



CITY OF RIVIERA BEACH

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September 1, 2016

To the Honorable Mayor, City Council and
Citizens of the City of Riviera Beach

City of Riviera Beach Operating Budget for Fiscal Year 2016/2017

I am pleased to submit the City of Riviera Beach Operating Budget for the Fiscal Year October 1, 2016 to September 30, 2017 (FY17).

After several years of gradually improving economic conditions, the City is better positioned to focus on growth and to benefit from major development projects planned in the City for FY17 and beyond. Economic development, neighborhood revitalization and service delivery continue to be primary focal points for the City in order to generate growth in the tax base, create employment opportunities for our citizens and make the city the best it can be.

The following is a brief overview of the FY17 budget:

- A \$385M or 8.44% increase in taxable value over Tax Year 2015 (FY16) resulting in \$3.1M of increased tax revenue
- No proposed change in the millage rate of 8.4520
- A \$6.1M or 9.3% increase in General Fund budget over FY16
- A \$5M appropriation in new Pay-As-You-Go capital funding
- Addition of nine (9) full-time and nine (9) part-time General Fund positions
- Addition of an Engineer and Compliance Officer for the Utility Special District
- Compensation Plan Study
- Funding for the Civil Service Board
- Transfer of Code Enforcement to Community Development

GENERAL FUND BUDGET

The FY17 Operating Budget is submitted without an increase in the millage rate. The millage rate was lowered to 8.4520 mills for FY16.

General Fund Revenues

Budgeted revenues for FY17 increased by \$5.9M or 9.3% over FY16. Revenues are generated primarily from four main sources, ad valorem taxes (56%), other taxes (13%), charges for services (10%), and fees, permits and licenses (8%) totaling 87% of the budgeted revenues. All other revenue sources account for only 13% of the budget. Significant changes result from increases in property taxes of \$3.1M, rent collections increased by \$1.3M as a result of the Marina Ground Lease Agreement between the City and the CRA, and administrative fees charged to the enterprise funds increased by approximately \$933,000 primarily due to its collective share of the debt service for the Pension Obligation Bonds. The decrease presented below for Other Taxes is a result of a reduction in revenues from the Communication Service Tax. The revenues, as provided as a pass-through from the State were \$1.2M in FY16 and will be \$1.0M in FY17.

The following table shows the changes for each revenue category from FY16 to FY17.

<u>Revenue by Category</u>	<u>FY16</u>	<u>FY17</u>	<u>\$ Change</u>	<u>% Change</u>
Ad Valorem taxes	\$37,039,966	\$40,176,917	\$3,136,951	8.5%
Other taxes	9,285,653	9,078,220	(207,433)	-2.2%
Franchise fees	2,788,411	2,988,231	199,820	7.2%
Other fees, permits & licenses	5,299,436	5,523,982	224,546	4.2%
Grants & shared revenues	1,238,673	1,265,196	26,523	2.1%
Fines	312,024	369,748	57,724	18.5%
Rents	1,334,226	2,664,878	1,330,652	99.7%
Other revenues	797,177	960,862	163,685	20.5%
Charges for services	6,534,254	7,459,231	924,977	14.2%
Interfund transfers	499,031	709,403	210,372	42.2%
Total	\$65,128,851	\$71,196,668	\$6,067,817	9.3%

General Fund Expenditures

Over the past few years, the City has exercised strict fiscal discipline and controlled expenditures, FY17 is no different. Public Safety departments, Police and Fire, are by far the largest component of the operating budget. For FY17, Public Safety accounts for 40% of the Operating Budget, General Government departments account for 28% and the remaining departments account for 32%.

FY17 GENERAL FUND BUDGET - SIGNIFICANT HIGHLIGHTS

Personnel Costs

FY17 wages increased by \$1.7M or 7% over FY16, moving from \$25M to \$26.7M. The increase in wages is based upon the City's two labor contracts currently approved for FY17 (SEIU and IAFF), as well as funding for the two open contracts (PBA and PMSA). PBA and PMSA labor contracts will expire on September 30, 2016 and both are being scheduled for negotiations. SEIU and IAFF remain in effect until September 30, 2017.

The Fire budget for Overtime has been increased by \$140,000 to account for wage increases and daily coverage for staffing vacancies. The Police Overtime budget has been increased by \$20,000 to also keep pace with wage increases.

Increase in Staff Complement

The City continues to address areas of concern of both the Council and our constituents. In response, several new and previously eliminated positions have been included in the Operating Budget while other positions have been reclassified.

New Positions

Department	Position Title	Annual Salary
Human Resources	Training Coordinator	\$ 53,870
Purchasing	Senior Procurement Specialist (Utility)	54,849
Purchasing	Small (and micro) Business Coordinator	50,237
Finance	Two Business Tax Receipts Specialists (part-time)	34,536
Fire	Division Chief - Logistics & Training	89,265
Fire	Two Civilian Fire Inspectors	88,578
Police	Evidence Supervisor	46,641
Police	Two Crossing Guards (part-time)	24,960
Parks & Recreation	Four Program Aides (part-time)	54,244
Library	Library Assistant (part-time)	14,892
Information Technology	Systems Administrator	69,323
Information Technology	GIS Coordinator	55,755
Information Technology	IT Technician	43,941
	Total	\$ 681,091

Reclassification of Positions

Department	Reclassification Description	Annual Salary Increase
Public Works	Reclassify Senior Staff Assistant to Executive Assistant	\$16,897
Public Works	Reclassify part-time Staff Assistant position to full-time	-
Public Works	Reclassify part-time Solid Waste Compliance Officer position to full-time (as per Waste Management Contract)	-
Human Resources	Reclassify position title Technician to Personnel Generalist	5,664
Police	Reclassify two part-time Police Technicians to full-time	13,390
Parks & Recreation	Reclassify part-time Program Aide to full-time	11,584
	Total	\$ 47,535

Pension:

Pension costs associated with the three City sponsored pension plans (General Employees, Police and Fire) and FRS increased by approximately \$225,000 over FY 16.

Health and Dental Insurance:

The increase in health insurance costs is a combination of the rate increase and the addition of new full and part-time employees being covered under our plan. The City Council has approved a 3.5% rate increase for Health Insurance. There was no increase for Dental.

Capital Improvement

The Capital Improvement Plan which provides more specific details on the capital projects will be submitted separately. However, the FY17 operating budget has appropriated funds of \$5M for capital improvements.

Debt Service Requirements

FY17 budget includes a transfer of approximately \$5.7M to the debt service fund to cover the principal and interest payment requirements for the following obligations:

Obligation	Payment Amount
Public Improvement Bonds, 2014	\$1,232,293
Pension Obligation Bonds, 2015	3,084,360
Capital Leases - Police	629,817
Capital Leases - Fire	719,626
Total	\$5,666,096

Payments from the CRA to the City

The City's FY17 budget includes reimbursement from the CRA as detailed below:

Administrative fees	\$80,000
Rent payments from the Ground Lease for Marina Upland Property	2,481,407
Capital costs associated with Marina Upland Property	480,491
Total	\$3,041,898

Payments from the City to the CRA

- Tax values increased within the CRA's boundaries by 6.9% resulting in an increased payment from the City to the CRA of approximately \$400,000 from \$4.5M in FY16 to \$4.9M in FY17.
- Direct General Fund assistance to the CRA increased by 3.7% for FY17, rising from \$2.7M in FY16 to \$2.8M in FY17. Funding is provided for specific programs and mutually agreed upon shared costs. The following are the specifics of the City provided assistance to the CRA budgeted for FY17:

Common Area Maintenance:	
Bicentennial Park and Marina Uplands	\$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
Total	\$2,815,918

General Liability Insurance

General liability insurance premium costs decreased by \$350,000 or 12% dropping from \$2.9M in FY16 to \$2.6M in FY17. General liability insurance includes coverage for auto, property, sports accident, general liability claims, pollution, workers compensation, and cyber risk.

Departmental Enhancements

General Administration

Funding for a Fourth of July Celebration and an Educational Program in a combined amount of \$50,000 has been added to this budget. Job Fairs costs have been budgeted at \$10,000.

Parks and Recreation

Academic, Recreation and Enrichment (A.R.E.) Afterschool Program will continue during FY17 as a year-round program providing a structured, safe haven environment and social activities for up to 220 youths children between the ages of five and twelve years old. This program is critical to the support of recreational activities provided by the Parks and Recreation Department. For FY17, the requested personnel to administer the program and operating costs associated with the program are included in the budget.

Police

Office furniture for the Police Department is in poor condition and it has now become necessary for the furniture to be replaced. FY17 budget includes \$100,000 for the acquisition of new furniture.

Library

Full-time security service for the Library is included in the FY17 budget in an amount of \$50,000.

Human Resources

Civil Service Board has been activated in accordance with the requirements of the City Charter. The FY17 budget includes \$130,000 to provide training, operational costs and a Hearing Officer for the Board. During the budget workshops the City Council approved via consensus a City-wide compensation study.

Purchasing

With the addition the Small Business Coordinator position to the FY17, an amount of \$50,000 is included in the budget to support the operations.

Operational Changes

Code Enforcement

Staff has taken comments regarding both Public Safety and Code Enforcement under advisement. The Police Department and policing activities are facing challenging times. Focus needs to be on keeping our community and our officers safe. It is the belief that the community will be better served by a Police Department focused solely on police matters.

It is in that vein that it being recommended to return the Code Enforcement Division to Community Development. As Community Development refocuses on neighborhoods and revitalization plans, Code Enforcement is a natural fit.

The transfer of Code Enforcement was approved by the City Council, and those changes are reflected in the final budget document presented.

ENTERPRISE FUNDS

Utility Special District

The FY17 operating budget totals \$25.1M. This is an increase of approximately \$660,000 or 2.7% over FY16.

Water and sewer charges are the two primary sources of revenues for the District. Revenues are projected to increase by 2% for water and 8% for sewer as approved in 2015.

Expenses are projected to increase by 2% for salaries and benefits, 4% for operating, 2% for capital, and 15% intra-fund transfers. Contingency will decrease by 63% to account for the increased debt service costs as described below.

The District is issuing Water and Sewer Revenue Bonds in the amount of \$40M. Proceeds from the issuance will be used to fund water and wastewater capital projects. Debt service payments will increase by approximately \$2.8M for the Series 2016 Bonds. FY 17 budget includes this estimated debt service payment. The debt service budget will be finalized after the bond sale has been completed.

Two new full time positions are included in the FY17 budget, as follows:

Position Title	Annual Salary
Utility Engineer	\$71,789
Compliance Officer	70,040
Total	\$141,829

Details of these capital improvement projects to be funded by the bond proceeds are provided in the City’s 5-Year Capital Improvement Plan.

Stormwater Management Utility

The FY17 operating budget totaling \$3.3M remains at the same level as FY16.

Stormwater charges are the single source of revenues for Stormwater. Stormwater charges were increased in FY16 and no further increases are necessary for FY17.

Expenses are projected to remain the same in FY17 as FY16. FY17 budget includes a transfer of approximately \$550,000 to the Debt Service Fund for the principal interest payment due on the Stormwater Revenue Bonds issued in April 2016.

The details of the Stormwater Utility 5-Year Capital Plan are provided in the City's 5-Year Capital Improvement Plan.

Marina

The FY17 operating budget for the Marina is presented at \$1.8M. The budget was refined based on information provided by Seven Kings.

Based on the Agreement between the City and Seven Kings to provide third party marina management services for the operation the Marina, the City is required to pay a management fee to Seven Kings equal to the greater of \$54,000 or 5% of gross revenues on an annual basis. Based upon \$1.8M in estimated revenues, \$90,000 has been included within the budget to account for this cost.

Refuse

On October 21, 2015, the City renewed the existing Solid Waste and Recycling Collection Franchise Agreement with Waste Management for an additional five year term to September 30, 2021. Based on the new agreement, franchise fees for FY17 are budgeted at \$1.7M.

OTHER FUNDS REVENUES AND EXPENDITURE SUMMARIES

Liability Insurance Fund

The Liability Insurance Trust Fund is used to account for the risk management and property coverage services provided to the City's departments. Expenditures for FY17 are estimated to be \$3.2M, an increase of \$80,532 or 2.3% over FY16.

Major Disaster Fund

In accordance with the City's Charter, the City Council shall make an annual appropriation to the Major Disaster Fund equal to 1.5% of the FY17 property tax revenues. For FY17, the amount of the transfer will be \$595,388.

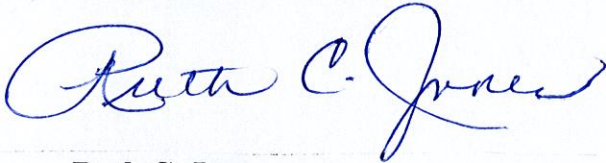
Debt Service Fund

The FY17 budget for the Debt Service Fund is \$5.6M as previously detailed.

CONCLUSION

As you know the City is required to hold two public hearings on the millage and budget, with the first hearing is scheduled for September 8, 2016. The final public hearing is scheduled during the regular City Council meeting on September 21, 2016. If needed, the City Council will be able to refine the budget.

Respectfully submitted,



**Ruth C. Jones
City Manager**