

Comprehensive Financial Forecast

FY 2019 - FY 2023

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 2019 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 2019 through FY 2023 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.
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.

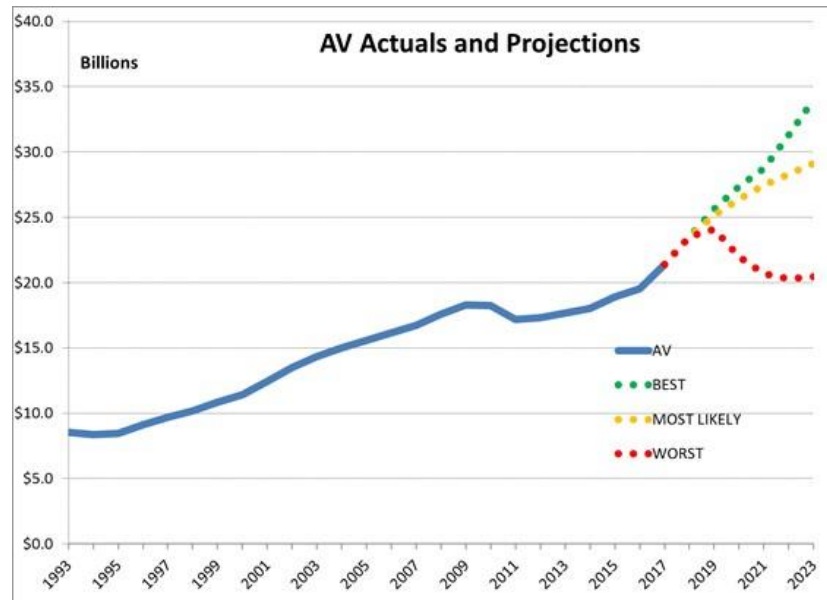
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General Fund Revenues

Within the General Fund, 86 percent of all FY 2018 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 \$98M in 2018 down to a low of \$81M in 2023. It will take several more years of growth beyond 2023 before AV returns to 2017 levels. Over the 5-year time horizon \$43M debt is issued, but none until 2022.

The best case repeats the five-year period from 1998-2002 in which the City experienced its best rate of growth from 1993-2018. Revenues increase 43% in 2023 vs. 2018 in M&O. Taxable value will reach \$34B by 2023. Over the 5-year time horizon \$341M in debt is issued. After issuance in 2018, the City has \$138M remaining in voter-approved bond authorization.

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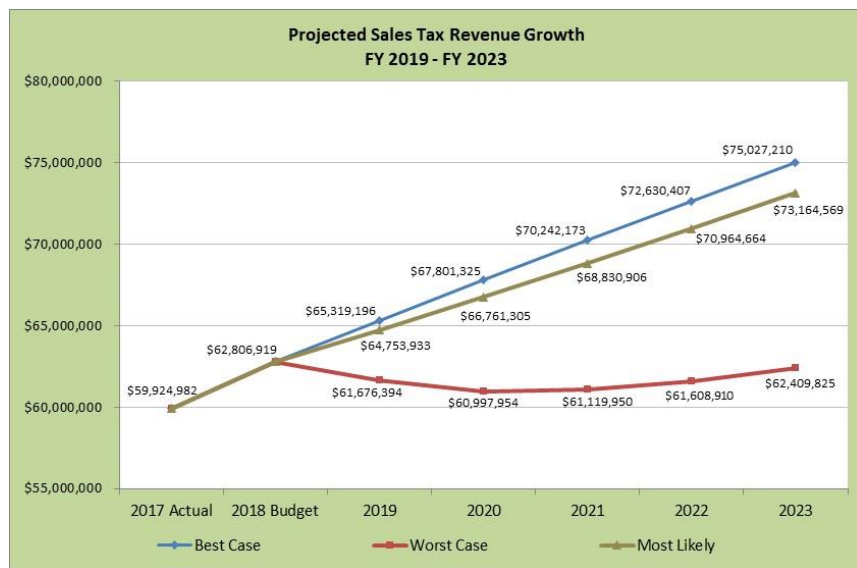
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The most likely case assumes a steady growth pattern in values similar to what the City experienced from 2005-2009. Revenues increase in M&O by \$3.3 to \$6.5M per year, with an accumulated growth for five years of \$22M. Over the 5-year time horizon \$234M in debt is issued.

Increase in Property Values	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Best Case	9.0%	6.75%	5.03%	8.94%	8.67%
Worst Case	2.5%	(8.8%)	(5.87%)	(1.94%)	0.84%
Most Likely	7.0%	5.0%	4.0%	3.0%	3.0%

All three scenarios attempt to maintain the tax split to .1989 I&S / .4409 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 2019-2021. 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.

Growth in the City's sales tax receipts slowed in FY 2017 to 2.8 percent, after two years of growth of 5.0 percent or better in FY 2015 and 2016. The most likely scenario for General Fund **sales tax revenue** shows an increase of 3.1 percent in FY 2019 over the FY 2018 budget, then increases of 3.1 percent in each subsequent year of the forecast. Over the five-year period, this would result in a

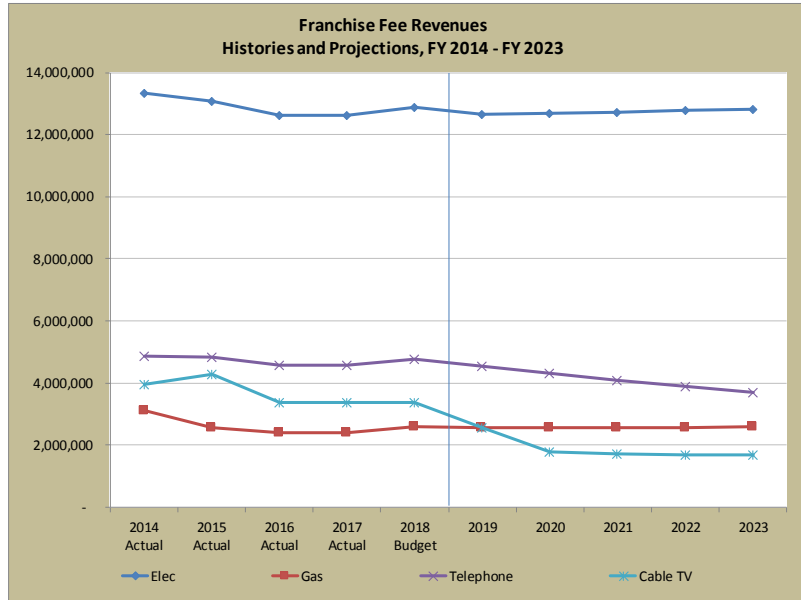


22.1 percent increase from the FY 2017 actual amount received. The worst case scenario would result in an increase over the five-year period of approximately 4.1 percent, which could result if the City were to enter into another period of declines similar to those experienced in FY 2002-2003 or FY 2009-2010. The best case scenario would result in a 25.2 percent increase over the period. The graph above shows the results of all three growth scenarios over the five-year forecast period.

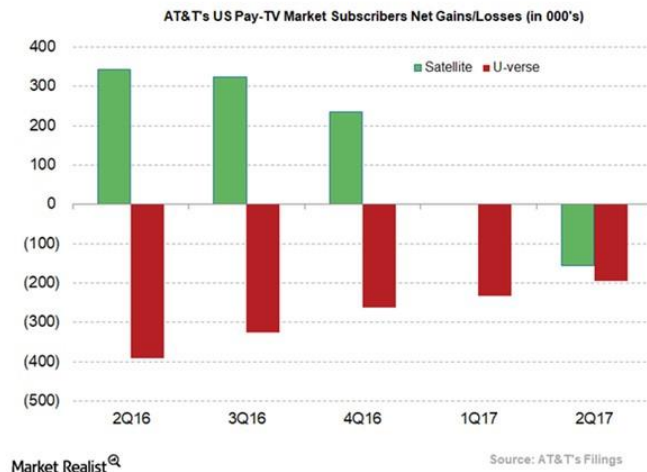
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The most likely scenario for **franchise fee revenues** shows a decrease of 5.6 percent in FY 2019 from the FY 2018 budgeted level, then annual changes thereafter as follows: a 4.4 percent decrease in FY 2020, a 1.0 percent decrease in FY 2021, 0.9 percent decrease in FY 2022, and a 0.8 percent decrease in FY 2023. Over the five-year forecast period, this would result in a 12.2 percent decrease from the FY 2018 budgeted level. The worst case scenario would result in an 18.2 percent decrease over the five-year period, and the best case scenario would result in a 6.3 percent decrease over the period.



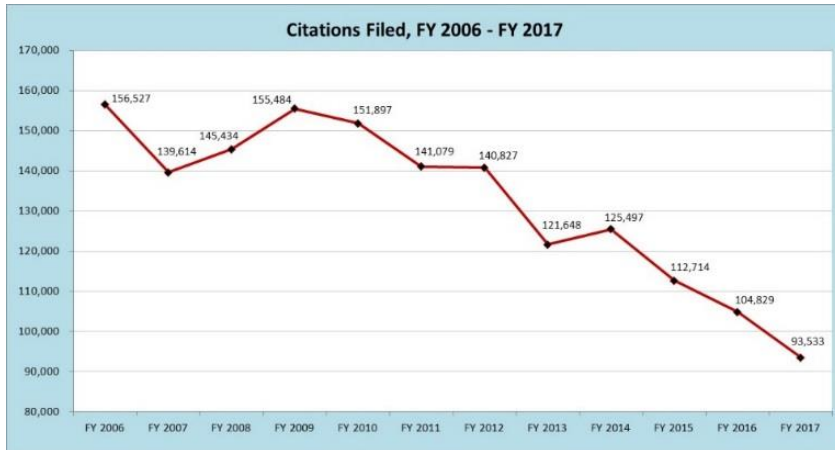
Franchise fee revenues for electricity, gas, and water usage are largely determined by weather conditions during the winter and summer months, and could vary significantly in any given year if we experience extreme cold or extreme heat and drought. Franchise fees are also affected by recent business model changes in the cable television industry. The state's top cable and internet provider is gradually phasing out its U-Verse cable service and is moving customers toward Direct TV satellite service, which does not generate franchise fee revenues. The forecast anticipates the cumulative loss of \$1.6 million in cable television revenues in FY 2019 and FY 2020.



Aside from seasonal weather variations and evolving business models that reflect the rapid pace of change in the telecommunications industry, we are unlikely to see any appreciable changes in franchise fee revenues apart from those attributable to gradual population growth.

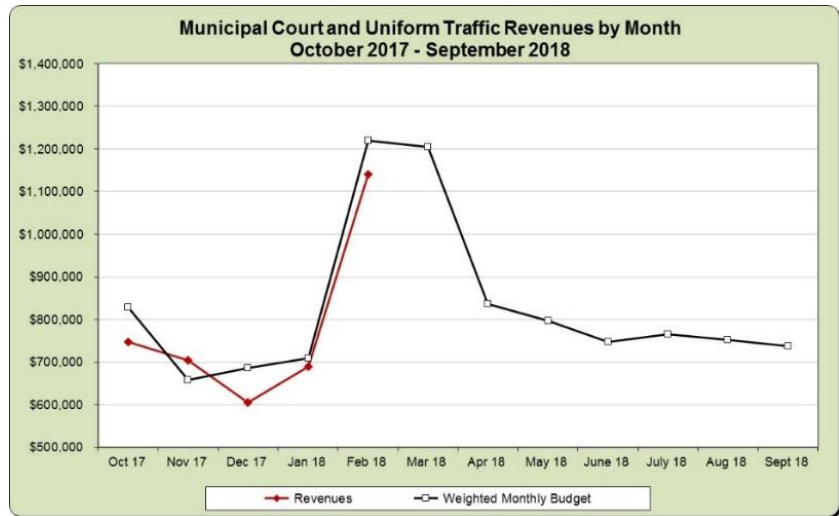
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The most likely scenario for **Municipal Court revenues** would project a 3.5 percent decrease in FY 2019 from the FY 2018 budget, then flat in the subsequent years of the forecast. This trend is the result of continuing declines in the number of citations processed at the Court, as shown in the graph to the left.

The current-year graph to the right shows the two largest revenue sources at the Court, which in the aggregate are approximately \$217,000 below the cumulative weighted budget amount through February 2018.



As noted earlier, the revenues discussed above constitute approximately 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:

	FY 2018 Budget	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Best Case	243,610,330	257,901,589	267,844,397	275,422,823	288,352,852	302,034,534
Worst Case	243,610,330	235,160,462	223,887,217	216,642,551	214,313,668	215,044,015
Most Likely	243,610,330	251,456,494	256,602,054	261,711,903	266,698,237	272,089,039
Increase from Prior Year		7,846,164	5,145,560	5,109,849	4,986,334	5,390,801
Percent Increase from Prior Year		3.2%	2.0%	2.0%	1.9%	2.0%

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If we assume the most likely scenario, revenues will increase by \$7.8M (3.2%) in FY 2019; then increase by \$5.1M (2.0%) in FY 2020; by \$5.1M (2.0%) in FY 2021; by \$5.0M (1.9%) in FY 2022; and by \$5.4M (2.0%) in FY 2023.

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 2019. One-time funds used in FY 2018 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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Comprehensive Financial Forecast General Fund, FY 2019 - FY 2023					General Fund Baseline	
	FY 2018 Budget	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GENERAL FUND REVENUES - Most Likely	\$ 243,610,330	\$ 251,456,494	\$ 256,602,054	\$ 261,711,903	\$ 266,698,237	\$ 272,089,039
INTERFUND TRANSFERS:						
Water and Sewer Fund Indirect Cost	\$ 4,226,514	\$ 4,530,823	\$ 4,530,823	\$ 4,530,823	\$ 4,530,823	\$ 4,530,823
Conv. & Event Svcs. Fund Indirect Cost	604,161	647,661	647,661	647,661	647,661	647,661
Storm Water Indirect Cost	425,292	455,913	455,913	455,913	455,913	455,913
To IT ISF for One-time Projects	(135,521)	-	-	-	-	-
From CES Fund for debt repayment	1,156,399	-	-	-	-	-
TIRZ 4 Reimbursement	2,053,251	-	-	-	-	-
From SWUF for capital reimbursement	463,055	-	-	-	-	-
From SWUF for engineering reviews	88,699	88,699	88,699	88,699	88,699	88,699
Use of General Fund ending balance	478,000	-	-	-	-	-
To Working Capital and Unallocated Reserves	(1,139,371)	-	-	-	-	-
From General Gas Fund for social media	12,000	-	-	-	-	-
From Parks Gas Fund for Ditto Golf debt	941,883	-	-	-	-	-
To Fleet Services for vehicles	(635,629)	-	-	-	-	-
To Special Transportation Fund	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)
To Street Maintenance Fund for Traffic	(4,773,409)	(4,773,409)	(4,773,409)	(4,773,409)	(4,773,409)	(4,773,409)
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	\$ 482,598	\$ (2,333,040)	\$ (2,333,040)	\$ (2,333,040)	\$ (2,333,040)	\$ (2,333,040)
TOTAL AVAILABLE FUNDS	\$ 244,092,928	\$ 249,123,454	\$ 254,269,015	\$ 259,378,864	\$ 264,365,198	\$ 269,755,999
GENERAL FUND EXPENDITURES	\$ 244,090,346	\$ 241,482,112	\$ 245,456,662	\$ 245,456,662	\$ 245,456,662	\$ 245,456,662
COPS Grant Funding Match		\$ 630,000				
Impact of FY18 Paypackage on FY19		3,344,550				
ENDING BALANCE	\$ 2,582	\$ 3,666,792	\$ 8,812,353	\$ 13,922,202	\$ 18,908,536	\$ 24,299,337

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Comprehensive Financial Forecast
General Fund Revenues - Most Likely Scenario

Description	FY 2018 Budget	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Sales Taxes, General Fund	62,806,919	64,753,933	66,761,305	68,830,906	70,964,664	73,164,569
State Liquor Tax	1,855,850	1,859,562	1,867,000	1,874,468	1,880,091	1,885,732
Bingo Tax	80,000	77,840	75,894	74,148	72,591	71,212
PILOT - Water	4,203,284	4,299,960	4,398,859	4,500,032	4,603,533	4,709,414
Other Service Charges	500,000	400,000	412,000	424,360	437,091	450,204
Electric Franchise Fees	12,887,287	12,655,316	12,693,282	12,731,362	12,769,556	12,807,864
Gas Franchise Fees	2,603,393	2,556,532	2,564,202	2,571,894	2,579,610	2,587,349
Telephone Franchise Fees	4,767,633	4,529,251	4,302,789	4,087,649	3,883,267	3,689,104
Cable TV Franchise Fees	3,380,000	2,580,630	1,780,635	1,727,216	1,692,671	1,675,745
Sheraton Ground Lease	292,356	295,864	299,415	303,008	306,644	310,323
Ballpark Lease	2,000,000	1,500,000	1,000,000	-	-	-
Ballpark Settlement	727,500	727,500	727,500	727,500	727,500	727,500
Beverage Contract Revenues	59,279	62,065	64,548	66,484	68,479	70,533
Infrastructure Revenues	1,284,752	1,284,752	1,284,752	1,284,752	1,284,752	1,284,752
Landfill Deferred Revenue	457,259	457,259	457,259	457,259	457,259	457,259
Water Franchise Fees	8,459,430	9,315,230	9,867,327	10,314,520	10,497,481	10,957,218
Parking Meter Revenue	6,300	-	-	-	-	-
Major Event Trust Fund Revs.	300,000	300,000	300,000	300,000	300,000	300,000
Other Licenses and Permits	3,500	3,535	3,570	3,606	3,642	3,679
Auction Revenues	37,576	37,952	38,331	38,715	39,102	39,493
Prop Taxes, General Fund 1000	98,648,508	105,060,661	109,263,087	112,540,980	114,791,800	117,087,636
Interest, General Fund	945,738	1,229,459	1,475,351	1,622,886	1,785,175	1,963,693
Terminal Building Leases	92,325	72,014	79,215	89,513	94,884	104,372
Hangar Rental	200,364	208,379	208,379	208,379	208,379	208,379
Tie Down Charge	28,800	26,496	30,470	35,346	36,053	36,053
Land/Ramp Lease	737,478	766,977	797,656	797,656	837,539	837,539
Food Service App / Change of Owner	54,050	63,022	63,653	64,289	64,289	64,289
Food Service Estab. Reinspections	15,000	15,000	15,000	15,000	15,000	15,000
Food Establishment Permits	706,125	711,068	718,179	718,179	718,179	718,179
Food Handlers Permits	15,600	13,884	15,606	15,762	15,919	16,078
Child Care Licenses and Permits	55,135	58,719	58,719	58,719	58,719	58,719
Building Inspection Fees	90,000	91,350	91,350	91,350	91,350	91,350
Plat Review and Inspections	400,000	600,000	600,000	600,000	600,000	600,000
Rezoning Fees	108,464	108,247	108,247	108,247	108,247	108,247
Real Estate Transfer	374,254	385,482	397,046	408,957	421,226	433,863
Landscape / Tree Preservation Fees	12,000	14,873	14,873	14,873	14,873	14,873
Building Permits	3,500,000	3,500,000	2,674,000	2,647,260	2,634,024	2,620,854
Electrical Permits	80,000	80,880	80,880	80,880	80,880	80,880

Comprehensive Financial Forecast

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Comprehensive Financial Forecast General Fund Revenues - Most Likely Scenario

Description	FY 2018 Budget	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Plumbing Permits	285,000	285,000	285,000	285,000	285,000	285,000
Mechanical Permits	130,000	139,412	139,412	139,412	139,412	139,412
Business Registration	225,000	229,320	229,320	229,320	229,320	229,320
Certificates of Occupancy	135,000	131,868	131,868	131,868	131,868	131,868
Boathouse / Pier Licenses	13,309	13,309	13,309	13,309	13,309	13,309
Plan Review Fees	1,600,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
Cell Tower Lease	210,000	224,700	231,441	238,384	245,536	252,902
Irrigation Permits	45,000	46,620	46,620	46,620	46,620	46,620
Pipeline License Agreements	50,000	51,500	53,045	54,636	56,275	57,964
Gas Well Inspection Fees	145,000	145,000	145,000	145,000	145,000	145,000
Gas Well Annual Reinspections	902,200	902,200	902,200	902,200	902,200	902,200
Gas Well Supplemental Fee	12,500	56,625	56,625	56,625	56,625	56,625
Special Event Parking, Permits + Renewals	14,200	14,796	14,796	14,796	14,796	14,796
Multi-Family Inspections	610,000	614,296	622,006	622,006	622,006	622,006
Extended Stay Annual Inspections	164,767	169,153	169,153	169,153	169,153	169,153
Animal Awareness/Safety Program	3,500	3,197	3,197	3,197	3,197	3,197
Adoption Fees	144,500	137,204	137,204	137,204	137,204	137,204
Weed and Grass Fees	102,000	102,063	102,063	102,063	102,063	102,063
Dangerous Structure Demolition	11,470	12,750	12,750	12,750	12,750	12,750
Nuisance Abatement Fees	43,150	55,506	55,506	55,506	55,506	55,506
Multi-Family Reinspection Fees	2,980	3,300	3,300	3,300	3,300	3,300
Extended Stay Reinspection Fees	300	300	300	300	300	300
Duplex Registrations	16,100	16,887	16,887	16,887	16,887	16,887
Duplex Reinspections	770	1,050	1,050	1,050	1,050	1,050
Swimming Pool Reinspections	3,350	3,000	3,000	3,000	3,000	3,000
Vet Services	13,520	13,681	13,681	13,681	13,681	13,681
Impoundment Fees	60,530	59,752	59,752	59,752	59,752	59,752
Swimming Pool Permits	96,000	96,408	96,408	96,408	96,408	96,408
Securing Code Violations	4,750	3,735	3,735	3,735	3,735	3,735
Dog and Cat Licenses	76,665	76,141	76,141	76,141	76,141	76,141
Euthanasia Fees	10,400	10,493	10,493	10,493	10,493	10,493
Deceased Animal Pick-Up	2,300	2,155	2,155	2,155	2,155	2,155
Dangerous Animal Fee	3,550	3,467	3,467	3,467	3,467	3,467
Fire Initial Inspections	66,600	66,800	67,000	67,201	67,403	67,605
Fire Permit Fees	160,550	216,743	184,231	170,414	165,301	160,342
Overtime and Reinspection Fees	17,600	17,582	17,565	17,547	17,530	17,512
Fire Inspection Fees	272,700	252,248	252,248	252,248	252,248	252,248
Fire Operational Permits	204,000	208,080	213,282	218,614	222,986	225,216
Risk Management - Damages	228,000	193,800	193,800	193,800	193,800	193,800

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General Fund Revenues - Most Likely Scenario

Description	FY 2018 Budget	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Library Cards for Non-Residents	42,055	39,952	40,951	41,975	41,975	41,975
Library Fines	132,930	126,284	129,441	132,677	135,994	135,994
Copier Concessions	85,144	93,658	103,024	108,175	113,584	119,263
Alcoholic Beverage Licenses	123,600	124,836	126,084	127,345	128,619	129,905
Vital Statistics	280,000	294,000	311,640	317,873	321,052	324,262
Criminal Justice Fees	332,058	320,436	320,436	320,436	320,436	320,436
Municipal Court Fines	2,987,807	2,883,234	2,883,234	2,883,234	2,883,234	2,883,234
Child Safety Fees	54,061	52,169	52,169	52,169	52,169	52,169
Uniform Traffic Fines	6,954,811	6,711,393	6,711,393	6,711,393	6,711,393	6,711,393
Time Payment Fees	56,483	54,506	54,506	54,506	54,506	54,506
Issue / Arrest Fees	290,357	280,195	280,195	280,195	280,195	280,195
Park Bond Fund	65,000	65,000	65,000	65,000	65,000	65,000
Garbage Franchise Fees	1,852,000	1,929,784	2,010,835	2,095,290	2,183,292	2,274,990
Engineering Services Bond Projects	635,000	626,745	626,745	626,745	626,745	626,745
Storm Event Clean-Up Fees	57,200	57,543	57,888	58,236	58,585	58,937
Water Dept Street Cuts	155,000	155,465	155,465	155,465	155,465	155,465
Construction Management Fees	9,900	62,835	62,835	62,835	62,835	62,835
Inspection Transfer	1,074,000	1,171,734	1,171,734	1,171,734	1,171,734	1,171,734
Survey Transfer	140,000	168,980	168,980	168,980	168,980	168,980
Transportation Bond - Operating	105,000	105,000	105,000	105,000	105,000	105,000
Saturday Inspection Fees	30,000	32,310	32,310	32,310	32,310	32,310
Abandonment Fees	6,000	4,035	4,035	4,035	4,035	4,035
Pedicab Revenues	10,400	10,732	10,732	10,732	10,732	10,732
State Reimburse - Traffic Signals	71,232	71,232	71,232	71,232	71,232	71,232
Landfill Usage Fees	2,172,500	2,196,398	2,220,558	2,244,984	2,269,679	2,294,645
City Waste Royalty	1,500,000	1,564,500	1,631,774	1,701,940	1,775,123	1,851,453
Non-City Waste Royalty	2,538,772	2,614,935	2,693,383	2,774,185	2,857,410	2,943,133
Methane Gas Royalty	20,000	16,012	16,012	16,012	16,012	16,012
Brush Waste Royalty	52,000	51,962	51,962	51,962	51,962	51,962
City Dept Waste Rebate	61,000	61,671	61,671	61,671	61,671	61,671
Message Board Rentals	40,000	48,850	48,850	48,850	48,850	48,850
Animal Owner Surrender Fees	30,500	30,500	30,500	30,500	30,500	30,500
Landfill Miscellaneous Revenues	50,000	50,000	50,000	50,000	50,000	50,000
Police Admin, Escorts, Misc. Rev.	75,000	75,000	75,750	76,508	77,273	78,045
Jail Support Revenues	6,700	6,365	6,365	6,365	6,365	6,365
Abandoned Vehicle Search Fees	8,000	8,240	8,322	8,406	8,490	8,575
Police Towing Fees	150,000	153,000	156,060	159,181	162,365	165,612
Burglar Alarm Permits	925,000	878,750	861,175	843,952	827,072	810,531
Contrib from AISD / SRO Program	1,567,400	1,614,422	1,614,422	1,614,422	1,614,422	1,614,422
Totals	243,610,330	251,456,494	256,602,054	261,711,903	266,698,237	272,089,039

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General Fund Expenditures

The cost of employee health insurance and compensation adjustments will affect all 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. In the General Fund, these costs are budgeted at \$21.6M in FY 2017. 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.

	Budgeted FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Cumulative Costs
Employee Insurance	21,571,955	23,513,431	25,629,640	27,936,307	30,729,938	33,802,932	
Increase from prior year		1,941,476	2,116,209	2,306,668	2,793,631	3,072,994	12,230,977
Percent Increase from prior year		9%	9%	9%	10%	10%	

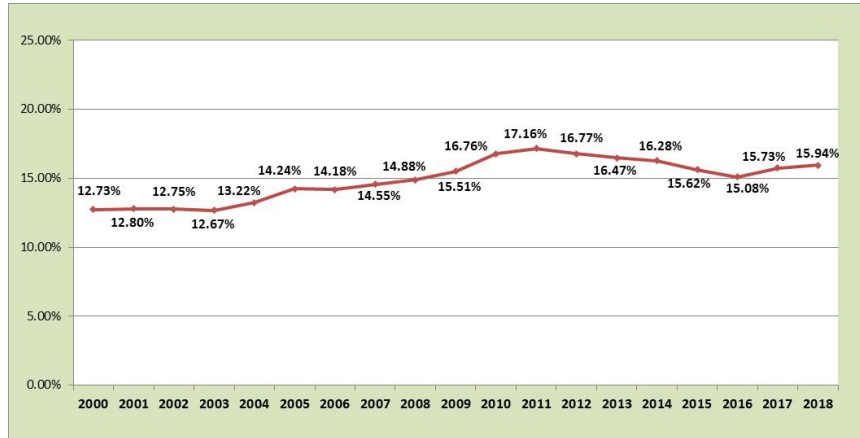
Employees are the City’s most valuable resources and Arlington has invested accordingly in salary and benefits over the past few years. Beginning in FY 2017, employee compensation was targeted to close the gap between average compensation at the City for the various employee job families (clerical, professional, technical, etc.) and the compensation granted in the surrounding market of comparable employers and jobs. Since the compensation gap varied by category, raises granted were targeted accordingly. During the FY 2017 budget development process, management and Council chose a compensation philosophy that provided for market average plus 5% spread over a three-year period with FY 2018 being Year 2 of the plan. The final year of the plan is shown below in FY 2019. The remaining out-years reflect a 3% pay increase for all job families.

	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Cumulative Costs
Targeted Compensation Increases	6,147,446	6,201,611	4,378,001	4,509,341	4,644,621	25,881,020
		12,349,057	16,727,058	21,236,399	25,881,020	

Comprehensive Financial Forecast

FY 2019 - FY 2023

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, with FY 2017 & FY 2018 being the exception as adjustments were made to investment and return assumptions as reflected in the accompanying graph. At this time, TMRS has not notified the City of any potential rate changes in FY 2019. The forecast assumes the rate will remain flat going forward.



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 and targeted compensation increases.

Comprehensive Financial Forecast

FY 2019 - FY 2023

	Comprehensive Financial Forecast General Fund, FY 2019 - FY 2023				General Fund with Health & Compensation	
	FY 2018 Budget	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GENERAL FUND REVENUES - Most Likely	\$ 243,610,330	\$ 251,456,494	\$ 256,602,054	\$ 261,711,903	\$ 266,698,237	\$ 272,089,039
INTERFUND TRANSFERS:						
Water and Sewer Fund Indirect Cost	\$ 4,226,514	\$ 4,530,823	\$ 4,530,823	\$ 4,530,823	\$ 4,530,823	\$ 4,530,823
Conv. & Event Svcs. Fund Indirect Cost	604,161	647,661	647,661	647,661	647,661	647,661
Storm Water Indirect Cost	425,292	455,913	455,913	455,913	455,913	455,913
To IT ISF for One-time Projects	(135,521)	-	-	-	-	-
From CES Fund for debt repayment	1,156,399	-	-	-	-	-
TIRZ 4 Reimbursement	2,053,251	-	-	-	-	-
From SWUF for capital reimbursement	463,055	-	-	-	-	-
From SWUF for engineering reviews	88,699	88,699	88,699	88,699	88,699	88,699
Use of General Fund ending balance	478,000	-	-	-	-	-
To Working Capital and Unallocated Reserves	(1,139,371)	-	-	-	-	-
From General Gas Fund for social media	12,000	-	-	-	-	-
From Parks Gas Fund for Ditto Golf debt	941,883	-	-	-	-	-
To Fleet Services for vehicles	(635,629)	-	-	-	-	-
To Special Transportation Fund	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)	(1,116,199)
To Street Maintenance Fund for Traffic	(4,773,409)	(4,773,409)	(4,773,409)	(4,773,409)	(4,773,409)	(4,773,409)
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	\$ 482,598	\$ (2,333,040)	\$ (2,333,040)	\$ (2,333,040)	\$ (2,333,040)	\$ (2,333,040)
TOTAL AVAILABLE FUNDS	\$ 244,092,928	\$ 249,123,454	\$ 254,269,015	\$ 259,378,864	\$ 264,365,198	\$ 269,755,999
GENERAL FUND EXPENDITURES	\$ 244,090,346	\$ 245,456,662	\$ 245,456,662	\$ 245,456,662	\$ 245,456,662	\$ 245,456,662
ENDING BALANCE	\$ 2,582	\$ 3,666,792	\$ 8,812,353	\$ 13,922,202	\$ 18,908,536	\$ 24,299,337
Targeted Compensation Increases		\$ 6,147,446	\$ 12,349,057	\$ 16,727,058	\$ 21,236,399	\$ 25,881,020
Health Insurance Increases, cumulative		1,941,476	4,057,685	6,364,352	9,157,983	12,230,977
TOTAL - COMP & HEALTH		\$ 8,088,922	\$ 16,406,742	\$ 23,091,410	\$ 30,394,382	\$ 38,111,997
ENDING BALANCE		\$ (4,422,130)	\$ (7,594,389)	\$ (9,169,209)	\$ (11,485,847)	\$ (13,812,660)

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.

Comprehensive Financial Forecast

FY 2019 - FY 2023

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

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 327,690	\$ 346,910	\$ 348,701	\$ 361,906	\$ 380,681

The above includes the following highlights:

- Neighborhood Matching Grant Program (\$150,000)
- Arlington Urban Design Center (\$26,180)
- Mowing Contracts CPI Increase (\$19,790)

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

New Programs Priority: Champion Great Neighborhoods

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 1,062,460	\$ 3,142,257	\$ 3,063,061	\$ 3,389,538	\$ 3,344,467

The above includes the following highlights:

- Strategic Code Compliance Programs (\$200,680)
- Streetlight & Signal Pole Painting (\$100,000)
- Social Media Marketing (\$69,000)

Comprehensive Financial Forecast

FY 2019 - FY 2023

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**

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 100,000	\$ 150,000	\$ 200,000	\$ 200,000	\$ 200,000

New Programs **Priority: Enhance Regional Mobility**

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 622,869	\$ 857,442	\$ 557,442	\$ 2,457,442	\$ 957,442

The above includes the following highlights:

- Preliminary Design – Runway/Taxiway Reconstruction (\$80,000)
- Entertainment District Reversible Lane Signs (\$78,200)
- Real-time Data Collection and Signal Performance Evaluation System (\$59,250)
- VIA Transportation Services (\$100,000)

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**

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 6,500	\$ 6,825	\$ 7,165	\$ 7,525	\$ 107,900

Comprehensive Financial Forecast

FY 2019 - FY 2023

New Programs Priority: Invest in Our Economy

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 2,603,167	\$ 1,893,193	\$ 2,020,661	\$ 1,733,161	\$ 1,620,661

The above includes the following highlights:

- Economic Development Project Assistance (\$1,575,000)
- Economic Development Strategy Update (\$120,000)
- MWBE Study (\$450,000)

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

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 718,727	\$ 451,393	\$ 494,943	\$ 539,420	\$ 584,871

The above includes the following highlights:

- IT Security Program (\$180,000)
- Software Maintenance Upgrade, and Renewal (\$106,902)
- Municipal Court Software Maintenance (\$16,300)

Comprehensive Financial Forecast

FY 2019 - FY 2023

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

New Programs Priority: Put Technology to Work

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 3,313,042	\$ 2,385,651	\$ 2,247,781	\$ 2,218,338	\$ 2,210,909

These include the following highlights:

- Courtroom AV Equipment (\$200,000)
- Smart City Pilot Projects (\$1,150,000)
- Police Digital Video (\$409,466)

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 proposals that focus on Investing in Our Economy are summarized below:

Current Services Priority: Support Quality Education

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000

New Programs Priority: Support Quality Education

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 78,540	\$ 78,540	\$ 78,540	\$ 78,540	\$ 78,540

The above includes the following:

- UTA Internship Agreement (\$78,540)

Comprehensive Financial Forecast

FY 2019 - FY 2023

Core Services

In addition to the Council 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

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 275,761	\$ 284,852	\$ 294,124	\$ 303,582	\$ 307,836

The summary includes the following highlights:

- Library Part-time Salaries (\$55,993)
- Interstate Mowing (\$100,200)

New Programs

Priority: Culture/Recreation/Education

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 5,624,318	\$ 3,306,087	\$ 4,378,529	\$ 4,293,677	\$ 3,582,939

The summary above includes the following highlights:

- Parks Ground Maintenance Equipment Replacement (\$1,294,918)
- Playground Replacements (\$1,800,000)
- Gateway Monument Signage (\$615,148)
- New Parks Development O&M (\$122,925)

Current Services

Priority: Financial/Economic Development

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 739,281	\$ 853,991	\$ 911,216	\$ 966,561	\$ 1,019,599

The summary above includes the following highlights:

- Property/Liability Insurance Premiums (\$70,866)
- Increase in Terminal Pay and related benefits (\$500,000)
- Tarrant Appraisal District Contract Increase (\$68,958)

Comprehensive Financial Forecast

FY 2019 - FY 2023

New Programs Priority: Financial/Economic Development

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 2,863,352	\$ 2,288,343	\$ 2,256,093	\$ 2,261,175	\$ 2,271,368

The above includes the following highlights:

- Staffing Increase for Entertainment and Tourism District (\$888,889)
- Sports Center Feasibility Study (\$300,000)
- New Senior Internal Auditor (\$108,550)

Current Services Priority: Infrastructure

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 1,739,867	\$ 1,957,424	\$ 1,295,197	\$ 1,423,654	\$ 2,331,327

The summary above includes the following highlights:

- Microsoft Enterprise Agreement Cost Increase (\$50,000)
- Software Maintenance (700,000)
- City-wide Janitorial Services Contract (\$92,000)

New Programs Priority: Infrastructure

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 11,422,133	\$ 3,841,366	\$ 4,857,430	\$ 5,610,178	\$ 4,036,852

The summary above includes the following highlights:

- Fire Heavy Fleet Replacement (\$2,672,336)
- Pond Dredging (\$2,783,880)
- LED Streetlights (\$4,300,000)

Comprehensive Financial Forecast

FY 2019 - FY 2023

Current Services Priority: Public Safety

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 974,093	\$ 736,202	\$ 777,178	\$ 823,921	\$ 893,081

The summary above includes the following highlights:

- Police Weapons and Safety Equipment (\$139,495)
- Police Departmental Overtime (303,687)
- Jail Painting and Maintenance (\$150,000)

New Programs Priority: Public Safety

FY19	FY20	FY21	FY22	FY23
Program Cost	Program Cost	Program Cost	Program Cost	Program Cost
\$ 4,347,238	\$ 4,747,991	\$ 3,822,351	\$ 4,309,045	\$ 4,628,520

The summary above includes the following highlights:

- Civilian Investigators (\$294,456)
- Police Strategic Software (\$450,000)
- Fire Station 17 Staffing (\$253,682)

Comprehensive Financial Forecast

FY 2019 - FY 2023

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	FY18 (Base)	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
CD&P	Neighborhood Matching Grant	-	150,000	150,000	150,000	150,000	150,000
CD&P	Arlington Urban Design Center	15,000	41,180	50,000	50,000	50,000	50,000
Parks and Recreation	Mowing Contracts CPI Increase	2,119,107	2,138,897	2,149,297	2,151,088	2,164,293	2,183,068
Police	Covert Operations Support	219,650	351,370	351,370	351,370	351,370	351,370
Total		\$ 2,353,757	\$ 2,681,447	\$ 2,700,667	\$ 2,702,458	\$ 2,715,663	\$ 2,734,438

New Programs Priority: Champion Great Neighborhoods

Department	Request Title	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
CD&P	Area or Corridor Plan	-	100,000	-	100,000	-
Code Compliance Services	Microsoft Office Surface Pro Accessories	13,079	-	-	-	-
Code Compliance Services	Strategic Code Compliance	200,680	327,316	279,826	410,100	363,700
Code Compliance Services	Veterinary Technician	-	55,812	55,812	55,812	55,812
Code Compliance Services	TNR Coordinator	-	86,412	63,212	63,212	63,212
Fire	Third Squad (6 FTEs)	571,601	597,552	609,486	622,034	635,251
Fire	Fire Staffing for a Growing Population (20 FTEs)	-	1,767,065	1,846,625	1,930,280	2,018,392
Management Resources	Communication Coordinator	75,000	75,000	75,000	75,000	75,000
Management Resources	Social Media Marketing	69,000	-	-	-	-
Police	National Night Out	33,100	33,100	33,100	33,100	33,100
Public Works & Transportation	Streetlight & Signal Pole Painting	100,000	100,000	100,000	100,000	100,000
Total		\$ 1,062,460	\$ 3,142,257	\$ 3,063,061	\$ 3,389,538	\$ 3,344,467

Current Services Priority: Enhance Regional Mobility

Department	Request Title	FY18 (Base)	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
CD&P	Transportation Services	327,400	427,400	477,400	527,400	527,400	527,400
Total		\$ 327,400	\$ 427,400	\$ 477,400	\$ 527,400	\$ 527,400	\$ 527,400

Comprehensive Financial Forecast

FY 2019 - FY 2023

New Programs Priority: Enhance Regional Mobility

Department	Request Title	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Aviation	Preliminary Engineering Design and Environmental Assessment - Runway/Taxiway Reconstruction	80,000	-	-	-	-
CD&P	On-Street AV Program	87,500	87,500	87,500	87,500	87,500
CD&P	Downtown Wayfinding Phase II	-	100,000	-	-	-
CD&P	Thoroughfare Development Plan Update	-	-	-	100,000	-
CD&P	Hike and Bike Plan Update	-	-	-	100,000	-
CD&P	Impact Fee Program Update	-	-	-	-	400,000
CD&P	Entertainment District Wayfinding Update	-	200,000	-	1,700,000	-
Fire	Class 4 Aircraft Rescue and Firefighting (ARFF) Unit (3 FTEs)	317,919	332,492	332,492	332,492	332,492
Public Works & Transportation	Entertainment District Reversible Lane Signs	78,200	78,200	78,200	78,200	78,200
Public Works & Transportation	Real-time Data Collection and Signal Performance Evaluation System	59,250	59,250	59,250	59,250	59,250
Total		\$ 622,869	\$ 857,442	\$ 557,442	\$ 2,457,442	\$ 957,442

Current Services Priority: Invest in Our Economy

Department	Request Title	FY18 (Base)	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Internal Audit	Additional Staff Training Required for Government Auditing Standards and TeamMate Software	9,525	16,025	16,350	16,690	17,050	17,425
CD&P	Downtown Master Plan Update	-	-	-	-	-	100,000
Total		\$ 9,525	\$ 16,025	\$ 16,350	\$ 16,690	\$ 17,050	\$ 117,425

New Programs Priority: Invest in Our Economy

Department	Request Title	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
CD&P	Comprehensive Plan Update	-	-	150,000	-	-
Economic Development	Economic Development Project Assistance	1,575,000	1,425,000	1,300,000	1,162,500	1,050,000
Economic Development	Economic Development Strategy Update	120,000	-	-	-	-
Economic Development	Shared Salary with Grants (CD&P)	15,000	15,000	15,000	15,000	15,000
Economic Development	Affiliate Recruitment Program	150,000	150,000	150,000	150,000	150,000
Finance	MWBE Study	450,000	-	-	-	-
Finance	ED Administrator	-	-	102,468	102,468	102,468
Fire	Prevention Staffing (2 FTEs)	218,167	228,193	228,193	228,193	228,193
Management Resources	Communications Coordinator	75,000	75,000	75,000	75,000	75,000
Total		\$ 2,603,167	\$ 1,893,193	\$ 2,020,661	\$ 1,733,161	\$ 1,620,661

Comprehensive Financial Forecast

FY 2019 - FY 2023

Current Services Priority: Put Technology to Work

Department	Request Title	FY18 (Base)	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
City Attorney's Office	Case Management Maintenance	10,500	11,025	11,576	12,155	12,763	13,401
Information Technology	IT Security Program	529,145	709,145	774,145	799,145	824,145	849,145
Management Resources	Ask Arlington App	40,845	40,845	40,845	40,845	40,845	40,845
Municipal Court	Incode Software Support Maintenance Contract	342,300	358,600	375,715	393,686	412,555	432,368
Police	License Plate Recognition Replacement Project	-	415,000	65,000	65,000	65,000	65,000
Police	Software Maintenance, Upgrade and Renewal	326,260	433,162	433,162	433,162	433,162	433,162
Total		\$ 1,249,050	\$ 1,967,777	\$ 1,700,443	\$ 1,743,993	\$ 1,788,470	\$ 1,833,921

New Programs Priority: Put Technology to Work

Department	Request Title	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
CD&P	City Data Strategic Plan	91,044	88,544	88,544	88,544	88,544
CD&P	Business Services Administrator/Analyst	103,587	101,087	101,087	101,087	101,087
Human Resources	Cornerstone On-Demand Performance Management	-	75,000	65,000	65,000	65,000
Human Resources	ID Badge Machine	-	10,000	-	-	-
Information Technology	Expand the Business Analyst Program	83,500	80,000	163,500	160,000	160,000
Information Technology	Remote / Mobile User Infrastructure	120,000	80,000	80,000	80,000	80,000
Information Technology	Infrastructure Transformation	-	250,000	100,000	100,000	100,000
Management Resources	Technical Director	55,000	55,000	55,000	55,000	55,000
Management Resources	Website Hosting	53,700	33,700	33,700	33,700	33,700
Municipal Court	Tyler Content Manager (TCM)	80,000	27,000	27,000	27,000	27,000
Municipal Court	Courtroom AV Equipment	200,000	-	-	-	-
Municipal Court	Digital Recording Software Replacement	-	100,000	20,000	20,000	20,000
Municipal Court	Video Magistration	-	25,000	5,000	5,000	5,000
Municipal Court	Video Board Hardware Replacement	-	-	20,000	-	-
Parks and Recreation	Marketing Aide PT to FT	62,568	62,568	62,568	62,568	62,568
Parks and Recreation	Irrinet Centralized Irrigation System	64,000	64,000	64,000	64,000	64,000
Parks and Recreation	Security Systems	78,030	10,402	35,432	25,889	14,860
Parks and Recreation	Skylogix Automation	58,600	62,200	65,800	69,400	73,000
Police	Unified Digital Video System Project	409,466	204,000	204,000	204,000	204,000
Police	Crime Scene Search Unit (CSSU) Quality Manager	97,306	94,248	94,248	94,248	94,248
Police	sUas (unmanned aircraft) Staff	606,241	437,902	437,902	437,902	437,902
Public Works & Transportation	Connected/Autonomous Vehicles (CAV) and Smart City Pilot Projects	1,150,000	150,000	150,000	150,000	150,000
Public Works & Transportation	Smart Streetlighting System	-	375,000	375,000	375,000	375,000
Total		\$ 3,313,042	\$ 2,385,651	\$ 2,247,781	\$ 2,218,338	\$ 2,210,909

Comprehensive Financial Forecast

FY 2019 - FY 2023

Current Services Priority: Support Quality Education

Department	Request Title	FY18 (Base)	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Police	Travel and Training Funds	127,414	277,414	277,414	277,414	277,414	277,414
Total		\$ 127,414	\$ 277,414	\$ 277,414	\$ 277,414	\$ 277,414	\$ 277,414

New Programs Priority: Support Quality Education

Department	Request Title	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Human Resources	UTA Internship Agreement	78,540	78,540	78,540	78,540	78,540
Total		\$ 78,540	\$ 78,540	\$ 78,540	\$ 78,540	\$ 78,540

Current Services Priority: Culture/Recreation/Education

Department	Request Title	FY18 (Base)	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Library	Part-Time Salaries	440,231	496,224	496,224	496,224	496,224	496,224
Library	Return of Utilities	156,248	195,520	195,520	195,520	195,520	195,520
Parks and Recreation	Janitorial Contract Gap Funding and CPI Increase	207,431	254,140	259,222	264,407	269,695	269,695
Parks and Recreation	Interstate Mowing	100,200	200,400	204,408	208,496	212,666	216,919
Parks and Recreation	Assistant Director	139,222	152,809	152,809	152,809	152,809	152,809
Police	Employee and Volunteer Recognition	5,157	25,157	25,157	25,157	25,157	25,157
Total		\$ 1,048,489	\$ 1,324,250	\$ 1,333,340	\$ 1,342,613	\$ 1,352,071	\$ 1,356,324

New Programs Priority: Culture/Recreation/Education

Department	Request Title	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Library	East Arlington Branch Collection Move	-	32,000	-	-	-
Library	East Arlington Library Opening Collection	-	42,341	-	-	-
Parks and Recreation	New Development O&M	122,925	277,225	259,225	285,675	285,675
Parks and Recreation	Grounds Maintenance Equipment	1,294,918	138,075	53,474	237,313	78,571
Parks and Recreation	Playground Replacement	1,800,000	360,000	820,000	-	960,000
Parks and Recreation	Erosion Control	750,000	800,000	1,060,000	1,000,000	800,000
Parks and Recreation	ADA Accessibility Plan	300,000	-	-	-	-
Parks and Recreation	Tree Pruning and Replacement	50,000	50,000	50,000	50,000	50,000
Parks and Recreation	Texas Live - Entertainment District Maintenance	-	-	76,400	76,400	76,400
Parks and Recreation	Southeast Recreation Center (SERC) & Active Adult Center (AAC)	-	-	236,861	375,949	515,038
Parks and Recreation	Gateway Monument Signage	615,148	679,662	750,328	827,761	817,255
Parks and Recreation	Social Equity Adjustment	691,327	926,784	1,072,241	1,440,579	-
Total		\$ 5,624,318	\$ 3,306,087	\$ 4,378,529	\$ 4,293,677	\$ 3,582,939

Comprehensive Financial Forecast

FY 2019 - FY 2023

Current Services Priority: Financial/Economic Development

Department	Request Title	FY18 (Base)	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Finance	Tarrant Appraisal District	766,201	835,159	910,323	937,633	965,762	994,735
Finance	Tarrant County	323,644	352,772	370,411	388,931	404,488	416,623
Finance	Lawson, Kronos, Cornerstone transfer	622,220	18,666	37,892	57,695	78,092	99,101
Finance	GovMax Annual Increase	66,053	68,035	70,076	72,178	74,343	76,574
Non Departmental	Increase in Terminal Pay and related benefits	1,872,163	2,372,163	2,372,163	2,372,163	2,372,163	2,372,163
Finance	Bank Fees	13,479	51,806	53,360	54,961	56,610	58,308
Human Resources	Insurance - Risk	295,360	366,246	384,559	392,250	400,095	408,097
Human Resources	Civil Service	329,499	359,499	359,499	359,499	359,499	359,499
Total		\$ 4,288,619	\$ 4,424,346	\$ 4,558,282	\$ 4,635,310	\$ 4,711,052	\$ 4,785,099

New Programs Priority: Financial/Economic Development

Department	Request Title	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Internal Audit	New Position - Senior Internal Auditor	108,550	111,807	115,161	118,616	122,175
Internal Audit	One Time Funding for Peer Review in FY 2020 and FY 2023	-	4,725	-	-	5,000
Internal Audit	Replace the Staff Auditor position with an Internal Auditor position	7,139	7,353	7,574	7,801	8,035
City Attorney's Office	Senior Attorney - Economic Development	109,583	106,083	106,083	106,083	106,083
Finance	CAFR & Budget Preparation Software	-	60,000	30,000	30,000	30,000
Finance	Payroll Staff Accountant	77,540	77,540	77,540	77,540	77,540
Finance	Lawson Manager	102,468	102,468	102,468	102,468	102,468
Finance	lonwave Purchasing Software	-	500	1,000	1,500	2,000
Finance	Grants Administrator	97,375	97,375	97,375	97,375	97,375
Finance	Hotel Occupancy Tax Audit	-	60,000	60,000	60,000	60,000
Finance	Hotel Occupancy Tax Administration	-	19,400	17,800	18,700	19,600
Finance	Supplemental staffing for transition planning	-	86,173	86,173	86,173	86,173
Human Resources	Reclassification 1 FTE Human Resources Assistant to Analyst	30,870	30,870	30,870	30,870	30,870
Human Resources	PT HR Assistant	29,932	27,432	27,432	27,432	27,432
Parks and Recreation	Sports Center Feasibility Study	300,000	-	-	-	-
Police	Staffing Increase for Homeland Security Unit	258,760	205,674	205,674	205,674	205,674
Police	Staffing Increase for Entertainment and Tourism District	888,889	747,648	747,648	747,648	747,648
Police	Organized Retail Crime Unit	824,746	543,295	543,295	543,295	543,295
Total		\$ 2,835,852	\$ 2,288,343	\$ 2,256,093	\$ 2,261,175	\$ 2,271,368

Comprehensive Financial Forecast

FY 2019 - FY 2023

Current Services Priority: Infrastructure

Department	Request Title	FY18 (Base)	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Fire	Utility Adjustments	73,500	125,285	125,285	125,285	125,285	125,285
Information Technology	Contract Resources (for Governance Technology projects)	155,521	361,950	361,950	361,950	361,950	361,950
Information Technology	RemedyForce Professional Services	-	125,000	125,000	-	-	-
Information Technology	ERP Assessment and Strategic Plan Development	-	200,000	125,000	-	-	-
Information Technology	ESRI EEAP Continuation	-	86,645	86,645	86,645	86,645	86,645
Information Technology	Microsoft Enterprise Agreement Cost Increase	1,086,310	1,136,310	1,856,757	1,406,757	1,456,757	1,725,270
Information Technology	Professional Services for IT Software Service Application support	-	90,000	-	-	-	-
Information Technology	Software Maintenance	2,138,591	2,838,591	2,288,591	2,363,591	2,338,591	2,413,591
Information Technology	IT Infrastructure Hardware Replacement	385,141	385,141	535,141	435,141	435,141	895,141
Information Technology	Internet Service	82,750	102,750	142,750	182,750	262,750	342,750
Knowledge Services	Paper Costs	224,720	224,720	224,720	224,720	224,720	224,720
Knowledge Services	Postage Costs	800,000	840,000	840,000	840,000	840,000	840,000
Knowledge Services	Records Management	117,396	129,135	129,135	129,135	129,135	129,135
Knowledge Services	IRC Printing	389,000	427,900	427,900	427,900	427,900	427,900
Public Works & Transportation	City-wide Janitorial Services Contract	645,000	737,000	759,110	781,883	805,340	829,500
Public Works & Transportation	Base Budget Recovery	19,400	46,769	46,769	46,769	46,769	46,769
Total		\$ 6,117,329	\$ 7,857,196	\$ 8,074,753	\$ 7,412,526	\$ 7,540,983	\$ 8,448,656

Comprehensive Financial Forecast

FY 2019 - FY 2023

New Programs Priority: Infrastructure

Department	Request Title	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Aviation	ATCT Soft Joint Seal	-	-	30,000	-	-
Fire	Heavy Fleet Replacement 2 Engine 1 Aerial	2,672,336	1,495,980	2,832,676	1,680,883	1,781,736
Fire	Station 18 (9 FTEs)	-	-	-	1,147,684	321,287
Parks and Recreation	Pond Dredging	2,783,880	569,717	361,347	989,274	344,908
Parks and Recreation	Parking Lot Renovations	571,802	543,125	505,436	466,830	451,914
Police	Training Center Renovation	50,000	-	-	-	-
Public Works & Transportation	Facility Services - Equity Adjustments, Reclassifications, and New Staff	359,750	247,250	564,177	554,713	517,213
Public Works & Transportation	PWT Office Remodel, 2nd Floor City Hall	115,500	-	-	-	-
Public Works & Transportation	Assistant Director Reclassifications	51,651	51,651	51,651	51,651	51,651
Public Works & Transportation	Part Time Warehouse Clerk Reclass	-	31,429	31,429	31,429	31,429
Public Works & Transportation	LED Streetlights	4,300,000	-	-	-	-
Information Technology	Data Architect IT FTE	128,714	128,714	128,714	128,714	128,714
Information Technology	Software Deployment Self Service	150,000	25,000	27,000	29,000	33,000
Information Technology	Management Tool Assessment	-	75,000	-	-	-
Information Technology	Management Tool Replacement	-	-	-	200,000	40,000
Information Technology	Support Staff	63,500	123,500	120,000	120,000	120,000
Information Technology	System Tools	-	250,000	75,000	75,000	75,000
Information Technology	Information Traffic Shaping	-	150,000	50,000	55,000	60,000
Information Technology	Disaster Recovery Planning	175,000	150,000	80,000	80,000	80,000
Total		\$ 11,422,133	\$ 3,841,366	\$ 4,857,430	\$ 5,610,178	\$ 4,036,852

Comprehensive Financial Forecast

FY 2019 - FY 2023

Current Services Priority: Public Safety

Department	Request Title	FY18 (Base)	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Aviation	Reclassify Four Airport Maintenance Techs	175,760	199,168	199,168	199,168	199,168	199,168
Aviation	Airport Operations Supervisor Compensation Realignment	66,885	72,972	72,972	72,972	72,972	72,972
Aviation	AAAE Contract Tower Membership	2,039	3,039	3,039	3,039	3,039	3,039
CD&P	Salary Savings	-	217,615	217,615	217,615	217,615	217,615
City Attorney's Office	Law Library Maintenance	39,000	38,492	41,890	45,617	49,692	54,152
Fire Communications	Radio Maintenance	1,389,057	1,389,057	1,389,057	1,404,031	1,423,391	1,463,701
Fire Communications	CAD Maintenance	344,024	361,225	379,287	398,251	418,163	439,071
Fire Communications	Radio Tower Lease	127,740	132,616	135,846	139,157	142,553	146,035
Police	Departmental Overtime	1,091,879	1,395,566	1,395,566	1,395,566	1,395,566	1,395,566
Police	Weapons and Safety Equipment Sustainability	-	139,495	30,000	30,000	30,000	30,000
Police	Jail Painting and Maintenance	-	150,000	50,000	50,000	50,000	50,000
Police	City Hall Security Positions	150,000	261,232	208,146	208,146	208,146	208,146
Total		\$ 3,386,384	\$ 4,360,477	\$ 4,122,586	\$ 4,163,562	\$ 4,210,305	\$ 4,279,465

Comprehensive Financial Forecast

FY 2019 - FY 2023

New Programs Priority: Public Safety

Department	Request Title	FY19 Program Cost	FY20 Program Cost	FY21 Program Cost	FY22 Program Cost	FY23 Program Cost
Aviation	Ramp Grant Match Funds	50,000	50,000	50,000	50,000	50,000
Aviation	Aviation Airfield Maintenance	35,000	35,000	35,000	35,000	35,000
Aviation	Airport Security Cameras - New Install	40,600	3,200	3,200	3,200	3,200
Aviation	Toro 328D Mower Replacement	18,000	-	-	-	-
Aviation	Tractor Box Blade Replacement	5,000	-	-	-	-
Aviation	Arlington Airport Air Traffic Control Tower Equipment and Security	30,000	-	-	-	-
CD&P	IAS Building Certification	-	31,660	-	-	18,480
City Attorney's Office	Open Records Attorney I - Police Department	-	-	85,819	82,319	82,319
Fire	Station 17 Staffing (3 FTEs)	253,682	265,060	276,994	289,542	302,759
Fire Communications	Computer Aided Dispatch System Upgrade	-	450,000	-	450,000	-
Fire Communications	Replacement of Purchased CAD Computers	-	20,000	20,000	20,000	20,000
Fire Communications	Replacement of CAD Servers and Storage	-	500,000	-	-	-
Fire Communications	Database Administration Services for Intergraph CAD	48,000	50,400	52,920	55,566	58,344
Fire Communications	Position Reclassification	576,812	576,812	576,812	576,812	576,812
Fire Communications	Supervisor Furniture Replacement	-	-	-	25,000	-
Fire Communications	Dispatch Furniture Replacement	-	-	-	-	700,000
Fire Communications	Dispatch Chair Replacement	-	-	-	-	60,000
Fire Communications	9-1-1 PBX	100,000	10,000	10,000	10,000	10,000
Human Resources	Hiring and Promotional Expenses related to Civil Service Implementation	106,690	106,690	106,690	106,690	106,690
Police	Civilian Investigators	294,456	258,456	258,456	258,456	258,456
Police	Victim Services Counselor Positions	75,824	326,449	452,196	452,196	452,196
Police	New Software	450,000	496,000	326,000	326,000	326,000
Police	Domestic Detectives	398,022	312,219	312,219	312,219	312,219
Police	Accreditation and Policy Unit Expansion	146,994	118,393	118,393	118,393	118,393
Police	Property Room and Evidence Technicians	171,378	168,978	168,978	168,978	168,978
Police	Police Recruiter	134,674	106,073	106,073	106,073	106,073
Police	Mobile Vehicle Barriers	306,500	-	-	-	-
Police	Geographic CID Detectives	530,696	416,292	416,292	416,292	416,292
Police	Internal Revenue Service Taskforce Officer	132,674	104,073	104,073	104,073	104,073
Police	UASI Sustainment	190,236	190,236	190,236	190,236	190,236
Police	One Safe Place	200,000	100,000	100,000	100,000	100,000
Public Works & Transportation	Accessible Pedestrian Signals	52,000	52,000	52,000	52,000	52,000
Total		\$ 4,347,238	\$ 4,747,991	\$ 3,822,351	\$ 4,309,045	\$ 4,628,520

Comprehensive Financial Forecast

FY 2019 - FY 2023

Other Funds

Non-General Funded 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 multiple capital construction projects over the term of the forecast, the Parks Performance Fund shows a negative ending balance in several years. Until the scope and timing of the projects becomes clearer, expenditure and revenues projections are speculative. However, as stated above all imbalances will be addressed as each year's budget is proposed and adopted.

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

Comprehensive Financial Forecast

FY 2019 - FY 2023

Comprehensive Financial Forecast Convention and Event Services Fund, FY 2019 - FY 2023



	FY 2018 Budget	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
BEGINNING BALANCE	\$ 1,815,180	\$ 506,896	\$ 506,896	\$ 506,896	\$ 506,896	\$ 506,896
CES FUND REVENUES - Most Likely	\$ 14,957,089	\$ 15,774,122	\$ 16,417,987	\$ 17,070,245	\$ 17,761,895	\$ 18,495,326
INTERFUND TRANSFERS:						
(To) From Building Maintenance Reserve	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -
From General Gas Funds for ATF Corpus	2,763,011	2,846,838	2,933,209	3,022,200	3,113,892	3,208,364
To ATF Corpus Reimbursement	(2,763,011)	(2,846,838)	(2,933,209)	(3,022,200)	(3,113,892)	(3,208,364)
To ATF, granting & interest	(1,388,660)	(1,304,833)	(1,218,462)	(1,129,471)	(1,037,780)	(943,307)
To Dispatch for Radio System Lease Payment	(928,301)	(928,301)	(928,301)	(928,301)	(928,301)	(928,301)
To Innovation Venture Capital	(1,003,125)	(703,125)	(599,063)	(514,688)	(463,219)	(416,897)
(To) From Hotel Attraction Support	125,000	-	-	-	-	-
To General Fund - Debt Repayment	(1,156,399)	-	-	-	-	-
To General Fund - Indirect Costs	(604,161)	(647,611)	(647,611)	(647,611)	(647,611)	(647,611)
TOTAL INTERFUND TRANSFERS	\$ (4,155,646)	\$ (3,583,870)	\$ (3,393,437)	\$ (3,220,071)	\$ (3,076,911)	\$ (2,936,116)
TOTAL AVAILABLE FUNDS	\$ 12,616,623	\$ 12,697,148	\$ 13,531,446	\$ 14,357,070	\$ 15,191,880	\$ 16,066,106
CES FUND EXPENDITURES	\$ 12,439,949	\$ 11,171,834	\$ 11,171,834	\$ 11,171,834	\$ 11,171,834	\$ 11,171,834
ENDING BALANCE	\$ 176,674	\$ 1,525,314	\$ 2,359,612	\$ 3,185,236	\$ 4,020,046	\$ 4,894,272
Targeted Compensation Increases		\$ 74,772	\$ 131,308	\$ 189,540	\$ 249,520	\$ 311,298
Health insurance increases, cumulative		25,375	53,034	83,182	119,695	159,859
TOTAL - COMP & HEALTH		\$ 100,147	\$ 184,342	\$ 272,722	\$ 369,214	\$ 471,157
ENDING BALANCE		\$ 1,425,167	\$ 2,175,270	\$ 2,912,514	\$ 3,650,832	\$ 4,423,116

New Programs

Commercial Dishwasher	175,000	-	-	-	-	
Technology Maintenance, Fees and Upgrades	50,000	-	-	-	-	
Airwall Track Repair	200,000	-	-	-	-	
Chair Replacement (Grand Hall)	403,200	-	-	-	-	
Carpet - All Areas	400,000	-	-	-	-	
Foundation/Slab Survey	40,000	-	-	-	-	
Ticket Office Renovation	150,000	-	-	-	-	
Kitchen Equipment	-	265,100	-	-	-	
Meeting Rooms and Hallway Improvements	-	320,000	-	-	-	
Chair Replacement (Meeting Rooms)	-	138,600	-	-	-	
Painting Metal Skin (Original Building)	-	46,640	-	-	-	
Design Consultant - New South Entrance and Lobby	-	100,000	-	-	-	
Logo Signage - Building Exterior	-	25,000	-	-	-	
HVAC - Mechanical Controls	-	-	250,000	-	-	
Chair Replacement (Exhibit Hall)	-	-	630,000	-	-	
Grand Hall Curtain	-	-	10,000	-	-	
Refrigeration Merchandiser for Concession Stand	-	-	12,000	-	-	
Elevator Replacement	-	-	100,000	-	-	
Catering Bars	-	-	12,000	-	-	
Cocktail Tables (30)	-	-	3,000	-	-	
Dance Floor	-	-	30,000	-	-	
Cardboard Baler	-	-	13,685	-	-	
Concession Stand Remodel	-	-	-	500,000	-	
Roof - Grand Hall Replacement	-	-	-	500,000	-	
Stage Sections - All Areas	-	-	-	220,600	-	
Dock Leveler	-	-	-	14,000	-	
Event Tables - All Areas	-	-	-	57,600	-	
Construction New South Entrance	-	-	-	-	5,000,000	
TOTAL - NEW PROGRAMS	\$ 1,418,200	\$ 895,340	\$ 1,060,685	\$ 1,292,200	\$ 5,000,000	
ENDING BALANCE with New Programs		\$ 6,967	\$ 1,279,930	\$ 1,851,829	\$ 2,358,632	\$ (576,884)

Comprehensive Financial Forecast

FY 2019 - FY 2023

Comprehensive Financial Forecast Park Performance Fund, FY 2019 - FY 2023



	FY 2018 Budget	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
BEGINNING BALANCE	\$ 98,358	\$ 57,112	\$ 57,112	\$ 57,112	\$ 57,112	\$ 57,112
PARK PERF. FUND REVENUES - Most Likely	\$ 11,281,934	\$ 11,159,979	\$ 11,351,492	\$ 11,531,306	\$ 11,718,629	\$ 12,718,646
INTERFUND TRANSFERS:						
Transfer from Parks ATF	\$ 1,392,199	\$ -	\$ -	\$ -	\$ -	\$ -
From Golf Surcharge Fund	<u>473,726</u>	<u>473,726</u>	<u>473,726</u>	<u>473,726</u>	<u>473,726</u>	<u>473,726</u>
TOTAL INTERFUND TRANSFERS	\$ 1,865,925	\$ 473,726	\$ 473,726	\$ 473,726	\$ 473,726	\$ 473,726
TOTAL AVAILABLE FUNDS	\$ 13,246,217	\$ 11,690,817	\$ 11,882,330	\$ 12,062,144	\$ 12,249,467	\$ 13,249,484
PARK PERF. FUND EXPENDITURES	\$ 13,118,264	\$ 13,082,561	\$ 13,082,561	\$ 13,082,561	\$ 13,082,561	\$ 13,082,561
ENDING BALANCE	\$ 127,953	\$ (1,391,744)	\$ (1,200,231)	\$ (1,020,417)	\$ (833,094)	\$ 166,923
Targeted Compensation Increases		\$ 200,996	\$ 331,119	\$ 465,146	\$ 603,193	\$ 745,382
Health insurance increases, cumulative		<u>67,940</u>	<u>141,994</u>	<u>222,713</u>	<u>320,473</u>	<u>320,473</u>
TOTAL - COMP & HEALTH		\$ 268,936	\$ 473,113	\$ 687,859	\$ 923,666	\$ 1,065,855
ENDING BALANCE		\$ (1,660,680)	\$ (1,673,344)	\$ (1,708,276)	\$ (1,756,760)	\$ (898,932)
Current Services						
The Lodge @ Lake Arlington - Increased Operations		27,905	27,905	27,905	27,905	27,905
TOTAL - CURRENT SERVICES		\$ 27,905	\$ 27,905	\$ 27,905	\$ 27,905	\$ 27,905
ENDING BALANCE with Current Services		\$ (1,688,585)	\$ (1,701,249)	\$ (1,736,181)	\$ (1,784,665)	\$ (926,837)
New Programs						
Texas Rangers Golf Club		338,483	(222,015)	(388,853)	(651,887)	(778,087)
CSR for Bob Duncan PT to FT		40,025	40,025	40,025	40,025	40,025
East Arlington Recreation and Library (EARL)		-	462,000	1,400,000	1,400,000	1,400,000
Southeast Recreation Center (SERC)		-	-	1,625,000	1,673,750	1,723,963
Active Adult Facility		-	-	-	716,090	1,422,180
AISD Natatorium		-	-	-	76,074	37,433
TOTAL - NEW PROGRAMS		\$ 378,508	\$ 280,010	\$ 2,676,172	\$ 3,254,052	\$ 3,845,514
ENDING BALANCE with Current Services & New Programs		\$ (2,067,093)	\$ (1,981,259)	\$ (4,412,353)	\$ (5,038,717)	\$ (4,772,350)

Comprehensive Financial Forecast

FY 2019 - FY 2023

Comprehensive Financial Forecast Storm Water Utility Fund, FY 2019 - FY 2023



	FY 2018 Budget	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
BEGINNING BALANCE	\$ 278,276	\$ 658,429	\$ 658,429	\$ 658,429	\$ 658,429	\$ 658,429
STORM WATER FUND REVENUES - Most Likely	\$ 16,447,148	\$ 17,800,110	\$ 19,074,687	\$ 19,665,388	\$ 19,694,397	\$ 19,726,306
INTERFUND TRANSFERS:						
To General Fund - Indirect Costs	\$ (425,292)	\$ (455,913)	\$ (455,913)	\$ (455,913)	\$ (455,913)	\$ (455,913)
To General Fund for capital reimbursement	(463,055)	-	-	-	-	-
To General Fund for engineering reviews	(88,699)	(88,699)	(88,699)	(88,699)	(88,699)	(88,699)
To Pay-Go Capital Projects	(7,150,000)	(9,500,000)	(10,700,000)	(11,200,000)	(11,100,000)	(11,000,000)
To Water and Sewer Fund	(170,122)	(170,122)	(170,122)	(170,122)	(170,122)	(170,122)
TOTAL INTERFUND TRANSFERS	\$ (8,297,168)	\$ (10,214,734)	\$ (11,414,734)	\$ (11,914,734)	\$ (11,814,734)	\$ (11,714,734)
TOTAL AVAILABLE FUNDS	\$ 8,428,256	\$ 8,243,805	\$ 8,318,382	\$ 8,409,083	\$ 8,538,092	\$ 8,670,001
STORM WATER FUND EXPENDITURES	\$ 8,071,262	\$ 7,124,958	\$ 7,124,958	\$ 7,124,958	\$ 7,124,958	\$ 7,124,958
ENDING BALANCE	\$ 356,994	\$ 1,118,847	\$ 1,193,424	\$ 1,284,125	\$ 1,413,134	\$ 1,545,043
Targeted Compensation Increases		\$ 99,319	\$ 163,934	\$ 230,487	\$ 299,037	\$ 369,644
Health insurance increases, cumulative		24,557	51,323	80,499	115,834	154,702
TOTAL - COMP & HEALTH		\$ 123,876	\$ 215,257	\$ 310,986	\$ 414,871	\$ 524,345
ENDING BALANCE		\$ 994,972	\$ 978,167	\$ 973,139	\$ 998,263	\$ 1,020,698
New Programs						
Environmental Compliance Officer - Stormwater Best Management Practices (BMP)	87,000	67,000	67,000	67,000	67,000	67,000
Stormwater Engineering Tech - Floodplain	77,384	72,384	72,384	72,384	72,384	72,384
Graduate/Civil Engineer - Floodplain	107,312	102,312	102,312	102,312	102,312	102,312
TOTAL - NEW PROGRAMS	\$ 271,696	\$ 241,696	\$ 241,696	\$ 241,696	\$ 241,696	\$ 241,696
ENDING BALANCE with New Programs		\$ 723,276	\$ 736,471	\$ 731,443	\$ 756,567	\$ 779,002

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The **Debt Service Fund** is used to account for the resources needed for 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 2019 - FY 2023



	Budget FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
BEGINNING BALANCE	\$ 1,668,448	\$ 2,148,446	\$ 2,135,972	\$ 2,951,855	\$ 2,993,411	\$ 3,414,073
REVENUES:						
Ad Valorem Taxes	\$ 46,148,196	\$ 50,272,880	\$ 52,148,901	\$ 54,503,343	\$ 56,515,957	\$ 58,557,867
Premium on Bond Issuance	600,000	-	-	-	-	-
Interest	<u>229,979</u>	<u>236,878</u>	<u>243,985</u>	<u>251,304</u>	<u>258,843</u>	<u>266,609</u>
DEBT SERVICE FUND REVENUES - Most Likely	\$ 46,978,175	\$ 50,509,758	\$ 52,392,886	\$ 54,754,647	\$ 56,774,801	\$ 58,824,476
INTERFUND TRANSFERS:						
TIRZ 5	<u>\$ 1,986,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL INTERFUND TRANSFERS	\$ 1,986,125	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL AVAILABLE FUNDS	\$ 50,632,749	\$ 52,658,204	\$ 54,528,858	\$ 57,706,502	\$ 59,768,212	\$ 62,238,549
EXPENDITURES:						
Principal / Interest	\$ 47,829,303	\$ 49,867,232	\$ 50,922,003	\$ 54,058,091	\$ 55,699,138	\$ 58,325,581
Issuance Fees	600,000	600,000	600,000	600,000	600,000	600,000
Agent Fees	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>
TOTAL EXPENDITURES	\$ 48,484,303	\$ 50,522,232	\$ 51,577,003	\$ 54,713,091	\$ 56,354,138	\$ 58,980,581
ENDING BALANCE	\$ 2,148,446	\$ 2,135,972	\$ 2,951,855	\$ 2,993,411	\$ 3,414,073	\$ 3,257,968
Debt Issued	\$ 55,000,000	\$ 49,700,000	\$ 48,243,000	\$ 70,900,000	\$ 32,000,000	\$ 44,000,000

Comprehensive Financial Forecast

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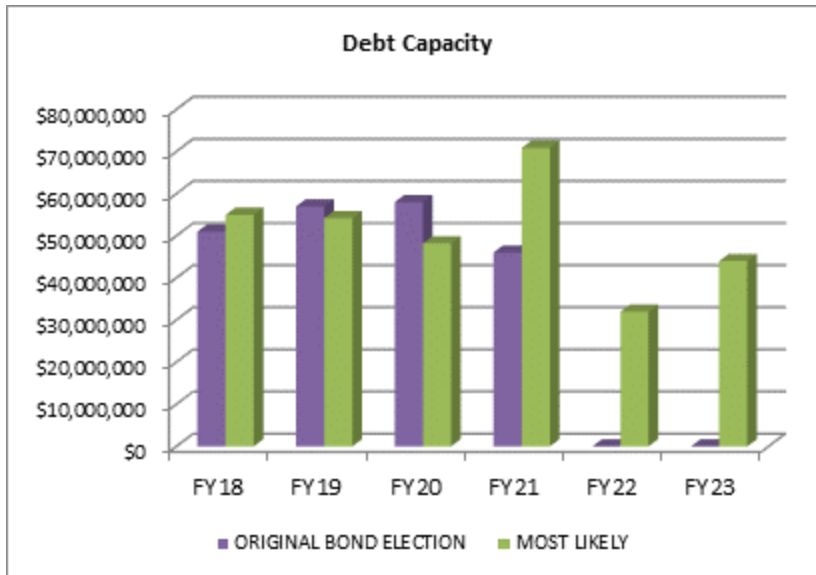
Future Capital Considerations

The City of Arlington successfully passed bond project packages on the ballot in November 2014 and May 2017. The 2014 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. The 2017 bond program was for a \$45M Active Adult Recreation 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, IT infrastructure, and facilities maintenance. 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 \$8M to \$16M annually for qualifying capital projects depending on the option selected and the growth rate of current sales tax revenue.

Assets

The City has capital assets currently valued at \$2.4B and some of these components will be addressed outside of the capital bond program. The citywide fleet inventory is currently operated with 20% of the

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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 \$2.5M 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; The City will issue \$3.2M in FY 2018 to bring City-owned buildings to current life cycle status.

Reserves and Available Funding

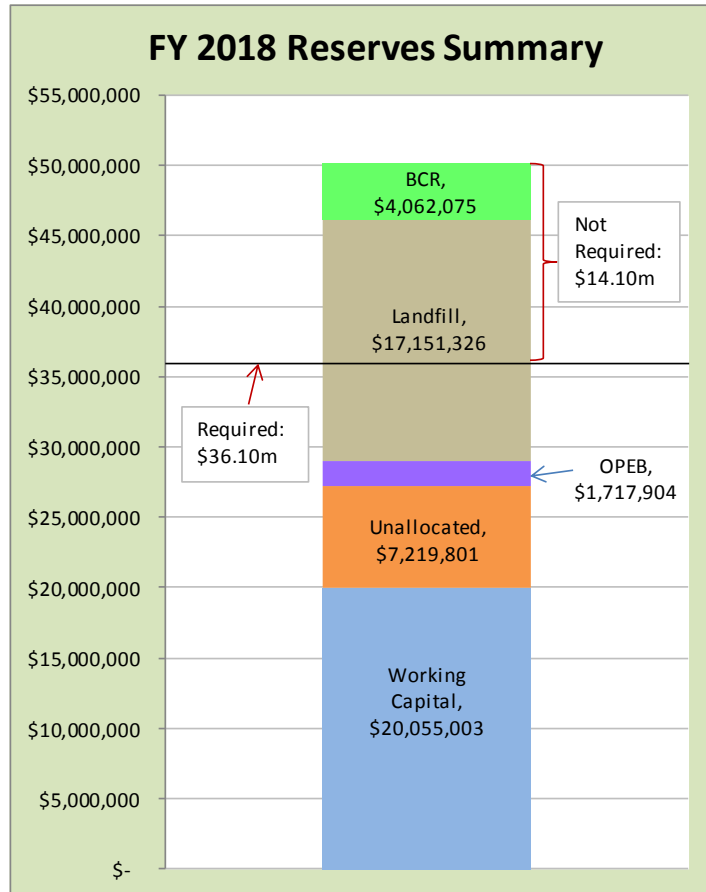
In accordance with the City's Financial Principles, several cash reserves are maintained in order to mitigate the impact of a significant economic downturn on our ability to maintain service levels to our citizens. These reserves are an important consideration by bond rating agencies in determining the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

- Unallocated Reserve: \$7,219,801 in FY 2018. This reserve is maintained at 3% of recurring General Fund expenditures (net of one-time costs).
- Working Capital Reserve: \$20,055,003 in FY 2018. 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 2018. 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 2018. 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.
- Other Post-Employment Benefits Reserve: \$1,717,904 in FY 2018. This reserve was established in 2004 to set aside resources for funding post-employment benefits other than pensions.

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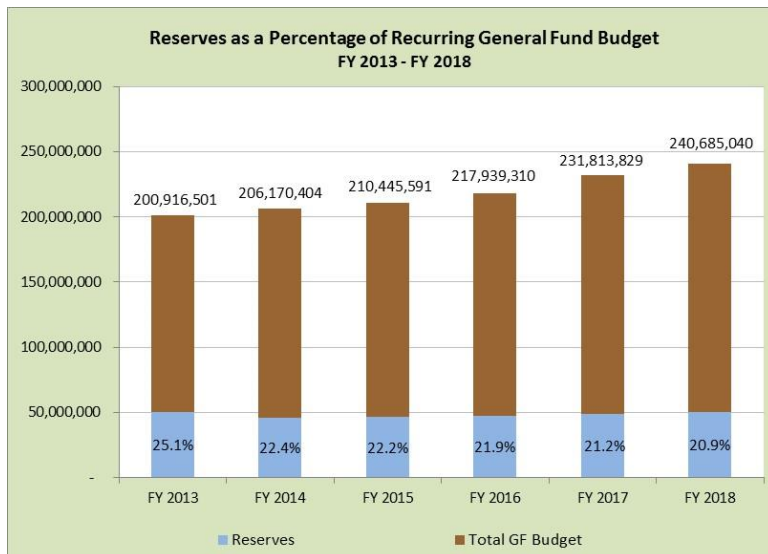
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In the aggregate, the reserves described above total \$50,206,109 at the beginning of FY 2018. This amount is 20.9 percent of recurring General Fund expenditures budgeted for the year. Our Financial Principles stipulate that the City maintain reserves equal to 15 percent of General Fund expenditures. The amount necessary for this reserve level would be \$36,102,756. Therefore, the reserves outlined above currently have a total of \$14,103,353 in excess of the required amount, as shown in the accompanying chart, 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 General Fund recurring expenditures) and the Unallocated Reserve (3% of General Fund recurring expenditures) at their respective specified levels each year. In the aggregate, these two reserves total 11.33% of General Fund 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 the accompanying chart.

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In addition to the reserves outlined above, the City also has funding available in the natural gas funds. In mid-March 2018, there is \$3,638,289 available in the General Gas Fund and \$756,989 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 the Texas Rangers (formerly Ditto) Golf Club.

In December of 2015 Council approved a \$200M entertainment district development, of which the City is contributing \$50M in gas revenues from the ATF corpus. The intent is to refund the corpus over 15 years with gas funds. Beginning in FY 2016, 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 projects previously funded by general gas proceeds, such as the Public Safety Radio Lease and funding for the City's Economic Development Fund (Innovation/Venture Capital).

The economic outlook, both short term and near future, for the energy industry is mixed. Industry experts believe that growth and recovery may have begun, but we could see continued low prices for the next few 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.