



# City of Pompano Beach, Florida

## City Commission Workshop Minutes

Agenda No. 2014-15

Date: May 15, 2014

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# ***CITY OF POMPANO BEACH, FLORIDA***

## **CITY COMMISSION WORKSHOP MINUTES**

Agenda No. 2014-15

Date: May 15, 2014

Commission Meeting Room

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The Mayor called the meeting to order at 10:00 a.m. and presided as the chairman.

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**ROLL CALL:**

***Mayor***  
***Vice Mayor***  
***Commissioner***  
***Commissioner***  
***Commissioner***  
***Commissioner***

**Present:**

*Lamar Fisher*  
*George Brummer*  
*Charlotte Burrie*  
*Barry Dockswell*  
*Rex Hardin*  
*Woodrow Poitier*

and

***City Manager***  
***City Attorney***  
***City Clerk***

*Dennis W. Beach*  
*Gordon B. Linn*  
*Mary L. Chambers*

**INVOCATION BY:**

*Mayor Lamar Fisher*

**PLEDGE OF ALLEGIANCE LED BY:** *Mary L. Chambers, City Clerk*

| Names of Comms.  | M | S | Y | N |
|------------------|---|---|---|---|
| <b>ROLL CALL</b> |   |   |   |   |
| Burrie           |   | X | X |   |
| Dockswell        |   |   | X |   |
| Hardin           | X |   | X |   |
| Poitier          |   |   | X |   |
| Bummer           |   |   | X |   |
| Fisher           |   |   | X |   |

**CITY COMMISSION WORKSHOP MINUTES**

**MAY 15, 2014**

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**APPROVAL OF THE AGENDA**

**MOTION:** To approve the City Commission Workshop Agenda of May 15, 2014, as submitted.

**DISCUSSION ITEM**

**TAPE 1                      ITEM 1**

Presentation and discussion of the Fiscal Year 2015 Estimated Budget.

Dennis Beach, City Manager stated that they are moving forward with their formal budget preparation and adoption process. In the past, they start the process with a workshop intended to acquaint the commission and the community with where they are currently, and what they anticipate for the upcoming fiscal year.

Continuing, he mentioned that Brian Donovan was the person who was performing these presentations for many years; however, he is no longer working with the City and is currently serving as the Assistant City Manager in the City of Deerfield Beach. However, in his place is Ernesto Reyes who has been with the City and the Budget office for almost eight (8) years. Also, he has been the Budget Analyst for almost three (3) years. Additionally, he has a Master's Degree in Public Administration and Accounting. Moreover, he was appointed the Interim Budget Director's position and will be providing guidance through the budget process.

Ernesto Reyes, Interim Budget Director stated that he will be presenting the preliminary budget, which the main purpose is to share the preliminary projections and the policies for consideration. After which there will be questions, answers and policy discussions. In continuation, he noted that the City Manager will follow up with individual meetings in May and June. Then,

| Names of<br>Commrs. | M | S | Y | N |
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|                     |   |   |   |   |

**CITY COMMISSION WORKSHOP MINUTES**

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**DISCUSSION ITEM – CONTINUED**

in the month of July they will return and present the recommended budget. Lastly, in September they will adopt the budget at the two public hearings. In addition, Mr. Reyes noted that he will give an overview of the current allocations, which begins with the General Fund. Attached is a copy of the presentation that will provide in detail a breakdown of the budget funds.

Additionally, he stated that they are forecasting an increase in property values of 5.02%. However, that forecast is associated with activities that occurred in 2013. Also, a significant portion of the properties has Save our Homes. Save Our Homes can increase the assessed value of the property between 0-3%, and for the purpose of next year the adjustment would be 1.5% for Save Our Homes.

Actually, if the valuation is correct, this would be the second consecutive year they have an increase in property values. Nonetheless, embedded in the property valuation is new construction at \$44 million, which in comparison to fiscal year 2010 is considered a relatively low amount. However, it is thought to be a 38% increase compared to 2014. Also, the personal income per Capita is at 3.15%, a number by which the millage could be adjusted based on the majority of votes, also known as the state max.

Overall, the estimated non ad-valorem revenue is \$70.7 million. With estimated expenses at \$114.9 million, subtracted by the non ad-valorem revenue of \$70.7 million and \$400,000 for delinquent property and tax penalties, this yields a required ad-valorem revenue of \$43.8 million. Moreover, by dividing the estimated net mil, the proposed millage rate is 4.8701. For every mil, this would generate \$9 million in property taxes. Furthermore, this is a decrease of .02% when compared to the adopted millage rate in the general fund as well as the EMS millage rate.

Finally, Mr. Reyes noted some assumptions that were considered while preparing the budget, such as maintaining service levels, provide for a millage rate below fiscal year 2014 and whether an operating fund balance would be recognized.

Vice Mayor Brummer asked where in the presentation does it indicate what fund goes to the CRA.

| Names of<br>Comms. | M | S | Y | N |
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|                    |   |   |   |   |

**CITY COMMISSION WORKSHOP MINUTES**

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**DISCUSSION ITEM – CONTINUED**

Mr. Reyes replied that currently in the budget their primary focus is the general fund. Besides, a more detailed budget will be presented at the July workshop.

Vice Mayor Brummer commented that “if the CRA funds do not come from the general fund, then it has to come from somewhere.”

Mr. Beach responded by stating that those funds are included in the General funds cost that are present, whether or not they are under other expenses. However, the transfers to the community redevelopment agency are a part of this budget.

Vice Mayor Brummer echoed that in the future he would want to know the amount that has to be transferred to the East and Northwest CRA, and also what increase in percentage in property values were attributed to those two districts because there has to be a segregation.

Mr. Reyes reiterated that the CRA contribution had been included in the General fund, as stated by Mr. Beach earlier. Besides, when they receive the tentative property valuation they will be able to incorporate those changes.

Comr. Poitier asked why the building inspection reserves had decreased.

Mr. Reyes replied that “there is a reciprocal reserve relationship between the reserves and the building permit revenue.” However, as the building permit revenue increases, then the less reserve is deducted for building inspection.

Mr. Beach noted that the building inspection reserve is used to subsidize the building permit revenues that are necessary to finance the building department. In other words, if the permit generated by the building department does not cover the operations, then they would deduct it from the building reserve.

| Names of Commrs. | M | S | Y | N |
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|                  |   |   |   |   |

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**DISCUSSION ITEM – CONTINUED**

Comr. Dockswell referred to the Chart 5, which pertains to General fund cost drivers. He highlighted the BSO variance that currently stands at about \$786,000, which is more expensive in the upcoming year. Also, he stated that Mr. Reyes emphasized that the BSO variance would be revisited, and he asked to have that information clarified.

Mr. Reyes stated that the Florida Retirement System (FRS) pension rates have not been published, but once they are published they anticipate the BSO to submit a revised budget.

Comr. Dockswell asked if the variance is presumed to increase.

Mr. Reyes replied, “Not necessarily, it is going to depend on what the FRS rates are. It could go up or down; it is yet to be determined.”

In continuation, Comr. Dockswell questioned the pension amount and why is it \$700,000, which is lesser than last year? He enquired if it is a reflection of changes in police and fire.

In response, Mr. Reyes stated that this has been taken into account, both the actual numbers that was presented and the City’s contribution towards the police and firefighters pension fund.

Mayor Fisher commented that he thought that it was discussed during the presentation that there would be a decrease in the numbers.

Comr. Dockswell referred to Chart 14 and questioned whether the millage stabilization fund balance reflected zero in previous years.

Mr. Reyes replied that is correct. It was lowered to zero the previous year and the prior year it was not.

In response to Comr. Dockswell’s question for an explanation behind the millage stabilization fund balance, Mr. Reyes answered that based on the revenue and cost estimates they can levy the millage under the current adopted. Therefore, there is no need to take fund balance in terms of the millage stabilization account.

| Names of Comms.   | M | S | Y | N |
|---|---|---|---|---|
| <p><b>CITY COMMISSION WORKSHOP MINUTES</b>                      <b>MAY 15, 2014</b></p> <p><b>PAGE 5</b></p> <p><b><u>DISCUSSION ITEM – CONTINUED</u></b></p> <p>Comr. Dockswell referred to Chart 15, Parking fund balance of \$600,000, and questioned why it is reflecting the same amount for both years. Besides, they are getting more parking revenues.</p> <p>Mr. Reyes responded that currently there is no reimbursement from the parking fund but until that happen, they anticipate keeping the \$600,000 there.</p> <p>Mr. Beach addressed the commission and specified that that particular account was established the previous fiscal year where the parking fund was setup with the \$600,000 budget. So, that was just a transfer.</p> <p>Comr. Dockswell questioned if they fully implemented where the parking meter fees, fines and so forth would go into the fund, and would the expenses come out of that for the construction of the garage.</p> <p>Mr. Beach replied that the parking fund has been created, which is going to be a part of another budget document that will be presented. Nevertheless, the General fund is going to support that parking fund of \$600,000.</p> <p>Mayor Fisher questioned the estimated figures for last year’s delinquent property and tax penalties highlighted on Page 16 of the chart.</p> <p>Mr. Reyes replied \$400,000.</p> <p>Mayor Fisher asked if it was accurate.</p> <p>Mr. Reyes replied that they inputted those amounts, which varied from year to year. However, in terms of the calculation, they would have to remove them.</p> <p>Mayor Fisher asked if the recommendation for 2015 is a 0.02 % decrease in the millage.</p> <p>Mr. Reyes replied, “Correct.”</p> <p>Comr. Hardin mentioned that the chart indicated that the Parks and Recreation fees have decreased. He asked if that is correct.</p> |   |   |   |   |

| Names of<br>Comms. | M | S | Y | N |
|--------------------|---|---|---|---|
|                    |   |   |   |   |

**CITY COMMISSION WORKSHOP MINUTES**

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**DISCUSSION ITEM – CONTINUED**

Mr. Reyes answered that is correct. In fact, he clarified that they experienced lower revenues than what was adopted; however, he would not state that they have decreased, but the estimate would probably be a little higher than what it should have been.

Mr. Beach stated that the significant reduction in the football league fees have been a major contributor to the source of that impact.

Vice Mayor Brummer stated that overall it was a very good budget. However, he looks forward to seeing the details.

**ADJOURNMENT**

There being no further business, the workshop adjourned at 10:24 a.m.


  
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**LAMAR FISHER, MAYOR**


  
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**ASCELETA HAMMOND, CITY CLERK**



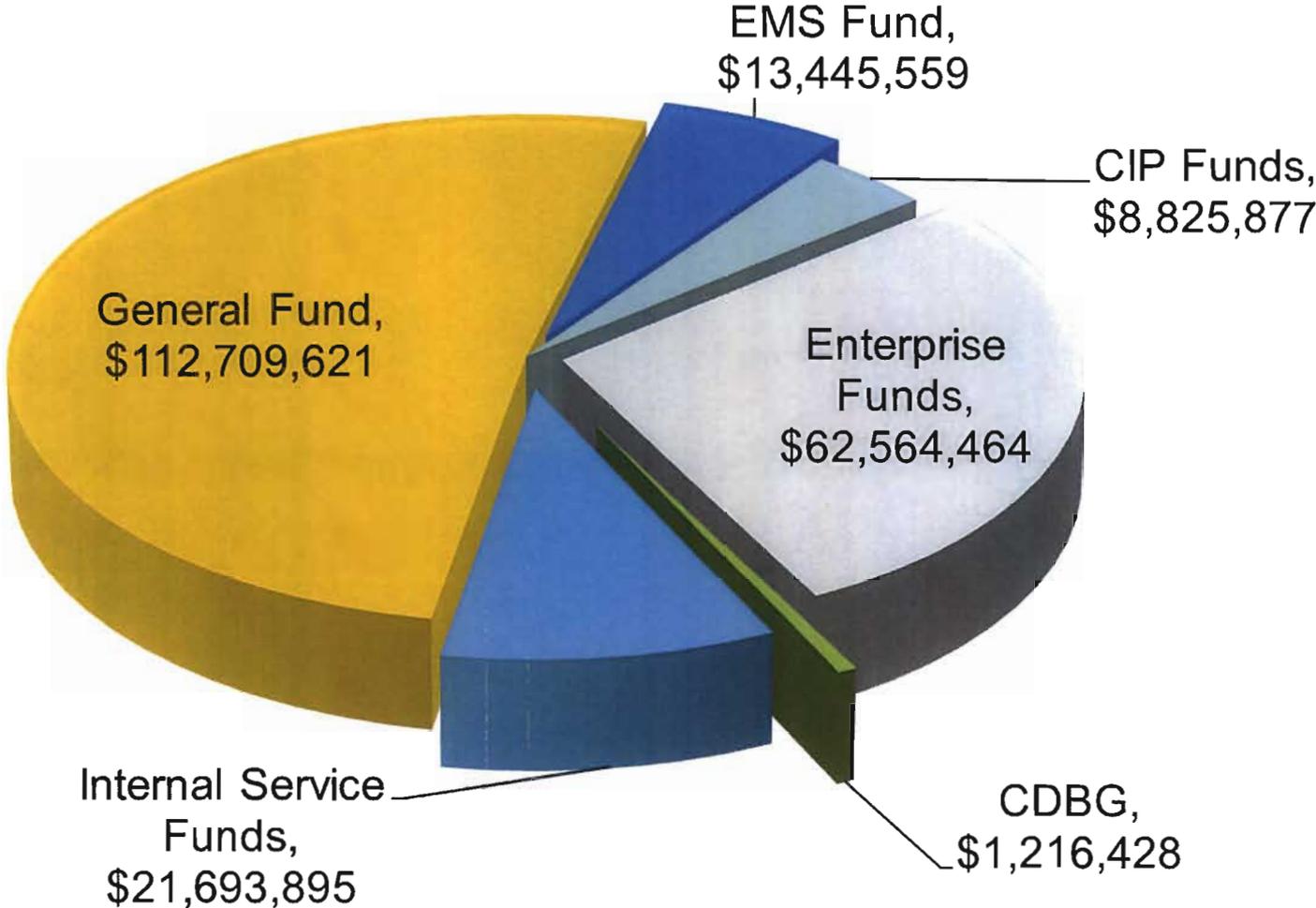
# BUDGET PRESENTATION

# FY 2015 Budget Calendar

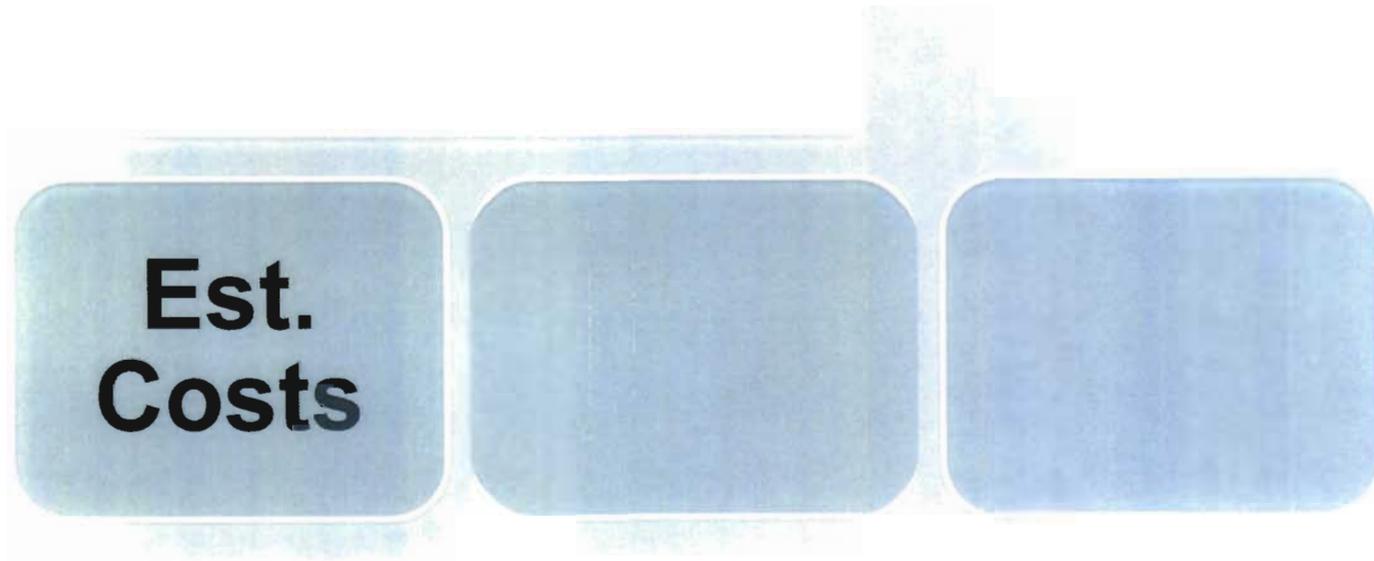
- May: Budget Workshop
- May - June: Individual Meetings
- July: Budget Workshops
- September: Public Hearings

# FY 2014 Adopted Budget

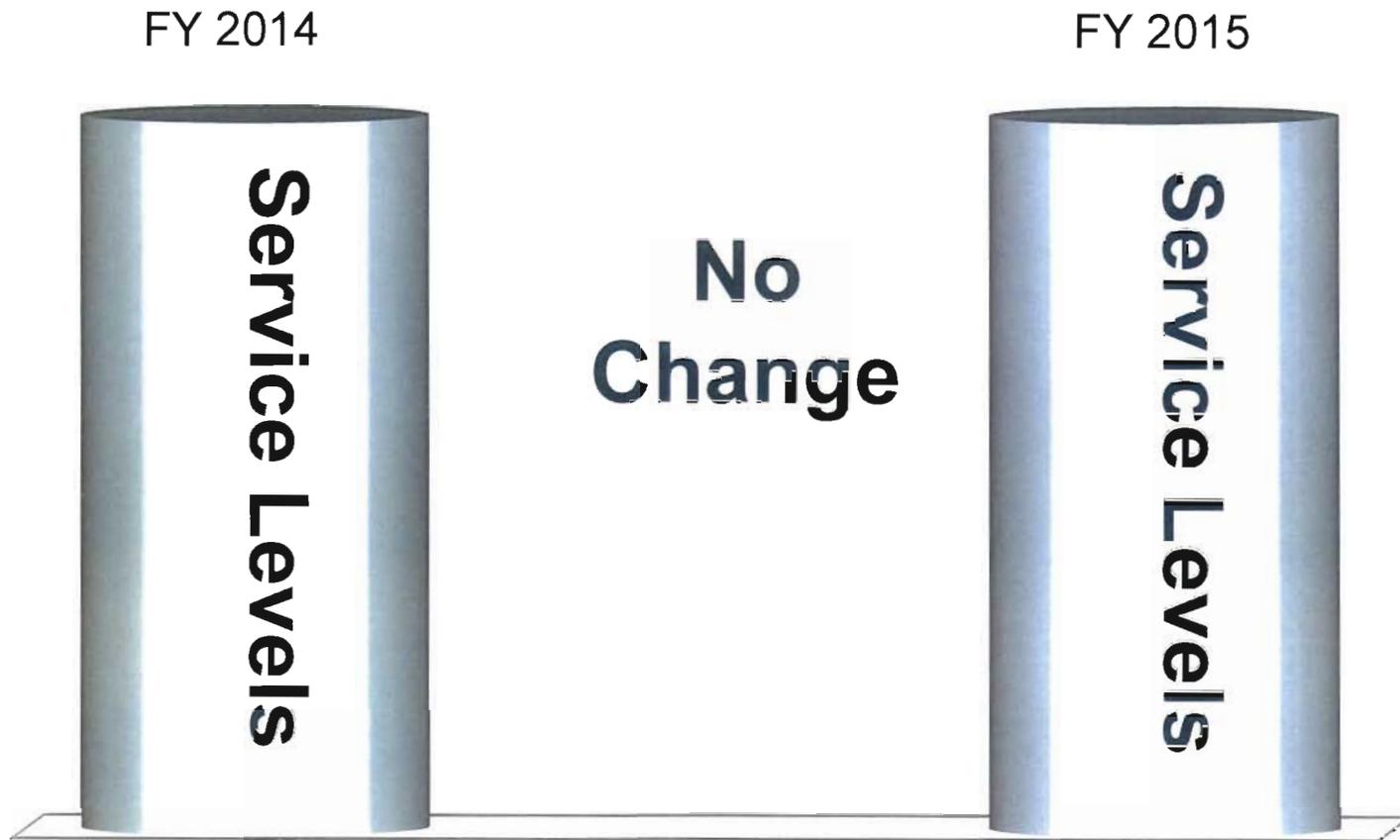
\$220,505,844



# General Fund FY 2015



# General Fund Service Levels



# General Fund Cost Drivers

|                           | FY 2014              | FY 2015              | Variance           |
|---------------------------|----------------------|----------------------|--------------------|
|                           | <u>Adopted</u>       | <u>Estimated</u>     |                    |
| Salary & Wages            | \$24,905,068         | \$26,402,301         | \$1,497,233        |
| Capital Replacement       | \$1,476,871          | \$1,102,060          | (\$374,811)        |
| BSO                       | \$35,250,621         | \$36,036,702         | \$786,081          |
| Pension                   | \$7,001,771          | \$6,299,143          | (\$702,628)        |
| Insurance (Risk & Health) | \$6,641,553          | \$7,243,052          | \$601,499          |
| Electric                  | \$1,900,000          | \$1,900,000          | ---                |
| Transfers                 | \$8,179,993          | \$8,758,213          | \$578,220          |
| Other Expenses            | <u>\$27,353,744</u>  | <u>\$27,199,908</u>  | <u>(\$153,836)</u> |
| <b>TOTAL</b>              | <b>\$112,709,621</b> | <b>\$114,941,379</b> | <b>\$2,231,758</b> |

# General Fund FY 2015

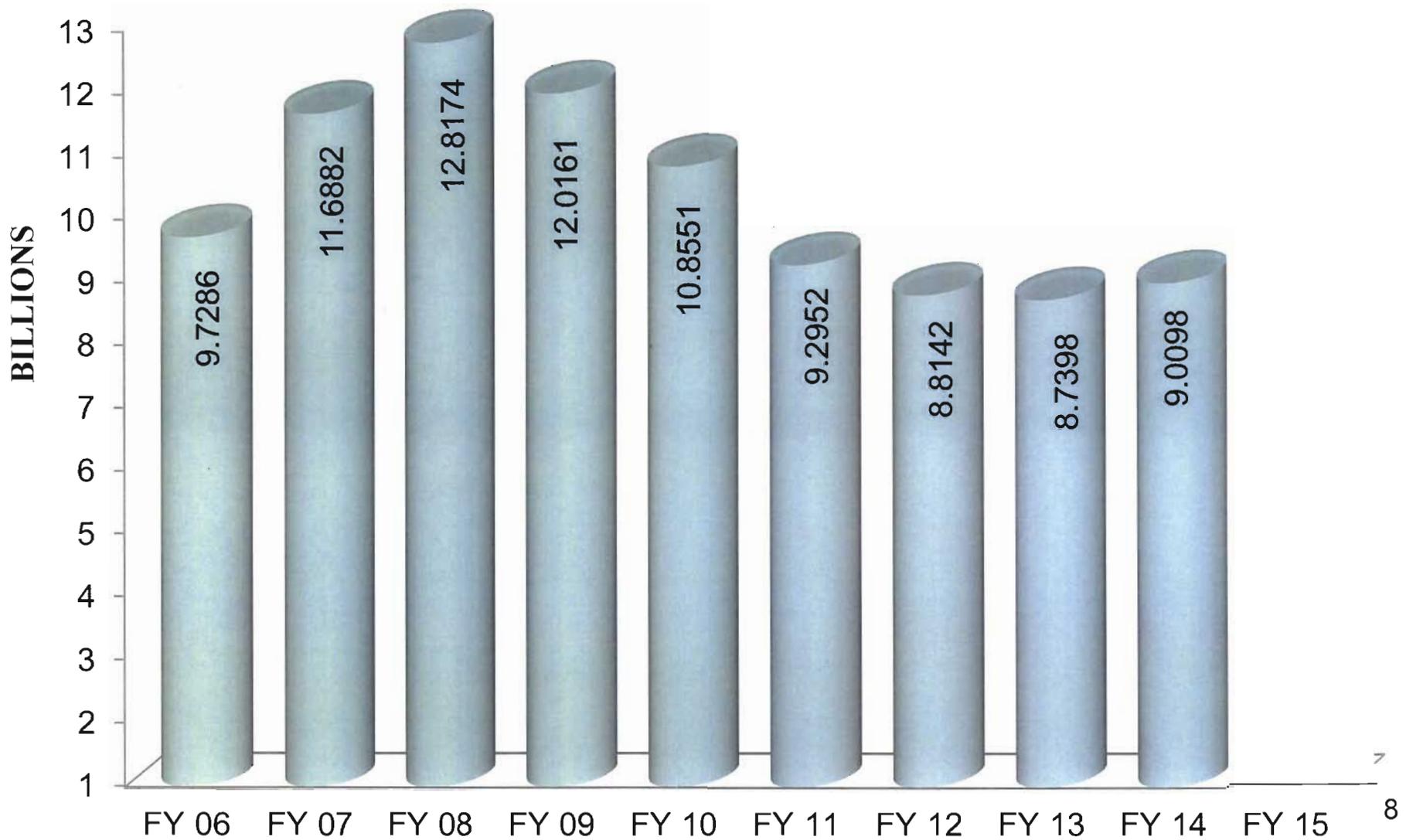


# FY 2015 Preliminary Revenue Estimate

## Property Taxes: Key Assumptions

– Property Values: +5.02%

# PROPERTY VALUATION

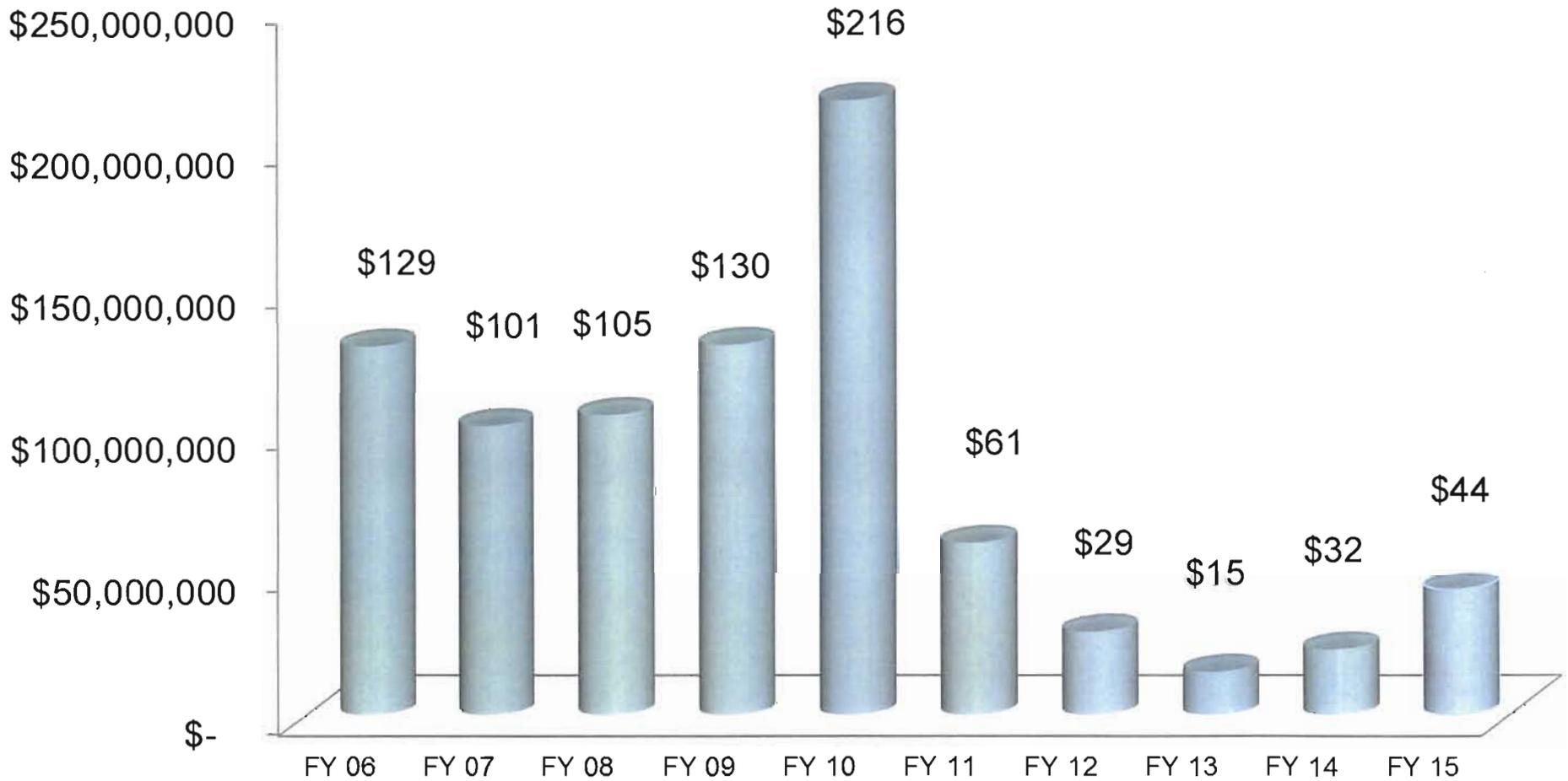


# FY 2015 Preliminary Revenue Estimate

## Property Taxes: Key Assumptions

- Property Values: +5.02%
- New Construction: \$44 Million

# New Construction



# FY 2015 Preliminary Revenue Estimate

## Property Taxes

- Property Values: +5.02%
  - New Construction: \$44 Million
- Per Capita Personal Income: +3.15%

# Estimated Operating Millage Rate Calculation (*State Max*)

|                          | <u>EMS<br/>Fund</u> | <u>General<br/>Fund</u> |
|--------------------------|---------------------|-------------------------|
| Est. Rollback Rate       | 0.6376              | 4.7761                  |
| Per Capita Income Adj.   | <u>+3.15%</u>       | <u>+3.15%</u>           |
| Est. Millage Rate        | 0.6576              | 4.9265                  |
| EMS Millage Cap          | <u>(0.1576)</u>     | <u>0.1576</u>           |
| Est. Millage (State Max) | 0.5000              | 5.0841                  |

# Estimated Millage Rate

## *State Max.*

|              | FY 2014        | FY 2015         |              |
|--------------|----------------|-----------------|--------------|
|              | <u>Adopted</u> | <u>Estimate</u> | <u>%</u>     |
| General Fund | 4.8712         | 5.0841          | 4.37%        |
| EMS Fund     | <u>0.5000</u>  | <u>0.5000</u>   | ---          |
| <b>Total</b> | <b>5.3712</b>  | <b>5.5841</b>   | <b>3.96%</b> |

# FY 2015 Preliminary Revenue Estimate

## Property Taxes

- Property Values: +5.02%
  - New Construction: \$44 Million
- Per Capita Personal Income: +3.15%

## Non Ad-Valorem Revenue

- Maintain Millage Stabilization (fund balance) at zero

# Estimated Non Ad-Valorem Revenues

|                              | FY 2014             | FY 2015             |                  |
|------------------------------|---------------------|---------------------|------------------|
|                              | Adopted             | Estimate            | Variance         |
| Franchise & Utility Taxes    | \$15,477,239        | \$15,879,723        | \$402,484        |
| Communication Taxes          | \$5,500,000         | \$5,313,000         | (\$187,000)      |
| License & Permits            | \$18,533,164        | \$19,316,465        | \$783,301        |
| Intergovernmental            | \$11,472,866        | \$12,366,792        | \$893,926        |
| Charges For Services         | \$3,418,096         | \$3,064,306         | (\$353,790)      |
| Fines & Forfeitures          | \$843,000           | \$925,500           | \$82,500         |
| Miscellaneous                | \$2,748,142         | \$2,400,357         | (\$347,785)      |
| Transfers & Service Fees     | \$11,010,535        | \$10,276,812        | (\$733,723)      |
| Building Inspection Reserves | \$989,376           | \$595,766           | (\$393,610)      |
| Parking Fund Balance         | <u>\$600,000</u>    | <u>\$600,000</u>    | ---              |
| <b>Sub-total</b>             | <b>\$70,592,418</b> | <b>\$70,738,721</b> | <b>\$146,303</b> |

# General Fund FY 2015

|   |                    |
|---|--------------------|
| FY 2015 Estimated Expenses                | \$114,941,379      |
| Less: Est. Non Ad-Valorem Revenue         | (\$70,738,721)     |
| Less: Delinquent Property & Tax Penalties | <u>(\$400,000)</u> |
| Required Ad-Valorem Funds                 | \$43,802,658       |

# General Fund FY 2015

$$\frac{\$43,802,658}{\$8,994,235} = 4.8701$$

# Estimated Millage Rate

|              | FY 2014<br><u>Adopted</u> | FY 2015<br><u>Estimate</u> | <u>%</u>       |
|--------------|---------------------------|----------------------------|----------------|
| General Fund | 4.8712                    | 4.8701                     | (0.02)%        |
| EMS Fund     | <u>0.5000</u>             | <u>0.5000</u>              | ---            |
| <b>Total</b> | <b>5.3712</b>             | <b>5.3701</b>              | <b>(0.02)%</b> |

# General Fund

## FY 2015



# FY 2015 Budget Policy Considerations/Goals

- Maintain Service Levels
- Provide for a Millage rate below FY 14
- No operating fund balance would be recognized (millage stabilization)

❖ Assumes no additional costs, or reduced revenues, that would impact the FY 2015 Proposed Budget



Florida's Warmest Welcome

# BUDGET PRESENTATION