

To the Mayor and Members of the City Council

October 9, 2012

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SUBJECT: FY2013 GENERAL FUND BUDGET IMPACT: WATER AND SEWER FUND RATES

The purpose of this Informal Report is to quantify the FY2013 General Fund Budget impact of Water and Sewer Fund rates.

The Water and Sewer Fund is assessed a Street Rental Fee for use of rights-of-way in the City of Fort Worth. The Street Rental Fee of 5% is applied to gross water and sewer service revenue. The City Manager’s Proposed Budget included a transfer of Street Rental Fee revenue to the General Fund based on the water revenue generated by the proposed water and sewer rates.

At the September 18, 2012, City Council meeting, the Council amended M&C G-17679 to only authorize an increase in retail rates for sewer volumes. As a result, the projected transfer of Street Rental Fee revenue to the General Fund was reduced by \$297,035.

FY2013 Water Revenue Impact	
Proposed Water Revenue	\$ 230,181,644
Adopted Water Revenue (revised M&C)	\$ 224,240,945
Revenue Reduction	\$ (5,940,699)
Street Rental Fee Revenue Impact (5%)	\$ (297,035)

To ensure the FY2013 budget was adopted timely and avoid the unintended consequences of imposing sudden departmental budget changes, the reduction of Street Rental Fee revenue required the use of excess fund balance. The additional use of excess fund balance still allows the City to maintain the reserve requirement at 10%. Consistent with our approach each year, Staff will monitor revenues, scrutinize all spending and begin early evaluating options to address the budget challenges in FY2014.

If you require any additional information, please contact Horatio Porter, Budget Officer at 817-392-2379.

**Tom Higgins
City Manager**