

Table of Contents



City Commission



Seated: Commissioner Don R. Selvage, Mayor Gow B. Fields and
Commissioner R. Howard Wiggs

Standing: Commissioners Glenn E. Higgins, Justin M. Troller, Edie L. Yates and
Phillip E. Walker

Part I - Strategic Plan

Introduction	3
Our Strategic Planning Process	
Our Core Values	
Our Vision Statement	
Our Mission Statement	
Our Strategic Goal Statements	
Our Strategic Operating Plan (SOP)	
Customer Expectations	13
Citizens Satisfaction Survey	
Satisfaction Survey and Analysis	
Lakeland Vision Budget Survey	
SWOT Survey Results (2010)	
Other Citizen Interaction	
Environmental Scan	21
Demographic Trends	
Land Development Trends	
Economy	
Education	
Legislation	
Technology	
City Programs: Opportunities and Threats	
Strategic Issues	56
Appendix	59

Part II - Business Plan

Financial Health	71
Getting Our Priorities Straight	
Revenues at a Glance	
Financial Trend Monitoring System	
Revenue Manual: General Fund Summary	
Financial Forecast	
Budget Balancing Strategies	
Performance Management	141
Overview	
Strategic Goal Areas	
Directional Outcomes	
Key Success Indicators	
Actionable Items Report:	
Updates	
New Initiatives	

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Introduction

The City of Lakeland's Strategic Planning process drives the organization's business model of the future. It is the foundation upon which the Strategic Plan, Business Plan and the Annual Budget are built. Before available resources are allocated, we must first understand the needs and desires of the constituencies of Lakeland along with consideration of fiscal and environmental factors. By looking ahead and asking our constituents what they need or want, we establish an expectation of what level of service to provide, along with an understanding of what resources are required.

Our Strategic Planning Process

This year's strategic planning process began in October 2010 with the mapping of our Strategic Operating Plan and Budgeting Cycle (see inside cover), development of program topics and data compilation in preparation for the City Commission Annual Retreat. Again this year, a City Commission Retreat Guidebook has been developed to assist in pre-retreat preparation and as a reference guide throughout the cyclical process.

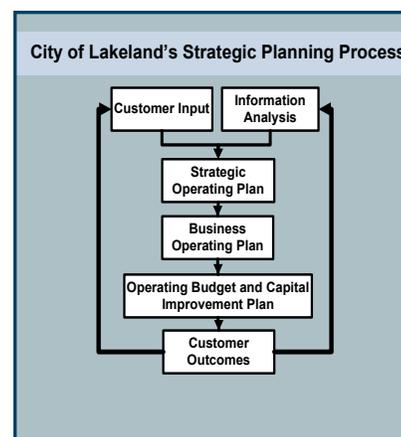
The Annual Retreat includes review and deliberation of citizens' input, stakeholder survey results, environmental scan information and financial impacts. This review is followed by revisiting the City's Vision, Mission, Values, Goals and Outcomes. The City Commission makes any necessary changes based on the data and input from internal and external stakeholders and their collective deliberation.

Traditionally, a two-day retreat has been held inclusive of a key note address, informational presentations on issues, brainstorming and discussions of emerging issues by stakeholder panels with annual assessment of the Strategic Operation Plan provided by the City Commission. As a more deliberative strategic effort, this year, a one day retreat is proposed for the Strategic Planning phase; to be followed by a separate retreat during the Business Planning phase and multiple workshops during the budgetary phase. The City Commission Strategic Planning Retreat will focus high level analysis on emerging issues from data points and the City Commission's valuing (prioritizing) of its top goal and program areas. The Business Planning Retreat day in May will focus intermediate-level analysis on a staff-drafted business plan with initiatives, actions and priorities derived from the Strategic Planning Retreat day held in April.

How this Document is Organized

The introduction section sets forth the City's Vision, Mission, Goals and Core Values; this information is presented as adopted for the previous year. This section also expands on the City's Strategic Operating Plan providing step-by-step descriptions of the cyclical process through the Business Planning and Budgetary Development phases. The next three sections (Customer Expectations, Environmental Scan and Financial Health) are narrative or presentational in form, illustrating snapshots of financial indices and environmental impacts affecting the City along with findings on customer outreach. The final section is a dashboard based on the City's KSI measurements for assessing successes and challenges relating to Goals and Directional Outcomes as well as a Progress Report of ongoing Actionable Items. KSI's measure City-wide progress in addressing priorities. As in every stage of this process, careful attention to customer expectations, the environmental scan and financial assessment provides the basis for our organization's commitment to data-driven decision making.

The Business Plan Document flows directly from the Strategic Plan Document with defined strategies supporting the Goals and Outcomes of the City. In this way, we assure the core services provided are purposefully designed to meet the strategic needs of the City and only then do we begin to prioritize and allocate resources.



Our Core Values

Leadership

We will lead by example, learn from the past, provide direction for the present and plan for the future



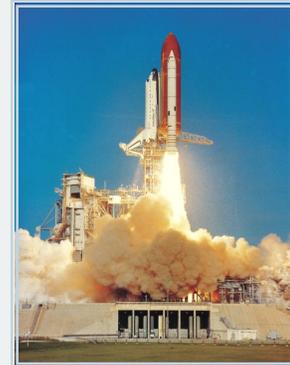
Commitment to Excellence

We will achieve measurable success and continuous improvement through investment of resources, accountability and high expectations for quality



Diversity

We will utilize our differences to encourage participation, opportunity, equality, respect and responsiveness to our community



Integrity

We will conduct ourselves in an honest and ethical manner to earn the trust of employees and citizens

Empowered Workforce

We will cultivate a work environment which offers employees the authority to act through supportive leadership, mutual respect, trust, personal responsibility and open communication



Social Responsibility

We will enhance the quality of life for all citizens through partnerships and programs that embrace cultural diversity, safety and community involvement

Vision

Lakeland - a vibrant, innovative, culturally inclusive world-class community.

Mission

A community working together to achieve an exceptional quality of life.



Strategic Goal Statements

Quality of Life: “Provide quality public spaces; deliver superior municipal services, and support arts, education, recreation and wellness”

Growth Management: “Ensure planning and infrastructure results in quality development and safe, attractive neighborhoods”

Economic Opportunity: “Create and encourage inclusive, lasting environments that grow, attract and retain a creative, talented, educated and technically qualified workforce”

Fiscal Management: “Develop and effectively manage financial resources”

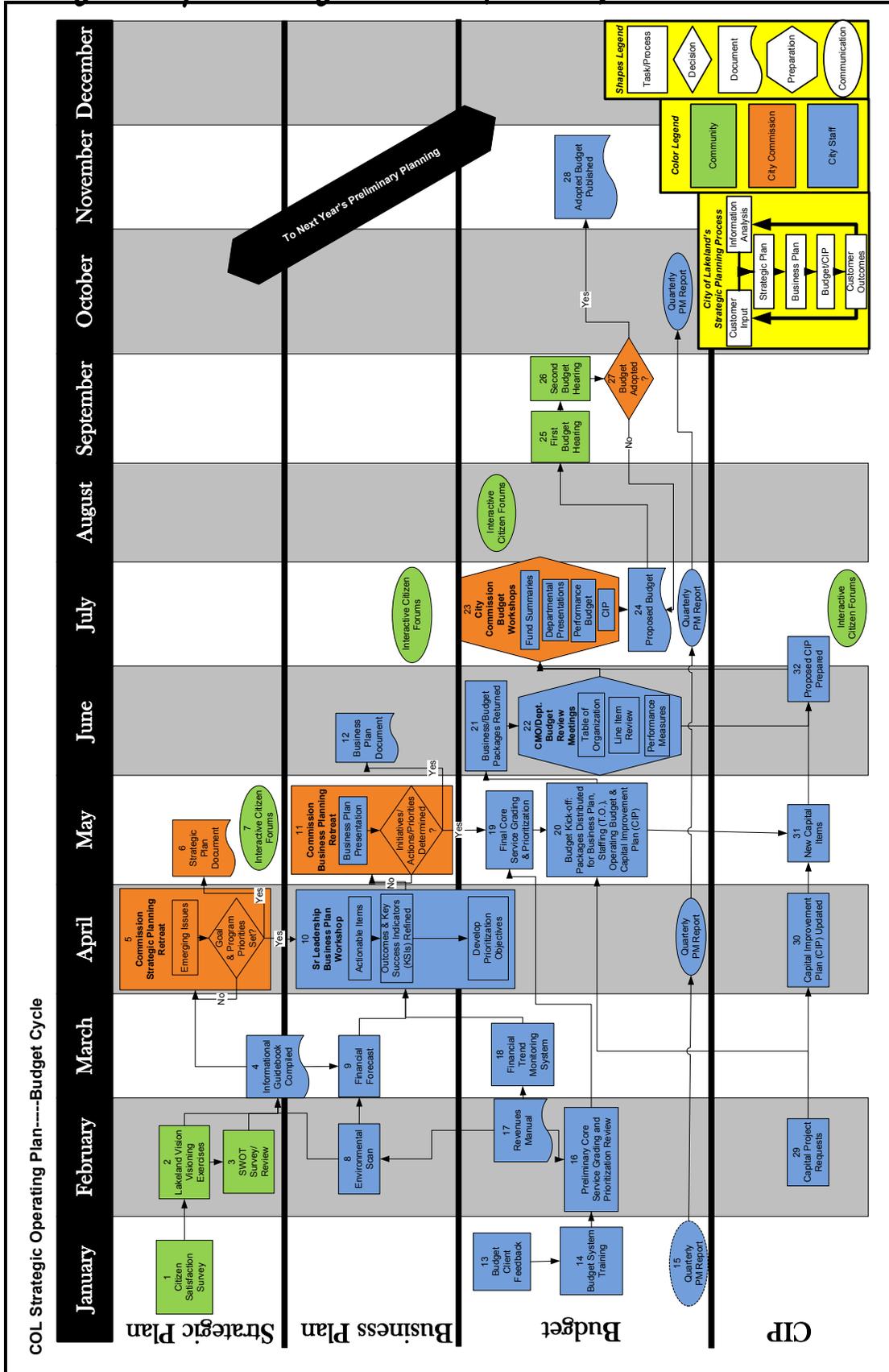
Communication: “Develop an informed and engaged community”

Governance: “Provide for responsive and responsible governmental service”



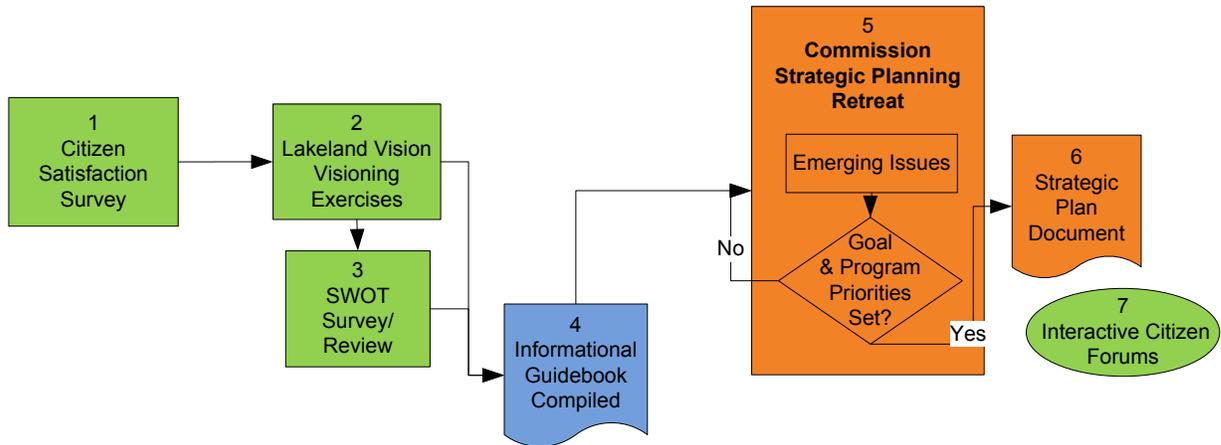
Strategic Operating Plan (SOP)

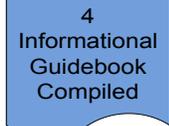
Strategic Operating Process Map



Strategic Operating Plan (SOP)

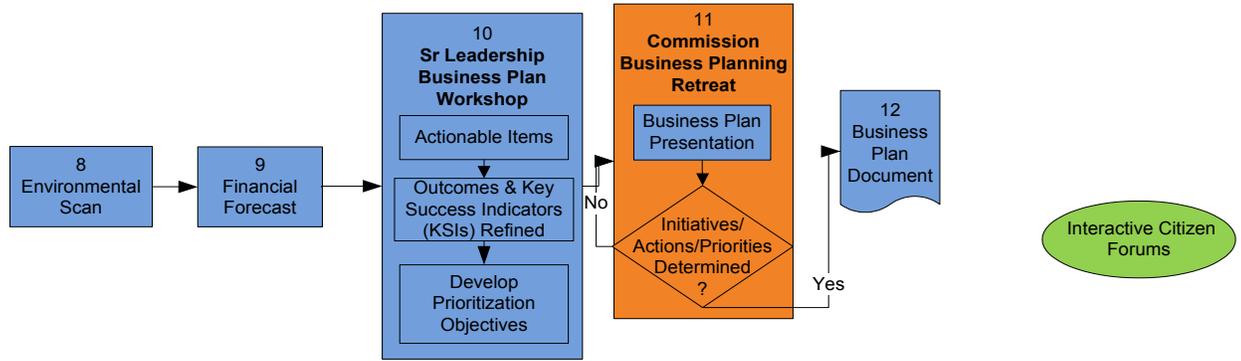
Strategic Plan



<p>January</p> 	<p>Data collection tool that enables community leaders to identify and prioritize actions for improving citizen satisfaction and targeted behaviors tracking progress towards established goals including benchmark comparisons to similar communities. The chosen measurement system, Cobalt Citizen Satisfaction Survey (CCSS), is powered by the same methodology that drives the American Customer Satisfaction Index (ACSI), the only uniform, cross-industry measure of satisfaction available in the United States today.</p>	<p>April</p> 	<p>As a more deliberative strategic effort, this year, a one day retreat is proposed for the Strategic Planning phase; to be followed by a separate retreat during the Business Planning phase and multiple workshops during the budgetary phase. The City Commission Strategic Planning Retreat will focus high level analysis on emerging issues from data points and the City Commission’s valuing (prioritizing) of its top goal and program areas.</p>
<p>March</p>  	<p>Lakeland Vision is an independent non-profit organization formed in 1998 with the goal of creating and implementing a comprehensive, action-oriented vision for the future of the greater Lakeland area. In 2008, Lakeland Vision refreshed the community’s vision through a visioning program known as <i>Make Your Mark</i>. The City has partnered with Lakeland Vision in conducting a budgeting survey of residents, www.LakelandBudget.com “<i>How would Lakelanders Balance the Budget?</i>”</p> <p>The SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is an essential tool in the strategic planning process. It is a tool for auditing an organization and its environment and is the first stage of planning to help stakeholders focus on key issues facing the community.</p>		<p>The Strategic Plan Document serves as a guide to the business and budgetary direction of the entire organization with overall community implications.</p>
	<p>An informational guide outlining the City’s strategic planning process; descriptions of the elements of the Strategic Operating Plan (SOP); updated resources illustrating the City’s financial health; environmental scan including demographic trends, economic analysis, land development trends, legislative issues, technology, process improvements, staffing, etc.; customer expectations; and performance reporting and analysis.</p>	<p>Periodic</p> 	<p>Various communication forums scheduled throughout the planning cycle for better engaging the Lakeland public such as community visioning sessions, citizen surveying, focus group discussions, town hall meetings, electronic question and answer forums, etc.</p>

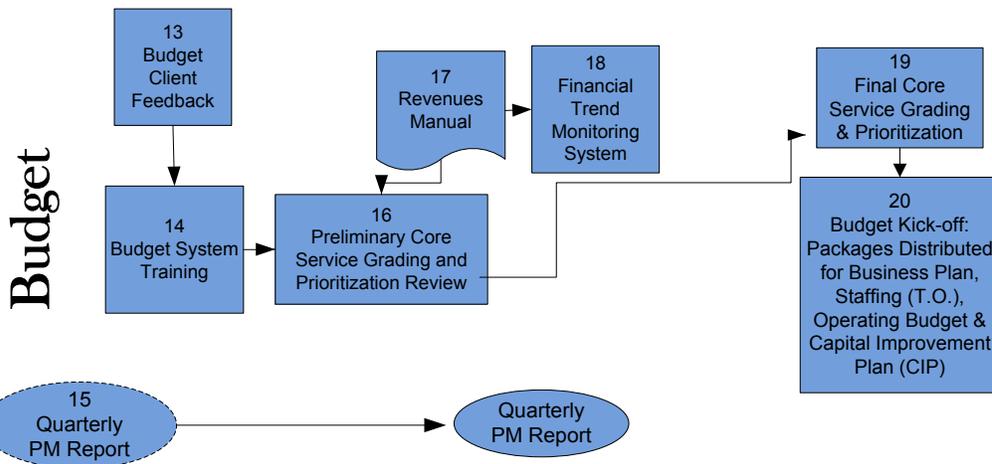
Strategic Operating Plan (SOP)

Business Plan



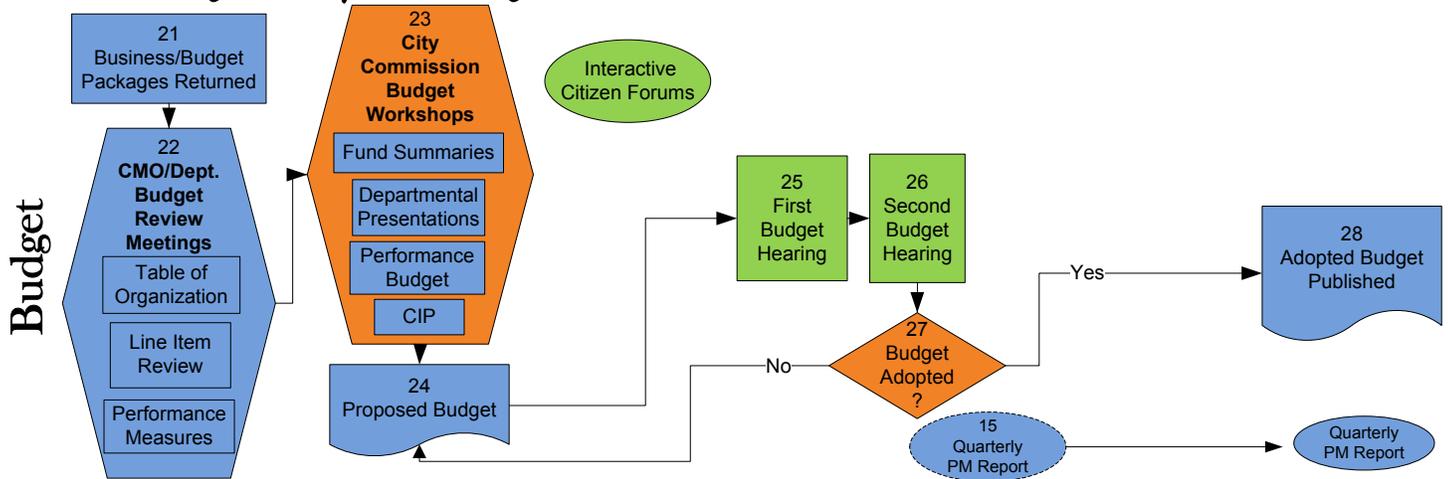
<p>March</p> <div data-bbox="180 793 342 888" style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>8 Environmental Scan</p> </div> <p>Consideration of external and internal factors that could influence the direction and goals of the City such as demographic trends, economic analysis, land development trends, legislative issues, technology, process improvements, staffing, etc.</p>	<p>May</p> <div data-bbox="914 846 1076 1108" style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>11 Commission Business Planning Retreat</p> <p>Business Plan Presentation</p> <p>Initiatives/ Actions/Priorities Determined?</p> </div> <p>As a more deliberative strategic effort, this year, a one day retreat is proposed for the Strategic Planning phase; to be followed by a separate retreat during the Business Planning phase and multiple workshops during the budgetary phase. The City Commission in May will focus intermediate-level analysis on a staff-drafted business plan with initiatives, actions and priorities derived from the Strategic Planning Retreat day held in April.</p>
<p>April</p> <div data-bbox="180 1077 326 1171" style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>9 Financial Forecast</p> </div> <p>The financial forecast tool is used to determine what level of risk the City will face over the next several years in its ability to pay for services provided to the public or customers. Revenues are projected over the period and compared to estimated cost adjustments in payroll, operating expenditures, and capital outlay.</p> <div data-bbox="139 1308 334 1661" style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>10 Sr Leadership Business Plan Workshop</p> <p>Actionable Items</p> <p>Outcomes & Key Success Indicators (KSIs) Refined</p> <p>Develop Prioritization Objectives</p> </div> <p>The City’s Senior Leadership Staff consisting of the City Manager’s Office, City Attorney’s Office, Department Directors, Assistant Directors and other key staff will convene in a special workshop following the City Commission’s Strategic Planning Retreat to discuss the key business initiatives and actions attributable to emerging issues and the prioritized goals and programs determined by the City Commission. The staff will also develop budget prioritization objectives for the upcoming budgeting cycle premised on updated economic and fiscal conditions facing the community.</p>	<div data-bbox="954 1444 1084 1581" style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>12 Business Plan Document</p> </div> <p>The Business Plan Document flows directly from the Strategic Plan Document with defined strategies and actions supporting key outcomes and key success indicators.</p>
	<p>Periodic</p> <div data-bbox="914 1686 1109 1770" style="border: 1px solid black; border-radius: 50%; padding: 5px; width: fit-content;"> <p>7 Interactive Citizen Forums</p> </div> <p>Various communication forums scheduled throughout the planning cycle for better engaging the Lakeland public such as community visioning sessions, citizen surveying, focus group discussions, town hall meetings, electronic question and answer forums, etc.</p>

Strategic Operating Plan (SOP)



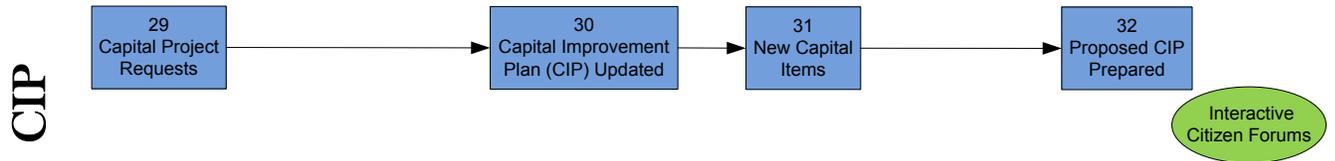
<p>January</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">13 Budget Client Feedback</div> <div style="border: 1px solid black; padding: 5px;">14 Budget System Training</div>	<p>Preliminary feedback from internal users of City’s budgeting system for process improvement and optimal execution.</p> <p>For the upcoming planning cycle, the City of Lakeland is in the midst of the design and development of the Oracle/Hyperion Planning & Core Services Implementation. The project is divided into multiple phases leading to training of master trainers who will train the mass users. The training phase will be followed by the “go live” application and ongoing system maintenance.</p>	<p>April (cont’d)</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">18 Financial Trend Monitoring System</div> <p>Analyses comprised of key financial/economic indicators that help measure the financial/economic health of the City. They include indicators, commonly ratios, used to assess financial condition and giving a basis for comparison to other cities or service organizations. Indicators will fall into several categories including debt structure, unfunded liabilities, operating position, per capita revenues and expenditures, as well as non-financial community needs and resource indicators.</p>
<p>Quarterly</p> <div style="border: 1px dashed black; border-radius: 50%; padding: 5px; width: fit-content; margin: 0 auto;">15 Quarterly PM Report</div>	<p>City staff will be charged with the reinstitution of regular performance reporting to the City Commission and Lakeland Citizens based on the Strategic Operating Plan in meeting the City’s Vision, Mission, and Goals specifically tied to actionable items and key success indicators in support of those conceptual expectations.</p>	<p>May</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">19 Final Core Service Grading & Prioritization</div> <div style="border: 1px solid black; padding: 5px;">20 Budget Kick-off: Packages Distributed for Business Plan, Staffing (T.O.), Operating Budget & Capital Improvement Plan (CIP)</div> <p>City staff will adjust final core services’ compilation, grading and rankings based on the results of this cycle’s strategic and business planning priorities.</p> <p>Administration’s directional strategy and preparation instructions for development of current cycle’s budgetary resources premised on strategic and business planning results.</p>
<p>April</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">16 Preliminary Core Service Grading and Prioritization Review</div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">17 Revenue Manual</div>	<p>City staff will tweak the results of the last year’s consolidated core services and discuss final grading results and quadrant rankings for formulating implementation strategy from this cycle’s strategic and business planning results.</p> <p>A Revenues Manual will be initiated as an effort to better understand and predict the City’s revenues, by undertaking a systematic documentation of all revenue sources thereby assisting in the planning and budgeting decision making process. It will provide information about receipts as well as the variables that affect revenue from cycle to cycle. Revenue (or potential) categories will include taxes, non ad valorem special assessments, franchise fees, intergovernmental revenue, interest income, and charges for services.</p>	

Strategic Operating Plan (SOP)



<p>June</p> <div data-bbox="175 772 337 842"> <p>21 Business/Budget Packages Returned</p> </div> <p>Administrative review Budget Preparation.</p> <div data-bbox="164 919 337 1184"> <p>22 CMO/Dept. Budget Review Meetings</p> <p>Table of Organization</p> <p>Line Item Review</p> <p>Performance Measures</p> </div> <p>Administrative review of comprehensive departmental operational budgets including table of organizations (staffing structure), line items, and performance measures with tentative determination by City Manager of Proposed Budget.</p>	<p>September</p> <div data-bbox="915 806 1029 940"> <p>25 First Budget Hearing</p> </div> <p>Legally required first public hearing with timetable prerequisites preceding setting of property tax millage rate and adoption of final budget.</p> <div data-bbox="922 1066 1019 1192"> <p>26 Second Budget Hearing</p> </div> <p>Legally required second public hearing with timetable prerequisites preceding setting of property tax millage rate and adoption of final budget.</p> <div data-bbox="883 1310 1062 1436"> <p>27 Budget Adopted ?</p> </div> <p>Legislative approval by the City Commission of final tax millage rate and budget.</p>
<p>July</p> <div data-bbox="175 1289 363 1562"> <p>23 City Commission Budget Workshops</p> <p>Fund Summaries</p> <p>Departmental Presentations</p> <p>Performance Budget</p> <p>CIP</p> </div> <p>Legislative review of comprehensive budget recommended by departments and as proposed by City Manager including fund summaries (revenues and expenditures balance sheet), and presentation of each department's capital projects, operating and performance budgets.</p> <div data-bbox="159 1675 344 1766"> <p>24 Proposed Budget</p> </div> <p>Proposed Budget prepared and made available to City Commission and all stakeholders.</p>	<p>November</p> <div data-bbox="889 1570 1084 1709"> <p>28 Adopted Budget Published</p> </div> <p>Publication of finally approved budget by the City Commission.</p>

Strategic Operating Plan (SOP)



<p>February</p> <p>29 Capital Project Requests</p> <p>Submission of new, replacement, or improvement projects and related costs based on departmental assessment.</p>	<p>Periodic</p> <p>7 Interactive Citizen Forums</p> <p>Various communication forums scheduled throughout the planning cycle for better engaging the Lakeland public such as community visioning sessions, citizen surveying, focus group discussions, town hall meetings, electronic question and answer forums, etc.</p>
<p>April</p> <p>30 Capital Improvement Plan (CIP) Updated</p> <p>CIP updated based on capital project requests and analyses.</p>	
<p>May</p> <p>31 New Capital Items</p> <p>Submission of new capital projects and related costs based on strategic priorities and actionable items.</p>	
<p>June</p> <p>32 Proposed CIP Prepared</p> <p>Capital Improvement Plan recommended by Finance Department and City Manager's Office.</p>	

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Customer Expectations

Overview

In an effort to closely align the City's resources with the needs and desires of residents, the City of Lakeland uses a variety of methods to accumulate credible and useful data. Input from stakeholders and information analysis are critical pieces of the strategic planning process. The best welfare of City constituents demands that we know and fulfill their needs with quality services. For the current cycle, such input has been gathered through citizen satisfaction and budget surveys, town hall meetings, e-town hall meetings, city commission neighborhood meetings, focus group sessions, open breakfast meetings with the Mayor, workshops, social and electronic media, and other advancing forms of interactive feedback forums.

Citizen Satisfaction Survey

The Cobalt Citizen Satisfaction Survey (CCSS) delivered by Cobalt and CFI Group is a measurement and management tool designed specifically for the public sector that enables community leaders to identify and prioritize actions for improving citizen satisfaction and targeted behaviors. It also enables local governments to track their progress toward established goals and benchmark their success against other community organizations with similar missions. The measurement system is powered by the same methodology that drives the University of Michigan's American Customer Satisfaction Index (ACSI), the only uniform, cross-industry measure of satisfaction available in the United States today. The CCSS brings the respected analytics of the ACSI methodology to the world of local government management at an affordable cost.

In late 2008 and early 2009, Cobalt conducted a pilot study for the CCSS. Paper surveys were mailed out to a random sample of 2,500 adults ages 18 and older in various communities across the country. A total of 458 completed surveys were received. In 2010, Cobalt began conducting an annual National Citizen Satisfaction Study with larger samples to provide greater detail on regions and special populations. As a result, participating local governments are able to compare their performance against current national benchmarks, refreshed annually.

The City contracted with Cobalt Research to survey a random sample of citizens on community issues that will help City Commissioners make decisions on allocating resources to City programs and services. From December 2010 to January 2011 those surveys were sent

out to 1,500 households for feedback. Valid responses were received from 348 responders, providing a conventional margin of +/- 5% in the raw data and an ACSI margin of error of +/- 2.2%.

Satisfaction Survey and Analysis

National Key Findings/Lakeland's Survey Results

- Satisfaction with local government service provision and community amenities lags well behind satisfaction in the private sector and federal government: Nationwide, citizen satisfaction with local communities currently rates a 58.0 while Lakeland rates a 68 on the ACSI's 100-point scale, lagging slightly behind the ACSI for the private sector (75.7 at last measure in Q4 2008) and the federal government (currently at 68.9).
- Nationally, local government administration, economic health, public schools, community events and transportation are 'top priority' areas for improving citizen satisfaction; results indicate that community leadership is falling short in these areas and improvements there will focus resources where they will have the greatest impact on citizen satisfaction. For Lakeland, the top priority areas for improving citizen satisfaction are transportation infrastructure, local government management, communication, economic health, public schools, and police services.

About Cobalt Community Research & CFI Group

Cobalt Community Research is a 501c3 non-profit organization with a mission to provide research and educational tools that help local governments thrive as changes emerge in the economic, demographic and social landscape. Cobalt is located in Lansing, Michigan.

Launched in 1988, CFI Group is headquartered in Ann Arbor, Michigan and provides its measurement solutions worldwide, within four continents. CFI Group services clients in a variety of sectors including telecommunications, manufacturing, banking, retail and government. CFI Group brings the methodology of the American Customer Satisfaction Index (ACSI) to help organizations in any industry build strong, lasting and loyal customer relationships.

Customer Expectations

Satisfaction Survey and Analysis (cont'd)

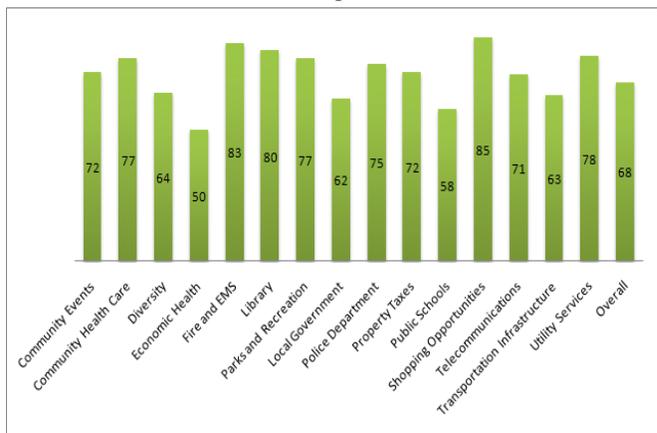
- Citizens are least satisfied with the economic health of their communities: Nationally, among the 15 areas measured, economic health received the lowest score of 48, with scores ranging between 48 and 78 (local fire department). For Lakeland economic health rated lowest at 50 with scores ranging highest for shopping opportunities (85) and fire and emergency medical services (83). In addition to economic health, other categories nationally with relatively poor performance ratings in the low to mid-50s are diversity (52), transportation (56), and local government administration (56). The next lowest categories for Lakeland were public schools (58) and local government management (62).
- For Lakeland among the issues relating to the local economy, citizens are most dissatisfied with the availability of jobs; citizens were asked to rate 6 areas regarding the local economy - the availability of jobs received the lowest score of 36, followed by stability of property values (44), with strength of local economy (46) and quality of jobs (46) tied.
- Nationally, citizens report low satisfaction with how they believe their local tax dollars are being spent. Among the areas citizens were asked to rate about their local government, “local governments spending dollars wisely” received the lowest rating of 47, with scores for this category ranging between 47 and 59 (leaders are trustworthy). For Lakeland, “local governments spending dollars wisely” is ranked lowest in this category at 53 with the highest in this category being a tie for leaders are responsible (67) and well trained employees (67).
- Generally, satisfied citizens exhibit higher levels of civic engagement, public trust and economic investment in their communities. Compared to citizens with mid-range satisfaction scores, highly satisfied citizens (scores of 85+) are: 47% more likely to remain in the community, 59% more likely to recommend the community as a good place to live, 33% more likely to volunteer, 53% more likely to encourage others to start a business locally and 70% more likely to support the current local government administration.
- Generally, citizen satisfaction ratings are significantly lower among groups from economically disadvantaged backgrounds. Non-white citizens and those with lower income and education report lower levels of satisfaction, are less likely to remain in their communities, and are less willing to recommend the area as a good place to live.

Lakeland’s study focused on 15 components of community characteristics and local government services, arrayed in the figure below illustrating Lakeland’s scores.

• Community Events	72
• Community Health Care	77
• Diversity	64
• Economic Health	50
• Fire and EMS	83
• Library	80
• Parks and Recreation	77
• Local Government	62
• Police Department	75
• Property Taxes	72
• Public Schools	58
• Shopping Opportunities	85
• Telecommunications	71
• Transportation Infrastructure	63
• Utility Services	78
• Overall Satisfaction	68

Among the community components, citizens gave fairly high ratings for shopping opportunities, local fire department, library resources and utility services with scores of 85, 83 80 and 78, respectively. Not surprisingly, given the current climate of economic uncertainty, citizens appear to be least satisfied with the economic health of the communities, coming in with the lowest score of 50. In addition to the local economy, the other category with relatively poor performance ratings in the high 50s is public schools (58).

Lakeland Component Scores

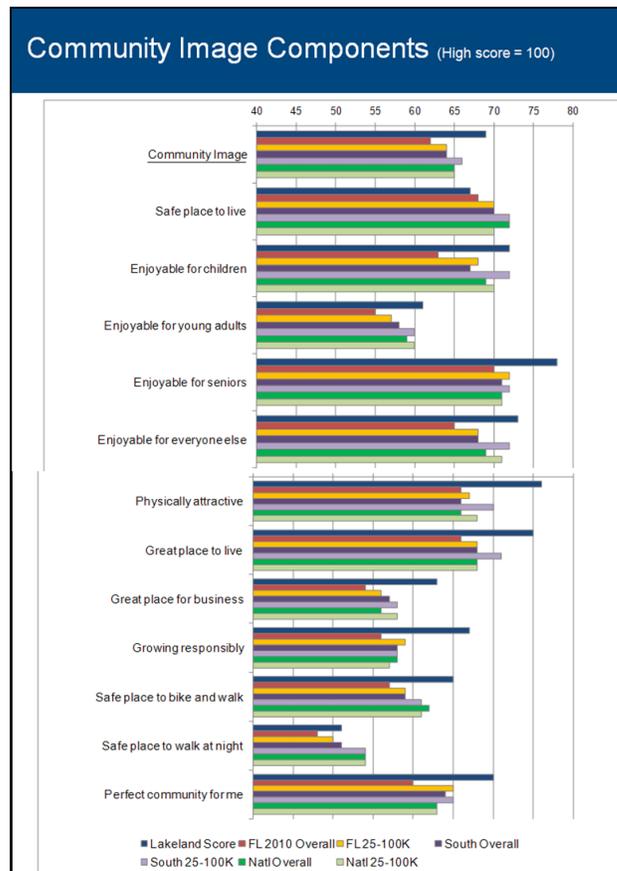
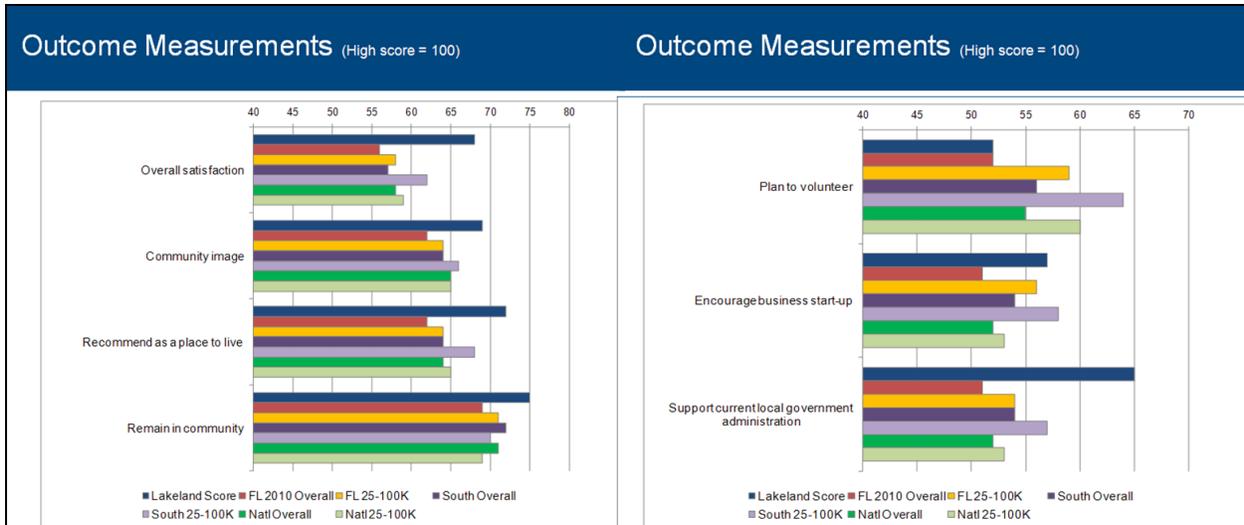


The City of Lakeland has solid performance when compared against the State, Regional and National Benchmarks.

Customer Expectations

Satisfaction Survey and Analysis (cont'd)

The City of Lakeland has solid performance when compared against the State, Regional and National Benchmarks.

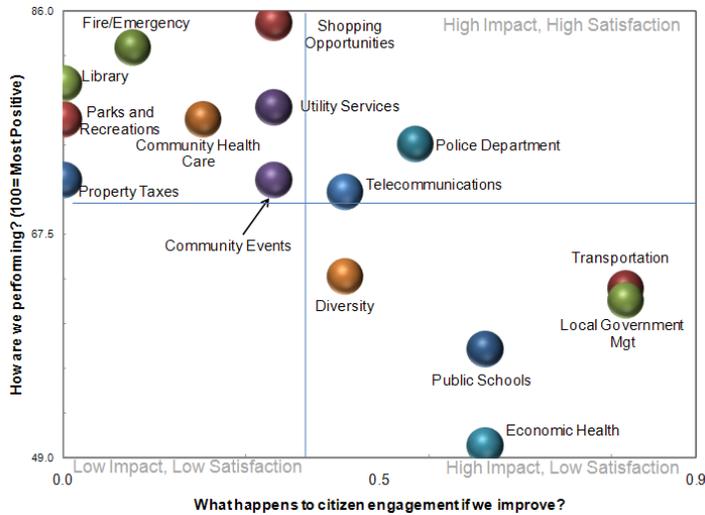


Customer Expectations

Satisfaction Survey and Analysis (cont'd)

From Information to Action

The output from the measurement system supports development of sensible action plans. While this process requires consideration of various factors including costs and overall governance strategy, the critical next phase is to set priorities for improvement initiatives.



The improvement priority map, displayed above, combines community component scores and impact information from the model output and serves as the starting point for action planning. Generally speaking, the critical areas to improve are those where impact is high and performance is low (lower right quadrant). Citizens are essentially telling us that community leadership is falling short in these important areas and improvements there will focus resources where they have the greatest impact on satisfaction and desired behavioral outcomes.

High impact, high performance areas (upper right quadrant) represent community strengths and core competencies. There is relatively less room for improvement to alter satisfaction or behavior in these areas, but they still have a high impact on CSI. Generally speaking, performance here should be carefully monitored and maintained. However, if scores are fairly low overall – as they are in this case – public managers may want to invest in improving performance in these areas given the high predicted impact on satisfaction.

Areas where impact is low and performance is weak (lower left quadrant) should be given minimal attention unless quick wins can be made. According to citizens, performance here currently has a small impact on satisfaction and any significant investment is not likely to lead to comparable returns. However, drastic improvements in any of these components (e.g., 10 points or more) are likely to have a marked effect on

satisfaction and should be considered if attainable with relatively little effort and resources. Where feasible, for example, public officials might consider collaborating with other local governments or private companies that offer these services to improve performance quickly, effectively and at a relatively low cost to the government.

The implications for the remaining quadrant (upper left), where impact is low yet performance is high, is less clear and requires more careful consideration. On the one hand, it may represent areas of over-investment because the benefits and attributes are not currently driving citizen satisfaction. One cost-effective course of action in this instance might be to take advantage of the expertise gained in this area by developing cross-functional teams with lower performing areas where the additional resources, skills and best practices could benefit the lower-performing area.

Lakeland Vision Budget Survey

Currently, state and local governments across the country are struggling to balance budgets in the face of an economic slowdown, a weakening housing market and high unemployment, all key factors in the revenue they collect. In the coming months, local governments will be forced, once again, to make a number of difficult decisions about how to allocate scarce resources across an array of public programs and services and/or raise taxes to generate more revenue. Incorporating input from community residents into local policy decisions is vital to the democratic process and necessary to ensure a successful program of change. Good government depends on strong public support and a citizenry that is invested in the development and growth of their community.

Lakeland Vision is an independent non-profit organization formed in 1998 with the goal of creating and implementing a comprehensive, action-oriented vision for the future of the greater Lakeland area.

Customer Expectations

Lakeland Vision Budget Survey (cont'd)

This year Lakeland Vision is leading the effort to help educate and gain input from citizens in budgeting and prioritization of the City's General Fund services. The City is a co-sponsor of this effort and will benefit from citizen perspectives gained from this exercise.

On March 21, 2011, Lakeland Vision launched an on-line opinion survey where citizens responded to questions regarding how they would balance the city budget. The survey was open for ten days and the results will be provided to City Commissioners as part of the inputs for their decision making during the annual City Commission Strategic and Business Planning Retreats.

SWOT Survey Results (2010)

The SWOT (Strengths, Weaknesses, Opportunities, and Threats) survey was conducted in the winter of 2010. The SWOT is an essential tool in the strategic planning process for auditing an organization and its environment and is a key planning step to help stakeholders focus on key issues.

Strengths and weaknesses are internal factors while opportunities and threats are external factors. The analysis groups key pieces of information into two main categories:

Internal factors – The *strengths* and *weaknesses* internal to the organization.

External factors – The *opportunities* and *threats* presented by the external environment to the organization.

The internal factors may be viewed as strengths or weaknesses depending upon their impact on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses for another objective. The factors may include services, as well as personnel, finance, capabilities, and so on. The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the marketplace or competitive position. The results are often presented in the form of a matrix.

In preparation for the City Commission Retreat last year, both supervisory and non supervisory City of Lakeland staff were asked to identify strengths and weaknesses impactful to Lakeland over the next several years.

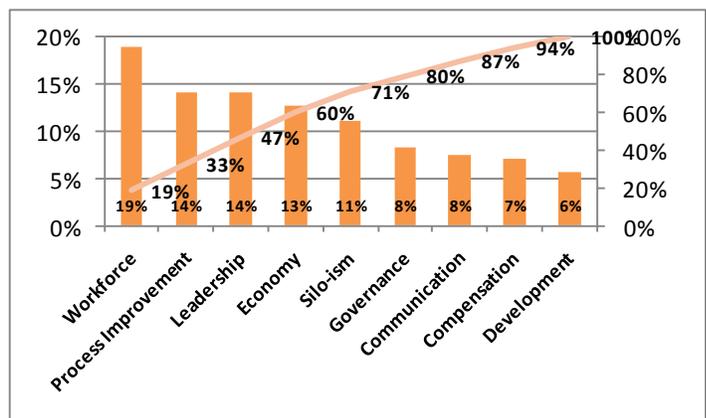
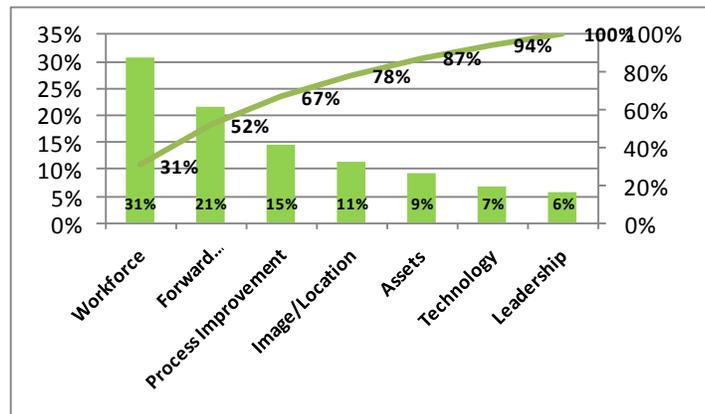
External stakeholders consisting of arts and culture groups, government and regulatory agencies, businesses,

educational institutions, faith and humanity organizations, neighborhood associations, and other constituencies were asked to identify opportunities and threats impactful to Lakeland over the next several years.

The data feedback from the SWOT Surveys was summarized under broader subject headings as listed in the illustrated Pareto Charts below.

The following is a breakdown of the survey respondents for the strengths and weaknesses survey.

Strengths identified by internal stakeholders - Aggregated by major titles/areas
Weaknesses identified by internal stakeholders - Aggregated by major titles/areas

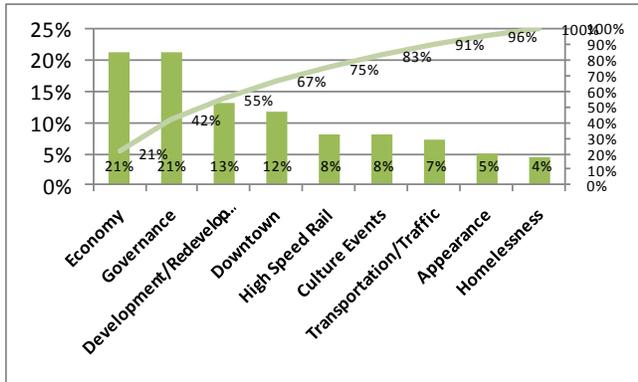


Customer Expectations

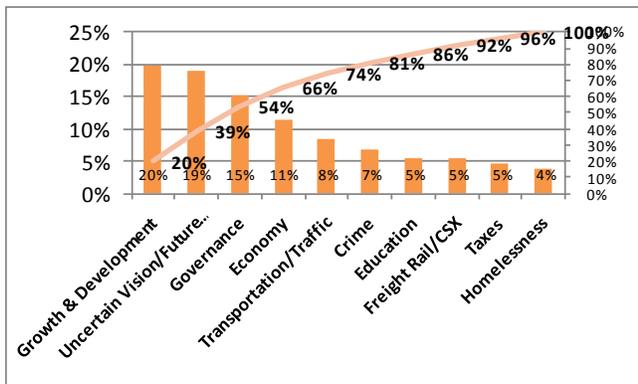
SWOT Survey (cont'd)

The following is a breakdown of the survey respondents for the opportunities and threats survey.

Opportunities identified by external stakeholders - Aggregated by major titles/areas
Threats identified by external stakeholders -



Aggregated by major titles/areas
Other Citizen Interaction



Mornings with the Mayor

Mayor Gow Fields invites local residents to attend Breakfast with the Mayor. These informal sessions take place over breakfast in various community locations. Mayor Fields said, "Accessibility is one of the keys to local government and Mornings with the Mayor" provides the opportunity for our citizens to share their views, ask questions and provide feedback on issues that are directly affecting them." He added, "Our first four events were very successful with about 40 residents attending each event. I look forward to spending

valuable face to face time with our residents listening to the concerns that they feel are facing our community."

Lakeland Citizens Academy

The Lakeland Citizens Academy, is an interactive public information program that encourages residents to experience City Services and the functions of City Departments through hands-on activities and programs.

The Citizens Academy program consists of six (6), two (2) hour evening sessions, with one session per month.

Citizens Academy Sessions:

February	Governing the City, History & Finance
March	Lakeland Police Department
April	Lakeland Fire Department
May	Public Works, Planning
June	Electric & Water Utilities
July	Parks & Recreation

The purpose of the Citizens Academy is to familiarize citizens in the community with Lakeland's City government. The program includes the function of City Departments, explains the relationship between the City Commission and City Administration, allows an overview of the budgetary process and it provides an outlet for further citizen input.

eTown Hall Budget Outreach Meeting

The City of Lakeland invited our citizens to participate in BUDGET OUTREACH meetings either in person or from the comfort and convenience of their home via computer.

Last summer, participants were invited to attend in person or log onto www.lakelandgov.net to view the meeting and to post questions that will be answered by Elected Officials and Department Directors.

The event started with a presentation on the FY 2011 budget. The budget presentation included areas of concern and budget assumptions based on tax levels, service fees and other revenues collected. A question and answer segment immediately followed the presentation where City Commissioners and staff answered concerns from both the live and virtual audience.

Customer Expectations

Other Citizen Interaction (cont'd)

eTown Hall Budget Outreach Meeting (cont'd)

There were a number of media partners including Lakeland Local and The Ledger that also hosted the eTown Hall Budget Outreach Meeting on their websites.

Viewers were able to watch the Budget Outreach Meeting on television by tuning into the Lakeland Government Network (LGN) on Bright House Networks.

Town Hall Meetings

Cleveland Heights Golf Course Town Hall Meeting

The Public was invited to a special presentation regarding Cleveland Heights Golf Course operations for short & mid-range planning

Topic Overview Included:

- History
- 3-year plan with strategies
- Greens Committee update
- Equipment & Maintenance

Focus group Meetings

Senior Demographic Focus Group Discussion September, 2010

Focus groups represent an effective method for capturing diverse attitudes and opinions from well-defined populations. The focus group discussion took place in early August, 2010 in the Commission Conference Room at City Hall. A list of representative providers of services to the senior demographic was developed and an invitation to participate was sent.

Topic Overview Included:

- Need Identification
- Features of Age Friendly Cities
- Future Directions

Major themes regarding emerging needs from the providers' focus group regarding growth issues include: rapid increase in demand for services, increase in service area, lack of clear communication of service options, poor access to service providers, and downward age-trends in demand due to the economic conditions. Themes relating to staying informed include participation in the strategic planning process, reaching-

out to groups via town hall meetings, use print media and written formats to ensure permanence, and respect for the limited available for use of cell phones. Themes relating to the use of technologies include data base mining, Crime-Spot, United Way's 211, and DOT's Silver Alerts. Themes regarding the opportunity for strategic partnerships focused on Code Enforcement, Polk Vision and Lakeland Vision, and Catholic Charities.

Major themes regarding selected features of "Age Friendly Cities" include: 1) confusion over access to and availability of public parks for the elderly, 2) fitness stations around Lake Hollingsworth and at Lake Parker Park, and accessibility of Kelly Recreation Center and Gandy Pool. Public transportation themes focused on the need for clear understanding of eligibility for the Handi Bus, partnering with Polk County transportation services, and providing grant funding for transporting the disadvantaged. Opportunities for social participation center on the congregate facilities at Lake Morton and Washington Ridge, access to rehearsals at the Lakeland Center and encouraging other arts organizations to allow access as a no-cost option for the Seniors.

Major themes related to the City's efforts to communicate with the provider organizations include clear identification of contacts and liaisons, initiating chat rooms with City Departments, going outside of City hall to reach the demographic and providing a clearinghouse for information exchange regarding relevant options for Seniors.

The last topic focused on trends in the senior population in Lakeland. There was consensus that there will be more seniors, they will have greater needs for service and limited financial ability, they will have expanded family units, greater need for assisted living, they will be active voters and will make increasing demands on the City.

Customer Expectations

Other Citizen Interaction (cont'd)

Neighborhood Association Coalition Meetings

The Neighborhood Association Coalition consists of Presidents and key members of all Neighborhood Associations in the City of Lakeland as well as staff members from Community Development's Neighborhood Planning Unit. The Coalition meets quarterly during the year and on the first Thursday of February, May, August and November at 6 p.m. in the City Commission Conference Room, third floor, City Hall. The Mission Statement was drafted and finalized in November 1999 and is as follows:

“It is the Mission of the Neighborhood Association Coalition to encourage the City to provide services that are on a neighborhood level and are responsive to the needs and concerns of neighborhoods as articulated by the various neighborhood Associations. The Coalition will network, share ideas and strategies, and advocate for stronger neighborhoods throughout Lakeland. It will also strive to implement the Metro Lakeland Vision as it relates to neighborhoods.”

Many topics are discussed and new ideas are explored at these quarterly meetings. Current activities and projects involving the neighborhoods and the City of Lakeland are reviewed. Problem solving and consensus building are a consistent focus of these meetings.

Citizens' Police Academy

The Citizens' Police Academy (CPA) is designed for selected community oriented citizens. The CPA includes detailed information on police topics such as uniformed patrol, special investigations (i.e., vice and narcotics), crime scene investigation, SWAT, K9 and many other areas of interest. Also included in the curriculum is a tour of the police station and communications center. A firearms familiarization course is also covered one Saturday where participants will be given a chance to test their skills at the firing range.



This in-depth academy runs for fourteen (14) consecutive weeks with classes meeting every Thursday night from 6:30 p.m. - 9:30 p.m. The 2011 Academy will begin on August 18, 2011 and conclude on November 17, 2011.

The Lakeland Police Department is committed to fostering positive Citizen - Police interaction and cooperation. One effective way to achieve this goal is through citizen education into the philosophy of community-oriented policing.



Citizen's Action Center

The City of Lakeland's Action Center serves as a central communications point for citizens to report a concern, make an inquiry or ask questions. After a submission, the individual will be emailed an inquiry number. Use of the inquiry number will allow requestors to check its status at anytime.

Environmental Scan

Demographic Trends

Population

The United States Census projected that the City of Lakeland had a population of 97,422 in 2010. This number represents a large increase from the 2009 estimate of 94,163 that was prepared by the University of Florida's Bureau of Economic and Business Research (BEBR).

The U. S. Census Bureau estimates a median age of 39.6 for Lakeland's residents in 2009.

LAKELAND'S POPULATION (by Census)

By Age	1990	2000	Change %
Under 5 Years	4,464	4,832	7.6%
5 to 9	4,240	4,736	10.5%
10 to 14	3,910	4,544	13.9%
15 to 19	4,694	5,029	6.7%
20 to 24	5,220	5,719	8.7%
25 to 34	10,003	9,802	-2.0%
35 to 44	8,679	9,582	9.4%
45 to 54	6,316	8,817	28.4%
55 to 64	6,918	7,345	5.8%
65 to 74	8,667	8,347	-3.8%
75 to 84	5,669	7,049	19.6%
85 plus	1,796	2,650	32.2%

Households and Families

The 2010 Census estimated that there were 48,218 housing units occupied in Lakeland; 55% owner-occupied and 45% renter-occupied. There were 7,460 vacant units with a homeowner vacancy rate of 4.4% and rental vacancy rate of 8.2%. The average Lakeland household size in 2010 was 2.18 people and the average family size was 2.29.

Cultural Factors

In 2010, Lakeland's total population was estimated at 97,422. Of that, 97.3% of the City's residents were recorded by the Census reporting themselves being of one race. Within this one race category, 70.8% were white, 20.9% were black, 0.3% were American Indian or Alaska Native, 1.8% were Asian, and 3.4% other race and 2.7% reporting two or more races. As part of the total City's total population, the 2010 Census estimates that there are 12,271 Hispanics or Latinos of any race embedded within the total figure. This number represents 12.6% of the City's total population, which is

a 144% increase in Lakeland's Hispanic population since the 2000 Census.

Educational Attainment

In 2010, 85.1% of residents at least 25 years old, had at least graduated from high school and 23.9% held a bachelor's degree or higher.

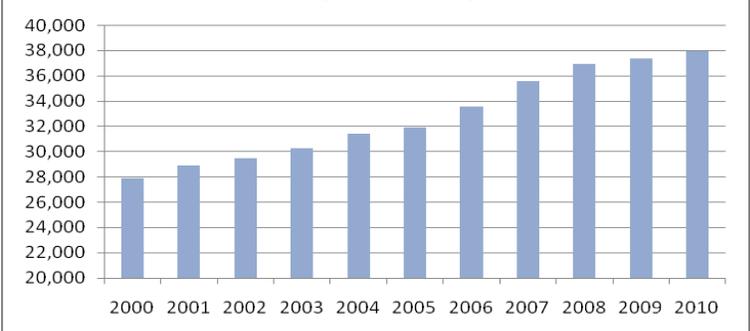
Income

In 2010, Lakeland's median household income was estimated at \$40,326 and the City's median family income was estimated at \$51,739 (both of these figures are based upon 2010 inflation-adjusted dollars).

Per Capita Personal Income

Year	Lakeland	Florida
1996	\$20,478	\$24,050
1997	\$20,869	\$24,919
1998	\$22,550	\$26,453
1999	\$23,478	\$27,329
2000	\$24,164	\$29,080
2001	\$24,976	\$29,810
2002	\$25,259	\$30,479
2003	\$26,257	\$31,283
2004	\$28,323	\$33,540
2005	\$30,317	\$35,605
2006	\$31,695	\$38,161
2007	\$32,404	\$39,417
2008	\$32,572	\$40,054
2009	\$31,951	\$38,890

Average Annual Wage



Source: Bureau of Economic Analysis
Per Capita Personal Income from Lakeland MSA

Environmental Scan

Land Development Trends

Residential

For the third consecutive year, Lakeland's residential housing market hovered around its previously established decade low. With just 151 single family permits being issued in 2010, it is evident that development activity has greatly fallen off the pace of the City's previous 10 year moving average. At this current permitting level, Lakeland is operating approximately 30% below what it might typically expect for an annual average, minus the boom years. Though 2010 will go on record as a bust with regards to single family construction, economic fundamentals are changing and forecasters are anticipating increased housing starts and positive growth in 2011.

Differing from new construction, the residential resale market looks to continue on its same path of decreased value and inconsistent sales patterns. Record low interest rates still could not incentivize buyers to get into the market as average sales prices continued to drop from \$113,192 in January of 2010 to \$94,426 in January of 2011. The average year-end price for homes sold in the Lakeland market dropped from \$192,842 in 2007 to \$115,075 in 2010, representing a 40% drop in price. If there is good news within the resale industry, it is that current inventory levels are still dropping with an estimated 2,400 houses for sale in the Lakeland area. This number is closer to 2005-2006 levels and is more than 25% less than the peak levels established in 2008.

Similar to residential development, Lakeland's consistent geographic expansion slowed in 2010 for the second consecutive year, with the City annexing less than 100 acres. Despite the modest amount of new land annexed into the City, Lakeland remains one of the largest geographic cities in the state with an estimated size of 74.4 square miles. Corresponding with this size, Lakeland is the 21st largest city in Florida. With a 2010 population estimate of 97,422 density Lakeland's is much lower than other cities of similar population.

Commercial and Industrial Properties

Encouraging signs of economic recovery have recently emerged from within Lakeland's industrial market. At the close of 2009, industrial vacancy rates hit their highest level since the onset of the most recent recession. Although, the first half of 2010 showed a dramatic decrease in vacancy rates from 7.5% in the third quarter of 2009 to 5.7% in the second quarter of 2010. Along with the decrease in vacancy rates, industrial rental rates continue to fall, dropping more

than \$1.10 per square foot over the past 12 months. Though Florida's industrial real estate market has taken a hit, the Lakeland market has remained stable, demonstrating strengths in both affordability and absorption.

With Lakeland's industrial market beginning to stabilize, 2011 will present opportunities as vacancy rates continue to rise and rental rates fall. New growth possibilities will resurface as businesses look to expand and developers look to take advantage of depreciated land and material costs as well as a variety of newly available financial incentives. With this factor, Lakeland's new and existing available space will continue to grow, spurring competition between landlords. This competition, combined with the expiring leases of existing tenants and a new flock of prospective tenants, will provide a boost to local leasing activities. Industry forecasters expect leasing activity within Lakeland's industrial market to increase in 2011 as absorption levels begin to stabilize.

Mixed Use Properties

Lakeland's mixed use market, like many others in the state, has been slowed dramatically by the causes of the current economic slowdown. Functioning as a successful urban area, Lakeland is set up to offer a variety of mixed use options utilizing the City's various shopping, dining and cultural amenities. For years, multi-story downtown buildings have been utilized as retail and office components. Though economic conditions promoting such uses have changed slightly, it is anticipated that a new wave of mixed use opportunities will arise in Lakeland's urban core. Working with property owners and developers, Lakeland has been on the forefront of planning for such uses. Recent projects have begun to bring residential life to downtown bringing about opportunities and needs. With these initial projects, others will follow as mixed use development interest returns in 2011 with more projected activity following in 2012.

Other Land Development Trends

While new residential construction in Lakeland continues to struggle, the commercial and industrial markets have become much more consistent, with Lakeland seeing a gradual uptick in redevelopment activities throughout the City's core. For nearly a decade all types of construction and development related activities boomed in Lakeland. Projects in north, south and central Lakeland all brought residential elements

Environmental Scan

Land Development Trends (cont'd)

Other Land Development Trends (cont'd)

with retail, commercial and office to support. With the “Great Recession” came a sudden but expected halt to activities. Development projects were shelved and property values tumbled as real estate analysts labeled this period, marked with sharp appreciation and depreciation, as the “Lost Decade.”



Despite these challenges, a positive trend of redevelopment has emerged bringing new life to a number of targeted areas. Property acquisitions throughout the City’s central core have begun to bring a pattern of change. Residential demolition and infill housing opportunities have brought new owners and families into previously established neighborhoods while commercial, office and retail

activities are bringing about new jobs and industry. This rise in redevelopment activities is a trend that will endure. With well designed neighborhoods and geographically significant areas with character and charm, redevelopment offers a number of opportunities that are certain to preserve and enhance several targeted residential neighborhoods while providing additional economic stability from within.

Economy

The economy has begun to turn a corner. Although the pace of expansion is not blistering, traces of growth have emerged to lift the U.S. from recession and ease the talks of a potential double dip. After nearly a decade of solid growth, the U.S. economy entered into recession in the first quarter of 2008 as the real annual Gross Domestic Product (GDP) fell to -0.7%. That drop marked the first of six consecutive quarters that were dominated by a negative GDP. By 2010, quarterly GDP estimates began to grow as consumer spending and foreign investment strengthened. The 2010 fiscal year closed out with real annual GDP rising to 2.9%, marking its highest level in 5 years. With negative growth throughout 2008, 2009 and into 2010, this seemingly endless period was referred to by economists as the worst economic downturn since the Great Depression. This most current recession is now over and despite the many positive signals that are being portrayed, significant obstacles remain. Job growth, government spending and the housing markets look to be the overriding themes of 2011.

The first real signs of the economic fallout began as the nation’s housing market began to contract. Home prices peaked in 2005 and began a subtle decline in 2006 and 2007 before completely crashing in 2008. U.S. home prices in the fourth quarter of 2010 fell by 4%, marking the 13th consecutive year-over-year quarterly retreat. When lending and borrowing tightened, weak economic conditions fueled by the crash of the banking industry had an immediate negative effect on the economy.

After consecutive years of record low housing starts, 2011 has seen a small uptick in the forecast. Despite record low interest rates, a surplus of available and affordable land and a gradual decrease in the cost of building materials, the housing market continues to struggle. National housing starts have increased by 15% from the prior year, though current data suggests that the bulk of these new starts, nearly 75%, are for multi-family dwellings. This grim statistic looks to camouflage another decrease in single family housing starts, exposing that the housing market still has a long way to go and underscoring a larger economic problem.

You cannot buy a home without a paycheck. The ramifications of negative growth and lost value compounded with massive job losses and unattainable money have given way to an explosion in home foreclosures nationwide. In 2010, more than 2.9 million homes faced foreclosure with an estimated 5 million borrowers currently two or more months behind on their mortgage in 2011. In all, approximately 1 in 45 U.S. homes were subject to a foreclosure filing in 2010 and that number was closer to 1 in 10 in the State of Florida, where state economists estimate that approximately 20% of all loans in Florida were currently past due or already in the foreclosure process. Accenting these statistics, the housing market has a long way to go. Forecasters are predicting a slight improvement in 2011, as mortgage rates begin to climb and therefore pushing many would-be buyers off the fence and into the market. However, most agree that any rebound to the housing market will be slow and gradual into 2012, though with the right economic foundation the recovery should be enduring and sustainable.

Approximately 70% of all economic activity in the U.S. comes from customer spending and not surprisingly, the most recent recession changed the way Americans spend. Now, 18 months have passed since the recession officially ended and consumers and companies are slowly beginning to spend again despite the current state of the housing and job markets. In the final quarter of 2010, consumer

Environmental Scan

Economy (cont'd)

spending increased at a rate of 4.1%, marking the fast pace of growth in more than 4 years. Though spending is a positive sign, concerns about inflation and the recent spike in energy prices associated with the growing conflicts in the Middle East are certain to have an impact on stock prices and consumer confidence. This impact, if severe, could curb the recent acceleration of U.S. consumer spending.

The U.S. Consumer Confidence Index (CCI) is an indicator designed to measure the degree of optimism on the state of the economy that consumers express through the activities of savings and spending. The most recent CCI for the U.S. now stands at 70.4% as of January 2011. This increase marks a substantial gain from last January's 64.8% and an even further rise from the 43% a year historic low that was established just 23 months ago in February of 2009. With Confidence now at a 3 year high, forecasters are slowly becoming more optimistic about the nation's economy. Interpreting this Index, consumers seem most positive about business and labor conditions. Within this estimate, the Index notes that 24% of consumers still believe the economy will improve over the next 6 months, while only 10% see the economy getting worse through the same period. Looking forward, consumers do feel better about the current economy and their future wage and income levels, but remain guarded as business conditions, inflation, debt and national security look to correspond with strong business growth.

Nationally, the U.S. labor market has shed nearly 9 million jobs since the recession began. Unemployment rates still remained close to 10%, through 2010, with the month over month annual average closing out at 9.7%. Despite these massive losses, January 2011 unemployment figures look to be dropping closer to 9%. Interestingly, analysts are cautious to greet this news as they fear the numbers could be unrealistic or skewed based on the number of new business closures within the defined period and an estimated 1 million unemployed persons no longer actively looking for work. Though any drop in unemployment is welcome, many believe that a much clearer signal of an improved market is on the horizon with a net increase of 36,000 new jobs in January of 2011.

With substantial drops in unemployment in both December of 2010 and January of 2011, economists are giving a somewhat clearer signal that job growth is improving. With substantial gains in productivity, job growth is expected to cycle up as many are predicting the creation of 2 million new jobs in 2011. Strong economic growth will fuel the expansion of jobs, but with almost 9 million jobs lost since 2007, even a boastful 3.5% GDP

and a million new jobs won't be enough to bring the unemployment rate much below 9%. Last year's job creation didn't really pick up until mid-way through 2010 with a year-end net of 990,000 workers being added to the payroll. Combine those totals with the new jobs anticipated for 2011 and unemployment figures won't even drop an entire percentage point until GDP reaches at least 4%. Aside from the monumental number of jobs that have been lost, what concerns economist the most is the fact that over half of the total unemployed have been out of work for more than six months, making the eventual transition into the workforce even more difficult.

A number of factors influence growth and while forecasters plan for a continued positive swing for the economy, several concerns remain noteworthy. The U.S. Consumer Price Index (CPI) remains in check with core inflation expected to rise about 2% in 2011. This is not devastating news for businesses and retailers; however, consumers should expect to see increases in energy, medical and food prices this year. As the job market looks to add new workers, households will begin to spend again. Such spending, coupled with recovering available money and an improving housing market, will begin to push interest rates up ever so slowly. Residential foreclosures have peaked, which is providing gains in the rental market. Even as banks are holding onto a surplus of properties, the rental market continues to grow. Decreased homeownership and unattainable bank loans have created a boom in the rental market that has owner occupancy rates dropping substantially.

Following a fundamental pattern, jobs and industry will play a key role in eventual economic recovery. Though conditions are monitored through a number of economic indicators, none seem to be as impactful as the creation of sustainable jobs and employment opportunities. Consumer confidence and spending, business expansion, and housing all rely upon consistency for expansion. A struggling job market has a cyclical effect on all areas of the nation's economy. On balance, forecasters are predicting a continued economic recovery for 2011, albeit slow, the anticipated pace of expansion should sustain the fluctuating monthly markers and continue in a positive direction.



Environmental Scan

Economy (cont'd)

The Florida Economy: 2010 Review and 2011 Outlook

Tony Villamil from The Washington Economics Group, Inc. spoke at the Economic Forecast Breakfast held on January 13, 2011. He believes the economic drivers are becoming more positive and Florida's economy is starting to improve.

During 2009, the global economy contracted for the first time since 1946 and Florida saw a sharp drop in exports and international visitors, compounding the downturn caused by housing depression and financial difficulties. The emerging markets have sharply recovered in 2010, with global economic activity positively impacting the international sector of the State.

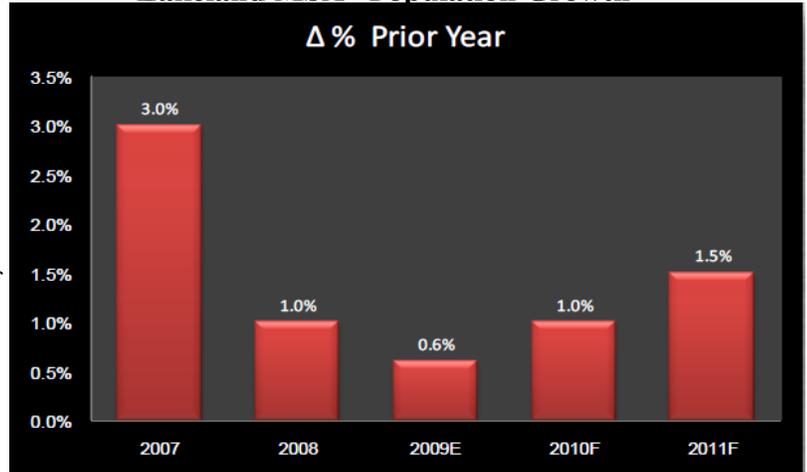
Led by China, India and South Korea, the Asian emerging markets offer growing business opportunities. China has become a top trade partner of Florida and Chinese multinationals have started to scout our State for setting up business facilities. Brazil is Florida's top export market and key source of visitors to Central Florida. We expect Brazil, Colombia, Peru, Chile, Argentina and Central America to offer growing export opportunities this year.

The US economic activity is picking up some "steam" after the sharp 2009 recession and the sluggish first half of 2010. A recovery in taxable sales started last year and is likely to accelerate in 2011. Florida's population growth is rebounding after a sharp deceleration in 2007-2009. The population expansion is likely to remain at a

moderate pace through 2012. Florida's payroll employment growth is reviving as economic activity picks up in international trade, visitor and hospitality, wholesale trade, private education and health care.

Lakeland's Metropolitan Statistical Area (MSA) economic indicators suggest a moderately improving business environment for Florida and the Lakeland area in 2011.

Lakeland MSA* Population Growth



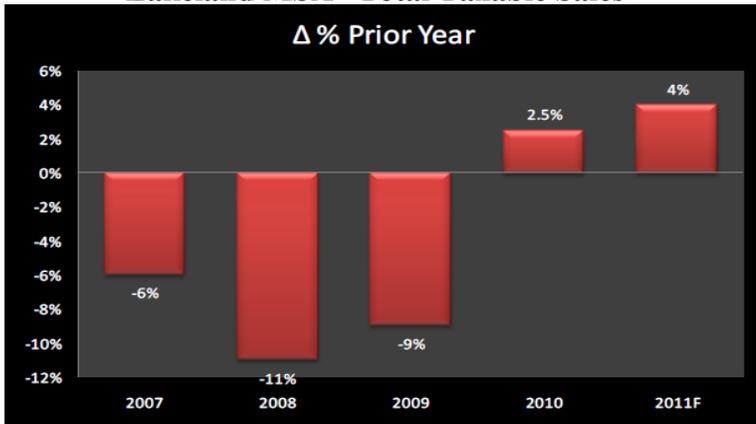
Source: UCF Institute for Economic Competitiveness, Annual Outlook for Lakeland, Florida, October 2010. *Comprised only of Polk County.

Lakeland MSA: 2011 - 2012

- Rate of population growth
- I-4 Corridor provides fundamental strength as the overall activity begins to pick up and taxable sales have begun to improve
- Business and logistic hub of Florida
- Proposed USF Polytechnic - catalyst for growth

This is not a return to "the good old days" of 2004 - 2007, however the Florida "patient" is steadily recovering. Enjoy the moderate recovery and start planning ahead for a stronger economy beyond 2011 - 2012.

Lakeland MSA* Total Taxable Sales



Sources: Florida EDR and The Washington Economics Group (WEG) for Forecast (F). Observations based on data from October of each year. *Comprised only of Polk County.

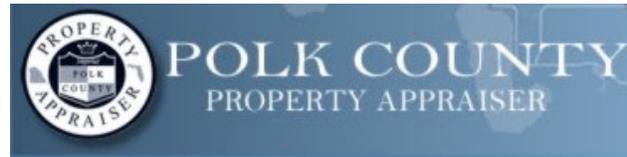
Δ - Change
E - Estimate
F - Forecast

Environmental Scan

Economy (cont'd)

The Polk Progress - Economic Indicators for Polk County (November 2010)

Carl C. Brown, PH.D, Florida Southern College



SALES

- Based on preliminary data retail sales fell an estimated 1.2% on a seasonally adjusted basis. Unadjusted sales are 4.7% below the same quarter a year ago, while cumulative sales through the first three quarters of the year are down 3.6% from the same period in 2009.
- Estimated sales at area hotels and motels rose an unexpectedly large 8% in quarter three after adjusting the data for recurring seasonal variations. Actual (unadjusted) sales in the quarter are 4.1% above the same quarter in 2009. Sales through the first three quarters of 2010 are down 3.5% from the preceding year.

EMPLOYMENT

- Employment during the first three quarters of 2010 averaged 240,659 workers in the county. That is down 1.4% from last year and down 5.6% from the pre-recession level in 2007. Seasonally adjusted total employment in Polk County slipped a slight 0.1% in the third quarter following a 0.5% increase during the second quarter. The second quarter marked the first quarterly increase in seasonally adjusted employment in Polk County in two and a half years.
- The seasonally adjusted average unemployment rate during the third quarter is 11.9%; near where it has been for the last year and a half, and comparable to the average for the state of Florida which in September is also a seasonally adjusted 11.9%. It would be premature to draw conclusions from one quarter's worth of data, but the data over the past year and a half suggests that the Polk unemployment rate is at or past its peak in the current cycle.

MANUFACTURING

- Local manufacturing activity held up pretty well over the course of the recession, and appears to have roughly achieved a plateau over the course of the past year.

CONSTRUCTION

- The total value of building permits issued county-wide (residential plus commercial) is deeply depressed and

still seeking to establish a bottom. The Polk County Property Appraiser announced in June that the value of all taxable property in the county fell 13.9% during 2010 from the preceding year. That marks the third consecutive year the tax roll has fallen (total of 26.8%)

Polk Outlook

- Construction remains the weakest link in the Polk economy, and we will likely continue to struggle until the local housing market truly stabilizes. The number of single-family building permits continues to drop to levels unprecedented in decades. Home sales slid again in the third quarter, and most of those were distressed properties facing foreclosure, driving housing prices down even further.
- Retail sales have shown some signs of stabilizing in the past year, but they have a very long way to go before reaching pre-recession levels. Employment did rise on a seasonally adjusted basis in Quarter 2 for the first time in two years, but stalled again in the third quarter. The local unemployment rate remains stuck at about 12%.
- Retail sales and employment remain the keys to economic recovery in Polk County. We expect the overall Polk economy to grow at a slow pace over the next year, with the seasonally adjusted unemployment rate declining, at best, to 10% by the end of 2011.



Environmental Scan

Education

Florida Education News

Point: Governor Scott Signs Student Success Act

Press Release from Governor's Office:

3/24/2011 Jacksonville, Fla. – Today, Governor Rick Scott signed Senate Bill 736, the Student Success Act, into law at the charter school, KIPP Impact Middle School in Jacksonville. The historic bill puts in place part of the Governor's 7-7-7 Plan by requiring merit pay for Florida's public educators based on student achievement.

"I am proud that the first bill I sign is this important legislation that will give Florida the best educated workforce to compete in the 21st century economy," Governor Scott said. "We must recruit and retain the best people to make sure every classroom in Florida has a highly effective teacher."

Sponsored by Senator Stephen Wise and Representative Erik Fresen, the legislation changes how teacher performance is evaluated, including the following:

- Teachers will be evaluated using a scale of four levels for performance (highly effective, effective, needs improvement and unsatisfactory), instead of being evaluated as either satisfactory or unsatisfactory. In 2009, 99.7 percent of teachers earned a satisfactory evaluation.
- At least half of an educator's evaluation will be based on student learning gains for classroom teachers, 30 percent for non-classroom personnel and 40 percent for school administrators, instead of 100 percent of the evaluation being based on principal or peer review.
- Teachers in hard-to-staff subject areas, like math and science, will earn more money, instead of paying all teachers – regardless of subject taught – using the same scale.
- After July 1 of this year, new teachers will work on annual contracts, instead of receiving tenure after three years of satisfactory evaluations, which is essentially an employment contract for life.

What People Are Saying About the Student Success Act:

"This landmark bill recognizes that teachers are the most important factor in schools when determining a child's success," said Students First Founder and CEO Michelle Rhee. "We applaud Florida for its adoption of bold and comprehensive education measures that put students first."

"The action taken today recognizes that quality teachers are the fundamental component of a first-rate education," said CFO Jeff Atwater. "Exceptional teachers will now be distinguished, celebrated and rewarded for their dedication and skill to impart knowledge that inspires our students."

"The passage of Senate Bill 736, 'The Student Success Act,' would not have been a success without the months of collaborative committee work and public input from teachers, administrators and parents," Senator Stephen Wise said. "I'm thankful for the cooperation from the many groups and individuals who contributed to the discussion on instructional quality, along with the dedicated committee members. Our teachers are incredibly influential and important to the success of our children and our future as a State. I believe this bill will attract top-quality educators to Florida and foster a student-centered, world-class education system."

"This is a momentous occasion for our state's education system," Representative Erik Fresen said. "Excellent teachers are the driving force behind student success and this bill provides for a system that recognizes those highly effective educators and rewards them appropriately."

Counterpoint: New Law Destroys Education

Commentary by Trish Parrish, Professor of Education at St. Leo University (Pasco County)

On March 24 Gov. Rick Scott signed into law Senate Bill 736, which essentially makes job security for teachers in Florida a thing of the past while also tying teacher salaries to student performance on standardized tests.

The consequences of this new law are disastrous for teachers, students and the state of Florida, especially when coupled with Scott's proposed budget that cuts education spending by \$1.75 billion.

Most teachers do support the idea of accountability and want the opportunity to document that their students are making progress. The only way this can be done is to determine a valid, reliable way to measure teacher effectiveness. High-stakes tests are not generally the best way to accomplish this.

There are many factors beyond the individual teacher's effectiveness that will impact a student's score on a high-stakes test. These include the effectiveness of previous teachers, the support from the home environment, how a child feels on the day of the test and measurement error inherent to all standardized tests.

Environmental Scan

Education (cont'd)

The measurement error is magnified when the scope of the test is broadened to look at factors beyond student achievement — meaning there could be more error of measurement when applying a child's test results to determine a teacher's effectiveness. All of these issues are problematic, and the bill passed by the Legislature does not address them.

Another issue addressed by SB 736 is the "tenure" process. However, it is important to recognize that teachers in Florida do not currently have tenure. The word itself is used to elicit an emotional reaction — usually a negative one. Instead, what we are really talking about is job security.

Currently, after three years of effective teaching a teacher is granted a continuing contract. This contract does not provide the same level of job security as tenure, and teachers who are ineffective can still be fired. However, the continuing contract does allow teachers the security to advocate on behalf of their students. They can raise difficult questions and respond to political pressures to ensure student learning needs are met — but this bill strips this basic professional protection. Instead, Florida teachers will now be working on year-to-year contracts.

When combined, the loss of continuing contracts, the move to merit pay and other political issues, we may well have unintended consequences for children. Many of our brightest youth have been drawn to the profession of teaching because they want to make a difference. They have been willing to accept a lower salary than they could earn in the private sector in part because of the ability to impact the future.

But this may no longer be the case. Budget cuts are narrowing the curriculum — some districts are seriously considering eliminating the arts from the school curriculum. Ironically, as the curriculum is narrowed, students will have fewer contexts in which to place the reading and math instruction they receive — ultimately creating a void that could lower achievement.

I applaud the effort to measure and reward effective teaching. However, for this plan to bring about the results of improving schools and increasing student learning, we need a system that measures effectiveness reliably and validly and provides rewards that will entice the brightest into the profession — instead of encouraging them into other professions.

We are already starting to see a shift. In recent years,

there has been a 50 percent decline of new teachers applying to be certified. Can you fault them? Entry-level teachers in Florida earn meager salaries, sometimes as little as \$30,000 annually, and for years have traded this salary for a pension plan and benefits. Now Florida wants to keep the low salaries, cut benefits and pensions, base teacher salaries on the performance of their students on a test, all while working on a one-year contract.

Does this sound like a good plan for students, parents or teachers?

Polk County School Board

Our Mission

The Mission of Polk County Public Schools is to ensure rigorous, relevant learning experiences that result in high achievement for our students.

In accomplishing this mission, we envision that students in the Polk County Public Schools will effectively:

- read, write, compute, speak, listen, and use complex thinking skills to solve problems;
- be self-directed in creating personal purpose and vision, setting priorities, choosing ethical action, and creating their own knowledge;
- cooperate and collaborate with others in working with and leading groups; interact positively in diverse settings; recognize the value and contributions of all individuals; and make positive contributions to their communities;
- understand and use social, organizational, and technological systems; design, monitor, improve and correct performance within a system; and create viable products.

These desired student outcomes and practices will be fostered and nurtured in schools and classrooms with an environment in which:

- adults assume instructional and ethical leadership to create efficient, effective environments perceived as safe, healthy, and equitable, where students are recognized as unique individuals capable of learning and independent thinking;
- adults use varied and reliable teaching and evaluating procedures through relevant curricula;

Environmental Scan

Education (cont'd)

- adults enable students, families, and communities to work cooperatively to assume responsibility for the total educational experience;
- adults engage in professional growth and training activities to effect continuous improvement in the system;
- students are guided in their total physical, mental, and emotional development through activities which are student-centered and which focus on positive expectations and encourage intrinsic motivation.

About our district

The school district is the eighth-largest in Florida among the largest 40 nationally. Polk has 160 school sites and centers including 66 elementary schools, 19 middle schools and 17 high schools. Also included are charter schools, career centers, adult schools and alternative schools. More than 92,000 students are enrolled. The district is the largest employer in Polk County with nearly 12,000 employees. More than half of those are employed as teachers. The mission of Polk County School Board is to ensure rigorous, relevant learning experiences that result in high achievement for our students.

Budget

The general fund portion of the 2010-2011 budget is \$744.4 million. Approximately 77 cents of every dollar of the general fund goes to teaching, transporting and counseling students. Nineteen cents of every dollar goes to operating and maintaining places of learning. Four cents of every dollar goes to central and fiscal services.

National Honors

Bartow High's International Baccalaureate School was ranked by Newsweek magazine in 2010 as number 168 of the nation's top 1,000 public high schools. Rankings were based on the number of advanced placement or International Baccalaureate tests taken by all students divided by the number of graduating seniors.

For the second time in three years, the Polk County Public Schools have been named one of the best school districts nationally for music education. The California-based NAMM Foundation, formerly known as the International Music Products Association Foundation, included Polk in its 2010 annual "Best Communities for Music Education" list. Polk County also made the list in 2008.

School Grades

FCAT is the state's accountability program for schools

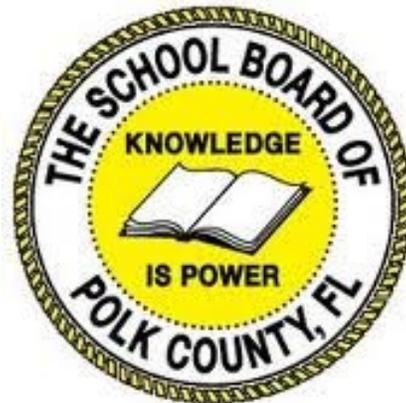
and measures student achievement. The school district received its third consecutive overall grade of "B" in the 2009-2010 FCAT reports. Polk also received a B in 2007-2008 and 2008-2009. More than half of Polk schools, 58 percent, received either an A or B in the 2009-2010 FCAT reports.

Community Involvement

More than 26,000 community members provided assistance in schools last year as volunteers. More than 792,000 hours were volunteered. More than 5,000 high school students provided approximately 445,000 community service hours.

Diversity

The student body is 49.2 percent white, 23.6 percent black, 23.8 percent Hispanic, 1.6 percent Asian/Pacific Islander, 0.2 percent American Indian/Alaska native and 1.6 percent multiracial. There are more than 10,000 students whose primary language is other than English.



Environmental Scan

Legislation

Growth Management

In 2009, the Legislature passed SB 360, a comprehensive reform of Florida's growth management statutes. In addition to a wide number of changes to growth management statutes, the bill also made changes to affordable housing and security cameras on public property. The bill was signed in to law, but was later found to be unconstitutional by the circuit court as an unconstitutional mandate. The case is currently on appeal and local governments and developers are in limbo until the case is resolved.

In 2011, the Legislature introduced separate bills to deal with all three issues individually. The growth management bill (SB 174 / HB 7001) creates Transportation Concurrency Exception Areas (TCEAs) in dense urban land areas; exempts developments from the DRI process in dense urban land areas; mandates mediation for dispute resolution; and provides an expedited process for designation of urban service areas in comp plans. Practically speaking, the changes remove requirements that developers pay for new roads and also removes State oversight of growth management in the new dense urban land areas.

City's Position: The City of Lakeland (COL) will monitor SB 174 by Senator Mike Bennett and HB 7001 by Rep. Ritch Workman.

USF Polytechnic Campus Project

In August 2004, the University of South Florida (USF) Board of Governors selected the Williams property, in northeast Lakeland, for the new primary campus of USF Polytechnic. The Williams Company donated 530 acres of land at the eastern intersection of Interstate 4 and the Polk Parkway for the new campus.

The City of Lakeland has been an active partner in the creation of the new USF Poly campus. The City was instrumental in working with Florida Department of Transportation (FDOT) and Polk County in securing \$40 million in economic stimulus funding for the "East/West Connector", a four-lane road that will run from Pace Road to S.R. 33, and assisted FDOT in expediting the design and construction of the Project. In addition, FDOT and the Turnpike Authority are moving forward with construction of the Pace Road interchange at the Polk County Parkway.

Since 2008, the Legislature has allocated \$26,000,000 for initial construction of the new campus. The USF Board of Trustees has made funding of Phase 1 construction of USF

Poly a high priority in FY 2011-12. In addition, USF Poly will be seeking approximately \$10,000,000 through the State's Courtelis Matching Program. This program will match the donations that have been committed by the City of Lakeland and the Polk Board of Commission through the Lakeland Economic Development Council and the Central Florida Development Council, respectively, and private donations.

City's Position: COL supports USF Poly's efforts to build their new primary campus in eastern Lakeland. Support Phase 1 funding for construction and the \$10 million in Courtelis matching funds in the 2011-12 Budget.

Community Redevelopment Area Statutory Authority

In recent years, the Legislature amended the Community Redevelopment Act statute to tighten the findings of necessity for new Community Redevelopment Areas (CRAs) and capped the total life of CRAs to 40 years.

The CRA statute allows municipalities meeting certain criteria the ability to effectively carry out redevelopment and community revitalization. Slum and blighted areas can be identified directly by the municipalities and funds can be made available from tax increment or issuance of revenue bonds to initiate improvements.

City's Position: COL opposes legislation that further hinders home rule authority and the ability of municipalities to effectively carry out redevelopment and community revitalization programs, or affects current CRAs.

TABOR and Revenue Cap Constitutional Amendments

Given the shape of Florida's economy, there are still efforts being made to provide for further property tax reform and to impose arbitrary caps on property valuation and tax rates, municipal expenditures and municipal revenues. These efforts, in the form of Constitutional Amendments, would greatly inhibit a local government's ability to provide adequate services in their communities were they to pass.

One such proposed Constitutional Amendment is the Taxpayer Bill of Rights (TABOR). This is a proposal that would impose a one-size-fits-all requirement on state and local governments to cap revenue to a defined base amount, with periodic adjustment for population growth and inflation. Revenues collected by a local government would be limited to the revenue amount collected in a base

Environmental Scan

Legislation (cont'd)

fiscal year (2011-12). Local governments would be prohibited from imposing fees, taxes, etc. to exceed the revenue cap. Any excess funds would be deposited in budget stabilization funds, which local governments would be prohibited from accessing except in cases of funding an emergency situation. Local governments would be required to obtain a supermajority vote of the electors to impose any new tax, fee, assessment or charge.

Another restrictive measure that has been introduced during previous legislative sessions is a Constitutional Amendment that would restrict the aggregate amount of property taxes levied on a parcel of property to 1.35% of the property's taxable value, or 13.5 mils. The Financial Impact Estimating Conference estimated that this amendment would reduce annual total school, county, municipal and special district property tax revenues by at least \$6 billion.

These proposals offer no flexibility for local preferences. In addition, voter approval of all taxes, fees and assessments would threaten the ability of local governments to move forward on most large capital improvement projects (such as roads, electrical facilities, water and wastewater facilities, mass transit, etc.), many of which are funded with revenue bonds that pledge the local government will generate sufficient revenues from the respective operations to cover debt service requirements and meet bond coverage levels.

City's Position: COL opposes legislation introducing Constitutional Amendments that would place arbitrary caps on property valuations or tax rates municipal expenditures or municipal revenues.

Consultants' Competitive Negotiation Act

Florida Statute prohibits local government agencies from considering compensation when evaluating firms that are vying to provide certain professional services. Currently, agencies are only allowed to consider compensation during the negotiation phase, not during evaluation. Proposed legislation would give agencies the ability, not mandated, to consider compensation during the evaluation process. The bill also allows the agency to reopen negotiations with any selected firm upon terminating negotiations with another selected firm.

City's Position: COL supports SB 276 by Senator Bennett and HB 135 by Rep. Fred Costello allowing compensation to be a considering factor during the competitive selection process for professional services.

Impact Fees

One of the tools that local governments have the option to use to pay for growth within their boundaries, are impact fees. Impact fees can be assessed on new commercial and residential development in order to pay for the incremental costs caused by that development. Impact fees can be used for essential improvements, such as roads, utilities, schools and other basic infrastructure. In addition, some impact fees are collected for, and used for, police and fire capital needs. These fees are established at the local level and can vary widely throughout the State based on that locality's actual costs in serving new growth. Revenues collected by impact fees are required to be spent to mitigate the impacts of the developments from which they are generated, in order to avoid using the general revenue funds of the local government.

In response to the property tax reform that has taken place, some communities may seek to increase their impact fees as a way to make up for a loss in revenue to finance capital projects required to service growth-related projects. There have been some rumblings that the Legislature may try to restrict the use of impact fees, in order to prevent local governments from making up their lost financial resources. Any effort to compromise cities' ability to impose or increase impact fees will create a greater burden on their general revenue funds, which have already been compromised by the property tax reform.

City's Position: COL opposes efforts to limit local governments' ability to establish, increase or collect impact fees.

SHIP Funding

State Housing Initiatives Partnership (SHIP) funding is critical to the City's affordable housing and neighborhood stabilization efforts. For the second year in a row, the State Budget did not contain any funding for the SHIP program, effectively bringing the current program to an end. In previous years, the City received around \$800,000 per year and used these funds to match Federal grants (Community Development Block Grant, and Home Investment Partnership).

Together, those programs on average assisted 48 families per year. This funding was leveraged to create a benefit not only to low-income residents with critical housing problems but also to the entire City and its neighborhoods.

City's Position: COL supports restored funding of the State's SHIP program.

Environmental Scan

Legislation (cont'd)

Pension Reform

The Florida Retirement System (FRS) was created in 1970 and provides retirement, disability and death benefits. The plan is funded through employer contributions and investment earnings and is managed by Department of Management Services (DMS) and the State Board of Administration. In 2010, there were more than 655,000 active participants. All State and County employees must be members of the FRS, while Cities and Special Districts can choose to participate.

Those cities that do not participate in the FRS have the option of creating their own non-FRS, Local Government Pension System, which can consist of 3 types of plans – General Employee plan, Firefighter plan (Chap. 175) and Police Officer plan (Chap. 185). More than 200 cities have non-FRS plans; 170 General Employee plans, 351 Police & Fire plans with more than 183,000 participants.

The Police and Firefighter funds were created in 1953 and 1939 respectively and their purpose was to create a uniform system. They are funded through insurance premium taxes on property and casualty insurance policies. The active participants contribute between ½ of 1% and 5% of their salary, with the municipality picking up the remainder of the cost. The cities and unions use collective bargaining to negotiate the details of the benefits.

In 1999, the Legislature adopted minimum standards for local plans, raising them to the same standard as chapter based plans. Premium tax funds were used to bolster the standards and to provide “extra benefits” beyond those provided to general employees – such as increases in the multiplier, enhanced disability benefits, and any other heightened pension benefit. In 2004, the Legislature stated that any additional premium taxes were solely to be used for extra benefits beyond those provided to police and fire in 1999. Cities have had to provide more than \$400 million in extra benefits since 2004, and have been unable to use the premium tax dollars to offset the difference. Cities should be able to determine what level of pay and benefits will allow them to compete for qualified employees without arbitrary mandates from the State.

Today, some cities are paying 40-60% of a police or firefighter’s salary toward funding pensions. Lakeland currently contributes 17.85% for Police Officers and 17.04% for Fire members, the latter of which is currently being discussed in negotiations with the International Association of Fire Fighters in conjunction with the

separation of the Firefighters from the General Employee plan. The State average for the Special Risk Class is 22%. Cities simply can not continue to afford the increased costs of the current pension system. Nor can they make internal changes to drive down the costs, due to the collective bargaining arrangement that requires negotiations with the unions.

The Senate Governmental Oversight and Accountability Committee will produce a committee bill to reform both the FRS and non-FRS/Local Government Pension Systems. The House is expected to also produce a committee bill to address these major issues.

City’s Position: COL supports pension reform that specifically addresses “extra benefits” and allows for the use of insurance premium tax revenues to pay for the costs of current plan, lower required plan contributions by the local government and provide greater flexibility to municipalities to incorporate defined contribution plans and/or hybrid plans to police and firefighter retirement platforms.

Presumptive Disability

In 2007, legislation passed that established lower compensability standards and increases workers’ compensation benefits for law enforcement officers, firefighters, emergency medical technicians, paramedics and volunteer firefighters. In addition, the legislation furthers the existing provisions that create a presumption that certain conditions are work-related injuries by extending the presumption to certain mental conditions, without requiring proof of a physical injury. The National Council on Compensation Insurance (NCCI) estimates that these changes will raise costs for local governments by up to \$14 million. Self-insured local governments, such as Lakeland, have experienced higher increases in their workers’ compensation rates and corresponding increases in the cost of claims against the City.

The City’s total incurred heart/lung claims-related costs as of Sept. 30, 2010 are \$4,087,000. Total costs paid as of Sept. 30, 2010 are \$1,728,000 with \$2,359,000 in reserves. Specifically, during the period of Oct. 1, 2009 – Sept. 30, 2010, an additional \$2,227,000 costs were incurred. \$1,981,000 of those incurred costs were from existing claims, and \$246,000 were from claims that were incurred during the 2010 fiscal year. \$446,000 has been paid in claims-related costs, and \$1,780,000 has been placed in reserve.

Environmental Scan

Legislation (cont'd)

Since 2000, the Legislature has eroded the ability of local governments to defend cases arising from the medical conditions of law enforcement officers and firefighters. Presumptive disability standards adopted by the Legislature transfer the burden of proof to the local governments to disprove any injury in cases related to some heart and lung conditions in law enforcement officers and firefighters.

City's Position: COL opposes further expansion of provisions relating to presumptive disability benefits for cancer or other ailments.

City's Position: COL supports legislative efforts to place a reasonable evidentiary standard in Statute in regards to workers' compensation claims for hypertension and other heart-related ailments, lung disease and certain mental conditions.

City's Position: COL supports prohibiting the application of presumption for users of tobacco products.

Use of Stun Guns

During the 2006 Session, the Legislature passed a new law that sets forth the circumstances under which law enforcement officers are permitted to use dart-firing stun guns. The new law states that the use of the stun guns is permitted only when the person being apprehended uses physical resistance against the officer and poses a threat to the officer or others or has an opportunity to flee.

However, the law does not allow the use of stun guns when the person poses a threat to "themselves". It is not uncommon for officers to have to take someone into custody because he/she meets the criteria for involuntary psychiatric evaluation under the Baker Act. In these instances, the person may pose an imminent threat to their self and may need to be subdued using non-lethal force.

City's Position: COL supports legislation amending F.S. 943.1717, allowing for the use of stun guns when the subject poses a threat to their self.

Spring Training Facilities / Funding

In 2010, the Legislature passed a law requiring the Governor's Office of Tourism, Trade and Economic Development to develop a "Spring Training Comprehensive Strategic Plan". The Plan would foster and promote Spring Training in Florida, with the goal of keeping the 15 Major League teams that currently hold Spring Training in Florida, and attracting more teams

back to the State from Arizona.

A bill has been filed, SB 630 by Senator Mike Bennett, which would prohibit the use of any public funds for any professional sports team, facility or event, unless the use of the funds is approved in a referendum. Clearly, this legislation would run counter to the efforts of Office of Tourism, Trade, and Economic Development (OTTED) in attracting, or retaining, Spring Training baseball teams in the State of Florida. The bill could also have a negative impact on Lakeland's 75-year relationship with the Detroit Tigers and its ability to renegotiate an extension to the current lease which expires in three years.

City's Position: COL supports the Governor's Office of Tourism, Trade and Economic Development efforts to retain Florida's Spring Training teams, and attract new teams to the State.

City's Position: COL opposes SB 630 by Senator Mike Bennett prohibiting the use of public funds for professional sports events.

State Library Aid Funding

State aid to the Florida Libraries Program is a continuing State grant program authorized by Statute. For forty years, the State Aid to Libraries has been an incentive program, designed to encourage counties to provide library service to the residents. Florida is permitted to grant operating funds to county libraries at a rate of up to \$.25 on the dollar. In recent years, State support has dropped perilously low and the fund is providing grants at \$.07 on the dollar. This low funding level makes it very difficult for the Library Coops to continue to provide low-cost service to their residents.

City's Position: COL supports the Florida Library Association in their position to maintain the State Aid Funding of \$21.3 million.

High Speed Rail System / Utility Relocation Cost

With the announcement of \$2.6 billion in Federal funds for the creation of High Speed Rail in central Florida, the City of Lakeland stands ready to work with the FDOT and other stakeholders to ensure enhanced connectivity along the I-4 corridor between Tampa and Orlando as part of Phase I of Florida's proposed High Speed Rail System. Furthermore, the City recognizes the need for commuter, light rail and bus transit systems to connect to the High Speed Rail System to meet intermodal transportation needs. Such a system is necessary to facilitate travel to

Environmental Scan

Legislation (cont'd)

and from a rail station, no matter which location is ultimately chosen.

One unintended consequence of using Interstate 4 for the High Speed Rail route is the necessary relocation of water and wastewater utilities and electric transmission lines presently located within the Interstate 4 right-of-way. The proposed project could conflict with up to 25 of the City's pipeline crossings under I-4. FDOT has notified all of the affected utility providers that relocation of the utilities will not be eligible for reimbursement. This means that every utility provider along the proposed route will have to bear the cost of relocating their utilities – an unfunded expense in a rapid timeframe. The cost to the City's water utility alone could be as much as \$5 million, with millions more for Lakeland Electric.

City's Position: COL supports the placement of a High Speed Rail train station in Polk County / Lakeland. Support reimbursement funding from FDOT to local agencies to offset the costs of utility relocation in conjunction with the new High Speed Rail.

Commercial Air Service at Lakeland Linder Airport

Lakeland Linder Regional Airport is in the process of undertaking numerous infrastructure improvements in preparation for commencement of commercial passenger service with low cost carriers this summer. The commercial service would greatly benefit economic growth and development efforts in Lakeland, and provide travel alternatives for the region's residents. Lakeland Linder has applied for a Small Community Air Service Development Grant, a Federal grant that would support the Airport's initiative.

City's Position: COL supports Federal and State grant funding opportunities for the development of commercial air service at Lakeland Linder Regional Airport.

PSC Regulation of Municipal Utilities

Municipal utilities in the State of Florida collectively serve more than 3 million Floridians, the third largest source of electric power in the State. As community-owned and locally managed organizations, these utilities focus on serving local needs and profits are reinvested into the local community to fund the needs of the community, such as police and fire protection.

As local entities, municipal utilities are governed by the local City elected government, or a panel incorporating the elected government. Municipal utilities are not fully

regulated by the Public Service Commission (PSC), an organization tasked with regulating investor-owned utilities. The PSC has jurisdiction over the rate structure municipal utilities use to collect their costs, but has no jurisdiction over the type or level of costs included in rates. The PSC has jurisdiction relating to compliance with the National Electrical Safety Code, territorial agreements and disputes among all utilities and some energy efficiency measures.

Previous legislative efforts would have required that any municipal utility serving fewer than 45% of customers inside city limits be subject to full PSC regulation. At the present time, 45% of Lakeland Electric's customer base resides within the City of Lakeland, meaning that Lakeland Electric would be subject to full PSC regulation. This would involve an unnecessary cost impact only recoverable from the customers of the utilities.

City's Position: COL opposes legislation that would grant PSC regulation of municipal utilities.

City's Position: COL opposes legislation prohibiting municipal utilities from setting rates for their customers, both inside and outside of the municipal boundaries.

Under-grounding of Electric Utilities

In the aftermath of 4 devastating hurricanes hitting Florida in a 6-week period in 2004, there has been interest from citizens and elected officials from the hardest hit areas throughout the state to move electric utility lines underground in an attempt to minimize power outages caused by storms. Moving utility lines underground is not a panacea and will not prevent outages in severe weather 100% of the time; however, in specific applications it could potentially help minimize the severity of outages in hurricane situations.

The cost to move all of Lakeland Electric's feeder lines underground is estimated to be \$1 million to \$3 million per mile. Lakeland has 1,300 miles of single and three phase overhead feeder lines in its system.

City's Position: COL opposes legislation to move all electric feeder lines underground. Support legislation to provide funding to move utility designated lines underground. Oppose any efforts to make it an unfunded mandate from the State to locally-owned utilities.

Environmental Scan

Legislation (cont'd)

Numeric Nutrient Water Quality Criteria

In November, 2010, the U.S. Environmental Protection Agency issued new specific numeric standards for nitrogen and phosphorous in waterways. The new standards were the result of a Federal lawsuit from environmental groups and are only being applied to the State of Florida. Florida's Congressional Delegation, State Executive and Legislative branches, counties, municipalities, developers, agricultural interests and business community all banded together to oppose the new standards, to no avail. In December, Attorney General McCollum filed a lawsuit to block the implementation of the Federal rule. In mid-January, the Florida League of Cities also filed a Federal lawsuit to block the new rule.

The House has created a Select Committee on Water Policy to address this issue, among others. HB 239 was filed by Rep. Trudi Williams. The bill would prohibit the Florida Department of Environmental Protection (DEP) from enforcing the Federal standards. The bill also directs DEP to implement its own numeric standards.

City's Position: COL supports HB 239 by Rep. Trudi Williams to block the enforcement of the Federal numeric nutrient water quality criteria.

Out-of-City Rates

For the past several years, there have been efforts in Miami Dade County to ban the utility surcharge that currently exists for water and sewer customers that reside outside of municipal boundaries. Proponents of these efforts feel that utility customers who do not reside within the city should not have to pay the surcharge, saying that it results in "taxation without representation." However, this thinking ignores the fact that all rate-setting hearings are public meetings that all citizens are allowed to attend. In addition, many municipal utilities, including Lakeland, have citizen boards that include representation from citizens that reside outside city limits.

Past legislation did not take into account the capital costs that have been borne by the utility and city taxpayers, to offer these services in areas that otherwise would be hard-pressed to receive water and sewer from another supplier. Roughly 80% of Florida's residents receive their water and sewer service from municipal utilities. In many cases, these communities could not meet concurrency or other requirements of community development without the municipal utility providing these services outside of the city limits.

City's Position: COL opposes legislation that prohibits a municipal utility from charging a surcharge to those utility customers that reside outside of the municipal limits.

Pipeline Separation

State Utility Planning Districts have begun evaluating changing the standards for separation of utility pipeline installation. Currently those standards require a ten-foot separation of water and wastewater utilities. Due to the growing number of utilities constructed within the rights of way, standards more conservative than the current policies requiring increases in separation will make the installation of water and sewer pipelines more difficult and expensive.

City's Position: COL opposes regulatory modifications of the current public utility pipeline separation policies and mandates.

Support Florida League of Cities Agenda Keys to the Cities Task Force Report

The Florida League of Cities supports legislation that strengthens municipal self-governing powers. The League believes that key governmental services are best delivered under a system that leaves each community free to exercise its responsibilities in a manner best suited to the needs of its citizens. Home Rule Authority has been under attack by the Legislature for the last several years, resulting in unfunded mandates placed upon local governments and the reduction of the quality of services that can be provided to the citizens of Florida. The Florida League of Cities has outlined a comprehensive list of legislative actions for the 2011 Session, and support of these initiatives will assist the municipalities of the State in the stewardship of their citizens' interests.

League of Cities' Priorities for 2011:

- Alternative & Renewable Energy
- Economic Development
- Growth Management
- Municipal Police Officer & Firefighter Pension Plans
- Reclaimed Water / Water Quality
- Revenue & Expenditure Caps
- Transportation
- Unfunded Mandates

City's Position: COL supports the initiatives outlined in the Florida League of Cities 2011 Legislative Policy Statement and Legislative Action Agenda.

Environmental Scan

Legislation (cont'd)

Keys to the Cities Task Force Report

Additionally, the Florida League of Cities appointed a Task Force of thirty-seven city officials from across the State to develop a state policy agenda that was presented to Governor Scott and his transition team in January, 2011 in an effort to: “remove barriers that prevent cities from prospering; develop policies that promote local self-governance; invest in the economic vitality of cities as incubators of progress and allow cities to protect their community’s quality of life.”

The agenda was developed through a series of regional discussions that Task Force members identified as the most pressing issues facing local governments now and into the future. The Task Force was largely comprised of elected officials, but also included representatives from the Florida Redevelopment Association; the Florida Municipal Attorneys Association; the Florida Government Finance Association; Local and Regional League Executive Directors and the Florida City and County Management Association.

Major Points from the Keys to the Cities Task Force include:

- Cities play a major role in economic growth for our state.
- State leaders should work to protect local self-government and create a new partnership with cities.
- The state should pay for its own good ideas.
- Taxpayers should know which government imposes financial burdens upon them.
- Create a new intergovernmental committee for better state/local relationships.
- Tax policies should be equitable, comprehensive and flexible so that cities can continue to provide services.
- Revenue caps would hinder economic activity and create fiscal uncertainty.
- State policy changes should be made to avoid a municipal public safety pension benefits crisis.
- The Department of Community Affairs should limit its regulatory authority to matters of substantial state

importance and reduce impediments to economic development in the planning process.

- Cities are partners in the environmental stewardship of our state resources and can find more practical and cost-efficient means for enforcement of laws and policies.
- As a provider of clean drinking water, cities seek relief from over-regulation in the permitting process.
- Cities want to partner with the state to help develop a comprehensive and cohesive state energy policy.
- Cities are the center of economic activity in our state and can encourage job creation through the continued development of Florida’s business-friendly environment.

City’s Position: COL supports legislation that advances the principles identified in the Florida League of Cities Keys to the Cities Task Force Report.

Red Light Camera’s

“The two companion bills, SB 672: Uniform Traffic Control sponsored by Senator Garcia, repealing a provision relating to the regulation of the use of cameras to enforce traffic laws being expressly preempted to the state and repeals a provision relating to the Mark Wandall Traffic Safety Program, a program to install and operate a system of traffic infraction detectors at red light intersections; and CS/HB 4087: Traffic Infraction Detectors sponsored by Representatives Corcoran and Trujillo which provisions relating to installation and use of such traffic infraction detectors to enforce specified provisions when driver fails to stop at traffic signal; removes provisions that authorize Department of Highway Safety and Motor Vehicles, county, or municipality to use such detectors are currently moving through the House and Senate committees. The Senate is next prepared to hear the bill in the Community Affairs Committee. While the House bill is scheduled for the Appropriations Committee.

The passing of the bills would again place all those municipalities who currently operate legally acceptable Red Light Camera Traffic Control systems in a position where they would be in jeopardy of continued litigation and required removal of the safety systems.”



The Florida League of Cities, Inc.

Environmental Scan

Technology

Information Technology

Significant change in technology is driven by significant change in the business process and functions supported. Simply, business needs drive technology implementation and the necessary technology support level required.

During this past year we have implemented a significant amount of new technology which in turn will require improved performance, availability and immediate response to incidents and issues. The Smart Grid initiative success depends on the flow of information. The infrastructure additions alone comprise 36 new servers and over 30 other devices including routers, firewalls, appliances, storage and databases. There are three new enterprise level application systems to support and dozens of integration points with existing systems. Improved service level agreements and commitments are necessary to meet the needs of the business. This new infrastructure and new systems require new staff, new skill sets and extended service hours not previously supplied by the Department of Information Technology. A staffing needs analysis, conducted by external consultants and our own internal analysis, revealed a potential long-term need for 9 to 14 new positions to meet service expectations. We received approval to fill 4 new staff positions and have filled one and the three additional positions will be filled soon. These are significant business improvements for only one of our City business areas. Most other business areas are planning and expecting improvements supported by technology as well. In addition, some of the new technologies being implemented for SmartGrid should be exploited across the City's application architecture. Complete utilization of the Enterprise Service Bus (ESB) could greatly simplify integration points across most City systems. It is always a challenge to balance the need for technology and the resources required to support and exploit that new technology.

City Management responded to the need to improve our business continuity readiness by approving both a storage upgrade and the implementation of a virtual server environment. The project to move to a virtual server environment is well under way. The server and storage hardware has been purchased and installed. Plans are being developed to move production applications off the old servers to the new virtual server farm. This will result in fewer hardware purchases, streamlined data center management and improved business continuity and disaster recovery capability for the City.

Over the last year we implemented a new website for Lakeland Electric allowing many customers the ability to

self service their accounts including move-ins and service transfers. Other new City websites include Lakeland Linder Airport, Community Redevelopment Agency (CRA), Lakeland Downtown Development Agency (LDDA) and in February 2011 the new Lakelandgov website went live. All of these sites provide user friendly easy access to high quality information and access to City services. These new technologies also support integration with other related sites such as Plug Into Smart (www.plugintosmart.com) for the Smart Grid initiative customer information portal. Relevant social media services are also utilized. With many City departments focused on improving customer communication and web services this is driving the need for additional support and development by the DoIT WEB team. With only a team of two we must prioritize new work and put some good ideas in the backlog.

Some infrastructure improvements are routine but still are very much appreciated. We replaced 220 old laptops and 200 old desktops with new machines that will now meet the performance that our customers expect and that provide valuable efficiency for City employees. Some infrastructure projects are enormous undertakings such as the replacement of our aging 800 MHz radio system. We received City Commission approval to proceed with a contract with an industry expert to establish our requirements, evaluate technical alternatives and to select the replacement design and provider. Another welcome infrastructure project is the new joint Data Center and Electric System Control facility that will begin construction in late 2011 or early 2012. Migrating our infrastructure and application systems to this new facility will be a major effort for DoIT.

Many of our enterprise wide applications are in the process of being upgraded for the first time in a number of years. Our asset and work order management system, Maximo, has been upgraded to the new version for Parks & Recreation, IT, Airport and Wastewater. Lakeland Electric Production and Distribution will be upgraded this year along with a number of other systems used by these departments. A significant amount of mobile technology has also been implemented for the utilities. In 2011 we will begin major upgrades for our financial system, Oracle E-Business Suite and our personnel and payroll system, PeopleSoft. Hyperion, a new enterprise wide application for the planning of our City budget will move to production in 2011. This product has been integrated with our finance system and will support structured budget planning.

We continue to work closely with our IT governmental

Environmental Scan

Technology (cont'd)

peers to ensure we are providing the best value to our citizens. In 2011 we will implement a shared records management system between the Lakeland Police Department and the Polk County Sheriff's Office using the Tiburon product. This extends the functionality beyond what is in place today for Computer Aided Dispatch of 911 calls. We are also working closely with our peers to ensure the highest quality of our GIS data both inside and outside of the City limits.

These are just a sample of the 154 IT projects that were completed during 2010. And there are currently 241 IT projects on the 2011 plan. Because we also provide 24x7 support of the City's investment in application systems and infrastructure to meet the needs of our many business areas and with the resources we are currently allocated, only about 60% of the 241 projects can be completed during this fiscal year. As the City's technology footprint expands without a corresponding increase in staff or services to support these technologies, the number of projects completed year over year will generally continue to decrease even with the work efficiencies DoIT introduces. We must recognize the lower overall total cost of a business function that is properly enabled by technology, may also justify additional investment in IT support staff and tools.

The DoIT Senior Leadership Management Team continues to focus on improving our departmental performance with the use of best practices in the areas of Key Success Indicators measurement, project management, systems development methodologies, infrastructure management, incident response, security and IT management. We are concerned that our current organization and strategies cannot continue to meet the growing IT demands of our business customers. We are looking at alternatives which may include using more cloud based services, more outsourcing of project and support labor, limiting support of less critical systems, partnering with other agencies and managing the supply/demand balance with clear priorities and firm governance at the Department Director and City Management levels.

Smart Grid Initiative

Lakeland Electric is moving to the next step in the advancement of the electric grid as it launches its Smart Grid Initiative.

With the campaign theme "Smarter Power. It's In Your Hands", Lakeland Electric is promoting the ability and idea that – for the first time ever – electric customers can soon be actively engaged in their home energy use and

cost management. By using the Smart Grid tools that enable the monitoring of energy use, customers could possibly see lower electric bills.

Installation of new Smart Meters and an advanced metering infrastructure will help make this possible, along with a website where customers can see how much power they're using on a real-time basis as well as the cost associated with that power usage. Installation of the new meters, commencing March, 2011, is the first step in the overall Smart Grid Initiative.

Smart Grid is the evolution of the nation's utility grid to make it more effective, efficient and responsive to the needs of utility customers and the growing demands placed on our nation's power industry. Lakeland Electric was one of 100 utility companies, out of over 2,000 nationwide, to be chosen to integrate a Smart Grid through funding by a Federal grant.

Smart Meters are digital electronic meters that can transmit data directly to and from Lakeland Electric's office without the need for a meter reader to physically go to the home. As a result, Lakeland Electric will be notified immediately via the Smart Meter if an outage occurs and when restoration happens. Over the course of 22 months, Lakeland Electric will replace its current meters with the new Smart Meters. Customers can soon find their installation schedule at www.plugintosmart.com, the Smart Grid campaign website. Lakeland Electric's meter readers will be reassigned to other positions in the utility so that no employee will lose their job as a result of the change to Smart Meters.

In early summer, customers will be able to log on to the Lakeland Electric website and view their usage on a real-time basis. This will give customers the ability to better manage their power use while empowering them to make modifications to their usage patterns if they so desire. For customers who do not have Internet access, Lakeland Electric has available 3,000 in-home displays that will provide basic usage information so they too can monitor their electric consumption.

In addition to the customer being able to view their real-time energy use in terms of both kilowatt hour and dollars, they will have more choices when it comes to their electric usage. Over the course of the next year, continued use of the existing tiered rate billing structure or switching to Time of Use (TOU) billing could lead to customer savings. Also additional payment options will become available to Lakeland Electric customers such as a pre-payment option, which will eliminate the customer's deposit requirements.

Environmental Scan

Technology (cont'd)

Mobile Laptop Replacement

Mobile laptops in our emergency vehicles have proven to be an invaluable tool to provide critical information, as well as communication from dispatch on emergency events, as well as non-emergency information releases.

The mobile laptop replacement project allowed the Fire Department to upgrade to a better quality laptop without incurring any additional cost, as well as provide the opportunity for future cost savings.

Although our previous model was considered “business ruggedized”, they did not prove to withstand the day to day activity and use in our apparatus. They were covered by a three year warranty, but in the last year of use we were plagued with many repairs, primarily in the hinge area. These out-of-warranty costs had to be absorbed by the Fire Department.

The Fire Department mobile laptops are on a four year replacement schedule and were due to be replaced at the end of FY 2010. In an effort to mitigate our durability concerns with our laptops we decided to replace our old ones with the new Panasonic fully ruggedized CF-31 units. The new units are made to military specifications and are much tougher than the old models. The hinge area in particular is of the highest quality; the components are protected from dirt and water; and the screens are certified daylight readable. The new mobile laptops will also come with more memory and a better cooling system than the previous units. These units come with a four year warranty, which will cover the entire life cycle of the laptops.

The new mobile laptops cost a little more than the older models, but we were able to replace all of the front line units without incurring any additional costs. This is due to a reduction of spare units from six to three. The reason for this is fewer anticipated repairs due to a higher quality, more durable unit. The reduction of three computers to our inventory will save us \$3,648 annually in operation and maintenance and network charges.

Experience has proven that critical information and communication from dispatch in a timely manner is essential on emergency events. A durable and reliable mobile laptop is needed to withstand the day to day rigors of emergency response. The more reliable laptops ensure the necessary information reaches emergency responders, contributing to the safest and fastest mitigation of events and well being of citizens.

Fleet Management Billing System Upgrade

Fleet billing has long been a frustrating effort, requiring manually tying different databases together at the beginning of each month while simultaneously entering updates and reconciling errors from Fleet’s maintenance and management data collection system. The billing system, created as an Access application, was built in the early 1990s and required using at least three Access databases to provide the billing and reports. This system was upgraded to newer versions of Access, but was never truly rewritten to increase automation, provide a better user interface and reduce periodic maintenance.

Fleet’s .Net billing system upgrade only required software modifications, with no impact to existing processes, systems or hardware. The entire project was accomplished in-house. The upgrade timeframe was 120 total effort days and one billing cycle work day to test and implement, and consisted of revising and truly making the application current. This upgrade impacts all City departments.

Limitations of the original system included the inability to store past month billing information; a requirement to manually update information between systems; the lack of ease of use for Fleet customers; and unacceptable effort and maintenance for staff in multiple departments required to perform tasks and maintain the system.

The upgrade, although relatively simple, provides many benefits. It allows use of an Structured Query Language (SQL) Server database to store historical billing information that Fleet customers can obtain month by month, impossible with the original system. Additionally, SQL Servers are much more stable than Access databases; the SQL Server database is monitored by DoIt staff and backed up with an existing routine in place for other SQL Server databases. Changes made in Fleet’s iMaint data system, previously entered in a tedious monthly operation, are now updated nightly by an automated synchronization process.

The upgrade and subsequent billing test and implementation on February 1, 2011 was a success, with the result being a much improved billing product for Fleet’s customers delivered quickly and much more easily. In addition to the benefits discussed, expected savings with the upgrade include regained work hours from employees in Finance, Information Technology, and Public Works departments for system use and maintenance, and more accurate billing processing.

Environmental Scan

Technology (cont'd)

Water Utilities Department-Technology Applications Tiburon Project Phase 2: Integrated Records Management System

Water Utilities continues to use technology to improve service reliability, to standardize operating systems and to enhance customer services. These initiatives encompass multiple core service areas, with highlights including:

Automated Meter Infrastructure (AMI) for Water

Science Applications International Corporation (SAIC) was awarded a \$13,136,819.95 master services contract in June 2010 enabling Lakeland Electric to implement the Smart Grid Initiative (SGI) Project. Water meter functionality was not included under the SAIC scope as the \$11 million of additional investment was not justified. In December 2010 a \$695,000 addition to the SAIC contract was approved to fully enable the automated water meter reading and billing functionality as part of the SGI Project. SAIC will provide professional services and resources to design build, test and deploy meter to billing functionality for water meters with a completion date of August 2011. When completed, AMI water meters can be installed at any location within the SGI communication grid and achieve full functionality immediately. This pairing of electric and water meter reading with the SGI Project provides water customers with enhanced services (hourly meter readings, reverse flow alerts, leak alarms, detailed use history, detailed usage data, and web portal information). The business case for a system-wide deployment of AMI water meters continues to be evaluated for a proper cost-benefit outcome.

Williams Water Treatment Plant Control System Replacement

In October of 2010 a \$1,959,000 contract to Curry Controls Company was approved for the replacement of the Plant Instrumentation and Control System (PICS). Existing hardware and software is 1993-vintage and is no longer manufactured or technically supported; rendering the PICS obsolete. The operating platform is Delta V (Emerson), which will match that in use at the newer Combee Water Plant. This consistency will gain interchangeability, uniformity and data-sharing. The reliable and proper operation of the Williams Water Plant is essential to the delivery of drinking water and fire protection; rendering this a very high priority project. Work is scheduled for completion by October 2011. The new PICS will provide redundancy in controls, will allow operational adjustments at process locations and is a system that has proven performance at the Combee Water Treatment Plant.

The first phase of the Tiburon Project saw the successful deployment of the Tiburon Computer Aided Dispatch (CAD) System. Phase 2 of the project will be the deployment of an integrated Records Management System (RMS). Once deployed, Tiburon RMS will not only be integrated with the Tiburon CAD system, but for the first time for the Police Department, we will have a truly integrated system incorporating most of the department's operations current stand alone systems, to include an automated reporting system from Police reports, case management and evidence management.

Another first is that the Police Department will not only have an integrated system, but will be joining with the Polk County Sheriff's Office countywide integrated system. The Polk County Sheriff's Office is hosting Tiburon RMS and has offered it to all agencies within Polk County. Once completed this will be one of the few countywide integrated systems in the country. The key benefit in joining with the Polk County Sheriff's Office project will be the ability for all law enforcement agencies to share information in a timely manner. This will increase the efficiency of all participating agencies to combat crime. Just as crime does not recognize municipal boundaries, now access to multi-agency law enforcement information doesn't either.

As true with the first phase of the Tiburon project, the City is taking advantage of the Polk County Sheriff's Office county site licensing. It is expected to be a savings of over \$748,000 in licensing fees as the Sheriff has included this cost for all law enforcement agencies in the county. This has allowed the City to acquire a large city/metropolitan sized system at mid-size city prices.

Invariably such a large, complex undertaking takes time to develop and test before deployment. Currently the project is waiting to move into the testing and training phase prior to deployment as the last of the technical issues are addressed. Barring any complications, we are looking at a FY 2011 fourth quarter deployment of the system.

Environmental Scan

Opportunities: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top opportunities anticipated from change over the next five years. Those opportunities have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Assets

Strategic Alliances

- Building partnerships public or private, that strengthen the long-term viability and cost efficiency of Lakeland Electric; reducing the risks of high capital improvements such as participation in renewable generation technologies. Lakeland Electric is well situated to exploit such opportunities.

Lakeland Electric

TLC Facilities

- Improving our facilities through “Green” initiatives will improve our standing and potentially provide a competitive edge. Leadership in Energy & Environmental Design certification is becoming more and more important for facilities.

The Lakeland Center

Aviation Education Center

- The Central Florida Aerospace Academy (CFAA), a Polk County School, is a growing educational entity located on the Sun N Fun campus at Lakeland Linder Regional Airport (LLRA). The permanent facility on the Sun n Fun campus will house up to 500 students when completed. The growth and success of CFAA will help drive the development of new aviation business to LLRA, which is already seeing signs of the school’s presence as a benefit to development.

Airport

Golf Rebound

- The challenged economy offers opportunities in the long term to Cleveland Heights Golf Club golf market shares. As members are unable to retain private club memberships, municipal courses should see opportunity in the market share.

Parks & Recreation

Buyer's Market

- With limited capital dollars available, it is still a buyers market and the opportunity to purchase property at new land market rates should be explored to fulfill the long range goals of the Parks and Recreation Master Plan.

Parks & Recreation

Organizational Media

- The City of Lakeland is now its own media with web, television, intranet and social media. The communication tools in place today allow us to take out the middleman and become our own media. There is a shift from the old model of content ownership. Instead of relying on traditional 3rd party media to promote and spread our message, the City can share its message and take part in a conversation directly with the intended audience.

Communications

Competitive Position

- Keys to competitive position are to maintain price and reliability; provide high quality service while meeting new growth demands; link pay to performance; judiciously apply automation to assist in cost containment; decision making that is business focused and not driven by individual agendas. Lakeland Electric is aided in this opportunity by geographical location, a committed workforce and a concise service area.

Lakeland Electric

Fiscal Responsibility

- Water Utilities has completed a 5-year financial plan that identifies expenditures necessary to deliver high-quality, reliable, safe and efficient water services, using this information to create a multiple-year revenue plan. Our three-year rate plan provides customers with gradual rate changes that respond to changing demands, economic conditions and infrastructure needs; avoiding dramatic cost-of-services impacts. This fiscal responsibility maintains asset condition, readiness to serve and levels of service by ongoing responsible financial management. Rate comparisons with peer water utilities confirm the continuing competitiveness of Lakeland’s water services.

Water Utility



Environmental Scan

Opportunities: City Departments' Perspectives

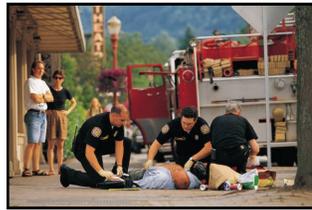
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Community Safety

SW Fire Station

- The expansion and possible commuter passenger service at Lakeland Linder Regional Airport, along with new development in the area around the airport, will ultimately require a new dual purpose fire station. The new fire station will reduce response times in the southwest quadrant of the city and comply with Insurance Services Office (ISO) guidelines for effective response area from a fire station.

Fire



Better and Faster Response

- The development of the 911 Communications Center with intake operators in the primary public information centers all trained to the same level and with the same curriculum will give the ability to dispatch Emergency Medical Services (EMS) calls inside the City of Lakeland with greater efficiency, resulting in quicker response times to our citizens on emergency calls.

Fire

Emergency Medical Services

- Budget cuts in City and County government has strained emergency services. This has required municipalities to work closer with one another on how Emergency Medical Service is delivered and funded in Polk County in order to meet the needs of the citizens. The Lakeland Fire Department is exploring the possibility of providing both Advanced Life Support treatment and transport to its community. This is a possible funding source for Emergency Medical Service response provided by the Fire Department.

Fire

Culture and Recreation

Leisure Resurge

- Demand for our services continue to grow exponentially as people are looking for less expensive and closer to home opportunities for leisure.

Parks & Recreation

More People

- The results of the 2010 census show an increase not only in the city's population but also an overall increase in the county population (+24%). These increases represent potential new business for the Center. Furthermore there were increases amongst several ethnic groups which may open new opportunities to service these groups from an entertainment, social and fraternal standpoint.

The Lakeland Center

Development

Economic Base Expansion

- Potential expansion of the population and economic base could increase property tax, utilities tax, utility system revenues, and other tax revenues. These will undoubtedly be committed to addressing the increase in service levels that would accompany that growth.

Finance

USF Polytech

- The development of this academic institution will have ramifications far beyond that of simply adding another educational complex to the City. The overall economic benefit will provide an impact unlike any other institution in the county. The natural progression that will occur creates increased commerce, housing, and jobs. The outgrowth of commerce, housing and jobs will expand multiple

Environmental Scan

Opportunities: City Departments' Perspectives

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Development (cont'd)

USF Polytech (cont'd)

revenue streams that will boost the property tax base for the City, as well as increase impact fees. Aside from the economic benefit, the institution will become a major player in the technology industry that is developing along the I-4 corridor. At this juncture, it is difficult to assess the benefit to the region of being a major player in technological research. However, it is safe to say that there is great upside to this opportunity.

Police

Lakeland's "Sea" Change

- The boom and bust cycle of the last several years has created an opportunity/challenge for the city to continue development of a high quality built environment as part of a more attractive and walkable community. Over the next 3 to 5 years Community Development will be introducing the use of new quality development tools (ex. Form-based code) and further streamline review procedures intended to produce a more efficient development review process that also provides greater access for public engagement and participation.

Community Development

Governance

Dividend Shortage

- The formula used to calculate the dividend payment from Lakeland Electric generates less of a payment than the average of all other similar public electric utilities in the state. Lakeland's dividend returns around \$3 million per year less than the average of the formula's used in these other cities.

Finance

Fire Rescue Fee

- A shift away from reliance on property taxes, while one not applied on tax-exempt entities, replacing the majority of those revenues with a fire service fee, would provide a more stable source of revenue that is more closely tied to the underlying cost of providing that service.

Finance

Responsiveness to Changing Environments and Conditions

- Water Utilities is responsive to changes in service demands, customer expectations and economic factors that affect day-to-day operations. Changes have created opportunities to defer capital spending due to slower growth, develop alternative solutions with lower costs, adjust staffing levels in response to workloads, implement cost reduction measures and maintain high accountability. Prompt reactions to changing environments and conditions have prevented declines in service levels and excessive increases in costs for services.

Water Utility

Partnering for Efficiencies

- Our customers/citizens expect all government to operate as cost efficiently as possible. The City of Lakeland can champion initiatives to reduce cost and improve service by partnering and sharing with other municipalities and other local, state and federal government entities. We can also improve efficiencies internally by pushing decision making down to the lowest level possible within the organization.

Information Technology

Retirement Legislation

- The legislative proposals introduced each session provide an opportunity for stakeholders to rally support for the benefit structure and associated funding of the Plan – maintaining both of these at a reasonable level.

Retirement Services

Human Resources Consolidation and Empowerment

- Restructuring and consolidating Human Resource services into a single empowered department would undoubtedly lead to more effective and efficient support services and allow this group to be a strategic business partner with real return on investment. The City could see significant increases in employee engagement, employee satisfaction and employee output.

Human Resources

Environmental Scan

Opportunities: City Departments' Perspectives

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Governance (cont'd)

HR Reprocess Improvement

- The City could benefit greatly from a renewed focus on process improvement directed solely at process efficiency and effectiveness.

Human Resources

Intergovernmental Partners

- Greater political capabilities beyond local jurisdictions is necessary in order to protect Lakeland's quality of life and financial ability to manage the City in a changing world. Although high-speed rail seems to have been thwarted by the Governor, one very positive outcome of that experience is vastly improved relations with both Tampa and Orlando. It has also highlighted the philosophical growth policy issues that separate city and county elected officials and the need for more effective consensus building. These relationships will lay the foundation for a variety of other regional issues facing the central-Florida region in the coming years.

Community Development

Technology

Slow Development and Technology

- The economic slowdown of the past few years has created an opportunity for the Community Development to evaluate its plan review and permitting processes along with the software programs that support them. During this period of continued slow growth we are planning to retool our basic operating systems (many of which are now outdated and/or unsupported) and implement new integrated software that will provide significant increases in efficiency and customer service for the next 10-15 years.

Community Development



Changing Media Outlets and Technology

- In a society that is undergoing exponential change, traditional communication methodologies are no longer wholly appropriate. Traditional media such as newspapers and network television have shrinking audiences. The way we prefer to send and receive information is undergoing radical rethinking in the light of widening multicultural, multi-platform and multi-purpose access. Opportunities exist for creating new information tools and new methods to reach our customers that may not be part of the current communication practice: more sophisticated communication; more communication channels; more connectivity; more multimedia; and easier real-time collaboration. There have been fundamental changes in technology in the last several years. Content is increasingly being designed for single-sourcing and reuse. Audiences look for information in other places besides the company website. There are more and more media choices. Ten years ago, how many of us had heard of iPhones or Blu-Ray - or even podcasts? The future will bring just as much innovation, with people consuming information in ways not conceived today.

Communications

Automated Meter Infrastructure (AMI) with Smart Grid

- The electronic reading of water meters offers valued services for customers through expanded capabilities, elimination of manual processes, improved accuracy and enhanced access to water use information. The impacts include timely detection of customer leaks, data to reveal high use causes, reverse-flow alarms (backflow) and Internet access to water use/billing information via a web portal. The AMI infrastructure will promote efficient water use, minimize resource waste, provide detailed use/billing data, nearly eliminate account billing errors, and eliminate manual meter reading expenses.

Water Utility

Environmental Scan

Opportunities: City Departments' Perspectives

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Technology (cont'd)

Advanced Data Access

- Advances in technology are continuously providing more and improved operational and financial data for all aspects of the City of Lakeland's operations. Much of this data has become almost immediately accessible. This type of access to data can greatly assist us in providing more timely services to the various departments.

Internal Audit

Easy Access for Customers/Citizens

- Our customers/citizens want easy access to government information and services. We have greater ability to provide their needs by improving our business processes with enabling technology. They may schedule service, pay for service, search for information, communicate directly with City employees and see real time information on a variety of topics of their choosing.

Information Technology

Business Process Improvement Enabled by Technology

- We can team City business and information technology experts to create efficiencies by targeting troublesome customer/citizen interfacing processes for improvement. We can remove delays and bottlenecks, eliminate steps, improve communications, increase speed of delivery, reduce cost and provide improved quality to our customers/citizens.

Information Technology

TLC Connection

- We will continue growing TLC's social media connections as this has become the most important opportunity for contact with the buying public – Lakeland Center Facebook page has grown to over 5,000 fans and will continue to be a source of instant access to the Lakeland/Central Florida Market. TLC will continue partnering with key community groups to promote upcoming shows and events; strengthen ties with community and key non-profit groups; combining social media opportunities with digital marketing opportunities.

- Ongoing training for marketing department members will keep TLC staff in the forefront. The ever changing pace of technology is only making it easier to reach our customers. We only see this invasion of our personal space shrinking to the point there will be no place for your customers to hide. As we suspect our competition will be utilizing these same techniques our challenge will be to remain informed.

The Lakeland Center

New Police Technology

- New police-oriented technology is being introduced on virtually a daily basis. Products like COP LOGIC (a system that allows victims to enter their own police reports for certain limited crimes), ticket writers, and license plate reader systems will allow the department to more effectively and efficiently handle current and increasing workloads with current staffing levels.

Police

Embracing Technology

- We are continuing efforts to further advance web presence and tools in the Human Resource Management System (HRMS) to better serve our customers. The IT Staff are responsive and courteous – we appreciate their diligence in making our lives easier.

Human Resources

Environmental (Green) Initiatives

- There is a growing push by the public to implement new and enhanced existing green initiatives. Citizen education on benefits to recycling participation, adoption of Green Building Standards (Leadership in Energy and Environmental Design (LEED), building energy savings audits, alternative vehicular fuel sources including CNG, hybrid vehicles, etc. are just a few of the many opportunities the City has to meet the expectations of the environmentally-conscience citizenry.

Public Works

Environmental Scan

Opportunities: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top opportunities anticipated from change over the next five years. Those opportunities have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Transportation/Traffic

Commercial Air Service

- The development of commercial air service into Lakeland is the primary opportunity that the Airport is focused on that will create a significant impact for the City and surrounding region. The possibility of moving 50,000 to 100,000 passengers a year through the Airport and local area should create additional opportunities and economic activity in Lakeland. Based on Lakeland's relative economic strength during the downturn and our geographic position between Tampa and Orlando, in five years time our market will only improve in its attractiveness to airlines. Air service will significantly enhance Lakeland in the domestic market as "Lakeland" becomes a known commodity to potential residents or businesses through out the United States.

Airport

Enhanced Mobility Opportunities

- Greater emphasis should continue to be placed on the enhancement of alternative forms of transportation other than vehicular, to include pedestrian, bicycle, and mass transit, in light of the positive results such as a reduction in fossil fuels, decrease in traffic congestion, lowering of the carbon footprint, healthier citizens, increased recreational options, etc. The 2011 Citizen Satisfaction Survey results support such a position statement as Transportation is shown to be a Strategic Priority wherein additional resources directed to this particular driver of satisfaction can improve performance ratings with emphasis in the areas of bicycle and pedestrian amenities, public transit, and congestion management.

Public Works

Advanced Traffic Management System Upgrade

- The planned upgrade to the City's Advanced Traffic Management System (ATMS) will enhance operational capabilities of incident management monitoring, assist in reducing traffic congestion and enable mass transit prioritization and enhanced flow. The ATMS upgrade will also permit traffic information to be viewed via a public domain website, allowing travelers to determine where congestion hotspots are located.

Public Works

Workforce

Reward Them Now

- While we are in an economic downturn we have the chance to recover from several years of not rewarding employees before the opportunity in a recovering economy enables them to leave and take other positions with other utilities. This is particularly true with positions requiring experience with highly specialized and technical qualifications.

Lakeland Electric

Increase in Hispanic Population

- According to the 2010 Census the Hispanic population in Polk County increased from 45,933 in 2000 to 106,532 in 2010 – an increase of 132%. One of the stated goals of the Lakeland Police Department is to recruit a workforce that reflects the demographics of the city we serve. This significant increase in the pool of potential Hispanic applicants will provide the department with a great opportunity to meet this goal and better serve all the citizens of Lakeland.

Police



Environmental Scan

Opportunities: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top opportunities anticipated from change over the next five years. Those opportunities have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Workforce (cont'd)

Employees Matter

- It is paramount that we actively consider the perception of our employees as it relates to policy and administrative decisions or actions. Through our decisions, policies, and actions, we can speak to the high performing, organizationally supportive employees in our organization and reward their efforts by calling attention to their successes. This can dissuade the formation of a pro-bargaining unit majority as more employees should be drawn to the clear path of success. There is a heightened need for innovative compensation models for the non-union base.



Human Resources

Diversification of Employee Population

- Better accessing the increasingly diverse surrounding applicant population should enable the City to diversify its employee complement. This environmental change coupled with internal efforts, such as reducing the labor intensive nature of employment processes, will allow the unprecedented ability to engage in active, rather than passive recruitment processes. To date, progress in diversifying the employee base has been limited to learning more about employee demographics as well as surrounding candidate population demographics. The City is now in a position to make proactive steps to ensure recruiting a high balance of talent from the various minority groups. This should improve the overall performance of human capital and ensure the viability of future recruiting efforts from a larger talent pool.

Human Resources

Wellness

- Given the continuously rising costs for health care coupled with the current economic situation, employees, retirees, and their dependents (our customers) are going to be forced to choose between basic staples like providing for a roof over their head, and food on the table versus paying for medically related costs. We can assist our customers by providing affordable and accessible medical care through on-site wellness clinics, health screenings, and seminars. In addition, through these clinics, we can facilitate communications between our clinic providers and medical providers in the community to insure that our customers are being compliant with their physician recommended treatment plans, as well as having access to chronic disease management programs, which focus on early identification.

Risk Management



Environmental Scan

Threats: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top threats anticipated from change over the next five years. Those threats have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Assets

Aging Infrastructure

- Capital restraints are retarding the optimal replacement of aging infrastructure and equipment, which is a real threat to the reliability of Lakeland Electric systems. Lakeland Electric has delivery and production infrastructure currently in service that are 40 to 50 years old.

Lakeland Electric

Parks Wanted!

- There are increased maintenance and declining conditions of existing facilities driven by the lack of additional facilities both within the City's system and county wide. This is coupled with a lack of available land to provide additional youth athletic facilities to meet the needs.

Parks and Recreation

"Still Not Cool"

- As the Lakeland Center structure is 37 years old, we are constantly competing with newer buildings with newer amenities and décor. As a result it is imperative we maintain the facility to the best of our abilities and budget to remain competitive. "Lack of cool factor" hurts our marketing and sales efforts. Finding funding for renovation and/or overhaul in a down economy is a challenge. We need to be prepared for when the business returns to provide a "WOW" factor. The need for a "formal" ballroom that could host larger community and corporate events is important to long term viability in the market.

The Lakeland Center

Aging Infrastructure Maintenance Costs

- Lakeland residents have clearly set a high bar when it comes to the aesthetic expectations of the City's facilities (buildings, roads, open space, etc.). It is becoming increasingly difficult to maintain the City infrastructure to the levels of expectation of past years. As fuel, material and labor costs rise coupled with a decrease in operating revenue appropriated to maintenance programs, the City should have

Aging Infrastructure Maintenance Costs (cont'd)

concerns with its inability to maintain to a high standard, those that we currently have. If ignored Lakeland could very easily end up looking like many unattractive/uninviting Florida communities.

Public Works

Strategic Airport Development - Funding

- Airports are capital intensive assets. The recent U.S. recession has created major adjustments to federal and state budgets for airports. Competition between Florida Airports for funding from the Federal Aviation Administration (FAA) and Florida Department of Transportation (FDOT) will become even more competitive. It is vital for the City of Lakeland and the region to develop a strategic vision for airport development to better compete for funds offered by the FAA and FDOT.
- As funding from the state and federal governments become more competitive and possibly more difficult to secure, local funding will be critical to the ongoing development of the Airport. This may include gap funding until grant funds become available as state and federal may participate in a project, but funding reimbursement may be delayed to an outer year. Additional capital investments may require the Airport to have the ability to have tax exempt bond funding available with the pledging of future Passenger Facility Charge.

Airport

Wow Factor

- Community apathy and lack of interest in Lakeland Center programming efforts – we lack the feeling of belongingness – we serve as a vital part of the community but have been unable to secure genuine community passion. This is related to the "wow" factor included in last year's threats.

The Lakeland Center

Environmental Scan

Threats: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top threats anticipated from change over the next five years. Those threats have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Community Safety

Consolidated Services?

- The recent downturn in the economy has generated discussion in various areas of the state about consolidation of services in county and city governments. This could pose a greater strain on present services and the quality of services provided by the Lakeland Fire Department to the citizens of the City of Lakeland.

Fire

Cyber Crime

- Technology is rapidly evolving and is a part of more and more criminal enterprises, either as a tool of the crime (child pornography, embezzlement, fraud, etc.) or a source of information related to criminal activity (social media like Facebook, My Space, etc.). Similar to most small to medium sized city police departments Lakeland Police Department is not prepared to deal with the prospect of proliferation of technology as an instrumentality of criminal activity.

Police

USF PolyTech

- Along with the positive economic benefits, this institution will undoubtedly place a strain on the Lakeland Police Department's ability to provide services. It is expected that the university will furnish its own police department. Nevertheless, it is not what transpires on campus that places a burden on law enforcement services. Instead, the off campus bars, student residences and increased traffic density are but a few factors that will be faced in the near future. It is absolutely critical that it be understood that the impact on LPD will begin the day the first shovel of dirt is turned and will increase not only throughout the rest of the project but also after completion.

Police E-Library – Loss of MSTU Levels

Ultra-Violent Youth Gangs

- Youth gangs are not new to Lakeland, Polk County, Florida, or the United States. However, there has been a recent development at the national level that is spreading throughout the country – the ultra-violent youth gang. These gangs, composed of members who are sometimes as young as 12 years old, are known for their proclivity for extreme violence – usually involving firearms. The threat from these gangs and the resulting impact on crime and the fear of crime in the city will require focused police resources to maintain the City's quality of life.

Police

Culture and Recreation

Entertainment Choices

- There is competition in the market – especially from Tampa, Clearwater and St. Petersburg venues. As we see more and more demand for particular talent (meaning those we think fit our demographic) costs will continue to rise. The competition with other facilities in the West Central Florida market is causing pricing for artists and shows to continue to rise. This in-turn forces higher ticket prices. In this economy, ticket prices are having a more noticeable negative impact on sales. This seems true regardless of the talent or show.

The Lakeland Center

Tigers Contract

- The current 15 year contract will come up for renewal in 2016. Improvements to the existing facilities will be required to maintain the player development at both the Major and Minor League levels.

Parks and Recreation

- Funding levels for the E-library are in jeopardy due to the lower Municipal Service Taxing Unit county collections. The Polk County Library Cooperative will face tough decisions regarding the ability to continue to fund this library service in south Lakeland.

Parks and Recreation

Environmental Scan

Threats: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top threats anticipated from change over the next five years. Those threats have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Development

The Great Recession

- The downturn is clearly of a depression magnitude in the development industry and impacts will be with us for many years as a new normal is defined. The decline of revenues for local governments may be severe causing a serious decline in our ability to manage the quality of life and provide traditional levels of municipal services. At the same time, escalating payroll, insurance and other related costs are likely to outstrip the City's ability to do capital projects as it has over the past thirty years and address many of the infrastructure demands that are important to a continued attractive urban environment. Managing such changes will be difficult.

Community Development

Land Development Adjacent to the Airport

- Lakeland Linder Regional Airport (LLRA) has a tremendous economic impact to the region. With over 150 tenants supporting over 700 jobs on airport property, it is important to protect this asset. As Lakeland and the region continue to grow, the airport will see increased development around it. While, development is good, it should be compatible land development to the airport. New housing developments springing up around the airport may not be compatible to future aviation opportunities. Collaboration to establish proper zoning around the airport to allow for its continued growth will be critical.

Airport

Counter-Selective Annexation

- Counter-selective annexation will unduly place financial burdens on those City departments responsible for maintenance along with public safety departments servicing the areas.

Public Works

Challenges of Growth

Increased costs for facilities, apparatus, supplies, and services present challenges in a current budget freeze. This current strain on the fire department

Challenges of Growth (cont'd)

budget will ultimately affect our quality of service delivery. Without an increase in fiscal growth we will be challenged to continue to provide the same quality service level our current citizens have and grown to expect. Increased land development and population growth within the city challenges our service delivery capabilities to do more with our current manpower. We currently have areas inside the city that have response times for fire and rescue services that are greater than 12 minutes. As development in the northeast and southwest quadrants of the city grows, the Fire Department will need to address associated service delivery pressures.

Fire

Governance

Economic Base Contraction

- Potential contraction of the economic base could further reduce property tax, utilities tax, utility system revenues, and other tax revenues. These will require more prioritization of limited resources with either increases in utility rates or contraction of those operations as well as the need to adopt the "new normal".

Finance

Dividend Shortage

- Growth within the City is not able to pay for itself. A significant component of the existing revenue stream is dividend payments from Lakeland Electric. Because electric rates historically increase at levels that are significantly lower than other costs of living, any formula that continues to grow as a fixed percent of revenue returns less money than is needed to keep pace with population growth and inflation. Either the formula should be changed, or that revenue source will need to be replaced by other sources of revenue over time.

Finance

Environmental Scan

Threats: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top threats anticipated from change over the next five years. Those threats have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Governance (cont'd)

Staffing for Priorities

- As the City continues to implement new information technology infrastructure and systems we are required to allocate more of our information technology staff's time to support these production investments. This limits staff availability to provide business analysis, implementation and support of new initiatives. We must dedicate some amount of high skill staff time to focus on the future and on new initiatives. We must ensure to include strategic Information Technology planning in the City's Strategic Operating Plan and in each Department's Business Plan.

Information Technology

Litigation Stemming from Employment Actions

- Across the United States, there has been a dramatic increase in employment related litigation. It is likely that this trend will continue. Litigators are increasingly obtaining sophistication in employment law and looking for opportunities to use their skills. This may lead to a need for increasing the allocation of resources to the Testing and Assessment Services Division and a complementary need to increase awareness among all City of Lakeland hiring authorities regarding hiring risks and opportunities for risk mitigation.

Human Resources

Energy Regulatory Uncertainty! NERC and FERC

- System compliance regulations are not yet firm but must be met and will have significant costs. The regulations continue to grow in costs and complexity. Environmental regulation promises to grow; e.g. carbon control/taxes, Nitrogen Oxide (NOx) markets, Mercury (Hg) rules. Fuel costs are impacted by such uncertainties as well. The ability to treat Lakeland Electric as a business in recovering expenses and investing in infrastructure and human resource needs is vital.



Lakeland Electric

Regulatory Directives Absent Any Cost-Benefit Analysis

- Water and wastewater services are highly regulated by a variety of health and environmental agencies, with regulations continually adding to the costs of providing services. As new requirements are imposed, these often are driven by special or narrow interests; and disregard the impacts on the general public. As new regulatory initiatives are being considered, the broader aspects need to be considered including impacts upon the general public and the true cost-benefit of the action. When these regulatory directives have a significant impact upon our customer's costs of water services; the directives should have a clear scientific, public benefit or environmental necessity.

Water Utility

"More with Less" Shortcuts

- With the downturn in the economy the City of Lakeland is experiencing, many Departments have been required to provide the traditionally expected high level of service with less personnel and less economic resources. One of the inherent concerns or threats when people are trying to do more with less is that they feel the need to take shortcuts or cut corners wherever possible. In some instances, these shortcuts are not always sufficiently thought out and as a result adequate internal controls over systems and processes may not always be considered or maintained.

Internal Audit

P-Cards

- The City of Lakeland has a fairly extensive purchasing card program whereby employees are entrusted to make purchases for the City with no pre-approval by their supervisors. With the current on-going economic conditions, there has to be a concern that an employee may be more tempted to use their purchasing card for personal benefit. While there is an eventual supervisory review required to approval of all purchasing card transactions, it maybe a number of days or weeks before that review is completed.

Internal Audit

Environmental Scan

Threats: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top threats anticipated from change over the next five years. Those threats have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Governance (cont'd)

Legislation

- Each legislative session brings a new set of proposals aimed at defined benefit pension plans. The Sponsor has an ongoing challenge in deciphering the threat of these and the ability/inability to fund the proposed changes.

Retirement Services

Unfunded Mandates - Impact to Quality of Life

- On the pecking order of government structure, cities are found at the bottom of the totem pole, and thus as regulations are adopted at the federal and state level, the financial responsibility to implement and enforce the regulations are often time put on the back of county and city governments. Left unchecked, local governments will find themselves having to cut services generally known to enhance the community quality of life leaving only those essential services to fund. The recently adopted lakes and storm water regulations will have significant financial impacts to Florida cities and counties and yet are widely known to be unachievable generating little observable benefit.

Public Works

Hometown Democracy/Abolishing Growth Management Status

- The elimination of key provisions of the Growth Management Law would seriously threaten Lakeland's long-standing history of forward planning and responsible growth management. While the implications of such a change on the future growth of our City can only be the subject of speculation at this time, without doubt it would dramatically change the manner in which Community Development operates and the City as a whole manages its future growth.

Community Development

"What is Best for Lakeland"

- For decades the City was led by individuals who asked "what is best for Lakeland", and governed in a stable and congenial manner making steady progress on issues and priorities. That era has ended or never occurred in nearly all of the surrounding governing authorities and threatens to also become the norm in Lakeland. Excellent local elected and staff leadership and education as well as statesmanship will be required to avoid that phenomenon resulting in senseless confusion and competition that seems to now be permanent at state, federal and even county governments as well as within many large and small cities. Maintaining effective and civil governance will be challenging but necessary to do what is best for Lakeland.

Community Development

Legislative Changes can Negate our Ability to Minimize Claims Related Medical Costs

- For the past few years, judges here have only allowed the plaintiff to board at trial the amount of the health insurer's lien as opposed to the amount billed. However, recently in a case the judge ruled that the plaintiff could ask for the entire amount billed, and not just the extent of the lien. This gives the plaintiff a double recovery. Should this trend continue, Risk Management will have difficulty minimizing claim related medical settlements, resulting in increasing claims costs and escalated reserves.

Risk Management

Information Technology Investment

Because of the increasing pressure to reduce the cost and size of government, all City business departments want to implement technology to help reduce staff and budget while continuing to provide high quality service to our customers/citizens. Ironically, this same pressure creates the tendency to cut spending in a time when increased investment in information technology may be the wiser choice. City Management will need to evaluate an increased investment in technology and IT staff that may be necessary even in times of financial turmoil. This will come from rigorous project management, key success indicator measurement and management oversight.

Information Technology

Environmental Scan

Threats: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top threats anticipated from change over the next five years. Those threats have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Technology

Perceptions of Government

- Unfortunately, citizen's perceptions of government is no longer differentiated between National, State and Local levels. As a result, many individuals have resorted to a perception that all government in general is bad. The City will need to marshal its resources and talents to confront such perceptions and engage our citizenry in meaningful ways to remain responsive to needs at levels and costs that are deemed acceptable.

City Manager's Office

Failure to Invest in Technology and Best Practices

- During the economic downturn, it is essential that investments in technology and state-of-the art infrastructure continue. Downward pressures on expenditures can threaten these activities, when, in actuality these investments offer the greatest opportunity for improvement. Automated controls, energy management systems, mobile computer work dispatch, process automation, and other technological investments improve service levels, resource utilization, accountability and work management. When economic pressures exist, cutbacks do not solve the underlying core issue, but only treat the symptoms. Economic pressures spur innovations, automations and efficiencies; with short-term investments often providing long-term gains. Water services directly impact public health, safety and our natural environment; and represent core services that must be sustained.

Water Utility

Advanced Data Access

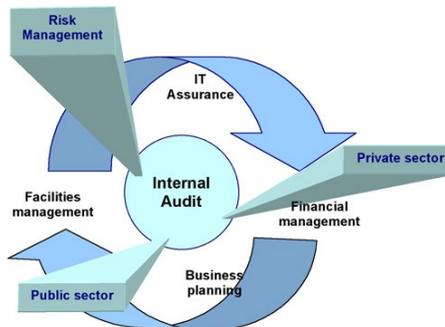
- Technology is continuously providing City employees with more access to systems and data contained therein. This is generally considered a benefit since it provides the employee with better information to do their job. However, the more employees that have access to our systems and data, the higher



Advanced Data Access (cont'd)

the potential risk is for the misuse or manipulation of data to the potential detriment of the City.

Internal Audit



Inundated Citizens

- In the early days of advertising there was what was known as the 3rd exposure effect in order to reach customers with your message. That number has grown from 3 to 4 and now researchers say that one must touch customers 8.4 times to get their attention. That number increases almost three fold when consumer behavior is factored. In order for a citizen to change a behavior, they must hear the same message on average of 21 times. The City must compete with the 3,000 messages an average person receives in a day in order to have effective communications. If Fortune 500 companies are going into marketing and communication campaigns knowing that they will have to touch prospective customers 8.4 times just to get their attention and 21 times to have retention of the message to change consumer behavior – then municipal governments with shrinking budgets are fighting an uphill battle in getting their message across. Media cost money and what was effective in 1990 with expecting to touch customers 4 times has more than doubled by today's standards. Not only has the cost of media increased but the number of exposures needed to be effective has doubled. The cost of ever-changing technology is increasing and today's tools will be obsolete in three years.

Communications

Environmental Scan

Threats: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top threats anticipated from change over the next five years. Those threats have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Workforce

Workforce Challenge

- Recruiting and retention of a well trained and high quality workforce continues to be a major issue. Lakeland Electric is a high tech organization. It has reduced its workforce to an efficient level but must be able to quickly replace and train personnel as older, experienced workers retire or go elsewhere. Lakeland Electric must be able to offer a viable career future to attract the best. We must be able to award our performing employees with pay increases. Challenges are in compensation, flexibility and benefit changes.

Lakeland Electric

Attracting, Hiring and Retaining a Skilled Workforce

- As we continue to utilize technology in day-to-day operations to improve service delivery, efficiency and accountability; higher skilled and highly motivated workers will be needed. In order to attract, hire and retain these needed human resources; the workplace must recognize the changing priorities of today's workers. We must provide flexible work rules/hours, competitive compensation packages, encourage/support personal development, foster engagement/communication, and provide more meaningful recognition for performance. A modern workplace, complete with appropriate employee conveniences, facilities and space must be provided to create a positive work climate. The hiring of the right people for these changing conditions will be a continuing challenge; but is essential to the delivery of reliable, adequate and efficient water services. Without commitments towards such purposes, we will face threats due to either the hiring of a marginal workforce and/or the pirating of our talented workforce by other employers.

Water Utility

Attracting and Retaining Information Technology Staff

- There may be an inability to attract and retain information technology skilled employees required to implement and support technology. The competition for information technology talent is increasing from the private sector in both pay and benefits comparison. There are fewer students graduating in the information technology field.

Attracting and Retaining Information Technology Staff (cont'd)

There is also a need for higher technical awareness and skills from the staff in all City departments to ensure we are fully exploiting technology.

Information Technology

Retirement "Bang"

- Given a more diverse workforce the City must ensure it is able to attract and retain top talent by offering competitive benefits and salaries. This is no easy task, given the diversity that exists at all levels of our workforce. We must be able to offer the most "bang for our buck" in terms of benefits (including retirement). The City must be able to effectively and efficiently communicate the value of the benefits offered.

Retirement Services

Employee Morale

- The current economic environment that has driven the City to withhold pay increases the past two years, led to government downsizing, and heightened talks of privatizing certain City services with consistently high citizen satisfaction scores, is taking its toll on the morale of City employees. Development of a strategic plan to address this concern is paramount to maintaining high productivity levels from affected employees.

Public Works

An Aging Workforce

- Increasing attrition due to a myriad of reasons is a threat that the City must face directly. Human Resources (HR) may require more staff in the future to meet staffing challenges as there will be an escalating number of job openings, with requisite staff to address all of the resource issues beyond process improvements. As staffing is one of the first tier HR functions, some reallocation of the department's existing resources may be necessary.

Human Resources

Environmental Scan

Threats: City Departments' Perspectives

In a Pre-Retreat Survey, City Departments were asked to describe the top threats anticipated from change over the next five years. Those threats have been categorized under broader themes and include: Assets, Community Safety, Culture and Recreation, Development, Governance, Technology, Transportation/Traffic and Workforce.

Workforce (cont'd)

Focus on the Wrong People

- The organization, has often times spent a disconcerting amount of time interacting and patronizing lowest performing employees. These are actively disengaged employees who are unsupportive of the organization and its management. We need to remain focused on employee recognition for our high performing employees, while concurrently gaining more comfort in communicating behavioral and performance expectations to low performing employees. The majority of time (recognition) should be spent interacting, coaching, and developing high performers.

Human Resources

Resource Constraints Can be Consequential

- Due to the current economy and resulting budget constraints and cuts, the concern is that as Risk Management resources become more limited, so will the ability to provide the services that our customers need. For example in the area of safety, it is imperative to be able to provide employees (our customers) with up to date training. In order to do such, safety personnel need to be able to attend educational seminars as well as have the dollars to implement any new training or modifications that may be required in order to maintain compliance with specific standards or newly imposed statutory requirements. In the benefits arena, we continue to see unfunded mandates that require additional time, money, and manpower to educate as well as enforce with employees, retirees, and/or dependents (our customers). Without the appropriate manpower or financial resources the implementation may be delayed causing our customers to miss out or be the recipient of a delayed benefit.

Risk Management



Strategic Issues

City Commission Retreat Issues/Concerns/Comments 4-13-11

Goal Valuation

Goal Area	FY12 Values	FY11 Values
Quality of Life	28.3 v	30
Communication	21.1 v	27.9
Economic Opportunity	20.3 ^	19.3
Fiscal Management	17.0 ^	11.9
Growth Management	13.3 ^	11
Governance	n/a	n/a

Key : v = down from last year; ^ = up from last year

Key for list below: (#) = the number of votes from the Commission that an issue received.

Top Strategic Issues: (listed in order of priority – if item included in final list)

1. Electric Dividend Policy Review. (5)
2. Putting citizens first - results, based on needs/data. (3)
3. How are we going to improve employee satisfaction during tough economic times? Employee morale and valuing employees. Working climate attractive to employees. (3)
4. 3rd Question re Budget: Can you provide same service at a reduced cost? (2)
5. Potential Taxpayer Bill of Rights (TABOR) influence on future millage rates. Take a longer-term view while balancing the next year. Look at long range implications. (2)
6. Living our Core Values from top to bottom. (2)
7. Importance of balance – short view balanced by long view. (2)
8. Protect Capital Fund (5 year plan to “get out”). (1)
9. Helping public understand how we spend/allocate funds. /Engaged and informed citizenry. (1)

Additional Discussion Points

Bold items were from the Strategic Items list but did not receive “final 3” votes.

QUALITY OF LIFE:

Additional Discussion Points:

- Differentiate further demographics of view of police/safety.
- Police Department – professional courtesy/response times.
- Continue to take advantage of opportunities.
- Fire/Rescue service for Southwest Lakeland.
- Put citizens first.
- Youth crime “uptick”.
- Get Capital Project Fund away from General Fund to keep big projects on radar. Communicate with citizens.
- Keys: quality of service by city employees vs. private companies.



Strategic Issues

COMMUNICATION:

Additional Discussion Points:

- Interaction between employees and citizens (not letting morale influence). Serve public at highest levels.
- Identify the percent of population that the 35 - 44 year olds represents.
- Explore diversity of interface with community.
- Communication marketing.
- Understanding how City spends money/perceptions of citizens.
- Focus groups – further analysis of data.
- Explore results from Seniors to assure we continue to meet/exceed expectations.
- Identify expectations as well as perceptions – make sure we are talking about the “right” things.
- Validate citizen comments.
- More data and feedback on areas of concerns from the 35 - 44 demographic.
- Have Lakeland Vision Survey combined with Citizen Satisfaction Survey to identify similarities and differences.
- Examine differences in support as represented by zip codes.
- This survey seems to support Citizens Satisfaction Survey value for services perception.
- Continue to educate citizens on how budget is allocated for services.
- Educate community that public employees have felt impact of economy as well.

ECONOMIC OPPORTUNITY:

Additional Discussion Points:

- Explore financial impact of legislative changes.
- Buying locally was resonated by Dr. Nickell – creation of that culture.
- Educational cuts and the impact here to 1,000 employees. Danger of cutting in education.
- Similar issues faced by our community as in education.
- Concern: reacting to economic recovery in a timely manner to prevent a possible “brain drain” to private companies.

FISCAL MANAGEMENT:

Additional Discussion Points:

- Lakeland Fire Department ISO rating – conduct Southwest analysis to determine feasibility and station needs
- Impact of legislative session
- Support for current budget and services.

GROWTH MANAGEMENT:

Additional Discussion Points:

- Impact of Legislative session
- Southwest Fire Station



Strategic Issues

GOVERNANCE:

Additional Discussion Points:

- Consider Information Technology (IT) needs and impact as we move forward – can't afford to ignore
- Live our Core Values.
- Challenges in hiring highly skilled employees
- Represent Diversity of community-leadership/partnership/engage in further dialogue.
- Core Values throughout the organization and to the front-line.
- IT solutions/automation may (but not always) reduce jobs depends on project.
- Number of pay steps as equates with % pay increase – offers some flexibility. Confusing to employees. Decision was related to Pay for Performance Plan.
- Still some challenges in hiring highly-skilled technical staff partly due to compensation competition.
- Diversity of applicants – may be too early to judge effectiveness.
- Consider creative solutions to employee satisfaction/retention and to compete for best/bright.
- Time spent with low performing employees. Building supervisory skills and expectations to deal with problems effectively/efficiently.
- Decline in employee morale, in context of no merit pay and possible privatization.
- Factors: Increasing health insurance no merit pay, unions, privatizing.
- Factors: Economic and cultural such as employee attitudes.



Appendix

LAKELAND CITY COMMISSION Minutes - April 13,2011

Strategic Planning Retreat

The Lakeland City Commission met for the Strategic Planning Retreat. Mayor Gow Fields and Commissioners Don Selvage, Phillip Walker, Glenn Higgins, Justin Troller, Howard Wiggs and Edie Yates were present. City Manager Doug Thomas, City Attorney Tim McCausland, City Clerk Kelly Koos, and senior staff were present along with the media. Tom Freijo of University of South Florida (USF) Polytechnic served as the facilitator.

ABOUT THE DAY

Tom Freijo explained it would be difficult to have comments from the observers. They needed to follow the agenda. Observers could write their questions down and submit them. They would answer them if there was time or staff would contact them later.

STATE OF THE CITY

Mayor Fields offered the State of the City address. Lakeland was one of America's great cities. Lakeland needed to do a better job of getting the word out. The City had to do a better job of working the core values throughout all offices.

CITIZEN SATISFACTION SURVEY

Kevin Cook reported on the results of the survey. The demographic group of 35 - 44 seemed the least satisfied for many different reasons. The citizens wanted a City Newsletter.

35 - 44 demographic made up about 9.4% of the population.

Hot Issues

In thinking about the demographic that was most unhappy, the City was not communicating enough. There was a disconnect between what the City was doing and what the people were hearing.

Ethnic Group Interaction – The City could take a leadership role in improving that perception. The City could set the example and make sure that the perception is that all ethnic groups in the City could aspire to leadership roles.

Kevin Cook would distribute all the open-ended comments, submitted by the participants, to the Commission.

Overall citizens were satisfied with their tax burden. Another comment was that they were concerned about how the City spent money. The City needed to make sure the public was comfortable with how the City spent their tax dollars.

The demographic age 35 - 44 may be parents of teenagers which could affect the way they look at law enforcement.

The City needed to reach out to the public to understand their perceptions before changing how they communicate with the public. It may be they simply do not agree with some of the City's decisions.

The City needed to live the core values including the front line employees. The front line employees need to live those values so the citizens will know the City cares about their needs.

Appendix

WWW.LAKELANDBUDGET.COM

Shannon Lanier, Executive Director of Lakeland Vision gave this presentation. Lakeland Vision was gathering information from the community on long-range goals and the City budget. There were 1,599 hits on the website. People liked having the opportunity to provide input. There were 1,000 valid responses. The Committee removed errors such as duplicates and test records. Paper copies of the survey were available and those that were turned in were hand entered into the system.

This was a good public outreach but it was not a scientific survey.

The majority of responses felt the City was spending appropriately. It was important to analyze the data.

The majority of the comments came in during the first 24 hours of the ten days.

There were concerns that the results were skewed because mostly citizens that use computers completed the survey. Producing the survey in paper format would be expensive. Lakeland Vision could do that with additional resources.

Commissioner Troller asked that Lakeland Vision work with Communications to compare the Budget Survey with the Citizen Satisfaction Survey to see how they match in the zip code area that wanted more public safety.

Hot Issues

Citizens seemed to understand there was value to the services the City provided. People do not want to sacrifice their quality of life even though it comes at a cost.

It seemed people on the outskirts of the City wanted to spend more on public safety. People living in the core wanted to spend less.

ECONOMY, EDUCATION AND LEGISLATION

Marsha Faux, Polk County Property Appraiser, gave an update on the City of Lakeland's tax base. The 2011 tax role will be based on all activity in 2010. The City of Lakeland's taxable value was down 13.55% last year (July 1 - July 1). This year the City of Lakeland was down 4.8%. The City's "Save Our Homes" differential has moved from \$1.1 billion in 2007 to \$150 million in 2011. The Save Our Homes cap provided an increase in property tax if the market value was greater than the assessed value of the home. New construction has also provided additional property tax revenue outside the parameters of the 10% cap of the Save Our Homes. Sales of single family residents (Lakeland had 700+ sales) removes homestead and the cap so the property tax revenue increases. She did expect another decline in 2012.

Dr. Sherrie Nickell, Superintendent of Polk County School Board, gave an update on the budget challenges for the school board. The Governor proposed a 10% cut in education funds. That represented \$34 million for Polk County. She presented a staffing plan to the school board with approximately a 6 - 7% cut. It would affect over 1,000 employees. That did not mean 1,000 lay-offs. In addition to the State cuts, all the Federal stimulus money is gone effective June 2011. There are many employees hired by that money too. Anyone currently paid out of Federal stimulus dollars would be repurposed into other positions. Those with the most tenure would have the opportunity to "bump" a more recent employee out of a job. A decrease in Federal funding (other than stimulus) would result in an increase to the 1,000 employees that would be affected.

Dr. Carl Brown, Economic Professor at Florida Southern College, offered an update on the economy. In theory, the Country came out of the recession in June 2009. He was unsure if that was the case locally. In 2010, retail sales dropped by 2% from the preceding year. They were down 22% from their peak in 2007. They have shown some signs of stabilizing over the last several months. Tourism had increased over the last two quarters. Compared to the preceding year, tourism was up by about 8%. Population over the last year has remained unchanged.

Appendix

ECONOMY, EDUCATION AND LEGISLATION (cont'd)

Since 2007, unemployment had stabilized at 12% unemployment. Industrial/manufacturing activity had fallen by less than 5% since the peak before the recession. Housing was the weakest sector. The value of permits in 2010 was down 74% from the peak year of 2006. Polk County remained the citrus king and the state forecasts that orange crops will be up by 3%. The Polk Progress Index was a composite of variables that reflected economic activity. That index began a sustained plunge in 2006. That drop was exaggerated by the importance of home sales. He identified the beginning of the local recession in the second quarter in 2007. That was when retail sales and employment peaked. He could not say that the recession here locally had ended. He did feel that locally, the economy had reached the bottom. The question remained as to how fast a significant recovery would begin to take hold.

Sherrie Nickell asked her staff to develop a formula to cover expenses for use of school facilities. That would be ready around July 1, 2011. They would have to make sure appropriate liability coverage was in place. They plan to have a central location for the public to arrange to use the facilities.

David Shepp, City's Legislative Lobbyist, gave an update on the current legislative session. The House and Senate were \$3 billion apart on the budget. They were looking at a decrease from the previous year budgets. Some issues out there this year were pension reform, TABOR for state and local governments, numeric nutrient water quality criteria, Red Light Cameras, severance pay regulations and a fertilizer bill.

The biggest concern for the City this legislative session would be any kind of revenue cap.

Marsha Faux spoke to the challenge of the valuation and assessments of uncompleted subdivisions. The Department of Revenue came into the office and provided a report that said the property appraiser needed to write better procedures. The report did not say if the property appraiser had properly classified uncompleted subdivisions agriculture. That report was available on the property appraiser website. Land use code and zoning of a local government had no impact on whether or not a property's current use was agriculture. The City of Lakeland had 7,083 acres of agricultural property. Most of those were zoned commercial land use.

Dr. Brown commented on his previous statement of "don't stop spending." Spending is what drives the economy. When people stop spending, people are laid off. Business will not produce more than what they think they can sell. The Federal government had tried to increase spending. Dr. Brown encouraged elected officials to try to maintain education funding.

Panel's Final Comments

David Shepp felt the legislature was not attacking local governments. There was a new system and administration in place. There were challenges with the new delegation. The City needed to maintain a continuous conversation with the Polk delegation. They needed to educate them on why certain provisions they are pursuing would have a negative impact on the City and their constituents.

Marsha Faux directed the Commission back to the spreadsheet she distributed. She pointed out the values exempted from the City of Lakeland due to legislation since 2008.

Sherrie Nickell stated that public education needed to be an entity that was completely integrated. Polk County needed to leverage their assets. She advocated that the school board buy local. She wanted to see the School Board establish additional partnerships. A prime example of those partnerships was the career academies. The School Board was facing challenges right now but it was important not to be shortsighted.

Dr. Brown encouraged people not to be shortsighted. He was optimistic for the local economy. The long-run future was bright. This was a period of transition. He encouraged the community to diversify the economic base so they were not dependent on a single entity like housing.

Appendix

COMMUNITY SAFETY, CULTURE AND RECREATION, DEVELOPMENT AND TRANSPORTATION/TRAFFIC

For this portion of the retreat, a panel made up of department directors came forward to answer questions. There were 16 questions but the panel only had time for the first six.

1. The depression magnitude in the development industry from the economic downturn will be consequential for many years as a new normal. Further, the decline of revenues for local governments may be severe causing a serious decline in our ability to manage the quality of life and provide traditional levels of municipal services. An inability of the City to do capital projects as it has over the last 30 years and address infrastructure demands could undermine Lakeland's offering of an attractive urban environment. What's the good news?

Jim Studiale, Community Development Director, responded. Lakeland had been effective in maintaining the community. Lakeland still had good infrastructure. Lakeland's strength had not just been housing. It had been redevelopment, building a quality city, and attracting business. Those three areas were still sustainable. The City should look at how to continue to rebuild the City. His biggest fear was the City would lower their standards because that seems to be popular around the State.

2. The 2011 Citizen Satisfaction Survey showed Transportation as one of several critical areas to improve where impact is high and performance is low, relatively to other service areas. How important are alternative forms of transportation to private vehicles and name some examples that the City is on the forefront of or should consider?

Rick Lilyquist, Public Works Director, responded. Alternative transportation was transit, bicycle and pedestrian facilities. Younger generations want to live closer to where they work. Retirees want to live closer to activity centers. Those who move from larger communities are used to having alternative transportation. Three areas in need of improvement were traffic congestion, transit facilities and bike paths. The City needed to continue to enhance their efforts to be a more walkable community. The City had a 15-year Mobility Plan to enhance transportation. The City had been at the forefront of transportation by requiring sidewalks, bike lanes, etc.

3. According to the recent Citizen Satisfaction Survey, Parks and Recreation and Community events rated high at 77 and 72, respectively. Based on census data showing significant population increase and continued growth projections for the Polk County area, is the City positioned for handling future leisure demands?

Scott Sloman, Assistant (TLC) Director, responded. The Lakeland Center (TLC) meeting and convention business was not sold out. They were ready for additional business. They have room to grow and seats to fill.

Parks and Recreation Director Bill Tinsley responded. In this economic downturn, Parks and Recreation (P&R) is full. There was a significant capital shortfall across the board. People had quit traveling and were staying local and filling up parks. The library circulation had increased by 49%. Now was the time to land bank for future parks.

4. The development of commercial air service into Lakeland is a primary goal of the Lakeland Linder Regional Airport that will create significant positive impact to the region. How will commercial air service position Lakeland for the future?

Airport Director Gene Conrad responded. Commercial service will add jobs. It will bring people here who would otherwise just travel right through on I-4.

5. There has been a recent development at the national level of ultra violent youth gangs spreading throughout the country. Has Lakeland been affected and how must we guard against it?

Appendix

COMMUNITY SAFETY, CULTURE AND RECREATION, DEVELOPMENT AND TRANSPORTATION/TRAFFIC (cont'd)

Police Chief Lisa Womack responded. The number of active gang members remains very small. The problem is the rise in violent youth crime. National statistics show that 60% of youth have been exposed to crime either as a participant or as a victim. Law enforcement must recognize they are not going to arrest their way out of this issue. The community needed prevention and intervention. Prevention was a community-based thing, a strong partnership within the community and a recognition that the issues exist. Intervention was an education based and church/faith based program that could intervene when problem area arise. There must be understanding and communication of what the issues really are to address the problem.

6. Lakeland currently has areas of the City that have response times for fire and rescue services that are greater than 12 minutes. As development in the northeast and southwest quadrants grows, there will be added service delivery pressures. How imminent is the need for a fire station in southwest Lakeland, in particular, and what are its benefits and costs?

Fire Chief Gary Ballard responded. The Airport Rescue Fire Fighting (ARFF) truck was being housed in temporary housing. The new homes projected for the southwest quadrant were not built so the City did not build a new station. He felt they could find a location on the airport property to serve the airport and surrounding neighborhoods. The biggest issue was equality for the citizens of Lakeland when it comes to fire protection. There was a twelve minutes response time in the southwest district and a six minute response time anywhere else. He was currently waiting for the most recent Insurance Service (IS) rating to come back. Lakeland will probably remain at a Level 3. If residents were more than five miles from a fire station, that was the same as not having fire protection. A station in the southwest quadrant would improve response time, provide a permanent home for the ARFF truck and improve insurance premiums for citizens. That would cost a lot in building and staff costs.

Panel's Final Comments

Bill Tinsley – The City had the opportunity and needed to look beyond this 2-year struggle.

Lisa Womack – The Police Department is working to address the right problems, the right way, with the right resources. The Police Department is providing services that will address the problems the community has as well as issues the community is not yet aware of. They are working to deploy resources so they can engage in prevention, intervention and suppression and not just working in arrest mode.

Gary Ballard – The Fire Department was looking to work with Polk County in dealing with Emergency Medical Services (EMS) issues.

Jim Studiale – The retreat was for the big picture, long-range view. Lakeland was different from other cities. They had choices. Encouraged the Commission to not minimize how much progress they have made. Hold the line on development quality.

Rick Lilyquist – It was about vision. The City got here by having leadership that was visionary. Focus on looking forward. Keep your eye on where you want to be.

Gene Conrad – Commercial Service was for the common good. It would be an economic driver for the region. Once Lakeland Linder Regional Airport (LLRA) was a commercial non-hub airport, their status changed and they would qualify for more funding that would benefit the entire community.

Scott Sloman – Their goal was to involve the local citizens more to provide programming year round.

Appendix

Hot Issues (cont'd)

The City needed to guard against short-sighted reactions.

Adequate fire protection for southwest Lakeland was important.

Lakeland Linder Regional Airport would be eligible for approximately \$2 million towards a new fire station at the airport.

The City of Lakeland had a relatively small number of active gang members. The City needed to focus on youth crime in general.

The Commission needed to find a way to stop funding General Fund Operating Costs with the Public Improvement Funds. That needed to happen within 3-5 years. They needed to communicate that to citizens when they discuss the millage rate.

Employee morale is low because of privatization discussions and no pay raises. The quality of the City would not exist if not for the outstanding employees. Is morale really down? What is senior staff going to do as leaders to lead employees into maintaining good morale under these fiscal constraints?

Rick Lilyquist – there is a morale issue in Public Works. There is a concern that non-union employees are being left behind. The lack of pay raises with an increase on health insurance premiums has had an impact. In Solid Waste, the previous City Manager explained to employees that if they continued to provide the quality service, the citizens of Lakeland would be satisfied paying a little extra. Those employees banked on that and now the privatization discussions are back.

Lisa Womack – morale is an issue at the Police Department. It is more than just economics. She recognized the morale issue and is working to create an environment to allow morale to improve. She also recognized that the employees chose to come to work with a specific attitude. That is out of her control.

Doug Thomas explained this afternoon would include additional conversations on workforce.

It was important to let the public know that the public employee was suffering too. It is not just happening in the private industry.

Recess/Reconvene: The Commission recessed for lunch at 12:55 p.m. and reconvened at 1:47 p.m.

The Lakeland City Commission reconvened for the Strategic Planning Retreat. Mayor Gow Fields and Commissioners Don Selvage, Phillip Walker, Glenn Higgins, Justin Troller, Howard Wiggs and Edie Yates were present. City Manager Doug Thomas, City Attorney Tim McCausland, City Clerk Kelly Koos, and senior staff were present along with the media. Tom Freijo of USF Polytechnic served as the facilitator.

ASSETS, GOVERNANCE, TECHNOLOGY, AND WORKFORCE

For this portion of the retreat, a panel made up of department directors came forward to answer questions. There were 11 questions but the panel only had time for the first nine.

1. The Finance Department has stated that the City generates less of a payment from Lakeland Electric than all other similar public utilities in the state. As a benchmarked comparison, are you suggesting that the City could increase the dividend charged to Lakeland Electric up to \$3 million per year for helping to maintain Lakeland's high quality of life standards?

Finance Director Greg Finch responded. Lakeland does not have a formally adopted dividend policy. In the last rate case, Lakeland took \$8.41 per 1,000 kWh. Lakeland takes a dividend from Electric, Water and Solid Waste. The City of Gainesville takes 35% of their General Fund expenses. Orlando takes a negotiated amount. On average, the comparative cities take about \$1 more than Lakeland. A \$1 increase would generate about \$3 million for Lakeland. The numbers from Marsha Faux suggested a net loss of revenue of \$900,000. To replace that with the dividend would require about \$.30 per 1,000 kWh.

Appendix

ASSETS, GOVERNANCE, TECHNOLOGY, AND WORKFORCE (cont'd)

2. It is paramount that we actively consider the perception of our employees as it relates to policy and administrative decisions or actions. The current economic environment that has driven the City to withhold pay increases the past two years for nonunion employees, government downsizing, and heightened talks of privatizing certain City services with consistently high citizen satisfaction scores, is taking its toll on the morale of City employees. Can you tell us why this is a concern and what options Human Resources and City Management may have to combat this concern?

Employee Relations Interim Director Doug McInnes responded. It is not one decision that got the City to this point. It will not take one decision to resolve the issue. The City needed work/life balance training. Abandon some red tape of some processes. Provide training for supervisors that are having frustrations with employees that are struggling.

Jim Stanfield, General Manager of Lakeland Electric responded. The solution would involve job satisfaction, working conditions, and awards and recognitions.

3. Given the continuously rising costs for health care coupled with the current economic situation, employees, retirees, and their dependents are sometimes forced to choose between basic staples like providing for a roof over their head and food on the table versus paying for medically related costs. How can we help those of our employee constituencies avoid such a dilemma?

Risk Manager Karen Lukhaub responded. The City should continue to offer disease management and episodic care being offered through the City's Wellness Clinic. The City should consider expanding the clinic to dependents. The City should continue to educate employees about benefits through health insurance.

4. How is the City coping with the rapid pace of Changing Media Outlets and Technology? As the Communications Department is better able to provide our message via web, television, intranet & social media, what are the expected benefits that we anticipate and expound upon how effective you believe these new methods are today and into the future?

Communications Director Kevin Cook responded. The City has become their own media. They are creating, publishing and distributing their news. They were on the forefront of social media. They are moving towards a news room model where communication team members help promote news out of specific departments. Social media is still one of the hottest ways to communicate. The wave of the future is mobile.

5. There is increasing pressure to reduce the cost and size of government, and there is a corresponding reaction from City Departments to implement technology to help reduce budget and gain efficiency while ensuring continued high quality customer service. What actions must be taken to ensure that the City of Lakeland is fully exploiting technology for the benefit of our customers/citizens?

IT Director Terry Brigman responded. Every director in the room could respond to this question. Every project is a business project. Information Technology (IT) exists to serve the departments on their business projects. IT does not initiate projects. IT works to help departments improve their business processes. To get the business benefits, the City will have to invest more in IT. New IT processes will have to be supported.

6. What are the implications (challenges and advantages) associated with the U.S. Environmental Protection Agency's (EPA) pursuit of Numeric Nutrient Water Quality Criteria (total maximum daily load)?

Water Utilities Director Greg Boettcher responded. Numeric Nutrient criteria is really about setting a hard value for water quality concentrations. That affects air emissions, storm water, and wastewater discharge. EPA was trying to set a certain concentration of nutrients. Once that concentration is set, that equates to a fixed amount that the City can discharge into the river. Once Lakeland hits that fixed amount, they cannot grow or they have to increase the treatment levels to compensate for the growth. The affect could be no growth or an increase in the

Appendix

ASSETS, GOVERNANCE, TECHNOLOGY, AND WORKFORCE (cont'd)

cost of wastewater service. The agreement between Lakeland and Tampa Electric Company (TECO) keeps Lakeland from ill-effects because they have no loading. TECO was designing and building their plant to take Lakeland's water from the wetlands. This is all at no cost to the City of Lakeland.

7. The Civil Service Department has stated that the City is now in a position to pursue more proactive steps to ensure recruiting a high balance of talent from various minority groups. How will the City be able to achieve this initiative and how will it help improve the overall performance of the organization's human capital?

Civil Service Director Tommy Hamrick responded. Civil Service is working to automate some manual functions that staff performs. This would allow them time for active rather than passive recruitment. Accessing the ideas, knowledge and perceptions of the various populations in and around Lakeland improves the analysis and the decision making processes within our organization. It improves the organizational culture and allows us to be more responsive to our customers.

8. The City needs to remain focused on employee recognition for our high performing employees while concurrently implementing improved measures in communicating behavioral and performance expectations to low performing employees. What is being done to help us move in this direction?

Employee Relations Interim Director Doug McInnes responded. The City needed training for supervisors on how to deal with conflict. The City is working to design and implement an Employee Engagement Survey. The City should continue the use of more thorough selection process to higher the right employees for the right job at the right time. The City needs a better reward system for the top performers. The City needed to look at dual career pathing. The City needs to give people the opportunity for increases and recognition for becoming excellent technical performers without having to become a supervisor to get a pay raise or recognition.

Civil Service Director Tommy Hamrick responded. It would be helpful to place a little more empowerment with the department directors and management team to review and carry out disciplines in a expedited manner to allow the organization to progress. The responses to the behavior get so strung out that they are not effective.

9. Recognizing that Lakeland Electric has delivery and production infrastructure currently in service of 40 to 50 years old, what are your replacement plans and how will you achieve them?

LE General Manager Jim Stanfield responded. Lakeland Electric (LE) needed consistent and timely information and technology upgrades. They were looking at predictive maintenance. Delivery had an eight year cycle on pole inspection and line clearance. There is a ten year plan for five new substations. They are upgrading substations.

Panel's Final Comments

Tommy Hamrick - prioritize services based on the delivery effectiveness. The Florida Benchmarking Consortium (FBC) was recognized by Center for Democratic Governments at the John F. Kennedy School of Government at Harvard recognized 36 government initiatives as Bright Ideas and FBC was one of them. Lakeland has invested quite a bit in the FBC.

Doug Thomas - Lakeland was a charter member of that group and provided quite a bit of leadership to that initiative. That came through a lot of hard sweat from the City of Lakeland. Ed Hacker is the current chair of the FBC.

Greg Finch – read the Financial Health section of the guidebook.

Greg Boettcher – working to automate meter reading.

Kevin Cook – technology use will increase for greater efficiency.

Appendix

ASSETS, GOVERNANCE, TECHNOLOGY, AND WORKFORCE (cont'd)

Jim Stanfield – those cities that take a higher dividend than Lakeland also charge a higher base rate.

Karen Lukhaub – important to continue to think out of the box to maximize resources to be efficient and effective in providing services to internal and external customers.

Doug McInnes – employees are a great asset. Technology is important but the face to face communication is important.

Terry Brigman – frustrating to have 240 projects and knowing that they will only complete 140 - 150 of them. As we make business plans, he would like to see enough IT infrastructure systems and support personnel in those plans for the IT budget.

Presentation Questions

Commissioner Selva - When we talk about IT purchases we usually equate that to how many people we can save. Is that a fair question? Terry Brigman – sometimes but many times not. Sometimes the new technology does not cut people it changes the functions and the capabilities that you have. IT implements the technology but you don't get the value until it is used. You have to get people who have the capability to use it. Sometimes that means more people.

Commissioner Selva – Do we have too many steps on the pay scale? Tommy Hamrick – we use to have eight. We added steps to allow flexibility to give an increase without giving the full 5%. It added complexity. It was expanded to allow for Pay for Performance but then the City froze raises.

Commissioner Walker – where are we in hiring more technical employees? Where are we in hiring more ethnically diverse employees? Tommy Hamrick – technology has changed their business process so his staff can now more actively recruit from all populations.

10. In order to attract, hire and retain highly skilled and highly motivated workers, there must be recognition of the changing priorities of today's workers. Lakeland Electric and the Water Utilities Department are largely comprised of highly technical personnel that are required to provide safe and reliable utility services. Each utility has its unique workforce challenges: Lakeland Electric often competes with private sector employers and must be able to quickly hire and train personnel as skilled, experienced workers retire or are recruited elsewhere. Water Utilities typically competes with other municipal employers, but still requires many of its employees to meet increasing levels of certifications and technical expertise. In light of current economic day challenges regarding compensation, flexibility and benefit perceptions for public sector employees, how can the City successfully navigate the competitive market requisites to attract the best talent and offer viable public sector careers to future employees?

Greg Boettcher explained what they were doing to maintain their current employees. It was critical to pick the best for employees. They have moved to 10-hour workdays and employees see that as a reward.

Jim Stanfield explained that LE had reduced workforce to an efficient level. The challenge was compensation flexibility and benefit changes. They were implementing an improved Recognition Program.

Commissioner Wiggs – does the City of Lakeland have a low performing employee problem that they cannot solve? Doug McInnes – it is not that it cannot be solved. The City needed training for supervisors. They were good at their job but not on how to supervise people.

Appendix

STRATEGIC DECISION POINTS

Tom Freijo asked the Commission to name their Top 10 Issues. The Final 13 are listed below. The number in parenthesis (#) is the number of votes for each item. The missing letters were combined into similar issues.

- A. (2) Can provide same services at less cost? The 3rd question.
- B. (1) Public understand budget expenditures. Engaged and informed citizenry
- C. Impact of current legislative session
- D. (2) Reinforcing Core Values in organization
- E. **(3) Putting citizens first – resources based on needs/data**
- G. **(3) Improvement of employee satisfaction. Employee morale and valuing of employees. Working climate attractive to employees**
- H. (1) Protect capital funds (5 year plan to “get out”)
- I. Employee recruitment
- J. (2) Short view balanced by long view
- M. Interaction between employees and citizens (not let morale influence)
- N. (2) Potential TABOR influence on future millage rates. Look at long-range implications.
- O. **(5) Electric utility rates/dividend policy**
- P. Address Information Technology needs

The top three were O, G and E.

Doug Thomas – There have been points about legislative activity and home rule. There would need to be a discussion about revenues and the ad valorem tax base. He wanted the Commission to be thinking about the issue. They would have to discuss how they would pay for services.

Mayor Gow Fields – If the Commission wanted to continue to use the Public Improvement Fund to supplement the General Fund, Doug would need to know. If the Commission removed the Public Improvement Funds from the General Fund, that would mean an increase in taxes. He would need clear direction for planning the budget.

Commissioner Selvae - The decisions this summer are not just about what services we want to provide this year, they are also about a long-term impact on capital improvements we want to make in the end.

Commissioner Yates – and a long term on what the ultimate millage rate will be. If TABOR comes in, the City would be limited to raise funds. The City could end up locked into a low millage rate.

Mayor Fields – it would be easier to engage our citizens if we could engage all of our employees.

Discussion on ways to fund a fire station in the southwest district.

Appendix

GOAL VALUATION EXERCISE

Objective: The Strategic Goals and Goal Statements of the City are identified in the table below. The objective of this written exercise was valuing each Strategic Goal according to its relative importance in achieving the City’s Vision and Mission.

The Commission was assigned **100 VALUE POINTS** to invest in achieving the City of Lakeland's Strategic Goals. They were instructed to distribute the **points** to all Strategic Goals as they so chose to represent the Community’s interests.

Strategic Goal	Goal Statement	VALUE POINTS
Quality of Life	Provide quality public spaces; deliver superior municipal services, and support arts, education, recreation and wellness.	28.2857
Communication	Develop an informed and engaged community.	21.1429
Economic Opportunity	Create and encourage inclusive, lasting environments that grow, attract and retain a creative, talented, educated and technically qualified workforce.	20.2857
Fiscal Management	Develop and effectively manage financial resources	17.0000
Growth Management	Ensure planning and infrastructure results in quality development and safe, attractive neighborhoods.	13.2857

WRAP UP/NEXT STEPS

Doug Thomas offered a closing presentation on what would happen next.

- Senior Leadership Business Plan Workshop - April 21st
- City Commission Business Plan Retreat - May 4th
- Budget Kick-Off - May 10th
- Development of Proposed FY 2012 Annual Budget - May/June
- Departmental Budget Workshops - July
- Public Input and Budget Presentations/Hearings - August/September
- Adoption of FY 2012 Annual Budget - September
- Start of new Fiscal Year - October 1st

Day 1 of the Retreat adjourned at 2:55 p.m.



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Financial Health

Getting Our Priorities Straight

The City of Lakeland has been refining its innovative Strategic Operating Plan (SOP) since its development roughly six years ago. The SOP is not only intended to be a statement of Lakeland's Goals, Values and Directional Outcomes that articulate what the community strives to attain, but also serves as the foundation in which the municipal organization can best align our programs, policies, procedures, human capital and resources in a coordinated fashion in support of the community's shared vision. This alignment has been taken to new heights in FY 2011 as the City further developed its "Budget by Priorities" process to better define the varied and numerous municipal Core Services (along with their respective costs and revenues) provided to our constituents and comparatively evaluate their respective influence on achieving the SOP's Goals and Outcomes. This process is designed to provide a higher degree of understanding among decision makers regarding the scope, costs and impact of the various Core Services and better articulate how we value our services, invest in our priorities and ultimately divest ourselves of lower priority services.

During the development of the FY 2011 Budget the "Budget by Priorities" process became the cornerstone in which individual Departmental budget targets were established. This process began at our City Commission Retreat in January 2011. At this Retreat, stakeholder panels were developed to understand what their expectations were for each of our desired Goal Outcomes. The panels were comprised of citizens from many diverse groups in the City (e.g. Arts and Culture, Education, Religion, Neighborhood Associations, Intergovernmental, Mayor, City Commissioners and Senior City Leadership Staff). A process was used where every panel member provided their respective input that was reviewed with the panel and summarized. The panel feedback became the foundation for development of Outcome descriptions for each of the Goals; the stakeholder panel changed accordingly to ensure relevance to the Goal. Upon completion of stakeholder panel information gathering, the Mayor and City Commissioners were asked to consider and approve a 6th Goal, the Governance Goal which would be used for internal service operations. The Mayor and City Commissioners also valued the other 5 Goals. This ranking was completed by giving each elected official 100 points whereby they had to assign their points to the individual Goals. With the compiled information, the City of Lakeland Goals ranked from most important to least as follows:

Goal	Averaged Score
Quality of Life	28.2857
Communication	21.1429
Economic Opportunity	20.2857
Fiscal Management	17
Growth Management	13.2857

With the completion of the City Commission Retreat, every Department was asked to develop a listing of Core Services in anticipation of using prioritization templates to allocate respective expenses and revenues for each service. Templates were designed to assist in the balancing and grading process and separate templates had to be developed due to the respective differences in the grading of operational versus support service departments.

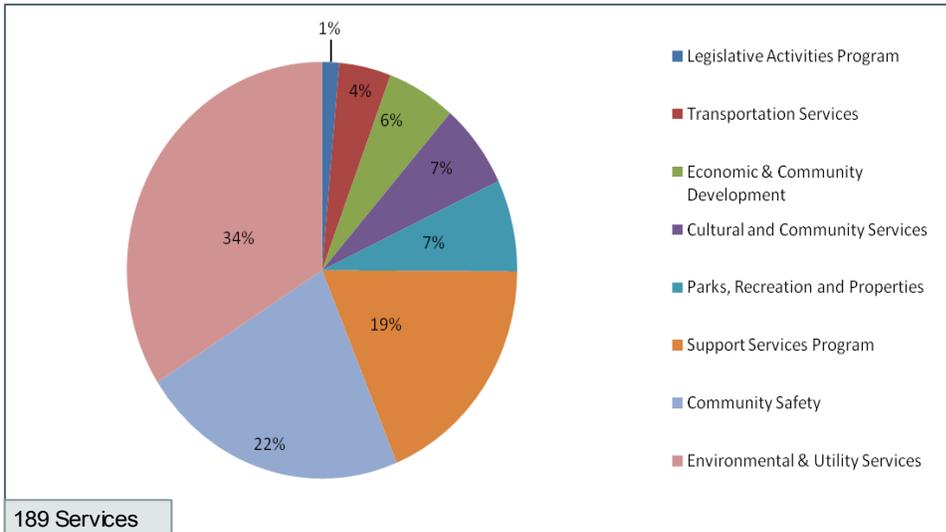
The "Budget by Priorities" process better identifies those core services that influence goals and outcomes, better ensuring budgets are properly aligned with those services. Progress and final results were communicated with Departments and Commissioners throughout the process and ultimately memorialized in the performance budget section of The FY 2010 Annual Budget document.



Financial Health

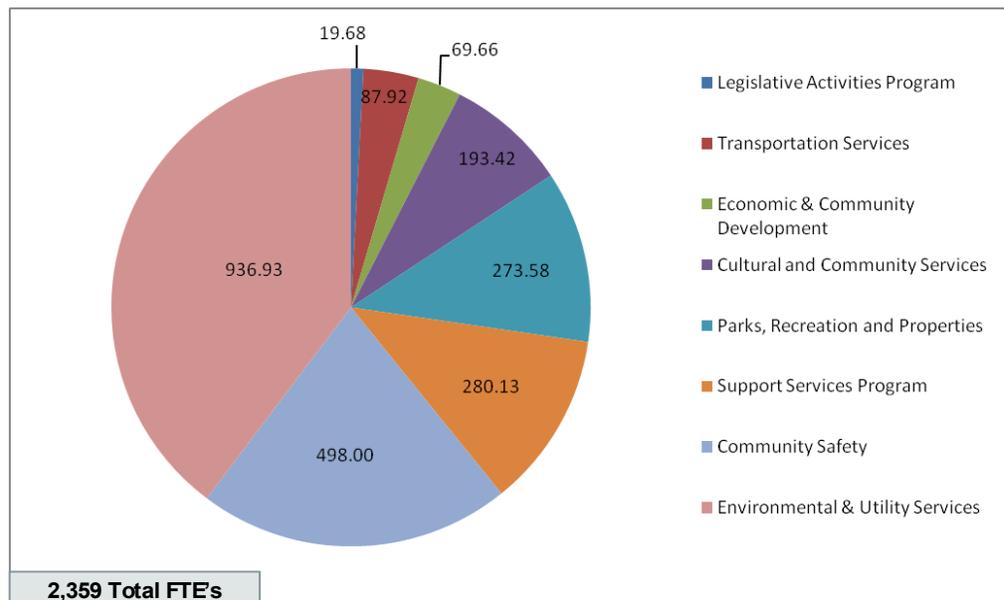
Getting Our Priorities Straight (cont'd)

For FY 2011, budget targets were developed based on prioritized core services and their relationship to achieving the Goals of the Strategic Operating Plan. Core Services were then divided appropriately according to their connectivity to the City's programs and activities.



A total of 189 Core Services were defined during the FY 2011 budget development.

Total Program Costs consist of personnel, operational, revenue generated and debt service. The City's 2,359 full-time equivalents are allocated to each Core Service.



Financial Health

A Snapshot of Lakeland’s Budget

The City of Lakeland provides a wide variety of services to the citizens of Lakeland. In many cases, the nature of these services accommodate recovery of the operating and capital costs associated with those services in the form of a user charge levied against the users based on actual consumption. Examples of these are electric, water, wastewater and solid waste management services, stormwater management, a parking system and a public golf course. These are referred to as “enterprise” services. Other services, such as provision of public safety, transportation systems and leisure activities do not lend themselves to recovery of the underlying costs directly from the users of those services. Accordingly, the day to day operating costs associated with these services are generally financed from generic revenue sources such as property and sales taxes. These are referred to as “general governmental” services.

The City has a long-held strategy of establishing user fees for enterprise services that will attempt to recover the underlying costs directly from users whenever practical to do so. To the extent these services can be performed by the City at costs that are competitive with rates and charges for the same services offered by other local governments or by the private sector, the City has adopted the practice of marking up the prices levied for those services to accommodate a payment in lieu of taxes or a dividend from those enterprise operations to the General Fund. These “transfers” help to finance a portion of the operating costs of those general governmental services that are financed from property

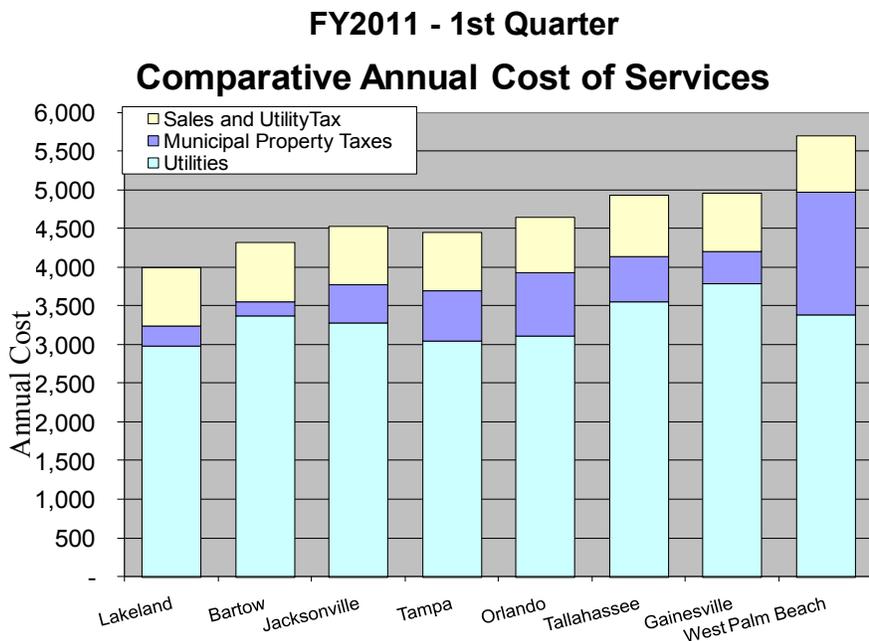
and sales taxes. The percentage of the gross revenues earned by these utility operations that is transferred to the General Fund for FY 2011 is budgeted as follows:

Electric (base)	13.5%
Water	18.3%
Wastewater	10.0%
Solid Waste	9.7%

In the aggregate, this represents approximately 35% of the total General Fund Budget for FY 2011. This represents a decrease from an aggregate 40% for the 1999 fiscal year and 45% in fiscal year 1995.

As with any enterprise, a major concern is cost control. The City of Lakeland is committed to providing quality services at a reasonable cost. One of the best measures of whether or not that goal is being attained is a comparison of fees charged by Lakeland, in the form of utility rates and tax rates, compared to other similar municipalities.

The following represents a comparison of the total amount paid in the first quarter of FY 2011 by a typical residential homeowner to their local governments, based on a typical “basket of services” offered by those municipalities.



Financial Health

A Snapshot of Lakeland’s Budget (cont’d)

In each case, the category of “Utilities” represents the cost of electric, water, wastewater and solid waste service, based on consumption volumes typical for the average residential customer of Lakeland. In cases where the electric utility in a compared municipality is not owned by the local government, the rates charged by the private company that serves that municipality are used.

In the aggregate, Lakeland compares favorably to the other cities in this survey. At a property tax millage rate of 4.1644 mills (based on the FY 2011 property tax levy) and an average residential taxable value of approximately \$68,500, Lakeland’s property tax burden is amongst the lowest in the state of Florida. In addition, Lakeland’s relative cost of electric power has us positioned as one of the lower cost utilities in the state which has been aided by the significant decrease in the cost of natural gas. For the municipalities in this sample, the combined annual cost of services in Lakeland is 15% lower than the average for the group.

General Fund Budget

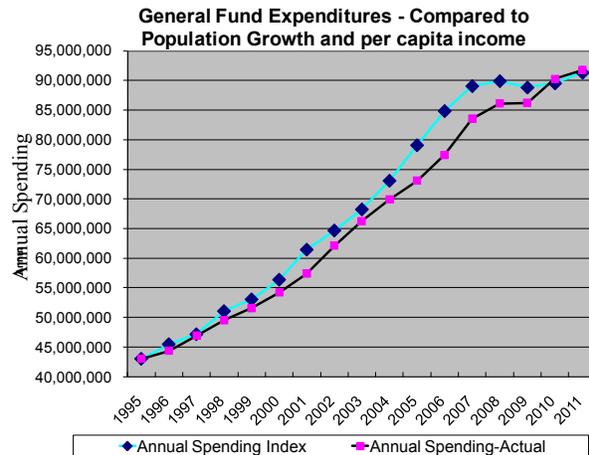
The City of Lakeland provides many different types of services to its residents. Many of those services take the form of utility service, for which a direct user charge is levied that is commensurate with both the underlying cost of providing that service and the amount of those services actually consumed by each resident and business.

Other services that are provided to residents do not lend themselves to recovery of cost based on a direct user charge. This includes services such as police, fire, parks, community development and general government. The day-to-day costs of providing these types of services are typically accounted for by every municipality in what is called the “General Fund” services to residents of Lakeland.

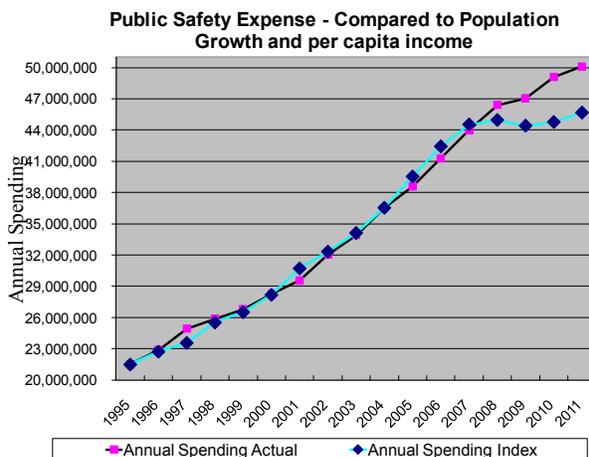
The Florida legislature has adopted rules to monitor the growth of property tax revenues, that are based on an index comprising the annual population growth and the average annual growth in per capita income. This index is considered a “proxy” for a reasonable amount of growth in both revenue and expenses for a local government. Lakeland uses this same index to monitor the growth in spending within the General Fund over time.

The following chart shows total annual spending within the General Fund since 1995, compared to changes in that index:

Historically, the growth in annual spending tracks the changes in that index very well.

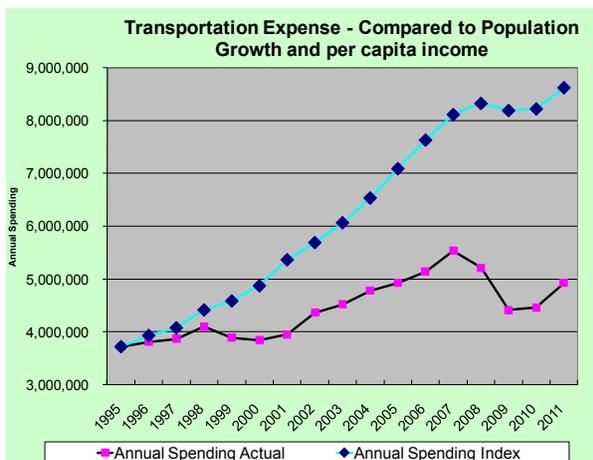
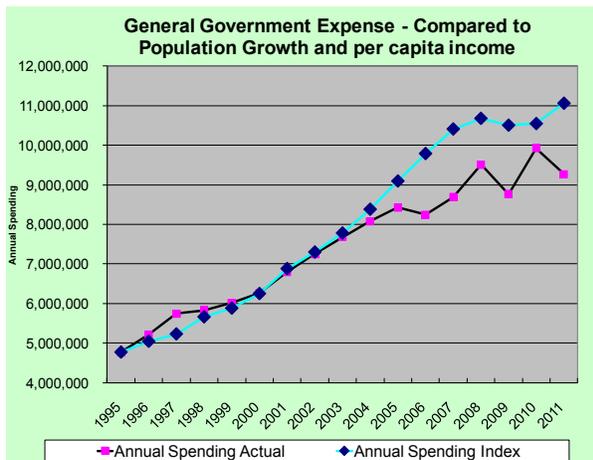
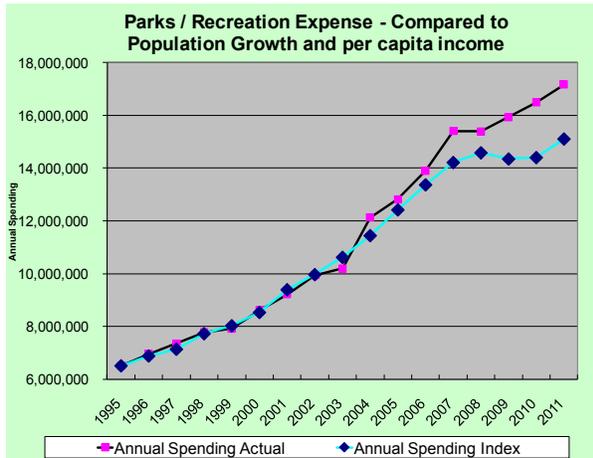


Breaking down the change in annual spending for the major categories of expense reveals the following:



Financial Health

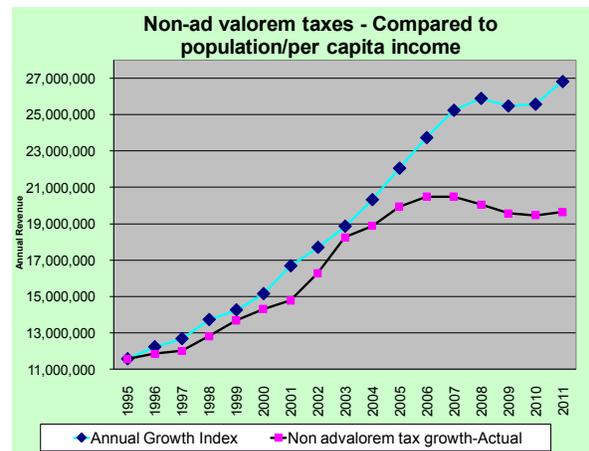
General Fund Budget (cont'd)



Revenues at a Glance

In the following tables, the annual change in those revenue sources that fund the majority of the expenses within the City's General Fund will be compared to an index representing the population growth within the City limits, adjusted for annual growth in per capita income.

Non-ad valorem tax revenues consist of taxes on electric and water utilities, taxes on communications services and a portion of a one-half sales tax levied by Polk County. This source of revenue had historically kept pace with the index. As of FY 2003, these revenues financed approximately 28% of the General Fund budget. Since 2003, this revenue source has not kept pace with the growth in the index.

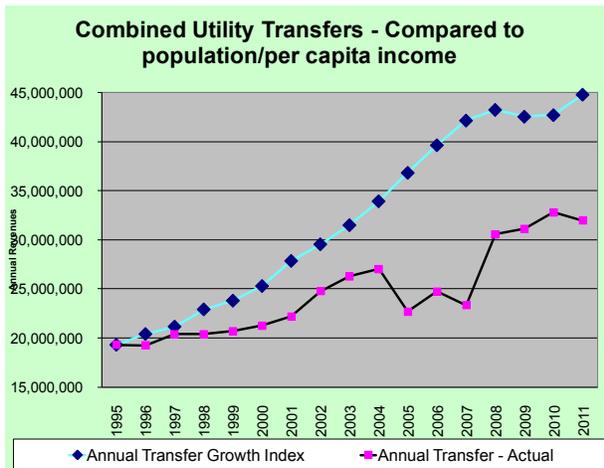


The resulting shortfall as of FY 2011 is approximately \$5 million.

As previously mentioned, the City relies on operating transfers from the Electric, Water, Wastewater and Solid Waste Departments to finance a portion of the General Fund budget. These transfers are intended to replace property tax and franchise fee revenues that would be collected by the City if these utility operations were provided by the private sector. Because these entities are publicly owned, the amount of this transfer also includes amounts that would otherwise be paid to state and federal governments in the form of income taxes, and dividends paid to owners and stockholders by counterpart operations offered by the private sector.

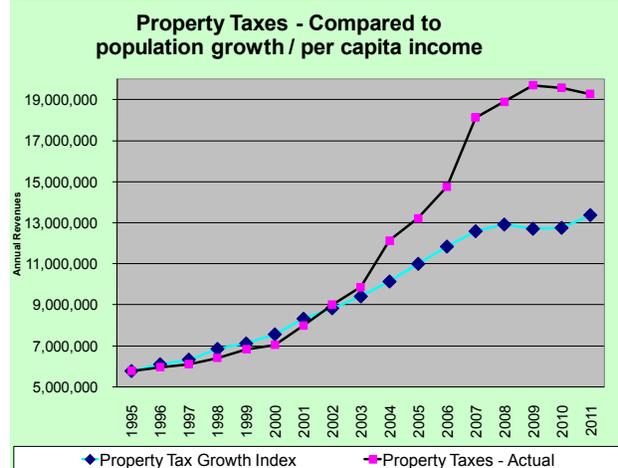
Financial Health

Revenues at a Glance (cont'd)



These revenues have not kept pace with the index. The largest single source of these transfers is the Lakeland Electric system. The amount of these transfers is tied to a percent of base rate revenues - currently established at approximately 13.5%. The gross amount of revenue collected has increased an average of 2.5% per year, however the combined increase in the index of population and per capita income has increased by an average of almost 5% per year. The underlying root cause of the shortfall in this revenue source compared to the growth in per capita income is due to the fact that electric base rates do not increase at the same rate as other typical costs of living. For example, the cost of 1,000 kWh of residential electricity in 1995 was \$50.60. In 2011, that cost was \$58.23. By comparison, the 1995 base rate amount would have increased to \$84.25 if those costs increased at the same rate as the growth in per capita income.

Property tax revenues have historically grown at rates that exceed the index of property values and per capita income. For the 10 year period 1995 thru 2005, the average value of taxable property in Lakeland increased by an average of 7% per year. For the three year period 2006 thru 2008, that increase was approximately 16% per year. For fiscal years 2009, 2010 and 2011, the value of taxable property fell by 2, 7 and 14%, respectively. That decrease is commensurate with similar changes occurring across the country.



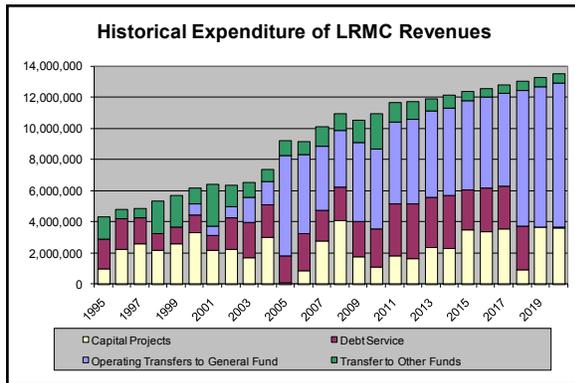
The decline in taxable property values over the course of the past two years was offset to a significant degree by adoption of a tax millage that was slightly less than the rolled back rate (The roll back rate is the calculated tax that will generate the same amount of ad valorem revenues as the previous year, less new construction additions). Despite those millage rate increases, the average tax bill fell over the course of the past two years, and this revenue source has not kept pace with the index.

The capital cost of providing general governmental services are generally financed from a combination of impact fees, grants, gasoline taxes and the proceeds from the lease of a City-owned hospital to a private, not-for-profit corporation. The latter revenue source has grown an average of 7.5% annually the past 15 years – approximately double the growth rate of the other revenue sources. It represents approximately 50% of the total funds available to finance the capital cost of general governmental services.

Starting in FY 2000, the City began transferring a portion of the lease revenues to the General Fund to help finance the ongoing operating costs associated with construction of new fire stations and funding for Police Officers under expiring Federal Grants. This trend has continued over the course of recent years, as the City has had to rely on this source of revenue to replace other revenue sources that have not been increasing commensurate with the Capital Improvement Program for Fiscal Years 2011 thru 2020 shows that over 50% of that revenue source will be diverted to financing operating costs.

Financial Health

Revenues at a Glance (cont'd)



Cash Reserves

Over the course of recent years, the City has been accumulating reserves within the General Fund that are to be used to help finance operating costs over the course of the next few years. Unrestricted cash reserves were \$9.6 million at the end of FY 2006, and have grown to \$16.7 million at the end of FY 2010. The FY 2011 budgets call for a drawdown of this balance in the amount of \$2.6 million, and the most recent 3 year forecast has that balance dropping to around \$10 million by the end of FY 2013.

Financial Trend Monitoring System

Future plans are underway for the development of a Financial Trend Monitoring System. Each year, a financial trend analysis will be included as part of the strategic planning process. This analysis will be comprised of key financial/economic indicators that help us measure over several years the financial/economic health of the City. Many of these financial/economic indicators will be ratios that are commonly used to assess financial condition, giving us a basis for comparison to other cities or service organizations. Indicators will fall into several general categories including:

- Debt Structure,
- Unfunded Liabilities,
- Operating Position, and
- Per Capita Revenues & Expenditures

In addition, several non-financial community needs and resources indicators will be used to balance the above financial indicators.

Three-Year Financial Forecast

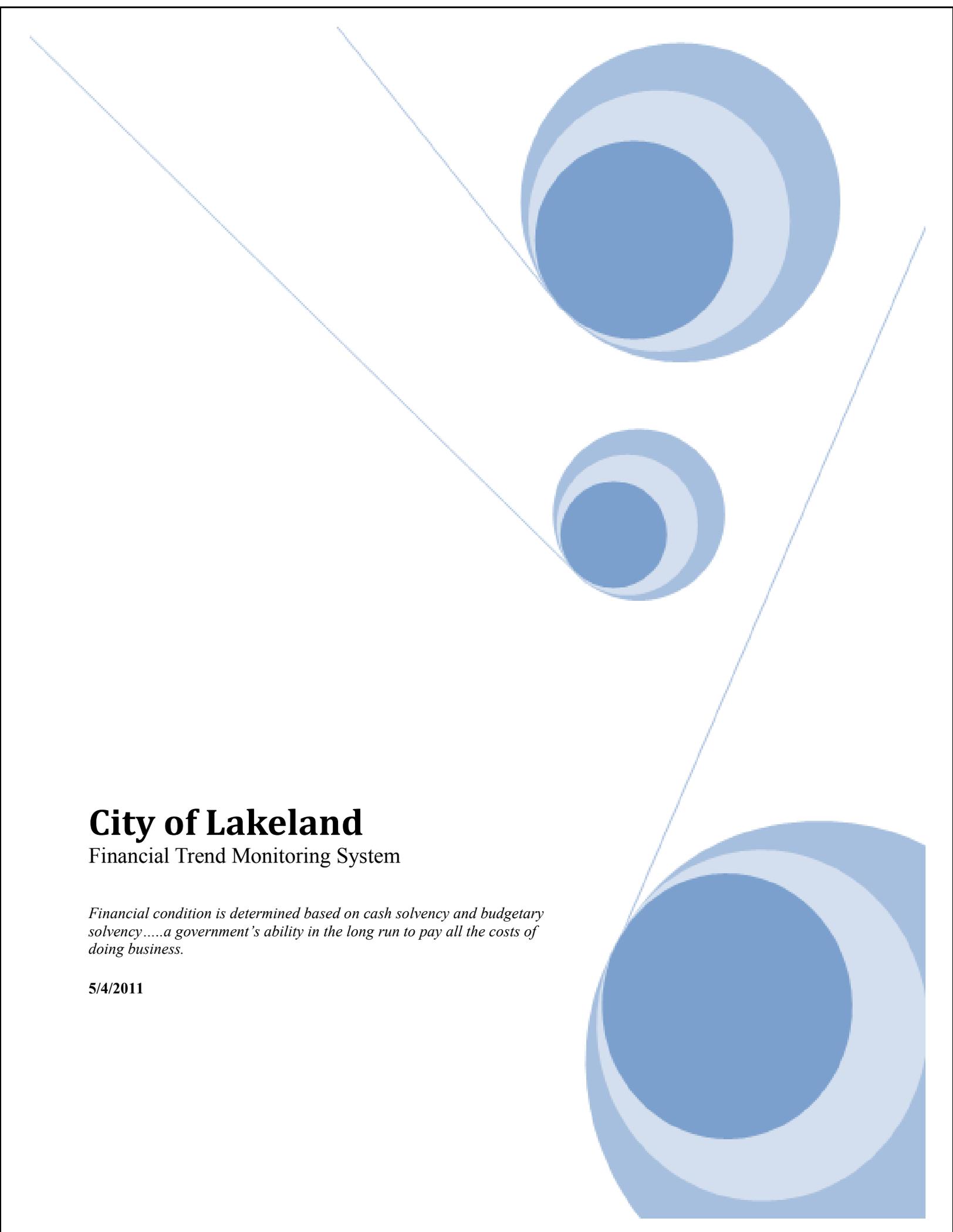
A Three-Year Financial Forecast tool is also being implemented and suggested as a tool that we use to

determine what level of risk we face over the next few years in our ability to pay for the services we provide if we take no positive action to increase revenues or decrease cost. Revenues are projected at conservative levels over the period and are compared to estimated cost increases in payroll, operating expenditures, and capital outlay. Since many of our expenditure increases are fixed and predictable, the main variables are the rate of increase in existing revenues and new programs or projects planned over the forecast period. Typically, future years show a deficit of revenues over expenditures. The purpose of this financial exercise is to adequately prepare for future challenges, so it is always conservative in outlook. As we map out our financial and operating strategies, we will use the model to determine the potential impact of decisions. Using this tool will help keep us focused on long-term solutions, rather than short-term “fixes” which could lead to negative financial impacts in future years.

Revenue Manual

The Three-Year Financial Forecast will be a major element of the planning cycle for the City, combined with the Strategic Plan, Business Plan, Operating and Capital Improvement Program Budgets. In order to accurately predict future income levels, we must develop continuous awareness of resource availability and cash flow that enables the City to meet its mission and goals. For those forecasts to be meaningful, a thorough understanding of the variables and timetables associated with various revenues is necessary. A Revenue Manual will be introduced as an effort to better understand and predict the City’s revenues, by undertaking a systematic documentation of revenue sources, thereby assisting in the planning and budgeting decision making process. The Revenue Manual will be designed to provide information about the major sources of operational receipts for the City, as well as the variables that effect them. The scope of the guide will include all City revenues in all funds and departments, this include taxes, non ad valorem special assessments, franchise fees, intergovernmental revenues and charges for services.

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City of Lakeland

Financial Trend Monitoring System

Financial condition is determined based on cash solvency and budgetary solvency.....a government's ability in the long run to pay all the costs of doing business.

5/4/2011

Introduction

The Financial Trend Monitoring System (FTMS) will create a series of financial indicators that will be calculated every year. Over time the plotted indicators will reveal trends, changes in financial conditions and alert staff of possible future problems. Financial condition, as defined by the FTMS, is the ability of a locality to maintain existing service levels, withstand local and regional economic disruptions, and meet the demands of natural growth decline, and change. These conditions are examined by looking at four areas of a localities fiscal condition as follows:

1. Cash Solvency – the ability to pay the bills over the next 30 or 60 days.
2. Budgetary Solvency – the ability to cover expenditures with revenues and other resources over the normal budget period.
3. Long-Run Solvency – the ability to meet expenditures as they come due in the future.
4. Service Level Solvency – the ability to provide services at the level and quality that are required for the health, safety, and welfare of the community and that the citizens desire and expect.

The system's main purpose is to aid managers in examining local government financial condition-the forces that affect it and the obstacles to measuring it, assessing existing and emerging financial problems, and developing remedies for these problems. This can allow management to maintain existing service levels.



ICMA Model

The Indicators selected are modeled after International City/County Management Association (ICMA) guidelines. There is a standard set of 42 indicators that are used for monitoring the financial well being of a city. Out of these 42 indicators, 14 were selected that best represent the needs of The City of Lakeland. Over the next year the number of indicators will be expanded to further enhance the effectiveness of the FTMS, while some indicators that are deemed inappropriate will be excluded. The 14 selected indicators appear in the following list which is divided into 11 factors.

2011 FTMS Indicators (see following pages for individual descriptions)

1. Revenue Indicators
 - Intergovernmental Revenue
 - Tax Revenue
 - Uncollected Property Taxes
2. Expenditure Indicators
 - Expenditures per Capita
 - Employees per Capita
 - Operating Deficit or Surplus
 - Fund Balance
3. Operating Position Indicators
4. Debt Indicators
5. Unfunded Liability Indicators
 - Pension Obligations
6. Capital Plant Indicators
 - Capital Outlay
7. Community Needs & Resource Indicators
 - Population
 - Personal Income Per Capita
 - Property Value
 - Crime Rate
8. Intergovernmental Constraints Indicators
9. Disaster Risk Indicators
10. Political Culture Indicators
11. External Economic Condition Indicators
 - Employment Base



Rating System

When evaluating the indicators there is a level of severity assigned to prioritize them for a course of action. Indicators can fall under two different ratings at the same time to relate that it is not quite in full compliance with either of the two ratings.

The Rating system is as follows:

Favorable

The trend is positive with respect to the City's goals, policies and national criteria.

Caution

This favorable rating indicates that a trend is in compliance with adopted fiscal policies or anticipated results. This indicator may change from a positive rating in the near future.

Warning

This rating indicates that the trend has changed from a positive trend to an unfavorable trend that may have adverse effects on the City's financial condition. It may also be used to indicate that even though it may be a positive trend it is not yet in conformance with the City's adopted fiscal policies.

Unfavorable

This trend is negative and there is an immediate need for the City to take corrective action.



Intergovernmental Revenue

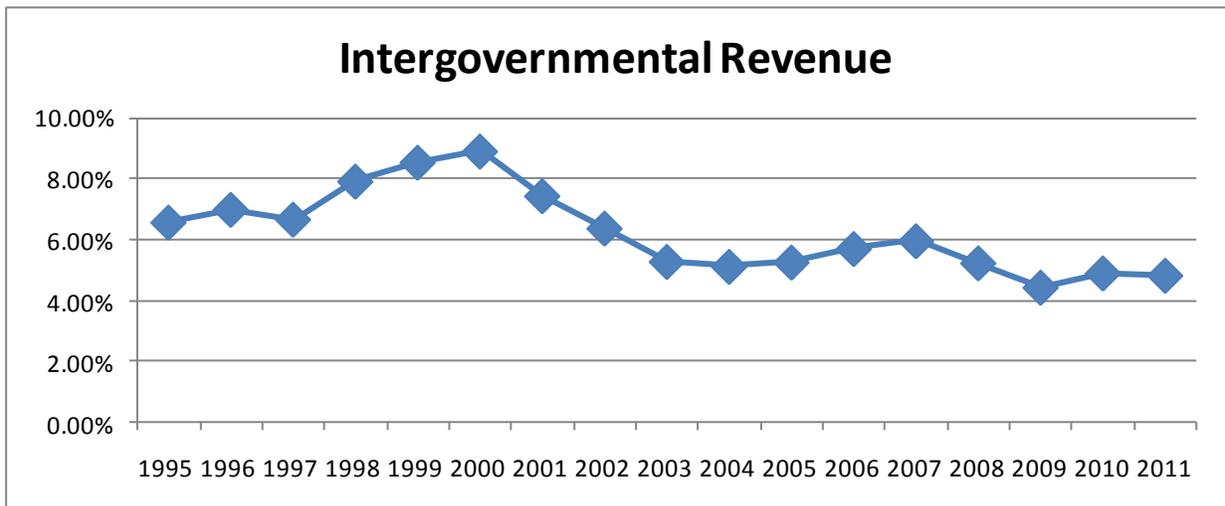
Description - The revenue received from another governmental entity which is generated through federal, state and local grants along with state and local revenue sharing. An overdependence upon this type of income can be harmful. This is specific to the local government model. There must be a set target and threshold to monitor progression.

Warning Trend - Increasing the amount of intergovernmental operating revenues as a percentage of gross operating revenues.

Formula - *Intergovernmental operating revenues / Gross operating revenues*

Data Source - GF_Revenue_Trends : Primary Stats Tab

Rating: Favorable



Year	Intergovernmental Revenue	General Fund Revenue	Intergovernmental Revenue as % of fund
1995	\$2,899,589	\$44,050,247	6.58%
1996	\$3,163,014	\$45,180,476	7.00%
1997	\$3,105,882	\$46,504,818	6.68%
1998	\$3,916,661	\$49,424,547	7.92%
1999	\$4,458,394	\$52,168,873	8.55%
2000	\$4,890,556	\$54,873,682	8.91%
2001	\$4,248,862	\$57,041,121	7.45%
2002	\$3,911,557	\$61,252,982	6.39%
2003	\$3,463,052	\$65,409,041	5.29%
2004	\$3,610,938	\$70,363,706	5.13%
2005	\$3,946,930	\$74,863,531	5.27%
2006	\$4,650,924	\$81,357,579	5.72%
2007	\$4,934,873	\$82,637,357	5.97%
2008	\$4,641,381	\$88,454,150	5.25%
2009	\$4,049,589	\$91,030,980	4.45%
2010	\$4,663,529	\$94,854,510	4.92%
2011	\$4,334,309	\$89,543,954	4.84%

* Excludes half cent sales tax

Tax Revenue

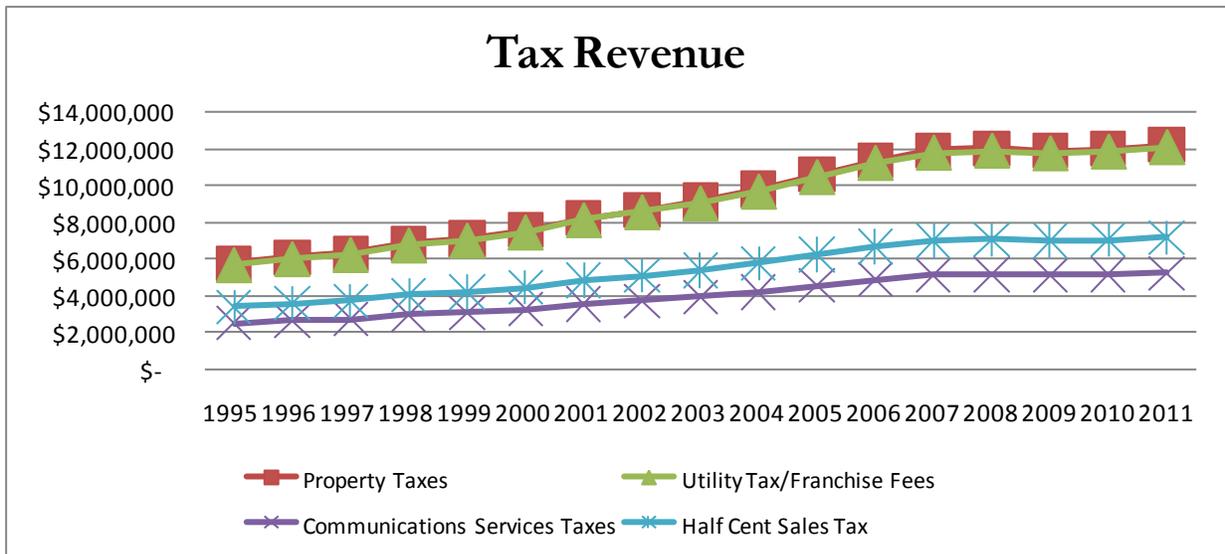
Description - The amount of revenue generated from the collection of property taxes, utility taxes, communications taxes and sales taxes. These are reviewed separately because local government relies heavily upon them.

Warning Trend - A decline in tax revenues.

Formula - *Tax revenues (constant dollars)*

Data Source - GF_Revenue_Trends : Primary Stats Tab

Rating: Caution



Year	Property Taxes	Utility Tax/ Franchise Fees	Communications Services Taxes	Half Cent Sales Tax
1995	\$5,764,154	\$5,701,646	\$2,468,141	\$3,385,229
1996	\$6,094,177	\$6,028,091	\$2,609,453	\$3,579,048
1997	\$6,319,546	\$6,251,015	\$2,705,954	\$3,711,405
1998	\$6,843,048	\$6,768,841	\$2,930,111	\$4,018,852
1999	\$7,108,849	\$7,031,760	\$3,043,924	\$4,174,955
2000	\$7,554,151	\$7,472,233	\$3,234,597	\$4,436,476
2001	\$8,233,743	\$8,144,455	\$3,525,590	\$4,835,594
2002	\$8,666,767	\$8,572,783	\$3,711,005	\$5,089,904
2003	\$9,144,441	\$9,045,277	\$3,915,540	\$5,370,437
2004	\$9,792,730	\$9,686,536	\$4,193,129	\$5,751,171
2005	\$10,596,283	\$10,481,375	\$4,537,201	\$6,223,089
2006	\$11,370,076	\$11,246,777	\$4,868,530	\$6,677,530
2007	\$11,934,316	\$11,804,898	\$5,110,131	\$7,008,902
2008	\$12,047,398	\$11,916,754	\$5,158,551	\$7,075,314
2009	\$11,902,308	\$11,773,237	\$5,096,425	\$6,990,104
2010	\$11,996,308	\$11,866,218	\$5,136,675	\$7,045,310
2011	\$12,237,434	\$12,104,729	\$5,239,922	\$7,186,920

Uncollected Property Tax

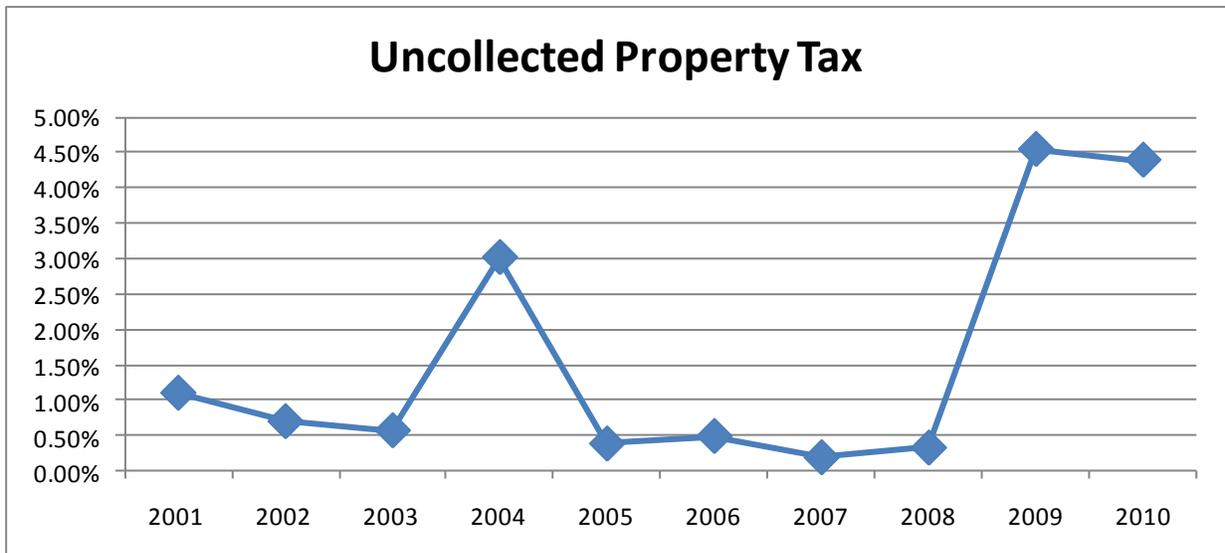
Description - The percentage of property owners that is unable to pay their property taxes. This can indicate changes to the economic health of a local government.

Warning Trend - An increasing amount of uncollected property taxes as a percentage of net property tax levies.

Formula - *Uncollected property taxes / Net property tax levy*

Data Source - CAFR Supplemental Information

Rating: Unfavorable



Year	Tax Levy	Tax Collections	% uncollected
2001	\$7,936,350	\$7,849,760	1.10%
2002	\$9,048,822	\$8,985,692	0.70%
2003	\$9,833,878	\$9,777,693	0.57%
2004	\$12,393,605	\$12,031,025	3.01%
2005	\$13,200,608	\$13,149,626	0.39%
2006	\$14,749,149	\$14,676,659	0.49%
2007	\$18,103,055	\$18,068,015	0.19%
2008	\$18,864,198	\$18,802,057	0.33%
2009	\$19,668,005	\$18,814,392	4.54%
2010	\$19,593,509	\$18,770,402	4.39%

Expenditures per Capita

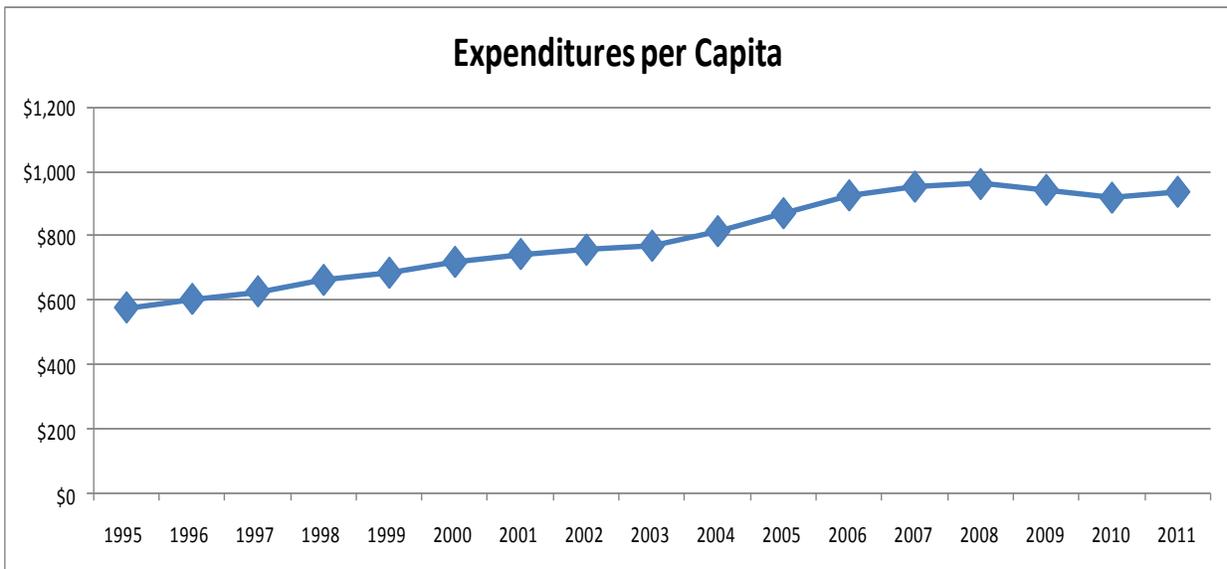
Description - The amount of money spent by government per citizen. It reflects changes in expenditures relative to changes in population. This is specific to the local government model. There must be a set target and threshold to monitor progression. This is directly correlated with Revenue per Capita.

Warning Trend - Increasing net operating expenditures per capita.

Formula - *Net operating expenditures (Constant Dollars) / Population*

Data Source - GF_Revenue_Trends : Primary Stats Tab

Rating: Caution



Year	General Fund Expenses	Lakeland	Expenditures
1995	\$43,016,094	74,626	\$576
1996	\$45,478,956	75,422	\$603
1997	\$47,160,811	75,265	\$627
1998	\$51,067,545	77,113	\$662
1999	\$53,051,139	77,483	\$685
2000	\$56,374,289	78,452	\$719
2001	\$61,445,873	82,706	\$743
2002	\$64,677,393	85,517	\$756
2003	\$68,242,126	88,741	\$769
2004	\$73,080,107	89,731	\$814
2005	\$79,076,777	90,851	\$870
2006	\$84,851,351	91,623	\$926
2007	\$89,062,101	93,428	\$953
2008	\$89,905,998	93,508	\$961
2009	\$88,823,230	94,163	\$943
2010	\$89,524,729	97,422	\$919
2011	\$91,324,176	97,422	\$937

Employees per Capita

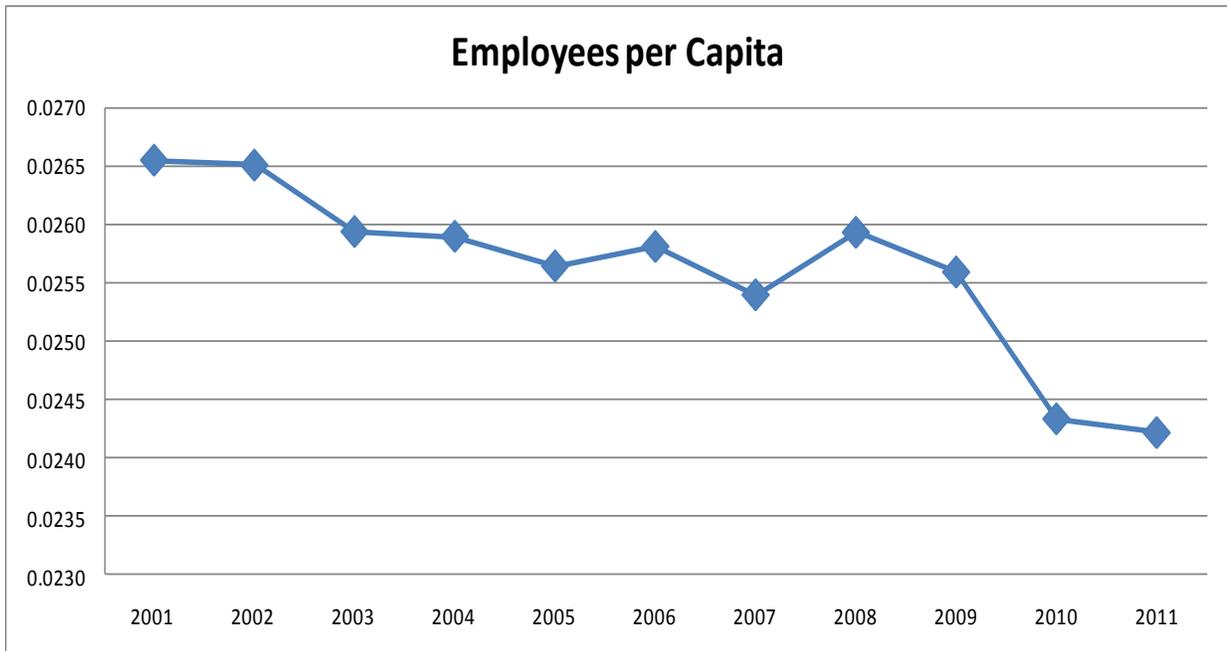
Description - General Idea of how many residents a given employee is servicing. It is also related to productivity. Labor is the largest expenditure of the operating budget and changes in this can reveal strengths or deficiencies in government.

Warning Trend - Increasing the number of municipal employees per capita.

Formula - *Number of municipal employees / Population*

Data Source - GF_Revenue_Trends : Primary Stats Tab

Rating: Favorable



Year	Total City Employees	Lakeland Population	Residents per Employee
2001	2,195.5	82,706	0.0265
2002	2,266.5	85,517	0.0265
2003	2,301.5	88,741	0.0259
2004	2,323.5	89,731	0.0259
2005	2,329.5	90,851	0.0256
2006	2,364.5	91,623	0.0258
2007	2,372.5	93,428	0.0254
2008	2,424.5	93,508	0.0259
2009	2,409.5	94,163	0.0256
2010	2,370.5	97,422	0.0243
2011	2,359.0	97,422	0.0242

Operating Deficit or Surplus

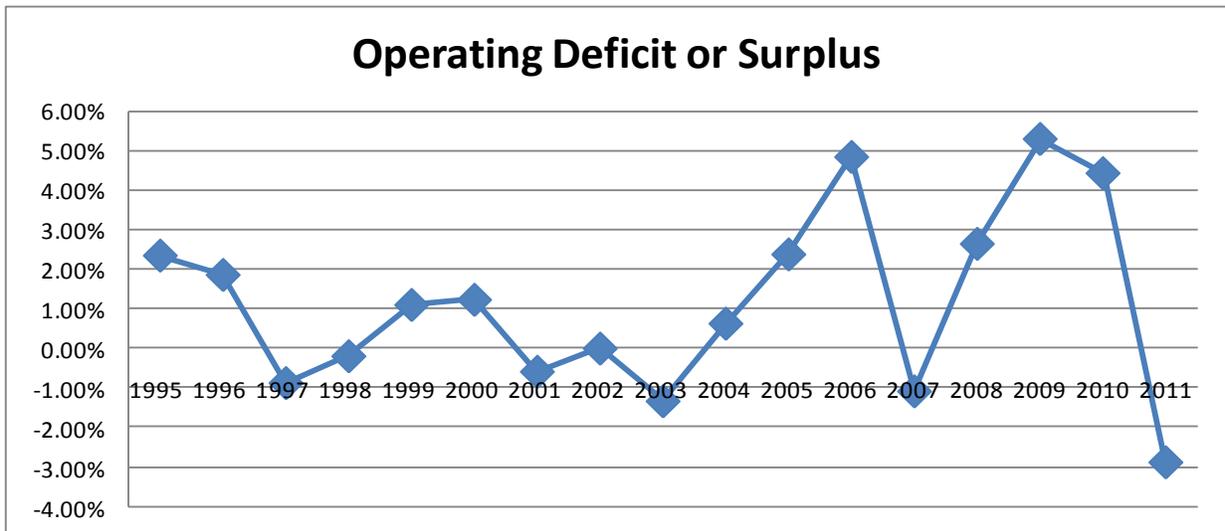
Description - This is a comparison between the total revenue generated and the total expenditures spent in a year. It occurs when expenditures exceed current revenues (deficit) or are lower than current revenues (surplus). This will not always lead to an imbalance in the budget due to reserves.

Warning Trend - Increase in general fund operating deficit or surplus as a percentage of net operating revenues

Formula - *General fund operating deficit or surplus / Net operating revenues*

Data Source - GF_Revenue_Trends : Primary Stats Tab

Rating: Caution



Year	General Fund Revenue	General Fund Expenses	Deficit or Surplus	Ratio
1995	\$44,050,247	\$43,016,094	\$1,034,153	2.35%
1996	\$45,180,476	\$44,340,399	\$840,077	1.86%
1997	\$46,504,818	\$46,909,847	-\$405,029	-0.87%
1998	\$49,424,547	\$49,520,281	-\$95,734	-0.19%
1999	\$52,168,873	\$51,594,376	\$574,497	1.10%
2000	\$54,873,682	\$54,198,119	\$675,563	1.23%
2001	\$57,041,121	\$57,374,975	-\$333,854	-0.59%
2002	\$61,252,982	\$61,252,982	\$0	0.00%
2003	\$65,409,041	\$66,279,166	-\$870,125	-1.33%
2004	\$70,363,706	\$69,920,994	\$442,712	0.63%
2005	\$74,863,531	\$73,083,885	\$1,779,646	2.38%
2006	\$81,357,579	\$77,421,793	\$3,935,786	4.84%
2007	\$82,637,357	\$83,530,214	-\$892,857	-1.08%
2008	\$88,454,150	\$86,115,298	\$2,338,852	2.64%
2009	\$91,030,980	\$86,213,040	\$4,817,940	5.29%
2010	\$94,854,510	\$90,654,987	\$4,199,523	4.43%
2011	\$89,543,954	\$92,115,845	-\$2,571,891	-2.87%

Fund Balance

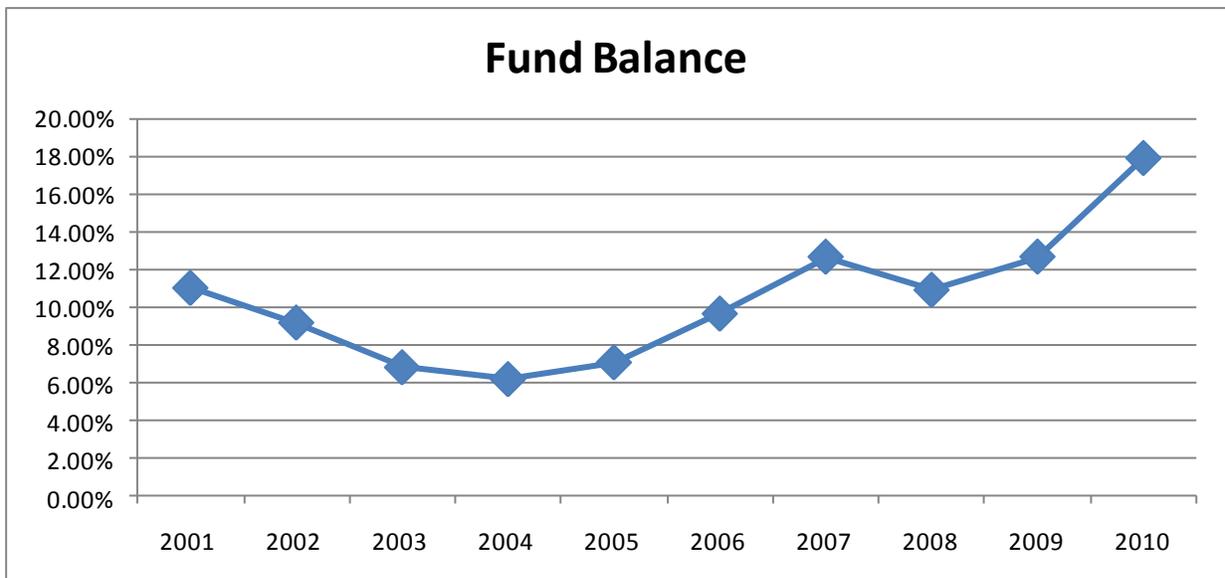
Description - The amount of positive revenue and undesignated (unreserved) reserves available to cushion revenue shortfalls. These can become essential to meet short and long term revenue shortfalls in tough economic conditions, which can cause fluctuations in job and housing markets.

Warning Trend - Declining unreserved fund balances as a percentage of net operating revenues.

Formula - *Unreserved fund balances / Net operating revenues*

Data Source - Projected/GF_Surplus.xlsm

Rating: Favorable



Year	Surplus	General Fund Revenue	Fund Balance
2001	\$6,745,019	\$61,252,982	11.01%
2002	\$6,006,792	\$65,409,041	9.18%
2003	\$4,804,150	\$70,363,706	6.83%
2004	\$4,642,787	\$74,863,531	6.20%
2005	\$5,767,470	\$81,357,579	7.09%
2006	\$7,977,201	\$82,637,357	9.65%
2007	\$11,193,191	\$88,454,150	12.65%
2008	\$9,929,249	\$91,030,980	10.91%
2009	\$12,007,762	\$94,854,510	12.66%
2010	\$15,986,260	\$89,543,954	17.85%

Pension Obligations

Description - These are short and long term obligations to pay pension benefits to retired employees. This is typically a significant expenditure obligation for local government.

Warning Trend - Increasing pension obligations as a percentage of salaries and wages.

Formula - *Pension obligations / Salaries and wages*

Data Source - CAFR Basic Financial Statements

Rating: Caution



Year	Salary and Wages	Obligations*	% of Wages	Police Funded %	Employee Funded %	Fire** Funded %
2004	\$ 102,431,280	\$ 34,163,796	33.35%	75%	93%	-
2005	\$ 99,502,438	\$ 55,381,899	55.66%	75%	90%	-
2006	\$ 103,623,744	\$ 67,943,992	65.57%	77%	88%	-
2007	\$ 110,780,890	\$ 75,297,435	67.97%	80%	88%	-
2008	\$ 115,606,515	\$117,716,358	101.83%	71%	84%	100%
2009	\$ 119,006,709	\$134,936,031	113.39%	72%	82%	105%
2010	\$ 122,070,649	\$134,090,129	109.85%	-	-	-

*Includes Unfunded Liability

** Fire Pension was included in Employee Pension prior to 2008.

Capital Outlay

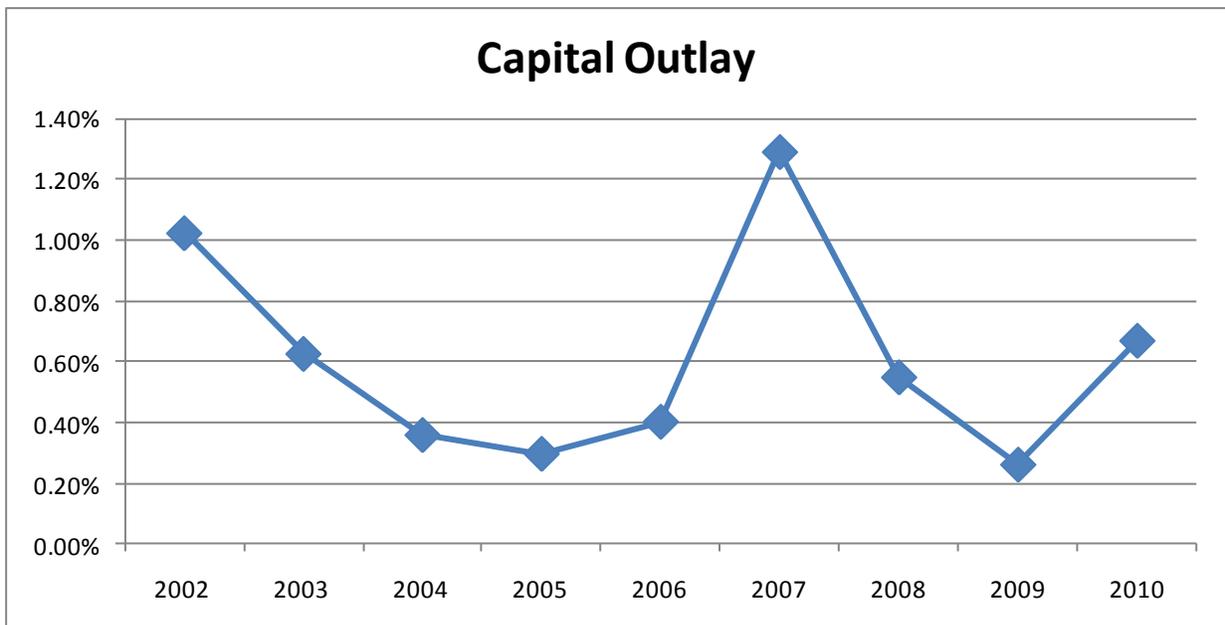
Description - Money used to acquire assets or improve the useful life of existing assets.

Warning Trend - A three or more year decline in capital outlay from operating funds as a percentage of net operating expenditures.

Formula - *Capital outlay from operating funds / Net operating expenditures*

Data Source - CAFR D-8

Rating: Favorable



Year	General Fund Expenses	Outlay	Capital Outlay as % of G/F	% Change
2002	\$61,252,982	\$ 626,660	1.02%	-
2003	\$66,279,166	\$ 414,732	0.63%	-51.10%
2004	\$69,920,994	\$ 250,831	0.36%	-65.34%
2005	\$73,083,885	\$ 216,952	0.30%	-15.62%
2006	\$77,421,793	\$ 311,594	0.40%	30.37%
2007	\$83,530,214	\$1,077,789	1.29%	71.09%
2008	\$86,115,298	\$ 472,463	0.55%	-128.12%
2009	\$86,213,040	\$ 225,204	0.26%	-109.79%
2010	\$90,654,987	\$ 606,520	0.67%	62.87%

Population

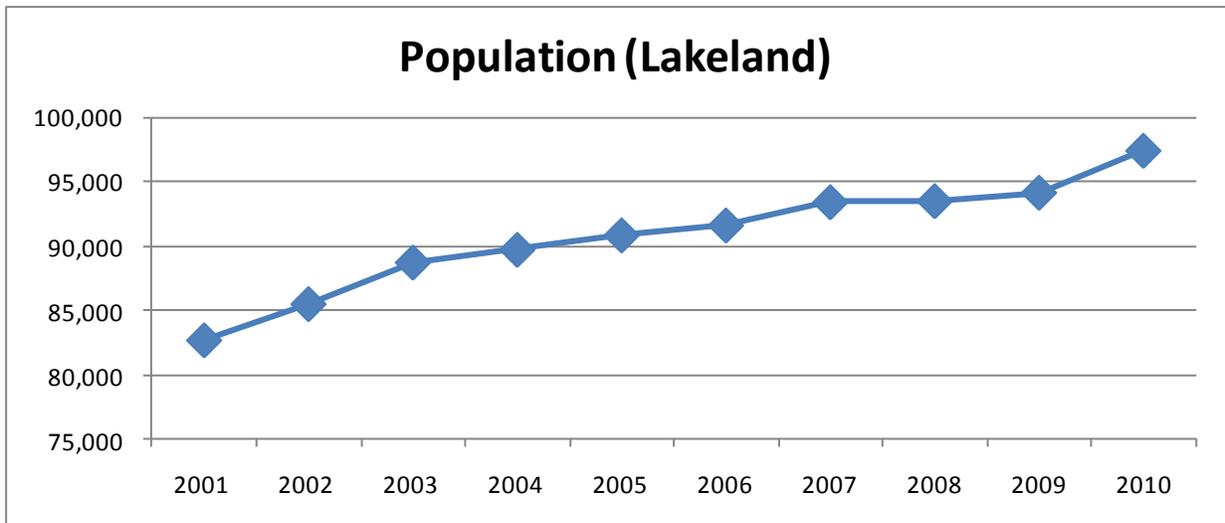
Description - Tracking the population of a city offers information on the growth of the city. An Ideal trend would be steady increases every year. Economic conditions, environmental issues and tax policy heavily impact this figure.

Warning Trend - Rapid change in population.

Formula - *Population*

Data Source - GF_Revenue_Trends : Primary Stats Tab

Rating: Favorable



Year	Lakeland Population	% Change
2001	82,706	-
2002	85,517	3.29%
2003	88,741	3.63%
2004	89,731	1.10%
2005	90,851	1.23%
2006	91,623	0.84%
2007	93,428	1.93%
2008	93,508	0.09%
2009	94,163	0.70%
2010	97,422	3.35%

Personal Income Per Capita

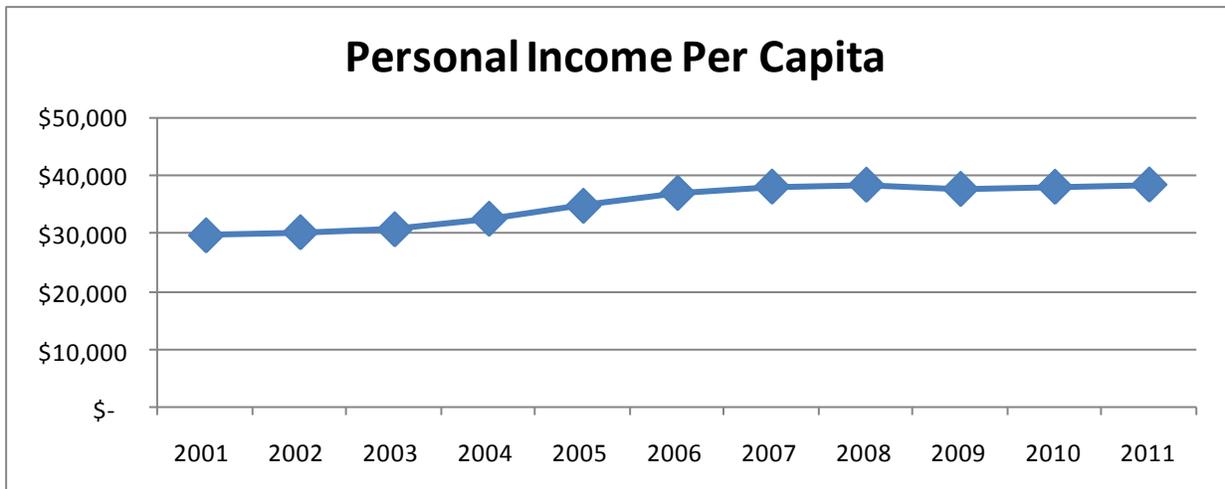
Description - The amount of money earned by the average private citizen in a year. This is related to the health and stability of the local area’s economy. It is a measure of a community’s ability to pay taxes. This can be correlated with revenue and expenditures per capita. Personal income is collected by the U.S. Department of Commerce and ignores unemployment income amounts.

Warning Trend - Decline in the level, or growth rate, of personal income per capita.

Formula - *Personal income / Population*

Data Source - GF_Revenue_Trends : Primary Stats Tab

Rating: Caution



Year	Personal Income	
	Per Capita	% Change
2001	\$ 29,607	-
2002	\$ 30,140	1.77%
2003	\$ 30,646	1.65%
2004	\$ 32,456	5.58%
2005	\$ 34,686	6.43%
2006	\$ 36,906	6.01%
2007	\$ 37,989	2.85%
2008	\$ 38,316	0.85%
2009	\$ 37,591	-1.93%
2010	\$ 37,967	0.99%
2011	\$ 38,347	0.99%

Property Value

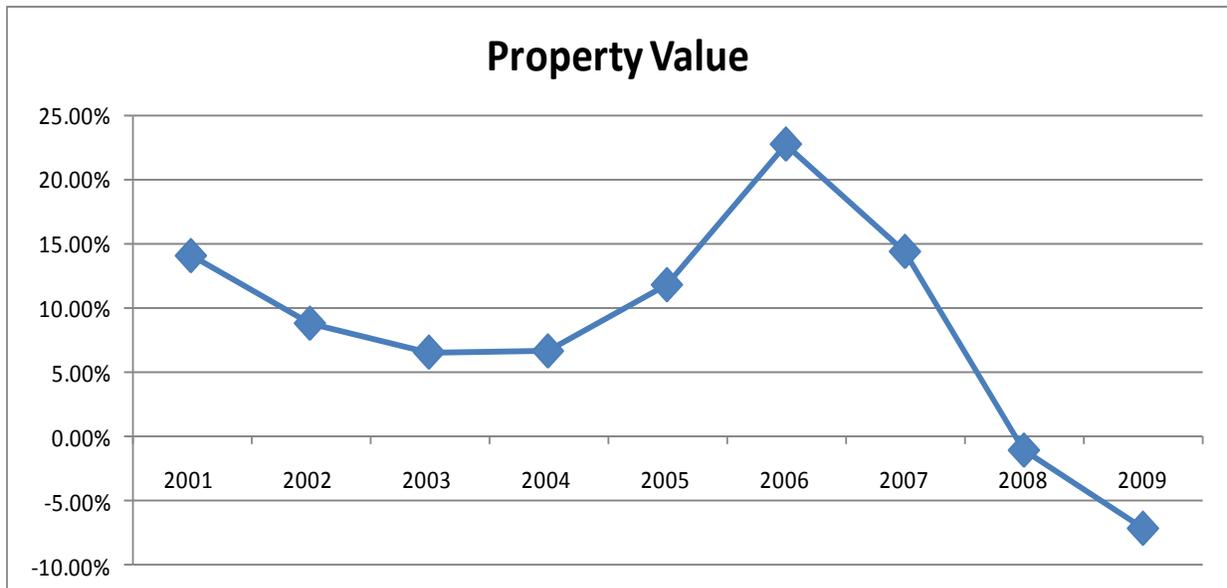
Description - The assessed value of residential and non-residential property within City limits. This is important because changes in assessed property value will change the amount of property tax collected given the same millage rate.

Warning Trend - Declining growth or drop in the market value of residential, commercial, or industrial property.

Formula - *Change in property value / Property value in prior year*

Data Source - CAFR I-8

Rating: Warning



Year	Total Taxable Assessed Value	Ratio of % Change
2001	\$2,739,885,355	-
2002	\$3,123,716,198	14.01%
2003	\$3,397,132,899	8.75%
2004	\$3,618,060,210	6.50%
2005	\$3,856,729,399	6.60%
2006	\$4,309,816,685	11.75%
2007	\$5,287,388,491	22.68%
2008	\$6,045,214,497	14.33%
2009	\$5,977,719,387	-1.12%
2010	\$5,547,829,373	-7.19%

Crime Rate

Description - The occurrence of reported crime in a period of time. It captures the negative aspect of a community that can affect current and future economic development potential. Generally the lower this value is the better. This gives a clearer picture on how effectively the LPD is operating.

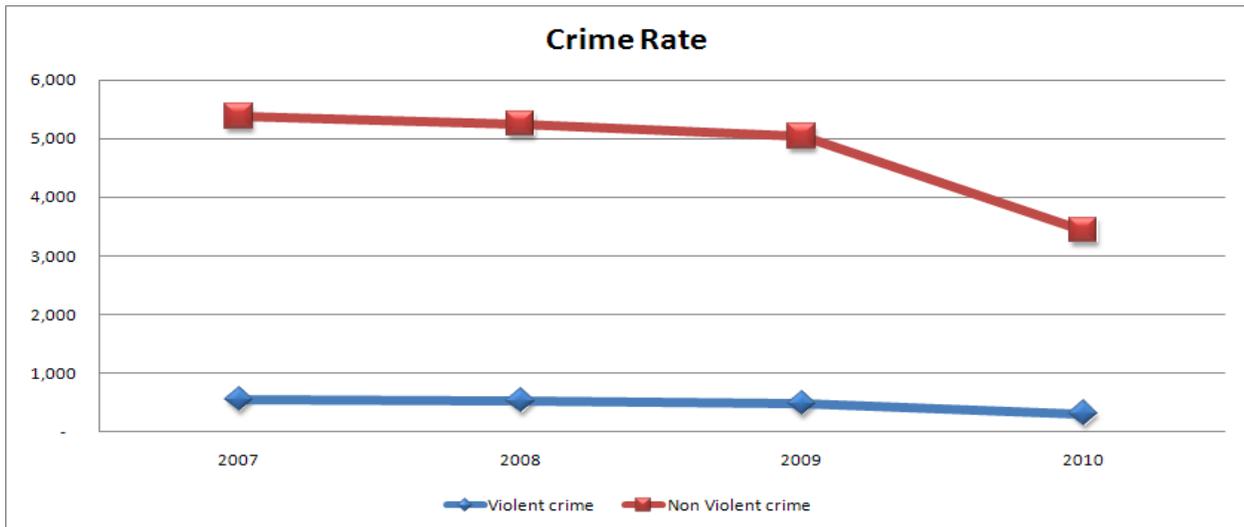
Warning Trend - Increasing crime rate

Formula - *Crime rate*

Data Source - LPD 2007 - 2010 YTD Trend Report:

<http://www.lakelandgov.net/Portals/LPD/Aug%202010%20UCR%20Report.pdf>

Rating: Favorable



Note: Type I Crimes

Year	Population	Violent crime	Non Violent crime	% Change
2007	93,428	549	5372	-
2008	93,508	528	5246	-2.55%
2009	94,163	484	5030	-4.72%
2010	97,422	306	3431	-47.55%

Unemployment Rate

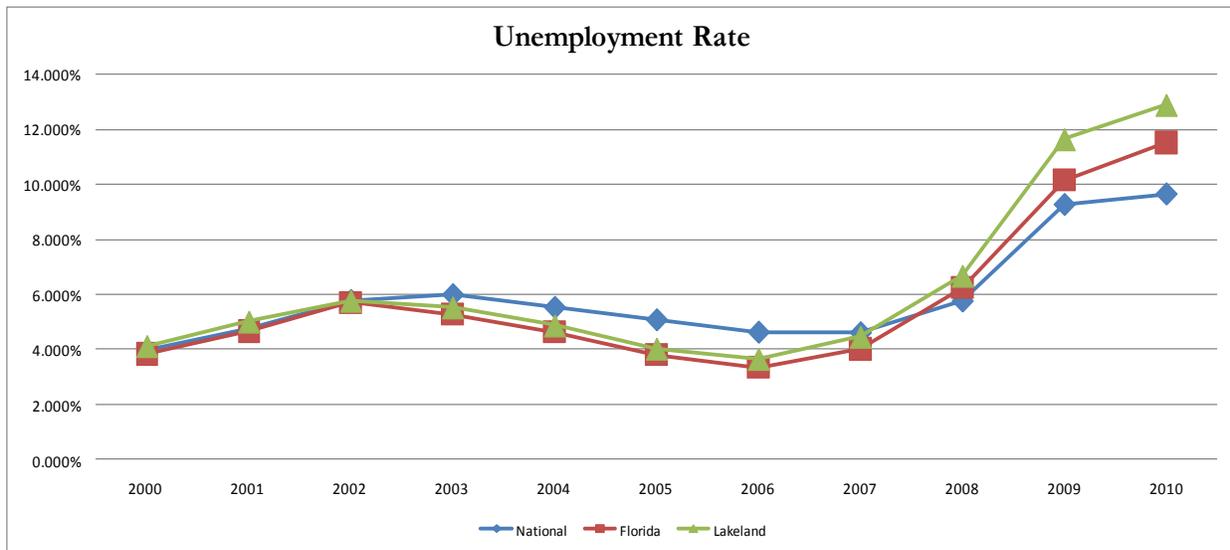
Description - The unemployment rate and the number of jobs in the community are considered together because they are closely related. Employment base is related directly to business activity and personal income and can be an early sign that overall economic activity is declining and that government revenues may be declining as well.

Warning Trend – Increasing rate of local unemployment or a decline in the number of jobs in the community.

Formula – *Local unemployment rate and/or the number of jobs in the community*

Data Source - U.S. Census website

Rating: Unfavorable



Unemployment Rate

Year	National	Florida	Lakeland
2000	3.970%	3.833%	4.125%
2001	4.760%	4.667%	5.017%
2002	5.780%	5.717%	5.775%
2003	5.990%	5.283%	5.533%
2004	5.530%	4.642%	4.875%
2005	5.080%	3.808%	4.033%
2006	4.630%	3.342%	3.658%
2007	4.610%	4.025%	4.467%
2008	5.760%	6.242%	6.683%
2009	9.260%	10.158%	11.650%
2010	9.640%	11.533%	12.900%

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**Revenue Manual Summary
2011**

Introduction

This Revenue Manual is an in depth view of the City's revenue sources and its purpose is to provide detailed knowledge of the types of revenue that the City of Lakeland utilizes to provide public services to the community. This provides a thorough understanding of variables and timetables associated with various revenue sources which brings greater meaning to financial forecasts. It is also an essential asset to display a greater level of transparency on how municipal funds are collected and calculated.

The City of Lakeland relies on a variety of revenue sources in order to finance the cost of services provided to its Citizens. Some of these revenues can be directly associated with the cost of specific services. Examples include the user fees charged for electricity, water, wastewater and solid waste collection services, use of parking facilities, and certain fees for recreational facilities including the City-owned golf course. The amount charged increases or decreases based on the volume of services provided (i.e. electric revenues are based on an amount per kWh). For these services, the intent is that 100% of the cost of providing that service is recovered thru the imposition of this user fee.

Other governmental revenues sources can not be related directly to underlying services, primarily because the services do not lend themselves to cost recovery using a direct user charge. Examples are police and fire services, maintenance of roadways and parks, libraries, etc. These public services are financed through a variety of "generic" revenue sources including property, sales and utilities taxes, and state and local grants. The City of Lakeland also relies on the profits earned by the Electric, Water, Wastewater and Solid Waste utility operations as a source of revenue to finance these same general governmental functions.

The discussion of the City of Lakeland's revenue sources are presented in the form of:

- Source: Provides an overview of the tax and its purpose
- Legal Authority: Identifies the Authority to impose the tax or fee in the city or state code.
- Department: Identifies the division responsible for the collection, modification or tracking of the tax or fee.
- Graphs and charts: Illustrates changes, trends and performance of revenue sources
- Comments: additional facts to accurately portray or identify a revenue source.

General Fund

The revenue section of the General fund is composed of:

Taxes

- Property Taxes
- Franchise Fees
- Utility Taxes
- Business Tax Licenses
- Building Inspection Fees

Intergovernmental Revenue

- State Revenue Sharing
- Other Local Revenue Units Revenue Sharing
- Federal Grants
- State Grants
- Local Grants

General

- General Government
- Public Safety
- Other Physical Environment Revenue
- Cemetery
- Transportation
- Culture and Recreation Libraries
- Parks and Recreation
- Parks
- Special Recreation Facilities-Other

Fines and Forfeits

- Fines and Forfeits

Miscellaneous Revenue

- Other
- Sales of Fixed Assets
- Refund of Prior Year Expenditures
- Reimbursements
- Rental of Buildings
- All other Rents and Royalties
- Investment Income

Transfers

- Transfers from Other Funds

Taxes

Property Taxes

Detail:

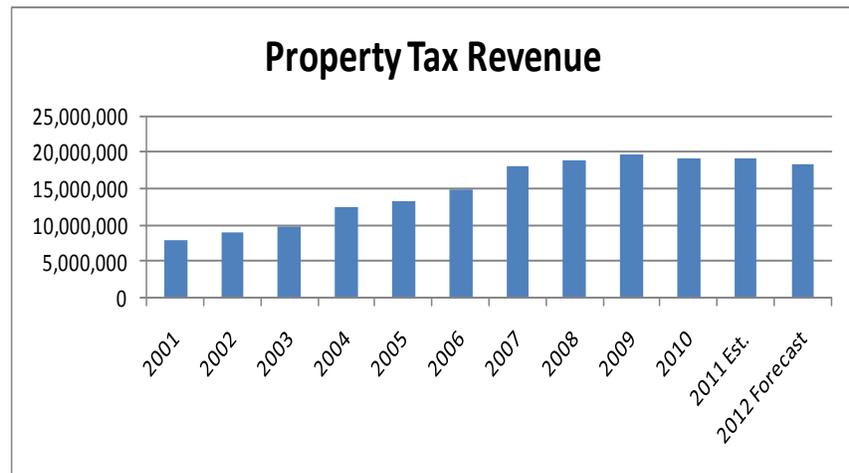
- Current Ad Valorem Tax
- Delinquent Ad Valorem Taxes
- Ad Valorem Tax Discounts & Costs
- Interest on Delinquent Ad Valorem Taxes

Description: Property taxes are levied based on a tax rate, stated in terms of *mills*, multiplied times the taxable value of each real property located within the City limits. The value of each property, (the assessed value) is determined by the Polk County Property Appraisers office. Each property is re-assessed as of January 1st of each year. For non-residential properties, the assessed value may include any tangible personal property that is permanently installed in buildings. This includes major capital machinery, mechanical systems, etc. For residential property that is occupied by its owner on a full-time basis, a homestead exemption of \$25,000 is deducted from the assessed valuation to arrive at the properties' net *taxable* value (196.031). In addition, Lakeland has adopted an additional exemption of up to \$25,000 for homesteaded properties occupied by persons age 65 or older whose household income is less than a certain threshold and adjusted each Jan 1 based on the increase in the CPI for the preceding calendar year.

Legal Authority: City ordinance 4101/SS193.075

Comments: For residential property that is occupied by it's owner on a full-time basis, an additional adjustment is made that limits the percentage increase in taxable value from one year to the next to the lesser of the change in the annual cost of living index (CPI-U for the preceding calendar year) or 3%. This is referred to as the Save Our Homes exemption.(193.155). Since adoption, these annual caps have been:

Year	Property Tax Revenue
2001	\$ 7,987,691
2002	\$ 9,017,271
2003	\$ 9,803,610
2004	\$ 12,447,530
2005	\$ 13,223,332
2006	\$ 14,754,894
2007	\$ 18,134,471
2008	\$ 18,893,301
2009	\$ 19,703,976
2010	\$ 19,248,168
2011 Est.	\$ 19,269,903
2012 Forecast	\$ 18,306,408



Comments: A deflated housing market has provided little change to the proportion of property taxes as a part of the General Budget.

Taxes

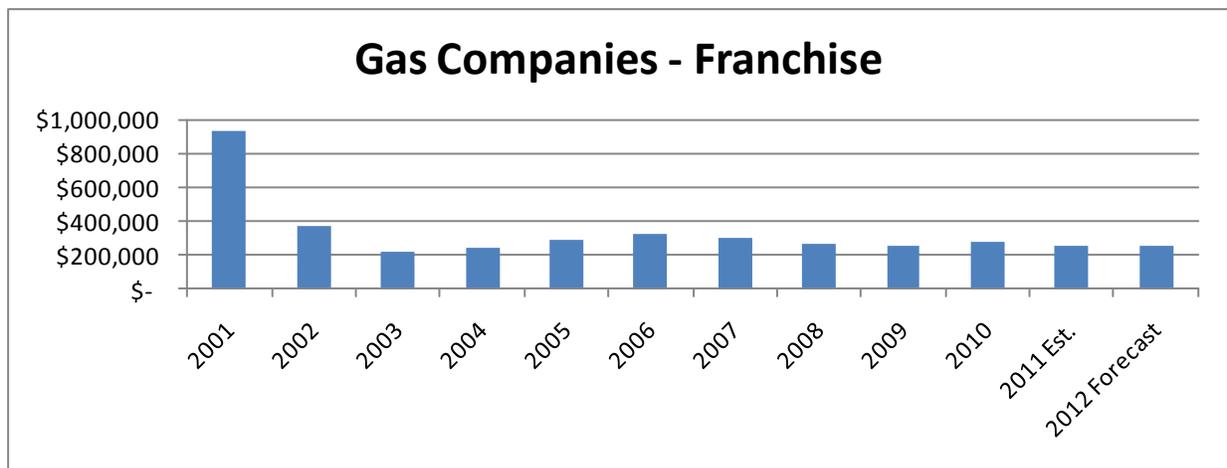
Franchise Fees

Detail:

Gas Companies—Franchise

Description: A franchise fee is the upfront cost of entry when purchasing a franchise business. This fee is primarily paid to the franchisor and is used by the franchisor to fund the initial support required by new franchisees. This support includes infrastructure upgrades such as technology, the hiring of additional employees, and other operational support items to keep up with the amount of new franchisees entering the system.

Legal Authority: City ordinance 4101/SS193.075



Year	Gas Companies - Franchise	
2001	\$	931,021
2002	\$	367,971
2003	\$	222,025
2004	\$	235,506
2005	\$	283,085
2006	\$	320,780
2007	\$	304,911
2008	\$	261,713
2009	\$	251,344
2010	\$	279,125
2011 Est.	\$	250,000
2012 Forecast	\$	252,500

Taxes

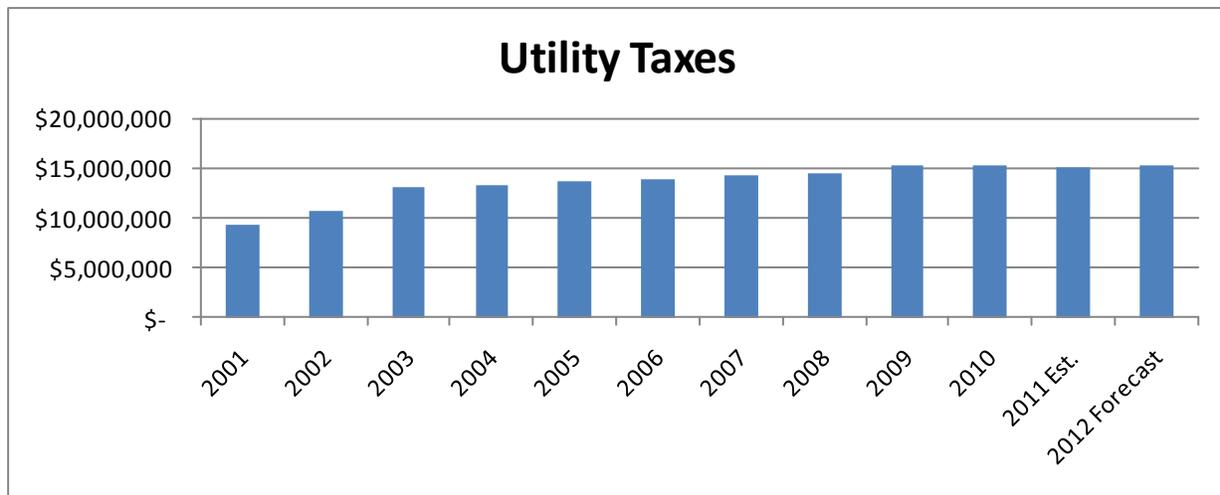
Utility Taxes

Detail:

- Utility Tax - Propane
- Utility Tax - Fuel
- Utility Tax - Water
- Utility Tax - Electric
- Telecommunications Revenues
- Telecommunications Revenues—Prior Year Catch Up

Description: A utility tax is a tax on public service businesses, including businesses that engage in transportation, communications, and the supply of energy, natural gas, and water. The tax may exist in lieu of a business and occupation (B&O) tax. Such taxes are governed by state laws, which vary by state. In some instances, a portion, however, provides financial assistance to local governments for maintenance of public works facilities.

Legal Authority: City ordinance 4101/SS193.075



Year	Utility Taxes
2001	\$ 9,344,347
2002	\$ 10,614,655
2003	\$ 13,035,757
2004	\$ 13,258,997
2005	\$ 13,716,260
2006	\$ 13,888,822
2007	\$ 14,243,705
2008	\$ 14,521,944
2009	\$ 15,202,390
2010	\$ 15,300,000
2011 Est.	\$ 15,109,000
2012 Forecast	\$ 15,260,090

License and Permits

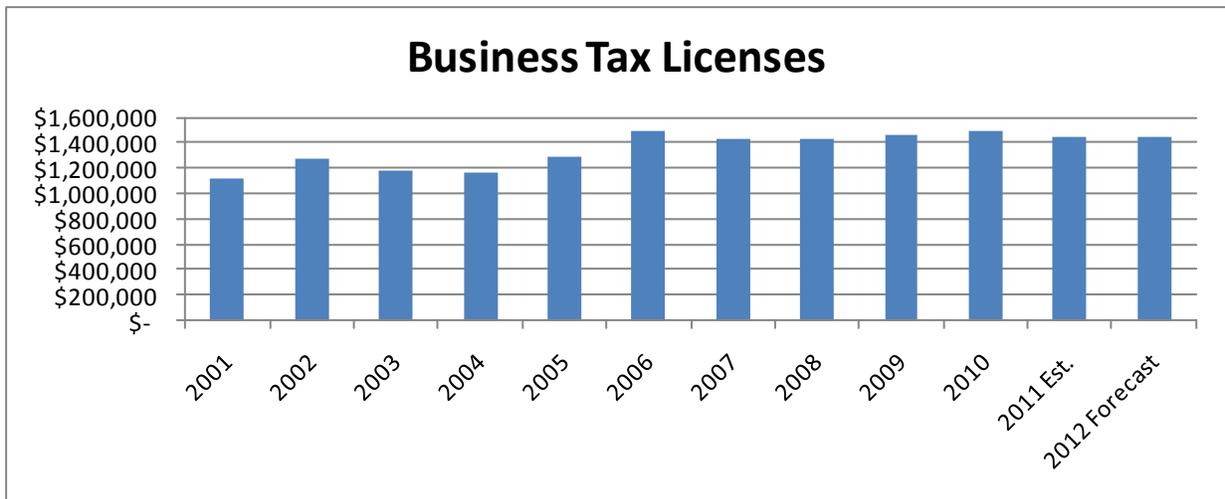
Business Tax Licenses

Detail:

- Business Tax Receipt/Occupational License Tax
- Penalties-Occupational License
- Transfer & Dup Fees-Occupational License
- Collection Fees-Occupational License
- All Other Occupational License Taxes

Description: Business Tax Receipt (formerly Occupational License) – The City of Lakeland requires all businesses located and/or operating inside City limits of Lakeland to pay an annual business tax. A receipt for payment of the Business Tax is commonly referred to as a Business Tax “Receipt”. An individual or business that pays the Business Tax is only granted the privilege of doing business within the city limits. Payment of such does not constitute the approval of any governing authority responsible for overseeing and/or regulating a trade, practice, activity or service, etc..Most business tax fees are based on square footage, # of workers and/or a category of profession. Business Tax fee determined after completion of application with the Business Tax Office.

Legal Authority: City ordinance 4101/SS193.075



Year	Business Tax Licenses
2001	\$ 1,125,103
2002	\$ 1,267,707
2003	\$ 1,185,055
2004	\$ 1,168,657
2005	\$ 1,292,608
2006	\$ 1,485,796
2007	\$ 1,422,743
2008	\$ 1,425,422
2009	\$ 1,457,547
2010	\$ 1,493,236
2011 Est.	\$ 1,440,890
2012 Forecast	\$ 1,440,890

License and Permits

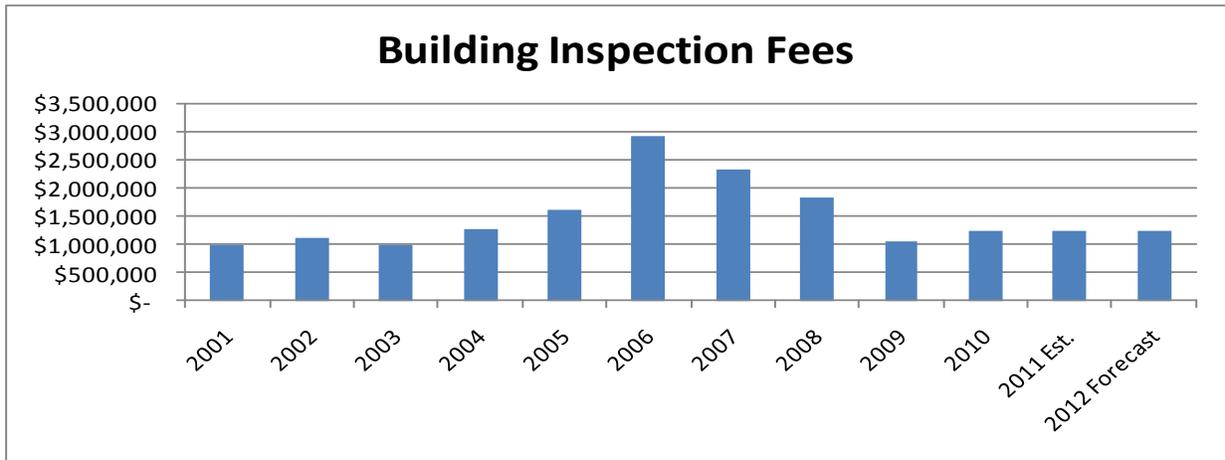
Building Inspection Fees

Detail:

- Landscape Inspection Fees
- Other Building Inspection Fees
- Building Inspection Fees
- Plumbing Inspection Fees
- Mechanical Inspection Fees
- Electrical Inspection Fees
- Building Permit Surcharge Administration Fees
- Driveway Permit Fee
- Notice of Commencement Fee
- Records Maintenance Fee

Description: Permit fees are issued for construction and renovation projects occurring within the City limits. Separate permit fees are levied for landscaping, building, plumbing, electrical and other mechanical improvements. This fee is intended to cover the cost of inspections performed by building inspectors employed by the City. This fee structure was increased by 10% in the year 2010.

Legal Authority: State Statutes Chapter 166.222



Year	Building Inspection Fees
2001	\$ 973,368
2002	\$ 1,099,397
2003	\$ 992,113
2004	\$ 1,256,651
2005	\$ 1,603,429
2006	\$ 2,923,255
2007	\$ 2,316,370
2008	\$ 1,832,651
2009	\$ 1,059,326
2010	\$ 1,226,500
2011 Est.	\$ 1,225,000
2012 Forecast	\$ 1,237,250

Intergovernmental Revenue State Revenue Sharing

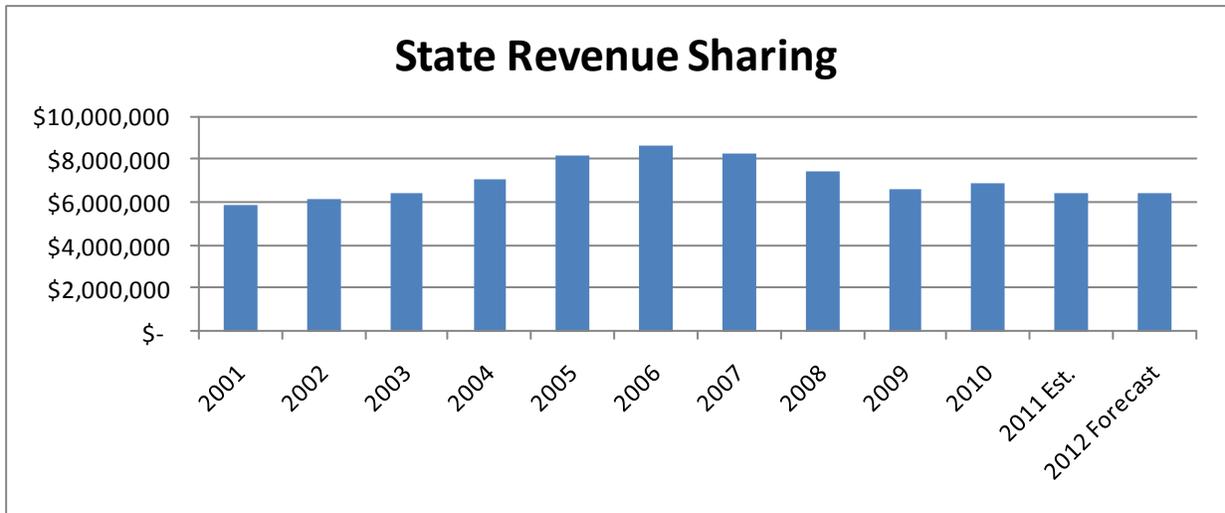
Detail:

- Alcoholic Beverage License Tax
- Municipal Revenue Sharing
- Mobile Home License Fees
- Local Government Half-Cent Sales Tax
- Firefighters Compensation Tax

Description: This refers to the sharing of profits and losses among different groups within the state.

- A portion of the Alcoholic Beverage License Taxes levied by the State of Florida – State Statute 561.342
- A portion of the Mobile Home License Fees levied by the State of Florida – State Statute 320.015
- Revenues that pass-thru the City and are paid to firefighters who have achieved certain levels of higher education as supplemental compensation in accordance with State Statute Chapter 633.382

Legal Authority: F.S. §§ 561.342, 320.015



Year	State Revenue Sharing
2001	\$ 5,890,985
2002	\$ 6,130,364
2003	\$ 6,409,955
2004	\$ 7,102,241
2005	\$ 8,181,509
2006	\$ 8,617,169
2007	\$ 8,214,066
2008	\$ 7,455,653
2009	\$ 6,590,471
2010	\$ 6,864,572
2011 Est.	\$ 6,394,000
2012 Forecast	\$ 6,394,000

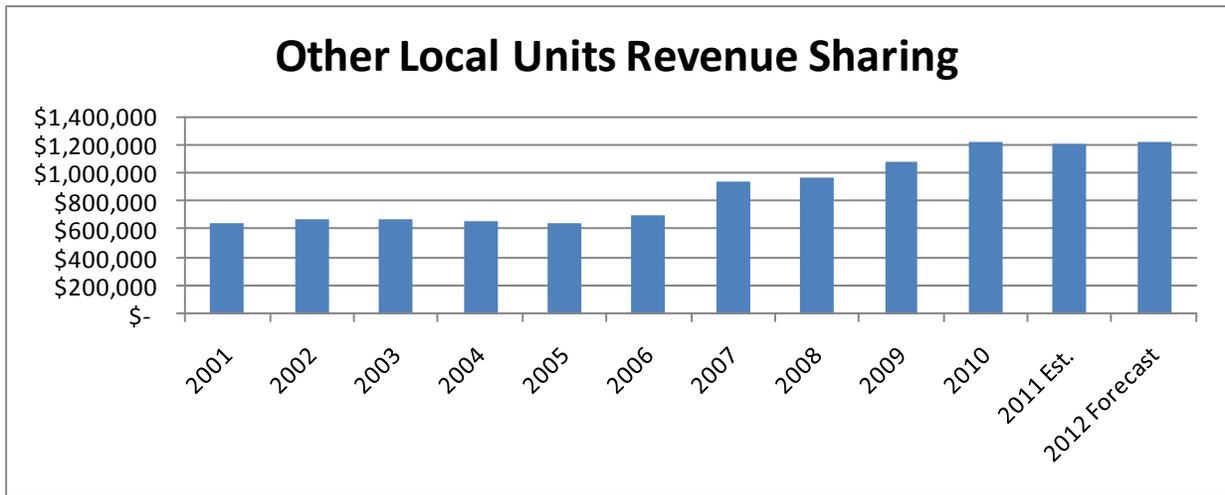
Intergovernmental Revenue Local Revenue Sharing

Detail:

- County Occupation License Tax
- County-wide Library Cooperative
- County-wide Bookmobile Program
- County-wide Library Cooperative

Description: This category consists primarily of fees provided by Polk County in conjunction with the county-wide library system. This was created by inter-local agreement dated September 13, 2006. This agreement expired September 30, 2010. Funds are distributed to various municipalities in the County based on a formula that considers both relative size of the existing budget for each library system in the County, and each system’s circulation as a percent of the circulation in the county as a whole. A portion of the occupational license revenues levied by Polk County, and shared with Lakeland as required by State Statute 205.033.

Legal Authority: State Statute 205.033.



Year	Other Local Units Revenue Sharing
2001	\$ 644,945
2002	\$ 663,335
2003	\$ 671,306
2004	\$ 654,965
2005	\$ 643,857
2006	\$ 701,782
2007	\$ 934,998
2008	\$ 967,374
2009	\$ 1,074,796
2010	\$ 1,214,318
2011 Est.	\$ 1,207,768
2012 Forecast	\$ 1,219,846

Intergovernmental Revenue

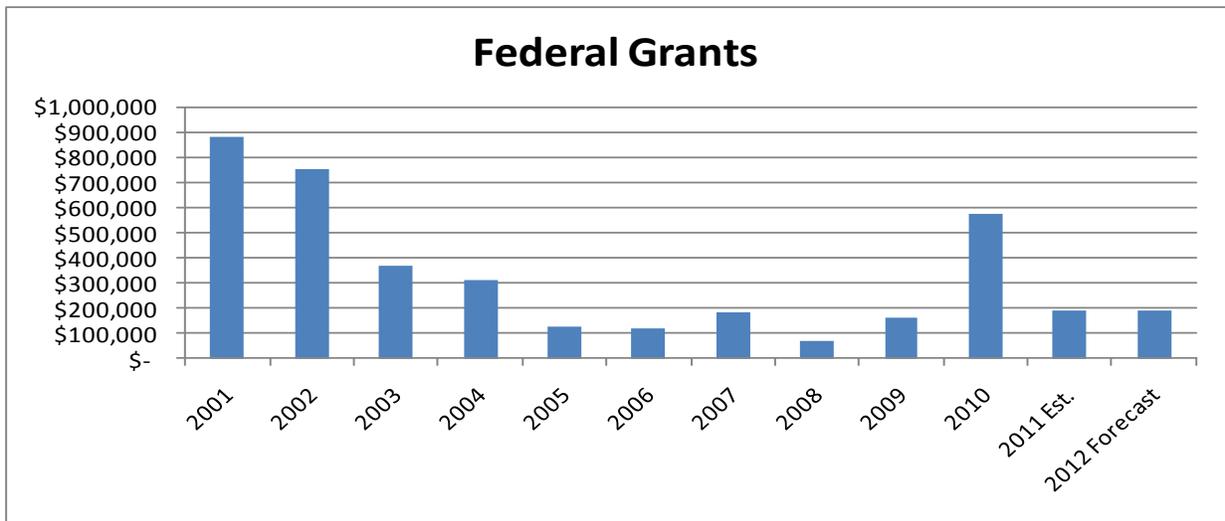
Federal Grants

Detail:

- BJA - Bulletproof Vest Program
- DOJ - Byrne Memorial Justice Assistance Grant
- DOJ - Recovery Act/Byrne Memorial Justice Assist Grant (JA)
- High Intensity Drug Trafficking Area (HIDTA)
- FOAG - Victim Assistance (VOCA)
- DOJ - Byrne Memorial JAG (DART)
- DOJ/FDLE/JAG/AARC Patrol Rifles Acquisition I FY 09/10

Description: The City applies for grants from various federal agencies to help finance specific operating costs. In recent history, the majority of these grants have been to hire additional police officers. These grant programs typically reimburse the City for a stated percentage of specific program costs. This revenue source total fluctuates around \$2,250,000 but funding is expected to decline as the federal government scales back it’s funding for law enforcement.

Legal Authority: F.S. §§ 562.14, 562.45(2)



Year	Federal Grants
2001	\$ 877,321
2002	\$ 748,467
2003	\$ 367,453
2004	\$ 307,855
2005	\$ 128,094
2006	\$ 116,729
2007	\$ 178,810
2008	\$ 66,081
2009	\$ 160,995
2010	\$ 574,506
2011 Est.	\$ 191,716
2012 Forecast	\$ 191,716

Intergovernmental Revenue

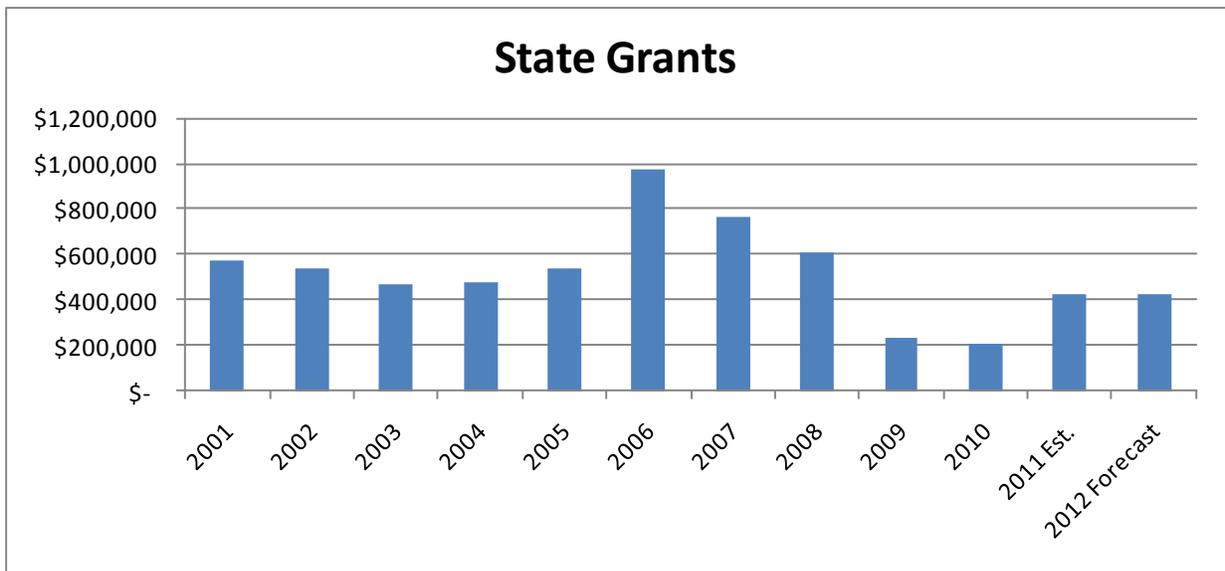
State Grants

Detail:

FDOT - Traffic Crash Investigations Unit
 FDOT - Parks R/W Maintenance WPI#1610823
 FDOT - Hwy. Lighting & Traffic Signal Management
 Brevard County Wild Land Fires

Description: The City applies for grants from various state agencies to help finance specific operating costs. In recent history, the majority of these grants have been to hire additional police officers. These grant programs typically reimburse the City for a stated percentage of specific program costs.

Legal Authority: F.S. §§ 562.14, 562.45(2)



Year	State Grants
2001	\$ 568,957
2002	\$ 539,559
2003	\$ 470,380
2004	\$ 474,747
2005	\$ 540,774
2006	\$ 977,672
2007	\$ 768,349
2008	\$ 608,706
2009	\$ 230,135
2010	\$ 202,770
2011 Est.	\$ 420,325
2012 Forecast	\$ 420,325

Intergovernmental Revenue

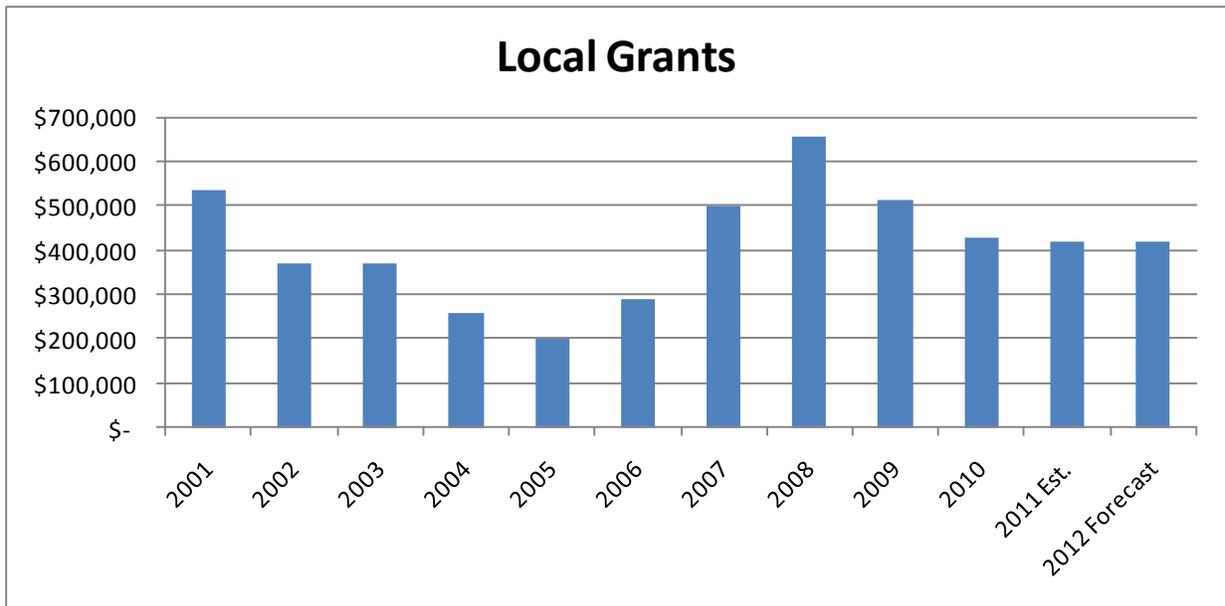
Local Grants

Detail:

- Polk County School Board-SRO
- PCCVB-Reimbursable Expenses
- Florida Emergency Medical Services County Award Grant
- FIRE Training
- Neighborhood Clean up Project

Description: The City applies for grants from various local agencies to help finance specific operating costs. In recent history, the majority of these grants have been to hire additional police officers. These grant programs typically reimburse the City for a stated percentage of specific program costs.

Legal Authority: F.S. §§ 562.14, 562.45(2)



Year	Local Grants
2001	\$ 536,574
2002	\$ 369,301
2003	\$ 370,078
2004	\$ 258,952
2005	\$ 201,547
2006	\$ 290,919
2007	\$ 497,966
2008	\$ 653,656
2009	\$ 513,261
2010	\$ 427,622
2011 Est.	\$ 420,500
2012 Forecast	\$ 420,500

Charges for Service

General Government

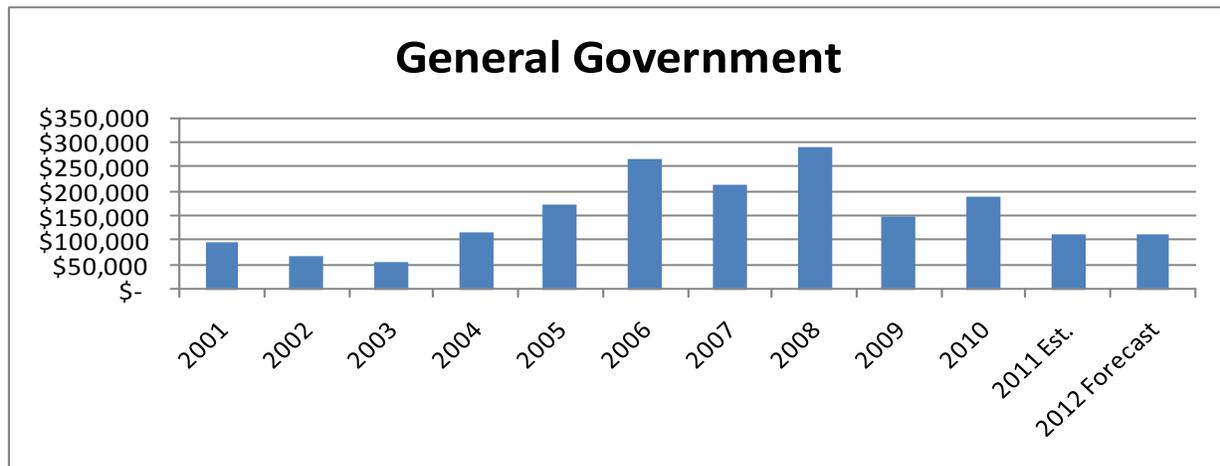
Detail:

	Year	General Government
Zoning & Subdivision Fees - Planning	2001	\$ 94,779
Zoning & Subdivision Fees - Building Inspection	2002	\$ 68,393
Appeal Board - Zoning & Subdivision Fees	2003	\$ 56,938
Sales - Maps & Publication - Planning	2004	\$ 115,130
Certification Copying, Research Fees - Gen Govt.	2005	\$ 174,082
Certification Copying, Research Fees - Code	2006	\$ 264,688
Construction Plan Review Fee	2007	\$ 213,227
Zoning Verification Letters	2008	\$ 291,310
Special Assessment/Application Fees/All other	2009	\$ 146,966
Sales - Yesterday's Lakeland	2010	\$ 187,497
Garnishment Fees	2011 Est.	\$ 111,000
County Impact Fees - Administration	2012 Forecast	\$ 112,110
School Impact Fees Admin. Charges		
LPD Union Dues Administration Fees		
Fire Union Dues Administration Fees		
UWUA Union Dues Administration Fees		

Description: Charges for Services represent user fees assessed directly against the users of municipal services. The most significant of these charges are parks and recreation fees, which generated approximately \$1.6 million last year against total operating expenses of \$13.1 million (excluding capital). These revenues consist of facility rental fees, recreational class/program fees, tennis and swimming fees and parking and expense recovery fees related to the Detroit Tigers major and minor league activities at Merchant Stadium.

Legal Authority:

- Public Records Copying-Resolution 4244 (December 2002)
- School Impact Fees Administration-Inter-local Agreement (September 2003)
- Zoning fees-Resolution 4141 and 4148 (October 2001)
- Permitting fees-Resolution 4208 (August 2002)



Charges for Service

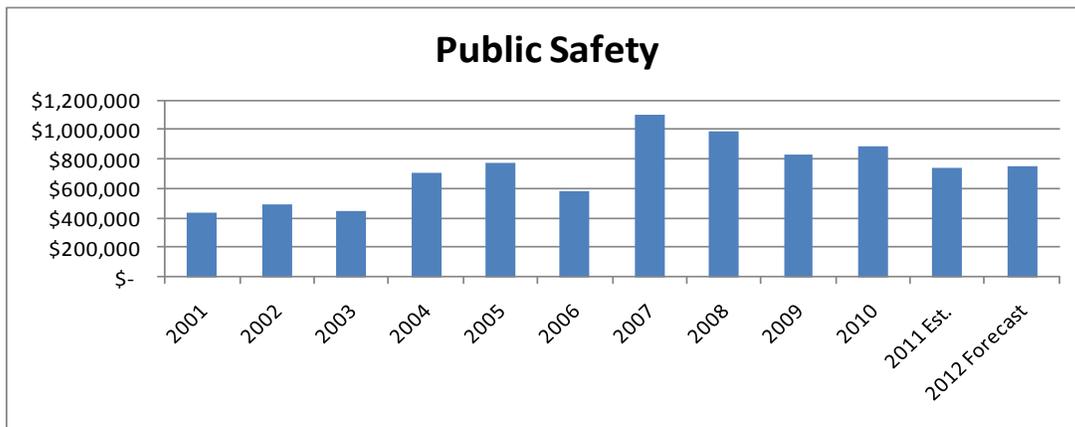
Detail:

- Police Services Reimbursement
- Court Witness Fees
- Other Public Safety Charges
- Fire Safety Management
- Permitted Fire Inspections
- One Time Fire Permits Fee
- Other Public Safety Charges
- Polk Community College IPS Coordinator
- Chauffeurs Permits

Description: Reimbursement for overtime services provided by the Lakeland Police Department and established in conjunction with the collective bargaining agreement with the police union.

Legal Authority:

- Sale of fire inspection permits Ordinance 4315 (December 2001);
- False alarm fees – Ordinance 3380 (September 1992); Ordinance 4422 (February 2003)
- Wrecker Service permitting fees – Resolution 4208 (August 2002)
- Polk Community College IPS Cord – Agreement (February 2004)
- Other Public Safety Charges – Police – Agreement (February 2004)



Year	Public Safety
2001	\$ 430,270
2002	\$ 487,349
2003	\$ 444,015
2004	\$ 700,389
2005	\$ 772,381
2006	\$ 582,097
2007	\$ 1,101,040
2008	\$ 987,648
2009	\$ 832,656
2010	\$ 881,615
2011 Est.	\$ 742,500
2012 Forecast	\$ 749,925

Charges for Service

Other Physical Environment Revenue

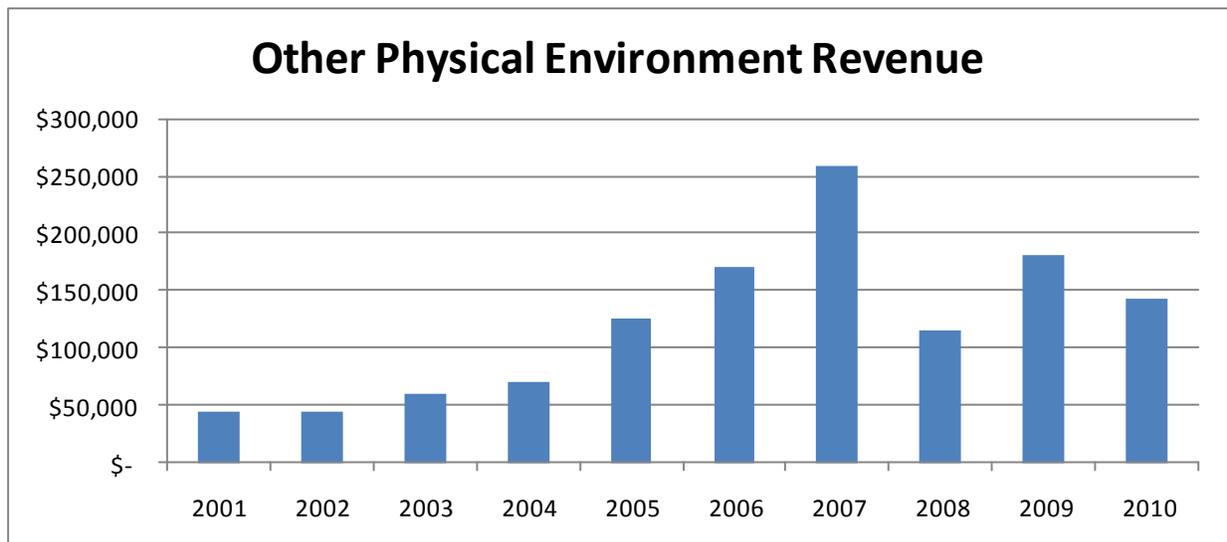
Detail:

Lot Clearing
Demolition of Condemned Buildings

Description: Lot clearing and demolition services provided by the City are available to vacant buildable residential lots and vacant residences.

Legal Authority:

City Policy



Year	Other Physical Environment Revenue
2001	\$ 44,145
2002	\$ 44,859
2003	\$ 59,530
2004	\$ 70,654
2005	\$ 125,812
2006	\$ 170,378
2007	\$ 258,544
2008	\$ 115,972
2009	\$ 181,125
2010	\$ 143,000
2011 Est.	\$ 200,000
2012 Forecast	\$ 202,000

Charges for Service

Cemetery

Detail:

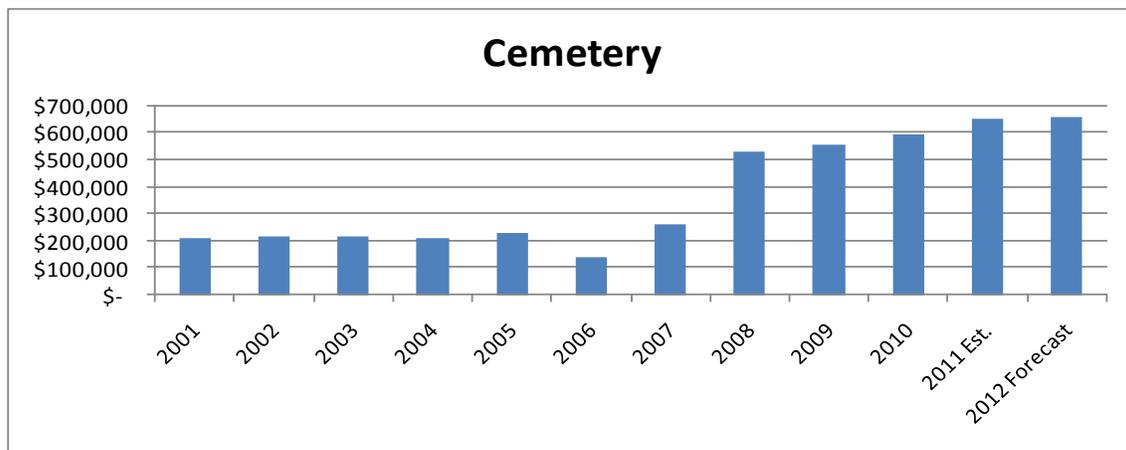
Opening Graves - Oakhill
 Opening Graves - Roselawn
 Opening Graves - Laurel Hill
 Opening Graves-Laurel Hill
 All Other Revenues-Oakhill
 All Other Revenues -Laurel Hill
 All Other Revenues -Roselawn
 Cemetery Lots-Oak Hill
 Cemetery Lots-Laurel Hill

Description:

- Fees for the sale of spaces or lots in a cemetery and for various other services relating thereto shall be established in a fee schedule proposed by the City Manager and approved by resolution of the City Commission.
- Fees shall be collected in the manner provided in the rules and regulations, including any interest which may be charged.
- The fee schedule may prescribe different fees for residents and nonresidents.

Legal Authority:

- Cemetery fees – Resolution 4716 (September 2008), which includes provisions for automatic annual CPI adjustments.



Year	Cemetery
2001	\$ 205,302
2002	\$ 213,207
2003	\$ 211,537
2004	\$ 206,960
2005	\$ 224,677
2006	\$ 138,867
2007	\$ 260,580
2008	\$ 527,447
2009	\$ 553,161
2010	\$ 590,170
2011 Est.	\$ 647,000
2012 Forecast	\$ 653,470

Charges for Service

Transportation

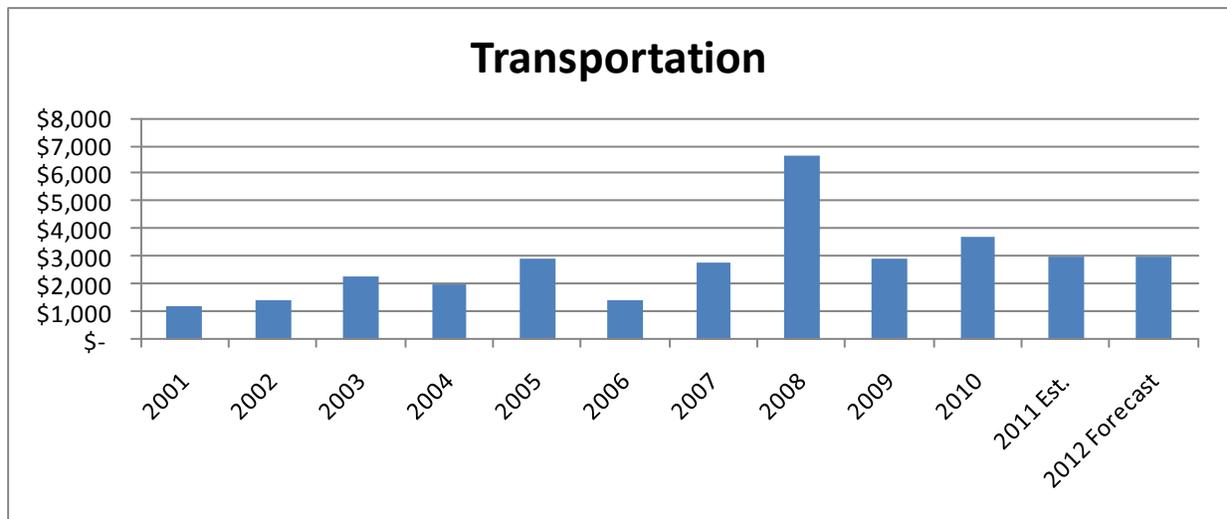
Detail:

Sign Fabrication
Other Transportation Receipts

Description: Revenue generated in relation to the facilitation of local transportation.

Legal Authority:

City Policy



Year	Transportation
2001	\$ 1,211
2002	\$ 1,408
2003	\$ 2,290
2004	\$ 1,966
2005	\$ 2,891
2006	\$ 1,425
2007	\$ 2,744
2008	\$ 6,668
2009	\$ 2,925
2010	\$ 3,674
2011 Est.	\$ 3,000
2012 Forecast	\$ 3,000

Charges for Service

Culture and Recreation

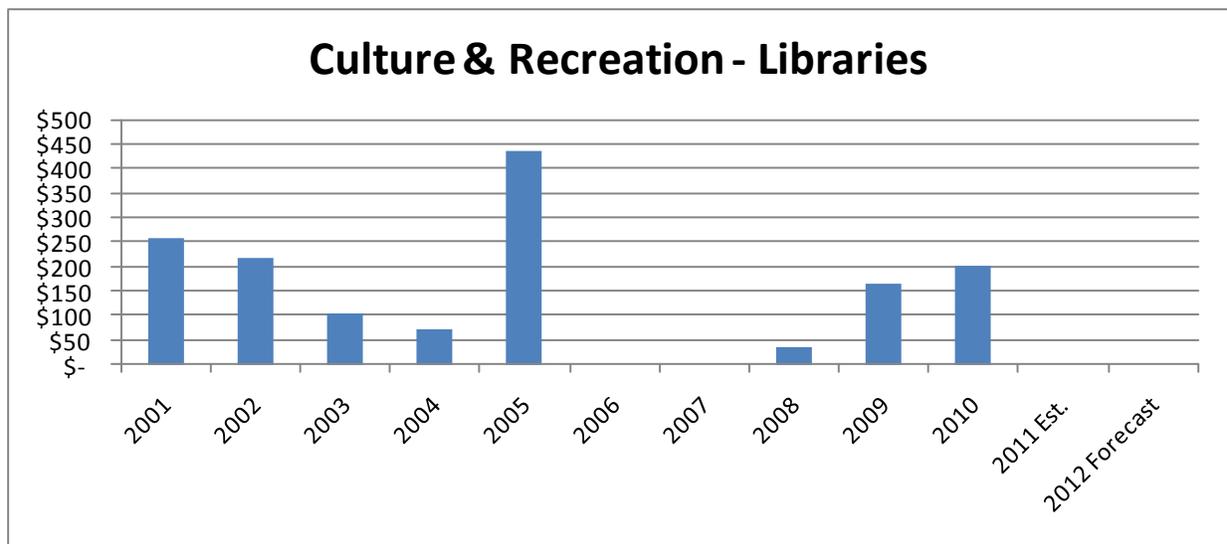
Detail:

Library Non-County Resident Fees

Description: These are fees charged to non-County residents for library privileges.

Legal Authority:

City Policy



Year	Culture & Recreation - Libraries	
2001	\$	257
2002	\$	215
2003	\$	105
2004	\$	70
2005	\$	437
2006	\$	-
2007	\$	-
2008	\$	35
2009	\$	165
2010	\$	200
2011 Est.	\$	-
2012 Forecast	\$	-

Charges for Service

Parks and Recreation: Recreation

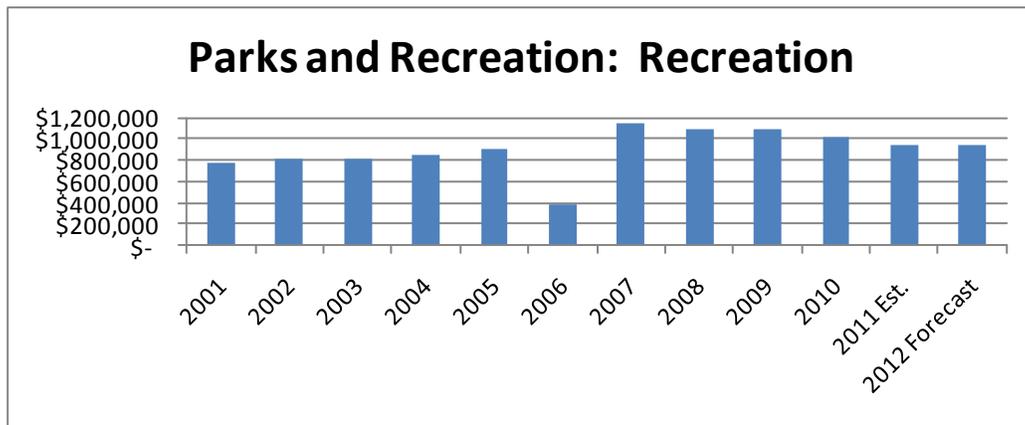
Detail:

- Program Activity Fees - City Hall
- Program Activity Fees - Simpson Park
- Program Activity Fees - Simpson Pool
- Program Activity Fees - Kelly Rec.
- Program Activity Fees - Tennis Courts
- Program Activity Fees - Gandy Pool
- Program Activity Fees - Lake Mirror Complex
- Program Activity Fees - Summer Recreation
- Program Activity Fees - Teen Camp
- Program Activity Fees - Great Escape Program
- Program Activity Fees - Coleman Bush
- Program Activity Fees - Athletics
- Swimming Pools - Simpson Pool
- Swimming Pools - Gandy Pool
- Swimming Classes - Simpson Pool
- Swimming Classes - Gandy Pool
- Tennis Courts
- Tennis Courts - Kelly Rec.
- Tournament Fees - Tennis Courts
- Tournament Fees - Athletics
- Weight Room Fees - Simpson Park
- Weight Room Fees - Kelly Rec.
- Locker Rental - Kelly Rec.
- Personal Trainer Facility Use Fees - Kelly Rec.
- All Other Revenue - Gandy Pool
- Recreation Fees - Reserve for New Rec. Facilities
- X-MAS Parade Entry Fee
- Martin Luther King Parade

Description: These are membership fees charged for facility use, property use or privileges.

Legal Authority:

City Policy



Year	Parks and Recreation
2001	\$ 778,112
2002	\$ 804,455
2003	\$ 802,980
2004	\$ 843,852
2005	\$ 901,814
2006	\$ 384,429
2007	\$ 1,137,889
2008	\$ 1,097,053
2009	\$ 1,083,291
2010	\$ 1,022,818
2011 Est.	\$ 940,600
2012 Forecast	\$ 950,006

Charges for Service

Parks and Recreation: Parks

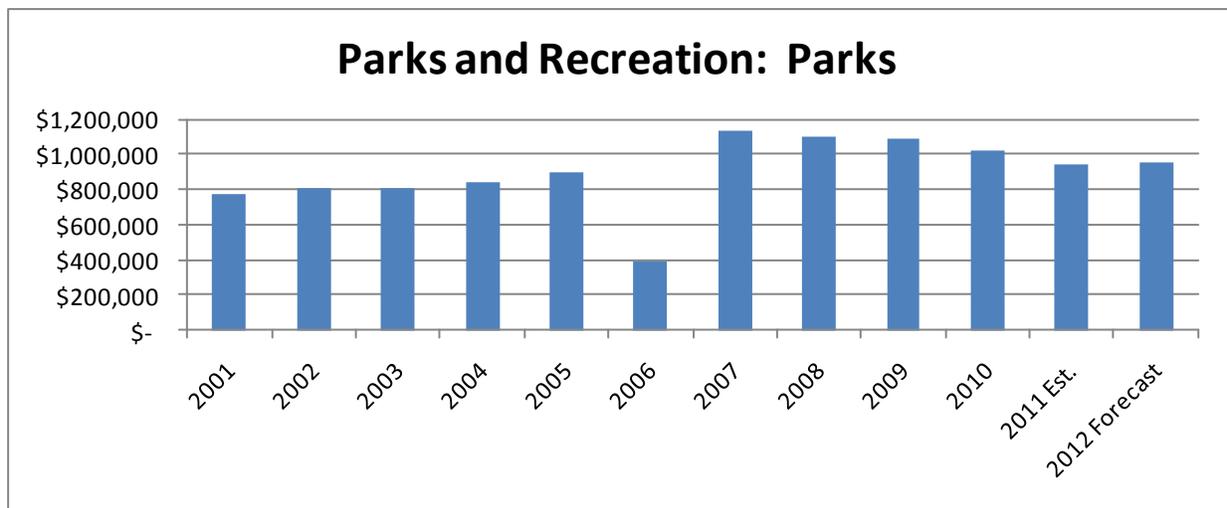
Detail:

All Other Park & Recreation Fees - Parks
 Overtime Charges - Parks

Description: These are fees charged to use public land for private use such as camping or parties.

Legal Authority:

City Policy



Year	Parks and Recreation
2001	\$ 778,112
2002	\$ 804,455
2003	\$ 802,980
2004	\$ 843,852
2005	\$ 901,814
2006	\$ 384,429
2007	\$ 1,137,889
2008	\$ 1,097,053
2009	\$ 1,083,291
2010	\$ 1,022,818
2011 Est.	\$ 940,600
2012 Forecast	\$ 950,006

Charges for Service Special Recreation Facilities - Stadiums

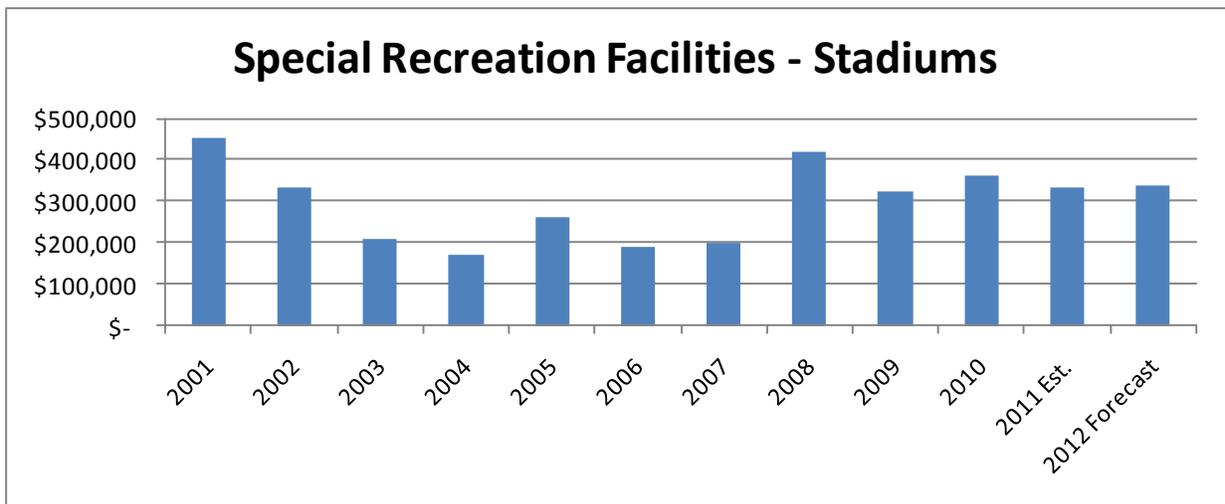
Detail:

- Tiger Town Dorm Rental
- Marchant Stadium Parking
- Marchant Stadium-Training - Minor
- Marchant Stadium-Training - Major

Description: These are fees charged to teams and spectators to use facilities and property.

Legal Authority:

City Policy



Year	Special Recreation Facilities - Stadiums	
2001	\$	451,378
2002	\$	331,022
2003	\$	210,701
2004	\$	168,071
2005	\$	259,601
2006	\$	189,201
2007	\$	199,514
2008	\$	420,478
2009	\$	324,459
2010	\$	359,762
2011 Est.	\$	332,762
2012 Forecast	\$	336,090

Charges for Service Special Recreation Facilities - Buildings

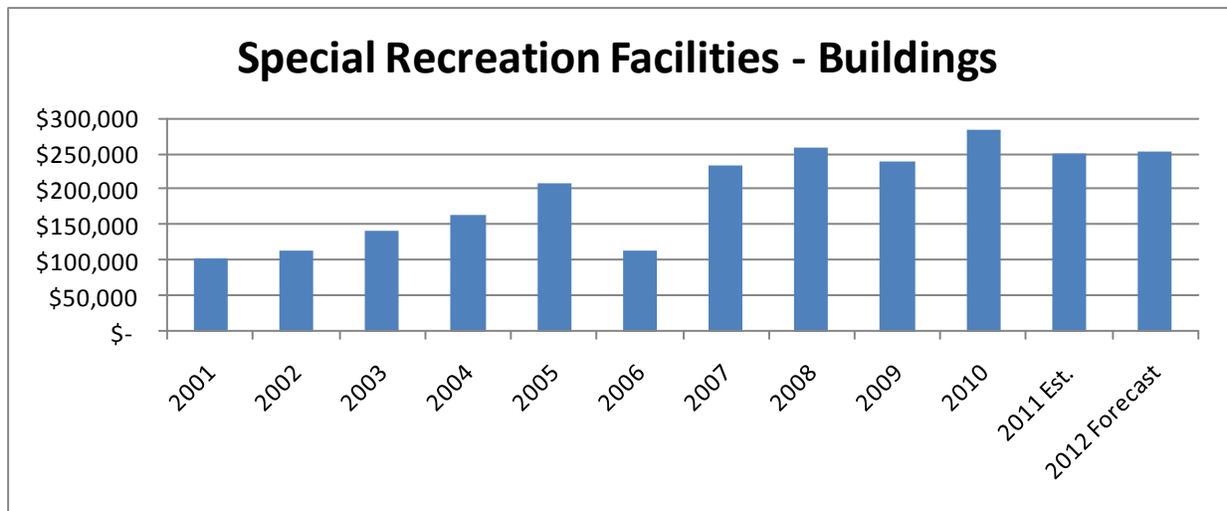
Detail:

- Lake Mirror Center
- Lake Mirror Theater
- Lake Mirror Loggia
- Lake Mirror Glass Lounge
- Magnolia Building
- Coleman-Bush Building-East
- Coleman-Bush Building-West
- Coleman-Bush Building-Other
- Tiger Town Hanger Rental
- Peggy Brown Building - Upstairs
- Peggy Brown Building - Downstairs
- Facility Rentals - Simpson Park

Description: These are fees charged to patrons for the use facilities and property.

Legal Authority:

City Policy



Year	Special Recreation Facilities - Buildings
2001	\$ 103,031
2002	\$ 113,658
2003	\$ 139,943
2004	\$ 164,673
2005	\$ 206,813
2006	\$ 113,743
2007	\$ 232,915
2008	\$ 257,940
2009	\$ 239,961
2010	\$ 284,800
2011 Est.	\$ 250,750
2012 Forecast	\$ 253,258

Charges for Service

Special Recreation Facilities - Other

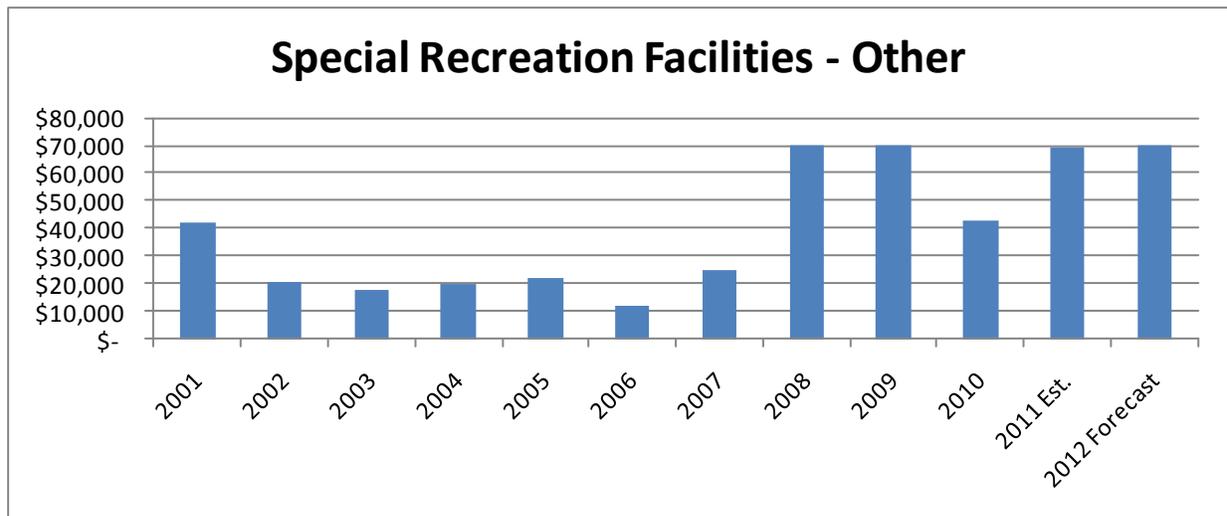
Detail:

- Lake Parker Park-Pavilions
- Bowling Greens
- Shuffleboard Club
- Lake Mirror Park Fees
- Hollis Gardens Rentals
- Common Ground Park-Pavilions
- The Mirrors Pavilion

Description: These are fees charged to patrons for the use facilities and property.

Legal Authority:

City Policy



Year	Special Recreation Facilities - Other	
2001	\$	42,115
2002	\$	20,495
2003	\$	17,792
2004	\$	19,466
2005	\$	21,883
2006	\$	12,232
2007	\$	24,532
2008	\$	69,840
2009	\$	70,294
2010	\$	42,500
2011 Est.	\$	69,000
2012 Forecast	\$	69,690

Fines and Forfeits

Fines and Forfeits

Detail:

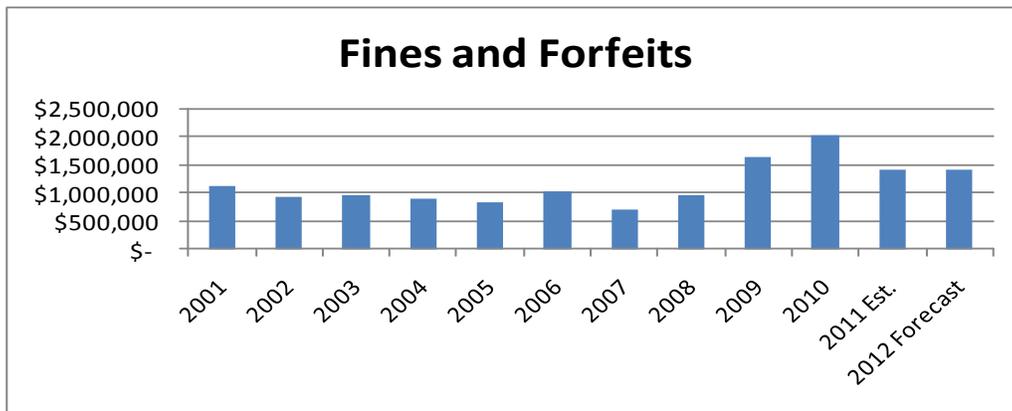
- Court Cases
- Confiscated Property-Statute 932
- Confiscated Cash-Statute 932
- Red Light Cameras
- Police Education
- Library Fines
- Code Enforcement Board
- Bad Check Charges

Description: This category consists primarily of the proceeds from fines issued for motor vehicle traffic infractions.

- Revenues that pass-thru the City and are paid to police officers who have achieved certain levels of higher education as supplemental compensation in accordance with State Statute Chapter 943.22.
- Proceeds from confiscated cash and property seized by law enforcement agencies.
- Collection of fines levied by the City’s Code Enforcement Board.

Also included in this category is the collection of fines levied by the City’s Code Enforcement Board. State Statute 162.21 places a maximum limitation of \$500 on each fine. The actual schedule of fines adopted by the City’s Code Enforcement Board has been created as a matter of recommendations to the Board – there is no formal legal document adopting those fees.

Legal Authority: State Statute Chapters 318.18 and 318.21



Year	Fines and Forfeits
2001	\$ 1,099,653
2002	\$ 936,821
2003	\$ 938,859
2004	\$ 895,556
2005	\$ 821,624
2006	\$ 1,008,277
2007	\$ 685,108
2008	\$ 965,863
2009	\$ 1,639,982
2010	\$ 2,008,003
2011 Est.	\$ 1,403,000
2012 Forecast	\$ 1,417,030

Comments: The most recent increase to Fines can be attributed to red light cameras.

Miscellaneous Revenue

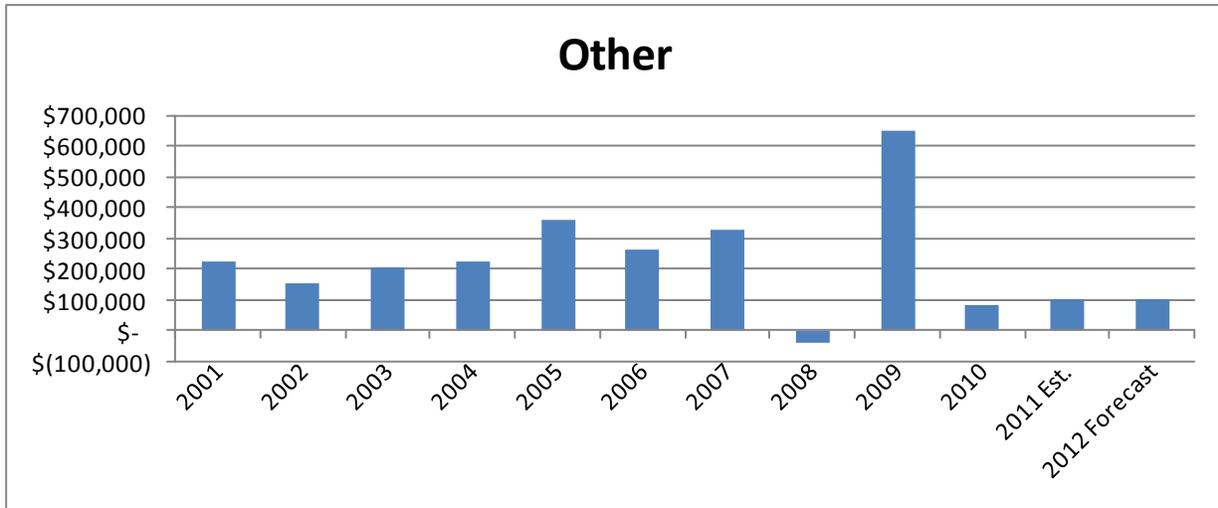
Other

Detail:

- Post Retirement Plan Design - DC Plant Forfeitures
- Insurance Proceeds - Workers Comp Claims
- Penalties on Assessments
- All Other Misc Revenue
- Concessions - Contractual - Parks and Recreation
- Cash Over and Short

Description: Unrelated sources of revenue.

Legal Authority: City Ordinance



Year	Other
2001	\$ 225,994
2002	\$ 154,752
2003	\$ 205,214
2004	\$ 224,684
2005	\$ 356,119
2006	\$ 261,441
2007	\$ 327,950
2008	\$ (43,349)
2009	\$ 651,016
2010	\$ 79,704
2011 Est.	\$ 102,000
2012 Forecast	\$ 103,020

Miscellaneous Revenue

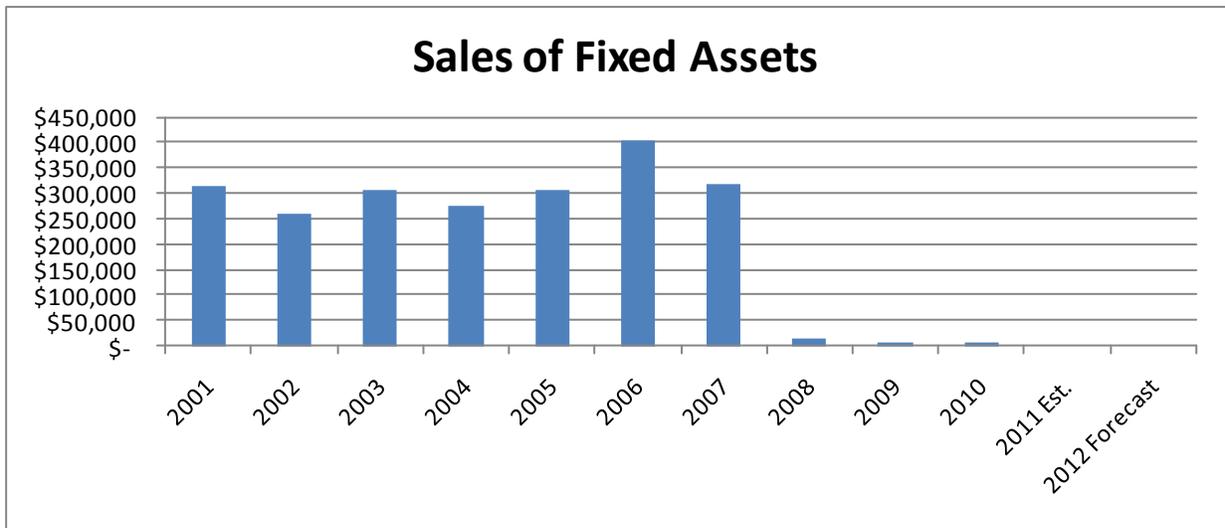
Sales of Fixed Assets

Detail:

Surplus Land Sales
Scrap Sales

Description: Revenue generated by the sale of publically owned property, plant or equipment.

Legal Authority: City Policy



Year	Sales of Fixed Assets	
2001	\$	313,148
2002	\$	257,542
2003	\$	307,938
2004	\$	274,783
2005	\$	306,688
2006	\$	402,073
2007	\$	319,500
2008	\$	15,748
2009	\$	5,608
2010	\$	5,160
2011 Est.	\$	-
2012 Forecast	\$	-

Miscellaneous Revenue

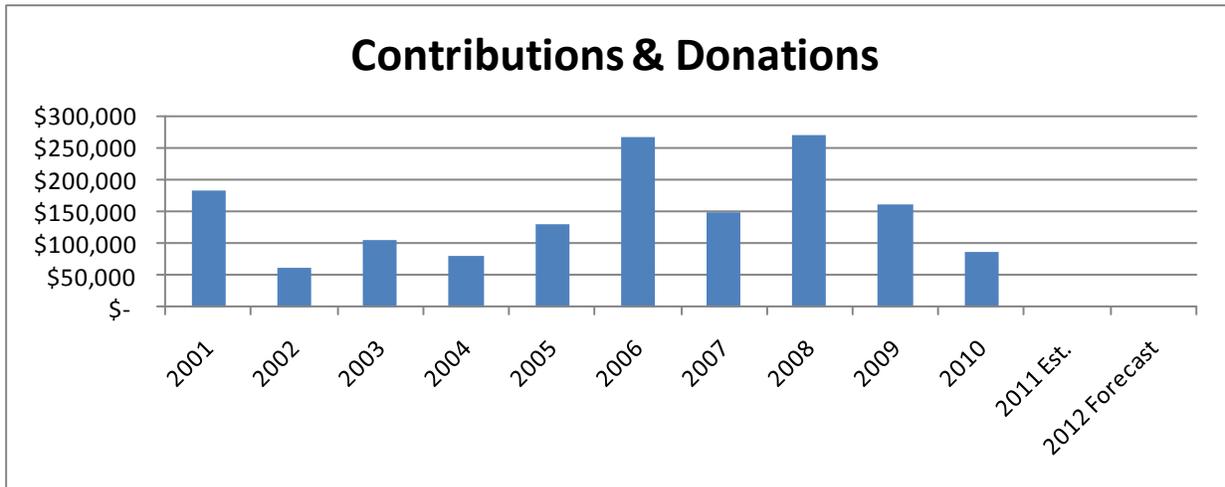
Contributions and Donations

Detail:

- Contributions & Donations - Gen Govt.
- Contributions & Donations - Hollis Gardens
- Contributions & Donations - Library
- Movies on the Promenade
- Ralph Fletcher Retirement Party
- Red, White, & Kaboom Celebration
- Simulated Impaired Driving Experience (SIDNE)
- Common Ground Park

Description: Money contributed or donated to aid in funding events and property.

Legal Authority: City Policy



Year	Contributions & Donations
2001	\$ 180,665
2002	\$ 59,950
2003	\$ 104,275
2004	\$ 78,393
2005	\$ 129,387
2006	\$ 266,364
2007	\$ 146,965
2008	\$ 268,687
2009	\$ 159,580
2010	\$ 87,181
2011 Est.	\$ -
2012 Forecast	\$ -

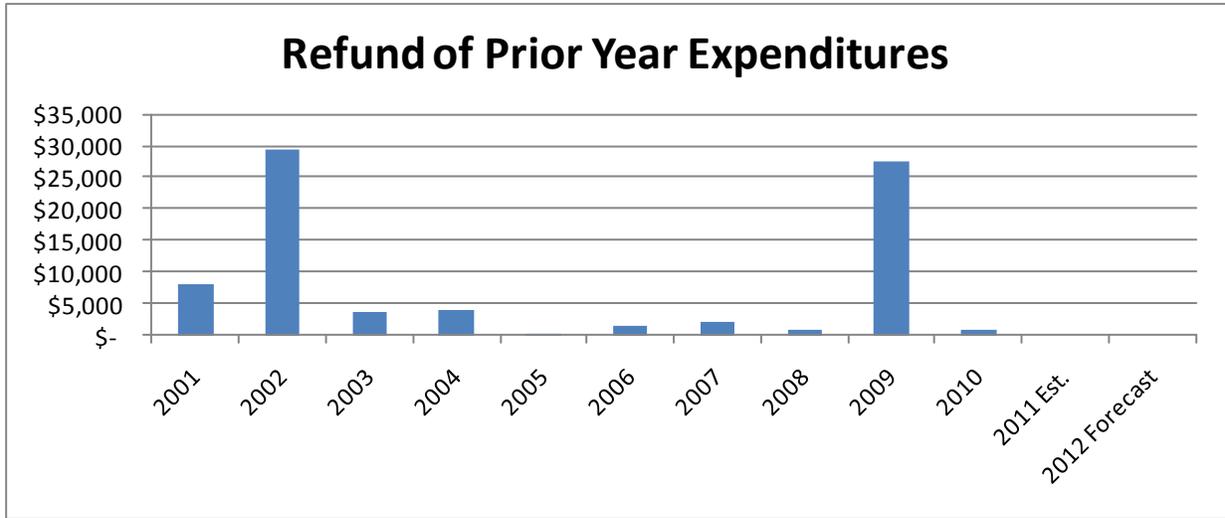
Miscellaneous Revenue Refund of Prior Year Expenditures

Detail:

- Refund of Prior Year Expenses - Gen Govt.
- Refund of Prior Year Expenses - Planning
- Refund of Prior Year Expenses - Fire

Description: The money refunded for the cost of the prior years expenses.

Legal Authority: City Policy



Year	Refund of Prior Year Expenditures	
2001	\$	7,988
2002	\$	29,387
2003	\$	3,702
2004	\$	3,953
2005	\$	266
2006	\$	1,309
2007	\$	2,191
2008	\$	804
2009	\$	27,419
2010	\$	795
2011 Est.	\$	-
2012 Forecast	\$	-

Miscellaneous Revenue

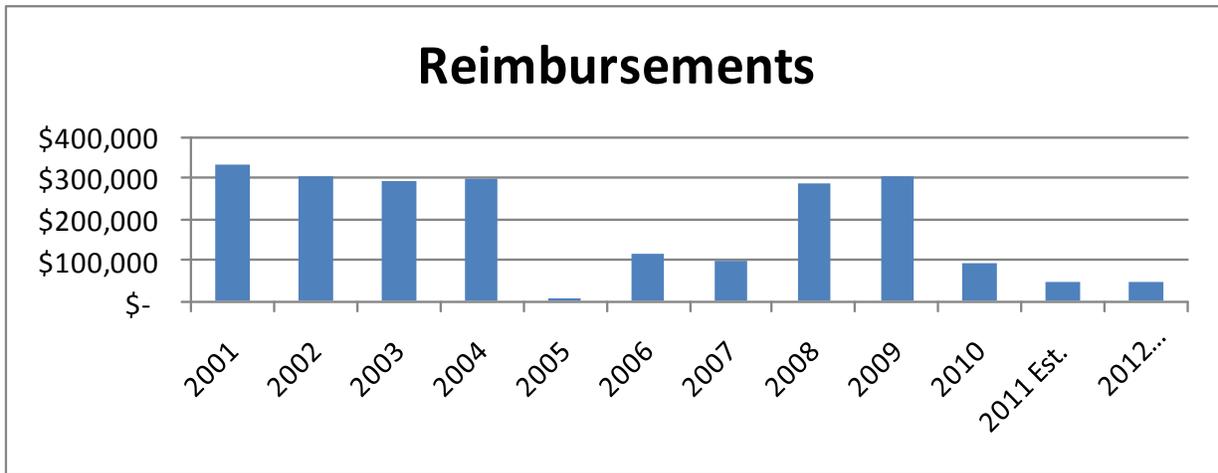
Reimbursements

Detail:

- Reimbursements / Loss Recovery
- Sun-N-Fun Reimbursements
- Investigative Cost Reimbursement
- Employee Computer Purchase Plan
- Tree And Palm Program
- Election Expense
- Historic Preservation Board

Description: Compensation for the cost of out-of-pocket expenses.

Legal Authority: City Policy



Year	Reimbursements
2001	\$ 333,070
2002	\$ 301,589
2003	\$ 293,909
2004	\$ 295,777
2005	\$ 215
2006	\$ 117,514
2007	\$ 96,133
2008	\$ 286,678
2009	\$ 305,014
2010	\$ 93,027
2011 Est.	\$ 45,000
2012 Forecast	\$ 45,000

Miscellaneous Revenue

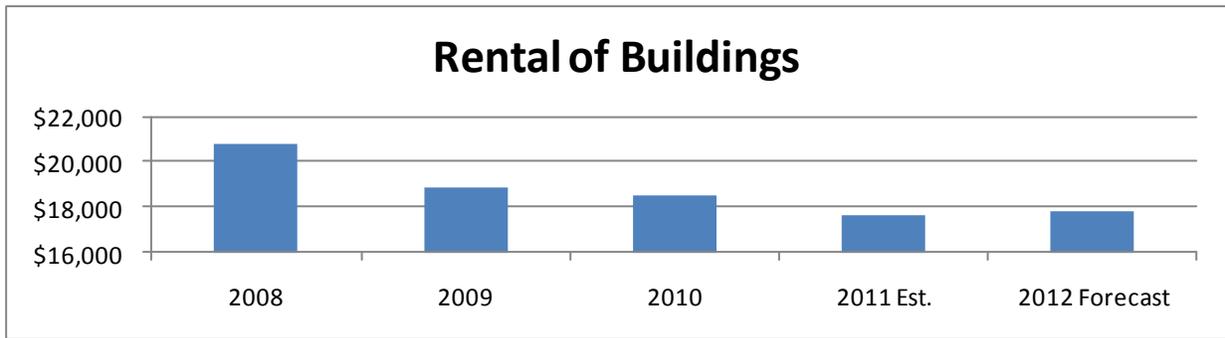
Rental of Buildings

Detail:

Magnolia Building - Garden Bistro
Mortgage-Church of God Gospel Tabernacle

Description: This is money paid to the city for the rental of city owned buildings for private use.

Legal Authority: City Policy



Year	Rental of Buildings
2008	\$ 20,781
2009	\$ 18,832
2010	\$ 18,500
2011 Est.	\$ 17,600
2012 Forecast	\$ 17,776

Miscellaneous Revenue

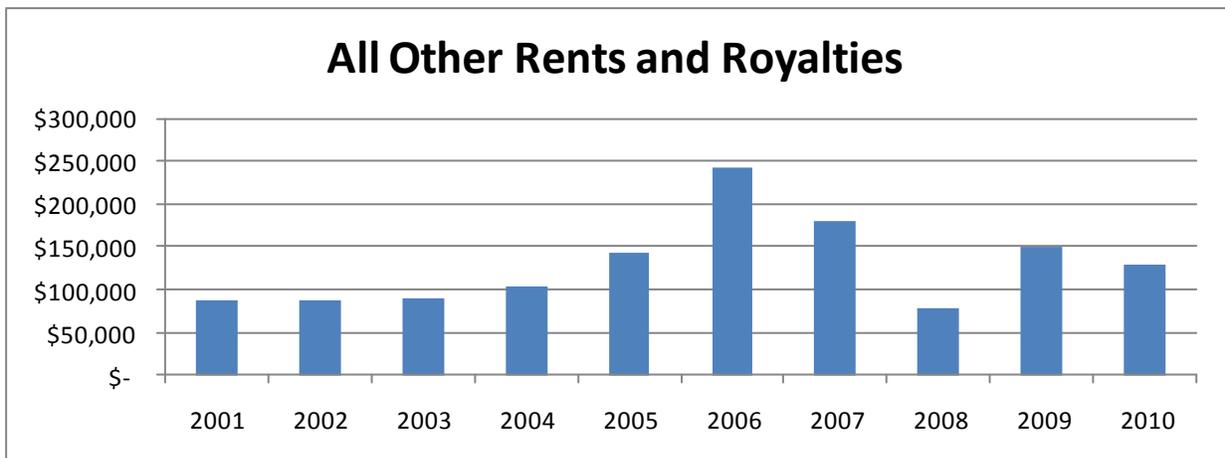
All Other Rents and Royalties

Detail:

- Train Station-Maintenance
- PCC Lease Of Police Vehicles
- Tower Space Rental
- Sun Trust Parking Garage - Lease
- Nextel - Antenna Tower Rent
- Leases - Sprintcom Inc. - Bryant Stadium

Description: Payments for the use of property or usage-based payments made by one party (the "licensee") and another (the "licensor") for ongoing use of an asset.

Legal Authority: City Policy



Year	All Other Rents and Royalties
2001	\$ 88,132
2002	\$ 87,918
2003	\$ 88,420
2004	\$ 103,789
2005	\$ 141,853
2006	\$ 242,383
2007	\$ 179,571
2008	\$ 77,831
2009	\$ 150,756
2010	\$ 129,800
2011 Est.	\$ 130,810
2012 Forecast	\$ 132,118

Miscellaneous Revenue

Investment Income

Detail:

Interest on Pooled Investments:

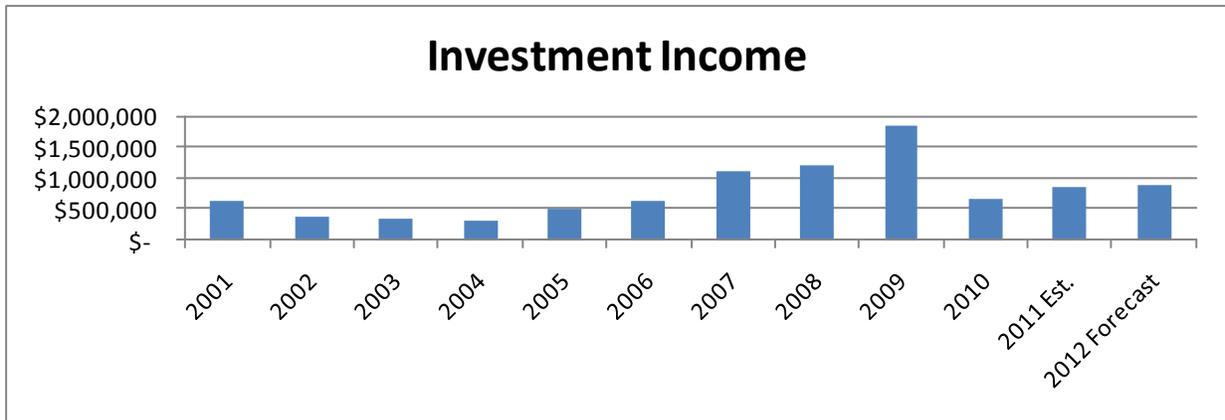
- General Fund
- Hollis Gardens Maintenance Trust
- Cultural Activities
- DOJ Grant
- Law Enforcement Trust Fund
- Federally Forfeited Property
- New Recreation Facilities
- Other Interest Revenue
- Interest From County
- Interest from Registry of Court
- Market Value Restatement

Year	Investment Income
2001	\$ 628,430
2002	\$ 361,032
2003	\$ 324,516
2004	\$ 305,287
2005	\$ 490,913
2006	\$ 640,720
2007	\$ 1,092,952
2008	\$ 1,213,150
2009	\$ 1,831,452
2010	\$ 650,000
2011 Est.	\$ 844,000
2012 Forecast	\$ 869,320

Description: The majority of the revenue included in this category represents investment income earned on working capital held by the General Fund and the various restricted sub-funds maintained within the General Fund:

- Confiscated property
- Proceeds from the sale of cemetery lots
- Contributions and donations from private entities
- Cost reimbursements collected from other City funds/departments for the use of radio equipment maintained by the Radio Shop

Legal Authority: State Statute Chapters 318.18 and 318.21



Comments: The City pools the available working capital of all city-wide funds together into one investment portfolio. The funds in this pool are invested in those types of instruments as provided for in the City’s investment Policy (September 2003). This investment policy mirrors the rules contained in State Statute Chapter 218.415 governing investment of public funds. The pool contains a mixture of federally-backed fixed income instruments with a weighted average maturity of approximately 4 years. In order to provide for liquidity, and also to provide a hedge against rising interest rates that the City pays on variable rate debt outstanding, the pool also invests a significant amount in the Local Government Surplus Funds Trust Fund, which was created by the State of Florida in accordance with Florida Statutes Chapter 218.405. This fund provides for immediate liquidity while paying variable yields that had been equivalent to the 3 to 5 year treasury rates. Yields on that fund have fallen in the last 3 years to rates that are more equivalent with one year treasury instruments. The fund is currently providing a 1.4% rate of return which is just under the funds target rate of 1.5%.

Transfers

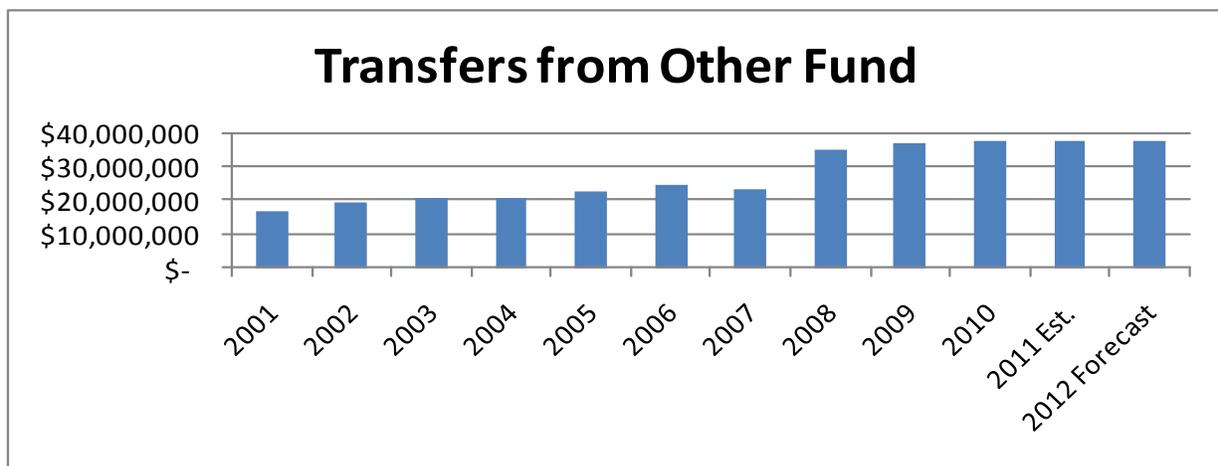
Transfers from Other Fund

Detail:

- Transfer from Public Improvement Fund
- Transfer from WW Operations
- Transfer from Solid Waste Management
- Transfer from Water Operations
- Transfer from Electric Operations
- Transfer from Employee Pension
- Transfer from Hollis Gardens Maintenance Trust
- Transfer from Trust Funds
- Transfer from Impact Fees

Description: The General Fund is the recipient of a variety of cash transfers from other funds. Some of these are intended as reimbursement for expenses incurred within the General Fund; others are simply dividend payments made from the profits earned on enterprise-types of operations such as electric, water, wastewater and solid waste.

Legal Authority: City Policy



Year	Transfers from Other Fund
2001	\$ 16,686,939
2002	\$ 18,927,638
2003	\$ 20,225,000
2004	\$ 20,616,097
2005	\$ 22,686,806
2006	\$ 24,722,133
2007	\$ 23,344,563
2008	\$ 35,152,386
2009	\$ 36,507,684
2010	\$ 37,468,794
2011 Est.	\$ 37,338,497
2012 Forecast	\$ 37,338,497

Financial Health

Financial Forecast Options

Budget Policy Considerations

Utility Name	Equivalent dividend per 1,000 Kwh
Gainesville <i>35% of General Fund Expenses</i>	\$ 11.42
Orlando <i>Negotiated amount</i>	\$ 13.34
JEA <i>\$5.50 per thousand plus 3% of sales plus \$2 million</i>	\$ 8.73
Kissimmee <i>\$6.23 per thousand</i>	\$ 6.23
Tallahassee <i>\$8.30 per thousand</i>	\$ 8.30
Lakeland	\$ 8.41
Average of above	\$ 9.41

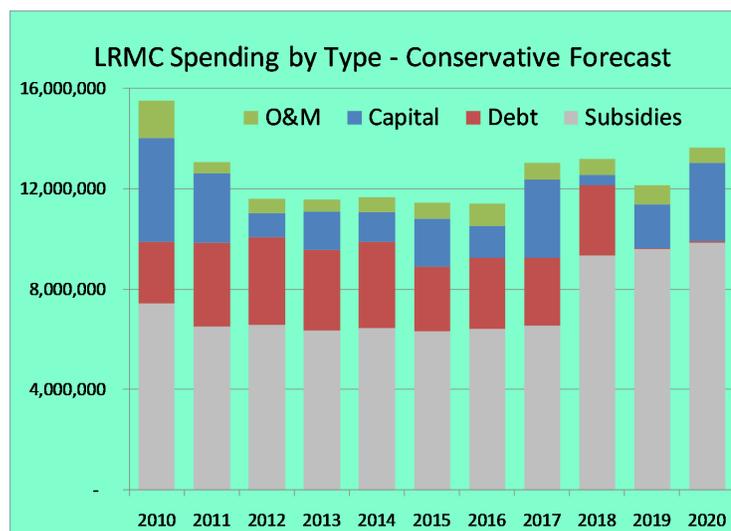
Electric Dividend

The dollar value of the dividend paid into the City's General Fund from the Electric System, when calculated as a equivalent amount per 1,000 kWh of retail sales, is slightly less than the average paid by those public power municipal utilities in Florida that, like Lakeland, own the power generating facilities. The City Commission could consider shifting a portion of the revenue requirement in the General Fund from the Property Tax millage rate to the Dividend collected from Lakeland Electric.

Public Improvement Fund

There is little chance of increasing the other revenue sources in the General Fund for 2011 – which is a pre-requisite to any consideration of restoring the Lakeland Regional Medical Center (LRMC) lease revenue within the PIF back to a greater emphasis on capital. There will continue to be pressure on revenue sources in 2012. Accordingly, any change in policy that would move towards restoring the exclusive use of LRMC lease revenues for capital improvements is unlikely.

Average annual capital spending is \$1.8 million. Historically, the average has been \$2.5 million



Financial Health

Financial Forecast Options (cont'd)

The Three-Year Financial Forecast tool is used to determine what level of risk we face over the next few years in our ability to pay for the services we provide if we take no positive action to increase revenues or decrease cost. Revenues are projected at conservative levels over the period and are compared to estimated cost increases in payroll, operating expenditures, and capital outlay. Since many of our expenditure increases are fixed and predictable, the main variables are the rate of increase in existing revenues and new programs or projects planned over the forecast period. Typically, future years show a deficit of revenues over expenditures. As we map out our financial and operating strategies, we will use the model to determine the potential impact of decisions, keeping us focused on long-term solutions, rather than short-term “fixes” which could lead to negative financial impacts in future years.

3 Year Forecast—Revenues

GENERAL FUND BUDGET FORECAST									
REVENUES	% Change			Total Revenue (\$M)			Change (\$M)		
	12	13	14	12	13	14	12	13	14
Property Value	-5%	0%	0%	18.31	18.31	18.31	-0.96	0.00	0.00
Utility Taxes	5%	0%	0%	10.27	10.37	10.48	0.59	0.10	0.10
Commun Tax	1%	1%	1%	5.97	6.03	6.09	0.06	0.06	0.06
Sales Tax	1%	1%	1%	4.39	4.44	4.48	0.04	0.04	0.04
Revenue Sharing	0%	0%	0%	2.09	2.09	2.09	0.00	0.00	0.00
Fed, State Grants	0%	0%	0%	1.99	1.99	1.99	0.00	0.00	0.00
Occ Licenses	0%	0%	0%	1.56	1.56	1.56	0.00	0.00	0.00
Permit Fees	1%	1%	1%	1.59	1.61	1.62	0.02	0.02	0.02
Cemetery Fees	1%	1%	1%	0.53	0.54	0.54	0.01	0.01	0.01
Contributions	0%	0%	0%	0.95	0.95	0.95	0.00	0.00	0.00
Charges for Services	1%	1%	1%	1.69	1.71	1.73	0.02	0.02	0.02
Inv Income (Yield)	3%	3%	3%	0.60	0.60	0.60	0.60	0.00	0.00
Fines and Forfeits	1%	1%	1%	0.72	0.72	0.73	0.01	0.01	0.01
All Other	1%	1%	1%	0.35	0.36	0.36	0.01	0.00	0.00
Utility Transfers				33.48	34.09	34.65	1.53	0.61	0.56
LRMC Transfer				5.28	5.28	5.28	0.00	0.00	0.00
Total				89.77	90.64	91.46	1.91	0.87	0.82

The middle set of columns shows each revenue/expenditures source as total numbers

3 Year Forecast—Expenditures

GENERAL FUND BUDGET FORECAST									
EXPENSES	% Change			Total Expense (\$M)			Change (\$M)		
	12	13	14	12	13	14	12	13	14
Base Payroll				60.93	62.61	65.22	0.19	1.67	2.61
Across-The-Board	2.0	2.0	-	1.12	1.15	-	1.12	1.15	0.00
Merit (Max %)	-	2.5	5.0	-	0.95	1.78	0.00	0.95	1.78
Health Insurance	5.0	5.0	5.0	0.23	0.25	0.26	0.23	0.25	0.26
Pension	1.0	1.5	-	8.08	8.81	8.81	0.46	0.73	0.00
Internal Charges	2.5	4.0	7.0	10.31	10.73	11.48	0.25	0.41	0.75
Property Insurance	3.0	3.0	3.0	1.78	1.84	1.89	0.05	0.05	0.06
Contractual Svcs	1.5	1.5	1.5	0.98	1.00	1.01	0.01	0.01	0.01
Repairs and Maint	1.5	1.5	1.5	0.35	0.35	0.36	0.01	0.01	0.01
Rentals	1.5	1.5	1.5	0.29	0.30	0.30	0.00	0.00	0.00
Utilities	5.0	2.0	2.0	7.95	8.11	8.27	0.38	0.16	0.16
Fuel	20.0	3.0	3.0	1.35	1.39	1.44	0.23	0.04	0.04
Materials &Supplies	1.5	1.5	1.5	1.76	1.79	1.82	0.03	0.03	0.03
Equipment	1.5	1.5	1.5	0.20	0.20	0.20	0.00	0.00	0.00
Travel & Training	1.5	1.5	1.5	0.19	0.20	0.20	0.00	0.00	0.00
All Other	1.5	1.5	1.5	1.24	1.26	1.27	0.02	0.02	0.02
Projects	2.5	4.0	7.0	2.80	2.91	3.11	0.07	0.11	0.20
Total							2.99	5.49	5.74
Annual Change in Surplus							0.13	(2.67)	(4.96)

Financial Health

Financial Forecast Options (cont'd)

The middle set of columns shows each revenue/expenditures source as total numbers

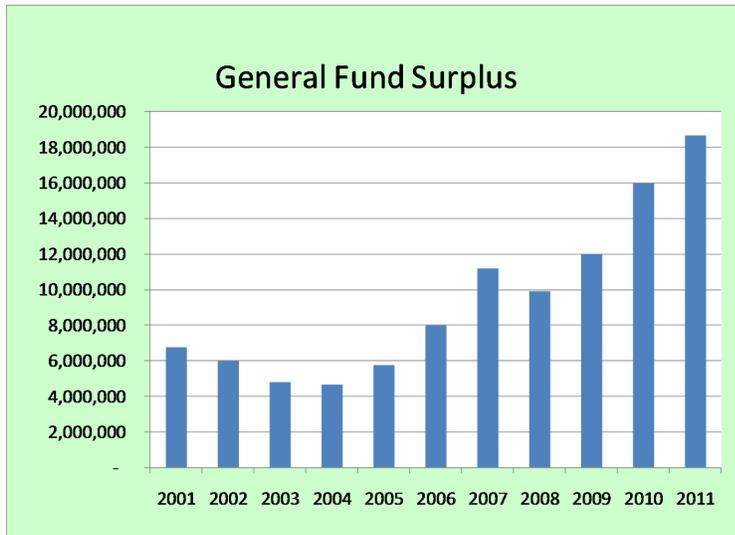
GENERAL FUND BUDGET FORECAST									
EXPENSES	% Change			Total Expense (\$M)			Change (\$M)		
	12	13	14	12	13	14	12	13	14
Base Payroll				60.91	62.37	64.87	0.17	1.47	2.50
Across-The-Board	-	2.0	-	-	1.15	-	0.00	1.15	0.00
Merit (Max %)	2.5	2.5	5.0	0.92	0.86	1.69	0.92	-0.06	1.69
Health Insurance	5.0	5.0	5.0	0.23	0.25	0.26	0.23	0.25	0.26
Pension	1.0	1.5	-	8.08	8.81	8.81	0.46	0.72	0.00
Internal Charges	2.5	4.0	7.0	10.31	10.73	11.48	0.25	0.41	0.75
Property Insurance	3.0	3.0	3.0	1.78	1.84	1.89	0.05	0.05	0.06
Contractual Svcs	1.5	1.5	1.5	0.98	1.00	1.01	0.01	0.01	0.01
Repairs and Maint	1.5	1.5	1.5	0.35	0.35	0.36	0.01	0.01	0.01
Rentals	1.5	1.5	1.5	0.29	0.30	0.30	0.00	0.00	0.00
Utilities	5.0	2.0	2.0	7.95	8.11	8.27	0.38	0.16	0.16
Fuel	20.0	3.0	3.0	1.35	1.39	1.44	0.23	0.04	0.04
Materials &Supplies	1.5	1.5	1.5	1.76	1.79	1.82	0.03	0.03	0.03
Equipment	1.5	1.5	1.5	0.20	0.20	0.20	0.00	0.00	0.00
Travel & Training	1.5	1.5	1.5	0.19	0.20	0.20	0.00	0.00	0.00
All Other	1.5	1.5	1.5	1.24	1.26	1.27	0.02	0.02	0.02
Projects	2.5	4.0	7.0	2.80	2.91	3.11	0.07	0.11	0.20
Total							2.77	4.26	5.54
Annual Change in Surplus							0.35	(2.36)	(4.55)

GENERAL FUND BUDGET FORECAST									
EXPENSES	% Change			Total Expense (\$M)			Change (\$M)		
	12	13	14	12	13	14	12	13	14
Base Payroll				60.93	62.69	66.15	0.19	1.76	3.46
Across-The-Board	2.0	2.0	-	-	1.12	1.15	-	1.12	1.15
Merit (Max %)	-	5.0	5.0	-	1.81	1.73	0.00	1.81	1.73
Health Insurance	5.0	5.0	5.0	0.23	0.25	0.26	0.23	0.25	0.26
Pension	1.0	1.5	-	8.08	8.82	8.82	0.46	0.74	0.00
Internal Charges	2.5	4.0	7.0	10.31	10.73	11.48	0.25	0.41	0.75
Property Insurance	3.0	3.0	3.0	1.78	1.84	1.89	0.05	0.05	0.06
Contractual Svcs	1.5	1.5	1.5	0.98	1.00	1.01	0.01	0.01	0.01
Repairs and Maint	1.5	1.5	1.5	0.35	0.35	0.36	0.01	0.01	0.01
Rentals	1.5	1.5	1.5	0.29	0.30	0.30	0.00	0.00	0.00
Utilities	5.0	2.0	2.0	7.95	8.11	8.27	0.38	0.16	0.16
Fuel	20.0	3.0	3.0	1.35	1.39	1.44	0.23	0.04	0.04
Materials &Supplies	1.5	1.5	1.5	1.76	1.79	1.82	0.03	0.03	0.03
Equipment	1.5	1.5	1.5	0.20	0.20	0.20	0.00	0.00	0.00
Travel & Training	1.5	1.5	1.5	0.19	0.20	0.20	0.00	0.00	0.00
All Other	1.5	1.5	1.5	1.24	1.26	1.27	0.02	0.02	0.02
Projects	2.5	4.0	7.0	2.80	2.91	3.11	0.07	0.11	0.20
Total							2.99	6.45	6.53
Annual Change in Surplus							0.13	(3.47)	(5.70)

GENERAL FUND BUDGET FORECAST									
EXPENSES	% Change			Total Expense (\$M)			Change (\$M)		
	12	13	14	12	13	14	12	13	14
Base Payroll				60.99	63.31	66.81	0.25	2.32	3.50
Across-The-Board	3.0	2.0	-	1.67	1.16	-	1.67	1.16	0.00
Merit (Max %)	-	5.0	5.0	-	1.83	1.75	0.00	1.83	1.75
Health Insurance	5.0	5.0	5.0	0.23	0.25	0.26	0.23	0.25	0.26
Pension	1.0	1.5	-	8.09	8.84	8.84	0.47	0.75	0.00
Internal Charges	2.5	4.0	7.0	10.31	10.73	11.48	0.25	0.41	0.75
Property Insurance	3.0	3.0	3.0	1.78	1.84	1.89	0.05	0.05	0.06
Contractual Svcs	1.5	1.5	1.5	0.98	1.00	1.01	0.01	0.01	0.01
Repairs and Maint	1.5	1.5	1.5	0.35	0.35	0.36	0.01	0.01	0.01
Rentals	1.5	1.5	1.5	0.29	0.30	0.30	0.00	0.00	0.00
Utilities	5.0	2.0	2.0	7.95	8.11	8.27	0.38	0.16	0.16
Fuel	20.0	3.0	3.0	1.35	1.39	1.44	0.23	0.04	0.04
Materials &Supplies	1.5	1.5	1.5	1.76	1.79	1.82	0.03	0.03	0.03
Equipment	1.5	1.5	1.5	0.20	0.20	0.20	0.00	0.00	0.00
Travel & Training	1.5	1.5	1.5	0.19	0.20	0.20	0.00	0.00	0.00
All Other	1.5	1.5	1.5	1.24	1.26	1.27	0.02	0.02	0.02
Projects	2.5	4.0	7.0	2.80	2.91	3.11	0.07	0.11	0.20
Total							3.61	7.05	6.59
Annual Change in Surplus							(0.41)	(4.05)	(6.30)

Financial Health

Financial Forecast (cont'd)



Surplus Balance

Over the past few years, the dollar value of reserves accumulated within the General Fund is substantially greater than the targeted amount of 7.5% of the annual General Fund Budget. The City should consider utilizing those reserves over the next few years to offset temporary shortfalls on other revenue sources.

General Fund Budget Projections – Conclusions & Issues to Consider:

1. We survived (so far!) through prudent budget strategies.
2. We are generally spending within our means
3. We should be able to address “status quo” service levels with no fee increases, assuming cost projections hold & no new major initiatives
4. FY2012 could work with a small pay increase for employees
5. Need to watch 2013 & 2014
6. CIP funding might “fix itself,” pending any LRMC lease changes
7. City Commission Policy re: Dividends, Property Tax Rate and CIP Operating Transfer
8. Legislative Pension Reform
9. Cultural & Community Support vis-à-vis Red Light Camera Enforcement Revenue

Financial Health

BUDGET BALANCING STRATEGIES

Budget Balancing Brainstorming Task Senior Leadership Retreat 4/21/11

Introduction: The Administration has developed a list of potential options, or budget balancing strategies, which include many recommendations from the Government Finance Officers' Association and the International City Managers' Association for Local Governments in Financial Distress. Some of these options are temporary stopgap measures, while others are more of a long-range focus.

Instructions: As you consider your unique budget scenario:

- 1) Identify your top 3-5 tools for balancing the budget given that the annual balancing of strategic actions and budgets within a context of financial constraints is our "new normal."
- 2) Provide the rationale for your selection as if you were making the recommendation to Administration for this course of action.
- 3) Identify any pros and/or cons of steps taken, or not take in your collective view.
- 4) Program Area spokespersons will report out to the large group using the template provided, in order to share your group's consensus and ideas.

Options Description

Budget Balancing Strategies

1. **INCREASE THE MILLAGE RATE:**

Discretion of the City Commission.

2. **REDUCE OPERATING HOURS:**

Salary and operating expenses could be saved, but these savings would be accomplished through the lowering of service levels to the public.

3. **AFFECT SALARY INCREASES:**

For the General Fund, a 1% merit increase for all employees is approximately \$400,000. An across-the-board increase of 1% for all employees (General Fund) is approximately \$600,000. All bargaining agreements will be open effective October 1, 2011.

4. **POSTPONE HIRING/HIRING FREEZE:**

The City Manager's Office reviews each approved position for its present need before the position is advertised and subsequently filled.

5. **USE FUND RESERVES:**

This option is a stopgap measure. There are financial limits as to the amount of fund balance that can be used before jeopardizing the City's financial position and integrity. Discretion of the City Commission.

Financial Health

Options Description (cont'd)

6. **DELAY CAPITAL EXPENDITURES:**

This option is a stopgap measure. Delay of capital expenditures postpones known needs to a later date at which time they could cost more, or result in a lapse in service as equipment fails.

7. **REDUCE OVERTIME:**

Significant savings could be achieved through this option, if viable.

8. **INCREASE USER FEES:**

This option proposes increasing user fees for subsidy reductions of specialized services. Discretion of the City Commission.

9. **POSTPONE NEW PROGRAMS:**

This option requires the evaluation of new programs approved or under consideration, but not yet implemented.

10. **PROGRAM MODIFICATIONS:**

As a part of budget preparation, departments would consider the elimination, streamlining or other modifications to current City programs.

11. **EARLY RETIREMENT:**

Certain inducements or windows of opportunities can be used encouraging early retirement. This option could be utilized to mitigate other cutbacks, such as furloughs or lay-offs. Payouts could initially “stagger” the budget.

12. **MANDATED EMPLOYEE FURLOUGHS:**

This option could result in delay of projects, reduction in public service levels, and could force some of the City’s most productive workers to seek other employment because of loss in wages. The actual savings from implementing this option would depend upon the time period and number of employees furloughed.

13. **ADDITIONAL COPAYMENTS FOR EMPLOYEE BENEFITS:**

This option could provide moderate savings depending on the amount of the employee contribution to the system.

14. **SELL ASSETS:**

This option is a stopgap measure. Non-recurring funds would be generated from the sale of surplus property.

15. **DELINQUENT TAX PAYMENTS:**

Aggressively pursue tax deed process collection from delinquent property owners.

16. **IMPLEMENTING ACROSS THE BOARD CUTS:**

This option tends to ignore the importance of high priority functions, tends to be less equitable to small divisions, and could negatively impact service levels. It is also inconsistent with the City’s “Budget by Priorities” Strategy/Model.

Financial Health

Options Description (cont'd)

17. IDENTIFY REVENUE GENERATING OPERATIONS:

This is a long-range option.

18. DEVELOP A PERFORMANCE EVALUATION SYSTEM WHICH REWARDS EMPLOYEES FOR ACHIEVING OBJECTIVES COST EFFECTIVELY:

While this option sounds attractive and easy to implement, it requires a considerable amount of lead-time and effort directed toward developing the system and maintaining its viability.

19. PROCESS IMPROVEMENT – INCLUDING RAPID PROCESS IMPROVEMENTS (RPI'S)

While this option may not offer immediate relief to balancing the budget, its longer term positive impact on delivering services more efficiently may offer considerable cost savings. Process Improvements can reduce waste in a variety of forms (time, labor, resources); improve upon automation and/or technology options; and focus services on the customer's requirements thereby assuring desired outcomes and reducing rework.

20. PRIORITIZATION

This option offers the ability to allot funding to Core Services based on their priority rating rather than to fund programs and/or actionable items equally across the board. Using prioritization assures that those necessary/mandated/or priority services, programs, and Actionable Items are supported and that those with lower valuation are reconsidered as possible areas to reduce, postpone, or discontinue.

21. PRIVATIZATION

When a service can be provided better, faster, and cheaper through an external, private vendor or partner, thereby reducing overhead associated with that service.

22. DIVIDENDS

Revenue transfers to General Fund from Enterprise Operations.

Performance Management

Overview

The City has developed a performance measurement and management system to align department services and programs with the City Commission's Outcomes identified in the FY2011 Strategic Plan. Last year the Commission revised and added a Governance Goal as well as several new Outcomes to the Strategic Goals. As part of the FY2012 Strategic Planning Process, Senior Leadership reviewed the additional Outcomes and determined what Key Success Indicators (KSIs) were appropriate to show progress toward their achievement. To this end the Outcomes became more Directional in nature to help connect KSIs. In time the system will enable departments to systematically measure results and make adjustments when results fall short of expected performance levels.

Strategic Goal

Directional Outcome

Key Success Indicators (KSIs)

These elements play an important part in the City's overall Business Plan and help keep the organization on target.

KSI Measurements

FY2011 performance measures (key success indicators) have been established to measure results achieved through services and programs provided by the City's operating and support departments. Each of the measurements support at least one of the Outcomes. Where possible, the indicator measures a community outcome - the actual condition of the quality of life (e.g. the crime rate). Alternatively, it measures an outcome of the community's response to an issue (e.g. police response time) rather than the input of the response itself (e.g. number of police officers). Indicators provide a vehicle to understand and address community issues from a holistic and outcomes-oriented perspective. They are useful, within the context of an overall community-improvement process, both as a planning tool, based on a community's vision and as an evaluation tool to measure progress on steps taken toward improvement. Their usefulness is maximized when they are both directly tied to public-policy and budget decision-making and when the community feels

a sense of ownership of the indicators through direct citizen involvement.

The data gathered will result in performance measurements that drive the organization on its road to efficiency and excellence. Future Business Plan publications will provide descriptive charts for each indicator, along with summary information describing the current year's trends.

The following pages show the Key Success Indicators chosen by Senior Leadership to show alignment to Directional Outcomes and Strategic Goals.

Performance Management

Quality of Life

Provide quality public spaces; deliver superior municipal services, and support arts, education, recreation and wellness.

Directional Outcomes

1. Improve communication and citizen participation in setting community priorities
2. Provide outstanding municipal services
3. Provide reliable and efficient emergency response and effective safety, fire, and crime prevention
4. Cultivate public/private partnerships to facilitate a cultural and service oriented community
5. Enhance mobility options to include extended hours of public transportation, bike paths, bike lanes and pedestrian connections to activity centers
6. Influence the environment to promote active, healthy, and enriched lifestyles within the community
7. Promote arts and culture throughout the City
8. Promote career training and programs aimed at life-long learning
9. Provide diverse recreational events, accessible parks, libraries and entertainment venues

Key Success Indicators	FY2010 Actual	FY2011 Target	FY2012 Target	WORLD CLASS Standard
Overall rating of municipal services (Citizen Satisfaction Survey)	68	68	70	78*
Violent and property crime response time rates (minutes) for priority 1 (highest danger) calls	6.8	<7	<7	5**
Percent of response times 5 minutes or less for emergency fire and rescue calls for service	55%	60%	65%	90%***
Reliability of utility services: electric customer average interruption duration (minutes)	99.88	<105	<105	n/a
“Community events” rating (Citizen Satisfaction Survey)	72	72	74	89*
Number of public/private partnerships in parks and recreation	27	28	30	n/a
Total miles of bike lanes	56.2	57	58	n/a

*ACSI U.S. top quartile

**Florida Benchmark Consortium “Best in Class”

***Certified Fire Department Standard



Performance Management

Communication

Develop an informed and engaged community.

Directional Outcomes

1. Respond to all customer inquiries in a responsive, efficient, professional and courteous manner
2. Provide understandable information content through transparent processes

Key Success Indicators	FY2010 Actual	FY2011 Target	FY2012 Target	WORLD CLASS Standard
“Effective communication” rating (Citizen Satisfaction Survey)	62	62	64	78*
LE Customer Service Rating	84%	85%	86%	n/a
City Customer Service Rating (Future Business Survey)	n/a	n/a	n/a	94**
Website visits of 30 seconds or longer	1,700,000 (web hits)	850,000	900,000	n/a
Social Media Posts	n/a	300	350	n/a

*ACSI U.S. top quartile

**Baldrige Award Winner



Performance Management

Economic Opportunity

Create and encourage inclusive, lasting environments that grow, attract and retain a creative, talented, educated and technically qualified workforce.

Directional Outcomes

1. Attract diverse job opportunities and cultivate high skill/high wage/high technology initiatives
2. Promote downtown as a regional center with a vibrant mix of high quality residential, retail, professional, civic, and entertainment options
3. Participate with economic partners creating business opportunities and aligning regional interests
4. Collaborate with business and tourism partners for sustaining viable economic environment
5. Foster an inclusive and diverse environment that is welcoming to all ages

Key Success Indicators	FY2010 Actual	FY2011 Target	FY2012 Target	WORLD CLASS Standard
“Economic health” rating (Satisfaction Survey)	50	50	52	67*
Per capita income (PCI) in Lakeland as a percentage of State of Florida PCI	81.36%	82.50%	85.00%	n/a
Annual new jobs: high skill/high wage development activity	100	500	700	n/a
New Residential/Commercial construction completed within Lakeland’s three redevelopment areas	\$8,955,120	\$10,000,000	\$10,500,000	n/a
Employee Satisfaction Rating (Future Employee Engagement Survey)	n/a	n/a	n/a	95**
Number of entertainment/dining businesses in downtown district	35	36	37	n/a

*ACSI U.S. top quartile
 **Baldrige Award Winner



Performance Management

Fiscal Management

Develop and effectively manage financial resources.

Directional Outcomes

1. Continually monitor and evaluate cost effectiveness as well as efficient and accountable business practices
2. Explore alternative sources of revenues, evaluate fiscal capacity including areas that should be paying user fees, form strategic alliances, expand profitable services and continually look for other creative opportunities
3. Maintain financial stability and align financial resources to core service priorities and regulatory requirements
4. Develop greater transparency into the costs, utilization and operations of City services

Key Success Indicators	FY2010 Actual	FY2011 Target	FY2012 Target	WORLD CLASS Standard
Residential costs for municipal services comparing Lakeland among 8 benchmark communities in Florida	lower quartile	lower quartile	lower quartile	n/a
Bond ratings average: Electric	AA-	AA-	AA-	AA-*
Water/Wastewater	AA	AA	AA	AA+*
General City	AA-	AA-	AA-	AAA*
Per capita General Fund spending	\$959	\$1,018	\$1,049	n/a
Number of significant deficiencies reported by auditors	4	≤3	≤3	0

*U.S. municipal/corporate bond rating scale



Performance Management

Growth Management

Ensure planning and infrastructure results in quality development and safe, attractive neighborhoods.

Directional Outcomes

1. Maintain diverse, safe, attractive neighborhoods throughout the City
2. Provide long-range planning to direct investment in infrastructure necessary for growth and redevelopment
3. Efficient and effective use of all resources
4. Implement an effective multi-modal transportation plan that considers regional objectives
5. Provide reliable adequate infrastructure
6. Establish dynamic standards to respond to the changing environment including “green initiatives”

Key Success Indicators	FY2010 Actual	FY2011 Target	FY2012 Target	WORLD CLASS Standard
Public open space acres ratio per 1,000 residents	6.34	6.29	6.26	n/a
Ratio of water demand per permitted activity	58.86%	<90%	<90%	n/a
Ratio of wastewater flow to capacity	53.07%	<90%	<90%	n/a
Percent of code enforcement cases resolved	87.37%	90%	90%	n/a
New transit facilities (shelters, pads, access)	15 (Est.)	10	10	20
Number of new residential units in downtown Lakeland	n/a	n/a	n/a	n/a
Safe Place to live (Citizen Satisfaction Survey)	67	67	69	89*

*ACSI U.S. top quartile



Performance Management

Governance

Provide for responsive and responsible governmental service.

Directional Outcomes

1. Provide priority based services needed by citizens and fund those desirable services that customers are willing to pay
2. Provide a work environment that enriches, informs, and engages the workforce
3. Practice strategic long term planning through alignment of goals, outcome expectations, and key success indicators
4. Comply with federal, state, and local laws and City policies
5. Live our core values top to bottom
6. Practice knowledge and analysis based decision making through business process improvement tools and resources; critical thinking; and pushing decision making down to the lowest feasible level to eliminate red tape
7. Utilize sound and best practice methodologies to ensure effective, efficient, transparent, and fiscally accountable governance

Key Success Indicators	FY2010 Actual	FY2011 Target	FY2012 Target	WORLD CLASS Standard
“Leaders are trustworthy” rating (Citizen Satisfaction Survey)	67	67	69	78*
“Well managed government” rating (Citizen Satisfaction Survey)	64	64	66	78*
“Well trained government employees” rating (Citizen Satisfaction Survey)	67	67	69	78*
City-wide organizational development training hours	9068	9136	9227	n/a
Number of process improvements impacted by the effective use of technology (city-wide)	8	10	12	n/a
Value in Progress (VIP) - Employee Recognitions (1%)	238	240	245	n/a

*ACSI U.S. top quartile



Actionable Items: Quality of Life

Market the positive activities of Lakeland's schools

Lead Department: Communications

Support Departments: Outside Agencies including Polk County School Board

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	Staff Time

Partner with Polk County School Board TV to partner in programming with City's LGN as well as develop social and electronic media campaigns to feature Lakeland's schools and their ongoing achievements.

FY 2011 Update:

The City's Communications Department is working in partnership with the Polk County School Board and Bright House Networks in creating an Electronic Media Academy at Lakeland Senior High School. The Communications Director is a member of the Advisory Board and will be working closely in the development of the program. With this partnership, programming and media initiatives will be shared.

Improved appearance of the City beyond downtown

Lead Department: Community Redevelopment Agency (CRA)

Support Departments: Public Works, Community Development

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
INGRAHAM = \$343,523 (carried over from 2010) MASSACHUSETTS = \$500,000	INGRAHAM = \$343,523 (carried over from 2010) MASSACHUSETTS = \$500,000	INGRAHAM = \$0 MASSACHUSETTS = \$350,000 (carried over from 2011)

Midtown CRA Projects

- Ingraham Avenue improvements (Memorial Boulevard to E. Main Street) - enhancement project to construction planted medians. Project is in FY 2010 budget but will be carried over to FY 2011 \$400,000.
Massachusetts Avenue improvements (Memorial Boulevard to ITBP) - in FY 2010 budget at \$100,000 for study; FY 2011 budget for \$500,000 for improvements.

FY 2011 Update:

- Ingraham Avenue improvements will go into construction on May 2, 2011 and should be complete within 30 days. Scope of work includes the construction of landscape medians on Ingraham Avenue between E. Main Street and E. Memorial Boulevard.
- Massachusetts Avenue improvements have not happened – initial delay was due to the interest in waiting for the completion of Phase II of the In-Town Bypass (ITBP) and subsequent traffic analysis. cursory review of traffic volumes/patterns make it unlikely that a “road diet” on Massachusetts Avenue (between ITBP and E. Memorial Boulevard) will be possible. Mid Town CRA Advisory Board will discuss alternative improvements to assist in improving the northern entrance to downtown.
- On other fronts, the former Wesley Memorial United Methodist property, at the southeast corner of the intersection of Massachusetts and E. Parker Street, was purchased by the LCRA in May 2010. The current tenant, Parker Street Ministries, has invested in excess of \$1 million into the property in extensive interior and exterior improvements. This, combined with the Parker Street Multimodal Enhancements completed in October 2010, will substantially improve the appearance of this part of the area just north of downtown.

Actionable Items: Quality of Life

Improved appearance of the City beyond downtown

Lead Department: Community Development

Zoning Code Update

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$70,000 (carryover)	\$70,000 (carryover)	0

- A public review draft of proposed “form-based” code elements is nearing completion. The regulations will better control the placement of buildings and off-street parking areas and will include better architectural controls to assure that development adds to and does not detract from the quality of the public realm. The project is on-going. The major concepts were developed by a consultant, but staff will be responsible for developing the final form-based elements during a stakeholder review process and for integrating these with other code elements to produce a complete zoning code update. The FY2011 budget carried over \$70,000 in unused project funds for specialized document preparation services and as a contingency in the event that consultants are needed to resolve technical issues that might arise. It is anticipated that the stakeholder review and revision process will be complete by the end of FY 2011, allowing the revised code to proceed to adoption.

FY 2011 Update:

- A public review draft of the proposed “form-based” code elements has been completed. Staff is planning to present these elements in the Spring of 2011 to a diverse group of community stakeholders including civil engineers, architects, land planners, developers and community advocates. Depending on the response, sub-groups will be formed to deal with specific topics as the code elements are revised and improved. Final code elements will be combined with existing code elements to produce an updated and reorganized zoning code.

Tree Protection Ordinance

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	0

- A proposed tree protection ordinance has been drafted. No costs are anticipated other than standard legal advertising should the Commission wish to adopt such an ordinance.

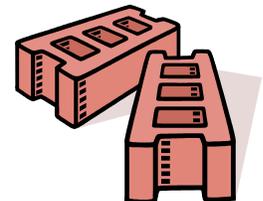
FY 2011 Update:

- A proposed tree protection ordinance has been drafted and awaits management direction as to when to proceed to adoption.

Team Brick Improvements:

- Providence Road and W. 10th Street – drainage, sidewalk connections, transit amenities, brick crosswalks FY 2010 \$245,000

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$0	\$0	\$0



FY 2011 Update:

- Completed in FY 2010 by Public Works Construction and Maintenance Division.
- N. Florida Avenue and Robson Street – brick crosswalks, transit amenities as necessary FY 2011 \$60,000

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$60,000	\$60,000	\$0

FY 2011 Update:

- Construction on the N. Florida Avenue and Robson Street brick crosswalks and transit amenities will begin in June 2011. The estimate remains at \$60k.

Actionable Items: Quality of Life

- W. 5th Street and Lincoln Avenue – brick crosswalks in concert with sidewalk improvement FY 2010 or FY 2011 depending on land acquisition. \$100,000

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$100,000	\$100,000	\$0

FY 2011 Update:

- Currently waiting on the acquisition of property at the corner of N. Lincoln Avenue and W. 2nd Street in order to clear the right-of-way for construction of a sidewalk improvement project. Construction of the brick crosswalks at the N. Lincoln Avenue and W. 5th Street intersection will be done at the same time as the sidewalk improvement. Construction is still anticipated for FY 2011.
- Parker Street and MLK Boulevard – brick crosswalks on Parker Street east side of MLK Boulevard to connect north and south side sidewalk and enhancement of the local park. \$60,000

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$0	\$0	\$0

FY 2011 Update:

- Completed in FY 2010 by Public Works Construction and Maintenance Division.

Sidewalk Improvements:

- Lincoln Avenue (W. 5th Street to Memorial Boulevard) to connect Memorial Boulevard with Lincoln Academy, depending on land acquisition. FY 2010 or FY 2011. \$75,000

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$80,000	\$80,000	\$0



FY 2011 Update:

- Currently waiting on the acquisition of property at the corner of N. Lincoln Avenue and W. 2nd Street in order to clear the right-of-way for construction of a sidewalk improvement project. Construction of the brick crosswalks at the N. Lincoln Avenue and W. 5th Street intersection will be done at the same time as the sidewalk improvement. Please note that \$100,000 was requested and approved for FY 2011 for this crosswalks. (Total Budget \$180,000). Construction is still anticipated for FY 2011.

Code Enforcement

- Vacant/Foreclosed Property Registration (New) - Preliminary discussion aimed at recommending a property registration ordinance. Would require registration by mortgagee of vacant/default/foreclosed properties and local contact responsible for security, maintenance, etc. Would have marked impact on neighborhood safety and appearance. Registration comes with fee requirement per property per year. Depending on structure and whether we contract for services would create new revenue source. Positive fiscal impact of \$100K to \$200K would be reasonable to expect.

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$0	\$0	\$0

FY 2011 Update:

- Staff explored and determined that current staffing levels are insufficient to develop and implement a foreclosure registration ordinance and related program in-house. The alternative, contracting with a third party to administer such a program, would likely involve a fee structure based on the number of foreclosures registered and managed, regardless of the condition of the property, and would almost certainly result in resistance from local real estate and banking interests as well as those opposed to new fees. While there are many issues related to the continuing housing and foreclosure crisis, the most visible issues have been effectively managed through the special assessment lot clearing program and in extreme cases, demolition. Absent a compelling directive to staff or contract for a registration program, this Actionable Item has been abandoned.

Actionable Items: Quality of Life

- Amended Housing Code (New) - Would allow us to incorporate new provisions for uniform exterior finish/paint/stucco, residential graffiti prohibition, applicability to residential uses (only residential zoning at present). No FY2011 fiscal impact.

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$0	\$0	\$0

FY 2011 Update:

- Evaluation of a revamped housing code continues. However, progress has been intentionally deliberate as staff has balanced the need to address some insufficiencies in the current code with the economic challenges so many citizens and property owners are experiencing. An improved housing code will better address quality of life issues, but will come at a cost to some property owners who can ill afford it.

Housing

Neighborhood Stabilization Program (NSP) (Ongoing) - Although the City's allocation is small, the program has helped rid neighborhoods of some profound blight and replace with new single-family homes. We will continue to recycle NSP program income until the program ends in July 2013. There is rumor of NSP3, either new federal money or reallocation of NSP1 funds recaptured by HUD. No FY2011 fiscal impact. If NSP3 comes to fruition, it would be additional federal funds. NSP3 now approved

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$0	\$0	\$0 (General Fund)

FY 2011 Update:

- In late August 2010 the Neighborhood Services Division was successful in committing the entirety of the City's approximate \$2 million NSP grant. A total of 20 properties comprising 30 units were acquired, rehabilitated, or demolished and redeveloped. As of April 2011, three properties had been sold to income qualified buyers with another 14 actively marketed for sale. In March 2011, the City was awarded an additional \$1.3 million in NSP3 funds with which to further eligible neighborhood stabilization activities. NSP1 ends in July 2013 while NSP3 ends in March 2014, after which program income is treated as additional Community Development Block Grant funding.



Actionable Items: Quality of Life

Cultural events-public/private partnerships

Lead Department: Parks & Recreation

Support Departments: Communications

Budget: \$25,000

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$80,000.	\$25,000.	\$36,800.

Lakeland Outdoor Sculpture Invitational to provide continued museum/city partnership match funding to promote public art in downtown, \$25,000. Individual sponsorship is not adequately funding the project. An alternative option is to explore the purchase of permanent sculpture which would replace the revolving sculptures and result in suspension of the annual sculpture show.

Resume the Lake Mirror Music Series through partnership match funding to provide diverse downtown entertainment and promote downtown business. Cost is \$5,000/event recommending 5 events annually for a total cost of \$20,000. The Red White & Kaboom and Green events are 6th and 7th events with private partnership.

Lake Mirror Movies on the Promenade to provide downtown entertainment and promote downtown business. Cost is \$2,500/event recommending 4 events annually for a total cost of \$10,000 to expand the movie events in partnership with N-focus.

Provide \$12,000 match funding for First Friday events in downtown in partnership with the DLP. Former funding provided by LDDA/CRA is currently scheduled to be eliminated from the budget.

Geo Cash event partnership with Polk County \$3,000 annually for a month long event to bring families downtown.

Create a Cultural Enrichment Event Scholarship Fund of \$10,000. The fund would be available to new qualifying events for cultural events that are free and open to the public. This fund would be used to wave rental fees in city facilities so that events would only pay for direct labor costs. This would allow new events for groups that are underrepresented in the downtown.

FY 2011 Update:

We were unsuccessful in soliciting private sponsorships for the Lemon Street Sculpture for 2011.

Funding at the \$10,000 level allowed four major music series events to be planned with two others covered under sponsorships.

A successful season of First Friday events have continued in downtown Lakeland under DLP stewardship.

Geo Cash event, or other special downtown promotions were unfunded.

Although the Cultural Enrichment Event Scholarship was not funded, by waiving all but direct costs for new or start up events we were able to assist in the return of the Jazz Festival and Triathlon as well as Earth Day Celebration.

FY 2012 Recommendations:

Lake Mirror Movie Series direct cost sponsorships (6 x \$800) \$4800.

First Fridays Downtown \$12,000 replace CRA shortfall.

Lemon Street Public Art Project - On Hold - no recommended funding in this cycle.

Music Series and Cultural Events: \$20,000 to continue funding the four City Events in combination with at least four partial participation from Private Sponsorships. Credit will be given to support first time events that support our Diversity Goals.



Actionable Items: Quality of Life

Automated trash collection

Lead Department: Public Works

Support Departments:

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$1,231,661	\$1,231,611	\$2,316,661

Automated trash collection has repeatedly been proven to provide a safe, efficient, and lower overall cost of solid waste services. A conversion to an automated collection system will provide the City of Lakeland's residents with an enhanced level of service, while also providing an opportunity for cost savings, and reduced City liability or risk from unanticipated worker injuries.

A move to residential automated trash collection would also provide a safe and healthy work environment for the City's employees by providing job opportunities for the Department's aging work force, and will provide an improved quality of life for the City's residents. The standardized type of residential cart and vehicle used in these systems has proven to be extremely reliable over the long-term. Further, customer satisfaction with automated trash collection programs in countless municipal and private hauler programs has been exemplary. Additionally, a transition to automated trash collection would increase the choice of cart sizes available to the City's residential customers which in turn will encourage recycling.

The Team's Pro Forma Model, once fully implemented, is projected to save the City from about \$774,000 to \$1.2 million dollars (full implementation) per year (in 2009 dollars). The phased-in implementation program is estimated to take approximately four years, at which time the City can begin realizing the full annualized savings.

FY 2011 Update:

Year 1 of automated trash collection began on January 3, 2011 with more than 10,900 residents living mostly north of I-4 and south of the Polk Parkway being the first in the City of Lakeland to receive the new service. This new method for collecting residential solid waste was executed with minimal disruption and public response has been largely positive and supportive. The phased-in implementation program is on schedule and expected to meet budgetary forecasts as the City prepares for Year 2, anticipated to begin on September 19, 2011 whereby more than 9,600 additional residents will be converted from manual trash collection to automated collection.



Actionable Items: Quality of Life

More walkable/bike friendly paths

Lead Department: Public Works

Support Departments: Community Development, Parks & Recreation

Budget :

Requested FY 2011	Approved FY 2011	Estimated FY 2012
200,000	0	200,000

Public Works Engineering Division, in coordination with Traffic Division, Construction & Maintenance (C&M) Division and Community Development Department, will identify, propose and prioritize future sidewalk and bike path projects in the City Capital Improvement Program based on citizen requests, accident reports, school and transit routes, neighborhood association inputs and other criteria specified in the City Comprehensive Plan. Public Works Engineering Division will plan, survey and design the sidewalk and bike path projects within the budgeted CIP Fiscal Year.

A proposed Lake Hollingsworth Restroom Facility would require an estimated \$140,000 in start up costs and beginning with the first year have estimated annual maintenance of \$60,000.

FY 2011 UPDATE

STATUS OF CURRENT PROJECTS:

Sidewalk Projects:

1. George Jenkins Blvd. (Wabash Ave. – Sloan Ave.) - **Completed.**
2. Crystal Lake Dr. (New Jersey Rd. – Lake Hollingsworth Dr.) - **Completed.**
3. Lake Hollingsworth Dr. (Johnson Ave. – Ingraham Ave.) - **Completed.**
4. Deter Rd. (Hallam Dr. – Lake Miriam Dr.) - **Completed.**
5. Hancock St. (Florida Ave. – New York Ave.) - **Completed.**
6. Carpenters Way (Wedgewood Estates Blvd. – Corporate Ave) - **Completed.**
7. Corporate Ave. (Carpenters Way – 250' North) - **Completed.**
8. Skipper St. (Woodward St. – Glendale St.) - **Completed.**
9. Pablo St. (Florida Ave. – Eden Pkwy.) - **Completed.**
10. Windsor St. (Florida Ave. – Eden Pkwy.) - **Completed.**
11. Robson St. (Lynn Dr. – Pyramid Pkwy.) - **Completed.**
12. Lime St. (Lake Parker Ave. – Tyler Ave.) – Construction scheduled for June 2011.
13. Alamo Dr. (Florida Ave. – Old Road 37) – Design in progress.
14. Ariana St. (Unitah Ave. – Camphor Dr.) – Construction planned for Fall 2011.
15. Lincoln Ave. (Memorial Blvd. – Fifth St.) – Design in progress.
16. Ingraham Ave. (Memorial Blvd. - Main St.) - **Completed.**

Bike Lane Projects:

1. Parker St. (Massachusetts Ave. – Lake Parker Ave.) - **Completed.**
2. Main St. (Bartow Rd. – W. Lake Bonny Dr.) – Design in progress.
3. Tenth St. (Florida Ave. – Kathleen Rd.) - **Completed.**
4. Lake Wire Dr. (Sikes Blvd. – Bay St.) - **Completed.**
5. Ingraham Ave. (Memorial Blvd. - Main St.) - Construction planned for Fall 2011.

CURRENTLY BUDGETED FY 2012 CIP PROJECTS:

Sidewalks:

1. Buckingham Ave. (Edgewood Dr. to Carleton Dr.)
2. Alamo Dr. (Harden Blvd. to St. Paul's School Driveway)
3. Edgewood Drive Extension (S. Florida Ave. to Harden Blvd.)
4. SR 33 (Socrum Loop Rd. to Old Combee Rd.)
5. Lincoln Ave. (W. 5th St. to Memorial Blvd.)

Actionable Items: Communication

Public awareness of services throughout the community

Lead Department: Communications

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$10,000	0	\$10,000

Position the government access channel (LGN) as one of the City's primary sources of information to our citizens. We have two staff people who are dedicated to producing videos and running live meetings and one staff person who coordinates the daily programming. The only marketing efforts to date are by word of mouth. Because we have considerable capital equipment and staff time invested in this effort, it would benefit the City greatly if we could inform our citizens about what information this channel provides to them. We propose a paid radio package with spot buys which would run on the four local radio stations (WLKF, WPCV, WONN, WWRZ); outdoor signage such as billboards and vehicle wraps that are a very effective means of advertising; and purchase ads in special tabloids or magazines including the Chamber of Commerce Forum newsletter, the TimeOut section, and the Lakeland magazine published by The Ledger.

FY 2011 Update:

The City of Lakeland updated the City's website to a Content Management System using DotNetNuke infrastructure. The new website hosts a myriad of improvements such as social media feeds, imbedded video, video on demand and address look-ups all with the goal of getting desired information in as few clicks as possible. The website is poised to be promoted as the tool to use by our citizens in receiving information about City services, programs and initiatives.

Proficient and enhanced communication practices including City website

Lead Department: Communications

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
70,000	30,000	0

Restructure Communications Department to be as efficient as possible based on the strengths of the team. This includes the video element and emerging electronic media elements. The department will have a distinct organizational model that fosters optimum performance. This will be greatly enhanced with the hiring of a webmaster along with a team already dedicated to video, electronic media and graphics. An updated website has been designed to be the news source for City of Lakeland information.

FY 2011 Update:

The Communications Department is in the process of a restructuring to include an Electronic Media Manager that will oversee content management of the City's website, social media efforts and intranet. This process is being completed under the existing budget.



Actionable Items: Communication

Connect growing student communities to the City

Lead Department: Communications

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$5,000	0	\$5,000

Develop F2F (face-to-face) program that brings City Government to college classrooms and introduces students to Citizens Academy. Increase awareness to social media with college students through education campaign through school newspapers and newsletters.

FY 2011 Update:

No movement because budget to advertise program in college newspapers was not approved. The City of Lakeland is working with USF-Poly, SE University and FSC in resurrecting the Lakeland Multi-Cultural Festival. This cross-platform event allows the local colleges and universities to work closely with city staff in a partnering environment.

Address customer needs, regardless of point of contact

Lead Department: City Manager's Office - Organization Development

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$60,750	\$0	\$10,000

Training will target current classes and key service providers to empower employees with regard to service delivery. A major push to provide customer training to all employees would require additional training staff. CityU currently offers customer service training through its; professional best class; public service from the inside out class; process improvement workshop; and quality tools for managers.

Key Service Providers that have requested and received specialized training include: The Lakeland Center, Facilities Maintenance (of Public Works) and Human Resources. It is provided for others when a need is indicated and/or as requested.

FY 2011 Update:

We continue to emphasize customer service in Orientation, the Public Service course, Professional Best course, and others. Support for The Lakeland Center, Fleet, Facilities Maintenance, and others continues via training, Individual Development Plan Development, and establishing performance targets and measures for service.



Actionable Items: Economic Opportunity

Brand/Promote unique and attractive Lakeland characteristics

Lead Department: Communication

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$20,000	0	\$20,000

Incorporate City of Lakeland marketing campaign for economic development and tourism through trade publications, brochures, special events and websites. A strong community brand should be based on the assets and strengths of the City, its history and culture, the objectives of the broader economic development strategy, and the collective vision and goals of residents, businesses and other community stakeholders.

FY 2011 Update:

No movement because funding was not approved. The Chamber of Commerce receives City of Lakeland funding to market the area through trade publications.

Expand utility workforce development programs

Lead Department: City Manager's Office - Organization Development

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	0

We will continue ongoing coordination and development of partnerships between educational entities that support technical and leadership development especially as it may relate to utility and technical workforce needs. Ongoing (current level) or low cost steps we can take include: consult with the Power Academy program regarding lessons learned and best practices; consult with the Polk State College information technology program regarding best practices and lessons learned; strengthen the connection with the Higher Education League of Polk County via regular career development offerings; continue the Federal Energy Regulatory Committee (FERC) support training for the utilities; continue to provide continuing education support for the professional engineers; and provide individual development plans support for the Lakeland Electric utility departments to assist in their workforce planning and development efforts.

FY 2011 Update:

FERC support training is ongoing for FY 2011 and FY 2012. Career Development activities continue to target advancing education especially within technical and utility careers. We sponsor the Vendor-College Fair in August which includes our Higher Education League of Polk County comprised of local colleges and universities.



**DOWNTOWN
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Rich Traditions...Artful Energy

Actionable Items: Economic Opportunity

Expand and develop more regional/county partnerships

Lead Department: City Manager's Office

Support Departments: All

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
10,000*	10,000*	10,000*

On a regional level, the City of Lakeland participates with both the Central Florida Partnership and Tampa Bay Partnership organizations. The Central Florida Partnership was established as a collaborative of business and civic leaders committed to procuring a better tomorrow for Central Florida's seven counties - Brevard, Lake, Orange, Osceola, Polk, Seminole and Volusia. It is charged with the responsibility to promote, provide for, and protect the region's future. The Tampa Bay Partnership is the regional organization that works with its 175 private and public organizational partners to market the region nationally and internationally, to conduct regional research and to coordinate efforts to influence business and government issues that impact economic growth and development. An example of such regional collaboration involving both regions was Florida's High Speed Rail Project.

Florida high speed rail is proceeding as if it was already riding on slick, steel-wielded rails. U.S. Transportation Secretary Ray LaHood announced on May 27, 2010 that Florida was awarded \$66.7 million out of \$80 million being released of ARRA funds to start construction on Tampa-Orlando. Earlier in May, the Federal Rail Administration issued a Record of Decision, the first for a High Speed Rail Express Service in America. It means that Florida can start right of way acquisition, design and engineering of the system. Construction could begin by February or March for the high-speed rail line between Tampa and Orlando, with the first trains running by the first or second quarter of 2015. The first Super Regional Rail Summit convened by Mayors Dyer, Fields and Iorio and hosted by *CONNECT US*, the Central Florida Partnership and Tampa Bay Partnership was a huge success. Business, labor, environmental and civic leaders saw the first Super Regional Rail Map laying out the vision of how light rail, commuter rail and bus will all connect.

On a county level, Polk Vision is a broad, community-led partnership of organizations, businesses, government and individuals acting collectively to ensure implementation of Polk County's community vision. Visionary and collaborative task forces are in place in the areas of Education where before 2024, Polk County will have a world-class, fully integrated education system that supports the needs of a vibrant progressive community; Government where before 2024, Polk County will have comprehensive system of government that is effective, efficient and diverse while responding to the basic needs of its citizens; Economic Development where before 2024, Polk County will have an economic development environment that attracts quality businesses with higher paying jobs, improves productivity and retains our youth; Infrastructure where before 2024, Polk County will have growth management and infrastructure that protects the environment and quality of life, supports education and economic development and is economically sustainable; Private Sector Leadership where before 2024, Polk County will have private sector leadership that drives the partnership with government and citizens in ensuring that Polk County is a premiere place to live, learn, work and play; and Quality of Life where before 2024, Polk County will have a quality of life that encourages diverse backgrounds to live in harmony while developing physically, spiritually, mentally, and culturally within a healthy and safe environment

FY 2011 Update:

Although High-Speed Rail for the Tampa-Lakeland-Orlando corridor was canceled by Governor Scott in 2011, a positive outcome was improved relations with Orlando and Tampa. These relationships have laid a foundation for other regional issues facing central Florida areas in the coming years. The Tampa Bay Partnership and Central Florida Partnership hosted the 2nd Super Regional Leadership Conference on April 28-29 2011. Last year, over 400 business and community leaders came together to work on strategies to become more globally competitive. This year's conference emphasizes the real opportunities available with the collaboration of the two regions. Noting further that this is not a short-term proposition but one that requires long term vision, discipline and investment.

**Does not include membership costs for Central Florida Partnership and Tampa Bay Partnership.*

Actionable Items: Fiscal Management

Dividends vs. Property Tax Rate

Lead Department: Finance

The dollar value of the dividend paid into the City's General Fund from the Electric System, when calculated as a equivalent amount per 1,000 kWh of retail sales, is slightly less than the average paid by those public power municipal utilities in Florida that, like Lakeland, own the power generating facilities. The City Commission could consider shifting a portion of the revenue requirement in the General Fund from the Property Tax millage rate to the Dividend collected from Lakeland Electric.

Use of General Fund Reserves

Lead Department: Finance

Over the past few years, the dollar value of reserves accumulated within the General Fund is substantially greater than the targeted amount of 7.5% of the annual General Fund Budget. The City should consider utilizing those reserves over the next few years to offset temporary shortfalls on other revenue sources.

Property Tax Rate (maintain, roll-back, or increase)

Lead Department: Finance

In recent years, the City Commission had adopted millage rates as follows:

2008	3.2296
2009	3.4031
2010	3.6358
2011	4.1644

While the millage rates themselves have increased, the net amount of property tax revenue received by the City on existing properties has fallen by approximately \$1 million. The reason is that existing property values have fallen at a level that exceeded the offsetting increase in the millage rate.

Despite the fact that the millage rates adopted by the City Commission have represented tax decreases, the fact that the raw millage have increased leaves the perception in the mind of the public that the City has actually increased taxes. That perception makes it very difficult to continue to increase the millage rate in years in which the taxable values decrease.

FY 2011 Update:

The above scenario appears likely again in Fiscal 2012 - with a decrease of around 5% being projected by the Polk County Property Appraiser. While the one-year dollar amount of the revenue decreases associated with this decline in value is relatively minor at \$900,000, the significance of such a decision is the impact that any sort of legislated revenue cap has on the future, since each year's revenue collections become the "base" for all following years. Accordingly, any conscious effort to reduce revenues in any given year could impact all years that follow.

Level of Public Improvement Fund Support to General Fund

Lead Department: Finance

There is little chance of increasing the other revenue sources in the General Fund for 2011 – which is a pre-requisite to any consideration of restoring the Lakeland Regional Medical Center (LRMC) lease revenue within the PIF back to a greater emphasis on capital.

FY 2011 Update:

There will continue to be pressure on revenue sources in 2012. Accordingly, any change in policy that would move towards restoring the exclusive use of LRMC lease revenues for capital improvements will be challenging.

Actionable Items: Fiscal Management

Water and Wastewater base rate cases (FY 2010)

Lead Department: Water Utilities

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
N/A	N/A	N/A

Department expenses are fully derived from customer charges (enterprise fund), necessitating the ongoing balancing of revenues and expenses. A comprehensive rate study with a 5-year design has been completed which identifies recurring costs, cyclical expenses, essential capital improvements, cost allocations and debt service payments. Current rates will not generate sufficient revenue to meet these expenses; necessitating rate changes. The comprehensive rate study, using accepted methodologies; has developed new rates which generate needed revenues, smooth customer impacts over the 5-years, strive for fairness in costs for all customers (residential, commercial, industrial and bulk), improve revenue volatility, utilizes any surplus fund balances and meets bondholder requirements. Primary drivers for the rate increases include the phase-in of additional debt service, gradual increases in recurring operating expenses, continuing reinvestment in the systems to maintain condition, completion of priority capital projects and the emphasized use of pay-as-we-go capital financing (reducing reliance upon borrowing to meet capital expenditures).

Without rate increases, essential work and services would be curtailed leading to lessened service quality, reliability and regulatory compliance; none of which are acceptable alternatives to the rate increases.

Even with the rate increases, Lakeland Water Utilities will continue to provide high-quality services at costs below that of other peer utilities in Florida.

FY 2011 Update:

The Comprehensive Water and Wastewater Rate Study was completed in 2010 with the resulting rates being approved by the City Commission on September 20, 2010. The rate resolutions included a 3-year rate schedule with uniform annual increments. This is no longer an Actionable Item.



Actionable Items: Growth Management

Expand opportunities to live downtown

Lead Department: Community Development

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	0

The form-based code elements that are underway as part of the overall effort to update the code include design elements that will enhance the livability of downtown and thereby encourage residential development. This project helps implement the Downtown Sector Plan and the Downtown CRA Redevelopment Plan that were completed in FY 2010. The project is on-going. The budget request is to carry over \$70,000 in unused project funds for specialized document preparation services and as a contingency in the event that consultants are needed to resolve technical issues that might arise. It is anticipated that the stakeholder review and revision process will be complete by the end of FY 2011, allowing the revised code to proceed to adoption.

Community Development is one of several City departments involved in an effort to identify roadblocks to the redevelopment of tight urban sites and to seek engineering alternatives and procedural changes that could help downtown redevelopment including residential and mixed use projects. Work should be completed in early FY 2011. No direct budget impact is anticipated.

FY 2011 Update:

- LCRA has released a Request for Proposals and Qualifications on the Bay Street Parking Lot. A residential developer has been selected and negotiations have begun on a development agreement which will allow the site to be developed as a predominantly residential, mixed-use development.

Improve fire coverage in southwest Lakeland

Lead Department: Fire

Support Departments: Airport

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	0

FY 2011 Update:

This action item addresses the building, equipping and staffing of a fire station to meet response time standards for fire and emergency response needs in southwest Lakeland. Response times in southwest Lakeland of greater than ten minutes exist from current Lakeland Fire Stations. This actionable item meets the growth management goal of providing reliable and efficient emergency response and effective fire protection for the citizens in southwest Lakeland.

Steps to accomplish this goal are:

The new station proposed currently resides in the capital improvement plan (CIP) for 2016 (design), 2017 (construction) and operational 2018:

- Designate property for a Fire Station located at Lakeland Linder Regional Airport for dual purpose use to support Aircraft Rescue Firefighting (ARFF) operations and southwest community emergency response.
Build a four apparatus bay fire station with accommodations for fourteen personnel to serve southwest Lakeland.
- Approximate cost to design and construct new station: \$3,250,000
- Furniture, Fixtures, and Equipment: \$150,000

Actionable Items: Growth Management

Improve fire coverage in southwest Lakeland (cont'd)

Apparatus and equipment needs:

1. Fire Engine with Skyboom -	\$575,000.00
2. Fire Engine equipment-	\$150,000.00
3. Equipment for 21 new Firefighters @ 4,000.00=	\$84,000
4. Relocate Truck 14 -	<u>\$00.00</u>
Approximate total onetime costs for facility and equipment:	\$4,209,000.00

Annual Reoccurring Cost

Operating, maintenance, utilities and intercity services:

Approximately \$84,000.00

Personnel needs – 21 additional personnel: (Based on current salary and benefits)

Staff for Engine

3 Lieutenants (Relocated from ARFF1)	no additional cost
3 Driver Engineers @ \$74,000.00 =	\$222,000.00
6 Firefighters @ \$47,500.00 =	<u>\$285,000.00</u>
Total annual staff cost for Engine	\$507,000.00

Staff for Truck Company

3 Lieutenants @ 86,000.00 =	\$258,000.00
3 Driver Engineers @ \$74,000.00 =	\$222,000.00
6 Firefighters @ \$47,500.00 =	<u>\$285,000.00</u>

Total annual staff cost for Truck Company \$765,000.00

Total annual staff and O/M cost \$1,356,000.00

Red Light Camera Enforcement Program

Lead Department: City Attorney's Office

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	0

The current Red Light Camera Program will be significantly modified as of July 1, 2010 to comply with new state legislation, which preempts enforcement of such programs to the State. However, currently the City Attorney's Office plays a substantial supporting role in assisting in the administrative appeals process at hearings, providing legal services to Code Enforcement who manages much of the day-to-day process and serves as the central contact point for citizens with questions about violations, the program, etc.

The future of the Red Light Camera Program is currently being reviewed in terms of compliance with state law requirements that preempt red light camera enforcement to the State pursuant to Florida Statute 316. In an effort to comply with state law requirements, the City Attorney's Office has been tasked with the following:

- Modifying the City's current contract with American Traffic Solutions (ATS), the company that owns, maintains and operates the red light cameras on behalf of the City.
- Revising the City's current Red Light Ordinance to comply with new state law requirements.
- Drafting and negotiating any future contracts with other companies that may provide services for this Program.
- Managing any litigation pertaining to the Red Light Camera Enforcement Program. Litigation pertaining to the Red Light Program is currently being handled by outside counsel and will continue to be handled by outside counsel as the Program continues.

2011 Update:

Legislation passed on July 1, 2010, preempted Red Light Camera Enforcement to the State of Florida. State preemption of the City of Lakeland's Red Light Camera Program shifted not only the City's day-to-day administration of the Program, but significantly altered the City Attorney's Office role in facilitating appeal hearings



Actionable Items: Growth Management

Red Light Camera Enforcement Program (cont'd)

for violations, providing legal services to City Departments tasked with managing the Program and responding to citizen inquiries related to red light enforcement. Following passage of the state law, much of the administrative process involved in the Program is now handled by a single point of contact at the Lakeland Police Department, with the Clerk of the Circuit Court overseeing the administration of red light violations that remain unpaid and eventually become Uniform Traffic Citations under Florida Statute Chapter 316.

The City's ordinance was subsequently modified to conform to the new state law requirements in order to continue the Program. The legislation passed in 2010 failed to specifically validate enforcement of pre-July 1, 2010 violations by local governments, leaving issues of preemption for such violations unresolved in terms of the litigation still pending against the City. Litigation relating to the City's Red Light Camera Program continues to be handled by outside counsel, with the City Attorney's Office managing all such litigation.

Bills before the Florida Legislature during this current 2011 Legislative Session attempt to repeal last year's passage of statewide red light camera legislation, which raises some issues with regard to how the City will proceed with the Program. Depending on whether the legislation passes and what language is contained in those bills, the City may be prohibited from continuing any type of program at all.

The City Attorney's Office has and will continue to take a lead role in drafting/negotiating any future contract amendments with American Traffic Solutions (ATS) or contracts with other companies that provide similar services as the City determines whether to expand the Program. The City will not be able to fully address many of the issues relating to its Red Light Camera Program until the end of the 2011 Legislative Session, which should hopefully provide some direction for the City Commission.

Effective and efficient public safety programs

Lead Department: Police

Support Departments:

Budget Workload Assessment:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$517,180	0	0



Budget Redeploy Helicopter:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	0

The Lakeland Police Department (LPD) currently has 225 sworn full-time positions and 116 civilian full-time positions. Its FY 2010 annual budget is approximately 32 million dollars.

Based on the most current workload assessment the department needs 5 more patrol units in the Uniform Patrol Division (UPD). Detailed analysis of our calls for service will be needed to determine if this can be a mixture of sworn officers and Public Safety Aides (PSA). The workload assessment itself is a quantitative formula that measures the demand for UPD services by (1) compiling the number of calls for service received from the public, and (2) calculating the amount of time spent on each call. The product of the two is the total demand for UPD services by the public. The formula then calculates the number of persons needed to meet that demand based on historical LPD staffing statistics. The difference between the number of persons needed and the persons currently deployed is the number of additional personnel needed to meet current demand.

Redeployment of the LPD Helicopter at 80 hours/month would require commitment of 2 FT Officers, 1 PT Pilot. Total cost for this item would be \$628,000 start-up costs and \$550,000 in annual operating costs beginning the second year of operation.

Actionable Items: Growth Management

Effective and efficient public safety programs (cont'd)

FY 2011 Update:

LPD currently has 226 sworn, full-time positions and 113 civilian, full-time positions. Its FY 2011 annual budget is approximately \$33,400,000.

The most current workload assessment still indicates a shortage of 5 patrol units in the Uniform Patrol Division. We are currently in the process of conducting a full, across-the-board assessment of all sworn and civilian positions within the department to ensure the effective and efficient use of all resources currently assigned to the department.

Redeployment of the LPD helicopter at 80 hours per month would still require the commitment of 2 FT officers and 1 PT pilot. Total cost for this item would be \$628,000 start-up costs and \$550,000 in annual operating costs beginning the second year of operation.

Promote county-wide transit tax referendum

Lead Department: City Manager's Office

Polk County is an urbanizing county with over 70 percent of the county residing in the Lakeland and Winter Haven urbanized areas. While this is the case, substantial portions of the county are expected to remain rural in character. Polk County's locations between the Tampa Bay and Orlando metropolitan areas create a need to address connections to adjacent transit systems. An appropriate mix of transit services is needed to serve and connect urban, suburban, and rural areas of the county.

Transit services in Polk County are provided by three separate and individual systems. This fragmented approach limits the continued development of an effective and efficient countywide transit system. It has resulted in the potential for redundant administrative and operating functions, a complicated web of transit roles and responsibilities for local government bodies, and transit services that are overly constrained by the jurisdictional boundaries and funding sources for each of the three systems. Cross-county transit trips require extremely long travel times and transfers between two or three different systems, making transit an unattractive choice to meet the countywide mobility needs of residents.

There is a continuing need to improve the effectiveness of recently implemented transit services, especially those that serve the more rural areas of the county. For many service initiatives deemed to be successful, the lack of a stable and long-term source of local funding may jeopardize the continuation of the newly implemented transit services.

In December 2009, Polk County Commissioners voted 4-1 to approve a resolution calling for a referendum to consider a half-cent sales tax to support the Polk County Transit Authority. The vote follows a similar vote by the Polk County Transit Authority's Board. The referendum would be on the Nov. 2, 2010, General Election ballot, a culmination of eight years of planning to lead to a single countywide transit agency.

The current system, concentrated primarily in the Lakeland - Winter Haven area, is funded by a mix of property taxes, fares and state and federal grants. Approval of the sales tax will mean the end of the property tax levied by the Lakeland Area Mass Transit District, which has operated Lakeland's Citrus Connection bus system since 1982. That tax, which was approved by a voter referendum in 1980, is 50 cents per \$1,000 of taxable value.

The expanded countywide bus system operated under the Polk County Transit Authority would connect areas such as the U.S. 27 corridor near Interstate 4 and the new USF Polytechnic campus, as well as improve connections between Polk's transit system and systems in the Tampa and Orlando areas. This is in addition to the existing urban routes. County officials had been planning for this change for several years, but could not proceed without authorization from the Florida Legislature. Legislators authorized the establishment of the Polk County Transit Authority in 2007 and in 2009 authorized the County Commission to seek voter approval for a sales tax referendum.

FY 2011 Update:

On November 2, 2011, Polk County voters defeated the half cent sales tax increase referendum that would have funded a consolidated and countywide transit system with 61.8 percent of voters who voted against the measure.



Actionable Items: Growth Management

Improve roads/appearance from I-4 to downtown

Lead Department: Public Works

Support Departments: Community Development, Parks & Recreation

Pavement Management is used to keep the existing streets in good condition for the safety of the traveling public. Good pavement conditions have a direct financial impact on the residents and commercial business in the area. The pavement management system saves the City and tax payers money by using the most cost effective pavement strategies that allow for more streets to be maintained at higher pavement condition for less money.

General Fund:

Public Works Right of Way Management service provides for clean unobstructed right of way that includes alleys. Included is the Transportation Fund for Sidewalk Repair.

Parks Right of Way Maintenance provides mowing and beautification of the right of way. The service includes the mowing, edging and cleaning of the Florida Department of Transportation (FDOT) road within the City.

Transportation Fund:

Robson Road Sidewalk Improvement – Construct sidewalk from Robson Street culvert @ Lynn Avenue to US98N, FY 2011 \$110,000

North Florida Avenue from Robson Road to Lakeland Hills Blvd will be widened with paved shoulders and resurfaced. This project will improve the appearance of the corridor and will allow an area for bicycle traffic along the street. \$200,000

Mid Town CRA:

Ingraham Avenue improvements (Memorial to E. Main Street) are an enhancement project to construct planted medians. Project is in FY 2010 budget but will be carried over to FY 2011 – median enhancements for \$400,000

Massachusetts Avenue Improvements (Memorial to ITBP) is in FY 2010 budget for study at \$100,000; FY 2011 budget for \$500,000 for improvements.

Team Brick Improvements:

Providence & W. 10th Street – drainage, sidewalks connections, transit amenities, brick crosswalks (FY 2010, \$245,000)

N. Florida & Robson – brick crosswalks, transit amenities (as necessary) FY 2011 \$60,000

W. 5th & Lincoln Avenue – brick crosswalks in concert with sidewalk improvement FY 2010 or FY 2011 (depending on land acquisition) \$100,000

Parker Street & MLK Blvd. – brick crosswalk on Parker Street – east side of MLK Blvd. to connect north and south side sidewalk and enhancement for the local park. \$60,000

Sidewalk Improvements:

Lincoln Avenue (W. 5th to Memorial), to connect Memorial Blvd. with Lincoln Academy, depending on land acquisition. FY 2010 or 2011 \$75,000

FDOT's Work Program:

US 98 Median Installations Project (10th Street to Griffin Road): \$502,595 in FY 2010/11. Project construction scheduled for Spring 2011.

US 98 @ Griffin Road (Intersection Improvement): \$978,807 in FY 2011. Project construction scheduled for Spring 2011, in conjunction with US 98 Median Installation Project.

SR 33 Resurfacing (North of Aida to Interstate 4): \$4,250,929 in FY 2012. City and TPO have requested inclusion of bicycle lanes in project design, to extend on-road bicycle corridor that currently exists on Griffin Road.

Socrum Loop Road @ Interstate 4 (Sidewalk): \$855,442 in FY 2012, although project may be advanced into FDOT FY 2011 per FDOT staff.

Actionable Items: Growth Management

Improve roads/appearance from I-4 to downtown (cont'd)

FDOT's Work Program (cont'd):

City of Lakeland Pedestrian Zones: \$309,900 in FY 2011. Substantial majority of project is focused on Memorial Boulevard corridor, between Kathleen Road Overpass and Ingraham Avenue.

East Main Street (Bartow Road to Lake Bonny Drive West): \$608,554 Federal and \$75,000 CRA funding for road-diet and multi-use pathway within corridor.

FY 2011 UPDATE

Street Enhancement and Beautification:

North Florida Ave from Robson Road to Lakeland Hills Blvd. will be widened with paved shoulders and resurfaced. This project will improve the appearance of the corridor and will allow an area for bicycle traffic along the street. \$200,000 (To be constructed by C&M in summer of 2011.)

Parker Street Improvements (Massachusetts Avenue to Lake Parker Avenue) is a project jointly funded by CRA (\$400,000) and FDOT LAP Grant (\$400,000). **(Completed.)**

Ingraham Avenue Improvements (Memorial to E. Main Street) is an enhancement project to construct planted medians. Project was in FY 2010 budget carried over to FY 2011 – median enhancements for \$400,000 from CRS Fund. (RR crossing and ADA sidewalks completed with Transportation Fund of \$235,000. C&M plans to start construction of the median enhancement in May 2011.)

Massachusetts Avenue Improvements (Memorial to ITBP) is in FY 2010 budget for study at \$100,000 (CRA Fund); FY 2011 budget for \$500,000 (CRA Fund) for improvements. (The project is being evaluated for an acceptable scope within the available right of way.)

Main Street Improvements from Bartow Road to Lake Bonny Drive funded by FDOT LAP grant (\$600,000), CRA Fund (\$190,000) and Transportation Fund (\$60,000). (Design in progress. Construction is scheduled for FY 2012/2013.)

US 98N Median Enhancement project from 10th Street to Griffin Road funded by FDOT (\$630,000) and CRA (\$140,000). FDOT plans to commence construction in October 2011.

SR 33 Widening and Sidewalk from Socrum Loop Road to Old Combee Road funded by Bridgewater DRI Development (\$1,500,000), USF Campus Development (\$5,100,000) and FDOT (\$1,400,000). Construction is planned for Fall of 2011.

Brick Crosswalks:

Providence & W. 10th Street – drainage, sidewalks connections, transit amenities, brick crosswalks (FY 2010, \$245,000) **(Completed.)**

N. Florida & Robson – brick crosswalks, transit amenities (as necessary) FY 2011 \$60,000 (To be constructed summer of 2011 in conjunction with the N. Florida Ave. resurfacing project.)

W. 5th & Lincoln Avenue – brick crosswalks in concert with sidewalk improvement FY 2010 or FY 2011 (depending on land acquisition) \$ 100,000 (Project is being designed for construction in conjunction with the Lincoln Avenue Sidewalk project in FY 2011.)

Parker Street & MLK Blvd. – brick crosswalk on Parker St – east side of MLK Blvd to connect north and south side sidewalk and enhancement for the local Park. \$60,000 **(Completed.)**

Sidewalk Improvements:

N. Florida Ave. sidewalk from Robson St. to Petteway Dr. Project cost approximately \$50,000 completed as part of the FEMA HMGP Basin C project. **(Completed.)**

Robson Road Sidewalk Improvement – Construct sidewalk from Robson Street culvert @ Lynn Avenue to US98N, FY 2011 \$110,000 **(Completed to Pyramid Parkway only.** The segment between Pyramid Parkway and US 98N is not desirable currently and will be constructed by the developer of the site adjacent to this segment.)

Lincoln Avenue (W. 5th to Memorial), to connect Memorial Blvd with Lincoln Academy, depending on land acquisition. FY 2010 or 2011 \$75,000 (Property acquisition in progress. Project is being designed for construction in FY 2011.)

Actionable Items: Growth Management

Improve traffic flows/signal timing

Lead Department: Public Works

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$199,084	\$199,084 ¹	\$204,307 ¹

¹Note: Budget figures from adopted FY 11 - 20 Transportation CIP, *Advanced Traffic Management System O&M* project.

Traffic Operations works closely with Florida Department of Transportation (FDOT) in implementing new signal timing plans for major arterials throughout the city and assists with signal timing adjustments as needed. The FDOT currently has plans to review signal timings within their district every five (5) years and Traffic Operations will follow their lead. Traffic Operations, thru the use of City staff, has been doing signal timing reviews and implements adjustments along city streets and arterials. This is done by using City staff to count traffic both manually and mechanically, do analysis by use of signal timing software and field reviews. Before and after studies are completed to determine the effectiveness of changes implemented. The use of incident management cameras allows real time monitoring of traffic conditions and allows for real time adjustments of signal timings as conditions warrants.

Traffic Operations currently works with other agencies FDOT District 1, FDOT District 7, Board of County Commissioners (BoCC) Polk County and is a member of the Traffic Incident Management (TIM) team which consists of all Public Safety agencies throughout Polk County. This team reviews incidents and determines how traffic issues can be reduced due to incidents and improves communications between the agencies.

Traffic Operations goal is to maintain a safe environment for motorists, pedestrians and bicyclists on the streets and highways throughout the City of Lakeland. Traffic Operations strives to keep the street signage clean, clear and concise so as to minimize clutter and maintain traffic signals to uniform standards. Signal timings and pedestrian pushbuttons are adjusted to meet new *Manual of Uniform Traffic Control Devices (MUTCD)* standards.

FY 2011 Update:

Traffic Operations continues to work with FDOT on improvements to the Advanced Traffic Signal Management System (ATMS). FDOT currently has budgeted in their FY12/13 fiscal year monies to upgrade the central software allowing more functionality with equipment in the field. Improvements to the Closed Circuit Television (CCTV) software will allow new video technology allowing bandwidth reduction and moving forward to having the ability to provided video and traffic data to the internet for the citizens to have access to congestion information.

Traffic Operations continue to work with FDOT District 7 in accessing information from the I-4 ITS network and providing this information to the citizens via the internet. New requirements in the MUTCD will be increasing yellow and red signal timings which will be increasing delay but is being required by both federal and state standards.

Traffic Operations will be looking in the near future to implement vehicle monitoring stations along the major arterials traversing the City of Lakeland which will provide real-time speed and traffic data that will be provided to the internet to indicate areas of traffic congestion and provide real-time traffic information to other departments/agencies needing the information. In addition, these stations will be able to provide the information the ATMS network to allow a traffic responsive system in which traffic begins to control the signals timings and reducing congestion.



Actionable Items: Governance

More Rapid Process Improvement (RPI)

Lead Department: City Manager's Office - Organization Development

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$5,000	\$5,000	Combined with R&R item

Strengthening process improvements effort by involving more front line employees supports the City's strategic governance goal focused on transparent, accountable and efficient business processes. The City's Rapid Process Improvement (RPI) program was instituted in the summer of 2008 with the training of interdepartmental staff facilitators. RPI is an employee driven improvement program and focuses on the improvement of processes utilizing the expertise of representative employees who actually perform the work with an aim of reinventing select projects performed over a week's period from a concentrated team effort. Enhancements recommended to help retool the effort include developing a process improvement award system and utilizing benchmark information from the Cobalt Citizen, Business and Employee Engagement Surveys (covered under the Actionable Item, "Expand public engagement.... think outside the box) to help assess operational effectiveness.

FY 2011 Update:

As a result of our Employee Engagement Manager retiring, process improvement and employee recognition have now been merged into the Organization Development Division. A committee comprised of members of the Employee Engagement division and OCAT (Organization Communication Advisory Team) was convened in late January to develop a comprehensive "Recognition & Rewards" policy and process. The Team is developing a process which has progressive rewards and employs process improvement techniques with tangible, measurable gains in efficiency or cost savings to the City. The Team has provided their initial progress to the Assistant City Manager and are scheduled to meet with the Department Heads in May. This policy and process development remains on target to be deployed by mid-June.

Expand visibility of career paths

Lead Department: City Manager's Office - Organization Development

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	0

Communicate to employees regarding available resources and opportunities via: career development sessions to highlight career planning; vendor and college fair to highlight educational opportunities; City University certificate programs to highlight career path progressions; and continuous improvement to the career development site and resources available on In-Site.

FY 2011 Update:

We encourage employees from the initial point of contact in Orientation, through CityU courses, tuition reimbursement, and elsewhere to utilize our support in building an IDP (Individual Development Plan) that will enable them to hone in on their desired career path. We continue to offer the Office Professional Certificate training as a means of bolstering development and visibility of that career path. We provide assistance to departments wishing to clarify behavioral targets needed for promotion, such as in DOIT. We continue to provide support to the CPM Alumni group comprised of emerging City leaders. We have approximately 55 employees attending the Certified Public Manager program designed to support the upward mobility of supervisors, managers, and professionals citywide.

Actionable Items: Governance

Continue to train and develop workforce

Lead Department: City Manager’s Office - Organization Development

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	\$15,000

City U training and programming will continue in the following ways: the office professional certificate series will enroll employees not currently in those positions but who wish to be on that career path; other potential certificate programs will be explored in terms of organizational need and divisional feasibility; we will provide support for the new Certified Public Manager program (class #5) which includes 37 City of Lakeland (COL) employees; and we will continue to promote the development of the workforce and supervisors.

FY 2011 Update:

The Office Professional Certificate program opened up to employees with “non-clerical” titles.

We have approximately 55 COL employees involved in the Certified Public Manager program taught through Florida State University (FSU). We continue to provide citywide training focused upon increasing efficiency and effectiveness within the City of Lakeland.

Focus on employee recognition (Recognition & Rewards Program)

Lead Department: City Manager’s Office - Organization Development

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
\$20,000	\$20,000	\$20,000

Develop, propose and present employee recognition and reward options for use in lieu of and/or in addition to merit pay. Employee reward and recognition efforts will include a presentation of ideas to support retention, innovation, and service on the following ideas: 1. COL Home Run Performance Awards: (Bench Strength – team accomplishments) (Heavy Hitter – individual accomplishments) and (MVP – outstanding performance); 2. Igniting Innovation – rewarding the use of innovative ideas to solve COL problems or address challenges; 3. Lakeland Gives Back – expanding upon and supporting the COL initiatives for community giving and volunteering; Culture of Service – recognizing those who through their own actions help to create and propagate a culture of service.

FY 2011 Update:

As a result of our Employee Engagement Manager retiring, process improvement and employee engagement have now been merged into the Organization Development Division. A committee comprised of members of the Employee Engagement division and OCAT (Organization Communication Advisory Team) was convened in late January to develop a comprehensive “Recognition & Rewards” policy and process. The Team is developing a process which has progressive rewards and employs process improvement techniques with tangible, measurable gains in efficiency or cost savings to the City. The Team has provided their initial progress to the Assistant City Manager and are scheduled to meet with the Department Heads in May. This policy and process development remains on target to be deployed by mid-June.



Actionable Items: Governance

Strengthen employee education and awareness of compensation and benefits

Lead Department: City Manager's Office - Organization Development

Budget:

Requested FY 2011	Approved FY 2011	Estimated FY 2012
0	0	0

Employees should be notified of important issues as soon as practical regarding compensation and benefit issues affecting them. Legislative initiatives, current events or any relevant facts should be posted in a clear and concise manner to inform and engage. Ongoing initiatives include quarterly meetings with the Employees Association's Chair Committee, Insurance Committee, and Union representatives concerning updates of the City's Health Plan, Employee Wellness Program (Healthstat), as well as any new benefits that are proposed. In addition, benefit updates are provided on INSITE, as well as face to face meetings are conducted during annual enrollment. Retirement Services has kicked off just this summer a new quarterly newsletter on pension related issues.

FY 2011 Update:

We are partnering with Retirement Services and Allen & Company to provide a "Financial Wellness" Series for employees that can also be made available online through streaming video. We participate in the Employee Association and in the insurance committee to provide support for the efforts in play that enhance sustainability and effectiveness of our health plan. We sponsor the Vendor-College Fair in August which includes various service vendors and area providers for informational purposes. In-Site continues to be the best resource for sharing such information and we utilize it often in order to encourage employees to utilize it as well.



New Initiatives: Quality of Life

Identify plan to merge short term (budget) and long term (strategic planning) views

Department Lead: City Manager's Office

Budget:

Estimated FY 2012
0

The City will continue to refine its Strategic Operating Plan for more effectively aligning long term, strategic goals to shorter term objectives and fiscal realities. The City's evolving SOP process over the last several years ties closely to the National Advisory Council on State and Local Budgeting recommended budget practices. The National Advisory Council was established in 1995 by eight associations of state and local government, including the GFOA, and charged with developing recommended practices in the area of state and local budgeting. The practices advocate a goal-driven approach to budgeting that spans the planning, development, adoption and execution phases of the budget. The Council's work is important in emphasizing that budgeting should have a long range perspective, and not be simply an exercise in balancing revenues and expenditures one year at a time. This focus on long term financial planning comes at a critical time. Recommended budget practices encourage governments to consider the longer term consequences of such actions to ensure that the impacts of budget decisions are understood over a multi-year. The Four Principles of the Budget Process recommended by the Council are 1. Establish Broad Goals to Guide Government Decision Making; 2. Develop Approaches to Achieve Goals; 3. Develop a Budget Consistent with Approaches to Achieve Goals; and Evaluate Performance and to Make Adjustments.

Institutionalize the review of City services to ensure optimal efficiency

Department Lead: City Manager's Office

Budget:

Estimated FY 2012
0

The City of Lakeland has previously adopted efficient performance and continuous improvement as central to the delivery of its programs and services. The highest rated expected outcome of the Fiscal Management Goal is "measurable performance, innovation, efficiency and effectiveness." An expected outcome of the Governance Goal is "transparent, accountable and efficient business processes." We believe that optimal service delivery (or quality) is achieved by giving customer (internal and external) concerns top priority and by studying and constantly improving key work processes so the final product or service meets or exceeds customer expectations while maintaining a cost-competitive position.

Many different improvement methods are used to achieve quality. The first step in any improvement method is to understand the process. As processes are improved, productivity goes up and inefficiencies are reduced, giving customers better products and services, increasing their satisfaction and ultimately the organization's success. The City of Lakeland has a Continuous Improvement Workshop available to all employees through the CityU Program. The workshop is designed to guide each participant in defining their processes and analyzing them to determine opportunities for improved efficiencies and cost reductions. Over the years, the City has gained improvements through various Process Improvement Project Teams.

In an effort to further pursue efficiency and effectiveness, in 2008 the City introduced the Rapid Process Improvement (RPI) methodology for projects meeting criteria that enable project completion within one week. RPI is designed to utilize employee expertise to quickly reduce or eliminate waste in work processes focusing on low cost or no cost solutions. Operational reviews and business efficiency planning are conducted throughout the year across City departments through the assistance of various support units within Departments and from City-wide support units such as Internal Audit, Performance Excellence and Information Technology.

The City Manager has requested that Departments compile a comprehensive listing of efficiencies and improvements implemented over the past three years and identify proposed RPI events for an upcoming City Commission Workshop.

New Initiatives: Communication

Expand public engagement....think outside the box

Department Lead: Communications

Budget:

Estimated FY 2012
\$5,000

- Develop program based frequently asked questions
- Develop employee engagement and communication program
- Implement InSite log-on page (flash news)

Achieving greater participation among stakeholder groups supports the City’s communication goal and outcome to “develop an informed and engaged community.” New initiatives include the E-Town hall, focus and workforce group and budget community meetings scheduled this summer, as well as solid waste automation community meetings that have been held throughout the year. Breakfast meetings with the Mayor will be kicked off this August. Input from outreach meetings and various sources of engagement will ensure citizen input into the City’s Strategic Planning process and address ongoing concerns.

Put citizens first

Department Lead: City Manager’s Office

Budget:

Estimated FY 2012
\$7,800

- Institutionalize use of Citizen/Business Satisfaction Surveys
- Develop front line based Strategic Operation Plan Program

We are proposing regular forums for engaging residents and businesses to provide feedback on an organization-wide level of customer expectations and service performance. Follow through will require an appropriate level of analysis, additional engagement such as through focus group meeting, and institutionalized customer service performance ratings for improving customer satisfaction. In FY 2011, the City contracted with Cobalt Research to survey a random sample of citizens on community issues and service satisfaction levels. Those results will be instrumental to the City Commission for making decisions for allocating resources to City programs and services. While the City of Lakeland has solid performance when compared against the state, region and nation, the output from the measurement system supports development of sensible action plans for setting priorities and improvement initiatives. We are recommending a biennial survey cycle for measuring citizen satisfaction levels alternated with a biennial survey of the business community to be initiated in FY 2012.

Organization Development will continue to integrate appropriate parts of the City’s Strategic Operating Plan into each training class. Our focus will be to better communicate the City Commission’s Vision, Values, Strategic Goal areas and how employees make that connection in the services they provide. We will also use this opportunity to discuss these connections and the importance of Customer Service and putting citizens first. We will discuss how we survey our citizens, track their responses, report on a Customer Service Scorecard, and use that feedback as a measure of how well we are satisfying our customers as well as how we can continually improve.



New Initiatives: Economic Opportunity

Create a compensation plan that allows pay for performance and flexibility for unique or hard-to-recruit skill sets

Department Lead: Civil Service and Employee Relations

Budget: New item

Estimated FY 2012
\$40,000

To realize success in this initiative we will need to first communicate the goals of the plan to the Department Heads, and inform them of the general outline of the action milestones. We will also need to inform them of their responsibilities in the initiative. Specifically, and absolutely essential in this endeavor, is that the Department Heads (and their management staff) understand the goals of this initiative; they also need to understand the difference between this type of compensation plan and our historical “pay for presence” plan.

Once that is established, we will need to validate and possibly update our compensation plan for our various positions against market values; we can do this either through an external consultant-led salary survey or possibly through a salary survey conducted from within the NeoGov Community. We should try the latter first to see if the data is available. We will need to establish a few organizational compensation philosophies; i.e. do we wish to pay below, at, or above market for our employees? And secondly, what is our organizational tolerance for:

1. supervisor/subordinate compression,
2. dual career pathing,
3. compensating hard to recruit skill-sets when the market level create compensation compression/conflict.

We will need to create a list of position titles for which the established compensation ranges make it difficult to recruit or retain quality candidates. Those positions should be placed into broad bands instead of the standard step ranges. We will need to assess the incumbents in those positions to see if we are compensating them at market value. We should identify the potential funds that can be utilized for performance based compensation increases, and concurrently identify the employees in the top 10 – 15 percentile of performance. At this juncture, we will need to decide whether we intend to provide base salary increases or one time bonuses as our means of compensation increases.

Next, we will need to identify those employees for whom we plan a compensation increase based on their “top tier” performance, (output, attitude, productivity, efficiency, organizational support, commitment to excellence, etc.). We should make the change and do so in a manner in which other employees are informed of the rationale behind the decisions.

Lastly, we’ll need to review the performance and employee engagement scores for the employees receiving compensation adjustments to ensure our intentions were realized.



New Initiatives: Economic Opportunity

Recruit high quality, diverse lifestyle and lodging businesses

Lead Agency: Lakeland Economic Development Council (LEDC)

Support Departments: Community Development, LCRA, TLC, Lakeland Linder Airport

Budget:

Estimated FY 2012
0

- Collaboration with businesses is essential to local economic development and this action item is in response to several newly established high-tech/high-wage businesses that are looking for a greater number and diversity of high quality restaurant, lifestyle and lodging establishments within the Lakeland area. While the LEDC typically takes the lead in recruitment of individual businesses, Community Development and other City departments (including the LCRA, TLC, P&R, and Lakeland Linder Airport) play active supporting roles. These activities are also conducted in collaboration with private and institutional entities such as the Chamber of Commerce as well as the hospitality management professionals from USF, Florida Southern and Southeastern.
- In addition to showcasing many of the City's physical and cultural amenities, City support for this initiative is provided in the form of economic incentives in the Core Improvement Area, including Impact Fee exemptions and administration of the Enterprise Zone among others, along with facilitation through the plan review and permitting process when needed.

Assess and foster engagement of municipal workforce

Department Lead: City Manager's Office - Organization Development

Budget:

Estimated FY 2012
\$2,500

The coming year we plan to assess the level of workforce engagement by surveying our employees. During these challenging economic times the city has reduced its work force, asking employees to do more, with increasing healthcare costs, no raises for general employees, and with decisions employees will have to make in the near future in reduced pension benefits. All of these conditions together make it more difficult to keep employees satisfied and focused on providing superior services to our citizens/customers. As we gather and analyze the survey feedback we will use that information to develop a plan which will address those issues that are upper most in the minds of our employees. We will work at changing those things we can, being clear on those we cannot change, and work with employees to make improvements which will foster an engaged workforce.



New Initiatives: Fiscal Management

Lakeland Electric base rate case

Lead Department: Lakeland Electric

Support Departments: Finance, Technical Support

Budget: \$150K for 2011

Estimated FY 2012
Under development

The update to the Electric Cost-of-Service and Rate Design Study is necessary to address issues associated with updating the analysis completed by Burns & McDonnell in 2009 and 2010 incorporating continued increases to system costs and development of rates designed to incorporate costs of providing service to various customer classes of Lakeland Electric (LE). The study will include consideration of adequate reserves for operating needs as defined by the Finance Department and will not include an adjustment to revenue requirements made to target an increase in Operating Reserves beyond reserves in place on October 1, 2010. The study is to be prepared to have a life of approximately three years and will include a five year forecast. Burns & McDonnell previously prepared a rate study with the results proposed for a trial date in early 2010. Because Lakeland Electric's revenues were higher than expected due to weather effects, the proceeding was cancelled. As base rates are not reliably set on single year weather anomalies, a new rates study proceeding has become necessary in 2011.

Accordingly, LE Senior management established the Rate Proceeding Steering Committee (RPSC) to manage the new study and rates proceeding and has secured the services of Burns & McDonnell to update base cost analysis; completion of cost allocations and cost of service analysis; rate design recommendation including time of use pricing and numbers of hours in on-peak period; power factor incentive and pricing; recommendations of utility rates that are based on a cost-of-service approach; and presentations of study results and recommendations to Lakeland Electric, the RPSC, Utility Committee and City Commission, and industrial customers and the general public.

Presently Burns & McDonnell is in the process of data collection and preliminary data analysis for this study and they are waiting to receive LE's estimated capital projects costs for each fiscal year for the next 3 years to complete their preliminary analysis. Presently Burns & McDonnell is in the process of data collection and preliminary data analysis for this study and they are waiting to receive LE's estimated capital projects costs for each fiscal year for the next three years to complete their preliminary analysis.

New Initiatives: Growth Management

Pursue strategic annexation for economic initiatives and jobs

Lead Department: Community Development

Budget:

Estimated FY 2012
\$1,000

- After several successful large-scale referendums in 2000-2002 the City's population swelled by almost 10,000 residents. Since that time, the annexing of residential areas has slowed in favor of a more strategic process focused on business industries and targeted geographic areas that allow for consolidation of the city limit boundaries and a more efficient delivery of city services.
- With a focus on fiscal responsibility and consolidation, current annexation initiatives are targeting areas adjacent to Lakeland's municipal boundaries that already receive City utility services and create little or no negative impacts to existing levels of services. The end result of this strategic approach has been a relatively small increase in acreage within the city limits, yet with significant increases in taxable value and jobs.

New Initiatives: Governance

Live our core values from top to bottom

Department Lead: City Manager's Office - Organization Development

Budget:

Estimated FY 2012
0

Training will continue to target our “core values” as part of the training classes we provide. We plan to reinforce our focus on core values by highlighting our VIP (Values in Progress) recognition program. We will use this opportunity to promote our new Recognition and Rewards program to promote our core values. This major push will be aimed at all employees becoming more aware of our values and at putting their awareness into positive actions. We will continue to track and report the number of VIP awards presented on a quarterly basis.

