



City of Alachua

MAYOR GIB COERPER

Vice Mayor Ben Boukari, Jr.
Commissioner Shirley Green Brown
Commissioner Gary Hardacre
Commissioner Robert Wilford

OFFICE OF THE CITY MANAGER

TRACI L. CAIN

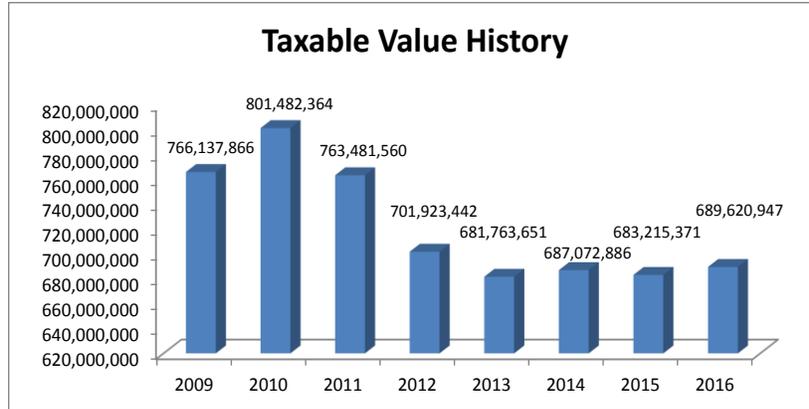
September 14, 2015

RE: CITY MANAGER'S FISCAL YEAR 2015-2016 BUDGET MESSAGE

Honorable Mayor and Members of the City Commission:

It is my honor to respectfully submit the proposed balanced Fiscal Year 2015-2016 Budget for the City of Alachua. As proposed, the Budget totals \$36,169,311, which represents a 5.69% decrease from the prior fiscal year of \$38,353,339 (amended). The decrease from the prior year is due in large part to the completion of the Swick House restoration, roadway projects and the refinancing of the Section 108 loan. The proposed General Fund budget is \$10,420,461, a slight increase of 1.98% from the prior fiscal year of \$10,218,273 (amended). Ad valorem taxes, which make up a little more than a third of the General Fund, are projected to generate \$4.01 million. The City's overall taxable value increased slightly at 1%. The total budget for Enterprise Funds is \$16,850,496, which is a decrease of 19.48% from the previous fiscal year that totaled \$20,926,119 (amended).

The City continues to experience positive commercial development, particularly along the U.S. Hwy 441 corridor. Residential development has also been positive as existing subdivisions are continuing to reach their build-out potential. New residential developments are in the planning stages that will provide for additional housing opportunities. The City Commission and the Administration have demonstrated a strong commitment to fund core services at a level that provides a high quality of life for the citizens of Alachua. As the City continues to achieve self-sustainability, fiscally responsible measures must be taken to ensure core services and the quality of life of residents are protected. Therefore, the proposed Budget has been balanced at 5.9900 mills, representing a millage increase of .4900 mills. The additional ad valorem taxes generated by the increase are approximately \$330,000. Funding of public safety and transportation functions are key drivers of the recommended millage increase and are further explained in the Budget Message. The City Commission has not adjusted the City's millage rate since FY 2010 and while economic conditions have improved greatly, property valuation has not increased by any significant measure. The following table demonstrates the taxable value history since FY 2009.



As the table demonstrates, the City reached its peak taxable value in FY 2010 at \$801,482,364, which generated approximately \$4,234,528 in ad valorem taxes at 5.5000 mills. In FY 2015, the taxable value of \$683,215,371 generated \$3,757,685 at 5.5000 mills. This calculation results in a difference of \$476,843 in ad valorem taxes generated for one year from 2010 to 2015. The same calculation can be performed for all years between 2010 and 2015. In effect, this means the City has had to provide the same services it did in 2010 for subsequent years, yet with significantly less ad valorem tax revenue. With advancing technologies, increasing costs for public safety functions and the need to continue to invest in infrastructure, adjusting the millage in FY 2016 to 5.9900 mills is recommended by the Administration. As the City ensures its utility funds are self-sustaining, the FY 2016 Budget has been balanced with a proposed overall increase in water and wastewater rates by 3% and electric rates by 1.5%. Increasing the millage rate, utility rates or other City fees are always the last option explored and only after every other possible avenue has been thoroughly vetted and weighed. As stewards of the public, this responsibility is carried with the weight it rightfully bears.

The adoption of the City's Strategic Plan will serve as the guiding document for goal achievement for all departments in the City. Accordingly, the FY 2016 Budget was crafted with considerations to the fiscal impact of various initiatives of the Strategic Plan. FY 2016 Budget highlights include significant capital outlay in technology as the City advances with the changes in service delivery. Additionally, advancing the City's commitment to core services is demonstrated throughout major budget areas. Other highlights include long-term community planning and strategy implementation as well as talent investment.

Advancing with Technology

Perhaps one of the most unpredictable elements of City operations is keeping up with advances in technology. The City maintains a regular replacement program of major information technology infrastructure and user devices, and participates in regular conferences and workshops to prepare for industry trends and shifts that can create unforeseen considerations. The FY 2016 Budget initiates a three-year program to replace aging police radio equipment at an annual cost of \$102,000. The existing equipment is no longer sold and repair/replacement parts are becoming more difficult to obtain. Furthermore, new industry encryption is coming on line that will inhibit the Police Department's ability to communicate with other local law enforcement agencies if the City does not upgrade the equipment. Communication with other

agencies is vital and necessary for citizen and officer safety. Additional public safety considerations in the Budget include the allocation of \$18,000 for six (6) tablets for patrol vehicles to replace aged and existing hardware. The tablets also promote officer safety as they can be removed from the vehicle during a traffic stop, thus allowing officers to maintain contact with individuals for the duration of the stop. The City currently has six (6) vehicles equipped with the tablets, four (4) of which were acquired with grant funding.

Another major budget allocation for FY 2016 is for the acquisition of enterprise resource planning (ERP) software totaling \$250,000 (equally split funded between General Fund and Internal Service Fund). The City's current ERP software is antiquated, support is difficult and it does not provide the advanced functionality that exists in the market today. The ERP software is used to handle major fiscal components of the City such as accounts payable/receivable, utility billing, budget, payroll, purchasing, building, code enforcement, etc. The acquisition of new ERP software will provide for the consolidation of processes into one City-wide software, digitizing processes for efficiency and faster service delivery.

Additional advancements include the upgrading of the City's main servers that support all information technology functions of the City. The FY 2016 Budget includes an allocation of \$48,000 for replacement servers as the existing servers run on an operating system that is no longer supported or for which updates are issued. Of course with these types of upgrades the servers will be able to run more efficiently and provide for better data storage and security.

Core Services and Infrastructure Investment

The City continues major investment in core services and infrastructure for FY 2016. The largest project in both fiscal impact and scope is the resurfacing of roads in the Criswell Park and Merrillwood area, totaling \$805,000. Of the total funding for the project, only \$125,000 are matching funds from the City, with the remaining funding coming from the Community Development Block Grant, Neighborhood Revitalization program. The project will resurface approximately 20,000 linear feet of City roadways. Additionally, the FY 2016 Budget continues to fund the ongoing commitment to address the repair of City roadways with an allocation of \$250,000 in roadway improvements. This is an increase from prior years in which \$197,000 has been budgeted. The Budget also includes \$20,000 in funding for sidewalk improvements. Furthermore, an allocation of \$30,000 has been provided for the purchase of a new two-ton flatbed truck for the Public Works Division, replacing an aging and high-mileage vehicle that has significant maintenance/repair work necessary to utilize.

As part of addressing bottlenecking issues with the water and wastewater infrastructure, the FY 2016 Budget includes respective allocations. Upgrading of the wastewater gravity main along U.S. Hwy 441 is budgeted at \$70,000 and the construction of a 16" water distribution main along the same corridor has a \$97,500 appropriation. These improvements will help provide for additional volume and flows to support development and better serve existing customers. The replacement of a well pump and exploring additional well improvements total \$110,000 in the FY 2016 Budget. In addition, design and site work related to a new electric substation are budgeted at a total cost of \$525,000 with expansion of the existing electric substation funded at \$175,000. Both projects are critical in providing for reliability and redundancy in the electric

system infrastructure as well as positioning the City for competitive bulk power supply delivery options.

The acquisition of three (3) new police vehicles has been included in the Budget at a total cost of \$90,000. With the purchase of the vehicles, the City will have replaced all of the marked Ford Crown Victoria vehicles. The upgraded fleet will ensure maintenance is minimized and thus downtime of vehicles on the streets is diminished. Additional funding has been provided for school resource officers in the public schools in Alachua per the approved interlocal agreement with the School Board of Alachua County (SBAC). The SBAC will be providing funding in the amount of \$82,000 for the program.

Long-term Community Planning and Implementation

The City Commission has made clear the vision of planning now for the future. This often times includes assessing the current environment, standards, trends, etc. and considering future opportunities to determine the best way forward. One prime example of this visionary methodology has been the development of the Project Legacy site near the Hal Brady Recreation Complex. With the master planning of the 105-acre site being completed in FY 2015, the next steps include the implementation of the first phase of the master plan. The FY 2016 Budget provides \$200,000 – of which \$50,000 is a carry forward from FY 2015 design services – for construction design services for the first phase.

The City's only Community Redevelopment Agency (CRA) encompasses the downtown area and is active to 2043. With additional western growth along I-75 and U.S. Hwy 441, a focus on ensuring the CRA continues to promote vitality and commercial growth is critical. Again, this is another focus on planning today for success in the future. As such, the FY 2016 Budget allocates \$40,000 for an economic development marketing analysis to be performed with implementation strategies recommended. The analysis is equally split funded between the General Fund and CRA. The results of the analysis and strategy will ensure the City is able to leverage the best resources possible for the top return on investment for the downtown district. Furthermore, utilizing consulting firms that specialize in this field will offer assurances to the City and community at large that the strategies developed are the most optimal for success. Other CRA activities include funding for the downtown parking lot design along NW 150th Ave. and NW 142nd Ter. - \$60,000, Main Street trees replacement - \$90,000 (includes \$60,000 carry forward) and ongoing lighting repair and replacement - \$20,000.

Yet another example of forethought and advance planning is the study of the City's transportation infrastructure. The City's corporate limits include roadways owned and maintained by the City, County and State. With major national and regional transportation corridors such as I-75 and U.S. Hwy 441, analyzing the current transportation environment and applying metrics for future growth and development will be beneficial for the City to have in ensuring a long-term approach and costs/benefits analysis is applied in making development decisions. The FY 2016 Budget includes an allocation of \$60,000 for such a study to be performed.

Talent Investment

As the national economic condition has improved, so has the local labor market and opportunities for employment. Maintaining competitive compensation and benefits packages is critical to retaining and attracting well qualified staff to perform the work necessary to carry out the goals of the City Commission. The City's current workforce is approximately 115 employees. During the recession that took hold in 2008 and subsequent years, the City began to make necessary budgetary cuts to address falling revenues without impacting service levels. Measures included the suspension of many longstanding employee benefits, such as longevity and merit increases, cost of living adjustments, and the educational support program, among others. The FY 2016 Budget proposes the continued suspension of these benefits with the exception of a cost of living adjustment. The Budget proposes a 3% cost of living adjustment for employees, resulting in a total impact of \$185,000. The FY 2016 Budget continues to fund employee-only health, dental, vision and life coverages.

Maintaining employee safety is vital, especially given the various professions of the workforce in the City. Regular safety training and programs serve as a constant reminder and proactive approach to reducing workplace accidents. The City has utilized various consultants for safety-related programming over the years, however, the need exists for a member of City staff to be dedicated to the City safety program. The FY 2016 Budget provides funding of \$29,000 for a part-time safety specialist. The additional position will ensure there is a committed focus to holding regular training courses, accident follow through procedures and awareness campaigns. Of course, the most important metric of any employee safety program is that the workforce is able to work in the safest environment possible to prevent accidents. The additional benefit is the reduction of workplace accidents also results in reduced insurance premiums for various policies.

Summary

The components of the FY 2016 Budget make up a focused fiscal approach to accomplishing the goals of the City Commission in the most efficient and effective manner possible. The end goal is always to provide the best service delivery to the citizens of Alachua and the proposed Budget accomplishes this one again. Through the several public workshops and meetings, staff has been able to assemble a Budget that is comprehensive in addressing the needs of the community. The budget process has been transparent and the many discussions have resulted in fiscal parameters that will accomplish the City Commission's goals.

The development of the City's first-ever Strategic Plan has also been critical in establishing departmental direction and incorporation into the budget process. With the Strategic Plan in hand, staff will be able to utilize allocated resources to complete clearly defined steps that will result in accomplishing the initiatives set forth by the City Commission. The commitment of the City Commission to fiscal responsibility and stewardship has been unwavering, often times making decisions that are not popular, but are certainly necessary. For that reason, the City's financial strength has improved to great levels and the citizens are able to enjoy the quality of life they have come to expect. Furthermore, Alachua has become one of the most attractive communities to raise a family or build a business. The Administration and staff share the

dedication of the City Commission to bring prosperity to the community for generations. I look positively forward at the work ahead of us and maintain great confidence that we are well positioned to take advantage of opportunities. It is my humble honor to submit the FY 2016 Budget to the City Commission and I am excited at the work we have before us.

Sincerely,



Traci L. Cain
City Manager