



Town of Southwest Ranches, FL

Fiscal Year 2018 /2019

**Proposed Budget Workshop: Town Hall Council Chambers
Tuesday, August 21, 2018 @ 7:00pm**

Budget Process Calendar Of Events

- Thursday, July 26, 2018:
 - ✓ Preliminary Millage and Initial Fire/Solid Waste Assessment Adoption

- Tuesday, August 21, 2018 **(7 pm) (TONIGHT)**:
 - ✓ FY 2018/2019 Proposed Budget Workshop

- Wednesday, September 12, 2018 **(6 pm)**:
 - First Public Hearing for Tentative Millage and Budget Adoption
 - Final Fire Protection and Solid Waste Special Assessment Adoption

- Saturday, Sept. 22 – Tuesday, Sept. 25, 2018:
 - Final Budget Advertised

- Thursday, September 27, 2018 **(6 pm)**:
 - Second Public Hearing for Final Millage and Budget Adoption



Town Council

Doug McKay, Mayor

Freddy Fisikelli, Vice Mayor

Steve Breitkreuz, Council Member

Gary Jablonski, Council Member

Denise "Dee" Schroeder, Council Member

Town Administration

Andrew D. Berns, MPA, Town Administrator

Russell C. Muniz, MBA, MPA, MMC, Assistant Town Administrator/Town Clerk

Keith M. Poliakoff, JD, Town Attorney

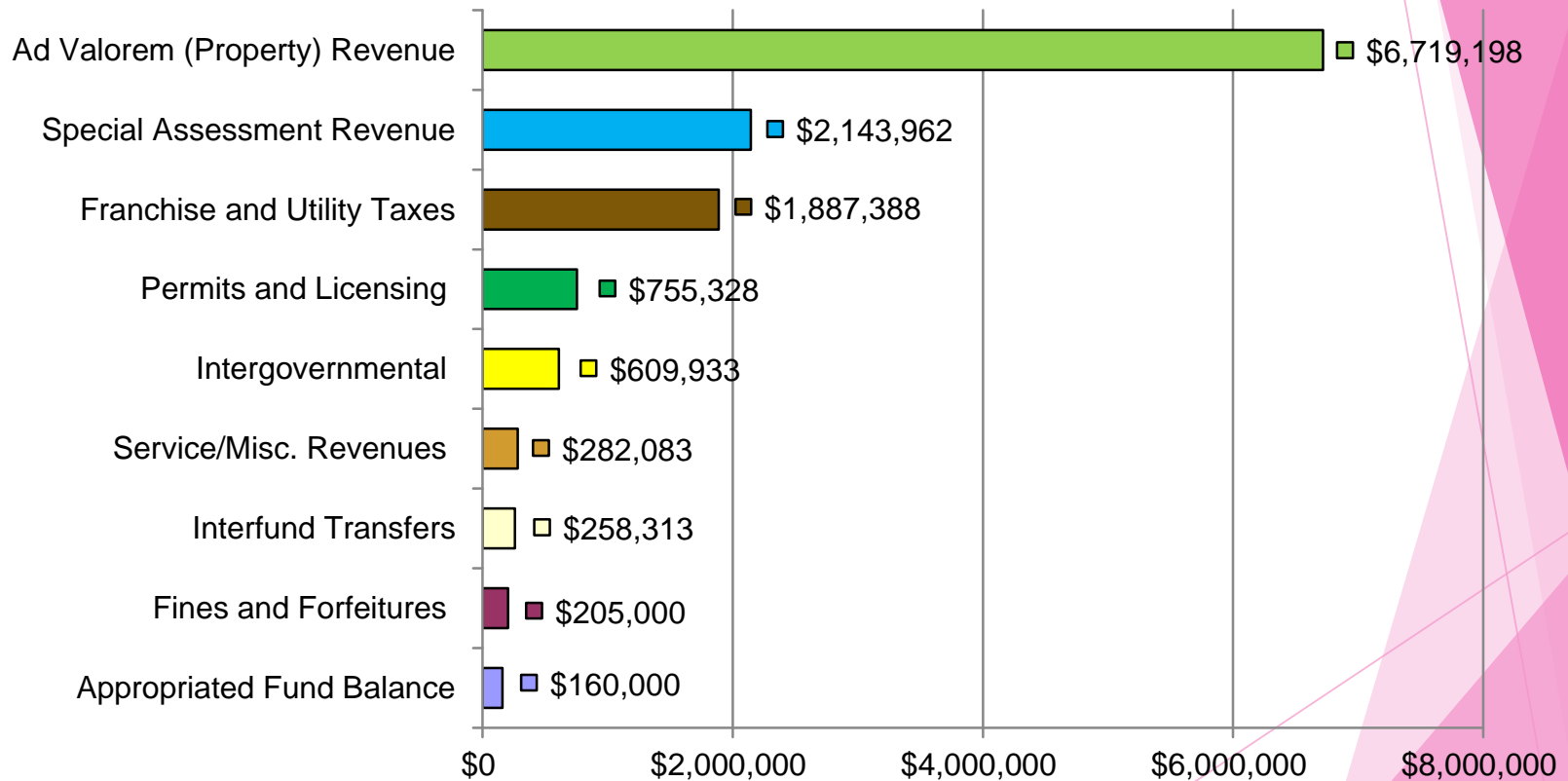
Martin D. Sherwood, CPA, CGMA, CGFO, Town Financial Administrator

Southwest Ranches

Proposed FY 2018/2019 budget

Total General Fund Revenues: \$13,021,205

Where do the funds come from?

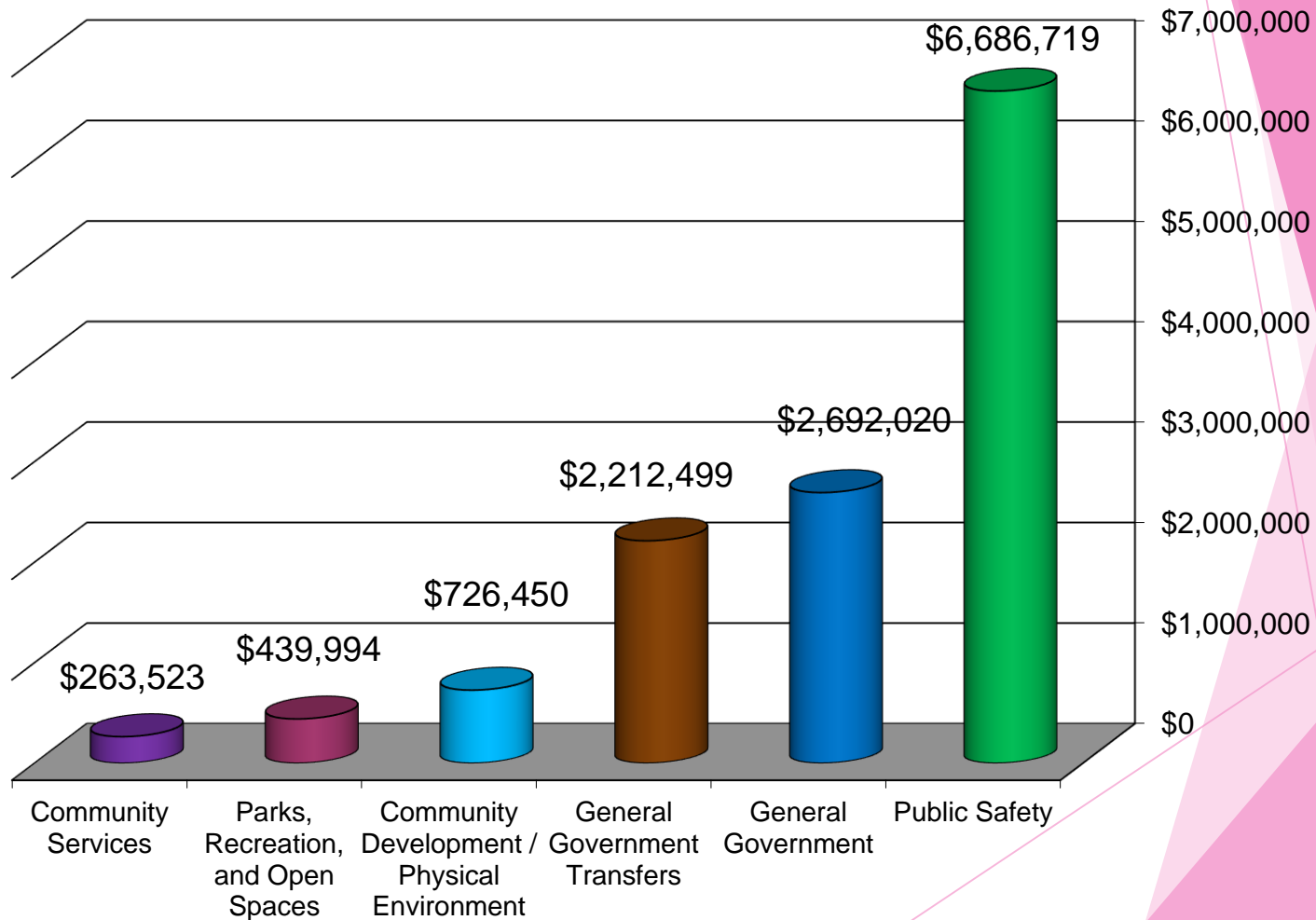


Southwest Ranches

Proposed FY 2018/2019 budget

Total General Fund Expenditures by Function: \$13,021,205

Where Do The Funds Go?



Summary of FY 2018/2019 Proposed Rates and Fees Compared to Adopted FY 2017/2018

Adopted FY 2018: Rate/Fee

- ▶ Operating Millage: 4.1017 mills
- ▶ TSDOR Millage: 0.3612 mills
- Total Adopted: **4.4629** mills

- ▶ Fire Assessment: \$70.36 increase (approx. 16% per residential dwelling unit) from FY 2017: \$518.49 adopted
- ▶ Solid Waste: \$65.79 or greater (overall average of an approx. 27% increase throughout all residential parcel lot sizes)

Proposed FY 2019: Rate/Fee

- ▶ Operating Millage: 4.6548 mills
- ▶ TSDOR Millage: 0.3342 mills
- Total Proposed: **4.9890** mills

- ▶ Fire Assessment: \$43.46 increase (approx. 8% per residential dwelling unit) from FY 2018: \$561.95 proposed
- ▶ Solid Waste: \$159.34 or greater (overall average of an approx. 37% increase throughout all residential parcel lot sizes)

COMBINED RATE IMPACTS

▶ Operating Millage:

- ▶ The proposed rate for operating purposes (4.6548 mills) represents a .5261 millage and a \$173 increase per \$250,000 of taxable value which covers increases in Public Safety Services, extraordinary and emergency items, an unfunded state mandate as well as funding for new and/or ongoing program modifications and capital improvement projects.

▶ Transportation Surface Drainage Ongoing Rehabilitation (TSDOR):

- ▶ The proposed funded amount of \$450,000 is a decrease from last fiscal year (\$470,000) and therefore represents a decrease per \$250,000 of taxable value . The millage rate (.3342 mills) is a decrease from the prior years adopted TSDOR millage rate due to the fact of the reduced funded amount and the Town experienced a rise in overall taxable value. This represents a \$8 decrease and when combined with the above operating millage results in a net increase of \$165 per \$250,000 of taxable value.

▶ Residential Fire Rates:

- ▶ The proposed rate would result in a \$43.46 increase per residential dwelling unit.

▶ Solid Waste Rates:

- ▶ The proposed rate structure reflects full cost recovery with no further rate subsidy as well as conservatively includes the maximum impact from a potential solid waste and/or bulk waste contract tonnage generation “true-up” provision. The “true-up” (or possibly “true-down”) is unknown until the current FY ends on September 30th. Accordingly, these rates require an increase of \$159.34 or more depending upon lot square footage.

Property Tax / Millage

1. Millage proposed for TSDOR
2. Municipal Rates Compared

SOUTHWEST RANCHES PROPOSED MILLAGE RATE FOR ROAD RESURFACING, RESTORATION, AND REHABILITATION (TSDOR)

| Fiscal Year | Millage Cost | Net Millage Equivalent |
|---------------------|---------------------|-------------------------------|
| FY 2018/2019 | \$450,000 | 0.3342 mills |

Why an increase is needed in Millage?

1. Existing Public Safety Services mandated contractual increases
2. Preparation for forthcoming potential extraordinary litigation
3. Emergency line of credit activation and resulting interest expense due to Hurricane Irma
4. Impact of Florida Statute 170.01(4) which granted a 100% Fire Assessment exemption to all vacant agricultural land. Accordingly, #642 of #1,450 ag exempt acres (or \$63,706) needs to be newly funded within the General Fund.

Why an increase is needed in Millage? (continued)

5. Quality of life and level of service improvements:
Program Modifications
6. Capital Improvement Projects
7. Normal inflation/Cost of Living Adjustments (e.g. 1.0147% Florida per capita change in personal income) in addition to other cost increases
8. Contingency increase for tonight's budget workshop and forthcoming public hearings

MILLAGE COMPARISON NARRATIVE:

Currently, (FY 2018) Southwest Ranches (Operating Millage plus TSDOR Millage) is the 7th lowest combined operating and debt millage rate in Broward County (excluding Unincorporated Broward County).

The Proposed FY 2019 Millage Rate, including TSDOR, moves the relative position of SWR to 8th lowest of 31 Municipalities.

However, the relative position of Southwest Ranches among Broward County Municipalities still remains approximately within the upper 25th percentile (25.81%). Twenty-three Municipalities (74.19%) are proposing millage rates higher than SWR for Fiscal Year 2018 – 2019.

Municipal Millage Rate Comparisons
(ranked by FY 2019 PROPOSED COMBINED MILLAGES)

| | Municipality | FY 18 Actual Operating and Debt Millage | FY 19 Proposed Operating and Debt Millage |
|----|-----------------------|--|--|
| 1 | Weston | 2.3900 | 3.3464 |
| 2 | Hillsboro Beach | 3.5000 | 3.5000 |
| 3 | Lauderdale-By-The-Sea | 3.5989 | 3.5989 |
| 4 | Lighthouse Point | 3.7803 | 3.7623 |
| 5 | Ft Lauderdale | 4.1884 | 4.3288 |
| 6 | Lazy Lake | 4.7931 | 4.7940 |
| 7 | Parkland | 3.9780 | 4.8000 |
| 8 | Southwest Ranches | 4.4629 | 4.9890 |
| 9 | Pompano Beach | 4.9865 | 5.6236 |
| 10 | Oakland Park | 6.0985 | 5.9985 |
| 11 | Davie | 5.8485 | 6.0121 |
| 12 | Coral Springs | 6.1485 | 6.1384 |
| 13 | Dania Beach | 6.1909 | 6.1758 |
| 14 | Pembroke Pines | 6.1958 | 6.1958 |
| 15 | Plantation | 6.2380 | 6.2622 |
| 16 | Sunrise | 6.3838 | 6.3550 |

Municipal Millage Rate Comparisons
(ranked by FY 2019 PROPOSED COMBINED MILLAGES)

| | Municipality | FY 18 Actual Operating and Debt Millage | FY 19 Proposed Operating and Debt Millage |
|----|---------------------|--|--|
| 17 | Wilton Manors | 6.4854 | 6.4548 |
| 18 | Deerfield Beach | 6.5007 | 6.5007 |
| 19 | Coconut Creek | 6.5378 | 6.5378 |
| 20 | Hallandale Beach | 5.7998 | 6.7353 |
| 21 | Margate | 7.0593 | 7.0593 |
| 22 | Miramar | 6.7654 | 7.1172 |
| 23 | Cooper City | 7.2678 | 7.2343 |
| 24 | Tamarac | 7.2899 | 7.2899 |
| 25 | No. Lauderdale | 7.4000 | 7.4000 |
| 26 | Sea Ranch Lakes | 7.5000 | 7.5000 |
| 27 | Hollywood | 7.6992 | 7.6992 |
| 28 | Pembroke Park | 8.5000 | 8.5000 |
| 29 | West Park | 8.6500 | 8.6500 |
| 30 | Lauderdale Lakes | 9.5950 | 9.6950 |
| 31 | Lauderhill | 9.5364 | 9.9362 |

Fire Assessment (Introduction):

Note: the 3 step assessment methodology is unchanged from the prior year (2012 Consultant study)

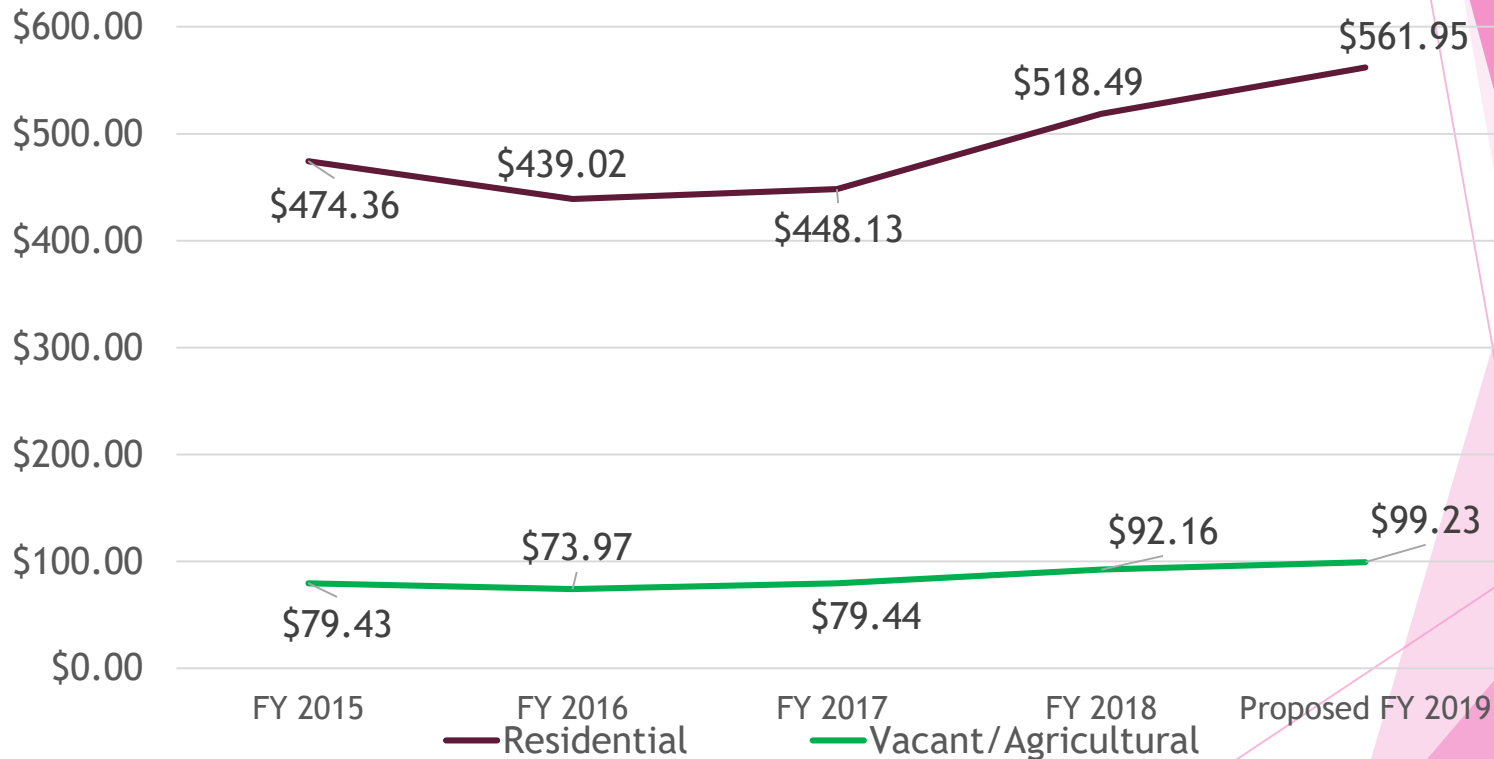
Proposed and Actual Rates (History) by Category

Municipal Rates Compared

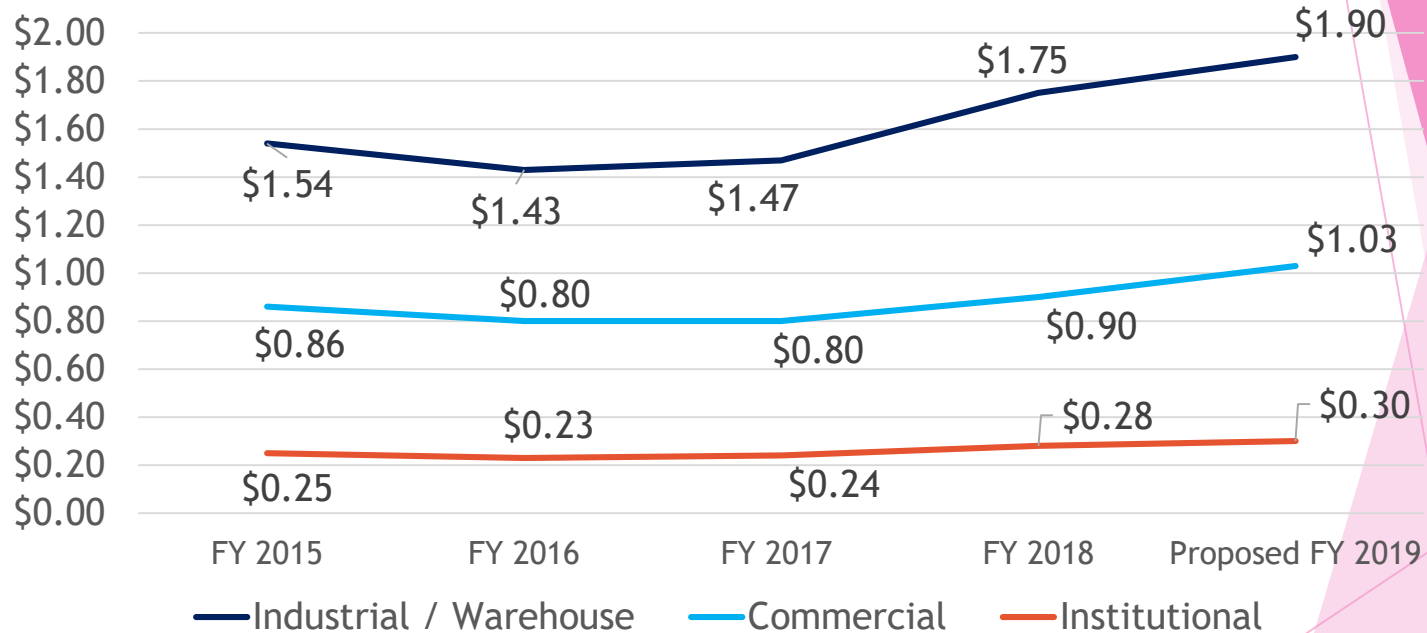
Fire Assessment (Background)

- ▶ This assessment is permitted by Florida Statute Chapters 166.021 and 166.041 and is adopted by Town Ordinance 2001-09.
- ▶ Ordinance 2001-09 requires that the annual rate be established each fiscal year.

Fire Assessment Residential and Acreage Category Rates Four Year History and Proposed FY 2019



Fire Assessment Rate: Per Square Foot Building Area by Category Four Year History and Proposed FY 2019



Broward County Municipal COMPARISONS - *Residential Fire Assessments Explained:*

- ❖ A number of municipalities subsidize fire protection assessment costs with property tax (General Fund) revenue. Actually, several do not even assess a fire protection assessment and therefore fund 100% from their General Fund. SWR policy does not subsidize any fire protection costs from its General Fund.
- ❖ The numbers provided to the Broward County Property Appraiser and provided here for service cost comparisons are not truly reflective of 100% full cost recovery for Fire Protection. For example, Sunrise indicated that their proposed Fire assessment represents only 70% of full cost recovery.
- ❖ Therefore, Municipalities with an unchanged assessment are likely subsidizing fire operations (in the case of shortfall) or utilizing fund balance to fund their Fire capital projects.
- ❖ Southwest Ranches proposes an increase of 8% (\$43.46 per residential dwelling unit - RDU).

Municipal Residential Fire Rates compared (rank based FY 2019 Proposed fee)

| | | FY 2018 Actuals | FY 2019 Proposed | % Change: Increase |
|----|-------------------|----------------------------|-----------------------------|-------------------------------|
| 1 | Southwest Ranches | \$518.49 | \$561.95 | 8.38% |
| 2 | Lauderhill | \$460.00 | \$488.00 | 6.09% |
| 3 | Weston | \$433.97 | \$448.21 | 3.28% |
| 4 | West Park | \$447.86 | \$447.86 | 0.00% |
| 5 | Miramar | \$372.84 | \$398.23 | 6.81% |
| 6 | Tamarac | \$350.00 | \$350.00 | 0.00% |
| 7 | Lauderdale Lakes | \$321.00 | \$333.84 | 4.00% |
| 8 | Margate | \$300.00 | \$300.00 | 0.00% |
| 9 | Hollywood | \$222.00 | \$285.00 | 28.38% |
| 10 | Pembroke Pines | \$271.48 | \$271.79 | 0.11% |
| 11 | Ft Lauderdale | \$256.00 | \$256.00 | 0.00% |
| 12 | Hallandale Beach | \$198.00 | \$251.11 | 26.82% |
| 13 | Parkland | \$220.00 | \$250.00 | 13.64% |

Municipal Residential Fire Rates Compared (con't) (rank based FY 2019 Proposed fee)

| | | FY 2018 Actuals | FY 2019 Proposed | % Change: Increase |
|----|-----------------------|--------------------|---------------------|-----------------------|
| 14 | Dania Beach | \$223.75 | \$223.75 | 0.00% |
| 15 | Wilton Manors | \$214.72 | \$219.24 | 2.11% |
| 16 | N Lauderdale | \$215.00 | \$215.00 | 0.00% |
| 17 | Pompano Beach | \$163.00 | \$210.00 | 28.83% |
| 18 | Sunrise | \$209.50 | \$209.50 | 0.00% |
| 19 | Davie | \$196.00 | \$206.00 | 5.10% |
| 20 | Coral Springs | \$180.00 | \$200.00 | 11.11% |
| 21 | Oakland Park | \$199.00 | \$199.00 | 0.00% |
| 22 | Coconut Creek | \$177.79 | \$181.35 | 2.00% |
| 23 | Deerfield Beach | \$175.00 | \$175.00 | 0.00% |
| 24 | Cooper City | \$161.28 | \$161.28 | 0.00% |
| 25 | Lighthouse Point | \$120.34 | \$134.50 | 11.77% |
| 26 | Lauderdale-By-The-Sea | \$129.85 | \$129.85 | 0.00% |

Solid Waste Rate Assessment (Introduction):

1. Assessment legal requirements
2. Comparisons to prior year

Solid Waste (Garbage) Assessment (Background):

- ▶ Permitted by Florida Statute Chapters 197.3632.
- ▶ Annual rate establishment required by Town Ordinance 2002-08.

Proposed Solid Waste Rates for FY 18/19 (with changes from FY 17/18)

Based On Consultant Study

| Assessment Range | Lot Sq. Ft. | | Number of Units in Range | Solid Waste Cost Per Unit | Bulk Waste Cost Per Unit | <i>Total Proposed Rates FY 18/19</i> | <i>Total Assessed Rates FY 17/18</i> | Difference: Increase |
|------------------|-------------|----------|--------------------------|---------------------------|--------------------------|--------------------------------------|--------------------------------------|----------------------|
| A | - | 41,200 | 406 | \$ 318.95 | \$ 295.83 | \$ 614.78 | \$ 455.44 | \$ 159.34 |
| B | 41,201 | 46,999 | 426 | \$ 318.95 | \$ 347.18 | \$ 666.13 | \$ 491.08 | \$ 175.05 |
| C | 47,000 | 62,999 | 414 | \$ 318.95 | \$ 418.34 | \$ 737.29 | \$ 541.97 | \$ 195.32 |
| D | 63,000 | 95,999 | 449 | \$ 318.95 | \$ 454.03 | \$ 772.98 | \$ 564.47 | \$ 208.51 |
| E | 96,000 | 106,999 | 460 | \$ 318.95 | \$ 505.93 | \$ 824.88 | \$ 605.47 | \$ 219.41 |
| F | 107,000 | >107,000 | 429 | \$ 318.95 | \$ 629.42 | \$ 948.37 | \$ 683.60 | \$ 264.77 |

Solid Waste Impact

- ▶ Over the past five years (FY 2013-2017) the solid waste collection rate has decreased by nearly 35% and the contractual agreement ended. After going to bid in FY 2017, establishing numerous contacts, and substantial negotiation, the lowest responsive and responsible bidder required significant cost of service increases (73%) to offer the services.
- ▶ The adopted Residential rates in FY 2018 was “smoothed” and increased only approximately 27% over all property categories with the utilization of \$300,894 in unrestricted Solid Waste Fund net position.

Solid Waste Impact (continued)

- ▶ The FY 2019 proposed average increase is approximately 37% over all property categories and will result in full cost recovery for mandated contractual adjustments including CPI and Fuel indices as well as conservatively includes the maximum exposure for a potential “true-up” generation factor.
- ▶ On a positive note, the proposed FY 2019 rate for all ranges average higher than all the property rate ranges retroactive from FY 2012 by an overall average of less than 14% (or approximately 2% increase annually per year over the past seven years)!
- ▶ Finally, future year changes will only be dependent upon contractual adjustments to remain a fully user based funded operation in accordance with generally accepted governmental accounting standards (GAGAS).

Notes on the FY 2019 Proposed Budget Book

- Budget Transparency
- Funded Programs and Projects

Proposed Budget Documentation Notes:

- Council Policy Focused Document with input from all Town Council Advisory Boards
- Transparency: Restricted, Committed, Assigned, and Unassigned Fund Balances pursuant to GASB #54 are disclosed for all funds
- Departmental Descriptions/Services, Accomplishments, Goals and Objectives
- Departmental & Fund Histories

Proposed Budget Documentation Notes (continued):

- Explanation of material Budget Changes (a/k/a “Variance Analysis”)
- Detailed Program Modifications which highlight proposed customer service level changes
- Detailed Capital Improvements & 5-Year Capital Improvement Program (CIP)
- Glossary and Fund Descriptions

Program Modifications Funded (8 in total):

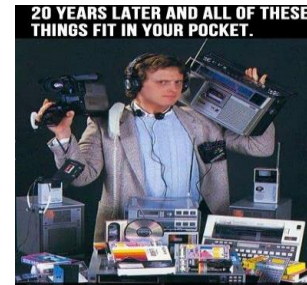
- Information Technology Replacement Program (\$13,000)
- GIS Technician Services (\$20,000)
(no millage impact)
- Volunteer Fire Department safety equipment: *(all have no millage impact but do have Fire Assessment impact)*

Fire Apparatus Replacement Program
(\$50,000)

Communication Equipment
Replacement/Upgrade (\$40,192)

SCBA Bottle Replacement (\$3,045)

Bunker Gear Replacement Program
(\$2,808)



Program Modifications Funded (continued):

- Volunteer Fire Department Increase in Shift Personnel (\$42,942)
(no millage impact but does have Fire Assessment impact)

- Fire Protection Rate Assessment Study (\$50,000)
(no millage impact but does have Fire Assessment impact)



Eight (8) Capital Improvement Projects Funded Include:

- Fire Wells Replacement and Installation *(no millage impact but does have Fire Assessment impact)*
- Public Safety - Fire Rescue Modular Complex Improvements *(no millage or Fire Assessment impact)*
- Fire Station Alerting System *(no millage impact but does have Fire Assessment impact)*
- Progress on Frontier Trails Conservation Area
- Town Hall Complex Safety, Drainage, and Mitigation Improvements *(no millage impact)*
- Transportation Projects: 1) Transportation Surface Drainage Ongoing Rehabilitation (TSDOR), 2) Drainage Improvements, and 3) Pavement Striping and Markers Program. **Reminder:** TSDOR expenses, however, require funding separate from the regular operating millage.



Questions, Comments and Direction From Town Council

