

M E M O R A N D U M

TO: Town Commission

FROM: Tom Harmer, Town Manager

REPORT DATE: May 11, 2020

MEETING DATE: May 18, 2020

SUBJECT: Discussion Regarding Strategic Initiatives, FY21 Budget, and FY21-25 Capital Improvement Plan

Recommended Action

Provide direction to Manager for FY21 Strategic Initiatives, Budget, and FY21-25 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 (FY21). 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 15, 2020, prior to the September public hearings when the FY21 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 18, 2020 Special Workshop Meeting for Budget we will provide an overview of the FY21 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 Funds Budget and we will bring back responses to Commission questions or direction at the 9:00 AM, June 15, 2020 Special Workshop Meeting. We will also review the status of our current initiatives, summarize resident input and feedback, and discuss proposed FY21 initiatives.

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. This policy would 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 impacts our financial condition, allows for more effective prioritization during capital planning, and the budgeting process. It also creates better long-term financial planning.

Some of the stressed funds we will discuss include projects associated with canal dredging, transportation (roundabout and center turn lanes), and long-term financing for future water and wastewater utilities.

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. 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, 2020 and the final values by July 1, 2020. At this stage of budget development, we are assuming a conservative 1.5% 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 will be distributed to the Commission in advance of the meeting.

Budget Schedule/Next Steps

- **May 18, 2020** - 1st 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, 2020** - Preliminary property values from both counties.
- **June 15, 2020** - 2nd Special Workshop Meeting for Budget. At the June 15, 2020 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 29, 2020** –This date was set for an additional Special Meeting for FY21 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, 2020** - Certification of final property values. The County Property Appraisers Offices have until July 1, 2020 to certify property values. Your July Regular Meeting falls on July 1, 2020. Upon receipt, the Finance

Department will recalculate the FY21 Budget to provide for setting of the maximum millage rate at the July 1, 2020 Regular Meeting.

- **July 1, 2020 at 1:00 PM**- Regular Meeting - Set Maximum Millage.
- **September 14, 2020 at 9:00 AM** – Final Special Workshop for discussion of FY21 Budget (if needed).
- **September 14, 2020 at 5:01 PM** - First reading and public hearing of Resolution 2020-13, which establishes the millage rate; and Resolution 2020-14 to adopt the FY21 Budget. First reading and public hearing on Ordinance 2020-08, which provides for the adoption of the FY21 Capital Improvements Element (CIE) concurrent with adoption of the FY21 Budget.

In addition, Resolutions 2020-15 and 2020-16 will be presented for the Certification of the Annual Assessment Rolls for both the Neighborhood and GMD Utilities Undergrounding Projects (must be passed prior to September 15 each year).

- **September 29, 2020 at 5:01 PM** – Second reading, public hearing, of Resolution 2020-13, which establishes the millage rate; and Resolution 2020-14 to adopt the FY21 Budget. Second reading and public hearing to adopt Ordinance 2020-08, FY21 Capital Improvements Element (CIE) concurrent with adoption of the FY21 Budget.

Attachments

- A. PowerPoint