



CITY OF BOYNTON BEACH AGENDA ITEM REQUEST FORM

	Requested City Commission <u>Meeting Dates</u>	Date Final Form Must be Turned <u>in to City Clerk's Office</u>		Requested City Commission <u>Meeting Dates</u>	Date Final Form Must be Turned <u>in to City Clerk's Office</u>
<input checked="" type="checkbox"/>	April 21, 2009	April 6, 2009 (Noon)	<input type="checkbox"/>	June 16, 2009	June 1, 2009 (Noon)
<input type="checkbox"/>	May 5, 2009	April 20, 2009 (Noon)	<input type="checkbox"/>	July 7, 2009	June 15, 2009 (Noon)
<input type="checkbox"/>	May 19, 2009	May 4, 2009 (Noon)	<input type="checkbox"/>	July 21, 2009	July 6, 2009 (Noon)
<input type="checkbox"/>	June 2, 2009	May 18, 2009 (Noon)	<input type="checkbox"/>	August 4, 2009	July 20, 2009 (Noon)

NATURE OF AGENDA ITEM	<input type="checkbox"/>	Announcements/Presentations	<input checked="" type="checkbox"/>	City Manager's Report
	<input type="checkbox"/>	Administrative	<input type="checkbox"/>	New Business
	<input type="checkbox"/>	Consent Agenda	<input type="checkbox"/>	Legal
	<input type="checkbox"/>	Code Compliance & Legal Settlements	<input type="checkbox"/>	Unfinished Business
	<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	

INTRODUCTION: This is the first of a series of follow-up discussion items related to the 2009-2010 Operating Budget and follows the initial discussion of the budget held at the March 17, 2009 City Commission. The staff report and the PowerPoint presentation for that meeting is at the City's web site at:

http://www.boynton-beach.org/government/departments/public_affairs/publications/preliminary_discussion_of_general_fund_operating_budget.html

At that time, the City Commission provided initial comments on the budget. These are attached as **Exhibit A**. On March 5, 2009, the City Manager in a letter to City employees requested comments and suggestions on the budget issues from City staff. The comments received to date are attached as **Exhibit B**. As updates are available, they will be published. On March 26, 2009, the City published a blog article about the budget and requested citizen ideas on budget reductions. A suggestion box has been placed in the lobby of City Hall for citizens and employees to use. Suggestions received as of 4/13/09 are included in **Exhibit B**.

The City will not receive preliminary taxable value information from the Palm Beach County Property Appraiser until late May. However, it is recommended that we proceed with budget planning based on the assumption of a 5, 7.5 and 10% reduction on taxable value. These were the three financial models discussed on March 17th. The table below shows the estimated deficit based on these three models.

Assessed Valuation Reduction	Reduced Property Taxes
5.0%	\$1.4M
7.5%	\$2.1M
10.0%	\$2.8M

Projected Property Value Reduction %	Projected General Fund Budget Deficit at Alternate Expenditure Increase Levels		
	0.0%	2.5%	5.0%
5.0%	\$ (10,511,871)	\$ (12,281,595)	\$ (14,051,319)
7.5%	\$ (11,265,870)	\$ (13,035,594)	\$ (14,805,318)
10.0%	\$ (11,910,871)	\$ (13,680,595)	\$ (16,041,255)

Staff estimates the December 2008 assessed valuation of property (the date used for the FY 2009/10 budget) to decline another 5 -10%. At the current 6.4553 tax rate, this translates into a \$1.4 million to \$2.8 million reduction of ad valorem property taxes as noted above.



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RECOMMENDATION: Discussion on the following items is requested. In subsequent meetings, the other areas discussed at the March 17th City Commission Meeting will be analyzed and presented for further discussion.

1. Provide budget direction to the City Manager and City Department heads to begin budget preparation that contemplates a 0% increase over the current FY 2008/09 budget.
2. Creation of a 4-day work week for non-shift City staff.
3. Proceed to reopen certain provisions of all Police and Fire Collective Bargaining Agreements.
4. Authorize staff to proceed with research necessary for (a) evaluation of alternative City/employee contribution levels to the existing pension plans and (b) transition from a pension plan based upon defined benefit provisions to one based upon defined contributions for all new employees in all employee groups.
5. Authorize staff to prepare an early buyout program to be submitted under separate cover prior to adoption of the FY 2009/10 operating budget.
6. Review CRA options – Per direction provided at the 3/17/09 Commission meeting staff has reviewed and outlined four options for the Commission's consideration.
7. Review Program Analysis - Some of the areas staff will review: 1) conduct a systematic review of all programs and fees to determine which programs are self supporting vs. those that are supplemented by general funds; 2) review all schedules of fees/charges to determine appropriateness of rate adjustments (and to consider automatic adjustments in for future years); 3) seek policy direction on existing programs that are not fully funded by user fees – does the City want to continue to offer programs that require supplemental funding from the general fund?

EXPLANATION: Many of the strategies require City Commission review because implementation of them will in some way impact the public and City staff. It is critical that any change in policy and levels of service be done so at the direction of the City Commission. Therefore, staff contemplates a number of action items over the next several months to begin strategy implementation. This report is the first of a series of agenda action requests.

Based on the direction received by the Commission on the above items, staff will begin to prepare a budget synopsis (to be presented at the 5/5/09 meeting) showing budget projections/deficits and recommended strategies to balance the budget.

ACTION ITEM #1 - 0% Budget Increase

Budget preparation has just begun at the staff level. The Budget Team believes it appropriate for the City Commission to provide direction regarding preliminary cost containment approaches. The Budget Team believes that, at minimum, departments should be required to present operating budgets that show NO INCREASE over the current FY 2008/09 budget level. The Budget Team recognizes that this will be difficult for departments to do because there are a number of budget elements that will increase for reasons beyond the realm of control of department staff. For example, salaries in collective bargaining agreements contain built in increases, pension costs are increasing and certain building and grounds maintenance costs will rise (new building such as Fire Station #5 and parks such as Congress Community Park). To offset these increased expenses, departments will be forced to cut services and programs elsewhere, simply to maintain a level budget.

The Budget Team recognizes that some departments will have difficulty in maintaining a level budget and the Budget Team also recognizes that there is a desire to not impact public safety operations. However, it is the recommendation of the Budget Team that all departments present budgets with no increase.



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Summary and Recommendation

Staff recommends that the City Commission confirm, by motion, direction to all operating departments to prepare their operating budget for FY 2009/10 such that, at minimum, there will be no increase over the current FY 2008/09 budget levels and that operating departments identify offsetting program modifications necessary to achieve the budget directive.

ACTION ITEM #2 - Creation of a 4-Day Work Week

Many units of government and private industries are considering and beginning a 4-day workweek and all for the same reason, cost containment. Several Broward and Dade County cities have transitioned to a 4-day workweek. Attached as *Exhibit C* to this report please find a comparative impact analysis prepared by the Sustainability Team for the Cities of Coconut Creek, Margate and North Miami.

While cost savings are not significant, utility and custodial costs will reduce for those agencies that transition to a 4-day workweek. It can be somewhat difficult to specifically identify cost savings associated with reduced utility expense but custodial and other minor fixed costs are directly correlated to the reduced number of days that service is provided. For example, one can assume that custodial costs will be reduced by approximately 20% (4 days versus 5 days). Staff anticipates realizing a cost savings for energy, custodial and fuel of approximately \$150,000 by reducing City Hall functions to four days. It is not the intent of this report to evaluate the intricate savings elements. In addition, there will be a “green” effect with lower commuting costs for staff. What are the public and employee impacts?

Public/Customer Impact - There is no doubt that the services we provide to the community will change if we move toward a four-day schedule. One can argue as to whether the service change is viewed either positively or negatively. For example, City Hall would be closed one extra day per week yielding less opportunity for the public to conduct its business with us.

Both Public Works and Utilities operate schedules that demand more than four workdays per week. Utilities operations function seven days per week and Solid Waste operates six days per week. Initial research suggests that we can close much of the administrative areas one extra day per week, but many of the field operations must continue on normal schedules.

Current City Hall office hours are 7:30 AM to 5:30 PM., Monday through Friday. If a 4-day workweek is established, staff proposes office hours of 7:00 AM to 6:00 PM., Monday through Thursday.

Employee Impact - Impact on the employee is a very important consideration. Working ten hours per day for four days can be an exhausting schedule. Alternatively, the creation of a three-day weekend will likely enhance the employee’s quality of life. The balance of these two elements is unique to all individual employees. Therefore, the opinion of each employee is “right” regardless of his or her position. Day care has been the primary negative aspect for employees. Many day care facilities close at 6 PM or require a premium payment for late pick-up of a child. It will be important to consider each employee’s needs as much as practicable.

Recreation Programs – It is a simple process to close City Hall, the West Wing and the Library one additional day per week. However, it is a bit more difficult to reduce hours in Recreation, particularly for those programs such as after school care that operates five days per week. Because Recreation has advertised their programs running through the summer months in the Funfare Magazine, staff does not recommend change in Recreation building hours at this time. Rather, additional research is necessary to determine how to reduce building hours beginning with the fall program schedule. The Library operations also need to be reviewed. It may be appropriate to close the Library on Monday rather than on Friday.

Other Considerations – The City’s Sustainability Team evaluated options related to business hours to lessen the City’s carbon footprint. The Team recognized that any reduction in the number of hours that City offices are open would



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enhance energy conservation and hence improve our carbon footprint. Lastly, there is growing support for a 4-day workweek in society. Even the local media recognizes that we must consider a 4-day workweek. In a September 8, 2008 editorial, the Sun Sentinel opined on 4-day workweeks by writing, "local governments have few other options, and they should be doing everything possible to cut expenses. This one's worth serious consideration."

Summary and Recommendation

Staff recommends that the City Commission confirm, by motion, direction to staff to schedule and conduct City Hall, West Wing, selected Public Works and Utility administration operations on a 4-day schedule, Monday through Thursday, 7:00 AM to 6:00 PM effective June 8, 2008. This will allow employees to continue with their current child day care schedules through the end of this school year. It will also initiate some savings in the current budget year in which we are facing a projected \$5 million revenue decline.

ACTION ITEM #3 - Reopen Police and Fire Collective Bargaining Agreements

The City has four primary groups of collective bargaining agreements (CBA). These are Police, Fire, Blue Collar and White Collar. In order to be able to modify wage provisions for employees bound by these agreements, it is necessary to have supporting language in the respective CBA to do so. The City cannot unilaterally determine wages for any employees covered by the referenced CBAs without negotiations.

Personnel services make up 77% or \$54.5 million of the current FY 2008/09 budget and the CBAs contain scheduled increases. As a result, it will become virtually impossible to recommend a budget for FY 2009/10 with a 0% increase under the current provisions of the CBAs. As a result, we will likely need to modify wage provisions beginning with the new budget effective October 1, 2009, it is necessary to amend the respective CBAs.

Because both the Blue and White Collar collective bargaining agreements will expire September 30 of this calendar year, there is no need to reopen these agreements because wage provisions will be subject to a new contract that will soon be negotiated for term effective October 1.

All Police and Fire collective bargaining agreements have current expiration terms extending into either 2010 or 2011. Therefore, to modify wage provisions of these CBAs, it is necessary to reopen these agreements and City Commission action is necessary to do so.

Staff wishes to point out that simply reopening the agreements does not imply that the wage provisions contained within them will be modified. Rather, the alternative of not reopening the agreements would completely eliminate any possible wage modification for these large employee groups.

Summary and Recommendation

According to the language in the three PBA (Police) contracts, the following procedure for must be followed:

ARTICLE 12 – RATE OF PAY PBA POLICE OFFICERS & DETECTIVES

Section 10. In the event of the passage of a State Constitutional Amendment or State Legislative Enactment which will alter or affect the flow of revenue to the City during the term of this Agreement, the wage/rate of pay articles of the Agreement may, at the written request of the City, be reopened for negotiations.

Reopened negotiations shall commence and be concluded within forty-five (45) calendar days of the date the City gives written notice to the PBA of the City's request to reopen negotiations. If an agreement is not reached within forty-five (45) calendar days, the negotiations shall be deemed at impasse and the impasse issue shall be submitted to the City Commission at the second City Commission meeting following the expiration of the forty-five (45) days.



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The City and the PBA waive the appointment of a special magistrate to resolve the impasse issues in accordance with the provisions of 447.403, Florida Statutes.

During the negotiations and the impasse process, if any, the base wages of bargaining unit employees will be frozen at the levels in place at the time the City requests to reopen negotiations and no subsequent base wage increases will occur except as thereafter negotiated by the City and the PBA, or, in the event the reopened negotiations do not result in a ratified agreement, as imposed by the City Commission through the impasse process.

ARTICLE 11 – RATE OF PAY PBA POLICE SERGEANTS

Section 3. In the event of the passage of a State Constitutional Amendment or State Legislative Enactment which will alter or affect the flow of revenue to the City during the term of this Agreement, the wage/rate of pay articles of the Agreement may, at the written request of the City, be reopened for negotiations.

Reopened negotiations shall commence and be concluded within forty-five (45) calendar days of the date the City gives written notice to the PBA of the City's request to reopen negotiations. If an agreement is not reached within forty-five (45) calendar days, the negotiations shall be deemed at impasse and the impasse issue shall be submitted to the City Commission at the second City Commission meeting following the expiration of the forty-five (45) days. The City and the PBA waive the appointment of a special magistrate to resolve the impasse issues in accordance with the provisions of 447.403, Florida Statutes.

During the negotiations and the impasse process, if any, the base wages of bargaining unit members will be frozen at the levels in place at the time the City requests to reopen negotiations and no subsequent base wage increases will occur except as thereafter negotiated by the City and the PBA, or, in the event the reopened negotiations do not result in a ratified agreement, as imposed by the City Commission through the impasse process.

ARTICLE 12 – RATE OF PAY PBA POLICE LIEUTENANTS

Section 3. In the event of the passage of a State Constitutional Amendment or State Legislative Enactment which will alter or affect the flow of revenue to the City during the term of this Agreement, the wage/rate of pay articles of the Agreement may, at the written request of the City, be reopened for negotiations.

Reopened negotiations shall commence and be concluded within forty-five (45) calendar days of the date the City gives written notice to the PBA of the City's request to reopen negotiations. If an agreement is not reached within forty-five (45) calendar days, the negotiations shall be deemed at impasse and the impasse issue shall be submitted to the City Commission at the second City Commission meeting following the expiration of the forty-five (45) days. The City and the PBA waive the appointment of a special magistrate to resolve the impasse issues in accordance with the provisions of 447.403, Florida Statutes.

During the negotiations and the impasse process, if any, the base wages of bargaining unit employees will be frozen at the levels in place at the time the City requests to reopen negotiations and no subsequent base wage increases will occur except as thereafter negotiated by the City and the PBA, or, in the event the reopened negotiations do not result in a ratified agreement, as imposed by the City Commission through the impasse process.

The qualifying event to reopen discussions has occurred. This was the passage of the property tax cap referendum in January 2008.

According to the language in the IAFF (Fire) contract, the following procedure must be followed:

IAFF CONTRACT - ARTICLE 14 – WAGES



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In the event of State Legislative enactment that significantly impacts the economic revenue of the City of Boynton Beach or a City budget proposal in which the City is presented with economic hardship during the final two years of this contract (October 1, 2009 through September 30, 2011), and provides documentation to the union addressing the possible elimination of currently employed bargaining unit positions, this section may, at the written request of the City, be reopened for negotiation. The City will provide a minimum of thirty (30) days notice if it intends to exercise its right to reopen this section for negotiation. Section 2B becomes null and void on September 30, 2011.

The qualifying event to reopen discussions has occurred. This was the passage of the property tax cap referendum in January 2008 and the preliminary budget discussion on March 17, 2009 showing a possible General Fund deficit in the FY 2009-2010.

ACTION ITEM #4 - Evaluation of Existing Pension Plan Contribution Levels and Structure

Public employee pension plans have had an increasing impact on the operating expenses of cities all across the country. Public employers are among a diminishing group to offer defined benefit pensions to its employees. Historically, the defined benefit pension plan has been offered to public employees as way to attract and retain quality employees. A defined benefit pension plan is where the benefit (B) is fixed and depending on plan investment income (I) contributions (C) from employees and the City must make up the difference to meet the benefit. ($C + I = B$)

Public employees have seldom been paid at levels equal to their professional counterparts in the private sector and pensions have been one way to compensate the difference. Public employees, particularly those long-term employees, value these plans very much and have invested much of their careers in them. Employees have planned their futures and retirement around these plans and have expected that their retirement funds will be there for them upon retirement.

However, defined benefit plans are becoming increasingly costly to the taxpayer and the employee because both parties contribute to the funds that support them. This is particularly true with respect to Police and Fire pension plans where employees can retire with fewer years of service and much earlier in life than their counterparts in general government operations.

A number of public agencies have moved away from defined benefit pension systems to a defined contribution pension plan. A defined contribution system is where contributions (C) from employees and the City are fixed and benefits (B) vary according to fluctuating plan investment income (I). ($C + I = B$)

The Budget Team does not propose or endorse any modification to the existing pension plans that fails to honor past commitments to employees and their families. However, the Budget Team fully endorses research that will (a) evaluate the level of employee vs. City contribution levels of existing defined benefit plans and (b) move our City towards a defined contribution pension plan for new employees in all employment groups, including Police and Fire. This action will be a foundation of cost reduction for the years to come. In addition, short-term, the contribution by employees into the current defined benefit pension system needs to be reviewed with a possible three-year increase to help cover pension fund deficits.

The current employee contributions are:

- 7% - General Employee Pension Fund
- 8% - Police Pension Fund
- 12% - Fire Pension Fund

Finally, structural changes to assumed rate of return and other pension factors should be reviewed. The City Commission may make changes to the pension funds by Ordinance. However, the employee participation amounts may be subject to collective bargaining.

Summary and Recommendation



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Staff recommends that the City Commission confirm, by motion, direction to staff to research (a) defined contribution pension plans for all employee groups, (b) modification of employee contributions and (c) other structural changes in the pension system. Staff further recommends that resolution of this matter be achieved and if so warranted, a new defined contribution pension plan for all newly hired employees be enacted by Ordinance for new employees by October 1, 2009.

ACTION ITEM #5 - Early Employee Buyout

A voluntary Early Retirement Incentive Program (ERIP) could reduce future personnel costs by offering higher compensated employees an economic incentive to retire early and 1) replace said employees with lower compensated employees, 2) defer replacement of retired employees for a specified period of time, or 3) facilitate adjustments within respective work divisions based on job function analysis to determine if employees need to be replaced or if other employees can assume the responsibilities of those opting for the ERIP.

Several formulas are being considered that may make this effort worthwhile, that is, to provide sufficient incentive to entice those either close to, or eligible for early or normal retirement, to participate. There are over 70 current employees (as of January 29th) who are either eligible for retirement or currently in the Deferred Retirement Option Program (DROP). The accepted formula will need to strike a balance between having too few employees participate and establishing incentives that will not significantly impact the financial bottom line, that is, unreasonably expensive for the city. To this end, it is imperative that this ERIP be structured differently than those provided between 1997 and 2002 in order to provide sufficient budgetary relief.

An ERIP plan, including at least three options and delineating the financial impacts, will be ready for Commission review at the May 5, 2009 Commission meeting.

ACTION ITEM #6 – CRA Options – See Exhibits D & E

Staff analyzed four options. They were:

- a. Dissolve CRA
- b. Reduce Operating Expenses of CRA by City assuming some operational support areas.
- c. Reduce the size of the CRA and return portions to City’s taxable value
- d. Status Quo

a. Dissolve CRA:

Under this option, the CRA would be eliminated by action of the City Commission. This would take an ordinance approval. The TIF revenue generated from the City’s tax rate would be retained by the City. This was \$5.2M in 2008-09. The TIF revenue generated from the County’s rate would be retained by the County. This was 3.0M in 2008-09. The City would assume (1) all contractual obligations of a current undetermined amount of the CRA and (2) the future total debt service of \$46.5M payable currently at \$3.0M annually and reduced to \$2.5M from FY 2011-12 to 2025-26.

Assuming the CRA had been dissolved effective in 2008-09 and using the adopted budget for 2008-09, it would result in a combined \$5.4M deficit for all funds.

Total revenues -	\$ 7.3M
General Fund expenditures	\$ 3.8M
Capital Projects	\$ 5.9M
Debt Service	<u>\$ 3.0M</u>
Total expenditures	<u>\$12.7M</u>
Net operating deficit of all funds	<u>\$(5.4)M</u>

According to our calculations, the CRA will have an estimated combined fund balance of \$5.7M on September 30, 2009 for its General, Capital Projects and Debt Service Funds if it was dissolved at the end of FY 2008-09. This is based on



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projected revenue of \$7.3M and budgeted expenditures of \$12.7M leaving an operating deficit of \$5.4M this fiscal year as noted above.

In future years the debt service obligations for the CRA (assuming no additional debt) the annual debt service in 2008-09 was \$3,066,581 and very close to the County's TIF payment of \$3,056,180.

Assuming no further contractual obligations, the Property Tax Revenue (City Only) of \$5.2M less assumption of the CRA's debt service of \$3.0M leaves \$2.2M available to the City for governmental services in FY 2009-10 if no other budgeted expenditures were continued by the City.

Debt service for the next three years is:

2010-11 = \$2.7M

2011-12 = \$2.5M

2012-13 = \$2.5M

b. Reduce Operating Expenses of CRA by City assuming some operational support areas:

Here some of the current obligations of the CRA could be absorbed by the City in part:

- **Financial Services** – City assumes budget preparation and some financial functions. Costs paid from TIF. See also this notation from the Florida Statutes about the form of the CRA Budget:

Per FSS 189.418 (4): The proposed budget of a dependent special district shall be presented in accordance with generally accepted accounting principles, contained in the general budget of the local governing authority, and be clearly stated as the budget of the dependent district. However, with the concurrence of the local governing authority, a dependent district may be budgeted separately.

Comment: It is recommended that the City Commission determine if the CRA's budget is to be incorporated into the City Budget or remain as a separate budget. This matter should be addressed by June 1, 2009.

- **Planning Functions** – City performs some planning functions for affordable housing and economic development. Costs paid from TIF
- **Personnel Administrative Services** – City performs personnel and recruitment services, health insurance administration etc. Costs paid from TIF.
- **Information Services** – City continues to perform services. Costs paid by TIF.
- **Public Affairs and Special Events** – Transfer functions. Costs paid from TIF
- **Office Space** – Depending on space needs, the CRA administrative office space may be accommodated in the old Fire Administration Department wing of City Hall. There is about 1,955 sq. ft. Rental costs paid from TIF
- **Legal and Professional Services** – Evaluated on case-by-case basis to see if there are cost economies with merging with existing professional service contracts with City. Costs paid from TIF.
- **Marina Management Services** – Possible City assumption as manager of outsourced project. Costs have been budgeted as self-supporting payable from Marina revenues.

Important Note: City staff has not analyzed current contractual obligations of the CRA. There are development obligations that include allocations of future TIF funds.

c. Reduce the size of the CRA and return portions to City's taxable value: The Boynton Beach CRA is one of the largest in the State of Florida. The CRA area is 1,650 acres along the eastern edge of the City of Boynton Beach. The major north/south road in the CRA is Federal Highway/U.S. 1. East/west connectors are Gateway Blvd., Boynton Beach Blvd., Woolbright Road, and Gulfstream Blvd.

In 1999 the City Commission discussed and ultimately approved an enlargement of the CRA that added the following areas to the pre-existing CRA:



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- a. North Sub-Area: The area on both sides of Federal Highway north of St. Marks Church to Gateway. A small area west of the FEC RR was also added north of the C-16 canal also to Gateway.
- b. South Sub-Area: The area east of Federal Highway south of the Ocean Plaza properties including Sterling Village, then both sides of Federal Highway south to Gulfstream Blvd, excluding unincorporated areas east of Federal Highway and unincorporated pockets west of Federal Highway. In addition, a small area on the west side of Federal Highway south of Gulfstream, inside the City limits was included.
- c. West Sub-Area: The area west of I-95 north of Boynton Beach Blvd that included industrial uses on Industrial Drives. The extension of the area did not include the residential area west of the industrial park.

The pre-1999 CRA consisted of the core area bounded generally on the south by Ocean Avenue, on the west by I-95, the north by the C-16 canal and on the east the west side of Federal Highway to St. Marks then both sides of Federal Highway to include the Marina area, Promenade parcel, Ocean Plaza. Also on the south side of Ocean Avenue generally at Federal Highway bounded by the FEC RR and SE 6th Avenue on the south.

An analysis of the base TIF increment generated by these sub-areas dating back to 1999 would need to be prepared. If the area were reduced, any debt service obligations of the entire CRA would still be applicable based on a formula of acreage returned to the City. In addition, there may also be a deduction of property tax revenue due to the impact of specific developer TIF credits in detached areas unless the deduction is to be borne by the TIF of the remaining CRA area. Also, if the CRA is reduced in size, that area would also no longer receive the County TIF revenue. The impact of reducing the CRA would also affect the ability for redevelopment of the remaining area.

- d. **Status Quo:** No change

ACTION ITEM #7- Program Analysis & Review of Current Fees/Charges Schedule:

Currently, staff is updating the 2007 Program Analysis. All departments are systematically reviewing all programs and services offered. Currently the City offers almost 700 programs of which a large percentage are discretionary. With the extreme challenges we are facing with this year's budget this becomes a particularly difficult topic with which to deal, not only from a fiscal standpoint but from a quality of life standpoint as well. The City Commission has clearly stated its' desire to maintain the City's public safety services as its' primary goal. Our program service levels now become the budget item that requires us to review our "must have programs" vs. our "nice to have" programs. It requires us to re-address our "philosophy" regarding city programs and service levels, particularly how they are funded. As stated in our Revenue Policy Manual adopted by the City Commission, originally in 1993 and updated in 2007, the City Commission adopted the following "Statement of Philosophy" for Recreation and Parks programming:

STATEMENT OF PHILOSOPHY:

The basic philosophy of the Boynton Beach Recreation and Parks Department is to offer year-round diversified recreation services, ensuring that all citizens have equal opportunity for participation. However, since the demand upon the Department is greater than the public's ability to appropriate public funds to support that demand, it becomes necessary to charge fees and pursue other supplementary revenues and resources. Fees and charges for parks and recreation services will provide only one source of finance for the Department. They will be thoroughly evaluated prior to their adoption into the fiscal matrix supporting public parks and recreation services, a matrix which includes general fund appropriations, contractual receipts, land dedication, bond issues, grants-in-aid, and special gifts and donations. Fees and charges will supplement these other resources, not replace them nor be used to diminish government's responsibility to provide open space and leisure opportunities. Rather, fees and charges will be viewed as a method to expand and to continue to provide basic services on an equitable basis. The general benefit of services made possible through fees and charges must exceed any detriment imposed by the fees, and collections must be practical and economical.



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Staff seeks policy direction in how to approach our review and subsequent recommendations to the Commission on the continuity of the many discretionary programs offered by the City. To what level do we scale back or eliminate altogether? Our Recreation and Parks Department offers the majority of discretionary programs in the City and would likely be impacted the most, depending upon Commission’s direction.

As stated previously, staff continues to analyze our programs to determine which programs are supported entirely by user fees and those that are not. We seek the direction of the Commission to determine whether or not we desire to offer only those programs that are fully user fee funded vs. those that require supplemental funding from the General Fund (many of the “nice to haves”). As stated previously, it becomes not only a fiscal issue but a quality of life and level of service issue.

Examples of some of the areas we continue to analyze include:

a. Transportation Program:

This program is funded primarily through a gas tax revenue source (\$225,000) with an annual operating budget of \$272,126. This program employs 4 full time employees and .7 FTE for part time help. It provides approximately 47,000 transports annually (for Shopper Hopper, Senior Center, after school programs, summer camps and field trips). The average revenue generated by the ridership is approximately \$12,000 per year.

So where does this leave us? This is a program that provides very important services to a small number of individuals (in terms of a percentage of our City population). Our transportation program undoubtedly provides an improved quality of life for many of our citizens (seniors, children, families, etc.) There are also 4.7 people who are employed by the City for this program.

On the other hand, Palm Beach County’s Palm Tram and public bus system offer transportation services to all county residents. Their fees are higher and their service is much more limited. This raises the discussion of “level of service”.

What level of service does the City want to provide and at what cost? How does this impact the quality of life of the citizens of Boynton Beach?

If the City were to discontinue this program we would be able to utilize the gas tax revenues (\$225,000) to offset certain capital expenditures related to roadways and maintenance which would ultimately free up other revenue sources that currently fund the CIP. Those funds can then be allocated to the general fund operations.

b. After School Programs:

Currently the City offers after school programming to approximately 175 children on a monthly basis. The programs are offered through the Art Center and Hester Center and are generally filled to capacity. Our program revenues/expenses are:

	<u>Monthly Fee</u>	<u>Annual Revenue</u>	<u>Annual Expenses</u>	<u>Net Costs to City per yr.</u>
Art Center	\$110 R/\$138 NR	\$72,453	\$74,544	(\$2,091)
Hester Center	\$75 R/\$94 NR	\$52,466	\$60,871	(\$8,405)

In order to fully fund this program with user fees the City would need to raise rates by approximately \$3.00 per child/per month at the Arts Center and approximately \$8.50 per child/per month at the Hester Center. These costs are inclusive of all appropriate administrative and overhead expenses. As indicated in the above table, the City’s annual subsidy is approximately \$10,500 to offer after school programming.



CITY OF BOYNTON BEACH AGENDA ITEM REQUEST FORM

Does the Commission wish to increase the fees to fully fund programs such as this?

c. Beach Parking Decals:

As you know, the Commission approved staff's recommendation to increase annual beach decal parking permits from \$30 to \$40 (Ordinance revision approved on 1st reading on 4/7/09). Our Beach operation currently costs approximately \$580,000 annually. The revenues generated by the annual decal sales and daily parking fees generate approximately \$292,000 in revenues. This leaves a gap of \$288,000 that is supplemented with a general fund contribution. As previously noted in your ordinance revision data, annual permit fees would need to be increased well over 100% (to \$101 ea.) to fund the beach operation entirely.

In summary, the above examples merely provide a sampling of the discretionary programs offered by the City. The Budget Team is not seeking decisions on any specific program at this point. We provide these examples to illustrate the difficulties we are facing in preparing a balanced program for the Commission. It requires direction on philosophies of "what level of service do we want to be able to provide?" and "how should these programs be funded?" – with user fees or general fund subsidy?

These are no doubt some of the toughest decisions this Commission will face this budget season. Staff seeks direction on how we should proceed in our review and recommendations to the Commission regarding our discretionary programming in the City.

What level of funding for various programs should be supported by user fees compared to the overall general fund contribution?

FUTURE BUDGET ACTION ITEMS (TO BE PRESENTED AT THE 5/5/09 COMMISSION MTG):

- Review of Capital Improvement Project List to determine if projects can be cancelled, postponed or reduced in scope to provide one-time savings to transfer to General Fund.
- Span of Control – Review of levels of supervision - staffing levels
- Future Annexation Policy
- Inventory of City owned land/assets that can be sold
- Take Home Vehicle Policy

Based on Commission comments during the Budget Discussion on 3/17/09 staff seeks direction on the format of individual departmental presentations. If desired, we anticipate beginning them at the 5/19/09 Commission meeting. **Staff seeks direction from the Commission on this matter.**

PROGRAM IMPACT: The impact on City programs will depend on the actions recommended by staff and approved by the City Commission for each of the forgoing Action Items.

FISCAL IMPACT: Based on staff projections outlined at the March 17 Commission meeting, the potential FY 2009/10 General Fund budget deficit ranges from \$10.5 million to \$16.0 million depending on property value reductions and alternative expenditure increases as shown in the table below.



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Property Value % Reductions	Projected General Fund Budget Deficit at Alternate Expenditure Increases		
	0.00%	2.50%	5.00%
5.00%	\$(10.5) M	\$(12.3) M	\$(14.1) M
7.50%	\$(11.2) M	\$(13.0) M	\$(14.8) M
10.00%	\$(11.9) M	\$(13.7) M	\$(16.0) M

While staff currently believes that the City will be facing the 10% property value and resulting revenue reduction, the Action Item to prepare and recommend a 0% expenditure increase along with other Action Items reduces the projected deficit from \$16.0 million to \$11.9 million

Savings will be quantified and presented to the City Commission in subsequent budget review sessions. We suggest that an on-going balance sheet showing the expenditure/program cuts, replacement revenues and use of fund balances be prepared as a way to identify and approve budget actions. However, until the legislative session is completed, we do not know if there will be additional unfunded mandates or further revenue constraints approved by the Florida Legislature. Keep in mind, in 2007, the Florida Legislature enacted property tax rate limitation legislation in the middle of municipal and county budget planning cycles.

ALTERNATIVES: This is in response to preliminary City Commission direction of March 17, 2009.

ATTACHMENTS:

- EXHIBIT A:** Summary of City Commission and Public Comments on Preliminary Budget Meeting of 3/17/09
- EXHIBIT B:** Summary of Employee Suggestions Received as of April 13, 2009
- EXHIBIT C:** Comparative Impact Matrix – 4-Day Work Week
- EXHIBIT D:** CRA FY 2008-2009 budget Summary Less County T.I.F.
- EXHIBIT E:** CRA Boundary Map

Department Head's Signature

City Manager's Signature

City Manager

Assistant to City Manager _____

Department Name

City Attorney / Finance