

City of Punta Gorda

LONG RANGE FINANCIAL PLAN

Fiscal Years 2019-2023



In January 2008, the City published its first Business Plan which incorporated economic and financial strategies and key performance measures into a single document. In order to augment the financial strategy component of the Plan, a long-range financial plan was developed in January 2009 to assist management in the planning and allocation of resources to achieve City Council's goal of maintaining fiscally responsible decision making within all sectors of the organization. The Plan provided the organization with an opportunity to change or influence current policies and practices before they created critical fiscal strains on the budgetary fabric.

The Fiscal Years 2019-2023 Long Range Financial Plan presents multi-year fiscal forecasts for the City's major fund groups as well as a comparison of the City's financial management policies in relation to national standards. In addition, the Plan identifies costs of service for each operating division. This will allow for review of the priority of valued services and whether to continue budgeting for in the future. The Plan is shown in the following format:

Section 1: Major Fund Five-Year Fiscal Forecasts

Section 2: Financial Management Policies & National Standards

Section 3: Costs of Services

Section 4: Budget Issues

Section 1: Major Fund Five-Year Fiscal Forecasts

Core Level of Service Comparative Analysis

In order to set the stage for review of the City’s major fund five-year fiscal forecasts, staff undertook an analysis how Punta Gorda compares with surrounding jurisdictions in delivering core services in January 2018. The charts below provide a benchmarking analysis of costs to deliver core level of services for eight Southwest Florida municipalities. Services compared include those paid for by property taxes, fees/assessments (sanitation, fire, roads/drainage/stormwater, debt service) and average water/sewer bill.

The fact that the order may be different is due to service costs being based on flat rate or taxable assessed value which may change the total. Punta Gorda remains competitive with surrounding Southwest Florida municipalities for delivery of its core services.

Basic Tax Fee Comparison Single Family Residential

based on taxable value of \$100,000

	Bonita Springs	Naples	Punta Gorda	Venice	Sarasota	North Port	Cape Coral	Fort Myers
Property Taxes	\$ 81.73	\$ 115.00	\$ 319.69	\$ 360.00	\$ 317.28	\$ 340.70	\$ 675.00	\$ 865.00
Water & Sewer	\$ 92.95	\$ 64.21	\$ 76.94	\$ 144.77	\$ 115.66	\$ 125.72	\$ 130.27	\$ 162.90
Sanitation	\$ 179.08	\$ 255.25	\$ 259.20	\$ 202.08	\$ 259.92	\$ 249.00	\$ 119.19	\$ 228.96
Fire Service	\$ 233.00	\$ -	\$ -	\$ -	\$ 174.30	\$ 189.77	\$ 162.80	\$ 77.91
Roads/Drainage/Stormwater	\$ -	\$ 160.20	\$ -	\$ -	\$ 26.90	\$ 165.00	\$ 111.00	\$ 218.88
Debt Service	\$ -	\$ -	\$ -	\$ 67.80	\$ 27.45	\$ -	\$ -	\$ -
TOTAL	\$ 586.76	\$ 594.66	\$ 655.83	\$ 774.65	\$ 921.51	\$ 1,070.19	\$ 1,198.26	\$ 1,553.65

based on taxable value of \$250,000

	Naples	Bonita Springs	Punta Gorda	Sarasota	Venice	North Port	Cape Coral	Fort Myers
Property Taxes	\$ 287.50	\$ 204.33	\$ 799.22	\$ 793.20	\$ 900.00	\$ 851.75	\$ 1,687.50	\$ 2,162.50
Water & Sewer	\$ 64.21	\$ 92.95	\$ 76.94	\$ 115.66	\$ 144.77	\$ 125.72	\$ 130.27	\$ 162.90
Sanitation (Solid Waste)	\$ 255.25	\$ 179.08	\$ 259.20	\$ 259.92	\$ 202.08	\$ 249.00	\$ 190.19	\$ 228.96
Fire Service	\$ -	\$ 582.50	\$ -	\$ 174.30	\$ -	\$ 189.77	\$ 220.70	\$ 77.91
Roads/Drainage/Stormwater	\$ 160.20	\$ -	\$ -	\$ 26.90	\$ -	\$ 165.00	\$ 111.00	\$ 218.88
Debt Service	\$ -	\$ -	\$ -	\$ 27.45	\$ 169.50	\$ -	\$ -	\$ -
TOTAL	\$ 767.16	\$ 1,058.86	\$ 1,135.36	\$ 1,397.43	\$ 1,416.35	\$ 1,581.24	\$ 2,339.66	\$ 2,851.15

General Fund

Based on an improving economy, with modest anticipated increases of 6% in taxable property valuations and 2% to 3% increases in shared state revenues and other general fund revenues, the FY 2019 budget five year fiscal forecast projects deficits in the range of \$.5 million to \$.2 million per year from FY 2020 through FY 2023.

The general fund financial plan includes a five year look forward and then focuses on a two-year decision plan, based on the current assumptions. As a result the financial plan has been developed to eliminate any estimated gap in FY 2019 and FY 2020 and to initiate planning for future years' budgets. As a result of the continued budget reduction measures, previously projected shortfalls, which were as high as \$3.4 million, have been significantly reduced.

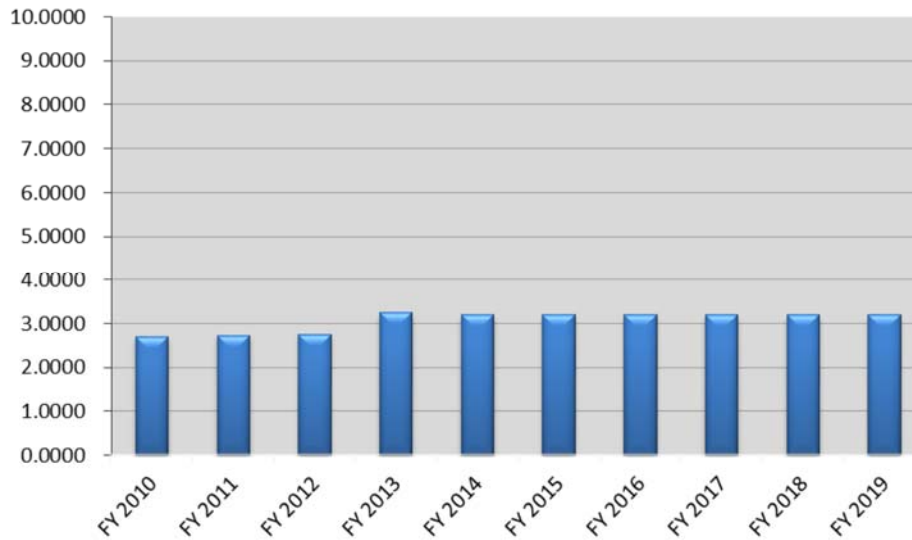
General Fund Proforma Schedule of Revenues and Expenditures FY 2019 through FY 2023

	Budget FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Change in Taxable Value of Property	7.5%	6%	6%	6%	6%
Revenues:					
Ad Valorem Tax	\$9,527,820	\$10,099,490	\$10,705,460	\$11,347,787	\$12,028,654
Other Revenue	11,568,848	11,532,475	11,694,935	11,859,263	12,026,361
Use of Capital Outlay Reserve		433,000		109,000	
Use of Prior Year's Reserve	459,530	512,270			
Total Revenues	21,556,198	22,577,235	22,400,395	23,316,050	24,055,015
Expenditures:					
Personnel Expenditures	14,382,868	14,873,190	15,425,272	16,001,893	16,604,334
Operating Expenditures	4,567,996	4,765,010	4,852,833	4,964,062	5,109,976
Capital Outlay	863,800	1,173,000	740,000	849,000	740,000
Transfers for Tax Increment Financing	612,534	637,035	662,515	689,015	716,580
Transfers for Capital Projects	155,000	155,000	155,000	155,000	155,000
Transfers for Roads	459,000	459,000	459,000	459,000	459,000
Transfers for Drainage	500,000	500,000	500,000	500,000	500,000
Contingency	15,000	15,000	15,000	15,000	15,000
Total General Expenditures	21,556,198	22,577,235	22,809,620	23,632,970	24,299,890
Expenditures in Excess of Revenue	\$0	\$0	(\$409,225)	(\$316,920)	(\$244,875)
Minimum Reserve (8.0% to 10.0%)	\$1,725,000	\$1,883,000	\$2,053,000	\$2,235,000	\$2,430,000

Millage and Taxable Assessed Value

The FY 2019 millage rate of 3.1969 mills, maintained since FY 2014, is 5.3% over the rolled back rate of 3.0360. The calculated rolled back rate results in the same property tax revenues, sans new construction, as the previous year. Included in the millage rate is \$459,000 earmarked for the road resurfacing program and \$500,000 for the city-wide drainage improvement program.

**Property Tax Millage Rates
Fiscal Years 2010 - 2019**



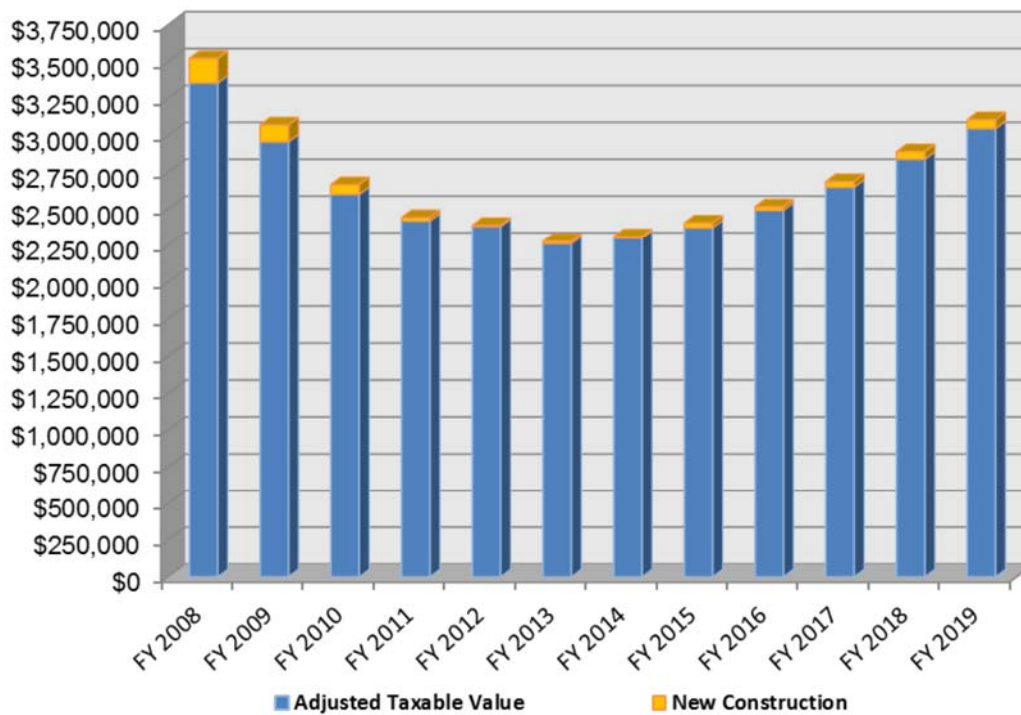
*A mill is equal to one dollar of tax for each \$1,000 of taxable value.
Florida Statutes caps the millage rate at 10 mills.*

History of Taxable Property Values

Fiscal Year	Final Gross Taxable Value*	\$ Change from Previous Year	% Change from Previous Year	New Construction	% of Previous Year Gross Taxable Value
2008	\$3,496,182,626	- \$19,378,360	-0.6%	\$168,546,000	4.8%
2009	\$3,062,265,808	- \$433,916,818	-12.4%	\$115,280,000	3.3%
2010	\$2,646,132,752	- \$416,133,056	-13.6%	\$65,914,000	2.2%
2011	\$2,447,711,910	- \$198,420,842	-7.5%	\$24,317,000	0.9%
2012	\$2,367,768,124	- \$79,943,786	-3.3%	\$7,854,000	0.3%
2013	\$2,270,096,296	- \$97,671,828	-4.1%	\$16,856,000	0.7%
2014	\$2,308,224,076	\$38,127,780	1.7%	\$9,890,893	0.4%
2015	\$2,398,248,062	\$90,023,986	3.9%	\$32,800,312	1.4%
2016	\$2,513,363,249	\$115,115,187	4.8%	\$23,895,443	1.0%
2017	\$2,685,303,159	\$171,939,910	6.8%	\$38,357,930	1.5%
2018	\$2,887,855,644	\$202,552,485	7.5%	\$50,549,762	1.9%
2019	\$3,104,695,310	\$216,839,666	7.5%	\$60,086,894	2.1%

*Includes New Construction

Gross Taxable Value (in thousands)



The Charlotte County Appraiser's July 1st certification shows a 5.4% overall increase for properties on the books from the prior year, and an additional 2.1% provided by new construction, annexations and changes in exemption for calendar year 2017. This is the sixth straight year that property values increased in the City after 6 consecutive years of declining values (35% decrease from FY 2007 to FY 2013). The net effect of property value changes over the past twelve years is a cumulative 11.7% decrease in taxable values. In previous years, the protection of Save Our Homes resulted in a majority of homestead property taxable values being below just values. Due to increasing property values, the number of homestead properties at parity (market or just value equaling assessed value) decreased from 3,763 parcels in FY 2013 to 480 in FY 2019.

Fund Balance

In January 2016, upon review of Long Range Financial Plan, City Council approved updates to the comprehensive set of financial management policies. The following specifically address fund balance or reserve objectives.

- An adequate level of unrestricted fund balance will be maintained so credit rating agencies will recognize the City is in sound financial condition when they evaluate the City's credit worthiness.
- The City will strive to follow the GFOA recommendation for a minimum level of unrestricted fund balance for the General Fund. The GFOA states the unrestricted fund balance for the General Fund should be a minimum of 2 months of operating expenditures, or 16.67%.
- For the General Fund and all other operating funds, except the Utilities Fund, the City will establish an unassigned fund balance minimum of 8.0% of total fund expenditures. (Note: It is intended that this percentage increase each year and eventually attain the GFOA best practice standard.)

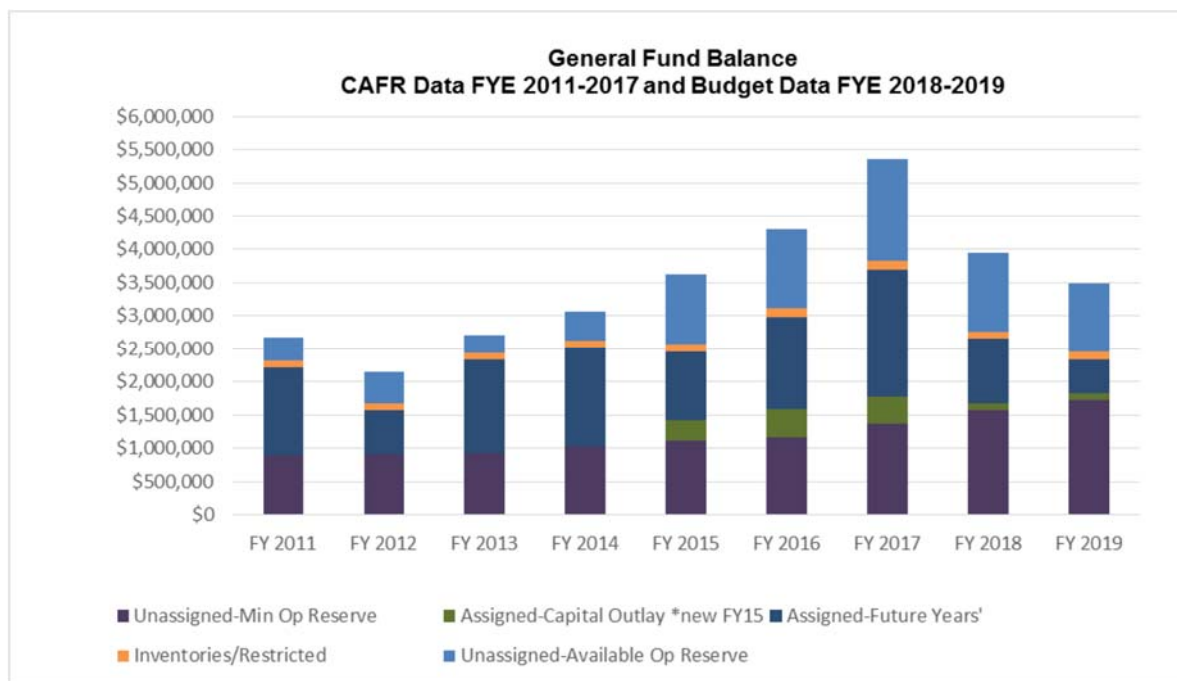
- The City should have a prudent level of unrestricted fund balance to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unexpected one time expenditures.
- The City should maintain an adequate level of unrestricted fund balance as working capital to support operations until sufficient current revenues (taxes) are received.
- The City will provide a Capital Outlay Reserve based on the 5 year capital outlay program needs, and will fund the average annualized 5 year need, in order to provide a stabilized funding plan.

Beginning in FY 2007, the City earmarked a portion of reserves over the minimum policy to assist in paying for ongoing levels of service until such time as the economy fully rebounds. FY 2019 continues this practice.

**Analysis of General Fund Balance
as a Percentage of General Fund Expenditures
at Fiscal Year End**

Fund Balance Category	FY 2016	% of	FY 2017		Projected		Proposed	
	Amount	Exp.	Amount	% of Exp.	FY 2018	% of Exp.	FY 2019	% of Exp.
Inventories/Restricted	\$ 129,763	0.8%	\$ 136,582	0.8%	\$ 106,000	0.5%	\$ 106,000	0.5%
Assigned-Future Years' Use of Op. Reserve	1,391,189	7.7%	1,908,690	9.9%	971,800	4.6%	512,270	2.4%
Assigned-Capital Outlay Reserve	420,000	2.3%	409,505	2.1%	104,000	0.5%	104,000	0.5%
Unassigned-Minimum Op. Reserve (Orig)	1,171,000	6.5%	1,372,000	7.2%	1,575,000	7.5%	1,725,000	8.0%
Unassigned-Available Op. Reserve	1,194,335	6.6%	1,524,556	7.9%	1,194,591	5.7%	1,044,591	4.8%
Total Fund Balance	\$ 4,306,287	23.9%	\$ 5,351,333	27.9%	\$ 3,951,391	18.8%	\$ 3,491,861	16.2%
General Fund Orig Budgeted Expenditures	\$ 18,003,350		\$ 19,185,943		\$ 20,989,827		\$ 21,556,198	

The following graph presents the general fund balance trend information. The minimum operating reserve is regulated by the City's financial policy. For fiscal year 2019 it is set at 8.0% of the total expenditure appropriations for the general fund, which calculates to \$1,725,000. It is the City Council's policy to continue to take steps each year to increase the minimum reserve. The base block of reserves has grown steadily each year. If the economy continues to be positive, the proforma indicates that at end of FY 2023, the minimum reserve will be at 10.0%.



The Governmental Finance Officers Association of the U.S. and Canada has a best practice recommendation of a reserve of two months operating expenditures. The graph below shows the best practice level as a line that was reached in FY 2017, but is not yet being sustained.



The second block of the reserves was new in FY 2015. It is a funding mechanism for capital outlay that provides a smoothed amount to be funded annually, based on the 5 year capital outlay plan. The current annual smoothed level of general revenue funding for capital outlay is \$740,000. Those amounts unused will be carried in the reserve until the year scheduled for use. In the FY 2018 reserve, the amount of \$104,000 is reserved and will be reserved until FY 2020 to fund a larger capital outlay, without a spike in the operating budget. The third block of the reserves is the amount identified as needed to balance the subsequent year’s budget in the proforma. In this case, FY 2020 as currently projected, would need an additional \$512,270 from reserves to be balanced. It is decreasing from the level needed in FY 2018 due to increases in service levels less than the increase in revenues. The City has added (3) school resource officers to be largely funded by the school district. The City has continued the annual \$500,000 city-wide drainage program and \$199,000 continued funding of the strategic communications program. While the latter is expected to improve the City’s revenue base, it is not yet reflected in the five year proforma. The fourth block is the small amount of funds identified in the comprehensive annual financial report as inventories. The final and fifth block is the remaining amount of reserves that are available for use. The City has not appropriated them for expenditures, and as such, are considered as part of the current operating reserve for purposes of stabilizing the general fund. In future years, as the policy allows the minimum reserve to increase these funds will be shifted from the available reserve to the minimum required reserve.

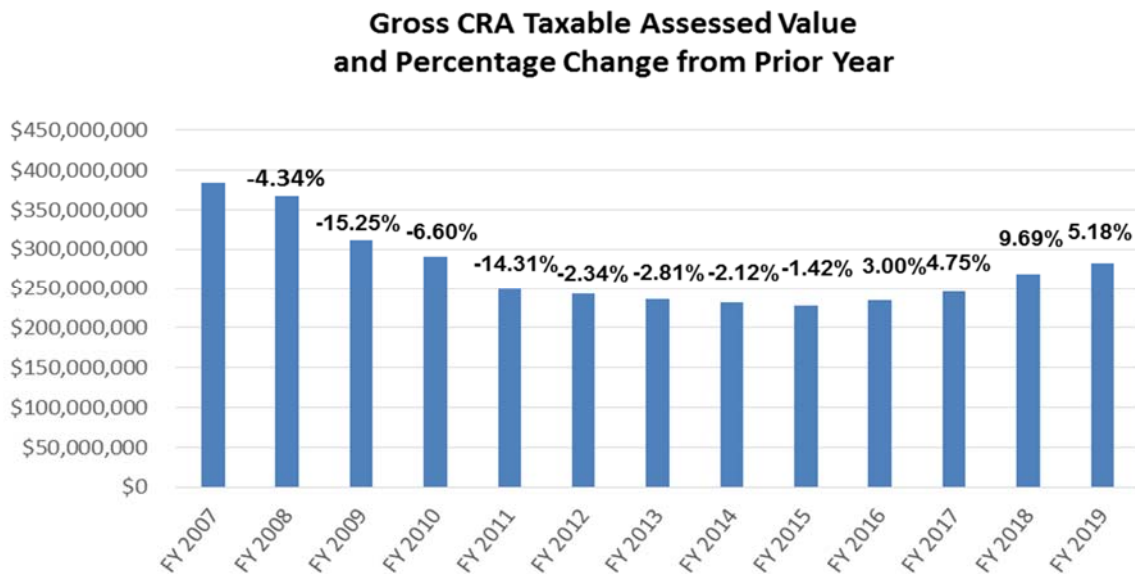
Community Redevelopment Agency

City Council created the Community Redevelopment Agency (CRA) in 1989 as a mechanism to carry out the goals and objectives of the Downtown Redevelopment Plan and Eastside & Downtown Planning Study. Projects constructed within the CRA were funded by property owners within the CRA from tax value increments generated over the 1989 base year. The CRA focused redevelopment efforts on projects which assisted in rebuilding our public spaces. These efforts concentrated on several expansive projects which stressed the importance of maintaining our public waterfront, alleviate parking issues and helped to re-establish the critical mass of structures and economic activity within the downtown area and adjacent neighborhoods. Over 60% of the CRA tax base is commercial and professional uses.

The CRA has experienced dramatic fluctuations in taxable assessed value and related City/County tax increment finance (TIF) contributions over the past ten years. The tables shown here provide history of taxable value and revenue generated from TIF since FY 2007.

Fiscal Year	Gross CRA Taxable Assessed Value	City TIF Contribution	County TIF Contribution	Total TIF Contribution
FY 2007	\$383,774,587	\$627,124	\$1,394,380	\$2,021,504
FY 2008	\$367,113,862	\$591,466	\$1,236,559	\$1,828,025
FY 2009	\$311,130,098	\$562,664	\$1,250,570	\$1,813,234
FY 2010	\$290,592,852	\$538,621	\$1,139,173	\$1,677,794
FY 2011	\$249,005,996	\$436,047	\$974,342	\$1,410,389
FY 2012	\$243,188,559	\$424,246	\$970,103	\$1,394,349
FY 2013	\$236,361,169	\$480,644	\$929,373	\$1,410,017
FY 2014	\$231,340,961	\$458,101	\$902,447	\$1,360,548
FY 2015	\$228,049,842	\$448,578	\$884,092	\$1,332,670
FY 2016	\$234,899,693	\$470,728	\$927,748	\$1,398,476
FY 2017	\$246,050,943	\$502,566	\$988,358	\$1,490,924
FY 2018	\$268,367,069	\$570,342	\$1,124,073	\$1,694,415
FY 2019	\$282,259,416	\$612,534	\$1,207,228	\$1,819,762

The graph depicts the historical trend of assessed values since the height prior to the recent economic recession and current recovery.



In July 2012, the CRA Board and City Council, in partnership with Charlotte County, recognized that declining taxable values could not support the repayment schedule of existing debt. In doing so, the three governing bodies approved the extension of the life of the CRA until December 31, 2030. Subsequently, the City completed refinancing CRA debt to better match income flow and to eliminate projected deficits. Due to the passed Tax Cuts and Jobs Act, the corporate tax rate was reduced to 21% from a maximum rate of 35% as if January 1, 2018. This change increased the City’s interest cost over the remaining life of the loan by \$454,000 and has been updated in the proforma. The proforma continues to anticipate conservative assessed property value increases of 3%-0% in FY 2020 through FY 2023. The resulting

estimated debt service reserve grows from \$969,000 at end of FY 2019 to \$2,236,000 at end of FY 2023, providing a buffer for economic downturns thereby ensuring that annual debt service can be met.

The proforma for the district has been divided into three divisions to better identify the funding sources for the three responsibilities of the district: 1) retirement of the CRA debt through the County and City TIF; 2) operations of Herald Court Centre (HCC); and 3) maintenance of the infrastructure contributed by the district, such as the marina, interactive fountain, restrooms and pavilions adjacent to the marina, mooring field, HCC parking structure and numerous gateway enhancements, intersection treatments, pocket parks and Martin Luther King Boulevard. As the infrastructure ages, the need for repair and maintenance will increase. Projected expenditures for FY 2019 reflect this trend with a budget of \$195,000. The proforma below includes an annual placeholder of \$145,000 for maintenance and repairs for FY 2020 through FY 2023. If funds are not needed in the current fiscal year, they will carryover to the next fiscal year, thereby ensuring funds are available to properly maintain the infrastructure. The reserve for other operations in this category shows a balance of \$385,000 at end of FY 2019 and decreasing to \$288,000 at end of FY 2023.

The Herald Court lease revenue for FY 2019 includes the current tenants as well as a projection to fill 2,849 sq. ft. of currently vacant space as of January 1, 2019. Based on these projections, the reserve for the Herald Court Centre shows a balance at end of \$222,000 in FY 2019 and growing to \$537,000 at end of FY 2023. This reserve has two segments, the first is those funds received through the common area maintenance (CAM) fee and prepaid taxes from tenants that must be reserved for such use, and the second is available to cover shortfalls in lease revenue for purposes of ongoing operations and maintenance.

**Community Redevelopment Agency Fund
Proforma Schedule of Revenues and Expenditures
FY 2019 through FY 2023**

	Proposed FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Debt Service Division					
Assessed Property Valuation change	5.2%	3%	3%	0%	0%
Tax Increment Financing (TIF) Revenue	\$1,819,762	\$1,874,355	\$1,930,585	\$1,930,585	\$1,930,585
CRA Lease Payments (Debt Service)	1,496,924	1,538,772	1,578,405	1,620,749	1,660,731
Revenues in Excess of Debt Svc	322,838	335,583	352,180	309,836	269,854
Reserve - TIF for Debt Svc (Beg)	646,052	968,890	1,304,473	1,656,653	1,966,489
Reserve - TIF for Debt Svc (End)	\$968,890	\$1,304,473	\$1,656,653	\$1,966,489	\$2,236,343
Herald Court Operations Division					
Herald Court Revenues	\$259,224	\$276,901	\$282,159	\$285,613	\$288,793
Herald Court Operating Expenditures	185,990	194,060	202,390	208,011	214,252
Revenues in Excess of Herald Ct Operations	73,234	82,841	79,769	77,602	74,541
Reserve - Herald Ct (Beg)	149,155	222,389	305,230	384,999	462,601
Reserve - Herald Ct (End)	\$222,389	\$305,230	\$384,999	\$462,601	\$537,142
CRA Operations Division					
Other CRA Revenues	\$127,594	\$128,456	\$129,327	\$130,207	\$131,095
Other CRA Operating Expenditures	204,000	154,000	154,000	154,000	154,000
Revenues in Excess (Shortfall) of Other Operations	(76,406)	(25,544)	(24,673)	(23,793)	(22,905)
Reserve - Other Operations (Beg)	461,413	385,007	359,463	334,790	310,997
Reserve - Other Operations (End)	\$385,007	\$359,463	\$334,790	\$310,997	\$288,092

Utilities

The current five-year financial forecast is based on 2-day per week watering; average rainfall; and new financing based on the FY 2019-2023 capital improvement plan. The City Council adopted a financial policy in March 2014 to fund \$1,120,000 with current revenues those expenses for recurring line and lift station repairs and replacements. The current proforma continues to suspend the recommended 4% water & sewer rate increase that was planned for FY 2018 based on the 2015 Rate Sufficiency Study by Burton & Associates with a 50% grant for the RO plant. Based on the current proforma, the projected revenues and reserves as shown are sufficient to fund the FY 2019-2023 capital improvements plan. Both the Utilities Advisory Board and City Council have recently approved moving forward on a Septic to Sewer plan for properties in the Utilities service area that are outside the City limits. This plan will be developed over the coming months and will need to be incorporated into the FY 2020-2024 capital improvement plan.

Utilities OM&R Fund Proforma Schedule of Revenues and Expenses FY 2019 through FY 2023

	Budget FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Revenues:					
Chg for Serv - Water	\$9,941,070	\$9,990,775	\$10,040,729	\$10,090,933	\$10,141,388
Chg for Serv - Sewer	7,335,040	7,371,715	7,408,574	7,445,617	7,482,845
Other Revenue	645,505	1,253,972	1,268,969	939,995	950,053
Total Revenues	17,921,615	18,616,462	18,718,272	18,476,545	18,574,286
Expenses:					
Operations	13,477,032	13,910,919	14,436,005	14,906,197	15,394,519
Renewal & Replacement of Infrastructure	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	465,000	545,000	275,000	500,000	525,000
Existing Debt Service	200,000	200,000	200,000		
New Debt Service		1,185,000	1,185,000	1,185,000	1,185,000
Transfer to SRF Fund-reserve incr(decr)	544,200	225,000	(375,000)		
Contribution to Pipeline Project		1,500,000			
Total Expenses	15,806,232	18,685,919	16,841,005	17,711,197	18,224,519
Revenues in Excess (Shortfall) of Expenses	2,115,383	(69,457)	1,877,267	765,348	349,767
Operating Reserves-Beg	5,370,259	7,485,642	7,416,185	9,293,452	10,058,800
Operating Reserves-End	\$7,485,642	\$7,416,185	\$9,293,452	\$10,058,800	\$10,408,567

Utilities Reserves

The City has legal and adopted financial policies utilizing reserves for the following purposes:

- Maintain an unassigned fund balance minimum of \$3.1 million; protection against unforeseen revenue declines and extraordinary operating expenses due to economic or weather disasters, and contract bids or equipment failures.
- Provide an emergency fund for existing infrastructure by retaining the Renewal and Replacement fund of \$1.5 million, which until January 2014 was required by bond covenants;

- Utilize a Capital Outlay reserve to provide level funding, City Council has approved the \$704,090 funding level in FY 2019; and \$700,000 for FY 2020 through FY 2023. If the funds are not spent in the budgeted fiscal year, they will be placed in the Capital Outlay reserves. This will ensure that current and future aging issues of mechanical parts in both plants can be addressed in an adequate manner.
- Existing State Revolving Loan Fund (SRF) reserve fund maintains one year of debt service payments and proforma shows addition of \$544,200 in FY 2019 and \$225,000 in FY 2020, representing one year of debt service on the new SRF loan.
- The water and sewer impacts have restricted use and are kept in a reserve for growth related capital projects, such as the new Groundwater Reverse Osmosis (RO) Water Treatment Plant, wastewater force main on Jones Loop Road, and planned expansion of the wastewater plant.

Utilities Rate Comparison

The City’s utility rates are the 2nd lowest among the Southwest Florida utilities surveyed at the current FY 2019 rates based on combined water & sewer bill at 7,000 gallons per month.

Water & Sewer Rate Comparison for FY 2019

Jurisdiction	Rate
Ft. Myers	\$162.90
DeSoto County	\$160.17
Venice	\$146.41
Cape Coral	\$130.27
North Port	\$125.72
Charlotte County	\$122.25
Sarasota	\$115.66
Collier County	\$115.02
Sarasota County	\$102.74
Palmetto	\$100.70
Lee County	\$97.70
Bonita Springs Utility, Inc	\$92.95
Bradenton	\$87.21
Manatee County	\$83.73
Punta Gorda	\$76.94
Naples	\$64.21

Sanitation

The City operates its sanitation services as an enterprise fund and collects refuse two days per week and horticulture one day per week for 11,700 residential accounts. For the 650 commercial accounts collection is available 6 days per week. The City improved the recycling program by providing a 48 gallon rolling cart to each household, which is collected one day per week by an outside vendor. The projected diversion of waste stream from the landfill is 37%, which exceeds the 30% mandate. The program continues in FY 2019 with a rate increase of \$0.60 per month or \$7.20 per year, due to a contract increase. The four packers scheduled for replacement in FY 2016 that were delayed while staff reviewed options for alternative service delivery have been purchased in FY 2018. The City decided to switch from a manual pick up system to semi-automatic trucks and purchase carts for the system. It is expected that this will reduce injuries and yet allow the full-service that Punta Gorda residents appreciate. The budget also reflects a 10-year fleet replacement program which is under review. As with the general and utility fund, City Council approved funding of a capital outlay reserve in order to stabilize the funding source. However, with the need to purchase the carts in FY 2018, adequate funding cannot be accumulated in time for the FY 2020 purchase of three additional packers or in FY 2022 to purchase one packer and other equipment identified.

The need will be analyzed and if possible, the packers in FY 2020 and 2022 will be delayed to avoid financing. The current proforma shows a need of financing all of the equipment replacement in FY 2022. Additional rate increases may be needed in FY 2021 or FY 2022 to support the fleet replacement. This will be addressed in the next year's budget process.

**Sanitation Fund
Proforma Schedule of Revenues and Expenses
FY 2019 through FY 2023**

	Budget FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Revenues:					
Chg for Serv - Refuse Collection	\$3,619,960	\$3,685,166	\$3,798,828	\$3,912,784	\$4,027,038
Other Revenue	26,270	23,270	23,270	23,270	23,270
Capital Lease/Purchase				475,000	
Total Revenues	3,646,230	3,708,436	3,822,098	4,411,054	4,050,308
Expenses:					
Operations	3,467,572	3,622,367	3,794,087	3,971,045	4,153,448
Capital	150,000	750,000		475,000	
Debt Service				39,750	79,500
Total Expenses	3,617,572	4,372,367	3,794,087	4,485,795	4,232,948
Revenues in Excess (Shortfall) of Expenses	28,658	(663,931)	28,011	(74,741)	(182,640)
Operating Reserves-Beg	643,048	571,706	407,775	435,786	361,045
Capital Outlay Reserves-Beg	400,000	500,000	0	0	0
Capital Outlay Reserves-End	\$500,000	\$0	\$0	\$0	\$0
Operating Reserves-End	\$571,706	\$407,775	\$435,786	\$361,045	\$178,405

To compare the City's rates with surrounding jurisdictions, a survey was taken during August 2018. All rates include once per week service for yardwaste and recycling, and either once or twice per week refuse pickup, as noted below.

Sanitation Rate Comparison for FY 2019

Jurisdiction	FY 2019 Cost/Year	Service per Week	Outsourced
City of Sarasota	\$294.60	1	No
Punta Gorda	\$266.40	2	No
Naples	\$255.25	2	No
North Port	\$230.00	1	No
Fort Myers	\$228.96	1	No
Collier County	\$213.24	2	Yes
Venice	\$202.08	2	No
Charlotte County	\$172.00	1	Yes
Manatee County	\$171.96	2	Yes
Cape Coral	\$163.43	1	Yes
Sarasota County	\$159.48	1	Yes

Canal Maintenance Districts Funds

Punta Gorda Isles Canal Maintenance District

The FY 2019 budget for the Punta Gorda Isles (PGI) canal maintenance assessment district reflects the Advisory Committee recommendation to increase the annual operating assessment from \$550 to \$650. The City was impacted by Hurricane Irma in September 2017. As a result, there were substantial seawall failures, an estimated 50,399 lineal feet. The City is working closely with FEMA and the State for recovery of 87.5% of the expenditures and for rip rap mitigation. The proposed additional \$100 assessment is scheduled to fund the repayment of debt service on the City's share of the projects, 12.5% of the expenditures. In addition, some of the normal \$550 assessment in FY 2019 will be used for this purpose as well. It is offset by the reduced normal seawall replacement program that cannot be accomplished until the current seawall failures from Hurricane Irma are completed, which is scheduled for the end of FY 2019.

The five-year proforma proposes the \$650 assessment in FY 2019 through FY 2022, before being reduced back to the \$550 in FY 2023. If assistance were not available, seawall expenditures and estimated assessment increases for FY 2020 and beyond would be reviewed during the next budget process. The proforma includes four full-time temporary personnel hired in FY 2018 to oversee the contractors work and communications through the end of FY 2019.

Replacement of one vehicle is included in capital outlay in FY 2020 and channel construction to access spoil site and Ponce de Leon Inlet widening & dredging projects are scheduled in FY 2021.

PGI Canal Maintenance Fund Proforma Schedule of Revenues and Expenditures FY 2019 through FY 2023

	Budget FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Assessment Rate	\$650	\$650	\$650	\$650	\$550
Revenues:					
Operating Assessment	\$3,381,400	\$3,381,400	\$3,381,400	\$3,381,400	\$2,861,750
FEMA & State-Hurr. Irma Reimb.	10,350,595				
Other Revenue	15,500	12,100	12,000	12,000	12,000
Total Revenues	13,747,495	3,393,500	3,393,400	3,393,400	2,873,750
Expenditures:					
Operations	1,204,070	962,965	997,510	1,033,515	1,071,070
Inlet Dredging	50,000	51,505	53,050	54,640	56,280
Seawalls, Caps and Stabilization	323,425	1,747,155	1,748,225	1,749,330	1,750,465
Capital		40,000	425,000		
Seawall Repairs & Mitigation-Hurr. Irma	11,610,000				
Debt Service-Hurr. Irma	560,000	560,000	560,000	560,000	
Total Expenditures	13,747,495	3,361,625	3,783,785	3,397,485	2,877,815
Revenues in Excess (Shortfall) of Expenditures	0	31,875	(390,385)	(4,085)	(4,065)
Operating Reserves-Beg	1,022,654	1,077,654	1,109,529	1,144,144	1,140,059
Reserve Seawall Replacement-Beg	480,000	425,000	425,000	0	0
Reserve Seawall Replacement-End	\$425,000	\$425,000	\$0	\$0	\$0
Operating Reserves-End	\$1,077,654	\$1,109,529	\$1,144,144	\$1,140,059	\$1,135,994

Burnt Store Isles Canal Maintenance District

The FY 2019 budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects the Advisory Committee recommendation to maintain the annual assessment of \$555.

The City was impacted by Hurricane Irma in September 2017. As a result, there were seawall failures in the BSI Canal Maintenance District, an estimated 2,146 lineal feet. The City is working closely with FEMA and the State for recovery of 87.5% of the expenditures. The current assessment is sufficient to fund the City's share of the project, 12.5% of the expenditures.

The five-year proforma proposes maintaining the \$555 assessment through FY 2023. If Federal/state assistance were not available, an estimated assessment increase for FY 2020-2023 of \$236 might be needed if other expenditures were not reduced. The \$555 assessment is broken down each year to indicate that \$460 is for normal operations and annual funding of seawall replacement reserve, \$95 is for debt service on completed perimeter dredging project through FY 2021, and \$95 tentative in FY 2022 & FY 2023 to fund special projects that are under consideration.

Barge access/inlet widening project is scheduled in FY 2021. Channel corner widening project is under consideration and estimates have not yet been determined.

BSI Canal Maintenance Fund Proforma Schedule of Revenues and Expenditures FY 2019 through FY 2023

	Budget FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Operating Rate	\$460	\$460	\$460	\$460	\$460
Dredging Rate	\$95	\$95	\$95		
Tentative Rate				\$95	\$95
Revenues:					
Operating Assessment	\$474,800	\$474,800	\$474,800	\$474,800	\$474,800
Dredging Assessment	97,950	97,950	97,950		
Tentative Assessment				97,950	97,950
Other Revenue	3,150	2,150	1,400	1,000	1,000
FEMA & State-Hurr. Irma Reimb.	17,500				
Total Revenues	593,400	574,900	574,150	573,750	573,750
Expenditures:					
Operations	150,540	96,700	98,904	99,988	101,115
Inlet Dredging	38,000	38,000	38,000	38,000	38,000
Seawalls, Caps and Stabilization	301,000	301,000	301,000	320,000	320,000
Rim Dredging Proj Debt Service	95,860	95,860	95,860		
Barge Access-Inlet Widening Proj			250,000		
Channel Corner Widening Proj				TBD	TBD
Total Expenditures	585,400	531,560	783,764	457,988	459,115
Revenues in Excess (Shortfall) of Expenditures	8,000	43,340	(209,614)	115,762	114,635
Operating Reserves-Beg	208,004	206,004	204,344	199,730	175,492
Reserve Seawall Repl & Spec.Proj-Beg					95,000
Reserve Seawall Replacement-Beg	100,000	110,000	155,000	(50,000)	(5,000)
Reserve Seawall Replacement-End	\$110,000	\$155,000	(\$50,000)	(\$5,000)	\$40,000
Reserve Seawall Repl & Spec.Proj-End				\$95,000	\$190,000
Operating Reserves-End	\$206,004	\$204,344	\$199,730	\$175,492	\$150,127

Laishley Park Marina

Opened in April 2007, Laishley Park is operated as an enterprise fund to include the marina and park grounds. The City outsourced management of the marina to Marina Park LLC, however retained the authority to set boat slip, community room, ship’s store and pavilion rental rates. The budget reflects projected revenues from the above sources as well as personnel and operating costs associated with management of the marina area. The marina is operated and open year round.

The FY 2019 budget incorporates the July 2016 adopted marina fee and East Mooring Field fee schedules which were based on a survey of neighboring marinas. The City will apply for a Department of Environmental Protection Clean Vessel Act (CVA) Grant and a Charlotte County Marine Advisory Committee (MAC) Grant for FY 2019 to offset costs of maintenance and repairs of the Laishley Park Municipal Marina Pumpout Boat. FY 2019 Capital outlay includes repair & maintenance for the mooring field, pumpout boat motor replacement, work boat replacement, and replacement of appliances in the boaters’ laundry facilities. The City will pursue grants for boat motor replacement and work boat replacement.

Laishley Park Marina Fund Proforma Schedule of Revenues and Expenses FY 2019 through FY 2023

	Budget FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Revenues:					
Slip & Mooring Rentals	\$394,000	\$397,940	\$401,920	\$405,940	\$410,000
Intergovernmental Revenue	7,000	11,000	11,000	11,000	11,000
Other Revenue	27,200	27,475	27,750	28,030	28,310
Total Revenues	428,200	436,415	440,670	444,970	449,310
Expenses:					
Laishley Park Marina Expenses	193,755	199,530	205,125	210,975	217,085
Marina Park Contract Expenses	232,500	239,475	245,625	251,960	258,480
Capital Outlay	46,000	6,000	6,000	6,000	6,000
Total Expenses	472,255	445,005	456,750	468,935	481,565
Revenues in Excess (Shortfall) of Expenses	(44,055)	(8,590)	(16,080)	(23,965)	(32,255)
Operating Reserves-Beg	386,554	342,499	333,909	317,829	293,864
Operating Reserves-End	\$342,499	\$333,909	\$317,829	\$293,864	\$261,609

The five-year proforma maintains the July 2016 rate schedules. Operations were increased in FY 2018 to allow for dredging, dock and mooring field maintenance. This funding level continues in the current five-year proforma. Based on current usage the fund is self-sustaining for operations.

Building

The Building fund is operated as an enterprise fund and includes all aspects of permitting, inspections, plans review and licensing of contractors to support the State and City building codes. The City has established various permit fees to pay for services provided. Staffing had been reduced from thirteen positions in FY 2006 to five in FY 2013 with furloughs due to a decline in permit applications, inspections and stagnant growth trends. Since the turnaround that began in FY 2013, staff was reinstated to full 40 hour work weeks, a full-time building inspector and a part-time permit clerk were added mid-year in FY

2014, an additional full-time building inspector was added and the part-time permit clerk position was increased to full-time during FY 2016, and a mid-year authorization in FY 2018 added an additional full-time building inspector bringing total positions to nine.

Permit fees will remain the same in FY 2019. The five year proforma projects permit revenues remaining level FY 2019 through FY 2023. The City will continue to monitor activity and may adjust work schedules or staffing levels in the future if activity warrants and revenues allow. Capital outlay is projected for a new vehicle in FY 2019 for the new position added in FY 2018. As experienced in the previous economic downturn (FY 2008 – 2013), the level of reserves projected is necessary to continue necessary levels of service even during downturns in new construction starts.

**Building Fund
Proforma Schedule of Revenues and Expenses
FY 2019 through FY 2023**

	Budget FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Revenues:					
Permits, Fees & Spec.Assessments	\$913,500	\$913,500	\$913,500	\$913,500	\$913,500
Other Revenue	49,500	48,000	45,750	44,250	42,000
Total Revenues	963,000	961,500	959,250	957,750	955,500
Expenses:					
Operations	990,480	1,026,115	1,063,175	1,101,715	1,141,810
Capital	25,000				
Total Expenses	1,015,480	1,026,115	1,063,175	1,101,715	1,141,810
Revenues in Excess (Shortfall) of Expenses	(52,480)	(64,615)	(103,925)	(143,965)	(186,310)
Operating Reserves-Beg	1,311,027	1,258,547	1,193,932	1,090,007	946,042
Operating Reserves-End	\$1,258,547	\$1,193,932	\$1,090,007	\$946,042	\$759,732

Gas Tax

Based on state statutes providing restrictions on use of gas tax revenue, the City has established local option fuel taxes in two funds. The first six cents is used for transportation expenditures such as roadway and right of way maintenance, drainage, street sweeping, street lights, traffic sign and signals, bridge maintenance, railroad crossings and sidewalk repairs. The second five cents is used only for road capital improvement such as paving rejuvenation and resurfacing.

Proceeds from fuel taxes are distributed by the State to Charlotte County and the City. The City's share for the first six cents distribution was reduced from 11.14% to 10.34% beginning in FY 2011, and the next five cents remains at 6.74%. The distribution allocation is determined by the five-year average transportation expenditures or interlocal agreement, which has remained the same for FY 2019. A history of revenue received since FY 2010 is displayed in the following chart.

Fiscal Year	6 Cents	5 Cents	Total
2010	\$ 567,590	\$ 241,760	\$ 809,350
2011	\$ 507,120	\$ 234,770	\$ 741,890
2012	\$ 531,480	\$ 248,440	\$ 779,920
2013	\$ 526,830	\$ 243,570	\$ 770,400
2014	\$ 548,900	\$ 259,200	\$ 808,100
2015	\$ 573,000	\$ 266,700	\$ 839,700
2016	\$ 588,200	\$ 274,500	\$ 862,700
2017	\$ 593,900	\$ 278,400	\$ 872,300
2018	\$ 599,000	\$ 278,300	\$ 877,300
2019	\$ 618,000	\$ 281,000	\$ 899,000

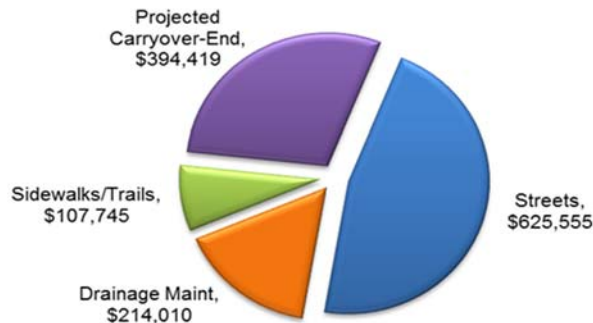
The effect of elasticity of gas consumption (the tax is charged on gallons not dollars) in the past years of increased gas prices resulted in a decline of revenue in the high priced years. Revenues have increased during the recent gas price reduction.

The Six Cent Gas Tax Fund five-year proforma projects additional road and right of way maintenance due to the Jones Loop annexation and an increase in sidewalk replacements, and projects the use of reserves to cover shortfalls through FY 2023.

**Six Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
FY 2019 through FY 2023**

	Budget FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Revenues:					
Local Option Gas Tax	\$618,000	\$624,200	\$630,400	\$636,600	\$642,860
Other Revenue	248,627	252,415	251,415	250,415	254,295
Total Revenues	866,627	876,615	881,815	887,015	897,155
Expenditures:					
Operating Expenditures	947,310	959,745	973,035	986,695	1,000,740
Total Expenditures	947,310	959,745	973,035	986,695	1,000,740
Revenues in Excess (Shortfall) of Expenditures	(80,683)	(83,130)	(91,220)	(99,680)	(103,585)
Operating Reserves-Beg	475,102	394,419	311,289	220,069	120,389
Operating Reserves-End	\$394,419	\$311,289	\$220,069	\$120,389	\$16,804

**Six Cent Gas Tax Fund
FY 2019 Budgeted Expenditures**

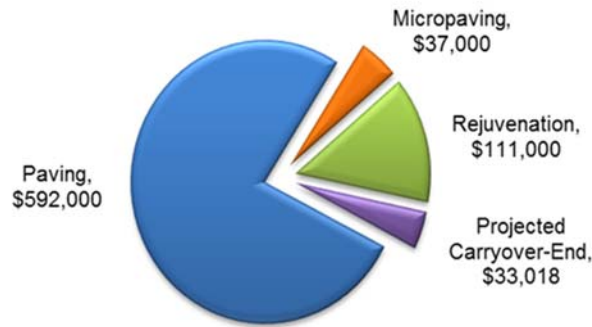


The Additional Five Cent Gas Tax Fund five-year proforma projects a slightly increasing tax revenue, which does not fully support the required annual paving program as identified by the City Engineering Division. Council addressed the importance of maintaining the City’s road infrastructure with a policy of transferring ad valorem millage revenue of \$459,000 as an ongoing subsidy.

**Additional Five Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
FY 2019 through FY 2023**

	Budget FY 2019	Proforma FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023
Revenues:					
Local Option Gas Tax	\$281,000	\$283,800	\$286,600	\$289,500	\$292,400
Transfer from General Fund Ad Valorem	459,000	459,000	459,000	459,000	459,000
Total Revenues	740,000	742,800	745,600	748,500	751,400
Expenditures:					
Paving	740,000	745,000	745,000	750,000	750,000
Total Expenditures	740,000	745,000	745,000	750,000	750,000
Revenues in Excess (Shortfall) of Expenditures	0	(2,200)	600	(1,500)	1,400
Operating Reserves-Beg	33,018	33,018	30,818	31,418	29,918
Operating Reserves-End	\$33,018	\$30,818	\$31,418	\$29,918	\$31,318

**Additional Five Cent Gas Tax Fund
FY 2019 Budgeted Expenditures**



Section 2: Financial Management Policies & National Standards

The City of Punta Gorda has prepared a comprehensive set of financial management policies in the areas of financial planning, revenues, and expenditures for adoption by the City Council. These policies are based on recommended, best management practices established by the Governmental Finance Officers Association (GFOA). The most recent comprehensive update of the financial policies were adopted January 18, 2012, amended February 20, 2013, March 19, 2014, January 21, 2015, January 20, 2016, January 18, 2017, April 19, 2017 and February 7, 2018.

Financial Planning Policies

Balanced Budget Policy: Defines a balanced operating budget and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs.

Long Range Planning Policy: Supports a financial planning process that assesses the long term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.

Asset Inventory Policy: Requires an inventory and assessment of the condition of all major capital assets. This information will be used to plan for the ongoing financial commitments required to maximize the public's benefit.

Revenue Policies

Understanding the revenue stream is essential to prudent planning. Policies should be established to recognize stable versus volatile revenues, or at best economically-sensitive revenue sources and predetermine the method to minimize the effect and thereby avoid potential service disruptions caused by revenue fluctuations.

Expenditure Policies

The expenditures of municipalities define the ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability. Policies should reflect the City's desire to maximize efficiency and allocation of scarce resources.

The policies on the following pages provide the framework for the City's financial management planning and decision-making process.

Financial Planning Policies

The City makes program and service decisions and allocates scarce resources through the budget process. The mission of the budget process is to help decision makers make informed decisions about the provision of services and capital assets and to promote stakeholder participation in the process.

Balanced Budget:

Policy: The City will adopt a balanced operating budget and will provide for disclosure when a deviation from a balanced operating budget is planned or when it occurs. The City's definition

of a balanced budget is current revenues, including financing proceeds plus unrestricted fund balance, exceeds or equals current year appropriations.

Status: The City's annual budget is balanced in accordance with the above defined parameters.

Policy: A calendar will be designed each year to provide the framework necessary to formulate a sound budget and allow for stakeholder participation. The calendar will be set to ensure the City complies with the Truth in Millage (TRIM) law, Chapter 200, Florida Statutes.

Status: The City's budget calendar adheres to the State TRIM law.

Policy: For each fund all reasonably expected revenues and projected beginning carryover balance will equal the budgeted expenditures and year end carryover balance.

Status: All funds budgeted include projections of annual revenues and expenditures and beginning/ending fund balances.

Policy: All funds are included in the annual budget process and incorporated in the budget document.

Status: The annual budget document includes all funds.

Policy: The City will budget at least 95 percent of the anticipated gross ad valorem proceeds which provide a discount for early tax payments. Florida Statutes, section 200.065, states each taxing authority will not utilize less than 95 percent of the taxable value.

Status: The FY 2019 budget reflects 96 percent of anticipated ad valorem revenue, in order to account for discounts and delinquent property owners.

Policy: The City will maintain a budgetary control system, including an encumbrance system to ensure adherence to the budgeted appropriations.

Status: The City uses an encumbrance system as required by the Code of Ordinances.

Policy: Project length budgets are adopted for the Capital Improvement Projects. Appropriations for these projects will remain open and carry over to succeeding years until they are completed.

Status: Capital improvements budgets for general construction, 1% local option sales tax, community redevelopment area, community development block grant, sanitation and utilities remain open until complete or canceled.

Policy: Supplemental appropriations. If during the fiscal year the City Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the City Council by resolution may make supplemental appropriations for the year up to the amount of such excess.

Status: Grant awards were supplemental appropriations that were made during the FY 2018 period. Prior year incomplete projects are re-appropriated.

Policy: Emergency appropriations. To meet a public emergency affecting life, health, property or the public peace, the City Council may by resolution make emergency appropriations. To the extent that there are no available unappropriated revenues to meet such appropriations, the City Council may by such resolution authorize the issuance of emergency notes which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid not later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made.

Status: *There were no emergency appropriations necessary for the FY 2018 period. The City has not been required to implement emergency appropriations in the past 25 years due to revenue shortfalls.*

Policy: Reduction of appropriations. If at any time during the fiscal year it appears probable to the City Manager that the revenues available will be insufficient to meet the amount appropriated, he or she shall report to the City Council without delay, indicating the estimated amount of the deficit, any remedial action taken and recommendations as to any other steps to be taken. The City Council shall then take such further action as it deems necessary to prevent or minimize any deficit and for that purpose it may by resolution reduce one or more appropriations.

Status: *There was no need for a reduction of appropriations during FY 2018. There has not been such a need in the past 25 years.*

Policy: Transfer of appropriations. At any time during the fiscal year the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency and, upon written request by the City Manager, the City Council may by resolution transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.

Status: *All transfers to date have been approved at the appropriate level. Reappropriations from the previous year's budget were approved by City Council. Any uses of operating reserves were approved by City Council.*

Policy: No appropriation for bonded debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.

Status: *All debt service appropriations remain in compliance with legal stipulations.*

Long Range Planning:

Policy: The City will support a financial planning process that assesses the long term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.

Status: *This is an ongoing process of which the City will continue to adhere.*

Policy: The City will prepare multi-year fiscal forecasts for all of its major funds.

Status: *Multi-year fiscal forecasts are prepared for all major fund groups and delineated in the Long Range Financial Plan, Annual Budget and updated periodically throughout the fiscal year.*

Policy: The City will maintain a prudent cash management and investment program in order to meet daily cash requirements, increase funds available for investment and earn maximum rates of return on invested funds commensurate with appropriate security and the approved investment policy.

Status: *On September 5, 2001, the City adopted an Investment Policy in accordance with guidelines developed by the State of Florida. The City's cash management and investment program complies with such policies.*

Policy: The City will follow its adopted investment/portfolio policy when handling public funds.

Status: *As stated above, the City complies with guidelines in its Investment Policy.*

Policy: The City will pool cash from each fund for investment purposes.

Status: *The City pools cash for optimum tracking as well as investment purposes.*

Policy: On a monthly basis the Finance Department will prepare a Schedule of Investments report that details the amounts and types of U. S. Government securities, the amounts invested with the Local Government Surplus Trust Funds Investment Pool (LGSTFIP) and the amount in the interest earning checking account. The schedule will include the interest rate, market value, purchase date and maturity date.

Status: *The above schedules are prepared on a monthly basis and distributed to elected officials and available on the City's website for viewing by the community at large.*

Asset Inventory:

Policy: The City will inventory and assess the condition of all major capital assets. This information will be used to plan for the ongoing financial commitments required to maximize the public's benefit.

Status: *The asset inventory is conducted on an annual basis which coincides with the annual audit. Assets are purchased in compliance with the budget process, and records are maintained within the Finance Department. Asset write-offs are approved by the affected Department Director.*

Policy: The review of capital assets will assess the need for and condition of these assets. This review is an important component of an overall evaluation of community needs and priorities. This review will also focus on the impact of deferred maintenance, funding issues and legal or regulatory changes.

Status: *The inventory and review process assists the various departments as to age, condition, availability and quantity of their equipment. This review helps during the budget process.*

Policy: The City will annually prepare a 5 year capital outlay plan for replacement of existing capital outlay, based on an assessment of identified criteria including safety, efficiency and end of life.

Status: *Each Fund has a detailed 5 year capital outlay plan included in the budget document.*

Policy: The City shall encourage Charlotte County participation in the funding of the capital improvements that jointly serve both City and Charlotte County residents.

Status: *The City has and will continue to work with the County on any joint capital improvement needs. The most recent joint capital improvement projects were Public Safety communications center upgrade and 800 MHz radio frequency.*

Policy: The City will stay abreast of developments that may affect the major capital assets, such as regulatory changes, population movements or technological advances, and consider the impact of these issues in the goal setting process.

Status: *The above review takes place during the annual inventory audit and annual budget preparation.*

Policy: Capital projects will be budgeted in the General Construction Fund or the Utility Construction Fund as needed. 1% Local Option Sales Tax capital projects will be budgeted in the 1% Local Option Sales Tax Fund. CRA capital projects will be budgeted in the CRA budget. Canal Maintenance District capital projects will be budgeted within the District.

Status: *The annual budget reflects capital improvements projects within their respective fund groups as denoted above.*

Policy: Equipment that has a cost basis in excess of State of Florida statutory minimums will be assigned a fixed asset number and tagged to identify the equipment as property of the City.

Status: *The State statutory minimum is currently \$1,000. The City tags its fixed assets at this rate in compliance with the statutory minimum.*

Policy: City departments and divisions will be provided a list of equipment to perform an inventory check on an annual basis. Variances from the inventory list will be reported and the fixed asset inventory records will be updated.

Status: *The fixed asset inventory check is done at the end of each fiscal year, which is September 30. Variances are signed off by Department Directors.*

Policy: The Procurement Division shall have the power to sell or dispose of obsolete and surplus property by public auction, competitive sealed bidding, trade-in, or other appropriate methods in conformance with any applicable state law. No employee of the department having direct control of the commodities or handling the disposition of the commodities shall be entitled to purchase such commodities. No other City employee shall be allowed to purchase obsolete or surplus property except through a competitive bid process or public auction.

Status: *The City adheres to this policy for all disposed items.*

Revenue Policies:

An understanding of the revenue stream is essential to prudent financial planning. Most of these policies seek stability to avoid potential service disruptions caused by revenue shortfalls.

Policy: The City will estimate its annual revenues by objective and analytical processes. The budget document will include documentation of major revenue sources.

Status: *The analytical review of revenues uses 10 year historical data for various revenue sources and projected economic indicators. Use of both historical trends and economic indicators enhances reliability in revenue estimation.*

Policy: The City shall maintain a diversified revenue system to the extent provided by Florida Statutes, in order to insulate it from short term fluctuations from any one revenue source.

Status: *The FY 2019 revenue structure (all funds) is as follows:*

<i>Service Charges, Fines & Forfeitures</i>	<i>24%</i>
<i>Intergovernmental</i>	<i>19%</i>
<i>Ad Valorem Taxes</i>	<i>10%</i>
<i>Permits, Fees & Assessments</i>	<i>8%</i>
<i>Other Taxes</i>	<i>4%</i>
<i>Miscellaneous</i>	<i>4%</i>
<i>Carryover, Financing & Transfers</i>	<i>31%</i>

As shown above, the City's revenue system is diverse and does not rely on any one revenue source to fund its overall operations.

Policy: The City will analyze and prepare monthly reports that compare the budget with actual revenues for major funds. The reports will monitor progress toward the planned revenue goals. Significant changes may be uncovered in advance, permitting action to avoid a crisis.

Status: *Monthly financial reports for major funds are prepared and distributed to elected officials and available on the City's website for public viewing. The reports include budget vs. actual revenues and expenditures and identification of trends that denote any projected revenue variances or extraordinary expenses.*

Policy: The City discourages the use of one time revenues to fund ongoing expenditures.

Status: *One time revenues such as sale of property, equipment and/or capital grants are used to finance capital projects and/or purchase of equipment. FY 2018 supplemental appropriations included use of Fund Balances.*

Policy: Grants should be actively pursued. All costs of grant requirements will be analyzed and presented with the proposal for City Council consideration. Revenues will be budgeted for current grants. The budget will be amended for new grants upon award.

Status: *Grants are pursued by all of the City's departments. The City has received and/or been awarded \$34.9 million including a State Revolving Fund Loan partial award of \$15.7 million (FY 2018) and \$0.1 million (FY 2019) in grant monies to fund such projects as the Reverse*

Osmosis Plant, park development, streetscape, boating-related facilities, and police equipment. The five year Capital Improvement Program identifies several pending capital grants. In addition to the above, the City is host for the Charlotte Harbor National Estuary Program (CHNEP). Their funding is all grants from Federal, State and Local Sources in the amount of \$1.4 million (FY 2018) and \$0.8 million (FY 2019). In addition, the City is working with FEMA for recovery and mitigation from Hurricane Irma and expects reimbursements totaling \$33.9 million.

Policy: Sometimes governmental services are provided on credit. Properly documented controls over revenues are imperative in accounts receivable management. Timely efforts should be made to pursue the collection of delinquent accounts by the department generating the receivable.

Status: *The City has implemented a variety of measures to collect monies owed, including lien powers, code enforcement and utility turn off.*

Policy: Adjustments to account receivables must be properly documented using internal controls that include segregation of duties and supervisory review. Upon any suspicion of fraud, management should be notified in a timely manner.

Status: *Internal controls over accounts receivable are in place. Suspicion of fraud or other malfeasance are brought to management and if necessary Police Department's attention, although these actions have not been necessary.*

Policy: The use of revenues which have been pledged to bondholders will conform to the bond covenants which commit those revenues.

Status: *Currently there are no outstanding bond issues.*

Policy: The City will recalculate the full cost of activities supported by user fees to identify the impact of inflation and other cost increases and will revise user fees upon approval of the City Council.

Status: *Fee changes are initiated through the ordinance process and, as such, are reviewed and approved by City Council through public hearings. Based on the results of the consulting firm hired to analyze water and wastewater user fees and impact fees, modifications to the utilities rate structure and changes to impact fees were approved after public hearing and were implemented in FY 2016 and provided for scheduled increases in FY 2017 and FY 2018 that may be evaluated each year. The FY 2018 scheduled rate increase continues to be delayed until further need is determined. Recycling fees for Sanitation are increasing due to contract changes. Marina slip fees were updated July FY 2016. User fees in the City's enterprise funds are established to pay for ongoing operations and adjusted accordingly.*

Policy: All revenues, which are reasonably expected to be unexpended and unencumbered at the end of the fiscal year, will be anticipated as "projected carryover ending" and budgeted accordingly for the following fiscal year.

Status: *Projected carryover balances are budgeted within the City's fund groups. Staff completes a review of purchase orders, accounts receivable and final personnel/operating expenses prior to reaching a fund balance projection.*

Expenditure Policies:

The expenditures of municipalities define an ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability.

Debt Management:

Policy: A significant portion of a City's capacity to influence and/or encourage economic development can be measured by the adequacy of its infrastructure and its capacity to support growth.

Status: *The City maintains a five year capital improvements program that prioritizes investment in its infrastructure necessary to support growth and economic development. The City's water plant has sufficient capacity to support projected growth in the 10 year plan, however the City is in the process of evaluating the percentage of growth and when expansion of the wastewater treatment plant will be necessary. Funds for this purpose are identified in the 5 year CIP plan. Road network and parks facilities sufficiently accommodate demand. A 5 year CIP plan is being developed to address all ADA requirements for City facilities. Funding is provided in the 5 year CIP plan.*

Policy: The City will seek to maintain high bond ratings to minimize borrowing costs and preserve access to credit.

Status: *As part of the 2016 Long Range Financial Plan, the City undertook a review of its economic condition and outlook, financial position and performance, debt profile and management in relation to credit rating agency criteria. The City utilizes a five year proforma to quantify the effects of current decisions on future financial condition.*

Policy: Whenever possible the City will use revenue bonds instead of general obligation bonds.

Status: *The City does not have any outstanding general obligation bonds, nor does it have any plans to undertake such a process. All debt outstanding is in the form of revenue or tax increment financing to be retired with the use of utility user fees and community redevelopment area tax proceeds.*

Policy: The term of any bonds, notes or leases shall not exceed the useful life of the asset being financed.

Status: *All debt outstanding does not extend beyond the useful life of the asset.*

Policy: The City shall not issue notes or bonds for non-capital items.

Status: *The City does not issue notes or bonds for its operations.*

Policy: If cost effective, the City will purchase private bond insurance at the time of issuance.

Status: *When the City is in the midst of bond issuance, a price to benefit calculation will be made to see if bond insurance is cost effective to produce a higher rating and reduced interest rate.*

Policy: The City will analyze its existing debt to take advantage of changing market conditions and to minimize future costs.

Status: *The City monitors market conditions and undertakes refinancing/refunding opportunities where feasible. CRA loans for Laishley Park and Herald Court Centre were refinanced with a lower interest rate in FY 2013.*

Policy: The City will maintain an adequate debt service fund regarding each issue and budget for the annual payment of principal and interest.

Status: *The annual budget includes a debt service fund, schedule of debt outstanding and a five year projection of debt service payments. The fund includes sufficient monies to pay all principal and interest obligations as required by loan agreements.*

Reserve or Stabilization Accounts:

Policy: The City will use Governmental Accounting Standards Board (GASB) Statement #54 definitions for the five classifications of fund balance for governmental fund types. These are non-spendable, restricted, committed, assigned and unassigned.

Status: *Under the GASB definition the City's General Fund balance is categorized as: non-spendable- including prepaid expenses and inventories; restricted- including outside parties, grants and bond agreements; committed- including requirements established by city ordinance prior to end of fiscal year (there are none currently); assigned- intended use established by council, including appropriated reserves used to balance the subsequent year's budget, purchase order rollovers and reappropriations for incomplete projects from prior fiscal year; and unassigned- which is all other general fund balance. The latter three comprise the GFOA defined unrestricted fund balance, and is the amount which is to be used to verify the calculation of the 16.7% of operating expenditures. Operating expenditures include personnel, operations, contingency and capital outlay.*

Policy: The City will strive to follow the Government Finance Officers Association (GFOA) recommendation for a minimum level of unrestricted fund balance for the following major operation funds: General Fund, Utilities OM&R Fund, Sanitation Fund, Building Fund, and Marina Fund. The GFOA states the unrestricted fund balance for the General Fund should be a minimum of 2 months of operating expenditures.

Status: *Based on GFOA recommended best practice, the City's unrestricted fund balance in the General Fund should be 16.7% of operating expenditures. The September 30, 2018 unrestricted fund balance is projected to be \$3.4 million. This is 15.7% of budgeted general fund operating expenditures. It is the City Council's intention to continue increasing the minimum reserve as the improving economy allows.*

Policy: An adequate level of unrestricted fund balance will be maintained as working capital to support operations until sufficient current revenues (taxes) are received.

Status: *The City has not needed to issue tax or revenue anticipation notes to support operations until sufficient current revenue is generated. Sufficient cash balances are maintained to support operations throughout the year.*

Policy: The City should have a prudent level of unrestricted fund balance to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unexpected one time expenditures.

Status:

	FY 2019 Budgeted Expenditures	9/30/19 Budgeted Unrestricted Fund Balance	% of Unrestricted Fund Balance to Expenditures
General Fund	\$21,556,198	\$3,385,861	16%
PGI Canal Maint Fund	13,747,495	\$1,502,654	11%
BSI Canal Maint Fund	585,400	\$316,004	54%
Park Impact Fees Fund	80,000	94,438	118%
Transportation Impact Fees Fund	48,000	66,431	138%
CRA Fund	1,886,914	1,576,286	84%
Additional Five Cent Gas Tax Fund	740,000	33,018	4%
Six Cent Gas Tax Fund	947,310	394,419	42%
Charlotte Harbor Nat.Estuary Prog	915,834	341,146	37%
Utilities OM&R Fund	15,806,232	7,485,642	47%
Water System Capacity Escrow Fund	0	2,176,930	n/a
Sewer System Capacity Escrow Fund	510,573	899,774	176%
Sanitation Fund	3,617,572	1,071,706	30%
Building Code Fund	1,015,480	1,258,547	124%
Laishley Park Marina Fund	472,255	342,499	73%

Generally, the unrestricted fund balance is limited to use within its own fund and/or for specific types of expenditures. The collective reserve level is sufficient to cover for any temporary revenue shortfalls or unexpected expenses. Of the \$3.4 million General Fund unrestricted fund balance, \$0.6 million is assigned to reducing the FY 2020 projected shortfall.

Policy: An adequate level of unrestricted fund balance will be maintained so credit rating agencies will recognize the City is in sound financial condition when they evaluate the City's credit worthiness.

Status: *As noted previously, the collective reserve level is adequate to support the City's sound financial condition.*

Policy: For the General Fund, and all other operating funds, except the Utilities Fund, the City requires an unassigned fund balance minimum of 8.0% of total fund budgeted appropriations. Council

intends to reach a 16.7% unassigned fund balance minimum. Each year, as the economy improvement allows, the City will increase the minimum by 0.5%.

Status: For the fiscal year ended September 30, 2018, the General Fund's unassigned balance is projected to be \$2,769,591. Projected for the fiscal year ended September 30, 2019, the City's operating funds, except the Utilities Funds, meets the established unassigned fund balance minimum. The General Fund unassigned balance is \$2,769,591, 12.8% of total general fund expenditures.

Policy: For the Utilities Fund, the City will maintain an unassigned fund balance minimum of at least \$3.1 million.

Status: For the fiscal year ended September 30, 2018, the City's Utilities O, M & R Fund unassigned balance is projected to be \$5,370,259.

Policy: For the Utilities Fund, for protection of infrastructure, a renewal and replacement reserve of \$1,500,000 will continue for unforeseen major line breaks and equipment failures.

Status: This reserve has been maintained.

Policy: The Utilities Fund, for protection of infrastructure, will cash fund a minimum of \$1,120,000 annually for recurring line and lift station renewal and replacements as identified in the five year capital improvement plan.

Status: The Utilities Fund has budgeted to cash fund \$1,120,000 the recurring line and lift station renewal and replacements for FY 2018 and will continue to in the future.

Policy: The City will provide a Capital Outlay Reserve (COR) for each of the major funds based on the 5 year capital outlay program needs, and will fund the average annualized 5 year need, in order to provide a stabilized funding plan for the General Fund and other funds as practical.

Status: The City Council has established a COR for the General Fund, Utilities Fund, and Sanitation Fund.

Policy: The Canal Maintenance Districts will fund replacement of seawalls to allow for adequate linear footage replacement based on existing analysis.

Status: Burnt Store Isles Canal Maintenance District has established a Seawall Replacement Reserve. The funding is set at \$45,000 annually and will be reevaluated as costs per linear foot increase. Use of reserve includes study of alternative seawall panel technologies and installation methods and lock removal and widening of canal. Punta Gorda Isles Canal Maintenance District has established a Seawall Replacement Reserve for study of alternative seawall panel technologies and installation methods, dredging channel to spoil site and Ponce De Leon Inlet widening and dredging. Seawall expenditures estimate 3% increase in the 5 year proforma.

Policy: The City will not permit a deteriorating financial condition as described by the Florida Auditor General and Florida Statutes section 218.503 that would result in an audit management letter finding.

Status: Florida Statutes identify a number of items that can trigger the State described indicator of deteriorating financial conditions. The City is in compliance with all of those indicators thereby avoiding a finding of deteriorating financial condition.

Policy: The City will monitor financial indicator trends. We will follow the Florida Auditor General Financial Condition Assessment Procedures.

Status: The City monitors financial indicators, as recommended by the Auditor General, as part of its annual budget process. These trends are discussed as well with the City's external auditor each year during the audit process.

Policy: Annually the City will appropriate a contingency line item in funds where deemed necessary to provide for unanticipated expenditures of a nonrecurring nature or to meet small increases in service delivery costs.

Status: Two of the City's larger funds, General and Utilities, have contingency accounts set aside for unanticipated emergencies or small increases in service delivery. The City does not foresee a need to supplement fund balances with a budgeted contingency in its smaller funds.

Policy: All projected beginning and ending fund balances will be presented in the annual budget.

Status: The annual budget includes all fund balance projections within each fund.

Operating/Capital Expenditure Accountability:

Policy: Governmental Funds are accounted for in accordance with Generally Accepted Accounting Principles (GAAP). Expenditures are recorded when the services or goods are received and the liabilities incurred. All proprietary funds use the accrual basis of accounting and expenses are recognized when they are incurred.

Status: Governmental Funds are defined as the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary Funds are enterprise funds and internal service funds. The City follows GAAP in its accounting function.

Policy: The City Manager will present a balanced budget. Essential services will receive first priority for funding. The City will identify low priority services for reduction or elimination, if necessary, before essential services.

Status: In compliance with State law, the City Manager presents and the City adopts a balanced budget each year. Budget alternatives which identify service level cost reduction options as well as costs associated with any service level enhancements are presented to City Council each year and updated, as requested, through September as part of the annual budget process.

Policy: The budget will provide for adequate maintenance and repair of capital plant and equipment and for their orderly replacement.

Status: The City provides adequate funding for repair and maintenance of its capital assets as well as implements a structured program for replacement.

Policy: The budget will consider the cost effect on the operating budget from additional capital items and program.

Status: *An integral part of the five year capital improvements program is the impact on operating budget calculations for each project included in the program. In this manner, the City fully understands future operating budget implications prior to initiation of planned capital improvements.*

Policy: The budget will provide sufficient funding to cover annual debt retirement.

Status: *Debt service coverage is a requirement of our lenders, and the City provides sufficient coverage as required by loan agreements.*

Policy: The City will analyze and prepare monthly reports that compare the budget with actual expenditures for major funds. The reports will monitor progress toward the budgeted appropriations. Significant changes may be uncovered in advance, permitting action to avoid a crisis.

Status: *Monthly financial reports are prepared as required by the City's Code of Ordinances. These reports are provided to elected officials and available for viewing by the community at large.*

Policy: Enterprise fund operations shall be self-supporting and shall pay administrative charges to the General Fund for administrative support.

Status: *Enterprise funds are Proprietary Funds as defined and, as such, are self supported by user fee charges. Each enterprise fund pays an administrative charge to the General Fund for support provided based on an annual review of such administrative expenses. In the FY 2019 budget, the following administrative charges are included within the enterprise funds: Utilities \$2,200,352, Sanitation \$384,485, Building \$92,180, Laishley Marina \$34,850.*

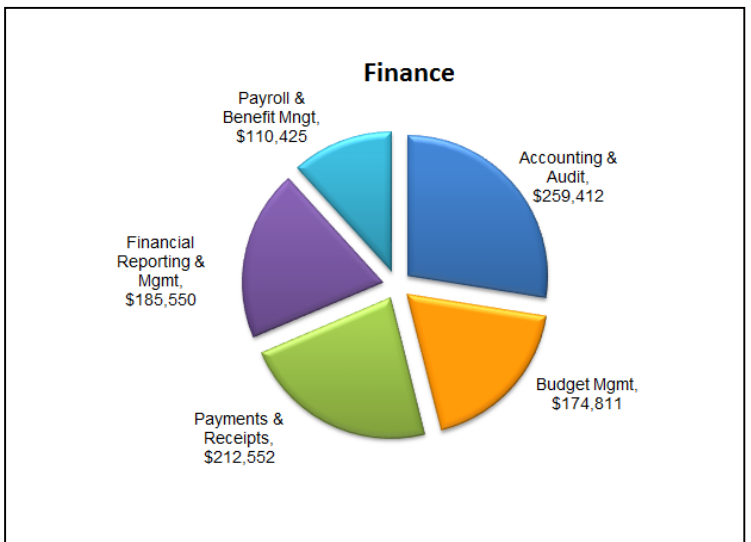
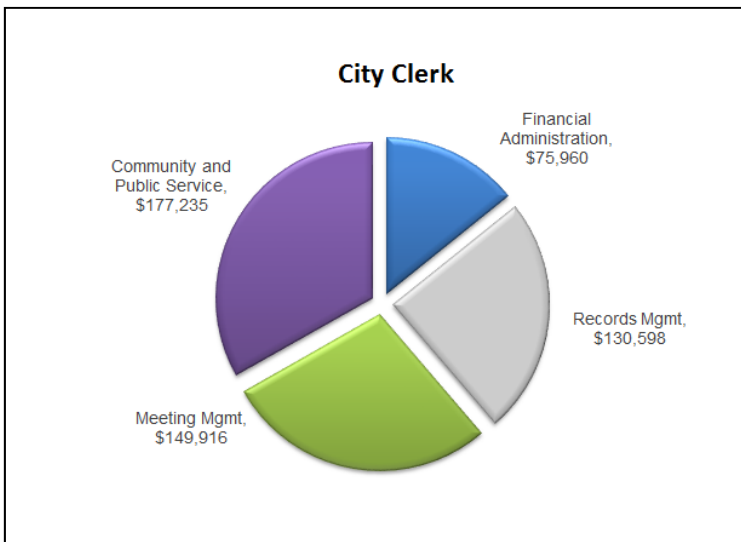
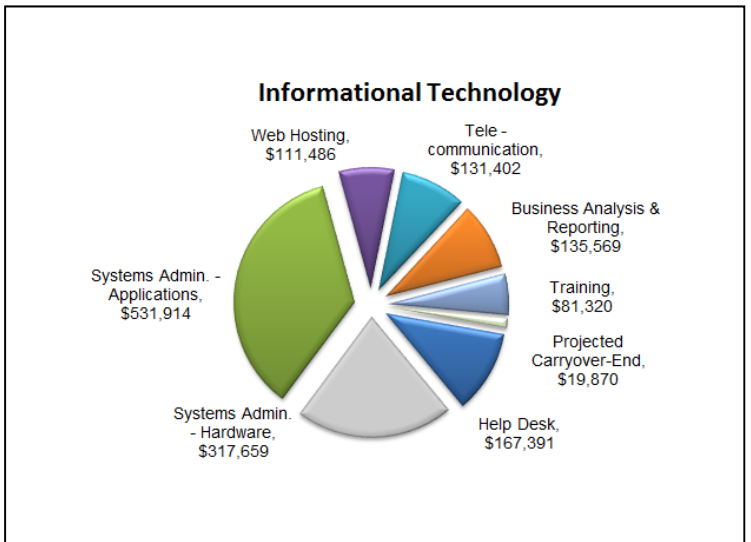
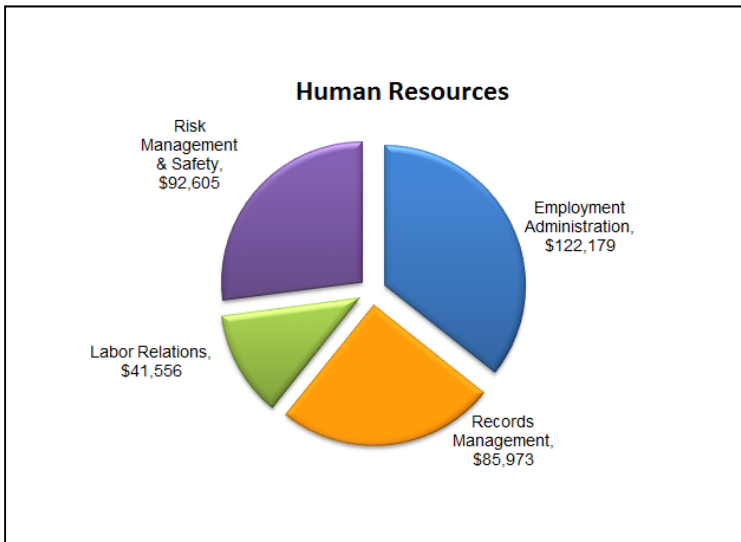
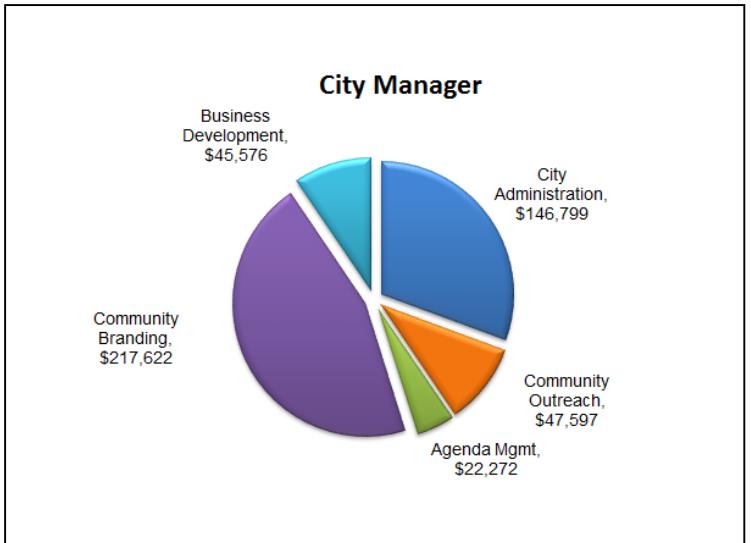
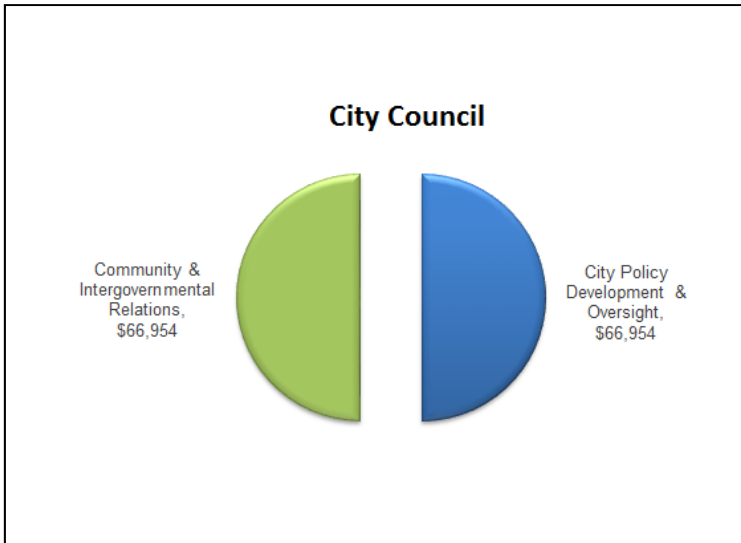
Policy: The City will prepare a five year Capital Improvement Program (CIP) as part of the annual budget process. Coordination of the CIP budget with the operating budget will ensure that all funding considerations are made. The CIP details major infrastructure type improvements and construction projects. Capital items of an operating nature such as automobiles or personal computers are budgeted in each operating department budget.

Status: *The City prepares a five year CIP on an annual basis. Project detail includes a description of planned improvements, estimated cost, financing sources, project status, impact on operating budget and project area map, if applicable.*

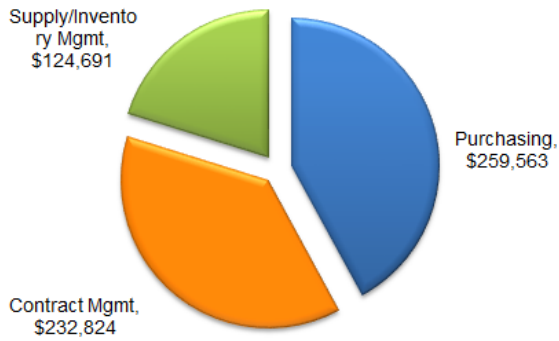
Policy: The City will adopt the first year of a multi-year plan for capital improvements, update it annually and make every attempt to complete all capital improvements in accordance with the plan.

Status: *The City adheres to the policy with the understanding that planned capital projects may be delayed due to delays in permitting, environmental conditions, bidding and/or re-prioritization by elected officials.*

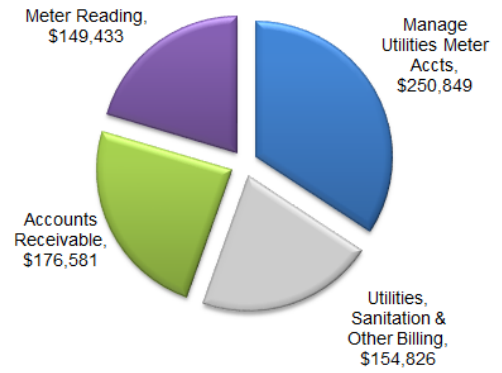
Section 3: Costs of Services



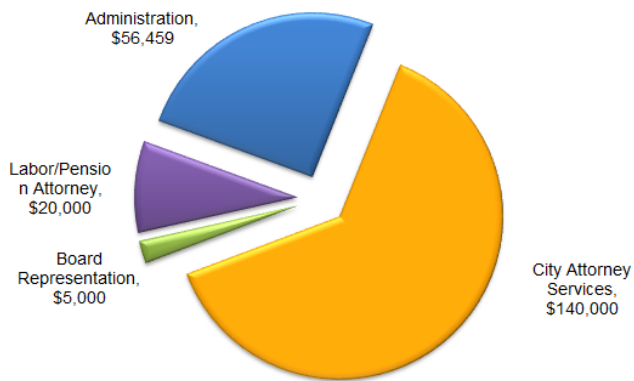
Procurement



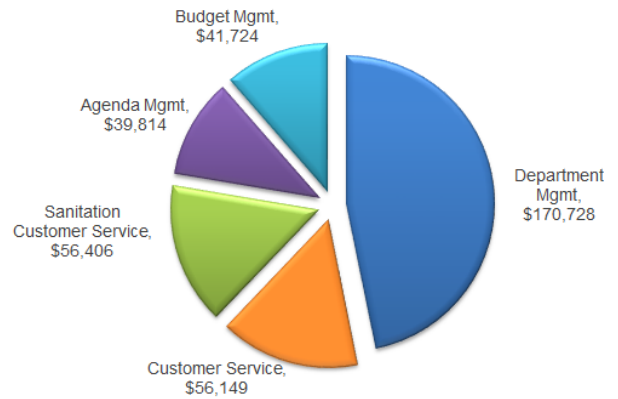
Billing & Collections



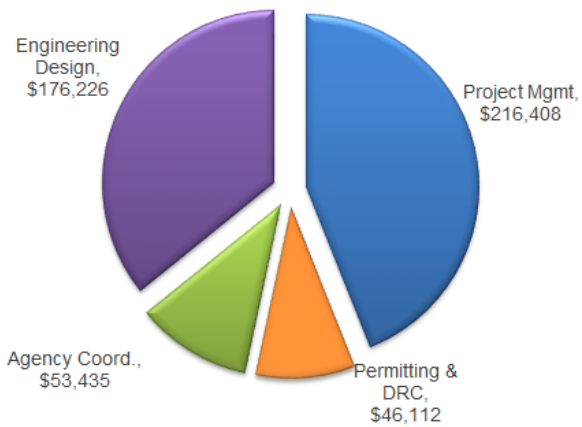
Legal



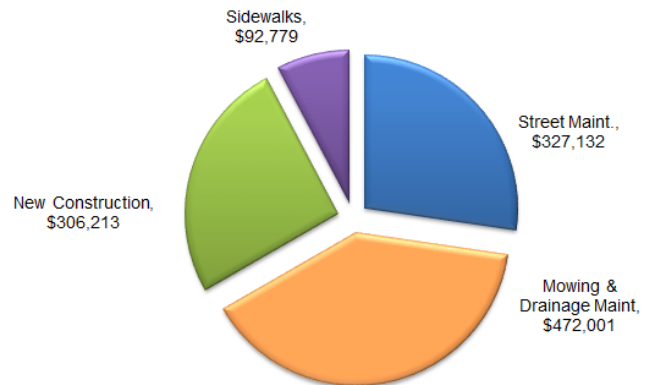
PW Administration



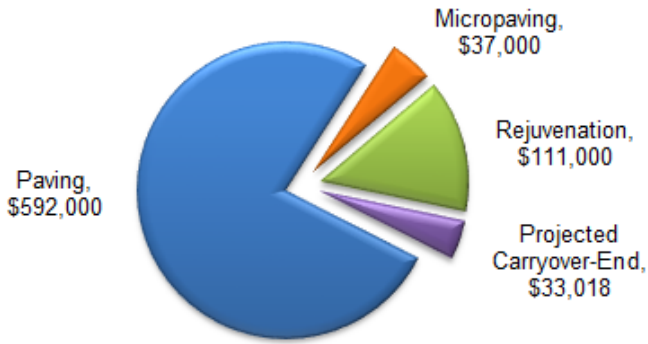
Engineering



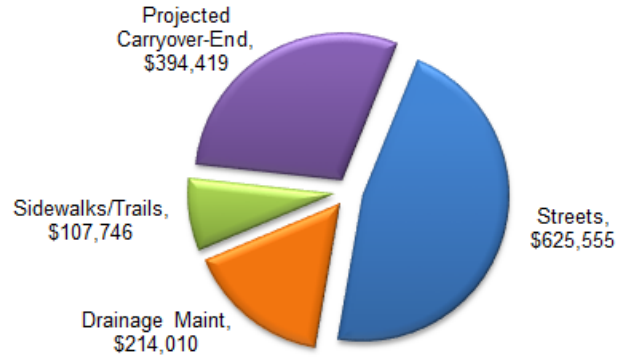
Right of Way



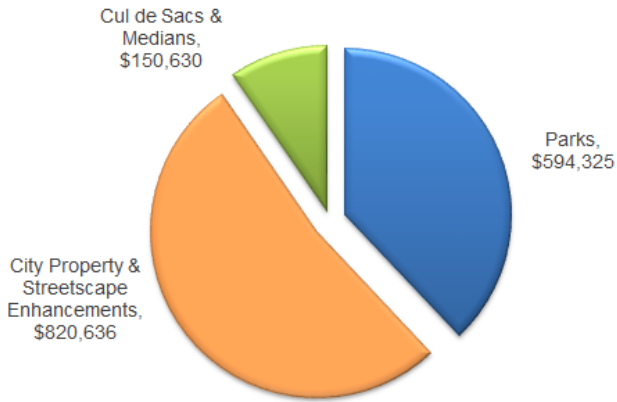
Additional Five Cent Gas Tax Fund



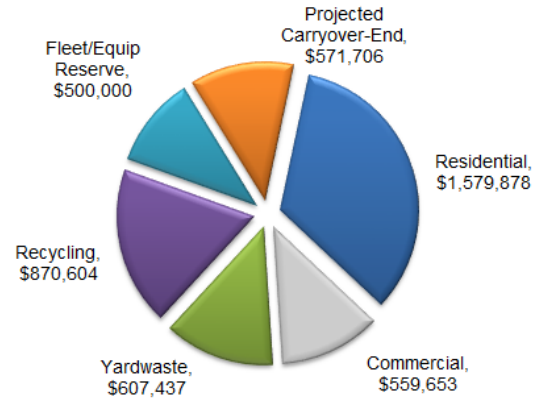
Six Cent Gas Tax Fund



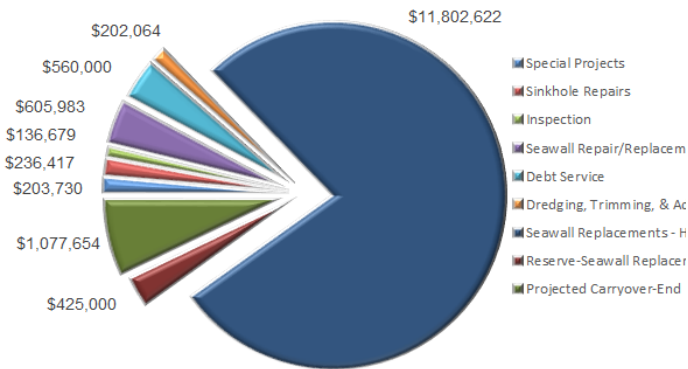
Parks & Grounds



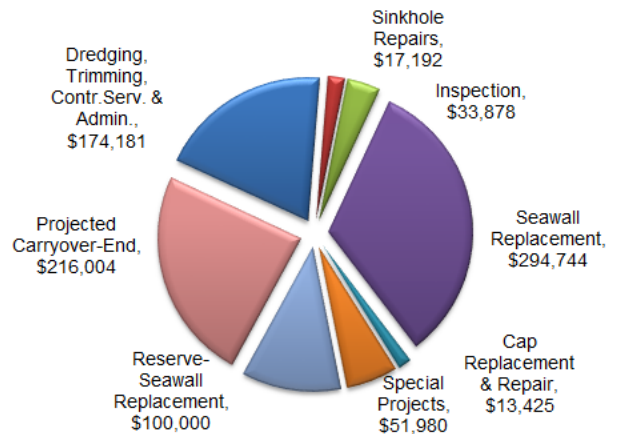
Sanitation

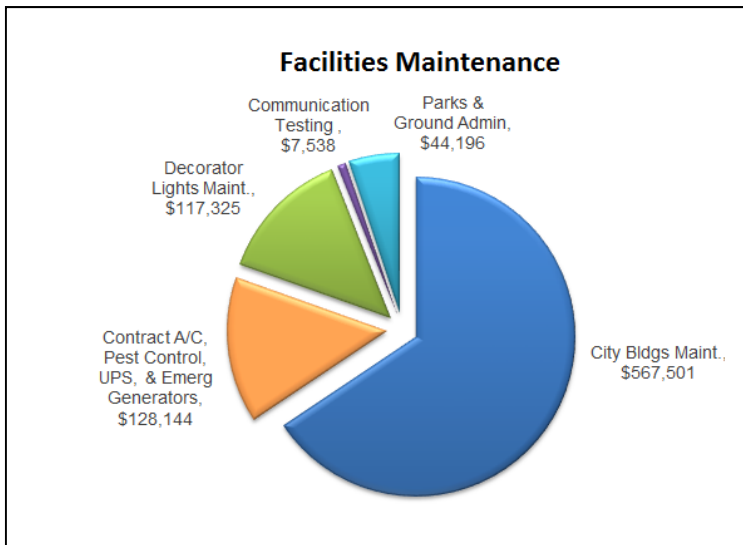
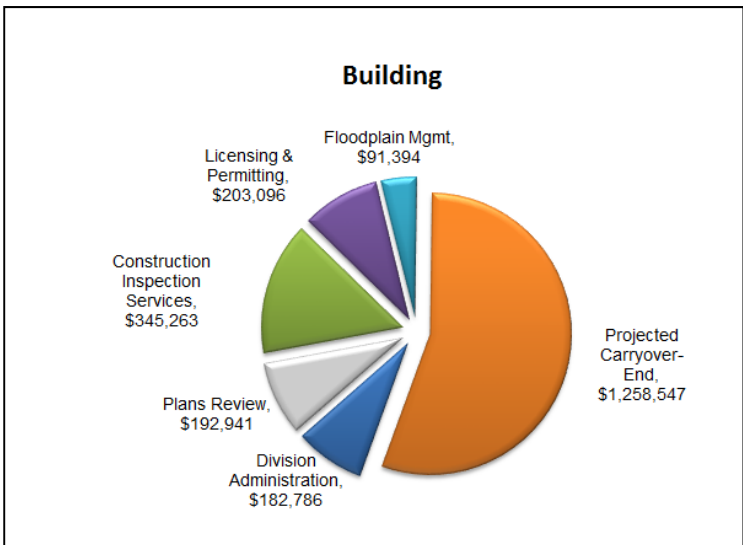
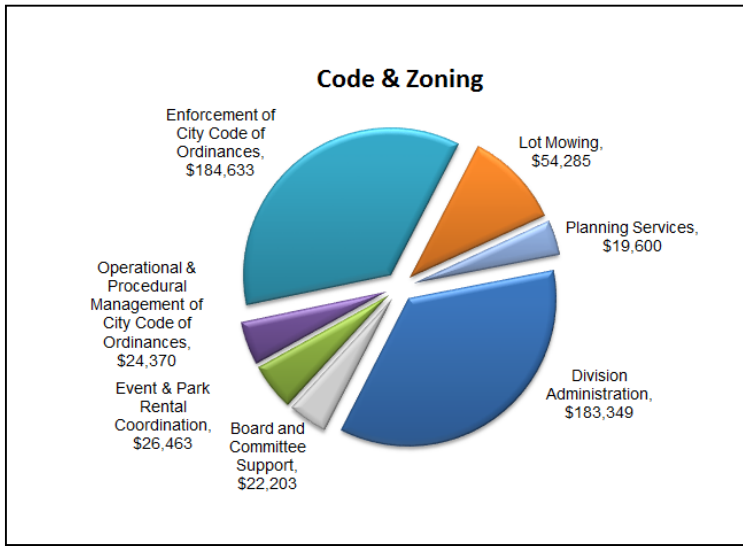
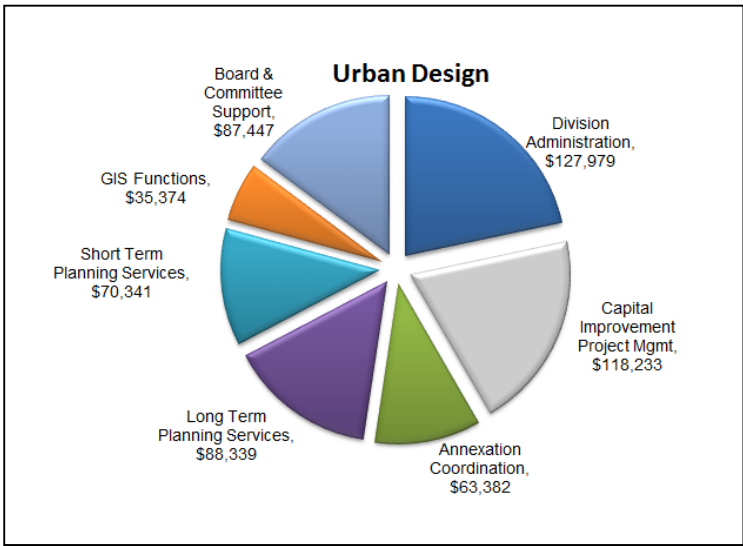
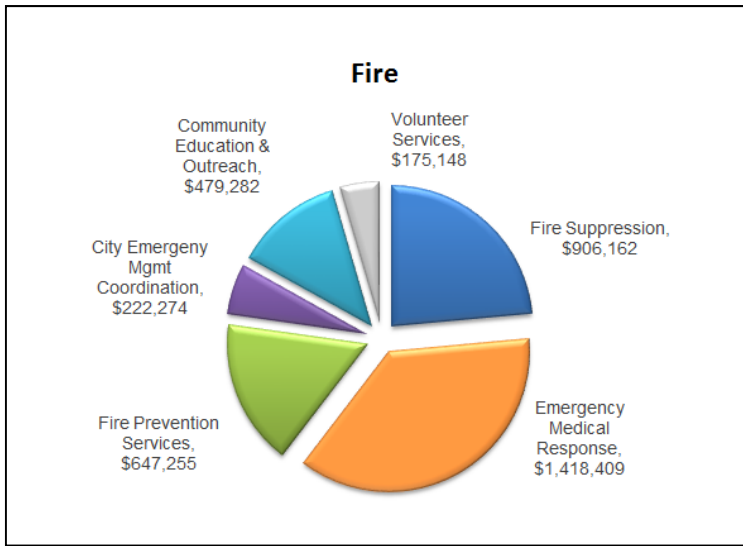
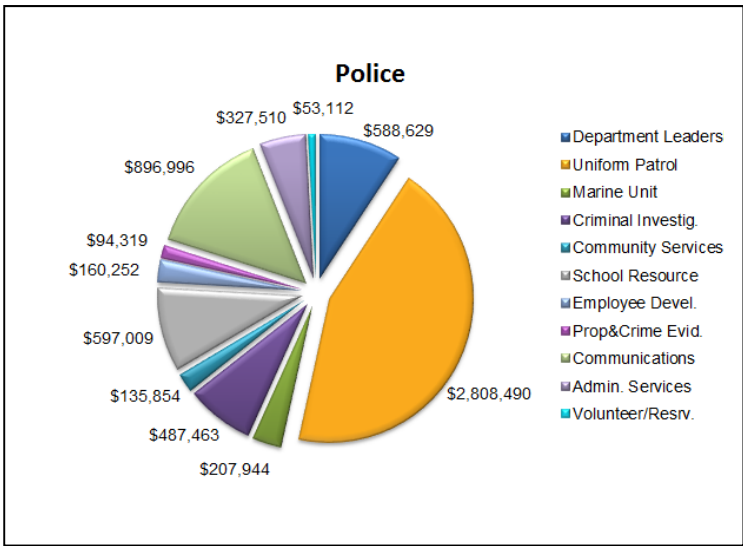


Punta Gorda Isles

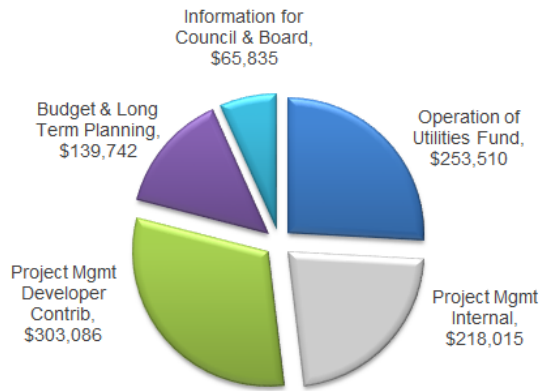


Burnt Store Isles

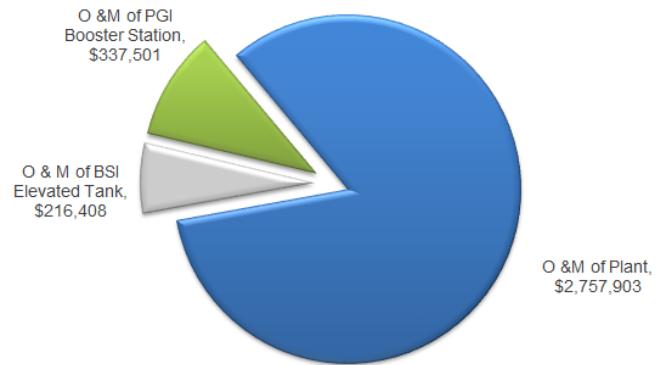




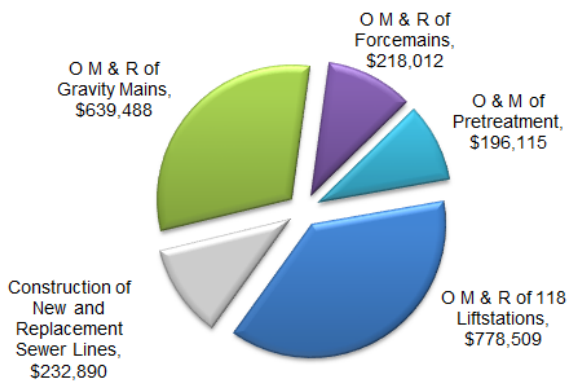
Utilities Administration



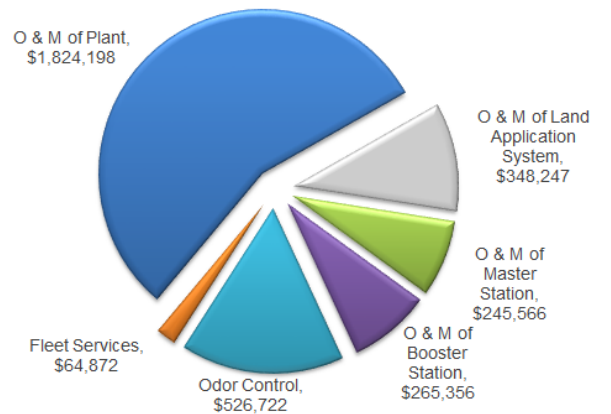
Water Treatment



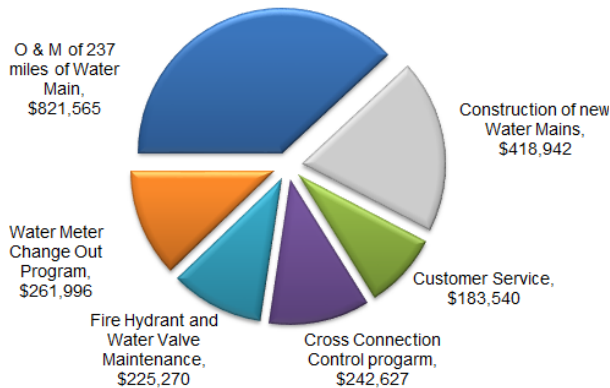
Wastewater Collection



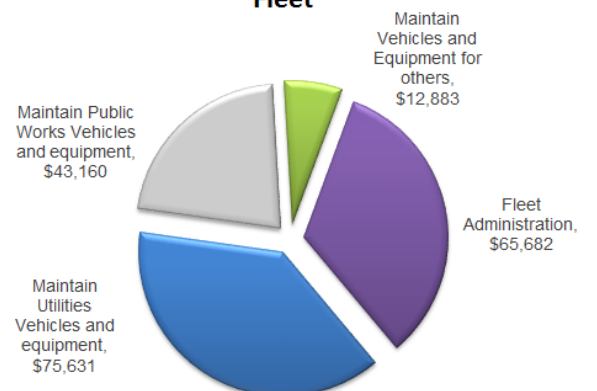
Wastewater Treatment



Water Distribution



Fleet



Section 4: Budget Issues

General Fund

One of the City's financial management policies continues to recommend recurring revenues be aligned with recurring expenditures. In addition the fiscal forecast is predicated on retention of the current millage rate. The estimated value of a mill for FY 2020 is \$3,159,000. In order to address the above policy and/or millage rate assumption, the following scenarios for FY 2020 can be considered:

Alignment of current revenues with current expenditures:

- ✓ Fiscal forecast, no use of any available reserves thereby aligning current revenues with current expenditures, adjustment of interest revenue due to rising interest rates, and no funding for enhanced stormwater/drainage services enables retention of current millage rate at 3.1969 mills.
- ✓ Funding enhanced stormwater/drainage services at \$250,000 level results in millage rate increase of 0.080 mills.
- ✓ Funding enhanced stormwater/drainage services at \$500,000 level results in millage rate increase of 0.158 mills.

Establishment of millage rate using only growth-related revenues (\$153,000 based on \$50 million in tax base growth net of early payment discount) results in a relative millage rate decrease of 0.1328 mills. In order to achieve a balanced budget (current revenues equalling current expenditures) based on this assumption with total shortfall of \$919,800, the following expenditure reductions can be considered:

Areas of Consideration	Range
Reduction of drainage program	\$0 - \$500,000
Reduction of contract with Aqua Consulting & Marketing	Contract \$0 - \$81,000 Marketing/Operating \$0 - \$30,000
Defer Urban Design comprehensive plan studies	FY 2020 amount \$65,000
Eliminate various programs and related staffing	To Be Determined based on input from Council and citizens

Items that are currently not in the projected budget but will need to be considered as the FY 2020 budget is developed are:

Public Safety Bargaining Unit Contracts – Bargaining unit contracts have not yet been finalized. The impact from those contracts above the standard 3% increases are not budgeted in FY 2019 or future years.

Reconsideration of FY 2019 Staffing Requests – Due to budget constraints, unknown bargaining contract outcomes, proposed legislation that would have reduced ad valorem revenues in future years, need for increasing reserves in future years, and other initiatives that were under discussion such as the City's Master Plan during the FY 2019 budget development, positions that had been requested were put on hold for future discussion. These included EMS training chief (\$109,000); dispatcher (\$52,000); (2) community engagement officers (\$186,000); and computer support specialist (\$58,000). Total annual cost would be \$405,000 of which approximately \$16,000 of the computer support specialist would be spread to other funds.

Budget General Employee Salary increase at 4% instead of 3% (Citywide) – Progression planning and career progression programs have been implemented in efforts to retain current employees. In addition, the City implemented the pay grade recommendations and an alternative for general employees from the classification and compensation study undertaken in FY 2018 less than recommended in the Cody study. An additional 1% salary increase for general employees (excluding union and other sworn personnel) is approximately \$121,000 citywide, of which \$58,000 is general fund.

City Hall Refurbishment – Bids have been received and are in review for the historical and functional building evaluation of City Hall. Outcomes from the study will provide areas that may need to be addressed for repairs/maintenance.

Citywide Master Plan – The development of a Citywide Master Plan is underway through a contracted firm who will gather input from all stakeholders. Once plan is presented, priority projects may be determined that have not been in the five year plan. Timing of new projects and funding would need to be determined.

Fair Share Impact Fee Study – Consultants have been working with City Staff. They are finalizing their report and recommendations which will then be presented to Council. Impact fees may be used for growth related infrastructure projects in a share commensurate with the growth requiring the need for the project. After the last review in 2011, Police, Fire, and Governmental impact fees were suspended and Park and Transportation impact fees were adjusted.

Website Accessibility (Citywide) – Upgrade of technology and conversion of documents posted to website for emergency management, legal requirements, transparency to the public, and other general information is a priority. The City has been making strides in this area but additional expertise and technology is needed. City staff will be working with consultant who previously provided the ADA transition plan to develop a plan specifically for the website and associated costs for implementation.

Punta Gorda Isles Canal Maintenance Fund

The City continues to work closely with FEMA and the State for recovery of 87.5% of the expenditures for seawall repairs totaling approximately \$27 million. Rip rap mitigation has not been started and is delayed pending permitting. The additional \$100 assessment approved in FY 2019 for four years is scheduled to fund the repayment of debt service on the City's share of the projects, 12.5% of the expenditures.

Burnt Store Isles Canal Maintenance Fund

The City continues to work closely with FEMA and the State for recovery of 87.5% of the expenditures for seawall repairs totaling approximately \$1 million. Rip rap mitigation has not been started and is delayed pending permitting. The Burnt Store Isles (BSI) canal maintenance assessment district did not require an additional assessment for this project.

Utilities Fund

Reverse Osmosis Plant Construction – Construction in progress with total project cost of \$40 million. While the long range plan still assumes 50% grant funding for amounts over the original \$32.2 estimated,

other sources of funding such as additional financing through the SRF (State Revolving Fund) loan may be needed if grant funding is not received.

Septic to Sewer – A Master plan was presented and approved by both the Utilities Advisory Board and City Council. Direction was provided to staff to move forward with developing a financial plan to implement Areas 1-3 identified in the Master plan. The City has engaged a consultant to work with staff in developing a financial plan that will be similar to plans implemented by Charlotte County.

Wastewater Treatment Plant Expansion – Consultant is providing planning and study services to determine various alternatives for wastewater treatment plant needs based upon the current capacity and future growth demands. Alternatives and projected costs will be developed and anticipated timing of the alternatives will be needed to project where in the capital improvement plan it needs to be placed, as well as funding sources that may include user rate increases, financing, impact fees, and/or grants. Utilities has set aside \$2.5 million in the current five year plan using impact fees and current user revenue in anticipation of the future need.

Sanitation Fund

An expected rate increase of \$0.60 per month is due to scheduled contract rate increase for recycling. Projections show rates are not adequate to fund the future needs of replacement of equipment. During the budget process this will be reviewed and options presented.