

Five Year Transportation Infrastructure Funding Plan **As recommended by the Mayor's Blue Ribbon Task Force on** **Infrastructure Funding**

Executive Summary

The City of Fort Worth is the fastest growing major city in the United States because of the quality of life, low cost of living and good jobs. While the rapid growth over the last 30 years has been welcomed, the demands for city services have grown dramatically while the general fund per capita revenue has not kept pace with inflation. Nowhere is the demand for city services more intense than for transportation infrastructure. Citizens in older parts of Fort Worth want their streets replaced while citizens in newer sections of the community want sufficient street capacity to reduce traffic congestion. The City of Fort Worth does not have the financial capacity to address all of the competing infrastructure concerns.

Since 1995, infrastructure funding has suffered because of conflicting demands between general municipal services, infrastructure needs, and a concerted effort to reduce the overall tax rate. This is further exacerbated by the 53% growth in the City's population during that same time period resulting in new roof tops, fire stations, police patrols, parks and the like. The recent addition of labor agreements with public safety employees and unfunded future commitments for pensions and post-employment healthcare further limits the flexibility of the General Fund. Finally, the current economic downturn resulting in the first real decline in property values in recent history and the marked decline in sales tax receipts is putting extraordinary budget pressure on the City's ability to provide services that citizens rely upon.

Today, the City of Fort Worth has identified **\$1.8 billion in transportation infrastructure needs** over the next ten years including existing capacity deficiencies, anticipated development and deferred maintenance as follows:

Capacity Related Improvements

Existing Street Capacity Deficiencies	\$585 million
Future Needs from New Commercial and Residential Development	\$434 million
Bridges, Signals, Street Lights, etc.	\$140 million

Deferred Maintenance

Replacement of Poor Neighborhood Streets	\$400 million
Subtotal	\$1.6 billion
Inflation Factor	1.1464
Total	\$1.8 billion

The Mayor appointed a Blue Ribbon Task Force on Transportation Infrastructure Funding to develop a Five-Year Transportation Infrastructure Funding Plan. The Task Force strongly recommends that the focus of all of the proposed funding and programming during this initial five-year period be principal arterials, collectors and local streets and related facilities such as sidewalks, signals, and street lights. The Task Force specifically did not address issues related to federal and state highways or mass transit. The Task Force is of the opinion that funding sources other than those mentioned in this report will be needed to address these issues.

The current debt funding model, including allocation of mineral lease revenue and anticipated transportation impact fees, only yields \$763 million in funding for existing and future capacity needs as well as deferred maintenance, leaving a billion dollar gap. This presumes that the current General Fund allocation for street maintenance is maintained.

After serious deliberations, the Mayor's Task Force on Infrastructure Funding has concluded that if Fort Worth is to continue to be one of the best cities in the nation to live and work, the City must substantially increase its annual investment in transportation infrastructure. Investment in the transportation infrastructure is an essential component of economic development. The Task Force has concluded that a combination of funding sources is required to mitigate the current serious underfunding of transportation infrastructure. To provide adequate and dedicated funding for infrastructure, the Task Force recommends a series of actions to create a Transportation Utility composed of three funding sources:

- **Initiate a Transportation User Fee to enable the City to enhance its infrastructure program significantly.** By implementing a transportation user fee, citizens and businesses dependent on a City's transportation network will have a dedicated, constant source of money to pay for street repairs, capacity enhancements and maintenance which citizens have supported both in citizen surveys and bond elections. A single-family home would pay \$5.87 per month in the water bill. Various other land uses would pay a fee that reflects the anticipated trips generated by residents and non-residents of Fort Worth alike.
- **Increase the Transportation Impact Fees to better reflect the costs of infrastructure development.** Currently, builders and developers are required to pay between 27% and 36% of the cost of the roads to support the demand for street capacity that is created by their developments. The remaining 73% to 64% is a liability assumed by the City with the assumption that the resulting rise in property and sales tax values will support the cost. Raising this rate to collect 50% of the cost for residential development and 41% of the cost for non-residential development will result in a more equitable split of this obligation. For example, the fee for a single family house will increase from \$2,000 to \$3,005 per unit. Commercial uses will have similar increases based on trips generated by their land use.
- **Reallocate four cents of the Property Tax Rate from operations and maintenance to debt service for transportation infrastructure over a four-year period by shifting one cent each year from FY2012 through FY2015.** Fort Worth, in comparison to other peer cities, allocates significantly less of its

property tax rate to debt service. In the fastest-growing large city in the country, this shift would create a more appropriate level of capital funding for infrastructure. Specifically, this would allow the City to accelerate the delivery of past bond programs and to offer citizens another bond program for streets in 2013.

These three funding sources are expected to generate the following resources during the five-year plan to apply towards the \$1.8 billion in needs:

	Existing Capacity Deficiencies	Capacity Demand from New Development	Routine Maintenance	Capital Maintenance	Total
Adopt Transportation User Fee	\$107 million		\$32 million		\$139 million
Increase Transportation Impact Fee		\$69 million			\$69 million
Property Tax Reallocation	\$233 million	\$139 million			\$372 million
Retain General Fund Allocation				\$115 million	\$115 million
Total	\$340 million	\$208 million	\$32 million	\$115 million	\$695 million

In addition, the Task Force recommends the adoption of the following policy modification to allocate additional funds for transportation infrastructure needs.

- Dedicate seventy-five percent (approximately \$1-1.5 million annually) of the unrestricted natural gas revenue for infrastructure.** The City’s current policies recognize that revenue from natural gas leases will diminish over time and should be spent on one-time capital expenditures rather than operating costs. The severity of the transportation deficiencies justifies the dedication of a significant portion of these funds to streets.

History

In July of 2008, the City of Fort Worth adopted Transportation Impact Fees in an effort to curtail the challenge of growth without the construction of adequate infrastructure. The goal was to ensure that either builders or developers constructed the facilities necessary to support their developments or contributed financially to the overall needs within the service areas that support the developments.

At the time, concerns were raised that the City was adopting a number of policies that were adding to the cost of development without regard to the aggregate impact of these costs. Examples included the storm water ordinance, the tree ordinance, and pavement standards. The fear was that the collective effect of these fees would result in a decline in

development in Fort Worth with projects pushed to adjacent cities or to national competitors for economic development projects. Development is essential for Fort Worth's economy and long-term health; therefore a balance needs to be struck between ensuring that new development pays for necessary infrastructure without creating a deterrent that stifles the growth of the cities property and sales tax bases.

As a result in July 2008, the City adopted a Transportation Impact Fee that was deemed to be revenue-neutral in comparison to the previous policy that required construction of a proportional share of roadways by developers directly adjacent to arterials. The new system would at least spread the cost across an entire service area and allow the City some new funding flexibility to complete higher priority or "patch-worked" facilities. The revenue-neutral fee schedule would remain in place while the City evaluated if the development costs had reached a so-called "tipping point" that would have negative long-term consequences to the City's growth and development.

In 2008, the City of Fort Worth and the Fort Worth Chamber of Commerce jointly commissioned a study of transportation infrastructure funding. Willdan Financial Services was engaged to conduct the study under the oversight of a 29-member task force representing interests ranging from real estate brokers to developers to neighborhood residents.

The Transportation and Public Works Department identified **\$1.8 billion in needs** including \$585 million in existing capacity deficiencies on arterial roadways along with \$400 million in deferred maintenance on neighborhood streets. With the transportation impact fee collection rates set at 27% for non-residential and 36% for residential, the City also has a growing obligation for the remaining capacity needs resulting from new growth which is projected in this analysis.

The Willdan Report identified the following facts about Fort Worth when compared to competitor cities:

- Property Tax and Debt Financing
 - The property tax rate is 36% higher than the median of the seven Texas comparison cities which is mitigated for residential properties by the homestead exemption and the low average home value.
 - The share of tax allocated to debt is much lower than other cities, representing only 17 percent of the total property tax assessment--- much lower than the 25 percent that would be anticipated in a fast-growing community.
- Development Costs: Fort Worth is at or below median of comparable cities with the exception of outer-loop office space.
- Occupancy Costs
 - Residential costs are near the median of comparable cities.
 - Non-residential costs are higher than most comparable cities.
- Economic Impacts: Transportation investments generate net benefits to the local economy under all scenarios.

The Willdan Report recommended that the City consider the following:

- Increase the City's share of debt for transportation.
- Increase the transportation impact fee collection rate.
- Adopt a Transportation User Fee.
- Promote the use of public improvement districts.

Subsequently in April 2010, the Mayor appointed a Blue Ribbon Task Force on Transportation Infrastructure Funding to consider Willdan's recommendations further and to assist the City Council in evaluating the choices. This Task Force was asked to:

- Study in-depth the alternative transportation funding methods identified by the 2009 City/Chamber study and to seek advice from other transportation experts as necessary; and,
- Evaluate the various funding choices, to include but not limited to property taxes, user fees and impact fees, for equity and adequacy as well as ease of implementation;
- Consider the feasibility of creating a Transportation Utility; and
- Recommend to the City Council within 90 days a 5-Year Local Transportation Funding Plan which addresses existing and future road construction and maintenance needs in Fort Worth.

In addition to the funding sources identified in the Willdan Report, the Task Force also considered increasing the City's capacity to issue additional debt by reallocating the property tax and the use of mineral lease revenues.

Funding Sources

As a result of this work, the Task Force recommends the creation of a Transportation Utility that includes all of the following elements.

1. Transportation User Fee:

The City should adopt a Transportation User Fee effective July 1, 2011 in order to initially raise approximately \$31 million annually. The Task Force reviewed similar programs in Austin and Bryan to evaluate the effectiveness and public support of this revenue source. It was determined that a Transportation User Fee is an equitable funding source since it is assessed based on trips generated by each land use, taking into consideration employees and patrons that may visit a property who may not be residents of Fort Worth. This is also a key source that is dedicated solely to transportation infrastructure, unlike General Fund sources that can be reallocated at the discretion of the City Council to address competing needs.

The City should develop a defined program of street projects to be delivered each year consistent with the prioritization process used to establish the Capital Improvements Program. The fee schedule should remain constant for the duration of this five-year plan (through FY2015). The Transportation Utility should be

evaluated by July 2013 in conjunction with the Transportation Impact Fee Study and then at least every five years thereafter. The evaluation team should include stakeholders from both neighborhoods and the development community. The purpose of the evaluation would be to reassess the effectiveness of the Transportation User Fee, the Transportation Impact Fee and the City's bond program in solving the transportation infrastructure challenge. First and foremost, the City Council should provide for financial oversight, transparency and accountability to ensure the timely delivery of the promised projects.

The City should avoid adding any administrative costs or City staff to deliver the capital or maintenance programs from this funding source. The private sector should be engaged to design, construct and maintain the facilities whenever possible. The City should also pursue appropriate partnerships with the County for funding when annexing enclaves into the City limits and assuming responsibility for additional maintenance and capacity deficiencies.

The purpose of these funds would be as follows:

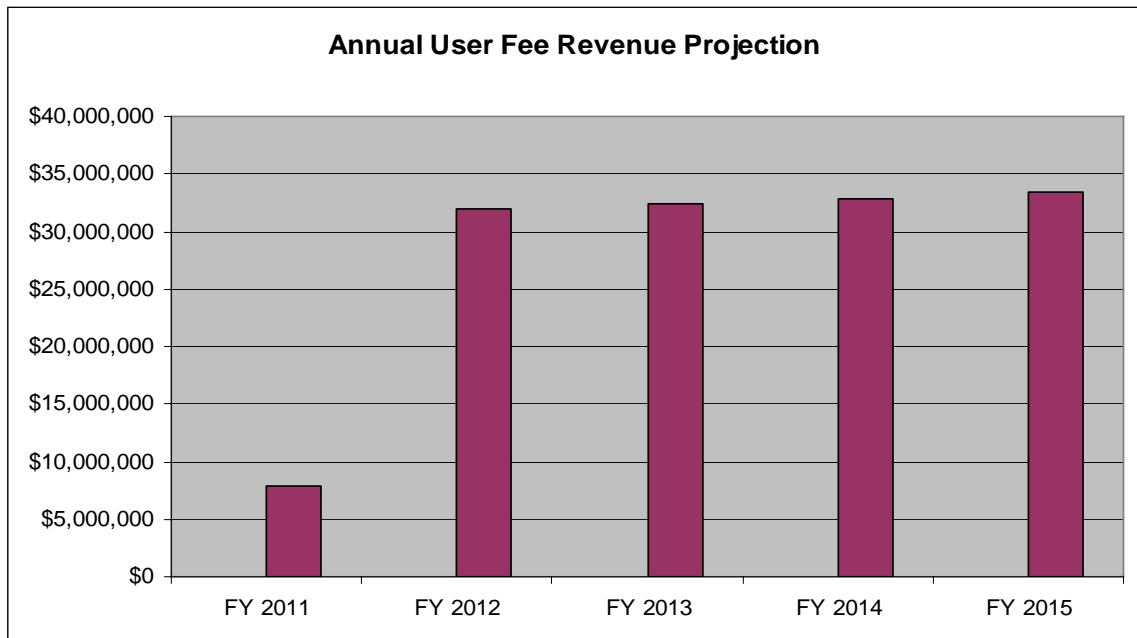
- a. To address **existing capacity deficiencies** that accumulated during the City's rapid growth over several decades. Fifty-eight percent of the funds (approximately **\$18 million**) would be available annually to cash-fund construction of seven lane miles of arterials plus related facilities such as sidewalks, signals, signage and storm drains. During FY11, all partial year revenue of approximately \$8 million will be allocated to this category to allow design of projects to be built in subsequent years.
- b. To supplement the anticipated 2012 General Fund allocation of \$23.5 million for street maintenance by approximately **\$8 million (26%) to allow maintenance of both arterials and neighborhood streets at a proper level**, preventing deterioration that accelerates the need for major reconstruction. The objective is to provide optimum annual funding of \$31 million which should be increased over time to support a growing street network.
- c. To set aside 10% annually, or approximately **\$3 million**, to provide for transportation infrastructure **grant matches and public-private partnerships**, leveraging non-City funding to complete necessary roadway infrastructure. This set-aside should be capped to retain no more than \$5 million on hand at any given time that has not been earmarked for a specific project. Once the cap is reached, any remaining funds should be allocated to address existing capacity deficiencies.
- d. To allocate six percent, or approximately **\$2 million**, annually for **signal and intersection improvements** to improve circulation by improving technology, synchronizing traffic flow and improving pavement markings.

This recommendation is made based on the estimated monthly fees outlined in the table below.

Land Use	Estimated Fee / Month
Single-Family Residential	\$5.87
Multi-Family Residential	\$3.60
Office / 1000 square feet	\$5.78
Retail/Commercial / 1000 square feet	\$7.68
Dining / 1000 square feet	\$10.06
Industrial / 1000 square feet	\$1.70
Institutional / 1000 square feet	\$1.73

Since much of the funding is intended to address existing capacity deficiencies to reduce congestion, the fees are based on trips generated during the peak hour traffic using generally accepted transportation protocols (Institute of Traffic Engineering). The Task Force explicitly does not recommend that the fee be phased-in due to immediate funding needs.

Assuming 1.5% annual growth and base year collections of \$31M



The Task Force also proposes the inclusion of the following exemptions which are consistent with the Storm Water Utility:

1. State facilities

2. Public and private institutions of higher learning
3. Vacant property
4. Parking
5. Applicants who prove that they do not own or use a vehicle

2. Transportation Impact Fee:

The City should increase the Transportation Impact Fee, to be effective on July 1, 2011, but maintain the different collection rates currently in place for residential and non-residential properties and the current rates for the eastern sector. The City should also increase the discount for developing on existing arterials from 15% to 50%. The new rates will result in new development paying for a greater share of the demand created on the road network while encouraging the use of existing facilities. New developments are vested at the collection rate in effect at the time of plat filing for a period of two years, and are subject to the revised collection rate thereafter.

The new rates for the North, West and South sectors would be smoothed at 50% of the maximum assessable for residential property and 41% of maximum assessable for non-residential properties. The East sector would continue with the current fee that is the equivalent of \$2,000 per single family home for residential uses. The lower rate for the East sector is in recognition that this area contains underutilized land that is surrounded by urban development in the mid-cities and the airport making the area different than North, West and South sectors where sprawl pressures are paramount.

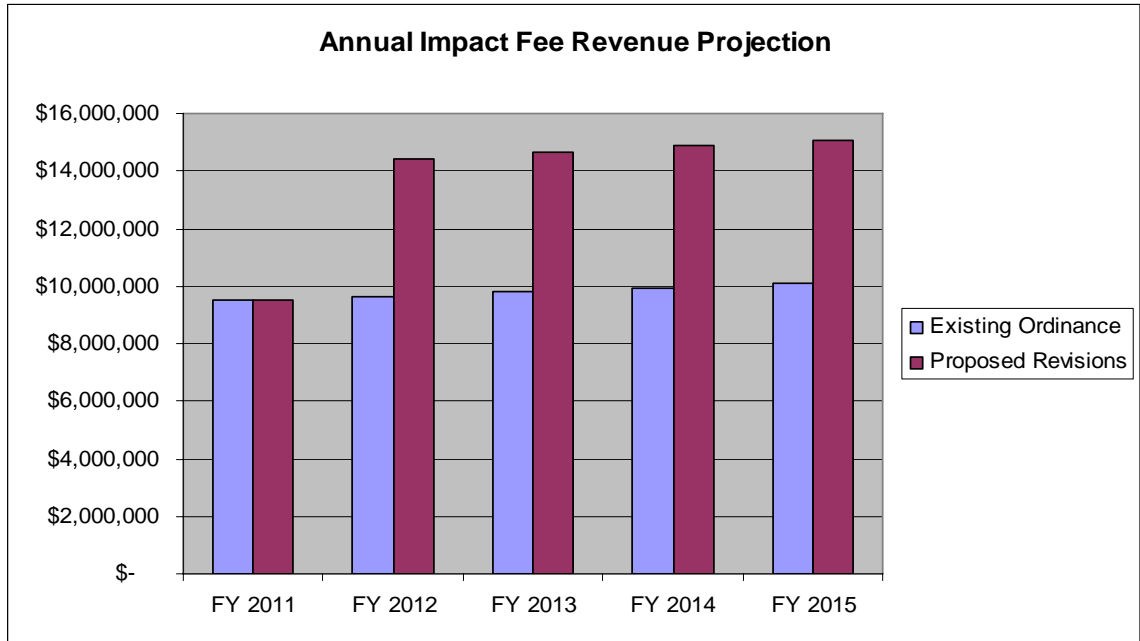
The Task Force recommends that the City Council maintain the proposed collection rate for the duration of the five-year plan when it can be re-evaluated for effectiveness. It is critical for builders and developers to have predictability in terms of costs. In addition, serial adjustment of the collection rates will diminish equity for builders and developers over time. The Task Force also recommends that a balanced committee of stakeholders be fully engaged periodically to review the funding sources and progress. State law regarding Transportation Impact Fees requires a new analysis of capital needs, growth and anticipated land uses every five years with the next study due in 2013. These review processes should be integrated to ensure a comprehensive review.

An additional area of concern is the current assessment of impact fees when a property undergoes a change of use. Currently, the fee is assessed on the increment between the current use and the new demand that is generated. Over the last year, fees collected for change of use have represented 3% of the total collections, or approximately \$200,000. In the currently depressed real estate cycle, reuse of structures is more likely than new construction. The real estate community is deeply concerned that this fee is discouraging reuse of existing buildings, which is inconsistent with the City's policy of encouraging reuse of existing buildings. With the proposed increase, it is anticipated that this challenge will grow. As a result, **this Task Force recommends the elimination of the assessment of the fee on changes of use if the increased collection table is adopted.** However, impact fees will still be assessed on the rare change of use

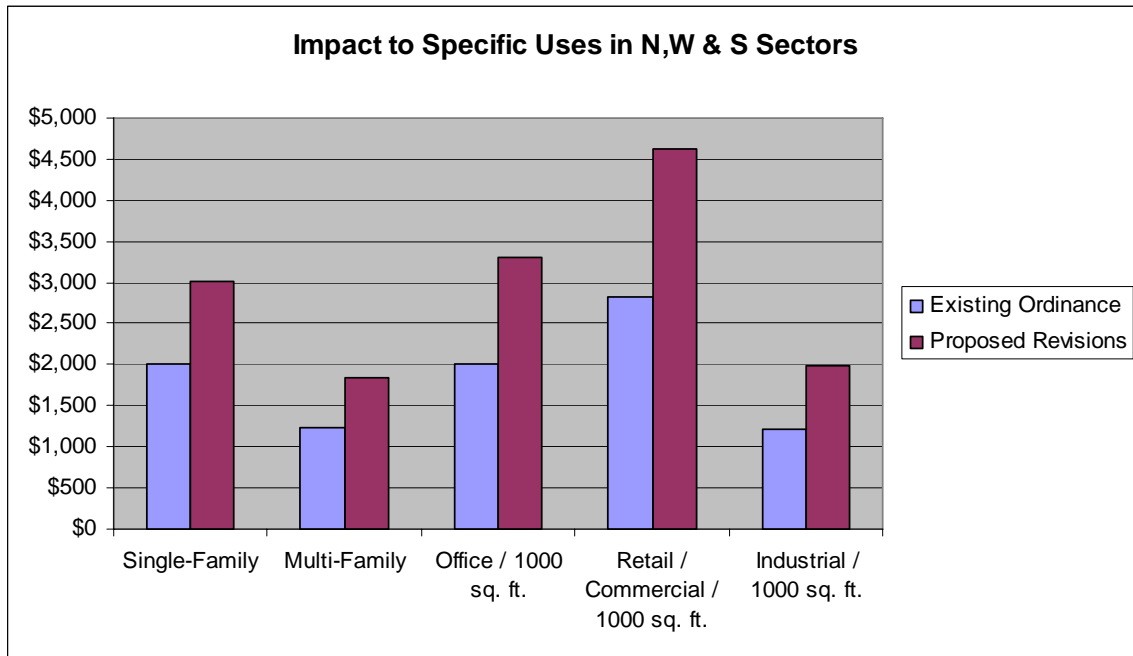
that increases traffic demands by greater than a factor of 10, which may require payment of impact fees.

The chart below depicts the anticipated annual revenue from impact fees City-wide under the current and proposed fee structures.

Assuming 1.5% annual growth, base year collections of \$9.2M for 2009 and effective date of Oct. 2011. Does not account for vesting, discounts, or credit.

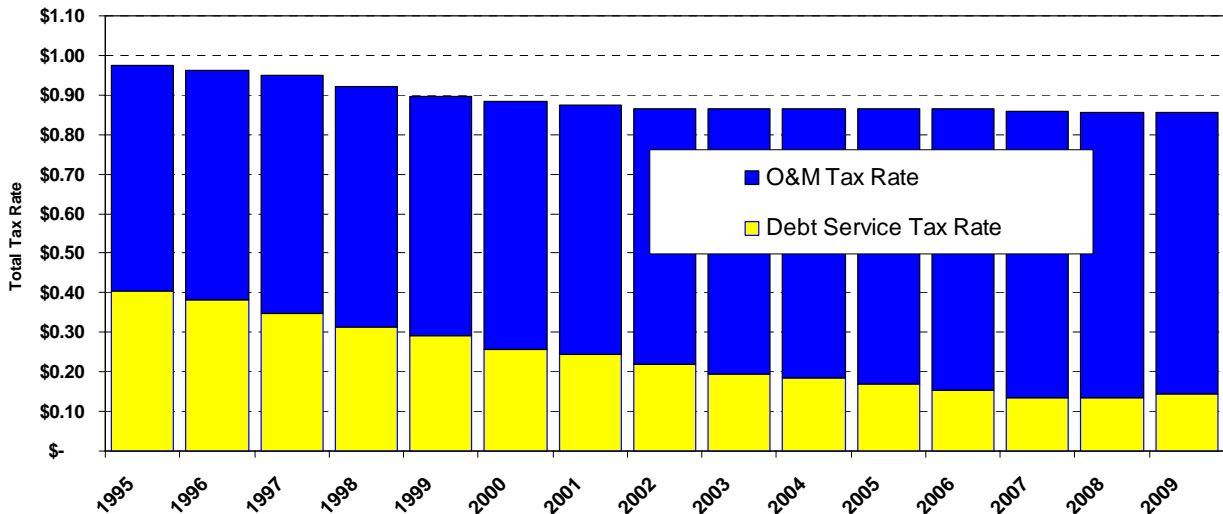


The chart below shows the fee by land use for the North, West and South sectors under the current and proposed fee structures. The central city and East sector are proposed to remain unchanged from today's rates.

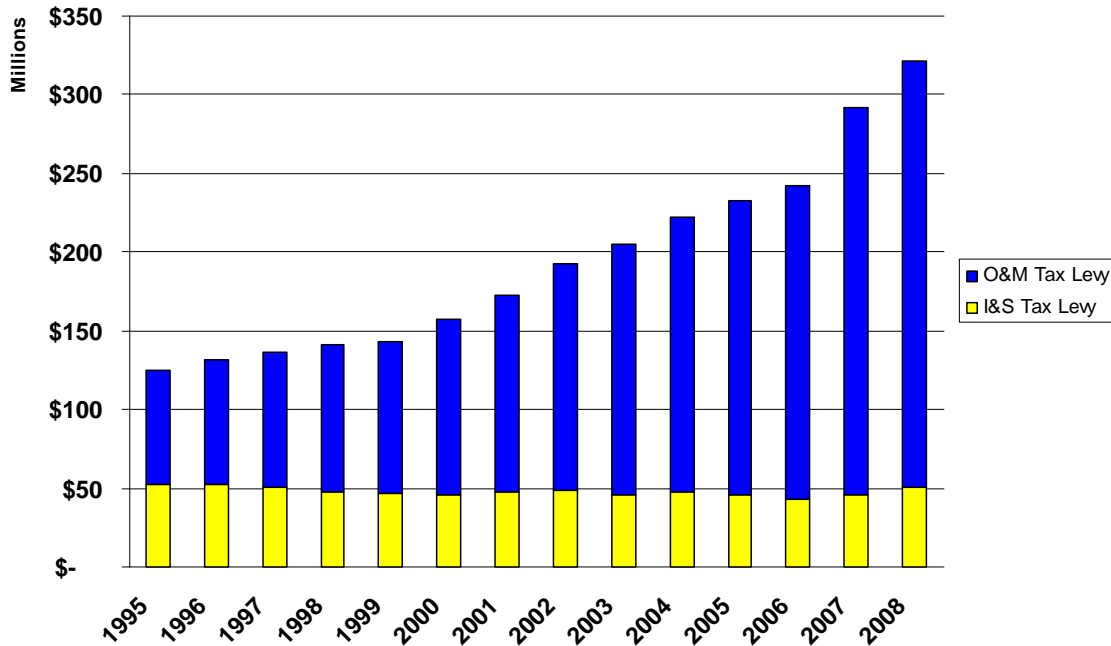


3. **City's Contribution to Debt Service:** The Willdan Report recommended that at least 90% of all bond programs be dedicated to transportation projects, recognizing that it was at the expense of needed facilities such as fire stations. **However, the Task Force concluded that there is a more fundamental problem of an inadequate share of the property tax being allocated to debt service which would greatly improve the City's ability to deliver capital projects.** The chart below depicts the declining share of the property tax levy in to debt service in Fort Worth.

Debt Service Tax Rate Trend



The consequent tax levy generated by this tax rate actually tripled the allocation for operations and maintenance while resulting in stagnant debt service capacity as depicted below. Keep in mind that a \$50 million investment in 1995 would require \$70 million today when adjusted for inflation using the Consumer Price Index. However, the cost of construction materials has grown at a much more rapid pace than inflation in general, which would further erode the buying power of this investment.



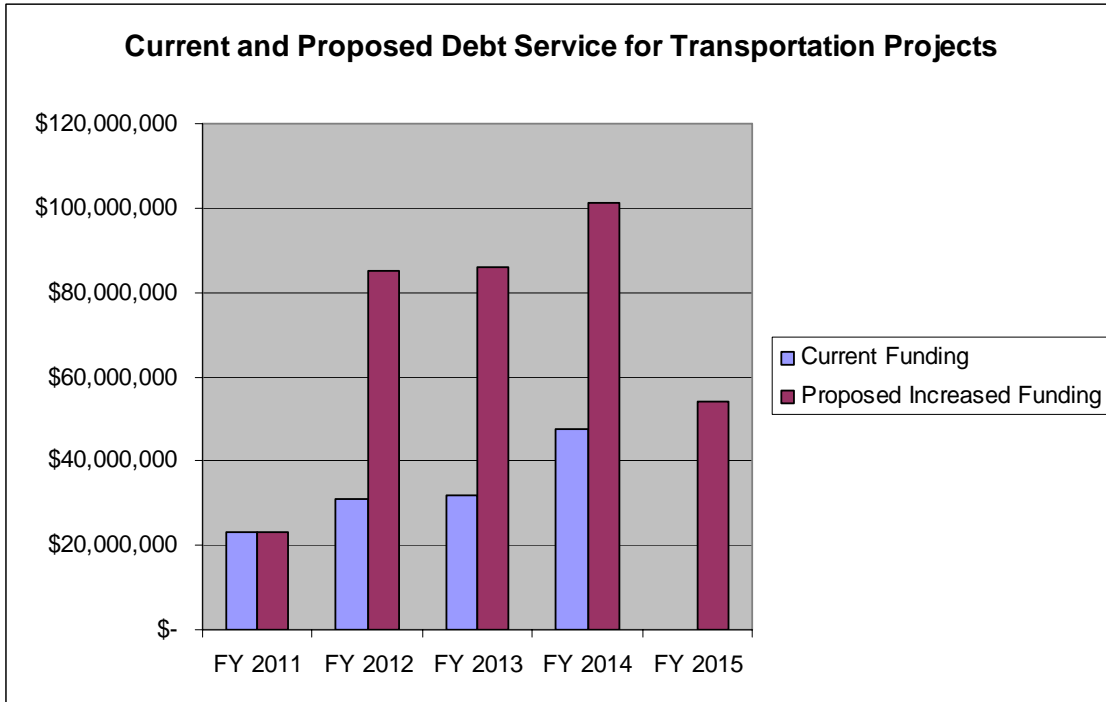
As a policy, the City should dedicate 25% of its property tax to debt service. The City Council reduced the property tax allocation for debt service from 40.54 cents to 14.41 cents starting in 1995. While the presumption was that it was imprudent to become overly dependent upon debt, a corresponding increase in cash-funding of capital projects did not occur. As a result, the City is now significantly under-investing in infrastructure. It is reasonable that a fast-growing city like Fort Worth could contribute 25% of the property tax collection to debt service without negatively affecting the bond rating. Conversely, bond ratings can suffer if there is inappropriate deferral of capital investment.

Starting with the FY2012 budget, the City should reallocate four cents of the Property Tax Rate from operations and maintenance to debt service for transportation infrastructure over a four-year period by shifting one cent each year from FY2012 through FY2015. This would increase the allocation to debt service from 14.41 cents to 18.41 cents over a period of five years. With the proposed change in the Gas Lease Revenue Policy to permanently allocate the ad valorem proceeds from mineral valuations to remain in the operating fund, this

shift to debt service should be feasible while also maintaining the spirit of using those funds for the purpose of one-time capital investments.

The purpose of these funds would be to address existing transportation infrastructure deficiencies and to ensure that an appropriate share of the new tax base generated by new development is being dedicated to debt service rather than operating costs. The chart below depicts the significant increase in funding that would be made available for transportation projects with the proposed realignment of the property tax allocation.

Presumes \$54M in bonded capacity for each \$0.01 shifted to debt service. Current schedule of debt issuance concludes in 2014.



- Bonus and Royalty Revenues:** The City currently allocates 25% of all bonus and royalty revenues collected for Water and Waste Water properties for street reconstruction associated with replacement of water and sewer facilities. In addition, the City allocated the first \$15 million of unrestricted revenue to streets all of which are currently under design or construction to be delivered by 2012. Further, the City amended its allocation policy in 2009 to redistribute revenue associated with park land that is not federally restricted to be split between the Fort Worth Permanent Fund and other general capital needs. While a fairly nominal amount (up to \$2 million annually), this Task Force recommends that 75% of all unrestricted revenues allocated for current capital projects be dedicated to transportation infrastructure.

On-going discussions about the use of gas lease revenues to support the City’s operating budget are of concern. The current policy was adopted to ensure that the revenue is used for one-time capital investments in recognition of some of the long-term neglect of the City’s infrastructure and the temporary nature of the

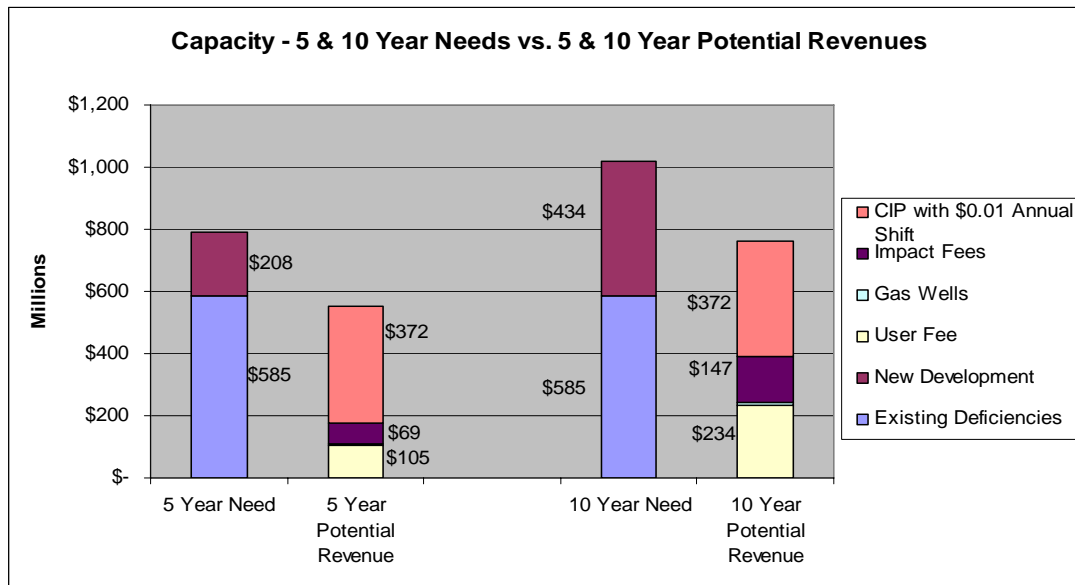
revenue source. In addition, the challenges facing the operating budget also exist in the capital budget.

Summary of Revenue Sources and Expenditure Categories

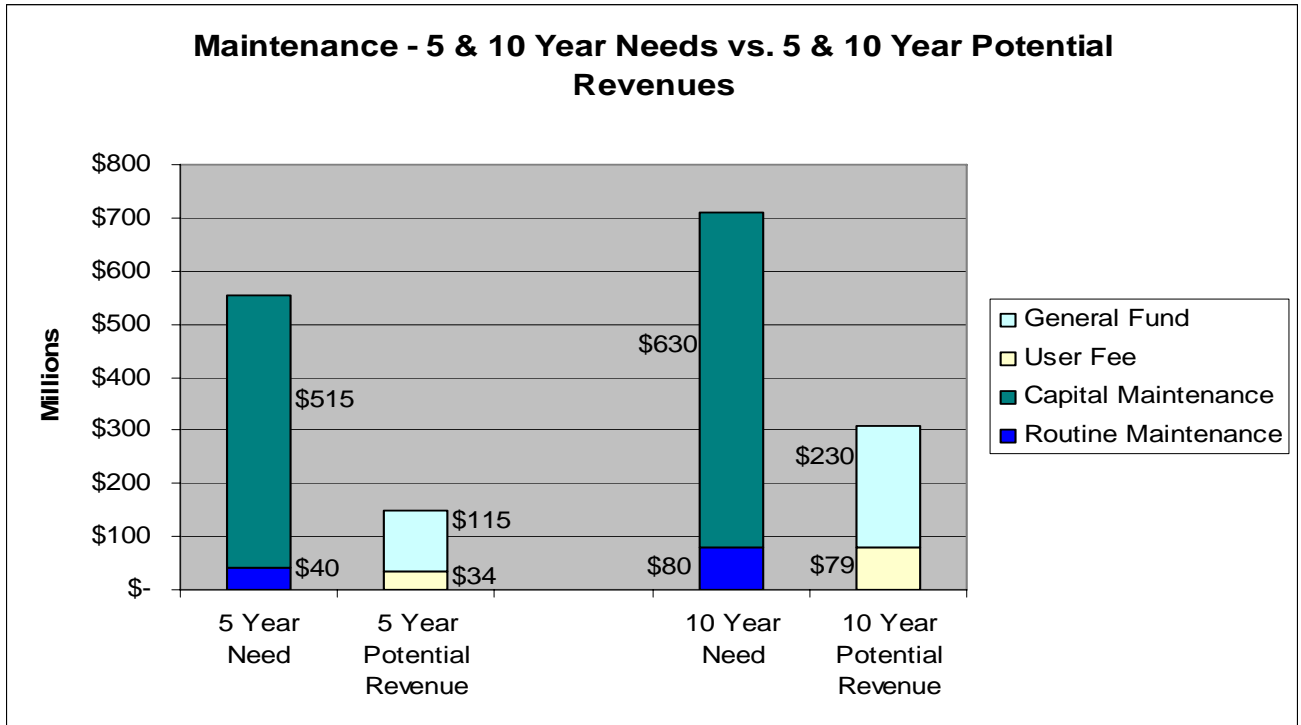
The graphics below show the relative proportion of each of the funding sources compared to the needs they are intended to address. These show both the five-year strategy and the ten-year horizon considered in the Willdan Report. Note that the Willdan Report identified the Transportation User Fee as the largest new revenue source because it was assumed fee revenue would be bonded and would grow over time. However, this Task Force’s recommendation is to increase the General Fund debt capacity which will accelerate the possibility of another bond program, allowing substantial public input. Separately, the Transportation User Fee will allow cash-funding for enhanced maintenance, completion of underfunded bond program projects and other high priority projects.

Both the Willdan Report and this Task Force recognize that this challenge grew over a long period of time and the proposed solution only addresses approximately 60% of the problem. However, the Task Force emphasizes maintenance at an appropriate level to maximize the lifespan of existing streets and to delay the need for complete reconstruction.

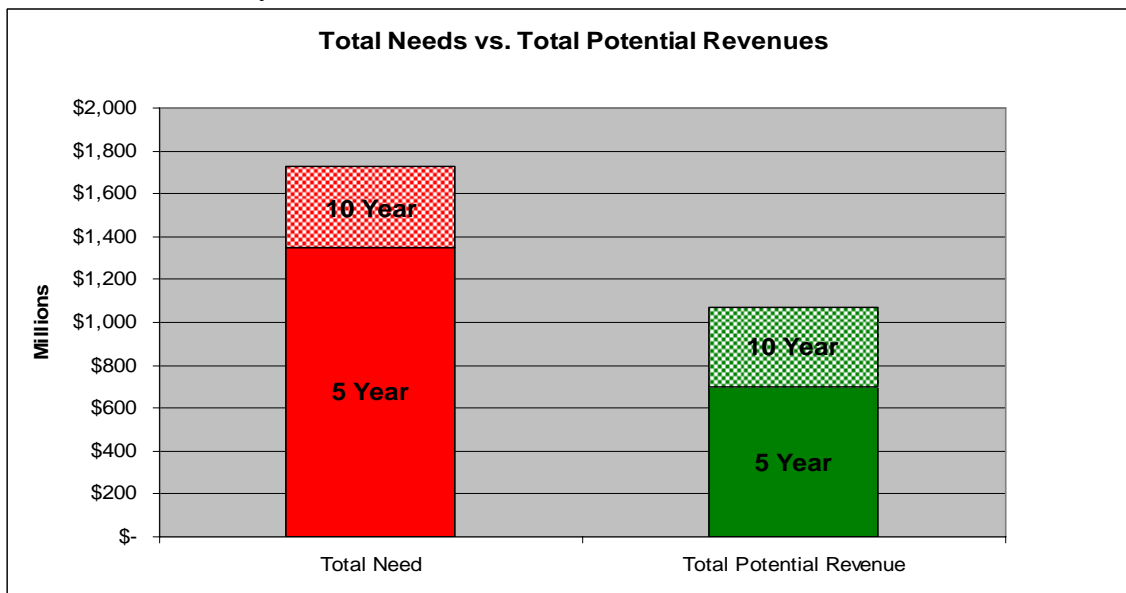
Potential revenues include current allocations plus increases recommended by Task Force.



Capital Maintenance includes \$400M in deferred maintenance



The chart below depicts all capacity and maintenance needs vs. potential revenues for both a five- and ten-year horizon.



Spending and Project Prioritization

It is critical for the City to develop an annual budget and multi-year work program of specific projects deliverable within a stated timeframe and to use all available resources as efficiently and effectively as possible. **To that end, the City should continue to identify ways to outsource infrastructure construction and maintenance activities to ensure that every dollar is used effectively.** This includes seizing opportunities to partner with the private sector to harness their delivery efficiency and employ contracted project management to expand the City's capacity to deliver projects.

One of the challenges that the City has faced in recent years is the inability to complete projects approved in the 2004 Bond Program and the 2008 Critical Capital Needs Program due to the annual debt capacity limits. In fact, with the current debt issuance schedule, it is anticipated that these programs will not be completed until 2015 without an additional funding source. Since these projects have been the highest priority for many years, the Task Force urges the City Council to use the newly available funds to accelerate the delivery of the vast majority of these projects for completion by 2013. This new funding source shaves 12-24 months off of the projects that had previously been shifted to 2014 and beyond. In addition, this will free up debt capacity to fund an additional \$33 million in other high-priority street projects by 2015.

Goals and Benchmarks

With the adoption of these recommendations, it is anticipated that the following objectives will be accomplished:

1. Construct 35 lane miles of capacity with the user fee over five years. In addition, debt capacity for 100 lane miles of arterials would be generated. The City will prepare an annual program to assess the appropriate balance between arterial construction and neighborhood street reconstruction. The City will prepare a rolling five-year program with an annual budget and work plan.
2. Achieve a street network that has an average Pavement Quality Index of 7 on a scale of 0 (Poor) to 10 (Excellent). An index of 7 equals "good."
3. Reduce streets rated as "poor" to less than 5% of the total street network – 365 lane miles.
4. Reduce congestion by upgrading the existing traffic signals and synchronizing the timing of those signals such that a desired Level of Service "C" is achieved, but does not go below a Level of Service "D". Level of Service refers to the average delay a vehicle experiences at a signalized intersection.
5. Enhance the Major Street Maintenance Annual Work Program by increasing annual lane-miles of asphalt overlay by 25% and annual square yards of concrete restoration by 50%.

Related Recommendations

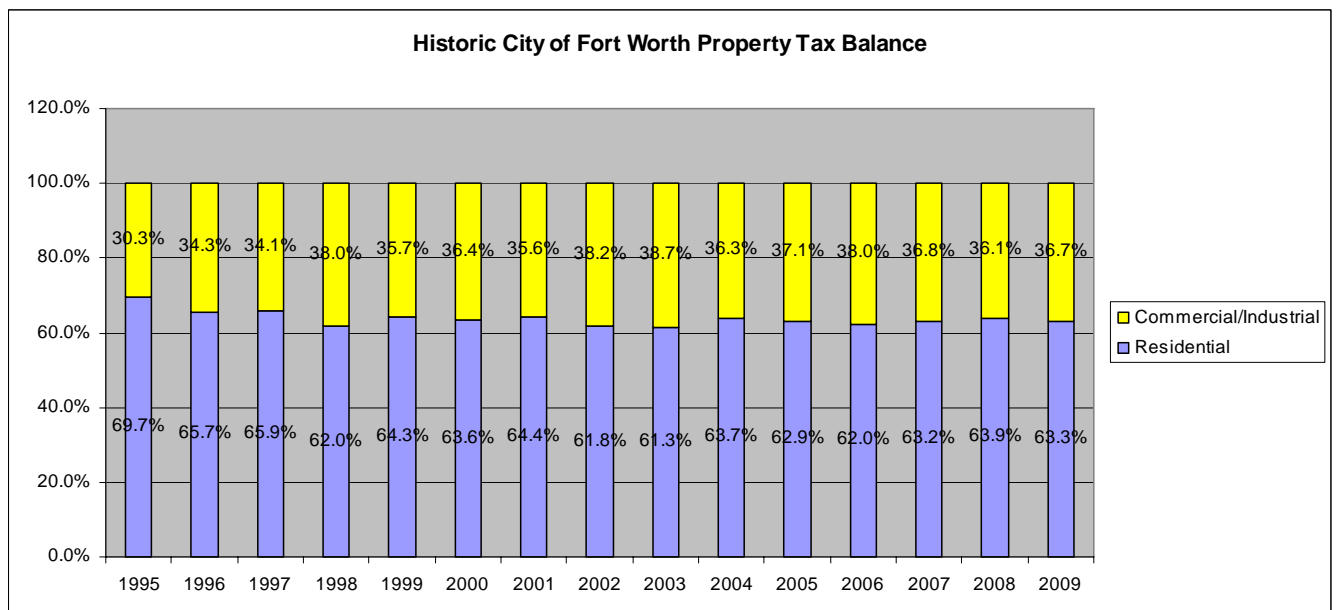
While the City's operating budget falls outside of the scope of this Task Force's work, the issue of funding infrastructure is inextricably linked to the funding decisions for the City's operating budget. In fact, the City Council is acknowledging the long-term employee obligations in terms of retirement and post-employment benefits. This report acknowledges the long-term infrastructure liability that is accumulating and needs to be addressed in conjunction with these other demands on resources. During the course of the Task Force's deliberations, we were briefed by the City's Budget Officer and urge the City Council to consider the following issues.

Property Taxes

If the homestead exemption is reduced or the property tax rate is increased, the first priority for funding should be transportation infrastructure. By reducing the homestead exemption from twenty percent to ten percent, the City could raise an additional \$14 million annually which would assist in the shift of funding from operating expenses to debt service over time. This policy amendment could also facilitate a reduction in the tax rate once an economic recovery is underway.

During the City's recent Economic Forum that included a Five-Year Financial Forecast, an economist suggested that one of the key priorities should be to ensure that this City remains a viable place for businesses to operate. It is certain that the City needs to ensure an appropriate balance between the residential and non-residential tax base in Fort Worth. This is critical to attract and retain major employers and to ensure that the City's residents have retail opportunities in Fort Worth to keep sales tax dollars here.

The chart below depicts the shifting balance over time that should be considered during the tax policy discussions.



Supplanting

The Task Force strongly recommends that the City preserve its current General Fund allocation to street maintenance in order to ensure that these new revenue sources significantly increase the street construction and maintenance capacity. Our research shows that past policies and budget decisions have resulted in \$400 million of deferred maintenance. Therefore, these revenue sources should enhance rather than replace the existing General Fund allocation.

Cost of Services

Citizens approved Collective Bargaining for fire fighters and Meet and Confer for police officers, which have resulted in a cumulative cost to the City of \$76,480,219 over four years for the salary components of the contracts alone. This figure is equivalent to the 19 cents of the current tax rate by 2013. A consequence of these commitments is that 65% of the budget is allocated to public safety, reducing available funds for other needs. The City should continue assessing the current level of employee benefits, including retirement commitments, to determine if they are sustainable over time since they affect the ability of the City to afford basic services and appropriate infrastructure investment. In addition, the City should be aggressive in evaluating the services that are provided and their efficient delivery to ensure that current tax dollars are being used effectively, making cuts where appropriate.

Conclusion

The Task Force recognizes that transportation infrastructure funding is a complex issue and that the City Council has difficult on-going choices to make for the foreseeable future, particularly during this challenging economic environment. Delayed attention to the \$1.8 billion in needs will only increase difficulty for future Councils and future citizens to address. Therefore, we encourage the City Council to take definitive actions in the near term. The City will benefit with the reduction in congestion, the improvement of air quality and the solid reputation as a great place to live and conduct business. New sources of revenue are necessary in order for the City to address even 60% of this challenge while also maintaining the services that are expected by citizens, as demonstrated by the difficulty in reducing any programs at all during budget deliberations.