



Hallandale Beach

City of Hallandale Beach Fiscal Year 18/19 First Budget Workshop

APRIL 16, 2018

FY 17/18 (Current) Budget Overview

FY 17/18 Overview

- Three budget workshops were held with the City Commission: May 5, 2017; June 13, 2017; August 29 and 30, 2017
- In the first workshop, the basic assumptions used in the development of the departmental budgets were discussed as well as the cumulative deficit spending of more than \$30,000,000 from FY 12/13 through the projected FY 17/18 budget
- The second workshop focused on the steps that needed to be taken to **end deficit** spending such as expense reductions, revenue increases impacting all segments of the community including the employees shouldering some of the burden
- Many of the decisions from the two workshops required further detail, which led to the 17 Summer Studies

FY 17/18 Summer Studies

17-001	Landscape Maintenance Outsourcing: Under review for FY 18/19
17-002	Human Services Adjustments/Community Partnership Grants: First year of three-year transition underway
17-003	Digital Imaging Strategy Implementation and Financing Methodology: Body Worn Cameras awarded and License Plate Readers and Surveillance Security Cameras are out to bid
17-004	Health Insurance Transition – Employee Deductible Impact Analysis: \$600,000 projected savings not implemented
17-005	Residential Parking Program: Complete review of Parking Program nearing completion
17-006	Chamber of Commerce: Performance Based Contract for Chamber underway and Martin Gold Coast Advertising Contract awarded

FY 17/18 Summer Studies

17-007	Charging Non-Profits (non-government) Fire Assessment: No change in assessment methodology
17-008	Selling of Collection Franchise for the Commercial and Multi-Family: Fee raised to equal revenue loss from sale. Sale in FY 18/19 under review.
17-009	Ansin Boulevard Storage Facility: Real estate broker selected. All sales proposals due in by May 15, 2018. Closing goal is no later than September 30, 2018.
17-010	New Radio System for Police, Fire and Public Works: Estimate for cost of replacement radios is \$1.4 million. Funding is being researched.
17-011	Fleet Maintenance Outsourcing: Decision made to keep this in house, no further action in FY 18/19.
17-012	Water/Sewer/Stormwater Consultant Rate Study: Will be brought to City Commission in May 2018

FY 17/18 Summer Studies

17-013	Police and Fire Pension Discussion: Policy options being discussed with legal counsel. Executive session scheduled for May 2, 2018.
17-014	Development Services Backlog: Various solutions underway
17-015	Community Benefit Program/ Hallandale Opportunity Program (HOP): Development Agreements being re-negotiated. Revenue projections appear correct. HOP closed down on October 1, 2017. Claw-back awaiting retention of outside counsel.
17-016	Transportation Fund Long Term Funding Discussion: Major Mobility Study with short and long-term solutions will be presented in May to allow consideration for FY 18/19 budget. Short-term one mill Mobility Program being considered for FY 18/19 and FY 19/20 budgets.
17-017	Using the Rollback Rate for FY 17/18 Budget: Decision by City Commission not to use rollback rate for FY 17/18

FY 17/18 Fund Balance Performance

Funds	Adopted End-of-Year	Projected End-of-Year	Δ Difference
General Fund	\$ 13,655,831	\$ 11,051,186	\$ (2,604,645)
Transportation Fund	\$ (1,316,364)	\$ 174,458	\$ 1,490,822
Utility Fund (Water & Sewer)	\$ 6,485,831	\$ 17,974,046	\$ 11,488,215
Stormwater Fund	\$ 52,983	\$ 1,811,325	\$ 1,758,342
Sanitation Fund	\$ 1,320,299	\$ 988,680	\$ (331,619)
<i>Safe Neighborhood Districts:</i>			
Three Islands	\$ 393,205	\$ 521,145	\$ 127,940
Golden Isles	\$ 275,294	\$ 381,771	\$ 106,477

FY 18/19 Budget Very Preliminary Update

Budget Process

- Budget kick-off (February 9)
- Budget Request from all Departments (March 19)
- Departmental Budget Reviews with the City Manager (April 11 -20)
- Budget Workshop/Work Session with the Commission (April 16)

Budget Process

- Property Values Information from the Broward County Property Appraiser's (BCPA) Office
 - June 1st - Preliminary
 - July 1st – Certified
 - Expected Range – 6% to 9% Increase:
 - If a taxing authority adopts the same millage as the prior year and that millage rate is higher than the rolled-back rate then they have to advertise a tax increase
 - The rolled-back rate is the rate that would generate the same amount of property tax revenues as the prior year, that rate penalizes for revaluation increases of existing property but not new construction, additions and deletions

Budget Process

- Commission approves maximum millages June 20 to be sent to BCPA

Taxing	FY 17/18	FY 18/19
Base Citywide General Fund Millage	5.3093 Mills	? Mills
General Obligation Bond – Debt Service Millage	<u>0.4905 Mills</u>	<u>? Mills</u>
Total	5.7998 Mills	? Mills
GISND Millage	1.0934 Mills	? Mills
TISND Millage	0.6600 Mills	? Mills

Budget Process

- City Manager's Recommended Budget to the Commission (June 30)
- Budget Workshops on the Recommended Budget (August 22 & 23)
- Notice of Proposed Taxes (TRIM Notice) distributed to all property owners
- TRIM “It was designed to provide tax payers transparency in the local taxing authorities; from the proposed through the approval of millage rates”
- First Public Hearing (September 12) – 5:01 PM
- Publish advertisement to adopt the final millage and budget (September 20 -22)
- Final Public Hearing (September 24) – 5:01 PM

Steady State Budget

- The Steady State Budget includes:
 - Current Budget plus any changes within the control of the Department Directors
 - Yet to be added are costs and revenues not within their control such as medical and pension, Fire Assessment Fee adjustment, pension and health costs from collective bargaining outcome

Net FY 18/19 Very Early Prediction

Funds	Steady State Budget	Capital	Total
General Fund	\$ 68,080,966	\$ 215,025	\$68,295,991
Transportation Fund	\$ 1,805,138	\$ -	\$ 1,805,138
Utility Fund (Water & Sewer)	\$ 17,538,952	\$ 2,319,000	\$19,857,952
Stormwater Fund	\$ 4,742,694	\$ 25,000	\$ 4,767,694
Sanitation Fund	\$ 4,986,756	\$ -	\$ 4,986,756
<i>Safe Neighborhood Districts:</i>			\$ -
Three Islands	\$ 304,213	\$ -	\$ 304,213
Golden Isles	\$ 212,675	\$ -	\$ 212,675

Millage & Property Tax Calculation

- Millage: The tax rate on real property based on \$1.00 per \$1,000 of assessed property value
- How to calculate property taxes:
Example:

Assessed Value	\$ 200,000
Less Homestead Exemption	<u>\$ (50,000)</u>
Taxable Value	\$ 150,000

$$\$150,000/1000 = 150 \times 5.3093 = \$ 796.40$$

- Homestead and Other Exemptions – A deduction from the total taxable value of owner occupied property

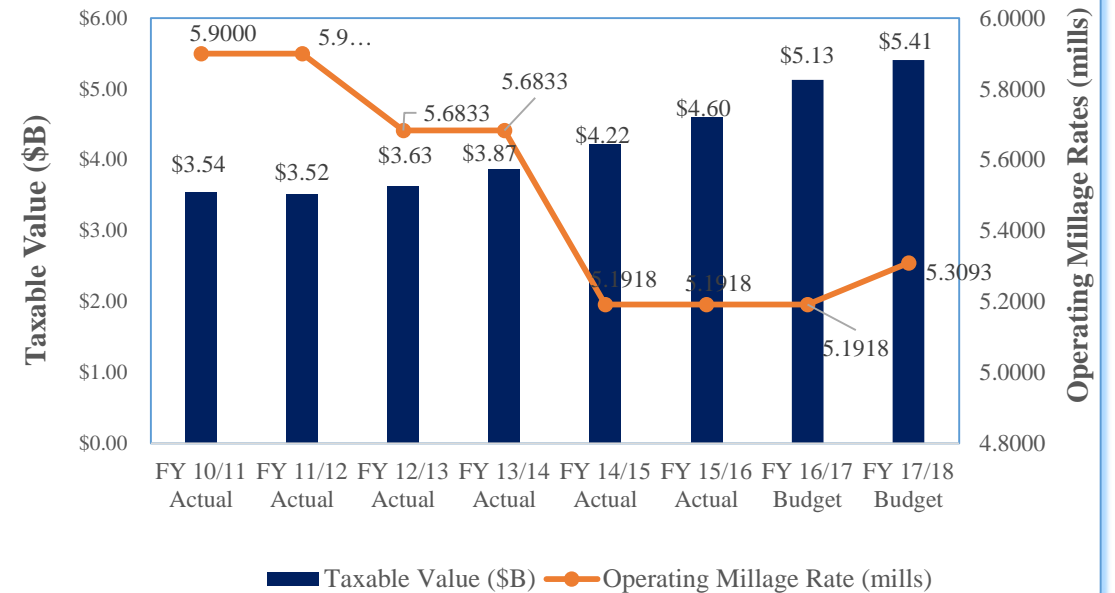
Revenue

MILLAGE RATES

Taxing Authority	Rates
Current Millage (FY 17/18)	
General Fund - Operating Millage	5.3093
Parks General Obligation Bond	0.4905
Total	5.7998
Safe Neighborhood District:	
Golden Isles Safe Neighborhood District	1.0934
Three Islands Safe Neighborhood District	0.6600

MILLAGE RATE HISTORY

Operating Millage Rates and Taxable Value



FY 18/19 Overview

- Last year (FY 17/18) property values increased 6.00%, ranking second from the bottom in percent change in taxable value with the City of Pembroke Park being the lowest within Broward County
- We need to accelerate good development to increase the tax base
- Based on the initial requests from staff the FY 18/19 budget in the General Fund is in a \$7.3 million deficit. What does that mean? Expenses exceed revenues by \$7.3 million. We are working very hard to close this gap. Every nickel of expense and revenue is being discussed.

FY 18/19 Overview

- These projections do not include an expected FEMA reimbursement of \$1.5 million which will help if received in FY 18/19
- Revenue from sale of solid waste franchise
- Costs for collective bargaining, pension increases and healthcare
- Expense reductions through service cuts or fixing inefficient operations

FY 18/19 Overview: General Fund

- We are still in the beginning stages of budget reviews with the departments. Therefore the shortfall at this time will change as the budget reviews continue
- The projected shortfall is based on property values increasing 6%. If we use 9% the shortfall reduces to \$6.5 million.
- If we did not reduce the budget any further and not use reserves to balance the budget, then we would need a property tax increase of 1.2827 mills; which equates to a 24% increase over the current operating millage

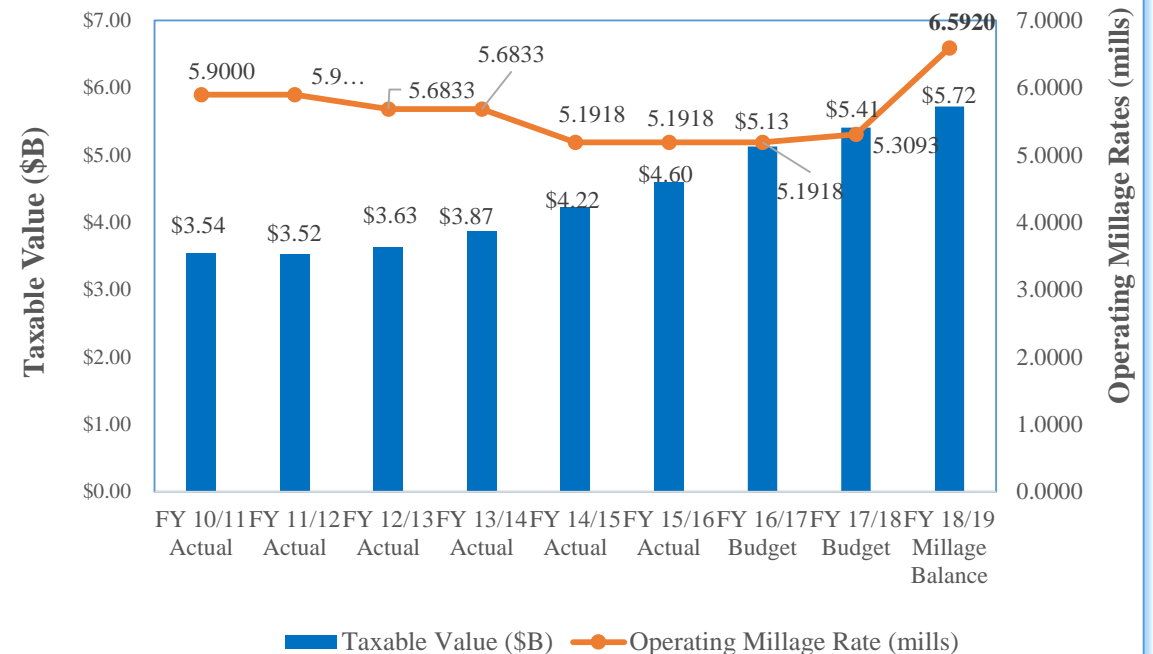
Revenue

MILLAGE RATES

Taxing Authority	Rates
Millage to Balance (FY 18/19)	
General Fund - Operating Millage	6.5920
Parks General Obligation Bond	0.4905
Total	7.0825
Safe Neighborhood District:	
Golden Isles Safe Neighborhood District	1.0934
Three Islands Safe Neighborhood District	0.6600

MILLAGE RATE HISTORY – GENERAL FUND

Operating Millage Rates and Taxable Value



Reserve Policy

- The Budget Ordinance for FY 17/18 established a utilization of reserves policy that sets a floor for reserves in the major funds as follows:

FUND	% of ANNUAL EXPENDITURE
General Fund	16%
Utility Fund	12% *
Stormwater Fund	12%
Fleet Services Fund	12%
Sanitation Fund	12%
Liability/Self Insurance Fund	12%
Workers Compensation	12%

* Note: There are also loan requirements that we must meet or be in technical default.

Reserve Policy

- Reserve levels can be drawn down below the levels shown in the previous slide during an emergency situation or pursuant to a public hearing. This will only be in effect for FY 17/18 and during the year, a long-term reserve policy will be presented for adoption. That process is underway and will be presented when the budget process is further along.
- At the time the Commission set the reserves threshold, the General Fund percent of reserves to expenditures was 19%. Hurricane Irma which hit when reserves are at a low brought us below this number.
- If we were to use reserves to balance the budget with the current shortfall in the General Fund, the percent of reserves to expenditures would be 6%, which would be below the adopted threshold by 10%
- **This is not acceptable**

Challenges for FY 18/19 Budget

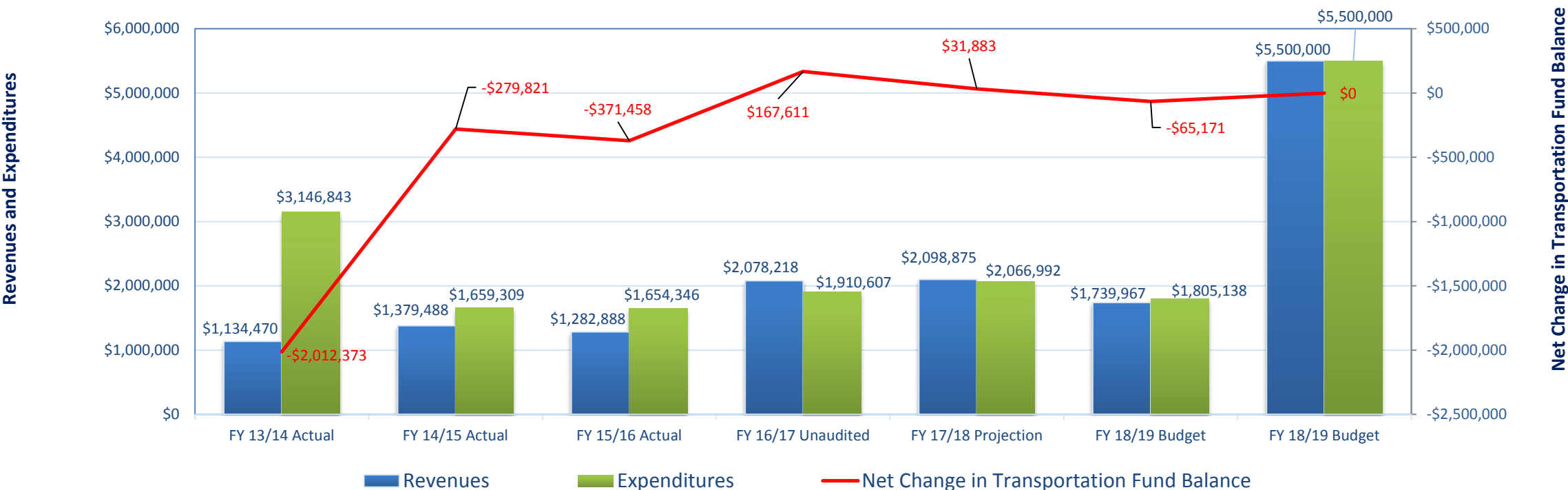
- Balance the budget without the use of reserves or property tax increase and maintain the reserve level thresholds
- Fund the needed positions to cover service level adjustments and/or eliminate services or inefficient programs
- Continue reduction in General Fund contribution to Human Services by Funding the programs with Community Benefit Program (CBP) funds based on the Community Needs Assessment.

Challenges for FY 18/19 Budget

- Rebuild Self Insurance and Workers' Compensation Funds
- Begin to improve traffic congestion: mobility
- Labor policy/negotiations
- Balance the budget by meeting all obligations and mandates

Funding Mobility/Transportation Fund

Transportation Fund Revenues, Expenditures and Net Change in Transportation Fund Balance



Funding Mobility/Capital Road Projects

- Potential Funding source for mobility/capital road projects:
 - One-mill for two years
 - With a projected conservative increase in property values at 6% per year
 - One-mill increase for two years; would generate approximately \$5.5 million for the first year and \$5.8 million in the second year
 - It would cost a resident of the City with a property value of \$200,000 with a \$50,000 homestead exemption approx. \$150 a year

Mobility Projects/Complete Streets

			<u>FY 18/19</u>	<u>FY 19/20</u>
	97% Collection	=	\$5.5M	\$5.8M
1)	SE 3rd/Old Federal Hwy.		\$600,000	-
2)	SE 4th Street/Ave.		\$400,000	-
3)	NW 3rd Street		\$1,500,000	\$1,350,000
4)	Diana Drive		\$750,000	\$750,000
5)	Atlantic Shores		\$750,000	\$500,000
	Sidewalks/Crossings		\$300,000	\$1,300,000
	Bikepaths		\$300,000	\$300,000
	Resiliency		-	\$400,000
	Transit Headway Reduction		\$250,000	\$400,000
	Streetlights		\$250,000	\$350,000
	Beautification		\$200,000	\$200,000
	Staff		\$200,000	\$250,000
	Total		\$5,500,000	\$5,800,000

FY 18/19 Budget Process Timeline

- ❖ February 9 - Budget kick-off
- ❖ April 11 - April 20 - City Manager Departmental Budget Review Meetings Begin
- ❖ **April 16 - Budget Workshop**
- ❖ June 1 – Preliminary Estimate of Taxable Value released by the Broward County Property Appraiser's Office
- ❖ June 20 – City Commission to set Tentative Millage Rate
- ❖ June 29 – City Manager Recommended Budget distributed to City Commission
- ❖ July 1 – Certification of Taxable Value provided by Property Appraiser
- ❖ August 22-23 – City Commission Budget Workshops - City Manager's Recommended Budget
- ❖ September 12 – First Public Hearing on Adoption of Budget by City Commission
- ❖ September 24 – Final Public Hearing on Adoption of Budget by City Commission

Questions?
