



September 12, 2006

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

The FY2006-07 Adopted Budget approved by the City Council 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 adjustments that respond to increased demands for services due to growth, efficiency and quality customer service.

Staff has worked throughout the year with departments, considered citizen input available through citizen surveys and sought guidance from the City Council on the specific priorities to address in the FY2006-07 budget. Staff participated in the City Council Retreat in April, provided budget updates to the Council in May 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 adopted budget responds to Council direction regarding the following priorities:

- Half cent tax rate decrease
- Maintain effective and responsive public safety services
- Provide additional funds for streets and infrastructure
- Enhance service levels in response to growth
- Pursue economic development and redevelopment activities
- Provide a reasonable compensation package to retain quality staff
- Incorporate technology where possible to leverage resources

### ECONOMY

Several indicators are used to determine our overall fiscal strength which continues to be strong and stable. Sales tax revenue is one of the most important indicators for the City. Sales tax collections continue to show steady growth. The projected average annual increase in actual collections for FY2005-06 compared to FY2004-05, will be approximately 15%. However, due to the volatility of sales tax revenues, which are heavily influenced by prevailing economic conditions, individual consumer discretion and world events, the FY2006-07 budget projects sales tax collections to increase by 6% over the FY2005-06 re-estimate.

According to the Bureau of Labor Statistics (August, 2006 report), the Fort Worth unemployment rate is 5.2% compared to a national rate of 4.6%. The Fort Worth unemployment rate remains higher than the national average and has shown a slight improvement since last year at the same time when it was 5.3% in August, 2005.

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, although recent national trends indicate the surge is tapering off. Using the latest available full year Development Department permit data, it can be shown that: 1) number of single family home construction permits increased by 27% between FY2004-05 and FY2005-06; 2) the value of single family home permits issued for FY2005-06 was 37% higher than FY2004-05; and 3) and the value of all building permits issued in FY2005-06 increased by 35% over FY2004-05. This growth trend in residential construction is expected to continue into FY2006-07.

## REVENUES

The City receives a significant portion of its revenues (56.7%) from property taxes. The certified property tax roll, released in July 2006, by the Tarrant Appraisal District (TAD), shows growth in the City's tax base and an increase in the tax levy. The July 2006 certified tax roll release allowed the City to budget increases in property tax revenue. The increase totaled \$35.7 million compared to the FY2005-06 adopted budget, and \$18.2 million compared to the preliminary release in May 2006. In comparing the July 2005 certified tax roll to the July 2006 certified tax roll, a number of interesting items are apparent, which include; 1) an increase of 14.08% in total appraised value and 13.58% increase in net taxable value; 2) an increase in valuation resulting from annexations of 1,858%; 3) an increase in new construction valuation of 26.14% and; 4) an increase in valuation loss attributable to abatements of 91.02%. The TAD also reports that the average single-family home value of \$108,256 is up by 5.46% from \$102,648 reported in the July 2005 TAD certified tax roll. As expected, gas well valuations also increased significantly. Valuation increased almost 114% from \$151 million in July 2005 to \$323 million in July 2006. This translates into approximately \$1.3 million in projected revenue from gas well valuation.

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. In FY2006-07, \$4,000,000 is identified for development incentive agreements with Radio Shack, Pier 1, TLC Greenfield, Cabela's, Montgomery Plaza, Trinity Bluff Development, Railhead Industrial Park, Omni Hotel, LaGran Plaza and Renaissance Worthington.

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Therefore, based on current and historical economic conditions, and using the assumptions described earlier, the FY2006-07 Adopted Revenue Budget is as shown in the following table:

	ADOPTED 2005-06	RE-ESTIMATE 2005-06	ADOPTED 2006-07	CHANGE FROM 2005-06 ADOPTED	% Change
Property Tax	\$255,886,771	\$262,340,531	\$291,590,333	\$35,703,562	13.95%
Sales Tax	\$86,369,333	\$91,640,523	\$96,093,842	\$9,724,509	11.26%
Other Local Taxes	\$8,439,227	\$8,648,227	\$8,754,327	\$315,100	3.73%
Licenses & Permits	\$47,523,431	\$50,431,181	\$51,424,177	\$3,900,746	8.21%
Fines & Forfeitures	\$11,698,769	\$11,739,361	\$11,806,227	\$107,458	0.92%
Use of Money & Property	\$10,343,416	\$12,341,983	\$11,032,319	\$688,903	6.66%
From Other Agencies	\$935,221	\$1,035,071	\$612,290	(\$322,931)	-34.53%
Service Charges	\$23,033,156	\$24,080,454	\$24,536,245	\$1,503,089	6.53%
Other Revenue	\$1,535,250	\$3,063,291	\$1,409,190	(\$126,060)	-8.21%
Transfers	\$16,795,973	\$17,172,373	\$16,331,536	(\$464,437)	-2.77%
<b>Total Revenues</b>	<b>\$462,560,547</b>	<b>\$482,492,995</b>	<b>\$513,590,486</b>	<b>\$51,029,939</b>	<b>11.03%</b>
<b>Total General Fund</b>	<b>\$462,560,547</b>	<b>\$482,492,995</b>	<b>\$513,590,486</b>	<b>\$51,029,939</b>	<b>11.03%</b>

### EXPENDITURES

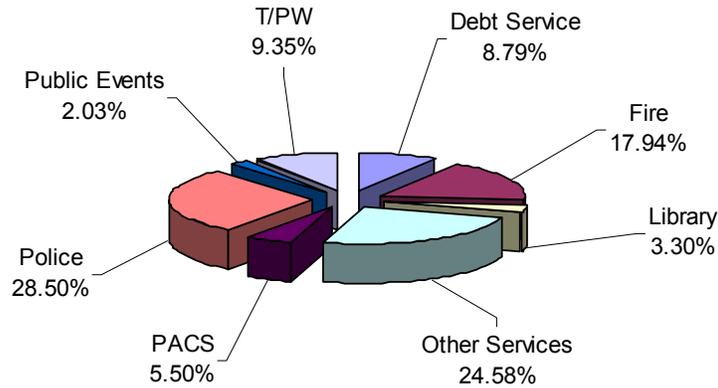
City departments worked hard to develop a balanced budget consistent with City Council's strategic goals. In this effort, staff was able to fund \$21,078,313 in new programs and in enhancements. At the same time, addressing some federal and state mandates, no significant service level or program reductions were required.

The total Adopted Budget for FY2006-07 is \$931,380,079 (minus Internal Service and Insurance Funds), a 11.06% increase over the FY2005-06 Adopted Budget of \$838,599,259. This compares to the 8.0% increase between the total Adopted Budget for the current year FY2005-06 of \$838,599,259 (minus Internal Service and Insurance Funds) and the FY2004-05 Adopted Budget of \$774,566,858.

The FY2006-07 Adopted General Fund budget is \$513,590,486, a 11.03% increase over the FY2005-06 Adopted Budget of \$462,560,547. This compares to the 8.7% increase between the FY2005-06 Adopted Budget and the FY2004-05 Adopted Budget of \$425,485,247.

Below is a graph of the Adopted General Fund Budget by category.

**General Fund Budget: FY2006-07**  
**\$513,590,486**



The FY2006-07 Adopted Budget addresses the City Council's Strategic Goals as follows:

Become the Nation's Safest Major City

- **Addition of Funds for Second Fire Company at Fire Station 38** - The Adopted Budget includes \$915,828 to add a four-person Quint company to Fire Station 38 for a total of 14 positions. This includes trainee and recruitment costs.
- **Fire Trainee Class** - The Adopted Budget includes \$565,913 for 20 fire trainees. The Fire Department anticipates 20 vacancies at the Firefighter rank during FY2006-07 that must be filled in order to avoid costly overtime to maintain minimum staffing levels on fire apparatus.
- **Fire Investigators** - The Adopted Budget adds \$358,894 for 1 Fire Lieutenant and 3 Fire Engineers to the Fire Investigations office to provide effective investigation of the number of arson and bomb incidents occurring in the City.
- **Creation of 5th Police Field Operations Division** - The Adopted Budget provides additional funds to create a 5th Field Operations Division within the Police Department. It would add a Captain and 3 administrative support positions at an increase of \$147,911. Existing civil service officers will be pulled from other divisions to staff this new division. The new staff is expected to be in place mid-year FY2006-07.

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- **Addition of Police Patrol Officers Per PAM 2006** - The Adopted Budget includes 48 additional patrol officers and 6 sergeants based on the Justex PAM as of January 2007. These additional positions are needed to achieve established goals for response time police visibility and calls holding. Funding is included for 7 months at a cost of \$966,824.
- **Police Field Operations and Specialized Detectives** - The Adopted Budget includes \$221,870 (3 months of funding for 6 additional Police Detectives to respond to the growing caseloads and to provide adequate resources to dedicate to the investigation of crimes, crime patterns and the apprehension of suspects.
- **Addition of 2 Consumer Health Specialists and a Customer Service Supervisor** - The Adopted Budget includes \$94,292 for these 3 positions in the Public Health Department. The Consumer Health Specialists will be coordinating special events, inspecting mobile food vendors, responding to mobile vendor complaints, and pools inspections. The Supervisor will provide training, write standard operating procedures, conduct quality assurance audits, and oversee support staff duties.
- **Additional Staff at Animal Care and Control** - The Adopted Budget includes \$206,807 for 4 Animal Shelter Attendants, 2 Animal Control Officers, and 2 Customer Service Representatives positions. Due to population growth and annexation, the division needs additional staff to operate at current service levels. As a result of increased public awareness of the animal shelter, staff is anticipating an increase in the number of animals sheltered and the number of visitors to the shelter.
- **Creation of Infant Mortality Health Outreach Team** - The Adopted Budget includes \$83,274 for 3 team members to address our City's high infant mortality rate. The Team will be assigned to perform targeted outreach activities in the areas with the highest incidence rate, focusing on pre-conception health. In addition to physical assessment, an educational component focusing on factors to improve overall pre-conception health will be included.
- **Street Light Maintenance Level Improvement** - The Adopted Budget includes \$257,522 for street light maintenance improvements to increase the service level from 72% to the industry standard of 85%. This increases funding for both materials and 1 Traffic System Technician I to rebuild street lights for use in the field.
- **Contract Street Maintenance** - The Adopted Budget increases by \$2,250,000 to maintain FY2005-06 funding levels. The funding replaces the one year Community Block Development Grant funding and \$1.3 million reduction in sales tax revenue from the "T". This package will help maintain the City's street network pavement quality index at 7 or higher, and the percentage of poor streets below 12% over the next ten years.

Create a Cleaner and More Attractive City

- **Far North Neighborhood Code District** - The Adopted Budget includes \$330,103 for 3 Code Compliance officers, 1 Environmental Investigator, and 1 Customer Service Representative for the creation of a Far North Neighborhood Code District to increase service for the north portion of Fort Worth including the 9,594.83 acres of land recently annexed.
- **Alley Cleaning and Maintenance Program** - The Adopted Budget includes \$943,650 to add back the PACS alley maintenance funds and to transfer the cleaning element of the program from TPW to PACS. Funds are included for contractual services and 3 positions to expand the program to clean and maintain an additional 300 alleys annually. This action puts the entire cleaning and maintenance function in the PACS Department.
- **Annualize Water Gardens Operational Budget** - The Adopted Budget adds \$65,588 funding to annualize the cost of operating the newly renovated Fort Worth Water Gardens on a 7 day a week schedule. These funds will be used for operating supplies and contractual services.
- **Corridor Improvements** - The Adopted Budget adds funds for scheduled temporaries, operating supplies, and other contractual services to maintain newly developed commercial corridors around the City in locations such as North Main, Gateway, Paddock, Mercado, Stockyards area, Lancaster Avenue, and Berry Street. Funds will provide for mowing, litter removal, irrigation, repairs and tree trimming in the amount of \$147,968.
- **Weekend Community Service Neighborhood Program Clean-Up Program** - The Adopted Budget includes \$91,411 for 1 Crewleader and a van for the creation of a Weekend Community Service Neighborhood Clean-Up program in the Code Compliance Department. The program would allow for community service teams to remove debris and litter illegally discarded on city owned vacant lots, right-of-ways, and alleys throughout the city.
- **Expansion of the Rental Registration Program** - The Adopted Budget includes \$438,374 for 4 Code Compliance Officers, 2 Administrative Technicians, and 1 Administrative Assistant. Recently, the Unrelated Persons Task Force made a recommendation to the City Council to expand the Rental Registration program to include all residential rental properties. Currently the Multi-family Inspection Program (MIP) requires registration and inspection of rental properties with eight units or more.
- **Citywide Mowing** - The Adopted Budget includes \$248,094 to increase the frequency of mowing and litter pickup at all city properties.
- **Tree Preservation Ordinance** - The Adopted Budget includes \$514,344 for 7 positions in the Parks and Community Services Department to implement and enforce a new tree preservation ordinance.

Promote Orderly Growth in Developing Areas

- **Addition of Plans Examiners Positions** - The Adopted Budget includes \$101,132 to add 2 Plans Examiners within the Construction Division to address the increase in building activity. The Adopted Budget also includes \$47,766 for a third Plans Examiner position within the Appeals Division dedicated to address zoning review. These positions are being added to the Development Department to improve turnaround times to comply with the State law requiring building permits be approved within 45 days or fees will be refunded.
- **Gas Well Program** - The Adopted Budget includes \$234,746 to add 3 Gas Well Inspectors and 2 Office Assistants in the Development Department. These positions are in response to the Gas Well Drilling Task Force recommendations for enforcement of policies and the extraordinary growth of wells since 2002.
- **Residential Inspection** - The Adopted Budget includes \$205,008 to add 3 Residential Inspectors, vehicles and supporting operating supplies for the Development Department. This will address the increase in construction activity and assist with improved service to homebuilders and ensure long-term safety and quality housing for residents.
- **Sign Code Ordinance** - The Adopted Budget includes \$239,146 for the addition of 3 Sign Inspectors, 1 Office Assistant, and 3 vehicles to meet the requirements, provide field enforcement, and monitor permits and time limits of the revised sign ordinance in the Development Department.
- **Two Planners for Development Review** - The Adopted Budget increases by \$115,023 for two Planners for development review within the T/PW Department. The additional planners will provide additional professional planning support including the review of site and development plans for compliance with City ordinance and subdivision design standards.
- **Addition of Funds for Trinity River Vision (TRV) Coordination** - The Adopted Budget includes \$220,282 to coordinate TRV activities. This initiative includes a TRV Director who will ensure the City's interests are incorporated into this vital project. The primary objectives of this project include identifying and improving adjoining land uses, enhancing environmental quality, and flood control.

Improve Mobility and Air Quality

- **Traffic Signal and Loop Detectors Maintenance** - The Adopted Budget increases by \$118,744 for the maintenance of signal and loop detectors which monitor and regulate traffic flow for motorists.

- **Regional Transportation Coordination and Consultant Services** - The Adopted Budget includes \$262,693 for a Transportation Coordinator and an Administrative Assistant position. The Coordinator will focus specifically on IH- 35W congestion and the Trans-Texas Corridor projects. The IH-35W is in immediate need of relief from heavy truck and vehicle traffic. Consultant support services are included to help with State and Federal coordination efforts, cost estimating, administration, etc.

Diversify the Economic Base and Create Job Opportunities

- **Business Assistance Center, Women's Business Center, and Tech Fort Worth** - The Adopted Budget includes \$341,675 to support the Center's employees, programs, and operations due to a loss in Federal funding during FY 2005-06. These funds will transfer 6 positions from Grants to the General Fund along with supplies and contractual services to continue assisting small and medium-sized entrepreneurial businesses with counseling, training, and workshops as well as assisting with emerging technology businesses.
- **Expand Recruiting and Intern Program** - The Adopted Budget adds \$100,000 for 1 Senior Human Resources Analyst to serve as a full-time recruiter for employment, including focusing on recruiting for diversity, and internship opportunities.

Revitalize Central City Neighborhoods and Commercial Districts

- **Central City Redevelopment Initiative** - The Adopted Budget includes \$25,000 for the Economic and Community Development Department to elevate a newly endorsed City Council initiative to promote investment within concentrated areas of the Central City. This funding will provide for production of marketing materials to promote underdeveloped areas as project sites and add 1 Intern to complete research and prepare specification sheets for parcels of City-owned properties.
- **Mobile Recreation Program for the Parks and Community Services Department** - The Adopted Budget includes \$80,000 to continue a previously grant funded program. This program offers a 7 week summer day camp for 600 youth on the Southside of Fort Worth for children ages 5 through 13.
- **Support Education and Youth** - The Adopted Budget increases by \$238,607 for a comprehensive Education and Youth program. This includes the transfer of 3.25 grant funded positions to the General Fund due to a loss of federal funding. Funding also adds 1 Public Education Specialist to support the Program.
- **Creation of a Housing Trust Fund** - The Adopted Budget increases by \$2,000,000 for creation of a Housing Trust Fund that can provide flexible and responsive funding for below-market rate and market-rate housing.

Ensure Quality Customer Service

- **City Council Annual Salary** - The Adopted Budget includes \$196,600, based on the May 13, 2006 City Charter Election, which approved annual salaries for the Mayor and Council. The Mayor's salary is \$29,000 and Council Member's salary is \$25,000. The annual salary will be effective October 1, 2006.
- **Enhanced Customer Service** - The Adopted Budget includes \$185,527 (nine month funding) to add 8 Public Event Attendants and 1 Crewleader at the Will Rogers Memorial Center (WRMC). WRMC currently has 9 temporary positions that have been in existence for over 24 months. The addition of these positions will result in a decrease in schedule temporary by \$150,000. This funding also includes 9 month funding for 12 Public Event Attendants and 1 Crewleader at the Fort Worth Convention Center. These positions will be responsible for setup, breakdown, cleanup, and other customer services activities for the events hosted at these facilities.
- **Addition of Funds for Project Management** - The Adopted Budget includes \$70,078 for the Development Department to add 1 Senior Planner for management of large complex development projects and support for municipal utility district petitions coordination. This position will also assist the development community navigate the development process in relation to platting, zoning, and building construction processes.
- **Enhanced Customer Service** - The Adopted Budget increases by \$250,192 to add an Accounting Manager, a Financial Reporting Coordinator, and a Senior Accountant to the Accounting Division of the Finance Department. Contractual Services have been increased by \$150,000 to fund thirty party accounting services and necessary training for accountant-level positions. In addition, the Adopted Budget increases by \$50,000 for the acquisition and installation of a new comprehensive accounts receivable system.
- **Addition of 12.5 Positions for 5 Branch Libraries** - The Adopted Budget increases by \$345,267 to add staff to support the increased demand from program attendance and increased circulation.
- **Addition of Economic Development Specialist** - The Adopted Budget increases by \$45,571 to add this position to the Economic and Community Development Department. This position will focus on department wide tracking of projects and incentive programs for improved communication to respond to requests.
- **Additional Funds for Cowboy Santa's Program** - The Adopted Budget increases by \$199,158 for an Administrative Assistant position and a warehouse to operate the Cowboy Santa's program. The Program provides toys and gifts to low-income children and seniors (during the Christmas Holiday) who fall below 150% of the federal poverty income guidelines.

Enterprise Funds

- **Stormwater Utility** - The Adopted Budget includes \$10,332,220 for the establishment of the Stormwater Utility Fund. A total of 33 positions will be transferred from the General Fund and added as new positions in areas related to the management, development, operations and maintenance of the newly established fund. The adopted revenue for the fund is \$10,531,000, of which \$10,507,000 is estimated from utility fees and \$24,000 from interest on investments. The Stormwater Utility Fund has the responsibility for providing stormwater management to approximately 195,000 residential, commercial and industrial customers. It serves approximately 618,600 residents in Fort Worth. Stormwater management is a vital issue affecting Fort Worth's future and has identified over \$550 million of needed projects to address life safety issues, flooding, and infrastructure damage.
- **Water and Wastewater** - The Adopted Budget includes \$288,229,281 which is an \$18,708,263 increase over the FY2005-06 Adopted Budget. A total of 48 positions have been added primarily in the area of field operations/repair and maintenance. The Adopted Budget does not include a retail rate increase for FY 2006-07. Nevertheless, wholesale water rates decreased by 2.55% and wastewater increased by 5.16%. The adopted budget includes increases of \$2.1 million for scheduled principal and interest payments on outstanding debt and a proposed FY07 revenue bond issuance, \$2.8 million for raw water purchase from Tarrant Regional Water District, and \$4.1 million for capital project infrastructure rehabilitation and repairs.
- **Solid Waste** - The Adopted Budget includes \$44,823,186 which is a \$5,582,985 increase over the FY2005-06 Adopted Budget. The Adopted Budget includes an increase of \$1,900,930 for the addition of two citizen drop-off stations which pays for staffing and operating costs of the two stations. The Department has adopted a \$1.30 solid waste fee increase to offset the operating cost of the new stations, pay the debt service on the construction and land acquisition, and provide funds for the annual contract cost adjustments which are now at the maximum due to the high cost of fuel.
- **Municipal Parking Fund** - The Adopted Budget includes \$3,067,086, which is a decrease of \$236,469. The Municipal Fund collects revenue from parking meters, parking citations, and the use of parking facilities in the Public Events, Municipal Courts, and Transportation Public Works departments. This revenue is transferred to the General Fund. The adopted budget decreases the amount transferred to the General Fund by \$370,908 as a result of un-realized revenue projected in FY2005-06. The proposed expenditures include reliance on retained earnings of \$91,816 for facility maintenance to the parking garage and the Stormwater Utility.
- **Municipal Golf Fund** - The Adopted Budget includes \$4,922,897 which is a \$301,253 increase over the FY2005-06 Adopted Budget. The budget maintains services at existing levels and includes modest fee increases in certain sustainable areas.

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

- **Compensation** - The Adopted Budget includes \$19 million for a compensation plan. Compensation adjustments are proposed as follows: All employees will receive a 2.5 % market forecast adjustment (with the exception of employees in disciplinary situations); civil service staff will receive market adjustments of 4% for Police and 3.7% for Fire and up to a 5% step adjustment for those eligible on their anniversary date; eligible exempt and non-exempt general employees will receive market adjustments of up to 5% ; eligible exempt employees, depending on their performance rating, will receive a performance increase of up to 4% ; and eligible non-exempt general employees will receive a step increase of either 2.5% or 5% on their anniversary date. General employees will have their salary increase capped at 7.5 %, and civil service employees will be capped at 11.5 %.
- **Health insurance** - The total budget for employee health care benefits and life insurance is \$53.6 million, with the City funding approximately 70 percent of the health care contributions and employees and retirees contributing 30 percent. Due to the strong performance of the health plan and adequate reserve levels, the premium contributions for the City, employees and retirees will remain the same. A special contribution of \$5,000,000 has been designated to be used from plan reserves to begin funding the City's liability for Other Post Retirement Plan Benefits (OPEB.) Although reserve funds will be used to fund some of the FY2006-07 plan costs and to start funding the OPEB liability, the reserves at year end are still expected to exceed the target reserve level. 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. 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. The City's contribution towards the cost of coverage for other retirees and the dependents of retirees is based upon the number of years of service. Approximately \$376,000 will be used from reserves to provide a one-time rebate to retirees with dependents in order to allow retirees to pay the same amount for spousal coverage as active employees.
- **Technology Projects** - The Adopted Budget for the IT Solutions Department is \$22,599,501 which is a \$949,894 increase over the FY2005-06, Adopted Budget. The Proposed Budget includes \$1,000,000 to begin the study and acquisition of management phases of the Enterprise Resource Planning (ERP) initiative which should replace the City's existing finance, budgeting, and human resource software. Additional funds are included totaling \$750,972 to add three positions to improve management of specific programs and enhance overall customer support. The budget also includes \$589,606 to continue work on implementing the City's E-Government (eGov) initiative.

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- **Equipment Services** - The Adopted Equipment Services Fund expenditure budget is \$22,510,058, which is a \$3,737,649 increase over the FY2005-06, Adopted Budget. The budget includes \$1,105,197 for the increasing cost of regular fuel and \$1,468,633 for diesel fuel costs. The budget also includes additional funds totaling \$300,000 for outside vehicle repairs.
- **Vehicle Replacement** - The Adopted Budget includes \$2,200,000 for vehicle replacement. These funds will allow for the replacement of fifty-two General Fund vehicles.

In any budget process, it is always a challenge to balance competing needs against limited resources. The FY2006-07 budget process was no exception. However, with the policy guidance provided by Council, staff has done a good 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