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# **City of Sunrise FY 2013 Budget Workshop**

June 19, 2012

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# General Fund

# Budget Balancing Strategies

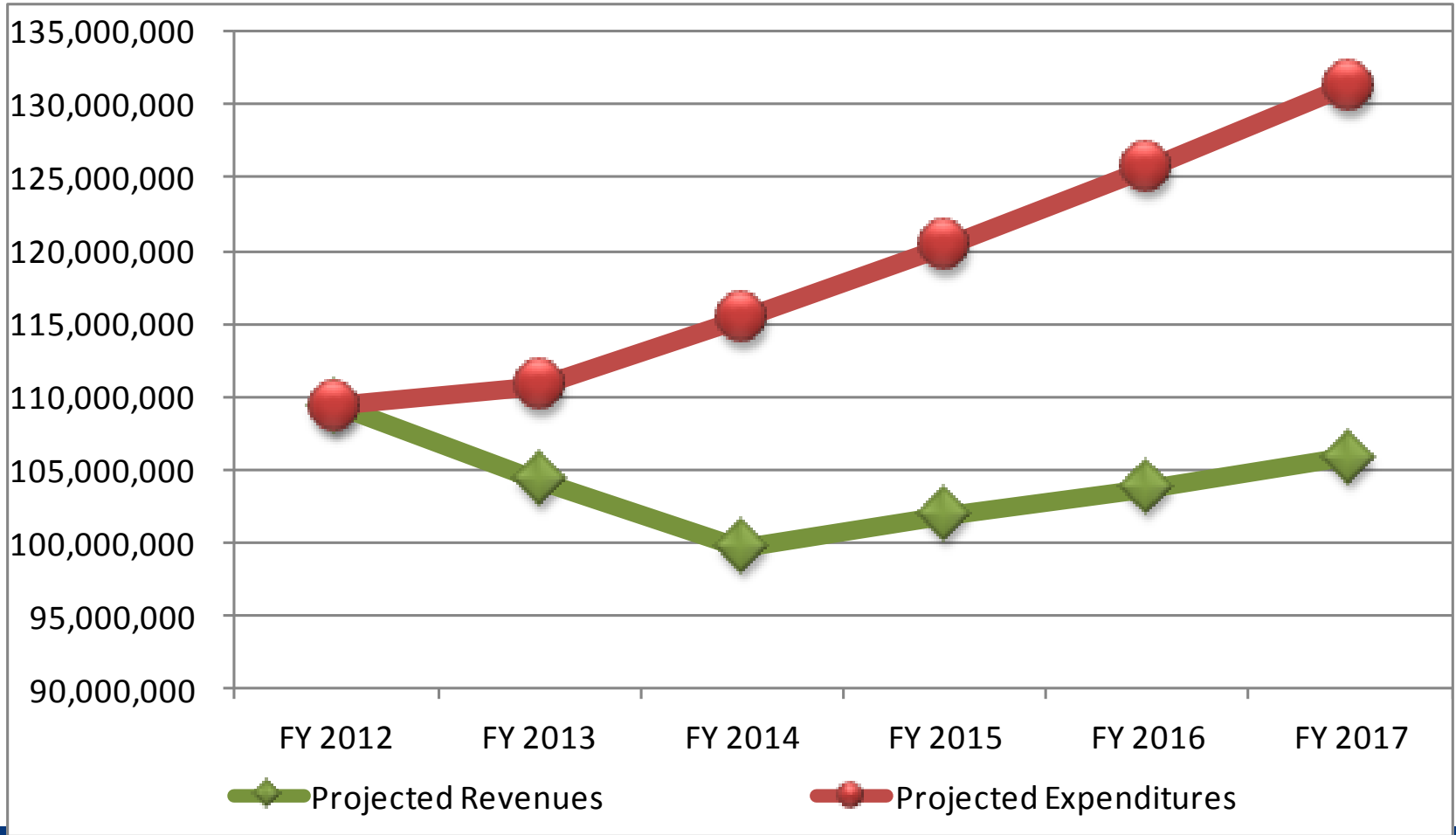
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- After six years of revenue declines the “low hanging fruit” and more, is gone
- Long-term budget balancing strategies are:
  - Revenue enhancements
  - Reduction of personnel costs and/or staffing levels

# 5-Year Initial Budget Projections

## General Fund Revenues vs. Expenditures

FY 2013 thru 2017

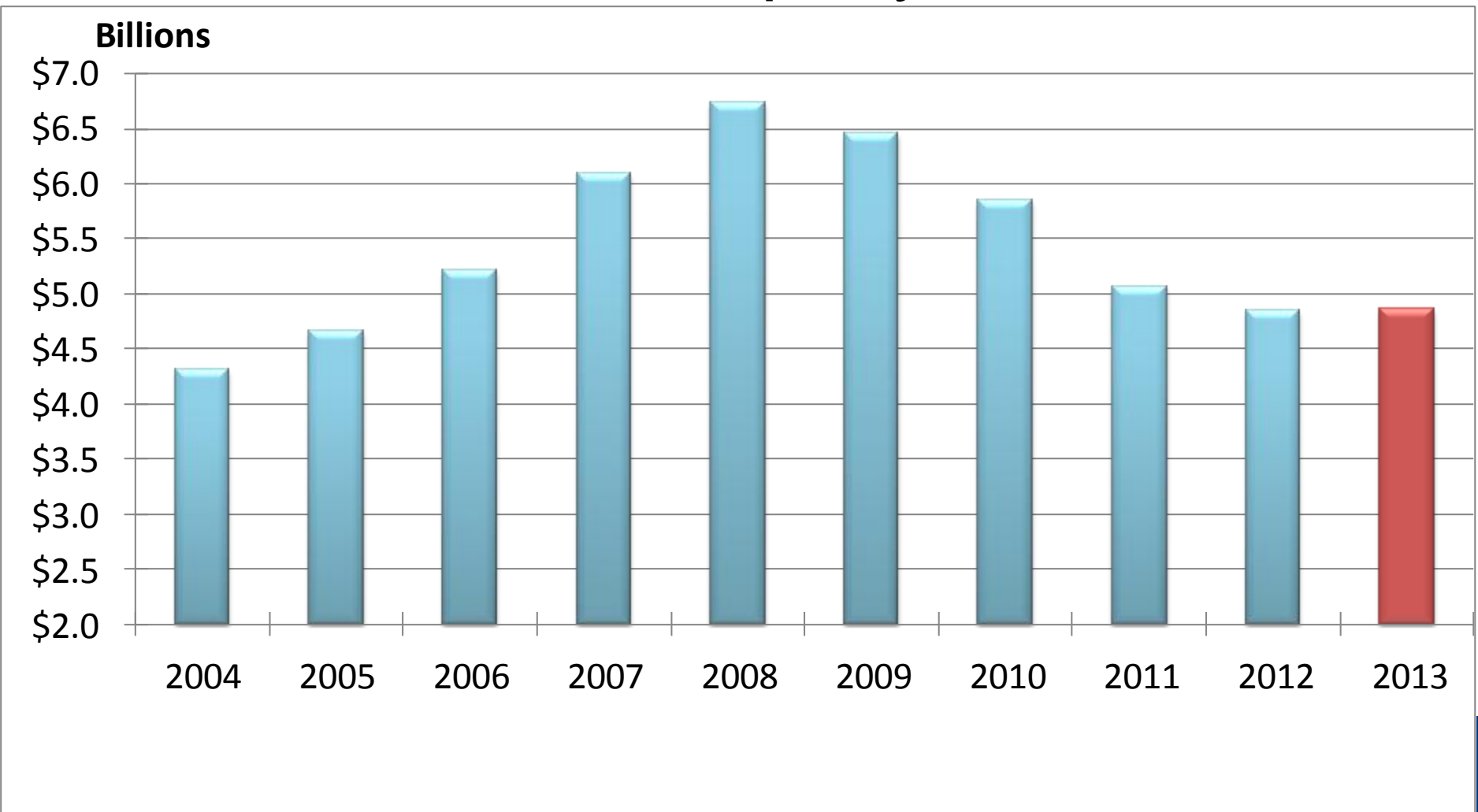


# FY 2007 Adopted to FY 2013 Proposed

ITEM	FY 2007	FY 2013	Change
Property Taxes	35.4	28.1	
State Revenue Sharing	2.6	2.4	
Sales Taxes	5.5	4.9	
Interest Income	2.1	0.3	
<b>Selected Revenues</b> in millions of \$	<b>45.6</b>	<b>35.7</b>	<b>(9.9)</b>
Salaries & Wages	46.4	53.5	
Pension Contributions	8.3	16.7	
Health Insurance	6.0	7.1	
<b>Selected Appropriations</b> in millions of \$	<b>60.7</b>	<b>77.3</b>	<b>16.6</b>

Overall impact of \$26 million from these major revenue sources and appropriations categories has been “absorbed”

# 10-Year History Taxable Property Values

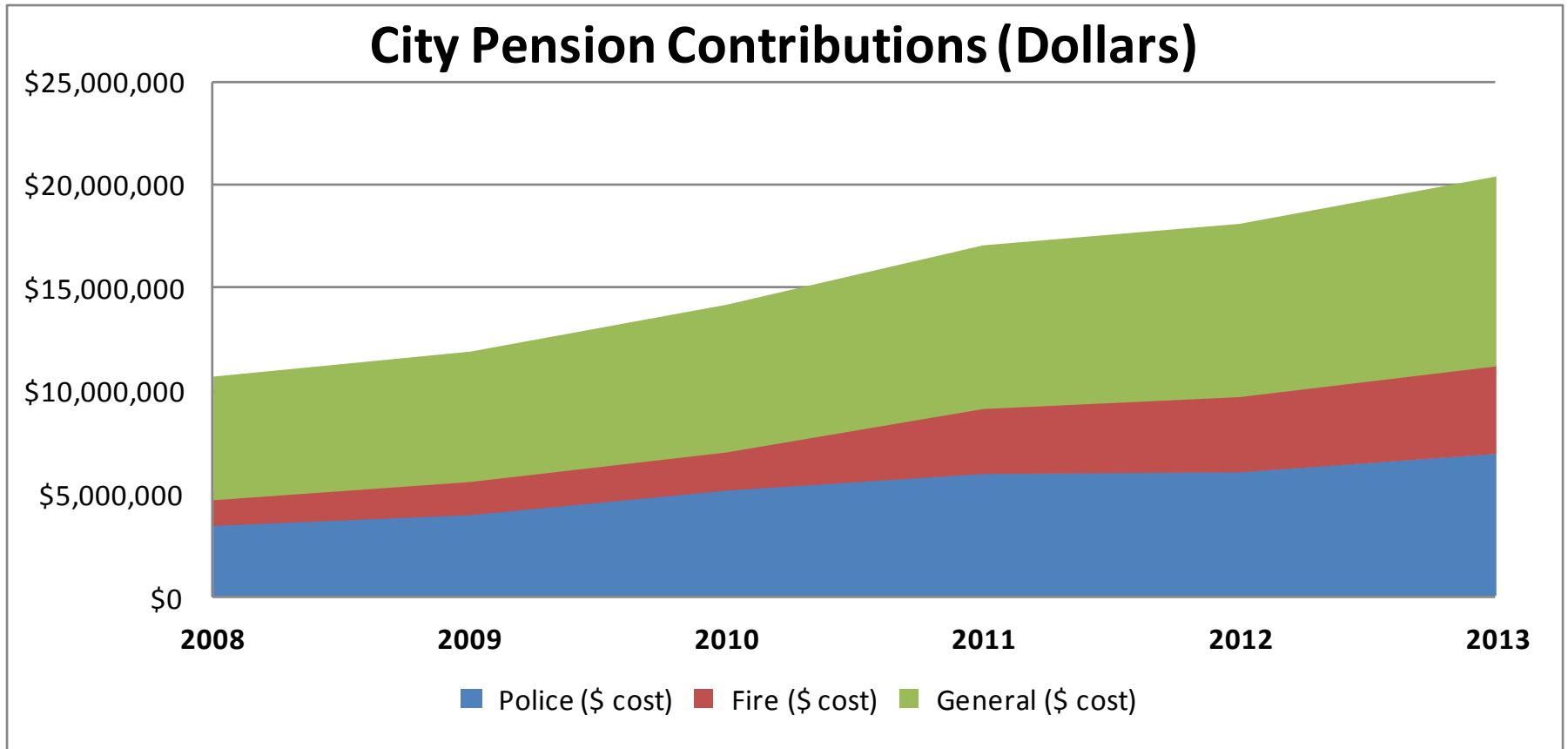


# Revenue Projections

- Ad Valorem Taxes: \$230,000 loss
- Franchise Fees: \$144,000 gain
- Building & Planning Revenues: \$74,000 gain
- State Revenues: \$185,000 overall gain
- EMS Transports: \$300,000 projected loss
- Other Charges for Service: \$457,000 gain
- Fines & Forfeit Revenues: \$800,000 loss

***Overall loss of approximately \$0.5 million  
(net transfers and non-operating sources)***

# City Pension Contributions (\$ cost)

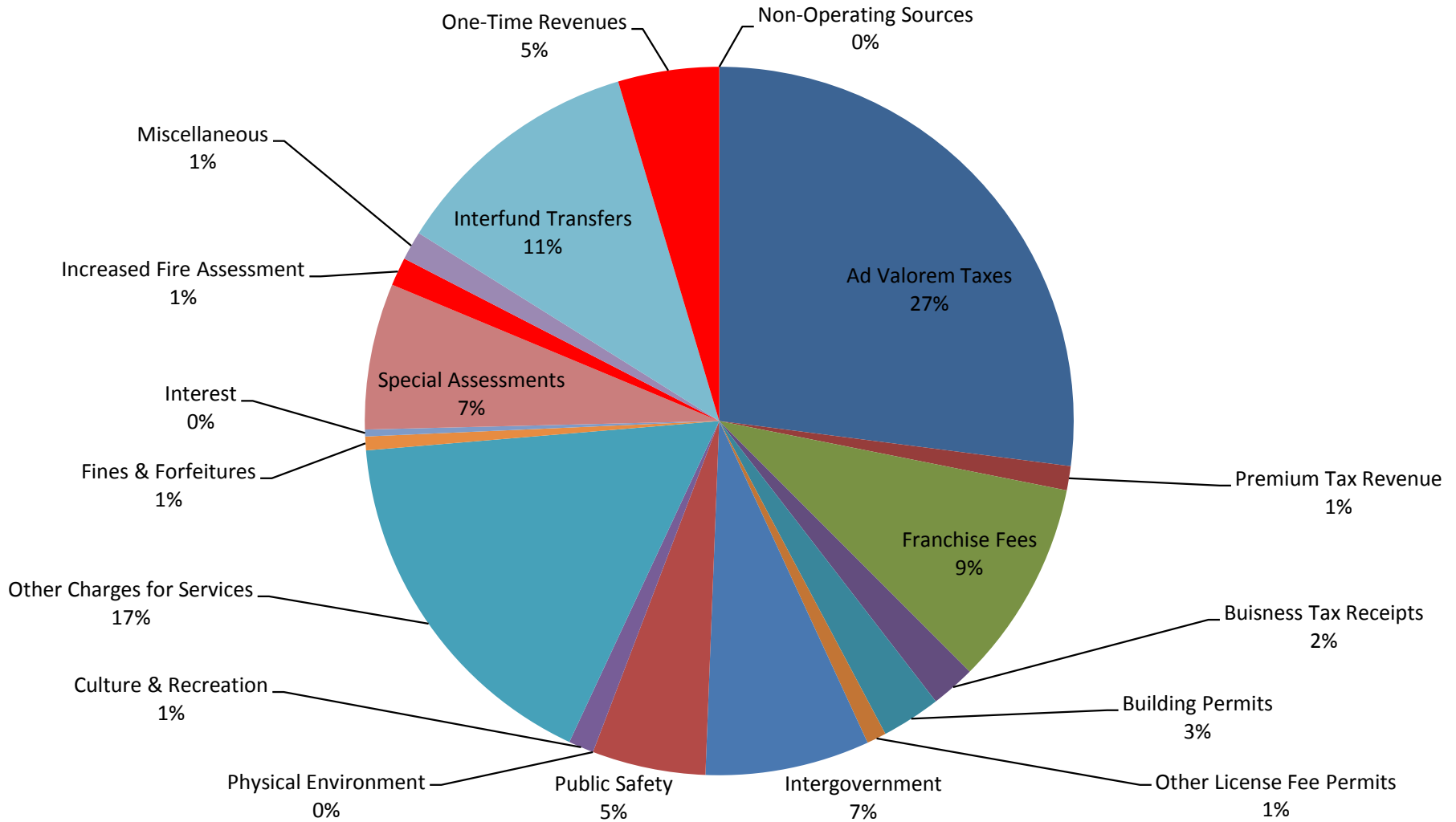




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# FY 2013 Budget General Fund Revenue Options

# Revenues by Type



# Policy Options--Revenues

- Millage Rate (Current Rate is 6.0543—Last Raised FY 2010)
  - An increase of 0.1000 mils (1.65% increase) generates approximately \$465,000
- Summer Camp Fees (Current Rate is \$450—Last Raised FY 2004)
  - A \$100 increase generates approximately \$80,000
    - FY 2011 Program Cost was \$833,557
    - FY 2011 Program Revenue was \$379,784
- Fire Assessment (Current Rate is \$139.50—Last Raised FY 2009)
  - Each \$10 increase (7.17% increase) generates approximately \$560,000
  - Current rate recovers approximately 53% of allowable costs

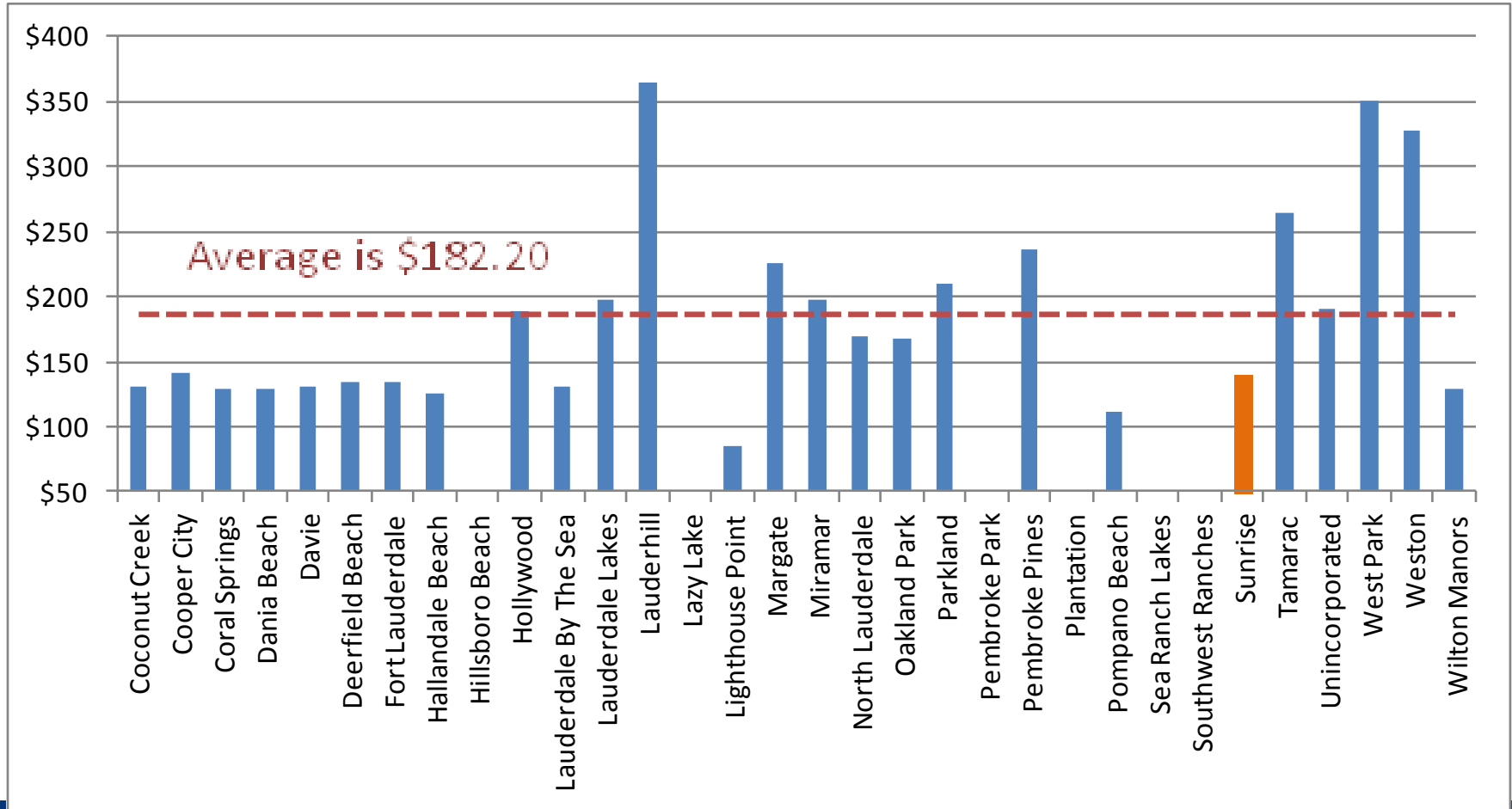
# Those Paying No Property Tax

## June 1 Preliminary Data

- Overall Residential Parcels
  - 5,122 or 14.6% are projected to pay \$0 property tax to the City
- Condominium Parcels
  - 4,398 or 28.8% of condominium parcels are projected to pay \$0 property tax to the City

# Fire Assessment Comparison

## Residential Rates



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# FY 2013 Budget General Fund Expenditure Options

# Actions Already Taken to Contain Costs

- 715X reductions for management
- Reduced COLAs in subsequent bargaining unit contracts
- Health insurance un-blending & cost sharing (making HMO the base City-paid benefit)
- Workforce Reductions
  - Approximately 67 General Fund positions or 6.6% of the workforce since 2007 (plus 28 positions at Seven Bridges at Springtree Golf Club)

# Actions Already Taken to Contain Costs

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## General Employees' Pension (New Employees)

- Vesting period increased from 5 to 6 years
- Normal retirement age increased from 58 to 62
- Benefit multiplier decreased from 4% and 2% to a 2.5% multiplier for all creditable service
- Reduced rate of return for new DROP participants (for all employees)
- *Normal cost of plan will be reduced by 10%*



# Actions Already Taken to Contain Costs

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## New Management Employees

- Elimination of 401a Plan
- Health insurance cost sharing (HMO base benefit)
- Dental, catastrophic illness, and intensive care insurance are no longer provided at City cost
- Reduced life and AD&D insurance, retiree health insurance
- Elimination of long term care subsidy
- *Greater parity with General Employees*

# Actions Already Taken to Contain Costs

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## Police Officers Benefit Changes

- Health insurance cost sharing (HMO Base)
- Reduction in Tuition Refund program
- Changed definition of average final compensation
- Reduced rate of return for new DROP participants
- New 7<sup>th</sup> year of DROP (earnings are re-calculated at a lower rate of return)

# Actions Already Taken to Contain Costs

## Firefighters Benefit Changes

- Health insurance cost sharing (HMO Base)
- Reduction in Tuition Refund program
- Changed definition of average final compensation
- Normal retirement age increased\*
- Benefit multiplier decreased\*
- Reduced rate of return for new DROP participants
- New 7<sup>th</sup> year of DROP (earnings are re-calculated at a lower rate of return)

\*Proposed for newly hired firefighters, awaiting state approval

# Budget Assumptions

- Privatize Transportation (\$235,000) and Aquatics (\$300,000)
- No COLAs
- Freeze 5 vacant Police Officers (\$422,455)
- Freeze 6 vacant Firefighters (\$458,028)
- Reduce budget for gas/oil (\$365,000)
- Reduce recurring vehicle funding (\$610,000)
- Eliminate all charitable contributions (\$132,000)
- Increase garbage fee by \$1 (\$750,000)
- Increase fire assessment by \$30 (\$1,682,500)
- Budgeting the fixed, pre-payment pension amount (\$1,100,000)
- Utilization of one-time revenues (\$4,800,000)

# Additional Policy Options for FY 2013

- Privatize Leisure Services Theater operation
- Move sworn police officers from Admin. to Road Patrol
- Eliminate merit & longevity increases
- Implement 5% budget reductions across departments
- Furloughs
- Freeze additional vacant positions/attrition
- Increase job sharing
- Change cost sharing for health insurance

# Long Term Planning

- Budget sustainability is possible only if we provide sufficient revenues to cover recurring expenditures and capital contributions
- Provide programs and services equal to the levels that taxpayers and ratepayers are willing to fund
- Additional cost control measures
  - Pension sustainability
  - Other employment benefits
  - Programs and facilities

# Use of Reserves

- Sound financial management advises that reserves be used for non-recurring expenses and generally not for operations
- While extraordinary economic policies and conditions have compelled the use of reserves in recent budgets, this practice is not sustainable
- Failure to provide recurring revenues for recurring expenses will deplete unassigned fund balance

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# Policy Discussion



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# Other Funds

# General Capital Fund 325

Project Name	Budget
City Hall	6,924,907
Open/Greenspace Improvements	4,970,131
Public Works & Leisure Svcs. Storage Facility	2,000,000
Civic Center Splash Pad	1,458,044
Hiatus Road Wall	573,725
Sunrise Lakes Phase I Park	550,964
Various Park Facility Improvements	501,281
SAC Concession Stand Press Box	397,301
Entry Signs	224,016
Median Modification	197,784
Facilities Improvements—Various	190,589
Miscellaneous Wall Repairs	177,039

# General Capital Fund 325

Project Name	Budget
SAC Additional Parking & Improvements	92,255
Traffic Calming	76,909
Landscaping Restoration	53,564
Fire Station #72	39,022
Shade Canopies Park Bleachers	33,196
Golf Course Maintenance Building	23,971
NW 44 <sup>th</sup> St. Streetscape Improvements	20,000
Children's Playground	6,636
Golf Course Improvements	2,043
TOTAL	18,513,377

# Unfunded Projects

Project	Estimate
Community Gardens	250,000
Neighborhood Participation Program Phase 4	1,000,000
Sunblest Wall	1,000,000
Synthetic Turf	1,500,000
Façade III	2,000,000
Passive Parks	500,000

# Other Funds

- Springtree golf subsidy has decreased by \$600,000+ since FY 2010
- Utility Funds—upcoming rate studies:
  - Wastewater reuse
  - FY 2013 bond issuance
- No additional major issues with other funds

# Next Steps

- **Proposed** millage rate and **preliminary** fire assessment set at the July 10<sup>th</sup> Regular City Commission Meeting
- Proposed budget delivered to Commission by August 1<sup>st</sup>
- First budget hearing adopting a tentative millage rate and approving the final fire rescue assessment on Wednesday September 12<sup>th</sup>
- Second budget hearing approving a final millage rate and adopting the FY 2013 budget on Tuesday September 25<sup>th</sup>



CITY OF  
**SUNRISE**  
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