Deerfield Beach
Florida

CITY OF DEERFIELD BEACH
BUDGET WORKSHOP MEETING MINUTES
Tuesday, August 10, 2021 at 7:00 PM

The meeting was called to order on the above date by Mayor Bill Ganz at 7:02 p.m. at the Hillsboro Community Center, Deerfield Beach, Florida.

ROLL CALL

Present:	Commissioner Todd Drosky Commissioner Michael Hudak Commissioner Bernie Parness Vice Mayor Ben Preston Mayor Bill Ganz
Also Present:	David Santucci, City Manager Anthony Soroka, City Attorney Samantha Gillyard, CMC, City Clerk
Absent:	None

MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

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

FY22 PROPOSED BUDGET

David Santucci, City Manager, advised that he, along with staff, will be providing an overview of the proposed budget based on feedback from the June budget workshops. In accordance with the City's Charter, the budget will be provided to the Elected Officials by August 15th. Thereafter, he outlined the agenda for this evening's workshop.

Budget Calendar - Mr. Santucci displayed the budget calendar, which has slightly changed this year; whereas, this workshop was implemented to provide the proposed budget expectations prior to the first hearing on September 3rd.

Stephanie Tinsley, Chief Financial Officer, explained that September 3rd was the earliest date the City could hold the first public hearing due to Labor Day, Rosh Hashanah and scheduled meeting dates for the School Board and County. Further, as a regulatory requirement, staff must publish the notice for the proposed budget and millage rate no earlier than five (5) days and no later than two (2) days before the final public hearing of adoption which is scheduled for September 13th. She explained that September 13th was the last date available for final adoption because staff is required to send the certified adoption to the State Revenue Collector by a certain date.

Budget Message - Mr. Santucci said the FY22 budget seeks to revive, recover and renew our local economy, the City's organizational capacity, and community services and programs that were cancelled due to COVID restrictions and reductions in the budget from the anticipation of revenue shortfalls. Thereafter, he outlined various contributions staff wishes to make during the upcoming fiscal year: provide recovery assistance to community organizations, businesses and residents; renew service delivery methods, infrastructure and public facilities. He stated that the reduction in personnel for FY20 and FY21 allowed staff to review the City's infrastructure and public facilities and invest in the City's capital, maintenance repairs and overall curb appeal, which was strongly emphasized by the City Commission.

Economic Climate/Cost Drivers - Mr. Santucci displayed a graph outlining an economic climate of inflation; the April consumer price index (CPI) is 4.2 %. Further, he explained that there will be an increase in costs for materials, labor and capital.

Residential Property Values - Mr. Santucci said the City's average accessed value in 2021 saw a 6.9% increase, but the City is still below the County's average and still has 10th lowest assessed value in Broward County. The County had a 4.8% increase in assessed value.

FY22 Millage Rate - Mr. Santucci said although a change to the millage rate was not expected, as discussed during the June workshops, there will be a decrease in the total overall millage rate due to a decrease in the debt service millage rate. Thereafter, he displayed a graph of the millage rate over the past 10 years. He reiterated that the total millage rate will be lowered because of the decrease in debt service millage, which is .3107. The operating millage rate remains the same at 6.0018.

Ad Valorem Tax Revenue Projection - Mr. Santucci said although the millage rate has been reduced, there have been increases in the ad valorem tax revenues; whereby, it is projected that the City will collect $48.7 million, which is a 5.6% increase.

Ad Valorem (Property Tax Collection) - Mr. Santucci said the total citywide estimated tax collections are $50.9 million with $2.2 million being allocated to the CRA; therefore, the projected net general fund tax collections are $48.7 million. He explained that one mill generates $8.1 million of ad valorem tax revenue, which is based on taxable property values, $8.3 million and a 5.1% increase.

City Tax Assessment - Mr. Santucci explained how the assessed values vary based on cost, exemptions and taxable value.

Proposed Budget Revenues by Source - Ms. Tinsley outlined the FY22 proposed budget revenues by source: property taxes - $49,899,619. She reiterated that the City will collect $48.7 million in taxes; whereby, staff discovered that the City receives a substantial amount of collections from delinquencies and in FY21 approximately $1.2 million in delinquency tax collections will be recognized. Thereafter, she continued outlining the FY22 proposed budget revenues: sales & use/community services taxes will remain the same; public services taxes will experience a small uptick; an increase in fire assessment fees - $15,986,043; expected decrease in franchise fees; local option gas tax includes $5.5 million in the General Fund, as well as the $1.3 million from the Road & Bridge fund. Other increases include: licenses & permits - $6,353,700; intergovernmental which is the state shared sales taxes, gas tax, etc.; charges for services which includes ambulance services - $3.2 million; parking fees, parks & recreation charges - $2.6 million; utilities - $25.7 million; solid waste - $17.3 million; stormwater- $2.2 million.

Continuing, Ms. Tinsley provided other revenue sources and their expected trend: fines & forfeitures are flat; grants & contributions will decrease due to the CARES Act funding being recognized in FY21 but includes the $16 million for the ARP funding; administration fees are collected outside of the General Fund and remain flat; interfund transfers in is a $3.9 million transfer to the new capital fund; loan proceeds consist of approximately $25 million in bond funding and most of it will be carried forward into FY22; other funding sources consist of various miscellaneous revenues, i.e. insurance services fund; and use of fund balances is a form of all funds which covers the capital projects, as well as one time funding projects.

Use of Fund Balances - Mr. Santucci said the use of fund balance in the General Fund is $4.5 million; whereas, $3.7 is being recommended to fund the new capital fund.

Ms. Tinsley explained that previously, capital projects were being budgeted within the General Fund; however, staff is recommending the creation of a separate capital project fund to provide transparency, as well as provide the ability to readily match when fund balance is being utilized to fund capital projects.

FY22 PROPOSED BUDGET - CONTINUED

Continuing, Mr. Santucci said the FY21 carry forward is $518,389 and $250,000 in contingency. Staff is recommending the use of public safety impact fees to fund most of the public safety master plan - $500,000. Further, the FY21 carry forward from the Road & Bridge Fund will be $113,597; parks impact fees of $695,801 will be utilized for parks capital improvements. Staff is recommending that $6 million from the utility fund be utilized for capital improvements - $4.2 million and operations - $1.7 million. In the future, the utility fund fees must be investigated as Broward County wastewater fees have increased. The stormwater fund has a FY21 carry forward of $293,373 and the Parks & Recreation future fund will be utilized for capital improvements, $154,000, and operations, $93,000.

Proposed Budget Overview by Fund - Ms. Tinsley outlined the proposed budget by fund: General Fund, which includes Senior Services and Insurance Services Funds - $129,327,129, which is a slight reduction from FY21; Building Services Fund decreased due to a recent budget amendment - $5,531,500; Road & Bridge Fund - $5,730,224; grant funds include CDBG, ARP, etc., whereby, $16 million will be rolled over and the increase is related to the CARES Act funding, as well other CDBG grants related to COVID. There was an increase of $4.5 million in the Utility Fund - $38,003,061; Stormwater Fund will be increased by $1 million due to the hazard mitigation grant and a carry forward amount for an overall total of $3,154,905. She explained that staff has done an initial budget for estimates of carry forward from Fiscal Year 2021 to 2022; however, if goods and services are not received before September 30th, they will be moved to the next year when they are received.

Thereafter, Ms. Tinsley continued outlining the proposed budget by fund: increase to the Solid Waste Fund - $2.3 million, due to the side and front loaders - $780,000; disposal fees - $300,000 and fire code renovation - $250,000. There are multiple funds for debt services which will experience a $1 million decrease as a result of the retirement of a capital lease, $450,000, as well as a slight administrative change concerning CRA debt; the capital improvement plan covers multiple funds to include the new capital project funds and bond funds; and other funds include everything else.

Revenue Estimate (General Fund) - Mr. Santucci displayed a pie chart outlining the distribution of revenue sources for the General Fund.

Proposed Budget by Expenditure Category - Mr. Santucci outlined the proposed expenditures for FY22: salaries and wages has a $2 million increase due to compensation strategy and unfreezing various positions, for a total of $27,621,273; decrease in employee benefits due to retirements, for a total of $34,550,310; the operating expenditures will increase in FY22 to reaccelerate needed resources, for a total of $107,181,323; capital outlay will decrease slightly, for a total of $43,913,417.

Ms. Tinsley said the grants and contributions are across all funds and includes the ARP, $16.2 million, as well as carried over grants from FY21, CARES Act funding, $2.3 million, and other funding sources through CDBG and hazard mitigation, $950,000. The debt service will see a slight uptick - $10,143,569; and interfund transfers consists of a transfer from the General Fund to the Capital Project Fund, for a total of $17,648,128; for a total overall proposed budget of $258,593,011, a $9,311,168 increase from FY21. Further, she explained that decreases in FY21 were a response to COVID; however, the economy looks stronger in FY22.

Budget Initiatives and Focus - Mr. Santucci outlined the budget initiatives and focus: community events; creation of the Department of Community Services and Office of Public Safety; economic development and redevelopment; whereby, the ULI study suggested the implementation of a redevelopment specialist position to initiate the central corridor project. Thereafter, he outlined other redevelopment initiatives: Pioneer Grove, four corners, and the creation of a commuter rail station. Additionally, monies have been set aside for the DBR and four corners as requested. Other budget initiatives and focus include: city marketing and public engagement; infrastructure maintenance and repair; beach enhancements and curb appeal; public safety infrastructure and planning; and net neutral personnel changes.

FY22 PROPOSED BUDGET - CONTINUED

City Special Events - Mr. Santucci displayed the special events and the net cost and average attendance for each: Martin Luther King Day - $50,500, 1,500; Black Heritage Month - $18,000, 300; Country Music Festival (Boot on the Beach) - $43,000, 6,000; Fall Festival - $52,350, 2,000; Dunn's Run - $10,800, 1,000; Surfers for Autism - $7,600, 200; Fourth of July (City Expense) - $9,000, 80,000; Ocean Way Holiday - $41,000, 5,000; Pioneer Days - $50,500, 4,000; Ocean Blues and Brews - $22,850, 1,500; Veteran's Day/Ryan Owens Memorial Day - $8,000, 500; Juneteenth - $26,500, 2,300; Relay for Life - $2,000, 500; Jr. Angler's Day - $6,200, 400; and Memorial Day - $2,500, 200.

Community Services (Proposed Organizational Chart) - Mr. Santucci explained that the Center for Active Aging and Legislative and Community Affairs will be combined, Department of Community Services, which is a reduction in personnel and operationally neutral. He said the Director of Active Aging would become the Director of Community Services, the Assistant Director would be under the Director, and the four (4) services provided would be administration, grants, housing and health and social services; whereas, transportation and many recreational activities will be transferred to Parks and Recreation.

Community Services - Personnel Changes - Mr. Santucci said the eliminations and decreases are for unfilled positions and will not affect an actual individual or employee.

Community Services - Mr. Santucci outlined the services this department will provide senior support, referral and counseling services; house Alzheimer's, adult daycare, respite and case management; grant coordination and administration; neighborhood and residential support programs, i.e. first-time homebuyers assistance, etc.; intergovernmental affairs; community outreach and events, volunteer coordination; local school support, mentorship programs and educational assistance.

Office of Public Safety (Proposed Organizational Chart) - Mr. Santucci said the organizational chart has slightly changed with the addition of an office specialist. The Department will also consist of a director and emergency management coordinator. The departments that fall under Public Safety would be Fire Rescue, Law Enforcement, who would oversee parking enforcement, Ocean Rescue, Code Compliance. Parking Authority who would oversee the crossing guards, and park rangers would oversee the beach ambassadors, which would be a new operation in FY22.

Office of Public Safety - Budget and Function Oversight - Mr. Santucci said the Office of Public Safety is approximately 60% of the General Fund.

Office of Public Safety - Objectives - Mr. Santucci outlined the objectives with the creating the Office of Public Safety: increase overall fiscal accountability of the public safety functions by eliminating redundancy, aggressively pursue grants and researching additional contractual cost reductions; increase overall operational accountability by providing oversight of all contractual services, assuring that public safety operations align with the City's mission and review capital outlay and equipment usage; and provide a coordinated city-driven effort by implementing public safety capital project coordination, increase community engagement, participation with public-private partnerships and implementing emergency management coordination.

Office of Public Safety - Responsibilities - Mr. Santucci outlined the responsibilities of the Office of Public Safety: management and oversight of the departments outlined in the organizational chart; monitor and evaluate the efficiency and effectiveness of service delivery methods and procedures of staff and contract services; allocate resources accordingly and implement cost saving measures; plan, coordinate and implement public safety operations and activities across all functions with city management and staff; enhance volunteer network and engagement, i.e. CERT, COPS, Crime Watch; assign, record and plan training for all EOC staff in emergency management activities, exercise, and position specific roles, as well as others.

Personnel Summary - Mr. Santucci listed the amount of full-time and part-time positions within each department. He explained that many part-time positions were grouped together to create full-time positions; whereby, the net in full-time across the City is two. Further, he said the Director of Public Safety is neutral due to the elimination of one Assistant City Manager and the Program and Innovation Manager and adding an administrative position. He said a redevelopment specialist was added to the Department of Economic Development, and an additional position has been added to Public Affairs and Marketing. Lastly, Mr. Santucci said four positions were added to law enforcement.

FY22 PROPOSED BUDGET - CONTINUED

Fiscal Year 2022 Capital - Grant Funded - Mr. Santucci displayed the grant funded projects and the costs associated for each: Pioneer Grove corridor (surtax) - $300,000; City Hall drainage public streets (HMGP) - $531,300; Oveta McKeithen Playground (CDBG) - $300,000; Center for Active Aging furniture and fixtures (CASA) - $200,000; city bridge rehabilitation (surtax) - $791,300; FAU Research Park Boulevard (surtax) - $480,000; pedestrian lighting improvements (surtax) - $800,000; and Pioneer Park dock, rail and piling replacement (BBIP) - $151,000.

Fiscal Year 2022 Capital Project Fund - Mr. Santucci listed the capital project fund plans and displayed the costs for each: license plate recognition - $32,000; Constitution Park main playground - $175,000; Constitution Park electrical installation (Arboretum) - $75,000; truck wash facility (cost shared with road & bridge) - $75,000; Old School House renovations - $116,000; pier gazebo roof replacement - $90,000; fire station awning replacements - $35,000; Mayo Howard roof replacement - $71,000; Oveta McKeithen Recreational Complex gym AC replacement - $35,000; fire station #102 interior and exterior painting - $125,000; fire station #75 generator - $120,000; fire station #4 fuel tank removal - $40,000; design of middle school aquatics parking lot - $100,000; Constitution Park improvements - $141,900; Pioneer Park dock, railing and piling replacement (FIND Grant) - $370,250, public safety master plan - $600,000; beach renourishment - $500,000. Mr. Santucci explained that staff anticipated that this budget would include a $3 million beach renourishment project; however, the U.S. Army Corp of Engineers has indicated that they will not extend the existing permit for that segment of the beach and are requiring the City to reapply for the permit. Furthermore, staff has secured a large portion of sand that can be utilized for a dry beach project; whereby, the permitting activity for the $3 million project may begin in FY23, but no later than FY24.

Thereafter, Mr. Santucci continued listing the projects and displayed the funds associated for each: lifeguard tower replacement and additions - $423,500; city phone system replacement - $324,868; Mayo Howard park improvements - $154,000; Quiet Waters Park field refurbishment - $137,500; equipment/fleet replacements - $523,895; and West Community Center completion will be funded out of park impact fees - $580,800.

Fiscal Year 2022 Road & Bridge Fund - Tom Good, Assistant City Manager, outlined Road & Bridge Fund projects and displayed the costs for each: tactical urbanism (NE 3rd Avenue improvements) - $160,000; parking lot resurfacing for Palm Plaza, etc. - $100,000; city bridge rehabilitation (surtax funded) (SE 13th Avenue) - $791,300; SW 10th Street and Dixie Highway railroad crossing - $200,000; FAU Research Park Blvd. (widening the road, adding sidewalks, etc.) - $480,000; citywide pedestrian lighting - $800,000; streetscape improvements - $250,000; truck wash facility (cost share with general fund) - $75,000; Pioneer Grove corridor - $300,000; and equipment/fleet - $232,500.

Fiscal Year 2022 Water/Sewer R&R Fund - Mr. Good listed the water/sewer replacement & renewal fund projects and displayed the costs for each: plant security improvements - $325,000; raw water feed - well rehabilitation and upgrade - $300,000; HSP 12/13 valve replacement - $100,000; filter level and valve controls - $60,000; lime slaker - $200,000; fiber optic internal upgrade - $165,000; gravity sewer lateral lining program - $75,000; gravity sewer lining & repair - $200,000; water main pipe repair and replacement - $220,000; RO-element replacement and train refurbishment - $70,000; and bulk storage tank and chemical piping replacement - $1,000,000.

Fiscal Year 2022 Solid Waste Fund - Mr. Good listed the solid waste fund projects and displayed the costs for each: fleet garage gas detection system - $250,000; auto side loader - $378,680; front loader - $345,650; and vehicles - $53,770.

Fiscal Year 2022 Stormwater Fund - Mr. Good listed the stormwater fund projects and displayed the costs for each: local citywide stormwater improvements - $400,000; Pioneer Grove drainage (HGMP) - $531,300; which will establish larger pipes around City Hall and go out into the canal system. Further, the goal for this project is to connect all the new drainage systems to the spine system for proper discharge. Thereafter, he continued listing the projects and displaying the costs for each: Crystal Lake drainage and pavement - $85,000; and backhoe/loader combination - $100,000.

Mr. Santucci said the purpose of this presentation was to provide the Commission with an indication of how the budget was balanced with the addition of their recommendations. Thereafter, he reiterated that the Commission will receive the budget by August 15th and the budget hearings will be September 3rd and 13th.

FY22 PROPOSED BUDGET - CONTINUED

Vice Mayor Preston stated that major renovations must be done to the Pier. Thereafter, he commented on Pompano Beach's pier. Further, he said $6,200 is being proposed for Jr. Angler's Day and suggested that it be increased to $10,000.

Mr. Santucci clarified that the costs for the special events are net costs, whereas, many events come with sponsorship opportunities, are revenue generators, etc. Thereafter, he said the same would go for Black Heritage Month, as that event receives sponsorship dollars as well.

Vice Mayor Preston expressed concerns with the dilapidated fire stations and said something must be done. Further, he asked for clarification on funding for the Fourth of July event.

Mr. Santucci advised that the actual firework display is funded by the CRA, but the City does incur expenses as well.

Commissioner Hudak also commented on the dilapidated fire stations and police station and asked when they will be addressed. Thereafter, he commented on photographs of the fire stations he has received. Further, he stated that he has brought his concerns forward for the past two (2) years, and nothing has been done, nor has any money been budgeted. He explained that painting and awning replacement is not enough and reiterated that these facilities must be addressed and asked when. Lastly, Commissioner Hudak agreed with the proposed projects, but there are still no plans for these facilities and asked when/if they will be forthcoming.

Mr. Santucci said BSO staff inspects the facilities and based on their reports, the necessary repairs are completed to assure codes are adhered to; nevertheless, he agreed that the repairs to the current facilities are not enough. Thereafter, he commented on the improvements made to fire station #66. Further, Mr. Santucci explained that the public safety master plan will provide the necessities needed for each fire station, as well as costs that can be obtained through creative funding mechanisms, i.e. P-3 partnerships, bond proceeds and grants. Lastly, he stated that this master plan will move the City in the right direction to assure that these repairs are being completed.

In response to Commissioner Hudak's question, Mr. Santucci replied that the public safety master plan is a $600,000 project, so staff will have to go through the procurement process in the new fiscal year and once a prospective consultant is selected, there will be a better understanding of timelines for the projects.

Commissioner Drosky also expressed concerns with the fire stations but said a master plan is needed, as it will provide requirements, needs, locations, specifics, etc.; nonetheless, he suggested that this time be utilized to obtain P-3 opportunities for not only our fire stations, but parks as well. Further, he advised that he received the presentation right before the meeting, so he will need time to review it and will provide his questions, concerns and suggestions to the administration thereafter. Commissioner Drosky asked if any ARP funds were used for balancing the budget, and if they were not, when will those projects be provided.

Commissioner Parness said a plan must be put into place to systematically replace these older facilities with a modern one. Thereafter, he commented on the status of some of the fire stations. He spoke in opposition of putting money into repairing older facilities and suggested that staff investigate how Broward County funded their facilities.

Mayor Ganz said many challenges must be addressed before a decision can be made on tearing down a fire station. Thereafter, he commented on replacing the fire station on the beach; whereas, building a new station in that same location may not be possible due to the parcel size and the current building codes. He stated that if the facility were to relocate, where would it go, as it must remain on the island. Further, he commented on recently renovated and repaired facilities that are in disrepair and asked that staff investigate them to assure they are being cared for. He agreed with the presentation not being provided in a timely manner; therefore, he cannot provide a lot of commentary at this time. He did, however, express concerns with the three positions outlined in the organizational chart for the Department of Public Safety. Furthermore, he clarified that one of the reasons the millage rate was lowered was because of the debt services being lowered.

Mr. Santucci said correct.

FY22 PROPOSED BUDGET - CONTINUED

Mayor Ganz asked if the decrease received from the debt service is equal to what the millage rate was lowered and asked for clarification on the ad valorem tax revenue projections.

Mr. Santucci explained that the 5.6% increase is in the ad valorem tax revenue, and the 5.1% increase is in taxable value of properties. Further, he stated that lowering the millage rate is not in direct relation to the debt service millage rate, whereby, the debt service millage rate is a reduction based on increased property values.

Mayor Ganz stated that the City's millage rate is because of the assessed value lagging behind the County's average; nevertheless, he applauded the City's increase. He reiterated that further discussion and clarification is needed regarding the Office of Public Safety. Thereafter, he opened the public hearing.

Gwendolyn Clarke-Reed, 1430 SW 6th Way, Deerfield Beach, said the Office of Public Safety is comprised of tasks the City Manager and other departments were responsible for; however, she is unsure as to how everything will be implemented and agreed that it needs to be reviewed further by all commissioners. She spoke in support of replacing the fire stations but stated that staff must be aware of where the fire stations are placed, as there will be impacts on the services. Thereafter, she requested a copy of the presentation and asked for the proposed millage rate as well as the fire assessment fee.

Mayor Ganz said the FY21 millage rate was 6.3560 and the proposed FY22 millage rate is 6.3125. Further, he said an increase to the fire assessment fee is not being proposed.

Mayor Ganz closed the public hearing.

Vice Mayor Preston agreed that challenges must be addressed, and a strategy must be implemented when developing new fire stations. Thereafter, he commented on his experience at the fire stations when he was a firefighter and said the City must be aware of what is needed, so money is not wasted.

Commissioner Hudak agreed that the City must also be cognizant of the building codes and stated that the fire station on the beach will have to be reconfigured, i.e. raised up due to sea level rise. He spoke in support of the master plan, as it will help save money and time, but said this plan must be started, so we can move to the next phase.

ADJOURNMENT

MOTION was made by Vice Mayor Preston, seconded by Commissioner Hudak, to adjourn the meeting at 9:40 p.m. Voice Vote:

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

Nays: 0

BILL GANZ, MAYOR

Samantha Gillyard, CMC, City Clerk