



MEMORANDUM
TOWN OF PONCE INLET – OFFICE OF THE TOWN MANAGER

*THE TOWN OF PONCE INLET STAFF SHALL BE PROFESSIONAL, CARING, AND
FAIR IN DELIVERING COMMUNITY EXCELLENCE WHILE ENSURING PONCE
INLET CITIZENS OBTAIN THE GREATEST VALUE FOR THEIR TAX DOLLAR.*

TO: Town Council
FROM: Jeaneen Witt, CMC, Town Manager
DATE: July 6, 2016
SUBJECT: Proposed Budget for FY 16/17 and Forecast Budget for FY 17/18

Introduction

As I began the annual planning for the budget preparation process this year, I decided to try something new – stretching the formal document out to cover not only next fiscal year but to take a careful look at the one to follow that. Therefore, instead of the usual four columns of budget actuals / estimates, you also have a fifth column which gives you a forecast for two years out. Council cannot formally adopt the forecast year, as that will follow the legally required budget process in summer 2017. However, all can see how the Town can best position itself for the subsequent year's needs – something I have carefully considered in formulating my recommendation for the fiscal year 16/17 millage rate.

The budget for fiscal year 16/17 is balanced with a millage rate of 5.85, estimated at 97% to produce \$4,460,539 in ad valorem revenue. The Town's current millage rate is 5.7922 and the rolled-back rate (RBR) is 5.4977. This millage rate is 6.6% above RBR. Homesteaded properties will increase in taxable value by 0.7% and non-homesteaded properties will increase in taxable value by an average of 7%. Thus, a homesteaded property with a prior year value of \$200,000 would pay \$17 more in taxes next year than the previous year; a non-homesteaded property of that same prior value would pay about \$93 more. A spreadsheet with other various amounts is provided separately.

The Town's current reserve levels are provided for the various funds on the compiled spreadsheet and also within the budget document in the revenue reserve line in each fund. The Town's general fund reserve is estimated to begin FY 16/17 with a fund balance of \$2,394,964 which in compilation with other non-restricted monies equates to a total reserve of about 42%. The Town established requirements for this reserve are between 25% and 75%, so we are within this range but it would be prudent to continue to add to it for a few more years. In addition to this fund, the Town has been working to ensure the water fund has sufficient revenue to cover the cost of the debt service for recent water system improvements and also to build that fund's own reserve so that monies are readily available for critical needs. The water fund reserve is now at about 35%.

Highlights of the FY 16/17 Proposed Budget include the following:

- A one-year implementation of the results of the prior year salary study for Town employees is incorporated into this budget.
- One additional police officer is requested in this budget at a total cost of \$57,000, which includes the entire benefit package. The Police Chief and I agree that two additional officers are needed to better manage the increase in service calls from visitors / residents and to provide a simpler process for shift coverage. This is the first step (and 1st new officer position) in a two-step process to create a "swing-shift" that will overlap to enhance the busiest time period between the day and night shifts.
- Workers compensation insurance costs are currently budgeted for an increase of 35%, though the final quote has not been received; last fiscal year we received a decrease of 23%, but there have been a few injuries that have impacted this rate.
- General liability insurance costs are expected to remain flat but a 1% increase is currently budgeted as a precaution until we receive our final rates.
- Upgrade of radios in accordance with Volusia County requirements so that all radios which interface with the County comply with the new P-25 standard (\$45,747).
- Website redesign is budgeted at \$21,000, as we have experienced a number of issues this year in our efforts to enhance the Town's website functionality within the constraints of our existing vendor. A new design would include the addition of a mobile application.
- A major upgrade of universal accounting software is now available from our provider and would significantly improve our operations Town-wide, as all departments utilize this software (\$60,000).
- Implementation of a police body camera program is proposed in the amount of \$10,380 for the first year and an annual recurring cost of \$6,076 for software updates and storage, for at least 4 additional years pursuant to a 5 year contract.
- A replacement patrol SUV is requested in the amount of \$28,799 by the Police Department in the continuance of their three-year rotation of vehicles. Attempts at longer than three years for patrol vehicles have proven to be extremely costly in maintenance because these vehicles are running most of a full twelve hour shift per day.
- The Police Department has requested an additional radar speed sign as a tool for traffic speed compliance (\$3,265) and a radar unit to outfit all with this capability (\$1,615).
- Additional extrication equipment is requested by the Fire Department (\$3,000) and also replacement day room furniture (\$2,500).
- A replacement vehicle for the Fire Chief is being requested in the Fire Department at a cost of \$42,000. This will allow his vehicle to roll-down and an increasingly unreliable vehicle within the fleet to roll-out of service. The new vehicle will be a full-size SUV, which we have found would have been the preferred vehicle of choice in many circumstances and will a welcome addition to our small fleet for future use.
- A VacTrailer is requested by Public Works to allow for more efficient response to water breaks and to enhance our storm drain cleaning program, no longer require external contracting; the cost of \$38,860 is split with the water fund.
- Air conditioning systems have been failing in many of the Town's buildings in the current year. Some have required prompt replacement and we have managed this in the

current year budget, others were stabilized with repairs but ultimately need to be replaced within the next couple of fiscal years (\$11,846).

- Public Works has suggested an update to the Sanitary Sewer System Master Plan, as we aim to best position the Town for any funding opportunities (\$4,600).
- Relocation of the existing power pole and utilities that are in front of the Veteran's Memorial is proposed to improve the aesthetics in that area (\$13,384).
- The Town has a total of 15 bus stops. In FY 15/16, we built 5 ADA compliant bus pads at the most frequently used locations. Last year was the first year of what staff proposes to become a five-year program. The proposed budget provides for 2 more bus pads and also 7 benches in year two of this program, so that all of the new bus pads have a bench. The benches will be a concrete structure and will have the Town seal inset. The cost for the continuance of this program in FY 16/17 is \$15,618.
- The south gate at Public Works has been failing and though both gates ultimately need replacement, only the south gate is in the FY 16/17 budget (\$13,625).
- The design-phase to construct improvements on the new Public Works property is proposed at an estimated cost of \$10,000.
- The design-phase to construct a kayak launch and small gazebo, with a sidewalk connecting the two and also to the Peninsula sidewalk is proposed for the Wilbur Bay Wetlands at an estimated cost of \$8,000.
- The fence at Wilbur Bay Wetlands is in need of replacement at a cost of \$2,600.
- Recreational improvements are proposed as follows:
 - In Pollard Park – the addition of court lights (\$9,000);
 - In the Kay & Ayers Davies Park – the addition of a merry-go-round (\$7,000) and a parent-child swing (\$1,300), to replace a slide and a seesaw that have become in poor condition;
 - In Ponce Preserve – the addition of a dog water fountain (\$1,800).
- There is a transfer to the Community Center Fund for expenses in the amount of \$20,500, as the Town pays for 75% of the electric, property insurance, the PICCI board activities insurance, and sets aside funding for building maintenance.
- There is a transfer to the Historic Museum Fund for expenses in the amount of \$70,000, which includes perimeter fencing to match the fence on the east side of the property (\$10,500) and a retaining wall for the Pacetti cemetery (\$6,500).
- The following funds are created for the Town's debt service:
 - Stormwater Improvements – 12th year of a 20 year loan;
 - Town Hall buildings – 13th year of a 20 year loan;
 - Water System Improvements – 2nd year of a 20 year loan.
- In the water fund, the 2nd year of the two-year commercial water meter replacement project is proposed (\$82,968) and hydraulic excavator (\$45,378).

Highlights of the FY 17/18 Forecast Budget include the following:

- A 3% merit increase is budgeted for employees.
- One additional police officer is requested in this budget at a total cost of \$57,000, which includes the entire benefit package. This is the first step (and 1st new officer position) in

a two-step process to create a “swing-shift” that will overlap to enhance the busiest time period between the day and night shifts.

- An increase in workers compensation is estimated at 15%.
- An increase in general insurance is estimated at 3%.
- Upgrade the remainder of the Police Department and exterior Town Hall facility doors to keyless entry (\$40,000).
- Upgrade of radios in accordance with Volusia County requirements so that all radios which interface with the County comply with the new P-25 standard (\$52,690).
- Annual recurring cost of \$6,076 for software updates and storage, pursuant to a 5 year contract.
- A replacement patrol SUV is requested in the amount of \$28,799 by the Police Department in the continuance of their three-year rotation of vehicles.
- Three replacement Taser stun-guns with holsters are requested (\$3,153).
- The Fire Department requests the purchase of a power lift stretcher for use in the primary ambulance (\$45,000).
- The Fire Department requests a replacement extrication tool and airbag system with lighter, more effective equipment with additional capabilities (\$39,000).
- Public Works requests a towable boom lift for trimming trees, accessing lights on the tennis courts and parking lots, reducing the risk associated with ladders for these tasks (\$29,025).
- Replacement of fuel tank (\$23,371); split with water fund.
- Continued replacement of air conditioning systems that have been failing in many of the Town’s buildings in the current year. Some have required prompt replacement and we have managed this in the current year budget, others were stabilized with repairs but ultimately need to be replaced within the next couple of fiscal years (\$8,504).
- The forecast budget provides for the 3 bus pads and 3 benches. The cost for this third of a five-year ADA bus stop facility replacement program in FY 17/18 is \$27,847.
- If the south gate at Public Works is completed in FY 16/17, the north gate would then become a priority for FY 17/18 and the cost for this replacement is \$13,625 and it is placed in the forecast budget.
- The design-phase of beautification of the Town Hall courtyard is proposed for consideration in the amount of \$5,600.
- Construction of a kayak launch and small gazebo, with a sidewalk connecting the two and also to the Peninsula sidewalk is proposed for the Wilbur Bay Wetlands at an estimated cost of \$60,000.
- Replacement of the Ponce Preserve West boardwalk material with more durable material (\$91,876).
- There is a transfer to the Community Center Fund for expenses in the amount of \$21,000.
- There is a transfer to the Historic Museum Fund for expenses in the amount of \$70,000, which includes replacement of rusting fence at Pacetti cemetery (\$10,000) and landscaping at the Historical Museum (\$3,500).

- Public Works has requested various sizes of water meters for inventory (\$18,767), along with a trash pump (\$1,732), and a water service analyzer (\$847)
- Though not currently in the forecast budget, an estimate for improvements to the Public Works property would be determined from the design phase and potentially included in FY 17/18.
- The following funds are created for the Town's debt service:
 - Stormwater Improvements – 12th year of a 20 year loan;
 - Town Hall buildings – 13th year of a 20 year loan;
 - Water System Improvements – 2nd year of a 20 year loan.

Legal Requirements

Council is required to set the proposed millage rate for notice on the proposed property tax bill, which will be distributed by the County Property Appraiser's office in mid-August. It is important to remember that you can go below your proposed millage rate before you determine final adoption in September but you cannot go above it. I am proposing a millage rate of 5.85 which is 6.6% above the RBR and estimated to produce \$4,598,494 in ad valorem revenue. However, for your information, the State limitations for the millage rate increase for the Town in FY 16/17 are as follows:

- Council by simple majority vote may adopt a millage rate of up to 6.7209, which is 22.47% above RBR and estimated to produce \$5,283,080 in ad valorem revenue.
- Council by super majority vote may adopt a millage rate of up to 7.3930, which is 34.72% above RBR and estimated to produce \$5,811,396 in ad valorem revenue.
- Anything higher than the 7.3930 rate must be approved by referendum.

Thank you!

This proposed budget is the product of many months of work. Early in the calendar year, I prepare a budget timeline and this year also decided that we would aim for a two-year budget. Upon completion of the audit, I then update the budget to include the actuals from the audited year, (FY 14/15). Always reviewing the current year (FY 15/16), I also update those areas when needed. I have meetings with the department and division heads to discuss their budget requests (FY 16/17 and 17/18) and continue working with them until we have a balanced budget. I have great appreciation for all of their help in attempting to balance quality of life improvements within budgetary limitations. In recognizing the most supreme budget assistant, special thanks go to human resources director Kim Cherbano for patient commitment in preparing the most complicated portion of all, in many different scenarios and for 3 fiscal years.

I welcome your questions, comments, and ultimately your direction as we go forward in this annual millage rate and budget adoption process. Thank you.

FINAL PROJECTIONS - 2016/2017

Based on certified tax estimates (DR 420):

Total taxable value of property is (Line 4)	786,067,307
Taxable value of new construction (Line 5)	4,757,333
Current year adjusted taxable value (Line 6)	781,309,974
Prior year final gross taxable value (Line 7): multiply by prior year operating millage levy (Line 10)	740,236,900
Prior year ad valorem proceeds (Line 11):	5,7922
	4,287,600

Adjusted current year taxable value (Line 6 minus Line 14 if applicable)

781,309,974

Current year estimated rolled back-rate (Line 13 divided by line 15, multiplied by 1,000):

5.4877

Proposed millage scenarios based on preliminary estimates:

Proposed Millage Rate	Ad Valorem Proceeds - Excel Calc	97% Proceeds	% Change from RBR
6.0000	4,716,404	4,574,912	9.34%
5.9500	4,677,100	4,536,787	8.42%
5.9000	4,637,797	4,498,663	7.51%
5.8500	4,598,494	4,460,539	6.60%
5.8000	4,559,190	4,422,415	5.69%
5.7922	4,553,059	4,416,467	5.55%
5.4877	4,313,702	4,184,291	0.00%
1	786,067	762,485	
0.1	78,607	76,249	

Current Year Proposed Millage Rate (Line 11)
 Total Prior Year Proceeds (Line 17) 5,8500
 Current Year Aggregate Rolled Back Rate (Line 18) 4,287,600
 Current Year Aggregate Rolled Back Taxes (Line 19) 5.4877
 Total Non-Voted Ad Valorem Taxes proposed (Line 20) 4,313,707
 Current Year Proposed Aggregate Millage Rate (Line 21) 4,598,494
 Percentage Increase Over Rolled-Back Rate (Line 22) 5.8500
 6.60%

Impact of Millage Rate									
Proposed Rate	5.85								
Prior year tax rate	5.7922								
Homesteaded Properties currently assessed at 0.7%+ below market value									
2016 - Ponce Inlet Taxes									
Assessed Taxable Value	Minus Homestead	Taxes Paid to Ponce	Assessed Increase	Minus Homestead	Taxes Paid to Ponce	Difference			
\$1,000,000	\$950,000	\$5,503	\$1,007,000	\$957,000	\$5,598	\$96			
\$750,000	\$700,000	\$4,055	\$755,250	\$705,250	\$4,126	\$71			
\$500,000	\$450,000	\$2,606	\$503,500	\$453,500	\$2,653	\$46			
\$350,000	\$300,000	\$1,738	\$352,450	\$302,450	\$1,769	\$32			
\$200,000	\$150,000	\$869	\$201,400	\$151,400	\$886	\$17			
Non-Homesteaded Properties currently assessed at prior year market rate									
2016 - Ponce Inlet Taxes									
Assessed Value		Taxes Paid to Ponce	7% Increase (Average Townwide)		Taxes Paid to Ponce	Difference			
\$1,000,000		\$5,792	\$1,070,000		\$6,260	\$467			
\$750,000		\$4,344	\$802,500		\$4,695	\$350			
\$500,000		\$2,896	\$535,000		\$3,130	\$234			
\$350,000		\$2,027	\$374,500		\$2,191	\$164			
\$200,000		\$1,158	\$214,000		\$1,252	\$93			

Town of Ponce Inlet Reserve Analysis (07/01/16)

<u>Fund</u>	<u>Fund Balance</u> <u>FY 13/14</u>	<u>Fund Balance</u> <u>FY 14/15</u>	<u>Fund Balance</u> <u>FY15/16</u>	<u>Estimated</u> <u>Fund Balance</u> <u>FY 16/17</u>
General Fund	\$2,062,553	\$2,251,128	\$2,324,664	\$2,394,964
Old Gas Tax	\$15,715	\$15,028	\$16,881	\$15,057
New Gas Tax	\$203,754	\$258,409	\$311,214	\$326,462
Donations (Police, Fire, Children's Activity Committee, Christmas Parade, Mardi Claws)	\$5,439	\$6,329	\$8,079	\$6,411
Tree Bank	\$12,677	\$8,388	\$14,764	\$3,569
Timucuan Oaks Project	\$92,396	\$69,261	\$175,489	\$0
Sidewalk	\$28,661	\$32,376	\$35,580	\$29,435
Parks & Rec	\$2,784	\$5,221	\$3,375	\$1,407
Community Center	\$10,661	-\$1,154	\$2,832	\$2,832
Meyer-Davis House	\$9,145	\$12,282	\$13,667	\$14,950
Police Education	\$11,908	\$11,606	\$10,533	\$9,969
Debt Fund - Stormwater Loan	\$1,983	\$2,013	\$2,010	\$2,010
Debt Fund - Water System Improvements				\$40,000
Debt Fund - Town Hall Loan	\$6,575	\$2,407	\$2,407	\$2,407
Land Acquisition Fund	\$643,622	\$696,231	\$490,971	\$540,323
Water Operating & Maintenance	\$345,356	\$369,951	\$581,770	\$591,590
Refuse	\$6,570	\$7,262	\$8,839	\$9,069
Sewer	\$7,072	\$6,052	\$6,544	\$6,605
Water Expansion	\$66,778	\$73,533	\$80,947	\$87,234
Contraband/Forfeiture	\$8,205	\$8,207	\$7,033	\$7,036
Total	\$3,541,854	\$3,834,530	\$4,097,599	\$4,091,330

FY 16/17 BUDGET SUMMARY

Revenues:

Ad Valorem	\$	4,468,039
Sales & Use Taxes	\$	401,106
Charges for Services	\$	96,950
Intergovernmental Revenue	\$	244,832
Fines & Forfeitures	\$	18,745
Licenses, Permits, & Fees	\$	281,300
Interest Earnings	\$	9,900
Misc: Grants & Reimbursements	\$	71,322
Reserves	\$	-
Transfers	\$	57,785
Total Revenue	\$	5,649,979

Expenditures:

Legislative (includes \$90,500 transfer out)	\$	213,202
Administrative (includes \$41,578 transfer out)	\$	511,237
Legal	\$	370,000
Planning & Zoning	\$	321,643
Information Technology	\$	423,949
Police	\$	1,416,610
Fire	\$	1,255,581
Building & Code	\$	429,962
Public Works	\$	594,879
Parks & Recreation	\$	112,916
Total Expenditures	\$	5,649,980

Special Funds:

Old Gas Tax	\$	83,005
New Gas Tax	\$	62,100
Donations	\$	4,255
Tree Bank	\$	2,503
Timucuan Oaks	\$	-
Sidewalks	\$	2,510
Parks & Recreation	\$	5,923
Community Center	\$	23,268
Meyers-Davis House	\$	72,378
Police Education	\$	2,000
Stormwater Improvements Loan Repayment	\$	156,586
Water System Improvements Loan Repayment	\$	80,003
Town Hall Loan Repayment	\$	328,832
Land Acquisition Fund	\$	374,987
Water Operating & Maintenance	\$	1,511,380
Refuse	\$	179,042
Sewer	\$	1,019,799
Water Expansion	\$	50,849
Infrastructure Construction Fund	\$	-
Contraband / Forfeiture	\$	3
Total Special Funds	\$	3,959,423