FY 2018
OPERATING BUDGET DISCUSSION

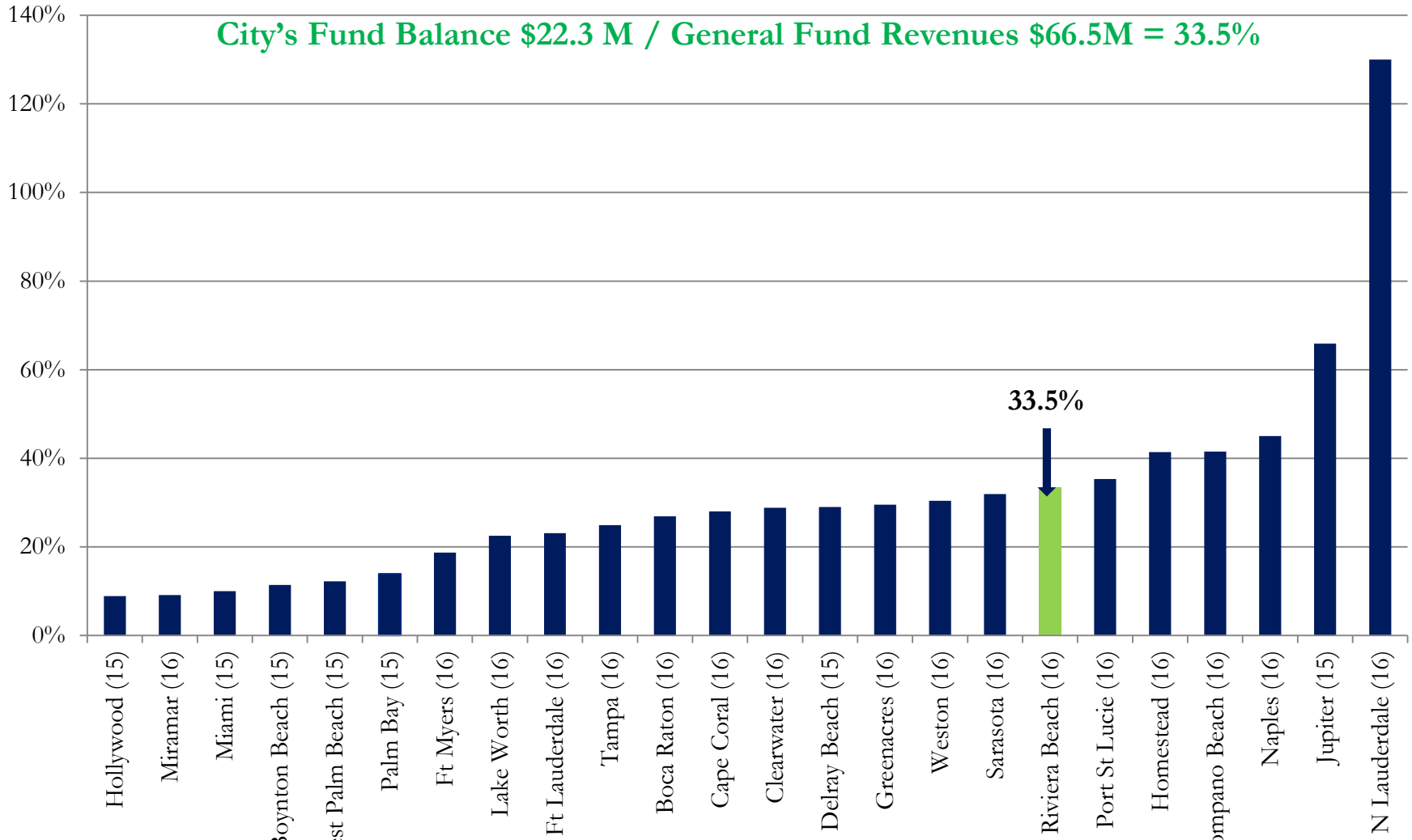
June 24, 2017

Agenda

1. City Finances
2. Tax Base
3. Budget Overview
4. City Goals
5. Budget Proposals
6. Revenues
7. Initiatives
8. Preliminary FY 2018 Budget Outlook
9. Budget Calendar

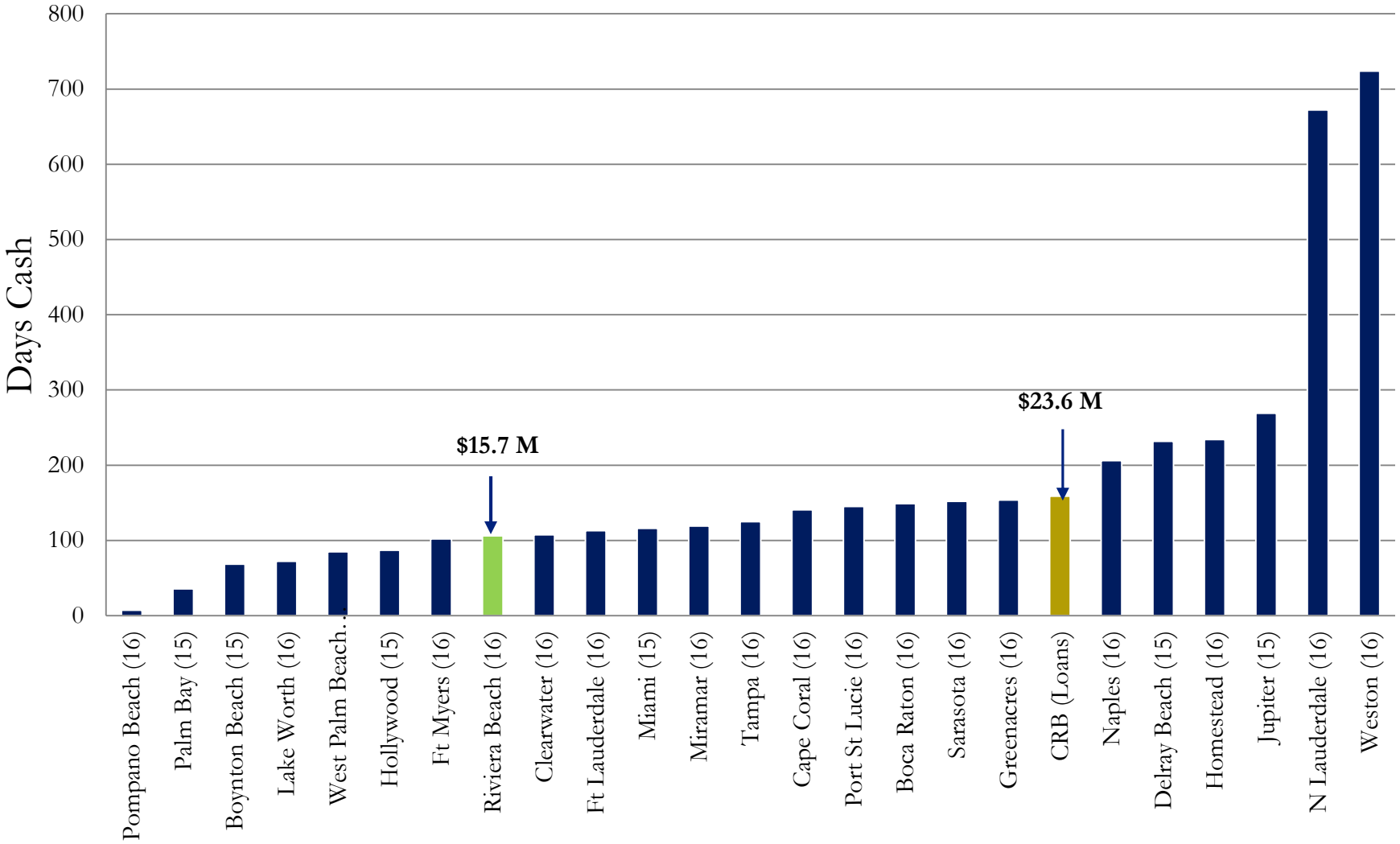
1. City Finances

Unassigned Fund Balance as a % of General Fund Revenues (FY 2016)



Days Cash on Hand

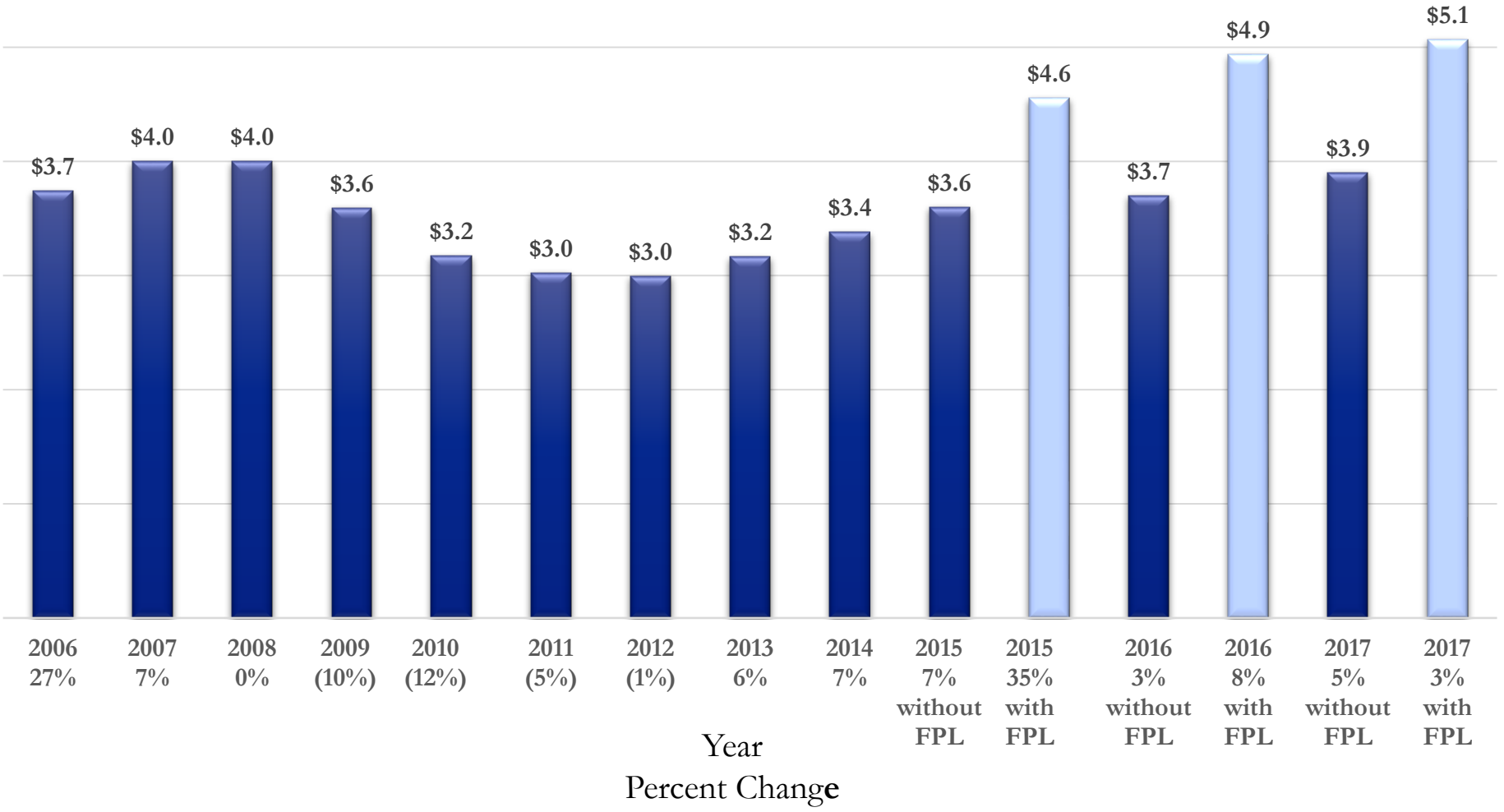
(FY 2016)



2. Tax Base

Riviera Beach Assessed Taxable Values

Tax Years 2006 to 2017 (in billions)



Comparison of Riviera Beach with other Cities

Tax Years 2014 v. 2018

Municipality	Square miles	Taxable Value % of Assessed Value	Assessed Value per Square Mile (millions)		% Change
			2014	2018	
West Palm Beach	55.1	74.3%	$198.9	$215.6	8.4%
Riviera Beach	8.3	80.1%	$381.5	$610.3	60.0%
Boca Raton	27.2	85.4%	$715.5	$811.7	13.4%

Top 3 Property Taxpayers – FY 2016

Taxpayer	Assessed Value (millions)	Taxes Paid to Riviera Beach (millions)	% of Total Assessed Value
Florida Power & Light	$1,026.8	$8.7	22.5%
Marriott Ownership Resorts	$114.6	$1.0	2.5%
Morguard Woodbine	$37.6	$0.3	0.8%
Total	**$1,179.0**	**$10.0**	**25.8%**

Total Assessed Value $4.6 billion

Composition of Taxes Levied – FY 2017

Property Type	% of Taxes Levied	Amount of Taxes (millions)
Residential	55.9%	$23.3
Non-Residential	17.8%	7.5
Tangible Personal	26.2%	10.9
Centrally Assessed (Railroads and Public Service Entities)	0.1%	0.1
		$41.8

Taxes Paid by Homeowners

	Property Value		
Gross Property Value	$100,000	$200,000	$2,000,000
Homestead Exemption	(50,000)	(50,000)	(50,000)
Net Property Value	**$50,000**	**$150,000**	**$1,950,000**

Taxing Authority	Tax Rate	Annual Taxes Paid			% of Taxes Paid
Riviera Beach	**8.4520**	**$423**	**$1,268**	**$16,481**	**37.8%**
School Board	7.0700	354	1,061	13,787	
Palm Beach County	4.9142	246	737	9,583	
Health Care District	0.8993	45	135	1,754	62.2%
Children's Services	0.6833	34	102	1,332	
Water Mgt District	0.3307	17	50	645	
F.I.N.D.	0.0320	2	5	62	
Total	**22.3815**	**$1,119**	**$3,357**	**$43,644**	

Residential Properties in Riviera Beach

Property Value	Number of Units	% of Total
Less than $25,000	304	2%
$25,000 to $75,000	2,111	15%
$75,001 to $100,000	1,647	13%
More than $100,000	9,625	70%
Total Residential Units	**13,687**	

Average Value of a Residential Property = $194,000

Estimated Impact of HJR 7105 on Riviera Beach

Count	Proposed Additional Value Exempted	2016 Millage Rate	Estimated Loss of Taxes
2,672	$61,739,232	8.452	$521,820

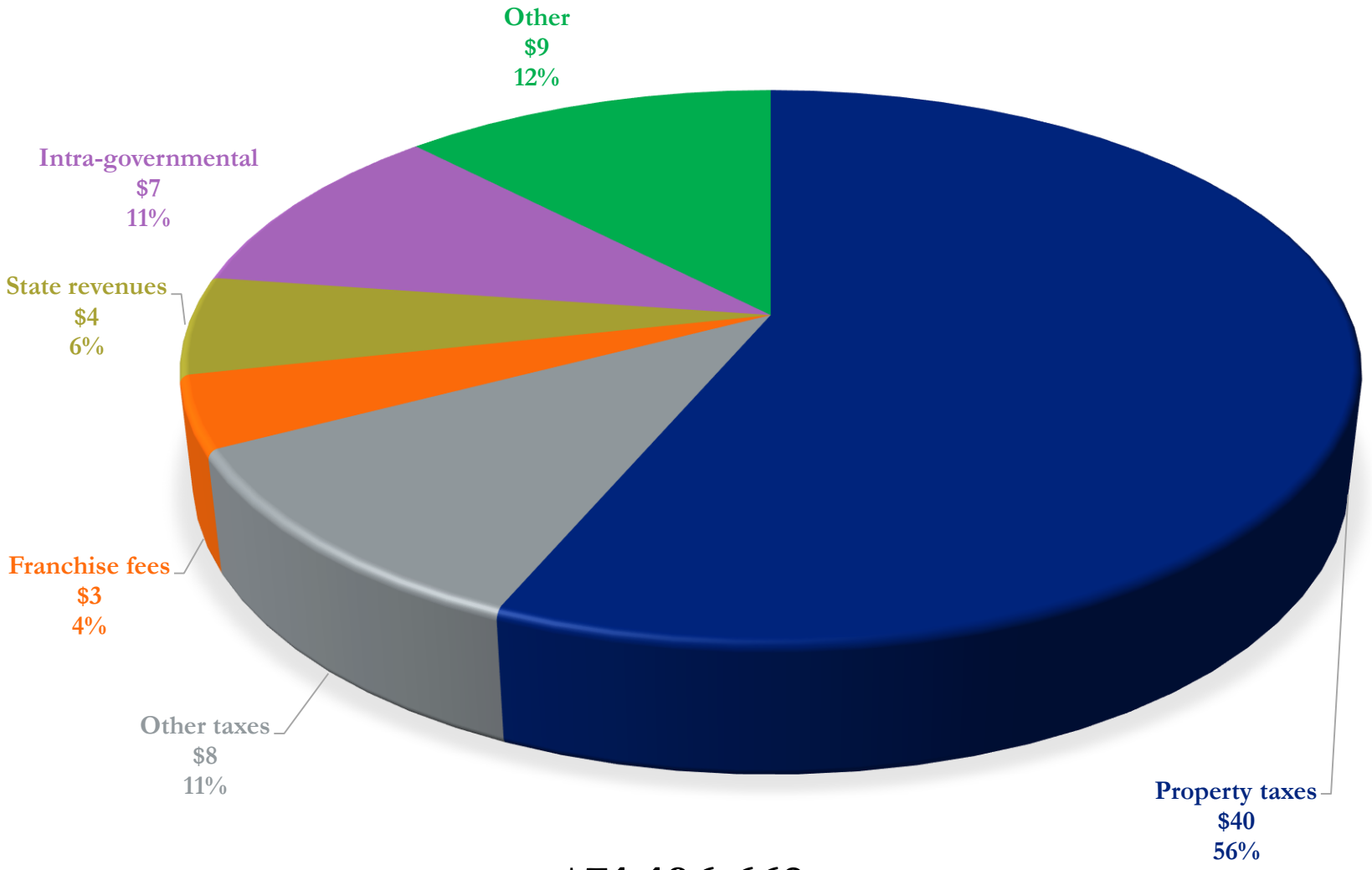
HJR 7105 Increased Homestead Property Tax Exemption

Proposed amendment to the State Constitution to increase the homestead exemption by exempting the assessed valuation of homestead property greater than $100,000 and up to $125,000 for all levies other than school district levies.

- This would increase the homestead exemption from $50,000 to $75,000 for a home worth $125,000 or more.
- Amendment to be included on the ballot in November 2018
- Implementation in 2019, if passed
- To compensate for the loss of $521,820, millage rate would have to be increased by 0.01 mills moving from 8.452 to 8.462

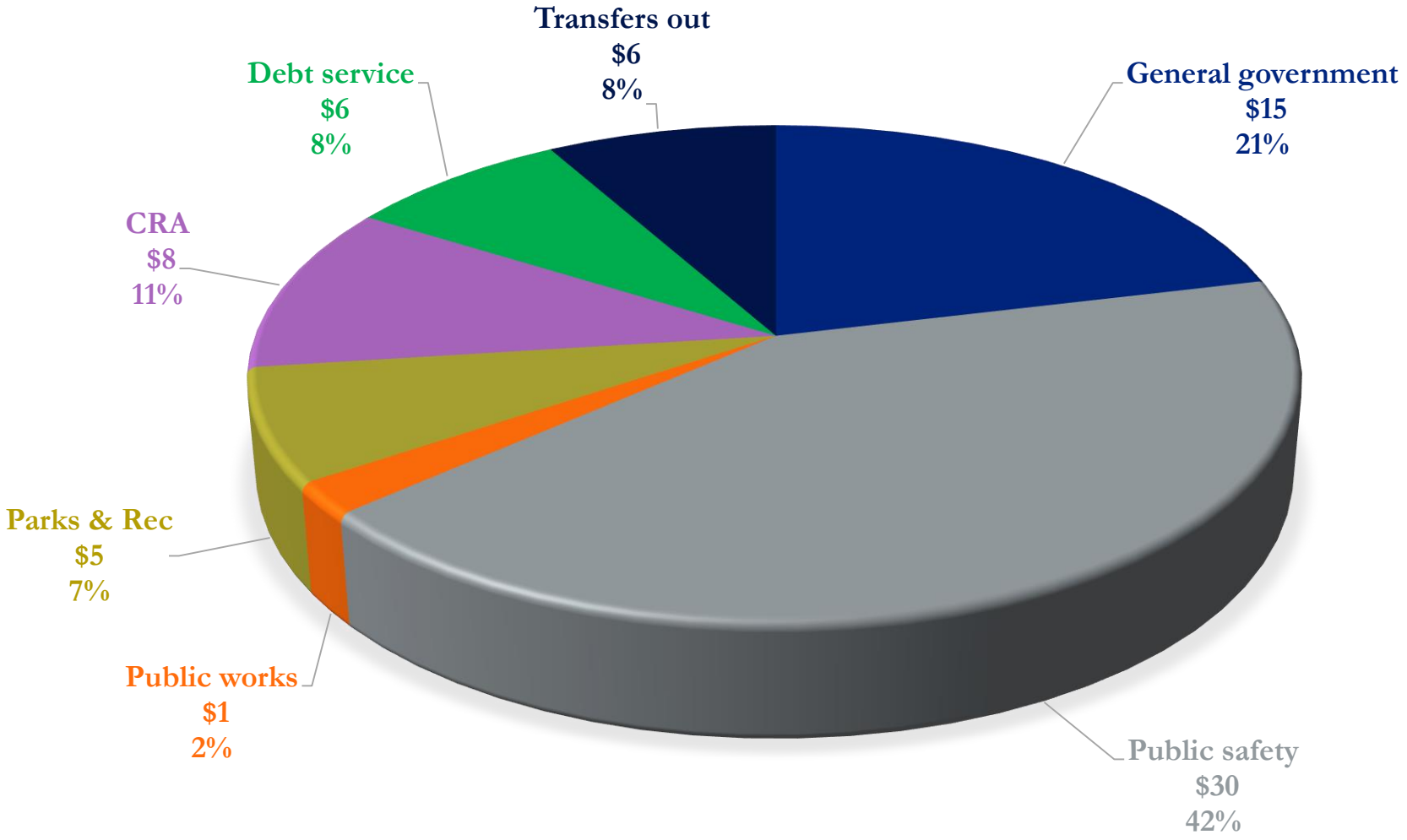
3. Budget Overview

FY 2017 Adopted Budget
General Fund Revenues by Category ($ in millions)



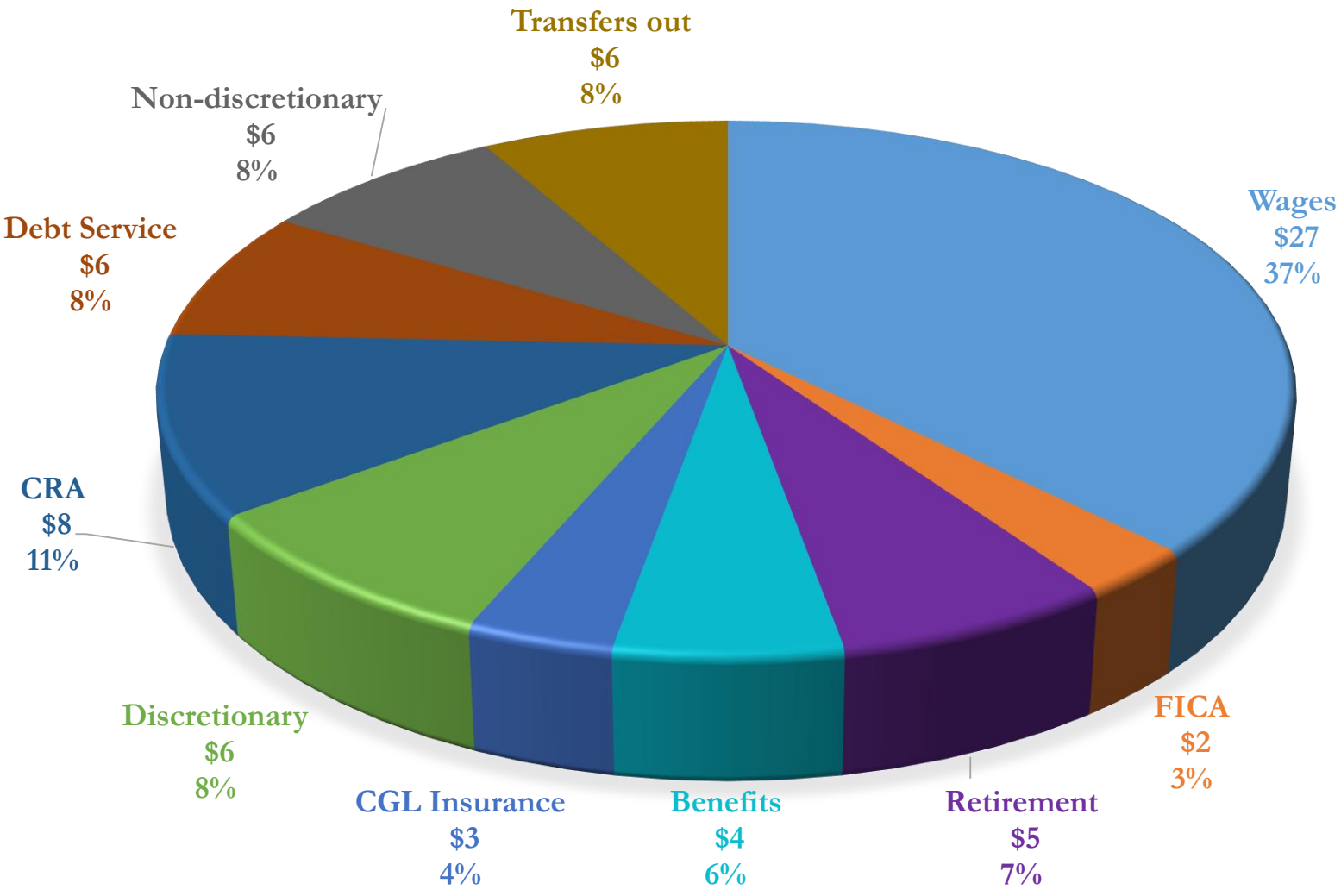
$71,196,668

FY 2017 Adopted Budget
General Fund Expenditures by Function ($ in millions)



$71,196,668

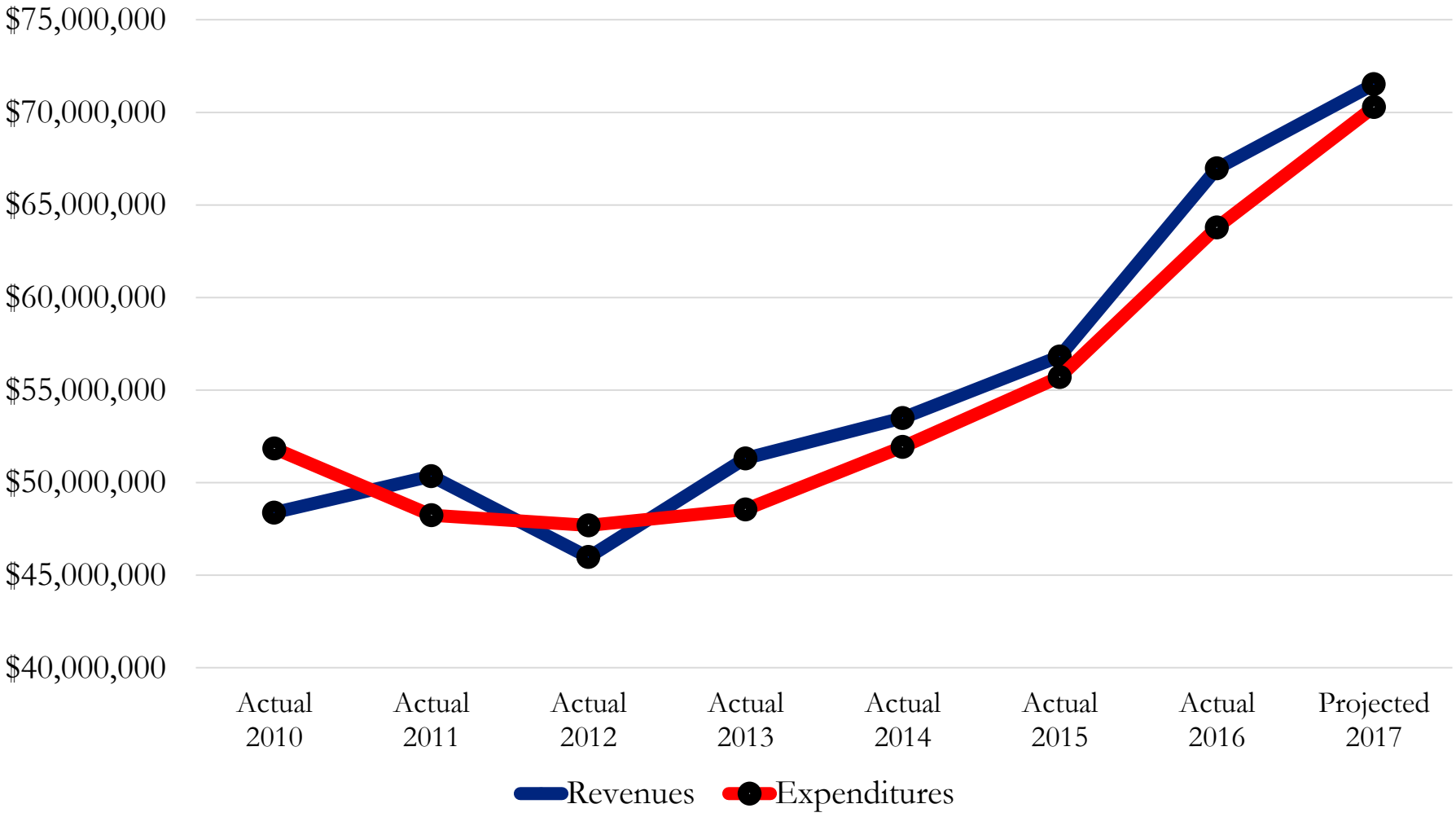
FY 2017 Adopted Budget
General Fund Expenditures by Category ($ in millions)



$71,196,668

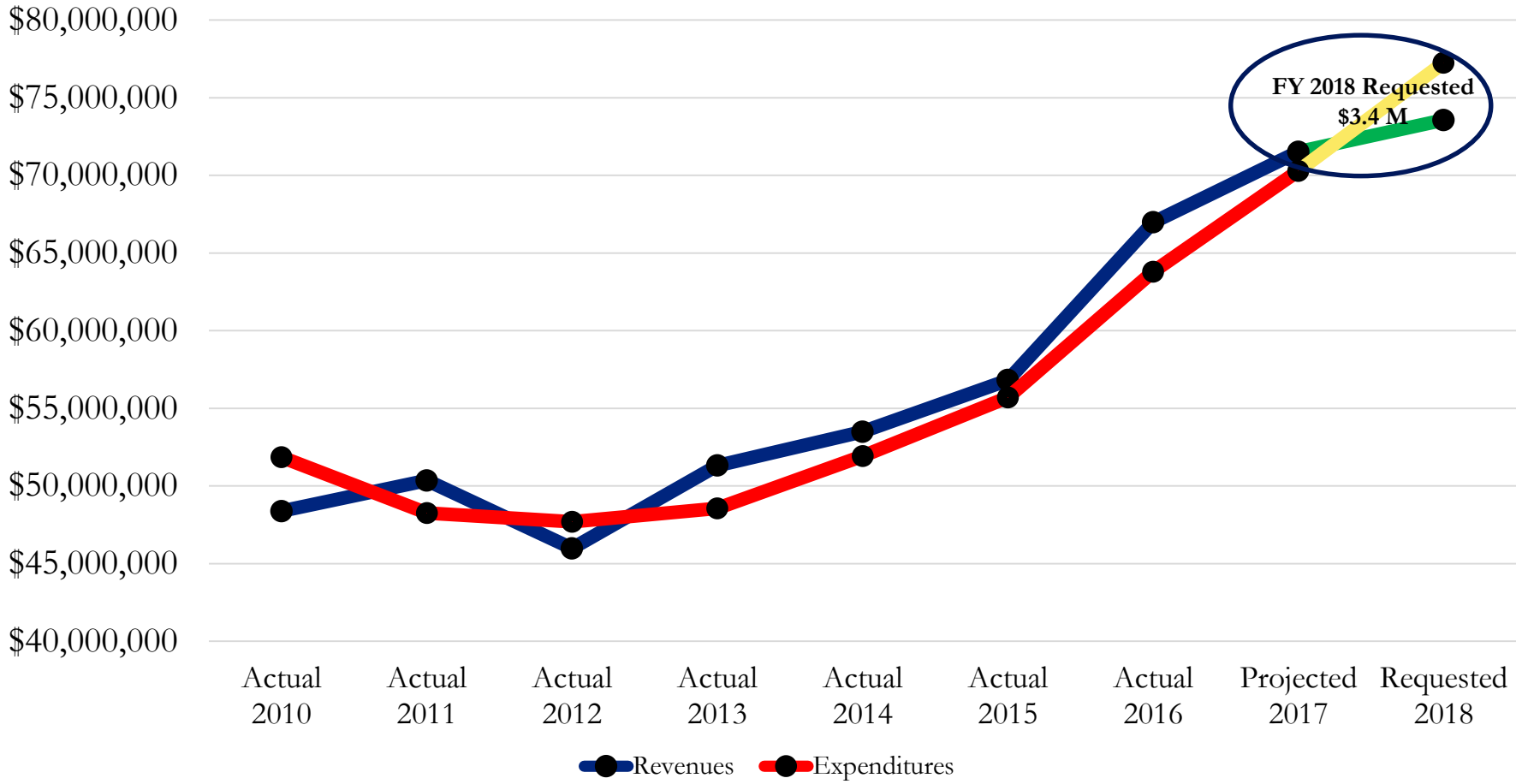
General Fund Revenues and Expenditures

FY 2010 to FY 2016 (actual) | FY 2017 (projected)



General Fund Revenues and Expenditures

FY 2010 to FY 2016 (actual) | FY 2017 (projected) | FY 2018 (requested)



Departments requested an increase of $3.4 million in FY 2018 over FY 2018 Projected Revenues
Personnel related costs $1.4 million and Operating costs $2 million

4. City Goals

City Goals

- Promote public safety and address the challenges and opportunities to improve the quality of life for residents and enhance relationships within the community.

Public Safety



- Promote and foster a friendly business atmosphere and work to strengthen and create mutually beneficial partnerships.

Economic Development



- Develop a strategic framework that addresses a broad range of infrastructure needs to provide a sustainable and livable community for future generations.

Infrastructure



- Strengthen and support social services and educational opportunities for the benefit of all residents.

Education



- Value and support racial, socio-economic, cultural, and religious diversity of the City.

Demographics



5. Budget Proposals

Proposed Organizational Changes for FY 2018

City Manager

- Change Department's name from "City Manager" to "City Administration"
- Create "Economic Development" Division under "City Administration"
- Responsible primarily for economic development, small business development, neighborhood development, CRA activities, and parking facilities
- Create "Communications and Marketing" Division under "City Administration"
    - Responsible for RBTV, marketing, communications, and public relations
- Reclassify *Assistant to the City Manager* position to *Economic Development Manager*
- Reclassify *Senior Office Assistant* position to *Intergovernmental Affairs Specialist*
- Upgrade current *Media Specialist* to *Senior Media Specialist*
- Create one position – *Media Assistant*
- Change *Deputy City Manager* title to *Assistant City Manager*
- Delete one position - *Public Relations / Media Manager*
- Transfer out 1 *Office Assistant (part-time)* position to Information Technology
- Transfer in 1 *Office Assistant Senior* positon from Legislative
- Transfer in *Small Business Coordinator* position from Purchasing to Economic Development
- Transfer in 1 *Neighborhood Sector Plan Coordinator* from Development Services to Economic Development
- Reclassify 1 *Executive Assistant* (vacant) position to *Office Manager*

Proposed Organizational Changes for FY 2018

Information Technology

- Create 1 new position – *Chief Information Officer*
- Reclassify *System Administrator* to *Network Administrator*
- Transfer in *IT Specialist* from Police
- Transfer in 1 *Office Assistant (part-time)* position from City Administration
- Establish internal service fund for information technology functions

Finance and Administrative Services

- Establish Information Technology and Library as independent departments
- Create 3 new positions – *Fiscal Services Manager, Senior Accountant* and *Executive Assistant*

City Clerk

- Transfer in *Courier* position from Purchasing

Proposed Organizational Changes for FY 2018

Legal

- Centralization and management of all legal matters (including external counsel) into the City's Legal Department
- All departmental funding for legal services to be transferred and budgeted for in the Legal Department's budget

Purchasing

- Change Department's name from "Purchasing" to "Procurement"
- Transfer out *Courier* position to City Clerk's office
- Transfer out *Small Business Coordinator* position to Economic Development Division

Human Resources

- Create 1 position – *Assistant Director of Human Resources / Employment Attorney*
- Reduce funding for outside attorney
- Delete 1 position – *Training Coordinator*

Proposed Organizational Changes for FY 2018

Community Development

- Change Department's name from "Community Development" to "Development Services"
- Change Division's name from "Code Enforcement" to "Code Compliance"
- Housing development and coordination will be a function of Development Services
- Downgrade 1 *Office Manager* position to *Executive Assistant*
- Transfer out 1 *Neighborhood Sector Plan Coordinator* to Economic Development Division
- Outsource a portion of building inspection services and code enforcement functions
    - This item will be presented to Council during the Council meeting on July 21, 2017

Parks and Recreation

- Transfer out Beach Lifeguard positions and activities to Fire Department
- Create 1 new position – *Recreational Superintendent*
- Reclassify 1 *Lifeguard* (part-time) position to *Lifeguard Captain* position
- Outsource Barracuda Bay recreational facility to a third party management company (For discussion)

Proposed Organizational Changes for FY 2018

Public Works / Stormwater

- Establish internal service fund for fleet management services
- Consolidate management of all vehicles into fleet management division
- Delete 1 position – *NPDES Coordinator Project Assistant* in Stormwater

Fire

- Create 2 new positions – *Firefighters*
- Transfer in *Beach Lifeguard* positions and activities / functions transferred from Parks and Recreation Department

Police

- Create 4 new positons – *Police Officers*
- Create 1.5 new positions – 1 *Police Technician* (full-time) and 1 *Police Technician* (part-time)
- Create 2 new positions - *Crime Scene Investigators*
- Reclassify 1 *Assistant Chief of Police* (vacant) to *Deputy Police Chief* position

Proposed Organizational Changes for FY 2018

Library

- Establish Library as an independent department
- Create 1 position – *Assistant Library Director*
- Create 1 position – *Library Page* (part-time)
- Outsource information technology functions to third party vendor

Justice Service Center

- Create 2 new positions – *Reentry Coordinator* and *Office Assistant* (part-time)

Civil Drug Court

- Create 1 new position – *Community Court Clerk*

Youth Empowerment Center

- Change Division's name from "Youth Empowerment Center" to "Urban Family Empowerment Center"

6. Revenues

Proposed Revenue Increases

Fire

- Increase Emergency Medical Services (EMS) fees

Business Taxes

- Increase Business Tax Receipts (BTR) fees by 5% moving from budgeted amount for FY 2017 of $1.42 M to $1.49M
- Can be done once every two years
- Notices must be mailed by August 1, 2017 to BTR owners to implement by October 1, 2017
- Ordinance is required to increase BTR fees

New Sources of Revenues

Implement a fire assessment fee

To fund fire operations/capital needs

- Challenge - identify and develop sustainable non-ad valorem revenue streams.
- In FY2012, the City undertook a study for the implementation of a Fire Assessment Fee. The fee was not adopted at that time.
- With extensive capital needs scheduled for the Fire Department, staff believes now is the time to revisit the issue.
- If approved by the Council, funding will be included within the FY2018 budget to develop a fair and reasonable apportionment methodology for such assessable costs, and determine assessment rates and parcel classifications that are accurate, fair and reasonable.
- The fire non-ad valorem assessments must meet the Florida case law requirements for a valid special assessment. Requirements are that:
  - The service provided must confer a special benefit to the property being assessed; and
  - The costs assessed must be fairly and reasonably apportioned among the properties that receive the special benefit.

Fire Assessment Fees – Rate Scenarios (2012)

Category	Option 1 Rates	Option 2 Rates	Option 3 Rates	Option 4 Rates	Option 5 Rates	Option 6 Rates
Residential	$265/unit	$60/unit	$40/unit	$25/unit	$15/unit	$10/unit
Commercial	$0.45/SF	$0.11/SF	$0.07/SF	$0.05/SF	$0.03/SF	$0.02/SF
Industrial	$0.12/SF	$0.03/SF	$0.02/SF	$0.02/SF	$0.01/SF	$0.01/SF
Institutional	$0.32/SF	$0.08/SF	$0.05/SF	$0.03/SF	$0.02/SF	$0.02/SF
Estimated Gross Revenues	7,532,157	1,694,735	1,137,356	711,036	414,268	263,625
Estimated Exempt Buy-down	(817,386)	(201,372)	(127,789)	(83,978)	(52,521)	(47,361)
Net Estimated Revenues	$6,714,771	$1,493,363	$1,009,567	$627,058	$361,747	$216,264

Fire Assessment Fee

- Municipalities with Fire Assessment Fees:
  - Boynton Beach - $100.00
  - West Palm Beach - $25.00
  - Boca Raton - $100.00
  - Greenacres – $30.00
- **304** properties in Riviera Beach are exempted from property taxes due to value, however, a fire assessment fee would be levied on these properties

New Sources of Revenues

Establish Beach Improvement District

- To fund Singer Island dune restoration and maintain City's beach
- City's current year's appropriation - **$500,000**
- FY 2017 Budgeted Operating Expenditures for Beach Operations - **$430,885**

Establish Beach Improvement District

Benefits:

- Promote health, safety and general welfare
- Establish, maintain and preserve property values
- Develop attractive neighborhoods
- Improve traffic flow and pedestrian safety
- Implement crime prevention techniques

Differences Between Neighborhood Improvement Districts

District Type	Local Government	Property Owners	Special	Community Redevelopment
Revenue Source	**Up to 2 mils and/or assessments**	Assessments or assessment backed loans from local government	Up to 2 mils and/or assessments	CRA Trust
Board	**Governing Body or 3-7 appointments**	Property Owners' Association Officers	3-Member Appointed Board	CRA
Creation of District	**Ordinance**	Petition by 75% property owners - Ordinance	Referendum	CRA Recommendation - Ordinance
Special Power	**None**	Close, modify ROW	Eminent domain	None

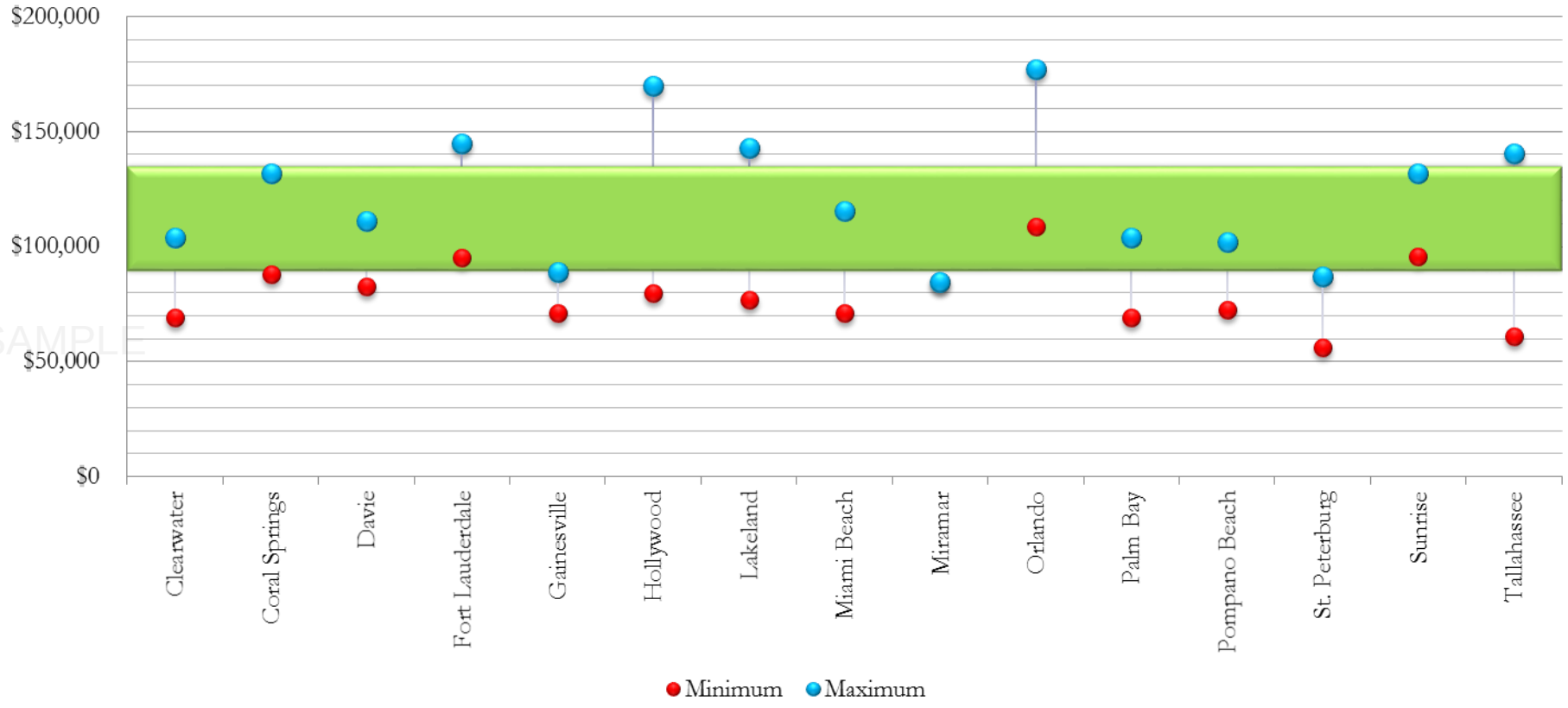
The City is recommending the creation of a Local Government Neighborhood Improvement District

7. Initiatives

Implementation of Pay and Classification Study

- Anticipated Completion Date is December 2017
- Funding of recommended salary adjustments - Study will impact approximately 550 staff positions with combined wages of $23.1M
  - A 5% net adjustment = Approximately $1.2M for salaries plus $0.5M for FICA and pension costs
  - A 10% net adjustment = Approximately $2.31M for salaries plus $1M for FICA and pension costs
- Schedule calls for preliminary implementation costs by September 2017
- Implementation should be expected to take place over several years
- Budgeting 3% for COLA, $1.0 million for Compensation Plan in Year 1

ABC Position



SAMPLE

Green bar represents the City's pay range for this position

Combine CRA's operations with the City

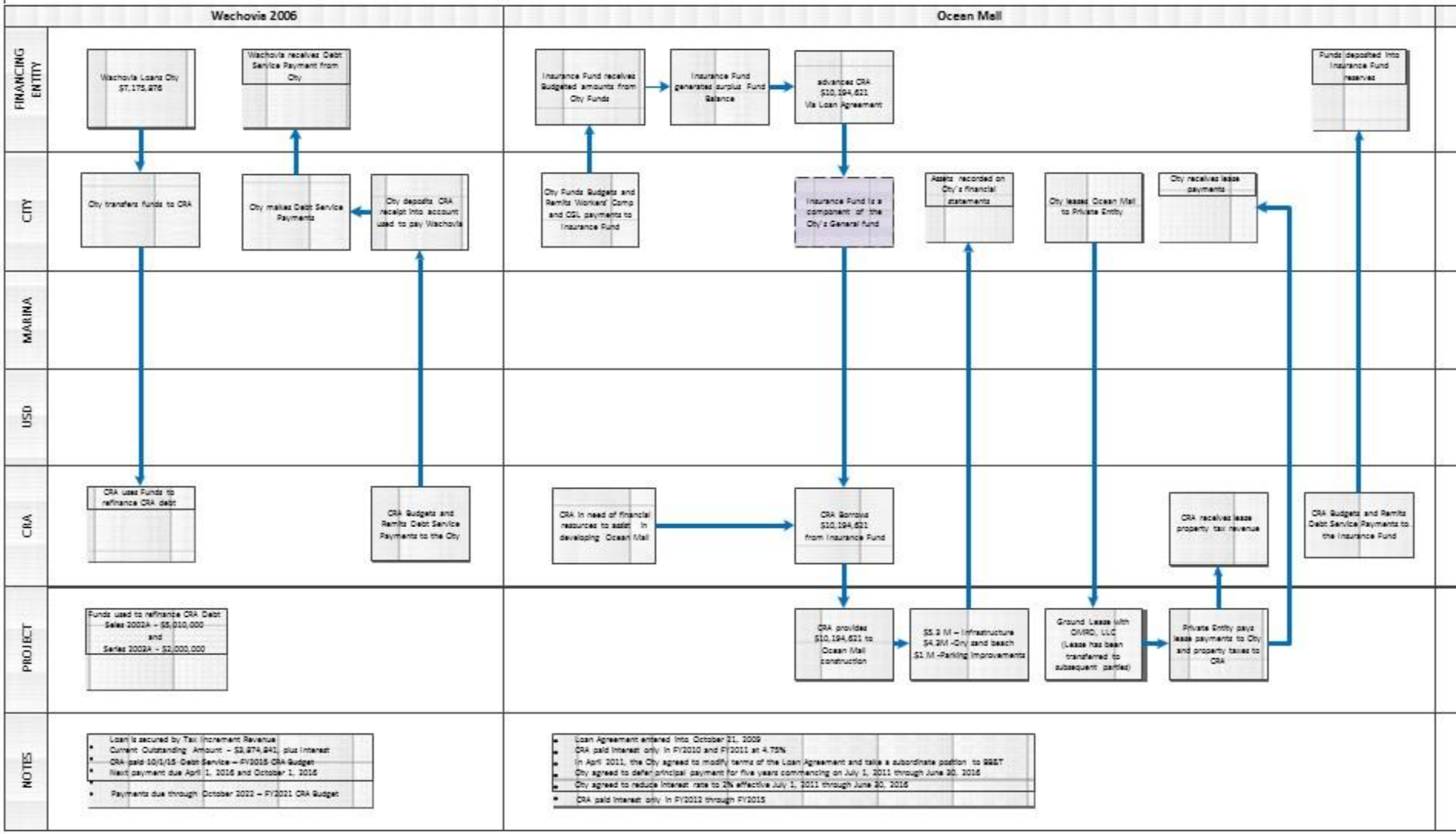
Benefits:

- Unwinding of complex interlocal agreements
- Elimination of the subsidy provided by the City
- Reducing costs and overheads through elimination of duplicated functions, such as finance, auditing, human resources, IT, marketing, promotion, lobbying and procurement
- Uniformed accounting and financial systems and structures and timely financial reporting
- Uniform and unified focus

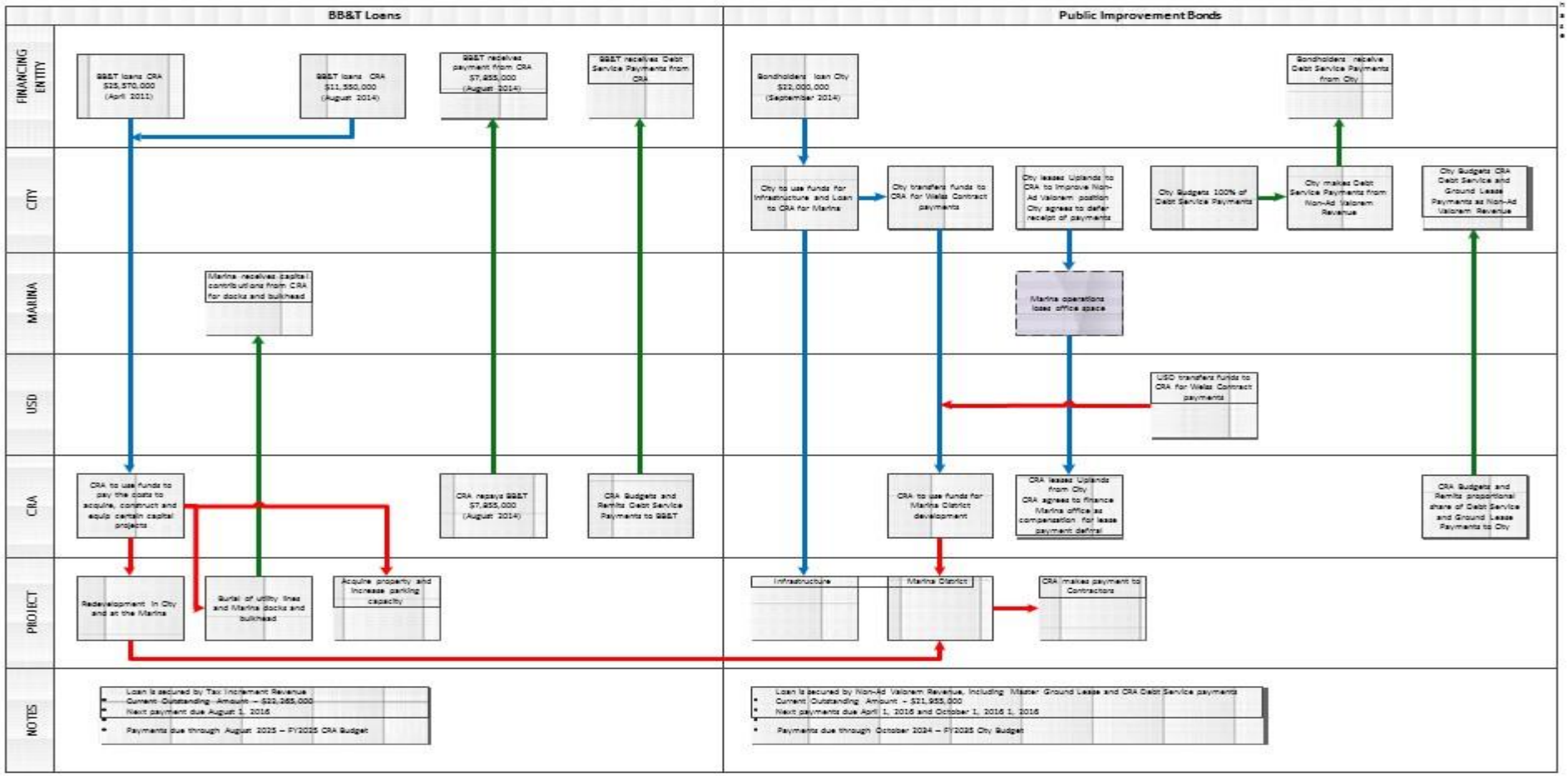
Review of Agreements between the City and CRA

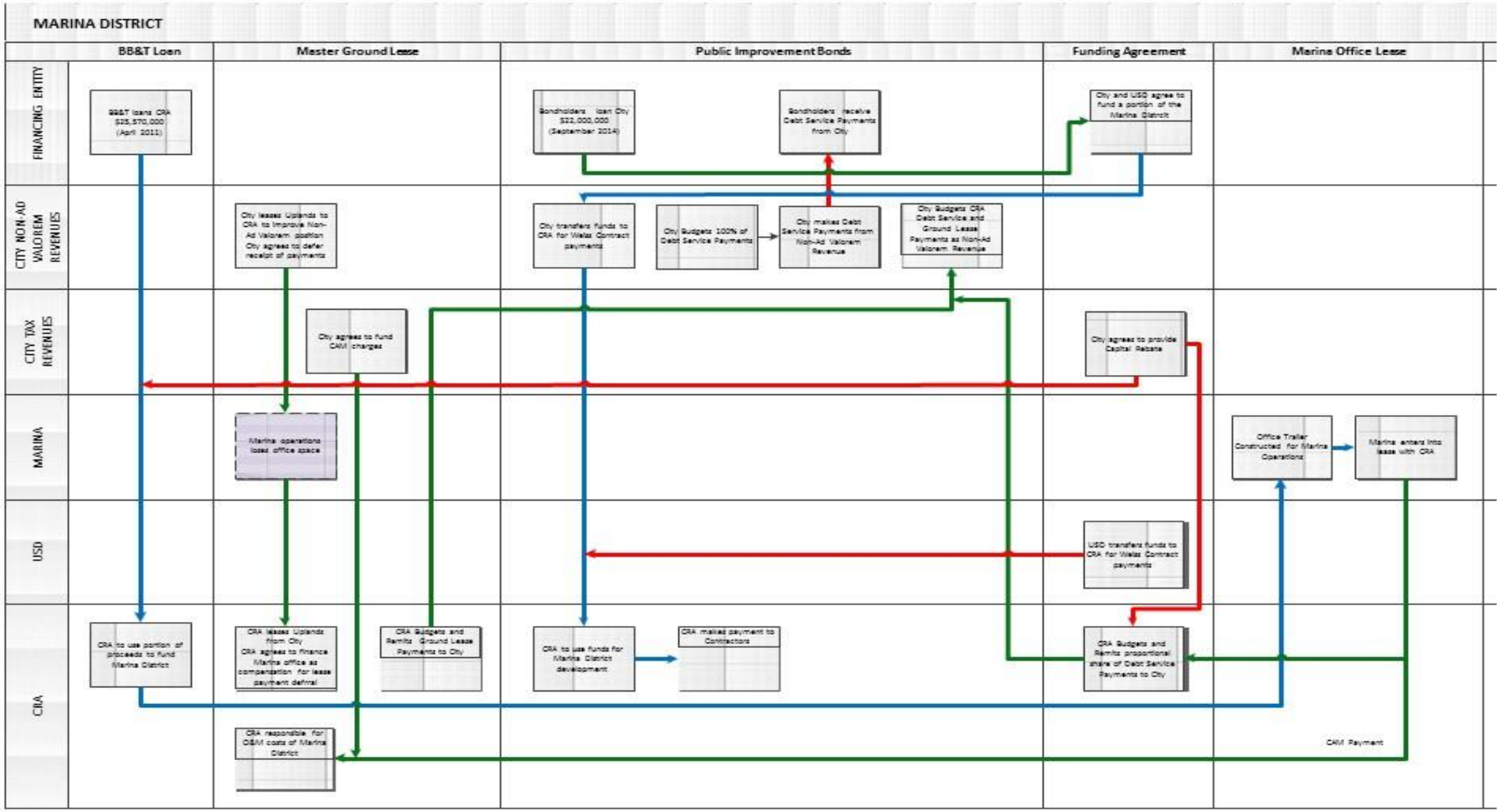
- Marina Uplands Ground Lease
- Event Center Ground Lease
- Marina Uplands Funding Interlocal Agreement
- Public Improvements Interlocal Agreement
- Program Sponsorship Interlocal Agreement
- Administrative Services Interlocal Agreement

CRA Debt – Issued through the City
Wells Fargo and Ocean Mall



City and CRA Debt – Marina District

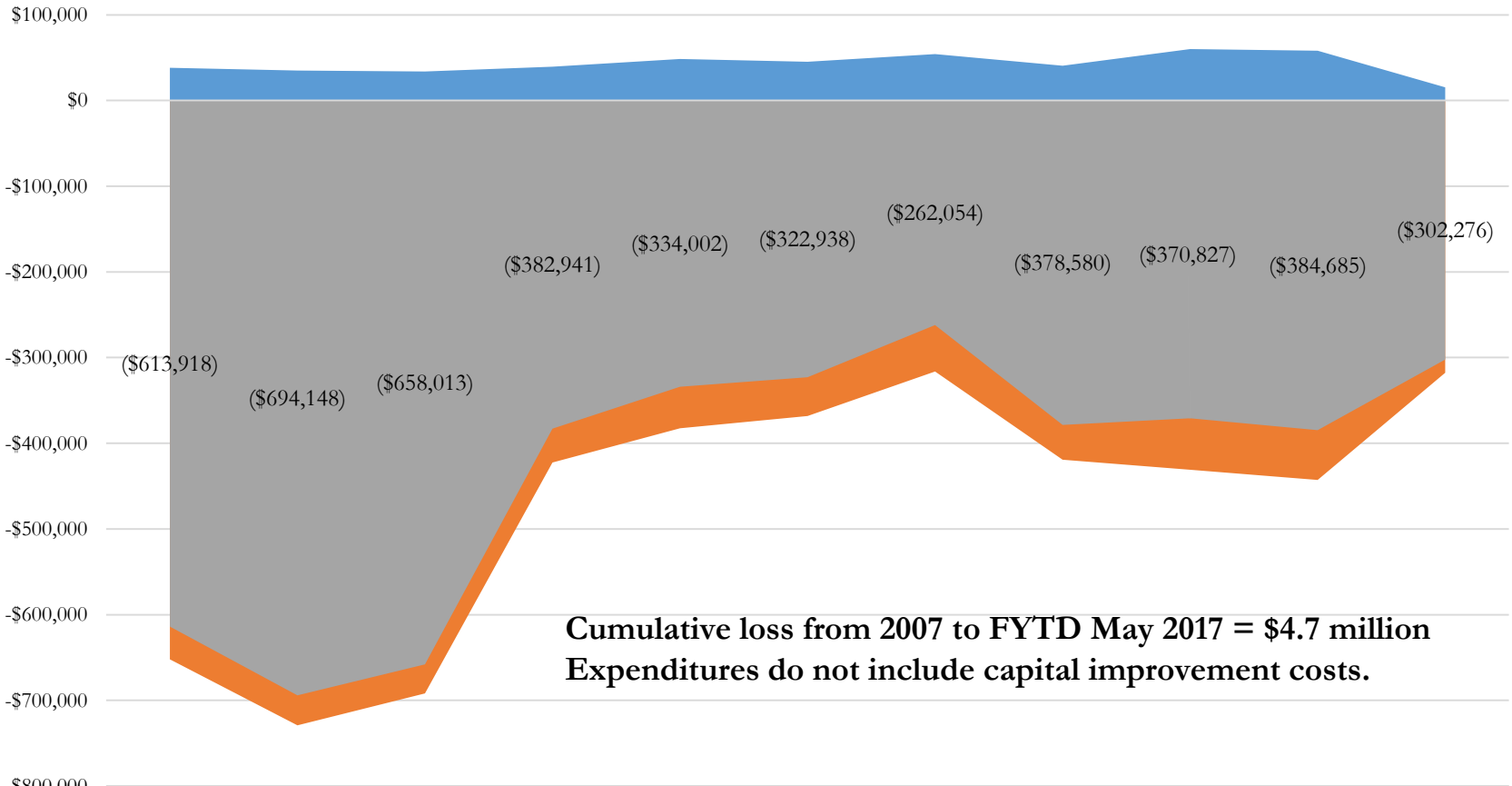



MARINA DISTRICT
BB&T Loan
Master Ground Lease
Public Improvement Bonds
Funding Agreement
Marina Office Lease
FINANCING ENTITY
CITY NON-AD VALOREM REVENUES
CITY TAX REVENUES
MARINA
USD
CRA
BB&T loans CRA $25,570,000 (April 2011)
Bondholders loan City $22,000,000 (September 2014)
Bondholders receive Debt Service Payments from City
City and USD agree to fund a portion of the Marina District
City leases Uplands to CRA to Improve Non-Ad Valorem position
City agrees to defer receipt of payments
City transfers funds to CRA for Wales Contract payments
City Budgets 100% of Debt Service Payments
City makes Debt Service Payments from Non-Ad Valorem Revenue
City Budgets CRA Debt Service and Ground Lease Payments as Non-Ad Valorem Revenue
City agrees to fund CAM charges
City agrees to provide Capital Rebate
Marina operations loses office space
Office Trailer Constructed for Marina Operations
Marina enters into lease with CRA
USD transfers funds to CRA for Wales Contract payments
CRA to use portion of proceeds to fund Marina District
CRA leases Uplands from City
CRA agrees to finance Marina office as compensation for lease payment defrral
CRA Budgets and Remits Ground Lease Payments to City
CRA to use funds for Marina District development
CRA makes payment to Contractors
CRA Budgets and Remits proportional share of Debt Service Payments to City
CRA responsible for O&M costs of Marina District
CAM Payment

City and CRA Payments for FY 2017

Payments from CRA to City:	
Administrative fees	$80,000
Rent from Ground lease for Marina Upland property	2,481,407
Capital costs associated with the Marina Upland property	480,491
	3,041,898
Payments from City to CRA:	
Common area maintenance:	
Bicentennial Park and Marina Upland property	744,867
Event Center	271,051
Capital funding	500,000
Program sponsorships:	
Clean and Safe	550,000
Loan fund	500,000
Neighborhood services	150,000
Special events	100,000
	2,815,918
Net payments between the City and CRA	**$225,980**

Analysis of Barracuda Bay's Operations

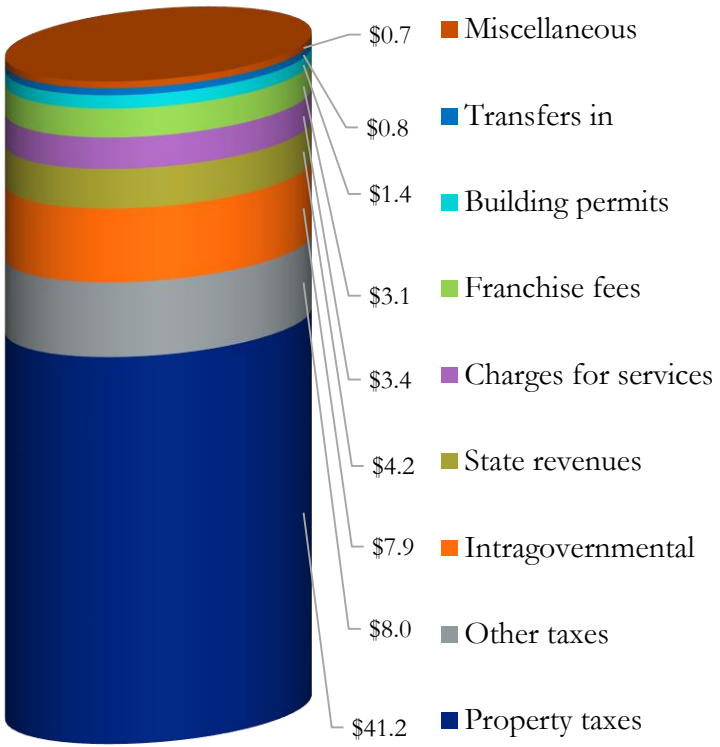


	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual FYTD May 2017
Revenues	$38,220	$35,002	$33,887	$39,482	$48,474	$45,229	$54,183	$40,609	$60,053	$58,113	$15,406
Expenditures	($652,138)	($729,150)	($691,900)	($422,423)	($382,476)	($368,167)	($316,237)	($419,189)	($430,880)	($442,798)	($317,682)
Loss	($613,918)	($694,148)	($658,013)	($382,941)	($334,002)	($322,938)	($262,054)	($378,580)	($370,827)	($384,685)	($302,276)

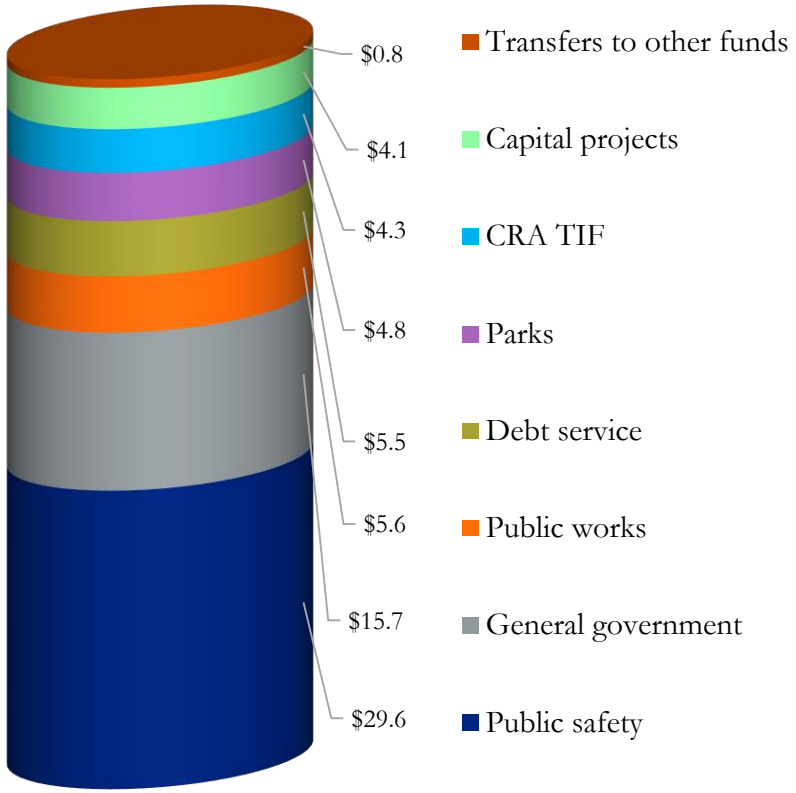
8. Preliminary FY 2018 Budget Outlook

FY 2018 Projected Revenues and Expenditures
Current Budget Balanced at $70.5 million

Revenues



Expenditures



72% of property tax revenues funds Public Safety.

9. Budget Calendar

FY 2018 Budget Calendar

2017	Activity
April 10	Distribution of Budget Guidance memorandum to department heads on the FY 2018 budget guidelines
April 21	Submission of organizational structure, goals, objectives, key initiatives, and operating and capital requests to Finance
May 12	Budget reviews by City Manager and Finance staff
May 15 to June 1	Formal department presentations to the City Manager and Finance staff
June 5 to 6	City Council budget discussion
June 24	City Council organizational policy retreat
June 28 and June 30	City Council budget review
July 2 to 16	Final internal budget review
July 19	Adoption of maximum millage rate
August 1	Submission of proposed budget
August 23	City Council final budget review
September 7	First reading of FY 2018 budget
September 20	Second and final reading of FY 2018 budget