



City of Pembroke Pines



Frank C. Ortis, Mayor
 Angelo Castillo, Vice Mayor
 Charles F. Dodge, City Manager

Jay Schwartz, Commissioner
 Carl Shechter, Commissioner
 Iris A. Siple, Commissioner

September 30, 2013

Honorable Mayor and Commissioners:

Since the end of the recession in mid-2009 the national economy has expanded modestly according to the Congressional Budget Office. Although unemployment remains high there has been steady improvement in the job market. Consumer confidence has improved leading to increased consumer spending. However this has been tempered by the slow growth in personal income resulting from the high unemployment rate. The latter along with soft commodity prices has kept inflation relatively low. Closer to home, evidence of the improving economy is seen in the year over year growth in revenue from sales taxes and taxable value of real property. Kiplinger and other experts expect the economy, driven primarily by the housing and auto sectors, will continue to expand in 2014.

Effective October 1, 2013, the City's 911 communication system is scheduled to transition to the Broward County's Consolidated Regional E-911 Communications System. The Pembroke Pines facility has been recommended as one of the three regional dispatch centers. The new integrated regional system will promote the health, safety and general welfare throughout Broward County by improving the safety of first responders and persons residing or traveling through Broward County, eliminate call transfers that result in delayed responses, result in significant cost savings and promote efficient and cost effective migration to consolidated new technologies. Removal of the 911 project from the 2013-14 General Fund budget resulted in a \$1.7 million budget savings and a 25 net reduction in City employees.

On October 31, 2013 the City's Water and Wastewater Utility System -including utility billing, customer service, and meter reading services- will be operated and managed by a third party vendor. The City will continue to be responsible for capital improvements, utilities, and payments to the City of Hollywood -under the large User contract- for sewer services east of Flamingo Road. Implementation of this function sourcing results in aggregate budget savings of \$1.2 million with \$0.8 million in the Utility Fund, \$0.2 million in the General Fund and \$0.2 million in the Road and Bridge Fund. This arrangement will affect 27 city positions and 79 contractual positions.

In addition, the City will consider a contract with a third party regarding the operation and maintenance of the City's facilities and buildings. If the contract is approved, the implementation date will be November 1, 2013. The City will still be responsible for capital improvements and providing utilities to the facilities. The associated General Fund budget savings is \$0.5 million and 78 contractual positions will be affected.

The improvements in the economy, the impending transition to the Consolidated Regional E-911 Communications System, and the function sourcing have a positive impact on the budget. Notwithstanding, similar to the current year funding of capital improvements that were delayed over the past few years remain a challenge. The postponement of capital replacement while it enabled us to maintain the same level of services without drawing down on reserves is not a sustainable strategy. The General Fund 2013-14 budget for capital items reflects a \$3.3 million or 116.1% increase over the 2012-13 adopted budget. The Utility Fund \$7.5 million 2013-14 capital budget is \$0.5 million below the 2012-13 adopted budget. The following Budget-In-Brief provides an overview of the main components of the 2013-14 budget and highlights the changes from the 2012-13 adopted budget.

Budget-In-Brief

All Funds

Revenues/Sources:

The 2013-14 adopted revenue budget for all funds (including inter-fund transfers) totals \$350.3 million, an increase of \$11.5 million or 3.4% above the 2012-13 adopted budget. The synopsis below explains the major elements of the change.

Summary of Net Revenue Changes – by Fund

- General Fund - \$6.4 million increase attributable to increases of \$2.4 million in taxes, \$2.4 million in fees, \$1.0 million in intergovernmental revenue, and \$0.9 million in charges for services. These are partially offset by a \$0.3 million reduction in miscellaneous revenues primarily rental of space at the Howard C. Foreman Hospital Campus. Details of these changes are provided in the General Fund section following.
- Fire and Police Pension Trust Fund - \$4.7 million increase which consists of a \$3.7 million net increase in investment income and a \$1.0 million increase in the City's contribution.
- Road and Bridge Fund - \$1.2 million increase is due directly to the franchise fee on sanitation. The new franchisee decreased the charge for service to residential customers by 11.92%, from a monthly rate of \$20.38 to \$17.95.
- General Pension Trust Fund - \$1.6 million decrease in investment income predicated on future market conditions.

All Funds Revenue Comparison - Adopted 2012-13 to 2013-14 (in '\$000)

Revenues/Sources	2012-13	2013-14	Change from	
	Adopted	Adopted	\$	%
General Fund	\$149,762	\$156,163	\$6,400	4.3%
Road & Bridge Fund	4,153	5,355	1,202	28.9%
Utility Fund	43,463	44,236	773	1.8%
Debt Service	26,714	26,892	179	0.7%
Municipal Construction	1,134	388	(746)	-65.8%
Public Insurance Fund	21,297	22,054	757	3.6%
General Pension Trust Fund	18,995	17,425	(1,570)	-8.3%
Fire & Police Pension Trust Fund	56,595	61,340	4,746	8.4%
Other Post-Employment Benefits	13,837	13,302	(535)	-3.9%
All Other Funds	2,897	3,155	258	8.9%
Total Revenue	\$338,847	\$350,310	\$11,464	3.4%

Expenditures/Uses:

The 2013-14 adopted expenditure budget for all funds (including inter-fund transfers) totals \$309.6 million, an increase of \$2.9 million or 1.0% over the 2012-13 adopted budget. The key components of the change are highlighted below:

Summary of Net Expenditure Changes – by Fund

- General Fund - \$2.8 million increase attributable mainly to the increase in appropriations for capital items. Details of the changes are presented in “The General Fund” section following.
- Police and Fire Pension Trust Fund – \$1.5 million increase is due primarily to the \$1.2 million increase in retirement benefits.
- Public Insurance Fund - \$0.8 million increase consisting of \$0.4 million in liability insurance, \$0.3 in workers' compensation, and \$0.1 million in health insurance.
- Utility Fund - \$2.3 million decrease includes reductions of \$1.8 million and \$0.5 million in operating and capital expenses, respectively.

**All Funds Expenditure Comparison - Adopted 2012-13 to 2013-14
(in '\$'000)**

Expenditures/Uses	2012-13	2013-14	Change from	
	Adopted	Adopted	\$	%
General Fund	\$153,386	\$156,163	\$2,777	1.8%
Road & Bridge Fund	5,058	5,355	297	5.9%
Utility Fund	51,651	49,308	(2,343)	-4.5%
Debt Service	26,571	26,686	115	0.4%
Municipal Construction	1,134	-	(1,134)	-100.0%
Public Insurance Fund	21,297	22,054	757	3.6%
General Pension Trust Fund	9,125	9,087	(38)	-0.4%
Fire & Police Pension Trust Fund	27,134	28,680	1,546	5.7%
Other Post-Employment Benefits	8,070	8,070	0	0.0%
All Other Funds	3,242	4,187	945	29.1%
Total Expenditures	\$306,668	\$309,590	\$2,922	1.0%

The General Fund

The General Fund is the City's chief operating fund and accounts for 50.4% of total expenditure appropriations in the adopted 2013-14 budget. The General Fund 2013-14 adopted budget was balanced with estimated budget savings of \$2.5 million. Any shortfall will be covered by the surplus for the fiscal year ending September 2013.

General Fund Revenues

The 2013-14 adopted revenue budget of \$156.2 million is \$6.4 million or 4.3 % greater than the 2012-13 adopted budget. The increase includes mainly \$2.0 million from property taxes, \$1.5 million from fire assessment fees, \$1.1 million privilege fee on sewer services, \$0.9 from sales taxes, \$0.8 from administrative fees, and \$0.6 million from the sanitation franchise. These increases were partially offset by a \$0.7 million reduction in franchise fees electricity. The increase in property tax is tied to the 4.7% appreciation in taxable value. The operating millage rate remains flat at 5.6368 while the debt service millage rate is 0.6408, 0.0308 mills below the current rate. Pembroke Pines property tax on the median residential property is \$588 for the 2013 assessment; of that amount \$528 will be recorded in the General Fund and \$60 in the Debt Service Fund.

The \$1.5 million increase in fire assessment revenue is attributable to a \$0.9 million increase in assessable fire cost and the decision to levy 100% of the cost that can be assessed. These factors result in an increase in the fire assessment rate for residential and two of the non-residential rate categories. In addition there is also a \$0.7 million reduction in revenue needed from other sources to cover fire cost. The table below is a synopsis of the changes to the fire assessment.

Fire Assessment Synopsis

	2012-13 Adopted	2013-14 Adopted	Change
Residential (per unit)	\$ 235.44	\$ 252.71	\$ 17.27
Commercial (per sq. ft.)	0.5205	0.5548	0.0343
Industrial/Warehouse (per sq. ft.)	0.1144	0.1168	0.0024
Institutional (per sq. ft.)	0.5940	0.5722	(0.0218)
Assessable Fire Cost	\$ 25,637,453	\$ 26,543,099	\$ 905,646
Less: Assessable Cost Not Levied	(942,257)	(191)	942,066
Less: Exempt Properties	(3,520,648)	(3,775,948)	(255,300)
Less: Statutory Discount	(1,058,727)	(1,138,348)	(79,621)
Budgeted Fire Assessment Revenue	<u>\$ 20,115,821</u>	<u>\$ 21,628,612</u>	<u>\$ 1,512,791</u>
% of Assessable Cost Levied (inc. exempt)	96.3%	100.0%	

General Fund Expenditures

Expenditure by Function

The 2013-14 expenditure budget (including inter-fund transfers) stands at \$156.2 million with appropriations for public safety representing 65.3% of that amount followed by general government (the administrative departments) at 13.5%. The \$7.3 million increase in appropriations for physical environment and the \$6.8 million decrease for culture-recreation as shown in the table below are mainly the result of the transfer of parks maintenance to the Public Services Department in November 2012. This transition enhanced flexibility in the utilization of maintenance personnel and allowed for better utilization of equipment.

General Fund Expenditure by Function (in \$'000)

Expenditure Function	2012-13 Adopted	2013-14 Adopted	Change
General Government Services	\$22,298	\$21,137	(\$1,160)
Public Safety	98,528	101,956	3,427
Physical Environment	2,953	10,257	7,304
Economic Environment	7,602	7,695	93
Human Services	6,633	6,555	(78)
Culture-Recreation	15,372	8,563	(6,809)
	<u>\$153,386</u>	<u>\$156,163</u>	<u>\$2,777</u>

Expenditure by Category

The 2013-14 expenditure budget is \$2.8 million greater than the 2012-13 adopted budget of \$153.4 million. The largest component of this increase is capital expenditures ensuing from the postponement of capital purchases during the recession. The main components of the \$6.2 million budget for capital items are shown in the table below. The \$1.1 million budget for landscaping provides funding for the replacement of hedges along major arterials that are aging and damaged by the white fly. The budget for computer programs includes mainly replacement of the City Clerk's agenda and minutes management software (Legistar) and deployment of NetMotion Mobility Suite to boost wireless computing.

Compared to the 2012-13 adopted budget, the operating budget for 2013-14 reflects a \$1.2 million or 0.8% decrease, which is the result of appropriating budget saving (reduction to the expenditure) of \$2.5 million. Appropriations for grants and aid show a \$0.6 million or 316.5% increase. The latter is attributable to the \$0.6 million refund to the Federal Emergency Management Agency (FEMA) in connection with Hurricane Wilma.

**Synopsis of General Fund Capital Budget
(in \$'000)**

Description	2012-13 Adopted Budget	2013-14 Adopted Budget	Change
Motor Vehicles (mainly squad cars for the Police Department)	\$ 1,009	\$ 2,317	\$ 1,309
Landscaping	250	1,085	835
Fire Engine & Ambulance	-	870	870
Computer Programs	55	431	377
Micro Computers, Laptops, and Computer Equipment	137	637	500

The Utility Fund

The 2013-14 adopted revenue budget of \$44.2 million is \$0.8 million or 1.8% greater than the adopted 2012-13 budget. The main source of increase is water and sewer revenues of \$0.5 million, which are based on a 1.06% rate increase for inflation effective October 1, 2013. City Ordinance No. 1674 adopted on September 21, 2010, requires water and sewer rates to be adjusted annually using the Consumer Price Index – All urban Consumers for the 12 months ending April of each year.

The \$49.3 million 2013-14 adopted budget for expenses is \$2.3 million or 4.5% below the 2012-13 adopted budget. This decrease is due primarily to net reductions of \$1.8 million and \$0.5 million in the operating and capital budget, respectively. The reduction in the operating budget is tied mainly to the \$1.3 million reduction in water treatment charges from the City of Hollywood and the \$0.8 million reduction associated with function sourcing the utilities operation. These were partially offset by a \$0.7 million increase in administrative fees, an interfund charge. The main components of the \$7.6 million budget for capital items are discussed below.

The budget provides \$1.3 million for equipment including the rehabilitation of two sludge presses and associated equipment as well as \$0.5 million for instillation of a new 30" forcemain on Johnson Street. Sewer treatment rehabilitation which has a budget of \$3.4 million includes funding for completion of treatment units two and five as well as commencing the rehabilitation of the east and west wastewater treatment tanks. An amount of \$1.1 million is for replacement of ten lift stations and upgrade of others. The replacement of 2,500 linear feet of 12" asbestos waterline located immediately north of the water plant and relocation of the utilities administrative offices each have appropriations of \$0.5 million.

**Synopsis of Utility Fund Capital Budget
(in \$'000)**

Description	2012-13 Adopted Budget	2013-14 Proposed Budget	Change
Equipment	\$ 513	\$ 1,272	\$ 760
Sewer treatment rehabilitation	2,550	3,400	850
Lift station	273	1,100	827
Relocation of Utilities Administration Offices	-	500	500
Waterline	500	500	-
Pump	-	204	204

Enhancements to City Services

The structure of our City in the future must reflect our commitment to deliver services through a leaner, more efficient workforce and to apply the latest technology in ways that enhance quality and emphasize cost effectiveness. The Mayor and the City Commission provide the vision needed to guide the City through the challenges it will face in the coming year. This strategic vision incorporates all aspects of the City, including its governmental services and community amenities in a plan that focuses on maintaining and improving the quality of life in Pembroke Pines as a premier residential community where people desire to live. The major components of this plan that are currently being addressed are as follows:

1. To protect life and property. The budget provides funding for seven additional School Resource Officers (SROs) to ensure each Elementary School in Pembroke Pine is assigned a full-time SRO. Funding is also provided for specialized training and the procurement of state-of-the-art equipment for the Police Department's Crime Scene Unit to bolster its investigation capabilities.
2. To boost economic development. The scope and direction of the City's role as it relates to economic development will be defined in an economic development strategic plan.
3. To continue to provide recreation and leisure amenities to meet the needs of all citizens. The City will continue the construction of additional practice fields at the West Pines Soccer Park. This project is authorized under the General Obligation Bond referendum.
4. To restructure the ways in which we provide services to the public by modernizing our technology and adopting more flexible policies to improve customer satisfaction. Among the technology improvements planned is replacement of the existing agenda management software with a new web based application that will increase transparency by being much easier for the public to access.

Accomplishments

During the course of the year the City implemented various expansions and upgrades to its facilities and infrastructure in an effort not only to maintain but also to enhance the municipal services provided to its residents. In this regard a number of road work projects were completed. Several roads were resurfaced: NW 79 Way – Johnson Street to NW 13 Street, NW 10 Street – NW 78 Terrace to NW 79 Way, NW 11 Street – NW 78 Terrace to NW 79 Way, NW 13 Street - NW 76 Avenue to University Drive, Hiatus Road from Taft Street to Sheridan Street, and the roads at Children's Harbor. A new sidewalk, on Taft Street from the entrance to Cedarwoods to Ben Fiorendino Park, and pedestrian ramps at various locations throughout the City were constructed.

Additionally, rehabilitation of wastewater treatment unit four was completed and the construction work on the rehabilitation of wastewater treatment units three and two number are scheduled to be completed in October 2013 and January 2014, respectively. Eight lift stations were replaced and the plans and permits for the replacement of waterlines on: NW 79 Way - Johnson Street to NW 13 Street, NW 10 Street - NW 78 Terrace to NW 79 Way, NW 11 Street - NW 78 Terrace to NW 79 Way, and NW 13 Street - NW 76 Avenue to University Drive were completed. The construction and inspection of these waterlines is scheduled to be completed in November 2013. Further, renovation and maintenance of recreational facilities were also undertaken and consisted of the resurfacing of six hard tennis courts at Silver Lakes Park - South and the planting of trees at the City's parks.

Apart from these improvements to the physical infrastructure technological enhancements to customer service were also implemented. These included the deployment of: 22 point of sale (POS) terminals throughout the City that allow customers to pay their bills using credit and debit cards, the See, Click, Fix with automated resident service request workflows and City-branded applications in iTunes and Google play store, and a redesigned webpage that will improve access to government resources through better navigation and functionality is slated for a September 2013, release. Plans for future technology advancement include the use of voice over the internet protocol (VOIP) and implementation of two data centers connecting all City facilities through the use of fiber optics. Each data center will be a mirror image of the other, thus providing continued computer services even during a disaster. Both will increase effectiveness and efficiency.

In addition to these improvements, the community also benefited from \$1.7 million in disbursements from the Housing and Urban Development (HUD) grants. These disbursements comprised mainly of: \$1.0 million for residential rehabilitation benefiting 25 households and \$0.2 million for the purchase of foreclosed properties (benefiting six households). Six households also received \$0.2 million from the State Housing Initiative Program grant to assist with home repairs. Funding from a Broward County grant facilitated the increase of the participant age to 22 for the Special Population Summer Camp. All households benefited directly from lower sanitation rates as a result of the implementation of the new contract in June 2013.

Conclusion

City administration is committed to finding solutions to the General Fund budgetary gap. It will continue to reevaluate the mode of service delivery to achieve efficiencies, readjust priorities as needed, and search for ways to enhance revenues in order to fund capital replacements without compromising the quality and level of service. The prospect of achieving this goal is encouraging. The development of City Center is gaining momentum and other residential and commercial developments are underway. Although this is in large part due to the improvements in the real estate market it also bears testament to the fact that our City is a premier community with excellent services. These new developments will have a net positive impact on future. The utilization of existing capacity and the efficiencies of economies of scale will also contribute to the positive financial impact.

Sincerely,



Charles F. Dodge
City Manager

CFD/lw