td><strong>3,742,264</strong></td>
<td><strong>(1,991,872)</strong></td>
<td><strong>4,601,752</strong></td>
</tr>
</tbody>
</table>

## IRVING ARTS CENTER FUND

The FY 2020-21 proposed budget has a **17.1%** decrease from the prior year adopted budget.

- Step increases for eligible employees and changes in personnel [128,164]
- Changes in health insurance plan selections, changes in personnel, and reduction of 5% [36,322]
- premium increase to 2% [37,235]
- Reduction in supplies in response due to less programming in response to social distancing [16,332]
- Elimination of Time Warner Cable service [9,120]
- Reduction in advertising due to less programming in response to social distancing [88,810]
- Reduction in building maintenance due to less programming in response to social distancing [87,313]
- Reduction in programming due to less programming in response to social distancing [421,985]
- Reduction in travel, training and dues to only essential travel [51,901]
- Deferment of computer replacement [9,697]
- Reduction in capital due to less programming in response to social distancing restrictions [198,002]

**One-Time Budget Increases/Decreases**

- Reduction in landscape maintenance for extensive pruning of trees in FY 20 [15,000]

**TOTAL VARIANCE** **(1,071,753)**
INITIATIVES FY 2021 - IAC

- Research and Development of Post COVID-19 Safety Protocols and Procedures
  - Implementation of cleaning protocols throughout the facility
  - Safety protocols for staff
  - Social distance plans for Patron seating, entering and exiting
  - Policies for Facility Usage by clients
- Research and development of alternative platforms
  - Matterport – 3D Online Gallery Experience
  - Vimeo – Streaming service to offer to clients
- Long term financial plan
  - Development of a 5 year maintenance plan
- Program and audience expansion
  - Development of a cultural plan

REVENUE PROJECTIONS - IAM

<table>
<thead>
<tr>
<th></th>
<th>FY 19-20 ADOPTED</th>
<th>FY 19-20 PROJECTED</th>
<th>PROJECTED INCREASE / LOSS AMOUNT</th>
<th>FY 20-21 PROJECTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOT</td>
<td>374,762</td>
<td>189,996</td>
<td>(184,766)</td>
<td>284,649</td>
</tr>
<tr>
<td>RENTAL</td>
<td>2,000</td>
<td>(2,000)</td>
<td></td>
<td>3,000</td>
</tr>
<tr>
<td>TICKET SALES</td>
<td>48,500</td>
<td>4,654</td>
<td>(43,846)</td>
<td>40,800</td>
</tr>
<tr>
<td>GIFT SHOP</td>
<td>17,000</td>
<td>3,000</td>
<td>(14,000)</td>
<td>10,000</td>
</tr>
<tr>
<td>SPONSORSHIPS</td>
<td>20,000</td>
<td>(20,000)</td>
<td></td>
<td>20,000</td>
</tr>
<tr>
<td>DONATIONS</td>
<td>169,550</td>
<td>6,035</td>
<td>(163,515)</td>
<td>18,000</td>
</tr>
<tr>
<td>MEMBERSHIP</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
<td>4,250</td>
</tr>
<tr>
<td>INTEREST</td>
<td>18,000</td>
<td>5,984</td>
<td>(12,016)</td>
<td>1,712</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>649,812</td>
<td>210,669</td>
<td>(439,143)</td>
<td>382,411</td>
</tr>
</tbody>
</table>
HERITAGE AND MUSEUM FUND

The FY 2020-21 proposed budget has a 37.6% decrease from the prior year adopted budget.

- Step increases for eligible employees and changes in personnel (99,290)
- Changes in health insurance plan selections and 5% premium reduction to 2% (39,758)
- Reduction in supplies due to less programming because of social distancing (20,802)
- Wireless cellphone replacement and upgrades 1,680
- Reduction in advertising due to less programming because of social distancing (48,414)
- Reduction in programming because of social distancing (122,588)
- Computer replacement increase 2,684
- Reduction in travel, training and dues to only essential travel (23,109)

One-Time Budget Increases/Decreases
- Funding for Bear Creek maintenance based on assessment deferred until other funding sources identified (50,000)

TOTAL VARIANCE (397,871)

INITIATIVES FY 2021 - IAM

- Research and Development of Post COVID-19 Safety Protocols and Procedures
  - Implementation of cleaning protocols throughout the facility
  - Safety protocols for staff
- Grand Opening
- Long term financial plan
  - Development and implementation of a fundraising plan
- Program and audience expansion
  - Expand school tour and public programming options including virtual opportunities
### PRESERVATION FUND

#### REVENUE

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2020 - 2021 PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available from Fund Balance</td>
<td>552,036</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>Hotel Occupancy Tax</td>
<td>113,860</td>
</tr>
<tr>
<td>Interest</td>
<td>2,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>668,397</strong></td>
</tr>
</tbody>
</table>

#### EXPENDITURES

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020 - 2021 PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural Maintenance</td>
<td>6,100</td>
</tr>
<tr>
<td>Outside Services</td>
<td>3,816</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4,554</td>
</tr>
<tr>
<td>Capital</td>
<td>505,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>519,470</strong></td>
</tr>
<tr>
<td>Available Fund Balance (9-30-21)</td>
<td>148,926</td>
</tr>
</tbody>
</table>
## INITIATIVES FY 2021 - PRESERVATION

### RENOVATION AND RESTORATION

**JACKIE TOWNSELL BEAR CREEK HERITAGE CENTER**

**PRIORITY 1 FROM ASSESSMENT:**

<table>
<thead>
<tr>
<th>Building</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIVIL</td>
<td>149,234</td>
</tr>
<tr>
<td>BEAR CREEK MASONIC LODGE</td>
<td>278,488</td>
</tr>
<tr>
<td>J.O. DAVIS HOUSE</td>
<td>182,386</td>
</tr>
<tr>
<td>SAM GREEN HOUSE</td>
<td>109,477</td>
</tr>
<tr>
<td>LARGE PAVILION</td>
<td>36,444</td>
</tr>
<tr>
<td>SMALL PAVILION</td>
<td>24,713</td>
</tr>
<tr>
<td>RESTROOM BUILDING</td>
<td>31,094</td>
</tr>
</tbody>
</table>

**PRIORITY 1 TOTAL**  

811,806.00

**SHORTFALL**  

306,806