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CITY MANAGER'S RECOMMENDED BUDGET MESSAGE

THEME: "Building Strategic Capacity"

DATE: July 5, 2017

TO: THE CITY OF GAINESVILLE COMMISSION AND THE CITIZENS OF GAINESVILLE

FROM: Anthony Lyons, City Manager, City of Gainesville, Florida

This recommended budget for Fiscal Year 2018 and budget plan for Fiscal Year 2019 is the second budget that I have the opportunity to present as Gainesville's City Manager. It has been developed collaboratively with the City Commission, City Charter Officers, department leaders, budget and finance staff, and with public input. Much like last year's recommended budget, which was substantially approved and adopted by the City Commission for the current fiscal year, this recommended budget and budget plan reflect our community's continuing interest in making progress towards a transformational and equitable future. Unlike the Fiscal Year 2017 budget, the proposed Fiscal Year 2018 Budget and Fiscal Year 2019 Budget Plan marks the City's return to a two-year budget planning cycle.

Last year, we began a pivotal journey toward a shared community vision by developing a budget that focused on "Fixing Our House" as its central premise. The previous budget enabled the organization to begin to shore up critical foundations, address areas of need and turn our sights on becoming a world-class example of citizen-centered government. As a result of last year's investments, we have begun, by the upgrade of our information technology

infrastructure, to support core management systems and tools in areas such as our Finance and Human Resources Departments. We are also improving the efficiency of many operations that are integral to the success of any large organization. These improvements include integrated systems that enable enhanced purchasing and accountability procedures, personnel actions, payroll processing, recruitment activities, employee onboarding and individualized employee training scenarios. These improved processes are necessary to achieve the goal of becoming the most citizen centered city in the world and we will continue to diligently pursue operational excellence in our own organizational affairs. Before discussing what lies ahead, it is appropriate to briefly review what we mean by a citizen-centered government.

First, Gainesville's idea of citizen centered government is nothing less than a total commitment by the City to put our citizens at the center of every decision, process, and system—both internally and externally, to provide services to the public. It is the recognition that the purpose of our city is to serve the people of our city. While the idea may be simple, its achievement requires realignment and cultural change within our organization in order to learn to co-design the experiences that our internal users and citizens encounter. A citizen-centered government is also committed to representing and engaging the demographic, socioeconomic and intellectual diversity of our community. Through this rich tapestry of diversity within our workforce, we are stronger, better prepared, more capable, and possess increased flexibility and responsiveness. There is evidence of an organizational shift toward citizen centered excellence in our Police Department as it embraces community oriented police initiatives as well as in the Department of Doing, which has cut development review processing times by 75%.

Internally, our managers and employees are working together to identify ways to better align organizational assets and resources with citizen needs, with great success. The cooperation between Public Works and Parks, Recreation and Cultural Affairs in collaboration with the Gainesville Community Redevelopment Agency to design and build Depot Park is a prime example of what can be achieved when we endeavor in a common cause to put citizens at the

center of public service. The continuing heavy use of the park is a daily affirmation of this City's ability to align organizational efforts toward a public purpose. But how do we connect the dots to better leverage local government resources with those available resources across the community to improve the quality of life for citizens?

The answer lies, in part, in forming strategic and intersecting relationships with community partners, and to successfully manage the increasing volume of projects that such partnerships generate. At present, we have a strategic framework that is pioneering in harnessing the collective ideas of the Commission, city staff and citizens. This is the first budget process to occur since the Commission adopted the strategic framework as a guide to making future investments. Accordingly, this recommended budget and budget plan for Fiscal Years 2018 and 2019 anticipates the need to "Build Strategic Capacity" across the organization to implement the strategic framework and guide a wide-range of innovative community partnerships in designing municipal government for the citizen-centered New American City that we strive to become.

The \$121.97 million proposed General Fund budget seeks to "Build Strategic Capacity" by addressing a number of issues attributable to the organization's response to stagnant revenue growth of approximately 1.6% between FY 2007 through FY 2016. That response included deep cuts in revenue and expenditures with corresponding decreases in city staff, programs and services. Although a slow revenue recovery period began in FY14, and is expected to continue through FY 2019, to date organizational expenditures have not kept pace with critical staffing and service needs.

During this year's budget development process, city staff scheduled meetings with department representatives and city leadership throughout the spring and numerous public budget meetings with City Commissioners in May and June to identify, apprise and obtain feedback regarding issue prioritization and available options to resolve priority issues. Input from citizens, city leadership and department leaders combined with feedback from elected officials

enabled city staff to develop a proposed budget and budget plan that seeks the best use of projected increases in revenue growth during the proposed budget cycle. A detailed discussion of major budget revenue sources including the Utility Transfer, Ad Valorem (Property) Tax, the Fire Assessment and other revenue sources, as well as proposed expenditures of revenues, is provided in the Budget-In-Brief (BIB) document which follows the City Manager Budget Message. This Budget Message outlines “the what and the why” i.e., the philosophy behind the construction of this two-year budget and budget plan.

The recommended City Manager’s budget seeks to accomplish the following: 1) establish a baseline budget that reflects the cost of maintaining and improving existing service levels for city facilities and programs that citizens expect and demand; 2) continue “fixing our house” by providing incremental funding to invest in our employees while improving and supporting co-designed, citizen centered enhancements to services; and 3) build strategic capacity throughout the organization to realize our aspirational goals through joint participation with and support for community partnership programs and projects, such as those proposed in the adopted Memorandum of Understanding between the City and the University of Florida.

It is appropriate to note in this budget message that the recommended budget proposes to generate additional revenues necessary to achieve success as defined above primarily through adjustments of the millage rate and the Fire Assessment in FY18 only. Accordingly, it sets the Ad Valorem millage rate for FY18 to 4.7474, 0.2395 above the FY17 rate of 4.5079 and still far less than the millage rate set in FY 2007. The proposed city millage rate accounts for 19% of the total tax bill for City residents. Of equal note is the fact that less than 42% of the City’s property value is taxable, the lowest percent taxable value among a group of 17 other in-state peer cities, including Tallahassee, which at 54.6%, has the next lowest percent taxable property value.

When implemented, the Fire Assessment was based on a formula intended to calculate the “per factored fire protection unit (FFPU),” a unit of measure based upon property size and fire

risk. The FFPU was set at an amount intended to recover 50% of the cost fire protection services only, which was \$78 per FFPU at the time. As fire protection costs increased over time, it effectively reduced the amount of funds recovered for fire protection from 50% to 42%. The FY18 budget seeks to restore the recovery of 50% of the cost of fire protection by setting the per FFPU rate to \$101.

On the expenditure side of the FY 2018 Budget and FY 2019 Plan key increments include investing in our employees with a Total Rewards Study to evaluate salaries and benefits, expected to be completed during FY18 with implementation beginning in FY19. The FY18 budget also includes approximately \$850,000 for wage increases and \$867,000 in the FY19 plan for subsequent raises. An annual 50 cents increase in the living wage from \$12.25 to \$12.75 in FY18 and to \$13.25 in FY19, is also included. Funding to address resulting compression issues is included as well, totaling approximately \$315,000 in FY18 and \$380,000 in FY19.

Upgrades and improvements to technology are addressed in this budget with proposed website and broadcast upgrades and maintenance, the addition of a Digital Service Director, a Technical Systems Analyst, online human resources onboarding and performance management tools and funding for a broadband feasibility study. Body worn cameras for the police department and an inventory management system for the fire department are proposed. FY19's plan features the addition of LED streetlight upgrades with smart lighting controls providing conduits for future technological advances.

Continuing the FY17 theme of "fixing our house", additional staffing for facilities maintenance is included in both FY18 and FY19, as the number of buildings owned and maintained by the City has continued to expand. Evaluations are currently underway regarding ADA improvement needs throughout the City, renovations to the City Hall complex, and a feasibility study for Fire Station 5.

The Depot Park expansion has been a resounding success with its popularity requiring additional staffing and operating expenses, which have been included in the proposed budget. The City is also taking over the maintenance and operation of Forest Park due to annexation, for which additional staffing and operational funds have been included for FY18 and FY19. Two 352 Arts programs that were pilots in FY17 have been selected to continue and are included in the proposed FY18 Budget and FY19 Budget Plan.

Based on the triad of budget objectives viewed through the prism of the organization's adopted strategic framework, the proposed FY18 Budget and FY19 Budget Plan recommends funding a number of projects whose genesis is embedded within the signed Memorandum of Understanding (MOU) between the City of Gainesville and the University of Florida. This MOU represents a first of its kind effort to establish points of intersection between our two entities that benefit the greater Gainesville and University communities, which are more often than not, indistinguishable from one another.

The result is that each organization now possesses a set of guiding principles that serves as a nexus for identifying actionable ideas that move us toward a shared vision. If successful, this citizen-centered and innovative collaboration between the City and UF will serve as a template for working with a broad range of community partners in their respective areas of expertise to enable the guiding principles of our strategic framework, which are: supporting a strong economy; fostering greater equity; planning for future opportunities; and becoming an international community model.

During the past 18 months, we have also implemented many of the recommendations found in the City of Gainesville Blue Ribbon Report and our organizational structure continues to evolve to support those recommendations. Two areas have been transformed to model efforts to define and redesign citizen centered services, more are in process.

Our Strategic Initiatives Department is helping to develop organizational templates for telling our story of an organization committed to: becoming citizen-centered to multiple audiences, including to legislative bodies; designing new work space for staff with welcoming front doors that facilitate public engagement and responsiveness; re-examining economic development approaches to grow our local economy; implementing a joint City/University Fellowship Program through the Bob Graham Center for Public Service; and developing new ways to encourage civic engagement by making data more accessible and understandable for our citizens through online data portals like *Open Budget*.

In addition, the Department of Doing has successfully completed its citizen-centered redesign of the City's Land Development Code, launched new planning tools such as web-based development review system and site selection software that simplifies the project site selection process. Department staff has also cut development review process times from nearly 60-days to less than 15-days. Recently, the Department has been working closely with the University of Florida on several research projects emanating from the Gainesville/UF MOU and recently unveiled the results of a renovation of its front doors at the Thomas Center, refurbishing its work and public space into an inviting, collaborative environment for all.

Projects such as those described above will become all the more commonplace across the organization as we continue to work toward our vision and goals. This recommended budget focuses on building our capacity to sharpen efforts to implement our strategic framework. It allocates significant resources towards investing in our employees, funding capital needs, building a strategic relationship with UF, and continuing to leverage technology to become more citizen-centered.

We have embarked upon an exciting journey to become what U.S. Presidents from John F. Kennedy, Ronald R. Reagan, and George Bush to Barack Obama, have all euphemistically referred to as "a city on a hill," an exceptional city that serves as a beacon of promise to all that

choose to come and prosper. Ours is a city that embraces the ideals of community, affection and unity of purpose and spirit.

Thank you for your thoughtful consideration of the recommended Fiscal Year 2018 Budget and Fiscal Year 2019 Plan. It is my belief that these documents capture our desire to reflect the ideals that we have collectively heard from our community stakeholders. I welcome this opportunity to continue working with you to successfully lead the City of Gainesville through its intentional progression to become a model of the *New American City*.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Anthony Lyons', with a stylized flourish extending to the right.

Anthony Lyons, City Manager
City of Gainesville, Florida