

MEMORANDUM

To: Town Commission
From: Howard Tipton, Town Manager
Report date: September 3, 2024
Meeting date: September 9, 2024
Subject: FY25 Recommended Budget and Public Hearing

Recommended Action

Forward Resolution 2024-10, and Resolution 2024-16, to the September 23, 2024 Special Meeting at 5:01 PM for second public hearing and adoption.

Background

In accordance with Town Charter Article V, Section 3, the Town Manager submitted a Recommended Budget and accompanying message for the ensuing fiscal year on August 1, 2024. This document can be found on the Town's website <http://www.longboatkey.org>.

Since the release of that document, we received the final State revenue estimates, completed performance evaluations and applied the merit-based compensation adjustments to expenditures. We also made a few changes to the Capital Improvement Plan and made some minor changes to expenses. A summary of these budget changes are highlighted in this memo and will be discussed at the September 9, 2024 Special Meeting at 5:01 PM.

The Revised Recommended Budget Book dated September 9, 2024, can be found at this url:

<https://town-longboat-key-fl-budget-book.cleargov.com/18559>

This is the first of two required Public Hearings on the Budget following two Budget Workshops held in May and June and a Special Meeting to set maximum mill rates held on June 28, 2024, which were also open to the public. We have made no changes to the mill rates since then.

At the June 28, 2024 Special Meeting, we presented certified values, which were 10.25% higher than the prior year, which would produce an increase in revenue of \$1,580,544 using the same mill rate of 1.9600 used in FY24. The Commission set the maximum millage rates shown below, which were submitted to the Counties for Truth in Millage (TRIM) notices.

- 1.9600 Operating (Maximum)
- 0.0401 Facility (Fire Stations) Debt
- 0.6071 Beach Gulfside
- 0.1518 Beach Bayside

The Maximum Millage Rate is the highest millage rate that the Town Commission may levy in September. The final millage rates can be lower, but not higher, than the maximum millage rate set on June 28, 2024, including the millage rates for debt. We are presenting a Resolution based on the maximum millages set on June 28, 2024

Save Our Homes legislation limits homestead property value increases to 3.0%, which is the same cap as in the prior year. This means that on properties having a homestead exemption, and their 2024 assessed value is higher than their 2023 assessed value, the maximum allowed by State Statute is 3%.

Based on the mill rates shown above, a Gulfside homesteaded million-dollar home would pay an additional \$14.27 in taxes compared to last year and a Gulfside non-homesteaded million-dollar home would pay \$196.78 additional taxes from the prior year. A Bayside homesteaded million-dollar home would pay an additional \$91.37 in taxes compared to last year and a Bayside non-homesteaded million-dollar home would pay \$196.32 additional taxes from the prior year.

This memo provides a summary of changes made since the release of the August 1, 2024 Recommended Budget have been highlighted below.

Budget modifications made since the August 1, 2024 Recommended Budget

General Fund Revenues (Net Decrease \$48,587):

- Local Half Cent Sales Tax decreased (\$35,633).
- Communication Service Tax increased \$9,921.
- Municipal Revenue Sharing decreased (\$22,875).
- While the Manatee Interlocal Agreement for Greer Island Patrol, \$85,000, is still pending approval at the County, we have included it in General Fund Revenue.

General Fund Expenditures (Net Increase \$111,251):

- Adjustments to Health Insurance Based on Staff Changes – \$45,000
- Added One Month Overlap for Budget Manager Position - \$12,000
- Adjusted Wages for Retiree Payouts, Vacant Positions, Pay Study Adjustments - \$23,000
- Increase to Property Insurance Line Based on New Allocations Between General And Utility Fund Net \$11,000 (Utility Fund Decreased \$26,000)
- ClearGov Capital Budgeting Module – IT Budget - \$8,320.
- Placeholder for a Strategic Planning Dashboard - IT Budget. - \$6,000
- Other Minor Adjustments to Various Accounts - \$5,931

General Fund Fund Balance (Decrease \$159,838):

- Due to the above changes total fund balance projected for September 30, 2025 decreases from \$13,205,249 to \$11,536,859, a decrease of \$159,838.
- The FY25 Budget maintains 60 days of reserves for each of the three categories: Unassigned, Economic Uncertainty/Revenue Stabilization, and Extreme Events/Natural Disasters, in accordance with Town Policy. The Town Manager's assignment of \$750,000 for Future Capital reduces to \$261,432 and the remaining Unassigned Reserves greater than 60 days is now \$0. This amount excludes any projected surplus expected in FY24 and is subject to change pending the outcome of the FY24 Audit.

Special Revenue Fund Changes

- The Manatee County WCIND has indicated that they will be officially approving \$75,148 for the design of the Town Dock located east of the Lois Avenue and Linley Street intersection in the Village. The Town has already budgeted for this expense, in the Manatee Infrastructure Surtax Fund, but we do anticipate a revenue source to offset it during FY25. The grant revenue will be booked when realized during the year.
- Revenues for Undergrounding Assessment Tax Rolls were updated based on Willdan's initial totals submitted to the Counties
- Revenues for Gas taxes were adjusted in the Road & Bridge Fund based on known State gas tax estimates. Many were still unavailable at the time of this publication.
- The Manatee Infrastructure Surtaxes were decreased (\$4,978) based on State estimates.
- The Sarasota Infrastructure Surtaxes were increased \$37,424 based on State estimates.
- Tennis Fund salaries were adjusted based on finalized scores and merit increases

Capital Improvement Plan Changes:

- Streets Fund. The Town has a contract in place with the Florida Department of Transportation (“FDOT”) to construct Center Turn Lanes at the Country Club Shores development. This is a reimbursement type arrangement where the Town would bid and contract the work and FDOT would reimburse the Town in an amount not to exceed \$1,440,729. The Town received construction bid results on July 10, 2024, and the low bid was \$2,559,963.35. With construction inspection, the project exceeds the FDOT reimbursement amount by approximately \$1.3 million. The current bids are only valid for 120 days. Town staff is working with FDOT to obtain an amendment to the existing agreement to account for the change, but in order to hold the bid pricing, staff would like to use existing fund balances in the Streets Fund to execute the full contract amounts and move forward with the project. We have added the additional \$1.3 million of cost to the project in addition to a possible FDOT augmented reimbursement of approximately \$900,000 toward the \$1.3 million overage, with a potential net cost to the Town of \$400,000. However, it is our goal to obtain 100% of the cost of this FDOT owned road.
- Land Acquisition Fund. We had originally budgeted \$100,000 to do needed work at the Town Center oval, including beautification, planting of additional trees and improving the turf condition. The Town received an offer from the Longboat Key Club for the replacement of sod at the June 3, 2024 Regular Meeting. The Town’s obligation and responsibilities are being fulfilled using sources available in the Park & Recreation Capital Fund during the summer. Therefore, we have reduced the budgeted improvements for the Town Center down to \$50,000.
- Beach Fund. The Town was awarded a \$30,000 State grant (FDEP Florida Coastal Partnership Program) with a 50% match of \$30,000 to preserve and protect dune systems designated boardwalk walkovers at Town beach access areas located at 3495 Gulf of Mexico Drive and 100 Broadway Street. The Beach Fund has been updated to include the \$30,000 grant award revenue.
- Canal Fund. At the June 17, 2024 Regular Workshop Meeting, a Navigation Maintenance Program Update was provided to the Commission. As a result of the study and discussion, the Commission instructed staff to utilize existing fund balances in the Canal Fund to continue its goal to establish an updated assessment methodology based on the newest bathymetric survey and cost estimates and to eliminate the proposed 0.500 mill rate until further communication efforts are made to the public. Existing budget lines were modified based on needs for additional contractual professional services, advertising, communication, printing and staffing needs. For the August 1 Recommended Budget, the 0.500 millage had been eliminated as instructed which was originally proposed for the establishment of sea grass mitigation. Carryover amounts have been updated based on these changes.
- Utility Fund. At the June 28, 2024 Special Meeting we discussed a proposed 5-Year Rate increase to the Utility Water and Sewer rates to cover a \$31.4 million Subaqueous Project in addition to other critical infrastructure needs. The Commission instructed staff to bring back a Resolution to the September 9, 2024 Meeting to adopt the 5-Year Plan. In addition, the Commission approved moving forward with financing the Subaqueous Project with a low interest State Revolving Fund (“SRF”) loan program, which is subject to a public referendum to occur in March 2025. The Utility Fund Budget and Five-Year Capital Improvement Plan was adjusted to incorporate the new rates and financing needs.
- All carryover balances were reduced based on the updated unexpended balances measured on August 18, 2024.

Budget Adoption and Legal Requirements

An overview of the FY25 Budget, highlighting any changes since the August 1, 2024 Recommended Budget, will be presented at the first public hearing in September. There are two hearings on the budget scheduled as follows:

- September 9, 2024 5:01 PM - first reading and public hearing
- September 23, 2024 5:01 PM - second reading, public hearing and Budget adoption

Public hearings are also required on September 9, 2024 for the Capital Improvements Element of the Comprehensive Plan (CIE) Update being held at 5:01 PM and the public hearings for the Certification of the Annual Assessment Tax Rolls for both GMD and Neighborhood Undergrounding Projects is being held at 1:00 PM.

In accordance with F.S. 166.241, the Tentative Budget must be posted on the municipality's official website at least 2 days before the Budget hearing, to consider such Budget and must remain on the website for at least 45 days. We will be posting the Tentatively Adopted Budget in digital format on the Town website to be compliant with the F.S. 166.241.

Please feel free to contact me if you have any questions.

Staff Recommendation

Forward Resolution 2024-10, and Resolution 2024-16, to the September 23, 2023 Special Meeting at 5:01 PM for second public hearing and adoption.

Attachments (Available in the Town Clerk's Office)

- A. Summary Budget
- B. Resolution 2024-10, FY25 Millage
- C. Resolution 2024-16, FY25 Budget
- D. PowerPoint Presentation

FY25 REVISED RECOMMENDED BUDGET

FY25 Estimated Revenues

ESTIMATED REVENUES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	ENTERPRISE FUNDS	TOTAL ALL FUNDS
Ad Valorem Tax	17,299,430		3,931,932			21,231,362
Other Taxes	156,000	3,202,969				3,358,969
Franchise Fees	899,000		304,027			1,203,027
Licenses and Permits	20,700				1,232,050	1,252,750
Special Assessments		2,560,208				2,560,208
Intergovernmental Revenues	1,602,241	88,896				1,691,137
Charges for Services	579,300	883,836		50,000	11,803,238	13,316,374
Grants		325,892		3,578,532	3,000,000	6,904,424
Fines & Forfeitures	58,250	1,750			30,000	90,000
Bond Proceeds					27,000,000	27,000,000
Investment Earnings	440,000	108,685	52,100	424,981	340,000	1,365,766
Miscellaneous	137,420	187,100			56,000	380,520
Transfers In	1,878,283		1,686,742	2,500,000	7,150,000	13,215,025
TOTAL ESTIMATED REVENUES	23,070,624	7,359,336	5,974,801	6,553,513	50,611,288	93,569,562

FY25 Recommended Expenditures

ESTIMATED EXPENDITURES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	ENTERPRISE FUNDS	TOTAL ALL FUNDS
Town Commission	38,140					38,140
Legal Counsel	424,000					424,000
Town Manager	529,837					529,837
Town Clerk	662,394					662,394
Finance	1,179,557					1,179,557
Information Technology	1,471,261					1,471,261
Support Services	726,729					726,729
Facilities	183,358					183,358
Police	4,358,554	329,691				4,688,245
Fire/Rescue	9,069,830	14,551	354,482			9,438,863
Emergency Management	19,900					19,900
Public Works (Includes Undergrounding)	975,296	81,250	1,991,769			3,048,315
Parks/Recreation (Includes Beach and Canals)	436,672	40,000	3,578,100	628,587		4,683,359
Planning and Zoning	783,222					783,222
Streets	775,761	55,000				830,761
Tennis		811,120				811,120
Water					3,050,551	3,050,551
Wastewater					3,608,690	3,608,690
Building					2,045,009	2,045,009
General Services	804,503	5,323	2,170	174,803	3,188,133	4,174,932
Contingencies	300,000			1,720,641	250,000	2,270,641
Capital Outlay		3,384,656		29,456,090	42,045,141	74,885,887
Transfers Out	2,000,000	2,186,742			9,028,283	13,215,025
TOTAL RECOMMENDED EXPENDITURES	24,739,014	6,908,333	5,926,521	31,980,121	63,215,807	132,769,796

FY25 Estimated Fund Balances

SUMMARY	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	ENTERPRISE FUNDS	TOTAL ALL FUNDS
REVENUES	23,070,624	7,359,336	5,974,801	6,553,513	50,611,288	93,569,562
EXPENDITURES	(24,739,014)	(6,908,333)	(5,926,521)	(31,980,121)	(63,215,807)	(132,769,796)
BEGINNING FUND BALANCE	13,205,249	7,146,912	208,281	34,446,441	39,500,080	94,506,963
ENDING FUND BALANCE	11,536,859	7,597,915	256,561	9,019,833	26,895,561	55,306,729

End of Agenda Item