

FY 2015 Proposed Budget and Business Plan

August 5, 2014



Overview

- FY 2015 Priorities
- FY 2015 Proposed Budget
- August 12th Meeting
- Budget Calendar



FY 2015 Budget

- Balanced and in accordance with the City's Financial Principles
- Advance Priorities while maintaining Core Services
- Cost effective service delivery
- Addresses employee compensation
- Targeted investments in public safety, code and economic development
- Tax rate of \$0.648 maintained for 12th consecutive year



CITY COUNCIL PRIORITIES 2015

Pursue Our Vision

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

Fulfill Our Mission

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



Champion Great Neighborhoods



Enhance Regional Mobility



Support Quality Education



Invest In Our Economy

Live Our Values

Teamwork | Responsiveness | Respect | Innovation | Commitment | Integrity

Sustain Core Services

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



Champion Great Neighborhoods

- Code Compliance
 - Technology - \$22,932
 - Administrative position for DSS - \$51,069
- Parks Maintenance, Mowing, Janitorial - \$258,872
- Action Center Agents - \$61,160
- Telephone Town Halls - \$15,000
- Increased Animal Services Staffing and Support
 - Facility Maintenance - \$21,000 recurring, \$24,429 one-time
 - Funding for animal food - \$3,398
 - Cruelty Investigator (CCO1), relief vet hours - net zero cost
 - New Owner Release Fee of \$25 per animal surrendered



Invest in Our Economy

- Business Incubator - \$40,000
- Support for Economic Development - \$171,890
- Aviation Staffing and Support - \$19,774
- Convention Center Improvements - \$238,000
- CVB Funding - \$375,000
- Highway 287 Plan - \$100,000



Support Quality Education

- Central Library - \$20,943,809
- Library eContent - \$150,000
- AISD Center Fire Academy Continued



Enhance Regional Mobility

- Handitran Funding
 - Exploring Options
 - Attempt to address in MAP 21 Reauthorization Bill
 - FY 2015 \$1M additional GF support (Business Continuity Reserve, if necessary)
 - Determine MAX Future
 - Street/Sewer Projects Underway - \$78.8M



Public Safety

- Police Recruit Academy, January 2015 - \$536,603
- Jail Staffing (2 positions) - \$102,545
- Police Sergeants (4) Funded by Savings from Efficiency Improvements - \$0
- Staffing for Unscheduled Leave - \$133,450
- Fire Supplies, Equipment Replacement - \$248,225
- Expiring Grant Firefighters to General Fund - \$267,000
- Grant Match Reallocated to Vehicle Repair - \$158,767
- Public Safety Radio Switch/Tower Leases - \$140,000
- Dispatch CAD Enhancements - \$200,000
- 1st Radio Lease Payment - \$1,228,301



Financial/Economic Development

- Tarrant County Tax Collection Increase - \$109,430
- Tarrant Appraisal District - \$25,128
- City Liability Insurance - \$14,153
- Innovation Venture Capital Fund:
 - Demolition Assistance Lamar/Collins - \$1,808,592
 - Drainage Improvements - \$400,000
 - FY 2015 Expected Undesignated Funding - \$1,991,250
- Major Event Trust Funding - \$600,000



Infrastructure

- IT Software Maintenance - \$123,172
- IT Hardware Replacement - \$270,548
- Cartegraph Licenses in Parks, Public Works - \$31,700
- IT Security - \$225,000
- Police IT Replacement - \$200,000
- Fire Apparatus - \$793,625
- Fleet Contract - \$54,625



Compensation

- Entry Level Fire and Police Increased
 - Police Officer - 9.4%
 - Firefighter - 7.9%
- Sworn positions based on market (2.0 - 4.25%)
- Civilian 2% across the board
- Executive 2% Market-Targeted Pool



Compensation

- Compensation: Jan 5 increase targeted by job family and market position.

Police Officer - 4.25%

Police Sergeant - 3%

Police Lieutenant - 2% compression adj.

Firefighter - 2.75%

Apparatus Operator - 3.25%

Fire Lieutenant - 2.25%

Fire Captain - 2% compression adj.

Fire Bat. Chief - 2% compression adj.

Civilian/all others - 2%

Total Cost = \$3.2M
GF Cost = \$3M



Employee Health Insurance

- No Premium Increase
 - Employees
 - Retirees
- Plan Design Change
 - Increase Deductible - \$500/\$1,000
 - High Deductible From \$1,500/\$3,000 to \$2,000/\$4,000
 - EPO From \$1,000/\$2,000 to \$1,500/\$3,000
 - Increase Out of Pocket Max - \$5,000/\$10,000 to \$6,000/\$12,000
- Retain No Cost Maintenance Drugs



Budget Balancing Strategies

- Continued focus on revenues
 - Sales tax
 - Continuing improvement in property values
 - Planning permit fees
- Continuous process improvement projects
- Departments identified reductions/savings of \$1.2M General Fund, \$1.2M Water Utilities
- Continued position management
- Future elimination of vacant positions



Budget Development Process

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

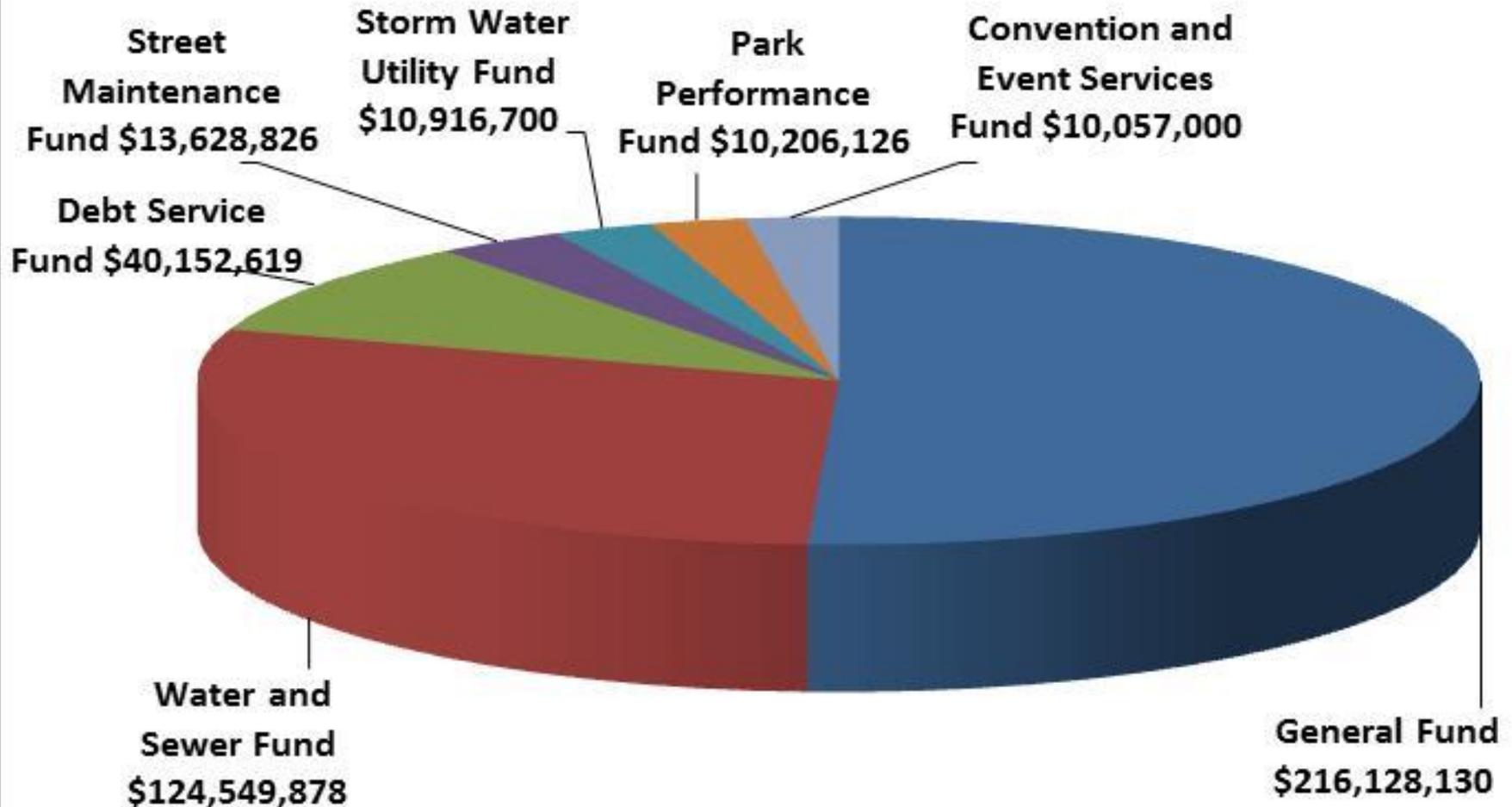


All Funds Operating Positions

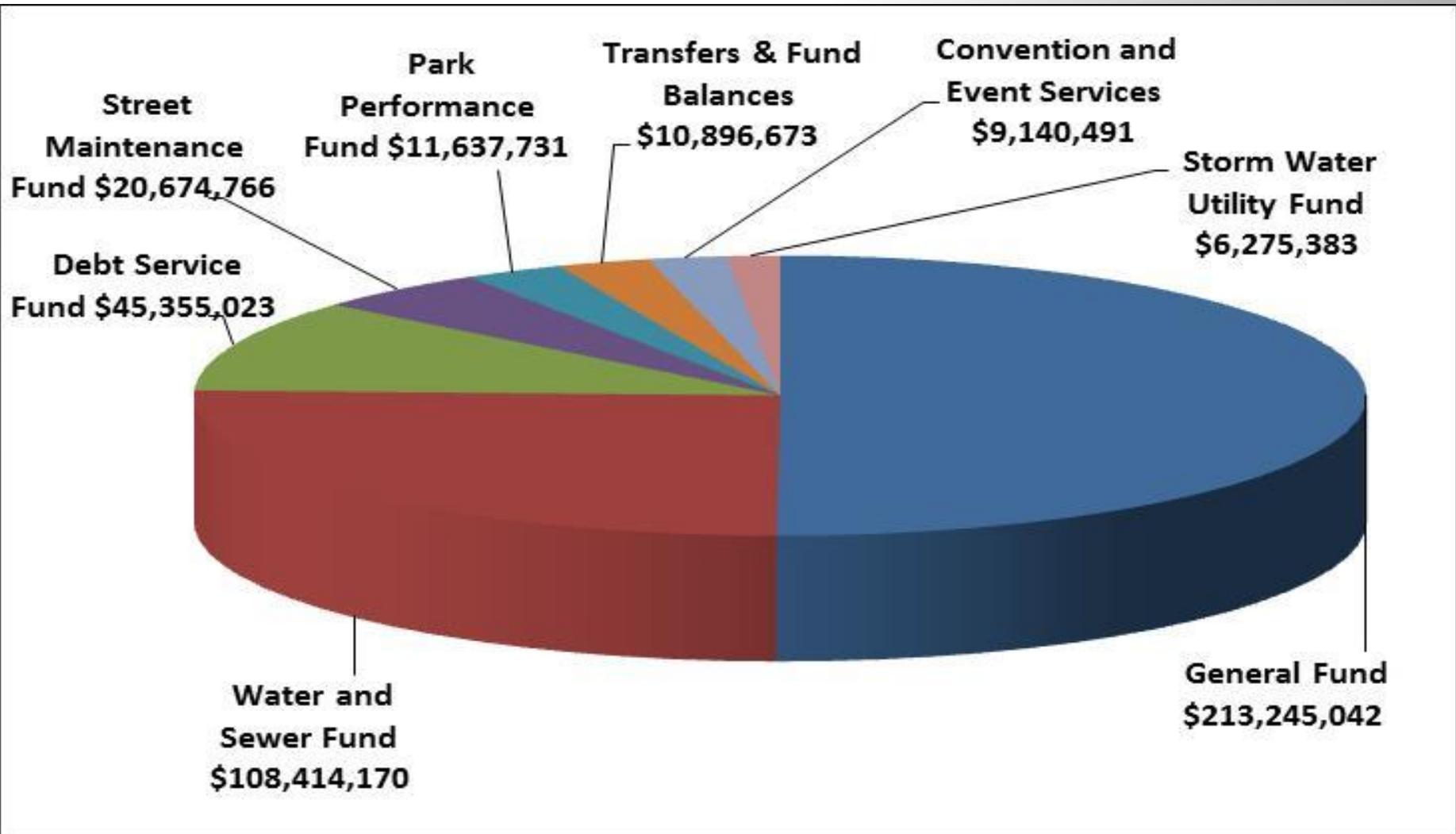
Funding Source / Use	General Fund	Water and Sewer Fund	Convention and Event Svcs. Fund	Park Performance Fund	Storm Water Utility Fund	Street Maintenance Fund	Debt Service Fund	Totals
Beginning Balance	\$ -	\$ -	\$ 969,872	\$ 392,039	\$ 384,719	\$ 542,551	\$ 2,483,527	\$ 4,772,709
Total Revenues	\$ 216,128,130	\$ 124,549,878	\$ 10,057,000	\$ 10,206,126	\$ 10,916,700	\$ 13,628,826	\$ 40,152,619	\$ 425,639,279
Total Interfund Transfers	\$ (2,880,246)	\$ (16,135,708)	\$ (1,596,001)	\$ 1,221,496	\$ (4,737,742)	\$ 7,154,154	\$ 5,202,404	\$ (11,771,643)
Total Available Funds	\$ 213,247,884	\$ 108,414,170	\$ 9,430,871	\$ 11,819,661	\$ 6,563,677	\$ 21,325,531	\$ 47,838,550	\$ 418,640,345
Total Expenditures	<u>\$ 213,245,042</u>	<u>\$ 108,414,170</u>	<u>\$ 9,140,491</u>	<u>\$ 11,637,731</u>	<u>\$ 6,275,383</u>	<u>\$ 20,674,766</u>	<u>\$ 45,355,023</u>	<u>\$ 414,742,606</u>
Ending Balance	\$ 2,843	\$ -	\$ 290,380	\$ 181,930	\$ 288,294	\$ 650,765	\$ 2,483,527	\$ 3,897,739



FY 2015 Revenues - All Funds

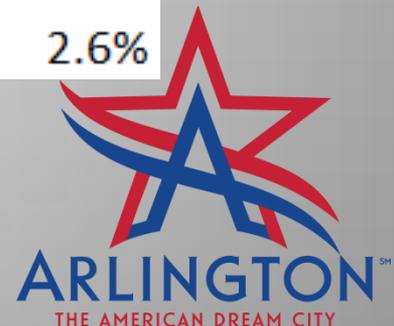


FY 2015 Expenditures - All Funds



Summary of Expenditure Changes

	FY 2014 Budget	FY 2015 Budget	Percent Change
General Fund	\$211,577,404	\$213,245,042	0.8%
Water and Sewer Fund	105,554,742	108,414,170	2.7%
Debt Service Fund	42,600,625	45,355,023	6.5%
Street Maintenance Fund	24,532,289	20,674,766	-15.7%
Park Performance Fund	11,431,711	11,637,731	1.8%
Transfers & Fund Balances	5,482,362	10,896,673	98.8%
Convention and Event Services	8,221,367	9,140,491	11.2%
Storm Water Utility Fund	5,597,198	6,275,383	12.1%
Total Expenditures	\$414,997,698	\$425,639,279	2.6%



General Fund Reserves

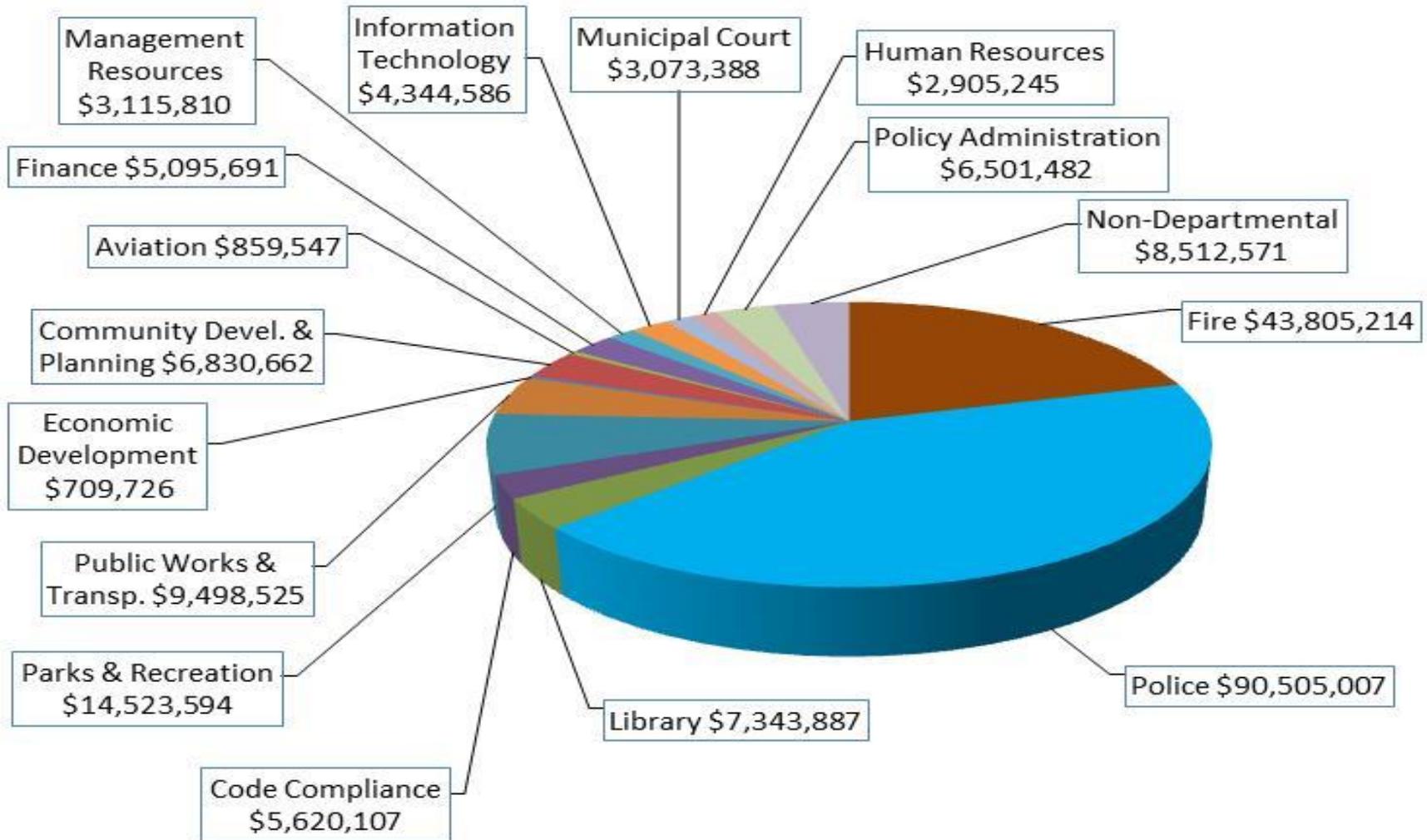
SELECTED FINANCIAL RESERVES FY 2015 OPERATING POSITION

	UNALLOCATED	WORKING CAPITAL	BUSINESS CONTINUITY	LANDFILL LEASE	OTHER POST EMPLOYMENT BENEFITS
Balance on October 1, 2013	\$ 6,147,187	\$ 17,075,518	\$ 4,062,075	\$ 17,151,326	\$ 1,717,904
Appropriated Amounts	-	-	-	-	-
Transfers In / (Out)	<u>166,181</u>	<u>461,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance on September 30, 2014	\$ 6,313,368	\$ 17,537,133	\$ 4,062,075	\$ 17,151,326	\$ 1,717,904
Appropriated Amounts	-	-	-	-	-
Transfers In / (Out)	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>
Balance on September 30, 2015	\$ 6,313,368	\$ 17,537,133	\$ 3,062,075	\$ 17,151,326	\$ 1,717,904

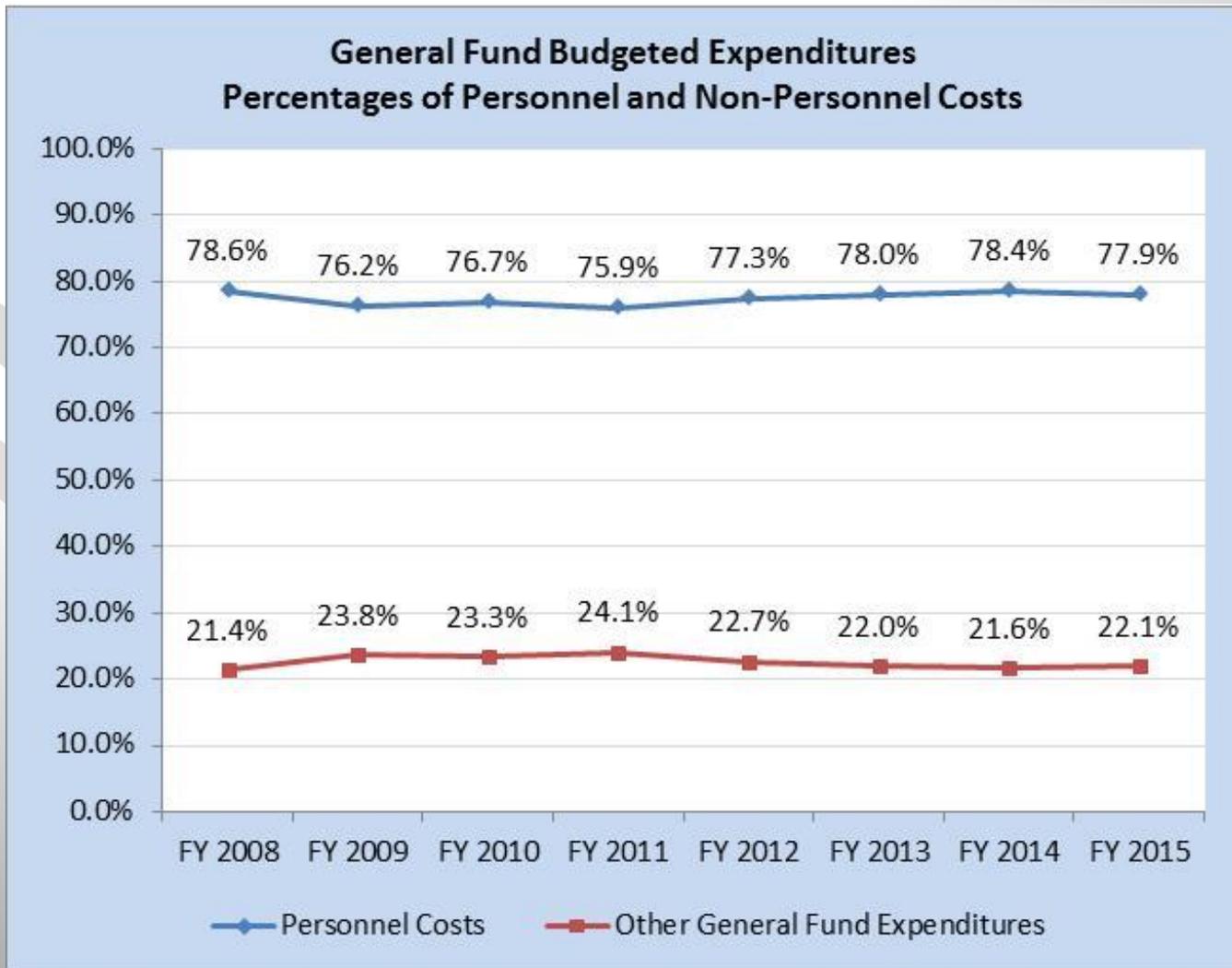
Notes:

An additional \$166,181 was needed in the Unallocated Reserve to maintain 3 percent of FY 2015 General Fund expenditures. An additional \$461,615 was needed in the Working Capital Reserve to maintain one month of General Fund expenditures. Also for FY 2015, \$1 million has been transferred to the General Fund to increase the support available for Special Transit.

General Fund Budget by Department



Budgeted General Fund Expenditures

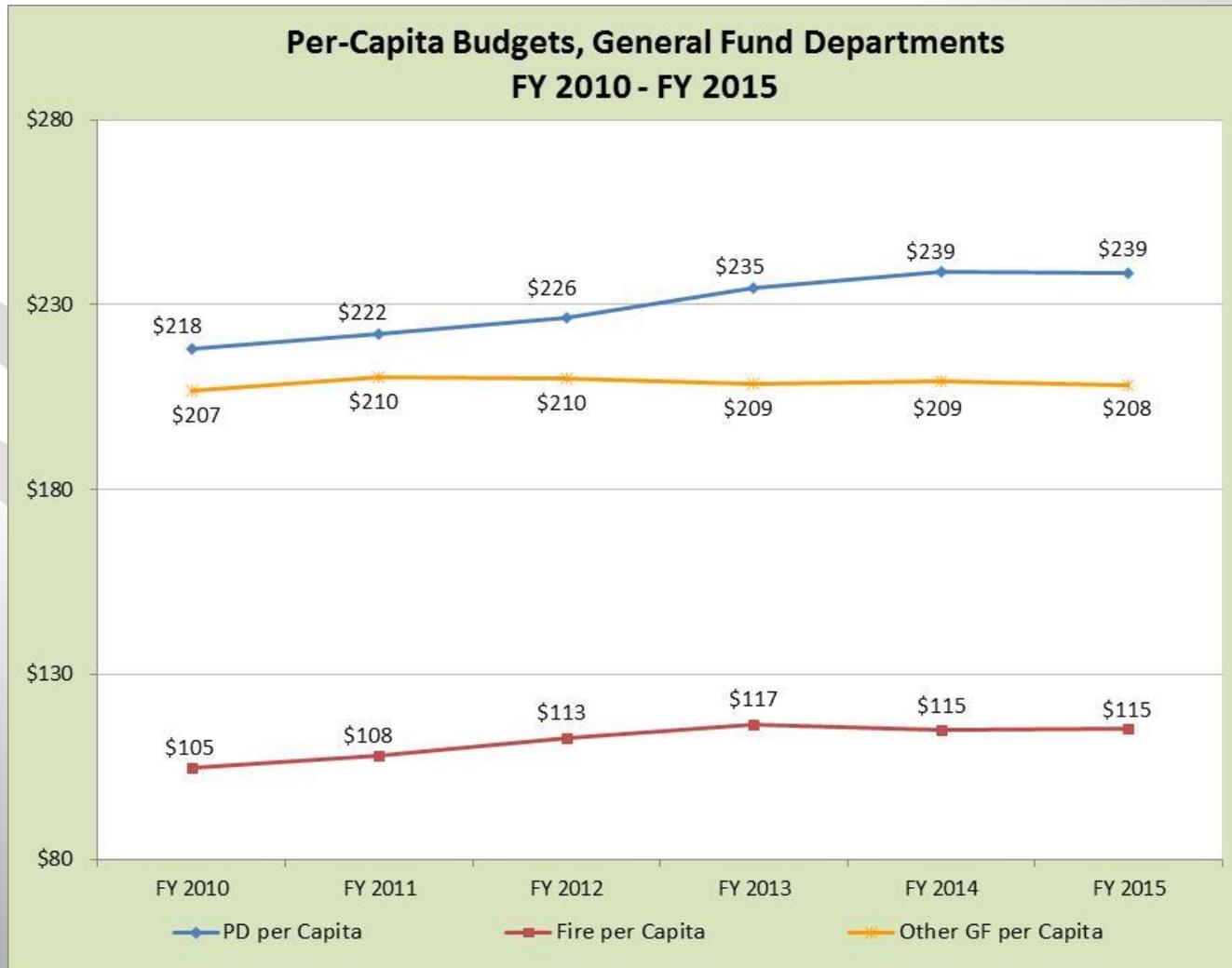


Per-Capita Property and Sales Tax Budgets

Per-Capita Property and Sales Tax Budgets
FY 2010 - FY 2015



Per Capita Budgets by General Fund Department



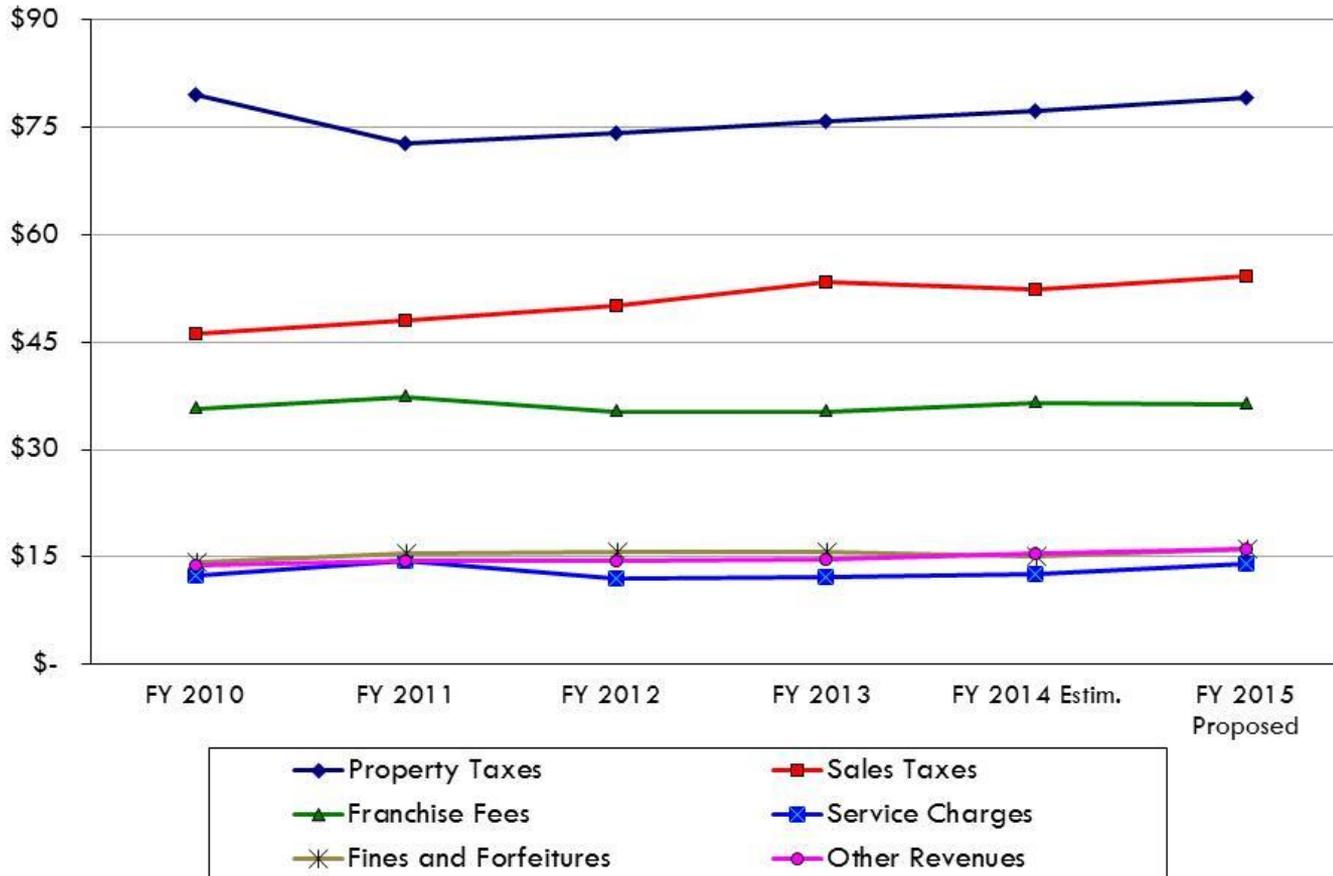
Revenue Changes

- *Ad Valorem* value increase of 4.54%
 - Increase in General Fund Revenue of \$1M in FY 2015 budget
 - Includes impact of capital budget amendment for Library project
 - Anticipates September billing valuation change and ongoing impact of tax litigation settlements
- Sales Tax Revenue
 - FY 2015 General Fund sales tax revenue is projected to be \$54.2 million, which is \$1.9M above the FY 2014 estimate



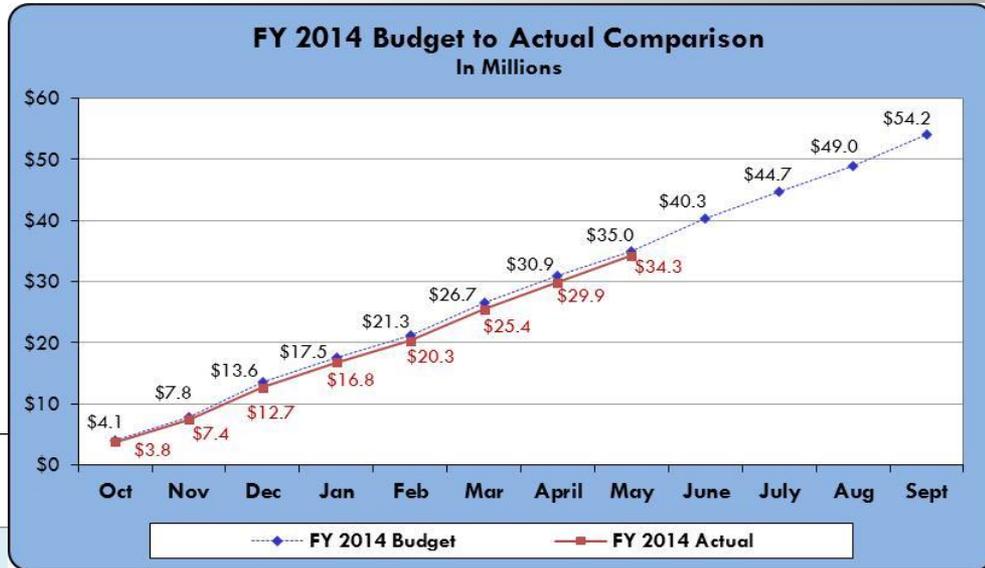
General Fund Revenues

FY 2010 - FY 2015 General Fund Revenues
(in \$ Millions)

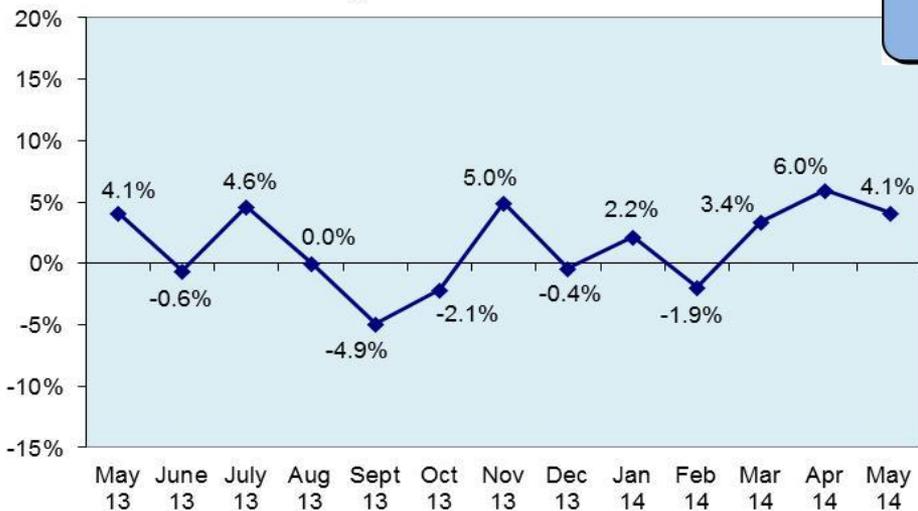


Sales Tax Revenues

Through May 2014, sales tax revenue in the General Fund is approximately \$700,000 below budget.



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

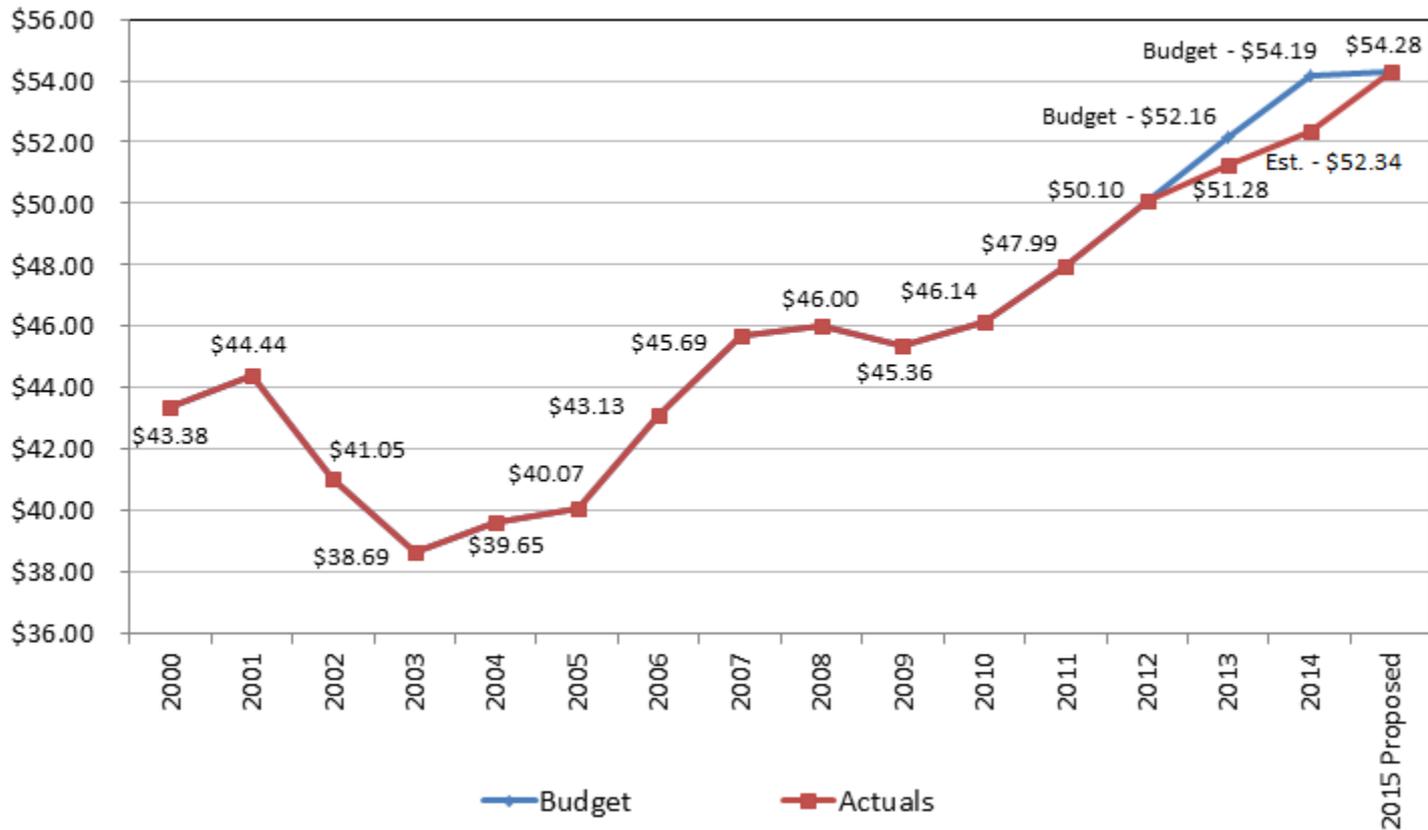


May 2014 was the 5th month of the last 7 months in which sales tax receipts exceeded the amount received in the same month in the prior year.



Sales Tax Revenue Trends

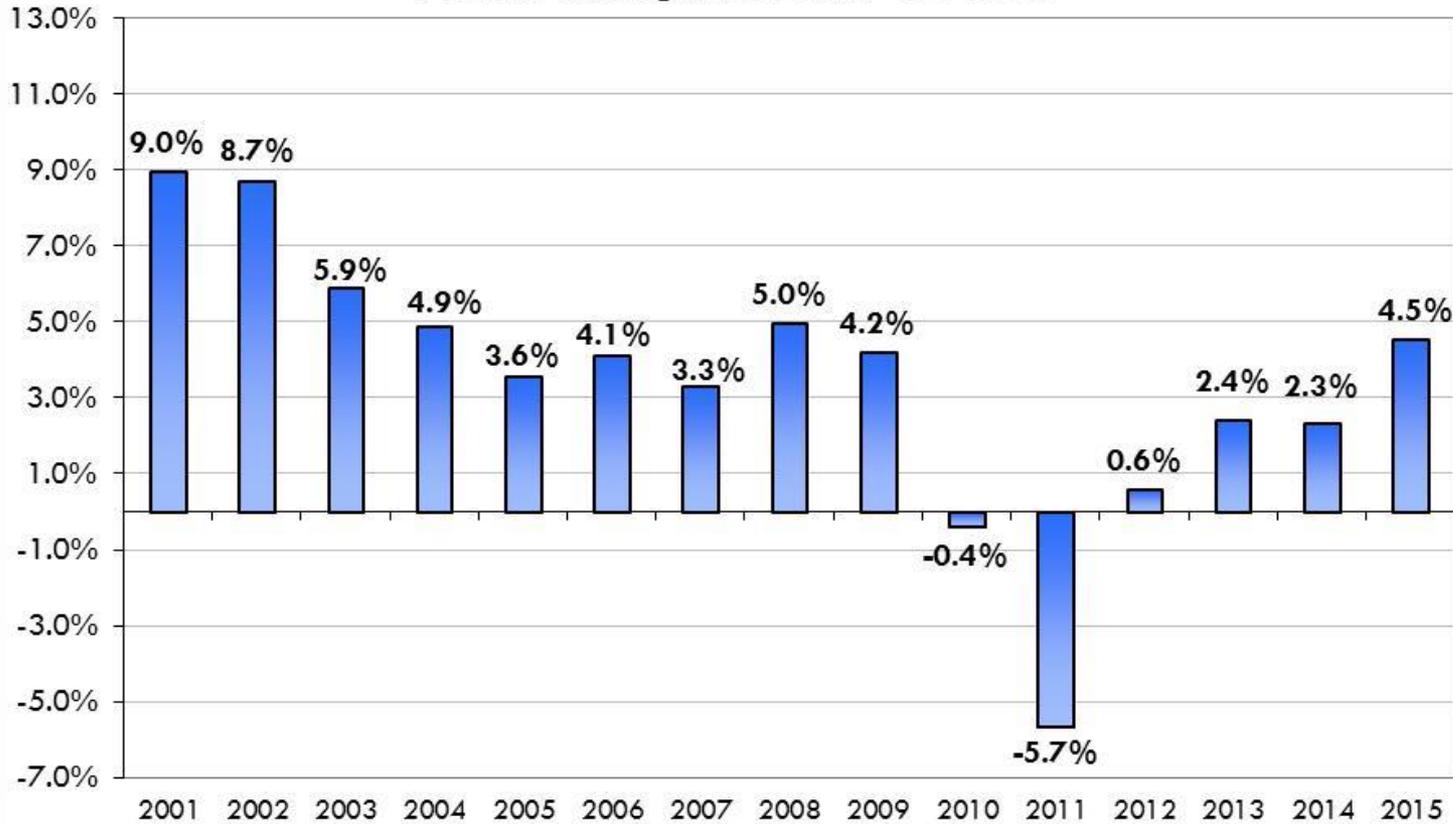
**General Fund Sales Tax Revenues
(in \$ Millions)**



Note: The FY 2013 Actuals above do not include the \$2.1 million audit payment received in March 2013.

Property Tax Base

**Assessed Value of Property Tax Base
Percent Change, FY 2001 - FY 2015**



Property Tax Rates

	<u>FY 2014</u>	<u>FY 2015</u>	Increase <u>(Decrease)</u>
General Fund Tax Rate	44.23	43.53	(0.70)
Debt Service Tax Rate	20.57	21.27	0.70
Total Property Tax Rate	64.80	64.80	-

Effective Tax Rate: \$0.6294 per \$100 of assessed value

Rollback Tax Rate: \$0.6879 per \$100 of assessed value



Sources of One-Time Revenues

- General Gas Funds - \$827,725
- Airport Gas Funds - \$1,323,597
 - Payback of prior debt issuance
- Major Event Trust Fund Impact - \$300,000
- Total Available = \$2.45M



Uses of One-time Revenues

- Fire Apparatus (1 engine, 1 boat) - \$793,625
- Replace Jail Doors - \$175,000
- IT Hardware Replacement - \$270,548
- IT Projects - \$275,000
- Police Technology Replacement - \$200,000
- Animal Services Facility Maintenance - \$24,429
- Master Plan 287 Corridor - \$100,000
- Parks Cartegraph Hardware - \$20,000



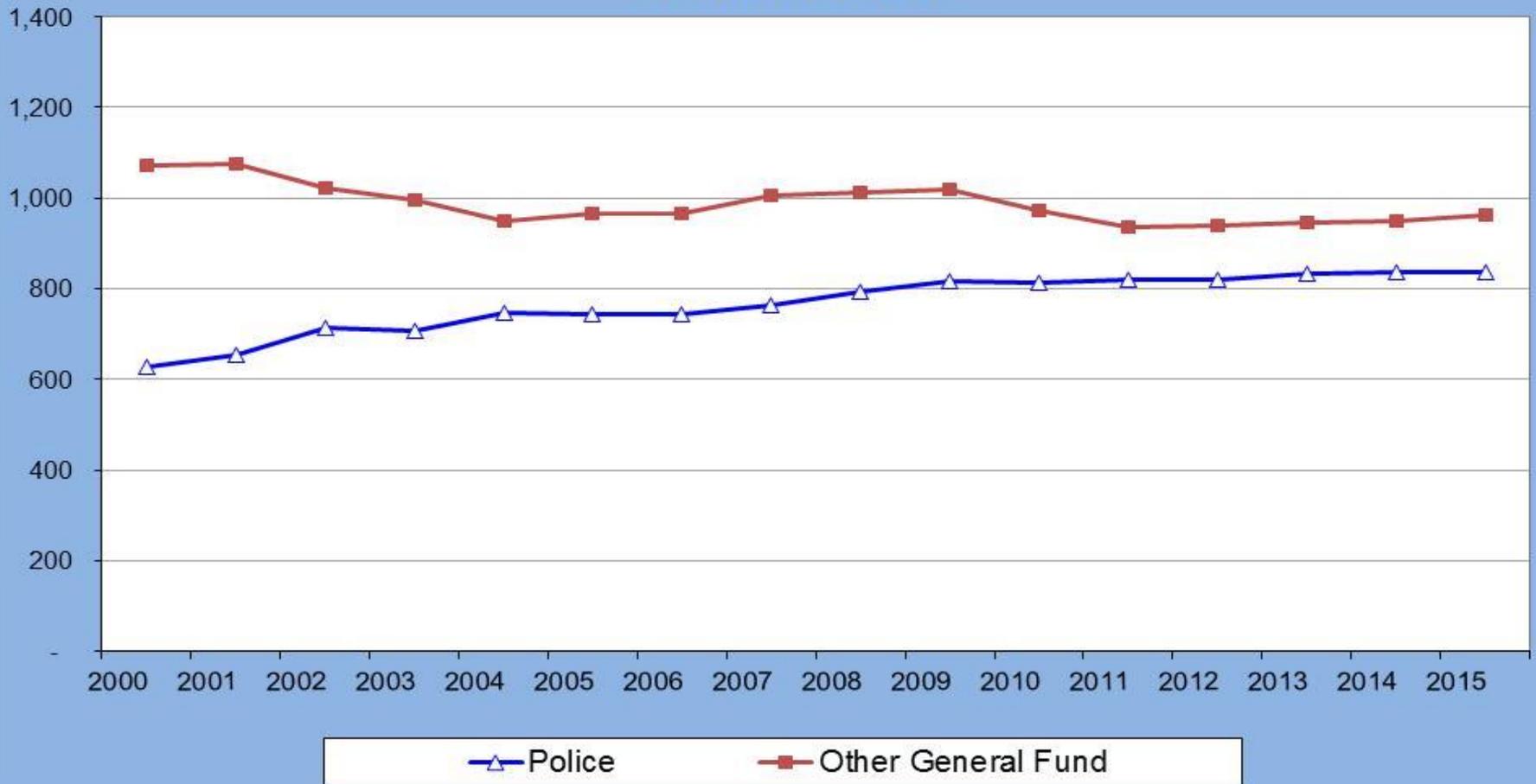
Uses of One-time Revenues (cont.)

- Court Incode - \$134,375
- Library Self Service - \$96,279
- eContent - \$150,000
- Central Library Move Costs - \$100,000
- Branding - \$72,000
- ED Business Incubator - \$40,000



Overview of General Fund Positions

**Police vs. Other General Fund Staffing
FY 2000 - FY 2015**

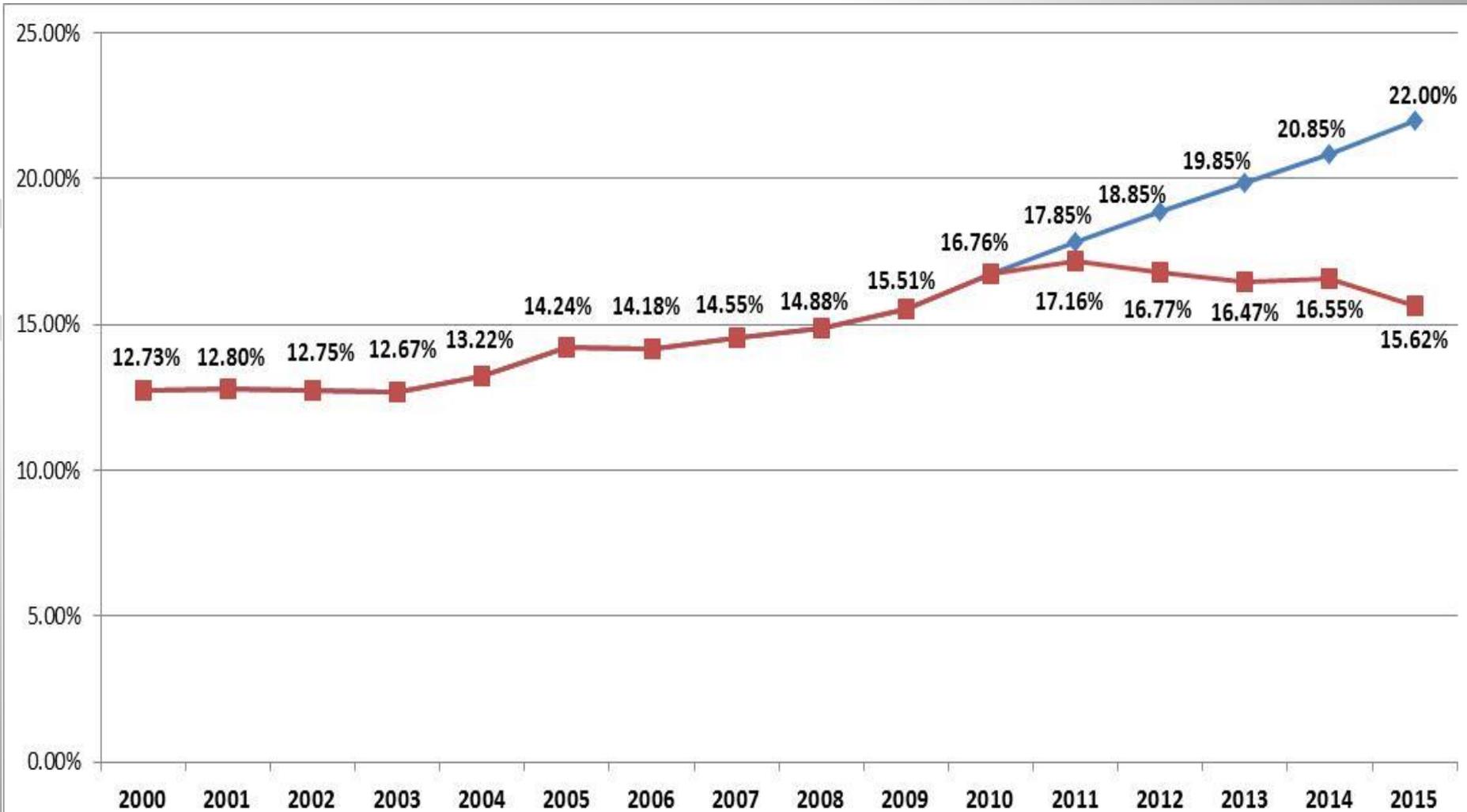


TMRS

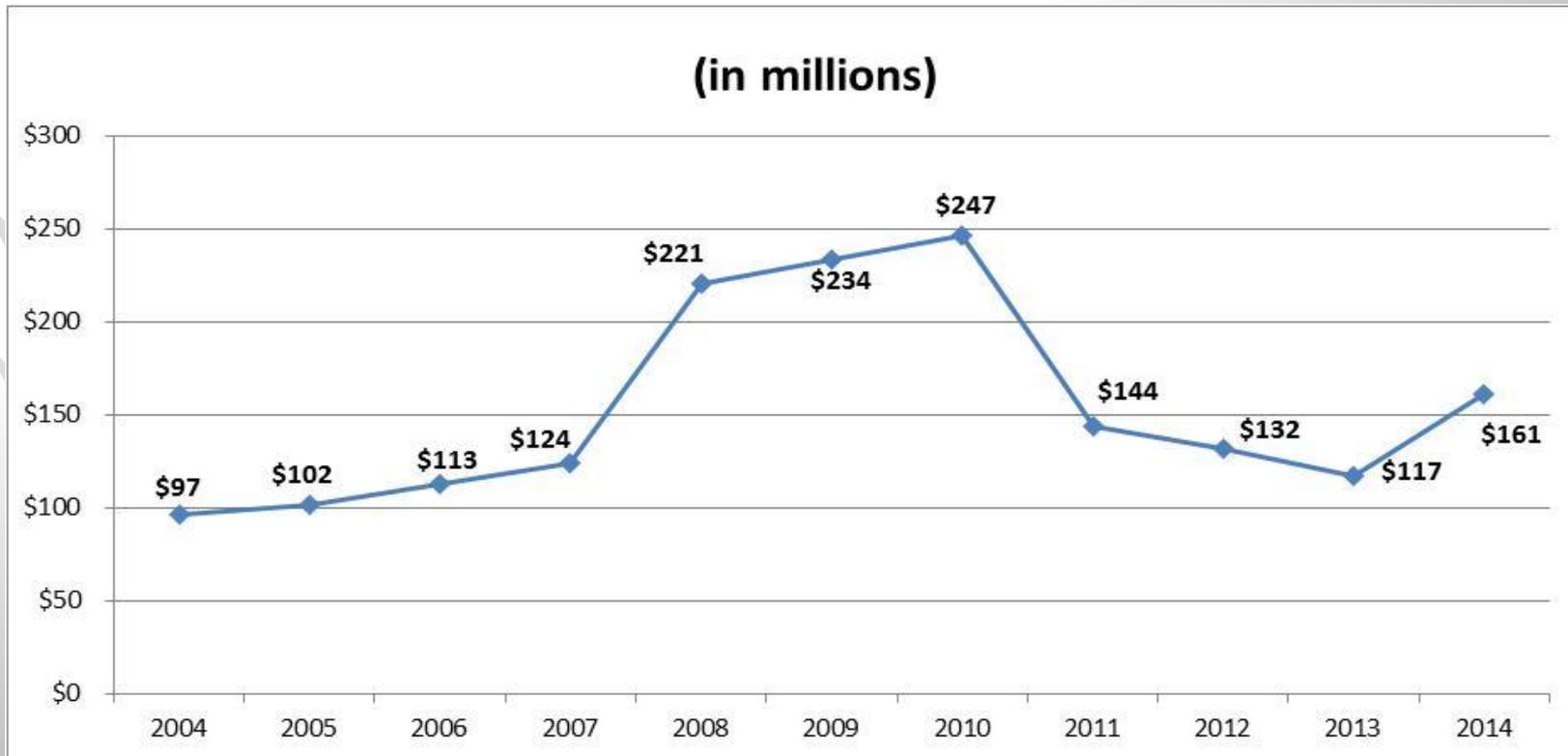
- Implemented Entry Age Normal Actuarial Methodology As Discussed in November
- Long Term
 - Decreases Contribution Rate (16.28% to 15.62%)
 - Decreases Amortization Period (2.2 years)
- Short Term
 - Increases UAAL (From \$117M to \$161M)
 - Decreases Funded Ratio (87.1% to 83.9%)



Texas Municipal Retirement System Rates (TMRS)



TMRS Unfunded Actuarial Accrued Liability (UAAL)



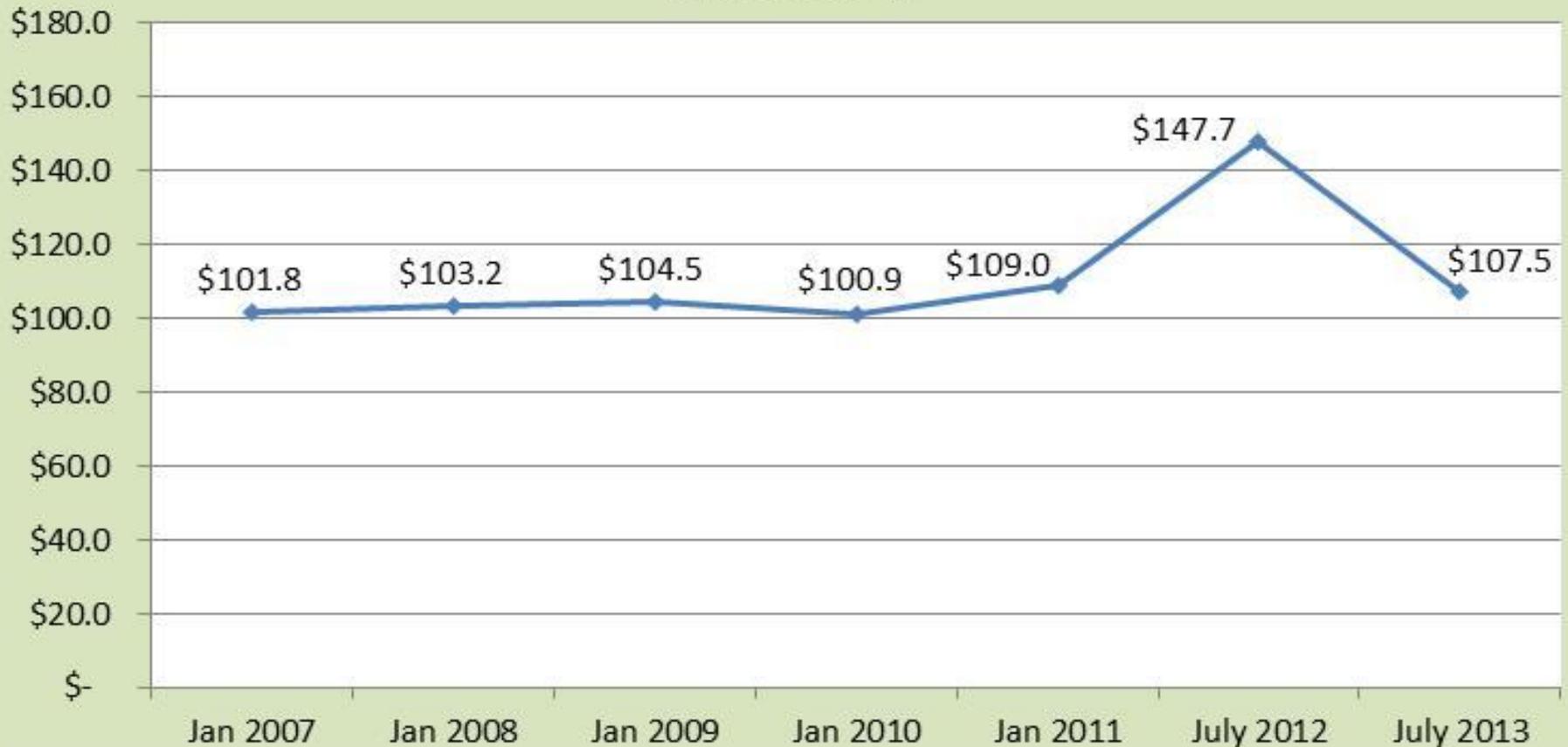
OPEB

- Actions Taken During FY 2014 Budget Process
 - Convert From Percentage Subsidy to Fixed
 - Require Retirees with Other Employment to Take Employers' Coverage
- Reduced UAAL \$40.2M



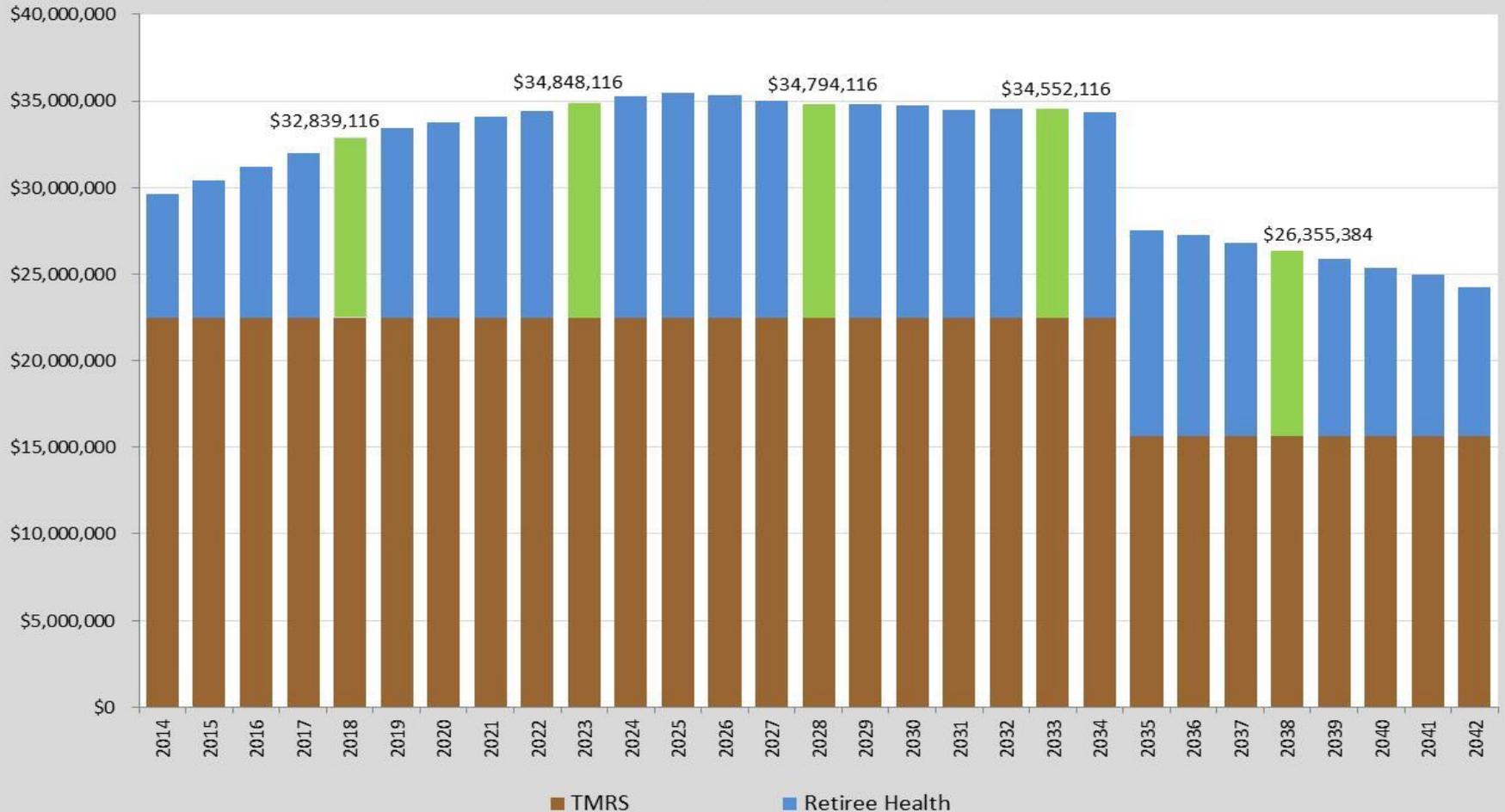
OPEB Unfunded Liabilities

Unfunded OPEB
(in \$ millions)



TMRS and Retiree Health

Combined Retiree Health and TMRS
Years Ending 2014 Through 2042



Other Funds



Water Utilities - Program Changes

Additions

- TRWD rate increase \$1,784,715
- TRA rate increase \$908,960
- Increase in P/T Budget \$61,564
- Add Civil Engineer \$88,536
- Engineering Intern \$28,483
- Civil to Project Engineer (2) \$36,538
- Engineering equity adjustment \$32,438
- Overtime Increase \$12,474
- Reorganization of WIS \$17,413
- Vehicle replacement \$700,000

Deletions

- Eliminate 3 FT Meter readers \$118,788
- Eliminate Admin Aide II \$51,865
- Eliminate Lab Analyst \$57,336
- Eliminate Office Assistant \$54,612
- Go With The Flow reduction \$19,539
- Reduce software maintenance \$183,818
- Transfer budget for meters \$557,553
- Chemical supplies, electricity \$170,065



Water Fixed Monthly Charge

Meter Size	FY14	Proposed FY15	
		<i>Residential</i>	<i>Commercial</i>
3/4	\$5.40/\$8.80	\$5.60/\$9.00	\$9.00
1	15.00	15.00	15.00
1-1/2	34.30	34.30	34.30
2	60.00	60.00	60.00
3	141.00		141.00
4	225.00		225.00
6	524.00		524.00
8	820.00		820.00
10	1232.00		1232.00



Water Conservation Rates Residential Block Structure

Usage (1,000 gal)	FY14	<i>Proposed FY15</i>
0 - 2	\$1.60	\$1.78
3 - 10	2.28	2.46
11 - 15	3.36	3.55
16 - 29	3.88	4.22
≥ 30	4.64	5.24

Cost of Service Commercial Volume Rate Block Structure

Usage (1,000 gals)	FY14	<i>Proposed FY15</i>
0 - 15	\$ 2.23	\$2.40
≥ 16	2.57	2.67

Water Conservation Rates

Construction Meter Rates

Usage (1,000 gal)	FY14	<i>Proposed FY15</i>
0-99	\$ 5.52	\$5.52
≥ 100	6.96	6.96

Sewer Fixed Monthly Charge

Meter Size	FY14	Proposed FY15
	<i>Residential and Commercial</i>	<i>Residential and Commercial</i>
3/4	\$4.40/\$8.30	\$4.90/\$8.90
1	14.50	15.50
1-1/2	33.00	35.30
2	56.60	58.20
3	96.20	119.00
4	163.00	194.00
6	383.00	477.00
8	584.00	694.00
10	873.00	1029.00



Cost of Service Sewer Rate

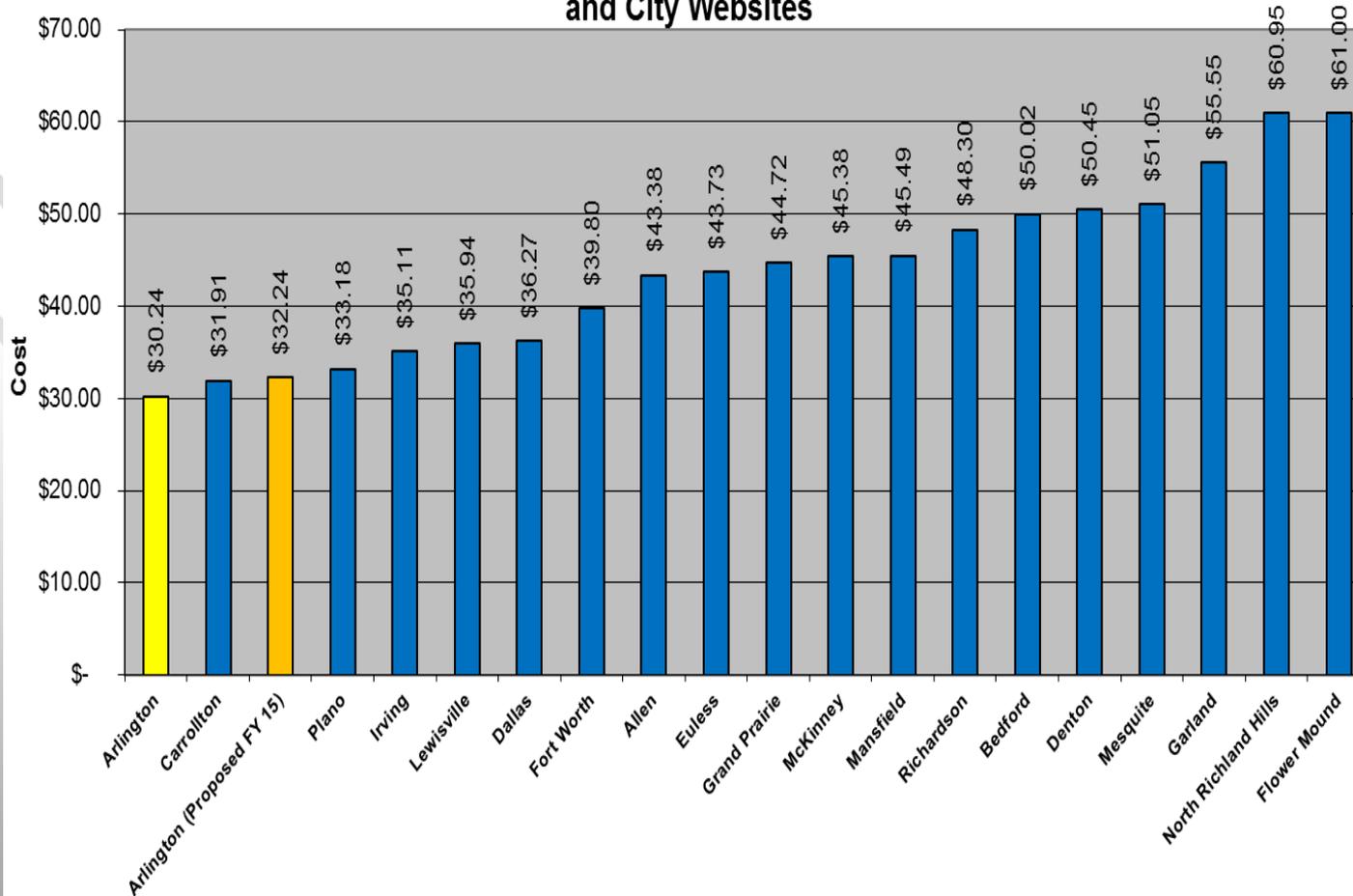
Wastewater Flow (1,000 gals)	FY14	<i>Proposed FY15</i>
All usage	\$3.66	\$3.70

Customer Impact

Monthly Bill (Water/Wastewater)	FY14	Proposed FY15	Annual Impact (effective January 1, 2015)	Percentage Increase
Minimum User – ¾" meter (2,000 gal/ 2,000 gal)	\$20.32	\$21.46	\$10.26	5.61%
Avg. Residential User – ¾" meter (10,000 gal/ 6,000 gal)	\$60.50	\$63.34	\$25.56	4.69%
Commercial Customer – 2" meter (50,000 gal/ 50,000 gal)	\$423.00	\$432.65	\$86.85	2.28%

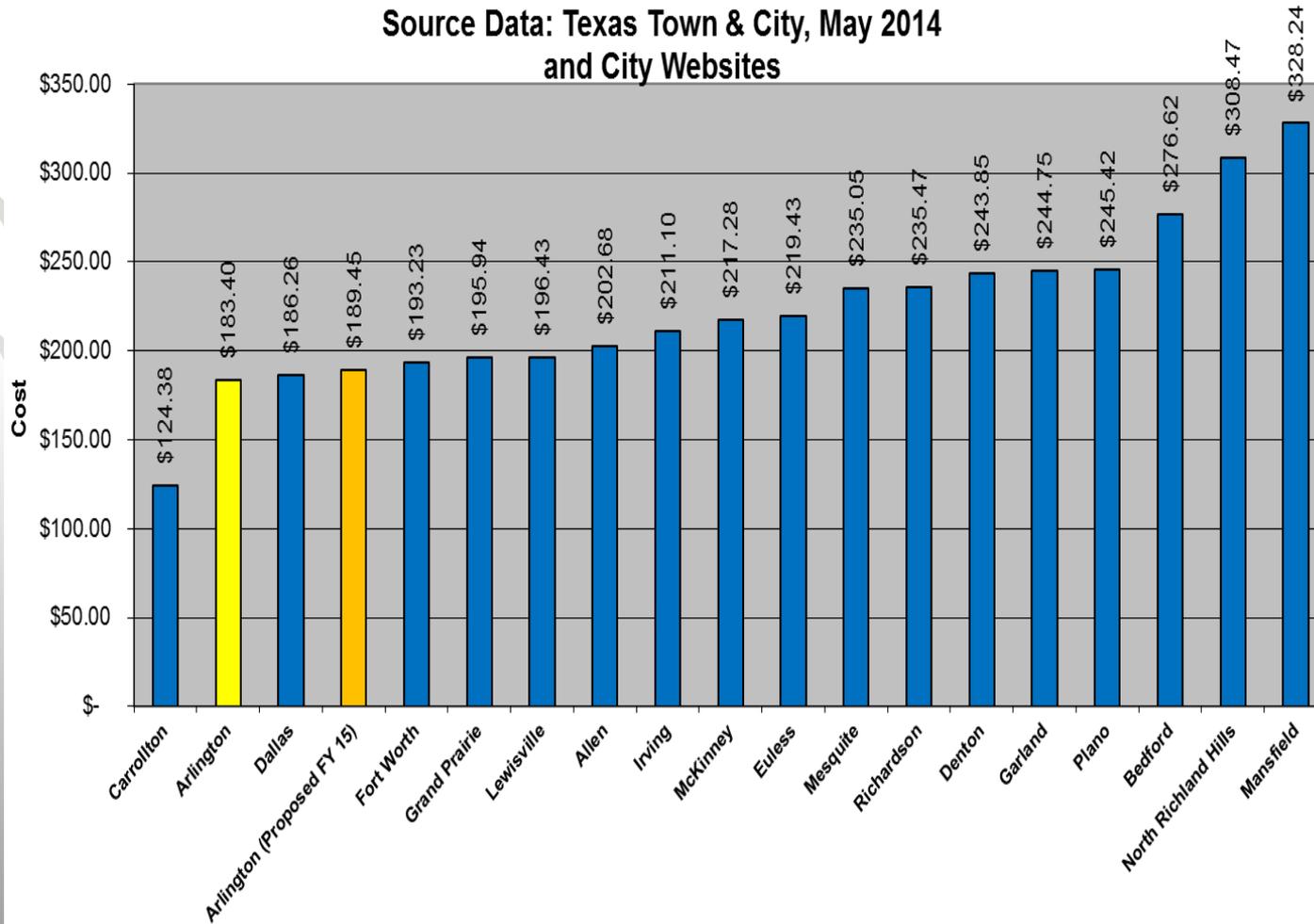
Residential Water Rates for 10,000 Gallons

Source Data: Texas Town & City, May 2014
and City Websites



Commercial Water Rates for 50,000 Gallons

Source Data: Texas Town & City, May 2014
and City Websites



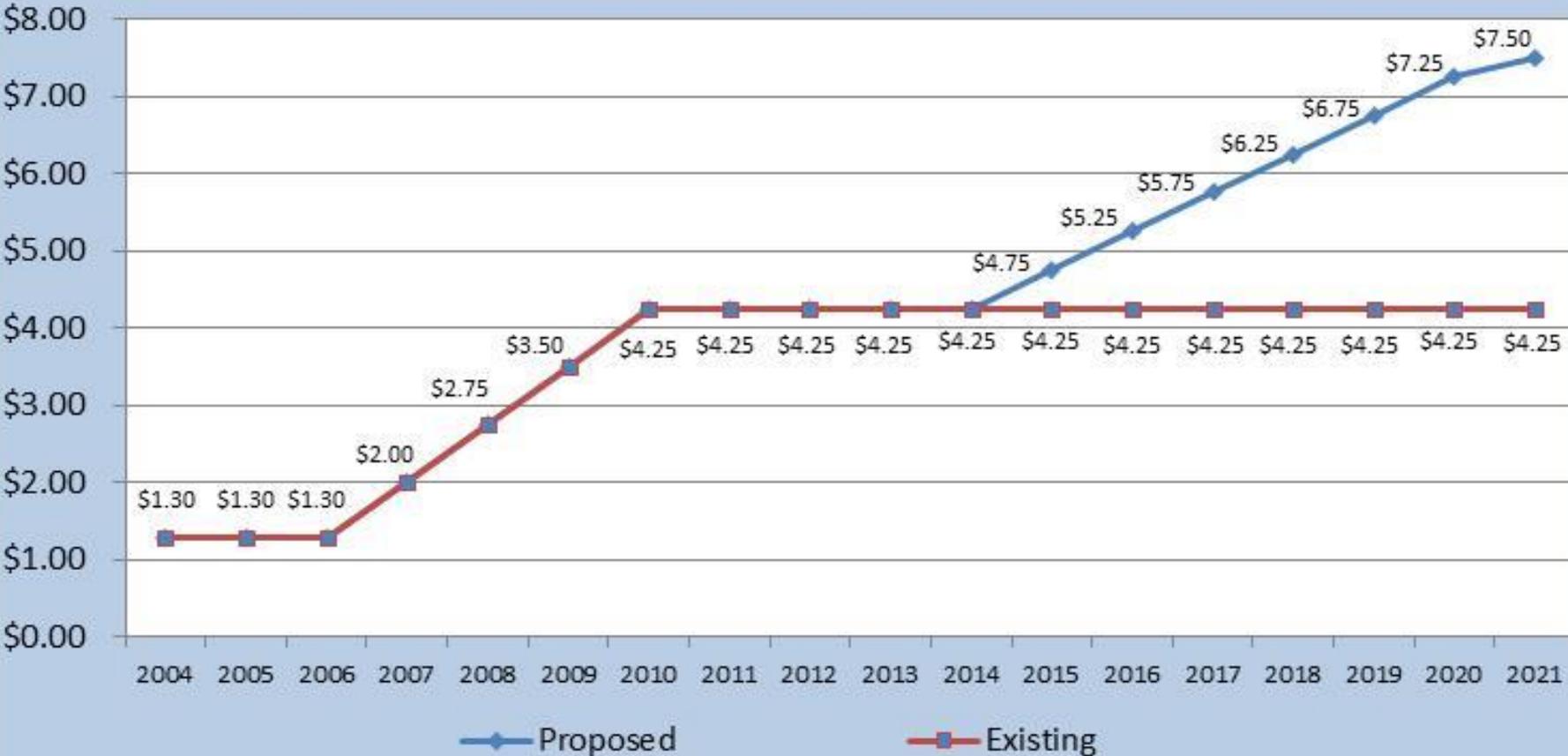
Storm Water Maintenance Fund

- Proposal would increase the Storm Water Utility fee from \$4.25 to \$7.50 gradually over the next seven years
- Annual capital program would increase from \$4 million per year to \$12 million per year
- Would provide resources to address the \$315 million comprehensive Storm Water Capital Program



Storm Water Fee Increase

Storm Water Rates, Existing and Proposed 2004 - 2021



Storm Water Maintenance Fund

- Project Planning Prior to 2010
 - Neighborhood or site specific
 - Minimal consideration to impacts upstream or downstream
 - No annual Storm Water CIP
- Project Planning Beyond 2010
 - Watershed-based risk assessment
 - No transfer of the problem upstream or downstream
 - Annual Storm Water CIP



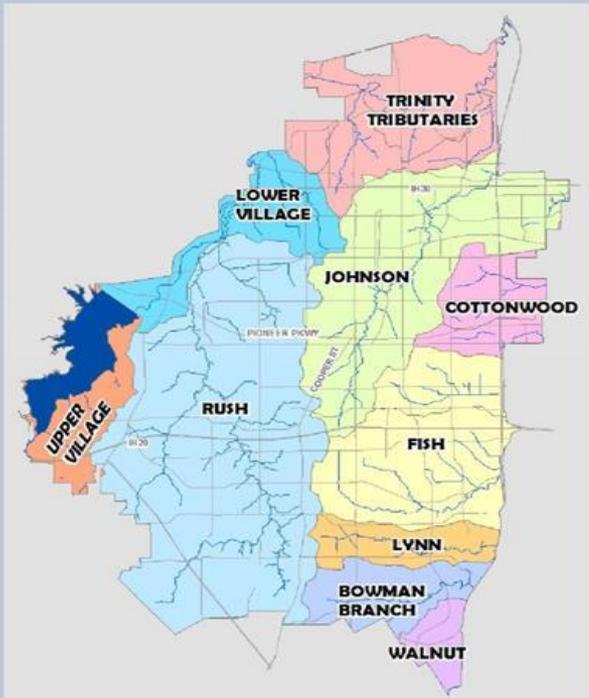
Storm Water Maintenance Fund

- Storm Water Utility Fund CIP
 - 2011 - \$9.4 million
 - 2012 - \$10.2 million
 - 2013 - \$7.8 million
 - 2014 - \$7.6 million



Storm Water CIP

SWUF FEE INCREASE TO FUND CIP NEEDS



Watershed	Estimated Project Cost
Johnson	\$104,000,000
Rush	\$133,000,000
Trinity Tribs	\$11,500,000
Upper Village	\$1,500,000
Bowman Branch	\$10,500,000
Lynn	\$10,500,000
Walnut	\$2,000,000
Lower Village	\$27,500,000
Fish	\$8,500,000
Cottonwood	\$4,000,000

Fee

2014 - \$4.25

2015 - \$4.75

2016 - \$5.25

2017 - \$5.75

2018 - \$6.25

2019 - \$6.75

2020 - \$7.25

2021 - \$7.50

Storm Water Projects

Storm Water, Project Highlights in FY 2015

- Trinity River Tributaries/Lower Village Cr Watershed Study: \$800,000
- Laguna Vista Drainage Improvements (construction): \$1,500,000
- Misc. Channel Improvements (Hillcrest Location) (const.) \$1,000,000
- Little Creek Ct. Drainage Improvements (construction) \$800,000
- Matthews Ct. Drainage Improvements (construction) \$1,500,000
- Westview Terrace Sewer and Channel Stabil. (construction) \$830,000



Convention and Event Services Fund

- Revenues are \$747k higher than FY14
 - Hotel Occupancy Taxes up \$666k
 - Convention Center Revenues \$81K
- FY 2015 Expenditures
 - Increase to CVB Support - \$375,000
 - CBV Arts Contract - \$25,000
- One-time
 - Major Event Trust Fund - \$600,000
 - Entertainment District Gateway Signage - \$673,472
 - Hotel/Attraction Feasibility and Planning- \$125,000
 - Maintenance Reserve Funded Projects
 - Meeting Room Sound System - \$40,000
 - Door replacement - \$100,000
 - Concrete repair – 15,000
 - HVAC Control System - \$25,000
 - Dock Leveler - \$8,000
 - Restroom renovation - \$50,000



Parks Performance Fund

- Revenues are \$407,000 higher than FY 2014
 - Golf Increased \$258,000
 - Recreation \$149,000
 - Increased Golf Car Lease Revenues and Lake Rentals
- FY 2015 Expenditures
 - 3 Customer Service Representatives and 2 Clubhouse Attendants will go from part-time positions to full-time
 - \$0 cost funded through other cuts, increased revenues
 - Increased Part-Time Support for Rental and Lake Services call center
 - Partially offset by increased revenues
 - Increase in Golf Car lease – fully funded by car rental revenues
- Reduction in General Fund Support - \$75,000



Communication Services Fund

- FY 2015 Expenditures
 - Telecommunicator Licensing \$16,500
 - Radio Tower Leases, new and existing \$65,000
 - Radio Master Switch \$75,000
 - One-time, will improve region-wide compatibility
 - CAD Product Enhancements \$200,000
 - Radio System Lease Payments \$1,228,301



Change In Average Home Value

Change in Average Home Value

Fiscal Year	Average Market Value	Taxable Value	Tax Rate	Property Tax Amount
FY 2011	\$ 128,964	\$ 97,946	\$ 0.6480	\$ 634.69
FY 2012	\$ 128,650	\$ 97,421	\$ 0.6480	\$ 631.29
FY 2013	\$ 127,784	\$ 97,001	\$ 0.6480	\$ 628.57
FY 2014	\$ 129,222	\$ 98,183	\$ 0.6480	\$ 636.23
FY 2015	\$ 134,829	\$ 102,598	\$ 0.6480	\$ 664.84

Average homesteaded property owner would pay \$28.61 more annually (approximately \$2.38 more per month) in property taxes.

Annual impact on average resident:

\$ 28.61	more in property taxes
6.00	more in storm water rates
25.56	more in water and sewer rates
2.16	more in garbage rates
<hr/>	
\$ 62.33	per year
\$ 5.19	per month



Other Considerations

- Infrastructure Maintenance - \$1,284,752
 - Tied to overall revenue in FY15
- Dispatch Services Staffing
- Handitran Ongoing Funding
- Review Select Civilian Market Rate Competitiveness



August 12 Meeting

- Compensation
- Benefits
- Council Question Follow-up



FY 2015 Budget Calendar

- Special Budget Meeting – August 12
- Town Hall Meetings
 - August 21
 - August 27 (First Public Hearing on Tax Rate)
- Scheduled Council Meetings
 - August 19
 - September 2 (Second Public Hearing on Tax Rate)
- September 11
 - Budget Public Hearing
 - First Vote on Budget and Tax Rate
- September 16 - Second Vote on Budget and Tax Rate

