

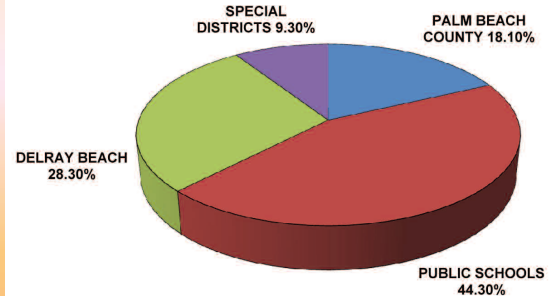
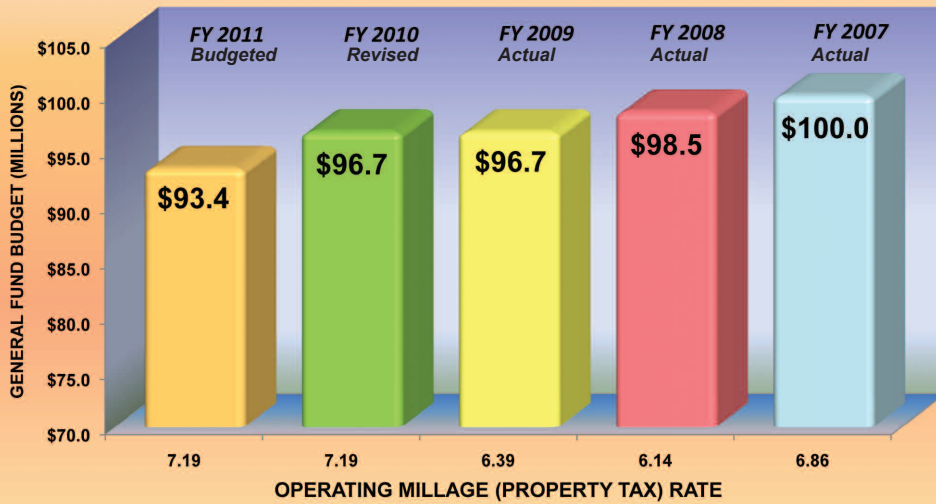
# HOMETOWN CONNECTION

A NEWSLETTER FOR RESIDENTS OF DELRAY BEACH

## 2010-2011 DELRAY BEACH OPERATING BUDGET

## PROPERTY TAX BILL FUNDS MORE THAN CITY SERVICES

### CITY OF DELRAY BEACH General Fund Operating Budget



Property taxes paid in Palm Beach County help fund many government agencies, not just the City of Delray Beach.

For most Delray Beach homeowners, about 28 percent of the tax bill goes to the city, while the largest portion of tax revenue, about 44 percent, goes to pay for schools. Approximately 70 percent of this amount is required by state law and the remaining 30 percent is administered by the school board. More than 18 percent of a Delray Beach homeowner's property tax bill goes to Palm Beach County government, while various special taxing districts account for almost 10 percent. Those districts include the Palm Beach County Health Care District, the Children's Services Council, South Florida Water Management District and the Florida Inland Navigation District.

## A LETTER FROM MAYOR NELSON "WOODIE" MCDUFFIE



**Dear Fellow Residents:**

These are challenging economic times for you, our residents, and for our City as well.

Throughout the community, many of our neighbors are struggling to make their mortgage payments while others continue job searches that have been going on for months.

At the same time, our City property tax revenue continues to drop as home values fall, while the expenses associated with providing services continue, and in some cases, increase.

As we entered into this year's Fiscal Year (FY) 2011 budget process, all of us on the City Commission recognized the financial challenges facing our residents and our community. We remained bound and determined not to raise the City's operating property tax rate and I am proud to say we achieved that goal. This year, that rate, excluding debt service, will remain at \$7.19 per \$1,000 of taxable assessed value.

With fewer tax dollars coming in, we have whittled our general fund operating budget down from \$96.7 million to \$93.4 million this year and by almost \$7 million over the last four years.

As most of you know, finding ways to save in these difficult times is not easy but thanks to our City Manager David T. Harden and City staff, we have been able to trim City operating costs by \$3.3 million while affecting our residents, businesses and visitors as little as possible and maintaining the important services and programs that make Delray Beach such a great place to live, work and play.

Our focus this year has been on maintaining the high level of services that you, our residents, value, while at the same time cutting the costs associated with delivering those services.

To achieve that goal, this year, we have had to ask our more than 750 City employees to help shoulder some of the financial burden. While other cities have resorted to furloughs and layoffs, we have avoided those options, in large part because we realize that many of our City employees live and work here and are part of the economic engine that contributes to the vitality of our community. Instead, we are making adjustments to retirement plans and we chose to leave 45 positions unfunded.

Additional information about the FY 2011 budget is available on the City's website, [www.mydelraybeach.com](http://www.mydelraybeach.com).

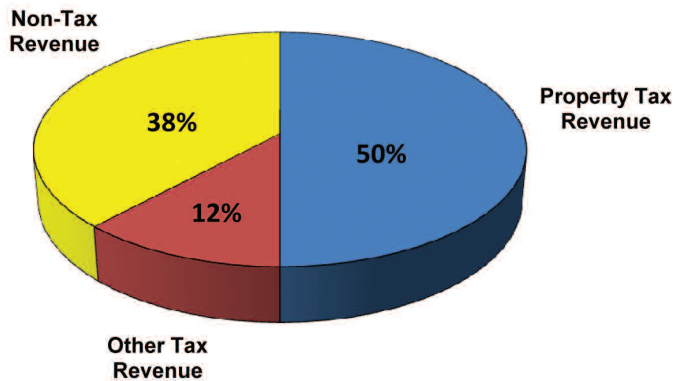
To most of you, the budget adjustments we have made this year will not have a major impact on your day-to-day life and you will continue to receive outstanding services. We thank the many of you who have contributed cost-saving ideas that have helped us remain financially strong and we welcome your continued input going forward.



Woodie McDuffie  
Mayor of Delray Beach

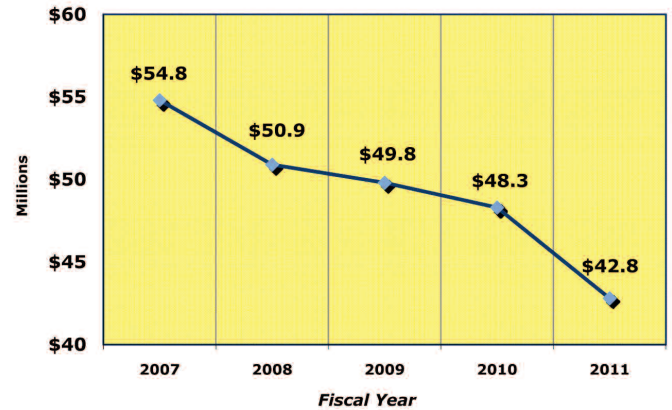
# PROVIDING QUALITY SERVICES WITHOUT RAISING PROPERTY TAXES

## General Fund Revenue



Of the \$93.3 million in revenue the City will bring in this year, \$57.7 million will come from taxes, with the majority coming from property taxes.

## Operating Property Tax Revenue



As housing prices fell, property tax revenue collected by the City of Delray Beach dropped from \$54.8 million in 2007 to about \$42.8 million this fiscal year.

## CITY LEADERS COMMITTED TO REMAINING FISCALLY RESPONSIBLE

For the last few years, many cities around the country – including Delray Beach – have been able to weather the storm created by falling property values and a sluggish economic recovery.

There have been ways to trim and surgically scale back so that services have remained steady and most changes have had little impact on residents.

As difficult times continued, however, the options left for most communities dwindled.

In Delray Beach, City Commissioners and City staff members remained committed to maintaining quality services for residents without adding the burden of additional taxes for many families.

That challenge was overwhelming in many ways, considering that property tax revenues – which fund about half of the City's operating budget – fell significantly from the previous year.

Over the past five years alone, operating property tax revenues have plummeted from \$54.8 million in 2007 to an estimated \$42.8 million for the current fiscal year, which began Oct. 1. Other revenues, including interest income, have continued to fall as well. Yet every day expenses remain steady or increase.

"Last year the City Commission raised the tax rate and raised fees to offset the decrease in property tax revenue," City Manager David Harden said.

Commissioners realized that raising the tax rate this year would be a hardship and instead looked for alternate solutions.

"This year we were forced to look for ways to trim salaries and benefits of our employees," Harden said.

In all, this year's general fund operating budget is \$3.3 million smaller than it was a year ago.

At the same time, the City's operating tax rate remains at \$7.19 per \$1,000 of taxable assessed property value, excluding debt service.



City Manager David Harden, Commissioner Gary Eliopoulos, Deputy Vice Mayor Angeleta Gray, Mayor Woodie McDuffie, Vice Mayor Adam Frankel and Commissioner Fred Fetzer.

In Delray Beach, the owner of a \$250,000 home, with an assessed value of \$200,000 after a \$50,000 homestead exemption, will pay about \$1,400 in city taxes this year, excluding debt service.

For many, who have seen the value of their homes decline, that may actually be less than they paid last year.

The tax paid to the City, however, is just a small percentage of what residents pay in overall taxes.

That same homeowner whose property has an assessed value of \$200,000 may get a tax bill in the

neighborhood of \$4,750 when all other taxes – school, county and special taxing districts – are included (see chart on page 1).

In Delray Beach, City leaders have worked hard to find ways to reduce costs while maintaining high service levels.

This year, general fund spending will drop by almost 3.4 percent but the quality of the services residents receive will remain at the highest level possible.

"There will be some impacts, but they continue to be minimal," Harden said.

Despite continued falling revenues, Delray Beach continues to remain strong and committed to its residents.

# GOING GREEN HELPS THE CITY SAVE MONEY NOW AND FOR YEARS TO COME

There's no doubt that taking steps to reduce energy usage, cutting consumption of drinking water and looking for ways to increase recycling efforts are good for the environment.

For the City of Delray Beach, a commitment to going green that is now in high gear is also translating into cost savings in both the short and long term.

"We're saving a lot of money through our focus on making Delray Beach a more environmentally sustainable community," said Rich Reade, the City's sustainability officer. "We're seeing those savings now and we'll be seeing them for many years to come."

Over the last year, the City has continued efforts to reduce electricity consumption, to reduce the use of drinking water and increase the use of treated wastewater for irrigation, and to find ways to reduce its overall carbon footprint.

While the City will see savings from projects such as the installation of new lights for the fields at Pompey Park – and the creation of jobs – the cost of many of the efforts is being covered either by grants or cooperative efforts that require no expenditure by the city.

"We're making a lot of improvements that are heavily funded by grants," Reade says.

A federal stimulus grant covered the more than \$300,000 cost of installation of the low-energy field lights at Pompey Park, which replaced lights that consumed a lot of electricity.

"We estimate that we'll save between \$15,000 and \$20,000 a year and we've already begun seeing those savings," Reade said.

Grant money is also helping the City replace high-energy lighting fixtures in all City buildings with more efficient lighting and also



Delray Beach currently uses 17 alternative-fuel vehicles, including a Ford Fusion Hybrid used by Fire-Rescue.



organizations or private companies with large fleets.

As part of its plan to reduce its carbon footprint, Delray Beach is currently working with Florida Atlantic University on the creation of a Greenhouse Gas (GHG) Inventory that will help identify areas where emissions can be reduced.

An existing example of reduced emissions is the 17 alternative fuel vehicles the city is already using, including four recently purchased hybrid vehicles.

The City is also continuing its reclaimed water program, funded in part by grants, which provides treated reclaimed water for irrigation to parts of the City.

Through the project, Delray Beach is reducing the cost of chemicals needed to treat drinking water and in the long term, is avoiding the need to expand water treatment capacity.

Delray Beach is also embarking on recycling projects that have the potential to translate into additional revenue.

"All of these efforts that are saving dollars and our environment are driven by the City Commission, our City Manager and our organizational goals," Reade said.

## SMALL INVESTMENTS BY THE CITY CAN HAVE A BIG COMMUNITY IMPACT

Sometimes a community effort, a little money and a lot of hard work can make a big difference in Delray Beach.

In the spring, when the City's Community Improvement department hosted its annual Paint Up Delray event, residents from throughout the community gathered in the Delray Heights neighborhood, taking up paint brushes and rollers.

The City, which had budgeted \$10,000 for the event, ended up spending just under \$6,000 for supplies and paint, minor structural exterior repairs, and pressure cleanings to prepare homes for painting.

In an example of the City working with private businesses for the good of the community, several local businesses donated food for the event. The Delray Beach Community Redevelopment Agency also contributed financial support to help cover costs.

At the end of the day, eight homes were painted and the neighborhood took on a different appearance.

But it was what happened after everyone left that is making the biggest difference.

"Paint Up Delray re-energized the neighborhood," said the City's Neighborhood Planner, Jennifer Costello. "That small amount of money that we spent started a big fire of community involvement."



Volunteers teamed up with the City, the CRA and local businesses to help improve the appearance of Delray Heights during Paint Up Delray.

The City-sponsored event, says Delray Height's Homeowners' Association President Debel Roundtree, helped spark an increased involvement and a determination to keep up the appearance of the community.

"Our neighborhood didn't look bad but now everyone is pulling together to make it look better," Roundtree says. "Paint Up Delray lifted us up a little."

Since Paint Up Delray, several other homes in the community have been painted – thanks to a grant from the Palm Beach County Solid Waste Authority (SWA) – and the neighborhood has received money for sidewalk and swale improvements.

Costello says a program like Paint Up Delray, which can spark a neighborhood to come together, benefits all residents of the community as well as all residents of Delray Beach.

"When something like this happens, it improves the property values of the community and that doesn't just stay within the borders of that neighborhood," Costello said. "As neighborhoods improve, property values throughout the city improve."

Costello says that other neighborhoods have seen the success of Delray Heights and are hoping they'll be chosen for Paint Up Delray next year.

## CUTTING THE COST OF DELIVERING QUALITY SERVICES

For City leaders, the challenge was clear from the outset. Revenues from just about all sources were shrinking, but expenses remained the same or increased.

Last year, the City trimmed an already lean budget and this year an additional \$3.3 million needed to be cut.

The surgical approach to reducing costs that had worked in the past was no longer feasible because most of the cuts that wouldn't impact key services had already been made.

Increasing taxes again for services could push them out of reach for some residents and businesses, and tapping into the City's reserve fund for recurring expenses could be perilous.

Furloughs and layoffs were options that City leaders wanted to avoid for fear of putting an additional hardship on the dedicated employees who serve City residents.

After more than six months of searching for solutions, the Commission and City Manager concluded that keeping already vacant positions frozen and making small adjustments in each department could only take them so far.

To meet the challenge brought on by a slumping economy, City leaders focused on employee benefits.

By making adjustments to pension plans and adjusting retirement ages for new employees, the City discovered it could save an estimated \$1.8 million this year.

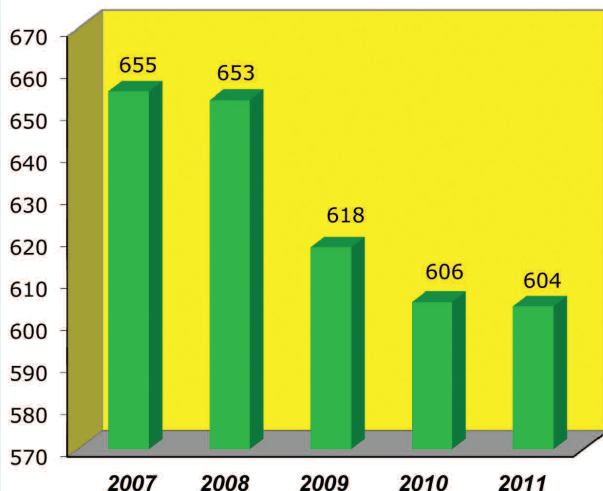
Because the City has several unions, the proposed changes in retirement benefits will require action through collective bargaining.

To help generate additional revenue, the City created a few new fees and made adjustments in others (See chart this page).

One significant change is the development of an annual alarm registration fee. That action is expected to generate an additional \$378,000 this year.

Through a judicious approach, Delray Beach has been able to find money to maintain the quality of life residents enjoy while keeping the negative impact on services to a minimum.

**Full Time City Employees (General Fund)**



Note: 2011 number includes 45 frozen positions

## A SAMPLING OF BUDGET ADJUSTMENTS

Following an exhaustive process designed to help identify cost savings, the City Commission approved several changes designed to maintain the high level of services residents receive while reducing the cost of those services.

Action	Savings
Cut Voluntary Employees Benefit Association contributions*	\$703,800
Change pension plans*	1,816,690
Return police to 80 hr. 2 week schedule*	701,906
Freeze assistant City attorney position	92,040
Freeze two police office positions (add two community service officers)	79,200
Eliminate assistant fire chief position	73,760
Eliminate Marine Patrol boat	15,510
Adjust vehicle rental charges	33,850
Continue to freeze plan reviewer and fire protection specialist positions	113,480
Fund Engineering division through water and sewer and stormwater funds	441,670
Reduce grant writing contract	32,000

\* Requires collective bargaining

## CREATING NEW REVENUES – GENERAL FUND

Action	Revenue
Alarm registration fees from one time only to annual	\$378,000
EMS fees change in the collection method	200,000
Police Department background check	7,200
Sidewalk cafe fee increase	15,000
Special events fee changes	12,640
Increase in beach sailboat fees	2,400
Changes in facility rental fee	11,000
New field lining fee	1,000
New tournament fees	4,000

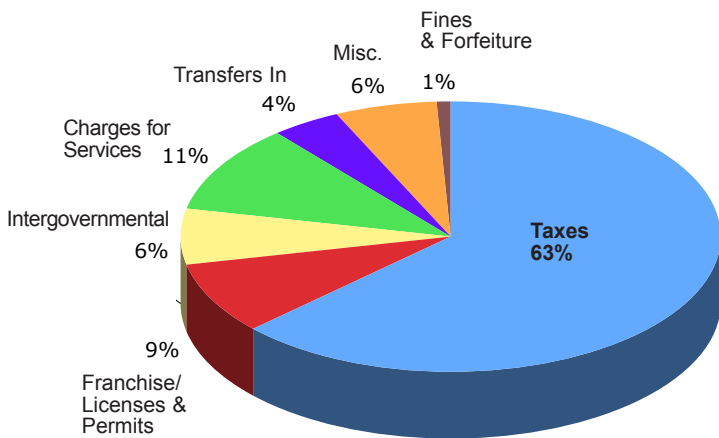
## MAJOR EXPENSES – GENERAL FUND

	2011 Approved	2010 Revised	2009 Actuals
Police and Fire Salaries	\$24,401,020	\$24,558,089	\$24,153,100
Other General Fund Salaries	10,892,440	11,218,887	11,515,113
Transfers to CRA	6,433,530	7,497,890	8,238,669
Police & Fire Retirement	6,806,180	7,069,770	5,381,809
General Employee Retirement	1,334,430	2,010,480	1,764,196
Health Insurance	3,894,080	4,724,319	4,270,777
Annual Debt Service*	5,136,520	5,023,370	5,506,376
Liability Insurance	1,771,480	1,870,290	1,938,130
Electricity	1,487,650	1,482,440	1,509,378
Library Grant	1,453,500	1,453,500	1,530,000

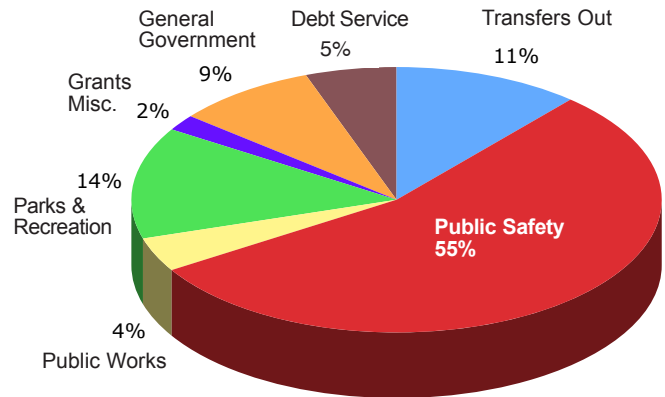
\*Includes revenue and general obligation bond issues funding several major infrastructure, recreational and building improvement projects, including projects funded through the Decade of Excellence Bond Referendum.

# WHERE MONEY COMES FROM, WHERE IT GOES

**Where the Money Comes From**



**Where the Money Goes**



## 2010-2011 DELRAY BEACH GENERAL FUND BUDGET

REVENUE	2009 Actual	2010 Revised	2011 Budget	% Change to FY 10/11
<b>Cash Balances Brought Forward:</b>				
Unrestricted Reserves	-	\$ 930,072	\$1,591,280	NA
<b>Revenues:</b>				
Taxes	64,250,695	63,247,960	57,768,250	-8.66%
Franchise/Licenses and Permits	9,183,167	8,410,210	8,047,820	-4.31%
Intergovernmental	6,297,938	6,120,058	5,962,570	-2.57%
Charges for Services	7,982,406	8,720,747	9,878,350	13.27%
Fines and Forfeitures	574,408	649,400	885,500	36.36%
Miscellaneous	5,080,677	5,165,630	5,561,050	7.65%
<b>Total Revenues</b>	<b>93,369,291</b>	<b>92,314,005</b>	<b>88,103,540</b>	<b>-4.56%</b>
<b>Other Financing Sources:</b>				
Operating Transfers in	4,101,919	3,433,850	3,659,890	6.58%
<b>Total Revenue &amp; Other Sources</b>	<b>\$ 97,471,210</b>	<b>96,677,927</b>	<b>93,354,710</b>	<b>-3.44%</b>
<b>EXPENDITURES:</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>% Change 10/11</b>
General Government	\$ 9,149,977	9,011,572	8,148,830	-9.57%
Public Safety	51,025,285	53,495,497	51,067,180	-4.54%
Public Works	3,735,470	3,954,474	3,777,020	-4.49%
Parks & Recreation	12,294,105	12,415,593	12,670,760	2.06%
Grants	1,926,000	1,831,550	1,806,500	-1.37%
Debt Service	5,506,376	5,023,370	5,136,520	2.25%
Miscellaneous	62,795	23,307	22,980	-1.40%
Contingency	10,200	13,851	4,720	N/A
<b>Total Expenditures</b>	<b>83,710,208</b>	<b>85,769,214</b>	<b>82,634,510</b>	<b>-3.65%</b>
<b>Other Financing Uses:</b>				
Operating Transfers Out	12,943,333	10,908,713	10,720,200	-1.73%
<b>Total Expenditures &amp; Other Uses</b>	<b>\$ 96,653,541</b>	<b>96,677,927</b>	<b>93,354,710</b>	<b>-3.44%</b>

## THE BUDGET AT A GLANCE

- Delray Beach's Operating Tax Rate remained the same for the second consecutive year at \$7.19 per \$1,000 of taxable assessed value
- The \$93.4 million general fund budget is 3.44 percent, or 3.3 million, smaller than last year
- The owner of a \$250,000 home with a \$50,000 homestead exemption will pay approximately \$1,400 in City taxes this year, excluding debt service
- City Taxes represent only about 28 percent of a homeowner's overall tax bill
- The taxable assessed value of property within the city decreased 10.53 percent, which is part of a 30 percent reduction over a three year period
- Operating revenue from property tax dropped by \$5.5 million
- General fund revenue sources, excluding ad valorem taxes, increased by \$1.5 million
- Public Safety (primarily police and fire) accounts for about 55 percent of the general fund budget
- There are now 45 frozen positions in the City
- \$1.5 million of the City's reserve funds will be used for one-time capital projects in the upcoming fiscal years, such as street resurfacing, road paving and Little Fenway and Pompey Park concession improvements

SPECIAL BUDGET EDITION

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### CITY HOLDS THE LINE ON WATER & SEWER RATES LOWERS RESIDENTIAL GARBAGE COLLECTION FEES

In addition to maintaining a steady operating property tax rate, the Delray Beach City Commission recently approved changes that hold the line on water and sewer rates and lower residential garbage collection fees.

In September of 2010, City Commissioners passed an ordinance that lowered monthly residential garbage collection fees by approximately 3 percent.

The reduction is made possible by a drop in the fuel surcharge costs paid by the City.

As a result of the changes, the following monthly rates went into effect as of Oct. 1:

- Curbside roll-out carts - \$12.62, down from \$13.02
- Rear or side door container pick-up - \$22.14, down from \$22.87
- Curbside disposable bags - \$9.65 reduced from \$9.97



- Multi-family collection service - \$6.07, down from \$6.27.

Garbage pick-up rates for commercial users were also adjusted; however, an increase in commercial disposal fees charged by the Palm Beach County Solid Waste Authority (SWA) may result in increases for some commercial customers.

Delray Beach kept its water and sewer rates unchanged for residential and commercial customers.

Residential customers inside the city will continue to pay a base fee of \$15.72 per month and a commodity charge based on consumption.

Residential customers in the City using less than 3,000 gallons of water per month are not charged a commodity fee while those using more pay an additional fee per 1,000 gallons.