Memorandum

CITY OF DALLAS

DATE June 9, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT **Dallas Water Utilities – Final Bond Rating Agency Reports**

The June 14 City Council Agenda includes an item authorizing the issuance and sale of City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2017, in a principal amount not to exceed $201 million. This week, bond rating agencies Fitch Ratings and Standard & Poor's confirmed their ratings of AA+ Stable Outlook and AAA Stable Outlook, respectively.

The Fitch report is a notice of rating action without elaboration of factors considered by the agency in taking that action. The Standard and Poor's report is more expansive and includes discussion of what the agency calls "the system's extremely strong enterprise and financial risk profiles." Please see both reports attached. We will provide the results of the Dallas Water Utilities bond sale after the sale, which will be held on July 11.

Please let me know if you need additional information.

M. Elizabeth Reich

M. Elizabeth Reich
Chief Financial Officer

Attachments

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizor Tolbert, Chief of Staff to the City Manager
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Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

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New York, NY 10004
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June 5, 2017

Ms. M. Elizabth Reich
Chief Financial Officer
Dallas
1500 Marilla Street
Dallas, TX 75201

Dear Ms. Reich:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings in any offering document in any instance in which US, UK or any other relevant securities laws requires such consent. Fitch does not consent to the inclusion of any written letter communicating its rating action in any offering document. You understand that Fitch has not consented to, and will not consent to, being named as an "expert" in connection with any registration statement or other filings under US, UK or any other relevant securities laws, including but not limited to Section 7 of the U.S. Securities Act of 1933. Fitch is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933, nor has Fitch performed the roles or tasks associated with an "underwriter" or "seller" under this engagement.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch Ratings, Inc. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance /
Global Infrastructure & Project Finance

JS/mb

Enc: Notice of Rating Action
(Doc ID: 203130)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Dallas (TX) wtrwrks & swr sys rev rfdg bonds ser 2017	Long Term	New Rating	AA+	RO:Sta	01-Jun-2017	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

S&P Global Ratings

RatingsDirect®

Summary:

Dallas; CP; Water/Sewer

Primary Credit Analyst:
James M Breeding, Dallas (1) 214-871-1407; james.breeding@spglobal.com

Secondary Contact:
Theodore A Chapman, Dallas (1) 214-871-1401; theodore.chapman@spglobal.com

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Summary:

Dallas; CP; Water/Sewer

Credit Profile		
US$177.935 mil wtrwks and swr sys rev rfdg bnds ser 2017 due 10/01/2037		
Long Term Rating	AAA/Stable	New

Rationale

S&P Global Ratings assigned its 'AAA' long-term rating and stable outlook to Dallas, Texas' series 2017 water and sewer system revenue refunding bonds. At the same time, S&P Global Ratings affirmed its 'AAA' rating on the long-term revenue bonds issued for Dallas Water Utilities (DWU), and on Tarrant Regional Water District's (TRWD) integrated pipeline (IPL) project contract revenue bonds, issued for DWU. The 'A-1+' commercial paper (CP) rating is also affirmed, based on the long-term rating on DWU and the revolving credit agreements the city has in place to support each program.

The rating on the Tarrant Regional Water District's IPL project bonds is based on the general creditworthiness of Dallas, the sole contracted participant. The city treats its take-or-pay obligation to the district as an unconditional operating expense of its waterworks and sanitary sewer system. As sole contract revenue bond participant, the rating is based on the city's rating. Our long-term rating is based on our opinion of the general creditworthiness of DWU, and includes the system's extremely strong enterprise and financial risk profiles.

As of Oct. 1, 2016, DWU had approximately $2.2 billion in long-term debt outstanding. We understand that bond proceeds will be used to retire outstanding CP. A fully funded debt service reserve in the amount of average annual debt service provides additional liquidity. The bonds are secured by a first-lien pledge on the net revenues of the city's waterworks and sanitary sewer system.

Enterprise risk profile

Factors that in our opinion support the enterprise risk profile include the system's:

- Continued strong management, which has ensured a 25-year water supply and is planning for a 50-year supply, insulating it from near-term drought-related pressures that only recently ended;
- Deep and diverse service area economy that serves not only the city but much of Dallas County as well; and
- Affordable rates with demonstrated willingness to proactively and regularly adjust them.

The DWU system supplies retail water and wastewater service to the city of Dallas, which has a population of roughly 1.3 million, as well as treated and raw water services to nearly all the cities in Dallas County on a wholesale basis, and to the Dallas-Fort Worth International Airport. Because the customer base is sufficiently large and diverse, DWU has no dependence on any of its principal retail customers for its operating revenues. Although DWU's debt is currently rated above the U.S., DWU has a predominantly locally derived revenue base. Local service charges, derived through an autonomous rate-setting process, represent virtually all of the entity's revenues. This, coupled with operating expense flexibility, precludes exposure to federal revenues.

The city is the economic engine in its namesake Dallas-Fort-Worth-Arlington metropolitan statistical area (MSA), with business and professional services, health care, and finance among a deep employment base that remains one of the most vibrant in the state. The city's exposure to the cyclicality of the commodity and energy sector is limited, although the city and the MSA are home to corporate headquarters of some the largest firms in the industry, including AT&T Inc., ExxonMobil, and Southwest Airlines. Through March 2017, the county's unemployment rate remained well below both that of Texas' and the nation's. Because the city's ultimate service area includes most of Dallas County, we are also incorporating into our analysis the county's median household effective buying income, which is at 95% of the U.S. average. Given the sheer size of the customer base, the city is not dependent upon any of its retail customers for operating revenues. In a typical fiscal year, wholesale sales for water and wastewater services will account for about 20% total operating revenues.

DWU's supplies are largely intact despite the drought in 2011 that gradually worsened until spring 2015's record rainfall. In fact, the entire reservoir system remains at or near 100% full. In 2012, city leaders implemented permanent, year-round mandatory maximum twice-weekly outdoor water conservation measures beyond the outdoor watering time-of-day measures that have been in place for years. City management also frequently updates its drought management plan, along with its long-range water supply plan, as part of the regularly revised regional water supply planning process in which it participates. In addition to the joint venture with TRWD, the city also has other regional partnerships for conservation, supply, and environmental stewardship.

Utility rates are reviewed annually, both for retail and wholesale customers. The most recent retail rate increase went into effect on Oct. 1, 2016. This 2.6% increase brought the average utility bill to about $65.00. In our opinion, when considering service area income and poverty rate levels, utility rates remain affordable and provide for additional rate-raising flexibility.

Based on our operational management assessment (OMA), we view Dallas Water to be a '2' on a scale of 1-6, with '1' being the strongest. This indicates, in our view, that operational and organizational goals are generally well-aligned, even if some challenges exist. The OMA of good includes the city's aggressive efforts to keep non-revenue water low and an agreement with the state environmental body to proactively maintain the collection system. While replacing aging infrastructure will remain a focus, enhancing the long-term water supply will remain among the highest profile of the system's capital commitments. The current governance and management structure has also allowed critical decision-making to be done with an eye towards financial integrity and maintaining operations at a high level.

Financial risk profile

Factors that in our opinion support the financial risk profile include the system's:

- Very strong all-in coverage, boosted by substantial wholesale sales that provide cash flow certainty to overall operating revenues even if weather patterns impact retail sales;
- Extremely strong liquidity; and
- Financial management practices we deem as strong, which indicates best practices across the utility and the city are well embedded and financial and operational goals are well aligned.

Fiscal 2015 all-in coverage (debt service coverage) by our calculation was a strong 1.4x, despite being the single wettest calendar year on record in north Texas. Total debt service coverage (DSC) is consistently above management policy's set rates to achieve budgeted revenue bond DSC of at least 1.5x maximum annual debt service (MADS), which is well above the 1.25x average annual debt service rate covenant. The wholesale water purchase contracts–generally in place through the 2030s or longer–contain take-or-pay minimum amounts, paid monthly as an operating expense by each respective city, which lends further consistency to cash flow. Overall, city management has well-delineated financial management performance criteria for all its major operating funds, including for DWU, to which it holds itself strictly accountable and ensures overall financial integrity. Unaudited fiscal 2016 results show strong operating revenue growth of almost 6% to $607.3 million and all-in coverage of roughly 1.5x when accounting for transfers to the city's general fund. Operating expenditures, however, grew at a higher pace of almost 30% to about $406.0 million. This included a sizable noncash pension expense item related to the changes in net pension liability for the general employees and related pension deferred outflows and inflows of resources. This is not related to the widely reported funding problems associated with the Dallas Police and Fire Pension System, but rather assumption and accounting changes. While this does not have an immediate impact on DWU's financial performance and coverage levels, longer-term implications are uncertain, as contribution rates, and subsequent contributions, may increase over time.

Issuer-provided financial projections show operating revenues continued to steadily increase to more than $730.0 million by 2021, while operating expenditures grow to almost $337.0 million. The result is projected revenues available for debt service increasing to $393.0 million from about $340.0 million. This would provide annual debt service coverage ranging from 1.9x to 2.1x. When including annual recurring transfers to the city's general fund, all-in coverage is weaker, but still strong at more than 1.6x. However, these projected coverage ratios do not include the planned issuance of additional bonds.

Despite the challenges facing the city's general fund budget–including the pension fund for the city's police and fire employees–city leaders remain committed to the utility's financial independence and have not turned to DWU's surplus net revenues to plug any budget gap. While DWU has identified in its capital improvement program (CIP) about $898 million in capital commitments through 2019 and $3.6 billion in capital commitments through fiscal 2024-$2.5 billion of which is for water projects-financial performance is expected to remain in line with historical levels. None of the CIP is associated with an unfunded regulatory mandate such as the federal Clean Water Act violations. The city has, in fact, an extraordinarily low ratio of both overflows and line breaks per mile, indicating in our view a strong level of discretionary maintenance.

DWU also maintains two series of commercial paper notes, consisting of two separate liquidity agreements with three banks. Combined, the series D, which consists of the D-1 and D-2 subseries, and the series E, provide DWU access to $600 million for capital improvements. The series D program is supported by revolving credit agreements with State Street Bank and Bank of America, while the series E program is supported by a liquidity agreement with JPMorgan Chase Bank. We view financial management of the system as strong, meaning policies are embedded and likely sustainable. Interim financial results are produced and shared throughout the year and management updates its multiyear financial projections and capital improvement plan throughout the fiscal year. There are formal policies regarding liquidity and investments, and independently audited financial statements are produced annually. The city has no direct purchase debt or other less traditional financing obligations.

We also view as supportive of consistent operational and financial performance management's long history of maintaining a roughly 50-50 debt-to-equity ratio and continued use of regular rate adjustments. Officials review rates annually and adjust them as necessary-including every year since 2004--a trend we anticipate will continue.

Outlook

The stable outlook reflects our expectation that the system's financial profile will remain commensurate with the ratings over our two-year horizon. We believe the strong management, including long-term planning and transparency regarding future rate adjustments, will continue to allow the city to fund identified needs even with the expectation of some additional debt over time.

While we would view it as unlikely in the near term, downward pressure on the rating is possible, but would most likely be associated with a deterioration of the financial risk profile, possibly associated with events such as negative extraordinary intervention via a drain of cash by the general fund, increasing financial commitments related to rising pension-related costs, the aggressive use of riskier debt instruments, or new unfunded mandates from environmental regulators that could cause a sharp deviation in financial performance. A sudden sharp decline in overall financial metrics could lead to an immediate downgrade.

Ratings Detail (As Of June 6, 2017)		
Dallas CP		
Short Term Rating	A-1+	Affirmed
Dallas WTRSWR		
Long Term Rating	AAA/Stable	Affirmed
Dallas CP ser D		
Short Term Rating	A-1+	Affirmed
Dallas WS		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
Long Term Rating	AAA/Stable	Affirmed
Tarrant Regl Wtr Dist, Texas		
Dallas, Texas		
Tarrant Regl Wtr Dist (Dallas) wtr transmission facs contract rev bnds (City of Dallas Proj) ser 2012 dtd 02/01/2012 due 09/01/2013-2037 2042		
Long Term Rating	AAA/Stable	Affirmed
Tarrant Regl Wtr Dist (Dallas Proj) WS		
Long Term Rating	AAA/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Memorandum

CITY OF DALLAS

DATE June 9, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT Fair Park Request For Proposals Schedule

The City Council approved a consultant contract on April 12, 2017 with Johnson Consulting, an expert in the field of convention, hospitality and sports facilities, to develop a Request for Proposals (RFP) for the management of Fair Park. The consultant team is currently creating the RFP specifications in coordination with staff and will assist in the evaluation of the proposers' financial model. The RFP process is on schedule, and it will be issued in July to the three firms that were deemed responsive to the Request for Qualifications.

The consultant team began work last month and is currently conducting meetings with the members of the City Council, Park and Recreation Board, and Landmark Commission to better understand priorities and to solicit input. Those meetings are occurring through the end of June. For additional information regarding the timeline, a schedule developed by the consultant team is attached. Also, please note and share with your constituents that a community meeting will be held on June 26, 2017 at 6:30pm at the Women's Museum at Fair Park.

Please let me know if you have any questions or need additional information.

Joey Zapata
Assistant City Manager

Attachment

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizor Tolbert, Chief of Staff to the City Manager
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Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Proposed Timeline for RFP Development
Dallas Fair Park - Dallas, TX

Project Kick-Off		May 24, 2017
Task	**Duration**	**Target Completion Date**
Council Member, Park Board Member + Landmark Commission Interviews	5 weeks*	May 25, 2017 - June 29, 2017
Community Meeting #1	-	June 26, 2017
Draft RFP Document	4 weeks	June 23, 2017
Client Review of RFP Document	1.5 weeks	July 3, 2017
RFP Document Finalized	1 week	July 10, 2017
RFP Issued	-	mid July

** Interviews may extend beyond this period based upon availability of interviewees*

Memorandum

CITY OF DALLAS

DATE June 9, 2017

TO The Honorable Mayor and Members of the City Council

SUBJECT **Proposed North Lake Highlands Public Improvement District (PID)**

On June 28, 2017, City Council will be asked to consider a resolution calling for a public hearing regarding the creation of the North Lake Highlands Public Improvement District (NLHPID), to be held on August 9, 2017. This item is subject to finalization of PID boundaries and verification of petition signatures. Information is being provided because there are no additional Economic Development Committee meetings prior to August.

When the existing Lake Highlands PID (LHPID) was last renewed in 2015, there was an attempt to expand its boundaries north of LBJ Freeway into the Forest Lane /Audelia Road area. However, with many multi-family and commercial properties in ownership transition, there was not enough property owner support to expand into that area. The LHPID, was renewed, with only a minor expansion of properties south of LBJ. The purpose of PID expansion north of LBJ Freeway was to extend supplemental public safety patrols to assist in stabilizing crime hot spots as well as offer community programming to residents located in the older apartment complexes which lack amenities for families and to provide some public area aesthetic improvements. There were also discussions about finding ways to "unite" the greater Lake Highlands area because there is a perception that LBJ Freeway has created a "north vs. south" barrier, both physically and psychologically. In 2016, there was a petition effort to create a separate "North Lake Highlands PID". Although the petition was backed by new ownership of major properties, there was not enough property owner petition support to move forward with the creation a new PID.

After positive feedback from key property owners, a third effort to create a PID in the north LBJ area was launched. A petition has been in circulation since early February 2017 and is expected to be completed by mid-June. The existing LHPID has agreed to be the management entity with a provision to allow for an assignment if a separate management group is desired in the future.

Pursuant to waiving certain provisions of the adopted City of Dallas PID Policy Resolution No. 05-3539, as amended last year for the creation of the South Dallas/Fair Park PID, the NLHPID

proposal will seek a waiver from the deadline to submit petitions by April 1st and the 60% petition thresholds that are higher than State law requirements.

Chapter 372 of the Local Government Code (Public Improvement District Act) has a 50% petition requirement stated as follows:
"The petition is sufficient if signed by:
(1) owners of taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located; and
(2) record owners of real property liable for assessment under the proposal who:
(A) constitute more than 50 percent of all record owners of property that is liable for assessment under the proposal; or
(B) own taxable real property that constitutes more than 50 percent of the area of all taxable real property that is liable for assessment under the proposal."

PID creation or renewal is a "two-step" process. City Council calls a public hearing and needs at least 15 days for legal notice prior to holding the public hearing in order to consider creation or renewal of a PID. Timing is also driven by the annual service plan budget/assessment rate approval process. Assessment rates need to be approved no later than mid-September for the Dallas County Tax Office to include the assessment with property owner billing on October 1st.

Should you have any question, please contact me at 214-671-5257.

T. C. Broadnax
City Mananger

c: Larry Casto, City Attorney
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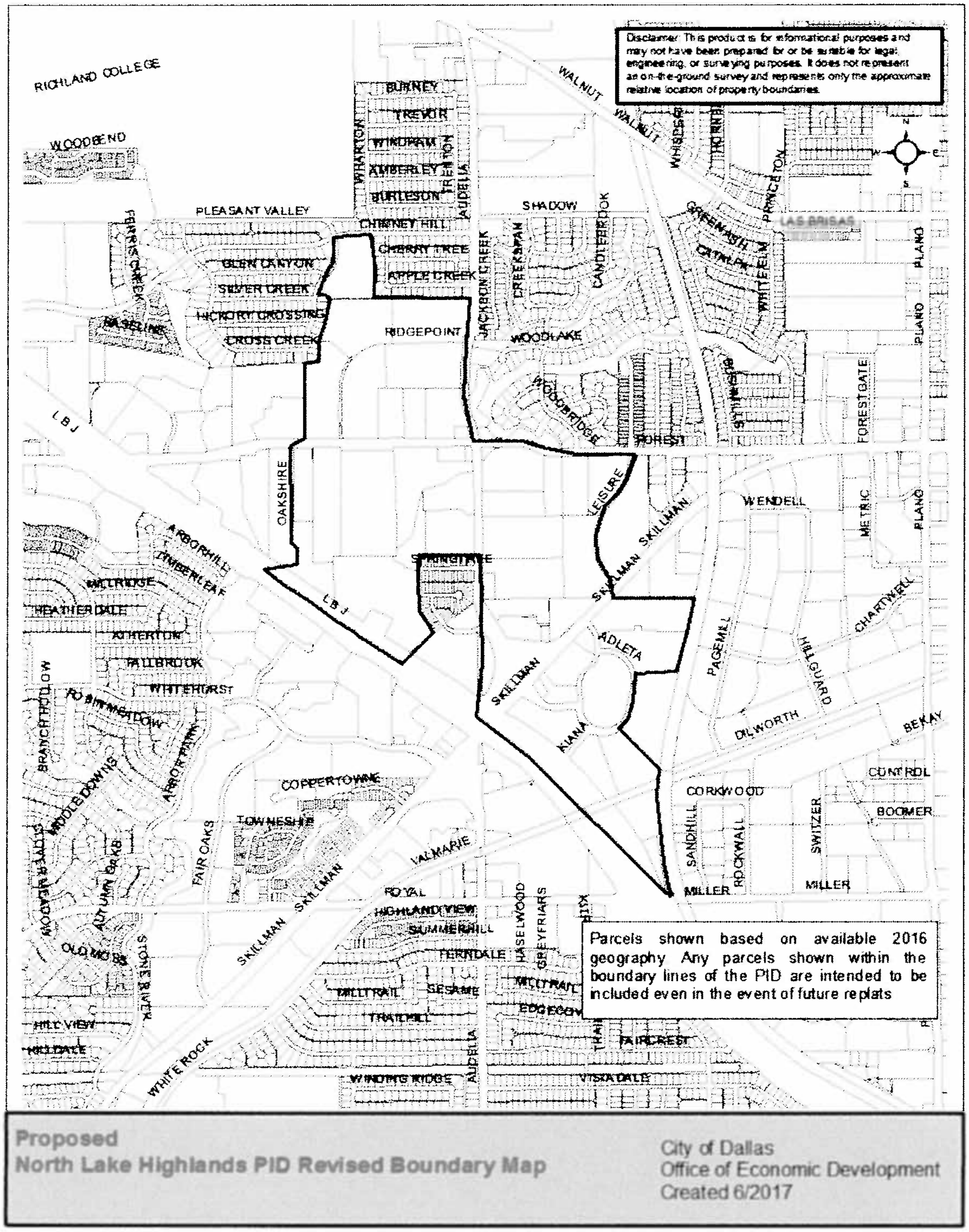
Current Proposed North Lake Highlands PID Boundary (redline)



Memorandum

CITY OF DALLAS

DATE June 8, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT **M/WBE Participation – June 14, 2017 Agenda Item #24**

On the June 14th Council Agenda, item number 24 is a request to authorize a contract with Ark Contracting Services, LLC for partial removal to allow two-way small motorized boat traffic on the Trinity River. I want to bring to your attention the M/WBE participation for the removal of the standing wave.

This project requires specialized work and equipment necessary to conduct the removal within the river banks under and above water. As a result of the specialized work, $1.7M or 86.00% of the $1.9M project is being self-performed by the vendor that originally installed the standing wave, as well as $50,000 being performed by the original structural engineer that designed the foundations, leaving only 12.00% $238,000 to be sub-contracted. Of the remaining $238,000 amount, $148,000 was sub-contracted to M/WBE firms. The Office of Business Diversity requested additional efforts be made on the remaining scopes. An additional 0.40% participation was achieved with an M/WBE that provides barricades. The total MWBE amount of this contract is $148,000, 7.48% MWBE participation.

The Office of Business Diversity will continue to work with our prime contractors to ensure our diversity goals are met and/or exceeded.

Kimberly Bizor Tolbert
Chief of Staff to the City Manager

c: Larry Casto, City Attorney
Craig D. Kinton, City Auditor
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Memorandum

CITY OF DALLAS

DATE June 9, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT Sales Tax Receipts

The April 2017 sales tax receipts from the State Comptroller's Office are $22,205,794 which represents a 0.3 percent decrease in total collections compared to the same reporting period last year. April's sales tax revenue is 2.0 percent less than the current month's budget.

- April 2016 actual $22,264,607
- April 2017 budget $22,648,188
- April 2017 actual $22,205,794
    - 0.3 percent less than the April 2016 actual
    - 2.0 percent less than the April 2017 budget

Sales tax receipts for the first seven months of FY 2016-17 are better than budget by $1,376,452 or 0.8 percent. Over the most recent 12 months, sales tax receipts have increased by 4.2 percent. We will continue to monitor our sales tax forecast closely and keep you informed.

M. Elizabeth Reich

M. Elizabeth Reich
Chief Financial Officer

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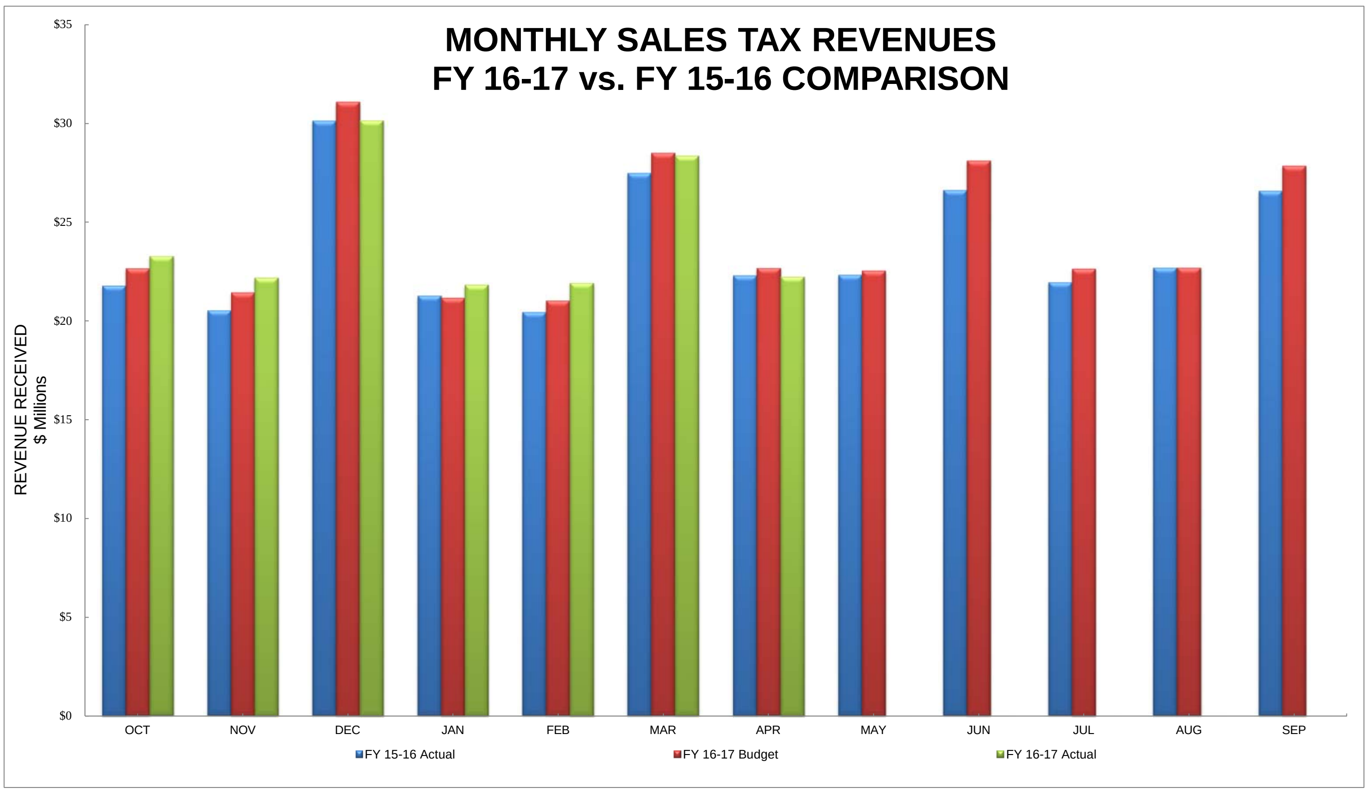
SALES TAX

as of April 2017

	ACTUAL FY 2015-16	BUDGET FY 2016-17	ACTUAL FY 2016-17	YTD VARIANCE FY 16-17 ACT. VS. FY 15-16 ACT. DOLLARS	PERCENT	YTD VARIANCE FY 16-17 ACTUAL VS. BUDGET DOLLARS	PERCENT
OCT	$21,768,868	$22,643,318	$23,256,127	$1,487,259	*6.8%*	$612,809	*2.7%*
NOV	20,523,724	21,429,628	$22,167,177	$1,643,453	*8.0%*	$737,549	*3.4%*
DEC	30,137,311	31,084,441	$30,146,384	$9,073	*0.03%*	($938,057)	*-3.0%*
JAN	21,258,240	21,150,897	$21,809,865	$551,625	*2.59%*	$658,968	*3.1%*
FEB	20,418,444	21,012,953	$21,898,775	$1,480,331	*7.25%*	$885,822	*4.2%*
MAR	27,481,662	28,497,411	$28,359,166	$877,504	*3.19%*	($138,245)	*-0.5%*
APR	22,264,607	22,648,188	$22,205,794	($58,813)	*-0.26%*	($442,394)	*-2.0%*
MAY	22,311,362	22,520,061					
JUN	26,609,193	28,089,202					
JUL	21,920,611	22,607,650					
AUG	22,670,093	22,676,831					
SEP	26,553,757	27,827,924					
TOTAL	**$283,917,872**	**$292,188,504**	**$169,843,288**	**$5,990,432**	***3.7%***	**$1,376,452**	***0.8%***



Memorandum

CITY OF DALLAS

DATE June 9, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT FY 2016-17 Financial Forecast Report

Please find attached the Financial Forecast Report based on information through April 2017.

We currently forecast General Fund revenues will exceed expenses at the end of the fiscal year by $15.5 million. Revenues are forecast to be $8.2 million above budget primarily due to an unanticipated, non-recurring reimbursement from the State through the Ambulance Supplemental Payment Program. Expenses are forecast to be $7.3 million below budget primarily due to savings in the master lease program and in the Police Department. Details related to budget variances may be found at the end of the report.

The Texas Legislature unanimously passed HB 3158, the new legislation governing the Dallas Police and Fire Pension Fund. Due to new pension contribution requirements outlined in the legislation, effective September 1, 2017, the forecast for the City's contribution into the pension fund for the month of September has been increased by $1.6 million.

Please note that the June 14 City Council Agenda includes an item to reallocate and appropriate funding for FY 2016-17. The item seeks authorization to reduce the non-departmental and Police Department appropriations by $4 million and $1 million, respectively, and transfer those appropriations to the Mobility and Streets Services Department. Additionally, $8 million in General Fund surplus revenue and $7 million of unappropriated interest from bond funds would be appropriated for street and alley improvements. In total, this action will add $20 million for street and alley improvements this fiscal year. We briefed the Budget, Finance, and Audit Committee at their May 15 meeting and the committee supported this action.

After this action, we forecast General Fund revenues will exceed expenses at the end of the fiscal year by $2.5 million. We will continue to closely monitor revenues and expenditures and keep you informed.

M. Elizabeth Reich

M. Elizabeth Reich
Chief Financial Officer

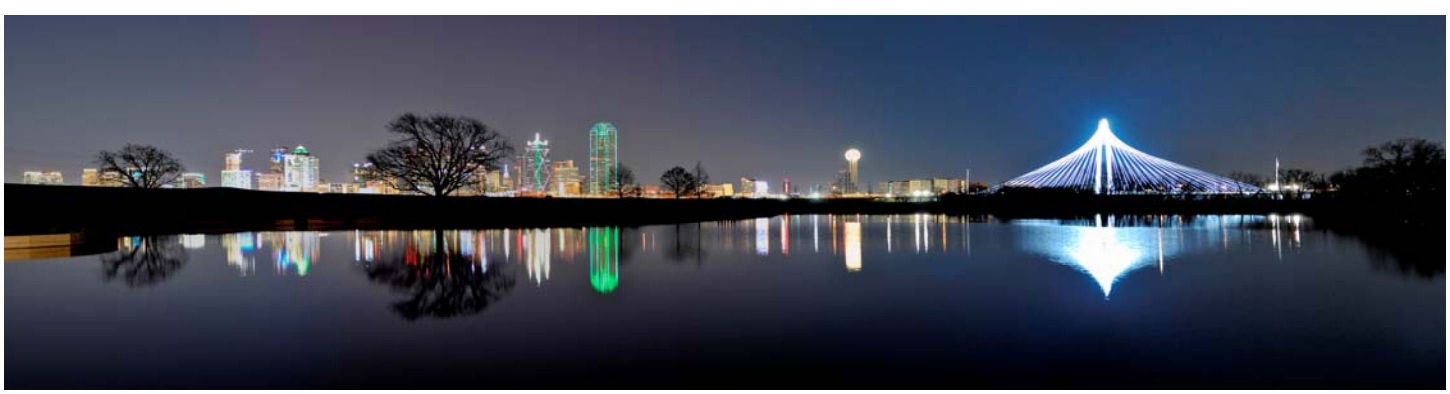
Attachment

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Raquel Favela, Chief of Economic Development & Neighborhood Services
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

FY 2016-17

Financial Forecast Report

Information as of April 30, 2017



GENERAL FUND

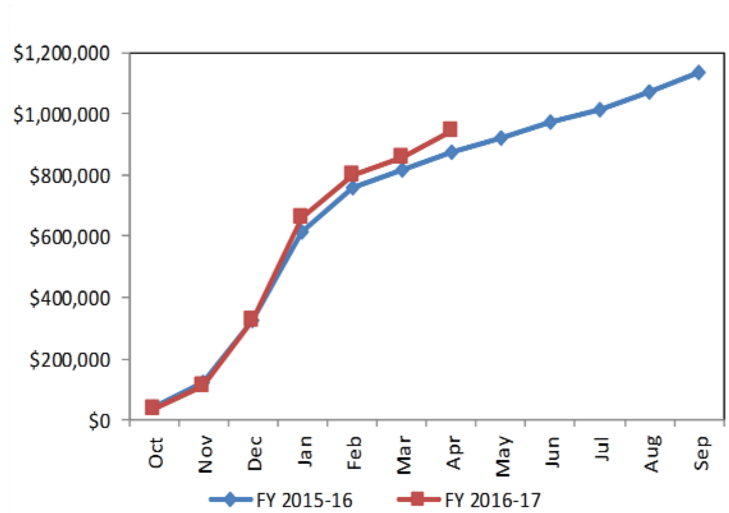
As of April 30, 2017
(000s)

ITEM	AMENDED BUDGET[1]	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Revenues	$1,230,927	$942,757	$1,239,128	$8,201
Expenditures	1,230,927	640,428	1,223,640	(7,287)
Net Excess of Revenues Over Expenditures/Transfers	$0	$302,329	$15,488	$15,488

GENERAL FUND REVENUES

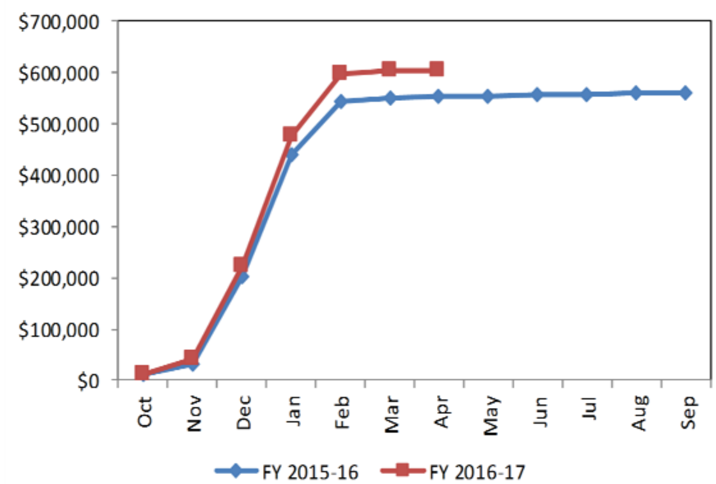
All SOURCES

	FY 2015-16	FY 2016-17	Variance
Oct	$41,660	$36,761	($4,898)
Nov	77,665	75,718	(1,947)
Dec	203,876	210,273	6,397
Jan	288,996	336,924	47,928
Feb	147,975	139,749	(8,226)
Mar	53,193	57,692	4,499
Apr	58,776	85,640	26,864
May	49,762		
Jun	47,660		
Jul	45,379		
Aug	56,960		
Sep	62,480		
Total	**$1,134,380**	**$942,757**	**$70,617**



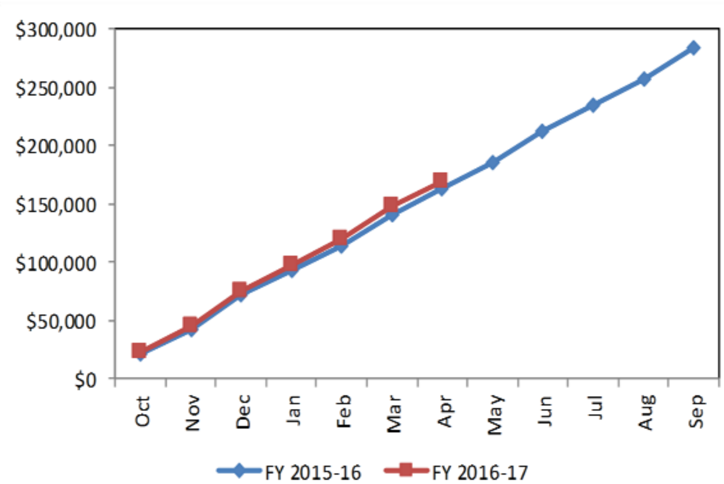
PROPERTY TAX

	FY 2015-16	FY 2016-17	Variance
Oct	$11,487	$12,787	$1,300
Nov	20,589	29,060	8,471
Dec	169,848	181,782	11,934
Jan	237,273	252,156	14,883
Feb	104,025	120,141	16,116
Mar	7,675	7,304	(371)
Apr	2,364	1,997	(367)
May	1,593		
Jun	2,523		
Jul	858		
Aug	852		
Sep	891		
Total	**$559,978**	**$605,225**	**$51,965**



SALES TAX

	FY 2015-16	FY 2016-17	Variance
Oct	$21,769	$23,256	$1,487
Nov	20,524	22,167	1,643
Dec	30,137	30,146	9
Jan	21,258	21,810	552
Feb	20,418	21,899	1,480
Mar	27,482	28,359	878
Apr	22,265	22,206	(59)
May	22,311		
Jun	26,609		
Jul	21,921		
Aug	22,670		
Sep	26,554		
Total	**$283,918**	**$169,843**	**$5,990**



GENERAL FUND REVENUES

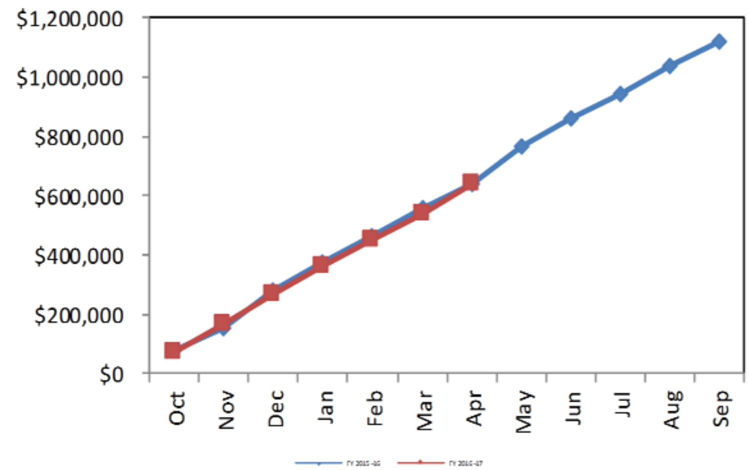
As of April 30, 2017
(000s)

	AMENDED BUDGET[1]	REVENUES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
TAXES				
Ad Valorem Tax[2]	$610,219	$605,225	$611,900	$1,681
Sales Tax[3]	292,189	169,843	293,565	1,376
TOTAL TAXES	**902,408**	**775,069**	**905,465**	**3,057**
FRANCHISE REVENUES				
Oncor Electric	51,078	40,314	51,035	(43)
AT&T	9,594	5,198	9,676	82
Atmos Energy[4]	17,157	7,543	18,611	1,454
Time Warner Cable	6,210	3,304	6,297	87
Other[5]	29,737	14,857	28,359	(1,377)
TOTAL FRANCHISE REVENUES	**113,775**	**71,215**	**113,978**	**203**
LICENSES AND PERMITS	**4,891**	**3,583**	**4,912**	**22**
INTEREST EARNED[6]	**1,316**	**2,214**	**3,227**	**1,911**
INTERGOVERNMENTAL[7]	**8,501**	**7,853**	**9,118**	**618**
FINES AND FORFEITURES				
Municipal Court[8]	18,701	10,721	17,075	(1,626)
Vehicle Towing & Storage[9]	7,146	4,384	7,640	494
Parking Fines	5,022	2,282	5,022	0
Red Light Camera Fines	7,460	0	7,460	0
Public Library[10]	431	102	255	(176)
TOTAL FINES	**38,760**	**17,490**	**37,452**	**(1,308)**
CHARGES FOR SERVICE				
Parks	10,522	5,377	10,839	317
Emergency Ambulance[11]	32,091	11,590	40,332	8,241
Security Alarm	4,380	2,289	4,295	(85)
Street Lighting	648	336	648	0
Vital Statistics	1,600	1,027	1,616	16
Other[12]	28,311	14,356	23,404	(4,907)
TOTAL CHARGES	**77,552**	**34,974**	**81,134**	**3,582**
INTERFUND REVENUE	**76,111**	**25,315**	**75,879**	**(232)**
MISCELLANEOUS	**7,616**	**5,045**	**7,964**	**348**
TOTAL REVENUES	**$1,230,927**	**$942,757**	**$1,239,128**	**$8,201**

GENERAL FUND EXPENDITURES

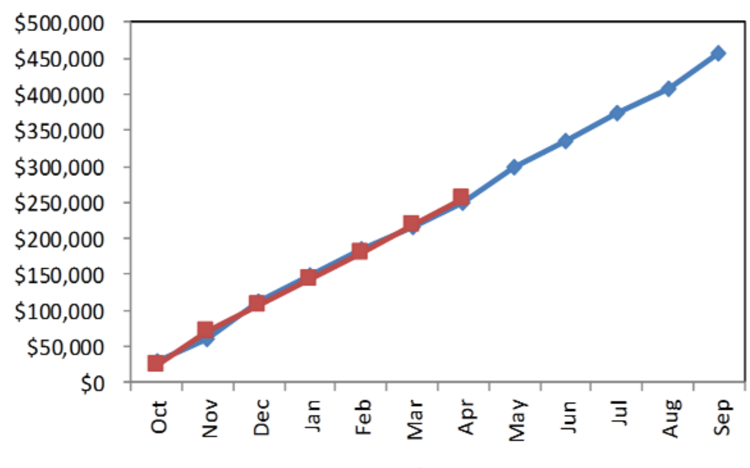
ALL EXPENSES

	FY 2015-16	FY 2016-17	Variance
Oct	$75,601	$71,583	($4,018)
Nov	78,065	97,700	19,635
Dec	124,594	98,282	(26,312)
Jan	97,321	94,625	(2,696)
Feb	84,683	87,016	2,333
Mar	95,576	92,076	(3,500)
Apr	86,104	99,146	13,042
May	126,118		
Jun	90,989		
Jul	82,900		
Aug	93,679		
Sep	85,148		
Total	$1,120,778	$640,428	($1,516)



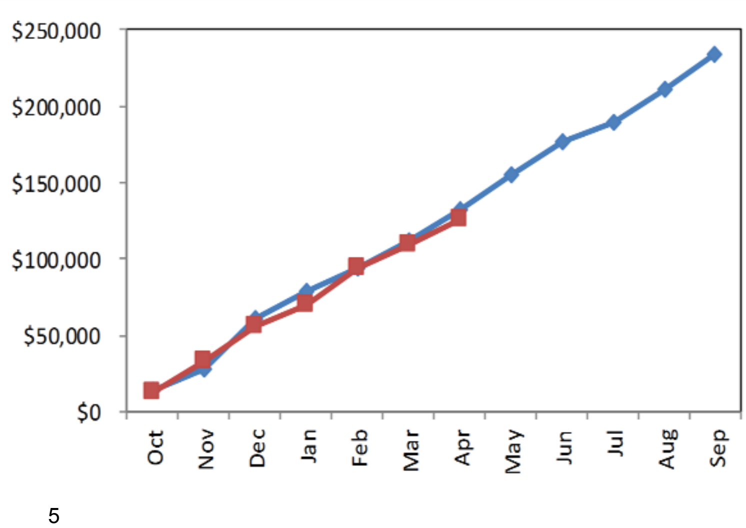
POLICE

	FY 2015-16	FY 2016-17	Variance
Oct	$28,488	$25,289	($3,199)
Nov	31,370	46,089	14,719
Dec	52,490	35,634	(16,856)
Jan	35,550	37,304	1,754
Feb	37,126	36,295	(831)
Mar	30,058	37,745	7,687
Apr	34,931	35,609	678
May	48,649		
Jun	37,058		
Jul	38,075		
Aug	32,689		
Sep	49,363		
Total	$455,847	$253,966	$3,953



FIRE

	FY 2015-16	FY 2016-17	Variance
Oct	$13,994	$12,198	($1,796)
Nov	14,184	20,784	6,600
Dec	32,389	23,355	(9,034)
Jan	17,547	13,952	(3,595)
Feb	16,128	23,830	7,702
Mar	18,076	15,740	(2,336)
Apr	19,295	16,526	(2,769)
May	23,154		
Jun	21,372		
Jul	13,779		
Aug	21,006		
Sep	23,230		
Total	$234,154	$126,385	($5,228)



GENERAL FUND EXPENDITURES

As of April 30, 2017
(000s)

DEPARTMENT	AMENDED BUDGET[1]	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	$25,312	$15,466	$25,312	$0
Business Dev/Procurement Svcs	3,041	1,650	3,040	(0)
City Attorney's Office	16,747	9,254	16,747	0
City Auditor's Office[13]	3,194	1,584	3,032	(163)
City Controller's Office	5,441	3,446	5,397	(44)
City Manager's Office	2,308	1,765	2,308	0
City Secretary's Office	2,029	1,032	2,029	(0)
Civil Service	2,887	1,348	2,925	38
Code Compliance	42,386	23,866	42,282	(103)
Court Services	11,976	6,875	11,976	0
Elections	1,730	874	1,730	0
Fire	254,603	126,385	254,416	(186)
Housing	14,403	9,660	14,403	(0)
Human Resources[14]	5,220	2,824	4,871	(349)
Independent Audit	865	-	865	0
Jail Contract - Lew Sterret	7,813	3,906	7,813	0
Judiciary	3,296	1,950	3,263	(32)
Library	29,984	16,742	29,984	0
Management Services	10,235	5,975	9,975	(261)
Mayor and Council	4,465	2,489	4,515	49
Mobility and Street Services	84,577	52,665	84,546	(31)
Mobility and Street Services-Street Lighting	16,956	9,275	16,956	0
Non-Departmental[15]	70,412	13,529	66,101	(4,312)
Office of Cultural Affairs	19,605	13,893	19,605	0
Office of Economic Development	2,575	2,445	2,575	0
Office of Financial Services	2,957	1,392	2,956	(1)
Park and Recreation	94,673	52,907	94,728	55
Planning & Urban Design	3,029	1,480	3,031	3
Police[16]	478,004	253,966	476,059	(1,945)
Sustainable Dev/Construction	1,386	1,413	1,381	(4)
Trinity Watershed Management	1,318	376	1,318	0
RESERVES AND TRANSFERS				
Contingency Reserve	1,650	0	1,650	0
Liability/Claim Fund	4,283	0	4,283	0
Salary & Benefit Reserve[17]	1,570	0	1,570	0
TOTAL EXPENDITURES	**$1,230,927**	**$640,428**	**$1,223,640**	**($7,287)**

PROPRIETARY FUNDS

As of April 30, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
AVIATION				
BEGINNING FUND BALANCE	$9,907	$ -	$9,907	$ -
REVENUES:				
Parking	27,143	14,386	26,874	(269)
Terminal Concessions	25,416	12,940	25,394	(21)
Landing Fees	17,784	11,052	17,784	0
Rental on Airport - Terminal	14,789	8,013	14,789	0
Rental on Airport - Field	8,586	4,546	8,203	(384)
Fuel Flow Fees	1,225	647	1,225	0
All Remaining Revenues	3,230	3,440	5,308	2,078
TOTAL REVENUES	98,174	55,025	99,578	1,405
TOTAL EXPENDITURES	99,188	42,700	99,996	808
ENDING FUND BALANCE	$8,893	$ -	$9,489	$596
CONVENTION AND EVENT SERVICES				
BEGINNING FUND BALANCE	$29,150	$ -	$29,150	$ -
REVENUES:				
Hotel Occupancy Tax	58,856	27,868	57,057	(1,799)
Alcoholic Beverage Tax	12,445	6,246	12,528	82
Operating Revenues	25,002	18,271	27,595	2,593
Office of Special Events	100	75	106	7
TOTAL REVENUES	96,403	52,460	97,287	884
TOTAL EXPENDITURES	96,403	44,169	97,287	884
ENDING FUND BALANCE	$29,150	$ -	$29,150	$0

PROPRIETARY FUNDS

As of April 30, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
SUSTAINABLE DEVELOPMENT AND CONSTRUCTION				
BEGINNING FUND BALANCE	$36,856	$ -	$36,856	$ -
REVENUES:				
Building Permits	19,240	12,970	19,603	363
Certificate of Occupancy	1,412	688	1,412	0
Plan Review	3,749	2,733	3,870	121
Registration/License	1,028	685	1,028	0
Special Plats	887	624	887	0
Private Development	1,010	841	1,156	146
Zoning	1,184	648	1,184	0
Interest Earnings	117	285	155	38
All Remaining Revenues	1,477	1,149	1,477	0
TOTAL REVENUES	30,103	20,623	30,772	668
TOTAL EXPENDITURES[18]	36,090	15,074	32,341	(3,749)
ENDING FUND BALANCE	$30,869	$ -	$35,287	$4,418
MUNICIPAL RADIO				
BEGINNING FUND BALANCE	$1,288	$ -	$1,288	$ -
REVENUES:				
Local and National Sales	1,980	1,058	2,000	20
All Remaining Revenues	75	6	15	(60)
TOTAL REVENUES	2,055	1,064	2,015	(40)
TOTAL EXPENDITURES	2,032	1,077	1,949	(84)
ENDING FUND BALANCE	$1,310	$ -	$1,354	$43

PROPRIETARY FUNDS

As of April 30, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
WATER UTILITIES				
BEGINNING FUND BALANCE	$87,038	$ -	$87,038	$ -
REVENUES:				
Treated Water - Retail	294,427	148,446	294,155	(273)
Treated Water - Wholesale	84,700	46,891	84,045	(655)
Wastewater - Retail	236,075	126,588	230,378	(5,698)
Wastewater - Wholesale	10,554	5,677	9,939	(615)
All Remaining Revenues	31,708	17,159	31,084	(624)
TOTAL REVENUES	657,465	344,760	649,601	(7,864)
TOTAL EXPENDITURES	657,465	299,035	649,601	(7,864)
ENDING FUND BALANCE	$87,038	$ -	$87,038	$0
COMMUNICATION & INFORMATION SERVICES				
BEGINNING FUND BALANCE	$11,178	$ -	$11,178	$ -
REVENUES:				
Interdepartmental Charges	58,330	28,591	58,330	0
Telephones Leased	7,723	2,808	7,723	0
Circuits	1,449	1	1,449	0
Desktop Services	0	2	2	2
Interest	150	101	174	36
Equipment Rental	5,002	283	5,002	0
Miscellaneous	171	86	183	13
TOTAL REVENUES	72,825	31,872	72,863	38
TOTAL EXPENDITURES	74,838	42,163	73,216	(1,622)
ENDING FUND BALANCE	$9,165	$ -	$10,825	$1,660

PROPRIETARY FUNDS

As of April 30, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
EQUIPMENT SERVICES				
BEGINNING FUND BALANCE	$4,450	$ -	$4,450	$ -
REVENUES:				
Rental/Wreck	33,541	17,936	34,871	1,330
Fuel	16,482	7,296	16,482	0
Auto Auction/Non-Taxable	418	267	418	0
Miscellaneous Revenue	391	548	1,032	641
Interest and Other	5	1	1	(4)
TOTAL REVENUES	50,837	26,048	52,804	1,967
TOTAL EXPENDITURES	50,837	27,719	51,586	749
ENDING FUND BALANCE	$4,450	$ -	$5,668	$1,218
EXPRESS BUSINESS CENTER				
BEGINNING FUND BALANCE	$1,631	$ -	$1,631	$ -
REVENUES:				
Postage Sales	2,703	1,334	2,703	0
All Other Revenues	1,278	995	1,454	176
TOTAL REVENUES	3,981	2,329	4,157	176
TOTAL EXPENDITURES	3,780	2,109	3,734	(46)
ENDING FUND BALANCE	$1,833	$ -	$2,054	$221

PROPRIETARY FUNDS

As of April 30, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
SANITATION SERVICES				
BEGINNING FUND BALANCE	$14,681	$ -	$14,681	$ -
REVENUES:				
Residential Collection	72,502	43,593	73,997	1,495
Cost Plus Bulk/Brush	122	74	128	6
Sale of Recyclables	695	808	1,045	350
City Facility Collection	737	437	764	27
Landfill Revenue	21,890	16,943	27,763	5,873
TOTAL REVENUES[19]	95,946	61,855	103,696	7,750
TOTAL EXPENDITURES[19]	95,946	46,787	97,960	2,014
ENDING FUND BALANCE	$14,681	$ -	$20,418	$5,737

OTHER FUNDS

As of April 30, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
9-1-1 SYSTEM OPERATIONS				
BEGINNING FUND BALANCE	$5,494	$ -	$5,494	$ -
REVENUES:				
9-1-1 Service Receipts - Wireless	6,374	3,345	6,348	(26)
9-1-1 Service Receipts - Wireline	6,450	3,557	6,181	(269)
Interest and Other	48	66	117	68
TOTAL REVENUES	12,873	6,968	12,646	(227)
TOTAL EXPENDITURES	16,389	3,020	16,358	(31)
ENDING FUND BALANCE	$1,978	$ -	$1,782	($196)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
STORM DRAINAGE MANAGEMENT				
BEGINNING FUND BALANCE	$6,754	$ -	$6,754	$ -
REVENUES:				
Storm Water Fees	50,856	27,799	50,847	(9)
Interest and Other	81	90	90	9
TOTAL REVENUES	50,937	27,889	50,937	0
TOTAL EXPENDITURES	53,008	17,662	52,989	(18)
ENDING FUND BALANCE	$4,683	$ -	$4,701	$18

OTHER FUNDS

As of April 30, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
EMPLOYEE BENEFITS				
BENEFITS ADMINISTRATION				
TOTAL EXPENDITURES	$998	$407	$998	$0
WELLNESS PROGRAM				
TOTAL EXPENDITURES	$349	$76	$281	($69)
RISK MANAGEMENT				
TOTAL EXPENDITURES	$2,630	$1,613	$2,627	($3)

LIABILITY/CLAIMS FUND

Beginning Balance October 1, 2016	$3,158
Budgeted Revenue	9,453
FY 2016-17 Available Funds	12,611
Paid October 2016	(596)
Paid November 2016	(315)
Paid January 2017	(422)
Paid February 2017	(343)
Paid March 2017	(424)
Paid April 2017	(280)
Balance as of April 31, 2017	10,230

DEBT SERVICE FUND

As of April 30, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
DEBT SERVICE FUND				
BEGINNING FUND BALANCE	$10,235	$ -	$10,235	$ -
REVENUES:				
Ad Valorem	242,487	240,430	243,113	625
Interest/Transfers/Other	19,799	713	19,799	0
TOTAL REVENUES	262,287	241,143	262,912	625
TOTAL EXPENDITURES	261,865	209,698	261,447	(418)
ENDING FUND BALANCE	$10,657	$ -	$11,700	$1,043

NOTES

(Dollars in 000s)

1. The General Fund budget was amended/increased based on Council's approved use of contingency reserve funds:
    - Increased by $500 on February 22, 2017 by CR# 17-0438 for additional legal services necessary to continue representing four Dallas City Councilmembers with regard to the Dallas Police and Fire Pension System;
    - Increased by $759 on March 22, 2017 by CR# 17-0483 for actuarial services related to the Dallas Police and Fire Pension System; and
    - Increased by $330 on May 24, 2017 for an increase in the joint elections agreement and election services contract between the City of Dallas, Dallas County and other jurisdictions.

2. Ad Valorem tax revenues are forecast to be $1,681 over budget based on current year property tax receipts trending above average.

3. Sales tax revenues are forecast to be $1,376 over budget based on current sales tax receipts. Sales tax receipts have increased by 4.2 percent over the most recent 12 months.

4. Atmos Energy revenues are forecast to be $1,454 over budget due to increased gas consumption by customers.

5. Other Franchise revenues are forecast to be $1,377 below budget due to subscribers switching from cable to satellite services which is reducing cable franchise fees.

6. Interest earned revenues are forecast to be $1,911 above budget due to an increase in the market interest rate.

7. Intergovernmental revenues are projected to be $618 above budget primarily due to a refund check received from the Dallas County Elections Department and a Dallas Fire Rescue deployment reimbursement received from the State.

8. Municipal Court revenues are forecast to be $1,626 below budget primarily as a result of a decrease in the volume of citations being issued.

9. Vehicle Towing and Storage fines are forecast to be $494 over budget due to an increase in tows as well as vehicles staying on the auto pound property longer than anticipated.

10. Public Library revenues are projected to be $176 below budget due to implementation of automatic renewal on materials that have been checked out at library locations and an increase in the usage of e-materials. Fines and late fees are not collected on e-materials as they are electronically recalled on the due date.

NOTES

(Dollars in 000s)

11. Emergency Ambulance revenues are projected to be $8,241 over budget due to an anticipated increase in the reimbursement from the State based on the recent cost report.

12. Other Charges for Services is projected to be $4,907 below budget primarily due to the reduction of fire watch fees, contract delays for the Mobile Community Health Program and a change in the interlocal agreement with Parkland Health System for Biotel services whereby government entities that would formerly reimburse the City for Biotel services now contract directly with Parkland.

13. City Auditor's Office expenditures are forecast to be $163 below budget due vacancies and salary savings.

14. Human Resources Department expenditures are forecast to be $349 below budget due to vacancies and salary savings.

15. Non-Departmental expenditures are forecast to be $4,312 below budget primarily due to savings in the master lease program.

16. Police Department expenditures are forecast to be $1,945 below budget primarily as a result of salary and pension savings offset by increased use of overtime and increased vacation/sick termination payments. Pension savings were adjusted to reflect changes in state law effective September 1, 2017.

17. Salary and Benefit Reserve funds were allocated to City Attorney's Office ($87) and City Manager's Office ($342) to offset vacation/sick termination payments.

18. Sustainable Development and Construction is projected to be $3,749 below budget due to vacancies and technology enhancements deferred to FY 2017-18.

19. Sanitation Services revenues are projected to be $7,750 above budget due to an increase in cash customers at the landfill. Expenses are projected to be $2,014 above budget due to increase in landfill activity.