

M E M O R A N D U M

TO: Town Commission
FROM: Tom Harmer, Town Manager
DATE: May 7, 2019
SUBJECT: Discussion Regarding FY20 Budget and FY20-24 Capital Improvement Plan

Recommended Action

Town Commission to provide direction for FY20 Budget and FY20-24 Capital Improvement Plan.

Background

In accordance with the Town Charter, on or before June 15th of each year, the Town Manager shall submit to the Town Commission a preliminary budget for the ensuing fiscal year and a final (recommended) budget and an accompanying message on or before the first day of August of 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 meets for the first budget workshop for the upcoming fiscal year. This is an early review of the budget development in advance of the formal submittal of the preliminary budget. One additional workshop is scheduled between now and the September public hearings when the budget is adopted.

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 our first budget workshop on May 20, 2019, we will provide an overview of the FY20 budget process, a status of the development of the General Fund budget, and a review of the various capital funds that make up the 5-year CIP. This meeting will serve as the primary review of the Capital Budget and we will bring back responses to any Commission questions or direction at the second Special Workshop Meeting on June 17, 2019 at 9:00 AM.

As part of the Capital Improvement Plan review, we will discuss current project priorities, project initiatives and stressed funds. As with many local governments, the Town has capital and infrastructure needs that exceed the size of our capital budgets. I will touch on potential funding solutions and other structured options. Our discussions will provide for what I foresee is the eventual adoption of a debt management policy, which will address debt capacity, GFOA best practices, and provide structured options for funding the Town's initiatives today and in the future. Understanding our existing debt burden and how any future issuances of debt

impact our financial condition, allows for more effective prioritization during capital planning and the budgeting process, as well as better long-term financial planning.

Some of the stressed funds we will be discussing include projects associated with canal dredging, transportation (roundabout and center turn lanes), beach nourishment and beach groin construction, and long term financing for future water and wastewater utilities.

As we are in the early stages of the budget process, fund budget forecasts are subject to change, investment income has not been fully vetted for cash inflows and outflows, 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, 2019 and the final values by July 1, 2019. At this stage of budget development we are assuming a 2.5% increase in property values for our preliminary estimates and will update those as the information from the Property Appraisers is made available.

An overall PowerPoint summarizing the issues to be covered in the Special Workshop will be distributed to the Commission in advance of the meeting.

Budget Schedule/Next Steps

May 20, 2019 - 1st Budget Workshop. 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, 2019 - Preliminary property values from both counties.

June 17, 2019 - 2nd Budget Workshop. At the June 17, 2019 Special Workshop for Budget discussion, the General Fund preliminary budget will be presented and we will cover all other fund budgets (special revenue, enterprise, and debt service).

June 24, 2019 –This date was set aside for an additional Tentative Special Meeting for FY19 Budget discussion or planning/land use related meeting. We are not currently aware of any planning applications that would require the Special Meeting and based on last year’s budget schedule we are planning to cover the preliminary budget in the first two scheduled budget workshops. Cancelling this Special Meeting is on the agenda for Commission consideration at their June 3, 2019 Regular Meeting.

July 1, 2019 - Certification of final property values. The County Appraisal Offices have until July 1, 2019 to certify property values. Your July Regular meeting falls on the same day. Upon receipt, the Finance Department will recalculate the FY20 Budget to provide for setting of the tentative maximum millage rate at the July 1, 2019 Regular Meeting.

July 1, 2019 at 1:00 PM- Regular Meeting - Set Maximum Millage.

September 9, 2019 at 9:00 AM – Tentative and Final Special Workshop for discussion of FY20 Budget, if needed.

September 9, 2019 at 5:01 PM - First reading and public hearing of Resolution 2019-08, which establishes the millage rate; and Resolution 2019-09 to adopt the FY20 Budget. First reading and Public hearing on Ordinance 2019-04, which provides for the adoption of the FY20 Capital Improvements Element (CIE) concurrent with adoption of the FY20 Budget.

In addition, Resolutions 2019-10 and 2019-11 will be presented for the Certification of the Annual Assessment Rolls for both the Neighborhood and GMD Utility Undergrounding Projects (must be passed prior to September 15th of each year).

September 23, 2019 at 5:01 PM – Second reading, public hearing, of Resolution 2019-08, which establishes the millage rate; and Resolution 2019-09 to adopt the FY20 Budget. Second reading and Public hearing to adopt Ordinance 2019-04, FY20 Capital Improvements Element (CIE) Concurrent with adoption of the FY20 Budget.

End of Agenda Item