

**BUDGET INFORMATIONAL WORKSHOP
PLANTATION, FLORIDA**

June 14, 2012

The meeting was called to order by Councilman Tingom, President of the City Council.

PRESENT:	Councilmember:	Ron Jacobs Robert A. Levy Lynn Stoner Peter S. Tingom Sharon Moody Uria
	Mayor:	Diane Veltri Bendekovic
	City Attorney:	Donald Lunny, Jr.

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INFORMATIONAL WORKSHOP CONCERNING THE GENERAL FUND BUDGET FOR THE CITY OF PLANTATION FOR FISCAL YEAR 2012/2013

Mayor Bendekovic introduced Gary Shimun, Chief Administrative Officer and Kristi Caravella, Budget Manager.

Mayor Bendekovic presented an Information Budget Workshop Presentation for the 2013 General Fund Budget. The agenda of the presentation has been divided up into the following categories: Rollback, Reality, Revenues, Reductions, Resources and Responsibility.

ROLLBACK

The State mandated tax reforms that require the City to rollback tax revenues to the 2006 levels with an additional 7% reduction. Amendment 1 provided additional \$25,000 Homestead exemption, \$25,000 tangible personal property exemption and portability. When the economy and the housing market fell the City was penalized.

REALITY

Going into this budget season there will be difficult choices ahead. The reserves can no longer be used to balance the budget. There is \$1.2 million of unassigned reserves left. The City cannot rely only on incremental increases and property values, it has to be a combination. The City needs to find \$10.1 million to balance the budget. When the City went out to secure bonds Administration has found that the bond underwriters need about 5% of the general fund in order to sell bonds which is about \$4.1 million. The City needs \$1 million of designated capital to put back into the City for the future. There is a need of \$10.1 million to balance the budget. There is

also a need to build capital, it has been five years without any significant capital investments. Reserves have been used to balance the budget for the past four years. When the City used its reserves it had minimal impact on the residents. Some of the assigned reserves include medical, risk management and emergency preparedness in which those reserves have to stay in those areas. There is an increase in pension costs of \$1.4 million. There are 550 General Employees with a pension cost totaling \$4.96 million with an increase of \$800,000. There are 137 FOP Employees (164 in FOP and 27 already in the DROP) with a pension cost totaling \$6.07 million with an increase of \$600,000. There has also been an increase of consumable goods. The cost of living from 2007 until present has increased by 9%.

REVENUES

With regards to revenue over time since 2007 the general fund revenue has gone down 1.6%, the millage rate has only gone up 0.6%, property values have gone down 23% and the Ad valorem revenue has gone down 14.3%. Pertaining to other changes in revenue the stop/loss gap insurance has increased this year by \$800,000 due to 7-8 catastrophic illness claims, the premium last year was \$500,000 and has increased to \$1.3 million. There is a communication tax that caused a \$211,000 decrease in revenue in which the State has reduced this revenue source. The previously occurring Code Amnesty Program that brought in \$100,000 last year is no longer generating revenue.

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Gary Shimun presented an overview of Reductions and Revenue Choices.

REDUCTIONS

This Administration's mission has been to sustain and maintain the City of Plantation as we know it now. Residents are used to a certain level of quality customer service and the City wants to be able to continue to deliver that to them but over the last five years the City has absorbed increasing operating costs by using reserves and one-time revenue sources without going back to the residents and asking for additional money. The City cannot provide this current level of service without doing something to enhance revenues. Looking at General Fund Expenditures, the vast majority of the money being spent is for salaries and benefits. The City of Plantation is a service organization and people are the method in which service is delivered to the community. The largest amount of that cost comes from the Police Department which is almost 50% of the budget. The second and third largest costing departments are Parks & Recreation and Public Works. All of the departments make up $\frac{3}{4}$ of the budget. Some of the reductions the City has already made were to cut one-time expenses such as eliminating the *Plantation Quarterly* magazine, "turkey money" and federal lobbyists. There have been eliminated positions and realigned department staffs. There will be a third year of general employees not getting any type of increase in salaries. In order to balance the budget over the last several years one of the techniques has been to reduce the number of projects in capital along with the use of reserves and one-time funds. Over a period of time the budget has not put any money back into the City. Some other things that have been done for cost savings is the opening of the Employee Health & Wellness Center to defray insurance costs, the elimination of the Choice Plus insurance plan for employees with a 99.9% participation in moving over to the Preferred Choice Plan. There was an implementation of the Standard Choice Insurance Plan and a Tier II pension plan available for all employees. There was an implementation of benefit reductions, increased employee contribution for health benefits and department budget reductions. When looking at the bonds needed for capital purchases all departments were asked what their highest needs are as far as projects that need to be done in order to improve the City. In order for the City to go out for bonds there needs to be at least a 5% reserve. General obligation bonds (\$32 million) are on hold until the City fixes their financial problem. Utilities has \$31 million worth of projects that need to be

done. Since Utilities generates its own revenue it has the ability to go out for revenue bonds which means they pay those bonds back based on their own earnings and not the general obligations of the City. There is still \$2.3 million left from the 2003 bond that can be used for the Plantation Community Center at Kennedy Park. The options for that Community Center include: Repair, Renovate, Replace, or Remove.

REVENUE CHOICES

The goal of Revenue choices is to get enough additional revenue to balance the budget to make sure the City can go after those bonds that the City would need in order to make the major improvements that it is forgoing because it can't go out for bonding. The City wants choices other than one-time revenue sources so that it can have on-going revenue sources in order to help strengthen the City's financial position and to provide quality service that the residents have come to expect.

Fire Assessment Fee

- Most cities in Broward County charge between \$84 and \$365 per year.
- Impact per household
 - \$60/year = \$5/month (additional \$2.4 million)
 - \$80/year = \$6.65/month (additional \$3.2 million)
 - \$100/year = \$8.35/month (additional \$4 million)
- Won't see an impact for 1 year
- State law allows cities to use this fee to pay for salaries
 - Frees up even more general revenue funds
- Can be used to build new fire station #1, fire services, fire trucks, ladder truck, etc.

Grants

- Recent ARRA grant projects:
 - Paving of Park East roads (\$139,000)
 - Reverse 911 system and laptops (\$111,000)
 - Park East water lines (\$970,539 plus \$162,860 City contribution)
 - Energy Efficiency Team Center (\$804,300 plus \$1.4 million City contribution)
 - 84th Avenue/Enclave wayfaring signage (\$3.1 million grant)
 - Deicke Auditorium (\$452,000)
- Single stream recycling grant (\$1.3 million)

Grant availability unknown at this time, but the City will continue to monitor appropriate sources for additional grant opportunities.

Increase Millage Rate

- Property value estimated at \$6.76 billion which a 2.0% increase over last year. Current millage rate of 4.6142 allows a revenue generation of \$31,201,823. Just a 4/10 millage increase would generate \$2.7 million in additional ad valorem revenue. A 4/10 millage increase, a homeowner whose house is worth \$250,000 w/ \$50,000 homestead exemption would pay only \$80 more a year. With a 4/10 millage increase, 60% of cities still have millage rates higher than Plantation. When compared to other cities millage rate the City of Plantation still looks better because it is within the last quartile of millage rates within the County.

One-Time Revenue Sources

- Sell Off Surplus Real Estate and Surplus Residential Real Estate
 - If all surplus property is sold off at assessed value, the City will net \$1,371,710
- Utilities Franchise Fee
 - Utilities Department Water Fees total approximately \$13 million each year.
 - A 10% franchise fee would net approximately \$1.3 million.

- Storm Water Management Fee
 - Will return approximately \$500,000 to City.
- Property Taxable Value Increase
 - BCPA expecting 2% increase in property values
 - We won't see impact on property values for at least two years
 - Should net the City approximately \$426,000 additional revenue
- Fire & Police Impact Fee
 - Currently the City assesses Parks & Rec impact fees but no any others. The State allows you to assess fees in other areas.
 - This should net the City approximately \$100,000 additional revenue
- Proposed Commuter Fee
 - Option I: Commuter miles driven and on sliding scale of \$10-\$30/pay period for employees who take cars home. Revenue would be approximately \$88,000 annually.
 - Option II: Allow one-way trip of up to 8 miles, then charge federal millage rate of \$0.51/mile. This would generate approximately \$225,000 annually.
 - Option III: Require any employee who has a take home car to live within the City limits. Fuel savings would be approximately \$134,000.
 - Option IV: Alternatives to take home cars.
- Occupation/Business Tax License
 - Maximum increase 5% and would increase revenue by \$36,000 this year.
- Franchise Fee Increase

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Kristi Caravella presented an overview of Resources.

RESOURCES

Personnel Options

- Full-time to Part-Time in some positions
- FOP – Collective Bargaining contract negotiations began June 13
- Insurance – Standard vs. Preferred Choice Cost Savings
- Retiree buy-outs – Cost vs. Savings
- Work week options: 4 day work week or volunteer to cut hours w/no benefits
- Reorganizations: Landscape, PZED, Finance; Efficiency study
- General Employees – No raises
- Eliminate Vacant Positions

Hours of Work

- Holiday or mandatory furloughs
 - FLSA places limitations on furloughs for exempt employees
 - Short term, one time savings
 - Can have implications on benefits
- Using part time or will call positions to reduce overtime
- 4/10 work schedule; closing City Hall on Fridays (no quantifiable savings, inconvenient to residents)
- Introduce “family hours” program with a voluntary reduction of hours to 30; reduce wages by 25%

- Service and program reductions
- Voluntary separation incentives
 - Expensive - We have no available funding
 - Difficult to predict who will take the incentives; critical positions may become vacant
- Changes to Pension Plan
 - Florida Retirement System
 - 18% of payroll to participate equals higher cost for General and lower cost for FOP
 - Loss of state funds of \$650,000
 - Tier II Pension Plan for new hires
 - Already in place for general employees
 - Defined Benefit vs. Defined Contribution
 - Closing of General & Police plans would require immediate change of funding methodology
 - The combined annual amount of increased costs to the City was estimated at approximately \$2.1 million dollars
 - Plus loss of Chapter 185 funding of approximately \$650,000 (state funds fluctuate annually)
 - These costs are in addition to employee's contributions currently required (General – 8.5%; FOP – 9.5%)
 - Add to this amount the cost of a DC plan City contribution of 6% (or whatever % the City deems “reasonable”) of a \$44 million dollar payroll = \$2,640,000
- Changes to Benefits
 - “Standard Choice Health Plan” for all employees
 - “Preferred Choice Health Plan” for employees who choose to complete “3 steps to wellness”
 - Biometric screening, online health risk assessment, comprehensive medical review
 - Identify small issues before they become larger, potentially catastrophic health problems.
 - Keeps our employees healthier – less sick time used = more productivity
 - Eliminated longevity for future employees
- Wages
 - Freezes wages and salaries across the board (already doing this for General Employees)
 - Strategies for reducing overtime in all departments.

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Mayor Bendekovic presented the City's Responsibility.

RESPONSIBILITY

A few of the things that make the “grass greener” in Plantation include: Helen B. Hoffman Plantation Library, Plantation Historical Museum, Plantation Equestrian Center, Central Park Aquatics Complex, Frank Veltri Tennis Center, Plantation Preserve Golf Course & Club, City events such as the Fourth of July parade and fireworks, Santa's visit and Holiday Parade, PAL youth and adult athletics program (one of the largest volunteer organizations in the United States) and the Chamber of Commerce partnership. These things all cost money but there is a tangible return on the investments. The Broward County Property Appraiser has indicated that the more amenities that you have in a community the higher the property appraisal values.

Cost vs. Benefits

The City has received national and international recognition through our world class facilities and events. The City is able to accommodate athletic events in multiple sports and this brings revenue into the City, not just for us, but for our businesses as well.

Facility	Direct Economic Impact*
Equestrian Events	\$183,138
Tennis Events	\$2,642,136
Aquatic Events	\$4,805,802
Athletic Events	\$12,977,646

*Figures calculated using Greater Ft. Lauderdale Convention & Visitors Bureau standard formula.

Facility	Benefit
Plantation Preserve Golf Course & Club	Over 190 players participated in the Miccosukee Nationwide Qualifier and PGA Tour Second Stage Qualifying Tournament. Preferred location of weddings, baptisms and other family celebrations. Everglades inspired wetlands and linear park provide safe haven for local wildlife and learning experience for visitors.
Hoffman Library/Historical Museum	Community events promoting literacy for children: Poetry Under The Stars, Teddy Bear Picnic, Summer Reading Program, etc. Also promotes the arts available in the City through bi-annual Cultural Arts Expo.
City events (July 4 th parade, Santa’s visit, etc.)	Community events bring people together to make them feel connected to community; parade promotes awareness for many City businesses, schools, volunteer organizations, etc. Provides opportunities for students to earn community service hours required to graduate.
Chamber of Commerce	Plan community events such as Prayer B’fast, Economic Dev Summit, Holiday Parade, etc/ - cost to hire individual plus benefits would well exceed \$26,950.

Our Fiduciary Responsibility

Goal of this budget – and this Administration – is to continue to provide quality services and facilities to residents. Cannot do that without the Councils help. Cost of doing business has increased significantly over the years. Cost cutting measures won’t do it alone. Cannot be just one thing – will have to be combination of several revenue sources and cost cutting measures.

Revenue & Resource Summary

2012/2013 Revenue Source	Revenue Impact
Millage Rate Increase (4/10 millage)	\$2.7 million
Sell Off Surplus Property	\$1,371,710
Utility Franchise Fee	\$1.3 million
Personnel Options	\$1,000,000
Taxable Value Increase	\$426,000
Fire and Police Impact Fees	\$100,000
Commuter Fee (Option 1)	\$88,000
Total	\$6,985,710

Future Revenue Source	Revenue Impact
Fire Assessment Fee (\$80/year)	\$3.2 million
Storm Water Impact Fee	\$500,000
Business Tax License Increase	\$36,000
Franchise Fee Increase	TBD

Summary

There are no easy decisions to make, the future of the community is at stake and times are difficult for all of the residents, businesses and the City. Today's financial reality stems from the worst economic times experienced in our lifetime. The 2012/2013 Budget will be prepared under challenging circumstances. The City has been using reserves to balance the budget and by doing so gave relief and had minimal financial impact to the residents during the last four years. The City was still able to deliver quality services even though the revenues have decreased dramatically. The Department Directors and Employees have stepped up and carried the major load. Not only did they arise to the occasion but they excelled. The choices presented aren't necessarily what anyone wants but the reality is despite cost cutting measures, the cost of business has increased and the revenues have increased.

Mayor Bendekovic asked for assistance to sustain and maintain the City of Plantation with the goal to have a balanced budget.

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Meeting adjourned at 7:24 p.m.

Peter S. Tingom, President
City Council

ATTEST:

Susan Slattery
City Clerk

RECORD ENTRY:

I HEREBY CERTIFY that the Original of the foregoing signed Minutes was received by the Office of the City Clerk and entered into the Public Record this _____ day of _____, 2012.

Susan Slattery, City Clerk