



September 15, 2008

Honorable Mayor and City Commission  
Sarasota, Florida

Dear Mayor and Commission Members:

I am pleased to submit the 2008-09 financial plan for the City of Sarasota. This plan is a culmination of the budget process that began in January and was completed with its final adoption on September 15, 2008.

The City's financial health suffered in fiscal 2007-08 and this will continue in 2008-09 due to the problems in the housing market, the slumping economy, state mandated revenue cutbacks as well as ever rising costs to fund governmental services at prior year levels. The City has experienced a decrease in revenues overall, as major sources, such as excise taxes, franchise fees, the half-cent sales tax, state revenue sharing, and interest earnings are projected to be less than fiscal year 2006-07. The decrease was steeper and faster than projected when the fiscal 2007-08 budget was adopted. Specifically, on February 26, 2008, due to the economic downturn, the City's General Fund revenues were projected to be under budget by \$2.2 million. Further compounding this problem was the projected subsidy to the Van Wezel was expected to exceed that originally budgeted by an additional \$1.2 million, again largely due to the economic downturn. These two factors contributed to a combined shortfall of \$3.4 million as of February.

Over the last four months, strong actions have been taken to bring our fiscal situation in balance. We still project a \$2.2 million shortfall in revenues, but the Van Wezel subsidy has decreased to an addition of approximately \$300,000, due to expenditure reductions implemented by the new director and a spurt in ticket sales. The remaining projected shortfall of \$2.5 million is offset by employment position reductions implemented in May, saving approximately \$2,000,000 in 2007-08, and by at least another \$500,000 of other expenditure savings by departmental suggestions and tighter control on authorization. Although mitigating the projected 2007-08 deficit was important, the expenditure reductions were necessary for solving the impact of the continuation of the economic downturn on the 2008-09 budget. Furthermore, this downturn is projected to continue for at least 2 years.

This budget includes implementation strategies to minimize the impact of economic conditions on the City's budget. In the past, major downturns in the statewide economy have necessitated large cutbacks in expenditures. With the creation of new stabilization funds, which are included in this recommendation, the City budget will not be subject to the wide swings of the past. Revenues will be projected based on a 10-year trend line analysis. If revenues exceed the trend line, the excess will be transferred to the stabilization fund. If revenues fail to meet the trend line projections, the stabilization fund will be tapped.

The new stabilization fund will be established by reducing the City's General Fund unrestricted reserve fund balance by \$2,937,500.

This budget does reflect the elimination of 92 employment positions, which is 3 more than were announced in my April 16, 2008 memorandum. This budget process followed the budget process for 2007-08, which was also extremely difficult. The combined total of positions eliminated in October 2007 and those announced in April 2008 equal 127 positions.

This budget addresses the critical priorities identified by the City Commission on October 16, 2007. Specifically, each department's budget reflects those priorities that fall within their scope of responsibility. Additionally strategies, tasks and indicators have been associated with those priorities. Much progress has been made on these major initiatives. Outlined below is a summary of progress made on each:

#### Newtown

- Community Redevelopment Agency officially expanded to include Newtown.
- Newtown Community Redevelopment Agency Advisory Board established.
- New Day In Newtown/New Beginnings program initiated with two large community forums

established and the creation of five neighborhood teams dealing with:

- Economic development
  - Law enforcement
  - Social services
  - Youth
  - Neighborhood
- Major enhanced law enforcement program initiated March 1:
    - Additional street patrols
    - Additional bicycle patrols
    - More outreach
  - New façade grant program for Martin Luther King Jr. Way funded.
  - City/County funding plan for Housing Authority implemented.
  - Summer youth programs doubled from previous year.
  - Code compliance sweeps initiated.

### **Budget**

- Expenditures reduced in 08/09 to offset revenue shortfalls.
- 92 positions eliminated in current year, which saved over \$2 million.
- All major capital outlays/consulting projects delayed.
- Major reductions in non-personnel expenditures.
- Stabilization funds recommended.
- Reorganization of workforce to reduce duplication and streamline operations.
- Challenge teams established for dealing with long term issues:
  - OPEB
  - Van Wezel
  - Ed Smith
  - Medical insurance
  - Pensions

### **Sustainability/Green Initiatives**

- Sustainability coordinator position created and expanded.
- Created a monthly forum for Directors to share and receive information in the form of the Environmental Management Task Force.
- Subcommittees established to work up implementation strategies:
  - Vehicles and Emissions
  - Internal Buildings
  - Internal Landscaping
  - Water re-use and conservation
  - Non-City codes and regulations
- Provided a resource for the public and staff in the form of the “Your Green City” program.
- Began an inventory of all City of Sarasota sustainability initiatives.
- Applied for Florida Green Building Coalition Platinum Green Local Government Designation.

### **Traffic/Transportation**

- Downtown Bay Front Connectivity project initiated.
- Transportation Engineering function renamed to Transportation Planning and moved to new department of Neighborhoods and Development Services in order to integrate functions and take a more “people moving” focus.
- Newtown TCMA completed and awaits incorporation through comp plan process; working on multi-modal transportation plan to reduce vehicular traffic.
- Modified the transportation chapter of the Comprehensive Plan to have more emphasis on multi-modal transportation.
- Working with SCAT (Sarasota County Area Transit) on bus rapid transit project.
- Worked with MPO (Metropolitan Planning Organization) and FDOT (Florida Department of Transportation) to advance fund the 301 project thus allowing for an expedited completion.
- Worked with SCAT to encourage City employees to utilize bus system.

### **Affordable Housing**

- Janie Poe. Staff conducted an expedited DRC (Development Review Committee) process and expedited building permit process to keep this project on line and on time. Special field inspections were conducted and the City’s arborist was utilized to help plan the tree mitigation. Staff also developed and implemented their overlay district on a special time line to help them meet all zoning standards. This project was made a top employee priority.
- A new website (rentals.sarasotagov.com) was created. This website is dedicated to listing affordable rental units throughout Sarasota. Links and information were also placed on the City’s website.
- Meetings with the Community Housing Trust (CHT) were held related to their 68 units of affordable housing on Boulevard of the Arts and Hatton Street to address issues and help streamline the process.
- Worked with Sarasota County to facilitate a coordinated process for addressing Affordable Housing. The recently established Affordable Housing Task Force will be meeting until the end of the year, in conjunction with the County Task Force, and they will be formulating specific recommendations as to affordable housing policies.
- The City, through the Office of Housing and Community Development (OHCD), provided the predevelopment financing to permit the Sarasota Housing Authority to apply for a federal grant to build an elderly housing development on the current site of the Orange Avenue Development.
- The City formed an Affordable Housing Advisory Committee to examine ways to reduce the cost of housing.
- OHCD changed its rehabilitation guidelines to encourage and emphasize green building standards.
- Currently working with CHT and Habitat to develop a “blended model” for permanent affordability.

In summary, the overall 2008-2009 budget by fund type is as follows:

<b>Fund</b>	<b>2007-08 Budget</b>	<b>2008-09 Budget</b>
<b>Beginning Fund Balance</b>	<b>\$ 51,671,523</b>	<b>\$ 65,149,264</b>
<u>Revenues</u>		
General Fund	59,061,864	56,640,724
Special Revenue Funds	35,701,370	30,589,386
Debt Service Funds	3,975,000	3,394,000
Enterprise Funds	60,770,916	60,074,003
Internal Service Funds	17,916,345	14,835,608
OPEB Trust Fund	<u>7,222,678</u>	<u>9,056,373</u>
Total Revenues	<u>184,648,173</u>	<u>174,590,094</u>
<u>Expenditures</u>		
General Fund	59,715,568	56,640,724
Debt Service Reserve	--	2,700,000
Special Revenue Funds	36,608,298	32,056,630
Debt Service Funds	4,128,038	3,519,860
Enterprise Funds	61,867,048	62,405,850
Internal Service Funds	16,695,460	15,340,405
OPEB Trust Fund	<u>5,097,008</u>	<u>5,859,725</u>
Total Expenditures	<u>184,111,420</u>	<u>178,523,194</u>
<b>Ending Fund Balance</b>	<b>\$ 52,208,276</b>	<b>\$ 61,216,164</b>

A more detailed explanation of the 2008-09 budget follows in the "In-Depth Analysis" section; however, the significant features of this budget are as follows:

- Reflects a reduction in property tax revenues to the General Fund of \$2,634,621 from 2007-08.
- Reflects an operating millage of 2.7771 mills which is the same as for 2007-08.
- Reflects a 0.0600 decrease in the debt service millage primarily due to maturity of the Stadium General Obligation Bonds in 2007-08.
- Provides approximately \$7 million in budget cuts in the General Fund including the elimination of 63 employment positions.
- Provides for all general wage, career ladder adjustments, and salary/wage step increases in accordance with collective bargaining agreements and comparable adjustments for non-represented employees.
- Provides for the elimination of 29 employment positions in operations not funded in the General Fund.
- Includes a 4% rate increase in water and sewer rates, which computes to \$73.32 (including excise taxes) per month for a single-family residence using 5,000 gallons of water, which is a \$2.83 per month increase.
- Provides a \$740,000 subsidy to the Van Wezel Performing Arts Hall which is a 41% reduction compared to the amount previously estimated for 2007-08.
- Provides a \$342,719 subsidy to the Sports Stadium, which is a 12% reduction from last year.
- Provides a \$10,000 subsidy to the Municipal Auditoriums, which is a 91% decrease from last year.
- Although 2008-09 revenues for the CRA have decreased by \$1,327,386 from those projected a year ago for 2008-09, sufficient tax increment revenues will

be generated to pay for debt service; funding for the Downtown and Newtown Redevelopment Offices and funding for various other initiatives. The 1/3 allocations for Newtown Redevelopment, Affordable Housing and Downtown Redevelopment had to be reduced somewhat and will be funded from reserves.

- Provides for no rate increase for the Solid Waste operation. However, the monthly residential rate may be reduced if frequency of collection is implemented.
- Provides for no rate increases at Bobby Jones while including a funding plan for rebuilding the clubhouse.
- Provides for a balanced Parking Management fund budget by reinstating the traditional permit program in October of 2008 at a reduced rate and by introducing additional paid off-street parking.

In summary, although financial considerations necessitated the restructuring of City government, the financial plan addresses the City Commission's citywide priorities, conforms with all stated financial policies, provides adequate funding to maintain the City's high level of public service and provides for necessary infrastructure improvements while retaining the City's high level of financial integrity.

During the coming fiscal year the challenge teams established this year to address long term systemic budget issues will continue to move forward. The OPEB/Medical team will formulate recommendations to reduce the long-term impacts of medical system costs on our budget. In addition the teams addressing pension issues, Van Wezel subsidies and Ed Smith costs will formulate recommendations. Any solutions recommended will be incorporated in the 2009-10 budget as many may entail negotiations.

In closing, I am pleased to bring to your attention that our budget documents for the past eighteen years have been awarded the prestigious national Distinguished Budget Presentation Award from the Government Finance Officers Association. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a policy document, financial plan, operations guide, and communications device. In fact, the budget document was rated as proficient overall and outstanding, the highest rating, in many categories. This award is the highest form of recognition in governmental budgeting and represents a continued significant achievement by the Finance Department. I wish to express my appreciation to the department heads for their cooperation and responsiveness in developing this reduced level of service budget and to those involved in the preparation of the budget document, especially Chris Lyons, Michelle Valentich, Gary Laubacker and William Dugan.

Sincerely,

Robert J. Bartolotta  
City Manager

# **CITY OF SARASOTA FLORIDA**

## ***OUR VISION***

**A Place Where Urban Amenities Meet Small Town Living**

## ***OUR MISSION***

The City Commissioners and staff deliver the policies, decisions and actions needed to serve the short and long term needs of our citizens. We keep our Vision in focus while paying attention to the details of managing our fiscal and other resources with care, and providing services and facilities that reflect community priorities and goals. In performing these duties, we foster collaboration and respect for different points of view, and encourage extensive and effective participation from those affected by our work. We make timely choices that reflect fairness and a good understanding of the impacts of alternative proposals. These decisions are carried out effectively to address the health, safety and welfare of those we serve.

## ***CITYWIDE CRITICAL PRIORITIES***

**NEWTOWN**

**BUDGET**

**SUSTAINABILITY / GREEN INITIATIVES**

**TRAFFIC / TRANSPORTATION**

**AFFORDABLE HOUSING**

**DEPARTMENT IMPACT on  
CITYWIDE PRIORITIES  
FY 2008-2009  
(by Citywide Priority)**

<b>CRITICAL PRIORITIES</b>	Department *											
	Public Works	Financial Administration	Information Technology	Neighborhood & Development Services	Facilities Management	City Auditor & Clerk	Human Resources	Police	Auditoriums	Housing & Community Development	Van Wezel Performing Arts Hall	Sports Facilities
<b>Newtown</b>		X		X						X		
<b>Affordable Housing</b>		X		X						X		
<b>Budget</b>	X	X	X	X	X	X	X		X	X	X	X
<b>Traffic/Transportation</b>		X										
<b>Sustainability / Green Initiatives</b>	X	X	X	X	X				X	X		X

<b>MAJOR PRIORITIES</b>	Public Works	Financial Administration	Information Technology	Neighborhood & Development Services	Facilities Management	City Auditor & Clerk	Human Resources	Police	Auditoriums	Housing & Community Development	Van Wezel Performing Arts Hall	Sports Facilities
<b>Citizen Engagement</b>	X	X				X			X		X	
<b>Planning and Redevelopment</b>				X		X						
<b>Safe Community</b>	X			X				X		X		X
<b>Utilities</b>	X											

\* Departments listed may include other departments/divisions. For example, Public Works includes Streets and Highways, Parks and Landscape, Wastewater and Solid Waste.

## **SHORT TERM PRIORITIES**

The City Commission's Priorities have remained relatively consistent over the past decade. Despite changes in specific priorities, the City Commission continues to place heavy emphasis on the following:

- ⇒ Incorporation of strategic planning into the annual budget
- ⇒ The improvement of residential neighborhoods
- ⇒ The improvement of business areas within the City
- ⇒ The provision of public safety to its citizens
- ⇒ The improvement of community information
- ⇒ Being a responsible City government

In 1994-95, the City Commission established as one of its major priorities, the adoption of a budget without an increase in the ad valorem tax rate or a reduction in fund balance. Although this was not an established priority for the 2008-09 budget, this 1994-95 priority has served as a guideline for development of the budget for most years since then.

As a result, the operating ad valorem tax rate of 6.4990 mills in 1995-96 was slowly and persistently reduced until the 2007-08 operating tax rate of 2.7771 mills was adopted. The projected fund balance at September 30, 2009 is 21.28 percent of total expenditures, which is well in excess of the City's policy of between 5 and 10 percent. This is an example of the results achievable once a City priority is communicated, understood, accepted and incorporated into the budget mindset.

In 2002-03, the City Commission initiated a strategic planning effort that was intended to allow it and succeeding Commissions to ensure the City never lost sight of the future beyond the terms of the current Commission. The result, published in July 2004, is the City's initial strategic plan entitled "Sarasota's Strategic Plan for 2004-2008 – Influencing Change and Attaining Our Vision". The Strategic Plan involved the establishment of strategic concerns, strategies, tasks and indicators. This experience led the City Commission to identify five critical and four major citywide priorities that would lead the administration through the FY 2008-2009 budget process. As a result, these priorities are incorporated throughout the FY 2008-2009 budget.

While the City Commission has established the guidance necessary to develop the annual budget, it is equally important to steer the development of the 2008-09 budget with short term priorities to ensure achievement of the citywide priorities and that the current budget is compatible and supportive of the citywide priorities. As a result, specific short-term priorities were developed and utilized to guide the development of the 2008-09 annual budget.

The short term priorities established for the 2008-09 budget are listed on the ensuing page.

## **BUDGET PRIORITIES FOR FY 2008-09**

### **❖ *UPDATE/REVISE CITYWIDE PRIORITIES***

- Facilitate establishment of Citywide Priorities by City Commission
- Monitor health of City through Performance Measures
- Develop and prioritize Strategies and Tasks
- Measure achievement of Priorities and Tasks
- Incorporate Citywide Priorities in FY 2008-2009 budget

### **❖ *MAINTAIN HIGHEST LEVEL OF SERVICE POSSIBLE WHILE REDUCING AD VALOREM REVENUE AND BUDGETED EXPENDITURES***

- Prioritize all City services
- Inventory budgeted expenses by expenditure class
- Maintain emphasis on essential City services
- Minimize programmatic impact of reductions
- Pursue additional non-traditional revenue sources
- Recover General Fund expenses on behalf of the Community Redevelopment Agency with tax increment revenue (TIF)
- Reduce expenditures through maximum effectiveness of resources
- Promote special taxing districts to offset City funded services
- Streamline and automate business processes, where feasible

### **❖ *CONTINUE TO STRENGTHEN AND REVITALIZE DOWNTOWN AND NEIGHBORHOODS***

- Continue Neighborhood Grant Program
- Monitor progress of eight adopted Neighborhood Action Strategies
- Continue to utilize the Asset-Based Community Development (ABCD) process to impact community quality-of-life issues
- Improve public safety to citizens
  - Improve community policing by monitoring response times, reviewing citizen contacts, increasing participation in the community and conducting a citizen survey
- Continue funding of neighborhood improvements through the City Capital Improvement Program
- Continue implementation of Comprehensive Newtown Redevelopment Plan and the “New Beginning for Newtown” initiative



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