

M E M O R A N D U M

TO: Town Commission

FROM: Tom Harmer, Town Manager

REPORT DATE: May 10, 2022

MEETING DATE: May 16, 2022

SUBJECT: Discussion Regarding Strategic Initiatives, FY23 Budget,
and FY23-FY27 Capital Improvement Plan

Recommended Action

Provide direction to Manager for FY23 Strategic Initiatives, Budget, and FY23-27 Capital Improvement Plan (CIP).

Background

In accordance with the Town Charter, on or before June 15 each year, the Town Manager shall submit to the Town Commission a Preliminary Budget for the ensuing fiscal year, and a final Recommended Budget with an accompanying message on or before August 1 each year.

I have reviewed the process from last year, and plan to follow the same general format this year.

In May of each year the Town Commission holds their first Special Workshop Meeting for Budget for the upcoming fiscal year (FY23). This is an early review of the budget development in advance of the formal Preliminary Budget submittal. One additional Special Workshop Meeting for Budget is scheduled for June 20, 2022, prior to the September public hearings when the FY23 Budget is presented for adoption.

I provided guidance internally to each of the Department Directors and met with their staff as we prepared the plan for this upcoming year.

At the 9:00 AM, May 16, 2022 Special Workshop Meeting for Budget we will provide an overview of the FY23 Budget process, a status of the development of the General Fund budget, and a review of the various Funds that make up the 5-year CIP. This meeting will serve as the primary review of the Capital Funds Budget and we will bring back responses to Commission questions or direction at the 9:00 AM, June 20, 2022 Special Workshop Meeting. We will also review the updated initiatives and long-term issues from the Commission's April Strategic Planning Retreat and the Commission's 8 top priorities.

As part of the Capital Improvement Plan review, we will discuss current project needs for the next five years and the recommended funding plan to address those needs. As with many local governments, the Town has capital and infrastructure needs that exceed the size of our capital budgets and we will revisit our potential funding solutions. As part of the presentation we will touch on some of the current alternative funding strategies that the Town is pursuing. For example, three areas that we are working on include development of a funded navigational canal

dredging program, pursuing FDOT construction dollars for improvements to the GMD Corridor, and pursuing grants to offset costs associated with future water and wastewater utility projects.

A rate study was performed in the prior year to determine the rate adjustments needed to fund the critical capital needs of the Water and Wastewater System. Resolution 2021-14, passed on September 13, 2021, provided for multi-year five percent (5%) Utility Rate increases and any Pass-Through of Manatee County Wholesale Water and Wastewater increases for their portion of the system. FY23 will be year two of the five-year increase. Information received from Manatee County has indicated that they will not be seeking an increase this year. The Town will monitor the financial requirements of the utility on an annual basis and perform an updated rate review at least once every three years to confirm the level of rate support needed to meet current operations and necessary capital projects.

We are in the early stages of the budget process, therefore, Fund budget forecasts are subject to change, investment income has not been fully analyzed for cash inflows and outflows or the expected change in the Federal funds rates and the Finance Department continues to work on initial overall revenue and expenditure projections for all Funds and the Capital Improvement Plan (CIP) Budget.

Property values are a major source of revenue to the General Fund and the Town overall. The Manatee and Sarasota County Property Appraisers are not required to release preliminary property values until June 1, 2022 and the final values by July 1, 2022. At this stage of budget development, we are projecting a 12-13% increase in property values for our preliminary estimates and will update those as the information from the Property Appraisers is made available.

A PowerPoint presentation summarizing the issues to be covered in the Special Workshop Meeting is being distributed to the Commission in advance of the meeting.

Budget Schedule/Next Steps

- **May 16, 2022** – First Special Workshop Meeting for Budget. Review of Strategic Planning Initiatives, overview of process, initial review of General Fund, and review of 5-year Capital Improvement Plan including the preliminary forecasts of the individual Funds.
- **June 1, 2022** - Preliminary property values from both counties.
- **June 20, 2022** – Second Special Workshop Meeting for Budget. At the June 20, 2022 Special Workshop Meeting for Budget discussion, the General Fund Preliminary Budget will be presented and we will review all other Fund budgets (special revenue, enterprise, and debt service).
- **June 27, 2022** –This date was set for an additional Special Meeting for FY22 Budget discussion OR for planning/land use related issues. We are not currently aware of any planning applications that would require the Special Meeting and based on last year's budget schedule we expect to cover the Preliminary Budget in the first two scheduled Special Workshop Meetings for Budget. As of this date, we recommend that this meeting be cancelled.

- **July 1, 2022** - Certification of final property values. The County Property Appraisers Offices have until July 1, 2022 to certify property values. Your July Regular Meeting which would normally fall on July 5, 2022 has been moved to July 1, 2022 at 9am. Upon receipt of County values, the Finance Department will recalculate the FY23 Budget to provide for setting of the maximum millage rate at the July 1, 2022 Regular Meeting.
- **July 1, 2022 at 9:00 AM**- Regular Meeting - Set Maximum Millage.
- **September 12, 2022 at 10:00 AM** – Final Special Workshop Meeting for discussion of FY23 Budget (if needed).
- **September 12, 2022 at 1:00 PM** - Resolutions 2022-11 and 2022-12 will be presented for the Certification of the Annual Assessment Rolls for both the GMD and Neighborhood Utilities Undergrounding Projects (must be passed prior to September 15 each year).
- **September 12, 2022 at 5:01 PM** - First reading and public hearing of Resolution 2022-14, which establishes the millage rates; and Resolution 2022-15 to adopt the FY23 Budget. First reading and public hearing on Ordinance 2022-15, which provides for adoption of the FY23 Capital Improvements Element (CIE) concurrent with adoption of the FY23 Budget.
- **September 27, 2022 at 5:01 PM** – Second reading, public hearing, of Resolution 2022-14 , which establishes the millage rates; and Resolution 2022-15 to adopt the FY23 Budget. Second reading and public hearing to adopt Ordinance 2022-15, FY23 Capital Improvements Element (CIE) concurrent with adoption of the FY23 Budget.

Attachments

PowerPoint Presentation (Available in the Town Clerk's Office)

End of Agenda Item