



CITY OF BOYNTON BEACH AGENDA ITEM REQUEST FORM

Requested City Commission Meeting Dates	Date Final Form Must be Turned in to City Clerk's Office	Requested City Commission Meeting Dates	Date Final Form Must be Turned in to City Clerk's Office
<input type="checkbox"/> December 16, 2008	December 1, 2008 (Noon)	<input type="checkbox"/> February 17, 2009	February 2, 2009 (Noon)
<input type="checkbox"/> January 6, 2009	December 15, 2008 (Noon)	<input type="checkbox"/> March 3, 2009	February 17, 2009 (Noon)
<input type="checkbox"/> January 20, 2009	January 5, 2009 (Noon)	<input checked="" type="checkbox"/> March 17, 2009	March 2, 2009 (Noon)
<input type="checkbox"/> February 3, 2009	January 19, 2009 (Noon)	<input type="checkbox"/> April 7, 2009	March 16, 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: Staff has prepared several early financial scenario models for Fiscal Year 2009/10 General Fund Budget, which begins on October 1, 2009. This report summarizes these models and comments on the General Fund revenue picture for the current fiscal year and includes updates from the report tabled on March 3, 2009.

RECOMMENDATION: Provide guidelines and specific directives to City staff to begin preparation of the FY 2009/10 City Budget for (1) staffing, (2) program cuts, (3) taxes/other revenues, and (4) other areas, after considering the following.

EXPLANATION: The following paragraphs address the background of the current General Fund budget and a summary of the challenges facing the City's FY 2009/10 General Fund budget.

Background of the FY 2008/09 Budget - The current FY 2008/09 General Fund budget of \$70,788,971 resulted in a \$2.3 million (3.4%) increase over the FY 2007/08 budget of \$68,442,011 despite a \$3 million (8.2%) reduction in ad valorem property taxes. (Note: The \$68,442,011 is after a reduction for consistent treatment of \$6,129,284 Tax Increment Financing provided to the CRA as a revenue reduction vs. budgeting as expenditures.)

Most if not all of the resulting FY 2008/09 General Fund budget increase is attributable to personnel services and benefits in accord with the police, fire, blue collar, and white collar union contracts. With Commission guidelines to prepare a balanced budget without terminating any employees, staff recommended a final budget with the following major adjustments.

- \$4.6 million –Appropriated undesignated fund balance, reducing it to \$11.3 million after a \$7.7 designated Emergency Reserve and recognizing negative budget results of \$1.4 million in FY 2006/07 and \$1.9 million in FY 2007/08 due to revenue declines
- \$1.2 million – Eliminated 14 vacant positions and several minor programs
- \$0.5 million – Renegotiated lower health insurance premiums
- \$0.4 million – Reduced prefunding (2nd year) of certain police & fire vehicles
- \$0.3 million – Deferred general employees pension fund changes
- \$7.0 million – Total



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The minor program reductions in the General Fund included

- Deletion of the Neighborhood Services Program in the Police Department
- Reduced landscape maintenance (mulch, pruning mowing) by Public Works
- Eliminated canal and community gardens maintenance by Public Works
- Scaled back holiday lights and banners of Recreation & Parks
- Slowed down the pace of public record automation, brought document imaging in house, and deleted special consultant studies in the Development Department
- Eliminated furthering the SWBE Program in the City Manager’s Office
- Reduced award luncheons and other Human Resource programs

Challenges of the FY 2009/10 Budget - The art of balancing a budget focuses on the two primary elements; revenues and expenditures. We must reduce expenditures, increase revenues, or carefully create a combination of both elements. Many of the tools available to accomplish these tasks are time consuming and/or require completion by certain calendar dates dictated by the State and County. The earlier that staff can proceed in any particular direction, the more accurate the associated results will be.

Revenues continue to decline. Based on FY 2008/09 revenues received February 19, staff estimates that actual revenues received will be \$5 million less than budgeted for this budget year. As a result, staff is developing mid-year budget adjustments for the current budget year.

Next year appears to worsen. Staff estimates the December 2008 assessed valuation of property (the date used for the upcoming FY 2009/10 budget) to decline another 5 -10%. At the current 6.4553 tax rate, this translates into a reduction of ad valorem property taxes as follows.

Assessed Valuation <u>Reduction</u>	Reduced Property <u>Taxes</u>
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)

The budget for the FY 2009/10 is proving to be considerably more challenging. As illustrated in the table above, the anticipated budget deficit for FY 2009/10 ranges from \$10.5 - \$16.0 million (nearly 20% of the current \$70 million budget) with most of the deficit coming from revenue reductions as noted in the following paragraph.

Other major revenues from public service taxes, building permits, and state shared revenue could decline approximately another \$5 million with estimates and projections still in process at the state and local level. Therefore, the total revenue reduction could range from \$6.4 to \$7.8 million.

Expenditures are predicted to increase primarily based on scheduled salary adjustments per bargaining unit agreements and inflationary increases of operating costs. In total, this could add up to 5% of the current \$70,788,971 budget or approximately \$3.5 million for wages, benefits, materials, contracts, etc. with no program increases.



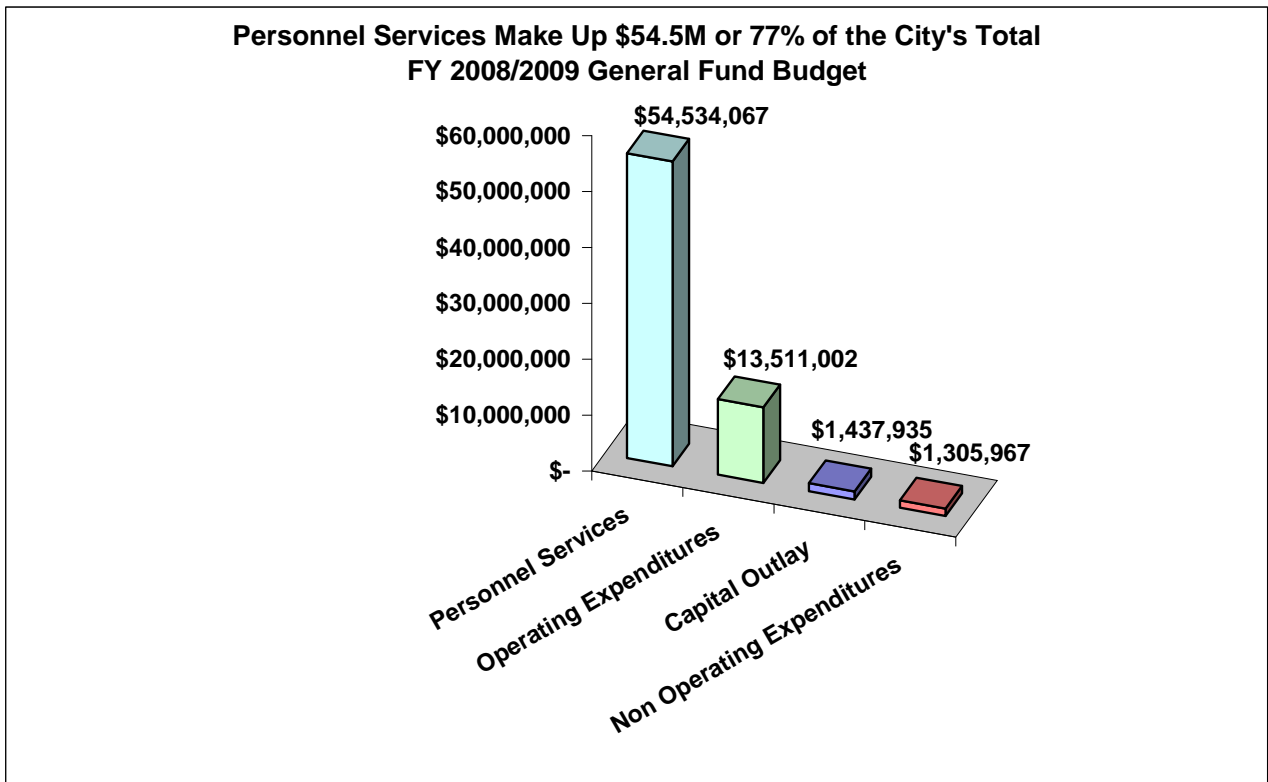
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Areas for Commission Guidelines & Directions for FY 2009/10 Budget - The City Budget Team has identified a number of critical issues that will involve careful consideration and direction from the City Commission. The following list of issues represents initial discussions by staff regarding revenues and expenditure alternatives. This list does not intend to comprise all possible approaches and staff certainly welcomes additional ideas from the City Commission and from the public. It is staff's intention to recommend budget alternations that align with policy direction from the City Commission.

Accordingly, the City Budget Team requests Commission direction on the following budget matters:

1. Staffing Levels & Employee Benefits

Personnel services comprise approximately \$54.5 million or 77% of the current \$70.8 million General Fund budget. (Police and Fire make up 67% of the 77%). Last year, the City Commission directed City staff to prepare the budget with the least impact on employees. By making the \$7.0 million of adjustments in the adopted current FY 2008/09 budget, the City balanced the budget without a major impact on employees. The elimination of 14 vacant positions and renegotiation of Blue Cross-Blue Shield health insurance premiums had minimal employee impact.



However, it is highly unlikely given the current financial scenario that we will be able to avoid some impact on employees for the coming budget year.



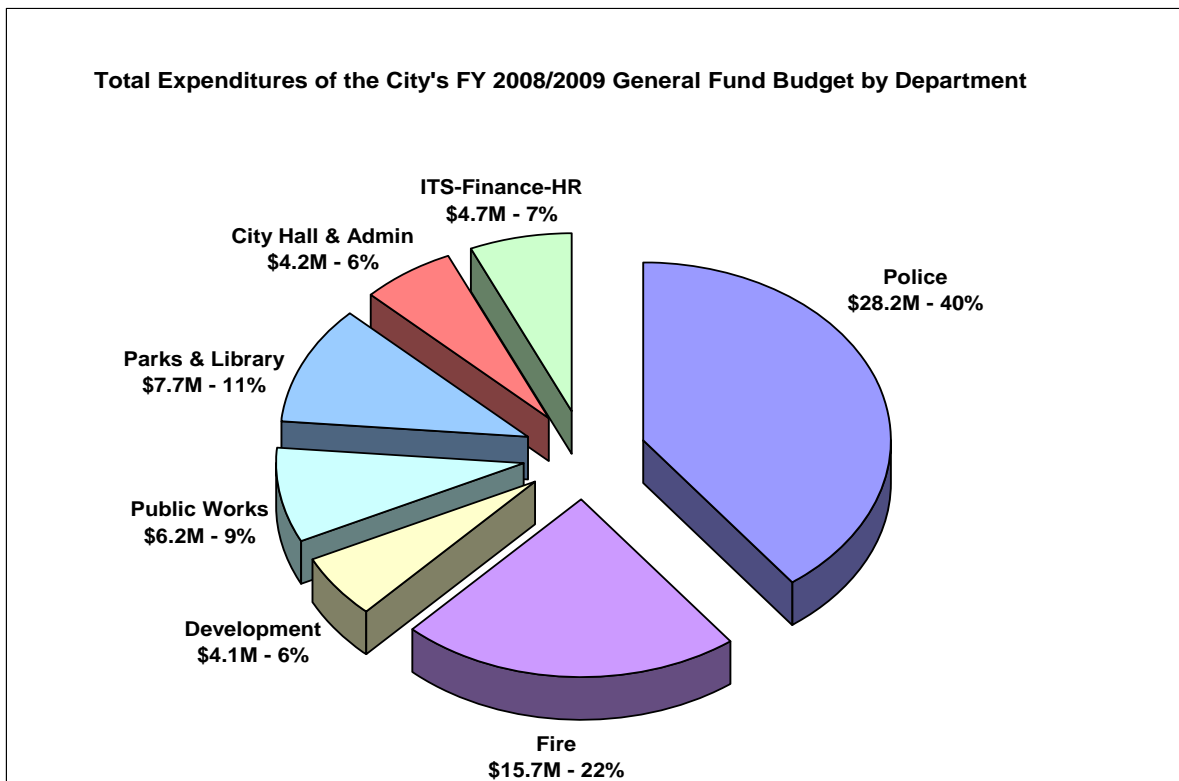
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Therefore, staff requests discussion and guidance related to the following items:

- **Employee Wages:** Does the Commission wish to consider employee wage freezes and/or wage reductions and, if so, shall this be for all employees to include those under all union agreements?
- **Employee Benefits:** Does the Commission wish to reconsider the City's current benefit levels such as the current employee share of pension plan benefits for police, fire, and general employee plans?
- **Employee Reductions or Furloughs:** Does the Commission wish to preserve jobs as a priority and, if so, what program guidance can the Commission provide recognizing that personnel services of public safety staff approximate 67% all personnel services in the General Fund?

2. Program Reductions

Naturally, reductions to staff will require an associated reduction in programs and services to the community. However, the Police and Fire Departments make up \$43.9 million or 62% of the current year \$70.8 million General Fund Budget.



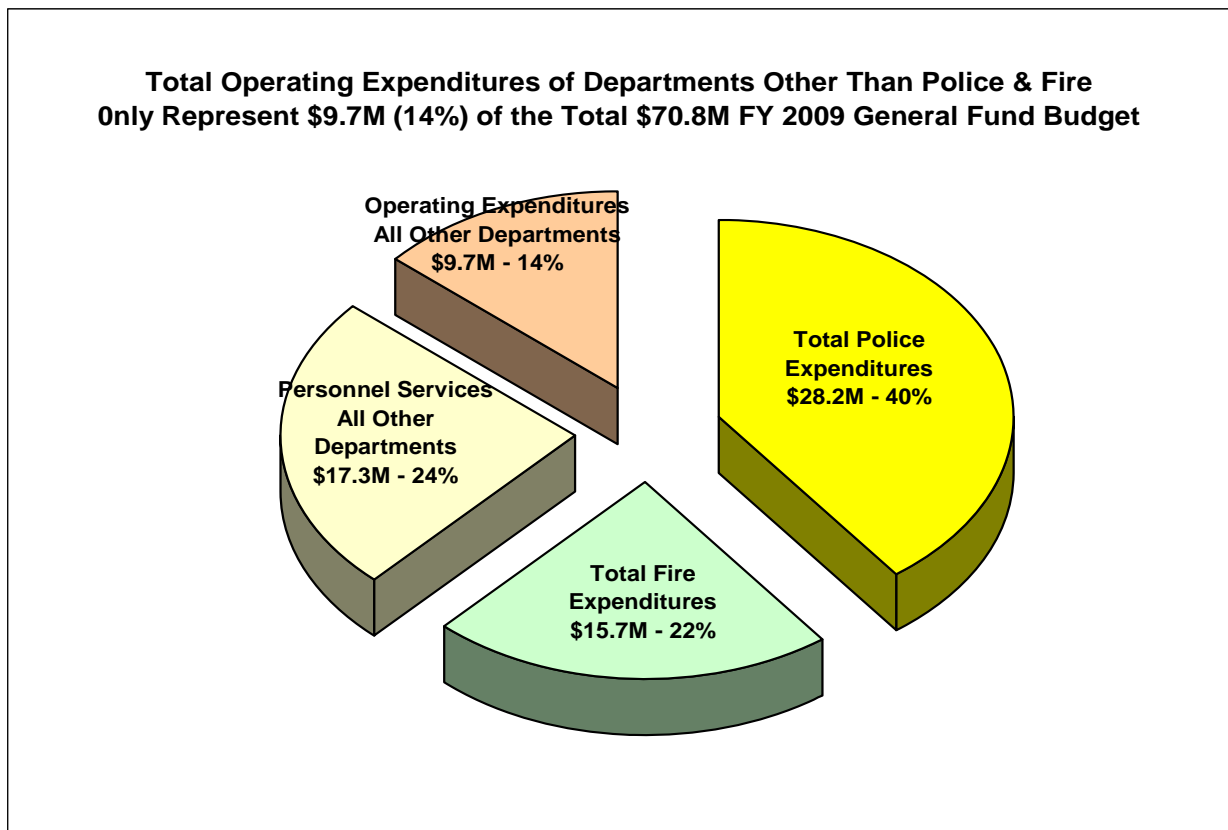


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Any program reductions or eliminations may also require staff reductions. Because we are early in the budget process, there may be programs that the City Commission may consider eliminating beginning in this current budget year. Staff welcomes early comment on programs and services from the City Commission and the community.

Attempting to avoid budget cuts in Police and Fire public safety programs or in personnel services of all other departments leaves only \$9.7 million or 14% of the current \$70.8 budget. Once again, it will require severe program and staffing cuts in other areas and / or revenue increases.

- **What levels of service reductions will the City Commission and the community be willing to tolerate over the next three years vs. tax increases?**





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3. Historical Major Program Expenditures vs. Property Taxes

The City of Boynton Beach experienced significant increases in taxable values in recent years allowing for increases in programs provided to citizens. The following table displays the budgeted expenditures of those major programs along with the annual increases to answer the question: “Where have the dollars gone?” Exhibits A-1 and A-2 (following the Agenda Item) display budgeted expenditures and percentage changes by major program for FY 2004 to FY 2009. Exhibits B-1 and B-2 provide the same program totals but showing the individual departmental budgets making up the total programs areas.

On average for the six-year period of FY 2004 to the current FY 2009, the City Commission has budgeted 59% of total General Fund dollars toward the public safety programs of the City. Exhibit B-1 displays the individual public safety programs with Police and Fire being the largest. This table also shows the annual percentage increase of total expenditures of the General Fund with the largest increases occurring in FY 2005, 2006 and 2007 with an overall increase for the 6-year period of 45.1%.

Fiscal Year	Total Expenditures		General Government	Public Safety	Building & Development	Public Works	Leisure Services
	Amount	% Change					
FY 2004	\$ 48,785,851	2.1%	\$ 7,973,081	\$ 27,479,340	\$ 2,604,442	\$ 5,358,304	\$ 5,370,684
FY 2005	\$ 53,614,158	9.9%	\$ 9,424,181	\$ 30,325,031	\$ 2,765,828	\$ 5,401,324	\$ 5,697,794
FY 2006	\$ 58,597,215	9.3%	\$ 9,655,863	\$ 34,106,937	\$ 3,282,929	\$ 5,572,413	\$ 5,979,073
FY 2007	\$ 64,794,859	10.6%	\$ 9,597,848	\$ 38,662,683	\$ 3,872,889	\$ 5,836,140	\$ 6,825,299
FY 2008	\$ 66,486,556	2.6%	\$ 8,982,389	\$ 39,862,942	\$ 4,148,795	\$ 5,933,625	\$ 7,558,805
FY 2009	\$ 70,788,971	6.5%	\$ 8,991,310	\$ 43,857,374	\$ 4,070,300	\$ 6,242,992	\$ 7,626,995
Totals & % Change	\$ 363,067,610	45.1%	\$ 54,624,672	\$ 214,294,307	\$ 20,745,183	\$ 34,344,798	\$ 39,058,650
% of Totals	100.0%		15.0%	59.0%	5.7%	9.5%	10.8%

The following table displays the annual assessed valuations, the related ad valorem tax rates, and the elements of ad valorem taxes budgeted by the City. For the period, assessed valuation increased 73.7% with FY 2007 experiencing the largest single year with a 32.5% increase. The millage rate decreased 13.9% from 7.5000 to the current 6.4553 General Fund tax rate.

Fiscal Year	Assessed Value (\$000)	% Change	Millage Rate Per \$1,000	% Change	Ad Valorem Taxes				
					Gross Tax	Less CRA Transfer	Less Discounts	Net Tax to the City	% Change
FY 2004	\$ 3,232,006	11.4%	7.5000	-1.3%	\$ 24,240,045	\$ (1,562,954)	\$ (848,402)	\$ 21,828,689	7.8%
FY 2005	\$ 3,624,802	12.2%	7.5000	0.0%	\$ 27,186,015	\$ (2,421,684)	\$ (951,510)	\$ 23,812,821	9.1%
FY 2006	\$ 4,224,788	16.6%	7.5000	0.0%	\$ 31,685,910	\$ (3,825,628)	\$ (1,109,007)	\$ 26,751,275	12.3%
FY 2007	\$ 5,597,854	32.5%	7.1000	-5.3%	\$ 39,744,763	\$ (5,797,605)	\$ (1,440,429)	\$ 32,506,729	21.5%
FY 2008	\$ 6,134,767	9.6%	6.4553	-9.1%	\$ 39,601,761	\$ (6,129,284)	\$ (1,450,066)	\$ 32,022,411	-1.5%
FY 2009	\$ 5,612,684	-8.5%	6.4553	0.0%	\$ 36,231,559	\$ (5,243,820)	\$ (1,218,099)	\$ 29,769,640	-7.0%
% Change		73.7%		-13.9%	49.5%	235.5%	43.6%	36.4%	

It is interesting to note that the gross ad valorem tax levied by the City increased 49.5% for the period. However, the net taxes for the City’s General Fund increased only 36.4% over the period after transferring increasing taxes to the CRA; especially in the last three years.



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4. Taxes/Other Revenues

Because personnel services support the City programs and therefore comprise of the majority of our expenditures, it is necessary to look at the other side of the ledger sheet (revenues) since expenditure reduction will result in service level and staffing reductions.

Ad valorem property taxes are the primary revenue source of the City. This year, we budgeted \$29.8 million (down \$2.3 million due to Amendment 1) to support the General Fund after transferring \$5.2 million TIF revenue to the CRA.

Given current foreclosures, we may not realize the total \$29.8 million amount anticipated. However, through the end of January, we have realized \$23.3 million or 78% of the budgeted \$29.8 million. This is the same 78% of the budgeted amount received last year at the end of January. However, we are still in the tax discount period. We will carefully monitor tax collections in April when taxes become delinquent as April - June is the period when nonpayment of taxes due to foreclosures may be more evident.

Property assessed values are expected to decline further as of December 2008 (basis for the FY 2009/2010 budget) because of marked decline in the in the economy. Assuming assessed value reductions of 5%, 7.5% and 10%, this translates into a \$1.4, \$2.1 or \$2.8 million reduction in property taxes to the General Fund at the City's current millage rate is 6.4553.

For comparative purposes, the General Fund millage rate for the last 10 years has been –

- 7.8160 – FY 1999/2000 – 2002/2003
- 7.5000 – FY 2003/2004 – 2005/2006
- 7.1000 – FY 2006/2007
- 6.4553 – FY 2007/2008 – 2008/2009 (current)

The City was able to achieve reduced ad valorem tax rates because of the tremendous growth in assessed value through FY 2007/2008. However, the assumed assessed valuation reductions of 5%, 7.5% and 10% result in taxable values that approximate the FY 2005/2006 assessed valuation levels when the ad valorem tax rate was 7.5000.

- **Will the City Commission consider an increase to the current millage rate of 6.4553 to the 7.5000 level corresponding to the similar assessed valuation levels of FY 2005/2006?**

“Roll back” ad valorem tax rate is another option to levy ad valorem property taxes under state rules that is not considered a tax increase. The roll back rate is a rate levied that raises the same amount of ad valorem taxes for FY 2009/2010 as the prior fiscal year (FY 2008/2009) depending on the actual assessed valuation set by the Property Appraiser for FY 2009/2010. For example, the roll back rate under the assumed assessed valuation adjustments would be as follows and is not considered a tax increase from the current 6.4553 ad valorem tax rate.



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Assumed Assessed Value Reduction	<u>5% Reduction</u>	<u>7.5% Reduction</u>	<u>10% Reduction</u>
Roll Back Ad Valorem Tax Rate	<u>6.7950</u>	<u>6.9786</u>	<u>7.1725</u>
Additional Taxes to Raise Same Amount of Taxes (to offset the projected deficit) Under Current 6.4553 Tax Rate	<u>\$1.4 Million</u>	<u>\$2.1 Million</u>	<u>\$2.8 Million</u>

The following example illustrates why this is not a tax increase. A property with a current assessed value of \$200,000 would pay exactly the same taxes with a roll back rate if that property experienced a reduction of 5%, 7.5% or 10% as shown below.

	Original Value	5% Reduction	7.5% Reduction	10% Reduction
	FY 2008/09	FY 2009/10	FY 2009/10	FY 2009/10
Assessed Value	\$ 200,000	\$ 190,000	\$ 185,000	\$ 180,000
Tax rate	6.4553	6.7950	6.9786	7.1725
Taxes paid	\$ 1,291	\$ 1,291	\$ 1,291	\$ 1,291

Of course, any properties experiencing a greater assessed value reduction percentage than the total City will actually pay less tax even though the roll back rate is higher than the current rate.

- **Will the City Commission consider setting the millage rate at the “roll back” rate corresponding to the similar assessed valuation levels?**

Other Revenues are somewhat limited. The City has very little ability to modify other revenues. For example, the State calculates and distributes shared State revenues for utility taxes, franchise fees, gas taxes, sales taxes, and others. Many of these revenues are showing reductions as well. For example, as consumers cut back on their spending habits, sales taxes decrease. In addition, a reduction in fuel consumption leads to a reduction in gas tax revenues we receive.

The City does have control over user fee-based revenues and assessments and may have the ability to provide more fee-based services in order to maintain certain services.

User Fees are commonly set so that persons using the particular service or program pay for the cost of the service rather than the taxpayers as a whole. The City’s programs sponsored by the Recreation & Parks Department are a prime example of such fees that include art classes, dance classes, beach passes and the “Shopper Hopper”. While the class fees pay for the direct instructional costs, they do not cover costs of the facilities that house the classes or other related overhead. The costs of beach passes are not set to cover the cost of lifeguards or beach maintenance. Fares for the Shopper Hopper are far below the cost of operations.

Staff requests discussion and guidance related to user fees before taking the time to undertake a further cost analysis.

- **User Fees: Should all fee-based services be self-supporting and/or should we consider fee adjustments to cover more or a greater percentage of the total program costs?**



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Fire Assessments represent only 35% of the total allowable fire protection costs of individual properties in the City. Fire services protect all properties in the City. All except exempt properties pay the Fire Assessment unlike ad valorem property taxes where a number of properties pay little or no taxes due to homestead and other exemptions. The City needed to raise ad valorem property taxes 0.7306 in FY 2008/09 to raise the same \$3.4 million net amount after transferring approximately \$600,000 to the CRA.

If we set the Fire Assessment to support fire services of the General Fund at greater than the current 35% of the total allowable allocation, we would raise the current net revenue of \$3.4 million as follows.

Rate Categories	Percentage of Total Fire Department Assessable Costs			
	35%	50%	75%	100%
Residential Annual Rate Per Dwelling Unit	\$68.00	\$97.00	\$146.00	\$194.00
Non-Residential Annual Rate Per Square Foot				
Commercial	\$0.16	\$0.22	\$0.33	\$0.43
Industrial / Warehouse	\$0.04	\$0.05	\$0.08	\$0.10
Institutional	\$0.17	\$0.24	\$0.36	\$0.48
Nursing Home	\$0.38	\$0.54	\$0.80	\$1.07
Total Estimated Net Revenue	\$3.4 million	\$4.8 million	\$7.2 million	\$9.6 million

Is the Commission willing to consider continuing or possibly increasing the Fire Assessment? If so, to what percentage of total allowable Fire Department costs is the Commission willing to consider?

Other Budget Team Ideas:

The City Budget Team identified and conducted initial research in several areas of future potential cost reduction. However, prior to further research, we request guidance from the City Commission as to whether or not there is City Commission interest. These areas are as follows:

Alternative Work Week: This broad category can involve modification of the workweek, both in days worked per week and hours worked per day. Our initial research suggests that a simple transition to a four-day workweek for non-shift staff would result in a cost saving of around \$150,000, depending upon fuel and other costs. Many cities are moving toward a four-day workweek so this approach is not unique. Reduced utility and custodial expenses would be the main cost savings. A reduction in hours would be easiest to accomplish if the base week is comprised of 4-10 hour days.

Secondly, it may be desirable to reduce employee work hours to something less than 40 hours per week (i.e., a 38 or 36 hour week) in order to reduce overall payroll costs. As would be expected, a reduction in work hours would suggest a corresponding reduction in services. Workdays could be reduced to 9.5 hours (38-hour week) or 9 hours (36-hour week) yielding nearly a 5% or 10% reduction in payroll costs for non-shift employees. We need added research into both of these areas, but an initial analysis estimates that this could generate an annual savings of approximately \$1.8 million.

- **Does the City Commission wish to consider 1) a four-day workweek for non-shift employees, and/or 2) a reduction in working hours? Is this something we should consider this current fiscal year because of reduced revenue for Fiscal 2008/09?**



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Early Retirement: Many employers choose to offer early buyouts to employees as an incentive to higher wage employees to retire. The theory is that when these employees retire, the City may be able to eliminate the positions or hire less costly new employees with reduced or modified benefits resulting in less cost to the City. Any early retirement program will include added up-front costs and it is critical that the cost saving exceed the initial expenditure.

- **Does the Commission believe that staff should conduct further research regarding early retirement programs?**

Sale or Exchange of Property: The City may own vacant or valuable property that is not fully utilized.

- **Does the Commission believe staff should inventory any such property to consider selling?**

Existing Pension Plans: The City, like most governments, offers its employees defined benefit pension plans. In other words, the plans guarantee an employee a certain pension amount calculated upon total years worked and final wage at retirement. Both the City and the employees contribute to this type of pension plan which is found in all levels, departments, and bargaining units in the City. However, this type of plan is proving costly to fund. As the investment markets change, the earnings on pension funds diminish. Yet, the obligation does not change to provide an employee the pension as defined in the various plans. Therefore, additional costs to fund the pension system require cash funding by the City, the employee, or both.

Many employers nationally offer or are considering an alternative defined contribution pension plan. In other words, the employer and employee both contribute monies to a tax shelter plan (i.e., a 457 Plan). A contribution by the City to this type of plan is set each year and only fluctuates according to changes to overall City payroll. It is much like FICA taxes paid by the City. If wages go up, both FICA taxes and pension contributions would rise. The City would not be subject to or beneficiaries of changes in the investment marketplace. Rather, the employee would be the "owner" of his/her retirement funds and therefore be responsible for the investment strategy.

Obviously, changing existing employees (particular those with long-term vesting) to a defined contribution plan will be difficult as you might expect. However, the City could (a) require all new employees to enroll in a defined contribution plan and (b) offer an option to current employees to switch to a defined contribution plan. In this way, we could slowly phase out the defined benefit plan.

The City Budget Team desires guidance from the City Commission on several components of employee pensions:

- **Does the Commission believe employees should fund a larger percentage cost of the defined benefit pension plan?**
- **Does the Commission believe transition to a defined contribution plan is desirable and if so, should existing plans be required to change plans or should this apply to newly hired employees only?**

The results of a study by a pension consultant engaged by the City discuss and summarize the advantages and disadvantages to both the City and the employees of a defined contribution plan. A summary of these advantages and disadvantages follow.



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Key Employee Advantages	
<p style="text-align: center;"><u>Defined Benefit Plan</u></p> <ul style="list-style-type: none"> • Employer assumes investment risk • Benefits are more predictable • Final average pay plans are responsive to pay increases • Employees rewarded for long service • Provides protection against inflation and disability • Employee can't outlive benefits • Provides vehicle for early retirement benefits • Provides survivor benefits 	<p style="text-align: center;"><u>Defined Contribution Plan</u></p> <ul style="list-style-type: none"> • Benefits are more portable • Simplicity in plan • More employee control • Provides for capital accumulation

Key Employee Disadvantages	
<p style="text-align: center;"><u>Defined Benefit Plan</u></p> <ul style="list-style-type: none"> • Limited portability • May be perceived as difficult to understand • No individual accounts or cash accumulation provided 	<p style="text-align: center;"><u>Defined Contribution Plan</u></p> <ul style="list-style-type: none"> • Assumes the investment risk • Low investment returns may produce inadequate benefits • Older workers may not receive adequate benefits • Minimal death and disability protection • More difficult to retire early — risk that employee may run out of funds during retirement

Key Employer Advantages	
<p style="text-align: center;"><u>Defined Benefit Plan</u></p> <ul style="list-style-type: none"> • Favorable investment performance reduces costs • Funding flexibility • Design versatility • Career engineering 	<p style="text-align: center;"><u>Defined Contribution Plan</u></p> <ul style="list-style-type: none"> • No investment risk • Predictable budgeting • Appreciation by younger workers • Potential ease of administration depending upon number of investment choices

Key Employer Disadvantages	
<p style="text-align: center;"><u>Defined Benefit Plan</u></p> <ul style="list-style-type: none"> • Disclosure of unfunded liabilities • Contribution requirement volatility • Investment risk and uncertain future costs • Requires more professionals to administer 	<p style="text-align: center;"><u>Defined Contribution Plan</u></p> <ul style="list-style-type: none"> • Employee dissatisfaction if benefits are not adequate • Lack of retirement steering • Limited funding flexibility



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PROGRAM IMPACT: The impact to City programs and services depends on the selection of various budget alternatives outlined in the previous pages. We may wish to consider implementing some of these program reductions in the current year to offset a projected FY 2008/09 revenue shortfall of \$5 million.

FISCAL IMPACT: The alternatives outlined in the previous pages can have a major impact on the undesignated fund balance of the General Fund. That undesignated fund balance was reduced to approximately \$11.3 million after FY 2006/07 and FY 2007/08 revenue shortfalls and a \$4.6 million appropriation to balance the FY 2008/09 budget. In addition, staff is currently projecting revenue shortfalls of \$5 million in the current FY 2008/09 budget that will reduce the undesignated fund balance to \$6.3 million by the end of the current fiscal year.

While the undesignated fund balance represents a budgetary “cushion” to help balance the budget it is also a measure of fiscal strength to the financial markets. However, without a combination of revenue increases and expenditure reductions previously addressed, the budgetary shortfall in FY 2009/10 alone ranges from \$10.5 - \$16.0 million.

ALTERNATIVES: The preceding pages present a variety of alternatives in addition to those desired by the Commission.

Department Head's Signature

City Manager's Signature

Financial Services

Assistant to City Manager _____

Department Name

/

City Attorney / Finance

CITY OF BOYNTON BEACH, FLORIDA
GENERAL FUND COMPARISON OF BUDGETED EXPENDITURES
 Fiscal Years 2004 to 2009

EXHIBIT A-1

BUDGETS OF EXPENDITURE CLASSIFICATIONS	FY 2004-2009		FY 2009		FY 2008		FY 2007		FY 2006		FY 2005		FY 2004		FY 2003	
	TOTAL 6 YEAR BUDGETS	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total
GENERAL GOVERNMENT	\$ 54,624,672	15.0%	\$ 8,991,310	12.7%	\$ 8,982,389	13.5%	\$ 9,597,848	14.8%	\$ 9,655,863	16.5%	\$ 9,424,181	17.6%	\$ 7,973,081	16.3%	\$ 7,525,298	15.7%
PUBLIC SAFETY	\$ 214,294,307	59.0%	43,857,374	62.0%	39,862,942	60.0%	38,662,683	59.7%	34,106,937	58.2%	30,325,031	56.6%	27,479,340	56.3%	26,325,566	55.1%
BUILDING & DEVELOPMENT	\$ 20,745,183	5.7%	4,070,300	5.7%	4,148,795	6.2%	3,872,889	6.0%	3,282,929	5.6%	2,765,828	5.2%	2,604,442	5.3%	2,612,644	5.5%
PUBLIC WORKS	\$ 34,344,798	9.5%	6,242,992	8.8%	5,933,625	8.9%	5,836,140	9.0%	5,572,413	9.5%	5,401,324	10.1%	5,358,304	11.0%	5,543,898	11.6%
LEISURE SERVICES	\$ 39,058,650	10.8%	7,626,995	10.8%	7,558,805	11.4%	6,825,299	10.5%	5,979,073	10.2%	5,697,794	10.6%	5,370,684	11.0%	5,780,985	12.1%
Total Expenditures	\$ 363,067,610	100.0%	\$ 70,788,971	100.0%	\$ 66,486,555	100.0%	\$ 64,794,858	100.0%	\$ 58,597,215	100.0%	\$ 53,614,158	100.0%	\$ 48,785,851	100.0%	\$ 47,788,391	100.0%

See Exhibit B-1 for Details of Above

EXHIBIT A-2

% INCREASE OF EXPENDITURE CLASSIFICATIONS YEAR-OVER-YEAR	FY 2004-2009 TOTAL % CHANGE	FY 2009 Change	% FY 2008 Change	% FY 2007 Change	% FY 2006 Change	% FY 2005 Change	% FY 2004 Change	% FY 2003 Change
GENERAL GOVERNMENT	12.77%	0.10%	-6.41%	-0.60%	2.46%	18.20%	5.95%	n/a
PUBLIC SAFETY	59.60%	10.02%	3.10%	13.36%	12.47%	10.36%	4.38%	n/a
BUILDING & DEVELOPMENT	56.28%	-1.89%	7.12%	17.97%	18.70%	6.20%	-0.31%	n/a
PUBLIC WORKS	16.51%	5.21%	1.67%	4.73%	3.17%	0.80%	-3.35%	n/a
LEISURE SERVICES	42.01%	0.90%	10.75%	14.15%	4.94%	6.09%	-7.10%	n/a
Total Expenditures	45.10%	6.47%	2.61%	10.58%	9.29%	9.90%	2.09%	n/a

See Exhibit B-2 for Details of Above

CITY OF BOYNTON BEACH, FLORIDA
GENERAL FUND COMPARISON OF BUDGETED EXPENDITURES
 Fiscal Years 2004 to 2009

EXHIBIT B-1

ACCOUNTS	FY 2004-2009		FY 2009		FY 2008		FY 2007		FY 2006		FY 2005		FY 2004		FY 2003	
	TOTAL BUDGETS	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total	BUDGET APPROVED	% of Total
GENERAL GOVERNMENT																
CITY COMMISSION	\$ 2,704,209	0.7%	\$ 423,814	0.6%	\$ 474,152	0.7%	\$ 528,905	0.8%	\$ 541,608	0.9%	\$ 539,863	1.0%	\$ 195,867	0.4%	\$ 101,071	0.2%
CITY MANAGER	\$ 3,364,079	0.9%	639,605	0.9%	611,335	0.9%	605,278	0.9%	585,015	1.0%	471,085	0.9%	451,761	0.9%	425,556	0.9%
CITY HALL/GEN. ADMIN. (1)	\$ 14,256,076	3.9%	1,917,260	2.7%	2,262,027	3.4%	2,432,990	3.8%	2,642,916	4.5%	2,912,127	5.4%	2,084,456	4.3%	1,548,059	3.2%
PUBLIC AFFAIRS	\$ 1,060,649	0.3%	182,064	0.3%	185,891	0.3%	192,343	0.3%	165,436	0.3%	170,169	0.3%	164,746	0.3%	269,097	0.6%
SPECIAL EVENTS	\$ 1,200,406	0.3%	0	0.0%	0	0.0%	381,825	0.6%	382,555	0.7%	218,564	0.4%	217,462	0.4%	207,608	0.4%
CITY CLERK	\$ 2,945,092	0.8%	577,749	0.8%	557,755	0.8%	501,978	0.8%	450,949	0.8%	427,133	0.8%	429,528	0.9%	425,771	0.9%
CITY ATTORNEY	\$ 2,939,346	0.8%	480,375	0.7%	444,046	0.7%	491,772	0.8%	533,533	0.9%	572,259	1.1%	417,361	0.9%	403,645	0.8%
FINANCIAL SERVICES	\$ 6,581,186	1.8%	1,247,864	1.8%	1,176,149	1.8%	1,112,313	1.7%	1,023,133	1.7%	1,053,623	2.0%	968,104	2.0%	1,005,084	2.1%
INFORMATION TECH SERVICES	\$ 10,619,010	2.9%	1,866,388	2.6%	1,763,228	2.7%	1,762,904	2.7%	1,875,612	3.2%	1,663,998	3.1%	1,686,880	3.5%	1,685,110	3.5%
GEOGRAPHICAL INFO SYSTEMS	\$ 2,831,547	0.8%	430,164	0.6%	411,207	0.6%	474,717	0.7%	494,636	0.8%	503,598	0.9%	517,225	1.1%	605,934	1.3%
HUMAN RESOURCES	\$ 4,703,587	1.3%	1,027,136	1.5%	916,809	1.4%	829,849	1.3%	697,316	1.2%	637,054	1.2%	595,423	1.2%	595,371	1.2%
ORGANIZATIONAL DEVELOP	\$ 1,419,485	0.4%	198,891	0.3%	179,790	0.3%	278,674	0.4%	263,154	0.4%	254,708	0.5%	244,268	0.5%	252,992	0.5%
	\$ 54,624,672	15.0%	\$ 8,991,310	12.7%	\$ 8,982,389	13.5%	\$ 9,597,848	14.8%	\$ 9,655,863	16.5%	\$ 9,424,181	17.6%	\$ 7,973,081	16.3%	\$ 7,525,298	15.7%
PUBLIC SAFETY																
COMMUNICATIONS	\$ 11,496,811	3.2%	2,384,971	3.4%	2,341,086	3.5%	1,935,009	3.0%	1,683,996	2.9%	1,600,256	3.0%	1,551,493	3.2%	1,542,563	3.2%
POLICE	\$ 117,415,267	32.3%	24,354,401	34.4%	21,245,948	32.0%	20,896,133	32.2%	18,898,069	32.3%	16,855,811	31.4%	15,164,905	31.1%	14,357,080	30.0%
CODE COMPLIANCE	\$ 5,558,016	1.5%	1,021,445	1.8%	1,024,201	1.8%	969,310	1.5%	814,777	1.4%	725,969	1.4%	725,314	1.5%	693,533	1.5%
NEIGHBORHOOD SERVICES	\$ 1,023,990	0.3%	0	0.0%	114,452	0.2%	295,515	0.5%	204,184	0.3%	198,480	0.4%	211,359	0.4%	282,739	0.6%
FIRE (2)	\$ 77,265,351	21.3%	15,539,234	22.0%	14,802,509	22.3%	14,162,165	21.9%	12,347,481	21.1%	10,746,990	20.0%	9,666,972	19.8%	9,297,311	19.5%
EMERGENCY MANAGEMENT	\$ 502,597	0.1%	116,300	0.2%	149,697	0.2%	236,600	0.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
ANIMAL CONTROL	\$ 1,032,275	0.3%	201,023	0.3%	185,049	0.3%	167,951	0.3%	158,430	0.3%	160,525	0.3%	159,297	0.3%	152,340	0.3%
	\$ 214,294,307	59.0%	\$ 43,857,374	62.0%	\$ 39,862,942	60.0%	\$ 38,662,683	59.7%	\$ 34,106,937	58.2%	\$ 30,325,031	56.6%	\$ 27,479,340	56.3%	\$ 26,325,566	55.1%
BUILDING & DEVELOPMENT																
DEVELOPMENT	\$ 2,161,315	0.6%	412,826	0.6%	387,954	0.6%	367,500	0.6%	343,755	0.6%	324,960	0.6%	324,320	0.7%	311,907	0.7%
BUILDING	\$ 11,695,859	3.2%	2,368,088	3.3%	2,432,725	3.7%	2,286,211	3.5%	1,850,612	3.2%	1,465,200	2.7%	1,293,023	2.7%	1,330,888	2.8%
PLANNING & ZONING	\$ 5,396,646	1.5%	991,450	1.4%	1,039,390	1.6%	967,276	1.5%	836,339	1.4%	773,742	1.4%	788,449	1.6%	821,016	1.7%
BUSINESS TAX	\$ 1,491,363	0.4%	297,936	0.4%	288,726	0.4%	251,902	0.4%	252,223	0.4%	201,926	0.4%	198,650	0.4%	148,833	0.3%
	\$ 20,745,183	5.7%	\$ 4,070,300	5.7%	\$ 4,148,795	6.2%	\$ 3,872,889	6.0%	\$ 3,282,929	5.6%	\$ 2,765,828	5.2%	\$ 2,604,442	5.3%	\$ 2,612,644	5.5%
PUBLIC WORKS																
PUBLIC WORKS	\$ 1,669,089	0.5%	296,412	0.4%	294,524	0.4%	278,106	0.4%	281,318	0.5%	257,251	0.5%	261,478	0.5%	277,924	0.6%
FACILITIES MANAGEMENT	\$ 9,649,361	2.7%	2,009,496	2.8%	1,792,068	2.7%	1,599,201	2.5%	1,499,031	2.6%	1,371,534	2.6%	1,378,031	2.8%	1,407,152	2.9%
ENGINEERING	\$ 5,370,366	1.5%	937,154	1.3%	919,102	1.4%	972,387	1.5%	890,418	1.5%	833,956	1.6%	817,349	1.7%	996,343	2.1%
FORESTRY & GROUNDS	\$ 11,260,055	3.1%	1,824,643	2.6%	1,862,982	2.8%	1,857,303	2.9%	1,836,126	3.1%	1,943,748	3.6%	1,935,253	4.0%	1,778,559	3.7%
STREETS MAINTENANCE	\$ 6,395,927	1.8%	1,175,287	1.7%	1,064,949	1.6%	1,129,143	1.7%	1,065,520	1.8%	994,835	1.9%	966,193	2.0%	1,083,920	2.3%
	\$ 34,344,798	9.5%	\$ 6,242,992	8.8%	\$ 5,933,625	8.9%	\$ 5,836,140	9.0%	\$ 5,572,413	9.5%	\$ 5,401,324	10.1%	\$ 5,358,304	11.0%	\$ 5,543,898	11.6%
LEISURE SERVICES																
LIBRARY	\$ 12,547,182	3.5%	2,600,620	3.7%	2,490,441	3.7%	2,283,730	3.5%	1,779,890	3.0%	1,700,266	3.2%	1,692,235	3.5%	1,694,476	3.5%
RECREATION	\$ 14,838,841	4.1%	2,771,735	3.9%	2,795,725	4.2%	2,332,028	3.6%	2,138,077	3.6%	2,510,718	4.7%	2,290,558	4.7%	2,603,400	5.4%
PARKS MAINTENANCE	\$ 11,672,627	3.2%	2,254,640	3.2%	2,272,639	3.4%	2,209,541	3.4%	2,061,106	3.5%	1,486,810	2.8%	1,387,891	2.8%	1,483,109	3.1%
	\$ 39,058,650	10.8%	\$ 7,626,995	10.8%	\$ 7,558,805	11.4%	\$ 6,825,299	10.5%	\$ 5,979,073	10.2%	\$ 5,697,794	10.6%	\$ 5,370,684	11.0%	\$ 5,780,985	12.1%
Total Expenditures	\$ 363,067,610	100.0%	\$ 70,788,971	100.0%	\$ 66,486,556	100.0%	\$ 64,794,859	100.0%	\$ 58,597,215	100.0%	\$ 53,614,158	100.0%	\$ 48,785,851	100.0%	\$ 47,788,391	100.0%

(1) Excludes Transfers Including Property Taxes to CRA in All Years (2) Excludes Operating Expenditures Included in the Fire Assessment Fund

CITY OF BOYNTON BEACH, FLORIDA
GENERAL FUND COMPARISON OF BUDGETED EXPENDITURES
 Fiscal Years 2004 to 2009

EXHIBIT B-2

Percent Increase Year-over-Year	FY 2004-2009 TOTAL % CHANGE	FY 2009 % Change	FY 2008 % Change	FY 2007 % Change	FY 2006 % Change	FY 2005 % Change	FY 2004 % Change	FY 2003 % Change
GENERAL GOVERNMENT								
CITY COMMISSION	116.38%	-10.62%	-10.35%	-2.35%	0.32%	175.63%	93.79%	n/a
CITY MANAGER	41.58%	4.62%	1.00%	3.46%	24.18%	4.28%	6.16%	n/a
CITY HALL/GEN. ADMIN. (1)	-8.02%	-15.24%	-7.19%	-7.78%	-9.24%	39.71%	34.65%	n/a
PUBLIC AFFAIRS	10.51%	-2.06%	-3.35%	16.26%	-2.78%	3.29%	-38.78%	n/a
SPECIAL EVENTS	-100.00%	n/a	-100.00%	-0.19%	75.03%	0.51%	4.75%	n/a
CITY CLERK	34.51%	3.58%	11.11%	11.32%	5.58%	-0.56%	0.88%	n/a
CITY ATTORNEY	15.10%	8.18%	-9.70%	-7.83%	-6.77%	37.11%	3.40%	n/a
FINANCIAL SERVICES	28.90%	6.10%	5.74%	8.72%	-2.89%	8.83%	-3.68%	n/a
INFORMATION TECH SERVICES	10.64%	5.85%	0.02%	-6.01%	12.72%	-1.36%	0.11%	n/a
GEOGRAPHICAL INFO SYSTEMS	-16.83%	4.61%	-13.38%	-4.03%	-1.78%	-2.63%	-14.64%	n/a
HUMAN RESOURCES	72.51%	12.03%	10.48%	19.01%	9.46%	6.99%	0.01%	n/a
ORGANIZATIONAL DEVELOP	-18.58%	10.62%	-35.48%	5.90%	3.32%	4.27%	-3.45%	n/a
	12.77%	0.10%	-6.41%	-0.60%	2.46%	18.20%	5.95%	
PUBLIC SAFETY								
COMMUNICATIONS	53.72%	1.87%	20.99%	14.91%	5.23%	3.14%	0.58%	n/a
POLICE	60.60%	14.63%	1.67%	10.57%	12.12%	11.15%	5.63%	n/a
CODE COMPLIANCE	73.92%	23.16%	5.66%	18.97%	6.79%	5.19%	4.58%	n/a
NEIGHBORHOOD SERVICES	-100.00%	n/a	-61.27%	44.73%	2.87%	-6.09%	-25.25%	n/a
FIRE (2)	60.75%	4.98%	4.52%	14.70%	14.89%	11.17%	3.98%	n/a
EMERGENCY MANAGEMENT	n/a	-22.31%	-36.73%	n/a	n/a	n/a	n/a	n/a
ANIMAL CONTROL	26.19%	8.63%	10.18%	6.01%	-1.31%	0.77%	4.57%	n/a
	59.60%	10.02%	3.10%	13.36%	12.47%	10.36%	4.38%	
BUILDING & DEVELOPMENT								
DEVELOPMENT	27.29%	6.41%	5.57%	6.91%	5.78%	0.20%	3.98%	n/a
BUILDING	83.14%	-2.66%	6.41%	23.54%	26.30%	13.32%	-2.85%	n/a
PLANNING & ZONING	25.75%	-4.61%	7.46%	15.66%	8.09%	-1.87%	-3.97%	n/a
BUSINESS TAX	49.98%	3.19%	14.62%	-0.13%	24.91%	1.65%	33.47%	n/a
	56.28%	-1.89%	7.12%	17.97%	18.70%	6.20%	-0.31%	
PUBLIC WORKS								
PUBLIC WORKS	13.36%	0.64%	5.90%	-1.14%	9.36%	-1.62%	-5.92%	n/a
FACILITIES MANAGEMENT	45.82%	12.13%	12.06%	6.68%	9.30%	-0.47%	-2.07%	n/a
ENGINEERING	14.66%	1.96%	-5.48%	9.21%	6.77%	2.03%	-17.97%	n/a
FORESTRY & GROUNDS	-5.72%	-2.06%	0.31%	1.15%	-5.54%	0.44%	8.81%	n/a
STREETS MAINTENANCE	21.64%	10.36%	-5.69%	5.97%	7.11%	2.96%	-10.86%	n/a
	16.51%	5.21%	1.67%	4.73%	3.17%	0.80%	-3.35%	
LEISURE SERVICES								
LIBRARY	53.68%	4.42%	9.05%	28.31%	4.68%	0.47%	-0.13%	n/a
RECREATION	21.01%	-0.86%	19.88%	9.07%	-14.84%	9.61%	-12.02%	n/a
PARKS MAINTENANCE	62.45%	-0.79%	2.86%	7.20%	38.63%	7.13%	-6.42%	n/a
	42.01%	0.90%	10.75%	14.15%	4.94%	6.09%	-7.10%	
Total Expenditures	45.10%	6.47%	2.61%	10.58%	9.29%	9.90%	2.09%	

(1) Excludes Transfers Including Property Taxes to CRA in All Years (2) Excludes Operating Expenditures Included in the Fire Assessment Fund