



FY 2017 Proposed Budget

City Commission Discussion

August 16, 2016

Discussion Outline

City Manager's Overview

Operating Budget

Capital Budget

Departmental Level of Service Recaps

- Police
- Fire
- Community Improvement
- IT



City Manager's Overview

Commission Goals and Objectives

The proposed FY17 budget is based on Commission FY 2017 - 2019 goals and objectives discussed with the Commission in October 2015 and January 2016:

- Multi-year, integrated planning and budgeting process
- Grow and diversify revenue base
- Agree levels of service and a scheduled repair and replacement (R & R) program
- Focus on and invest in high value assets / programs.
- Improve public safety services police, fire and code enforcement.

Work began on these objectives in fiscal year 2016 and will carry over into fiscal year 2017 and beyond.

Management Focus

- The context for this Plan continues to be the problems identified in January, 2015: deteriorating infrastructure and sub-standard services. This Plan continues the start toward remediating these deficiencies that began in FY2016.
- To improve services, this year's Plan begins with departmental level of service targets, supported by associated operating, staffing and financial plans. When completed, these multi-year departmental LOS targets will provide the basis for future budgets that are focused on managing for efficiency / level of service improvement.
- To address the deteriorating City infrastructure, we are shifting capital spending to deferred maintenance and infrastructure upgrades, organized around multi-year programs focused on neighborhoods, streets, buildings, seawalls, parks, and technology. These programs will form the underpinning of a long term operating and financial plan.

General Fund Operations

- Personnel additions are focused on the Level of Service standards recommended by the Departments and approved by the Commission. The majority are in public safety; some are in Parks, Planning and Human Resources.
- IT spending will improve customer service, business operations and reduce personnel costs. This program will continue through FY17/18.
- We will finalize Special Events procedures and regulations for implementation beginning in October. We will centralize these functions in an Office of Special Events to be created using existing staff.

Capital Investment

- FY 2017 capital spending will continue our focus on Repair & Replacement that began in FY 2016. Examples include Old School Square repairs, beach promenade project, Fire Station 3 replacement, Veterans Park's seawall and dock repair, and roof repairs to City Hall and the Community Center. To immediately address projects that cannot be delayed may require the use of reserves.
- As previously cited, to address the deteriorating City infrastructure, we are shifting capital spending to deferred maintenance and infrastructure upgrades, organized around multi-year programs focused on neighborhoods, streets, buildings, seawalls, parks, and technology; and, supported by a multi-year financing program.

Bases for Optimism

- Since January 2015 we have consolidated the Clean & Safe function into a coherent division and will further refine those responsibilities, transferred the building division to Planning, created a Building Fund outside of the General Fund, and changed departmental reporting relationships to give clear lines of authority to myself and the assistant city managers. Additional realignments will be forthcoming in FY 16/17 as duties are assigned to the appropriate departments to create clear lines of responsibility. An example is moving right of way maintenance from the Parks Department to ESD.
- In developing this plan, we achieved our objective of an integrated plan including operations / level of service, and the operating and capital budgets, managed by the Finance Department.
- We also made some progress, at the staff - to - staff level, in clarifying the City – CRA relationship. The City's capital plan was developed independently of the CRA before requesting their funding, resulting in a higher percentage of city initiated projects funded in the proposed CRA budget. The CRA has also worked well with the City in addressing some of our operational concerns.

Problems and Areas of Concern

- We achieved budget balance by spreading departmental level of service initiatives over several years; and, by hypothesizing a multi-year debt financing program to fund the deferred maintenance programs. The calendar timing of these programs is based primarily on operational capabilities and resident / business disruption considerations and less on cash constraints.
- We still have not adequately addressed whether there are services or facilities that are no longer needed or where there is an inadequate return on investment. The City needs to undertake such an examination which may not be popular with a variety of constituencies.

Outlook

- Longer term, whether anticipated capital and operating plans are cash or debt funded, it is clear that under current policies the City does not generate sufficient revenue to meet its forecasted ten year cash needs.
- As described above, management bears a role in addressing this issue. Although we have made some progress in this budget cycle, much remains to be accomplished in two aspects of the organization's culture: (1) improving communication and program cohesion across departmental lines; and, (2) instilling a hunger for service excellence and efficiency in the department heads.
- Continued progress on these issues will free up funds for priority spending.

Policy Considerations

Policy changes that the Commission can consider include:

- Support the increased percentage of CRA funding for City initiated spending embodied in this plan.
- Change the existing CRA – City relationship to increase the total of CRA funding to the City. This is a strategic issue that impacts the long-term financial wellbeing of the City. Meeting the City's operational requirements, repair and replacement (R&R) needs, and tax reduction is dependent on increasing the funds received from the CRA.
- Facilitate property tax growth in the non-CRA areas of the city.
- Reduce pressure on City revenues by not increasing not-for-profit (NFP) funding and requiring NFP increases to be funded internally.
- Adopt a Special Events policy that ends subsidization of non-hometown events.
- Utilize all legally available means to increase non-resident related fees or charges (e.g., parking fees) to improve the city's revenue structure.



Operating Component

Staff Recommendation - Millage

- ✿ TRIM (July 12) operating millage of 6.9611 is less than current year rate of 7.0611 (Second year of a 0.10 operating millage decrease.)
- ✿ TRIM debt service millage of 0.2496 is a decrease over current year's 0.2756.
- ✿ Combined millage rate reduced from FY 2016.

Budget Preparation Guidelines

- ✿ We tied the budget priorities to City Commissions' goals.
 - ✿ Goal 1: Multi-year, integrated planning & budgeting process
 - ✿ Goal 2: Grow & diversify revenue base
 - ✿ Goal 3: Agree levels of service & a scheduled repair & replacement program
 - ✿ Goal 4: Focus on & invest in high value assets/programs
 - ✿ Goal 5: Improve public safety services – police, fire & code enforcement

City Manager's Objectives

- ✿ An emphasis on Commission's goals –Using these goals to build LOS and budget allocations.
- ✿ Enhance Public Safety
- ✿ Enhance Service Delivery.
- ✿ Move Delray Beach into the future with a definitive plan of fiscal strength.
- ✿ Ensure that each municipal service is properly staffed to function in an efficient and pro-active manner.

Taxable Value

- ✿ Assessed taxable values increased a little more than 10% (CRA ↑ 13%)
- ✿ Current increase in valuation brings us back to slightly more than the 2008 level

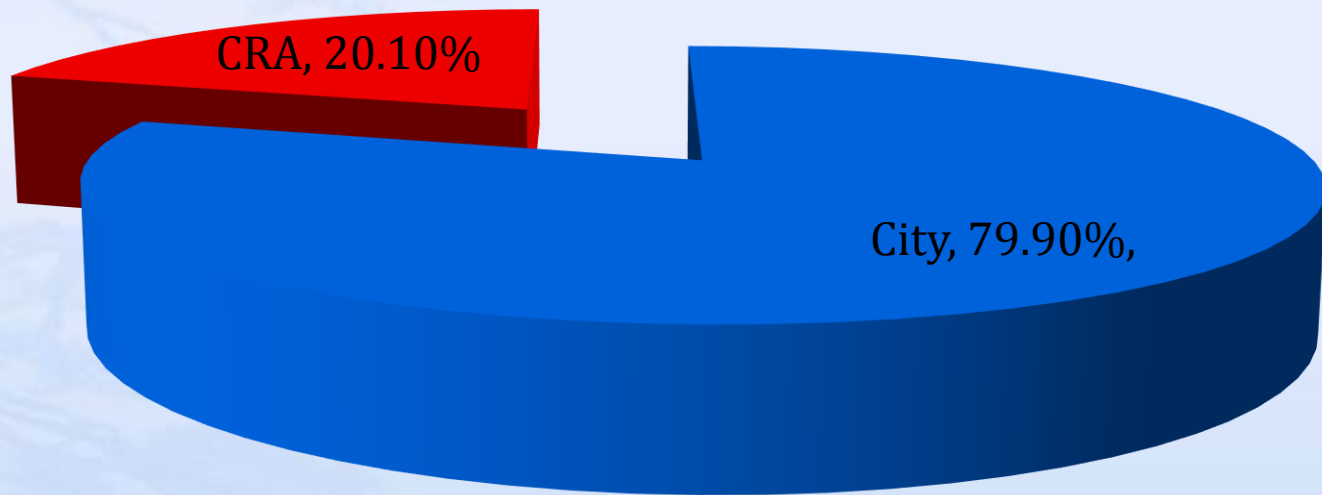
Taxable Value (amounts in millions)



Taxable Value (amounts in millions)

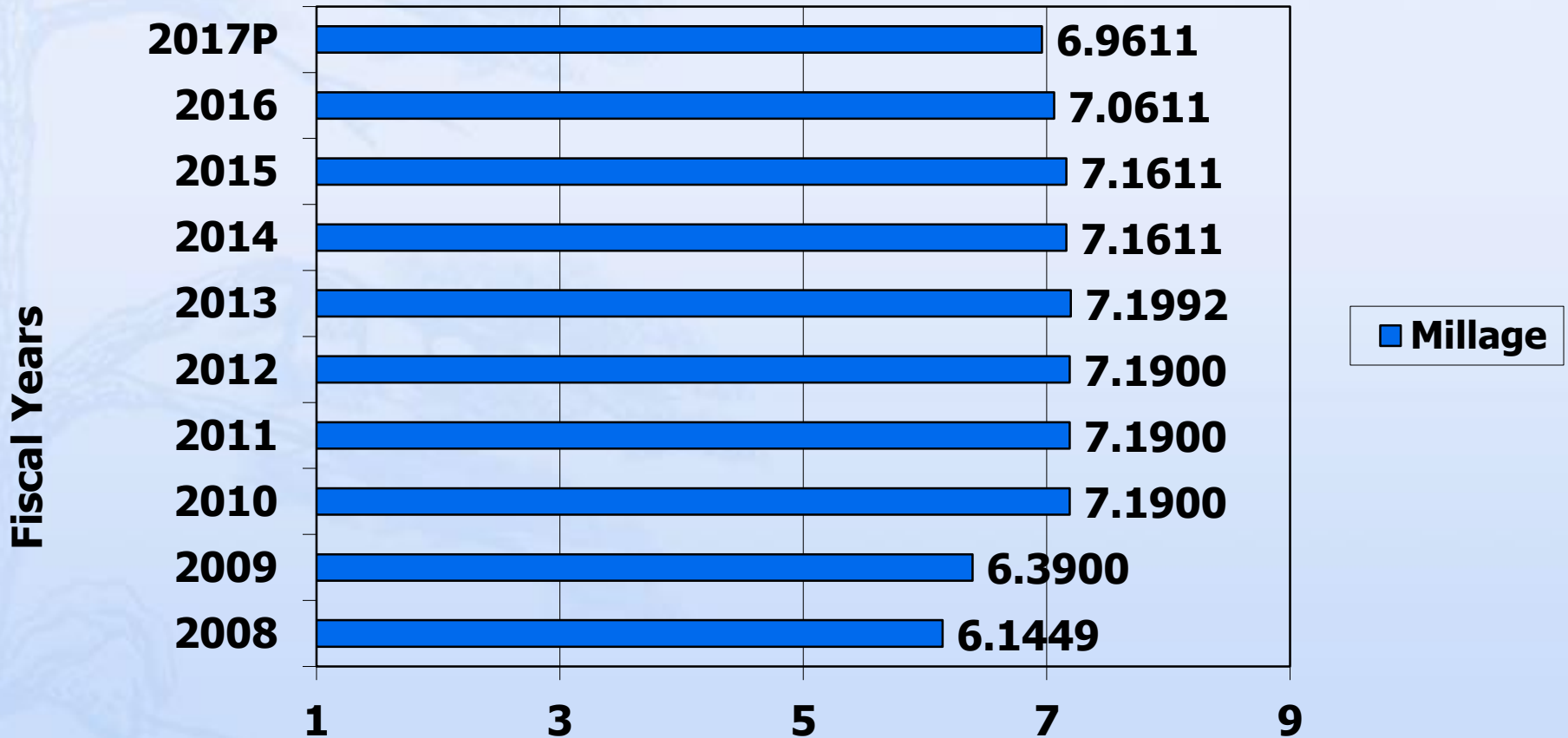


Taxable Value – 2016-2017 (amounts Expressed as %)

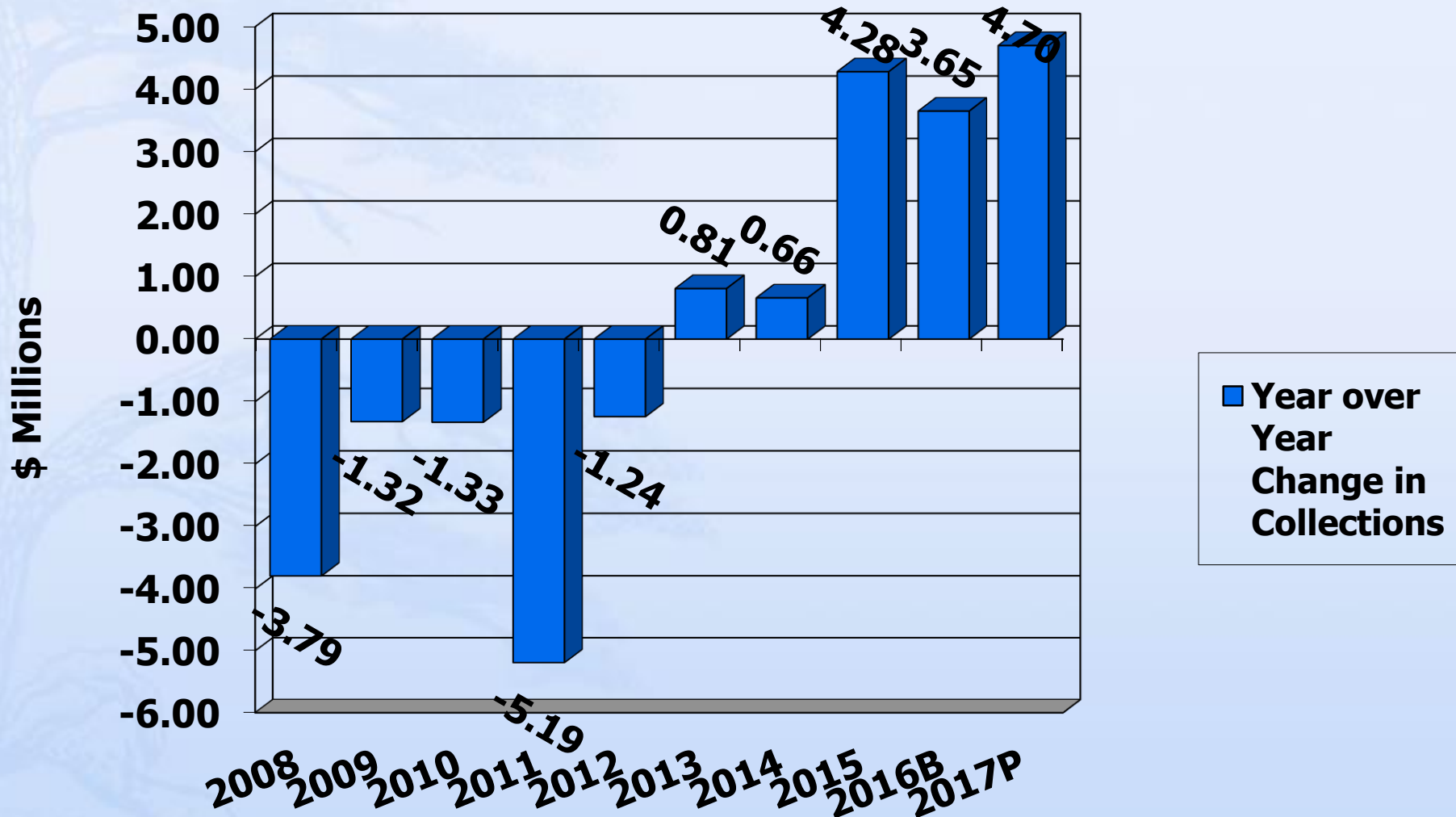


Millage Rates

Operating Millage Rate History

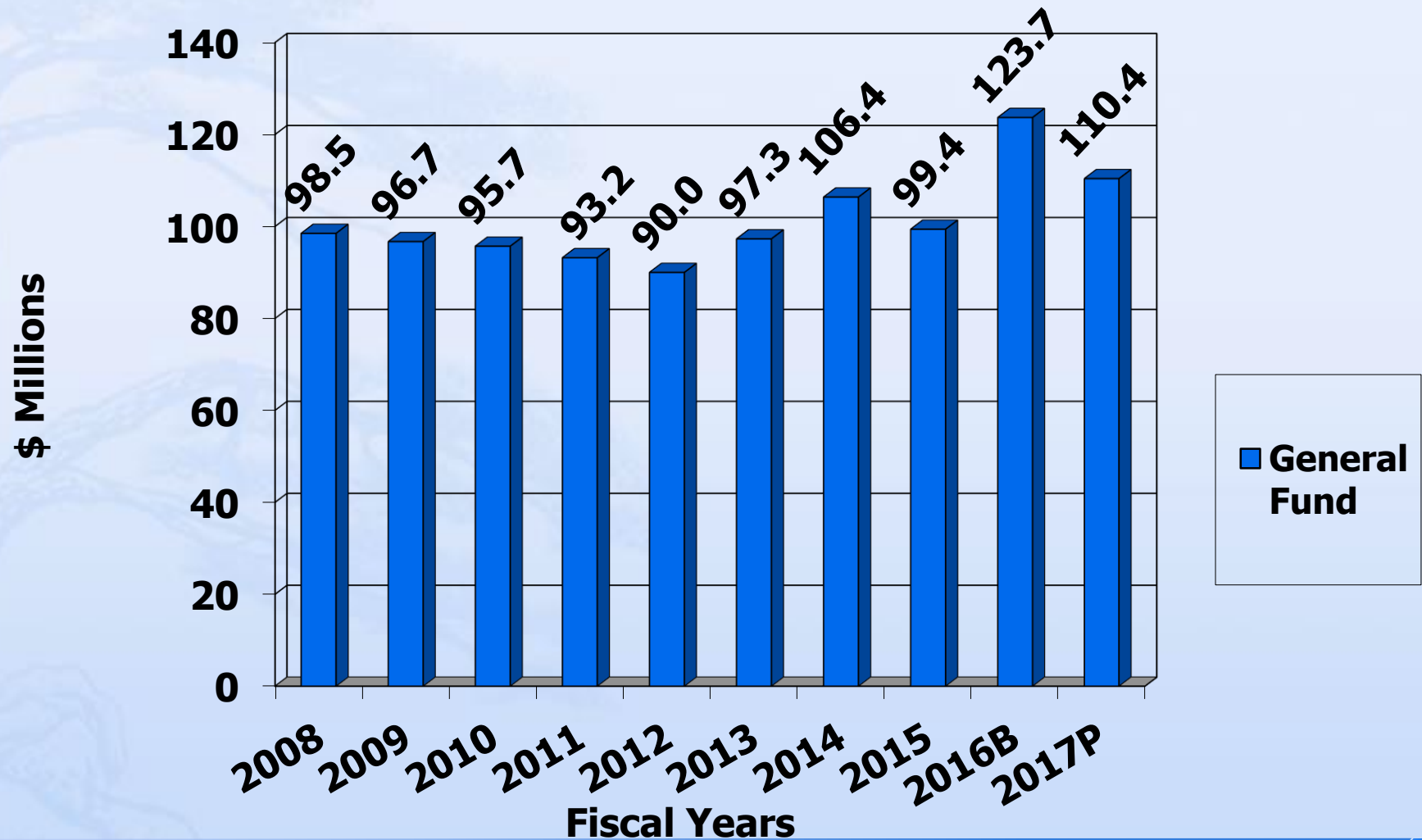


Impact to Ad Valorem Tax Collections (Dollars in Millions)

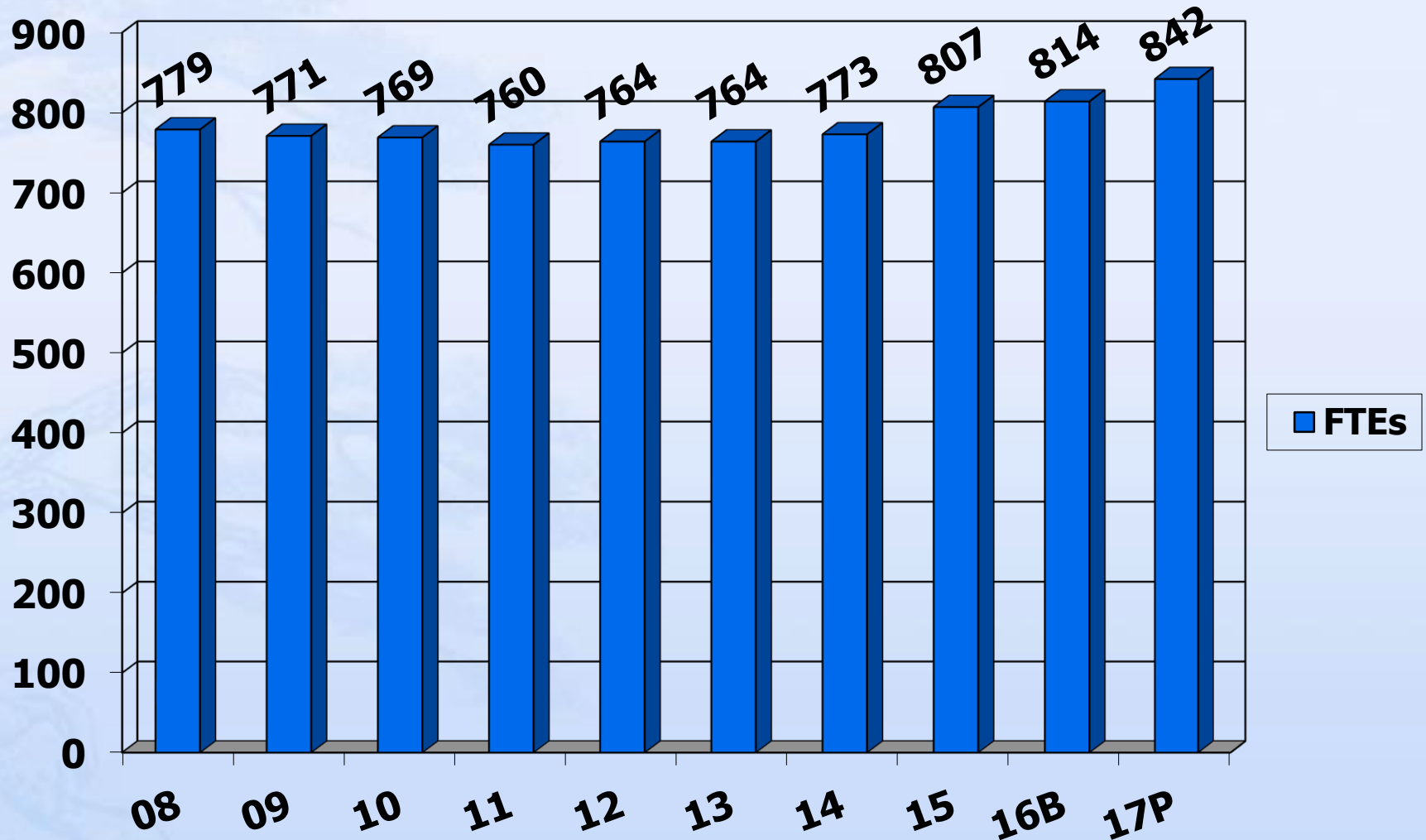


Budget History

General Fund

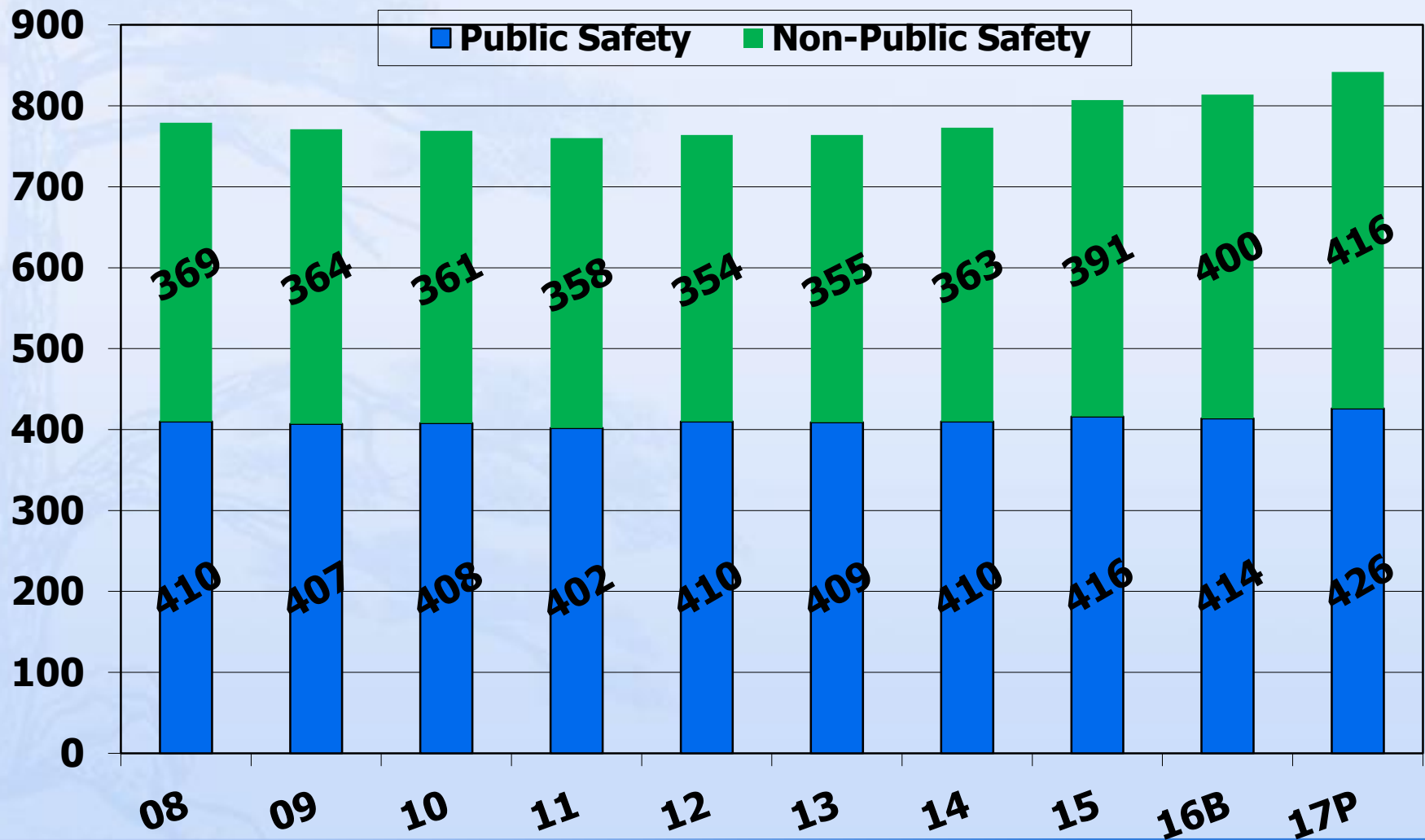


History of Full-Time Equivalent (FTE) Employees



History of Full-Time Equivalent (FTE)

Employees (Public Safety = Police, Fire, Code Enforcement)



Staff Recommendations

- ✿ General Fund Reserves are projected to be approximately \$5.0 million more than emergency reserves target (\$21.1 million or 19% of expenditures) at the end of the current fiscal year.
- ✿ Excess one-time revenues (reserves) will be used to fund one-time expenses, such as:
 - ✿ Veteran's Park Seawall & Dock Repair & Replacement;
 - ✿ City Hall and Community Center Roof Repair;
 - ✿ Air Conditioner Replacements;
 - ✿ Old School Square Repair & Replacement;
 - ✿ etc.

Final Comments

The good news:

- ✿ Senior Management & Staff are continuing to focus on Commissioners' goals and objectives.
- ✿ Senior Management is continuing to focus on our core services as demonstrated by our LOS project.
- ✿ This budget year will be marked by an increased achievement of Commissions' goals as the year progresses.



Capital Component



FY 2017 Budget Assumptions – Capital

(from Jan 5, 2016 Commission discussion)

Complete carry forward projects

- Provided that funding is available

Complete / substantially begin existing bond funded projects

- Beach
- Fire Station # 3

Focus on repair and replacement of existing assets

- November estimate \$ 80 million deferred investment , ex. buildings
- November estimate \$ 10 million FY2017 R & R needs
- Fully fund operational capital maintenance needs
- Property divestment / redeployment could reduce total cash needs
- Estimates being finalized

Assumes enterprise funds' capital needs internally funded

Any significant improvement in LOS and / or reduction in deferred maintenance will require debt financing

Capital Spending Overview

- Currently forecasted spending in the four deferred maintenance remediation programs totals \$237 million from FY2016 through FY2028
 - Forecasts for the Neighborhoods and Streets programs support beginning engineering design spending in FY2017
 - FY2017 activity in the parks and buildings programs will focus on completing / updating comprehensive needs assessments, with programs to be finalized and begun in FY2018.
 - We are discussing a comprehensive seawall risk assessment in FY2017, which we anticipate will show the need for substantial additional spending.
- In addition to these new remedial programs, some of the City's "normal" capital needs remain: total capital spending (all programs, all funds in the five years FY2017 through FY2021 is \$ 180 million, of which \$ 82 million is in the remedial programs.

Funding the Capital Programs

- Of the \$236.7 million deferred maintenance spending, the entire parks (\$26.4 million) and neighborhoods (\$84.4 million) programs, and \$45.4 million (40 percent) of the total \$113.1 streets programs, are eligible for CRA funding.
- With the exception of a small amount of grant funds from sources such as Florida Department of Transportation and the Metropolitan Planning Organization, the remaining revenue source for general capital spending is the same taxes, licenses, and charges for services revenues that support general fund operating spending.
 - Policy changes to increase this source or recurring funding that the Commission can consider include:
 - Change the existing CRA – City relationship to increase CRA funding to the City.
 - Facilitate property tax growth in the other (non-CRA) areas of the city.
 - Maintain not-for-profit (NFP) funding per policy.
 - End subsidization of non-hometown special events.
 - Utilize all legally available means to increase non-resident related fees or charges (e.g., parking fees)

Next Steps

- Finalize cash needs forecast:
 - Deferred maintenance programs
 - Other capital programs
 - Additional needs (e.g., former Office Depot site SAD)
- Develop funding options
 - Internal cash flow
 - Debt
- Modify spending totals and timing to fit cash availability

Parks Deferred Maintenance Program

(\$ millions)	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	TOTAL
Pompey	0.8	4.0	4.0					8.8
Catherine Strong			0.8	4.0	4.0			8.8
Veterans					0.8	4.0	4.0	8.8
Parks Total	0.8	4.0	4.8	4.0	4.8	4.0	4.0	26.4

- Before the details of this program are finalized, the City will update its current citywide parks needs assessment. Pending completion of this update, for planning purposes the tentative program is:
 - Spend \$8.8 million on each of Pompey, Catherine Strong and Veterans parks.
 - Each project begins with a year of design / engineering followed by two years of construction.
 - The Pompey and Katherine Strong projects each include a new / renovated building and pool; the Veterans project includes a new building and renovated playgrounds.

Neighborhoods Deferred Maintenance Program

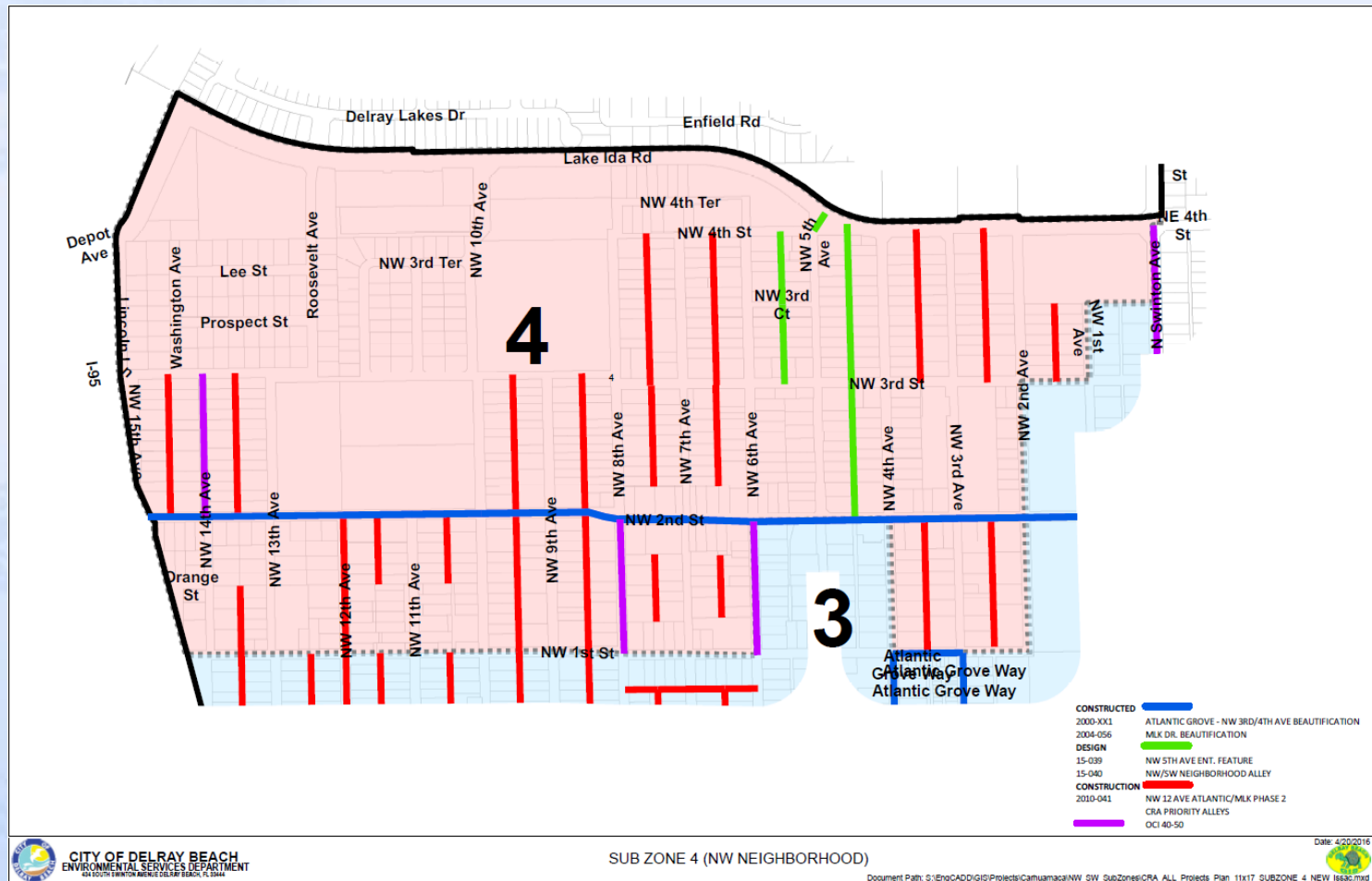
(\$ millions)	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	TOTAL
Osceola	0.84	5.52	5.52								11.87
NW			1.64	9.00	9.00						19.66
West Atlantic					1.47	8.09	8.09				17.65
SW							2.94	10.77	10.77	10.77	35.23
Total	0.84	5.52	7.15	9.00	10.48	8.09	11.03	10.77	10.77	10.77	84.40

- The size and duration of each project depends on the existing condition of the infrastructure. Each neighborhood project begins with a year of engineering design followed by construction spread over three to four fiscal years, depending on the size of the projects.
- Work in each project is based on the same concept: surface / reconstruct all streets and adjacent alleys, complete sidewalks, rehabilitate sewers and stormwater systems, and upgrade street lighting. At the end of the program, all streets in each neighborhood will be at OCI 70 or above. After the project is completed, the streets included in the project will be at OCI 100, with further capital spending not due for 25 years.
- Maps of the four neighborhoods are shown on the following slides.

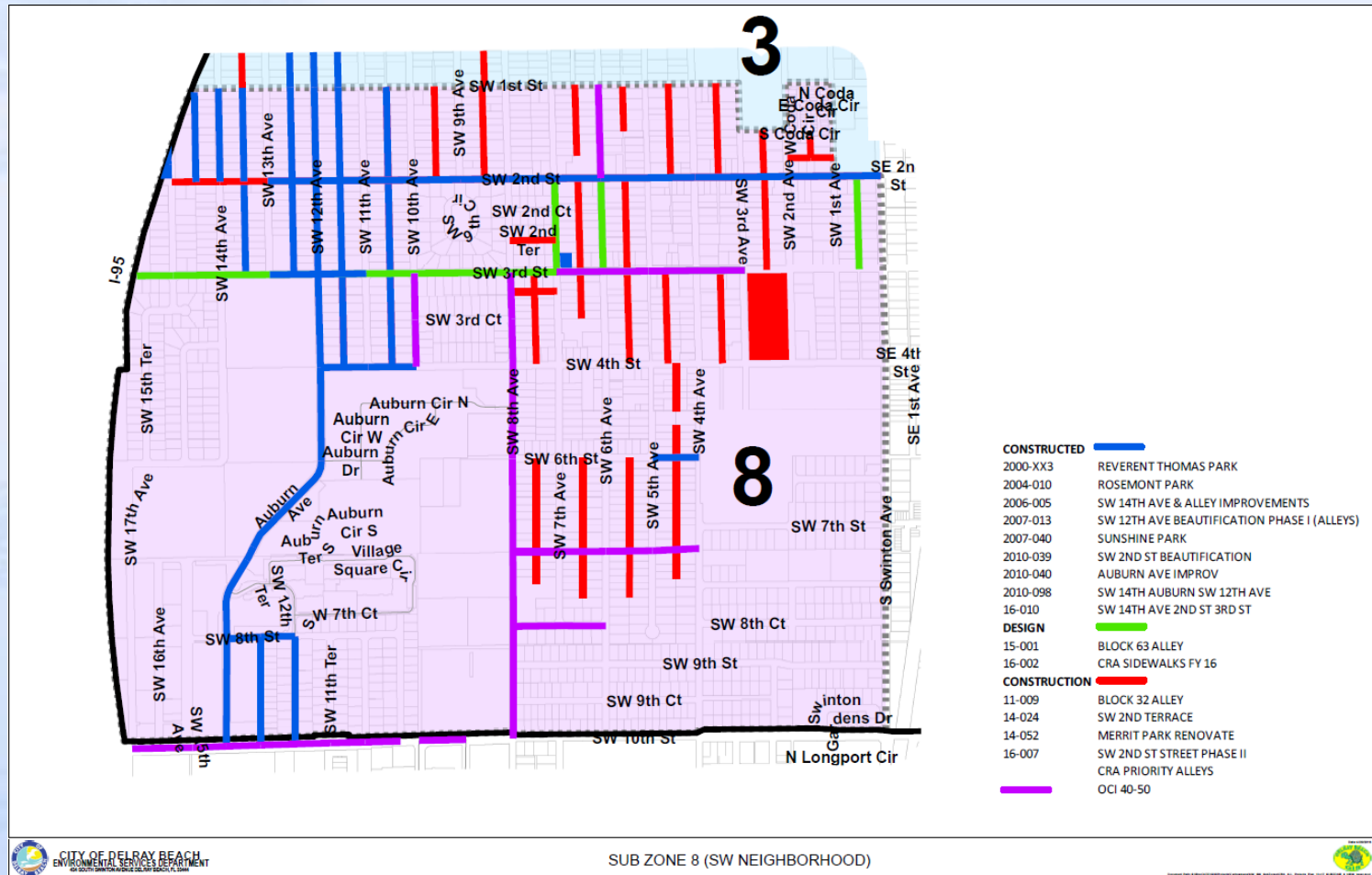
Osceola Park Neighborhood



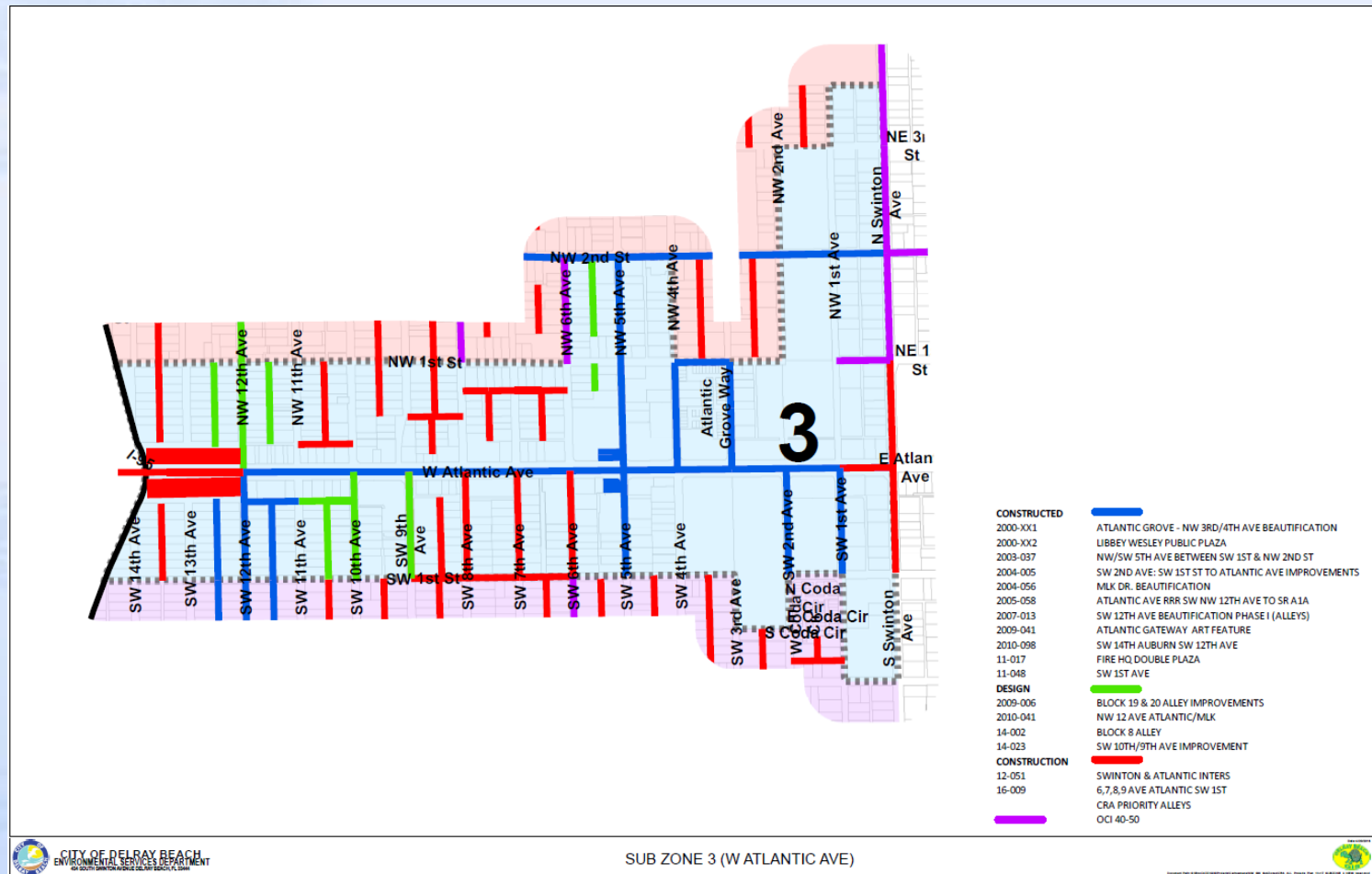
Northwest Neighborhood



Southwest Neighborhood



West Atlantic Neighborhood



Streets Deferred Maintenance Program

(\$ millions)	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	TOTAL
OCI 0 - 39	0.92	4.63	4.63										10.19
OCI 40 - 49			1.68	9.23	9.23								20.13
OCI 50 - 59					1.70	9.36	9.36						20.43
OCI 60 - 70							5.20	11.44	11.44	11.44	11.44	11.44	62.40
Total	0.92	4.63	6.31	9.23	10.93	9.36	14.56	11.44	11.44	11.44	11.44	11.44	113.14

- In addition to the neighborhood programs described above, the plan includes projects to remediate deferred maintenance in streets citywide. The program is split into four projects based on each street segment's current Overall Condition Index (OCI).
- Work in each project is based on the same concept: surface / reconstruct all streets and adjacent alleys, complete all sidewalks, rehabilitate sewers and stormwater systems, and upgrade street lighting.
- At the end of the program, all streets will be at OCI 70 or above. After the project is completed, the streets included in the project will be at OCI 100, with further capital spending not due for 25 years.

Buildings Deferred Maintenance Program

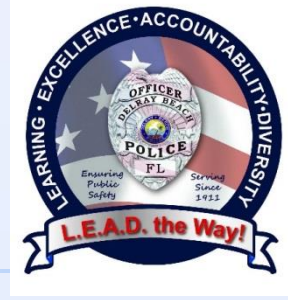
(\$ millions)	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	TOTAL
AC units		0.075	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	2.58
Roofs		0.10	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	5.10
Building - other		0.10	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	5.10
Total	-	0.28	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	12.78

- We plan to evaluate the utility and condition of the City's buildings and to develop projects to remediate deferred maintenance for those buildings that will continue in use long term. A counterexample is City Hall and related departmental offices that have reached the end of their useful lives. In addition to deferred maintenance, their outmoded design impedes efficient staff functioning and customer service.
- The buildings deferred maintenance remediation program as currently sketched is split into three projects:
 - Project 1 includes an evaluation of citywide HVAC systems in FY 2018, followed by illustrative rehabilitation spending of \$250,000 annually.
 - Project 2 includes an evaluation of citywide roof systems in FY 2018, followed by illustrative rehabilitation spending of \$500,000 annually.
 - Project 3 includes an evaluation of other citywide building components in FY 2018, followed by illustrative rehabilitation spending of \$500,000 annually.



Departmental Level of Service Recaps

Police Department



Level of Service increases you will see in FY 16/17:

- Sworn Officer Increases 156 to 160
- 2 Officers CRA Funded (Clean and Safe Unit)
- 2 Officers City Funded

- Special Projects Coordinator (Community Outreach) – Part Time
- Special Events Coordinator/ICS – Full Time

- Special Population Advocate (Recovery Community, Homeless, Mental Health)
- Video Assistant (Body Worn Cameras, In Car Cameras, Surveillance Cameras)
- Body Worn Camera Program



Fire Department

- 6 stations
 - 6 ALS Rescues – 2 personnel
 - 3 ALS Engines (Suppression Unit) – 3 personnel
 - 3 ALS Ladders (Suppression Unit) – 3 personnel
 - 1 Special Operations Unit (HM/TRT) – 1 personnel
 - 1 Battalion Chief – 1 personnel
 - 1 EMS Supervisor – 1 personnel
- Current response mode
 - 1 ALS Rescue and 1 ALS Suppression Unit to 90-95% of all medical calls
- New response mode with 8 new FF/PM per year for the next 3 years. 2 ALS Rescues staffed with 3 personnel per year for the next 3 years.
 - 1 ALS Rescue to 90-95% of the calls



Fire Department

- ROI
 - 50% increase in response capability – 1 ALS suppression unit available for zone response
 - Reduction in response times
 - Reduced wear and tear on suppression units (delivering pizza in a cement truck)
 - Better frontline and reserve fleet
 - Faster turnaround and in-service times at the local hospitals
 - Higher level of patient care, and improved safety on emergency scenes.

Community Improvement



Level of Service Increases You Will See in FY 16/17

- \$40,000 from CRA for Street Sweeper service increase from 3 days-a-week to 5
- CRA funded Code Officer to increase support in the NW/SW Neighborhoods
- Focus on Neighborhood Improvements through LHAP and SHIP Funds
- Congress Corridor Economic Task Force and Code Enforcement Presence
- Homeless Initiative
- Project Administrator to enhance Community Outreach and Initiatives
- Special Projects: Wealth and Wellness
- Workforce Housing Ordinance (Housing Project Coordinator hired)
- Transient/Vacation Rentals
- Unfreeze Education Coordinator Position, Campaign for Grade-Level Reading & All-America City Application
- Neighborhood Resource Center – increase services through new partnerships
- Improved Communication through the ability to assist residents in 5 languages (English, Spanish, Creole, French, American Sign Language)
- Atlantic Avenue from I-95 to the Beach/A1A

Information Technology





Telecommunications

Telecommunication Cost	FY 15/16	FY 16/17	Comments
AT&T	\$156,000.00		
Voice of Internet Protocol (VOIP)		\$45,000.00	
Selectron IVR	\$26,000.00		
VOIP IVR		\$0.00	
Disaster Recovery (Unitrends & Iron Mountain)	\$35,080.00		
Disaster Recovery (Transport)		\$42,000.00	
Disaster Recovery Site		\$56,784.00	
AS400 Hot-Site	\$5,000.00		
AS400 Hot-Site		\$5,000.00	
Comcast internet/Network (18 sites)	\$156,000.00		
PBC Internet/Network (36 Sites)		\$144,790.00	
<p>The telecommunications solution is in the final phases of implementation. The IT team will travel to the Jacksonville site, July 11 2016 to stand-up the hardware to complete the redundancy required for disaster recovery. The telephony solution is anticipated to complete July 31 2016.</p>			

Storage Area Network

Hardware Cost	FY 15/16	FY 16/17	Comments
SAN - DELL (End of Life)	\$24,000.00		No Maintenance for 5 yr - 10 yr Life. Initial Cost 1.5M
Flash Storage		\$12,500.00	
<p>The storage solution is in the final phases of implementation. The IT team will travel to the Jacksonville site, July 11 2016 to stand-up the hardware to complete the redundancy required for disaster recovery. The initial cost to replace the End-of-life hardware was 1.5 Million. The SAN solution has a 10-year life-cycle. If the cost are extrapolated over the 10 year period the cost is approximately \$12,500.00 per year.</p>			

MS Enterprise Agreement

Server Cost	FY 15/16	FY 16/17	Comments
Servers (VMWare)	\$27,459.00		
Servers (Hyper-V)		\$0.00	
MS Enterprise Agreement	\$300,000.00		
MS Enterprise Agreement		\$250,000.00	
<p>The utilization of the MS Enterprise Agreement to utilize the Hyper-V solution reduces total cost for the operation of the virtual machines. In addition to the reduction in server cost, implementation of virtual desktops (VDI) will reduce the cost of personal computing hardware. The VDI Solution will utilize remote desktops running on server hardware.</p>			

ERP SOLUTION

Hardware Cost	FY 15/16	FY 16/17	Comments
Sungard HTE	\$152,800.00		
New ERP		TBD	Applications will be sunset as result of the ERP implementation
Hardware Cost			
SAN - DELL (End of Life)	\$24,000.00		
<p>The Enterprise Resource Planning Solution will replace the 30-yr old Sungard HTE solution. The new solution will replace existing stand-alone software applications which will reduce the cost starting in FY 2017 thru FY 2018.</p>			