



City of Tallahassee, Florida

A Report to Our Citizens

Fiscal Year 2008
with selected 2009 information

Mission

The mission of the City of Tallahassee is to provide excellent services and facilities to support a high quality of life for our community.

Vision

Tallahassee, Florida, a city which remembers its past while focusing on the future - a vibrant capital city: fostering a strong sense of community, cherishing our beautiful, natural environment, and ensuring economic opportunities for all our citizens.

Organizational Values

1. Customer service is our business.
2. Demonstrate leadership and personal responsibility.
3. Promote and support employee excellence.
4. Practice teamwork.

Awards

- Florida Green Building Coalition designated Gold Certified Green City
- Governor's Sustainable Florida Best Practice Award for Go Green Tallahassee Initiative
- "Excellence in Site Reuse" Award for Cascades Contamination Clean-Up
- Voted Florida's "Best Tasting Drinking Water"
- Tree City USA Award
- Outstanding Partnership Recipient Award for partnering to recycle old law books



City Organization and Operation

The City of Tallahassee is organized and operates under a council/manager form of government. The four city commissioners and an elected mayor who serves in a leadership capacity, provide policy direction. The city commission appoints the city manager, city attorney, city treasurer-clerk, and city auditor. Collectively, the appointed officials are responsible for all administrative aspects of the government, with most of the administrative and operational functions falling under the purview of the city manager.

The city is a full service provider employing 2,931 full-time employees for fiscal year 2009. General government services include police protection, parks and recreation, public works, code enforcement, and animal control services. The city also provides services that are business in nature. For example, the city owns and operates electric, gas, and water utilities, and provides sewage collection, stormwater and flood control, fire, solid waste and recycling services. The city also owns and operates the Tallahassee Regional Airport, StarMetro, and Hilaman and Jake Gaither golf courses.

Tallahassee is the only incorporated city within Leon County. The city encompasses about 15% of the county's land area, and approximately 65% of the county's population of 272,497 reside within the municipal boundaries making the population of Tallahassee 177,852. The median age is 26.9, the median family income (county) is \$59,991, and the county unemployment rate has rose from 3.4% in 2007 to 5.4% in 2008.

The city general fund and business type funds have a 2009 operating budget of \$133 million and \$708 million, respectively. Revenues for the general fund come from franchise fees, licenses, fines, intergovernmental revenues, an annual transfer from utilities, and property taxes. Revenues from business type funds come primarily from utilities.

In 2008, property taxes generated \$33.7 million, or 25%, of total city general fund needs. To place the amount of property taxes received by the city into perspective, a citizen with a \$200,000 home and a \$50,000 homestead exemption paid the following property taxes:

Property taxes paid to:	Amount	Percent of Total
Leon County	\$1252.50	40.3%
School Board	1368.50	44.0
Water Mgmt. District	6.75	0.2
City	481.73	15.5
TOTAL PROPERTY TAXES PAID	\$3109.48	100.0%



Additional information is available at <http://www.talgov.com>



City Hall

Strategic Priorities

The city commission establishes annual goals and target issues. Target issues are priorities identified to improve services to the citizens.

2009 Target Issues:

Economic Development - to create and expand economic opportunities by encouraging investment and development, creating and sustaining jobs, increasing the tax base, and improving the quality of life in the community

Environmental and Energy Resources - to demonstrate leadership in environmental stewardship and sustainable practices

Health and Human Services - to support the delivery of essential human services to area residents and to promote the overall health and well being of the community

Financial Viability - to continually review and assess the City's five-year financial and strategic plans and to focus on utilities, debt financing, and refining programs to achieve efficiencies

Long Range Planning - to enhance community standards and propose solutions for managing growth and planning for future development

What have we done with your money?

Target Issue Progress in Fiscal Year 2008

Selected 2008 City Performance Measures*		
	FY 2008 Target	FY 2008 Actual
POLICE		
Priority one average response time	5.1 min	5.3 min
Priority two average response time	8.0 min	7.8 min
Total calls for service	123,000	137,076
FIRE		
Average fire response time—rural	7.3 min	9.0 min
Average fire response time—urban	5.3 min	7.2 min
No. of incidences—rural	5,010	5,062
No. of incidences—urban	15,500	17,025
AVIATION		
Deplaned passengers	540,000	433,062
Enplaned passengers	540,000	435,677
Persons using airport terminal facility	2.16 million	1.74 million
STARMETRO		
No. passenger trips carried	4.5 million	4.1 million
Basic system cost per passenger	\$2.05	\$2.25
Basic system revenue per passenger	\$0.65	\$1.33
Dial-A-Ride cost per passenger	\$16.75	\$11.73
Dial-A-Ride revenue per passenger	\$1.05	\$2.54
PARKS & RECREATION		
Percentage of expenditures recovered through user fees and charges	22.4%	24%
BUILDING INSPECTION		
No. of building inspections performed	73,506	83,212
No. of new 1 & 2 family building permits processed	500	367
No. of new multi-family dwelling units processed	350	225

Economic Development Target Issue

- With the demolition of the Johns Building the city continued its commitment to work with interested groups to bring a Performing Arts Center to Tallahassee.
- The Aloft Hotel, a 150 room hotel on Monroe Street, is scheduled to open summer 2009 and represents a \$30 million improvement.
- The Plaza Tower, a 224 unit condominium, is 98% complete and is scheduled to open summer 2009. This represents a \$45 million investment in Tallahassee's quest for a 24-hour downtown.



Kleman Plaza

Environmental and Energy Resources Target Issue

- Obtained FDEP Wastewater permit that allows the city to move forward and to invest \$160 million to reduce nitrogen in treated wastewater discharged at the Southeast Spray Field.
- Completed Demand Side Management (DSM) plan to reduce peak electric demand by 59 MW (about 10% of present generation) and realize a 5% energy savings by 2012.
- Dedicated \$35.3 million to replace utility meters with wireless meters. Monitoring of electric usage is nearly real time and at the end of 2008, 35% of meters were installed (approximately 75,000 points of service).
- Completed the FSU Master Plan.
- Addressed water quality within the Wakulla Springshed on a regional basis with a Primary Springs Protection Zone.
- Developed Green Building Incentives that provide rebates for homes built to energy certification standards.
- Completed \$160 million Electric Hopkins Unit 2 Power Plant Repowering on time, within budget, and projected to use 30% less fuel per kilowatt.

Health and Human Services Target Issue

- Contracted with a consultant to initiate a community-wide needs assessment and evaluation of the CHSP process.
- The vendor preference program instituted in 2007 has generated over \$1 million for eligible Tallahassee-based health and human services organizations.
- The city worked with the Tallahassee Equal Action Ministries (TEAM) to reestablish and expand its Rental Rehab program for low income rental housing.
- The city in cooperation with its Community Housing Development Organizations and other non-profits funded the rehabilitation of 20 low-income owner-occupied homes.

Financial Viability Target Issue

- Approved strategies to enter into long-term gas supply agreements that are at advantageous prices and that pose no financial risk to the city.
- Increased the allocation in the Energy Rate Stabilization Fund from \$20 to 30 million to ensure the ability to take advantage of opportunities to stabilize energy prices.
- Recommended moving forward with a plan to fund a portion of retiree employee healthcare cost (Other Post Employment Benefits) by identifying a funding source, requiring additional employee cost sharing, and establishing an irrevocable trust.
- Identified key city performance measures. Information will be used internally to manage for results and reported externally to inform citizens of service efforts and accomplishments.

Long Range Community Based Planning Target Issue

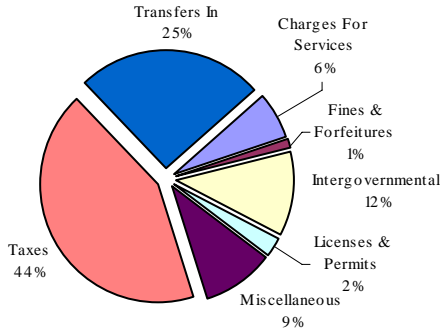
- Staff developed criteria for the city commission to use to rank Community Workforce Housing Innovation Pilot (CWHIP) proposals for grant funding requests and city partnerships. One city project was awarded \$5 million.
- Inclusionary Housing Ordinance updated the maximum purchase amount for a workforce housing unit and provided a flexible methodology for developing other forms of affordable housing units.
- Developed options to increase the number of affordable housing units and affordable rental housing units in the community.
- Began policy discussion of a route decentralization plan for StarMetro.

*Complete list of city performance measures available in FY 2009 budget.

The City's Budget: General Fund and Business Type Funds; Revenues and Expenses

Sources of Revenue

GENERAL FUND FY09



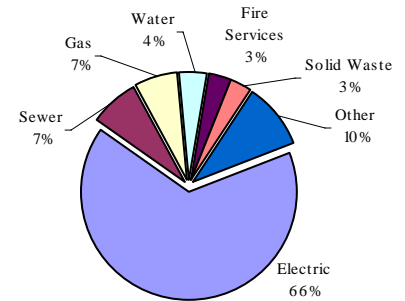
⇒ With total operating revenues of \$841.5 million, more than \$708 million, or almost 84%, of city revenues comes from business services provided by the city. Business type activities include utilities and are expected to be self-supporting and funded entirely from user fees for services.

⇒ For FY 2009, \$33.4 million is budgeted to be transferred from business fund sources into the general fund. This transfer is necessary because city and county government, state government, and local universities and colleges (which pay for city provided utility services) are exempt from paying property taxes. This transfer helps to offset the loss of property tax revenues.

- ⇒ Number of customers served by city utilities:
- * Electric: 109,009
 - * Natural gas: 25,225
 - * Water system: 75,831
 - * Sewage collection: 65,300
 - * Stormwater and flood control: 80,600
 - * Solid waste and recycling collection: 64,280

SOURCE	2009 REVENUE
Taxes & Franchise Fees	\$57,271,341
Transfers In	34,518,979
Intergovernmental	15,371,518
Charges for Services	8,405,907
Licenses & Permits	3,307,053
Fines and Forfeitures	1,561,500
Other	12,740,939
TOTAL	\$133,177,237

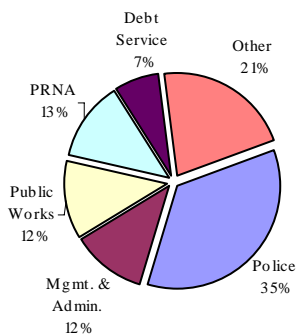
BUSINESS TYPE FUNDS FY09



SOURCE	2009 REVENUE
Electric	\$462,896,521
Sewer	51,787,176
Gas	47,349,061
Water	30,225,972
Fire Services	23,721,327
Solid Waste	22,500,964
Other	69,804,357
TOTAL	\$708,285,378

Functional Expenses

GENERAL FUND USES FY09



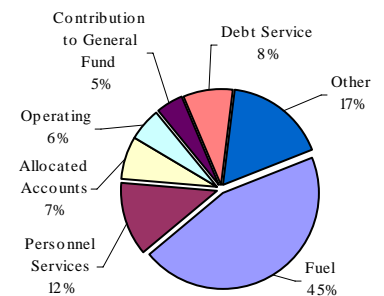
⇒ The general fund makes up 15.8% of the total city operating budget and provides the basic traditional government services such as police, parks and recreation, public works, and neighborhood and community services.

⇒ General fund personnel costs (not shown) amount to \$76.8 million (57.7% of total general fund expenses). A large portion of business fund expenses (\$313.5 million) is for fuel.

⇒ Not shown on this page is an additional \$223.7 million budgeted in 2009 for capital improvements and a total of over \$900,000 in improvements planned for the next five years. Major improvements for 2009 include: \$1.5 million for public safety, \$22.1 million for stormwater, \$12 million for transportation projects, and \$89.8 million for utilities. A portion of capital projects are funded from the additional one cent sales tax that also funds Blueprint 2000 projects.

ACTIVITY	EXPENSE
Police	\$46,624,400
Mgmt. & Admin.	15,495,059
Public Works	16,182,650
Parks, Recreation & Neighborhood Affairs	17,265,463
Debt Service	9,259,161
Other	28,350,504
TOTAL	\$133,177,237

BUSINESS FUND USES FY09



ACTIVITY	EXPENSE
Fuel	313,527,000
Personnel Services	87,487,246
Allocated Accounts	51,152,449
Operating	41,519,999
Contribution to General Fund	33,424,033
Debt Service	59,698,369
Other	121,476,282
TOTAL	\$708,285,378

◆ The Office of the City Auditor reviewed information presented on this page and concludes that it is reliable and verifiable.

◆ Complete financial information is available at the city's website, <http://www.talgov.com>.

◆ City Budget, <http://www.talgov.com/dma/budget/fy09/fy09budget.cfm>, External Audit of city financials, <http://www.talgov.com/dma/accounting/annualrprts.cfm>

◆ City Auditor Reports, <http://www.talgov.com/auditing/auditreports.cfm>

◆ We want your input! Do you like this report? What additional information would you like to see included? Please respond to citizenreport@talgov.com or (850) 891-8397.

What's Next

Future Challenges and Economic Outlook

Economic Development and the Economy Throughout the nation, government, business, and citizens are facing economic challenges. As a city, we are receiving less revenue from sales taxes, property taxes, and businesses and building permits. The current economy affects how the city operates and provides needed services. In January 2009, unemployment was 5.4%, 7.4%, and 5.8% in Leon, Gadsden, and Wakulla counties. City leaders have been told there is reason to be hopeful the economy will react positively to federal stimulus, however recovery will take time. Toward this goal, the city has identified capital projects that can be started now to improve infrastructure and create jobs. The permitting process for city projects has been streamlined, so construction can begin immediately. Improvement in the economy will take time and the collective efforts of everyone.

Environment and Energy Resources

Electricity Demand and Cost. The city continues to seek ways to address electricity demand and cost. For example, i) major renovations were completed on the primary generating unit at the Hopkins Power Plant in 2008 that result in much higher efficiency and additional generating capacity; ii) the city is in the process of implementing a "Smart Metering Program" to provide improved service and expanded service options; and iii) a Demand Side Management plan will provide increased opportunities for our customers to use energy more efficiently and reduce energy consumption.

Notwithstanding these programs, energy cost is directly affected by fuel cost to generate electricity, and the city does not currently have a diversified fuel source. Except for the C.H. Corn Hydroelectric Plant on Lake Talquin that provides approximately one percent of total power needs, our generated electricity comes from burning natural gas or fuel oil. Many residents are unaware that the city's residential base rate for electricity ranks among the lowest in the state. However, because our citizens have mandated the burning of clean burning natural gas, the city has one of the highest fuel costs adjustments of any utility in the state. JEA (Jacksonville), Gainesville Regional Utilities, and Talquin Electric have much lower fuel rates, and all of those utilities have substantial amounts of coal in their fuel mix to generate electricity. The above is not to say the city is currently planning to use coal to produce electricity. It is, however, to say that the city continues to explore strategies to have diversified fuel sources, which include renewable energy resources with upgrading current generating facilities to improve efficiency. And further, the city is proactively working to assist its customers to use energy in the most efficient manner possible through its Energy Smart Plus program, by saving energy, money, and water while being environmentally responsible.



Hopkins Unit 2 Repowering Project

Water Quality. The city continues to focus on alternatives to address water quality. The water reuse program seeks to balance the cost versus the benefit of redistributing water to facilities such as golf courses as compared to using the Sprayfield.

Health and Human Services

Joint Communications for Emergency Responders. The Public Safety Communications Board, which is comprised of the city manager, county administrator, Leon County sheriff, Tallahassee Fire chief, Tallahassee Police chief, and the Leon County Emergency Medical Services chief, is continuing efforts for the creation of a facility to consolidate all emergency service communications. This state of the art facility will be constructed to withstand a category four hurricane and will house critical operations such as the Regional Traffic Management Center, Emergency Operations Center, and Radio Communications Control Center. The combined focus of the city and county commissions has led to the creation of the facility, which will eliminate the need to transfer emergency calls between agencies and will allow critical resources to reach citizens more quickly in their time of need. The project, which is estimated to cost between \$40 and \$50 million, will be jointly funded by the City of Tallahassee and Leon County. The design and pre-build stage are expected to be completed in fiscal year 2009.

Financial Viability For fiscal year 2009, the city may have to periodically update the approved budget based upon actual versus budgeted revenues and expenditures. To reduce costs, the city implemented a hiring freeze effective February 1, 2009, implemented limited overtime and temporary wages, and staff such as building inspectors have been reassigned to other city departments where they are needed most. Departments have been challenged to identify how to continue needed services with fewer resources. The city also faces additional fiscal challenges. In general government the objective is to receive sufficient revenues to pay for services promised and not to make a profit. Consistent with that objective, the government should have a reasonable amount of reserves on hand to meet unexpected events and should set monies aside to be paid in the future for promises made to current employees. Over the last few years, the city has reduced the amount of monies available in the deficiencies fund to make up for annual shortfalls in revenues. On December 31, 2008, the deficiencies fund was \$7.8 million below the policy level of holding in reserve two months of general government expenditures. As a result of these events and the downturn in the economy, the city bond rating has been downgraded. Also, under new accounting standards, the city now has to recognize in its annual financial records the cost of healthcare benefits promised to employees and to be provided upon retirement. To remain financially sound and to avoid placing a burden on future generations, the city commission will be working with management to identify ways to increase the amount in the deficiencies fund to a safe level and will begin funding health care benefits now, so sufficient monies will be available in the future when those benefits are provided.

This city continues to search for long-term strategies to address customer utility cost by focusing on demand side management and entering into natural gas term contracts for electric generation in volatile and unpredictable markets.

Long Range Planning Long range planning will monitor how successfully the city has implemented the fast tracking of city funded capital projects to include relaxation of certain permitting and procurement policies. If the streamlining efforts are successful, this process could be expanded to include the private sector. Long range planning also includes identification of strategies to address regional transportation needs as well as address strategies for a StarMetro decentralized transfer plan, so travelers do not have to come downtown to change buses for cross-town trips. The city significantly subsidizes the bus system, as do most cities with bus systems. The goal is to provide a reliable, efficient transportation system.

2006 Resident Opinion Survey

In 2000, 38% of the citizenry surveyed responded that traffic was a concern, and 47% responded that crime/public safety was a concern. In contrast, according to the 2006 Resident Opinion Survey, there seems to be no clearly-defined concerns among Tallahassee residents. When asked about important local issues facing our community, nearly 20% of respondents could not name an issue. When asked to name two things that concerned them, the only concern that rated above 15% was crime/public safety (16%). The reduction in level of concern over traffic and crime/public safety demonstrates that Tallahassee is a healthy community, growing and improving daily.

According to a 2006 Resident Opinion Survey...

80% of respondents had a favorable view of the "quality of services provided by the city."

64% of respondents said the city rated excellent or good in the responsiveness of city personnel to callers.

The most popular city service area is the Parks & Recreation Department.

Crime/public safety, traffic, and education were listed by respondents as their top concerns.

64% of respondents support the city providing financial incentives to encourage certain types of businesses to relocate or expand their operation in Tallahassee.



The Best Tasting Water in the State!