

**CITY OF FORT MYERS
FY2021-2022
OPERATING BUDGET**

**Budget Workshop
June 7, 2021**

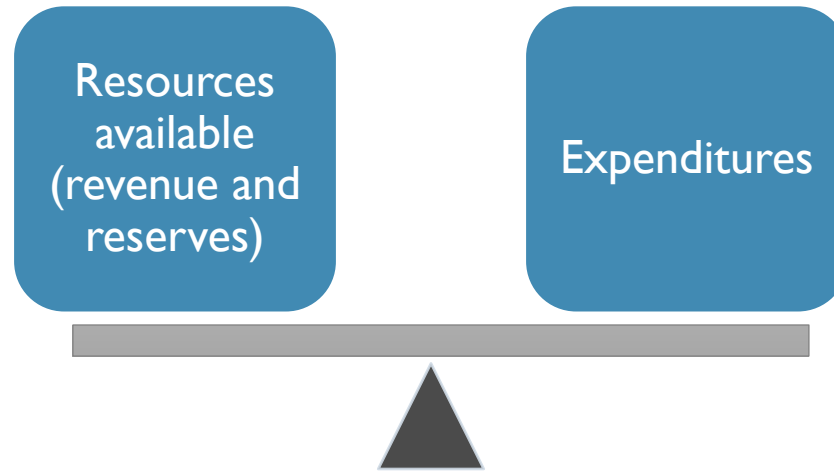
- Budget Process
- Budget Timeline
- General Fund Revenues
- General Fund Expenditures
- Other Budget Development Considerations
- Next Steps



TODAY'S AGENDA

BUDGET PROCESS

The Budget is a balance of:



Incorporates planning processes:

Strategic Plan /
Comprehensive
Plan

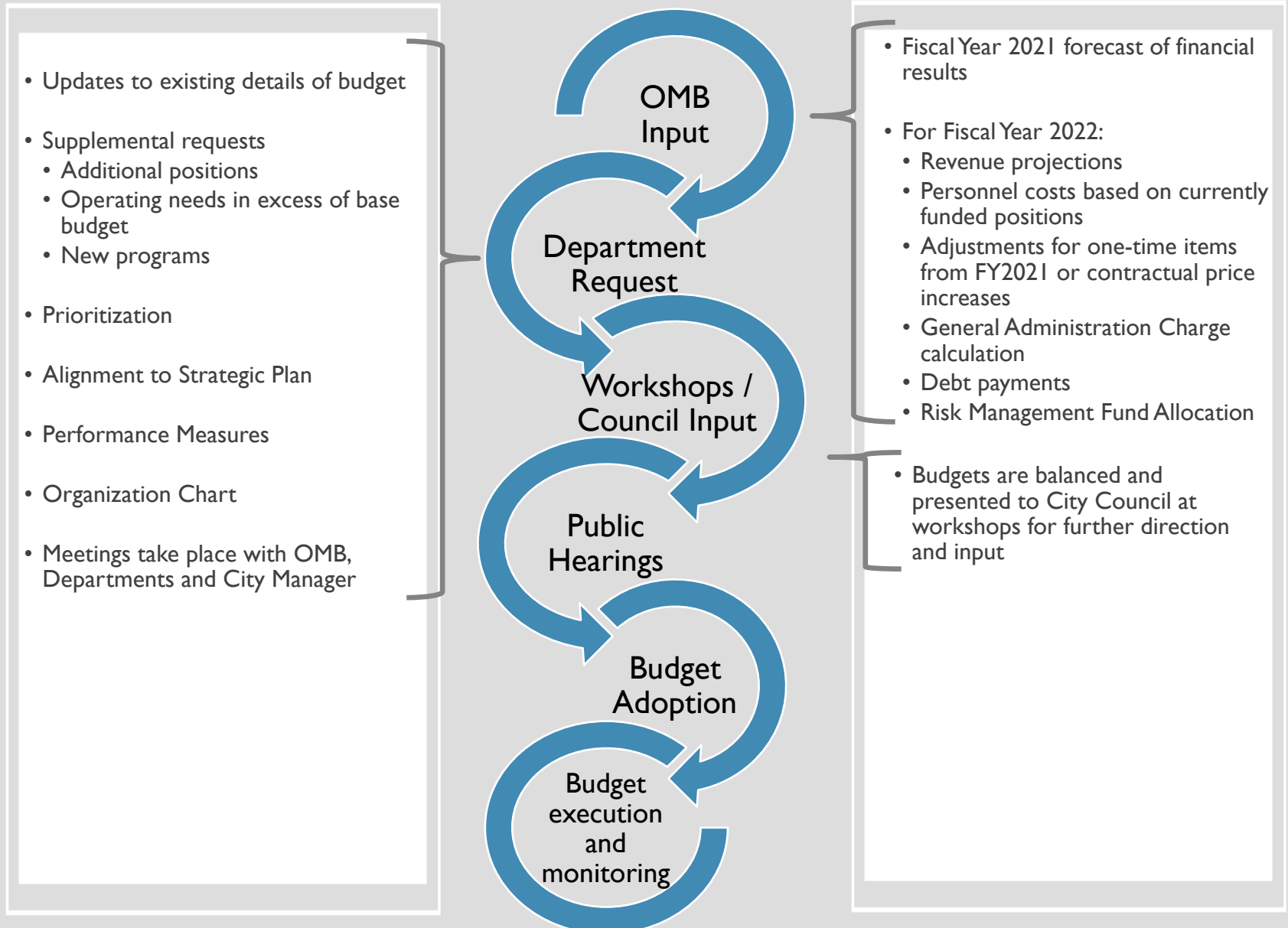
Capital
Improvement
Program

Financial
Policies

Long-term
financial
modeling and
sustainability
analysis

Revenue
Sufficiency
Analyses

BUDGET PROCESS



FISCAL YEAR 2022 BUDGET TIMELINE

June 1, 2021

City receives preliminary estimate of taxable values from Lee County Property Appraiser

June 7, 2021

First Budget Workshop

Departments, Budget Staff & City Manager meet to discuss budget submittals

June 2021 and July 2021

FISCAL YEAR 2022 BUDGET TIMELINE

July 1, 2021

City receives certified taxable values from Lee County Property Appraiser – sets the timeline for Truth in Millage (TRIM) compliance

Second Budget Workshop:

Presentation of the City Manager's recommended operating budget for all City funds

Determines the not to exceed millage rate

Provides overview of 5-year Capital Improvement Program

July 29-30, 2021 and August 2, 2021

FISCAL YEAR 2022 BUDGET TIMELINE

September 15, 2021

Preliminary Budget Hearing
on the tentative millage rate
and citywide budget

Second and final public hearing on the
millage rate and budget:

City Council adopts the millage rate and budget

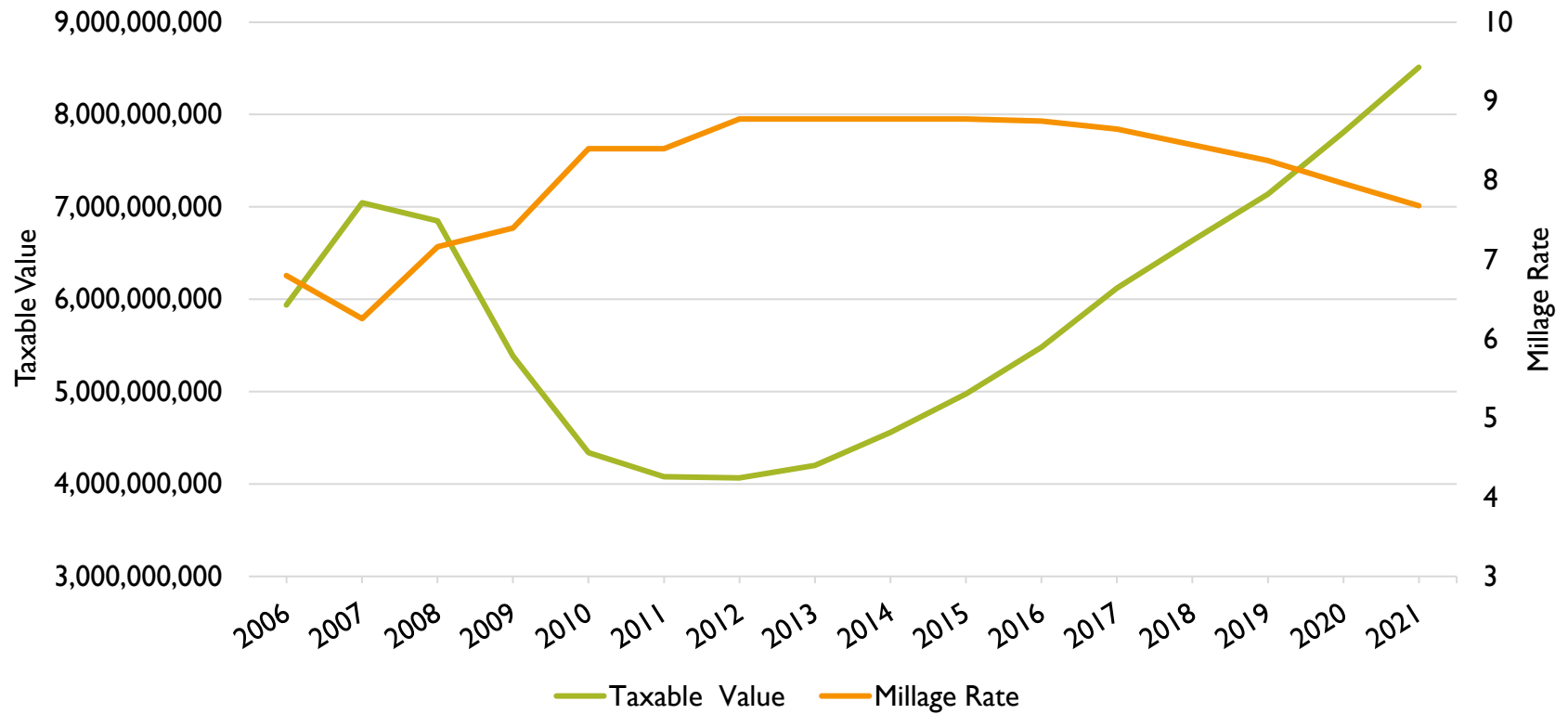
City Council adopts the 5-Year Capital Improvement
Program

September 27, 2021

AD VALOREM REVENUE

2020 tax base (post VAB hearings)	\$7,807,388,308
Increase to <i>existing</i> tax base, (4.33%)	\$337,765,796
Estimated new construction, (4.70%)	\$367,249,896
Estimated 2021 tax base	\$8,512,404,000
Overall increase in tax base	9.03%
Millage rate (rolled back rate)	7.6797
FY2022 Property tax revenue budget*	\$62,757,800
FY2021 Property tax revenue budget*	\$59,576,100
Increase in property tax revenue	\$3,181,700

*Budget is approximately 96% of total tax levy due to early payment discounts



TRENDS IN TAXABLE VALUE & MILLAGE RATES

HISTORY OF HOMESTEAD EXEMPTION & PROPERTY VALUE CAPS

- Homestead Exemption
 - 1934: \$5,000
 - 1960's : increased to \$10,000
 - 1980: increased to \$25,000
 - 2008: added another \$25,000 on assessed values between \$50,000 & \$75,000
- Annual Property Assessment Caps:
 - 1995: Save Our Homes – homesteaded properties
 - Caps the increase to the assessed value by the lower of 3% or the change in the CPI Consumer Price Index (CPI) – For 2020 this is 1.4%
- January, 2008
 - Save our Homes portability provision
 - 10% cap for non-homesteaded property
- Note: For 2020 tax roll, more than half of the City's properties had a capped value!

OTHER MAJOR GENERAL FUND REVENUES:

- **Public Service Tax** (Utility Service Tax): 10% tax on all purchases of electricity, natural, manufactured or liquefied petroleum gas and water service

	2021	2022	\$ Change	%
FP&L	\$7,750,000	\$8,000,000	\$250,000	3.2%
Water	\$2,200,000	\$2,131,300	(\$68,700)	(3.1%)
Gas	\$215,000	\$290,000	\$75,000	34.9%
Total	\$10,165,000	\$10,421,300	\$256,300	2.5%

OTHER MAJOR GENERAL FUND REVENUES:

- **Sales Tax:**

- Half-cent sales tax: Portion of the state sales tax – City distribution based on population within the county
- Municipal revenue sharing program: Portion of state sales tax collections in a trust fund distributed to municipalities using an apportionment factor using population and ability to raise revenue

	2021	2022	\$ Change	%
Half-Cent sales tax	\$6,600,000	\$7,460,800	\$860,800	13.0%
Revenue Sharing program	\$2,258,000	\$2,311,000	\$53,000	2.4%
Total	\$8,858,000	\$9,771,800	\$913,800	10.3%

OTHER MAJOR GENERAL FUND REVENUES:

- **Franchise Fees:** Grants the privilege/authorization to construct, maintain, operate across the current and future roads, easements, rights-of-way for electric energy (FPL) and natural gas system (TECO Peoples Gas).
 - City receives 5.9% of the revenues from the sale of electricity from FPL and 6% from sales of natural gas from Peoples Gas.

	2021	2022	\$ Change	%
FP&L	\$6,000,000	\$5,760,000	(\$240,000)	(4.0%)
Peoples Gas	\$90,000	\$90,000	\$0	N/A
Total	\$6,090,000	\$5,850,000	(\$240,000)	(3.9%)

OTHER MAJOR GENERAL FUND REVENUES:

Fire Assessment Fee: Based on a calls for service methodology

Property Use Category	Assessment Unit	Current Rates
Residential	Dwelling Unit	\$77.91
Commercial	Square Feet *	\$.0510
Industrial/Warehouse	Square Feet *	\$.0136
Government/Institutional	Square Feet *	\$.1190

* Maximum square feet assessed is 115,800

2021	2022	\$ Change	%
\$4,100,000	\$4,356,700	\$256,700	6.3%

OTHER MAJOR GENERAL FUND REVENUES:

Licenses and Permits:

- Engineering Permit Fees are levied on any work within the rights-of-way, site clearing, grubbing, grading, excavating for fill in, site work and plan review.
- Fire Department Permit Fees are levied for annual fire inspections, fire sprinkler permits, fire drainpipe systems, fire pumps, burn permits, hydrant flow testing, blasting and pollutant storage tank removal.
- Zoning Board Adjustment Fees and Plan Review Fees are levied for zoning plan reviews, tree removal permits, general and special inspections, reinspections and other services.

	2021	2022	\$ Change	%
Licenses and Permit Fees	\$10,261,900	\$9,358,300	(\$903,600)	(8.8%)

OTHER MAJOR GENERAL FUND REVENUES:

General Administration Charge:

- Charges to other City Funds for General Fund Services including HR, Legal, City Clerk, City Manager, City Council, Finance
- Becomes an expense to the other funds, revenue to General Fund

	2021	2022	\$ Change	%
General Admin. Charges	\$6,408,500	\$6,625,100	\$216,600	3.4%

OTHER MAJOR GENERAL FUND REVENUES:

- **Communications Tax:** 5.22% tax on communication services defined as voice, data, audio, video, or any other information or signals transmitted by any medium
 - Examples include local, long distance, and toll telephone; voice over Internet Protocol telephone; video services; video streaming; direct to home satellite; mobile communications; etc.

	2021	2022	\$ Change	%
Communications Tax	\$3,400,000	\$3,361,000	(\$39,000)	(1.1%)

OTHER MAJOR GENERAL FUND REVENUES:

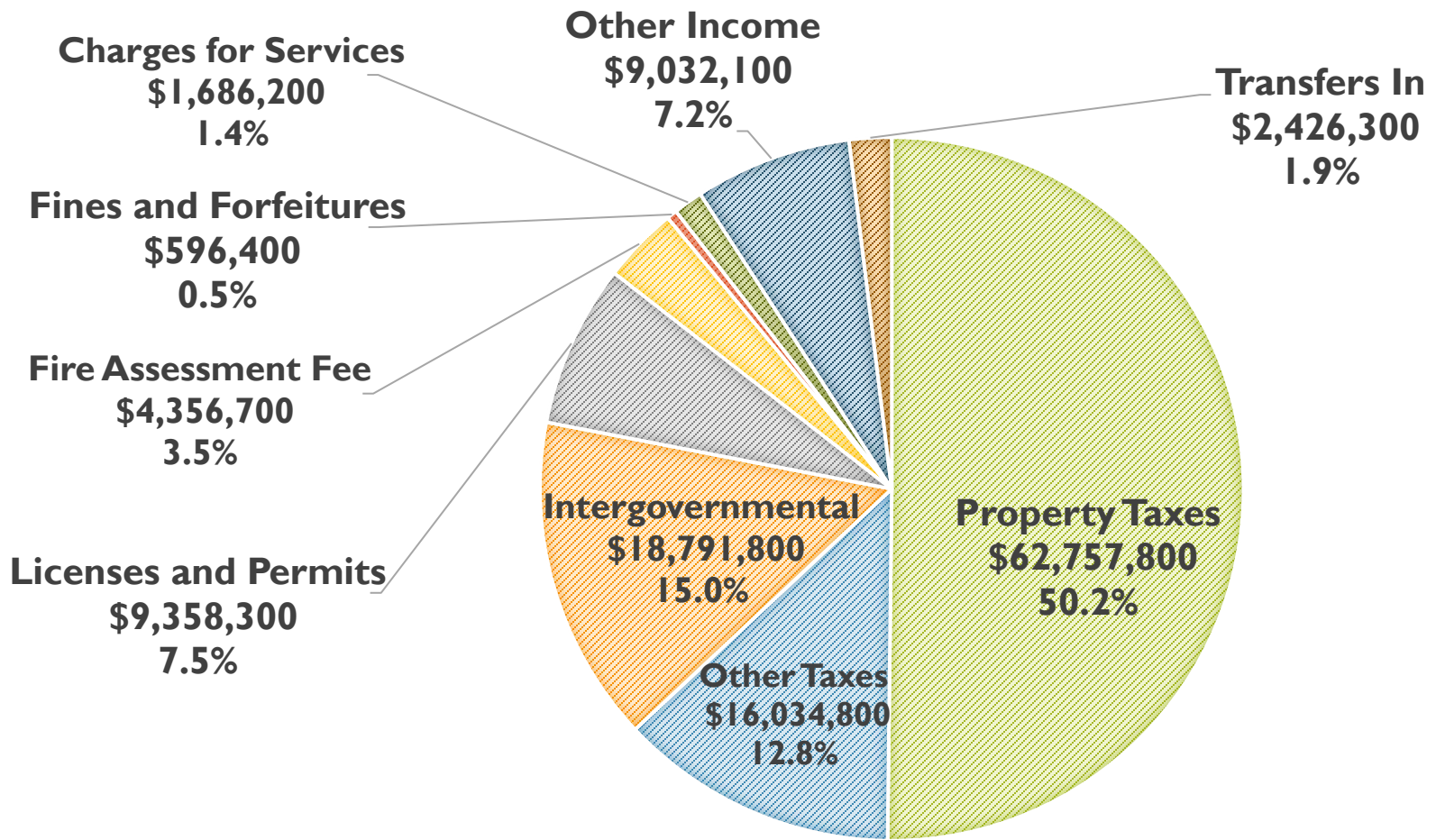
- **Local Business Tax:** Tax for the privilege of engaging in or managing of any business, profession or occupation within the City's jurisdiction.
 - Rate of tax is based on business type

	2021	2022	\$ Change	%
Business Tax Receipts	\$2,570,000	\$2,252,500	(\$317,500)	(12.4%)

OTHER MAJOR GENERAL FUND REVENUES:

- **Payment in Lieu of Taxes (PILT):** As part of their annual operating expenses, the Utility, Stormwater and Solid Waste systems make payments to the General Fund as follows:
 - Payment in lieu of taxes will be equivalent to the net book value of land, building and infrastructure assets of their respective systems multiplied by the general operating millage rate
 - Payment in lieu of franchise fees will be equivalent to latest closed fiscal year operating revenues multiplied by 6%

	2021	2022	\$ Change	%
Utility	\$7,542,300	\$7,180,700	(\$361,600)	(4.8%)
Stormwater	\$492,300	\$403,400	(\$88,900)	(18.1%)
Solid Waste	\$1,111,500	\$1,093,800	(\$17,700)	(1.6%)
Total	\$9,146,100	\$8,677,900	(\$468,200)	(5.1%)



OPERATING REVENUE COMPONENTS
– TOTAL OF \$125,040,400

2022 GENERAL FUND BUDGET EXPENDITURES

- Personnel Costs Highlights:
 - Police union employees – Contract expires 9/30/21, currently in negotiations
 - 8 Police Officers covered by the COPS grant moved to General Fund, estimated cost of \$814,700
 - General union employees – Contract expires 9/30/21, currently in negotiations
 - Fire union employees – Contract in place through 9/30/23
 - Provides (1) step advancement (3%), plus 1% market adjustment, estimated cost of \$583,400
 - Anticipated 10.0% increase in health insurance premiums

PENSION INFORMATION

- Pension cost as a % of pensionable payroll:
 - Police: from 55.5% to 52.7%
 - Fire: from 73.6% to 79.7%
 - General: 34.7% to 29.4%

Unfunded Actuarial Accrued Liability (UAAL):

	# in Plan	UAAL as of 10/01/2019	% Funded	UAAL as of 10/01/2020	% Funded	\$ Change
Police	423	\$56,361,778	72.6%	\$53,407,724	75.1%	(\$2,954,054)
Fire	252	\$37,354,007	73.3%	\$41,164,264	72.6%	\$3,810,257
General	1,476	\$55,120,584	70.4%	\$47,469,115	75.7%	(\$7,651,469)
Total	2,151	\$148,836,369		\$142,041,103		(\$6,795,266)

PERSONAL SERVICES EXPENDITURES SUMMARY

	2021	2022	\$ Change	%
Total Personal Services	\$84,206,200	\$87,378,700	\$3,172,500	3.8%

TRANSFERS TO DEBT SERVICE FUNDS

	2021	2022	\$ Change	% Change
2014 Bond	\$1,248,300	\$1,248,900	\$600	0.0%
2016 Bond	\$2,845,900	\$2,311,700	(\$534,200)	-18.8%
2018 Bond	\$5,375,000	\$5,269,700	(\$105,300)	-2.0%
General Line of Credit	\$750,000	\$1,000,000	\$250,000	33.3%
Total Debt Transfers	\$10,219,200	\$9,830,300	(\$388,900)	-3.8%

GENERAL LINE OF CREDIT & FUTURE COMMITTED PROJECTS

	Amount
38 Capital Projects as of 5/31/21	\$44,257,159
Fire Station #19 (micro-station)	\$650,000
New Police Headquarters	\$19,000,000
Fire Station #17	\$1,500,000
STARS Expansion	\$17,500,000
Total	\$82,907,159

TRANSFERS TO DEBT SERVICE FUNDS

	2021	2022	2023	2024
2014 Bond	\$1,248,300	\$1,248,900	\$1,249,100	\$3,395,800
2016 Bond	\$2,845,900	\$2,311,700	\$3,148,900	\$1,752,300
2018 Bond	\$5,375,000	\$5,269,700	\$3,566,200	\$2,383,300
General Line of Credit	\$750,000	\$1,000,000	\$0	\$0
New 2022 Bond (\$82.9 million)			\$3,000,000	\$6,100,000
Collaboratory (\$7.3 million)				\$500,000
Total Debt Transfers	\$10,219,200	\$9,830,300	\$10,964,200	\$14,131,400

TRANSFERS TO CRA (TIFs)

CRA Area	June 1st Values	Base Value	Increment Value	95% Dedicated Increment	CRA Funding from City @ 7.6797 mills
Downtown	514,960,000	113,969,750	400,990,250	380,940,738	2,925,511
MLK	218,657,000	128,416,351	90,254,633	85,741,901	658,472
Cleveland	387,142,000	262,018,560	131,334,910	124,768,165	958,182
Central	27,224,000	22,542,840	4,681,160	4,447,102	34,152
East Fort Myers	285,760,000	336,451,130	-	-	-
Total CRA	1,433,743,000	863,398,631	627,260,953	595,897,906	4,576,317

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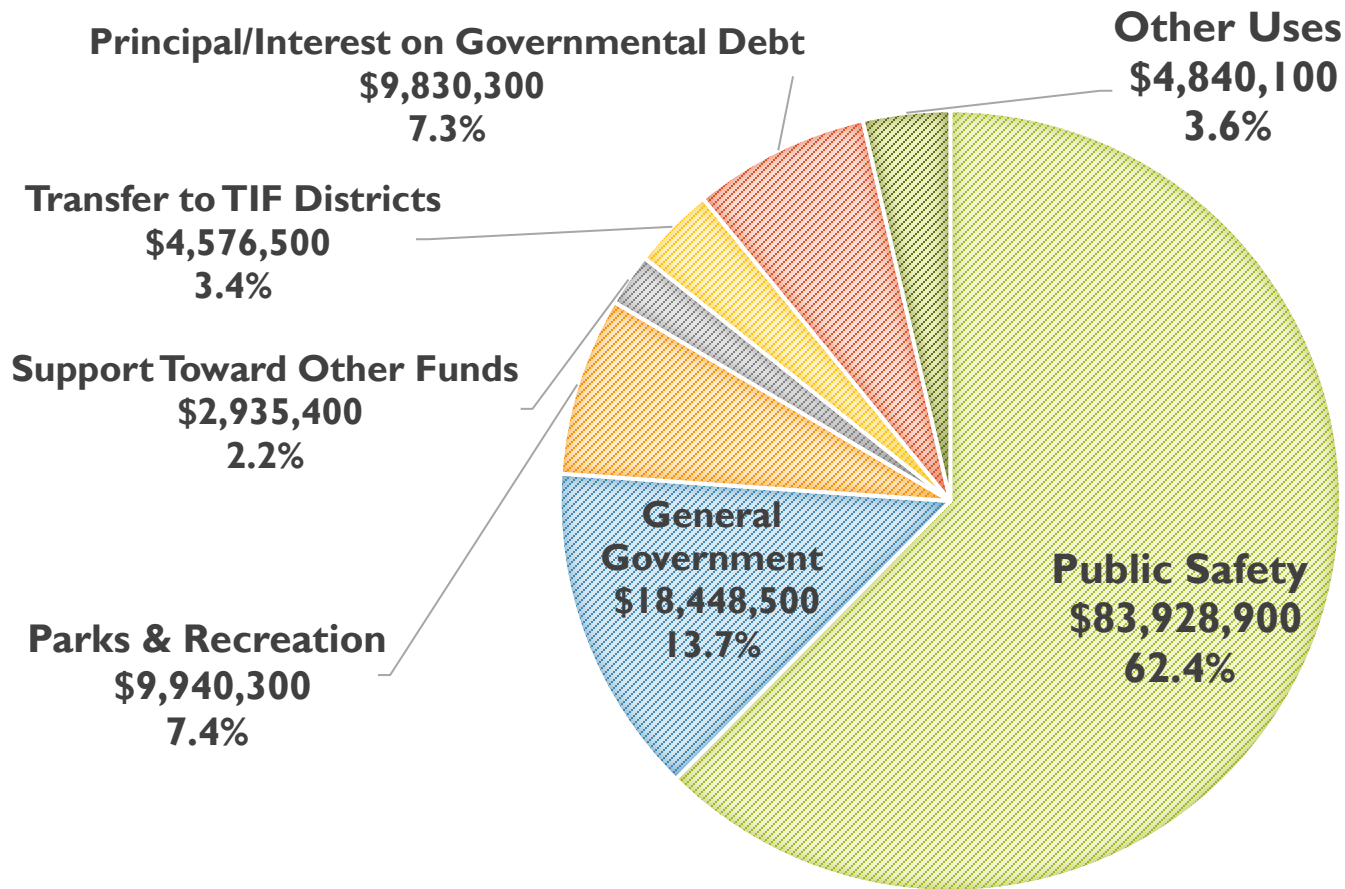
95%

(Times)

7.6797

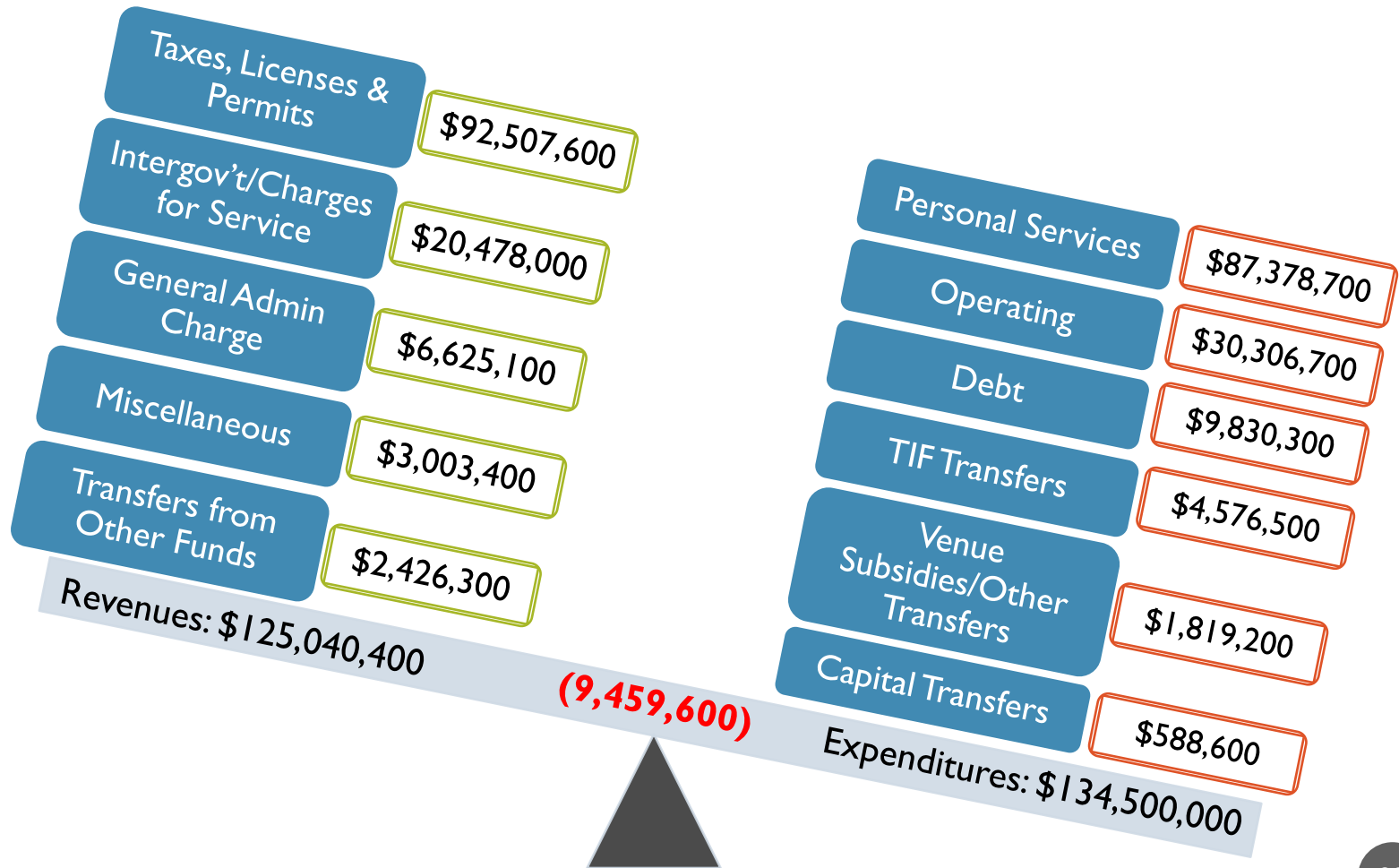
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**EXPENDITURE COMPONENTS –
TOTAL OF \$134,500,000**

2022 GENERAL FUND SUMMARY



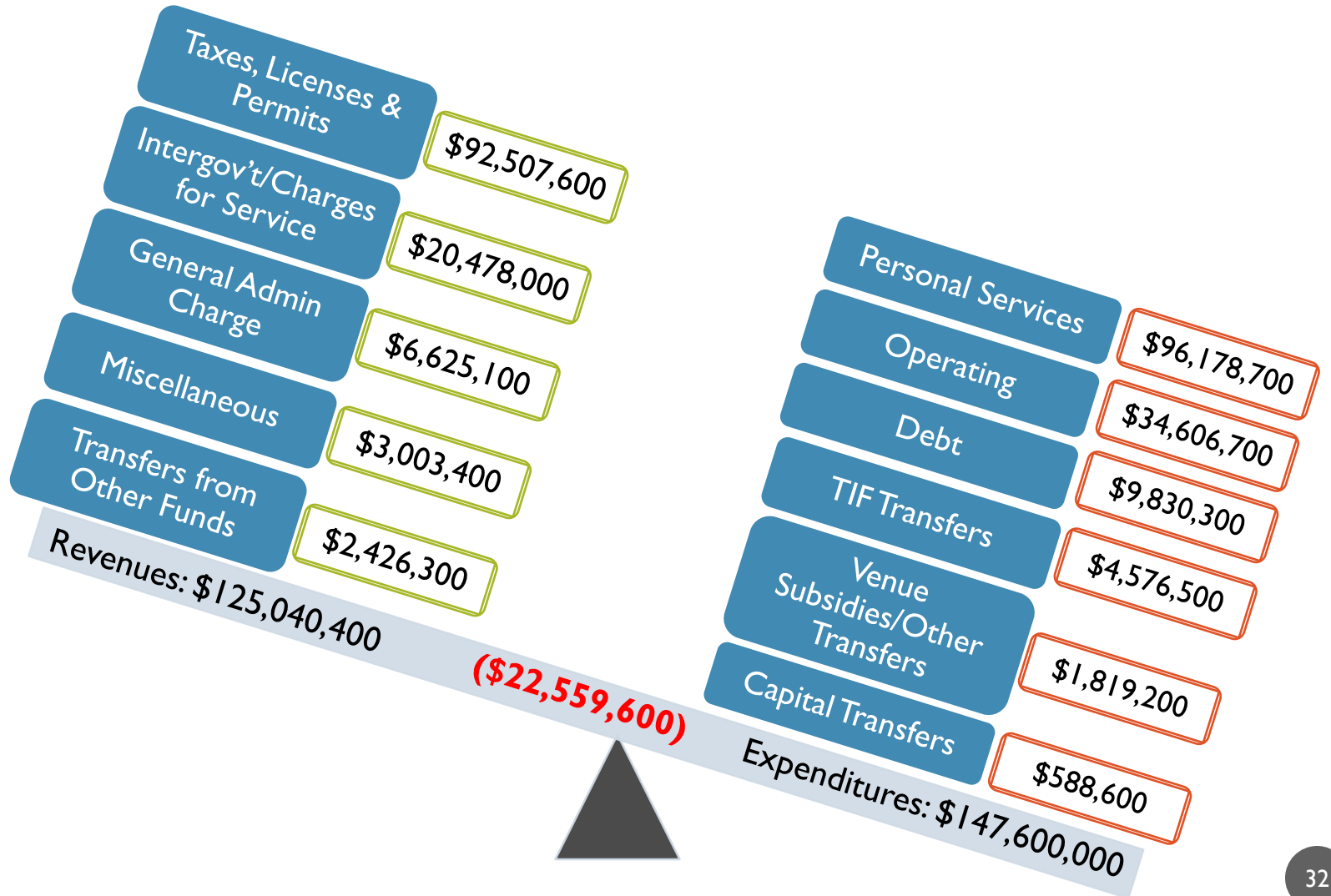
PROJECTED GENERAL FUND RESERVES

	Balance
Estimated Reserves, 9/30/2021	\$26,492,148
Use of Reserves in 2022 Budget	(\$9,459,600)
2022 Estimated Unassigned Reserves	\$17,032,548
2022 General Fund Budget	\$134,500,000
Unassigned reserves as a % of total 2022 Budget	12.7%

NOT YET ADDRESSED IN THE FY2022 GENERAL FUND BUDGET

- ITS and Fleet Maintenance Fund Allocations
- Subsidies to other funds
- Contract Negotiations for Police and General Unions
 - Potential increases to salaries
 - Salary study
 - \$15 minimum wage requirement
- Staffing Levels – 101 new positions requested, cost of \$8.8 million
- Operating budget requests for added Professional and Contract Services, Vehicles, Equipment and Technology, cost of \$4.3 million

2022 GENERAL FUND SUMMARY WITH ALL REQUESTS



REVENUES TO REVIEW TO HELP CLOSE THE GAP

- Millage Rate
 - .1 mill=\$817,200
 - A 1% change in valuation=\$627,600
- Fire Assessment Fee
 - Cost of recovery % currently very low

GOAL is for a structurally balanced budget!

OTHER OPERATING FUND BUDGETS

- Internal Service Funds – All budgeted expenses are charged back to users
 - Information Technology Services (ITS) Fund
 - Software/program maintenance
 - Staffing
 - Communications
 - Fleet Maintenance Fund
 - Materials and parts
 - Fuel prices
 - Risk Management Fund
 - Workers' Compensation
 - Property, casualty insurance

OTHER OPERATING FUND BUDGETS

- Special Revenue Funds
 - Street Maintenance Fund
 - Fund supported by Fuel Taxes and State Reimbursements for street lighting on State Roads in the City
 - 6 cent County fuel tax allocation lowered in January, 2020
 - COVID-19
 - General Fund subsidy

OTHER OPERATING FUND BUDGETS

- Enterprise Funds
 - Utility Fund
 - Revenue Sufficiency Analysis
 - Capital Projects
 - Stormwater Fund
 - Parking Fund
 - Downtown parking needs
 - RFP for new on-street parking program

OTHER OPERATING FUND BUDGETS

- Enterprise Funds
 - Skatium Fund
 - General Fund subsidy
 - City operation vs. RFP
 - Yacht Basin Fund
 - City operation vs. RFP
- Golf Course Funds (FMCC and Eastwood)
 - General Fund subsidies
 - Course equipment
 - Eastwood back 9 renovations
 - FMCC Restaurant

OTHER OPERATING FUND BUDGETS

- Enterprise Funds
 - Solid Waste Fund
 - Revenue Sufficiency Analysis
 - Building Permits and Inspections Fund
 - Review of fee reductions – reserve levels

NEXT STEPS

Budget Workshop is scheduled for 3 days, July 29, 30 and August 2, 2021 to include:

All City fund operating budgets

5-year Capital Improvement Program

Not-to Exceed Millage rate will be determined

General Fund Long-Term Financial Model presentation

Utility revenue sufficiency analysis

Solid Waste revenue sufficiency analysis



Two Public Hearings regarding the budget are scheduled:
September 15th and September 27th, 2021

QUESTIONS & ANSWERS