CITY OF DEERFIELD BEACH
BUDGET WORKSHOP MEETING MINUTES
Wednesday, August 28, 2024 at 7:00 PM

The meeting was called to order on the above date by Mayor Bill Ganz at 7:00 p.m. in the City Commission Chambers, City Hall, Deerfield Beach, Florida.

ROLL CALL

Present:
Commissioner Michael Hudak
Commissioner Bernie Parness - *via Zoom*
Commissioner Ben Preston
Vice Mayor Todd Drosky
Mayor Bill Ganz

Also Present:
David Santucci, City Manager
Debra Reese, Assistant City Attorney
Heather Montemayor, City Clerk

MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

There was a moment of silence, followed by the Pledge of Allegiance.

APPROVAL OF THE AGENDA

MOTION was made by Commissioner Preston, seconded by Commissioner Hudak, to approve the agenda as submitted. Voice Vote:

Yeas: 5 - Commissioner Hudak, Commissioner Parness, Commissioner Preston, Vice Mayor Drosky, and Mayor Ganz
Nays: 0

CITY COMMISSION BUSINESS

1. Presentation of the Fiscal Year 2025 Proposed Budget.

Public Budget Event Calendar - David Santucci, City Manager, highlighted a PowerPoint Presentation. He stated that the budget and budget transmittal letter were provided to the Elected Officials on August 9th; first reading will be held on September 9th and final public hearing on September 23rd. Thereafter, he said the presentation will outline the proposed fiscal year 2025 budget, based on Commission feedback at and after the June budget workshops

Strategic Key Priorities and Organizational Core Values - Mr. Santucci said everything the City does is based on the following strategic priorities: care and engagement, sustainability and eco-friendly environment, lifestyle quality, transparency and financial accountability, and modernization of city processes, and infrastructure and processes. These priorities align with the City's core values: service, honesty, accountability, respect, and professionalism (SHARP).

CITY COMMISSION BUSINESS - CONTINUED

Residential Property Values - Mr. Santucci said the average assessed value in Deerfield Beach in 2023 was $262,137, which increased 10% in 2024, whereby, Broward County's average assessed value in 2023 was $95,000 higher. Thereafter, he outlined the various homestead exemptions. Further, Deerfield Beach has the 11th lowest assessed value in Broward County. Thereafter, he provided a brief overview of the number of home parcels, condo parcels, average home taxable value, and average condo taxable value for various cities, whereby, Deerfield has more condo parcels than home, which makes it difficult to raise taxes.

Total Property Taxes - Mr. Santucci displayed a chart of the millage rate for every city in Broward County, whereby, Deerfield Beach falls in the middle. Further, he said the City of Deerfield Beach represents 30% of the property taxes, as the other 70% are distributed between the Broward County School Board, Broward County, North Broward Hospital District, South Florida Water Management District, and the Children's Services Council; whereby, the total millage is 20.3546 mills.

Millage Rate - Mr. Santucci said the operating millage rate in FY24 was 6.0018, and there are no recommendations to increase it; therefore, the total millage decreased from 6.2538 to 6.1851. Further, he stated that the overall millage rate has consistently decreased over the last 10 years. Thereafter, various graphs were displayed depicting the steady decrease in the City's millage rate since FY15, as well as the current and proposed operating millage rates, new taxable value, and taxable value vs. operating millage rates for various cities.

Ad Valorem Property Tax Collection - Mr. Santucci said the citywide estimated tax collection is $66.48 million but CRA's allocation is $2.85 million; therefore, the projected net General Fund tax collection is $63.63 million. He explained that one mill generates approximately $10.7 million in ad valorem tax revenue for the City, which is a net increase in taxable values of approximately 8.86% or $11.3 billion. Thereafter, a line graph of the City's taxable ad valorem tax revenue since 2016 was displayed.

Broward County Municipal Fire Assessment Fees - Mr. Santucci said another major source of revenue within the General Fund is the fire assessment fee. Thereafter, a bar graph was displayed of various cities 2024 adopted and 2025 proposed rates, whereby, several are increasing with the average fee in Broward County being $391. Further, he stated that the preliminary fire assessment fee made by the Commission was $325, but the final recommendation will be made on September 9th. If the Commission desires to keep the rate at $325, the estimated revenue will be approximately $17.9 million.

Economic Indicators - Mr. Santucci said the consumer price index (CPI) plays a major factor in budgeting. Thereafter, a line graph depicting the CPI since June 2020 was displayed, whereby, the CPI has slowly decreased since June 2023.

Proposed Budget Overview by Fund - Mr. Santucci said there's an $18.5 million overall change in the General Fund, and an overall budget increase of $12,249,310, which does not include the CRA Fund, nor the increase to insurance services and medical insurance funds. Further, he stated that the $400,000 increase in the Building Services Fund relates to the building activity staff plans to see in the new year. The $2.7 million increase in the Road and Bridge Fund relates to surtax project funding. Thereafter, he continued outlining the changes in each of the funds.

General Fund Impacts - Mr. Santucci outlined the operating expenses impacting the General Fund: Fire Rescue Services - $2 million; Law Enforcement Services - $1.7 million; health insurance premiums - $2.5 million; personnel services - $2.6 million; property insurance - $655,000; water, sewer, and solid waste (general government) - $371,400; centennial celebration - $500,000; landscaping services - $300,000; transfers to General Capital fund - $12.1 million; for a total of $28.6 million.

Changes Since Budget Workshops (Expenditures) - Mr. Santucci outlined the changes: reduction in interfund loan payment from CRA - ($1,022,631); increase for centennial celebration (Parks & Recreation) - $150,000; increase for administrative assistant change from part-time to full-time (Public Affairs & Marketing) - $36,700; reduction in water and sewer charges (Environmental Services) - ($655,000); increase in electric charges (Environmental Services) - $53,000; increase for Public Safety Masterplan - $350,000; increase for Downtown Masterplan - $250,000; General Fund assigned Fund Balance for FAU Research CIP Project - $4 million; and reductions in fleet replacement - ($88,900).

CITY COMMISSION BUSINESS - CONTINUED

Proposed Budget Revenue by Source: All Funds - Mr. Santucci said the net revenue for the ad valorem tax increased by $4.4 million. Thereafter, he continued outlining the other revenue sources, whereby, the total is $360 million.

Budget Initiatives - Horace McHugh, Deputy City Manager, listed the budget initiatives: school speed camera implementation in all school zones; ERP implementation of two modules and ongoing phases; parks masterplan to access facility needs and gaps; downtown redevelopment community outreach and plan development; fishing pier restoration; public safety masterplan completion and implementation; code compliance contract expiration and service level assessment; central city engagement, planning and marketing; centennial celebration; lifeguard towers completion; coastal resiliency (dune masterplan, artificial reef master plan, beach renourishment); vision zero action plan implementation; and building department contract expiration of permitting services.

Continuing, Mr. McHugh outlined the Road & Bridge budget initiatives: SE 15th Avenue Bridge design; Crystal Lake LAP Project design; street resurfacing; Pioneer Grove streetscape improvements; highway lighting upgrades to LED; and FAU Research Park Boulevard design. Stormwater budget initiatives include, MLK Avenue Stormwater Project design; SE 8th Avenue drainage improvement; West Deerfield drainage improvement; and Crystal Lake Drive & NW 45th Street drainage improvement. Utility budget initiatives include, Automatic Meter Project; Ion Exchange Project design; Chemical Improvement Project; and RO element replacement. Lastly, the Solid Waste budget initiatives include, Compost Pilot Program; feasibility study; modify residential garbage routes to improve efficiency; develop and begin to implement artificial reef masterplan; and Dune Master Plan Program. Additionally, he said many of the initiatives are multi-year; therefore, they may be outlined next year as well.

Personnel Changes - Mr. McHugh outlined the personnel changes: eliminate eight ocean lifeguard will call positions and add four ocean lifeguards (Office of Public Safety); eliminate nine summer camp lifeguards and add three part-time lifeguards (Parks & Recreation); one senior buyer; one full-time administrative assistant; one digital marketing specialist; one Assistant Director of IT; one code compliance manager; one code compliance officer (no cost impact); and one Executive Officer in the Fire Rescue Department.

Proposed Major Use of Fund Balances - Mr. Santucci said the General Fund total use is $20.9 million, whereby, the indirect ARPA project carryforward from FY24 to FY25 is $4.6 million, the capital project carryforward is $8.4 million, FAU Research Park Boulevard Project is $4 million, and capital project funding, which is new use is $3.9 million. The Utility Fund is $6.2 million, Solid Waste Fund is $0.1 million, Stormwater Fund is $7.9 million, and other funds are $0.5 million. The total fund balance is $36.6 million.

FY24 Capital Improvement Plan - Mr. Santucci displayed the various capital projects within the FY25 capital improvement plan that will be paid through either the General Fund, grants, loan proceeds, Utility Fund, Solid Waste Fund, Stormwater Fund, or Road and Bridge Fund.

Future Considerations - Mr. Santucci outlined the future considerations: downtown revitalization and city hall replacement; capital investment needs; infrastructure funding and procurement strategies; fire assessment fees to relieve General Fund contributions; central city redevelopment; 1045 SW 11th Way, whereby, the grand opening will not likely occur until 2029; and the SW 10th Street Project.

Average Tax Obligation - City Ad Valorem - Mr. Santucci provided various examples of how the millage rate and fire assessment fee will affect the taxes for single-family and condo owners.

Summary Recommendation - Mr. Santucci said staff recommends maintaining the operating millage rate at 6.0018 mills, with a reduction in the debt service millage, for a total operating millage rate of 6.1851. Further, staff is recommending a fire assessment fee of $325 per ERU.

Financial Performance & Fiscal Strength - Mr. Santucci said staff received the GFOA Distinguished Award for budget development and the GFOA Certification of Achievement for the ACFR. Further, the external auditors provided the City with a clean opinion with no findings and stated that they have seen an improvement in the City's financial assessment. Lastly, the City received increased bond ratings. Thereafter, he thanked the City Commission for their participation and input throughout the process, and thanked staff for their hard work.

CITY COMMISSION BUSINESS - CONTINUED

In response to Mayor Ganz's question, Mr. Santucci replied that staff plans to enter into the contract for the FAU Research Park Boulevard Project this year, so the $4 million is needed because all funds must be available; however, staff plans on utilizing loan proceeds and surtax funding first, so the $4 million will most likely not be expended this year.

Mayor Ganz opened the public hearing.

The following individuals expressed personal opinions/concerns, and asked questions:

1. Dan Herz, 330 SE 19th Avenue, Deerfield Beach.
2. Gwyndolen Clarke-Reed, 1430 SW 6th Way, Deerfield Beach.
3. Mychal Estrada, 1431 SW 6th Way, Deerfield Beach.
4. Lucia Delgenio, 707 N. Shore Drive, Deerfield Beach.

Mayor Ganz closed the public hearing.

Commissioner Preston suggested, strategically installing electronic message boards in each district notifying the public of upcoming events, i.e. Commission Meetings, etc.

Commissioner Hudak said increases are occurring everywhere, and the fact that the City has been able to decrease the millage rate speaks volumes to our staff. Further, he said the City's rating is AA+, and the City is financially better off, than ever before. Thereafter, he commended staff for their efforts with controlling the costs within their respective departments.

Vice Mayor Drosky thanked Mr. Santucci, as well as staff for the information. Further, he did express his concerns with the budget during his one-on-one with the City Manager; nevertheless, he must speak to his District 4 residents to see what they want. Thereafter, he commented on the Villages of Hillsboro Park improvements, which was based on the community's input.

In response to Mayor Ganz's questions, Mr. Santucci replied that Sustainable Management will be procuring a shred trailer in FY25. Further, the average taxable value for a home is $248,000.

In response to Commissioner Preston's question, Mr. Santucci replied that he is unsure when the shred trailer will be available to the public. Further, he said staff is currently working on the implementation of sign boards, which was an ARPA funded program approved by the City Commission.

Mayor Ganz briefly commented on the sign board that is in District 1, which is utilized to announce meetings and events; nonetheless, people are going to choose to come to the meetings and events they want to. Thereafter, he commented on the advertisement of events, which is the same advertising done for the Commission meetings, as well as the changes that have been made to the budget presentations over the years. Further, he stated that the millage rate was decreased by one mill one year due to the implementation of the utility tax and the City suffered for years thereafter. Mayor Ganz said the City is investing in economic development and increasing revenues by incorporating user fees. Thereafter, he provided a brief example of how the millage rate could be reduced, i.e. reduce services, and outlined how the City was able to obtain the AA+ rating. Lastly, he urged the community to bring their suggestions forward as to what services they'd like to see cut and/or implemented.

Commissioner Parness thanked the public for coming and expressing their views.

ADJOURNMENT

There was no additional business to discuss.

MOTION was made by Commissioner Preston, seconded by Commissioner Hudak, to adjourn the meeting at 8:32 p.m. Voice Vote:

Yeas: 5 - Commissioner Hudak, Commissioner Parness, Commissioner Preston, Vice Mayor Drosky, and Mayor Ganz
Nays: 0

CITY OF DEERFIELD BEACH

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BILL GANZ, MAYOR

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Heather Montemayor, CMC, City Clerk