



October 1, 2010

Honorable Mayor and City Commissioners
City of Sunrise
City Hall
10770 West Oakland Park Boulevard
Sunrise, Florida 33351

Dear Mayor and Members of the City Commission:

Attached please find the adopted Annual Budget for the City of Sunrise, Florida, for the fiscal year beginning October 1, 2010 and ending September 30, 2011, as well as the Capital Improvements Program. The budget is being presented in accordance with Section 4.04 (g) of the City Charter.

This document is the product of considerable staff effort guided by direction from the City Commission to maintain levels of service during this time of serious economic stress. The budget planning process included two public workshops at which staff and the Commission discussed the fiscal and operational challenges facing the City and alternatives for meeting those challenges. In preparing the budget, we utilized this interaction to incorporate Commission priorities and to identify other areas that can and should be undertaken within available resources.

This budget includes the requisite revenue and expenditure summaries and line item detail for all departments. More importantly, this document represents a continuation of systematic and substantive change in the manner which City government provides service to our residents. Due to the combined impacts of State-mandated tax reforms and the ongoing financial stresses, the need for government to work more efficiently and effectively is crucial. Clearly, significant measures were required in order to achieve a balanced budget.

The organization continues to be streamlined, including significant reductions in the workforce. In FY 2007, the budget authorized a total of 1,305 positions. The FY 2011 budget continues to reduce the number of overall positions to 1,193 a reduction of 112 positions since FY 2007. Two positions will be reclassified to provide necessary services moving forward. One position is a grants coordinator whose primary focus will be securing grant funding, thereby alleviating City funded support for various programs. The second position is a land management position who will integrate the data in our GIS system. These reclassifications will provide an organization-wide perspective, as opposed to the current department/sector perspective in place now.

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Finally, two additional full-time positions will be eliminated during FY 2011 upon the retirement of current employees. In total, these changes represent an 8.6% reduction in the City's workforce since FY 2007. Under the Commission's leadership, these reductions were achieved without lay-offs of full-time employees. In order to further make the required expenditure reductions, the budget also includes freezing three fire fighters positions. However, minimum daily staffing levels will remain unchanged – meaning no fire fighters or police officers will be taken off the road.

The City continues to seek ways to deliver services to our residents in a more effective manner. As we enter the third year of our performance measurement program, we will continue to provide information and workload measures that both demonstrate our effectiveness and help us evaluate our service delivery so that we may always improve. These efforts are a precursor to the implementation of program budgeting. Last year we included for the first time a program budget for Leisure Services. As we continue to move from line item budgeting to program budgeting, which provides the Commission and our residents with a better view of the policy implications of budgeting, we have included the program budget details for Police and Fire-Rescue, as well as Leisure Services. Staff's goal over the next couple of years is to transition fully into program budgeting. We believe that a program budget more effectively indicates what activities, purposes, or objectives are being budgeted and how government policies translate into spending.

Notwithstanding current economic conditions, we have achieved a significant number of accomplishments this past year, increasing the quality of life for our residents. For example, we have implemented an automated City Commission meeting agenda system, which provides our residents and businesses immediate access to the workings of their local government. Residents can view Commission meetings live online, or after the meetings at their convenience. Supporting documentation is also available online prior to the meetings. Another example of adding value to the community is the *Sunrise Leadership Academy*, a hands-on civics program for select Sunrise high school students. This program was so successful that the City has been honored by the Florida League of Cities with its *Florida Municipal Achievement Award* as the winner in the *Florida Citizenship Award* category. A final example of the City's efforts to address the needs of residents is our sidewalk replacement program. This program enables residents who need repairs on only a small portion of their sidewalk to contract with the City to perform, at a minimal cost, the replacement of up to twenty-five linear feet of damaged sidewalk rather than paying a private contractor significantly more money. Though constrained with fiscal concerns, we are committed to furthering our efforts to make the City a great place to live and work.

FY2011 General Fund Budget Highlights

For the past four years property tax revenues have been reduced significantly in the City – down 12.5% from last year and a cumulative reduction of 16.6%. Based on state initiatives, economic conditions and City Commission actions, a significant number of property owners in the community have seen the City portion of their property tax bill decline. The aggregate property tax revenues from FY 2007 through FY 2011 are shown in Table 1. This budget utilizes the property tax rate of 6.0543 mills same as last fiscal year and below the roll-back rate of 7.0227 mills.

Fiscal Year	Ad Valorem Taxes	Year-to-Year Change	Cumulative Change
2007	\$ 35,410,283	-	-
2008	\$ 33,004,015	-6.8%	-6.8%
2009	\$ 33,613,262	1.8%	-5.1%
2010*	\$ 33,769,677	0.5%	-4.6%
2011*	\$ 29,533,919	-12.5%	-16.6%

Table 1: Property Taxes FY 2007 thru FY 2011

* Adopted budget

In addition to declining property tax revenues, a number of other revenue decreases have also impacted the City. Budgeted interest revenues in the General Fund alone are off by almost \$2 million from FY 2008. As construction activity continue to decline, so have Community Development permit fees, projected to decrease over \$350,000 or 9% from the FY 2010 budgeted revenues.

Increasing Expenditures

At the same time that revenues are declining, numerous operating costs are increasing at a rate not typically seen beyond the past several years. Typical of all local governments, the City has seen significant cost increases to our pension plans, requiring additional funding in the general fund of almost \$2 million. The continuing impacts of health care costs exceed \$800,000. To battle these increasing costs, we have made reductions in operating expenses of over \$320,000 and in capital expenditures of over \$700,000. The details of year-to-year changes in the major categories are shown in Table 2.

Appropriation Type	Adopted FY 2010	Adopted FY 2011	\$ Change	% Change
Salaries & Wages	\$ 52,182,693	\$ 53,130,214	\$ 947,521	1.82%
Benefits	\$ 23,585,788	\$ 26,699,017	\$ 3,113,229	13.20%
Operating Expense	\$ 22,800,969	\$ 22,480,339	\$ (320,630)	-1.41%
Capital Expense	\$ 989,145	\$ 263,000	\$ (726,145)	-73.41%
Grant Funds	\$ 30,232	\$ 560,209	\$ 529,977	1753.03%
Total Appropriations	\$ 99,588,827	\$103,132,779	\$ 3,543,952	3.56%

Table 2: Year-to-Year General Fund Changes by Major Category

User Fees

The budget workshops held with the City Commission to discuss the proposed FY11 budget highlighted the need for continued analysis of user fees in order to recover a greater percentage of the City's actual cost in providing services. We also provided the Commission with information on how the City's user fees compared to similar jurisdictions. While a number of fee adjustments were discussed, this budget anticipates increasing only ambulance transportation fees, mostly covered by insurance, as shown in Table 3.

Fee Description	Previous Fee	Adopted Fee	Estimated Revenue
EMS Transport, BLS Rate*	\$ 430.00	\$ 606.00	\$ 500,000**
Total Estimated Revenues			\$ 500,000

Table 3 Adopted User Fee Adjustments

* ALS rates increasing between \$142-\$155 depending on service level
 ** Total estimate for all transport categories

FY2011 Other Funds Highlights

Last year the Commission decided to contract day-to-day operations of the golf course to an outside contractor. Coupled with our capital project to renovate Springtree, the newly redesigned course is now scheduled to open in October of this year. We are excited about the potential of the golf course and have rebranded it with a new name representing its newly acquired signature characteristic – *Seven Bridges at Springtree Golf Club*.

The FY11 budget reflects these positive changes, most notable the decrease in the General Fund subsidy by over \$200,000. This reflects a decrease in the General Fund contribution of over 20%.

Utility Systems

The City is undertaking a \$229 million Water and Wastewater 5-Year Capital Improvement Plan. As a result, organizational changes within the Utilities Department will be necessary to accommodate the implementation and ongoing service of this new infrastructure. In this budget, a number of changes are recommended to better match the Department's staffing with current and impending demands.

A total of eight new positions are being recommended in Utilities. This includes five Utility Mechanics that will assume responsibility for hydrant and valve maintenance in the field. Previously handled by a private contractor, this change is expected to save over \$190,000 per year because of synergies from coordinating work with existing Utilities staff. Two positions from the General Fund and one position from the Capital Improvements Fund will also be transferred to Utilities and assume responsibilities related to capital needs. One of these positions is a full-time project manager. The other two are engineering inspectors who will spend 80% and 50% of their time respectively handling utilities projects. The remainder of the engineering inspectors' time will remain with Community Development. Overall, this approach provides needed oversight for utility projects while providing a positive cost benefit to the General Fund.

The budget also includes ending the compressed natural gas (CNG) vehicle refueling operations. This program has very minimal participation, and the elimination will save the City about \$15,000 related to maintaining the specialized equipment. Propane tank refilling has also been evaluated for cost efficiency. Currently, we provide this service at rates well-below the market. Issues of aging equipment, staffing and program oversight all need to be addressed, however the funding for the necessary improvements will push our costs up significantly. Because there are at least 14 other locations throughout the City where propane tanks can be obtained, we anticipate discontinuing the propane tank refill program and saving approximately \$50,000 while having little impact on residential customers.

In Conclusion

The City Commission, as well as our residents and staff, are well aware of the challenging circumstances we face. As I have previously mentioned, the process of changing our organization into one that is sufficiently flexible to meet the demands of this rapidly changing environment will not be accomplished in one or two years. Rather, by critically evaluating our performance we continuously refine our service delivery costs and the value of programs offered to our residents. Efforts related to improving performance, such as new technology and changes to organizational structure, are yielding results. These efforts have allowed for efficiencies to be

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achieved while simultaneously improving effectiveness in our operations.

Our ongoing efforts to 'open-up government' and be more responsive to citizen needs will remain a priority for this government. This budget provides a framework for these continued efforts, and advances our ability to remain a leader among progressive and responsive local governments.

Respectfully submitted,



Bruce J. Moeller, Ph.D.
City Manager