

City of Sarasota, Florida

2008 - 09 Proposed Annual Budget



Robert J. Bartolotta, City Manager

July 10, 2008

General Fund

The 2007 - 08 Problem - a \$3.4 million SHORTFALL as of 2/26/08

The 2008 - 09 Problem - a \$7.0 million SHORTFALL

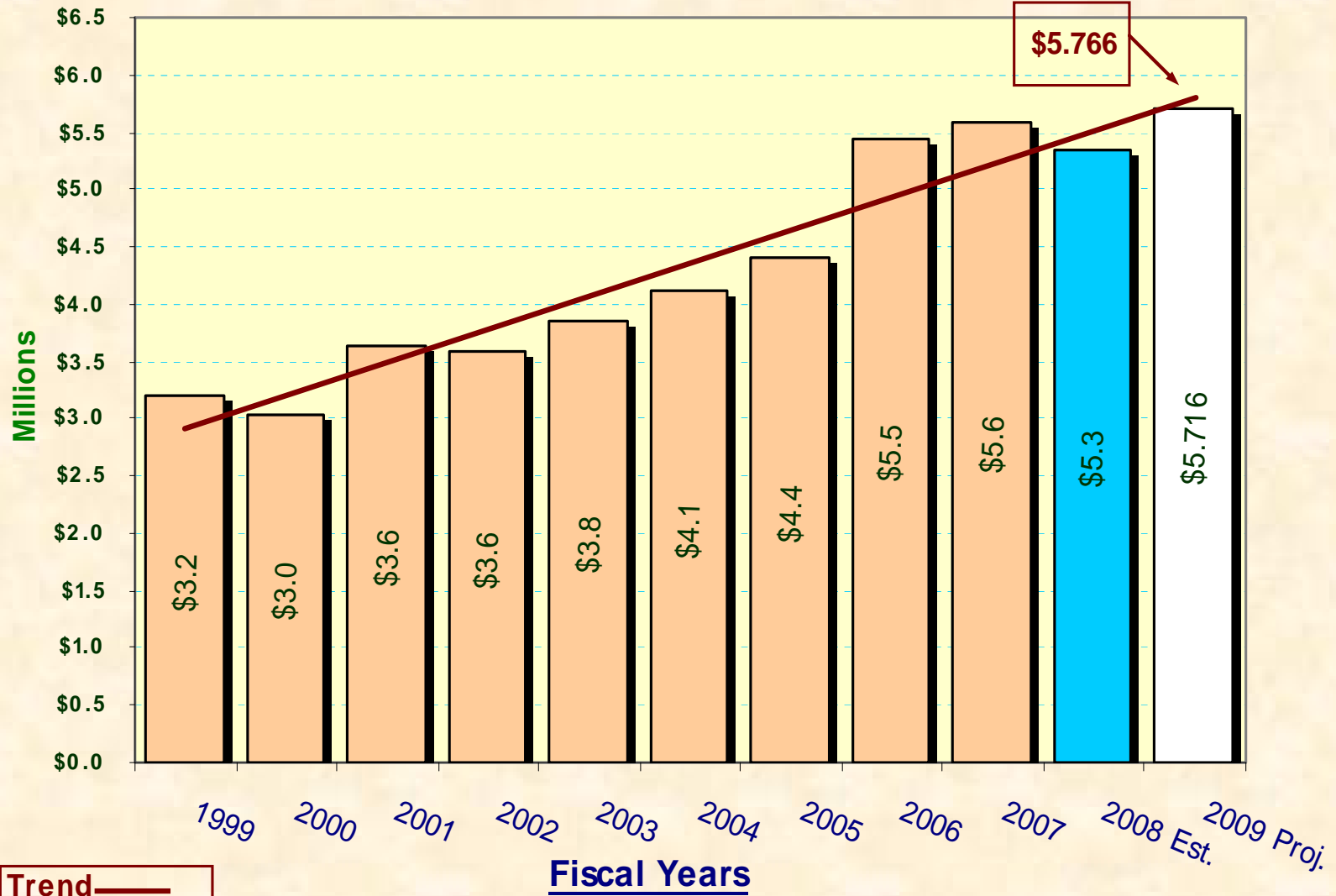
The Solution

- Staff downsized – 92 positions eliminated (127 in past 12 months)
- Departments reorganized – 13 departments consolidated to 8
- No major services eliminated - some reduced
- Budget Revenues susceptible to Economy at Trendline
- Targeted expenditure reductions

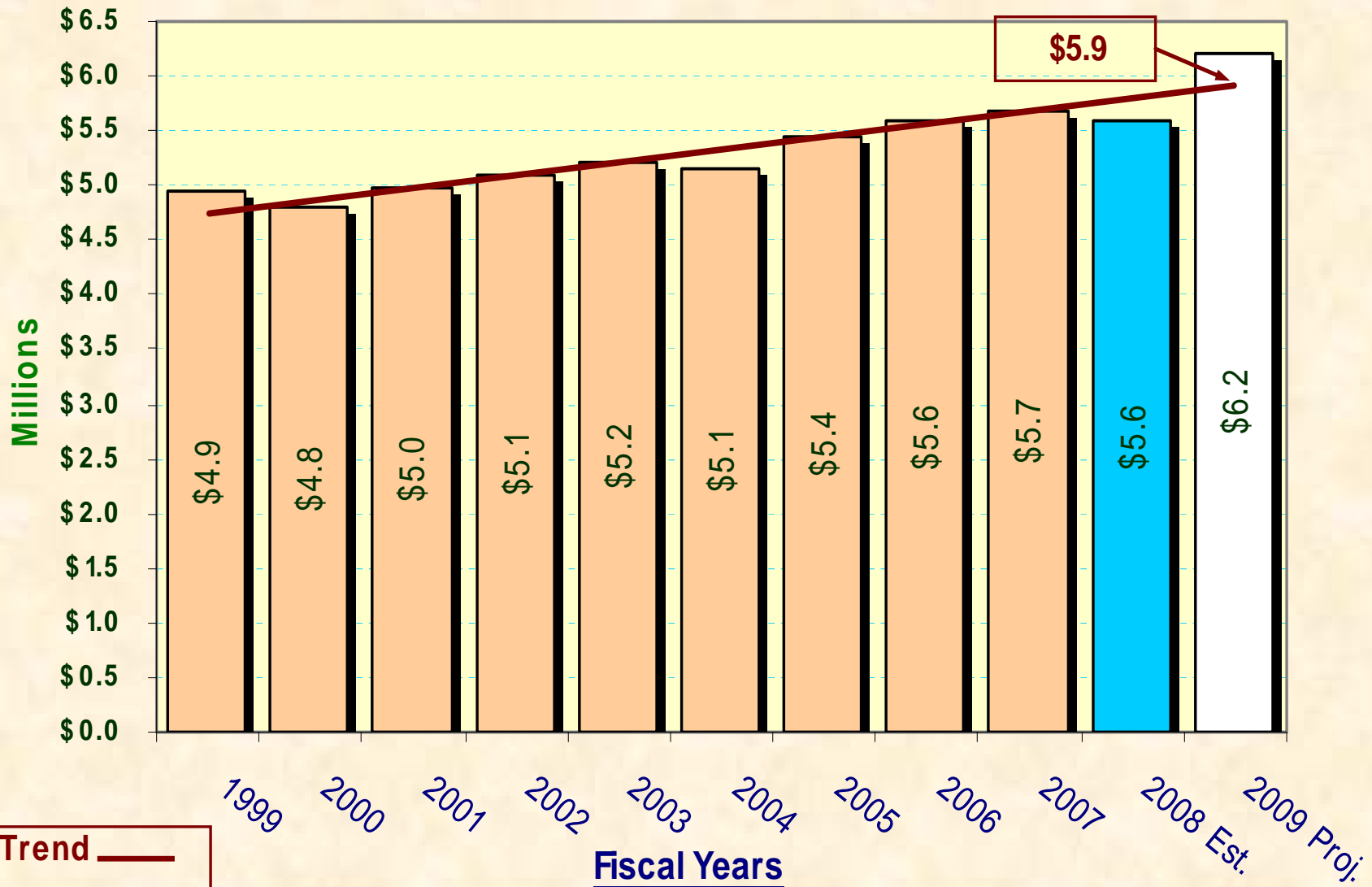
Reasons for Revenue Shortfall

	<u>Budget</u> <u>2007 - 08</u>	<u>Proposed</u> <u>2008 - 09</u>
Ad Valorem Taxes	\$22,221,993	\$19,568,046
Electric & Gas Franchise Fees	6,095,500	5,765,630
Electric, Water & Bottled Gas Excise Taxes	5,651,000	5,889,900
Communication Services Tax (CST)	4,313,750	4,000,000
\$0.005 Sales Tax	4,743,000	4,636,000
State Revenue Sharing	1,980,000	1,903,350
Investment Earnings	1,790,000	1,490,000
Total Projected Reduction		<u>\$3,542,317</u>

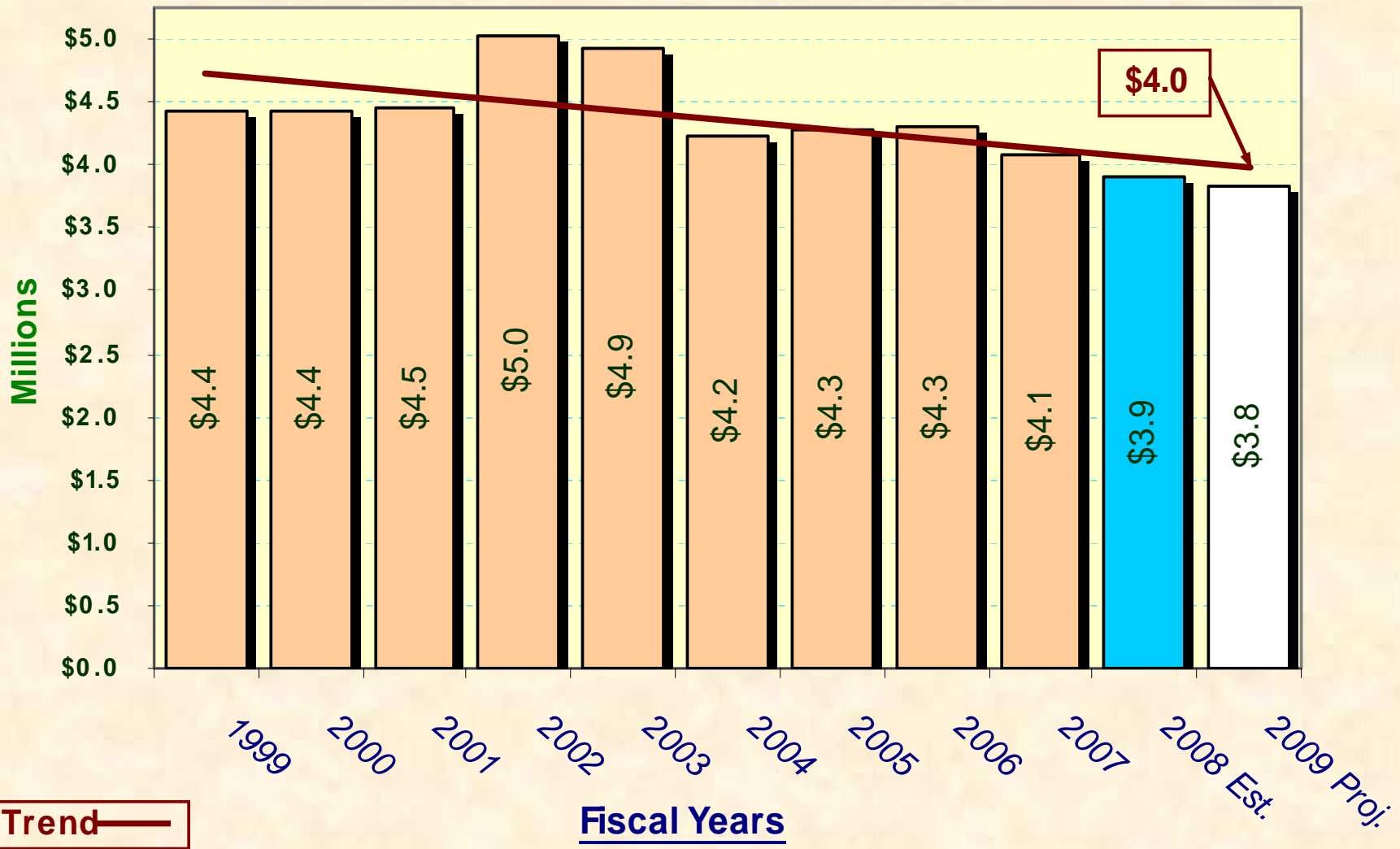
Franchise Fees



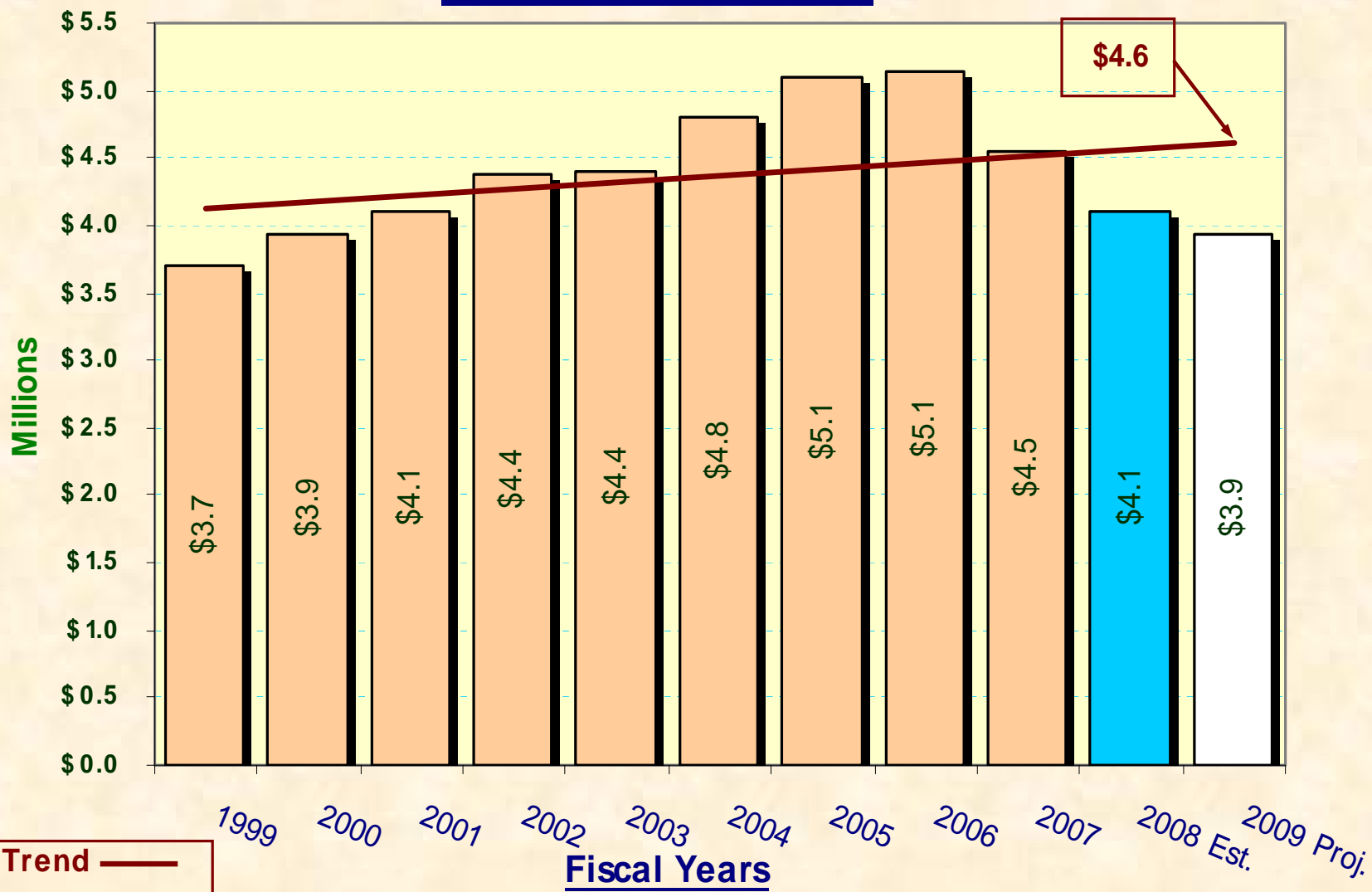
Electric, Water & Bottled Gas Excise Taxes



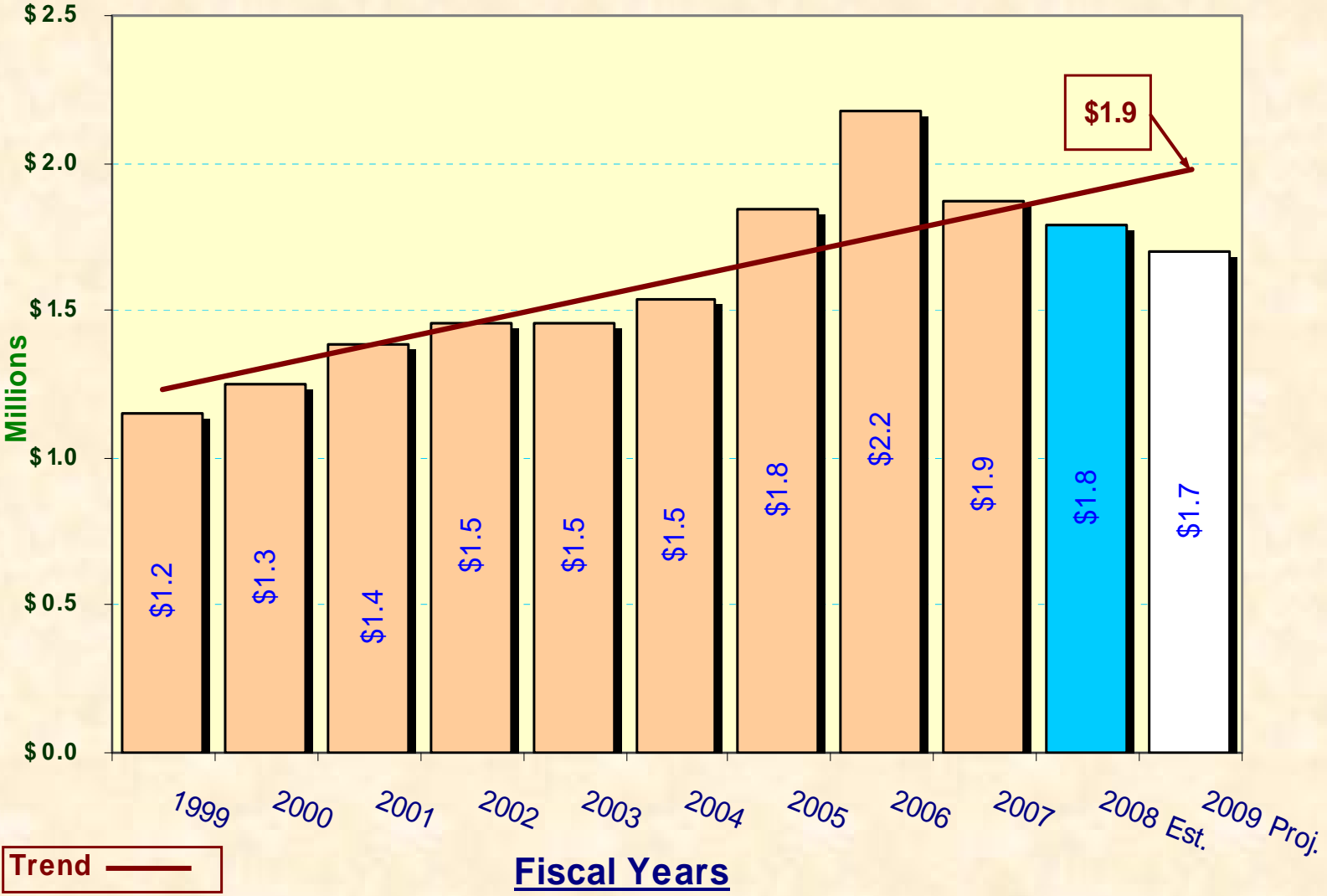
Communication Services Tax



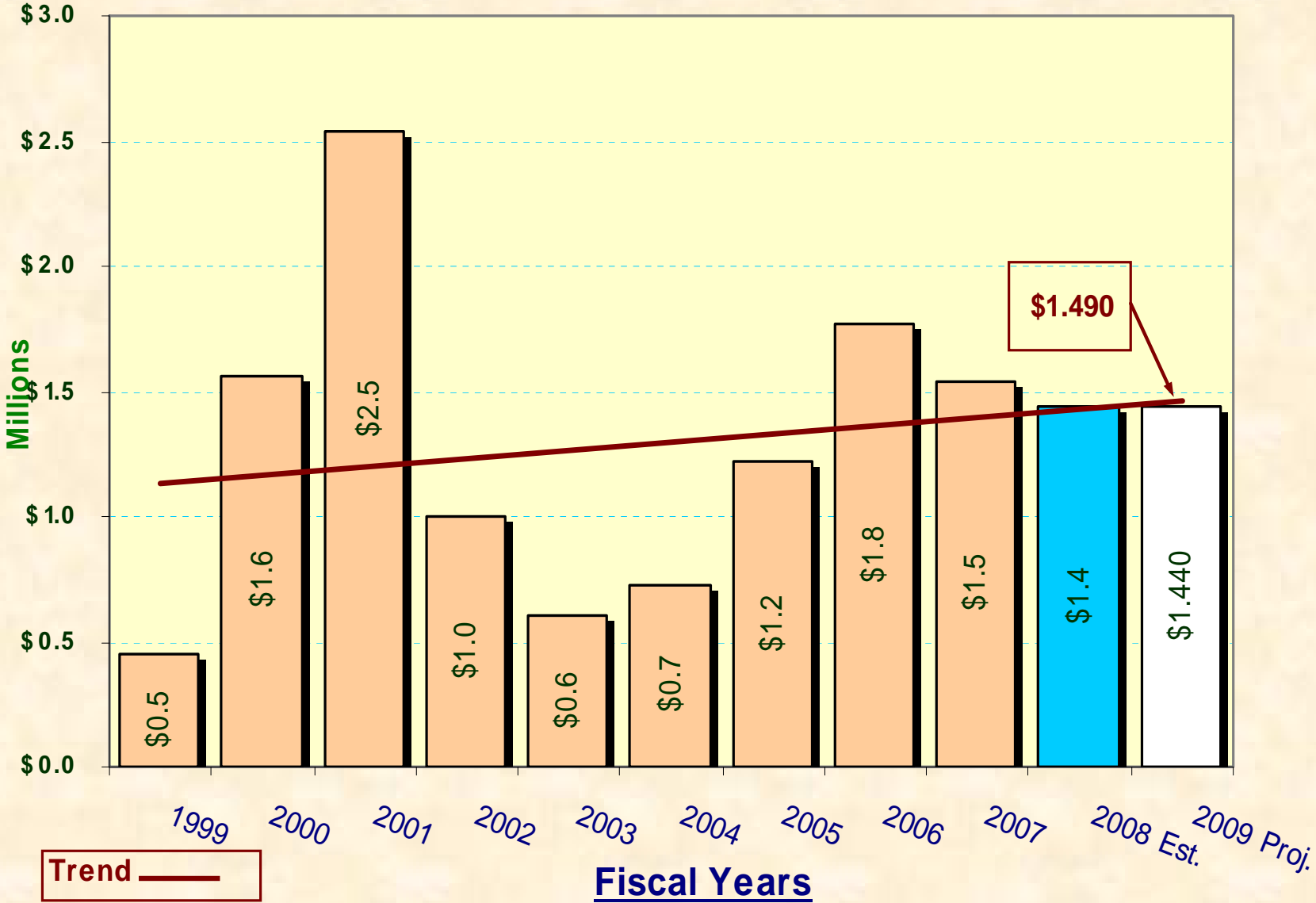
1/2 Cent Sales Tax



State Revenue Sharing



Investment Income



General Fund

- **Definitions**
- **Minimum Level Recommended by GFOA**
- **Other Factors Requiring Fund Balance**
- **Fund Balance Level, What we did with it.**

What is General Fund Balance?

Myth 1

The General Fund Balance is the same as the available cash balance

While the General Fund Balance includes cash, it also contains other items such as notes and loans receivable, inventories, prepaid expenses and encumbrances. Many of these items are not available for spending.

What is General Fund Balance?

Myth 2

The General Fund Balance is the difference between revenues and expenditures for the year.

The General Fund Balance is cumulative. It includes balances or deficits from previous years. General Fund Balance is the result of the cumulative financial decisions made by all City Commissions since inception.

What is General Fund Balance?

Myth 3

The General Fund Balance is a good measure of a government's fiscal health.

This is not necessarily true. What may look like a healthy General Fund Balance may consist of restricted resources with little available cash.

Types of General Fund Balance?

Reserved

Those assets that are not available for spending, already spent or legally restricted.

Unreserved

Those assets that are not restricted and are available for spending.

Methods for Establishing an Amount for General Fund Balance?

- Percentage of annual operating expenditures
 - Percentage of annual operating revenues
 - Fixed number of months of operating expenses
 - Per capita amount such as \$150 per capita
 - Fixed amount such as \$25 million
-

The first two are the most common approaches.

What is an **Adequate** Amount for General Fund Balance?

Is there a Standard Formula? No

Step 1 - The Government Finance Officers Association recommends, **as a minimum**, 8 percent to 17 percent (or 1 to 2 Months) of regular General Fund operating expenditures.

The larger the government, the smaller the %.

Step 2 – A government's particular situation may require levels of unreserved fund balance in excess of the minimum levels. (i.e., Possibility of Natural Disasters)

Factors Adding to Minimum Level of General Fund Balance?

- **Cash Flow Requirements**
 - Property Tax Revenues come in starting in December
 - 2 months or 1/6 of \$21 million funded by Fund Balance
- **Potential for Significant Natural Disasters**
 - Ability to Borrow in Midst of a Disaster
 - Category 3 Storm Estimated Damage at \$37 million
- **Exposure to Losses from Other Funds**
 - Van Wezel Performing Arts Hall
 - Medical Insurance/OPEB Trust Fund
 - Ed Smith Sports Stadium

Factors Adding to Minimum Level of General Fund Balance?

(Continued)

- **Revenue Volatility**
 - Property Tax Restrictions
 - Economic Stagnation
- **Further Legislative Action**
 - Expenditure Increase Limits etc., etc., etc.
- **Insurance Coverage Reserves for Self-Insurance**
 - Property Insurance
 - General Liability
- **Bond Ratings**
 - Effect on Management Rating in light of OPEB Liability

Computation of Minimum Unreserved Fund Balance

GFOA Recommended Minimum (\$4.5 to \$9.6 Million)	\$ 7.3 Million
Natural Disaster (\$37 Million @ 13%)	4.8 Million
Revenue Stabilization/Volatility	2.9 Million
Other Fund Losses (covered in \$4.8 million)	0.0 Million
Capital Replacement (covered in \$4.8 million)	<u>0.0 Million</u>
Total Fund Balance	\$ 15.0 Million

Example Fund Balance Policy

For Example, What is Sarasota County's Policy?

“The components of the General Fund Reserves should include, but not be limited to the following:

Budget Stabilization and Economic Uncertainty Reserve

The County should maintain a reserve of thirty to sixty days of General Fund operating expenditures to be used for short term cash flow purposes, unanticipated expenditures of a non-recurring nature, to meet unexpected immediate increases in service delivery costs, or to maintain service levels in the event that an economic downturn should cause a shortfall in revenues.

Contingency/Emergency/Disaster Relief Reserve

The County should maintain at a minimum, a reserve of ninety days of General Fund operating expenditures to be used in the case of a major storm or other unforeseen disaster that fundamentally alters the current tax base.”

Fund Balance

LEVEL OF FUND BALANCE

Projected Fund Balance, September 30, 2008		\$17,690,880
Transfer to Debt Service		(2,700,000)
Revenue Stabilization Funds (2.5 Years)	(\$2,937,500)	
Franchise Fees		(62,500)
Communication Services Tax		(500,000)
½ Cent Sales Tax		(1,750,000)
Revenue Sharing		(500,000)
Investment Earnings		(125,000)
Projected Level of Fund Balance	21.28%	<u>\$12,053,380</u>

Staff Reductions

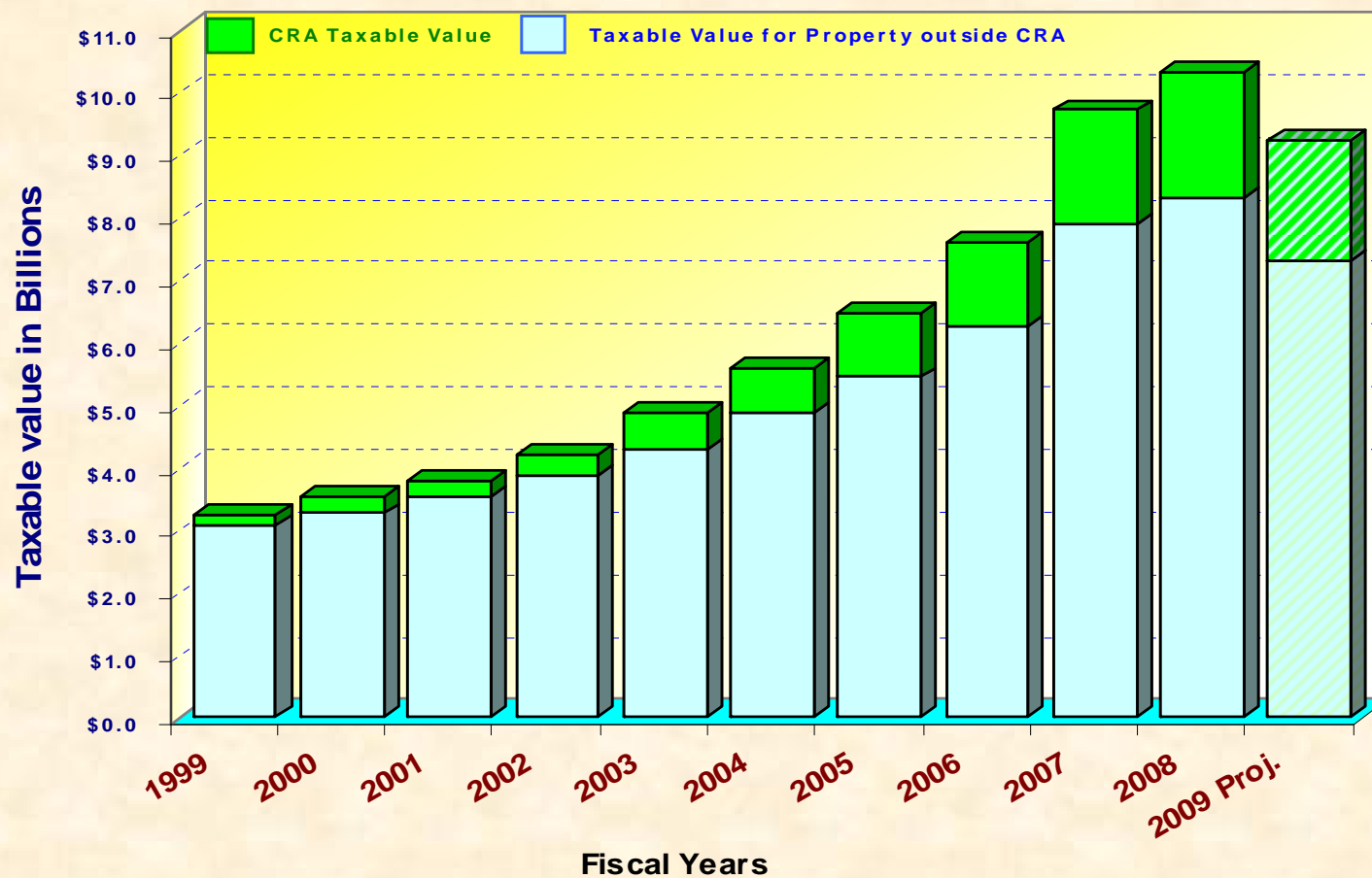
<u>Department</u>	<u>Positions</u>	<u>Department</u>	<u>Positions</u>
Information Technology	3.0	City Manager	1.0
Human Resources	1.0	City Auditor and Clerk	1.0
Finance	1.0	Office of Housing	4.0
Neighborhoods	2.0	Building	7.0
Public Works	19.0	Van Wezel	7.0
Engineering	5.0	Children's Fountain	1.0
Police Officers	20.0	Skate Board Park	2.0
Police Civilian emp.	5.0	Stadium	1.0
General Services	2.0	Bobby Jones Golf Club	2.0
Municipal Auditorium	2.0	Parking Management	<u>1.0</u>
Planning	5.0		
		Total	92.0

Preliminary Certification of Taxable Value

	<u>Amount</u>	<u>Decrease</u>
Net taxable value to support General Fund	\$7,298,046,681	(11.87%)
CRA District value <i>(Net of Base Year)</i>	\$1,925,595,608	(6.27%)
Total taxable value	\$9,223,642,289	(10.76%)

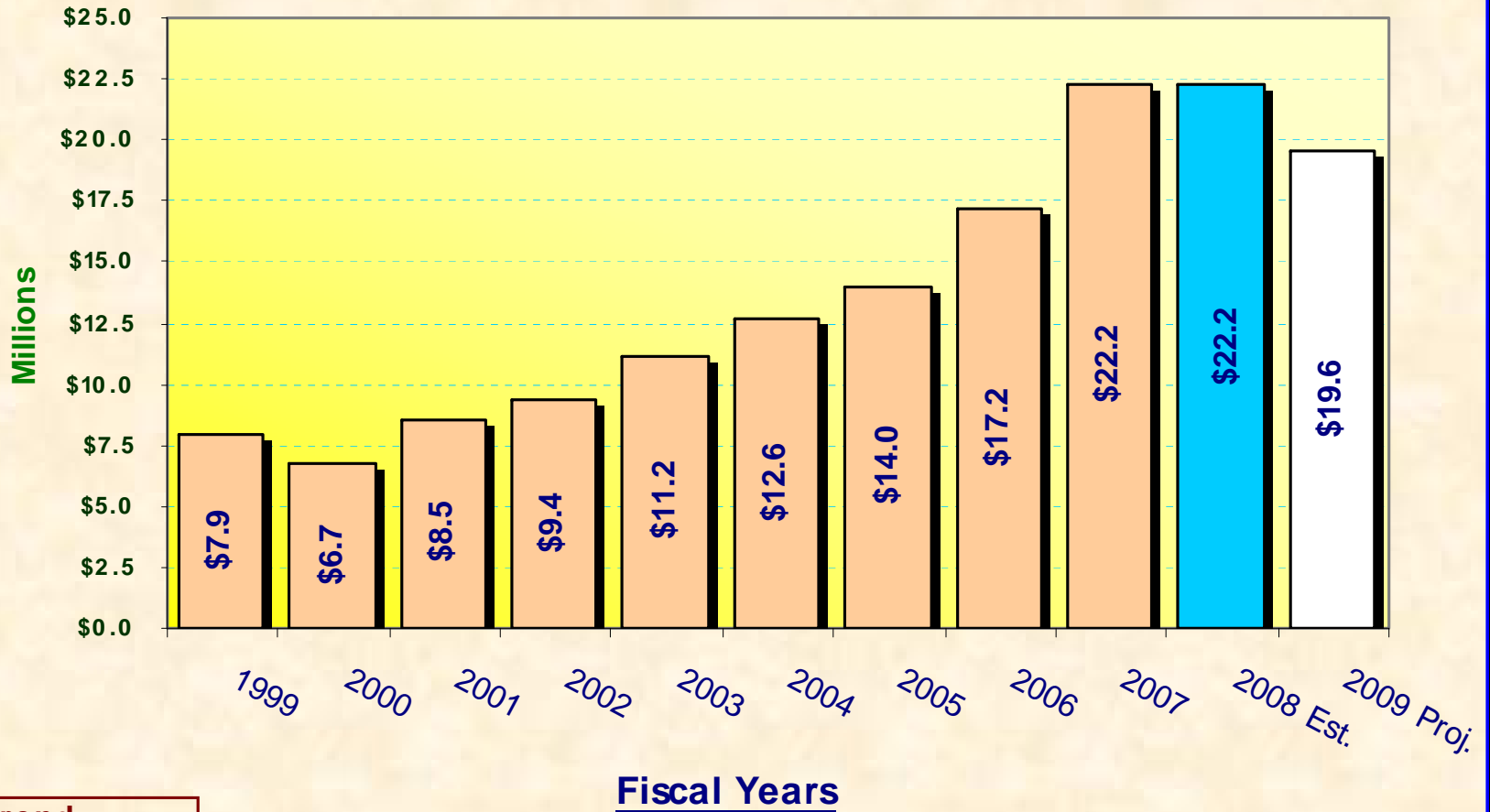
CRA is 20.88% of total taxable value

2008 - 09 Total City Taxable Valuation



<u>City Valuations</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 Proj.</u>
Value outside TIF	\$ 3.079	\$ 3.258	\$ 3.546	\$ 3.872	\$ 4.287	\$ 4.887	\$ 5.439	\$ 6.272	\$ 7.900	\$ 8.301	\$ 7.298
TIF District	0.168	0.256	0.231	0.341	0.593	0.703	1.029	1.324	1.816	2.034	1.926
Total City Valuation	\$ 3.247	\$ 3.514	\$ 3.777	\$ 4.214	\$ 4.880	\$ 5.589	\$ 6.468	\$ 7.595	\$ 9.716	\$ 10.336	\$ 9.224

Ad Valorem Tax Revenue

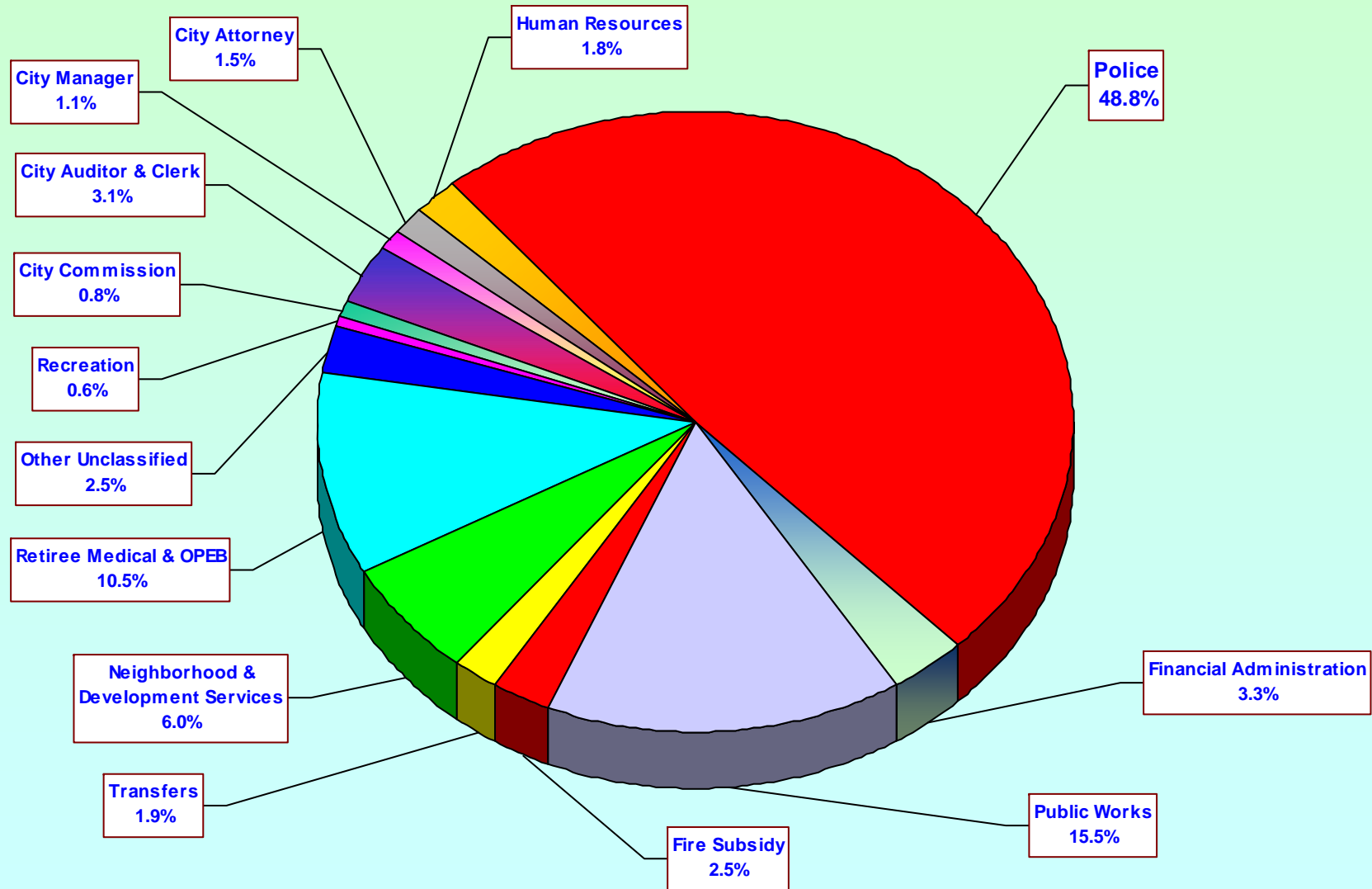


Trend —

Total City Budget

	<u>Expenditures</u>		
	<u>Adopted 2007 - 08 Budget</u>	<u>Proposed 2008 - 09 Budget</u>	<u>Increase (Decrease)</u>
General Fund	\$59,715,568	\$56,640,724	(\$3,074,844)
Debt Service Reserve	\$0	\$2,700,000	2,700,000
Special Revenue	36,608,298	32,056,630	(4,551,668)
Enterprise	61,867,048	62,405,850	538,802
Internal Service	16,695,460	15,340,405	(1,355,055)
OPEB	5,097,008	5,859,725	762,717
Debt Service	4,128,038	3,519,860	(608,178)
Total	<u>\$184,111,420</u>	<u>\$178,523,194</u>	<u>(\$5,588,226)</u>

Major General Fund Expenditures 2008 - 09



Total General Fund Expenditures - \$56,640,724

General Fund

Net Taxable Value

\$7,298,046,681

11.87% decrease

It will yield \$19,568,046 in Tax revenue,

At last year's rate of 2.7771 mills,

this is a \$2,653,947 DECREASE from last year

General Fund

Projections of Revenue and Expenditures

	Budget 2007 - 08	Estimated 2007 - 08	2008 - 09 Proposed Budget
Revenues	\$59,061,864	\$57,077,718	\$56,640,724
Current Expenditures	<u>59,715,568</u>	<u>56,713,972</u>	<u>56,640,724</u>
EXCESS (DEFICIENCY)	(\$653,704)	\$363,746	\$0
Millage Rate	2.7771 m	2.7771 m	2.7771 m

State Mandated Rolled-back Operating Millage Requirement

Fiscal Year 2008 - 09

Majority Vote Maximum Millage Rate	2.9669 m
TRIM Rolled-Back Rate	<u>2.7771 m</u>
Millage Over/Under State Allowed	(0.1898) m

Debt Service Millage

<u>City - Wide</u>	<u>2007- 08</u>	<u>2008 - 09</u>
1994 GO Refunding Bonds - Ed Smith Stadium	0.0839 m	0.0000 m
2007 GO Bonds - Police Station	<u>0.3052</u> m	<u>0.3291</u> m
Total Debt Service Millage	<u>0.3891</u> m	<u>0.3291</u> m
Millage Decrease		<u>(0.0600)</u> m
Golden Gate Streetscape Special District	<u>0.0000</u>	<u>1.9956</u> m

Millage Comparison

	<u>2007 - 08</u>	<u>2008 - 09</u>
Operating Millage	2.7771 m	2.7771 m
Debt Service Millage	<u>0.3891</u> m	<u>0.3291</u> m
Total Millage	<u><u>3.1662</u></u> m	<u><u>3.1062</u></u> m

1.90% Decrease

Effect on Tax Bill

	<u>2007 - 08</u> <u>Tax</u>	<u>2008 - 09</u> <u>Tax</u>	<u>Savings</u>
\$299,954 Average Assessed Value	\$870.55 ¹	\$776.41 ²	\$94.14
<u>\$200,000 Assessed Value</u>	\$554.08 ¹	\$465.94 ²	\$88.14
<u>\$500,000 Assessed Value</u>	\$1,503.94 ¹	\$1,397.80 ²	\$106.14
<u>\$2,000,000 Assessed Value</u>	\$6,253.24 ¹	\$6,057.09 ²	\$196.15

(1) - Based on \$25,000 Homestead exemption and 3.1662 millage rate.

(2) - Based on Additional \$25,000 Homestead exemption and 3.1062 millage rate.

Note: Above decreases only reflect effect of additional \$25,000 Homestead exemption and millage drop. Additional savings from any valuation decreases will increase the savings above.

Community Redevelopment

July 1, 2008 Total Taxable Value **\$2,337,271,768**

July 1, 2008 Net Taxable Value **\$1,925,595,608**

This is a \$128,778,844 decrease from last year or **(6.27%)**

	Projected CRA Revenue
City millage at 2.7771 m \$339,750 decrease from last year	\$ 5,080,193
County millage at 3.0607 m \$368,365 decrease from last year	5,587,722
Interest income	100,000
Total Revenue	\$ 10,767,915 *

**Note: Decrease of \$750,682 from Last Year's Budget*

Decrease of \$1,327,386 from Last Year's Projected

Community Redevelopment

	2008 - 09 Projected <u>in 2007 - 08</u>	2008 - 09 Proposed <u>Now</u>
<u>Total Revenue</u>	<u>\$12,095,301</u>	<u>\$10,767,915</u>
<u>Expenditures</u>		
Debt Service – <i>Actual</i>	2,778,959	2,778,960
Palm Avenue – <i>Projected</i>	1,199,000	1,199,000
Pineapple Square Parking – <i>Projected</i>	1,113,425	1,113,425
Downtown, Misc. Projects & Events	2,580,829	2,300,928
Interfund Transfers & Repayment of Loans	<u>3,061,330</u>	<u>3,377,938</u>
<u>Total Expenditures</u>	<u>\$10,733,543</u>	<u>\$10,770,251</u>
<u>Excess</u>	<u>\$1,356,758</u>	<u>(\$2,336)</u>
1/3 Affordable Housing	\$453,919	\$300,000 *
1/3 Newtown Redevelopment	453,919	400,000 *
1/3 Downtown Projects	453,920	400,000 *

* Revenues are insufficient to fund the 1/3 allocations. Reserves have been tapped to meet funding plan. However, future year continuation may be impacted by property values.

Solid Waste Management

- **2008 - 09 Proposed Rate Increase - 0%**
- **Current Residential Monthly Charge - \$24.66**
- **Once Per Week Alternative**
 - Hedge against Future Rate Increases
 - Reduction of Carbon footprint
 - Yearly Savings of approximately \$350,000
 - 10-year savings of approximately \$4,000,000

Water and Sewer

- 2008 - 09 Proposed Rate Increase – 4%
- Monthly Bill for 5,000 gal.
 - 2007 - 08 = \$70.49 2008 - 09 = \$73.32 = Increase of \$2.83
- Future Year Rate Increases
 - 2009 - 10 = 4%
- Capital Program
 - Sustainability of Utility for years to come
 - Improved Reliability of System
 - Reliability Centered Maintenance versus Reactive Maintenance
 - Financial Management consultants
 - Available at workshops

Water and Sewer Rate Comparison

<u>Utility</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Bradenton	\$19.99	\$25.96	\$45.95
Palmetto	25.14	24.68	49.82
Manatee County	15.44	35.98	51.42
Punta Gorda	29.79	31.56	61.35
Clearwater	24.68	41.11	65.79
Cape Coral	26.08	46.11	72.19
Longboat Key	25.22	47.57	72.79
City of Sarasota *	30.21	43.11	73.32
Northport	29.18	47.20	76.38
Venice	34.99	43.17	78.16
Sarasota County	26.87	51.37	78.24
Ft Myers	25.39	56.36	81.75
Charlotte County	40.03	45.19	85.22

Rates based on 5,000 gallons of water usage including excise tax

* Includes proposed 4.0% rate increase - Effective 9/1/2008

Enterprise Funds

	<u>Estimated 2007- 08</u>	<u>Budget 2008- 09</u>
Van Wezel PAH	\$900,000	\$740,000
Municipal Auditoriums	\$136,000	\$10,000
Sports Complex	\$422,859	\$342,719

Parking Management

- **Permit Program Reinstated**
- **Additional Pay Stations in Lots**
 - **Orange and Dolphin Lot**
 - **Payne Park Lot**
- **Parking Meter Program Deferred until 2009-10**

Bobby Jones Golf Complex

- **2008 - 09 Proposed Rate Increase** **0%**
- **Clubhouse Replacement Project**

Bobby Jones Fund Balance **\$1,500,000**

Phase 3 Penny Sales Tax *(as approved by Voters)* **1,500,000**

Phase 3 Penny Sales Tax *(Reprioritized from 12th Street)* **2,000,000**

Total for Clubhouse Replacement **\$5,000,000**

2008-09 Budget Workshops

Schedule

2008-09 Proposed Annual Budget

Questions Today?

After reviewing the Proposed Budget,
please e-mail questions to

Christopher Lyons

before Thursday, July 17th

The End!