

Executive Message

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City Strategic Vision



Mission

Working together to build a strong community.

Building a strong community means building strong neighborhoods, developing a sound economy, providing a safe community and fostering a healthy environment.

Vision

Fort Worth will be the most livable and best managed city in the country.

The city's vision statement set forth our aspiration to become even better than we are today as a community and as an organization.

Values

There are six values that guide our employees as they go about this work.

- Exceptional Customer Experience
- Accountability
- Ethical Behavior
- Diversity
- Mutual Respect
- Continuous Improvement

Our Objectives

- Building a safe community
- Making Fort Worth a better place to live, work and play
- Preserving the past and building the future
- Providing exceptional customer service



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Budget Message

November 8, 2019

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

I am pleased to present you the Fiscal Year 2020 (FY2020) Adopted Budget. For a fourth consecutive year, the city's economic outlook remains strong—from continued improvements in local job growth and sales tax collections to increases in residential and commercial values and new construction. As we experience this continued growth we have also seen increased demands on city services and infrastructure, and ultimately the requests for more financial resources. We will continue to build upon previous years' efforts to make the city leaner, more effective, and more transparent to ensure the long-term protection of our quality of life.

I am presenting you with a balanced \$772 million General Fund budget that achieves the following:

- Increases the cash funding dedicated to capital projects, including additional funds for street maintenance and repair, neighborhood vitality and safety, park maintenance and improvements, and information technology
- Covers the \$8 million in lost revenues resulting from State Legislative action without eliminating programs or reducing service levels
- Fully funds the additional retirement contributions as approved during FY2019
- Commences the operations of: the Walsh Ranch fire station and the recruitment and training for the fire station at 287 and Harmon Road; Golden Triangle Library; hiring for Reby Carey Youth Library; the far north animal shelter, and numerous parks
- Establishes the Diversity and Inclusion Department to elevate the City's commitment to equity in the quality of life that all residents experience
- Increases the number of police officers and creates a police cadet program to expand and diversify the pool of prospective officers
- Creates independent oversight of the Police Department to increase the community's trust in the Police Department
- Earmarks funding to partner with Trinity Metro and others for transit initiatives
- Lowers the property tax rate by 3.75 cents; the tax rate drops to 74.75 cents from 78.5 cents per \$100 of assessed taxable value – marking the fourth consecutive year of property tax rate decreases (12.5%)

Addressing the growing demands on our city's resources, the citywide FY2020 Adopted Budget—which includes the Debt Service Fund and most operating funds—totals over \$1.9 billion, an increase of 3.6 percent over the FY2019 Budget. The citywide budget also includes a total of 7,664 approved positions (APs).

As one of the fastest growing cities in the nation, as well as one of the most livable communities, we believe the future is bright for the City of Fort Worth. We expect the continuation of both job and population growth as more companies and people move to Fort Worth. The FY2020 Adopted Budget is

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our plan to meet our responsibility to ensure appropriate investments toward infrastructure while maintaining quality levels of services and addressing the demands of a growing city.

The future of Fort Worth continues to look prosperous.

Respectfully submitted,

A handwritten signature in black ink, reading "David Cooke". The signature is written in a cursive, flowing style.

David Cooke
City Manager

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The FY2020 Adopted Budget is the product of prioritizing expenditures with available revenues while balancing the burden to the taxpayers and looks at the city's financial health for not only the upcoming year, but well into the future. In order to ensure the city focuses on citywide challenges and opportunities, the budget process continues to move from department specific actions to a broader, organizationally focused decision-making process. These philosophies and processes shift our focus from a narrow operational view towards a forward-looking strategic view.

The local Fort Worth economy continues to grow along with the greater Dallas-Fort Worth metropolitan area; however, the growing demands on the city's limited financial resources while minimizing taxpayer burden continue to set the stage in which the city must operate.

OVERVIEW

The FY2020 Adopted Budget totals slightly over \$1.9 billion, which includes 7,664 authorized positions (AP) and consists of 20 different operating departments (excluding Non-Departmental) plus four appointed officials' offices across multiple funds, including the General Fund, Special Revenue Funds, Debt Service Funds, Enterprise Funds and Internal Service Funds. Of the total budget, 39 percent, or \$772 million, reflects the cost of General Fund activities such as public safety, parks, neighborhood services, economic development, property management, transportation and public works, planning and development, public libraries and general management of the city. The remaining 61 percent, or \$1.2 billion, will fund the operations of the other funds, including Special Revenue Funds, Debt Service Funds, Enterprise Funds and Internal Service Funds.

BUDGET DEVELOPMENT PROCESS

The FY2020 budget process began in January of 2019 when city executive staff reviewed the upcoming seven-year projection. February of 2019 brought the City Council retreat and an effort to align City Council goals with city executive staff guiding principles. On March 28, the Performance and Budget Department hosted a citywide Budget Kickoff to mark the formal beginning of the budget development process. The meeting brought together the executive team, department heads, Budget and Analysis division staff and departmental fiscal coordinators to discuss the overall strategy for developing the FY2020 budget. City staff set out to prepare the FY2020 Budget by relying on the following budget development strategies:

- Increase funding for capital investment
- Meet infrastructure and service commitments - 2018 Bond Program
- Employee pay: Balancing performance pay, benefits, and retirement
- No use of fund balance / reserves for operations
- No property tax rate increase in the General Fund / Reduce the property tax rate if possible
- Funding implementation of the Economic Development Strategic Plan

As staff worked to allocate limited resources, the inclusion or exclusion of various citywide expenditures, revenue opportunities, individual programs and existing service levels were all evaluated against these strategies.

Throughout the budget development process, staff updated city executive leadership on the performance of the FY2019 budget. To facilitate this process, the city conducts comprehensive citywide forecasts for months five and eight of the fiscal year. The forecasts are used to monitor current performance and to assist in development of the upcoming budget.

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SIGNIFICANT ISSUES

Before highlighting specifics of the FY2020 budget, included below are topics that received significant attention during the budget development process.

Capital Planning

The City is presenting, in conjunction with the FY2020 Adopted Budget, a 5-Year Capital Improvement Plan (CIP) which includes the planned capital projects and funding sources for the next five years. The FY2020 Adopted Budget includes transfers to fund some of the projects in the first year of the CIP.

Advertising and Lobbying Disclosure

As per Section 140.0045 of the Texas Local Government Code, the City must itemize certain expenditures required in certain political subdivision budgets. These expenditures include advertising costs for notices required by law to be published in a newspaper and expenditures for lobbying costs which directly or indirectly influence or attempt to influence the outcome of legislation or lobbying in FY2019, and with the same amount budgeted for FY2020.

<i>Expenditures For Comparison</i>	<i>FY2019 Estimated Actuals</i>	<i>FY2020 Budget</i>
Advertising-Required Legal Notices	\$ 144,366.00	\$ 102,885.00
Lobbying Expenditures	\$ 396,999.96	\$ 396,999.96

GENERAL FUND REVENUES

The economic outlook for Fort Worth is encouraging with property and sales tax revenue, along with fee income, continuing to grow.

General Fund Revenue Budget			
Adopted	Adopted	Percent	Dollar
<u>FY2019</u>	<u>FY2020</u>	<u>Change</u>	<u>Change</u>
\$731,190,453	\$771,937,585	5.57%	\$40,747,132

Property Tax

The city receives a significant portion of its revenues from property taxes assessed on real and personal property. City staff works with appraisal districts from Tarrant, Denton, Wise, and Parker 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 rolls received from all four districts in July 2019 showed an increase in the City's property tax base. In comparison to the July 2018 certified property tax roll, the July 2019 certified property tax roll reflected a 14.3 percent growth in adjusted net taxable property value.

When updating the seven-year financial forecast and preparing the budget for City Council consideration, staff analyzed many of the factors impacting property tax revenue, including anticipated population growth, historical change in values for residential and commercial properties, current and projected permitting data, the impact of foreclosures, as well as exemptions and protests. Staff also evaluated the allocation of the levy amount, and resulting availability of revenue for operations and maintenance (O&M), as compared to the amount available to repay the city's debt.

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For FY2020, the city’s combined property tax rate was lowered to \$0.7475 per \$100 of assessed valuation anticipating a 98.5 percent collection rate. Based on the O&M levy rate of \$0.5950 per \$100 of assessed valuation, the General Fund portion of the property tax rate is expected to yield approximately \$431 million in revenue for FY2020. The debt service levy rate of \$0.1525 per \$100 of assessed valuation is expected to yield approximately \$110 million, which will allow the repayment of all current and proposed debt obligations.

Sales Tax

Sales tax collections are a major revenue component. Economic conditions in FY2019 continued to show growth with the 12-month rolling average of sales tax collections. This trend is anticipated to continue through FY2020 given that the Dallas-Fort Worth area was recognized in the top five largest construction markets for the first half of 2018, according to the Dallas News, and was also noted as one of the top 20 best large cities to start a business by WalletHub as cited by the Fort Worth Chamber of Commerce. There is continued population growth in the City of Fort Worth, which jumped from 15th to now the 13th largest city in the United States. Based on the FY2019 year-end budget projections, sales tax revenue is expected to increase in FY2020 over five percent and is budgeted at \$172,769,615.

Among large Texas cities, Fort Worth continues a positive trend with year-to-date sales tax collections up 5.5% percent over the same period last year, which puts Fort Worth’s sales tax performance ahead of neighboring City of Dallas.

GENERAL FUND EXPENDITURES

General Fund Expenditure Budget			
Adopted FY2019	Adopted FY2020	Percent Change	Dollar Change
\$731,190,453	\$771,937,585	5.57%	\$40,747,132

For FY2020 General Fund expenditures are held in line with revenues. However, costs are increasing due to a variety of factors, including rising costs of supplies and contractual services, additional facilities coming online, additional funding for retirement, the economic development strategic plan, and maintaining a competitive compensation structure.

Salary and Benefits Changes. In keeping with the city’s commitment to invest in its employees and remain competitive in the job labor market, the following salary and benefits changes are included in the FY2020 Budget:

- Police Civil Service employees will receive salary increases in accordance with the Meet and Confer Bargaining Contract. (3.1% salary plus steps)
- Fire Civil Service employees will receive salary increases in accordance with the Collective Bargaining Agreement between the city and the Fort Worth Professional Firefighters Association.
- Continuation of a budgeted three percent of salaries dedicated to pay for performance for general employees. (Ranges 0-5% with anticipated cost of 3%)
- Fully funding the increase in employer contribution for retirement.

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BUDGET HIGHLIGHTS

The FY2020 Budget includes numerous actions that move the city forward under the guidance of the FY2020 Budget Principles and Management Plan. Included below are highlights of those changes.

Property Tax Rate Reduction. In an effort to encourage commercial development and lower the tax burden to residents and businesses, the City of Fort Worth property tax rate is being reduced nearly four cents (\$0.0375) to \$0.7475 per \$100 of assessed value from \$0.785 per \$100 of assessed value.

Increased Funding for Pay As You Go (PAYG) Capital. The City maintains and purchases capital items through the use of PAYG capital funding. While the property tax rate committed to PAYG remains the same for FY2019, the rise in new construction and property values allows the city to increase the funding dedicated to capital while limiting the funding available for operations. PAYG capital funding increases by an additional appropriation of \$6.2 million in FY2020.