

Comprehensive Financial Forecast

FY 2017 - FY 2021

Introduction

The purpose of the Comprehensive Financial Forecast is to direct the organization to look forward, consider our future and gauge the City's ability to continue to effectively provide current services, meet goals set by the City Council, and to ensure the City's long-term fiscal health. It is important to stress that this forecast is not a budget, but a planning tool to identify financial trends, potential shortfalls, and arising issues so that we can make informed decisions and take proactive measures to address these items strategically. Additionally, the forecast is a foundation to begin discussions of the upcoming FY 2017 budget process and to assist Council as they consider their future priorities. Ultimately, every annual budget adopted by the City Council is statutorily required to be balanced, therefore any presentation of unbalanced projected numbers reflect work which must be done every year to get expenditures in line with revenues.

Process

All City departments were charged with the assignment to review the revenues they are responsible for and consider three scenarios. For each of the major operating funds, departments prepared revenue projections for the period FY 2017 through FY 2021 based on three different assumptions.

1. A best case scenario which would assume that all, or most, of the variables that affect the particular revenue will be favorable.
2. A worst case scenario which should assume that all, or most, of the variables that affect the particular revenue will be unfavorable.
3. A point between the first two scenarios that is considered most likely.

In the most likely scenario departments were discouraged from taking a simple average between the two extremes, but rather take into account relevant economic variables, historical trends, and other conditions to produce a five-year projection that a department believes is the most realistic scenario; in other words, the most likely to actually occur. Departments spent the most time on this final scenario and it is these projections that factor into the overall revenue picture presented in this Forecast.

Additionally, departments considered two different types of future expenditures needs.

1. Current services expenditures which are based on existing programs, service levels and expenses to which the City is already committed. Examples would include cost increases associated with population growth, automatic CPI increases built into certain contracts, or the costs of programs or services covered by grants that are expiring.

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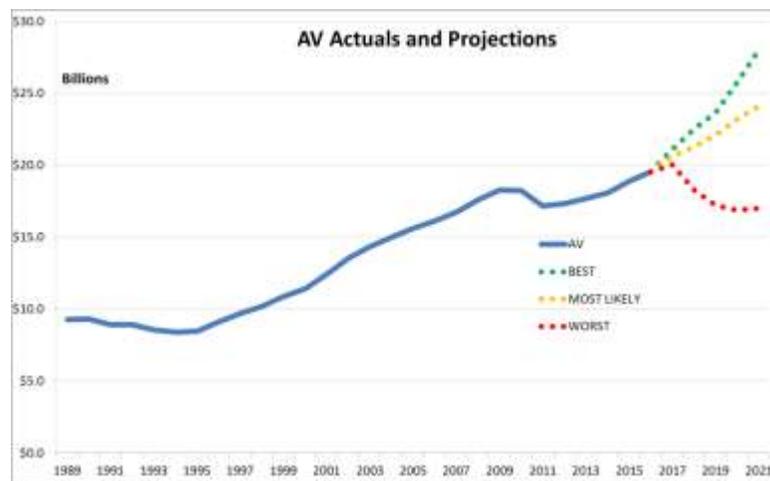
2. New program expenditures which are the costs of new services or expanded services. New programs would include adding personnel, anticipated costs of opening and operating new facilities, or anticipated new technology.

General Fund Revenues

Within the General Fund, 86 percent of all FY 2016 budgeted revenues are contained in the following categories: ad valorem (property) taxes, sales taxes, franchise fees, and Municipal Court revenues. If we include certain other specific revenues such as Water Utilities PILOT (Payment in Lieu of Taxes), AISD payments to the City for the SRO (School Resource Officer) program, and the payments received from the Texas Rangers for the Ballpark lease and land settlement, the total exceeds 90 percent of all General Fund revenues. It becomes clear that projections in these areas, particularly for taxes, franchise fees and Court revenues, are the critical revenue components for determining the resources that will be available to the General Fund in the coming years.

Property taxes are the single largest revenue to the General Fund and as the primary revenue to the Debt Service Fund, they are the foundation of what the City is able to accomplish in the capital budget. In considering the three possible scenarios for Ad Valorem revenues (AV), we analyzed historical trends over the past 25 years.

The worst case scenario for property tax utilizes a combination of this most current recession as its benchmark mixed with the last time the federal government shutdown due to political infighting. Revenue declines in M&O from \$84M in 2016 down



to a low of \$69M in 2021. It will take several more years of growth beyond 2021 before AV returns to 2016 levels. Over the 5-year time horizon \$104M debt is issued, but none until 2019.

The best case repeats the five-year period from 1998-2002 in which the City experienced its best rate of growth from 1989-2015. Revenues increase 37% in 2021 vs. 2016 in M&O. Taxable value will reach \$28B by 2021. Over the 5-year time horizon \$360M in debt is issued. After issuance in 2016, the City has \$226M remaining in voter-approved bond authorization.

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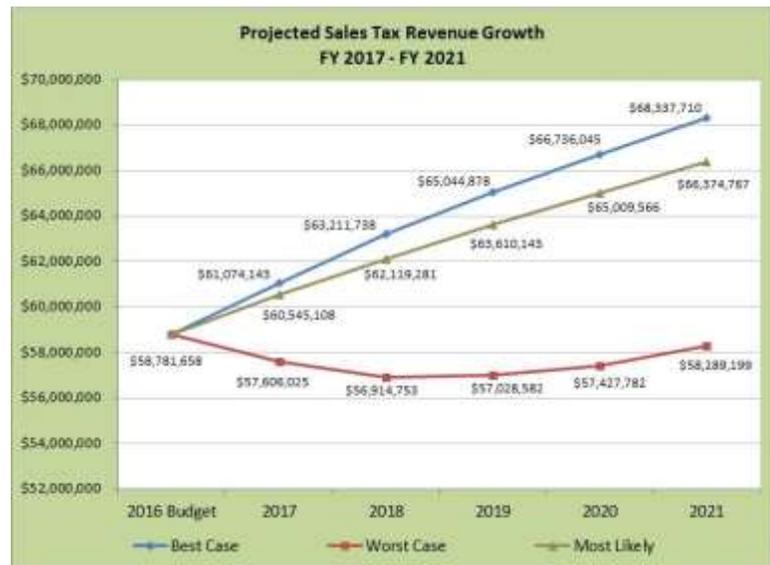
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The most likely case assumes a steady growth pattern in values similar to what the City experienced from 2005-2009. Revenues gradually increase in M&O by \$2.0 to \$3.7M per year, with an accumulated growth for five years of \$15M. Over the 5-year time horizon \$266M in debt is issued. This is an increase from the \$248M capacity that was used for determining the bond election.

Increase in Property Values	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Best Case	8.00%	6.75%	5.03%	8.94%	8.67%
Worst Case	2.05%	-8.81%	-5.87%	-1.94%	0.84%
Most Likely	5.50%	3.25%	3.80%	5.00%	3.90%

All three scenarios attempt to return the tax split to .2020 I&S / .4460 M&O. The amount of debt issued was increased or decreased to accommodate this tax rate split while maximizing the amount of debt possible in order to facilitate the greatest amount of capital projects. This was not possible in the Worst Case in which the I&S (interest and sinking) rate had to be increased from 2017-2018. While an increase in property values directly increases revenues, revenues are not increased at the same percentage due to several factors that include items such as TIRZ growth and Chapter 380 agreements.

The City's sales tax receipts have shown steady improvement since early in calendar year 2014. The most likely scenario for General Fund **sales tax revenues** shows an increase of 3.0 percent in FY 2017 over the FY 2016 budget, then increases in each subsequent year as follows: 2.6 percent in FY 2018, 2.4 percent in 2019, 2.2 percent in 2020, and 2.1 percent in 2021, which is based on the City's long-term trend of approximately 2.2 percent annual growth in sales tax revenues. Over the five-year period, this would result in a 19.5 percent increase from the FY 2015 actual amount received. The worst case scenario would result in an increase over the five-year period of approximately 4.9 percent, which could result if the City were to enter into another period of declines similar to those

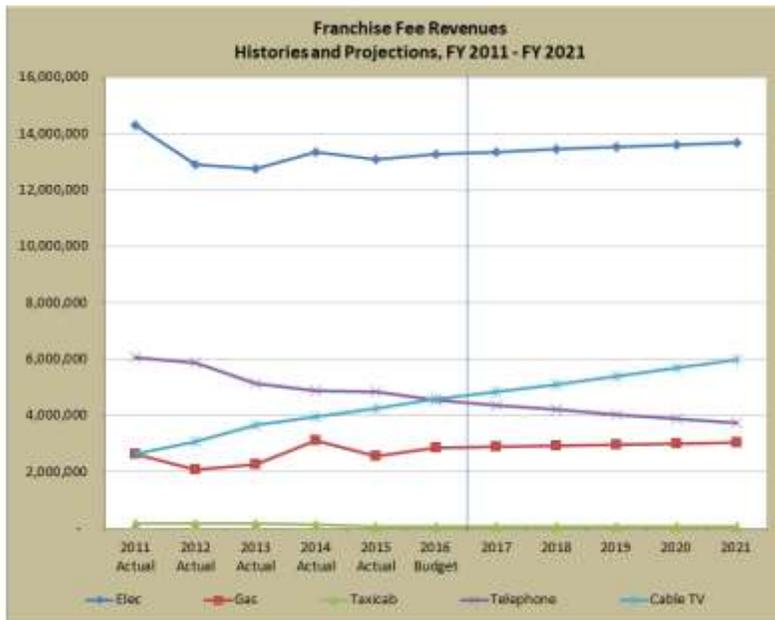


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experienced in FY 2002-2003 or FY 2009-2010. The best case scenario would result in a 23.0 percent increase over the period. The graph above shows the results of all three growth scenarios over the five-year forecast period.

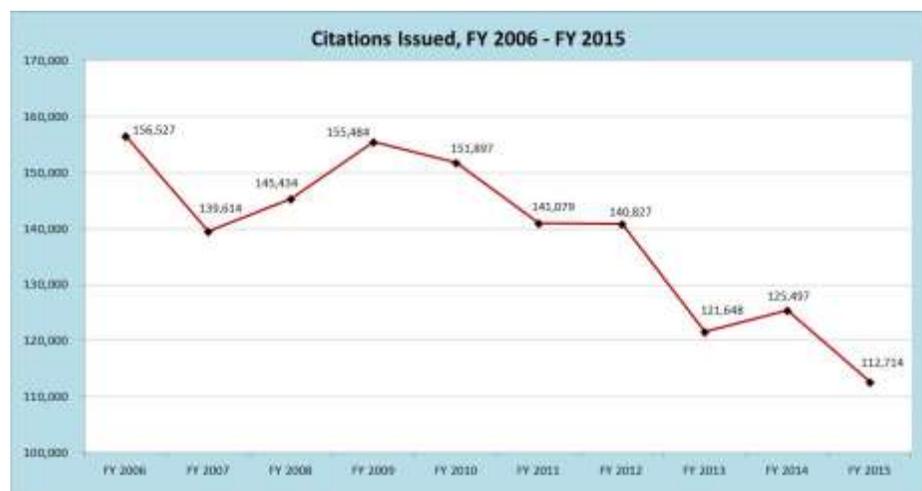
The most likely scenario for **franchise fee revenues** shows an increase of 0.7 percent in FY 2017 from the FY 2016 budgeted level, then annual changes thereafter as follows: a 0.8 percent increase in FY 2018, 0.9 percent increase in FY 2019, a 1.0 percent increase in FY 2020, and a 1.0 percent increase in FY 2021.



Over the five-year forecast period, this would result in a 4.5 percent increase from the FY 2016 budgeted level. The worst case scenario would result in a 1.4 percent decrease over the five-year period, and the best case scenario would result in a 13.9 percent increase over the period. Franchise fee revenues for electricity, gas, and water usage are largely determined by weather conditions during the winter and summer months, and could vary

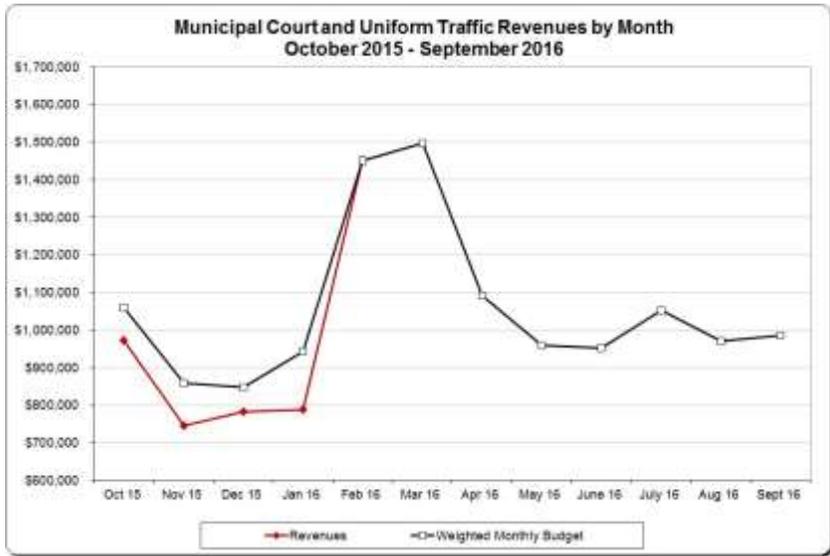
significantly in any given year if we experience extreme cold or extreme heat and drought. In addition, the decline in telephone franchise fee revenues (due to cellular telephones being exempt from this charge) is expected to continue.

The most likely scenario for **Municipal Court revenues** would project an 11.0 percent decrease in FY 2017 from the FY 2016 budget, then a 3.0 percent decrease in FY 2018, flat in FY 2019 and 2020, and an increase of 1.0 percent in FY 2021. These trends are largely the result of continuing declines in the number of citations processed at the Court, as shown in the accompanying graph.



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The current-year graph to the left shows the two largest revenue sources at the Court, which in the aggregate are approximately \$420,000 below the cumulative weighted budget amount through February 2016.

The red light camera enforcement program was terminated by the voters in May 2015. This resulted in a loss of approximately \$2.5 million in annual revenue;

this revenue source is shown at zero throughout the forecast period.

As noted earlier, the revenues discussed above constitute 86 percent of all General Fund revenues. The remaining General Fund revenues are carried forward in the forecast using projections based on historical averages and consideration of the three revenue scenarios.

In the aggregate, the three projection scenarios for the General Fund would result in revenues as follows for the five years of the forecast:

	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021
Best Case	223,530,616	234,632,444	244,446,320	251,828,320	263,327,810	275,432,871
Worst Case	223,530,616	217,861,445	207,071,526	200,972,206	198,511,067	199,155,512
Most Likely	223,530,616	228,909,593	232,987,001	237,609,448	243,453,244	248,595,228
Increase from Prior Year		5,378,977	4,077,408	4,622,447	5,843,795	5,141,984
Percent Increase from Prior Year		2.4%	1.8%	2.0%	2.5%	2.1%

If we assume the most likely scenario, revenues will increase by \$5.4M (2.4%) in FY 2017; then increase by \$4.1M (1.8%) in FY 2018; by \$4.6M (2.0%) in FY 2019; by \$5.8M (2.5%) in FY 2020; and by \$5.1M (2.1%) in FY 2021.

The baseline General Fund operating position on the next page assumes the mostly likely scenario for revenues and includes no new programs or additional funding in FY 2017. One-time funds used in FY 2016 are removed from the forecasted years. Additionally, a complete list of all General Fund revenues under the most likely scenario follows.

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**General Fund
Baseline**

Comprehensive Financial Forecast General Fund, FY 2017 - FY 2021

	FY 2016 Budget	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GENERAL FUND REVENUES - Most Likely	\$ 223,530,616	\$ 228,909,593	\$ 232,987,001	\$ 237,609,448	\$ 243,453,244	\$ 248,595,228
INTERFUND TRANSFERS:						
Water and Sewer Fund Indirect Cost	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304
Conv. & Event Svcs. Fund Indirect Cost	691,824	691,824	551,824	551,824	551,824	551,824
Storm Water Indirect Cost	384,387	388,231	388,231	388,231	388,231	388,231
IMF Energy Projects (for Opterra)	195,075	-	-	-	-	-
One-time General Gas Funds	4,030,868	-	-	-	-	-
To IT ISF for One-time Projects	(1,948,056)	-	-	-	-	-
TIRZ 4 Reimbursement	750,000	-	-	-	-	-
Parks & Airport Gas support for APFA	215,000	-	-	-	-	-
From SWUF for capital reimbursement	463,055	463,055	463,055	-	-	-
From SWUF for engineering reviews	88,699	-	-	-	-	-
To APFA Fund	(1,011,995)	-	-	-	-	-
Additional Support for Health Insurance Fund	(650,000)	-	-	-	-	-
Ending Balance Use	909,000	-	-	-	-	-
To Park Performance Fund	(1,497,153)	(1,497,153)	(1,497,153)	(1,497,153)	(1,497,153)	(1,497,153)
To Special Transportation Fund	(1,199,945)	(1,199,945)	(1,199,945)	(1,199,945)	(1,199,945)	(1,199,945)
To Street Maintenance Fund for Traffic	(4,722,827)	(4,722,827)	(4,722,827)	(4,722,827)	(4,722,827)	(4,722,827)
To Street Maintenance Fund	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)
TOTAL INTERFUND TRANSFERS	\$ (1,607,291)	\$ (4,182,038)	\$ (4,322,038)	\$ (4,785,093)	\$ (4,785,093)	\$ (4,785,093)
TOTAL AVAILABLE FUNDS	\$ 221,923,325	\$ 224,727,556	\$ 228,664,964	\$ 232,824,356	\$ 238,668,151	\$ 243,810,135
GENERAL FUND EXPENDITURES	<u>\$ 221,894,956</u>	<u>\$ 219,845,798</u>				
ENDING BALANCE	\$ 28,370	\$ 4,881,758	\$ 8,819,166	\$ 12,978,558	\$ 18,822,353	\$ 23,964,337

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General Fund Revenues - Most Likely Scenario

DESCRIPTION	FY 2016 Budget	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Sales Taxes, General Fund	58,781,658	60,545,108	62,119,281	63,610,143	65,009,566	66,374,767
State Liquor Tax	1,988,226	2,004,132	2,016,157	2,024,221	2,030,294	2,034,354
Bingo Tax	80,000	77,600	75,505	73,617	71,924	70,414
Water Data Service Charges	415,277	415,277	415,277	415,277	415,277	415,277
PILOT - Water	3,998,011	4,057,981	4,149,286	4,265,466	4,436,084	4,564,731
Other Service Charges	400,000	400,000	400,000	400,000	400,000	400,000
Electric Franchise Fees	13,279,258	13,358,934	13,439,087	13,519,722	13,600,840	13,682,445
Gas Franchise Fees	2,852,651	2,886,883	2,921,525	2,956,584	2,992,063	3,027,967
Water Franchise Fees	7,414,388	7,503,361	7,593,401	7,684,522	7,776,736	7,870,057
Telephone Franchise Fees	4,566,455	4,379,314	4,203,962	4,035,624	3,874,020	3,718,879
Taxicab Franchise Fees	70,000	69,510	69,023	68,540	68,060	67,584
Cable TV Franchise Fees	4,587,547	4,839,862	5,106,054	5,386,887	5,683,166	5,995,740
Sheraton Ground Lease	289,915	295,133	300,446	305,854	311,359	316,964
Ballpark Lease	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Ballpark Settlement	727,500	727,500	727,500	727,500	727,500	727,500
Beverage Contract Revenues	49,751	49,751	49,751	49,751	49,751	49,751
Prop Taxes, General Fund 1000	83,548,790	87,308,486	89,272,926	91,772,568	95,443,471	98,211,332
Interest, General Fund	299,892	629,773	944,660	1,039,126	1,143,038	1,257,342
Terminal Building Leases	101,612	102,567	103,955	104,678	106,101	107,334
Hangar Rental	287,160	201,926	214,549	214,549	214,549	214,800
Tie Down Charge	27,540	30,600	33,660	33,660	33,660	33,660
Land/Ramp Lease	383,161	407,732	481,487	486,150	491,050	484,372
Alcoholic Beverage Licenses	120,000	123,600	127,308	131,127	135,061	139,113
Vital Statistics	235,000	263,200	268,464	273,833	279,310	284,896
Multi-Family Inspections	630,000	606,690	606,690	612,454	612,454	612,454
Extended Stay Annual Inspections	180,480	173,802	173,802	182,145	182,145	182,145
Animal Awareness/Safety Program	5,820	3,841	3,841	3,841	3,841	3,841
Adoption Fees	165,000	154,935	154,935	154,935	154,935	154,935
Weed and Grass Fees	58,883	95,390	95,390	95,390	95,390	95,390
Dangerous Structure Demolition	8,068	10,730	10,730	10,730	10,730	10,730
Nuisance Abatement Fees	34,815	42,822	42,822	42,822	42,822	42,822
Multi-Family Reinspection Fees	7,638	1,528	1,528	1,528	1,528	1,528
Extended Stay Reinspection Fees	606	450	450	450	450	450
Duplex Registrations	19,875	20,253	20,253	20,253	20,253	20,253
Duplex Reinspections	7,638	458	458	458	458	458
Swimming Pool Reinspections	4,229	761	761	761	761	761

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General Fund Revenues - Most Likely Scenario

DESCRIPTION	FY 2016 Budget	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Vet Services	13,791	13,825	13,825	13,825	13,825	13,825
Impoundment Fees	61,838	60,601	60,601	60,601	60,601	60,601
Swimming Pool Permits	96,000	97,248	97,248	97,248	97,248	97,248
Securing Code Violations	2,658	4,851	4,851	4,851	4,851	4,851
Dog and Cat Licenses	51,576	84,843	84,843	84,843	84,843	84,843
Euthanasia Fees, Other Animal Fees	8,726	9,520	9,520	9,520	9,520	9,520
Deceased Animal Pick-Up	2,100	2,100	2,100	2,100	2,100	2,100
Dangerous Animal Fee	5,850	4,405	4,405	4,405	4,405	4,405
Food Service App/Change of Owner	52,550	52,550	53,181	53,712	53,712	53,712
Food Service Estab. Reinspections	1,500	2,550	2,550	2,550	2,550	2,550
Food Establishment Permits	696,465	696,465	704,823	711,871	711,871	711,871
Food Handlers Permits	72,397	7,602	7,602	7,602	7,602	7,602
Child Care Licenses and Permits	62,689	60,996	60,996	60,996	60,996	60,996
Building Inspection Fees	70,000	79,290	79,290	79,290	79,290	79,290
Plat Review and Inspections	127,000	229,000	229,000	229,000	229,000	229,000
Rezoning Fees	85,000	86,775	86,775	86,775	86,775	86,775
Real Estate Transfer	289,000	289,000	289,000	289,000	289,000	289,000
Landscape/Tree Preservation Fees	10,000	12,000	12,000	12,000	12,000	12,000
Building Permits	1,982,430	2,176,217	2,087,871	1,962,658	1,878,268	1,887,659
Electrical Permits	85,000	86,222	86,222	86,222	86,222	86,222
Plumbing Permits	260,000	280,000	280,000	280,000	280,000	280,000
Mechanical Permits	125,000	110,000	109,450	114,923	116,072	117,232
Business Registration	207,900	215,000	219,300	217,107	214,936	214,936
Certificates of Occupancy	135,000	136,000	136,204	136,272	136,408	136,408
Boathouse/Pier Licenses	14,000	14,000	14,000	14,000	14,000	14,000
Plan Review Fees	861,000	1,040,953	1,127,059	1,215,866	1,334,572	1,502,461
Irrigation Permits	43,000	43,000	42,355	41,720	41,094	40,477
Pipeline License Agreements	45,000	50,000	50,000	50,000	50,000	50,000
Gas Well Inspection Fees	261,000	174,000	174,000	174,000	174,000	174,000
Gas Well Annual Reinspections	676,000	700,000	724,000	748,000	772,000	796,000
Gas Well Supplemental Fee	3,500	5,000	5,000	5,000	5,000	5,000
Special Event Parking - Renewal	14,000	14,000	14,000	14,000	14,000	14,000
Fire Initial Inspections	66,600	31,302	30,676	30,062	29,461	28,872
Firefighter Applicant Fees	60,000	36,900	37,269	37,269	37,269	37,269
Fire Permit Fees	169,000	160,550	152,523	144,896	146,345	147,809
Overtime and Reinspection Fees	20,000	17,600	14,960	14,661	14,368	14,080

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General Fund Revenues - Most Likely Scenario

DESCRIPTION	FY 2016 Budget	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Fire Inspection Fees	270,000	272,700	275,427	278,181	280,963	283,773
Fire Operational Permits	200,000	204,000	208,080	212,242	216,486	220,816
Risk Management - Damages	190,000	228,000	234,840	241,885	249,142	256,616
Library Cards for Non-Residents	40,052	40,453	40,857	42,491	44,616	44,616
Library Fines	238,322	131,077	127,145	124,602	122,110	119,668
Copier Concessions	72,586	74,038	76,259	82,360	90,596	90,596
Criminal Justice Fees	429,915	382,624	371,146	371,146	371,146	374,857
Municipal Court Fines	4,082,877	3,633,761	3,524,748	3,524,748	3,524,748	3,559,995
Child Safety Fees	43,555	38,764	37,601	37,601	37,601	37,977
Uniform Traffic Fines	8,584,653	7,640,341	7,411,131	7,411,131	7,411,131	7,485,242
Time Payment Fees	73,949	65,815	63,840	63,840	63,840	64,479
Issue / Arrest Fees	370,051	329,345	319,465	319,465	319,465	322,660
Park Bond Fund	50,000	50,000	50,000	50,000	50,000	50,000
Police Admin, Escorts, Misc. Rev.	75,000	75,000	75,000	75,000	75,000	75,000
Jail Support Revenues	51,500	46,350	46,350	46,350	46,350	46,350
Abandoned Vehicle Search Fees	8,000	8,000	8,000	8,000	8,000	8,000
Police Towing Fees	150,000	150,000	150,000	150,000	150,000	150,000
Burglar Alarm Permits	1,040,000	1,040,000	1,040,000	1,040,000	1,040,000	1,040,000
Red Light Camera Violations	0	0	0	0	0	0
Contrib from AISD / SRO Program	1,284,534	1,371,959	1,371,959	1,371,959	1,371,959	1,371,959
Garbage Franchise Fees	1,660,000	1,704,820	1,750,850	1,798,123	1,846,672	1,896,533
Engineering Services Bond Projects	575,000	601,968	601,968	601,968	601,968	601,968
Storm Event Clean-Up Fees	56,700	56,700	56,700	56,700	56,700	56,700
Water Dept Street Cuts	130,000	154,440	154,440	154,440	154,440	154,440
Construction Management Fees	50,000	82,500	82,500	82,500	82,500	82,500
Inspection Transfer	1,005,000	1,056,255	1,056,255	1,056,255	1,056,255	1,056,255
Survey Transfer	140,000	172,060	172,060	172,060	172,060	172,060
Transportation Bond - Operating	95,000	95,000	95,000	95,000	95,000	95,000
Saturday Inspection Fees	30,000	28,710	28,710	28,710	28,710	28,710
Abandonment Fees	2,000	2,868	2,868	2,868	2,868	2,868
State Reimburse - Traffic Signals	71,232	71,232	71,232	71,232	71,232	71,232
Landfill Usage Fees	2,209,000	2,250,971	2,250,971	2,250,971	2,250,971	2,250,971
City Waste Royalty	1,310,000	1,361,090	1,361,090	1,361,090	1,361,090	1,361,090
Non-City Waste Royalty	2,107,000	2,170,210	2,170,210	2,170,210	2,170,210	2,170,210
Methane Gas Royalty	25,000	18,675	18,675	18,675	18,675	18,675
Brush Waste Royalty	74,000	48,988	48,988	48,988	48,988	48,988

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General Fund Revenues - Most Likely Scenario

DESCRIPTION	FY 2016 Budget	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
City Dept Waste Rebate	54,500	60,550	60,550	60,550	60,550	60,550
Landfill Lease - Deferred Revenue	457,259	457,259	457,259	457,259	457,259	457,259
Message Board Rentals	50,000	47,250	47,250	47,250	47,250	47,250
Parking Meter Revenue	16,585	16,585	16,585	16,585	16,585	16,585
Cell Phone Tower Leases	140,000	143,500	147,088	150,765	154,534	158,397
Auction Revenue	29,000	27,550	27,550	30,305	28,790	28,790
Pedicab Revenues	7,800	7,800	7,800	7,800	7,800	7,800
Animal Surrender Fees	31,380	31,380	31,380	31,380	31,380	31,380
Infrastructure revenue	1,284,752	1,284,752	1,284,752	1,284,752	1,284,752	1,284,752
Major Event Trust Fund	300,000	300,000	300,000	300,000	300,000	300,000
TOTAL	223,530,616	228,909,594	232,987,002	237,609,448	243,453,244	248,595,228

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General Fund Expenditures

The cost of employee health insurance and compensation adjustments will affect all of the City's operating funds. The projected costs for these items in the General Fund are discussed below. They are also included in the accompanying operating positions for all funds included in the Financial Forecast.

Health insurance costs for employees and retirees are projected to increase over the forecast period. However, plan changes made during the FY 2016 budget process have reduced the size of the impact from the amount reported in previous forecasts. In the General Fund, these costs are budgeted at \$19.45M in FY 2016. Based on information provided by the Human Resources Department, the table below illustrates the projected amounts needed for employee health insurance in the General Fund over the next five years, assuming no changes to plan provisions and benefits.

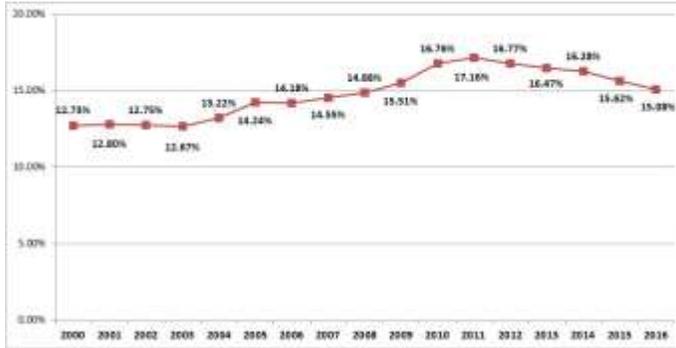
		7.6%	10%	9%	9%	9%	
	Budgeted FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Cumulative Costs
Employee Insurance	19,448,899	20,927,015	23,019,717	25,091,491	27,349,726	29,811,201	
Increase from prior year		1,478,116	2,092,702	2,071,775	2,258,234	2,461,475	10,362,302
Percent increase from prior year		7.6%	10.0%	9.0%	9.0%	9.0%	

Employees are the City's most valuable resources and Arlington has invested accordingly in salary and benefits over the past few years. FY 2013 through FY 2015 included recurring salary increases that were granted across-the-board to all employees. In FY 2016, employee compensation was targeted to close the gap between average compensation at the City for the various employee job families (clerical, professional, technical, etc.) and the compensation granted in the surrounding market of comparable employers and jobs. Since the compensation gap varied by category, so did the raises granted in FY 2016. However, limited resources prohibited closing some of those gaps completely and Council indicated a desire to place a priority on compensation while preparing the FY 2017 Budget. On February 9th, the City Manager briefed City Council on several options available to Council for FY 2017 employee compensation. For the purposes of this forecast, the option that provided for market average plus 5% spread over a three year period is presented. The cost of this option is shown below and includes an assumption that the market has grown by 3%.

	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Cumulative Costs
Targeted Compensation Increases	5,434,166	9,443,642	10,400,929	4,844,773	4,990,116	35,113,626

Comprehensive Financial Forecast FY 2017 - FY 2021

The City participates in TMRS (Texas Municipal Retirement System) for the employee pension program. Over recent years, the City has benefited from slight declines in the percentage contribution to TMRS (see table). However, TMRS has indicated to the City that in the 2017



rate could increase. The potential rate change is due to recommendations from the 2015 actuarial experience study which included a number of changes to the system's economic assumptions. The changes that most affect Arlington are the lowering the inflation assumption from 3.00% to 2.50% and decreasing the investment return assumption from 7.0%

to 6.75%. The impact to the General Fund in FY17 is projected to be around \$700,000.

The General Fund Operating position on the next page assumes the mostly likely scenario for revenues and includes additional funding for forecasted employee health insurance increases, targeted compensation increases and the impact of the TMRS rate change.

Comprehensive Financial Forecast

FY 2017 - FY 2021



**General Fund - With Health,
Compensation, & TMRS**

Comprehensive Financial Forecast General Fund, FY 2017 - FY 2021

	FY 2016 Budget	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GENERAL FUND REVENUES - Most Likely	\$ 223,530,616	\$ 228,909,593	\$ 232,987,001	\$ 237,609,448	\$ 243,453,244	\$ 248,595,228
INTERFUND TRANSFERS:						
Water and Sewer Fund Indirect Cost	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304
Conv. & Event Svcs. Fund Indirect Cost	691,824	691,824	551,824	551,824	551,824	551,824
Storm Water Indirect Cost	384,387	388,231	388,231	388,231	388,231	388,231
IMF Energy Projects (for Opterra)	195,075	-	-	-	-	-
One-time General Gas Funds	4,030,868	-	-	-	-	-
To IT ISF for One-time Projects	(1,948,056)	-	-	-	-	-
TIRZ 4 Reimbursement	750,000	-	-	-	-	-
Parks & Airport Gas support for APFA	215,000	-	-	-	-	-
From SWUF for capital reimbursement	463,055	463,055	463,055	-	-	-
From SWUF for engineering reviews	88,699	-	-	-	-	-
To APFA Fund	(1,011,995)	-	-	-	-	-
Additional Support for Health Insurance Fund	(650,000)	-	-	-	-	-
Ending Balance Use	909,000	-	-	-	-	-
To Park Performance Fund	(1,497,153)	(1,497,153)	(1,497,153)	(1,497,153)	(1,497,153)	(1,497,153)
To Special Transportation Fund	(1,199,945)	(1,199,945)	(1,199,945)	(1,199,945)	(1,199,945)	(1,199,945)
To Street Maintenance Fund for Traffic	(4,722,827)	(4,722,827)	(4,722,827)	(4,722,827)	(4,722,827)	(4,722,827)
To Street Maintenance Fund	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)
TOTAL INTERFUND TRANSFERS	\$ (1,607,291)	\$ (4,182,038)	\$ (4,322,038)	\$ (4,785,093)	\$ (4,785,093)	\$ (4,785,093)
TOTAL AVAILABLE FUNDS	\$ 221,923,325	\$ 224,727,556	\$ 228,664,964	\$ 232,824,356	\$ 238,668,151	\$ 243,810,135
GENERAL FUND EXPENDITURES	\$ 221,894,956	\$ 219,845,798	\$ 219,845,798	\$ 219,845,798	\$ 219,845,798	\$ 219,845,798
ENDING BALANCE	\$ 28,370	\$ 4,881,758	\$ 8,819,166	\$ 12,978,558	\$ 18,822,353	\$ 23,964,337
Health Insurance Increases		\$ 1,478,116	\$ 3,570,818	\$ 5,642,592	\$ 7,900,827	\$ 10,362,302
Targeted Compensation Increases		5,434,166	14,877,808	25,278,737	30,123,510	35,113,626
TMRS Rate Change		700,000	700,000	700,000	700,000	700,000
ENDING BALANCE		\$ (2,730,524)	\$ (10,329,460)	\$ (18,642,771)	\$ (19,901,983)	\$ (22,211,591)

In addition to the impact of pay and benefit changes, it is also important to remember that the City budget is impacted annually by contractually agreed upon commitments, such as CPI adjustments, software license agreements, maintenance agreements, grant matches, etc. These increases are considered “must do” in order to be able to maintain ongoing operations. The General Fund Operating position below assumes the mostly likely scenario for revenues, includes pay, health and TMRS impacts along with additional funding for contractual commitments and obligations.

Comprehensive Financial Forecast

FY 2017 - FY 2021



**General Fund - With Health,
Compensation, TMRS &
Contracts**

Comprehensive Financial Forecast General Fund, FY 2017 - FY 2021

	FY 2016 Budget	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GENERAL FUND REVENUES - Most Likely	\$ 223,530,616	\$ 228,909,593	\$ 232,987,001	\$ 237,609,448	\$ 243,453,244	\$ 248,595,228
INTERFUND TRANSFERS:						
Water and Sewer Fund Indirect Cost	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304	\$ 3,861,304
Conv. & Event Svcs. Fund Indirect Cost	691,824	691,824	551,824	551,824	551,824	551,824
Storm Water Indirect Cost	384,387	388,231	388,231	388,231	388,231	388,231
IMF Energy Projects (for Opterra)	195,075	-	-	-	-	-
One-time General Gas Funds	4,030,868	-	-	-	-	-
To IT ISF for One-time Projects	(1,948,056)	-	-	-	-	-
TIRZ 4 Reimbursement	750,000	-	-	-	-	-
Parks & Airport Gas support for APFA	215,000	-	-	-	-	-
From SWUF for capital reimbursement	463,055	463,055	463,055	-	-	-
From SWUF for engineering reviews	88,699	-	-	-	-	-
To APFA Fund	(1,011,995)	-	-	-	-	-
Additional Support for Health Insurance Fund	(650,000)	-	-	-	-	-
Ending Balance Use	909,000	-	-	-	-	-
(To) from General Gas Fund	-	-	-	-	-	-
(To) from Airport Gas Fund	-	-	-	-	-	-
From Business Continuity Reserve (BCR) for Special	-	-	-	-	-	-
To Park Performance Fund	(1,497,153)	(1,497,153)	(1,497,153)	(1,497,153)	(1,497,153)	(1,497,153)
To Special Transportation Fund	(1,199,945)	(1,199,945)	(1,199,945)	(1,199,945)	(1,199,945)	(1,199,945)
To Street Maintenance Fund for Traffic	(4,722,827)	(4,722,827)	(4,722,827)	(4,722,827)	(4,722,827)	(4,722,827)
To Street Maintenance Fund	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)	(2,166,527)
TOTAL INTERFUND TRANSFERS	\$ (1,607,291)	\$ (4,182,038)	\$ (4,322,038)	\$ (4,785,093)	\$ (4,785,093)	\$ (4,785,093)
TOTAL AVAILABLE FUNDS	\$ 221,923,325	\$ 224,727,556	\$ 228,664,964	\$ 232,824,356	\$ 238,668,151	\$ 243,810,135
GENERAL FUND EXPENDITURES	\$ 221,894,956	\$ 219,845,798	\$ 219,845,798	\$ 219,845,798	\$ 219,845,798	\$ 219,845,798
ENDING BALANCE	\$ 28,370	\$ 4,881,758	\$ 8,819,166	\$ 12,978,558	\$ 18,822,353	\$ 23,964,337
Health Insurance Increases		\$ 1,478,116	\$ 3,570,818	\$ 5,642,592	\$ 7,900,827	\$ 10,362,302
Targeted Compensation Increases		5,434,166	14,877,808	25,278,737	30,123,510	35,113,626
TMRS Rate Change		700,000	700,000	700,000	700,000	700,000
ENDING BALANCE		\$ (2,730,524)	\$ (10,329,460)	\$ (18,642,771)	\$ (19,901,983)	\$ (22,211,591)
Contracts & Commitments		1,921,857	2,517,922	3,606,957	4,204,963	4,636,319
ENDING BALANCE		\$ (4,652,381)	\$ (12,847,382)	\$ (22,249,728)	\$ (24,106,946)	\$ (26,847,910)

Comprehensive Financial Forecast

FY 2017 - FY 2021

Proposed Expenditures by Council Priority

To further develop the expenditure side of the Comprehensive Financial Forecast, City departments were asked to prepare five years of future budget requests. Departments were tasked with developing proposals that would address the council priorities as well as maintain day-to-day operations. Within the context of addressing the priorities, departments put together two different types of future expenditure projections: Current Services and New Programs. Current services expenditures were defined as the future cost associated with continuing to provide existing programs, services, and staffing. Expenditure increases in current services would include such items as:

- CPI increases for goods and services contracts,
- maintenance and replacement of existing equipment,
- absorbing the cost of services, programs or personnel tied to expiring grant funds.

Departments were also tasked with developing expenditure projections for future proposed new programs, services, and equipment. These would include such items as:

- program expansion,
- additional personnel,
- costs of opening and operating new facilities,
- anticipated new technology, etc.

Below is a discussion of forecasted expenditure requests by Council priority.

Champion Great Neighborhoods

Great neighborhoods contribute to a higher quality of life and greater investment in the 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. Departments' Current Services needs for Champion Great Neighborhoods are summarized below:

Current Services				
Priority: Champion Great Neighborhoods				
FY17	FY18	FY19	FY20	FY21
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 22,766	\$ 26,354	\$ 30,193	\$ 34,301	\$ 38,697

The above includes the following highlights:

- Annual cost increase for CLEAR software utilized by Code Compliance Services.
- Customer communication enhancements for Management Resources

Comprehensive Financial Forecast

FY 2017 - FY 2021

New program proposals that focus on Champion Great Neighborhoods are summarized in the proposal below:

New Programs				
Priority: Champion Great Neighborhoods				
FY17	FY18	FY19	FY209	FY21
Program cost	Program cost	Program cost	Program cost	Program cost
\$ 400,399	\$ 641,809	\$ 583,624	\$ 583,624	\$ 783,624

The above includes the following highlights:

- Upgrades to the Animal Services Facility.
- Updates to the Planning Department’s comprehensive 5 year strategic plan.
- Neighborhood matching grants to provide financial support for community-based programs.

Enhance Regional Mobility

Improving the efficiency and effectiveness of Arlington’s transportation connections within and beyond our borders is critical because of our central location within the region. Council has recognized that the community is at the crossroads. As the regional and statewide conversation to increase mobility continues, Arlington faces an important decision to determine its place in the future of this system. Department proposals that focus on Enhancing Regional Mobility are summarized below:

Current Services				
Priority: Enhance Regional Mobility				
FY17	FY18	FY19	FY20	FY21
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350

New Programs				
Priority: Enhance Regional Mobility				
FY17	FY18	FY19	FY209	FY21
Program cost	Program cost	Program cost	Program cost	Program cost
\$ 862,373	\$ 1,024,120	\$ 1,053,585	\$ 1,064,835	\$ 1,065,335

The above includes the following highlights:

- Recurring funding for the City’s portion of operating the MAX (Metro Arlington Xpress) bus service.
- Updating the City’s five year thoroughfare development plan.
- Funding for the next stage of Parks & Recreation’s Operation Beautification.

Comprehensive Financial Forecast

FY 2017 - FY 2021

Invest in Our Economy

As Arlington strengthens its position as a key city in the North Texas region, the plan is to develop a systematic approach that directs our future, addresses current and prospective challenges, and positions us to capitalize on opportunities as they develop. Department proposals that focus on Investing in Our Economy are summarized below:

Current Services

Priority: Invest in Our Economy

FY17	FY18	FY19	FY20	FY21
Program Cost				
\$ 17,680	\$ 35,713	\$ 54,107	\$ 72,870	\$ 92,007

New Programs

Priority: Invest in Our Economy

FY17	FY18	FY19	FY209	FY21
Program cost				
\$ 2,359,459	\$ 2,239,311	\$ 2,260,156	\$ 1,976,903	\$ 1,189,254

The above includes the following highlights:

- Recurring funding to establish an affiliate recruitment program designed to recruit national and international business prospects to Arlington.
- One time funding to updated the City’s Economic Development Strategy.
- Recurring funding to establish an Economic Development grant program designed to assist business owners in upgrading and rehabilitant older buildings within the City.

Put Technology to Work

Technology is integral in achieving the City’s other four priorities. Enhancing current and embracing new technologies will improve access, convenience and timeliness of information for our community and allow 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. Department proposed current services needs for Put Technology to Work is summarized below:

Current Services

Priority: Put Technology to Work

FY17	FY18	FY19	FY20	FY21
Program Cost				
\$ 201,647	\$ 317,213	\$ 506,783	\$ 784,273	\$ 723,052

Comprehensive Financial Forecast

FY 2017 - FY 2021

The above includes the following highlights:

- Increased funding for vital software programs utilized by multiple departments.
- Increased funding for an open-records request program.
- Increased funding for I.T.'s security operations.

New program proposals that focus on Put Technology to Work are summarized in the following proposal:

New Programs				
Priority: Put Technology to Work				
FY17	FY18	FY19	FY209	FY21
Program cost	Program cost	Program cost	Program cost	Program cost
\$ 3,359,731	\$ 3,115,428	\$ 3,494,278	\$ 2,643,878	\$ 2,656,478

These include the following highlights:

- One time funding for part 2 of the City's Strategic Data Plan.
- Recurring funding for the establishment of an automated library branch for the new Viridian development.
- Recurring funding to allow current payment kiosks to offer an option to pay court fines in a more convenient manner.

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. Department proposed new program needs for Support Quality Education is summarized below:

New Programs				
Priority: Support Quality Education				
FY17	FY18	FY19	FY209	FY21
Program cost	Program cost	Program cost	Program cost	Program cost
\$ 29,500	\$ 42,711	\$ 43,922	\$ 43,922	\$ 43,922

Comprehensive Financial Forecast

FY 2017 - FY 2021

The above summary includes the following highlights:

- Training resources to allow the Library Department to expand the Family Place library model to additional locations.
- Funding to update the organization system for the Library’s collection of children’s picture books at all locations.

In addition to the priorities, the City has four “core service” that represent programs or projects that, while not directly related to one of the five Council priorities, are integral to the day-to-day operations in departments as well as a substantial portion of the City budget. Forecast submissions that support these categories are listed below:

Current Services
Priority: Culture, Recreation, & Education

FY17	FY18	FY19	FY20	FY21
Program Cost				
\$ 568,499	\$ 700,283	\$ 793,331	\$ 832,513	\$ 914,863

The summary includes the following highlights:

- Increasing the budget to lease warehouse space to store library materials during the construction of the new Central Library.
- Replacing furnishings, seating and refreshing paint at library branch locations.
- Funding for the Parks Department to support their ongoing effort to maintain and improve their CAPRA certification (Commission for Parks and Recreation Accreditation).

New program proposals that focus on Culture, Recreation, & Education are summarized in the proposal below:

New Programs
Priority: Culture, Recreation, & Education

FY17	FY18	FY19	FY209	FY21
Program cost				
\$ 5,696,420	\$ 5,437,445	\$ 2,124,262	\$ 2,492,555	\$ 1,984,294

The summary above includes the following highlights:

- A request for one-time funds to increase and enhance the Library’s e-content materials.
- Additional one-time funds in the Parks Department to upgrade older playground equipment with more modern and safe play structures citywide.
- Replacement funding in Parks to address a backlog of grounds maintenance equipment.

Comprehensive Financial Forecast

FY 2017 - FY 2021

- Funding to allow the Parks Department to dredge ponds in high-profile parks where sediment has deposited and lowered water quality and aesthetics.

Current Services
Priority: Financial & Economic Development

FY17	FY18	FY19	FY20	FY21
Program Cost				
\$ 126,825	\$ 228,811	\$ 246,810	\$ 302,747	\$ 353,252

The summary above includes the following highlights:

- Increasing the budget to fund ongoing maintenance for the automated work paper and audit management system in the Internal Audit Department.
- Additional funding for contractual CPI increases associated with the External Audit contract in Finance.
- Additional funding to accommodate increases passed on to the City from the Tarrant Appraisal District and Tarrant County Tax Collection Office.

New Programs
Priority: Financial & Economic Development

FY17	FY18	FY19	FY209	FY21
Program cost				
\$ 122,820	\$ 264,610	\$ 336,410	\$ 461,135	\$ 276,410

The above includes the following highlights:

- Funding for a new position in the Human Resources Department to assist with information technology issues, including testing, design and implementation of new systems and software.
- Funding for a triennial peer-review project in the Internal Audit Division.
- One-time funds for consulting services to assist the Planning Department with a study to assess the appropriateness of their development fees.

Current Services
Priority: Infrastructure

FY17	FY18	FY19	FY20	FY21
Program Cost				
\$ 1,589,886	\$ 2,870,373	\$ 2,899,954	\$ 1,975,951	\$ 1,790,155

The summary above includes the following highlights:

- Replacement funding for information technology hardware including network switches, servers, storage, firewalls as well as systems such as email, file backup, etc.

Comprehensive Financial Forecast

FY 2017 - FY 2021

- Increases in the Enterprise Agreement with Microsoft including server and PC operating systems, user access licenses and database licenses.
- Increased software maintenance on Enterprise systems such as Lawson, Kronos, AMANDA, Laserfiche, and ESRI.

New Programs Priority: Infrastructure

FY17	FY18	FY19	FY20	FY21
Program cost	Program cost	Program cost	Program cost	Program cost
\$ 10,747,988	\$ 7,106,397	\$ 6,999,402	\$ 7,008,841	\$ 7,160,418

The summary above includes the following highlights:

- Funding for building component replacement items or systems that have either reached or exceeded their service lives. This funding is needed to address the backlog of needed replacements including roofs and HVAC systems.
- Increasing the budget to upgrade Microsoft Office from 2010 to Office 365.
- Funding for removal and replacement of parking lots at city facilities including River Legacy Parks and the Parks Administration building.

Current Services Priority: Public Safety

FY17	FY18	FY19	FY20	FY21
Program Cost				
\$ 4,396,320	\$ 3,767,310	\$ 4,944,507	\$ 5,466,209	\$ 5,952,087

The summary above includes the following highlights:

- Funding for increases in the radio maintenance contract to ensure the radio infrastructure as well as the public safety portable and mobile radios remain operational.
- A request to create a replacement program for the Police department's electronic control devices (Tasers) including the purchasing of additional units.
- Funding for the increased cost of testing drug and DNA evidence at forensic labs.

New Programs Priority: Public Safety

FY17	FY18	FY19	FY20	FY21
Program cost				
\$ 8,937,965	\$ 8,127,845	\$ 7,886,454	\$ 6,773,065	\$ 8,217,644

- A proposal for a five year program to implement a new body-worn camera program assuming 150 devices with 3 support staff to manage the program.

Comprehensive Financial Forecast

FY 2017 - FY 2021

- Funding for a 5 person unit dedicated to address organized retail crime.
 - Additional staffing for the Auto Theft Unit.

A complete list of all General Fund current services and new program requests is included below and on the following pages.

Current Services
Priority: Champion Great Neighborhoods

Department	Request Title	FY17	FY18	FY19	FY20	FY21
		Program Cost				
Code Compliance Services	Annual Cost Increase for CLEAR	4,766	8,354	12,193	16,301	20,697
Management Resources	Customer Communication Enhancements (App)	18,000	18,000	18,000	18,000	18,000
Total		\$ 22,766	\$ 26,354	\$ 30,193	\$ 34,301	\$ 38,697

New Programs
Priority: Champion Great Neighborhoods

Department	Request Title	FY17	FY18	FY19	FY20	FY21
		Program cost				
CD&P	Area Plans	-	100,000	100,000	100,000	100,000
CD&P	Arlington Urban Design Center	-	23,000	23,000	23,000	23,000
CD&P	Comprehensive Plan 5 Year Update	-	-	-	-	200,000
CD&P	Downtown Master Plan	100,000	-	-	-	-
CD&P	Neighborhood Matching Grant	65,000	150,000	150,000	150,000	150,000
Code Compliance Services	Animal Services Center Facility Upgrades	4,036	-	-	-	-
Code Compliance Services	In-House Pet Licensing	11,000	11,000	11,000	11,000	11,000
Code Compliance Services	Pedicab/NEV Enforcement	17,861	17,861	17,861	17,861	17,861
Code Compliance Services	Strategic Code Compliance Programs	198,502	335,948	281,763	281,763	281,763
Management Resources	AC Agents Work from Home	4,000	4,000	-	-	-
Total		\$ 400,399	\$ 641,809	\$ 583,624	\$ 583,624	\$ 783,624

Current Services
Priority: Culture, Recreation, & Education

Department	Request Title	FY17	FY18	FY19	FY20	FY21
		Program Cost				
Library	Building Refresh	18,400	18,400	18,400	18,400	18,400
Library	Part-Time Salaries	-	55,993	111,986	111,986	111,986
Library	Rental	40,000	40,000	40,000	40,000	40,000
Library	Return of Utilities	-	39,272	39,272	39,272	39,272
Library	Staff printing	3,000	3,000	3,000	3,000	3,000
Parks and Recreation	CAPRA Staffing	25,000	25,500	25,000	25,000	25,000
Parks and Recreation	Janitorial Contracts CPI Increase	3,306	3,306	3,306	3,306	6,679
Parks and Recreation	Landscape/Sr. Landscape Technician Reclassification	158,329	158,329	158,329	158,329	158,329
Parks and Recreation	Mowing Contracts CPI Increase	37,324	37,324	37,324	37,324	75,394
Parks and Recreation	Departmental Reorganization	151,868	151,868	151,868	151,868	151,868
Parks and Recreation	Water Rates	116,271	145,791	176,195	207,512	239,769
Public Works & Transportation	Recycling Programs	15,000	21,500	28,650	36,515	45,167
Total		\$ 568,499	\$ 700,283	\$ 793,331	\$ 832,513	\$ 914,863

Comprehensive Financial Forecast

FY 2017 - FY 2021

New Programs Priority: Culture, Recreation, & Education

Department	Request Title	FY17 Program cost	FY18 Program cost	FY19 Program cost	FY209 Program cost	FY21 Program cost
Library	Central Collection Refresh	91,989	-	-	-	-
Library	Central Library Move - Phase II	-	94,000	-	-	-
Library	East Arlington Branch Collection Move	-	-	32,000	-	-
Library	E-content	75,000	50,000	25,000	25,000	-
Library	Relocate CATS to alternate city facility	-	50,000	-	-	-
Library	Southeast Branch Refresh	-	-	-	200,000	-
Management Resources	Branding - Phase II	50,000	-	-	-	-
Management Resources	Internal Communications Position	-	75,000	75,000	75,000	75,000
Park and Recreation	ADA Accessibility Improvements	300,000	-	-	-	-
Park and Recreation	Erosion Control	50,000	50,000	800,000	800,000	-
Park and Recreation	Grounds Maintenance Equipment Replacement	1,219,350	404,150	95,000	231,648	246,647
Park and Recreation	Harold Patterson Water Well	1,000,000	(200,000)	(206,000)	(212,180)	(218,545)
Park and Recreation	New Marketing Aides (2)	113,251	165,300	166,972	168,722	170,462
Park and Recreation	Park Development Package	303,350	282,995	492,070	494,305	517,790
Park and Recreation	Playground Replacements	1,320,000	160,000	320,000	360,000	820,000
Park and Recreation	Pond Dredging	963,480	2,220,000	233,100	253,820	271,580
Park and Recreation	River Legacy Parks Trail Replacement	160,000	2,000,000	-	-	-
Park and Recreation	Texas Live Impact	-	31,000	31,120	31,240	31,360
Park and Recreation	Tree Replacement	50,000	55,000	60,000	65,000	70,000
Total		\$ 5,696,420	\$ 5,437,445	\$ 2,124,262	\$ 2,492,555	\$ 1,984,294

Current Services Priority: Enhance Regional Mobility

Department	Request Title	FY17 Program Cost	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost
Aviation	Aviation 67000 General Services Increase	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350

New Programs Priority: Enhance Regional Mobility

Department	Request Title	FY17 Program cost	FY18 Program cost	FY19 Program cost	FY209 Program cost	FY21 Program cost
CD&P	Downtown Wayfinding Phase II and Sign Replacements	-	70,000	-	-	-
CD&P	Greenway Network Implementation	150,000	150,000	150,000	150,000	150,000
CD&P	MAX Bus Service	200,000	200,000	200,000	200,000	200,000
CD&P	Thoroughfare Development Plan 5 Year Update	65,000	-	-	-	-
Park and Recreation	Operation Beautification - Median, ROW & Property Development O&M	447,373	538,169	663,634	674,884	675,384
Park and Recreation	Operation Beautification - Staffing	-	65,951	39,951	39,951	39,951
Total		\$ 862,373	\$ 1,024,120	\$ 1,053,585	\$ 1,064,835	\$ 1,065,335

Comprehensive Financial Forecast

FY 2017 - FY 2021

Current Services

Priority: Financial & Economic Development

Department	Request Title	FY17	FY18	FY19	FY20	FY21
		Program Cost				
Audit	Increase Costs for Software Maintenance	15,000	15,000	15,000	15,000	15,000
Finance	External Auditing Contract	5,500	55,500	62,000	68,500	75,000
Finance	Tarrant County	49,011	82,829	103,308	124,810	147,388
Human Resources	Compensation Study	-	-	(40,000)	(40,000)	(40,000)
Human Resources	Educational Assistance	40,000	40,000	40,000	40,000	40,000
Human Resources	Insurance-Risk	4,594	9,279	26,007	38,792	44,161
Knowledge Services	Paper Costs	12,720	26,203	40,495	55,645	71,703
Total		\$ 126,825	\$ 228,811	\$ 246,810	\$ 302,747	\$ 353,252

New Programs

Priority: Financial & Economic Development

Department	Request Title	FY17	FY18	FY19	FY20	FY21
		Program cost				
Audit	New Position - Senior Internal Auditor	-	-	98,800	98,800	98,800
Audit	One Time Funding for Peer Review in FY2017 and FY2020	4,500	-	-	4,725	-
CD&P	Development Services Fee Study	-	100,000	-	-	-
Finance	Administrative Aide II for MWBE	-	61,290	54,290	54,290	54,290
Finance	CAFR Preparation Software	-	-	80,000	200,000	20,000
Finance	Disclosure Counsel	10,000	10,000	10,000	10,000	10,000
Human Resources	HRIS Specialist-RISK Management	108,320	93,320	93,320	93,320	93,320
Total		\$ 122,820	\$ 264,610	\$ 336,410	\$ 461,135	\$ 276,410

Current Services

Priority: Infrastructure

Department	Request Title	FY17	FY18	FY19	FY20	FY21
		Program Cost				
Information Technology	Infrastructure IT Hardware maintenance	821	16,140	31,919	48,171	64,910
Information Technology	Infrastructure IT Hardware Replacement	648,622	1,711,733	1,714,211	626,252	269,339
Information Technology	Internet Service	2,340	4,750	7,233	9,790	12,423
Information Technology	Microsoft Enterprise Agreement Cost Increase	105,000	105,000	105,000	105,000	105,000
Information Technology	Professional Services IT Infrastructure	331,551	345,185	359,227	373,691	388,589
Information Technology	RemedyForce Professional Services	122,000	130,000	-	-	-
Information Technology	Software Maintenance	370,077	538,330	653,078	773,407	899,588
Information Technology	Telephone Service	9,475	19,235	29,287	39,641	50,305
Total		\$ 1,589,886	\$ 2,870,373	\$ 2,899,954	\$ 1,975,951	\$ 1,790,155

Comprehensive Financial Forecast

FY 2017 - FY 2021

New Programs
Priority: Infrastructure

Department	Request Title	FY17 Program cost	FY18 Program cost	FY19 Program cost	FY209 Program cost	FY21 Program cost
CD&P	One Start Space Modifications	65,000	-	-	-	-
CD&P	Certification Pay (Bldg. Inspections)	33,800	47,060	60,320	73,580	86,840
CD&P	Electronic Plan Review	275,000	27,500	30,250	30,250	30,250
CD&P	FTE Plans Examiner	61,525	61,300	61,300	61,300	61,300
CD&P	Health Ordinance Updates	46,224	55,500	65,320	71,638	78,228
CD&P	IAS Building Certification	28,800	-	-	16,800	-
CD&P	IVR System	-	26,500	36,800	37,550	38,340
CD&P	Temporary Staffing	51,000	51,000	51,000	51,000	51,000
Information Technology	Active Directory Federation Services	60,000	-	-	-	-
Information Technology	Additional Network Engineer	113,350	109,850	109,850	109,850	109,850
Information Technology	Additional Systems Engineer	106,000	102,500	102,500	102,500	102,500
Information Technology	Business Intelligence Program	1,000,000	500,000	500,000	500,000	500,000
Information Technology	Desktop Virtualiation Pilot	234,125	-	-	-	-
Information Technology	ECM System	1,500,000	500,000	500,000	500,000	500,000
Information Technology	E-Discovery Expansion	150,000	42,500	42,500	42,500	42,500
Information Technology	Hard Drive Encryption Tools	175,000	25,000	25,000	25,000	25,000
Information Technology	Human Resources IS	350,000	250,000	250,000	100,000	100,000
Information Technology	IT Help Desk Outsourcing	325,000	350,000	375,000	400,000	425,000
Information Technology	Microsoft Office Upgrade/Replacement	585,000	585,000	585,000	675,000	675,000
Information Technology	Professional Services Contract	190,000	190,000	190,000	190,000	190,000
Library	PC lease	-	71,220	71,220	71,220	-
Park and Recreation	Parking Lot Renovations	354,552	217,250	543,125	505,436	620,643
Public Works & Transportation	Animal Services HVAC	400,000	-	-	-	-
Public Works & Transportation	Arlington Landfill Gas Collection and Control System	250,000	350,000	75,000	120,000	198,750
Public Works & Transportation	Bank of America - Lease Payment	339,554	281,659	281,659	281,659	281,659
Public Works & Transportation	Fleet Vehicle Lifts	109,500	219,000	-	-	-
Public Works & Transportation	Journeyman Plumber	101,188	63,688	63,688	63,688	63,688
Public Works & Transportation	Major Building Component Replacement	2,788,694	2,788,694	2,788,694	2,788,694	2,788,694
Public Works & Transportation	Reclassify T5 Warehouse Clerk to T6 Asset Specialist	(2,858)	(2,858)	(2,858)	(2,858)	(2,858)
Public Works & Transportation	ROW Inspector Reclass	13,062	13,062	13,062	13,062	13,062
Public Works & Transportation	SE Library Parking Lot	480,000	-	-	-	-
Public Works & Transportation	Small Fuel Tank Removal & Replacement	105,000	105,000	105,000	105,000	105,000
Public Works & Transportation	SSC Fuel Tanks	380,000	-	-	-	-
Information Technology	Windows Deployment Admin	79,472	75,972	75,972	75,972	75,972
Total		\$ 10,747,988	\$ 7,106,397	\$ 6,999,402	\$ 7,008,841	\$ 7,160,418

Comprehensive Financial Forecast

FY 2017 - FY 2021

Current Services

Priority: Invest in Our Economy

Department	Request Title	FY17	FY18	FY19	FY20	FY21
		Program Cost				
Knowledge Services	Postage Costs	\$ 17,680	\$ 35,713	\$ 54,107	\$ 72,870	\$ 92,007

New Programs

Priority: Invest in Our Economy

Department	Request Title	FY17	FY18	FY19	FY20	FY21
		Program cost				
Economic Development	Affiliate Recruitment Program	150,000	150,000	150,000	150,000	150,000
Economic Development	Replenishment of Innovative Venture Capital Fund	1,187,500	1,125,000	975,000	800,000	-
Economic Development	Shared Salary with Grants (CD&P)	15,000	15,000	15,000	15,000	15,000
Economic Development	Building Upgrade/Rehabilitation Grant Program	200,000	200,000	250,000	250,000	250,000
Economic Development	Economic Development Strategy Update	-	-	120,000	-	-
Fire	Third Squad/Light Response Vehicle (3 App Operators + 3 Firefighters)	806,959	749,311	750,156	761,903	774,254
Total		\$ 2,359,459	\$ 2,239,311	\$ 2,260,156	\$ 1,976,903	\$ 1,189,254

Current Services

Priority: Public Safety

Department	Request Title	FY17	FY18	FY19	FY20	FY21
		Program Cost				
City Attorney's Office	Law Library Maintenance	3,943	8,279	13,050	18,297	24,069
Fire	Emergency Mgmt Admin Aide (Currently Grant Funded)	-	-	-	39,000	39,000
Fire	Emergency Mgmt Planner (Currently Grant Funded)	-	-	65,697	65,697	65,697
Fire	Grant-Funded Equipment Replacement	125,000	225,000	325,000	425,000	525,000
Fire	Grants Coordinator (Currently Grant Funded)	-	-	-	-	78,850
Fire	Professional Development for Fire Officers	61,600	61,600	61,600	61,600	61,600
Fire	Special Events Planner 1 of 2 (Currently Grant Funded)	68,100	68,100	68,100	68,100	68,100
Fire	Special Events Planner 2 of 2 (Currently Grant Funded)	-	68,750	68,750	68,750	68,750
Dispatch	CAD Maintenance	13,642	30,024	47,225	65,286	84,251
Dispatch	Radio Maintenance	85,000	151,146	220,598	293,524	370,096
Police	Citation Device Implementation	746,000	158,000	158,000	158,000	158,000
Police	COPS Hiring Grant	578,313	578,313	1,144,947	1,360,265	1,360,265
Police	Covert Operations Lease Program	41,889	41,889	41,889	41,889	41,889
Police	Field Supervision/ Alternative Work Schedule	1,534,867	1,336,989	1,336,989	1,336,989	1,336,989
Police	Jail Maintenance	50,000	50,000	50,000	50,000	50,000
Police	New World Contract Maintenance	147,092	297,160	450,233	450,233	450,233
Police	Speed Measuring Devices	51,250	51,250	51,250	51,250	51,250
Police	STEP Cash Match	187,500	75,000	187,500	75,000	187,500
Police	TASERs	221,624	-	-	93,145	93,145
Police	Utilities	196,554	196,554	196,554	196,554	196,554
Police	Forensic Lab Testing	142,514	142,514	142,514	142,514	142,514
Public Works & Transportation	Centerra (formerly G4S) Fleet Maintenance Contract	126,955	212,264	300,133	390,638	483,858
Public Works & Transportation	Crossing Guards	14,478	14,478	14,478	14,478	14,478
Total		\$ 4,396,320	\$ 3,767,310	\$ 4,944,507	\$ 5,466,209	\$ 5,952,087

Comprehensive Financial Forecast

FY 2017 - FY 2021

New Programs Priority: Public Safety

Department	Request Title	FY17 Program cost	FY18 Program cost	FY19 Program cost	FY209 Program cost	FY21 Program cost
Aviation	Aviation Airfield Maintenance	30,000	30,000	30,000	30,000	30,000
Aviation	Aviation Non-Target Fuel	2,500	2,500	2,500	2,500	2,500
Aviation	John Deere Side by Side	17,088	-	-	-	-
Aviation	Replace Air Traffic Control Shades	-	10,000	-	-	-
Aviation	Rip Rap Erosion Control	73,000	-	-	-	-
Aviation	Spreader for Solid De-Icer	5,000	-	-	-	-
Aviation	Toro 328D Mower Replacement	18,000	18,000	-	-	-
CD&P	Mosquito Borne Virus Mitigation	75,000	75,000	75,000	75,000	75,000
Fire	Class 4 Aircraft Rescue and Firefighting Truck for Station #12	850,000	17,000	17,000	17,000	17,000
Fire	Fourth Firefighter for Station #17 (3 Firefighter positions)	330,866	322,020	333,219	344,966	357,317
Fire	Heavy Fleet Replacement (2 Engines + 1 Platform in FY17)	2,606,054	1,331,417	2,458,253	1,495,978	2,761,307
Fire	Second Apparatus Operator (F2) for Station #12 (3 new positions)	-	411,549	406,393	406,393	406,393
Dispatch	Computer Aided Dispatch System Upgrade	300,000	-	300,000	-	300,000
Dispatch	MDC Replacement	195,500	2,150,500	195,500	195,500	195,500
Dispatch	Replacement of CAD/ProQA/NetMotion Servers	115,000	-	-	115,000	-
Dispatch	Replacement of Purchased Computers	-	-	-	20,028	20,028
Municipal Court	Cashier Microphones	10,000	-	-	-	-
Municipal Court	Court Administrative Manager	-	-	85,000	85,000	85,000
Municipal Court	New Court Docket-Truancy Court	-	50,000	50,000	50,000	50,000
Municipal Court	New Jury Room	-	15,000	-	-	-
Municipal Court	Security Enhancements	20,000	-	-	-	-
Municipal Court	Security Scanning Equipment	-	-	-	-	20,000
Municipal Court	Waiting Area and Number Calling System	-	10,000	-	-	-
Police	Asset Forfeiture	529,692	-	-	-	-
Police	ATIU Staffing	788,398	1,191,140	1,433,770	1,403,881	1,403,881
Police	Auto Theft Unit Staffing	202,825	189,861	189,861	189,861	189,861
Police	Body Worn Cameras	719,362	418,000	418,000	418,000	418,000
Police	Computer Forensic Lab	426,286	270,920	277,020	309,020	270,920
Police	Covert Operations Financial Support	103,000	104,500	104,500	104,500	104,500
Police	Evidence Storage	62,000	3,000	3,000	3,000	3,000
Police	Hometown Recruiting	93,681	93,681	93,681	93,681	93,681
Police	IRS Taskforce	100,580	100,580	100,580	100,580	100,580
Police	K9 Unit Staffing	306,580	189,861	189,861	189,861	189,861
Police	Microsoft Office & Window License Fee	48,824	48,824	48,824	48,824	48,824
Police	Open Records Management	93,150	93,150	93,150	93,150	93,150
Police	Organized Crime Retail Unit	457,579	432,669	432,669	432,669	432,669
Police	Rape Kit Project	308,000	308,000	308,000	308,000	308,000
Police	Training Center Renovation	50,000	50,000	50,000	50,000	50,000
Police	UASI Sustainment	-	190,673	190,673	190,673	190,673
Total		\$ 8,937,965	\$ 8,127,845	\$ 7,886,454	\$ 6,773,065	\$ 8,217,644

Comprehensive Financial Forecast

FY 2017 - FY 2021

Current Services Priority: Put Technology to Work

Department	Request Title	FY17 Program Cost	FY18 Program Cost	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost
Audit	Increase in Information Technology Audit Training	2,000	2,000	2,000	2,000	2,000
City Attorney's Office	Cash Management Maintenance	526	1,079	1,659	2,268	2,908
Information Technology	Security Program	125,000	200,000	350,000	425,000	475,000
Management Resources	Communications Software	1,203	2,527	3,983	164,155	7,346
Management Resources	Open Records Request Program - On-line Payments	3,000	3,000	3,000	3,000	3,000
Municipal Court	Incode Software Support and Maintenance Contract	15,900	32,595	50,124	68,530	87,856
Municipal Court	Laserfische Maintenance Contract	-	2,209	2,209	2,209	4,528
Parks and Recreation	Cartegraph Enterprise License Agreement	8,889	13,840	18,846	24,677	30,508
Public Works & Transportation	Autodesk Licenses	7,078	7,078	7,078	7,078	7,078
Public Works & Transportation	Cartegraph	38,051	52,885	67,884	85,356	102,828
Total		\$ 201,647	\$ 317,213	\$ 506,783	\$ 784,273	\$ 723,052

New Programs Priority: Put Technology to Work

Department	Request Title	FY17 Program cost	FY18 Program cost	FY19 Program cost	FY209 Program cost	FY21 Program cost
Audit	Reclassify One Internal Auditor Position to Information Technology Auditor	12,300	12,300	12,300	12,300	12,300
CD&P	City Data Strategic Plan Part II	1,000,000	-	-	-	-
Library	3D Printer	11,235	-	-	-	-
Library	Virtualization of Servers	11,500	11,500	-	-	-
Library	Library To Go Kiosk	-	195,000	23,750	23,750	23,750
Management Resources	Agenda Manager and Boards and Commissions Database	1,800	25,560	25,560	25,560	25,560
Management Resources	CRM System	-	-	950,000	75,000	75,000
Management Resources	Electronic Content Management System	-	100,000	88,000	88,000	88,000
Management Resources	Records Manager	-	53,000	53,000	53,000	53,000
Management Resources	Social Media Marketing	45,500	45,500	45,500	45,500	45,500
Management Resources	Studio Technical Director	-	-	55,000	55,000	55,000
Management Resources	Website Refresh and Rebuild	-	500,000	50,000	50,000	50,000
Municipal Court	Jury Package Online	-	-	-	-	25,000
Municipal Court	Kiosks	10,000	2,500	2,500	2,500	2,500
Municipal Court	Mobile Application	-	-	20,000	5,000	5,000
Park and Recreation	Irrinet Centralized Irrigation System	35,000	64,000	64,000	100,000	64,000
Park and Recreation	Skylogix Automation	58,600	62,200	65,800	69,400	73,000
Police	sUas Staff	373,161	351,733	351,733	351,733	351,733
Public Works & Transportation	APWA Re-Accreditation	20,000	5,000	-	-	20,000
Public Works & Transportation	Building Automation System Upgrade	93,500	-	-	-	-
Public Works & Transportation	Out of Life Fleet Replacements	1,687,135	1,687,135	1,687,135	1,687,135	1,687,135
Total		\$ 3,359,731	\$ 3,115,428	\$ 3,494,278	\$ 2,643,878	\$ 2,656,478

Comprehensive Financial Forecast

FY 2017 - FY 2021

New Programs
Priority: Support Quality Education

Department	Request Title	FY17 Program cost	FY18 Program cost	FY19 Program cost	FY209 Program cost	FY21 Program cost
Library	Family Place Library	12,000	12,000	-	-	-
Library	Movable Shelving for Picture Books	17,500	17,500	17,500	17,500	17,500
Library	Position Reclassification: Public Serv Coord to Library Svcs Mgr - Central	-	13,211	26,422	26,422	26,422
Total		\$ 29,500	\$ 42,711	\$ 43,922	\$ 43,922	\$ 43,922

Other Funds

Departments were also tasked with developing revenue forecasts using the same three scenarios as previously discussed for the General Fund, as well as considering anticipated Current Services or New Program expenditure requests. It should be noted that every annual budget adopted by the City Council is statutorily required to be balanced, therefore any presentation of unbalanced projected numbers reflect work which must be done every year to get expenditures in line with revenues.

As a result of the Ditto Golf Course closure during FY 2017, the Park Performance Fund currently shows a negative ending balance in FY 2017 and 2018 (see page 35 below). Staff will resolve this issue during the FY 2017 Budget development process.

The following pages are the forecasted operating positions for other operating funds.

Comprehensive Financial Forecast

FY 2017 - FY 2021



Water Utilities Fund

Comprehensive Financial Forecast Water Utilities Fund, FY 2017 - FY 2021

	FY 2016 Budget	FY 2016 Estimate	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
BEGINNING BALANCE	\$ 540	\$ 540	\$ 7,086				
WATER FUND REVENUES - Most Likely	\$ 129,264,074	\$ 129,264,074	\$ 140,054,754	\$ 153,305,266	\$ 164,801,692	\$ 172,707,576	\$ 178,972,441
INTERFUND TRANSFERS:							
General Fund - Indirect Cost	\$ (3,861,304)	\$ (3,861,304)	\$ (3,861,304)	\$ (3,861,304)	\$ (3,861,304)	\$ (3,861,304)	\$ (3,861,304)
APFA Fund - Indirect Cost	(63,811)	(63,811)	(63,811)	(63,811)	(63,811)	(63,811)	(63,811)
Storm Water - Indirect Cost	170,122	170,122	170,122	170,122	170,122	170,122	170,122
Debt Service, City Tower	(63,229)	(63,229)	(60,889)	(58,500)	(56,063)	(53,625)	(51,188)
Debt Service Reserve	-	23,143	(791,393)	(1,738,089)	(1,958,741)	(2,213,011)	(1,688,496)
TIRZ 1	-	-	-	-	-	-	-
DR Horton	-	-	-	-	-	-	-
Operating Reserve	(263,437)	(263,437)	443,607	(955,622)	(912,933)	(806,348)	(733,996)
Innovation Venture Capital	(400,000)	(400,000)	-	-	-	-	-
Renewal / Rehabilitation Fund	(14,500,000)	(14,500,000)	(15,000,000)	(15,500,000)	(16,000,000)	(16,500,000)	(17,000,000)
Fleet Reserve	100,000	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL INTERFUND TRANSFERS	\$ (18,881,659)	\$ (18,858,516)	\$ (19,063,668)	\$ (21,907,204)	\$ (22,582,730)	\$ (23,227,977)	\$ (23,128,673)
TOTAL AVAILABLE FUNDS	\$ 110,382,955	\$ 110,406,098	\$ 120,998,172	\$ 131,398,062	\$ 142,218,962	\$ 149,479,599	\$ 155,843,768
WATER FUND EXPENDITURES	\$ 110,375,869	\$ 110,375,869	\$ 109,796,695	\$ 109,796,695	\$ 109,796,695	\$ 109,796,695	\$ 109,796,695
ENDING BALANCE	\$ 7,086	\$ 30,229	\$ 11,201,478	\$ 21,601,367	\$ 32,422,267	\$ 39,682,905	\$ 46,047,073
Targeted Compensation Increases			432,363	1,037,672	1,673,246	2,073,658	2,486,082
Health insurance increases			128,318	309,988	489,842	685,883	899,568
Total - Comp & Health Insurance & Health Insurance			560,681	1,347,661	2,163,089	2,759,542	3,385,650
ENDING BALANCE	\$ 7,086	\$ 30,229	\$ 10,640,797	\$ 20,253,707	\$ 30,259,179	\$ 36,923,363	\$ 42,661,423

Current Services Increases

Raw Water Purchases (Tarrant Regional Water District)	6,849,962	8,628,252	10,535,517	11,639,699	12,306,848
Wastewater Treatment (Trinity River Authority)	2,920,387	5,529,028	7,768,625	10,552,932	13,315,241
Payment in Lieu of Taxes (PILOT)	497,527	937,429	1,327,745	1,605,219	1,936,476
Franchise Fee	830,134	1,352,787	1,875,114	2,337,335	2,733,087
Interdepartmental Charges	18,461	37,106	55,937	74,957	94,167
Interfund Charges	36,400	73,264	110,592	148,386	186,648
Chemical Supplies	20,151	40,504	61,061	81,823	102,793
Maintenance	42,918	86,264	130,044	174,262	218,922
Supplies & Materials	4,575	9,197	13,864	18,578	23,339
Special Services	11,092	22,296	33,611	45,039	56,582
Utilities	2,291	4,606	6,943	9,304	11,689
Miscellaneous Operating Expenditures	5,531	11,117	16,759	22,457	28,212
Electricity	27,265	54,802	82,615	110,706	139,078
Fleet Charges	8,732	17,551	26,458	35,454	44,540
Debt Service Payment (P&I)	31,467	4,228,032	9,110,560	11,065,159	12,555,251
Fixed Assets	700,000	700,000	700,000	700,000	700,000
Total Current Services	\$ 12,006,893	\$ 21,732,233	\$ 31,855,445	\$ 38,621,311	\$ 44,452,873

Ending Balance with Current Services Adjustments \$ (1,366,096) \$ (1,478,526) \$ (1,596,266) \$ (1,697,948) \$ (1,791,450)

New Program Adjustments

Water Resource Technician	65,000	65,000	65,000	65,000	65,000
Distribution Water Quality Monitoring	113,968	113,968	113,968	113,968	113,968
Treatment Process Continual Improvements	83,968	83,968	83,968	83,968	83,968
Participation in the Partnership for Safe Water	1,300	1,300	1,300	1,300	1,300
Shift Leadership	11,000	11,000	11,000	11,000	11,000
Water Sales to Bethesda Water Supply Corporation	(820,666)	(876,881)	(935,751)	(986,592)	(1,033,343)
Water Sales to the City of Kennedale	(820,666)	(876,881)	(935,751)	(986,592)	(1,033,343)
Total New Programs	\$ (1,366,096)	\$ (1,478,526)	\$ (1,596,266)	\$ (1,697,948)	\$ (1,791,450)

Ending Balance with Current Services Adjustments & New Programs \$ (0) \$ (0) \$ (0) \$ (0) \$ (0)

Comprehensive Financial Forecast

FY 2017 - FY 2021



Convention and Event Services Fund

Comprehensive Financial Forecast Convention and Event Services Fund, FY 2017 - FY 2021

	FY 2016 Budget	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
BEGINNING BALANCE	\$ 1,546,279	\$ 519,289	\$ 519,289	\$ 519,289	\$ 519,289	\$ 519,289
CES FUND REVENUES - Most Likely	\$ 10,602,525	11,218,146	11,739,273	12,156,828	12,534,644	12,927,652
INTERFUND TRANSFERS:						
Debt Service - Grand Hall	\$ (1,366,902)	\$ (1,219,851)	\$ (1,156,399)	\$ (1,145,808)	\$ -	\$ -
(To) From Capital Maintenance Reserve	-	-	-	-	-	-
(To) From Hotel Attraction Support	125,000	-	-	-	-	-
To General Fund - Indirect Costs	<u>(691,824)</u>	<u>(691,824)</u>	<u>(551,824)</u>	<u>(551,824)</u>	<u>(551,824)</u>	<u>(551,824)</u>
TOTAL INTERFUND TRANSFERS	\$ (1,933,726)	\$ (1,911,675)	\$ (1,708,223)	\$ (1,697,632)	\$ (551,824)	\$ (551,824)
TOTAL AVAILABLE FUNDS	\$ 10,215,078	\$ 9,825,760	\$ 10,550,340	\$ 10,978,486	\$ 12,502,109	\$ 12,895,118
CES FUND EXPENDITURES	<u>\$ 9,695,789</u>	<u>\$ 8,049,206</u>				
ENDING BALANCE	\$ 519,289	\$ 1,776,555	\$ 2,501,134	\$ 2,929,280	\$ 4,452,903	\$ 4,845,912
Targeted Compensation Increases		65,159	156,383	252,167	312,511	374,666
Health insurance increases		<u>19,404</u>	<u>46,876</u>	<u>74,073</u>	<u>103,718</u>	<u>136,031</u>
Total - Comp & Health Insurance		84,563	203,259	326,240	416,230	510,697
ENDING BALANCE		\$ 1,691,991	\$ 2,297,875	\$ 2,603,040	\$ 4,036,674	\$ 4,335,215

Current Services

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Arts & Revitalization	25,000	50,000	75,000	75,000	75,000
Job Position Reclassification	(2,934)	(2,934)	(2,934)	(2,934)	(2,934)
Delphi Software Support	589	1,207	1,856	2,538	3,254

Total - Current Services \$ 22,655 \$ 48,273 \$ 73,922 \$ 74,604 \$ 75,320

Continued on next page

Comprehensive Financial Forecast

FY 2017 - FY 2021



**Convention and Event
Services Fund**

Comprehensive Financial Forecast Convention and Event Services Fund, FY 2017 - FY 2021

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
New Programs					
Gallery Window Shades	12,000				
Air Compressor	15,000				
HVAC Software and New Controls	450,000				
Lighting Upgrades	14,650				
Parking Lot Improvements	30,600				
Landscape Improvements - East Side	50,000				
VIP Suite Improvements	8,570				
Interior Signage Software Upgrade	30,000				
Chair Replacement (Grand Hall)	403,200				
Concession Stand Design Consultant	15,000				
New Furniture/Cubicles in Admin Front Office	20,000				
Signage - Building Exterior		25,000			
Meeting Rooms and Hallway Improvements		320,000			
High Extension Forklift - Replacement		35,000			
Chiller - Replacement		750,000			
Design Consultant - New South Entrance and Lobby		100,000			
Chair Replacement (Meeting Rooms)		138,600			
Painting - Metal Skin (Original Building)		46,640			
Grand Hall Curtain		10,000			
Refrigeration Merchandiser for Concession Stand	12,000				
Chair Replacement (Exhibit Hall)			630,000		
Elevator Replacement			100,000		
Overhead Door Replacement - Exhibit Hall			50,000		
Catering Bars			12,000		
Concession Stand Remodel			500,000		
Commercial Dishwasher			170,000		
Roof - Grand Hall Replacement				500,000	
Carpet - All Areas				375,000	
Total - New Programs	\$ 1,061,020	\$ 1,425,240	\$ 1,462,000	\$ 875,000	\$ -
ENDING BALANCE	\$ 673,475	\$ 980,745	\$ 1,319,284	\$ 3,399,581	\$ 4,634,560

Comprehensive Financial Forecast

FY 2017 - FY 2021



Park Performance Fund

Comprehensive Financial Forecast Park Performance Fund, FY 2017 - FY 2021

	FY 2016 Budget	FY 2017	FY 2018	FY 2019 FORECASTED	FY 2020	FY 2021
BEGINNING BALANCE	\$ 193,932	\$ 1,156	\$ 1,156	\$ 1,156	\$ 1,156	\$ 1,156
PARK PERF. FUND REVENUES - Most Likely	\$ 10,379,668	\$ 8,820,940	\$ 12,070,313	\$ 12,990,703	\$ 16,937,736	\$ 17,622,213
INTERFUND TRANSFERS:						
To Debt Service Fund	\$ (777,633)	\$ (1,909,560)	\$ (1,449,875)	\$ (1,162,875)	\$ (1,145,375)	\$ (1,124,375)
Transfer from Parks Gas Fund	-	1,208,000	748,315	461,315	443,815	422,815
Transfer from General Fund	1,497,153	1,497,153	1,497,153	1,497,153	1,497,153	1,497,153
From Golf Surcharge Fund	516,463	516,463	516,463	516,463	516,463	516,463
TOTAL INTERFUND TRANSFERS	\$ 1,235,983	\$ 1,312,056	\$ 1,312,056	\$ 1,312,056	\$ 1,312,056	\$ 1,312,056
TOTAL AVAILABLE FUNDS	\$ 11,809,583	\$ 10,134,152	\$ 13,383,525	\$ 14,303,915	\$ 18,250,948	\$ 18,935,425
PARK PERF. FUND EXPENDITURES	\$ 11,808,427	\$ 11,808,427	\$ 11,808,427	\$ 11,808,427	\$ 11,808,427	\$ 11,808,427
ENDING BALANCE	\$ 1,156	\$ (1,674,275)	\$ 1,575,098	\$ 2,495,488	\$ 6,442,521	\$ 7,126,998
Targeted Compensation Increases						
Health insurance increases, cumulative		46,319	97,270	152,807	213,342	279,326
ENDING BALANCE		\$ (1,720,594)	\$ 1,477,828	\$ 2,342,681	\$ 6,229,179	\$ 6,847,672
Current Services						
Landscape/Sr. Landscape Technician Reclassification		52,127	52,127	52,127	52,127	52,127
Total - Current!		\$ 52,127	\$ 52,127	\$ 52,127	\$ 52,127	\$ 52,127
ENDING BALANCE with Current Services		\$ (1,772,721)	\$ 1,425,701	\$ 2,290,554	\$ 6,177,052	\$ 6,795,545
New Programs						
Richard Simpson Lake House / Lake		225,945	225,945	225,945	225,945	225,945
East Arlington Community Center		-	-	462,000	1,400,000	1,442,000
Active Adult Center		-	-	-	1,660,000	1,709,800
Southeast Recreation Center		-	-	-	1,800,000	1,854,000
Bad Koenigshofen Aquatic Facility Filtration		193,250	8,250	8,250	8,250	8,250
Ditto Golf Course Renovation and Expansion		911,901	1,679,563	502,799	450,299	474,110
Total - New Programs		\$ 1,331,096	\$ 1,913,758	\$ 1,198,994	\$ 5,544,494	\$ 5,714,105
ENDING BALANCE with Current Services + New Programs		\$ (3,103,817)	\$ (488,057)	\$ 1,091,560	\$ 632,558	\$ 1,081,440
New Program Revenues						
Richard Simpson Lake House / Lake		139,875	191,875	200,000	220,000	220,000
East Arlington Community Center		-	-	210,000	840,000	856,800
Active Adult Center		-	-	-	1,070,467	1,091,876
Southeast Recreation Center		-	-	-	1,620,000	1,652,400
Total - New Program Revenues		\$ 139,875	\$ 191,875	\$ 410,000	\$ 3,750,467	\$ 3,821,076
ENDING BALANCE with Curr Services + New Prog + Revs		\$ (2,963,942)	\$ (296,182)	\$ 1,501,560	\$ 4,383,025	\$ 4,902,516

Comprehensive Financial Forecast

FY 2017 - FY 2021



Street Maintenance Fund

Comprehensive Financial Forecast Street Maintenance Fund, FY 2017 - FY 2021

	FY 2016 Budget	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
BEGINNING BALANCE	\$ 2,381,331	\$ 1,092,229	\$ 1,092,229	\$ 1,092,229	\$ 1,092,229	\$ 1,092,229
STREET MAINT. FUND REVENUES - Most Likely	\$ 14,752,584	\$ 15,264,333	\$ 15,715,905	\$ 16,104,629	\$ 16,472,295	\$ 16,833,385
INTERFUND TRANSFERS:						
From General Fund	\$ 2,166,527	\$ 2,166,527	\$ 2,166,527	\$ 2,166,527	\$ 2,166,527	\$ 2,166,527
From Gas Funds	-	-	-	-	-	-
From General Fund for Traffic	<u>4,722,827</u>	<u>4,722,827</u>	<u>4,722,827</u>	<u>4,722,827</u>	<u>4,722,827</u>	<u>4,722,827</u>
TOTAL INTERFUND TRANSFERS	\$ 6,889,354	\$ 6,889,354	\$ 6,889,354	\$ 6,889,354	\$ 6,889,354	\$ 6,889,354
TOTAL AVAILABLE FUNDS	\$ 24,023,270	\$ 23,245,916	\$ 23,697,488	\$ 24,086,212	\$ 24,453,877	\$ 24,814,968
STREET MAINT. FUND EXPENDITURES	<u>\$ 22,931,041</u>	<u>\$ 20,431,041</u>				
ENDING BALANCE	\$ 1,092,229	\$ 2,814,875	\$ 3,266,447	\$ 3,655,171	\$ 4,022,836	\$ 4,383,927
Targeted Compensation Increases		\$ 160,920	\$ 386,208	\$ 622,761	\$ 771,789	\$ 925,288
Health insurance increases		<u>58,212</u>	<u>140,628</u>	<u>222,220</u>	<u>311,155</u>	<u>408,094</u>
Total - Comp & Health Insurance		\$ 219,132	\$ 526,836	\$ 844,981	\$ 1,082,944	\$ 1,333,382
ENDING BALANCE		\$ 2,595,743	\$ 2,739,611	\$ 2,810,190	\$ 2,939,892	\$ 3,050,545
Current Services						
Streetlight Maintenance		50,000	25,000	25,000	25,000	25,000
Street Maintenance		1,300,000	1,900,000	2,000,000	2,100,000	2,200,000
Total - Current Services		\$ 1,350,000	\$ 1,925,000	\$ 2,025,000	\$ 2,125,000	\$ 2,225,000
ENDING BALANCE with Current Services		\$ 1,245,743	\$ 814,611	\$ 785,190	\$ 814,892	\$ 825,545
New Programs						
Signal T6/T7 Cross Training Program		(2,858)	(2,858)	(2,858)	(2,858)	(2,858)
Accessible Pedestrian Signals		104,000	104,000	104,000	104,000	104,000
Gradall for Concrete Crew		367,211	4,717	4,859	5,005	5,155
Street Maint Reorg		(12,550)	(12,550)	(12,550)	(12,550)	(12,550)
Streetlight Pole Painting		200,000	200,000	200,000	200,000	200,000
Total - New Programs		\$ 655,803	\$ 293,309	\$ 293,451	\$ 293,597	\$ 293,747
ENDING BALANCE		\$ 589,940	\$ 521,301	\$ 491,739	\$ 521,296	\$ 531,798

Comprehensive Financial Forecast

FY 2017 - FY 2021



Storm Water Utility Fund

Comprehensive Financial Forecast Storm Water Utility Fund, FY 2017 - FY 2021

	FY 2016 Budget	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
BEGINNING BALANCE	\$ 334,270	\$ 246,896	\$ 246,896	\$ 246,896	\$ 246,896	\$ 246,896
STORM WATER FUND REVENUES - Most Likely	\$ 13,020,862	\$ 14,300,433	\$ 15,583,563	\$ 16,833,081	\$ 18,082,779	\$ 18,717,859
INTERFUND TRANSFERS:						
To General Fund - Indirect Costs	\$ (384,387)	\$ (388,231)	\$ (388,231)	\$ (388,231)	\$ (388,231)	\$ (388,231)
To General Fund for capital reimbursement	(463,055)	(463,055)	(463,055)	-	-	-
To General Fund for engineering reviews	(88,699)	-	-	-	-	-
To Innovation/Venture Capital Fund	-	-	-	-	-	-
Pay-Go Capital Projects	(6,200,000)	(6,900,000)	(7,480,000)	(9,025,000)	(10,180,000)	(10,780,000)
To Water and Sewer Fund	(170,122)	(170,122)	(170,122)	(170,122)	(170,122)	(170,122)
TOTAL INTERFUND TRANSFERS	\$ (7,306,263)	\$ (7,921,408)	\$ (8,501,408)	\$ (9,583,353)	\$ (10,738,353)	\$ (11,338,353)
TOTAL AVAILABLE FUNDS	\$ 6,048,869	\$ 6,625,921	\$ 7,329,052	\$ 7,496,624	\$ 7,591,322	\$ 7,626,402
STORM WATER FUND EXPENDITURES	\$ 5,801,973	\$ 5,801,973	\$ 5,801,973	\$ 5,801,973	\$ 5,801,973	\$ 5,801,973
ENDING BALANCE	\$ 246,896	\$ 823,948	\$ 1,527,079	\$ 1,694,651	\$ 1,789,349	\$ 1,824,429
Targeted Compensation Increases		64,810	155,544	250,814	310,835	372,656
Health insurance increases		16,900	40,827	64,515	90,335	118,479
Total - Comp & Health Insurance		81,710	196,371	315,330	401,170	491,135
ENDING BALANCE		\$ 742,238	\$ 1,330,707	\$ 1,379,321	\$ 1,388,179	\$ 1,333,294
Current Services						
(No Current Service Requests)		-	-	-	-	-
Total - Current Services		\$ -	\$ -	\$ -	\$ -	\$ -
New Programs						
Stream Cleaning & Maintenance		400,000	970,000	970,000	970,000	970,000
Heavy Equipment Operator Reclass		14,565	14,565	14,565	14,565	14,565
Total - New Programs		\$ 414,565	\$ 984,565	\$ 984,565	\$ 984,565	\$ 984,565
ENDING BALANCE		\$ 327,673	\$ 346,142	\$ 394,756	\$ 403,614	\$ 348,729

The above operating position represents the current practice in the fund of accumulating cash over time and starting projects as adequate cash is available (Pay-Go). Another option currently under consideration would be to fund stormwater projects with debt. This would allow the Stormwater Fund to start projects immediately and pay back debt but would include interest. The chart to the right shows the difference between the two options. Selling debt allows for funding of projects upfront. However, once rates stabilize in FY21, the ability to issue debt drops while Pay-Go remains constant.

	Debt	PayGo	Difference
FY17	56,000,000	6,900,000	49,100,000
FY18	8,000,000	7,480,000	520,000
FY19	20,000,000	9,025,000	10,975,000
FY20	15,000,000	10,180,000	4,820,000
FY21	10,000,000	10,780,000	(780,000)
	109,000,000	44,365,000	64,635,000

Comprehensive Financial Forecast

FY 2017 - FY 2021

The Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on the City's general long-term debt not being financed by proprietary funds. The fund's primary source of revenue is ad valorem taxes. The operating position shown below assumes the most likely case for all revenue assumptions.

Comprehensive Financial Forecast Debt Service Fund, FY 2017 - FY 2021		 Debt Service Fund				
	FY 2016 Budget	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
BEGINNING BALANCE	\$ 2,914,116	\$ 2,755,340	\$ 2,567,750	\$ 2,924,287	\$ 2,392,752	\$ 2,216,351
Ad Valorem Taxes	\$ 39,213,792	\$ 41,370,551	\$ 42,715,093	\$ 44,338,267	\$ 46,555,180	\$ 48,370,832
Premium on bond issuance	120,000	-	-	-	-	-
Interest	77,593	162,945	244,418	268,860	295,746	325,320
DEBT SERVICE FUND REVENUES - Most Likely	<u>\$ 39,411,385</u>	<u>\$ 41,533,496</u>	<u>\$ 42,959,511</u>	<u>\$ 44,607,127</u>	<u>\$ 46,850,926</u>	<u>\$ 48,696,153</u>
INTERFUND TRANSFERS:						
Park Performance Fund	\$ 777,633	\$ 1,909,560	\$ 1,449,875	\$ 1,162,875	\$ 1,145,375	\$ 1,124,375
Convention and Event Svcs. Fund	1,366,902	1,219,851	1,156,399	1,145,803	-	-
Tax Increment Reinvestment Zone 5	1,025,353	1,314,014	1,639,517	2,125,790	2,628,952	2,981,738
Tax Increment Reinvestment Zone 4	1,803,764	1,756,877	887,939	861,552	835,164	808,777
Airport	175,000	175,000	175,000	175,000	175,000	175,000
Water and Sewer Fund - City Tower Debt	63,229	60,889	58,500	56,063	53,625	51,188
TOTAL INTERFUND TRANSFERS	<u>\$ 5,211,881</u>	<u>\$ 6,436,190</u>	<u>\$ 5,367,230</u>	<u>\$ 5,527,083</u>	<u>\$ 4,838,116</u>	<u>\$ 5,141,077</u>
TOTAL AVAILABLE FUNDS	\$ 47,537,382	\$ 50,725,026	\$ 50,894,492	\$ 53,058,497	\$ 54,081,794	\$ 56,053,581
EXPENDITURES:						
Principal and Interest	\$ 44,444,410	\$ 47,479,690	\$ 47,106,867	\$ 49,793,307	\$ 51,142,224	\$ 52,546,508
Issuance Fees	120,000	300,000	350,000	350,000	300,000	300,000
Interest Expense on FY 2016 Issuance	180,783	340,000	475,000	483,333	383,333	416,667
Agent Fees	36,849	37,586	38,338	39,104	39,887	40,684
TOTAL EXPENDITURES	<u>\$ 44,782,042</u>	<u>\$ 48,157,276</u>	<u>\$ 47,970,205</u>	<u>\$ 50,665,745</u>	<u>\$ 51,865,443</u>	<u>\$ 53,303,859</u>
ENDING BALANCE	\$ 2,755,340	\$ 2,567,750	\$ 2,924,287	\$ 2,392,752	\$ 2,216,351	\$ 2,749,722
<hr/>						
Growth in revenues		\$ 2,122,111	\$ 1,426,016	\$ 1,647,615	\$ 2,243,799	\$ 1,845,227
Change in Interfund Transfers		1,224,309	(1,068,960)	159,852	(688,966)	302,961
Debt retirement		<u>3,035,280</u>	<u>(372,823)</u>	<u>2,686,440</u>	<u>1,348,917</u>	<u>1,404,284</u>
Available for debt service		\$ 6,381,700	\$ (15,768)	\$ 4,493,908	\$ 2,903,750	\$ 3,552,472
Ending balanced used	\$ (158,776)	\$ (187,590)	\$ 356,537	\$ (531,535)	\$ (176,401)	\$ 533,371
Debt Issued	\$ 62,400,000	\$ 51,000,000	\$ 57,000,000	\$ 58,000,000	\$ 46,000,000	\$ 50,000,000

Comprehensive Financial Forecast

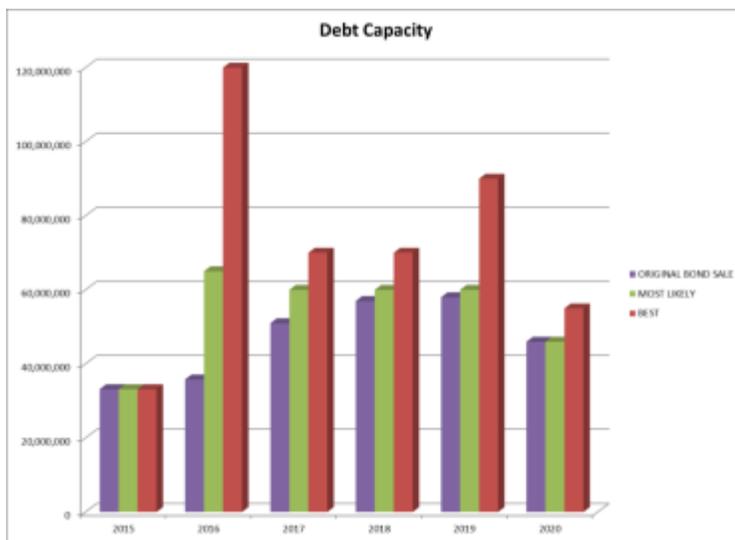
FY 2017 - FY 2021

Future Capital Considerations

The City of Arlington successfully passed a bond project package on the ballot in November 2014. The 5-year bond program is approximately \$236M. Major requests approved on the ballot list include \$160M for streets and \$60M for parks which includes both a new southeast recreation center and rebuild of Hugh Smith rec center.

As a result of an improving economy, greater than anticipated increases in property values have increased debt capacity since the initial projections for the bond election and future years show potential for additional projects. Capital projects that were not on the bond election include: a redesign to Ditto Golf Course, a multi-generational recreation center, and a senior rec center. Any of these projects may affect the debt capacity of the City.

	Proposition 1 Street Improvements \$160,130,000
	Proposition 2 Parks & Recreation \$60,000,000
	Proposition 3 Fire Facilities \$9,780,000
	Proposition 4 Libraries \$6,090,000



Additionally, the City of Arlington can raise its sales tax rate by as much as a quarter-cent to support specific programs. The existing sales tax rate is set at 8 cents while the State of Texas allows municipalities to set rates as high as 8.25 cents. There are two types of sales tax programs available to the City to fund capital projects. A type 4B sales tax may be added to the City's current sales tax rate in increments of either .125 or .25 cents to finance land, buildings, equipment, targeted infrastructure and improvements for a variety of capital projects. The City may also use a sports & community venue sales tax in increments of .125 or .25 cents to finance the construction of specific sports venues or parks and recreation capital projects. Using either one of these sales tax options would provide the City with \$7M to \$14M annually for capital projects depending on the option selected and the growth rate of current sales tax revenue.

Comprehensive Financial Forecast

FY 2017 - FY 2021

Assets

The City has assets currently valued at \$2.8B and some of these components will be addressed outside of the capital bond program. The citywide fleet inventory is currently operated with 22.3% of the vehicles beyond what is considered to be standard life cycle. The current fleet maintenance contract only covers vehicle repairs that are within life cycle. Repairs to vehicles beyond their life expectancy are outside of contract pricing and more expensive to repair. Funding is necessary to address the beyond life status for all fleet vehicles and prevent non-target repair expenditures. The requested additional funding of \$1.7M per year for five consecutive years would eliminate the increased costs associated with beyond life non-target maintenance.

Additionally, city-owned buildings require maintenance and many building systems and components have either reached or exceeded their service lives. The replacement of roofing systems is needed to protect interior furnishings from water and mold damage and prevent replacement expense for those furnishings. The replacement or enhancement of building interior elements, such as worn carpeting and wall surfaces, will provide a more suitable atmosphere for public users and visitors. Funding will be needed to address the backlog of component replacements; Public Works estimates that \$2.8M annually over the five year forecast period will bring city-owned buildings to current life cycle status.

Reserves and Available Funding

In accordance with the City's Financial Principles, several cash reserves are maintained in order to mitigate the impact of a significant economic downturn on our ability to maintain service levels to our citizens. These reserves are an important consideration by bond rating agencies in determining the City's overall credit-worthiness. The reserves include:

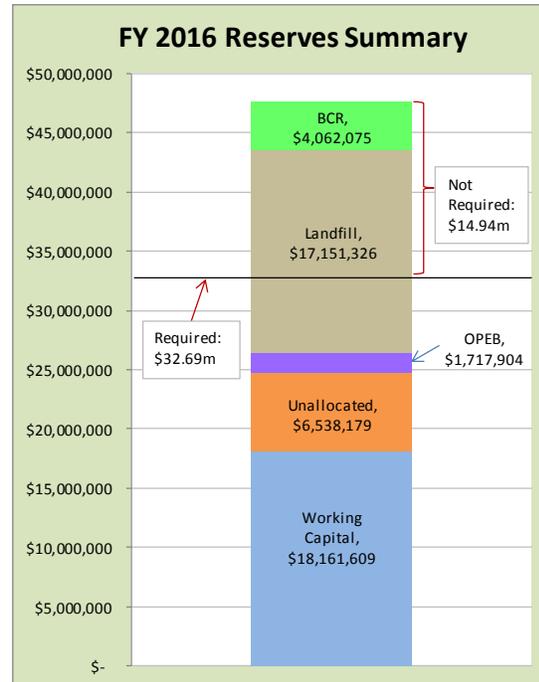
- Unallocated Reserve: \$6,538,179 in FY 2016. This reserve is maintained at 3% of recurring General Fund expenditures (net of one-time costs).
- Working Capital Reserve: \$18,161,609 in FY 2016. This reserve is maintained at one month's worth (8.33%) of recurring General Fund expenditures.
- Business Continuity Reserve: \$4,062,075 at the outset of FY 2016. This reserve was established during the financial challenges experienced by the City during the economic downturn of 2008-2010, and was initially created to support the Challenge Grant Program. It does not have a specified minimum funding level; however, the preferred level is 3% of General Fund expenditures, similar to the Unallocated Reserve. Use of the reserve is restricted to one-time expenditures or to cover costs necessitated by unforeseen circumstances.
- Landfill Lease Reserve: \$17,151,326 in FY 2016. This payment was received from Republic Waste Services when the City leased the Landfill in 2005. A total of \$4.34 million was spent from this reserve in FY 2013 to purchase recycling bins.

Comprehensive Financial Forecast

FY 2017 - FY 2021

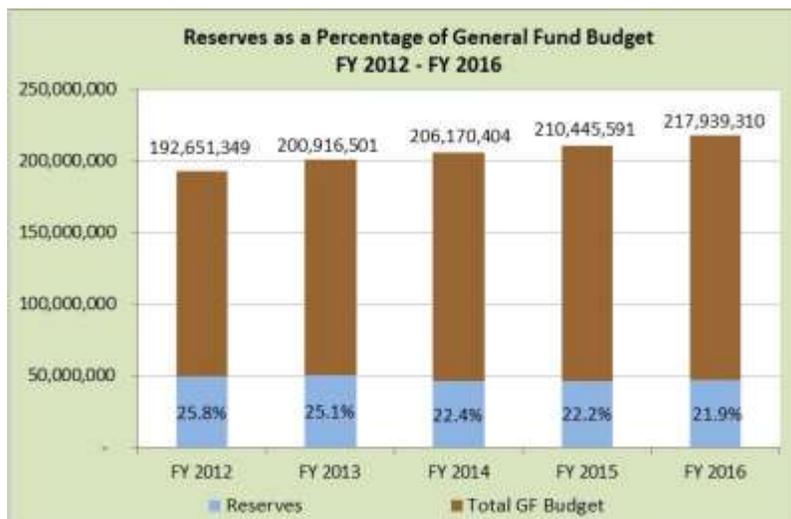
- Other Post-Employment Benefits Reserve: \$1,717,904 in FY 2016. This reserve was established in 2004 to set aside resources for funding post-employment benefits other than pensions.

In the aggregate, the reserves described above total \$47,631,093 at the beginning of FY 2016. This amount is 21.9 percent of recurring General Fund expenditures budgeted for the year. Our Financial Principles stipulate that the City maintain reserves equal to 15 percent of General Fund expenditures. The amount necessary for this reserve level would be \$32,690,897. Therefore, the reserves outlined above currently have a total of \$14,940,197 in excess of the required amount, as shown in the chart to the right, which would be available to support one-time expenditures should the City Council wish to do so.



It is important to note that the City continues to fund the Working Capital Reserve (one month, or 8.33%, of annual General Fund expenditures) and the Unallocated Reserve (3% of annual General Fund expenditures) at their respective specified levels each year. In the aggregate, these two reserves total 11.33% of General Fund recurring expenditures. However, in recent years we have not addressed the additional reserves needed as part of the annual budget development process; funding for these two reserves has historically been available from year-end balances from the prior fiscal year. As we continue to

tighten our revenue and expenditure budgets, this process will gradually reduce the likelihood that sufficient year-end balances will be available to fully fund our reserve requirements at the 15% level specified in the City's Financial Principles. The effects of this approach are illustrated in accompanying chart.



Comprehensive Financial Forecast

FY 2017 - FY 2021

In addition to the reserves outlined above, the City also has funding available in the natural gas funds. In mid-March 2016, there is \$827,482 available in the General Gas Fund and \$1,217,634 available in the Airport Gas Fund, which may be spent only on improvements at the City's airport. The Parks Gas Fund shows no available balance; all resources above the amounts reserved for other purposes are shown as set aside for Ditto Golf Course.

General Gas funds are committed to a number of projects, including the Public Safety Radio lease and funding for Innovation Venture Capital, the City's Economic Development Fund. Additionally, in December of 2015 Council approved a \$200M entertainment district development of which the City is contributing \$50M in gas revenues from ATF corpus. The intent is to refund the corpus over 15 years with gas funds. Beginning in FY16, natural gas revenues are proposed to be supplemented with \$2,500,000 in naming rights and rent from AT&T stadium. All funds and projects will flow through the Convention and Event Services Fund where uncommitted Convention Center revenues can also be applied to the projects mentioned above.

The economic outlook, both short term and near future, for the energy industry is not positive. Industry experts believe, excluding any unforeseeable events that would disrupt the supply chain, we could see continued low prices for the next 2 - 3 years. Some of the factors contributing to depressed natural gas pricing:

- Supply and demand are significantly imbalanced. We produce more natural gas than we consume, leaving both working and long term storage capacity at high levels.
- We are seeing a redistribution of mineral assets across the country which is impacting current production. Operators are either filing for bankruptcy, significantly reducing or eliminating their E&P budgets, or selling their assets to reduce debt.
- Foreign entities with subsidiary domestic companies and new start- up companies are being formed for the sole purpose of pursuing reserves to capitalize on improved market conditions in the future.
- While operators shifted their focus to produce from formations rich in natural gas liquids (NGL's) and oil in order to slow the production of natural gas and chase higher liquid prices, they unfortunately increased the production of natural gas. Since NGL's, i.e., propane, heptane, etc., as well as oil typically have "associated natural gas", operators exacerbated the surplus problem by adding more gas supply.
- Wells are more frequently being shut-in by operators to conserve proven reserves.

The chart on the next page forecasts natural gas fund availability for various projects.

Comprehensive Financial Forecast FY 2017 - FY 2021

