



The Road to Recovery

Prepared by the City Manager &
Finance Department

March 3, 2014



Purpose

- Provide a Preliminary Budget Outlook for FY 2014-15 (FY15) - General & Electric Funds
- Review FY 15 Budget Development Process
- Seek Commission Direction for FY 15 Budget Preparation
 - ✓ Determine General Fund Level of Services
 - ✓ Begin to Set Future Financial Goals



Preliminary Financial Outlook

- Current Year (FY14) is Balanced
- This Presentation will Examine Financial Options for FY15 using Different Revenue and Expenditure Forecasts
 - ✓ Forecasts are Preliminary and May Change Prior to the Final FY 15 Budget Recommendation (JUL/AUG 2014)



Two Primary Reasons For Financial Hardship

- The Economic Impact From the Recession
 - ✓ Began 4th quarter 2008- Property Tax Revenue went from a High of \$6.5m to \$4.5m.
- Significant Debt Financing Between FY 04 – FY 10
 - ✓ Funded the following projects- Library, Sleepy Hollow Recreation Project, Airport Rescue Vehicle, Police Station, Kristen Court Apartments, Smart Grid, City Hall Parking Lot, Plantation Water System, Under Ground Utilities, and other various Improvements Throughout the City.



Examining Debt Issuances





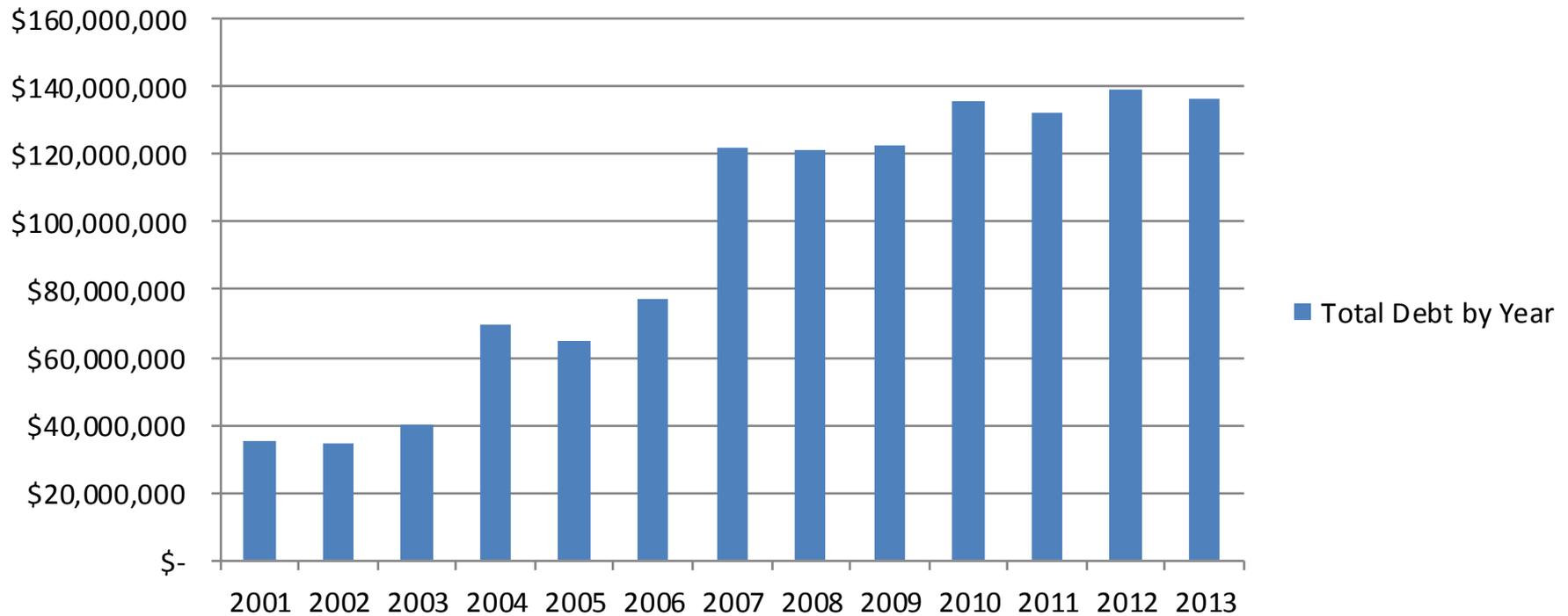
Debt Issuances (Including Refundings)

2003	\$	6,077,000	FMPA Loan Pool
2004	\$	17,110,000	Capital Improvement Revenue Bonds - 2004
2004	\$	16,670,000	Electric System Revenue Bonds - 2004
2004	\$	22,985,000	Utility System Revenue Bonds - 2004
2004	\$	1,300,000	Note Payable - FMPA
2006	\$	12,100,000	Bond Anticipation Notes
2007	\$	23,495,000	Utility System Revenue Bonds 2007 - A & B
2007	\$	22,975,000	Electric System Revenue Bonds - 2007 A & B
2007	\$	3,527,632	Bond Anticipation Note - 2007
2009	\$	1,431,878	Note Payable - 2008 Carver Heights CRA
2009	\$	1,099,751	Capital Imp. Bond Anticipation Note - 2008
2010	\$	14,605,000	Tax Increment Bonds - 2009 Hwy27/441 CRA
2010	\$	6,227,400	Note Payable - 2009 Capital Imp. Revenue
2010	\$	1,005,000	Capital Improvement Refunding Note - 2009
2010	\$	4,500,000	Magnolia Townhomes Note - 2009
2010	\$	8,000,000	Utility System Refunding Note - 2010
2011	\$	1,850,000	Electric Utility Revenue Note - 2010
2012	\$	3,675,971	Electric Utility Revenue Note - 2012
	\$	168,634,632	



Current Debt Obligations

Total Debt by Year General Govt + Utility Debt





Debt Service Annual Payments

Description of Bonds	Principal & Interest		
	FY15	FY16	FY17
CRAs	\$ 1,958,214	\$ 2,171,354	\$ 1,872,014
GENERAL FUND	482,526	486,174	484,113
LOCAL OPTIONS SALES TAX	1,021,613	1,021,613	1,021,063
ELECTRIC FUND	3,249,378	3,244,320	3,247,343
GAS FUND	2,872,968	2,873,799	2,875,969
WATER FUND	3,699,423	3,699,059	3,702,469
WASTE WATER FUND	3,785,178	3,783,044	3,784,684
TOTAL	\$ 17,069,300	\$ 17,279,363	\$ 16,987,655



Looking Ahead





Financial Goals

- Determine Level of General Fund Services
- Manage Our Resources
- Strive to Reduce the Utility Transfers
- Competitive Electric/Utility Rate
- Sustainability



FY 15 Budget Considerations

1. Recovery will be Incremental
2. Develop a Sustainability Plan
3. Carefully Select Capital Improvements
4. Evaluate Alternative Revenue Sources
 - Fire Assessment
 - Street Light Assessment
 - Millage Rate
5. Operate as a Utility First – Manage Transfer Levels



FY 15 Budget Considerations (Continued)...

6. Cost of Doing Business Continues to Increase
7. Employees Wages and Benefits
8. Employee Health & Wellness Center-
Continued Cost Avoidance
9. Pension Costs Slightly Decreasing
10. Review Level of General Fund Service



Initial Staff Financial Sustainability Recommendation

1. Review Levels of Service
 - Public Safety – Police & Fire Approximately 59% of GF
 - Manage Personnel Attrition For Savings – Personnel Costs are 85% of Public Safety Expenses
 - Earnestly Investigate Options that Reduce Cost and Provide Adequate Coverage Revenues
2. Seek Additional Revenue Sources
 - Fire Assessment Fee
 - Street Light Assessment Fee
 - Millage Rate (Current/Increase v. Roll Back)
 - Duke Franchise Fee
3. Plan for Potential Revenue Loss
 - Gas Tax
 - Discretionary Sales Tax
 - Communications Services Tax



Initial Staff Financial Sustainability Recommendation

4. Economic Development

- 470 Property
- Airport

5. Budget & Fiscal Reform

- Building Permits Fees
- Recreation Fees

6. Revision of Transfer Policy and Cash Reserve Policy

- As Tax Revenue Grows Reduce Transfer Amounts



General Fund Expenditure Considerations

- No Wage Adjustments Since FY 08
- Capital Improvements Have Been Minimal
- Hwy 441/27 CRA Debt Service
- Potential Discretionary Sales Tax FY 17
- Local Option Gas Tax Decrease
- Utility Transfers to the General Fund



FY14 General Fund Allocations

Department	FY 2014 Budget	Amount Allocated	Net GF	GF %
Police	7,876,586	0	7,876,586	100%
Fire	6,025,743	0	6,025,743	100%
Library	1,443,024	0	1,443,024	100%
Recreation	983,522	0	983,522	100%
Airport	678,795	0	678,795	100%
Public Works	3,829,985	348,682	3,481,303	91%
Executive	2,274,831	614,643	1,660,188	73%
Housing	172,121	51,637	120,484	70%
Human Resources	522,683	177,712	344,971	66%
Legislative	140,417	70,209	70,208	50%
Community Development	224,565	123,511	101,054	45%
Finance	3,150,096	2,558,524	591,572	19%
Information Technology	2,104,553	1,796,133	308,420	15%
Geographic Information Systems	411,011	369,910	41,101	10%
Total	29,837,932	6,110,961	23,726,971	



General Fund Cash on Hand FY07-FY13

General Fund

	Sep-07	Sep-08	Sep-09	Sep-10	Sep-11	Sep-12	Sep-13
Total Cash on Hand	4,106,626	4,918,738	6,517,802	7,498,847	8,631,994	9,271,110	9,022,354
Reserve Requirement	5,219,669	5,219,669	4,941,208	4,816,451	4,566,132	4,492,520	4,797,905
Excess/Deficiency	(1,113,042)	(300,931)	1,576,594	2,682,396	4,065,862	4,778,590	4,224,449

Excess/(Deficiency) Reserve Requireme	-21.3%	-5.8%	31.9%	55.7%	89.0%	106.4%	88.0%
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Budgeted Revenue						\$ 22,462,601	\$ 23,989,523
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Reserve Requirement Calculation:

Budgeted Revenue	\$ 26,098,344	\$ 26,098,344	\$ 24,706,041	\$ 24,082,257	\$ 22,830,659	\$ 22,462,601	\$ 23,989,523
x 20%	x 20%	x 20%	x 20%	x 20%	x 20%	x 20%	x 20%
Minimum Cash Balance	\$ 5,219,669	\$ 5,219,669	\$ 4,941,208	\$ 4,816,451	\$ 4,566,132	\$ 4,492,520	\$ 4,797,905



The Electric and General Fund Marriage





Millage Rate Comparison to Cities with Electric Utilities

Millage Comparison	
	Rate
Fort Pierce	6.6050
Ocala	6.2502
Clewiston	6.1957
Fort Meade	5.6484
Bushnell	4.9692
Lakeland	4.6644
Kissimmee	4.6253
Leesburg	4.3179
Stark	4.1805
Jacksonville Beach	4.0947
Bartow	3.9960
New Berry	3.8084
Green Coast Springs	2.9821
Key West	2.7976
Vero Beach	2.0336
Havana	1.8230
Average	4.3120
Median	4.2492



Electric Rate Comparison- Transfer from Electric

RATE COMPARISON						
	1000 KWH			1200 KWH		
	Oct-13	Oct-14	15-Oct	Oct-13	Oct-14	15-Oct
DUKE ENERGY	119.95	129.49	129.49	144.20	155.65	155.65
SECO	129.90	135.31	135.31	152.81	159.42	159.42
LEESBURG	131.88	136.97	142.32	137.88	142.97	148.32



Electric Utility Transfer

Where Does My \$1 Go?



Power Costs
55¢

Operating Costs
23¢

Capital
Improvement
9.5¢

Gen. Fund
Transfer
8.5¢

Debt
Service
4¢



Building Budget Sustainability





Base Model FY15 General Fund

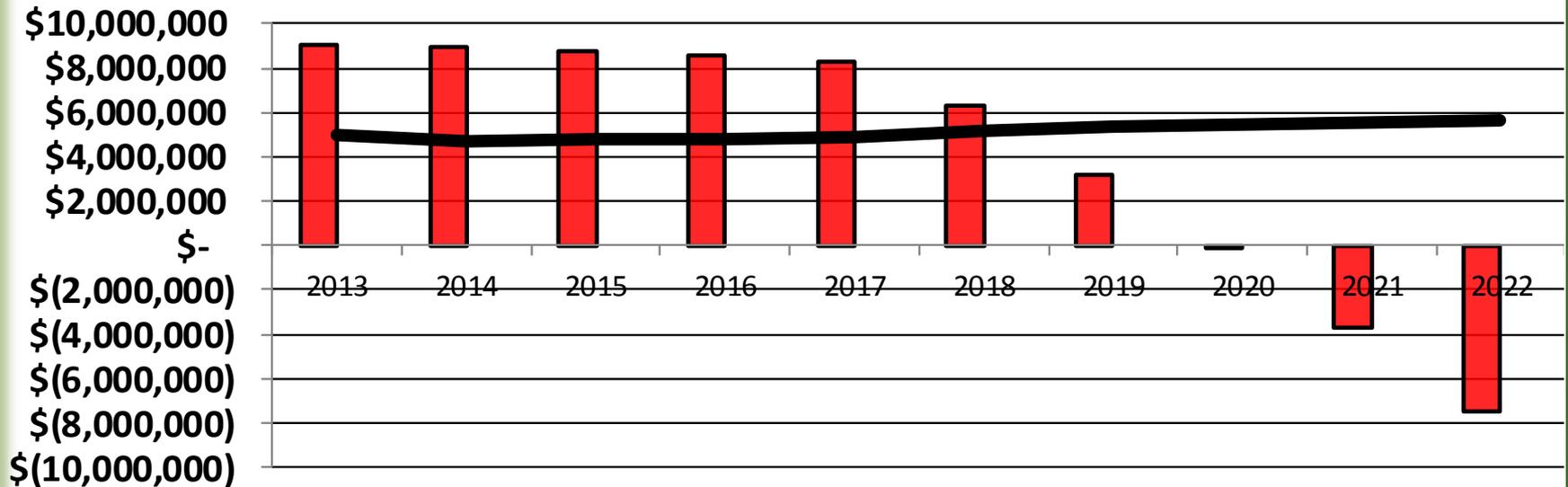
- Basically the Same as FY14
- Capital Improvements Includes \$300,000 per Year
- No Salary Adjustments
- FY 18 – GF Absorb '13 Series Debt Due to Sunset of the Local Options Sales Tax
- FY19 - GF Absorbs 441/27 CRA Debt

Disclaimer- Did not Include Any Future Changes to the General Fund Departmental Budgets

FY 2015 General Fund Proposed Budget With No Changes

	FY 2015	FY 2016	FY 2017
Property Taxes	4,374,310	4,418,053	4,462,234
All Other Taxes	4,561,078	4,654,828	4,654,828
Transfers In	10,683,189	10,800,272	10,919,207
All Other Revenues	4,107,199	4,108,199	4,163,199
Total Revenues	23,725,776	23,981,352	24,199,468
Personal Services (salaries, retirements, & benefits)	20,247,025	20,406,010	20,570,397
Operating Expenses	8,820,832	8,997,708	9,257,138
Capital Outlay	300,000	300,000	300,000
Debt Service	528,295	528,295	528,295
Utility Allocation	(5,973,647)	(6,083,369)	(6,195,785)
Total Expenditures	23,922,505	24,148,644	24,460,045
Deficit	(196,729)	(167,292)	(260,577)

Base Year FY13-FY22 General Fund



*2018 One Cent Local Option Sales Tax sunsets unless approved by voter referendum, if reinstated will add back \$1.6 M



Improving the Base Model General Fund Option #1

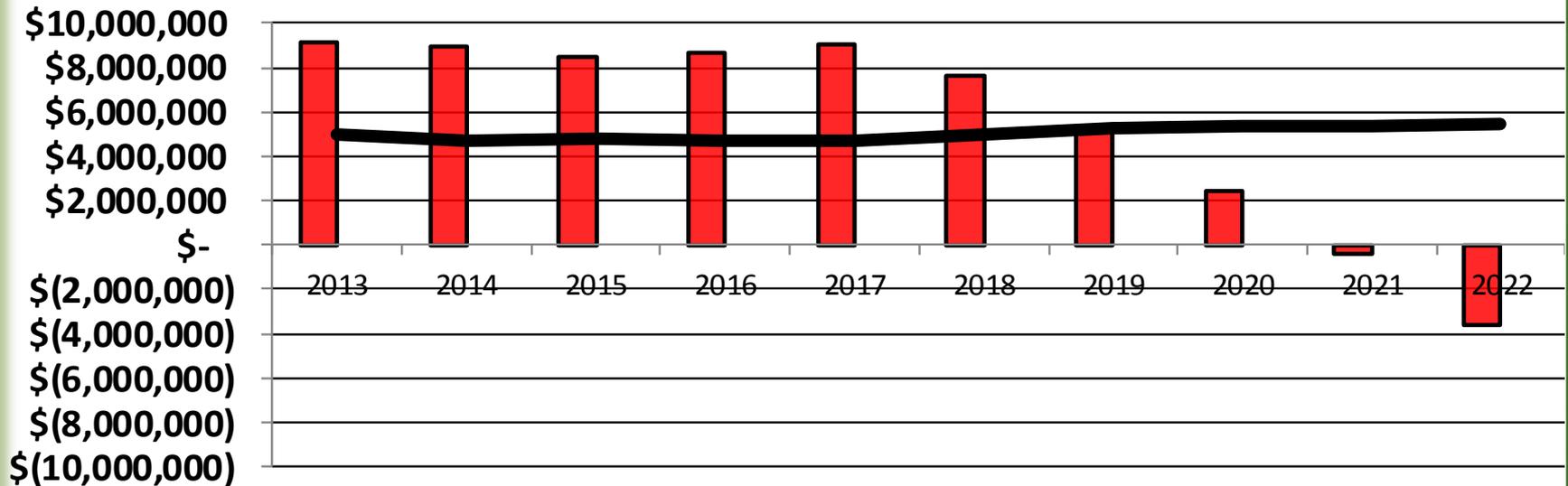
➤ Base Model Changes By:

1. Implementation of a Fire Assessment Fee,
 - Creates \$1,000,000 in New Revenue and Eliminates the Need for the 3rd Year Electric Utility Increase of 5%.
2. Lower Electric Transfer to the GF \$1,000,000
3. Lower Communication Transfer to the GF \$150,000
4. Increase Funding for Capital Improvement and Building Grounds and Maintenance
5. Decrease Public Safety Costs According to a Sustainability Plan Approved by the Commission (Assumed \$1,315,100 Over Three Years)
6. Reduction in City Pension Costs – Due to Market Increases

FY 2015 General Fund Proposed Budget With Options

	FY 2015	FY 2016	FY 2017
Property Taxes	4,374,310	4,418,053	4,462,234
All Other Taxes	4,561,078	4,654,828	4,654,828
Transfers In	10,683,189	10,800,272	10,919,207
All Other Revenues	4,107,199	4,108,199	4,163,199
Update- Decrease in Local Option Gas Tax	-	-	-
Proposed Fire Assessment Fee	-	1,000,000	1,000,000
Proposed Decrease in Communication Transfer	(150,000)	(150,000)	(150,000)
Proposed Decrease in Electric Utility Transfer	-	(1,000,000)	(1,000,000)
Total Revenues	23,575,776	23,831,352	24,049,468
Personal Services (salaries, retirements, & benefits)	20,247,025	20,406,010	20,570,397
Operating Expenses	8,820,832	8,997,708	9,257,138
Capital Outlay	300,000	300,000	300,000
Debt Service	528,295	528,295	528,295
Utility Allocation	(5,973,647)	(6,083,369)	(6,195,785)
Update- Reduction in Pension Expenses	(237,000)	(225,000)	(250,000)
Proposed Building & Ground Maintenance	75,000	75,000	75,000
Proposed Capital Outlay	700,000	700,000	700,000
Proposed Decrease to Public Safety Expenditures	(379,710)	(1,017,100)	(1,315,100)
Personnel Salary Adjustments	-	-	-
Utility Allocation with the Proposed Option Changes	-	-	-
Total Expenditures	24,080,795	23,681,544	23,669,945
Deficit	(505,019)	149,808	379,523

Option #1- FY13-FY22 General Fund



*2018 One Cent Local Option Sales Tax sunsets unless approved by voter referendum, if reinstated will add back \$1.6 M



Improving the Base Model General Fund Option #2

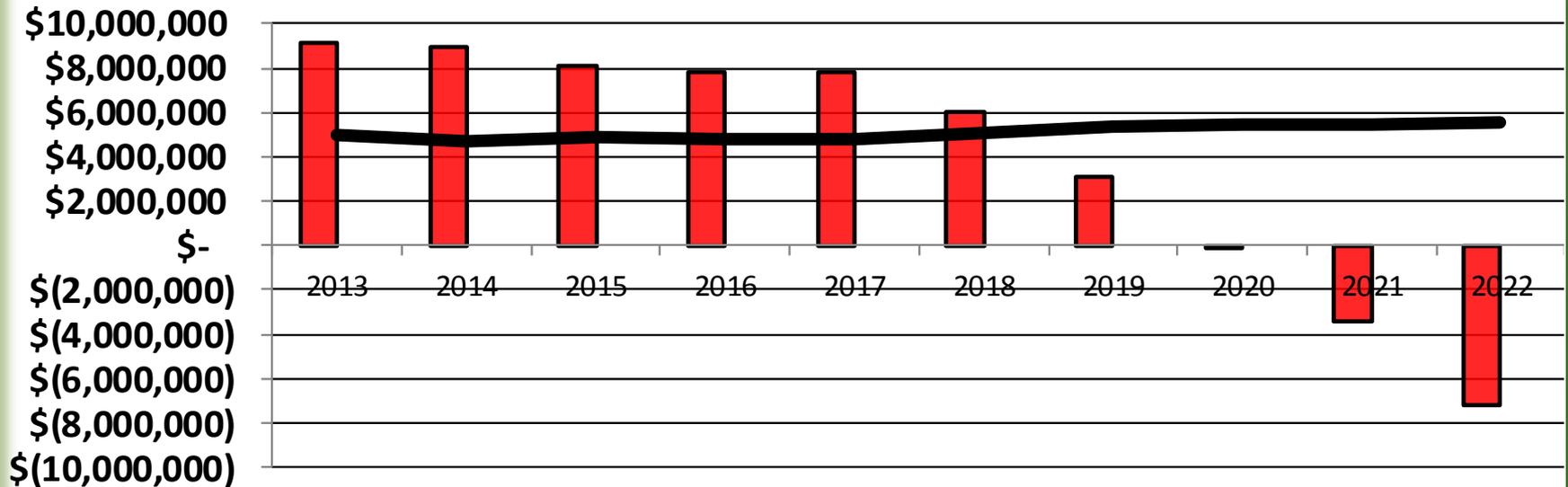
➤ Option #1 Plus:

1. Three Percent Salary Increase in FY15

FY 2015 General Fund Proposed Budget With Options

	FY 2015	FY 2016	FY 2017
Property Taxes	4,374,310	4,418,053	4,462,234
All Other Taxes	4,561,078	4,654,828	4,654,828
Transfers In	10,683,189	10,800,272	10,919,207
All Other Revenues	4,107,199	4,108,199	4,163,199
Update- Decrease in Gas Tax	-	-	-
Proposed Fire Assessment Fee	-	1,000,000	1,000,000
Proposed Decrease in Communication Transfer	(150,000)	(150,000)	(150,000)
Proposed Decrease in Electric Utility Transfer	-	(1,000,000)	(1,000,000)
Total Revenues	23,575,776	23,831,352	24,049,468
Personal Services (salaries, retirements, & benefits)	20,247,025	20,406,010	20,570,397
Operating Expenses	8,820,832	8,997,708	9,257,138
Capital Outlay	300,000	300,000	300,000
Debt Service	528,295	528,295	528,295
Utility Allocation	(5,973,647)	(6,083,369)	(6,195,785)
Update- Reduction in Pension Expenses	(237,000)	(225,000)	(250,000)
Proposed Building & Ground Maintenance	75,000	75,000	75,000
Proposed Capital Outlay	700,000	700,000	700,000
Proposed Decrease to Public Safety Expenditures	(379,710)	(1,017,100)	(1,315,100)
Personnel Salary Adjustments	424,096	425,806	427,451
Utility Allocation with the Proposed Option Changes	(43,588)	(26,957)	(10,490)
Total Expenditures	24,461,303	24,080,393	24,086,906
Deficit	(885,527)	(249,041)	(37,438)

Option 1A- FY13-FY22 General Fund



*2018 One Cent Local Option Sales Tax sunsets unless approved by voter referendum, if reinstated will add back \$1.6 M



Improving the Base Model General Fund Option #3

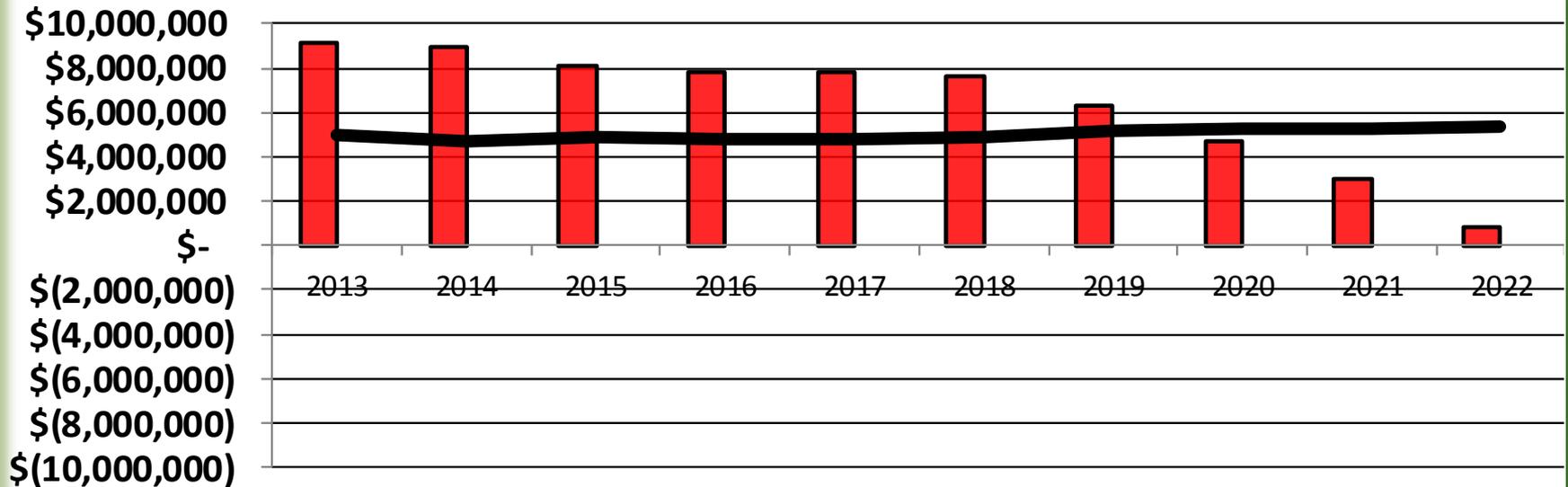
➤ Option #2 Plus:

- Reinstatement of the Local Options Sales Tax in 2018. Changes will take effect after FY18.

FY 2015 General Fund Proposed Budget With Options

	FY 2015	FY 2016	FY 2017
Property Taxes	4,374,310	4,418,053	4,462,234
All Other Taxes	4,561,078	4,654,828	4,654,828
Transfers In	10,683,189	10,800,272	10,919,207
All Other Revenues	4,107,199	4,108,199	4,163,199
Update- Decrease in Gas Tax	-	-	-
Update- Reinstatement of Local Option Sales Tax	-	-	-
Proposed Fire Assessment Fee	-	1,000,000	1,000,000
Proposed Decrease in Communication Transfer	(150,000)	(150,000)	(150,000)
Proposed Decrease in Electric Utility Transfer	-	(1,000,000)	(1,000,000)
Total Revenues	23,575,776	23,831,352	24,049,468
Personal Services (salaries, retirements, & benefits)	20,247,025	20,406,010	20,570,397
Operating Expenses	8,820,832	8,997,708	9,257,138
Capital Outlay	300,000	300,000	300,000
Debt Service	528,295	528,295	528,295
Utility Allocation	(5,973,647)	(6,083,369)	(6,195,785)
Update- Reduction in Pension Expenses	(237,000)	(225,000)	(250,000)
Proposed Building & Ground Maintenance	75,000	75,000	75,000
Proposed Capital Outlay	700,000	700,000	700,000
Proposed Decrease to Public Safety Expenditures	(379,710)	(1,017,100)	(1,315,100)
Personnel Salary Adjustments	424,096	425,806	427,451
Utility Allocation with the Proposed Option Changes	(43,588)	(26,957)	(10,490)
Total Expenditures	24,461,303	24,080,393	24,086,906
Deficit	(885,527)	(249,041)	(37,438)

Option #3- FY13-FY22 General Fund



* Assumes 2018 One Cent Local Option Sales Tax will be reinstated add back \$1.6 M



Budget Schedule





Budget Schedule

- April 29 Budget Workshop
- May/June City Manager meet with departments
- June 1 2014 Certified Taxable Value
- June 12 Budget Workshop
- June 19 DRAFT Budget Document
- July 15 Budget Work Session to review DRAFT
- July 24 Budget Work Session to review DRAFT



Budget Schedule

- July 28 Millage Rate Approval
- July 29 Budget Work Session to review DRAFT
- July 31 Budget Work Session to review DRAFT
- August 4 Budget Work Session to review DRAFT
- Sept. 11 Adopt Tentative Budget
- Sept. 22 Adopt FINAL Budget



Commission Deliberation

Questions, Discussion, General Direction



Summary

- Decrease the Electric Utility Transfer
- Decrease the Communication Transfer
- Fire Assessment Fee
- Reduction in Pension Costs
- Public Safety- Per Capita Information
- Increase Capital Improvement Costs
- Salary Adjustments