

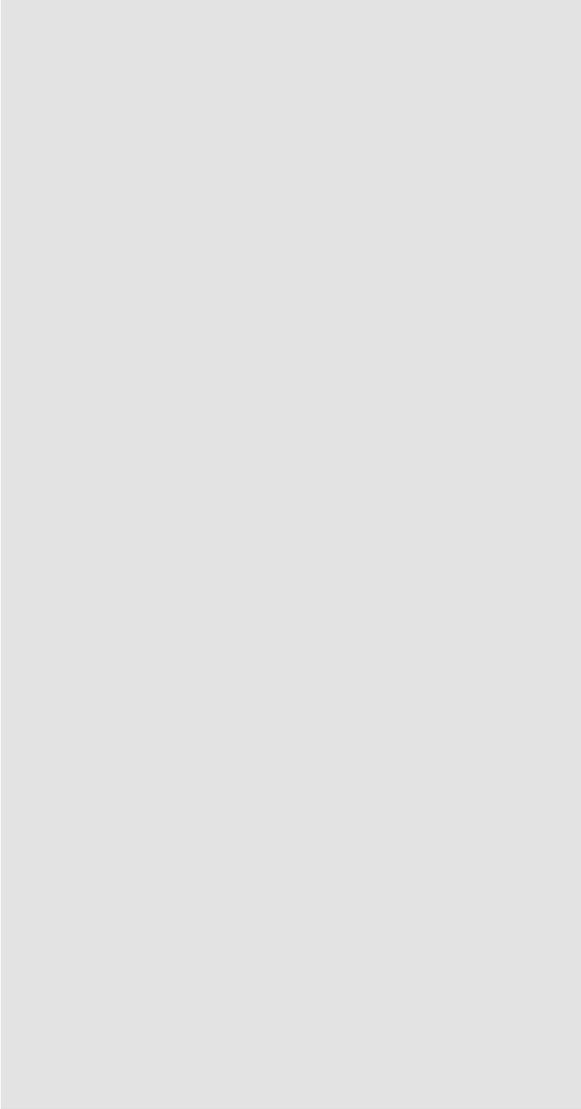
State of the City

City of Delray Beach

Goals Setting Retreat

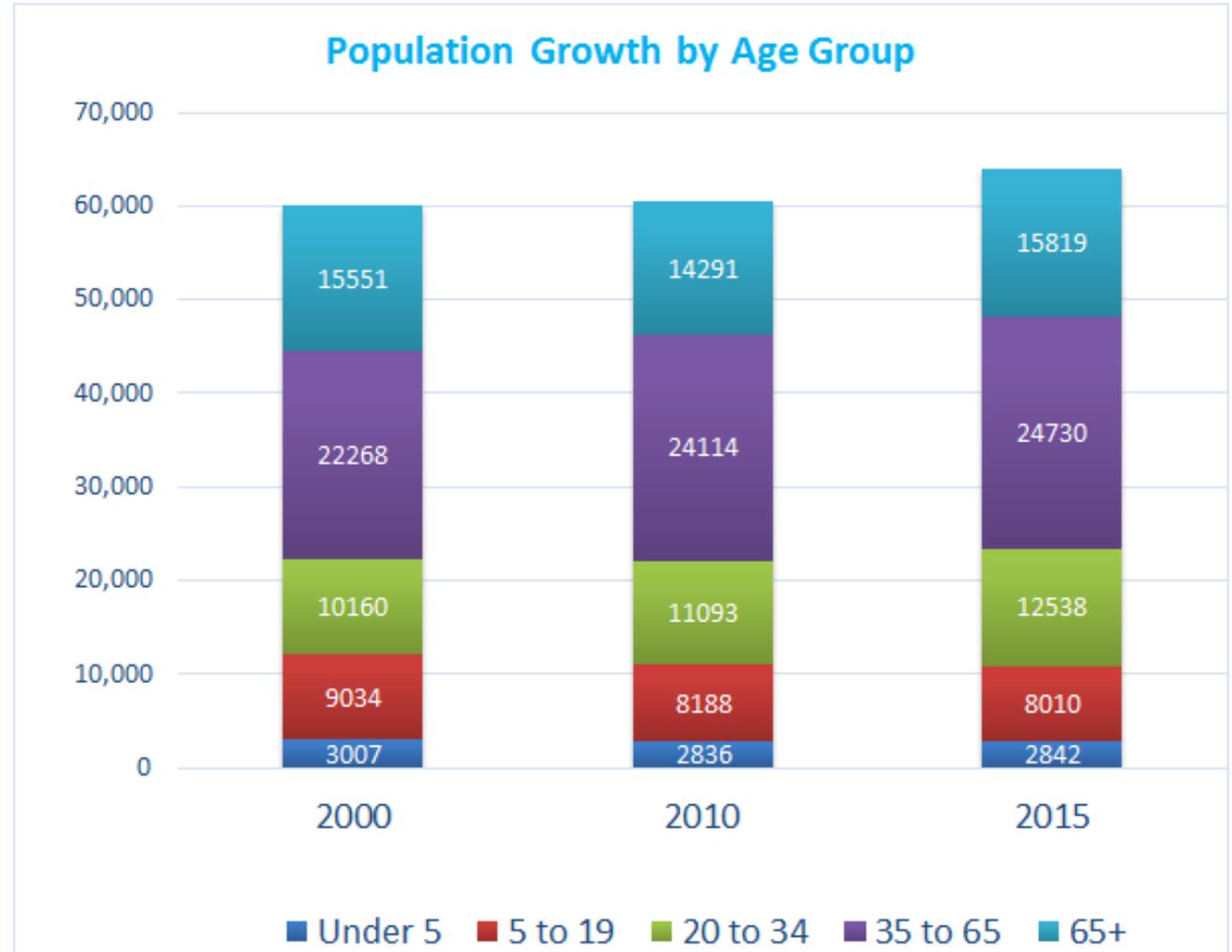
April 20 & 21





City Demographic Data

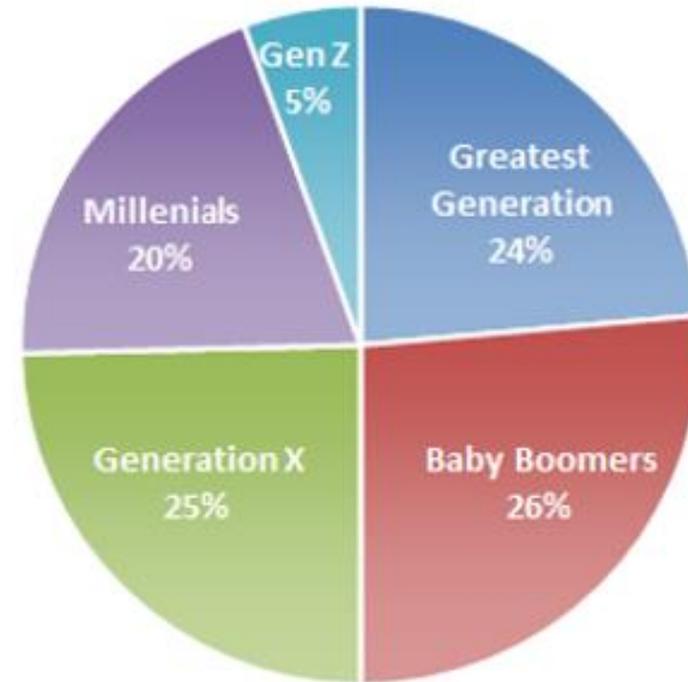
Population Age



Delray Beach Population by Generation

Delray Beach is a diverse population by age

Delray Beach Population by Generation



Greatest Generation: 1930-1945

Baby Boomers: 1946-1964

Generation X: 1965-1984

Millennials: 1985-2004

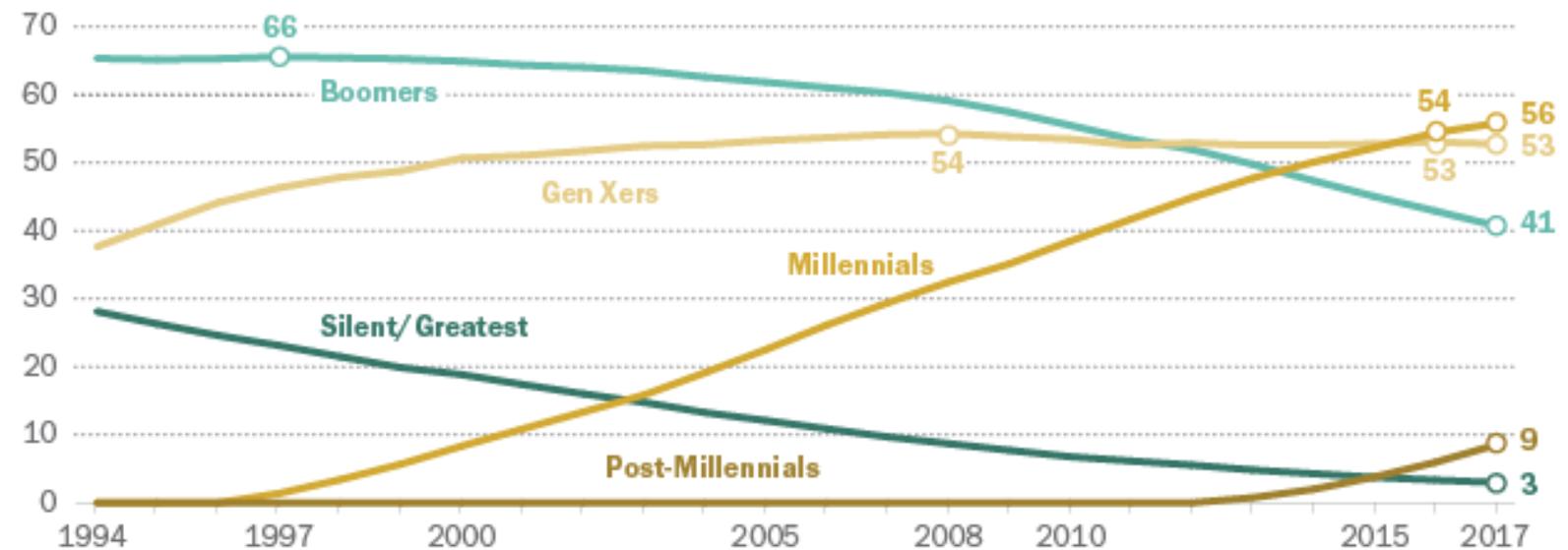
Gen Z: 2005-

Workforce by Generation

Millennials became the largest generation in the labor force in 2016

Millennials became the largest generation in the labor force in 2016

U.S. labor force, in millions

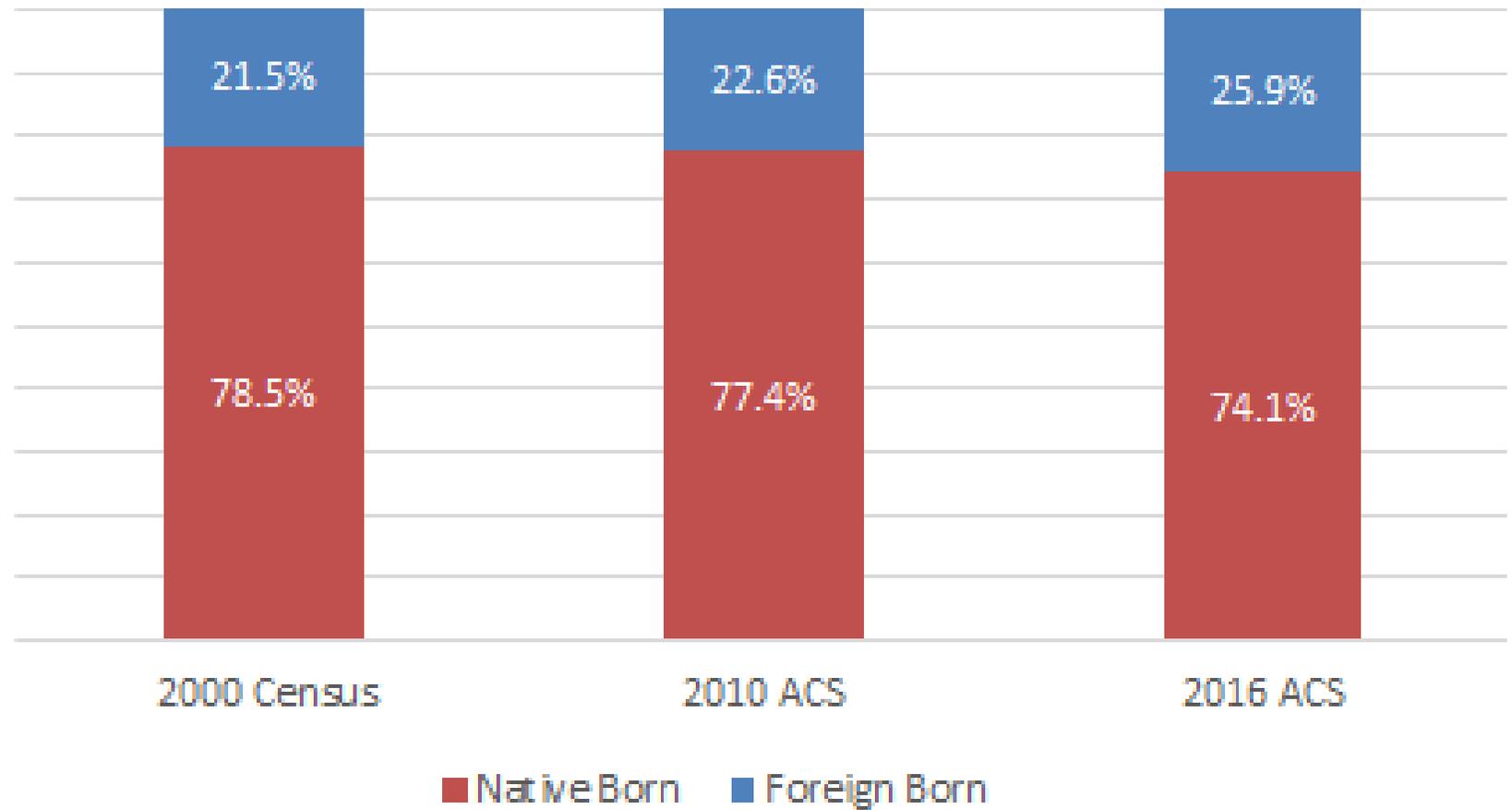


Note: Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown.
Source: Pew Research Center analysis of monthly 1994-2017 Current Population Survey (IPUMS).

PEW RESEARCH CENTER

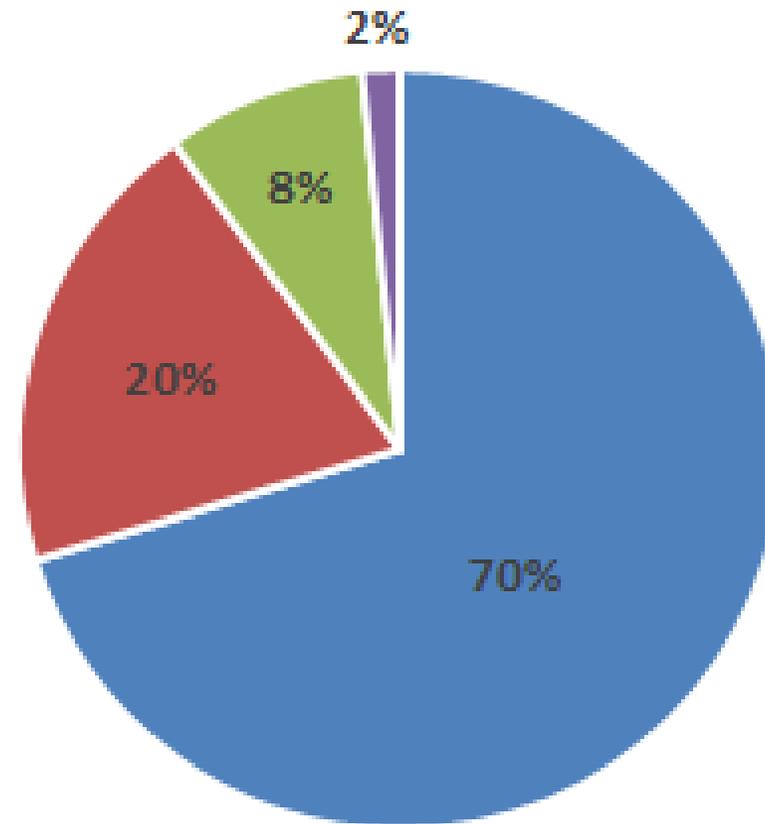
Place of birth

Place of Birth

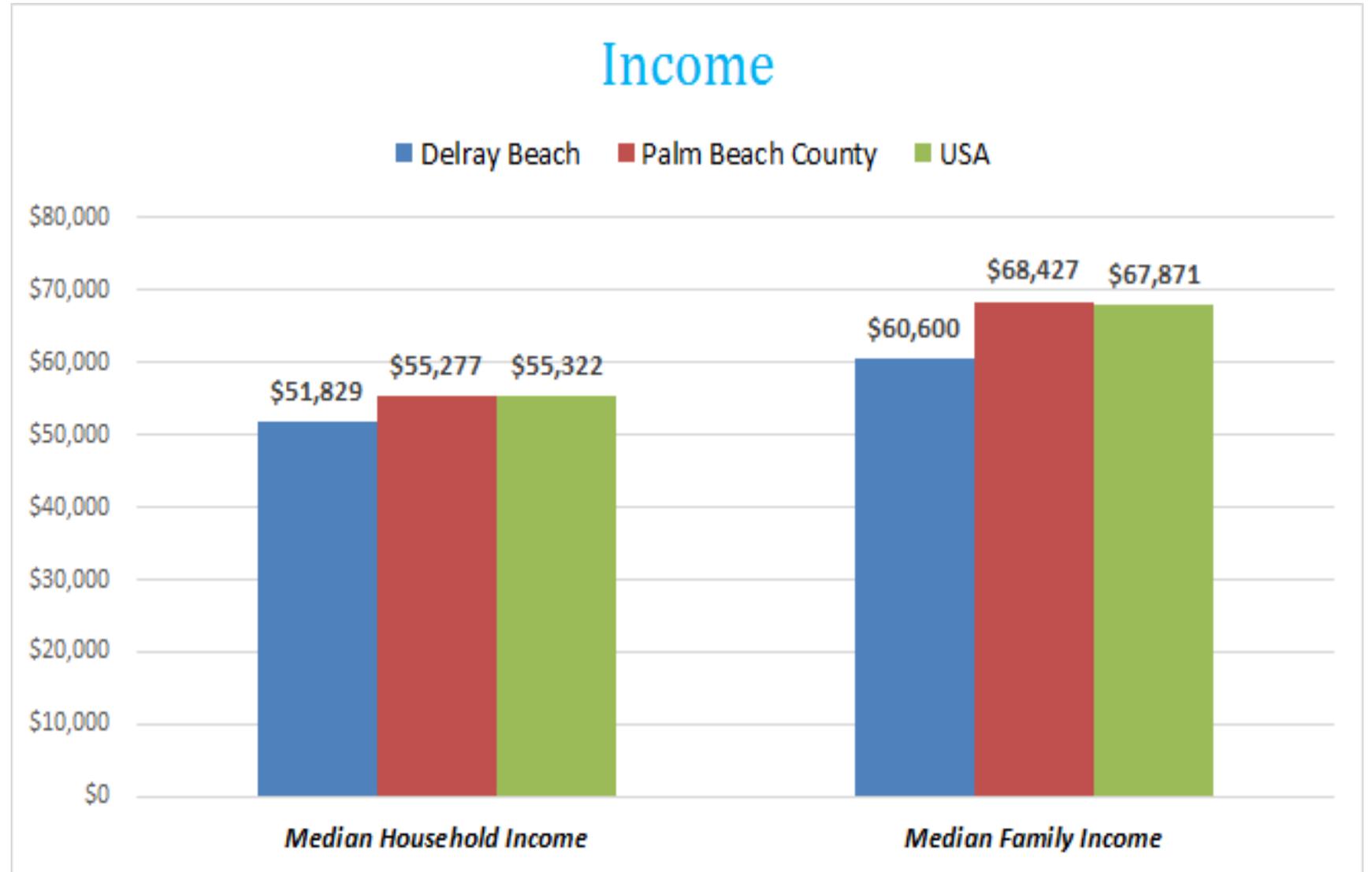


Language spoken at home

■ English Only ■ Indo-European ■ Spanish ■ Other Languages



Income



Population below poverty level

Population below Poverty Level



Real Estate Market Conditions - Housing

- % of Owner-Occupied Units down from 53% in 2010 to 49% in 2017
 - Median Value: \$249,289 (2017) Average Value: \$342,139 (2017)
- % of Renter-Occupied Units up from 26% in 2010 to 31% in 2017
 - Downtown Asking Rate: \$2,631 Citywide: \$1,978
- "True" Housing vacancy = 7.2% (adjusted)
- 10-Year Average Annual Pace of Housing Starts: 282 units/year

Commercial Real Estate Inventory & Conditions

Type of Real Estate - Citywide	Total Square Feet (S.F.)	Total Available Vacancy Rate %	Average Rate Per Square Foot (S.F.)
Flex	609,842 S.F.	.9%	\$8.75 / NNN
General Retail	5.471 million S.F.	9.5%	\$44.38 / NNN
Industrial	2.639 million S.F.	5.9%	\$9.17 / NNN
Office	2.977 million S.F.	11.9%	\$29.75 / NNN
Total	11.698 million S.F.	8.9%	\$39.18/NNN

Source: CoStar – As of February 2018

Real Estate Market Conditions – Hotel / Lodging

- Delray Beach: 5.7% of Palm Beach County inventory
- Average annual occupancies on the rise with a 3-year range of 74.8% to 76.5%
- Occupancies through June 2017: 80.6%
- There is sufficient demand to justify the addition of new hotel rooms in Delray Beach
- 391 hotel rooms completed from 2009-2015
- 122 hotel units under construction in 2018
- 293 hotel units permitted for development in 2017 & 2018

Source: WTL+a , TOD Station Market & Financial Analysis, January 2018

Strong Small
Business Economy, Yet
Unemployment
Remains an Issue

93% of Delray Beach businesses are "small business"

Small Business Definition = employing < than 30

Average Delray Beach firm size = 8.65 employees with an average wage of \$42,093 as compared to Palm Beach County - \$49,123 (2016)

City Unemployment Rate: 3.5% (2/2018) 4.3% (3/2017)
(Career Source PBC, Labor Market Report Unemployment)

The SET Unemployment Rate: 18 – 20%
(The Set Demographic & Economic Data, 3/2017)

Current Economic Profile

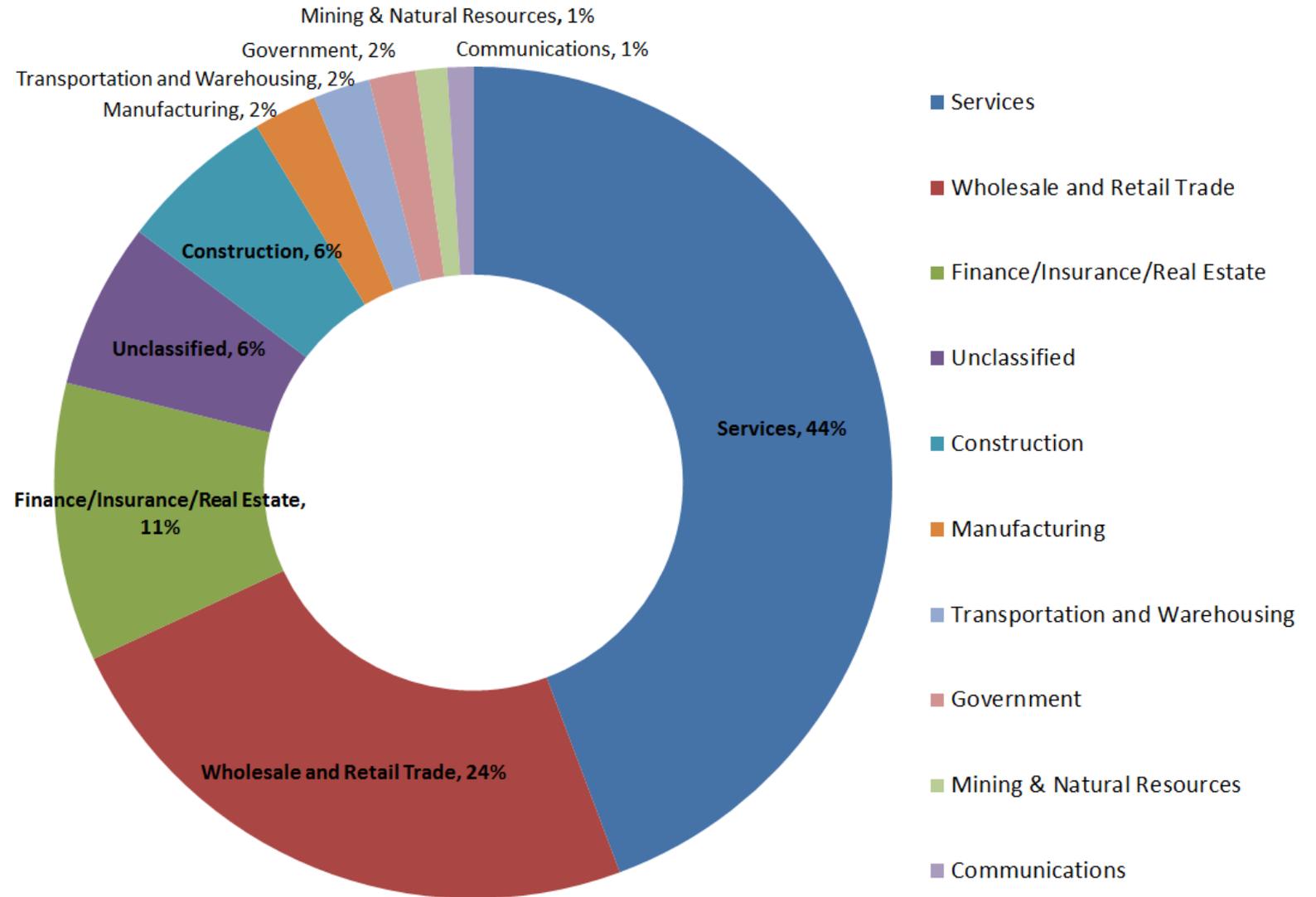
4,232 licensed businesses employing more than 36,640 workers

Jobs/Population Ratio

Delray Beach: .56

Palm Beach County: .46

Delray Beach Business Mix by Number of Firms



Top Employers

Top Delray Beach Employers	# of Local Employees
Delray Beach Medical Center	1,280
Palm Beach County School District	1,102
City of Delray Beach	1,061
Lifespace Communities - Abbey Delray	950
Publix Supermarkets	488
Morse Operations, Inc.	450
Walmart	301
Pinecrest Rehabilitation Hospital	300
Shumacher Automotive Group	288
Marriott Delray Beach	250
Aldridge Pite LLC	230
South County Mental Health Center	205
Seagate Hotel & Spa	200
Garber Automotive Group	200
Boston's On the Beach	200

Source: Claritas Business List, 2017

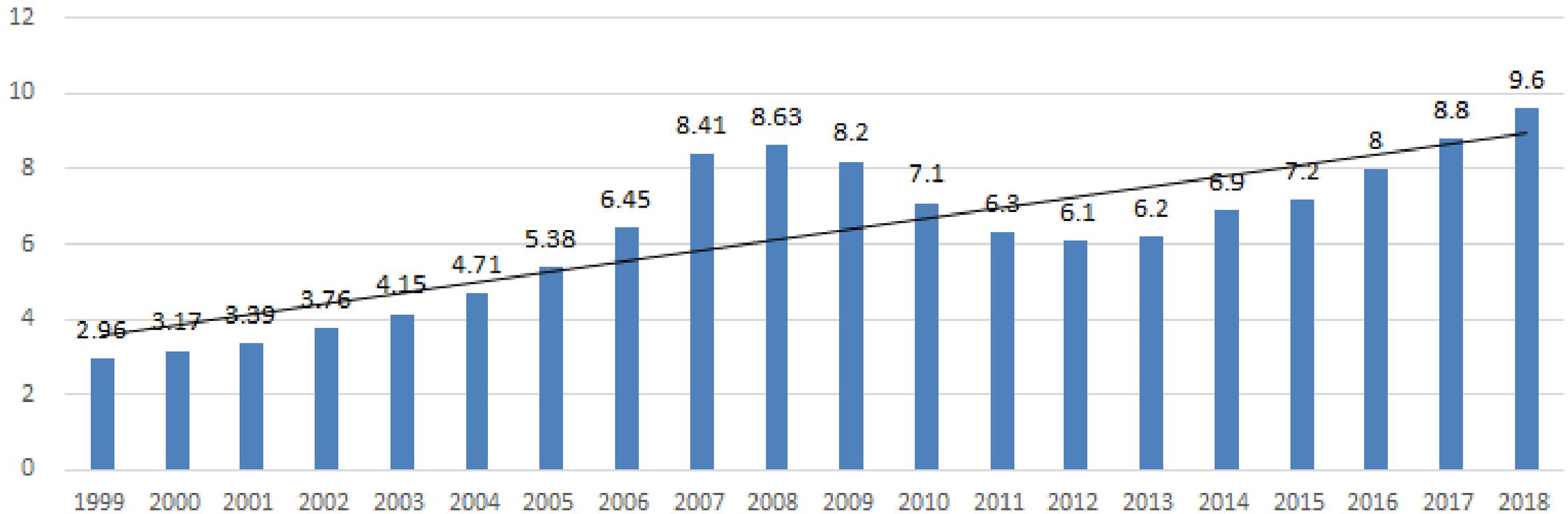
General Economic Outlook

- Delray Beach's 5-Year population growth remains moderate at 1.15% with most growth in three age cohorts: 25-34, 65-74 and 75+.
- Delray Beach has not yet fully recovered all jobs lost in the recession (-9,200 jobs). While overall Citywide employment is still down, the Downtown "central core" has rebounded with job growth in Professional/Business Services, Healthcare and Accommodation-Food Service jobs (+1,200 jobs).
- If Delray Beach maintains its fair share of at-place jobs in Palm Beach County at 5.5%, Delray Beach's 8-year employment forecast would translate into more than 4,500 new jobs.
- City's office market will remain characterized by high vacancy rates and limited net absorption (leasing activity) due primarily to challenges associated with the former Office Depot site.

Source: WTL+a , TOD Station Market & Financial Analysis, January 2018

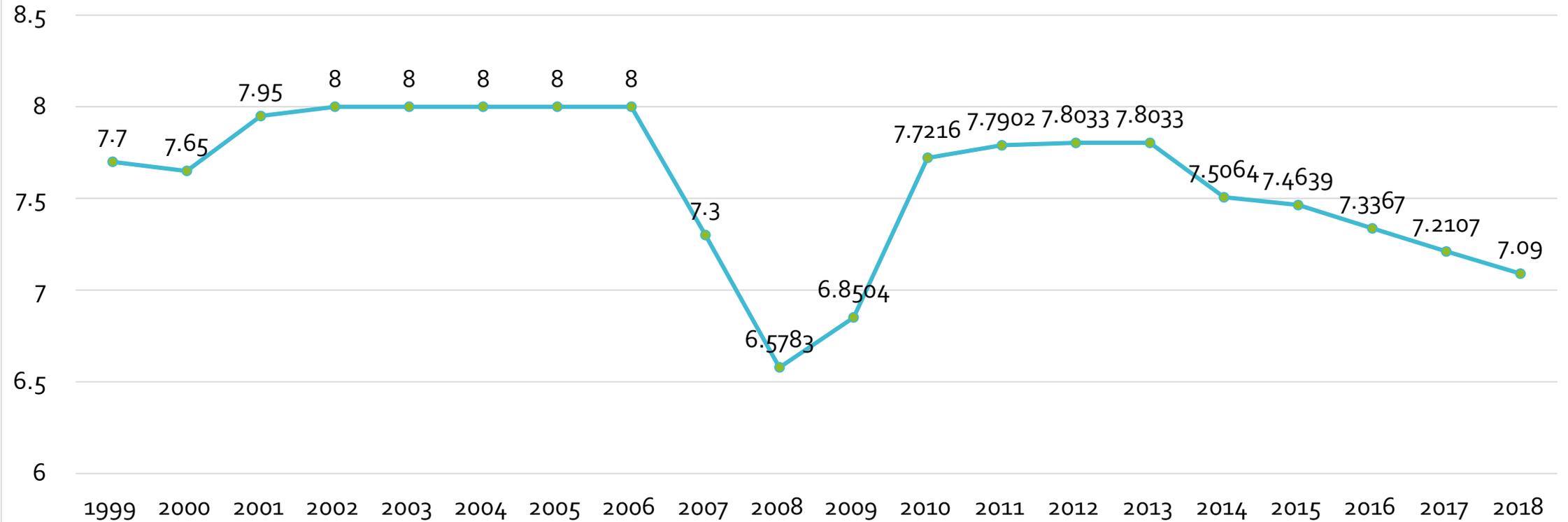
2019-2023
Five Year Projections &
Financials

Assessed Value (Billions)



Historical Tax Base

Millage History (1999-2018)



Millage History

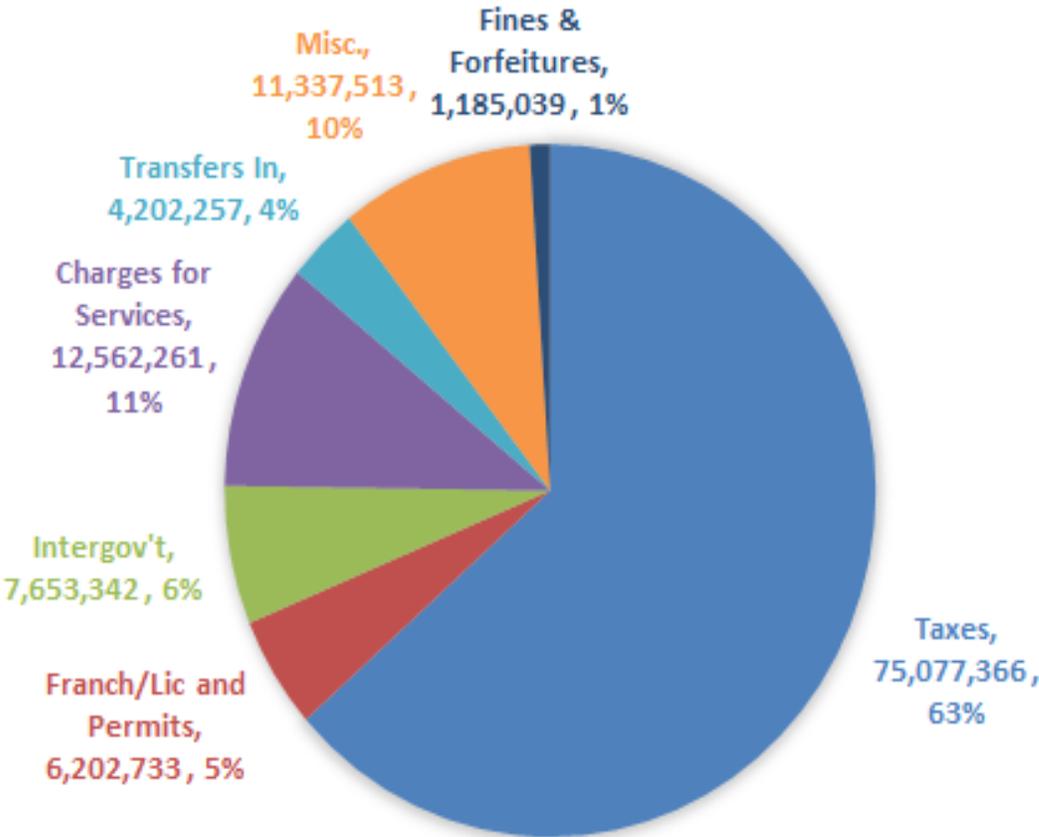
Palm Beach County
Historical Millage Rate
Comparisons

<i>Municipality</i>	<i>FY 16 Millage</i>	<i>FY 17 Millage</i>	<i>FY16/FY17 Variance</i>	<i>FY 18 Millage</i>	<i>FY17/FY18 Variance</i>	<i>17/18 % Change</i>
Boca Raton*	3.6799	3.6789	-0.0010	3.6788	-0.0001	0%
Boynton Beach	7.9000	7.9000	0.0000	7.9000	0.0000	0%
Delray Beach*	7.3367	7.2107	-0.1260	7.0900	-0.1207	-1.70%
Greenacres	6.0854	6.0854	0.0000	6.0854	0.0000	0%
Lake Worth*	5.4945	5.4945	0.0000	6.2444	0.7499	12.01%
Riviera Beach	8.4520	8.4520	0.0000	8.4520	0.0000	0%
Wellington	2.4500	2.4400	0.0100	2.4300	-0.0100	-0.41%
West Palm Beach*	8.5095	8.4946	-0.0149	8.4946	0.0000	0%

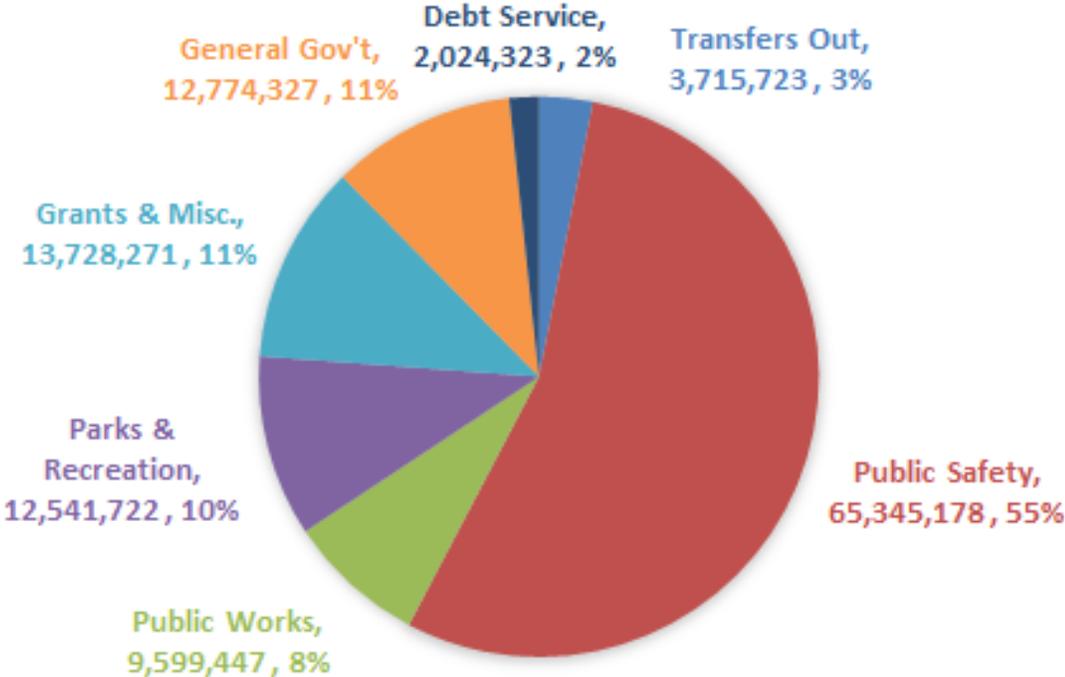
**Includes operating and debt service millages*

Revenues & Expenditures

WHERE THE MONEY COMES FROM:



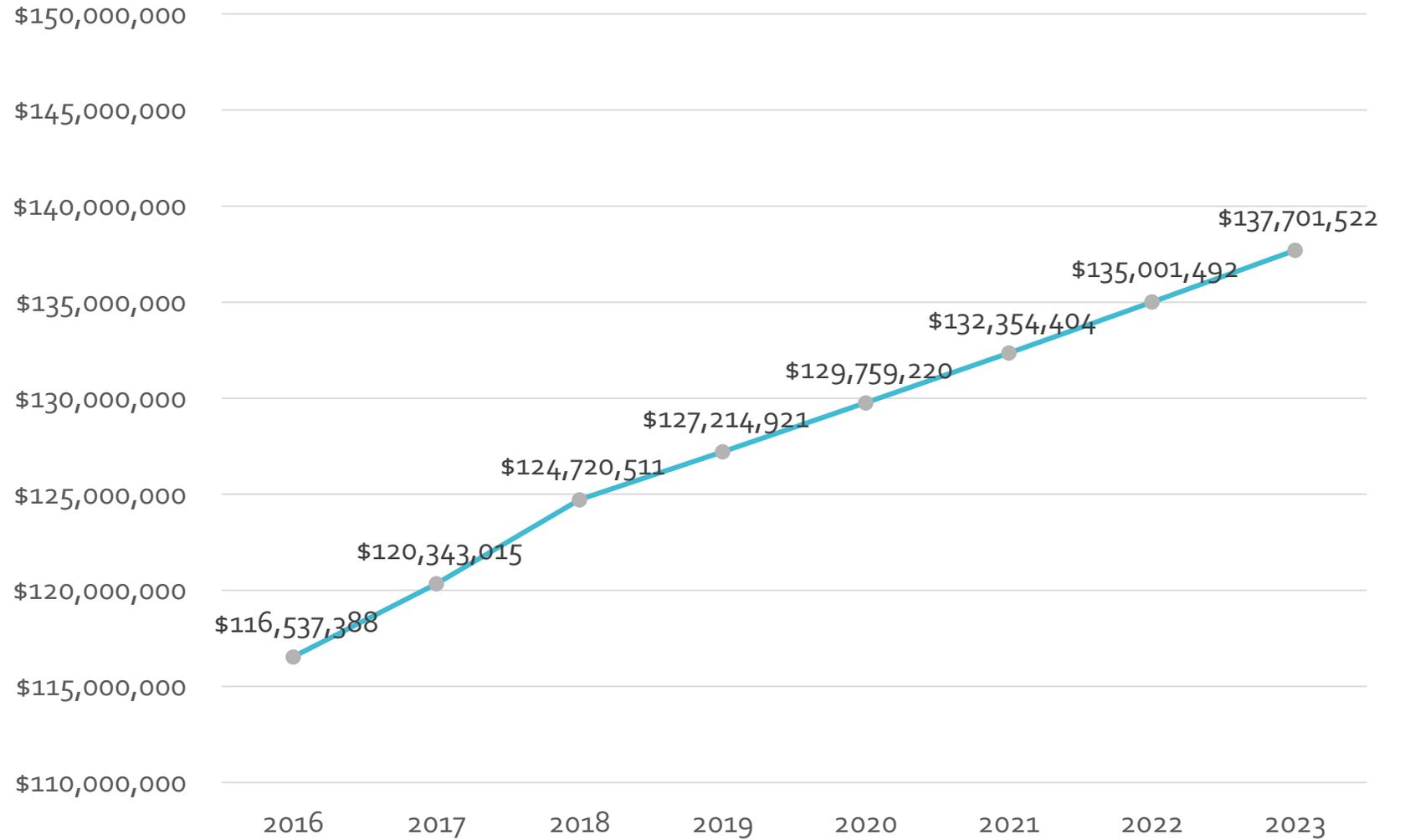
WHERE THE MONEY GOES:



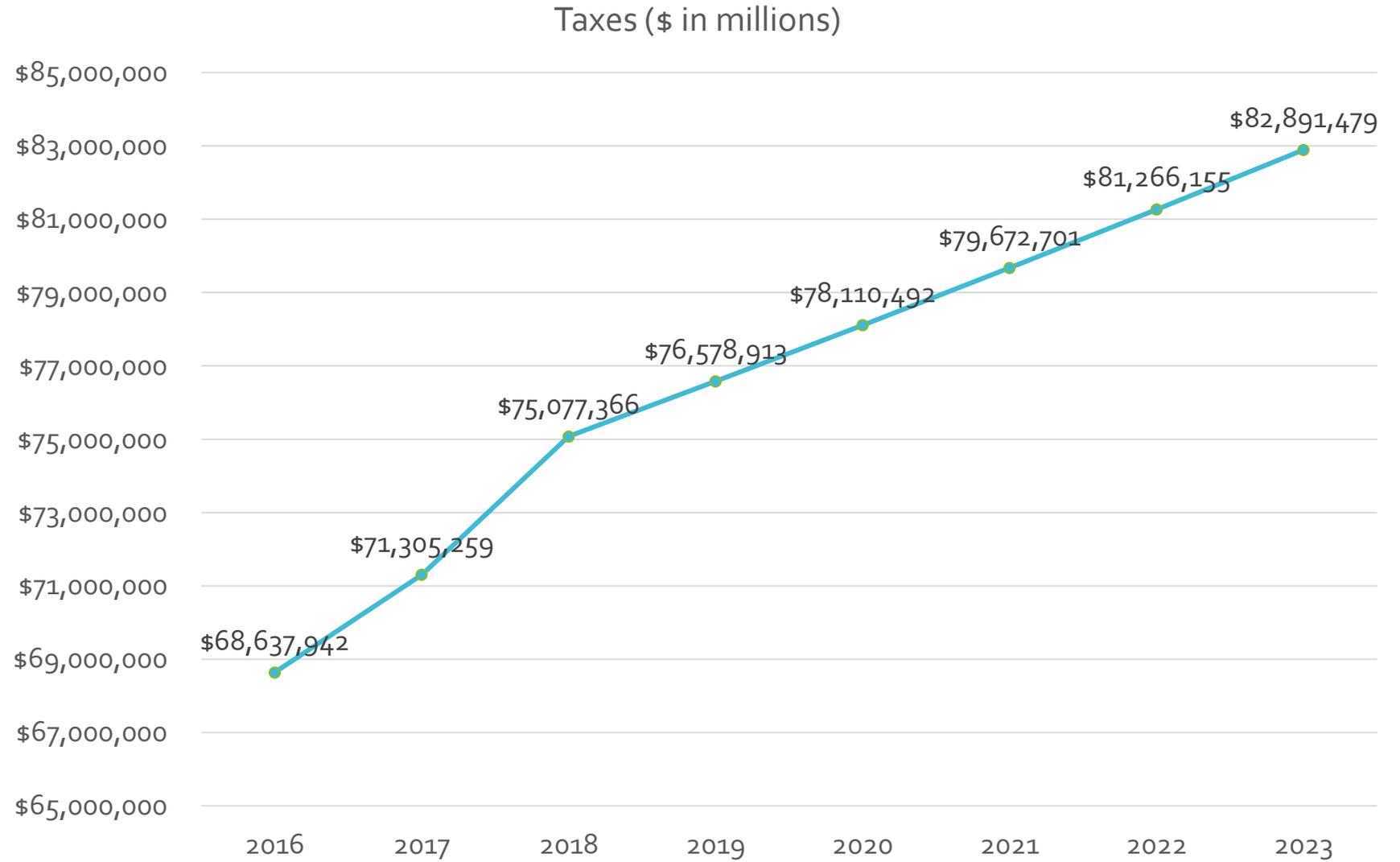
General Fund Revenues

Summary Revenues

All General Fund Revenues (\$ in millions)

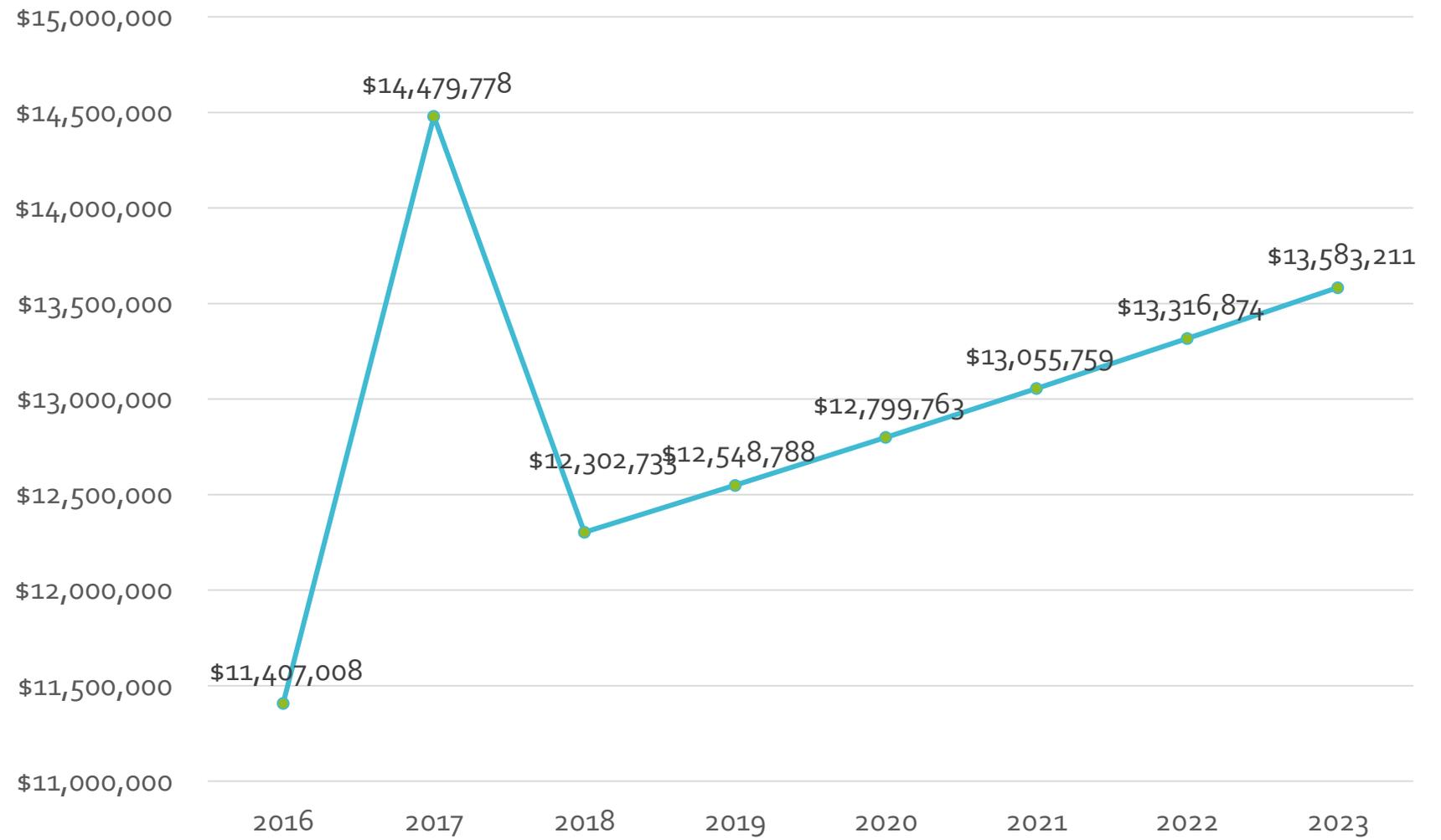


Taxes



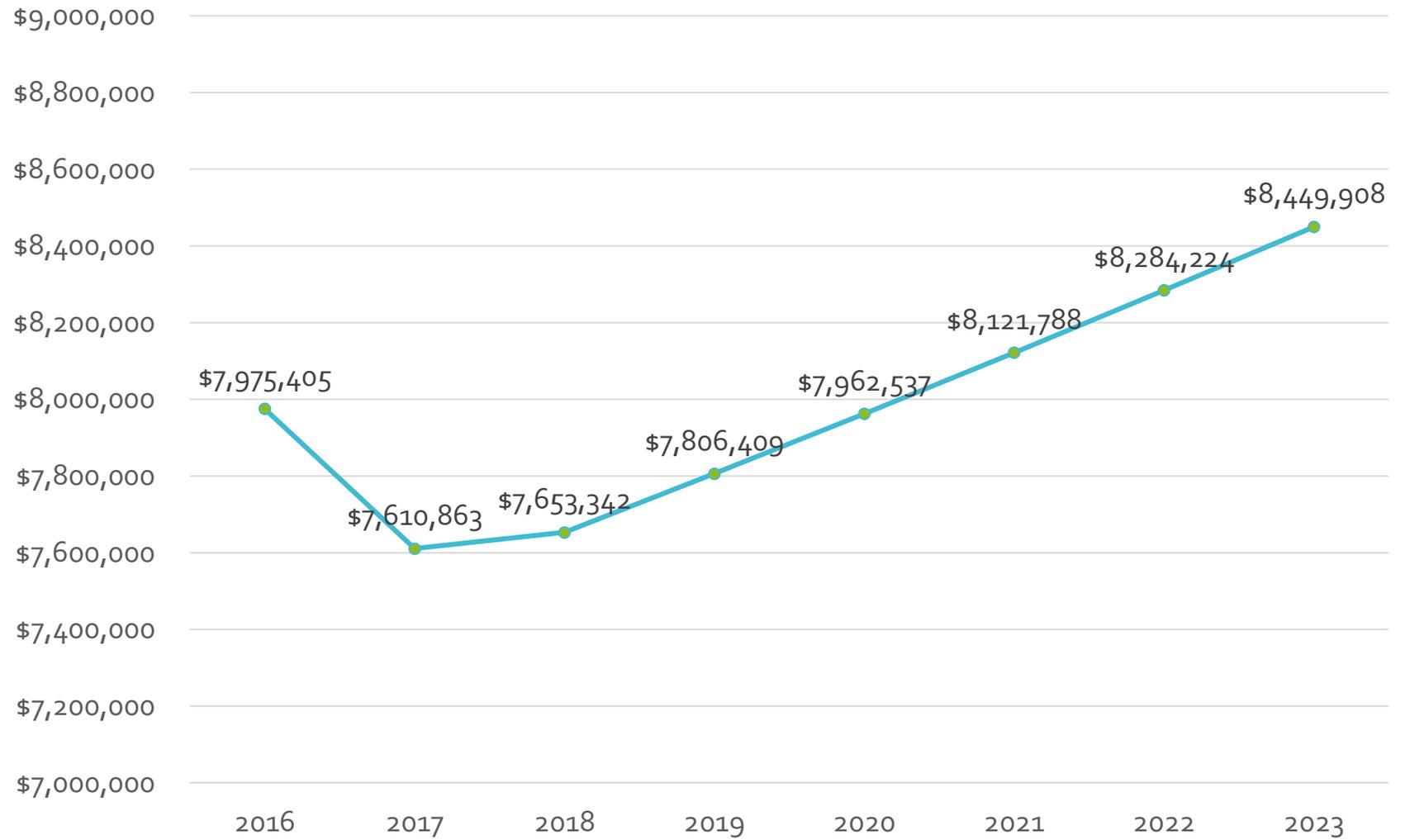
Franchises

Franchises, Licenses and Permits



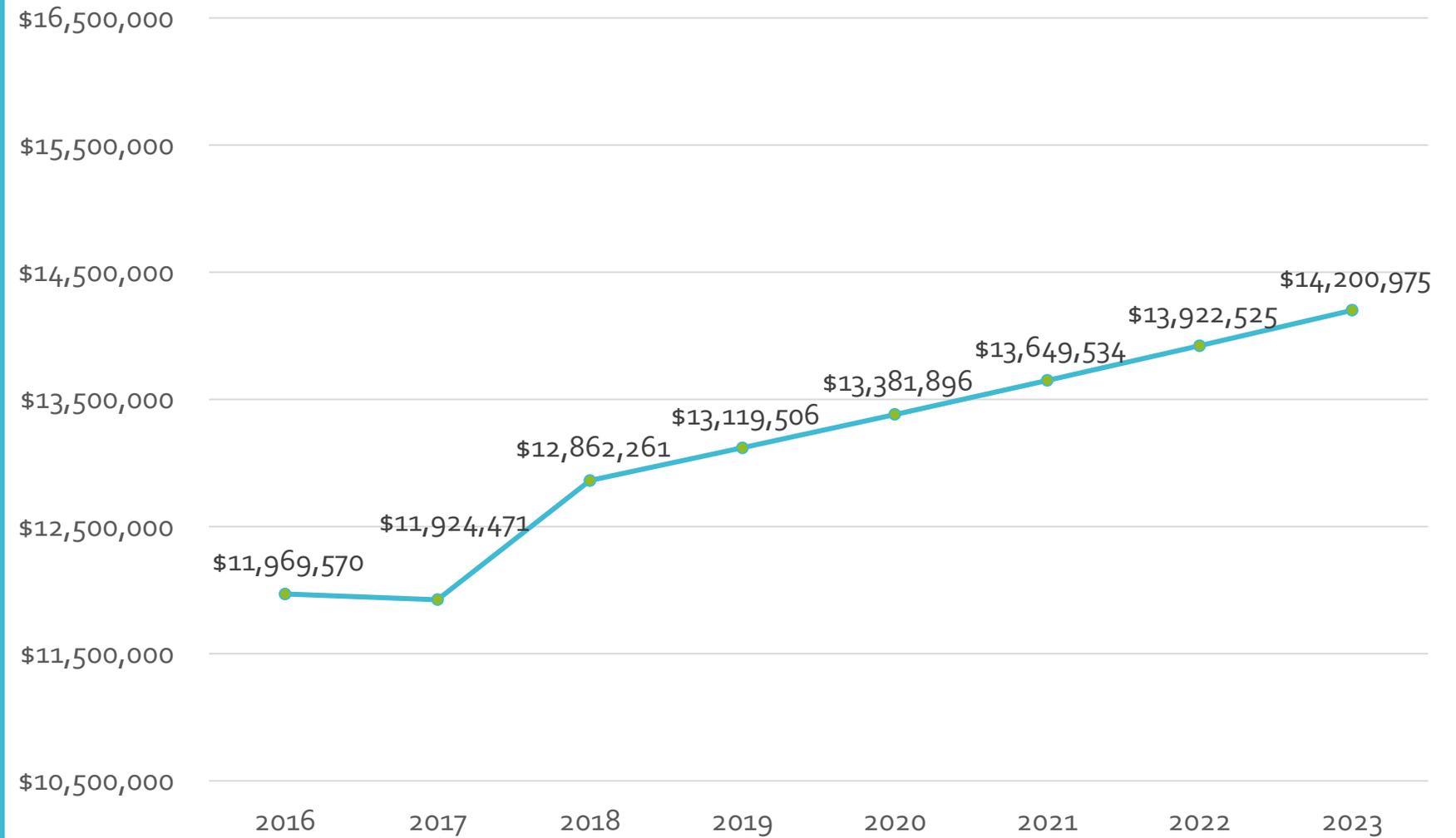
Intergovernmental

Intergovernmental (\$ in millions)

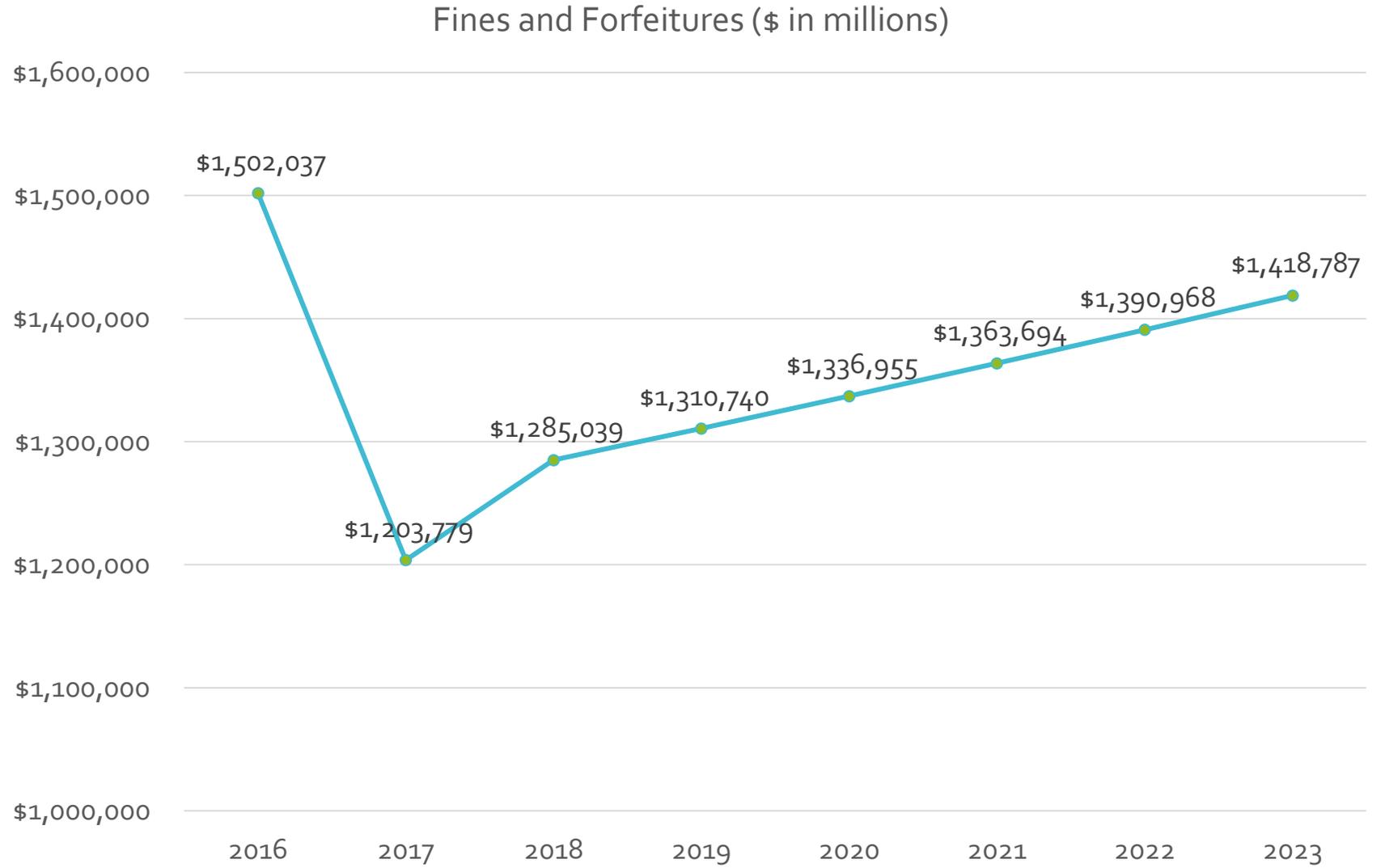


Charges for Services

Charges for Services (\$ in millions)

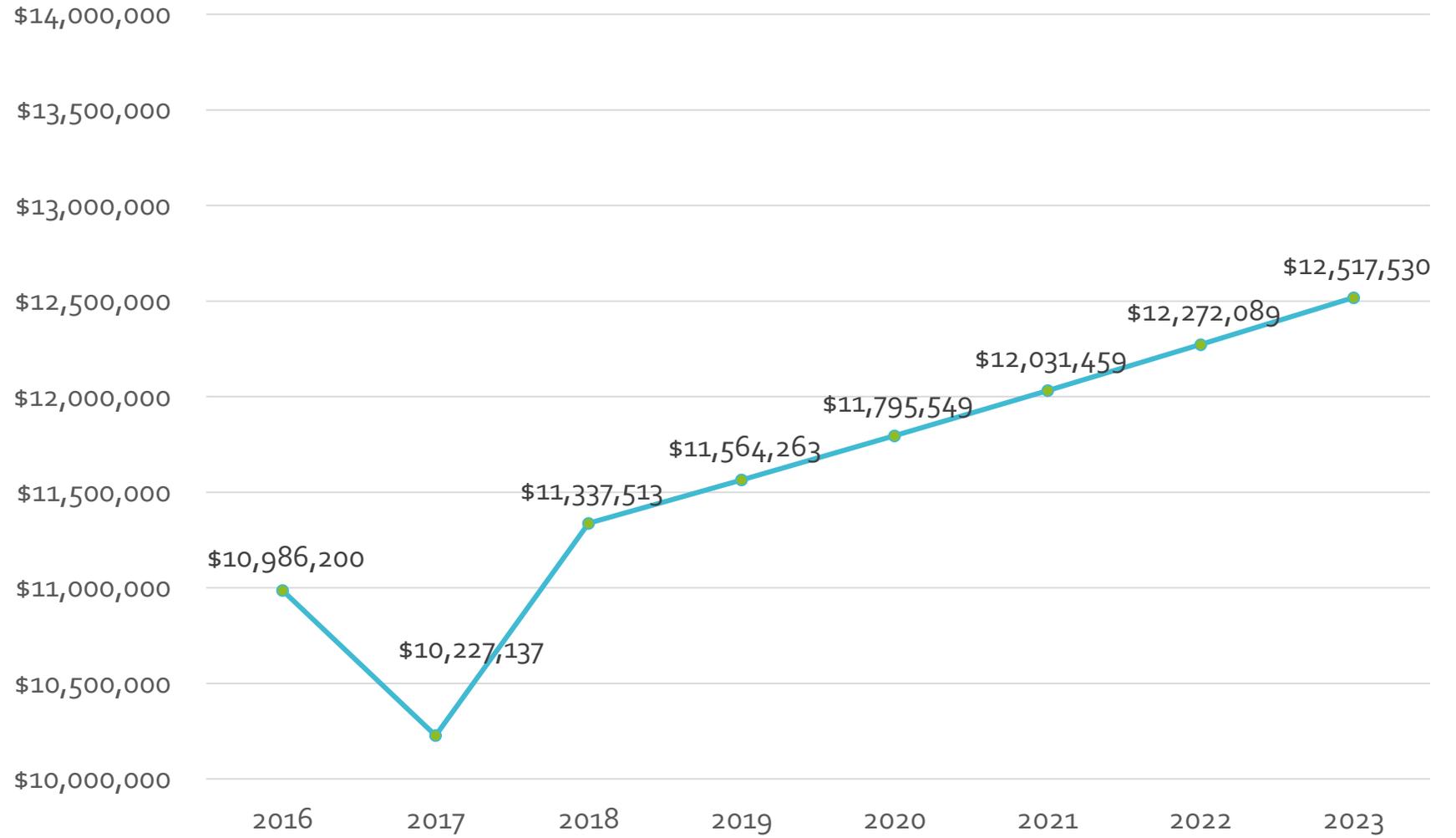


Fines and Forfeitures



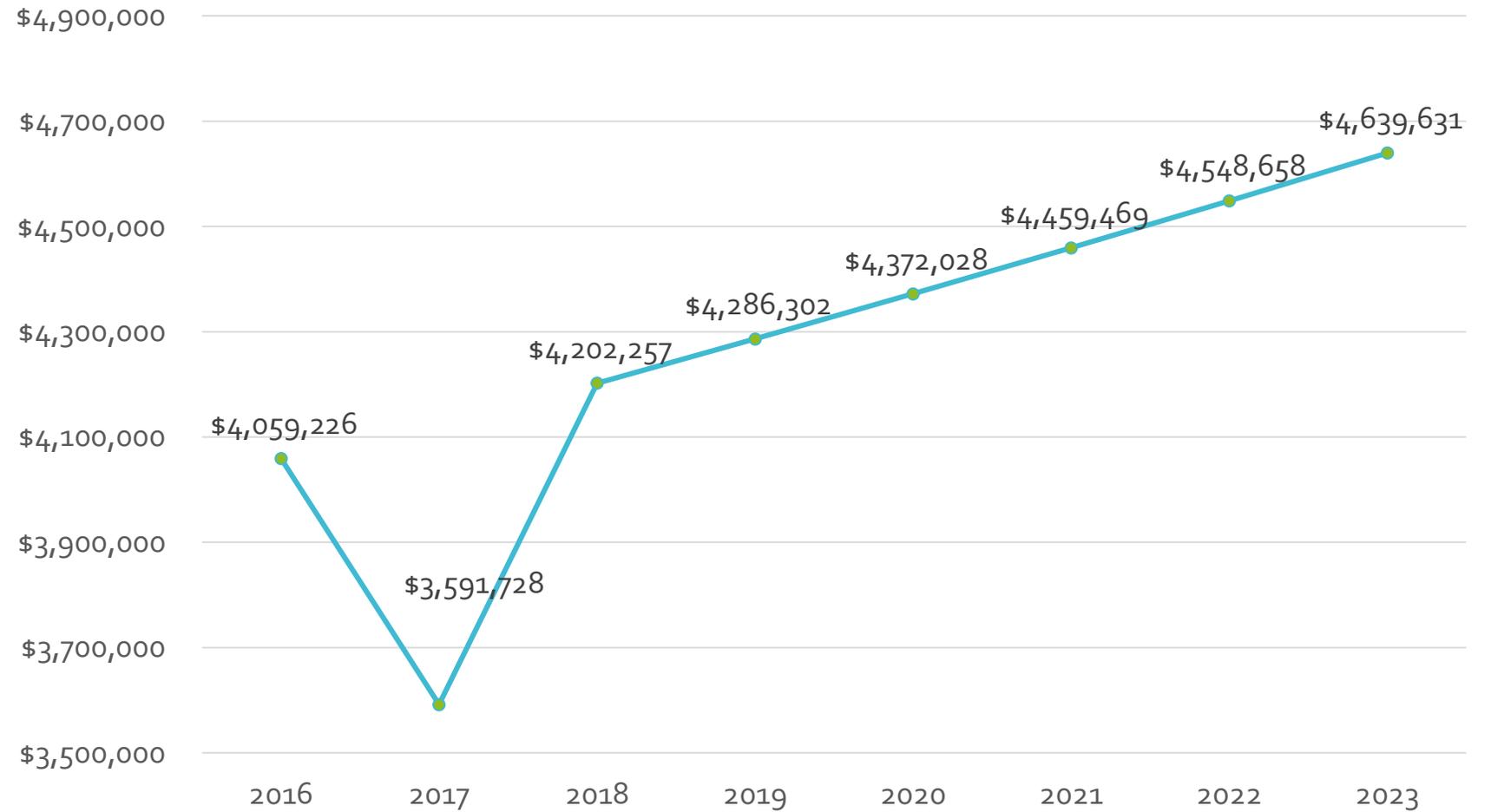
Miscellaneous

Miscellaneous (\$ in millions)



Transfers In

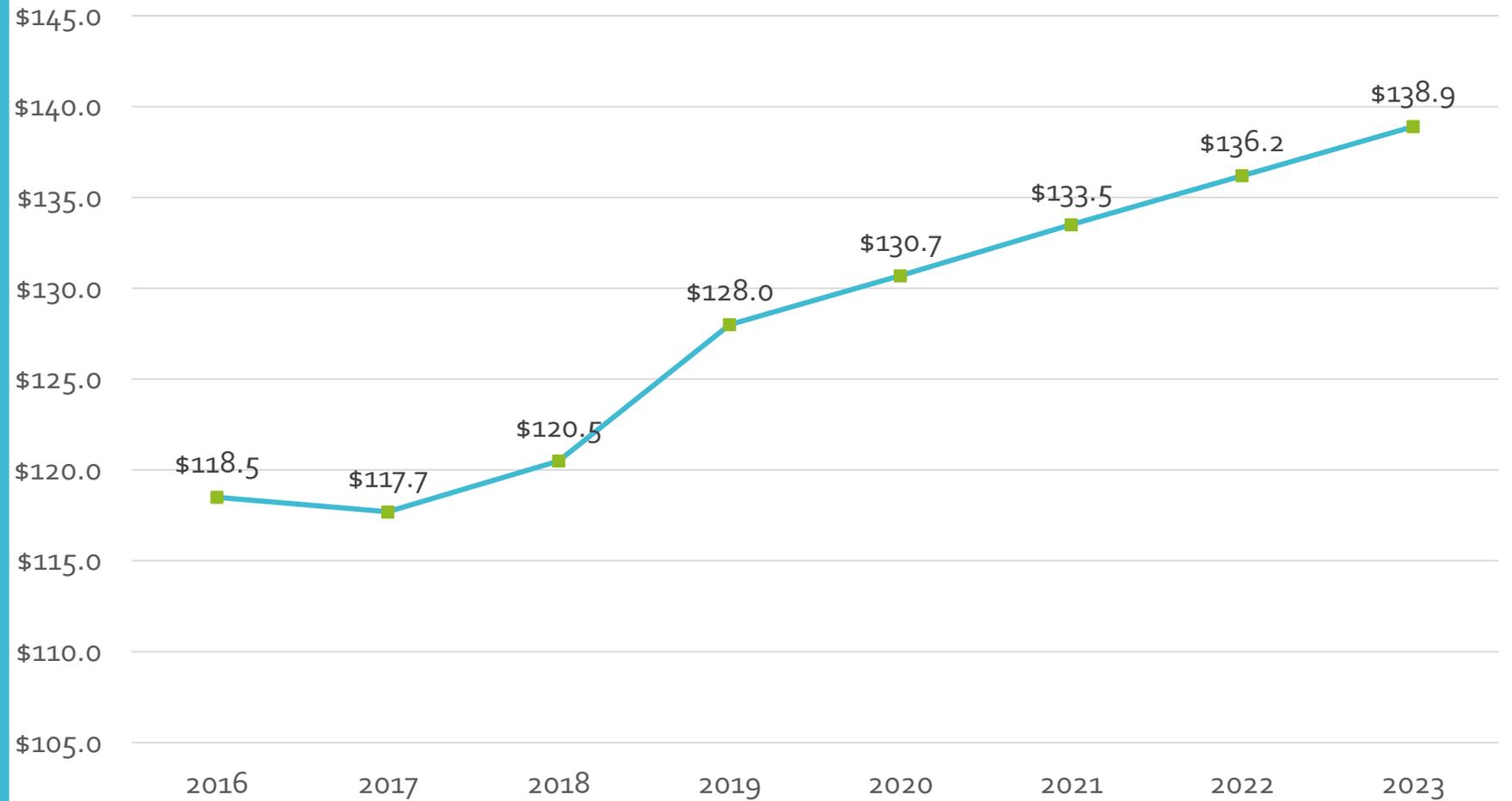
Transfers In (\$ in millions)



General Fund Expenditures

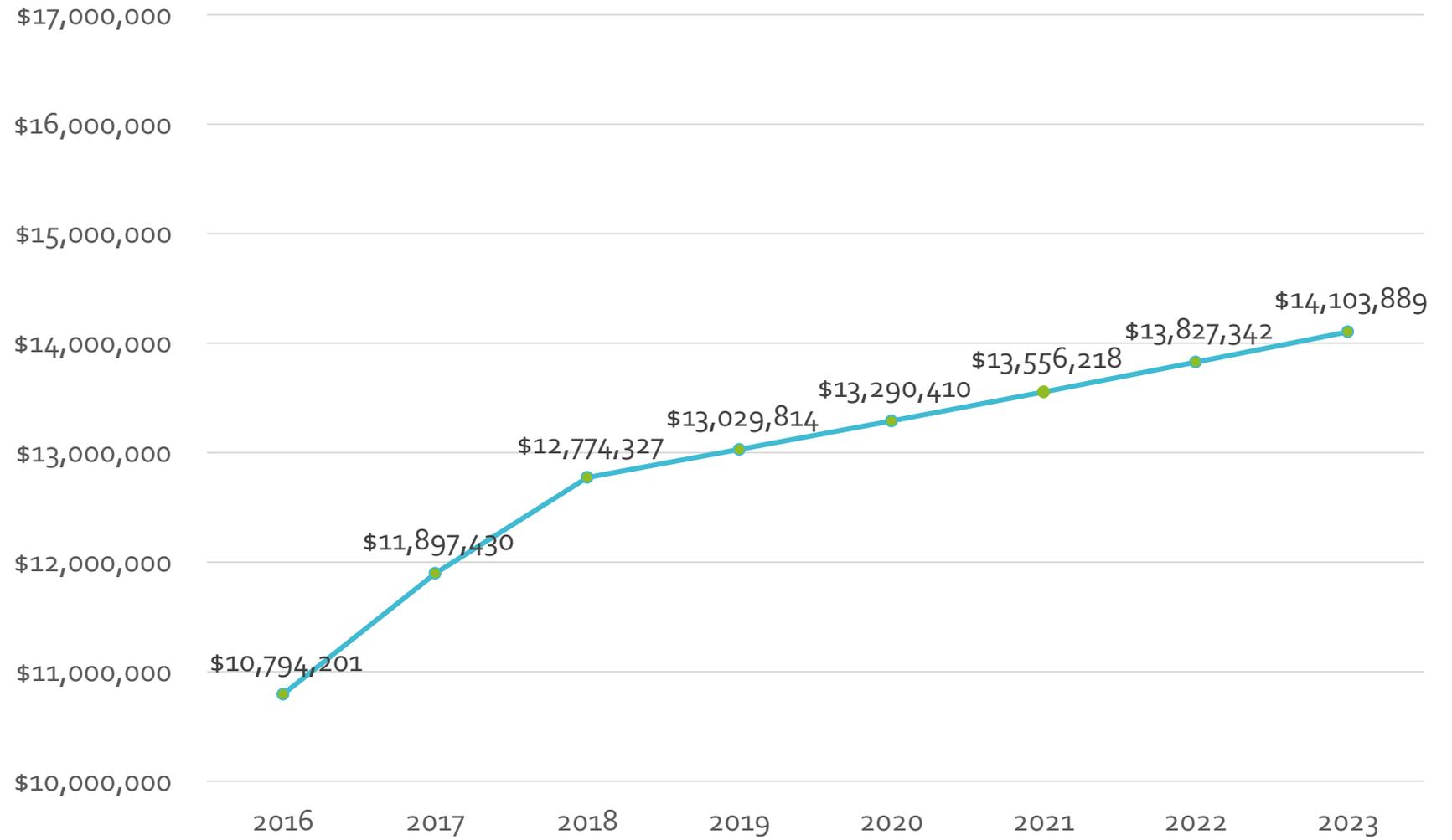
Summary Expenditures

All General Fund Expenditures (\$ in millions)



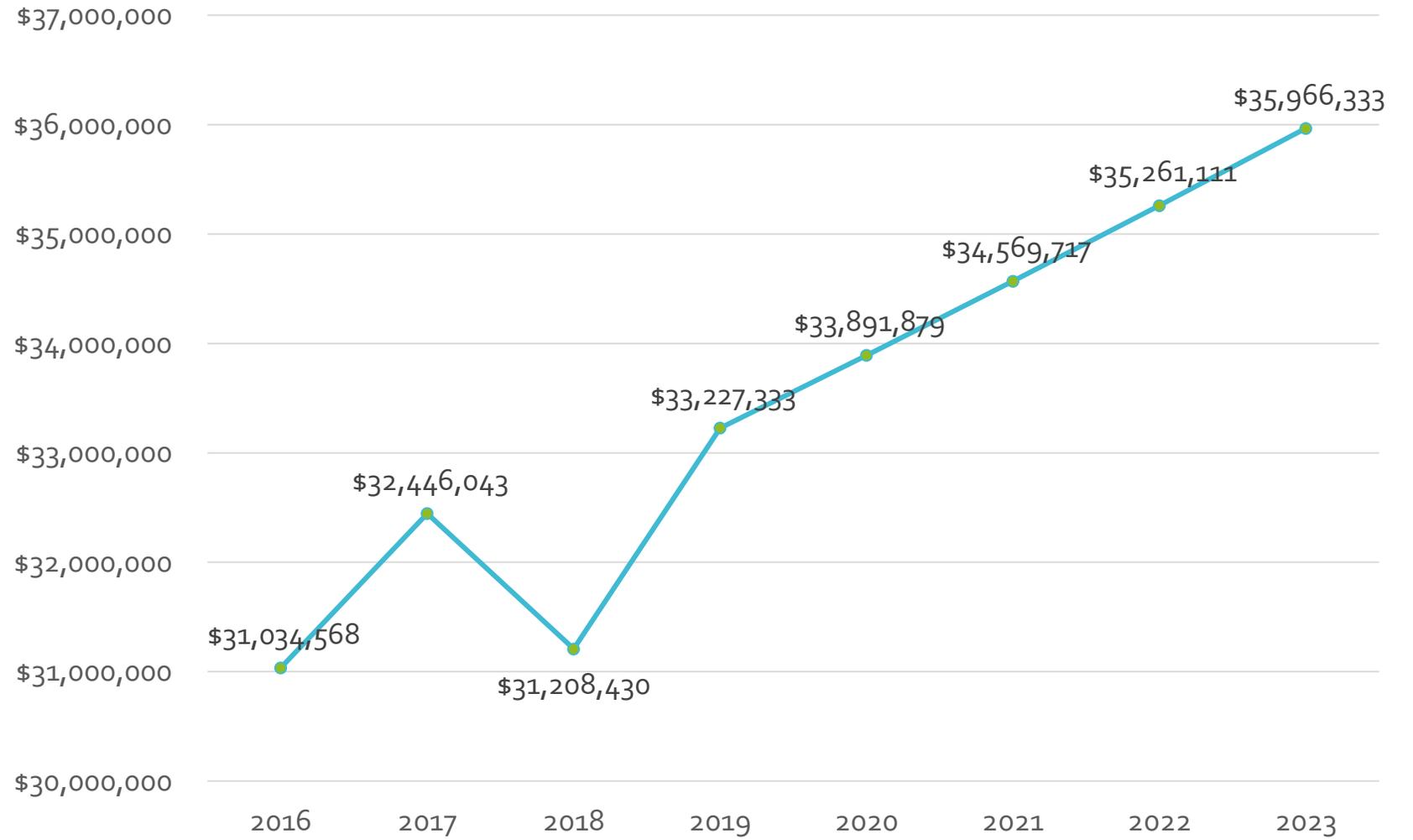
General Gov't

General Government



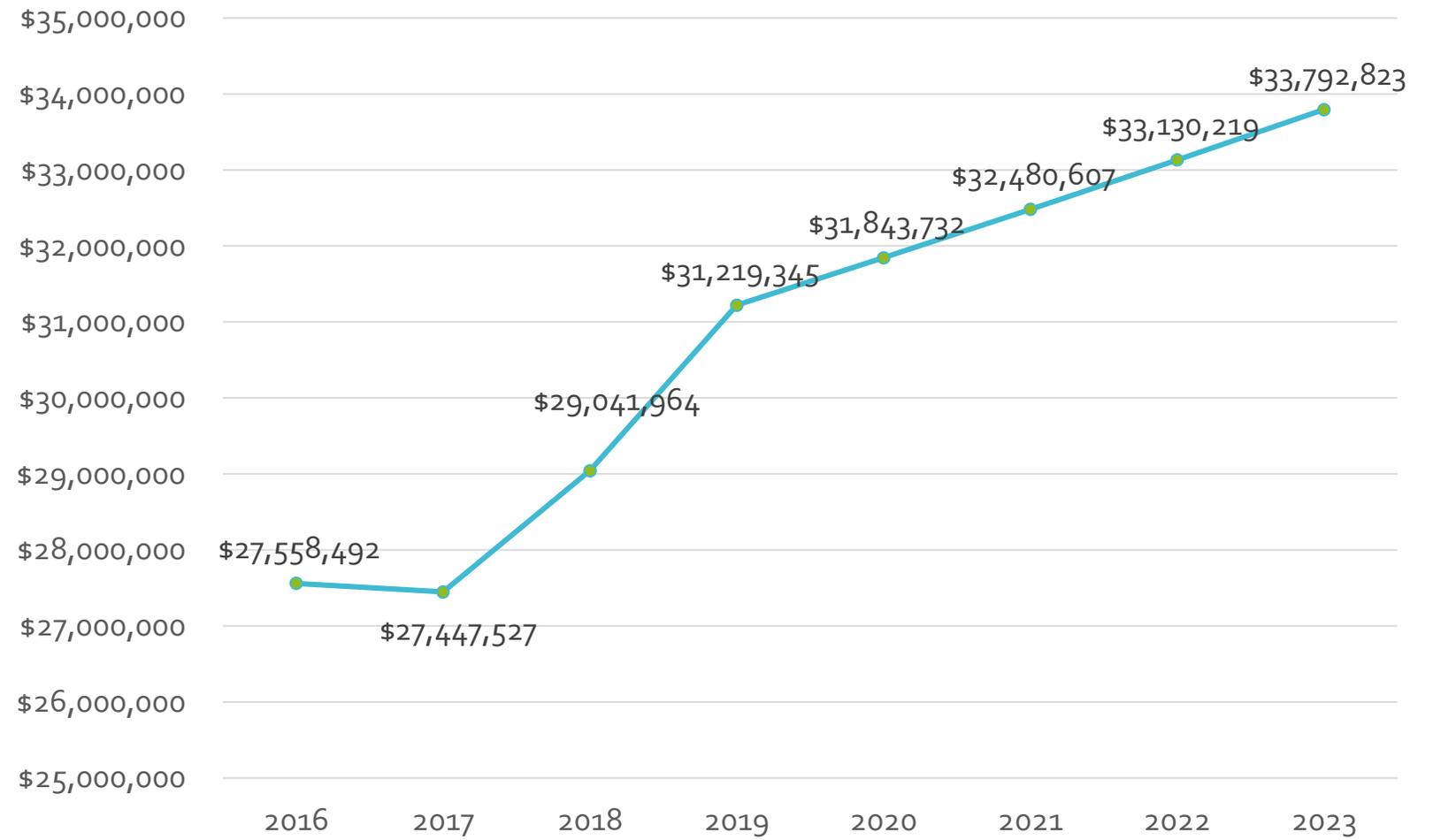
Police Department

Police Department (\$ in millions)



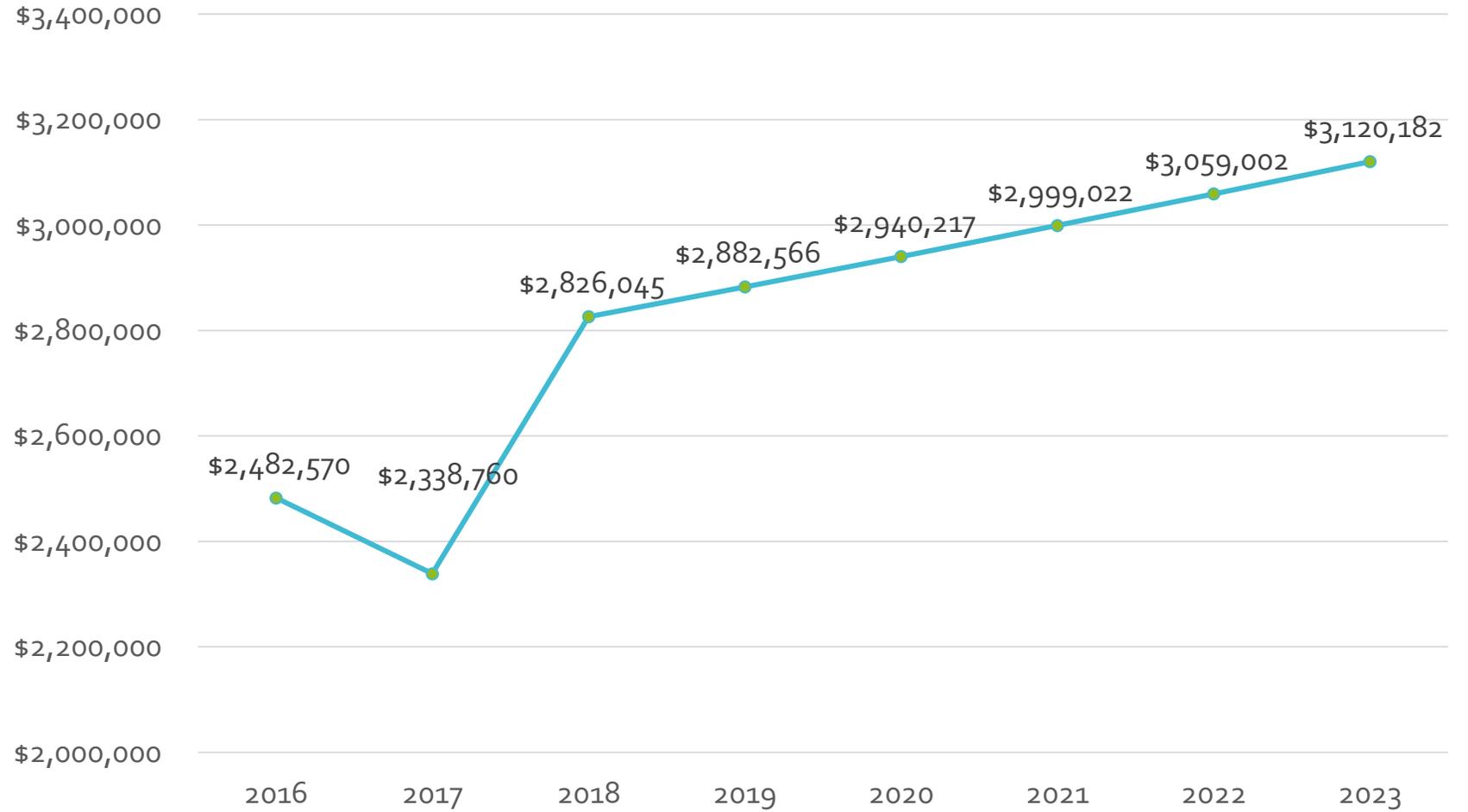
Fire Department

Fire Department (\$ in millions)

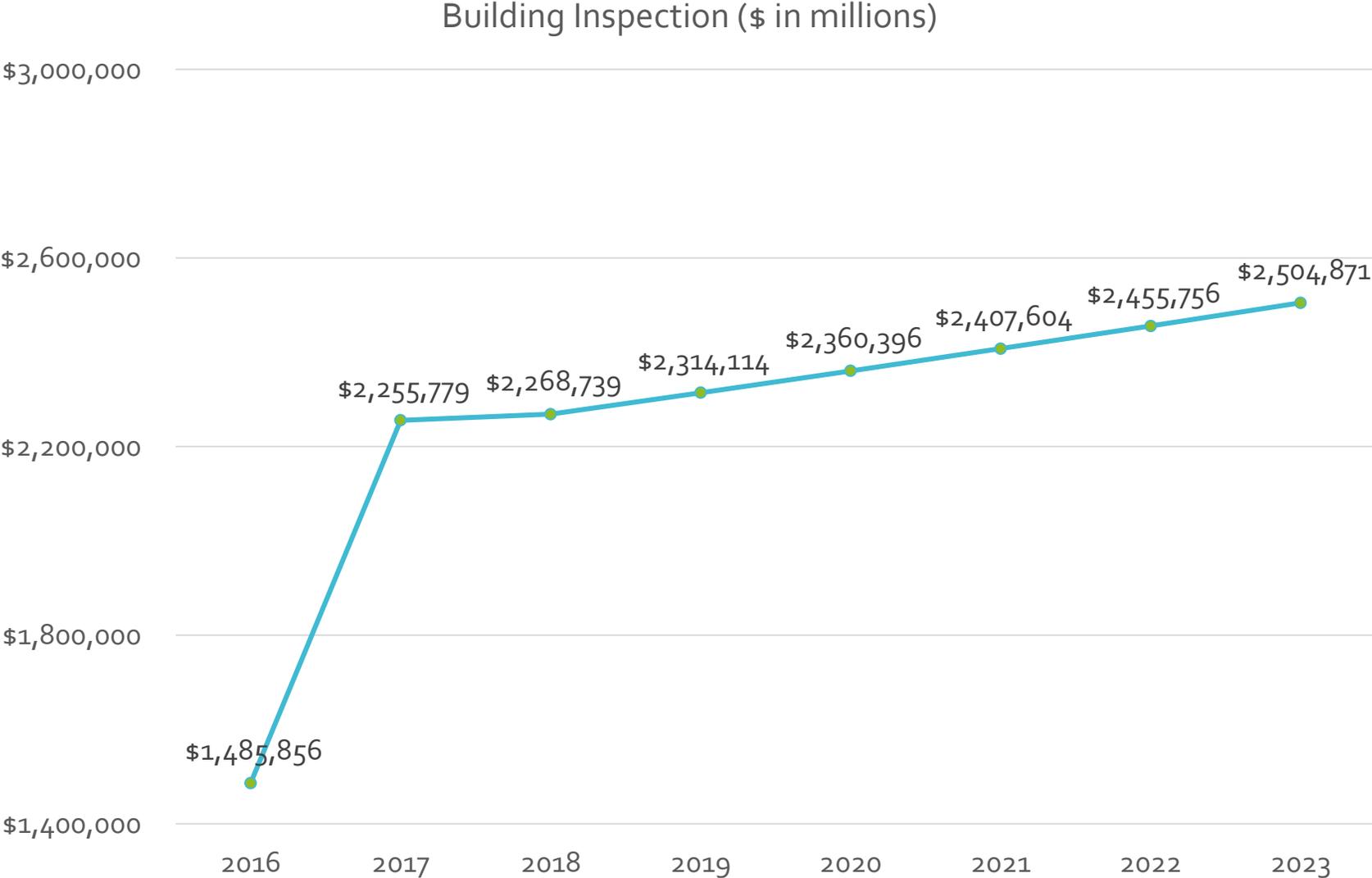


Community Improvement

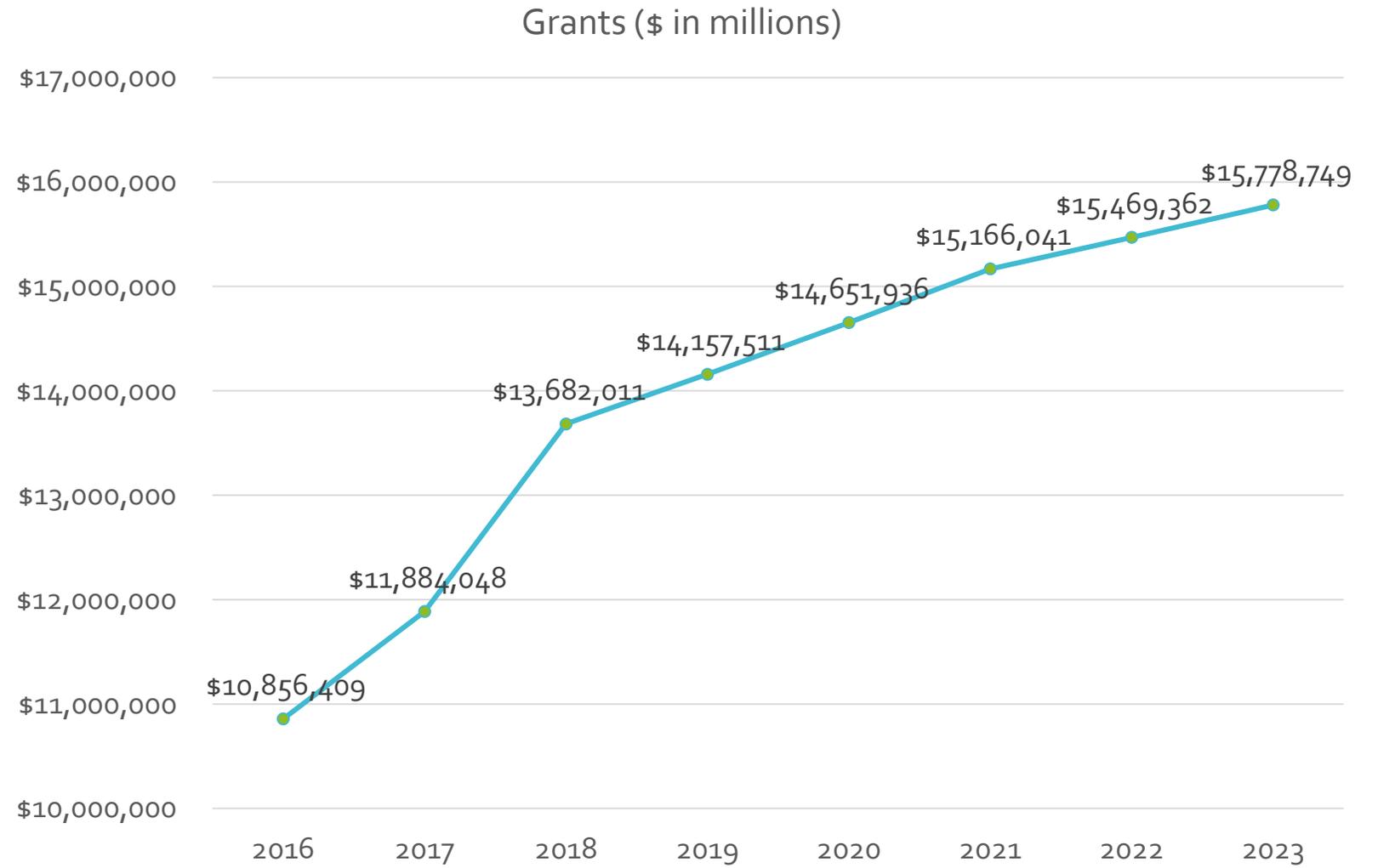
Community Improvement (\$ in millions)



Building Inspection

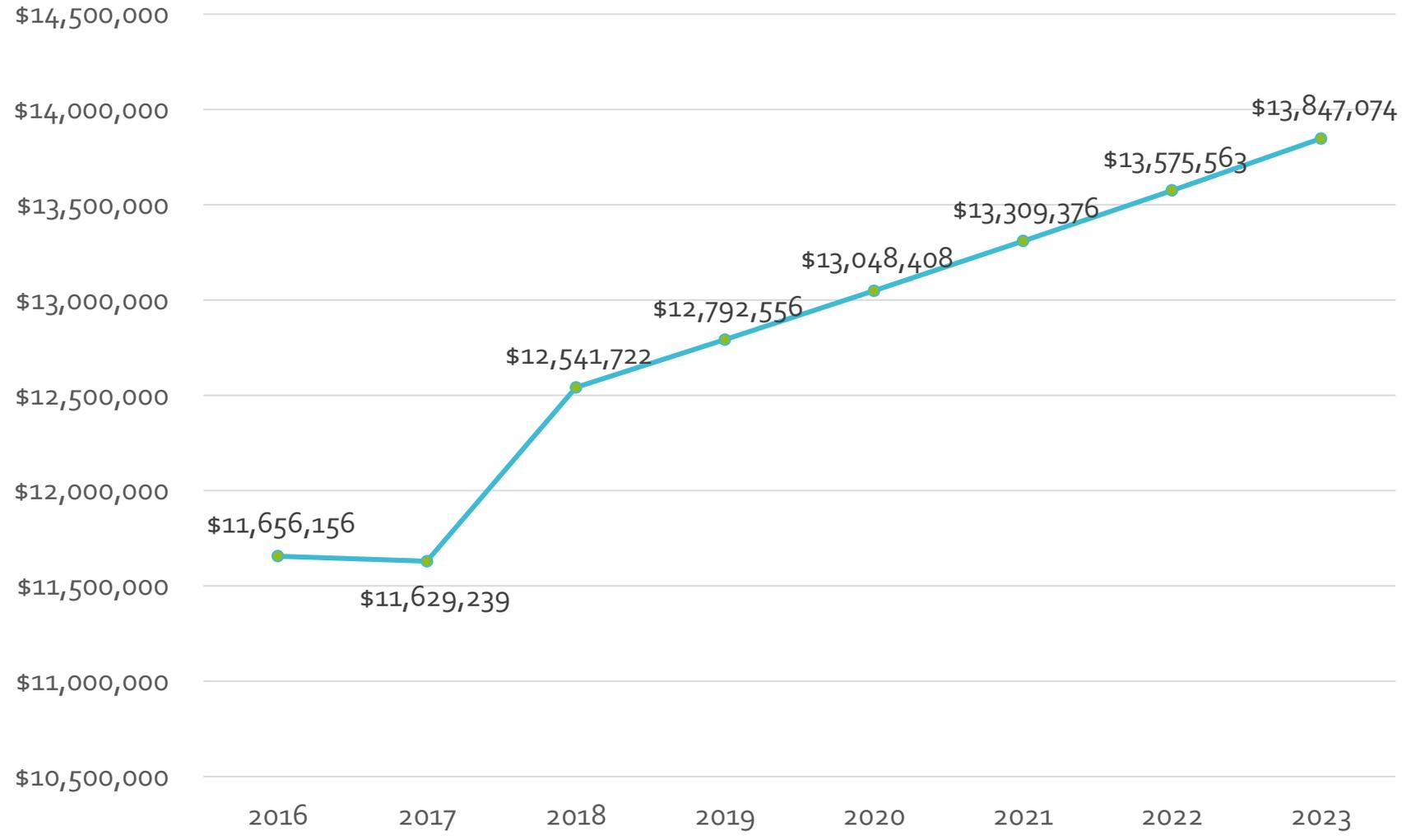


Public Works

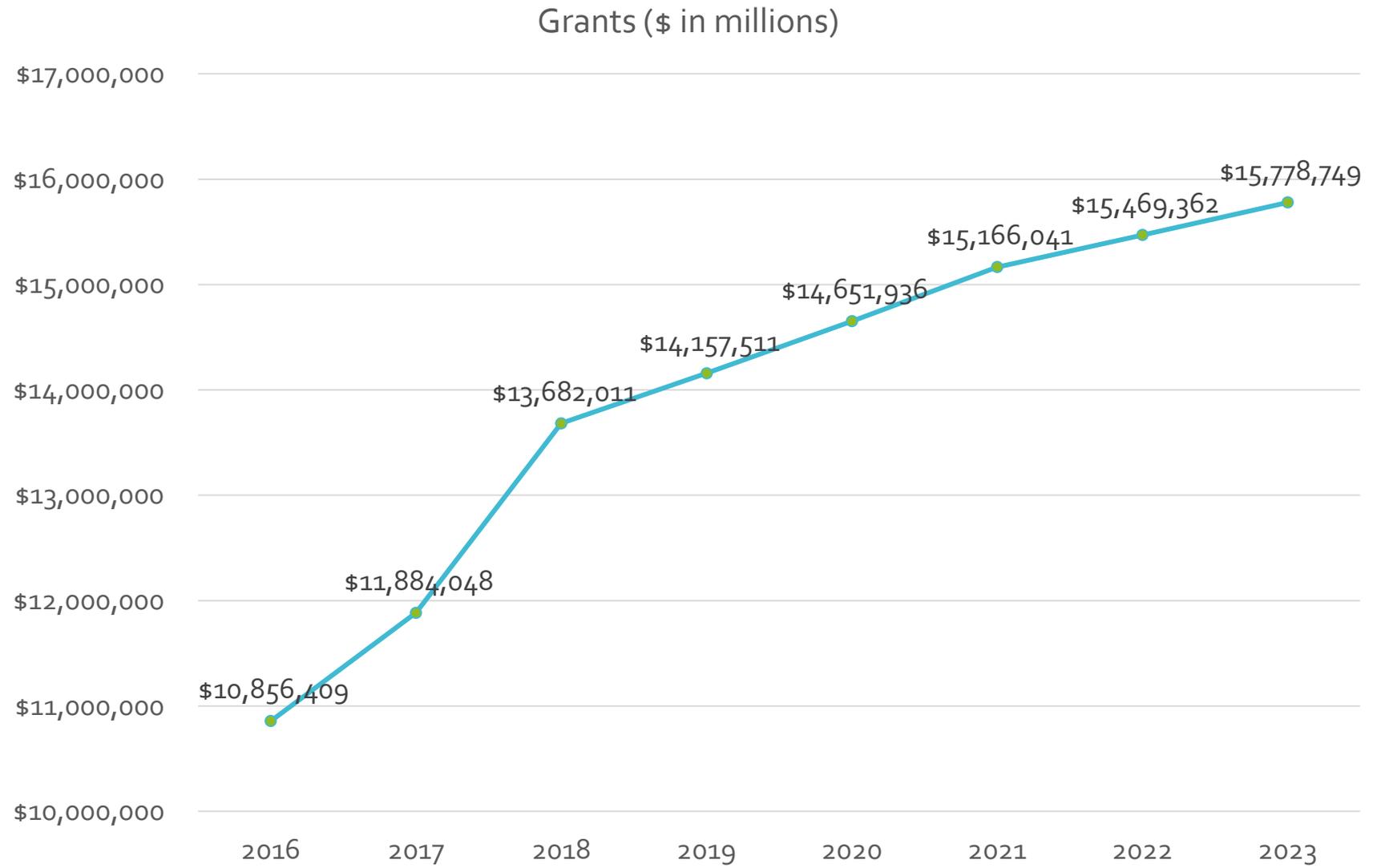


Parks and Recreation

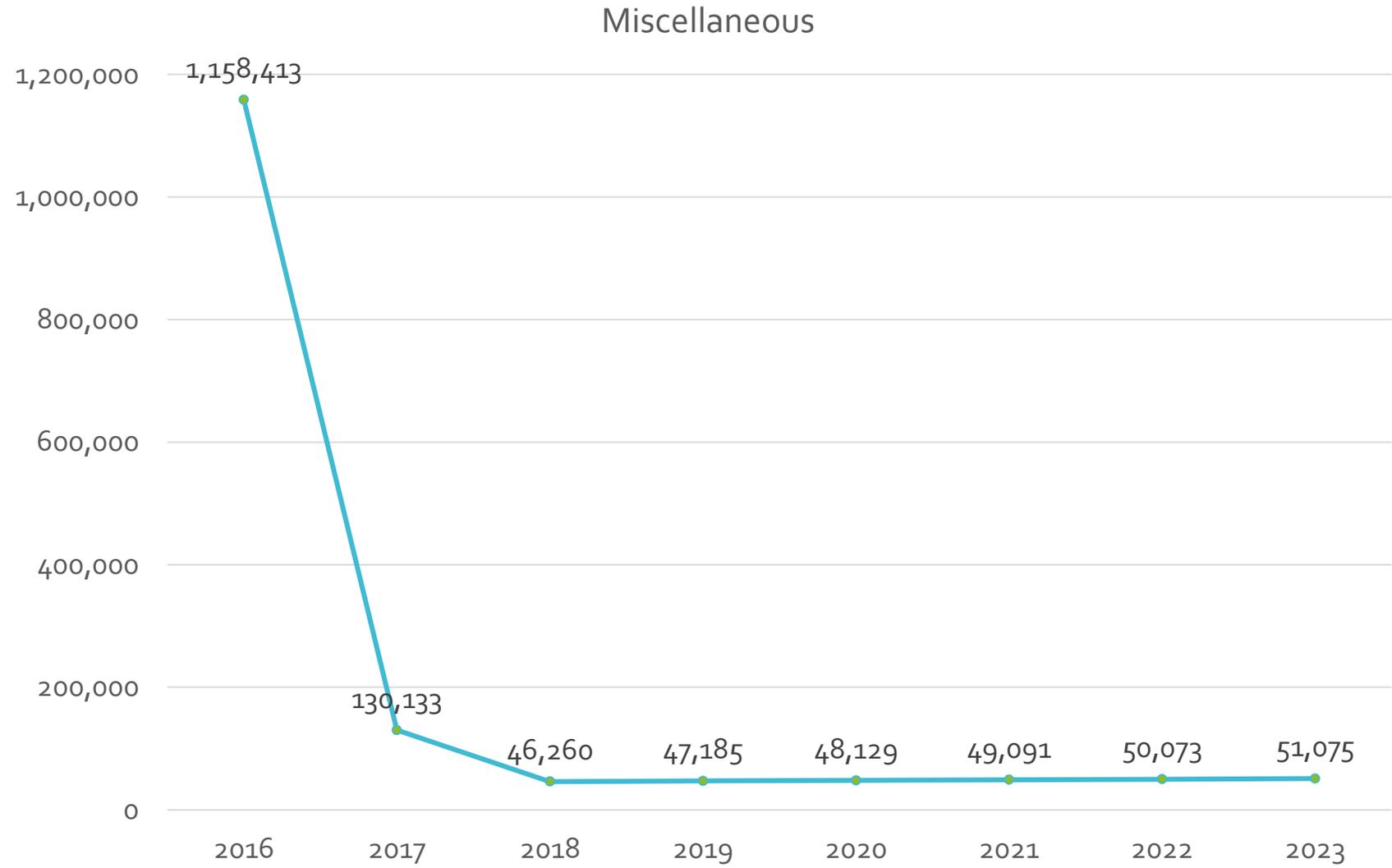
Parks & Recreation (\$ in millions)



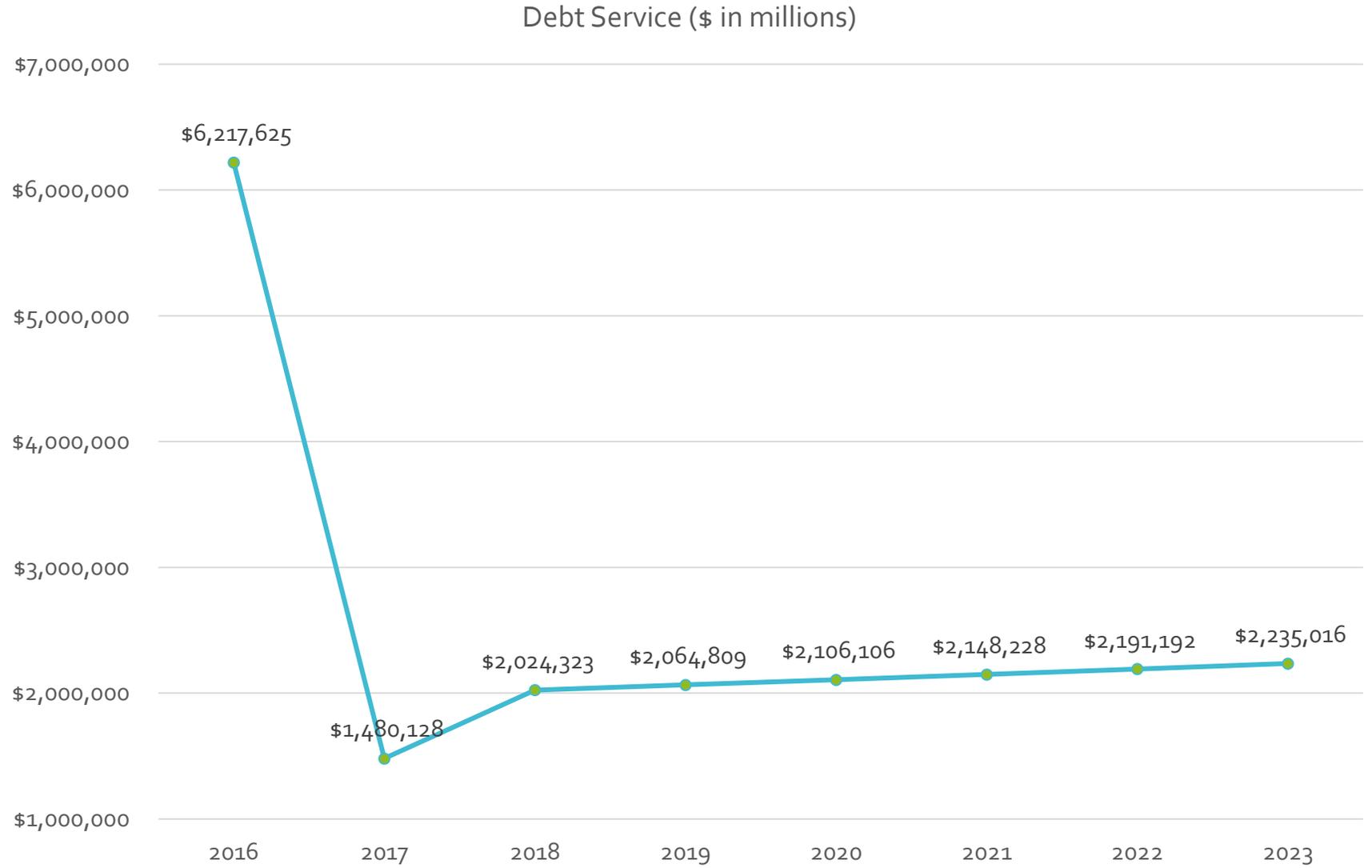
Grants



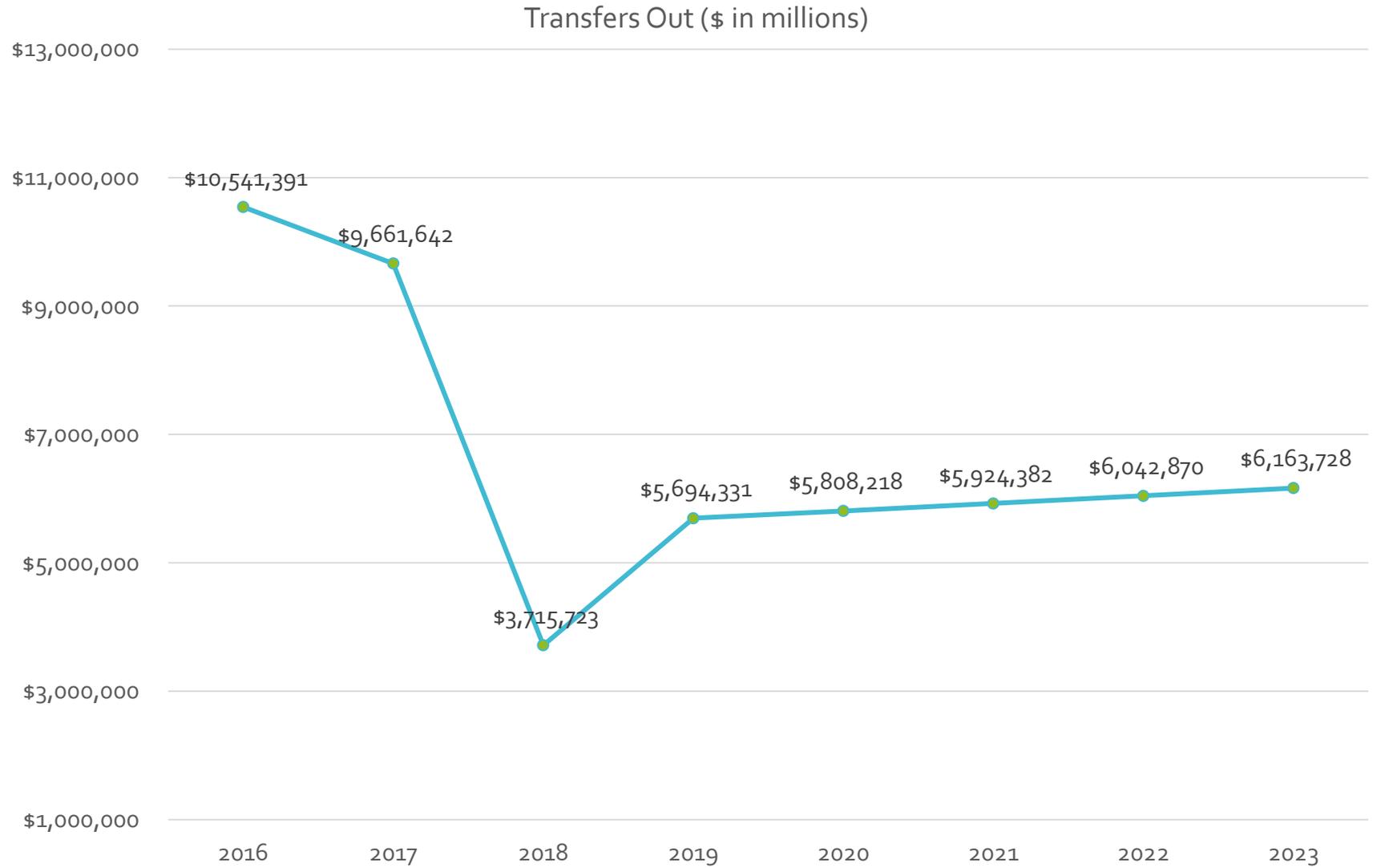
Miscellaneous



Debt Service



Transfers Out

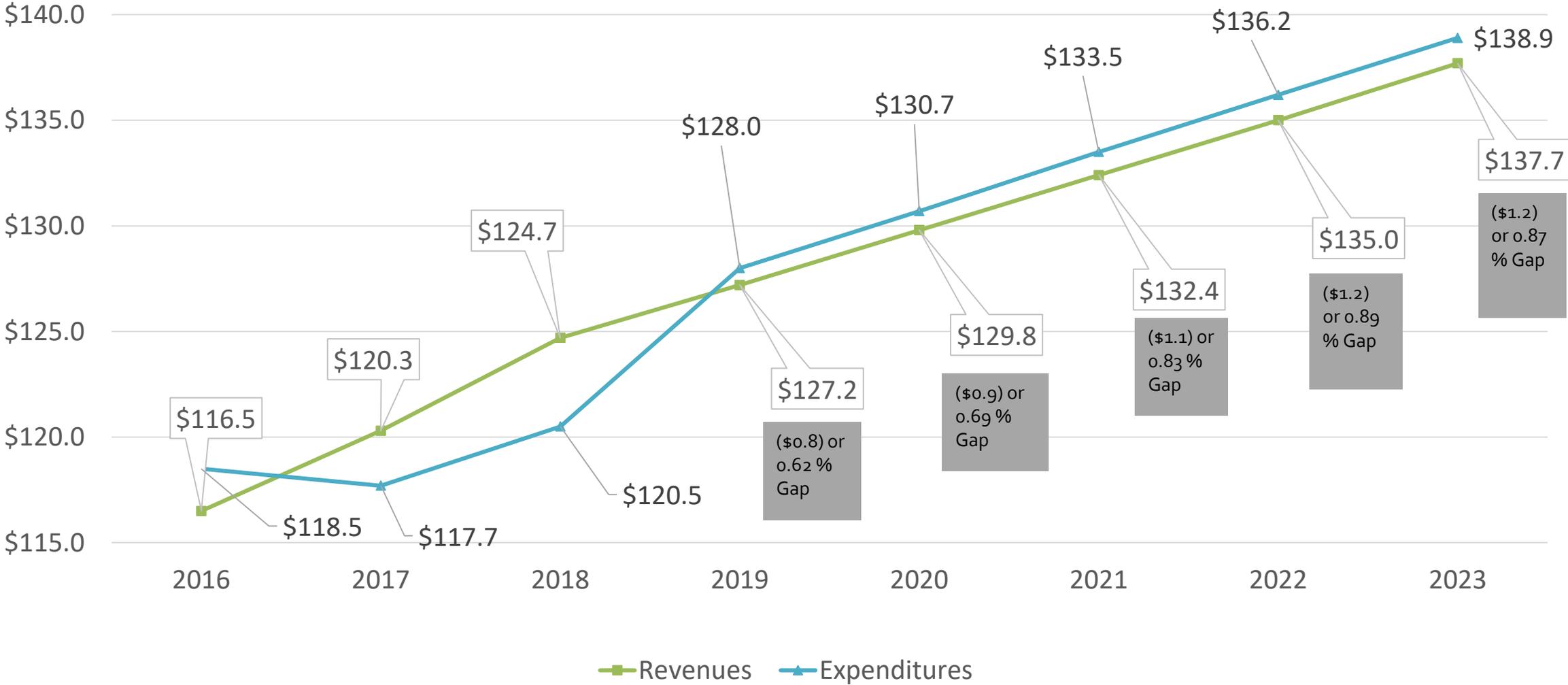


General Fund Forecast (\$in millions)

	2016 Actual	2017 Actual	2018 Budget	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection
Revenues	\$116.5	\$120.3	\$124.7	\$127.2	\$129.8	\$132.4	\$135.0	\$137.7
Expenses	\$118.5	\$117.7	\$120.5	\$128.0	\$130.7	\$133.5	\$136.2	\$138.9
Balance	-\$2.0	\$2.6	\$4.2	-\$0.8	-\$0.9	-\$1.1	-\$1.2	-\$1.2

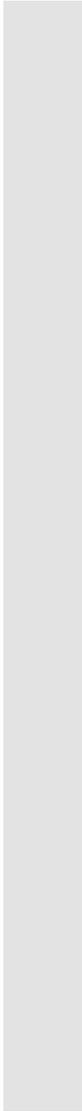
General Fund Forecast

General Fund Forecast (\$ in millions)





Accomplishments & Challenges



Police

Accomplishments

- 1) Purchased and outfitting of our P.A.R.T.Y. (Partnering with And Recruiting Today's Youth) Trailer
- 2) Purchased Mobile Command Center
- 3) Continued commitment to diversity
- 4) Body Worn Camera Program Implementation
- 5) License Plate Camera Program Implementation (Barrier Island)

Challenges

- 1) Retention & Recruitment
- 2) Battling the opioid crisis
- 3) Spotlight on violence, i.e. mass shootings, terrorism.
- 4) Succession Planning
- 5) Technology & Innovation

Fire

Accomplishments

- 1) Initiated annual fire inspections & billing (new revenue)
- 2) Decreased response times and increased zone coverage through increased staffing and new response model
- 3) Replaced 72 sets of expired bunker gear
- 4) Purchased 9 new emergency response units
- 5) Changed the culture in the Fire Department

Challenges

- 1) ISO Class 1 certification and achieving CFAI accreditation
- 2) Battling the opioid crisis
- 3) Finding a suitable Training Center site
- 4) Demo & construction of Fire Station 113
- 5) Maintaining the culture in the Fire Department

Community Improvement

Accomplishments

- 1) All-America City Award
- 2) SWA Grant awarded to our Department for the beautification of City facilities
- 3) Restructuring of the Code Board Process
- 4) Culinary Arts Program at Atlantic High School
- 5) Summer Internship Program

Challenges

- 1) Resources for the western communities
- 2) Vacation Rental/Transient Housing
- 3) Funding for Education Initiatives
- 4) Enforcing the Dogs on the Beach ordinance
- 5) Technology

Parks & Recreation

Accomplishments

- 1) Increased use of Delray Beach Tennis Center (Youth tennis development program & Pickleball)
- 2) Increased Learn-to-Swim program at Pompey Pool
- 3) Public Art Advisory Board ART Citywide installation
- 4) Increased tree canopy at parks
- 5) Installation of fitness equipment at Barwick Park

Challenges

- 1) Infrastructure condition and facility maintenance
- 2) Contract management
- 3) Outdated and not-supported participant registration and Point-of-Sale software
- 4) ADA accessibility and inclusionary programming
- 5) Limited park access/void of parks and recreation facilities in West Delray

Utilities

Accomplishments

- 1) Safely overcame Hurricane Irma's impact: no water supply interruptions, no sewer system backups into houses, and completed all FEMA documentation
- 2) Successfully set up new Utilities Department
- 3) Cell-read (AMI) water meter replacement program reduced water loss from 15% to 5%, capturing more revenue and ID'd ~22,000 meters and locations
- 4) Acquired 23 new emergency generators and provided temporary storage
- 5) Water treatment chemical optimization project phase I is in progress which will automate and enhance the disinfection process

Challenges

- 1) Hurricane Irma disruptions from damage, repair and replacement, and paperwork, impacting deadlines for regular high work load
- 2) Workforce: vacancy rate of 30% in SEIU positions due to economy; succession planning difficult with workload
- 3) Tyler financial, purchasing, and HR system roll out; dual performance evaluation systems; new phone system; Office 365 and other parallel system roll outs
- 4) Entire SOC out of space for parking and people: equipment, city vehicles, employee vehicles and offices, materials, parts
- 5) Replacing current work order system required within extremely short timeframe

Public Works

Accomplishments

- 1) Completed construction of stalled CRA-funded, City CIP projects.
- 2) Completed Phase 1 of the Beach Area Master Plan project.
- 3) Completed Phase 1 Fencing of the Railroad Trespass Prevention Strategy.
- 4) Completed the transition of Right of Way Landscape and Maintenance staff from Parks and Recs to Public Works.
- 5) Completed last year's projects despite critical positions in the Program and Project Management department being vacant.

Challenges

- 1) Resolve downtown parking and mobility issues.
- 2) Maintain 122 facilities with limited staff and budget.
- 3) Renovate and redevelop the Historic Train Depot and grounds.
- 4) Improve downtown core walkability.
- 5) Final the organizational structuring of Public Works resulting from the division of Environmental Services.

Economic Development

Accomplishments

1. Launch of Inc. Pad (a new small business center) with FSBDC + Library
2. Launch of Career Cottage with CareerSource PBC + Manpower to serve the out of work and hard to employ
3. We ♥ Small Biz and Shop Small-Local Campaigns
4. G.E.A.R. (Grow, Expand and Retain) Team – systematic approach to business expansion and retention
5. Strong Return on Investment: \$1 : \$77.54

Challenges

1. Declaration of economic development as a Commission priority area
2. Funding for economic development operations, marketing, promotion and business recruitment
3. Disjointed City service delivery system, change of use process and “old” zoning code
4. NIMBYism attitude toward more density-intensity impacting other City areas
5. Lack of city-wide Economic Development Board or Council

CRA

Accomplishments

1. The Set Transformation Plan – Completed (Adoption anticipated in May 2018)
2. Arts Warehouse/Arts Incubator – Construction completed – 9 out of 15 art studios rented or preparing contracts to rent. Programming and workshops underway. Website launched.
3. 700 W. Atlantic Avenue – Exterior improvements and interior renovations completed – Activation of retail space for local small businesses while RFQ/P for CRA-owned properties processed. 4 of 6 bays leased
4. Affordable Housing – Processed Purchase & Sale Agreements with Delray Beach Community Land Trust (3 Lots) & Habitat for Humanity (4 Lots – Closing Pending) for the disposal of CRA-owned property and construction of new workforce housing in the SW and NW Neighborhoods of The Set
5. Completed construction of the SW 12th Avenue Duplex Renovations (for a total of 12 affordable units associated with the project)

Challenges

1. Pending State Legislation to amend the Community Redevelopment Act - Chapter 163, Part III, and potential financial implications
2. Implementation of CRA Funded Capital Improvement Projects
3. Perception of what the CRA does, can do, and funds per State Statutes
4. Fostering inclusion and equity while mitigating the impacts of redevelopment, especially gentrification and displacement
5. Sustainability of CRA funded projects/ programs/initiatives once completed :
 - a. Maintenance of CRA funded capital improvement projects (i.e. landscaping, streetscape, furniture, signage, etc.)
 - b. Capacity of non-profit organization to become self-sufficient

Planning, Zoning and Building

Accomplishments

- 1) Comp Plan and CBD 3-year evaluation – stakeholder input
- 2) Multiple major project reviews: Midtown, The Ray, Kolter Hotel
- 3) Established Historic Preservation division
- 4) Tri-Rail Coastal Link Master Plan grant
- 5) Community Rating System improvements

Challenges

- 1) Staffing (vacancies, succession planning, attrition, depth of experience)
- 2) Technology (workflow, file mgmt.)
- 3) Space (offices/files)
- 4) Clear alignment with all involved in permitting workflow (internal and external)
- 5) Perceptions and expectations of stakeholders of department review times and processes

Human Resources

Accomplishments

1. Implementation of New Benefit Programs (Reduced cost to employees and City)
2. Negotiated IAFF contract in 5 sessions – Saving City over \$300K
3. Implemented the results of the Evergreen Compensation Study – Civil Service Employees
4. Filled multiple executive level positions (HR, IT, Finance, Purchasing, Utilities, Public Works Director, and City Eng.)
5. Implementation of Target Solutions training platform

Challenges

1. Launching new approaches to talent sourcing – Attract highly skilled, diverse applicant pool
2. Developing a comprehensive professional development plan - Preparing employees for succession
3. Promoting employee engagement strategies - Increase passion, commitment and retention in workforce
4. Managing complex Employment Laws – Identifying and addressing legal trends and employer/employee changes to determine impact to the organization
5. Maximizing HR technology – Expanding and integrating technology to streamline services, remain competitive, and increase transparency

Information Technology

Accomplishments

- 1) Office 365 Deployment – The City's entire email system is now in the Cloud
- 2) Phones – Reimplementation of the VoIP phone system has resulted in 99.97% availability and made it easier to use.
- 3) Disaster Recovery was relocated to an FSU facility in Tallahassee reduced costs. DR software was deployed to automate failover.
- 4) Tyler Financials and Payroll was implemented.
- 5) Older servers have been rehosted to increase security and reliability.

Challenges

- 1) Departmental technology decisions impact IT resources.
- 2) Staff – Alignment of skills to workload – right people, right positions.
- 3) Purchasing process changes have impacted projects.
- 4) Tyler products, resources and lack of commitment to our success.
- 5) Obsolete network and software infrastructure.

Purchasing

Accomplishments

- 1) Amended purchasing process to improve processing times
- 2) Increased number of responses to competitive solicitations
- 3) Implemented Citywide training for employees on purchasing process
- 4) Drafted comprehensive updates to Purchasing Policy Manual (PPM)
- 5) Implemented procedure to streamline year end PO close out process

Challenges

- 1) Implement strategic procurement planning Citywide
- 2) Implement a fully electronic procurement process
- 3) Increasing competition-responses to solicitations
- 4) Documenting savings/ROI to the City
- 5) Staffing-vacancies/succession planning/space needs

Finance

Accomplishments

- 1) Filled Three Key Financial Management Positions with Highly Educated and Experienced Professionals
- 2) Increased Returns on Internally Managed Investments by 677%
- 3) Renegotiated Banking Services Resulting in Earnings Recovery of \$200K Annually of the above Increased Returns
- 4) Converted Enterprise Resource Planning System
- 5) Renegotiated Lockbox Arrangement Freeing Up \$5.5 Million for Investment

Challenges

- 1) Key Financial Leadership New to the Organization
- 2) Online/Voice/AutoPay Customer Experience Lacks Sophistication
- 3) Errors/Omissions Resulting from Understaffed ERP Conversion, Bank Change and Pension Plan Split
- 4) Multiple Nonintegrated ERP Applications in Use
- 5) Pension Board Interest in Reducing Investment Assumption

City Clerk's Office

Accomplishments

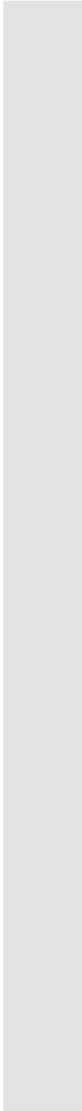
- 1) Implementation of the Paperless Agenda Process.
- 2) Implemented the signing of Contracts, Agreements, Resolutions, and Ordinances immediately after passage and adoption at Commission Meetings.
- 3) Purchased an electronic public records request system through GovQA for more efficient and timely responses to Public Records Requests.
- 4) Transfer of Cemetery duties and functions into one department instead of sharing functions between two departments bringing about greater efficiency in the processing of interment requests.
- 5) Continuous improvement in public accessibility to information by making taped commission meetings available immediately upon completion.

Challenges

- 1) How to reach the greatest number of people through traditional and non-traditional methods in all neighborhoods to participate on advisory boards and committees.
- 2) Stay current of State laws as it relates to Florida Statute 119 for public records.
- 3) Work to develop an enhanced website with increased functionality and accessibility.
- 4) Getting the team to embrace the SPIRIT of excellence in all assignments and tasks.
- 5) Succession Planning



CMO Team of Teams Accomplishments and Gut Check Issues



Excellence Team

Accomplishments

- 1) Internal - Formation of collaborative teams (Team of Teams) and breaking down silos
- 2) Paradigm Shift from Defer & React – to Plan & Achieve with a focus on Performance Excellence in All We Do
- 3) Partners/external - CRA, DDA , Chamber/DBMC and Healthier Delray relationships are built and in place = Team Delray is re-engaged
- 4) Initial goal setting policy review completed
- 5) Initial CMO team members are in place to oversee the Team of Teams
- 6) Annual commitment to vision, strategy, and performance was initiated with CMO/CC via Excellence Team
- 7) Portfolio of complimentary departments in each team (CET; L & P; ROI) with executive coordination pending updated Future quarterly reporting = Improved coordination & communication
- 8) Future talent and leadership pipeline created through “Next Gen” initiatives

Excellence Team Gut Check

Major Challenges

- 1) Way too much to do and not enough staff to do it – Only 2 of the 4 collaborative teams have partially adequate oversight given the identified challenges (Excellence and ROI)

Severely deficient or non-existent systemic shortcomings –

- 2) **Leadership & Performance Management** - No expectations of performance at the leadership level, no goals, no performance reviews; no talent pipeline; staff in crisis response mode in many work units due to resource challenges, leadership and/or vision changes – Morale improving significantly; Next Level Leaders training being planned
- 3) **Lack of Business and Strategic Planning Approach** - No business plan mindset and supporting analytics (policy and financial); Fiscal policy analysis and unaddressed revenue enhancement opportunities; no utilities rate modeling or projections
- 4) **Capital Infrastructure Neglect** – Insufficient CIP planning process; Unaddressed facilities space needs assessment for general government; No utilities infrastructure road map (water, sewer, stormwater); No streets PCI – We have not collected the data needed to form a cogent, comprehensive and funded CIP and have followed a Defer and React approach to projects
- 5) **Critical Recent Failings and Missteps** - Failed ERP implementation and “at risk” strategic technology direction; Leadership turnover (now stabilized); organizational misalignment including mis-prioritized and organizationally misplaced (or buried) programmatic functions;

Excellence Team Gut Check

Major Challenges (continued)

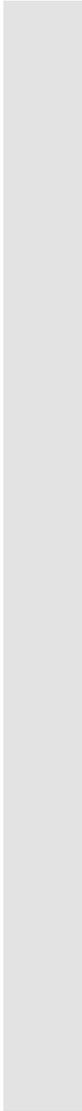
- 6) CRA and City lack of communication, coordination and unified direction – CC rectified this issue
- 7) City Hall space constraints – No place to put needed staff
- 8) Excellence team is currently led by City Manager and Assistant to the City Manager and needs to be enhanced and reorganized into a Strategy – Innovation – Budget Division

Recently Established Major Challenges –

- 9) CRA full organizational and operational integration with continuing separation of funds and activities
- 10) Police Department severely obsolete with an estimated cost range from \$50 - \$70 million
- 11) City Hall – Customer Service Center or total rebuild? Pending Phase 1 space and life cycle costs analysis



Identified Possible Opportunities



Opportunities

- 1) Historic Train Depot (CIP ISF)
- 2) Co-location of CRA and City CIP Project Team
- 3) Affordable Housing
- 4) Neighborhood Revitalization Program
- 5) Office Depot site
- 6) Annexation Opportunities
- 7) Lake Ida Road