

MEMORANDUM

Date: June 17, 2014

TO: Dave Bullock, Town Manager

FROM: Sue Smith, Finance Director

SUBJECT: Proposed Resolution 2014-21, Transferring Phase II Infrastructure Surtax Residual Balances to Phase III for the Purpose of Purchasing Police Vehicles and Fire Department Equipment in FY 2015-FY2019.

The Phase III Infrastructure Surtax referendum was passed in November of 2007 for revenue collection beginning in September of 2009. The internal audit we performed in September of 2013 revealed a residual fund balance amount of \$230,555 derived from underspent projects as well as \$66,613 of investment income earned by the fund.

Proposed Resolution 2014-21 transfers the residual balances from Phase II to Phase III for the purpose of purchasing police vehicles and Fire Department Equipment in FY2015-FY2019 in accordance with our 5 Year Capital improvement plan.

The following excerpt from Sarasota County Ordinance 2007-087 addresses the authorization of the local governing body to adopt changes to the funding allocations.

H. Modification to Projects and to Allocated Funding. Each Local Governing Body shall have authority, after a public hearing, to adopt by resolution changes to the infrastructure projects to be funded and to reallocate its share of the Sales Tax proceeds. Each Committee shall ensure that its Local Governing Body has followed the procedural requirements for making changes to the infrastructure projects or to the allocation of Sales Tax proceeds.

The Functional Areas Categories and cumulative expenditures are attached. Attachment A of Resolution 2014-21, as well as the table below shows the addition to the budget.

Resolution 2014-21 was presented to the Commission at their June 16, 2014 Regular Workshop meeting and following discussion, was forwarded to the July 7, 2014 Regular Meeting for formal action.

Please don't hesitate to contact me if you have any questions.

EXHIBIT F
TOWN OF LONGBOAT KEY PROJECTS LIST - PHASE III
INFRASTRUCTURE SURTAX FY 2010 - FY 2024

CATEGORIES	PROJECT TITLE	SURTAX FUNDING BUDGET	ADJUSTMENT	REVISED BUDGET	CUMULATIVE EXPENDITURES	SURTAX REMAINING
COMPREHENSIVE BEACH MANAGEMENT	Longboat Key Beach Nourishment Project 2014 and Erosion Control Structures	\$ 1,730,569		\$ 1,730,569	\$ (300,000)	\$ 1,430,569
STREETS and DRAINAGE	Street Resurfacing and Drainage Improvements	-		-	-	-
PARKS and RECREATION IMPROVEMENTS	Parks & Recreation Improvements	2,922,000		2,922,000	(34,040)	2,887,960
CANAL DREDGING	Dredging maintenance	900,000		900,000	-	900,000
PUBLIC SAFETY	Fire and Police Vehicles or Equipment	1,291,000	297,168	1,588,168	(1,269,861)	318,307
IMPROVEMENTS TO PUBLIC FACILITIES	Facilities Maintenance	922,000		922,000	(272,259)	649,741
Town of Longboat Key Infrastructure Surtax Project Grand Total		\$ 7,765,569	\$ 297,168	\$ 8,062,737	\$ (1,876,160)	\$ 6,186,577

By the end of FY2014, the remaining balance in the Public Safety Category is \$21,139. With the additional transfer, the new balance is \$318,307 to be used to cover the Fire Dept SCBA cylinders plus police vehicles in 2016 and 2017 (partial).

RESOLUTION 2014-21

A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, TRANSFERRING PHASE II INFRASTRUCTURE SURTAX RESIDUAL BALANCES TO PHASE III FOR THE PURPOSE OF PURCHASING POLICE VEHICLES AND FIRE DEPARTMENT EQUIPMENT IN FY 2015-FY2019 AND AMENDING THE PHASE III INFRASTRUCTURE SURTAX PROJECT AMOUNTS INCLUDED ON EXHIBIT F IN SARASOTA COUNTY ORDINANCE 2007-087; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, In 1997, Sarasota County enacted Ordinance No. 97-083 (the “County Ordinance”) which provided for a one percent local government Infrastructure Sales Tax for the construction of infrastructure projects subject to referendum approval; and,

WHEREAS, the voters within Sarasota County subsequently approved the Infrastructure Sales Tax (also known as Infrastructure Surtax); and,

WHEREAS, Pursuant to Section 212.055(2), Florida Statutes, Sarasota County voters approved the extension of Phase II of the Sales Tax be continued commencing September 1, 2009 through December 31, 2024, with the extension known as Phase III; and,

WHEREAS, at the request of Sarasota County, the Town of Longboat Key provided the County with a list of areas to be funded with the anticipated Infrastructure Surtax revenue, as well as Project Titles, and probable amounts to be allocated to each as reflected in Exhibit “F” of the County Ordinance, which is attached hereto; and,

WHEREAS, the Infrastructure Surtax, Phase III, commenced on September 1, 2009, and will continue through December 31, 2024; and,

WHEREAS, based on an internal audit performed by the finance department, the Infrastructure fund Phase II has a residual fund balance amount of \$230,555 derived from underspent projects as well as \$66,613 of investment income earned by the fund; and,

WHEREAS, the Town Commission wishes to amend Exhibit “F” – Public Safety increasing the allocation by \$297,168; and,

WHEREAS, in accordance with Sarasota County Ordinance No. 2007-087, Section 5.H., each Local Governing Body shall have the authority, after a public hearing, to designate changes to the infrastructure projects to be funded and to reallocate its share of the sales tax proceeds.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA, THAT:

SECTION 1. The above Whereas clauses are true and correct and are hereby ratified, confirmed, and fully incorporated herein.

SECTION 2. The Town Commission hereby amends Exhibit “F” of the Phase III Infrastructure Surtax program by increasing the funding allocation for the Functional Area of Public Safety by \$297,168.00.

SECTION 3. Effective Date. This Resolution shall become effective immediately upon adoption.

Passed by the Town Commission of the Town of Longboat Key on the _____ day of _____, 2014.

James L. Brown, Mayor

ATTEST:

Trish Granger, Town Clerk

Attachment A - Exhibit “F” of Sarasota County Ordinance 2007-087

EXHIBIT "F"

FUNCTIONAL AREA CATEGORIES	PROJECT TITLE	CURRENT SURTAX FUNDING	SURTAX FUNDING REVISED	PROJECT IMPLEMENTATION DATE
COMPREHENSIVE BEACH MANAGEMENT	Longboat Key Beach Nourishment Project 2014 and Erosion Control Structures	\$1,730,569	\$1,730,569	FY2010 - FY2024
	Comprehensive Beach Management Total	\$1,730,569	\$1,730,569	
STREETS and DRAINAGE	Street Resurfacing and Drainage Improvements	\$0	\$0	
	Streets & Drainage Total	\$0	\$0	
PARKS and RECREATION IMPROVEMENTS	Parks & Recreation Improvements	\$2,922,000	\$2,922,000	FY2010 - FY2020
	Parks & Recreation Total	\$2,922,000	\$2,922,000	
CANAL DREDGING	Dredging maintenance	\$900,000	\$900,000	FY2010 - FY2024
	Canal Dredging Total	\$900,000	\$900,000	
PUBLIC SAFETY	Police Patrol, Detective Vehicles and Radio Equipment Fire and Rescue Capital Vehicle Acquisitions and Equipment	\$1,291,000	\$1,588,168	FY2010-FY2024
	Public Safety Total	\$1,291,000	\$1,588,168	
IMPROVEMENTS TO PUBLIC FACILITIES	Facilities Maintenance	\$922,000	\$922,000	FY2010 - FY2024
	Public Facilities Improvements Total	\$922,000	\$922,000	
	Town of Longboat Key Infrastructure Surtax Project Grand Total	\$7,765,569	\$8,062,737	
	Town of Longboat Key Estimated Infrastructure Surtax Revenue FY 2010-FY 2024	\$7,765,569	\$8,062,737	

TOWN OF LONGBOAT KEY



**PROPOSED RESOLUTION 2014-21
INFRASTRUCTURE SURTAX
BUDGET AMENDMENT**

**TOWN COMMISSION REGULAR MEETING
JULY 7, 2014**



WHAT IS INFRASTRUCTURE TAX?

- A discretionary sales tax imposed by most Florida counties (also called a local option county sales tax).
- Rates vary: Sarasota 1%, Manatee .5%
- Applied to the first \$5,000 of the sales amount on the sale, use, lease, rental or license to use any item of tangible personal property.
- Proceeds are distributed to Longboat Key based on population.
- Expenditures shall comply with Florida Section 212.055 (2).



PERMITTED USES OF FUNDS

- To finance, plan and construct capital assets and infrastructure
 - To acquire land for public recreation, land conservation or protection of natural resources
 - To finance the closure of government owned solid waste landfills
- Infrastructure are costs associated with the construction, reconstruction or improvement of public facilities having a life expectancy of five or more years and any related land acquisition, land improvement, design and engineering costs.*



REVIEW OF INFRASTRUCTURE SURTAX PHASE III

- Phase III Revenue collections began September 2009 and end December 31, 2024
- Estimated collections \$7,765,569 (over 15 years).
- Town sets aside all revenue in a special revenue fund.
- 15 Year Budget adopted for functional areas:
 1. **Comprehensive beach management**
 2. **Streets and Drainage**
 3. **Parks and Recreation Improvements**
 4. **Canal dredging**
 5. **Public Safety**
 6. **Improvements to Public Facilities**



INTERNAL AUDIT

•Results of internal audit performed September 2013

1. Change in accounting method required to properly account for expenditures directly in the Infrastructure Surtax fund
2. Amounts overfunded in general fund were paid back
3. Fund balance was reconciled for Phase II and Phase III
4. Residual balance for Phase II \$230,555
5. Unallocated investment income \$66,613



Special Revenue Funds-Infrastructure Surtax cont.

CAPITAL IMPROVEMENT PLAN

FY 2015-2019

INFRASTRUCTURE FUND PROJECTS FY2015 BUDGET

Infrastructure Surtax

Resolution 2014-21, which is pending adoption at the July 7 Regular Meeting, adds funds to the Public Safety Category, making the purchase of SCBA Cylinders possible in this budget.

Projects – Public Facility Improvements	Amount
Technology Upgrade	\$ 70,000
Police Generator	\$ 55,000
Fire station Improvements	<u>\$ 110,000</u>
TOTAL PUBLIC FACILITIES	\$ 235,000
Projects- Public Safety	
Fire - Self Contained Breathing Apparatus	<u>\$ 180,000</u>
TOTAL PUBLIC SAFETY	\$ 180,000
TOTAL	\$ 415,000



REVIEW OF INFRASTRUCTURE SURTAX PHASE III

The Town Manager is recommending that EXHIBIT F Infrastructure Surtax Fund budget be amended to allocate remaining balances from Phase II \$230,555 plus accrued interest \$66,613 for a total of \$297,168 to Phase III Public Safety category. This will allow funding for Fire Dept SCBA Cylinders in FY15 plus patrol car replacement in fiscal years 2016 and 2017. Without the transfer, the public safety budget will be depleted to \$21,139.

TOWN OF LONGBOAT KEY



PHASE III – 15 YEAR BUDGET

Budget As Previously Amended

Proposed Revision

Remaining Balance

CATEGORIES	PROJECT TITLE	SURTAX FUNDING BUDGET	PHASE II TRANSFER	REVISED BUDGET	COMMITTED OR EXPENDED THROUGH FY 14	SURTAX REMAINING
COMPREHENSIVE BEACH MANAGEMENT	Longboat Key Beach Nourishment Project 2014 and Erosion Control	\$ 1,730,569		\$1,730,569	\$ (300,000)	\$ 1,430,569
STREETS and DRAINAGE	Street Resurfacing and Drainage Improvements	-		-	-	-
PARKS and RECREATION IMPROVEMENTS	Parks & Recreation Improvements	2,922,000		2,922,000	(34,040)	2,887,960
CANAL DREDGING	Dredging maintenance	900,000		900,000	-	900,000
PUBLIC SAFETY	Fire and Police Vehicles and Equipment	1,291,000	297,168	1,588,168	(1,269,861)	318,307
IMPROVEMENTS TO PUBLIC FACILITIES	Facilities Maintenance	922,000		922,000	(272,259)	649,741
Town of Longboat Key Infrastructure Surtax Project		\$ 7,765,569	\$ 297,168	\$8,062,737	\$ (1,876,160)	\$ 6,186,577

Proposed revision includes \$230,555 Phase II residual balance plus \$66,613 Investment Income=\$297,168.

TOWN OF LONGBOAT KEY



PHASE III – 15 YEAR BUDGET

Proposed Budget Resolution 2014-21

Remaining Balance 09/30/2015

CATEGORIES	PROJECT TITLE	SURTAX FUNDING BUDGET	COMMITTED OR EXPENDED THROUGH FY14	PROPOSED EXPENDITURES FY 15	SURTAX REMAINING
COMPREHENSIVE BEACH MANAGEMENT	Longboat Key Beach Nourishment Project 2014 and Erosion Control Structures	\$ 1,730,569	\$ (300,000)		\$ 1,430,569
STREETS and DRAINAGE	Street Resurfacing and Drainage Improvements	-	-		-
PARKS and RECREATION IMPROVEMENTS	Parks & Recreation Improvements	2,922,000	(34,040)		2,887,960
CANAL DREDGING	Dredging maintenance	900,000	-		900,000
PUBLIC SAFETY	Fire and Police Vehicles and Equipment	1,588,168	(1,269,861)	(180,000)	138,307
IMPROVEMENTS TO PUBLIC FACILITIES	Facilities Maintenance	922,000	(272,259)	(235,000)	414,741
Town of Longboat Key Infrastructure Surtax Project		\$ 8,062,737	\$ (1,876,160)	\$ (415,000)	\$ 5,771,577

Estimated Fund Balance 09/30/15.....\$1,225,000



End of Agenda Item