



November 3, 2005

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

The FY2005-06 Adopted Budget reflects the diligent efforts of staff to compile a budget that responds to the City Council goals and objectives in a fiscally sound and prudent manner. This Adopted Budget balances City priorities against available resources, while seeking to maintain core services in each department. The budget also includes modest adjustments that respond to increased demands for services due to growth, efficiency and quality customer service. Although certain service enhancements are included, the Adopted Budget includes no tax rate increase.

Staff has worked with departments, considered citizen input available through citizen surveys and sought guidance from the City Council on the specific priorities to address in the FY2005-06 budget. Staff held budget sessions with the Council during March and May, participated in the City Council Retreat in June, and worked one-on-one with Council members to ensure that Council input was adequately captured in the development and production of this budget. As a result, this budget responds to Council direction regarding the following priorities:

- No tax rate increase
- Maintain effective and responsive public safety services
- Enhance technology in code compliance efforts
- Provide additional funds for streets and infrastructure
- Avoid service level reductions
- Pursue economic development and redevelopment activities
- Provide a reasonable compensation package to retain quality staff

### ECONOMY

Several indicators are used to determine our overall fiscal strength, which continues to be strong and stable. Sales tax revenue is the most important indicator for the City and sales tax collections continue to show steady growth. December 2004 collections were 6.1% higher than the previous year; however by June, collections had risen by 6.9%. Due to the volatility of sales tax revenues, which are heavily influenced by prevailing economic conditions, individual consumer discretion and world events, this budget projects FY2005-06 collections to increase by 5% over the FY2004-05 re-estimate.

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According to the Bureau of Labor Statistics (May 2005 report), the Fort Worth unemployment rate is 5.2% compared to a national rate of 4.9%. Although, the Fort Worth unemployment rate remains higher than the national average, it has shown significant improvement from the rate of 6.6% in December 2004.

Another indicator of the City's economic viability is residential construction. The City experienced a surge that began in the late 1990s and still continues. Development Department data show that: 1) single family home construction increased by 10% between FY2003-04 and FY2004-05; 2) the value of single family home permits issued for FY2004-05 was 14% higher than FY2003-04; and 3) and the value of all building permits issued in FY2004-05 increased by 10% over FY2003-04. This growth trend in residential construction is expected to continue into FY2005-06.

**REVENUES**

The City receives a significant portion of its revenues (55.32%) from property taxes. The certified property tax roll, released in July 2005, by the Tarrant Appraisal District (TAD), shows growth in the City's tax base and an increase in the tax levy. The certified tax roll release allowed the City to budget increases in property tax revenue totaling \$24.3 million compared to the FY2004-05 adopted budget, and \$8.3 million compared to the preliminary release in May 2005. In comparing the July 2004 certified tax roll to the July 2005 certified tax roll, a number of interesting items are apparent, which include: 1) an increase of 11.47% in total appraised value and a 13.75% increase in net taxable value; 2) a decrease in Foreign Trade Zone exemptions by almost 70%; and 3) a decrease in Abatement Value exemptions by 46%. The TAD is continuing to aggressively work issues associated with incomplete property valuations, reducing their number by 56%. The TAD also reports that the average single-family home value is \$102,648, up 5.76% from \$97,062 reported in the July 2004 TAD certified tax roll. Therefore, based on current and historical economic conditions, the FY2005-06 Adopted Budget includes the following revenue projections:

	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	<b>RE-ESTIMATE</b>	<b>ADOPTED</b>
	<b><u>2002-03</u></b>	<b><u>2003-04</u></b>	<b><u>2004-05</u></b>	<b><u>2004-05</u></b>	<b><u>2005-06</u></b>
Property Tax	\$203,232,637	\$221,570,681	\$231,559,806	\$233,950,019	\$255,886,771
Sales Tax	\$70,540,379	\$75,831,756	\$76,510,771	\$81,441,056	\$86,369,333
Other Local Taxes	\$8,741,845	\$8,670,000	\$8,200,000	\$8,140,000	\$8,439,227
Licenses & Permits	\$43,928,411	\$45,601,805	\$47,225,134	\$48,101,218	\$47,523,431
Fines & Forfeitures	\$14,106,407	\$14,300,390	\$14,418,593	\$12,833,262	\$11,698,769
Use of Money & Property	\$10,721,252	\$10,859,457	\$9,862,099	\$10,896,759	\$10,343,416
From Other Agencies	\$1,590,032	\$1,057,611	\$1,250,000	\$1,166,691	\$935,221
Service Charges	\$18,153,470	\$19,838,607	\$21,725,134	\$22,688,588	\$23,033,156
Other Revenue	\$1,264,854	\$1,301,102	\$1,500,000	\$1,438,892	\$1,535,250
Transfers	\$12,987,916	\$12,867,370	\$13,000,000	\$14,320,519	\$16,795,973
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<b>Total Revenues</b>	\$385,267,203	\$411,898,779	\$425,251,537	\$434,977,004	\$462,560,547
Use of Fund Balance			<u>\$233,710</u>		
<b>Total General Fund</b>	\$385,267,203	\$398,131,727	\$425,485,247	\$434,977,004	\$462,560,547

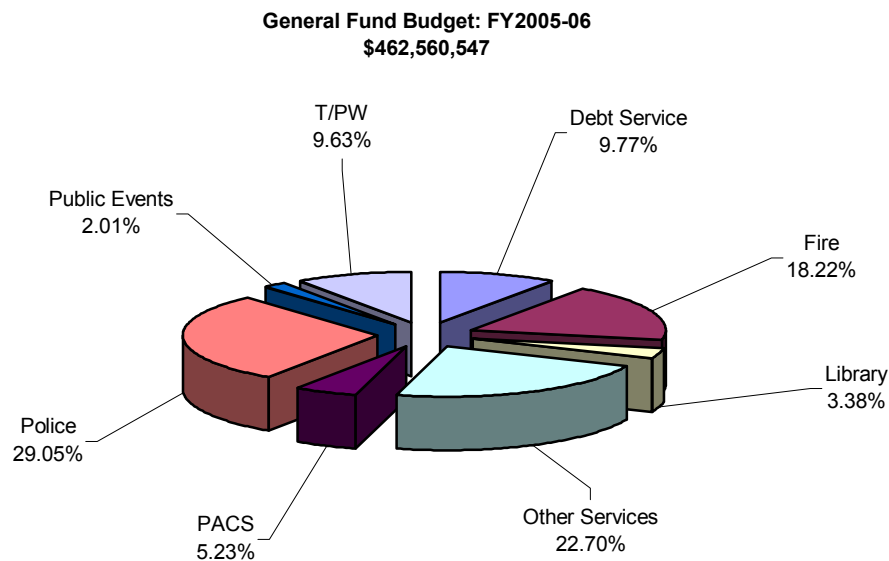
Another important factor impacting revenues are 380 Agreements. Chapter 380 of the Texas Local Government Codes allows Texas municipalities to provide assistance in various forms for the promotion and encouragement of economic development. The City has issued several economic development grants for the public purpose of promoting local economic development and stimulating business and commercial activity in the City. The Adopted Budget includes \$1,634,584 to pay business development incentive agreements with Radio Shack, Pier 1 and the Renaissance Worthington.

**EXPENDITURES**

City departments have worked to develop a balanced budget consistent with City Council's strategic goals. Because staff listened to the City Council's desire to avoid a tax increase; this budget reflects limited enhancements in the areas of public safety, transportation, code compliance, e-GOV, and development. At the same time, no significant service level or program reductions were required.

The total Adopted Budget for FY2005-06 is \$838,599,259 (minus Internal Service and Insurance Funds), an 8.0% increase over the FY2004-05 Adopted Budget of \$776,942,583. This compares to the 6.2% increase between the total Adopted Budget for the current year FY2004-05 of \$774,566,858 (minus Internal Service and Insurance Funds) and the FY2003-04 Adopted Budget of \$726,507,542.

The FY2005-06 Adopted General Fund budget is \$462,560,547 an 8.7% increase over the FY2004-05 Adopted Budget of \$425,485,247. This compares to the 6.9% increase between the FY2003-04 Adopted Budget of \$398,131,727 and the FY2004-05 Adopted Budget of \$425,485,247. Below is a graph of the Adopted General Fund Budget by category.



The FY2005-06 Adopted Budget addresses the City Council's Strategic Goals as follows:

Make Fort Worth the Nation's Safest Major City

- **Addition of 21 Police Patrol Officer Positions** - The Adopted Budget includes \$254,268 (three months funding) for the addition of 19 Patrol Officers and 2 Sergeants for supervision, as recommended by the Police Allocation Model. These added positions will enable the department to achieve the goals of improved response time and police visibility, as well as reduced call time holding. The partial year funding assumes that two simultaneous officer-training classes will begin in December 2005 and conclude in June 2006. The officers will then be released to field training in July 2006. The cost for the training classes will be funded through the Crime Control Prevention District (CCPD).
- **Addition of 6 Police Detective Positions** - The Adopted Budget includes \$76,680 (three months funding) for the addition of 6 Detective positions to respond to a 44% increase in workload over the past six years with no corresponding adjustment in staff. Promotions into the new Detective positions will be made after the recruit training classes have graduated in July 2006.
- **Addition of 1 Mounted and 1 Vice Officer** - The Adopted Budget includes \$105,936 for the addition of a Mounted Patrol officer towards the restoration of the unit to its previous level. Mounted Officers provide daily coverage in the Stockyards, Downtown and the Hospital District and crowd control for major events. A Vice Officer has also been added that will allow more flexibility to concentrate on in-depth, long-term investigations and focus on vice crimes as they occur.
- **Addition of 8 Police Communicator Positions** - The Adopted Budget includes \$217,512 (nine months funding) for the addition of 8 Communicator I positions and related benefits in the Communications Division. The budget also includes a reduction in overtime expense for this Division totaling (\$185,825), bring the net increase to for these positions to only \$31,687. These civilian positions have been added to respond to the increased 911 call load and to reduce Officer wait time on informational calls, such as confirmation of warrants or license plates.
- **Increase in Cost of Jail Contract** - Based on the current contract with the City of Mansfield, funding for the provision of jail services has been increased by 3.5 percent. The Adopted Budget includes \$161,370 for this contract increase.
- **COMIN' UP Gang Intervention Program** - The Comin' Up Gang Intervention Program is administered by the Boys and Girls Clubs of Fort Worth with oversight by the City of Fort Worth Parks and Community Services (PACS) Department. The program offers intervention services to provide city youth alternatives to gang

activity. In the past few years the program has primarily been funded through the Local Law Enforcement Block Grant (LLEBG). In FY2004-05, the City received \$301,151 in LLEBG funding for the program. These LLEBG funds will not be available for FY2005-06. In response to this decrease in funding and to avoid program service reductions, \$1,555,493 was added to the budget.

- **Addition of Overtime Funds for Second NASCAR Event** – The Adopted Budget includes additional overtime funds to provide for police and fire coverage using off duty staff for a second NASCAR race. The Police Department budget includes an additional \$173,320 and the Fire Department budget includes an additional \$47,000 to fund the overtime for this event.
- **Increased Fire Overtime funds for Four-Person Staffing** – The Adopted Budget includes \$4,685,634 to continue four-person staffing at double company fire stations. In FY2004-05 the City provided six months of funding to implement four person staffing using overtime and overage positions. A full year of funding is included in this FY2005-06 Adopted Budget to continue this level of staffing. It is believed that four-person staffing will enhance safety at a fire or major emergency incidents. It is imperative to have sufficient personnel in the arriving company to perform immediate fire suppression and rescue tasks.
- **Addition of Funds for Firefighter Training Classes** –The Fire Department has experienced an increase in attrition in civil service positions and the Adopted Budget includes \$2,258,177 for three training classes and related costs. A training class of twelve is recommended to address retirements and terminations. In response to growth in north Fort Worth, two new fire stations are scheduled to be open in FY2005-06 requiring two training classes of fourteen trainees. Fire station #41 is scheduled to open July 2006, and fire station #38 is scheduled to open September 2006.
- **Addition of 6 Municipal Courts Deputy City Marshal Positions** – The Adopted Budget includes a total of \$303,468 to add 6 Deputy City Marshal positions that will provide security and screening coverage in and around City Hall. Specifically, a total of \$73,468 (nine months funding) is included for 2 Deputy City Marshal positions that will provide City Hall security coverage focusing on the 3<sup>rd</sup> floor reception area in front of the Mayor and Council and City Manager's offices. Currently, the department has pulled field Deputy City Marshals from the Warrants Division to provide this coverage and is absorbing the cost. These new positions will enable the Deputy City Marshals to return to warrant work in the field. In addition, a total of \$230,000 has been added to fund another 4 Deputy City Marshal positions and screening equipment to provide security coverage and screening at the north and south entrances of City Hall. Two Deputy City Marshals will be posted at each entrance Monday through Friday from 7:30 a.m. to 6:00 p.m. The hours will be extended on days when evening City Council meetings are held.

- **Addition of a Customer Service Representative II Position for the Teen Court** – The Adopted Budget includes second quarter funding of \$20,774 to add a Customer Service Representative II position to assist with the Teen Court operations. This position will be primarily responsibility for monitoring Teen participants during the Teen Court docket, Master Jury docket and Teen Court classes.
- **Addition of an Animal Cruelty Investigator** - The Adopted Budget includes \$56,274 to add one Animal Cruelty Investigator (ACI) in the Animal Control Division of the Public Health Department. This will provide a total of two ACIs to investigate animal cruelty, neglect complaints and to provide enhanced public education. The addition of this position will offset the ACI previously transferred to the Police Department to address animal cruelty complaints that are more appropriately handled as criminal investigations. Staff estimates that approximately 1,000 animal cruelty and neglect cases will be investigated annually.

#### Create and Maintain A Clean and Attractive City

- **Addition of 4 Code Compliance Positions** – The Adopted Budget includes \$315,527 to add 4 Code Compliance Officer positions. These positions were added in the current year as temporary positions in order to provide adequate enforcement and abatement of general and major code violations in a timely manner. The Adopted Budget provides funding to make these positions permanent.
- **Continuation of Funding for Code Compliance Technology Enhancements** – The Adopted Budget includes \$360,224 for ongoing technology enhancements that will allow more efficient management of code officer activities.
- **Addition of 4 Parks Positions for Water Gardens Maintenance** – The Adopted Budget includes \$337,808 to add a Maintenance Worker, Sr. Maintenance Worker, Crewleader, and Water System Mechanic to provide Water Garden feature maintenance, horticulture planting bed maintenance, mechanical maintenance, and preparation for special events at the Fort Worth Water Garden.
- **Addition of Parks Maintenance Funds** - The Adopted Budget includes \$227,940 to maintain fifteen parks (239.25 acres) newly acquired as a result of the parkland dedication policy.

#### Diversify the Economic Base, Develop the Future Workforce, and Create Quality Job Opportunities.

- **Women's Business Assistance Center** - The Adopted Budget includes \$198,722 to support the Women's Business Assistance Center due to a loss of federal funding during FY2004-05. These funds will add 2 Office Assistants, 2 Administrative

Secretaries and 1 Public Education Specialist, along with supplies and contractual services.

- **Enhanced Public Events Sales/Marketing Efforts** - The Adopted Budget includes \$82,152 to add a Sales Manager and Administrative Assistant position. These positions were added in the current year as temporary positions. This budget provides funding to make these positions permanent. The Sales Manager is responsible for designing and initiating sales/marketing efforts to attract new conventions, conferences and other meetings. The Administrative Assistant will assist with the coordination of the various events.
- **Homelessness Program** – The Adopted Budget includes \$80,060 (nine months funding) to staff the Mayor’s permanent Committee to Reduce Chronic Homelessness with a Sr. Planner and an Administrative Assistant position. This staff will support the permanent committee and oversee the implementation of a 10-year plan to eliminate chronic homelessness. The 10-year plan was prepared by the Mayor’s temporary Planning and Advisory Committee established in FY2004-05.

#### Revitalize Central City Neighborhoods and Commercial Districts

- **Improved Central City Redevelopment Efforts** - The adopted budget includes \$144,477 for the addition of an Assistant Building Official, a Plans Examiner, and a Development Inspector to exclusively concentrate on central city revitalization efforts. These positions will provide support to projects with in-depth studies of regulations relating to each project and tailoring code strategies to facilitate redevelopment.

#### Promote Orderly Development in Growing Areas

- **Improve Commercial Plans Review Process** – The Adopted Budget includes \$336,897 for 2 Plans Examiners and 1 Sr. Plans Examiner. These positions will enable the Development Department to reduce the current backlog and decrease the time it takes to review commercial plans from 26 to 10 days.
- **Improve Residential Inspection Process** – The Adopted Budget includes \$124,387 for 1 Building Inspector and 1 Residential Inspector position. These new positions will enable the Development Department to better respond to the increase in building activities and the unprecedented demand for residential inspections.
- **Addition of Second Board of Adjustment Panel** – The Adopted Budget includes \$104,417 to add support staff for a second Board of Adjustment Panel. This second panel will help to reduce delays in the zoning appeals process. Funding is provided for 1 Planner, 1 Planning Assistant and an Office Assistant I position.

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- **Addition of 4 Engineering Positions** – The Adopted Budget includes a total funding of \$261,267 for the addition of 4 Construction Inspector positions in the Engineering Department. These positions will allow inspectors to spend at least two hours a day on each assigned inspection project, which should help resolve the premature street failure issues in the City.

### Ensure Quality Customer Service

- **Library Books** – The Adopted Budget includes \$250,000 to purchase approximately 30,000 library books and materials. This amount will be matched with another \$250,000 from the Fort Worth Public Library Foundation.
- **Technology Projects** – The Adopted Budget for the IT Solutions Department is \$21,628,944, which is a \$4,915,673 increase over the FY2004-05, Adopted Budget. The Adopted Budget includes \$1,230,365 to address the change in the process for acquiring computers for City use. The IT Solutions Department will purchase the equipment and act as the lessor to the Departments instead of leasing directly from a vendor as in previous years. Additional funds are included totaling \$623,938 to add eight positions to improve management of specific programs and enhance overall customer support. The budget also includes \$700,000 for telephone charges to account for costs associated with the 392-telephone prefix conversion.
- **Harley Facility Lease** – The Adopted Budget includes \$1,431,905 for the Harley facility lease. This facility has been leased to address office space needs. The new facility will house the TPW warehouse, covered parking, a vehicle fuel and wash facility and an ESD maintenance facility.

### Improve Mobility and Air Quality

- **Addition of 3 Transportation and Public Works Positions** – The Adopted Budget includes \$72,276 to add 3 positions (30% General Fund and 70% Grant Fund). Specifically, these positions are a Graduate Engineer, Engineering Technician II and IT Programmer Analyst II who will manage the Intelligent Transportation System and railroad projects in established grant projects. These positions will provide support for the Railroad Safety Program and Quiet Zone projects, to ensure safe railroad crossings and optimize the City's traffic system.
- **Bridge Maintenance Program** – The Adopted Budget includes \$154,451 for the Transportation and Public Works Department bridge maintenance program. These funds will provide for a contract for routine bridge maintenance services and consulting on the condition of the City's bridges.
- **Street Lights Maintenance Service Level Improvements** – The Adopted Budget includes \$395,459 to improve the maintenance service levels for arterial and



residential streetlights by shifting staff from construction activities back to maintenance work and increasing the materials budget.

- **Roadway Impact Fee Study** – The Adopted Budget includes \$700,000 in funding to retain a multi-disciplinary consulting team to develop a Roadway Impact Fee Policy for the City. The City's current policy on the collection of fees from developers for the installation of roadways is being challenged because it allegedly does not meet the proportionality requirements of a Federal Court ruling.

#### Enterprise Funds

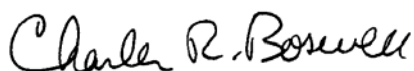
- **Water and Wastewater** – The Adopted Water and Wastewater Fund expenditure budget is \$269,521,018 which is a \$13,306,570 increase over the FY2004-05 Adopted Budget. A total of 22 positions have been added primarily in the customer service area. The Adopted budget assumes a 5.11% rate increase for Retail Water including a 5.79% increase for residential customers and a 2.85% rate increase for Retail Wastewater with no increase for residential customers. The need for a rate increase is driven by the following expenses: approximately \$9.4 million for capital project infrastructure rehabilitation and repairs (which includes \$5.2 million for debt service coverage); \$1.3 million for employee compensation; \$0.5 million for purchase of raw water; \$0.4 million for chemicals; and \$0.1 million for power costs.
- **Solid Waste** – The Adopted Solid Waste Fund expenditure budget is \$39,240,201 which is a \$2,505,789 increase over the FY2004-05 Adopted Budget. The Adopted Budget includes an increase of \$1,423,477 for payments to waste collection/disposal vendors under the City's solid waste contractual arrangements, which reflects both additional households added through growth and the cost adjustment methods specified in the contracts. This cost is recovered through residential and commercial sanitation account billings. In addition, the budget includes \$375,550 for interest payments on Certificates of Obligation related to the construction of an access road to the Southeast Landfill.
- **Municipal Parking Fund** – The Adopted Municipal Parking Fund expenditure budget is \$3,303,555, which is a \$3,092,837 increase over the FY2004-05, Adopted Budget. This budget proposes to combine all parking related functions under one administrative umbrella. The Municipal Parking Fund will collect revenue from parking meters, parking citations, and the use of parking facilities in the Public Events Department. These revenues will then be transferred to the General Fund.
- **Equipment Services** – The Adopted Equipment Services Fund expenditure budget is \$18,772,409, which is a \$1,959,073 increase over the FY2004-05, Adopted Budget. The budget includes \$943,542 for the increasing cost of regular fuel and \$464,959 for diesel fuel costs. The budget also includes additional funds totaling \$112,674 for outside vehicle repairs.

Other Items with Citywide Impact that Have Been Funded in the Adopted Budget

- **Compensation** – The Adopted Budget includes \$12.9 million for a compensation plan. Compensation adjustments are adopted as follows: All employees will receive a 1% market forecast adjustment (with the exception of employees in disciplinary situations); police and fire civil service staff will receive a 4% across the board market adjustment; eligible exempt and non-exempt employees will receive a 5% market adjustment; eligible exempt employees will receive a 3% performance increase (if rated competent or better); an increase between 2.5% and 5% is provided for step increases for eligible police, fire and non-exempt employees on their anniversary dates. General employees will have their salary increase capped at 6%, and civil service employees will be capped at 10%.
- **Health insurance** - The Adopted Budget for FY2005-06 reflects a \$2,435,108 decrease in City Contributions from the FY2004-05 Adopted Budget. The total budget for employee health care benefits and life insurance is \$52.9 million, with the City paying 70 percent of the health care cost and employees and retirees paying a combined total of 30 percent. As in the past, this budget is sufficient to fund reserves and cover the cost of health care for active employees and retirees. The City currently offers three plan options for its employees: they are the Basic, Basic Plus, and the Select plans. Approximately 83% of the employees and retirees are enrolled in the Basic Plan. Due to the strong performance of the plan and adequate reserve levels, the premium contributions for employees and retirees will remain the same. Retirees hired prior to October 5, 1988, and those with 25 years or more of service will continue to get the Basic Plan coverage at no cost. However, a different rate structure is provided for retirees who are eligible for Medicare. This separate rate structure provides lower premiums for retirees eligible for Medicare in recognition that they are less costly to the plan than the retirees that do not have coverage under Medicare.
- **Vehicle Replacement** – The Adopted Budget increases the funding level for vehicles by \$933,000 over the FY2004-05 Adopted Budget bringing the total available funds for vehicle replacements to \$2,000,000. These funds will allow for the replacement of 58 General Fund vehicles.

In any budget process, it is always a challenge to balance competing needs against limited resources. The FY2005-06 budget process was no exception. However, with the policy guidance provided by Council, staff has done an admirable job of creatively balancing increasing service demands and available funding and other resources for optimal return on tax dollars expended.

Respectfully submitted,



Charles Boswell  
City Manager