

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

**To:** Town Commission

**From:** Howard Tipton, Town Manager  
Sue Smith, Finance Director

**Report date:** August 30, 2023

**Meeting date:** September 11, 2023

**Subject:** Resolution 2023-24, Reallocation and Amendment of Revenues for Sarasota County Infrastructure Surtax (IST) Phase III FY10-FY24 Budget

### **Recommended Action**

Pass Resolution 2023-24.

### **Background**

The IST is a 1% sales tax collected on the first \$5,000 of the sale, use, lease, rental, or license to use any item of tangible personal property. The IST was originally approved by referendum and effective on September 1, 1989, for a ten-year period. It was renewed, (known as IST Phase II) on September 1, 1999, for another ten-year period. The Sarasota County Phase III Infrastructure Surtax referendum was passed in November of 2007 for revenue collection beginning in September 1, 2009, and continuing through December 31, 2024, a fifteen-year plus 3-month period. The Sarasota County Phase IV Infrastructure Surtax referendum was passed in November of 2022 for revenue collection beginning in January 1, 2025, and continuing through December 31, 2040, a fifteen-year period.

The Town 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.

During the June 20, 2023, Special Workshop Meeting for the FY24 Budget, Town staff provided estimated projections of remaining Infrastructure Surtax Funds available for Infrastructure Surtax Phase III through December 2024. In addition, staff also reviewed requested projects in the five-year (FY24 through FY28) Capital Improvement Plan (CIP), for eligibility under the IST program and presented a five-year capital project list schedule with applicable IST Functional Categories (Parks and Recreation, Public Facilities, and Public Safety).

The amounts requested for Public Safety and Parks and Recreation in future years exceed the projected balances remaining in these categories in the IST 2010-2024 Budget by \$858,695 and \$390,381, respectively.

Sarasota County Ordinance 2007-087, Section 5.H. addresses the authorization of the local governing body to adopt changes to the local funding allocations. 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.

The Town has previously made six amendments to Exhibit “F” of the Original Ordinance 2007-087, through the adoption of Resolution 2012-13, Resolution 2013-31, Resolution 2014-21, Resolution 2016-17, Resolution 2018-20, and Resolution 2021-13.

A revised calculation of actual revenue received and projected through the end of December 31, 2024, including actual sales tax, accumulated investment earnings, sales of capital assets, and other revenue sources will provide additional income to the Infrastructure Surtax III Fund, estimated at \$1,077,917. We recommend increasing the total 15-Year Budget by this amount to \$11,007,785.

**Proposed Reallocation of Funds:**

<b>CATEGORIES</b>	<b>15 YEAR SURTAX FUNDING BUDGET</b>	<b>PROPOSED ADJUSTMENTS</b>	<b>REVISED BUDGET</b>
Beach Management	\$300,000	-	\$300,000
Parks and Recreation	2,202,494	390,381	2,592,875
Canal Dredging	900,000	-	900,000
Public Safety	5,366,773	858,695	6,225,468
Public Facilities	1,160,601	(171,159)	989,442
<b>Total</b>	<b>\$9,929,868</b>	<b>\$1,077,917</b>	<b>\$11,007,785</b>

The seventh amendment to the IST 2010-2024 budget, shown above, is being proposed to add the additional revenue of \$1,077,917 and reallocate a balance of \$171,159 remaining in the Public Facilities to Public Safety in the amount of \$858,695 and Parks and Recreation Improvements of \$390,381 in order to fund the requested projects contained in the CIP.

**Proposed Spend Down of Funds:**

<b>CATEGORIES</b>	<b>REVISED BUDGET</b>	<b>CUMULATIVE EXPENDITURES through FY22</b>	<b>FY23-FY25 CAPITAL PROGRAM</b>	<b>BALANCE</b>
Beach Management	\$300,000	(\$300,000)	-	-
Parks and Recreation	2,592,875	(1,857,875)	(735,000)	-
Canal Dredging	900,000	(900,000)	-	-
Public Safety	6,225,468	(3,441,005)	(2,784,463)	-
Public Facilities	989,442	(795,644)	(193,798)	-
<b>Total</b>	<b>\$11,007,785</b>	<b>(\$7,294,524)</b>	<b>(\$3,713,261)</b>	<b>-</b>

The Town has expended \$7,294,524 through the FY22 audit. The current budget for FY23 and capital program for FY24 and FY25 for IST Phase III is \$3,713,261. A list of projects included in the FY23–FY25 Capital Program, applicable to Phase III Revenue sources, is available in the attached PowerPoint presentation. Any eligible Infrastructure projects exceeding this amount will be allocated to the Phase IV IST Program which begins January 1 2025.

Resolution 2023-24 is being presented at the September 11, 2023 Regular Meeting for public hearing and formal action.

**Staff Recommendation**

Pass Resolution 2023-24.

**Attachments** (Available in the Town Clerk's Office)

- A. Resolution 2023-24
- B. Exhibit F
- C. PowerPoint presentation

**End of Agenda Item**