



September 21, 2010

Honorable Mayor and Members of the City Council  
City of Fort Worth, Texas

The Fiscal Year 2011 (FY2011) Adopted Budget reflects the careful efforts of staff to develop a budget that is responsive to the Fort Worth City Council goals and objectives in a fiscally sound and prudent manner. The City of Fort Worth's Adopted Budget balances city priorities against available resources, while seeking to maintain essential public programs and levels of service. It is important to note that the Budget includes no tax rate increase or decrease.

The adopted FY2011 budget totals \$1,312,221,194 and consists of 17 different operating departments and three appointed officials, including the General Fund, Enterprise Funds, Internal Service Funds, Special Funds, and Insurance Funds. Of that amount, almost half or \$531,369,924 reflects the cost of General Fund activities such as public safety, parks and community services, transportation and public works, planning and development, public libraries and general management of the City. The city wide budget includes 6,312.45 authorized positions. This is a deletion of 169.05 positions from the FY2010 budget. Of that amount, 124.85 are in the General Fund (71.85 are filled and 53.00 are vacant) and 44.20 are in Other Funds (20.40 are filled and 23.80 are vacant)

During the FY2010 budget process, the City Council directed staff to start earlier on the FY2011 budget development to ensure ample time to make decisions on critical and complex budget issues. Accordingly, staff worked with the Council in January to begin developing priorities on which to build the FY2011 budget. On January 26, the City Council took a monumental step in this direction and adopted a resolution establishing priorities for developing the budget. These priorities not only shape the budget process but they also provide direction on delivering essential services to our residents. Each General Fund department reviewed their current programs and provided detailed information to determine which priority is being met by each service. As a result, the program prioritization was presented to the City Council. On April 6, the City Council asked staff to identify across the board program reductions for each department. In May of this year, staff presented City Council with the annual Economic Forum and a Five Year Financial Forecast of the General Fund. The forecast illustrated the growing difference between revenues and expenditures as well as how the economic downturn was anticipated to severely impact Fort Worth. In addition to the growing service demands and declining revenues, the increase in funding requirements for retiree health care, employee retirement contributions and to maintain the 10% reserve fund balance, initially yielded a General Fund budget gap of approximately \$73 million.

In order to obtain input and ideas to address the budget gap, staff developed an online budget exercise that allowed residents to provide input on how to close the budget gap. Additionally, staff conducted a public input meeting and open house. Citizens of Fort Worth were invited to an open house to learn more about the budget issues prior to an open meeting to solicit their input, comments and recommendations. The budget necessitated curtailing spending through departmental and citywide reductions and vacancy management. Certain critical service enhancements were also considered in this budget.

It is always challenging to balance resources with needs. Accordingly, the preparation for FY2011 had to be done very carefully as this has been the 3rd consecutive fiscal year that expenditure projections have significantly outpaced revenue projections. During such difficult

economic times, it is imperative that staff is careful in determining what new revenues to recommend, additional services to eliminate; while considering the needs of citizens and morale of current staff. For each budget, staff utilized a comprehensive and inclusive budget process. Citywide expenditures and revenue opportunities were thoroughly evaluated. Additionally, departments critically reviewed their organization and services and submitted 10% (5% for Police and Fire) reductions based on the prioritization of their programs. Staff explored options for consolidating, privatizing, outsourcing or reducing these functions with the goal of shoring up the anticipated budget shortfall. As the department reviews began, there were several meetings and presentations that occurred and provided guidance on budgetary issues. As a result of the departmental and citywide efforts and reductions, the above mentioned budget gap was closed and a balanced budget is being adopted for FY2011. Again, there is no change in the adopted tax rate of \$.8550/\$100 of valuation, nor is there any change to the allocation of the tax levy between operating and debt service funds. Staff continues to review and adhere to policies set by the City Council when making budgetary and operational decisions. Consequently, in order to close the overall General Fund budget gap, numerous policies were reviewed. Below are a few significant policies that were evaluated and modified for Council consideration:

**Mineral Property Values / Gas Revenue Policy** – According to the City of Fort Worth Financial Management Policy adopted October 7, 2008, the ad valorem receipts on mineral valuations allocated to the General Fund were capped at \$3.27 million. For maintenance and operations levy receipts in excess of this amount, 50% is to be invested in a trust and 50% is to be expended on one-time program initiatives and capital improvement projects. Due to the current economic conditions, for FY2010 the City Council rescinded the policy. Once again, this policy has been reviewed and it is recommended that the Council permanently repeal the Gas Revenue Policy for FY2011. By doing so, it will provide an additional \$6.9 million in operating revenue for the General Fund.

**Employee Retirement Benefits** – Currently the city provides employees a pension upon retirement, based on certain eligibility requirements. The cost of this benefit is determined by the pension fund's actuary and is stated in terms of the "annual required contribution", or the ARC. The ARC is simply the contribution necessary to pay the normal cost and to amortize the unfunded liability over 30 years. Based on the 2010 actuarial valuation, the GASB 30-year ARC as a level percentage of payroll for Fiscal Year 2011 increased from the current contribution rate of 15.97% to 16.80% as compared to 19.32% for Fiscal Year 2010.

The City Council approved the City Manager's Pension Committee recommendation for a one time, lump-sum City contribution to the City of Fort Worth Employees' Retirement Plan of \$7,003,123 appropriated in the Fiscal Year 2010 budget. The FY2011 Adopted budget includes that same amount again, plus an additional 2% increase in the City's contribution for a total actuarial valuation City contribution rate of 19.97% of payroll. There is no recommendation to change pension benefits for retirees. I have asked staff to evaluate options to address the unfunded liability. Options were presented during the budget workshops for Council consideration. A more in-depth Pension Workshop was held in October 2010 and allowed the Council to obtain additional information to make a final decision. Based on feedback received during the workshop, staff is working on a final recommendation.

**Retiree Health Care** – In FY2009, the City established a trust fund with \$5 million to address the growing retiree healthcare unfunded liability. As with the City's pension obligation, an actuarial valuation was completed on the retiree healthcare benefit. This study shows an unfunded liability of \$986 million and an annual required contribution (ARC) of \$103 million.

Also, like the pension benefit, a committee was assembled to study retiree health care and reviewed the actuarial valuation. This committee recommended the additional \$15 million that was budgeted in FY2010 be transferred to the trust. There is no recommendation to change health care benefits for current retirees. I asked the staff to identify a funding plan that would not reduce benefits for current employees who were hired before 1/1/09 when they retire, and would not require any additional funding in FY2010 or FY2011. The recommendations from staff were shared with City Council on September 9, 2010 budget workshop. As mentioned earlier, in FY2009, \$5 million was budgeted and transferred into the PARS Trust from the General Fund. In FY2010, \$15,194,768 was budgeted and was necessary as the City was initially pursuing a five year funding strategy. Based on guidance from the City's Financial Advisers, management has decided that a 20 year funding horizon is more appropriate. As a result, the FY2010 funding plan was revised and \$5,194,768 was transferred into the PARS Trust from the Other Funds on September 21, 2010, and therefore recorded as FY2010 contribution. Out of the remaining \$10 million that was budgeted in the General Fund, \$5 million was transferred into the PARS Trust for the FY2011 City' contribution.

#### MAJOR FUNDING AND ORGANIZATIONAL CHANGES:

##### **Funding Updates / Changes:**

**Outside Agencies** – In previous years, the Culture and Tourism Fund and the General Fund provided funding for several nonprofit agencies. In FY2009, city staff conducted a Sunset Review of these outside agencies to determine whether their goals and missions complemented the city's objectives. As a result of the reviews, and in order to rely on three oversight organizations who are well equipped to determine the funding level, the City is changing how it supports outside agencies. Starting in FY2010, the City provided funding to only three agencies: the Arts Council of Fort Worth, the United Way of Tarrant County and the Fort Worth Convention and Visitors Bureau. The Arts Council and United Way already conduct extensive and recurring reviews of the organizations they fund and they are in a better position to determine the effectiveness of those organizations. For FY2011, the contract with the Fort Worth Convention & Visitors Bureau (FWCVB) which is funded by Hotel/Motel Occupancy tax revenue was reduced by 10%. The Convention and Visitor's Bureau is responsible for promoting tourism on behalf of the City. For FY2011, the FWCVB will oversee the operations of the Herd. The Arts Council and United Way will be now be funded by the General Fund. The United Way will receive funding of \$281,000 for the social service agencies currently funded by the City which are an extension of City services. These agencies include Safe Haven, Women's Center, Resource Recovery Council, Tarrant County Recovery Campus and the Tarrant County Youth Collaboration. The Arts Council will receive \$716,253 for neighborhood arts programming.

**Ambulance Subsidy** – The Ambulance Subsidy was funded at a per capita rate of \$2.27 based on a population of 718,450 for a total of \$1,630,882 in FY2008. For FY2009, an additional \$2 million was provided. For FY2010, the decision was to eliminate the one-time increase and revert back to the original funding level in FY2008. During FY2010, the City of Fort Worth engaged a consultant to study the existing ambulance service provided to the City, provide an evaluation of the MedStar's performance comparing it to other EMS systems and design models and to make recommendations for improvements in the future. The final recommendation is to eliminate the subsidy to MedStar and allow full rates to support the operation during FY2011 and for the foreseeable future.

**Implementation of the Enterprise Resource Planning (ERP) Project- Phase II** – The city will continue the effort of improving all financial systems. The implementation of ERP Phase II will begin in FY2011.

**Organizational Changes:**

- Community Relations Department will be consolidated with other city departments. The following programs will be consolidated in a reduced capacity with the City Manager's Office: Civil Rights Enforcement Program, the Communications Office and a portion of administrative functions. The Youth Services program will transfer to Library. Neighborhood Education will transfer to the Planning and Development Department.
- Environmental Management Department will be consolidated with other city departments. Solid Waste Services will be consolidated with the Code Compliance Department. The Air Quality Division will transfer to the Transportation and Public Works Department. The Environmental Protection Fund will consolidate with Transportation and Public Works. This transfer has no impact on the General Fund rather it better aligns the program with the mission of the department. The GIS program is now a part of the Environmental Protection Fund.
- Water Gardens will transfer from the Culture and Tourism Fund to the Parks and Community Services Department.

**GENERAL FUND REVENUES**

The recent slow down in the nation's economy has impacted revenues and the City of Fort Worth is now feeling the effects of the recession. Although the City has not been as negatively impacted as some other cities, it is no longer insulated from the current trends. There have been significant declines in areas such as single family construction, home sales, new commercial construction, and economic development. These are some of the conditions putting downward pressure on revenues. According to the Bureau of Labor Statistics (August 2010 report), the Dallas/Fort Worth unemployment rate is 8.8%. The national and state unemployment rates are 9.5% and 8.4%, respectively. Job losses have also plagued the housing market. While not at pandemic levels, foreclosures have also increased over the past year, which has an impact on property values and the related property tax revenues.

**ADOPTED GENERAL FUND REVENUE BUDGET**

FY2010 <u>Adopted</u>	FY2011 <u>Adopted</u>	Percent <u>Decrease</u>	Dollar <u>Decrease</u>
\$ 528,401,543	\$522,351,865	1.1%	\$6,049,678

**PROPERTY TAX**

The City receives a significant portion of its revenues (over 54%) from taxes assessed on real and personal property. City staff works with appraisal districts from Tarrant, Wise and Denton Counties to prepare property tax revenue projections. By State law, each appraisal district is responsible for the valuation of all property within its jurisdiction. The certified property tax roll received from all three districts in July 2010 shows a decline in the City's tax base. The significant differences from the July 2009 certified tax roll to the July 2010 certified tax roll include:

- A decline of -2.0% in adjusted net taxable value (this figure is the net taxable value plus the minimum taxable value of protested and incomplete property accounts, and is the amount on which the budget is based);
- An increase of 22% in mineral values (the revenue from which is restricted from general use per the current City's Financial Management Policy Statements, but is being repealed).

In preparation for the five-year financial forecast presentation to the City Council, a rigorous analysis of the many factors that contribute to this revenue source was performed. Some of the factors analyzed for the forecast include anticipated population growth, historical change in values for residential and commercial properties, current and projected permitting data and the unknown impact of foreclosures, exemptions, and protestations. The City's property tax revenue is currently split into three components: General Fund, Debt Service and Restricted Mineral Values. Again, the adopted budget includes the repealing of the restriction on mineral values so they can be combined with the general fund revenues. The debt service fund has no such restriction in place. The revenues to be collected based on the July Certified Tax Rolls are 1.3% greater than projected based on the May preliminary rolls. A similar result occurred with last year's financial forecast.

The General Fund portion is available for general use related to the operations and maintenance (O&M) of tax-supported city departments is expected to yield \$276.8 million in FY2011, including the previously restricted amount of revenue related to mineral values, and based on a levy amount of \$.7109 /\$100 of assessed valuation. The Debt Service amount is expected to yield \$56.1 million which will allow the repayment of all current and adopted debt obligations, based on a levy amount of \$.1441/\$100 of assessed valuation. The combined tax rate is \$.8550/\$100 of assessed valuation. The combined tax rate and 98% collection rate assumptions have not changed compared to FY2010.

**SALES TAX**

At 18% of the General Fund revenue budget, sales tax revenue is a major revenue component. Despite a good start for the City in FY2009, annual sales tax collections started to drop in December 2009 but in recent months a significant recovery has been realized. Due to the continued uncertainty in the economy, and the volatility of sales tax revenues, the FY2011 budget assumes collections will be decrease by 2.7% compared to the FY2010 projected collections.

**EXPENDITURES**

**ADOPTED GENERAL FUND EXPENDITURE BUDGET**

FY2010	FY2011	Percent	Dollar
<u>Adopted</u>	<u>Adopted</u>	<u>Increase</u>	<u>Increase</u>
\$ 528,401,543	\$531,369,924	0.56%	\$2,968,381

**Salary / Benefit Changes:**

- No pay increases for employees other than those agreed to by contract for Police and Fire
- No furloughs are planned for employees in FY2011
- Health insurance premiums will increase by 15% for City, employees and retirees
- Vacation buyback benefit is planned for general employees in FY2011
- No tuition reimbursement benefit planned in FY2011

**Reduction in Work Force:**

- A Citywide reduction-in-force was necessary to reduce current and long term labor costs. Labor costs represent 43% of the citywide budget and 71% of the total General Fund budget. There are a total of 6,312.45 authorized positions budgeted Citywide, which includes a reduction of 169.05 positions of which 92.25 are filled and 76.80 are vacant.

- General Fund:
  - The total number of authorized positions deleted from the General Fund is 130.65 A.P. (71.85 filled; 53.00 vacant and 5.80 transferred to other funds in the City).
- Other Funds:
  - The total number of authorized positions deleted from Other Funds, which include Enterprise, Internal and Special funds, is 44.20 A.P. (20.40 filled; 23.80 vacant).

The FY2011 Budget includes significant changes and reductions. These changes are highlighted below by Service Group:

#### PUBLIC SAFETY SERVICES GROUP

**Code Compliance** – The Code Compliance Department maintains Fort Worth's status as a clean, livable city by ensuring property complies with rules set by City Council. Code Officers routinely patrol assigned neighborhoods for code violations and investigate complaints with a mission of abating issues and educating residents. This budget includes the elimination of 5 authorized positions throughout the department. Effective October 1, 2010, the Solid Waste Services Division is assigned to the Code Compliance Department. The budget includes the restoration of private property mowing enforcement to FY2009 service levels.

**Fire Department** – The Fire Department currently has 42 stations in six Battalions. The department has a budget of slightly over \$111 million with 904 Civil Service employees and 46 Civilian employees. The budget increase is due primarily to the 2<sup>nd</sup> year cost to implement the collective bargaining contract which includes contractually obligated salary increases. This budget also includes additional funding to co-host the 2011 Super bowl, a Fire Trainee class and recruitment and testing for Fire Station 42.

**Municipal Court** – The Municipal Courts of Fort Worth serve as a Court of Record with five courtrooms in the AD Marshall Public Safety & Courts Building downtown, a 24 hour /7 day a week arraignment jail located at 350 W Belknap, Truancy Court, and a seven day a week satellite payment location. These courts have jurisdiction within the City of Fort Worth's territorial limits over all Class C misdemeanor criminal cases brought under City ordinances and the Texas Penal Code, as well as civil parking cases within the City. Effective 2011, this operation will also include a new satellite court in southwest Fort Worth. The budget includes the addition of 14 authorized positions to staff this operation. This increase is offset by reductions in Pro Tem Judge expenses, the elimination of one customer service position and the elimination of one interpreter position. Municipal Court hours of operations will change from Monday-Friday 7am-8pm/Saturday 8am-5pm to Monday, Wednesday-Friday 8am-5pm/Tuesday 8am-8pm/ closed on Saturday.

**Police Department** – The department is implementing an organizational realignment to ensure adequate oversight for all aspect of field operations. The patrol division was successfully reorganized in FY2010 and will realize budget savings. The department will continue to streamline the organization to improve service and reduce expenses in FY2011. This budget also includes the implementation of the 2nd year of the meet and confer contract which includes contractually obligated salary increases. This budget also includes the reassignment of 36 officer positions to patrol and/or other operations. This will generate additional salary savings along with freezing funding for 40 (32 civil service and eight civilian) inactive positions. This budget also includes additional overtime funding to co-host the 2011 Super bowl.

INFRASTRUCTURE SERVICES GROUP

**Transportation and Public Works Department** – The Transportation and Public Works Department manages the city's traffic and pedestrian orientated mobility. The adopted budget decreases significantly in various areas. The budget includes a decrease for the transfer of the freeway lighting maintenance, sidewalk program, replacement of traffic signal loop detectors, street light materials, signs and markings program to the Red Light Enforcement Fund, ADA compliance building modifications, and the downgrade of two authorized positions. The adopted budget also decreases for the reduction of two Senior Engineering Technicians, Administrative Technician, Senior Skilled Trades Technician, Skilled Trades Technician, and a Development Project Coordinator. The adopted budget reflects an increase for the conversion on an overage to permanent status, costs for co-hosting the 2011 Super Bowl and the implementation of the vacation buy back program.

**Planning and Development Department** – The Planning and Development Department seeks to make Fort Worth the most livable city in Texas by promoting orderly growth and development, safe construction and neighborhood vitality. Significant changes to the budget include various reductions. The budget includes a reduction of 11 vacant positions. Additional reductions will be realized for the computer equipment, security program, NEZ information program, office supplies, diversity recruitment program, temporary labor, credit card processing fees, purchases for resale, IT contracts, downgrade of two positions, minor equipment, third party plumbing, scanning costs, printing of Urban Village brochures and Downtown Design Review Board. The adopted budget includes an increase for the implementation of the vacation buy back program and the transfer of the Neighborhood Education section from the Community Relations Department.

COMMUNITY DEVELOPMENT SERVICES GROUP

**Housing & Economic Development Department** – The Housing and Economic Development Department seeks to assist residential and commercial development through loan programs, tax incentives, property redevelopment and other homebuyer and small business assistance programs. This budget includes a reduction of 17 authorized positions.

**Library** – The library system has 16 facilities including current branches, the Central Library located in downtown Fort Worth and the newest branch library opening in October 2010. The budget includes funding for operating costs to open the new Northwest Branch Library. The budget also includes a transfer of the Early Childhood Education program from Community Relations with four positions. This is offset by decreased funding due to reduced hours at the COOL and BOLD libraries which includes the elimination of three authorized positions. In addition, the Meadowbrook, Northside, and Ridglea branches will be no longer be operated by the City as of April 1, reducing another 23.75 positions. This leaves the system with 13 facilities across the City. A task force will be formed during the fiscal year to study the feasibility of merging the Library and Parks and Community Services Departments.

**Parks and Community Services Department** – Parks and Community Services operations include the maintenance of more than 200 parks and public spaces citywide as well as provides aid and educational programming that makes Fort Worth a great place to live, work and play. Several significant budgetary changes were made in this department. General Fund support for the Summer Day Camp program has been eliminated. The Forest Park pool has been closed, eliminating the City's aquatics program and one position. Five positions in maintenance and capital projects have been eliminated. Operations at the Botanic Garden were reduced, eliminating four positions. Finally, the historical curator position at the Log Cabin Village was

eliminated. The budget was increased due to contractually obligated costs for the Fort Worth Zoo, Comin' Up Gang Intervention Program and maintenance of over 70 acres of new parks and new City facilities that opened in FY2010, including the Northwest Library, Nashville Neighborhood Police District, Western Heritage Parking Garage. The budget also increased to allow the restoration of right-of-way mowing to FY2009 levels. Finally, funding for the Water Gardens was transferred from the Culture and Tourism Fund back to the General Fund, with seven positions.

#### MANAGEMENT SERVICES GROUP

**Financial Management Services** – The City of Fort Worth's Finance Management Services Department is responsible for providing timely and accurate financial, operational and management information through a variety of functions. This budget includes increases for critical costs/services such as bank fees, contractual services related to Comprehensive Annual Financial Report (CAFR) production and the ERP project. The budget includes reduced funding for the elimination of six positions, including two information technology positions, two accounting positions, and two administrative support positions.

**Human Resources** – The Human Resources (HR) Department administers the City's compensation and fringe benefits programs, staffing and recruitment, prepares and revises job classifications, maintains employee records, and administers the Workers' Compensation, Group Health and Life Insurance and Unemployment Compensation Funds. In FY2011, Employee Assistance Program services will be outsourced to a provider. During FY2011 Staff will continue to look for ways to reduce health care costs, improve employee health and wellness, and provide a cost effective alternative to the current health care delivery model. The pilot Employee Health Clinic and Fitness Facility approved by Council in FY2010 is delayed until the completion of a comprehensive Healthcare Program Request for Proposal in FY2011. The intent is to include the clinic and fitness center in the upcoming healthcare Request for Proposals.

#### APPOINTED OFFICIALS

**City Manager's Office** – The City Manager's Office is composed of five divisions: Administration, Mayor and Council, Budget and Research, Governmental Relations and the newly created Human Relations Unit. Decreases in the budget were realized through the reduction of four authorized positions including a Management Analyst I from the Budget and Research Division, an Administrative Secretary from the Mayor and Council Office, an Executive Secretary from Administration Division of the City Manager's Office and the Governmental Relations Director position. In the Mayor and Council division, two Communications Officer positions were transferred in from the Community Relations Department. The new Human Relations Unit is comprised of 5.55 positions also transferred from the Community Relations Department including two Employee Communication positions, two Administration positions and 1.55 Civil Rights Enforcement positions.

**City Secretary** – The City Secretary's Office serves as a coordinator for the City Council meetings, records and maintains all of the official City Council minutes. The department also coordinates the City Council's boards and commissions' appointment process and maintains the records relating to these appointments. The City Secretary serves as the Election Administrator for all city-held elections. The budget includes decreased funding for various expenditure line items. The adopted budget includes an increase for the implementation of the vacation buy back program.

**Internal Audit** – The Internal Audit Department, through independent assessments of operations and business practices, helps to ensure the City of Fort Worth’s operations are effective, efficient and have adequate internal controls to ensure accountability, transparency, and accuracy. The department conducts financial audits that focus on verification of financial transactions and balances; operational audits which involve reviewing the performance of a program or service; grant audits which focus on compliance with the financial, contractual, and operational terms of grant agreements; construction project audits, which include reviews of construction project cost, and information system audits which involve verifying that computer systems are accurate and efficient. The Internal Audit budget decreases primarily for the elimination of one vacant Auditor position and reduction of consultant costs.

**Law** – The Department of Law, under the direction of the City Attorney, is responsible for the administration of all City legal affairs; City representation in all suits, litigation and hearings; preparation of ordinances, contracts, and all other legal documents; and the rendering of legal advice and opinions to the City Council, City Manager, and City departments. The Law Department budget includes an increase of four authorized positions for additional prosecutors and support staff for the new satellite court in southwest Fort Worth. These increases are offset by the elimination of five positions, including three attorney positions and two legal secretaries.

#### NON-DEPARTMENTAL

Non-Departmental is a General Fund department that records all expenditure items not exclusively within the programmatic responsibilities of a General Fund department. Non-Departmental budget reductions include the elimination of one-time relocation funding for the Hazel Harvey Peace Center, Mental Health Connection membership, reduced funding for the Arts Council, elimination of the Ambulance Subsidy and the transfer of the funding for Alliance for Children to the Police Department. Nevertheless, the budget increases due to mandatory costs that include retiree group health contribution for General Fund employees, claims/litigation and self insurance costs, election costs, Phase 4 of an energy project, sister cities, unemployment compensation, the transfer of the Cable Subsidy from the Human Resources Department, funding for the operation and management of the Community Arts Center and Artes de la Rosa.

#### ENTERPRISE FUNDS

The budgets for all enterprise funds include increases for the elimination of eight furlough days, a 2% percent increase in funding for the City’s contribution to retirement and a 15% increase for group health insurance. Budgets also include reduced funding for the deferral of the OPEB transfer. Additionally, these Funds have allocated costs to fund the ERP Phase II project implementation. Specific detail is included below for other major changes for each fund.

**Municipal Airports Fund** – The FY2011 budget includes funding to purchase land for the new heliport location. This budget also includes the reduction of an administrative assistant and field operations crew leader position.

**Culture and Tourism Fund** – The FY2011 budget includes a net decrease of 3.40 authorized positions. The net decrease in positions is associated with the transfer of the Water Gardens, along with several authorized positions, to the Parks and Community Services Department of the General Fund, elimination of 9.40 authorized positions for the transfer of The Herd to the Fort Worth Conventions and Visitors Bureau and additional authorized strength for the reinstatement of 12 authorized positions. The Arts Council and United Way will be funded in the General Fund.

**Municipal Golf Fund** – The Municipal Golf Fund budget decreases for debt service that was retired in FY2010 with gas well revenues.

**Municipal Parking Fund** – The FY2011 Municipal Parking Fund budget increases for debt service principal and interest payments for the Western Heritage Municipal Parking Garage. The budget also increases due to the contract for the operation and management of the Commerce Street, Houston Street and Western Heritage Municipal Parking Garages. This was offset by a reduction of 13 authorized positions and associated costs due to the contracting out of all operations and management for the parking garages.

**Solid Waste Fund** – Effective October 1, 2010, the Solid Waste Services Division is assigned to the Code Compliance Department. The division is responsible for providing residential solid waste collection and disposal, drop-off stations, contract compliance, illegal dump cleanup, dead animal removal, and customer service through the City Call Center.

**Storm Water Utility Fund** – The Storm Water Utility was authorized by the City Council in FY2006 and the first full year of operation was FY2007. As of this budget submission, staff has identified over \$1.0 billion in Storm Water projects necessary to address life safety issues, mitigate flooding and erosion, and replace undersized and deteriorated Storm Water infrastructure. Over \$330 million of this backlog involves areas of the City where chronic flooding has occurred that presents a threat to life and property.

The revenue budget is generated almost entirely from the Storm Water fee charged to approximately 200,000 residential and commercial customers. For FY2011, the City's "per ERU rate" remains unchanged from FY10 at \$4.75 per ERU. The increase in annual budget from FY10 is due to the application of the rate across a full 12 months, as well as growth in the City. This increased revenue funds the debt service associated with the two existing revenue bonds (2007 and 2009) currently funding Storm Water capital projects. The 2009 revenue bond sale provided \$45 million for Storm Water capital projects in FY2010 and FY2011. The additional revenue also enables some service level increases, such as more frequent inlet cleaning and drainage channel mowing. Finally, the budget also increases contract utilization for the Storm Water Engineering and Field Operations activities from 40% of the current year total budget in FY2010 to 54% in FY2011. The adopted budget decreases for the transfer to the General Fund due to reduction in the services provided for Neighborhood Education.

**Water and Sewer Fund** – The FY2011 Water and Sewer Fund budget includes several operational costs increases. Some of the largest items in this increase are for raw water costs paid to the Tarrant Regional Water District; transfer for cash financed capital projects; increased Street Rental transfers to the General Fund which are based on projected gross revenue collections; and increased administrative service charges. This budget also includes an increase of one authorized position to convert an Administrative Assistant overage to permanent. Additionally, the budget includes increased funding for the addition of five authorized positions to staff the new satellite court in southwest Fort Worth. The system wide increases for these adopted changes are 2.54% for the Water System and 2.23% for the Sewer System. The budget includes a wholesale rate increase of 4.93% for Water and a decrease of 11.53% for Wastewater.

## OTHER FUNDS

**Capital Projects Service Fund** – The FY2011 budget includes funding to purchase seven vehicles and the implementation of the vacation buy back program.

**Equipment Services Fund** – There are no significant changes in this adopted budget. During FY2009, staff initiated a Managed Competition effort. The Equipment Services Department bid on this proposal and won. The Equipment Services Department will continue to manage these activities with modified operations. Due to time constraints, any budget implications due to the final decision will be implemented mid FY2011.

**Information Systems Fund** – The FY2011 IT Systems Fund budget includes additional funds for ERP backfill costs for Phase II. There will not be a change in the number of authorized positions for FY2011. The budget is essentially flat from FY2010 due to current IT Sourcing Project. It includes reviewing and selecting the IT services from all the departments for potential outsourcing and to complete that process in FY2011. The primary goal is to help alleviate the City's long term costs associated with approved positions in addition to reducing the overall cost of providing technology services to the City organization. This process has been initiated and is currently being completed. Due to time constraints, any budget implications due to the final decision will be implemented mid FY2011.

**Environmental Protection Fund** – Effective October 1, 2010, the Environmental Services Division is assigned to the Transportation and Public Works Department and is responsible for providing storm water permit compliance (inspections, monitoring, enforcement and education), internal city compliance with state and federal environmental regulations and household hazardous waste program.

**Group Health Insurance Fund** – The health insurance premiums for plan year 2011 increase by 15%. This increase is due in part by a shortfall in the Fund's reserve balance being less than the required fund balance ratio. This increase will apply across the board for the City's contribution, active employees and retirees. The dollar impact of a 15% premium increase on an employee's paycheck for the Basic Plan will be \$187.98 annually for employee only coverage, and \$1,587.56 annually for employee and family. Healthcare costs are expected to continue to increase over 12% in FY2012.

**Red Light Enforcement Fund** – The Red Light Enforcement Fund was formally established for FY2011 as a special fund. The funding was previously in the General Fund as part of the Transportation & Public Works Department. Revenues from citation fees cover the program's total cost. Half of the annual revenue amount after expenses is sent to the State Trauma Fund Account. The remaining revenue is spent on traffic safety programs, intersection improvements, and traffic enforcement in the City.

I am confident that with the combination of policy modifications, revenue enhancements and service reductions we have managed to support the City Council's strategic goals while minimizing the impacts to both citizens and employees.

Respectfully submitted,

Dale A. Fisseler P.E.  
City Manager

**FORT WORTH**

