

City of Arlington
(Tarrant County, Texas)



Annual Report

Updating Financial Information and

Operating Data

For

Fiscal Year Ending

September 30, 2017

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SECTION ONE: OUTSTANDING ISSUANCES

Permanent Improvement Bonds and Certificates of Obligation

Permanent Improvement and Refunding Bonds 2008
Certificates of Obligation 2008A
Certificates of Obligation 2008B
Permanent Improvement Refunding Bonds 2009 – PRIVATE PLACEMENT
Permanent Improvement and Refunding Bonds 2010
Permanent Improvement Refunding Bonds 2010A
Certificates of Obligation 2011
Permanent Improvement Refunding Bonds 2011A
Permanent Improvement Refunding Bonds 2011B
Permanent Improvement Refunding Bonds 2012A
Permanent Improvement Refunding Bonds 2012B
Permanent Improvement Bonds 2013A
Permanent Improvement Refunding Bonds 2013B
Permanent Improvement Bonds 2014
Certificates of Obligation 2014
Permanent Improvement Bonds 2015A
Permanent Improvement Refunding Bonds 2015B
Permanent Improvement Refunding Bonds 2016
Permanent Improvement Bonds 2016A
Certificates of Obligation 2016B
Certificates of Obligation 2016C
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Permanent Improvement Refunding Bonds 2017A

Water and Wastewater System Revenue Bonds

WWS Revenue TWDB Bonds 2008 - PRIVATE PLACEMENT
WWS Revenue & Refunding Bonds 2009
WWS Revenue TWDB Bonds 2010 - PRIVATE PLACEMENT
WWS Revenue & Refunding Bonds 2010
WWS Revenue Bonds 2012
WWS Revenue Bonds 2013A
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WWS Revenue TWDB Bonds 2014 - PRIVATE PLACEMENT
WWS Revenue Bonds 2014A
WWS Revenue & Refunding Bonds 2014B
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WWS Revenue Bonds 2016A
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Municipal Drainage Utility System Revenue Bonds (Stormwater)

Municipal Drainage Utility System Revenue Bonds 2011
Municipal Drainage Utility System Revenue Bonds 2017

Special Tax Revenue Bonds (Venue Projects)

Special Tax Revenue Bonds 2017

SECTION TWO: CONTINUING DISCLOSURE TABLES

Permanent Improvement Bonds and Certificates of Obligation – Tables 1-12

TABLE 1 - Current Investments

<u>Type of Investment</u>	<u>% Invested</u>
Federal Agencies	66.50
Statewide Pools	16.69
Certificates of Deposit	8.76
Municipals	7.24
Cash	0.81
Totals	100.00%

Note: As of September 30, 2017, the weighted average maturity of the City’s operating portfolio was 419 days and the market value of the operating portfolio was 100 percent of its book value.

Source: City of Arlington Finance Department

TABLE 2 - Tax-Supported Capital Improvement Program

Remaining Voted Authorization

Election Year	Bond Propositions	Authorized Amount	Previously Issued	Unissued
2003	Traffic Management	400	400	-
2014	Fire	9,780	-	9,780
2014	Library	6,090	5,740	350
2014	Parks and Recreation	60,000	29,241	30,759
2014	Streets	160,130	51,690	108,440
2017	Active Adult Center	45,000	-	45,000
		\$ 281,400	\$ 87,071	\$ 194,329

Note: The City does not intend to issue bonds for the following voted purposes and has taken formal action to express such intent: 1993 Library Mobile and Portable Facilities \$570,000; 2003 Erosion Control \$1,900,000; and 2008 Drainage \$12,000,000.

Source: City of Arlington Finance Department

TABLE 3 - Key Debt Ratios

Fiscal Year	Estimated Population	Estimated Taxable Valuation Calendar Year ⁽¹⁾	Tax-Supported Debt Year Ended September 30	Ratio of	
				Tax-Supported Debt Per Capita	Taxable Valuation
2013	365,930	17,677,891,333	312,040,000	853	1.77%
2014	369,508	18,088,406,989	325,315,000	880	1.80%
2015	379,370	18,905,765,829	323,590,000	853	1.71%
2016	380,740	19,601,363,251	354,185,000	930	1.81%
2017	382,230	21,379,080,714	382,735,000	1001	1.79%

⁽¹⁾ Estimated taxable valuation, provided by the Tarrant Appraisal District, is obtained from the certified value as of September of each year including minimum estimated value of property under protest.

Source: City of Arlington Finance Department

TABLE 4 - Debt Service Requirements

Fiscal Year Ending 9/30	<u>Outstanding General Obligation Debt</u>		<u>Less Self Supporting Debt</u>		Total Net Tax Supported Debt Service
	Principal	Interest	Principal	Interest	
2018	33,630,000	14,199,303	1,230,000	1,176,578	45,422,725
2019	32,135,000	12,571,021	-	-	44,706,021
2020	29,255,000	11,468,038	-	-	40,723,038
2021	27,415,000	10,409,833	-	-	37,824,833
2022	26,165,000	9,345,032	-	-	35,510,032
2023	24,945,000	8,488,387	-	-	33,433,387
2024	23,870,000	7,482,237	-	-	31,352,237
2025	22,795,000	6,519,472	-	-	29,314,472
2026	22,880,000	5,607,254	-	-	28,487,254
2027	20,970,000	4,781,826	-	-	25,751,826
2028	19,770,000	3,916,451	-	-	23,686,451
2029	17,625,000	3,252,035	-	-	20,877,035
2030	15,755,000	2,692,950	-	-	18,447,950
2031	14,755,000	2,155,344	-	-	16,910,344
2032	13,835,000	1,671,100	-	-	15,506,100
2033	12,335,000	1,207,050	-	-	13,542,050
2034	9,205,000	790,250	-	-	9,995,250
2035	7,040,000	484,450	-	-	7,524,450
2036	5,435,000	261,600	-	-	5,696,600
2037	2,920,000	94,900	-	-	3,014,900
	\$ 382,735,000	\$ 107,398,532	\$ 1,230,000	\$ 1,176,578	\$ 487,726,954

Total Net Average Annual Debt Service \$ 24,386,348

Self-Supporting debt includes the Combination Tax and Tax Increment Reinvestment Zone Revenue Certificates of Obligation, Series 2008B, and a portion of the Permanent Improvement Refunding Bonds, Series 2016. To the extent that such revenues are insufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax.

TABLE 5 - Computation of Self-Supporting Debt

Tax Incremental Reinvestment Zone 5 (TIRZ 5)

Revenue Available for Debt Service from TIRZ 5, FY 2017	\$ 1,550,810
Debt Service Requirements 2008B CO and a portion of the 2016 PIRB for TIRZ 5, FY 2018	2,406,578
Percentage of TIRZ 5 Obligations Self-Supporting	64%

Total Debt Service Requirements, FY 2018 **\$ 2,406,578**

Historically the City utilized other revenues, such as: hotel occupancy tax, water sales, park revenue, and airport revenues, to support certain outstanding debt obligations. The City has chosen to use these various revenues for other purposes.

TABLE 6 - Tax Adequacy

The following analysis as of September 30, 2017, assumes 98 percent collection of ad valorem taxes levied against the City's fiscal year 2018 Taxable Valuation.

Average Annual Requirement (2018/2037)	\$24,506,677
A tax rate of \$0.1022 per \$100 assessed valuation produces	24,506,677
Average Annual Requirement (2018/2027)	35,493,240
A tax rate of \$0.1480 per \$100 assessed valuation produces	35,493,240
Maximum Annual Requirement (2018)	47,829,303
A tax rate of \$0.1994 per \$100 assessed valuation produces	47,829,303

TABLE 7 - General Fund Revenue and Expenditure History
(amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Beginning Fund Balance	\$62,478	\$58,023	\$56,191	\$56,740	\$63,497
Revenues					
Ad Valorem Taxes	91,164	82,901	78,809	76,774	75,767
Sales Tax	59,946	58,318	55,555	52,692	53,392
Other Taxes	2,353	2,345	2,358	2,328	1,910
Franchise Fees	24,859	25,435	26,477	26,970	25,550
Service Charges	5,680	6,320	5,359	5,345	5,100
Interest	1,825	1,705	1,754	1,842	1,909
All Other	<u>32,815</u>	<u>81,601</u>	<u>31,269</u>	<u>31,805</u>	<u>30,562</u>
Total Revenues	<u>\$218,642</u>	<u>\$258,624</u>	<u>\$ 201,581</u>	<u>\$ 197,756</u>	<u>\$194,190</u>
Expenditures					
Total Expenditures	<u>\$227,375</u>	<u>\$216,279</u>	<u>\$ 208,798</u>	<u>\$ 206,056</u>	<u>\$205,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,733)</u>	<u>\$ 42,345</u>	<u>\$ (7,217)</u>	<u>\$ (8,300)</u>	<u>\$ (11,612)</u>
Other Financing Sources					
Operating Transfers	<u>9,104</u>	<u>(37,890)</u>	<u>9,049</u>	<u>7,751</u>	<u>4,855</u>
Ending Fund Balance	<u>\$ 62,849</u>	<u>\$ 62,478</u>	<u>\$ 58,023</u>	<u>\$ 56,191</u>	<u>\$ 56,740</u>

TABLE 8 - Debt Service Fund Budget

**DEBT SERVICE FUND BUDGET
Fiscal Year 2018**

Beginning Fund Balance ⁽¹⁾	\$ 1,668,448
Property Tax Revenue	46,148,196
Interest Revenue	229,979
Premium on Bond Issuance	600,000
Transfers In ⁽²⁾	<u>1,986,125</u>
Total Available for Debt Service	50,632,748
Debt Service Expenditures	<u>(48,484,303)</u>
Estimated Ending Fund Balance	<u>\$ 2,148,445</u>

(1) Actual Beginning Fund Balance for FY2018 is \$2,118,210.

(2) Includes transfers to the Debt Service Fund from TIRZ5.

TABLE 9 – Tax Rate Distribution and Collection Ratios

<u>FY Ending</u> <u>09/30</u>	<u>Estimated Net</u> <u>Taxable Value</u> ⁽¹⁾	<u>Tax Rate</u>			<u>% Collected</u> ⁽²⁾		
		<u>General Fund</u> <u>(M&O) Tax Rate</u>	<u>Debt Service</u> <u>(I&S) Tax Rate</u>	<u>Tax Rate</u>	<u>Calculated</u> <u>Levy</u>	<u>Current</u> <u>Year</u>	<u>Prior</u> <u>Years</u>
2013	17,677,641,683	0.4423	0.2057	0.648000	114,551,118	97.82	99.06
2014	18,088,406,989	0.4423	0.2057	0.648000	117,212,877	97.66	98.57
2015	18,905,765,829	0.4353	0.2127	0.648000	122,509,363	97.64	98.51
2016	19,601,363,252	0.4460	0.2020	0.648000	127,016,834	97.43	98.47
2017	21,379,080,714	0.4538	0.1910	0.644800	137,852,312	96.61	97.63

(1) Estimated Net Taxable Valuation (NTV) is the certified roll as of September of each year including minimum estimated value of property under protest. FY2016 estimated NTV is the certified roll as of December FY2017.

(2) Prior year's collections include current year collections, prior year delinquent collections and all penalty and interest collections.

Source: Tarrant Appraisal District and City Finance Department

TABLE 10 - Tax Base Distribution

<u>Type</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential	62.79%	60.43%	59.31%	58.45%	58.33%
Commercial, Industrial, Retail	34.86%	35.82%	36.91%	38.03%	37.57%
Mineral	0.63%	1.92%	1.89%	1.53%	2.07%
Undeveloped	1.72%	1.84%	1.90%	1.99%	2.04%

Source: Tarrant Appraisal District

TABLE 11 - Top Ten Taxpayers

2017 Top Ten Taxpayers

<u>Taxpayer</u>	<u>Total Taxable Value</u>
General Motors LLC	310,924,495
Arlington Highlands LP	180,490,507
Oncor Electric Delivery Co LLC	148,906,369
Parks at Arlington L P	145,716,807
Six Flags Fund II LTD	96,825,385
LSREF3 Bravo (Dallas), LLC	87,730,000
Lincoln Square Dunhill LP	70,606,611
Viridian Holdings LP	66,235,937
Columbia Medical Center	64,327,406
Wal-Mart Real Estate Bus, LLC	64,276,061
Total	1,236,039,578

Source: Tarrant Appraisal District

TABLE 12 - Municipal Sales Tax Collection

<u>Fiscal Year</u>	<u>Sales Tax Receipts</u>	<u>Ad Valorem Tax Levy</u>	<u>Sales Tax as a % of Tax Levy</u>	<u>Population Estimate</u>	<u>Per Capita Sales Tax Collection</u>
2013	54,198,622	114,551,118	47.3%	365,930	148
2014	53,412,259	117,212,877	45.6%	369,508	145
2015	56,351,761	122,509,363	46.0%	379,370	149
2016	58,895,721	127,016,834	46.4%	380,740	155
2017	60,447,625	138,536,443	43.6%	382,230	158

Source: City of Arlington Finance Department

Water and Wastewater System Revenue Bonds – Tables 1-5

TABLE 1 - Debt Service Requirements

Fiscal Year				
Ending	Principal	Interest	Total	% of
9/30				Principal Retired
2018	15,530,000	6,246,054	21,776,054	
2019	15,105,000	5,889,586	20,994,586	
2020	15,150,000	5,431,081	20,581,081	
2021	14,055,000	4,948,714	19,003,714	
2022	13,260,000	4,484,656	17,744,656	36.6%
2023	13,230,000	4,105,067	17,335,067	
2024	12,450,000	3,717,408	16,167,408	
2025	11,610,000	3,330,336	14,940,336	
2026	11,605,000	2,966,227	14,571,227	
2027	11,600,000	2,548,057	14,148,057	66.8%
2028	10,435,000	2,150,022	12,585,022	
2029	8,530,000	1,784,350	10,314,350	
2030	8,525,000	1,474,695	9,999,695	
2031	7,350,000	1,201,999	8,551,999	
2032	7,350,000	957,368	8,307,368	87.9%
2033	6,515,000	732,487	7,247,487	
2034	6,070,000	530,211	6,600,211	
2035	5,230,000	344,303	5,574,303	
2036	4,315,000	188,325	4,503,325	
2037	2,010,000	62,813	2,072,813	100.0%
	\$ 199,925,000	\$ 53,093,759	\$ 253,018,759	

Average Annual Debt Service \$ 12,650,938

Source: City Finance Department

TABLE 2 - Water and Wastewater System Schedule of Net Assets
(amounts in thousands)

WATER AND WASTEWATER SYSTEM STATEMENT OF NET POSITION

Fiscal Year Ended September 30

(amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets					
Cash and cash equivalents	24,580	23,709	19,053	13,674	15,564
Receivable (net of allowances for uncollectibles)	19,364	20,338	22,044	14,673	14,946
Inventory of supplies, at cost	1,330	1,824	1,230	644	460
Prepaid Expenditures	-	2,160	-	-	-
Restricted assets:					
Bond contingency	19,898	16,698	14,096	13,435	12,658
Capital/Bond construction	117,787	86,204	60,875	70,728	63,876
Meter deposits	5,659	5,429	5,351	5,211	5,107
Property, plant and equipment less accumulated depreciation	<u>673,637</u>	<u>651,874</u>	<u>632,577</u>	<u>616,977</u>	<u>603,111</u>
Total Assets	<u>\$862,255</u>	<u>\$808,236</u>	<u>\$755,226</u>	<u>\$735,342</u>	<u>\$715,722</u>
Deferred Outflows of Resources:					
Deferred Outflow and loss on debt refunding	<u>\$ 6,208</u>	<u>\$ 7,069</u>	<u>\$ 3,975</u>	<u>\$ 1,479</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$868,463</u>	<u>\$815,305</u>	<u>\$759,201</u>	<u>\$736,821</u>	<u>\$715,722</u>
Liabilities and Net Position					
Current Liabilities:					
Accounts payable and accrued liabilities	3,616	2,918	3,321	4,028	3,711
Accrued compensated absences	116	123	141	130	151
Revenue bonds payable from unrestricted assets	703	10,139	7,725	6,906	7,120
Payable from restricted assets	24,907	12,759	12,779	14,748	14,363
Noncurrent Liabilities:					
Compensated absences	1,735	1,470	1,660	1,645	1,599
Revenue bonds payable from unrestricted assets	192,376	162,283	131,148	122,374	111,551
Net Pension Liability	11,066	10,840	7,249	-	-
Total Liabilities	<u>\$234,519</u>	<u>\$200,532</u>	<u>\$164,023</u>	<u>\$149,831</u>	<u>\$138,495</u>
Deferred Inflows of Resources:					
Deferred Inflow - Investment/Actuarial Assumption	<u>\$ 588</u>	<u>\$ 561</u>	<u>\$ 599</u>	<u>\$ -</u>	<u>\$ -</u>
Invested in Capital Assets	574,450	560,229	548,811	550,595	539,251
Restricted	20,334	18,150	14,947	16,169	14,299
Unrestricted	38,572	35,833	30,821	20,226	23,677
Total Net Position	<u>\$633,356</u>	<u>\$614,212</u>	<u>\$594,579</u>	<u>\$586,990</u>	<u>\$577,227</u>
Total Liabilities and Net Position	<u>\$868,463</u>	<u>\$815,305</u>	<u>\$759,201</u>	<u>\$736,821</u>	<u>\$715,722</u>

Source: City Finance Department

TABLE 3 - Historical Net Revenues Available for Debt Service
(amounts in thousands)

<u>Revenues</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Water Sales	\$ 71,151	\$ 69,628	\$ 64,606	\$ 59,327	\$ 59,007
Wastewater Service	60,324	55,188	53,874	52,096	50,162
Interest Income	444	546	413	279	281
Other Income	6,532	6,270	5,390	4,722	5,065
Total Revenues	<u>\$ 138,451</u>	<u>\$ 131,632</u>	<u>\$ 124,283</u>	<u>\$ 116,424</u>	<u>\$ 114,515</u>
<u>Expenses</u>					
Labor Costs	\$ 15,602	\$ 14,290	\$ 14,398	\$ 14,688	\$ 14,413
Supplies	2,051	2,499	1,860	3,476	3,456
Maintenance	4,021	4,724	4,798	4,235	3,831
Water Supply (The District)	24,905	19,743	22,335	21,191	18,821
Wastewater Treatment Contracts	32,884	29,383	29,373	28,151	25,274
Utilities	2,875	3,090	2,956	2,806	2,831
Other Expenses	4,293	4,559	4,213	4,125	4,315
Total Operating Expenses Before Depreciation	<u>\$ 86,631</u>	<u>\$ 78,288</u>	<u>\$ 79,933</u>	<u>\$ 78,672</u>	<u>\$ 72,941</u>
Net Revenues of the System	\$ 51,820	\$ 53,344	\$ 44,350	\$ 37,752	\$ 41,574
Interest During Construction Included Above	(418)	(185)	(71)	(64)	(67)
Net Revenues Available for Debt Service	<u>\$ 51,402</u>	<u>\$ 53,159</u>	<u>\$ 44,279</u>	<u>\$ 37,688</u>	<u>\$ 41,507</u>
Debt Service Paid ⁽¹⁾	\$ 18,419	\$ 16,235	\$ 15,602	\$ 14,683	\$ 14,777
Debt Service Coverage (times)	2.79 x	3.27 x	2.84 x	2.57 x	2.81 x

⁽¹⁾ Excludes Trinity River Authority Revenue Bonds, accrued interest from bond sales, and refunding or cash defeasances.

Source: City Finance Department

TABLE 4 - Historical Net Revenues of the System and Financial Ratios
(amounts in thousands)

	<u>FY17</u>	<u>FY16</u>	<u>FY15</u>	<u>FY14</u>	<u>FY13</u>
Gross Operating Revenues ⁽¹⁾	\$ 138,007	\$ 131,086	\$ 123,870	\$ 116,145	\$ 114,234
Interest Revenues (Excluding Interest During construction)	26	361	342	215	214
Operating Expenses Before Depreciation	(86,631)	(78,288)	(79,933)	(78,672)	(72,941)
Net Revenues Available for Debt Service	<u>\$ 51,402</u>	<u>\$ 53,159</u>	<u>\$ 44,279</u>	<u>\$ 37,688</u>	<u>\$ 41,507</u>
Average Annual Debt Service	\$ 12,651	\$ 10,559	\$ 8,631	\$ 8,195	\$ 7,878
Average Annual Debt Service Coverage (times)	4.06 x	5.03 x	5.13 x	4.60 x	5.27 x
Accounts Receivable to Gross Operating Revenues (%)	13.99%	15.45%	17.74%	12.60%	13.05%
Unrestricted Cash to Unrestricted Current Liabilities (times)	5.54 x	1.80 x	1.70 x	1.24 x	1.42 x
Unrestricted Current Assets to Unrestricted Current Liabilities (times)	10.21 x	3.51 x	3.46 x	2.62 x	2.82 x
Long-term Debt to Capital Assets Net Accumulated Depreciation (%)	29%	25%	21%	20%	18%

⁽¹⁾ Gross Operating Revenues excludes interest income.

Source: City Finance Department

TABLE 5 - Current Investments

<u>Type of Investment</u>	<u>% Invested</u>
Federal Agencies	66.50
Statewide Pools	16.69
Certificates of Deposit	8.76
Municipals	7.24
Cash	0.81
Totals	100.00%

As of September 30, 2017, the weighted average maturity of the City's operating portfolio was 419 days and the market value of the operating portfolio was 100 percent of its book value.

Source: City Finance Department

Municipal Drainage Utility System Revenue Bonds (Stormwater) – Tables 1-5

TABLE 1 - Residential Monthly Drainage Utility Fee Rates

Date of Rate Change	Flat Rate
October 1, 2009	\$ 3.50
October 1, 2010	\$ 4.25
October 1, 2011	\$ 4.25
October 1, 2012	\$ 4.25
October 1, 2013	\$ 4.25
*November 1, 2014	\$ 4.75
October 1, 2015	\$ 5.25
October 1, 2016	\$ 5.75
October 1, 2017	\$ 6.25
October 1, 2018	\$ 6.75
October 1, 2019	\$ 7.25
October 1, 2020	\$ 7.50

*2014 Rate change was started for November billing cycle instead of October.

Source: Public Works & Transportation

TABLE 2 - Drainage Fee Revenue and Account History

Drainage Fee Revenue History					
	2017	2016	2015	2014	2013
Residential	\$ 7,990,445	\$ 7,297,314	\$ 6,507,894	\$ 5,862,392	\$ 5,827,580
Commercial	\$ 6,901,797	\$ 6,246,168	\$ 5,545,468	\$ 4,982,059	\$ 4,940,217
Total	\$14,892,242	\$13,543,482	\$12,053,362	\$10,844,451	\$10,767,797

Number of Accounts					
	2017	2016	2015	2014	2013
Residential	\$ 95,981	\$ 95,574	\$ 95,227	\$ 94,648	\$ 94,291
Commercial	\$ 5,348	\$ 5,365	\$ 5,343	\$ 5,363	\$ 5,355
Total	\$ 101,329	\$ 100,939	\$ 100,570	\$ 100,011	\$ 99,646

Source: Public Works & Transportation

TABLE 3 - Municipal Drainage Utility Facilities System Revenue Debt

Fiscal Year Ending 9/30	Principal	Interest	Total	% of Principal Retired
2018	1,730,000	1,018,021	2,748,021	
2019	1,730,000	978,638	2,708,638	
2020	1,730,000	905,638	2,635,638	
2021	1,730,000	845,438	2,575,438	
2022	1,730,000	785,238	2,515,238	32.1%
2023	1,730,000	725,038	2,455,038	
2024	1,730,000	652,038	2,382,038	
2025	1,730,000	579,038	2,309,038	
2026	1,725,000	509,838	2,234,838	
2027	1,730,000	448,625	2,178,625	64.3%
2028	1,730,000	379,425	2,109,425	
2029	1,730,000	304,125	2,034,125	
2030	1,730,000	231,725	1,961,725	
2031	1,730,000	157,725	1,887,725	
2032	450,000	82,125	532,125	91.6%
2033	450,000	68,625	518,625	
2034	450,000	55,125	505,125	
2035	450,000	41,625	491,625	
2036	450,000	28,125	478,125	
2037	450,000	14,063	464,063	100.0%
	\$ 26,915,000	\$ 8,810,234	\$ 35,725,234	

Average Annual Debt Service \$ 1,786,262

Source: City Finance Department

TABLE 4 – Municipal Drainage Utility System Condensed Schedule of Operations
(amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Revenues</u>					
Service Charges	\$ 15,011	\$ 13,575	\$ 12,160	\$ 10,774	\$ 10,815
Interest Revenue	175	116	142	69	72
Net Increase (decrease) in the fair value of investments	(71)	(10)	9	11	(20)
Other Income	(438)	(151)	-	-	-
Total Revenues	<u>\$ 14,677</u>	<u>\$ 13,530</u>	<u>\$ 12,311</u>	<u>\$ 10,854</u>	<u>\$ 10,867</u>
<u>Expenses</u>					
Salaries and Wages	1,875	1,681	1,685	1,595	1,429
Employee's Retirement	270	249	247	235	226
Supplies	64	62	55	70	72
Maintenance and Repairs	429	747	454	344	375
Utilities	20	17	16	15	8
Miscellaneous Services	783	674	653	650	735
Total Operating Expenses Before Depreciation	<u>\$ 3,441</u>	<u>\$ 3,430</u>	<u>\$ 3,110</u>	<u>\$ 2,909</u>	<u>\$ 2,845</u>
Net Revenues of the System	11,236	10,100	9,201	7,945	8,022
Transfers in/(out)	(1,164)	(1,106)	(1,803)	(1,001)	(1,108)
Capital Outlay	-	-	-	-	-
Net Remaining Revenues Available for Debt Service	<u>\$ 10,072</u>	<u>\$ 8,994</u>	<u>\$ 7,398</u>	<u>\$ 6,944</u>	<u>\$ 6,914</u>
Debt Service Paid	\$ 2,102	\$ 2,154	\$ 2,205	\$ 2,243	\$ 2,282

Source: City Finance Department

TABLE 5 - Pro Forma Coverage
(amounts in thousands)

Maximum Principal and Interest Requirements, 2018	\$ 2,748
Coverage of Maximum Requirements by Fiscal Year End Revenues	5.34 x
Average Principal and Interest Requirements, 2018-2032	\$ 1,786
Coverage of Average Requirements by Fiscal Year End Revenues	8.22 x

Source: City Finance Department

Special Tax Revenue Bonds (Venue Projects) – Tables 1 & 5

TABLE 1 – Debt Service Requirements
Special Tax Revenue Bonds

Fiscal Year Ended 9/30	Principal	Interest	Total
2018	\$ -	\$ 4,687,505	\$ 4,687,505
2019	-	5,323,350	5,323,350
2020	2,030,000	5,292,900	7,322,900
2021	3,160,000	5,215,050	8,375,050
2022	3,800,000	5,091,650	8,891,650
2023	4,485,000	4,925,950	9,410,950
2024	5,700,000	4,693,750	10,393,750
2025	6,500,000	4,388,750	10,888,750
2026	7,000,000	4,051,250	11,051,250
2027	7,350,000	3,692,500	11,042,500
2028	7,700,000	3,316,250	11,016,250
2029	8,600,000	2,908,750	11,508,750
2030	9,000,000	2,468,750	11,468,750
2031	9,500,000	2,006,250	11,506,250
2032	11,210,000	1,488,500	12,698,500
2033	11,780,000	913,750	12,693,750
2034	12,385,000	309,625	12,694,625
	<u>\$ 110,200,000</u>	<u>\$ 60,774,530</u>	<u>\$ 170,974,530</u>

Source: City Finance Department

TABLE 5 – Pledged Special Taxes

Fiscal Year	Sales Tax Receipts	Percent Change	Percent of Total Pledged Revenue	Hotel Tax Receipts	Percent Change	Percent of Total Pledged Revenue	Motor Vehicle Rental Tax Receipts	Percent Change	Percent of Total Pledged Revenue	Total Pledged Special Tax Receipts	Total Percent Change
2005 ⁽¹⁾	\$10,199,454			\$ 730,787			\$ 366,959			\$11,297,200	
2006	22,070,968			1,360,672			793,711			24,225,351	
2007	22,653,714	2.6%	91.0%	1,459,619	7.3%	5.9%	781,397	-1.6%	3.1%	24,894,730	2.8%
2008	23,486,334	3.7%	91.3%	1,517,390	4.0%	5.9%	726,384	-7.0%	2.8%	25,730,108	3.4%
2009	23,122,330	-1.5%	92.1%	1,376,441	-9.3%	5.5%	597,408	-17.8%	2.4%	25,096,179	-2.5%
2010	23,610,462	2.1%	92.0%	1,485,956	8.0%	5.8%	578,274	-3.2%	2.3%	25,674,692	2.3%
2011	24,704,639	4.6%	91.0%	1,823,412	22.7%	6.7%	630,567	9.0%	2.3%	27,158,618	5.8%
2012	25,576,155	3.5%	91.3%	1,757,222	-3.6%	6.3%	670,165	6.3%	2.4%	28,003,542	3.1%
2013	26,716,577 ⁽²⁾	4.5%	91.3%	1,891,698	7.7%	6.5%	662,010	-1.2%	2.3%	29,270,285	4.5%
2014	26,706,128	0.0%	90.7%	2,090,079	10.5%	7.1%	638,400	-3.6%	2.2%	29,434,607	0.6%
2015	28,175,880	5.5%	90.5%	2,239,887	7.2%	7.2%	709,485	11.1%	2.3%	31,125,252	5.7%
2016	29,447,861	4.5%	89.8%	2,407,926	7.5%	7.3%	934,377	31.7%	2.8%	32,790,164	5.3%
2017	30,235,651	2.7%	89.4%	2,568,974	6.7%	7.6%	1,002,859	7.3%	3.0%	33,807,484	3.1%

⁽¹⁾ Represents a partial year of collections. The City began levying and collecting the Pledged Special Taxes in mid-2005.

⁽²⁾ Includes approximately \$500,000 in adjustments for years 2007 to 2012 paid to the City by the State Comptroller.

Source: City Finance Department

SECTION THREE: THE CITY OF ARLINGTON, TEXAS

City Information

Introduction

The City is located in the eastern part of Tarrant County, equidistant between Dallas and Fort Worth on Interstate Highways 20 and 30, which are limited access highways. The City's location places it at the geographical center of the Dallas-Fort Worth metropolitan area. The land area of the City contained within its corporate boundary is approximately 99.5 square miles.

The City incorporated January 17, 1920, under the provisions of the Home Rule Amendment to the Texas State Constitution. The residents of the City receive the following services: public safety (police and fire), public works, public welfare, parks and recreation, public health, water and wastewater utilities, and general administrative services.

General

The City operates under the Council-Manager form of government as established by its charter. A nine-member City Council (the "Council") has local legislative power. Elected "at large" are three council members and the Mayor. Five single member districts elect five council members. All elected members of the Council serve two-year terms, with the elections held in even/odd years for approximately half the seats. The Council elects both a Mayor Pro Tempore and Deputy Mayor Pro Tempore from among its members.

Mayor and City Council

Policy-making and supervisory functions are the responsibility of and vested in the Council under provisions of the City Charter. Ordinances, resolutions and zoning proposals typically go before Council at 6:30 p.m. on the second and fourth Tuesday of each month; however, additional meetings may be scheduled on the call of the Mayor and may be cancelled by majority affirmative vote of all members of the Council. The local cable public access station broadcasts the Council meetings. A simple majority of the Council constitutes a quorum. The Mayor is required to vote on all matters considered by the Council but has limited power to veto Council actions that can be overridden by simple majority action of the Council.

Administration

The City Manager is the administrative head of the municipal government and carries out the policies of the Council. With the assistance of three Deputy City Managers, he coordinates the functions of the various municipal agencies and departments responsible for the delivery of services to residents. The Council appoints the City Manager and he serves at the pleasure of the Council.

The City Manager appoints and removes all City employees excluding the positions and offices of the City Attorney, City Auditor and other designated appointments reserved for Council action. The City Manager exercises control over all City departments and divisions; supervises their personnel; recommends Council legislative actions; advises Council on the City's financial conditions and needs; prepares and submits to Council the annual budget; and performs such duties required by Council.

Certain City Council Appointees

The Council appoints the City Attorney who has management, charge, and control of all legal business of the City. The City Attorney is chief legal advisor to the Council, the City Manager, and all City departments and agencies. It is the City Attorney's duty to advise Council concerning the legality of actions by the City and to represent the City in all matters affecting its interest.

The City's Municipal Court Judiciary provides for the adjudication of Class "C" misdemeanor cases, issuance of warrants and the arraignment of prisoners.

The Council appoints the City Auditor who manages the Internal Audit Division, which monitors the internal controls and operations of the City. The City Auditor responds to management requests for analysis, appraisals, recommendations, as well as, monitors security of electronic data and assets.

The Council also appoints members to certain boards, commissions, and authorities, as it deems necessary to the operation of the City.

Principal Executive Officers

City Manager – Mr. Trey Yelverton – with the City since January 1993. Prior to becoming City Manager, Mr. Yelverton was the Deputy City Manager for Neighborhood Services and Economic Development. Prior to this he was Director of the Neighborhood Services Department since 2000. He received an undergraduate degree in political science - public administration from the University of Texas at Arlington, and a M.P.A. from University of North Texas. He is a credentialed Manager with the International City Management Association.

Deputy City Manager for Neighborhood Services– Mr. Gilbert Perales – with the City since January 2007. Prior to working for the City, Mr. Perales was the Assistant City Manager of the City of Irving for over 6 years. He received a bachelor’s degree in political science and a master’s degree in public and institutional administration from St. Mary’s University.

Deputy City Manager for Economic Development & Capital Investment – Mr. Jim Parajon – with the City since 2006. Prior to becoming Deputy City Manager, Mr. Parajon was the Director of Community Development and Planning. Mr. Parajon has been elected to the College of Fellows for the American Institute of Certified Planners in 2014. Previously, Mr. Parajon worked for the City of Raleigh, North Carolina where he served as Assistant Planning Director. He is a graduate of Dickinson College and received a master’s degree in regional planning from the University of Massachusetts at Amherst.

Interim Deputy City Manager for Strategic Support – Ms. Jennifer Wichmann – with the City since 2003. Prior to becoming Interim Deputy City Manager, Ms. Wichmann was the Director of Management Resources. She has also held positions as the Assistant to the Mayor and as a Budget Analyst with the City. She received a dual master’s degree in social work and public administration from the University of Texas at Arlington.

Director of Finance, CFO – Mr. Michael Finley – with the City from May 1995- November of 2000; and then from February of 2002-present. Mr. Finley received a bachelor’s degree in political science and master’s degree in public administration, both from Texas A&M University. He had been Budget Manager since 2004 and was promoted to CFO in December 2013.

City Attorney – Ms. Teris Solis – with the City since May 1991 as an Assistant City Attorney. Ms. Solis received an honors bachelor’s degree in political science from the University of Texas at Arlington and a Juris Doctor Degree from Southern Methodist University School of Law. Ms. Solis currently holds a designation as a Local Government Fellow from the International Municipal Lawyers Association.

Governmental Services and Facilities

The City provides a full range of municipal services including police and fire, health, parks and recreation, public works, planning, and general administrative services. The City’s Enterprise Funds accounts for water and wastewater services and stormwater utility services. Beginning in May 2005, the City leased operation of the landfill to Republic Services.

The City’s main municipal facilities include two general administrative buildings and a public safety building. There are seventeen fire stations, four geographically distributed police stations, a police-training center, a fire training center, eighty-five city parks, four municipal golf courses, and seven branch libraries. Currently, the City is in the process of building a new central library.

Some of the other major facilities provided by the City include a convention center, four recreational centers, two senior citizen centers, a tennis facility and a municipal airport.

Economic & Demographic Factors

Population Arlington and the United States Selected Years

<u>Year</u>	<u>Arlington</u>	<u>United States</u>
1950	7,692	150,697,361
1960	44,775	178,464,236
1970	90,229	203,211,926
1980	160,113	226,545,805
1990	261,721	248,765,170
2000	332,969	281,421,906
2010	365,438	308,745,538
2011	365,530	312,759,230
2012	365,860	314,395,013
2013	365,930	316,128,839
2014	369,508	318,857,056
2015	379,370	321,418,820
2016	380,740	323,127,513
2017	382,230	326,385,143

Source: U.S. Census, North Central Texas Council of Governments

Unemployment Rate

<u>Region</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Arlington	3.9	3.8	4.0	5.2	5.9
Texas	4.6	4.5	4.3	5.5	6.4
United States	4.5	4.9	5.4	6.5	7.6

Source: U.S. Bureau of Labor Statistics

Arlington Major Employers

<u>Company Name</u>	<u>No. of Employees</u>
Arlington Independent School District	8,200
University of Texas at Arlington	5,300
General Motors Co.	4,484
Texas Health Resources	4,063
Six Flags Over Texas	3,800
The Parks at Arlington	3,500
GM Financial	2,965
City of Arlington	2,509
J.P. Morgan Chase	1,965
Texas Rangers Baseball Club	1,881

Source: Arlington Chamber of Commerce Membership Directory 2017

Public School Enrollment

<u>Fiscal Year</u>	<u>Arlington ISD Peak Enrollment</u>	<u>Mansfield ISD Peak Enrollment</u>	<u>Kennedale ISD Peak Enrollment</u>	<u>Hurst-Euless- Bedford ISD Peak Enrollment</u>	<u>Total</u>	<u>Percentage Change</u>
2013	64,913	12,264	424	n/a	77,601	(1.35)
2014	64,629	11,728	446	n/a	76,803	(1.03)
2015	63,814	12,150	441	543	76,948	0.19
2016	63,167	12,142	460	621	76,390	(0.73)
2017	62,085	12,052	448	708	75,293	(1.44)

Source: Texas Education Agency (Academic Performance Report)

Building Permits

	<u>2017</u>		<u>2016</u>		<u>2015</u>	
	<u>Permits</u>	<u>Declared Value</u>	<u>Permits</u>	<u>Declared Value</u>	<u>Permits</u>	<u>Declared Value</u>
New Single Family	524	\$ 89,162,382	377	\$ 67,997,363	470	\$ 103,650,955
New Multifamily	3	\$ 35,824,000	2	\$ 34,378,989	13	\$ 34,032,660
New Commercial	97	\$ 142,276,696	141	\$ 231,298,862	150	\$ 150,415,719
Other	7,185	\$ 441,251,810	5,092	\$ 176,368,316	4,751	\$ 72,852,109
Total	7,809	\$ 708,514,888	5,612	\$ 510,043,530	5,384	\$ 360,951,443

Note: Number of permits includes: Sign Permits, Certificates of Occupancy, and Fire Permits issued.

Source: City Building Inspections Division

Water Facilities

Water Treatment Facilities

The City of Arlington currently owns and operates two surface water treatment plants to treat raw water and purify it to meet and/or exceed state and federal drinking water standards. Treated water is then pumped to the distribution system for customer use.

The Pierce-Burch Water Treatment Plant (PBWTP) is located in west Arlington along Green Oaks Boulevard near the intersection of Arkansas Lane. The PBWTP draws water directly from Lake Arlington. PBWTP-South was constructed in 1970 and with subsequent expansions has a treatment capacity of 75 million gallons per day (MGD). PBWTP-South is a conventional water treatment plant utilizing ozonation and biologically active GAC filtration. There are no current plans to expand the PBWTP.

Located in the southern portion of Arlington along US Highway 287 and just east of the intersection with Eden Road sits the John F. Kubala Water Treatment Plant (JKWTP). The JKWTP receives raw water directly from the Tarrant Regional Water District's (TRWD) pipeline system that conveys water from their Richland Chambers, Cedar Creek and Benbrook Reservoirs. Placed online in 1989 the JKWTP has undergone two subsequent expansions, for a current treatment plant capacity of 97.5 MGD. Also designed as a conventional water treatment plant, the JKWTP was modified in 1999 to include ozonation and biologically active GAC filtration. The plant was designed for ultimate build out capacity of 130 MGD. Currently, there are no current plans to expand the JKWTP.

The Distribution System

The City's water distribution system has three pressure planes, referred to as the Upper, West and Lower planes. Either of the two City-owned and operated water treatment facilities can fully provide the average day demand to each of the pressure zones thus providing the City with 100% redundancy for water treatment and distribution. When both plants are operating concurrently, the JKWTP supplies the Upper and West pressure planes and the PBWTP supplies the lower pressure plane. A combination of electrically driven and natural gas pumps transfer water from the plants into the distribution system. There are ten elevated storage tanks with a combined capacity of 17.5 million gallons.

The City's water distribution system is fully metered and consists of 1,604 miles of pipe. The City has 108,945 water meters of which 46.61% are automated. The System consists of concrete cylinder, cast iron, polyvinyl chloride (PVC), ductile iron, asbestos cement (AC), high-density polyethylene (HDPE) and transite pipes. The City was recently recognized by the Insurance Services Office, Inc. (ISO) as meeting all requirements to earn a Public Protection Class of 1. Class 1 is the highest classification, meaning exemplary fire suppression program.

The City's water system has adequately met the demand for treating and distributing water during the past ten fiscal years as follows:

Treatment & Distribution of Water

Fiscal Year	Average Daily Pumpage (MGD)	Maximum Daily Pumpage
2008	57.23	109.49
2009	59.54	115.20
2010	55.44	102.24
2011	64.25	114.69
2012	57.99	106.45
2013	55.20	95.76
2014	53.35	88.82
2015	52.48	104.26
2016	57.64	102.46
2017	51.36	76.83

Source: City Water Utilities Department

Water Supply

The TRWD is the primary supplier of raw water used by over 50 municipal and non-municipal entities located both within and outside of Tarrant County. Among the major customers of the TRWD are the cities of Fort Worth, Arlington, and Mansfield, and a wholesale water provider, the Trinity River Authority (TRA).

The City receives water from TRWD's Cedar Creek and Richland Chambers Reservoirs. Water from these reservoirs is transported through transmission facilities to Lake Arlington and the John F. Kubala Water Treatment Plant. In August 1998, TRWD also began delivering water from the U.S. Army Corps of Engineers-owned reservoir Lake Benbrook. This water supply service was initially provided under the terms and provisions of a contract dated July 13, 1971. Under that contract, TRWD agrees to supply all of the City's municipal water requirements during its term.

On September 1, 1982, TRWD entered into a revised water supply contract ("Amendatory Contract") with the City, and the cities of Fort Worth, Mansfield and TRA. The revised contract will continue in effect until all bonds of TRWD relating to TRWD's System have been paid, and thereafter during the useful life of TRWD's System. Under the Amendatory Contract, the City is required to purchase all of its raw water needs from TRWD. TRWD is obligated to meet the City's needs by developing additional water supply sources, subject to force majeure, the ability of TRWD to obtain suitable financing and a determination of feasibility. If TRWD is unable to supply all of the City's raw water requirements or if it should become apparent that TRWD will become unable to supply such requirements, the Amendatory Contract provides a procedure by which the City would be permitted to develop or obtain a supplemental water supply to meet its needs. The City is depending upon TRWD to meet its full raw water needs under the Amendatory Contract and, at present, the City has no assurance of the availability of a supplemental water supply if TRWD should fail to meet such needs. TRWD's current sources as well as additional supplies that are actively under development are projected to provide an adequate water supply through 2030.

TRWD's most recent system enhancements include completion of the Eagle Mountain Pipeline and George W. Shannon Wetlands at Richland-Chambers Reservoir.

TRWD estimates that the existing and permitted water supply system has adequate water to meet its customers' projected water requirements through the year 2030. TRWD continues to participate in statewide and regional water supply planning authorized by the 1997 passage of Senate Bill 1. The regional plan for the Dallas-Fort Worth region includes plans for TRWD to develop an additional 489 MGD through the year 2070 at an estimated cost of \$5.62 billion. These projects include water conservation, reuse, reservoir, and pipeline construction.

Under the terms of the Amendatory Contract, the City pays TRWD an amount equal to the City's proportionate share of TRWD's "Annual Requirement." Said annual requirement includes the costs of operation and maintenance of TRWD's raw water supply facilities, debt service on TRWD's bonds and any future bonds it might issue, including deposits to any special or reserve fund established in TRWD's bond resolutions. Based upon the projected usage of the City for the 2017–2018 fiscal year, the budgeted monthly purchase price to be paid by the City under the revised water contract is \$2,160,598, which results in a rate of approximately \$1.25630 per one thousand gallons. Such amount is subject to adjustment as provided in the Amendatory Contract. The City is obligated to pay TRWD for all water used by it, and under the Amendatory Contract, the minimum amount of water the City shall be deemed to have used shall be calculated at an amount equal to the greater of 30 MGD or the average MGD actually used by the City during the period of the immediately preceding five consecutive annual periods.

The Amendatory Contract provides that all payments to be made thereunder shall constitute reasonable and necessary operating expenses of the System, and thus the City's requirement to make such payments from its revenues to the System shall have priority over any obligation to make payments from such revenues, including payment of principal and interest on the City's Outstanding Bonds, the Bonds and any additional Bonds.

Average Daily Consumption (MGD)

<u>Property Type</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential	23.7	24.0	24.5	24.90	26.50
Commercial	8.82	9.18	8.88	8.72	9.10
Fire lines, Sprinklers	4.14	4.44	4.25	4.43	5.00
Apartment Units	7.87	7.94	7.61	7.62	7.80
Mobile Homes, Condominiums, Townhouses	0.58	0.61	0.64	0.65	0.65
Wholesale	0.32	-	-	-	-
Total	45.38	46.17	45.88	46.32	49.05

Source: City of Arlington's Water Utilities Department

Number of Units Served

<u>Property Type</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential	95,358	94,796	94,435	93,764	93,589
Commercial	4,876	4,874	4,808	4,821	4,800
Fire lines, Sprinklers	1,085	1,075	1,061	1,066	1,076
Apartment Units	45,849	45,825	45,876	45,950	46,682
Mobile Homes, Condominiums, Townhouses	2,127	2,124	2,087	2,084	2,079
Total	149,295	148,694	148,267	147,685	148,226

Source: City of Arlington's Water Utilities Department

Top Ten Water Customers

<u>Name</u>	<u>Consumption in 1,000 Gallons</u>	<u>Billing</u>
EUSB/General Motors	326,184	\$ 1,035,371
University Texas Arlington	267,186	\$ 1,088,420
Arlington ISD	208,487	\$ 1,188,520
City of Arlington	175,299	\$ 1,244,536
City of Dalworthington	110,865	\$ 262,064
Hurricane Harbor	84,160	\$ 272,392
Six Flags Over Texas	74,164	\$ 280,727
Crossway Apartments	71,691	\$ 227,259
Mansfield ISD	70,864	\$ 473,775
AT&T Stadium	68,070	\$ 317,175
Total	1,456,970	\$ 6,390,239

Source: City of Arlington's Water Utilities Department

**Historical Water Consumption Data
(Inside City Limits)**

<u>Fiscal Year Ended 9/30</u>	<u>Number of Water Meters</u>	<u>Total Water Pumped MG</u>	<u>Average Water Pumped MGD</u>	<u>Maximum Day Pumpage MGD</u>	<u>GPD Per Account</u>	<u>Ratio Maximum Day to Average Day</u>
2013	106,848	20,148	55.20	95.76	517	1.72
2014	107,408	19,473	53.35	88.82	515	1.60
2015	107,926	19,155	52.48	104.26	487	1.99
2016	108,437	21,039	57.64	102.46	531	1.78
2017	108,945	18,746	51.36	76.83	471	1.50

Source: City of Arlington's Water Utilities Department

Wastewater Facilities

The wastewater collection system that serves all developed areas within the City limits is comprised of approximately 1,338 miles of sanitary sewer mains ranging in size from six to seventy-two inches. Although the City owns and maintains an extensive wastewater collection system, it does not treat its own wastewater. Wastewater produced in the City is treated under contract by the TRA's Central Regional Wastewater System (CRWS). The City's annual volume of contributing flow amounts to approximately 26.2 percent of the total wastewater flow into the CRWS Plant. As the city with the largest population in the CRWS service area, Arlington contributes the highest daily flow of all TRA regional plant customers. The CRWS Plant meets the effluent permit conditions to treat 162 MGD as set by the TCEQ and EPA.

The following is a list of Arlington's wastewater flows treated by TRA's CRWS plant during the last five fiscal years.

**Wastewater Treated
(Millions of Gallons)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
12,857	14,278	13,417	12,408	12,510

Source: City of Arlington's Water Utilities Department

Treatment Contract with Trinity River Authority (TRA)

The City's wastewater is treated under the terms of a 50-year contract with TRA dated October 10, 1973. Contract term limits are automatically extended based upon outstanding system debt service. TRA is the owner and operator of the CRWS Plant and the interceptor pipeline system, which serves part of Dallas, Dallas-Fort Worth International Airport, and 19 other Dallas County and Tarrant County municipalities. Under the terms of the contract, each contracting party contributes to TRA's "Annual Requirements" in proportion to its contributing flow of wastewater into the CRWS Plant. The "Annual Requirements" include cost of operation and maintenance of the system and debt service on TRA's bonds issued to construct the system, including deposits to special funds established by the bond resolution. Based upon actions approved in 1996, TRA began treating all of Arlington's wastewater when facilities constructed by Arlington were completed in September 2000. These pipeline facilities convey west Arlington wastewater to TRA System facilities, and on to the TRA treatment plant for final treatment. This Arlington to TRA pipeline project cost was \$11,000,000.

For TRA's fiscal year beginning December 1, 2017, the volume of contributing flow by the City is estimated to average 36.276 MGD, which amounts to approximately 26.2 percent of the total volume of wastewater flow into the CRWS plant. This percentage of wastewater flow is used to determine the City's annual requirements under this contract. Arlington has the largest service area population and contributes the highest average daily flow of all TRA CRWS Plant customers. The City's cost of wastewater treatment budgeted for 2018 is \$35,577,931.

Municipal Drainage Utility System (Stormwater)

Municipal Drainage Utility System

Chapter 552, Subchapter C of the Texas Local Government Code provides the authority for municipalities to establish a municipal drainage utility system and to develop a schedule of charges within the City. This enabling legislation was created in order to provide municipalities a funding source to address public health and safety in municipalities from loss of life and property by surface water overflows, surface water stagnation, and pollution arising from nonpoint source runoff within the boundaries of an established surface area.

The City established a Municipal Drainage Utility System in August 1990, to protect the public health and safety from loss of life and property caused by surface water overflows and surface water stagnation.

Drainage Utility Charges and Billing

The City charges “Stormwater” Fees in support of the System. The current stormwater fee structure and rates became effective on November 1, 2014. The current residential fee structure is described in the “Residential Monthly Drainage Utility Fee Rates” table. Commercial property owners are charged based on an impervious area calculation shown. A stormwater fee is added to each monthly utility bill. The City has the authority to impose stormwater fees by ordinance without limitation.

Residential Property

Residential parcels include any benefited property platted, zoned or used for residential development including single family, duplex, triplex, quadruplex, town homes, manufactured homes or other improved parcel upon which buildings contain less than five dwelling units. Residential parcels will be billed based on one Equivalent Residential Unit (“ERU”) at the scheduled rate, for the number of dwelling units.

Commercial Property

Every commercial property owner pays the same unit rate based on the amount of impervious area on the property. Impervious area is defined as a surface that is resistant to infiltration by water. Several examples of impervious area include asphalt or concrete pavement, parking lots, driveways, sidewalks and buildings. Based on a study of Arlington residential property, the average square feet of impervious surface is 2800, referred to as an ERU.

Non-residential parcels include all benefited property that is not defined as residential by the Stormwater Drainage ordinance, including commercial, industrial, institutional, multi-family and governmental property. The monthly fee for non-residential parcels is determined by dividing impervious area square footage by 2800 square feet and multiplying by the current rate – the result shall be a minimum of 1 ERU for each non-residential account.

Venue Projects

The City is the home to both AT&T Stadium, the home of the Dallas Cowboys, and Globe Life Park, the home of the Texas Rangers. The City financed a portion of the construction of both venues through the issuance of special tax revenue bonds.

The 2004 Venue Election and the Cowboys Project

At an election held in the City, on November 2, 2004 pursuant to Chapter 334, Texas Local Government Code, as amended, a majority of the voters voting at said election voted in favor of a proposition authorizing the City to (i) establish and finance the Dallas Cowboys Complex (the "Cowboys Project") as a sports and community venue project of the type described and defined in the Act, (ii) impose a sales and use tax within the City at a rate of one-half of one percent (0.5%) (the "Sales Tax"), (iii) impose a tax at a maximum rate of five percent (5%) on the gross rental receipts from the short-term rental in the City of a motor vehicle (the "Motor Vehicle Rental Tax"), (iv) impose a tax on the occupancy of a room in a hotel located within the City, at a maximum rate of two percent (2%) of the price paid for such room (the "Hotel Occupancy Tax" and together with the Sales Tax and the Motor Vehicle Rental Tax, the "Pledged Special Taxes"), (v) impose an admissions tax on each ticket sold as admission to an event held at the Cowboys Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the "Cowboys Admissions Tax"), and (vi) to impose a tax, not to exceed three dollars (\$3.00) per vehicle, on each parked motor vehicle parking in a facility of the Cowboys Project (the "Cowboys Parking Tax") for the purpose of financing the Cowboys Project. The Dallas Cowboys are based in the City of Frisco, Texas, and play their home games at AT&T Stadium located in the City. The Dallas Cowboys are a professional football team owned by the Dallas Cowboys Football Club, Ltd., a Texas limited partnership (the "Cowboys' Owner"), operating under a franchise issued by the National Football League (the "NFL") in 1960.

The City financed a portion of AT&T Stadium through the issuance of Series 2005A, B, and C totaling \$297,990,000 of special tax revenue bonds in 2005 (the "Series 2005 Bonds"). The Series 2005B Bonds were refinanced by the issuance of both the City's \$112,185,000 Special Tax Revenue Bonds, Series 2008 (the "Series 2008 Bonds") and the City's \$62,820,000 Special Tax Revenue Bonds, Series 2009 (the "Series 2009 Bonds" and together with the Series 2008 Bonds, the "Prior Obligations").

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Cowboys Stadium, L.P. (the "Tenant") for lease of the Complex. The Lease Agreement calls for an initial term of 30 years. Monthly lease payments of \$166,666.67 began in June 2009 for an annualized rental rate of \$2 million per year. The Lease Agreement contains several renewal options at guaranteed annual rental payments of \$1 million per year for the first 10 years and \$1.25 million per year for all remaining renewals. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The tenant will also make separate annual payments to the City, beginning during the construction period, equal to five percent of the net naming rights revenue, if any, received by the Tenant, capped at \$500 thousand per year. The revenue for this fiscal year was \$500,000. The lease is accounted for as an operating lease. The cost of the stadium is \$1,109,951,954 with accumulated depreciation of \$172,751,129.

Conduit Debt - In 2006, \$147,865,000 Cowboy Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2006 (the "Cowboys Admission and Parking Taxes Revenue Bonds") with a pledge of a 10% admissions tax and a \$3 parking tax for events held at the Complex, with additional security provided by a Guaranty Agreement from The Cowboys Stadium, L.P., were issued to fund a portion of the Dallas Cowboy's funding for the Complex. The Cowboys Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City's revenue sources and accordingly have not been reported as a liability in the City's financial statements but are disclosed here as conduit debt. At September 30, 2017, outstanding conduit debt was \$135,655,000.

Franchise - The City and the Dallas Cowboys Football Club, LTD. entered into a franchise agreement that requires the Dallas Cowboys NFL football franchise to remain in Arlington and to play seven of eight of the team's regular season home games in the Complex for a minimum of 30 years after the Complex opens. If the lease renewal options are exercised, the Cowboys' obligation to stay in Arlington is extended for the renewal term.

In July 2013, an agreement was reached between the Cowboys and AT&T for naming rights to the stadium. The City receives 5% of the revenue as additional rent from the naming rights deal, up to \$500,000 annually.

The 2016 Venue Election and the Rangers Project

At an election held in the City on November 8, 2016, pursuant to Chapter 334, Texas Local Government Code, as amended, a majority of the voters of the City voting at said election voted in favor of a proposition authorizing the City to provide for the planning, acquisition, establishment, development, construction and financing of the Texas Rangers Complex Development Project (the “Rangers Project” and together with the Cowboys Project, the “Arlington Venue Projects”) within the City and (i) to impose a parking tax, at a rate not to exceed three dollars (\$3.00) on each parked motor vehicle parking in a parking facility of the Rangers Project (the “Rangers Parking Tax”); (ii) to impose an admissions tax on each ticket sold as admission to an event held at the Rangers Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the “Rangers Admissions Tax”); (iii) to authorize the use of the existing hotel occupancy tax, at a rate not to exceed two percent (2%) of the price paid for such room; (iv) to authorize the use of the existing sales tax within the City at a rate of one-half of one percent (0.5%); and (v) to authorize the use of the existing motor vehicle rental tax at a maximum rate of five percent (5%) for the purpose of financing the Rangers Project. The Texas Rangers are a professional baseball team operating under and pursuant to the rules and regulations of Major League Baseball. The Texas Rangers are based in the City and currently play their home games at Globe Life Park located in the City. The City’s prior financing related to Globe Life Park is no longer outstanding and has been paid in full. Construction of the Rangers Project is expected to commence in 2018, and the Texas Rangers expect to play in a new ballpark starting in the 2020 baseball season. The Rangers Project will be a flexible, retractable roof, multi-purpose, multifunctional ballpark and sports, special events, concert and community and entertainment venue project designed to seat approximately 40,000 spectators to be used for the home games for the Texas Rangers and which may also be used for one or more additional professional or amateur sporting events, and which may also contain additional retail, restaurant and food establishments, team training facilities and museums, and which also includes water, sewer, drainage and road improvements necessary to service the Rangers Ballpark, as well as parking facilities adjacent to the Rangers Ballpark.

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Rangers Stadium Company LLC. (the “Tenant”) for lease of the Rangers Complex. The Lease Agreement calls for an initial term from commencing upon occupation through January 1, 2054. Monthly lease payments of \$166,666.67 began upon occupation for an annualized rental rate of \$2 million per year. The Lease Agreement contains several renewal options at guaranteed annual rental payments of \$1 million per year for two successive renewal periods of five years each. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex.

Franchise - The City and Rangers Baseball LLC. entered into a non-relocation agreement that requires the Texas Rangers franchise to remain in Arlington and to play the team’s regular season home games in the existing Ballpark during the construction of the new Ballpark. Once the new Ballpark is operational, the team is to remain in Arlington and to play the team’s regular season home games through January 1, 2054. If the lease renewal options are exercised, the Rangers’ obligation to stay in Arlington is extended for the renewal term.

Venue Project Debt

In September 2017, the City issued \$110,200,000 Senior Lien Special Tax Revenue Refunding Bonds, Series 2017 (the “Series 2017 Bonds”) to refund all of the outstanding Prior Obligations for AT&T Stadium, Series 2008 and Series 2009. All debt related to AT&T Stadium, Series 2005A, B, & C had been refunded, matured, or been previously redeemed.

Investments

The City invests its funds in investments authorized by Texas law in accordance with investment policies approved by the Mayor and City Council. Both state law and the City investment policies are subject to change.

Legal Investments

Under Texas law, the City is authorized to invest in the following:

- (1) Obligations of United States Treasuries, United States agencies and instrumentalities.
- (2) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state, the United States or their respective agencies and instrumentalities; including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
- (3) Obligations of Texas, its agencies, counties, cities, and other political subdivisions rated as to investment quality by a nationally recognized investment rating firm not less than “AA” or its equivalent (10% of portfolio; 2% per issuer).
- (4) Obligations of other states, its agencies, counties, cities, and other political subdivisions rated as to investment quality by a nationally recognized investment rating firm not less than “AA” or its equivalent (10% of portfolio; 2% per issuer).
- (5) Certificates of Deposit issued by a depository institution that has its main office or a branch office in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner and amount as provided by this Policy for bank deposits. In addition, Certificates of Deposit obtained through a broker or depository institution that has its main office or a branch office in Texas and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Act are authorized investments (50% of portfolio; 20% per issue).
- (6) Fully collateralized direct security repurchase agreements and reverse security repurchase agreements in accordance with the conditions prescribed in Section 2256.011 of the Act. A repurchase agreement shall have a defined termination date and be secured by a combination of cash and obligations of the United States or its agencies and instrumentalities. These shall be pledged to the City, held in the City’s name, and deposited at the time the investment is made with a third party selected and approved by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. A Master Repurchase Agreement must be signed by the bank/dealer prior to investment in a repurchase agreement. All repurchase agreement transactions will be on a delivery vs. payment basis. Securities received for repurchase agreements must have a market value greater than or equal to 102% at the time funds are disbursed and throughout the term of the repurchase agreement (40% of portfolio (excluding flexible repos for bond proceeds); 15% per counterparty).
- (7) Commercial Paper that has a stated maturity of 270 days or less and is either rated not less than A-1+, P-1 or equivalent by at least two nationally recognized credit rating agencies or is rated by one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States. The Commercial Paper issuer must have an underlying long term credit of at least “AA” or the equivalent (20% of portfolio; 5% per issue).
- (8) Guaranteed investment contracts for bond proceeds only in accordance with the conditions prescribed in Section 2256.015 of the Act 100% of bond proceeds.
- (9) No-load money market mutual funds that are registered and regulated by the Securities and Exchange Commission, have a dollar weighted average stated maturity of 90 days or less, seek to maintain a net asset value of \$1.00 per share, and are rated AAAM or an equivalent rating, by at least one nationally recognized rating service (100% of portfolio; 15% per fund).
- (10) Local government investment pools, which meet the requirements of Section 2256.016 of the Act, are rated no lower than AAA or an equivalent rating, by at least one nationally recognized rating service, and are authorized by

resolution or ordinance by the City Council. In addition, a local government investment pool created to function as a money market mutual fund must mark its portfolio to the market daily and to the extent reasonably possible, stabilize at \$1.00 net asset value (100% of portfolio; 25% per pool; 2% of pool's portfolio).

Investment Policies

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity, and the policy must address investment diversification, yield, maturity, and the quality and capability of investment management, and all City funds must be invested in investments that protect principal, and consistent with the operating requirements of the City, yield a market rate of return. Under Texas law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest City funds without express written authority from the City Council or Director of Finance of the City.

Current Investments

The City’s primary investment objective is to provide for the protection of principal with an emphasis on safety and liquidity. The City maintains a comprehensive cash management program that includes prudent investment of its available funds. Investment maturities are targeted to provide available cash for the operating requirements of the City.

As of September 30, 2017, the City’s operating funds were invested in the following categories of investments:

<u>Type of Investment</u>	<u>% Invested</u>
Federal Agencies	66.50
Statewide Pools	16.69
Certificates of Deposit	8.76
Municipals	7.24
Cash	0.81
Totals	100.00%

As of September 30, 2017, the weighted average maturity of the City’s operating portfolio was 419 days and the market value of the operating portfolio was 100 percent of its book value.

SECTION FOUR: DEBT STRUCTURE AND CAPITAL IMPROVEMENT PROGRAM

Debt Information

Information on the City's indebtedness is presented both in Section Two and in the following tables. Included is information on key debt ratios, rapidity of principal retirement and selected debt service schedules.

In addition to the currently outstanding ad valorem tax-supported debt previously issued by the City, the City has also issued certain combination ad valorem tax and revenue supported debt and has incurred contractual and other indebtedness and liabilities payable from ad valorem taxation. Additionally, the City has issued revenue bonds and other indebtedness payable from specific pledged revenues. Various other political subdivisions, which overlap all or a portion of the area of the City are also empowered to incur debt to be paid from revenues raised or to be raised through taxation.

Tax-Supported Debt

Debt Statement

Pursuant to the Constitution and laws of the State of Texas and the Charter of the City, the City is authorized to issue general obligation bonds secured by an ad valorem tax on all property within its boundaries subject to local taxation. A tax rate limitation is imposed by the Home Rule Section of the Texas Constitution, Article XI, Section 5, which allows a maximum tax rate of \$2.50 per \$100.00 assessed valuation.

The following table details the ad valorem tax-supported debt of the City as of September 30, 2017:

Total Outstanding Tax-Supported Debt	\$382,735,000
Less Self-Supporting Debt	<u>1,230,000</u>
Tax-Supported Debt Less Self-Supporting Debt	\$381,505,000

Source: City Finance Department

**Rapidity of Principal Retirement
All General Obligation Debt
As of September 30, 2017**

<u>Maturing Within</u>	<u>Amount Maturing</u>	<u>Percent of Total Debt Outstanding</u>
5 years	\$ 148,600,000.00	38.8%
10 years	\$ 264,060,000.00	69.0%
15 years	\$ 345,800,000.00	90.3%
20 years	\$ 382,735,000.00	100.0%

Source: City Finance Department

Estimated Overlapping Debt

The following table indicates the indebtedness, defined as outstanding obligations payable from ad valorem taxes, of governmental entities within which the City is located or with which taxable property is jointly levied against, and the estimated percentages and amounts of such indebtedness attributable to taxable property within the City. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance purposes. Furthermore, certain entities listed may have issued additional Bonds since the date stated in the table, and such entities may have programs requiring the issuance of substantial additional amounts of indebtedness, the amount of which cannot be determined.

Overlapping Debt

<u>Governmental Unit</u>	<u>Amount ⁽¹⁾</u>	<u>As of</u>	<u>Percent</u>	<u>Amount</u>
City of Arlington ⁽²⁾	492,935,000	9/30/2017	100.00%	492,935,000
Arlington Independent School District	841,237,139	9/30/2017	77.43%	651,369,917
Fort Worth Independent School District	862,315,000	9/30/2017	0.37%	3,190,566
Hurst-Euless-Bedford Independent School District	412,119,890	9/30/2017	2.50%	10,302,997
Kennedale Independent School District	36,595,025	9/30/2017	55.95%	20,474,916
Mansfield Independent School District	779,480,000	9/30/2017	23.55%	183,567,540
Tarrant County	321,795,000	9/30/2017	13.86%	44,600,787
Tarrant County Hospital District	20,835,000	9/30/2017	13.86%	2,887,731
Tarrant County College District	-	9/30/2017	0.00%	-
Viridian Municipal Management	51,000,000	9/30/2017	100.00%	51,000,000
Total Direct and Overlapping Debt				1,460,329,454

⁽¹⁾ Net debt outstanding per representative of each jurisdiction

⁽²⁾ Debt includes City General Obligation Bonds, Certificates of Obligations, and Special Tax Revenue bonds (Venue Projects).

Sources: Municipal Advisory Council of Texas and City Finance Department.

Capital Improvement Programs

Tax-Supported Capital Improvement Program

The City's Capital Improvement Program ("CIP") provides for multi-year improvements to the City's public facilities along with the means of financing these improvements. The City's Capital Improvement Program is prepared annually and primarily enabled by recent bond election results. The City's most recent permanent improvement bond election, totaling \$45,000,000, was held on May 6, 2017. The proposition on the ballot was for a Active Adult Recreation Facility (commonly known as a Senior Center). Combined with the authorized but unissued bonds from prior elections, the City has \$194,329,000 in unissued permanent improvement bonding authority.

Capital Improvement Plan and Proposed Capital Budget

<u>Department</u>	<u>Adopted 2018</u>	<u>Preliminary 2019</u>	<u>Preliminary 2020</u>
Fire Total	\$ -	\$ 900,000	\$ 8,880,000
Library Total	350,000	-	-
IT Total	1,975,000	-	-
Airport Total	881,595	-	-
Parks & Recreation Total	29,650,000	6,400,000	1,000,000
Public Works & Trans. Total	31,478,000	46,900,000	33,863,000
Grand Total	\$ 64,334,595	\$ 54,200,000	\$ 43,743,000

Source: City Finance Department

Water & Wastewater System Capital Improvement Program

The City's Water Utilities Department maintains a program of annually updating its estimate of foreseeable system capital improvements. This is accomplished through the joint efforts of the Operations, Treatment and Business Services Divisions of the Water Utilities Department and independent consulting engineers. The Water Utilities Department annually reviews its proposed Capital Improvement Program with the City Council.

The following table represents the estimated amount of financing needed to meet the proposed Capital Improvement Program for the fiscal years shown.

Water Proposed Capital Improvement Program (Amounts in thousands)				
<u>Fiscal Year</u>	<u>Planned Capital Expenditures</u>	<u>Texas Water Development Board</u>	<u>Planned Bond Sale</u>	<u>Other Financing Sources</u>
2018	64,935,777	17,352,077	34,585,000	12,998,700
2019	59,240,000	-	38,855,000	20,385,000
2020	89,565,000	-	77,460,000	12,105,000

Source: City Finance Department

Stormwater Capital Improvement Program

The City's Public Works and Transportation Department maintains a Stormwater program of annually updating its estimate of foreseeable system capital improvements. This is accomplished through the joint efforts of the Stormwater Division and independent consulting engineers. The Public Works and Transportation Department annually reviews its proposed Capital Improvement Program with the City Council.

The following table represents the estimated amount of financing needed to meet the proposed Capital Improvement Program for the fiscal years shown.

Stormwater Proposed Capital Improvement Program (Amounts in thousands)				
<u>Fiscal</u> <u>Year</u>	<u>Planned Capital</u> <u>Expenditures</u>	<u>Texas Water</u> <u>Development</u> <u>Board</u>	<u>Planned</u> <u>Bond Sale</u>	<u>Other</u> <u>Financing</u> <u>Sources</u>
2018	16,440,000	-	5,600,000	10,840,000
2019	20,160,000	-	9,200,000	10,960,000
2020	9,260,000	-	-	9,260,000

Source: City Finance Department

SECTION FIVE: FINANCIAL INFORMATION

Financial Information Concerning the City

Principal Tax Revenue by Source (amounts in thousands)

FY Ending Sept. 30	General Fund Ad Valorem Taxes	General Fund Sales Tax	Other Taxes	Hotel ⁽¹⁾ Occupancy Tax	Franchise Fees and Service Charges	Total
2013	75,767	53,392	1,910	8,513	30,650	170,232
2014	76,774	52,692	2,328	9,396	32,315	173,505
2015	78,809	55,555	2,358	7,860	31,836	176,418
2016	82,901	58,318	2,345	8,428	31,755	183,747
2017	91,164	59,946	2,353	8,994	30,539	192,996

⁽¹⁾ 7% for City Portion Only.

Source: City Finance Department

Historical Estimated Taxable Value

FY Ending 09/30 ⁽¹⁾	Taxable Value Real Property	% Change from Prior Year	Taxable Value Personal Property	% Change from Prior Year	Taxable Value Mineral Property	% Change from Prior Year	Total Estimated Taxable Value	% Change from Prior Year
2013	15,021,327,851	1.77	2,289,771,862	5.68	366,541,970	(7.68)	17,677,641,683	2.04
2014	15,451,540,005	2.86	2,360,211,420	3.08	276,655,563	(24.52)	18,088,406,988	2.32
2015	16,086,303,315	4.11	2,462,802,164	4.35	356,660,350	28.92	18,905,765,829	4.52
2016	16,580,449,521	3.07	2,647,949,241	7.52	372,964,490	4.57	19,601,363,252	3.68
2017	18,575,012,852	12.03	2,669,235,852	0.80	134,832,010	(63.85)	21,379,080,714	9.07

⁽¹⁾ Certified taxable value as of December 2015 for FY2016, all other years use September taxable values.

Source: Tarrant Appraisal District and City Finance Department

Collection Ratios

FY Ending 09/30	Estimated Net Taxable Value ⁽¹⁾	Tax Rate		Tax Rate	Calculated Levy	% Collected ⁽²⁾	
		General Fund (M&O) Tax Rate	Debt Service (I&S) Tax Rate			Current Year	Prior Years
2013	17,677,641,683	0.4423	0.2057	0.648000	114,551,118	97.82	99.06
2014	18,088,406,989	0.4423	0.2057	0.648000	117,212,877	97.66	98.57
2015	18,905,765,829	0.4353	0.2127	0.648000	122,509,363	97.64	98.51
2016	19,601,363,252	0.4460	0.2020	0.648000	127,016,834	97.43	98.47
2017	21,379,080,714	0.4538	0.1910	0.644800	137,852,312	96.61	97.63

⁽¹⁾ Estimated Net Taxable Valuation (NTV) is the certified roll as of September of each year including minimum estimated value of property under protest. FY2016 estimated NTV is the certified roll as of December FY2017.

⁽²⁾ Prior year's collections include current year collections, prior year delinquent collections and all penalty and interest collections.

Source: Tarrant Appraisal District and City Finance Department

Analysis of Delinquent Taxes

FY Ending 9/30	Appraised Tax Levy	Uncollected	Percentage of Levy
2008	114,126,102	1,503,568	1.32%
2009	118,435,518	1,230,946	1.04%
2010	118,267,158	1,349,195	1.14%
2011	111,320,648	1,140,910	1.02%
2012	112,255,917	970,330	0.86%
2013	114,551,118	917,054	0.80%
2014	116,048,531	946,728	0.82%
2015	122,228,541	967,976	0.79%
2016	126,643,250	840,621	0.66%
2017	133,677,557	1,002,281	0.75%

Source: City Finance Department

Municipal Sales Tax

The City has adopted the provisions of Sections 321.101 and 321.103 of the Texas Tax Code, which grants the City the power to impose and levy a one percent sales tax for general purposes of the City. On September 14, 2002, an election to adopt an additional one-quarter cent city sales and use tax for municipal street maintenance as permitted under Chapter 327 of the Texas Tax Code was held and the additional one-quarter cent sales and use tax was approved. The additional one-quarter cent sales and use tax became effective on January 1, 2003. It was reapproved in May 2006, May 2010 and May 2014.

On November 2, 2004, an election to adopt an additional one-half cent sales and use tax for the Dallas Cowboys Complex Development Project as permitted by Chapter 334 of the Texas Local Government Code was held and the additional one-half cent sales and use tax was approved. The additional one-half cent sales and use tax became effective on April 1, 2005. The Comptroller of Public Accounts of the State of Texas, after the deduction of a two percent service fee, currently remits monthly the City's portion of sales tax collections to the City. The statute provides the Comptroller must remit at least twice annually. Revenue from sales tax levied for general purposes of the City may not be pledged, under the applicable statutes, to the payment of debt service of the City's debt obligations.

Sixty percent of residents voted November 8, 2016, to help publicly finance the new ballpark by extending existing venue taxes approved in 2004 to build AT&T Stadium for the Dallas Cowboys. These taxes – a half-cent sales tax, 2 percent hotel occupancy tax and 5 percent car rental tax – will pay off the City's contribution to the future ball park.

Per Capita Sales Tax Collection

<u>Fiscal Year</u>	<u>Sales Tax Receipts</u>	<u>Ad Valorem Tax Levy</u>	<u>Sales Tax as a % of Tax Levy</u>	<u>Population Estimate</u>	<u>Per Capita Sales Tax Collection</u>
2013	54,198,622	114,551,118	47.3%	365,930	148
2014	53,412,259	117,212,877	45.6%	369,508	145
2015	56,351,761	122,509,363	46.0%	379,370	149
2016	58,895,721	127,016,834	46.4%	380,740	155
2017	60,447,625	138,536,443	43.6%	382,230	158

Source: City Finance Department

Hotel Occupancy Tax Receipts

Under the provisions of Section 351.002 and 351.003 of the Texas Tax Code, the City is authorized to levy and collect a hotel occupancy tax not to exceed seven percent of the price paid for a room in a hotel in the City which costs \$2 or more per day and is ordinarily used for sleeping (the "Hotel Occupancy Tax") to pay for or finance a variety of public improvements, including, specifically, convention center facilities. Section 351.103(b) of the Texas Tax Code states that the Hotel Occupancy Tax revenue allocated by the municipality cannot exceed 15 percent for the encouragement, promotion and application of the arts and cannot exceed 15 percent for historical preservation projects or activities. The City has levied a Hotel Occupancy Tax of seven percent since 1983. On November 2, 2004, an election was approved under Chapter 334 of the Texas Local Government Code to increase the Hotel Occupancy Tax by two percent for the Dallas Cowboys Complex Development Project. The additional two percent can only be used for this purpose and became effective on April 1, 2005. On November 8, 2016, the two percent was approved to be extended for the Rangers Complex Development Project. The additional two percent is not reflected in the table below.

Series 2015B Refunding Bonds have been payable in part from the Hotel Occupancy Tax. Beginning in FY18, these taxes will no longer support outstanding debt. Growth in the seven percent City portion of the Hotel Occupancy Tax has averaged 8.1 percent per year over the last five years.

<u>Fiscal Year</u>	<u>Hotel Occupancy Tax Receipts</u>
2013	6,628,227
2014	7,307,874
2015	7,859,543
2016	8,427,743
2017	8,994,163

Source: City Finance Department

Financial Information Concerning the Water and Wastewater System

Water and Wastewater Rates

The Council is authorized by its home rule charter and by laws of the State of Texas to establish and to amend rates charged for water and wastewater service. Rates fixed by the Council for domestic application are not subject to review by any other regulatory agency.

The two components of the rate structure are a fixed monthly charge based upon meter size and a volumetric charge per 1,000 gallons used. A separate fixed monthly fee was established for residential class customers with ¾-inch meters whose water and wastewater use is less than 2,000 gallons per month. The fixed charge, for meter sizes other than ¾-inch, increases with meter size to recognize the additional demands that large meter installations can place on the system.

The water volumetric charge is designed to encourage customers to efficiently use water. The volumetric charge increases with higher volumes of water usage for both residential and commercial class customers. Unlike the variable water volumetric rate, the wastewater volumetric rate per 1,000 gallons is a flat rate for all account classifications that will not change based on usage.

City of Arlington Water Utilities Fixed Monthly Fee Effective January 1, 2018

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8 x 3/4" (≤2,000 gal) \$	7.07	\$ 7.62
5/8 x 3/4" (≥3,000 gal)	10.30	12.94
1"	20.30	23.52
1 1/2"	46.31	52.12
2"	81.00	87.73
3"	190.35	271.15
4"	303.75	404.55
6"	707.40	1,100.55
8"	1,107.00	1,450.00
10"	1,663.20	2,114.10

Source: City of Arlington Water Utilities Department

**City of Arlington Water Utilities
Conservation Rates Block Structure
Effective January 1, 2018**

RESIDENTIAL

<u>Usage (1,000 gal)</u>	<u>Water</u>	<u>Wastewater</u>
0 - 2	\$ 2.02	\$ 4.18
3 - 10	2.79	4.18
11 - 15	4.02	4.18
16 - 29	4.79	4.18
≥ 30	5.94	4.18

COMMERCIAL

<u>Usage (1,000 gal)</u>	<u>Water</u>	<u>Wastewater</u>
0 - 15	\$ 3.00	\$ 4.18
≥ 16	3.16	4.18

IRRIGATION

<u>Usage (1,000 gal)</u>	<u>Rate</u>
0 - 29	\$ 4.79
≥ 30	5.94

CONSTRUCTION

<u>Usage (1,000 gal)</u>	<u>Rate</u>
0 - 99	\$ 5.90
≥ 100	7.44

Source: City of Arlington Water Utilities Department

Historical Rate Adjustments

Changes in revenue requirements during the past twenty years have resulted in the following changes in rates for the average residential customer. The overall system average residential customer usage is 7,000 gallons of water. Until December 1988, residential customers were also billed for up to 12,000 gallons of wastewater flows. At that time, the wastewater maximum for residential customers was reduced to 9,000 gallons. Since March 1990, wastewater flows have been based on average winter water consumption. Each residential customer's average winter wastewater flows are calculated according to their water use during the billing periods of December through March. The overall system winter average for a residential customer is approximately 4,000 gallons.

**Water Rate Changes by Percent
Last Ten Fiscal Years
Average Residential Customer
Using 10,000 Gallons Water and 6,000 Gallons Wastewater**

<u>Fiscal Year</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
2008	6.6	3.1	4.8
2009	10.2	9.5	9.9
2010	0.6	2.7	1.6
2011	2.8	3.5	3.2
2012	0.1	1.8	0.9
2013	0	2.4	1.2
2014	9.7	8	8.8
2015	6.6	2.8	4.7
2016	9.7	1.5	5.7
2017	0	10.8	5.4

Source: City Water Utilities Department

Operating Reserve

The current policy, authorized by the City Council, requires the operating reserve to equal a minimum of 60 days of the proposed operating and maintenance expense budget, excluding debt service (Resolution No. 11-363). Additionally, the reserve can be increased to a 60-day level using excess unbudgeted revenues, if available. The reserve fund balance as of September 30, 2017 was \$17,485,831 which equals 60 days of operating and maintenance expense.

Financial Information Concerning the Municipal Drainage Utility System (Stormwater)

Residential Monthly Drainage Utility Fee Rates

Date of Rate Change	Flat Rate
October 1, 2009	\$ 3.50
October 1, 2010	\$ 4.25
October 1, 2011	\$ 4.25
October 1, 2012	\$ 4.25
October 1, 2013	\$ 4.25
November 1, 2014	\$ 4.75
October 1, 2015	\$ 5.25
October 1, 2016	\$ 5.75
October 1, 2017	\$ 6.25
October 1, 2018	\$ 6.75
October 1, 2019	\$ 7.25
October 1, 2020	\$ 7.50

*2014 Rate change was started for November billing cycle instead of October.

Source: Public Works & Transportation

Other Drainage Utility Fee Information

Failure to pay drainage utility fees promptly when due may subject users to discontinuance of any utility services provided by the City. Apartments are considered non-residential for the purpose of the calculation of the stormwater fee. Any non-residential property on which mitigation measures have been taken may be eligible for a credit to the stormwater fee. The Director of Public Works and Transportation shall adjust the fee for such properties according to the actual mitigative effect of the measures taken. Best Management Practices that were required as part of development plan approval will not be eligible for such credits.

Drainage Fee Revenue History

	2017	2016	2015	2014	2013
Residential	\$ 7,990,445	\$ 7,297,314	\$ 6,507,894	\$ 5,862,392	\$ 5,827,580
Commercial	\$ 6,901,797	\$ 6,246,168	\$ 5,545,468	\$ 4,982,059	\$ 4,940,217
Total	\$14,892,242	\$13,543,482	\$12,053,362	\$10,844,451	\$10,767,797

Number of Accounts

	2017	2016	2015	2014	2013
Residential	\$ 95,981	\$ 95,574	\$ 95,227	\$ 94,648	\$ 94,291
Commercial	\$ 5,348	\$ 5,365	\$ 5,343	\$ 5,363	\$ 5,355
Total	\$ 101,329	\$ 100,939	\$ 100,570	\$ 100,011	\$ 99,646

Source: Public Works & Transportation