

City of Galveston
Long Range
Financial Forecast
FY2018 – FY2022



**LONG RANGE FINANCIAL FORECAST
FY 2018-2022**

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June 23, 2017

Honorable Mayor James D. Yarborough and Members of Council

This is to provide you with the FY 2018-2022 Long Range Financial Forecast. The Forecast includes the General, Debt Service, Waterworks, Sewer, Convention Center Surplus and Island Transit Funds. The purpose is to highlight and provide information on some of the major issues that will be a part of this year's budget process. When setting the budget for next year, it is important for the City to make best strategic use of its available funds. For that reason, I urge this Forecast be used as the starting point for discussing those issues with policy makers, city staff, and elected officials.

The premise is to show the implications from using a set of a baseline projections to help frame the issues for the upcoming budget and Capital Improvement Plan. The baseline projections are based upon current economic conditions and include commitments previously made in the budget process or by other action by the City Council. The FY 2018 Budget and FY 2018-2022 CIP are being prepared based on the projections in the forecast.

Citywide Highlights in this forecast include:

1. Major revenue sources are showing continued, steady growth. Based on preliminary information received from the Galveston County Appraisal District, values are increasing approximately six percent. Sales tax revenues are expected to grow approximately 3.9 percent, while Hotel Occupancy Tax revenues are projected to grow in the 6 to 7 percent range annually.
2. Employee compensation is a priority with increases for classified personnel in police and fire budgeted as outlined in the collective bargaining agreements through FY 2019. Likewise, two percent increases are budgeted for non-classified personnel citywide in FY 2018 and 2019.
3. Water and sewer revenue is growing at a healthy pace and it appears now that **water and sewer rates will remain unchanged in FY 2018**. A review of the rates set in FY 2016 is underway with an eye toward fine tuning within the tiered rate structure in place.
4. With the approval of the streets and drainage proposition on the May ballot, this Forecast includes a plan to sell the \$62 million authorized over four years. The plan includes an increase in the property tax debt service rate of 3.5 cents to \$0.07 per \$100 of taxable value in FY 2018 that is maintained through FY 2022. After FY 2018, taxable value is projected to grow three percent and all debt service necessary to implement the street and drainage plan is affordable.
5. The Forecast demonstrates how the City can continue its water capital programs with water rate increases in FY 2019, 2020, and 2021. No sewer rate increase is projected to be necessary in support of the five year sewer program.

6. The budget for basic **Island Transit services must be reduced by at least \$1 million** as the result of losses in grant revenue for transit operations. Management initiatives to reduce the cost of all services are underway and are a critical part of system sustainability. New grants may still be secured; but, it appears the city will have to wait until the 2020 Census to be reclassified as an urban mass transit system and receive increased funding.
7. Hotel Occupancy Tax revenue that flows or “trickles down” to the city through its Convention Center Surplus Fund are proposed to be used to operate the new trolley system, including its rubber wheel and rail components. The five year Forecast depicts the dedication of the city’s HOT revenues to this purpose, bearing in mind that the actual operating costs are yet to be fully defined.

The General Fund Forecast section includes a look back to pre-lke financial conditions, including a comparison of revenue, expenditures and budgeted positions in FY 2007 and 2017.

Please let me know if I can provide further information.



Brian Maxwell, City Manager

FY2018 Budget Calendar

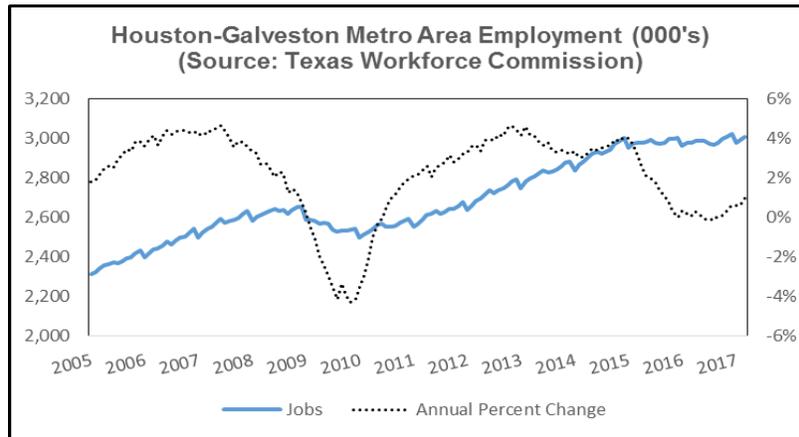
June 23	Distribute Long Range Financial Forecast
July 14	Distribute Proposed CIP
July 20	Budget and CIP Council Workshop
July 27	Budget and CIP Council Workshop
August 10	Present Proposed Budget
August 24	Budget and CIP Council Workshop Public Hearing on Tax Rate
September 14	Council consideration of adoption of the FY 2018 Operating and Capital Public Hearing on Budget and Tax Rate Consider FY 2018 Budget adoption Consider FY 2018 Budget adoption
September 28	Adopt FY 2018 Budget and Property Tax Rate.

LONG RANGE FINANCIAL FORECAST ECONOMIC OUTLOOK AND MAJOR REVENUE FORECAST

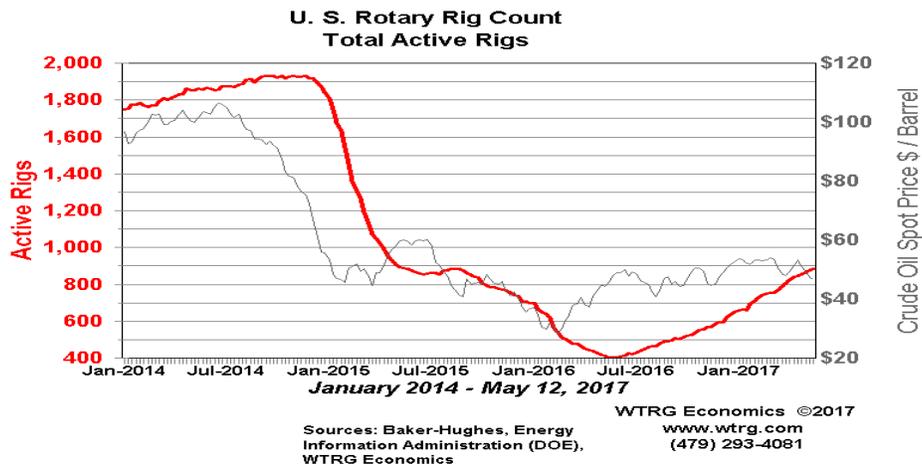
Economic Overview

Galveston is continuing to show signs of economic vibrancy that is connected with gradual regional economic improvement, continued growth in the national economy as well as expansion and improvement of the City's infrastructure and beaches. The economic growth of the region is highly dependent on energy and particularly the price of oil. Galveston's economy is heavily influenced by the region's economic health, but also has strong ties to national economic growth. These connections are based largely on Galveston's tourism industry which continues to grow.

The Houston-Galveston area has shown virtually no job growth since 2014, adding only 18,500 jobs for the 2015-2016 period. During that period, oil prices dropped from the 90 dollar plus range to the 30 to 40 dollar range and 77,200 oil-related jobs were lost.



The metro area's service industry jobs grew by 72,000 in the 2015-2016 period, in response to previous growth of the region and strong national markets. Consequently, this offset the energy job losses, and stable employment numbers prevailed. In 2017, oil prices have stabilized in the 45 to 50 dollar range, and the number of active oil rigs is steadily climbing (see below).



The national economy is expected to grow for the near term on a “real basis” (adjusted for inflation) in the range of 1.5 to 2.5 percent per year. The Congressional Budget Office’s (CBO) Real Gross Domestic Product annual growth rate is in the lower end of that range, forming a more conservative view of the effect potential fiscal and monetary policy changes will have on economic growth. CBO’s other assumptions show interest rates rising steadily and inflation remaining in the 2 to 2.5 percent range.

BASELINE ECONOMIC CHANGE ASSUMPTIONS

Area/Indicator	FY 2017 Est.	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
National						
National Inflation Rate (1)	2.2%	2.3%	2.4%	2.4%	2.4%	2.4%
U.S. Real Gross Domestic Product (1)	2.2%	2.1%	1.8%	1.5%	1.7%	1.9%
Ten Year Treasury Note (1)	2.2%	2.5%	2.7%	3.0%	3.4%	3.5%
3-month Treasury Bill (1)	0.6%	1.0%	1.5%	2.1%	2.6%	2.8%
Metropolitan Area						
Employment Annual Growth Rate (2)	1.0%	1.7%	2.2%	2.4%	2.5%	2.5%
Inflation Rate (3)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Fuel Prices (3)	-15.0%	10.0%	5.0%	5.0%	5.0%	5.0%
Health Care Inflation (3)	1.9%	10.0%	5.0%	5.0%	5.0%	5.0%
City of Galveston						
Population Growth Rate (3)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Population (3)	49,950	50,450	50,954	51,464	51,979	52,498
City Water Customers Growth Rate (3)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Investment Pool Earnings Rate (3)	0.6%	1.0%	1.5%	2.1%	2.6%	2.8%
New Construction (\$Millions - Prior CalYr) (3)	\$54.7	\$50.0	\$50.0	\$50.0	\$50.0	\$50.0

SOURCES:

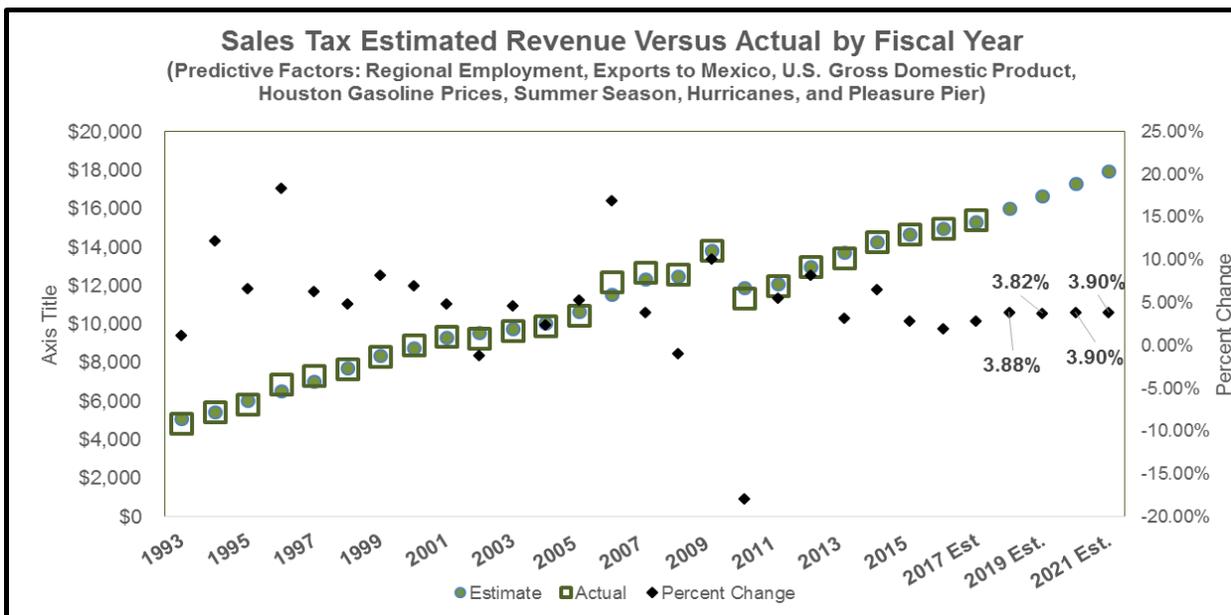
- (1) Congressional Budget Office
- (2) Dr. Robert Gilmer, Bauer College of Business, University of Houston
- (3) City of Galveston Finance Department

Dr. Robert Gilmer of the University of Houston Institute for Regional Forecasting is projecting a continuing regional recovery and a return to historical employment growth rates. The remainder of the assumptions shown above have been adopted for this forecast based on the regional and national forecasts and Galveston’s own recent history. The forecast is based on a one per cent annual growth rate for Galveston in terms of population and the number of water customers.

Sales tax is the primary revenue source that is being impacted by the slowdown in regional employment growth. Including the year end projection of \$15,434,000 for FY 2017, the annual rate of increase has remained below 3 percent each of the last three fiscal years (FY 2015 – 2.83 percent, FY 2016 – 2.01 percent and FY 2017 – 2.88 percent). While we have experienced higher growth rates in the post-Ike period, the experience of the last three years causes us to proceed in the forecast for the next five years with caution as it relates to sales tax revenue projections for the five year forecast period.

The sales tax model is a tool that helps in this regard by explaining the economic impact on sales tax revenue through a regression model using sales tax revenue and economic variable from FY 1992 forward. Testing shows that 98.5 percent of the change in Galveston sales tax revenue is explained by the following variables adjusted as described.

- Houston Metro Area Employment – This is the total jobs for the area as reported by the Bureau of Labor Statistics (BLS) and adjusted by Dr. Ron Welch for local municipalities. The model utilizes a two quarter moving average of this series. Fully 89 percent of the variation in sales tax revenue is explained by this single economic variable.
- Houston Metro Area Gasoline Price Index – This statistical series is also maintained by the BLS as a component of the Consumer Price Index for the Houston metro area. It is lagged one quarter in the statistical model and it drives sales tax revenue higher with higher gasoline prices.
- U.S. Exports to Mexico – This is the value of exports as reported by the Federal Reserve Bank of St. Louis. The previous quarter’s export values are used to explain sales tax revenues in the model.
- U.S. Real Gross Domestic Product – Also provided through the Federal Reserve Bank of St. Louis, this series is lagged three quarters and measured on a two month moving average to gauge the most effect on Galveston’s revenue.
- Summer Season Adjustment Variable – Based on historical observation, this series applies weighted factors to the third (April to June) and fourth (July through September) fiscal quarters to explain the increased revenue during tourist season. Houston area inflation is used to adjust the series over time.
- Galveston Storm Variable – Based on historical observation, this series applies weighted factors to explain the effect of Hurricane Ike on sales tax revenues immediately prior and following the storm.
- Pleasure Pier Adjustment – Based on historical observation, this series helps explain the large variation between revenue during tourist season and winter since 2012 when the venue opened.

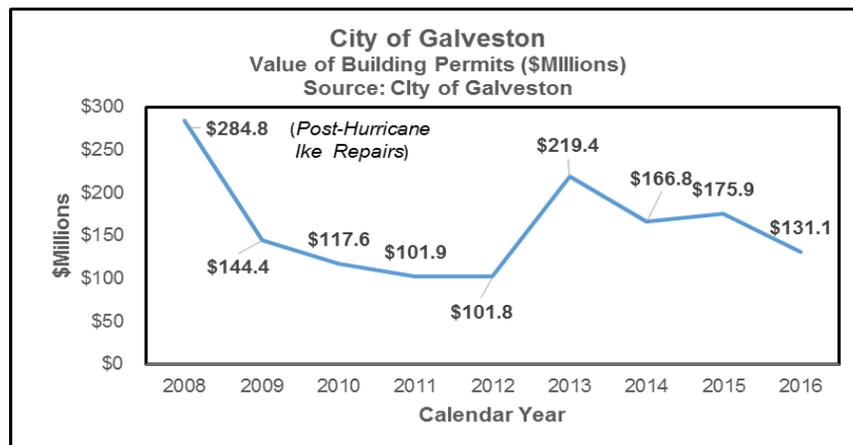


Projected sale tax revenue for the forecast period is based on economic growth at slightly higher rates than seen in the last three years based largely on the improvement in regional employment growth forecasted by Dr. Gilmer of the University of Houston.

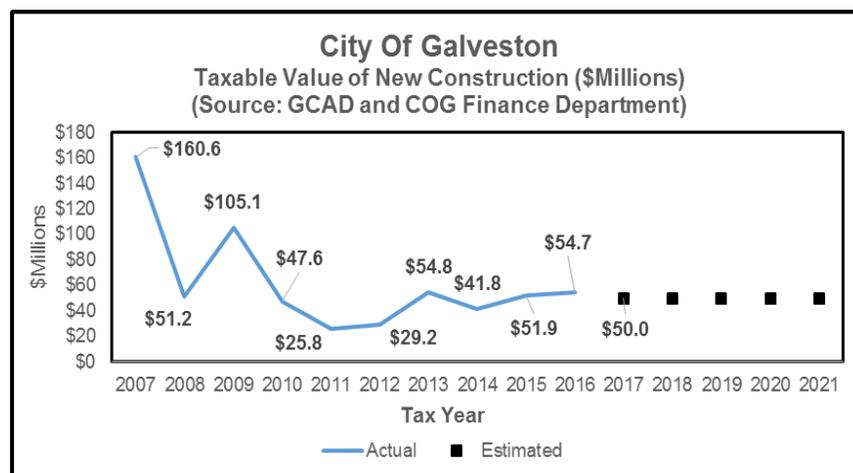
Property tax revenue is driven by taxable values which in turn are derived from updated valuations of the current property tax base by the Galveston County Appraisal District (GCAD). Changes in market value and the addition of new construction and improvements are the basis for GCAD's valuations. Property owners of a substantial portion of properties on the tax roll appeal initial values and GCAD adjusts total value appropriately, according to the results of this appeal process. The value of building permits issued by the City of Galveston for each of the last several calendar years have also added to taxable value.

The tax roll is based on the value of property as of January 1 of each year. So the connection between the economy and City revenue is delayed by what amounts to two years. Using the current fiscal year as the example, here is the real estate/tax roll/fiscal year cycle:

- Economic activity (Real estate market and new construction) occurred in calendar year 2015
 - January 1 values in 2016 formed the basis for the 2016 tax roll and
 - The 2016 tax roll was certified in August, forming the basis for tax revenue being received between October 1 2016 and September 30 2017, FY 2017.



While the value of building permits in total has dropped off since 2013 when it peaked at \$219.4 million, new construction related taxable value as set by GCAD (see below) has remained relatively constant. For this reason, new construction is expected to add approximately one percent to the tax roll as it has the last several years.



In most years, the total percent increase in the taxable roll is largely comprised of increases in value, whatever they happen to be in a given tax year. As of May 2017, the preliminary tax roll for Tax Year 2017/Fiscal Year 2018 is 10.2 percent higher than the current roll for Tax Year 2016/FY 2017. As the protest process moves forward, GCAD is providing updates for the outcome of the protest process. Based on prior years' tax rolls and appeals experience, it appears that we lose an average of 35.6 percent of the initial increase in the roll to the protest process. Using this standard, we can expect approximately six percent of the pre-protest increase in the roll to be kept intact when the Chief Appraiser certifies it in July.

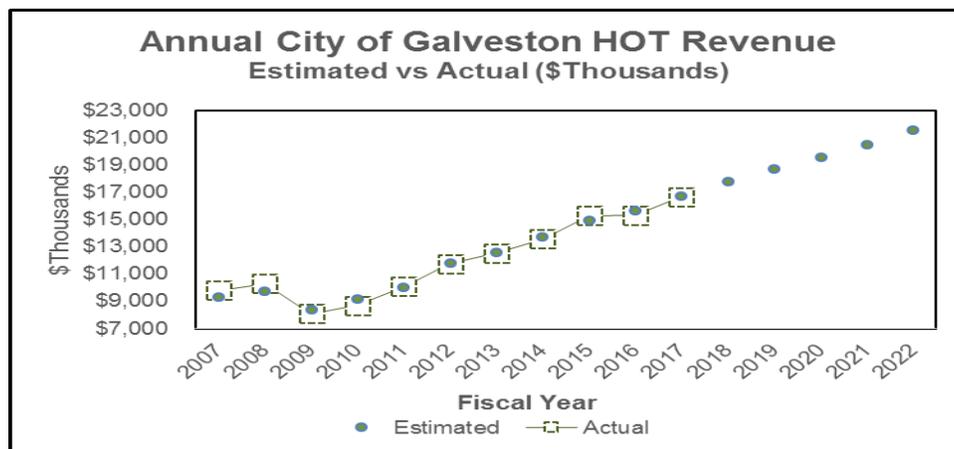
**CITY OF GALVESTON PROPERTY TAX ROLLS
PRE-PROTEST AND FINAL TAXABLE VALUE**

Tax Year	Fiscal Year	Initial Value	Value Lost in Protests	Net taxable Value	Percent Loss in Protests	Net Increase	Initial Increase
2007	2008	\$4,173,803,003	(\$153,530,255)	\$4,020,272,748	-3.7%		
2008	2009	\$4,397,647,451	(\$90,707,745)	\$4,306,939,706	-2.1%	7.1%	9.4%
2009	2010	\$3,867,916,387	(\$172,881,661)	\$3,695,034,726	-4.5%	-14.2%	-10.2%
2010	2011	\$4,339,578,504	(\$295,077,791)	\$4,044,500,713	-6.8%	9.5%	17.4%
2011	2012	\$4,312,300,922	(\$118,014,116)	\$4,194,286,806	-2.7%	3.7%	6.6%
2012	2013	\$4,510,802,981	(\$187,955,326)	\$4,322,847,655	-4.2%	3.1%	7.5%
2013	2014	\$4,686,443,571	(\$151,378,426)	\$4,535,065,145	-3.2%	4.9%	8.4%
2014	2015	\$4,901,091,851	(\$138,178,611)	\$4,762,913,240	-2.8%	5.0%	8.1%
2015	2016	\$5,484,694,099	(\$189,588,687)	\$5,295,105,412	-3.5%	11.2%	15.2%
2016	2017	\$6,160,829,855	(\$310,491,580)	\$5,850,338,275	-5.0%	10.5%	16.3%
2017	2018	\$6,446,385,901	(\$245,385,901)	\$6,201,000,000	-3.8%	6.0%	10.2%

Estimates shown in bold and italics

Because of recent years' experience with significant net increases in the tax roll, the forecast is based on a three percent increase in taxable value for each fiscal year after FY 2018. As you can see from the table above, this is a conservative assumption in all but the most unusual of years.

Hospitality industry statistics tell a similar economic story of Galveston's resurgence since the 2009-2010 Hurricane Ike/Great Recession experience. **Hotel Occupancy Tax revenue** reached an all-time high in 2016 of \$15.3 million raised from the local nine percent tax rate. As is the case with Sales Tax revenue, a statistical model has been developed that explains 95.8 percent of the variation of HOT revenue on a quarterly basis.



The economic variables used in the HOT model include Real U.S. Gross Domestic Product (which serves to capture the overall health of the national economy and its effect on the tourism industry), as well as data series that capture the effect of the Pleasure Pier and Summer Season. Fiscal Year 2016 HOT revenue flattened out exceeding the previous year by only \$20,000, but in FY 2017, HOT revenue has returned to form.

The modeled estimate for FY 2017 is \$16.65 million. Through six months of the FY 2017, HOT revenue is running 9.3 percent ahead of FY 2016 which would produce \$16.73 million if the same trend prevailed through the end of FY 2017. Another trend analysis approach would yield \$17.5 million, and there is every possibility that the remaining six months of the year could produce such an amount for FY 2017. For reason of conservatism, and an unwillingness to base long-term expectations on overly high projections, the modeled hot revenue estimates are used in this forecast.

**GENERAL FUND OVERVIEW, FY 2018-2022
LONG RANGE REVENUE FORECAST (\$000's)**

Revenue Sources	FY 2017 Estimate	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
Property Taxes	\$23,932	\$25,368	\$26,129	\$26,913	\$27,720	\$28,552
Sales Taxes	\$15,434	\$16,033	\$16,645	\$17,294	\$17,968	\$18,669
Other Taxes	\$875	\$910	\$946	\$984	\$1,023	\$1,064
Franchise Taxes	\$5,519	\$5,629	\$5,742	\$5,857	\$5,974	\$6,093
Licenses and Permits	\$1,235	\$1,247	\$1,259	\$1,272	\$1,285	\$1,298
Intergovernmental	\$839	\$839	\$839	\$839	\$839	\$839
Charges for Services	\$1,678	\$1,695	\$1,712	\$1,729	\$1,746	\$1,763
Fines and Forfeits	\$1,711	\$1,745	\$1,780	\$1,816	\$1,852	\$1,889
Investment Earnings	\$150	\$179	\$214	\$256	\$306	\$365
Miscellaneous	\$917	\$797	\$797	\$797	\$797	\$797
Total Revenue	\$52,290	\$54,442	\$56,063	\$57,757	\$59,510	\$61,329
GROWTH RATE ASSUMPTIONS						
Property Taxes	11.1%	6.0%	3.0%	3.0%	3.0%	3.0%
Sales Taxes	1.9%	3.9%	3.8%	3.9%	3.9%	3.9%
Mixed Drink/Other Taxes	1.7%	4.0%	4.0%	4.0%	4.0%	4.0%
Franchise Taxes	4.1%	2.0%	2.0%	2.0%	2.0%	2.0%
Licenses and Permits	-12.6%	1.0%	1.0%	1.0%	1.0%	1.0%
Intergovernmental	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Charges for Services	3.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Fines and Forfeits	-4.6%	2.0%	2.0%	2.0%	2.0%	2.0%
Investment Earnings	0.0%	19.4%	19.4%	19.4%	19.4%	19.4%
Miscellaneous	-70.3%	0.0%	0.0%	0.0%	0.0%	0.0%

As a general rule, other revenue sources are based on population growth (assumed to be one percent now) or their historical trends over the last ten years. **Water and Sewer revenue** collected for metered services are assumed to grow at the one percent rate. The major revenue sources included in this forecast outside of General Fund revenue are projected as shown below.

MAJOR REVENUE SOURCES FORECAST, FY 2018-2022 (\$000's)

Revenue Source	FY 2017 Estimate	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
Hotel Occupancy Taxes (Local)	\$16,658	\$17,773	\$18,731	\$19,564	\$20,507	\$21,562
Water Revenue	\$21,752	\$21,970	\$23,911	\$26,029	\$27,569	\$27,845
Sewer Revenue	\$15,318	\$15,475	\$15,635	\$15,795	\$15,958	\$16,122

**LONG RANGE FINANCIAL FORECAST
GENERAL FUND SUMMARY**

Baseline Forecast

Total General Fund baseline revenue exceeds projected expenditures in every fiscal year of the Forecast period. FY 2018 General Fund revenue includes a 6 percent increase in property tax revenue and 3.9 percent increase in sales tax revenue.

Expenditure totals include compensation increases in FY 2018 and 2019 consistent with current Collective Bargaining Agreements for police and fire classified personnel. These increases include a base pay increase and a one percent cost of living adjustment. The aggregate increase for police classified personnel amounts to 4.87 percent in FY 2018 and 3.75 percent in FY 2019. The aggregate increase for fire classified personnel will be 4.3 percent in FY 2018 and 3.62 percent in FY 2019.

Compensation for non-civil service personnel is projected for two percent increases each in FY 2018 and 2019. The forecast also includes growth in non-personnel accounts using a core annual price increase of 2 percent. The charter-mandated transfer to the Infrastructure and Debt Service Fund increases to six percent of the budget.

**LONG RANGE FINANCIAL FORECAST
SUMMARY GENERAL FUND BASELINE PROJECTIONS
(\$THOUSANDS)**

	FY 2017 Budget	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
Beginning Balance (1)	\$20,541	\$18,484	\$18,302	\$18,308	\$18,437	\$19,005
Revenue	\$52,172	\$54,442	\$56,063	\$57,757	\$59,510	\$61,329
Expenditures	\$52,097	\$54,421	\$56,058	\$57,627	\$58,943	\$60,828
Revenues Over/(Under) Expenditures	\$75	\$21	\$5	\$130	\$567	\$501
Subtotal	\$20,616	\$18,505	\$18,308	\$18,437	\$19,005	\$19,506
Transfer to One-Time Projects	\$0	\$203	\$0	\$0	\$0	\$0
Ending Balance	\$20,616	\$18,302	\$18,308	\$18,437	\$19,005	\$19,506
Policy Goal - 90 Days of Working Capital	\$12,846	\$13,419	\$13,822	\$14,209	\$14,534	\$14,999

Note:

(1) Estimated Beginning Balance for FY 2018 is taken from the FY 2017 Second Quarter Report.

The longer term projections include annual increases of three percent for property tax revenue beginning in FY 2019, no allowances for compensation increases for the FY 2020-2022 period, and transfers to the Infrastructure and Debt Service Fund that top out in FY 2020 at 8 percent of the Budget. The transfer then increases by a smaller, incremental amount each fiscal year to maintain compliance after FY 2020 with the Charter requirement to keep the transfer at an amount equal to 8 percent of the General Fund budget each year.

Baseline Cost Growth

The chart on the next page captures the cumulative change in baseline costs built into the Forecast.

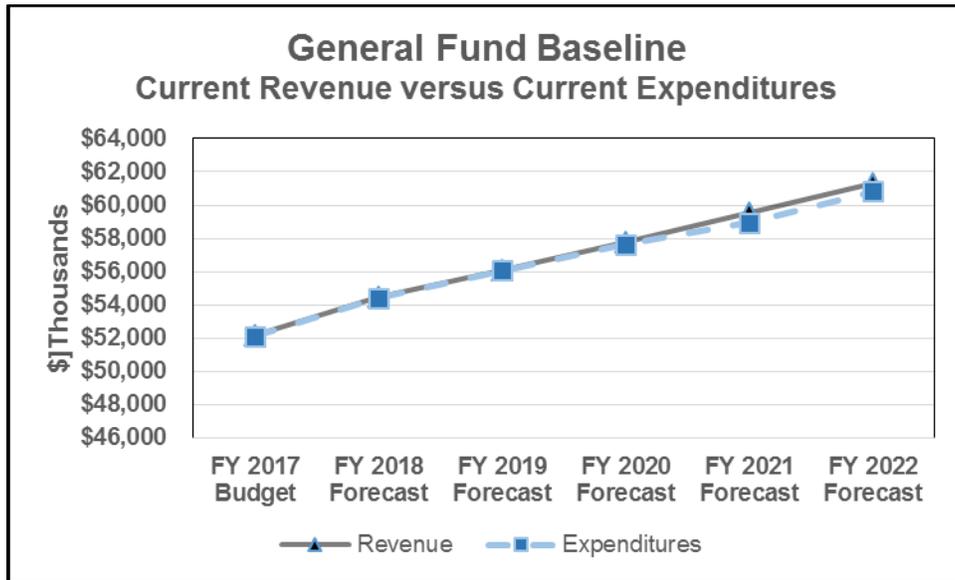
Using the FY 2017 Budget as the base, by FY 2022, a total of \$8.7 million in expenditures is expected to have been added to the General Fund budget. Over the next three fiscal years, the transfer to the Infrastructure and Debt Service Fund will add \$2 Million to the General Fund Budget as compared with a total overall increase of \$5.5 million for that period. Beginning in FY 2021, the transfer to the Infrastructure and Debt Service Fund will be maintained at 8 percent of what is expected to be a growing General Fund budget. But this annual growth will require much less in the way of available revenue growth annually. The forecast assumes constant staffing, and the three percent annual increase in property tax revenue as mentioned previously.

**LONG RANGE FINANCIAL FORECAST
GENERAL FUND BASELINE COSTS
CUMULATIVE CHANGE (\$000'S)**

Category	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
Inflation/Growth from FY 2017 Budget					
Various personnel costs: Annualized cost of salary adjustments and additional positions and longevity pay	(\$79)	(\$66)	(\$58)	(\$54)	(\$54)
Civilians 2% COLA	\$254	\$254	\$254	\$254	\$254
Police Collective Bargaining Increases	\$526	\$952	\$952	\$952	\$952
Fire Collective Bargaining Increases	\$320	\$600	\$600	\$600	\$600
Overtime cost and related fringe benefit cost	\$18	\$48	\$48	\$48	\$48
Loss of grant reimbursements	\$539	\$693	\$698	\$707	\$720
Health insurance, life insurance, and workers compensation	\$181	\$471	\$778	\$1,112	\$1,475
Personnel Services Subtotal	1,759	2,951	3,271	3,618	3,994
Inflation on supplies, services and equipment	\$33	\$84	\$138	\$194	\$250
Electricity	\$35	\$60	\$87	\$114	\$141
Transit System Operations - Local match	\$173	\$173	\$173	\$173	\$173
Justice Center - Jail expenses	\$130	\$141	\$152	\$163	\$175
Garage charges (fuel and repairs)	\$91	\$126	\$162	\$198	\$236
Contractual Services	(\$61)	\$27	\$118	\$211	\$308
Technology-Hardware needs and software implementation	\$271	\$298	\$326	\$354	\$383
Other Charges & Services	(\$544)	(\$535)	(\$526)	(\$517)	(\$507)
Vehicle Capital Outlay	(\$408)	(\$672)	(\$385)	\$170	\$1,253
Capital Outlay	\$175	(\$25)	(\$22)	(\$19)	(\$15)
Operating Transfers	\$7	\$17	\$19	\$29	\$39
Non Personnel Costs Subtotal	(98)	(306)	240	1,070	2,435
Transfer to Capital Improvement and/or Debt Service Account	\$662	\$1,320	\$2,016	\$2,156	\$2,301
Total Cumulative Increase	\$2,323	\$3,965	\$5,527	\$6,844	\$8,730

The General Fund Budget is expected to grow by \$2.3 million in FY 2018, and 28 percent of that growth (\$662,000) is allocated to the Infrastructure and Debt Service Fund. The cost of the Collective Bargaining increases for police and fire classified personnel adds \$846,000 to the budget, including salaries, social security costs for police and pension costs for both fire and police. The overall police increase is 4.87 percent and fire is 4.3 percent. Personnel costs in FY 2018 also include two percent for non-classified personnel. The balance of the personnel cost increase (\$720,000) is for two largely uncontrollable items: an 8.7 percent increase in the City's health insurance program and the loss of grant reimbursements for city personnel accounts.

In FY 2018, the overall total cost of non-personnel and non-Infrastructure transfer is a net \$98,000 reduction. Included in this category are budget increases for the Island Transit subsidy (see the Island Transit section of the Forecast for more information), and corrected charges for use of the County Jail. Technology charges associated with the city’s growing reliance on technology for public service will also increase to provide the system infrastructure necessary to support new and expanded systems use. Reductions in vehicle purchases and internal charges for facility maintenance serve as offsets to the jail and technology increases.



Strategic Considerations for the FY 2017 Budget

Discussion of the FY 2018 Budget should consider the following.

1. Baseline expenditures, including current budgeted personnel, equal baseline revenue growth for FY 2018. The budget recognizes the city’s basic service priorities, including public safety and infrastructure, including streets and traffic. Together they account for \$39.3 million or 72 percent of the General Fund budget. Portions of the Facility Maintenance, vehicle purchases and transfers to the separation pay fund push the amount spent on public safety and streets over the \$40 million mark.
2. Island Transit will remain an area of fiscal challenge for the City at least until the next census is reported and new federal transportation subsidies might become available. While there are desires to expand our transit system services, the loss of grants is making it more difficult in the near-term to sustain the current level of baseline service to our citizens. Additional management and new revenue initiatives may be required so that \$1,143,000 included in the budget for the General Fund subsidy will be sufficient to balance the Island Transit operating budget in FY 2018. A reduction of approximately \$1 million in the Island Transit budget in FY 2018 is necessary to limit the General Fund subsidy to the \$1,143,000 amount.
3. The city’s commitment to infrastructure is in its third year, and the organization still needs to maintain its focus on the overall success of that effort. This includes project management and execution, as well as, a high level of accountability to ensure projects are implemented efficiently and effectively. Budget priorities are established with this in mind.

4. There is no special list of major new cost items or major revenue windfalls as have been a part of this Forecast in the last two years. Instead, the development of the FY 2018 Budget will depend on careful allocation of available resources largely to existing initiatives. The Target Budgeting approach used in FY 2016 and 2017 serves to encourage department heads to allocate resources with the city manager’s guidance and direction to best advantage. This requires continued budget flexibility, more effective use of existing personnel and equipment, and an emphasis on customer service.

FY 2018 Budget Overview

Should the FY 2018 Budget resemble the FY 2018 Forecast, the summary on the next page will have revealed important things about the major priorities in that budget. Revenue growth is estimated at \$2.3 million, almost all of which is growth in property and sales taxes. The largest expenditure increase is expected to occur in the Public Safety program category, with a \$1.6 million increase. Island Transit is a part of the General Government category, and \$173,000 of the \$241,000 increase in General Government is slated to go to Island Transit. The “Transfer to One-Time Projects” of \$203,000 using General Fund Balance is for furniture for the new Fire Station #1 projected to be completed during FY 2018.

**FUND BALANCE, REVENUE AND EXPENDITURES
FY 2018 - FY2022
(\$THOUSANDS)**

	FY 2017 Budget	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
Estimated Beginning Balance	\$20,541	\$18,484	\$18,302	\$18,308	\$18,437	\$19,005
Revenue						
Property Taxes	\$23,932	\$25,368	\$26,129	\$26,913	\$27,720	\$28,552
Sales Taxes	15,434	16,033	16,645	17,294	17,968	18,669
Other Taxes	876	910	946	984	1,023	1,064
Franchise Taxes	5,519	5,629	5,742	5,857	5,974	6,093
Licenses and Permits	1,235	1,247	1,259	1,272	1,285	1,298
Intergovernmental	839	839	839	839	839	839
Charges for Services	1,678	1,695	1,712	1,729	1,746	1,763
Fines and Forfeits	1,711	1,745	1,780	1,816	1,852	1,889
Investment Earnings	150	179	214	256	306	365
Miscellaneous	798	797	797	797	797	797
Total Revenue	\$52,172	\$54,442	\$56,063	\$57,757	\$59,510	\$61,329
Expenditures by Department						
General Government	\$4,718	\$4,959	\$5,046	\$5,086	\$5,124	\$5,166
Finance	1,948	2,031	2,086	2,115	2,145	2,176
Public Safety	29,751	31,457	32,369	32,667	32,985	33,322
Public Works	3,763	3,917	4,198	4,295	4,396	4,503
Parks and Recreation	2,714	2,832	2,916	2,965	3,017	3,072
Planning & Comm. Development	2,450	2,544	2,605	2,639	2,675	2,712
Non-Departmental	6,753	6,681	6,838	7,860	8,601	9,877
Total Expenditures	\$52,097	\$54,421	\$56,058	\$57,627	\$58,943	\$60,828
Revenues Over/(Under) Expenditures	\$75	\$21	\$5	\$130	\$567	\$501
Subtotal	\$20,616	\$18,505	\$18,308	\$18,437	\$19,005	\$19,506
Transfer to One-Time Projects	0	203	0	0	0	0
Ending Balance	\$20,617	\$18,302	\$18,308	\$18,437	\$19,005	\$19,506
Policy Goal - 90 Days of Working Capital	\$12,846	\$13,419	\$13,822	\$14,209	\$14,534	\$14,999

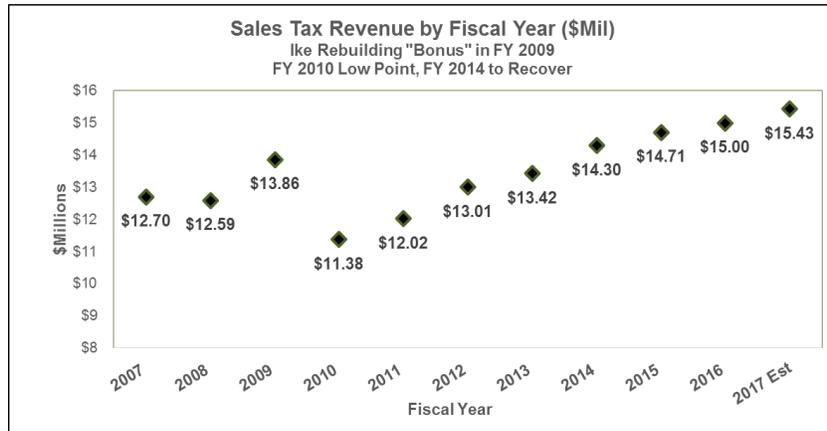
Without the planned employee pay raise in FY 2018, the budget for many if not most departments would likely see no increase in FY 2018.

**GENERAL FUND BASELINE FORECAST
EXPENDITURES BY DEPARTMENT
FY 2018 - FY2022 (\$THOUSANDS)**

	FY 2017 Budget	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
General Government						
City Secretary	\$511	\$523	\$535	\$542	\$548	\$555
Elections	60	71	72	74	75	77
Municipal Court	741	758	777	789	801	813
City Manager	831	784	800	803	806	810
City Auditor	278	287	293	296	298	301
Legal	884	937	959	968	977	986
Human Resources	443	456	467	471	476	481
Transportation	970	1,143	1,143	1,143	1,143	1,143
Subtotal - General Government	\$4,718	\$4,959	\$5,046	\$5,086	\$5,124	\$5,166
Finance						
Administration	\$293	\$295	\$301	\$304	\$308	\$311
Accounting	1,183	1,173	1,208	1,228	1,248	1,269
Purchasing	249	255	262	265	268	272
Budget	223	308	315	318	321	324
Subtotal - Finance	\$1,948	\$2,031	\$2,086	\$2,115	\$2,145	\$2,176
Public Safety						
Police	\$18,196	\$19,387	\$19,954	\$20,136	\$20,331	\$20,538
Fire	10,703	11,185	11,507	11,607	11,714	11,828
Emergency Management	230	253	264	268	271	275
Emergency Medical Service	566	575	586	598	610	622
Special Events	0	0	0	0	0	0
City Marshal	56	57	58	58	59	59
Subtotal - Public Safety	\$29,751	\$31,457	\$32,369	\$32,667	\$32,985	\$33,322
Public Works						
Streets	\$1,580	\$1,606	\$1,810	\$1,852	\$1,896	\$1,943
Traffic	2,183	2,311	2,388	2,443	2,500	2,560
Subtotal - Public Works	\$3,763	\$3,917	\$4,198	\$4,295	\$4,396	\$4,503
Parks and Recreation						
Administration	\$822	\$878	\$899	\$911	\$924	\$937
Parks and Parkways	1,892	1,954	2,017	2,054	2,093	2,135
Subtotal - Parks and Recreation	\$2,714	\$2,832	\$2,916	\$2,965	\$3,017	\$3,072
Planning & Comm. Development						
Planning	\$1,113	\$1,187	\$1,214	\$1,231	\$1,249	\$1,267
Code Enforcement	753	739	757	767	778	789
Building Inspection	584	618	634	641	648	656
Subtotal - Planning & Comm. Development	\$2,450	\$2,544	\$2,605	\$2,639	\$2,675	\$2,712
Non-Departmental						
Vehicle Purchases	\$1,283	\$875	\$611	\$898	\$1,453	\$2,536
Governmental Expenditures	\$696	\$342	\$269	\$274	\$280	\$285
Facility Maintenance	1,753	1,572	1,603	1,636	1,668	1,702
Transfer to Separation Pay Fund	416	422	431	431	439	448
One-Time Capital Outlay	0	203	0	0	0	0
Transfer to Infrastructure and/or Debt Service	2,605	3,267	3,924	4,621	4,761	4,906
Subtotal - Non-Departmental	\$6,753	\$6,681	\$6,838	\$7,860	\$8,601	\$9,877
Total General Fund	\$52,097	\$54,421	\$56,058	\$57,627	\$58,943	\$60,828

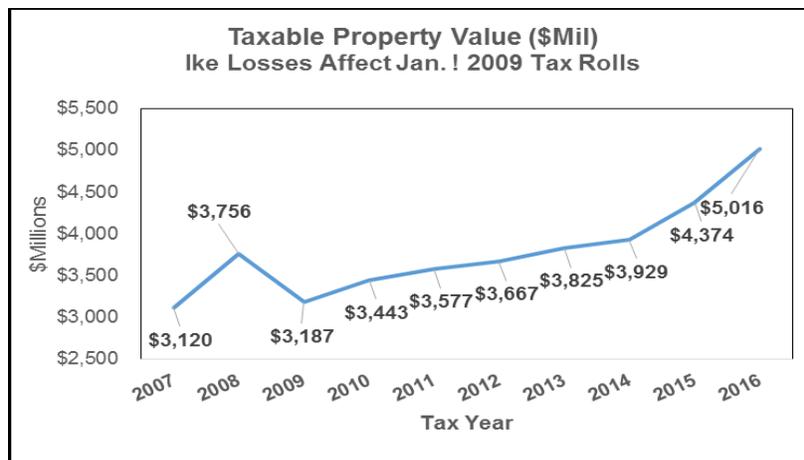
Budget History

The City of Galveston has rebounded steadily since 2008 from Hurricane Ike, but not without requiring the city to reset its fiscal measuring stick. Ike hit Galveston on September 13, 2008 at the end of FY 2008. Despite the population loss that ensued, the city did not feel the fiscal impact of Ike immediately. Sales and property tax revenue did not show the effects of the storm and the resulting loss of population until FY 2010 for different reason having to do with each revenue source's reporting and collection.



Sales tax revenue actually grew significantly in FY 2009 as the result of the tax revenue generated from rebuilding efforts in the nine to twelve months following the storm. After the rebuilding related receipts waned, FY 2010 saw a \$2.5 million or 18 percent loss of sales tax receipts. After that permanent adjustment, receipts began to grow at the normal annual growth rate, recovering to the FY 2009 total of \$13.86 million in FY 2014.

Ike had a similar effect on property values and property tax revenue. The immediate impact on property value was seen in the Tax Year 2009 tax roll in the form of a sixteen percent loss in taxable values. This reduction was felt in FY 2010 as the reduced values set for Tax Year 2009 then became the certified tax roll in the fall of 2009 when FY 2010 began.



Normal growth resumed after that point, but the tax roll did not return to its pre-Ike level of \$3.756 billion seen in Tax Year 2008 until Tax Year 2013, five years later when the roll was \$3.825 billion. The city responded to this reset of its tax roll by increasing the property tax rate by six cents. This produced property tax revenue in amounts sufficient to minimize the budget cuts required over the next several years. Ike was a watershed event for the city in many respects including things financial, and a look back is in order, as the city approaches the ten year anniversary of Ike during FY 2018.

FY 2017 and Governmental Activities

The comparison here is based on a summary schedule from the FY 2017 Budget document that included a category called Governmental Expenditures. This category was a catchall included in the Budget to encourage strong central management of specific types of allocations for different departments. As such, it included budgeted amounts that could just as easily have been made a part of individual budgets as follows:

FY 2017 Governmental Activities	FY 2017 Budget
General Fund Departments' Vehicle Purchases	\$1,283,000
Investment fees	6,000
Police - CBA	439,138
Fire - CBA	300,000
Phase II - Compensation Study Implementation	284,598
Group Health Increase Reserve	150,000
Local Match for COPS Grant	126,173
Pension Contingency	2,292,000
Fund Balance Contingency	5,635,614
Total Governmental Activities	\$10,516,523

The presentation that follows shows this “Governmental Activities” category as a part of each department’s budget for FY 2017. Other adjustments have been made in an attempt to make equivalent comparisons between FY 2007 and FY 2017. They are footnoted appropriately in the charts shown here.

The vehicle purchases line has appeared in every General Fund budget over the last several years, providing the financing for all vehicles purchased in that year for General Fund departments. Likewise, employee compensation increases have been budgeted under the “Governmental Activities” category, also called “Non-Departmental.” This is done to assure that they were actually needed by each department during the fiscal year before they were transferred to that department’s budget. The Pension Contingency and Fund Balance Contingency, while a part of the budget, actually represent strategic allocations of General Fund balance that are only available for spending after approval by City Council. During FY 2017, the Pension Contingency allocation has actually been set up in its own dedicated Pension Reform Special Revenue Fund by City Council and is now available to be used with City Council approval through the Budget to be used for the benefit of all three pension funds.

FY 2007 and FY 2017: A Ten Year Comparison

Property taxes are deposited in three funds, so these funds have been included in the particular summary chart under discussion. By charter, the Rosenberg Library gets its share of the annual property tax collections in the form of revenues generated in each by a five cent tax rate. This rate is constant and applies whether the total tax rate goes up or down. The Debt Service Fund is required by State law to receive sufficient property tax revenue to pay the annual debt service amount payable for property tax supported bonds.

COMPARISON OF MAJOR GOVERNMENTAL FUNDS, FY 2007-2017			
GENERAL, DEBT SERVICE AND LIBRARY FUNDS			
REVENUE SUMMARY			
SOURCE	FY 2007 ACTUAL	FY 2017 BUDGET	INCREASE/ (DECREASE)
REVENUE			
Property Taxes (1)	\$16,193,450	\$28,281,800	\$12,088,350
Sales Taxes(2)	\$12,785,621	\$15,450,000	\$2,664,379
Other taxes (2)	\$476,785	\$894,200	\$417,415
Franchise Taxes	\$5,374,681	\$5,372,400	(\$2,281)
Subtotal Taxes	\$34,830,537	\$49,998,400	\$15,167,863
Licenses and permits	\$1,334,748	\$1,409,400	\$74,652
Intergovernmental (3)	\$1,336,824	\$838,000	(\$498,824)
Charges for services (4)	\$1,991,232	\$1,679,100	(\$312,132)
Fines and forfeits (5)	\$2,343,461	\$1,845,100	(\$498,361)
Other revenue (6)	\$1,796,503	\$897,400	(\$899,103)
Subtotal Non-Tax Revenue	\$8,802,768	\$6,669,000	(\$2,133,768)
TOTAL REVENUE	\$43,633,305	\$56,667,400	\$13,034,095
Revenue Notes:			
(1) General, Library, and Debt Service net of TIRZ increment and MUD rebates. New construction.			
(2) Actual sales and use tax amounts reported in CAFR and cited here included mixed drink tax. Mixed			
(3) Intergovernmental included payment of \$530,000 from MUD 1 prior to annexation.			
(4) Charges for service included \$551,000 in parking meter revenue.			
(5) Fines and forfeits reflect fewer tickets being written.			
(6) Other revenue includes interest income (\$835,000 in FY07 versus \$100,000 in FY17).			

Viewed this way, the city has seen a \$13 million increase in property tax-supported fund revenues since FY 2007. This is heavily weighted towards gains in taxes (\$15.2 million) and losses in non-tax revenue (\$2.1 million). The significant drop in non-tax revenue over the FY 2007-2017 period is likely due largely because of lower net interest income and the smaller size of the City. Non-tax revenue reflect the delivery of services based on unit cost and the volume of service provided. Each category above can be understood to have been affected by the population loss.

The expenditure comparison tells an interesting story. The expenditures shown have been adjusted in an attempt to allocate expenditures so that comparisons across the ten years of budgeting and accounting history can be more accurate. Not included are one-time uses of General Fund Balance for the allocation of \$2.3 million in fund balance to the Pension Reform Fund in FY 2017 and for the \$5.6 million General Fund Contingency identified as the City Council Contingency.

COMPARISON OF MAJOR GOVERNMENTAL FUNDS, FY 2007-2017
GENERAL, DEBT SERVICE AND LIBRARY FUNDS
EXPENDITURE SUMMARY

EXPENDITURE CATEGORY/ ORGANIZATION	FY 2007 ACTUAL REVISED	FY 2017 BUDGET REVISED	INCREASE/ (DECREASE)
General Government			
City Secretary	\$344,210	\$580,615	\$236,405
City Manager	\$957,658	\$849,453	(\$108,205)
City Auditor (7)	\$27,657	\$283,212	\$255,555
Finance	\$1,920,179	\$2,039,201	\$119,022
Legal	\$653,219	\$901,402	\$248,183
Human Resources	\$276,014	\$453,602	\$177,588
Taxation (GCAD & TAC) (8)	\$123,874	\$255,314	\$131,440
Subtotal Administration	\$4,302,811	\$5,362,800	\$1,059,989
Facility Maintenance Services	\$0	\$776,711	\$776,711
Governmental activities	\$0	\$0	\$0
Total general government	\$4,302,811	\$6,139,511	\$1,836,700
Public Safety			\$0
Police (10)	\$15,394,924	\$19,487,916	\$4,092,992
Fire (11)	\$9,192,445	\$11,321,976	\$2,129,531
Emergency Medical	\$522,083	\$566,400	\$44,317
Emergency Management	\$105,966	\$235,106	\$129,140
Special Events (12)	\$340,000	\$0	(\$340,000)
Municipal Court	\$584,983	\$762,658	\$177,675
City Marshal	\$0	\$57,322	\$57,322
Total public safety	\$26,140,401	\$32,431,378	\$6,290,977
Public Works	\$3,228,025	\$4,151,150	\$923,125
Parks and Recreation	\$1,894,123	\$2,885,595	\$991,472
Planning & Community Dev.	\$1,762,777	\$2,914,517	\$1,151,740
Transportation	\$830,000	\$970,000	\$140,000
Transfer to Infrastructure & Debt Service Fund (13)	\$0	\$2,604,850	\$2,604,850
Library (Special Fund) (13)	\$1,755,142	\$2,681,900	\$926,758
Debt Service (Debt Service Fund) (13)	\$1,975,968	\$1,754,405	(\$221,563)
TOTAL EXPENDITURES	\$41,889,247	\$56,533,305	\$14,644,058
Expenditure Notes:			
(7) City Auditor part-time in FY07.			
(8) Taxation included payments to GCAD and Tax Assessor-Collector.			
(9) Facility Maintenance includes City Hall maintenance (\$483,000) included as part of City Manager in FY07, Justice Center (\$591,000 for lease and utilities) placed here under Police, Insurance expenses (\$678,000) was in Finance. \$384,000 allocated to Planning & Development			
(10) Police includes Fleet replacement, CBA increase and local grant match in FY 17 so comparable to FY07. Also includes Justice Center lease and utilities			
(11) Fire includes CBA increase and fleet replacement.			
(12) Special Events cost, (Mardi Gras was \$164,000 in FY07; this year charged to HOT Surplus Fund, \$160,000.) Beach party (\$125,000) and community events (\$51,000 including July 4th fireworks, parades)			
(13) The Transfer to the Infrastructure and Debt Service Fund and Library Fund allocations are required by the City Charter. The Debt Service Fund allocation is based on State law and the city's outstanding property tax supported debt.			

The \$14.6 million increase in expenditures can be summarized in major categories as follows:

FY 2007-2017 Expenditure Change (\$Mil)	
Category	\$Mil
Public Safety	\$6.3
Library, Parks, Transit and Inspections	\$3.2
Infrastructure and Debt Service	\$2.4
Public Works (Streets and Traffic)	\$0.9
General Government	\$1.8
Total	\$14.6

The General Government functions of the city provide direction and support for operations and capital programs that make up the entire city budget. Comparing General Government expenditures over the ten year period is as follows:

**GENERAL GOVERNMENT COST FY 2007 AND 2017
As Percentage of Total Capital and Operating Expenditures**

COST CATEGORY	FY 2007 ACTUAL	FY 2017 BUDGET
General, Debt Service Library Fund Expenditures	\$41,889,247	\$56,533,305
Other Governmental Fund Expenditures (14)	\$4,777,791	\$19,819,277
Enterprise Fund Expenditures (15)	\$29,793,007	\$43,552,270
Capital Project Spending (16)		
Governmental Activities	\$11,452,908	\$29,880,488
Business Activities	\$15,883,294	\$22,086,436
Subtotal Capital Project Expenditures	\$27,336,202	\$51,966,924
TOTAL CITYWIDE EXPENDITURES	\$103,796,247	\$171,871,776
General Government Expenditures	\$4,302,811	\$6,139,511
GG as Percent of Citywide Total	4.15%	3.57%
Citywide Summary Notes:		
(14) Other Governmental Fund Expenditures: FY07 Actual taken from Statement of Revenues, Expenditures and Changes in Fund Balance, Nonmajor Governmental Funds; FY17 from First Quarter FY17 Budget Status Report Projected FY17 spending.		
(15) Enterprise Fund Expenditures is taken from FY07 CAFR (Enterprise Funds Statement of Revenues, Expenses and Changes in Net Assets) and FY17 Budget.		
(16) Capital Project Spending taken from Note 7, CAFR for FY07 and FY16; FY17 Capital Budget is \$79,068,879.		

The City's general government expenses, if thought of as administrative costs, are 3.57 percent of total city expenses. By this analysis as footnoted, the corresponding percentage in FY 2007 was 4.15 percent.

City staffing (see the chart on the opposite page) reflects the effect of Ike on the city's personnel budget. In FY 2007, the budget included 828 positions citywide. The FY 2010 staffing total was 722 positions which reflects the reductions in revenue that occurred as the result of Ike. The FY 2017 Budget includes 833 budgeted positions.

The General Fund showed a much more dramatic change as the result of Ike. Budgeted positions went from 503.3 in FY 2007 to 411.7 in FY 2010. Today, in FY 2017, the General Fund budget includes 484.3 positions. This shows substantial recovery in staffing from FY 2010, but to a staffing level that is still below pre-Ike levels.

Conclusion

The General Fund and its general tax revenues have grown significantly since FY 2007, but with some lasting effects on revenues. The city has responded by keeping administrative costs low as a part of the city's overall mission, including capital and operating programs. Public Safety and infrastructure have been the primary emphasis since 2008 when Ike hit the city. The FY 2018 Budget will reflect the continuation of this trend.

**LONG RANGE FINANCIAL FORECAST
WATERWORKS AND SEWER FUNDS**

Overview

Based on the projections included here, the FY 2018 Budget for the Waterworks and Sewer funds will require no change in water and sewer rates. We are able to postpone a water rate increase initially proposed for FY 2018 to FY 2019 for two reasons: slightly better water revenue collections and somewhat lower contract water costs. The revenue estimates below include water rate increases for FY 2019, 2020, and 2021 as well as “normal” years for rainfall and the continuation of the water and sewer Capital Improvement Programs. Gulf Coast Water Authority costs are expected to rise approximately five percent per year. Other Forecast expenditure assumptions are applied here as well.

**LONG RANGE FINANCIAL FORECAST
WATERWORKS FUND SUMMARY (\$000's)**

	FY 2017 Estimate	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
Beginning Fund Balance	\$ 7,360	\$ 6,347	\$ 5,925	\$ 4,904	\$ 5,008	\$ 6,173
Total Revenue	\$ 21,752	\$ 21,970	\$ 23,911	\$ 26,029	\$ 27,569	\$ 27,845
Operating Expense (City)	6,664	6,304	6,603	6,945	7,240	7,558
Cost of Water (GCWA)	10,845	11,493	11,885	12,302	12,741	13,200
Debt Service:						
Existing Debt	2,536	3,093	3,080	3,013	2,707	2,600
New Debt	-	-	1,565	1,565	2,467	2,467
Subtotal Debt Service	2,536	3,093	4,644	4,578	5,174	5,067
Transfer to Improvements Fund	2,720	1,500	1,800	2,100	1,250	1,250
Total Expense	\$ 22,765	\$ 22,391	\$ 24,933	\$ 25,924	\$ 26,405	\$ 27,075
Revenue Over/(Under) Expense	\$ (1,013)	\$ (421)	\$ (1,021)	\$ 104	\$ 1,165	\$ 770
Ending Fund Balance	\$ 6,347	\$ 5,925	\$ 4,904	\$ 5,008	\$ 6,173	\$ 6,942
Ending Balance Over/(Under) 90 Days	\$ 733	\$ 404	\$ (1,244)	\$ (1,384)	\$ (338)	\$ 266

**LONG RANGE FINANCIAL FORECAST
SEWER SYSTEM FUND SUMMARY (\$000's)**

	FY 2017 Estimate	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
Beginning Fund Balance	\$ 6,233	\$ 6,281	\$ 4,737	\$ 4,827	\$ 4,495	\$ 3,437
Total Revenue	\$ 15,318	\$ 15,475	\$ 15,635	\$ 15,795	\$ 15,958	\$ 16,122
Operating Expense (City)	10,445	10,114	10,457	10,854	12,027	11,791
Debt Service:						
Existing Debt	3,127	3,594	3,588	3,524	3,239	2,362
New Debt	-	-	-	250	250	250
Subtotal Debt Service	3,127	3,594	3,588	3,774	3,489	2,612
Transfer to Improvements Fund	1,699	3,311	1,500	1,500	1,500	1,500
Total Expense	\$ 15,271	\$ 17,019	\$ 15,544	\$ 16,128	\$ 17,016	\$ 15,903
Revenue Over/(Under) Expense	\$ 47	\$ (1,543)	\$ 90	\$ (333)	\$ (1,058)	\$ 219
Ending Fund Balance	\$ 6,281	\$ 4,737	\$ 4,827	\$ 4,495	\$ 3,437	\$ 3,656
Ending Balance Over/(Under) 90 Days	\$ 2,515	\$ 541	\$ 995	\$ 518	\$ (759)	\$ (265)

Projected CIP and Impact on Ratepayers

The table below demonstrates the impact of rate increases in FY 2019, 2020, and 2021 if they are applied across the board to all customers' base and consumption charges. The rate study currently underway is focused on evaluating the city's experience with the rates approved in FY 2016 to determine whether adjustments in the rate design might be possible to meet policy and/or financial goals of the city. This might include adjusting the balance between sewer and water charges, providing additional rate protection for low use customers or fine tuning the tier rate structure itself.

LONG RANGE FINANCIAL FORECAST WATER AND SEWER CHARGES AND CAPITAL PROGRAM

Category	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
Overall Water Rate Adjustment	0.0%	8.0%	8.0%	5.0%	0.0%
Overall Sewer Rate Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
Low Residential User (200 cu. ft.) Bill Impact					
Water charge	\$12.78	\$13.80	\$14.90	\$15.65	\$15.65
Sewer charge	\$19.94	\$19.94	\$19.94	\$19.94	\$19.94
Low Res. User Water & Sewer Bill	\$32.72	\$33.74	\$34.84	\$35.59	\$35.59
Amt. Change in 200 cu. ft. Bill	\$0.00	\$1.02	\$1.10	\$0.75	\$0.00
Percent Change in 200 cu. ft. Bill	0.0%	3.1%	3.3%	2.2%	0.0%
Avg. Residential User (500 cu. ft.) Bill Impact					
Water charge	\$17.64	\$19.05	\$20.57	\$21.60	\$21.60
Sewer charge	\$30.20	\$30.20	\$30.20	\$30.20	\$30.20
Avg. Res. User Water & Sewer Bill	\$47.84	\$49.25	\$50.77	\$51.80	\$51.80
Amt. Change in 500 cu. ft. Bill	\$0.00	\$1.41	\$1.52	\$1.03	\$0.00
Percent Change in 500 cu. ft. Bill	0.0%	2.9%	3.1%	2.0%	0.0%
Locally Funded CIP Projects (\$Mil)	\$25.8	\$34.0	\$10.3	\$10.0	\$12.0
Water (\$Mil)	\$9.7	\$30.4	\$6.8	\$6.5	\$10.7
Sewer (\$Mil)	\$16.2	\$3.5	\$3.5	\$3.5	\$1.3

Capital Investments and Rates

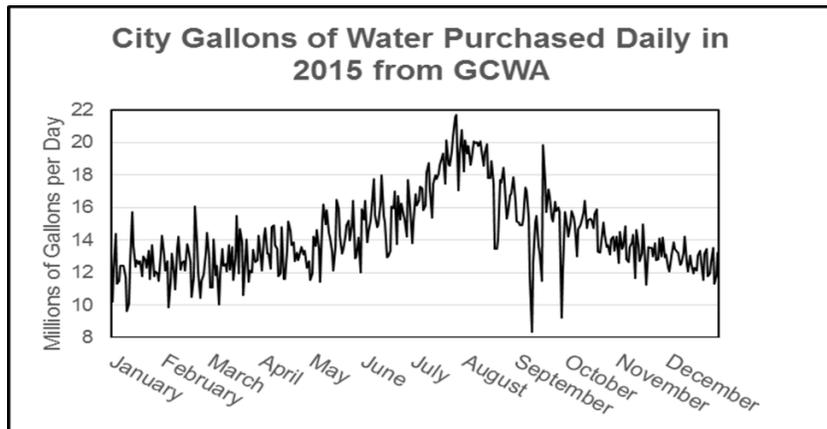
In FY 2016, we began an active program of addressing critical and unmet capital needs in the City's water and wastewater systems. This took the form of additional cash being set aside for "pay as you go" capital project costs as well as additional revenue to pay the cost of debt service on revenue supported bonds. Also in FY 2016, the Gulf Coast Water Authority (GCWA) increased the city's cost of water by \$2.2 million for the following reasons.

1. Additional water supply acquired by GCWA - \$774,000;
2. Capital renewal (some deferred) in the Thomas Mackey Water Purification Plant that serves the City of Galveston - \$445,000;
3. Ongoing Mackey plant operating costs that were funded in prior years with GCWA cash reserves that are no longer available - \$495,000; and
4. Review of and capital investment in the City of Galveston water supply lines that come from the mainland - \$494,000.

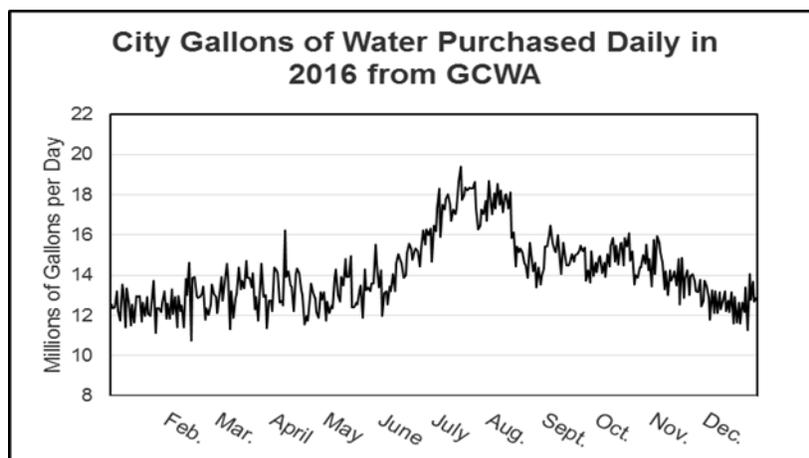
The new water and sewer rate structure was put into place effective October 1, 2015 to cover the ongoing and future GCWA costs in the Waterworks fund and support the capital programs in both funds. At the same time, a new tiered structure was put into place to cover the increased costs associated with repair, replacement and improvement of the city's water and sewer capital infrastructure.

The primary reason for having a tiered water rate structure is to equitably allocate the cost of peak usage to the uses that increase the cost of the overall system. Peaks set the standard for the availability of greater water supply, larger water plants, higher capacity pumps and larger water lines. It stands to reason that the types of usage driving peak consumption, therefore, should be charged higher rates to reflect the year round cost of maintaining that higher capacity. This is largely irrigation and non-residential uses both of which peak in the summer and tourist season months.

Daily water purchases from GCWA for calendar years 2015 and 2016 go up as much as fifty percent during the summer and tourist season as compared with other times of the year. Calendar year 2015 was drier than 2016, with the 2015 rainfall total for the June-August summer season being 9.4 inches as compared with 20.2 inches for 2016. This only served to somewhat reduce the extent of the consumption peak but did not eliminate it.



Peak water purchases from GCWA reached 22 million gallons per day in early August 2015 (see above), and 19 million gallons per day in late July 2016 (see below). Tourism and the warm summer months caused consumption to peak in July and August.



It is for this primary reason that normal, household usage of water that is consistent year-round is not rated to cover what would be a disproportionate share of the cost associated with the capacity necessary to accommodate peak usage. This is borne by non-residential use, higher levels of residential use and irrigation use.

**LONG RANGE FINANCIAL FORECAST
GENERAL DEBT SERVICE FUND**

Overview

The General Debt Service Fund Forecast focuses on the portion of the City's debt that is supported with the property tax levy for the payment of debt service. This forecast offers a single scenario to demonstrate how the City will implement the recently approved Streets and Drainage bonds election.

**GENERAL DEBT SERVICE FORECAST
FY 2017-2022 (\$THOUSANDS)**

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
REVENUE						
Property Taxes	\$1,920	\$4,020	\$4,128	\$4,252	\$4,379	\$4,511
Infrastructure & Debt Service Fund Transfer	\$0	\$0	\$967	\$1,377	\$1,729	\$2,007
Interest Income	\$30	\$35	\$40	\$45	\$48	\$48
TOTAL REVENUE	\$1,950	\$4,055	\$5,135	\$5,674	\$6,156	\$6,566
EXPENSE						
Current Debt Service						
Principal	\$1,331	\$1,533	\$1,591	\$1,539	\$1,425	\$1,678
Interest	\$423	\$492	\$436	\$367	\$300	\$241
Paying Agent Fees	\$1	\$5	\$5	\$5	\$5	\$5
Subtotal Current Debt Service	\$1,755	\$2,030	\$2,032	\$1,911	\$1,730	\$1,924
Projected Future Bonds Debt Service						
Principal	\$0	\$1,285	\$1,632	\$2,055	\$2,468	\$2,427
Interest	\$0	\$740	\$1,471	\$1,708	\$1,958	\$2,215
Subtotal Future Bonds Debt Service	\$0	\$2,025	\$3,103	\$3,763	\$4,426	\$4,642
TOTAL EXPENSE	\$1,755	\$4,055	\$5,135	\$5,674	\$6,156	\$6,566
Revenue Over/(Under) Expense	\$195	\$0	\$0	\$0	\$0	\$0
Beginning Fund Balance	\$1,518	\$1,713	\$1,713	\$1,713	\$1,713	\$1,713
Ending Fund Balance	\$1,713	\$1,713	\$1,713	\$1,713	\$1,713	\$1,713
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Taxable Value (\$millions)	\$5,448.6	\$5,783.1	\$5,956.6	\$6,135.3	\$6,319.4	\$6,509.0
Debt Service Tax Rate	\$0.034975	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000
Property Tax Growth	9.0%	6.0%	3.0%	3.0%	3.0%	3.0%
Investment Pool Earnings Rate	0.5%	1.0%	1.5%	2.1%	2.6%	2.8%
General Fund Transfer to Infrastructure & Debt Service Fund	\$2,549.0	\$3,266.5	\$3,924.4	\$4,620.6	\$4,760.8	\$4,906.3
Percent I&DS Fund transferred to Debt Service Fund	0.0%	0.0%	24.6%	29.8%	36.3%	40.9%
Future Bond Issue (\$000's) NOTE	\$0	\$25,000	\$20,000	\$8,500	\$8,500	\$8,000
Outstanding Principal (\$000's) FY End	\$9,521	\$31,703	\$48,480	\$53,386	\$57,993	\$61,888
Overall Interest Rate	3.33%	3.58%	3.83%	4.08%	4.33%	4.58%
Interest Rate Diff with FY15 Rates	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%

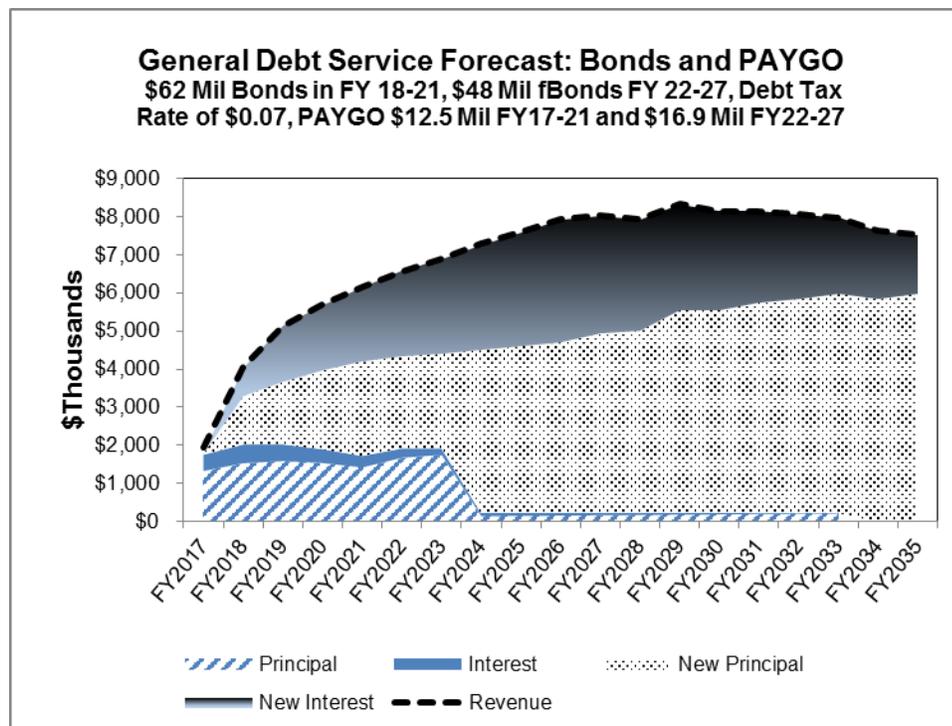
The underlying assumptions are:

1. Property tax roll growth of 6 percent in FY 2018 and 3 percent per year thereafter;
2. The property tax rate for debt service will be set at \$0.07 (seven cents) per \$100 of taxable value in order to fund the total tax supported debt service scheduled for the FY 2018-2022 period. This is a three and one-half cent increase in the current rate that is tied to the issuance of the recently approved streets and drainage bonds over the next four fiscal years.
3. The schedule contemplates four bond sales for street and drainage based on the Capital Improvement Plan beginning with the first sale occurring this summer.
4. The General Fund's contribution to the Infrastructure and Debt Service Fund is set by City Charter at 6 percent of the General Fund budget for FY 2018, 7 percent of the budget for FY 2019 and 8 percent of the General Fund in FY 2020. The Infrastructure and Debt Service Fund set aside amount is expected to increase by approximately 3 percent each year thereafter based on expected increases in overall General Fund revenue each year.

5. Infrastructure and Debt Service Fund set aside monies will be transferred to the Debt Service Fund in sufficient amounts to maintain an ending balance in the Debt Service Fund of approximately \$1.7 million.
6. Interest rates increase steadily to resume their average historical level in the range of five percent; and
7. A conservative amortization approach to principal payments on new debt is used that schedules higher principal payments than the average, level payment, consumer-type loan.

As provided by the City Charter, the issuance of General Obligation bonds required the prior approval by the voters that occurred in May 2017 before this scenario could have taken place. Beginning in FY 2022, this Debt Service Fund forecast projects that \$8 million in new future bonds could be afforded in pursuit of financing for the street and drainage program after the current program is completed. The Capital Improvement Plan is a rolling five year plan. It will be developed each year to identify specific projects directly correlated to that year's Debt Service Fund forecast.

1. Specific projects are scheduled by phase (design, acquisition and construction) and by fiscal year;
2. Existing cash balances for capital construction are allocated to projects as legally and financially allowed prior to a decision on issuance of new bonds;
3. The economy is evaluated and potential revenue availability is assessed annually; and
4. A decision is made one year at a time on how many and what type of bond-financed projects are affordable, including the potential sale of voter-approved debt as might be deemed prudent at the time.



Notable in the graph above are the following:

- The City's current tax-supported debt will be virtually paid off in FY 2024.

- The contribution to debt service paid on future bonds by the Infrastructure and Debt Service Fund in the scenario presented here is set to ensure the ending Debt Service Fund balance is \$1.7 million each year.
- The increase in payments for debt service on current debt in FY 2023 and 2024 presents a “spike” when uniform debt service allocations for a series of annual bond sales are layered on top of the existing debt service payment in those same fiscal years. This has been smoothed by adjusting principal payments for several years’ sales prior to the “spike.”
- This forecast includes no new bond sales beyond FY 2026 and features how annual debt service payments decline over time, providing an annual opportunity to reduce costs or issue bonds for additional project financing needs.

Not shown in the graph is the Debt Service Fund balance that remains at a constant level throughout the twenty year forecast period. As presented in the General Fund Forecast, the General Fund contribution to the Infrastructure and Debt Service Fund will reach its charter-mandated eight percent of Budget level in FY 2020. In that fiscal year, the total General Fund contribution is projected at \$4.62 million.

The City’s outstanding tax supported debt would grow over time as a result of implementing the \$62 million bond election. As of the end of FY 2017, the City’s total property tax supported debt stands at \$11.3 million. The total amount outstanding would be a net amount of \$58.3 million in FY 2021 using the assumptions shown in these tables because of the payoff of \$13.5 million in principal during the FY 2018-2021 period.

The table below shows a potential total of \$80.2 million available for streets and drainage projects in the FY 2018-FY 2021 period. This includes the tax supported bonds approved by the voters in May, 2017, the Infrastructure and Debt Service Set Aside, and the Industrial Development Corporation sales tax infrastructure “silo.”

**STREET AND DRAINAGE CAPITAL PROGRAM FUNDS
JUNE 2017 FORECAST (\$000's)**

	FY2018	FY2019	FY2020	FY2021	Totals
General Obligation Bond Proceeds	\$25,000	\$20,000	\$8,500	\$8,500	\$62,000
Total Infrastructure Setaside	\$3,267	\$3,924	\$4,621	\$4,761	\$16,572
Less: Debt Service Payment	\$0	(\$967)	(\$1,377)	(\$1,729)	(\$4,073)
Infrastructure Setaside PAYGO Amount	\$3,267	\$2,957	\$3,244	\$3,032	\$12,499
IDC Sales Tax Infrastructure Amount	\$1,336	\$1,387	\$1,441	\$1,497	\$5,662
Total Funds	\$29,603	\$24,344	\$13,185	\$13,029	\$80,161
Debt Service Rate per \$100 Taxable Value	\$0.0700	\$0.0700	\$0.0700	\$0.0700	

**GENERAL DEBT SERVICE FUND FORECAST
FY2017-2027 (\$THOUSANDS)**

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
REVENUE											
Property Taxes	\$1,920	\$4,020	\$4,128	\$4,252	\$4,379	\$4,511	\$4,646	\$4,785	\$4,929	\$5,077	\$5,203
Infrastructure & Debt Service Fund Transfer	\$0	\$0	\$967	\$1,377	\$1,729	\$2,007	\$2,195	\$2,461	\$2,619	\$2,791	\$2,771
Interest Income	\$30	\$35	\$40	\$45	\$48	\$48	\$48	\$48	\$50	\$50	\$50
TOTAL REVENUE	\$1,950	\$4,055	\$5,135	\$5,674	\$6,156	\$6,566	\$6,889	\$7,294	\$7,598	\$7,918	\$8,024
EXPENSE											
Current Debt Service											
Principal	\$1,331	\$1,533	\$1,591	\$1,539	\$1,425	\$1,678	\$1,755	\$148	\$154	\$162	\$170
Interest	\$423	\$492	\$436	\$367	\$300	\$241	\$163	\$81	\$74	\$66	\$58
Paying Agent Fees	\$1	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Subtotal Current Debt Service	\$1,755	\$2,030	\$2,032	\$1,911	\$1,730	\$1,924	\$1,923	\$234	\$233	\$233	\$233
Projected Future Bonds Debt Service											
Principal	\$0	\$1,285	\$1,632	\$2,055	\$2,468	\$2,427	\$2,494	\$4,259	\$4,384	\$4,466	\$4,714
Interest	\$0	\$740	\$1,471	\$1,708	\$1,958	\$2,215	\$2,472	\$2,740	\$2,981	\$3,219	\$3,077
Subtotal Future Bonds Debt Service	\$0	\$2,025	\$3,103	\$3,763	\$4,426	\$4,642	\$4,966	\$6,999	\$7,365	\$7,685	\$7,791
TOTAL EXPENSE	\$1,755	\$4,055	\$5,135	\$5,674	\$6,156	\$6,566	\$6,889	\$7,233	\$7,598	\$7,918	\$8,024
Revenue Over/(Under) Expense	\$195	\$0	\$0	\$0	\$0	\$0	\$0	\$61	\$0	\$0	\$0
Beginning Fund Balance	\$1,518	\$1,713	\$1,713	\$1,713	\$1,713	\$1,713	\$1,713	\$1,713	\$1,774	\$1,774	\$1,774
Ending Fund Balance	\$1,713	\$1,713	\$1,713	\$1,713	\$1,713	\$1,713	\$1,713	\$1,774	\$1,774	\$1,774	\$1,774
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Taxable Value (\$millions)	\$5,448.6	\$5,783.1	\$5,956.6	\$6,135.3	\$6,319.4	\$6,509.0	\$6,704.3	\$6,905.4	\$7,112.6	\$7,326.0	\$7,545.8
Debt Service Tax Rate	\$0.034975	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000
Property Tax Growth	9.0%	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Investment Pool Earnings Rate	0.5%	1.0%	1.5%	2.1%	2.6%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
General Fund Transfer to Infrastructure & Debt Service Fund	\$2,549.0	\$3,266.5	\$3,924.4	\$4,620.6	\$4,760.8	\$4,906.3	\$5,053.5	\$5,205.1	\$5,361.3	\$5,522.1	\$5,687.8
Percent I&DS Fund transferred to Debt Service Fund	0.0%	0.0%	24.6%	29.8%	36.3%	40.9%	43.4%	47.3%	48.9%	50.5%	48.7%
Future Bond Issue (\$000's) NOTE	\$0	\$25,000	\$20,000	\$8,500	\$8,500	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Outstanding Principal (\$000's) FY End	\$9,521	\$31,703	\$48,480	\$53,386	\$57,993	\$61,888	\$65,639	\$69,232	\$72,694	\$76,066	\$79,182
Overall Interest Rate	3.33%	3.58%	3.83%	4.08%	4.33%	4.58%	4.83%	4.83%	4.83%	4.83%	4.83%
Interest Rate Diff with FY15 Rates	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Future Debt Service Schedules	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Principal											
FY2018		\$1,285	\$760	\$800	\$825	\$865	\$905	\$940	\$980	\$1,020	\$1,070
FY2019			\$872	\$884	\$896	\$756	\$720	\$1,082	\$1,144	\$958	\$972
FY2020				\$371	\$376	\$231	\$185	\$541	\$596	\$401	\$407
FY2021					\$371	\$376	\$381	\$385	\$391	\$696	\$101
FY2022						\$199	\$204	\$358	\$362	\$368	\$373
FY2023							\$99	\$604	\$208	\$212	\$368
FY2024								\$349	\$354	\$108	\$362
FY2025									\$349	\$354	\$358
FY2026										\$349	\$354
FY2027											\$349
Subtotal Principal	\$0	\$1,285	\$1,632	\$2,055	\$2,468	\$2,427	\$2,494	\$4,259	\$4,384	\$4,466	\$4,714
Interest											
FY2018		\$740	\$892	\$870	\$846	\$813	\$778	\$742	\$704	\$665	\$614
FY2019			\$579	\$566	\$551	\$535	\$521	\$506	\$482	\$456	\$432
FY2020				\$272	\$269	\$263	\$259	\$255	\$242	\$227	\$216
FY2021					\$292	\$288	\$281	\$273	\$264	\$254	\$234
FY2022						\$316	\$314	\$310	\$302	\$293	\$283
FY2023							\$319	\$318	\$304	\$299	\$293
FY2024								\$336	\$330	\$321	\$318
FY2025									\$353	\$346	\$336
FY 2026										\$358	\$351
FY2027											\$353
Subtotal Interest	\$0	\$740	\$1,471	\$1,708	\$1,958	\$2,215	\$2,472	\$2,740	\$2,981	\$3,219	\$3,077
Total by Year											
FY2018		\$2,025	\$1,652	\$1,670	\$1,671	\$1,678	\$1,683	\$1,682	\$1,684	\$1,685	\$1,684
FY2019			\$1,451	\$1,450	\$1,447	\$1,291	\$1,241	\$1,588	\$1,626	\$1,414	\$1,404
FY2020				\$643	\$645	\$494	\$444	\$796	\$838	\$628	\$623
FY2021					\$663	\$664	\$662	\$658	\$655	\$950	\$335
FY2022						\$515	\$518	\$668	\$664	\$661	\$666
FY2023							\$418	\$922	\$512	\$511	\$661
FY2024								\$685	\$684	\$429	\$680
FY2025									\$702	\$700	\$694
FY2026										\$707	\$705
FY2027											\$353
Subtotal by Year	\$0	\$2,025	\$3,103	\$3,763	\$4,426	\$4,642	\$4,966	\$6,999	\$7,365	\$7,685	\$7,795

NOTE: Principal amounts shown are amounts treated as authorized debt given that bonds are being sold at a premium and producing lesser amounts of principal to repay.

**GENERAL DEBT SERVICE FUND FORECAST
FY2028-2037 (\$THOUSANDS)**

	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
REVENUE										
Property Taxes	\$5,359	\$5,520	\$5,685	\$5,856	\$6,032	\$6,213	\$6,399	\$6,591	\$6,789	\$6,992
Infrastructure & Debt Service Fund Transfer	\$2,516	\$2,752	\$2,406	\$2,230	\$1,965	\$1,704	\$1,182	\$889	\$561	\$305
Interest Income	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
TOTAL REVENUE	\$7,925	\$8,322	\$8,141	\$8,136	\$8,047	\$7,967	\$7,631	\$7,530	\$7,400	\$7,347
EXPENSE										
Current Debt Service										
Principal	\$178	\$187	\$196	\$203	\$211	\$219	\$0	\$0	\$0	\$0
Interest	\$49	\$41	\$31	\$24	\$17	\$9	\$0	\$0	\$0	\$0
Paying Agent Fees	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Subtotal Current Debt Service	\$232	\$233	\$232	\$232	\$233	\$233	\$5	\$5	\$0	\$5
Projected Future Bonds Debt Service										
Principal	\$4,764	\$5,319	\$5,323	\$5,507	\$5,608	\$5,732	\$5,836	\$5,958	\$6,063	\$6,244
Interest	\$2,929	\$2,770	\$2,586	\$2,397	\$2,206	\$2,002	\$1,790	\$1,567	\$1,337	\$1,098
Subtotal Future Bonds Debt Service	\$7,693	\$8,089	\$7,909	\$7,904	\$7,814	\$7,734	\$7,626	\$7,525	\$7,400	\$7,342
TOTAL EXPENSE	\$7,925	\$8,322	\$8,141	\$8,136	\$8,047	\$7,967	\$7,631	\$7,530	\$7,400	\$7,347
Revenue Over/(Under) Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Fund Balance	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774
Ending Fund Balance	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774	\$1,774
	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Taxable Value (\$millions)	\$7,772.2	\$8,005.4	\$8,245.6	\$8,493.0	\$8,747.8	\$9,010.2	\$9,280.5	\$9,558.9	\$9,845.7	\$10,141.1
Debt Service Tax Rate	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000
Property Tax Growth	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Investment Pool Earnings Rate	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
General Fund Transfer to Infrastructure & Debt Service Fund	\$5,858.4	\$6,034.2	\$6,215.2	\$6,401.6	\$6,593.7	\$6,791.5	\$6,995.2	\$7,205.1	\$7,421.2	\$7,643.9
Percent I&DS Fund transferred to Debt Service Fund	42.9%	45.6%	38.7%	34.8%	29.8%	25.1%	16.9%	12.3%	7.6%	4.0%
Future Bond Issue (\$000's) NOTE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outstanding Principal (\$000's) FY End	\$74,240	\$68,734	\$63,215	\$57,505	\$51,686	\$45,735	\$39,899	\$33,941	\$27,878	\$21,634
Overall Interest Rate	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%
Interest Rate Diff with FY15 Rates	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Future Debt Service Schedules	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Principal										
FY2018	\$1,115	\$1,165	\$1,210	\$1,265	\$1,305	\$1,340	\$1,380	\$1,410	\$1,445	\$1,505
FY2019	\$986	\$1,000	\$1,016	\$1,030	\$1,046	\$1,064	\$1,080	\$1,098	\$1,116	\$1,134
FY2020	\$413	\$419	\$425	\$432	\$438	\$445	\$452	\$459	\$467	\$474
FY2021	\$307	\$513	\$419	\$425	\$432	\$438	\$445	\$452	\$459	\$467
FY2022	\$378	\$383	\$389	\$464	\$470	\$476	\$482	\$488	\$496	\$502
FY2023	\$373	\$378	\$383	\$389	\$394	\$400	\$406	\$412	\$418	\$476
FY2024	\$368	\$373	\$378	\$383	\$389	\$419	\$425	\$431	\$437	\$443
FY2025	\$362	\$368	\$373	\$378	\$383	\$389	\$394	\$400	\$406	\$412
FY2026	\$108	\$362	\$368	\$373	\$378	\$383	\$389	\$419	\$425	\$431
FY2027	\$354	\$358	\$362	\$368	\$373	\$378	\$383	\$389	\$394	\$400
Subtotal Principal	\$4,764	\$5,319	\$5,323	\$5,507	\$5,608	\$5,732	\$5,836	\$5,958	\$6,063	\$6,244
Interest										
FY2018	\$561	\$505	\$446	\$386	\$335	\$283	\$230	\$174	\$118	\$60
FY2019	\$406	\$378	\$349	\$319	\$287	\$250	\$212	\$172	\$131	\$89
FY2020	\$204	\$191	\$177	\$162	\$147	\$131	\$114	\$97	\$79	\$60
FY2021	\$231	\$221	\$203	\$188	\$172	\$155	\$138	\$120	\$102	\$83
FY2022	\$272	\$259	\$246	\$232	\$214	\$195	\$176	\$156	\$135	\$113
FY2023	\$282	\$270	\$257	\$243	\$228	\$212	\$195	\$177	\$159	\$140
FY2024	\$307	\$295	\$282	\$268	\$253	\$237	\$219	\$200	\$180	\$160
FY2025	\$325	\$313	\$300	\$286	\$271	\$255	\$238	\$220	\$201	\$181
FY 2026	\$341	\$338	\$326	\$313	\$299	\$284	\$268	\$251	\$232	\$212
FY2027	\$346	\$336	\$325	\$313	\$300	\$286	\$271	\$255	\$238	\$220
Subtotal Interest	\$2,929	\$2,770	\$2,586	\$2,397	\$2,206	\$2,002	\$1,790	\$1,567	\$1,337	\$1,098
Total by Year										
FY2018	\$1,676	\$1,670	\$1,656	\$1,651	\$1,640	\$1,623	\$1,610	\$1,584	\$1,563	\$1,565
FY2019	\$1,392	\$1,378	\$1,365	\$1,349	\$1,333	\$1,314	\$1,292	\$1,270	\$1,247	\$1,223
FY2020	\$617	\$610	\$602	\$594	\$585	\$576	\$566	\$556	\$546	\$534
FY2021	\$538	\$734	\$622	\$613	\$604	\$593	\$583	\$572	\$561	\$550
FY2022	\$650	\$642	\$635	\$696	\$684	\$671	\$658	\$644	\$631	\$615
FY2023	\$655	\$648	\$640	\$632	\$622	\$612	\$601	\$589	\$577	\$616
FY2024	\$675	\$668	\$660	\$651	\$642	\$636	\$624	\$611	\$600	\$603
FY2025	\$687	\$681	\$673	\$664	\$654	\$644	\$632	\$620	\$607	\$593
FY2026	\$449	\$700	\$694	\$686	\$677	\$667	\$657	\$670	\$657	\$643
FY2027	\$346	\$336	\$325	\$313	\$300	\$286	\$271	\$255	\$238	\$220
Subtotal by Year	\$7,339	\$7,731	\$7,547	\$7,536	\$7,441	\$7,356	\$7,243	\$7,136	\$7,006	\$6,942

**LONG RANGE FINANCIAL FORECAST
SPECIAL ISSUE: HOTEL OCCUPANCY TAX AND
THE CONVENTION CENTER SURPLUS FUND**

The City's "trickle down" funds, deposited in the Convention Center Surplus Fund, is the amount that reverts to the City after key distributions are made to the Park Board, debt service on the convention center bonds, and convention center operations. The distribution of the Hotel Occupancy Tax is well known but the results are rarely seen in a single place. This forecast is specifically intended to show that distribution as projected conservatively for the FY 2018-2022 period while demonstrating that the City's share is growing and continual planning is needed to make productive use of these funds.

**LONG RANGE FINANCIAL FORECAST
HOTEL OCCUPANCY TAX PROJECTIONS
FY 2017 - 2022, (\$000'S)**

Category	FY 2017 Estimate	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
SOURCES						
Local Hotel Occupanct Taxes	\$16,659	\$17,773	\$18,731	\$19,564	\$20,507	\$21,562
State Hotel Occupancy Taxes (Local Share)	\$3,559	\$3,797	\$4,002	\$4,182	\$4,383	\$4,607
TOTAL SOURCES	\$20,218	\$21,570	\$22,733	\$23,746	\$24,890	\$26,169
USES						
Park Board						
Advertising (1)	\$5,553	\$5,924	\$6,243	\$6,521	\$6,835	\$7,187
Beach Maint/Patrol (2)	\$5,410	\$5,772	\$6,083	\$6,356	\$6,661	\$7,003
Arts Council (3)	\$1,388	\$1,481	\$1,561	\$1,630	\$1,709	\$1,797
Subtotal Parks Board	\$12,351	\$13,177	\$13,887	\$14,507	\$15,205	\$15,987
Convention Center						
Convention Center Operations (4)	\$480	\$480	\$480	\$480	\$480	\$480
CC Operator and Developer Fees (5)	\$125	\$125	\$125	\$125	\$125	\$125
CC Budget for Arts (6)	\$231	\$247	\$260	\$272	\$285	\$299
CC Surplus Allocation (7)	\$2,580	\$2,813	\$3,016	\$3,190	\$3,386	\$3,621
Subtotal CC Operator	\$3,416	\$3,665	\$3,881	\$4,067	\$4,276	\$4,525
City						
Transfer to Historical Bldgs Special Fund (8)	\$231	\$247	\$260	\$272	\$285	\$299
CC HOT Debt Service (9)	\$1,740	\$1,768	\$1,788	\$1,811	\$1,837	\$1,837
City Surplus Allocation (10)	\$2,480	\$2,713	\$2,916	\$3,090	\$3,286	\$3,521
Subtotal City	\$4,451	\$4,728	\$4,964	\$5,173	\$5,408	\$5,657
TOTAL USES	\$20,218	\$21,570	\$22,732	\$23,747	\$24,889	\$26,169
HOT Growth Assumption	9.0%	6.7%	5.4%	4.5%	4.8%	5.1%
City Surplus Allocation Growth Percentage	13.5%	9.4%	7.5%	6.0%	6.3%	7.2%
HOT Allocation to Convention Center M&O and Debt Service	\$6,889	\$7,404	\$7,899	\$8,324	\$8,695	\$9,113

Notes:

- (1) Equal to 3% of the 9% local tax.
- (2) Equal to 1% of the 9% local tax and includes the State tax allocation to the City (2% of the 6% total).
- (3) Equal to 0.75% of the 9% local tax.
- (4) Monthly transfer in the aggregate amount of \$40k. (distributed from 4% referenced in #9)
- (5) Annual allocation to developer. (distributed from 4% referenced in #9)
- (6) Equal to 0.125% of the 9% local tax.
- (7) Unexpended balance comprises the majority of the surplus.
- (8) Equal to 0.125% of the 9% local tax.
- (9) Bond covenant allocates 4% of the 9% to Debt Service and related reserves. (See last line of chart above.) Debt
- (10) Unexpended balance comprises the majority of the surplus.

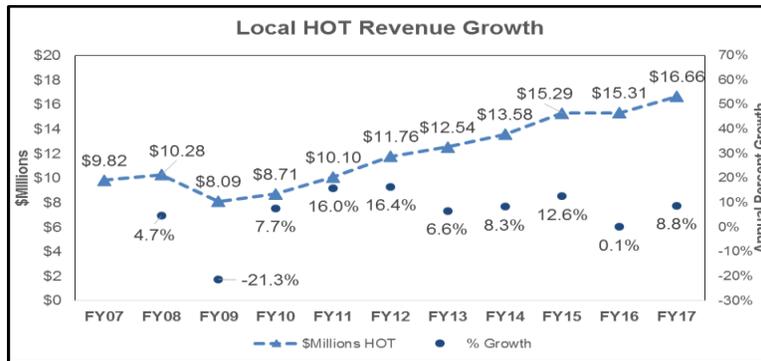
The lion's share of HOT proceeds goes to the Park Board, totaling \$13 million per year in FY 2018. The City's share of the HOT proceeds that "trickle down" is growing faster than the total HOT

proceeds are for a simple reason: debt service payments on the convention center are flat, leaving a progressively larger balance remaining each year.

**LONG RANGE FINANCIAL FORECAST
CONVENTION CENTER SURPLUS FUND HISTORY
FY 2013-2017, (\$000'S)**

Category	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate
REVENUE					
Convention Center Surplus (Hotel Occupancy Taxes)	\$1,154	\$1,565	\$1,978	\$3,251	\$2,480
SUBTOTAL - HOT REVENUE	\$1,154	\$1,565	\$1,978	\$3,251	\$2,480
EXPENDITURES					
Special Events (City)					
Mardi Gras	\$315	\$327	\$250	\$160	\$251
Special Events Services (City)	0	40	40	50	50
Subtotal - Special Events (City)	\$315	\$367	\$290	\$210	\$301
Seawall and Related Activities (City)					
Seawall Parking (Capital Outlay)	470	0	74	0	0
Seawall Parking Operations/ Enforcement	96	172	183	19	0
Seawall Litter Detail	42	35	0	0	0
Seawall Amenities Match	0	7	0	0	0
Restrooms Operations & Maintenance	0	39	46	23	25
Economic Study	0	0	0	0	9
West End Beach Access Cans	2	49	10	0	0
Subtotal Seawall Activities (City)	\$610	\$302	\$313	\$42	\$34
Park Board					
Downtown Advertising	100	100	100	40	0
Advertising	0	400	0	0	0
West End Beach Trash Removal	0	0	300	300	300
Seawall Litter Detail	0	35	100	100	100
Cultural Arts District	2	16	0	0	0
Shoreline/Beach Services	0	20	10	0	0
East End Lagoon Operations & Maintenance	0	0	75	75	75
Transportation Study	0	0	30	0	0
Subtotal - Park Board Activities	\$102	\$571	\$615	\$515	\$475
Island Transit					
Seawall Transportation Route	0	0	0	0	200
Transportation Study	0	0	0	0	167
Seawall Boulevard Improvements Phase II (TxDOT Overlay Project)	0	0	0	466	0
Trolley System Track Repair Project	0	0	0	240	0
Trolley Car Buses	0	0	0	0	642
Trolley Rail Car Restoration Project	0	0	0	0	1,978
Trolley Maintenance Building	0	0	0	0	162
Trolley Project Management & Design	0	0	0	0	247
Trolley System Reserve	0	0	0	0	87
Subtotal Island Transit	0	0	0	706	3,483
Historic Preservation/Promotion Activities					
Historic Broadway Median Replanting Project	0	0	0	1,966	0
Historic Broadway Lighting Improvements	0	0	0	0	500
Historic City Hall Remodeling	0	0	0	0	500
Subtotal - Historic Preservation/Promotion Activities	0	0	0	1,966	1,000
Other Costs					
Capital Reserve	0	0	0	0	62
Revenue Bond/Bank Fees	0	3	4	4	4
Subtotal - Other Costs	0	3	4	4	66
SUBTOTAL - EXPENDITURES	\$1,027	\$1,243	\$1,222	\$3,443	\$5,359
REVENUE OVER/ (UNDER) EXPENDITURES	\$127	\$322	\$756	(\$192)	(\$2,879)
BEGINNING FUND BALANCE	\$2,361	\$2,488	\$2,810	\$3,566	\$3,374
ENDING FUND BALANCE	\$2,488	\$2,810	\$3,566	\$3,374	\$495

The chart above shows how the City has used its “trickle down” money for the most recent five years. It also shows how rapidly the City’s HOT proceeds have grown, more than doubling in the five year period shown. (See the economic outlook and major revenue forecast.)



The five year forecast below includes allocations for the program categories deemed eligible for HOT funding. Convention Center Surplus Fund spending for special events (including Mardi Gras which is costing less than before), Seawall programs and activities, and Park Board programs and activities total approximately \$800,000 per year, leaving ample funds for transit, historical preservation and other HOT-eligible projects.

**LONG RANGE FINANCIAL FORECAST
CONVENTION CENTER SURPLUS FUND FORECAST
FY 2018-2022, (\$000'S)**

Category	FY 2017 Estimate	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
REVENUE						
Convention Center Surplus (Hotel Occupancy Taxes)	\$2,480	\$2,713	\$2,916	\$3,090	\$3,286	\$3,521
SUBTOTAL - HOT REVENUE	\$2,480	\$2,713	\$2,916	\$3,090	\$3,286	\$3,521
EXPENDITURES						
Special Events (City)	\$252	\$252	\$252	\$252	\$252	\$252
Seawall Activities (City)	\$34	\$35	\$36	\$36	\$37	\$38
Park Board Contract Activities	\$475	\$475	\$475	\$475	\$475	\$475
Island Transit						
Trolley System Operations	0	0	784	980	1,005	1,030
Trolley System Restoration and Repair Projects	3,029	50	50	50	50	50
Island Transit Seawall Routes	238	509	522	535	548	561
Transportation Study	167	0	0	0	0	0
Subtotal - Trolley System	\$3,434	\$559	\$1,356	\$1,565	\$1,603	\$1,641
Historic Preservation						
Historic Broadway Lighting Improvements	500	800	0	0	0	0
Historic City Hall Remodeling	500	800	0	0	0	0
Subtotal - Historic Preservation	\$1,000	\$1,600	\$0	\$0	\$0	\$0
Reserves and Other Costs	\$326	\$125	\$798	\$762	\$919	\$1,115
SUBTOTAL - EXPENDITURES	\$5,521	\$3,046	\$2,916	\$3,090	\$3,286	\$3,521
REVENUE OVER/(UNDER) EXPENDITURES	(\$3,041)	(\$333)	\$0	\$0	\$0	\$0
BEGINNING FUND BALANCE	\$3,374	\$333	\$0	\$0	\$0	\$0
ENDING FUND BALANCE	\$333	\$0	\$0	\$0	\$0	\$0

The forecast above demonstrates how the City's "trickle down" monies can be used to fund trolley and seawall transit program costs, including operations and federal grant funded project matches. The capital reserve is intended for capital projects as may be determined to be lawful uses of HOT funds by the city attorney and as may be approved by City Council.

LONG RANGE FINANCIAL FORECAST SPECIAL ISSUE: ISLAND TRANSIT FUNDING

Island Transit (IT) is an integral part of Galveston's economy, shuttling workers, residents and tourists to their destinations. After the city's population dropped below 50,000 in the 2010 Census, the City sustained significant losses in its federal grants supporting the system. A three-year preventive maintenance grant in the amount of \$500,000 per year compensated somewhat for this loss. With this grant, the annual General Fund subsidy has been maintained in the \$800,000 to \$1.2 million range for IT operations. Since we knew that the preventive maintenance grant was going to end in FY 2017, the FY 2018 funding shortfall was estimated in last year's forecast to be a minimum of \$1.6 million.

The City just recently learned that two more grants, are being discontinued for FY 2018 as well. The Census Grant has \$250,000 annually, and a grant for elderly and disabled transportation service has brought in \$20,000. This loss of \$270,000 now increases the potential IT deficit to the \$1.9 million range. Keep in mind that the trolley system operating cost will not add to this deficit as long as the city continues to allocate Hotel Occupancy Tax revenue from the Convention Center Surplus Fund to cover the full cost of the trolley system, including its rubber wheel and rail components.

The General Fund in FY 2018 has significant obligations, including increases in city employees' pay, health benefits, and the increase in the set aside for the Infrastructure and Debt Service fund. Setting aside \$2 million in General Fund monies for Island Transit would make it extremely difficult to fund the basic City services that can only be funded with general tax revenues. Therefore, this Island Transit budget and forecast presentation has a primary goal of beginning the process to restructure Island Transit operating finances so as to serve the city's basic service priorities.

ISLAND TRANSIT FY 2018 BUDGET TARGET

The chart on the next page is a top-down presentation of the Island Transit Budget that is based on the following assumptions and priorities.

1. Retaining the major federal grants that we continue to receive is a priority. This \$1.3 million enables the City to have its own mass transportation system. The city should continue to do whatever it needs to do to maintain basic services for residents so as to comply with federal law.
2. As a second level of service, the city should prioritize services for low income and elderly residents of Galveston, operating those services (Demand Response and Lifeline services) as cost effectively as possible.
3. Services provided to the Port and UTMB, including the Victory Lakes route from League City, are not addressed in this presentation. However, it is likely that those services will need to be restructured as well.

The scenario below, unless other guidance is provided by Mayor and City Council will be used to develop the FY 2018 Proposed Budget for Island Transit. It builds on program efficiency initiatives already underway and limits the General Fund subsidy for Island Transit to \$1,043,000 for operations as shown here and an additional \$100,000 for the IT capital reserve fund. **This will likely require significant reductions in Island Transit personnel.**

**ISLAND TRANSIT FY 2018 BUDGET TARGET
LONG RANGE FINANCIAL FORECAST FY 2018-2022**

FY 2018 Budget Calculations	Expense	Income	Income Over/ (Under) Expense
Starting Point: FY 2017 Estimates (1)	\$4,951,466	\$4,839,871	(\$111,595)
Adjust for Trolley Buses (2)	(\$238,000)	(\$238,000)	\$0
Less: General Fund Subsidy (3)	\$0	(\$1,012,000)	(\$1,012,000)
Adjusted Island Transit Income and Expense FY 2017	\$4,713,466	\$3,589,871	(\$1,123,595)
Loss of Grants (4)			
Preventive Maintenance HGAC	\$0	(\$500,000)	(\$500,000)
Census Grant TxDOT	\$0	(\$250,000)	(\$250,000)
Elderly and Disabled Grant (5310)FTA	\$0	(\$20,000)	(\$20,000)
Subtotal Grants Lost from FY 2017	\$0	(\$770,000)	(\$770,000)
Adjusted IT Income and Expense FY 2018	\$4,713,466	\$2,819,871	(\$1,893,595)
Program Efficiency Initiatives (5)			
Reduce overtime for Port Service	(\$100,000)	\$0	\$100,000
Contract for Demand Response (reducing per rider cost to \$16 and increasing rider fare from \$1 to \$2)	(\$187,000)	\$35,000	\$222,000
Lifeline Service Reduction (2 buses, 30 minutes apart)	(\$515,000)	(\$15,000)	\$500,000
Other reductions	(\$28,595)	\$0	\$28,595
Subtotal Program Changes	(\$830,595)	\$20,000	\$850,595
Adjusted Total Budget	\$3,882,871	\$2,839,871	(\$1,043,000)
NOTES:			
(1) Special Revenue Fund estimates from FY 2017 Second Quarter Budget Status report.			
(2) The cost of trolley system operation is being funded with transfers of Hotel Occupancy Tax funds from the Convention Center Surplus Fund in FY 2017 and for the FY 2018-2022 period.			
(3) General Fund budgeted amount for FY 2017 included \$870,000 for Island Transition operating budget shown here and \$100,000 for Island Transit capital reserve fund.			
(4) Base revenue for Island Transit includes major grants from the state and Federal Transit Administration, all of which are administered by TxDOT. The HGAC grant was for a three year period that ended in FY 2017. The City recently became aware that the Census Grant was being discontinued in FY 2018.			
(5) The Program Efficiency Initiatives are being started in FY 2017, having been presented to City Council and discussed in public hearings as required by federal regulations.			

ISLAND TRANSIT OPERATING FORECAST

The aforementioned Island Transit FY 2018 Budget Target is used as the FY 2018 Forecast amount in the five year forecast presented below. This presentation includes the Trolley Bus system expenses with HOT revenue as its offset. Also, beginning in FY 2019, the Trolley Rail operation is expected to begin. It, too, is funded with HOT revenue less trolley fare box revenue.

ISLAND TRANSIT SPECIAL REVENUE FUND OPERATING FORECAST FY 2018-2022 (\$000'S)

CATEGORIES	FY 2017 Estimate	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
BEGINNING BALANCE	\$112	\$0	\$0	\$0	\$0	\$0
REVENUE						
Federal/State Operating Grants						
Current Grants	\$1,745	\$1,438	\$1,438	\$1,438	\$1,438	\$1,438
HGAC Preventive Maintenance Grant	\$500	\$0	\$0	\$0	\$0	\$0
Subtotal Grants	\$2,245	\$1,438	\$1,438	\$1,438	\$1,438	\$1,438
Local Fares/Contract Revenue						
Current Service/Contracts	\$1,087	\$1,125	\$1,153	\$1,182	\$1,212	\$1,242
Farebox Revenue	\$257	\$277	\$284	\$291	\$298	\$305
Seawall Bus Fares	\$0	\$27	\$27	\$28	\$29	\$30
Trolley Fares	\$0	\$0	\$16	\$20	\$21	\$21
Subtotal Local Fares/Contract Revenue	\$1,344	\$1,429	\$1,480	\$1,521	\$1,559	\$1,598
Hotel Occupancy Tax (Convention Center Surplus Fund Transfer)						
Seawall Trolley Bus Service	\$238	\$509	\$522	\$535	\$548	\$561
Trolley Rail Operations	\$0	\$0	\$784	\$980	\$1,005	\$1,030
Subtotal CC Surplus Fund Transfer	\$238	\$509	\$1,306	\$1,515	\$1,553	\$1,591
TOTAL ISLAND TRANSIT INCOME	\$3,827	\$3,376	\$4,224	\$4,474	\$4,550	\$4,627
General Fund Subsidy	\$1,012	\$1,043	\$1,043	\$1,043	\$1,043	\$1,043
Income to be Identified	\$0	\$0	\$62	\$126	\$191	\$259
TOTAL REVENUE	\$4,839	\$4,419	\$5,329	\$5,643	\$5,784	\$5,929
EXPENSES						
Baseline Expenses	\$4,713	\$3,883	\$3,980	\$4,080	\$4,182	\$4,287
Seawall Trolley Bus Service	\$238	\$536	\$549	\$563	\$577	\$591
Trolley Rail Operations	\$0	\$0	\$800	\$1,000	\$1,025	\$1,051
TOTAL EXPENSES	\$4,951	\$4,419	\$5,329	\$5,643	\$5,784	\$5,929
REVENUE OVER/(UNDER) EXPENSE	(\$112)	\$0	\$0	\$0	\$0	\$0
ENDING BALANCE	\$0	\$0	\$0	\$0	\$0	\$0

The assumptions behind this forecast include:

1. Grant revenue will be constant for the FY 2018-2022 period. After the 2020 Census, we might be fortunate and experience increased federal aid as Galveston might once again qualify as an urban mass transit system. If this does occur, it likely will not occur until FY 2022 or 2023.
2. The General Fund subsidy will remain constant as well to minimize the impact on basic local services.
3. Trolley system operating costs will remain a city priority for HOT revenue allocated through the Convention Center Surplus Fund.

LONG RANGE FINANCIAL FORECAST EXPENDITURE GROWTH ASSUMPTIONS

Expenditure Forecast Approach

Like the revenue forecast, expenditures begin with a base for FY 2018 that is the FY 2017 Budget adjusted for increases in ongoing costs and deductions for one-time costs in the FY 2017 Budget. The FY 2018 Base is not shown in this year's forecast but is included in the FY 2018 Forecast column itself.

FY 2017 Budget to FY 2018 Forecast

- Expenditures adjusted to reflect estimated costs
- Collective Bargaining Agreement Increases for Police and Fire including one percent per year COLA and adjustments to scheduled pay
- Two percent pay raise for non-classified personnel
- Salary adjustments made throughout the fiscal year
- Loss of Grant reimbursements
- Increases in contractual obligations
- Remove or add one time capital items
- Charter mandated increase for General Fund contribution to the Infrastructure and Debt Service Fund
- Expenditures increased using the growth assumptions on the next page.

Expenditure Growth Assumptions

General Fund expenditures are increased in this forecast using the percent change assumptions shown on the next page. They are based on the idea that inflationary effects on supplies and services are largely beyond the City's control. The core Consumer Price Index increase is the basis for the general inflationary increase, and the Congressional Budget Office's CPI assumption has been used here. Other key assumptions are:

- The City's contributions to the three employee pension funds will continue to be based on the same percentage of payroll as they are today.
- The City's electricity contract freezes prices at the current level through October, 2018.
- Gasoline prices will be slightly higher than current prices for the duration of the five year forecast period.
- Health and life insurance costs will continue to grow more slowly than other major employers' plans.

**EXPENDITURE GROWTH ASSUMPTIONS
LONG RANGE FINANCIAL FORECAST FY 2018-2022**

EXPENDITURE GROWTH ASSUMPTIONS						
EXPENDITURE CATEGORY	EXPLANATION	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast
Personnel Services						
Salaries						
Police	Collective Bargaining Agreement	4.87%	3.75%	0.0%	0.0%	0.0%
Fire	Collective Bargaining Agreement	4.30%	3.62%	0.0%	0.0%	0.0%
Civilians	Policy issue for City Council's consideration	2.0%	2.0%	0.0%	0.0%	0.0%
Other Pay		2.0%	2.0%	0.0%	0.0%	0.0%
Social Security	Standard percent of salaries in all but Fire	0.0%	0.0%	0.0%	0.0%	0.0%
Pension						
Civilians	Based on percent of pay as shown; Required by state law and Collective Bargaining Contract	9.0%	9.0%	9.0%	9.0%	9.0%
Police		12.83%	12.83%	12.83%	12.83%	12.83%
Fire		14.0%	14.0%	14.0%	14.0%	14.0%
Health Insurance	Increase in FY17/Core CPI	8.7%	5.0%	5.0%	5.0%	5.0%
Supplies						
Energy Supplies	Utility CPI	2.7%	2.7%	2.7%	2.7%	2.7%
General Supplies	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Maintenance Supplies	Influenced by energy CPI	10.0%	5.0%	5.0%	5.0%	5.0%
Small Capital	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Services						
Maintenance Services	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Water purchase	GCWA Contract	2.0%	2.0%	2.0%	2.0%	2.0%
Vehicle Maintenance	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Office Services	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Other Services	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Professional Services	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Utilities	Electricity contract price	14.3%	10.0%	10.0%	10.0%	10.0%
Utilities for water services	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Refuse Disposal	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Capital Outlay						
Motor Pool Replacement	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Vehicles and Equipment	Core CPI	1.5%	2.0%	2.0%	2.0%	2.0%
Transfers						
General Fund to Infrastructure Fund	Increase by 1% of General Fund Budget per year as required by City Charter until maxed out at 8% in FY 2020	6.00%	7.00%	8.00%	8.00%	8.00%

CITY OF GALVESTON PROPERTY TAX COLLECTIONS
MONTHLY AND YEAR TO DATE TOTALS FY 2001-2017
INCLUDING TAXES PASSED THROUGH TO TAX INCREMENT ZONES 12, 13 AND 14 PLUS MUD 30

MONTHLY PROPERTY TAX COLLECTION TOTALS												
Fiscal Year	October	November	December	January	February	March	April	May	June	July	August	September
2001	787,825.87	1,180,230.78	3,034,365.48	3,241,440.50	466,468.38	581,638.87	130,105.29	288,877.96	519,134.21	285,510.57	94,264.80	197,138.66
2002	751,814.67	1,190,757.11	2,030,894.32	4,658,653.81	1,475,947.37	158,229.62	146,960.81	296,916.96	725,872.42	260,766.70	94,882.88	58,542.51
2003	541,761.51	1,883,462.58	2,516,716.78	4,901,540.05	1,690,711.18	209,512.29	182,300.22	165,804.04	702,100.22	451,102.01	90,913.22	69,799.27
2004	545,559.91	726,004.97	2,247,751.99	4,892,878.85	3,460,870.63	339,050.13	224,463.27	220,117.51	260,845.06	145,964.86	148,383.14	76,902.32
2005	318,694.08	1,044,425.62	3,119,177.92	4,392,435.91	3,059,616.36	1,184,353.79	253,964.48	203,980.34	237,276.32	281,125.73	149,855.48	74,236.02
2006	249,647.97	1,086,704.01	2,691,382.26	5,201,874.01	4,209,818.91	1,314,480.23	247,130.47	304,917.96	231,280.50	299,228.01	116,647.19	104,763.33
2007	81,892.35	873,501.30	2,447,900.61	9,040,744.94	2,985,713.01	446,983.62	246,559.35	243,989.66	443,778.66	267,909.47	127,570.61	115,800.89
2008	95,989.77	871,935.25	3,841,038.00	10,259,362.16	3,040,369.56	437,809.17	391,382.19	283,065.96	316,961.02	312,456.24	87,740.68	40,624.46
2009	237,091.46	573,291.64	4,411,061.67	9,968,805.14	2,895,853.58	1,072,345.07	512,264.90	355,989.08	444,948.45	380,407.63	193,310.10	84,059.74
2010	113,485.20	1,988,051.57	5,992,362.38	7,053,547.43	3,182,849.21	883,974.42	277,390.37	410,380.57	325,826.61	187,608.61	152,264.16	62,864.65
2011	96,974.35	1,698,932.92	7,297,951.54	6,477,364.21	4,937,057.69	579,777.98	347,847.74	308,698.88	341,432.63	220,337.51	189,774.99	114,282.30
2012	133,094.40	2,315,531.59	5,738,318.27	8,765,207.46	3,829,476.69	733,352.94	368,230.26	337,271.17	502,887.33	385,508.95	173,258.09	84,010.18
2013	568,708.27	2,310,809.14	6,095,486.25	8,590,115.69	3,561,183.93	611,729.89	423,407.73	398,529.19	774,840.36	407,645.70	154,076.93	97,458.99
2014	153,256.92	2,736,129.65	7,543,885.32	6,537,213.76	5,005,794.47	1,151,319.17	279,017.80	309,910.52	661,582.36	488,155.24	111,661.34	111,330.19
2015	169,888.49	2,683,715.51	8,274,453.01	6,681,300.75	4,815,928.25	652,116.02	343,979.83	284,433.23	599,863.00	615,405.54	127,765.94	98,593.98
2016	125,450.76	2,308,589.39	9,991,483.24	8,280,842.27	3,500,614.68	1,062,987.33	344,712.13	384,931.06	846,836.59	678,021.90	192,588.96	101,432.48
2017	423,460.29	3,403,255.33	10,096,330.16	9,467,670.79	3,708,104.43	685,081.40	278,797.27	455,229.12				
YEAR TO DATE PROPERTY TAX COLLECTION TOTALS												
	October	November	December	January	February	March	April	May	June	July	August	September
2001	787,825.87	1,968,056.65	5,002,422.13	8,243,862.63	8,710,331.01	9,291,969.88	9,422,075.17	9,710,953.13	10,230,087.34	10,515,597.91	10,609,862.71	10,807,001.37
2002	751,814.67	1,942,571.78	3,973,466.10	8,632,119.91	10,108,067.28	10,266,296.90	10,413,257.71	10,710,174.67	11,436,047.09	11,696,813.79	11,791,696.67	11,850,239.18
2003	541,761.51	1,425,224.09	3,941,940.87	8,843,480.92	10,534,192.10	10,743,704.39	10,926,004.61	11,091,808.65	11,793,908.87	12,245,010.88	12,335,924.10	12,405,723.37
2004	545,559.91	1,271,564.88	3,519,316.87	8,412,195.72	11,873,066.35	12,212,116.48	12,436,579.75	12,656,697.26	12,917,542.32	13,063,507.18	13,211,890.32	13,288,792.64
2005	318,694.08	1,363,119.70	4,482,297.62	8,874,733.53	11,934,349.89	13,118,703.68	13,372,668.16	13,576,648.50	13,813,924.82	14,095,050.55	14,244,906.03	14,319,142.05
2006	249,647.97	1,336,351.98	4,027,734.24	9,229,608.25	13,439,427.16	14,753,907.39	15,001,037.86	15,305,955.82	15,537,236.32	15,836,464.33	15,953,111.52	16,057,874.85
2007	81,892.35	955,393.65	3,403,294.26	12,444,039.20	15,429,752.21	15,876,735.83	16,123,295.18	16,367,284.84	16,811,063.50	17,078,972.97	17,206,543.58	17,322,344.47
2008	95,989.77	967,925.02	4,808,963.02	15,068,325.18	18,108,694.74	18,546,503.91	18,937,886.10	19,220,952.06	19,537,913.08	19,850,369.32	19,938,110.00	19,978,734.46
2009	237,091.46	810,383.10	5,221,444.77	15,190,249.91	18,086,103.49	19,158,448.56	19,670,713.46	20,026,702.54	20,471,650.99	20,852,058.62	21,045,368.72	21,129,428.46
2010	113,485.20	2,101,536.77	8,093,899.15	15,147,446.58	18,330,295.79	19,214,270.21	19,491,660.58	19,902,041.15	20,227,867.76	20,415,476.37	20,567,740.53	20,630,605.18
2011	96,974.35	1,795,907.27	9,093,858.81	15,571,223.02	20,508,280.71	21,088,058.69	21,435,906.43	21,744,605.31	22,086,037.94	22,306,375.45	22,496,150.44	22,610,432.74
2012	133,094.40	2,448,625.99	8,186,944.26	16,952,151.72	20,781,628.41	21,514,981.35	21,883,211.61	22,220,482.78	22,723,370.11	23,108,879.06	23,282,137.15	23,366,147.33
2013	568,708.27	2,879,517.41	8,975,003.66	17,565,119.35	21,126,303.28	21,738,033.17	22,161,440.90	22,559,970.09	23,334,810.45	23,742,456.15	23,896,533.08	23,993,992.07
2014	153,256.92	2,889,386.57	10,433,271.89	16,970,485.65	21,976,280.12	23,127,599.29	23,406,617.09	23,716,527.61	24,378,109.97	24,866,265.21	24,977,926.55	25,089,256.74
2015	169,888.49	2,853,604.00	11,128,057.01	17,809,357.76	22,625,286.01	23,277,402.03	23,621,381.86	23,905,815.09	24,505,678.09	25,121,083.63	25,248,849.57	25,347,443.55
2016	125,450.76	2,434,040.15	12,425,523.39	20,706,365.66	24,206,980.34	25,269,967.67	25,614,679.80	25,999,610.86	26,846,447.45	27,524,469.35	27,717,058.31	27,818,490.79
2017	423,460.29	3,826,715.62	13,923,045.78	23,390,716.57	27,098,821.00	27,783,902.40	28,062,699.67	28,517,928.79				

**CITY OF GALVESTON PROPERTY TAX COLLECTIONS
MONTHLY AND YEAR TO DATE TOTALS FY 2001-2017
INCLUDING TAXES PASSED THROUGH TO TAX INCREMENT ZONES 12, 13 AND 14 PLUS MUD 30**

YTD PROPERTY TAX COLLECTION TOTALS AS PERCENT OF YEAREND TOTAL												
	October	November	December	January	February	March	April	May	June	July	August	September
2001	7.3%	18.2%	46.3%	76.3%	80.6%	86.0%	87.2%	89.9%	94.7%	97.3%	98.2%	100.0%
2002	6.3%	16.4%	33.5%	72.8%	85.3%	86.6%	87.9%	90.4%	96.5%	98.7%	99.5%	100.0%
2003	4.4%	11.5%	31.8%	71.3%	84.9%	86.6%	88.1%	89.4%	95.1%	98.7%	99.4%	100.0%
2004	4.1%	9.6%	26.5%	63.3%	89.3%	91.9%	93.6%	95.2%	97.2%	98.3%	99.4%	100.0%
2005	2.2%	9.5%	31.3%	62.0%	83.3%	91.6%	93.4%	94.8%	96.5%	98.4%	99.5%	100.0%
2006	1.6%	8.3%	25.1%	57.5%	83.7%	91.9%	93.4%	95.3%	96.8%	98.6%	99.3%	100.0%
2007	0.5%	5.5%	19.6%	71.8%	89.1%	91.7%	93.1%	94.5%	97.0%	98.6%	99.3%	100.0%
2008	0.5%	4.8%	24.1%	75.4%	90.6%	92.8%	94.8%	96.2%	97.8%	99.4%	99.8%	100.0%
2009	1.1%	3.8%	24.7%	71.9%	85.6%	90.7%	93.1%	94.8%	96.9%	98.7%	99.6%	100.0%
2010	0.6%	10.2%	39.2%	73.4%	88.9%	93.1%	94.5%	96.5%	98.0%	99.0%	99.7%	100.0%
2011	0.4%	7.9%	40.2%	68.9%	90.7%	93.3%	94.8%	96.2%	97.7%	98.7%	99.5%	100.0%
2012	0.6%	10.5%	35.0%	72.6%	88.9%	92.1%	93.7%	95.1%	97.2%	98.9%	99.6%	100.0%
2013	2.4%	12.0%	37.4%	73.2%	88.0%	90.6%	92.4%	94.0%	97.3%	99.0%	99.6%	100.0%
2014	0.6%	11.5%	41.6%	67.6%	87.6%	92.2%	93.3%	94.5%	97.2%	99.1%	99.6%	100.0%
2015	0.7%	11.3%	43.9%	70.3%	89.3%	91.8%	93.2%	94.3%	96.7%	99.1%	99.6%	100.0%
2016	0.5%	8.7%	44.7%	74.4%	87.0%	90.8%	92.1%	93.5%	96.5%	98.9%	99.6%	100.0%
2001-16 Avg	2.1%	10.0%	34.1%	70.2%	87.1%	90.9%	92.4%	94.0%	96.8%	98.7%	99.5%	100.0%
5 Yrs Max Rev	0.5%	8.7%	35.0%	67.6%	87.0%	90.6%	92.1%	93.5%	96.5%	98.9%	99.6%	100.0%
5 Yrs Min Rev	2.4%	12.0%	44.7%	74.4%	89.3%	92.2%	93.7%	95.1%	97.3%	99.1%	99.6%	100.0%
5 Yrs Avg	1.0%	10.8%	40.5%	71.6%	88.2%	91.5%	92.9%	94.3%	97.0%	99.0%	99.6%	100.0%
FY 2017 Projected (Trends only - Partial Payment Plan Considerations not included)												
2001-16 Avg	\$20,045,000	\$38,339,000	\$40,882,000	\$33,335,000	\$31,130,000	\$30,580,000	\$30,367,000	\$30,326,000				
5 Yrs Max Rev	\$84,692,000	\$43,985,000	\$39,780,000	\$34,602,000	\$31,148,000	\$30,667,000	\$30,470,000	\$30,500,000				
5 Yrs Min Rev	\$17,644,000	\$31,889,000	\$31,148,000	\$31,439,000	\$30,346,000	\$30,134,000	\$29,950,000	\$29,987,000				
5 Yrs Avg	\$44,110,000	\$35,433,000	\$34,361,000	\$32,659,000	\$30,738,000	\$30,365,000	\$30,194,000	\$30,248,000				
2017 Budgeted	\$30,103,000	\$30,103,000	\$30,103,000	\$30,103,000	\$30,103,000	\$30,103,001	\$30,103,002	\$30,103,003				
2017 Estimated	\$30,103,000	\$30,103,000	\$30,103,000	\$30,310,000	\$30,310,000	\$30,310,000	\$30,470,000	\$30,964,000				
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep

**ANALYSIS OF PROPERTY TAX REVENUES
FISCAL YEARS 2015-18**

DESCRIPTION	TY14/FY15 ACTUAL	TY15/FY16 CERTIFIED	TY15/FY16 ACTUAL	TY16/FY17 CERTIFIED	TY16/FY17 ESTIMATED	TY17/FY18 ESTIMATED
NET PROPERTY TAX LEVY						
Total Taxable Value (\$millions)	\$4,755.6	\$5,262.8	\$5,297.6	\$5,817.6	\$5,850.3	\$6,201.4
Less TIRZ	(\$380.6)	(\$424.6)	(\$247.4)	(\$289.2)	(\$287.5)	(\$304.8)
Less 60% MUD Value	(\$35.5)	(\$35.0)	(\$49.0)	(\$60.7)	(\$57.7)	(\$61.1)
Net Taxable Value	\$4,339.5	\$4,803.2	\$5,001.2	\$5,467.7	\$5,505.2	\$5,835.5
Times Tax Rate per \$100 of Taxable Value	\$0.533890	\$0.529000	\$0.529000	\$0.526000	\$0.526000	\$0.561000
Total Tax Levy (\$Thousands Revenue)	\$25,389.7	\$27,840.2	\$28,024.3	\$30,600.6	\$30,772.8	\$34,789.9
Less: Freeze Acct Total Value Revenue Equivalent (Over 65 and Disabled)	(\$2,118.7)	(\$2,340.0)	(\$2,344.1)	(\$2,653.3)	(\$2,660.1)	(\$2,819.7)
Plus: Freeze Acct collectible Revenue (Over 65 & Disabled)	\$1,825.3	\$1,901.2	\$1,907.4	\$2,054.7	\$2,059.3	\$2,182.9
Less: Taxes Lost to Tax Freeze	(\$293.4)	(\$438.8)	(\$436.7)	(\$598.6)	(\$600.7)	(\$636.8)
Net Current Year Tax Levy (\$000's Revenue)	\$25,096.3	\$27,401.4	\$27,587.6	\$30,002.0	\$30,172.1	\$34,153.1
Effective Taxable Value	\$4,700.6	\$5,179.8	\$5,215.0	\$5,703.8	\$5,736.1	\$6,087.9
Less TIRZ Incremental Values	(\$380.6)	(\$424.6)	(\$247.4)	(\$283.8)	(\$287.5)	(\$304.8)
Effective Taxable Value Retained by City	\$4,320.0	\$4,755.2	\$4,967.6	\$5,420.0	\$5,448.6	\$5,783.1
DISTRIBUTION OF NET LEVY (\$THOUSANDS)						
Net Current Year Levy (\$000's)	\$25,096.3	\$27,401.4	\$27,587.6	\$30,002.0	\$30,172.1	\$34,153.1
Less TIRZ Increment	(\$2,032.0)	(\$2,246.1)	(\$1,308.7)	(\$1,492.8)	(\$1,512.2)	(\$1,602.9)
Net Current Year Levy Retained by the City	\$23,064.3	\$25,155.3	\$26,278.9	\$28,509.2	\$28,659.9	\$32,550.2
General Fund Share (including MUD 30) of NCL	\$18,860.4	\$20,635.4	\$21,557.1	\$23,903.6	\$24,029.6	\$25,503.5
Debt Service Share of NCL	\$2,043.6	\$2,142.0	\$2,237.7	\$1,895.6	\$1,905.6	\$4,048.2
Library Fund Share of NCL	\$2,160.0	\$2,377.6	\$2,483.8	\$2,710.0	\$2,724.3	\$2,891.6
Net Current Year Levy Retained by the City	\$23,064.0	\$25,155.0	\$26,278.6	\$28,509.2	\$28,659.5	\$32,443.3
COLLECTION OF TAXES (\$THOUSANDS)						
Estimated/Actual Collections	ACTUAL	TY15/FY16 CERTIFIED	TY15/FY16 ACTUAL	TY16/FY17 CERTIFIED	TY16/FY17 ESTIMATED	TY17/FY18 ESTIMATED
General Fund Net Current Levy Total	\$20,466.1	\$22,423.9	\$22,439.1	\$24,888.5	\$25,197.0	\$26,699.8
General Fund Delinquent Taxes	\$337.8	\$315.0	\$358.9	\$335.0	\$339.9	\$339.9
General Fund Penalty & Interest	\$339.3	\$300.0	\$312.1	\$300.0	\$300.0	\$300.0
Less TIRZ Increment	(\$1,945.9)	(\$2,201.2)	(\$1,308.1)	(\$1,492.8)	(\$1,512.2)	(\$1,602.9)
Less MUD 30 Rebate	(\$186.2)	(\$184.5)	(\$258.0)	(\$319.3)	(\$303.3)	(\$342.8)
General Fund Total	\$19,011.1	\$20,653.2	\$21,544.0	\$23,711.4	\$24,021.4	\$25,394.0
Debt Service Net Current Levy Total	\$2,006.4	\$2,099.2	\$2,193.1	\$1,857.7	\$1,879.9	\$3,987.5
Debt Service Delinquent Taxes	\$39.1	\$19.7	\$37.2	\$40.0	\$40.0	\$40.0
Debt Service Fund Total	\$2,045.5	\$2,118.9	\$2,230.3	\$1,897.7	\$1,919.9	\$4,027.5
Library Net Current Levy Total	\$2,121.0	\$2,330.0	\$2,436.8	\$2,655.8	\$2,687.5	\$2,848.2
Library Delinquent Taxes	\$37.7	\$26.3	\$41.3	\$26.3	\$26.3	\$26.3
Library Fund Total	\$2,158.7	\$2,356.3	\$2,478.1	\$2,682.1	\$2,713.8	\$2,874.5
GRAND TOTAL COLLECTIONS	\$23,215.3	\$25,128.4	\$26,252.4	\$28,291.2	\$28,655.1	\$32,296.0
Estimated Current Collection Rate (of NCL)	98.0%	98.0%	98.1%	98.0%	98.6%	98.3%
Estimated Total Collection Rate (of NCL)	101.0%	100.4%	100.8%	100.3%	101.0%	100.3%
Tax Rate						
General Fund Operations and Maintenance	\$0.436584	\$0.433955	\$0.433955	\$0.441025	\$0.441025	\$0.441000
Debt Service Fund Interest and Sinking	\$0.047306	\$0.045045	\$0.045045	\$0.034975	\$0.034975	\$0.070000
Library Fund	\$0.050000	\$0.050000	\$0.050000	\$0.050000	\$0.050000	\$0.050000
Total Rate	\$0.533890	\$0.529000	\$0.529000	\$0.526000	\$0.526000	\$0.561000

**CITY OF GALVESTON SALES TAX COLLECTIONS RESULTS FOR FULL 2% TAX (1.5% TO CITY, 0.5% TO IDC)
FEBRUARY 2016 MERCHANTS' COLLECTIONS, PAID INTO STATE COMPTROLLER IN APRIL, RECEIVED BY CITY IN JUNE**

MONTH TAX COLLECTED BY RETAILER	2015 (Full 2% Receipts)	2016 (Full 2% Receipts)	2017 (Full 2% Receipts)	Pct Over Same Mo Last FY	CITY OF GALVESTON SALES TAX REVENUE RECEIVED FROM STATE COMPTROLLER, FY2003-2016															
October	1,394,471.33	1,366,645.51	1,453,825.27	6.38%																
November	1,271,065.03	1,346,250.59	1,409,900.59	4.73%																
December	1,727,234.37	1,775,748.53	1,743,007.96	-1.84%																
January	1,267,941.59	1,345,136.83	1,365,509.84	1.51%																
February	1,326,316.48	1,287,680.31	1,512,079.09	17.43%																
March	1,883,450.03	1,918,408.51	1,805,353.93	-5.89%																
April	1,521,566.83	1,520,201.92	1,597,398.76	5.08%																
May	1,608,255.60	1,728,972.75																		
June	2,108,830.18	2,109,070.02																		
July	1,932,921.75	1,840,685.72																		
August	1,754,317.72	1,970,226.10																		
September	1,811,499.15	1,792,464.01																		
	19,607,870.06	20,001,490.80																		
													FY16 ACTUAL	15,001,118						
													FY17 ESTIMATE	15,150,000						
					FY17 BUDGET	15,450,000														
					GENERAL FUND PROJECTIONS (1.5%)				FULL 2% PROJECTIONS											
YTD Totals					LOW	AVERAGE	HIGH	AVG FY10-16	LOW	AVERAGE	HIGH									
October	1,394,471.33	1,366,645.51	1,453,825.27	6.38%	15,336,000	15,821,000	16,984,000	14,941,000	20,448,000	21,095,000	22,645,000									
November	2,665,536.36	2,712,896.10	2,863,725.86	5.56%	15,233,000	16,178,000	19,597,000	15,564,000	20,310,000	21,571,000	26,129,000									
December	4,392,770.73	4,488,644.63	4,606,733.82	2.63%	14,791,000	15,518,000	16,829,000	15,375,000	19,721,000	20,690,000	22,439,000									
January	5,660,712.32	5,833,781.46	5,972,243.66	2.37%	14,576,000	15,458,000	16,480,000	15,374,000	19,435,000	20,611,000	21,973,000									
February	6,987,028.80	7,121,461.77	7,484,322.75	5.10%	15,138,000	15,771,000	16,913,000	15,289,000	20,184,000	21,028,000	22,550,000									
March	8,870,478.83	9,039,870.28	9,289,676.68	2.76%	14,865,000	15,425,000	16,433,000	15,249,000	19,820,000	20,566,000	21,910,000									
April	10,392,045.66	10,560,072.20	10,887,075.44	3.10%	15,029,000	15,509,000	16,354,000	15,233,000	20,039,000	20,679,000	21,805,000									
May	12,000,301.26	12,289,044.95																		
June	14,109,131.44	14,398,114.97																		
July	16,042,053.19	16,238,800.69																		
August	17,796,370.91	18,209,026.79																		
September	19,607,870.06	20,001,490.80																		
COG 1.5%	14,705,902.55	15,001,118.10																		
Percent of Year					Highest Percent YTD	Average Percent YTD	Lowest Percent YTD	Average Percent YTD FY10-16												
October	7.11%	6.83%			7.11%	6.89%	6.42%	6.86%												
November	13.59%	13.56%			14.10%	13.28%	10.96%	13.07%												
December	22.40%	22.44%			23.36%	22.27%	20.53%	21.90%												
January	28.87%	29.17%			30.73%	28.98%	27.18%	28.46%												
February	35.63%	35.60%			37.08%	35.59%	33.19%	34.93%												
March	45.24%	45.20%			46.87%	45.17%	42.40%	44.46%												
April	53.00%	52.80%			54.33%	52.65%	49.93%	51.99%												
May	61.20%	61.44%			62.13%	60.83%	58.17%	60.18%												
June	71.96%	71.99%			72.96%	71.71%	69.80%	71.15%												
July	81.81%	81.19%			82.67%	81.50%	80.35%	81.29%												
August	90.76%	91.04%			91.38%	90.57%	89.87%	90.72%												
September	100.00%	100.00%			100.00%	100.00%	100.00%	100.00%												

CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

Sales Tax Econometric Forecast
 Date: 5/10/2017

FY	Fiscal Year	Employment		Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 2 Qtrs 2 Qtr Moving Average		MODEL ESTIMATE (\$000's) = A+B+C+D+E+F+G+H	ACTUAL (\$000's)	ESTIMATE (OVER)/ UNDER ACTUAL	% Difference		
		COEFFICIENTS		1.404		-0.01939		1.488		0.9723		487		275.7						0.2046	
		CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA					PRODUCT OF DATA AND COEFFICIENT = G	
1992	1992-2	(3.219)	1,783.9	2,504.6	\$9,188.9	(178.2)	0.00	0.0	106.07	103.1	0.0	0.00	0.00	\$8,955.85	1,832.4	\$1,042.9	\$1,106.6	\$63.7	5.8%		
1992	1992-3	(3.219)	1,810.1	2,541.3	\$9,789.5	(189.8)	129.10	192.1	100.00	97.2	0.0	0.00	0.00	\$8,996.85	1,840.8	\$1,262.6	\$1,292.8	\$30.2	2.3%		
1992	1992-4	(3.219)	1,802.7	2,531.0	\$10,391.3	(201.5)	188.40	280.3	102.67	99.8	0.0	0.00	0.00	\$9,069.70	1,855.7	\$1,346.3	\$1,300.2	(\$46.1)	-3.5%		
1993	1993-1	(3.219)	1,827.3	2,565.6	\$10,204.4	(197.9)	0.00	0.0	106.33	103.4	0.0	0.00	0.00	\$9,173.25	1,876.8	\$1,128.9	\$1,142.6	\$13.7	1.2%		
1993	1993-2	(3.219)	1,805.4	2,534.8	\$10,207.1	(197.9)	0.00	0.0	102.77	99.9	0.0	0.00	0.00	\$9,268.35	1,896.3	\$1,114.1	\$1,070.7	(\$43.4)	-4.1%		
1993	1993-3	(3.219)	1,837.4	2,579.7	\$10,235.8	(198.5)	132.40	197.0	98.33	95.6	0.0	0.00	0.00	\$9,359.85	1,915.0	\$1,369.8	\$1,235.5	(\$134.3)	-10.9%		
1993	1993-4	(3.219)	1,847.6	2,594.0	\$10,765.7	(208.7)	192.90	287.0	101.77	98.9	0.0	0.00	0.00	\$9,415.30	1,926.4	\$1,478.6	\$1,420.4	(\$58.2)	-4.1%		
1994	1994-1	(3.219)	1,867.5	2,622.0	\$9,825.6	(190.5)	0.00	0.0	99.50	96.7	0.0	0.00	0.00	\$9,452.10	1,933.9	\$1,243.1	\$1,222.8	(\$20.3)	-1.7%		
1994	1994-2	(3.219)	1,843.4	2,588.2	\$10,753.7	(208.5)	0.00	0.0	97.73	95.0	0.0	0.00	0.00	\$9,503.20	1,944.4	\$1,200.1	\$1,127.4	(\$72.7)	-6.4%		
1994	1994-3	(3.219)	1,881.0	2,640.9	\$11,859.3	(230.0)	137.10	204.0	93.13	90.6	0.0	0.00	0.00	\$9,589.90	1,962.1	\$1,448.6	\$1,487.0	\$38.4	2.6%		
1994	1994-4	(3.219)	1,888.0	2,650.8	\$12,620.1	(244.7)	201.80	300.3	97.77	95.1	0.0	0.00	0.00	\$9,700.85	1,984.8	\$1,567.3	\$1,626.9	\$59.6	3.7%		
1995	1995-1	(3.219)	1,921.0	2,697.1	\$13,043.3	(252.9)	0.00	0.0	104.33	101.4	0.0	0.00	0.00	\$9,814.80	2,008.1	\$1,334.7	\$1,393.5	\$58.8	4.2%		
1995	1995-2	(3.219)	1,910.6	2,682.4	\$13,320.8	(258.3)	0.00	0.0	101.67	98.9	0.0	0.00	0.00	\$9,910.55	2,027.7	\$1,331.7	\$1,335.3	\$3.6	0.3%		
1995	1995-3	(3.219)	1,941.0	2,725.2	\$11,594.2	(224.8)	139.00	206.8	98.03	95.3	0.0	0.00	0.00	\$9,996.10	2,045.2	\$1,628.7	\$1,514.5	(\$114.2)	-7.5%		
1995	1995-4	(3.219)	1,952.1	2,740.7	\$10,867.7	(210.7)	203.10	302.2	103.50	100.6	0.0	0.00	0.00	\$10,069.70	2,060.3	\$1,774.1	\$1,585.5	(\$188.6)	-11.9%		
1996	1996-1	(3.219)	1,977.4	2,776.2	\$11,715.2	(227.2)	0.00	0.0	101.87	99.0	0.0	0.00	0.00	\$10,104.50	2,067.4	\$1,496.4	\$1,529.7	\$33.3	2.2%		
1996	1996-2	(3.219)	1,957.0	2,747.6	\$12,115.0	(234.9)	0.00	0.0	94.90	92.3	0.0	0.00	0.00	\$10,165.45	2,079.9	\$1,465.9	\$1,595.5	\$129.6	8.1%		
1996	1996-3	(3.219)	1,988.4	2,791.7	\$13,000.4	(252.1)	143.00	212.8	99.00	96.3	0.0	0.00	0.00	\$10,245.00	2,096.1	\$1,725.8	\$1,818.1	\$92.3	5.1%		
1996	1996-4	(3.219)	1,997.3	2,804.3	\$13,659.5	(264.9)	207.10	308.2	110.67	107.6	0.0	0.00	0.00	\$10,314.95	2,110.4	\$1,846.6	\$1,957.3	\$110.7	5.7%		
1997	1997-1	(3.219)	2,034.8	2,856.9	\$14,347.2	(278.2)	0.00	0.0	103.63	100.8	0.0	0.00	0.00	\$10,439.05	2,135.8	\$1,596.3	\$1,675.2	\$78.9	4.7%		
1997	1997-2	(3.219)	2,026.3	2,844.9	\$15,784.5	(306.1)	0.00	0.0	105.87	102.9	0.0	0.00	0.00	\$10,578.10	2,164.3	\$1,587.0	\$1,670.1	\$83.1	5.0%		
1997	1997-3	(3.219)	2,066.7	2,901.6	\$15,671.8	(303.9)	145.00	215.8	104.63	101.7	0.0	0.00	0.00	\$10,682.95	2,185.7	\$1,881.9	\$1,958.4	\$76.5	3.9%		
1997	1997-4	(3.219)	2,086.6	2,929.5	\$17,053.3	(330.7)	210.80	313.7	101.57	98.8	0.0	0.00	0.00	\$10,780.00	2,205.6	\$1,997.9	\$2,036.7	\$38.8	1.9%		
1998	1998-1	(3.219)	2,130.6	2,991.3	\$18,581.2	(360.3)	0.00	0.0	104.70	101.8	0.0	0.00	0.00	\$10,902.55	2,230.7	\$1,744.5	\$1,745.7	\$1.2	0.1%		
1998	1998-2	(3.219)	2,130.5	2,991.2	\$20,082.2	(389.4)	0.00	0.0	100.73	97.9	0.0	0.00	0.00	\$11,054.10	2,261.7	\$1,742.4	\$1,767.0	\$24.6	1.4%		
1998	1998-3	(3.219)	2,174.1	3,052.5	\$19,566.7	(379.4)	146.40	217.8	92.73	90.2	0.0	0.00	0.00	\$11,167.15	2,284.8	\$2,046.9	\$2,094.6	\$47.7	2.3%		
1998	1998-4	(3.219)	2,197.7	3,085.5	\$19,253.2	(373.3)	213.70	318.0	92.17	89.6	0.0	0.00	0.00	\$11,265.75	2,305.0	\$2,205.8	\$2,094.9	(\$110.9)	-5.3%		
1999	1999-1	(3.219)	2,224.4	3,123.0	\$19,219.3	(372.7)	0.00	0.0	90.33	87.8	0.0	0.00	0.00	\$11,376.10	2,327.6	\$1,946.7	\$2,030.1	\$83.4	4.1%		
1999	1999-2	(3.219)	2,196.8	3,084.3	\$20,733.4	(402.0)	0.00	0.0	88.97	86.5	0.0	0.00	0.00	\$11,505.80	2,354.1	\$1,903.9	\$1,997.7	\$93.8	4.8%		
1999	1999-3	(3.219)	2,208.9	3,101.3	\$18,947.4	(367.4)	148.30	220.7	84.03	81.7	0.0	0.00	0.00	\$11,675.65	2,388.8	\$2,206.1	\$2,121.1	(\$85.0)	-4.0%		
1999	1999-4	(3.219)	2,218.7	3,115.0	\$20,375.6	(395.1)	215.90	321.3	95.53	92.9	0.0	0.00	0.00	\$11,817.70	2,417.9	\$2,333.0	\$2,183.9	(\$149.1)	-6.8%		
2000	2000-1	(3.219)	2,243.8	3,150.3	\$22,400.4	(434.3)	0.00	0.0	102.33	99.5	0.0	0.00	0.00	\$11,913.60	2,437.5	\$2,034.0	\$2,150.1	\$116.1	5.4%		
2000	2000-2	(3.219)	2,231.7	3,133.3	\$25,185.5	(488.3)	0.00	0.0	109.07	106.0	0.0	0.00	0.00	\$12,037.80	2,462.9	\$1,994.9	\$2,057.3	\$62.4	3.0%		
2000	2000-3	(3.219)	2,268.5	3,184.9	\$26,069.9	(505.5)	153.40	228.3	120.17	116.8	0.0	0.00	0.00	\$12,218.20	2,499.8	\$2,305.3	\$2,285.1	(\$20.2)	-0.9%		
2000	2000-4	(3.219)	2,278.2	3,198.5	\$27,594.8	(535.1)	223.90	333.2	131.13	127.5	0.0	0.00	0.00	\$12,341.20	2,525.0	\$2,430.1	\$2,428.5	(\$1.6)	-0.1%		
2001	2001-1	(3.219)	2,303.1	3,233.5	\$29,289.1	(567.9)	0.00	0.0	133.90	130.2	0.0	0.00	0.00	\$12,475.80	2,552.5	\$2,129.3	\$2,094.2	(\$35.1)	-1.7%		
2001	2001-2	(3.219)	2,289.8	3,214.8	\$28,395.2	(550.6)	0.00	0.0	124.97	121.5	0.0	0.00	0.00	\$12,600.10	2,578.0	\$2,144.7	\$2,253.3	\$108.6	4.8%		
2001	2001-3	(3.219)	2,317.0	3,253.0	\$26,688.3	(517.5)	159.60	237.5	120.80	117.5	0.0	0.00	0.00	\$12,643.50	2,586.9	\$2,458.4	\$2,476.4	\$18.0	0.7%		
2001	2001-4	(3.219)	2,312.6	3,246.8	\$25,252.5	(489.6)	230.00	342.2	139.07	135.2	0.0	0.00	0.00	\$12,661.30	2,590.5	\$2,606.1	\$2,532.2	(\$73.9)	-2.9%		
2002	2002-1	(3.219)	2,315.6	3,251.1	\$24,399.0	(473.1)	0.00	0.0	120.67	117.3	0.0	0.00	0.00	\$12,676.80	2,593.7	\$2,270.0	\$2,262.9	(\$7.1)	-0.3%		
2002	2002-2	(3.219)	2,289.6	3,214.6	\$24,956.7	(483.9)	0.00	0.0	100.57	97.8	0.0	0.00	0.00	\$12,690.20	2,596.4	\$2,205.9	\$2,060.3	(\$145.6)	-7.1%		
2002	2002-3	(3.219)	2,310.5	3,243.9	\$22,607.9	(438.4)	158.60	236.0	95.97	93.3	0.0	0.00	0.00	\$12,687.70	2,595.9	\$2,511.7	\$2,449.9	(\$61.8)	-2.5%		
2002	2002-4	(3.219)	2,302.6	3,232.8	\$24,875.7	(482.3)	232.10	345.4	119.23	115.9	0.0	0.00	0.00	\$12,763.80	2,611.5	\$2,604.3	\$2,478.9	(\$125.4)	-5.1%		
2003	2003-1	(3.219)	2,310.7	3,244.3	\$24,805.1	(481.0)	0.00	0.0	115.93	112.7	0.0	0.00	0.00	\$12,857.65	2,630.7	\$2,287.7	\$2,145.5	(\$142.2)	-6.6%		
2003	2003-2	(3.219)	2,283.9	3,206.6	\$25,181.4	(488.3)	0.00	0.0	119.27	116.0	0.0	0.00	0.00	\$12,924.40	2,644.3	\$2,259.6	\$2,309.0	\$49.4	2.1%		
2003	2003-3	(3.219)	2,295.9	3,223.5	\$22,677.8	(439.7)	162.50	241.8	132.47	128.8	0.0	0.00	0.00	\$12,959.90	2,651.6	\$2,587.0	\$2,573.9	(\$13.1)	-0.5%		
2003	2003-4	(3.219)	2,282.6	3,204.7	\$23,909.5	(463.6)	237.90	354.0	124.33	120.9	0.0	0.00	0.00	\$12,997.60	2,659.3	\$2,656.3	\$2,655.3	(\$1.0)	0.0%		
2004	2004-1	(3.219)	2,295.5	3,222.9	\$24,379.3	(472.7)	0.00	0.0	128.27	124.7	0.0	0.00	0.00	\$13,091.65	2,678.6	\$2,334.5	\$2,308.7	(\$25.8)	-1.1%		
2004	2004-2	(3.219)	2,282.9	3,205.2	\$26,445.1	(512.8)	0.00	0.0	120.90	117.6	0.0	0.00	0.00	\$13,262.25	2,713.5	\$2,304.5	\$2,308.3	\$3.8	0.2%		
2004	2004-3	(3.219)	2,305.8	3,237.4	\$25,869.5	(501.6)	169.50	252.2	133.97	130.3	0.0	0.00	0.00	\$13,450.55	2,752.0	\$2,651.3	\$2,611.7	(\$39.6)	-1.5%		
2004	2004-4	(3.219)	2,306.0	3,237.6	\$27,729.9	(537.7)	245.20	364.9	154.23	150.0	0.0	0.00	0.00	\$13,567.60	2,775.9	\$2,771.7	\$2,687.7	(\$84.0)	-3.1%		
2005	2005-1	(3.219)	2,331.0	3,272.8	\$27,854.7	(540.1)	0.00	0.0	151.93	147.7	0.0	0.00	0.00	\$13,656.35	2,794.1	\$2,455.5	\$2,440.5	(\$15.0)	-0.6%		
2005	2005-2	(3.219)	2,327.7	3,268.1	\$29,277.2	(567.7)	0.00	0.0	157.63	153.3	0.0	0.00	0.00	\$13,768.50	2,817.0	\$2,451.7	\$2,457.1	\$5.4	0.2%		
2005	2005-3	(3.219)	2,364.3	3,319.5	\$28,141.6	(545.7)	174.60	259.8	155.03	150.7	0.0	0.00	0.00	\$13,890.60	2,842.0	\$2,807.3	\$2,726.1	(\$81.2)	-3.0%		
2005	2005-4	(3.219)	2,379.2	3,340.4	\$29,882.8	(579.4)	254.50	378.7	1												

CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

Sales Tax Econometric Forecast
 Date: 5/10/2017

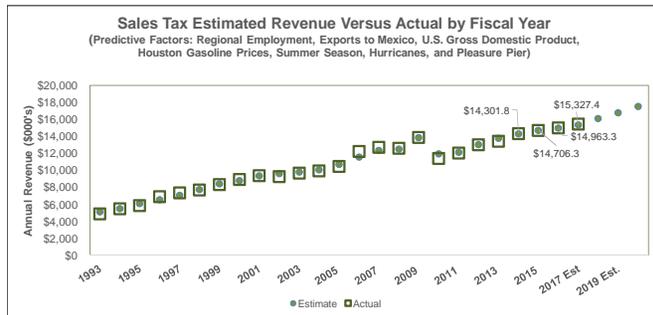
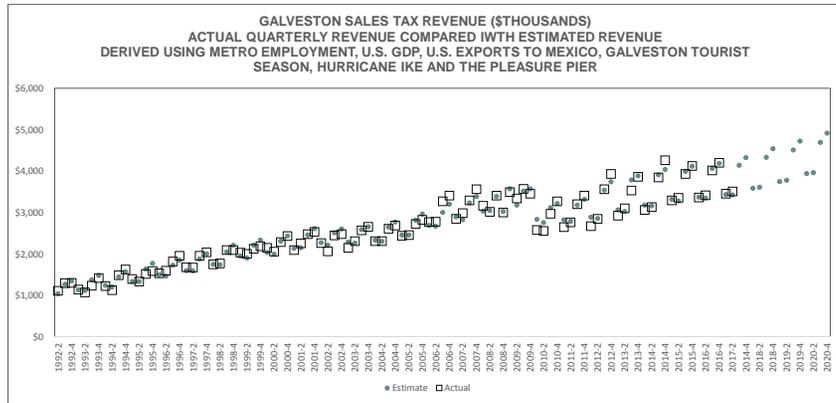
FY	Fiscal Year	Employment		Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 2 Qtrs 2 Qtr Moving Average		MODEL ESTIMATE (\$000's) = A+B+C+D+E+F+G+H	ACTUAL (\$000's)	ESTIMATE (OVER)/ UNDER ACTUAL	% Difference		
		COEFFICIENTS		1.404		-0.01939		1.488		0.9723		487		275.7						0.2046	
		CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA					PRODUCT OF DATA AND COEFFICIENT = G	
2008	2008-1	(3,219)	2,617.0	3,674.3	\$34,836.2	(675.5)	0.00	0.0	236.56	230.0	0.0	0.00	0.00	\$14,782.35	3,024.5	\$3,034.3	\$3,165.6	\$131.3	4.1%		
2008	2008-2	(3,219)	2,599.7	3,650.0	\$34,514.4	(669.2)	0.00	0.0	242.61	235.9	0.0	0.00	0.00	\$14,888.60	3,046.2	\$3,043.9	\$3,014.3	(\$29.6)	-1.0%		
2008	2008-3	(3,219)	2,634.0	3,698.1	\$35,745.6	(693.1)	191.20	284.5	259.83	252.6	0.0	0.00	0.00	\$14,965.15	3,061.9	\$3,385.0	\$3,406.4	\$21.4	0.6%		
2008	2008-4	(3,219)	2,630.8	3,693.6	\$38,174.1	(740.2)	279.40	415.7	312.79	304.1	(1.0)	(487.0)	0.00	\$14,940.65	3,056.9	\$3,024.1	\$3,000.6	(\$23.5)	-0.8%		
2009	2009-1	(3,219)	2,647.6	3,717.3	\$40,339.7	(782.2)	0.00	0.0	318.52	309.7	1.0	487.0	0.00	\$14,926.45	3,054.0	\$3,566.8	\$3,496.6	(\$70.2)	-2.0%		
2009	2009-2	(3,219)	2,588.3	3,634.0	\$36,960.7	(716.7)	0.00	0.0	190.92	185.6	0.5	243.5	0.00	\$14,927.50	3,054.2	\$3,181.6	\$3,339.2	\$157.6	4.7%		
2009	2009-3	(3,219)	2,570.8	3,609.4	\$29,068.3	(563.6)	191.00	284.2	154.24	150.0	0.5	243.5	0.00	\$14,734.30	3,014.6	\$3,519.1	\$3,568.9	\$49.8	1.4%		
2009	2009-4	(3,219)	2,533.5	3,557.1	\$29,515.9	(572.3)	277.90	413.5	191.69	186.4	0.5	243.5	0.00	\$14,476.00	2,961.8	\$3,571.0	\$3,452.6	(\$118.4)	-3.4%		
2010	2010-1	(3,219)	2,538.5	3,564.0	\$33,779.8	(655.0)	0.00	0.0	212.28	206.4	0.0	0.00	0.00	\$14,365.30	2,939.1	\$2,835.5	\$2,580.7	(\$254.8)	-9.9%		
2010	2010-2	(3,219)	2,514.7	3,530.6	\$36,528.0	(708.3)	0.00	0.0	212.12	206.2	0.0	0.00	0.00	\$14,379.05	2,942.0	\$2,751.5	\$2,558.2	(\$193.3)	-7.6%		
2010	2010-3	(3,219)	2,559.9	3,594.0	\$37,439.1	(725.9)	194.40	289.3	223.55	217.4	0.0	0.00	0.00	\$14,472.20	2,961.0	\$3,116.8	\$2,969.8	(\$147.0)	-4.9%		
2010	2010-4	(3,219)	2,556.1	3,588.8	\$40,419.8	(783.7)	283.00	421.1	235.53	229.0	0.0	0.00	0.00	\$14,573.35	2,981.7	\$3,217.9	\$3,271.6	\$53.7	1.6%		
2011	2011-1	(3,219)	2,583.8	3,627.6	\$41,341.3	(801.6)	0.00	0.0	222.38	216.2	0.0	0.00	0.00	\$14,675.35	3,002.6	\$2,825.8	\$2,646.2	(\$179.6)	-6.8%		
2011	2011-2	(3,219)	2,570.6	3,609.1	\$44,464.5	(862.2)	0.00	0.0	235.55	229.0	0.0	0.00	0.00	\$14,795.70	3,027.2	\$2,784.1	\$2,764.0	(\$20.1)	-0.7%		
2011	2011-3	(3,219)	2,620.8	3,679.6	\$46,096.9	(893.8)	201.50	299.8	272.97	265.4	0.0	0.00	0.00	\$14,892.25	3,047.0	\$3,179.0	\$3,200.0	\$21.0	0.7%		
2011	2011-4	(3,219)	2,629.4	3,691.7	\$49,637.2	(962.5)	293.50	436.7	326.26	317.2	0.0	0.00	0.00	\$14,910.15	3,050.6	\$3,314.7	\$3,406.7	\$92.0	2.7%		
2012	2012-1	(3,219)	2,660.9	3,735.9	\$50,904.9	(987.0)	0.00	0.0	306.67	298.2	0.0	0.00	0.00	\$14,935.45	3,055.8	\$2,883.9	\$2,671.3	(\$212.6)	-8.0%		
2012	2012-2	(3,219)	2,660.8	3,735.8	\$51,649.6	(1,001.5)	0.00	0.0	278.18	270.5	0.0	0.00	0.00	\$15,005.35	3,070.1	\$2,855.9	\$2,844.2	(\$11.7)	-0.4%		
2012	2012-3	(3,219)	2,718.8	3,817.3	\$52,954.0	(1,026.8)	205.50	305.8	303.36	295.0	0.0	0.00	1.00	275.70	\$15,105.70	3,090.6	\$3,538.6	\$3,564.9	\$26.3	0.7%	
2012	2012-4	(3,219)	2,736.7	3,842.3	\$53,111.5	(1,029.8)	295.70	440.0	318.76	309.9	0.0	0.00	1.00	275.70	\$15,240.65	3,118.2	\$3,737.3	\$3,928.4	\$191.1	4.9%	
2013	2013-1	(3,219)	2,781.2	3,904.8	\$54,216.3	(1,051.3)	0.00	0.0	303.71	295.3	0.0	0.00	0.00	\$15,326.70	3,135.8	\$3,065.6	\$2,927.6	(\$138.0)	-4.7%		
2013	2013-2	(3,219)	2,776.0	3,897.5	\$55,593.2	(1,078.0)	0.00	0.0	287.53	279.6	0.0	0.00	0.00	\$15,371.60	3,145.0	\$3,025.1	\$3,101.1	\$76.0	2.5%		
2013	2013-3	(3,219)	2,823.9	3,964.8	\$53,698.4	(1,041.2)	207.70	309.1	299.70	291.4	0.0	1.20	330.80	\$15,382.55	3,147.3	\$3,783.2	\$3,530.8	(\$252.4)	-7.1%		
2013	2013-4	(3,219)	2,832.7	3,977.1	\$57,007.1	(1,105.4)	302.40	450.0	301.63	293.3	0.0	1.20	330.80	\$15,438.10	3,158.6	\$3,885.4	\$3,865.4	(\$20.0)	-0.5%		
2014	2014-1	(3,219)	2,873.1	4,033.8	\$56,798.9	(1,101.3)	0.00	0.0	300.73	292.4	0.0	0.00	0.00	\$15,506.75	3,172.7	\$3,178.6	\$3,059.1	(\$119.5)	-3.9%		
2014	2014-2	(3,219)	2,864.0	4,021.0	\$56,452.9	(1,094.6)	0.00	0.0	272.83	265.3	0.0	0.00	0.00	\$15,581.45	3,188.0	\$3,160.7	\$3,131.8	(\$28.9)	-0.9%		
2014	2014-3	(3,219)	2,920.3	4,100.1	\$57,530.7	(1,115.5)	214.00	318.4	284.62	276.7	0.0	1.20	330.80	\$15,717.60	3,215.8	\$3,907.3	\$3,849.3	(\$58.0)	-1.5%		
2014	2014-4	(3,219)	2,934.6	4,120.2	\$60,933.2	(1,181.5)	310.40	461.9	306.23	299.7	0.0	1.20	330.80	\$15,770.45	3,226.6	\$4,038.7	\$4,261.6	\$222.9	5.2%		
2015	2015-1	(3,219)	2,987.2	4,194.0	\$61,112.6	(1,185.0)	0.00	0.0	296.31	288.1	0.0	0.00	0.00	\$15,823.90	3,237.6	\$3,315.7	\$3,294.6	(\$21.1)	-0.6%		
2015	2015-2	(3,219)	2,966.9	4,165.5	\$60,754.8	(1,178.0)	0.00	0.0	242.67	235.9	0.0	0.00	0.00	\$15,997.65	3,273.1	\$3,277.5	\$3,358.3	\$80.8	2.4%		
2015	2015-3	(3,219)	2,984.8	4,190.6	\$57,045.0	(1,106.1)	213.20	317.2	183.93	178.8	0.0	1.20	330.80	\$16,140.60	3,302.4	\$3,994.7	\$3,929.0	(\$65.7)	-1.7%		
2015	2015-4	(3,219)	2,975.5	4,177.6	\$60,053.7	(1,164.4)	311.20	463.1	216.05	210.1	0.0	1.20	330.80	\$16,227.85	3,320.2	\$4,118.4	\$4,124.1	\$5.7	0.1%		
2016	2016-1	(3,219)	2,998.3	4,209.6	\$60,097.1	(1,165.3)	0.00	0.0	212.31	206.4	0.0	0.00	0.00	\$16,321.60	3,339.4	\$3,371.1	\$3,366.5	(\$4.6)	-0.1%		
2016	2016-2	(3,219)	2,972.7	4,173.7	\$58,549.4	(1,135.3)	0.00	0.0	170.99	166.3	0.0	0.00	0.00	\$16,414.55	3,358.4	\$3,344.1	\$3,413.4	\$69.3	2.0%		
2016	2016-3	(3,219)	2,987.9	4,195.0	\$55,630.9	(1,078.7)	216.40	322.0	147.74	143.6	0.0	1.20	330.80	\$16,472.80	3,370.3	\$4,064.0	\$4,018.7	(\$45.3)	-1.1%		
2016	2016-4	(3,219)	2,974.5	4,176.2	\$57,982.0	(1,124.3)	314.00	467.2	180.71	175.7	0.0	1.20	330.80	\$16,507.85	3,377.5	\$4,184.1	\$4,202.5	\$18.4	0.4%		
2017	2017-1	(3,219)	3,009.0	4,224.7	\$58,432.0	(1,133.0)	0.00	0.0	180.00	175.0	0.0	0.00	0.00	\$16,554.07	3,387.0	\$3,434.7	\$3,455.1	\$20.4	0.6%		
2017	2017-2	(3,219)	2,994.9	4,204.8	\$58,914.3	(1,142.3)	0.00	0.0	180.10	175.1	0.0	0.00	0.00	\$16,655.07	3,407.6	\$3,426.2	\$3,512.2	\$86.0	2.4%		
2017	2017-3	(3,219)	3,005.6	4,219.9	\$58,702.5	(1,138.2)	221.80	330.0	189.20	184.0	0.0	1.20	330.80	\$16,770.15	3,431.2	\$4,138.7					
2017	2017-4	(3,219)	3,012.5	4,229.6	\$57,982.0	(1,124.3)	321.90	479.0	189.20	184.0	0.0	1.20	330.80	\$16,850.92	3,447.7	\$4,327.8					
2018	2018-1	(3,219)	3,028.4	4,251.9	\$58,432.0	(1,133.0)	0.00	0.0	180.10	175.1	0.0	0.00	0.00	\$17,172.64	3,513.5	\$3,588.5					
2018	2018-2	(3,219)	3,042.8	4,272.0	\$58,914.3	(1,142.3)	0.00	0.0	180.10	175.1	0.0	0.00	0.00	\$17,238.46	3,527.0	\$3,612.8					
2018	2018-3	(3,219)	3,050.3	4,282.6	\$58,702.5	(1,138.2)	226.20	336.6	200.10	194.6	0.0	1.20	330.80	\$17,315.90	3,542.8	\$4,330.2					
2018	2018-4	(3,219)	3,061.2	4,297.9	\$57,982.0	(1,124.3)	328.30	488.5	200.10	194.6	0.0	1.20	330.80	\$17,455.62	3,571.4	\$4,539.9					
2019	2019-1	(3,219)	3,081.1	4,325.9	\$58,432.0	(1,133.0)	0.00	0.0	180.10	175.1	0.0	0.00	0.00	\$17,584.78	3,597.8	\$3,746.8					
2019	2019-2	(3,219)	3,099.4	4,351.5	\$58,914.3	(1,142.3)	0.00	0.0	180.10	175.1	0.0	0.00	0.00	\$17,669.44	3,615.2	\$3,780.5					
2019	2019-3	(3,219)	3,110.8	4,367.6	\$58,702.5	(1,138.2)	228.50	340.0	200.10	194.6	0.0	1.20	330.80	\$17,766.11	3,634.9	\$4,510.7					
2019	2019-4	(3,219)	3,125.5	4,388.1	\$57,982.0	(1,124.3)	331.60	493.4	200.10	194.6	0.0	1.20	330.80	\$17,909.46	3,664.3	\$4,727.9					
2020	2020-1	(3,219)	3,149.7	4,422.2	\$58,432.0	(1,133.0)	0.00	0.0	180.10	175.1	0.0	0.00	0.00	\$18,041.98	3,691.4	\$3,936.7					
2020	2020-2	(3,219)	3,171.0	4,452.0	\$58,914.3	(1,142.3)	0.00	0.0	180.10	175.1	0.0	0.00	0.00	\$18,084.57	3,700.1	\$3,965.9					
2020	2020-3	(3,219)	3,183.5	4,469.6	\$58,702.5	(1,138.2)	230.80	343.4	200.10	194.6	0.0	1.20	330.80	\$18,130.20	3,711.3	\$4,692.5					
2020	2020-4	(3,219)	3,199.3	4,491.7	\$57,982.0	(1,124.3)	334.90	498.3	200.10	194.6	0.0	1.20	330.80	\$18,285.56	3,741.2	\$4,913.3					
2021	2021-1	(3,219)	3,224.9	4,527.7	\$58,432.0	(1,133.0)	0.00	0.0	180.10	175.1	0.0	0.00	0.00	\$18,420.87	3,768.9	\$4,119.7					
2021	2021-2	(3,219)	3,247.4	4,559.3	\$58,914.3	(1,142.3)	0.00	0.0	180.10	175.1	0.0	0.00	0.00	\$18,455.31	3,776.0	\$4,149.1					
2021	2021-3	(3,219)	3,261.0	4,578.4	\$58,702.5	(1,138.2)	233.10	346.9	200.10	194.6	0.0	1.20	330.80	\$18,501.98	3,785.5	\$4,879.0	</				

CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

Sales Tax Econometric Forecast
 Date: 5/10/2017

COEFFICIENTS			Employment		Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 2 Qtrs 2 Qtr Moving Average					
			1.404		-0.01939		1.488		0.9723		487		275.7		0.2046					
FY	Fiscal Year	CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE (\$000's) = A+B+C+D+E+F+G+H	ACTUAL (\$000's)	ESTIMATE (OVER)/ UNDER ACTUAL	% Difference

ASSUMPTIONS							
Cal Year	Calendar Year Employment Growth	Fiscal Year	Fiscal Year Employment Growth	U.S. Real GDP Growth	Exports to Mexico	CPI	Projected COG Sales Tax (\$Millions)
2016	0.40%	FY 2016	-0.03%	1.00%	-0.20%	1.50%	\$14.96
2017	1.30%	FY 2017	1.15%	2.30%	0.00%	2.50%	\$15.33
2018	1.80%	FY 2018	1.68%	3.00%	0.00%	2.00%	\$16.07
2019	2.30%	FY 2019	2.15%	2.50%	0.00%	1.00%	\$16.77
2020	2.40%	FY 2020	2.37%	2.00%	0.00%	1.00%	\$17.51
2021	2.50%	FY 2021	2.50%	2.00%	0.00%	1.00%	\$18.25



Fiscal Year	Model Total (\$000's)	Total Actual Tax (\$000's)	Actual Over/ (Under) Model	Pct Actual Over/(Under) Model	Pct Change
1993	\$5,091.4	\$4,869.2	(\$222.2)	-4.56%	
1994	\$5,459.1	\$5,464.1	\$5.0	0.09%	
1995	\$6,069.2	\$5,828.8	(\$240.4)	-4.12%	
1996	\$6,534.7	\$6,900.6	\$365.9	5.30%	
1997	\$7,063.1	\$7,340.4	\$277.3	3.78%	
1998	\$7,739.6	\$7,702.2	(\$37.4)	-0.49%	
1999	\$8,389.7	\$8,334.8	(\$54.9)	-0.66%	
2000	\$8,764.3	\$8,921.0	\$156.7	1.76%	
2001	\$9,338.5	\$9,356.1	\$17.6	0.19%	
2002	\$9,591.9	\$9,252.0	(\$339.9)	-3.67%	
2003	\$9,790.6	\$9,683.7	(\$106.9)	-1.10%	
2004	\$10,062.0	\$9,916.4	(\$145.6)	-1.47%	
2005	\$10,677.8	\$10,449.0	(\$228.8)	-2.19%	
2006	\$11,554.9	\$12,224.2	\$669.3	5.48%	
2007	\$12,333.8	\$12,697.5	\$363.7	2.86%	
2008	\$12,487.3	\$12,586.9	\$99.6	0.79%	
2009	\$13,838.5	\$13,857.3	\$18.8	0.14%	
2010	\$11,921.7	\$11,380.3	(\$541.4)	-4.76%	
2011	\$12,103.6	\$12,016.9	(\$86.7)	-0.72%	
2012	\$13,015.7	\$13,008.8	(\$6.9)	-0.05%	
2013	\$13,759.3	\$13,424.9	(\$334.4)	-2.49%	
2014	\$14,285.3	\$14,301.8	\$16.5	0.12%	
2015	\$14,706.3	\$14,706.0	(\$0.3)	0.00%	
2016	\$14,963.3	\$15,001.1	\$37.8	0.25%	
2017 Est.	\$15,327.4	\$15,433.8	\$106.4	0.69%	2.43%
2018 Est.	\$16,071.4				4.85%
2019 Est.	\$16,765.9				4.32%
2020 Est.	\$17,508.4				4.43%
2021 Est.	\$18,251.3				4.24%

WATER BILLED BY MONTH
FY 2004-2017
(ADJUSTED FOR RATE OVERCHARGES IN FY 2013-2015 PERIOD)

PERIOD	Consumption Month	FY04	FY05	FY06	FY07	FY08 (1)	FY09	FY10	FY11	FY12 (2)	FY13 (6)	FY14 (3) (6)	FY15 (4) (6)	FY16	FY17	FY17 Over/(Under) FY16
1	October	764,889	825,206	1,103,359	1,103,190	1,026,266	1,103,484	1,208,674	1,062,315	1,370,651	1,462,953	1,406,416	1,531,876	1,980,495	1,798,033	-9.2%
2	November	748,425	763,162	1,103,266	1,238,399	1,267,637	1,016,879	948,211	1,169,355	1,202,275	1,172,268	1,105,351	1,201,595	1,472,169	1,735,283	17.9%
3	December	806,786	787,021	952,945	895,011	933,029	932,044	1,147,118	1,025,036	1,193,222	1,187,989	1,220,912	1,130,961	1,661,710	1,713,271	3.1%
4	January	617,926	760,938	1,004,707	916,046	1,068,960	923,329	1,040,955	915,744	1,168,942	1,191,141	1,090,597	1,290,354	1,572,610	1,448,479	-7.9%
5	February	613,340	661,571	995,591	1,159,458	888,484	987,761	888,149	1,137,213	1,097,829	1,192,587	1,052,712	971,541	1,293,101	1,288,374	-0.4%
6	March	792,169	908,918	1,080,708	1,008,809	917,690	1,007,157	841,597	1,151,092	1,142,824	1,203,169	1,299,312	1,090,198	1,464,200	1,577,075	7.7%
7	April	732,098	937,580	1,093,016	1,056,035	1,209,989	1,139,332	1,365,231	1,228,110	1,259,938	1,199,872	2,000,757	1,182,676	1,601,530	1,519,366	-5.1%
8	May	830,785	1,094,421	1,185,873	983,266	1,119,457	1,193,925	1,330,843	1,508,009	1,557,077	1,540,987	1,627,127	1,134,449	1,556,558		
9	June	897,222	1,279,927	1,276,023	1,176,105	1,257,551	1,629,747	1,500,336	1,518,666	1,616,019	1,662,271	1,481,916	1,461,962	1,643,370		
10	July	927,324	1,056,024	1,235,552	1,187,745	1,673,163	1,715,539	1,480,708	1,650,726	1,660,664	1,644,346	969,975	1,763,127	2,334,289		
11	August	1,484,918	1,411,532	1,251,961	1,395,637	1,037,331	1,489,421	1,417,067	1,476,042	1,584,469	1,526,923	1,548,922	1,732,325	2,245,392		
12	September	446,842	729,962	1,235,427	1,137,271	1,377,121	1,310,263	1,294,547	1,438,046	1,451,898	1,462,720	1,409,943	1,471,078	1,860,832		
	FY TOTALS	9,662,723	11,216,263	13,518,429	13,256,975	13,776,680	14,448,883	14,463,436	15,280,354	16,305,808	16,447,225	16,213,940	15,962,142	20,686,256		
PERIOD	YTD Totals	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY17 Over/(Under) FY16
1	October	764,889	825,206	1,103,359	1,103,190	1,026,266	1,103,484	1,208,674	1,062,315	1,370,651	1,462,953	1,406,416	1,531,876	1,980,495	1,798,033	-9.2%
2	November	1,513,314	1,588,369	2,206,626	2,341,589	2,293,904	2,120,364	2,156,884	2,231,670	2,572,926	2,635,221	2,511,767	2,733,471	3,452,664	3,533,316	2.3%
3	December	2,320,100	2,375,390	3,159,571	3,236,600	3,226,933	3,052,408	3,304,002	3,256,705	3,766,148	3,823,210	3,732,679	3,864,432	5,114,374	5,246,587	2.6%
4	January	2,938,026	3,136,328	4,164,278	4,152,646	4,295,894	3,975,737	4,344,957	4,172,449	4,935,090	5,014,351	4,823,276	5,154,786	6,686,983	6,695,065	0.1%
5	February	3,551,366	3,797,899	5,159,869	5,312,105	5,184,378	4,963,498	5,233,106	5,309,662	6,032,918	6,206,938	5,875,988	6,126,327	7,980,085	7,983,440	0.0%
6	March	4,343,535	4,706,816	6,240,577	6,320,914	6,102,068	5,970,655	6,074,703	6,460,754	7,175,743	7,410,107	7,175,301	7,216,524	9,444,285	9,560,515	1.2%
7	April	5,075,633	5,644,397	7,333,593	7,376,950	7,312,057	7,109,987	7,439,934	7,688,863	8,435,681	8,609,979	9,176,057	8,399,201	11,045,815	11,079,880	0.3%
8	May	5,906,418	6,738,818	8,519,466	8,360,216	8,431,514	8,303,912	8,770,777	9,196,873	9,992,758	10,150,966	10,803,184	9,533,650	12,602,373		
9	June	6,803,640	8,018,745	9,795,489	9,536,321	9,689,066	9,933,659	10,271,113	10,715,539	11,608,776	11,813,237	12,285,100	10,995,612	14,245,743		
10	July	7,730,964	9,074,769	11,031,040	10,724,066	11,362,228	11,649,198	11,751,822	12,366,266	13,269,441	13,457,582	13,255,075	12,758,739	16,580,032		
11	August	9,215,882	10,486,301	12,283,002	12,119,704	12,399,559	13,138,619	13,168,889	13,842,308	14,853,909	14,984,505	14,803,998	14,491,064	18,825,424		
12	September	9,662,723	11,216,263	13,518,429	13,256,975	13,776,680	14,448,883	14,463,436	15,280,354	16,305,808	16,447,225	16,213,940	15,962,142	20,686,256		
PERIOD	% YTD of Actual	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17 Projected (Using Avg)	Average FY04-16 w/o FY09, FY14
1	October	7.9%	7.4%	8.2%	8.3%	7.4%	7.6%	8.4%	7.0%	8.4%	8.9%	8.7%	9.6%	9.6%	21,711,000	8.3%
2	November	15.7%	14.2%	16.3%	17.7%	16.7%	14.7%	14.9%	14.6%	15.8%	16.0%	15.5%	17.1%	16.7%	22,121,000	16.0%
3	December	24.0%	21.2%	23.4%	24.4%	23.4%	21.1%	22.8%	21.3%	23.1%	23.2%	23.0%	24.2%	24.7%	22,570,000	23.2%
4	January	30.4%	28.0%	30.8%	31.3%	31.2%	27.5%	30.0%	27.3%	30.3%	30.5%	29.7%	32.3%	32.3%	22,023,000	30.4%
5	February	36.8%	33.9%	38.2%	40.1%	37.6%	34.4%	36.2%	34.7%	37.0%	37.7%	36.2%	38.4%	38.6%	21,461,000	37.2%
6	March	45.0%	42.0%	46.2%	47.7%	44.3%	41.3%	42.0%	42.3%	44.0%	45.1%	44.3%	45.2%	45.7%	21,484,000	44.5%
7	April	52.5%	50.3%	54.2%	55.6%	53.1%	49.2%	51.4%	50.3%	51.7%	52.3%	56.6%	52.6%	53.4%	21,108,000	52.5%
8	May	61.1%	60.1%	63.0%	63.1%	61.2%	57.5%	60.6%	60.2%	61.3%	61.7%	66.6%	59.7%	60.9%		61.2%
9	June	70.4%	71.5%	72.5%	71.9%	70.3%	68.8%	71.0%	70.1%	71.2%	71.8%	75.8%	68.9%	68.9%		70.8%
10	July	80.0%	80.9%	81.6%	80.9%	82.5%	80.6%	81.3%	80.9%	81.4%	81.8%	81.8%	79.9%	80.1%		81.0%
11	August	95.4%	93.5%	90.9%	91.4%	90.0%	90.9%	91.0%	90.6%	91.1%	91.1%	91.3%	90.8%	91.0%		91.5%
12	September	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		100.0%

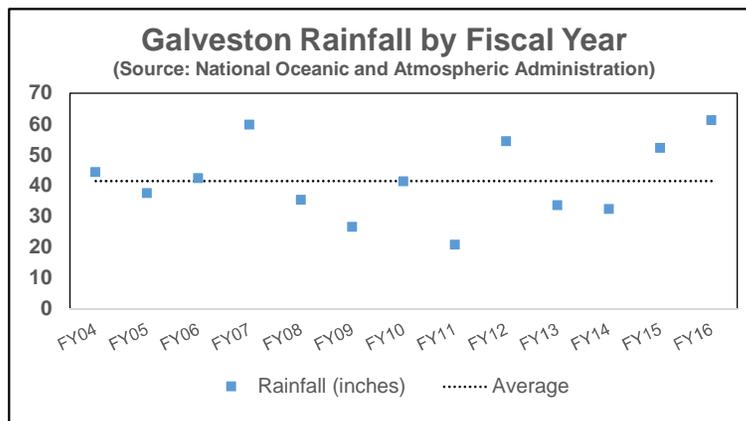
Notes

- (1) Hurricane Ike effect in September 2008.
- (2) Council Approved Rate Increase of 1.5% (October 1, 2012).
- (3) Implementation of new Utility Billing Software (CUSI).
- (4) Credits issued in the amount of \$1.71M (August 2015).
- (5) Adopted Budget FY16 (Burton & Associates).
- (6) Fiscal Years 2013 to July 2015 were adjusted to reflect Council Approved rate increase Oct 1, 2012. The rebate program began in August 2015.

GALVESTON RAINFALL IN INCHES BY FISCAL YEAR
 (SOURCE: NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION AND WEATHER UNDERGROUND)

Actual Rainfall (inches)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY17 Over/ (Under) FY16	FY04-16 13 Yr Avg	FY16 Over/ (Under) 13 Yr Avg
October	4.38	4.70	2.51	11.62	3.24	1.37	6.76	0.11	4.60	0.51	6.85	1.75	9.80	1.52	(8.28)	4.48	(2.96)
November	1.58	7.78	3.86	0.47	1.98	3.37	3.97	6.90	2.36	0.86	2.45	3.91	5.55	1.26	(4.29)	3.46	(2.20)
December	5.71	2.55	2.36	2.68	0.83	1.82	6.53	2.13	4.41	2.87	0.65	3.87	3.19	11.08	7.89	3.05	8.03
January	4.78	2.16	0.57	5.37	6.04	0.34	2.27	3.86	3.01	7.18	1.36	5.44	3.07	0.89	(2.18)	3.31	(2.42)
February	4.18	2.76	0.67	0.03	1.32	1.05	3.47	0.67	7.32	2.24	1.69	0.70	0.89	3.38	2.49	2.08	1.30
March	2.41	3.92	1.35	9.10	1.88	3.73	1.41	2.70	4.96	0.72	1.82	7.69	3.16	1.27	(1.89)	3.45	(2.18)
April	2.50	1.85	1.34	3.84	0.66	5.23	0.94	0.12	1.99	3.46	0.10	5.30	5.75	1.36	(4.39)	2.54	(1.18)
May	3.66	2.63	3.24	2.21	0.02	0.19	3.66	0.38	4.22	1.12	3.72	3.02	7.66	3.98	(3.68)	2.75	1.23
June	10.99	0.24	5.37	3.37	1.06	0.32	2.37	0.94	4.10	3.26	1.53	2.75	7.93			3.40	
July	0.86	4.02	9.39	8.03	2.10	2.72	4.76	1.11	5.60	2.40	1.08	0.23	3.40			3.52	
August	0.77	1.00	5.24	4.77	7.68	1.08	0.52	0.10	6.14	3.85	4.95	6.40	8.82			3.95	
September	2.44	3.88	6.41	8.15	8.48	5.24	4.60	1.70	5.63	5.06	6.11	11.13	1.94			5.44	
Totals (inches)	44.26	37.49	42.31	59.64	35.29	26.46	41.26	20.72	54.34	33.53	32.31	52.19	61.16	24.74	(14.33)	41.43	(0.38)

YTD Totals (inches)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY17 Over/ (Under) FY16	FY17 Over/ (Under) 13 Yr Avg	FY17 Est wh 13 Yr Avg
October	4.38	4.70	2.51	11.62	3.24	1.37	6.76	0.11	4.60	0.51	6.85	1.75	9.80	1.52	(8.28)	(2.96)	15.24
November	5.96	12.48	6.37	12.09	5.22	4.74	10.73	7.01	6.96	1.37	9.30	5.66	15.35	2.78	(12.57)	(5.16)	14.10
December	11.67	15.03	8.73	14.77	6.05	6.56	17.26	9.14	11.37	4.24	9.95	9.53	18.54	13.86	(4.68)	2.87	51.09
January	16.45	17.19	9.30	20.14	12.09	6.90	19.53	13.00	14.38	11.42	11.31	14.97	21.61	14.75	(6.86)	0.27	40.91
February	20.63	19.95	9.97	20.17	13.41	7.95	23.00	13.67	21.70	13.66	13.00	15.67	22.50	18.13	(4.37)	1.57	44.08
March	23.04	23.87	11.32	29.27	15.29	11.68	24.41	16.37	26.66	14.38	14.82	23.36	25.66	19.40	(6.26)	(0.61)	39.30
April	25.54	25.72	12.66	33.11	15.95	16.91	25.35	16.49	28.65	17.84	14.92	28.66	31.41	20.76	(10.65)	(1.79)	37.47
May	29.20	28.35	15.90	35.32	15.97	17.10	29.01	16.87	32.87	18.96	18.64	31.68	39.07	24.74	(14.33)	(0.56)	40.24
June	40.19	28.59	21.27	38.69	17.03	17.42	31.38	17.81	36.97	22.22	20.17	34.43	47.00				0.00
July	41.05	32.61	30.66	46.72	19.13	20.14	36.14	18.92	42.57	24.62	21.25	34.66	50.40				0.00
August	41.82	33.61	35.90	51.49	26.81	21.22	36.66	19.02	48.71	28.47	26.20	41.06	59.22				0.00
September	44.26	37.49	42.31	59.64	35.29	26.46	41.26	20.72	54.34	33.53	32.31	52.19	61.16				0.00



SEWER BILLED BY MONTH
FY 2004-2017
(ADJUSTED FOR RATE OVERCHARGES IN FY 2013-2015 PERIOD)

PERIOD	Consumption Month	FY04	FY05	FY06	FY07	FY08 (1)	FY09	FY10	FY11	FY12 (2)	FY13 (6)	FY14 (3) (6)	FY15 (4) (6)	FY16	FY17	FY17 Over/(Under) FY16
1	October	610,400	731,804	877,288	896,069	865,245	960,266	906,107	760,341	957,079	1,081,810	1,077,646	1,177,037	1,255,861	1,163,205	-7.4%
2	November	585,324	641,000	849,708	1,029,775	1,034,013	816,119	735,318	875,522	872,020	919,724	835,742	923,386	1,020,359	1,159,339	13.6%
3	December	663,469	727,787	809,253	790,079	783,080	737,924	953,431	757,647	913,367	931,277	924,075	883,472	1,156,091	1,206,249	4.3%
4	January	555,687	701,000	809,410	766,277	918,770	765,165	824,147	713,154	889,759	974,020	901,192	1,013,899	1,117,668	1,102,726	-1.3%
5	February	505,564	629,889	825,256	891,439	776,096	790,109	645,695	909,127	868,193	859,201	860,106	780,149	992,412	1,011,493	1.9%
6	March	626,934	725,842	882,185	789,588	798,741	799,495	742,150	864,582	888,106	915,089	1,000,981	812,036	1,130,585	1,205,061	6.6%
7	April	571,722	715,855	869,193	875,802	1,004,610	859,831	937,843	880,160	995,885	873,167	967,599	941,364	1,138,186	1,093,401	-3.9%
8	May	704,241	923,004	996,582	984,286	908,674	880,529	953,956	1,123,964	1,137,558	1,128,822	1,206,430	884,914	1,147,865	-	-
9	June	716,038	948,253	1,016,299	958,352	1,011,646	1,165,207	1,073,377	1,088,993	1,246,681	1,221,575	412,190	1,130,599	1,209,374	-	-
10	July	718,342	845,379	1,002,987	983,954	1,306,123	1,226,650	1,109,919	1,238,984	1,242,467	1,193,203	1,982,664	1,256,796	1,362,298	-	-
11	August	1,107,848	1,102,340	1,591,376	1,171,285	795,784	1,068,508	1,019,560	1,019,041	1,167,198	942,245	1,133,011	1,235,798	1,369,124	-	-
12	September	333,338	563,364	1,011,027	962,450	1,116,050	954,440	943,341	1,054,688	1,042,362	1,064,360	1,016,904	1,066,429	1,245,600	-	-
	FY TOTALS	7,698,908	9,255,515	11,540,566	11,099,356	11,318,833	11,024,246	10,844,845	11,286,202	12,216,392	12,104,494	12,318,540	12,105,879	14,145,423	7,941,475	
PERIOD	YTD TOTALS	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY17 Over/(Under) FY16
1	October	610,400	731,804	877,288	896,069	865,245	960,266	906,107	760,341	957,079	1,081,810	1,077,646	1,177,037	1,255,861	1,163,205	-7.4%
2	November	1,195,724	1,372,803	1,726,997	1,925,844	1,899,258	1,776,385	1,641,425	1,635,863	1,829,099	2,001,534	1,913,388	2,100,423	2,276,220	2,322,544	2.0%
3	December	1,859,192	2,100,591	2,536,249	2,715,923	2,682,338	2,514,310	2,594,856	2,393,984	2,742,467	2,932,811	2,837,463	2,983,895	3,432,311	3,528,793	2.8%
4	January	2,414,880	2,801,590	3,345,660	3,482,200	3,601,109	3,279,475	3,419,003	3,106,664	3,632,225	3,906,831	3,738,655	3,997,794	4,549,979	4,631,519	1.8%
5	February	2,920,443	3,431,479	4,170,916	4,373,639	4,377,205	4,069,584	4,064,698	4,015,791	4,500,418	4,766,032	4,598,761	4,777,944	5,542,391	5,643,012	1.8%
6	March	3,547,378	4,157,320	5,053,101	5,163,227	5,175,946	4,869,079	4,806,849	4,880,372	5,388,524	5,681,121	5,599,742	5,589,980	6,672,976	6,848,073	2.6%
7	April	4,119,100	4,873,175	5,922,294	6,039,029	6,180,556	5,728,910	5,744,692	5,760,532	6,384,409	6,554,289	6,567,341	6,531,344	7,811,162	7,941,475	1.7%
8	May	4,823,340	5,796,178	6,918,876	7,023,315	7,089,230	6,609,440	6,698,648	6,884,497	7,521,967	7,683,111	7,773,772	7,416,258	8,959,027	-	-
9	June	5,539,379	6,744,432	7,935,175	7,981,667	8,100,876	7,774,647	7,772,025	7,973,489	8,768,648	8,904,686	8,185,961	8,546,857	10,168,401	-	-
10	July	6,257,721	7,589,811	8,938,162	8,965,621	9,407,000	9,001,297	8,881,944	9,212,473	10,006,832	10,097,888	10,168,625	9,803,652	11,530,699	-	-
11	August	7,365,569	8,692,151	10,529,539	10,136,906	10,202,783	10,069,805	9,901,504	10,231,514	11,174,030	11,040,133	11,301,637	11,039,450	12,899,823	-	-
12	September	7,698,908	9,255,515	11,540,566	11,099,356	11,318,833	11,024,246	10,844,845	11,286,202	12,216,392	12,104,494	12,318,540	12,105,879	14,145,423	-	-
PERIOD	% YTD of Actual	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17 Projected (Using Avg)	Average FY04-16 w/o FY14
1	October	7.9%	7.9%	7.6%	8.1%	7.6%	8.7%	8.4%	6.7%	7.8%	8.9%	8.7%	9.7%	8.9%	14,243,000	8.2%
2	November	15.5%	14.8%	15.0%	17.4%	16.8%	16.1%	15.1%	14.5%	15.0%	16.5%	15.5%	17.4%	16.1%	14,731,000	15.8%
3	December	24.1%	22.7%	22.0%	24.5%	23.7%	22.8%	23.9%	21.2%	22.4%	24.2%	23.0%	24.6%	24.3%	15,167,000	23.3%
4	January	31.4%	30.3%	29.0%	31.4%	31.8%	29.7%	31.5%	27.5%	29.7%	32.3%	30.3%	33.0%	32.2%	15,111,000	30.7%
5	February	37.9%	37.1%	36.1%	39.4%	38.7%	36.9%	37.5%	35.6%	36.8%	39.4%	37.3%	39.5%	39.2%	14,981,000	37.7%
6	March	46.1%	44.9%	43.8%	46.5%	45.7%	44.2%	44.3%	43.2%	44.1%	46.9%	45.5%	46.2%	47.2%	15,170,000	45.1%
7	April	53.5%	52.7%	51.3%	54.4%	54.6%	52.0%	53.0%	51.0%	52.3%	54.1%	53.3%	54.0%	55.2%	14,953,000	53.1%
8	May	62.6%	62.6%	60.0%	63.3%	62.6%	60.0%	61.8%	61.0%	61.6%	63.5%	63.1%	61.3%	63.3%	-	61.9%
9	June	72.0%	72.9%	68.8%	71.9%	71.6%	70.5%	71.7%	70.6%	71.8%	73.6%	66.5%	70.6%	71.9%	-	70.9%
10	July	81.3%	82.0%	77.4%	80.8%	83.1%	81.7%	81.9%	81.6%	81.9%	83.4%	82.5%	81.0%	81.5%	-	81.4%
11	August	95.7%	93.9%	91.2%	91.3%	90.1%	91.3%	91.3%	90.7%	91.5%	91.2%	91.7%	91.2%	91.2%	-	91.8%
12	September	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%

Notes:

- (1) Hurricane Ike September 2008
- (2) Council Approved Rate Increase of 1.5% (October 1, 2012)
- (3) Implementation of new Utility Billing Software (CUSI)
- (4) Credits issued in the amount of \$1.72 M (August 2015)
- (5) Adopted Budget FY15 (Burton & Associates)
- (6) Fiscal Years 2013 to July 2015 were adjusted to reflect Council Approved rate increase Oct 1, 2012. The rebate program began in August 2015.

**CITY OF GALVESTON HOTEL OCCUPANCY TAX MODEL
 QUARTERLY REVENUE EXPLAINED BY U.S. REAL GDP, PLEASURE PIER AND TOURISM SEASONAL ADJUSTMENT**

Hotel Occupancy Tax Model

DATE 5/23/2017

		U.S. Real GDP			Summer Season Adjustment Var #2		Pleasure Pier Adjustment with CPI					
		0.6693			5.652		200.1					
COEFFICIENTS												
National	Fiscal Year	CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = D	MODEL ESTIMATE (\$000's) = C+E+G	ACTUAL (\$000's)	816077.11	
2007	2007-1	-8404	14,716.9	9,850.0	0.00	0.0	0.00	0.0	\$1,446.0	\$1,474.3	\$28.3	23.5%
2007	2007-2	-8404	14,726.0	9,856.1	36.00	203.5	0.00	0.0	\$1,655.6	\$1,757.2	\$101.6	5.0%
2007	2007-3	-8404	14,838.7	9,931.5	202.70	1,145.7	0.00	0.0	\$2,673.2	\$3,034.6	\$361.4	11.9%
2007	2007-4	-8404	14,938.5	9,998.3	339.80	1,920.5	0.00	0.0	\$3,514.8	\$3,550.4	\$35.6	1.0%
2008	2008-1	-8404	14,991.8	10,034.0	0.00	0.0	0.00	0.0	\$1,630.0	\$1,694.8	\$64.8	3.8%
2008	2008-2	-8404	14,889.5	9,965.5	37.10	209.7	0.00	0.0	\$1,771.2	\$1,984.1	\$212.9	10.7%
2008	2008-3	-8404	14,963.4	10,015.0	210.30	1,188.6	0.00	0.0	\$2,799.6	\$3,190.0	\$390.4	12.2%
2008	2008-4	-8404	14,891.6	9,966.9	356.50	2,014.9	0.00	0.0	\$3,577.8	\$3,416.0	(\$161.8)	-4.7%
2009	2009-1	-8404	14,577.0	9,756.4	0.00	0.0	0.00	0.0	\$1,352.4	\$1,288.8	(\$63.6)	-4.9%
2009	2009-2	-8404	14,375.0	9,621.2	37.70	213.1	0.00	0.0	\$1,430.3	\$1,928.5	\$498.2	25.8%
2009	2009-3	-8404	14,355.6	9,608.2	210.10	1,187.5	0.00	0.0	\$2,391.7	\$2,104.3	(\$287.4)	-13.7%
2009	2009-4	-8404	14,402.5	9,639.6	354.60	2,004.2	0.00	0.0	\$3,239.8	\$2,769.2	(\$470.6)	-17.0%
2010	2010-1	-8404	14,541.9	9,732.9	0.00	0.0	0.00	0.0	\$1,328.9	\$1,216.5	(\$112.4)	-9.2%
2010	2010-2	-8404	14,604.8	9,775.0	38.30	216.5	0.00	0.0	\$1,587.5	\$1,503.4	(\$84.1)	-5.6%
2010	2010-3	-8404	14,745.9	9,869.4	213.80	1,208.4	0.00	0.0	\$2,673.8	\$2,668.5	(\$5.3)	-100.2%
2010	2010-4	-8404	14,845.5	9,936.1	361.10	2,040.9	0.00	0.0	\$3,573.0	\$3,325.1	(\$247.9)	-107.5%
2011	2011-1	-8404	14,939.0	9,998.7	0.00	0.0	0.00	0.0	\$1,594.7	\$1,399.5	(\$195.2)	-113.9%
2011	2011-2	-8404	14,881.3	9,960.1	39.00	220.4	0.00	0.0	\$1,776.5	\$1,729.2	(\$47.3)	-102.7%
2011	2011-3	-8404	14,989.6	10,032.5	221.60	1,252.5	0.00	0.0	\$2,881.0	\$3,102.8	\$221.8	7.1%
2011	2011-4	-8404	15,021.1	10,053.6	374.50	2,116.7	0.00	0.0	\$3,766.3	\$3,868.7	\$102.4	2.6%
2012	2012-1	-8404	15,190.3	10,166.9	0.00	0.0	0.00	0.0	\$1,762.9	\$1,604.7	(\$158.2)	-9.9%
2012	2012-2	-8404	15,291.0	10,234.3	40.20	227.2	0.00	0.0	\$2,057.5	\$2,085.1	\$27.6	1.3%
2012	2012-3	-8404	15,362.4	10,282.1	226.00	1,277.4	2.05	410.2	\$3,565.7	\$3,670.6	\$104.9	2.9%
2012	2012-4	-8404	15,380.8	10,294.4	377.30	2,132.5	2.04	408.2	\$4,431.1	\$4,398.1	(\$33.0)	-0.8%
2013	2013-1	-8404	15,384.3	10,296.7	0.00	0.0	0.00	0.0	\$1,892.7	\$1,797.8	(\$94.9)	-5.3%
2013	2013-2	-8404	15,491.9	10,368.7	40.70	230.0	0.00	0.0	\$2,194.7	\$2,280.5	\$85.8	3.8%
2013	2013-3	-8404	15,521.6	10,388.6	228.50	1,291.5	2.49	498.2	\$3,774.3	\$3,473.9	(\$300.4)	-8.6%
2013	2013-4	-8404	15,641.3	10,468.7	385.90	2,181.1	2.50	500.3	\$4,746.1	\$4,985.7	\$239.6	4.8%
2014	2014-1	-8404	15,793.9	10,570.9	0.00	0.0	0.00	0.0	\$2,166.9	\$2,250.1	\$83.2	3.7%
2014	2014-2	-8404	15,747.0	10,539.5	41.80	236.3	0.00	0.0	\$2,371.8	\$2,101.8	(\$270.0)	-12.8%
2014	2014-3	-8404	15,900.8	10,642.4	235.40	1,330.5	2.57	514.3	\$4,083.2	\$3,490.3	(\$592.9)	-17.0%

**CITY OF GALVESTON HOTEL OCCUPANCY TAX MODEL
 QUARTERLY REVENUE EXPLAINED BY U.S. REAL GDP, PLEASURE PIER AND TOURISM SEASONAL ADJUSTMENT**

		U.S. Real GDP			Summer Season Adjustment Var #2		Pleasure Pier Adjustment with CPI					
COEFFICIENTS		0.6693			5.652		200.1					
National	Fiscal Year	CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT NT = B	DATA	PRODUCT OF DATA AND COEFFICIENT NT = D	DATA	PRODUCT OF DATA AND COEFFICIENT NT = D	MODEL ESTIMATE (\$000's) = C+E+G	ACTUAL (\$000's)	816077.11	
2014	2014-4	-8404	16,094.5	10,772.0	396.10	2,238.8	2.57	514.3	\$5,121.1	\$5,742.7	\$621.6	10.8%
2015	2015-1	-8404	16,186.7	10,833.8	0.00	0.0	0.00	0.0	\$2,429.8	\$2,746.7	\$316.9	11.5%
2015	2015-2	-8404	16,269.0	10,888.8	42.70	241.3	0.00	0.0	\$2,726.1	\$2,556.8	(\$169.3)	-6.6%
2015	2015-3	-8404	16,374.2	10,959.3	234.50	1,325.4	2.56	512.3	\$4,393.0	\$4,404.6	\$11.6	0.3%
2015	2015-4	-8404	16,454.9	11,013.3	397.10	2,244.4	2.58	516.3	\$5,370.0	\$5,579.3	\$209.3	3.8%
2016	2016-1	-8404	16,490.7	11,037.2	0.00	0.0	0.00	0.0	\$2,633.2	\$2,495.9	(\$137.3)	-5.5%
2016	2016-2	-8404	16,525.0	11,060.2	42.80	241.9	0.00	0.0	\$2,898.1	\$2,919.5	\$21.4	0.7%
2016	2016-3	-8404	16,583.1	11,099.1	238.00	1,345.2	2.60	520.3	\$4,560.6	\$4,696.7	\$136.1	2.9%
2016	2016-4	-8404	16,727.0	11,195.4	400.70	2,264.8	2.60	520.3	\$5,576.5	\$5,195.4	(\$381.1)	-7.3%
2017	2017-1	-8404	16,813.3	11,253.1	0.00	0.0	0.00	0.0	\$2,849.1	\$2,734.4	(\$114.7)	-4.2%
2017	2017-2	-8404	16,842.4	11,272.6	43.60	246.4	0.00	0.0	\$3,115.0	\$3,182.0	\$67.0	2.1%
2017	2017-3	-8404	16,964.6	11,354.4	242.8	1372.3	2.65	530.3	\$4,853.0			
2017	2017-4	-8404	17,111.7	11,452.9	408.7	2310	2.65	530.3	\$5,889.2			
2018	2018-1	-8404	17,166.4	11,489.5	0	0	0.00	0.0	\$3,085.5			
2018	2018-2	-8404	17,196.1	11,509.3	44.6	252.1	0.00	0.0	\$3,357.4			
2018	2018-3	-8404	17,320.8	11,592.8	248.4	1404	2.71	542.3	\$5,135.1			
2018	2018-4	-8404	17,471.1	11,693.4	418.1	2363.1	2.71	542.3	\$6,194.8			
2019	2019-1	-8404	17,475.4	11,696.3	0	0	0.00	0.0	\$3,292.3			
2019	2019-2	-8404	17,505.6	11,716.5	45.7	258.3	0.00	0.0	\$3,570.8			
2019	2019-3	-8404	17,632.6	11,801.5	254.4	1437.9	2.78	556.3	\$5,391.7			
2019	2019-4	-8404	17,785.6	11,903.9	428.1	2419.6	2.78	556.3	\$6,475.8			
2020	2020-1	-8404	17,737.5	11,871.7	0	0	0.00	0.0	\$3,467.7			
2020	2020-2	-8404	17,768.2	11,892.3	46.8	264.5	0.00	0.0	\$3,752.8			
2020	2020-3	-8404	17,897.1	11,978.5	260.5	1472.3	2.85	570.3	\$5,617.1			
2020	2020-4	-8404	18,052.4	12,082.5	438.4	2477.8	2.85	570.3	\$6,726.6			
2021	2021-1	-8404	18,039.0	12,073.5	0	0	0.00	0.0	\$3,669.5			
2021	2021-2	-8404	18,070.3	12,094.5	47.9	270.7	0.00	0.0	\$3,961.2			
2021	2021-3	-8404	18,201.4	12,182.2	266.8	1508	2.92	584.3	\$5,870.5			
2021	2021-4	-8404	18,359.3	12,287.9	448.9	2537.2	2.92	584.3	\$7,005.4			
2022	2022-1	-8404	18,381.7	12,302.9	0	0	0.00	0.0	\$3,898.9			
2022	2022-2	-8404	18,413.6	12,324.2	49	276.9	0.00	0.0	\$4,197.1			
2022	2022-3	-8404	18,547.2	12,413.6	273.2	1544.1	2.99	598.3	\$6,152.0			
2022	2022-4	-8404	18,708.1	12,521.3	459.7	2598.2	2.99	598.3	\$7,313.8			

**CITY OF GALVESTON HOTEL OCCUPANCY TAX MODEL
 QUARTERLY REVENUE EXPLAINED BY U.S. REAL GDP, PLEASURE PIER AND TOURISM SEASONAL ADJUSTMENT**

			U.S. Real GDP		Summer Season Adjustment Var #2		Pleasure Pier Adjustment with CPI					
	COEFFICIENTS		0.6693		5.652		200.1					
National	Fiscal Year	CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	MODEL ESTIMATE (\$000's) = C+E+G	ACTUAL (\$000's)	816077.11	

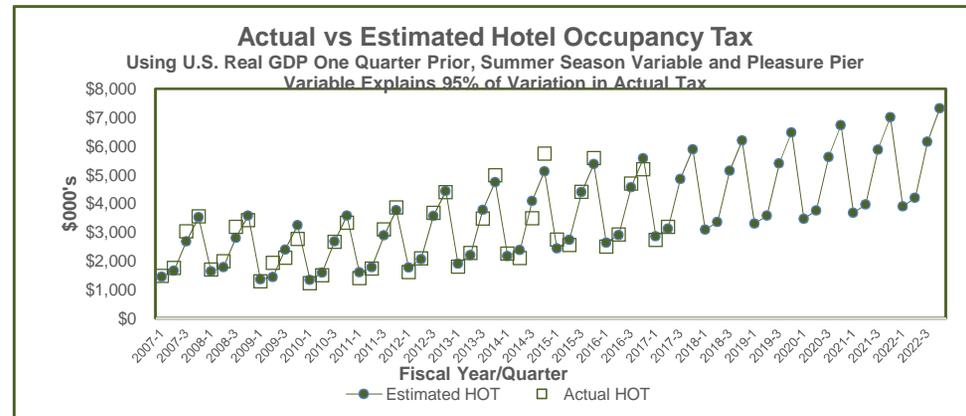
ASSUMPTIONS

Fiscal Year	Annual Change in U.S. Real GDP	CPI
FY 2018	2.1%	2.3%
FY 2019	1.8%	2.4%
FY 2020	1.5%	2.4%
FY 2021	1.7%	2.4%
FY 2022	1.9%	2.4%

HOTEL OCCUPANCY TAX BY FISCAL YEAR

MODELED ESTIMATES VERSUS ACTUAL (\$000's)

FY	Estimate	Actual	Actual Over/ (Under) Est.	Amount per Penny	Pct Change
2007	\$9,289.6	\$9,816.5	\$526.9	\$1,090.7	
2007	\$9,289.6	\$9,816.5	\$526.9	\$1,090.7	-
2008	\$9,778.6	\$10,284.9	\$506.3	\$1,142.8	4.8%
2009	\$8,414.2	\$8,090.8	(\$323.4)	\$899.0	-21.3%
2010	\$9,163.2	\$8,713.5	(\$449.7)	\$968.2	7.7%
2011	\$10,018.5	\$10,100.2	\$81.7	\$1,122.2	15.9%
2012	\$11,817.2	\$11,758.5	(\$58.7)	\$1,306.5	16.4%
2013	\$12,607.8	\$12,537.9	(\$69.9)	\$1,393.1	6.6%
2015	\$14,918.9	\$15,287.4	\$368.5	\$1,698.6	12.5%
2016	\$15,668.4	\$15,307.5	(\$360.9)	\$1,700.8	0.1%
2017	\$16,706.3	\$16,658.6	(\$47.7)	\$1,851.0	8.8%
2018	\$17,772.8			\$1,974.8	6.7%
2019	\$18,730.6			\$2,081.2	5.4%
2020	\$19,564.2			\$2,173.8	4.5%
2021	\$20,506.6			\$2,278.5	4.8%
2022	\$21,561.8			\$2,395.8	5.1%



**CITY OF GALVESTON - LOCAL HOTEL OCCUPANCY TAX - GROSS COLLECTIONS REPORT
APRIL OCCUPANCY AND MAY COLLECTIONS BY PARK BOARD**

Month of Occupancy	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Month Over/ (Under) Same Month Last Yr		
October	\$538,737.00	\$644,918.76	\$302,523.32	\$493,814.84	\$566,603.98	\$649,601.76	\$639,696.99	\$858,676.11	\$1,273,005.15	\$892,938.06	\$1,015,895.74	13.8%		
November	\$495,723.00	\$618,385.49	\$345,730.27	\$413,355.70	\$474,036.48	\$584,677.19	\$685,798.10	\$861,261.82	\$838,200.99	\$872,362.01	\$816,077.11	-6.5%		
December	\$439,885.00	\$431,457.78	\$640,585.56	\$309,303.41	\$358,869.95	\$370,422.69	\$472,320.24	\$530,191.42	\$635,474.94	\$730,641.58	\$902,418.26	23.5%		
January	\$409,732.00	\$443,881.28	\$534,967.67	\$231,330.87	\$385,821.19	\$416,526.68	\$489,796.45	\$477,859.59	\$573,936.66	\$691,506.50	\$726,111.74	5.0%		
February	\$520,174.00	\$596,756.53	\$680,083.77	\$506,413.46	\$463,624.03	\$556,338.30	\$662,290.02	\$611,617.14	\$815,772.67	\$783,600.85	\$928,371.67	18.5%		
March	\$827,302.00	\$943,477.78	\$713,436.23	\$765,639.86	\$879,705.14	\$1,112,272.85	\$1,128,453.40	\$1,012,287.24	\$1,167,060.11	\$1,444,396.17	\$1,527,514.96	5.8%		
April	\$717,141.00	\$764,075.58	\$537,752.40	\$620,891.77	\$811,548.49	\$908,341.22	\$902,403.03	\$944,120.47	\$1,120,372.30	\$1,213,005.59	\$1,279,130.86	5.5%		
May	\$891,095.00	\$989,404.62	\$650,479.83	\$792,960.96	\$812,563.94	\$1,005,816.52	\$1,059,210.25	\$1,398,247.05	\$1,334,699.85	\$1,324,156.41				
June	\$1,426,317.00	\$1,436,528.60	\$916,068.07	\$1,254,608.62	\$1,478,676.42	\$1,756,462.71	\$1,512,258.09	\$1,147,935.08	\$1,949,550.21	\$2,159,510.89				
July	\$1,586,057.00	\$1,790,668.90	\$1,211,525.80	\$1,634,877.75	\$1,891,503.23	\$1,847,095.93	\$2,476,120.72	\$3,109,028.17	\$2,596,952.83	\$2,304,051.16				
August	\$1,237,520.00	\$1,280,870.46	\$1,051,481.37	\$1,063,689.68	\$1,249,302.15	\$1,725,676.56	\$1,849,894.39	\$1,681,498.78	\$1,809,908.82	\$1,492,338.64				
September	\$726,804.00	\$344,474.52	\$506,179.25	\$626,556.72	\$727,916.77	\$825,373.66	\$659,731.22	\$952,144.67	\$1,172,423.31	\$1,399,092.70				
Totals	\$9,816,487.00	\$10,284,900.30	\$8,090,813.54	\$8,713,443.64	\$10,100,171.77	\$11,758,606.07	\$12,537,972.90	\$13,584,867.54	\$15,287,357.84	\$15,307,600.56				
		4.8%	-21.3%	7.7%	15.9%	16.4%	6.6%	8.3%	12.5%	0.1%				
Amt per Penny	\$1,090,720.78	\$1,142,766.70	\$898,979.28	\$968,160.40	\$1,122,241.31	\$1,306,511.79	\$1,393,108.10	\$1,509,429.73	\$1,698,595.32	\$1,700,844.51				
YTD Totals	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	YTD Over/(Under)	FY17 Estimate wh 10 Year Avg	FY17 Est per Penny of HOT
October	\$538,737.00	\$644,918.76	\$302,523.32	\$493,814.84	\$566,603.98	\$649,601.76	\$639,696.99	\$858,676.11	\$1,273,005.15	\$892,938.06	\$1,015,895.74	13.8%	\$17,452,000	\$1,939,000
November	\$1,034,460.00	\$1,263,304.25	\$648,253.59	\$907,170.54	\$1,040,640.46	\$1,234,278.95	\$1,325,495.09	\$1,719,937.93	\$2,111,206.14	\$1,765,300.07	\$1,831,972.85	3.8%	\$16,476,000	\$1,831,000
December	\$1,474,345.00	\$1,694,762.03	\$1,288,839.15	\$1,216,473.95	\$1,399,510.41	\$1,604,701.64	\$1,797,815.33	\$2,250,129.35	\$2,746,681.08	\$2,495,941.65	\$2,734,391.11	9.6%	\$17,697,000	\$1,966,000
January	\$1,884,077.00	\$2,138,643.31	\$1,823,806.82	\$1,447,804.82	\$1,785,331.60	\$2,021,228.32	\$2,287,611.78	\$2,727,988.94	\$3,320,617.74	\$3,187,448.15	\$3,460,502.85	8.6%	\$17,727,000	\$1,970,000
February	\$2,404,251.00	\$2,735,399.84	\$2,503,890.59	\$1,954,218.28	\$2,248,955.63	\$2,577,566.62	\$2,949,901.80	\$3,339,606.08	\$4,136,390.41	\$3,971,049.00	\$4,388,874.52	10.5%	\$17,534,000	\$1,948,000
March	\$3,231,553.00	\$3,678,877.62	\$3,217,326.82	\$2,719,858.14	\$3,128,660.77	\$3,689,839.47	\$4,078,355.20	\$4,351,893.32	\$5,303,450.52	\$5,415,445.17	\$5,916,389.48	9.3%	\$17,531,000	\$1,948,000
April	\$3,948,694.00	\$4,442,953.20	\$3,755,079.22	\$3,340,749.91	\$3,940,209.26	\$4,598,180.69	\$4,980,758.23	\$5,296,013.79	\$6,423,822.82	\$6,628,450.76	\$7,195,520.34	8.6%	\$17,498,000	\$1,944,000
May	\$4,839,789.00	\$5,432,357.82	\$4,405,559.05	\$4,133,710.87	\$4,752,773.20	\$5,603,997.21	\$6,039,968.48	\$6,694,260.84	\$7,758,522.67	\$7,952,607.17				
June	\$6,266,106.00	\$6,868,886.42	\$5,321,627.12	\$5,388,319.49	\$6,231,449.62	\$7,552,226.57	\$7,842,195.92	\$9,708,072.88	\$10,112,118.06					
July	\$7,852,163.00	\$8,659,555.32	\$6,533,152.92	\$7,023,197.24	\$8,122,952.85	\$9,207,555.85	\$10,028,347.29	\$10,951,224.09	\$12,305,025.71	\$12,416,169.22				
August	\$9,089,683.00	\$9,940,425.78	\$7,584,634.29	\$8,086,886.92	\$9,372,255.00	\$10,933,232.41	\$11,878,241.68	\$12,632,722.87	\$14,114,934.53	\$13,908,507.86				
September	\$9,816,487.00	\$10,284,900.30	\$8,090,813.54	\$8,713,443.64	\$10,100,171.77	\$11,758,606.07	\$12,537,972.90	\$13,584,867.54	\$15,287,357.84	\$15,307,600.56				

