FY 2017 Proposed Budget and Business Plan
ARLINGTON

BUILDING ON SUCCESS

City Council PRIORITIES

Invest In Our Economy

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

Champion Great Neighborhoods

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

Enhance Regional Mobility

Sustain Core Services
- Public Safety
- Culture / Recreation / Education
- Financial / Economic Development
- Infrastructure

Support Quality Education

Live Our Values
- Teamwork
- Responsiveness
- Respect
- Innovation
- Commitment
- Integrity

Put Technology To Work
Overview

- City Value Proposition
- FY 2017 Proposed Budget
- FY 2017 Priorities and Core Services
- August 9th Meeting
- Budget Calendar
FY 2017 Budget

- Balanced and in accordance with the City’s Financial Principles
- Advance Priorities while maintaining Core Services
- Cost effective service delivery
- Addresses employee compensation (first year of three-year plan)
- Targeted investments in new technology & public safety
- Tax rate of .6448, first tax rate reduction in 17 years
Budget Development Process

- Comprehensive Financial Forecast
- Department reviews with CMO
- All items considered included in Budget Document (Other Budget Information)
- Reconciliation of Positions (adds, deletes, reorganizations)
Best Practices
## Favorable Tax Policy

<table>
<thead>
<tr>
<th>RESIDENTIAL</th>
<th>General Homestead</th>
<th>Over 65</th>
<th>Disabled Person</th>
<th>Tax Ceiling for Over 65</th>
<th>Mandated Veteran Exemptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Up to 20% of appraised value, must be worth at least $5,000</td>
<td>At least $3,000; no max established</td>
<td>At least $3,000; no max established</td>
<td>Local Officials Authorized or Not Authorized</td>
<td>Vet1</td>
</tr>
<tr>
<td>Arlington</td>
<td>20%</td>
<td>$60,000</td>
<td>$60,000</td>
<td>Authorized</td>
<td>5,000</td>
</tr>
</tbody>
</table>

### Authorized Business Exemptions

<table>
<thead>
<tr>
<th>COMMERCIAL</th>
<th>Authorized Business Exemptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freeport</td>
<td>Abatements</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Minimums and Maximums Authorized</th>
<th>Local Officials Authorized or Not Authorized</th>
<th>Local Officials Authorized or Not Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arlington</td>
<td>Authorized</td>
<td>Authorized</td>
</tr>
</tbody>
</table>
Other City Comparisons

FY 2016 Ad Valorem Tax Rates

- **Average:** $0.6107

- **General Fund Rate:**
  - Grapevine: $0.3284
  - North Richland Hills: $0.3433
  - Granbury: $0.3995
  - Weatherford: $0.4102
  - Burleson: $0.4152
  - Haltom City: $0.4347
  -あなたは:$0.4620
  - Southlake: $0.4886
  - Keller: $0.5583

- **Debt Rate:**
  - Grapevine: $0.6011
  - Grapevine: $0.6400
  - Grapevine: $0.6700
  - Grapevine: $0.6352
  - Grapevine: $0.6480
  - Grapevine: $0.6400
  - Grapevine: $0.6352
  - Grapevine: $0.6129
  - Grapevine: $0.6063
  - Grapevine: $0.6011
  - Grapevine: $0.5583
  - Grapevine: $0.4886
  - Grapevine: $0.4620
  - Grapevine: $0.4347
Other City Comparisons

FY 2016 General Homestead Exemption

<table>
<thead>
<tr>
<th>City</th>
<th>Exemption</th>
<th>State Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arlington</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Plano</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Irving</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Houston</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Grapevine</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Fort Worth</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Southlake</td>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>Garland</td>
<td>8%</td>
<td>20%</td>
</tr>
<tr>
<td>Grand Prairie</td>
<td>1%</td>
<td>20%</td>
</tr>
<tr>
<td>Richardson</td>
<td>0%</td>
<td>20%</td>
</tr>
<tr>
<td>Mesquite</td>
<td>0%</td>
<td>20%</td>
</tr>
<tr>
<td>Mansfield</td>
<td>0%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Average: 12%
## Other City Comparisons

<table>
<thead>
<tr>
<th>City</th>
<th>FY 2016 Tax Levy Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southlake</td>
<td>$965</td>
</tr>
<tr>
<td>Richardson</td>
<td>$701</td>
</tr>
<tr>
<td>Dallas</td>
<td>$615</td>
</tr>
<tr>
<td>Plano</td>
<td>$564</td>
</tr>
<tr>
<td>Carrollton</td>
<td>$542</td>
</tr>
<tr>
<td>Houston</td>
<td>$538</td>
</tr>
<tr>
<td>Fort Worth</td>
<td>$495</td>
</tr>
<tr>
<td>Keller</td>
<td>$475</td>
</tr>
<tr>
<td>Corpus Christi</td>
<td>$417</td>
</tr>
<tr>
<td>Grapevine</td>
<td>$415</td>
</tr>
<tr>
<td>Grand Prairie</td>
<td>$407</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$361</td>
</tr>
<tr>
<td>El Paso</td>
<td>$354</td>
</tr>
<tr>
<td>Garland</td>
<td>$337</td>
</tr>
<tr>
<td>Arlington</td>
<td>$335</td>
</tr>
<tr>
<td>Mesquite</td>
<td>$268</td>
</tr>
</tbody>
</table>

Average: $487
Other City Comparisons

FY 2016 Employees per 10,000 Citizens

- Grapevine: 137.6
- Southlake: 128.3
- Dallas: 113.7
- Corpus Christi: 99.7
- Houston: 97.2
- Richardson: 97.0
- El Paso: 88.9
- Garland: 88.8
- Fort Worth: 81.4
- Keller: 80.7
- Plano: 80.4
- San Antonio: 78.1
- Mesquite: 75.4
- Grand Prairie: 70.3
- Carrollton: 66.4
- Arlington: 66.3

Average: 90.6
Per Capita City Comparisons

*FY 2016 City Budgets

[Bar chart showing per capita budget allocations for various cities, with Frisco at 1.12, McKinney at 1.18, Richardson at 1.33, Garland at 1.41, Grand Prairie at 1.46, Lewisville at 1.48, Irving at 1.49, Mesquite at 1.60, Carrollton at 1.63, Arlington at 1.65, Plano at 1.83, and Fort Worth at 1.92.]
Per Capita City Comparisons

*FY 2016 City Budgets
Per Capita City Comparisons

*FY 2016 City Budgets
Per Capita City Comparisons

*FY 2016 City Budgets
Per Capita City Comparisons

*FY 2016 City Budgets
Results

• Building Permits in 10 Days: 53% in FY 2015, 66% in FY 2016

• Lane Miles with Overall Condition Index (OCI) <50: 276 in FY 2015, 248 FY 2016 YTD

• Circulation of digital materials as a percentage of total circulation: 9% in FY 2015, 11% FY 2016 YTD

• Total Patrol Responses: 176,915 in FY 2015, 175,000 FY 2016 Target

• Fire Dispatched Calls for Service: 41,011 in FY 2015, 40,600 FY 2016 Target

• Debt Ratios Below Target
Budget Balancing Strategies

- Expenditure Reductions
  - APFA Support ($570,000)
  - Electricity Costs ($1,248,684 to one-time)
  - Fuel ($1,000,000)
  - Workers’ Compensation ($356,000)
- Debt Service Refinancing ($500,000)
- Infrastructure debt issuance ($5.4M)
- Volunteer program 125,000 Hours
- Grants ($16.7M)
Infrastructure Maintenance
Debt Issuance

- Fire Apparatus ($1,978,000)
- IT Infrastructure ($1,750,000)
- Building Maintenance ($1,429,000)
- Landfill Gas Collection/Control System ($250,000)

Total: $5,407,000
### All Funds - Operating Positions

<table>
<thead>
<tr>
<th>Funding Source / Use</th>
<th>General Fund</th>
<th>Water and Sewer Fund</th>
<th>Convention and Event Services Fund</th>
<th>Park Performance Fund</th>
<th>Storm Water Utility Fund</th>
<th>Street Maintenance Fund</th>
<th>Debt Service Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$</td>
<td>-</td>
<td>$ 28,910</td>
<td>$ 2,445,705</td>
<td>$ 272,418</td>
<td>$ 345,764</td>
<td>$ 1,892,864</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$ 235,885,463</td>
<td>$ 141,515,773</td>
<td>$ 14,147,329</td>
<td>$ 9,465,972</td>
<td>$ 15,047,079</td>
<td>$ 15,166,601</td>
<td>$ 40,569,054</td>
</tr>
<tr>
<td>Total Interfund Transfers</td>
<td>$ (1,525,055)</td>
<td>$ (20,835,106)</td>
<td>$ (5,374,134)</td>
<td>$ 2,625,901</td>
<td>$ (8,969,717)</td>
<td>$ 6,931,730</td>
<td>$ 6,384,137</td>
</tr>
<tr>
<td>Total Available Funds</td>
<td>$ 234,360,408</td>
<td>$ 120,709,578</td>
<td>$ 11,218,900</td>
<td>$ 12,364,291</td>
<td>$ 6,423,126</td>
<td>$ 23,991,195</td>
<td>$ 49,313,761</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$ 234,354,444</td>
<td>$ 120,516,988</td>
<td>$ 10,413,266</td>
<td>$ 12,304,324</td>
<td>$ 6,069,827</td>
<td>$ 23,187,968</td>
<td>$ 47,273,191</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$ 5,964</td>
<td>$ 192,590</td>
<td>$ 805,634</td>
<td>$ 59,968</td>
<td>$ 353,299</td>
<td>$ 803,227</td>
<td>$ 2,040,570</td>
</tr>
</tbody>
</table>
City Revenues by Fund

- Street Maintenance Fund $15,166,601
- Storm Water Utility Fund $15,047,079
- Park Performance Fund $9,465,972
- Convention and Event Services Fund $14,147,329
- Debt Service Fund $40,569,054
- Water and Sewer Fund $141,515,773
- General Fund $235,885,463
City Expenditures by Fund

- General Fund: $234,354,444
- Water and Sewer Fund: $120,516,988
- Debt Service Fund: $47,273,191
- Street Maintenance Fund: $23,187,968
- Transfers & Fund Balances: $17,677,263
- Convention and Event Services: $10,413,266
- Storm Water Utility Fund: $6,069,827
- Park Performance Fund: $12,304,324
## Summary of Expenditure Changes

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY 2016 Budget</th>
<th>FY 2017 Budget</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$221,900,956</td>
<td>$234,354,444</td>
<td>5.6%</td>
</tr>
<tr>
<td>Water and Sewer Fund</td>
<td>110,375,869</td>
<td>120,516,988</td>
<td>9.2%</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>44,782,042</td>
<td>47,273,191</td>
<td>5.6%</td>
</tr>
<tr>
<td>Street Maintenance Fund</td>
<td>22,931,041</td>
<td>23,187,968</td>
<td>1.1%</td>
</tr>
<tr>
<td>Park Performance Fund</td>
<td>11,808,427</td>
<td>12,304,324</td>
<td>4.2%</td>
</tr>
<tr>
<td>Transfers &amp; Fund Balances</td>
<td>13,591,107</td>
<td>17,677,263</td>
<td>30.1%</td>
</tr>
<tr>
<td>Convention and Event Services</td>
<td>9,695,789</td>
<td>10,413,266</td>
<td>7.4%</td>
</tr>
<tr>
<td>Storm Water Utility Fund</td>
<td>5,801,973</td>
<td>6,069,827</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$440,887,204</strong></td>
<td><strong>$471,797,271</strong></td>
<td><strong>7.0%</strong></td>
</tr>
</tbody>
</table>
General Fund Budget by Department

- Management Resources: $3,821,978
- Municipal Court: $3,747,207
- Human Resources: $3,111,673
- Policy Administration: $7,029,543
- Finance: $5,298,595
- Aviation: $987,168
- Community Devel. & Planning: $7,313,012
- Economic Development: $712,278
- Public Works & Transp.: $12,366,759
- Parks & Recreation: $16,424,229
- Library: $8,372,593
- Code Compliance: $6,152,695
- Non-Departmental: $8,775,521
- Fire: $47,401,146
- Police: $102,840,047
General Fund Expenditures

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

FY 2008: Personnel Costs 78.6%, Other General Fund Expenditures 21.4%
FY 2009: Personnel Costs 76.2%, Other General Fund Expenditures 23.8%
FY 2010: Personnel Costs 76.7%, Other General Fund Expenditures 23.3%
FY 2011: Personnel Costs 75.9%, Other General Fund Expenditures 24.1%
FY 2012: Personnel Costs 77.3%, Other General Fund Expenditures 22.7%
FY 2013: Personnel Costs 78.0%, Other General Fund Expenditures 22.0%
FY 2014: Personnel Costs 78.4%, Other General Fund Expenditures 21.6%
FY 2015: Personnel Costs 77.9%, Other General Fund Expenditures 22.1%
FY 2016: Personnel Costs 77.5%, Other General Fund Expenditures 22.5%
FY 2017: Personnel Costs 76.5%, Other General Fund Expenditures 23.5%
General Fund Revenue Changes

• Ad Valorem revenue increase of 9.8%
  • Increase in General Fund revenue of $12.4M in FY 2017 budget
  • Anticipates September bill valuation change and ongoing impact of tax litigation settlements

• Sales Tax Revenue
  • FY 2017 General Fund sales tax revenue is projected to be $60.4M, which is $2.3M above the FY 2016 estimate
  • 4% growth

• Other Revenues
  • Municipal Court down $1.5M
  • Franchise Fee growth of $2M
  • Permits, plan review fees up $700k
  • Airport land, ramp lease up $190k
  • Interest income growth of $193k
General Fund Revenues

FY 2011 - FY 2017 General Fund Revenues
(in $ Millions)

- Property Taxes
- Sales Taxes
- Franchise Fees
- Service Charges
- Fines and Forfeitures
- Other Revenues
Property Tax Base

Assessed Value of Property Tax Base
Percent Change, FY 2001 - FY 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>9.0%</td>
</tr>
<tr>
<td>2002</td>
<td>8.7%</td>
</tr>
<tr>
<td>2003</td>
<td>5.9%</td>
</tr>
<tr>
<td>2004</td>
<td>4.9%</td>
</tr>
<tr>
<td>2005</td>
<td>3.6%</td>
</tr>
<tr>
<td>2006</td>
<td>4.1%</td>
</tr>
<tr>
<td>2007</td>
<td>3.3%</td>
</tr>
<tr>
<td>2008</td>
<td>5.0%</td>
</tr>
<tr>
<td>2009</td>
<td>4.2%</td>
</tr>
<tr>
<td>2010</td>
<td>-0.4%</td>
</tr>
<tr>
<td>2011</td>
<td>-5.7%</td>
</tr>
<tr>
<td>2012</td>
<td>0.6%</td>
</tr>
<tr>
<td>2013</td>
<td>2.4%</td>
</tr>
<tr>
<td>2014</td>
<td>2.3%</td>
</tr>
<tr>
<td>2015</td>
<td>4.5%</td>
</tr>
<tr>
<td>2016</td>
<td>4.3%</td>
</tr>
<tr>
<td>2017</td>
<td>9.1%</td>
</tr>
</tbody>
</table>
Through May, sales tax revenue in the General Fund is $477,000 under the weighted monthly budget amount for the year to date. Receipts are up from the prior year in 10 of the last 12 months. Through May, receipts are 3.9% above what the City received last year.
## Property Tax Rates

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Tax Rate</td>
<td>43.53</td>
<td>44.60</td>
<td>45.38</td>
<td>0.78</td>
</tr>
<tr>
<td>Debt Service Tax Rate</td>
<td>21.27</td>
<td>20.20</td>
<td>19.10</td>
<td>(1.10)</td>
</tr>
<tr>
<td>Total Property Tax Rate</td>
<td>64.80</td>
<td>64.80</td>
<td>64.48</td>
<td>(0.32)</td>
</tr>
</tbody>
</table>

Effective Tax Rate: $0.605738 per $100 of assessed value

Rollback Tax Rate: $0.653030 per $100 of assessed value
## Revenue Comparison

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
<th>Additional Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Increase in proposed revenues</td>
<td>5.5%</td>
<td>$12M</td>
</tr>
<tr>
<td>DFW Inflation rate</td>
<td>2.7%</td>
<td>$6M</td>
</tr>
<tr>
<td>Variance</td>
<td></td>
<td>$6M</td>
</tr>
<tr>
<td>What it funded</td>
<td>Employee Compensation</td>
<td>$6M</td>
</tr>
</tbody>
</table>
Compensation & Benefits
## Compensation Plan Year 1

<table>
<thead>
<tr>
<th>Job Family</th>
<th>CoA Avg Blend</th>
<th>Year 1 Increase</th>
<th>Year 1 Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td>6.6% below</td>
<td>6.9%</td>
<td>$69,310</td>
</tr>
<tr>
<td>Information Technology</td>
<td>11.2% below</td>
<td>8.4%</td>
<td>$344,223</td>
</tr>
<tr>
<td>Admin/Clerical</td>
<td>9.3% below</td>
<td>7.8%</td>
<td>$473,978</td>
</tr>
<tr>
<td>Management Professional</td>
<td>6.6% below</td>
<td>6.9%</td>
<td>$1,499,427</td>
</tr>
<tr>
<td>Technical/Craft</td>
<td>4.1% below</td>
<td>6.0%</td>
<td>$729,355</td>
</tr>
<tr>
<td>Police Officer</td>
<td>0.3% above</td>
<td>4.6%</td>
<td>$1,349,935</td>
</tr>
<tr>
<td>Police Sgt</td>
<td>2.6% below</td>
<td>5.5%</td>
<td>$349,962</td>
</tr>
<tr>
<td>Police LT</td>
<td>1.5% below</td>
<td>5.2%</td>
<td>$104,219</td>
</tr>
<tr>
<td>Firefighter</td>
<td>1.6% below</td>
<td>5.2%</td>
<td>$487,311</td>
</tr>
<tr>
<td>Apparatus Operator</td>
<td>1.7% below</td>
<td>5.2%</td>
<td>$247,145</td>
</tr>
<tr>
<td>Fire LT</td>
<td>1.6% below</td>
<td>5.2%</td>
<td>$210,914</td>
</tr>
<tr>
<td>Fire Captain</td>
<td>1.4% above</td>
<td>4.2%</td>
<td>$66,048</td>
</tr>
<tr>
<td>Battalion Chief</td>
<td>1.4% above</td>
<td>4.2%</td>
<td>$47,672</td>
</tr>
<tr>
<td><strong>Total General Fund</strong></td>
<td></td>
<td></td>
<td><strong>$5,979,499</strong></td>
</tr>
</tbody>
</table>

Proposed compensation increase for all funds = $7.1M
## Premium Increase for Employees

<table>
<thead>
<tr>
<th></th>
<th>2016 Rate</th>
<th>2017 Rate</th>
<th>2017 $ Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Only</strong></td>
<td>12.13</td>
<td>12.81</td>
<td>0.68</td>
</tr>
<tr>
<td><strong>Employee + Spouse</strong></td>
<td>51.31</td>
<td>54.18</td>
<td>2.87</td>
</tr>
<tr>
<td><strong>Employee + Child(ren)</strong></td>
<td>20.22</td>
<td>21.35</td>
<td>1.13</td>
</tr>
<tr>
<td><strong>Employee + Family</strong></td>
<td>72.06</td>
<td>76.10</td>
<td>4.04</td>
</tr>
</tbody>
</table>

### City of Arlington
2017 Potential Actives Premium
(Per Pay Period)

#### HDHP High Deductible Health Plan

#### EPO (Exclusive Provider Organization)
Health Benefits Strategies

**2017**
- Evaluate Employee Health and Wellness Clinic for employees and retirees on insurance plan
- Review Employee/City Contributions
- Evaluate other Medical/RX network pricing options
- RFP for Medical Plan – effective 2018
- Evaluate health exchange offering to <65 Retirees

**Considerations for 2018**
- Tobacco Surcharge
  - Employee Only ($50 month)
- Narrow Provider networks for Medical and Rx
- Implement new medical Third Party Administrator (if UHC not selected)
- Evaluate dropping one plan and only offering High Deductible Health Plan
- Evaluate moving employees to the Federal Exchange
- Pare down health insurance plan to offer only ACA mandated coverage to ensure excise tax is not applied

**Considerations for 2019**
- Expand tobacco surcharge to spouse
- Increase the difference between wellness non-participation medical rates and those who participate in wellness
- Add additional Rx tiers for generic and specialty drugs
- Expectant mothers to attend prenatal classes for top level coverage, if they do not attend, lower coinsurance applies
- Decreased Rate of return from 7% to 6.75%
- Decreased CPI from 3% to 2.5%
- Funded full $509,185 increase, not phased in
- Rate increase from 15.08% to 15.73%
- Amortization Period from 21 years to 20.4 years
- Increased funded ratio from 86% to 86.5%
TMRS Contribution Rates

2000: 12.73%
2001: 12.75%
2002: 13.22%
2003: 14.18%
2004: 14.24%
2005: 14.55%
2006: 15.51%
2007: 16.76%
2008: 17.16%
2009: 16.77%
2010: 16.47%
2011: 16.28%
2012: 15.62%
2013: 15.08%
2014: 15.73%
2015: 15.25%
2016: 16.06%
2017: 15.73%
Unfunded Actuarial Accrued Liability
(in $ millions)


$97 $102 $113 $124 $221 $234 $247 $144 $132 $161 $144 $147

Total
OPEB

Unfunded OPEB
(in $ millions)

- Jan 2007: $101.8
- Jan 2008: $103.2
- Jan 2009: $104.5
- Jan 2010: $100.9
- Jan 2011: $109.0
- July 2012: $147.7
- July 2013: $107.5
- July 2014: $103.5
- July 2015: $101.3
Council Priorities
## Recurring Funding Summary – General Fund

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandates &amp; Contractual Increases</td>
<td>$1.63M</td>
</tr>
<tr>
<td>Compensation &amp; Benefits</td>
<td>$7.12M</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$2.34M</td>
</tr>
<tr>
<td>Priories &amp; Needs</td>
<td>$1.34M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12.43M</strong></td>
</tr>
</tbody>
</table>

- 55 deferred requests, $8.8M, 16 positions
Council Priorities - Highlights

Invest in Our Economy

- Hotel Attraction Support ($125,000)
- Continue Gateway Sign Projects ($300,000)
- Aviation Tower Operating Hours Extension ($4,680)
- Innovation/ Venture Capital ($1,171,925)
- Increase ACTC Arts & Revitalization Funding $125,000
  - FY17 total = $300,000
  - $100,000 to be spent on local arts organizations
- Convention and Event Services Investments ($1,510,163)
Council Priorities - Highlights

Enhance Regional Mobility

- MAX Service ($81,551)
- Additional Funding for Street Maintenance ($2.7 Million)
- Additional Streetlight Maintenance ($50,000)
- Initiate I-20 Ramp Planning
- Continue Accelerated Capital Investment Plan
Council Priorities - Highlights

Put Technology to Work

- Microsoft Office Upgrade ($540,000)
- Software Maintenance ($140,000)
- City Data Management ($200,000)
- Department Technology Projects ($345,300)
  - Granicus Software Upgrade
  - Police Mobile Application
  - Electronic Recruitment Replacement
  - Parks CLASS Scheduling Software – continuation from FY 2016
- Radio Maintenance Increase ($400,000 with $315,000 offset from Tarrant County)
Council Priorities - Highlights

Champion Great Neighborhoods

- Neighborhood Matching Grant Program ($100,000)
- CPI Increase for Mowing Contract ($37,000)
- Code Compliance Service Enhancements ($30,000)
- Body-Worn Cameras for Police ($2.4 Million)
- Fire Department Heavy Fleet Replacement ($628,000)
Council Priorities - Highlights

Champion Great Neighborhoods

- Match for 2015 COPS Hiring Grant ($578,000)
- Add 2 Storm Water Civil Engineers ($190,000)
- Add a Water Resource Technician ($57,000)
Council Priorities - Highlights

Support Quality Education

- AISD Hometown Recruiting ($79,700)
- Library E-Content ($75,000)
- Downtown Library
- East Library
Core Services - Highlights

Public Safety

• Police Patrol Carbines ($278,000)
• Police Tasers ($221,000)
Core Services - Highlights

Culture / Recreation / Education

• Bad Koenigshofen Pool Filtration System enhancement ($193,000)
• Ditto Golf Course Redevelopment ($122,000)
• Sports Field Enhancement increase ($22,000)
• Funding for Assistant Director of Parks ($126,000)
• New Parks Development O&M Funding ($380,000)
Core Services - Highlights

Financial / Economic Development

• Compensation Study Year 2 of 5 ($46,200)
• Increase in Contract for TAD ($25,900)
• Bond Handling Fees Increase ($20,000)
Core Services - Highlights

Infrastructure

• Jail Maintenance ($100,000)
• Animal Services HVAC ($400,000)
• Out of Life Fleet Replacements ($889,000)
Other Funds
Convention & Event Services
Program Changes

- Revenues are $3.5 Million higher than FY16
  - Hotel Occupancy Tax up $843K
  - Convention Center Revenues up $201K
  - Stadium Naming Rights Revenues $2.5M
- FY 2017 Expenditures
  - Recurring New Expenses $525K and include
    - Funding for ACVB $400K
    - Funding for Cultural Tourism Council $125K
  - One-time Expenses $1.5M and include
    - Funding for ACVB $500K
    - Gateway Signage Carryforward $300K
    - HVAC Software and Controls $450K
    - Hotel Attraction Support $125K
Park Performance Fund Program Changes

- Revenues are $913K lower than FY 2016
  - Golf Revenue is down $1.15M due to Ditto Renovation
  - Recreation Revenue is up $85K
  - Fields Revenue is up $155K
- FY 2017 Expenditures are $495K higher than FY 2016
  - Golf Expenditures are up $148K
  - Recreation Expenditures are up $318K
  - Field Expenditures are up $30K
Communication Services Program Changes

- FY 2017 Expenditures
  - CAD Maintenance Increase $13,642
  - Radio Maintenance Increase $400,000
    - Offset by revenues from Tarrant County
  - Replacement of CAD servers $115K one-time
    - Offset by Fund Balance
IT Support Fund Program Changes

• FY 2017 Expenditures are $5.17 Million higher than in FY 2016
  • IT General Fund moved into Support Fund for FY 2017
  • Offset with increased chargebacks in General Fund
  • Net Zero Impact City-Wide
• One-time project expenses $655,500K
  • Data Management $200K
  • Supplementary Resources $287,000
• Recurring new expenses $1.38 Million
  • Microsoft Office Upgrade $540K
  • Software Maintenance $140K
  • Contract Staffing $233K
Water Utilities Program Changes

- **Additions**
  - TRWD Rate Increase $3,071,847
  - TRA Rate Increase $2,867,419
  - Fleet Replacement $700,000
  - Software Maintenance $144,961
  - TCEQ System User Fee $110,466
  - New Water Resource Technician $56,918
  - Chief Tech Reclasses $44,082
  - Credit Card Service Fees $32,000
  - Migration XC2 to enQuesta $30,000
  - Bond Handling Fees $20,000

- **Deletions**
  - Eliminate WIS Manager $108,906
  - Eliminate 2 Utilities Dispatchers $104,764
  - Reduce Shift Differential $4,073
# Water Fixed Monthly Charge

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>FY16</th>
<th>Proposed FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Residential</td>
<td>Commercial</td>
</tr>
<tr>
<td>3/4</td>
<td>$6.40/$9.00</td>
<td>$9.00</td>
</tr>
<tr>
<td>1</td>
<td>15.00</td>
<td>15.00</td>
</tr>
<tr>
<td>1-1/2</td>
<td>34.30</td>
<td>34.30</td>
</tr>
<tr>
<td>2</td>
<td>60.00</td>
<td>60.00</td>
</tr>
<tr>
<td>3</td>
<td>141.00</td>
<td>141.00</td>
</tr>
<tr>
<td>4</td>
<td>225.00</td>
<td>225.00</td>
</tr>
<tr>
<td>6</td>
<td>524.00</td>
<td>524.00</td>
</tr>
<tr>
<td>8</td>
<td>820.00</td>
<td>820.00</td>
</tr>
<tr>
<td>10</td>
<td>1232.00</td>
<td>1232.00</td>
</tr>
</tbody>
</table>
### Water Conservation Rates
#### Residential Block Structure

<table>
<thead>
<tr>
<th>Usage (1,000 gal)</th>
<th>FY16</th>
<th>Proposed FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 2</td>
<td>$2.02</td>
<td>$2.02</td>
</tr>
<tr>
<td>3 - 10</td>
<td>2.79</td>
<td>2.79</td>
</tr>
<tr>
<td>11 - 15</td>
<td>4.02</td>
<td>4.02</td>
</tr>
<tr>
<td>16 - 29</td>
<td>4.79</td>
<td>4.79</td>
</tr>
<tr>
<td>≥ 30</td>
<td>5.94</td>
<td>5.94</td>
</tr>
</tbody>
</table>
## Cost of Service
### Commercial Volume Rate Block Structure

<table>
<thead>
<tr>
<th>Usage (1,000 gals)</th>
<th>FY16</th>
<th>Proposed FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 15</td>
<td>$2.70</td>
<td>$3.00</td>
</tr>
<tr>
<td>≥ 16</td>
<td>2.84</td>
<td>3.16</td>
</tr>
</tbody>
</table>
## Water Conservation Rates

### Construction Meter Rates

<table>
<thead>
<tr>
<th>Usage (1,000 gal)</th>
<th>FY16</th>
<th>Proposed FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-99</td>
<td>$5.52</td>
<td>$5.90</td>
</tr>
<tr>
<td>≥ 100</td>
<td>6.96</td>
<td>7.44</td>
</tr>
</tbody>
</table>
### Sewer Fixed Monthly Charge

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>FY16</th>
<th>Proposed FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Residential and Commercial</strong></td>
<td><strong>Residential and Commercial</strong></td>
</tr>
<tr>
<td>3/4</td>
<td>$5.10/$9.30</td>
<td>$5.80/$9.90</td>
</tr>
<tr>
<td>1</td>
<td>16.00</td>
<td>16.80</td>
</tr>
<tr>
<td>1-1/2</td>
<td>36.50</td>
<td>38.70</td>
</tr>
<tr>
<td>2</td>
<td>59.10</td>
<td>60.50</td>
</tr>
<tr>
<td>3</td>
<td>131.00</td>
<td>187.00</td>
</tr>
<tr>
<td>4</td>
<td>210.00</td>
<td>279.00</td>
</tr>
<tr>
<td>6</td>
<td>526.00</td>
<td>759.00</td>
</tr>
<tr>
<td>8</td>
<td>751.00</td>
<td>1000.00</td>
</tr>
<tr>
<td>10</td>
<td>1110.00</td>
<td>1458.00</td>
</tr>
</tbody>
</table>
## Cost of Service

**Sewer Rate**

<table>
<thead>
<tr>
<th>Wastewater Flow (1,000 gals)</th>
<th>FY16</th>
<th>Proposed FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>All usage</td>
<td>$3.71</td>
<td>$4.18</td>
</tr>
</tbody>
</table>
## Customer Impact

<table>
<thead>
<tr>
<th>Monthly Bill (Water/Wastewater)</th>
<th>FY16</th>
<th>Proposed FY17</th>
<th>Annual Impact</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum User – ¾” meter (2,000 gal/2,000 gal)</td>
<td>$22.96</td>
<td>$24.60</td>
<td>$19.68</td>
<td>7.14%</td>
</tr>
<tr>
<td>Avg. Residential User – ¾” meter (7,000 gal/4,000 gal)</td>
<td>$51.13</td>
<td>$53.61</td>
<td>$29.76</td>
<td>4.85%</td>
</tr>
<tr>
<td>Commercial Customer – 2” meter (50,000 gal/50,000 gal)</td>
<td>$444.50</td>
<td>$485.10</td>
<td>$487.20</td>
<td>9.13%</td>
</tr>
</tbody>
</table>
Residential Water Rates for 10,000 Gallons

Source Data: Texas Town & City, May 2016 and City Websites

*Arlington’s proposed increase compared to other cities prior to their increase*
Commercial Water Rates for 50,000 Gallons

Source Data: Texas Town & City, May 2016 and City Websites

Cost

- $138.95
- $199.90
- $207.04
- $208.84
- $214.24
- $215.60
- $247.27
- $247.36
- $250.10
- $251.45
- $250.05
- $279.04
- $284.97
- $301.04
- $307.18
- $307.35
- $313.81
- $320.14
- $320.50
- $347.20
- $373.56

* Arlington’s proposed increase compared to other cities prior to their increase
Storm Water Utility Fund

![Graph showing Storm Water Rates, Existing and Proposed, 2004 - 2021.](image)
Street Maintenance Fund

- Sales tax increase of almost $600k over current year estimate
- $2.7M in additional contracted street maintenance
- $50,000 for streetlight maintenance
# SELECTED FINANCIAL RESERVES

## FY 2017 OPERATING POSITION

<table>
<thead>
<tr>
<th></th>
<th>UNALLOCATED</th>
<th>WORKING CAPITAL</th>
<th>BUSINESS CONTINUITY</th>
<th>LANDFILL LEASE</th>
<th>OTHER POST EMPLOYMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance on October 1, 2015</strong></td>
<td>$6,538,179</td>
<td>$18,161,609</td>
<td>$4,062,075</td>
<td>$17,151,326</td>
<td>$1,717,904</td>
</tr>
<tr>
<td><strong>Appropriated Amounts</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfers In / (Out)</strong></td>
<td>380,024</td>
<td>1,055,621</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance on September 30, 2016</strong></td>
<td>$6,918,203</td>
<td>$19,217,230</td>
<td>$4,062,075</td>
<td>$17,151,326</td>
<td>$1,717,904</td>
</tr>
<tr>
<td><strong>Appropriated Amounts</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfers In / (Out)</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance on September 30, 2017</strong></td>
<td>$6,918,203</td>
<td>$19,217,230</td>
<td>$4,062,075</td>
<td>$17,151,326</td>
<td>$1,717,904</td>
</tr>
</tbody>
</table>
FY 2017 Summary of Reserves

Working Capital, $19,217,230
Unallocated, $6,918,203
BCR, $4,062,075
OPEB, $1,717,904
Landfill, $17,151,326

FY 2017 Reserves Summary

Not Required: $14.48m
Required: $34.59m

Working Capital, $19,217,230
Unallocated, $6,918,203
BCR, $4,062,075
OPEB, $1,717,904
Landfill, $17,151,326
Reserve Trends

Reserves as a Percentage of Recurring General Fund Budget
FY 2012 - FY 2017

- FY 2012: 192,651,349 (25.8%)
- FY 2013: 200,916,501 (25.1%)
- FY 2014: 206,170,404 (22.4%)
- FY 2015: 210,445,591 (22.2%)
- FY 2016: 217,939,310 (21.9%)
- FY 2017: 230,606,760 (21.3%)

Legend:
- Reserves
- Total GF Budget, net of one-time expenditures
### Change in Average Home Value

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Average Homestead Market Value</th>
<th>Average Homestead Taxable Value</th>
<th>Tax Rate</th>
<th>Property Tax Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2011</td>
<td>$128,964</td>
<td>$97,946</td>
<td>$0.6480</td>
<td>$634.69</td>
</tr>
<tr>
<td>FY 2012</td>
<td>$128,650</td>
<td>$97,421</td>
<td>$0.6480</td>
<td>$631.29</td>
</tr>
<tr>
<td>FY 2013</td>
<td>$127,784</td>
<td>$97,001</td>
<td>$0.6480</td>
<td>$628.57</td>
</tr>
<tr>
<td>FY 2014</td>
<td>$129,222</td>
<td>$98,183</td>
<td>$0.6480</td>
<td>$636.23</td>
</tr>
<tr>
<td>FY 2015</td>
<td>$134,829</td>
<td>$102,598</td>
<td>$0.6480</td>
<td>$664.84</td>
</tr>
<tr>
<td>FY 2016</td>
<td>$138,246</td>
<td>$104,290</td>
<td>$0.6480</td>
<td>$675.80</td>
</tr>
<tr>
<td>FY 2017</td>
<td>$160,770</td>
<td>$116,988</td>
<td>$0.6448</td>
<td>$754.34</td>
</tr>
</tbody>
</table>

**Annual impact on average resident:**

- $78.54 more in property taxes
- $29.76 more in water rates
- $6.00 more in storm water rates
- $4.32 more in garbage rates

**Total**:

$118.62 more per year, or $9.89 more per month
Budget Calendar

• Special Budget Meeting – August 9
• Scheduled Council Meetings
  • August 23 – first public hearing on the tax rate
• Town Hall meetings
  • August 25, 6:30pm Municipal Airport
  • September 1, 7:00pm Convention Center
    • Second public hearing on the tax rate
• September 6
• Budget Public Hearing
  • First vote on budget and tax rate
• September 15
  • Second vote on budget and tax rate
Questions and Discussion