

September 18, 2000

Honorable Mayor and City Commission
Sarasota, Florida

Dear Mayor and Commission Members:

I am pleased to transmit the 2000-2001 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 18, 2000.

The budget continues the implementation of target action plans leading to the attainment of the City Commission's goals, which are as follows:

- Safe Place for People
- Healthy Neighborhoods
- Visual Appeal of City
- Responsible City Government
- Economic Vitality

In summary, the overall 2000-2001 expenditure budget by fund type for the City of Sarasota is as follows:

	1999-00 Budget	2000-01 Budget	Percentage Increase
General Fund	\$33,455,294	\$35,647,315	6.55 %
Special Revenue Funds	14,236,745	16,948,229	19.05
Enterprise Funds	41,603,669	51,278,171	23.25
Internal Service Funds	4,331,801	4,743,165	9.50
Debt Service Funds	<u>2,962,078</u>	<u>3,014,656</u>	1.77
Total	<u>\$96,589,587</u>	<u>\$111,631,536</u>	<u>15.57 %</u>

A more detailed explanation of the adopted budget follows this letter of transmittal. However, the significant features of this budget are as follows:

- Increases total millage by 10.18% from 2.9601 mills to 3.2614 mills.
- Projected ending fund balance of \$3,387,692 for the General Fund at September 30, 2001 is a healthy 9.5 % of budgeted expenditures.
- Provides funding for 2000-01 pay increases for all employees including Police uniformed and General employees.
- Continues the implementation of target action plans leading to attainment of Commission Goals.
- Re-establishes a Redevelopment Department to include a Director of Redevelopment and Development Services who will oversee the new Redevelopment Department as well as Planning, Engineering, Building, Zoning and Code Enforcement, Neighborhoods and Housing and Community Development.
- Provides \$424,243 in debt service for the purchase and renovation of the Federal Building and \$20,000 for related maintenance costs.
- Re-establishes the Risk Manager position as part of a reorganization of the Risk Management Department.
- Increases the Building, Zoning, and Code Enforcement Department to provide an additional Residential Plans Examiner.
- Increases Landscape Maintenance to provide additional funding for the maintenance of the Bayfront Park which includes the new restrooms and the Children's Fountain. Four employees will be added and the current contract maintenance will be eliminated.
- Increases the City Auditor and Clerk's budget to provide for a scheduled election and by adding a Cable Access Supervisor to supplement the Television Operations.
- Increases the City Manager's budget to provide an Administrative Senior Secretary.
- Provides \$133,000 for a Comprehensive Master Redevelopment Plan for Newtown.
- Provides for increased funding for retiree medical insurance due to increased numbers of retirees.
- Sufficient tax increment revenues will be generated to pay for the 2000-2001 debt service and to help fund the re-established Redevelopment Department.
- Reflects a 2% increase in water and sewer rates effective 9/1/00. This computes to \$52.04 per month for a single-family residence using 5,000 gallons of water.
- Provides \$70,000 for density reduction at the Mobile Home Park and reduces the number of units to an estimated 30 at 9/30/2001. Includes a \$120,000 subsidy from the General Fund.
- Provides \$50,000 for the Downtown association.
- Provides \$4,124,000 of improvements funded by the Old and New Penny Sales Tax.
- Provides no increases in the daily greens fee and annual greens fee rates at the Bobby Jones Golf Complex for the 2000-2001 fiscal year.
- The Van Wezel Performing Arts Hall renovation will be complete and a full season is planned for the 2000-2001 fiscal year. Future profits will go towards reducing a negative fund balance which resulted from operating the Hall during its renovation.
- Provides a 3% increase in Solid Waste rates for 2000-2001.
- Provides an increase in parking fees from \$35 to \$40 per month.
- Provides adequate funding for the Capital Improvement Program. Enables the City to meet its commitments and community expectations in redevelopment, to implement Neighborhood Improvements such as Street Trees, Pavement Reconstruction, Sidewalk

Construction and Replacement, Curb and Gutter Placement and Replacement, Bicycle Route Improvements, and Traffic Calming; Lido Beach Renourishment; North Water Tower Park improvements; East Sarasota Park acquisition/improvements; conversion of Payne Park to a park; Stormwater Drainage improvements for St. Armands and other priority areas; Roadway Improvements such as funding for a Downtown Congestion Study, Lime Avenue, Siesta Drive Drainage, 17th Street, St. Armands Circle sidewalk/lighting improvements, Main Street Streetscape, U.S. 41 Median Improvements, Myrtle Avenue, and Bayfront Bicycle Path; Public Art; Capital Improvements for the Newtown Community; Ken Thompson Park Improvements; Palm Avenue mixed use project; matching funds for the Cohen Way Housing Project; aquifer storage and recovery well for reclaimed water; and Major Potable Water and Wastewater Projects.

This budget provides for the continued revitalization and strengthening of the City's downtown and commercial and residential neighborhoods. At the same time it addresses the fiscal difficulties experienced during fiscal year 1999-2000. First, the adopted budget addresses the 1999-2000 budgeted deficit of \$342,828. Second, it funds the continuation of the redevelopment of the Newtown area using the approach of a comprehensive master redevelopment plan prepared by the City with participation and involvement by stakeholders in the amount of \$133,000. Third, it funds \$50,000 for the Downtown Association. None of these issues was addressed in last year's budget. In addition, this budget provides \$424,243 for funding the debt service for planned acquisition of the Federal Building, as well as an additional \$20,000 for its maintenance. The General Fund budget funds eleven new positions, three of them for a new Redevelopment Department, similar to the one we had in the late 1980's. This budget provides for the spring 2001 election and a compensation study, as well as, more travel for the Commission. There is no deficit, salary adjustments are funded, and a fund balance that is 9.5% of expenses is the end result.

Our employees are working harder and smarter to meet the demand of workloads that have increased rather than shrunk, and they have continued to meet the challenge. This budget reflects the improvement in the economy and provides for additional personnel to meet the increased demands for more services.

In summary, the financial plan addresses the City Commission's goals, 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.

Sincerely,

David R. Sollenberger
City Manager

City of Sarasota Florida

SARASOTA 2001 AND BEYOND

OUR DEFINING PRINCIPLES

**A CITY OF URBAN AMENITIES WITH SMALL TOWN
LIVING AND FEELING**

SARASOTA 2005

OUR GOALS

SAFE PLACE FOR PEOPLE

HEALTHY NEIGHBORHOODS

VISUAL APPEAL OF CITY

RESPONSIBLE CITY GOVERNMENT

ECONOMIC VITALITY

City of Sarasota Florida

SARASOTA 2000

TARGETS FOR ACTION

<u>TARGET NUMBER</u>	<u>DESCRIPTION</u>	<u>WHERE ADDRESSED</u>
<i>TOP PRIORITY</i>		
1.	NEIGHBORHOOD NORTH OF DOWNTOWN POLICY/Framework (Rosemary, Gillespie Park and Park East)	NEIGHBORHOOD DEVELOPMENT
2.	COMMUNITY INFORMATION /COMMUNICATION POLICY STATEMENT	CITY AUDITOR & CLERK POLICE INFORMATION SERVICES NEIGHBORHOOD DEVELOPMENT
3.	INCOME SENSITIVE HOUSING/ LOW INCOME HOUSING STRATEGY	HOUSING & COMMUNITY DEVELOPMENT
4.	TRAFFIC CIRCULATION POLICY	ENGINEERING
<i>HIGH PRIORITY</i>		
5.	CONCURRENCY:POLICY DIRECTION	ENGINEERING
6.	CRA PLAN – ADOPTION AND IMPLEMENTATION	REDEVELOPMENT DEPARTMENT
7.	DEVELOP STRATEGIC PLANNING GUIDE	CITY MANAGER’S OFFICE
8.	ENTERPRISE ZONE IMPLEMENTATION PLAN	REDEVELOPMENT DEPARTMENT

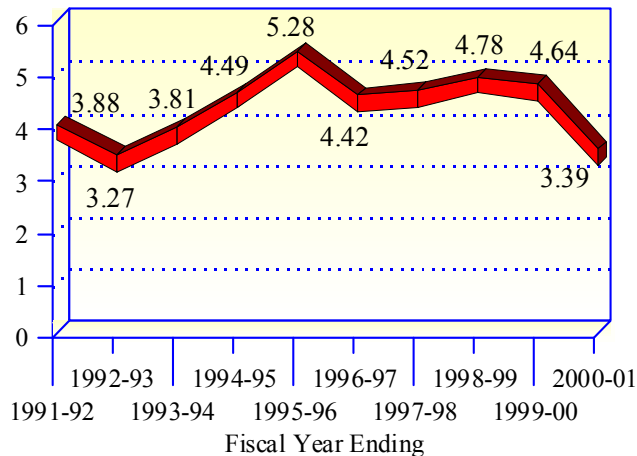
GENERAL FUND

The General Fund budget **increases the current operating millage from 2.1051 mills to 2.4926 mills, an increase of 18.4%**, as a result of the funded new positions; the purchase of the Federal Building; subsidies to organizations that were not part of City government; increased operating costs that were kept at bay to meet the prior 1995 millage commitment; as well as, the \$342,828 deficit budget adopted last year.

The budget includes funding for salary adjustments, certain increased costs and new funding initiatives. The September 30, 2001 fund balance will be \$3,387,692 which is 9.5 percent of budgeted expenditures, which is well above our policy of maintaining a fund balance that is a minimum of 5 percent of budgeted expenditures. The following graphs exhibit both the level of fund balance in the General Fund and the relationship of fund balance to budgeted expenditures over the last several years.

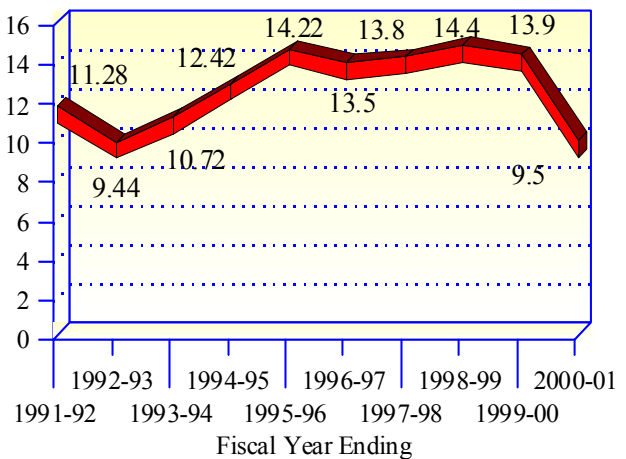
Level of Budgeted Fund Balance

Dollars In Millions



% of Fund Balance to Expenditures

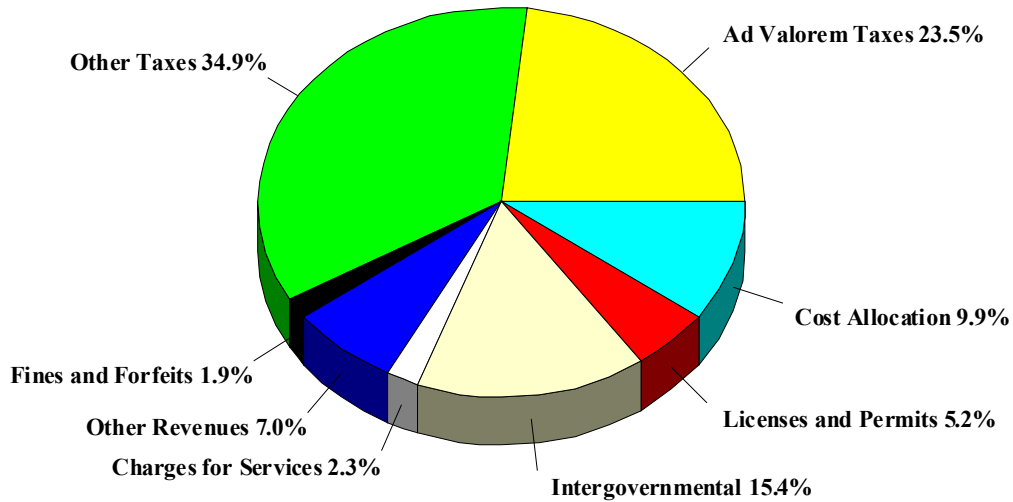
Percentage By Year



REVENUES

Revenues in the 2000-2001 budget total \$35,647,315. This is \$2,534,849 more than last year's budget of \$33,112,466. The following graph exhibits the relationship of the major revenue categories to the total revenues of the General Fund:

Percentage of Revenue by Major Source



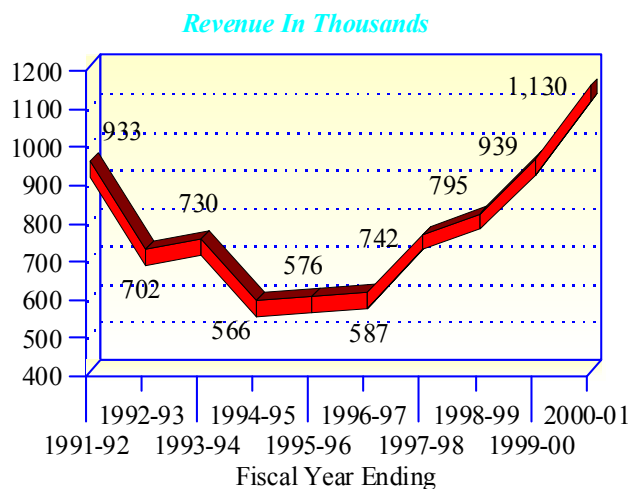
Ad Valorem Taxes The Preliminary Certification of Taxable Value for the City, from the Sarasota County Property Appraiser, is \$3,769,708,957 which is a \$254,875,717 or a 7.25% increase over last year's Preliminary Certification of Taxable Value of \$3,514,833,240. The adopted operating millage of 2.4926 will yield \$8,377,024 in ad valorem tax revenue for the General Fund. This is an increase of \$1,856,684 or 28.5% in ad valorem tax revenue from last year's budget. Ad valorem tax revenue now represents 23.5% of the City's total revenues with this adopted budget. A few years ago, 1995-96, it represented 36.3% and was the most significant source of revenue.

Franchise Fees and Excise Taxes Franchise fees are projected to total \$3,921,850, which is an increase of \$177,091 or 4.73%, mainly because of the new franchise agreement with Comcast Cable Communications. In August 1999 the City began to receive 5% revenue, a 1% increase over the old agreement. However, last year's budget had the 4% rate built in. Thus, the actual revenue for fiscal year 1999- 2000 will be in excess of budget by \$100,000. It is anticipated that for fiscal year 2000-01 the agreement will generate \$110,776 or 23.81% over last year's budget. Telephone franchise fees are anticipated to be \$5,825 more than last year's budget of \$176,475, but not as strong as the current year estimate of \$192,195, because our revenue history with this fee does not indicate continued growth. Florida Power and Light fees were decreased by 8% last year and now they will increase by 6% as a result of the Public Service Commission approval. Last year's budget was developed anticipating a 5% decrease in electric fees, not the 8% that was approved. Electric franchise fees are anticipated to be \$58,500 more than last year's budget as a result of the rate increase discussed and the new commercial buildings coming on line for next year. The current year estimate of \$2,825,000 for electric franchise fees is \$100,000 less than budget as a result of the approved rate decrease of 8% versus the 5% budgeted. Gas franchise fees are anticipated to remain almost level at \$180,000 or \$2,000 more than last year. Excise taxes are projected to total \$8,505,000, which is an increase of \$211,650 or 2.55%. Significantly contributing to the increase in this excise tax revenue is the 7% telecommunications tax, which, at \$3,565,000, is projected to increase \$311,400 over last year's budget. We are projecting 4% growth in this revenue because of the demand for cellular telephones, pagers and facsimile. Also, the growth in competition for

providing these services, which has lowered charges, has resulted in increased usage by their customers. Legislation has been enacted to dramatically change this revenue source effective October 1, 2001. The City is suppose to be held harmless as to the current revenue funding level, but growth is another issue. The electric excise tax revenues, at \$3,885,000, are projected to be lower than last year's budget by \$110,000 because the 10% excise tax is on the base kilowatt charge and not on the fuel charge, which makes up most of the FPL electric bills. Water excise tax is projected to increase \$7,250 as a result of the water rate increase.

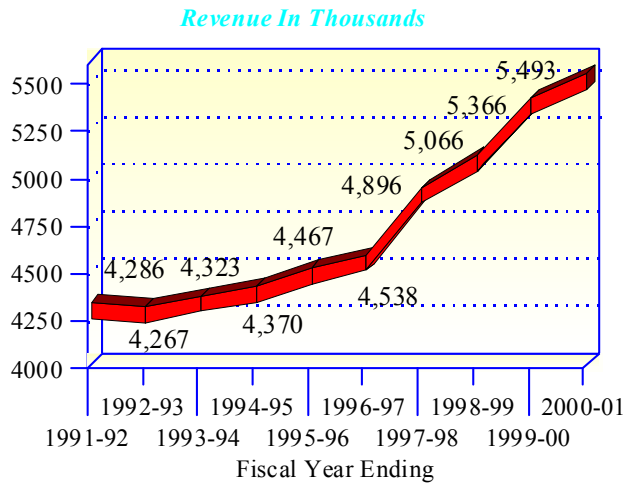
Licenses and Permits Building Permits are budgeted at \$1,130,250, an increase of \$191,150 or 20.35% greater than last year. Fiscal year 1999-2000 has witnessed a continuation of the building boom experienced in fiscal year 1998-99 with revenues anticipated to be \$1,669,250 or the same as 1998-99 actual of \$1,669,384. In fiscal year 1997-98 the revenue from Building Permits was \$1,070,677. In fiscal year 1996-97 revenue was \$1,170,463. Large projects contributing to this revenue in 1999-2000 are the Ritz Carleton Hotel and Condominiums, the Phoenix Condominiums, the Marina Towers, and the Sarasota Bay Club. Based on the construction activity in the downtown, coupled with the growth planned for the City of Sarasota, the budgeted revenue of \$1,130,250 for next year is reasonable. Contractor's Registration fees at \$62,000 are projected to be slightly higher than last year's budget, but at the same level as actual for the current year. Occupational Licenses are budgeted to be \$511,000, an increase of \$1,750 or 7.0%, as a result of the 5% increase in fees put in place last fiscal year. Engineering permits, at \$70,000, will be \$5,000 higher than last year's budget because of an increase in revenue from Right of Way permits. Burglar Alarm Permits are budgeted to decrease slightly by \$1,750 under the revenue category Other Licenses & Permits. The above graph exhibits that for several years building permit revenues declined leaving little confidence in projecting future year revenues for budget purposes. However, in recent years building permit revenues have recovered to a more average level.

Budgeted Building Permit Revenue



Intergovernmental Revenues Intergovernmental revenues, at \$5,493,873, are budgeted to increase

Budgeted Intergovernmental Revenue



to the left depicts the trend of intergovernmental revenues over the last several years. The half-cent sales tax revenue is projected at \$4,042,750, an increase of \$298,750 over last year. Continued strong sales of durable goods is the reason for this improvement. The City's share of cigarette tax will be non-existent for next year as a result of the new Municipal Revenue Sharing Bill just passed. Municipal revenue sharing, which no longer will include the cigarette tax as its major revenue source, is projected at \$1,315,000, an increase of \$180,000 more than last year. Beginning July 1, 2000, Sales Tax revenues replaced the Cigarette Tax in the formula for the Municipal Revenue Sharing Trust Fund. This exchange will give up a revenue source that has declined

3% annually for a new dedicated revenue source that increases annually about 6%. The City is guaranteed to receive the same amount as both the cigarette tax and Municipal Revenue sharing combined. Shared revenue from other local governments has increased \$4,623 over last year's budget as a result of the stormwater interlocal agreement with Sarasota County, whereby the City is reimbursed for the salary of an Engineering Department employee. Alcoholic beverage licenses, at \$40,000, are budgeted at the same level as last year.

Fines and Forfeits The Fines and Forfeits revenue category is budgeted to total \$671,000, which is \$62,000 less than last year's budget of \$733,000. Court fines, at \$522,000, are \$68,000 less than last year's budget of \$590,000. While the current fiscal year 1999-2000 estimate of this source of revenue is anticipated to be \$570,000, it is the result of reporting fourteen months of revenue, two months from the prior year. Last summer the Sarasota County Clerk of Court was behind in the processing of traffic fines collected due to their relocation during the remodeling of the courthouse. Under Other Miscellaneous Fines, code enforcement fines at \$46,000 are the same as last year. Civil seizures revenue, created in 1997-98, as a result of the \$500 vehicle impoundment fine related to prostitution and drug crimes, is budgeted at \$65,000, the same as last year. In December 1998, the Commission approved the dividing of this revenue source as grants to be administered by the Nuisance Abatement Board and the Neighborhood Department. In January 1999, an Administrative Regulation was issued stating that the prior year's revenue was available for these grants, on October 1. Accordingly, the budgeted expenses of both departments have been increased by \$35,000 for this budget, because the anticipated revenue for 1999-2000 is \$70,000. Alarm fines at \$22,000 will decrease \$3,000 because the budget was not achieved for 1999-2000.

Charges for Services The Charges for Services revenue category is budgeted at \$812,268 and is \$125,374 more than last year. General Government charges, at \$13,300, are budgeted \$10,432 less than last year due to zoning fees not being included in this category. Intragovernmental revenues at \$659,081, will increase \$130,719 because revenues from the self-insurance funds, to reimburse for the operations of the Risk Management Department, are higher by \$73,794 as a result of adding a full time Risk Manager back into the budget. For 1999-2000 the Risk Manager position was eliminated because the Human Resources Manager of Compensation and Labor Relations served as

both. On November 29, 1999, Risk Management and Information Services and Technology were transferred to the Finance Department. In May 2000 the Manager of Compensation and Labor Relations was promoted to Director of Human Resources. Thus, a new Risk Manager position had to be created again. Also included in the increase is planned work that Streets and Highways will perform for other City operations (\$40,000) and Landscape Maintenance planned work with revenue sources from other funds (\$20,000).

Miscellaneous Revenues Miscellaneous revenues of \$1,740,935 are budgeted lower than last year by \$376,875. Interest income at \$1,200,000 will be \$402,000 less than last year's budget. For fiscal year 1998-99 we anticipated our interest income to be \$1,485,000. Actual was \$496,230. This was the result of the Governmental Accounting Standards Board requirement that investments be booked at market value as of September 30, 1999. The budget for 1999-2000 was developed with interest income projected at \$1,602,000, without the GASB requirement. Interest rates have been rising, to date 175 basis points. U.S. Treasury Bills purchased prior to a rate hike do not have the same market value after the rate hike because an investor can earn more at the higher rate. Despite the phenomena, the maturity value of the investment is the same as when it was purchased. Thus, in this environment, we forecast that the September 30, 2000 market value will cause us to recognize only \$1,200,000 of interest income. Again, for fiscal year 2000-01, we have budgeted the amount of recognizable interest income to be \$1,200,000, taking the GASB requirement into account. Rents and royalties, at \$418,315 are projected to increase \$33,805 because of additional revenues from the Bell South Tower lease of \$3,785; The Marina Jack Restaurant of \$11,000; Gulf Wind Marina of \$7,000; Lemon Avenue Depot \$2,000; and O'Leary's of \$7,500. Other miscellaneous revenues, at \$122,620, are lower than last year's budget by \$8,680 as a result of the Police Department not budgeting \$15,000 for the sale of surplus furniture as they did last year.

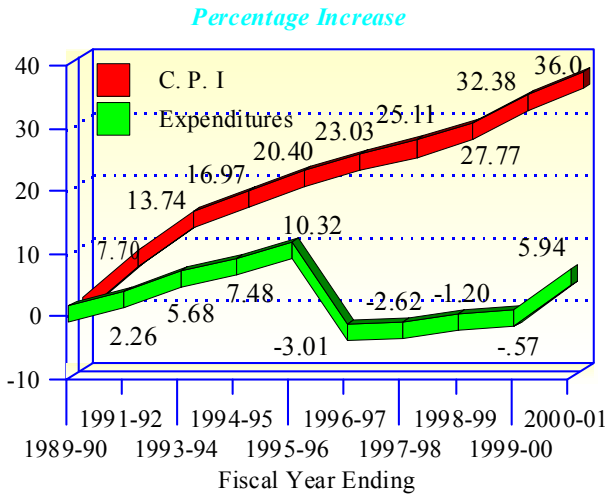
Interfund Transfers Interfund transfers; at \$4,274,965 will increase \$277,252, mainly as a result of \$133,319 transfer from the Community Redevelopment Area Trust Fund to partially pay for the new Redevelopment Department that will be fully explained under the category of expenditures. Cost Allocation charges, which are adjusted each year based upon a formal cost allocation plan, will be \$137,812 higher as a result of increases in Water and Sewer (\$100,661), Van Wezel (\$18,342), Self-Insurance (\$5,831), and Bobby Jones Golf Complex (\$4,136). The Gas Tax transfer has increased \$6,181 as a result of electric charges for street lighting.

EXPENDITURES

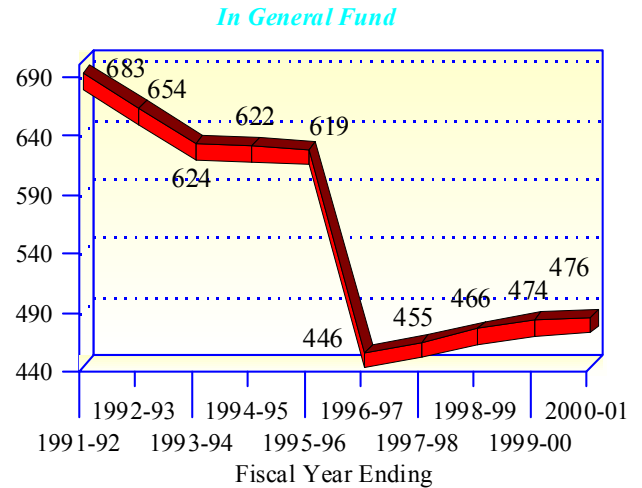
General Fund expenditures total \$35,647,315, an increase of \$2,192,021 or 6.5% over last year's budget of \$33,455,294.

The graph below depicts that from 1989 to 2001 cumulative budgeted expenditures have increased 5.94 percent versus the cumulative increase in the Consumers Price Index (CPI) of 36 percent. Another indicator of this effort to control costs is the following graph detailing the number of General Fund employees over the past ten budget years. Fiscal year 1996-97 was the year of the Fire/Rescue Bureau and Public Safety Communications consolidations with Sarasota County.

C.P.I. Increase Versus Expenditures

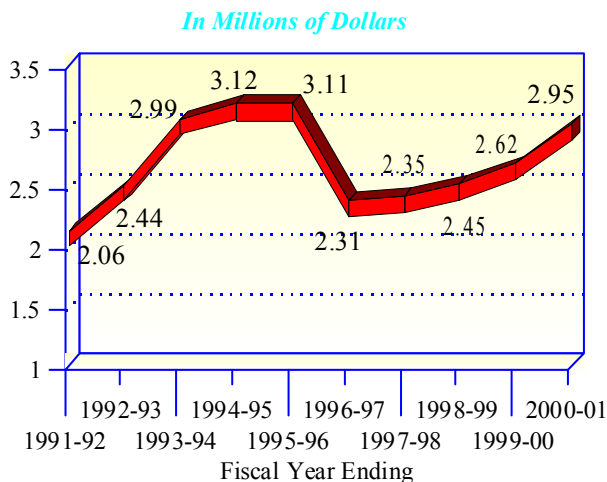


Number of Employees



This budget funds all employee salary adjustments, as well as a variety of enhancements. Pension contributions have increased \$100,255, but not as a result of an increase in the contribution rates for police and general employee pensions. These two pension funds continue to have excellent investment performance. There have been more employees added, and the other reason is higher salaries. Workers' compensation charges are \$26,249 higher than last year because of higher salaries and eleven new employees.

Medical Insurance Contributions



As exhibited in the chart to the left, employee and City health care costs were increasing up to 25 percent per year until 1994-95. Please note that the cost per employee did not change for 1996-97 from 1995-96, the drop shown on the chart is actually due to the reduction in employees resulting from the previously mentioned consolidations. For 2000-01 Employee and retiree health care costs have increased \$326,405. Of this amount, retiree health care costs represents \$230,022 or 70.5% of the total. All medical claims paid in 1999 were 62.7% higher than the previous year. In 1999 HMO insurance charges increased \$120,168, because of higher premiums charged by Aetna.

Contributing to this significant increase is the fact that HealthCare Sarasota paid in excess of \$500,000 for claims over three years old that were not processed by HealthPlan Services, our former third party administrator. In addition, prescription costs increased 42%. For fiscal year 1999-2000, the City changed the prescription plan to a mandatory mail order program and increased co-pays by employees that use the service, in an effort to get a handle on the spiraling prescription costs. It is anticipated that this change alone will save the City a minimum of \$269,000. For this adopted budget, medical premiums paid by the City for each employee have been increased \$2.00 to \$81.00 per week. Dependent care coverage that is paid by the employee has also been raised by \$1.50 to \$39.00 per week, but only for PPO members. This is the first increase to the employees in six years.

To bring health plan costs under control the City, along with Sarasota County, Sarasota County School Board and Sarasota Memorial Hospital formed HealthCare Sarasota. The City's participation continues to be effective in controlling health care costs.

General Government Function General Government expenditures, at \$9,951,806, will increase \$1,642,441 from last year's budget which includes \$142,274 of salary adjustments. The main reasons for the balance of the increase are 1) \$386,205 for the Redevelopment Department which includes four positions, of which one position is a transfer from the Neighborhood Development Department. 2) \$133,000 for a Comprehensive Master Redevelopment Plan for Newtown. 3) an increase of \$52,605 for election expenses. 4) three additional employees: City Manager's (\$33,706), City Auditor and Clerk's (\$41,660) and Risk Management (\$37,000), 5) debt service and maintenance for the Federal Building (\$444,243) and 5) the Unclassified budget increase for funding in retiree medical and life insurance, \$230,022, and the decrease in nonrecurring expenses of \$70,000. An overview of the departments within the General Government function follows.

City Commission expenditures, at \$175,158, will increase a net of \$6,581, because of an increase in travel of \$12,000, salary increases of \$5,000, cellular phone usage of \$1,680, all partially offset by the elimination of a part-time clerk \$13,309. The City Commission passed the following resolution for Commission travel:

One-fifth of the travel budget (under the Commission operations budget) is allocated to each Commissioner. Travel, in excess of the allocation, must be approved by the Commission.

City Manager costs, at \$466,115, will increase \$44,484 because of an Administrative Senior Secretary (\$33,706). This position will free the Executive Assistant to the City Manager of clerical duties and allow her to spend full time in administrative work for the City Manager. This, together with the re-establishment of the Director of Redevelopment and Development Services, are the primary budget requirements necessary to re-focus the role of the City Manager's Office. The latter will relieve the City Manager's Office of the responsibility for redevelopment and day-to-day supervision of individual development services departments and will allow the City Manager's office to devote more time towards administrative leadership, managerial oversight and departmental accountability and to deal with longer range issues through strategic planning.

The City Manager's office will coordinate the development of a strategic planning guide [TARGET FOR ACTION 7]. The strategic planning guide would link the City's goals and targets for action with the operating budget, the capital improvement program, the neighborhood action strategies, the comprehensive plan, and the financial sustainability study. This would help the City accomplish its mission statement by being able to anticipate future change proactively rather than reactively, and to align resource allocation with the most important challenges facing the City.

The Neighborhood Department expenditures, at \$404,710, will decrease \$30,254, due to the transfer of an Economic Development Specialist position to the Redevelopment Department, at \$46,064, which is partially offset by increased costs of \$7,461 for two neighborhood newsletters [TARGET FOR ACTION 2] rather than one as in this year.

In fiscal year 1999-2000 the City Commission designated Park East, Gillespie Park, and the Rosemary District as the target neighborhoods in which to establish Neighborhood Action Strategies (NAS) [TARGET FOR ACTION 1]. These NAS were developed in conjunction with the affected

residents for the Park East and Gillespie Park neighborhoods. For fiscal year 2000-01, a plan and budget were approved and put in the Capital Improvement Plan (Project Number CD-02.0 Gillespie Park, Park East). This plan calls for neighborhood improvements, which include drainage, curbs, gutters, and sidewalks, in the area bounded by U. S. 41, 10th Street, Tuttle Avenue, and Fruitville Road. Funding from the Community Development Block Grant in the amount of \$378,000, with a like amount budgeted for fiscal year 2001-02, will be supplemented by grant funds of \$300,000 for each of the fiscal years from the Department of Community Affairs for Urban Infill Zone.

A Neighborhood Communication Specialist was approved in the 1999-2000 budget to be responsible for communicating with neighborhood residents about City projects and developments, as well as, preparing a neighborhood newsletter and coordinating its publishing and distribution. For 2000-2001 the Neighborhood Communication Specialist will issue two newsletters citywide annually and an annual report on the accomplishments of the City [TARGET FOR ACTION 2].

Redevelopment Department. The City's organizational structure included a Director of Development Services from 1987 through 1991 whose responsibility was downtown redevelopment and oversight of the development services departments of Planning, Building, Zoning and Code Enforcement, Engineering, and Community Development. With the recession of the early 90's, the departure of the director and the mandate to cut costs, the Director of Development Services and the Department of Redevelopment were eliminated. This budget restores that department. The re-establishment of the position of Director of Redevelopment and Development Services will improve the City's ability to pursue redevelopment and economic development and to exercise administrative oversight, coordination and supervision of the Development Services Department which would include: Redevelopment, Planning, Engineering, Building, Zoning and Code Enforcement, Neighborhoods and Housing and Community Development.

In addition to leading the Development Services Departments, the Director of Redevelopment and Development Services would be the leader of the Redevelopment Department. This department would be accountable for implementation of the updated Downtown Redevelopment Plan and would lead citywide economic development efforts.

Redevelopment Department expenditures of \$528,747 include the Director, Deputy Director, Business Development Manager, and a Project Manager. In addition, it includes \$133,000 for the Comprehensive Master Redevelopment Plan for Newtown.

The Coalition of African-American Leadership requested, in June, a comprehensive master redevelopment plan be completed, with new business development and job creation an integral part of the plan. In addition, they requested that the \$1.0 million in the penny sales tax have a moratorium put on spending of the funds and that it be used for implementing the recommendations of the comprehensive master redevelopment plan. Funding of \$133,000 originally proposed for the Greater Newtown Community Redevelopment Corporation is now budgeted in this department for the comprehensive master redevelopment plan.

Fiscal year 1999-2000 the City hired a consulting firm to update the Downtown Master Plan [TARGET FOR ACTION 6]. It is anticipated that public input on the final draft will be held in November 2000 and the final report and recommendations will go to the Commission the end of December 2000. Public hearings and adoption of the CRA Master Plan would occur January 2001. Funding sources will be identified and projects will be identified on the basis of priority. ELMS Gas Tax Funds and Penny Sales Tax would be some of the sources.

Fiscal year 1999-2000 the City applied to the State for an Enterprise Zone [TARGET FOR ACTION 8] that went from north of 10th Street to the Sarasota County line and from U. S. 41 east to Tuttle Avenue. The African-American Neighborhood was included within this zone area. Our application made it through the State Senate, but did not pass the House. For fiscal year 2000-01, the City will reapply to the State for this Enterprise Zone. If successful, it will allow incentives to attract businesses. It will also offer incentives to businesses to hire workers from within the Zone. It will also enhance the City and the County tax base.

The **Department of General Services** costs are budgeted at \$1,168,384 and will increase \$491,107 mainly because of the Federal Building debt service at \$424,243 and maintenance of \$20,000. Also, building maintenance for City Hall will increase \$29,594 due to contracts and necessary repairs, as well as \$4,329 in salary adjustments.

The **Human Resources Department** for fiscal year 2000-01 has the division of Risk Management separated as a stand-alone department. This is because Risk Management is under the Finance Department, but employee benefits, a function of Risk Management, is under Human Resources. The purpose is that safety, claims and employee benefits are all funded by self-insurance funds. As of November 1999, Risk Management was transferred to the Finance Department. Since then, the Manager of Compensation and Labor Relations, who served as the Risk Manager, was promoted to the Human Resources Director. The split of the risk management functions was a result of the promotion. The total expenditures of Human Resources are \$641,168, an increase of \$35,094. This is due to \$35,000 for a compensation study. The current plan was implemented in 1988 and needs to be updated. This budget plan is to have an expert employee develop a new system to be presented to the Commission, and to be put in place by October 1, 2001. The goal is to allow upward mobility and have employee's progress through their pay grades. In addition, the Director will focus funds allocated for employee training on customer relations. Quality customer service is an attitude that must be adopted by everyone working in the City. "We can do it together" signifies that by working together as a team and supporting each other, we can create a quality customer service attitude in the City that is second to none.

Finance Department expenditures, at \$526,132, will increase \$34,218 as a result of salary adjustments. This is the first increase in this budget in three years. Also, expenditures for the **Accounting and Payroll** Department, at \$329,875, increase only by the amount of the general salary increase.

City Auditor and Clerk expenditures, at \$1,055,316, are budgeted to increase \$125,244. This is the result of an election scheduled for 2000-01 which raises the budget \$52,605. In addition, this budget includes the addition of a Cable Access Supervisor for \$41,660 to supplement the existing Television Operations [TARGET FOR ACTION 2].

Activation of the government access channel, shared by both Sarasota County and the City, was successful [TARGET FOR ACTION 2]. As stated above for fiscal year 2000-01, a Cable Access Supervisor has been added to the budget. In addition, funds have been appropriated to remodel the Commission Chambers, which will include significant audio-visual improvements. This will enable the City to televise Town Hall meetings. Added programs for fiscal year 2000-01 will be a City Manager talk host show and a police show.

City Attorney budget, at \$942,600, will decrease \$22,400 from last year because of an overall reduction in the work plan and the allocation to certain departments of their specific share of legal expense, such as, Planning, and Building, Zoning and Code Enforcement.

Planning Department expenditures, at \$1,158,193, will increase \$63,226 over last year. Legal fees will increase by \$10,000 for the Land Development Regulations, the Planning Board, and for the operations of the Planning Department. Also, Planning Board travel will increase by \$5,000, and maintenance on Geographic Information System software has been included for \$3,000. Salary adjustments adds another \$44,199.

Expenditures for the **Commission Liaison Office**, at \$83,835 will increase \$12,819 because of salary adjustments.

The **Risk Management Department** budget, at \$191,005, increases \$70,889 as a result of the reorganization of the department previously mentioned. The Compensation Manager in the Human Resources Department also served as the Risk Manager. In November 1999 Risk Management was assigned to Finance and in May 2000 the Compensation Manager was promoted to the Human Resources Director. As a result, it becomes necessary to reestablish the Risk Manager position again for a net increase of \$37,000. Operating costs have increased for handling employee benefits enrollment (\$17,254), postage for HealthCare Sarasota information (\$5,000), and duplicating and printing (\$2,600). Capital expenditures are increased for computer upgrades (\$3,750) as this department has antiquated equipment.

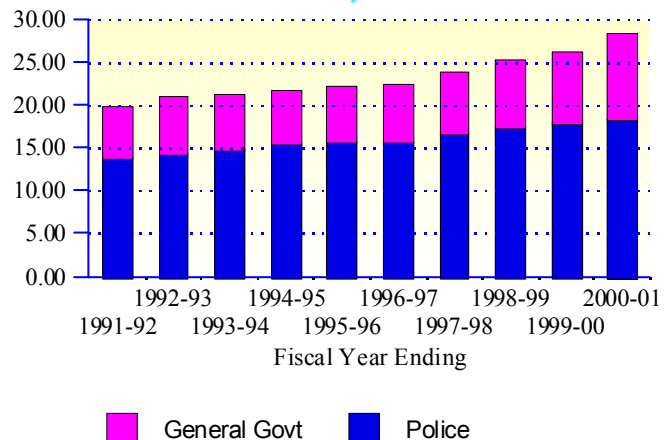
The **Unclassified** budget expenditures, at \$2,280,568, have increased \$275,794, as a result of the previously mentioned funding increase for retiree medical insurance (\$230,022), and the Downtown Association (\$50,000). There are increases for budget software maintenance (\$4,800), data processing charges (\$50,000), property insurance (\$4,972), and miscellaneous dues (\$1,000). In addition there is \$5,000 for the required audit of Comcast by the City and County. These are partially offset by the nonrecurring funding of the Year 2000 celebration (\$50,000) and the Hispanic American Alliance (\$20,000).

Public Safety Function Public Safety expenditures at \$20,194,094 have increased \$473,243.

Police Department expenditures of \$18,252,772 have increased \$326,568. Personal services account for an increase of \$422,523. This increase is offset by an anticipated reduction in legal fees of \$94,000, and in pension contributions generated from the Deferred Retirement Option Plan.

In-kind services to provide for parades, events and the July 4th fireworks that are included in this budget are as follows:

Police Compared to General Government
Millions Expended



Dr. M. L. King Parade
Easter Parade
Memorial Day Parade
Veterans Day Parade
July 4th Fireworks
County Fair

Christmas Boat Parade
Singing Christmas Tree
Downtown Streetfest
St. Armands Night
Juneteenth Celebration
Downtown Christmas Parade

The Police Department will develop a crime information plan for inclusion on the City's web site in fiscal year 2000-01 [TARGET FOR ACTION 2].

Building, Zoning and Code Enforcement Department's budget increases \$146,675 to \$1,941,322. The staff will increase by a Residential Plans Examiner for \$40,635. This position is required due to the record number of building permits, which are being processed by the department. In addition, salary adjustments require another \$82,994. Operating costs have increased with the higher level of permits and code enforcement for postage (\$10,000) and duplicating (\$10,000).

Physical Environment Function The **Landscape Maintenance** budget, at \$1,963,997, increases \$128,547. This budget includes an increase for 1) overtime of \$35,500, 2) maintenance for the Children's Fountain of \$26,500, 3) horticultural supplies of 19,375, and 4) salary adjustments of \$46,058. In addition, This budget establishes a consolidated operation maintenance plan for the Bayfront Park, which includes the new restrooms, landscaping and the Children's Fountain. The current improvements at the Bayfront Park coupled with the success of the Children's Fountain demands a higher level of service. Thus, this budget adds four additional landscape personnel at a total cost of \$158,707. This projected cost will be offset by elimination of the current contract maintenance at the Park of \$174,600.

Transportation Function The **Streets and Highway Department** expenditures, at \$2,263,879, will increase \$75,056. This includes an increase for overtime of \$28,743 and salary adjustments of \$46,323.

Engineering Department expenditures, at \$903,142, will increase only \$3,772 as the result of the reclassification of three existing positions and advancing two employees into them and hiring another for a lower salary.

The Engineering Department is spearheading an effort to implement/develop traffic circulation programs/policies [TARGET FOR ACTION 4]. Several actions have been developed and implemented with others underway. Fiscal year 1999-2000 saw delivery of the Sarasota County Area Transit trolley cars for use in moving people in and out and about the downtown area. In addition, the Downtown Master Plan Update was undertaken with completion anticipated December 2000. A transportation engineering consultant was hired as a subcontractor for the Master Plan. Residential traffic calming citywide will continue with \$433,000 in the five year C.I.P. Construction of bicycle paths on a priority basis, as identified in the bicycle master plan, will be implemented with \$420,000 in the five year C.I.P. A corridor study for six lanes from 12th Street north and four lanes south on U. S. 301 was completed in January 2000 with \$500,000 in funding from the Florida Department of Transportation. The five year C.I.P. also contains \$3,200,000 to construct a two-lane roadway on 17th Street from U.S. 41 to Orange Avenue.

In January 2000 the Commission continued the Transportation Concurrency Exception Area for the Community Redevelopment Area until May 2001. The Downtown Master Plan Update was

also undertaken with completion anticipated December 2000. A transportation engineering consultant was hired as a subcontractor for the Master Plan. For fiscal year 2000-01, the City will form a Transportation Management Organization with the Downtown Association for all of the downtown area within the Transportation Concurrency Exception Area [TARGET FOR ACTION 5].

Subsidies Subsidies, from the General Fund, total \$370,397, a decrease of \$131,038 compared to last year's budget. The subsidy to the stadium at \$200,000 remains the same as last year's budget, as does the Municipal Auditorium subsidy at \$50,397. The subsidy to the Mobile Home Park will decrease \$131,038 because the revenues of the Park are able to better sustain the reduced cost of operations with just three employees. As of June 27, 2000, there were 43 homes in the Park and it is anticipated that the number will be 42 at September 30, 2000. A year ago at this time there were approximately 115 homes in the Park. The City is getting very close to its goal of closing the Park.

In summary, General Fund expenditures have increased notably for:

City Commission		\$ 12,000
Travel expenses	\$ 12,000	
City Manager		33,706
Administrative senior secretary	33,706	
Commission Liaison		10,377
Salary adjustments	10,377	
Redevelopment		519,205
Addition of new department	386,205	
Comprehensive Master Redevelopment		
For Newtown	133,000	
Neighborhood Development		7,461
Frequency of neighborhood newsletter	7,461	
Human Resources		41,000
Compensation/classification study	35,000	
Computer upgrades	6,000	
Finance Department		17,254
Salary adjustments	17,254	
Risk Management		65,604
Restoration of risk manager (net cost)	37,000	
Part-time salaries	17,254	
Postage for Healthcare Sarasota information	5,000	
Duplicating expense	1,800	
New employee flyers	800	
Computer upgrades	3,750	
General Services		478,166
Federal building debt service	424,243	
Federal building maintenance costs	20,000	
Building maintenance	24,283	
Mail equipment maintenance	5,311	
Salary adjustments	4,329	

City Auditor and Clerk		132,611
Election expenses	52,605	
Cable access supervisor	41,660	
Special projects for the City Commission	10,000	
Special services	12,500	
Tuition reimbursement	5,000	
Special master	3,938	
Travel expenses	3,000	
Other	3,908	
Planning and Development		37,184
Legal expenses	10,000	
Salary adjustments	17,814	
Planning board travel	5,000	
Dues and memberships	1,370	
GIS software maintenance	3,000	
Engineering		4,000
Certification for traffic engineer	4,000	
Unclassified		344,794
Retiree insurance	230,022	
Downtown Association	50,000	
Data Processing charges	50,000	
Financial audit of Comcast	5,000	
Budget software maintenance	4,800	
Property insurance	4,972	
Police		58,988
Medical and dental increase	35,464	
Salary adjustments	23,524	
Building, Zoning and Code Enforcement		94,255
Residential plans examiner	40,635	
Code enforcement mailing costs	10,000	
Duplication expenses	10,000	
Salary adjustments	33,620	
Landscape Maintenance		96,187
Overtime	35,500	
Salary adjustments	14,812	
Maintenance of fountains and misc. areas	26,500	
Horticultural supplies	19,375	
Streets and Highways		47,455
Salary adjustments	18,712	
Overtime	28,743	
Other Adjustments		<u>15,454</u>
Subtotal		<u>2,015,701</u>

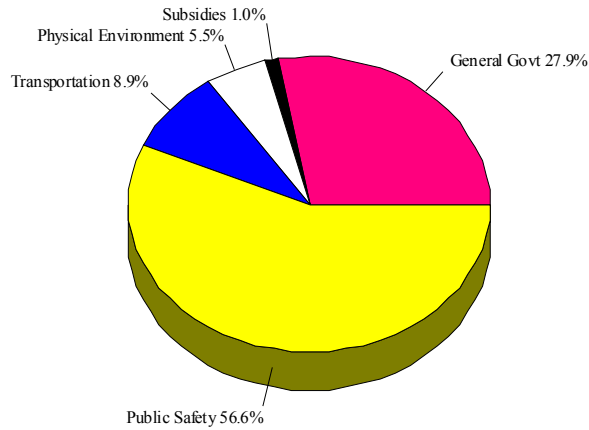
Offset by the following:

City Commission		
Elimination of part-time clerk		(13,309)
Neighborhood Development		

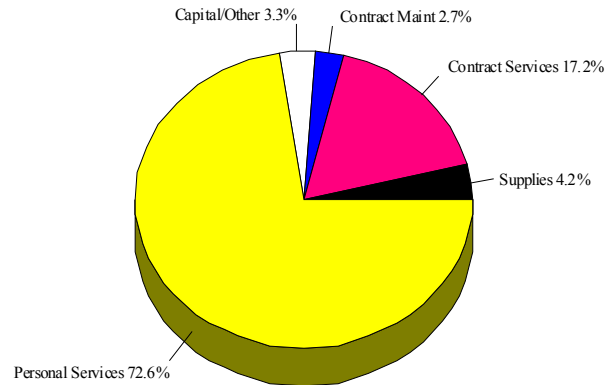
Economic Development Specialist		(46,064)
City Attorney		(22,400)
Unclassified		(70,000)
Year 2000 celebration	(50,000)	
Hispanic American Alliance	(20,000)	
Police		(177,302)
Drop plan savings	(76,302)	
Legal expenses	(94,000)	
Reduction in overtime	(7,000)	
Engineering		
Salary adjustments		(28,501)
Human Resources		
Legal expenses		(23,800)
City Auditor and Clerk		
Computer hardware and software		(31,377)
Subsidies		
Mobile Home Park		(131,038)
Subtotal		<u>(543,791)</u>
Subtotal		1,471,910
Provision for Salary Adjustments		<u>720,111</u>
Net Total Increase		<u>\$ 2,192,021</u>

In summary, public safety continues to be the major emphasis of General Fund expenditures. Furthermore, personal services including benefits represents the major cost of providing General Fund services. The first graph below exhibits the relationship of public safety and other functional expenditures to total General Fund expenditures. The second graph depicts expenditures by type or object as a percentage of total General Fund expenditures. These two graphs clearly indicate the City's employees are its major resource in providing public safety to its citizens.

Expenditures By Function



Expenditures By Object



The total millage required to finance this budget is 3.2614 versus 2.9601 last year. Operating millage is increased to 2.4926, an increase of 18.4%. Debt service millage will be 0.7688 (a 10.08% decrease from last year's 0.8850 mills). The impact of this millage increase to the average owner occupied taxable home of \$134,741 in the City (\$109,741 after the Homestead exemption, as of October 1999) would be \$33.06 as follows:

\$134,741 Average Assessed Value (10/99)
\$109,741 Taxable Value (after homestead exemption)

	Actual <u>1999-2000</u>		Actual <u>2000-01</u>		<u>Variance</u>	
	<u>Millage</u>	<u>Amount</u>	<u>Millage</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Operating	2.1051m	\$231.02	2.4926m	\$273.54	18.41%	\$42.52
Debt	<u>0.8550m</u>	<u>93.83</u>	<u>0.7688m</u>	<u>84.37</u>	(10.08%)	(9.46)
Total	<u>2.9601m</u>	<u>\$324.85</u>	<u>3.2614m</u>	<u>\$357.91</u>	<u>10.18%</u>	<u>\$33.06</u>

\$60,000 Assessed Value
\$35,000 Taxable Value (after homestead exemption)

	Actual <u>1999-2000</u>		Actual <u>2000-01</u>		<u>Variance</u>	
	<u>Millage</u>	<u>Amount</u>	<u>Millage</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Operating	2.1051m	\$73.68	2.4926m	\$87.24	18.41%	\$13.56
Debt	<u>0.8550m</u>	<u>29.93</u>	<u>0.7688m</u>	<u>26.91</u>	(10.08%)	(3.02)
Total	<u>2.9601m</u>	<u>\$103.61</u>	<u>3.2614m</u>	<u>\$114.15</u>	<u>10.18%</u>	<u>\$10.54</u>

\$175,000 Assessed Value
\$150,000 Taxable Value (after homestead exemption)

	Actual		Actual		Variance	
	<u>1999-2000</u>		<u>2000-01</u>		Percent	Amount
	<u>Millage</u>	<u>Amount</u>	<u>Millage</u>	<u>Amount</u>		
Operating	2.1051m	\$315.77	2.4926m	\$373.89	18.41%	\$58.12
Debt	<u>0.8550m</u>	<u>128.25</u>	<u>0.7688m</u>	<u>115.32</u>	<u>(10.08%)</u>	<u>(12.93)</u>
Total	<u>2.9601m</u>	<u>\$444.02</u>	<u>3.2614m</u>	<u>\$489.21</u>	<u>10.18%</u>	<u>\$45.19</u>

DEBT SERVICE FUNDS

The City issues and manages its debt in accordance with the debt policies enumerated under Financial Policies in the Introductory Section. The debt service millage for 2000-01 is 0.7688 mills, a 10.08% decrease from last year's 0.8550 mills. A comparison of debt service millage for last year and this year follows:

	1999-2000 <u>Actual</u>	2000-01 <u>Actual</u>
1990 General Obligation Refunding Bonds	0.4043	0.0000
1994 General Obligation Refunding Bonds	0.2096	0.1817
1998 General Obligation Refunding Bonds	<u>0.2411</u>	<u>0.5871</u>
Total Debt millage	<u>0.8550</u>	<u>0.7688</u>

Debt service requirements for the 1990 General Obligation Refunding Bonds were eliminated for 2000-01, being refunded by issuing the 1998 General Obligation Refunding Bonds. The increase in the debt service requirement for the 1998 General Obligation Refunding Bonds was less than the decrease by the elimination of the 1990 issue. The debt service for the 1994 General Obligation Refunding Bonds also decreased from last year's level. This results in a total debt service millage for 2000-01 of 0.7688 mills, as taxable value in the City rose 7.12% for 2000-01.

The following table shows the estimated millage rate for debt service based on projected net assessed valuations (2½ % increase per year) for the remainder of the outstanding debt:

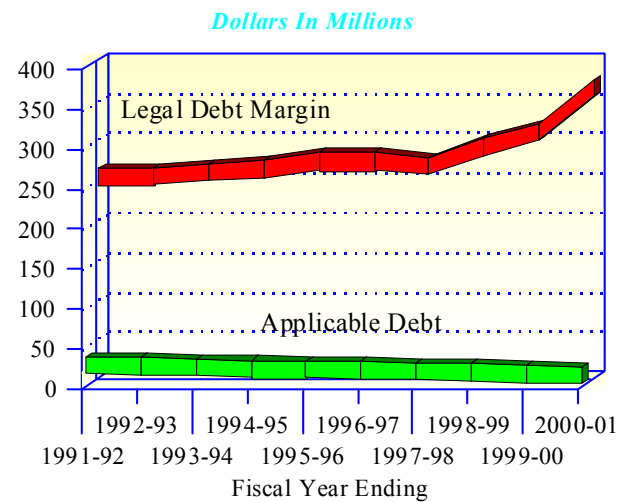
	1998 <u>G.O. Bonds</u>	1994 <u>G.O. Bonds</u>	Total <u>Millage</u>
2001-02 Estimated millage	0.5322	0.1710	0.7032
2002-03 Estimated millage	0.5126	0.1646	0.6722
2003-04 Estimated millage	0.5131	0.1552	0.6683
2004-05 Estimated millage	0.5045	0.1480	0.6525
2005-06 Estimated millage		0.3260	0.3260
2006-07 Estimated millage		0.2989	0.2989
2007-08 Estimated millage		0.2509	0.2509

The City of Sarasota's total outstanding long-term liabilities on September 30, 2000 are \$114,968,519, which can be summarized as follows:

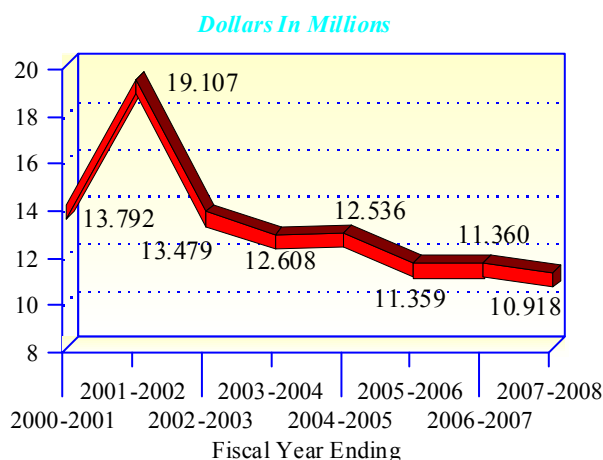
	In Thousands	
General Obligation Bonds	\$ 14,785	
Special Obligation Bonds and Debt	24,038	
Loans Payable/Capital Leases		14,605
Special Assessment Debt	171	
Proprietary Fund Revenue Supported Debt	<u>61,370</u>	
		<u>\$ 114,969</u>

The City Charter provides for a legal debt limit which caps the amount of outstanding long-term liabilities to 10% of the assessed property value within the City. The legal debt margin is defined as the difference between the legal debt limit and net total outstanding long-term liabilities. "Net long-term liabilities" is defined as long-term liabilities less any deductions allowable by law. Allowable deductions include any debt supported by specific revenue streams and any funds segregated for the retirement of long-term liabilities. As of September 30, 2000 the legal debt margin of the City should be \$363,771,452 and the chart to the right compares it to debt margins of the previous several years.

Debt Margin Compared To Applicable Debt



Debt Service Requirements



Total payments including interest to amortize these long-term liabilities are \$159,533,089. The total payments necessary to amortize annually all outstanding long-term liabilities is detailed in Exhibit A. In addition, the chart to the left exhibits the next several years' debt service requirements which remains relatively stable except for the year 2001-02 when the Penny Sales Tax Special Revenue Bonds mature.

SPECIAL REVENUE FUNDS

COMMUNITY REDEVELOPMENT

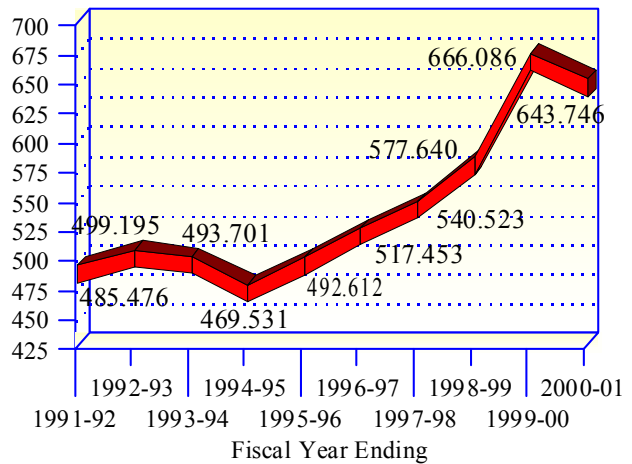
The Preliminary Certification of Taxable Value of the Community Redevelopment Area (CRA) for last year (fiscal year 1999-2000) was \$666,086,496, an increase of \$88,446,333 or 15.31% over the 1998-99 fiscal year Preliminary Taxable Value. Then on February 29, 2000, the Sarasota County Property Appraiser notified the City that they had made a mistake, going back to the calendar year 1991, by including taxable tangible personal property in their taxable property reports. Prior to this date, taxable tangible personal property was a separate report. The city's ordinance clearly states that the taxable value increase is on the value of real property. For 1999-2000, the adjusted taxable value dropped \$77,013,118. 1998 dropped \$76 million, 1997 and 1996 each dropped \$71 million, and then the decreases were approximately \$50 million. Thus, Sarasota County overpaid the CRA Trust Fund \$1,803,057. The City overpaid the Trust Fund \$1,791,256. The following table lists the valuations provided by the Sarasota County Property Appraiser for the past fifteen years.

COMMUNITY REDEVELOPMENT AREA

<u>Fiscal Year</u>	<u>(July) Preliminary Taxable Value</u>	<u>(October) Certified Taxable Value</u>	<u>Percent Change From Previous Year</u>
2000-01	643,745,526		(3.35%)
1999-00	666,086,496	667,423,716	15.10%
1998-99	577,640,163	579,865,844	6.68
1997-98	540,522,573	543,565,613	5.32
1996-97	517,453,257	516,094,651	4.84
1995-96	492,612,438	492,258,286	4.94
1994-95	469,531,233	469,079,920	(4.93)
1993-94	493,700,939	493,391,298	(1.25)
1992-93	499,195,065	499,619,983	2.49
1991-92	485,476,369	487,460,015	(3.63)
1990-91	507,128,774	505,826,876	5.93
1989-90	494,893,122	477,517,526	4.68
1988-89	450,391,610	453,176,890	5.11
1987-88	428,347,030	431,153,610	4.70
1986-87	410,617,860	411,676,160	NA

The Taxable Value of the "Redevelopment Area", at \$643,745,526, is \$232,069,366 greater than the base year 1986 of \$411,676,160. This is a 56.4% increase, despite the devaluation that occurred in the early 1990's and the error that was discussed previously. See the table above and the graph to the right detailing these valuations. The adopted 2.4926 mills will generate revenues of \$549,533. This is \$40,752 more than was produced last year. Assuming that Sarasota County operating millage will be adopted at 4.1358 mills, it will generate, in addition to the City's contribution, \$911,031, which is \$98,804 less than last year as a result of lower millage and the reduced taxable value.

*Assessed Values of Redevelopment Area
Dollars In Millions*



It is anticipated the revenue in the CRA will total \$1,460,564 or \$55,726 less than last year, but will exceed the \$1,227,245 debt service on the 1988 and 1989 TIF Bonds as well as, the \$100,000 debt to Montgomery Roberts, by \$133,319. This amount will be used to partially fund the new Redevelopment Department previously discussed.

The following table provides a projection of future **estimated** taxable values in the Redevelopment Area, the revenue it will produce, and the excess funds available after debt service:

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
TIF Taxable Value	\$703,720,437	\$828,806,251	\$932,382,376	\$951,030,024	\$970,050,624
TIF Tax Revenue	\$1,830,460	\$2,623,173	\$3,274,524	\$3,391,792	3,511,405
Debt Service	1,478,853	1,007,728	999,145	1,096,345	1,198,000
Excess	<u>\$351,608</u>	<u>\$1,615,445</u>	<u>\$2,275,379</u>	<u>\$2,295,447</u>	<u>\$2,313,045</u>

Following adoption of the Downtown Redevelopment Plan, the administration will present a plan for the long-term use of TIF funds, including capital and Redevelopment Department operating expenses, as well as repayment of City funds previously advanced.

GAS TAX

The Seven-Cent Gas Tax Fund revenues are budgeted to be \$1,690,000 for 2000-2001, which is \$53,000 higher than budgeted for 1999-2000. The following are some of the budgeted uses of the Seven-Cent Gas Tax for 2000-2001:

Street Lighting	\$ 618,181
Street Sweeping Program	301,408
Pavement Resurfacing	200,000*
Replacement of Sidewalks	150,000*
Traffic Control Pavement Markings	70,000
Traffic Control and Overhead Signs	50,000*
Traffic Signal Parts and Controllers	25,000
Bicycle Route Improvements	50,000

Traffic Signalization	60,000
Capital Equipment	16,000
Residential Traffic Calming	50,000*
Replacement of Curb and Gutters	20,000*
Street Light/Signal Maintenance	40,000

The continued strengthening of City Neighborhoods remains an important priority of the City Commission. For 2000-2001, Neighborhood Improvements in the Capital Improvement Plan (CIP) total \$5,927,000 of which Gas Tax will fund \$470,000 of the projects, as asterisked above.

The new five-cent local option fuel tax (ELMS fuel tax) is effective January 1, 2001 and is expected to produce \$750,000 for the year ended September 30, 2001. Of this amount \$450,000 will be used to fund street reconstruction, that were originally funded by the Penny Sales Tax. This allowed us to transfer the funding for \$300,000 of the new Curbs and Gutters from the seven-cent Gas Tax to the Penny Sales Tax for \$100,000 and the ELMS Gas Tax for \$200,000. This freed-up \$300,000 of the seven-cent Gas Tax. This allowed us to fund \$301,408 for the City's street sweeping operation, which has been funded by Solid Waste Management in prior years. The \$100,000 balance of funding available in the ELMS Fuel Tax will be allocated to projects based upon City Commission priorities.

TOURIST DEVELOPMENT TAX

The original two percent tourist development tax has been in effect since November 1, 1988. In addition, the Board of County Commissioners of Sarasota County increased the tourist development tax an additional one percent to a total of three percent, effective April 1, 1997. The City's allocation of the original two percent tourist tax and the additional one percent tourist tax for 2000-2001, is estimated at \$321,348 and \$146,000, respectively. As in the past, these funds will be reserved for the Lido Beach Renourishment Project.

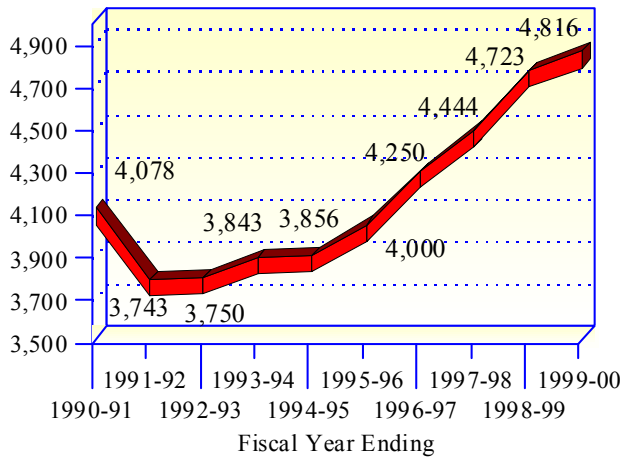
Since inception and through September 30, 2000, the City has been allocated \$6,120,120 of tourist development tax revenues. Through the same date, the City will have expended approximately \$4,300,582, which leaves a carryover of \$1,819,538 to the 2000-2001 fiscal year. This carryover amount, along with the 2000-2001 allotment of \$467,348, provides approximately \$2,286,886 of matching funding for further renourishment of Lido Beach.

Furthermore, the Van Wezel Performing Arts Hall received \$34,000 of tourist development tax monies in 1999-2000 and is expected to receive \$63,748 in 2000-2001.

PENNY SALES TAX

Budgeted Penny Sales Tax

Dollars In Millions



The original penny sales tax went into effect September 1, 1989. The City bonded a large portion of this ten-year revenue source to initiate major improvements including roadways, park improvements and office space. On November 4, 1997 the voters of Sarasota County approved the extension of the penny sales tax for an additional ten years. In reference to the revenues of the penny sales tax over this second ten-year period, only the Van Wezel renovation project and certain improvements regarding the Renaissance project were bonded. The balance of the projected penny sales tax revenues will be used to fund projects on a pay-as-you-go basis.

The penny sales tax for 2000-2001 is budgeted at \$4,910,565, which is higher than the 1999-2000

estimate of \$4,815,695. The above graph reflects the positive trend in this revenue source, which rose from a low point in 1991-92 to that projected in 2000-2001. The estimated revenue for 1999-2000 has been projected on a very conservative basis and will probably be higher. However, any excess collected must be set aside to finance the aggressive funding of projects under the new 10 year penny sales tax. The Capital Improvement Plan has a reallocation of the penny sales tax extension projects that is slightly different than the ordinance that the voters approved. As done last year, the Commission will need to hold a public hearing, in September, with the budget hearings, to make the changes to the funding schedule as budgeted by the Capital Improvement Plan. When the Penny Sales Tax oversight committee convenes, sometime after September 30, 2000, to review how the City has spent the penny sales tax dollars, they will see that the appropriate process has been followed to make changes to the budgeted projects. See Exhibit B for the funding allocation changes as adopted by the Capital Improvement Plan.

Penny sales tax expenditures of \$6,624,154 for 2000-2001 include:

Debt service	New Penny	\$2,318,154
New sidewalks city wide	New Penny	154,000
Shade trees	New Penny	150,000
Main Street Streetscape	New Penny	500,000
St. Armands Drainage Improvements	New Penny	418,000
Saprito Pier Reconstruction	New Penny	350,000
Newtown Capital Improvements	New Penny	700,000
Myrtle Avenue	New Penny	75,000
Lime Avenue	New Penny	900,000
New Curbs and Gutters	New Penny	100,000
St. Armands Sidewalk/Lighting	Old Penny	300,000
FDOT Downtown Study	Old Penny	329,000
Mobile Home Park Density Reduction	Old Penny	70,000
Municipal Auditorium Improvements	Old Penny	78,000

HOUSING AND COMMUNITY DEVELOPMENT

The Office of Housing and Community Development is a joint effort of the City of Sarasota and Sarasota County Government. The Office administers state and federal housing and community development programs both in the City and the County. In 1998, a study of the administrative structure was conducted by KPMG (Peat Marwick). The study concluded that the City should serve as the administrative agent for the office. The City and County Commissions approved an Interlocal Agreement implementing the findings of the KPMG study and the SHIP and HOME program budgets contained in this section are expended both within and outside the City. The Community Development Block Grant entitlement for 2000-2001 is \$647,000. An additional \$100,000 is estimated from program income and \$5,070 in interest, thereby providing total revenue of \$752,070. The following projects are budgeted for funding:

Administration	\$150,672
Park East Neighborhood Improvements	377,900
Washington Boulevard Storefront Improvements	75,000
Housing Rehabilitation Loan Program	<u>148,498</u>
Total	<u>\$752,070</u>

In 1992, the Federal government created a new housing initiative entitled the HOME Partnership Program. Under the program, cities and counties are eligible to receive federal funding for affordable housing initiatives. Because neither the City nor County qualified to receive direct funding, they formed a new entity entitled the Sarasota Consortium. The City of Sarasota was designated as the lead agency or recipient of funds for the Consortium until the 1996-97 fiscal year. For 1996-97 and 1997-98 Sarasota County was the lead agency. Since then the City of Sarasota has been the lead agency. The 2000-2001 HUD-Home Program funding is \$801,000.

This funding combined with an estimated \$2,487 in interest income produces total income for the 2000-2001 fiscal year of \$803,487. The following projects are budgeted for funding:

The following projects are budgeted for funding:

Administration	\$ 80,311
Housing Partnership-Infill Housing	274,850
Housing Partnership-Tenant Based Assistance 50,000	
Down Payment/Closing Cost Assistance	278,176
CHDO Set Aside & Operating Costs	<u>120,150</u>
Total	<u>\$ 803,487</u>

In addition to the above funding, it is estimated that \$3,000,000 of State Housing Initiative Partnership (SHIP) funds will be received for 2000-2001. An additional \$500,000 is estimated from program income and \$2,631 in interest, thereby providing total revenue of \$3,502,631. These funds will be spent within Sarasota County both inside and outside the City. Budgeted uses of these funds are as follows:

Administration	\$ 302,631
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Down Payment Assistance	300,000
Owner Occupied Rehabilitation	1,000,000
New Units for Developmentally Disabled	265,000
New Units for the Mentally Ill	265,000
Barrier Removal for the Physically Disabled	120,000
Impact Fee Assistance	100,000
Housing Partnership-Infill Housing	300,000
Housing Partnership-Land Acquisition	200,000
Housing Partnership-Public Housing	600,000
Home Buyer Education	<u>50,000</u>
Total	<u>\$ 3,502,631</u>

The City of Sarasota and Sarasota County formed a consortium to deal with federal funds for housing and community development activities. During fiscal year 1999-2000, the Office of Housing and Community Development, under the direction of the City, developed a five-year Consolidated Plan that meets the City's goal of developing an Income Sensitive/Low Income Housing Strategy that covers the fiscal years 2000-01 through 2004-05 [TARGET FOR ACTION 3]. The Office is the lead agency responsible for overseeing the development and implementation of the Consolidated Plan. The Office is also aware that one of the most cost-effective ways to provide affordable housing is to maintain existing housing stock.

The Affordable Housing strategies include: assist 979 extremely low- and low-income households to purchase homes with down payment assistance; provide tenant-based assistance (security deposit and/or utility deposit) for individuals and/or families with a portion designated to provide any necessary funds to match a Federal Continuum of Care Grant.

The Office will also pursue during fiscal year 2000-01 assembling a fair housing task force to make recommendations on fair housing policies. In addition, the Office will undertake a study on foreclosures and make recommendations to minimize foreclosures in the down payment assistance program.

COUNTY OCCUPATIONAL LICENSE TAX

Effective December 12, 1991, the Sarasota Board of County Commissioners adopted an ordinance implementing an occupational license tax in Sarasota County. The ordinance allocated proceeds from this tax to each municipality based upon the respective ratio of their population to the total County population. Effective October 1, 1994, as authorized under State Statutes, the Sarasota County Commission decided to distribute these funds using the alternative formula. This formula allocates the applicable taxes to each municipality using the previous formula, but allows each municipality to receive only the pro-rata share of taxes collected within its boundaries. This change in the distribution formula reduced the City's share from \$62,983 in 1993-94 to \$13,574 in 1995-96.

For 2000-2001 this revenue is estimated at \$15,000. These revenues are budgeted for the July 4th fireworks. It is estimated, at September 30, 2001, the remaining unspent balance of these funds will approximate \$10,000.

CITIZENS WITH DISABILITIES

Section 33-83 of the Code of the City of Sarasota requires that revenue collected from fines imposed for illegal parking in parking spaces provided for citizens with disabilities shall be accounted for separately and used for projects or facilities of benefit to citizens with disabilities. Currently, the fine for illegally parking in a citizens with disabilities parking space is \$250, of which \$167 comes to this fund, and \$83 goes to the Parking Management Fund.

Revenue for this fund in fiscal year 2000-2001 is projected at \$15,000. Travel expenses and the cost of support staff has been budgeted at \$750 and \$2,400, respectively, for the citizens with disabilities advisory board. It has been the internal policy of the administration to bring all other expenditures of this fund to the Commission for approval before an expenditure is authorized.

SARASOTA BAY NATIONAL ESTUARY PROGRAM

The City became the sponsoring agency for the Sarasota Bay National Estuary Program (SBNEP) effective July 1, 1995 through an interagency agreement between the Southwest Florida Water Management District and the City.

The National Estuary Program Policy Committee establishes the work program. This committee consists of a City Commissioner from the City of Sarasota, one County Commissioner each from Sarasota and Manatee, one Southwest Florida Water Management District Board Member, the Deputy Regional Administrator to the Environmental Protection Agency, and the Director of District Management, Southwest District for the State Department of Environmental Protection.

During 2000-2001, local funds, in the amount of \$266,000, should be received to continue future funding of this program as follows:

Manasota Basin Board	\$ 133,000
Sarasota County	50,000
Manatee County	50,000
City of Sarasota	<u>33,000</u>
 Total	 <u>\$ 266,000</u>

For 2000-2001, funding is allocated for salaries and other administration costs of the SBNEP totaling \$399,798. The administrative costs have increased from those budgeted for 1999-2000 by approximately \$25,000, which is due to the addition of a Florida Yards and Neighborhoods program administrator for nine months. In addition, the following projects totaling \$261,000 are budgeted for 2000-2001:

Florida yards and neighborhoods-stormwater	\$ 20,000
Florida yards and neighborhoods-pollutant removal	30,000
Critical nursery habitat identification	38,000
Wetlands coordination	33,000
Artificial reef marketing	40,000
Water quality and seagrasses	20,000
Gulf water quality	30,000
Citizen action plan	40,000
Public outreach and involvement	<u>10,000</u>

Total

\$261,000

The City has an Environmental Protection Agency (EPA) grant valid through September 30, 2000, which will be sufficient to cover program salaries and administrative costs. The City has received notification from the EPA that \$358,000 will be the City's allocation for the 2000-2001 fiscal year.

Assuming this funding is received approved, and that the local funding owed to the SBNEP for specific projects is paid, the SBNEP should have sufficient funds to operate through fiscal year 2001. Furthermore, the SBNEP has approximately \$500,000 of EPA funding remaining on prior year grants. If approved for use in future years, these funds should enable funding the administrative costs of the SBNEP at least through September 30, 2002.

ENTERPRISE FUNDS

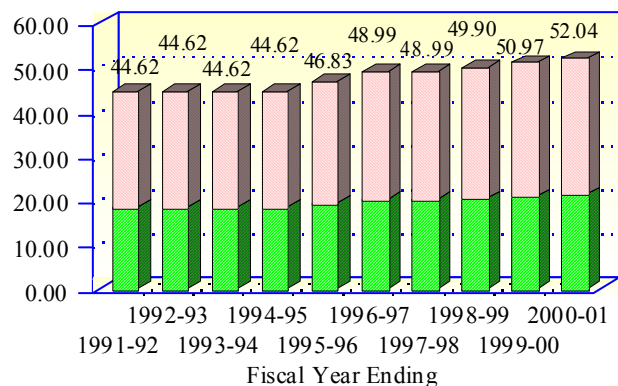
WATER AND SEWER

A water and sewer rate increase is required to fund the 2000-01 fiscal year operating budget while providing the funding for all capital improvements for the next several years. When rates were raised 5% in September 1995, one of our goals then was to establish rates sufficient to pay for necessary capital infrastructure improvements and to meet additional operational and maintenance expenses utilizing equity. At that same time we established a second goal to keep rate increases at a minimum and to smooth them so that we would not have the rate increases of the 1980's and early 1990's which ranged from 37.2% down to 10.3%. To accomplish this the 5% rate increase in September 1995 was coupled with a 4.5% rate adjustment effective September 1996. At that the time, we also forecast that 4.5% increases probably would be required in both the 1997-98 and 1998-99 fiscal years. It turned out that no rate increase was necessary for fiscal year 1997-98. A rate study in June 1998, showed that an increase was required for the fiscal years 1998-99 and 1999-2000. Ordinance No. 98-4062 increased the rate 2% effective September 1, 1998 and 2% effective September 1, 1999. The graph below exhibits the base water and sewer rates for a 5,000 gallon user over the last ten years.

The goal of the administration to smooth out the rate hikes and keep them as low as possible, yet sufficient to meet required bond covenants as to coverage continues to be achieved, as exhibited by the graph to the right. The major advantage of instituting these modest rate increases is that it avoids the necessity of issuing bonds to build the capital improvements required to operate the system. Issuing bonds requires rate increases that are sufficient to generate net revenues of at least 125% of maximum debt service. These rates would very likely be significantly higher than 2%. Therefore the same Ordinance No. 98-4062, that was passed last year, also puts into place another 2% rate increase effective September 1, 1999. A rate study, completed by Burton and Associates, in June 1998, under contract to Post, Buckley, Schuh & Jernigan, the City's water and sewer engineers of

Base Water and Sewer Rates Over Ten Years

Monthly Rates For 5,000 Gallon Per Month User



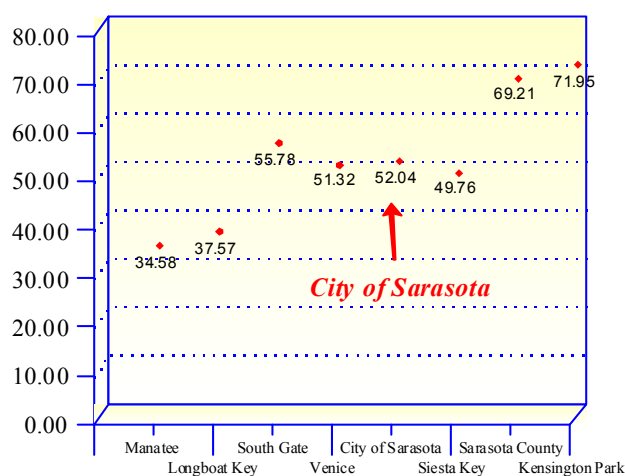
Legend: Sewer Rate (pink), Water Rate (green)

record, concluded that 2% rate increases were necessary in fiscal years 1998-99 and 1999-2000. By adopting these rate increases we were able to avoid issuing approximately \$6 million in bonds to provide for necessary capital improvements, and fund them with cash flow from the two rate hikes. The City's water and sewer rates will be very competitive at \$21.00 for 5,000 gallons of water and \$29.97 for sewer, a total of \$50.97. It should be noted however, the study performed last year did show that a rate increase of between 1.5% to 3.25% would be most likely for 2000-01 and beyond.

A rate study was completed by Burton and Associates, in February 2000, under contract to Post, Buckley, Schuh, & Jernigan, the City's water and sewer engineers of record. The study showed that a rate increase is required for the fiscal years 2000-01 and 2001-02. Ordinance No. 00-4247 will increase water and sewer rates 2% effective September 1, 2000 and 2% effective September 1, 2001. As required by State law, effective July 1, 2000, the rate increases have been posted on every water bill, and sent to each customer. The City's water and sewer rates will be very competitive at \$21.44 for water and \$30.60 for sewer, which totals \$52.04, for 5,000 gallons in 2000-01 including excise taxes. For 2001-02 the rates will be \$21.82 for water and \$31.15 sewer for a total of \$52.97.

Water and Sewer Rates For Area Utilities

Monthly Rates For 5,000 Gallon Per Month User



As shown by the graph to the left, the City's water and sewer rates will be very competitive at \$21.44 for 5,000 gallons of water and \$30.60 for sewer, a total of \$52.04. For 2001-02 the rates will be \$21.82 for water and \$31.15 sewer for a total of \$52.97.

The rate increase will result in total revenues of \$25,126,637 for 2000-01, which is sufficient to provide for all, but not exceed system requirements. 1999-2000 water revenues are estimated to be \$10,080,000 or \$180,250 more than budget because of the dry winter and spring, which was enhanced by a longer tourist season because of a late Easter. For 2000-01, water sales are budgeted at \$10,266,500, which is the result of the 2% rate increase. Sewer fees

are estimated for 1999-2000 to total \$12,790,000 or \$202,000 more than budget because of the increased water sales. For 2000-01, sewer fees are budgeted at \$13,025,400 as a result of the rate increase.

The operating budget at \$13,162,535 is \$712,644 more than last year, which is a 5.7% increase. This is the result of the provision for salary adjustments and special on going projects such as:

Lock box processing	\$31,000
MasterCard/Visa program	15,000
Industrial painting	90,000
Collection system cleaning	75,000
Converting the mapping system to electronic format	50,000
Cleaning ground storage tanks	40,000
Get Wet Program	25,000

The Renewal, Replacement and Improvement fund (capital maintenance), at \$3,836,595, will decrease \$59,116 or 1.5%. The main reason for this is the one time project of resurfacing inlet structure troughs at the wastewater treatment plant for \$140,000 was in last year's budget.

The General Reserve (expansion) expenditure budget will increase from \$1,570,054 to \$6,146,036 in 2000-01. The ongoing projects include the contracted distribution system construction (\$600,000), the lift station upgrade program, (\$60,000), and the gravity sewer upgrade, (\$750,000). The one time project is the water treatment plant upgrade (\$4,475,420). If the rate increases of 2% for 1996, 1997, 1999 and 2000 had not occurred, this last project would have resulted in a bond issue.

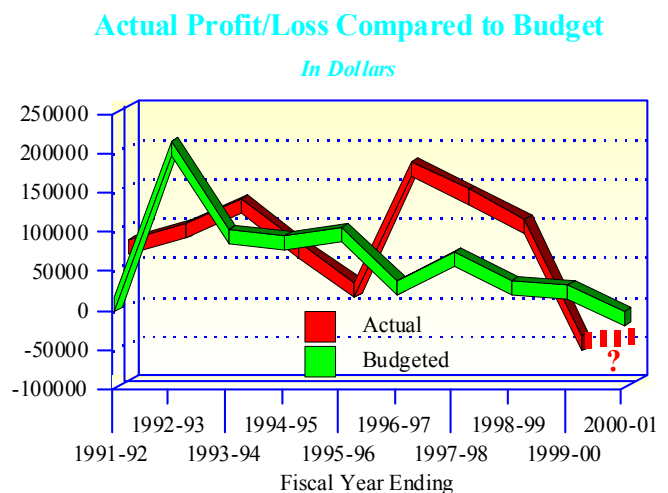
Debt service transfers will total \$6,862,116, approximately the same as last year. There have been no new money bond issues since November 1995.

It should be noted that the number of employees in water and sewer remain at 144.5 has increased by one from the prior year due to the addition of a Public Works Capital Projects Coordinator. This position does not increase the operating expenses of the water and sewer operation, as it will be billed to the various capital projects managed by the Public Works department.

BOBBY JONES GOLF COMPLEX

Despite the ever-increasing development and construction of new golf courses in Sarasota County, the 45 hole Bobby Jones Golf Complex remains the only municipal and totally public facility in greater Sarasota. The reputation of this public facility continues to improve. The Complex has once again received a 1st place Readers Choice Award from the Herald Tribune for Best Public/Semi-Private Golf Course, and also was named as one of the top 100 women friendly courses in American by Women in Golf Magazine.

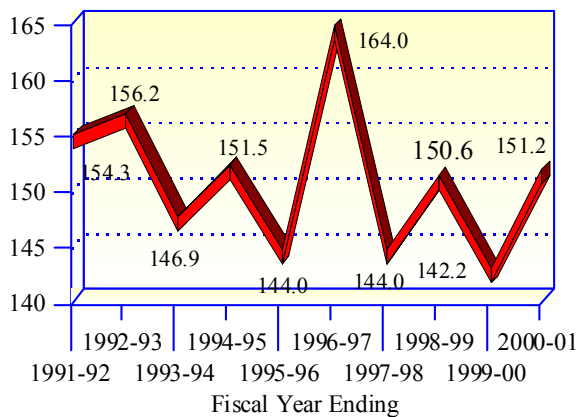
As exhibited by the graph to the right, Bobby Jones Golf Complex has maintained an overall profitable operation for the last eight years, including the projected results for the 1999-2000 year. In addition to achieving this financial goal, the Complex has made many improvements to its facilities during this same period. Facility improvement projects completed during fiscal year 1999-2000 include: constructing new ladies and senior tees on the British Course, leveling and enlarging of the remaining tees on the British Course, replacing the bunker sand on all 45 holes of the Complex, renovating the three tennis courts including wind screens on the Executive Course, upgrading the Clubhouse computer system including the pro shop point-of-sale system and the automated tee time system. Thirty-nine new golf carts were also purchased to replace one third of the rental fleet. We are now on a schedule for replacing one third of the rental carts every year, which will keep our entire fleet under full warranty on a continuous basis. A new telephone system was installed in the Clubhouse, improving link-up to all citywide departments and the ParView GPS system was upgraded to a full-color system on all



126-golf carts. In addition, the most visible improvements completed during 1999-2000 focused on aesthetic features such as ornamental stone beds and plantings on the British Course, and the Executive Course, and flowering beds around the Clubhouse. Cart path curbing was completed at all tees and greens of the American Course.

The largest project to will be completed this summer will be the rebuilding of eighteen greens on the American Course as well as two practice putting greens. This project will, close the American Course for approximately three months but will be ready by September 1st.

*Number of Rounds of Golf Played
In Thousands*



All 350 annual fee holders (AFH) slots have been sold this year and the City resident waiting list from last year has been totally eliminated. A new list of City residents is currently waiting for future vacancies. AFH fees estimated actual at \$254,003 for 1999-2000, are projected to be under budget by \$1,097, but higher than the actual for 1998-99 by \$1,589. The daily green fees, for fiscal 1999-2000 at \$1,057,000, are projected to show a \$42,518 or 3.9% decrease compared to budget and a \$30,356 decrease or 2.8 percent compared to the 1998-99 actual. The chart to the left exhibits the trend of rounds played for past years and the estimate for 2000-2001. Cart rental fees for 1999-2000

are projected to approximate budget and a \$38,826 or 4.3% increase compared to 1998-99 actual. Other golf course revenues are projected to be reasonably in-line with the amounts budgeted, except for pro shop revenues. Pro shop revenues at \$121,000 for 1999-2000 are expected to be under budget by \$9,000 or 6.9% and under the 1998-99 actual by \$14,757 or 10.9%. The resulting total projected revenues of 2,499,490 for 1999-2000 are \$49,209 or 1.9% lower than budgeted and \$12,750 or .5% under 1998-99 actual. It appears these revenue shortfalls are due to the mild winter in the northern states, coupled with less than perfect weather conditions in Sarasota, keeping the tourist levels and corresponding spending levels lower than expected. This sluggish financial performance during 1999-2000 produced a cautious approach to CIP projects planned for the remainder of the year. If this trend continues, some projects may be postponed until a later date to ensure a balanced budget at year end.

No rate increases are adopted for AFH fees or daily green fees in 2000-2001. All area courses have experienced the same sluggish tourist season as Bobby Jones Golf Complex and therefore rates have stayed approximately the same as in the past fiscal year. As in the past, any significant rate changes in the greater Sarasota area may influence the Bobby Jones rate structure to increase or decrease rates in order to remain competitive. Although the projected revenues for 1999-2000 are somewhat disappointing, the revenues for 2000-2001 have been budgeted to return to a similar level as budgeted for in 1999-2000.

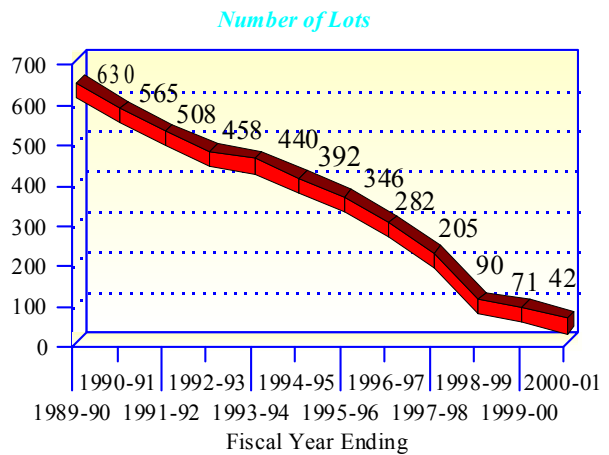
Total expenditures of \$2,566,396 for 2000-2001 will decrease \$3,094 or 0.12%. Operating expenses increased \$36,906 mainly due to \$20,787 for salary/benefit increases and \$22,500 for merchandise for resale costs. The operating expenses reflect the new 5-year maintenance agreement with OneSource, Inc., which was expanded and approved for the grounds maintenance of the golf

complex during 1999-2000. Offsetting the increase in operating expenses of \$36,906, the Capital Improvement Plan is funded at \$399,000, which is a decrease of \$40,000 compared to the \$439,000 budgeted in 1999-2000. The major expenditures in this program will be the replacement of forty-three golf carts, replacing Clubhouse carpeting and dining room furniture, and upgrading the complex irrigation system controllers.

MOBILE HOME PARK

In February 1990, the Commission directed the administration to prepare a density reduction plan that would enable the Park to be reduced from 630 units to 270 units, while making major infrastructure improvements. The number of units has been reduced from the 630 on February 1990 to 43 units, as of June 27, 2000, with an anticipated level of 42 units at September 30, 2000 and 30 units at September 30, 2001. For 2000-2001, the old Bonded Penny Fund has \$70,000 budgeted for density reduction. The graph to the right exhibits this reduction in rentable lots over this 12 year period.

Number of Rentable Lots at Year End

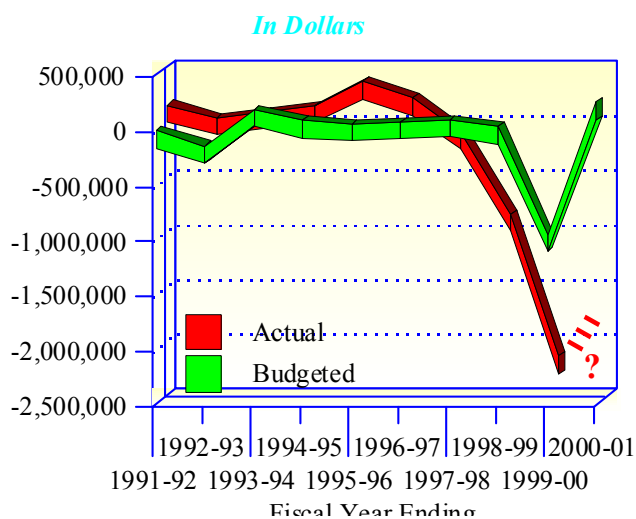


For 2000-2001, operating expenses of \$265,116 will decrease \$182,522 from last year's budget. This decrease relates to several items. First, personnel services will decrease by \$107,192, which is mainly attributable to the elimination of: 1) the management assistant position (\$39,485), 2) the clerk-cashier position (\$35,713), and 3) the retiree medical insurance allocation (\$28,756). Second, operating expenses will decrease by \$75,330. Property taxes and utilities decreased \$34,500 and \$70,300, respectively, as a direct result of the reduction in the number of units at the Park. Partially offsetting these reductions are increases to fund a temporary employee to oversee the operation (\$26,000) and to fund anticipated legal expenses (\$8,000).

Total revenues for 2000-01 of \$264,955 are projected to decrease \$182,683 from those budgeted for 1999-2000. For 2000-2001, lot rental rates will not increase. It is anticipated that lot rent, for next year will total \$81,072 or \$37,228 less than last year's budget. This is due to the effect of the reduction in the number of units in the Park. Utility revenue will be lower by \$9,049 due to this reduction in units at the Park. This decrease is net of the 2 percent water/sewer rate increase. Cable TV rates will continue at \$15.00 monthly and will be \$3,268 less than last year. Other revenue (auditorium rent, concessions, laundry, and setup fees) is projected to total \$38,800 or \$2,100 less than last year. As the Park will not generate enough revenue to cover expenses, a subsidy from the General Fund of \$120,000 is budgeted for 2000-2001. This is \$131,038 lower than was budgeted in 1999-2000. These projected revenues of \$264,955 and the expenditures of \$265,116 produces a projected fund balance of \$59,462 at September 30, 2001.

VAN WEZEL PERFORMING ARTS HALL

Actual Profit/Loss Compared to Budget



Total estimated revenues for the current year, 1999-2000, of \$1,107,139, before any operating subsidy, are projected to be lower than those budgeted by \$698,361. This shortfall is primarily due to revenues from ticket sales being under budget by approximately \$563,681. Similarly, building rentals (\$24,775), bar/food revenue (\$9,028), contributions (\$89,198), technical service fees (\$30,093) and miscellaneous revenues (\$14,813) are lower than their respective budgets by a total of \$167,907. These decreases were partially offset by interest on investments of \$33,027. Estimated expenditures for 1999-2000 exceeds the budget by \$491,964. This is attributable primarily to overages in personnel services (\$23,797), in performance fees (\$26,100), in special services (\$23,608), in printing

(\$13,200), in office supplies (\$18,500), and in other performance expenses (\$378,125), which is mainly for the tent special appropriation. The above graph reflects the actual profit or loss compared to budget for Van Wezel for the past 10 year period.

The above estimated revenues and expenditures for 1999-2000 results in a loss of approximately \$2,224,040, before the \$372,124 special appropriation transfer from the General Fund. After netting the projected loss and the special appropriation, the resulting net loss of \$1,851,916 will eliminate the September 30, 1999 fund balance of \$1,025,524, and creates a projected negative fund balance at September 30, 2000 of \$826,392.

The administration's plan to handle this negative fund balance at September 30, 2000 is to "bankroll" the Van Wezel like we did with the Bobby Jones Golf Complex a few years ago. Future profits will be used to reduce the negative fund balance. Another significant issue is that we are strengthening management with stronger positions such as: Deputy Director; Finance Manager, and Senior Secretary. These new positions do not add to the total personnel, but rather are the result of the elimination of vacant positions.

Total projected revenues for 2000-01 of \$7,231,000 are based upon the resumption of a full program at the Hall. As the last regular season was in the 1997-98 fiscal year, we compared the 2000-01 revenues and expenditures to the actual amounts for 1998-99. 2000-01 revenues, before operating subsidies, exceed the 1997-98 actual amounts by \$1,885,332. Of this increase ticket revenues, building rentals, technical service fees and culture recreation grants account for \$1,701,085, \$51,042, \$60,772, and \$172,379, respectively. The budget projections for 2000-01 show greater ticket and related revenues due in large part to our greatly expanded Broadway programming. The gross potential for one full week of a major Broadway show (i.e. CHICAGO or ANNIE GET YOUR GUN) is well over Six Hundred Thousand Dollars. While there are extra expenses associated with Broadway programming (stagehands and marketing), Broadway provides us, and Halls across the country, with a strong revenue generating engine. Now that the Van Wezel is physically and technologically capable of presenting these shows our potential

ticket revenues are greatly expanded. These performance based revenue increases are partially offset by the removal of \$142,579 in interest income, which is attributable to the elimination of the Hall's fund balance.

Similarly, expenditures for 2000-2001 of \$7,053,723 are \$1,530,571 higher than the actual for 1997-98. These expenses, as discussed above, relate primarily to increases in performance fees (\$689,538), other performance expenses (\$83,880), additional part-time salaries (\$195,000), and special services for IATSE stage hand services (\$335,552). Other increases contributing to the increase in expenditures are salary adjustments (\$65,000), general salary increase effective October 1, 2000 (\$64,266), printing costs (\$80,470), and cost allocation charges (\$27,992). The projected revenues and expenditures should generate a profit of \$177,277, which will produce a negative fund balance of \$649,115 at September 30, 2001.

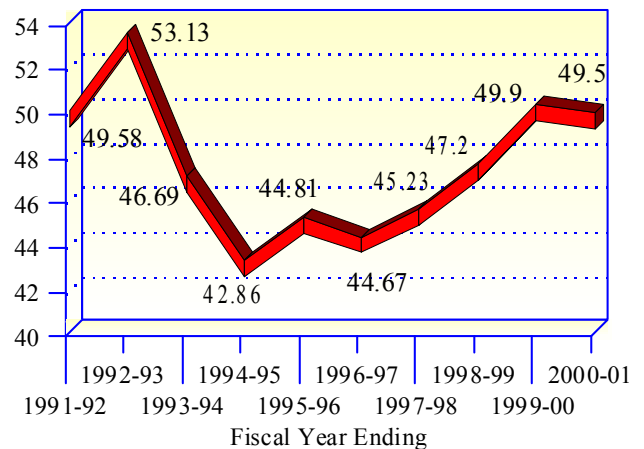
At September 30, 1998, the balance of the surcharge revenue fund was \$988,720. By September 30, 2000, these funds will be all spent or encumbered on the Van Wezel renovation project. The ticket surcharge, which is \$1.00 per ticket, will generate approximately \$370,126 in surcharge revenue for 2000-2001. This funding has been reserved for contingencies on the Van Wezel Hall renovation project.

SOLID WASTE MANAGEMENT

If the Solid Waste operation were to continue to operate as organized in prior years, expenditures for 2000-2001, including debt service, would total \$9,287,604 or \$392,384 more than last year's budget. This increase is attributable to several factors. Salaries and benefits for 2000-2001 increase by \$39,499, which is mainly attributable to the provision for general salary increases effective October 1, 2000. Special services increase \$259,217 for 2000-2001, which is primarily the result of additional solid waste tonnage to be disposed at the landfill compared to the 1999-2000 budgeted amount. The graph to the right tracks the tons of waste disposed at the landfill with 2000-2001 being an estimated figure. The landfill tipping fee charge per ton is not scheduled to increase next year. Building and structures increased by \$81,000 to cover the construction cost of a street sweeping transfer station

Tons of Waste Disposed at Landfill

Excludes Yard Waste Materials

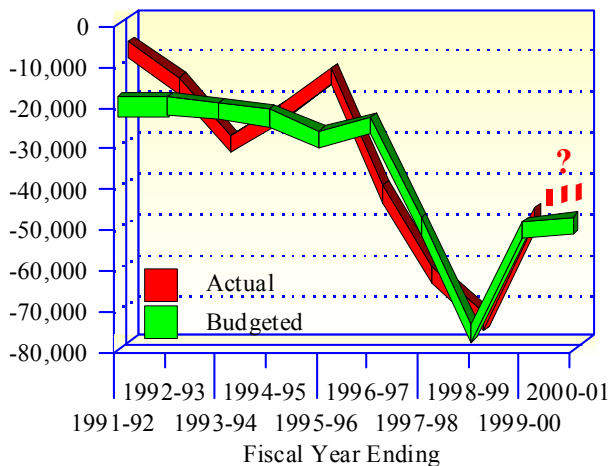


Without a rate increase, the 2000-2001 expenditures of \$9,287,604 would exceed projected revenues of \$8,744,851 by \$542,753. A rate increase approximating 6 percent would be necessary to eliminate this shortfall. In order to reduce this rate increase, certain proposals were evaluated. The first proposal, to decrease the frequency of solid waste pick-up from twice per week to once per week, would have reduced expenditures by \$254,211. However, this proposal was not approved. The second proposal, to remove the street-sweeping program from Solid Waste Management effective January 1, 2001, produced a reduction of \$297,013 in the budgeted expenditures for 2000-2001. Incorporating this expenditure reduction in the budget reduced the

necessary rate increase from the 6 percent mentioned above to the 3.17 percent actually approved. As mentioned under the Gas Tax Fund, the street sweeping operation will be funded from Gas Tax. As a result, 2000-2001 revenues of \$8,744,851 will exceed the adjusted expenditures of \$8,736,380 by \$8,471, which will increase the projected September 30, 2001 fund balance to \$446,269.

MUNICIPAL AUDITORIUM

Actual Profit/Loss Compared to Budget *In Dollars*



The 2000-2001 budget emphasizes: promoting use of the Auditorium for a wide variety of activities, including City sponsored events; improving quality customer service; and implementing more cost efficiencies in operations. The City will continue to sponsor events such as flea markets, art & craft shows, collectible fairs and other exhibit type shows.

The graph to the left compares the actual loss for ten years to that budgeted before any subsidy from the General Fund. Revenues for 2000-2001, at \$268,828, (before the subsidy from the general fund) are \$10,612 higher than the 1999-2000 budget, primarily due to the inclusion of a 5 percent increase on rental rates.

In addition, effective October 1, 2000 rental rates for non-profit agencies will be the same as for all other organizations.

For 2000-2001, expenses of \$318,107 have increased \$9,450 from the 1999-2000 expenses mainly due to increases in salary costs of \$2,585, advertising of \$3,000, utilities of \$2,200 and cost allocation charges of \$1,459. To offset the excess of the \$318,107 in expenditures over the \$268,828 in revenues, a subsidy of \$50,397, (the same as last year) will be required.

SPORTS COMPLEX

The Sports Complex continues to be the Mecca of baseball activity in our immediate area. Over 300,000 patrons will visit this 53-acre site, which maintains its national reputation as a premier baseball facility in the State of Florida. During 1997, the Cincinnati Reds assumed the lease of the stadium from the Chicago White Sox and completed their first spring training at the Sports Complex in 1998.

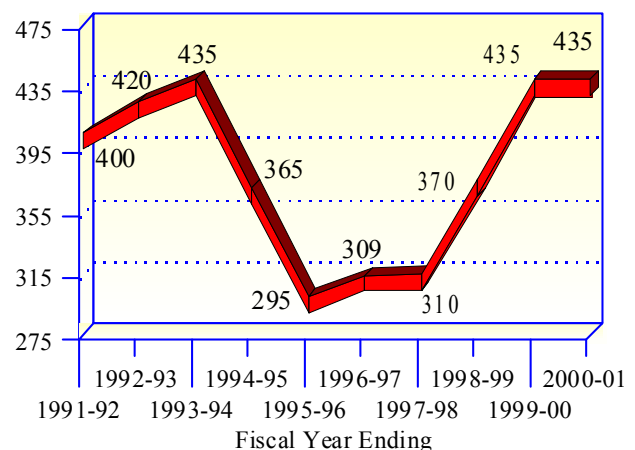
The Florida State League Franchise of the Boston Red Sox 70 home-dates continue to delight residents with economical entertainment offered by Class A Professional Baseball and the Sarasota Red Sox. Other facility uses include local high school, AAU teams, American Legion, Babe Ruth baseball, All-Star and Men's Senior Baseball League games, as well as the use of the north parking lot for games and practices during their respective seasons of the Sarasota Little League, Sarasota Ringling Redskins Football, and Sarasota Youth Soccer Association. Multi-purpose uses of the complex includes TV broadcasts and commercials, baseball clinics, Cincinnati Reds and Baltimore Orioles Fantasy Camps, and the inaugural year of the Sterling and Reid Brothers Circus was a success in November. The Cystic Fibrosis Great Strides

Walkathon returns in May.

The Reds' third spring training in Sarasota was met with high expectations by both the City and the Reds. Neither was disappointed. The paid attendance increased nearly 30,000 to an average of 5,961 per game. The addition of Ken Griffey and Dion Saunders, together with perfect weather was, attributable to the increased attendance. Despite a schedule that included a majority of games against teams that are very close geographically to Sarasota and historically poorly attended, the attendance increased due to some strategically placed night and weekend games. All of this contributed to the \$52,814 increase in 1999-00 revenues, before operating subsidies, as compared to those budgeted. Estimated expenditures of \$704,369 for 1999-2000 is under budget by \$16,506 mainly due to a saving in utilities of \$7,335. As a result of the favorable variances in both revenues and expenditures, the operating subsidy from the General Fund should be \$165,587, which is \$34,413 under the amount budgeted. The resulting estimated fund balance at September 30, 2000 is \$37,265.

The graph to the right details the attendance over the last ten years. The Reds will promote the area as a vacation site through the marketing plan for their annual Fantasy Camp and as the spring home of the club and we expect attendance to increase in the year 2001. However, as weather is unpredictable, we have conservatively budgeted the 2000-2001 revenues, before the operating subsidy, at \$548,098, which is similar to those estimated for 1999-00. There is a redistribution of revenues from various categories to ticket sales based upon the fact that our contract agreement with the Sarasota Red Sox will expire in November 2000 and will be renegotiated. There is no effect on total revenues. Expenditures for 2000-01 of \$747,309 are projected to increase \$26,434 over those budgeted in 1999-00, mainly due to salary adjustments of \$6,054, the general salary increase effective October 1, 2000 of \$4,861, additional funds for ushers of \$5,000, the addition of a membership in the Florida Grapefruit League Association for \$2,500, and maintenance on the new telephone system of \$5,115. These revenues of \$548,098 and expenditures of \$747,309 indicate that an operating subsidy of approximately \$200,000 is required. Therefore, fund balance at September 30, 2001 is projected to be \$38,054.

Attendance Over The Last Ten Years
In Thousands

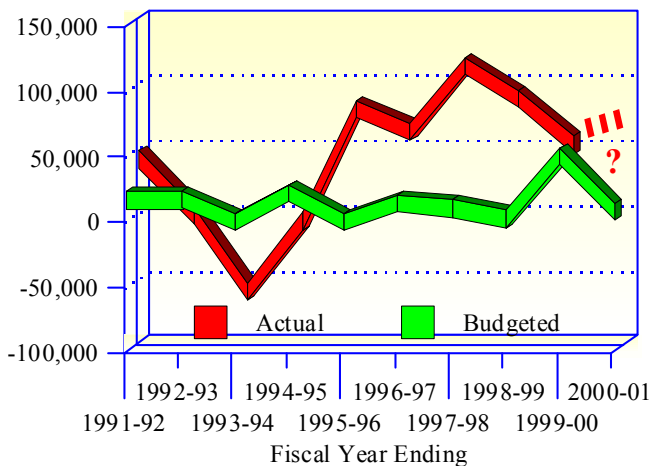


The Surcharge fund provided funding for improvements namely an enhanced lighting program for the indoor batting tunnels, wall pad replacement, concrete joint repair, two a/c unit replacements and continuing maintenance of our field lighting program. The field maintenance equipment replacement program has been moved to the operating budget as a result of the City utilizing the buying power of One Source and having new equipment provided by the vendor. The Seat Replacement Program continued with the use of temporary labor to install over 9,000 of repair parts to keep the ballpark in good condition. New floor covering was installed in the multi-purpose room, and field renovations were implemented.

The City is in discussions with the Cincinnati Reds regarding an expansion of the major league clubhouse for additional weight room space, as well as office space for spring training minor league operations, and a year-round merchandise facility at the property of the stadium. Some of the major City issues are the replacement of the 15 year old scoreboard, the renovation of the main gate area including an elevator for disabled access to the two levels of the press box, and new covered seating area for the disabled at the top of the grandstand. Any discussions will include the potential for an extension of the current lease.

PARKING MANAGEMENT

Actual Profit/Loss Compared to Budget
In Dollars



As exhibited by the graph to the left, from the 1992-93 through the 1994-95 fiscal year, Parking Management had been struggling to achieve a break-even operation. However, this trend was reversed in the 1995-96 fiscal year.

Estimated revenues for 1999-2000 are projected to total \$407,380 or \$9,400 lower than the budget of \$416,780. This decrease is mainly attributable to the net effect of parking violations being under budget by \$17,000 and parking permits being over budget by \$10,000. It appears that the additional permits sold reduced the potential violations available. The 1999-2000 estimated expenditures, of \$356,202, are lower than budget by \$11,373.

This is substantially due to vacancies in employment positions for part of the year. A net profit of \$51,178 is anticipated and the fund balance should be \$365,632 at September 30, 2000.

For 2000-2001, revenues are budgeted at \$407,380, which is identical to the revenues estimated for 1999-2000. The 2000-2001 revenues are projected based upon the same parking permit rates in effect during the 1999-2000 fiscal year. The parking permit fee is currently \$35 per month, plus tax for nine or less permits. For ten or more permits the permit fee is \$45 per month, plus tax. Effective January 1, 2001 the parking permit fees will be increased by \$5 per month to \$40 and \$50, respectively.

2000-2001 expenditures are budgeted at \$413,698, which is \$46,123 higher than budgeted for 1999-2000. This increase is attributable to personnel services for 2000-2001 increasing \$13,013, which includes the provision for general salary increases effective October 1, 2000, and capital increasing \$32,000 for the acquisition of two scooters (\$28,000) and one handheld computer (\$4,000). The resulting excess of expenditures over revenues of \$6,318 will reduce the fund balance at September 30, 2001 to \$359,314.

INTERNAL SERVICE FUNDS

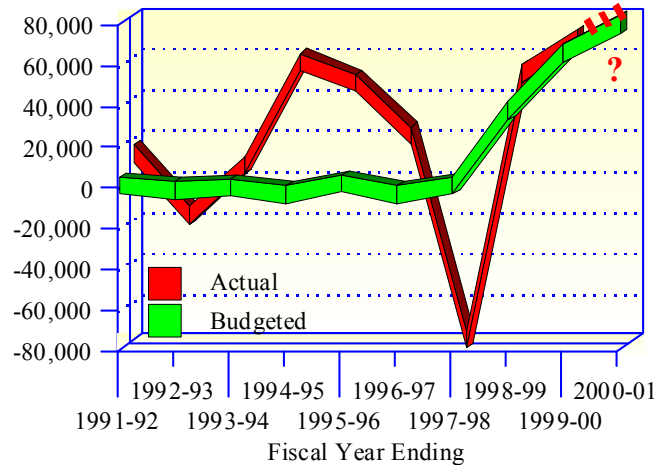
CENTRAL STORES AND DUPLICATING

Central Stores and Duplicating is a division of the Department of General Services. The primary purpose of the Central Stores operation is to maintain stock and provide inventory control of certain commodities that are in constant or frequent demand by various City departments. Such items include, but are not limited to, construction and automotive supplies, traffic control, electrical, hardware and miscellaneous forms. The division provides delivery service to all departments thereby eliminating the need for individual employees to go "shopping" on behalf of the City.

The Duplicating Services operation provides convenient and reliable centralized duplicating services for all City departments, which require quantities of 50 copies or more, including Commission agendas. It also provides and maintains fourteen (14) satellite copiers and supplies on an "as needed" basis for the various departments throughout the City. We anticipate Duplicating Services will average approximately 2,208,000 copies during the 2000-2001 fiscal year. During 2000-2001 the operation anticipates leasing a Xerox digital color copier/printer which will provide the City departments with document fed, collated copies at a rate of 6 copies per minute, three times as fast as the current equipment. The printer aspect allows for computer network access directly from the user's PC. The color clarity is impressive and will increase the quality of the City's presentation material. The department intends to increase the cost of color copies to \$1.00 for letter and legal (up from .85) and \$1.50 for ledger (up from \$1.25) These costs are still below outside vendor prices. The division also operates and maintains a high volume rapid inserter/ mailing system for the distribution of water bills and other public information notices. The mail system also includes the operation and maintenance of a rapid mailing/postage machine for all other out-going mail. We anticipate approximately 500,000 documents will be distributed using the high volume rapid inserter.

As exhibited by the above graph, the operation has been profitable over the last ten years on a cumulative basis, mainly by implementing management efficiencies and personnel reductions. The accumulation of these profits over several years provides funding for the acquisition of capital equipment used in the operation. For example, the City Hall duplicating machine was replaced in 1997-98 for \$103,366, which was funded by these accumulated profits. As this replacement occurred earlier than anticipated, 1997-98 shows an unbudgeted loss of \$79,343. For 1999-2000 and 2000-2001 Central Stores/Duplicating is expected to generate profits of \$68,777 and \$79,232, respectively. These projected profits increase fund balance at September 30, 2001 to \$351,812.

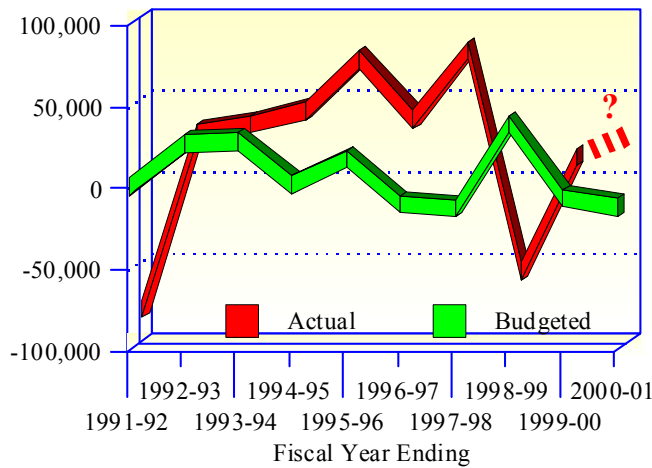
Actual Profit/Loss Compared to Budget
In Dollars



PUBLIC WORKS EQUIPMENT MAINTENANCE

Actual Profit/Loss Compared to Budget

In Dollars



This operation repairs and maintains City vehicles (with the exception of police vehicles) in a cost-effective manner and provides a 24-hour per day fully automated fuel facility for all City vehicles. The graph to the left exhibits this operation's actual profit or loss compared to budget over the past 10 years.

Estimated revenues for 1999-2000 are anticipated to be \$953,575 with estimated expenditures at \$941,129 resulting in a profit of \$12,446. This will increase the operation's fund balance to \$116,525 at September 30, 2000.

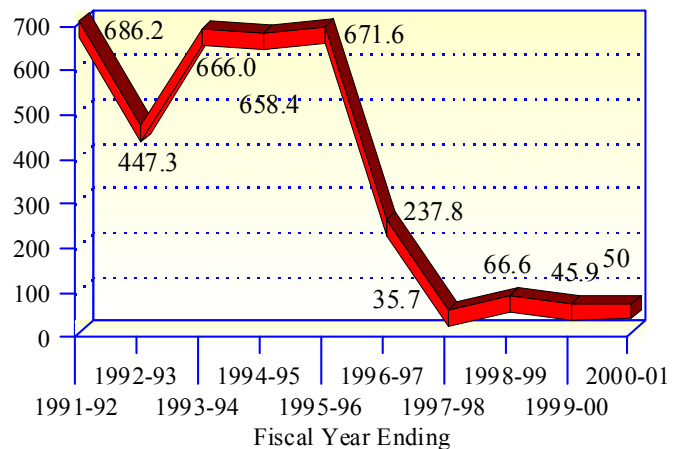
Revenues for 2000-2001 are budgeted at \$967,900, which is \$14,325 higher than estimated for 1999-2000, primarily due to expected higher gas and diesel fuel pump prices. 2000-2001 expenditures are budgeted at \$980,783 or \$39,654 higher than estimated for 1999-2000. The increase is mainly attributable to an estimated \$36,602 increase in salary and benefits, which includes \$10,766 for the general salary increase effective October 1, 2000, and \$21,060 for retiree medical insurance. The 2000-2001 budget includes \$48,000 of capital expenditures for the replacing the building wall panels (\$40,000) and upgrading the computerized fuel system (\$8,000). The projected expenditures of \$980,783 exceed revenues of \$967,900 by \$12,883, which reduces the September 30, 2001 fund balance to \$103,642.

INFORMATION SYSTEMS

The first year of the Information Master Plan (IMP) was adopted during the 1990-91 budget process. The primary focus of the IMP was to implement a Citywide networking system that would serve as the main platform for the City's communication, scheduling, accessing and processing of information. During the 1992-93 fiscal year, the first phase of the Citywide networking system was implemented. In this first phase, at least one networking hookup was installed in every department. Subsequent phases of the networking system have been financed from fund balance, which at September 30, 2000 is projected to be \$45,867. As the graph to the right exhibits, fund balance was accumulated and has been used to fund new initiatives, including the implementation of the integrated Human Resources/Payroll System, conversion to the Windows operating system, enhancement of

Fund Balances Over A Ten Year Period

In Thousands



the network infrastructure, conversion of the mainframe computer environment to Windows NT, implementation of network software enhancements including replacement of the E-mail system, acquisition of certain administration tools and the continuing implementation of the Geographic Information System (GIS).

The 2000-2001 budgeted revenues of \$1,380,990 are \$42,000 higher than budgeted in 1999-2000, which is mainly due to a \$50,000 increase in departmental charges necessary to keep revenues abreast with expenditures.

The 2000-2001-expenditure budget of \$1,376,809 consists of the following:

Recurring IST Operations	\$ 952,539
IMP - Plan New Initiatives	327,070
Telecommunications	<u>97,200</u>
Total	<u>\$ 1,376,809</u>

The recurring operations budget for 2000-2001 of \$952,539 is \$85,780 higher than the corresponding budget for 1999-2000 primarily due to increased costs for personal services.

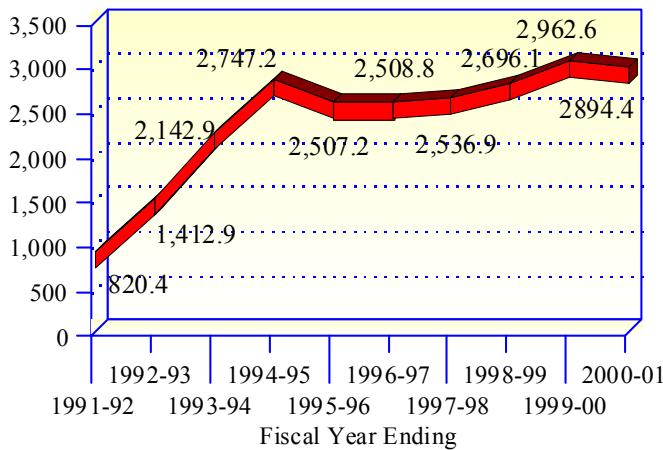
The 2000-2001 IMP budget of \$327,070 is \$43,634 lower than the budget for 1999-2000 of \$370,704. The 2000-2001 IMP budget provides for new or expanded initiatives regarding the development of a Geographic Information System, upgrading the network infrastructure, implementing scanning and imaging City wide, upgrading the web page/internet capabilities and upgrading the level of staff training. During fiscal year 1999-2000 the City's web site was to be enhanced and revitalized. This effort failed. The proposals received on this failed effort were estimated to be as high as \$300,000 to \$400,000. As a result, for fiscal year 2000-01 the web site steering committee was reconvened with its primary purpose to develop a plan to enhance and improve the web site with the available budgetary resources [TARGET FOR ACTION 2].

The 2000-2001 telecommunications budget of \$97,200 is identical to the 1999-2000 budget.

EQUIPMENT REPLACEMENT FUND

Fund Balances Over A Ten Year Period

In Thousands



purchased for Building and Zoning (\$30,000), Police (\$479,880), Solid Waste Collection (\$375,000), Streets and Highway (\$59,000) and Landscape Maintenance (\$74,200). All amounts borrowed by the Equipment Replacement fund were paid off during the 1994-95 fiscal year. The projected reserve at the end of 2000-2001 should be \$2,894,410.

The process has taken time to be totally self-supporting and out of debt, but appears to be the answer to the City's future capital needs for vehicles and certain other capital items.

CAPITAL IMPROVEMENT PROGRAM

The five year 2000-2005 Capital Improvement Plan (CIP) for the City of Sarasota totals \$124,639,000 and provides for the accomplishment of major infrastructure improvements. Projects include Neighborhood Improvements such as Street Trees, Pavement Reconstruction, Sidewalk Construction and Replacement, Curb and Gutter Placement and Replacement, Bicycle Route Improvements, and Traffic Calming [TARGET FOR ACTION 1]; Lido Beach Renourishment; North Water Tower Park improvements; East Sarasota Park acquisition/improvements; conversion of Payne Park to a park; Stormwater Drainage improvements for St. Armands and other priority areas; Roadway Improvements such as funding for a Downtown Congestion Study, Lime Avenue, Siesta Drive Drainage, 17th Street, St. Armands Circle sidewalk/lighting improvements, Main Street Streetscape, U.S. 41 Median Improvements, Myrtle Avenue, and Bayfront Bicycle Path; Public Art; Capital Improvements for the Newtown Community; Ken Thompson Park Improvements; Palm Avenue mixed use project; matching funds for the Cohen Way Housing Project; aquifer storage and recovery well for reclaimed water; and Major Potable Water and Wastewater Projects.

The CIP contains all capital improvement items, which were advertised to be financed by the ten year penny sales tax extension. Based upon input from the appropriate departments, the original ten year funding schedule has been revised to more appropriately reflect project priorities. Specifically, all projects are funded for the originally proposed amount, but in some instances the year of funding has been either accelerated or deferred. The effects of this re-prioritization will be discussed during the CIP workshop.

This Program is adequately funded and continues to emphasize spending priorities regarding Neighborhood and Redevelopment Improvements. The funding listed in the Neighborhood Improvement section of the CIP, in many instances, is classified for functional purposes. It is intended that prioritized neighborhood specific plans will be prepared to provide a comprehensive blueprint for improving each neighborhood. The concentration of funding available for neighborhood improvements to these plans will produce visible improvements within selected neighborhoods, thereby facilitating their stabilization and encouraging additional private investment.

The Capital Improvement Program contains Capital Improvement Elements intended to accomplish the goals of the Comprehensive Plan. They have been designated in this plan by the letters L-O-S and are found under potable water, sanitary sewer, transportation, and neighborhood improvements. This Program is consistent with the City's Comprehensive Plan.

FUNDING ISSUES

The penny sales tax, gas tax and tax increment financing (TIF) revenues continue to be the City's only on-going major sources of funding for the CIP. The level of these revenues in future years will have a significant impact on the projects included in this CIP as well as future capital projects. Of the total \$124,639,000 CIP, \$24,517,000 is projected to be funded from the penny sales tax. The penny sales tax has been authorized for a ten year period which ends August 2009 and is projected to generate approximately \$4,700,000 to \$5,500,000 annually over the ten year period.

The seven cents gas tax revenue has hovered around the \$1,600,000 level for several years. There is no indication that this revenue source will either increase or decrease substantially in the future. The new five-cent local option fuel tax (ELMS fuel tax) is effective January 1, 2001 and is expected to produce \$750,000 for the year ended September 30, 2001 and \$1,000,000 for years thereafter.

As communicated previously, the Property Appraiser has miscalculated the taxable value in the Community Redevelopment Area due to the improper inclusion of approximately \$75,000,000 in tangible personal property. Although this will reduce the projected TIF revenues in future years, revenues will exceed the required debt service payments on the outstanding special obligation bonds and the remaining payments totaling \$300,000 for the Palm Avenue property acquisition. As such by the 2001-02 year, TIF revenues should be sufficient to start repaying the loans made by the General Fund to the Community Redevelopment Agency and to commence funding of infrastructure improvements.

COMMUNITY SUPPORT

Funding has been provided in the 2000-2001 budget as follows:

Professional Alliance of the Performing Arts	\$ 25,000
Child Development Center	12,000
Humane Society	5,000
July 4th Celebration	13,150*
Suncoast Offshore Grand Prix Festival	10,000*
July 4th Fireworks Display (County Occupational License Tax)	15,000
Sister Cities Program	10,000
Farmer's Market	3,400*
Circus Ring of Fame	550*

* In-kind services

EXHIBIT A

Debt Service on Outstanding Long-Term Liabilities

Years ending September 30	GENERAL LONG-TERM DEBT ACCOUNT GROUP				PROPRIETARY FUNDS
	General Obligation Bonds	Special Obligation Bonds & Debt	Loans Payable & Special Assessment Debt	Total	Revenue Bonds, Loans Payable & Capital Leases
2001	2,827,053	2,557,251	1,526,966	6,911,270	6,880,781
2002	2,874,010	2,545,653	6,925,857	12,345,520	6,761,509
2003	2,697,415	2,689,354	1,349,982	6,736,751	6,742,234
2004	2,728,675	2,220,650	859,086	5,808,411	6,727,484
2005	2,712,680	2,311,419	862,207	5,886,306	6,721,674
2006	1,386,938	2,399,752	858,857	4,645,547	6,714,550
2007	1,303,512	2,526,480	823,376	4,653,368	6,706,120
2008	1,120,950	2,277,075	826,876	4,224,901	6,692,632
2009	-	2,389,950	823,757	3,213,707	6,682,685
2010	-	1,520,000	573,741	2,093,741	5,662,849
2011	-	1,635,000	572,506	2,207,506	5,622,439
2012	-	1,755,000	569,706	2,324,706	5,572,678
2013	-	1,880,000	575,857	2,455,857	1,942,179
2014	-	2,010,000	569,950	2,579,950	1,824,097
2015	-	2,145,000	572,500	2,717,500	1,712,612
2016	-	2,280,000	148,400	2,428,400	1,706,688
2017	-	2,425,000	-	2,425,000	1,201,437
Total	\$ 17,651,233	\$ 37,567,584	\$ 18,439,624	\$ 73,658,441	\$ 85,874,648

Note: The amount paid on loans payable and special assessment debt increases by approximately \$5,400,000 from 2001 to 2002 as a balloon payment is due to First Florida Financing Commission regarding the renovation of the Van Wezel Performing Arts Hall.

EXHIBIT B

EFFECT OF CITY COMMISSION POLICY CHANGES

The City Commission's Goals have remained relatively consistent over the past several years. Despite changes in the priority of a specific goal, the City Commission continues to place heavy emphasis on the following:

- ⇒ The provision of public safety to its citizens
- ⇒ The improvement of residential neighborhoods
- ⇒ The improvement of business areas within the City
- ⇒ The improvement of community information
- ⇒ Being a responsible City government
- ⇒ The improvement of the City's visual appeal

However, a change in philosophy has effected the allocation and level of resources. The City Commission established as one of its major goals for 1994-95 the adoption of a budget without an increase in the Ad Valorem tax rate or a reduction in fund balance. Although this is not an established goal for the 2000-2001 budget, this 1994-95 goal has served as a guideline for development of the budget since then. More specifically, in the 1995-96 budget, the General Fund fund balance was reduced by \$134,315. This fund balance reduction was necessary to address another City Commission goal to present the initial budget based upon the professional recommendation of service needs. This guideline was more easily attained with the 1996-97, 1997-98, and 1998-99 budgets. These budgets do not include any lay-offs, maintain the level of fund balance and reduce the total Ad Valorem millage rate from 6.499 mills for 1995-96 to 4.7945 mills for 1996-97, to 4.2337 mills for 1997-98, and to 3.6110 mills for 1998-99. However, the 1999-2000 budget reduces fund balance by \$342,828 in order to address targets for action approved by the City Commission. Despite the fund balance reduction, the 1999-2000 budget did not include any lay-offs and reduces the total Ad Valorem millage rate from the 3.6110 mills for 1998-99 to 2.9601 mills for 1999-2000. For 2000-2001, the budget does not reduce fund balance but requires an increase in the Ad Valorem millage rate from the 2.9601 mills for 1999-2000 to 3.2614 mills for 2000-2001, mainly to finance enhanced services including but not limited to the acquisition of the Federal Building, the addition of the Redevelopment department, the funding of the Comprehensive Master Redevelopment Plan for Newtown and to cover the deficit adopted in the 1999-2000 budget year.