



MEMORANDUM

TO: Mayor and City Commissioners

FROM: Lisa M. Herrmann, Budget Officer

THROUGH: David T. Harden, City Manager

DATE: February 16, 2012

SUBJECT: AGENDA ITEM 9.F. - MEETING OF FEBRUARY 21, 2012
RESOLUTION NO. 10-12 BUDGET AMENDMENT

ITEM BEFORE COMMISSION

The Commission is requested to consider Resolution No. 10-12 which amends the FY 2011-12 budget.

BACKGROUND

This is the Mid Year Budget Amendment for FY 2011-12 (back up attached). After the decision was made to not implement a Fire Service Fee for Fiscal 2012, staff felt that it would be best to go ahead and do our mid-year budget amendment early this year.

The Commission directed that up to \$1,400,000 could be taken from undesignated fund balance to help offset the \$3,200,000 reduction in revenue resulting from deletion of the Fire Service Fee revenue. The attached budget amendment uses only \$1,000,000 from fund balance to rebalance our budget. In addition to absorbing the \$3,200,000 revenue reduction, we also are adding over \$100,000 in additional expenses to unfreeze an attorney's position in the City Attorneys Office, add staff in Code Enforcement and retain experts for testimony, all in support of adopting and enforcing the newly amended ordinances relating to regulation of transient housing. Fortunately, building permit revenue is coming in much better than originally projected, and is a major factor in enabling us to make these adjustment without using more of our fund balance.

RECOMMENDATION

Recommend approval of Resolution No. 10-12 amending the FY 2011-12 budget.

RESOLUTION NO. 10-12

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DELRAY BEACH, FLORIDA, AMENDING RESOLUTION NO. 42-11 ADOPTED SEPTEMBER 20, 2011 WHICH MADE APPROPRIATIONS OF SUMS OF MONEY FOR ALL NECESSARY EXPENDITURES OF THE CITY OF DELRAY BEACH, FLORIDA, FOR THE FISCAL YEAR 2011/2012, BY SETTING FORTH THE ANTICIPATED REVENUES AND EXPENDITURES FOR THE OPERATING FUNDS OF THE CITY FOR THE FISCAL YEAR 2011/2012; REPEALING ALL RESOLUTIONS INCONSISTENT HEREWITH.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DELRAY BEACH, FLORIDA, AS FOLLOWS:

Section 1. That Section 1 of Resolution No. 42-11 adopted by the City Commission of the City of Delray Beach, Florida, on September 20, 2011, is hereby repealed, and a new Section 1 is enacted and amended to read as follows:

That the following sums of money, attached hereto and marked Exhibit "A", are hereby appropriated upon the terms and conditions herein set forth.

Section 2. That, subject to the qualifications contained in this resolution, all appropriations made out of the General Fund are declared to be maximum, conditional and proportionate appropriations, the purpose being to make the appropriations payable in full in the amounts herein named if necessary and then only in the event the aggregate revenues collected and other resources available during the period commencing the 1st day of October, 2011, and ending the 30th day of September, 2012, for which the appropriations are made, are sufficient to pay all the appropriations in full. Otherwise, said appropriations shall be deemed to be payable in such proportion as the total sum of realized revenue of the General Fund is to the total amount of revenues estimated by the City Commission to be available in the period commencing the 1st day of October, 2011, and ending the 30th day of September, 2012.

Section 3. That all balances of the appropriations payable out of the General Fund of the City Treasury unencumbered at the close of business on the 30th day of September, 2011, except as otherwise provided for, are hereby declared to be lapsed into the City Treasury and may be used for the payment of the appropriations which may be made in any appropriation for the fiscal year commencing the 1st day of October, 2011. However, nothing in this section shall be construed to be applicable to unencumbered balances remaining to the credit of the Water and Sewer Fund, Sanitation Fund or any Fund created by the setting up of special revenue, but such balances shall be used in financing the proposed expenditures of these Funds for the fiscal year commencing the 1st day of October, 2011.

Section 4. That no department, bureau, agency or individual receiving appropriations under the provisions of this resolution shall exceed the amount of its appropriation, except with the consent and approval of the City Commission first obtained. If such department, bureau, agency or individual shall exceed the amount of its appropriation without such consent and approval of the City Commission, the administrative officer or individual, in the discretion of the City Commission, may be deemed guilty of neglect of official duty and may be subject to removal therefor.

Section 5. That nothing in this resolution shall be construed as authorizing any reduction to be made in the amounts appropriated in this resolution for the payment of interest on, or retirement of, the debt of the City of Delray Beach, Florida.

Section 6. That none of the monies enumerated in this resolution in connection with the General Fund, Water and Sewer Fund, Sanitation Fund or any other Fund of the City shall be expended for any purposes other than those for which they are appropriated, and it shall be the duty of the Budget Officer and/or Finance Director to report known violations of this section to the City Manager.

Section 7. That all monies collected by any department, bureau, agency or individual of the City government shall be paid promptly into the City Treasury.

Section 8. That the foregoing budget is hereby adopted as the official budget of the City of Delray Beach, Florida, for the aforesaid period. However, the restrictions with respect to the expenditures/expenses of the funds appropriated shall apply only to the lump sum amounts for classes of expenditures/expenses which have been included in this resolution.

Section 9. That public hearings were held on the tax levy and the budget on September 6, 2011, and September 20, 2011.

Section 10. That this resolution shall become effective immediately upon passage.

PASSED AND ADOPTED in regular session on this the 21st day of February, 2011.

M A Y O R

ATTEST:

City Clerk

Exhibit A
Budget Summary As Amended

	General Fund Amended FY 11/12	DOWNTOWN DEVELOPMENT FUND	ENTERPRISE FUNDS	SPECIAL REVENUE FUNDS	TOTAL	
CASH BALANCES BROUGHT FORWARD	1,240,648		5,072,260	436,799	6,749,707	
ESTIMATED REVENUES:						
TAXES						
	Millages					
AD VALOREM TAXES	7.1900	42,271,945	0	0	42,271,945	
AD VALOREM TAXES	0.6133	3,574,055	0	0	3,574,055	
AD VALOREM-DELINQUENT		500,000	0	0	500,000	
AD VALOREM - DDA	1.0000	0	477,520	0	477,520	
Sales & Use Taxes		1,295,000	0	0	1,295,000	
Utility Taxes		4,980,000	0	0	4,980,000	
Other Taxes		4,390,000	0	0	4,390,000	
Franchise, Licenses & Permits		8,451,650	0	800	8,452,450	
Intergovernmental		6,688,628	0	182,550	9,426,285	
Charges for Services		9,814,480	0	43,436,050	53,250,530	
Fines & Forfeitures		1,024,500	0	0	1,159,000	
Miscellaneous Revenues		5,698,885	35,000	82,650	6,694,115	
Other Financing Sources		3,818,590	0	103,000	4,936,210	
TOTAL REVENUES AND OTHER FINANCING SOURCES		92,507,733	512,520	43,805,050	4,581,807	141,407,110
TOTAL ESTIMATED REVENUES AND BALANCES		93,748,381	512,520	48,877,310	5,018,606	148,156,817
EXPENDITURES/EXPENSES:						
General Government Services		8,879,455	0	0	301,150	9,180,605
Public Safety		51,946,590	0	0	662,769	52,609,359
Physical Environment		565,703	0	31,591,840	0	32,157,543
Transportation		3,220,110	0	0	126,826	3,346,936
Economic Environment		6,515,639	509,232	0	2,331,166	9,356,037
Human Services		59,750	0	0	0	59,750
Culture & Recreation		14,032,310	0	3,578,300	899,150	18,509,760
Debt Service		5,644,910	0	6,838,840	0	12,483,750
Other Financing Uses		2,835,470	0	6,120,650	0	8,956,120
TOTAL EXPENDITURES/EXPENSES		93,699,937	509,232	48,129,630	4,321,061	146,659,860
Reserves		48,444	3,288	747,680	697,545	1,496,957
TOTAL EXPENDITURES AND RESERVES		93,748,381	512,520	48,877,310	5,018,606	148,156,817

The General Fund Budget as of the four month period ending January 31, 2012 totaled \$93,491,918. Adjustments of \$256,643 were made for an amended total of \$93,748,561.

The total adjustment amount was amended on 2/21/12 from \$151,463 to \$256,643 to reflect a change made by the City Commission.

Surplus Brought Forward

Surplus brought forward was increased by \$1,000,000. This represents an amount which is needed to balance this current year's budget.

This was increased by the City Commission to \$1,105,000.

Ad Valorem Tax Revenue

A total of \$35,556,250 or 78% of the budget was collected for this revenue category. The City can expect a surplus of \$485,270. This is based on expected surplus balances of \$385,270 for current ad valorem taxes and delinquent taxes totaling \$100,000.

Sales and Use Taxes

Sales and Use Taxes totaled \$411,401 or 31% of the budget. The City can expect a shortfall of \$15,000 at fiscal year end.

Franchise Taxes

The City has collected \$1,723,117 or 36% of the budget for this category. The City can expect a shortfall of \$30,000 due to a projected shortfall in franchise fees based on gas.

Utility Taxes

Utility Tax revenues totaled \$1,764,944 or 36% of the budget. The City can expect a surplus of \$130,000 at fiscal year-end based on a projected surplus in utility taxes based on electric.

Fire Assessment Fees – Franchise fees are at a negative \$21,928 or a negative 1% due to expenses relative to the implementation of the Fire Assessment Fee. The City can expect a shortfall of \$3,200,000 at fiscal year-end due to the fact that the proposed fire assessment fee was not passed.

Other Taxes

The communication service tax (CST) revenue collections totaled \$1,215,891 or 32% of the budget. The City can anticipate a shortfall of \$75,000 due to communication services taxes coming in less than anticipated.

Licenses

License revenues totaled \$651,370 or 85% of the budget. The City can expect to be at budget at fiscal year end.

Permit Revenues

Permit revenues totaled \$2,390,646 or 88% of the budget. The City can expect a surplus of \$958,550 at fiscal year end. The revenue collection is up 122% from the prior year. Notable surplus balances are as follows: general building permits (\$800,000), air conditioning permits (\$80,000), paving permits (\$30,000), tenant landlord permits (\$75,000), landscape permits (\$25,000), and foundation only permits (\$5,000). Notable shortfalls are as follows: electrical (\$30,000), shutter permits (\$10,000) and no final inspection fees (\$10,000),

Intergovernmental Revenues

Intergovernmental revenues are at \$1,929,221 or 31% of the budget. The City can anticipate a surplus of \$431,418 at fiscal year end. This is due to estimated surplus balances in State Homeland Grants (\$177,915), JAG grant (\$53,503) and the FDOT shuttle grant (\$300,000) offset by an estimated shortfall in sales tax revenue (\$100,000).

Charges for Services

Charges for Services totaled \$3,350,327 or 34% of the budget. The City can expect a shortfall of \$126,690 at fiscal year-end. Notable shortfalls are as follows: fire EMS –Gulfstream (\$55,410), transport fees (\$200,000), alarm registrations (\$225,250) and a/r nuisance abatement (\$10,000). Notable surplus balances are as follows: certification/copies (\$40,000), Gulfstream permits (\$360,000) and fire safety plan review (\$18,000).

Fines and Forfeitures

Fines and Forfeitures totaled \$345,669 or 37% of the budget. The City can expect a surplus of \$91,000 at fiscal year-end due to estimated surplus balances in general fines (\$5,000), parking fines (\$10,000), penalties on advalorem (\$86,000), false alarm fees (\$5,000) and parking late fees (\$10,000). This is offset by estimated shortfalls in handicap parking fines (\$20,000), and \$12.50 fines (\$5,000).

Interfund Transfers

Interfund Transfers are at \$5,167 or 33% of the budget. The City can expect a surplus of \$490,630 which is due to transfers coming in from the Special Projects Fund (\$123,130) and the 2004 GO Fund (\$371,000) offset by a transfer reduction from utility tax debt service savings (\$1,000). It should be noted that there is a direct offset associated with the 2004 GO transfer.

Contribution from Other Funds

Contributions from Other Funds are at \$1,104,153 or 33% of the budget. The City can expect to be at budget at fiscal year end.

Recovery of Administrative Costs

Recovery of Administrative Costs is at \$835,000 or 33% of the budget. The City can expect to be at budget at fiscal year end.

Miscellaneous Revenue

Miscellaneous revenues totaled \$1,066,504 or 33% of the budget. The City can expect a surplus of \$11,285 at fiscal year-end which is primarily due to estimated shortfalls in interest on investments (\$25,000), interest on accounts receivable (\$6,500), Family Center reimbursement (\$20,000) as well as the CRA reimbursement/review planner revenue (\$75,510). This shortfall will be offset by estimated surplus balances in the CRA reimbursement/shuttle revenue (\$94,670), various rebates (\$16,625) as well as miscellaneous revenue (\$35,000).

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General Fund Expenditures

The General Fund expenditures total \$33,211,474 or 35.5% of the proposed amended budget of \$93,643,381 at 33.3% of the budget year lapsed. The departmental adjustments overall total an increase of \$151,463. A brief justification of departmental adjustments is as follows:

The Budget Amendment was amended by the City Commission at their meeting on February 22, 2012 to make the overall increase to the general fund \$256,463 and a new general fund total of \$93,748,381.

General Government Services

This category includes the legislative and administrative departments of the City and the miscellaneous division. The increase in General Government expenditures totals \$36,355.

The City Commission's budget is decreasing \$21,900. There is an adjustment to health insurance for Commissioners who have opted not to receive the City's insurance (\$16,000) and reductions in other lines items such as Travel/Training/Education accounts (\$4,900) and refreshments for meetings (\$1,000).

The City Manager's budget is decreasing \$11,590 as a result of a return of one third term pay for an employee who is putting off retirement until the next fiscal year.

The Human Resources' Department's decrease of \$1,760 is due to reductions in the Other Contractual Services (\$360) and Special Events (\$1,400) accounts.

City Clerk has no adjustments.

The IT division's increase of \$10,000 is due to needed funds for a consultant for the operating system upgrade taking place this fiscal year.

The Public Information Department's decrease of \$18,690 is due to reductions in other contractual services (\$4,500), Travel/Training/Education (\$830), Other Repair and Maintenance (\$2,000) and Printing (\$11,360) due to the deletion of future News for Neighborhoods and Hometown Connection editions.

The Finance Administration's increase of \$19,825 is due to an employee suggestion award which has a revenue offset (\$16,625) and an increase in tuition reimbursement (\$3,200) for the final semesters of the Accounting Specialist's bachelors' degree.

The City Attorney's budget will increase by \$29,070 for costs associated with filling the currently frozen Assistant City Attorney I position on June 1.

Administrative Services' decrease of \$1,000 covers increases in electricity (\$4,500) and irrigation water (\$1,500) and decreases in telephones (\$6,500) and water and sewer (\$500).

The Planning and Zoning Department's budget will increase by \$11,500 for additional expert testimony that will be needed this fiscal year.

Engineering has no adjustments.

Building Maintenance's decrease of \$1,100 is due to reductions in subscriptions (\$100), memberships (\$600) and training/education costs (\$400).

The miscellaneous expenses in the general government services function is increasing \$22,000 in Other Professional Services to cover costs associated with the presentation of the Fire Assessment Fee.

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Cultural and Recreation

This category includes the Parks and Recreation Department, the Old School Square Grant and Library and miscellaneous cultural and recreational grants. The decrease in this category is \$81,730.

The Parks and Recreation Department's decrease is \$65,230. The reductions to this department are in salary lines from vacant positions (\$34,870), tuition reimbursement (\$1,360), irrigation water due to change to reclaimed water (\$25,000) and various equipment and supplies accounts (\$4,000).

The Tennis Operations Department's net decrease of \$16,500 is due to decreased costs for two tournaments (\$6,500), other professional services (\$5,000) and building maintenance which will be postponed until next fiscal year (\$5,000).

Public Safety

This category includes the Police and Fire Departments and Community Improvement. The Department budgets in this category represent 55% of the general fund budget total. The increase in the Public Safety budget category equals \$176,525.

The Police Department is 32% expended at 33.3% budget period lapsed of the adjusted budget. The total Police budget will decrease \$451,780. Reductions are made for vacant positions (\$476,330), the reduction of two paid holidays for lieutenants (\$8,980), furniture (\$8,840), a vehicle for the Crime Scene Unit (\$12,090), a remote operated vehicle for underwater searches (\$8,000) and equipment (\$7,000). Increases were made to salaries for the raises given to lieutenants (\$53,740) and the amount needed for actual retiree health trust payment (\$15,720).

The Fire Department's budget increase of \$563,325 includes reductions for adjustments to salaries and benefits for vacant positions (\$185,310), the deletion of a part time Plan Reviewer in Fire Safety (\$18,400), equipment (\$38,000), building maintenance projects to be postponed to next fiscal year (\$44,000) and uniforms coming in at a lower cost than anticipated (\$5,000). Increases in the department are the costs for four new paramedics to fully staff Station 2 hired in November (\$288,140) which has a grant revenue offset, additional needed for actual payment for retiree health trust (\$27,280), a Fire and Life Safety Plan Reviewer hired full time with cost split between Fire Safety and Building Inspection (\$18,030), additional overtime needed to cover vacancies for the remainder of the year (\$342,670) and expenses related to grants that have a revenue offset (\$177,915).

The Community Improvement budget shows an increase of \$64,980 due to the addition of a Fire and Life Safety Plan Reviewer with cost split with Fire Safety (\$12,010), a Code Enforcement Officer, Administrative Assistant and Part Time Rental Housing Inspector for the Landlord permit program (\$59,830) for the remainder of the year and additional funds needed for supplies and postage (\$6,500). This was partially offset by reductions in salaries for a vacant position (\$13,360).

Physical Environment

This category which consists of Public Works Administration and the Cemetery reflects a decrease of \$240. This includes only a decrease in Public Works Administration's membership costs.

Transportation

This category includes the Public Works Department. The department has four divisions, Streets, Traffic Operations, Parking, and Street Lighting. There is net departmental increase of \$337,000. Reductions were made in travel and training/education (\$5,630), equipment (\$10,000), other contractual services (\$4,000), building maintenance (\$10,000), building materials (\$200) and memberships (\$200). Increases were made for a part time electrician

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funded by the CRA (\$17,030) and to budget the expense related to additional grant funding for the Shuttle Bus program from the CRA and FDOT (\$350,000).

Economic Environment

This category is not changing.

Debt Service

There is an increase to this function in the amount of \$332,030 due to the adjustment in the payment for the Public Safety hardware/software from twelve months to nine (reduction of \$33,970), interest coming in less than anticipated (reduction of \$5,000) and using bond proceeds to pay down debt (increase of \$371,000) that has a revenue offset.

Transfers

There is a decrease in this category of \$639,610 due to a decrease in the transfer to the general construction fund of \$645,910 (specific projects identified in the General Construction fund summary) and a transfer to the Special Projects Fund in the amount of \$6,300 for the Centennial Event approved by Commission on September 13, 2011.

The City Commission amended this section to decrease the transfer to the general construction fund by \$534,610 instead of \$639,610 originally submitted.

Reserves

\$8,867 currently in the Manager's Contingency was used to help balance this amendment.

Other Funds

ARRA Economic Stimulus Fund

This fund will increase \$400,730 overall. Grant balances are being rolled forward and distributed for the DOJ Cops Hiring Grant (\$53,040), Transit Capital Assistance Grant (\$46,540), Energy Efficiency and Conservation Grant (\$171,480) and Local Energy Assurance Plan (\$129,670).

Law Enforcement Trust Fund

No changes or adjustment to this fund.

Special Projects Fund

This fund will increase \$7,718 overall. The increase is the Bulletproof Vest Grants (\$5,418) and transfer from the general fund for the Centennial Event (\$6,300) with a decrease in a transfer from the general construction for the public arts due to projects being deferred (\$4,000). A transfer to the general fund of the current project reserve for the public arts program of \$123,130 is being added.

Neighborhood Services Fund

Fiscal Year 2010/11 balances for CDBG, Neighborhood Housing, SHIP, Hope III, Disaster Recovery Initiative programs, Neighborhood Stabilization, Neighborhood Improvements and FEMA were brought forward. Total brought forward is \$984,280. Also included are changes to SHIP and FEMA in a decrease of \$13,996 from budgeted to actual grant amount. The overall increase for this fund is \$970,284.

Beautification Trust Fund

This fund will increase \$23,000 overall for a CRA grant for beautification of MLK area landscaping.

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Beach Restoration Fund

No changes or adjustment to this fund.

General Construction Fund

This fund will decrease \$645,910 overall. Reductions are being made in the following projects: Beach Pavilion replacement (\$210,450), building maintenance (\$50,000), City Hall chiller upgrade (\$50,000), computer replacement (\$67,710), data cabling and switches (\$55,000), neighborhood enhancements (\$20,000), Parks Master Plan update (\$35,000), Police computer room relocation (\$47,000), street resurfacing (\$106,750) and a transfer to public arts (\$4,000).

The City Commission changed the decrease in the Beach Pavilion project to \$105,450 from the \$210,450 originally submitted.

2004 GO Bond

No changes or adjustment to this fund.

City Marina Fund

No changes or adjustment to this fund.

Sanitation Fund

No changes or adjustment to this fund.

Water and Sewer Fund

No changes or adjustment to this fund.

Water and Sewer Renewal and Replacement Fund

No changes or adjustments to this fund.

Municipal Golf Course

No changes or adjustments to this fund.

Lakeview Golf Course

No changes or adjustment to this fund.

Stormwater Utility Fund

No changes or adjustment to this fund.

Garage Fund

No changes or adjustment to this fund.

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Insurance Fund

This fund will increase \$400 overall. There will be \$400 transferred in from divisions that are adding positions at mid year for the increase in life insurance premiums. In addition, \$80,000 is being transferred from a reduction in claims cost for prescriptions to fund additional costs for general operating supplies in the Wellness Center (\$23,000) and health claims handling costs for a project for the re-pricing of prescriptions with Cigna Insurance (\$57,000).