



WEST PALM BEACH



Budget In Brief Fiscal Year 2018

September 28, 2017

Mayor

Geraldine Muoio

City Commission

Sylvia Moffett	District 1
Cory Neering-President	District 2
Paula Ryan	District 3
Keith James	District 4
Shanon Materio	District 5

City Administrator

Jeff Green

Deputy City Administrator

Dorritt Miller

Assistant City Administrator

Scott Kelly

Chief Financial Officer

Mark Parks, Jr.

Budget Manager

Linda McDermott

Special Thanks to the Budget Staff

Ben Couden, Senior Accountant

Mary Ptak, Senior Fiscal Analyst

Kyle Roberts, Fiscal Analyst

About the Budget

The City of West Palm Beach's Fiscal Year 2018 *Budget In Brief* is provided to serve as an overview of the City's budget. This document provides a summary of the highlights to the budget, revenues the City expects to receive and the planned areas where the money will be spent.

In order to address budget issues and to identify ways to balance the budget, a series of Budget Workshops were held over the past four months. In these workshops the operating and capital funding needs for the upcoming fiscal year were identified and prioritized. The City also held six Community Budget Meetings to further engage our citizens in the budget process and to increase transparency.

The proposed budget is a deliberate balance of revenues and expenditures prepared in accordance with Florida's statutory Truth in Millage process and best serves the City's prioritization for provision of core services and Commission initiatives. State law requires that the City adopt a balanced budget prior to the beginning of its fiscal year on October 1st.

The Fiscal Year 2018 budget was developed to assure that fundamental services are appropriately delivered and programs are maintained at current levels. The budget is a responsible allocation of public resources that maintains the City of West Palm Beach as a safe, attractive and vibrant community for the satisfaction of its residents and visitors.

Operating Budget Highlights

- ◆ The City's certified taxable property values increased \$879 million, or 7.98%, to reach \$11,894,514,378
- ◆ New construction projects added to the tax roll amounted to \$89.5 million.
- ◆ Maintained millage rate at 8.3465 mills levied on every \$1,000 in taxable property value.
- ◆ Fire Department increased \$4.4 million due to one new position, employee raises, increased pension costs, and costs for sixteen Firefighters no longer funded through grants, and over-time for events offset by revenue.
- ◆ Police Department increased \$0.2 million due to employee raises, lease payments on police vehicles, and costs for ten Police Officers no longer funded by a grant. The increases were offset by a reduction of expenditures due to twenty fewer mandatory retirement payouts.
- ◆ Mayor's Office increased \$1.4 million due to two new positions, employee raises, a student intern program, strategic initiatives, and economic development to support job creation and emphasize business expansion and retention.

Operating Budget Highlights

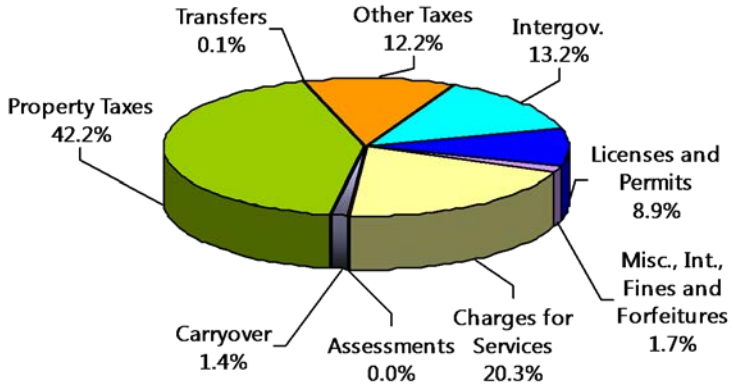
- ◆ Parks and Recreation increased \$1.1 million due to four new positions, employee raises, Youth Empowerment Center programs, capital funding for a new bus, two dump trucks, five new vehicles and a boat dock downtown for use by Police and Fire departments.
- ◆ Public Works increased \$0.8 million due to additional Heavy Equipment leases, offset by \$0.4 million additional revenue from garbage, recycling and hauling fees.
- ◆ General Government decreased \$(2.9) million due to a reduction of \$(4) million in transfers for capital projects, reduction of \$(2) million for contingency funding, \$(1.6) million reduction for Fire Chapter 175 pension contribution, and increases of \$1.1 million for a one-time contribution to the City's self insurance fund for estimated costs of claims. An increase of \$3.5 million for Police Pension Bond 2016A Principal and Interest, \$0.5 million increase for Capital Bond payments were also included.
- ◆ The City utilized a \$2.5 million carryover from FY 2017 to balance FY 2018.
- ◆ A net of thirty-six new Full-Time Equivalent (FTE's) positions were added to the General Fund bringing the total General Fund employees to 1,100.

General Fund Budget at a Glance

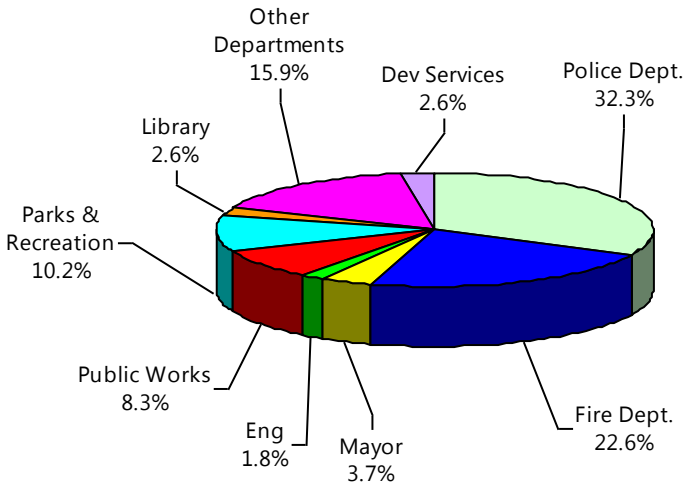
Amounts reported in millions

	FY 2018	FY 2017	Change	
			Change \$	%
Revenue				
• Property Taxes	75.1	68.6	6.5	9.5%
• Licenses & Permits	15.8	14.9	0.9	6.0%
• Intergovernmental	23.4	22.8	0.6	2.6%
• Charges for Services	36.1	35.5	0.6	1.7%
• Transfers	0.1	2.1	-2.0	-95.2%
• Misc., Interest, Fines & Forfeitures	3.1	2.8	0.3	10.7%
• Other Taxes	21.7	23.3	-1.6	-6.9%
• Cash Carryforward	2.5	1.0	1.5	150.0%
Total Revenue	177.8	171.0	6.8	4.0%
Expenditures				
• General Government	28.1	26.7	1.4	5.2%
• Police	57.4	57.2	0.2	0.3%
• Fire	40.1	35.7	4.4	12.3%
• Engineering	3.2	2.9	0.3	10.3%
• Public Works	15	14.2	0.8	5.6%
• Parks & Recreation	18.1	17.0	1.1	6.5%
• Library	4.6	4.6	0	0.0%
• Debt Service (debt transfers)	8.4	5.9	2.5	42.4%
• Other Transfers	2.9	6.8	-3.9	-57.4%
Total Expenditures	177.8	171.0	6.8	4.0%

Components of General Fund Revenue



Components of General Fund Expenditures



The Budget Process

This budget year reflects a vibrant economy that produced higher property values and revenue streams. With that is the increased cost of operations to sustain the quality and level of services. The following chart illustrates the General Fund budget shortfall at the first budget presentation on July 17 2017, and the actions implemented to achieve a balanced budget. Amounts are reported in millions.

	7.17.17 Balance	Adjustments	Ending Balance
Revenue	\$174.9	\$2.9	\$177.8
Expenditures	\$183.4	\$(5.6)	\$177.8
Difference	\$(8.5)	\$(2.7)	\$0.0

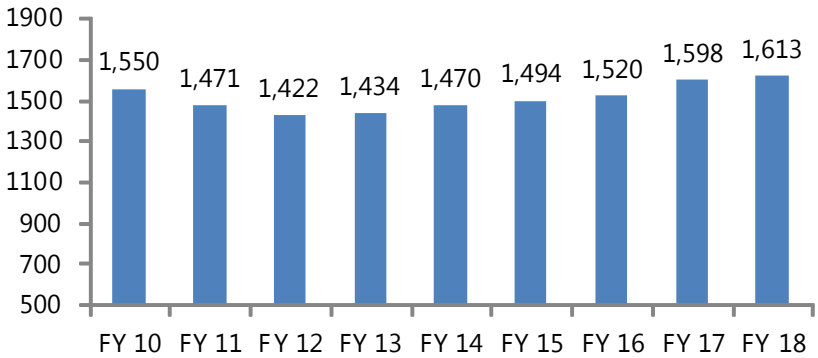
Adjustments to General Fund Revenue

Licenses & Permits	0.7
Intergovernmental	0.1
Charges for Services	0.5
Interest	0.1
Miscellaneous	0.3
Other Taxes	(0.2)
Carryforward	1.4
Net Change	2.9

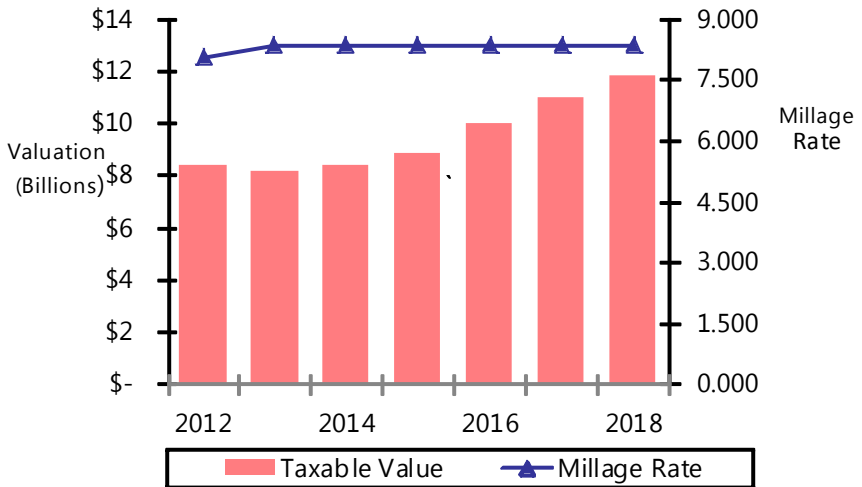
Adjustments to General Fund Expenditures

Personnel and Benefits	(1.6)
Materials and Services	(0.9)
Capital	0.1
Internal Service Funds	(1.1)
Debt Service	(0.9)
Transfers to Other Funds	0.8
Reserves & Contingency	(2.0)
Net Change	(5.6)

9-Year Citywide Personnel Trend Full-time Equivalents (FTE)



City of West Palm Beach Taxable Values and Millage Rates Fiscal Years 2012-2018



Property Taxes

The City's taxable property value is \$11.9 billion, a 7.98% increase from the prior year. The Fiscal Year 2018 budget was developed using the proposed millage rate of 8.3465. The proposed millage rate is higher than the rolled-back rate of 7.8229, which is the rate that would achieve the same amount of Ad Valorem or Property Tax revenue, based on the new taxable property values as in the prior year. New construction added \$89.5 million to the tax rolls.

The 8.3465 millage rate generates property tax revenue of \$75.1 million to the General Fund and represents 42.2% of the total General Fund revenue budget. This contributes towards paying for the public safety budget of \$97.5 million, or 54.8% of total General Fund expenditures.

7-Year Property Tax Trend

Fiscal Year	Taxable Value	Growth in Value	Millage Rate	General Fund Tax Revenue*
2011/12	\$8,412,599,546	-4.3%	8.0739	\$51,556,890
2012/13	\$8,147,594,065	-3.2%	8.3465	\$51,222,824
2013/14	\$8,322,130,829	2.1%	8.3465	\$52,731,290
2014/15	\$8,864,643,257	6.5%	8.3465	\$57,481,593
2015/16	\$9,999,188,141	12.8%	8.3465	\$63,960,864
2016/17	\$11,015,846,755	10.17%	8.3465	\$68,615,291
2017/18	\$11,894,514,378	7.98%	8.3465	\$75,110,529

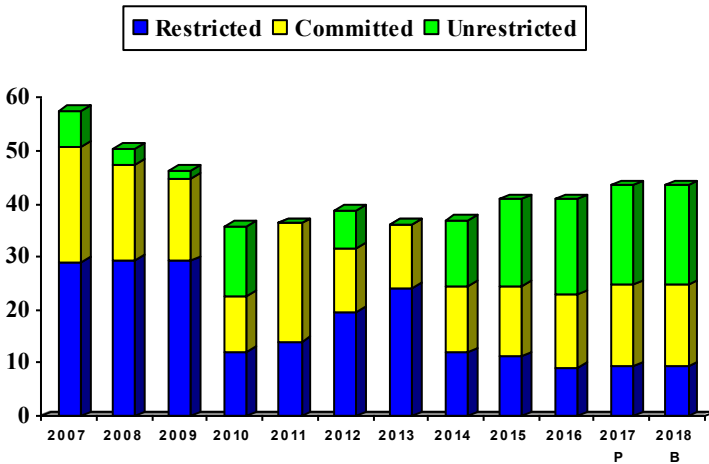
* Excludes CRA Tax Revenue

General Fund Reserves

The Fiscal Year 2018 budget results in an estimated General Fund ending reserve balance of \$43.5 million or 24.5% of total Net General Fund expenditures.

Of the available reserves, \$15.5 million are restricted by the City for use in emergency situations. Another \$9.3 million is restricted for other purposes. The remaining \$18.7 million is undesignated and unrestricted.

Amounts are reported in millions



Citywide Budget at a Glance

By Fund Type
(Amounts are reported in millions)

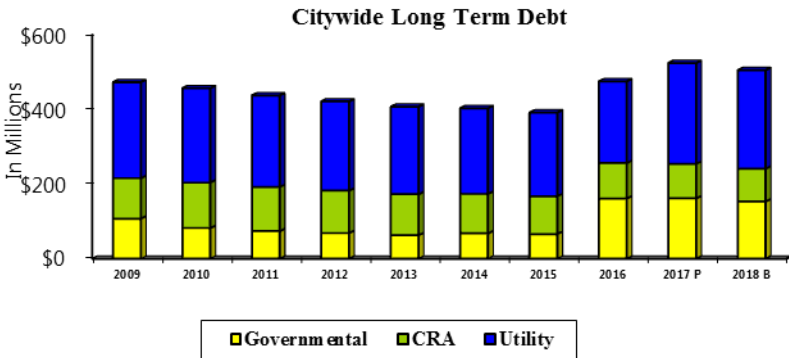
	FY 2018	FY 2017	Change \$	Change %
• General Fund	177.8	171	6.8	4.0%
• Utility Funds	150.3	132.1	18.2	13.8%
• Stormwater Funds	30.1	20.5	9.6	46.8%
• Parking Fund	7	6.7	0.3	4.5%
• Debt Service Funds	1.5	1.5	0	0.0%
• Capital Improvement Funds	8	56.8	-48.8	-85.9%
• Internal Service Funds	64	59.1	4.9	8.3%
• Special Revenue Funds	25.5	55.3	-29.8	-53.9%
City Budget	464.2	503	-38.8	-7.7%
• Golf Course Fund	1.8	1.8	0	0.0%
• CRA Funds	58.8	53.5	5.3	9.9%
• ECR Funds	50.1	43.8	6.3	14.4%
Total Citywide Budget	574.9	602.1	-27.2	-4.5%

In addition to the typical governmental activities such as public safety, planning and development, recreation, and public works, the City of West Palm Beach also maintains several other activities as part of its Citywide Budget. These activities include Utility and Stormwater systems which provide water, sewer, and stormwater services to the residents of our community; a sewage and treatment facility joint venture East Coast Water Reclamation Facility with other governmental organizations; two Community Redevelopment Agency (CRA) operating funds, as well as several funds dedicated to capital improvements and the payment of debt services.

Additionally, the City operates a municipal golf course and several parking garages which are accounted for as business-type activities under the classification of "enterprise funds".

The City also maintains several internal service funds providing services such as information technology, fleet management, and insurance to the various departments and funds within the City.

Citywide Debt at a Glance



The City's Downtown and Northwood Community Redevelopment Agencies have borrowed approximately \$157 million to fund various community redevelopment projects such as CityPlace, Northwood Village, and the City Center/Library complex. The current outstanding (long term) debt is approximately \$88 million. These bonds are backed by the incremental tax revenues generated within these districts. The CRA's debt carries a rating of A from Standard and Poor's. These bonds are repayable through 2036.

The City's General Fund has borrowed approximately \$153 million to fund various public projects including the City Center government complex, the Waterfront, other recreation venues, and infrastructure improvements. Various revenue sources including public service taxes, guaranteed entitlement obligations, and general tax obligations have been pledged to various bonds issued. These bonds are repayable through 2037. The City's bond rating is Aa2/AA-/AA.

The City's Utility System has borrowed approximately \$264 million to fund various water, sewer, and stormwater capital projects. Revenues have been pledged to support these bonds. The debt carries a rating of AA+ from Standard and Poor's and an Aa2 rating from Moody's. These bonds are repayable through 2042.

Facts for Homeowners

What does this mean to me as a homeowner?

The assessed value minus exemptions equals Taxable Value. This translates to

\$8.4946 for every \$1,000 in taxable value.

A house assessed at \$200,000, with a \$50,000 homestead exemption, would pay \$1,104.30 in city taxes before additional assessments are factored in.

The fire assessment fee will remain unchanged at \$25 per house or condo.

Many homeowners will pay more due to the increase in their property value which can be reviewed when the Property Appraiser's Office mails out proposed tax bills in August and final tax bills in November.



What does this mean to the City?

The additional tax dollars will support City Strategic Initiatives and enable the City to provide the level of service our community desires. Additional revenue will fund:

- Economic development projects to support growth of start-up businesses and job creation.
- Community services for youth, elderly, families, and special populations
- Additional police and firefighters
- Employee raises to maintain competitive salaries
- Enhanced and new technology software for efficient and more cost effective service delivery
- Additional Police vehicles
- 14 alternative fuel vehicles



Notes



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