CITY OF CLEARWATER

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CITY MANAGER

October 24, 2016

Honorable Mayor and Members of the City Council
City of Clearwater, Florida

I am pleased to present the approved annual operating and capital improvement budget for the City of Clearwater for fiscal year 2016/17. The budget for 2016/17 is $468,344,080 for citywide services, an increase of $27.5 million across all city operations. The General Fund budget reflects expenditures of $131,648,530, an increase of 6% from the 2015/16 budget of $124,479,870. The City's approved millage rate of 5.1550 mills remains the same for the eighth consecutive fiscal year.

The approved budget reflects continued attention to financial responsibility so that benefits from the previous pension reform as well as property value growth are allocated responsibly. Balancing revenue gains is further necessary to ensure we manage increased costs for health care and wages along with declining general revenues (Communications Services Tax) or flat growth (Utility Taxes). In developing the approved budget, staff met with City Council in a Special Meeting in April 2016 to review, among other topics, a new General Fund revenue analysis model that provides clarity on the status of reserves and millage rates into the future should other revenues remain flat or decline or should costs continue to outpace revenues.

In developing the approved budget, staff has again strategically reviewed service operations to carefully balance adjustments in staffing and resources with financial stability in the future. Our approach is not to restore pre-recession levels, but rather to consider resources needed for new initiatives, including the Second Century Clearwater priorities, among others, that were not in place during the recession years. As the City looks toward the future, we need to continue to be strategic, and carefully weigh citizen expectations as well as financial impacts, both positive and negative, on City operations. This budget seeks to establish a responsible expenditure plan that supports City Council's strategic priorities which includes a number of increases in several funds and programs. Other increases included in this budget are due to demands related to a recovering economy, such as Clearwater Gas System; and responding to our successes, such as the Beach Marina, sports tourism and the Courtney Campbell and Bayshore Trails.

In order to maintain current service levels, incorporate new priorities, and plan for future financial sustainability, all departments are required to manage a ½% salary savings in the next fiscal year. This provides savings of almost $500,000 in the General Fund and Internal Service department operations. Also approved in this budget is the use of unassigned General Fund reserves in the amount of $1,652,000

to provide the first year of funding for the Seminole Boat Launch Improvements project which staff considers a priority of the Second Century Clearwater initiative. As evidenced in this budget, our expenditure growth can easily outpace our slowly recovering revenue sources. It is imperative that we balance future budget increases with careful consideration, realizing opportunities for savings in existing operations to balance future needs. Since the increase in staffing levels is tied to new initiatives and priorities, rather than reinstatement of pre-recession staffing, it is important that we evaluate things we can "discontinue." It will be necessary to discontinue programs and functions in order to create capacity for the addition of staff and funding for new priorities and programs. We must remain selective in determining our highest priorities in order to manage growth in staffing and legacy costs.

Strategic Vision

During the April 2016 Special Meeting, the City Council reconfirmed the 2013 Strategic Vision for the City of Clearwater and the strategic direction and priorities for each objective therein. We continue to use various icons shown below throughout the budget to recognize programs and projects that support the City Council's Strategic Direction.

Facilitate Development of the Economy:

Diversify the Economic Base

Increase Economic Opportunity

Develop and Promote our Brand

Foster Community Engagement

Provide Cost Effective Municipal Services and Infrastructure:

Efficiency

Quality

Financial Responsibility

Safety

For purposes of the fiscal year 2016/17 budget, we have replaced the Urban Land Institute (ULI) icon that identifies the projects and initiatives related to the many priorities the ULI Work Program involves, with a new category termed Second Century Clearwater.

Second Century Clearwater

National and State Economic News

The national political climate continues to overshadow many issues of local concern and highlight others that are affecting communities across the country. According to the National League of Cities (***2016 State of the Cities Report***), cities across the nation are focusing most on economic development, public safety, infrastructure and housing. The prominence of these top-line issues has been accentuated by concerns throughout the country for jobs creation, policing policy, post-disaster recovery, technology, mobility and housing. As these issues have played out across the national election stage, it continues to be local governments that are forging their own solution sets, largely separate and distinct from national and state legislative agendas.

The National League of Cities released its ***City Fiscal Conditions 2016*** Report on October 1, 2016, noting that cities are in a better fiscal position this year than last and better able to meet the financial needs of their communities in 2016 than in 2015. However, the level of growth supporting that perspective is a modest 3% according to national forecasts. If local governments see that growth as status quo and increases in health care and pensions exceed that revenue then there will not be sufficient new revenue from growth to support programs and resources to address the concerns noted above.

At the state level, growth in tourism continues to support recovery throughout Florida. Growth in sales tax revenue exceeded 2016 estimates and is expected to remain healthy in 2017. According to the Florida League of Cities' Technology Leadership Committee, technology continues to outpace most Florida cities at a time when technological solutions are becoming more commonplace and essential for efficient delivery of basic services. Technology is now considered essential infrastructure for successful communities across all municipal functions and solutions. Florida communities are challenged to finance upgrades to existing technology and pay for new solutions that can improve service delivery.

Future Plans and Priorities

Following a summer of weather-related events that led to infrastructure failures, the City of Clearwater is participating in working groups created by state and county elected officials. These groups will require our staff to participate in new rule-making related to reporting wastewater overflows and perhaps other stormwater regulatory measures. Our utility system infrastructure plans have been carefully reevaluated and the adopted budget reflects a capital improvements program that will allow the City to continue investing in a combination of solutions and repairs, especially for the wastewater and stormwater systems. Fortunately, Clearwater has maintained strong capital renewal and replacement programs for all our utility and infrastructure systems and has approved rates and plans for future improvements. Clearly, post-disaster recovery and infrastructure will continue to be a priority for us.

As reflected within the Strategic Vision section, Council has outlined priorities for numerous projects and initiatives. These priorities include the *Second Century Clearwater* series that includes completion of the Bluff/Waterfront Master Plan, updating the Downtown Redevelopment Plan and the boat ramp project mentioned previously within the North Marina Master Plan area. The downtown plan work is a significant precursor to extension of the Community Redevelopment Agency through Pinellas County in 2018. Carving out a separate Community Redevelopment Agency office has brought renewed focus to various initiatives Downtown and in the East Gateway. In early 2017, the City will identify priorities for a fourth renewal of the Penny for Pinellas local option sales tax. Based upon a schedule provided by Pinellas County, the extension is planned for referendum in November 2017. These and all the many other priorities create an ambitious work program for the new fiscal year.

Award for Distinguished Budget

The Government Finance Officers Association of the United States and Canada (GFOA), a national organization, each year nationally recognizes budgets that meet certain rigorous standards. GFOA has awarded the City of Clearwater this recognition for each of the past 30 years. In order to receive the budget award, a government must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

We believe that this budget document continues to conform to program requirements, and will be submitted to the GFOA to determine its eligibility for another award. This award, along with the Certificate of Achievement for Excellence in Financial Reporting received for the City's Comprehensive Annual Financial Report, helps the City of Clearwater present a quality image to bond rating agencies and other outside agencies with which the City does business.

Public Process

The proposed budget was formally presented to the City Council at the regular City Council meeting of July 21, 2016, where the City Council set the tentative millage rate. In order to fully discuss the proposed budget and the increased levels of staffing and new programs proposed, Council held a special budget meeting on August 4, 2016 at 9:00 am.

The first public hearing on the millage rate, operating and capital budgets was held the evening of September 15, 2016 at 6:00 p.m. The final millage rate and budget was adopted at the second and final public hearing on the evening of September 29, 2016 at 6:00 p.m. The budget agenda and all pertinent documents were available to citizens on the City's website approximately one week prior to all public budget meetings.

Again, the approved budget seeks to establish a sustainable level of expenditures in relationship to our revenue resources. This becomes increasingly difficult as our work plan continues to expand and costs for health care and insurance, wages and benefits continue to rise. In the past year, we have sought to staff many of City Council's strategic priorities within existing resources, during a time of increased activity and rising expectations. The approved budget offers several ways in which we can respond to new conditions and priorities with a measured, but proactive approach. In that regard, I look forward to a productive year in 2016-2017.

Respectfully submitted,

William B. Horne II

William B. Horne, II
City Manager

Executive Summary

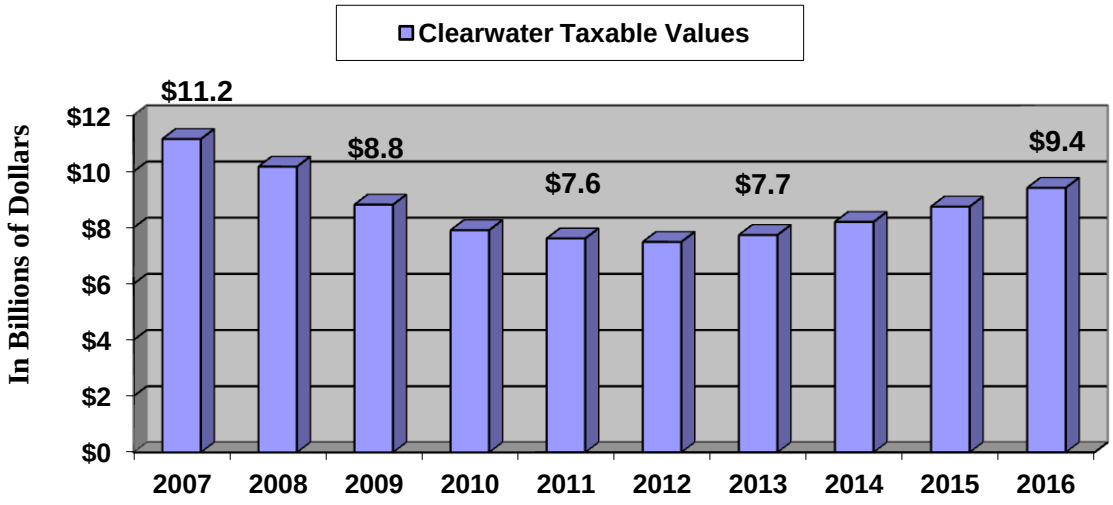
The following provides a summary of some of the other major components of the budget, including information on each of the City's enterprise and internal service operations, as well as the Capital Improvement budget.

Taxable Values

2016 taxable property values have increased by approximately 7.6%, from $8.7 billion to $9.4 billion, including new construction. The value of new construction and annexations totals $83 million. This is the fourth year of increased valuations that the City has recognized since the recessionary years 2008-2012. As seen in the table below, City taxable values are still approximately 15% below peak values of 2007.

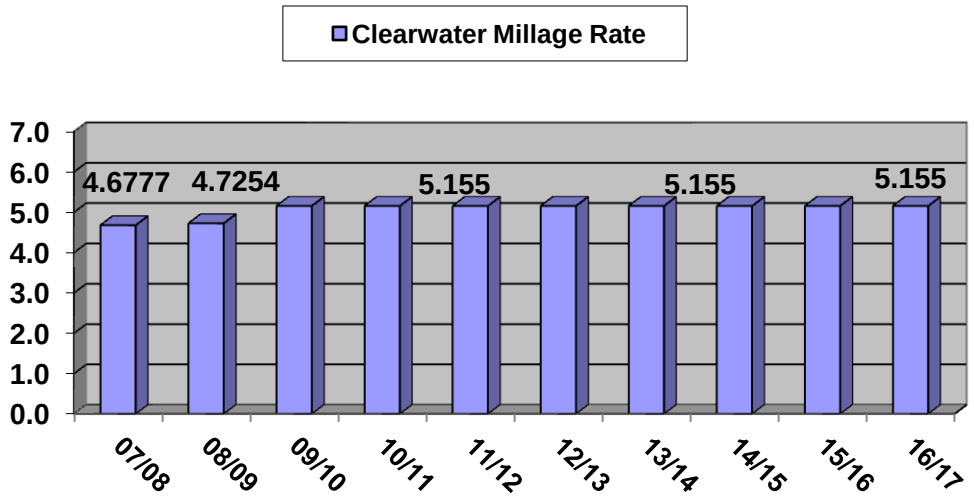
City of Clearwater
Taxable Values

2016 Taxable Value	$ 9,417,484,414	
2015 Taxable Value	8,748,685,307	
Net Increase	**$ 668,799,107**	**7.6%**
Analysis of Taxable Value Increase:		
Increase in Current Values	$ 585,847,073	
New Construction and Annexations	82,952,034	
Total Increase in Taxable Value	$ 668,799,107	



City Millage Rate

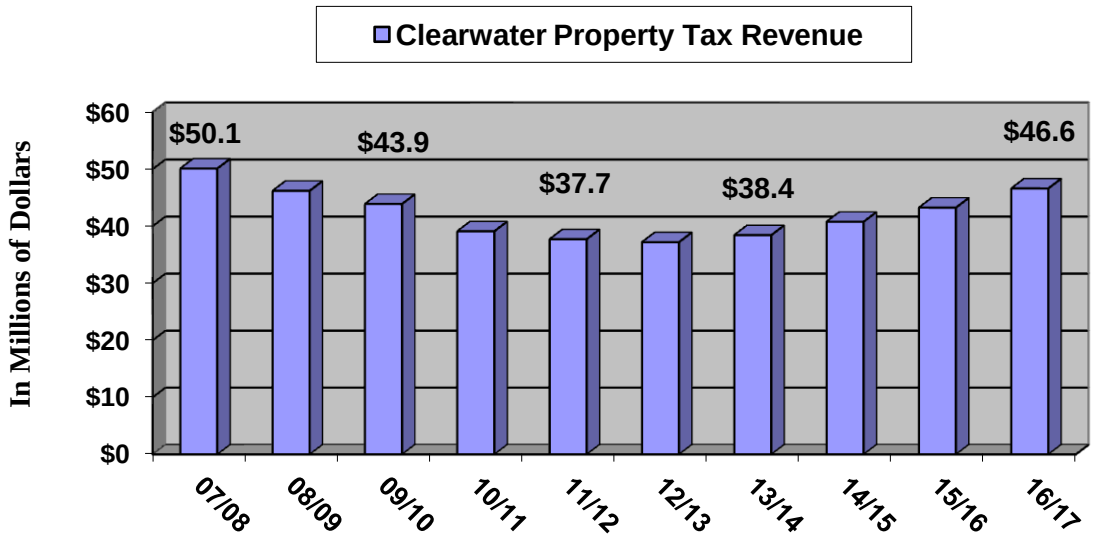
The following table provides a ten year history of the City's millage rate. The rate was at the highest point in fiscal year 2006 at 5.753 mills (not shown) and at the lowest point in fiscal year 2007/08 at 4.6777 mills after the passage of Amendment 1.



The approved millage rate of 5.1550 mills for 2016/17 is the same millage rate the City's had for the last eight fiscal years.

Property Tax Revenue

The property tax millage rate of 5.155 mills will generate approximately $44.4 million to support General Fund operations in fiscal year 2016/17, a 7.8% increase of approximately $3.2 million from the 2015/16 budget. In addition, per City Council policy, a portion of the total millage is set aside to provide funding for City road maintenance projects. The road millage is estimated at just over $2.2 million in 2016/17, an increase of approximately $160,320.



Total property tax revenues of $46.62 million still remain approximately 13% less than peak revenue levels of $53.3 million experienced in fiscal year 2006/07 (not shown).

Change in Full-time Equivalents

- Total full-time equivalent positions for 2016/17 are reflected at 1,789.7 FTEs for all City operations, an increase of 44.7 FTE positions over the amended 2015/16 budget. The overall increase in staffing is discussed more fully at the end of this section.

Employee Merit and Step Increases

- The contracts for the FOP and FOP Supervisors bargaining units will expire on September 30, 2018. The budget in the Police Department reflects a 4% general wage increases effective October 1, 2016 for all Police union employees as outlined in the current collective bargaining agreement. No general step increases are budgeted for the fiscal year.

- The contract for the IAFF union will expire on September 30, 2018. The budget in the Fire Department includes step advancement for all Fire Union employees as outlined in the current collective bargaining agreement. No general wage increases are budgeted for the fiscal year.

- The current contract for the CWA union expires on September 30, 2017. The budget reflects a 2.5% general wage increase effective October 1, 2016 for all CWA union employees as outlined in the current collective bargaining agreement.

City Pension Costs

The actuary report for the Employees' Pension Plan as of January 1, 2016, indicates that a minimum required City contribution of $8.93 million, which is 11.13% of covered payroll, is required for fiscal year 2016/17. This is an increase of $176,000 from the City's fiscal year 2015/16 required contribution of $8.76 million, or 11.66% of covered payroll.

During fiscal years 2006 thru 2014, the City relied on the pension credit balance to subsidize the required contribution during years of investment market underperformance, bringing the credit balance down from more than $24 million in January 2005 to $5.4 million in January 2014. Over the past two years the credit balance has been funded with an additional $10.2 million to bring the current level to $15.6 million as of January 2016.

The approved budget plans for a contribution rate of 15% of covered payroll in fiscal year 2016/17. This will not only provide enough funding to meet the City's required contribution rate of 11.13%, but will also restore an additional estimated $3.7 million to the credit balance to prepare us for future economic challenges.

Medical Benefit Costs

In fiscal year 2016/17, the cost of medical care for employees is budgeted at $16.9 million across all City operations, an increase of $685,180, or 4.2%. Approximately $524,000 of this increase is budgeted to fund an estimated 6% increase to insurance costs in January 2016 based upon approved estimates. Included in the budget is $1.6 million of health clinic operating costs. Savings in claim costs should continue to offset the cost of the health clinic. The budgeted cost for medical care to the General Fund is estimated at $10.3 million, approximately $375,000 more than the current budget.

The City continues efforts to control medical insurance costs with the operation of the Employee Health Center, which will recognize the sixth anniversary in July 2016. The clinic provides primary and acute health care and prescription medications free to those enrolled in the City's medical insurance at a lower

cost than claims for similar services that would be submitted through our current health care provider, resulting in savings to employees and ultimately the City with reduced claims. The City of Dunedin continues to share the facility under a cost sharing arrangement.

Property and Liability Insurance

The City's budget for property and liability risks for fiscal year 2016/17 is approximately $3.56 million, a 14% decrease from the 2015/16 budget of $4.16 million. The cost to the General Fund is estimated at $2.02 million, down from $2.44 million in 2015/16, a decrease of approximately 17%. The budgeted amount provides for insurance coverage on all City properties individually as well as $60 million of coverage for multiple-property damage caused by a named storm; boiler and machinery coverage; terrorism coverage; various specialty policies; a package insurance policy consisting of coverage for automobile liability, commercial general liability, public official liability, emergency medical services, professional liability and crime & law enforcement activities; and the City's self-insured retention for this coverage.

Worker's Compensation

The City's cost for worker's compensation is expected to increase by approximately 3.1% in the new fiscal year. In fiscal year 2016/17, worker's compensation costs across all City operations are expected to increase by $81,080 citywide, from $2.6 million in fiscal year 2015/16 to approximately $2.68 million. These costs affect the various funds in different ways since the costs are allocated based upon the number of employees, job classification and worker's compensation claims experience. The General Fund budget reflects an increase of $110,140.

Debt Administration

The City maintains separate accounting records for all debt principal, interest, and reserve requirements for all General Government Debt. Separate budgets are not adopted for these debt service funds, but appropriations are included in the operating expenditures of all related operating funds. There is no general obligation debt outstanding as of September 30, 2015, and no general obligation bonds have been issued during this past year.

Per City Charter, the City's indebtedness, including revenue, refunding and improvement bonds, shall not exceed 20% of the current assessed valuation of all real property located in the City. At fiscal year-end 2015, the City's outstanding debt of approximately $205 million represents about 2.2% of the assessed $9.4 billion valuation of non-exempt real estate, well within the resource capacity of the individual pledged sources. This computation includes all outstanding revenue bonds as well as all outstanding lease purchase contracts.

General Fund Unassigned Fund Balance (Reserves)

The City Council's current policy requires that the City maintain a minimum General Fund reserve equal to 8% of the subsequent year's budgeted expenditures as a contingency fund to meet unanticipated financial needs. In addition, the City Council maintains an additional General Fund reserve equal to ½% of the subsequent year's budgeted expenditures to fund retirements of General Fund long-term employees during the given fiscal year.

The approved budget includes the planned use of $1,652,000 of General Fund reserves to balance the budget. This represents funding for the Seminole Boat Launch Improvements project. Based upon the approved General Fund budget and allowing for the use of reserves as noted, the City will maintain a

General Fund unassigned fund balance (reserve) of approximately $28.1 million, or 21.4% of the fiscal year 2016/17 approved operating budget. This maintains the City's General Fund reserve at a level of approximately $16.9 million over the required minimum reserve policy. Given the uncertain future for shared tax levies, primarily the Penny for Pinellas – Discretionary Sales Surtax, staff is recommending the unassigned fund balance remain available in the event these special levies are not renewed in the next few years.

General Fund Expenditures

General Fund expenditures for the fiscal year 2016/17 budget are estimated at $131,648,530; an increase of 6% from the previous budget.

Personnel costs reflect a net increase of 2% across all operations. These costs include the contractually negotiated union increases for fiscal year 2016/17 as well as all other benefits including pension, medical, and workers compensations costs noted earlier in this summary.

Operating costs reflect an increase of 1%, or approximately $186,880. Increases are reflected in professional and contractual services, utility costs for operations, operating supplies, and various increases to the cost of everyday business in maintaining current services.

Internal service costs are up 2% in this budget. The primary increases in the internal service operations are related to building and maintenance costs; and technology improvements in various operations.

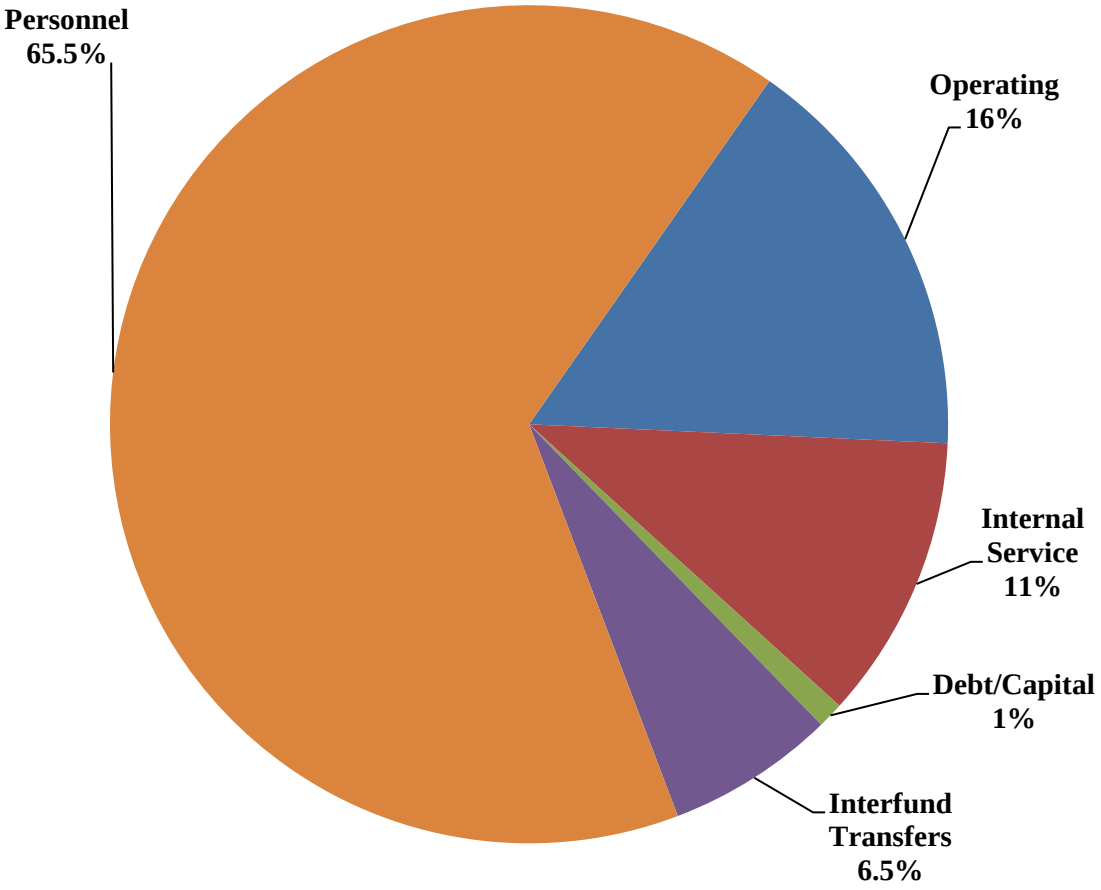
Capital costs are budgeted at $757,130 for fiscal year 2016/17. This is an increase of $16,230 or 2% from the prior year. Capital expenditures include the Library book funding of $667,000 and various small equipment purchases across all operations.

Interfund transfers in the General Fund are approximately $8.4 million, an increase of $4,593,510, or 119% from the current year budget. This increase is directly related to changes in one-time funding to the Capital Improvement Fund, including major upgrades to the Long Center, Bright House Field, Main Library and the Seminole Street Boat Launch; and increased funding in several building maintenance projects due to facility needs. Transfers also include the tax increment payment to the Community Redevelopment Agency (CRA) which is estimated at a $1.0 million for fiscal year 2016/17.

The tables and graphics provided on the following pages provide insight as to budget impacts by Department and by major General Fund category.

GENERAL FUND EXPENDITURES BY CATEGORY

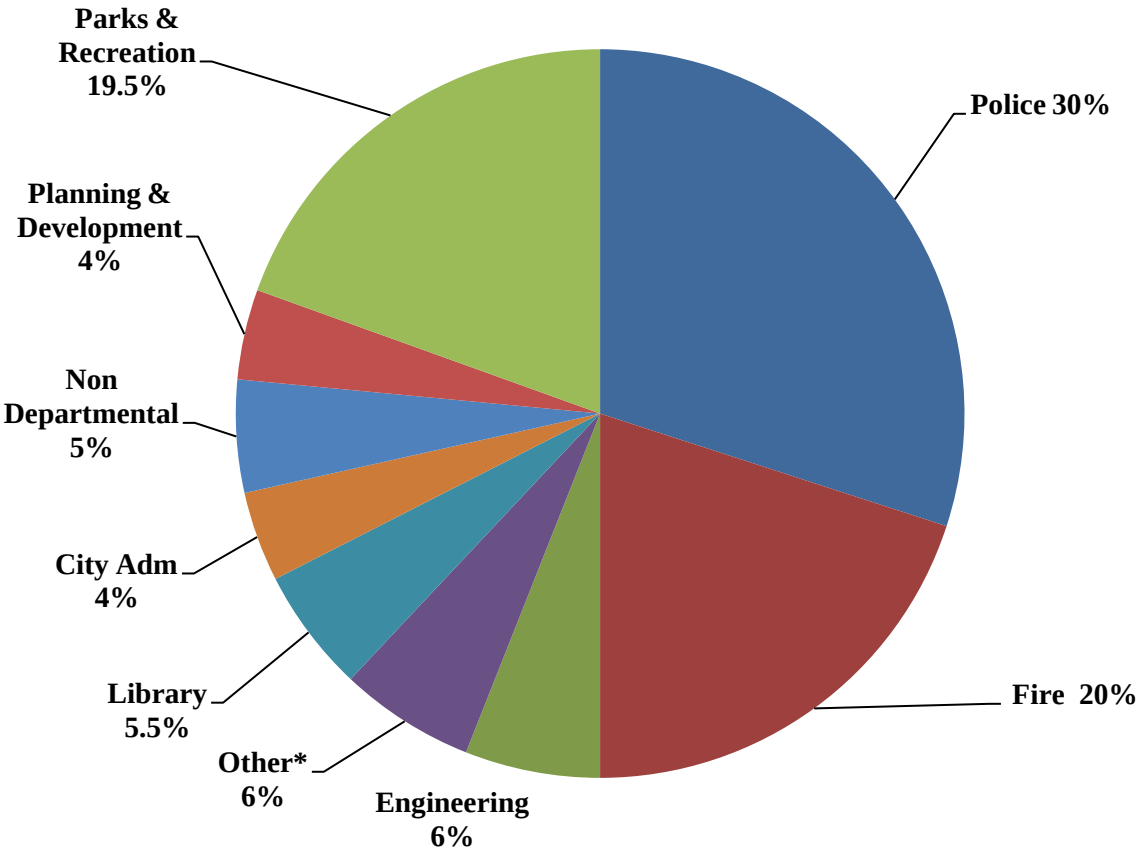
Fiscal Year 2016/17
$ 131,648,530



Category	2013/14	2014/15	2015/16	2016/17	% Change
Personnel	$ 79,081,710	$79,298,390	$84,046,400	$86,067,060	2%
Operating	19,166,500	19,655,920	20,644,810	20,839,690	1%
Internal Service	12,864,610	13,561,960	14,559,990	14,905,000	2%
Interfund Transfers	3,321,990	4,031,800	3,858,090	8,451,600	119%
Debt Service	443,520	393,270	629,680	628,050	0%
Capital	45,550	67,210	740,900	757,130	2%
Total Operating Budget	**$ 114,923,880**	**$117,008,550**	**$124,479,870**	**$131,648,530**	**6%**

GENERAL FUND EXPENDITURES BY DEPARTMENT

Fiscal Year 2016/17
$ 131,648,350



Department	2013/14	2014/15	2015/16	2016/17	% Change
Police	$ 36,329,010	$36,849,710	$39,139,980	$39,781,790	2%
Fire	23,891,470	23,944,250	25,528,490	26,312,890	3%
Parks and Recreation	21,135,600	22,360,110	23,590,520	25,682,620	9%
Non-Departmental	3,970,100	3,941,910	4,274,420	6,600,840	54%
Engineering	7,588,090	7,569,460	7,857,040	7,865,730	0%
Library	5,959,470	6,070,250	6,759,060	7,219,940	7%
City Administration (1)	4,767,900	4,512,940	4,382,190	4,648,910	6%
Planning & Development Services	4,838,370	4,887,680	5,400,550	5,627,690	4%
Public Utilities Facility Maint*	244,010	275,480	275,450	286,030	4%
Finance *	2,190,560	2,073,730	2,405,570	2,472,950	3%
Economic Development *	1,362,310	1,583,830	1,735,030	1,706,650	(2%)
Pier 60/Sailing Ctr *	693,570	870,720	967,980	1,219,360	26%
Human Resources *	1,026,540	1,056,010	1,173,410	1,226,130	4%
Public Communications *	926,880	1,012,470	990,180	997,000	1%
Total Operating Budget	**$114,923,880**	**$117,008,550**	**$124,479,870**	**$131,648,530**	**6%**

(1) Includes budgets of City Council, City Manager's Office, City Attorney's Office, City Audit, Official Records, CRA Administration, and Office of Management and Budget (FY14 and FY15).

(2) * These programs are reflected in the category of "Other" on the above graph.

GENERAL FUND REVENUES

Ad Valorem tax revenues represent 34% of the total General Fund revenues, down from a high of 41% in fiscal year 2006/07. Property tax revenues for General Fund purposes are estimated at $44.4 million, up from $41.2 million in the 2015/16 budget. This increase will provide an additional $3.2 million to the General Fund, which is approximately a 7.8% increase.

Utility tax revenues continue to provide steady growth and represent approximately 11% of the General Fund total revenue. Utility taxes collected on power and utility services are anticipated to be $14.7 million reflecting an increase of 2.3% from the 2015/16 budget.

Franchise Fee revenue has been fluctuating the last few years, due to weather patterns. Budgeted revenues for fiscal year 2016/17 are projected at $10.3 million, just less than a 1% increase from fiscal year 2015/16. This revenue source represents approximately 7.9% of General Fund revenue.

The category of Local Option, Fuel and Other Tax revenues represents approximately 5.5% of total General Fund revenue. This category includes business tax revenues which remain fairly flat, and communication services tax revenues which have steadily declined over the last few years. Budgeted revenues are estimated at $7.1 million which reflects a decrease of 1.4% for fiscal year 2016/17.

The Other Permits and Fees revenue category represents almost 2% of General Fund revenues. This category includes building permit revenues which has shown improvements the last few years as the economy strengthens. For fiscal year 2016/17, we are holding the budget flat anticipating that the recent spike in development has begun to stabilize.

Intergovernmental revenue or revenues received from federal, state, or local governments, account for $23.1 million, or 18% of General Fund revenue. Primary receipts in this category include Sales tax revenue, State Revenue Sharing, Fire and EMS revenues received from Pinellas County, State Public Safety Pension revenues and the Pinellas County Library Cooperative funds. Sales tax revenue continues to reflect a positive trend with an estimated increase of 3% and revenues of approximately $6.8 million in fiscal year 2016/17. County Fire and EMS revenues are estimated at $7.8 million, State Public Safety Pension revenues are estimated at $2.2 million, and Pinellas Library Cooperative funds are projected at $716,630; all approximately the same as fiscal year 2015/16.

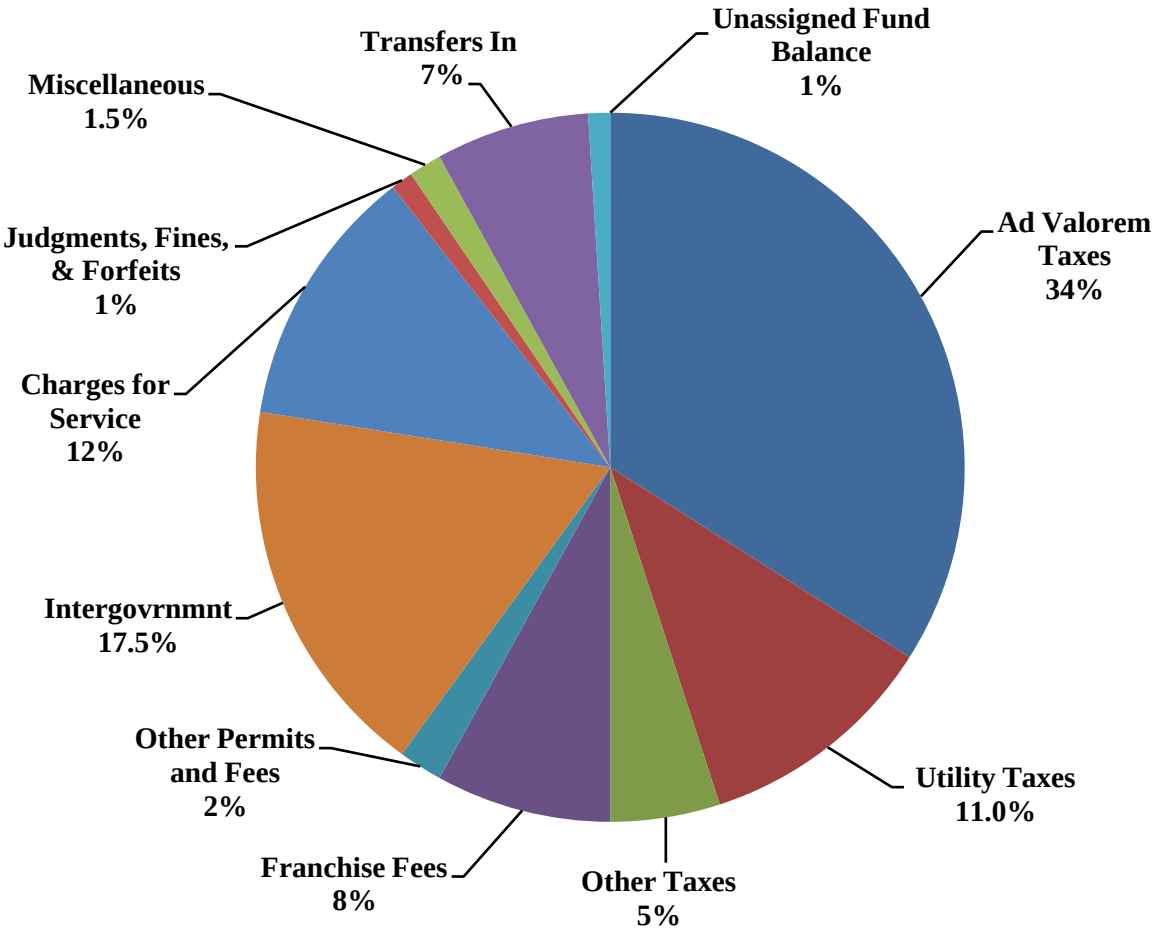
The category of revenue recognizing Charges for City Services accounts for approximately $16 million and represents 12% of the City's total General Fund revenues. This category includes revenues for all of the City's recreation and library programs, Pier 60, as well as some specific planning and public safety fees. It also includes administrative charges to all Enterprise Funds for services provided to those operations from administrative departments. The General Fund is also reimbursed for any direct services provided to Enterprise Funds by operational departments such as Parks and Recreation or Engineering. This category of revenues is anticipated to increase by approximately 6% from fiscal year 2015/16.

And finally, most of the Enterprise operations pay the General Fund a "payment in lieu of taxes" (PILOT) by City Council policy. This category of revenue is depicted on the following graph and chart as Transfers In. The combined receipts provided by transfers in to the General Fund from enterprise funds are approximately $9.2 million, representing 7% of total General Fund revenues. These revenue sources reflect a slight decrease from fiscal year 2015/16.

Other smaller General Fund revenue sources include the revenue categories of Judgments, Fines and Forfeits and Miscellaneous revenues. Together, these sources represent approximately 2.3% of General Fund revenues.

GENERAL FUND REVENUES

Fiscal Year 2016/17
$ 131,648,530



Revenue Source	2013/14	2014/15	2015/16	2016/17	% Change
Ad Valorem Taxes	$36,453,700	$38,779,620	$41,180,080	$44,384,830	8%
Utility Taxes	13,588,250	14,182,400	14,385,000	14,717,600	2%
Local Opt, Fuel & Other Taxes	8,260,650	7,604,780	7,201,700	7,100,400	(1%)
Franchise Fees	10,163,930	10,090,000	10,184,600	10,280,100	1%
Other Permits & Fees	1,985,700	2,220,500	2,372,250	2,372,250	0%
Intergovernmental	19,068,590	19,578,310	22,484,470	23,054,960	3%
Charges for Service	13,663,630	14,227,040	15,023,090	15,988,040	6%
Judgments, Fines, & Forfeits	996,150	1,034,000	908,000	950,400	5%
Miscellaneous	1,521,370	1,647,500	1,795,250	1,986,180	11%
Transfers In	7,798,490	8,008,410	9,196,490	9,161,770	0%
Total Annual Revenue	$ 113,500,460	$ 117,372,560	$ 124,730,930	$ 129,996,530	4%
Transfer (to) from surplus	1,423,420	(364,010)	(251,060)	1,652,000	758%
Total Revenues	**$114,923,880**	**$ 117,008,550**	**$ 124,479,870**	**$ 131,648,530**	**6%**

UTILITY FUNDS

Fund	2013/14	2014/15	2015/16	2016/17	% Change
Water & Sewer	$ 67,727,960	$ 70,406,600	$ 81,955,210	$ 74,084,730	(10%)
Gas	36,089,850	37,515,660	41,623,430	52,038,850	25%
Solid Waste & Recycling	21,965,190	22,721,790	23,924,230	24,536,640	3%
Stormwater	16,156,510	17,207,410	17,211,700	17,653,660	3%
Total	**$ 141,939,510**	**$ 147,851,460**	**$ 164,714,570**	**$ 168,313,880**	**2%**

Water and Sewer

Water and Sewer Fund operating budget reflects expenditures of $74.1 million in fiscal year 2016/17, a 10% decrease from the 2015/16 budget due to a reduction in transfers to the Capital Improvement Fund. Annual revenues are budgeted at $77.5 million. The staffing level of 188 full-time equivalent positions reflects an increase of one FTE in fiscal year 2016/17.

A water and wastewater rate study was completed by the outside consultant agency, Burton and Associates, in June 2016. Based upon this rate study, 3.75% increases are planned effective October 1, 2016. This rate structure was approved by the City Council in August 2016, with additional 3.75% increases approved through fiscal year 2021.

Gas

Budgeted revenues for fiscal year 2016/17 are approximately $52 million, which includes the use of $8.1 million of Gas Fund reserves which represents $1.4 million for the estimated Gas dividend payment to the General Fund, and $6.7 million for increased transfers to the Capital Improvement Fund. Estimated Gas Fund expenditures are $52 million for fiscal year 2016/17, which reflects an increase of 25% over the current budget due to increased capital project funding. The staffing level of 104 full-time equivalent positions in 2016/17 reflects an increase of twelve FTEs over the current year. There are no planned rate increases for gas in fiscal year 2016/17.

Solid Waste and Recycling

The Solid Waste operating budget reflects expenditures of $21.3 million in fiscal 2016/17 offset by operating revenues of approximately $22 million. Budgeted expenditures reflect a 2% increase over the 2015/16 adopted budget and a staffing level of 111.5 full-time equivalent positions, the same as the current fiscal year.

Recycling operating expenditures are anticipated to be approximately $3.3 million in fiscal year 2016/17, offset by operating revenues of approximately $2.7 million. Budgeted expenditures reflect an 8% increase from the 2015/16 adopted budget and a staffing level of 22 full-time equivalent positions, the same as the current fiscal year.

A solid waste and recycling rate study was completed by the outside consultant agency, Burton and Associates, in October 2014. Based upon this rate study, 3.75% increases are planned effective October 1, 2016. This rate structure was approved by the City Council in August 2015.

Stormwater

Stormwater expenditures are budgeted at $17.7 million in fiscal year 2016/17, a 3% increase from the 2015/16 budget. Annual revenues are budgeted at $18.1 million. The Stormwater Fund reflects a staffing level of 52 full-time equivalent positions in 2016/17, the same as the current fiscal year.

A stormwater rate study was completed by the outside consultant agency, Burton and Associates, in August 2015. This budget includes planned rate increase of 1.25% from $14.33 to $14.50 per residential unit effective October 1, 2016. This rate structure was approved by the City Council in September 2015, with additional 1.25% increases approved through fiscal year 2020.

OTHER ENTERPRISE FUNDS

Fund	2013/14	2014/15	2015/16	2016/17	% Change
Marine Fund	$ 4,488,090	$ 4,526,360	$ 4,589,840	$ 4,223,510	(8%)
Airpark Fund	183,100	207,810	274,870	249,330	(9%)
Harbor Marina Fund	503,230	554,280	604,340	643,770	7%
Parking Fund	4,137,250	4,246,040	6,440,970	5,125,320	(20%)
Harborview	38,280	0	0	0	n/a
Total	**$ 9,349,950**	**$ 9,534,490**	**$ 11,910,020**	**$ 10,241,930**	**(14%)**

Marine Fund

The Marine Fund operating budget reflects expenditures of approximately $4.2 million in fiscal 2016/17 offset by operating revenues of approximately $4.5 million. Budgeted expenditures are approximately 8% less than the adopted 2015/16 budget.

The Marina operations are supported by a staffing level of 18.5 full-time equivalent positions, an increase of 0.6 FTEs from fiscal year 2015/16. Capital projects for the Marine Fund continue to support the needed infrastructure maintenance of the docks, fuel system, and other marina facilities, keeping them safe and functional for all users.

Airpark Fund

The operations of the Airpark reflect an expenditure budget of $249,330 in fiscal year 2016/17, a 9% decrease from the 2015/16 budget. Operating revenues are budgeted at $299,700. The fund is supported by 1.4 full-time equivalent positions, the same as fiscal year 2015/16.

Clearwater Harbor Marina Fund

The Clearwater Harbor Marina Fund operating budget is $643,770 in fiscal year 2016/17, with operating revenues anticipated at $794,190, reflecting a positive cash flow for the new budget year. The fund is supported by 6.7 full-time equivalent positions, the same as fiscal year 2015/16.

Parking

The Parking Fund operating budget for fiscal 2016/17 reflects anticipated expenditures of $5.1 million offset by operating revenues of $6.6 million. Expenditures reflect a decrease of 20% from the 2015/16 adopted budget. Staffing levels in the Parking Fund reflect 41.3 full-time equivalents for fiscal year 2016/17, an increase of 5.5 FTEs from the 2015/16 budget.

The Parking Fund continues to fund the Jolley Trolley beach service estimated at $180,000 for fiscal year 2016/17, and the Sunsets at Pier 60 festival at an annual cost of $22,900.

INTERNAL SERVICE FUNDS

Fund	2013/14	2014/15	2015/16	2016/17	% Change
Administrative Services	$ 10,101,630	$10,254,800	$11,768,500	$11,752,010	0%
General Services	4,612,240	4,386,430	4,553,390	4,884,560	7%
Garage Fund	13,540,500	14,848,020	15,858,140	17,484,130	10%
Central Insurance Fund	22,158,160	22,838,200	24,828,600	24,856,420	0%
Total	**$ 50,412,530**	**$ 52,327,450**	**$ 57,008,630**	**$ 58,977,120**	**3%**

Internal Service Funds

The Administrative Services Fund budget is approximately $11.8 million in fiscal year 2016/17, a slight decrease from the 2015/16 budget. In order to balance the fiscal year 2016/17 budget, the use of $921,650 of Administrative Services Fund reserves is planned to fund increased transfers to capital projects. The fund, which supports the Information Technology, Utility Customer Service and the City's Courier, is staffed by 77.8 full-time equivalent positions, an increase of three FTEs from the 2015/16 budget.

The General Services fund budget is approximately $4.88 million in fiscal year 2016/17, an increase of 7% from the 2015/16 budget. The fund, which provides building and maintenance operations, is supported by 34.3 full-time equivalent positions, an increase of one FTE from the 2015/16 budget. This increase represents two new FTEs that are being added to General Services, offset by the transfer of one position to the Garage Fund.

The Garage Fund budget is approximately $17.5 million in fiscal year 2016/17, an increase of 10% from the 2015/16 budget. The fund, which includes fleet maintenance and radio communications operations, is supported by 37 full-time equivalent positions, an increase of one FTE from the 2015/16 budget. This FTE increase is due to the transfer of one position from General Services Administration.

The Central Insurance operating budget includes the programs supporting risk and employee benefit functions, the Employee Health Center, and all city insurance programs. The Central Insurance Fund budget is approximately $24.9 million in fiscal year 2016/17, a slight decrease from the 2015/16 budget. The fund is supported by 7.5 full-time equivalent positions, the same as the prior year.

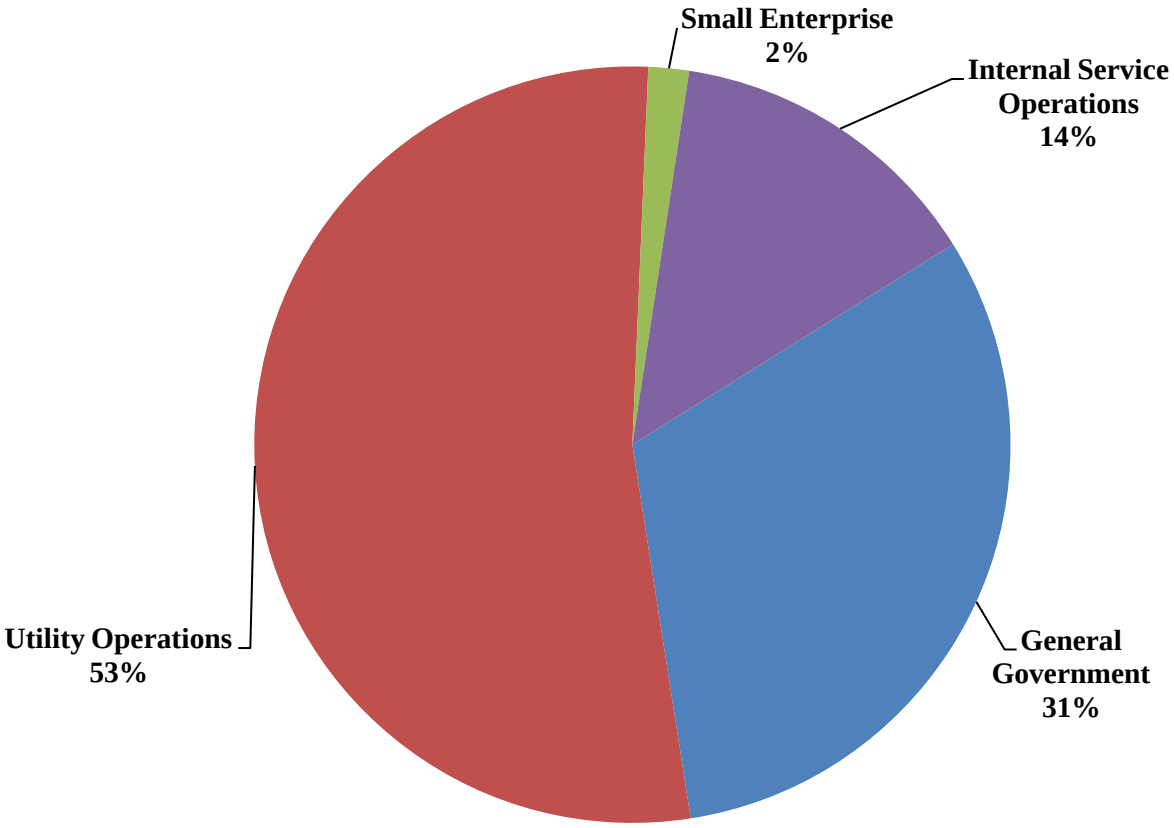
CAPITAL IMPROVEMENT FUND

The capital improvement fund project budget is $79.3 million for fiscal year 2016/17 and the six-year plan totals $470.8 million. Of the total projects planned for 2016/17, approximately 53% of the projects, or $41.8 million, are projects supporting one of the City's four utility operations, which consist of Water and Sewer, Stormwater, Solid Waste & Recycling, and Gas. Projects which total $24.7 million are devoted to general government operations. General government type projects include those projects supporting the construction of fire facilities, police and fire equipment, street maintenance and intersection maintenance, and park development and maintenance.

The $10.8 million allocated to internal service operation projects support the replacement of City vehicles and the maintenance of all telephone, radio, computer, and other information systems. Small enterprise projects are those projects that support the City's parking, airpark, and marine operations.

CAPITAL IMPROVEMENT FUND EXPENDITURES

Fiscal Year 2016/17
$ 79,266,100



CAPITAL IMPROVEMENT PROGRAM

Category	2013/14	2014/15	2015/16	2016/17	% Change
Utility Operations	$ 22,078,570	$ 24,732,230	$44,463,550	$41,761,770	(6%)
General Government	15,136,240	14,636,810	15,312,400	25,371,930	66%
Internal Service Operations	6,811,100	8,607,000	7,633,400	10,771,400	41%
Small Enterprise	400,000	507,500	2,554,000	1,361,000	(47%)
Total	**$ 44,425,910**	**$ 48,483,540**	**$ 69,963,350**	**$ 79,266,100**	**13%**

The approved capital improvement budget for fiscal year 2016/17 is $79,266,100. This represents a 13% increase over the 2015/16 budget.

Many of the projects included in the six-year plan are infrastructure maintenance projects funded annually and planned within currently adopted utility rate studies or enterprise operating plans. New or significant projects that are planned for implementation in the 2016/17 fiscal year are as follows:

Utility Operations

- City utility operations have decreased the funding on planned projects from the current year six-year plan. Water and Sewer Fund infrastructure projects reflect a decrease of $14,180,940 in planned funding comparison to the fiscal year 2015/16. Gas Fund projects reflect an increase of $11.3 million in fiscal year 2016/17, primarily related to the funding for replacement of the Gas System buildings on Myrtle Avenue.

General Government

- New this year, the purchase of a replacement Fire Boat (Marine 44) is proposed for $650,000, funded with Penny for Pinellas revenue.

- Funding for the replacement of the Morningside Recreation Center is proposed in fiscal year 2016/17. This project will be funded with $2,830,000 in Penny for Pinellas revenue; this reflects an increase of $250,000 from planned funding to include major renovations of the outdoor pool prior to construction.

- Funding for the Downtown Streetscaping (Cleveland between Osceola and Myrtle) is planned to begin in fiscal year 2016/17. This total project estimated at $6 million will be funded with $2 million in Penny for Pinellas revenue in each of the next three years.

- New this year, the Crest Lake Park Improvements project is proposed for a total of $1,600,000 funded with Penny for Pinellas revenue. In fiscal year 2016/17, $850,000 is funded with the remaining project budget to be funded in fiscal year 2018/19.

- New this year, the Seminole Boat Launch Improvements project is proposed with a total budget estimated at $6,438,000. Funding of $1,652,000 is provided in fiscal year 2016/17 with General Fund revenues; the remaining project funding for future years has yet to be determined.

- Parks and Recreation projects for the Long Center Infrastructure Repairs reflect an increase of $882,600 to fund major renovations needed for the pool and gymnasium lighting. The Bright House Field Infrastructure Repairs project also reflects a $350,000 increase to begin to address major capital repairs.

- New this year, The Police Vehicle project includes General Fund Lease Purchase funding for $680,000 in fiscal year 2016/17, and $430,000 planned for fiscal year 2017/18. This project will provide for additional patrol vehicles necessary to implement the Police Department's Assigned Vehicle Program.

- Library projects which total $373,850 are funded with General Fund revenue. The funding will provide for the construction of the fourth Maker Space area and upgrades to support alternative usages at the Main library, and a new repair and replacement project for system wide improvements.

- Funding for the AC System/Chiller project at Police Main and the Municipal Services Building is proposed to begin in fiscal year 2016/17 with funding of $500,000; remaining funding for the total project estimated at $1,750,000 is staggered over the next four years.

- Other projects for Maintenance of General Facilities total $1,755,000 for fiscal year 2016/17. This is an increase of $853,000 over prior year funding due to the need for major renovations at our existing facilities.

Internal Service Operations

- New this year, the City Emergency Operation Center (EOC) and Disaster Recovery Facility Expansion project is proposed for a project total of $3,360,000 funded with Penny for Pinellas revenue. Funding in fiscal year 2016/17 is estimated at $360,000 for design and permitting, with construction funding of $3 million planned in 2017/18.

Small Enterprise Operations

- Funding for Small Enterprise Operation projects reflect a decrease from prior year due to increased one time project funding for a Parking project in fiscal year 2015/16.

ANALYSIS OF FTE CHANGES FOR FY 2016/17

As reflected earlier in the Executive Summary, total full-time equivalent positions for 2016/17 are reflected at 1,789.7 FTEs, an increase of 44.7 FTE positions over the amended 2015/16 budget. The following analysis is divided by fund for purposes of explanation and justification.

GENERAL FUND

The budget proposes 19.6 FTE additions within the General Fund, as identified on the following worksheet.

Economic Development - 1 new FTE in support of increased administrative duties. The change in complexities of federal and state funding allocations and increased program income has overwhelmed existing Housing staff. An additional administrative position is needed to serve all administrative functions of the department.

Engineering - 1 new FTE to provide engineering support to the Public Utilities department based on the increased demand to complete critical renewal and replacement projects. This position is completely funded by the Water and Sewer fund with no net impact to the General Fund.

Fire Department - 3 new FTEs, comprised of one Respiratory Protection Analyst to provide a dedicated position to perform critical equipment maintenance; one Fire Inspector II to maintain the schedule for life safety inspections of existing properties, businesses, and facilities and provide timely plans review and new construction inspections; and one Training Lieutenant to improve training offered to department staff. Additionally with Pinellas County transition to agency (Continuing Medical Education), this position will be responsible for scheduling all personnel to complete training in required time period, and will ensure compliance with Pinellas County Paramedic certification process.

Human Resources - 0.4 FTEs are being added which reflects an increase of hours to part time HR Office Assistants. These increased hours will support the increased work load associated with record keeping, public record requests and administrative tasks.

Library - 1.2 FTEs are being added which represent one Librarian to provide staffing for an additional Maker Space at the Main Library based on ULI recommendations, and 0.2 FTEs representing additional hours resulting from schedule changes to part time Librarians.

Parks and Recreation - 7 FTEs, comprised 3.9 FTEs to support the growth in sports tourism events which include a Recreation Supervisor, 2 Parks Service Technicians, 0.6 Seasonal Recreation Programmer, and 0.3 Seasonal Parks Service Technician; 1.3 FTEs to support increased part time hours for Pool Guards to enhance youth swim lessons; 0.4 FTEs which represent increased part time hours for seasonal Recreation Leaders to provide dedicated breaks for camp staff; 0.4 FTEs for an additional seasonal Parks Service Technician to assist with garbage pick up on Clearwater Beach during peak times; and 1 Parks Service Technician to provide for increased maintenance needs due to new locations including, Enterprise Dog Park, Lake Chautauqua Equestrian Park, Courtney Campbell Trail, and Bayshore Trail. Enhanced revenues are recognized to offset the impact of most of this increase in the General Fund.

Planning & Development - 1 FTE, to establish a new Transportation Planner position to provide for specific expertise in advancing the public/transportation realm in current and future projects. Considerable input on transportation and public access integrated design will impact design and construction of the public realm.

Police - 5 additional FTEs, comprised of 4 Police Officers and 1 Police Information Technician (PIT). The additional Officers are needed to create a Community Problem Response Team (CPR) team in District III which is critical to having a flexible, adaptive, problem solving, work force capable of utilizing non-traditional methods to address patterns and issues rapidly. The additional PIT is necessary in order to keep up with the increased demands on the unit, most significantly with requests for public records.

UTILITY AND ENTERPRISE FUNDS

The budget proposes 19.1 FTE additions within the Utility and Enterprise Funds, as identified on the following worksheet.

Public Utilities - 1 FTE, to establish a new Maintenance Manager position which will provide increased oversight of the Maintenance Program. The maintenance staff, including six licensed electricians, six telemetry and controls technicians, sixteen mechanics, and a coordinator, has increased in complexity over the years and is in need of increased managerial support.

Gas System - 12 new FTEs are being added. An Assistant Director, Safety and Training Manager, and Engineering and Planning Manager are being requested due to departmental restructure, and 9 FTEs are being added to support system growth in Pasco County and future plans to construct a new facility for the northern system service areas. The position titles are outlined in the following worksheet.

Parking - 5.5 FTEs are being added. Parking activities have increased as a result of a greater need for parking in the downtown and beach community. In addition, the department has acquired the responsibility for supervision of 5.2 FTEs that were formerly overseen by the Police Department. Parking controls have become more technically advanced which requires a more complex approach to operating the Parking System. The position titles are outlined in the following worksheet.

Marine and Aviation - 0.6 FTEs to provide for an additional part time Parking Facility and Security Aide due to increased activity and traffic flow at the Beach Marina.

INTERNAL SERVICES FUNDS AND SPECIAL PROGRAM FUNDS

As reflected in the following worksheet, a net of 6 FTEs are proposed within the Internal Services Funds. This includes 3 FTEs in the Information Technology Department, to support service level increases and demands; and a net of 2 additions to the **General Services/Garage** Costs Centers which represent 2 new positions in **Building & Maintenance** needed to properly maintain aging facilities and buildings and the addition of new ones to our inventory. The Special Program Fund reflects the addition of 1 FTE related to **Special Events** that will be funded by special event revenues.

A list of changes to FTE positions across all City operations, including the transfer of FTE positions between departments, is included on the next page.

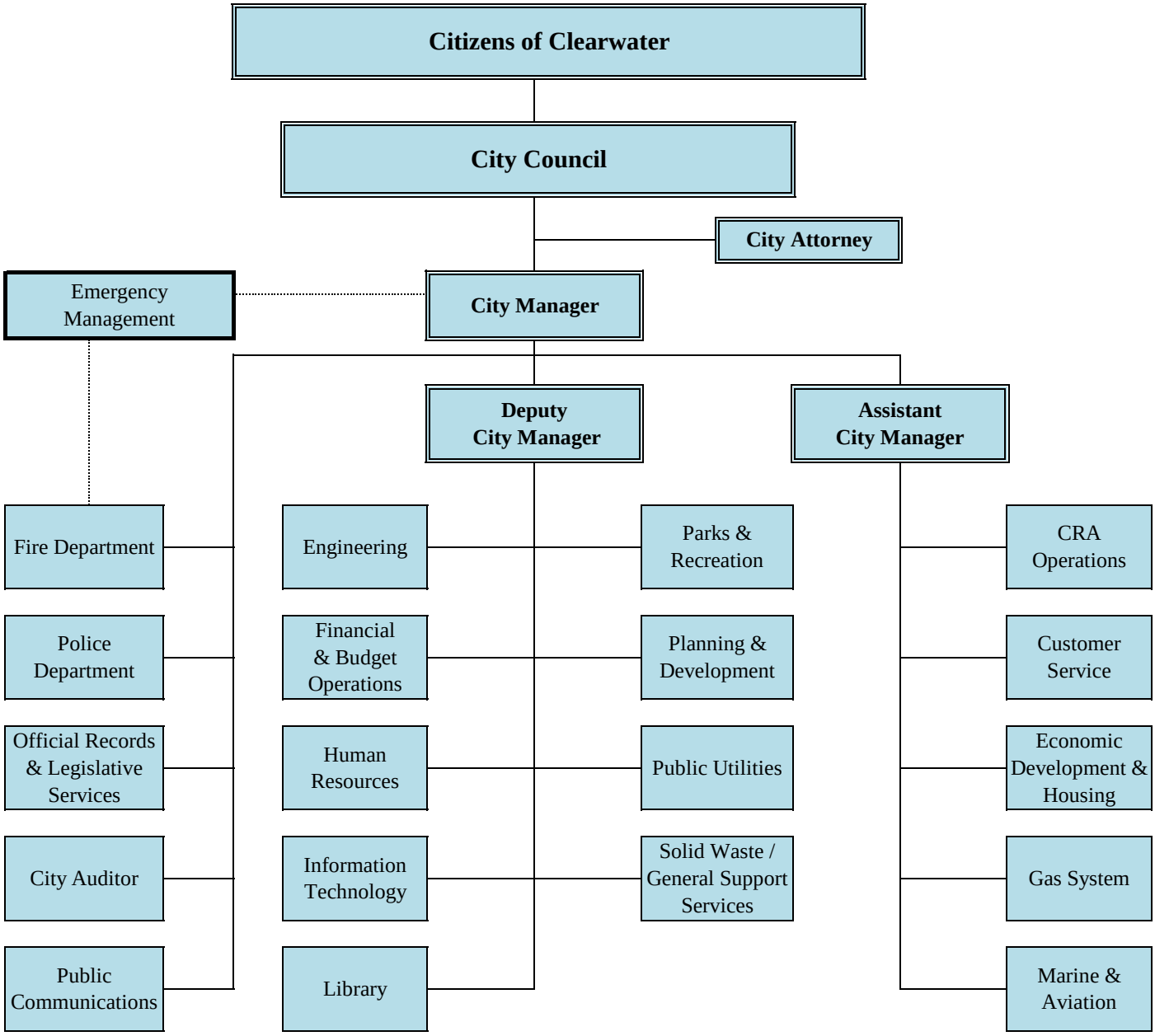
ANALYSIS OF FTE CHANGES FOR FY 2016/17
Approved 2016/17 Budget

	Additions and (Deletions)	Transfers Within Depts.	Position Title
General Fund			
City Manager		(1.0)	Executive Assistant
CRA Administration		1.0	Executive Assistant
		1.0	Downtown Manager
		0.4	Community Development Manager
		1.2	Economic Development Coordinator
Economic Development & Housing		(1.0)	Downtown Manager
		(0.4)	Community Development Manager
		(1.2)	Economic Development Coordinator
	1.0		Staff Assistant
Engineering	1.0		Sr. Professional Engineer
Fire Department	1.0		Respiratory Protection Analyst
	1.0		Fire Inspector II
	1.0		Training Lieutenant
Human Resources	0.4		HR Office Assistant
Library	1.2		Librarian
Parks and Recreation	1.0		Recreation Supervisor
	3.7		Park Service Technician
	1.3		Pool Guards
	0.4		Recreation Leader
	0.6		Recreation Programmer
Planning & Development	1.0		Transportation Planner
Police	4.0		Police Officer
	1.0		Police Information Technician
Total General Fund	**19.6**	**0.0**	
Utility Funds			
Public Utilities	1.0		Maintenance Manager

ANALYSIS OF FTE CHANGES FOR FY 2016/17
Approved 2016/17 Budget

	Additions and (Deletions)	Transfers Within Depts.	Position Title
Utility Funds (continued)			
Gas System	1.0		Assistant Director
	1.0		Safety and Training Manager
	1.0		Engineering and Planning Manager
	7.0		Gas Technicians (I, II, III)
	1.0		Gas Program Specialist
	1.0		Design and Mapping Technician
Total Utility Funds	**13.0**	**0.0**	
Other Enterprise Funds			
Parking Fund	1.0		Parking System Coordinator
	1.0		Parking Operation Supervisor
	3.5		Parking Assistant
Marine Fund	0.6		Parking Facility and Security Aide
Total Other Enterprise Funds	**6.1**	**0.0**	
Internal Services Funds			
General Services/Garage	1.0		Staff Assistant
	1.0		Tradesworker
Information Technology	2.0		Sr. Network Engineer
	1.0		Systems Programmer
Total Internal Services Funds	**5.0**	**0.0**	
Special Program Funds			
Special Program Fund	1.0		Recreation Specialist (Special Events)
Total Special Program Funds	**1.0**	**0.0**	
Total All Funds	**44.7**	**0.0**	

City of Clearwater Organizational Chart



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

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City of Clearwater

Florida

For the Fiscal Year Beginning

October 1, 2015

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Clearwater, Florida for its annual budget for the fiscal year beginning October 1, 2015.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The GFOA is the leading association for government finance professionals in North America. This is our thirtieth year to earn the award; it was given for our Annual Operating and Capital Improvement Budget 2015/2016. GFOA's Distinguished Budget Presentation Awards Program is the only national awards program in governmental budgeting. The City also holds GFOA's Certificate of Achievement for Excellence in Financial Reporting for our Comprehensive Annual Financial Report.

CITY OF CLEARWATER, FLORIDA

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