JOHN R. MARKS, III, MAYOR

CITY OF TALLAHASSEE

October 2012

As the Mayor of the City of Tallahassee and on behalf of the City Commission, it is my responsibility and privilege to present the approved fiscal year 2013 annual operating budget of $685,102,593 and the capital budget of $135,060,250. Continuing the City's commitment to involve residents in the budget process, staff conducted three community budget workshops to solicit residents' opinions on various services and financial policies. An on-line survey was provided for those residents who could not attend the meetings.

The budget process this year has been challenging, but the final budget represents our collective best efforts at addressing the current economic climate while attempting to maintain excellent service to our citizens.

Our millage rate of 3.7 mills has not changed since 2010 and remains one of the lowest millage rates among the ten largest cities in Florida. Decreasing property values have resulted in reduced tax revenue, but the Commission and city management are committed to high quality service delivery through enhanced efficiency and effectiveness.

Though several municipal governments around the country have declared bankruptcy, our city government remains financially sound and we are steadfast in adhering to the highest standards of prudent fiscal management, service delivery, and long-term planning. Our focus on economic development through infrastructure investment and public projects is coming to fruition, as evidenced by Gaines Street, Cascades Park, Franklin Boulevard, Midtown, and gateway enhancements.

I am grateful to the Commissioners for their leadership and commitment throughout this budget process. In addition, the City staff -- particularly the budget staff -- are to be commended for their hard work and dedication. Looking ahead, as the economic climate continues to improve, we are hopeful that next year's process will enable your city government to maintain its commitment to fostering a prosperous local economy and a high quality of life for its residents.

Sincerely,

John R. Marks, III

City Hall, 300 South Adams Street, Tallahassee, Florida 32301-1731 • 850-891-2000 • FAX 850-891-8542 • TDD 711 • talgov.com

CITY OF TALLAHASSEE

Most Livable City in America

June 19, 2012

Honorable Mayor and City Commissioners:

It is my pleasure to present to you balanced operating and capital budgets for fiscal year 2013. The proposed operating budget totals $686.0 million, representing a decrease of $24.7 million from the fiscal year 2012 budget. Of the total operating budget, $138.8 million is for the general fund and $547.1 million is related to the enterprise funds (electric, aviation, fire, etc.). The capital budget totals $127.6, representing a decrease of $23.0 million from the fiscal year 2012 budget.

Although the economic downturn has required a constant re-evaluation of our financial decision making we have used this downtime to invest in the community. As a result, we are living in exciting times for the community and in 2013 we will begin seeing the results of a lot of hard work on behalf of the City Commission and the organization. Over the last several years the Commission has made the decision to invest in infrastructure, to advance city projects and to focus on creating jobs in our community, while also laying the groundwork for future community development. In 2013, those investments will bring about significant and tangible benefits for Tallahassee as a number of projects are completed including Cascades Park, Franklin Boulevard, and Gaines Street to name of few. All of these are catalyst projects in the community and ones that will help spur future growth and economic development in the City. As an organization we took the lead to develop these areas, made tough decisions regarding approving and finding funding for these projects, and laid out the framework for a vision for the community. We are reaping the benefits of this hard work and investments, including the financial commitment in 2005 that resulted in the construction of the Marriott Residence Inn on Gaines Street, and are now experiencing significant private sector investment in these areas. Projects like College Town, the new Catalyst developments and others that are under construction within the Gaines Street Corridor will help achieve the Commission's vision of creating a vibrant and successful corridor and one that successfully links our downtown area with our two major universities. We will start seeing the impact of these developments within the next couple of years as projects are completed and are placed on the tax rolls.

KEY ASSUMPTIONS

NO INCREASE IN THE MILLAGE RATE OF 3.7 MILLS

SALARY ENHANCEMENTS FOR NON-UNION EMPLOYEES OF 2.5%

ADDRESS CAPITAL FUNDING NEEDS FOR GENERAL GOVERNMENT CAPITAL PROJECTS

MAINTAIN GENERAL FUND TRANSFER TO STARMETRO AT THE CURRENT LEVEL (WITH AN ADJUSTMENT FOR FUEL)

From a financial standpoint the organization remains strong and we have taken steps over the last few years to ensure our strong financial standing. Our pension plan was recently given an "A" grade

CITY HALL
300 South Adams Street
Tallahassee, FL 32301-1731
850-891-0000
TDD: 711 • Talgov.com

JOHN R. MARKS, III
Mayor

ANITA F. THOMPSON
City Manager

ANDREW GILLUM
Commissioner

JAMES R. ENGLISH
City Attorney

NANCY MILLER
Commissioner

JAMES O. COOKE, IV
City Treasurer-Clerk

MARK MUSTIAN
Commissioner

SAM M. McCALL
City Auditor

GIL D. ZIFFER
Commissioner

by the Collins Institute and was noted as being a low cost and fully funded plan. Over the last few years we have been able to return cash to the deficiencies fund and improve its balance bringing it closer to the required policy level.

Even with this good news, a number of challenges yet confront us. As we began the 2013 budget process we were optimistic that we had seen the worse of the economic downturn and that we would be seeing stabilization in the local economy. However, recent information indicates that we are still feeling impacts related to the economic downturn as a result of another year of projected decreases in property values. The proposed operating and capital budgets represent a continuation of our efforts over the past few years to address these financial pressures. Our focus has been to maintain existing service levels, look at financial efficiencies through the internal reallocation of funds, continue stimulating the local economy, and address critically needed funding for capital projects within the general government area. I believe the budget presented for City Commission consideration addresses these areas.

City Commission Priorities

- *Develop a vision for our future transportation needs, focusing on infrastructure and how people move about the community including transit, bicycle and pedestrian activity.*
- *Use technology to enhance the lives of our citizens.*
- *Develop a vibrant economic development plan that clearly defines the city's role and strategies.*
- *Continue sense of place development by creating a vision for downtown Tallahassee, including all aspects of an active 18-hour community.*
- *Initiate a local government Review of the Arts Master Plan to ensure goals are aligned with current realities.*
- *Maintain financial viability.*
- *Review and prioritize infrastructure needs.*

Over the last few years we have made substantial reductions in staffing and have reduced funding levels available to departments to maintain current service levels. We are at a point, that if additional reductions are necessary in the general fund, it will require looking at closing facilities, eliminating positions including public safety positions, and/or postponing capital infrastructure expenditures.

In addition to continuing core city services this budget also addresses, to the extent possible, the seven City Commission priorities as identified at the City Commission retreat in February. Some of the activities underway to address these priorities include the implementation of sense of place projects in Midtown, Market Street and South Adams corridor, implementation of webpage improvements on the city's website with the goal of making it easier for our citizens to interact and access information about the city, a continued emphasis on the long-term financial viability of the organization via future changes to the pension plan for new employees, and the continued utilization of technology to streamline processes. Additionally, the proposed budget being presented for your consideration does not recommend any changes to the City's millage rate. At 3.7 mills, the City's property tax rate remains one of the lowest of the larger cities in the State of Florida.

Although we have been able to address many of the issues raised by the City Commission during our various budget workshops, there are a number of items that we were not able to budget due to funding limitations. These are addressed later in this message.

FY13 BUDGET PROCESS

As the City Commission is aware, we began this year's budget process estimating a General Fund shortfall of approximately $4.5 million. As we progressed through the budget process we received updated information that worsened the projected shortfall. These included:

- Continuing decline in taxable value of property.
- Continuing declining consumption of utilities.

In light of the projected shortfalls, departments were asked to reassess and re-justify several line item accounts in their operating budgets based on historical budget expenditures. In addition, departments were again asked to identify potential efficiencies and to submit budget requests that continued operations at the FY12 budgeted amounts.

This year we again held three community public meetings on April 12th, 16th, and 18th in various locations within the community. Although participation was less than at last year's community budget meetings, these meetings were well received by attendees and we continue to receive positive feedback from those in attendance. As we did last year, staff from every department was available at these meetings to provide information and answer citizens' questions that residents may have had. Attendees were also able to vote on the programs that they felt were most important and/or least important. Those who were not able to attend the meetings were given the opportunity to cast their votes on the City's website. Although the results of the voting were not intended to be statistically valid, they did represent the preferences of those who attended or voted on line and the community meetings serve to engage the public in an enhanced understanding of the complexities of the budget process. Those results were provided to the Commission at the May 9, 2012 City Commission meeting.

High & Low Priorities from Community Budget Meetings

High
Financial Support of Senior Center.
Financial Support of Community Centers.
Subsidize Adult and Lifelong Programs.

Low
Financial Support for Traffic Control & Enforcement.
Airport as Regional Business Site.
Tennis Programs.

High and Low Priorities from On-Line Survey

High
Support for Social Services.
Spending for Active Parks & Sports Facilities.
Continue Energy Conservation Programs.

Low
Funding for golf courses.
Community gardens.
Financial support for traffic control & enforcement.

PROPOSED 2013 OPERATING BUDGET

The proposed budget totals $813.5 million and is comprised of two components: the operating budget of $686.0 million and the capital budget of $127.6 million. While the operating budget is further divided into individual funds, the capital budget is appropriated on a project basis. The chart below shows the breakdown of the operating budget by fund. The total operating budget has

decreased by approximately 3.5% over the FY12 budget of $710.7 million. This is due primarily to decreased fuel expense for the utilities.

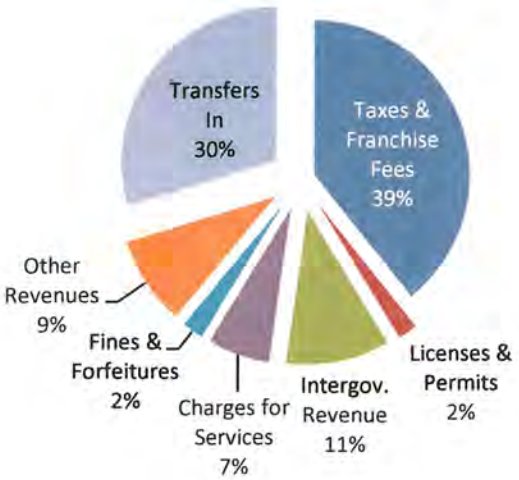
General & Special Revenue	FY12	FY13	Enterprise Funds	FY12	FY13
General Fund	$135,095,085	$138,883,978	Electric	$315,632,343	$284,168,903
Star Metro	16,758,536	16,585,267	Gas	40,141,393	33,187,702
Fire	33,236,929	33,678,935	Water	29,087,466	30,140,032
Building Inspection	2,930,220	3,186,236	Sewer	59,401,224	60,881,599
Stormwater	16,763,942	17,023,537	Solid Waste	24,507,715	23,933,945
Cemetery	466,358	466,981	Aviation	11,094,563	11,260,257

NOTE: DOES NOT INCLUDE ALL FUNDS

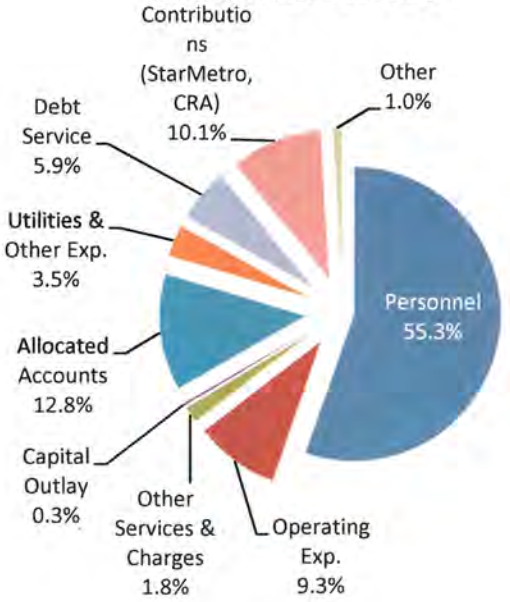
The General Fund, which includes services such as police, parks and recreation, animal shelter, right of way maintenance, represents 20% of the total appropriated budget. Electric utility funding comprises approximately 41.4% of the total budget. Although this is a significant portion of the total budget, $110 million or 38.9% of the electric fund is for fuel (including purchased power). When combined with the fuel cost for the gas utility, fuel costs comprise 18.1% of the total budget. Approximately 65.5% of the budget is for all of the utilities (Electric, Water, Sewer, Gas, and Stormwater).

The proposed budget for General Fund totals $138,883,978 representing an increase of approximately $3.8, or 2.8% from the FY12 General Fund budget. A breakdown of General Fund revenue and expenditures is shown in the charts that follow. On the revenue side, all taxes, including ad valorem, communication services and utility taxes make up 39% of revenue. Ad valorem taxes contribute approximately 23% of revenue necessary to operate the general government with transfers from the utilities contributing a slightly greater share at approximately 25%. As indicated in the charts, personnel services account for well over one half of all expenditures.

General Fund Sources 2013



General Fund Uses 2013



Initial projections for the FY13 budget were developed during the FY12 budget process. Since then additional information is available which changes the earlier estimates. At that time, it was anticipated that falling property valuations would level off, with the expectation of a small growth factor of 1% -1.5%. Preliminary estimates from the Leon County Property Appraiser received on June 1, 2012, indicated values within the city limits have decreased by 5.8%. On the expenditure side, growth rates have been stable and below the consumer price index.

KEY ASSUMPTIONS & BALANCING STRATEGIES FOR FY13

Over the last few months, staff has been working on ways to address the projected shortfall for 2013. A number of recommendations have been developed and presented to the Financial Viability of the Government Target Issue Committee for their consideration and approval. The majority of these recommendations were also presented to the City Commission during the May 9, 2012 budget workshop.

Property Tax Rate

The proposed budget does not recommend a millage rate increase and retains the City's current rate at 3.7 mills. Preliminary estimates provided by the Leon County Property Appraiser's Office on June 1, 2012, indicate a reduction of 5.8%. Based on this the current millage rate will generate $32,102,738 in FY13 representing a decrease of approximately $1.6 million over fiscal year 2012.

Historically the city has budgeted property tax revenues at 97% of the total amount anticipated to be collected. This has been done to account for any non-payment of taxes during the year. Over the last three fiscal years actual collections have averaged 99% of total anticipated revenues. In light of this, the proposed budget recommends budgeting property tax revenues at 98% and results in an additional $327,579 in revenues for FY13.

The tax roll for fiscal year 2013 will be finalized this month and we will be receiving the certified taxable value report by July 1, 2012. This is the official estimate that must be used for adoption of the millage rate at the budget workshop on July 10, 2012.

Deficiencies Fund Restoration

In 2004 the City Commission modified policies related to the targeted balance for the deficiencies fund. The deficiencies fund was established to provide a reserve for unforeseen expenditures and emergencies for general government departments. This fund also provides for transfers to support operating deficits for the general government, StarMetro, golf course and fire services funds.

The current policy calls for a minimum reserve level of two months general government operating expenses. This policy is in line with best practices for municipal governments. Based on the policy, the current balance for the deficiencies fund should be equal to $22,515,800 in FY12. At its lowest level, at year end FY09, the balance in this reserve was $5,166,989. As a result of the low balance, a routine review by the credit rating agencies resulted in the City's credit rating being placed on a negative outlook in 2010.

During the FY10 budget process, staff presented a plan to restore the fund balance. The plan identified policy parameters and provided for utilizing year end surpluses, one time revenues and increases in various revenue sources above an established amount to replenish the deficiencies fund.

The City Commission adopted this plan and indicated that it would like to have the deficiencies fund restored to policy level within a 5-7 year time frame.

In 2010, staff presented a projected schedule for restoration of the deficiencies fund that would result in the following year end balances.

	FY10	FY11	FY12	FY13	FY14
Ending Balance	10,863,838	11,785,027	12,978,960	15,414,884	17,747,640

Since then, the City Commission has approved various actions including the transfer of year-end surpluses, the transfer of 2004 bond series interest earnings, and programmed loan repayments from the building inspection fund to build up the reserve level. Based on these actions the balance in the deficiencies fund as of March 31, 2012 is $17,533,500. In 2011 as part of another routine review of the city's bonds and financial position, the credit rating agencies removed the city's negative outlook and placed the city on a stable outlook. One of the primary reasons for this change was the city's efforts to restore the deficiencies fund.

The current balance of $17,533,500 is above staff's original projections for FY12. As previously discussed at the May 9, 2012 City Commission meeting, the proposed budget postpones the current policies of restoring the deficiencies fund for the next two years. As a result budgeted transfers totaling $2,035,920 in FY13 and $2,332,771 in FY14 have been utilized to balance the budget. Additionally proceeds from the sale of city property on Mabry Street to Goodwill industries in the amount of $600,412 are also being utilized to balance the budget in FY13. These proceeds were received in May 2012 and have been designated for use in FY13.

Although the City Commission had approved utilizing $792,385 from the Deficiencies Fund as part of the fiscal year 2012 budget close out, we have been able to balance the proposed 2013 budget without using this funding.

Review of Reserve Funds

Every year as part of the budget process staff reviews existing reserves to determine if available balances are within policy levels. Historically any excess funds in reserve funds have been programmed for budgetary purposes. The Special Insurance Reserve Fund is established and funded to meet unanticipated losses from catastrophic events, higher than anticipated claims experienced in a given fiscal year, or to meet other claims/resource needs in excess of the Risk Management Fund. As of September 30, 2011, the balance in the Special Insurance Reserve Fund was $8,423,667. The reserve requirement per policy totals $4,694,178 resulting in an excess over requirement of $3,729,489.

As discussed with the City Commission on May 9, 2012, the proposed budget recommends utilizing the excess funds in FY13 and FY14. For FY13 the proposed budget utilizes $1.0 million to assist with balancing the budget and $1.0 million to fund general fund capital projects. In FY14 the proposed budget recommends utilizing available excess balances in the reserve fund estimated at $1.7 million, with $1.0 million used to assist in balancing the budget and $729,000 allocated for general government capital projects.

Modification to Electric Fund Transfer Policy

Staff has analyzed the significant drivers causing the projected shortfalls in the five-year plan. General fund expenditures have been relatively flat over the last few years and the five-year forecast continues this trend. Growth in expenditures over the five-years is comparable and/or less than the consumer price index. The consumer price index for 2011 was 3.0% and for 2012 is currently at 2.7%. Expenditures show an average annual increase of approximately 2.4%. Most of the revenues sources associated with the general fund (with the exception of fines and forfeitures generated from the red light camera program), are not keeping up with the expenditure needs of the general fund.

The two largest general fund revenue sources, property tax revenues and the electric general fund transfer, indicate a continued decline in these revenues as a percent of total general fund expenditures. Projected property tax revenues as a percent of total general government expenditures decrease from 26.3% in FY11 to 22.3% by FY17. As a percent of total general government expenditures, the electric transfer goes from 17.2% in FY11 to 13.2% in FY17. The decrease in the electric fund transfer is a result of lower electric rates and lower consumption. As the current formula is tied to retail revenues, continued decreases in consumption or rates will negatively impact the general fund transfer from the electric fund.

In light of this, the proposed budget includes a revision to the electric general fund transfer policy. This change was discussed with the Financial Viability of the Government Target Issue Committee on May 23, 2012. Under the proposed revision, the FY13 transfer from the electric fund will be targeted at the FY12 level (rounded to $23.9 million). Future transfers will be adjusted by the Consumer Price Index (CPI). The revised transfer amounts will be incorporated into and taken into consideration as part of development of future rate studies for the electric utility. The following table shows the impact of making this change and the projected additional revenues that will be transferred to the general fund each year.

	FY12	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**
Transfer Rates As Included in FY12-16 Budget	23,844,683	22,296,717	20,796,186	19,813,183	19,747,695	19,747,692
New Transfer Rates		23,900,000	24,473,600	25,060,966	25,662,429	26,278,327
Difference		**1,603,283**	**3,677,414**	**5,247,783**	**5,914,734**	**6,530,635**

Use of Capital Improvement Fund Balance

The City's capital improvement fund is one of the funding sources for general government capital projects. As general government projects are completed, any remaining funds are returned to the capital improvement fund for future use. Current policies call for a 3% contingency reserve be held in the fund to address unanticipated needs. As of March 31, 2012 the capital improvement fund had a balance of $2,169,721, with a current reserve requirement of $2.8 million. Staff is recommending that for FY13 we postpone the requirement of maintaining a 3% reserve which will allow for $1.0 million to be utilized to fund needed general government capital projects, including street resurfacing projects. This leaves $1,169,721 in the capital improvement fund as a reserve for unanticipated needs.

Personnel Services

Personnel services make up 24.6% of the total city budget and 55.3% of the General Fund budget. Salaries for general employees have been adjusted for a 2.5% merit salary enhancement in FY13.

Police union salary adjustments are included as provided in the contract and adjustments for fire union employees are based upon the recently approved collective bargaining agreement. Pension rates are 10.09% for general employees, 19.22% for police union employees, and 20.11% for fire union employees based on the latest actuarial study. The matched annuity pension plan rate, also based on actuarial rates, is 7.15%. Although we do not have official rates from Capital Health Plan, the City's portion of the cost of employee health insurance is estimated to increase by approximately 4.5%. Historically health care for vacant positions had been budgeted at the family coverage level. As part of modifications to budget assumptions, health care costs for vacant positions are now budgeted at the individual plus one coverage level. This has reduced the amount required and brings the budget for health care in line with historical expenditure patterns.

To account for routine employee turnover a vacancy factor is applied to salaries and benefits. Historically a 3% vacancy factor had been utilized, however, the economy has caused fewer turnovers in most positions. In such an indeterminate environment actual history would be most relevant in determining the vacancy factor. As part of revisions to the FY13 budget assumptions the vacancy factor has been modified to reflect actual historical vacancy factors within individual departments. Vacancy factors ranging from 1.5% to 5% have been factored in the proposed budget.

Position Changes

The proposed FY13 budget includes funding for 2,801.58 FTEs. This represents a net decrease of 44.75 positions from the total number of positions in the approved fiscal year 2012 budget. A total of 58 positions have been moved from the city's budget to the new Joint Dispatch agency. Additionally six positions have been added to Public Works for the Regional Traffic Management Center co-located at the Public Safety Complex. These positions are funded via grants from FDOT. Six positions have also been added in the Parks, Recreation & Neighborhood Affairs budget to address staffing needs for Cascades Park, which is scheduled to be open in FY13. The following table provides a listing of proposed position additions and deletions.

DEPARTMENT	POSITION	FTE
Management & Administration	Public Safety Computer Coordinator	-2.00
	Accountant II*	-0.25
	Administrative Specialist*	-0.50
Police	Public Safety Communications Operator	-48.00
	Shift Supervisor – Public Safety Communications Operator	-7.00
	Supervisor – Public Safety Communications	-1.00
Planning	Planner II	-1.00
Fleet	Automotive Service Writer	1.00
Growth Management	Electrical Inspector	1.00
Public Works	Administrative Specialist I	1.00
	Network Administrator	1.00
	Traffic Signal Technician	2.00
	Traffic Management Technician	2.00
Communications	Marketing & Public Information Manager*	1.00
Parks, Recreation & Neigh. Affairs	Horticultural Technician I	2.00
	Senior Horticultural Technician	1.00
	Foreman – Horticultural Operations	1.00
	Irrigation Technician	1.00
	Supervisor – Recreation Center	1.00
Net Change		-44.75

*Mid-year.

State Revenue Sharing

The State of Florida has not released new estimates for 2013 and it is anticipated that these will be released in late June or early July and the FY13 budgeted amount will be updated with the most recent numbers prior to final adoption of the budget in September 2012. The proposed budget reduces any anticipated increases in both the municipal revenue sharing and ½ cent sales tax amounts from a 3% increase to a 2% increase. A total of $4.8 million is anticipated in State Revenue Sharing and $9.2 million in ½ Cent Sales tax revenues in FY13.

Transfer to StarMetro

The general fund transfer requirement for StarMetro in FY13 is estimated at $8,617,872, representing an increase of $73,475 from the FY12 transfer. The transfer amount has been adjusted for fuel increases anticipated in FY13.

Funding for General Government Projects

One of the goals of the FY13 budget process was to find resources to fund needed capital improvement projects in the general government area. As a result of some of the recommendations contained in this budget, a total of $2.7 million in funding has been allocated for general government projects over the next two years. This funding, which is comprised of $1.7 million from the general government capital projects accounts (GGCPA) and $1 million from the general government capital improvement fund (GGCIF), will be utilized to fund needed maintenance projects for existing facilities. Funding in the two fiscal years also includes $100,000 to support the water and system charge and tap fee waiver program offered through the Economic and Community Development department for the city's affordable housing activities.

A listing of projects that are recommended for funding is included in the capital budget section of the document.

Debt Service

General government debt service proposed in the fiscal year 2013 proposed budget has decreased by approximately $3.8 million over five years from levels budgeted in the FY12 approved budget. The difference is attributable to projections versus actual savings recognized from defeasance of $6 million of 2004 capital bonds last year and changes in both the timing of a future bond issuance and the level of funding needed for projects.

Debt in the fire fund has increased by $3 million over the same period due to the proposed issuance of debt to cover the planned Weems Road fire station, fire's portion of the public safety complex, purchase of a records management system and replacement of breathing apparatus for firefighters. Debt service expense also supports construction of proposed stations located in the Lake Bradford Road, Hartsfield Road, Southwood and Welaunee areas.

Electric and gas fund debt service expenses have decreased by approximately $1 million each over 5 years, while the water and sewer fund expenses have increased by $3.5 million and $2.7 million, respectively, over the same period and are associated with future debt expected to be issued in 2015.

Transfers from the Utilities

With the exception of staff's recommendation to modify the general fund transfer from the electric utility, all other general fund transfers from the utilities have been calculated using the existing methodology. The following table provides a summary of the transfers from each utility.

Transfer	*FY2011*	*FY2012*	*FY2013*
Electric	22,366,058	23,844,683	23,900,000
Gas	2,323,000	2,512,094	2,524,732
Water**	6,484,450	2,999,663	3,148,743
Sewer**	3,284,609	3,667,474	4,075,232
Solid Waste	161,914	1,413,471	1,594,428
TOTAL	**34,620,031**	**34,437,385**	**35,243,135**

PROPOSED INCREASED AND REDUCED SERVICE LEVELS

Within our limited financial resources we have been able to identify funding for various increased service levels in the organization. The following provides a summary of those recommendations that are presented for City Commission consideration and approval. Additionally, we have included various reduced service levels and these also are identified below.

Cascades Park

Three increased service levels in various departments are recommended for Cascades Park. Cascades Park is the signature project of BluePrint 2000 and the City will be responsible for management and maintenance of the park once the project is completed. The 24 acre park will include 2.3 miles of biking and walking trails, extensive landscaping, interactive fountains, an amphitheater, as well as various components showcasing the history of Tallahassee.

The first increase is for the Parks, Recreation and Neighborhood Affairs Department and provides the department with the needed staffing and operating funds to manage and maintain this new park. A total of six full time positions are being recommended for this new facility. These positions will be responsible for maintenance and operations of the facility. Total Impact: $848,998.

The second increase is related to continued environmental monitoring needs for the site. A total of $250,000 in funding is allocated to the Environmental Policy and Energy Resources Department to meet the requirements of a December 2011 agreement between the City of Tallahassee and the U.S. Environmental Protection Agency (EPA). Funding will be used to continue doing groundwater sampling and analysis, prepare reports for submittal to the EPA, and develop a groundwater monitoring plan and/or remedial action plan. Total Impact: $250,000.

Funding is also recommended in the Stormwater Fund in the amount of $53,651 for additional stormwater pond maintenance at Cascade Park. Total Impact: $53,651.

Electrical Inspector Position

During the economic downturn a number of positions were reduced in the building inspection area. Staff is now seeing increased activity in the community and workloads have increased in the building inspection area. Additionally, new code requirement from the 2010 Florida Building Code requires permits and inspections for all low voltage wiring systems (security systems, vacuum

systems, lighting control dimming systems, etc.). The proposed budget recommends one additional electrical inspector position in the Building Inspection Division to address the increased workloads and building code requirements. Total Impact $68,032.

Joint Dispatch and Public Safety Complex

The existing Police Communications positions located at the Tallahassee Police Department have been moved to the new Consolidated Dispatch Intergovernmental Agency (CDA). A total of 56 positions have been moved. Additionally, funding supporting these positions has also been moved out of the city's general fund and into the new agency's budget. A total of $4.4 million is included in the budget as a transfer to the new agency.

Preliminary budget development indicates the total FY 2013 net budget for the CDA will be approximately $6.7 million. This includes funding all dispatch personnel effective October 1, 2012, and a half year of operating expenditures based on the current construction and occupancy schedule. The budget contemplates the offset of revenue currently provided by Fire and EMS fees used to support dispatch operations. Per the recently approved interlocal agreement, total costs for the new agency will be split based on the population split of the unincorporated/incorporated areas of the County. The current ratio is approximately 66% city and 34% county. Based upon these ratios, Leon County is responsible for approximately $2.3 million and the City $4.4 million in FY13. The city's net FY12 budget for dispatch operations is currently approximately $4.5 million. There is no net increase for the city in FY13 over the current appropriation for the existing dispatch operations at the Tallahassee Police Department (TPD) as operating costs are only factored for six months of the fiscal year. For FY14 there is a slight increase over currently appropriated funds for dispatch operations at TPD.

The proposed budget also includes additional funding related to operating costs for the new Public Safety Complex. The facility is anticipated to be completed by spring of 2013 and therefore partial year funding in the amount of $746,000 has been included in the general fund budget. These costs are related to staffing for the facility, security, grounds maintenance, insurance coverage, etc.

A total of six positions are being added in the Public Works Department as part of the City's commitment with the State of Florida related to the Regional Traffic Management Center that will be co-located at the Public Safety Complex. These positions will be fully funded by the Florida Department of Transportation (FDOT). Total Impact: $490,845.

Additional Operating Expenses: Advanced Wastewater Treatment Plant

As phases of the Advanced Wastewater Treatment Plant are scheduled to be completed, additional resources for chemicals and electricity usage are required in the sewer utility. Funding in the amount of $822,955 for chemicals and funding in the amount of $795,000 for increased electric usage at the new facility has been included in the proposed budget. Total Impact: $1,617,955.

Reinstatement of City Page

In December 1997, the Communications Department introduced "City Page," as another information source for citizens. City Page was designed as a large paid informational source of city news that ran twice monthly in the Tallahassee Democrat. The publication included a variety of information about City services, programs, issues and policy or service level changes. It also promoted special

events, highlighted Commission agenda items of special interest, and featured a detailed meeting calendar. Leon County eventually designed a similar concept with the "County Link" publication that continues to run on a monthly basis. Due to budget cutbacks, City Page was eliminated in July 2003. City Commission input has been strong towards adding City Page back into the budget as a critical means of remaining engaged with our citizenry. Total Impact: $56,150.

Addition of Automotive Service Writer (Fleet)

One full-time Automotive Service Writer position is recommended in the Fleet division. As part of prior budget reductions, this position was eliminated. At that time, it was thought the position could be maintained by a mechanic. However, workloads have increased to the point that Fleet can no longer afford to have a mechanic removed from the garage. All mechanics are needed, working within their field, to focus on vehicle maintenance activities in a timely fashion such that service delivery is not negatively impacted. Total Impact: $51,852.

Funding for Class and Pay Study

The last time the City conducted a comprehensive class and pay study was in 1997. Although the Human Resources Division has reviewed certain classes of positions, i.e. engineers, IT positions, etc., there has not been a comprehensive review of the entire structure since the last study. We are now experiencing issues related to our salary structures and market values for numerous positions. Funding is recommended to conduct a new study in FY13. Operating outside market rates for a government that maintains a complex service level does not work to the community's advantage in the long run. Total Impact: $100,000.

Police – Increase in Hourly Rate for School Crossing Guards

Funding in the amount of $25,607 is included in the proposed budget to allow the Tallahassee Police Department to increase the hourly wage of school crossing guards from $8.50 an hour to $10.00 an hour. Total Impact: $25,607.

Reduction of Planner Position

In response to legislative requirements imposed on local governments a few years ago by Senate Bill 360, the City added a Planner position to conduct financial impact analyses on comprehensive plan amendments as statutorily required. Subsequent to adding this position, the legislation requiring the analysis was repealed. The position has never been filled and the proposed budget recommends elimination of the position. Total Impact: ($82,075).

Exploration of Third Party Maintenance of IT Systems

Maintenance costs continue to increase for many of the City's computer applications (financial systems, customer information systems, etc.). Third party vendors have started offering maintenance agreements, at lower cost than our current providers, for many of the systems utilized by the City. The proposed budget includes a recommendation that ISS staff explore potential options at securing a third party vendor during FY13. Potential saving of $300,000 have been factored in the budget. Total Impact: ($300,000).

Zero Based Expenditure Analysis

As part of the FY13 budget process, departments were required to re-justify a number of operating expense accounts based on actual historical expenditure patterns. Approximately $150,000 was reduced in the general fund as part of this exercise. While this amount is small we feel it was worthwhile to have departments take a comprehensive review of the expense components. Total Impact: ($150,000).

Reduction in Funding for Cultural Grants Program

With the closure of the Mary Brogan Museum, the Brogan has indicated that they would not be seeking grants funds from COCA in FY13. In FY12 the Brogan received a total of $125,960 from the City's allocation towards the Cultural Grants Program. The proposed budget recommends utilizing $30,000 of these funds to increase funding for the grants program and reduces the remaining amount of $95,960 from the budget. Total Impact: ($95,960).

OTHER FUNDS

The following sections provide a summary of the most significant revenue and expenditure assumptions for funds other than the General Fund as contained in the proposed budget.

SPECIAL REVENUE FUNDS

Building Inspection

The Building Inspection Fund was created as a requirement of Florida Statutes. Over the last few years and as the impacts of the economic downturn impacted the fund significantly, a number of changes were implemented including transferring positions out to other areas and implementing a fee increase. Activity has picked up and it is anticipated that the fund will end FY12 with a surplus. For the first 6 months of FY12, the average number of permits for 1& 2 family homes issued per month is just over 37. This represents an increase of 50% in the average number of permits issued per month in comparison to last year, increasing fees collected by 71%. The average number of permits for new commercial buildings for the first 6 months of FY12 is up 41% in comparison to last year. This has resulted in an increase of fees collected by 346%, from $35,027 to $156,238. Overall, Building Inspection permits are up 16% compared to last year and are projecting a surplus of $495,212 for FY12. This surplus includes a budgeted repayment of $144,605 to the Deficiency Fund.

- The Building Inspection Fund projected revenues exceed projected expenses in all five years.
- Repayments to the Deficiency Fund are anticipated in all five years.

Fire Services

A countywide fire services fee and the new inter-local agreement with Leon County became effective on October 1, 2009. The updated fire services fee was based upon 5-year proforma average rates that were designed to fully fund fire services for a five year period; excess revenue collected in the early years would be held in a reserve account and then used to offset anticipated shortfalls in out-years. Some of the highlights related to the Fire Department are as follows:

- In FY12, the Commission approved a new collective bargaining agreement with the International Association of Fire Fighters (IAFF) 8.5% salary and benefit increase over a three- year period in the Fire Services Fund.
- The current rate structure remains unchanged from the previous two fiscal years – the monthly fee for single-family residential zone 1 structures is $14.91 and $13.42 for zone 2 single-family residential structures.
- The fund is balanced through the end of the five-year period (FY2010-2014). As anticipated a new rate study will be started in FY13 that will incorporate the needs of the Fire Fund for the period of 2015-2020.

Cemetery Fund

The City of Tallahassee owns and maintains five cemeteries with 133 acres. The only remaining inventory of grave space is located at the Southside Cemetery. The Property Management division completed the development of two areas platted for grave spaces in Oakland and Roselawn cemeteries, which will result in an additional $250,000 in revenue for FY12. As of October 1, 2008, revenue from the sale of cemetery plots is retained in the General Fund.

The Cemetery Perpetual Care Trust was established in 1985 to provide for perpetual maintenance of all city cemeteries. Currently a fee of $93.75 per grave space sold is used to fund the trust. Proceeds from this trust are transferred annually to fund the Cemetery Division.

The Property Management Division has completed a review of the long-term financial viability of the cemetery perpetual care reserve which has been discussed with the Executive Team. This includes exploration of new revenue opportunities including additional plot spaces at existing cemeteries, and looking at the feasibility of construction of mausoleum and columbariums at city cemeteries.

The FY13 budget for this fund is $466,981. A transfer of $298,613 from the Cemetery Perpetual Care Fund is required.

Stormwater

The Stormwater fund is balanced in FY 2013-2017. Total revenues for the Stormwater fund for fiscal year 2013 are budgeted to be $17.0 million. Of this $6.4 million will be transferred to the Stormwater capital improvement program. Although the stormwater rate ordinance calls for automatic annual consumer price index increases, the proposed budget does not recommend a rate increase in stormwater rate. This is recommended in an effort to minimize rate increases on our residents during the economic recovery. Staff will be working with the City Attorney's Office and will bring back an amended ordinance to the City Commission, prior to final adoption of the budget, that reflects no increases in stormwater rates in FY13.

StarMetro

The proposed budget for StarMetro in FY13 is $16,585,267 including a contribution from the general fund totaling $8.6 million or 51.9% of the department's total budget. StarMetro's FY13 budget decreased by $173,269 or 1.03% from the 2012 approved budget. This is due to a reduction in operating assistance from Federal Transit Administration grants which are now being allocated for

capital infrastructure. Although the overall budget has decreased, revenues are expected to increase due to an increase of $441,139 in Florida Department of Transportation (FDOT) operating assistance funds.

ENTERPRISE FUNDS

Enterprise funds include not only the utilities but also the airport operations, solid waste collection and disposal, and Hilaman Golf Course. Enterprise funds are expected to recover all costs, both direct and indirect, from charges for the service provided.

Utility funds use a rate analysis to determine revenue requirements for specified periods of time. A rate study for the electric utility is anticipated to be completed in the fall. Water, Sewer, and Solid Waste assume a CPI adjustment of 2.4% to base rates as included in the rate ordinances previously approved by the City Commission. For FY2013, the projected adjustments in electric result in a reduction of $15.4 million in electric rate revenues, as compared to the FY2012 adopted budget, and a balanced electric fund over the five year projection period. The Stormwater Fund will not implement the CPI adjustment in FY13 as previously addressed in this message.

Electric Fund

The electric fund is balanced for fiscal years 2013 through 2017. The 2013 fiscal year budget reflects operating expenditures in the amount of $284.2 million, representing a decrease of approximately $31.5 million from the 2012 approved budget. This is primarily due to a decrease in the cost of fuel.

- An annual Consumer Price Index (CPI) adjustment of 2.4% is scheduled to take effect on October 1, 2012.
- Revenues also include adjustments to base rates and fuel prices, based on preliminary rate requirements, which result in a net reduction of $15.4 million in electric rate revenues. It is anticipated that these adjustments will result in rate reductions for our customers.
- Fuel and purchased power costs are reduced by approximately $35.2 million from the FY12 budget.

Gas Fund

The Gas fund is balanced for fiscal years 2013 through 2017.

- Revenue is expected to experience a slight increase from historical average in FY2013 compared to a significant decrease in FY2012. FY2012 actual consumption was effected greatly by an unusually warm winter in the region.
- Customer growth is estimated at 2%.
- An annual Consumer Price Index (CPI) adjustment of 2.4% is scheduled to take effect on October 1, 2012.

The 2013 fiscal year budget reflects operating expenditures (excluding any excess transfers to RR&I) in the amount of $28.5 million, representing a decrease of approximately $4 million from the 2012 approved budget. This is primarily due to a decrease in cost of natural gas purchased.

- The fiscal year 2013 fuel forecast is budgeted at $14.0 million versus the fiscal year 2012 fuel forecast of $20.9 million.

Water Fund

The Water fund is balanced for fiscal years 2013 through 2017. Revenues for the water utility system include water sales, development fees, various water service fees, and other miscellaneous fees.

- Total revenues for the Water fund for fiscal year 2013 are budgeted to be $30.1 million versus the fiscal year 2012 budget of $29.1 million. The increase is due mainly to the base rate Consumer Price Index (CPI) adjustment of 2.4%.

- From FY07 to FY11, average consumption has decreased by 14%.

The 2013 fiscal year budget reflects operating expenditures (excluding any excess transfers to RR&I) in the amount of $29.1 million, representing a small increase ($200,000) from the fiscal year 2012 approved budget. The increase is attributable to a higher transfer to the General Fund.

- The transfer to the General Fund is $3,148,743 for FY13 compared to $2,999,663 for FY12.

Sewer Fund

The Sewer fund is balanced for fiscal years 2013 through 2017. Wastewater system revenues also include monthly sewer service charges, which are based on water consumption rates, development fees, the sale of effluent and other miscellaneous fees.

- Total revenues for the Sewer fund for fiscal year 2013 are budgeted to be $60.9 million versus the fiscal year 2012 budget of $59.4 million.
- Budgeted revenues for FY12 were based on the rate study completed over six years ago which over-estimated customer growth. No customer growth is currently projected.
- An annual Consumer Price Index (CPI) adjustment of 2.4% is scheduled to take effect on October 1, 2012.

The 2013 fiscal year budget reflects expenditures in the amount of $60.8 million, representing an increase of $1.4 million from the 2012 approved budget. This is due to an increase in debt service requirements needed for the Advanced Wastewater Treatment (AWT) facility project.

- Debt service requirements are increased in FY13 by $1.4 million primarily as a result of debt needed for the AWT project.
- The transfer to the RR&I fund totals $7.5 million.

Aviation Fund

The Aviation Fund is balanced for fiscal years 2013 through 2017. Revenues are beginning to recover slightly after year of a declining passenger base due to the global economy and other factors affecting our region. The airport is experiencing increased traffic and service provided by the carriers as well as increased revenue from business development opportunities.

- Enplanements for 2012 calendar years to date have increased by 3.1% compared with the same period in 2011. This upward trend is projected to continue in FY13.
- Increased passenger activity also causes increases in concessions, parking lot revenue and rental car activities.
- Over $136 thousand of expenses have been eliminated in the FY13 budget, mainly in contract services, labor and supplies, in order to reduce overhead charges to airlines and ultimately passengers.

Solid Waste Fund

The Solid Waste fund is balanced for FY13. Revenues are projected to increase slightly in fiscal year 2013. Revenue projections for fiscal years 2013 through 2017 assume little customer growth and include only modest increases.

- For the fiscal years 2013 through 2017, an annual consumer price index (CPI) adjustment of 2.4% is included to offset increases in landfill tipping fees and contractual fees paid to Waste Pro.
- The current contract with Waste Pro will end September 30, 2013.
- A transfer to the general fund of $1,594,428 is budgeted for FY13.
- The current residential garbage fee is $16.09/ month.
- A reduction is proposed in the Sanitation budget due to a reduction in disposal cost. Fiscal Impact: ($175,000).

Golf Course Fund

The proposed budget recommends no subsidies for Hilaman Golf Course in fiscal years 2013 through 2017. Changes implemented since 2009, including reductions in the number of full-time positions, utilization of contractual employees for many maintenance functions, increased sales at the pro shop, and improvements to facilities at the course have resulted in efficiencies in operations and increased customer usage. Financially, these changes have resulted in revenues that substantially exceed expenditures, thereby providing for surpluses at the end of each fiscal year. The surplus for fiscal year 2013, which will be transferred to the Golf Course RRI fund, is projected to be slightly more than $56,000.

UNFUNDED BUDGET NEEDS

There are a number of unfunded budget needs that have not been included in the proposed budget. We are seeking direction from the City Commission on these items.

Implementation of Multi-Modal Initiative

Over the last few years the City Commission has approved a multi-modal plan that aims to facilitate the use of multiple modes of transportation with a goal of a reduction in automobile use and vehicle miles traveled. Part of the multi-modal plan entails building sidewalks, bikeways, bike trails, and making minor intersection modifications to facilitate pedestrians and cyclists.

There are significant financial commitments necessary to address the multi-modal requirements. Public Works has identified a total of $360 million in multi-modal projects. At a pace of $15 million per year it will take 22 year period to complete the city's share of the multi-modal plan. Currently there is no funding identified for these projects in the five-year capital improvement plan. A number of options have been discusses as potential sources. One option would be to incorporate these into the sales tax extension discussion. Another option is to debt finance these projects. Assuming a $15 million per year need, we would look at issuing debt every three years in the amount of $45 million. Based upon a 20 year repayment period, debt service is estimated to be approximately $4.0 million for every $45 million borrowed. The general fund cannot support this increased debt within its current revenue structure and a dedicated source, such as an increase in the millage rate, would have to be identified. It would require an increase of approximately .4 to .5 mills to generate the required funds to cover $4 million in debt service.

I-10 Interchange Feasibility Study

The concept of a new interstate interchange between Centerville and Miccosukee Roads has been contemplated for a number of years. The Capital Region Transportation Planning Agency (CRTPA) has been working with FDOT since 2007 to begin the process for a study and the building of a new interchange. The first step was begun by the Florida Department of Transportation (FDOT) when it initiated the I-10 Master Plan Update in August 2011. The update is scheduled to be completed by October 2012. Preliminary indications are that the updated data supports the potential for a new interchange between Mahan Drive (US 90) and Thomasville Road (US 319). However, to determine the feasibility of a new interchange more work needs to be completed so that it can be included in FDOT's analysis in the next phase of the work. This phase would be the reevaluation phase of past Planning, Design and Engineering (PD&E) work to determine what improvements need to be made to the interstate particularly at the Thomasville and Mahan interchanges.

Normally to have a new interchange considered would require a complete Interchange Justification Report (IJR) to be done with associated PD&E work and would cost $5-7 million. However, in discussions with FDOT it was determined that if we conducted a feasibility study to gain FHWA approval of conceptual IJR, that information could be included as part of FDOT's reevaluation phase. The cost of the conceptual IJR work would be about 10% of what a complete IJR would cost and would provide the assurance that a new interchange is needed and feasible without having to make a major funding commitment of a major complete IJR. According to the CRTPA there is a limited window of opportunity to take advantage of this unique chance to get a place holder for the new interchange. A feasibility study which will take about 12 months to complete would need to be finished by October 2013 at which time FDOT will be starting it reevaluation phase. The total cost for the initial feasibility study is $750,000. The proposed budget has not allocated funds for this item.

FUTURE BUDGET ISSUES

Although not addressed in the FY13 budget, there are other significant issues that must be addressed in development of future year budgets. The following are areas of concern.

- Although we have identified funding to address general government capital projects over the next two years, there is limited funding after 2014. Within our limited financial resources for capital projects, we are concerned about our ability to adequately maintain what we already have –in terms of both routine maintenance and renovations as required. Additionally we also

have concerns about being able to adequately staff maintenance crews at some of our high use facilities so that these are property maintained. The cost of not providing routine maintenance outweighs the solid practice of keeping facilities in good operating order.

- During the last few legislative sessions, bills have been filed that would limit local government's ability to continue generating or limiting revenues for a number of general fund revenue sources, including ad valorem taxes, occupational license tax, red light cameras, etc. We believe that these bills will continue to be an issue for the next legislative session.

- Implementation of new legislation passed during the 2012 legislative session regarding the Communications Tax could potentially result in a loss of $300,000 of general fund revenues. A state committee has been tasked with the responsibility of determining implementation of the legislative intent and clarity on this issue will become clearer in the next year.

These are not new challenges and it seems that every year we are confronted with the same types of issues. As we have done in past years we will continue to adjust to the new realities and we will continue to make the difficult decisions necessary to continue to deliver quality services to the community.

FY13 CAPITAL BUDGET & FY13 – FY17 CAPITAL IMPROVEMENT PLAN

The capital budget proposed for fiscal year 2013 totals $127,620,250 and the five-year capital improvement plan (CIP) totals $720,725,600. The 2013-2017 proposed CIP is nearly $52.7 million less than the FY12-approved CIP. The FY13 capital budget funds 132 projects in all program areas in various geographic areas of the city. FY13 general government support for capital projects, which primarily supports maintenance of existing facilities, totals $1.1 million. This limited funding reflects the overall decline in available resources in the general fund. Notwithstanding these general government challenges (and those of other city funds), projects included in the 2013-2017 CIP continue to reflect the City Commission's priorities in the areas of transportation, utility master plans, community reinvestment, and parks and recreation, among others.

Given the significance of our investment in the city's capital assets, and the fact that identified capital needs exceed resources, we continue to seek opportunities to augment financing that enables us to maintain and improve these assets. We have increased revenue projections from the sales tax extension fund, consistent with actual receipts and in coordination with Leon County's budget staff. Additional revenues from this source reduces the level of general government bonds necessary to support Public Works projects. Another major project in Public Works supports the department's efforts to address road segments below the city's Overall Condition Index (OCI). The proposed budget allocates $755,000 more to the Street Resurfacing project in FY13 and FY14 than requested by Public Works to support the department's in-house plan to begin resolution of this issue. This project is funded from gas tax revenues.

At their FY13 budget hearing, PRNA identified a list of 35 priority projects to repair, replace or improve their facilities. The projects total nearly $1.85 million. This master project is included in the proposed budget and recommend it be funded from a combination of GGCPA ($755,000) and $1 million over two years from GGCIF. GGCIF is the contingency used to fund unanticipated projects as well as supplemental appropriations to existing projects that need additional funding. Its optimal

available balance, which is determined by the finance policy, is presently $2.8 million, although its actual balance is $2.2 million. If the capital budget is approved as recommended, the GGCIF optimal level will increase to $3.1 million and using $500,000 for PRNA projects will leave the balance nearly $1.5 million short of its policy level. The approximate $90,000 balance is proposed to be funded from currently-open PRNA projects, including some that would close at the end of the year in accordance with the capital projects management policy. We are recommending that PRNA be allowed to transfer the balances in their open recurring and subprojects of September 30th to the above-referenced master project effective October 1, 2012.

The Executive Department's CIP includes only two projects, neither of which requires funding in fiscal year 2013. However, in recognition of the maintenance needs in city hall, we are recommending that balances in currently open City Hall RR&I projects be allowed to remain open through the end of fiscal year 2013.

As part of the development of the FY13 capital budget, the Aviation Department restated the previously appropriated funding for several projects in which the actual funding from FAA, FDOT and/or PFC differed from the estimated funding. Funding and scope of work was restated as appropriate for the following projects:

Project	Description	Funding Increase/(Decrease)
99111	Marketing and Promotional Study	($25,000)
07129	Runway 18/36 Improvements	($807,550)
07131	Runway 18/36 Extension	($5,935,949)
08122	ARFF Vehicle Replacement	($500,000)
08123	Taxiway S Rehab & Extension	($88)
08125	Airfield Signage Improvements	($12,500)
08127	Airfield Lighting Improvements	($12,500)
10028	Stormwater Management	($500,000)
11005	Airport Master Plan Update	($250,000)
04002	North Apron Overlay	($65,865)
06092	North Apron Rehab- Phase II	($148,541)
07128	Taxiway "Z" Rehabilitation	($475,000)
07130	In-line Baggage Handling System	$850,960

Other capital improvement projects, including those for construction of new facilities or new and expanded infrastructure, may result in additional operating costs or savings in future years. For example, while new fire stations in the CIP will result in additional costs for staffing and operations, repaving a street, or bringing it to full city standards, may result in reduced need for maintenance. Those costs or savings are not included in the capital budget estimates, but are incorporated in the operating budget, beginning in the year that the facility is expected to become operational.

It should be noted that although the 5-year CIP provides a listing of projects over a five-year period, the City Commission only appropriates funding in the first year, with the latter four years representing a projected plan on how projects will be funded. Frequently, funding sources are insufficient to support projects, which results in many of them being deleted or delayed pending availability of various funds. With general government projects in particular, decisions are made annually, as we get closer to the year in which funding has been requested.

The Capital Budget Appropriation and Financial Summaries sections of the budget provides funding for all five years of the CIP by source (bonds, RRI, state funds, etc.) and department. The section also identifies individual project titles and descriptions by service area as well as projects that are not funded.

CONCLUSION

Within our limited funding sources we have been able to fund a number of City Commission and citizen priorities in FY13 while still providing for a balanced budget. Although our financial condition is strong, we will still need to closely monitor our budgets for the next couple of years. We anticipate that the results of a lot of our investments over the last few years will begin to pay dividends in the upcoming years. Over the next few months we will fine-tune our assumptions and projections, incorporate City Commission input from the budget workshops and provide a final budget for consideration in September.

I look forward to discussing the proposed budget and our recommendations with you at our upcoming operating and capital workshop scheduled for June 27, 2012. Staff from the Office of Budget and Policy and I are available to answer any questions or provide any additional information you may require.

Respectfully submitted,

Anita F. Thompson

Anita Favors Thompson
City Manager

CITY OF
TALLAHASSEE