NOTICE

There will be a Special Meeting of the City Council of the City of Port St. Lucie on August 15, 2016, at 9:00 a.m., at Port St. Lucie City Hall, 121 SW Port St. Lucie Boulevard, Port St. Lucie, Florida.

AGENDA

1. **MEETING CALLED TO ORDER**
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE**
4. **PUBLIC TO BE HEARD**
5. **DISCUSSION OF THE PROPOSED FY 2016-2017 BUDGET**
6. **ADJOURN**

NOTICE: No stenographic record by a certified court reporter will be made of the foregoing meeting. Accordingly, any person who may seek to appeal any decision involving the matters noticed herein will be responsible for making a verbatim record of the testimony and evidence at said meeting upon which any appeal is to be based.

NOTICE: Public and Press are invited to review all the backup for Council Meetings. Copies are available in the City Clerk's Office and the Communication Department on Thursday, Friday, and Monday before Council Meetings. On Meeting dates, a copy of backup material is available in the Reception Area for public review. PLEASE LEAVE THE AGENDA BACKUP MATERIAL IN GOOD ORDER FOR OTHERS TO REVIEW.

NOTICE: Anyone wishing to speak during Public to be Heard is asked to fill out a yellow Participation Card and submit it to the City Clerk. Anyone wishing to speak on any Agenda Item is asked to fill out a green Participation Card and submit it to the City Clerk. Participation Cards are available on the lectern in Council Chambers, at the Reception Desk in City Hall lobby, and in the City Clerk's Office.

AS A COURTESY TO THE PEOPLE RECORDING THE MEETING, PLEASE SET ALL CELL PHONES TO SILENCE.

TO: Mayor and City Council Members
FROM: Jeff Bremer, City Manager
DATE: August 10, 2016

RE: 2016-2017 Proposed Budget Revisions

On Thursday, July 21, 2016 at the Summer Retreat, City Council directed staff to prepare revisions to the proposed 2016-2017 budget. These revisions are based on a reduced millage rate of 6.5000 mills (a .1289 mill decrease) and an examination of the General Fund balance with an eye on reducing the General Fund balance to 17%.

Staff has reviewed this direction and has prepared the attached information for your review and consideration. A complete presentation will be made at the scheduled special meeting on August 15, 2016.

Before I present a summary of what has been provided, and while there is strong regard about not discussing the City's failed economic investments, I believe it is important to understand why we are where we are and the impact it has had on this organization as a whole.

So that I do not become overly redundant, the best document to refer to that addresses why we are where we are is my June 26, 2015 memorandum that was provided as a primer for the 2015-2016 budget discussions. This memo provides the details of the impact of the failed economic investments and their overall effect on the organization, particularly the General Fund. In that memo, I provided a chart on page 5 that shows the impact to the General Fund from these failures totaling $12,786,136. That number has been reduced to approximately $10.8 million in the 2016-2017 General Fund budget. At $10.8 million, we are spending the equivalent of 1.4306 mills on these failures. This number should not go unnoticed, or be summarily dismissed, for without these FEI's this organization would not have had to increase the millage rate in 2015 and could have used this $10.8 million to more fully advance our Strategic Plan, increase our staffing levels as the city continues to grow, keep pace with increasing demands for more and better services and generally move our organization further forward than we are today.

In the following sections I will discuss the idea of reducing our General Fund balance from roughly 38% to 17% and how staff will address the reduction in revenue as a result of reducing the millage rate by .1289 mills. The views and recommendations are based on a consensus of the senior staff members who contributed greatly to this effort.

GENERAL FUND BALANCE REDUCTION:

General direction was given to staff to consider reducing the total General Fund balance from its current of $25,780,561 to 17%, or $13,030,112. I believe that everyone was a little surprised that in one fell swoop we would consider reducing our reserves by over $12 million dollars.

Before we move into the actual discussion of the General Fund Balance, we are providing you with a recommendation on the use of the Digital Domain Settlement funds of approximately $3.1 million, which does fit into what I consider a true use of one time unanticipated revenues. Since the settlement funds from the actions against Digital Domain are truly additional funds that were not anticipated, staff is recommending that we use these funds for the following purposes:

1. Use $1,238,695 to retire the 2004 COP bonds. This will produce a savings of $52,000 for the next 3 years, increasing to $142,163 in September of 2020 and finally increasing to $413,450 +/- in March of 2021.
2. Use $1.5 million for the eventual construction of the Westmoreland Boardwalk extension that will connect up with the Veteran's Rivergate Park. If this is not acceptable then we would recommend that this amount be used to address maintenance needs in Parks and Recreation and at the Civic Center.
3. Use the remaining $361,305 to cover the urgent, necessary and most of the one year maintenance projects for the Civic Center. This would reduce the General Fund capital investment as found on Page v of my budget message.

Using the above funds as recommended above addresses several areas that have been discussed recently, or have been on the books for many years. It addresses our debt, provides for advancing a project that will benefit the community as a whole and provides additional funding for our increasing maintenance needs.

Now for the more difficult conversation about reducing our General Fund balance to 17%. To begin the conversation, Staff has reviewed this possibility and is recommending against this action as will be discussed below and provided in a PowerPoint presentation at the August 15th Special meeting.

In order to provide a detailed explanation of a fund balance policy, Staff began by reviewing the presentation that was given by OMB at the February 2014 Winter Retreat. This presentation is included as Tab #1 in this document. The relevant information in this PowerPoint is found in the second slide on Page 2. Tab #2 is the current PowerPoint that advances the discussion of the appropriate level of General Fund balance and the criteria that should be considered. You will find that a fund balance is not entirely based on the GFOA recommendation of 16.666%, which represents two months of operating expenditures. And from a historical perspective, this City has always exceeded the GFOA minimum as well as any stated reserve found in each fiscal year budget. Tab #3 provides a spreadsheet that looks at the actual General Fund balance in relationship to the reserve policy.

The GFOA recommendation should be considered the minimum amount necessary to carry the City into the new fiscal year to pay for budgeted expenditures until the first significant tax revenues are received in December. Moving beyond this 17% is a function of assessing risk and while the OMB presentation at the February, 2014 Winter Retreat considered risk, it did not put a number to it. The PowerPoint presentation under Tab#2 places a number on a complete fund balance policy that includes an examination of the risks particularly associated with the City of Port St. Lucie and concludes that our current level of 38% is probably not sufficient.

Staff did, however, look at the concept of using $11,148,142 to pay down on GO debt and found that savings would only be $490,000, or the equivalent of .06 mills of the millage rate dedicated to the debt service for the Crosstown Parkway project. Paying down this amount on our overall debt of $888,412,230 will only reduce the debt level by .0125% and does not make financial sense to your senior staff when we would be cutting our General Fund balance by nearly 44%.

In addition to the above, we looked at other top ten communities by population to see where their General Fund balances are. Tab #4 provides this information. Communities reviewed are; Martin County (28.4%); St. Lucie County (38.2%); Indian River County (59.3%); Stuart (56.4%); Cape Coral (44.8%); Fort Lauderdale (27.1%); St. Petersburg (28.9%), and; Orlando (25%). Tallahassee has a fund balance policy that is provided in this review. The average of the 8 communities is 38.5125%. Each of the listed communities have General Fund balances in excess of their policy, as does ours. And maybe just as a coincidence, our General Balance as of 9/30/2015 is 38.36%. To me this may be a lesson learned from the effects of the Great Recession that suggests that the stronger a fund balance the more prepared they are for future downturns in the economy, or acts of God.

Tab #5 provides articles that are on point with respect to factors that should be considered when determining the appropriate size of reserves.

Tab #6 is the rating agencies view of the City's financial condition and sees as a strength the level of our General Fund reserves. Rating decisions were made based on this as well as associated risks, which in some cases were viewed as a credit negative for the City.

If all of the above information does not persuade you against such a drastic action of reducing the General Fund balance by nearly 44%, then I would recommend an annual review at each Winter Retreat of the General Fund balance based on review of the risk inherent to this City. If, based on the results of this examination, the City's risk falls and the available fund balance can be reduced, then these excess funds could be used for one time expenditures that will advance our organization. Even a systematic drawdown based on annual reviews would be much more financially prudent than a onetime huge drawdown our reserves.

From a professional perspective, everything in my more than 37 years in this profession tells me that cutting our fund balance by nearly 44% in one fell swoop is not financially prudent, the benefit will not outweigh the cost and could very well come back to haunt us in the future. The sense of urgency surrounding this idea should be tempered by our history. The urgency to change our economy led to expenditures that have harmed this city and the lasting impacts will run for decades. Setting a fund balance at the minimum of 17% gives no quarters to risks that go beyond those that have been identified in the PowerPoint under Tab #2, such as a recession that stifles or reduces increases in taxable values and the corresponding decreases that recessions produce such as lower sales tax, gas tax and utility taxes. While I do not believe that we will see a recession on the scale of the Great Recession, even a mild one with drops in revenue will likely produce a deficit where expenses outstrip revenues. At the minimum level of 17%, any deficit will force the General Fund balance to drop below the 17% level and would very likely result in service level drops as well as additional negative effects on our credit ratings. This is a scenario that we should all avoid. To me maintaining the current level of General Fund balance, and even considering increasing this level pursuant to the review of our risk under Tab #2 is prudent and advisable.

This concludes the section relative to the General Fund balance. In the next section we will discuss the changes necessary to comply with the .1289 mill decrease and what it would look like to go any deeper.

BUDGET REDUCTIONS:

This section of the budget provides staff's recommendations to comply with the millage reduction as approved at the Summer, 2016 Retreat. The first part of this section provides the reductions necessary to meet the required $972,668 General Fund reductions to meet the .1298 mill reduction. The section part of this section provides additional reductions that go beyond the .1298 threshold.

The following represents the ideas to reach the first threshold of a .1289 mill decrease.

1. $52,163 reduction in expenditures due to the savings associated with the payoff of the 2004 COP.
2. $440,597 reductions in expenditures due to the very favorable refunding of the CRA debt.

3. $2,000 elimination for a computer and desk for the Business Navigator position. (Number 3 under Expanded Operating and Capital Investments found on Page v of my budget message).
4. $361,305 in Digital Domain Settlement money towards the urgent, necessary and 1 year maintenance items at the Civic Center. This reduces Number 9 under Expanded Operating and Capital Investments found on Page v of my budget message).
5. $50,000 elimination of tuition reimbursement. (Number 8 under Expanded Operating and Capital Investments found on Page v of my budget message).
6. $67,663 elimination of vacant staff position in City Council office.

The total amount of reductions from the above 6 items is $973,728 and is slightly more than the $972,668 target and meets the required .1298 mill reduction.

The following section looks at providing additional reductions to move beyond the .1298 mill required reduction. For this section I have been guided by Page 14 of my June 26, 2015 memorandum that was included in the "Primer for FY 2015-2016 Budget discussion Background", which reads as follows:

> "If any of the millage options are chosen, I would propose that we reduce, or redirect the millage by 20% per year until it disappears or is completely redirected. For example, a 1 mill increase will be reduced by .20 mills annually until it completely disappears after the fifth year. This is possible due to the expected growth in our taxable value and the new growth that is expected to occur. An annual review of the additional millage will be conducted each year to assess if we can reduce or redirect the millage at a faster rate. Remembering that the necessity for a millage increase is based on the impact from our failed economic investments, we need time and additional funding to absorb these into our General Fund structure without negatively impacting our current level of service".

Since you did not support my recommendation to redirect funds into the General fund for those additions identified in my budget message, the following reductions are based on the 20%, or .20 mills as stated above. This would therefore be the first year of reducing the 1 mill increase. The following represents the additional General Fund reductions to the .20 mill reduction.

1. $38,695 elimination of the amount above the $361,305 in Digital Domain settlement funds as related to the $400,000 in Civic Center Maintenance items. (Number 4 under Expanded Operating and Capital Investments found on Page v of my budget message).

2. $35,800 elimination of operating expenditures for Industry Development. (Number 7 under Expanded Operating and Capital Investments found on Page v of my budget message).
3. $20,000 elimination of paid Internship program. (Number 9 under Expanded Operating and Capital Investments found on Page v of my budget message).
4. $42,237 elimination of contingency funds. (Number 10 under Expanded Operating and Capital Investments found on Page v of my budget message).
5. $70,000 elimination of General Fund rent paid to the Building fund.
6. $52,163 elimination of the Botanical Gardens Gazebo and outside renovations.
7. $74,350 elimination of MIS programmer. (Number 3 under Personnel found on Page v of my budget message).
8. $83,777 elimination of Business Navigator. (Number 4 under Personnel found on Page v of my budget message).
9. $38,189 elimination of P.T. to F.T. Administrative Assistant in Planning. (Number 10 under Personnel found on Page v of my budget message).
10. $38,720 elimination of 2 P.T. Event Representatives for civic Center Hospitality. (Number 11 under Personnel found on Page v of my budget message).
11. $61,443 elimination of Electrician for Civic Center Hospitality. (Number 12 under Personnel found on Page v of my budget message).
12. $67,771 reduction is fuel for the Police Department.
13. $86,631 added to Police Budget for switch from Civilian Animal Control Manager to sworn Lieutenant.

The total amount of reductions, adjusted for the additional cost associated with the Animal Control position, is $536,514. This brings the total momentary reductions, including the first section reductions of $973,728 to $1,510,242, or the equivalent of .20 mills. As stated previously this returns 20% of the 1 mill increase adopted during the 2015-2016 budget process and is in line with my June 26, 2015 memorandum. Tab #7 provides a breakdown of the impact to our residents' tax bill from both a .1289 mill and .2 mill reduction.

Going Beyond .2 Mills:

Staff does not recommend that you consider a millage reduction beyond the .2 mills provided above. But if you do not agree with this recommendation you can gain an additional .0900 mills by eliminating the remaining positions as identified in my budget message, which total $679,404. This will produce a status quo personnel budget with no new positions being added in the General Fund for the 2016-2017 fiscal year.

Staff also strongly recommends against going to the roll back rate of 6.1996 mills. This rate would require a reduction of $3,239,459, which is $1,402,959 above the $1,836,500 surplus identified on page v of my budget message. In the opinion of staff, we cannot get there without impacting the current level of service, something that everyone has stated should not happen.

Position Justifications:

At the 2016 Summer Retreat, questions were asked about why positions were being requested and what the justification for any new positions was. Under Tab #8 you will find New Position Evaluation forms for each new position, at least those that survived being cut, that provides each Department Heads request for every new position. In future budget documents, these forms will be included for your information.

Overtime vs. Full Time:

A question was also raised at the 2016 Summer Retreat about the use of additional overtime in lieu of adding new positions. In looking at this issue we cannot find any previous study that was conducted that was on topic. OMB did do a study on overtime in general a number of years ago but that focused on the amount of overtime being used in each Department and was not on point with this topic.

This is a fairly complicated topic to address. The City currently does utilize overtime in basically every Department. Under Tab #9, you will find a listing of overtime by Department for the prior fiscal year and the current fiscal year to date. In addition, each Department Head does consider the level of overtime as a part of reviewing requests for additional positions that increase personnel of similar classifications.

There are also other considerations that must be factored into this topic. There are many studies that identify the risks associated with overtime such as burnout, stress, turnover, and other physical effects on employees. Additionally there may be issues relative to the Fair Labor Standards Act and our CBA's that affect our ability to increase overtime requirements.

In discussing this matter with the all Department Heads, they are to consider using overtime as an alternative to requesting additional new position in the future. This will be included in aforementioned New Position Evaluation Form to insure that all additional new employees in a similar class cannot be fulfilled through overtime.

Conclusion:

All of the above information, and supporting documents has been provided in response to the outcome of the 2016 Summer Retreat. Staff has worked hard and diligently to rework this budget to address all questions. And while your professional staff has provided recommendations that may not comply with your thoughts, they have fulfilled their professional responsibilities to advise and recommend courses of action that are in the best interests of this organization.

To recap, the following constitute the recommendations provided in this document;

1. Use of the Digital Domain Settlement Funds as described on page 2. Confirmation of this is necessary for Finance to move forward with the refunding of the 2008 COP's.
2. That the City not proceed with reducing the current level of General Fund balance at this time. Staff will implement a review process that will take place at each Winter Retreat and ask that City Council confirm the policy, and level of the General Fund balance based on the overall risk assessment provided by the Finance Department.
3. That the total millage decrease be set at not more than .2000 mills bringing the total millage rate no lower than 6.4289.

From a professional perspective, I believe that staff has done a complete review of the Action items that came from the Retreat and I concur with every recommendation contained in the information provided in this document. They parallel my perspective that is based on over 37 years of experience in public administration in which I have seen many of the same directives being given to the administration for consideration and the provision of advice and recommendations. The advice and recommendations contained in this document provide a consentient pattern of recommendations throughout my career, particularly with respect to the use of a General Fund balance.

I thank each and every staff member who participated in this review and value each of them for their unique perspectives. We look forward to the Special meeting of August 15, 2016 and the spirited discussions that are likely to take place.

ATTACHMENTS

TAB 1	Reserve Policy
TAB 2	General Fund – Fund Balance Policy
TAB 3	Review of Actual General Fund Balances in Relation to Reserve Policy
TAB 4	Fund Balance Reserve Policies
TAB 5	Articles
TAB 6	Rating Agency Reports
TAB 7	2016-17 Budget Discussions Millage Decrease Options
TAB 8	New Position Evaluation Forms
TAB 9	OT Hours Worked FY 2015-16 to Date & OT Hours Worked FY 2014-15

CITY of PORT ST. LUCIE FLORIDA

Reserve Policy

City Council Winter Retreat

February 2014

Office of Management & Budget

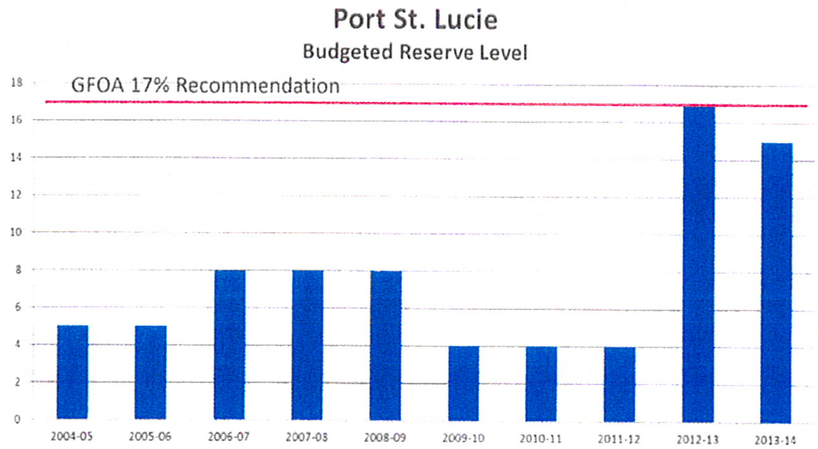
Reserve Policy Topics

- Current Definition and Formula
- History
- Levels and Types of Financial Risk
- Revenue Base and Cash Flow
- Recommended Levels
- Staff Direction

Current Definition & Formula

- Adopted FY 2013-14 budget is set at 15% contingency for operating funds
- Contingency formula is applied to Personal Services and Operating Expenses
- Two Exceptions-
  - Building Department Fund has 50% budgeted contingency
  - Medical Insurance Fund has 17% (2 months) budgeted contingency
- Available Report – Reserve Policy – Feb. 2014

Reserve Policy History



Financial Risk / Need for Reserve

- General Fund – Top Five Revenues generate 82% of total revenues
  - Property Tax (#1 rev.) seldom varies - $21.5 million
  - Revenues #2 - #5 - $30 million
    - 5% shortfall is $1.5 million
- Natural Disaster – 2004 hurricanes
  - Total cost - $27.2 million
- Failed Economic Development project
  - Digital Domain facility – annual debt & operating costs - $4 million

Interim Revenues

- Little Ability to Increase Revenues
  - Property Tax – set annually
  - Utility Tax and Communication Service Tax are at maximum rate
  - Electric Franchise rate set at 6%
  - Sales Tax – share of 6.5% tax rate
- Major Revenues depend on the Economy

Cash Flow Coverage

- Largest GF Revenue
  - Property tax - $21.5 million – 34% of total revenue
    - $1.8 million in monthly funding
  - Most collected in December
  - Oct. & Nov. short $3.6 million

Reserve Policy Recommendations

- GFOA – minimum of two months of operating revenues or operating expenditures
  - Two months – 17%
- NACSLB – Resources to protect against reducing levels of service due to temporary revenue shortfall or unpredicted one-time expenditure. Provides opportunity to achieve a goal. (No stated amount or level.)

Questions / Answers

Council Direction for future budget development

Reserve Policy

City of Port St. Lucie

February 2014

Submitted by: David Pollard, CGFO, OMB Director

Introduction

The recently adopted City of Port St. Lucie Strategic Plan, Policy Agenda for 2013-14 has a top priority to review the City's Reserve Policy. The need for local governments to set such a policy is due to the financial risk that they operate under and the fact that a city's revenue base is relatively static. Financial Risk can be in the form of economic conditions such as a drop in taxable value and/or sales tax collections. There is also risk in the form of natural disasters such as fires and in our case hurricanes. A local government can also find itself being impacted by operational problems such as water or sewer line breaks and recently for Port St. Lucie, the replacement of millions of dollars in water lines in the older areas of the City

Current Definition and Formula

As part of the City Council Budgetary Policy, the reserve level is set and identified as the Financial Contingency in the adopted budget. This is set aside to be held each fiscal year to cover any unexpected issues that have a financial impact beyond the capability of a department's current budget. An example of this is the impact of the Digital Domain facility not selling as expected which will require using the budgeted financial contingency. In the budget process, OMB calculates the financial contingency based on the current percentage (15%) applied to each operating fund's budget for personal services and operating expenses. For the FY 2013-14 General Fund budget, this calculation created a required contingency of $9.2 million. The assumption is that a contingency is not needed for budgeted capital outlay and debt service areas of a fund's budget.

There are two exceptions to the current 15% reserve policy. Years ago the City Council set the Building Department's reserve at 50%. The reasoning was because of the volatility of their revenue. The larger reserve would allow the City to maintain its trained workforce during lean times by drawing down on the reserve. The other area is in the Medical Insurance Fund where the City needs to maintain a two month reserve (17%) in order to have its self-insured plan certified by the state.

Reserve Policy History – Ten Years

Reviewing the past ten years of the City's Reserve Policy shows a low point of 4% and a high point of 17%. The following table shows the ten year history.

FY 2013-14	15%	FY 2008-09	8%
FY 2012-13	17%	FY 2007-08	8%
FY 2011-12	4%	FY 2006-07	8%
FY 2010-11	4%	FY 2005-06	5%
FY 2009-10	4%	FY 2004-05	5%

Port St. Lucie's Economic Risk

The major revenues of the City's General Fund are tied to the economy and can vary accordingly. Taxable Value for Property Tax revenue and Sales Tax collections will climb during stronger economic times giving the City a healthier revenue base or conversely during poor economic times these revenues will decline. The other major revenues are Communication Service Tax and the two electric usage based revenues (Utility Tax and Franchise Fee). These revenues will also surge or fall with the economic conditions. The sum of these five revenues produces 82% of the total revenue in the General Fund.

Property Tax Revenue will normally vary little from the budget set for that revenue. The fact that this revenue is billed and can become a lien against the property and is collected through an individual's mortgage payment provides a very dependable collection rate. Although there is little risk of under collecting and missing the budget figure, during poor economic conditions this major revenue can miss its budget. In FY 2009-10, Property Tax revenue collections were 99.8% of budget leaving the General Fund short $48,607. However the collection rate for the other major revenues can certainly vary. The following table shows the potential risk of experiencing a 5% variance in these four revenues of the General Fund.

Revenue	FY 2013-14 Budget	5% Variance
Electric Utility Tax	$9,880,000	$494,000
Electric Franchise Fee	8,240,000	412,000
Communication Service Tax	6,125,000	306,250
Sales Tax (Local Option)	5,746,000	287,300
Total	$29,991,000	$1,499,550

Using this model and the assumption of a potential 5% unexpected drop in these revenues, the required reserve to cover this shortfall is $1,499,550. Keep in mind also that this is a one year figure but a downturn in these revenues would likely cause a multiyear drop in the City's revenues. Thus the financial risk is potentially three or four times this figure.

Port St. Lucie's Natural Disaster Risk

Using the example of the twin hurricanes in 2004 as a gauge of the financial impact for a natural disaster, that total cost was $27.2 million. This amount was, of course, filed with FEMA and our Insurance provider for reimbursement. The issue for the City was the cash flow impact of such an event as insurance and FEMA are reimbursed at a later date. In order to hire and pay vendors, the City must have access to cash.

Port St. Lucie's Inability to Raise Interim Revenues

Due to the nature of the City's revenue base, the majority of our rates are set annually and there is no ability to modify a rate to adjust the revenue stream of the City. The Millage Rate and Stormwater Fee is set through the budget adoption process and it will generate revenue based on that rate and the taxable value. For FY 2013-14, the City's General Fund is expected to collect $62.7 million in revenue. Property Tax is $21.5 million or 34% of the total expected revenue. The other major revenues in the General Fund are set and will follow the economy. The Electric Utility Tax is set at 10% and the Electric Franchise Fee is at 6%. Those revenues are dependent on the power consumption of our community. Telecommunications Service Tax is set at 5.22% and is based on the various communication billings in our community. Sales Tax revenue is tied to the 6.5% sales tax rate and will flow based on taxable sales in our county. The City basically has no ability to increase its major revenues in the short term in the General Fund. The largest single revenue (Property Tax) can be raised but is set once per year. This takes away the option of the City raising a sum of money that might be needed during a fiscal year.

Cash Flow Coverage

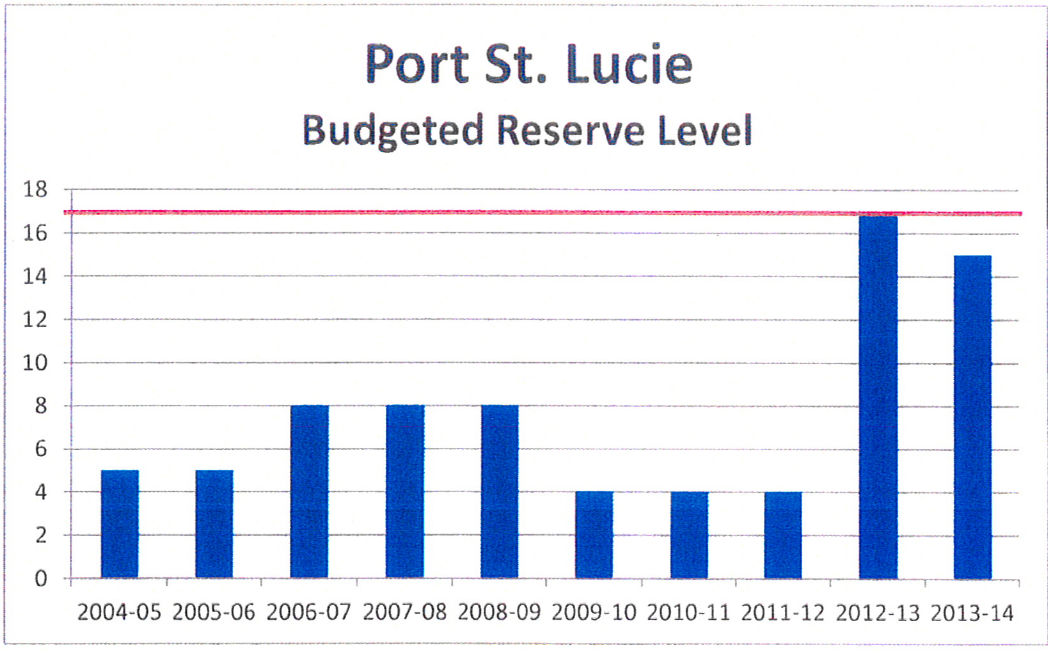
In the City's General Fund, the largest revenue (Property Tax) is not collected on a monthly basis throughout the year. Instead the largest collection volume is in December. This puts the City in a negative cash flow position for the first two months of the fiscal year as the majority of our expenditures flow evenly throughout the year. Holding a budgeted contingency makes sure the monthly bills can be paid early in the year. Small businesses and local governments that are operating with little room for variance might find themselves facing a short term loan in this situation.

Government Finance Officers Association (GFOA) of the United States and Canada

As a recommended Best Practice, the GFOA recommends that general purpose governments maintain an unrestricted General Fund balance of no less than two months of operating revenues or operating expenditures. This is 16.7% of a fiscal year. Using this guideline would result in setting aside 17% of the operating expenditures (personal services and operating expenses) of a proposed budget.

National Advisory Council on State and Local Budgeting Practice (NACSLB)

This national organization has identified a listing of good budget principles and practices. Best practice #4.1 is to develop a Policy on Reserve Funds. The Policy should guide the creation, maintenance and use of resources to protect against reducing service levels or raising taxes because of temporary revenue shortfalls or unpredicted one-time expenditures. The reserve fund can also provide the flexibility to respond to an unexpected opportunity to help the government achieve its goals. The level of reserve or contingency can be tied to the level of certainty of its revenues, the condition of its assets and the general security with its financial position.



GFOA

Recommendation

17%

Direction

As staff begins preparing the FY 2014-15 proposed budget, the approved Reserve Policy will need to be part of the Budget Development Process. The material presented shows that the City has varied its reserve policy from a low point of only 4% to the high point of 17% which was based on the GFOA recommended two month level.

Attachments

/DKP

GFOA of the US & Canada

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BEST PRACTICE

Appropriate Level of Unrestricted Fund Balance in the General Fund (2002 and 2009) (BUDGET and CAAFR)

Background. Accountants employ the term *fund balance* to describe the net assets of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net assets of governmental funds calculated on a government's budgetary basis.[1] In both cases, fund balance is intended to serve as a measure of the financial resources available in a governmental fund.

Accountants distinguish up to five separate categories of fund balance, based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts can be spent: *nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.*[2] The total of the last three categories, which include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself, is termed *unrestricted fund balance*.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning.

In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance (i.e., the total of the amounts reported as committed, assigned, and unassigned fund balance) in the general fund.

Credit rating agencies monitor levels of fund balance and unrestricted fund balance in a government's general fund to evaluate a government's continued creditworthiness. Likewise, laws and regulations often govern appropriate levels of fund balance and unrestricted fund balance for state and local governments.

Those interested primarily in a government's creditworthiness or economic condition (e.g., rating agencies) are likely to favor increased levels of fund balance. Opposing pressures often come from unions, taxpayers and citizens' groups, which may view high levels of fund balance as "excessive."

Recommendation. The Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund.[3] Such a guideline should be set by the appropriate policy body and should provide both a temporal framework and specific plans for increasing or decreasing the level of unrestricted fund balance, if it is inconsistent with that policy.[4]

The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends~~, at a minimum, that general-purpose governments~~, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.[5] The choice of revenues ~~or expenditures as a basis of comparison may be~~ dictated by what is more predictable in a government's particular circumstances.[6] Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time.

In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
- Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund);[7]
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained); and
- Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose).

Furthermore, governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than on unrestricted fund balance.

Naturally, any policy addressing desirable levels of unrestricted fund balance in the general fund should be in conformity with all applicable legal and regulatory constraints. In this case in particular, it is essential that differences between GAAP fund balance and budgetary fund balance be fully appreciated by all interested parties.

Approved by the GFOA's Executive Board, October, 2009.

[1]For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.

[2]These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which must be implemented for financial statements for periods ended June 30, 2011 and later.

[3]Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.

[4]See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).

[5]In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.

[6]In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues or expenditures, that decision should be followed consistently from period to period.

[7]However, except as discussed in footnote 4, not to a level below the recommended minimum.

[Back]

3.1.4 Notes: This practice builds on work accomplished through elements addressing the identification of community needs and priorities, and evaluation of community condition and the government's operating environment. Goals should be developed proactively rather than reactively and with the involvement of all levels and units of government. Broad goals may be prioritized. Care must be taken to minimize conflict when goals are prioritized so that the government has a clear understanding and general consensus on the direction in which it is heading. Once goals are established, more detailed action plans can be developed and integrated with management and budget processes.

3.2 Disseminate goals and review with stakeholders

3.2.1 Practice: A government should disseminate broad goals and review them with stakeholders.

3.2.2 Rationale: Disseminating and reviewing goals helps foster participation, awareness, consensus, pride, and a sense of direction.

3.2.3 Outputs: Dissemination may occur by conducting public forums and by publishing goals in key public documents, such as strategic and other planning documents and budget documents. Electronic media may also be used. Opportunities should be provided to review goals periodically. If necessary, they should be updated to reflect the general desires of stakeholders.

3.2.4 Notes: To be effective, broad goals need to be actively discussed on an ongoing basis. Stakeholders also need to understand how these goals relate to policies, action plans, and resource allocation decisions. In disseminating goals, a government should encourage feedback from stakeholders, both on the goals themselves and on related policies and practices.

PRINCIPLE 2 - DEVELOP APPROACHES TO ACHIEVE GOALS

This principle provides for the establishment of specific policies, plans, programs, and management strategies necessary for the government to achieve its long-term goals. While broad goals set the general direction of a government, it is the policies, plans, and programs that define how the government will go about accomplishing these goals. As such, the development of policies and programs must explicitly consider how they contribute to the achievement of the government's broad goals. Policy and program goals should relate, where appropriate, to broad goals. Measures should be developed to determine the progress being made by the government in achieving goals.

4 Element 4 - Adopt Financial Policies

A government should develop a comprehensive set of financial policies. Financial policies should be consistent with broad government goals and should be the outcome of sound analysis. Policies also should be consistent with each other and relationships between policies should be identified. Financial policies should be an integral part of the development of service, capital, and financial plans and the budget. All other adopted budgetary practices of a government should be consistent with these policies.

PRACTICES

4.1 Develop policy on Reserve funds

4.1.1 Practice: A government should develop policies to guide the creation, maintenance, and use of resources for financial stabilization purposes.

4.1.2 Rationale: Governments should maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

4.1.3 Outputs: The policies should establish how and when a government builds up reserve funds and should identify the purposes for which they may be used. Development of a policy on minimum and maximum reserve levels may be advisable. Policies on reserve funds should be publicly available and summarized in materials used in budget preparation. They also should be identified in other government documents, including planning and management reports.

4.1.4 Notes: Reserve funds are called by many names including rainy day funds, unreserved, undesignated fund balances, and contingency funds. These funds may be used at a government's discretion to address temporary cash flow shortages, emergencies, unanticipated economic downturns, and one-time opportunities. They provide flexibility to respond to unexpected opportunities that may help a government achieve its goals. Policies on the use of these funds may also be tied to an adverse change in economic indicators (such as declining employment or personal income) to ensure that the funds are not depleted before an emergency arises. The minimum and maximum amounts to be accumulated may be based on the types of revenue, the level of uncertainty associated with revenues, the condition of capital assets, or the government's level of security with its financial position. Reserve funds may be constrained by state or local laws. Legally required reserves should be distinguished from discretionary reserves.

4.2 Develop policy on fees and charges

4.2.1 Practice: A government should adopt policies that identify the manner in which fees and charges are set and the extent to which they cover the cost of the service provided.

4.2.2 Rationale: Policies that require identification of both the cost of the program and the portion of the cost that will be recovered through fees and charges allow governments and stakeholders to develop a better understanding of the cost of services and to consider the appropriateness of established fees and charges.

4.2.3 Outputs: Policies may address a requirement to review all fees and charges, the level of cost recovery for services and the reason for any subsidy, and the frequency with which cost-of-services studies will be undertaken. Stakeholders should be given an opportunity to provide input into formulation of these policies. Policies on fees and charges should be publicly available and summarized in materials used in budget preparation. They should also be identified in other government documents, including planning and management reports.

4.2.4 Notes: Costs of service include direct and indirect costs such as operating and maintenance costs, overhead, and charges for use of capital (depreciation and debt service). A government may choose not to recover all costs, but it should identify such costs. Reasons for not recovering full costs should be identified and explained. State and local law may govern the establishment of fees and charges.

4.3 Develop policy on debt issuance and management

4.3.1 Practice: A government should adopt policies to guide the issuance and management of debt.

GENERAL FUND
FUND BALANCE POLICY

City Council Special Meeting

August 15, 2016

GFOA Best Practice
Appropriate Level of Fund Balance

- Establish a formal policy
- Based on government's own unique circumstances
  - At a minimum, no less than 2 months of operating revenues or expenditures
  - Consider government's circumstances that may require a balance significantly in excess of two months.
- Establish a replenishment period

GFOA Best Practice
Appropriate Level of Fund Balance

- Circumstances to be considered:
  - Predictability of revenues
  - Volatility of expenditures
  - Exposure to significant one-time outlays (natural disasters)
  - Potential drain upon general fund from other funds
  - Potential impact on government's bond ratings
  - Commitments and assignments

City Council Retreat February 2014 OMB Presentation on Reserve Policy

- Financial Risk/Need for Reserve
- General Fund – Top Five Revenues generate 82% of total revenues
  - Property Tax (#1) seldom varies - $21.5 million
  - Revenues #2 - #5 - $30 million
    - 5% shortfall is $1.5 million
- Natural Disaster – 2004 hurricanes
  - Total cost $27.2 million
- Failed Economic Development project
  - Digital Domain facility – annual debt & operating costs - $4 million

Port St. Lucie Circumstances

- Ad valorem taxes
  - Largest general fund revenue source
  - Tax bills mailed November 1
  - First significant receipt in December

Port St. Lucie Circumstances

- Top four major revenues
  - Electric utility tax
  - Electric franchise fees
  - Communications services tax
  - Sales tax
  - Collections depend on local economy

Port St. Lucie Circumstances

- Natural disasters
  - Hurricanes
  - Tropical storms
  - Fires
- 2004 hurricanes cost $27.2 million
- Reimbursements lag cash flow needs

Port St. Lucie Circumstances

- Contingent liabilities – covenant to budget & appropriate
  - River Point special assessment district bonds
  - East Lake Village special assessment district bonds
  - St. Lucie Land Holdings special assessment district bonds
  - Southwest Annexation special assessment district bonds
  - Tesoro special assessment district bonds
  - Torrey Pines bonds

Fund Balance Policy Recommendations

- Three components of fund balance reserves
  - Reserve for operating
  - Reserve for natural disasters
  - Reserve for contingent liabilities

Reserve For Operating

- Ad valorem taxes
  - Based on current fiscal year tax levy
  - 2 months cash flow
- Top four major revenues
  - Based on budget forecast
  - Economic downturn will impact collections
  - Establish 5% contingency

Reserve For Natural Disasters

- Natural disasters
  - Based on 2004 hurricanes
  - Consider cash flow lag of reimbursements

Reserve For Contingent Liabilities

- Current support for:
  - City Center special assessment district bonds
  - VGTI
  - PST bonds used to payoff Digital Domain Bonds
  - CRA Bonds
  - Torrey Pines bonds

Reserve For Contingent Liabilities

- Possible required support for CB&A debt
  - River Point
  - East Lake Village
  - St Lucie Land Holdings
  - Southwest Annexation
  - Tesoro
  - Torrey Pines

Fund Balance Policy Recommendations

- Reserve for Operating
  - $5.8 million for ad valorem taxes
  - $1.7 million for 4 major revenues
- $7.5 million Operating Reserve

Fund Balance Policy Recommendations

- Reserve for Natural Disaster
  - Based on expenditures for 2004 hurricanes
- $13 million natural Disaster Reserve

Fund Balance Policy Recommendations

- Reserve For Contingent Liabilities
  - Based on principal and interest payments
    - $57,638 – River Point
    - $440,063 – East Lake Village
    - $454,638 – St Lucie Land Holdings
    - $7.7 million (estimate) – Southwest Annexation
    - $349,838 – Tesoro
    - $4,108,313 – Torrey Pines ($1.1 million support now)
  - $12 million Contingency Reserve

Fund Balance Reserve Recommendation

- $7.5 million Operating Reserve
- $13 million Natural Disaster Reserve
- $12 million Contingency Reserve
- $32.5 million Total Fund Balance Reserve

Fund Balance Replenishment

- Replenish any drawdowns of fund balance over five (5) years.

REVIEW OF ACTUAL GENERAL FUND BALANCES IN RELATION TO RESERVE POLICY

FISCAL YEAR ENDING	REVENUES	EXPENDITURES 1	OVER (UNDER)	OTHER	ADJUSTED EXPENDITURES 2	NET CHANGE	BEGINNING FUND BALANCE	ENDING FUND BALANCE	% 1	% 2	RESERVE POLICY
9/30/2007	62,942,738	56,175,341	6,767,397	(3,996,512)	60,171,853	2,770,885	13,023,198	15,794,083	28.12%	26.25%	8%
9/30/2008	65,942,597	60,817,266	5,125,331	353,692	60,463,574	5,479,023	15,794,083	21,273,106	34.98%	35.18%	8%
9/30/2009	57,626,087	60,428,018	(2,801,931)	(2,803,176)	63,231,194	(5,605,107)	21,273,106	15,667,999	25.93%	24.78%	8%
9/30/2010	56,657,460	60,997,897	(4,340,437)	1,246,280	59,751,617	(3,094,157)	15,667,999	12,573,842	20.61%	21.04%	4%
9/30/2011	62,156,753	56,776,077	5,380,676	(2,894,061)	59,670,138	2,486,615	12,573,842	15,060,457	26.53%	25.24%	4%
9/30/2012	61,303,674	56,915,504	4,388,170	9,488	56,906,016	4,397,658	15,060,457	19,458,115	34.19%	34.19%	4%
9/30/2013	64,902,222	59,938,576	4,973,646	(166,614)	60,105,190	4,807,032	19,458,115	24,265,147	40.48%	40.37%	17%
9/30/2014	66,850,322	60,157,285	6,693,037	(8,094,066)	68,251,351	(1,401,029)	24,265,147	22,864,118	38.01%	33.50%	15%
9/30/2015	70,124,829	63,502,345	6,622,484	(3,706,041)	67,208,386	2,916,443	22,864,118	25,780,561	40.60%	38.36%	15%

AVERAGES									% 1	% 2	RESERVE POLICY
AVERAGES									32.16%	30.99%	9.22%

% 1 IS BASED ON UNADJUSTED EXPENDITURES

% 2 IS BASED ON ADJUSTED EXPENDITURES. THE ADJUSTED EXPENDITURE NUMBER IS THE NUMBER THAT RATINGS AGENCIES FOCUS ON WHEN EVALUATING OUR RATING

NOTE: AMOUNTS SHOWN ARE BASED ON EACH YEARS COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fund Balance Reserve Policies

Martin County

Reserve Policy

The County shall set aside reserves to address unforeseen and unexpected events and to offset unexpected downturns in revenues from budgeted estimates. Sufficient levels of reserves can ensure continued orderly operation and tax structure stability. It is an objective of the Board to maintain a managed reserve in the various operating funds at a level sufficient for temporary financing of unforeseen emergency needs, and to permit orderly adjustment to changes resulting from termination of revenue sources through actions of other governmental bodies. Use of reserves through budget transfers will require that available balances to be disclosed.

Designated Reserves

The Designated Reserve in the General Fund, Committed Fund Balance, is to be maintained in an amount not less than ten percent (10%) of the annual General Fund budget (less reserve totals). This amount approximates sixty days of working capital. Other operating funds will strive to maintain similar Designated Reserves.

Replenishment of Reserves

When the undesignated reserves are to be utilized, due to unforeseen circumstances, staff will prepare a plan for the Board to begin to replenish these reserves as part of the budget adoption process. The plan may span from one to five years depending upon the magnitude of the expenditure. Each year the necessary funds to begin to replenish the reserves will be reflected in the budget, approved and levied accordingly.

FY 2015 Fund Balance as a % of expenditures – 28.4%

St Lucie County

Emergency Reserves Fund. The Board shall maintain a designated Emergency Reserve Fund equal to 5% of the total operating budget excluding funds that have a minimum of 10% or $2,000,000 in reserves, whichever is greater. By majority vote, the Board may use all or a portion of this designated Emergency Reserve Fund. Such use shall normally be reserved, however, for natural or manmade disasters.

Fund Balance Policy. The Board shall maintain a Fund Balance Reserve in the General Fund equal to 5% of the General Fund operating budget. By a majority vote, the Board may use all or a portion of this fund balance reserve to address unanticipated revenue shortfalls or any unforeseen expenditures not necessarily resulting from a natural or manmade disaster.

The following table is a breakdown of the funding as stated in these reserve policies.

	FY 2011/12 Operating Budget*	5%
All Funds (Emergency Reserve Policy)	197,385,880	9,869,294
General Fund (Fund Balance Policy)	68,140,720	3,407,036
Total		**13,276,330**

FY 2015 Fund Balance as a % of expenditures – 38.2%

Indian River County

Fund Balance and Reserve Policies

Indian River County will establish a reserve to pay for expenses caused by:

a. events that could not have been anticipated during the budget process and without funding would cause material deficiency to the County

b. shortfalls caused by revenue declines
c. new, unfunded federal programs requiring immediate funding

The level of reserve for contingency in each fund will be determined through the budget appropriation process and in accordance with Florida Statutes. Any department wishing to obtain additional funding from this reserve will be required to submit a detailed request substantiating the need for the funds, which shall include an explanation as to why the item couldn't wait until the next fiscal year budget. The request will then be reviewed by the Budget Office and the County Administrator's Office before placement on the agenda, with ultimate approval or denial voted on by the Board of County Commissioners via budget amendment.

The County will strive to maintain an overall fund balance equal to 30% of the annual budget in all of its taxing funds, which provides a 3-month cushion for operating expenses. The three-month reserve is necessary due to the timing of property tax levies in the State of Florida. Although the fiscal year begins in October, property tax monies are not typically received until mid to late December, which would require the County to operate in a deficit position for the first two months of the fiscal year without this reserve. Additionally, reserves are needed in the event of a major disaster impacting the county. In 2004, the county was struck by two hurricanes in the month of September.
Reserve funds are needed in order to allow the county to respond to such events without facing serious financial impediments. County policy is to maintain fund balance levels and prohibit the use of fund balance to fund recurring expenses.

On September 21, 2010 The Board of County Commissioners adopted a revised fund balance and reserve policy. The new policy follows the recent Governmental Accounting Standards Board (GASB) issued Statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions. This latest standard does not alter the total amount reported as fund balance; however it changes the categories and terminology used to describe its components. The new categories change the focus from "financial resources available for appropriation" to "the extent to which the government is bound to honor constraints on the specific purposes for which the amounts in the fund can be spent".
Please find a highlight of these policy establishments below which pertain to the General and M.S.T.U. funds:

• Emergency and Disaster Relief Reserve – A balance equal to 5% of budgeted operating expenditures for the current fiscal year for the purpose of responding to natural and man-made emergencies. These funds may only be used in the event of such an emergency. In the event this reserve is needed, the County will attempt to replenish the reserve over a five year period.

• Budget Stabilization Reserve – A balance of no less than 5% of budgeted operating expenditures for the current fiscal year for the purposes of budget stabilization. These funds may only be used in the event of revenue declines, unanticipated expenditures or unfunded mandates. The use of budget stabilization reserves should not exceed three years. After this time, the County will attempt to replenish the reserve over a five year period.

• Unassigned Fund Balance – The County will maintain the goal of 20% of the budgeted annual operating expenditures for the current year in General and the M.S.T.U. Fund, which provides approximately a 2 ½ - month cushion for operating expenses. County policy is to maintain fund balance levels and avoid the use of fund balance to fund reoccurring expenses.

FY 2015 Fund balance as a % of expenditures – 59.3%

Stuart Fund Balance Reserve Policy

General Fund Reserves: It is the policy of the City that a part of the Nonspendable and Assigned Fund Balance of the General Fund be identified as Emergency Reserves, to be maintained at a minimum level adequate to fund Personal Service Costs and Operating Expenditures for not less than three months. In the event the Emergency Reserve is used to cover unanticipated costs, the reserve will be replenished as part of the annual budgeting process in an amount to restore the reserve up to the three month level. The replenishment should be amortized over a period not to exceed five years. Available funds in excess of the minimum required to fund the Emergency Reserve may be committed first to fund the Capital Replacement Reserve, followed by any other Committed Fund Balances as established by enabling acts of the City Commission. The remainder shall be considered available to establish any Assigned Fund Balances as deemed necessary by the City Manager, or designee, for the intent of funding other initiatives or reserves of the City. Any funds not Assigned, may be deemed as Unassigned Fund Balance and available to carry forward year to year and may be used to fund future appropriations or abate future tax levies.

FY 2015 Fund balance as a % of expenditures – 56.4%

Cape Coral Fund Balance Policy

Reserve funds shall not be used to fund recurring expenditures. Fund balances should be maintained at fiscally sound levels in all funds. Such levels are delineated below.

A. General Fund: Minimum Amount *

1. Unassigned: 2 months operating expenditures

*Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unassigned fund balance in their general fund of no less than five to 15 percent of general fund operating revenues, or of no less than two to three months of regular general fund operating expenditures. Any excess reserves above the three months should prefund needs or pay down debt.

2. Committed/Reserved: Minimum Amount

a. Disaster: $2,000,000 (The disaster reserves are to be used in emergency situations and as a match for Federal Emergency Management Agency (FEMA) funds)

b. Capital Equipment: $1,500,000

c. Facilities Maintenance: $ 500,000

FY 2015 Fund balance as a % of expenditures – 44.8%

Fort Lauderdale Fund Balance Policy

The Commission adopted a recommendation from the Budget Advisory Board to maintain the unrestricted fund balance for the General Fund at a level that is equivalent to two (2) months of operating expenditures and required transfers. Should the projected or actual unrestricted fund balance fall below this minimum, a plan will be submitted for consideration to achieve the minimum level within a three-year period. This plan will include a combination of cost reductions, revenue enhancements, and/or service reductions and should be submitted within 30 days of recognition of the fund shortfall.

Use of fund balance below the recommended threshold is permitted only in case of an emergency, or in the case of an unanticipated economic downturn, which causes a material loss of revenues. Non-recurring revenues shall not be used to balance the annual budget for recurring expenses.

FY 2015 Fund balance as a % of expenditures – 27.1%

Tallahassee Fund Balance Policy

Reserves

Deficiencies Fund – established to provide for unforeseen expenditures in general government operations. The method of accumulation is the annual appropriation of interest amounts in the reserve and any other specific appropriation approved by the City Commission. The reserve will be used sparingly and only with permission of the commission (appropriation). The reserve will continue to accumulate, on an annual basis, to a maximum level of two (2) months regular general government expenditures of the ensuing fiscal year's expected operating budget. General government is defined here as expenditures of the general fund, including the transfer to support operating deficits of the StarMetro, golf course, and fire services funds. Any funds in excess of this accumulation level will be available to address the unfunded liability for accrued leave in the general fund, as well as the post-retirement benefits liability in the general fund as required by Governmental Accounting Standards Board (GASB) 45.

St. Petersburg Fund Balance Policy

Fund Balance

a. Maintaining an adequate fund balance is essential to the financial health of the city, to maintain high bond ratings and to ensure its ability to serve its citizens, meet emergency needs and unforeseen circumstances. Accordingly, some of the funds will have fund balance reserve targets which are not requirements but are considered to be goals of the city. The General Fund "Group of Funds" fund balance target will be considered appropriate in the amount of 20% of the current year's operating appropriations for the General Fund "Group of Funds". The budgetary fund balance of the General Fund, the Economic Stability Fund, Preservation Reserve, Arts and Cultural Programs, Assessment Revenue, Arts in Public Places and Technology and Infrastructure Fund are included within the General Fund "Group of Funds" fund balance for purpose of determining if the target has been achieved.

The General Fund reserve target is 20% of the current year budgeted appropriations in that fund (excluding any internal transfers to other funds within the General Fund "Group of Funds"). For purposes of determining if the target has been met, the budgetary fund balance of the General Fund "Group of Funds," as defined in the Comprehensive Annual Financial Report, is compared with the annual appropriation. The General Fund "Group of Funds" includes; General Fund (0001), Preservation Reserve (0002), Economic Stability (0008), Arts and Cultural Programs (1042), Assessment Revenue (1108), Arts in Public Places (1901) and Technology and Infrastructure Fund (5019), as well as any additional funds that would be included in the future General Fund for financial reporting purposes per GASB Statement No. 54. There is further established a target of 5% of the current year adopted General Fund "Group of Funds" appropriations which is to remain in the core General Fund budgetary fund balance. Only amounts over the 5% budgetary fund balance may be assigned or committed

Economic Stability Fund

Balances in the Economic Stability Fund represent committed fund balances which are available for

expenditure only with the approval of City Council and under the following conditions:
i. The Economic Stability Fund may be used in the event of an estimated budget shortfall amounting to more than 2% of the most recent adopted budget. Only the amount of the shortage above 2% may be taken from the Economic Stability Fund, while other budget balancing measures will be employed to offset budget shortfalls up to and including 2%. If the 2% threshold has been met, the appropriate amount of resources to utilize from the Economic Stability Fund may take into account the economic climate, including the local unemployment rate, inflation rate, rate of personal income growth, assessed property values, and other factors as determined to be appropriate.
ii. The Economic Stability fund may be used in the event of damage to city property or loss of city assets due to disasters such as hurricane, tornado, flood, wind, terrorism, or other catastrophic events when such an event results in a declaration of a state of emergency. Other funds of the city, such as the Equipment Replacement Funds, the Self Insurance Fund and the Technology/Infrastructure Fund will be used first, as appropriate to the circumstances, before relying on the Economic Stability Fund.
iii. The Economic Stability Fund may be used to provide short-term (one year or less) advances, or long-term loans exceeding one-year in length, to other funds of the city for shortfalls due to economic impacts or for other purposes, as recommended by the mayor and approved by City Council. A plan for repayment of the funds will be established before any such advance or loan is made.
iv. When economic stability funds are used for any purpose, the fund will be replenished in an amount to meet the fund balance target, either from the fund for which the resources were required or from another fund of the city, within the time frame recommended by the mayor or city administrator and approved by City Council.

FY 2015 Fund balance as a % of expenditures – 28.9%

Orlando Fund Balance Policy

The Reserve Policy is designed to develop standards for setting reserve levels for various, significant City funds. The Policy covers the General Fund (which includes the Utilities Services Tax Fund), Enterprise Funds (both Self-Supporting and Non-Self Supporting), Capital Projects Funds (excluding bond proceeds) and Internal Service Funds.
Proposed Ranges
The reserve ranges for each of the funds or category of funds covered are shown below:
General Fund: 15% to 25% of the Budgeted Expenditures
Enterprise Funds: 10% to 20% of Budgeted Expenditures
(Self-Supporting)
Enterprise Funds: 0% to 10% of Budgeted Expenditures
(Non-Self Supporting)
Capital Projects Funds: 0% to 10% of Budgeted Expenditures
(excluding bond proceeds)
Fleet Management Fund: 5% to 10% of Budgeted Expenditures
Risk Management Fund: 10% to 15% of the Outstanding Liability

FY 2015 Fund balance as a % of expenditures – 25%

Government Finance Officers Association

BEST PRACTICE

Appropriate Level of Unrestricted Fund Balance in the General Fund

BACKGROUND:

In the context of financial reporting, the term *fund balance* is used to describe the net position of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net position of governmental funds calculated on a government's budgetary basis.[1] While in both cases *fund balance* is intended to serve as a measure of the financial resources available in a governmental fund; it is essential that differences between GAAP *fund balance* and budgetary *fund balance* be fully appreciated.

1. GAAP financial statements report up to five separate categories of fund balance based on the type and source of constraints placed on how resources can be spent (presented in descending order from most constraining to least constraining): *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.[2] The total of the amounts in these last three categories (where the only constraint on spending, if any, is imposed by the government itself) is termed *unrestricted fund balance*. In contrast, budgetary fund balance, while it is subject to the same constraints on spending as GAAP fund balance, typically represents simply the total amount accumulated from prior years at a point in time.
2. The calculation of GAAP fund balance and budgetary fund balance sometimes is complicated by the use of sub-funds within the general fund. In such cases, GAAP fund balance includes amounts from all of the subfunds, whereas budgetary fund balance typically does not.
3. Often the timing of the recognition of revenues and expenditures is different for purposes of GAAP financial reporting and budgeting. For example, encumbrances arising from purchase orders often are recognized as expenditures for budgetary purposes, but never for the preparation of GAAP financial statements.

The effect of these and other differences on the amounts reported as *GAAP fund balance* and *budgetary fund balance* in the general fund should be clarified, understood, and documented.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance in the general fund.

RECOMMENDATION:

GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.[3] Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period.[4] In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

Appropriate Level. The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance. Articulating these risks in a fund balance policy makes it easier to explain to stakeholders the rationale for a seemingly higher than normal level of fund balance that protects taxpayers and employees from unexpected changes in financial condition. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.[5] The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.[6] Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time. In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

1. The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
2. Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
3. The potential drain upon general fund resources from other funds, as well as, the availability of resources in other funds;
4. The potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds;
5. Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose). Governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance, rather than on unrestricted fund balance.

Use and Replenishment.

The fund balance policy should define conditions warranting its use, and ifa fund balance falls below the government's policy level, a solid plan to replenish it. In that context, the fund balance policy should:

1. Define the time period within which and contingencies for which fund balances will be used;
2. Describe how the government's expenditure and/or revenue levels will be adjusted to match any new economic realities that are behind the use of fund balance as a financing bridge;
3. Describe the time period over which the components of fund balance will be replenished and the means by which they will be replenished.

Generally, governments should seek to replenish their fund balances within one to three years of use. Specifically, factors influencing the replenishment time horizon include:

1. The budgetary reasons behind the fund balance targets;
2. Recovering from an extreme event;
3. Political continuity;
4. Financial planning time horizons;
5. Long-term forecasts and economic conditions;
6. External financing expectations.

Revenue sources that would typically be looked to for replenishment of a fund balance include nonrecurring revenues, budget surpluses, and excess resources in other funds (if legally permissible and there is a defensible rationale). Year-end surpluses are an appropriate source for replenishing fund balance.

Unrestricted Fund Balance Above Formal Policy Requirement. In some cases, governments can find themselves in a position with an amount of unrestricted fund balance in the general fund over their formal policy reserve requirement even after taking into account potential financial risks in the foreseeable future. Amounts over the formal policy may reflect a structural trend, in which case governments should consider a policy as to how this would be addressed. Additionally, an education or communication strategy, or at a minimum, explanation of large changes in fund balance is encouraged. In all cases, use of those funds should be prohibited as a funding source for ongoing recurring expenditures.

Notes:

1. For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.
2. These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*
3. Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.
4. See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).
5. In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.
6. In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues and/or expenditures, that decision should be followed consistently from period to period.

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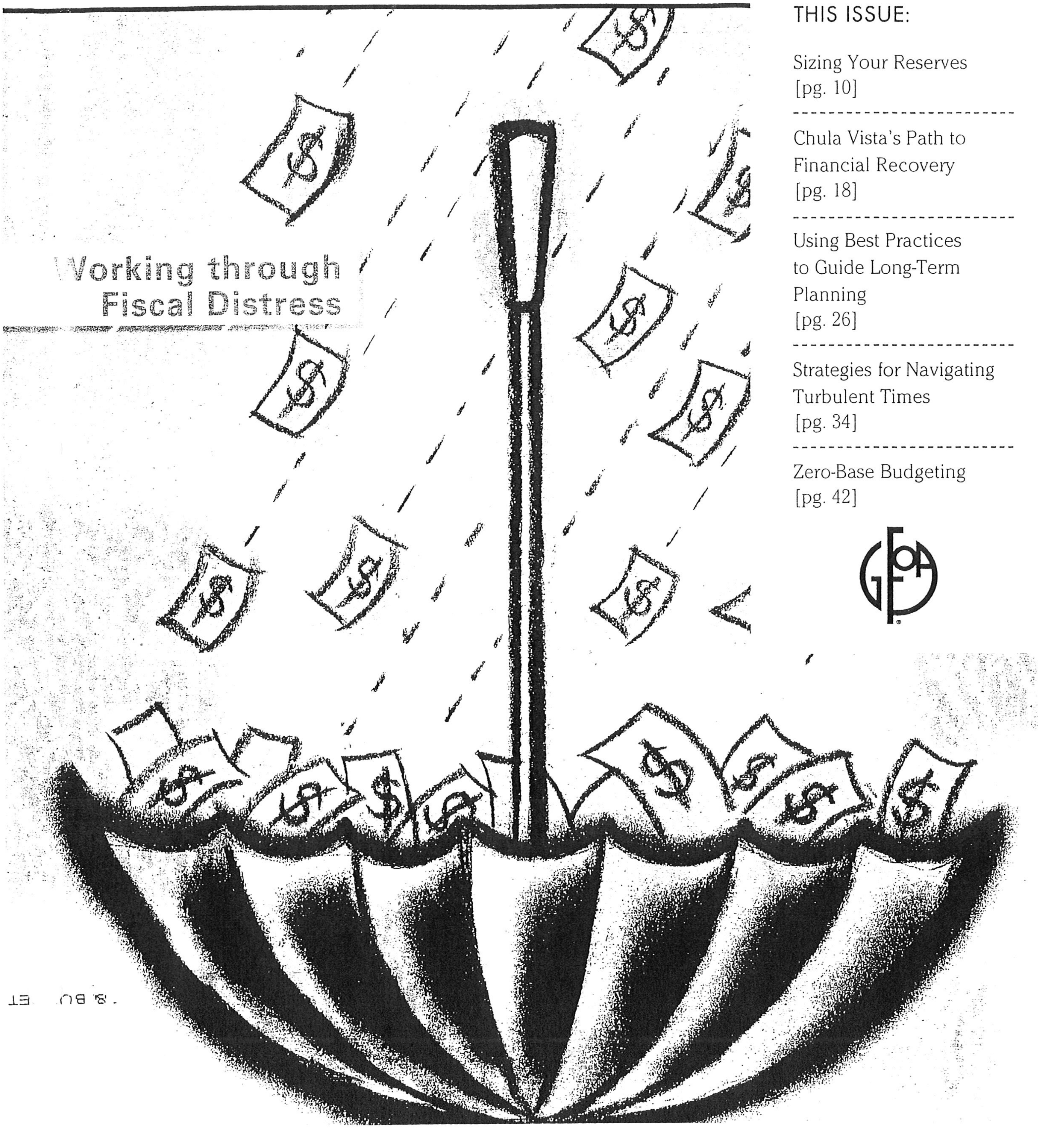
OCTOBER 2013

Government Finance Review

GOVERNMENT FINANCE OFFICERS ASSOCIATION



Working through Fiscal Distress

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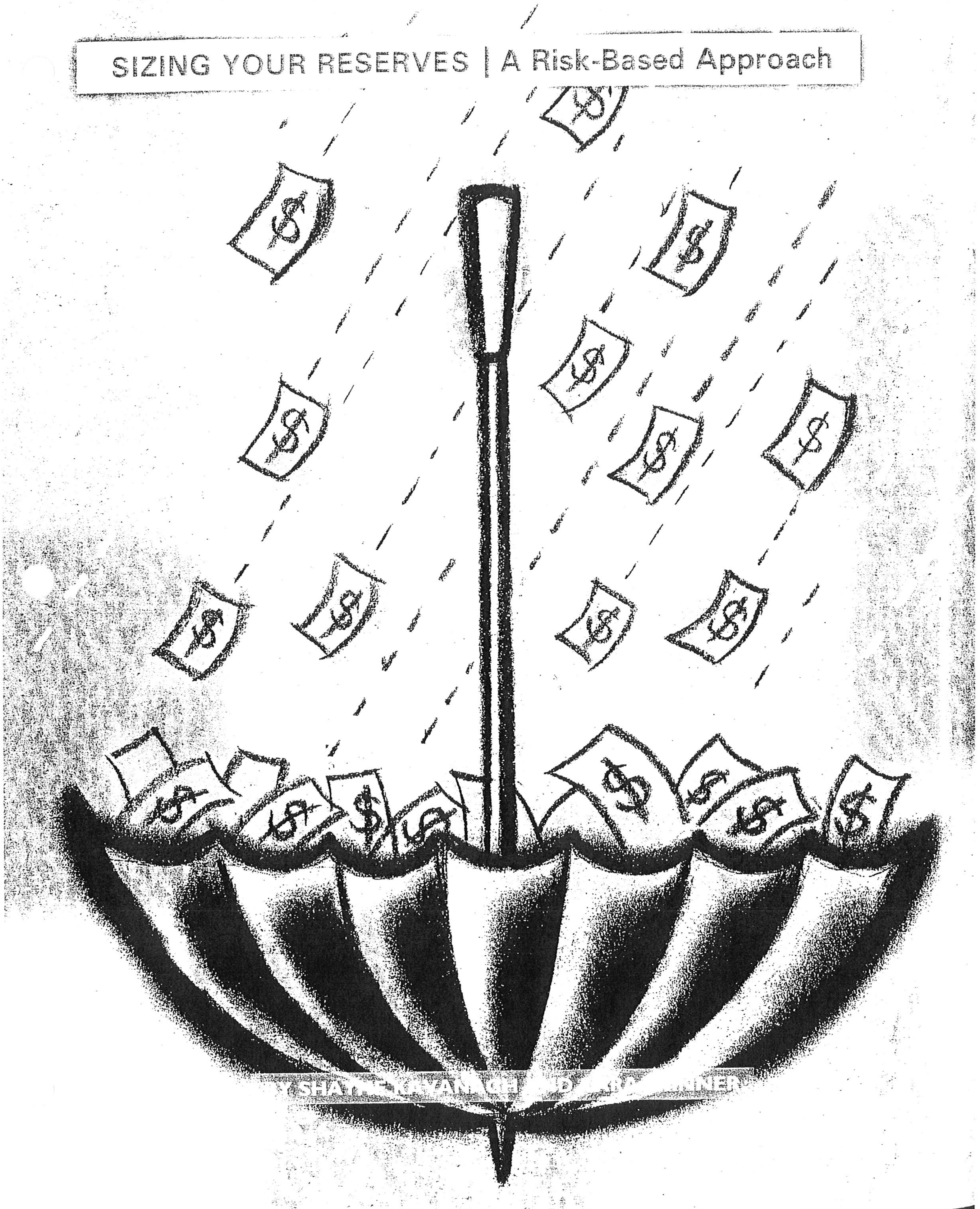
SIZING YOUR RESERVES | A Risk-Based Approach



City officials in Colorado Springs, Colorado, had been holding an on going conversation about the right level of reserves. The city's primary revenue source, at more than half of general fund revenues, is the sales tax, while the property tax constitutes less than 10 percent of revenues. This means that the city's revenue is subject to a greater degree of volatility than would perhaps befall a municipality with greater reliance on the property tax. Further, legislative tax and expenditure limits prevent the city from freely making changes to tax rates in response to changing financial conditions. On top of these fiscal limitations, the city is at risk for different types of natural disasters (wild fires, floods, blizzards), any of which would require a quick and decisive public safety response from the city government. Finally, the city has an aging capital infrastructure, particularly its bridges and storm sewers, and a significant failure in any of these assets could place an unexpected and large burden on the city's finances. These risks called for a financial hedging strategy — in other words, a deliberate and strategic amount of general fund financial reserves.

Municipal governments are subject to a number of risks, often of highly uncertain probability and magnitude.

To help local governments determine the optimal level of reserves, the Government Finance Officers Association has been developing a risk-based approach to sizing reserves. A number of local governments have used the general framework (which has been described in the GFOA publication, *Financial Policies*) to make a determination as to the optimal reserve size for their circumstances.[1] In summer 2012, the GFOA was able to work with the City of Colorado Springs to apply the risk-based model. This article describes that process, including background on the project, the "triple-A" framework for analyzing risks, the application of the triple-A approach to Colorado Springs' risk factors, and, finally, what happened in Colorado Springs as a result of the analysis.

ANALYZING UNCERTAINTY: THE TRIPLE-A APPROACH

Municipal governments are subject to a number of risks, often of highly uncertain probability and magnitude, that require them to maintain reserves. Since these risks are impossible to predict, the best that anyone can do is to be prepared. The accomplished forecasting scientist, Spyros Makridakis, has suggested a "triple-A" approach for dealing with this kind of uncertainty.[2]

1. **Accept.** We have to accept that we are subject to uncertainty, including events that we haven't even imagined. For example, Colorado Springs experienced a severe downturn in sales tax revenues as a result of the 2001 dot-com bust and the 2007 Great Recession. Sales taxes are subject to severe downturns due to rare and unpredictable events. Further, because it is relatively easy to imagine scenarios that could cause the economy to suffer (e.g., European financial crisis, federal debt crisis, etc.), the economy is subject to other potentially dangerous unknowns that we cannot imagine.

2. **Assess.** Next, we must assess the potential impact of the uncertainty. History can provide a baseline reference. Looking at the sales tax declines Colorado Springs experienced after the dot-com bust and Great Recession, we see that a downward trend has persisted for as long as 25 months, and the greatest severity has been a 0.53 percent average monthly decline over the life of the downturn (during the Great Recession that started in December 2007).

3. **Augment.** The range of uncertainty that we really face is almost always going to be greater than we assess it to be, so we should augment that range. Many economists believe that the effects of the Great Recession — the baseline for Colorado Springs' worst-case monthly decline — would have been much worse without the interventions of the federal government (although the long-term impact of those actions is, of course, still unknown). What if continued gridlock in the federal political system (or other, unimagined, circumstances) were to prevent an effective mitigating response to the next crisis? As a rule of thumb, Makridakis suggests doubling your range of uncertainty if you have little historical data to rely on, or multiplying it by 1.5 if you have more.

The GFOA used the triple-A approach to analyze each of Colorado Springs' major risk factors — sales tax volatility, bridges and storm sewers, and natural disasters — and suggested reserve amounts based on that analysis. The city was subject to other risks, as well, but these were deemed to be of secondary importance and were therefore analyzed less rigorously.[3]

SALES TAX VOLATILITY

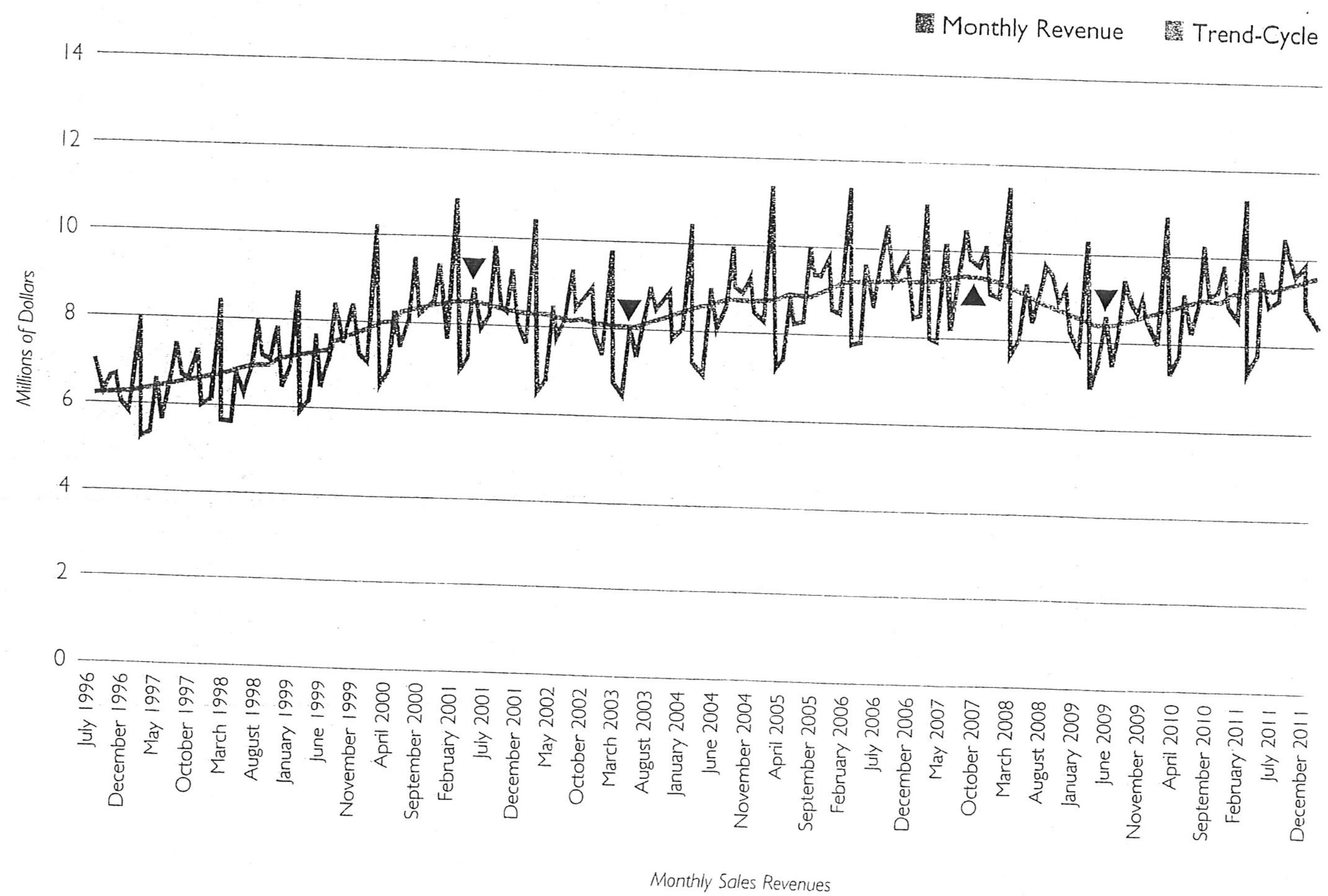
Initially, the GFOA analyzed monthly sales tax revenues going back to 1996 to determine the degree and, critically, the type of volatility the sales tax is subject to: economic, seasonal, or random variation. The GFOA's analysis showed that more than 90 percent of the variation in Colorado Springs' sales tax revenue could be explained by fundamental economic trends and business cycles.[4] This meant that risk due to economic downturns should be the focus of the analysis.

An unexpected economic shift could have serious ramifications for city revenues.

An unexpected economic shift could have serious ramifications for city revenues. Exhibit 1 shows a "trend-cycle" line for sales tax (which factors out seasonal volatility)[5] overlaid on monthly sales tax revenues. The red arrows show the beginning and endpoints of significant down trends. The first one started in April 2001 and lasted until May 2003, when the trend cycle declined 6.6 percent over 25 months, or about 0.25 percent per month. The second started in July 2007 and lasted until April 2009, when the trend cycle declined 11.2 percent, or a bit more than 0.5 percent per month.

Once the level of risk is assessed, it must be augmented. The GFOA and the city had a good deal of data, making a 1.5 multiplier appropriate. The result was a 0.8 percent monthly decline as the probable worst-case scenario, which translates to a potential 20 percent decline in sales taxes over 25 months. However, the city would presumably reduce its

Exhibit 1: Sales Tax Monthly Revenue and Trend Cycle



ending in the event of such a severe downturn, so a reserve large enough to cover the entire amount of the revenue decline wouldn't be necessary. The Colorado Springs budget office estimated that the budget could be reduced by a little less than $10 million without creating a major disruption to services, which meant that the city should maintain a reserve of at least $13 million to fill the remaining revenue gap and to help it make a "soft landing" in the case of a major revenue decline.

> General fund reserves may be needed to repair or replace an asset that fails unexpectedly.

BRIDGES AND STORM SEWERS

General fund reserves may be needed to repair or replace an asset that fails unexpectedly. In Colorado Springs, two asset classes were deemed to be at the greatest risk for failure, due to the condition of the city's asset stock: bridges and storm sewers. Risk is defined as the product of probability of failure and the consequences of failure. In this case, the probability of failure was based on a bridge sufficiency index provided by city staff. A lower index score indicates a bridge that is in worse condition and ultimately a higher risk (probability) to fail. (See Exhibit 2.) Consequence is based on cost — the higher the replacement cost of an asset, the higher the consequence to the city if that asset were to fail.[6] As Exhibit 2 shows, 13 bridge structures were identified as having a high risk rating (those in the red area, which have a total score of 8-10, adding the scores from each axis). These bridges have an estimated replacement cost of $22,752,672, which averages out to about $1.75 million per bridge. A reserve that covers one or two bridges should be adequate, but using the triple-A rule of doubling our expectation for uncertainty, it would be prudent to prepare for the premature failure of three of these bridges. This would require reserves of $5.25 million.

The city also manages 406 miles of storm lines. No installation dates or condition assessments were available for any of them, but the estimated replacement cost for all storm sewers is a bit more than $588 million. Since the information needed to assess risk of failure is not available, the best that can be done is to make an assumption. About 10 percent of the total dollar value of the city's bridge inventory is in the higher risk category, so that was chosen as a reasonable number for the storm sewer estimate; this would translate to $58 million. Approximately 20 percent of the high-risk category was recommended as a reserve amount for the bridges, which would equate to $11.6 million for the storm sewers.

Exhibit 2: Risk Profile for Bridges and Culverts

Consequence of Failure (Low 0 – High)	1	2	3	4	5
5	34 Assets $97,543,123.50	6 Assets $14,341,650.00	[illegible]	[illegible]	[illegible]
4	39 Assets $25,177,155.00	7 Assets $6,959,355.00	No Assets N/A	[illegible]	[illegible]
3	48 Assets $18,897,532.50	5 Assets $3,852,240.00	4 Assets $1,345,308.00	2 Assets $412,344.00	[illegible]
2	64 Assets $13,759,009.50	14 Assets $5,716,803.00	7 Assets $711,121.50	1 Asset $741,195.00	3 Assets $1,353,675.00
1	104 Assets $20,381,443.50	35 Assets $8,967,537.00	13 Assets $2,933,257.50	9 Assets $889,242.00	77 Assets $1,090,359.00

Possibility of Failure (Low 0 – High)

NATURAL DISASTERS

Colorado Springs is subject to natural disasters that pose a significant threat to life and property, especially wildfires and floods. Wildfires are the most important risk — in fact, the 2012 Colorado wildfire occurred when this analysis was originally being conducted and was, at the time, the largest wildfire in Colorado history. It affected approximately 12,000 acres and burned 347 homes. A response to large wildfires can be expensive, requiring police and fire personnel to suppress the fire and evacuate people. Reimbursement from the Federal Emergency Management Agency is not immediate and does not typically cover all the costs of responding. Further, a fire is likely to interrupt the city's sales tax revenue.

> Leading municipalities often find it helpful to segment their reserves into different categories, making the purpose of the reserve more transparent.

The city estimated costs for the 2012 fire at $3.75 million in personnel time, mutual aid costs, and other direct expenses. This estimate covers the actual firefighting within the city limits and the emergency protective measures taken (e.g., evacuation, security, activation of the emergency operations center, etc.). The expenses eligible for a 75 percent FEMA reimbursement are estimated at $2.15 million. The FEMA-ineligible expenses combined with the 25 percent of unreimbursed expenses comes to $2.14 million — although at least some of this amount is expenses that the city would have incurred regardless of the fire, such as on-duty firefighters.

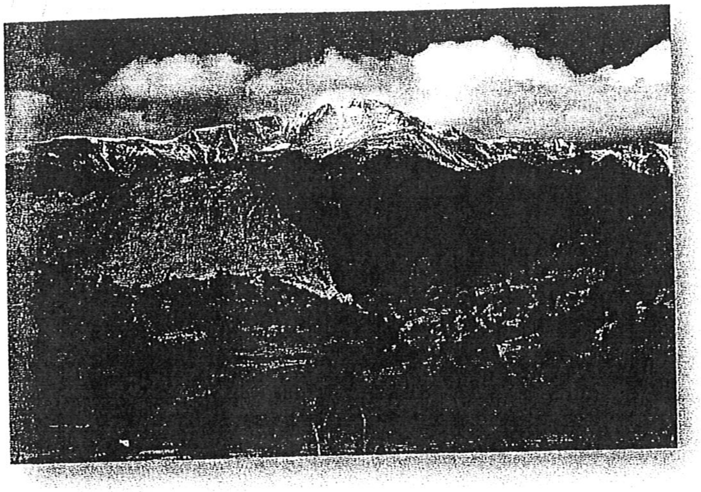
Floods are also a concern because they damage infrastructure, require a city emergency response, and require debris removal afterward. Colorado Springs' most severe floods were in 1935 and 1965; otherwise, smaller floods occur about 6 or 7 times in a 10-year period. The last flood that qualified as a FEMA disaster was in 1999. The city's cost for dealing with the flood of 1999 was $2,670,158. The federal share of the project was 75 percent, or approximately $2 million; the state share was 12.5 percent, or $333,770; and the city's share was the remaining 12.5 percent, or $333,770. In 2012 dollars, this would equate to about $3.67 million in total costs and $460,000 for the city's final share.

Although Colorado Springs faces risks from several types of extreme events that have the potential to cause loss of life and property and to disrupt business, these extreme events do not appear to constitute a catastrophic risk to the city's financial position. For example, a reserve of $4 million (compared to the city's $220 million in annual revenues) would be more than adequate to cover the cost of either the 2012 fire or a flood of similar severity to the 1999 flood, before FEMA reimbursement.

However, the triple-A approach warns that the city would do well to augment the level of risk it was preparing for, and given the very limited number of data points to inform the analysis, a higher multiplier was appropriate. To illustrate: Multiplying the city's total cost for the 2012 fire — $3.75 million — by 2 totals $7.5 million. Much of the cost for an extreme event would be reimbursed by other parties, however, and some of this figure would represent costs the city would incur, regardless (e.g.,. regular salaries for public safety personnel). Therefore, a $7.5 million reserve might be excessive. Analysis indicated that about a third of the costs for the most recent fire would have been incurred as the normal cost of doing business, and about half of the reimbursement from FEMA can be expected to be received within six months of the expenditure. Therefore, a reserve of $3.3 million might represent the minimum prudent reserve amount; it accounts for some of the costs the city would have to bear in responding to an extreme event that would be part of its regular budget, and for the significant portion of the costs that would be reimbursed quickly by FEMA. A reserve of $5 million might be a middle ground because it does not account for FEMA reimbursement (which is outside of the city's control), but considering the need for a hedge against floods (and blizzards), a reserve up to $7.5 million would be prudent.

PUTTING IT ALL TOGETHER INTO A RESERVE TARGET

To summarize the amounts of reserve our analysis suggested would be prudent for the city to maintain, based on an analysis of the risk factors (including the results for analyses that were not described in this article, due to the space limits):



About the City

The City of Colorado Springs is a community of 416,427 people, located about 70 miles south of Denver. At an elevation over 6,000 feet, Colorado Springs sits at the base of Pikes Peak, one of the most famous American mountains, and boasts of 300 days of blue skies each year. It is home to Garden of the Gods, the Air Force Academy, the U.S. Olympic Committee Headquarters and Training Center, and the world-famous Broadmoor Hotel.

- $13 million for the effect of uncertain economic conditions on sales tax, as described in this article.
- $7.5 million for the effect of uncertain economic conditions on other revenues. This accounted for uncertainty around building permit revenues and other minor revenue sources.
- $6.25 million for uncertainty regarding pension payments. This related to state policy affecting the state-run pension system the city participates in.
- $5.25 million for critical bridge failure and $11.6 million for critical storm sewer replacement, for a total of $16.85 million.
- $5 million to $7.5 million for extreme events, as described in this article.
- $2 million to $4 million for expenditure spikes from lawsuits. This was based on the exposure to actual lawsuits the city was subject to at the time, and an estimate of the potential damages and probability of incurring those damages.

Many cities express their reserve policy target as a single number (e.g., 16 percent of revenues). However, the GFOA has found that leading municipalities often find it helpful to segment their reserves into different categories, making the purpose of the reserve more transparent. For example, a reserve for "emergencies" and a reserve for "economic uncertainty" would provide more clarity about the purpose of the reserves than one all-encompassing reserve. The first hree bullets above could comprise the budgetary uncertainty reserve, while the last three would form the emergency reserve, leading to the targets shown in Exhibit 3.[7]

This provided a total target of about 25 percent of general fund revenues.[8] This was acceptable to the mayor and council because it was based on a transparent assessment of the risks the city faced, and it provided a known, prudent level of extra "cushion" that took into account the impact of issues that were of pressing concern to the community (e.g., wildfire). A comparative analysis of the target with comparable cities showed that the target level of reserves was similar to the level of reserves actually maintained by other cities (it was slightly less).

HOW THE ANALYSIS PLAYED OUT

Further events in Colorado Springs proved the value of the triple-A approach. The city worked hard to build its 2012

Exhibit 3: Categories of Reserves

Budgetary Uncertainty Reserve
$13 million for sales tax economic uncertainty +
$7.5 million for economic uncertainty in other revenues +
$6.25 million for pension payment uncertainty =
$27 million, or approximately 12.5% of general fund revenues as budgetary uncertainty reserve*
Emergency Reserve
$5.25 million for critical bridge failure and $11.6 million critical storm sewer replacement, for a total of $16.85 million +
$5 million to $7.5 million for extreme events +
$2 million to $4 million for expenditure spikes from lawsuits =
$27 million, or approximately 12.5% of general fund revenues as an emergency reserve

** Based on about $220 million general fund revenue, per 2012 budget estimates*

end-of-year unrestricted fund balance to 23.3 percent of the 2013 expenditure budget, nearly reaching its goal of 25 percent. However, a series of events changed that.

- Transit litigation settlement reduced the reserve to 19.2 percent of the 2013 amended expenditure budget (the reader will note there was an allowance for settlements in Exhibit 3).
- The burn scar left by the 2012 Waldo Canyon Fire placed the city at increased risk for flooding, so the mayor requested, and the City Council approved, a supplemental appropriation of $8.8 million from the reserves for emergency storm water capital projects to address the most critical flood risks. The City Council understood that a portion of the city's reserves are held to fund projects that will reduce a risk (in this case, massive flooding) that, if it occurred, would have to be remediated later, at even greater expense.
- The city was affected by the Black Forest fire, in an unincorporated populated area that borders the city. This fire was 50 percent more destructive than the 2012 Waldo Canyon fire, which had been the worst in Colorado history up to that point, measured by the number of homes destroyed. Fortunately, the city was prepared to handle the immediate response cost with its remaining reserves.

Ultimately, the city's reserves were reduced to 14.4 percent of the 2013 amended expenditure budget, still providing a hedge against the other risks it faces. The mayor and City Council understand, however, the importance of the reserves for responding to all of the city's risks and are working with staff to replenish the reserve as soon as is practical. ❚

Notes

1. The GFOA best practice, *Appropriate Level of Unrestricted Fund Balance in the General Fund*, recommends that general purpose governments maintain an unrestricted general fund balance of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. However, the document emphasizes that this recommendation is just a baseline and that governments must determine the optimal level of general fund reserves for their own particular circumstances.
2. See: Spyros Makridakis, Robin Hogarth, and Anil Gaba, *Dance with Chance: Making Luck Work for You* (Oxford: Oneworld Publications) 2009.
3. For details on how all risk factors were analyzed, see the full report about this project, "A Risk-Based Analysis of General Fund Reserve Requirements: A Case Study of the City of Colorado Springs," available at www.gfoa.org/research.
4. The GFOA used a method of data "de-seasonalization" known as multiplicative decomposition to arrive at this conclusion.
5. The trend-cycle line is calculated by taking a 12-month centered moving average of actual monthly sales tax revenue. For example, the moving average for January 2005 would be an average of August 2004 through July 2005. February 2005 would be an average of September 2004 through August 2005, and so on. A 12-month moving average smooths out seasonal variation, leaving only the trend cycle.
6. Further analysis could be conducted with city staff to refine asset replacement costs and review the risk rating to incorporate more factors (i.e., traffic count, location, major structures).
7. Targets were rounded to nearest whole numbers for ease of use in policy making.
8. While some of the risks are clearly independent, some are not. If the risks are independent (i.e., the occurrence of one has no bearing on the occurrence of another), an argument could be made for holding less in reserve than the sum of the subcomponents. But because the level of independence was very complex to estimate, it was decided not to assume any level of independence. Hence, the target is probably larger than the city would need at any one time.

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Using Unassigned Funds to Balance the Budget

By William E. Tomes, Anna B. Berger, and Megan E. Bassett

> In its most recent *State of Local Government Fiscal Conditions* research survey, The Institute for Public Service looked more closely at how fund balances are used in addressing budget issues.

During the recession and its aftermath, many families struggling to make ends meet have had to use their savings to pay bills or buy groceries. Many local governments across the nation have had to do the same, using a part of their unrestricted fund balances to cover expenses because of declining revenues and increased costs. In 2009, the Institute for Public Service and Policy Research at the University of South Carolina began a longitudinal study of the impact the recession has had on local governments in South Carolina. In its 2010-2011 *State of Local Government Fiscal Conditions* research survey, the institute expanded the section on use of fund balances in addressing budget issues. The results from the fund balance survey questions are presented in this article.

Government financial reports use the term fund balance to describe the difference between financial assets and liabilities. The 2009-2010 institute survey used the term "undesignated, unreserved" fund balance in reference to money available in the general fund for any purpose, that was not restricted, committed, or assigned for any other use. The Governmental Accounting Standards Board found that governments interpreted fund balance categories in different ways and fund balance reporting was inconsistent.[1] This led to the issuance of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which addresses these inconsistencies. Governments were required to implement the new standards for the fiscal year beginning after June 15, 2010. Because some of the local governments participating in the institute's survey may not have implemented GASB Statement No. 54 when they completed the survey, the "undesignated, unreserved" terminology was still used in the 2010-2011 survey. The intention was to have participants report the "unassigned fund balance" (funds that are available for any purpose and reported only in the general fund) as currently defined by GASB 54.

About the Survey

A total of 70 South Carolina local governments (47 municipalities and 23 counties) responded to the fund balance questions in either the 2009-2010 or the 2010-2011 surveys. The surveys requested data from fiscal 2008 through the current fiscal year. Seventy percent (61.7 percent of the municipalities and 87 percent of the counties) reported using their unassigned fund balances at least once between fiscal 2008 and fiscal2011. Thirty-three of the respondents used their unassigned fund balances at least twice during the four-year period between fiscal 2008 and fiscal 2011.

Exhibit 1: Actual Fund Balance versus Policy Requirement

	Actual Fund Balance		Policy Requirement	
	Municipalities	Counties	Municipalities	Counties
Average	33.82%	30.55%	21.22%	23.41%
Range	2%-100%	5%-58%	10%-35%	10%-47%

When asked why they elected to use the fund balance, respondents said they did so to cover budget shortfalls (30 percent), capital projects (14 percent), grant matches (3 percent) and cost of living adjustments and bonuses (2 percent). Some listed multiple reasons, and some (3 percent) chose "other" — these responses included loss of state aid, refund of fire service fee, and using the fund balance instead of issuing bonds or tax anticipation notes. The average amount of the unassigned fund balance used was 11.58 percent, but the amount used ranged from .95 percent to 45.88 percent.

FUND BALANCE POLICIES

While some may view the fund balance as unnecessary and something that should be used to reduce taxes, financial management experts agree that some level of fund balance is needed. The Government Finance Officers Association recommends that governments establish a fund balance policy and maintain a fund balance of no less than two months (16.67 percent) of general fund operating expenditures.[2] The GFOA also notes that higher minimum balances should be considered in cases of rapidly growing budgets, disparities in timing between revenue and expenditures, and the possibility of natural disasters such as hurricanes.[3] The International City/County Management Association uses bond rating firms' rule-of-thumb figure of maintaining at least 5 percent of annual operating expenditures as an acceptable fund balance.[4]

Forty-nine local governments responded to the question about whether their jurisdiction had a fund balance policy. Twenty-nine (59%) indicated that they did, and 16 of those had policies that required replenishment of the funds if the balance dropped below a certain level. Seven jurisdictions reported that their fund balances were lower than the amount required by their policy. Exhibit 1 summarizes responses regarding fund balance policies.

WHAT THE NUMBERS MEAN

Does using part of its fund balance indicate that a city or county is struggling financially? Not necessarily; some local governments use unassigned fund balance for one-time expenses or to routinely handle uneven revenue flows so they won't have to issue tax anticipation notes or other short-term debt. But using the fund balance to address budget shortfalls can indicate more serious issues caused by declining revenues or increasing expenses. The following analysis compares the 30 jurisdictions that used their unassigned fund balances to cover budget shortfalls during the survey period to those that did not use their fund balances at all during the four-year survey period, to see if there are differences in the responses to the survey questions.

Exhibit 2: Change in Median Budget and FTEs

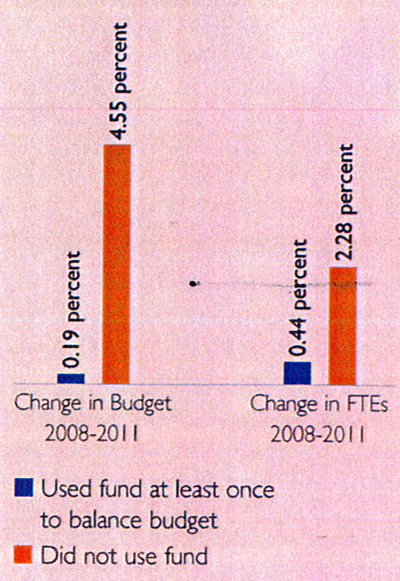


Exhibit 3: Cities that Used Unassigned Fund Balance — 2011 Sources of Revenue

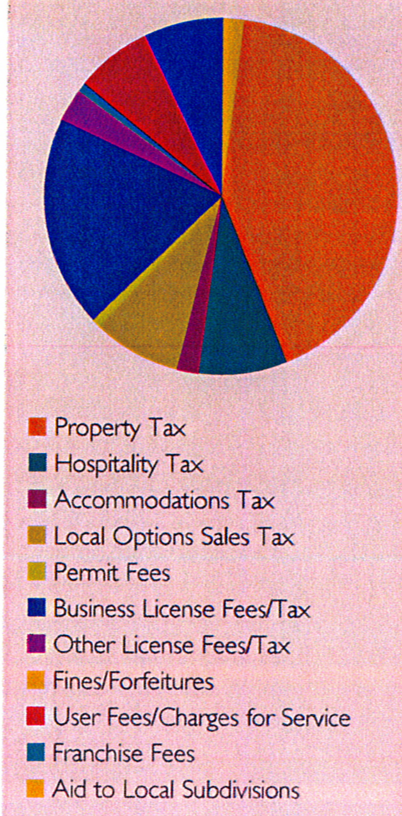


Exhibit 2 illustrates that non-users had larger increases in both the size of their budgets and the number of full-time employees. Exhibits 3 and 4 show that jurisdictions that used fund balance were more dependent on the property tax as their main source of revenue than those that didn't use fund balance. (Because of varying revenue sources and a small sample size, counties were not included in this analysis.) Although property tax revenues have been the most stable revenue source during the recession, jurisdictions that used their fund balances saw a smaller growth in property tax revenue, even though they were more likely to increase property taxes over the four-year survey period (see Exhibits 5 and 6).

Cities that didn't use fund balance fared better in all revenue sources than those that did, with the exception of "other license fees" (see Exhibits 6 and 7). Cities that used fund balance were much more likely to increase fees or initiate new ones during the recession (see Exhibit 8).

While users were more likely to take steps to increase their revenue by raising taxes and fees, they also took several other actions at a greater rate than non-users. The survey asked about tar-

Exhibit 4: Cities that Did Not Use Unassigned Fund Balance — 2011 Sources of Revenue

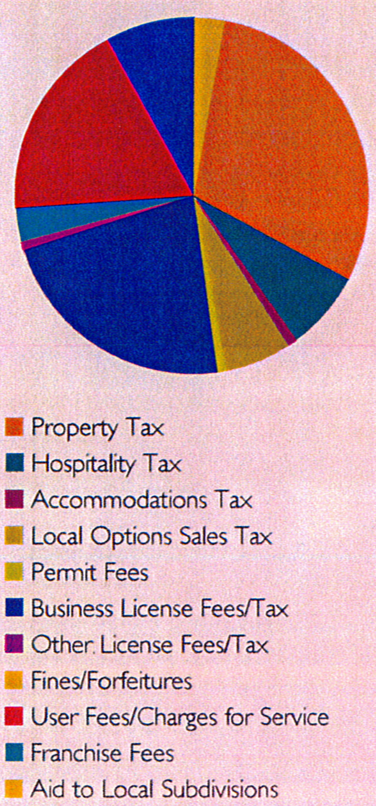


Exhibit 5: Increase in Property Tax

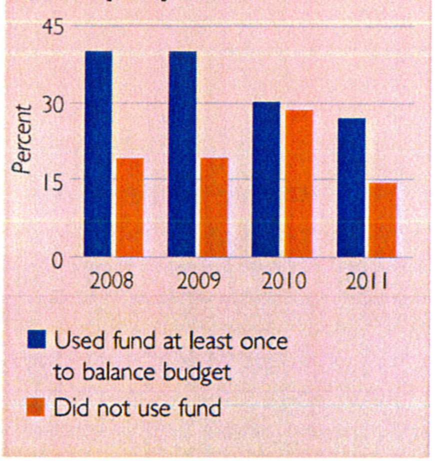


Exhibit 6: Changes in Revenue, Fiscal 2008-Fiscal 2011

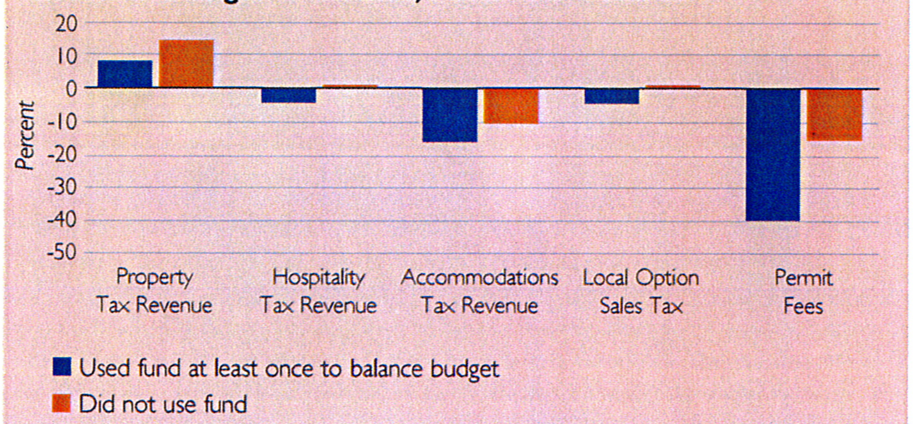


Exhibit 7: Changes in Revenue, Fiscal 2008-Fiscal 2011

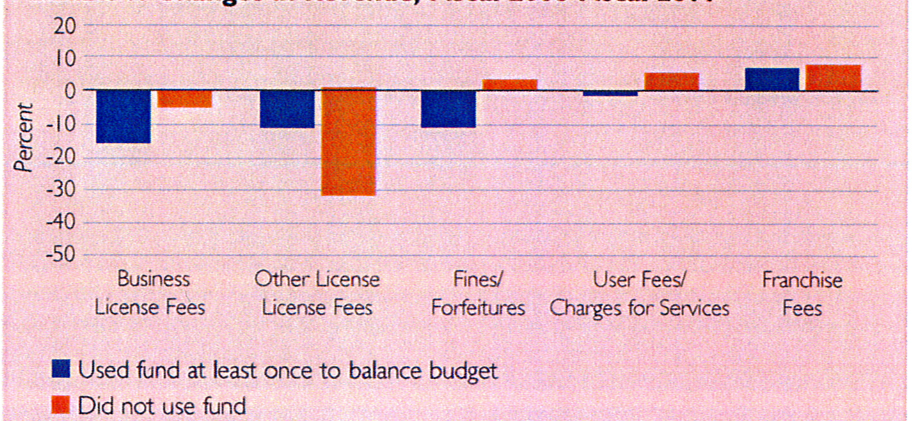


Exhibit 8: Increases in or Additions to User Fees

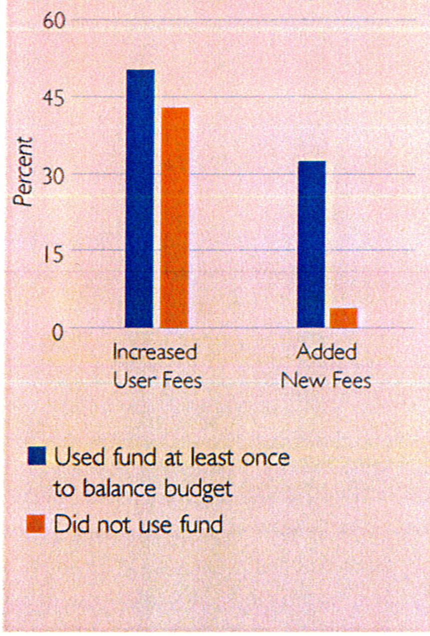
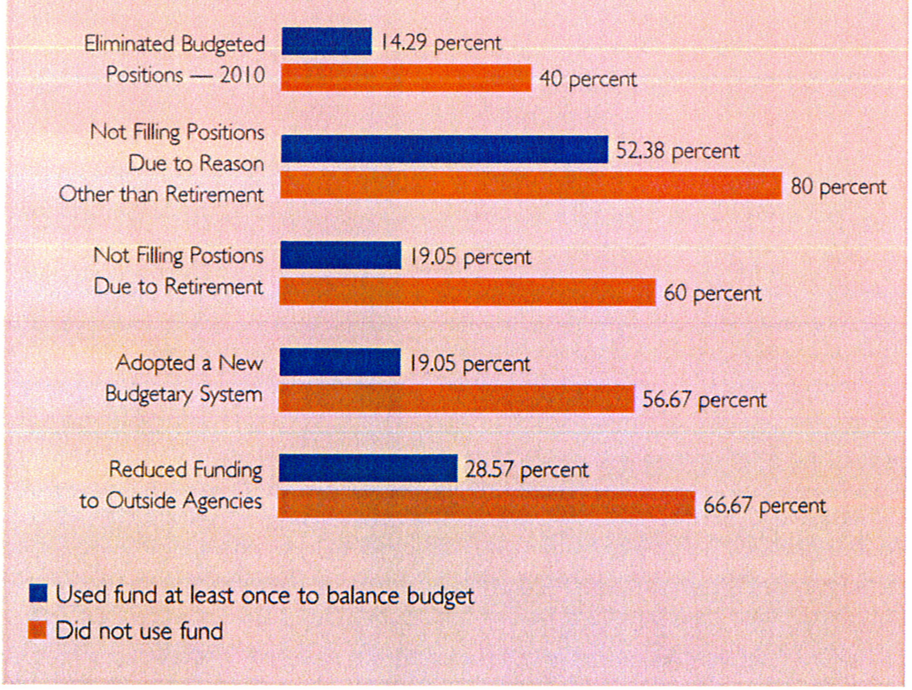


Exhibit 9: Significant Differences in Cuts and Reductions



geted cuts and reductions in 25 areas. Exhibit 9 shows the survey results in the five areas in which there were significant differences in response rates.[5]

Although the differences in response rates were not significant, cities that used unassigned fund balance were twice as likely to terminate employees and eliminate positions. They were also more likely to cut overtime hours and reduce or freeze employee salaries.

There were a few areas in which the cities that did not use fund balance were more likely to make cuts or reductions, although again, the differences were not significant. They were more likely to cut or reduce training expenditures, vacation and holidays, and health-care options. Also, cities that did not use fund balance tapped into their enterprise funds to balance budgets at a greater rate than cities that did use unassigned general fund balance.

CONCLUSIONS

Using a portion of the unassigned fund balance is one tool available for addressing tight budget times and may be a necessity for local governments struggling with declining revenues and increasing costs. Survey results seem to indicate that jurisdictions that made the decision to use a portion of their unassigned fund balance did so in conjunction with other actions to reduce costs or increase revenues. However, continued dependence on the unassigned fund balance will eventually weaken the financial stability of the jurisdiction, as short-term forecasts of local government revenues continue to be dreary. The challenge for these local governments will be to replenish their fund balances if revenues continue to decline and expenses increase.

Notes

1. *Fact Sheet about Fund Balance Reporting and Governmental Fund Type Definitions*, Governmental Accounting Standards Board, www.gasb.org.
2. *Appropriate Level of Unrestricted Fund Balance in the General Fund*, Government Finance Officers Association best practice, 2009, www.gfoa.org.
3. Stephen J. Gauthier, *What Everyone Needs to Know about the New Fund Balance* (Chicago: Government Finance Officers Association, 2009).
4. Jon Johnson and Chris Fabian, "It's All in the Questions: The Manager's Role in Achieving Fiscal Health." *Public Management*, September 2009.
5. Significant differences were determined by chi square analysis. Differences noted were at the .05 level of significance or greater.

WILLIAM E. TOMES is the director of government research and service at the University of South Carolina's Institute for Public Service and Policy Research. **ANNA B. BERGER** is a senior research associate for the Government Research and Service unit at the institute. **MEGAN E. BASSETT** is a research assistant.

The Illusion of Cities' Recovery From the Recession

BY: Zach Patton | September 2015

The lights are back on in Colorado Springs.

Five years ago, in the immediate aftermath of the Great Recession, Colorado Springs, Colo., became a poster child for municipal service cuts. Because the majority of its revenue comes from sales taxes, the city was hit hard -- and particularly early -- by the economic downturn. After its revenue plummeted in 2009, Colorado Springs slashed many core public functions in an effort to make ends meet. One-third of the city's streetlights were turned off to save money. Swimming pools and community centers were shuttered. The city stopped collecting trash from parks and ceased mowing the grassy medians in downtown streets. Buses quit running on nights and weekends; some routes were terminated altogether. City jobs went unfilled, including firefighters, beat cops, drug investigators and other essential positions. The police department auctioned off its three helicopters online. Infrastructure spending fell to zero.

The sweeping cuts gained international attention, including a cover story in this magazine five years ago this month. But it wasn't just the cutbacks that drew focus to Colorado Springs. It was the way citizens responded to them. In November 2009, with the looming service reductions already announced, local voters overwhelmingly turned down a proposed property tax increase. The message from residents was clear: We'd rather suffer the cuts than spend more to avoid them.

Thus the already libertarian-leaning city became an extreme experiment in limited government. "People in this city want government sticking to the fundamentals," City Councilmember Sean Paige told *Governing* in 2010. "I think the citizens have made it clear that this is the government people are willing to pay for right now. So let's make it work."

In many ways, that's exactly what happened. The bare-bones budget went mostly to fund fire and police services, along with some money for parks and public works. Citizens and private groups filled in the gaps. Neighborhoods chipped in to pay for their own streetlights. Churches ran some of the community centers that had been slated to close. Volunteers helped out with back-office police functions. Some outsourcing was more formal: A city-owned hospital was sold off to the University of Colorado health system, and the YMCA formally took over the public swimming pools. The city even privatized its entire fleet of vehicles.

By late 2011, things started looking up. Sales taxes began to rebound, and the city restored many of the services that had been cut. The lights came back on, trash pickup resumed, more cops were hired. By the next year, Colorado Springs' reserve funds were at their highest levels ever, a fact that helped the city cope with a couple of devastating floods and wildfires, including the 2012 Waldo Canyon fire that killed two people and destroyed nearly 350 homes in the area. By 2013, the city's revenue was already back to pre-recession levels.

It's easy for Colorado Springs residents today to feel as if the city has fully recovered from the recession. "There's this sense that everything's back to normal," says Daphne Greenwood, an economics professor at the University of Colorado at Colorado Springs. "But just like the rest of the country, we're not really back to where we were."

What's happened in Colorado Springs has played out in municipalities across the country. Revenues are back up and jobs are returning. Many cities, in fact, are thriving. But there are worrisome cracks in the foundation -- structural imbalances that go beyond the cyclical churn of the economy. "Compared to 2010, obviously cities are much better off -- at least in the short term," says Kim Rueben, a senior fellow at the Urban-Brookings Tax Policy Center who focuses on state and local economies. "But there are still fundamental problems. Things are getting better, but I wouldn't necessarily say it's all sunshine and roses. This is really just a time for people to catch their breath."

Nationwide there's a lot to be optimistic about when it comes to local government finances. Property values, after bottoming out in 2012 and 2013, have bounced back. The National League of Cities' (NLC) most recent *City Fiscal Conditions* report, published last fall, showed that property tax collection was at 90 percent of pre-recession levels, and NLC economists say they expect to see higher numbers in next month's report. Just in the past year, it seems cities have turned a corner. That 2014 NLC report showed the first positive growth for city revenues in five years, and for the first time since the downturn, a majority of local officials surveyed in the report said they were optimistic about their cities' fiscal health.

There are other positive indicators. Last year, more cities increased the size of their municipal workforce than decreased it, something that hasn't happened since 2008. In fact, this past May marked six consecutive months of job growth for cities -- a first in several years. And in the first quarter of 2015, Moody's credit rating upgrades for cities finally outpaced downgrades.

But every silver lining has a cloud. Take the employment numbers. Despite those six months of sustained growth, cities are still about 195,000 jobs below the peak employment levels they saw at the end of 2008.

Or consider the Moody's upgrades. It's an important sign, says Tom Kozlik, an expert on local finances and a municipal strategist with PNC Bank. "On the other hand, it took several years for that to happen, and there are still a number of downgrades happening." Many of those downgrades are occurring because of multiyear fiscal structural imbalances. Lots of municipalities are still dipping into their reserves as a way to balance the budget year to year. "That tells me it's going to be really difficult to turn this trend around," says Kozlik. "If local governments don't really sit down and recognize this new financial reality -- budgeting conservatively and managing expenditures -- then their credit will deteriorate and they'll continue to face downgrades."

Overall the recovery has been markedly uneven for localities. An NLC report released in late July laid out some of the frustrating inequalities of "an economy defined as much by job gains as by slow productivity growth, suppressed wages and stubborn unemployment." In the report, which surveyed more than 250 municipal officials from across the country, nearly all cities reported a rosier economic picture, with 28 percent reporting a "vast improvement' in their economy and 64 percent citing a "slight improvement." But smaller cities of under 100,000 residents haven't seen the same rates of economic growth that larger cities have, and some of those smaller localities actually reported worsening conditions over the past year. Rising demands in all cities for assistance in areas such as food and housing indicate that not everyone has shared in the strengthening economy. "Even those cities that are emerging as post-recession leaders still have a long way to go in terms of low- and middle-class residents," says Christiana McFarland, co-author of the NLC report. "You see conflicting storylines within the same city."

The recovery has been a mixed bag in Colorado Springs as well. On the one hand, revenues are at 10-year highs. But the city's population has also risen, meaning per-capita revenue and expenditures have actually fallen sharply since 2007. And while police and fire positions have almost inched back up to where they were before the downturn, other departments are still stretched thin. The number of nonemergency civilian positions is down 24 percent today compared to 2008. "Of course we're in a better place now than we were," says Kara Skinner, the city's chief financial officer. "But we're still super, super lean." City departments like parks and public works want to add back some of the staff they've lost, she says, "but the funds are just not there to meet those requests. Realistically that's just a new normal for us."

Drive around Colorado Springs today and there's one thing you can't help but notice: "Potholes," says Greenwood, the economics professor. "It's hard to keep your eye on traffic because of having to dodge all the potholes." Colorado Springs is spread out over 195 square miles, with 5,600 miles of roads, and most of them are in disrepair. Sixty percent of the city's roadways have gone more than a decade without being repaved, and the pothole problem has become severe. The city's roads are "rapidly deteriorating, and we need to deal with it," says Mayor John Suthers, who took office this June. "That's definitely a product of the recession. There's still essentially no money for road improvement or maintenance."

Suthers is backing a slight increase in sales taxes for five years, which would give the city about $50 million a year solely to fix its roads. Residents will vote on the proposal in November. Suthers says he's "incredibly optimistic" that it will pass, despite the strong antitax sentiment in his city. Residents, he says, are keenly aware of the poor state of the city's roadways.

Infrastructure investment is not a problem unique to Colorado Springs, of course. During the recession, one of the first places cities reduced their spending was on the maintenance of roads and bridges and other facilities. Most haven't restored that funding even now. But as the nation's infrastructure continues to deteriorate, localities will have no choice but to spend money to repair it. As early as next year, "growing capital demands will force local governments to significantly increase investment in infrastructure," one Moody's analyst said in a report earlier this year.

"Cities are disinvesting -- you're not even maintaining the value of the infrastructure you have," says Michael Pagano, dean of the College of Urban Planning and Public Affairs at the University of Illinois at Chicago and co-author of NLC's *City Fiscal Conditions* report since 1991. "We've postponed repair and maintenance for so long that we've now got to decide what to address, what to abandon and what to sell off." Public-private partnerships are one way to help finance projects, and cities are increasingly utilizing them as an important tool. But many of cities' most pressing infrastructure needs -- alleys, sidewalks, school facilities and bridge maintenance -- might not be attractive to corporate partners.

If infrastructure is one looming crisis for localities, the other is certainly pensions. While a few cities have initiated some retirement benefit reforms in the past five years -- around 20 percent of localities, according to NLC -- pensions remain a major fiscal problem for municipalities. Pension burdens increased for 31 of the 50 largest local governments in fiscal 2013, the most recent year for which data is available, according to a recent Moody's report. And in general, required pension contributions are growing faster -- in some cases much faster -- than local government revenues. As aging public employees retire in the next decade, those pension obligations will continue to gobble up an increasing share of city expenditures, crowding out spending on other services.

[click_to_tweet]"I'm not sure [cities are] any more prepared for a recession in the next five to seven years than they were in 2008."[/click_to_tweet]

The twin crises of infrastructure investment and pension burdens represent deeper structural problems that cities must confront. The good news, says Pagano, is that cities are at least talking about their pension and infrastructure needs. But talk doesn't always translate into appropriate action. "Yes, cities are having serious conversations" about these topics, he says. "But are they adequately addressing the long-term liability issue? That's something we don't have an answer to yet."

The underlying question, in Colorado Springs and elsewhere, is whether cities are any better equipped to handle the next fiscal downturn. If history is any guide, an economic contraction will happen within a few years. Are cities ready? In one aspect, they may be. "If the Great Recession taught cities anything," says Pagano, "it taught them not to believe in overly optimistic forecasts in their pension systems. Maybe that's a good thing."

In Colorado Springs, leaders say they're definitely better prepared. The city's reserves today are $10 million higher than they were in 2007. And Suthers says that if voters pass his tax increase for road repairs, the city will be on even surer footing. "We're in a better place than we were," he says. While Suthers doesn't question the cuts that were made in 2010 because they were "philosophically consistent" with the views of Colorado Springs residents, he acknowledges that they remain an issue. "I'm still dealing with many of the cuts we made five years ago and trying to get back to square one."

For the most part, though, cities continue to face those entrenched, longer-term trends that will make it much harder to weather future fiscal storms. In addition to unmet infrastructure and pension needs, cities are bridled with an increasingly outdated sales tax system that doesn't reflect the shift to a service economy. "I had hoped the Great Recession would cause cities to really examine the adequacy of their fiscal architecture," says Pagano. "But for the most part, that hasn't happened."

Without some sort of action on taxes, infrastructure and pensions, he says, cities won't be able to withstand the next downturn any better than the last. "I'm not sure they're any more prepared for a recession in the next five to seven years than they were in 2008," Pagano says. "The future isn't going to be too much different from the past."

Rating Agency Reports

City Council Special Meeting
August 15, 2016

CityofPSL.com

S&P Global Ratings
June 24, 2016 Rating Report

- Assigned “A+” rating to Community Redevelopment Agency Refunding Bonds, Series 2016
  - Rating on bonds based on City’s covenant to budget and appropriate.
  - Rating based on:
    - Very strong management, with "strong" financial policies and practices
    - Strong budgetary performance, with an operating surplus in the general fund and break-even operating results

S&P Global Ratings
June 24, 2016 Rating Report

– Rating based on:
  - Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 38% of operating expenditures
  - Very strong liquidity, with total government available cash at 74.4% of total governmental fund expenditures

Standard & Poor's

General Obligation Medians for Municipalities as of October 9, 2015

Rating	Fund Balance as a % of Expenditures
AAA	47%
AA	45%
A	38%
Port St. Lucie	38%

Moody's Investors Service

Credit Opinion May 12, 2016

- Update on General Obligation Rating
- Confirms A1, outlook is negative
  - Credit Strengths
    - Above average reserve levels
    - Large tax base with growth potential
    - Low pension burden
  - Credit Challenges
    - Significant debt backed by covenant to budget and appropriate non-ad valorem pledge

Moody's Investors Service Credit Opinion May 12, 2016

- Factors that Could Lead to a Downgrade
  - Significant reduction in reserve or cash position
  - Additional debt which has to be paid from General Fund revenues

For 16-17 Budget Discussions

.1289 Mill decrease as per TRIM vote		Millage Rate	City Tax Bill Decrease		Total Property Tax
Assessed Value	**Taxable Value**	**Decrease**	**Annual**	**Monthly**	**Decrease for the City**
$ 100,000	$ 50,000	0.1289	$ 6.45	$ 0.54	$ 972,668
$ 125,000	$ 75,000	0.1289	$ 9.67	$ 0.81	$ 972,668
$ 150,000	$ 100,000	0.1289	$ 12.89	$ 1.07	$ 972,668
175,000	$ 125,000	0.1289	$ 16.11	$ 1.34	$ 972,668
$ 200,000	$ 150,000	0.1289	$ 19.34	$ 1.61	$ 972,668
$ 250,000	$ 200,000	0.1289	$ 25.78	$ 2.15	$ 972,668

For 16-17 Budget Discussions

.2000 Mill decrease		Millage Rate	City Tax Bill Decrease		Total Property Tax
Assessed Value	**Taxable Value**	**Decrease**	**Annual**	**Monthly**	**Decrease for the City**
$ 100,000	$ 50,000	0.2000	$ 10.00	$ 0.83	$ 1,509,182
$ 125,000	$ 75,000	0.2000	$ 15.00	$ 1.25	$ 1,509,182
$ 150,000	$ 100,000	0.2000	$ 20.00	$ 1.67	$ 1,509,182
$ 175,000	$ 125,000	0.2000	$ 25.00	$ 2.08	$ 1,509,182
$ 200,000	$ 150,000	0.2000	$ 30.00	$ 2.50	$ 1,509,182
$ 250,000	$ 200,000	0.2000	$ 40.00	$ 3.33	$ 1,509,182

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 431-3316
Dept: UTILITIES
Division: WATER PM
Page: 1 of 2

Position title: FIELD TECH TRAINEE   # Requested: 2

Existing Classification? Yes ☑ No ☐   Grade: 4558

Preliminary Grade from Human Resources: ____

Base Salary: $11.88 per hour; # of hr/wk: 40 ; Projected start date: 10/01/16

Related Expenses (supplies, training, equipment, etc.):

Operating: Cell Phone $625.00 ea, Uniforms $468.00 ea, Safety Boots $150.00 ea

Office Supplies: ____

Capital Outlay: Two (2) Utility Body Service Trucks $35,000.00 ea = $70,000.00

Computer: ____

Program: New ☐ Existing ☑ Procurement: ____

Activities (By Priority)	% of Time
1) Hydrant and Valve Maintenance	70
2) Service Calls	15
3) Line Repairs	15
4)	
5)	

Who will supervise this position? Supervisor, Robert Noon

Revenue (if any) generated by position: $ ____ Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

Some of the challenges for Distribution Department are: We are responsible for servicing/maintaining 5,418 fire hydrants and 12,482 valves, we have been unable to maintain the hydrants on an annual basis as recommended by the American Water Works Association and currently the St. Lucie County Fire District has a Public Protection Classification rating of 3 and their goal is to have a rating of 2. These positions could help assist them in meeting that goal.
Some of the benefits are: We would be able to maintain 5,418 fire hydrants annually, we would maintain reliable fire protection for our residents and would be able to have a proactive maintenance program based on the AWWA annual recommendations.

Tie to the Strategic Plan:

Mission Principal- Exceptional Municipal Services- Maintaining a state of the art infrastructure and utility system.

Priority: High Priority

OMB Notes and Comments:

Total cost for employee:

$154,344.00 includes salary and truck.

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 431-1375
Dept: Utility Engineering
Division: Inspectors/Locators
Page: 1 of 2

Position title: Locator # Requested: 2

Existing Classification? Yes ☑ No ☐ Grade: ______

Preliminary Grade from Human Resources: ______

Base Salary: $15.07 per hour; # of hr/wk: 40 ; Projected start date: 10/01/16

Related Expenses (supplies, training, equipment, etc.):

Operating: Small misc locate equipment $500.00 ea

Cell phones $625.00 ea, Uniforms $468.00 ea, Safety Boots $150.00 ea

Office Supplies: ______

Capital Outlay: 2 pick up trucks $26,000 ea = $52,000.00

1 RD 7100 locating machine $5,000.00

Computer: 2 ipads $800.00 ea

Program: New ☐ Existing ☐ Procurement: ______

Activities (By Priority)

Activities (By Priority)	% of Time
1) Locate water and wastewater lines through out the city.	100
2)	
3)	
4)	
5)	

Who will supervise this position? Lisa Campbell

Revenue (if any) generated by position: $ ______ Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

Challenges the Inspectors encounter are: the entire locate division was eliminated in 2009 as a result of the recession and the Inspectors assumed the locator's responsibilities, all locate tickets must be located within 48 hours per State Statute 556.101, the inspectors work load has increased and they are unable to maintain a high level of service and the Inspectors have not been able to inspect grease traps throughout the city.

The benefits would be: we would be able to stay in compliance with the State Statute, the inspectors would be able to meet demands of developers and contractors and the inspectors would be able to focus on grease traps.

Tie to the Strategic Plan:

Mission Principal- Exceptional Municipal Services- Maintaining a state of the art infrastructure and utility system.

Priority: 1

OMB Notes and Comments:

Total cost for employee:

$183,293.00 includes salaries and vehicles.

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 431-1350

Dept: Utility Engineering

Division: Commercial Review

Position title: Engineer Intern   # Requested: 1

Existing Classification? Yes ☑ No ☐   Grade: ____

Preliminary Grade from Human Resources: ____

Base Salary: $25.50 per hour; # of hr/wk: 40 ; Projected start date: 10/01/16

Related Expenses (supplies, training, equipment, etc.):

Operating	Data plan for ipad $504.00
	Phone $600.00
Office Supplies	
Capital Outlay	
Computer	1 Ipad $800.00
	1 Desktop Computer $1,000.00

Program: New ☐ Existing ☐ Procurement: ____

Activities (By Priority)	% of Time
1) Plan Review for commercial projects	100
2)	
3)	
4)	
5)	

Who will supervise this position? Laney Southerly

Revenue (if any) generated by position: $ ____ Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

Some of the challenges the Utility Engineering Department has are: They have 3 managers that each have 33 projects which they follow through all stages (SPRC to under construction, to acceptance / completion), there are time constraints on the reviewing process and there are difficulties meeting some deadlines.

Some of the benefits would be: the project managers would have approximately 24 projects each that they would be responsible for, they would be able to have a more thorough review process and they would be able to stay on track to meet deadlines.

Tie to the Strategic Plan:

Mission Principal- Exceptional Municipal Services- Maintaining a state of the art infrastructure and utility system.

Priority: 1

OMB Notes and Comments:

Total cost for employee:

$89,248.00 includes salaries.

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 104
Dept: Public Works
Division: Traffic - 4121

Position title: Traffic Safety Technician 1 # Requested: 2

Existing Classification? Yes ✓ No ☐ Grade:

Preliminary Grade from Human Resources:

Base Salary: 11.38 per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Safety Shoe Allowance, Uniforms, Safety Vest, Cell Phone x 2 = 625 x 2 FTE's = $1,250

Office Supplies: Misc Office Supplies: Pens, Paper, Scissors, Stapler, Chair x 2 = 625. x 2 FTE's = $1,250

Capital Outlay:

Computer: Laptop x 2 @ $1,000 each Total = $2,000.00

Program: New ✓ Existing ☐ Procurement: Procurement Budget = $4,500

Activities (By Priority)	% of Time
1) Sign Inventory - Federal Mandate	40
2) Neighborhood Street Signs	40
3) Requests for Service - Resident Requests	10
4) Traffic Studies	10
5)	

Who will supervise this position? Supervisor, Traffic Safety

Revenue (if any) generated by position: $ None Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

These positions would be utilized in the Department's Road & Bridges Group working in the Traffic Division. The primary responsibilities would include maintenance of the over 30,000 signs and hundreds of miles of roadway striping. In recent years, Federal Standards have been published which require an elevated level of maintenance on sign infrastructure. In order to meet the requirements, staff in addition to their regular duties have been undertaking the inspection and inventory of the city's traffic signage over the last several years utilizing overtime, but this practice is not sustainable. When future signing improvements being undertaken through the Neighborhood Planning program are taken into account, there is no capacity in the current staff's schedule or in the Department's budget to take on more work. In order to meet the federal requirements and to undertake the proposed Neighborhood Planning programs, additional Traffic Safety Technicians are necessary.

Tie to the Strategic Plan:

Goal 4: Balanced and Responsible Sustainable Growth 4.4 Maintain reasonable traffic flow in and through Port St. Lucie 4.5 Have safe routes to schools especially elementary schools.*Principle "A" – Exceptional Municipal Services 2. Incorporating "best practices" into the services and service delivery in Port St. Lucie
3. Maintaining a highly motivated city workforce dedicated to serving the Port St. Lucie community.
4. Providing resources to support defined City services and service levels
5. Maintaining a high level of customer satisfaction.

Priority: ______________________________

OMB Notes and Comments:

Total cost for employee:

Operating Costs for 2 FTE's = $2,500
Capital Outlay for 2 FTE's = $2,000
Salary + Benefits for 2 FTE's = $105,807

Total = $110,307

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 104/401(50/50split)
Dept: Public Works
Division: 4105
Page: 1 of 2

Position title: Senior Construction Inspector   # Requested: 1

Existing Classification? Yes ☐ No ☑   Grade: ______

Preliminary Grade from Human Resources: ______

Base Salary: 18.52 per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Batteries, UPS, Uniforms, Safety Shoe Allowance, Misc. Operating. = $750.00

Office Supplies: Paper, Pens, Scissors, Stapler, Chair, Monitor, & Misc Office Supplies = $750.00

Capital Outlay:

Computer: Laptop or MS Surface = $1500.00

Program: New ☐ Existing ☑   Procurement: Total Procurement Budget = $3,000

Activities (By Priority)

Activity	% of Time
1) Senior Inspector for Commercial, CIP, and Sidewalk Projects.	60
2) Oversee contractor activities on construction projects.	10
3) Respond to Requests for Service & Make Recommendation to Manager for Resolve.	10
4) Provide guidance and wisdom to subordinate inspectors.	10
5) ADA and Regulatory Compliance	10

Who will supervise this position? Project Manager

Revenue (if any) generated by position: $ None   Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

ffect on level of service:

The inspection staff is responsible for overseeing contractor activities on construction projects and ensuring that the activities are in compliance with the applicable regulations and standards. Over the course of the last year, the development community has continued to recover from the recent economic downturn and staff has begun to see an increase in the number of commercial and residential projects which are either in the review stage or are already under construction. Combined with the increasing number of projects in the City's Capital Improvement Program, the need to increase the Department's inspection staff is evident. The inspection staff are currently overworked, carrying approximately eighteen (18) project each. Any increase to this workload could lead to a decrease in the timeliness of inspections and would lead to delays in commercial and residential development projects which would be unacceptable.

Tie to the Strategic Plan:

Port St. Lucie City Government: Mission and Service Priority Principal A - Exceptional Municipal Services,
Means #3: Maintaining a highly motivated City workforce dedicated to serving the Port St. Lucie community.
Means #4: Providing resources to support defined City services and service levels.

Priority: High

OMB Notes and Comments:

Total cost for employee:

Salary + Benefits = $69,118
Operating +Capital Outlay = $3,000

Total = $72,118

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 104/401
Dept: Public Works
Division: 4105
Page: 1 of 2

Position title: Project Coordinator   # Requested: 1

Existing Classification? Yes ☑ No ☐   Grade:

Preliminary Grade from Human Resources:

Base Salary: 20.40 per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Batteries, UPS, Uniforms, Safety Shoe Allowance, Misc. Operating = $750.00

Office Supplies: Paper, Pens, Scissors, Stapler, Chair, Monitor, & Misc. Office Supplies = $750.00

Capital Outlay:

Computer: Desktop Computer and Laptop/MS Surface = $2,500.00

Program: New ☑ Existing ☑   Procurement: Total Procurement Budget = $4,000.00

Activities (By Priority)	% of Time
1) Reviews plans, calculations, permits, and other documentation related to commercial and residential construction for conformance with City ordinances and regulatory compliance.	60
2) Public interaction, customer service, request for service, and research as it relates to regulatory compliance for commercial development and capital improvement projects.	10
3) Makes field inspections to verify or gather information on existing conditions; design alternatives; and progress of commercial development and capital improvement projects.	10
4) Attends meetings relative to commercial, residential, and capital improvement projects.	10
5) Prepares reports, comment letters, memorandums, and spreadsheets relative to development review, permitting, or capital improvement projects.	10

Who will supervise this position? Regulatory/Project Manager

Revenue (if any) generated by position: $ None   Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

The city continues to recover from the recent downturn in the economy and as commercial and residential developments increase, so have the permit reviews. This increase in workload has put a strain on existing staff who process, review, and issue commercial, residential, and excavation permits. This additional position is essential in order to maintain an acceptable level of service and to provide depth and back up capabilities within the division. Having (1) additional Project Coordinator will allow the Regulatory Division to keep up with the reviews, permitting, and requests for information in a timely manner.

Tie to the Strategic Plan:

Port St. Lucie City Government: Mission and Service Priority Principal A - Exceptional Municipal Services, Means #3: Maintaining a highly motivated City workforce dedicated to serving the Port St. Lucie community. Means #4: Providing resources to support defined City services and service levels.

Priority: ______________________________

OMB Notes and Comments:

Total cost for employee:

Salary & Benefits = $73,758

Operating Expenses = $1,500

Capital Outlay = $2,500

Total = $77,758

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 104 & 401 (50/50 Split)
Dept: Public Works
Division: 4127

Position title: Equipment Operator, Environmental Services # Requested: 1

Existing Classification? Yes [✓] No [ ] Grade: ______

Preliminary Grade from Human Resources: ______

Base Salary: 13.06 per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Batteries, UPS, Uniforms, Safety Shoe Allowance, & Misc. = $750.00

Office Supplies: Paper, Pens, Scissors, Stapler, Chair, & Misc Office Supplies = $750.00

Capital Outlay: ______

Computer: Laptop Computer = $1,000.00

Program: New [ ] Existing [ ] Procurement: Total Procurement/Operating Budget = 2,500.00

Activities (By Priority)	% of Time
1) Operate boom mower to cut back growth in road right of ways throughout the city.	80
2) Operate mini mulching unit to cut back growth on City owned parcels and greenbelts.	10
3) Operate water truck	5
4) Responsibilities as it relates to inclement weather.	5
5)	

Who will supervise this position? Mike Ellman

Revenue (if any) generated by position: $ None Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

This position would be utilized in the Environmental Services Division whose primary responsibility is the maintenance of greenbelts, landscaping, roadway right-of-ways, water management areas and wetlands. One of the duties which the PWD undertakes is controlling the vegetation on undeveloped properties from encroaching onto city owned right-of-ways. The maintenance staff have been challenged over the course of the last several years with keeping up with the growth of this vegetation. The PWD has utilized a combination of contractor services and city forces to undertake this maintenance on a rotating schedule. The addition of this position would reduce the use of contractor forces whose costs have continued to rise in recent years. The city has the available equipment in the form of two tractors with boom mower attachments. The addition of this position would provide two staff members dedicated to "boom mowing" along city streets and will provide the necessary level of service which our residents expect from the city.

Tie to the Strategic Plan:

Strategic Plan 2015-2020-2030
Port St. Lucie City Government Mission and Services Priority - 11
Port St. Lucie Vision 2030 - Principal B - Beautiful City
Means #7. - Attractive, well maintained streetscapes and medians on major corridors
Port St. Lucie City Government: Mission and Service Priority Principal A - Exceptional Municipal Services,
Means #3: Maintaining a highly motivated City workforce dedicated to serving the Port St. Lucie community.
Means #4: Providing resources to support defined City services and service levels.

Priority: High

OMB Notes and Comments:

Total cost for employee:

Salary + Benefits = $55,644
Operating Costs (Includes Capital Outlay)= $2,500
Total Cost (New FTE) = $58,144

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 104/401 (50/50 split)
Dept: Public Works
Division: 4127
Page: 1 of 2

Position title: Inspector, Environmental Services   # Requested: 1

Existing Classification? Yes ☑ No ☐   Grade: ______

Preliminary Grade from Human Resources: ______

Base Salary: 16.42 per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Batteries, UPS, Adobe Pro, Uniforms, Safety Shoe Allowance= $750.00

Office Supplies: Paper, Pens, Scissors, Stapler, Chair, Monitor, & Misc Office Supplies = $750.00

Capital Outlay: ______

Computer: Laptop Computer = $1000.00

Program: New ☐ Existing ☑   Procurement: Total Procurement Budget = $2,500.00

Activities (By Priority)	**% of Time**
1) Oversee the maintenance and upkeep of uplands and wetlands (Minimize exotic vegetation).	60
2) Tracking and reporting contractor maintenance activities on roadway right-of-ways, drainage right-of-ways, and stormwater treatment areas.	20
3) Responsibilities as it relates to inclement weather	10
4) Respond to request for service	10
5)	

Who will supervise this position? Manager, Environmental Services

Revenue (if any) generated by position: $ None   Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

In recent years, the city has constructed a series of storm water treatment areas which require a high level of maintenance service in order to meet the requirements of the applicable FDEP and SFWMD permits. While the actual maintenance of these areas has been undertaken by contractors, the tracking of the maintenance and the reporting of the condition of the areas has been the responsibility of city staff. The future plans to construct additional facilities including the McCarty Ranch Water Farming project would put a significant strain on the existing staff to the point where current levels of service would drop below acceptable levels, therefore staff is recommending the addition of one FTE to support the inspection component of the division.

Tie to the Strategic Plan:

Goal 1 Financially Sound City, High Performance City Organization 1.3 Maintain high customer satisfaction with City services 1.4 Provide adequate resources to support City services and levels. Develop a City organization culture that emphasizes responsibility, performance, results and accountability
Goal 3 Balanced and Responsible Sustainable Growth 3.3 Preserve the natural beauty and access to natural areas 3.7 Maintain navigability of waterways. *Principle "A" – Exceptional Municipal Services
2. Incorporating "best practices" into the services and service delivery in Port St. Lucie
3. Maintaining a highly motivated city workforce dedicated to serving the Port St. Lucie community

Priority: High

OMB Notes and Comments:

Total cost for employee:

Salary + Benefits = $63,936
Operating Expenses = 1,500
Capital Outlay = $1,000
Total = $66,436

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 104/401 (50/50 Split)
Dept: Public Works
Division: Regulatory - 4118
Page: 1 of 2

Position title: Customer Service Leader   # Requested: 1

Existing Classification? Yes ☑ No ☐   Grade: ______

Preliminary Grade from Human Resources: ______

Base Salary: $13.63 per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Batteries, UPS, Adobe Pro, Acrobat Reader, Misc. Operating = $750.00

Office Supplies: Paper, Pens, Scissors, Stapler, Chair, Monitor, & Misc Office Supplies = $750.00

Capital Outlay:

Computer: Desktop Computer = $1000.00

Program: New ☐ Existing ☑   Procurement: Total Procurement Budget = $2,500

Activities (By Priority)	**% of Time**
1) Provides customer service by phone, in person, or via email for the Public Works Department May assist w/ requests for service as requested by the PW Director or Assistant PW Director.	30
2) Process residential and commercial permit applications, schedule inspections, prepare flood zone letters, prepare road closure notifications.	30
3) May train or mentor Customer Service Specialists ; makes recommendations to Manager	15
4) Prepare reports and cash reports as it relates to permitting.	10
5) Take lead on records retention and mail processing; assists with public records requests.	15

Who will supervise this position? Regulatory Manager

Revenue (if any) generated by position: $ None   Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

As the city continues to recover from the recent downturn in the economy, the requests for commercial and residential development has increased. Over the course of the last several years, the Administration Division has made due with two customer service specialists who have addressed the permit customers' needs. At times, when the requests for permits has slowed, one of the representatives takes on additional duties such as filing and management of assorted records. As the economy has steadily risen, the Department has needed the two customer service representatives to be available at all times to handle the steady flow of customers. At times, when one or the other are out of the office, other staff have had to "fill in" to keep the customer's waiting times to a minimum. This has led to periodic down turns in the efficiencies of other areas of the Department. In addition, the growing influx of public records requests and requirements to address them quickly and efficiently has also added to the strain which staff has experienced. In order to adequately cover the front office, limit efficiency down turns, handle the growing influx of public records requests and provide a continuous high level of direct customer service, staff has requested the addition of this FTE.

Tie to the Strategic Plan:

Goal 1 Financially Sound City, High Performance City Organization 1.3 Maintain high customer satisfaction with City services 1.4 Provide adequate resources to support City services and levels. Develop a City organization culture that emphasizes responsibility, performance, results and accountability.*Principle "A" – Exceptional Municipal Services 2. Incorporating "best practices" into the services and service delivery in Port St. Lucie. 3. Maintaining a highly motivated city workforce dedicated to serving the Port St. Lucie community 4. Providing resources to support defined City services and service levels. 5. Maintaining a high level of customer satisfaction. 7. Streamlining and improving the delivery processes and identifying ways to improve. 8. Evaluating the services and service delivery processes and identifying ways to improve.

Priority: ______________________________

OMB Notes and Comments:

Total cost for employee:

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 104/401 (50/50 Split)
Dept: Public Works
Division: 4105

Position title: Contract Coordinator   # Requested: 1

Existing Classification? Yes ☐ No ☑   Grade: ______

Preliminary Grade from Human Resources: ______

Base Salary: $20.40 per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Batteries, UPS, Adobe Pro, Acrobat Reader= $750.00

Office Supplies: Paper, Pens, Scissors, Stapler, Chair, Monitor, & Misc Office Supplies = $1,000

Capital Outlay:

Computer: Desktop Computer = $1000.00

Program: New ☐ Existing ☑   Procurement: Total Procurement Budget = $2,750

Activities (By Priority)	% of Time
1) Liaison to Project Managers/Engineers and to Procurement Management	25
2) Development and Management of Contracts for CIP and Maintenance Contracts	25
3) Address public records requests	20
4) Prepares memorandums and other related documents as it relates to contracts; includes preparation of council agenda items.	20
5) May prepare and provide reports to management and other Departments and Entities	10

Who will supervise this position? Assistant Public Works Director

Revenue (if any) generated by position: $ None   Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

This position would be assigned to the Department's Administration Division. The position's responsibilities would include the processing, monitoring, coordinating and managing contracts which the Department utilizes for maintenance activities as well as for Capital Improvement projects. The Department has experienced an increase in the number of contracts which are utilized for contractor services and the existing staff has been challenged to provide the necessary oversight to successfully manage these contracts. The Department is currently utilizing eighty-five (85) contracts to undertake maintenance and capital improvement activities. This number is much higher than it has been in past years and it continues to increase. Currently, each contract is reviewed and processed by the project manager or project inspector as part of their regular duties of managing a project or maintenance contractor. The inclusion of this position into the Department would relieve the project manager from undertaking administrative paperwork and allow him/her to focus on more critical components of a project

Tie to the Strategic Plan:

Goal 1 Financially Sound City, High Performance City Organization 1.3 Maintain high customer satisfaction with City services 1.4 Provide adequate resources to support City services and levels. Develop a City organization culture that emphasizes responsibility, performance, results and accountability
Goal 3 Balanced and Responsible Sustainable Growth 3.3 Preserve the natural beauty and access to natural areas 3.7 Maintain navigability of waterways. *Principle "A" – Exceptional Municipal Services
2. Incorporating "best practices" into the services and service delivery in Port St. Lucie
3. Maintaining a highly motivated city workforce dedicated to serving the Port St. Lucie community

Priority: High

OMB Notes and Comments:

Total cost for employee:

Salary + Benefits = $73,758

Operating Expenses = $1,750

Capital Outlay = $1,000

Total = $76,508

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 104/401 (50/50 split)
Dept: Public Works
Division: 4105

Position title: Construction Inspector   # Requested: 1

Existing Classification? Yes ✓ No ☐   Grade:

Preliminary Grade from Human Resources:

Base Salary: 16.42 per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Batteries, UPS, Uniforms, Safety Shoe Allowance, Misc. Operating = $750.00

Office Supplies: Paper, Pens, Scissors, Stapler, Chair, & Misc Office Supplies

Capital Outlay: Laptop Computer = $1,000

Computer: Desktop Computer and Computer Equipment = $1,100

Program: New ☐ Existing ☐   Procurement: Total Procurement $' = $3,600

Activities (By Priority)	% of Time
1) Monitor and Inspect CIP Projects & Sidewalks, Review MOT Plans, Attend Pre-construction and Progress Meetings	30
2) Community Development Roadway Inspections	25
3) Commercial Project Inspections	25
4) ADA and Regulatory Compliance	10
5) Respond to Request for Service	10

Who will supervise this position? Steve Jungjohan

Revenue (if any) generated by position: $ None   Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

This position would be assigned to Roadways & Bridges Division and responsibilities would include field inspections for commercial and residential developments as well as capital improvement projects. The inspection staff is responsible for overseeing contractor activities on construction projects and ensuring that the activities are in compliance with the applicable regulations and standards. Over the course of the last year, the development community has continued to recover from the recent economic downturn and staff has begun to see an increase in the number of commercial and residential projects which are either in the review stage or are already under construction. Combined with the increasing number of projects in the City's Capital Improvement Program, the need to increase the Department's inspection staff is evident. The inspection staff are currently overworked, carrying approximately eighteen (18) project each. Any increase to this workload could lead to a decrease in the timeliness of inspections and would lead to delays in commercial and residential development projects which would be unacceptable.

Tie to the Strategic Plan:

Strategic Plan 2015-2020-2030 - Port St. Lucie City Government Mission and Services Priority
Mission and Service Priority; Principal A - Exceptional Municipal Services,
Means #3 - Maintaining a highly motivated City workforce dedicated to
serving the Port St. Lucie community. Means #4: Providing resources to support defined City services and service levels. Principal C-Plan for Smart and Balanced Growth - Means #7: Designing roads, paths and sidewalks for connectivity and easy movement.
City of Port St. Lucie Plan 2015-2020: Improved Mobility within Port St. Lucie: Goal #4 - Objective #1 thru #5. Means to Residents #1 thru #4.

Priority: High

OMB Notes and Comments:

Total cost for employee:

Salary + Benefits = $63,936
Operating Costs = $3,600
Total Budget = $67,536

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 401 Stormwater
Dept: Public Works
Division: 4126
Page: 1 of 2

Position title: CADD Technician   # Requested: 1

Existing Classification? Yes ☑ No ☐   Grade: ______

Preliminary Grade from Human Resources: ______

Base Salary: 15.02 per hr. per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Batteries, UPS, Misc. Operating = $750.00
Adobe Pro, MS Professional, AutoCad Software = $4,000

Office Supplies: Paper, Pens, Scissors, Stapler, Chair, Monitor, & Misc Office Supplies = $750.00

Capital Outlay: ______

Computer: Desktop Computer that will accommodate AutoCad Software: $2,000

Program: New ☐ Existing ☐ Procurement: ______

Activities (By Priority)	% of Time
1) Design/layout (in AutoCad Form) of Stormwater Drainage Improvement Areas	40
2) Design of various civil engineering drawings using latest version of AutoCad	20
3) Design/update various maps for various divisions of Public Works Dept and other Depts.	10
4) Responsible for field survey data of various drainage /special project design work	20
5) Outlines drainage basins, determines work order areas, est. grade breaks, calc. acreage.	10

Who will supervise this position? Dan Giesey

Revenue (if any) generated by position: $ None Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

This position would be utilized in the Department's Regulatory Division within the Survey and Mapping Group. The group's duties include assorted surveying duties, residential inspections, residential stake-outs, culvert replacement design, swale liner design and maintaining the Department's AutoCADD base map. Over the course of the last year, staff from the group have been coordinating with the Utility Department on upgrades to the Department's base map which details all of the surface infrastructure with exists throughout the developed areas of the city. In order to continue with the progress of the upgrades and to maintain the map in future years, a full time position is needed in the group. Additional duties would include supporting the group's manager on various culvert and swale liner designs as other staff become over loaded with work.

Tie to the Strategic Plan:

Port St. Lucie City Government: Mission and Service Priority Principal A - Exceptional Municipal Services,
Means #3: Maintaining a highly motivated City workforce dedicated to serving the Port St. Lucie community.
Means #4: Providing resources to support defined City services and service levels.

Priority: High

OMB Notes and Comments:

Total cost for employee:

Salary + Benefits = $60,480
Operating + Capital Outlay = $8,000
Total Cost = $68,480

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund:
Dept: Building
Division: 2425
Page: 1 of 2

Position title: Building Plans Examiner # Requested:

Existing Classification? Yes ☑ No ☐ Grade:

Preliminary Grade from Human Resources:

Base Salary: 22.54 per hour; # of hr/wk: 40 ; Projected start date: ASAP

Related Expenses (supplies, training, equipment, etc.):

Operating $1,220.00

Office Supplies $1,220.00

Capital Outlay

Computer $2,000 (desktop and Monitor)

Program: New ☐ Existing ☑ Procurement:

Activities (By Priority)	**% of Time**
1) Review Plans	80
2) Require to respond as essential personnel in case of disaster	As Needed
3) Meets with contractors for corrective action when necessary	5
4) Records and documents all building plans	10
5) Keeps supervisor apprised of all building inspection activities	5

Who will supervise this position? Chuck Tyrrell, Chief Inspector

Revenue (if any) generated by position: $ Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

In 2014 the Building Department reviewed approximately 29 plans per day. We are currently reviewing 45 plans per day. State Statute (552.79(14) requires all plans reviewed within 30 days. The City of Port St. Lucie Building Department service goals require plan reviews for single-family residential structures to be completed within 8 working days and miscellaneous permits are to be reviewed within 24 hours. In order to provide and maintain a high level of customer service to citizens and contractors we request an additional plans examiner.

Tie to the Strategic Plan:

Responsive to the Community; Plan for Smart and Balanced Growth. Financially Sound City, High Performance City Organization. Policy Agenda for City Economic Framework: Goals, Policies, Took Kit, City Response.

Priority: High

OMB Notes and Comments:

Total cost for employee:

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund:

Dept: Building

Division: 2420

Position title: Building Inspector

\# Requested: 2

Existing Classification? Yes ☑ No ☐

Grade:

Preliminary Grade from Human Resources:

Base Salary: 22.54 per hour; # of hr/wk: 40 ; Projected start date: ASAP

Related Expenses (supplies, training, equipment, etc.):

Operating	$2,700.00
Office Supplies	$2,700.00
Capital Outlay	$22,000 (vehicle)
Computer	$800.00 each (iPads)

Program: New ☐ Existing ☑ Procurement:

Activities (By Priority)	% of Time
1) Conducts site visit to perform inspections in accordance with F.S.	80
2) Require to respond as essential personnel in case of disaster	As Needed
3) Meets with contractors for corrective action when necessary	5
4) Records and documents all building plans and inspections	10
5) Keeps supervisor apprised of all building inspection activities	5

Who will supervise this position? Alphanette Waters, Chief Inspector

Revenue (if any) generated by position: $ Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

In 2014 the Building Department conducted an average of 131 inspections per day. Currently we are averaging around 300 inspections per day. The Building Department, in line with accreditation, has set a service goal of providing next day inspections. In order to maintain this high level of customer service we need to increase staffing levels.

Tie to the Strategic Plan:

Responsive to the Community; Plan for Smart and Balanced Growth. Financially Sound City, High Performance City Organization. Policy Agenda for City Economic Framework: Goals, Policies, Took Kit, City Response.

Priority: High

OMB Notes and Comments:

Total cost for employee:

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 0001003
Dept: Civic Center
Division: 7504
Page: 1 of 2

Position title: Outside Sales Specialist # Requested: 1

Existing Classification? Yes ☑ No ☐ Grade: Manager/Professional

Preliminary Grade from Human Resources: Mrs/Professional

Base Salary: 19.50 per hour; # of hr/wk: 40 ; Projected start date: 10/1/16

Related Expenses (supplies, training, equipment, etc.):

Operating $1000
(mileage, phone and sales event reimbursement)

Office Supplies $100

Capital Outlay

Computer $2500

Program: New ☐ Existing ☑ Procurement:

Activities (By Priority)	**% of Time**
1) Making calls and responding to inquiries for renting space	25%
2) Transitioning prospective sales to contract with Event Specialist	10%
3) Networking in the Community to develop new business	65%
4)	
5)	

Who will supervise this position? Civic Center Director

Revenue (if any) generated by position: $ 125,000 Or: **Select**

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

The Sales Specialist provides information to customers immediately and initiates contracting. Currently, Event Specialists provide these and event production requirements to new and recurring customers leaving no time for new business development. This backlog resulted in a delay in responding to new customers due to the volume of work.
April 2016 we began using the PT Cust.Svc.Spec. as an Outside Sales Specialist. The first 6 months of 2016 the Civic Center tracked 243 sales leads as compared to 259 for the entire year of 2015. An additional Sales Specialist is needed to insure prompt and thorough response to all sales inquiries. Anticipated CC revenue increase: 25%, The additional Sales Specialist will also assist to represent the Civic Center at surrounding city and county chamber, tourism and Econ. Dev. Council meetings.

Tie to the Strategic Plan:

Principle F: Diverse Local Economy and Jobs - Means 1: Thriving and growing small businesses.
Means 12: Strong working relationships with Economic Development partners and tourism
Principle K: Means 1: Successful Civic Center balancing major conferences and used for community and family activities
Goal 1 Objective 7: Maintain high customer satisfaction with City services
Goal 5 Objective 3: Expand the use of the Civic Center and Community Center

Priority: High

OMB Notes and Comments:

Total cost for employee:

Supporting documents:

This item is related to the Conventional Wisdom Management Audit Final Report dated September 10, 2015 which was discussed at the City Council Workshop on September 21, 2015: Recommendation 8, page 18.

CITY OF PORT ST. LUCIE

FY 2016-17

NEW POSITION EVALUATION FORM

Fund: 0001003

Dept: Civic Center

Division: 7501

Position title: Building & Facilities Maintenance Supervisor # Requested: 1

Existing Classification? Yes ☑ No ☐ Grade: Technical

Preliminary Grade from Human Resources:

Base Salary: 20.00 per hour; # of hr/wk: 40 ; Projected start date: 10/1/16

Related Expenses (supplies, training, equipment, etc.):

Operating $1100

(uniforms and phone)

Office Supplies

Capital Outlay

Computer

Program: New ☐ Existing ☑ Procurement:

Activities (By Priority)	**% of Time**
1) Supervise / Oversee facility and assist with daily maintenance operations	85%
2) Assisting with budgeting, reporting and scheduling	15%
3)	
4)	
5)	

Who will supervise this position? Civic Center Maintenance Manager

Revenue (if any) generated by position: $ ______ Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

Civic Center maintenance staff are part and full-time, killed and semi-skilled labor. The complex level of changing room configurations and room sets, combined with planning and balancing daily cleaning and maintenance, requires skilled supervision.

The Civic Center has not been able to schedule a supervisor or manager on each shift to direct staff for maximum production. The Civic Center maintenance staff day begins at 5:30 a.m. and can end at 3 a.m., up to a 150 hour work week. This third position would enable at least 120-130 hours to be covered by a supervisor.

With the increase in business, there is an increased level of work and need for additional supervision.

Tie to the Strategic Plan:

Principle H: Leisure Opportunities for an active lifestyle
Means 2: Well maintained and active Clvic Center with a variety of venues
Goal 1: Objective 7: Maintain high customer satisfaction with City services
Short-Term Challenges and Opportunities:
4: Maintaining a highly motivated City workforce dedicated to serving the Port St. Lucie community
7: Upgrading City facilities and addressing deferred maintenance: Comm. Ctr., Civic Center,...etc.

Priority: High

OMB Notes and Comments:

Total cost for employee:

Supporting documents:

This item is related to the Conventional Wisdom Management Audit Final Report dated September 10, 2015 which was discussed at the City Council Workshop on September 21, 2015: Page 11.

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 0001003
Dept: Civic Center
Division: 7501
Page: 1 of 2

Position title: Full Time Audio Visual Specialist   # Requested: 1

Existing Classification? Yes ☑ No ☐   Grade: Technical

Preliminary Grade from Human Resources: ______

Base Salary: 19.00 per hour; # of hr/wk: 40 ; Projected start date: 10/1/16

Related Expenses (supplies, training, equipment, etc.):

Operating $0

Office Supplies

Capital Outlay

Computer

Program: New ☐ Existing ☑ Procurement: ______

Activities (By Priority)	**% of Time**
1) Supervise / Oversee facility's audio-visual room sets for rentals	80%
2) Maintain, repair and properly store equipment for prolonged useful life	15%
3) Assist with equipment recommendation and procurement	5%
4)	
5)	

Who will supervise this position? Civic Center Director

Revenue (if any) generated by position: $ 20,000 Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

The Civic Center currently employs a very talented and experienced Part-Time Audio Visual Specialist. With the anticipated $125,000 increase in revenue (25%), the client audio-visual needs will grow respectively. The current part-time schedule is barely sufficient to cover the business we have. A part-time person will not be able to accommodate the anticipated increased volume. Upgrading this position to full time will enable us to provide the services to our customers. The additional revenue generated by moving this position to full time is $20,000.

Tie to the Strategic Plan:

Principle F: Diverse Local Economy and Jobs
Means1: Thriving and growing small businesses.
Principle K: Vibrant City Center and US 1-Means1: Successful Civic Center balancing major conferences and used for community and family activities
Goal 1: Objective 7: Maintain high customer satisfaction with City services.
Goal 5: Objective 3: Expand the use of the Civic Center and Community Center

Priority: High

OMB Notes and Comments:

Total cost for employee:

Supporting documents:

This position is being requested to go from PT to FT, it is not a new position.

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 001
Dept: Police
Division: 2115
Page: 1 of 2

Position title: Police Sergeant -CID   # Requested: 1

Existing Classification? Yes ☑ No ☐   Grade: ______

Preliminary Grade from Human Resources: ______

Base Salary: $35.54 per hour; # of hr/wk: 40 ; Projected start date: 10/1/16

Related Expenses (supplies, training, equipment, etc.):

Operating	Startup Cost to be budgeted in LE Impact Fee Fund 109:
Office Supplies	Uniforms and Supplies ($3400)
	Allowance for uniform Cleaning ($520) & shoes ($115)
	UPS/office/netmotion software ($2600),
Capital Outlay	Vehicle ($31,500), Mobile and Handheld Radios ($10,000), Taser ($975),
	Weapons ($1000)
Computer	Laptop ($5000),

Program: New ☐ Existing ☑ Procurement: ______

Activities (By Priority)

	Activities	% of Time
1)	Supervising Ancillary areas with CID (See below)	25.0%
2)	Checking reports, supplements, administrative work	15%
3)	Investigations	35%
4)	Court, hearings, and meetings	25%
5)		

Who will supervise this position? ______

Revenue (if any) generated by position: $ ______ Or: **Select**

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

The Criminal Investigations Division currently has four supervisors that supervise detectives and civilian personnel. There are several ancillary duties within CID that require a full time supervisor. These ancillary duties include the Repeat Offender Program (2 detectives),Economic Crimes (2 detectives), Victim Advocate (1 Civilian), Crime Scene Investigations (4 Civilians), & US Marshals Task Force(1 Detective). Adding an additional sergeant to supervise these positions would divide the work more efficiently and allow the existing supervisors to concentrate on evolving property and persons cases more effectively.

Tie to the Strategic Plan:

Principle A: Safe Community
Professional, skilled Police Department, which is a preferred place to work and career development programs like Explorers.
Recognized for "Best Practices" model for law enforcement agencies.

Priority: #2

OMB Notes and Comments:

Total cost for employee:

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 001
Dept: Police
Division: 6200
Page: 1 of 2

Position title: Police Lieutenant - Animal Control # Requested: 1

Existing Classification? Yes ☑ No ☐ Grade:

Preliminary Grade from Human Resources:

Base Salary: $46.15 per hour; # of hr/wk: 40 ; Projected start date: 10/1/16

Related Expenses (supplies, training, equipment, etc.):

Operating	All start-up cost to be budgeted in LE Impact Fee Fund 109:
Office Supplies	Office supplies, Uniforms & related ($3400)
	Travel and Training ($2000)
	Allowance for uniform Cleaning ($520) & shoes ($115)
Capital Outlay	Furniture ($2000)
	Vehicle ($29000), Mobile and Handheld Radios ($10,000), Weapons ($1000)
Computer	Desktop Computer, UPS, Software ($3000), UPS/office/netmotion software ($260
	Laptop Computer ($5000),

Program: New ☑ Existing ☐ Procurement:

Activities (By Priority)	% of Time
1) Supervise Administrative and Operations within Animal Control Division	50
2) Prepare and Manage Budget	25
3) Monitor Customer Service	25
4)	
5)	

Who will supervise this position? Assitant Chief

Revenue (if any) generated by position: $ Or: **Select**

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

Animal Control was previously a stand alone department. Animal Control issues Citations, sells licenses, and collects fines, as well as impounding and disposing of citizens property (pets and stray animals). It is located off-site from the Police Department and there are currently 2 supervisors who share the administrative and operational responsibilities and report to the Support Services Assistant Chief. A full staff inspection was conducted and several deficiencies were identified, including: lack of supervision, inefficient operations, and a lack of administrative controls. There is a need for PD trained Manager/Commander to establish the protocols, accountability, and culture of the PD at Animal Control. The existing structure has not produced the desired results. This new Lieutenant position would begin developing the civilian supervisors for transitioning to management in a few years and the Lieutenant position could be utilized at that time for the future District 5.

Tie to the Strategic Plan:

Principle A: Safe Community
Professional, skilled Police Department, which is a preferred place to work and career development programs like Explorers

Priority: #1

OMB Notes and Comments:

Total cost for employee:

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund: 001
Dept: MIS
Division: 1320
Page: 1 of 2

Position title: Programmer 3   # Requested: 1

Existing Classification? Yes ☑ No ☐   Grade:

Preliminary Grade from Human Resources:

Base Salary: 45.68 per hour; # of hr/wk: 40 ; Projected start date: 10/01/2016

Related Expenses (supplies, training, equipment, etc.):

Operating: Phone $600, Mobile Data $500, Software Licensing $8950

Office Supplies: Office Supplies $1000

Capital Outlay: Office Furniture $2500

Computer: New Workstation $2500, Laptop $2000, Tablet $800,

Program: New ☐ Existing ☐   Procurement:

Activities (By Priority)	% of Time
1) Acts as project lead on all new application development	25
2) Submits periodic project status reports	25
3) Assigns tasks and projects to programmers	5
4) Analyzes, defines and documents system requirements	20
5) Analyzes and estimates feasibility, costs, time and compatibility with other existing system	25

Who will supervise this position? Development Manager, Hannah Melton

Revenue (if any) generated by position: $ ________ Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

Adding a Programmer 3 would redistribute the task level project management duties from the GIS Programmer 3 and Application Development Manager. This would allow the GIS Programmer 3 to concentrate solely on GIS based initiatives and the Application Development Manager to concentrate on Overall Project Management as well as database metrics and statistical reports.

Tie to the Strategic Plan:

Goal 1: Financially Sound City, High Performance City Organization: Objective #7, Maintain high customer satisfaction with City services

Priority: ____

OMB Notes and Comments:

Total cost for employee:

Supporting documents:

CITY OF PORT ST. LUCIE
FY 2016-17
NEW POSITION EVALUATION FORM

Fund:
Dept: Communications
Division: 1311

Position title: Staff Writer/Communications Liaison   # Requested: 1

Existing Classification? Yes ☐ No ☐   Grade:

Preliminary Grade from Human Resources:

Base Salary: $25.00 - 29.00 per hour; # of hr/wk: 40 ; Projected start date:

Related Expenses (supplies, training, equipment, etc.):

Operating

Office Supplies Cell phone

Capital Outlay

Computer Computer

Program: New ☑ Existing ☐ Procurement:

Activities (By Priority)	**% of Time**
1) Promote "best practices" by writing content for external communications, award applications, presentations, website, news stories, brochures, case studies and marketing campaigns	
2) Increase community awareness through a variety of mechanisms; marketing of City services; align communications with the City "brand"	
3) Communications liaison to internal departments & external parties; edit submissions, create scripts for videos, create and write content for "welcome to St. Lucie" -welcome packet	
4) Consults w/internal customers on developing effective communication strategies & ongoing customized messaging; establishes & maintains cross-functional collaborative relationships	
5) Partner with departments to promote City services and develop communication campaigns i.e., Neighborhood Services – street sign campaign, City of PSL marketing brochure	

Who will supervise this position? Communications Director

Revenue (if any) generated by position: $ ________ Or: No Revenue

Additional Information:
(Need based on...provide example of what will be accomplished with this position, what will be improved, etc.)

Effect on level of service:

Projects/initiatives currently on hold or delayed: centralized City newsletters, case studies, community publications, award applications, City marketing, department case studies, creating of "welcome packet" - welcome to St. Lucie, both electronic and in collateral form; promotion of best practices, all special projects – such as Torrey Pines communication campaign, development of new "In The Know" series - a video newsletter promoting upcoming events, projects, activities in the City. Development of an APP dedicated to "City" news.

Tie to the Strategic Plan:

1. City Communications Program Upgrade (Top Priority)
2. Community Report Card/Performance Metrics/Community Survey (High Priority)
3. City Center Development (High Priority)
4. Schools Strategy (High Priority)
5. Neighborhood Area Plans – Next Steps (Top Priority)
6. Riverwalk Plan: Extension (High Priority)
7. Storm-water/Water Quality Plan (High Priority)

Priority: Top Priority, and High Priority

OMB Notes and Comments:

Total cost for employee:

$94,982 including operating and capital costs; base salary +/-60K

Supporting documents:

OT Hours Worked . 2015-16 To-Date

Emp#	Employee Name	Job Code	Job Title	Department	Check Date	OT Rate	Hours Worked	OT Amount
				1100 - Legislative/Council Total			15.75	385.99
				1210 - Executive (City Clerk) Total			28.75	817.32
				1300 - Finance Total			85.75	2,075.89
				1311 - Community Relations Total			541.50	23,529.81
				1320 - Mgmt. Information Services Total			452.60	14,549.71
				1335 - Office of Procurement Mgmt. Total			60.63	1,768.96
				1340 - Utilities: Administration Total			64.75	2,419.86
				1345 - Utilities: Accounting Total			1.00	22.42
				1346 - Utilities: Customer Service Total			481.25	13,546.51
				1347 - Utilities: Billing Total			29.75	963.59
				1348 - Utilities: Meter Reading Total			438.75	14,025.76
				1350 - Utilities: Technical Services Total			108.50	3,422.94
				1355 - Utilities: CIP Total			6.00	340.47
				1360 - Utilities: Mapping Total			0.50	16.09
				1375 - Utilities: Inspectors Total			489.00	16,906.71
				1380 - Utilities: Water/Lab Total			45.50	1,490.55
				1400 - Legal Counsel Total			61.00	1,621.44
				1500 - Comprehensive Planning Total			35.00	1,344.56
				2105 - Police: Community Services Total			1,108.14	28,343.58
				2110 - Police: Administration Total			42.50	1,422.64
				2111 - Police: Professional Standards Total			348.25	18,132.48
				2112 - Police: Administrative Service Total			1,996.34	84,864.83
				2115 - Police: CID Total			4,223.78	206,268.48
				2130 - Police: Neighborhood Patrol Total			13,230.61	624,856.88
				2131 - Police: NPB District Support Total			1,333.33	66,944.71
				2135 - Building: Code Compliance Total			161.00	3,904.24
				2136 - Building: Occupational License Total			21.00	948.47
				2139 - Police: Aggressive Driving Total			641.50	32,766.41
				2405 - Building: Administration Total			7.50	136.72
				2410 - Building: Licensing Total			144.75	3,271.92
				2415 - Building: Permit Total			235.75	8,323.38
				2420 - Building: Field Inspections Total			1,209.50	61,663.28
				2425 - Building: Plan Review Total			811.00	39,346.56
				3310 - Utilities: Water Plant Ops Total			2,508.25	78,759.17
				3311 - Utilities: Cross Connect Flush Total			302.50	10,482.32
				3312 - Utilities: Anderson Water Ops. Total			1,221.25	43,594.11
				3314 - Utilities: McCarthy Water Total			2.50	100.20
				3315 - Utilities: Water Field Ops. Total			442.00	14,959.37

OT Hours Worked . 2015-16 To-Date

Emp#	Employee Name	Job Code	Job Title	Department	Check Date	OT Rate	Hours Worked	OT Amount
				3316 - Utilities: Water Prev. Maint. Total			3,540.25	105,731.13
				3345 - Utilities: Warehouse Total			527.75	10,234.99
				3360 - Utilities: Plant/Field Repairs Total			640.00	18,925.78
				3370 - Utilities: Maint Inflow&Infil Total			1,138.75	35,440.43
				3380 - Utilities: Maint Lift Stations Total			1,462.50	46,823.90
				3390 - Utilities: Telemetry & Instrum Total			791.00	30,900.82
				3512 - Utilities: Westport Plant Total			616.00	26,444.79
				3513 - Utilities: Sewer Services Total			865.00	31,918.47
				3515 - Utilities: Sewer Field Ops Total			1,721.50	36,980.07
				3516 - Utilities: WC Preventive Maint Total			5,652.75	130,557.81
				3560 - Utilities: WW/Mechanic Total			463.25	14,066.34
				3900 - Keep PSL Beautiful Total			192.00	4,362.95
				4105 - P/W: Road and Bridge Total			122.50	3,996.36
				4121 - P/W: Traffic Control Total			1,917.75	72,481.55
				4125 - P/W: Road and Streets Total			787.00	21,333.35
				4126 - P/W: Road & Street Drainage Total			600.84	15,386.61
				4127 - P/W: Greenbelt Waterway Maint. Total			176.25	4,872.24
				4135 - Building Maintenance Total			293.50	10,007.10
				4136 - Air Conditioning Maintenance Total			255.00	7,476.30
				5100 - Employment Opp. & Development Total			10.00	120.75
				6200 - Police: Animal Control Total			1,007.42	33,607.70
				7200 - Parks & Recreation Total			408.25	11,372.74
				7201 - P&R: Airoso Community Center Total			295.75	7,255.72
				7202 - P&R: Whispering Pines Gynasium Total			79.00	1,985.24
				7210 - P&R: Parks Total			842.50	22,189.37
				7235 - P&R: Turf Maintenance Total			160.00	4,112.64
				7250 - P&R: Golf Course Maint Total			41.00	1,085.84
				7251 - P&R: Golf Course Operations Total			175.50	3,742.42
				7500 - P&R: Civic Center Total			13.50	354.17
				7501 - P&R: Civic Center Maintenance Total			64.50	1,201.43
				7502 - P&R: Fitness Center Total			194.50	4,964.52
				7503 - P&R: Civic Center Recreation Total			129.00	3,407.77
				7504 - P&R: Civic Center Hospitality Total			107.00	2,936.02
				Grand Total			*58,228.94*	*2,154,615.65*

OT Hours Wo...ed FY 2014-15

Emp#	Employee Name	Job Code	Job Title	Department	Check Date	OT Rate	Hours Worked	OT Amount
				1200 - Executive (City Manager) Total			14.50	529.10
				1210 - Executive (City Clerk) Total			29.95	796.26
				1300 - Finance Total			451.50	10,231.88
				1310 - Human Resources Total			27.00	545.54
				1311 - Community Relations Total			655.50	27,672.33
				1320 - Mgmt. Information Services Total			706.20	22,250.90
				1335 - Office of Procurement Mgmt. Total			11.50	351.08
				1340 - Utilities: Administration Total			75.50	2,522.94
				1345 - Utilities: Accounting Total			3.50	100.33
				1346 - Utilities: Customer Service Total			484.75	12,625.56
				1347 - Utilities: Billing Total			285.25	8,637.68
				1348 - Utilities: Meter Reading Total			299.75	9,436.96
				1350 - Utilities: Technical Services Total			412.00	11,968.84
				1360 - Utilities: Mapping Total			73.00	2,283.09
				1375 - Utilities: Inspectors Total			646.25	20,401.08
				1380 - Utilities: Water/Lab Total			54.25	1,931.50
				1400 - Legal Counsel Total			83.50	2,200.40
				1500 - Comprehensive Planning Total			41.50	1,411.82
				2105 - Police: Community Services Total			648.42	16,455.39
				2110 - Police: Administration Total			52.47	1,983.82
				2111 - Police: Professional Standards Total			308.50	15,713.04
				2112 - Police: Administrative Service Total			2,019.78	84,206.77
				2115 - Police: CID Total			5,051.31	238,348.03
				2123 - Police: Dom. Violence Grant Total			18.50	712.90
				2130 - Police: Neighborhood Patrol Total			17,528.72	816,688.55
				2131 - Police: NPB District Support Total			1,347.67	69,573.97
				2135 - Building: Code Compliance Total			300.00	7,582.96
				2136 - Building: Occupational License Total			27.00	998.57
				2139 - Police: Aggressive Driving Total			568.25	28,393.34
				2405 - Building: Administration Total			61.50	2,233.13
				2410 - Building: Licensing Total			457.25	10,961.83
				2415 - Building: Permit Total			134.00	5,132.08
				2420 - Building: Field Inspections Total			942.25	53,183.01
				2425 - Building: Plan Review Total			659.25	32,827.23
				3310 - Utilities: Water Plant Ops Total			2,925.00	96,467.84
				3311 - Utilities: Cross Connect Flush Total			54.50	2,004.41
				3312 - Utilities: Anderson Water Ops. Total			1,199.50	39,423.44
				3314 - Utilities: McCarthy Water Total			9.00	363.70

OT Hours Wo... d FY 2014-15

Emp#	Employee Name	Job Code	Job Title	Department	Check Date	OT Rate	Hours Worked	OT Amount
				3315 - Utilities: Water Field Ops. Total			634.75	20,554.77
				3316 - Utilities: Water Prev. Maint. Total			4,797.75	141,314.50
				3345 - Utilities: Warehouse Total			139.00	2,584.84
				3360 - Utilities: Plant/Field Repairs Total			919.75	27,089.50
				3370 - Utilities: Maint Inflow&Infil Total			1,130.25	32,288.59
				3380 - Utilities: Maint Lift Stations Total			1,419.25	44,327.71
				3390 - Utilities: Telemetry & Instrum Total			1,640.50	57,672.20
				3512 - Utilities: Westport Plant Total			882.50	38,674.19
				3513 - Utilities: Sewer Services Total			911.00	33,577.87
				3515 - Utilities: Sewer Field Ops Total			1,855.00	40,174.98
				3516 - Utilities: WC Preventive Maint Total			6,273.50	144,142.82
				3560 - Utilities: WW/Mechanic Total			858.75	23,855.13
				3900 - Keep PSL Beautiful Total			248.75	4,998.36
				4105 - P/W: Road and Bridge Total			359.50	12,100.02
				4118 - P/W: R&B Regulatory Total			1.00	39.18
				4121 - P/W: Traffic Control Total			2,843.00	104,175.26
				4125 - P/W: Road and Streets Total			385.50	9,496.58
				4126 - P/W: Road & Street Drainage Total			947.33	24,365.91
				4127 - P/W: Greenbelt Waterway Maint. Total			416.75	10,327.73
				4135 - Building Maintenance Total			800.00	26,747.23
				4136 - Air Conditioning Maintenance Total			388.00	10,801.30
				6200 - Police: Animal Control Total			1,165.13	36,554.39
				7200 - Parks & Recreation Total			799.50	20,132.36
				7201 - P&R: Airoso Community Center Total			281.75	6,821.22
				7202 - P&R: Whispering Pines Gynasium Total			67.50	1,634.58
				7205 - P&R: Administration Total			0.50	11.73
				7210 - P&R: Parks Total			814.90	20,304.89
				7215 - P&R: Botanical Gardens Total			10.00	201.24
				7235 - P&R: Turf Maintenance Total			151.50	4,150.09
				7250 - P&R: Golf Course Maint Total			53.50	1,512.47
				7251 - P&R: Golf Course Operations Total			57.50	1,184.11
				7501 - P&R: Civic Center Maintenance Total			182.00	5,535.92
				7502 - P&R: Fitness Center Total			182.00	4,302.38
				7503 - P&R: Civic Center Recreation Total			131.50	3,162.95
				7504 - P&R: Civic Center Hospitality Total			349.75	9,775.49
				Grand Total			*70,767.13*	*2,583,743.79*