September 20, 2012

Dear Council Members:

The Proposed Fiscal Year 2013 Operating and Capital Budget for the City of Plantation is hereby submitted. The Fiscal Year 2013 adopted budget is $177,927,134 for all funds; a decrease of 9.5% compared to the original Fiscal Year 2012 Budget of $196,586,744.

While this year the City was fortunate to have experienced a negligible increase in gross taxable value, we faced a difficult fiscal environment with a budget gap of $10.1 million. This deficit has been growing over the last several years as the City reached into reserves to make ends meet in order to help our residents through the toughest years of the recession. With reserves at an all-time low and the large projected deficit, I presented to you during our first two budget meetings several options for increasing revenues, initiating new revenue streams, and reducing expenditures. It is through a combination of these revenue enhancements and expenditure cuts that I am able to present to you a balanced budget for Fiscal Year 2013.

According to the Broward County Property Appraiser’s Office, the City of Plantation has experienced a 2.2% increase in gross taxable value; $6,775,548,601 as of July 3, 2012 compared to the adjusted taxable value of $6,628,655,060 for the prior year. Based on the adopted millage rate of 5.6142 for Fiscal Year 2013, approximately $36,667,714 will be generated in property tax revenue compared to $29,677,628 for Fiscal Year 2012 with an adopted millage rate of 4.6142. Of note, from Fiscal Year 2008, the City’s peak year in gross taxable value, to 2011 the City’s taxable value fell by 24.0%. Even with a 1.0 mil increase, the City of Plantation continues to be in the lowest percentile for millage rates.

To date, in Fiscal Year 2012, 104 certificates of occupancy have been issued; the effect of these issuances on the taxable value will begin to be realized in the Fiscal Year 2014 taxable value.

In general, all revenue sources have been affected negatively by the continued economic recession. State-shared revenues such as the Communications Service Tax have been reduced. In addition, consumer spending still has not returned which affects the municipal sales tax revenue shared with the State.
Despite the current economic environment, the City intends to maintain the level of service that Plantation residents expect. This means that quality services will continue to be provided in a productive and efficient manner at the lowest possible costs.

While we were able to achieve a balanced budget using only a nominal amount of reserves, there are a number of challenges expected in coming years. For example, the cost of doing business continues to increase and the city’s capital assets must be maintained.

The initial General Fund budget gap for Fiscal Year 2013 was an estimated $10.1 million. Staff was asked to evaluate and provide recommendations to allow for reducing the projected deficit. A number of initiatives were implemented.

**Consolidation/ Reorganization of Positions**

Leading up to the two budget meetings held on June 14 and July 10, the City reviewed vacant positions in order to improve overall efficiencies. Based on this review, 14 vacant positions were eliminated for Fiscal Year 2013 and the deficit was reduced to $9.3 million. After the August 23 Budget Workshop, an additional 11 full time positions were eliminated from the budget resulting in 8 layoffs and 3 positions reduced to part time or less and an additional savings of $1 million. Programs and services performed through these positions will either be eliminated or contracted out. Through the strategic planning initiative beginning this year, departments will continue to analyze their programs and services and look for efficiencies through process improvement and interdepartmental coordination.

**Revenue Initiatives**

For the past four years, the City has used approximately $10 million in reserves to help balance the budget. Reserves are no longer available and, as such, the City must identify potential sources of revenue to make up the deficit.

Outside the General Fund, the City has departments that generate revenue and should be self-sufficient. Included in these other funds are proprietary funds such as Water and Wastewater, Fire/Rescue, and Golf and special district funds; Plantation Midtown and Plantation Gateway. These funds should be paying their fair share to the General Fund for services rendered by other City support departments such as processing payroll, managing benefits and maintaining buildings and grounds. Based on a cost allocation study conducted by the City, charges can be assessed for these services. This year, these charges were assessed to the Golf Fund, Fire/Rescue Fund, CRA fund and Special District Funds, in addition to Water and Wastewater who has always paid their fair share. Also, public works costs were adjusted to reflect the true costs of providing services and were
charged accordingly. Also, both the General Employee and Fire Pension Funds will commit funds for City resources used to manage the pension trusts.

In addition to recouping the costs from these funds, the City will recover the full cost associated with services provided by the Planning and Zoning, Building, Landscape, Engineering, Parks and Recreation and Finance Departments. Based on surveys of neighboring municipalities, it was determined that the City is far below the average in charges for services such as building permits, lien searches and plan reviews. These departments will be presenting revised fee schedules for Council review and action. Bringing these charges in line with the true cost of providing the services will generate approximately $525,000 in additional revenue for these departments combined.

The City also plans to sell a parcel of land in Middle Acres Park for projected one-time revenue of $930,180. While these funds helped to close the budget gap, they are a one-time revenue source and will have to be compensated for in next year’s budget.

The City of Plantation currently assesses Parks and Recreation impact fees to new residential development projects. Impact fees are charges which are assessed against new development to cover the cost of providing capital facilities that are required to provide a defined level of service. In consideration of new growth and to minimize the extent to which current residents must bear the cost of new development, the adopted budget includes the implementation of public safety (police and fire) impact fees. The implementation of a public safety impact fee schedule will require Council approval this fiscal year in order to realize the projected revenues of $100,000 for Fiscal Year 2013. This would be an ongoing revenue stream and would offset the burden on current residents as we continue to develop the City.

**Expenditure Initiatives**

In addition to the elimination of the 25 full time and 3 part time positions, departments were asked to scrutinize their budgets for additional expenditure cuts. Savings were realized in areas such as contracts, consultants, and legal fees; in addition, much needed capital improvements were postponed yet another year to close the budget gap. Increases in expenditures are due to a variety of reasons. For example, pension and healthcare benefits expenses are expected to increase by $2.2 million.

In order to reduce payroll related expenses, no raises and/or step increases for any employees, General and FOP members, are included in the budget. Without these reductions, the budget deficit would be much greater than the initial projection of $10.1 million. To further cut payroll expenses, during the week of Thanksgiving all employees excluding FOP members will receive a 3-day unpaid furlough. City Hall will be closed for the entire week due to this furlough. In addition, all employees will contribute an
additional 2 percent (total of 6%) to the cost of medical benefits for their dependents and changes will be made to benefits packages offered to new employees hired by the City. Currently, the FOP union contract is in negotiations and while further savings may be realized, it would be presumptuous to include them in the proposed budget.

With major reductions in personnel, the City will endeavor to provide the level of service that our residents expect; this will be achieved by contracting out for services, for example in the areas of public relations, including management of the City’s website, and by redistribution of tasks such as economic development initiatives. There will be minor changes to hours of operation within the Parks and Recreation Department including shortened hours for the City pool, the closing or reduced hours of certain City facilities and closing of parks on holidays.

**General Fund**

The General Fund is the largest fund. By definition, all services not specifically funded by other sources, such as the Water and Wastewater Fund and the Golf Fund, are funded by the General Fund. The General Fund is the City’s primary operating fund, and, as such, it supports services such as City Council, Administration, Human Resources, Financial Services, Parks and Recreation, Public Works and Planning and Zoning. The General Fund also is responsible for major fund transfers including the annual transfer to the Fire/Rescue Fund on behalf of the City.

The Fiscal Year 2013 General Fund Budget totals $85,103,357, an increase of $3,962,116, or 4.8% compared to the FY 2012 Original Budget. This increase is due in part to increased medical insurance premiums as a result of 8 catastrophic events last year, increased pension costs, and other personnel costs.

**Other Funds**

City services such as water and wastewater services, fire/rescue services and golf course operations are budgeted within other funds and are significant to the overall operations of the City.

**Fire/Rescue**

The purpose of the Fire/Rescue Services Fund is to provide paramedic and EMT services to the residents of Plantation. The Fire/Rescue Fund is supported by the General Fund with this year’s appropriation totaling $5.5 million. Nearly $13 million in capital expenses are needed and were requested for the operations of Fire/Rescue. All of these expenses were deferred. A fire assessment fee could be used to finance these capital costs.
Golf Course

The Golf Course Fund provides for the financial activities associated with the Plantation Preserve Golf Course and Club. The City contracts with Guidant Management for the everyday operations of the course. The Plantation Preserve has maintained good financial health since its inception in 2005-06.

Water/Wastewater

The purpose of the Water and Wastewater Service Funds is to provide water and wastewater management services to the citizens of the City’s water district. For Fiscal Year 2013, these funds total $47,676,287 a decrease of $14.3 million or 23% compared to the Fiscal Year 2012 adopted budget. This decrease is due largely to reductions in capital expenditures as compared to last year. Recently, a consultant was hired to forecast the costs of maintaining and enhancing the water and wastewater facilities and the revenues required to keep pace with the annual growth rate. The consultant’s recommendations will be forthcoming.

Summary

I would like to thank the members of City Council for their leadership in making the tough decisions presented this budget year. In addition, I would like to thank our Department Directors and employees for their efforts in providing input and for their high level of commitment to providing quality services to our residents with fewer resources to accomplish their tasks.

I am confident that the decisions we make today are laying the foundation for a fiscally sound and sustainable future for the City of Plantation.

Sincerely,

Diane Veltri Bendekovic

Mayor Diane Veltri Bendekovic