

To the Mayor and Members of the City Council

April 21, 2015

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SUBJECT: 15 YEAR BUDGET HISTORY – WATER AND SEWER FUND

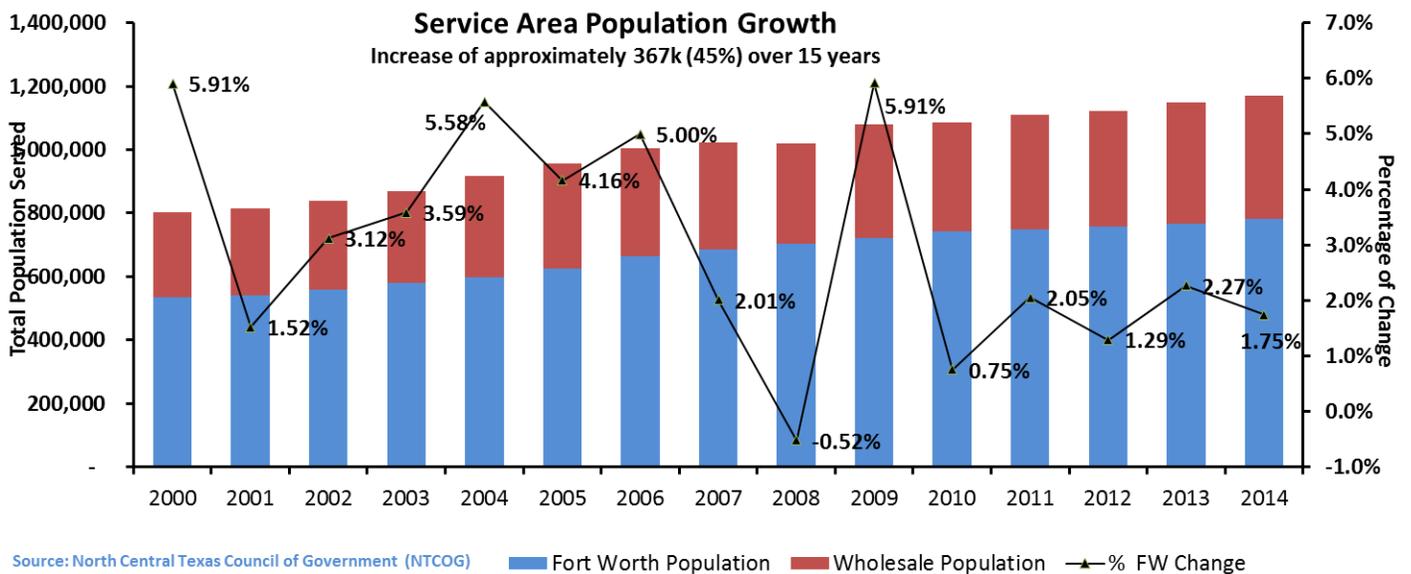
In an effort to provide a framework for current and future budget requests, staff will be providing 15 years of historical data by department over the next several months. Data will include Fiscal Year 2000 through Fiscal Year 2015.

In graph format, the data will include the following components:

1. Population
2. Staffing Levels with Population
3. Square Miles of the City of Fort Worth
4. Adopted Budget with Square Mileage

Population

From 2000 to 2015, the population in Fort Worth has grown by 246,306 new citizens or about 46 percent. This trend is expected to continue as Fort Worth continues to be singled out as one of the fastest growing cities both in Texas and America. The service area for the Water Department extends beyond the Fort Worth City limits to include its wholesale customer cities. The population within the wholesale customer cities increased by 121,110 new citizens, resulting in a total service area increase of 367,416 people.



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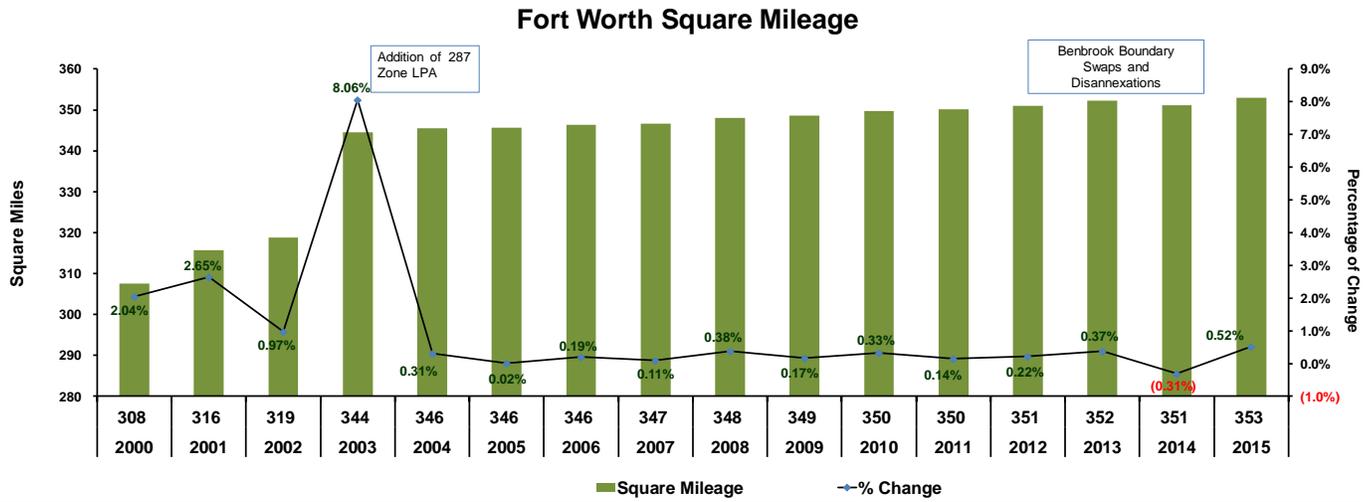
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Square Miles

By comparison, the square mileage in the City has grown from 308 to 353 square miles, or 15 percent. The service area for water and sewer services totals 574.8 square miles.



Impact of Growth in Population and Square Mileage Relative to Budget

The Water & Sewer Fund increased from 753 staff members in 2000 to 937 in 2015, representing a 24 percent increase in staffing levels. The increase of positions during the period includes the conversion of 23 temporary positions to permanent status in 2008 to ensure compliance with the Fair Labor Standards Act along with the transfer of 26 positions from the Department of Engineering to the Water Department, as a result of the elimination of the Department of Engineering (24AP in FY10 and 2AP in FY13). Those positions provided pipeline engineering and associated services for water and sewer projects so the addition to the Water and Sewer Fund represented a change in assignment rather than an addition in authorized strength.

Staffing was also added over the period to carry out new programs including treatment plant security following 9/11, Storm Water billing and collection services, 24/7 call center operations and satellite collection services, implementation of the Water Conservation program, and the operation of a new water treatment plant. The staffing history is shown on the following page.

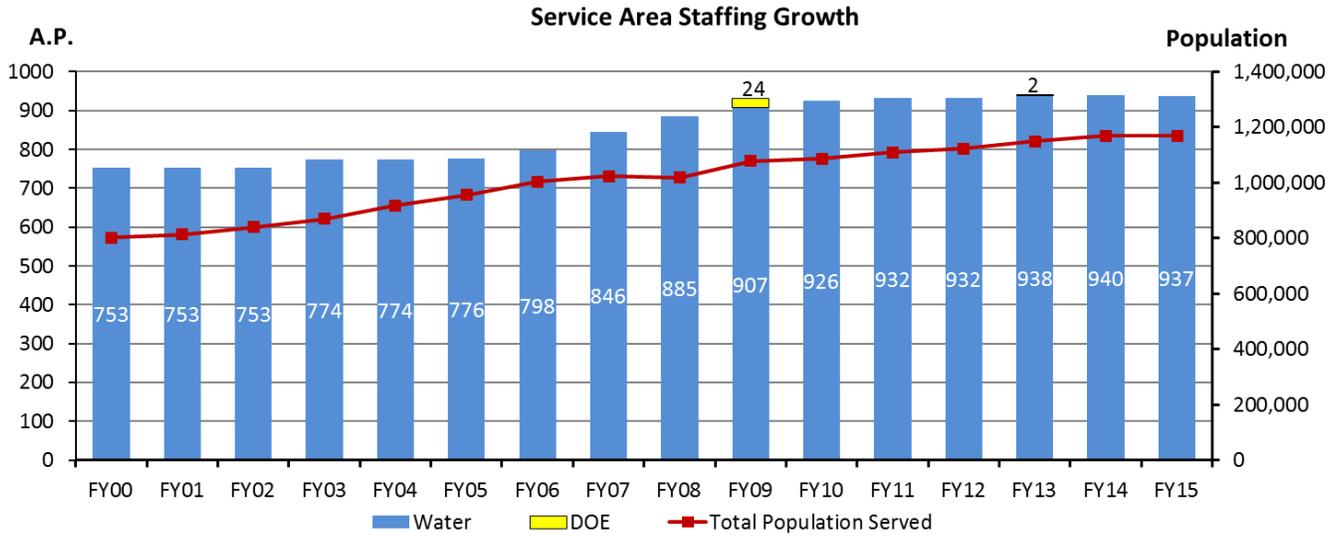
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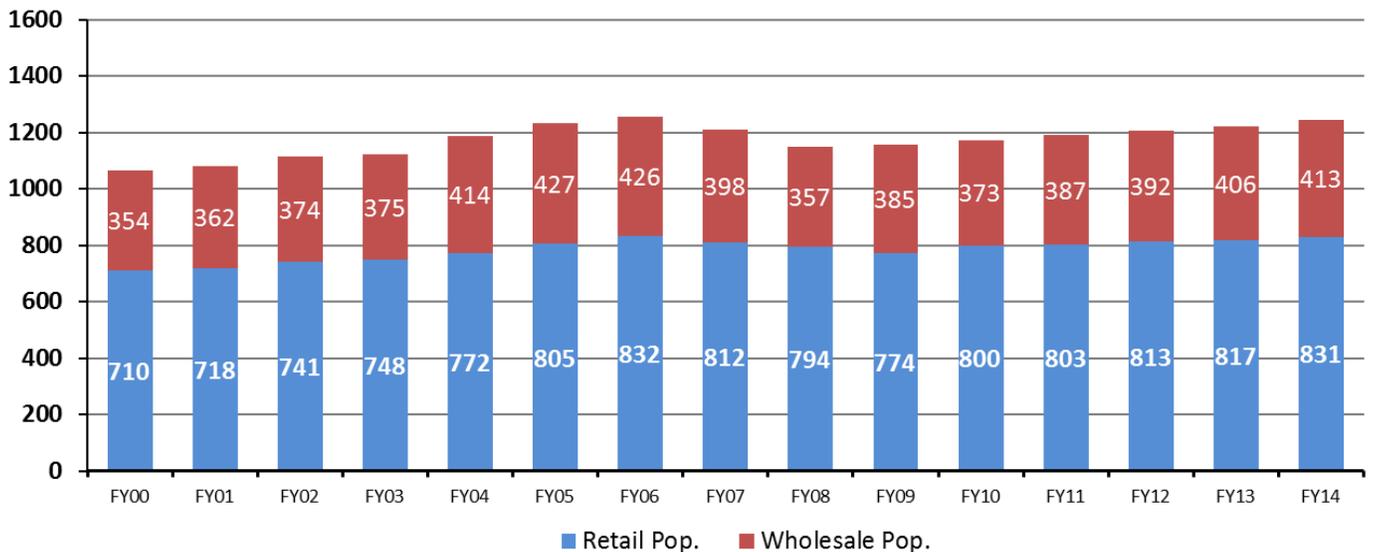


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The table below graphs population served by approved position. The number of citizens served by each employee peaked in 2006 at 1,258. Additions to staffing were made in 2007-2008 to meet the growing demand of the service area with additions to Field Operations and Customer Relations staffing. For FY2014 the ratio was 1,244.

Population Served Per Authorized Position



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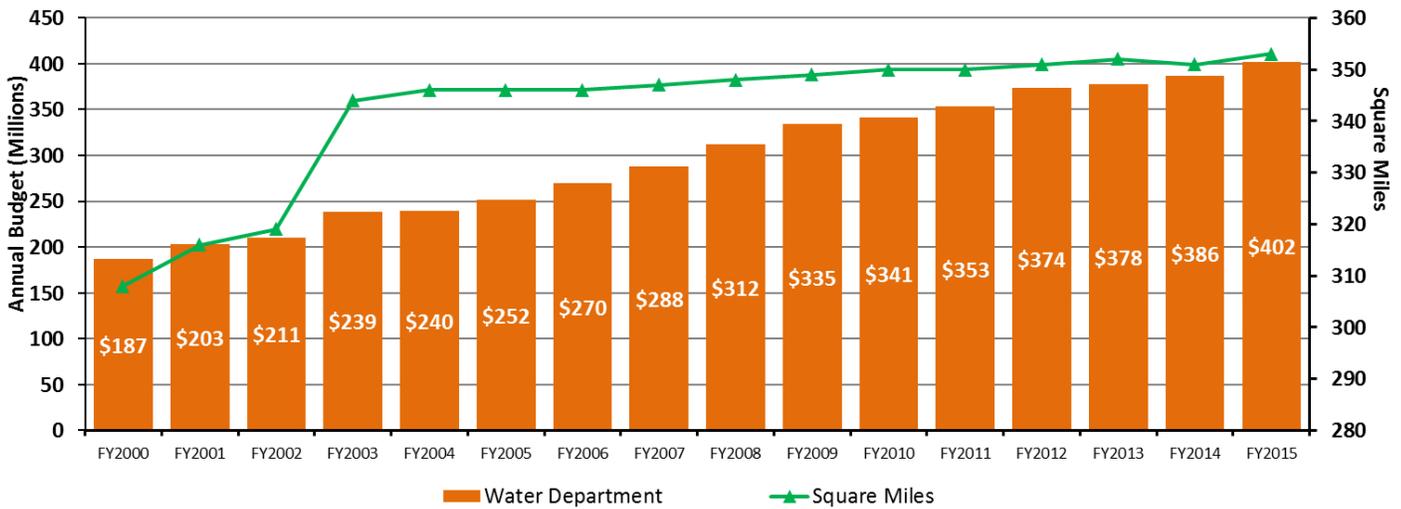
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The annual budget for the Water Department has increased from \$186M to \$402M from FY2000 to FY2015. Major budget drivers have included the Raw Water purchase, which increased from \$32M to \$76M; major capital investment (debt service and pay go capital), which increased from \$72M to \$144M; and street rental and Payment in Lieu of Taxes (PILOT), which increased from \$7.0M to \$24.6M over the period.

Although the overall Fund increased by 115 percent, several categories experienced growth that far exceeded the overall percent increase of the Fund. Increases in the contribution to retirement, healthcare, and the addition of OPEB exceeded 300 percent, as did telephone and cell phone services. IT computing services increased over 400 percent and fuel costs jumped by 540 percent. Items that impacted the overall cost of core operations, including chemical costs and utilities, saw only moderate growth at 67 percent and 74 percent, respectively.

The significant drivers listed above make up 75% of the total budget change over the period.

Water Department Adopted Budget



Over the period, the Utility obtained annual rate increases that averaged 4.55 percent for retail water service and 4.51 percent for retail wastewater service.

In support of water conservation efforts, the Utility also achieved significant reductions in its gallons per capita per day usage (GPCD), from 233 GPCD in 2000 to just over 160 GPCD in 2014 as demonstrated on the following chart.

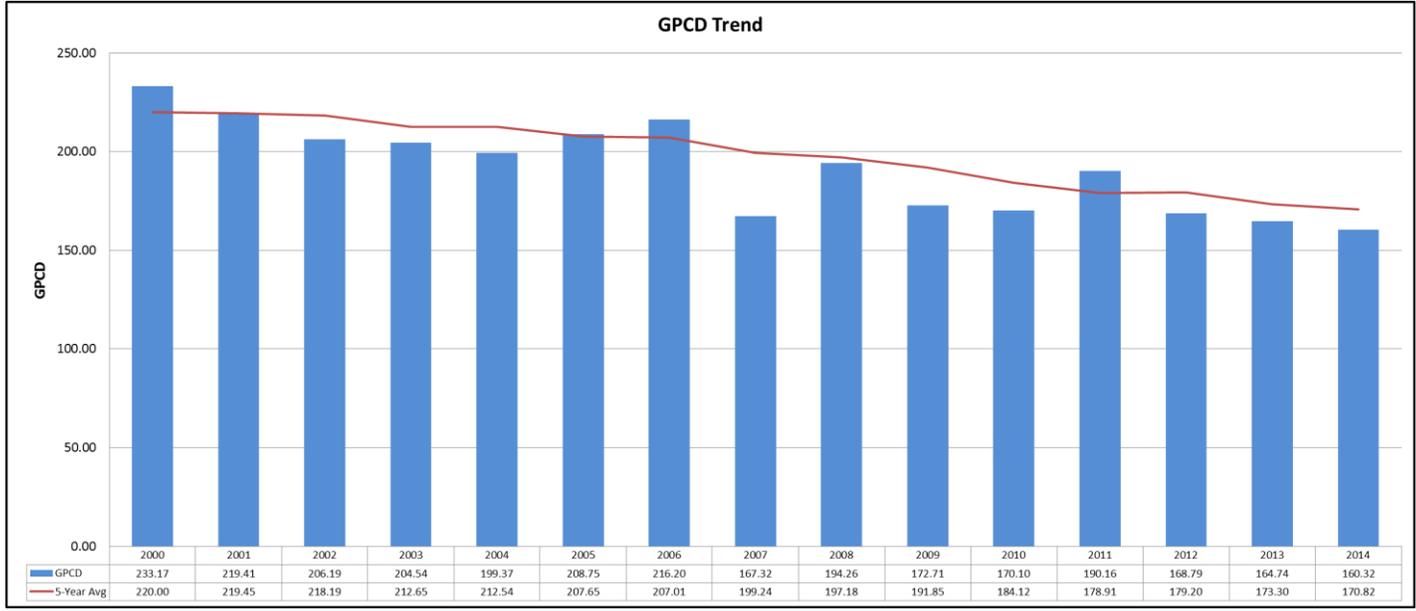
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The FY2016 budget request will reflect continued rate pressures resulting from the rapidly increasing cost of raw water coupled with continued declines in per capita consumption. Wastewater rates will see similar increases related to contractual requirements for third-party wastewater treatment and bio-solids processing and land application.

Hopefully you find this information helpful. If you have any questions, please call John Carman, Water Director, at 817-392-8246 or Aaron Bovos, Financial Management Services Director, at 817-392-8517.

David Cooke
City Manager