



September 21, 2009

Honorable Mayor and City Commission  
Sarasota, Florida

Dear Mayor and Commission Members:

I am pleased to submit the 2009-10 financial plan for the City of Sarasota in accordance with the requirements of the Sarasota City Charter. This plan is a culmination of the budget process that began in January and was completed with its final adoption on September 21, 2009

In April of this year we presented a financial condition report which projected that the financial conditions we faced would continue to deteriorate. The conditions of the global financial economy, the stock market severe decline between fall 08 and spring 09, the deteriorating housing market locally and the slump in the state economy coupled with new property tax changes mandated by the state have all combined to make this budget preparation truly challenging. In April we projected the estimated shortfall between projected revenues and expenses for fiscal year 09-10 to be approximately \$8.9 million.

Over the last four months we have been able to eliminate this projected deficit and I am pleased to submit to you a balanced budget. Some of the shortfall was reduced due to revised revenue estimates. Some of the strategies used which will be explained in further detail later in this summary are as follows:

- One year freeze on all wages, step increases and longevity payments
- Elimination of 30.42 positions city-wide
- Revisions to Fire Pension Ordinance
- Revisions to the sick leave/bonus days program
- Anticipated Grants of approximately \$1.2 million
- Initiation of Red-Light Cameras
- Initiation of new permit fees for using of public facilities for special events
- Reductions in six separate reserve funds
- Reduction in Ed Smith Subsidy
- Reduction in Van Wezel Subsidy
- Elimination of the Run-Walk-Swim Program

Many of the aforementioned revisions are contingent on agreement through the collective bargaining process. Discussions will need to take place with the Teamsters and PBA on many of the above items.

Before outlining the highlights of this proposed budget I think it is important to reiterate to the public at large the core Commission goals and progress made on each. Governments do not exist for the purpose of raising and spending money. The purpose of government is to provide services to our citizens which enhance the quality of their lives. Progress made on Commission priorities is outlined in Exhibit A (pages XXXII-XXXIV) at the end of the "In-Depth Analysis" section.

#### BUDGET SUMMARY

In summary, the overall 2009-2010 budget by fund type is as follows:

<b>Fund</b>	<b>2008-09 Budget</b>	<b>2009-10 Budget</b>
<b>Beginning Fund Balance</b>	<b>\$ 65,149,264</b>	<b>\$ 61,862,771</b>
<u>Revenues</u>		
General Fund	56,640,724	54,173,531
Special Revenue Funds	30,589,386	24,775,651
Debt Service Funds	3,394,000	5,376,500
Enterprise Funds	60,074,003	56,632,603
Internal Service Funds	14,835,608	11,898,894
OPEB Trust Fund	<u>9,056,373</u>	<u>9,336,807</u>
Total Revenues	<u>174,590,094</u>	<u>162,193,986</u>
<u>Expenditures</u>		
General Fund	56,640,724	54,173,531
Debt Service Reserve	2,700,000	0
Special Revenue Funds	32,056,630	24,647,447
Debt Service Funds	3,519,860	5,345,561
Enterprise Funds	62,405,850	58,568,993
Internal Service Funds	15,340,405	14,465,940
OPEB Trust Fund	<u>5,859,725</u>	<u>6,341,011</u>
Total Expenditures	<u>178,523,194</u>	<u>163,542,483</u>
<b>Ending Fund Balance</b>	<b>\$ 61,216,164</b>	<b>\$ 60,514,274</b>

A more detailed explanation of the 2009-10 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 \$1,967,873 from 2008-09.
- Reflects an operating millage of 2.7771 mills which is the same as for 2008-09.
- Reflects a 0.0461 mill increase in the debt service millage for the Police Headquarters primarily due to taxable valuation decrease.
- Reflects the implementation of a couple of new revenues including red light camera violations and special event fees for the use of public facilities.
- Provides approximately \$3.8 million in budget cuts in the General Fund including the elimination of 11 employment positions.
- Provides for the elimination of 30.42 employment positions city-wide, which equals a total of 156 in three years.
- Provides no general wage, career ladder adjustments, longevity, or salary/wage step increases for all employees.
- Includes a 4% rate increase in water and sewer rates, which computes to \$76.20 (including excise taxes) per month for a single-family residence using 5,000 gallons of water, which is a \$2.87 per month increase.
- Provides a \$595,000 subsidy to the Van Wezel Performing Arts Hall which is a 19.6% reduction compared to the amount budgeted for 2008-09.
- Provides a \$68,893 subsidy to the Sports Stadium, which is a \$273,826 reduction from last year.
- Provides no subsidy to the Municipal Auditoriums, which is a \$10,000 decrease from last year.
- The 2009-10 revenues for the CRA have decreased by \$1,661,745 from those for 2008-09. There are sufficient tax increment revenues that will be generated to pay for debt service; funding for the Downtown and Newtown Redevelopment Offices and funding for various other initiatives including Newtown Redevelopment. This was accomplished by implementing a couple of strategies including reducing the transfer to the General Fund for services provided by approximately \$1 million and reducing annual debt service payments by roughly \$200 thousand a year. These actions should ensure that sufficient funds are available for Newtown and Downtown redevelopment priorities..
- Provides for no rate increase for the Solid Waste operation.
- Provides for a 5 percent rate increase in Green Fees and \$2 per 18 hole increase in Cart Fees at Bobby Jones while continuing a funding plan for rebuilding the clubhouse.
- The economic downturn and the reduction of parking inventory have contributed to Parking Management's difficulty of creating sufficient revenues to sustain the operation. The Parking Management fund has sufficient fund balance to sustain it through September 30, 2010. The

budget does reflect additional revenues for parking violations based upon increases in overtime parking and boot fee ticket rates, and the implementation of a handicapped dismissal fee.

In summary, while the budget presented for 2009-10 is balanced, it is important that we point out to the City Commission and the public that service levels city wide cannot continue to be maintained as they have in the past. The cuts in this budget along with the cuts in the previous two years now equal 156 positions being eliminated from the city workforce. Simply put expectations for past service levels need to be lowered. It is also very important to realize that fiscal year 2010-11 may not be the bounce back year that many anticipate. Our projections continue to show property tax revenue declining. Specifically, values are expected to decline mainly because of the further reduction in commercial valuations, which tend to lag behind residential adjustments. Unless the economy starts to improve, which would stimulate the economically sensitive revenues, another shortfall will exist. In order to meet this challenge, a combination of increased revenues, including property tax rate increases, and/or reductions in expenses may need to be explored. During this year and the coming fiscal year the OPEB/Medical and Pension challenge teams will provide information for possible changes to address long term systemic budget issues.

In closing, I am pleased to bring to your attention that our budget documents for the past nineteen 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 REDEVELOPMENT**

**BUDGET / FINANCE**

**SUSTAINABILITY / ENVIRONMENTAL ENERGY MANAGEMENT**

**TRANSPORTATION**

**ECONOMIC DEVELOPMENT**

**DEPARTMENT IMPACT on  
CITYWIDE PRIORITIES  
FY 2009-2010  
(by Citywide Priority)**

<b>PRIMARY 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 Redevelopment</b>		X		X				X		X		
<b>Economic Development</b>		X		X								
<b>Budget / Finance</b>	X	X	X	X		X	X			X	X	X
<b>Transportation</b>		X								X		
<b>Sustainability / Environmental Energy Management</b>	X	X		X	X			X		X		X

<b>SECONDARY 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	X		X	X
<b>Planning and Redevelopment</b>				X		X				X		
<b>Safe Communities</b>	X			X				X		X		X
<b>Affordable Housing</b>		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 2009-10 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 to 2.7771 in 2007-08 and remains at 2.7771 through 2008-09 and 2009-10 despite the declining City revenue outlook. The projected fund balance at September 30, 2010 is 19.29 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 primary and five secondary citywide priorities that would lead the administration through the FY 2009-10 budget process. As a result, these priorities are incorporated throughout the FY 2009-10 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 2009-10 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 2009-10 annual budget.

The short term priorities established for the 2009-10 budget are listed on the ensuing page.

## **BUDGET PRIORITIES FOR FY 2009-10**

### **❖ *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 2009-10 budget

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

- Prioritize all City services
- Maintain emphasis on essential City services
- Minimize programmatic impact of reductions
- Pursue eligible funding provided through the American Recovery and Reinvestment Act of 2009.
- 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