

**INSTITUTE FOR SENIOR PROFESSIONALS of
NORTHWEST FLORIDA STATE COLLEGE**

**CITY OF DEFUNIAK SPRINGS
REVIEW OF OPPORTUNITIES AND NEEDS**

June 17, 2014

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INTRODUCTION

Project Origin and Objective

The Institute for Senior Professionals (ISP), sponsored by the Northwest Florida State College, was contacted by the Mayor of the City of DeFuniak Springs, Florida who asked ISP to “evaluate the strengths and weaknesses existing within our operations and structure, then follow up with recommendations.” See Appendix A for the request letter. This assessment is structured to respond to the Mayor’s request.

Approach

The ISP team’s first step was to get a “fresh look at the City” by conducting personal interviews with the five Councilmen, Mayor, City Manager, City department heads, and business and community leaders. Through these confidential interviews we learned about DeFuniak Springs’ history, its strengths and weaknesses, and opportunities for development and improvement. We also gained an understanding of why people want to live in the City and their aspirations for its future.

Next, the team reviewed pertinent data from the City’s website, County and State websites, newspaper articles, and previous public record reports concerning the City. We summarized the information from the interviews and the data review and developed a consolidated picture of the interviewees’ vision for the City and its values. We also developed overviews of DeFuniak Springs’ strengths, weaknesses, opportunities and threats using the majority opinions of the interviewees and our analysis.

The team planned to conduct a workshop with city residents and elected officials to explore opportunities for improvement and identify steps to implement the opportunities. Unfortunately, the workshop was cancelled because the planned format was not consistent with the Florida Sunshine Law. See Appendix B for more explanation.

With the consent of the elected officials, the ISP team prepared this report. We believe it accurately reflects the strengths, weaknesses, opportunities and threats faced by DeFuniak Springs. It also presents a set of imperative action steps that will help the City realize its aspirations.

Team

This project was conducted by ISP project team members Michael Flynt, Jim Marasia, Randy Powers, and Wayne Smith.

EXECUTIVE SUMMARY

DeFuniak Springs, not unlike other small cities, must meet its current challenges with limited funds while managing its aspirations for the future. There are valuable assets like city utilities that must be protected and transportation related opportunities that can be captured.

While the City has been successful in balancing its budget and attracting new businesses, there is much more to be done. To tackle the tasks ahead, the City must strengthen its human, systems, and financial resources and take a prioritized approach to employing those resources.

This report lays out a systematic approach for the City to meet its needs and realize its vision. The imperative action steps are summarized below.

Immediate Tasks

- Protect and extend the city furnished utilities: natural gas, water and sewer
 - As the City's "cash generators" they fund the majority of the budget
- Strengthen the City's planning, management and financial resources
 - Conduct an independent operational audit with focus on operating efficiencies, effective grant writing, planning capability, support for economic development, and standardized project evaluation
 - Conduct a financial review to clarify the City's financial picture and develop a funding plan for the next 5 to 10 years. Focus on finding all the available sources of funding and expense reductions available to the City
- Improve communication between the City and its citizens on city plans and needed improvements
 - Consider town hall meetings, public workshops, and local media offerings

Near – Term Tasks

- The focus of the near - term tasks needs to be job creation
 - Form a joint council of City staff, business leaders and representatives from the Walton County EDA and Chamber of Commerce to create a business development master plan for the City
 - The Economic Development Tourism Committee could be tasked to lead this effort
 - Leverage the widening of highway U.S. 331 by attracting new businesses with a controlled growth plan

- Continue upgrading the airport according to the 2011 Airport Master Plan
 - The City should take a “pay as you go” approach to assure that investments create value for the city

Longer – Term Tasks

- Leverage the City’s history and heritage
 - Determine the potential for invigorating the historic district and revitalizing downtown
 - If justified, develop a master plan for redevelopment
- Determine the feasibility of developing a retirement community.
 - Consider the combination of a retirement community in the redevelopment of the historic district
- Meet other infrastructure needs, especially a new building for the police department and addressing the lack of space in City Hall
- Consider friendly annexation to increase city revenue while providing a larger population attractive to new businesses

VISION AND VALUES

Vision

The following vision statement is a compilation of how interviewees described what DeFuniak Springs ought to be in the future.

- Grow to attract business and provide good jobs
- Become the “Community for a Lifetime”
 - Good jobs that give local kids a chance for an in – town career
 - Education, entertainment and personal enrichment options to keep citizens engaged with the community
 - Attractive community opportunities for senior citizens, including a senior housing development
 - Good health care for all ages, young and old
- Preserve and promote the City’s rich heritage
 - Enhanced historic district
 - Revitalized downtown
 - City’s history touted
 - Baby Boomer generation target marketed
- Sustain family values and the high quality of life
- Maintain a safe environment with good policing and firefighting services
- Have a vibrant airport; a preferred private jet destination
- Have an effective and efficient city government

Values

Interviewees described the following core values that drive how life should be lived in DeFuniak Springs.

- Family oriented, small town quality of life
- Business friendly
- Senior friendly
- Transparent, honest government

COMMUNITY ASPIRATIONS

This section presents the collective aspirations for DeFuniak Springs expressed by City officials and residents. The interviewees did not rank them. Only the views of the majority of interviewees are presented to represent what we believe are shared community aspirations.

Economic opportunity. Virtually every person interviewed recognized that the population of DeFuniak Springs has not increased significantly since 1960. The share of Walton County population living in DeFuniak Springs has dropped from 17.44% in 1991 to 8.95% in 2008¹. Essentially, because it is not growing, DeFuniak Springs is falling behind the rest of the county. Our interviewees consistently indicated that the lack of career opportunities drives away most young people to find careers elsewhere. In DeFuniak Springs the per capita household income is about \$9,000 less than the state and nation².

The income and population facts are recognized by the community. There is strong recognition that a better workforce is needed to make DeFuniak Springs attractive to potential businesses that could add quality jobs and provide good careers for the residents. There are workforce development opportunities at the Walton County Career Development Center and Northwest Florida State Colleges Vocational Certificate programs.

The community aspiration is to have a well - trained workforce working in solid, well - paying careers.

Maintain our community. The people living in DeFuniak Springs do so by choice. The population is level and aging. Those who do not appreciate the small town “Mayberry” aspect of it appear to move away early in life leaving an aging population. Yet the common theme expressed by interviewees was the desire to live in this community of shared values. DeFuniak Springs is generally a community of faith with Protestant denominations most abundant. There are good ecumenical relations among the various denominations. This outlook on life is understood and comforting to most. In this context, rapid population growth of new people who may not share these values might be felt to be a threat.

The community aspiration is for a “feel - good” community of shared faith and values, and appreciation for the safety of good community policing and fire protection.

¹ City of DeFuniak Springs 2025 Comprehensive Plan Data and Analysis, October 2010 Table 1-1a.

² 2010 Household Income Statistics for DeFuniak Springs, FL, CLRSearch.com, CLR Choice, Inc. 2010. City of DeFuniak Springs ISP Project Report, 17 JUNE 2014

Amenities. A large number of interviewees said the most desired amenity was an additional one or two good restaurants. Some national chains were mentioned, but in general, long - time residents longed for more variety in quality places to dine. Some noted that the intersection of a widened U.S. 331 and I - 10 would be a most likely place for a quality restaurant to locate. There the business would have both a local and a visitor clientele on a heavily traveled highway.

Many interviewees indicated that “something to do” is needed in DeFuniak Springs. Several noted that there are sports activities for youth and an active senior center for retirees, but very little for those in between. Once the youth reach driving age they go south, west and east for recreation, dining, shopping and entertainment. We heard of the lack of adult recreation activities like bowling, and the lack of entertainment such as a first run movie theater. Several people suggested that the place for good restaurants, recreation, and entertainment is in a rejuvenated historic district, particularly north of Baldwin Avenue.

The community aspiration is for more things to do for everyone, and more good places for everyone to enjoy quality dining.

Good health and dental care. Convenient access to good medical and dental care is important to everyone, including residents of DeFuniak Springs. The establishment of a dental school in the old Micro - Spine facility will provide low - cost treatment by students for many in the City. Many of those interviewed said the City lacks good healthcare services. Some said that local services are often bypassed to use services at Sacred Heart Hospital of the Emerald Coast and the North Okaloosa Medical Center in Crestview. They report that local services suffer from a bad reputation earned by previous facilities. Nonetheless, the general opinion is that better services are needed.

The community aspiration is for convenient access to quality medical and dental services for all age groups.

Continued pro – business city council. Many of those interviewed said they appreciate and encourage City Council actions to draw new businesses to the City. This is consistent with the aspiration for economic development to bring in more businesses and better jobs. The City Council has changed ordinances and waived impact and water hook-up fees to encourage commercial and residential development. Operation of the enterprise zone and potential development of an industrial park next to the airport are examples of the positive actions that our interviewees disclosed.

The community aspiration is for the City Council to continue taking positive steps to encourage economic development in the City.

CITY OVERVIEW

City Profile

The City of DeFuniak Springs was founded by officers of the Pensacola and Atlantic Railroad in the late 19th century, and was incorporated in 1901. It is the County Seat for Walton County, Florida. DeFuniak Springs has a population of 5,341 with virtually no change in 54 years. The median age is 40.2 years, the median income is \$19,451, and the per capita income is \$14,464. In 2000, 18.4% of families in DeFuniak Springs were below the poverty level compared with just 11.6% for all of Walton County³. The population is 71% white, 20% black and 9% mixed or others⁴.

The City Council has five voting members and a non - voting Mayor. The Mayor can only vote to break a City Council tie. The City staff is led by a City Manager. The business of the City is carried out by department heads including an elected City Marshall who is the Chief of Police and a Fire Chief who serves both the City and Walton County Fire Departments. The Public Works Department is responsible for water and sanitary sewer utilities, the natural gas utility, solid waste collection, and roads.

City Performance

Customer services. City Hall is an institution in DeFuniak Springs. City utility customers preserve the ritual of visiting City Hall to pay utility bills when they could pay by mail or on - line. We heard no complaints about their treatment, and in fact we heard sincere compliments about their dealings with City Hall. Similarly, we heard nothing but compliments for the City's Fire and Police Departments. Those interviewed expressed high confidence in utility services and public safety, that may, in part, be due a strong presence of police officers. There are 3.81 officers per 1,000 residents compared to a Florida average of 2.46. However, in 2012 DeFuniak Springs' overall crime rate was 508.1 per 100,000 population against an average of 297.7 in the U.S⁵.

Utilities. DeFuniak Springs provides four utility services to the general satisfaction of users: natural gas, water, sewer and sanitation. CH2M Hill is contracted to operate water and sewer systems. The City, by ordinance, increases the water rate by a

³ City of DeFuniak Springs 2025 Comprehensive Plan Data and Analysis, Table 1-1c, October 2010.

⁴ US Census Bureau, Found at: <http://quickfacts.census.gov/qfd/states/12/1216800.html>.

⁵ Crime in DeFuniak Springs, Florida, Sperlings Best Places to Live and Retire, 2013, found at www.city-data.com/city/De-Funiak-Springs-Florida.html

minimum of 4.3% each year. Water and sewer customers outside city limits pay a surcharge of 25% on their water bills. The annual rate increase and non-resident surcharge help fund the renewal of an aging infrastructure. While the temporary moratorium on impact fees helped recruit new businesses, the reduced revenue makes necessary infrastructure renewal more of a challenge. In February 2014, the Northwest Florida Water Management District approved \$473,750 in grant funding to replace about five miles of asbestos cement piping and 30 fire hydrants⁶. Natural gas is purchased directly from a pipeline supplier and distributed by the City. Even though the closing of the Perdue chicken processing plant resulted in unsold gas capacity, the enterprise fund is still profitable.

The effective and efficient maintenance of utilities is important because utilities generate the majority of city revenues.

Fiscal performance. The City's current budget of \$24.5 million consists of the general fund and the four enterprise funds. General fund services include City Hall operations, police and fire protection, roads, the airport, culture and recreation services, and debt service. There are separate enterprise funds for water, sewer, natural gas, and sanitation.

The FY 2013-2014 budget is the first in several years to be balanced without drawing down enterprise fund reserves. Between 2007 and 2012 the average general fund deficit was \$1.32 million⁷. In the same period, issuance of debt and transfers in from the enterprise funds contributed an average of \$1.33 million to balance the budget. See Appendix C. The decline of the fund balances has reduced the City's financial buffer against unexpected major expenses. This situation was acknowledged in every interview where the topic was raised and all agreed that fund balances need to be strengthened.

There should also be concern about the City's spending levels and, therefore, how efficiently services are delivered. As shown in Appendix D, DeFuniak Springs will spend \$833 more per citizen in fiscal year 2014 than Marianna even though Marianna has 3,600 more residents. Both cities provide similar services, including having a municipal airport. The City's spending per citizen gap with Crestview is \$3,163 even though Crestview has four times the number of citizens. While Crestview does not provide sanitation services or own the airport, the gap is still sizable.

⁶ NFWFMD Press Release, NFWFMD Approves Nearly \$10 million in Water Supply Funding, February 13, 2014.

⁷ City of DeFuniak Springs Statements of Revenues, Expenditures and Changes in Fund Balance, years ending September 30, 2007 to 2012.

The friendly helpfulness of the Finance staff came up in a number of interviews. Their willingness to help customers is appreciated by the many residents who call on them for routine bill payments and for help with problems. However, the ISP team's review of the budget and documents focused on the City's financial operations suggest that there is room for improvement in the efficiency of financial systems and procedures.

An annual Capital Improvement Plan is a requirement of the City's 2025 Comprehensive Plan. No evidence was found that the plan is being reviewed and updated annually as called for in the Comprehensive Plan, adopted in October 2010⁸. Several capital projects are facing the City that need a clear plan with identified financing options, including water and sewer infrastructure, a new police station, fire station and equipment, and a new City Hall.

⁸ City of DeFuniak Springs Comprehensive Plan, October 2010, Chapter 8, Policy 1.2.1
City of DeFuniak Springs ISP Project Report, 17 JUNE 2014

STRENGTHS

Drawing on the views of the City's officials and citizens, this section presents an assessment of DeFuniak Springs' strengths.

Transportation hub. DeFuniak Springs is Walton County's center of highway travel with the confluence of I-10, U.S. 90 and U.S. 331. Vehicle traffic of all types passes through the city limits getting to work, delivering goods, or going to the beaches. The CSX rail service passes through town on the bed that put DeFuniak Springs on the map providing easy connection for future industry. The airport two miles west of the city - center provides access for piston and small turbine aircraft.

Attractive quality of life. Both lifetime and recent residents consistently identified DeFuniak Springs as a good place to live. It is peaceful with good people who share strong traditional values. The many historic homes in the original downtown give it a charming atmosphere; described by some as "Mayberry." There is a feeling of personal safety which is supported by the highly regarded police and fire protection.

Interviewees indicated a number of people choose to retire in DeFuniak Springs because of the quality of life. Some grew up in the City, moved away to pursue their careers, and moved back to retire. Others discovered the city mid-career and chose to stay in retirement.

Business - friendly community. Recognizing that DeFuniak Springs needs economic growth and more career type jobs, the City Council has taken several actions to attract and keep businesses. Relief from fees and easier regulations are recognized and appreciated by the business people interviewed.

The Enterprise Zone has been effectively used by business owners. City staff reported that since 1996 the DeFuniak Springs Enterprise Zone has awarded 76 incentives totaling \$1,703,435 to help dozens of businesses locate and expand.

Already attracting tourists. The historic district already draws citizens as well as visitors to events like the Chautauqua Assembly, Lake Fest, and Christmas Reflections. In the last three years snowbirds have been enticed to spend a day enjoying the City. The number of snowbirds has increased each year. The Marvel of Flight has drawn visitors to the airport.

Nearby outdoor activities are also a draw for tourists. There is freshwater fishing on the lakes north of town and on the Choctawhatchee River. Morrison Spring and other springs are favorites for scuba diving. And those who enjoy hiking and backpack camping have access to the Florida Trail south of town.

WEAKNESSES

Drawing on the views of the City's officials and citizens, this section presents an assessment of DeFuniak Springs' weaknesses.

Lack of job creation vicious cycle. Despite the success of attracting some new businesses, there is still a lack of well paying, career type jobs in the City. This sets up a vicious cycle leading to young adults seeking career opportunities elsewhere which results in fewer trained people in the workforce. Without an ample trained workforce, it is more difficult to attract those businesses that would offer career opportunities.

Interviewees indicated that the lack of recreational opportunities also influences young people to move away from the City.

Stagnant population. DeFuniak Springs' perennially small population is also a deterrent to attracting businesses that want a larger market for their goods and services. U.S. Census records show that DeFuniak Springs' population has hovered around 5,200 for more than 50 years. In 1960, the population was 5,282 and in 2010 it was 5,177. Moreover, in the 17 years between 1991 and 2008 the DeFuniak Springs portion of Walton County population dropped by almost half from 17.44% to 8.95%⁹.

Gaps in the City's capability. In order to realize its vision, the City needs capable and efficient human and systems resources. The team observed significant capability gaps, particularly in the area of planning and analysis. There are master plans for some departments and a Comprehensive Plan, but there is not an overall plan that brings all activities together in a prioritized manner that will guide City actions for the next 5 to 10 years. There is also no evidence of a use of a cost/benefit project evaluation process or the use of a Capital Improvement Plan as required in the Comprehensive Plan. These planning and analysis gaps result in an atmosphere of *ad hoc* decision making that leads to missed opportunities, to delayed implementation, to loss of valuable funds, and to a focus on the wrong priorities.

It is also the ISP team's observation that the City does not have sufficient resources to meet its challenges. The City does not have a full – time planning director on staff, as was the case in the past, to fill the planning gaps described above. Economic development projects, marketing and promotion, and research and analysis require staff support.

⁹ City of DeFuniak Springs 2025 Comprehensive Plan Data and Analysis, Table 1-1a, October 2010.
City of DeFuniak Springs ISP Project Report, 17 JUNE 2014

Lack of city outreach. Interviewees comment that city government does not communicate well with residents. Citizens can leave comments and ask questions on the City web site, but there appears to be a lack of proactive outreach. Citizens are not contacted for input on proposed projects or to express their needs. Nor is there an effort to ensure that all segments of the community are asked for their participation.

Perceived limited access to good healthcare. The availability of good local healthcare is critically important to most Americans, especially the elderly. Whether deserved or not, the main healthcare provider in the City does not carry a good reputation.

The perceived lack of good health care is a deterrent to recruiting new businesses and attracting the development of retirement housing.

OPPORTUNITIES

This section presents a list of the most promising opportunities for DeFuniak Springs compiled from interviewee suggestions and ISP's analysis.

Utility expansion. The enterprise fund utilities are the backbone of the budget. The City has already extended services, in its service area, beyond city limits. Further extension of water, sewer, and natural gas to new customers in the service area would help balance the budget without requiring expansion of other expensive city services. Appendix H of the City's 2008 Water Master Plan concluded that extension of water service appeared worthy of further consideration and more detailed analysis.

Leveraging U.S. 331 widening. Most recent commercial development has been along U.S. 331. The widening of U.S. 331 is expected to increase traffic volume and offer further opportunities for retail and service businesses. The necessary relocation of utilities with interest free money and the presence of large tracts of undeveloped land south of the I-10 intersection make this area attractive for economic development.

Airport expansion and industrial park development. The DeFuniak Springs Airport has served local airplane owners well with reasonably priced services and aviation fuel. In recent years, the City has been following the 2011 Airport Master Plan making near – term improvements, including the construction of covered hanger space which will significantly increase hanger rentals. The City plans to lengthen the 09/27 runway to 5,000 feet which will permit operation of larger business jet aircraft.

The Master Plan also includes space for commercial development next to the airport outlining the conversion of land used for recreation to industrial development. An earlier city plan included the relocation of a recreational area from the airport to another city location, which could be pursued as part of the Master Plan.

Annexation. DeFuniak Springs has successfully annexed adjacent land bringing better services to more people. Reportedly there are pockets of population to the north and west of the City that offer the opportunity for friendly annexation. Expanding the city footprint would enlarge the tax base and the increased population would be more attractive to potential businesses.

Downtown historic district development. The downtown area and Circle Drive around Lake DeFuniak appear to be close to the hearts of most all interviewees. Reinvigoration of this valuable resource has been desired for a long time and is still supported. People envision a charming Southern town with good restaurants, unique

retail opportunities, interesting places to stay and more entertainment events. It would be the quiet counter weight to the expansion along U.S. 331 if the right redevelopment plan can be found.

Retirement community. The population of the United States is graying, generating more demand for senior friendly residential developments. Seniors typically make small demands on city services. The major development of a high - end senior friendly community in south Bay and Walton Counties by the St Joe Company highlights the market for such developments in the area.

De Funiak Springs could offer a more affordable alternative for this growing market. The City has a low cost of living, a charming historic district, abundant vacant land suitable for development, and has already attracted the attention of snowbirds. The widening of U.S. 331 will provide safer and quicker access to the beaches in the southern part of the County.

Available undeveloped land. There is plenty of undeveloped land in and near DeFuniak Springs. In 2009, the 2025 Comprehensive Plan Data and Analysis showed that almost 45% of the land within the city limits was vacant or undeveloped.¹⁰ The 2010 Existing Land Use Map shows that the largest portion of available land is south of the intersection of U.S. 331 and I-10¹¹.

The City owns a sizeable amount of land that can be used for development or sold to raise capital. Appendix E presents a list of the 47.735 acres of city owned vacant or unused parcels.

¹⁰ City of DeFuniak Springs 2025 Comprehensive Plan Data and Analysis, Table 1-2, October 2010.

¹¹ City of DeFuniak Springs 2025 Comprehensive Plan Data and Analysis, Map 1, Existing Land Use Map, October 2010.

THREATS

Drawing on the input of the City's officials and citizens, this section presents an assessment of threats that might keep the community from realizing its aspirations.

Limited financial resources. The City has produced the current budget without drawing down enterprise fund reserves which was necessary in recent years. While it is commendable to have a balanced budget, the City still faces significant financial obligations. In addition to servicing significant current water and sewer debt, portions of the aging utility infrastructure needs to be upgraded and new capacity added. Treatment plant capacity is being reached and significant growth will require the building of another plant. The Police and Fire Departments have pressing capital needs for buildings and vehicles, City Hall has space limitations; and the Airport Master Plan requires City funding. Also, as indicated earlier, there are questions concerning the City's expense levels given its per capita spending versus nearby communities.

Recently received grants are helping to offset some of these costs, but in order to fulfill its aspirations the City will need additional funding. The ad valorem tax base is limited and with relatively low values the property tax contribution is a small portion of the budget. There always is resistance to raising taxes, but particularly so if DeFuniak Springs is spending more per citizen than its neighbors.

Grant money is available from state and federal sources, but the City does not have a grant writer on its staff. Interviewees reported that the contract grant writer the City uses has not delivered significant results.

Resistance to change. Interviewees commented that "nothing changes in DeFuniak Springs." Reportedly, there are a lot of ideas discussed and even a desire to make changes, but there is no follow through on actions needed for implementation. Some commented that the resistance of key owners to make necessary investments stalled the improvement plans for downtown.

In 1995 the City pulled together to develop the Enterprise Zone Strategic Plan. Small group workshops were used to set Economic Goals, Quality of Life Goals, and Civic Pride Goals for making major improvements. Community members and city government made written commitments to specific actions and timetables. While the effort resulted in the establishment of the Enterprise Zone, there is no evidence that all the improvement projects were carried out. Nonetheless, it is a hopeful sign that all parts of the City were able to work together.

Competition. Nearby communities, such as Crestview and Freeport, compete for new development and business. Crestview once the “second city” to DeFuniak Springs is now four times larger and has been able to redevelop its downtown. Freeport is positioned to capture “spill over growth” from south Walton County and the U.S. 331 widening offers Freeport increased opportunities.

IMPERATIVES

While the citizens of DeFuniak Springs enjoy a high quality of life that comes from living in a small town atmosphere within a city that provides good services, they have aspirations to further develop that strong base. They desire a stronger economy that will produce good jobs, providing greater opportunities for younger people to remain in town and raise their families. They would like to see the City's rich heritage preserved and the downtown area revitalized. City leaders see economic opportunity from expanding the airport, leveraging the widening of U.S. 331, and recruiting additional businesses. Realizing these aspirations will lead to a better life for all citizens.

To make these aspirations a reality takes planning, funding, and community/government cooperation. It also means creating infrastructure that will attract and support economic development, building a strong financial base to fund on-going development, and having the capability to manage the process. The following imperatives present the initial steps toward bringing these aspirations to life.

City Furnished Utilities: Protect Them and Extend Them

Utilities provided by DeFuniak Springs and the Utility Service Tax are the City's major source of revenues and generate funds to help cover other City expenses. Given their importance, the protection and expansion of utilities should have top priority.

The first focus is to maintain and upgrade these valuable assets by making necessary repairs, replacements, and additions to capacity. The Water Master Plan indicated that with the recommended improvements the system should be able to meet future growth needs. The Sewer Master Plan recommends improvements to keep the current system functional and states that the limitation to future growth is treatment capacity; another treatment plant location is suggested to provide the additional capacity. The City is well aware of these challenges and the cost to meet them. Recently, funding has been received to replace aging lines. The widening of U.S. 331 will require the relocation of current lines and DOT will offer some financial relief to the cost of the relocation.

DeFuniak Springs has successfully extended utilities beyond the city limits. There is opportunity to continue this expansion. It is recommended that the City aggressively pursue extending the reach of its utilities. In addition to increasing the major source of income, the expansion will bring improved service to nearby communities and provide the infrastructure for business development. An aggressive expansion plan will also prevent other providers from capturing potential business.

The Water and Sewer Master Plans should be updated with progress made since the plans were written and adjusted for projected usage over the next 5 to 10 years. The continual supply of economical natural gas should be validated and the cost of extending the distribution system estimated. It would be helpful to compile a combined picture of upgrading and extending all utilities as a package. The current Sewer and Water Master Plans indicate that about \$6 million dollars - worth of maintenance and upgrade are needed. Work has been done since the Master Plans were written and while some funding has been identified, the City should nonetheless intensify its efforts to secure available funding.

The city needs to establish a plan to increase the sales of natural gas. The March 3, 2014 edition of Northwest Florida Daily News quoted the City Manager as saying that before the Perdue chicken processing plant closed in 2004, Perdue was paying \$20,000/month for natural gas. The Council has recognized that one possible project is the use of compressed natural gas as a transportation fuel. This could be a solution to the problem if contracts for customers can be developed.

Strengthen the City's Planning, Management, and Financial Resources

DeFuniak Springs should be commended for achieving a balanced budget. The current budget is the first one in some time where reserves have not been used to make up for income short falls. The City has also achieved a business friendly reputation; accomplished in part by reducing or eliminating impact and tap fees. In the recent recessionary environment a conservative budgeting approach was necessary, but the tradeoff was the loss of staff capability by eliminating positions and the inability to increase the funds available for utility infrastructure improvements.

In order to meet its current infrastructure needs and to accomplish its vision for future development the City must have adequate human capital, systems, and financial resources. This means the resource and financial situation must change.

First, conduct an operational audit by an independent third party to determine the ability of the City's organization structure, staffing levels, skills, procedures, and management systems to meet current and future needs. The audit will identify necessary improvements, but it should be sure to address the need for:

- Better operating efficiencies
- Aggressive and effective grant writing capability
 - Consider in – house capability

- Planning capability
 - Could reinstate planning position and add responsibility for grant writing
- Staff support for economic development
- Standardized project evaluation and approval process
 - See Appendix F for additional information

The operational audit should also evaluate the most cost effective way to deliver services to the City's citizens and its customers outside of the city limits. Consideration should be given to providing services by city employees, by the County or by hired contractors. In particular, explore with the County the best way to provide and fund fire protection.

Second conduct a financial review (which is different than a financial audit) to get a clear picture of the City's current financial situation and to develop a funding plan that will cover the planned expenditures for the next 5 to 10 years. The 2010 Comprehensive Plan, which provides projections of population, revenue and capital expenditures, is a place to start. But it needs to be updated with actions since 2010 and the requirements of the development plans the City wishes to undertake.

Given just the demands of water and sewer infrastructure there is need for additional available income. The City should consider all means for securing the needed funds, including:

- When providing fee relief as an economic development incentive ensure that there is adequate contribution to funds needed to maintain utility systems
- Implement expense reductions identified by the recommended operational audit
- Aggressively explore funding sources from state agencies and entities
 - See Appendix G for a listing of potential sources
- Sell excess city owned land

Another approach for increasing revenue is to pursue friendly annexation of surrounding communities. The City has done this successfully in the past and reportedly, there are good annexation opportunities to the north and the west. In addition to increasing tax revenues, annexation would provide other benefits, including a larger population that is attractive to new businesses and a larger, trainable talent pool. Utility expansion to adjacent communities would also help pave the way for annexation. Given the long timeline needed for the careful preparation and execution of friendly annexation, it is recommended that finding other alternative funding approaches be given higher priority.

Create Jobs

The creation of good jobs is the mutual desire of the City's elected officials, its employees, and its citizens. Job creation is a multi – faceted effort to attract and encourage the establishment of businesses that will do local hiring. There needs to be sufficient demand for goods and services, available space and building sites, supporting infrastructure, an available trained workforce, economic incentives, and a marketing effort to attract attention. DeFuniak Springs already has some of these things, such as available space and sites, enterprise zone designation, a business friendly approach that provides incentives, and some supporting infrastructure. Other requirements need to be developed.

A first step is to have a unified approach that is supported by city government, businesses, and citizens. Create an economic development council that brings all these parties together to oversee the planning and execution of economic development. There may be existing organizations, such as the Economic Development Tourism Committee, that could fill this role. At a minimum there needs to be representation from:

- City staff responsible for planning and development
- DeFuniak Springs Business and Professional Association
- Walton County EDA
- The Walton Area Chamber of Commerce

The council should be charged with creating a business development master plan for the City which:

- Determines what kind of businesses the City wants
- Lists the City's economic development advantages and describes the competitive advantage "hook" that will cause businesses to select DeFuniak Springs
- Identifies infrastructure needs and workforce skill requirements
- Identifies regulatory and legislative changes needed to spur economic development
- Determines funding and timing requirements
- Creates a marketing plan

In particular, the plan needs to address the lack of a trained workforce. Employers want to locate where potential employees have the basic skills needed to perform on the job. The City should work with organizations that provide certified job skills.

Second, undertake two high priority projects that will spur economic development. The first high priority project is to **leverage the widening of highway U.S. 331.** DeFuniak Springs has been successful in attracting businesses along the U.S. 331 corridor. With four lanes all the way to U.S. 98 and with four lanes to the

Alabama line usage of the highway will likely increase. There is considerable available land within city limits south of I-10 that is adjacent to the highway

This is right time to develop a plan for controlled growth along U.S. 331. The initial focus should be development opportunities around the I-10 interchange and the properties south of I-10. The development plan should reach beyond city limits and be coordinated with the plan to extend utilities down U.S. 331. In addition to a plan for controlled growth, some attention should be given to developing a desired appearance along what will now be the main corridor through the city. Opportunities for friendly annexation could also be explored at this time.

The second high priority project is to **continue upgrading the airport**. The City has already begun the implementation of the near – term projects (2011 – 2016) outlined in the 2011 Airport Master Plan update. The City should continue to do so assuming that funding can be obtained. These improvements include increased tie – down capacity, improved fueling operations, better access, adding a turf surface to runway 18/36, and installing weather and flight aides.

Near – term projects also include T – hanger construction which should continue if the high demand for covered parking space is verified. The payback period on the City's portion of the investment is an attractive 2.0 to 2.5 years.

During the course of conducting this project, several interviewees expressed the desire to extend the 9/27 runway to 5,000 feet which would permit more turbine aircraft to use the airport. At 5,000 feet DeFuniak Springs would have a runway equal in length to the airport in Destin, longer than the Florala runway, but 3000 feet shorter than Crestview's runway.

At the time the Master Plan was prepared, URS Corporation (the authors of the plan) could not justify the runway extension and recommended that build out plans be demand driven. It is recommended that the City follow the advice in the Master Plan and verify demand before proceeding with the extension. The Master Plan contains a six step plan for extending runway 9/27. A logical step for the City is to do Step 1 – Project Justification

Third, undertake two other projects which will help spur economic development and create jobs. The first project is to **leverage the City's history and heritage**. Several successful events are held each year in the historic district. There is wide spread support among citizens and the city administration to build on this success and

further develop the historic and downtown areas. Form a joint taskforce of City administration and local business and tourism representatives to determine the feasibility of invigorating the historic district and revitalizing downtown. This taskforce should take the following steps:

- Hire a qualified consultant to evaluate the potential for revitalization and recommend next steps
- If potential is justified, develop a master plan for redevelopment
- Consider creating a Community Redevelopment Agency and tapping into the state Main Street Program which have been used successfully to redevelop other downtown areas

In addition, the City should consider whether it would make sense to become part of the Walton County Tourist Development Council (TDC). Inclusion in the TDC would enable the taxation of tourist lodging expense creating a fund to market tourism for the City. If the Mayor and Councilmen agree that the City has tourist attractions to promote, they need to lobby the County Commissioners to extend the authority of the TDC to all of the County.

The second project is to **determine the feasibility of developing a retirement community**. Current senior housing is near capacity and the snowbirds have shown some affinity toward the City. The demand for economical retirement housing keeps growing and retirees still are attracted to a warm climate near the beach, but many may not be able to find affordable housing in the southern part of the County. With the widening of U.S. 331 seniors would have a less stressful drive to the beaches.

The City should conduct a feasibility study to determine the potential of establishing a senior oriented, multi-purpose community in DeFuniak Springs. The study should:

- Develop a concept of the type of senior community that has the best chance of success
- Identify the segment of the senior market that would be attracted to the community
- Quantify the level of demand
- Determine infrastructure needs, including the need for quality health care
- Draw on the State of Florida resources for “Communities for a Lifetime”

Introduce the retirement community concept into the historic district/downtown revitalization plan. Seniors look for an inviting, walkable environment with interesting activities. DeFuniak Springs’ pleasant outdoor atmosphere with the lake and rich history might be a good combination. Consider conducting both studies together if the concept has appeal.

Meet Other Infrastructure Needs

As with any other city or township, DeFuniak Springs has ongoing needs to replace aging equipment, modernize systems, and remodel space. Most needs are handled by department heads submitting their requests during the annual budget process. In general, the department heads report that this approach works and their needs are met.

There are two major infrastructure needs that require the City's attention and should be integrated into other plans for development. The most pressing is a new police station. The City Marshal/Police Department has outgrown its current inefficient quarters which were not designed for police operations. The department has been living with this situation for some time. To maintain public safety as one of the City's strengths, the department needs to relocate to accommodations that have the needed space and can be designed for efficient operations.

The second infrastructure need is for a more functional City Hall. While the building is considered to be a sound structure, it does not have the space to accommodate all of city operations and does not provide sufficient meeting space. Council Chambers are small limiting seating for citizens attending meetings. Our team members witnessed attendees at routine meetings having to participate from the foyer outside Council Chambers. We have also read media accounts of Council meetings being held in the Civic Center when large crowds were expected. Several interviewees report that its location at a busy corner and on a hill makes access difficult, particularly for senior citizens. And apparently the property is attractive to commercial businesses. The City should include the relocation of City Hall into its capital planning.

Relocation of both the Marshal/Police Department and City Hall should be integrated into other development plans, especially planning for the historic district/downtown and the controlled growth along U.S. 331.

Promote Government and Citizen Agreement on City Direction

Several interviewees expressed the desire for greater communication with city officials. Not only to learn about future plans and the status of projects, but to have more opportunities to provide their input. Take a multi – pronged approach to improving communication.

First, establish more on - going communication channels, such as holding scheduled town hall meetings to update citizens and to listen to their needs.

Second, hold government/citizen workshops to address specific opportunities and needed improvements. This participative approach permits citizens to ask questions, provide input, and help develop suggestions.

Third, update the community on city plans and their progress using local media.

WRAP UP

The ISP team would like to thank the DeFuniak Springs elected officials, staff, and citizens for their time and contributions to this report. We also appreciate input from non – residents active in city life. There is a lot to do and the team recognizes that the City is addressing some important tasks, but it has limited means to tackle all needs. We think it is important to follow the prioritized list laid out in the Executive Summary to make the best use of available resources.

We believe that protecting and extending utility services is top priority because of the enterprise funds' importance to city revenue. Next we think the City needs to get its own house in order. Building staff strength and increasing effectiveness and efficiency will give the City the capability it needs to tackle other priorities and eventually realize its vision.

We appreciated the opportunity to be of service to DeFuniak Springs. ISP members may be available through the normal request process if there are additional contributions we could make to help the City achieve its goals.

APPENDICES

- A. ISP Request Letter
- B. Proposed Workshop
- C. Changes in General Fund Balances
- D. Neighboring City Comparison
- E. City Owned Vacant Property
- F. Project Evaluation Process
- G. State of Florida Funding Sources

City of DeFuniak Springs

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Post Office Box 685
DeFuniak Springs, FL 32435



APPENDIX A

Phone: 850-892-8500
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December 13, 2013

Ms. Becky Tislow
Institute for Senior Professionals
Northwest Florida State College
100 College Boulevard
Niceville, FL 32578-1295

Ms. Tislow,

Please let this letter serve as an official request for your services from the City of DeFuniak Springs City Council. The specific request at this time is pertaining to our strategic plan for the council and staff to adopt and implement. We do have previous strategic objective documents in possession, which were created and upgraded during Mrs. Kirby's tenure.

Our desire is to have you evaluate the strengths and weaknesses existing within our operations and structure, then follow up with your recommendations.

Thank you for your consideration.

Sincerely,


Bob Campbell
Mayor

www.defuniaksprings.net

APPENDIX B PROPOSED WORKSHOP

The ISP team planned a workshop that would include the Mayor, City Councilmen, City Manager, and DeFuniak Springs' citizens. The purpose of the workshop was to provide a forum for government officials and citizens to exchange ideas about the City's vision, values, operations, and direction for the future. Our team firmly believes that any vision or future plan needs to be developed with the input of and direction from City officials and residents.

During the workshop, three breakout sessions were planned for officials and citizens to identify opportunities and needed improvements for the City and to develop action steps for addressing them. To enable the active participation of citizens and officials and to keep the workshop to a reasonable length of time, all participants were to be divided into two groups for each breakout session. A concern was raised that separating the elected officials into two groups might be a violation of the Florida Sunshine Law.

The concern was presented to Ms. Barbara Petersen, Executive Director of the First Amendment Foundation. She observed that a member of the public could not participate in all sessions with all elected officials present because the participants are split into two groups. The proposed approach thus effectively bars public participation which is a violation of the Law. She referred the ISP team to the Florida Attorney General's office and her concern was confirmed.

Since covering all the workshop steps within the five hour timeframe with one large group of people wouldn't be possible, the workshop was cancelled. A single large group would also have made it difficult for all citizens to have active participation. In consultation with the Mayor, the ISP team agreed to prepare a report of our findings and recommendations.

The proposed workshop plan is documented in a PowerPoint presentation covering the following topics:

- Review of the findings from ISP interviews and investigations
- Breakout sessions for citizens and City officials to discuss and agree on the City's strengths, weaknesses, opportunities, and threats
- Prioritized areas of agreement
- Identified action steps to implement the areas of agreement

The ISP team will make the workshop plan available if City officials wish to conduct a workshop with a smaller group. Our team is willing to help if desired.

APPENDIX C

CHANGES IN GENERAL FUND BALANCES

Fiscal Year	06-07	07-08	08-09	09-10	10-11	11-12
Revenues	5,407,975	6,133,010	4,894,948	5,411,134	5,380,241	5,720,525
Expenditures	6,008,757	7,200,593	6,286,590	7,743,911	6,726,983	6,898,061
Difference (Deficit)	(600,782)	(1,067,583)	(1,391,642)	(2,332,777)	(1,346,742)	(1,177,536)
Net Other Financing*	685,000	1,087,567	1,276,717	1,476,762	2,338,095	1,141,087

*Issuance of debt, Transfers In, Transfers Out.

Source: City of DeFuniak Springs Statements of Revenues, Expenditures, and Changes in Fund Balances, General Fund.

APPENDIX D

NEIGHBORING CITY COMPARISONS

			2011	2011	2014 FY		City	City	City	City	City	City	
	2010	2012	Median	Median	Per		City	City	City	City	City	City	
City	Census	Est	Age	Income	Capita	budget	Spending	Fire	Police	Water	Sewer	Sanitation	Owned
						\$ million	\$/citizen	Dept.	Dept.	Dept.	Dept.	Dept.	Airport
Crestview	19868	22351	31.7	\$44,264	\$20,381	29.1	\$1,302	Yes	Yes	Yes	Yes	No	No
Marianna	8688	9140	34.9	\$35,738	\$19,927	33.2	\$3,632	Yes	Yes	Yes	Yes	Yes	Yes
DeFuniak Springs	5122	5487	40.2	\$19,451	\$14,464	24.5	\$4,465	Yes	Yes	Yes	Yes	Yes	Yes
Chipley	3618	3581	34.5	\$24,554	\$14,004	7.0	\$1,955	Yes	Yes	Yes	Yes	Yes	No

Source: www.city-data.com for population age, and income; and city websites for budgets. 26 MAY 2014

APPENDIX E

CITY OWNED VACANT PROPERTY

Number	Parcel ID #	Address	Acreage
2	03-3N-19-19000-003-0020	Sunrise Road	9.954
2	03-3N-19-19000-003-0030	Sunrise Road	10.084
12	22-3N-19-19450-0000180		0.508
16	25-3N-19-19070-001-6202	475 SR 83 North	1.446
19	25-3N-19-19070-001-626F		0.768
20	25-3N-19-19070-001-626I		0.281
21	25-3N-19-19070-001-7240	N. 11 th Street	0.163
22	25-3N-19-19070-001-6730	269 N. 7 th Street	0.160
23	25-3N-19-19070-001-7420		0.309
39	25-3N-19-19070-001-6560	135 W. Main Avenue	0.385
43	25-3N-19-19345-000-0000	88 Plateau Avenue	0.929
50	02-2N-19-18000-045-0000	Industrial Park Property	22.748
	TOTAL ACREAGE		47.735

Source: City of DeFuniak Springs City Limit Map with City Owned Property, 04/17/2012



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Methods of Project Evaluations

By Vanessa Cross, eHow Contributor

Project management includes developing project goals and teams, as well as setting core tasks and priorities. An additional key component of project management for any new service, product, technology or system is evaluation. The data obtained from project evaluations can impact the project's long term development and change future resource allocations and other core components of a business enterprise's project management methodologies.

Goals and Objectives

Revisit the organization's broad mission for the project and develop reporting processes that measure whether it has been met. A project with a financial goal is the most easily measurable, while broader impact-related goals may be more difficult to evaluate. You may evaluate broader impact goals by gathering statistical data or other types of quantitative information related to the project's initiative. Use them to calculate pre-project and post-project status changes.

Strategies

Project management strategies relate to the detailed actions project participants use to reach project objectives. An examination of the effectiveness of individual tasks and assignments, as measured by their ultimate outcome, provides insight on the effectiveness of a project's strategies.

Timetables

Evaluate the original timetable for a project against the actual time required to achieve a project's objectives. This evaluation includes the overall project timetable, as well as timetables established for incremental project activities. Closely evaluate tasks and activities that participants did not complete in a timely manner. This may be a result of unrealistic timetables. It may also be related to human resource delivery problems that can be specifically identified, evaluated and addressed for future projects.

Reaction and Satisfaction

Administer a questionnaire or survey to a project's targeted parties, as well as the staff and volunteers who carried it out, to develop project evaluation tools for measuring satisfaction with a project. Collected data will provide feedback

http://www.ehow.com/print/info_8064253_methods-project-evaluations.html

5/24/2014

that you can use to determine the ultimate success of the project, as well as identify specific project issues.

ROI

Return of Investment, ROI, is another project evaluation consideration.

According to Investopedia, ROI is "[a] performance measure used to evaluate the efficiency of an investment." Calculating and interpreting ROI within a project include measuring the ultimate cost of the project against the projected and actual returns. You can divide a project's quantifiable benefits by its costs and express it as a ratio or percentage for purposes of evaluation. Keep in mind that you cannot always measure a project's profitability to an enterprise and transfer it into financial terms.

Resources

["The Project Mangement Scorecard;" Jack J. Phillips, Ph.D., et al.; 2002](#)

["Program Evaluation and Performance Measurement;" Dr. James C. McDavid, et al.; 2006](#)

APPENDIX G

STATE OF FLORIDA FUNDING SOURCES

The State of Florida has many state agencies and entities that provide direct grants to cities or technical assistance in obtaining fiscal resources for local governments. Some examples of these organizations and their programs are:

- The Department of Economic Opportunity administers funds for the Florida Small Cities Community Development Block Grants;
- The Department of Elder Affairs administers the Communities for a Lifetime to assist local governments in maximizing existing funds and seeking additional funding for their communities;
- The Community Development Financial Institution provides capital and technical assistance to qualifying non-profit organizations that deal with affordable housing, economic development and essential social services;
- The Florida Housing Finance Corporation is one of the most important financing providers for development of affordable housing in Florida;
- The Department of Environmental Protection administers grants and loans to cities for Innovative Recycling for solid waste and administers two funds (the Land and Water Conservation and the Recreation Development Assistance Program) for the funding, acquisition and development of outdoor recreation areas and facilities;
- The Department of State, through the Bureau of Historic Preservation, administers the Florida Main Street Program for historic preservation;
- Enterprise Florida, Inc. is a public-private partnership between Florida's business and government leaders that provides a wealth of contacts and expertise for local governments; and
- The Florida League of Cities publishes the "Financial and Technical Assistance for Florida Municipalities" report that contains invaluable information on grants, loans, and technical assistance.

Source: www.MyFlorida.com and www.florida.leagueofcities.com

