

Memorandum



CITY OF DALLAS

DATE September 1, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **Responses to Questions Regarding the City Manager's Recommended Biennial Budget for FY24 & FY25 (Fifth Set)**

We were pleased to share the City Manager's FY24 and FY25 Recommended Biennial Budget with the City Council. Below are responses to unanswered questions.

1. Provide an alternative No-New-Revenue tax rate scenario.

Financial Management Performance Criteria (FMPC) #24 requires the City Manager to provide a No-New-Revenue (NNR) tax rate scenario along with the annual budget recommendation. On August 7, the day prior to the budget presentation, we provided the City Council with a NNR tax rate scenario including a prioritized list of services/expenses that could not be funded with the estimated NNR tax rate which is lower than the proposed tax rate.

The NNR tax rate is the rate that generates the same amount of revenue in the next fiscal year on property that was taxed in the previous fiscal year excluding the value of new construction and other specified adjustments.

For FY24, the City Manager's proposed tax rate is 73.93¢ per \$100 valuation. The General Fund (maintenance and operation) NNR tax rate as calculated by Dallas County Tax Office is 5.3336¢ less than the proposed tax rate. To lower the recommended tax rate by this amount, \$104.2 million of revenue would be reduced. This amount reflects a corrected calculation for an amount previously stated. To maintain a balanced budget, General Fund expenses would need to be reduced by \$104.2 million as well.

At the request of City Council members, attached is an alternative NNR tax rate scenario and list of expenses which could not be funded if the City Council lowers the tax rate by 5.3336¢. The same as on August 7, the City Manager **does not** recommend lowering the tax rate beyond the 0.65¢ reduction that was incorporated into the recommended budget. Further, the City Manager **does not** recommend reducing the expenses included in the attached alternative NNR tax rate scenario. This scenario is only provided as requested by City Council members.

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Thank you for your continued support of the budget process. We will continue to provide responses to unanswered questions over the next couple of weeks. Please contact me or Janette Weedon, Director of Budget and Management Services, if you need additional information.



Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors