



# City of Pompano Beach, Florida

## City Commission Workshop Minutes

Agenda No. 2016-16

Date: May 17, 2016

Subject	Ord. No.	Res. No.	Page
<b><u>APPROVAL OF AGENDA</u></b>			
May 17, 2016 City Commission Budget Workshop Agenda			1
<b><u>DISCUSSION ITEM</u></b>			
City Manager's Presentation - Budget Overview & Summary.			1-7
<b><u>ADJOURNMENT</u></b>			7

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

## **CITY COMMISSION WORKSHOP MINUTES**

Agenda No. 2016-16

Date: May 17, 2016

Commission Meeting Room

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The Mayor called the meeting to order at 9:00 a.m. and presided as the chairman.

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**ROLL CALL:**

**Present:**

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

*Lamar Fisher*  
*Charlotte Burrie*  
*Barry Dockswell*  
*Rex Hardin*  
*Barry Moss*  
*Edward Phillips*

and

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

*Dennis W. Beach*  
*Mark E. Berman*  
*Asceleta Hammond*

**INVOCATION BY:**

*Mayor Lamar Fisher*

**PLEDGE OF ALLEGIANCE LED BY:** *Asceleta Hammond, City Clerk*

Names of Commrs.	M	S	Y	V	V
<b>CITY COMMISSION WORKSHOP MINUTES</b>					
<b>MAY 17, 2016</b>					
<b>PAGE 1</b>					
<b><u>APPROVAL OF AGENDA</u></b>					
<b>MOTION:</b> To approve the City Commission Budget Workshop Agenda of May 17, 2016 as submitted.					
<b><u>VOICE VOTE</u></b>					
Dockswell				X	
Hardin	X			X	
Moss				X	
Phillips				X	
Burrie		X		X	
Fisher				X	

**ITEM 1**

**TIME 03:12**

**City Manager's Presentation - Budget Overview & Summary**

Dennis W. Beach, City Manager stated that it is the beginning of the 2017 budgeting process. He introduced Brian Donovan to explain the process and noted that they anticipate questions and comments at the end of the presentation.

Brian Donovan, Deputy City Manager stated that since it is the first Budget Workshop, staff will focus on discussing the policies for implementation, in terms of shaping or developing the fiscal year 2017 budget. Also, utilizing the policies to determine what kind of tax rate would be required to balance the budget.

Mr. Donovan noted that after the conclusion of the workshop, he would be conducting individual meetings with each Commissioner to address any questions, policy issues or any other concerns with the development of the budget. Thereafter, upon reaching consensus, staff will return in July and conduct a more thorough budget workshop, which is when the presentation of the recommended budget will be presented to the Commission and the public, which will be held in the chamber and recess to the fourth floor conference room. Subsequently, two public hearings will be held in September, which are required under State statutes and those are the two public hearings for the purpose of adopting the millage rate for the next fiscal year.

Names of Commrs.	M	S	Y	N

**CITY COMMISSION WORKSHOP MINUTES**

**MAY 17, 2016**

**PAGE 2**

**DISCUSSION ITEM- CONTINUED**

Overall, the entire budget has 19 funds ranging from the General Fund to the Cemetery Trust Fund but for purposes of the presentation the focus would be on the General Fund for the following reasons: 1) that is where some of the most visible services are provided to include public safety, parks, and public works, and 2) it is where the majority of the tax dollars are appropriated. He stated that staff would provide some policy assumption/recommendation to the Commission for the development of the budget. Furthermore, under those policies there will be General Fund expenditure estimates and General Fund revenue estimates. After that information has been provided, the millage rate estimate will be presented in terms of what staff would set the rate at to balance the budget.

Continuing, Mr. Donovan noted that there are three (3) broad fiscal policy assumptions that staff is applying to next fiscal year, which includes the following: The service levels that is currently being provided will continue to be provided at the same level going into the next fiscal year, minus or plus any adjustments for any services approved by the Commission between now and the end of the current fiscal year. Also, to look for opportunities for an operating millage rate reduction and try to minimize the use of the fund balance. Moreover, those three (3) policies can sometimes work against each other. For instance, if service levels are maintained, 99.99% of the time there will be a cost increase, whether it is through inflationary pressures or collective bargaining agreements.

Mr. Donovan referred to a slide that shows 5 years of budgetary data for the expenditure side with particular attention between fiscal year 2016 and 2017, whereby an estimated increase of \$9.1 million is being considered. Mr. Donovan mentioned the non-ad valorem, which is all of the revenues excluding property taxes, and for fiscal year 2016 and 2017, an increase of approximately \$8.2 million is projected. Attached is a copy of the presentation that will provide a more detailed breakdown of the non-ad valorem revenue estimates.

Additionally, with the current information that was provided, staff will be able to determine the millage requirements for the next fiscal year. Besides, there is a total estimated expenditure and total estimated non-ad valorem revenues, the difference between the two will determine how much is needed to raise the property taxes to balance the budget, based on the

Names of Commrs.	M	S	Y	N

**CITY COMMISSION WORKSHOP MINUTES**

**MAY 17, 2016**

**PAGE 3**

**DISCUSSION ITEM- CONTINUED**

estimates. He noted that before making the calculation, the initial thing to do is to examine the tax base entering into the next fiscal year. Beginning with the fiscal year 2016 value of \$10.2 billion, reduced by approximately \$67 million for Value Adjustment Board (VAB), which provides an added growth of 6.81%; new construction of approximately \$154 million with a FY 2017 value of about \$11.1 billion, which equates to a net mil of \$10.3 million that will be addressed later in the presentation.

In addition, the property value over the long-term trend that is expected in an increase of \$840 million or 8.32% when compared to last fiscal year tax base. The millage estimate would be expenditures less the estimated non-ad valorem revenue, which creates a funding gap of over \$50 million, divided by net mil that creates an operating millage of 4.8252. After that is added to the Emergency Medical Services (EMS) millage that provides for an estimated millage of 5.3252, when compared to the fiscal year 2016 adopted rate of 5.4865 a decrease in the rate of .1613, which is a 3% reduction in the rate when compared to fiscal year 2016.

Therefore, when compared to other cities, the adopted rate for 2016 shows that Pompano Beach is in the lower quartile for Broward County. Not to mention, staff is projecting a decrease and expect that position to remain the same and/or be more favorable.

Mr. Donovan noted that fire assessment rate has no proposed changes, therefore it will remain at \$134 for single family entering into the next fiscal year, which is the 3rd lowest rate in the County.

Finally, staff bundled a number of services together to realize how much it would cost to live in Pompano Beach and compared it to other cities. The costs to take into account would include property taxes, utilities, storm water, and solid waste, when added together with other rates charged by other cities in Broward County, would indicate that Pompano Beach is at the lower end of the spectrum. Therefore, it is safe to say that Pompano Beach is an affordable City to reside in.

Names of Commrs.	M	S	Y	N

**CITY COMMISSION WORKSHOP MINUTES**

**MAY 17, 2016**

**PAGE 4**

**DISCUSSION ITEM- CONTINUED**

Comr. Dockswell asked how could there be a variance of \$4 million when staff is seeking the amount of money that is required, and yet it was stated that it has no effect on the amount of money that is needed to be raised.

Mr. Donovan clarified that the Golf Fund was originally an Enterprise Fund, which still is. In fact, staff transferred \$4 million in expenditures to the General Fund but also moved the revenues over to the General Fund as well.

Comr. Dockswell asked if the Enterprise Fund is dissolved, would the City no longer try to maintain the function of it being an Enterprise Fund.

In response to Comr. Dockswell's question, Mr. Donovan replied if the condition is to accept the recommendation, the Golf Fund would be part of the General Fund next year, which in essence would no longer be an Enterprise Fund.

Comr. Dockswell asked if the staff is "giving up" assuming that the golf course is not going to be self-sustaining and carry it as an expense item, what is behind the change.

Mr. Beach responded that staff is not giving up; however, they are going to continue to work towards a positive cash flow in the department. One of the drivers of the proposed change was how the City account for internal services for enterprise accounts. The calculation that was used to apply to the Enterprise Fund added around \$400,000-\$500,000 a year to the expense of the golf course, which was an accounting function. Besides, it distorted the golf course budget and the perception of what the City was investing in the golf course. Consequently, to avoid the internal service charge, the transfer to the general fund was the proposed solution.

Comr. Dockswell questioned in moving forward would the City be tracking the golf division as an enterprise fund and knowing the degree to which it is self-sustaining, whether making or losing money.

Names of Commrs.	M	S	Y	V N
<p><b>CITY COMMISSION WORKSHOP MINUTES</b>                      <b>MAY 17, 2016</b></p> <p><b>PAGE 5</b></p> <p><b><u>DISCUSSION ITEM- CONTINUED</u></b></p> <p>In response, Mr. Beach stated that the accounting activity and the level of measurement with the golf course will not change and would be accounted for separately and independently. Also, they will always know where the City is with revenues, expenditures and charges.</p> <p>Comr. Dockswell inquired if the \$400,000-\$500,000 were charges for reuse water.</p> <p>Mr. Beach replied that the reuse water was a separate charge. The administrative overhead and the indirect cost allocation and all those things that the general fund charges to enterprise accounts is the one that they are evading because of the change and how the golf fund is reported.</p> <p>Comr. Dockswell stated that it sounds like they are doing something artificial to make the performance more obscure. Moreover, he is having trouble understanding the benefit of what they are doing.</p> <p>Mr. Beach explained that the intent of the proposal was to give it more clarity and accuracy. The perception that was created by the way they account for the golf course fund has added a tremendous amount of expense to the golf course than what could be found in another operating golf course that was not being handled this way. For example, private golf courses do not have inter-service funds that they have to account for; therefore, it was an expense far beyond what it cost to operate a golf course.</p> <p>Mayor Fisher addressed Comr. Dockswell and the Commission stating that for many years the golf advisory board has always stated that the numbers are so skewed because the reclaim water and the administrative fees were so enormous that they never could become sustainable. Last year, they discussed removing the hard cost and make it a general fund in hopes that the issue can balance out. In fact, it is the first time that they have looked at it differently and have it removed. However, he agreed that it needs to be calculated and tracked in an effort to discontinue the disbursement of money into that fund.</p>				

Names of Commrs.	M	S	Y	N

**CITY COMMISSION WORKSHOP MINUTES**

**MAY 17, 2016**

**PAGE 6**

**DISCUSSION ITEM- CONTINUED**

Comr. Dockswell stated that he would prefer the golf course be kept as an Enterprise Fund. Moreover, if they determine that the administrative fees and the reclaimed water fees are unstable, he would prefer to give a credit to the Enterprise Fund. It would be important to have the Enterprise Fund discreet and give any credits in order to create a level playing field for comparison, and then make comparison to other municipal courses. He inquired if the \$4 million is what staff is considering to raise at next year's budget or is it just for journaling.

Mr. Donovan clarified that the numbers represent the transferring of the expenses from Enterprise Fund into the General Fund. The reason it is showing as a new expense is because it is new to the General Fund and this is the first year in it. Also, there was a transfer of monies for both revenues and expenditures into the General Fund.

Comr. Dockswell asked what was the revenue amount that was transferred.

Mr. Donovan replied that the revenue transferred was \$2.5 million from the Golf Fund. Also, he noted that within the current fiscal year they transferred over \$1.7 million to the Golf Fund, which currently is \$200,000 less.

Comr. Dockswell asked does that take into account the request the Commission received regarding enhancements to the golf course in the upcoming fiscal year.

Mr. Donovan responded, yes it does.

Comr. Dockswell reiterated the 6.81% growth and asked if the amount is an estimate for the entire County or the City, and asked if Broward County Property Appraiser (BCPA) estimated the growth for each city.

Mr. Donovan stated that it is new information, which came out earlier than usual; therefore, the slide reflects the adjustments.

Comr. Hardin inquired if the City will be attaching administrative charges to each fund.

Names of Comms.	M	S	Y	V N

**CITY COMMISSION WORKSHOP MINUTES**

**MAY 17, 2016**

**PAGE 7**

**DISCUSSION ITEM- CONTINUED**

Mr. Beach replied, "Yes we are."

Comr. Hardin asked if they are going to remove them from the remainder of the Enterprise Fund.

Mr. Beach responded, no.

Comr. Phillips asked whether they are getting rid of the Enterprise Fund.

Mr. Beach explained that they are changing how the City accounts for the golf course expenditures. It is an accounting function on how they assign and report cost, beyond that nothing is changing.

Comr. Phillips stated that it is interesting how it seems like the expenditures has increase but the millage rate has decrease.

Mr. Beach noted that the reason for the individual discussions is to dig into the details of every enquiry or concerns that they may have.

**ADJOURNMENT**

There being no further business, the workshop adjourned at 9:28 am.

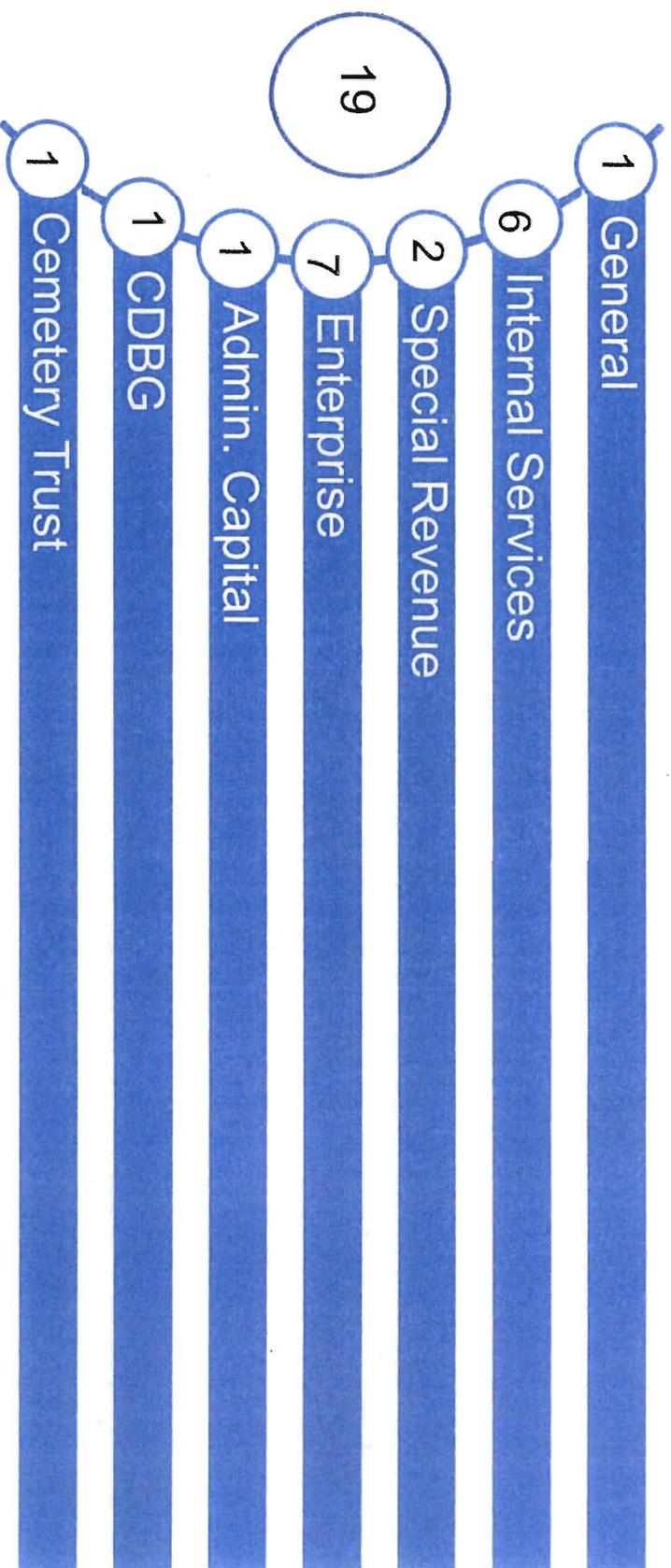
  
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**LAMAR FISHER, MAYOR**

  
\_\_\_\_\_  
**ASCELETA HAMMOND, CITY CLERK**

# CITY OF POMPANO BEACH

## BUDGET WORKSHOP

# CITY FUNDS



# **BUDGET PRESENTATION OUTLINE**

**1) Fiscal Policy Assumptions**

**2) General Fund Expenditure Estimates**

**3) General Fund Revenue Estimates**

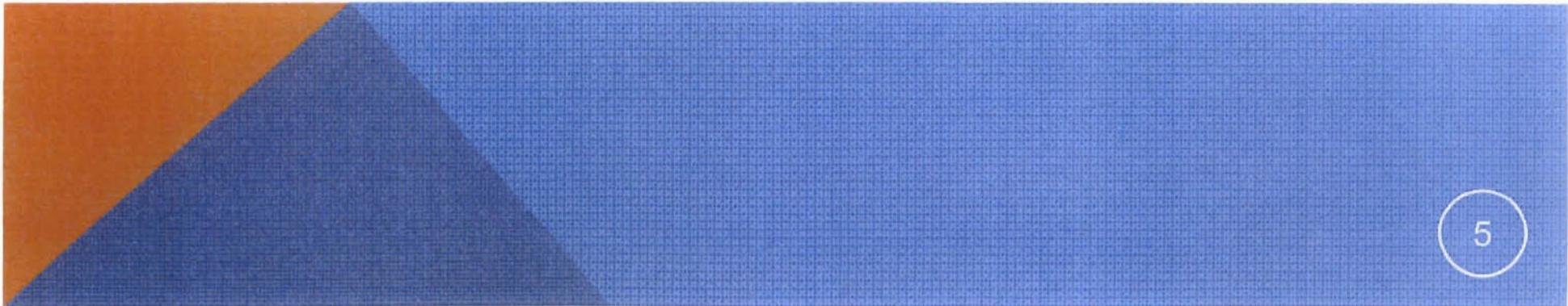
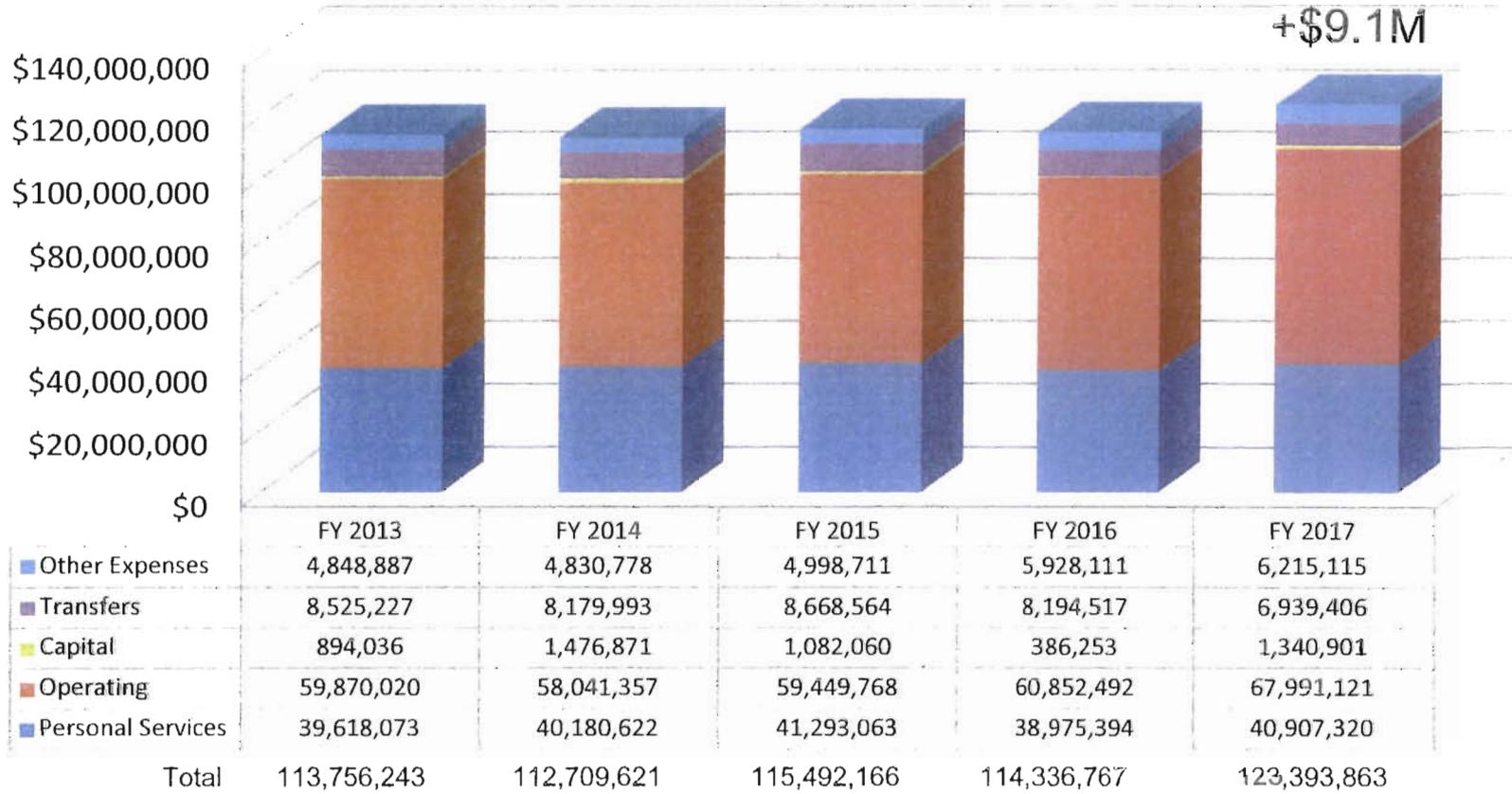
**4) Millage Estimate**

# FY 2017 FISCAL POLICY ASSUMPTIONS

- **Maintain Service Levels**
- **Operating Millage Rate Reduction**
- **Minimize use of Fund Balance**



# FY 17 EXPENDITURE ESTIMATES



# FY 17 EXPENDITURE ESTIMATES

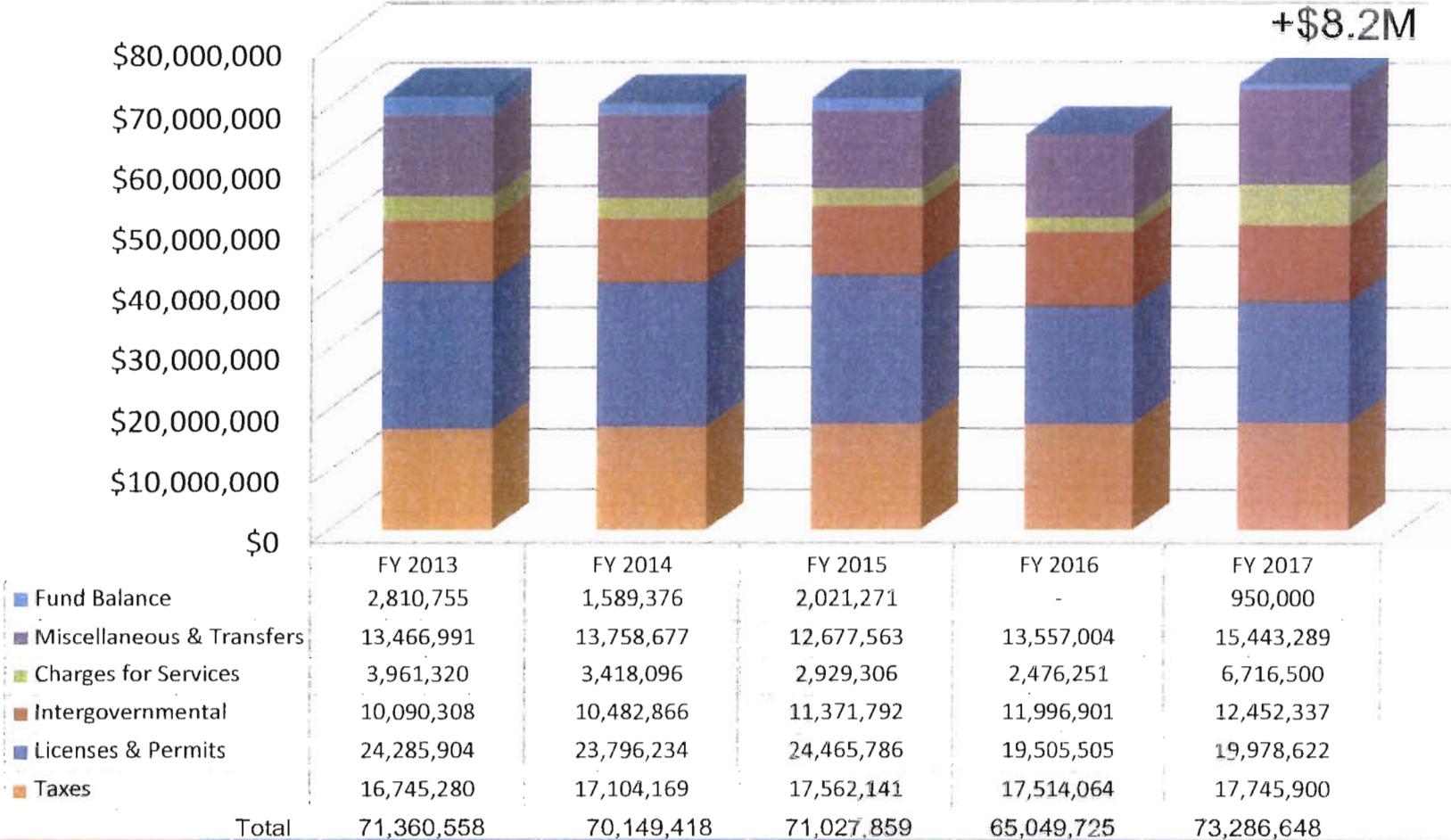
	FY 2016	FY 2017	
	<u>Adopted</u>	<u>Est.</u>	<u>Variance</u>
Personal Services	38,975,394	40,907,320	1,931,926
Operating	60,852,492	67,991,121	7,138,629
Capital	386,253	1,340,901	954,648
Transfers	8,194,517	6,939,406	(1,255,111)
Other Expenses	5,928,111	6,215,115	287,004
Total	114,336,767	123,393,863	9,057,096

## FY 17 EXPENDITURE ESTIMATES

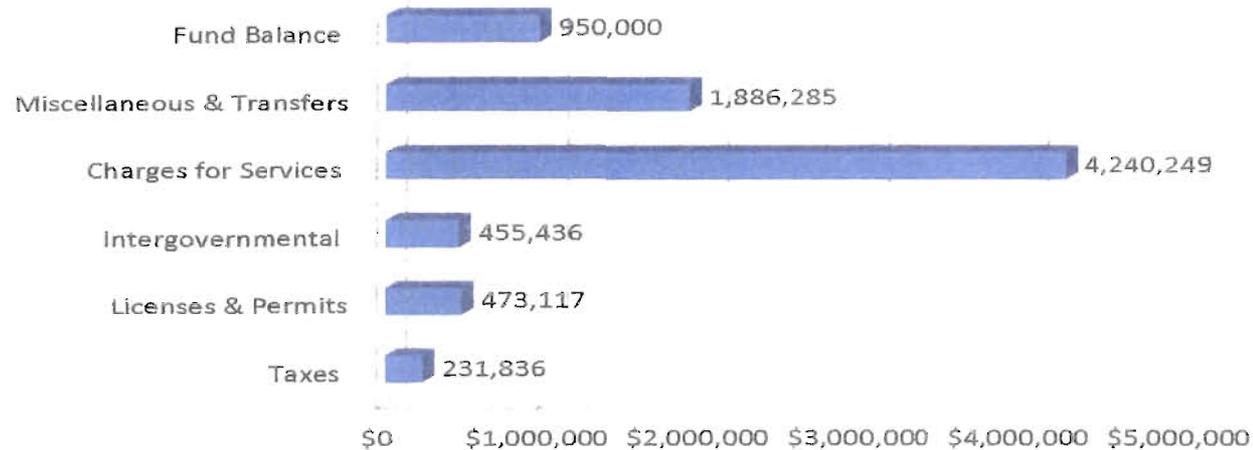
	FY 2016	FY 2017	
	<u>Adopted</u>	<u>Estimated</u>	<u>Variance</u>
COLA's & Merit	24,245,240	25,336,276	1,091,036
Capital Replacement	386,253	1,340,901	954,648
Pension	5,673,150	6,248,799	575,649
BSO	38,526,681	41,549,115	3,022,434
Cultural Center	-	481,039	481,039
Golf Division	-	4,041,070	4,041,070
Transfers	8,194,517	6,939,406	(1,255,111)
Other	<u>37,310,926</u>	<u>37,457,257</u>	<u>146,331</u>
Total	114,336,767	123,393,863	9,057,096

3% COLA's are budgeted for both General Employees and Fire for FY17. BSO increased by almost 8%; over half of the increase is attributable to pension costs. Golf used to be a stand alone Enterprise Fund. It is proposed to be moved into the General Fund because the General Fund has subsidized the Golf Course for close to 10 years. With the Golf Course moved into the General Fund, transfer costs are reduced. Please note there is no savings or additional costs by this transfer.

# REVENUE ESTIMATES: NON AD VALOREM



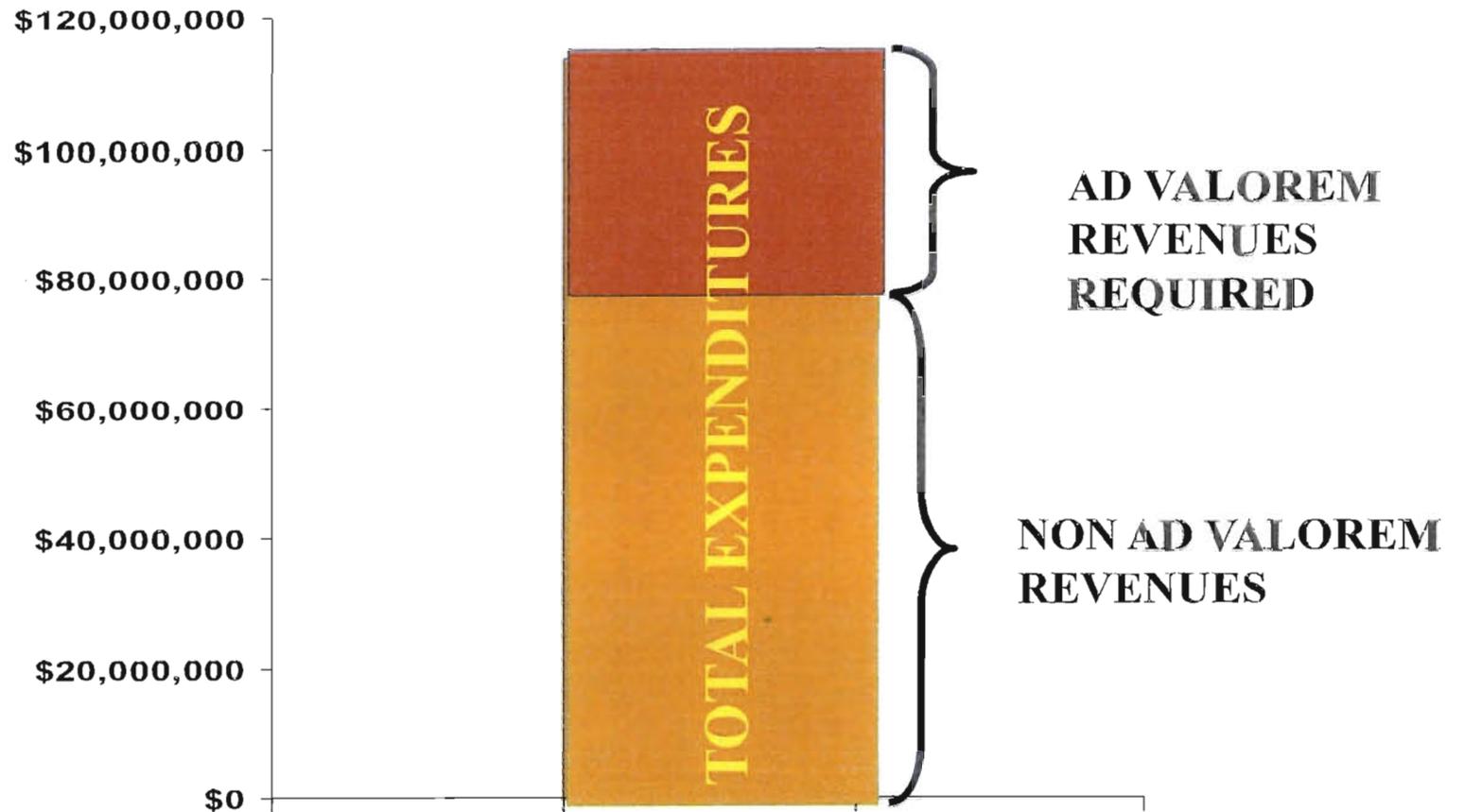
## REVENUE ESTIMATES: NON AD VALOREM



9

Fund balance is being recommended as a result of finishing FY 15 on the positive side. Utilizing these funds will allow the City to replace capital equipment. The current undesignated fund balance is: \$9 million. The increase in miscellaneous revenues and transfers is due to increases in interest income, admin charges and transfers from other funds to pay for services carried out in the General Fund (i.e. CRA). The increase in charges for services is due to golf revenues being transferred over to the General Fund. Intergovernmental revenues are state revenue sharing and half cent sales tax. The increase in license and permits are associated with franchise fees. Taxes pertains to communications and business tax receipts, not property taxes.

# FY 2017 Est. Millage Requirement



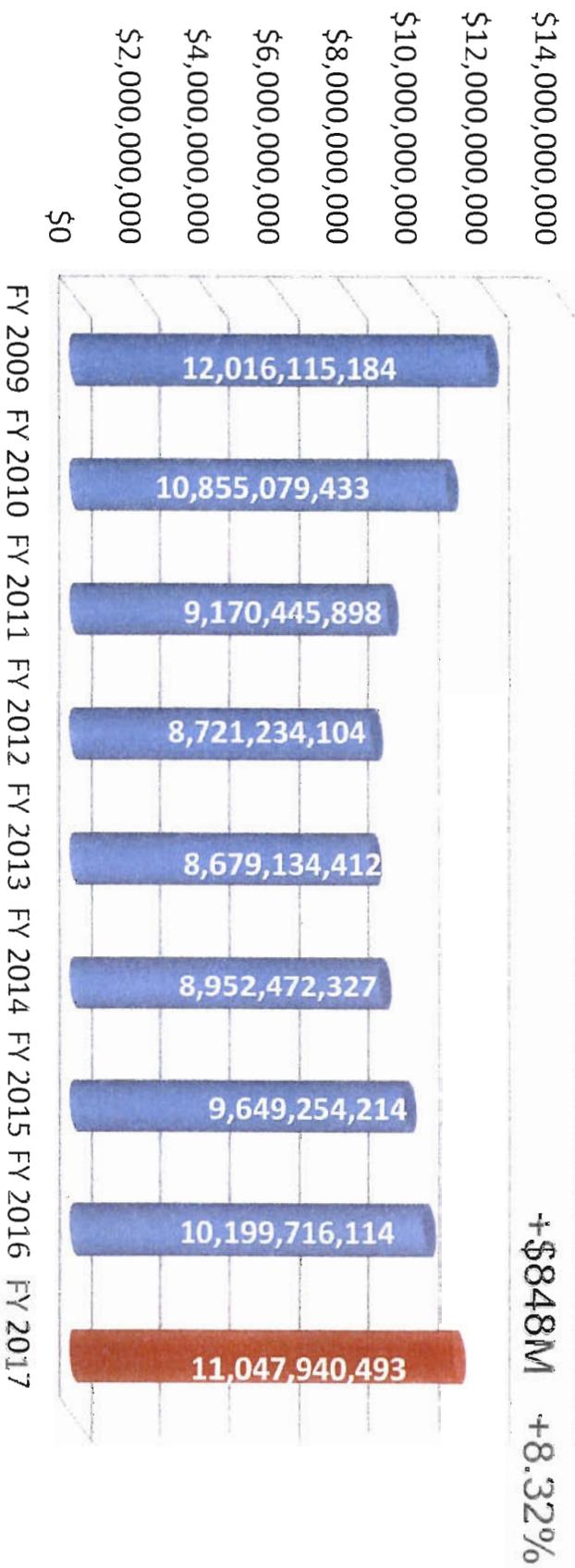
## FY17 TAX BASE

FY 2016 Value	10,199,716,114
VAB	<u>(67,404,898)</u>
Adjusted Value	10,132,311,216
Growth (6.81%)	10,893,831,343
New Construction	<u>154,109,150</u>
FY 17 Value	11,047,940,493

Net Mill = \$10,384,496

VAB = Value Adjustment Board. VAB is the Board that hears and rules on challenges to assessed valuation.

# PROPERTY VALUES



# FY 17 MILLAGE ESTIMATE

FY 17 Est. Expenditures	\$	123,393,863
FY 17 Est. Revenues	\$	<u>73,286,648</u>
	\$	(50,107,215)

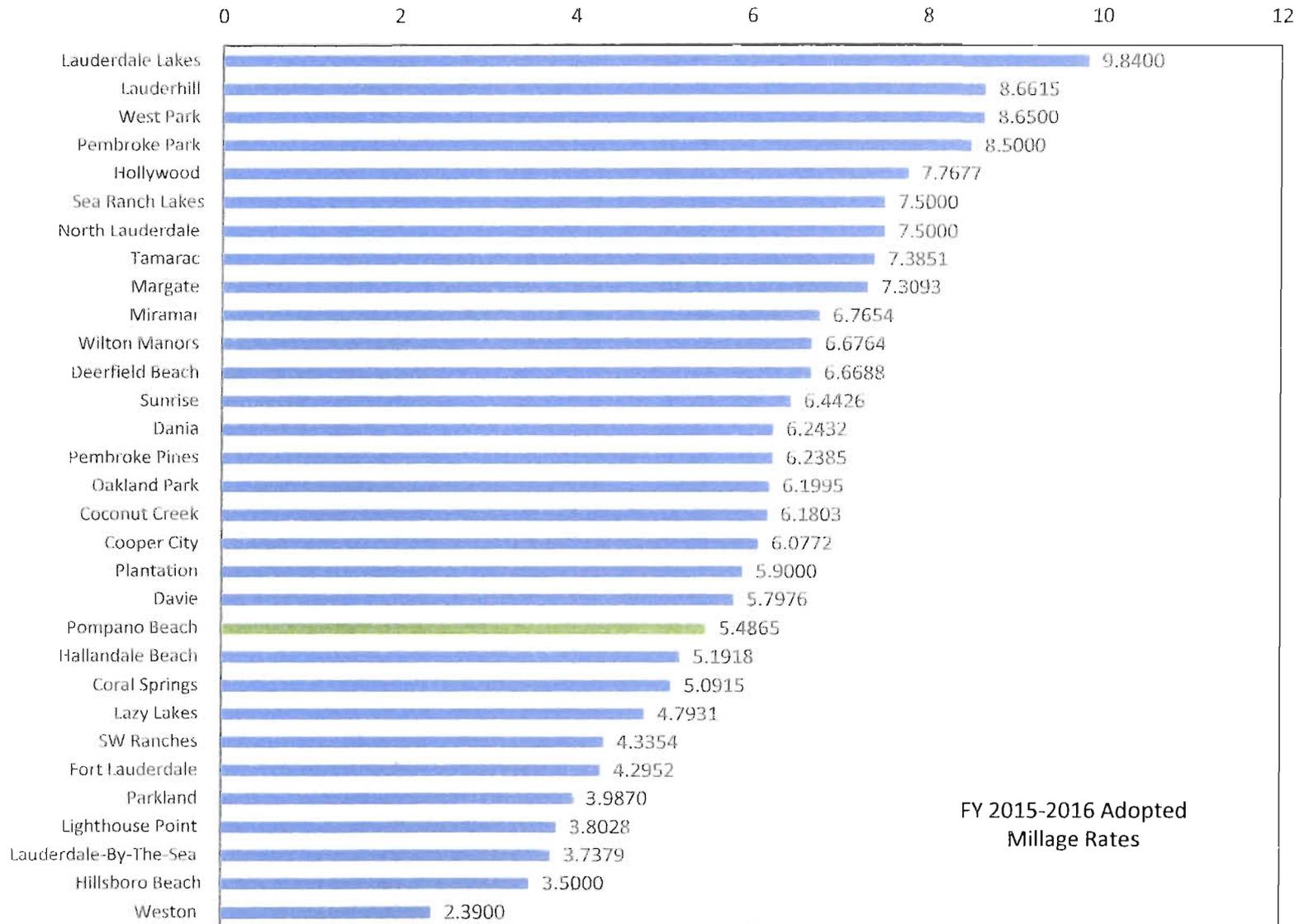
$$\begin{array}{r} \$50,107,215 \\ / \$10,384,496 \\ \hline = 4.8252 \end{array}$$

## FY 17 MILLAGE ESTIMATE

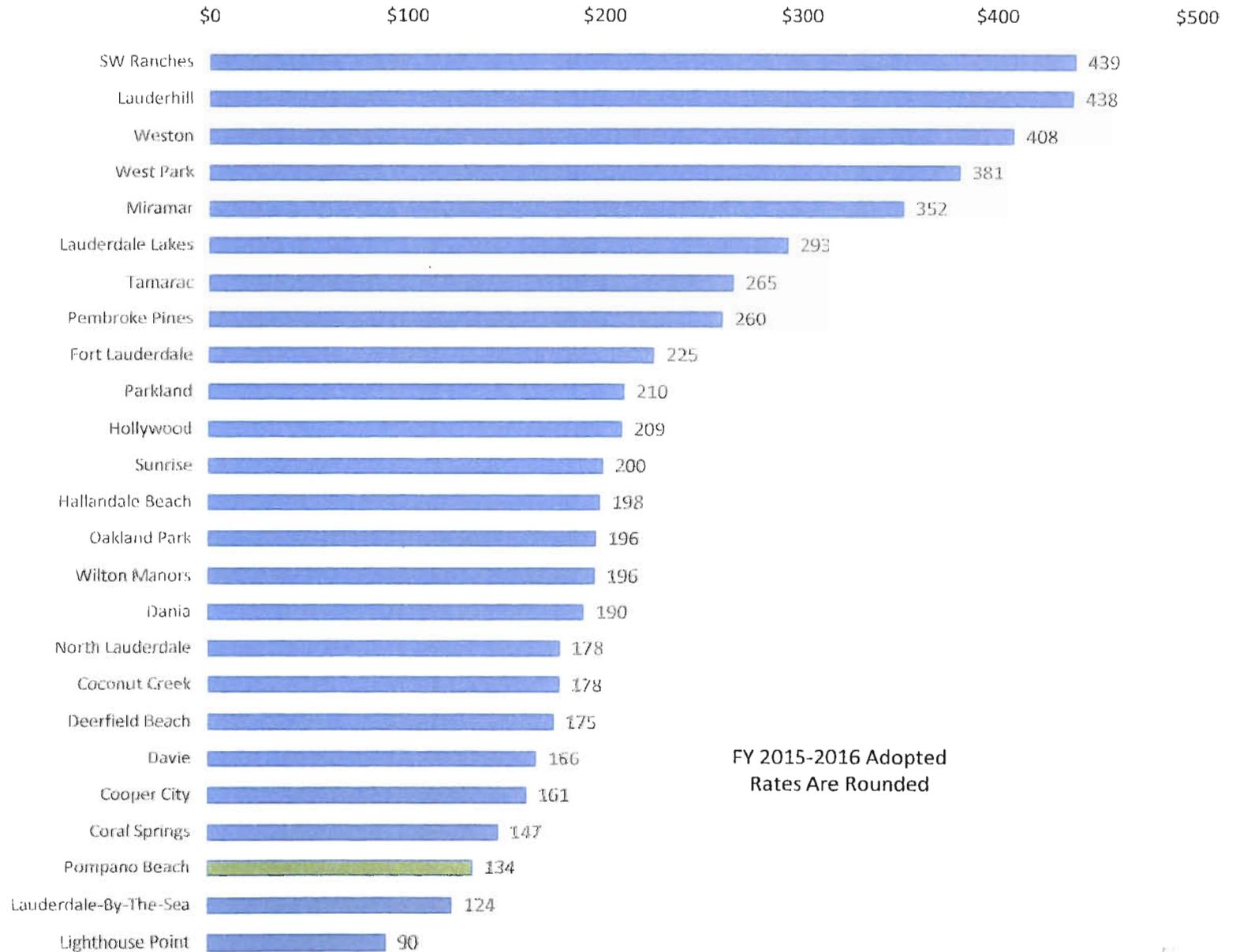
	FY 2016 Adopted	FY 2017 Estimated	Variance
Operating	4.9865	4.8252	(.1613)
EMS	<u>0.5000</u>	<u>0.5000</u>	-
Total	5.4865	5.3252	(.1613)

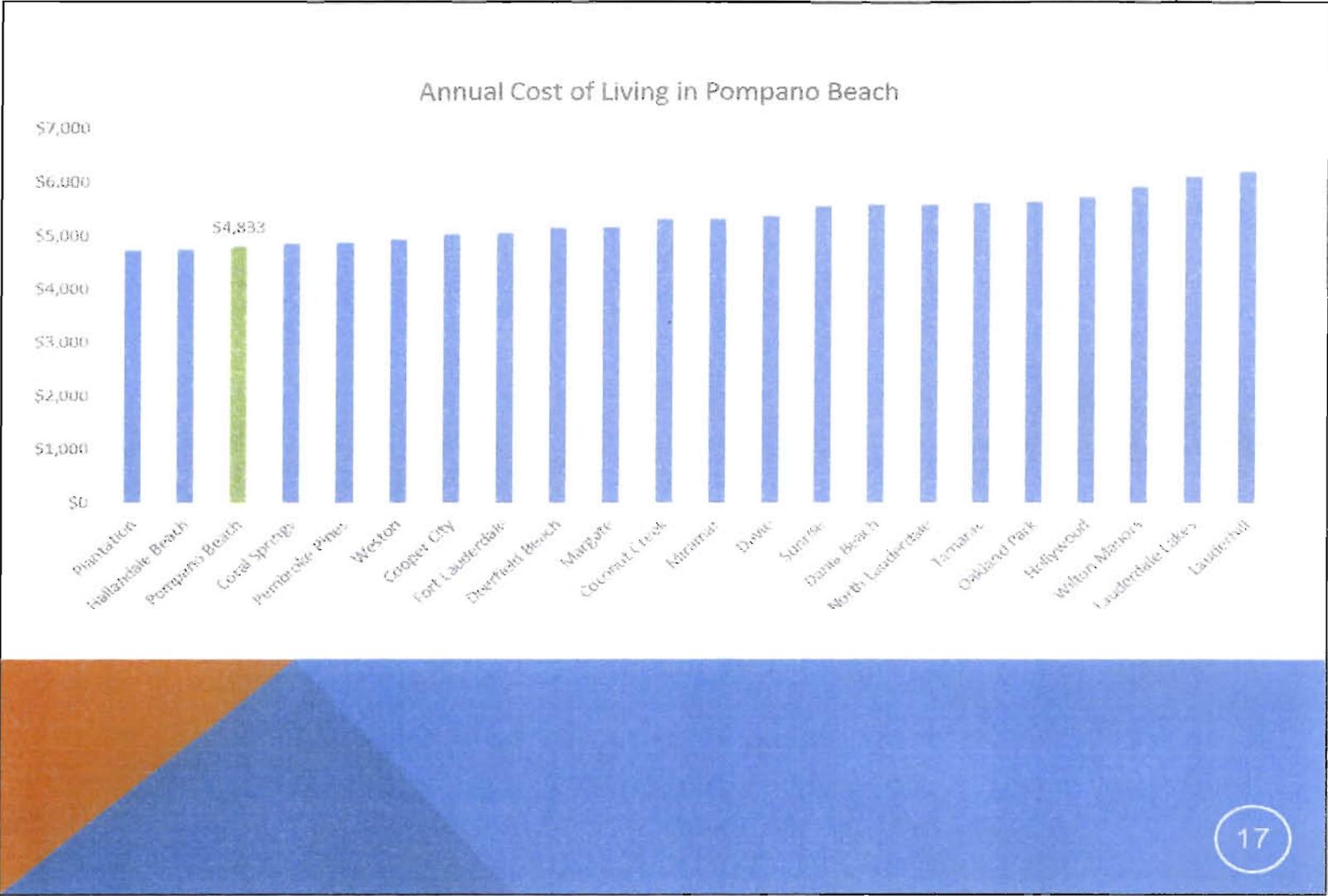
Compared to the FY 16 adopted rate; this is a 3% reduction. The estimated millage rate for FY 17 is 5.83% above the estimated rollback rate of 5.0318.

## Broward County Municipalities Millage Rates



## Broward County Municipalities Adopted Residential Fire Assessment Rates





The costs included in the chart are property taxes, utilities, stormwater and solid waste. Cities with populations of 26,500 or less were excluded from the analysis.

# CITY OF POMPRANO BEACH

BUDGET WORKSHOP