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# TENTATIVE FY23-24 BUDGET BUDGET HEARING SEPTEMBER 11, 2023

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# Overview

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- Budget Challenges
- Resulting Total Budget
- Proposed Millage Rate & Comparison to Roll Back Rate
- Tax Charts
- General Fund Budget by Department
- Funding Strategy for General Fund Budget
- Total Budget by Fund
- Debt Service
- Proposed Corrections to Consider



# Budget Challenges

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- Significant Loss of Revenue
- Uncertainty of Funding for Disaster Recovery
- Inflation of 5.9% (Tampa-St. Pete area, July 2023)
- Attracting and Retaining Qualified Personnel
- Additional Personnel Needed to Support Recovery
- Desire to Maintain Millage Rate

# Major Revenue Losses

**Lost \$2,758,158,966** of taxable property value due to Hurricane Ian's destruction, resulting in a **\$1,809,084 (42.6%)** loss of revenue if **Millage Rate** remains the same.

**Compounding this loss of property tax revenue is a \$1,600,000** loss of parking revenue and other revenues due to related reduction in tourism.



# Uncertainty of Funding to Support Disaster Recovery

- Although there are efforts underway to provide Federal and State assistance to the Town (such as FEMA reimbursements, Community Disaster Loan, CDBG-DR, State appropriations, DEO Bridge Loan, Resilient Lee, etc.), the uncertainty of timing and amount of assistance makes it difficult to incorporate into the budget.
- Therefore, we have only incorporated what we have actually received: the proceeds of the Emergency Bridge Loan and the American Rescue Plan Act (ARPA) grant.



# Attracting and Retaining Personnel

- A compensation study was conducted to ensure the Town was competitive in attracting and retaining personnel.
- The outcome was a recommendation to adjust compensation for various positions totaling approximately \$70,000.
- This amount plus the employer's share of payroll taxes has been incorporated into the budget.



# Additional Personnel to Support Recovery

| Fund                      | Department            | Position                                | FTE         |
|---------------------------|-----------------------|---|-------------|
| General                   | Town Administration   | Director of Operations & Compliance     | 1.0         |
| General                   | Town Administration   | Executive Assistant to the Town Manager | 1.0         |
| General                   | Town Administration   | Social Media Intern                     | 0.3         |
| General                   | Human Resources       | Human Resource Manager                  | 1.0         |
| General                   | General               | Systems Administrator                   | 1.0         |
| General                   | General               | IT Support                              | 1.0         |
| General                   | Community Development | Community Development Director ***      | 0.5         |
| General                   | Community Development | Planning and Zoning Manager             | 1.0         |
| General                   | Community Development | Sr. Zoning & Permitting Technician      | 1.0         |
| General                   | Code Compliance       | Code Compliance Manager                 | 1.0         |
| General                   | Code Compliance       | Code Compliance Officer                 | 1.5         |
| General                   | Moorings              | Maintenance Worker I                    | 2.0         |
| General                   | Beach Management      | Environmental Project Manager           | 1.0         |
| General                   | Beach Management      | Environmental Admin (Intern)            | 1.0         |
| <b>Total General Fund</b> |                       |   | <b>14.3</b> |



# Additional Personnel to Support Recovery

## (Continued)

| Fund  | Department | Position                           | FTE         |
|---|------------|------------------------------------|-------------|
| Stormwater  | Stormwater | Stormwater Utility Tech            | 1.0         |
| <b>Total Stormwater Fund</b>                                      |            |                                    | <b>1.0</b>  |
| Building  | Building   | Community Development Director *** | 0.5         |
| Building  | Building   | Building Official                  | 1.0         |
| Building  | Building   | Building Plans Examiner            | 3.0         |
| Building  | Building   | Residential Inspector              | 3.0         |
| Building  | Building   | Permitting Technician              | 2.0         |
| Building  | Building   | Flood Plain Reviewer               | 1.0         |
| Building  | Building   | Building Services CSR              | 5.0         |
| Building  | Building   | Permitting Receptionist            | 1.0         |
| <b>Total Building Fund</b>  |            |                                    | <b>16.5</b> |
| <b>Total New Positions</b>  |            |                                    | <b>31.8</b> |
| ***Community Development Director wages are split between 2 Funds |            |                                    |             |



# Resulting Total Budget

- **\$12,132,962** General Fund Budget
- **\$52,004,919** Total Budget for All Funds



# Maintaining Millage Rate

We are proposing to keep the millage rate the same for FY24 as it was for FY23: 0.9900

# Roll Back Rate

- The Roll Back Rate of **0.8290** is the millage rate necessary to generate the same amount of tax revenue as generated the prior year using the current year's appraised value before taking into account additions (new construction) or deletions (damage caused by Hurricane Ian).



# Proposed Millage Rate Compared to Roll Back Rate

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Although the Proposed Millage Rate of **0.9900** for FY24 is the same as FY23, it represents a **19.42% increase** when compared to the Roll Back Rate of **0.8290**.

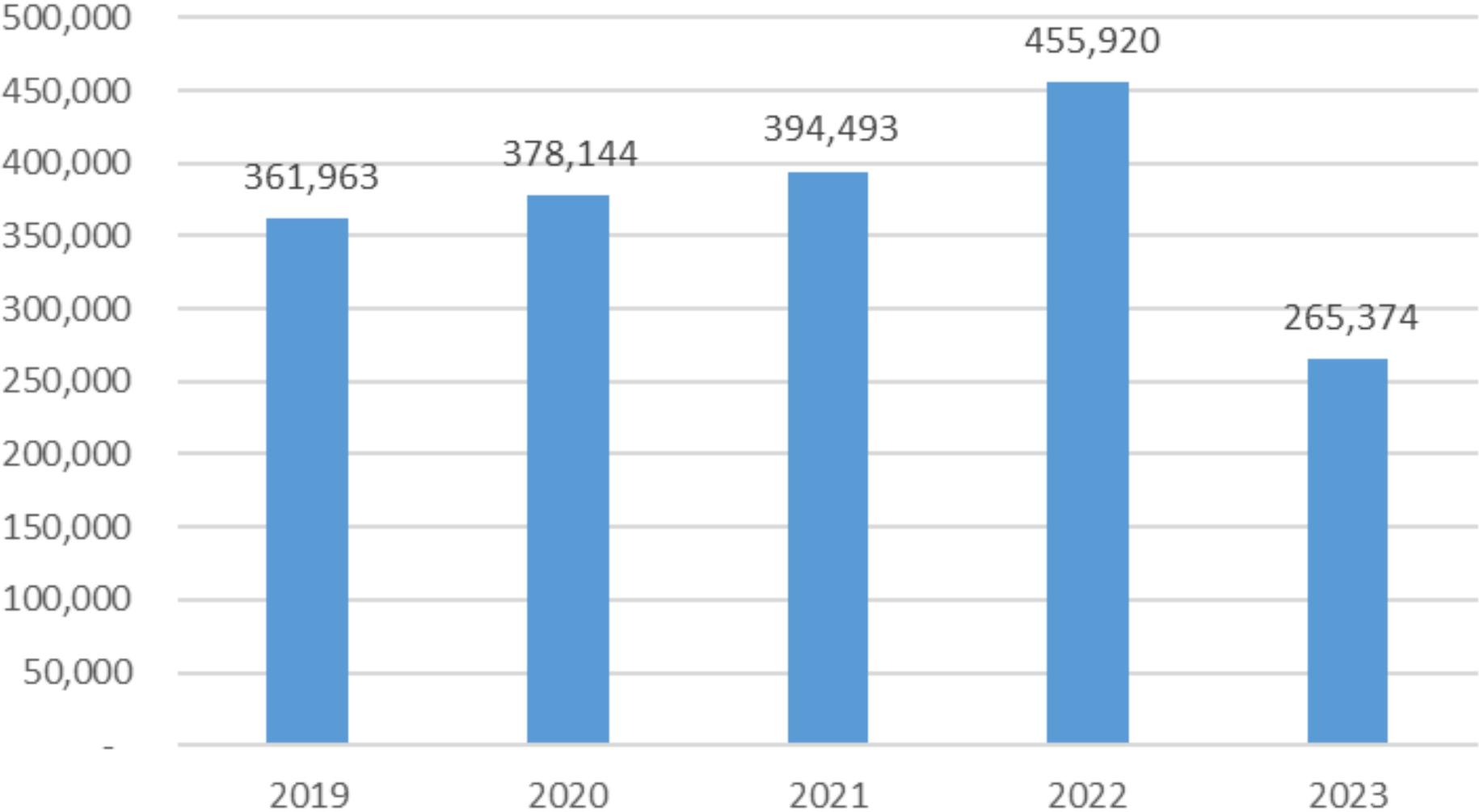


# Revenue Generated by Proposed Millage Rate

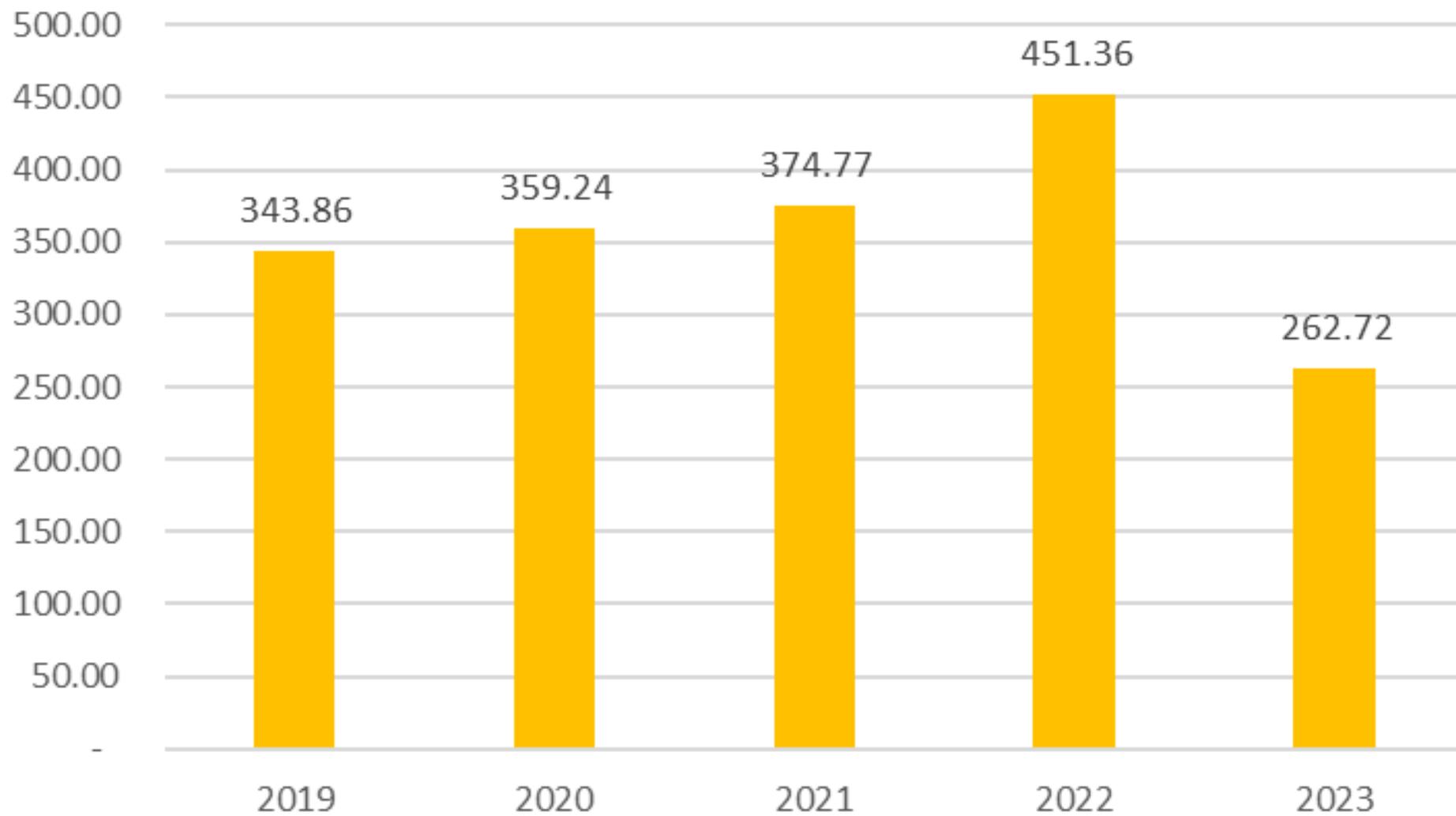
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Although the Proposed Millage Rate of **0.9900** for FY24 is the same as FY23, it represents a \$1,809,084 (42.6%) reduction in Ad Valorem Tax revenue compared to what was collected in FY23 due to the reduction in taxable value.

# Average Taxable Assessed Value 5 Year Graph

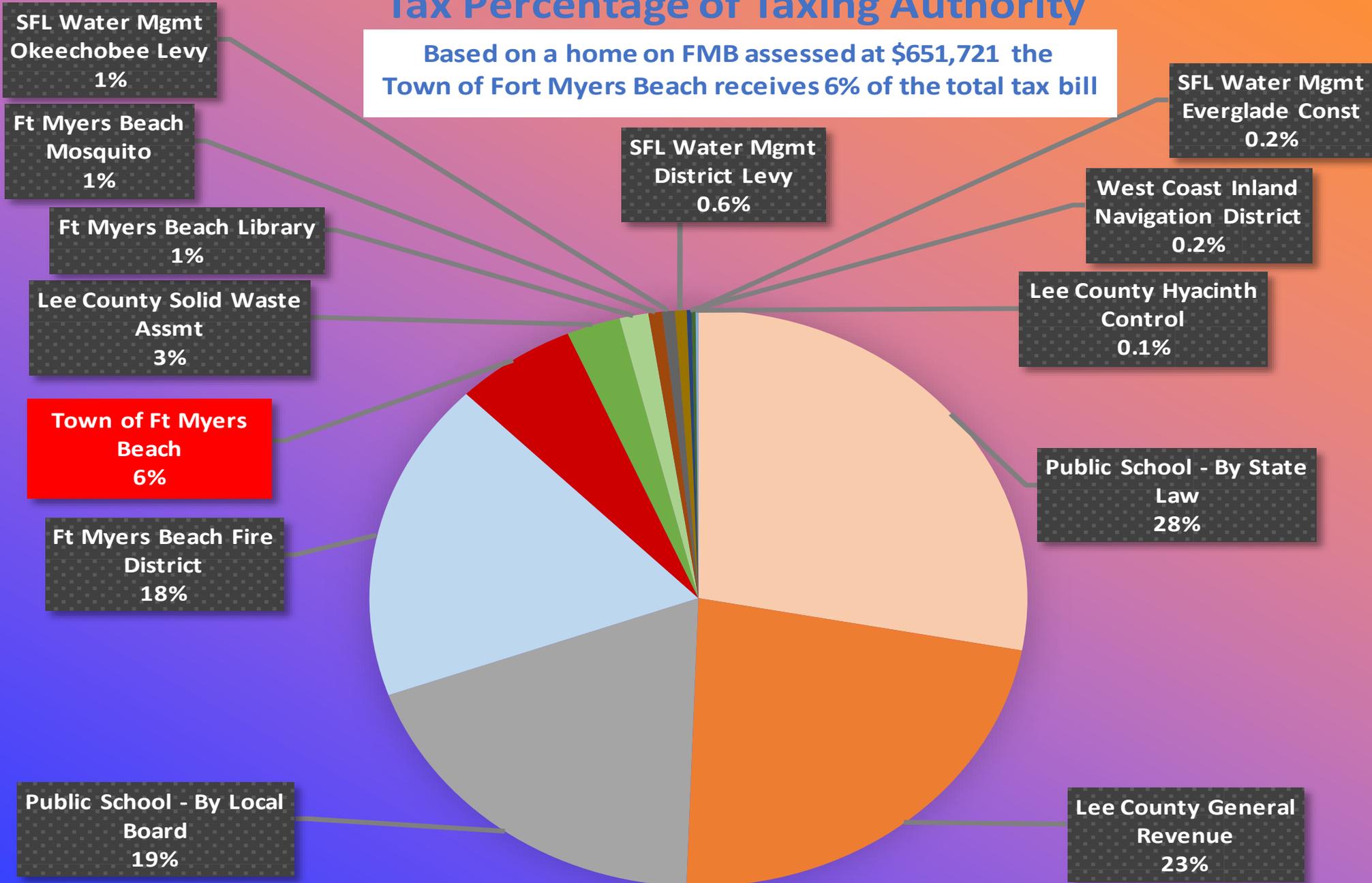


## Taxes on Average Taxable Assessed Value 5 Year Graph



# Tax Percentage of Taxing Authority

Based on a home on FMB assessed at \$651,721 the Town of Fort Myers Beach receives 6% of the total tax bill





# Net Change Between FY24 Tentative Budget and FY23 Adopted Budget

|                                 | General Fund Only  | All Funds          |
|---------------------------------|--------------------|--------------------|
| FY24 Tentative Budget           | 12,132,962         | 52,004,919         |
| FY23 Adopted Budget             | 14,288,311         | 53,094,827         |
| <b>Change from FY23 to FY24</b> | <b>(2,155,349)</b> | <b>(1,089,908)</b> |

**There is an overall budget reduction from FY23 to FY24, primarily due to there not being contribution from the General Fund to the Capital Fund.**



# General Fund Expenses by Department

|                             | FY23 Budget | FY24 Budget | Change from FY23 to FY24 |
|-----------------------------|-------------|-------------|--------------------------|
| Town Council                | 236,900     | 289,481     | 52,581                   |
| Town Administration         | 347,205     | 839,219     | 492,014                  |
| Town Clerk                  | 660,600     | 382,836     | (277,764)                |
| Human Resources             | -           | 268,876     | 268,876                  |
| Finance                     | 646,300     | 730,627     | 84,327                   |
| Short Term Rentals          | 50,150      | 49,250      | (900)                    |
| Legal                       | 250,000     | 325,000     | 75,000                   |
| General Government          | 5,690,144   | 2,314,172   | (3,375,972)              |
| Community Development       | 768,670     | 1,032,487   | 263,817                  |
| Code Enforcement            | 393,515     | 596,852     | 203,337                  |
| Town Hall Maintenance       | 95,690      | 109,090     | 13,400                   |
| Public Works Administration | 264,972     | 315,489     | 50,517                   |

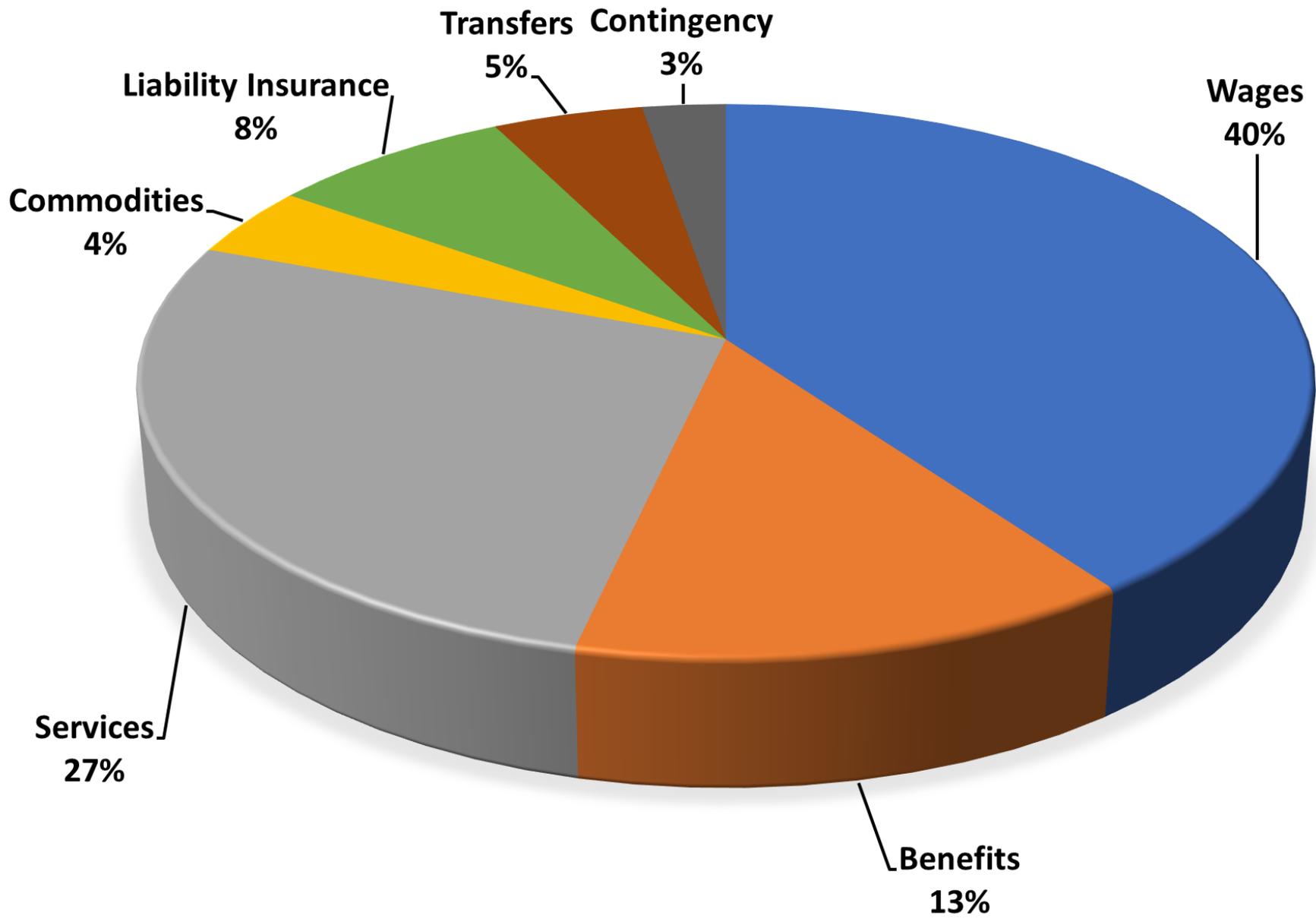


# General Fund Expenses by Department

## (Continued)

|                                | FY23 Budget       | FY24 Budget       | Change from FY23 to FY24 |
|--------------------------------|-------------------|-------------------|--------------------------|
| Public Works Maintenance       | 1,361,040         | 1,292,813         | (68,227)                 |
| Times Square                   | 45,600            | 45,600            | -                        |
| Maritime                       | 52,785            | 147,385           | 94,600                   |
| Parking Meter Operations       | 669,890           | 680,163           | 10,273                   |
| Mooring Field Operations       | 340,180           | 415,431           | 75,251                   |
| Bayside Park                   | 15,000            | 15,000            | -                        |
| Bay Oaks Recreation Center     | 1,222,550         | 882,235           | (340,315)                |
| Bay Oaks Pool                  | 444,305           | 556,309           | 112,004                  |
| Mound House                    | 690,415           | 633,441           | (56,974)                 |
| Newton Park                    | 42,400            | -                 | (42,400)                 |
| Beach Monitoring/Renourishment | -                 | 211,206           | 211,206                  |
| <b>Total Expenses</b>          | <b>14,288,311</b> | <b>12,132,962</b> | <b>(2,155,349)</b>       |

# WHERE THE GENERAL FUND MONEY GOES

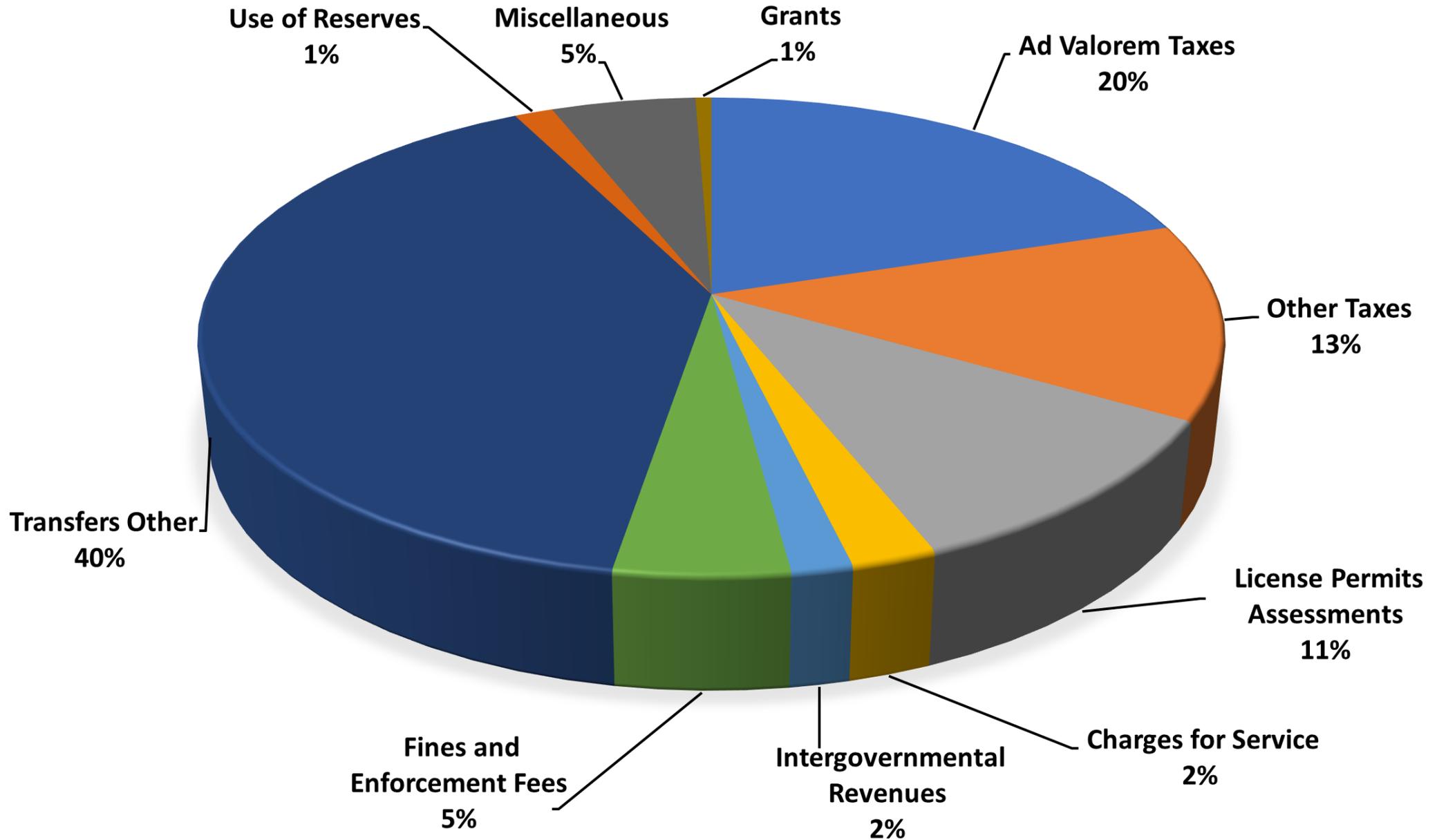




# Funding Strategy for General Fund

|   |                    |  |
|---|--------------------|--|
| FY24 Revenue Budget Excluding Transfers                 | 7,110,622          |  |
| FY23 Revenue Budget Excluding Use of Fund Balance       | 10,631,744         |  |
| <b>Reduction in "Pure Revenue" from FY23 to FY24</b>    | <b>(3,521,122)</b> |  |
| <b>FY24 Expense Budget</b>                              | <b>12,132,962</b>  |  |
| FY24 "Pure Revenue" Budget                              | 7,110,622          |  |
| Use of Bridge Loan to cover reduction in "pure revenue" | 3,521,122          |  |
| Return Transfer to Capital for Estero Blvd Lighting     | 500,000            |  |
| Use of Accumulated Benecon Refunds for Termination      | 175,000            |  |
| Use of ARPA Funds                                       | 826,218            |  |
| <b>Total Funding for FY24 Revenue Budget</b>            | <b>12,132,962</b>  |  |

# WHERE THE GENERAL FUND MONEY COMES FROM

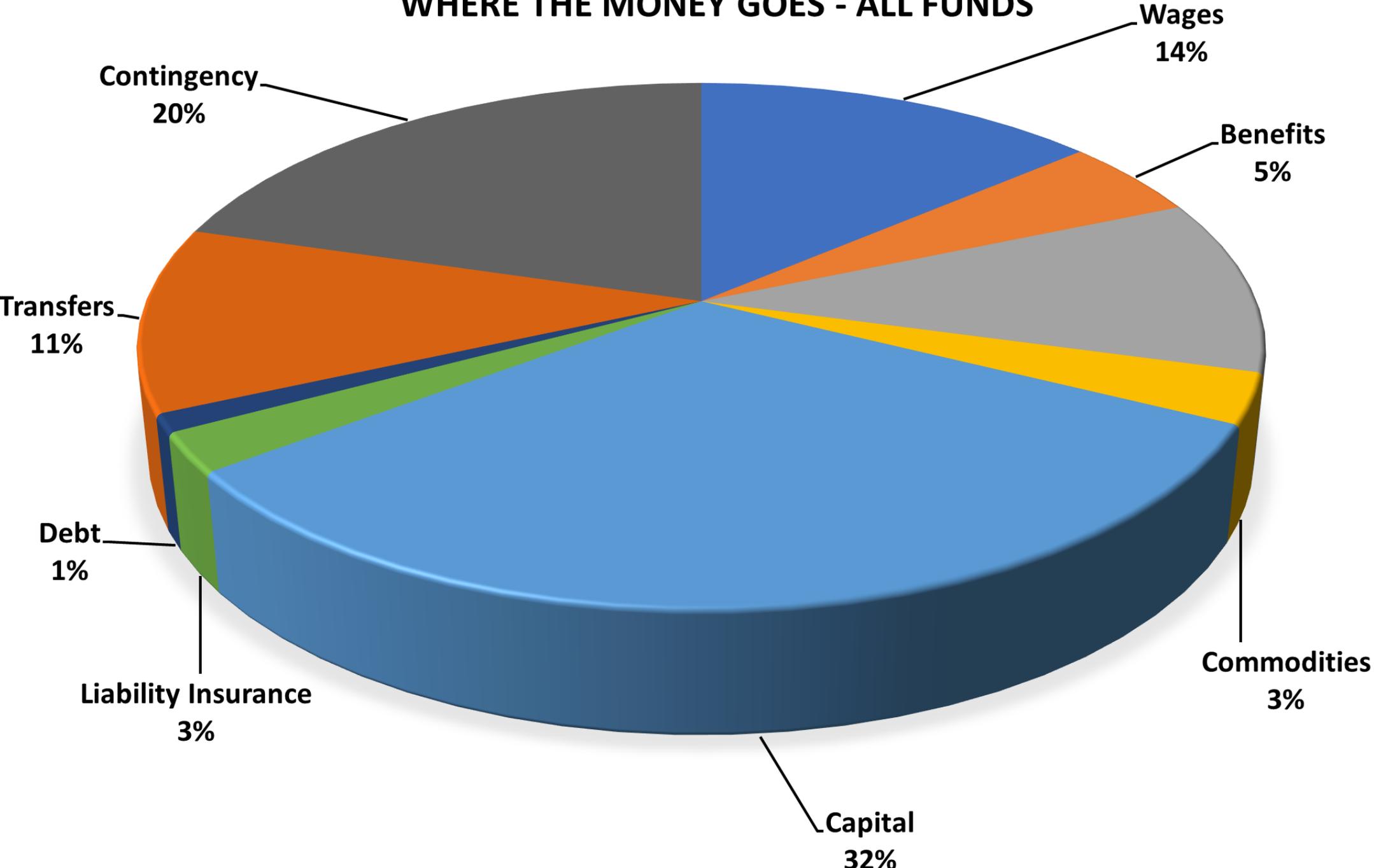




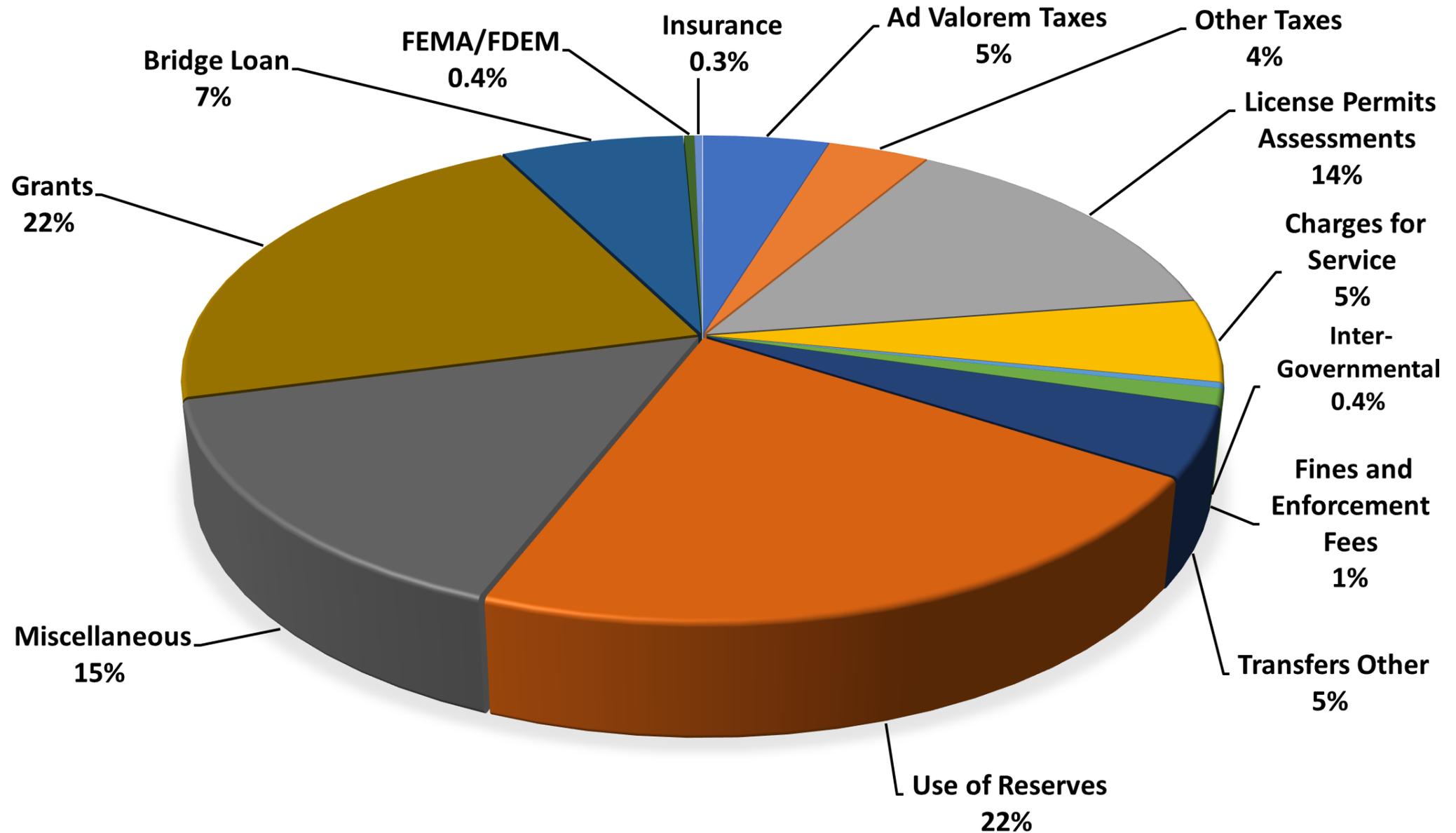
# Expense Budgets of All Funds

|                                | FY23 Budget       | FY24 Budget       | Change from FY23 to FY24 |
|--------------------------------|-------------------|-------------------|--------------------------|
| General                        | 14,288,311        | 12,132,962        | (2,155,349)              |
| Road Impact                    | 1,439,645         | 1,298,777         | (140,868)                |
| Parks Impact                   | 242,431           | 253,962           | 11,531                   |
| Emergency                      | -                 | 674,400           | 674,400                  |
| Gas Tax                        | 1,006,987         | 330,000           | (676,987)                |
| Storm Water                    | 4,547,552         | 12,100,000        | 7,552,448                |
| Beach Access                   | 1,408,825         | 1,215,133         | (193,692)                |
| Building                       | 1,102,205         | 3,528,833         | 2,426,628                |
| General Debt Service Fund      | 581,380           | 581,380           | -                        |
| DEO Bridge Loan                | -                 | 3,521,122         | 3,521,122                |
| Capital Fund                   | 6,524,405         | 2,651,115         | (3,873,290)              |
| Community Enhancement Projects | 8,800,000         | 7,130,396         | (1,669,604)              |
| Water Utility                  | 9,600,030         | 3,033,283         | (6,566,747)              |
| American Rescue Plan Act       | 3,553,056         | 3,553,556         | 500                      |
| <b>Total Expenses</b>          | <b>53,094,827</b> | <b>52,004,919</b> | <b>(1,089,908)</b>       |

# WHERE THE MONEY GOES - ALL FUNDS



# WHERE THE MONEY COMES FROM - ALL FUNDS





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# DEBT SERVICE



# \$10 MM Capital Improvement Note

|   |                            |  |
|---|----------------------------|--|
| Purpose: Bay Oaks, Times Square and Bayside Park Improvements     |                            |  |
| Pledged Revenues: Public Service Tax & Communications Service Tax |                            |  |
| Origination Date  | 11/18/2020                 |  |
| Maturity Date   | 11/1/2040                  |  |
| Maximum Available   | 10,000,000                 |  |
| Total Drawn as of 9/30/23   | (3,293,757)                |  |
| Balance Available after 9/30/23                                   | 6,706,243                  |  |
| Last Draw Per Original Loan Agreement                             | 11/18/2023                 |  |
| Last Draw Per Agreement Being Renegotiated                        | 5/18/2024                  |  |
| Interest Only through 12/1/2023                                   |                            |  |
| Fixed Monthly Payments Begin after 12/1/2023                      | 48,446                     |  |
| Annual Debt Service (included in budget)                          | 581,348                    |  |
| Interest Rate from 11/18/2020 to 11/01/2030                       | 3.15%                      |  |
| Interest Rate from 11/02/2030 to 11/01/2040                       | 10 Yr Treasury + 255 basis |  |



# DEO Bridge Loan

|   |             |
|---|-------------|
| Purpose: Operating Expenditures   |             |
| Pledged Revenues: Non-Ad Valorem, Unrestricted Revenue after Funding Essential Operating Expenses |             |
| Date Loan Proceeds Received   | 6/30/2023   |
| Maturity Date   | 6/30/2024   |
| <b><i>Intend to Request Allowable Extension Per Loan Agreement</i></b>                            |             |
| Maximum Available   | 11,900,000  |
| Total Projected to be Used as of 6/30/2024  | (3,471,122) |
| Balance Available to Repay as of 6/30/2024  | 8,428,878   |
| Interest Rate Beginning 7/1/2024  | 10.00%      |
| Annual Interest on Principal Balance  | 347,112     |
| Potential Interest Due in FY24 (7/1/24-9/30/24)   | 86,778      |



# Florida State Revolving Fund

| Loan Type         | Drinking Water | Drinking Water | Storm Water | Storm Water  | Total               |
|-------------------|----------------|----------------|-------------|--------------|---------------------|
| Loan Number       | DW360800       | DW360801       | SW360830    | SW360860     |                     |
| Interest Rate     | 0.92%-1.24%    | 0.98%          | 0.77%-0.98% | 0%           |                     |
| Current Balance   | \$15,835,940   | \$20,329,458   | \$9,440,576 | \$16,204,800 | <b>\$61,810,775</b> |
| Projected Balance | \$15,835,940   | \$20,826,147   | \$9,440,576 | \$16,528,896 | <b>\$62,631,560</b> |
| Annual Payment    | \$876,796      | \$1,149,228    | \$518,162   | \$826,444    | <b>\$3,370,630</b>  |
| Semi-Annual       | \$438,398      | \$574,614      | \$259,081   | \$413,222    | \$1,685,315         |
| First Payment     | 5/15/2019      | 4/15/2025      | 4/15/2021   | 4/15/2025    |                     |
| Last Payment      | 11/15/2038     | 10/15/2044     | 10/15/2040  | 10/15/2044   |                     |

***Payments Suspended in FY23 & FY24 in consideration of Hurricane Ian; Resume FY25***



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# PROPOSED CORRECTIONS TO TENTATIVE FY24 BUDGET



# Exhibit B: Proposed Corrections to Tentative Budget

| Fund                | Rev/Exp        | Description                         | Current          | Revised          | Change           |
|---------------------|----------------|-------------------------------------|------------------|------------------|------------------|
| General Fund        | Revenue        | State Communications Services       | 330,000          | 475,000          | 145,000          |
| General Fund        | Revenue        | State Revenue Sharing               | 200,000          | 220,000          | 20,000           |
| General Fund        | Revenue        | Half Cent Sales Tax                 | 700,000          | 585,000          | (115,000)        |
| <b>General Fund</b> | <b>Revenue</b> | <b>Transfer in from Bridge Loan</b> | <b>3,521,122</b> | <b>3,471,122</b> | <b>(50,000)</b>  |
|                     |                |                                     |                  |                  |                  |
| General Fund        | Expense        | Debt Service Payment                | 580,000          | 581,380          | 1,380            |
| General Fund        | Expense        | Short Term Rental Software          | 35,000           | 39,000           | 4,000            |
| <b>General Fund</b> | <b>Revenue</b> | <b>Transfer in from ARPA</b>        | <b>826,218</b>   | <b>831,598</b>   | <b>5,380</b>     |
|                     |                |                                     |                  |                  |                  |
| <b>Bridge Loan</b>  | <b>Expense</b> | <b>Transfer out to General Fund</b> | <b>3,521,122</b> | <b>3,471,122</b> | <b>(50,000)</b>  |
| Bridge Loan         | Revenue        | Use of Bridge Loan                  | 3,521,122        | 3,471,122        | (50,000)         |
|                     |                |                                     |                  |                  |                  |
| <b>ARPA</b>         | <b>Expense</b> | <b>Transfer out to General Fund</b> | <b>826,218</b>   | <b>831,598</b>   | <b>5,380</b>     |
| ARPA                | Revenue        | Balance Remaining to Spend          | 2,234,399        | 2,229,019        | (5,380)          |
|                     |                |                                     |                  |                  |                  |
| <b>\$10 MM Loan</b> | <b>Revenue</b> | <b>Available to Draw Down</b>       | <b>7,130,396</b> | <b>6,706,243</b> | <b>(424,153)</b> |
| \$10 MM Loan        | Expense        | Potential Project Funding           | 7,130,396        | 6,706,243        | (424,153)        |



# Consider Amending Resolution to Incorporate Proposed Corrections.

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Please Amend Resolution #23-105 FY24 Tentative Budget, “Now Therefore ... Section 2: The Town Council does hereby adopt the tentative annual budget for fiscal year 2023-2024, attached hereto and incorporated herein as Exhibit A, **and as amended by Exhibit B**”.



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QUESTIONS?