



CITY OF ARLINGTON

FY2016 Proposed Budget & Business Plan





ARLINGTON

2016 CITY COUNCIL PRIORITIES



Invest In Our
Economy



Enhance
Regional Mobility



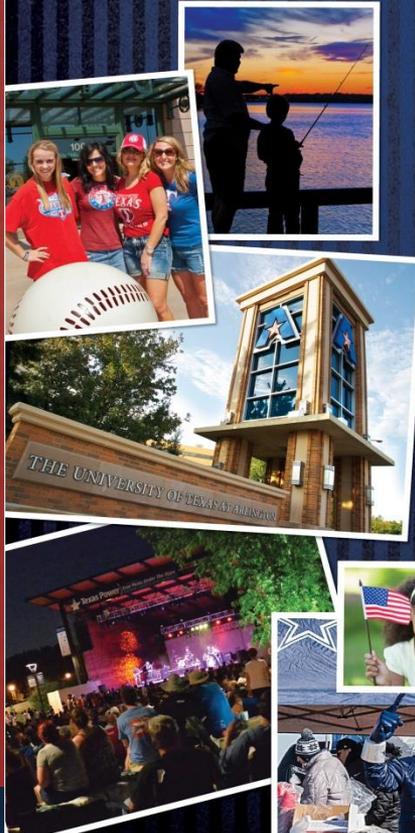
Put Technology
To Work



Champion Great
Neighborhoods



Support Quality
Education



Pursue Our Vision

A pre-eminent city, providing an exemplary, safe environment in which to live, learn, work and play.



Fulfill Our Mission

The City of Arlington proactively meets the needs of the public through active engagement, inclusive participation and high-quality, cost-effective service delivery.



Sustain Core Services

- Public Safety
- Culture / Recreation / Education
- Financial / Economic Development
- Infrastructure



Live Our Values

- Teamwork
- Responsiveness
- Respect
- Innovation
- Commitment
- Integrity





Overview

- FY 2016 Proposed Budget
- FY 2016 Priorities & Core Services
- August 11th Meeting
- Budget Calendar



FY 2016 Budget

- Balanced and in accordance with the City's Financial Principles
- Advance Priorities while maintaining Core Services
- Cost effective service delivery
- Addresses employee compensation
- Targeted investments in technology and public safety
- Tax rate of \$0.648 maintained for 13th consecutive year



Budget Development Process

- Comprehensive Financial Forecast
- Department reviews with entire CMO
- All items considered included in Budget Document (Other Budget Information)
- Reconciliation of Positions (Adds, Deletes, Re-organizations)

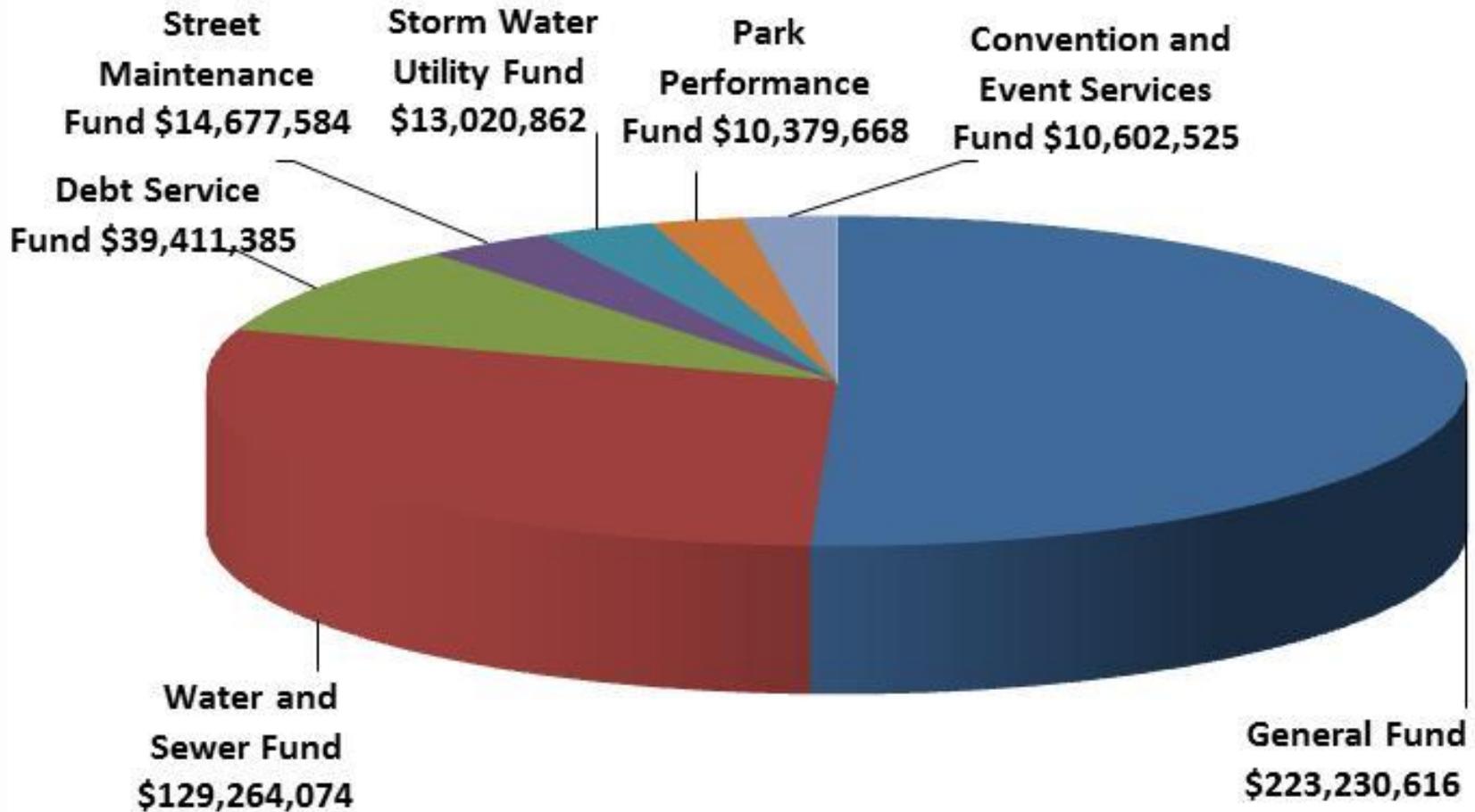


All Funds Operating Positions

Funding Source / Use	General Fund	Water and Sewer Fund	Convention and Event Services Fund	Park Performance Fund	Storm Water Utility Fund	Street Maintenance Fund	Debt Service Fund	Totals
Beginning Balance	\$ -	\$ 540	\$ 1,546,279	\$ 193,932	\$ 334,270	\$ 2,381,331	\$ 2,914,116	\$ 7,370,469
Total Revenues	\$ 223,230,616	\$ 129,264,074	\$ 10,602,525	\$ 10,379,668	\$ 13,020,862	\$ 14,677,584	\$ 39,411,385	\$ 440,586,715
Total Interfund Transfers	\$ (1,611,051)	\$ (18,881,659)	\$ (1,933,726)	\$ 1,235,983	\$ (7,306,263)	\$ 6,893,114	\$ 5,211,881	\$ (16,391,721)
Total Available Funds	\$ 221,619,565	\$ 110,382,955	\$ 10,215,078	\$ 11,809,583	\$ 6,048,869	\$ 23,952,030	\$ 47,537,382	\$ 431,565,463
Total Expenditures	\$ <u>221,591,197</u>	\$ <u>110,375,868</u>	\$ <u>9,695,789</u>	\$ <u>11,808,427</u>	\$ <u>5,801,974</u>	\$ <u>22,940,311</u>	\$ <u>44,782,042</u>	\$ <u>426,995,608</u>
Ending Balance	\$ 28,368	\$ 7,086	\$ 519,289	\$ 1,156	\$ 246,896	\$ 1,011,719	\$ 2,755,340	\$ 4,569,855

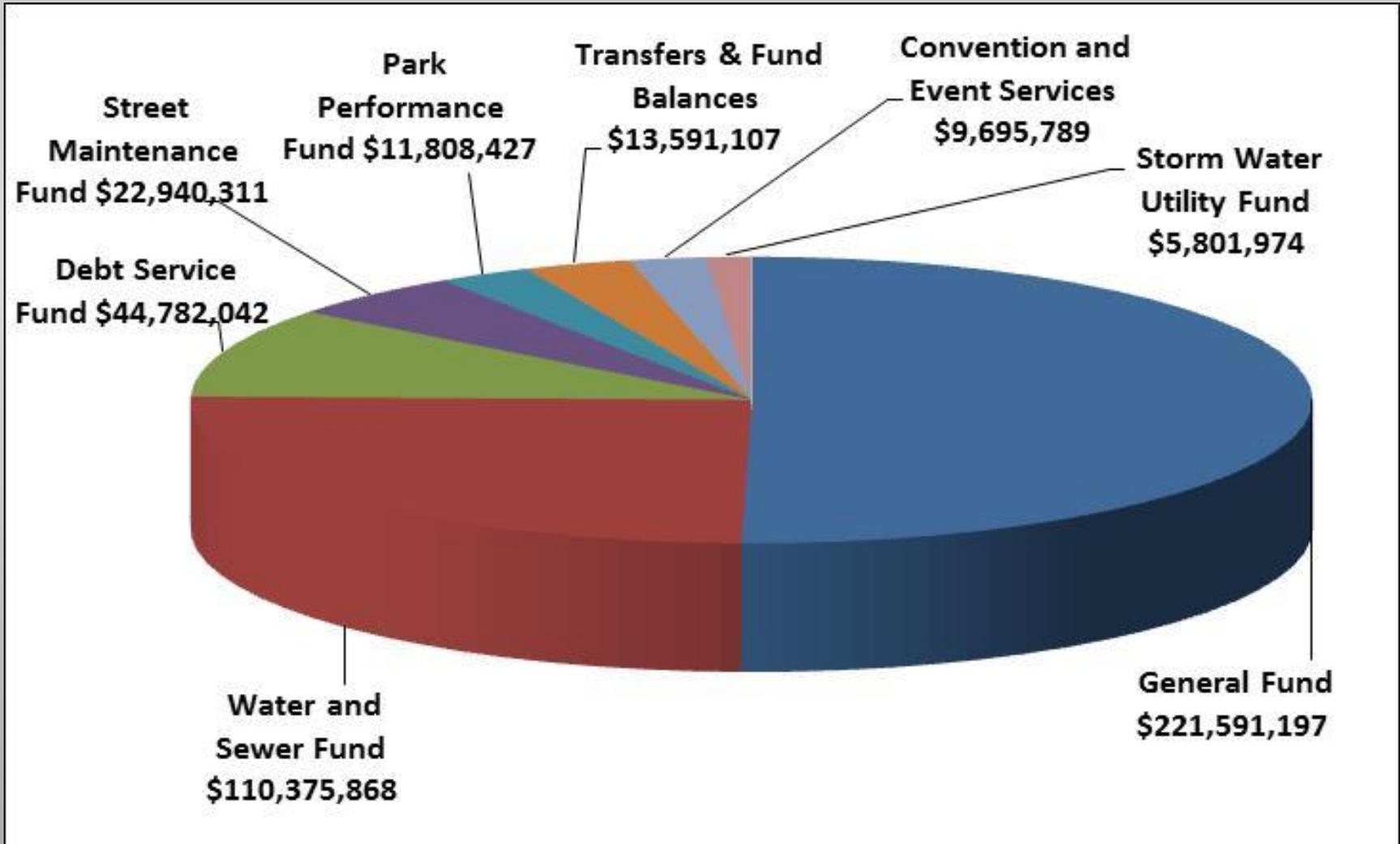


FY 2016 Revenues - All Funds





FY 2016 Expenditures - All Funds





Summary of Expenditure Changes

	<u>FY 2015</u> <u>Budget</u>	<u>FY 2016</u> <u>Budget</u>	<u>Percent</u> <u>Change</u>
General Fund	\$ 213,245,042	\$221,591,197	3.9%
Water and Sewer Fund	108,414,170	110,375,868	1.8%
Debt Service Fund	45,355,023	44,782,042	-1.3%
Street Maintenance Fund	20,674,766	22,940,311	11.0%
Park Performance Fund	11,637,731	11,808,427	1.5%
Transfers & Fund Balances	10,896,673	13,591,107	24.7%
Convention and Event Services	9,140,491	9,695,789	6.1%
Storm Water Utility Fund	6,275,383	5,801,974	-7.5%
Total Expenditures	\$ 425,639,279	\$440,586,715	3.5%



General Fund Reserves

SELECTED FINANCIAL RESERVES FY 2016 OPERATING POSITION

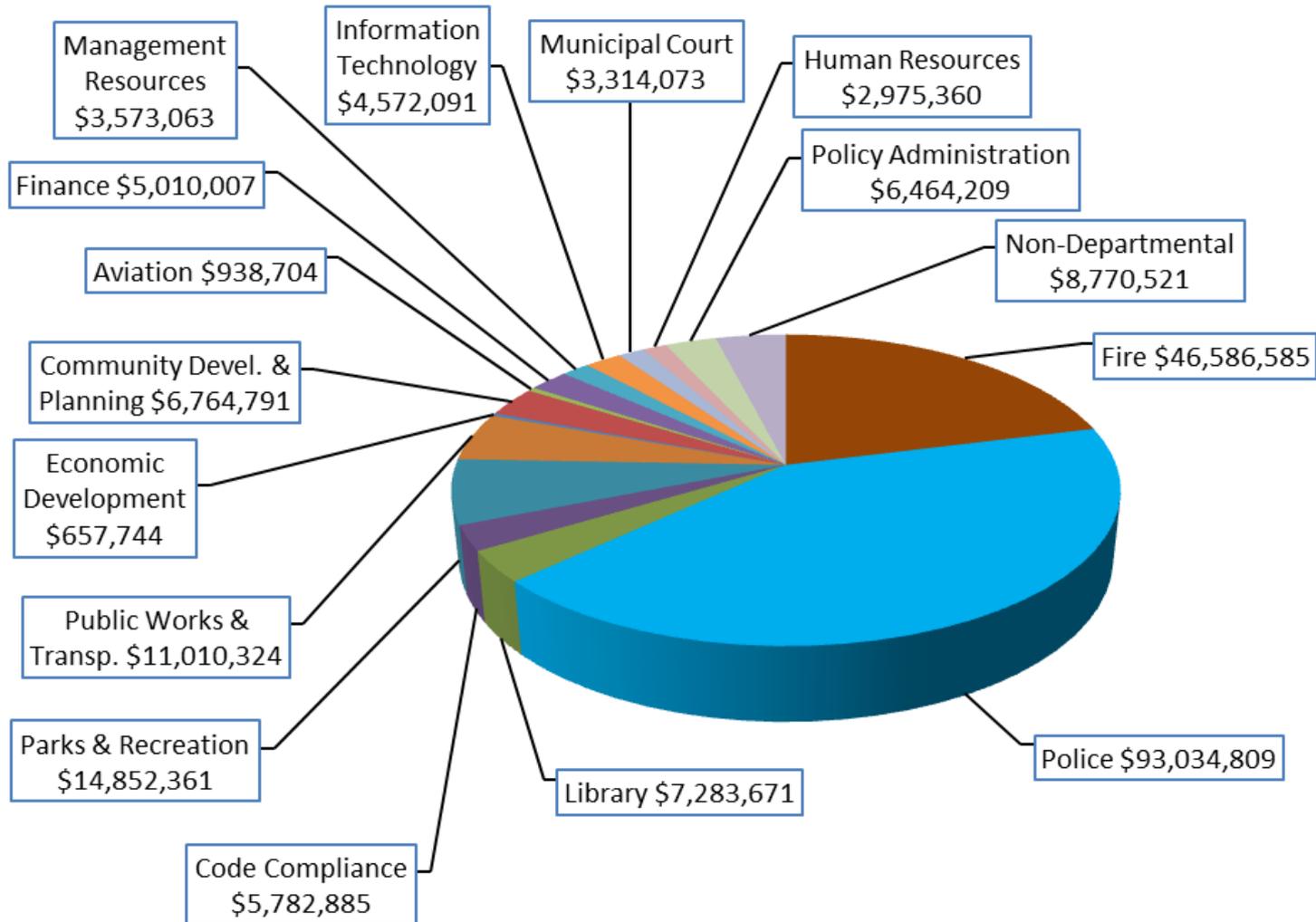
	UNALLOCATED	WORKING CAPITAL	BUSINESS CONTINUITY	LANDFILL LEASE	OTHER POST EMPLOYMENT BENEFITS
Balance on October 1, 2014	\$ 6,313,368	\$ 17,537,133	\$ 4,062,075	\$ 17,151,326	\$ 1,717,904
Appropriated Amounts	-	-	-	-	-
Transfers In / (Out)	-	-	(854,182)	-	-
Balance on September 30, 2015	\$ 6,313,368	\$ 17,537,133	\$ 3,207,893	\$ 17,151,326	\$ 1,717,904
Appropriated Amounts	-	-	-	-	-
Transfers In / (Out)	224,811	624,476	-	-	-
Balance on September 30, 2016	\$ 6,538,179	\$ 18,161,609	\$ 3,207,893	\$ 17,151,326	\$ 1,717,904

Notes:

In FY 2015, a total of \$854,182 was transferred to the General Fund to increase the support available for Special Transit and to cover the shortfall in red light camera revenues.



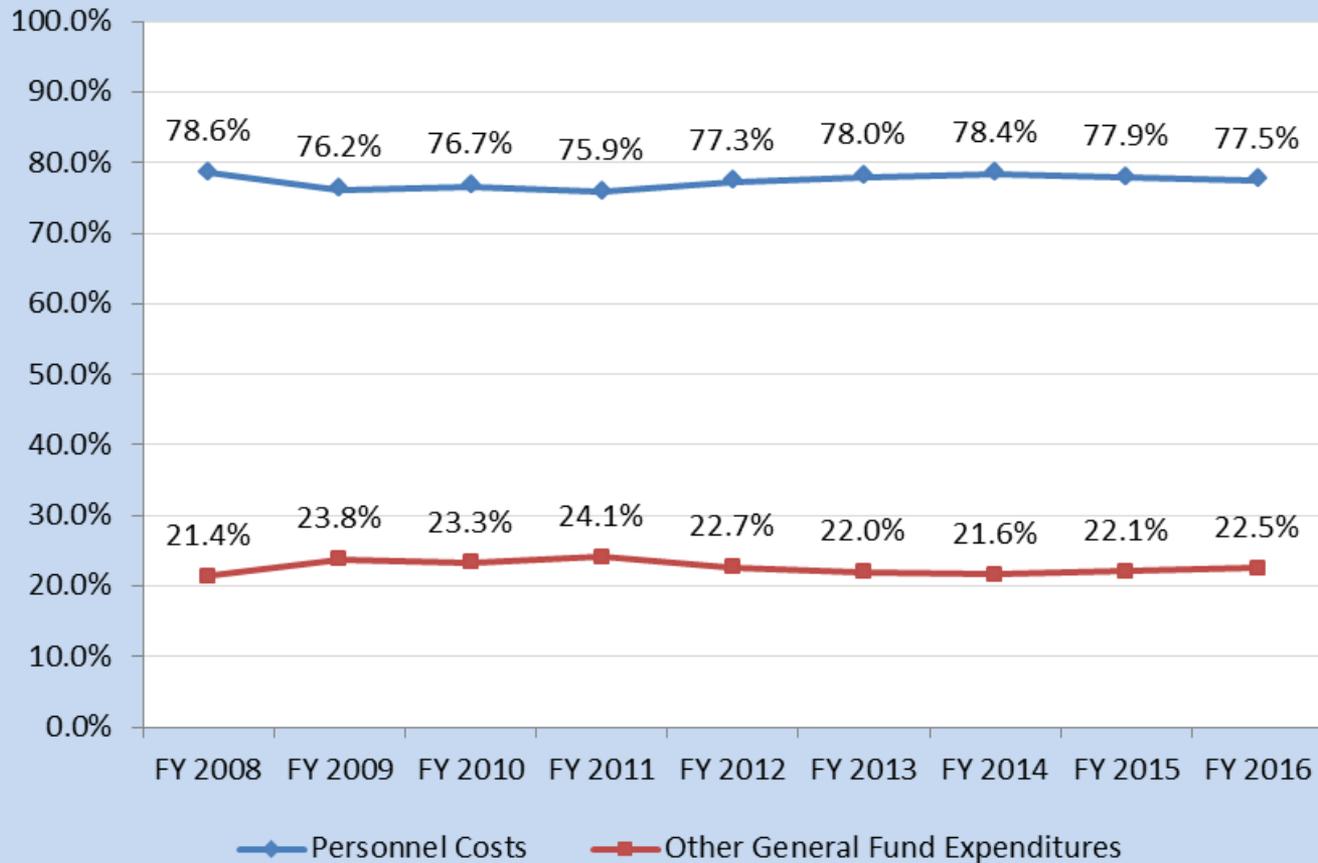
General Fund Budget by Department





General Fund Expenditures

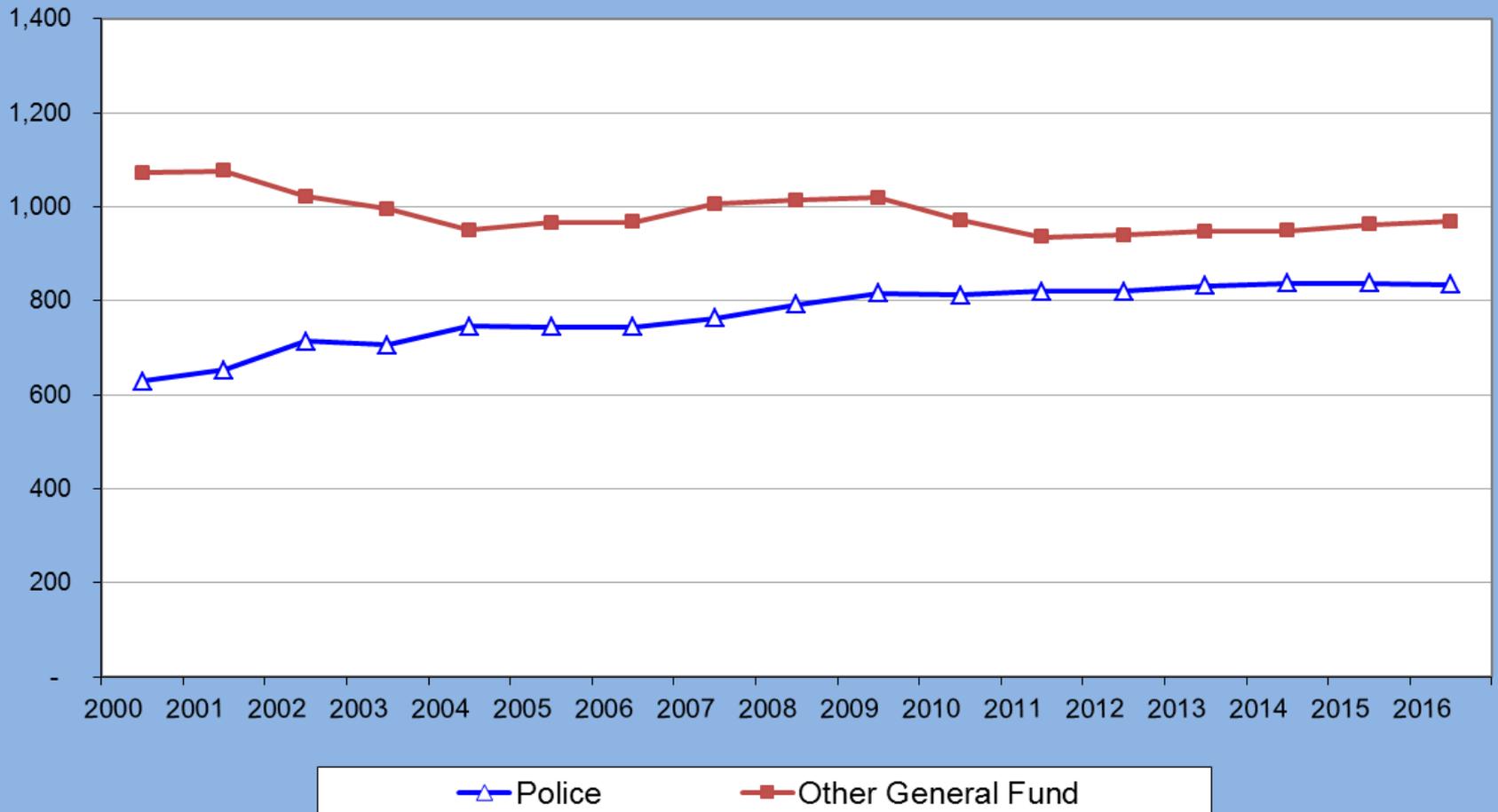
**General Fund Budgeted Expenditures
Percentages of Personnel and Non-Personnel Costs**





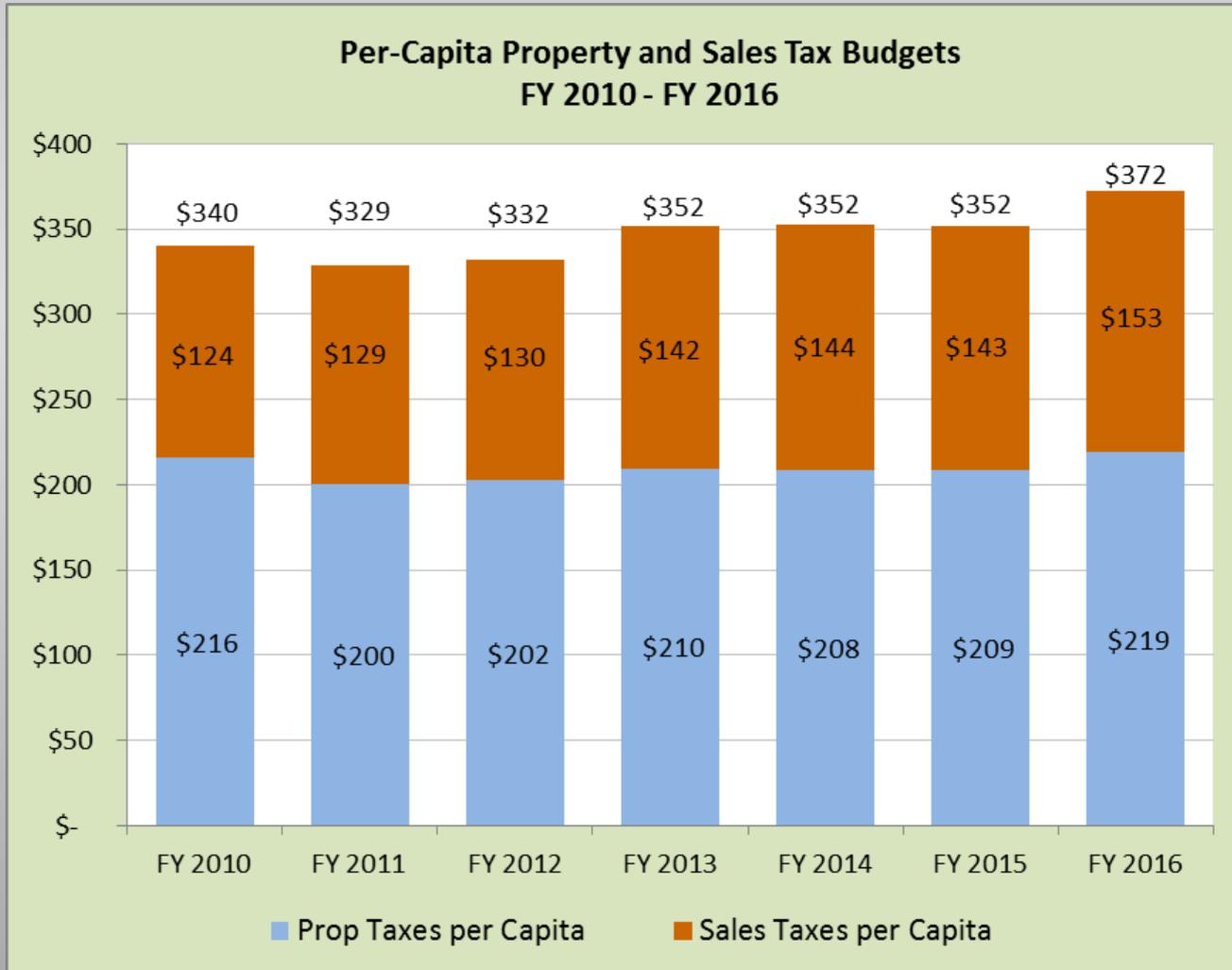
Overview of General Fund Positions

**Police vs. Other General Fund Staffing
FY 2000 - FY 2016**



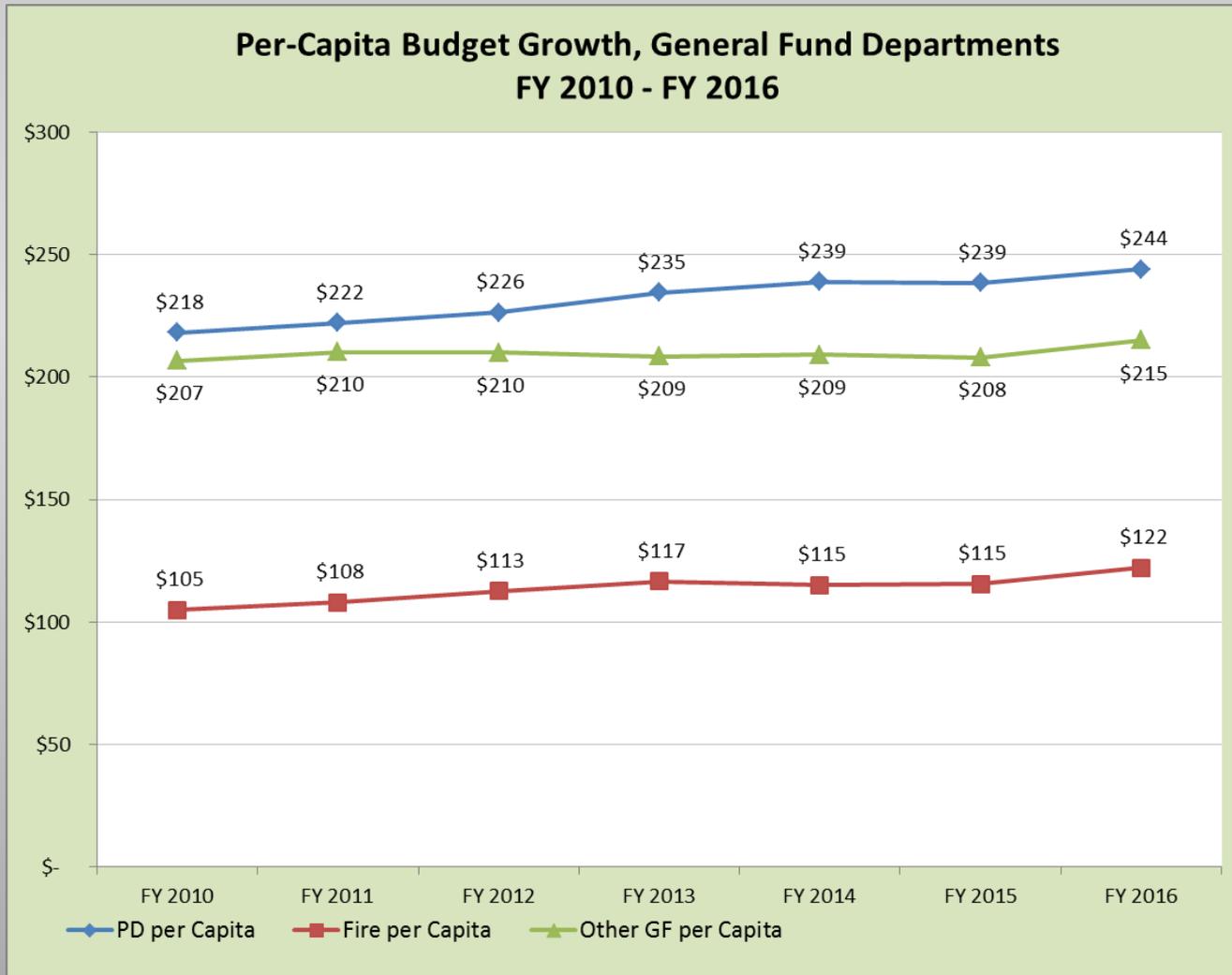


Per Capita Property and Sales Tax Budgets





Per Capita Budgets by General Fund Department





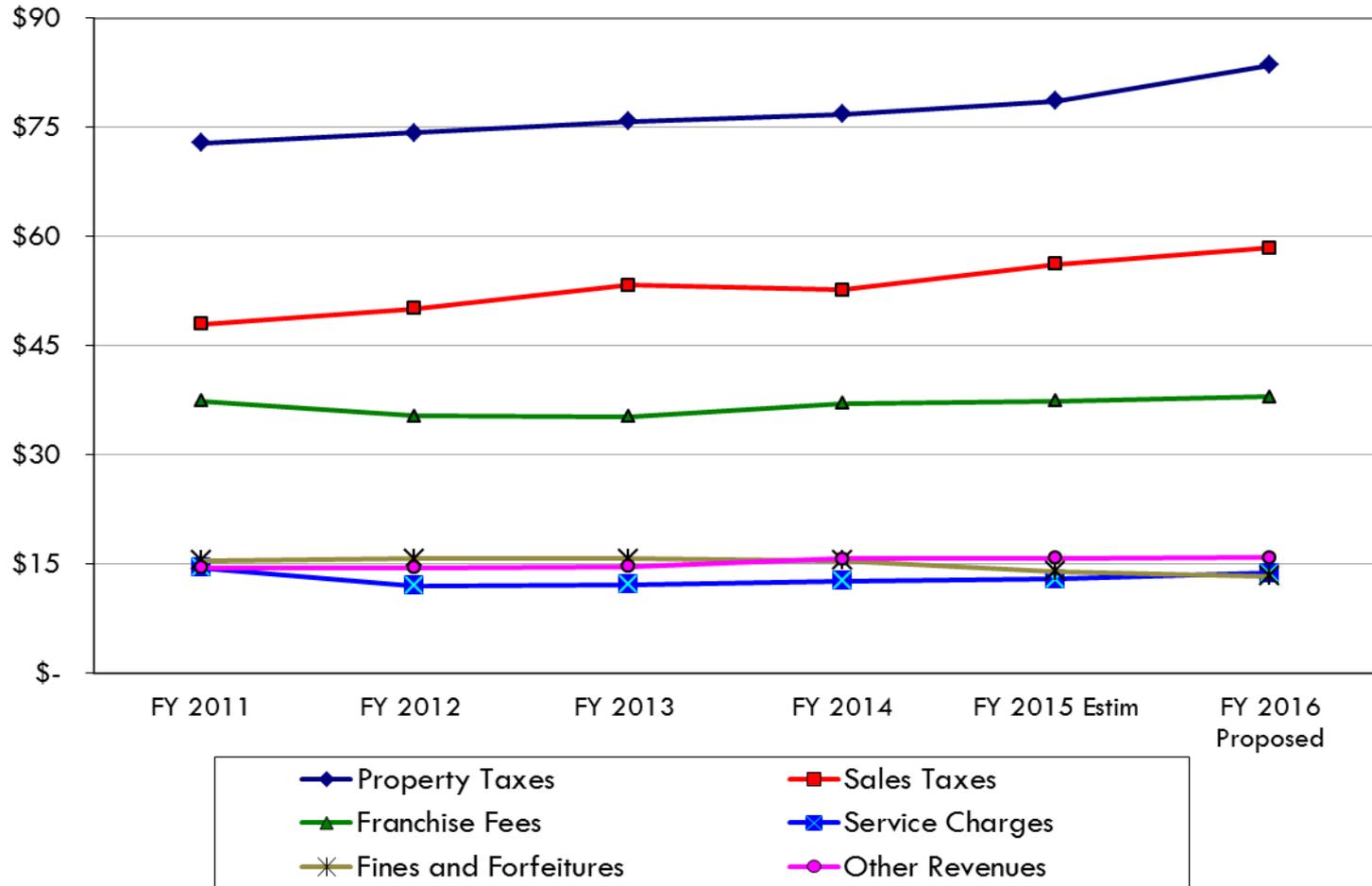
Revenue Changes

- *Ad Valorem* value increase of 4.3%
 - Increase in General Fund Revenue of \$4.3M in FY 2016 budget
 - Anticipates September billing valuation change and ongoing impact of tax litigation settlements
- Sales Tax Revenue
 - FY 2016 General Fund sales tax revenue is projected to be \$58.5 million, which is \$2.2M above the FY 2015 estimate
 - 4.5% growth
- Other Revenues
 - Red light camera loss of \$2.2M
 - Municipal Court revenues down \$600k
 - Gas Well Operational permit loss of \$450k
 - Ballpark Refinance down \$273k
 - Franchise Fee growth of \$1.8M



General Fund Revenues

FY 2011 - FY 2016 General Fund Revenues (in \$ Millions)

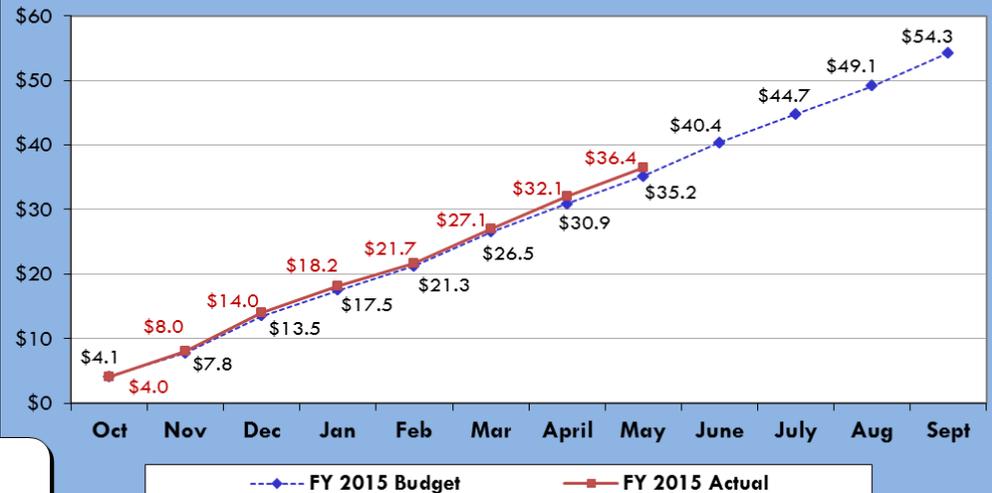




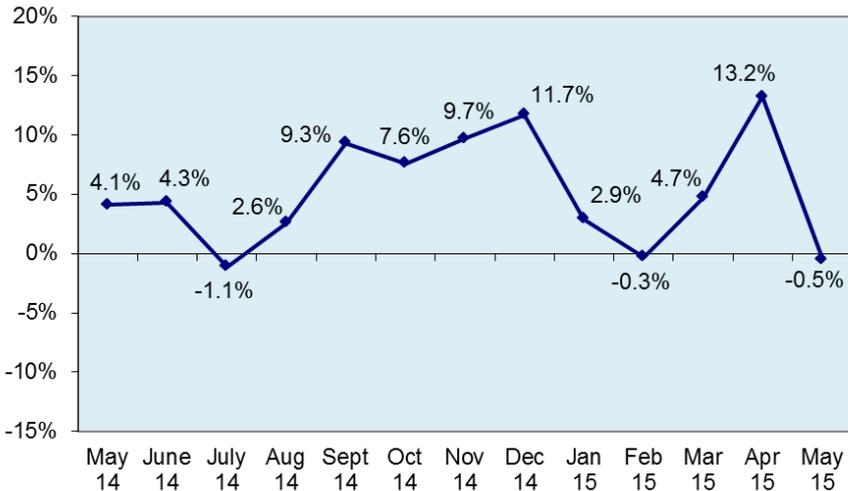
Sales Tax Revenues

Through May 2015, sales tax revenue in the General Fund is approximately \$1.2M above budget.

FY 2015 Budget to Actual Comparison
In Millions



Monthly Sales Tax Revenues
Percent Change from Same Month in Prior Year

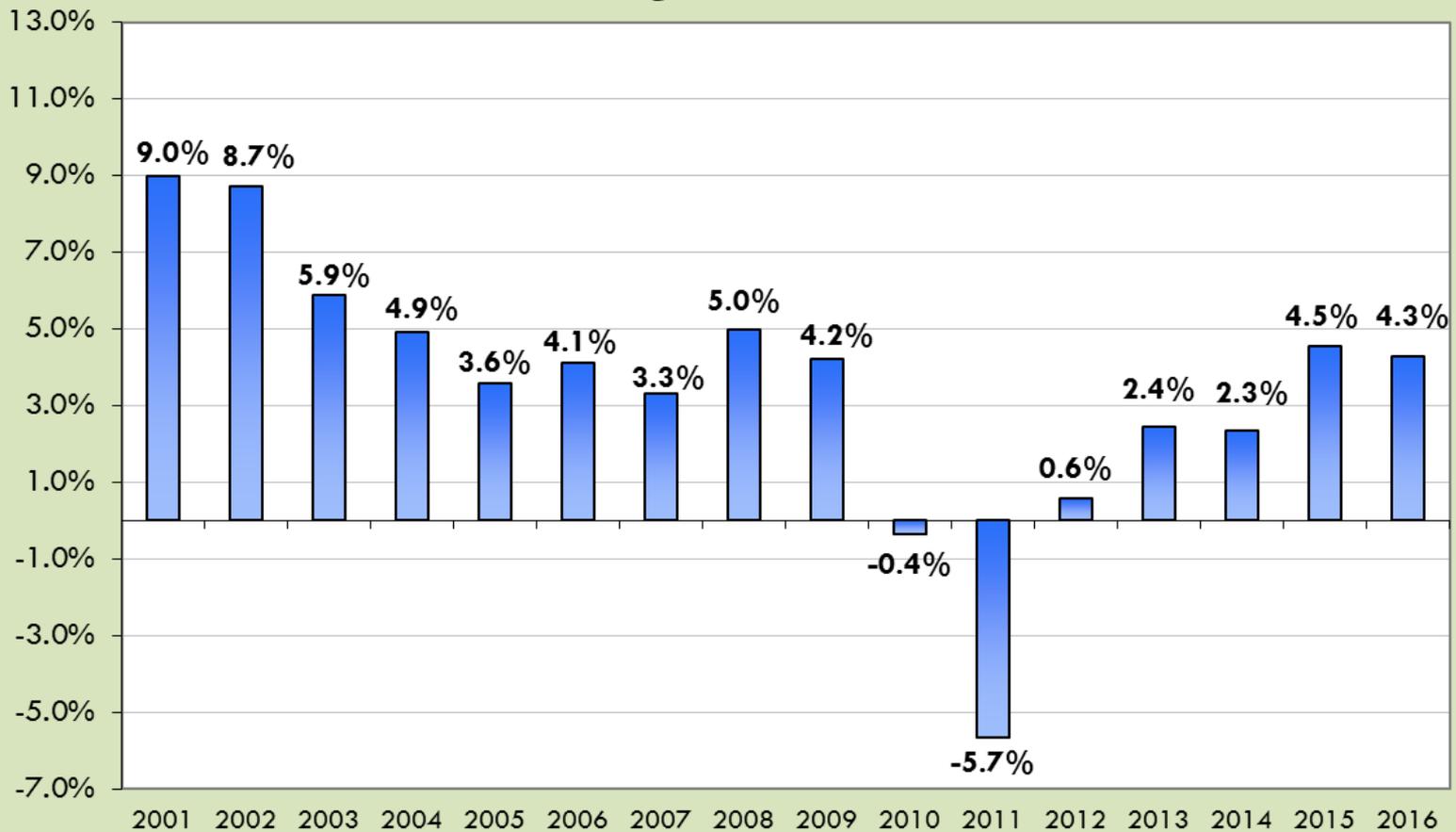


As of May 2015, sales tax receipts for 9 out of the past 12 months have exceeded the amount received in the same month in the prior year.



Property Tax Base

**Assessed Value of Property Tax Base
Percent Change, FY 2001 - FY 2016**





Property Tax Rates

	<u>FY 2015</u>	<u>FY 2016</u>	Increase <u>(Decrease)</u>
General Fund Tax Rate	43.53	44.60	1.07
Debt Service Tax Rate	<u>21.27</u>	<u>20.20</u>	<u>(1.07)</u>
Total Property Tax Rate	64.80	64.80	-
Effective Tax Rate:	\$0.628928 per \$100 of assessed value		
Rollback Tax Rate:	\$0.668659 per \$100 of assessed value		



FY 2016 Priorities



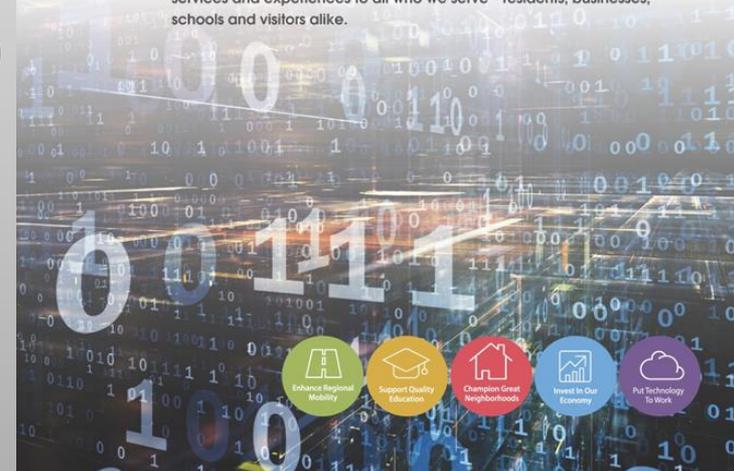
Put Technology to Work

- Identity/Access Management (\$387,000)
- IT Business Analyst (\$91,998)
- Hardware replacement (\$188,909)
- Software maintenance (\$176,518)
- Enterprise-wide Open Data (\$50,000)
- City Data Strategic Plan (\$125k)
- Department technology projects (\$1.3M)
 - Parks CLASS Scheduling Software
 - Police Electronic Ticket Writers
 - Police Body Camera Testing
 - Internal Audit Workflow Software
 - Action Center Enhancements



Put Technology To Work

The Arlington City Council has identified "Put Technology To Work" as a priority. Technology touches all parts of the city life both our organization and residents. It is also integral in achieving the City's other four priorities including investing in our economy, supporting quality education, enhancing regional mobility and championing great neighborhoods. This emphasis, which includes enhancing current and embracing new technologies, will improve access, convenience and timeliness of information for our community, creating greater transparency. Additionally, the organization will benefit from increased efficiency and security leading to greater responsiveness. This will lead to economic growth and will position Arlington to provide better services and experiences to all who we serve - residents, businesses, schools and visitors alike.





Champion Great Neighborhoods

- Operation Beautification
 - Existing Projects (\$217,981)
 - New Projects (\$87,000)
- Maintenance of new parks (\$26,063)
- Animal Services part-time hours (\$14,110)
- Reinvigorate Neighborhood Grants



Champion Great Neighborhoods

The Arlington City Council has determined that "Champion Great Neighborhoods" is a priority for the work of our City. Great neighborhoods contribute to a higher quality of life and greater investment in our economy. Every part of our corporation contributes to our overall success and vitality as we make Arlington a great place to live, work, learn, and play.





Invest in Our Economy

- Continued investment in Innovation/Venture Capital Fund
 - \$2.4M Gas Funds
 - Water Entrepreneurial Initiatives \$400k
- Airport projects (\$296k gas funded)
- Develop International APF program
- Downtown Master Plan



 Invest in Our Economy

The Arlington City Council has identified "Invest in Our Economy" as a vital component of the effort to ensure that our community continues to thrive. As Arlington strengthens its position as a key city in the North Texas region, we will develop a systematic approach that directs our future, addresses current and prospective challenges, and positions us to capitalize on opportunities as they develop.

 Enhance Regional Mobility

 Support Quality Education

 Champion Great Neighborhoods

 Invest in Our Economy

 Put Technology to Work



Support Quality Education

- Library Collection Development (\$114,823)
- Library E-Content materials (\$100,000)
- AISD Firefighters Academy
- APD Hometown Recruiting



 Support Quality Education

A successful community requires a variety of support systems and an environment that enables educational opportunities to flourish. Residents, students and families seek a community with desirable choices and a culture of achievement. Arlington strives for quality public, private and higher education for our community. The synergy between educational institutions, the municipal corporation, the private sector and the community can help ensure success and achievement for all students. Focusing on supporting quality education will attract new residents and businesses that will invest in our economy.

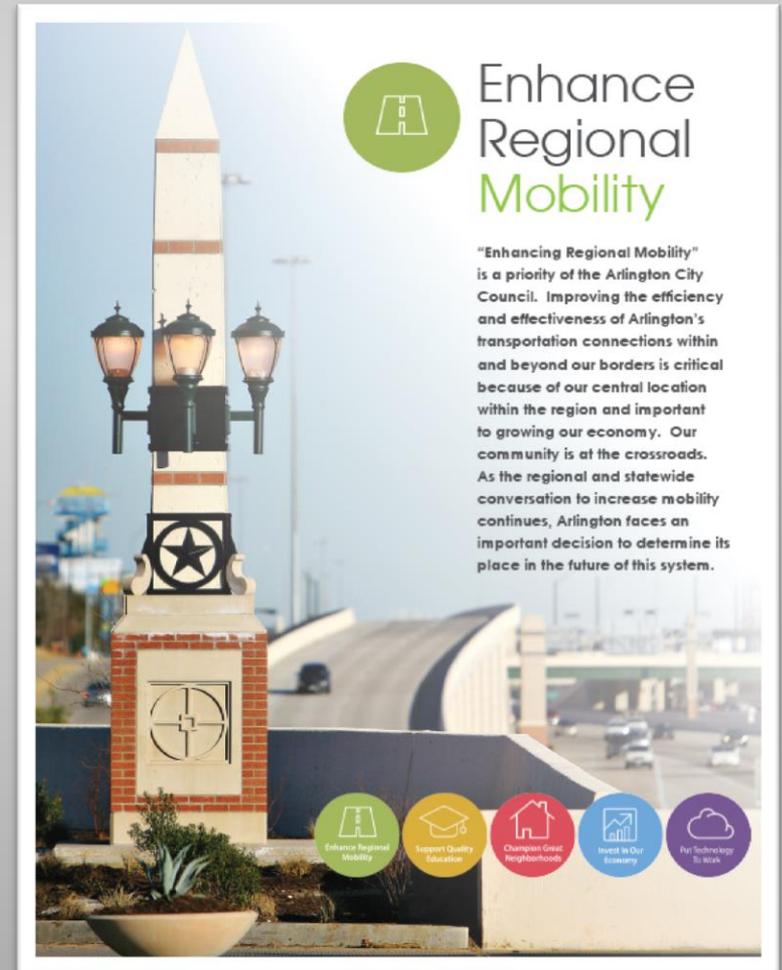


- Enhance Regional Mobility
- Support Quality Education
- Champion Great Neighborhoods
- Invest In Our Economy
- Prepare For The Future Of Technology



Enhance Regional Mobility

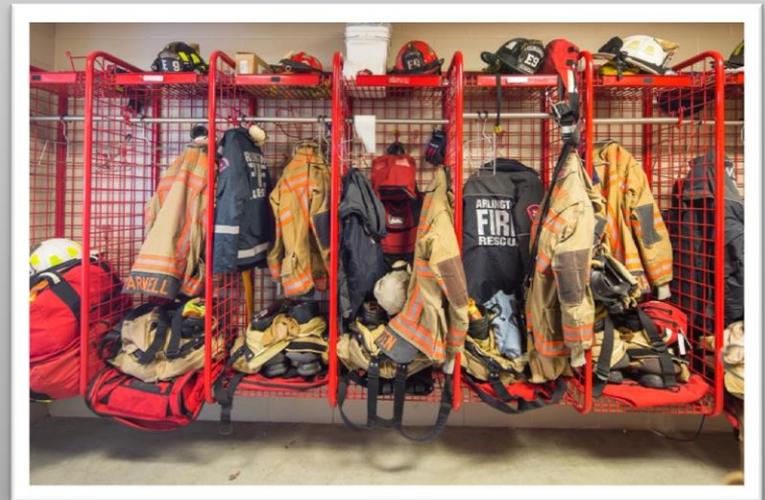
- Support for Max Bus Service (\$114,375)
- Thoroughfare Development Plan (\$65,000)
- Additional Street Maintenance (\$2.5M)





Public Safety

- Restore funding for 23 police officers (\$1,899,344)
- Fire Apparatus (\$2.17M)
- APD Fleet (\$621k)
- Fire Prevention Inspector (\$207k)
- Fire protective gear/equipment (\$196,900)
- Dispatch Services staffing (\$581,526)
- Viridian/Trinity River Rescue (\$83,991)
- Public Safety CAD/DVR maintenance (\$103,476)
- Motor officer pay budget increase (\$18k)





Other Investments

- Opterra Lease
Funding(\$430,948, partial
one-time)
- Additional support for APFA
fund (\$500,000)
- Funding for reserves
(\$849,287)





Infrastructure

- Maintenance Projects
(\$1,284,752)
 - ✓ In the event that revenues exceed budget next year, \$1.2M is budgeted for infrastructure projects.
- Landfill Gas Well (\$110,000)
- Additional Street Maintenance
(\$2,500,000)
- Additional Storm Water Capital Investment (\$2,950,000)





Sources of One-Time Revenues

- FY14 ending balance - \$909,000
- Gas Funds - \$4,330,868
- TIRZ 4 repayment - \$750,000
- Renewable energy reserve - \$195,075 (Opterra lease)
- Total Available = \$6,524,943



Uses of One-time Revenues

- Fire Apparatus - \$2,172,000
- Opterra Lease One-Time- \$195,075
- IT Hardware Replacement - \$188,909
- IT Projects - \$1,355,400
- Bank RFP - \$50,000
- Support for APFA - \$500,000
- Library E-Content and Collection Development- \$214,823
- Library 3D Printer - \$4,000
- Thoroughfare Plan Update- \$65,000



Uses of One-time Revenues (cont.)

- Website Improvements - \$15,000
- Library Server Virtualization - \$11,500
- Viridian/Trinity River Rescue Capability - \$83,991
- Compensation System Review - \$90,000
- Gas Well at Landfill - \$110,000
- Increase to Reserves - \$849,287



Budget Balancing Strategies

- Economic Improvement
 - Sales tax
 - Property values
- Expenditure reductions (\$512,161)
 - Eliminate 2 vacant positions in Planning (\$119,000)
 - Additional salary savings (\$181,444)
 - Cuts from Innovation Summary (\$64,684)
- TMRS Rate Reduction
 - General Fund (\$446,666)
 - All Funds (\$551,140)
- Debt Service (\$572,908)



Compensation & Benefits



Compensation

- Compensation: January increase targeted by job family and market position.
- Total Cost = \$3.4M, General Fund Cost = \$2.9M

Job Family	Distance from Market Average	Proposed Increase		Job Family	Distance from Market Average	Proposed Increase
Engineering	13% below	6%		Police Officer	.74% below	3%
Information Technology	9.9% below	6%		Police Sergeant	3.8% below	3%
Admin/Clerical	8.7% below	2%		Police Lieutenant	2.91% below	3%
Management Professional	7.8% below	2%		Firefighter	3.81% below	4%
Technical/Craft	3.7% below	2%		Apparatus Operator	2.48% below	2%
Executive	8.5% below	2%		Fire Lieutenant	1.8% below	2%
Skill Based Water/Sewer	6% below	2%		Fire Captain	.9% above	2%
Skill Based Crime Scene	Above market	2%		Battalion Chief	.9% above	2%



Employee Health Insurance

- Increase in premiums
 - Employees
 - Retirees
- Wellness Rates
- Mail Order Specialty Drugs
- City portion increase (\$3M)

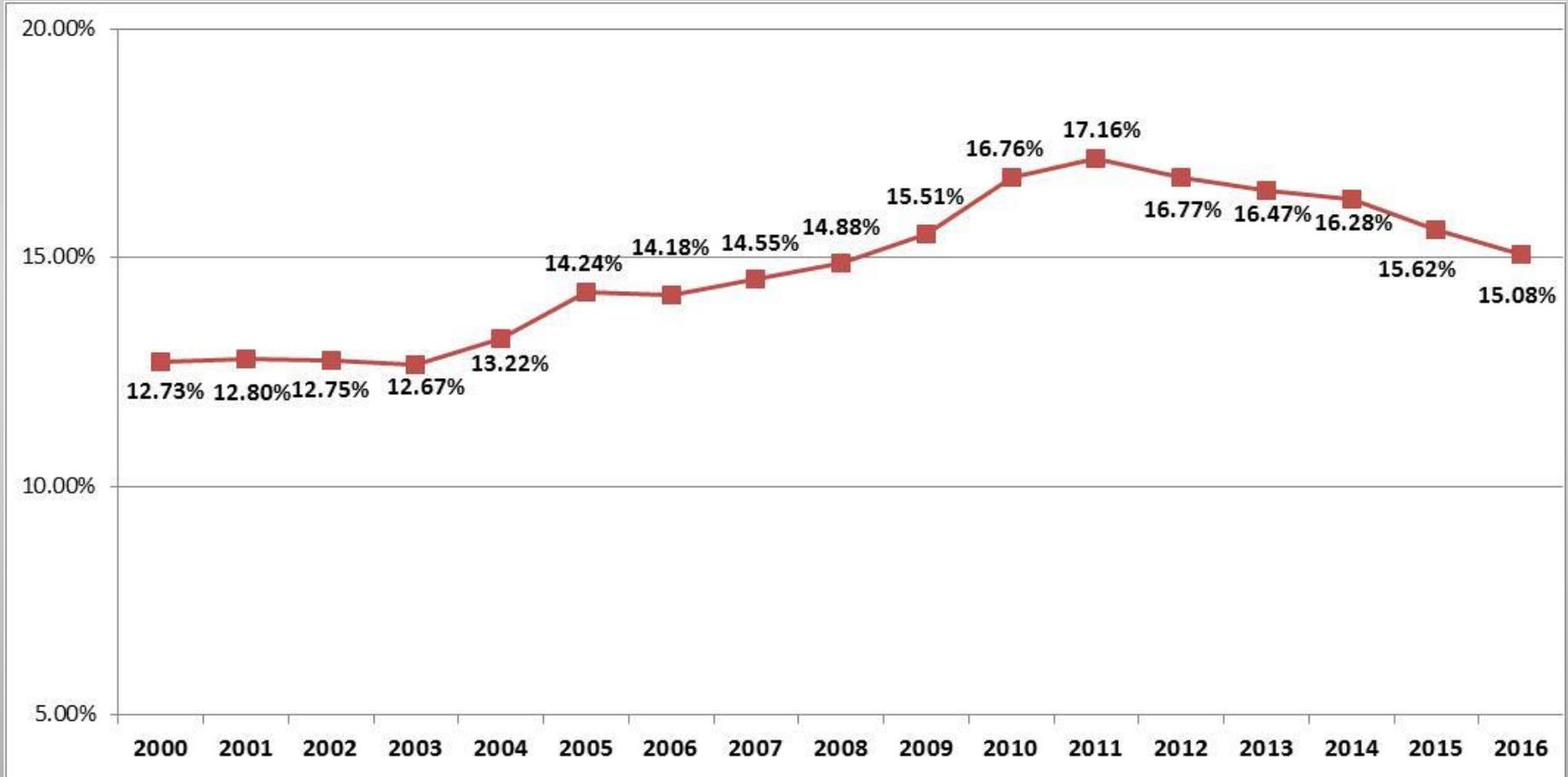


TMRS

- Implemented Entry Age Normal Actuarial Methodology Long Term
 - Decreased Contribution Rate (15.62% to 15.08%)
 - Decreased Amortization Period from 22 years to 21 years
 - Increased funded ratio from 83.9% to 86%

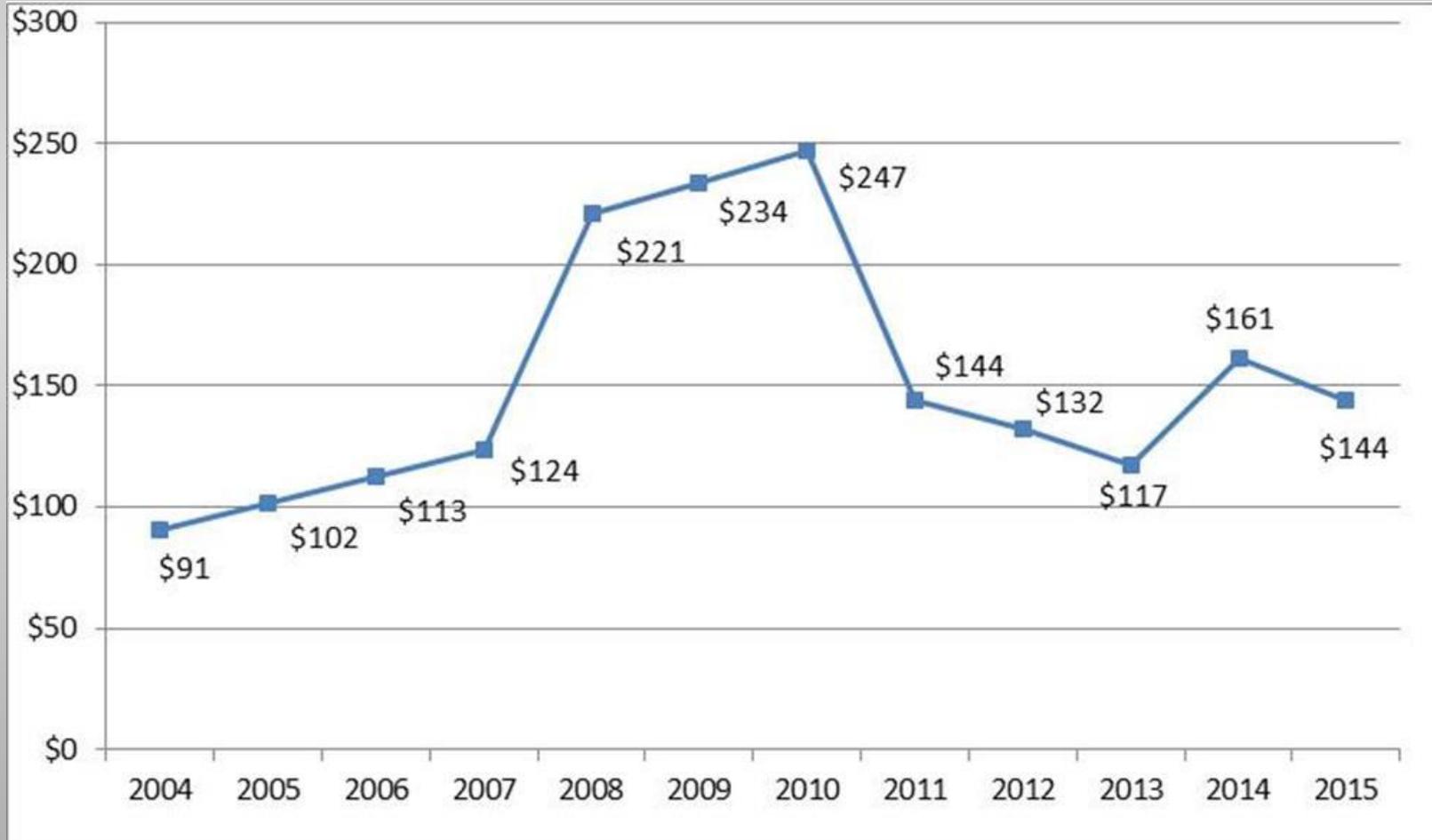


TMRS





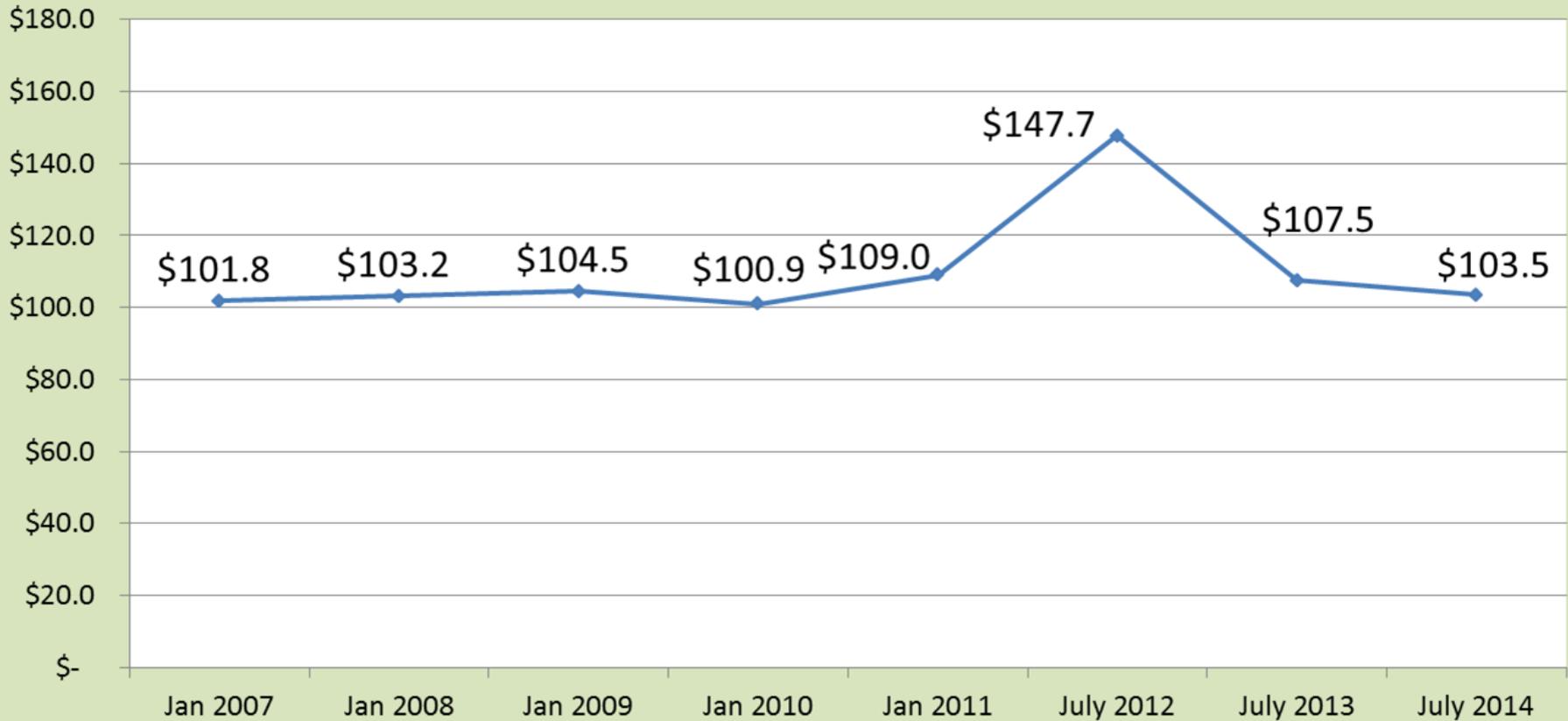
TMRS Unfunded Actuarial Accrued Liability (UAAL)





OPEB Unfunded Liabilities

**Unfunded OPEB
(in \$ millions)**





Other Funds



Water Utilities - Program Changes

• Additions

- TRA rate increase - \$803,904
- Electrical System Testing - \$130,734
- Field Operations OT Increase - \$102,210
- Maintenance of Water Mains - \$61,529
- Maintenance Of Monitoring Stations - \$53,000
- Fleet Replacement - \$700,000

• Deletions

- Eliminate Utilities Engineer - \$117,444
- Eliminate GIS Tech II - \$57,446
- Eliminate Customer Service Rep - \$47,193
- Eliminate 3 Dispatchers - \$140,532



Water Fixed Monthly Charge

Meter Size	FY15	Proposed FY16	
		<i>Residential</i>	<i>Commercial</i>
3/4	\$5.60/\$9.00	\$6.40/\$9.00	\$9.00
1	15.00	15.00	15.00
1-1/2	34.30	34.30	34.30
2	60.00	60.00	60.00
3	141.00		141.00
4	225.00		225.00
6	524.00		524.00
8	820.00		820.00
10	1232.00		1232.00



Water Conservation Rates Residential Block Structure

Usage (1,000 gal)	FY15	<i>Proposed FY16</i>
0 - 2	\$1.78	\$2.02
3 - 10	2.46	2.79
11 - 15	3.55	4.02
16 - 29	4.22	4.79
≥ 30	5.24	5.94



Cost of Service Commercial Volume Rate Block Structure

Usage (1,000 gals)	FY15	<i>Proposed FY16</i>
0 - 15	\$ 2.40	\$2.70
≥ 16	2.67	2.84



Water Conservation Rates Construction Meter Rates

Usage (1,000 gal)	FY15	<i>Proposed FY16</i>
0-99	\$ 5.52	\$5.52
≥ 100	6.96	6.96



Sewer Fixed Monthly Charge

Meter Size	FY15	Proposed FY16
	<i>Residential and Commercial</i>	<i>Residential and Commercial</i>
3/4	\$4.90/\$8.90	\$5.10/\$9.30
1	15.50	16.00
1-1/2	35.30	36.50
2	58.20	59.10
3	119.00	131.00
4	194.00	210.00
6	477.00	526.00
8	694.00	751.00
10	1029.00	1110.00



Cost of Service – Sewer Rate

Wastewater Flow (1,000 gals)	FY15	<i>Proposed FY16</i>
All usage	\$3.70	\$3.71



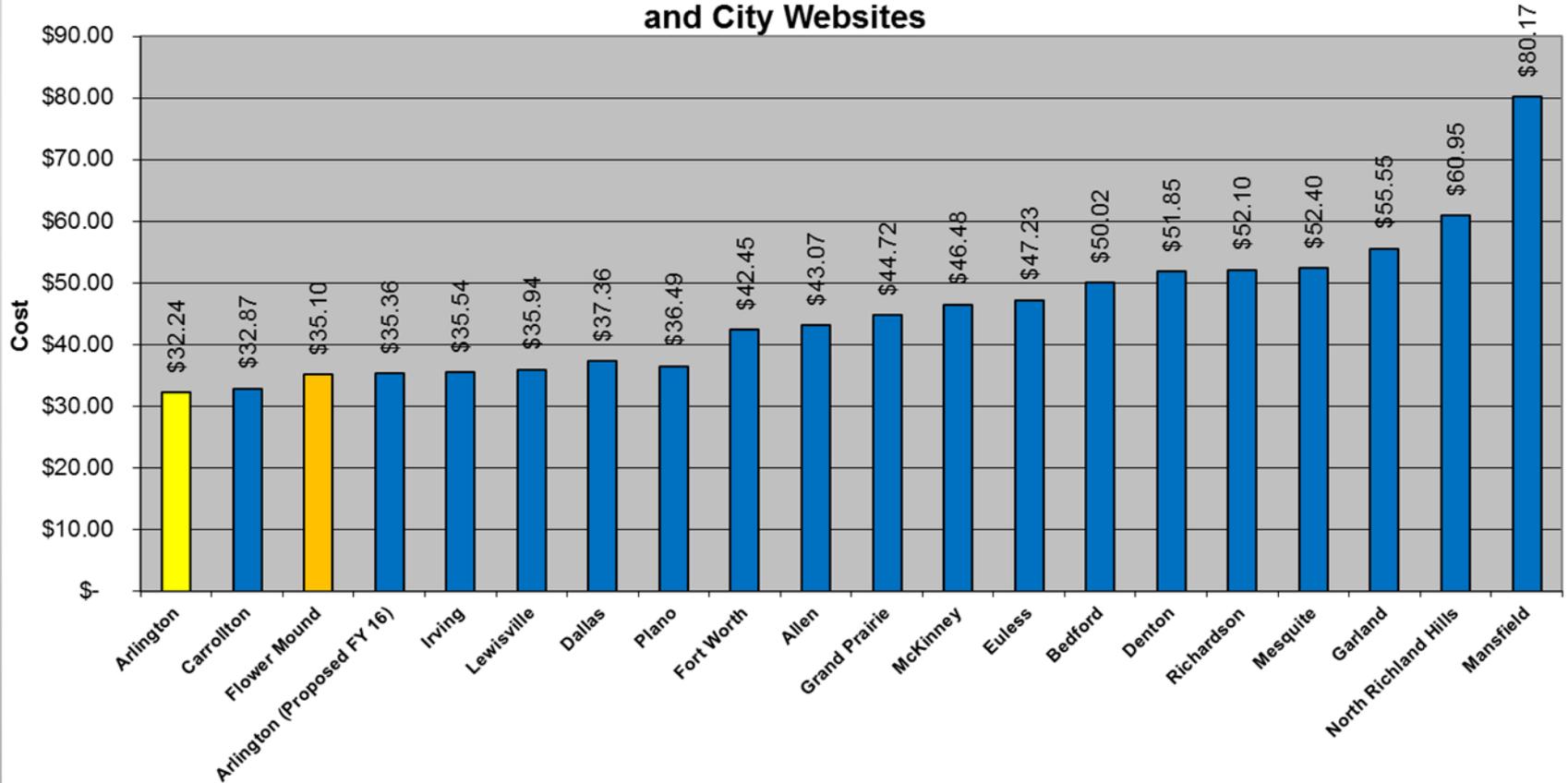
Customer Impact

Monthly Bill (Water/Wastewater)	FY15	Proposed FY16	Annual Impact	Percentage Increase
Minimum User – ¾" meter (2,000 gal/ 2,000 gal)	\$21.46	\$22.96	\$18.00	6.99%
Avg. Residential User – ¾" meter (8,000 gal/ 5,000 gal)	\$54.72	\$57.63	\$34.92	5.32%
Commercial Customer – 2" meter (50,000 gal/ 50,000 gal)	\$432.65	\$444.50	\$142.20	2.74%



Residential Water Rates for 10,000 Gallons

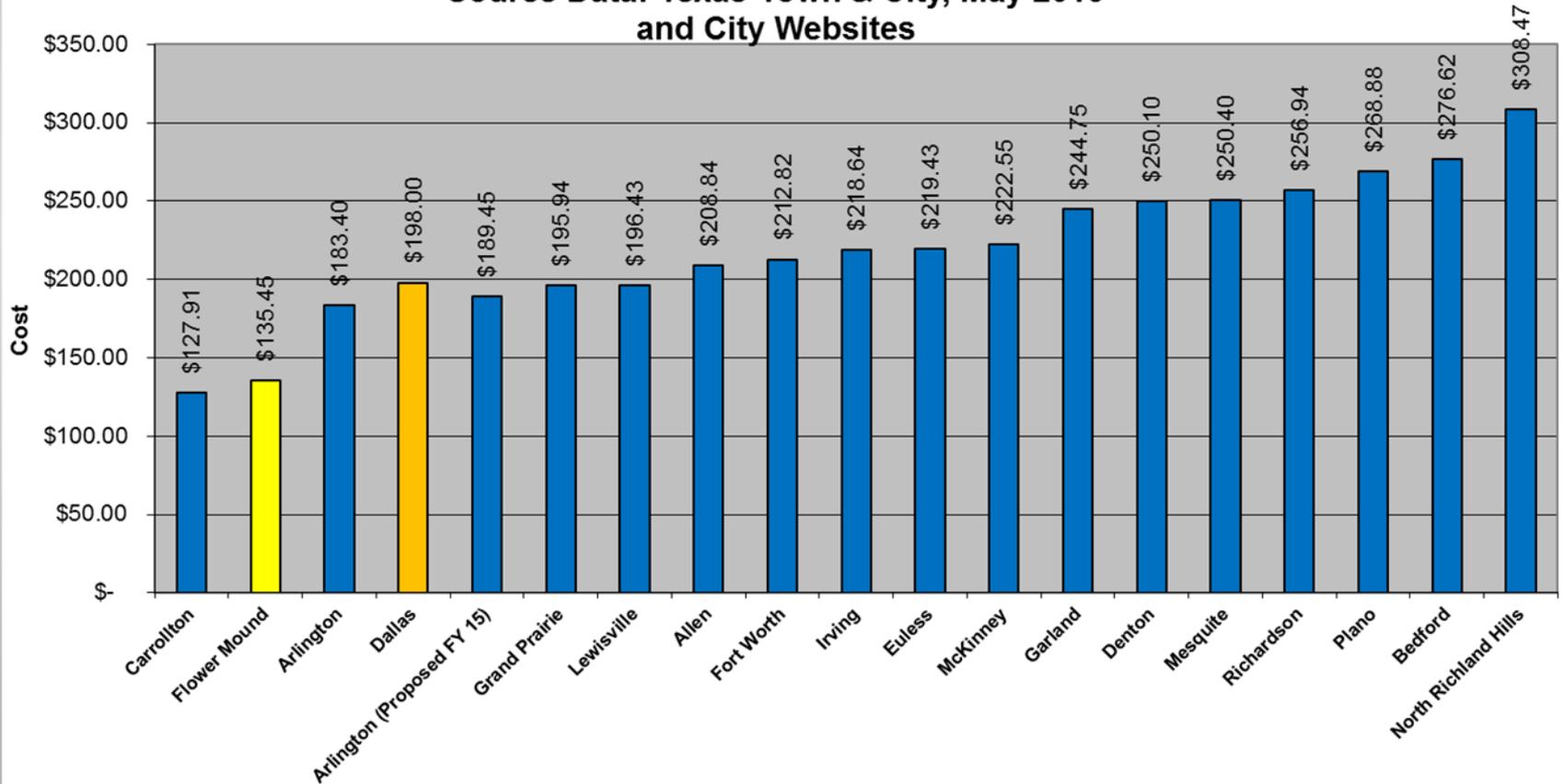
Source Data: Texas Town & City, May 2015
and City Websites





Commercial Water Rates for 50,000 Gallons

Source Data: Texas Town & City, May 2015
and City Websites





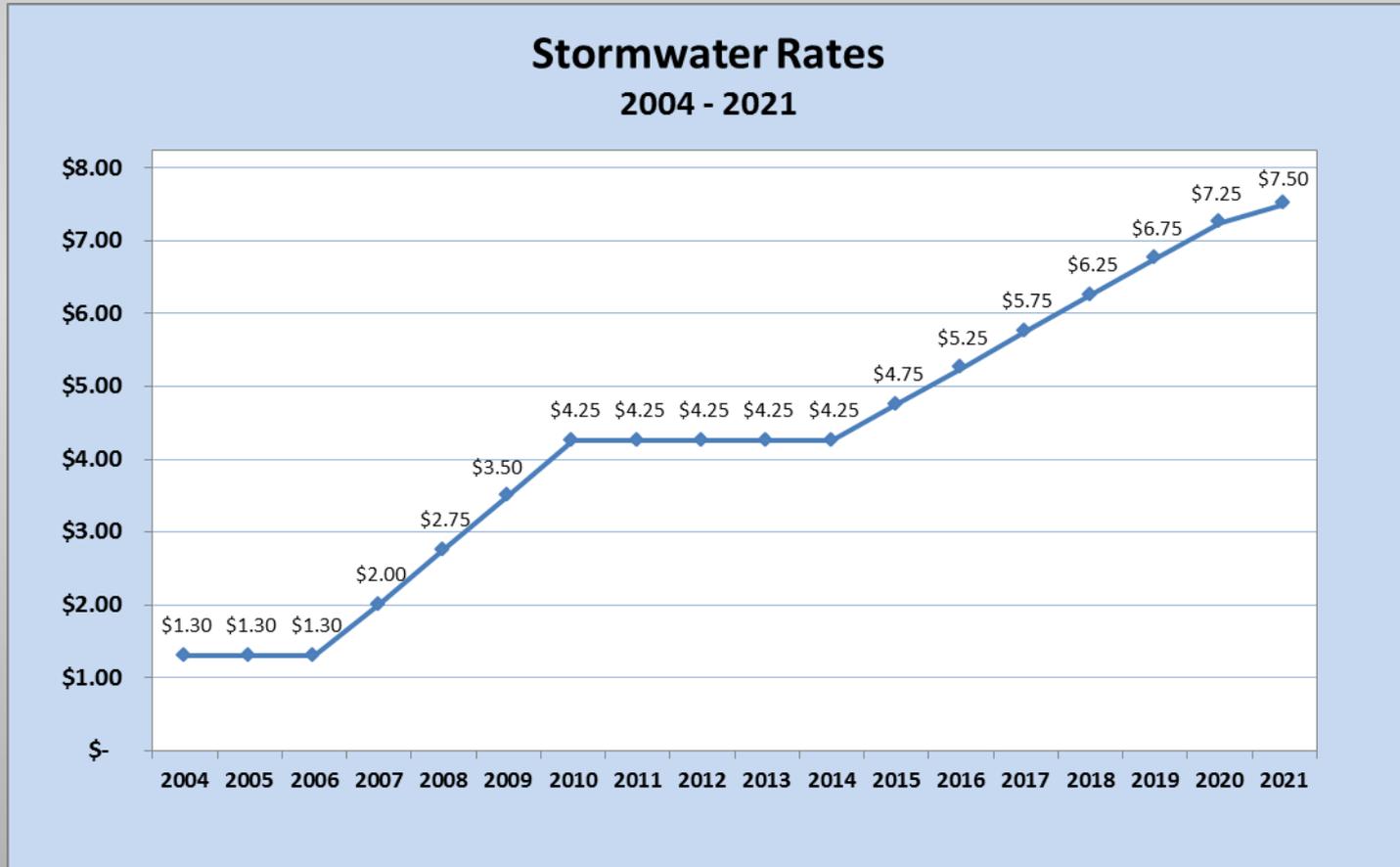
Stormwater Maintenance Fund

Stormwater Program Progress Since 2009

Project Type	Structures Protected	Cost (spent or encumbered)
Flood Mitigation (Complete or Under Construction)	291	\$41,778,327
Flood Mitigation (In Design)	67	\$2,264,956
Streambank Stabilization/ Erosion Mitigation (Public Facilities)	N/A	\$1,950,242
Participation Projects	Pipe Maintenance	\$1,171,097
Miscellaneous (Annual Contracts, Major Maintenance, Stream Gauges, etc.)	N/A	\$1,613,899
Watershed Studies/ Regulations	N/A	\$4,863,133
Total	358	\$53,641,654



Stormwater Maintenance Fund





Stormwater Projects

FY16 Drainage Improvement Construction

Project	Est. Cost for Phase
Sublett Creek Neighborhood – Phase 1 (buyouts)	\$1,000,000
Danbury/Mayfield Rd & Wimbledon	\$800,000
Greencove	\$1,000,000
2015 Miscellaneous (Landover Hills, Ticino Valley, Del Rio)	\$1,000,000
Meadow Park Estates	\$1,890,000
Laguna Vista	\$1,800,000



Stormwater Projects

FY16 Design and Watershed Studies

Project	Est. Cost for Phase
North Fish Creek Detention – Concept Design	\$200,000
Pleasant Forest/N. Meadow Way Circle	\$100,000
Bay Oaks/Arborcrest/W. Second St.	\$100,000
Upper Village Creek and Minor Trinity Tributaries Watershed Study	\$400,000



Convention and Event Services Fund

- Revenues are \$545k higher than FY15
 - Hotel Occupancy Taxes up \$574K
 - Convention Center Revenues down \$28K
- FY 2016 Expenditures
 - Increase to CVB Support - \$650,000 (\$200,000 is one-time)
 - Increase to CVB Arts Contract – \$50,000
- One-time
 - Entertainment District Gateway Signage - \$570,872 (carried over from FY15)
 - Maintenance Reserve Funded Projects
 - Boilers- \$130,000
 - Air Wall Resurfacing - \$115,000
 - Video Board Replacement - \$120,000
 - Other equipment & maintenance - \$43,000



Parks Performance Fund

- Revenues are \$174,000 higher than FY 2015
 - Golf Increased \$24K
 - Recreation \$124K
- FY 2016 Expenditures
 - Recreation Management Software Maintenance \$34,000



Communication Services Fund

- FY 2016 Expenditures
 - Public Safety Technicians (2) – (\$193,442)
 - Communication Training Assistant (3) – (\$171,053)
 - Dispatch Service Unit Assistant (2) – (\$83,305)
 - Funding for training academies (\$133,726)
 - CAD system maintenance (\$63,989)



Change In Average Home Value

Change in Average Home Value				
Fiscal Year	Average Homestead Market Value	Average Homestead Taxable Value	Tax Rate	Property Tax Amount
FY 2015	\$ 134,829	\$ 102,598	\$ 0.6480	\$ 664.84
FY 2016	\$ 138,246	\$ 104,290	\$ 0.6480	\$ 675.80

Average homesteaded property owner would pay \$10.96 more annually (approximately \$0.91 more per month) in property taxes.

Annual impact on average resident:

\$ 10.96 more in property taxes

\$ 34.92 more in water rates

\$ 6.00 more in storm water rates

\$ 3.36 more in garbage rates

\$ 55.24 more per year or \$4.60 more per month



August 11 Meeting

- Council directed budget discussion



FY 2016 Budget Calendar

- Special Budget Meeting – August 11
- Town Hall Meetings
 - August 18th, 6:30pm Council Chamber
 - August 24th, 6:30pm South Police Service Center
- Scheduled Council Meetings
 - August 25 (First Public Hearing on Tax Rate)
 - September 1 (Second Public Hearing on Tax Rate)
- September 10
 - Budget Public Hearing
 - First Vote on Budget and Tax Rate
- September 15 - Second Vote on Budget and Tax Rate



QUESTIONS?

FY2016 Proposed Budget & Business Plan