



City of Tallahassee, FL

A Report to Our Citizens

Fiscal Year 2007
with selected 2008 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

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 2,981 full time employees for fiscal year 2008. 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, storm water and flood control, fire, solid waste and recycling services. The city also 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 176,336. The median age is 26.3, the median family income (county) is \$61,859, and the unemployment rate is 3.4%.

The city general fund and business type funds have a 2008 operating budget of \$135 million and \$596 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 2007, property taxes generated \$35.4 million, or 26%, of total city general fund needs. To place the amount of property taxes received by the city into perspective, for a citizen with a \$200,000 home and a \$25,000 homestead exemption, you paid the following property taxes:

Paid to:	Amount	Percent of Total
Leon County	\$1485.75	41.02%
School Board	1479.80	40.86
Water Mgmt. District	8.75	0.24
City	647.50	17.88
TOTAL	\$3621.80	100.00%



Strategic Priorities

The City Commission establishes annual goals and target issues. Target issues are priorities addressed by the city to improve services to the citizens of Tallahassee.

2007 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 2007

Selected 2007 City Performance Measures*

	FY 2007 Target	FY 2007 Actual
POLICE		
Priority one average response time	5.1 min	5.4 min
Priority two average response time	8.0 min	9.0 min
Total calls for service	123,000	142,461
FIRE		
Average fire response time—rural	7.3 min	9.0 min
Average fire response time—urban	5.3 min	6.7 min
Number of incidences—rural	5,010	5,397
Number of incidences—urban	15,500	18,967
AVIATION		
Deplaned passengers	565,000	479,928
Enplaned passengers	565,000	485,343
Persons using airport terminal facility	2.26 million	1.93 million
STARMETRO		
Number passenger trips carried	4.5 million	3.9 million
Basic system cost per passenger	\$2.05	\$2.49
Basic system revenue per passenger	\$0.65	\$0.68
Dial-A-Ride cost per passenger	\$16.75	\$10.61
Dial-A-Ride revenue per passenger	\$1.05	\$2.70
PARKS & RECREATION		
Percentage of expenditures recovered through user fees and charges	22.4%	23.1%
BUILDING INSPECTION		
Number of building inspections performed	84,902	77,628
Average five year revenue as percentage of expenses	78%	77%

Economic Development Target Issue

- Tallahassee is listed as one of the “50 hottest Cities in America” for business expansion and relocation by Expansion Management Magazine.
- The Johns Building and other state properties on Gaines Street have been acquired by the city. The City Commission approved reserving the Johns Building site for a future Performing Arts Center should interested groups develop funding strategies.
- Construction of the new Marriot Residence Inn on Gaines Street is complete.
- The Tallahassee Center condominiums (111 units) are complete and construction of Plaza Tower (224 units) is expected to be complete on Kleman Plaza by summer 2008.
- Negotiations are on-going for development of a hotel and/or office building on the Floridan Block (corner of Monroe and Tennessee Streets).
- The city is focusing on numerous major corporate relocation negotiations and Danfoss Turbocor at Innovation Park is one of those successes.
- Negotiations are being finalized with Compass Pointe Development that includes an airport hotel.
- Alliance Center (a 70,000 square foot mixed-use development for Monroe Street) is expected to be complete summer 2008.



Kleman Plaza

Environmental and Energy Resources Target Issue

- Incentives are being proposed to the City Commission for developers and builders that propose “green” developments and Leadership in Energy and Environmental Design (LEED) certified buildings.
- A Demand Side Management Plan is being implemented that focuses on community strategies to reduce energy consumption and peak demand.



Hopkins Power Plant

- The procurement process for a “Smart Metering Program” was completed in September 2007, and infrastructure acquisition is underway.
- A Watershed Protection Plan group has been formed to address regional water quality relating to Wakulla Springs.
- A Wastewater Treatment and Disposal Master Plan will address continued use of the spray field at the Southeast farm.
- A FDEP Wastewater permit has been received that includes Advanced Wastewater Treatment and requirements to reduce nitrogen in wastewater by 75 percent and to improve sewage sludge treatment so it can be used as lawn fertilizer.

Health and Human Services Target Issue

- The Joint Planning Board (JPB) for the Community Human Services Partnership program was reactivated to ensure that the allocation of grant funds is efficient, effective and responsive to the current needs of this community.
- The City continues to work with the Shelter and the Big Bend Homeless Coalition Board to seek Emergency Shelter Grant assistance for the shelter.
- The City continues to provide funds to the Hope Community as they help families in need to get back to self-reliance.
- A Vendor Preference Program was implemented to encourage businesses to donate funds to eligible Tallahassee-based health and human service organizations. In return, the vendors receive bonus points when seeking City business.
- Whole Child Project, facilitated by the United Way of the Big Bend, was supported whereby families can readily access information and service providers regardless of where they enter the system of care.
- Funds are provided annually to approximately 34 low-income homeowners to rehabilitate and preserve their homes.
- The City and County staff jointly built a Habitat for Humanity home for a local community family.

Financial Viability Target Issue

- \$160 million is being spent to upgrade the largest generating unit at the Hopkins Power Plant to increase unit efficiency and reduce operating cost.
- \$160 million is being spent to upgrade the Lake Bradford and Thomas P. Smith wastewater facility to address any possible effects on the Wakulla Springshed.
- \$35 million will be spent on an automated “Smart Metering Program” to provide the city and homeowners the ability to monitor and manage their utility usage.

Long Range Community Based Planning Target Issue

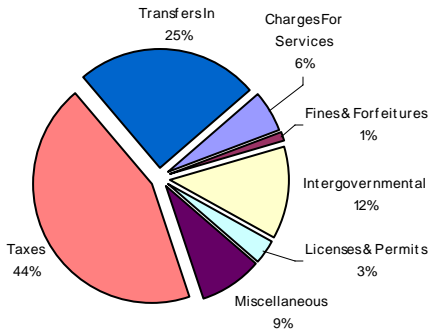
- New policies were reviewed and recommended to encourage development of affordable housing.
- Development codes were revamped to incorporate sustainable transit and pedestrian friendly designs consistent with community standards.
- Senate Bill (SB) 360 makes significant changes to Florida’s Growth Management Act. We are working to ensure compliance with all the new mandated requirements on transportation and school concurrency.

*Complete list of city performance measures available in FY 2008 budget.

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

Sources of Revenue

GENERAL FUND SOURCES FY08



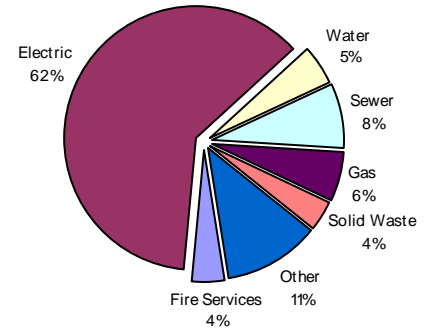
SOURCE	2008 REVENUE
Taxes & Franchise Fees	\$59,207,291
Transfers In	33,690,541
Intergovernmental	16,795,722
Charges for Services	7,605,669
Licenses & Permits	4,437,321
Fines and Forfeitures	1,323,500
Other	11,446,960
TOTAL	\$134,507,004

⇒ With total operating revenues of \$730.4 million, more than \$595.9 million, or almost 82%, 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 2008, \$33.2 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: 24,927
 - * Water system: 75,400
 - * Sewage collection: 65,000
 - * Storm water and flood control: 80,600
 - * Solid waste and recycling collection: 64,280

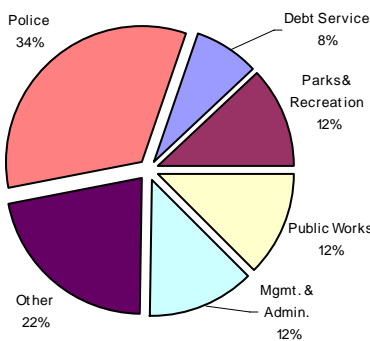
BUSINESS FUND SOURCES FY 08



SOURCE	2008 REVENUE
Electric	\$371,980,186
Sewer	46,116,260
Gas	36,450,298
Water	28,070,069
Fire Services	23,413,943
Solid Waste	22,054,241
Other	67,879,881
TOTAL	\$595,964,878

Functional Expenses

GENERAL FUND USES FY 08



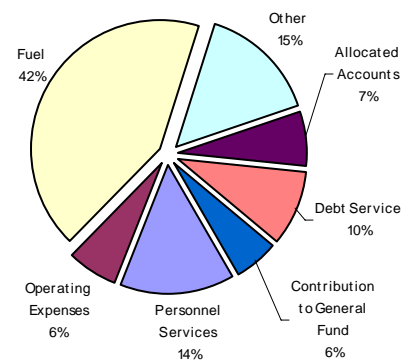
ACTIVITY	EXPENSE
Police	\$45,417,303
Mgmt. & Admin.	16,751,019
Public Works	16,520,209
Parks & Recreation	15,963,945
Debt Service	10,475,804
Other	29,378,724
TOTAL	\$134,507,004

⇒ The general fund makes up 18.4% 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 \$76.2 million (56.7% of total general fund expenses). A large portion of business fund expenses (\$254.8 million) is for fuel.

⇒ Not shown on this page is an additional \$223.1 million budgeted in 2008 for capital improvements and a total of over \$1.0 billion in improvements planned for the next five years. Major improvements for 2008 include: \$14.3 million for public safety, \$4 million for storm water, \$11.9 million for transportation projects, and \$57 million for utilities. A portion of capital projects are funded from the additional one cent sales tax that also funds Blueprint 2000 projects.

BUSINESS FUND USES FY 08



ACTIVITY	EXPENSE
Fuel	\$254,839,951
Personnel Services	84,912,162
Allocated Accounts	39,864,908
Operating	38,369,477
Contribution to General Fund	33,226,728
Debt Service	56,746,229
Other	88,005,423
TOTAL	\$595,964,878

- ◆ 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.talqov.com>.
- ◆ City Budget, <http://www.talqov.com/dma/budget/fy08/fy08budget.cfm>, External Audit of city financials, <http://www.talqov.com/dma/accounting/annualrpts.cfm>
- ◆ City Auditor Reports, <http://www.talqov.com/auditing/auditreports.cfm>

What's Next

Future Challenges and Economic Outlook

Property Tax Reform The most significant concern for the 2008-2009 fiscal year is the extent that current and proposed property tax reductions mandated by the Florida legislature will affect the city's ability to provide services to our citizens and community. For 2008, the city has identified \$6.3 million in reductions across all funds and reduced the workforce by 26.5 positions. In addition, the filling of another 36 positions has been frozen until the effects of additional proposed property tax reductions are known. Continued reductions in the state budget resulting from revised downward revenue projections will have a negative ripple effect on local government. Unfortunately, with downturns in the economy there is a corresponding increased demand for government services.

Water Quality A significant issue being addressed by the city and surrounding local governments is how to best use and protect our water supply. The city will invest significant monies in upgrading the Thomas P. Smith Wastewater Treatment facility and is addressing concerns about the Southeast Farm Sprayfield. We continue to work as a regional participant on watershed issues that could affect the health of Wakulla Springs, and the city continues to be concerned about the use of septic tanks that affect water quality both within and outside city boundaries. Protecting water quality is a regional responsibility and must involve all citizens and surrounding governments.

Electricity Demand and Cost The city continues to seek ways to address electricity demand and cost. For example, major renovations are currently being made to the primary generating unit at the Hopkins Power Plant; the city is in the process of implementing a "Smart Metering Program" to provide improved and expanded service, and a demand side management program will identify ways to reduce energy consumption. Notwithstanding, energy cost is directly affected by fuel cost, 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 1 percent of total power needs, our generated electricity comes from burning natural gas or fuel oil. Most residents are unaware that the City has one of the lowest base rates for electricity of any utility 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. Both Jacksonville and Gainesville have lower fuel rates, and both of those cities use coal as one of their fuel sources. As recently as December 2007, Talquin Electric Cooperative, Inc. stated in its monthly newsletter that coal keeps its energy costs affordable and that by substituting natural gas for coal increases Talquin's (operating) cost by just over 60%. 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 pursue a strategy to have diversified fuel sources, which include renewable energy resources with upgrading current generating facilities to improve efficiency.

StarMetro The city General Fund subsidizes over one-half the cost to operate StarMetro. It is likely that this annual subsidy will continue as many citizens and students depend on daily bus transportation. StarMetro has recently upgraded equipment and bus stops, redesigned routes based on need and use, and expanded service to Bradfordville and Southwood. In addition, the city continues to participate as a member of the Capital Regional Transportation Planning Agency to identify how bus transportation can be expanded to provide services to outside the city limits and to surrounding counties. Our challenge is to deliver a safe, reliable, and efficient bus service and to find ways to encourage use by all segments of the community.

Economic Development and Intergovernmental Cooperation Economic development requires the continued cooperation of the Leon County Board of County Commissioners, Florida State University, Florida Agricultural and Mechanical University, the Tallahassee Community College, and the Leon County District School Board and business community. Current projects that have economic impact include the Gaines Street Corridor, Cascades Park, the Southern Strategy, downtown residential construction, the Welaunee Development, and Blueprint 2000. Major issues to continue to be addressed with the County include joint dispatch for 911 calls, a new Motorola communications contract for public safety, and the need to better coordinate emergency management.

City Salaries and Post-Employment Benefits The City of Tallahassee has a very skilled and dedicated workforce and has one of the most actuarially sound pension systems in the state. Notwithstanding, and not unlike most other local governments, some difficult decisions will have to be made on how to best fund promised healthcare benefit subsidies for retired employees. New mandated accounting standards will require the city to disclose these unfunded future benefits having a present value amounting to over \$50 million. For 2008, city nonunion employees received between 2 and 2.7 percent annual salary increases while unions that represent other employees requested significantly greater percentage increases. The City Commission must be fair and equitable to its entire work force in recognition of the valued service provided by each employee.

Neighborhood Services In addition to operating the Tallahassee-Leon Community Animal Services Center, administering a housing program to assist citizens repair their homes, providing funding for needy individuals and families through The Shelter and the Hope Community, and providing funding for local non-profit organizations through the Community Human Services Partnership, the City also operates a nationally recognized parks and recreation program. The needs are real and funding is limited. Most of these programs do not collect nearly enough revenue to cover the cost of operations, and reductions in general fund revenues resulting from property tax reform will have to result in either increased fees or reduced services.

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.

