



**CITY OF PUNTA GORDA  
OFFICE OF THE CITY MANAGER**

To: City Council Members  
From: Howard Kunik  
Date: August 7, 2020  
Subject: FY 2021 Proposed Budget

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**MISSION STATEMENT**

**“To preserve and enhance Punta Gorda’s identity as a vibrant waterfront community, unique in character and history; and as a desirable place to live, work and visit.”**

Members of City Council,

This is my sixteenth and final opportunity as City Manager to present you an annual financial plan. Gregory Murray will be assuming sole manager responsibility as of October 2020. I have appreciated the opportunity to serve you and this wonderful community since April 2005. Even in the midst of COVID-19 related economic uncertainty, we continue to make great strides in our service delivery and planning for the future. This budget message provides a narrative explanation that summarizes the philosophy driving our recommendations. As you review these recommendations, I encourage each of you to keep several important facts at the forefront of your thoughts. These facts will aid you in your efforts to evaluate our proposed service delivery plan and reach sound decisions to guide the City’s future:

- The Charlotte County Property Appraiser reported that taxable property values increased Citywide by 4.6%, which is the eighth straight year of increasing property values, reversing a previous trend of six straight decreases in overall value.
- The Community Redevelopment Area (CRA) experienced an 8.9% increase from previous year property values, the sixth straight year of value increases.
- Increased value from new construction, annexations and other adjustments in the City is \$46.8 million, down from \$54.2 million the previous year.
- The proposed FY 2021 General Fund Budget, net of ending reserve and an \$7.8 million transfer for a line of credit draw for the PGI Canal Maintenance Fund, totals \$24.0 million, which is \$1.0 million or 4.3% more than the original FY 2020 budget. The cumulative increase in the general fund since FY 2008 is 17.0%, which averages to an approximate 1.3% increase per year.
- State revenue projections for various taxes show decreases of 5-20% for FY 2021. These include such items as gas taxes, communications taxes, local government taxes, and state revenue sharing. The projected decreases are due to adverse fiscal impacts on the economy stemming from COVID-19.

- The proposed millage rate is 3.4337, same as prior year. The City’s portion of a residential tax bill, excluding non-ad valorem assessments, is generally 20% or less. The majority of ad-valorem taxes paid are for services provided to Charlotte County government and Charlotte County School system.
- Incorporated in the overall budget is a proposed 4% merit increase for non-bargaining unit employees and increases per contracts for bargaining unit employees.
- To assist you in measuring our performance, City Council approves an annual Strategic Plan. Action items to be undertaken during FY 2021 as part of the five strategic priority areas identified in the Plan are incorporated into the annual budget and the City’s five-year capital improvements program.
- The Long Range Financial Plan has been updated for the City’s major fund groups. The Plan highlights revenue and expenditure trends over a five-year timeframe and recommends strategies to minimize projected budgetary gaps, tax and/or fee increases. Information gleaned from the Plan was used to formulate guidelines for FY 2021 budget preparation. This included an update to the minimum unassigned fund balance for the General Fund and all other operating funds, except the Utilities Fund, in accordance with City Council’s desire to lead toward future compliance with nationally recognized standards.
- The change in Consumer Price Index (CPI) as reflected in the State “Save Our Homes” Legislation is 2.3%. This means that no matter how high the market value of a homestead property increases, the assessed value can only rise 2.3%.

The worldwide coronavirus pandemic has led to definite short-term changes in the economy with the possibility for more long-term economic impacts. Forecasts by national economists show a wide range in how quickly the economy will recover. All level of government agencies, as well as our local community, are facing the challenge of the ability to forecast, plan for, and provide services that meet public needs in these unprecedented times. Along with these challenges comes the additional necessity of prudent and sensible funding for needed services for our City. This proposed budget carefully balances conservative revenue projections and available resources to continue moving the community along the path to an excellent quality of life at a reasonable level of cost.

## STRATEGIC PLAN

The Strategic Plan (herein referred to as the “Plan”) is used to set the overall goals for the City, provide direction to City departments, and create the basis for each year’s annual budget and five-year capital improvements program. The plan provides a tool for more effective and economical operations and demonstrates to the public that careful consideration has been given to future development and direction of the organization. The Plan provides a realistic view of the expectations for the organization and community at-large. This diagram shows how the pieces of the Plan fit together.



On April 27, 2005, City Council approved moving forward with development of its first strategic plan and solicited input from residents, boards and committees, civic groups and staff on priorities to be addressed. Since 2005, the City has now completed fifteen strategic plans. Action items accomplished as part of the 2020 Plan are highlighted within each respective strategic priority area.

#### *Financial/Economic Sustainability*

- Conducted a strategic plan workshop to review mission, vision, goals, strategic priority areas and action items to be incorporated in FY 2021 Plan, approved in May 2020. Plan enhances measures to assess progress.
- Updated the long range financial plan for the major fund groups and continued to assess the City's financial management policies with nationally recognized standards. Revised such policies, primarily reserves, to gradually address national standards.
- Prepared FY 2021 budget based on rolled-back millage rate with ability to address reduced revenue projections due to COVID-19 through retainage of current millage rate.
- Refinanced Community Redevelopment Area (CRA) debt which resulted in savings of \$565,000 over life of remaining term and average annual savings of \$76,500.
- Secured the services of Stantec to undertake a utility rate study, projected for September/October 2020 completion.
- Completed Fair Share impact fee study and approved revised rate structure February 2020 with 60-day grace period for payment. Incorporated public safety impact fee in revised schedule.
- Completed PLAN Punta Gorda 2019 Citywide Master Plan accepted November 2019. Continued contract services with Dover Kohl to prepare Comprehensive Plan and Land Development Regulation amendments based on master plan recommendations and further community input sessions.
- Established an Interstate Zoning District in the Jones Loop Road area to provide flexibility for and promote future mixed-use and commercial-oriented development.
- Enhanced information technology applications through replacement of Code Red emergency notification system with more robust Everbridge product; public records request tracking software; and initiation of transition to electronic timekeeping.

#### *Infrastructure Sustainability*

- Completed annual street resurfacing program. Brick installation on Goldstein completed; Sullivan forthcoming in September 2020.
- Provided periodic status reports on six-year 1% Local Option Sales Tax capital projects plan. Projects completed include Alligator Creek pedestrian bridge over US 41 multi-use recreation trail, Madrid sidewalk, Veterans Park Phase 2 and Taylor Street rebricking. Projects under design include Airport Road, Cooper Street and East Virginia complete streets. Land acquisition for retention areas associated with stormwater drainage improvements in Boca Grande area nearing completion. Projects in material procurement phase or under construction include final phase of Gilchrist Park harborwalk, and Shreve Street multi-use recreation trail lighting.
- Completed construction of Buckley's Pass navigational channel, which opened for use April 2020.
- Completed construction for Groundwater Reverse Osmosis (RO) Water Treatment Plant, which began operation June 2020.

- Developed and presented FY 2021-2025 Capital Improvements and Capital Outlay Plans for major infrastructure categories.
- Completed seawall materials and methods feasibility study in conjunction with Taylor Engineering. Report under review by canal maintenance advisory boards and City Council.
- Continued annual stormwater drainage program. As of July 17, work has been completed on 774 properties totaling 588,300 square feet of grading and sodding. 75% of work involves properties with floritam sod, while 25% are those with bahia.
- Completed financial plan in conjunction with Jones Edmund for implementation of transition from septic to sewer in City utility service area. Plan presented to Utility Advisory Board, City Council and County Commission. Next phase is to secure services of engineering firm to design planned improvements.
- Approved construction method for wastewater treatment plant expansion and initiated lease extension negotiation with Florida Fish and Wildlife Commission.
- Conducted straw poll for Burnt Store Isles (BSI) proposal to convert overhead wire lines to underground. Project rejected by 80% of respondents and formally dropped from further consideration by City Council May 2020.

#### *Partnerships, Communication & Collaboration*

- Initiated live streaming of City Council, boards and committee meetings on You Tube.
- Provided weekly updates on Buckley's Pass and Gilchrist Park harborwalk construction on You Tube and Facebook.
- Established web page devoted to COVID-19 information, updates and initiatives.
- Held virtual Town Hall meeting to provide updates to Citywide projects and address inquiries from public.
- Completed tenth Citizen's Academy, reaching out to over 30 attendees who learned about the City organization: administration, finance, public safety, public works, utilities and urban design.
- Prepared and disseminated Welcome to Punta Gorda Life pamphlet highlighting to newcomers the City's amenities and more significant resources.
- Partnered with TEAM Punta Gorda and Habitat for Humanity to build affordable single-family home on former City-owned property on East Helen.
- Approved land lease with Peace River Wildlife Center to relocate administrative, gallery and viewing areas on City-owned land on West Henry.
- Completed 1% Local Option Sales Tax resident committee sessions to establish and recommend project priorities for future program if approved by Charlotte County voters in November 2020. Consisting of representatives from neighborhood associations, business sector, boaters' alliance, arts and history sectors and each Council district, committee established Tier One and Tier Two projects for consideration.
- Held and/or participated in numerous neighborhood meetings to garner input and engage the community to address such issues as Strategic Plan, Historic District infrastructure improvements, budget development, land development regulations and public safety services.
- Provided letters of support for numerous initiatives to include City and Charlotte County legislative priorities; Florida League of Cities call for action on proposed legislative matters, and historic interpretive marker program.

- Partnered with Quality Independence to manage agripreneur garden on East Virginia; Habitat for Humanity and TEAM Punta Gorda to build affordable home fronting MLK Boulevard; TEAM Punta Gorda for America in Bloom project; Pickleplex for its Phase Two expansion, pending County funding; PGI Green Thumbs for installation of serenity garden in Nature Park; National League of Cities Utility Service Partners to provide low cost warranty program for issues with water and/or sewer line failures on private property; and Punta Gorda Historic Mural Society for painting of Army Airfield mural in Veterans Park.

#### *Strategic Communications Positioning*

- Continued dissemination of Punta Gorda brochure throughout community and marketing partners to include local hotels, chambers of commerce, Event Center, visitors' bureau, Punta Gorda Airport, and Sunseeker.
- Continued Punta Gorda Developments newsletter and continued dissemination on periodic basis. Newsletter highlights projects in planning, under construction and completed.
- Promoted community amenities on Facebook, Twitter and Instagram.

#### *Quality of Life*

- Completed Gilchrist Park Activity Center alternatives report in conjunction with Dover Kohl. City Council approved retention of both Boat Club and Bayfront Center buildings with planned renovation.
- Initiated update to Parks and Recreation Master Plan through community presentations and input sessions.
- Participated with Peace River Housing Partners in establishment and operations of organization, and Gulf Coast Partnership on housing initiatives.
- Approved incorporation of affordable housing impact fee waiver as part of revised Fair Share impact fee schedule.

The FY 2021 Strategic Plan Action Items have three distinct elements that help transform the City's vision into reality. They are:

- **Strategies:** The Plan document contains the strategies that the City will pursue and action items on how to achieve the strategies. Strategies and action items are funded through the annual budget, five-year capital improvements program and partnerships with other public, non-profit and private organizations.
- **Key Performance Indicators:** Metrics that the City uses as sources of evidence to determine if its strategies are having their intended impact.
- **Financial Plan:** The City performs multi-year fiscal forecasting to show the long term impacts of its decisions, model different scenarios and identify/address financial issues well before they are realized. The forecasts are included in the Long Range Financial Plan presented to City Council in January or February of each year.

The five strategic priorities, identified above, and attendant goals are:

### *Financial/Economic Sustainability*

- Goal: Continue best management practices in financial planning and appropriate reserves policies to reach the national standard of 16.7% by increasing reserves by 0.5% or more per year.
- Goal: Identify sustainable spending policies and appropriate technologies to support business operations through operational audits and investments in new technology that connect the City with the community.
- Goal: Strengthen and diversify the City's tax base to increase the commercial base, for example, through annexation by annexing three properties per year over the next five years.
- Goal: Support Charlotte County efforts to facilitate and nurture high priority economic development projects through monthly one on one meetings with Council and City Manager.
- Goal: Ensure the competitiveness of Punta Gorda's business climate through continuous participation in the Economic Development Partnership, Punta Gorda Chamber of Commerce and conducting rate studies as needed.
- Goal: Enhance workforce development and diversity in the City organization through intentional succession planning and investment in employee training programs.
- Goal: Encourage strategic commercial development through the implementation of new Land Development Regulations and Codes being put into place in FY 2022.

### *Infrastructure Sustainability*

- Goal: Maintain and enhance the City's infrastructure to ensure efficient and effective service delivery and quality aesthetic appeal
- Goal: Complete the 18-mile pedestrian/bicycle pathway connecting all neighborhoods through collaboration with applicable granting agencies and City investment in pathways by June 2022.
- Goal: Maximize use of technology in applicable areas through capital budgeting procedures and investment in learning opportunities for staff.
- Goal: Apply best management practices and systems in infrastructure maintenance.
- Goal: Establish a five-year capital improvements program that ensures infrastructure is in place to meet projected growth demands and update the plan on an annual basis.

### *Partnerships, Communication & Collaboration*

- Goal: Promote partnership opportunities with public, private and non-profit organizations
- Goal: Emphasize transparency in City operations, reporting, and activities
- Goal: Continue to seek community input in decision making process
- Goal: Support and assist community efforts to address City priorities through recognition and process initiatives
- Goal: Diversify Housing Types through implementing selected recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.

### *Strategic Communications Positioning*

- Goal: Implement the three-year strategic communications/marketing plan for the City
- Goal: Optimize waterfront, bicycle and pedestrian assets of the City

- Goal: Coordinate with stakeholders in promoting Punta Gorda as a boating, fishing and bicycle-friendly destination
- Goal: Support and facilitate the marketing of Punta Gorda's assets as a core to a vibrant downtown
- Goal: Optimize expertise of regional and local partners (i.e. Charlotte Harbor Tourism Bureau, Chambers of Commerce, Realtor Association, Economic Development Partnership, tourism-oriented private sector) to achieve stated objectives
- Goal: Make Downtown a vibrant and attractive place through implementing selected recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.
- Goal: Encourage strategic commercial development through implementing selected recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.

### *Quality of Life*

- Goal: Support, promote and maintain the City's historic character
- Goal: Maintain the City's high safety rating, emergency response and storm preparedness
- Goal: Meet all water quality standards (primary and secondary).
- Goal: Achieve status as a waterfront destination for land and water visitors through implementing selected recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.
- Goal: Support and promote a pedestrian and bicycle friendly community through implementing selected recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.
- Goal: Ensure a diversity of housing stock that is attainable for all income levels, racial backgrounds, life stages and abilities through implementing recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.
- Goal: Continue Universal Accessibility transition plan efforts within the City
- Goal: Continue planning and implementing climate change strategies that; 1) protect significant natural resources 2) support economic growth, improve protection of life and property in hazardous areas.
- Goal: Diversify Housing Types through implementing selected recommendations in the 2019 PLAN Punta Gorda Citywide Master Plan over the next five years.

The Plan helps us stay focused in our near term objectives and tasks, while still keeping our eye on the long range perspective of our actions. Our strategic plan is dynamic and can be adjusted or molded from time to time as needed. It is a working document that evolves as development takes place. Throughout the year, we will provide status reports on our progress. In this way, it is a document by which we can measure our success and by which the community can evaluate our performance.

In linking the City's strategic plan to development of the operating budget, each City department/division identified one or more of the five strategic priorities that significantly contribute towards achieving objectives. This information can be found within the key performance measure discussion for each operating division, along with division specific mission and objectives, initiatives, action items and metrics.

## **ECONOMIC OUTLOOK**

National and state economies are key factors in assessing the City's future fiscal picture. Changes in the national, state and local economies can affect both revenues and expenditures, due to the impact on sales tax receipts and the costs and demand of providing city services. While economic changes at the state and national level can often translate into comparable changes locally, it is important to note that Punta Gorda and the Southwest Florida region as a whole often behave differently, displaying economic trends and reflecting experience that may lag or precede observed changes elsewhere.

### **National Economic Outlook**

The updated July 2020 economic forecast from the Congressional Budget Office (CBO) includes the following key points:

- The forecast incorporates information available as of June 26, 2020 and was published to provide Congress with CBO's current assessment of the economic outlook in a rapidly evolving environment. The 2020 coronavirus pandemic has brought widespread economic disruption. Mitigation efforts to reduce contagion world-wide have reduced social activities, travel, and curtailment of activities in schools and businesses. The first quarter of 2020 saw an end to the longest economic expansion and triggered the deepest downturn in output and employment since World War II.
- Despite the above, CBO is projecting a fairly rapid recovery from the third quarter of 2020 through the third quarter of 2021 as the degree of social distancing is projected to gradually diminish to zero.
- A major factor underlying this economic forecast is the agency's projections of the economic effects of the four laws enacted in March and April 2020 to address the public health emergency and to directly assist affected households, businesses, and state and local governments. Those laws-which together are projected to increase the federal deficit by \$2.2 trillion in fiscal year 2020 and by \$0.6 trillion in 2021-will, in CBO's assessment, partially mitigate the deterioration in economic conditions and help spur the recovery.
- Real (inflation-adjusted) GDP recovers rapidly and is expected to grow at a 12.4% annual rate in the second half of 2020 and to recover to its prepandemic level by the middle of 2022. Following that, it is projected that a more moderate rate of growth will be seen through 2028.
- The unemployment rate is expected to peak at over 14% in the third quarter of 2020 and then fall quickly as output increases in the second half of 2020 and throughout 2021 to 7.6%. It is expected to be reduced to 5.9% by the end of 2024, still above the prepandemic rate.
- Inflation of consumer price index for personal consumption expenditures is projected to be 0.4 percent in 2020 and to nearly reach 2.0 percent (the Federal Reserve's long-run objective for inflation) by 2024. The CBO's projections, the interest rate on 10-year Treasury notes gradually rises from an average on 0.9 percent in 2020 to 1.6 percent by 2024.
- Interest rates on federal borrowing throughout the decade remain well below the average rates in recent decades. The federal funds rate is expected to fall from 2.1% in 2019 to below 1.0% in 2020 where it remains steady through 2022.



- CBO stresses that these latest economic projections are surrounded by an unusually high degree of uncertainty due to the nature of the pandemic and the behavioral and policy responses intended to contain its spread. The severity and duration of the pandemic are still subject to significant uncertainty.

### **Florida/Southwest Florida Regional Economic Outlook**

The Florida Legislature Office of Economic and Demographic Research issued its economic overview in February 2020 based on information prior to the start of pandemic. Therefore only a few highlights in the report are presented as it relates to past performance and Florida's economic drivers:

- For the third quarter of 2019 calendar year, Florida's real growth to 2.4% slightly above the national average of 2.1%. This ranked Florida 11<sup>th</sup> among states for growth.
- The third quarter result for the 2019 calendar year indicates that Florida's personal income growth ranks 29<sup>th</sup> in the country with 3.5% growth over prior quarter, compared to national growth of 3.8%.
- The December 2019 unemployment rate was 3.0%, lower than the US rate of 3.5%.
- Population growth is the state's primary engine of economic growth, fueling both employment and income growth. Florida's population grew by 1.77% between April 1, 2018 and April 1, 2019 to 21,208,589 adding 368,021 residents. This growth was strongest annual increase since 2006, immediately prior to the collapse of the housing boom and the beginning of the Great Recession.
- Florida is currently the third most populous state, behind California and Texas.
- Florida tourism is a major component of the state's economy. The sales tax forecasts rely heavily on strong tourism growth. Currently, tourism-related revenue losses pose the greatest potential risk to the economic outlook. Previous economic studies of disease outbreaks and natural or manmade disasters have shown that tourism demand is very sensitive to such events. A strong and strengthening dollar tends to have a chilling effect on international travel.

The Florida Gulf Coast University (FGCU) Regional Economic Research Institute's Southwest Florida Regional Economic Indicators Report published in July 2020 exemplify the effects of the COVID-19 pandemic.

- Southwest Florida's seasonally-adjusted unemployment rate from April to May 2020, fell from 15.7 percent to 14.8 percent, but is significantly up from 3.2 percent in April 2019. The region's unemployment rate remains above both the state's 14.5 percent and the nation's 13.3 percent for May 2020.
- Tourist tax revenues for the coastal counties fell 86 percent in April 2020 as compared to the prior year.
- Taxable sales showed noticeable effects from the COVID-19 pandemic, with April 2020 showing a 36 percent decline as compared to April 2019.
- Coastal counties issued 693 single-family building permits in May 2020, down 15 percent from May 2019.

- Single-family home sales for the coastal counties fell by 40 percent in May 2020 as compared to May 2019.
- Some areas of the economy beginning to show signs of improvement since the start of the pandemic are airport passenger activity which showed an increase of 200 percent in May 2020 from April 2020, but is still 34 percent below 2019 and the Florida Consumer Sentiment improved 6.1 points from May to June 2020, but was still 13.8 points below June 2019.
- The FGCU Industry Diversification Index (IDI) measures the degree to which a region's workforce is concentrated in few industries or dispersed into many. Industry diversification is an important factor explaining our state and region's tendency to overheat during expansions in the business cycle and overcorrect during contractions in the business cycle. After 2008, the region exhibits a seasonal trend, mainly due to the stronger influence of tourism and seasonal residents that visit Southwest Florida during the winter season, increasing the demand for retail trade and accommodation and food service jobs. During the fourth quarter of 2019, the IDI for Southwest Florida measured at 8.6, ranking it as the 8th most industrially diverse workforce region in the state of Florida (out of 24).

### **Charlotte County Economic Highlights**

As part of the Southwest Florida region, Charlotte County has undertaken a number of initiatives to enhance its business opportunity environment. Some of the more pertinent initiatives and statistics are:

- Charlotte County continues to notice solid growth in population. The 2019 population estimates from the University of Florida, Bureau of Economic Research (BEBR) projects 2020 population at 184,700 up from their 2019 estimated population of 181,770 representing a 1.6% increase. The County ranks second in the state for its population age 65 and older, according to 2018 population estimates from the University of Florida, Bureau of Economic Business Research. By 2030, it's expected the County's population aged 55 and older will be 57%.
- For the eighth consecutive year, the taxable property value in the County has increased. The increase is 6.9% from the prior year. Of that amount, new construction and other adjustments accounted for 3.0%.
- Unemployment is 14.2% in May 2020, slightly lower than the state's rate. One year ago, the unemployment rate in the County was 3.7%.
- The median sales price of an existing single family home in the County was \$236,933 in May 2020, compared to \$230,000 the previous year.
- The County reported 326 single family home sales for May 2020 down 37% from May 2019. Number of building permits issued were 122 in May 2020, a decrease of 31 from May 2019.
- The County's taxable sales tumbled to \$184.4 million in April 2020, a decline of 26% from April 2019.
- The Punta Gorda Airport and Enterprise Charlotte Airport Park (ECAP) continue to represent major economic drivers in the area. Allegiant's service area from Punta Gorda flies to 45 nonstop destinations. The airport is home to a fleet of A320 planes, 400 general aviation aircraft and helicopters, 18 non-airline aviation entities and nearly 500 on-airport

full-time employees. Although, passenger activity at the airport has risen significantly since calendar year 2011 through calendar year 2019, passenger activity has seen a decrease recently. May 2020 report shows a passenger count of 63,314, down 48% from May of 2019.

Year	Passenger Count	Year	Passenger Count	Year	Passenger Count
2011	291,626	2012	219,357	2013	333,611
2014	628,075	2015	836,472	2016	1,118,303
2017	1,293,337	2018	1,577,164	2019	1,644,916

- Sunseeker Resort in the Charlotte Harbor Community Redevelopment Area bordering the harbor on the north side of the US 41 South Bridge, has been placed on hold due to the current economic downturn.
- Tuckers Grade – a planned mixed-use development at the I-75 and Tuckers Grade interchange to include 1,689 residential units, 400 hotel rooms, and 480,000 commercial retail space. The proposed project plans to attract nearby residents and the traveling public.
- Babcock Ranch, a planned new town situated on 18,000 acres bordering Charlotte County and Lee County, broke ground in June 2016. When completed the development will house 19,500 residential units with an anticipated 50,000 population; six million square feet of commercial space; 75 mega-watt solar facility; and 50 miles of trails. The development is also planning a partnership with Florida Gulf Coast University to house higher educational programs. To-date, 700 single-family permits have been submitted since May 2020, and development of town center is well underway. Babcock Ranch tops the list of “Best Eco-Friendly Communities in ideal LIVING for 2020.
- West Port Development - Murdock Village CRA and Charlotte County Board of County Commissioners on August 12, 2019 completed the sale of 452 acres of property in the Murdock Village Community Redevelopment Area to Private Equity Group, LLC (PEG). The agreement puts in motion a development that is projected to create up to 2,400 residential units, 200,000 square feet of retail area, along with commercial space and a 150-room hotel. These plans are still in the developmental stage.

### Punta Gorda Economic Highlights

Projections show a FY 2021 population of 20,352 up from the 2010 Census of 16,641.

- Changes in property values continue to contribute major influence on financial planning and budget preparation. Taxable property values (FY 2021) increased Citywide by 4.6% from the final previous fiscal year, including \$47 million of new construction, annexation, and changes in exemption. This is the eighth straight year experiencing an increase in values after six straight years of declines in taxable value Citywide.
- New single-family housing unit building permit trends since FY 2006 are shown below.

Year	Units Permitted	Year	Units Permitted	Year	Units Permitted
FY 2006	241	FY 2007	190	FY 2008	98
FY 2009	12	FY 2010	37	FY 2011	30
FY 2012	56	FY 2013	88	FY 2014	100
FY 2015	125	FY 2016	113	FY 2017	127
FY 2018	115	FY 2019	89	FY 2020	103 (projected)

- New multi-family housing unit residential construction has also emerged in the City starting in FY 2012 as shown below.

Year	Units Permitted	Year	Units Permitted	Year	Units Permitted
FY 2012	4	FY 2013	4	FY 2014	0
FY 2015	86	FY 2016	90	FY 2017	4
FY 2018	35	FY 2019	39	FY 2020	0 (projected)

- City of Punta Gorda residential development – Vacant vs Developed as of July 2020.

Community	Total Parcels	Developed Residential	Vacant Residential	% Residential Developed
PGI	9,173	8,490	658	92.8%
BSI	1,837	1,613	220	88.0%
BSM	936	726	209	77.6%
<b>TOTAL</b>	<b>11,946</b>	<b>10,829</b>	<b>1,087</b>	<b>90.9%</b>

- Citywide Master Plan – Dover Kohl prepared the PLAN Punta Gorda 2019 Citywide Master Plan, which identified a number of focus areas that offer opportunities for economic growth and sustainability. City Council approved a contract with the firm to prepare comprehensive plan amendments and form-based codes based on Plan recommendations. This work is anticipated to be completed mid-2021. Future years’ strategic plans and budgets will prioritize implementation of Plan recommendations.
- Former IMPAC Campus – City Council approved a rezoning of the four plus acres for a mixed-use planned development to include conversion of one building to a 25-room hotel, relocation of the Military Heritage Museum in another building, and 3,500 square feet of office space. The museum opened in April 2019. The hotel is under construction.
- Terracap (former LOOP) development update - Goodkin Consulting (GC) was hired by the property owner to conduct a market analysis concerning development possibilities for Village Center, a proposed 171-acre mixed-use residential and commercial development. The site is at the intersection of Jones Loop Road and I-75 in Punta Gorda. The report’s findings, published in August 2015, are highlighted below:
  - ✓ Residential component – 290 residential units of which 128 are single family detached, 90 single family semi attached and 72 townhome attached.
  - ✓ Retail component – 540,000 square feet of which 300,000 is an outlet mall and 240,000 a village center.
  - ✓ Office component – 150,000 square feet consisting of 80,000 in village center with office over retail, and 70,000 of two or three single users.
  - ✓ Hotel component – dual branded with 200 rooms.

Terracap, the LOOP property owner uses this data in its marketing effort to attract developers to invest in the site. The first such development was an Aldi Market. Completion of the Jones Loop Road forcemain in 2019 is intended to further incentivize development in the area. Currently a multi-family housing development is under consideration.

- The City’s business development strategy to enhance business and economic development was highlighted in the aforementioned Strategic Plan accomplishments and priorities.

## THE PROPOSED BUDGET

Submitted herein is the proposed City of Punta Gorda Budget for FY 2021. The total FY 2021 budget including all transfers and carryover fund balance is \$133,483,830 which is \$3,348,758 (2.8%) greater than FY 2020. The major factors causing the net increase are related to the increase of \$6.6 million in capital projects and equipment replacements which is offset by planned use of reserves, thereby decreasing ending carryovers \$2.9 million. Transfers and debt service had a net decrease of \$0.7 million as per debt service schedules and funding transfers for capital projects. Personnel costs also increased \$0.4 million for net increase of one position, 4% merit increases for general employees, bargaining unit contract increases, 1.5% estimated increase in health insurance and 20% estimated increase in workers compensation insurance. Other operating expenditures increased overall for estimated 20% increase in general liability insurance and increased computer overhead.

The following chart compares previous adopted budgets with the proposed FY 2021 budget. The expenditures are net of transfers to other funds, internal service funds and ending reserves. The FY 2021 net amount of \$75,302,289 is an increase of \$1,661,042 or 2.3% more than FY 2020.

**Comparison of Net Budgeted Expenditures**  
**Budget FY 2018 through Proposed Budget FY 2021**  
 (Net of transfers, internal service funds and ending carryover fund balance)

	Budget FY 2018	Budget FY 2019	Budget FY 2020	Proposed Budget FY 2021
General Fund	\$18,765,827	\$19,829,664	\$21,225,263	\$21,315,795
Special Revenue Funds	10,990,332	22,599,137	25,810,740	18,687,996
General Construction Fund	2,164,683	1,680,000	890,000	1,560,000
Enterprise Funds	<u>31,595,899</u>	<u>20,527,912</u>	<u>25,715,244</u>	<u>33,738,498</u>
<b>Total Funds</b>	<u>\$63,516,741</u>	<u>\$64,636,713</u>	<u>\$73,641,247</u>	<u>\$75,302,289</u>
<b>\$ Net Increase (Decrease)</b>	(\$4,732,531)	\$1,119,972	\$9,004,534	\$1,661,042
<b>% Net Increase (Decrease)</b>	-6.93%	1.76%	13.93%	2.26%

The FY 2021 budget addresses such issues as continued implementation of strategic plan objectives; various reduced revenue projections; retention of current water and wastewater rates (rate study in process); increase in solid waste rates; decreases in canal maintenance assessment fees; full year of fair share impact fees as updated May 2020; continuation of road resurfacing and drainage improvement programs; 1% sales tax current extension through December 31, 2020 (November 2020 election for further extension pending); and design of the first priority area for septic to sewer conversion for County residents in the City's utility service area. Additional detail and information can be found in the Budget Highlights by Fund section of this message. It is our responsibility to exhibit leadership in addressing these issues and providing cost effective public services to our citizens.

The 292 funded full time equivalent (f.t.e.) position count for FY 2021 has increased by one position from the amended count of FY 2020. The position added is a Plans Examiner/Inspector

in the building department. One of the key performance measures identified in the business plan is the ratio of full time employees to population (table below).

Fiscal Year	Population Estimates	Employees	Ratio Employees/ Per 100/Population
<b>2021</b>	<b>20,352</b>	<b>292</b>	<b>1.4</b>
2020	19,957	291	1.5
2019	19,285	288	1.5
2018	18,811	286	1.5
2017	18,588	274	1.5
2016	18,368	271	1.5
2015	17,632	267	1.5
2014	17,556	263	1.5
2013	17,349	265	1.5
2012	17,177	265	1.5
2011	16,907	265	1.6
2010 Census	16,641	270	1.6
2009	16,989	291	1.7
2008	17,651	308	1.7

### Core Level of Service Comparative Analysis

As part of the development of the long-range financial plan, staff undertook an analysis of how Punta Gorda compares with surrounding jurisdictions in delivering core services in January 2020. 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 municipalities for delivery of its core services.

#### Basic Tax Fee Comparison Single Family Residential

based on taxable value of \$100,000

	Naples	Bonita Springs	Punta Gorda	Venice	Sarasota	North Port	Cape Coral	Fort Myers
Property Taxes	\$ 118.00	\$ 81.73	\$ 343.37	\$ 370.00	\$ 326.32	\$ 387.35	\$ 664.26	\$ 825.00
Water & Sewer	\$ 65.37	\$ 92.95	\$ 76.94	\$ 149.89	\$ 115.66	\$ 129.32	\$ 130.27	\$ 162.90
Sanitation (Solid Waste)	\$ 286.68	\$ 230.48	\$ 271.44	\$ 262.44	\$ 294.60	\$ 245.00	\$ 199.59	\$ 228.96
Fire Service		\$ 226.00			\$ 141.40	\$ 195.66	\$ 198.86	\$ 77.91
Roads/Drainage/Stormwater	\$ 167.16	\$ 50.00				\$ 217.56	\$ 119.00	\$ 96.16
Debt Service				\$ 62.00	\$ 23.39		\$ 6.00	
<b>TOTAL</b>	<b>\$ 637.21</b>	<b>\$ 681.16</b>	<b>\$ 691.75</b>	<b>\$ 844.33</b>	<b>\$ 901.37</b>	<b>\$ 1,174.89</b>	<b>\$ 1,317.98</b>	<b>\$ 1,390.93</b>

based on taxable value of \$250,000

	Naples	Bonita Springs	Punta Gorda	Sarasota	Venice	North Port	Cape Coral	Fort Myers
Property Taxes	\$ 295.00	\$ 204.33	\$ 858.43	\$ 815.80	\$ 925.00	\$ 968.38	\$ 1,660.65	\$ 2,062.50
Water & Sewer	\$ 65.37	\$ 92.95	\$ 76.94	\$ 115.66	\$ 149.89	\$ 129.32	\$ 130.27	\$ 162.90
Sanitation (Solid Waste)	\$ 286.68	\$ 230.48	\$ 271.44	\$ 294.60	\$ 262.44	\$ 245.00	\$ 199.59	\$ 228.96
Fire Service		\$ 565.00		\$ 141.40		\$ 360.66	\$ 276.26	\$ 77.91
Roads/Drainage/Stormwater	\$ 167.16	\$ 50.00				\$ 217.56	\$ 119.00	\$ 96.16
Debt Service				\$ 58.48	\$ 155.00		\$ 15.00	
<b>TOTAL</b>	<b>\$ 814.21</b>	<b>\$ 1,142.76</b>	<b>\$ 1,206.81</b>	<b>\$ 1,425.94</b>	<b>\$ 1,492.33</b>	<b>\$ 1,920.92</b>	<b>\$ 2,400.77</b>	<b>\$ 2,628.43</b>

## BUDGET HIGHLIGHTS BY FUND

### General Fund

The proposed FY 2021 General Fund Budget, net of ending reserve, totals \$31,820,000, which is \$0.5 million or 1.7% more than the original FY 2020 budget. \$7.8 million of the FY 2021 budget is a transfer to the PGI Canal Maintenance District Fund of a line of credit draw to fund the rip rap mitigation from Hurricane Irma seawall project which has been delayed from the FY 2020 original budget (at \$8.2 million) and re-budgeted in FY 2021 for a reduced estimated amount. Excluding that transfer from both budgets, the increase would have been \$1.0 million or 4.3% more than the original FY 2020 budget. Based on a proposed millage rate of 3.4337, an improving economy after FY 2021, with modest anticipated increases of 5% in taxable property valuations and 1% to 2% increases in shared state revenues and other general fund revenues, the current five year fiscal forecast (August 2020) projects deficits in the range of \$0.6 million to \$1.2 million per year from FY 2022 through FY 2025.

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 2021 and provide sufficient reserves to fund the gap in FY 2022. It also initiates planning for future years' budgets.

**General Fund**  
**Proforma Schedule of Revenues and Expenditures**  
**Proposed FY 2021 through Proforma FY 2025**

	<b>Proposed FY 2021</b>	<b>Proforma FY 2022</b>	<b>Proforma FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>
Change in Taxable Value of Property	4.6%	5%	5%	5%	5%
<b>Revenues:</b>					
Ad Valorem Tax	\$11,467,550	\$12,040,930	\$12,642,975	\$13,275,125	\$13,938,880
Other Revenue	19,321,760	11,520,225	11,429,480	11,592,350	11,757,995
Use of Prior Year's Reserve	297,690	564,900	0	0	0
Use of Capital Outlay Reserve	733,000	0	0	0	0
<b>Total Revenues</b>	<b>31,820,000</b>	<b>24,126,055</b>	<b>24,072,455</b>	<b>24,867,475</b>	<b>25,696,875</b>
<b>Expenditures:</b>					
Personnel Expenditures	15,737,585	16,418,920	17,132,695	17,880,565	18,664,285
Operating Expenditures	4,899,210	5,114,475	5,262,880	5,416,210	5,574,630
Capital Outlay	664,000	740,000	740,000	740,000	740,000
Transfers to other Funds	7,825,150	0	0	0	0
Transfers for Tax Increment Financing	840,055	873,660	908,605	944,950	982,745
Transfers for Capital Projects	1,080,000	205,000	205,000	205,000	205,000
Transfers for Roads	459,000	459,000	459,000	459,000	459,000
Transfers for Drainage	300,000	300,000	300,000	300,000	300,000
Contingency	15,000	15,000	15,000	15,000	15,000
<b>Total General Expenditures</b>	<b>31,820,000</b>	<b>24,126,055</b>	<b>25,023,180</b>	<b>25,960,725</b>	<b>26,940,660</b>
<b>Expenditures in Excess of Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$950,725)</b>	<b>(\$1,093,250)</b>	<b>(\$1,243,785)</b>
<b>Minimum Reserve (9% to 11%) plus additional \$120,460</b>	<b>\$2,280,000</b>	<b>\$2,412,500</b>	<b>\$2,622,800</b>	<b>\$2,846,400</b>	<b>\$3,084,000</b>

(Note: the FY 2021 minimum reserve excludes the \$7.8 million one-time transfer)

Various initiatives are being taken to modify the variance between current revenues and current expenditures. The financial goal of reaching a balance between achieving revenues necessary to fund the level of service expected from the community through the most cost effective method available is being addressed through the following efforts:

- Use of long range proforma to identify effects of current decisions on future budgets
- Consistent review of alternative methods of service delivery
- Practical analysis of open positions and alternative methods of service delivery
- Competitive bidding where practical and competitive pricing
- Sales of scrap, repurposing of obsolete or auctioning for value of any fixed assets
- Maximization of collection of fees, taxes and rentals due the city
- Conscientious use of allocated funds
- Avoidance of lost opportunities
- Use of technology where possible to enhance level of service and to maximize personnel value

**General Fund Expenditures Comparison  
Original Budget FY 2018 through Proposed Budget FY 2021**

	Original Budget FY 2018	Original Budget FY 2019	Original Budget FY 2020	Proposed Budget FY 2021
<b>General Fund Expenditures</b>				
City Council	\$ 129,311	\$ 133,909	\$ 129,228	\$ 130,480
City Manager	474,808	479,866	463,205	479,930
Human Resources	346,560	342,314	364,037	372,920
City Clerk	514,803	533,709	590,267	602,610
Finance	927,959	942,750	962,076	972,430
Procurement	571,939	617,078	643,158	598,545
Legal Counsel	255,794	221,459	230,847	234,695
Public Works Administration	351,303	364,821	343,643	378,255
Engineering	469,099	492,181	541,408	572,830
Right of Way Maintenance	1,548,578	1,198,125	1,229,902	1,064,070
Parks & Grounds	1,465,069	1,565,591	1,692,120	1,611,785
Police	5,766,363	6,357,578	6,949,841	7,251,310
Fire	3,661,532	3,848,530	4,446,604	4,423,355
Urban Design	619,990	591,093	646,058	583,575
Zoning & Code Compliance	500,272	515,986	553,048	551,570
Facilities Maintenance	798,453	864,704	891,360	1,110,770
Non-Departmental	363,994	759,970	548,461	376,665
<b>Subtotal Operations</b>	<u>18,765,827</u>	<u>19,829,664</u>	<u>21,225,263</u>	<u>21,315,795</u>
Incr (Decr) from prior year	1,048,884	1,063,837	1,395,599	90,532
% incr (-) decr from prior year	5.92%	5.67%	7.04%	0.43%
Transfers to Other Funds	0	0	8,237,000 <sup>1</sup>	7,825,150 <sup>1</sup>
Tax Increment Financing Transfer	575,000	612,534	749,331	840,055
Capital Projects Transfer	690,000	155,000	305,000	1,080,000
Paving Transfer	459,000	459,000	459,000	459,000
Drainage Transfer	500,000	500,000	300,000	300,000
<b>Subtotal Ops and Transfers</b>	<u>20,989,827</u>	<u>21,556,198</u>	<u>31,275,594</u>	<u>31,820,000</u>
Incr (Decr) from prior year	1,803,884	566,371	9,719,396	544,406
% incr (-) decr from prior year	9.40%	2.70%	45.09%	1.74%
Future Years' Budget - Reserve	671,695	512,270	387,300	564,900
Fleet/Equip - Reserve	0	104,000	440,000	0
Proj. Carryover - Ending Reserve	2,441,868	2,875,591	3,295,175	4,204,979
Reserves as a % of Operations & Transfers	<u>14.83%</u>	<u>16.20%</u>	<u>13.18%</u>	<u>14.99%</u>
<b>Total General Fund Exp.</b>	<u>\$ 24,103,390</u>	<u>\$ 25,048,059</u>	<u>\$ 35,398,069</u>	<u>\$ 36,589,879</u>

<sup>1</sup> Transfer to PGI Canal Maintenance District from line of credit draw for rip rap mitigation of Hurricane Irma Seawall project budgeted in FY 2020 was delayed due to permitting and rebudgeted in FY 2021 with updated estimate.



The general fund budgeted expenditures comparison above provides the financial overview of the divisions that provide service through the General Fund. Each department/division's stated function, accomplishments, budget narrative, initiatives and action items as they relate to the City's five strategic priorities, and key performance measures for purposes of transparency are provided in Section 6 of the Budget Document along with summaries of expenditure by category, staffing history and service costs.

### **General Fund Department/Division Highlights**

Position requests to enhance service levels in urban design and the police department were not recommended for approval due to reduced revenue projections and economic uncertainty affecting the General Fund.

Increases in the Information Technology internal service fund for city-wide projects was approximately 4.2% for FY 2021.

There are no major program changes to the following departments/divisions – City Council, Legal, Finance, and Procurement.

#### **City Clerk**

Budget includes \$45,000 for a possible primary election in the summer of 2021. There will be no City Council election on the November 2020 ballot, so there is no additional expense to the City for the upcoming November election process.

#### **City Manager**

Although there are no major program changes, it is important to note that due to the retirement of the current City Manager at the end of FY 2020, a new City Manager, Greg Murray, has been selected by City Council. The new contract includes providing a leased vehicle as well as providing for all the insurance, maintenance and operating expenses for the vehicle. Council approved budget for the contract provisions when approving the contract and it will carryover from FY 2020 into FY 2021. The enhanced strategic communications program continues.

#### **Human Resources**

The FY 2021 budget includes an increase in employee testing due to new CDL testing requirements. Unemployment compensation can vary from year to year based on most current claims, but there was no need for an adjustment in FY 2021 and remains at \$15,000.

#### **Urban Design and Zoning & Code Compliance**

There were no major program changes to these divisions. A comprehensive planning study scheduled for late in FY 2021, was moved to early FY 2022. A position request for an additional planner was not funded.

#### **Public Works**

Public Works engineering staff continues to develop the annual plans for the drainage program as well as the paving plan in the gas tax fund and oversees the outside contractors for both.

Capital outlays of \$276,000 include the routine replacement of aging trucks and equipment: (2) vehicles and (1) utility truck in facilities; and (1) all-terrain vehicle and (1) vehicle in parks and grounds.

### **Public Safety**

Public safety remains the most significant expenditure category within the General Fund. As a result, the information below highlights crime and response data related to the level of service provided.

### **Police**

There are no changes to staffing in FY 2021. Position requests for adding the following positions were not funded: (1) detective, (2) patrol officers, (1) crime scene/evidence technician.

FY 2021 operating budget is increased for additional employee testing requirements negotiated under the police officer bargaining contract, annual maintenance for new software (PowerDMS) acquired in FY 2020, and increased costs of risk protection orders due to unfunded mandate from the Florida Legislature in a prior year.

The FY 2021 capital outlay of \$347,000 includes five replacement vehicles, tasers and radar replacement program, car camera replacement program, dive team communication system in order to enhance and support the dive team and comply with regulatory standards, replacement of traditional body armor with load bearing outer vest body armor and continuation of contract for body cameras for sworn personnel that was implemented in FY 2020. The new body cameras will provide additional transparency between the department and the community.

Recent discussions regarding police practices and social injustice with numerous community-based organizations has revealed that the majority of recommendations and suggestions provided have already been instituted in the department's policies and practices for some time. The department plans to continue these programs which include In-Car video cameras, the new body worn cameras, community advisory boards, many community and youth programs, de-escalation tactics, internal affairs investigations subject to scrutiny through various laws, processes and agencies, national data reporting, officer background checks, officer diversity, training, etc. The department will continue these policies and programs while continuing to discuss opportunities for enhancements in meeting their mission of providing the highest level of professional police services and delivering outstanding customer service while partnering with our community.

One of the goals of the department is to respond and be on scene of all calls for service with an average time of 5:00 minutes of dispatch. Efforts have resulted in patrol response times of 4:04 minutes. Another goal is to achieve a monthly Quality Assurance survey approval rating of 95%. Survey results indicate a 98.1% approval rating.

**Florida Municipal Law Enforcement Agencies 15,000-20,000 Service Population  
2019 Uniform Crime Reporting Data (Ranked by Index Crime Rate/100,000)**

<b>Agency</b>	<b>Population</b>	<b>Total Crime Index</b>	<b>Crime Rate/100,000</b>	<b>% Cleared</b>
Marco Island PD	17,348	90	518.8	14.4%
Safety Harbor PD	17,608	182	1,033.6	28.0%
Lake Mary PD	17,449	224	1,283.7	16.1%
Groveland PD	18,255	261	1,429.7	35.6%
<b>Punta Gorda PD</b>	<b>19,961</b>	<b>296</b>	<b>1,482.9</b>	<b>43.6%</b>
Lynn Haven PD	19,586	339	1,730.8	52.8%
Tavares PD	17,777	320	1,800.0	24.4%
Lady Lake PD	15,655	297	1,897.2	47.1%
Pinecrest PD	18,510	432	2,333.9	10.4%
Vero Beach PD	16,708	397	2,376.1	37.3%
Lake Wales PD	16,062	413	2,571.3	40.2%
City of Seminole PD	19,449	531	2,730.2	38.4%
Stuart PD	16,504	455	2,756.9	24.4%
Longwood PD	15,815	443	2,801.1	22.8%
Belle Glade PD	17,979	605	3,365.0	27.3%
West Park PD	15,197	515	3,388.8	18.6%
Bartow PD	19,665	690	3,508.8	29.6%
Zephyrhills PD	16,670	651	3,905.2	48.5%
New Port Richey PD	16,027	637	3,974.5	34.1%
Auburndale PD	16,534	770	4,657.1	32.6%
Cocoa PD	19,328	1,116	5,774.0	34.2%
Opa-Locka PD	18,143	1,336	7,363.7	14.2%

Upon reviewing the comprehensive 2019 Uniform Crime Rate (UCR) data for the City of Punta Gorda, highlights of the preceding report include:

- ✓ Punta Gorda’s overall crime rate decreased by 15.3% from the previous year.
- ✓ When compared to municipal police departments throughout Florida with a service population between 15,000 and 20,000, Punta Gorda was ranked fifth in overall crime rate, even with the largest population of these twenty-two agencies.
- ✓ Among the eleven municipal law enforcement agencies in the Southwest Florida region (regardless of size or population), the crime rate in Punta Gorda ranks sixth behind Marco Island, Sanibel, Cape Coral, Venice, and North Port.
- ✓ The clearance rate represents the percentage of index crimes cleared by the police department (pursuant to UCR guidelines) in a given year. This particular figure is of key importance to leadership as we assess our effectiveness in solving or reclassifying index crimes within the city. The statewide clearance percentage for 2019 was 25.7%. The Punta Gorda Police Department’s 2019 clearance percentage is 43.6% remains well above average compared to other similarly sized law enforcement agencies and municipal agencies in Southwest Florida.

**Fire**

Operating expenditures are budgeted slightly higher than FY 2020, due to increases in communications costs of the 800 MHz system, increases in specific employee testing criteria, increases in training and related travel for maintaining certifications, and medical supplies for ALS program.

The FY 2021 capital outlay budget includes \$41,000 for personal protective equipment, suppression equipment, and medical equipment. \$875,000 is included in the capital outlay plan for replacement of a fire apparatus (ladder truck) but it is treated as a transfer to the General Construction Fund due to the length of time for build of this type of equipment.

The National Fire Protection Association standard (NFPA 1710) for service response time is five minutes or less, 90% of the time. The average emergency response time during FY 2019 was 4 minutes and 10 seconds. Table below indicates response times.

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Average response times</b>	4:10	4:00	3:57	3:54	4:01	4:04	4.11	4.10
<b># Emergency &lt; 5 minutes</b>	1822	1869	1983	2266	2621	3123	3237	2329
<b>% Emergency &lt; 5 minutes</b>	72.2%	74.7%	77.1%	78.9%	79.3%	84.9%	82.7%	75.2%

### **Non-Departmental**

The non-departmental classification includes uses of funds not related to a specific department or division. Transfers, debt service, lot mowing program, City-related memberships, business development, undesignated personnel costs and fleet replacement smoothing, contributions and reserves are the primary categories in this classification.

The transfers to other funds category includes transfers of: \$1,380,000 to the general construction fund for \$300,000 for the fifth year of the drainage improvement program, \$205,000 for the annual public works capital projects and \$875,000 for replacement of fire apparatus; \$459,000 for the paving program; \$840,055 for the Community Redevelopment Agency transfer; and \$7,825,150 for PGI Canal Maintenance Fund of projected draw down on line of credit for rip rap mitigation project from Hurricane Irma which has been delayed and is re-budgeted from FY 2020.

All general fund debt service payments are reported in the debt fund. The payment for the Herald Court Centre loan, which is funded by tax increment financing (TIF) revenue, is paid through a transfer from the CRA fund to the debt fund. A loan for the Hurricane Irma seawall repairs will be paid through a transfer from the PGI Canal Maintenance fund assessments when payments become due.

The lot mowing program annual fee is placed on the property tax bill as an annual assessment. The proposed rate of \$175 represents an increase of \$5.00 over the prior year and covers the costs of a coordinator, the mowing contract and administration. A public hearing for approval of the assessment will be held at the same date and time as the public hearing for the proposed FY 2021 budget.

There were no changes made to the funding levels of the City's charter membership contributions to the Charlotte Harbor Environmental Center (CHEC), Charlotte Harbor National Estuary Program and United Way of Charlotte County community impact funding. No change to the reserve for general contingencies of \$15,000. Operating reserves are discussed in detail under Fund Balance heading.

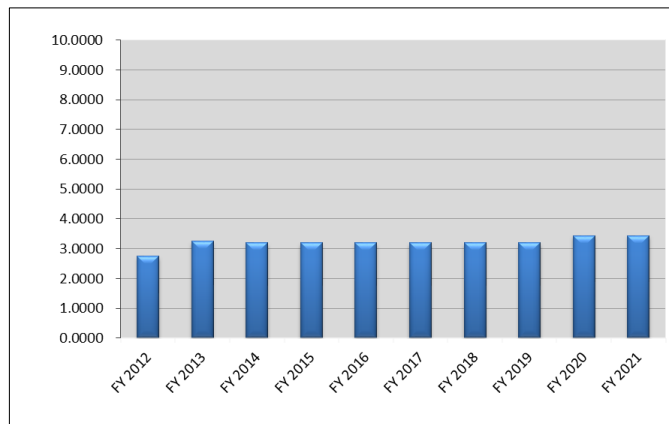
## Millage and Taxable Assessed Value

The proposed FY 2021 millage rate of 3.4337 mills is 2.59% over the rolled back rate of 3.3469. 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 \$300,000 for the city-wide drainage improvement program. Proposal of the current millage rate is necessitated by other reduced revenue projections and maintaining current service levels while still continuing to work towards the City's policy of on-going revenues covering on-going expenditures and that available reserves only be used for one-time expenditures.

### Property Tax Millage Rates Fiscal Years 2012 - Proposed 2021

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.

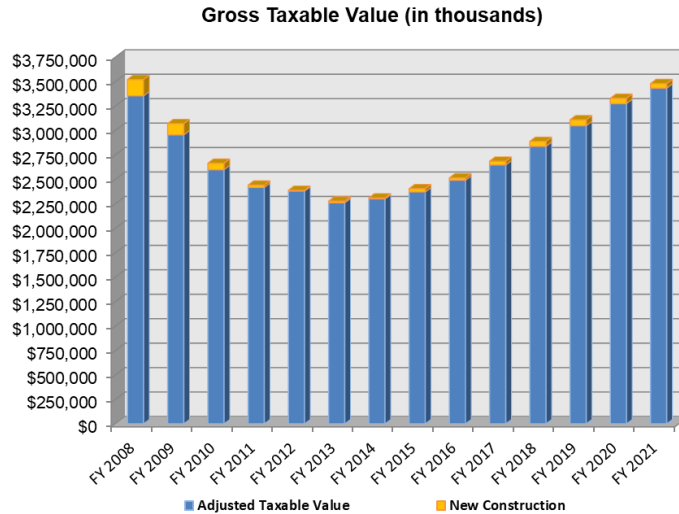
Fiscal Year	Millage Rate
2012	2.7462
2013	3.2462
2014	3.1969
2015	3.1969
2016	3.1969
2017	3.1969
2018	3.1969
2019	3.1969
2020	3.4337
2021	3.4337



### 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	\$3,108,678,379	\$220,822,735	7.6%	\$60,086,894	2.1%
2020	\$3,325,350,916	\$216,672,537	7.0%	\$54,169,154	1.7%
2021	\$3,478,861,006	\$153,510,090	4.6%	\$46,759,746	1.4%

\*Includes New Construction



The Charlotte County Appraiser’s July 1st certification shows a 3.2% overall increase for properties on the books from the prior year, and an additional 1.4% provided by new construction, annexations and changes in exemption for calendar year 2019. This is the eighth straight year that property values increased in the City after six consecutive years of declining values (35% decrease from FY 2007 to FY 2013). The net effect of property value changes over the past thirteen years is a cumulative 0.5% 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 significantly since FY 2013.

Homestead property owners whose taxable value is still below just value (non-parity) will be limited to a maximum of a 2.3% increase in assessed value due to the 1992 “Save Our Homes” constitutional amendment that mandates assessed values will increase by the lesser of the CPI Index, (this year 2.3%), or 3%, until such time as the taxable value attains parity with the market value.

Below are examples of the effects that the proposed millage rate may have on property taxes.

Calculation of City Ad Valorem Tax on Various Homestead Single Family Values						
	Mils	\$150,000			\$300,000	
		FY 2020 Base 3.4337	FY 2021 2.30%	Difference % \$ Amount	FY 2020 Base 3.4337	FY 2021 2.30%
Assessed Value		\$150,000	\$153,450		\$300,000	\$306,900
Less Homestead Exemption		\$50,000	\$50,000		\$50,000	\$50,000
Net Taxable Value		\$100,000	\$103,450		\$250,000	\$256,900
City Millage Rate		3.4337	3.4337	3.45%	3.4337	3.4337
<b>City Ad Valorem Tax</b>		\$343	\$355	\$12	\$858	\$882
						\$24

## Fund Balance

City Council approved reserve objectives to the comprehensive set of financial management policies are below. FY 2021 amendments are highlighted in italics.

- 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 Government Finance Officers Association's (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 16.7%.
- *For the General Fund and all other operating funds, except the Utilities Fund, the City will establish an unassigned fund balance minimum of 9.0% of total fund expenditures. Additionally, health insurance savings of \$120,460 from FY 2020 are added to the General Fund unassigned fund balance minimum.* 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 2021 continues this practice.

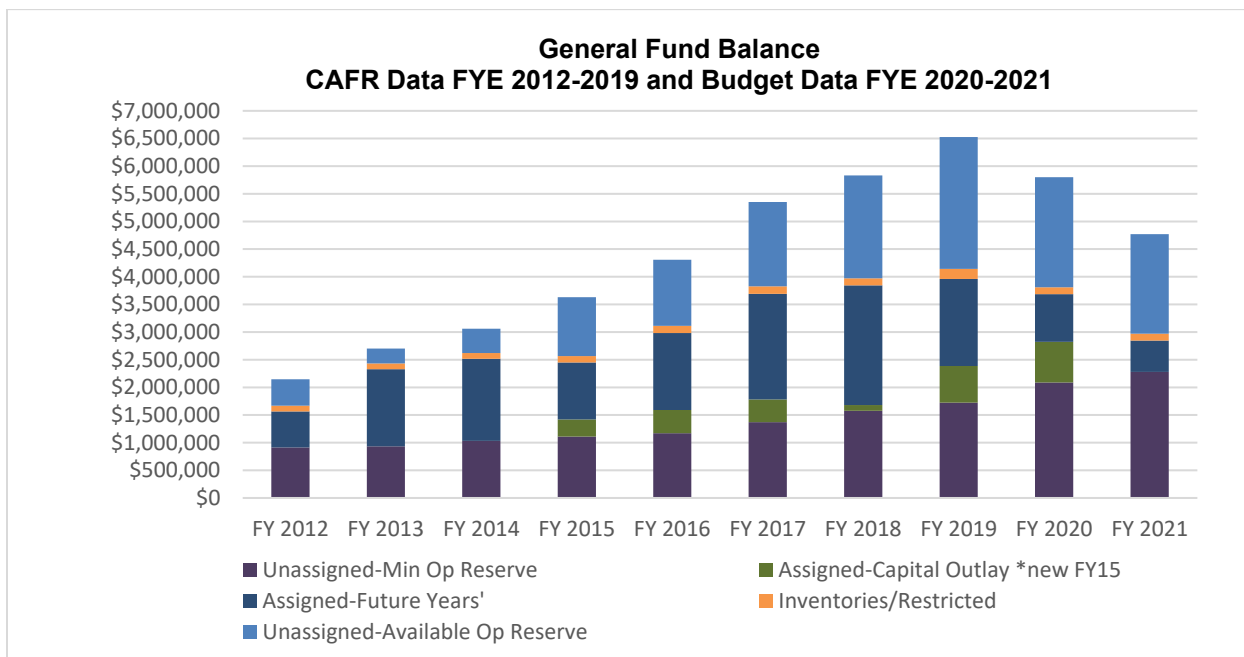
**Analysis of General Fund Balance  
as a Percentage of General Fund Expenditures  
at Fiscal Year End**

Fund Balance Category	FY 2018	% of	FY 2019	% of	Projected	% of	Proposed	% of
	Amount	Exp.	Amount	Exp.	FY 2020	Exp.	FY 2021	Exp.
Inventories/Restricted	\$ 126,529	0.6%	\$ 182,025	0.8%	\$ 125,000	0.5%	\$ 125,000	0.5%
Assigned-Future Years' Use of Op. Reserve	2,166,590	10.3%	1,573,254	7.3%	862,590	3.7%	564,900	2.4%
Assigned-Capital Outlay Reserve	104,000	0.5%	662,000	3.1%	733,000	3.2%	0	0.0%
Unassigned-Minimum Op. Reserve (Orig)	1,575,000	7.5%	1,725,000	8.0%	2,089,460	9.1%	2,280,000	9.5%
Unassigned-Available Op. Reserve	1,859,295	8.9%	2,384,774	11.1%	1,990,519	8.6%	1,799,979	7.5%
<b>Total Fund Balance</b>	<b>\$ 5,831,414</b>	<b>27.8%</b>	<b>\$ 6,527,053</b>	<b>30.3%</b>	<b>\$ 5,800,569</b>	<b>25.2%</b>	<b>\$ 4,769,879</b>	<b>19.9%</b>
General Fund Orig Budgeted Expenditures	<b>\$ 20,989,827</b>		<b>\$ 21,556,198</b>		<b>\$ 23,038,594 *</b>		<b>\$ 23,994,850 *</b>	

\* FY 2020 and FY 2021 Budgeted Expenditures excludes transfer of loan draw to PGI Canal Maintenance Fund

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 2021, it is set at 9.0% of the total expenditure appropriations (excluding a loan draw transfer to PGI Canal Maintenance fund) plus

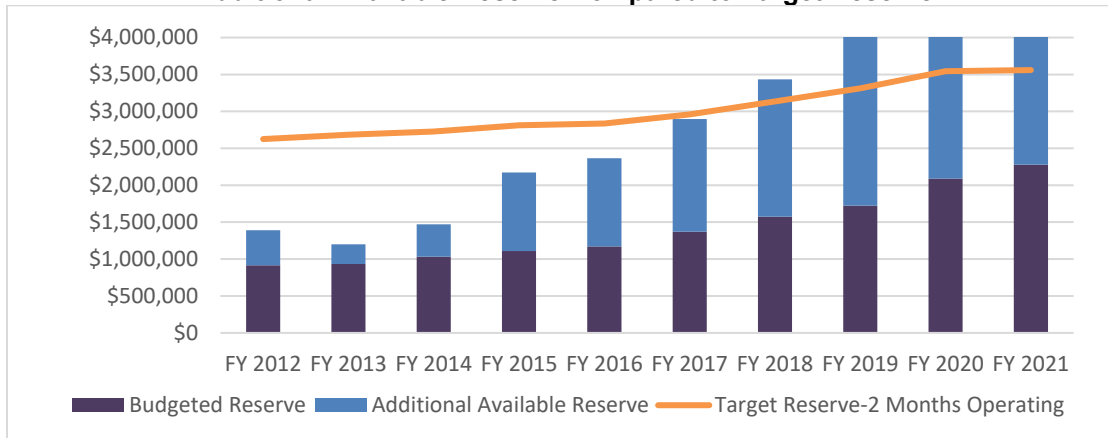
\$120,460 for the general fund, which calculates to \$2,280,000. It is the City Council’s policy to continue to take steps each year to increase the minimum reserve. The base block of reserves has grown steadily each year. If the economy rebounds in FY 2022-2025, the proforma indicates that at end of FY 2025, the minimum reserve will be at 11% plus \$120,460. 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 five 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 2020 reserve, the amount of \$733,000 is reserved for FY 2021 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 2021 as currently projected, would need an additional \$564,900 from reserves to be balanced. The fourth block is the small amount of funds identified in the Comprehensive Annual Financial Report (CAFR) 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.



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 following graph shows the best practice level as a line that was reached in FY 2017 and has now been achieved through FY 2021. However, City Council prefers to have the additional available reserves for uses as needed for one-time projects or economic downturns.



**City Minimum Reserve combined with  
Additional Available Reserve Compared to Target Reserve**

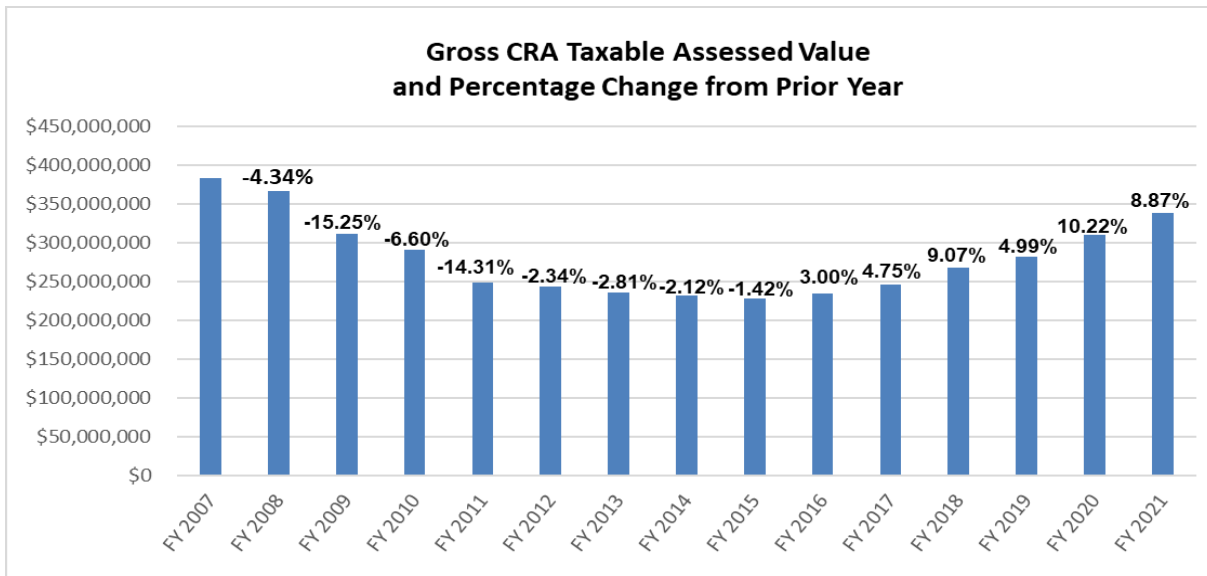


**Community Redevelopment Agency**

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 are 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, alleviating 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 fourteen years. The table and corresponding graph below provide a history of taxable assessed value and revenue generated from TIF since FY 2007, the height prior to the last economic recession and the ensuing recovery period.

Fiscal Year	Gross CRA Taxable Assessed Value	Percentage Change from Prior Year	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	-4.34%	\$591,466	\$1,236,559	\$1,828,025
FY 2009	\$311,130,098	-15.25%	\$562,664	\$1,250,570	\$1,813,234
FY 2010	\$290,592,852	-6.60%	\$538,621	\$1,139,173	\$1,677,794
FY 2011	\$249,005,996	-14.31%	\$436,047	\$974,342	\$1,410,389
FY 2012	\$243,188,559	-2.34%	\$424,246	\$970,103	\$1,394,349
FY 2013	\$236,361,169	-2.81%	\$480,644	\$929,373	\$1,410,017
FY 2014	\$231,340,961	-2.12%	\$458,101	\$902,447	\$1,360,548
FY 2015	\$228,049,842	-1.42%	\$448,578	\$884,092	\$1,332,670
FY 2016	\$234,899,693	3.00%	\$470,728	\$927,748	\$1,398,476
FY 2017	\$246,050,943	4.75%	\$502,566	\$988,358	\$1,490,924
FY 2018	\$268,367,069	9.07%	\$570,342	\$1,124,073	\$1,694,415
FY 2019	\$281,762,265	4.99%	\$611,027	\$1,204,258	\$1,815,285
FY 2020	\$310,556,021	10.22%	\$750,208	\$1,376,602	\$2,126,810
FY 2021	\$338,099,236	8.87%	\$840,055	\$1,541,465	\$2,381,520



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 of January 1, 2018. This change increased the City's interest cost over the remaining life of the loan by \$454,000. In April 2020, in a market of declining interest rates, the City was able to refinance the debt, thereby saving approximately \$565 thousand in net interest costs over the remaining term. The proposed FY 2021 TIF revenue is based on 8.9% increase in taxable value in the district and no change in the County and City millage rate. The proforma continues to anticipate conservative assessed property value increases of 2% in FY 2022 through FY 2025. The resulting estimated debt service reserve grows from \$2,432,000 at end of FY 2021 to \$6,024,000 at end of FY 2025, providing a buffer for economic downturns thereby ensuring that annual debt service can be met. If no downturn is experienced, debt will be retired earlier and the CRA District will sunset prior to 2030.

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 2021 reflect this trend with a budget of \$105,000 for maintenance and repairs, that increases to \$145,000 for FY 2022 through FY 2025. If funds are not needed in the current fiscal year, they will carry over 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 \$270,000 at end of FY 2021 and is reduced to \$152,000 by FY 2025.

The Herald Court lease revenue for FY 2021 through FY 2025 projects one vacant unit as leases are coming up for renewal so as not to over project revenues. Florida Gulf Coast University is currently on a month to month lease term. Based on these projections, the reserve for the Herald Court Centre shows a balance of \$274,000 in FY 2021 and growing to \$403,000 at end of FY 2025. 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  
Proposed FY 2021 through Proforma FY 2025**

	<b>Proposed FY 2021</b>	<b>Proforma FY 2022</b>	<b>Proforma FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>
<b>Debt Service Division</b>					
Assessed Property Valuation change	<b>8.9%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
Tax Increment Financing (TIF) Revenue	\$2,381,520	\$2,429,150	\$2,477,733	\$2,527,288	\$2,577,834
CRA Lease Payments (Debt Service)	1,501,720	1,544,082	1,584,278	1,626,290	1,666,100
Revenues in Excess of Debt Svc	879,800	885,068	893,456	900,998	911,734
Reserve - TIF for Debt Svc (Beg)	1,552,456	2,432,256	3,317,324	4,210,780	5,111,778
<b>Reserve - TIF for Debt Svc (End)</b>	<b>\$2,432,256</b>	<b>\$3,317,324</b>	<b>\$4,210,780</b>	<b>\$5,111,778</b>	<b>\$6,023,512</b>
<b>Herald Court Operations Division</b>					
Herald Court Revenues	\$254,320	\$259,950	\$266,585	\$272,805	\$279,320
Herald Court Operating Expenditures	216,130	224,315	232,835	241,690	250,910
Revenues in Excess of Herald Ct					
Operations	38,190	35,635	33,750	31,115	28,410
Reserve - Herald Ct (Beg)	235,539	273,729	309,364	343,114	374,229
<b>Reserve - Herald Ct (End)</b>	<b>\$273,729</b>	<b>\$309,364</b>	<b>\$343,114</b>	<b>\$374,229</b>	<b>\$402,639</b>
<b>CRA Operations Division</b>					
Other CRA Revenues	\$122,355	\$123,230	\$124,110	\$125,000	\$125,900
Other CRA Operating Expenditures	114,000	154,000	154,000	154,000	154,000
Revenues in Excess (Shortfall) of Other					
Operations	8,355	(30,770)	(29,890)	(29,000)	(28,100)
Reserve - Other Operations (Beg)	261,775	270,130	239,360	209,470	180,470
<b>Reserve - Other Operations (End)</b>	<b>\$270,130</b>	<b>\$239,360</b>	<b>\$209,470</b>	<b>\$180,470</b>	<b>\$152,370</b>

**Utilities**

The FY 2021 spending plan for Utilities operations, maintenance and repair (OM&R) is \$26,159,530 which is \$7,567,385 or 40.7% more than budget FY 2020. The significant increase is attributable to the increase in transfer to the Utilities construction fund for several major watermain and force main replacement projects, as well as the design/engineering for the wastewater plant improvement and the first phase of a septic to sewer project in Charlotte Park. Operational expenses increased only \$71,885 or 0.5% despite estimated increase of 4% for employee salary increases, 1.5% health insurance increases, 20% increases in workers

compensation and general liability insurance. This is attributable to divisions working diligently towards maintaining an operational budget the same as prior year through operational efficiencies.

Utilities O M & R Fund  
Revenue and Expense Comparison  
Actual FY 2018 through Budget FY 2021

	Actual FY 2018	Actual FY 2019	Budget FY 2020	Projected FY 2020	Budget FY 2021
<b>Revenues:</b>					
Chg for Serv - Water	\$ 10,094,997	\$ 10,357,958	\$ 9,990,790	\$ 10,606,100	\$ 10,474,500
Chg for Serv - Sewer	7,387,866	7,539,279	7,486,220	7,664,400	7,652,600
Other	835,532	1,269,468	1,037,320	6,179,080	1,194,765
Subtotal	18,318,395	19,166,705	18,514,330	24,449,580	19,321,865
Reserves	9,083,084	6,680,555	9,295,588	5,999,508	11,747,348
<b>Total Revenues</b>	<b>\$ 27,401,479</b>	<b>\$ 25,847,260</b>	<b>\$ 27,809,918</b>	<b>\$ 30,449,088</b>	<b>\$ 31,069,213</b>
<b>Expenses:</b>					
Administration	\$ 1,437,239	\$ 1,554,088	\$ 1,730,885	\$ 1,767,440	\$ 1,856,370
Water	5,301,755	5,074,391	5,744,415	5,654,785	5,570,540
Wastewater	4,902,159	5,307,685	5,843,900	5,778,500	5,520,375
Other	743,970	533,888	435,445	435,445	879,245
Debt and Debt Transfers	615,801	744,200	1,017,500	1,245,570	1,010,000
Transfer for Capital	7,720,000	6,633,500	2,320,000	2,320,000	11,323,000
Contribution for Pipeline	0	0	1,500,000	1,500,000	0
Subtotal	20,720,924	19,847,752	18,592,145	18,701,740	26,159,530
Reserves	6,680,555	5,999,508	9,217,773	11,747,348	4,909,683
<b>Total Expenses</b>	<b>\$ 27,401,479</b>	<b>\$ 25,847,260</b>	<b>\$ 27,809,918</b>	<b>\$ 30,449,088</b>	<b>\$ 31,069,213</b>

The current five-year financial forecast is based on 2-day per week watering; average rainfall; and new financing based on the FY 2021-2025 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. A 2020 Rate Sufficiency Study by Stantec is currently underway and will be presented to City Council toward the end of FY 2020. Results may affect projected revenues of the following proforma. The Septic to Sewer financial plan for properties in the Utilities service area that are outside the City limits has been developed and incorporated into the FY 2021-2025 capital improvement plan. Wastewater plant improvements/expansion has also been incorporated into the capital improvement plan.

**Utilities OM&R Fund**  
**Proforma Schedule of Revenues and Expenses**  
**Proposed FY 2021 through Proforma FY 2025**

	Proposed FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025
<b>Revenues:</b>					
Chg for Serv - Water	\$10,474,500	\$10,526,875	\$10,579,510	\$10,632,405	\$10,685,565
Chg for Serv - Sewer	7,652,600	7,690,865	7,729,320	7,767,965	7,806,805
Other Revenue	1,194,765	998,290	999,350	1,722,135	1,879,510
<b>Total Revenues</b>	<b>19,321,865</b>	<b>19,216,030</b>	<b>19,308,180</b>	<b>20,122,505</b>	<b>20,371,880</b>
<b>Expenses:</b>					
Operations	13,826,530	14,308,655	14,816,690	15,345,540	15,896,140
Renewal & Replacement of Infrastructure	920,000	770,000	770,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	10,403,000	4,240,000	25,000	1,845,000	1,190,000
Existing Debt Service	200,000	0	0	0	0
New Debt Service - RO SRF Loan	1,185,000	1,185,000	1,185,000	1,185,000	1,185,000
Transfer to SRF Fund-reserve incr(decr)	(375,000)	618,000	448,000	0	0
Est. new debt service WWTP	0	0	0	1,066,000	1,066,000
Est. new debt service Septic to Sewer-Area 1	0	0	0	171,500	343,000
<b>Total Expenses</b>	<b>26,159,530</b>	<b>21,121,655</b>	<b>17,244,690</b>	<b>20,733,040</b>	<b>20,800,140</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(6,837,665)</b>	<b>(1,905,625)</b>	<b>2,063,490</b>	<b>(610,535)</b>	<b>(428,260)</b>
<b>Operating Reserves-Beg</b>	<b>11,747,348</b>	<b>4,909,683</b>	<b>3,004,058</b>	<b>5,067,548</b>	<b>4,457,013</b>
<b>Operating Reserves-End</b>	<b>\$4,909,683</b>	<b>\$3,004,058</b>	<b>\$5,067,548</b>	<b>\$4,457,013</b>	<b>\$4,028,753</b>

**Utilities Reserves**

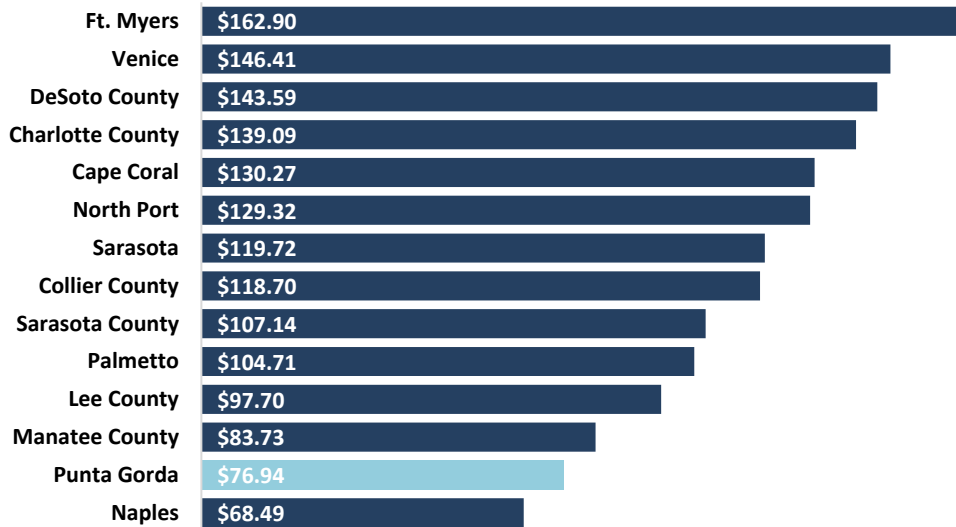
The City has legal and adopted financial policies utilizing reserves for the following purposes:

- 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 \$700,000 funding level for FY 2021 through FY 2025. 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 reduction of \$375,000 in FY 2021 as the final payment on the old SRF loan is made.
- 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, Taylor Rd water main upgrade, new water main at Tee & Green, wastewater force main on Jones Loop Road, septic to sewer project areas, and planned expansion of the wastewater plant. The 2020 Rate Sufficiency Study by Stantec will also be reviewing impact fee rates using the current capital improvement plan.

## Utilities Rate Comparison

The City's utility rates are the 2nd lowest among the Southwest Florida utilities surveyed at the projected FY 2021 rates.

### Combined Water & Sewer Bill Survey at 7,000 Gallons per Month



Although the City is not proposing any rate increase at this time, the Rate Sufficiency Study may recommend an increase in FY 2021 or beyond. Any adjustments that may be recommended for FY 2021 will be made as a budget amendment based on an approved ordinance change. It is anticipated that the City will continue to remain one of the lowest cost service providers in the area.

## Utilities Construction

Total FY 2021 capital projects of \$12.4 million are being funded with user charges and unassigned operating reserves of \$11.3 million through a transfer to the Utilities Construction Fund, \$1.0 million from water system capacity fees for Taylor Rd watermain upgrade and new Tea & Green watermain, and \$100,000 transfer from sewer system capacity fees towards the wastewater treatment plant expansion. Some of the projects included in FY 2021 are: the water treatment plant solid contact unit tank coating; water treatment plant filter replacements; construction of the Taylor Rd watermain upgrade, Palm Ave watermain, Tea & Green watermain, and Henry St force main replacements; wastewater plant tank coating; design of the wastewater treatment plant expansion project; and design for septic to sewer of Area 1. Timelines for applications for grants and financing are being developed for the construction of the wastewater treatment plant expansion and septic to sewer projects and for the assessment process that will be needed for the septic to sewer project.

**Utilities Construction Fund  
Proforma Schedule of Revenues and Expenses  
Proposed FY 2021 through Proforma FY 2025**

	Proposed FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025
<b>Revenues:</b>					
Transfer from Utilities OM&R	\$11,323,000	\$5,010,000	\$795,000	\$2,965,000	\$2,310,000
Transfer from Sewer System Impacts	100,000	850,000	850,000	0	0
Transfer from Water System Impacts	1,025,000	250,000	0	1,500,000	0
Estimated Grants for S25 (25%)	0	2,750,000	0	0	2,492,500
Financing S2S-repay w/assessments & Util.Rev	0	11,286,400	0	300,000	10,145,100
Financing of WWTP Plant	0	19,500,000	15,500,000	0	0
<b>Total Revenues</b>	<b>12,448,000</b>	<b>39,646,400</b>	<b>17,145,000</b>	<b>4,765,000</b>	<b>14,947,600</b>
<b>Expenses:</b>					
Water Treatment Plant Imprv	1,938,000	890,000	25,000	3,195,000	1,115,000
Water Distribution System Imprv	3,210,000	3,420,000	220,000	220,000	220,000
Wastewater Collection System Imprv	4,400,000	14,936,400	900,000	1,200,000	13,537,600
Wastewater Treatment Plant Imprv	2,900,000	20,400,000	16,000,000	150,000	75,000
<b>Total Expenses</b>	<b>12,448,000</b>	<b>39,646,400</b>	<b>17,145,000</b>	<b>4,765,000</b>	<b>14,947,600</b>
<b>Revenues in Excess of Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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 11,950 residential accounts. For the 660 commercial accounts collection is available 6 days per week. The City implemented semi-automatic pickup system with carts which is expected to reduce injuries and yet allow the full-service that Punta Gorda residents appreciate. The City has 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 35%, which exceeds the 30% mandate. The program continues in FY 2021 with a proposed rate increase of \$0.50 per month or \$6.00 per year, due to a contract increase. Due to the continued annual increases in recycling costs, the City will be exploring alternatives for this service. In addition, a \$0.10 per month or \$1.20 per year increase in refuse rates is also proposed and represents the first increase in refuse rates since 2005. Switching to a once per week refuse pickup was presented in an effort to reduce refuse costs and rates, but citizen response to Council members, indicated that most residents were not in favor of this change.

The proposed FY 2021 budget includes the replacement of (1) packer and projects replacements of two packers, a clamshell loader, and a truck in FY 2023 through FY 2025. This reflects a slight change to the packer replacement program in the later years in an effort to avoid heavy repair costs towards the end of service life on groups of packers that were purchased in the same year. As with the general and utility funds, City Council has approved funding of a capital outlay reserve in order to stabilize the funding source. However, rates will need to be reviewed as FY 2023 approaches since the current proforma does not show sufficient funding to continue to accumulate funds for packer purchases after FY 2023. Additional rate increases may be needed in FY 2023 or FY 2024 to support fleet replacements.

**Sanitation Fund**  
**Proforma Schedule of Revenues and Expenses**  
**Proposed FY 2021 through Proforma FY 2025**

	<b>Proposed FY 2021</b>	<b>Proforma FY 2022</b>	<b>Proforma FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>
<b>Revenues:</b>					
Chg for Serv - Refuse Collection	\$3,847,920	\$3,960,035	\$4,083,665	\$4,196,330	\$4,309,270
Other Revenue	34,600	34,100	33,600	32,725	31,600
Capital Lease/Purchase	0	0	0	300,795	256,000
<b>Total Revenues</b>	<b>3,882,520</b>	<b>3,994,135</b>	<b>4,117,265</b>	<b>4,529,850</b>	<b>4,596,870</b>
<b>Expenses:</b>					
Operations	3,742,170	3,918,865	4,124,125	4,335,870	4,554,370
Capital	285,795	0	295,795	300,795	256,000
Debt Service	0	0	0	25,060	71,445
<b>Total Expenses</b>	<b>4,027,965</b>	<b>3,918,865</b>	<b>4,419,920</b>	<b>4,661,725</b>	<b>4,881,815</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(145,445)</b>	<b>75,270</b>	<b>(302,655)</b>	<b>(131,875)</b>	<b>(284,945)</b>
<b>Operating Reserves-Beg</b>	<b>713,672</b>	<b>568,227</b>	<b>643,497</b>	<b>590,842</b>	<b>458,967</b>
<b>Capital Outlay Reserves-Beg</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>0</b>	<b>0</b>
<b>Capital Outlay Reserves-End</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Reserves-End</b>	<b>\$568,227</b>	<b>\$643,497</b>	<b>\$590,842</b>	<b>\$458,967</b>	<b>\$174,022</b>

To compare the City's rates with surrounding jurisdictions, a survey was taken during May 2020. All rates include once per week service for yard waste and recycling and either once or twice per week refuse pickup, as noted.

**Sanitation Rate Comparison for FY 2021**

<b>Jurisdiction</b>	<b>Proposed FY 2021 Cost/Year</b>	<b>Frequency of Service per Week</b>	<b>Outsourced</b>
City of Sarasota	\$294.60	1	No
Naples	\$292.74	2	No
<b>Punta Gorda</b>	<b>\$278.64</b>	<b>2</b>	<b>No</b>
Charlotte County	\$271.55	1	Yes
Venice	\$270.31	2	No
North Port	\$245.00	1	No
Fort Myers	\$228.96	1	No
Lee Co. (Avg 6 districts)	\$224.37	1	Yes
Sarasota County	\$218.31	1	Yes
Collier County	\$217.50	2	Yes
Cape Coral	\$199.56	1	Yes
Manatee County	\$171.96	2	Yes

**Punta Gorda Isles Canal Maintenance District**

The proposed budget for the Punta Gorda Isles (PGI) canal maintenance assessment district reflects the Advisory Committee recommendation to reduce the annual operating assessment from \$650 to \$550. The final two years of \$100 assessment projected for the repayment of debt service on the Hurricane Irma (September 2017) seawall projects is removed because the FEMA share was increased to 90% of expenditures thereby reducing the State's and City's shares to 5% each. The



repairs to the estimated 50,399 lineal feet of seawall failures are 100% complete. The City continues to work closely with FEMA and the State regarding the rip rap mitigation portion of the project. It has been delayed pending permitting and therefore the budget for the expenditures and loan draws have been moved to FY 2021 with expected FEMA and State reimbursements and loan repayments to occur in FY 2022.

The five-year proforma proposes the \$550 assessment through FY 2025. A handheld GPS unit is included in capital outlay in FY 2021 and channel construction to access spoil site project is scheduled in the five-year program. The Ponce de Leon Inlet widening & dredging project is on hold and not included in the budget or five-year program. Although it is a priority project, prior studies need to be reviewed to provide justification as a maintenance project, Chapter 6 would need to be amended, or creation of additional assessment district may be required.

Results of a study to review new seawall panel technologies and/or installation methods while maintaining the character of the district is scheduled towards the end of current fiscal year and may affect future year projections.

**PGI Canal Maintenance Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2021 through Proforma FY 2025**

	<b>Proposed FY 2021</b>	<b>Proforma FY 2022</b>	<b>Proforma FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>
Assessment Rate	<b>\$550</b>	<b>\$550</b>	<b>\$550</b>	<b>\$550</b>	<b>\$550</b>
<b>Revenues:</b>					
Operating Assessment	\$2,862,465	\$2,862,465	\$2,862,465	\$2,862,465	\$2,862,465
FEMA & State-Hurr. Irma Reimb.	0	7,825,150	0	0	0
Transfer from General Fund(Financing)	7,825,150	0	0	0	0
Other Revenue	15,500	13,000	13,000	10,500	7,000
<b>Total Revenues</b>	<b>10,703,115</b>	<b>10,700,615</b>	<b>2,875,465</b>	<b>2,872,965</b>	<b>2,869,465</b>
<b>Expenditures:</b>					
Operations	1,053,925	1,042,600	1,083,020	1,125,270	1,169,450
Inlet Dredging	75,000	75,000	75,000	75,000	75,000
Seawalls and Stabilization	1,786,000	1,839,580	1,893,420	1,950,525	2,008,900
Capital/Projects	6,000	100,000	0	250,000	250,000
Trsfr to Debt Svc Fd-Repay Seawall Ln	0	7,981,660	0	0	0
Rip Rap Mitigation-Hurr.Irma	8,237,000	0	0	0	0
<b>Total Expenditures</b>	<b>11,157,925</b>	<b>11,038,840</b>	<b>3,051,440</b>	<b>3,400,795</b>	<b>3,503,350</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(454,810)</b>	<b>(338,225)</b>	<b>(175,975)</b>	<b>(527,830)</b>	<b>(633,885)</b>
<b>Operating Reserves-Beg</b>	<b>2,852,493</b>	<b>2,397,683</b>	<b>2,159,458</b>	<b>1,983,483</b>	<b>1,705,653</b>
<b>Reserve Seawall Replacement-Beg</b>	<b>600,000</b>	<b>600,000</b>	<b>500,000</b>	<b>500,000</b>	<b>250,000</b>
<b>Reserve Seawall Replacement-End</b>	<b>\$600,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$250,000</b>	<b>\$0</b>
<b>Operating Reserves-End</b>	<b>\$2,397,683</b>	<b>\$2,159,458</b>	<b>\$1,983,483</b>	<b>\$1,705,653</b>	<b>\$1,321,768</b>

**Burnt Store Isles Canal Maintenance District**

The proposed budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects the Advisory Committee recommendation to reduce the annual assessment from \$555 to \$460. This reflects a mid-year adjustment in FY 2020 to pay off the final year of dredging debt service

with the funds saved from the increased percentage (75% increased to 90%) received from FEMA on the Hurricane Irma seawall repairs.

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. Repairs are complete. The City continues to work closely with FEMA and the State regarding the rip rap mitigation portion of the project. It has been delayed pending permitting and therefore the budget for the have been moved to FY 2021 with expected FEMA and State reimbursements to occur in FY 2022. The District's assessments are sufficient to fund the City's share of the project.

The five-year proforma proposes the \$460 assessment through FY 2025. The \$460 assessment is for normal operations and annual funding of seawall replacement reserve. Construction of barge access/inlet widening project and engineering and construction of channel corner widening project are under consideration and are not budgeted in FY 2021 or beyond. If projects are approved at a later date funding sources would need to be determined and supplemental appropriation would be needed. Proforma includes a separate section that shows the effect on reserves if projects were to move forward without additional funding/assessments.

Results of a study to review new seawall panel technologies and/or installation methods while maintaining the character of the district is scheduled towards the end of current fiscal year and may affect future year projections.

**BSI Canal Maintenance Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2021 through Proforma FY 2025**

	<b>Proposed FY 2021</b>	<b>Proforma FY 2022</b>	<b>Proforma FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>
Operating Rate	<b>\$460</b>	<b>\$460</b>	<b>\$460</b>	<b>\$460</b>	<b>\$460</b>
<b>Revenues:</b>					
Operating Assessment	\$474,800	\$474,800	\$474,800	\$474,800	\$474,800
Interest	4,265	4,150	4,475	3,925	3,125
FEMA & State-Hurr. Irma Reimb	0	294,500	0	0	0
<b>Total Revenues</b>	<b>479,065</b>	<b>773,450</b>	<b>479,275</b>	<b>478,725</b>	<b>477,925</b>
<b>Expenditures:</b>					
Operations	111,400	108,105	110,920	113,840	116,875
Inlet Dredging	25,000	38,000	38,000	38,000	38,000
Seawalls and Stabilization	300,000	309,000	318,270	327,820	337,655
Rip Rap Mitigation-Hurr.Irma	310,000	0	0	0	0
<b>Total Expenditures</b>	<b>746,400</b>	<b>455,105</b>	<b>467,190</b>	<b>479,660</b>	<b>492,530</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(267,335)</b>	<b>318,345</b>	<b>12,085</b>	<b>(935)</b>	<b>(14,605)</b>
<b>Operating Reserves-Beg</b>	<b>812,837</b>	<b>500,502</b>	<b>773,847</b>	<b>740,932</b>	<b>694,997</b>
<b>Reserve Seawall Repl &amp; Spec.Proj-Beg</b>	<b>180,000</b>	<b>225,000</b>	<b>270,000</b>	<b>315,000</b>	<b>360,000</b>
<b>Reserve Seawall Repl &amp; Spec.Proj-End</b>	<b>\$225,000</b>	<b>\$270,000</b>	<b>\$315,000</b>	<b>\$360,000</b>	<b>\$405,000</b>
<b>Operating Reserves-End</b>	<b>\$500,502</b>	<b>\$773,847</b>	<b>\$740,932</b>	<b>\$694,997</b>	<b>\$635,392</b>
<b>Projects Requiring Approval &amp; Funding:</b>					
Barge Access-Inlet Widening Construction	15,000	0	125,000	125,000	0
Channel Corner Widening Proj	0	100,000	0	0	200,000
Est. Beg. Reserves with projects	992,837	710,502	928,847	815,932	689,997
Est. End. Reserves with projects	<b>\$710,502</b>	<b>\$928,847</b>	<b>\$815,932</b>	<b>\$689,997</b>	<b>\$475,392</b>

## 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 2021 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 2021 to offset costs of maintenance and repairs of the Laishley Park Municipal Marina Pumpout Boat. Funding for dredging and for repair and maintenance of the mooring field and docks continues to be budgeted. FY 2021 includes maintenance projects for restriping of boat trailer parking area and replacement of concrete sidewalk by storage building. Budget includes capital outlay for replacements of various light equipment. At this time, the Laishley Park Marina has not seen a decrease in usage related to the COVID pandemic.

The five-year proforma maintains the July 2016 rate schedules. Based on current usage the fund is self-sustaining for operations.

At the direction of City Council, staff is developing a plan for the charging and collection of boat trailer parking. This will be brought back to Council for approval and budget will be adjusted as a supplemental appropriation.

### Laishley Park Marina Fund Proforma Schedule of Revenues and Expenses Proposed FY 2021 through Proforma FY 2025

	Proposed FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025
<b>Revenues:</b>					
Slip & Mooring Rentals	\$462,195	\$462,195	\$462,195	\$462,195	\$462,195
Intergovernmental Revenue	11,000	11,000	11,000	11,000	11,000
Other Revenue	26,870	26,970	27,195	27,425	27,660
<b>Total Revenues</b>	<b>500,065</b>	<b>500,165</b>	<b>500,390</b>	<b>500,620</b>	<b>500,855</b>
<b>Expenses:</b>					
Laishley Park Marina Expenses	301,840	207,240	212,810	218,560	224,495
Marina Park Contract Expenses	261,800	268,755	275,920	283,295	290,895
Capital Outlay	6,000	6,000	6,000	6,000	6,000
<b>Total Expenses</b>	<b>569,640</b>	<b>481,995</b>	<b>494,730</b>	<b>507,855</b>	<b>521,390</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(69,575)</b>	<b>18,170</b>	<b>5,660</b>	<b>(7,235)</b>	<b>(20,535)</b>
<b>Operating Reserves-Beg</b>	<b>464,924</b>	<b>395,349</b>	<b>413,519</b>	<b>419,179</b>	<b>411,944</b>
<b>Operating Reserves-End</b>	<b>\$395,349</b>	<b>\$413,519</b>	<b>\$419,179</b>	<b>\$411,944</b>	<b>\$391,409</b>

## 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, and an additional full-time building inspector was added and the part-time permit clerk position was increased to full-time during FY 2016. A mid-year authorization in FY 2018 added an additional full-time building inspector. A part-time line and grade inspector was added in the beginning of FY 2019 bringing total positions to 9.5 f.t.e. For FY 2020, this position was upgraded to a full-time engineering technician that continues to complete the line and grade inspections and funded equally by the two divisions that utilize this position: 50% building division and 50% engineering division in the general fund.

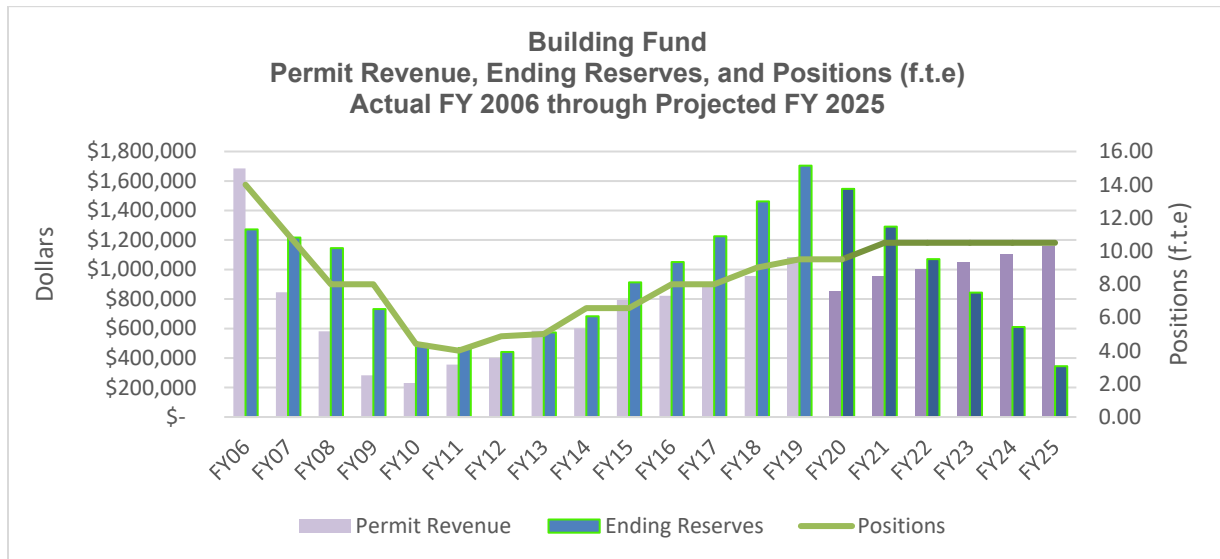
In the latter half of FY 2020, to assist residents and business owners experiencing financial hardship during the COVID pandemic, the City chose to lower building permit fees by 25% for the period May 26<sup>th</sup> through September 30<sup>th</sup>.

Permit fees are budgeted to return to normal for FY 2021. The five-year proforma projects permit revenues increasing 5% each year FY 2022 through FY 2025. FY 2021 proposes an additional plans examiner/inspector position due to increased permit activity of a more complex nature, current employees not being licensed in all disciplines requiring more depth (especially in electrical), and to relieve Building Official for administrative duties. Due to the uncertain economic outlook created by the pandemic, 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 2021 for the new position.

### Building Fund Proforma Schedule of Revenues and Expenses Proposed FY 2021 through Proforma FY 2025

	Proposed FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025
<b>Revenues:</b>					
Permits, Fees & Spec.Assessments	\$1,012,350	\$1,059,850	\$1,109,750	\$1,162,150	\$1,217,150
Other Revenue	52,500	51,000	49,750	48,750	46,250
<b>Total Revenues</b>	<b>1,064,850</b>	<b>1,110,850</b>	<b>1,159,500</b>	<b>1,210,900</b>	<b>1,263,400</b>
<b>Expenses:</b>					
Operations	1,295,790	1,331,260	1,386,440	1,444,040	1,504,165
Capital	25,000	0	0	0	25,000
<b>Total Expenses</b>	<b>1,320,790</b>	<b>1,331,260</b>	<b>1,386,440</b>	<b>1,444,040</b>	<b>1,529,165</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(255,940)</b>	<b>(220,410)</b>	<b>(226,940)</b>	<b>(233,140)</b>	<b>(265,765)</b>
<b>Operating Reserves-Beg</b>	<b>1,546,724</b>	<b>1,290,784</b>	<b>1,070,374</b>	<b>843,434</b>	<b>610,294</b>
<b>Operating Reserves-End</b>	<b>\$1,290,784</b>	<b>\$1,070,374</b>	<b>\$843,434</b>	<b>\$610,294</b>	<b>\$344,529</b>

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. The chart below shows actual permit revenue, ending reserves and staffing from actual FY 2006 through FY 2019 and projected FY 2020 through FY 2025. It is clear that the permit revenues have not reached the same levels as before the last economic downturn and that if another downturn were to occur, there are fewer positions that could be reduced than before.



## 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 increased from 10.34% to 10.98% beginning July 1, 2020, and the next five cents remains at 6.74%. The distribution allocation is determined by the five-year average transportation expenditures or interlocal agreement. A history of revenue received since FY 2012 is displayed below.

Fiscal Year	6 Cents	5 Cents	Total
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	\$ 277,500	\$ 871,400
2018	\$ 607,200	\$ 279,200	\$ 877,300
2019	\$ 598,700	\$ 272,800	\$ 871,500
2020	\$ 540,000	\$ 246,000	\$ 786,000
2021	\$ 545,000	\$ 246,000	\$ 791,000

The effect of elasticity of gas consumption (the tax is charged on gallons not dollars) can be seen in years of increased gas prices resulting in a decline of revenue and in years of decreased gas prices resulting in an increase of revenue. During FY 2020 the City has been experiencing a decrease in revenues as compared to FY 2019 due to the COVID pandemic that resulted in statewide and local shutdowns and reduced travel. Projections for FY 2020 and FY 2021 have been reduced accordingly.

The Six Cent Gas Tax Fund five-year proforma projects the reduced gas tax revenue in FY 2021 with slow growth of 2% per year through FY 2025. The use of reserves covers shortfalls through FY 2025.

**Six Cent Gas Tax Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2021 through Proforma FY 2025**

	Proposed FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025
<b>Revenues:</b>					
Local Option Gas Tax	\$545,000	\$555,900	\$567,015	\$578,355	\$589,920
Other Revenue	290,710	296,455	302,820	308,940	315,545
<b>Total Revenues</b>	<b>835,710</b>	<b>852,355</b>	<b>869,835</b>	<b>887,295</b>	<b>905,465</b>
<b>Expenditures:</b>					
Operating Expenditures	959,315	962,075	964,870	967,700	970,560
<b>Total Expenditures</b>	<b>959,315</b>	<b>962,075</b>	<b>964,870</b>	<b>967,700</b>	<b>970,560</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(123,605)</b>	<b>(109,720)</b>	<b>(95,035)</b>	<b>(80,405)</b>	<b>(65,095)</b>
<b>Operating Reserves-Beg</b>	<b>487,599</b>	<b>363,994</b>	<b>254,274</b>	<b>159,239</b>	<b>78,834</b>
<b>Operating Reserves-End</b>	<b>\$363,994</b>	<b>\$254,274</b>	<b>\$159,239</b>	<b>\$78,834</b>	<b>\$13,739</b>

The Additional Five Cent Gas Tax Fund five-year proforma projects reduced gas tax revenue in FY 2021 with 1% increases through FY 2025, 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  
Proposed FY 2021 through Proforma FY 2025**

	Proposed FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025
<b>Revenues:</b>					
Local Option Gas Tax	\$246,000	\$248,460	\$250,945	\$253,455	\$255,990
Transfer from General Fund Ad Valorem	459,000	459,000	459,000	459,000	459,000
Other Revenues	90	115	140	170	205
<b>Total Revenues</b>	<b>705,090</b>	<b>707,575</b>	<b>710,085</b>	<b>712,625</b>	<b>715,195</b>
<b>Expenditures:</b>					
Paving	700,000	705,000	705,000	710,000	710,000
<b>Total Expenditures</b>	<b>700,000</b>	<b>705,000</b>	<b>705,000</b>	<b>710,000</b>	<b>710,000</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>5,090</b>	<b>2,575</b>	<b>5,085</b>	<b>2,625</b>	<b>5,195</b>
<b>Operating Reserves-Beg</b>	<b>16,559</b>	<b>21,649</b>	<b>24,224</b>	<b>29,309</b>	<b>31,934</b>
<b>Operating Reserves-End</b>	<b>\$21,649</b>	<b>\$24,224</b>	<b>\$29,309</b>	<b>\$31,934</b>	<b>\$37,129</b>

## Coastal & Heartland National Estuary Partnership (CHNEP)

On October 1, 2014, the City became host to CHNEP, transitioning from their previous host the Southwest Florida Regional Planning Council. At the time, they were known as Charlotte Harbor National Estuary Program. On June 1, 2019, they enacted a program name change to Coastal & Heartland National Estuary Partnership to better reflect the updated service area and partnering communities that they work with. This program is funded fully by grants and contributions from federal, state and local agencies and corporations and donations.

The proposed FY 2021 work plan maintains the f.t.e. count of six employees. The six positions are: Executive Director, Research & Outreach Manager, Outreach Associate, Research Associate, Finance & Grants Specialist, and Conservation Intern.

The FY 2021 budget is presented below. Several divisions were created to account for the various funding sources of the program. A five year proforma is not completed for CHNEP because the majority of each year's funding is dependent on federal and state grant awards and local government contributions. Therefore each year's work plan is developed based on the granting agencies award for each year. The following technical projects are included in the FY 2021 work plan:

- Coastal Charlotte Harbor Monitoring Network (CCHMN) - Upper Charlotte Harbor
- CCHMN - Lower Charlotte Harbor
- Water Atlas Maintenance and Improvements
- Funding for technical project(s) still to be determined with CHNEP's partnering agencies.

### Coastal & Heartland National Estuary Partnership Fund Proposed FY 2021 Schedule of Revenues and Expenditures

	<b>Proposed FY 2021</b>
<b>FDEP, Local and Donations Division - 1536</b>	
FDEP, Local & Misc. Revenues	\$210,000
Operating Expenditures	<u>266,983</u>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(56,983)</b>
<b>Reserve - Division 1536 (Beg)</b>	<b><u>299,167</u></b>
<b>Reserve - Division 1536 (End)</b>	<b><u><u>\$242,184</u></u></b>
Remaining Divisions have no reserves	
<b>EPA Grant Division – 1541</b>	
EPA Grant	\$662,500
Operating Expenditures	<u>662,500</u>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b><u><u>\$0</u></u></b>
<b>SWFWMD Grant Division - 1538</b>	
SWFWMD Grant	\$130,000
Operating Expenditures	<u>130,000</u>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b><u><u>\$0</u></u></b>

## **1% Local Option Sales Tax**

The voters of Charlotte County approved a six-year extension of the 1% Local Option Sales Tax in November 2014. A special revenue fund is being used to account for all activity. The previous revenue was accounted for in the general fund and then transferred to the capital construction fund, thereby creating unnecessary transfers and loss of transparency.

The City anticipates funding in the amount of \$17.2 million from January 1, 2015 through December 31, 2020 when the tax sunsets unless extended by the voters of the County. Projects incorporated in the six-year program for FY 2021 include:

- City-wide ADA Improvements
- Construction of Virginia Ave Improvements

The following projects will continue during FY 2021:

- Punta Gorda Pathways Enhancements
- US 41 Bridge Approach Lighting
- Shreve Street MURT Lighting
- Corto Andra/Boca Grande Stormwater Project
- Sidewalk Improvements
- Airport Road Improvements
- Ponce de Leon Park improvements

Future projects extending beyond December 31, 2020 have been identified but are considered unfunded pending results of the November 2020 election to extend the 1% local option sales tax.

## **DEBT MANAGEMENT**

The City is not subject to state debt limits, nor is there a limit set by the City Charter. The City's financial policies address appropriate uses and levels of debt. Detail of all current city debt can be found in Section 11 of the budget document. As of September 30, 2019, the City had \$19.1 million in notes.

The projected FY 2020 budget anticipates continued financing draws in the amount of \$12.4 million for the Reverse Osmosis water treatment plant project. Debt service associated with the above financing will be repaid with water user and impact fees. See Utilities fund for more details.

The CRA note was refinanced in FY 2020 for a lower interest rate over the remainder of the term, thereby saving approximately \$565 thousand in net interest costs over the term and is reflected in the FY 2021 debt service. This provides the District with additional flexibility in the event of an economic downturn (as seen in 2008 through 2015) where the taxable assessed value of the District decreased.

The proposed FY 2021 budget anticipates draws of \$7.8 million for the rip rap mitigation portion of the September 2017 Hurricane Irma seawall project in the Punta Gorda Isles and Burnt Store Isles Canal Maintenance Districts. Project was moved from FY 2020 to FY 2021 due to continued delays in permitting.



## UNRESOLVED ISSUES

Most issues are resolved during the budget preparation and adoption process. However, there are usually several issues which will be worked out after the new fiscal year has begun and developments begin to unfold or new information becomes available. This budget is not unusual in that respect. We have several issues that are still in formative stages that will need resolution and some may need additional funding in FY 2021 or the years to come.

**Citywide Master Plan** – City Council approved contracts for Dover Kohl to prepare comprehensive plan amendments and form-based codes as envisioned in the Master Plan. This process should take up to mid-2021 to complete. Future strategic plans and annual budgets will take into account further Master Plan recommendations and priorities as they are accepted by Council.

**Septic to Sewer Project** - City Council approved a Sewer Master Plan and Financial Plan in the Punta Gorda utility service area, for purposes of coordinating a county-wide effort to provide sewer system in areas now treated by septic systems. Both plans were presented to the County Commission for consideration, since the areas earmarked for sewers reside in unincorporated County. Jones Edward, a consulting firm also used by the County, prepared the plan in conjunction with input from the County plan and City staff. The City believes that reduction of pollution to the water quality in Charlotte Harbor, the Peace River and the Myakka River will require a regional effort to protect this crucial natural resource. The next phase of the project is selection of an engineering firm to develop design alternatives for the priority area – Charlotte Park.

**1% Local Option Sales Tax Extension** – City Council approved a list of projects to be voted on along with County projects as part of the November 2020 ballot for voters to decide whether to extend the 1% local option sales tax after December 31, 2020. The projects address public safety, water quality, preservation of infrastructure and quality of life needs. If not approved by the voters in Charlotte County, the City will have to readdress project priorities, funding alternatives such as increased millage rates in future years, and/or possible reductions in staffing needs if a significant number of projects are removed.

**COVID-19 Pandemic** – As has been stressed throughout this message and by numerous reports from economists, national, state and local agencies, there remains a high degree of uncertainty in forecasting. The City will continue to monitor forecasts and revenues received and adjust expenditures or recommend use of reserves as warranted.

**Utilities Rate Study** – A rate sufficiency study is underway. The consultant, Stantec, has indicated that rate increases will be needed to fund the Utilities capital improvement plan. Over the next two to three months, results and discussion regarding rate options will be brought to the Utilities Advisory Board and City Council.

**Boat Trailer Parking** – After City Council review of the various options and associated issues related to implementing boat trailer parking fees, staff is developing a plan based on City Council's direction. The plan will include fees, method of collection, implementation, and enforcement (including overflow parking concerns) and will be presented to Council over the next few months.

I believe this proposed operating budget is a reflection of the City Council's priorities and established policies. As always, the development of the budget takes a concerted effort from all departments. I would like to commend the efforts of all employees for their prompt and thoughtful response to the budget process. I would also like to thank the Finance Department, in particular, for their united effort in assisting me in the development of this document.

Finally, I would like to thank the City Council and Punta Gorda community for giving me the opportunity over the past fifteen and one-half years to manage delivery of services and guide growth within a philosophy of partnerships and collaboration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Howard Kunik", is written above a horizontal line.

Howard Kunik  
City Manager