



**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 *JW*

**DATE:** September 1, 2016

**SUBJECT:** Tentative / Final Budget for FY 16/17 and Forecast Budget for FY 17/18

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Introduction

Following the Town Council's special budget meeting in July, when I recommended the adoption of a proposed millage rate of 5.85, some unanticipated revenues were received which allowed for the advance purchase of some capital items that had been requested for FY 16/17. These capital items have now been removed from the FY 16/17 budget. In addition to this, capital projects have been prioritized on what will be proposed via the comprehensive plan process for an updated Five-Year Capital Improvement Plan. A copy of this table is provided with this memorandum and shows the Wilbur Bay Wetlands project and the Public Works expansion project occurring further along in the five-year plan, so they no longer impact the FY 16/17 budget. All of this has resulted in the recommendation for the tentative / final millage rate being reduced to 5.79 mills, which is slightly lower than the Town's current millage rate but 5.51% above the rolled-back rate of 5.4977.

Generally speaking, 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 \$8 more in taxes next year than the previous year; a non-homesteaded property of that same prior value would pay about \$81 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 \$2,365,000 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.
- The State Legislature has enacted the following changes to the contribution rate for those who have the Florida Retirement System, which is the retirement system the Town is partnered within:

General Employees were increased from 7.26% to 7.52%,  
Previously FRS Retired Employees were increased from 10.12% to 10.71%,  
Senior Management Employees were increased from 21.43% to 21.77%,  
Special Risk Employees were increased from 22.04% to 22.57%.

This Legislative change in the contribution rates coupled both with implementation of the salary study and the addition of a new police officer position resulted in the Town's annual retirement costs increasing from \$406,603 to \$469,352.

- 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 1<sup>st</sup> 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 have increased by 29% for a total cost of \$75,836 (this is a reduction from the proposed budget estimated increase of 35%).
- General liability insurance costs are expected to remain flat but a 1% increase has been budgeted to cover any increased property valuations and any flood insurance rate increases.
- 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 four 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 a radar unit to outfit all with this capability (\$1,615) and a portable P-25 radio in the amount of \$3,355.
- Additional extrication equipment is requested by the Fire Department (\$3,000).
- 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 be a welcome addition to our small fleet for future use.

- 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 and ordered benches for each, along with 2 extra for the following year. This was the first year of what staff proposes to become a five-year program. The proposed budget provides for 2 bus pads in year two of this program at a cost of \$10,435.
- 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).
- 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 – 11<sup>th</sup> year of a 20 year loan;
  - Town Hall buildings – 12<sup>th</sup> year of a 20 year loan;
  - Water System Improvements – 1<sup>st</sup> year of a 20 year loan.
- In the water fund, the 2<sup>nd</sup> year of the two-year commercial water meter replacement project is proposed (\$82,968) and hydraulic excavator (\$45,378).
- The following items have been carried-forward into the FY 16/17 budget from the FY 15/16 budget:
  - the sidewalk improvements at Ocean Way and South Peninsula for \$8,500, and
  - a new directional sign at Inlet Harbor and South Peninsula for \$5,000.
- One additional item was added to the FY 16/17 budget, as suggested at the Roundtable of Elected Officials meeting. Homeless Assistance was added to the budget in an amount equal to one dollar per capita, which seemed to coincide with the rationale being used by our sister cities. This is also included in the FY 17/18 forecast budget.

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 1<sup>st</sup> 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 2%.
- 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).
- The design-phase to construct improvements on the new Public Works property is proposed at an estimated cost of \$10,000.
- 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.
- Replacement of the Ponce Preserve West boardwalk material with more durable material at a cost of \$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 – 12<sup>th</sup> year of a 20 year loan;
  - Town Hall buildings – 13<sup>th</sup> year of a 20 year loan;
  - Water System Improvements – 2<sup>nd</sup> year of a 20 year loan.

**Town of Ponce Inlet  
Proposed  
FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM: 2016-2021**

<b>PROJECT</b>	<b>FUNDING SOURCE</b>	<b>F/Y 16-17</b>	<b>F/Y 17-18</b>	<b>F/Y 18-19</b>	<b>F/Y 19-20</b>	<b>F/Y 20-21</b>	<b>TOTAL</b>
<b>Transportation</b>							
Sidewalk gap program	General fund, TPO			\$85,000			\$85,000
<b>Public Utilities and Services</b>							
Water meter replacement	General fund	\$82,968					\$82,968
Expansion of Public Works Yard; Phases I (stormwater) & II (beautification)	General fund			\$100,000	\$100,000		\$200,000
<b>Recreation and Open Space</b>							
Ponce Preserve boardwalk deck replacement	General fund		\$95,000				\$95,000
Wilbur Bay wetlands dock design and construction	General fund					\$60,000	\$60,000
<b>Emergency Services</b>							
Creation of Capital Improvement Fund for replacement of fire truck and ambulance	General fund			\$75,000	\$75,000	\$75,000	\$225,000
<b>Information Technology</b>							
Finance Software Upgrade		\$60,000					\$60,000
<b>TOTALS</b>		<b>\$142,968</b>	<b>\$95,000</b>	<b>\$260,000</b>	<b>\$175,000</b>	<b>\$135,000</b>	<b>\$807,968</b>

**FINAL PROJECTIONS - 2016/2017**

Based on certified tax estimates (DR 420):

Total taxable value of property is (Line 4)  
 Taxable value of new construction (Line 5)  
 Current year adjusted taxable value (Line 6)

786,067,307  
 4,757,333  
 781,309,974

Prior year final gross taxable value (Line 7):  
 multiply by prior year operating millage levy (Line 10)  
 Prior year ad valorem proceeds (Line 11):

740,236,900  
 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:

	<u>Proposed Millage Rate</u>	<u>Ad Valorem Proceeds - Excel Calc</u>	<u>95% Proceeds</u>	<u>% Change from RBR</u>
	6.0000	4,716,404	4,480,584	9.34%
	5.9500	4,677,100	4,443,245	8.42%
	5.9000	4,637,797	4,405,907	7.51%
	5.8500	4,598,494	4,368,569	6.80%
	5.8000	4,559,190	4,331,231	5.69%
	5.7922	4,553,059	4,325,406	5.55%
	5.7900	4,551,330	4,323,763	5.51%
	5.4877	4,313,702	4,098,016	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)  
 Current Year Aggregate Rolled Back Rate (Line 18)  
 Current Year Aggregate Rolled Back Taxes (Line 19)  
 Total Non-Voted Ad Valorem Taxes proposed (Line 20)  
 Current Year Proposed Aggregate Millage Rate (Line 21)  
 Percentage Increase Over Rolled-Back Rate (Line 22)

5.7900  
 4,287,600  
 5.4877  
 4,313,707  
 4,551,330  
 5.7900  
 5.51%



**Town of Ponce Inlet Reserve Analysis (09/01/16)**

<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	\$2,339,441
Old Gas Tax	\$15,715	\$15,028	\$16,881	\$15,057
New Gas Tax	\$203,754	\$258,409	\$311,214	\$324,412
Donations (Police, Fire, Children's Activity Committee, Christmas Parade, Mardi Claws)	\$5,439	\$6,329	\$8,079	\$6,789
Tree Bank	\$12,677	\$8,388	\$14,764	\$5,607
Timucuan Oaks Project	\$92,396	\$69,261	\$175,489	\$0
Sidewalk	\$28,661	\$32,376	\$35,580	\$38,855
Parks & Rec	\$2,784	\$5,221	\$3,375	\$4,311
Community Center	\$10,661	-\$1,154	\$2,832	\$2,832
Meyer-Davis House	\$9,145	\$12,282	\$13,667	\$14,960
Police Education	\$11,908	\$11,606	\$10,533	\$9,969
Debt Fund - Stormwater Loan	\$1,983	\$2,013	\$2,010	\$2,010
Debt Fund - Town Hall Loan	\$6,575	\$2,407	\$2,407	\$2,407
Debt Fund - Water System Improvements				\$0
Land Acquisition Fund	\$643,622	\$696,231	\$490,971	\$540,323
Water Operating & Maintenance	\$345,356	\$369,951	\$581,770	\$581,701
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	\$89,270
Contraband/Forfeiture	\$8,205	\$8,207	\$7,033	\$7,036
<b>Total</b>	<b>\$3,541,854</b>	<b>\$3,834,530</b>	<b>\$4,097,599</b>	<b>\$4,000,654</b>