



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

To: City Council Members
From: Gregory Murray
Date: August 13, 2021
Subject: FY 2022 Proposed Budget

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,

As we move into this budget cycle we are faced with the challenge of turning the corner from post-recessionary operations where we are only able to maintain the bare necessities of the City, to evaluating and funding strategic needs to insure that City services, infrastructure, and fiscal position is sound in the years to come.

The city's assets include 13 public buildings, 121 miles of streets, 1270 City maintained street lights, 19 traffic signal intersections, and four bridges. The City owns 55 miles of canals and 109 miles of seawall. There are 237 miles of water mains, 129 miles of sanitary sewer, and 119 lift stations. 23 parks totaling 130 acres and nine miles of pathways are the responsibility of the City. 208 motorized equipment items, including cranes, fleet vehicles, boats, and compactors, are also part of the City's assets. The City's total asset base holds a non-depreciated value of \$386,313,048 million. 295 employees also depend on the budget-driven decisions to be able to adequately complete their jobs, and for their very well being. For this budget cycle, staff has focused on each of the City's unique assets, examining the condition of each of those assets and needs to properly maintain them.

Much of what was found is that City infrastructure is starting to show signs of age and now needs work. Evaluation of the infrastructure also resulted in necessary emergency repairs in some cases. Preventative maintenance programs and resulting upkeep has sometimes needed to be deferred because of recessionary periods, funding challenges, and personnel demands, but implementation of a detailed plan can no longer wait. It takes staffing and funding to make that happen, knowing that deferred improvements will only continue to increase in costs. It is quite a challenge and responsibility to insure that our City functions properly while making strides in service delivery, infrastructure management, and planning for the future. Hence the need to turn the corner, bringing the satisfaction that the City continues to be managed appropriately for the citizens we serve.

I am proud to be part of the team working for the City of Punta Gorda. We are fortunate to have such a dedicated employee base and depth of experience. I have found that over the years available resources have been maximized in order to minimize needs for as long as possible. In addition, substantial cuts were again effectuated this year prior to presentations in order to maintain a realistic and conservative budget, while realistically addressing pending and deferred needs.

This budget message provides a narrative explanation that summarizes those needs driving our recommendations. The pertinent economic information that was reviewed, critical assessments driving operations, strategic initiatives, and conservative fiscal implications and targets are included. As you review these recommendations, I encourage each of you to keep the baseline assumptions in mind and stated needs at the forefront of your considerations. This information provides the reasoning behind our proposed plan to insure proper service delivery, infrastructure management, personnel decisions, and needed resources to put the City on a solid foundation and insure its future.

Initial budgetary factors:

- The Charlotte County Property Appraiser reported that taxable property values increased Citywide by only 5.2%. Many of the taxable value increases are capped, which reduces the potential for overall revenues increases.
- The Community Redevelopment Area (CRA) experienced a 5.8% increase from previous year property values, the seventh straight year of value increases.
- Our plan includes paying off the CRA debt as soon as possible to allow flexibility with the funds now mandated for debt retirement.
- Increased value from new construction, annexations and other adjustments in the City is \$52.6 million, up from \$46.8 million the previous year.
- The proposed FY 2022 General Fund Budget, net of ending reserve, totals \$25.4 million, which is \$1.4 million or 5.8% more than the original FY 2021 budget (see next bullet).
- That includes a plan for all required personnel and use of reserves in the proforma, but does not include the \$7.8 million transfer for a line of credit draw for the PGI Canal Maintenance Fund in FY 2021 budget.
- The cumulative increase in the general fund since FY 2008 is 23.7%, which averages to an approximate 1.7% increase per year. This low percentage highlights part of the issue evident from the evaluation.
- State revenue projections for various taxes show increases of 10-27% for FY 2022 from the prior year original projections. These include such items as gas taxes, local government taxes, and state revenue sharing. State revenue projections for communications taxes have not been provided as of August 4, 2021. The projected increases are due to a more favorable economic outlook since the COVID pandemic began and increases in certain industries such as building and are included in the analysis.
- The proposed millage rate is 3.9500, up from the prior year of 3.4337. The City's portion of a residential tax bill, excluding non-ad valorem assessments, has generally been 25% or less and is anticipated to remain the same.
- The majority of ad-valorem taxes paid are for services provided to Charlotte County government and Charlotte County School system.

- Considerations for the proposed millage rate include:
 - the base 5-year pro forma shows that by doing nothing, the city will continue to use one million dollars per year in reserves, and be very low on cash with few options in year five. Again, that is if nothing is added to the budget, no services are cut, and the millage rate stays the same;
 - a comprehensive 5-year plan has not previously been proposed, and it lends a different perspective on City operations. This long term strategic budgetary plan incorporates capital replacement requirements, operating impacts, personnel requirements, and fiscal targets over the term in order to project needs and manage millage rate increases properly;
 - the number of fire/medic personnel on each response apparatus has not increased from two in 20 years, since 9/11, while call volume and complexity have more than doubled, and current safety standards mandate more;
 - police training and safety requirements have increased quantifiably while staffing levels have remained low causing light responses and requiring duties to be reassigned;
 - other operating personnel have been reduced to the point that they are unable to keep up with the general current maintenance and service level needs of the City;
 - overtime is substantial and causing additional employee issues;
 - the total initial budget was reduced by \$548,000 in order to help offset additional costs and revenue requirements;
 - we are facing a total compensation study and the \$15 minimum wage mandate, the resulting impacts of which we need the ability to address, especially since we are losing employees due to salary issues on a weekly basis;
 - incorporated in the overall budget is a proposed 4% merit increase;
 - substantial material and service costs increases are being experienced nationwide;

- To assist you in measuring our performance, City Council approves an annual Strategic Plan. Action items to be undertaken during FY 2022 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 2022 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 1.4%. This means that no matter how high the market value of a homestead property increases, the assessed value can only rise 1.4%.

The worldwide coronavirus pandemic led to short-term changes in the economy, with a more favorable outlook as the economy currently recovers. However, there is a need for caution as the pandemic continues to unfold. 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 sixteen strategic plans. Action items accomplished as part of the 2021 Plan are highlighted within each respective strategic priority area.

Financial/Economic Sustainability

- 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 2022 budget with an emphasis on need for staff to maintain current service levels, planning for enhancement of service levels in future years, and building reserves to recommended level.
- Implemented revised Utility Rates, which included water and wastewater impact fees, as a result of the utility rate study recommendations.
- Implemented Time Clock Plus software for payroll systems.
- Annexed Public Works/Utility Campus
- Completed five year citywide staffing needs analysis
- Determined the slate of 1% Sales Tax Projects and voters approved the continuation of the program in the November election.
- Secured one million dollar appropriation from state legislature for Boca Grande/Corto Andre Storm Water Project.
- Updated plan for all major infrastructure categories to include fleet, equipment, buildings, grounds, streets, utilities and lighting. Incorporated in Master Plan within five-year capital improvements program.
- Identified location for and planned for temporary relocation of Historic City Hall staff.
- 754 vendor contracts were managed by the City.

- Completed the 1st draft of the updates to the City of Punta Gorda Comprehensive Plan Amendments – (Future Land Use, Housing, Coastal Management, Transportation, and Historic Elements)
- Completed the 1st draft of the Land Development Regulations (LDR) / Form Based Codes

Infrastructure Sustainability

- Completed annual street resurfacing program. Brick installation on Palm completed; Sullivan forthcoming in September 2020.
- ADA sidewalk ramp improvements completed.
- Shreve Street multi-use recreation trail lighting installed.
- Developed and presented FY 2022-2026 Capital Improvements and Capital Outlay Plans for major infrastructure categories.
- Ponce de Leon Park Seawall/Boardwalk/Pier Repairs completed.
- Continued annual storm water drainage program.
- Improved lighting in the East Side of Punta Gorda.
- Over 5,952 feet of seawall replaced.
- Repainted Gilchrist Park Gazebo.
- Design started for the Historic City Hall and A.C. Freeman House.
- Harborwalk West Gill Street to Berry Street construction started.
- Began Engineering Design Contract for Wastewater Treatment Plant Expansion.
- Completed Gravity Sewer and Water Main Replacements on Palm Avenue.
- Began Preliminary Engineering Report for Charlotte Park Septic to Sewer.
- Began Preliminary Engineering Report for Water Treatment Plant filter upgrade.

Partnerships, Communication & Collaboration

- Partnered with Punta Gorda Historic Mural Society on the recreation of the Captivating Charlotte County Mural.
- Completed eleventh Citizen's Academy, reaching out to 15 attendees who learned about the City organization: administration, finance, public safety, public works, utilities and urban design.
- Partnered with TEAM Punta Gorda and the Punta Gorda Chamber of Commerce for downtown beautification efforts known as Punta Gorda in Bloom.
- Extended construction start time for the land lease with Peace River Wildlife Center to relocate administrative, gallery and viewing areas on City-owned land on West Henry.
- Disseminated information through a network of partners.
- Provided letters of support for numerous initiatives to include City and Charlotte County legislative priorities and Florida League of Cities call for action on proposed legislative matters.
- Held virtual and in person community planning sessions with Dover, Kohl & Partners regarding Form Based Codes and Land Development Regulations.
- Partnered with Quality Independence to manage agriprenneur garden on East Virginia.
- Partnered with various Veteran's groups and TEAM Punta Gorda to complete Veterans' Park enhancements.

- Partnered with Punta Gorda Housing Authority regarding commitment for local government financing of \$340,000 for the Verandas III affordable housing project totaling \$19.2 million.

Strategic Communications Positioning

- Launched Text My Gov to provide residents another way to get information and report issues.
- 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.
- Installed new marketing display at Punta Gorda Airport.
- A positive message greets visitors through strategic advertisements in both the Punta Gorda Chamber of Commerce and Charlotte County Chamber of Commerce guides.
- Park signs replaced to reflect branding.
- 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

- New Sign Code Ordinance adopted.
- Started the design and engineering of the Nature Park ADA improvements to the observation decks and fishing pier.
- CHNEP staff held the 2021 Southwest Florida Climate Summit in May. This was a free public virtual event to share knowledge and mobilize the collaboration needed to build more resilient communities in our region.
- New stop sign installed at Taylor Street and West Charlotte Avenues.
- Restriping of the basketball, ADA picnic tables and new grill installation at Cooper Street Recreation Center.
- Participated with Peace River Housing Partners in establishment and operations of organization, and Gulf Coast Partnership on housing initiatives.
- Re-sodded Hector House Plaza and Hounds on Henry.
- The Punta Gorda Fire Department offers quarterly Family and Friends® CPR course of instruction. Additionally, the department has integrated a "Stop the Bleed" course content into all CPR courses.
- The Fire Department continues to aggressively market the smoke/CO detector program. The department provides residents who cannot afford a smoke/CO detector a new 10 yr. life unit. The Fire Department continues to experience increased participation in the Smoke Detector Battery Change Out program.
- Trimmed and fertilized over 700 beautification trees in City Rights of Way.
- The Police Department continues to provide a number of essential crime prevention programs. This includes Neighborhood Watch notifications, safety tips through Twitter and Facebook, Do the Right Thing of Charlotte County, Inc., and Drug Abuse Resistance Education (DARE) training.
- Maintained 1,320 fire hydrants and replaced 15 hydrants.

The FY 2022 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 2021 economic forecast from the Congressional Budget Office (CBO) includes the following key points:

- The forecast incorporates laws in effect as of May 18, 2021 and was published to provide Congress with CBO's current assessment of the economic outlook in a rapidly evolving environment. The 2020 coronavirus pandemic brought widespread economic disruption in the prior year. However, with additional funding provided to state and local governments, to educational institutions, to individuals as recovery rebates, and extension of expanded unemployment, projections indicate a stronger economy and consequently higher taxable incomes.
- Federal budget deficit of \$3 trillion or 13.4% of gross domestic product (GDP) in 2021 was the second largest since 1945, exceeded only by the prior year of 14.9% caused by the pandemic and legislation enacted in response.
- As the pandemic eases and demand for consumer services surges, real (inflation-adjusted) GDP projections grows by 7.4% this year surpassing a sustainable level. Average annual growth projections are 2.8% 2022-2025, exceeding the 2% growth rate of real potential GDP, and dropping to 1.6% annually for 2026-2031.
- The forecast projects employment growing quickly in the second half of 2021 and surpassing prepandemic levels mid 2022-reflecting increased demand for goods and

services and the waning factors dampening the supply of labor, including health concerns and enhanced unemployment insurance benefits. The unemployment rate declines from 5.9% in June 2021 to 4.6% in 2022 and then remains near or below 4.0% for several years.

- Inflation rises sharply in 2021 and then moderates. The consumer price index for personal consumption expenditures rises by 2.8% this year, as increases in the supply of goods and services lag behind increases in the demand for them, adding inflationary pressures. By 2022, increases in supply keep up with increases in demand and inflation falls to 2.0% during the year. CBO's projections shows 2.1% through 2025, above its rate before the pandemic.
- Projections for the interest rate on 10-year Treasury notes remains low at 1.6% but rises as the economy continues to expand, reaching 2.7% by the end of 2025.
- Interest rates on federal borrowing throughout the decade remain well below the average rates in recent decades. The federal funds rate is expected to keep its target of 0.1% through the first half of 2023 roughly a year after inflation reaches and exceeds the 2% long-run goal. Then they project gradual increases.
- CBO stresses that these latest economic projections do not include budgetary or economic effects of subsequent legislation, economic developments, administrative actions, or regulatory changes after May 18, 2021. Because of the ongoing coronavirus pandemic, projections are subject to an unusually high degree of uncertainty, stemming from incomplete knowledge of how the pandemic will unfold, the effectiveness of monetary and fiscal policy, and how global financial markets will respond to the substantial increases in federal deficits and debt.

Florida/Southwest Florida Regional Economic Outlook

The Florida Legislature Office of Economic and Demographic Research issued its economic overview in January 2021. Key highlights of the report are delineated below:

- For the third quarter of 2020 calendar year, after two quarters of decreases totaling 34.4%, Florida's real growth increased 33.4% exactly matching the national average. This ranked Florida 27th among states for growth. Projection for FY 2020-2021 is an increase of 0.5%.
- The third quarter result for the 2020 calendar year indicates that Florida's personal income growth ranks 5th in the country with -4.8% growth over prior quarter (second quarter was +30.3%), compared to national growth of -10.0%. Estimates show a +2.3 for FY 2020-2021 before declining (-1.1%) in FY 2021-2022.
- The November 2020 unemployment rate was 6.4%, lower than the US rate of 6.7%.
- Population growth is the state's primary engine of economic growth, fueling both employment and income growth. Florida's population grew by 1.83% between April 1, 2019 and April 1, 2020 adding 387,479 residents. This growth was strongest annual increase since 2005, immediately prior to the collapse of the housing boom and the beginning of the Great Recession. As a result of the pandemic, population growth is expected to slow to 1.38%. Between 2021 and 2025, growth is forecast to average 1.36%
- 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. It is particularly vulnerable to the longer-term effects of the pandemic. Previous economic studies of disease outbreaks have shown that it can take

12-15 months after the outbreak ends for tourism to return to pre-disease level. The magnitude of this event is greater. Current expectations are that leisure driving vacations will recover first, then business travel, then domestic air travel, followed by international travel.

The Florida Gulf Coast University (FGCU) Regional Economic Research Institute's Southwest Florida Regional Economic Indicators Report published in August 2021 highlights:

- Southwest Florida's seasonally-adjusted unemployment rate in June 2021 is 4.2% which is below the 8.8% Covid-impacted June 2020 figure. The region's unemployment rate is below both the state's 5.0 percent and the nation's 5.9 percent for June 2021.
- Tourist tax revenues for the coastal counties were up 368% for May 2021 compared to May 2020, and 63% above the same month in 2019 (prepandemic).
- Taxable sales through May 2021 show an increase of 47% from May 2020 and is 33% over May 2019.
- Coastal counties issued 1,906 single-family building permits in June 2021, up 111 percent from June 2020, and up 30% from one month prior.
- Single-family home sales for the coastal counties show exceptional growth compared to the same month of the prior year. Home sales were 3,149 in June 2021 an increase of 43% over June 2020.
- Airport passenger activity showed an increase of 237% percent in June 2021 over June 2020 and 49% increase over 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 2020, the IDI for Southwest Florida measured at 5.36, ranking it as the 6th most industrially diverse workforce region in the state of Florida (out of 24).
- FGCU's report included U.S. and Florida Consumer Sentiment Indexes. The US index slipped in July 2021, falling 4.3 points from the previous month to 81.2. Chief economist, Richard Curtin, noted the decline was concentrated in the outlook for the national economy, as well as the high prices for homes, vehicles and household durables. "While most consumers still expect inflation to be transitory, there is growing evidence that an inflation storm is likely to develop...The improved finances of consumers have greatly reduced consumers' resistance to price increases, while firms have reacted to their own supply and labor shortages with a greater readiness to increase prices as well as wages. Consumers and firms justify their actions as temporary adjustments due to the pandemic. However justified, such changes act to generate an upward spiral in prices and wages." Florida's index improved in June 2021 rising 1.5 points from the previous month of 81.2. Floridians seem to be more optimistic in June and projects consumer sentiment to keep recovering slowly in the months ahead.

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 2021 population estimates from the University of Florida, Bureau of Economic Research (BEBR) projects 2020 population at 187,904 up from their 2020 estimated population of 184,700 representing a 1.7% increase. The County ranks second in the state for its population age 65 and older, according to 2021 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 ninth consecutive year, the taxable property value in the County has increased. The increase is 7.2% from the prior year. Of that amount, new construction and other adjustments accounted for 2.9%.
- Unemployment is 4.6% in June 2021, slightly lower than the state's preliminary rate of 5.0% for the same month. One year ago, the unemployment rate in the County was 9.1%.
- The median sales price of an existing single family home in the County was \$315,00 in June 2021, compared to \$244,800 the previous year.
- The County reported 586 single family home sales for June 2021 up 39% from June 2020 of 423. Number of building permits issued were 351 in June 2021, an increase from 158 om June 2020.
- The County's taxable sales increased to \$334.6 million in May 2021, compared to \$247.5 million in May 2020, an increase of 35%. Taxable sales for April 2021 were \$326.1 million.
- Tourist tax revenues in May 2021 were \$767 thousand, up 195% from May 2020 measure.
- 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. Although, passenger activity at the airport has risen significantly since calendar year 2011 through calendar year 2019, passenger activity saw a decrease in 2020 due to the pandemic. June 2021 report shows a passenger count of 141,728, up 51% from June of 2020.

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
2020	1,189,681				

- Sunseeker Resort in the Charlotte Harbor Community Redevelopment Area bordering the harbor on the north side of the US 41 South Bridge had been placed on hold due to the pandemic early in 2020. Construction has resumed and is anticipated to employ 1,150 people.
- 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, 1,400 single-family permits have been submitted since August 2016, and development of town center is well underway with a Publix nearing completion. Babcock Ranch tops the list of “Best Eco-Friendly Communities in ideal LIVING for 2020.
- West Port Development – Rezoning was approved for 400+ acres in the western section of Murdock Village in order to have mixed-use development with a maximum of 2,400 single and multi-family units, commercial uses, and a 150-room hotel. Homes are currently under construction with the first family having moved in. Arredondo Pointe/Lost Lagoon Development will include a mixture of retail, entertainment, water park, and hotel uses.

Punta Gorda Economic Highlights

Projections show a FY 2022 population of 20,801 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 2022) increased Citywide by 5.2% from the final previous fiscal year, including \$53 million of new construction, annexation, and changes in exemption. This is the ninth 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	102
FY 2021	140 (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
FY 2021	300 (projected)				

- City of Punta Gorda residential development – Vacant vs Developed as of April 2021.

Community	Total Parcels	Developed Residential	Vacant Residential	% Residential Developed
PGI	9,190	8,578	612	93.3%
BSI	1,833	1,636	197	89.3%
BSM	935	746	189	79.8%
TOTAL	11,958	10,960	998	91.7%

- Citywide Master Plan – Dover Kohl & Partners is currently working on revising the Land Development Regulations, Form Based Codes and Comprehensive Plan recommendations based on the PLAN Punta Gorda 2019 Citywide Master Plan and City Council direction.
- 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 remains 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. The multi-family development, Parkside Punta Gorda has received Development Review Committee approval and building construction plans are in review at this time.

- 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 2022. The total FY 2022 budget including all transfers and carryover fund balance is \$161,357,744 which is \$27,773,914 (20.8%) greater than FY 2021. This is for all funds, not just the General Fund using the proposed millage rate. The major factors causing the net increase are:

- majority of increase of \$15.7 million in capital projects and equipment replacements, much of which is in the utilities department, and which is offset by grant revenues, financing revenue and planned use of reserves;
- transfers and debt service had a net increase of \$4.4 million:
 - as per debt service schedules and funding transfers for capital projects;
 - tax increment financing increase to pay off CRA debt due to proposed millage rate increase;
- personnel costs increased \$1.4 million for all funds:
 - thirteen positions - three previously approved and added mid-year FY 2021 and ten proposed in FY 2022 with all but one to begin April of 2022;

- 4% merit increases;
- 4.4% increase in health insurance;
- increase in maximum City match to general employee defined contribution retirement plans from 7.5% to 10%;
- 10% estimated increase in workers compensation insurance;
- other operating expenditures increased \$2.5 million overall:
 - for increases in materials, supplies, and contracted services due to increases in pricing being received during bids and renewal terms;
 - increased computer overhead;
- ending carryovers had a net increase of \$3.8 million due to increase in planned use of reserves for capital projects and planned personnel/service level increases in future years as revenues catch up with expenses to prevent deficit spending.

It should also be noted that FY 2021 budget was lower for the 1% sales tax capital projects which only budgeted for one quarter, pending the November 2020 election to extend the tax for an additional six years. Once voter approved, an appropriation was completed. FY 2022 includes projects for the entire year.

The following chart compares previous adopted budgets with the proposed FY 2022 budget. The expenditures are net of transfers to other funds, internal service funds and ending reserves. The FY 2022 net amount of \$102,301,812 is an increase of \$26,999,523 or 35.8% more than FY 2021, again, mostly in non-General Fund operations and not related to the millage rate. The majority of the increases are in the Special Revenue Fund (full year 1% sales tax as previously discussed), and utility construction projects (capital as previously discussed).

**Comparison of Net Budgeted Expenditures
Budget FY 2018 through Proposed Budget FY 2022**
(Net of transfers, internal service funds and ending carryover fund balance)

	Budget FY 2018	Budget FY 2019	Budget FY 2020	Budget FY 2021	Proposed Budget FY 2022
General Fund	\$18,765,827	\$19,829,664	\$21,225,263	\$21,315,795	\$23,203,380
Special Revenue Funds	10,990,332	22,599,137	25,810,740	18,687,996	24,549,588
General Construction Fund	2,164,683	1,680,000	890,000	1,560,000	4,913,214
Enterprise Funds	31,595,899	20,527,912	25,715,244	33,738,498	49,635,630
Total Funds	\$63,516,741	\$64,636,713	\$73,641,247	\$75,302,289	\$102,301,812
\$ Net Increase (Decrease)	(\$4,732,531)	\$1,119,972	\$9,004,534	\$1,661,042	\$26,999,523
% Net Increase (Decrease)	-6.93%	1.76%	13.93%	2.26%	35.85%

The FY 2022 budget aggressively addresses substantial issues needed to move the City forward such as continued implementation of strategic plan objectives; proposed millage rate increase to enhance service levels; increase in water and wastewater rates to support operations and capital improvement plan; increase in solid waste rates for recycling cost and landfill fee increases and to add a sanitation worker to maintain current service level; increase in canal maintenance assessment fees for increased seawall replacement program; continuation of road resurfacing and drainage improvement programs; 1% sales tax current extension through December 31, 2026; and

continued efforts for septic to sewer conversion in the first priority area 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 305 funded full time equivalent (f.t.e.) position count for FY 2022 has increased by ten positions from the amended count of FY 2021. The positions added are: a facilities maintenance worker, a parks and grounds maintenance worker, a right of way crew chief, and an engineering technician position funded 50% by general fund and 50% by building fund in the public works department (for proper maintenance of existing infrastructure in various disciplines); (2) patrol officers in the police department and (2) firefighter/EMTs in the fire department (needed public safety support); a computer support specialist in the information technology division for new system implementation and integration; and a sanitation worker in the sanitation fund. All positions are proposed to begin April 2022 except for the sanitation worker which is proposed to begin October 2021. Three f.t.e. positions were added mid-year FY 2021: an AMI technician in water distribution division of the utilities department; a planner position in the urban design department; and a paralegal/administrative assistant in the City Manager’s office. One of the key performance measures identified in the business plan as ability to properly provide and maintain required service levels is the ratio of full time employees to population (table below). With ever increasing safety/training mandates, over 3,000 more residents/requirements resulting from additional usage of City assets and need for additional amenities that were provided, and public safety response requirements, neither employee numbers nor service level equals those that the City needed even in 2008, 14 years prior. The overall plan now gives departments the ability to achieve necessary objectives to support City services, but only by maximizing the efficiency of a still conservative workforce.

Fiscal Year	Population Estimates	Employees	Ratio Employees/ Per 100/Population
2022	20,801	305	1.5
2021	20,352	295	1.4
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 2021 using the current year rates and were updated in June only to reflect the City’s proposed millage

rate. 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 \$250,000

	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota	Mills	North Port	Mills	Venice	Mills	Cape Coral	Mills	Fort Myers	Mills
Property Taxes	\$ 287.50	1.1500	\$ 204.33	0.8173	\$ 987.50	3.9500	\$ 815.80	3.2632	\$ 941.68	3.7667	\$1,090.00	4.3600	\$1,593.75	6.3750	\$1,991.08	7.9643
Water & Sewer (Avg Monthly annualized)	\$ 821.88		\$ 1,115.40		\$ 954.60		\$ 1,486.68		\$ 1,651.20		\$1,855.68		\$1,563.24		\$1,954.80	
Sanitation (Solid Waste)	\$ 330.36		\$ 225.82		\$ 278.64		\$ 294.60		\$ 245.00		\$ 275.46		\$ 254.02	0.1753	\$ 228.96	
Fire Service	\$ 0		\$ 557.50	2.2300	\$ 0		\$ 0		\$ 257.56		\$ 0		\$ 242.80		\$ 77.91	
Roads/Drainage/Stormwater	\$ 167.16		\$ 0		\$ 0		\$ 0		\$ 217.56		\$ 0		\$ 162.50		\$ 96.16	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 55.85	0.2234	\$ 0		\$ 149.35	0.5974	\$ 75.00	0.3000	\$ 0	
TOTAL	\$ 1,606.90		\$ 2,103.05		\$ 2,220.74		\$ 2,652.93		\$ 3,313.00		\$ 3,370.49		\$ 3,891.31		\$ 4,348.91	

based on taxable value of \$500,000

	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota	Mills	North Port	Mills	Venice	Mills	Cape Coral	Mills	Fort Myers	Mills
Property Taxes	\$ 575.00	1.1500	\$ 408.65	0.8173	\$ 1,975.00	3.9500	\$ 1,631.60	3.2632	\$ 1,883.35	3.7667	\$2,180.00	4.3600	\$3,187.50	6.3750	\$3,982.15	7.9643
Water & Sewer (Avg Monthly annualized)	\$ 821.88		\$ 1,115.40		\$ 954.60		\$ 1,486.68		\$ 1,651.20		\$1,855.68		\$1,563.24		\$1,954.80	
Sanitation (Solid Waste)	\$ 330.36		\$ 225.82		\$ 278.64		\$ 294.60		\$ 245.00		\$ 275.46		\$ 297.84	0.1753	\$ 228.96	
Fire Service	\$ 0		\$ 1,115.00	2.2300	\$ 0		\$ 0		\$ 257.56		\$ 0		\$ 242.80		\$ 77.91	
Roads/Drainage/Stormwater	\$ 167.16		\$ 0		\$ 0		\$ 0		\$ 217.56		\$ 0		\$ 162.50		\$ 96.16	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 111.70	0.2234	\$ 0		\$ 298.70	0.5974	\$ 150.00	0.3000	\$ 0	
TOTAL	\$ 1,894.40		\$ 2,864.87		\$ 3,208.24		\$ 3,524.58		\$ 4,254.67		\$ 4,609.84		\$ 5,603.88		\$ 6,339.98	

BUDGET HIGHLIGHTS BY FUND

General Fund

The proposed FY 2022 General Fund Budget, net of ending reserve, totals \$25,377,445, which is \$6.4 million or 20.2% less than the original FY 2021 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. This project is still awaiting permitting and may be re-appropriated to FY 2022. Excluding that transfer from the FY 2021 budget, the increase would have been \$1.4 million or 5.8% more than the original FY 2021 budget. Based on a proposed millage rate of 3.9500, an improving economy after a short downturn in FY 2020 due to the COVID pandemic, personnel/service level enhancements, capital outlay plan, 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 2021) projects deficits in the range of \$0.9 million to \$2.2 million per year from FY 2022 through FY 2025. The proposed increased millage rate along with planned use of reserves shows the fund meeting the reserve objective through FY 2024. In most fiscal years, due to conservative estimating by the City, some additional funds are added at the end of the fiscal year either due to additional revenues collected or divisions not fully expending their budget. It is also anticipated that with the proposed millage rate increase that the City would be able to retire the Community Redevelopment Agency debt early which would sunset the fund and the Tax Increment Financing transfer would be minimal in FY 2025. These factors would allow the City to meet its goal by FY 2025 if no economic downturns are experienced in this five year planning period.

The general fund financial plan includes a five year look forward using current assumptions and anticipated personnel/service level enhancements and capital outlay plan. As a result, the proposed financial plan has been developed to eliminate any estimated gap through FY 2024 with the probable factors as mentioned above that will reduce the gaps in FY 2025 and 2026. This initiates planning for future years' budgets.

**General Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2022 through Proforma FY 2026**

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Change in Taxable Value of Property	5.2%	5%	5%	5%	5%
Revenues:					
Ad Valorem Tax	\$13,898,620	\$14,593,550	\$15,323,230	\$16,089,390	\$16,893,860
Other Revenue	12,024,020	12,387,195	12,555,930	12,490,050	12,456,740
Use of Prior Year's Reserve (Add to)	(545,195)	857,005	1,148,640	1,565,020	2,178,600
Total Revenues	25,377,445	27,837,750	29,027,800	30,144,460	31,529,200
Expenditures:					
Personnel Expenditures	16,669,385	18,811,650	19,978,465	21,048,410	22,280,175
Operating Expenditures	5,435,985	5,659,015	5,825,965	5,953,700	6,055,495
Capital Outlay	1,083,010	1,135,735	903,000	882,000	1,004,000
Transfers for Tax Increment Financing	1,038,065	1,100,350	1,166,370	1,236,350	1,310,530
Transfers for Capital Projects	477,000	457,000	480,000	350,000	205,000
Transfers for Roads	459,000	459,000	459,000	459,000	459,000
Transfers for Drainage	200,000	200,000	200,000	200,000	200,000
Contingency	15,000	15,000	15,000	15,000	15,000
Total General Expenditures	25,377,445	27,837,750	29,027,800	30,144,460	31,529,200
Estimated Beginning Reserves	\$6,013,470	\$6,558,665	\$5,701,660	\$4,553,020	\$2,988,000
Estimated Ending Reserves	\$6,558,665	\$5,701,660	\$4,553,020	\$2,988,000	\$809,400
Minimum Reserve (10% to 12%) plus additional \$120,460	\$2,667,000	\$3,043,500	\$3,313,600	\$3,587,100	\$3,904,000

Various initiatives continue to be 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 2022

	Original Budget FY 2018	Original Budget FY 2019	Original Budget FY 2020	Original Budget FY 2021	Proposed Budget FY 2022
General Fund Expenditures					
City Council	\$ 129,311	\$ 133,909	\$ 129,228	\$ 130,480	\$ 136,555
City Manager	474,808	479,866	463,205	479,930	507,825
Human Resources	346,560	342,314	364,037	372,920	398,475
City Clerk	514,803	533,709	590,267	602,610	606,560
Finance	927,959	942,750	962,076	972,430	1,023,455
Procurement	571,939	617,078	643,158	598,545	628,250
Legal Counsel	255,794	221,459	230,847	234,695	280,985
Public Works Administration	351,303	364,821	343,643	378,255	461,495
Engineering	469,099	492,181	541,408	572,830	538,745
Right of Way Maintenance	1,548,578	1,198,125	1,229,902	1,064,070	1,230,765
Parks & Grounds	1,465,069	1,565,591	1,692,120	1,611,785	1,712,240
Police	5,766,363	6,357,578	6,949,841	7,251,310	7,877,130
Fire	3,661,532	3,848,530	4,446,604	4,423,355	4,830,045
Urban Design	619,990	591,093	646,058	583,575	671,995
Zoning & Code Compliance	500,272	515,986	553,048	551,570	585,130
Facilities Maintenance	798,453	864,704	891,360	1,110,770	1,049,555
Non-Departmental	363,994	759,970	548,461	376,665	664,175
Subtotal Operations	18,765,827	19,829,664	21,225,263	21,315,795	23,203,380
Incr (Decr) from prior year	1,048,884	1,063,837	1,395,599	90,532	1,887,585
% incr (-) decr from prior year	5.92%	5.67%	7.04%	0.43%	8.86%
Transfers to Other Funds	0	0	8,237,000 ¹	7,825,150 ¹	0
Tax Increment Financing Transfer	575,000	612,534	749,331	840,055	1,038,065
Capital Projects Transfer	690,000	155,000	305,000	1,080,000	477,000
Paving Transfer	459,000	459,000	459,000	459,000	459,000
Drainage Transfer	500,000	500,000	300,000	300,000	200,000
Subtotal Ops and Transfers	20,989,827	21,556,198	31,275,594	31,820,000	25,377,445
Incr (Decr) from prior year	1,803,884	566,371	9,719,396	544,406	(6,442,555)
% incr (-) decr from prior year	9.40%	2.70%	45.09%	1.74%	-20.25%
Future Years' Budget - Reserve	671,695	512,270	387,300	564,900	3,846,667
Fleet/Equip - Reserve	0	104,000	440,000	0	45,000
Proj. Carryover - Ending Reserve	2,441,868	2,875,591	3,295,175	4,204,979	2,667,000
Reserves as a % of Operations & Transfers	14.83%	16.20%	13.18%	14.99%	25.84%
Total General Fund Exp.	\$ 24,103,390	\$ 25,048,059	\$ 35,398,069	\$ 36,589,879	\$ 31,936,112

¹ 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

The department/divisions were limited to 3% increases in operating expenditures even though there have been significant overall increases in costs of materials, supplies, and contracted services in the past year. Most businesses are experiencing increased personnel costs and rise in prices of commodities such as building materials, equipment, etc. Any increases above the 3% amount are explained below.

Increases in the Information Technology internal service fund for city-wide projects was approximately 11.3% for FY 2022.

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

City Clerk

Budget includes \$45,000 for a possible election in the summer of 2022. There will be no City Council election on the November 2021 ballot, so there is no additional expense to the City for the upcoming November election process.

City Manager

Changes made mid-year FY 2021 are reflected in the FY 2022 budget. The position of paralegal/assistant to the City Manager, which was a position funded by 50% by the City Manager department and 50% by the Legal department, was separated into two separate positions. The new position of executive assistant to the City Manager increased the f.t.e count by 0.5. Additionally, an Assistant City Manager position replaced the communications manager position to more accurately reflect the duties being performed. The enhanced strategic communications program continues.

Legal

As mentioned above, separation of duties from one position into two, added 0.5 f.t.e with the new paralegal and administrative position for the legal department mid-year FY 2021 and is reflected in the FY 2022 budget.

Human Resources

The FY 2022 budget includes an increase for American with Disabilities Act training and certifications due to the retirement of the HR Manager. A pay plan study has been budgeted to review the pay and benefits of the City as compared to neighboring communities and to prepare for the increasing steps to a \$15 minimum wage requirement as set by State Statute. Current lowest starting wage is \$13.31. Unemployment compensation can vary from year to year based on most current claims, but there was no need for an adjustment in FY 2022 and remains at \$15,000.

Urban Design and Zoning & Code Compliance

During FY 2021, the Urban Design Manager position was reclassified to a Director position to more accurately reflect the role of that position in the City organization. Due to the uncertainty of the 1% local option sales tax extension and COVID pandemic, a requested planner position was not funded as part of the FY 2021 budget. The sales tax extension was approved by voters and the uncertainty of the economy has been alleviated, allowing the planner position to be added mid-year

FY 2021 to assist with numerous projects. This change is reflected in the FY 2022 budget. A comprehensive planning study scheduled for late in FY 2022, was moved to early FY 2023.

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. The proposed budget includes the addition of an engineering technician position April 2022 that will be shared with the building fund. This is an increase of 0.5 f.t.e. to the general fund. This is the second position that will be shared with the 2 divisions so that both divisions will have coverage resulting from increased needs for construction permits and NPDES requirements (general fund) and line and grades (building fund).

Three other positions proposed to be added to Public Works in April 2022 include:

- A facilities maintenance worker to allow more proactive maintenance of facilities and supervision of painting, custodial, janitorial, plumbing, and electrical contracted work
- A parks and grounds maintenance worker to perform a wide variety of landscaping and maintenance needs in the City's park and public spaces. This position will also allow continued park maintenance during the holiday season when decorations and the Christmas tree are being installed in future years.
- A right of way crew chief to allow for succession planning, training of newer employees after upcoming retirements, and to help with completing work order requests that have increased 123% over the past five years.

Operating expenditure increases were budgeted for: landscaping, mowing, pest control services, landfill fees and tonnages, and holiday decorations in parks and grounds division; and fencing repairs and building and work area requests submitted from City divisions in facilities maintenance division.

Capital outlays of \$201,800 include computer equipment for the four new positions, add of (3) vehicles to fleet for the new positions of engineering technician, facilities maintenance worker, and parks and grounds worker and the routine replacement of a 3 ton flatbed dump truck in right of way.

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

The proposed budget includes an additional (2) patrol officers beginning April 2022 due to increased calls for services and cases that are both more complex and more time consuming. This will help alleviate command staff having to fill in as patrol officers and allow them to continue with their normal duties.

The FY 2022 capital outlay of \$580,500 includes equipment and add of (2) vehicles to fleet for the two new officers, six replacement vehicles, taser replacement program, car camera replacement program, continuation of contract for body cameras for sworn personnel that was implemented in FY 2020, a new patrol rifle program to standardize weapons in the division and possible upcoming legislation of eliminating or limiting personally owned rifles under the 10-33 program, SWAT night vision equipment, audio recording system upgrade for interview rooms, and replacement existing firewall with high availability pair of firewalls (50% each from police and fire department) to insure that network and internet services are not affected with a single firewall failure.

The department encompasses many programs designed to enhance trust in the community by promoting transparency, procedural justice, and community partnerships. Some of the programs include in-car video cameras, body worn cameras, community advisory boards, youth programs, homeless outreach, de-escalation tactics, internal affairs investigations (that are scrutinized through various laws, processes and agencies), national data reporting, officer background checks, scenario-based training, etc. The department will continue these policies and programs while also exploring 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. Due to schools being virtual for several months during the FY 2020 school year, School Resource Officers were utilized to supplement patrol. This helped the efforts that resulted in patrol response times of 3:52 minutes. Another goal is to achieve a monthly Quality Assurance survey approval rating of 95%. Survey results indicate a 97.6% approval rating.

**Florida Municipal Law Enforcement Agencies 20,000-25,000 Service Population
2020 Uniform Crime Reporting Data (Ranked by Index Crime Rate/100,000)**

Agency	Population	Total Crime Index	Crime Rate/ 100,000	% Cleared
Sweetwater PD	22,348	123	550.4	21.1%
Groveland PD	20,510	212	1,033.6	39.6%
Lynn Haven PD	20,235	215	1,062.5	56.3%
Sunny Isles Beach PD	23,869	236	988.7	30.9%
Punta Gorda PD	20,405	286	1,401.6	40.6%
Naples PD	21,063	297	1,410.0	27.9%
Maitland PD	21,113	326	1,544.1	16.3%
Venice PD	24,016	362	1,507.3	2.8%
Edgewater PD	23,818	408	1,713.0	25.2%
Eustis PD	21,594	429	1,986.7	25.6%
Bartow PD	20,757	466	2,245.0	26.0%
Hialeah Gardens PD	23,644	491	2,076.6	26.5%
Fort Walton Beach PD	21,064	536	2,544.6	27.2%
Palmetto Bay PD	24,870	540	2,171.3	20.0%
Key West PD	24,868	556	2,235.8	31.8%
Jacksonville Beach PD	23,394	850	3,633.4	19.5%
Palm Springs PD	23,867	1,072	4,491.6	22.5%
Leesburg PD	24,539	1,108	4,515.3	26.4%

Upon reviewing the comprehensive 2020 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 15.7% from the previous year.
- ✓ When compared to municipal police departments throughout Florida with a service population between 20,000 and 25,000, Punta Gorda was ranked fifth lowest in overall crime rate.
- ✓ Among the eleven municipal law enforcement agencies in the Southwest Florida region (regardless of size or population), the crime rate in Punta Gorda ranks fifth lowest behind Sanibel, Marco Island, Arcadia, and Clewiston.
- ✓ Punta Gorda experienced a decrease in violent crimes. There were eighteen (18) violent crimes in 2019 compared to fourteen (14) violent crimes in 2020
- ✓ Non-violent crime decreased in 2020 with 272 non-violent crimes reported, as compared to 278 in 2019.

Fire

The proposed FY 2022 budget includes the addition of (2) firefighter/EMTs beginning April 2022 to help meet City minimum staffing needs due to injuries, sick leave, or vacation, to help with increased calls for service, and to help work towards meeting National Fire Protection Association 1710 minimum staffing requirements. This could potentially help reduce overtime costs.

Increased operating expenditures are budgeted for additional personal protective supplies, medical supplies, and maintenance contract for EMS equipment.

The FY 2022 capital outlay budget of \$85,710 includes funding for personal protective equipment, suppression equipment, and medical equipment, bunker gear and equipment for the two new positions, and the fire 50% share for the replacement existing firewall with high availability pair of firewalls as explained under the police department.

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 2020 was 4 minutes and 41 seconds. Table below indicates response times.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Average response times	4:00	3:57	3:54	4:01	4:04	4.11	4.10	4.41
# Emergency < 5 minutes	1869	1983	2266	2621	3123	3237	2329	2363
% Emergency < 5 minutes	74.7%	77.1%	78.9%	79.3%	84.9%	82.7%	75.2%	87.0%

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: \$677,000 to the general construction fund for \$200,000 for the sixth year of the drainage improvement program, \$205,000 for the annual public works capital projects, \$250,000 for a railroad crossing rehabilitation, and \$22,000 for dock repairs adjacent to the boat club; \$459,000 for the paving program; and \$1,038,065 for the Community Redevelopment Agency transfer using proposed millage rate of 3.9500.

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 pending short term loan draw 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 \$195 represents an increase of \$20.00 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 2022 budget.

There were no changes made to the funding levels of the City’s charter membership contributions to Charlotte Harbor National Estuary Program and United Way of Charlotte County community impact funding. There was an increase of \$6,500 the Charlotte Harbor Environmental Center (CHEC), which was the first increase in over 25 years. No change to the reserve for general contingencies of \$15,000. Operating reserves are discussed in detail under Fund Balance heading.

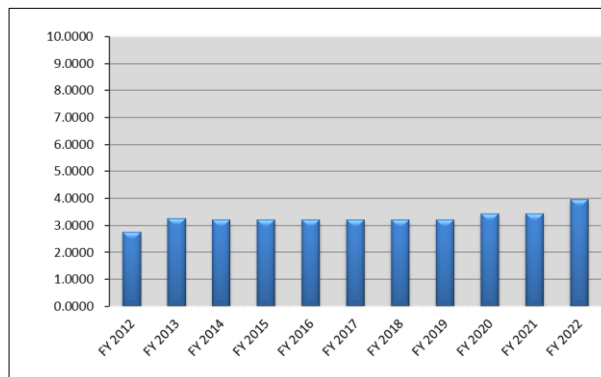
Millage and Taxable Assessed Value

The proposed FY 2022 millage rate of 3.9500 mills is 18.97% over the rolled back rate of 3.3203. 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 \$200,000 for the city-wide drainage improvement program. Proposal of the current millage rate is necessitated by the need to enhance 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 2022**

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.

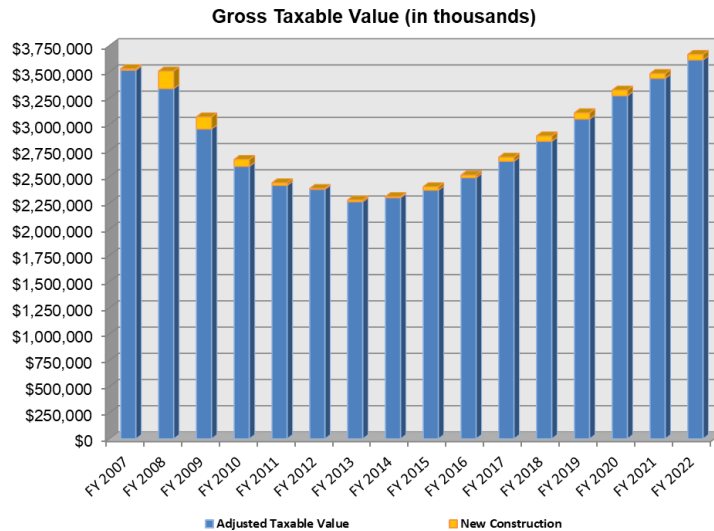
Fiscal Year	Millage Rate
2012	2.7462
2013	3.2462
2014	3.1969
2015	3.1969
2016	3.1969
2017	3.1969
2018	3.1969
2019	3.1969
2020	3.4337
2021	3.4337
2022	3.9500



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
2007	\$3,515,560,986			\$13,851,000	
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	\$3,483,430,722	\$158,079,806	4.8%	\$46,759,746	1.4%
2022	\$3,665,247,247	\$181,816,525	5.2%	\$52,590,453	1.5%

*Includes New Construction



The Charlotte County Appraiser’s July 1st certification shows a 3.7% overall increase for properties on the books from the prior year, and an additional 1.5% provided by new construction, annexations and changes in exemption for calendar year 2020. This is the ninth 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 fourteen years is a cumulative 4.8% increase in taxable values. This is the first year that taxable value has exceeded the FY 2008 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 1.4% 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 1.4%), 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	\$300,000			\$500,000	
		FY 2021 Base 3.4337	FY 2021 1.4%	Difference % \$ Amount	FY 2021 Base 3.4337	FY 2021 1.40%
Assessed Value		\$300,000	\$304,200		\$500,000	\$507,000
Less Homestead Exemption		\$50,000	\$50,000		\$50,000	\$50,000
Net Taxable Value		\$250,000	\$254,200		\$450,000	\$457,000
City Millage Rate		3.4337	3.9500	16.97%	3.4337	3.9500
City Ad Valorem Tax		\$858	\$1,004	\$146	\$1,545	\$1,805
						\$260

Fund Balance

City Council approved reserve objectives to the comprehensive set of financial management policies are below. FY 2022 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 10.0% 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.

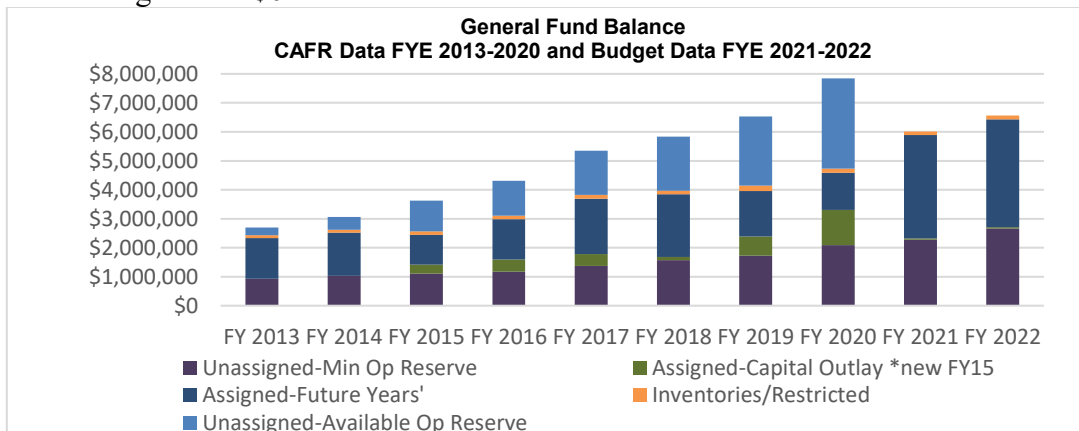
Beginning in FY 2007, the City earmarked a portion of reserves over the minimum policy to assist in paying for ongoing levels of service until such time as the economy fully rebounds. FY 2022 continues this practice.

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

Fund Balance Category	FY 2019 Amount	% of Exp.	FY 2020 Amount	% of Exp.	Projected FY 2021 Amount	% of Exp.	Proposed FY 2022 Amount	% of Exp.
Inventories/Restricted	\$ 182,025	0.8%	\$ 147,087	0.6%	\$ 125,000	0.5%	\$ 125,000	0.5%
Assigned-Future Years' Use of Op. Reserve	1,573,254	7.3%	1,285,098	5.6%	3,563,472	14.9%	3,721,667	14.6%
Assigned-Capital Outlay Reserve	662,000	3.1%	1,213,000	5.3%	45,000	0.2%	45,000	0.2%
Unassigned-Minimum Op. Reserve (Orig)	1,725,000	8.0%	2,089,460	9.0%	2,280,000	9.5%	2,667,000	10.5%
Unassigned-Available Op. Reserve	2,384,774	11.1%	3,109,092	13.5%	0	0.0%	0	0.0%
Total Fund Balance	\$ 6,527,053	30.3%	\$ 7,843,737	34.0%	\$ 6,013,472	25.1%	\$ 6,558,667	25.8%
General Fund Orig Budgeted Expenditures	\$ 21,556,198		\$ 23,038,594 *		\$ 23,994,850 *		\$ 25,377,445 *	

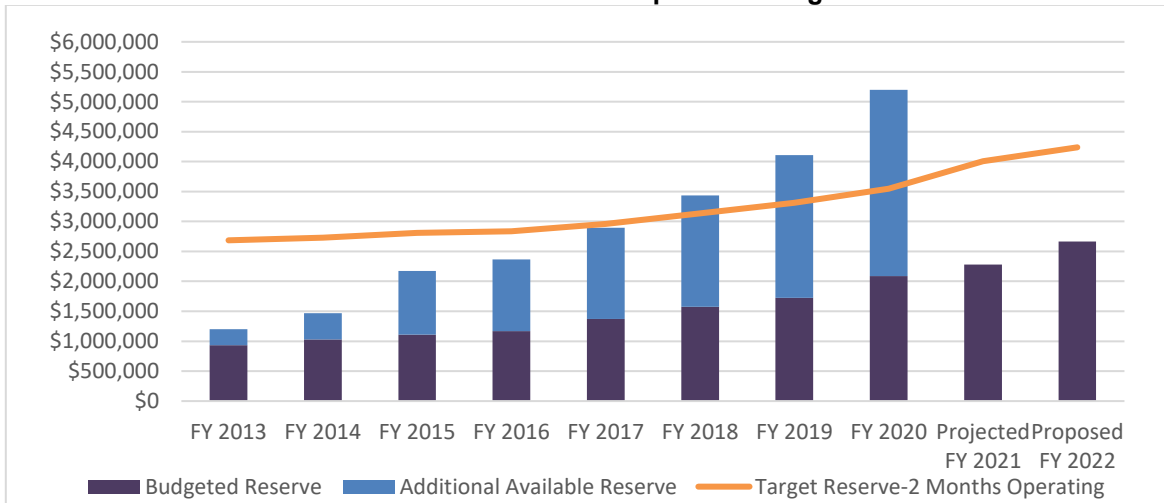
* FY 2020 and FY 2021 Budgeted Expenditures excludes transfer of loan draw to PGI Canal Maintenance Fund

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 2022, it is set at 10.0% of the total expenditure appropriations plus \$120,460 for the general fund, which calculates to \$2,667,000. It is the City Council's policy to continue to take steps each year to increase the minimum reserve. The base block of reserves has grown steadily each year. If the economy continues to improve FY 2023-2026, the proforma indicates that at end of FY 2026, the minimum reserve will be at 12% 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 \$840,000. Those amounts unused will be carried in the reserve until the year scheduled for use. In FY 2022, \$45,000 is reserved. The third block of the reserves is the amount identified as needed to balance the subsequent years' budgets in the proforma. Because of a new five-year plan to increase personnel/service levels, all funds would be needed in this five year proforma. 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 or assigned them for expenditures, and as such, are considered as part of the current operating reserve for purposes of stabilizing the general fund. For FY 2022, all funds are currently assigned to balance future years' budgets so this segment is \$0.



The Governmental Finance Officers Association of the U.S. and Canada has a best practice recommendation of a reserve of two months operating expenditures. The following graph shows the best practice level as a line that was reached in FY 2017 and has now been achieved through FY 2020. Due to assignment of additional available reserves to future years' budgets for increased personnel/service levels during this year's budget development, only the minimum budgeted reserve is showing in FY 2021-2022.

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

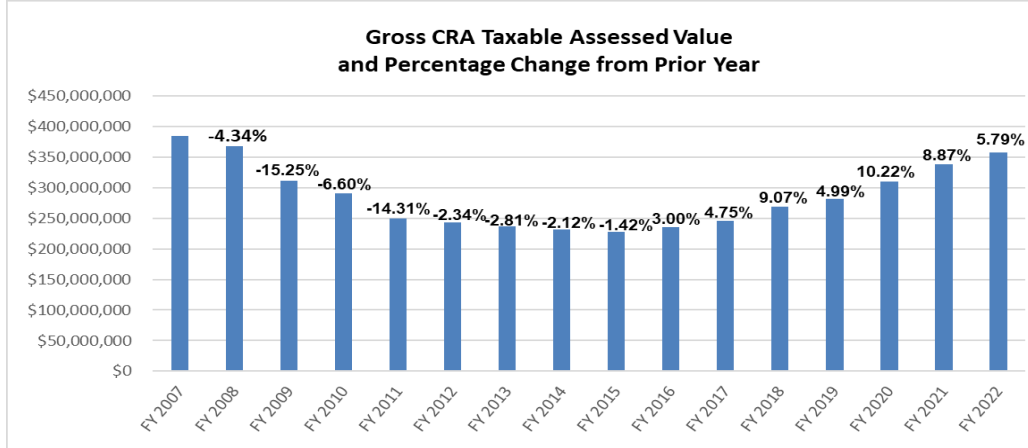


Community Redevelopment Agency

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	\$337,662,011	8.73%	\$838,628	\$1,538,849	\$2,377,477
FY 2022	\$357,205,729	5.79%	\$1,038,065	\$1,655,830	\$2,693,895



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 2022 TIF revenue is based on 5.79% increase in taxable value in the district, no change in the County millage rate, and City millage rate increase from 3.4337 to 3.9500. The proforma continues to anticipate conservative assessed property value increases of 2% in FY 2023 through FY 2026. The resulting estimated debt service reserve grows from \$3,578,000 at end of FY 2022 to \$8,317,900 at end of FY 2026, providing a buffer for economic downturns thereby ensuring that annual debt service can be met. If no downturn is experienced, these projections would allow debt to be retired by FY 2026 allowing the CRA District to 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 reflect this trend. 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 \$212,000 at end of FY 2022 and is reduced to \$68,200 by FY 2026.

The Herald Court lease revenue for FY 2022 through FY 2026 projects one vacant unit as leases are coming up for renewal so as not to over project revenues. The City will be using the units previously occupied by Florida Gulf Coast University for FY 2022-2024 to house staff from City Hall as the rehabilitation of that building will require that employees be relocated. Although this will reduce lease revenues, the City will continue to cover the common area maintenance costs that would be contributed by those units. Based on these projections, the reserve for the Herald Court Centre shows a balance of \$304,400 in FY 2022 and reduced slightly to \$281,800 at end of FY 2026. 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 2022 through Proforma FY 2026**

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Debt Service Division					
Assessed Property Valuation change	5.8%	2%	2%	2%	2%
Tax Increment Financing (TIF) Revenue	\$2,693,895	\$2,747,770	\$2,802,725	\$2,858,780	\$2,915,955
CRA Lease Payments (Debt Service)	1,544,082	1,584,278	1,626,290	1,666,100	1,708,682
Revenues in Excess of Debt Svc	1,149,813	1,163,492	1,176,435	1,192,680	1,207,273
Reserve - TIF for Debt Svc (Beg)	2,428,214	3,578,027	4,741,519	5,917,954	7,110,634
Reserve - TIF for Debt Svc (End)	\$3,578,027	\$4,741,519	\$5,917,954	\$7,110,634	\$8,317,907
Herald Court Operations Division					
Herald Court Revenues	\$228,790	\$237,760	\$244,565	\$276,470	\$282,285
Herald Court Operating Expenditures	201,235	408,715	216,490	224,570	213,920
Revenues in Excess of Herald Ct Operations	27,555	(170,955)	28,075	51,900	68,365
Reserve - Herald Ct (Beg)	276,851	304,406	133,451	161,526	213,426
Reserve - Herald Ct (End)	\$304,406	\$133,451	\$161,526	\$213,426	\$281,791
CRA Operations Division					
Other CRA Revenues	\$122,355	\$123,370	\$124,395	\$125,430	\$126,480
Other CRA Operating Expenditures	160,000	326,500	111,000	94,000	112,000
Revenues in Excess (Shortfall) of Other Operations	(37,645)	(203,130)	13,395	31,430	14,480
Reserve - Other Operations (Beg)	249,692	212,047	8,917	22,312	53,742
Reserve - Other Operations (End)	\$212,047	\$8,917	\$22,312	\$53,742	\$68,222

Utilities

The FY 2022 spending plan for Utilities operations, maintenance and repair (OM&R) is \$22,725,170 which is \$3,434,360 or 13.1% less than budget FY 2021. The significant decrease is attributable to the decrease in transfers to the Utilities construction fund of \$4.2 million for the capital improvement plan. This was offset by operational increases. Personnel expenses increased \$258,420 or 4.0% due to the addition of one position mid-year FY 2021, 4% for employee salary increases, 4.4% health insurance increases, up to 10% match for defined contribution pension (previously 7.5%), 10% increases in workers compensation and other decreases related to staff turnover. Operating expenses increased \$520,625 or 7.8% due to increases being experienced in materials and supplies and contracted services, increase in chemicals for treatment, 5% estimated increase in general liability insurance, and 23% increase in computer overhead.

City of Punta Gorda Utilities O M & R Fund Revenue and Expense Comparison Actual FY 2019 through Budget FY 2022					
	Actual 2019	FY Actual 2020	FY Budget FY 2021	Projected FY 2021	Budget FY 2022
Revenues:					
Chg for Serv - Water	\$ 10,357,958	\$ 11,122,248	\$ 10,474,500	\$ 11,209,900	\$ 11,244,890
Chg for Serv - Sewer	7,539,279	7,769,296	7,652,600	8,061,000	8,347,680
Other	1,269,468	6,087,086	1,194,765	1,408,085	957,090
Subtotal	19,166,705	24,978,630	19,321,865	20,678,985	20,549,660
Reserves	6,680,555	5,999,508	11,747,348	14,061,516	8,284,281
Total Revenues	\$ 25,847,260	\$ 30,978,138	\$ 31,069,213	\$ 34,740,501	\$ 28,833,941
Expenses:					
Administration	\$ 1,554,088	\$ 1,694,563	\$ 1,856,370	\$ 1,855,000	\$ 1,909,230
Water	5,074,391	5,480,216	5,570,540	5,705,460	6,001,420
Wastewater	5,307,685	5,006,909	5,520,375	5,777,395	5,883,815
Other	533,888	489,914	879,245	785,365	811,110
Debt and Debt Transfers	744,200	425,000	1,010,000	1,010,000	1,499,595
Transfer for Capital	6,633,500	2,320,000	11,323,000	11,323,000	6,620,000
Contribution for Pipeline	0	1,500,000	0	0	0
Subtotal	19,847,752	16,916,602	26,159,530	26,456,220	22,725,170
Reserves	5,999,508	14,061,516	4,909,683	8,284,281	6,108,771
Total Expenses	\$ 25,847,260	\$ 30,978,118	\$ 31,069,213	\$ 34,740,501	\$ 28,833,941

\$1.5 million for pipeline is accrued liability and contingent liability pending contract legal review.

The current five-year financial forecast is based on 2-day per week watering; average rainfall; 2% rate increases annually; and new financing based on the FY 2022-2026 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. A 2020 Rate Sufficiency Study by Stantec was presented to City Council toward the end of FY 2020. Recommendations included a decrease in water impact fees, a slight increase in wastewater impact fees, rate adjustments to various miscellaneous charges (such as meter sets, shutoffs, etc) and annual water and wastewater rates increase of 3.75%. City Council adopted the new rates for with the first year beginning January 2021, and a modification that the water and wastewater user rates not have automatic increases and be reviewed as part of the budget process each year. For FY 2022, a 2% rate increase is proposed and used for the annual increase in this 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 2022-2026 capital improvement plan. Wastewater

plant improvements/expansion and a water project for the rehabilitation of the filters, solid contact units and alum tanks have also been incorporated into the capital improvement plan.

Utilities OM&R Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2022 through Proforma FY 2026

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Revenues:					
Chg for Serv - Water	\$11,244,890	\$11,526,010	\$11,813,040	\$12,106,090	\$12,405,285
Chg for Serv - Sewer	8,347,680	8,556,370	8,769,445	9,138,690	9,360,795
Other Revenue	957,090	1,135,645	1,664,735	2,188,855	2,340,010
Total Revenues	20,549,660	21,218,025	22,247,220	23,433,635	24,106,090
Expenses:					
Operations	14,605,575	15,123,315	15,662,220	16,223,240	16,807,390
Renewal & Replacement of Infrastructure	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	5,500,000	935,000	4,835,000	1,620,000	1,700,000
Existing Debt Service - RO SRF Loan	999,595	999,595	999,595	999,595	999,595
Transfer to SRF Fund-reserve incr(decr)	500,000	800,000	832,000	0	0
Est. new debt service WWTP	0	0	1,066,000	2,132,000	2,132,000
Est. new debt service Septic to Sewer-Area 1	0	0	171,500	343,000	343,000
Est. new debt service WTP Filtration Rehab	0	0	773,000	1,545,000	1,545,000
Total Expenses	22,725,170	18,977,910	25,459,315	23,982,835	24,646,985
Revenues in Excess (Shortfall) of Expenses	(2,175,510)	2,240,115	(3,212,095)	(549,200)	(540,895)
Operating Reserves-Beg	8,284,281	6,108,771	8,348,886	5,136,791	4,587,591
Operating Reserves-End	\$6,108,771	\$8,348,886	\$5,136,791	\$4,587,591	\$4,046,696

Utilities Reserves

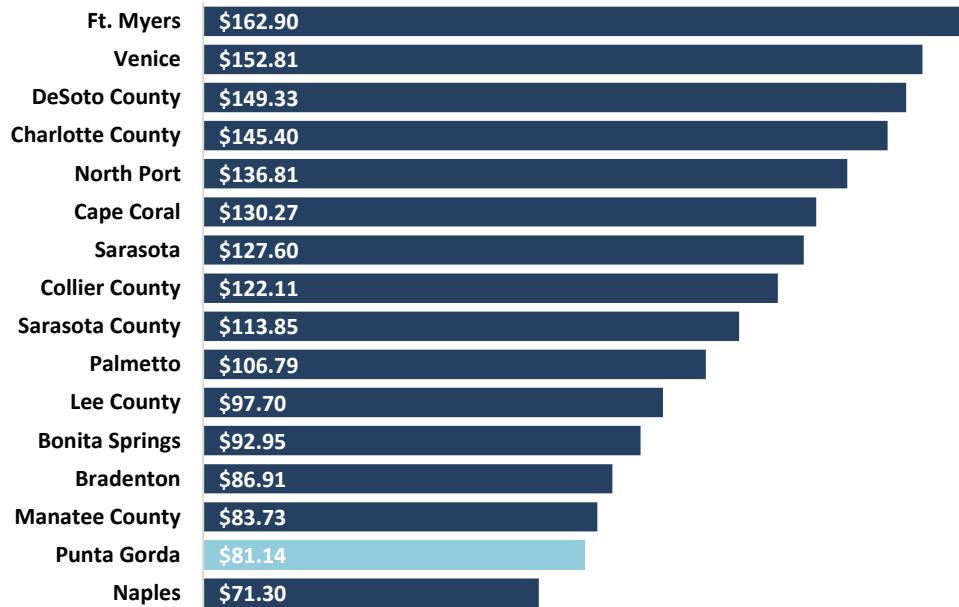
The City has legal and adopted financial policies utilizing reserves for the following purposes:

- 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 2022 through FY 2026. 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 shows an increase of \$500,000 projected in FY 2022 in anticipation of SRF loan funding requirements for the wastewater treatment plant improvement/expansion.
- The water and sewer impacts have restricted use and are kept in a reserve for growth related capital projects, such the Groundwater Reverse Osmosis (RO) Water Treatment Plant, Taylor Rd water main upgrade, new water main at Tee & Green, , wastewater force mains on Jones Loop Road and Riverside Drive, septic to sewer project areas, and planned expansion of the wastewater plant.

Utilities Rate Comparison

The City's utility rates are the 2nd lowest among the Southwest Florida utilities surveyed at the projected FY 2022 rates.

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



Utilities Construction

Total FY 2022 capital projects of \$28.2 million are being funded with: user charges and unassigned operating reserves of \$6.6 million through a transfer to the Utilities Construction Fund; \$0.3 million from water system capacity fees for new Tea & Green watermain; \$0.8 transfer from sewer system capacity fees towards the wastewater treatment plant expansion and reimbursement for Jones Loop project; and \$20.5 million in bank or state revolving loan financing. Some of the projects included in FY 2022 are: the water treatment plant filter, solid contact units and alum tank rehabilitation; replacement of dewater sludge press and 2MG storage tank baffle curtain at the water treatment plant; construction of Tea & Green watermain; wastewater plant tank coating; wastewater plant master pump facility upgrade; construction 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 2022 through Proforma FY 2026

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Revenues:					
Transfer from Utilities OM&R	\$6,620,000	\$2,055,000	\$5,955,000	\$2,740,000	\$2,820,000
Transfer from Sewer System Impacts	250,000	0	1,650,000	0	0
Transfer from Water System Impacts	850,000	850,000	0	0	0
Estimated Grants for S25 (25%)	0	2,750,000	0	0	2,492,500
Financing S2S-repay w/assessments & Util.Rev	1,000,000	10,286,400	0	300,000	10,145,100
Financing of Wastewater Plant Expansion	19,500,000	15,500,000	0	0	0
Financing of Water Plant Filtration project	0	17,300,000	0	0	0
Total Revenues	28,220,000	48,741,400	7,605,000	3,040,000	15,457,600
Expenses:					
Water Treatment Plant Imprv	4,600,000	17,300,000	3,300,000	1,435,000	200,000
Water Distribution System Imprv	520,000	320,000	3,320,000	320,000	920,000
Wastewater Collection System Imprv	1,900,000	15,036,400	900,000	1,200,000	13,537,600
Wastewater Treatment Plant Imprv	21,200,000	16,085,000	85,000	85,000	800,000
Total Expenses	28,220,000	48,741,400	7,605,000	3,040,000	15,457,600
Revenues in Excess of Expenses	\$0	\$0	\$0	\$0	\$0

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 12,080 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 33%, which exceeds the 30% mandate. The program continues in FY 2022 with a proposed rate increase of \$0.33 per month or \$3.96 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 \$0.50 per month or \$6.00 per year increase in refuse/yardwaste rates is also proposed and represents the only the second increase in refuse rates since 2005 after last year's \$0.10 per month increase.

The proposed FY 2022 budget includes the addition of one sanitation worker, the first addition since 2006 despite growth that has occurred since then. Landfill costs also reflect increased rates under operating. The five year plan reflects a slight change to the packer replacement program in the later years by working to purchase one or two in a year 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. The As with the general and utility funds, City Council has approved funding of a capital outlay reserve in order to stabilize the funding source. The increased expenses has necessitated projected rate increases in FY 2023 through FY 2026. These increases will be reviewed each budget cycle.

Sanitation Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2022 through Proforma FY 2026

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Revenues:					
Chg for Serv - Refuse Collection	\$3,945,500	\$4,134,600	\$4,360,215	\$4,622,355	\$4,884,780
Other Revenue	38,710	39,825	38,950	37,825	37,825
Total Revenues	3,984,210	4,174,425	4,399,165	4,660,180	4,922,605
Expenses:					
Operations	3,866,520	4,057,470	4,221,940	4,432,350	4,610,160
Capital	0	280,000	294,000	256,000	324,000
Total Expenses	3,866,520	4,337,470	4,515,940	4,688,350	4,934,160
Revenues in Excess (Shortfall) of Expenses	117,690	(163,045)	(116,775)	(28,170)	(11,555)
Operating Reserves-Beg	587,881	675,571	792,526	675,751	647,581
Capital Outlay Reserves-Beg	250,000	280,000	0	0	0
Capital Outlay Reserves-End	\$280,000	\$0	\$0	\$0	\$0
Operating Reserves-End	\$675,571	\$792,526	\$675,751	\$647,581	\$636,026

To compare the City's rates with surrounding jurisdictions, a survey was taken during June 2021. 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 2022

Jurisdiction	Proposed FY 2022 Cost/Year	Frequency of Service per Week	Outsourced
Naples	\$330.36	2	No
City of Sarasota	\$294.60	1	No
Punta Gorda	\$288.60	2	No
Charlotte County	\$281.68	1	Yes
Venice	\$275.46	2	No
Cape Coral	\$254.02	1	Yes
North Port	\$250.00	1	No
Sarasota County	\$233.59	1	Yes
Lee Co. (Avg 6 districts)	\$230.70	1	Yes
Fort Myers	\$228.96	1	No
Collier County	\$222.75	2	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 City Council approval to increase the seawall replacement program by an additional 1,600 lineal feet. The proposed operating assessment increases from \$550 to \$650. This was a reduction from the Advisory Committee recommendation to increase the seawall replacement program 2,400 lineal feet and an operating assessment of \$700. The results of a study that reviewed new seawall panel technologies and/or installation methods while maintaining the character of the district showed that 56% of seawalls will be reaching the 50-year mark in approximately nine years. Besides different technology methods, the study recommended an increase of 7,727 lineal feet per year in order to replace those walls over the next 20 years. Beside the difference in recommended lineal feet replacement, both the Advisory Committee and City Council approved the following

modifications: using a curing compound, lowering the weep hole, and increasing tie back/deadmen replacement 20-30% annually.

The City continues to work closely with FEMA and the State regarding the rip rap mitigation portion of the Hurricane Irma project. It has been delayed pending permitting and therefore the budget for the expenditures and loan draws had been moved to FY 2021 with expected FEMA and State reimbursements and loan repayments to occur in FY 2022. Permitting is still pending and these two items may be moved out an additional year.

The five-year proforma proposes the \$650 assessment through FY 2026. A reserve for contingencies has been added in each year to be used for an emergency repair not scheduled in the program and can be authorized for use by City Manager. 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.

**PGI Canal Maintenance Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2022 through Proforma FY 2026**

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Assessment Rate	\$650	\$650	\$650	\$650	\$650
Revenues:					
Operating Assessment	\$3,382,210	\$3,382,210	\$3,382,210	\$3,382,210	\$3,382,210
FEMA & State-Hurr. Irma Reimb.	7,825,150	0	0	0	0
Other Revenue	8,000	9,250	8,500	7,250	5,750
Total Revenues	11,215,360	3,391,460	3,390,710	3,389,460	3,387,960
Expenditures:					
Operations	1,030,540	1,070,755	1,112,810	1,156,805	1,202,840
Inlet Dredging	75,000	75,000	75,000	75,000	75,000
Seawalls and Stabilization	2,386,065	2,457,645	2,531,375	2,607,315	2,685,535
Capital/Projects	0	100,000	225,000	225,000	225,000
Trsfr to Debt Svc Fd-Repay Seawall Ln	7,981,660	0	0	0	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
Total Expenditures	11,523,265	3,753,400	3,994,185	4,114,120	4,238,375
Revenues in Excess (Shortfall) of Expenditures	(307,905)	(361,940)	(603,475)	(724,660)	(850,415)
Operating Reserves-Beg	3,094,696	2,611,791	2,349,851	1,971,376	1,471,716
Reserve Seawall Replacement-Beg	600,000	775,000	675,000	450,000	225,000
Reserve Seawall Replacement-End	\$775,000	\$675,000	\$450,000	\$225,000	\$0
Operating Reserves-End	\$2,611,791	\$2,349,851	\$1,971,376	\$1,471,716	\$846,301

Burnt Store Isles Canal Maintenance District

The proposed budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects the Advisory Committee recommendation and City Council approval to increase the seawall replacement program an additional 320 lineal feet. The proposed operating assessment increases from \$460 to \$560. The results of a study that reviewed new seawall panel technologies and/or installation methods while maintaining the character of the district showed that 82% of seawalls

will be reaching the 50-year mark in approximately sixteen years. Besides different technology methods, the study recommended an increase of 2,978 lineal feet per year in order to replace those walls over the next 20 years. Beside the difference in recommended lineal feet replacement, both the Advisory Committee and City Council approved the following modifications: using a curing compound, lowering the weep hole, and increasing tie back/deadmen replacement 20-30% annually.

The City continues to work closely with FEMA and the State regarding the rip rap mitigation portion of the Hurricane Irma 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. Continued delays in permitting, may require these to moved out one year.

The five-year proforma proposes the \$560 assessment through FY 2026. A reserve for contingencies has been added in each year to be used for an emergency repair not scheduled in the program and can be authorized for use by City Manager. Funds of the seawall replacement/special project reserve will be used for the construction of barge access/inlet widening project. Engineering and construction of channel corner widening project and accumulation of funds for purchase of staging site are under consideration and are not budgeted in FY 2022 or beyond. If projects are approved at a later date funding sources would need to be determined. Proforma includes a separate section that shows the effect on reserves if projects were to move forward without additional funding/assessments.

**BSI Canal Maintenance Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2022 through Proforma FY 2026**

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Operating Rate	\$560	\$560	\$560	\$560	\$560
Revenues:					
Operating Assessment	\$577,905	\$577,905	\$577,905	\$577,905	\$577,905
Interest	1,500	1,790	1,570	1,250	1,150
FEMA & State-Hurr. Irma Reimb	294,500	0	0	0	0
Total Revenues	873,905	579,695	579,475	579,155	579,055
Expenditures:					
Operations	101,450	106,245	109,155	112,170	115,310
Inlet Dredging	25,000	30,000	30,000	30,000	30,000
Seawalls and Stabilization	460,630	474,455	488,690	503,355	518,455
Barge Access-Inlet Widening Construction	500,000	0	0	0	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
Total Expenditures	1,137,080	660,700	677,845	695,525	713,765
Revenues in Excess (Shortfall) of Expenditures	(263,175)	(81,005)	(98,370)	(116,370)	(134,710)
Operating Reserves-Beg	496,309	458,134	377,129	278,759	162,389
Reserve Seawall Repl & Spec.Proj-Beg	225,000	0	0	0	0
Reserve Seawall Repl & Spec.Proj-End	\$0	\$0	\$0	\$0	\$0
Operating Reserves-End	\$458,134	\$377,129	\$278,759	\$162,389	\$27,679
Projects Requiring Approval & Funding:					
Channel Corner Widening Proj	0	100,000	100,000	200,000	325,000
BSI Land Acquisition for Staging	0	100,000	100,000	100,000	100,000
Est. Beg. Reserves with projects	721,309	458,134	177,129	(121,241)	(537,611)
Est. End. Reserves with projects	\$458,134	\$177,129	(\$121,241)	(\$537,611)	(\$1,097,321)

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 2022 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 2022 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 but were increased. FY 2022 includes maintenance projects for painting of marina building. Engineering for the replacement of concrete sidewalk by storage building has not been completed. If cost for the project exceeds the \$100,000 budget, a supplemental appropriation will be required. Budget includes capital outlay for replacements of various light equipment.

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

Laishley Park Marina Fund Proforma Schedule of Revenues and Expenses Proposed FY 2022 through Proforma FY 2026

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Revenues:					
Slip & Mooring Rentals	\$451,495	\$451,495	\$451,495	\$451,495	\$451,495
Intergovernmental Revenue	11,000	11,000	11,000	11,000	11,000
Other Revenue	27,640	27,885	28,135	28,390	28,640
Total Revenues	490,135	490,380	490,630	490,885	491,135
Expenses:					
Laishley Park Marina Expenses	289,500	254,805	260,275	265,920	271,740
Marina Park Contract Expenses	233,185	240,030	247,080	254,345	261,825
Capital Outlay	22,000	6,000	6,000	6,000	6,000
Total Expenses	544,685	500,835	513,355	526,265	539,565
Revenues in Excess (Shortfall) of Expenses	(54,550)	(10,455)	(22,725)	(35,380)	(48,430)
Operating Reserves-Beg	419,719	365,169	354,714	331,989	296,609
Operating Reserves-End	\$365,169	\$354,714	\$331,989	\$296,609	\$248,179

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 and upgraded in FY 2020 to a full-time engineering technician that was funded equally by the building division and the engineering division in the general fund. A plans/examiner position was added in FY 2021. For FY 2022, another full-time engineering technician position is added that will be funded equally by the two divisions (0.5 f.t.e each), bringing total positions to 11.0 f.t.e.

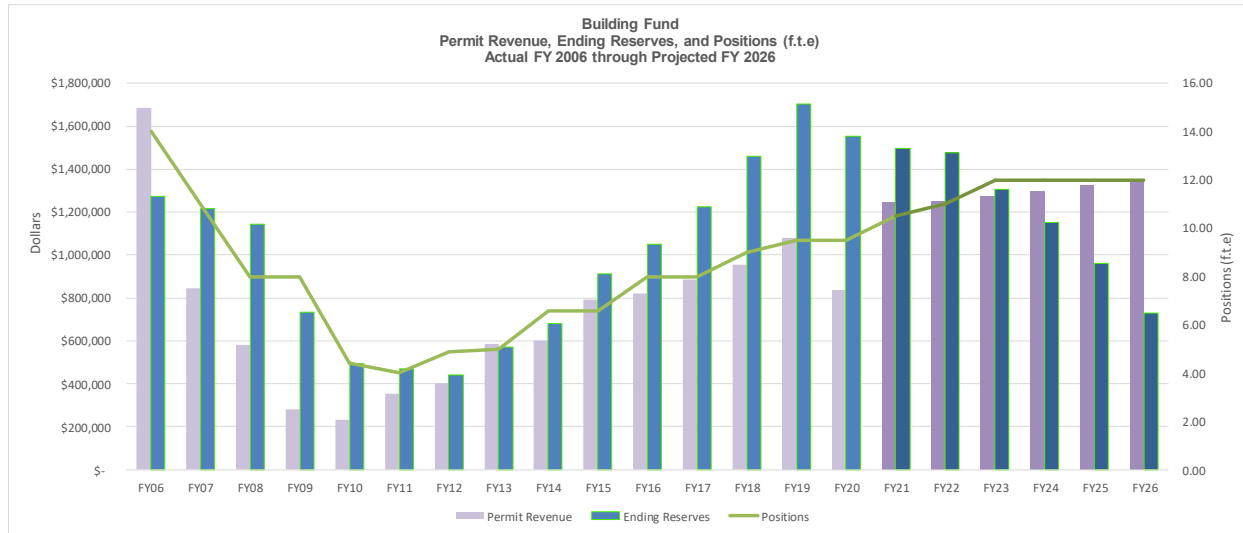
In the latter half of FY 2020, to assist residents and business owners experiencing financial hardship during the COVID pandemic, the City chose to lower building permit fees by 25% for the period May 26th through September 30th. This was extended through June of 2021. All fees have now returned to normal.

The five-year proforma projects permit revenues increasing 2% each year FY 2023 through FY 2026. FY 2023 projects an additional inspector position due to increased permit activity of a more complex nature and current employees not being licensed in all disciplines requiring more depth (especially in electrical). Capital outlay is projected for a new vehicle in FY 2023 for the new position as well as one replacement vehicle.

**Building Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2022 through Proforma FY 2026**

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Revenues:					
Permits, Fees & Spec.Assessments	\$1,313,850	\$1,338,850	\$1,364,350	\$1,390,360	\$1,416,890
Other Revenue	64,900	64,700	64,600	65,300	65,850
Total Revenues	1,378,750	1,403,550	1,428,950	1,455,660	1,482,740
Expenses:					
Operations	1,399,255	1,519,845	1,582,355	1,647,625	1,715,775
Capital	0	53,000	0	0	0
Total Expenses	1,399,255	1,572,845	1,582,355	1,647,625	1,715,775
Revenues in Excess (Shortfall) of Expenses	(20,505)	(169,295)	(153,405)	(191,965)	(233,035)
Operating Reserves-Beg	1,495,774	1,475,269	1,305,974	1,152,569	960,604
Operating Reserves-End	\$1,475,269	\$1,305,974	\$1,152,569	\$960,604	\$727,569

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 2020 and projected FY 2021 through FY 2026. 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 2013 is displayed below.

Fiscal Year	6 Cents	5 Cents	Total
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	\$ 564,900	\$ 259,600	\$ 824,500
2021	\$ 585,000	\$ 265,000	\$ 850,000
2022	\$ 596,700	\$ 270,300	\$ 867,000

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 experienced 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 2021 and FY 2022 have been projected with an increase but takes into account the increase in gas prices during FY 2021.

The Six Cent Gas Tax Fund five-year proforma projects the improving gas tax revenue in FY 2022 with slow growth of 2% per year through FY 2026. The use of reserves covers shortfalls through FY 2026.

**Six Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2022 through Proforma FY 2026**

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Revenues:					
Local Option Gas Tax	\$596,700	\$608,635	\$620,810	\$633,225	\$645,890
Other Revenue	308,120	316,090	322,700	329,485	336,430
Total Revenues	904,820	924,725	943,510	962,710	982,320
Expenditures:					
Operating Expenditures	1,007,460	1,031,115	1,055,475	1,080,565	1,106,420
Capital	45,000				
Total Expenditures	1,052,460	1,031,115	1,055,475	1,080,565	1,106,420
Revenues in Excess (Shortfall) of Expenditures	(147,640)	(106,390)	(111,965)	(117,855)	(124,100)
Operating Reserves-Beg	618,189	470,549	364,159	252,194	134,339
Operating Reserves-End	\$470,549	\$364,159	\$252,194	\$134,339	\$10,239

The Additional Five Cent Gas Tax Fund five-year proforma projects improving gas tax revenue in FY 2022 with 2% increases through FY 2026, 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 2022 through Proforma FY 2026**

	Proposed FY 2022	Proforma FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026
Revenues:					
Local Option Gas Tax	\$270,300	\$275,705	\$281,220	\$286,845	\$292,580
Transfer from General Fund Ad Valorem	459,000	459,000	459,000	459,000	459,000
Other Revenues	130	130	135	135	140
Total Revenues	729,430	734,835	740,355	745,980	751,720
Expenditures:					
Paving	730,000	735,000	740,000	745,000	750,000
Total Expenditures	730,000	735,000	740,000	745,000	750,000
Revenues in Excess (Shortfall) of Expenditures	(570)	(165)	355	980	1,720
Operating Reserves-Beg	26,672	26,102	25,937	26,292	27,272
Operating Reserves-End	\$26,102	\$25,937	\$26,292	\$27,272	\$28,992

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 2022 work plan maintains the f.t.e. count of six employees. The six positions are: Executive Director, Research & Outreach Manager, Public Outreach Specialist, Research Specialist, Finance & Grants Specialist, and Conservation Intern.

The FY 2022 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 2022 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 2022 Schedule of Revenues and Expenditures**

	Proposed FY 2022
FDEP, Local and Donations Division - 1536	
FDEP, Local & Misc. Revenues	\$210,500
Operating Expenditures	202,718
Revenues in Excess (Shortfall) of Expenditures	7,782
Reserve - Division 1536 (Beg)	340,808
Reserve - Division 1536 (End)	\$348,590
Remaining Divisions have no reserves	
EPA Grant Division – 1541	
EPA Grant	\$700,000
Operating Expenditures	700,000
Revenues in Excess (Shortfall) of Expenditures	\$0
SWFWMD Grant Division - 1538	
SWFWMD Grant	\$130,000
Operating Expenditures	130,000
Revenues in Excess (Shortfall) of Expenditures	\$0

1% Local Option Sales Tax

The voters of Charlotte County approved a six-year extension of the 1% Local Option Sales Tax in November 2020. A special revenue fund is being used to account for all activity.

The City anticipates funding in the amount of \$19.9 million from January 1, 2021 through December 31, 2026 when the tax sunsets unless extended by the voters of the County. Projects incorporated in the six-year program for FY 2022 include:

- City-wide ADA Improvements
- Corto Andra/Boca Grande Stormwater Project
- Historic City Hall Preservation and Rehabilitation
- Henry Street Property Improvements

The following projects will continue during FY 2022:

- Punta Gorda Pathways Enhancements
- US 41 Bridge Approach Lighting
- Sidewalk Improvements
- Virginia Avenue Improvements
- Airport Road Improvements
- Ponce de Leon Park improvements

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, 2020, the City had \$28.2 million in notes.

The proposed FY 2022 budget anticipates new financing of \$20.5 million for the wastewater treatment plant expansion project (\$19.5 million) and for a septic to sewer project (\$1.0 million). Debt service associated with the above financing will be repaid with wastewater user charges, impact fees, and, for the septic to sewer project, assessments. See Utilities fund for more details.

The proposed FY 2022 budget anticipates repayment from FEMA and State reimbursements on draws \$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 has continued delays in permitting and both the draws and repayment may be moved out one year.

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 2022 or the years to come.

Firefighters Bargaining Unit Contract – The City and the Fire bargaining unit are currently in negotiations for a new contract that would begin October 1, 2021

Pay, Benefit, and Classification Study – FY 2022 proposed budget includes funding for this study. The study will also look to implementing the new Florida minimum wage requirements over the next few years. Results and recommendations from the study may affect personnel cost projections provided in the five-year proformas.

Staffing Levels – While staffing levels are addressed in this five-year plan, maintaining those levels continues to be a function of total compensation vs. workforce availability. As we move forward with implementation of the aforementioned study, this five-year proforma will give us the latitude to support needed levels to retain staff in which we have invested substantial time and expense.

Current Employment Market – Over recent months, it has been difficult to retain and hire staff due to the current employment market. City salary rates may be lower than currently being offered in the job market. Compounding the issue is the recognized need to minimize compression and not provide offers that may exceed other current employees with similar experience who have length of service with the City.

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. Future strategic plans and annual budgets will take into account further Master Plan recommendations and priorities as they are accepted by Council.

Water Quality/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 and we are keenly aware of the role we may play in improving our environment. The engineering firm will be presenting design alternatives for the priority area – Charlotte Park along with cost estimates. Grant funding will be a priority so that the assessments from the property owners will be similar to the County assessments for these types of projects. We will continue to work jointly with other agencies to support environmental initiatives and improvements in water quality that benefits the environment and our quality of life.

Minimum Flow Level requirements – The Southwest Florida Water Management District is proposing regulations that may severely limit the sustainability of surface water withdrawal from Shell Creek that is processes to serve our customer base. This is an on-going discussion that may change the evaluation of infrastructure requirements to insure self-sufficiency of supply moving forward.

Annexation Initiatives - We continue to promote City benefits as we look to increase our tax base, both residential and especially in commercial areas. We also remain cognizant of the cost of services to annexed properties as we evaluate plans moving forward. Opportunities abound given time and effort to continue to achieve the stated goals of the City with regard to expansion of the base, and we continue to carefully move forward with those opportunities.

Development of Commercial Tax Base – Likewise the development of our commercial tax base is a key factor moving forward with workforce development, service level increases, and revenue

enhancements. We will continue to be supportive of appropriate development proposals moving forward to insure continued achievement of City goals and improvement of the City landscape

COVID Pandemic – The City remains cautious regarding the pandemic as new developments continue to evolve. The City will continue to monitor forecasts and guidance received from national, State, and County agencies.

I believe this proposed operating budget is a reflection of the City Council’s priorities, responsibilities, 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 and unwavering effort in assisting me in the development of this document.

Finally, I would like to thank the City Council for their direction and support to improve the stability of our City, and the Punta Gorda community for its input, opportunity to provide the reasoning behind the budget proposals, and support as we move forward.

With the strategic and long-term initiatives presented herein, we will continue to ensure that we remain a vibrant waterfront community, unique in character and history, and the most desirable place to live, work and visit.

Sincerely,

A handwritten signature in black ink, appearing to read 'GBM', followed by a long horizontal line extending to the right.

Gregory B. Murray
City Manager