

Enterprise Funds

Enterprise Funds

Enterprise Fund Statement

FUND SUMMARY

	FY2018	FY2019	FY2019	FY2020	Change from Adopted	
	Final	Adopted	Adjusted	Adopted	Amount	%
License & Permits	1,413,495	854,748	854,748	1,454,989	600,241	70.22%
Charge for Service	556,545,974	533,661,402	533,583,474	554,703,018	21,041,616	3.94%
Fines & Forfeitures	764	-	-	-	-	0.00%
Use of Money & Property	11,140,296	9,790,920	9,878,848	10,426,440	635,520	6.49%
Other	16,293,956	15,500,405	15,500,405	12,285,631	(3,214,774)	-20.74%
Transfer In	21,355,951	21,965,287	22,345,805	19,776,759	(2,188,528)	-9.96%
Total Revenues	606,750,435	581,772,762	582,163,280	598,646,837	16,874,075	2.90%
Use of Fund Balance	-	10,615,197	11,115,197	6,908,041	(3,707,156)	-34.92%
Salaries & Benefits	91,698,942	98,794,552	98,693,552	103,233,350	4,438,798	4.49%
Gen Operating & Maintenance	241,148,960	257,031,256	258,587,553	265,020,091	7,988,835	3.11%
Capital Accts	-	-	-	-	-	0.00%
Debt Service Accts	2,293,602	1,767,314	2,147,832	1,767,314	-	0.00%
Transfer Out	246,026,064	234,026,583	233,740,275	235,208,224	1,181,641	0.50%
Total Expenses	581,167,568	591,619,705	593,169,212	605,228,979	13,609,274	2.30%
Contribution to Fund Balance	-	768,254	109,265	325,899	(442,355)	-57.58%
Revenues Over(Under) Expenses	\$ 25,582,868	\$ -	\$ -	\$ -	\$ -	0%

FUND PURPOSE AND GOALS

Enterprise funds provide direct deliverables to customers who receive goods or services in exchange for payment. The City charges rates for these services and deposits the revenue into separate operating funds. This revenue pays for the delivery of each service or product. Each operation is intended to be a self supporting business, therefore employing the enterprise financial model. The City currently operates five funds on this basis: Water and Sewer, Municipal Airports, Municipal Parking, Stormwater Utility and Solid Waste.

The Municipal Airports Fund supports the operations of Alliance, Meacham and Spinks Airports through the collection of revenue primarily generated by land and terminal building leases, as well as landing fees, hangar rental and fuel flowage.

The Municipal Parking Fund is managed by the Transportation and Public Works Department and maintains five parking garages, twenty surface lots and 2,700 metered spaces. Revenues are generated from fees charged to user of those surface lots, garages and street metered parking spaces, the lease of office and retail space and fines collected from parking ordinance violations. Operations are financed from these revenue and debt is issued for large capital projects.

Enterprise Funds

The Solid Waste Fund is responsible for the collection of refuse and recycling throughout the City. Operations are financed by monthly residential refuse collection rates, service charges for special bulk/brush collection, residential recycling rates and other miscellaneous fees. These comprehensive solid waste service charges are collected from residents through a monthly fee added to their water bill.

The Stormwater Utility Fund has the responsibility of providing stormwater management to approximately 220,000 residential, commercial and industrial customers. Program operations are financed through utility fees for residents and commercial customers based on the measure of impervious surface area or equivalent. Residential units charges are collected from residents through a monthly fee added to their water bill.

The Water and Sewer Fund is responsible for providing water, wastewater and reclaimed water services to residential, commercial, industrial, irrigation and wholesale customers. The fund services approximately 1.3 million people in Fort Worth and 30 surrounding communities. Operations are financed through a rate structure based on the amount of service used, which is billed to customers on a monthly basis. Debt is issued for large capital projects.

Enterprise Funds

Municipal Airports

FUND SUMMARY

	FY2018 Final	FY2019 Adopted	FY2019 Adjusted	FY2020 Adopted	Change from Adopted	
					Amount	%
License & Permits	-	25,000	25,000	35,400	10,400	41.60%
Charge for Service	2,845,000	2,705,493	2,705,493	3,387,421	681,928	25.21%
Use of Money & Property	4,781,069	4,339,875	4,339,875	4,588,585	248,710	5.73%
Other	108,150	19,440	19,440	20,540	1,100	5.66%
Transfer In	74,301	59,501	59,501	59,501	-	0.00%
Revenue	\$ 7,808,520	\$ 7,149,309	\$ 7,149,309	\$ 8,091,447	\$ 942,138	13.18%
Salaries & Benefits	2,064,122	2,131,926	2,131,926	2,521,650	389,724	18.28%
Gen Operating & Maintenance	2,982,876	3,708,082	3,608,082	3,967,314	259,232	6.99%
Transfer Out & Other	828,079	1,309,301	1,409,301	1,602,483	293,182	22.39%
Expenses	\$ 5,875,078	\$ 7,149,309	\$ 7,149,309	\$ 8,091,447	\$ 942,138	13.18%

Fund	2019		2020		Change	
	AP	FTE	AP	FTE	AP	FTE
Municipal Airports Fund	26.00	25.48	27.00	26.48	1.00	1.00
Total	26.00	25.48	27.00	26.48	1.00	1.00

FUND PURPOSE AND GOALS

The Aviation Department oversees a system of airports, which include Fort Worth Alliance Airport (Alliance), Fort Worth Meacham International Airport (Meacham) and Fort Worth Spinks Airport (Spinks). The department is responsible for airport operations, budget administration, grant administration, facility and land leasing and capital project planning for all airports. Airport management oversees and maintains the airports infrastructure in compliance with Federal Aviation Administration (FAA) regulations.

Alliance, constructed in 1989, is one component of a master-planned mixed use community known as Alliance Texas developed by Hillwood. The airport serves as an inland logistics port with air, rail and trucking. Alliance has two runways, precision instrument approaches and a 24 hour FAA control tower. The infrastructure and grounds at Alliance are maintained by Alliance Air Management through a management agreement with the City.

Meacham, constructed in 1925, was the first airport in the Fort Worth system, and has a rich history of providing aeronautical services to the community. The airport is named after H. C. Meacham, who was the Mayor of Fort Worth from 1925 to 1927. Meacham was named the 2013 Airport of the Year by the Texas Department of Transportation Aviation Division. Meacham has two runways, precision instrument approaches, and a 24-hour FAA control tower. A large variety of companies that provide aviation services choose Meacham as a base of operations.

Spinks became a part of the system in 1988 when the Oak Grove Airport was acquired from a private operator Maurice Hunter "Pappy" Spinks, a renowned aerobatic competitor/promoter and aviation manufacturer. Spinks

Enterprise Funds

has two runways, a precision instrument approach, and an FAA contract control tower. A variety of companies that provide aviation services choose Spinks as a base of operations.

MAJOR ACCOMPLISHMENTS

The Aviation Department has secured \$5.1M in Federal funding for Taxiway C at Spinks Airport, allowing for movement of larger Group III aircraft on the East side of Spinks. Additionally, \$9M in funding was secured for completion of the Meacham Midfield Redevelopment Project. This was master planned over a three year period scheduled for completion in 2020, but will now be complete in 2019.

Spinks Airport has experienced its first year as a financially self-sustaining airport, allowing it to meet its grant assurance requirements and position itself for additional funding opportunities through the State Aviation Division.

Alliance has also secured \$8M in discretionary Federal funding for the ongoing noise mitigation efforts for neighborhoods surrounding Alliance Airport. Possible noise mitigation efforts include sound proofing, land acquisition and home market value guarantees.

With the Alliance Runway Extension project, the Aviation Department was able to secure discretionary funding to address safety concerns at Alliance Airport by extending taxiway Papa. Amazon Air will be the first tenant to build along this taxiway, with the potential of \$1M in additional landing fee revenue to the airports in 2020.

Meacham Airport has completed construction and fully implemented a full service Customs facility. Revenue is exceeding expectations with the possibility of full cost recovery by 2021.

FY2020 DISCUSSION

The FY2020 Adopted Budget increases over prior year primarily for personnel related costs and a slight increase in pay-as-you-go capital funding. The budget increases by 1 AP/1.00 FTE for an airport administration position. The FY2020 budget does not contain any significant service level changes over prior year.

HORIZON ISSUES

The selection process for new business in the Midfield Redevelopment Project at Meacham Airport will present a challenge, as demand is high and land is limited. Aviation will continue to review options for future land acquisition in order to meet the tenant's needs.

Continuous focus on Federal and State funding is needed to maximize capital investment at all three airports. Fort Worth is well positioned for available funding as long as Texas is prioritized by the Federal Aviation Administration. Historically, Texas has not received an adequate share of funding based on capital improvements needs and number of Texas airports within the National Plan of Integrated Airport Systems.

With rapid residential development in North Fort Worth, aircraft noise continues to be a point of concern for Alliance Air Service and the Aviation Department. The Department is currently discussing the potential for a mandatory avigation easement with the City of Haslet and continues to work with the FAA to mitigate the airport's noise impact on the community. The recent noise assessment completed in preparation for Amazon Air brought to light the need for additional mitigation efforts and has resulted in an additional \$8M in funding for this purpose.

Enterprise Funds

SUMMARY OF SERVICES AND PERFORMANCE MEASURES

Key Measures	FY18 Actual	FY19 Estimated	FY20 Target	Desired Level
Management				
Manage, supervise and coordinate the activities and operations of all Airports.				
Secure a three year average of grant funding in the amount of \$1,000,000.00 (Spinks)	\$ 8,200,249	\$ 4,959,476	\$ 1,000,000	\$ 1,000,000
Secure a three year average of grant funding in the amount of \$1,000,000.00 (Mecham)	\$ 3,694,252	\$ 3,959,439	\$ 1,000,000	\$ 1,000,000
Secure a three year average of grant funding in the amount of \$1,000,000.00 (Alliance)	\$ 2,604,494	\$ 2,070,211	\$ 1,000,000	\$ 1,000,000
Operations				
Perform direct monitoring and evaluation of the airside and landside operational, safety and security functions. Administer all applicable federal, state and local rules, regulations and procedures; perform community relations functions.				
% of time airport status is 'open' (Spinks)	99%	99%	98%	98%
% of time airport status is 'open' (Mecham)	100%	99%	98%	98%
% of time airport status is 'open' (Alliance)	100%	100%	98%	98%
Maintenance				
Provide a well maintained airport environment through proper planning and scheduling of routine and unscheduled maintenance.				
% of work orders addressed within 24 hours (Spinks)	100%	100%	90%	90%
% of work orders addressed within 24 hours (Mecham)	98%	100%	90%	90%
% of work orders addressed within 24 hours (Alliance)	100%	100%	90%	90%
Business Development				
Attract businesses to the Airport and increase revenue through ground and hangar leases.				
Hangar occupancy rate (Spinks)	100%	100%	90%	90%
Hangar occupancy rate (Mecham)	100%	100%	90%	90%
Hangar occupancy rate (Alliance)	100%	100%	90%	90%
Business Development				

Enterprise Funds

Attract businesses to the Airport and increase revenue through ground and hangar leases.

Ground lease rates and charges at or above market (Spinks)	\$	0.27	\$	0.30	\$	0.31	\$	0.19
Ground lease rates and charges at or above market (Mecham)	\$	0.42	\$	0.45	\$	0.47	\$	0.35
Ground lease rates and charges at or above market (Alliance)	\$	0.44	\$	0.46	\$	0.49	\$	0.38

Enterprise Funds

Municipal Parking

FUND SUMMARY

	FY2018 Final	FY2019 Adopted	FY2019 Adjusted	FY2020 Adopted	Change from Adopted	
					Amount	%
License & Permits	11,058	12,363	12,363	13,800	1,437	11.62%
Charge for Service	8,346,561	8,609,544	8,531,616	7,612,900	(996,644)	-11.58%
Fines & Forfeitures	764	-	-	-	-	0.00%
Use of Money & Property	234,211	131,880	209,808	209,928	78,048	59.18%
Other	164,106	11	11	11	-	0.00%
Revenue	\$ 8,756,699	\$ 8,753,798	\$ 8,753,798	\$ 7,836,639	\$ (917,159)	-10.48%
Salaries & Benefits	801,157	1,156,653	1,066,653	1,218,092	61,439	5.31%
Gen Operating & Maintenance	2,455,264	2,617,461	2,707,461	3,166,694	549,233	20.98%
Transfer Out & Other	4,312,063	4,979,684	4,979,684	3,451,853	(1,527,831)	-30.68%
Expenses	\$ 7,568,484	\$ 8,753,798	\$ 8,753,798	\$ 7,836,639	\$ (917,159)	-10.48%

Fund	2019		2020		Change	
	AP	FTE	AP	FTE	AP	FTE
Municipal Parking Fund	18.00	18.00	18.00	18.00	-	-
Total	18.00	18.00	18.00	18.00	-	-

FUND PURPOSE AND GOALS

The Parking Services division, in the Transportation and Public Works department, maintains and manages six parking garages, 20 surface lots and over 3,000 metered parking spaces citywide.

The city garages are located at 10th and Taylor Street, 1200 Houston Street, 1301 Commerce Street, 1401 Gendy Street, 246 West 15th Street, and 8th and Main Street which is under a long-term lease to the Hilton Hotel. These facilities provide parking for the general public, especially as it relates to the Will Rogers Memorial Center, Museum of Science and History, Amon Carter Exhibits Hall, the Community Arts Center in the Cultural District, the Fort Worth Convention Center, City Hall and Central Business District in Downtown, city vehicles and the personal vehicles of city employees.

Metered parking exists throughout the Downtown Central Business District, the Texas Christian University/Berry Street area, the West 7th Urban Village, the Cultural District and the Hospital District.

MAJOR ACCOMPLISHMENTS

Development and implementation of a city wide Residential Parking Program that covered the three existing pilot program areas and two additional potential areas. Developed program procedures and converted the three pilot areas with permanent parking signage and issued over 900 parking permits to residential occupants.

In collaboration with the new Pinnacle Bank development along Lancaster Avenue, the Parking department entered into a parking lease agreement which provides 25 parking spaces for city employees.

Enterprise Funds

Implemented on-street metered parking in the West 7th Urban Village core area that provides over 200 spaces of parking and increases the availability of parking for area patrons. As part of this effort, remote parking facilities were developed by area merchants and the Fort Worth ISD at their Farrington Field parking lot for employees and patrons.

FY2020 DISCUSSION

The FY2020 Adopted Budget decreases revenue by 10% due to the impact of the new parking tax (50% of all fees charged, up to \$5.00) to be applied to the Dickies arena, which will reduce revenue from Dickies by 50%.

There are no significant changes in service level represented in the FY2020 Adopted Budget.

HORIZON ISSUES

Near Southside & Magnolia District

- Work is currently underway through the Near Southside organization and stakeholders in the Magnolia area for a parking and traffic study which has significant short to medium term implications for commercial loading, metered parking and residential permit parking programs in that area.

Expansion in the Residential Permit Parking program

- Multiple neighborhoods around TCU/University District are interested in the path forward to obtain RPP designation.

Technology implementation to drive process improvements and innovation and reduce process time

- License Plate Readers – Improve tracking of parking compliance at parking lots and on-street locations and those vehicles with a high number of outstanding citations.
- Automated Reservation System & Guidance System – Provide technology to guide drivers to available parking locations and as well as reserving a space in city parking lots and garages.
- Automate Taylor Street Garage – Install parking gates to the Taylor Street garage to control access and improve security within the garage.
- Improve parking control equipment and system across the WRMC parking assets which will enable the WRMC campus to be integrated with the Dickies arena.
- E-Ticket Writer – Conversion of the current citation writing from manual ticket process to an electronic ticket writer which will provide improved accuracy and process time.

Parking Citation Benchmarking & Fee Increase

- Benchmarking of major Texas cities parking related citation amounts and using this data to assess current Fort Worth citation standards – cooperative effort with Municipal Court; the last time this was performed was in FY2009.

Greater West 7th Urban Village Area

- Continue to monitor and assess demand for on-street metered parking areas as the area continues to develop with expanding residential and commercial development.

Enterprise Funds

Solid Waste

FUND SUMMARY

	FY2018 Final	FY2019 Adopted	FY2019 Adjusted	FY2020 Adopted	Change from Adopted	
					Amount	%
License & Permits	15,825	18,785	18,785	18,785	-	0.00%
Charge for Service	53,948,828	54,200,833	54,200,833	56,136,786	1,935,953	3.57%
Use of Money & Property	4,162,073	4,022,413	4,022,413	4,050,634	28,221	0.70%
Other	3,940,275	5,514,925	5,514,925	2,298,233	(3,216,692)	-58.33%
Transfer In	2,389,180	2,330,000	2,330,000	-	(2,330,000)	-100.00%
Use of Fund Balance	-	1,615,197	2,115,197	6,908,041	5,292,844	327.69%
Revenue	\$ 64,456,181	\$ 67,702,153	\$ 68,202,153	\$ 69,412,479	\$ 1,710,326	2.53%
Salaries & Benefits	8,180,588	8,523,097	8,512,097	8,887,996	364,899	4.28%
Gen Operating & Maintenance	46,357,399	49,620,576	49,631,576	53,277,753	3,657,177	7.37%
Transfer Out & Other	10,715,098	9,558,480	10,058,480	7,246,730	(2,311,750)	-24.19%
Expenses	\$ 65,253,085	\$ 67,702,153	\$ 68,202,153	\$ 69,412,479	\$ 1,710,326	2.53%

Fund	2019		2020		Change	
	AP	FTE	AP	FTE	AP	FTE
Solid Waste Fund	116.00	116.00	116.00	116.00	-	-
Total	116.00	116.00	116.00	116.00	-	-

FUND PURPOSE AND GOALS

The Solid Waste Fund provides residential solid waste collection, recycle processing and waste disposal, as well as numerous other solid waste management-related services within the city. It fulfills these duties through internal staff for key program elements and by using and managing contractors for operational solid waste services.

The Solid Waste Fund has five functional areas: Contract Compliance provides management over seven solid waste service contracts; Field Operations manages City forces that operate the drop off stations, the environmental collection center, provides illegal dump investigation and clean up, litter abatement, street sweeping of key strategic roadways and dead animal collections; Community Education provides public education and outreach; Planning & Research develops and oversee long term plans for Solid Waste and other areas within the Code Compliance Department and advancing the Material Management Program to engage the business and industrial waste producers.

The Solid Waste Fund pays for the collection of sidewalk containers, mitigates and investigates all illegal dumping activity, and litter abatement throughout the City. Additionally, Solid Waste pays a percentage of Code Enforcement (based on solid waste enforcement hours). Revenues collected under the grant of privilege are passed through to Transportation and Public Works to off-set road wear and tear from commercial service providers.

Enterprise Funds

The Solid Waste Fund strives to operate cost effective, financially sound, and award-winning programs that continually serve as a role model for managing garbage, recycling and waste reduction services for the residents of Fort Worth, while supporting the city's six Core Values with an exceptional level of customer service

MAJOR ACCOMPLISHMENTS

Since the city's 2017-2037 Comprehensive Solid Waste Management Plan was adopted, the Solid Waste Area Command has been successful in accomplishing the following:

- Advanced two grant-funded projects (\$49k Organic Recycling & \$95k Styrofoam Recycling totaling \$144k) through the Texas Commission on Environmental Quality – North Central Texas Council of Government.
- Advanced the city's Material Management Program Team and engaged more than 350 Fort Worth businesses, multi-family complexes, industry and institutions towards greater waste minimization and recycling efforts in the first full year.
- Expanded the contracted Litter Abatement Program with CleanSlate to assist city staff with cleaning up littered areas (public and private) throughout the community as well as supporting the Northside Neighborhood Services Revitalization Program.
- Improved the criminal enforcement and response time associated with illegal dumpsites (more than 25% of sites were abated by violator/owner) through coordination of Code's surveillance camera systems between the Environmental Investigation Unit and the Police Department team.
- Reduced the City's annual Residential Recycling contamination rate from 27% to 22% through targeted outreach efforts combined with strategic curb-based enforcement activities through the City's Blue Crew team.
- Implemented Phase I of the HEAT/ITSM software upgrade project in conjunction with ITS for future enhancements and improvement within the Solid Waste service levels.
- Advance the Southeast Landfill Preservation Plan and high-BTU landfill gas to energy system to help increase the capacity and life of the landfill while benefiting from the existing landfill gas generation.

FY2020 DISCUSSION

The FY2020 Adopted Budget includes significant revenue shortfall associated with reduced recycling revenues around \$3.3M along with increased recycling costs, contract collection costs and other customary cost increases over time. A consultant has been hired and is already working on evaluating contracts, contractor performance, best practices, opportunities for system adjustments, etc. A plan to correct this imbalance will be presented to the City Council in the fall of 2019. The fund is forecasted to be out of compliance with one of the three reserve requirements.

HORIZON ISSUES

The Solid Waste Fund developed a solid waste residential rate model to determine a viable and supportable funding platform for all solid waste services and programs for the next ten years. This model integrates identified increased operational costs, future capital investments and recommended Comprehensive Solid Waste Management Plan (CSWMP) Action Items with community input, City Management and City Council direction, setting our community on a 20-year journey towards making Fort Worth a greener, and increasingly better place to live, while arriving at operational sustainability.

Amendments for the Southeast Landfill will be necessary to implement future rate adjustments, the high-BTU landfill gas to energy system and preservation of safe and affordable solid waste disposal capacity for Fort Worth's residential waste stream until 2060 or beyond.

Enterprise Funds

Solid Waste plans to expand the city's Recycle Right and supporting regional Know What to Throw behavior-based enforcement campaigns to reduce costly residential contamination levels. Both campaigns will improve sorted recycling material quality, increase the acceptable recycling volumes and minimize the negative impact of current market conditions as well. In addition, Solid Waste will evaluate a "right-hand drive" vehicle to increase the operational effectiveness and efficiency of the Blue Crew auditing process.

Finally, enhancements to the city's litter abatement and street sweeping programs are planned for implementation following the future residential rate increase.

Enterprise Funds

Stormwater Utility

FUND SUMMARY

	FY2018 Final	FY2019 Adopted	FY2019 Adjusted	FY2020 Adopted	Change from Adopted	
					Amount	%
Charge for Service	38,621,121	39,993,499	39,993,499	44,302,007	4,308,508	10.77%
Use of Money & Property	226,838	250,000	250,000	150,000	(100,000)	-40.00%
Other	3,998	1,000	1,000	1,000	-	0.00%
Transfer In	24,530	50,000	430,518	42,600	(7,400)	-14.80%
Use of Fund Balance	-	9,000,000	9,000,000	-	(9,000,000)	-100.00%
Revenue	\$ 38,876,486	\$ 49,294,499	\$ 49,675,017	\$ 44,495,607	\$ (4,798,892)	-9.74%
Salaries & Benefits	7,888,508	9,144,182	9,144,182	9,488,767	344,585	3.77%
Gen Operating & Maintenance	5,292,457	5,852,020	5,897,317	6,793,374	941,354	16.09%
Transfer Out & Other	27,494,324	34,298,297	34,253,000	28,213,466	(6,084,831)	-17.74%
Expenses	\$ 40,675,289	\$ 49,294,499	\$ 49,675,017	\$ 44,495,607	\$ (4,798,892)	-9.74%

Fund	2019		2020		Change	
	AP	FTE	AP	FTE	AP	FTE
Stormwater Utility Fund	112.00	109.25	112.00	110.70	-	1.45
Total	112.00	109.25	112.00	110.70	-	1.45

Note: Restated.

FUND PURPOSE AND GOALS

The Stormwater Utility Fund is an Enterprise Fund with the responsibility for providing stormwater management to approximately 220,000 residential and non-residential customers in the City of Fort Worth. The Stormwater Management Division is responsible for managing program resources to protect people and property from harmful stormwater runoff by: effective maintenance and rehabilitation of the municipal drainage system, construction of projects to mitigate flood and erosion hazards, warning the community of flood and erosion hazards that cannot be mitigated in the short-term, and reviewing private development for compliance with city drainage standards.

MAJOR ACCOMPLISHMENTS

The following capital projects were completed, improving drainage capacity and mitigating flood hazards:

- Kinsale Drainage Improvements
- Ludelle Channel Concrete Rehabilitation
- Keller - Haslet Culvert Improvement
- Wicklow Court Drainage Improvements
- Morrison Channel repair
- Seventh and Carroll Storm Drain repair
- Daggett Street Storm Drain
- Judkins and Nies Drainage Improvements
- Hazardous Road Overtopping Safety Improvements (multiple locations)

Enterprise Funds

- NW 35th Hazardous Road Overtopping Mitigation
- Greenfield Acres Drainage Improvements Phase 1 (detention basin)

The Storm Drain Rehabilitation Program increased evaluation on the condition of existing public storm drain infrastructure to identify and prioritize rehabilitation project needs and to program critical projects for construction.

Enhancements to the City's flood warning system increased system monitoring sites and system reliability while improving the accessibility of real time information to the public. To increase awareness of the public safety information available through the flood warning system, a significant public engagement effort is ongoing.

The Stormwater Program was recognized in *Stormwater* magazine, for the update of the strategic master plan.

Working toward the establishment of a Local Floodplain Policy, the Department completed public engagement with stakeholders and citizens. Stakeholder groups included an overall Policy Working Group, a Real Estate Guidance Group, representatives from the local chapter of the American Council of Engineering Companies and citizens to ensure that the outcome of the initiative is fully informed by and responsive to the input and perspectives of key stakeholders.

Acquired key system management/maintenance data on 65% of the channel system under the channel inventory initiative. The inventory for the balance of the system will be completed in FY2020.

FY2020 DISCUSSION

As a part of the FY2020 budget process, a major program review was conducted to re-assess program priorities, service levels, and associated resource allocations. Key program gaps and the resource needs were identified to increase service levels in those areas. During FY2020 there will be further discussion about the potential for increasing stormwater utility fees to increase service delivery in the highest priority areas: Hazardous Road Overtopping mitigation, pipe rehabilitation, and flood warning systems upgrade, expansion, and improved community accessibility to real-time warning information. In addition to the potential for increasing revenues and service levels via a fee increase, existing resources are being reallocated based on priorities (e.g. shifting inlet cleaning resources to pipe condition assessment to support the identification and prioritization of rehabilitation projects). A key potential step that will be considered and decided upon in FY2020 is whether or not to accelerate critical hazard mitigation projects through the sale of revenue bonds. The program has not sold debt since 2012. All of the discussions on this have been, and will continue to be informed by the input of the program stakeholder group.

There are no significant changes in service level represented in the FY2020 Adopted Budget.

HORIZON ISSUES

As the city's stormwater infrastructure continues to age, development of a proactive infrastructure rehabilitation program is critical to maintaining system performance. Prioritizing storm drain rehabilitation needs and implementing more storm drain rehabilitation projects is the first step the program is taking to ensure the system continues to function as designed. As more emphasis is placed on understanding the existing condition of the program's infrastructure, a better understanding will be achieved on the impact rehabilitation needs may have on program resources.

Enterprise Funds

Because the program cannot mitigate all flood risk, an effective flood warning program is essential to improving the safety of the community during a flood event. Current stakeholder engagement will continue into the future as the program works toward developing a more robust and reliable flood warning program that will provide the community with more real-time flood forecasting information.

Stormwater's participation in the Citywide Customer Relationship Management (CRM) initiative makes it easier for citizens to access government services by initiating a request for service through mobile applications using their smartphone or PC. The easier access and improved routing and transparency of communication will improve the city's responsiveness to citizen requests and allow process efficiencies. During FY2020 the Program will be monitoring how the availability and use of the CRM system impacts the number of service requests and service level expectations.

The outcome of the Local Floodplain Policy initiative and the review of the impact of volume increases from private development could affect the service level requirements from the Stormwater Development Services section. Currently, there is no dedicated fee for SDS reviews. As a part of the FY2021 budget process, the potential for a dedicated fee will be considered along with a review of all development permitting fees.

A future Master Plan initiative that will involve significant stakeholder engagement includes communicating about channel erosion hazards and developing of a private property channel erosion policy. The policy will outline how the city will respond to significant channel erosion problems that are not located within public drainage easements and identify how channel erosion problems could be prevented in the future.

As the city continues to grow and develop, the program becomes responsible for more stormwater infrastructure. Maintenance needs continue be identified and are outpacing program operational resources creating a significant backlog of critical maintenance work.

Enterprise Funds

Water and Sewer FUND SUMMARY

	FY2018 Final	FY2019 Adopted	FY2019 Adjusted	FY2020 Adopted	Change from Adopted	
					Amount	%
License & Permits	1,386,612	798,600	798,600	1,387,004	588,404	73.68%
Charge for Service	452,784,464	428,152,033	428,152,033	443,263,904	15,111,871	3.53%
Use of Money & Property	1,736,105	1,046,752	1,056,752	1,427,293	380,541	36.35%
Other	12,077,428	9,965,029	9,965,029	9,965,847	818	0.01%
Transfer In	18,867,940	19,525,786	19,525,786	19,674,658	148,872	0.76%
Revenue	\$486,852,549	\$459,488,200	\$459,498,200	\$475,718,706	\$ 16,230,506	3.53%
Salaries & Benefits	72,764,567	77,838,694	77,838,694	81,116,845	3,278,151	4.21%
Gen Operating & Maintenance	184,060,963	195,233,117	196,743,117	197,814,956	2,581,839	1.32%
Debt Service Accts	2,293,602	1,767,314	1,767,314	1,767,314	-	0.00%
Transfer Out & Other	202,676,500	184,649,075	183,149,075	195,019,591	10,370,516	5.62%
Expenses	\$461,795,632	\$459,488,200	\$459,498,200	\$475,718,706	\$ 16,230,506	3.53%

Fund	2019		2020		Change	
	AP	FTE	AP	FTE	AP	FTE
Water and Sewer Fund	990.00	966.45	998.00	972.13	8.00	5.68
W&S Capital Projects	-	19.72	-	24.06	-	4.34
Total	990.00	986.17	998.00	996.19	8.00	10.02

Note: Restated.

FUND PURPOSE AND GOALS

The Water and Sewer Fund is an Enterprise Fund responsible for providing water, wastewater and reclaimed water services to residential, commercial, industrial, irrigation, and wholesale customers. The City of Fort Worth Water Department (the Utility) serves approximately 1.3 million people in Fort Worth and 30 surrounding communities. Operations are financed through a rate structure based on the amount of services used, which is billed to customers on a monthly basis. Debt is issued for large capital projects.

The Water and Sewer Fund provides resources for three separate departments: water, sewer and reclaimed water. These services are billed separately to more accurately capture the cost of each service. However, the Water and Sewer Departments share administrative staff, and many of the employees are partially expensed to more than one department.

The Water Department is responsible for providing safe, clean drinking water to Fort Worth residents and customer cities. The Sewer Department collects, monitors, treats and processes domestic and industrial waterborne waste from Fort Worth and other contracting communities. The Reclaimed Water Department provides highly treated effluent from Fort Worth's water reclamation facility. Reclaimed water is distributed through a separate system to wholesale and retail reclaimed water customers for non-potable uses such as irrigation and industrial water cooling towers.

Enterprise Funds

The Utility's Customer Care Division performs metering services as well as billing and collection functions for water, sewer, reclaimed water, wholesale, stormwater, environmental, and solid waste services; processes orders for new services; collects delinquent payments; and investigates complaints. The division also manages programs to encourage efficient water use, provides educational programming to the public, and is responsible for internal and external communications. The division also provides backflow prevention services, as well as industrial pretreatment by permitting and monitoring businesses and industries that produce a high level of concentrated waste to reduce the impact to the sewer system. The division also manages development services for the Utility.

The Management Services Division develops and monitors operating budgets and capital improvement programs, determines rates, and coordinates all fiscal and administrative functions for the Utility. The division provides capital improvement project accounting, capital project support, organizational development, water information technology, environmental health and safety, security and emergency management, records management and workforce development.

The Strategic Operations Division is responsible for master planning all water and sewer capital projects. This division provides infrastructure and facility planning, asset management, technical support, and SCADA systems management for the Utility. The regulatory affairs section serves as the departmental liaison on all intergovernmental and regulatory issues related to water and sewer services. The laboratory section provides water and sewer sampling and laboratory analysis.

The Capital Delivery Division is responsible for engineering and construction of facilities and pipeline projects including water and sewer mains, new development infrastructure, treatment facilities, storage tanks, pump stations and lift stations. The division provides in-house design, construction inspection services and coordination of projects with the city's street bond program.

The Plant Operations Division treats and distributes a safe water supply to meet customer needs and operates five water treatment plants and various water storage and pumping facilities located throughout the city. It is responsible for the metering of all the wholesale customer cities' water and sewer services. The division also provides sewer treatment through one water reclamation facility and treats biosolids for beneficial re-use through land application. The facility re-uses biogas resulting from the treatment process within the facility to reduce its energy demand.

The Field Operations Division is responsible for the maintenance and repair of more than 7,000 miles of water distribution and sewer collection systems. The division handles main break and leak repairs, line location services, sewer overflows, inspection and cleaning of sewer lines, water and sewer taps, and fire hydrant and valve maintenance.

MAJOR ACCOMPLISHMENTS

The Water Department has addressed several important initiatives over the last year, including:

Asset Management Implementation: The utility conducted an asset management maturity assessment with multiple divisions using asset management landscape tools in the early part of FY2019 to provide insight on areas of strength and where improvements are needed. One of the identified areas of improvement is establishing an Asset Management Policy. By the end of FY2019, the Asset Management Policy will be finalized. The policy will provide the governance framework for creating the Strategic Asset Management Plan (SAMP) in FY2020. The SAMP will in turn guide the process of strategic planning for assets and whole life cycle

Enterprise Funds

management. The SAMP will also provide direction for establishing future specific asset management plans for various asset systems.

Lead Service Line Identification, Inventory and Replacement Program: The Utility continues to identify lead service lines in the water distribution system with work inside the Loop I-820 substantially completed (99 percent). The area inside the loop was targeted to complete first because it has older homes that were built when the use of lead was more prevalent. To-date, lead has been found in 1,666 (less than 1 percent) of city-side service lines and in only three locations outside Loop I-820. The Utility has replaced 970 of these lead service lines to-date. The Utility's goal is to replace all city-side lead service lines by 2021. In only 10 instances has lead been found on the customer side service line. Once found, staff is notifying the homeowners and renters to replace the lead services.

Former Riverside Wastewater Treatment Plant Voluntary Clean-Up Program: The Utility finalized the cleanup of the former Riverside Wastewater Treatment Plant in accordance with Environmental Protection Agency (EPA) and Texas Commission on Environmental Quality (TCEQ) regulations. The Voluntary Cleanup Program is substantially complete, with only demolition of old structures and minimal sludge lagoon excavation and disposal remaining. On September 28, 2018, TCEQ issued a letter of concurrence for No Further Action in soils in Sector 1 and for Sector 2 on May 14, 2019.

Update of Installation Policy and Design Criteria for Water, Wastewater and Reclaimed Water Infrastructure: This manual establishes the policies and procedures governing facilities as well as design criteria for water, wastewater and reclaimed water systems to assist engineers in preparing designs for the construction of these facilities. These policies, procedures and criteria are applicable to engineering planning and design work performed by the Utility, engineering firms engaged by the city, or by other public or private interests. The City Council adopted the policy on May 7, 2019.

Wholesale Agreements: The Utility entered into uniform Wholesale Water Service Agreements with the Cities of Willow Park and Hudson Oaks in early 2019. Both cities are located in eastern Parker County, which is near Fort Worth's Westside Water Treatment Plant on the far west side of the city. The city's Extraterritorial Jurisdiction (ETJ) is directly adjacent to the city limits of Willow Park. Willow Park and Hudson Oaks are sharing the cost of the buy-in and construction to connect with Fort Worth's water supply. The uniform Wholesale Water Agreements expire on September 30, 2031, and the Utility now provides wholesale water service to 32 customers.

MyH2O Program: Fully implemented, the MyH2O program will provide retail customers with new tools and information to better understand and manage their water use, promote efficiencies from treatment to tap and improve processes and operations across the Utility. The program is being executed over a multi-year period in several phases. In FY2019 the Utility has nearly completed Phase I, consisting of the planning, system design and acquisition of network infrastructure, and has begun the Phase II deployment to approximately 11,000 customer locations. The Utility has held two Open House forums to provide education and outreach to affected customers and has begun exchanging meters in the initial deployment area of the city. In addition, more than 400 large meters have been exchanged with AMI meters and are ready for activation. City staff are moving forward with full systems integrations and development of the customer portal. City staff will validate the performance results prior to full deployment across the city.

Renewable Natural Gas Agreement: The City Council approved an agreement with Renovar Arlington, LTD. to allow the City to supply digester biogas generated at the Village Creek Water Reclamation Facility (VCWRF) to the recently constructed Renovar Arlington renewable natural gas (RNG) facility. The RNG facility has the ability

Enterprise Funds

to clean digester biogas to pipeline quality natural gas standards for injection into a common carrier natural gas pipeline, with transportation to a qualified end user to generate Renewable Identification Number (RIN) credits under the EPA Renewable Fuel Standards Program. These credits can be sold to obligated parties needing them for regulatory compliance. This contract takes advantage of the existing pipeline connecting the RNG facility and the VCWRF biogas piping. Under the terms of the three year agreement, Renovar Arlington will pay the City a royalty on the gross revenues received from the sale of RINs, as well as the costs associated with compression and dehydration of digester biogas at VCWRF, the costs to install the gas analyzer and metering equipment at VCWRF, and the costs for compliance with the EPA Renewable Fuel Standards Program. It is anticipated that the treatment of VCWRF biogas will commence in early FY2020.

SUMMARY OF DEPARTMENTAL AWARDS

EPA WaterSense 2018 Excellence Award: For the third consecutive year, the U.S. Environmental Protection Agency recognized the City of Fort Worth with a 2018 WaterSense® Award. This year the city was named WaterSense® Partner of the Year for its creative approach to supporting WaterSense® and promoting water efficiency. Fort Worth was honored as a 2018 WaterSense® Partner of the Year for its numerous water conservation efforts, including collaborating with EPA on a 2017 Fix a Leak Week Hispanic outreach pilot program. The pilot program consisted of culturally-relevant outreach materials focusing on finding and fixing leaks. The utility developed the materials in partnership with WaterSense®. The outreach content has been distributed and used nationally in an effort to promote water conservation.

FY2020 DISCUSSION

The FY2020 Adopted Budget of \$475M is an increase of \$16.23M and 8 AP/8.00 FTE from the FY2019 budget. This increase is achieved with system-wide adjustments of 1.98% and 2.93% enacted in the water and sewer rates, respectively.

The Adopted Budget increases by \$872K to provide funding for the new Utility Cut Policy which will set requirements for street resurfacing following utility street cuts.

The Adopted Budget increases by \$120K and 1 AP/1.00 FTE to provide for the implementation of new regulations governing the management of hazardous waste pharmaceuticals by healthcare facilities and reverse distributors.

The Adopted Budget increases by \$204K and 2 AP/2.00 FTE to provide for the operation and maintenance of the gas turbines and the Heat Recovery Steam Generation (HRSG) systems following the transition of responsibilities from a third party contractor.

The Adopted Budget increases by \$121K and 1 AP/1.00 FTE to provide leadership for contract development and compliance working with divisional staff.

The Adopted Budget increases by \$99K and 1 AP/1.00 FTE to provide for an engineering position that will facilitate strategies across divisions for facility masterplans and optimization studies.

The Adopted Budget increases by \$95K and 1 AP/1.00 FTE to provide for a full-time, entry level position for the Utility's engineering co-op program graduates.

The FY2017 Budget increases by \$62K and 1 AP/1.00 FTE to provide for full-time inspection on critical water and sanitary sewer projects.

Enterprise Funds

The Adopted Budget increases by \$10K and 1 AP/1.00 FTE to provide support to project managers related to document management and tracking award documents and estimates.

The Adopted Budget increases by \$5M in required debt service payments and \$3.3M in pay-go cash to support the City Council-adopted Capital Improvement Plan and to improve debt service coverage ratios.

The Adopted Budget increases by \$2.7M for the increased City contribution to retirement due to the City Council-adopted pension reform.

The Adopted Budget increases by \$2M in Other Contractual Services to address increases in the biosolids contract due to additional flow tons and contracted rate adjustments, to provide emergency response services to main breaks, and for pump repairs and digester cleaning provided by a third party vendor.

The Adopted Budget increases by \$1.4M for the purchase of vehicles and capital equipment to replace aging fleet and equipment at treatment plants and in the field.

The Adopted Budget increases by \$771K for increases in vehicle and equipment repair and maintenance to address the needs of an aging fleet.

HORIZON ISSUES

Biosolids Program: The Utility has been under contract for biosolids processing and beneficial re-use since 1994 and the existing contract expires in 2020. In FY2019 the Utility issued an RFQ and subsequent RFP in order to procure a new contract, which may include more than \$80 million in capital expenditures. To fund these capital expenditures, the Utility submitted an application for Clean Water State Revolving Loan funding from the Texas Water Development Board. The existing biosolids contract also includes management and delivery of landfill gas and operation and maintenance of the gas turbines. As part of this project, Utility staff will be evaluating whether to incorporate these functions into new contracts or transfer them to Utility staff.

America's Water Infrastructure Act Requirements: On October 28, 2018, the federal government signed America's Water Infrastructure Act (AWIA) into law. The law requires that each drinking water system serving a population of greater than 3,300 people assess the risks to, and resiliency of, its water system. Each water system serving more than 100,000 people must certify completion of its Risk & Resilience Assessment (RRA) to the United States Environmental Protection Agency by March 31, 2020, and certify completion of an Emergency Response Plan (ERP) by September 30, 2020. The Risk & Resilience Assessment must address 1) the risk to the system from malevolent acts and natural hazards; 2) the monitoring practices and financial infrastructure of the system; 3) the use, storage, and handling of various chemicals by the system, and 4) operation and maintenance of the system. The Utility is in the process of engaging a consultant to perform the RRA and to review Emergency Response Plans already in place for certification prior to the 2020 deadlines.

Wastewater Certificate of Convenience and Necessity (CCN) Application: A CCN is granted through the Public Utility Commission and enables the Utility to be the exclusive service provider for the CCN's designated geographic area. The CCN requires developers to build to the Utility's minimum standards, thereby ensuring the infrastructure already meets the Utility's standards once it becomes part of the Fort Worth system. The Utility currently has a Water CCN and is in the process of applying for a Wastewater CCN. Submitting the Wastewater CCN application will result in substantial public engagement and will trigger additional discussions regarding regionalization.

Enterprise Funds

Revised Lead and Copper Rule: This rule is under consideration by the EPA based on feedback from local stakeholders. The revised rule will finalize regulatory changes to the definition of lead free plumbing products and make other conforming changes to implement the Reduction of Lead in Drinking Water Act and the Community Fire Safety Act enacted by Congress. The final regulation is expected to result in fewer sources of lead in drinking water by implementing new standards for lead content in plumbing materials used in new installations and repairs. The revised rule is anticipated sometime in summer 2019.

Permitting of New Water Reclamation Facility: Wastewater originating from far west Fort Worth currently travels more than twenty miles via existing wastewater collection pipes, through the downtown area, before treatment at the Village Creek Water Reclamation Facility on the city's east side. As west Fort Worth continues to grow, many of these existing pipes will become undersized to handle the proposed wastewater loading. The decision was made to invest in the future Mary's Creek WRF in west Fort Worth that will divert the proposed wastewater flows originating from west Fort Worth, treat the wastewater to a high standard and either discharge into Mary's Creek or provide a reclaimed water source for developments interested in reuse. Land for the proposed WRF was purchased in 2011 and in January 2017 the City Council approved a contract to initiate the permitting process, which includes applying for a discharge permit with the Texas Commission on Environmental Quality. The Utility filed the permit application with the TCEQ in March 2018. TCEQ deemed the application administratively complete in May 2018 and is currently conducting its technical review. The permitting process could take up to three years. Future permitting tasks include public outreach and responding to questions from regulatory agencies. Permit issuance will be followed by design and construction procurement. Under the current CIP, construction could start as early as 2023.

MyH2O Program: Once the Phase II initial deployment results are tested and validated, the Utility will move forward with full city-wide deployment over several years in Phases III and IV. Full city-wide deployment of meter exchanges is expected to begin the first quarter of 2020 and is dependent upon the city's acceptance and testing of the initial deployment phase. All meters are expected to be exchanged by March 2022. Fully implemented, MyH2O will enhance the customer experience by providing valuable, personalized information about water use, improving the efficiency and options for interacting with the Utility and providing additional billing and payment capabilities. In addition, the program will improve revenue recovery, provide more frequent and granular data to address issues within the Utility's distribution system, improve system modeling and enable targeted customer outreach.

Enterprise Funds

SUMMARY OF SERVICES AND PERFORMANCE MEASURES

Key Measures	FY18 Actual	FY19 Estimated	FY20 Target	Desired Level
Financial Viability				
This service area focuses on the financial health of the organization. Metrics based on this perspective allow management to gauge indicators related to cash collections to funding capital debt.				
# Days cash on hand (days funded operating)	146	149	149	100-150
Ratio of outstanding debt to total assets	0.25	0.25	<=0.30	<=0.50
Infrastructure Strategy & Performance				
This service area focuses on the condition of and costs associated with critical infrastructure assets.				
# of main breaks & leaks per 100 miles of main	41.4	27.6	<= 14.2	<= 14.2
Infrastructure Leakage Index	4.41	4.12	<3.00	<4.00
Operational Optimatization				
This service area ensures ongoing, timely, cost-effective, reliable and sustainable performance improvements in all facets of operations.				
# authorized water positions per 1,000 population	0.42	0.39	>= 0.39	>= 0.39
# authorized sewer positions per 1,000 population	0.39	0.37	>= 0.36	>= 0.36
Water Resource Sustainability.				
This service area ensures water availability consistent with current and future customer needs through long-term resource supply and demand analysis, conservation and public education.				
Gallons per capita per day (GPCD) - In City	160	159	<168	< 168
Enterprise Resiliency				
This service area ensures utility leadership and staff work together to anticipate and avoid problems.				
Employee turnover rate	12%	11%	<=10%	<=10%
Customer Satisfaction				
This service area provides reliable, responsive, and affordable services in line with explicit, customer accepted sevice levels. Receives timely customer feedback to maintain responsiveness to customer needs and emergencies.				

Enterprise Funds

% of calls answered within 60 seconds (water call center)	76.93%	93.20%	≥85.00%	≥ 80.00%
---	--------	--------	---------	----------

Product Quality

This service area relates to the quality of potable water, treated effluent, and process residuals in full compliance with regulatory and reliability requirements and is consistent with customer, public health, and ecological needs.

# of water quality complaints per 1,000 accounts	0.13	0.11	<0.30	<0.30
% of water quality complaints resolved within 48 hrs	100%	NA	NA	≥95%
% of water quality complaints resolved within 120 hrs	NA	96%	≥95%	≥95%

Stakeholder Understanding & Support

This service area engenders understanding and support from oversight bodies, community and watershed interests, and regulatory bodies for service levels, rate structures, operating budgets, capital improvement programs and risk management decisions.

# of people reached through presentations, public events & plant tours	21,976	21,000	≥16,000	≥16,000
--	--------	--------	---------	---------

Community Sustainability

This service area relates to the Utility being cognizant of and attentive to the impacts its decisions have on current and long-term future community and watershed health and welfare.

Water annual savings from water efficiency incentive programs (million gallons)	38.00	29.90	60.00	90.00
---	-------	-------	-------	-------