

## M E M O R A N D U M

Date: May 12, 2015

**TO:** Town Commission  
**FROM:** Dave Bullock, Town Manager  
**SUBJECT:** Discussion of FY 2016 Budget and  
FY 2016-2020 Capital Improvement Plan

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Attached you will find a power point which summarizes the preliminary FY2015/2016 General Fund budget and Five Year Capital Improvement Plan budget currently under development.

Staff will continue to work on these budgets in anticipation of your May 18 Budget Workshop. We have used **red font to identify areas I want to discuss with you.** Staff is working on a summary of the Tennis Fund (operating and capital) history and projections and will distribute as soon as it is ready.

The FY2015/2016 budget is not yet finalized so things don't balance yet. This workshop is our opportunity to review the major elements and the capital plan. Your next budget workshop is June 15, 2015 where the preliminary budget will be presented for review. June 29 is also available for another budget workshop if needed.

No tax increases are recommended. We have achieved our target fund balance levels in the current year and expect to do so in the upcoming year.



# **PRELIMINARY BUDGET UPDATE FISCAL YEAR 2015-16**

**TOWN COMMISSION SPECIAL WORKSHOP MEETING  
MAY 18, 2015**



## PRELIMINARY BUDGET SCHEDULE FISCAL YEAR 2015-16 (FY 16)

- **Budget Workshops**
  - **May 18, 2015 – 9am**
  - **June 15, 2015 – 9am**
  - **June 29, 2015 – 9am**
- **Budget Meetings**
  - **July 6, 2015 Regular Meeting - Set Maximum Millage**
  - **September 21, 2015 Regular Meeting – 1<sup>st</sup> Reading**
  - **September 28, 2015 Special Meeting – 2<sup>nd</sup> Reading and Adoption**



## FY 15 General Fund Balance

		*No. of Days	Target
FY15 Beginning Balance (Budgetary)	\$ 4,018,593	99	90
Projected FY15 Revenues	\$ 15,493,791		
Projected FY15 Expenditures	<u>\$ (15,058,716)</u>		
Projected FY15 Change to Fund Balance	\$ 435,075		
Projected Ending FY 15 Fund Balance	<u>\$ 4,453,668</u>	110	90

\* FY15 Operating Cost Per Day = \$40,654

- Based on FY15 Operating Budget, the Projected Fund Balance Would Cover 110 Days



# Town Commission Contingency

<b>FY15 Commission Approved Budget</b>	<b>\$212,000</b>
Resolution 2014-31 Underground Utility Study	(30,000)
Resolution 2015-02 Underground Utility Study	(100,000)
Resolution 2015-09 Police Overtime	<u>(25,000)</u>
<b>Projected Ending Balance</b>	<b>\$57,000</b>

Use of contingency does not affect fund balance



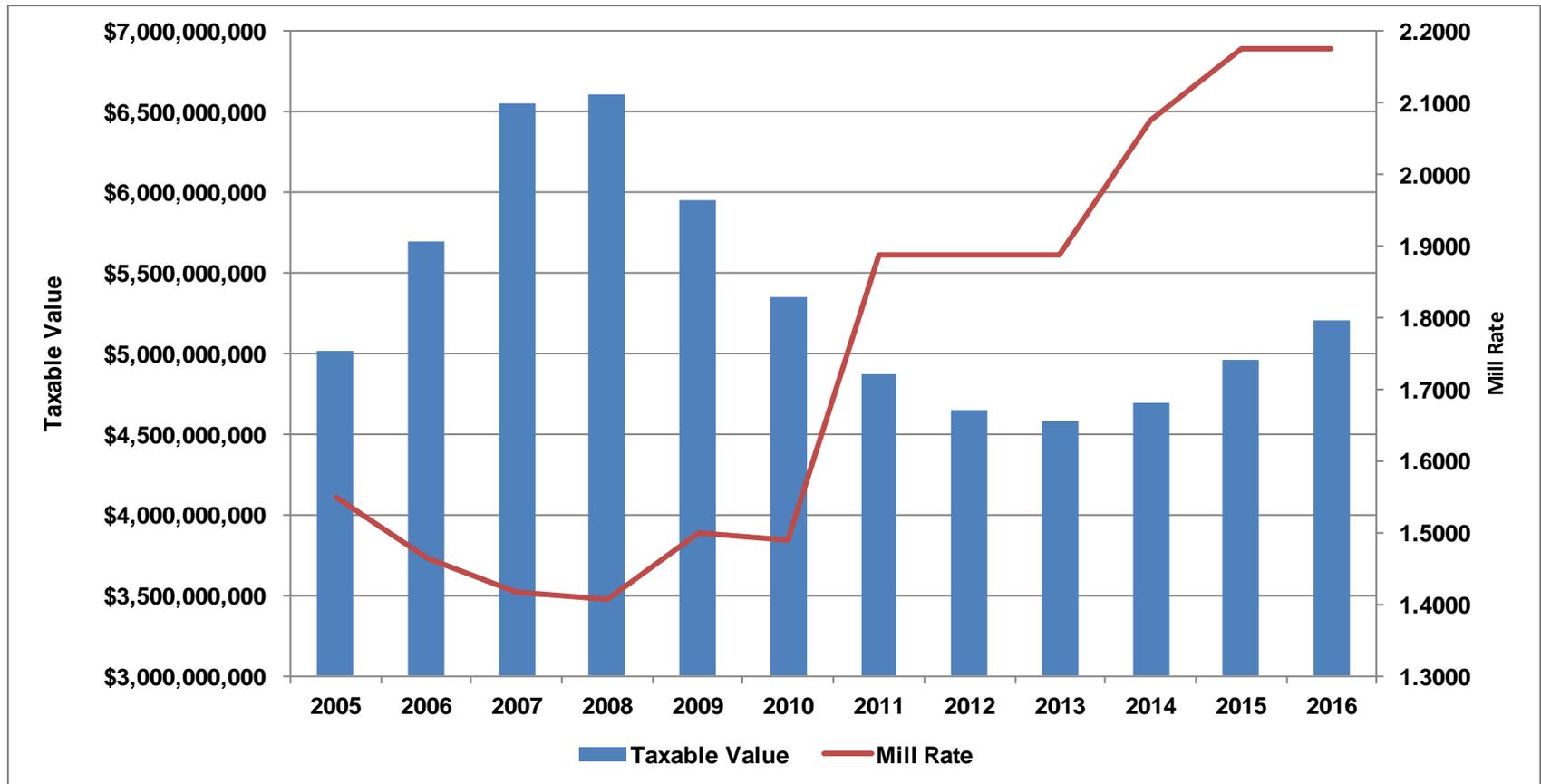
## History of General Fund Revenues and Future Projections

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Projected	2015-16 Preliminary
Ad Valorem Taxes	\$7,697,326	\$8,903,222	\$8,461,429	\$8,327,274	\$9,452,685	\$10,409,124	10,929,074
Other Taxes (Local Business Tax; Chapter 175/185 premiums)	\$158,263	\$166,831	\$503,673	\$502,206	\$294,611	\$156,000	152,000
Franchise Fees	\$1,020,208	\$980,723	\$896,715	\$812,026	\$958,116	\$896,000	901,500
Licenses And Permits	\$8,823	\$8,480	\$17,513	\$13,425	\$36,586	\$27,500	31,200
Intergovernmental Revenues	\$1,422,804	\$1,358,531	\$1,573,243	\$1,371,228	\$1,339,014	\$1,300,669	1,341,500
**Charges For Services	\$763,666	\$712,865	\$686,466	\$661,671	\$839,020	\$305,780	\$318,980
Fines And Miscellaneous	\$263,469	\$563,029	\$224,483	\$293,384	\$350,303	\$314,863	\$377,687
Transfers	\$2,542,209	\$1,891,370	\$1,892,605	\$2,742,668	\$2,190,164	\$1,648,780	\$1,937,500
<b>Totals</b>	<b>\$13,876,768</b>	<b>\$14,585,051</b>	<b>\$14,256,127</b>	<b>\$14,723,882</b>	<b>\$15,460,499</b>	<b>\$15,058,716</b>	<b>\$15,989,441</b>

\*\*The reduction in charges for services from FY15 forward is due to the Tennis Center moving to its own Fund



# Twelve Year History of Ad Valorem Values and Mill Rates





## GUIDELINES FOR FY 2015-2016 BUDGET

- No increase in millage.
- Maintain publicly visible service levels.
- Maintain minimum 90 operating days of fund balance.
- Seek more efficient methods to accomplish the mission.
- Identify any potential reductions or efficiencies.
- Maintain support for 5 year capital improvement plan for scheduled vehicle replacement and infrastructure improvements.



# REVENUE

## AD VALOREM

- 3% growth generates \$312,037
- 5% growth generates \$519,950

## NON – AD VALOREM

- Transfer amount from Utility Fund reduced by \$146,355 after indirect cost study.
- Estimated total non-ad valorem decrease is \$21,800



## WAGES & BENEFITS

- Police contract provides for 2% wage increase.
- Firefighters' contract under negotiation.
- FRS estimated increase 2% pending new contract.
- General Employees - New performance based system.
- Defined benefit pension increases \$142,826 (General Fund portion).
- Health costs estimated increase 10%.



# BUDGET IMPLICATION

## FIRE DEPARTMENT RETIREMENTS

- 7 DROP employees terminating June/July 2016.
- New paramedics need three months of training.
- Will need to bring on replacements by March 2016.

## IMPACT

- Accrued leave payout costs to exiting employees.
- Transition costs- double staff March to June/July.



## FY 16 Preliminary General Fund Budget

Preliminary Budget Assumes Mill Rate remains at 2.1763 with an increase in property values of 5%

	Original Budget 2014-15	Preliminary Budget 2015-16	Change
<b><u>Revenues</u></b>			
Ad Valorem	\$ 10,409,124	\$ 10,929,074	\$ 519,950
Non-Ad Valorem	\$ 5,084,667	\$ 5,060,367	\$ (24,300)
<b>Total Revenues</b>	<b>\$ 15,493,791</b>	<b>\$ 15,989,441</b>	<b>\$ 495,650</b>
<b><u>Expenditures</u></b>			
Personnel	\$ 11,899,424	\$ 12,546,217	\$ 646,793
Operating	\$ 2,937,662	\$ 3,155,781	\$ 218,119
Capital Outlay	\$ 220,000	\$ 712,295	\$ 492,295
<b>Total Expenditures</b>	<b>\$ 15,058,716</b>	<b>\$ 16,414,293</b>	<b>\$ 1,355,577</b>
<b>Budgeted Increase or (Decrease) to Fund Balance</b>	<b>\$ 435,075</b>	<b>\$ (424,852)</b>	





# FY 16 General Fund Budget Update

## Notable Expenditure Increases

- Capital Outlay Increase \$492,295
- Fire – DROP retiree payouts and New Hire Overlap \$200,526
- Pension (General Fund Portion) \$142,826
- Health Insurance 10% estimated increase \$136,000
- Contractual and Merit Based Increases (estimate) \$214,800



CAPITAL IMPROVEMENT PLAN  
**GENERAL FUND PROJECTS**  
 FY2016 BUDGET

• General Services – Town-wide software *	150,000
• Dispatch equipment – Fire and Police	125,000
• Fire – North Fire Station improvements	15,000
• <b>Fire – South Fire Station Retrofit or rebuild design plans</b>	<b>100,000</b>
• Town Automatic External Defibrillators (5)	25,000
• <b>Fire - Records Management System (incl. Patient Care Reporting)</b>	<b>100,000</b>
• I.T. – Hardware and software upgrades	63,000
• Police – In car cameras	42,000
• <b>Police – 24' Marine Patrol Boat</b>	<b><u>92,000</u></b>
<b>Total</b>	<b>\$712,000</b>

Increase of \$492,000 over prior year projects.

\* Town Wide Enterprise Resource Planning (ERP) Solution cost is split among General Fund, Utility Fund and Building Fund. This is the second year of funding.



**FY 16 General Fund Budget Update  
Fund Balance Policy**

"The desired unassigned general fund balance shall be not less than two months or 16% of general fund operating expenditures. The desired combined unrestricted available fund balances should not be less than three months or 25%. The three month minimum is based on the caveat that there is sufficient cash available for borrowing in other funds in case of a natural disaster."



**FY 16 General Fund Budget Update  
Potential Use of Fund Balance**

			<b>*No. of Days</b>	<b>Target</b>
<b>FY15 Projected Ending General Fund Balance</b>	<b>\$</b>	<b>4,453,668</b>	<b>110</b>	
<b>Use of Fund Balance needed to budget for FY16</b>	<b>\$</b>	<b>(424,852)</b>		
<b>Adjusted Fund Balance</b>	<b>\$</b>	<b>4,028,816</b>	<b>94</b>	<b>90</b>
<b>Assigned to Pension</b>	<b>\$</b>	<b>(1,610,075)</b>	<b>37</b>	
<b>Nonspendable and other assignments</b>	<b>\$</b>	<b>(171,981)</b>	<b>4</b>	
<b>Unassigned Fund Balance</b>	<b>\$</b>	<b>2,246,760</b>	<b>52</b>	<b>60</b>

\* FY16 Operating Cost Per Day = \$42,974



## FY 16 General Fund Budget Update Pension Assignment History

- Pension Costs began rising dramatically in FY 2008.
- In FY 2009, the Town Commission began the discussion of addressing this issue.
- During FY 2010 the Town Commission approved a motion to assign \$1,000,000 to future pension costs and began studies to analyze options for reducing these costs in the future.
- During the FY 2014 budget process, the Town Commission assigned an additional \$610,075.
- General and Fire plans were frozen as of September 30, 2013 and Police as of February 1, 2014.
- Assignment of pension remained the same in the FY15 Budget and is currently \$1,610,075.
- A portion of this balance could be used to offset the FY16 increase of \$142,826



**FY 16 General Fund Budget Update  
Potential Use of Pension Assignment for Increased Contribution**

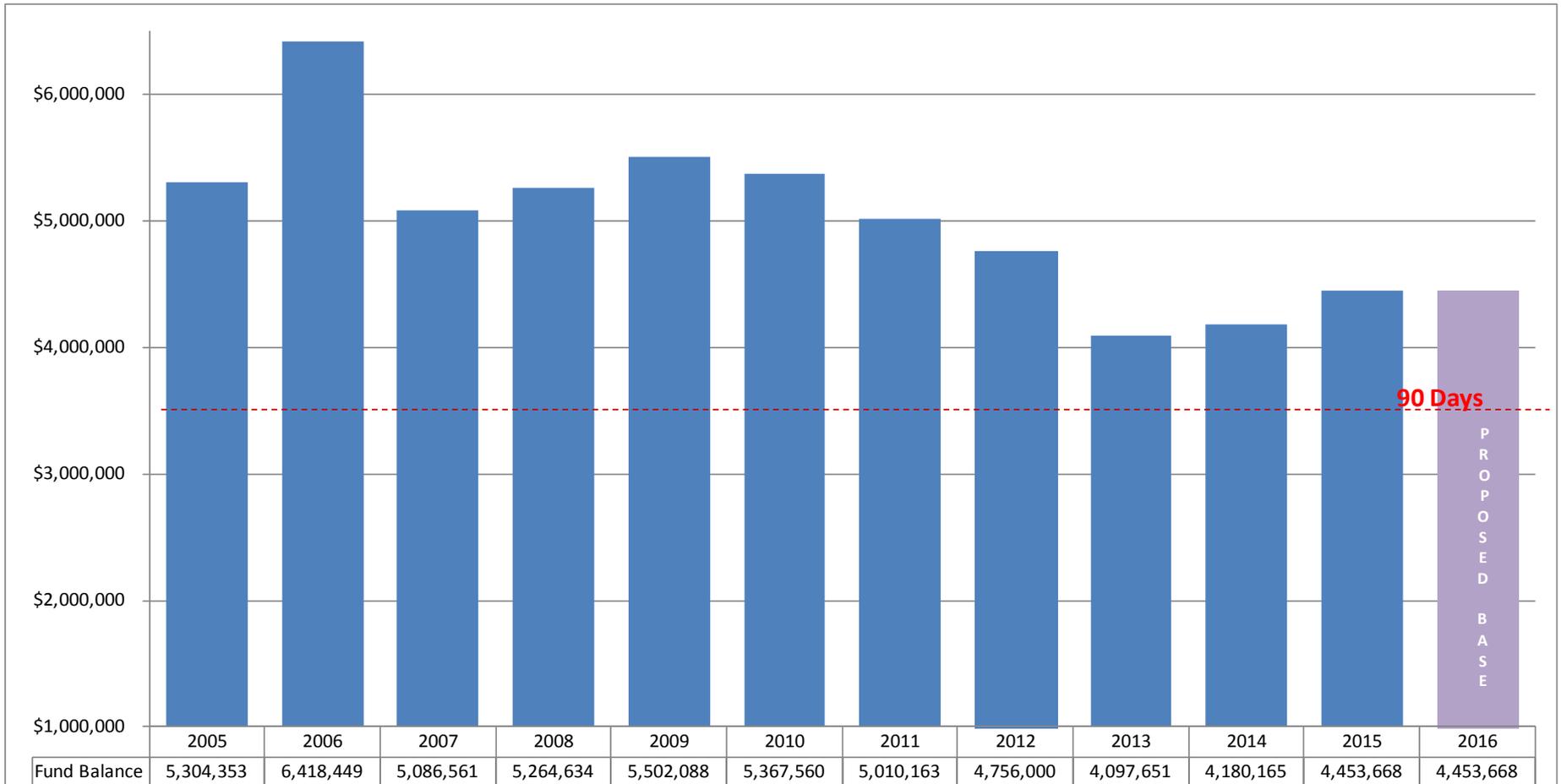
			*No. of Days	Target
<b>FY15 Projected Ending General Fund Balance</b>	<b>\$ 4,453,668</b>		<b>110</b>	
<b>Use of Fund Balance needed to budget for FY16</b>	<b>\$ (424,852)</b>			
<b>Adjusted Fund Balance</b>	<b>\$ 4,028,816</b>		<b>94</b>	<b>90</b>
<b>Assigned to Pension</b>	<b>\$ (1,610,075)</b>			
<b>Use Assignment for Increase in Town ARC</b>	<b>\$ 142,826</b>			
<b>Nonspendable and other assignments</b>	<b>\$ (171,981)</b>			
<b>Unassigned Fund Balance</b>	<b>\$ 2,389,586</b>		<b>55</b>	<b>60</b>

\* FY16 Operating Cost Per Day = \$42,974

Pension Assignment would be reduced to \$1,467,249



## GENERAL FUND BALANCE HISTORY





## BUDGET UNKNOWNNS/CHALLENGES FOR FY 16

- **Assessed Values**
- **Unknown Health Care & Insurance Increases**
- **Merit Increases**
- **Funding Capital Budget**
- **Fire DROP Payout and Double Staffing for Three Months**



# COMMISSION DISCUSSION AND DIRECTION

- **Use of Pension Fund Balance**
- **Pay Dispatch Start-up Costs from Fund Balance Over 90 Days**
- **Maintain or Reduce General Fund Expenditures**



## NEXT STEPS

- **Preliminary Taxable Values Expected from Property Appraisers by June 1, 2015**
- **Incorporate Today's Discussion into Preliminary Budget**
- **Review Services for Savings Potential**
- **Budget Workshops June 15, 2015 - June 29, 2015**



**TOWN OF LONGBOAT KEY  
CAPITAL IMPROVEMENT PLAN  
FY2016-FY2020**

**MAY 18, 2015**



## 5 Year Capital Plan Process

- Annual compilation and review of projects
- Prioritize based on need and timing
- Determine Funding Sources
- Assign projects to Funds
  - General Fund
  - Special Revenue Funds (*Infrastructure Surtax, Road & Bridge and Tennis Funds*)
  - Enterprise Funds (*Utility and Building Funds*)
  - Capital Projects Funds



# Capital Project Funds

## Capital Project Funds

Beach  
Nourishment  
Fund

Canal Dredging  
Fund

Parks and  
Recreation  
Capital Fund

Land  
Acquisition  
Fund

Streets Fund

Underground  
Utility Fund





## Major Longboat Key Capital Initiatives

- Beach Renourishment \$ 22.5 million
- Subaqueous Pipeline \$17-25 million
- Bayfront Park \$ 3.1 million
- Town Center \$ ?
- Canal Dredging \$ ?
- Town Software Upgrade \$ 400,000-600,000
- Underground Utilities \$19- 42 million?



CAPITAL IMPROVEMENT PLAN  
**GENERAL FUND PROJECTS**  
 FY2016 BUDGET

• General Services – Town-wide software *	150,000
• Dispatch equipment – Fire and Police	125,000
• Fire – North Fire Station improvements	15,000
• <b>Fire – South Fire Station Retrofit or rebuild design plans</b>	<b>100,000</b>
• Town Automatic External Defibrillators (5)	25,000
• <b>Fire - Records Management System (incl. Patient Care Reporting)</b>	<b>100,000</b>
• I.T. – Hardware and software upgrades	63,000
• Police – In car cameras	42,000
• <b>Police – 24' Marine Patrol Boat</b>	<b><u>92,000</u></b>
<b>Total</b>	<b>\$712,000</b>

Increase of \$492,000 over prior year projects.

\* Town Wide Enterprise Resource Planning (ERP) Solution cost is split among General Fund, Utility Fund and Building Fund. This is the second year of funding.



CAPITAL IMPROVEMENT PLAN

INFRASTRUCTURE SURTAX FUND PROJECTS

FY2016 BUDGET

∅ Canals:		
• Transfer to Canal Dredging Capital Fund		200,000
∅ Public Safety:		
• Defibrillators (3)		80,001
∅ Public Facilities:		
• <b>Town Hall Roof Replacement</b>		<b>150,000</b>
• Police Building Structure Strengthening		20,000
• Town Hall Chambers/Ante Chambers Floor Covering Replacement		15,000
∅ Parks:		
• Transfer to Park Fund –Bayfront Park project		<u>800,000</u>
<b>Total</b>		<b>\$1,265,001</b>



**CAPITAL IMPROVEMENT PLAN  
INFRASTRUCTURE SURTAX FUND BUDGET**

**EXHIBIT F**

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

Updated: 05/11/15

CATEGORIES	PROJECT TITLE	SURTAX FUNDING BUDGET	CUMULATIVE EXPENDITURES	SURTAX REMAINING	PROPOSED FY 16 EXPENDITURES	SURTAX REMAINING
COMPREHENSIVE BEACH MANAGEMENT	Longboat Key Beach Nourishment Project and Erosion Control Structures	\$ 1,730,569	\$ (300,000)	\$ 1,430,569	\$ -	\$ 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	(800,000)	2,087,960
CANAL DREDGING	Dredging maintenance	900,000	-	900,000	(200,000)	700,000
PUBLIC SAFETY	Fire and Police Vehicles and Equipment	1,588,168	(1,444,856)	143,312	(80,001)	63,311
IMPROVEMENTS TO PUBLIC FACILITIES	Facilities Maintenance	922,000	(485,365)	436,635	(185,000)	251,635
<b>Town of Longboat Key Infrastructure Surtax Project Grand Total</b>		<b>\$ 8,062,737</b>	<b>\$ (2,264,261)</b>	<b>\$ 5,798,476</b>	<b>\$ (1,265,001)</b>	<b>\$ 4,533,475</b>

**\$1,284,315  
Fund Balance**

**\$584,109  
Fund Balance**



# CAPITAL IMPROVEMENT PLAN UTILITY CAPITAL FUND PROJECTS

Utility Capital  
Fund

## Five Year Capital Plan

	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>Total</i>
404 Utility Capital Fund	\$ 20,870,000	\$ 1,335,000	\$ 1,285,000	\$ 1,240,000	\$ 735,000	25,465,000



Utility Capital  
Fund

## Enterprise Fund –Utility Capital Fund

### Wastewater Five Year Capital Improvement Plan

- Continue Rehabilitation of Sewer Lines
- Continue Lift Station Rehabilitations
- Wastewater Subaqueous Forcemain
  - Phase I-Route feasibility, cost estimate, existing pipe evaluation
  - Phase II – Design build, replacement pipe
- Conducting Utility Rate Study
  - Reviewing adequacy of rates
  - Finalize study utilizing Phase I subaqueous cost estimate
  - May need to consider mid-2016 rate adjustment to incorporate 2<sup>nd</sup> Manatee County increase and subaqueous cost
  - Town increases for Manatee pass-through are effective June 1, 2015 and June 1, 2016



# Wastewater Subaqueous Forcemain Replacement Status and Anticipated Schedule

Utility Capital  
Fund

Activity	Date
Procure Design Build Services	Mid 2014
Select Design/Build Team	Early 2015
Evaluate existing pipeline	Mid to late 2015
Determine route feasibility and cost estimate	Mid 2015
Design/Construction Completed (if approved)	2016



Beach  
Nourishment  
Fund

**CAPITAL IMPROVEMENT PLAN  
FY 2016- FY 2020  
BEACH CAPITAL PROJECTS FUND**

303Beach Capital Fund

	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>Total</i>
	\$ 20,560,000	\$ 630,000	\$ 520,000	\$ 630,000	\$ 200,000	22,540,000

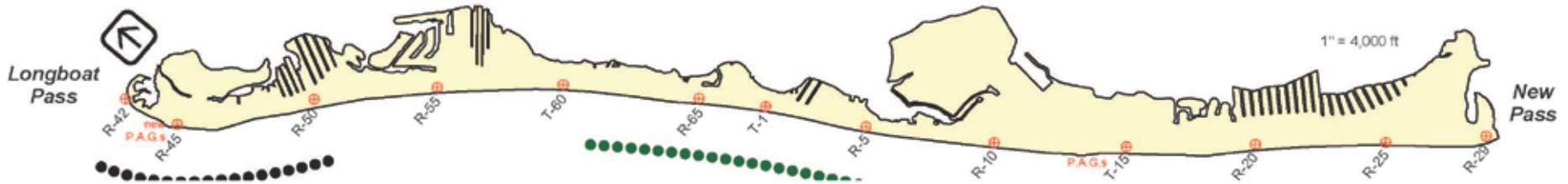
The largest of the Beach Fund projects are as follows:

•High Erosion Area Sand Replacement *	\$11,500,000
•Post construction and other monitoring	2,440,000
•New Pass Dredging	3,000,000
•Longboat Pass Dredging	3,500,000
•Army Corp Shore Protection Program Assessment	1,500,000
•Sand search	300,000
•Planning/design	300,000
	<u>300,000</u>
	\$22,540,000

The Town has \$16 million of authorized and unissued debt available for funding plus \$5.1 million balance in the beach fund for a total of \$21.1 million.

\*Truck Haul

# Longboat Key, FL UPCOMING PROJECTS 2015-2016



**①** Longboat Pass  
Dredging/Beach Fill  
SAJ-2014-00606(SP-MEP)  
Public Notice Date 5 Nov 2014  
~239,000 cubic yards  
**START DATE:**  
Summer/Fall 2015  
Permit Agent: CB&I/CPE

**④** Central Key  
Truck Haul Beach Fill  
SAJ-2009-03350 (IP-MEP)  
*modification to be requested*  
~225,000 to 250,000 cubic yards  
**APPROX. START DATE:**  
Fall 2015

**③** South End  
Interim Truck Haul Beach Fill  
SAJ-2009-03350 (IP-MEP)  
modification requested 17 Dec '14  
~25,000 cubic yards  
**APPROX. START DATE:**  
Summer / Fall 2015  
(contingency fill)

**②** Longboat Pass  
Dredging/Beach Fill

SAJ-2014-02347 (SP-MEP)  
Public Notice Date 5 Nov 2014



## Capital Project Funds-Beach Capital Fund cont. Beach Nourishment

### FUNDING SOURCES:

- Existing Town Beach Funds \$5.1 million
- FDEP Erosion Control Program Grant(s) \$2.3 million
- FEMA Reimbursement \$8.6 million
- Town Beach Districts (Bond issuance) \$15.68 million
- Tourist Development Tax (TDT) transfer \$2.25 million
- TDT Revenue (annual) \$460,000/year
- **Infrastructure Surtax \$1.43 million**



## BEACH CAPITAL PROJECT ESTIMATE TABLE

Project Title	2015-16	2016-17	2017-18	2018-19	2019-20
High Erosion Area Sand Placement	\$ 11,500,000	\$ -00	\$ -00	\$ -00	\$ -00
Longboat Pass Dredging	\$ 3,500,000	\$ -00	\$ -00	\$ -00	\$ -00
New Pass Dredging	\$ 3,000,000	\$ -00	\$ -00	\$ -00	\$ -00
Army Corp Shore Protection Program Assessment	\$ 1,500,000	\$ -00	\$ -00	\$ -00	\$ -00
Sand Search	\$ 300,000	\$ -00	\$ -00	\$ -00	\$ -00
Beach Monitoring Protected Species	\$ 260,000	\$ 180,000	\$ 100,000	\$ 100,000	\$ 100,000
Beach Artificial Reef Monitoring	\$ 200,000	\$ 180,000	\$ -00	\$ -00	\$ -00
Beach Post Construction Monitoring	\$ 125,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ -00
Beach Monitoring Consultant	\$ 100,000	\$ 50,000	\$ 100,000	\$ 50,000	\$ 100,000
Beach Tilling	\$ 40,000	\$ 40,000	\$ 40,000	\$ -00	\$ -00
Groin Maintenance	\$ 30,000	\$ -00	\$ -00	\$ -00	\$ -00
Beach Equipment	\$ 5,000	\$ -00	\$ 10,000	\$ -00	\$ -00
Groin Adjustment	\$ -00	\$ -00	\$ 40,000	\$ -00	\$ -00
South End Interim Truck Haul (Funded in 2015)	\$ -00	\$ -00	\$ -00	\$ -00	\$ -00
Beach Planning & Design	\$ -00	\$ -00	\$ -00	\$ 300,000	\$ -00
Beach North End Structures	\$ -00	\$ -00	\$ 50,000	\$ -00	\$ -00
	\$ 20,560,000	\$ 630,000	\$ 520,000	\$ 630,000	\$ 200,000



Parks and  
Recreation  
Capital Fund

**CAPITAL IMPROVEMENT PLAN  
FY 2016- FY 2020  
PARKS CAPITAL PROJECTS FUND**

Project Title	2015-16	2016-17	2017-18	2018-19	2019-20
Fitness Equipment	\$ -00	\$ -00	\$ 50,000	\$ -00	\$ -00
Boardwalk Repairs	\$ 10,000	\$ 10,000	\$ 10,000	\$ -00	\$ -00
Bayfront Park Improvements *	\$ 800,000	\$ 1,100,000	\$ 1,181,838	\$ -00	\$ -00
Anticipated County Contribution to Bayfront Park	\$ -00	\$ (1,027,280)	\$ (1,027,280)	\$ -00	\$ -00
	\$ 810,000	\$ 82,720	\$ 214,558	\$ -00	\$ -00

\* This is a \$3.1 million Town and County collaboration to improve 8.56 acres of Bayfront Park including the existing recreation center, shade structures, playground, additional restrooms, paddle sport launch and storage equipment, fishing piers, mangrove walks, open space / play field, dog park, walking paths, bayfront pavilions, mangrove walks, covered picnic areas, landscape buffer and ADA Beach access. The Town will Procure Construction Manager at Risk to Maximize any Potential Cost Savings. The Town is pursuing an interlocal agreement with Sarasota County whereby the Town will pay \$1,027,279 and the County will pay \$2,054,559 over two fiscal years.



**TOWN OF LONGBOAT KEY  
CAPITAL IMPROVEMENT PLAN  
FY2016 – FY2020**

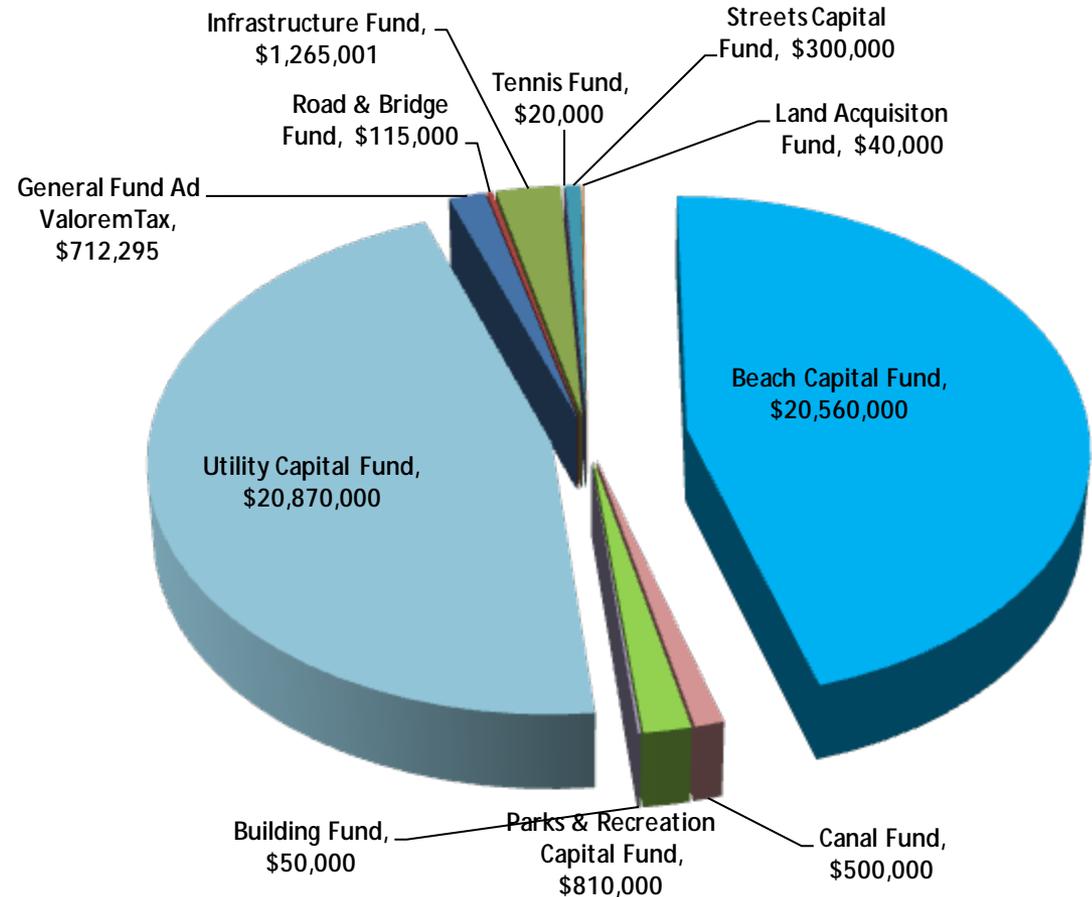
Excludes Undergrounding of Utilities, Town Center and Roundabouts



## CAPITAL IMPROVEMENT PLAN FY 2016 BY FUND

### General Fund

Finance Software	\$ 150,000
Patent Care reporting	\$ 100,000
Dispatch	\$ 125,295
Fire Facilities	\$ 115,000
Patrol Boat	\$ 92,000
In Car Cameras	\$ 42,000
Town Defibrillators	\$ 25,000
Technology upgrades	\$ 63,000
	<hr/>
	\$ 712,295



- **Total Estimated Value = \$45.2 million**



CAPITAL IMPROVEMENT PLAN  
FY 2016- FY 2020

Questions?