

City of Punta Gorda

LONG RANGE FINANCIAL PLAN

Fiscal Years 2022-2026



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

The Fiscal Years 2022-2026 Long Range Financial Plan presents multi-year fiscal forecasts for the City's major fund groups. In addition, the Plan discusses an examination of current policies for enhanced efficiencies, any changes proposed to financial policies, and budget issues or items currently known for the upcoming budget year. The current strategic planning process results in a current year management plan, and also strategically on a longer-term vision for the upcoming needs of the City. This sets the stage for a starting point of discussion and direction in developing the FY 2022 budget while providing a context of how it might affect the future years' forecasts. The Plan is shown in the following format:

Section 1: Major Fund Five-Year Fiscal Forecasts

Section 2: Strategic Planning Process Update

Section 3: Budget Issues

Section 1: Major Fund Five-Year Fiscal Forecasts

Core Level of Service Comparative Analysis

In order to set the stage for review of the City’s major fund five-year fiscal forecasts, staff undertook an analysis how Punta Gorda compares with surrounding jurisdictions in delivering core services in January 2022. 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 annual water/sewer bill at estimated 7 thousand gallons per month usage.

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

Basic Tax Fee Comparison Single Family Residential

	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota*	Mills	North Port	Mills	Venice	Mills	Cape Coral	Mills	Fort Myers	Mills
Based on taxable value of \$250,000																
Property Taxes	\$ 287.50	1.1500	\$ 204.33	0.8173	\$ 987.50	3.9500	\$ 784.30	3.1372	\$ 941.68	3.7667	\$ 1,090.00	4.3600	\$ 1,562.50	6.2500	\$ 1,896.88	7.5875
Water & Sewer (Avg Monthly annualized)	\$ 855.72		\$ 1,115.40		\$ 977.04		\$ 1,539.00		\$ 1,641.72		\$ 1,895.28		\$ 1,563.24		\$ 1,954.80	
Sanitation (Solid Waste)	\$ 377.88		\$ 232.84		\$ 288.60		\$ 294.60		\$ 250.00		\$ 253.08		\$ 265.50	0.1791	\$ 267.86	
Fire Service	\$ 0		\$ 545.00	2.1800	\$ 0		\$ 118.24		\$ 281.23		\$ 0		\$ 242.80		\$ 185.00	
Roads/Drainage/Stormwater	\$ 174.00		\$ 50.00		\$ 0		\$ 151.94		\$ 219.28		\$ 0		\$ 182.00		\$ 138.24	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 52.50	0.2100	\$ 0		\$ 139.25	0.5570	\$ 11.78	0.0471	\$ 0	
TOTAL	\$ 1,695.10		\$ 2,147.57		\$ 2,253.14		\$ 2,940.58		\$ 3,333.91		\$ 3,377.61		\$ 3,827.82		\$ 4,442.78	
Based on taxable value of \$500,000																
Property Taxes	\$ 575.00	1.1500	\$ 408.65	0.8173	\$ 1,975.00	3.9500	\$ 1,568.60	3.1372	\$ 1,883.35	3.7667	\$ 2,180.00	4.3600	\$ 3,125.00	6.2500	\$ 3,793.75	7.5875
Water & Sewer (Avg Monthly annualized)	\$ 855.72		\$ 1,115.40		\$ 977.04		\$ 1,539.00		\$ 1,641.72		\$ 1,895.28		\$ 1,563.24		\$ 1,954.80	
Sanitation (Solid Waste)	\$ 377.88		\$ 232.84		\$ 288.60		\$ 294.60		\$ 250.00		\$ 253.08		\$ 310.27	0.1791	\$ 267.86	
Fire Service	\$ 0		\$ 1,090.00	2.1800	\$ 0		\$ 260.73		\$ 444.31		\$ 0		\$ 301.94		\$ 185.00	
Roads/Drainage/Stormwater	\$ 174.00		\$ 50.00		\$ 0		\$ 151.94		\$ 219.28		\$ 0		\$ 162.50		\$ 276.48	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 105.00	0.2100	\$ 0		\$ 278.50	0.5570	\$ 23.55	0.0471	\$ 0	
TOTAL	\$ 1,982.60		\$ 2,896.89		\$ 3,240.64		\$ 3,919.87		\$ 4,438.66		\$ 4,606.86		\$ 5,486.50		\$ 6,477.89	

*City of Sarasota Fire Rescue and Stormwater is provided as a non-advalorem assessment by the County.

General Fund

Some of the additional expenditures approved by City Council for FY 2022 included the following:

- Human Resources – pay plan study and increased training
- Public Works – 3.5 FTE positions added April 1, 2022 with associated equipment to support engineering, facilities, right-of-way, and parks and grounds. Increases were approved for landscaping, mowing, pest control services, land fill costs, holiday decorations, fencing repairs, and building repairs.
- Public Safety – 2 patrol officers and 2 firefighter/EMTs added April 1, 2022 with associated equipment. Police department increased number of vehicle replacements from five to six and added patrol rifle program, SWAT night vision equipment, and audio recording system upgrade to the capital outlay program. Fire operating increases included personal protective supplies, medical supplies, and maintenance contract for EMS equipment. A replacement of existing firewall with high availability pair of firewalls at the public safety building was also budgeted.
- Information Technology – overall increase of 11.3% for city-wide projects (includes addition of 1 computer support specialist April 1, 2022).

The FY 2022 budget five year fiscal forecast includes the following assumptions: a millage of 3.9500 through FY 2026, modest anticipated increases of 5% in taxable property valuations, 1% to 2% increases in shared state revenues and other general fund revenues, 4% merit wage increases, 6% increases for health

insurance, 10% increases for workers compensation, 5% increases for pensions and general liability insurance, 3% increases in all other operating expenditures, capital outlay \$840,000 per year, and transfers per five year capital improvements plan. The financial plan also includes anticipated personnel/service level enhancements and capital outlay plan. The fiscal forecast projects deficits in the range of approximately \$0.6 million to \$1.9 million per year from FY 2023 through FY 2026. With the current millage rate and planned use of reserves, the fund meets the reserve objective through FY 2025. 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 current millage rate, that the City would be able to retire the Community Redevelopment Agency debt early which would sunset the Tax Increment Financing in FY 2025. These factors would allow the City to meet its goal by FY 2026 if no economic downturns are experienced in this five year planning period. Economic and budgetary challenges will need to be addressed as we move forward with the budget. City Council approved raising the minimum requirement 2.7% more than the 0.5% specified in the financial policy for FY 2023 to more quickly reach the national standard.

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

	Budget 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	\$14,593,555	\$15,323,230	\$16,089,390	\$16,893,860
Other Revenue	12,276,175	12,608,915	12,779,860	12,716,210	12,685,160
Use of Prior Year's Reserve	(797,350)	635,280	924,710	1,293,865	1,950,180
Use of Capital Outlay Reserve	0	0	0	45,000	0
Total Revenues	25,377,445	27,837,750	29,027,800	30,144,465	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	6,055,490
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	1,236,355	1,310,535
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	30,144,465	31,529,200
Expenditures in Excess of Revenue	\$0	\$0	\$0	\$0	\$0
Minimum Reserve (FY 2022 10% plus additional \$120,460 to FY 2026 14.7%)	\$2,667,000	\$3,686,225	\$3,976,810	\$4,280,515	\$4,634,795

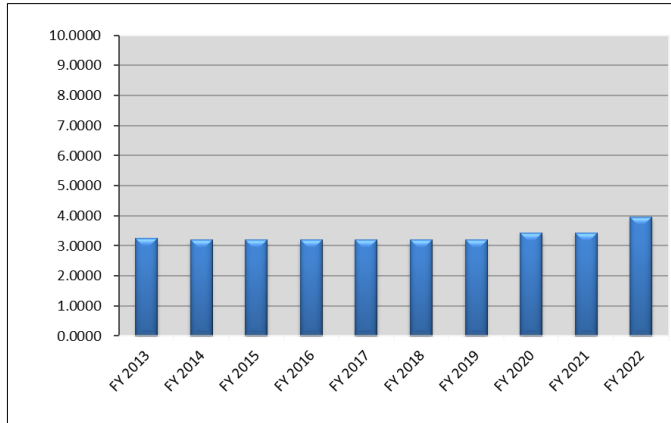
Millage and Taxable Assessed Value

The FY 2022 millage rate is 3.9500 mills. Included in the millage rate is \$459,000 earmarked for the road resurfacing program and \$200,000 for the city-wide drainage improvement program. 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. The goal of increased dedicated reserves continues to be of paramount importance.

**Property Tax Millage Rates
Fiscal Years 2013 - Budget 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.

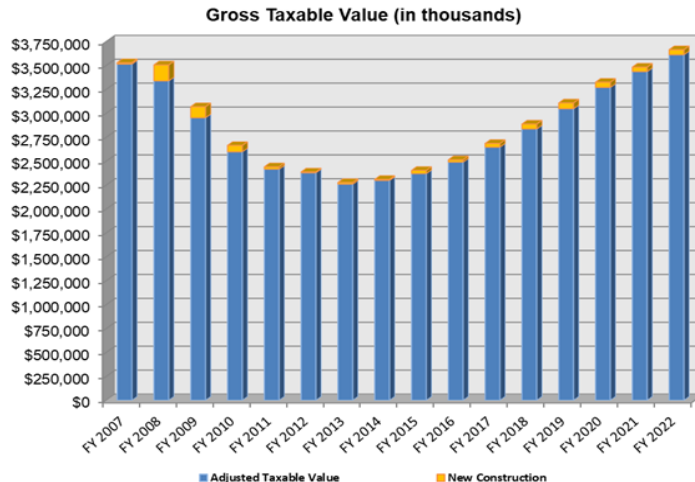
Fiscal Year	Millage Rate
2013	3.2462
2014	3.1969
2015	3.1969
2016	3.1969
2017	3.1969
2018	3.1969
2019	3.1969
2020	3.4337
2021	3.4337
2022	3.9500



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 showed 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 was 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 fifteen years is a cumulative 4.3% increase in taxable values. In previous years, the protection of Save Our Homes resulted in a majority of homestead property taxable values being below just values. Due to increasing property values, the number of homestead properties at parity (market or just value equaling assessed value) decreased significantly since FY 2013.

Fund Balance

In January 2016, upon review of Long Range Financial Plan, City Council approved updates to the comprehensive set of financial management policies. The following specifically address fund balance or reserve objectives. The policy change established for FY 2023 as approved January 19, 2022 is 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 13.2% 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 of a 16.7% dedicated reserve.)
- 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.

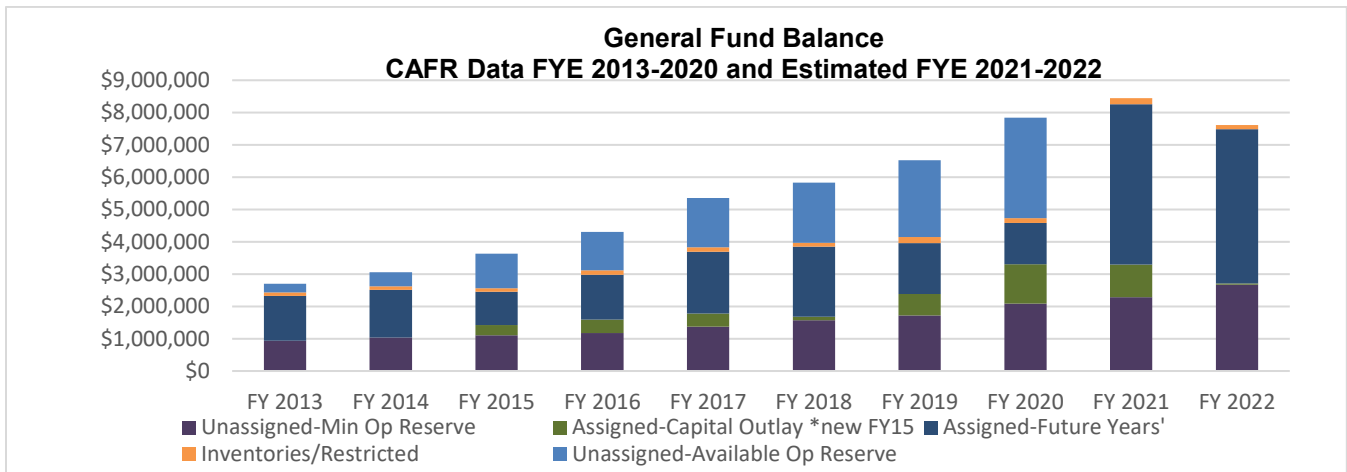
Also as approved in the prior year, Council will consider use of net year end surplus from either extra revenues or unexpended budget to increase the percentage allocated to the minimum requirement earlier than planned. Once that minimum amount is achieved, it is recommended that the City work towards setting remaining funds for use only in one-time expenditures and/or adding capital outlay reserves.

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. The Graphs below have been updated for 9/30/2021 actual balances (unaudited at this time) and Projected FY 2022 as of 1/19/2022.

Fund Balance Category	FY 2019 Amount	% of Exp.	FY 2020 Amount	% of Exp.	Est. Actual FY 2021 Amount	% of Exp.	Projected FY 2022 Amount	% of Exp.
Inventories/Restricted	\$ 182,025	0.8%	\$ 147,087	0.6%	\$ 191,985	0.8%	\$ 125,000	0.5%
Assigned-Future Years' Use of Op. Reserve	1,573,254	7.3%	1,285,098	5.6%	4,965,961	20.7%	4,772,402	18.8%
Assigned-Capital Outlay Reserve	662,000	3.1%	1,213,000	5.3%	1,010,740	4.2%	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%	\$ 8,448,686	35.2%	\$ 7,609,402	30.0%
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, and for FY 2023 Council has set it at 13.2% of the total expenditure appropriations. 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 14.7%.

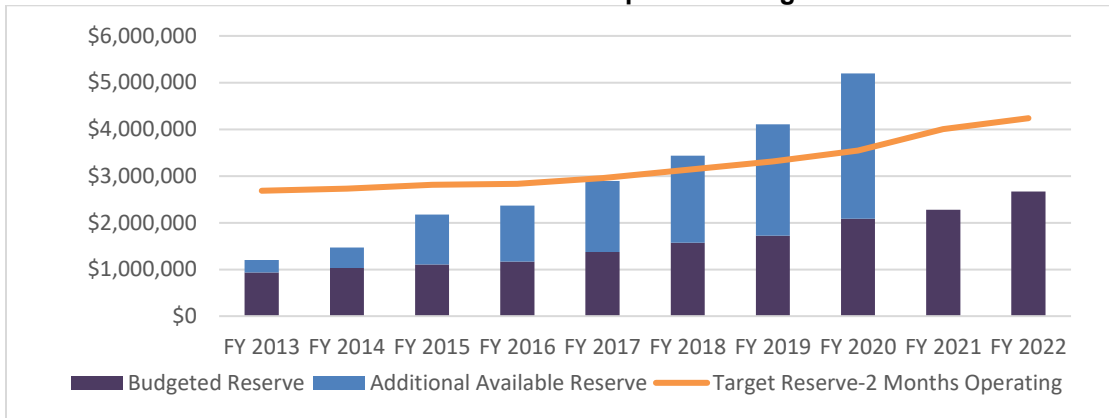


The second block of the reserves was new in FY 2015. It is a funding mechanism for capital outlay that provides a smoothed amount to be funded annually, based on the 5 year capital outlay plan. The current annual smoothed level of general revenue funding for capital outlay is \$840,000. Those amounts unused will be carried in the reserve until the year scheduled for use. In the FY 2021 reserve, the amount of \$965,740 is reserved for capital outlay purchases that were not complete at 9/30/2021. The third block of the reserves is the amount identified as needed to balance the subsequent years' budget in the proforma. Because of the five-year plan to increase personnel/service levels, all funds would be needed in the five year proforma. The fourth block is the small amount of funds identified in the Annual Comprehensive Financial Report as inventories or restricted. The final and fifth block is the remaining amount of reserves that are available for use. The City has not appropriated them 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 was achieved through FY 2020 with additional operating reserves. Due to assignment of additional available reserves to future years' budgets for

increased personnel/service level during the FY 2022 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



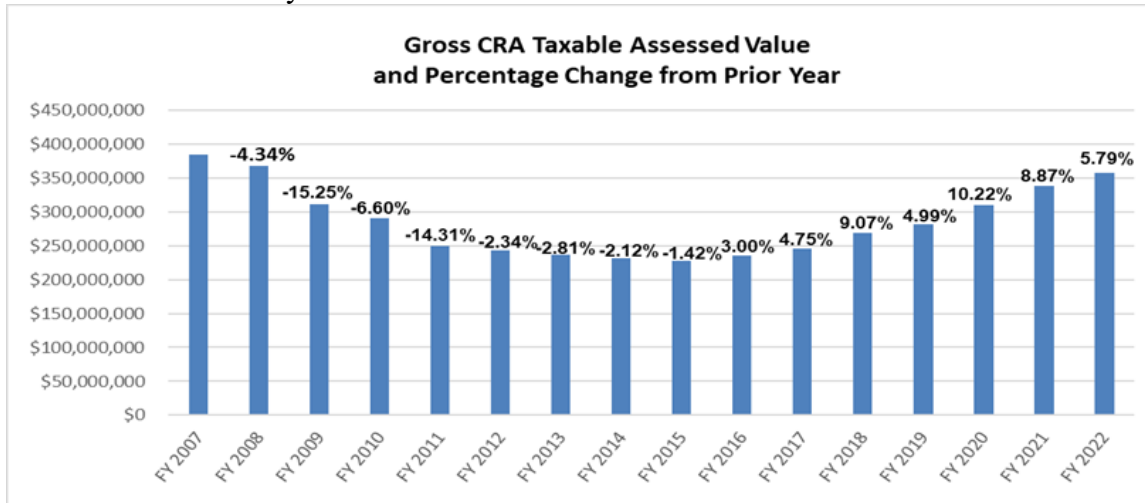
Community Redevelopment Agency

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 were funded by property owners within the CRA from tax value increments generated over the 1989 base year. The CRA focused redevelopment efforts on projects which assisted in rebuilding our public spaces. These efforts concentrated on several expansive projects which stressed the importance of maintaining our public waterfront, 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 thirteen years. The table shown here provides the history of taxable value and revenue generated from TIF since FY 2007.

Fiscal Year	Gross CRA Taxable Assessed Value	City TIF Contribution	County TIF Contribution	Total TIF Contribution
FY 2007	\$383,774,587	\$627,124	\$1,394,380	\$2,021,504
FY 2008	\$367,113,862	\$591,466	\$1,236,559	\$1,828,025
FY 2009	\$311,130,098	\$562,664	\$1,250,570	\$1,813,234
FY 2010	\$290,592,852	\$538,621	\$1,139,173	\$1,677,794
FY 2011	\$249,005,996	\$436,047	\$974,342	\$1,410,389
FY 2012	\$243,188,559	\$424,246	\$970,103	\$1,394,349
FY 2013	\$236,361,169	\$480,644	\$929,373	\$1,410,017
FY 2014	\$231,340,961	\$458,101	\$902,447	\$1,360,548
FY 2015	\$228,049,842	\$448,578	\$884,092	\$1,332,670
FY 2016	\$234,899,693	\$470,728	\$927,748	\$1,398,476
FY 2017	\$246,050,943	\$502,566	\$988,358	\$1,490,924
FY 2018	\$268,367,069	\$570,342	\$1,124,073	\$1,694,415
FY 2019	\$281,762,265	\$611,027	\$1,204,258	\$1,815,285
FY 2020	\$310,556,021	\$750,208	\$1,376,602	\$2,126,810
FY 2021	\$337,662,011	\$838,628	\$1,538,849	\$2,377,477
FY 2022	\$357,205,729	\$1,038,065	\$1,655,830	\$2,693,895

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



In July 2012, the CRA Board and City Council, in partnership with Charlotte County, recognized that declining taxable values could not support the repayment schedule of existing debt. In doing so, the three governing bodies approved the extension of the life of the CRA until December 31, 2030. Subsequently, the City completed refinancing CRA debt to better match income flow and to eliminate projected deficits. Due to the passed Tax Cuts and Jobs Act, the corporate tax rate was reduced to 21% from a maximum rate of 35% as 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 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 of 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 carryover to the next fiscal year, thereby ensuring funds are available to properly maintain the infrastructure. The reserve for other operations in this category shows a balance of \$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 is scheduled. 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 \$304,000 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
Budget FY 2022 through Proforma FY 2026**

	Budget 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	68,265
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 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 rate increases of 3.75%. City Council adopted the new rates beginning January 2021, and a modification that water and wastewater rates not have automatic increases and be reviewed as part of the budget process each year. For FY 2022, a 2% rate increase was adopted and used for the annual increase in the 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 capital improvement plan. Wastewater improvements/expansion and a water project for the rehabilitation of the filters, solid contact units and alum tanks have also been incorporated into the five-year plan.

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

	Budget 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:

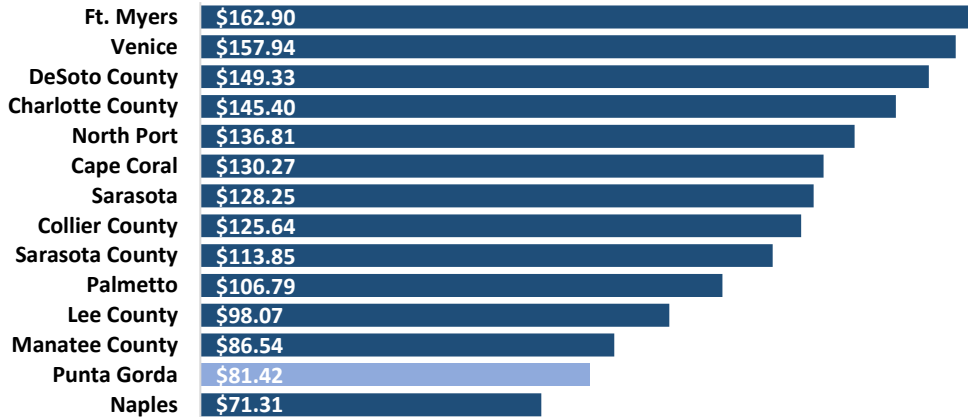
- Maintain an unassigned fund balance minimum of \$3.1 million; protection against unforeseen revenue declines and extraordinary operating expenses due to economic or weather disasters, and contract bids or equipment failures.
- Provide an emergency fund for existing infrastructure by retaining the Renewal 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 proforma 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 as Taylor Rd water main upgrade, new water main at Tee & Green, debt service on the Groundwater Reverse Osmosis (RO) Water Treatment Plant, 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 FY 2022 rates.

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



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 units. For the 660 commercial units, 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 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 was adopted and represents only the second increase in refuse rates since 2005 after last year’s \$0.10 per month increase.

The 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. As with the general and utility fund, City Council approved funding of a capital outlay reserve in order to stabilize the funding source. The increased expenses have 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
Budget FY 2022 through Proforma FY 2026

	Budget 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 January 2022. All rates include once per week service for yardwaste and recycling, and either once or twice per week refuse pickup, as noted below.

Jurisdiction	Proposed FY 2022 Cost/Year	Frequency of Service per Week	Outsourced
Naples	\$377.88	2	No
City of Sarasota	\$294.60	1	No
Punta Gorda	\$288.60	2	No
Charlotte County	\$281.68	1	Yes
Fort Myers	\$267.86	1	No
Cape Coral	\$265.50	1	Yes
Venice	\$253.08	2	No
North Port	\$250.00	1	No
Lee Co. (Avg 6 districts)	\$237.55	1	Yes
Sarasota County	\$233.59	1	Yes
Collier County	\$226.29	2	Yes
Manatee County	\$171.96	2	Yes

Canal Maintenance Districts Funds

Punta Gorda Isles Canal Maintenance District

The FY 2022 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. This increases the annual operating assessment from \$550 to \$650. This was a reduction from the Advisory Committee recommendation to increase the program 2,400 lineal feet with an operating assessment of \$700. Results from a study showed that 56% of seawalls will be reaching the 50-year mark in approximately nine years and had recommended an increase of 7,727 lineal feet per year to replace those over the next 20 years. Other modifications that were recommended and approved were: 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. Both the budget for expenditures and loan draws were 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 for emergency repairs not scheduled and can be authorized for use by the City Manager. Channel construction to access spoil site project is scheduled in the five-year program. The Ponce de Leon Inlet widening and 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 area may be required.

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

	Budget 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	7,981,650	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	1,974,376	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 FY 2022 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 320 lineal feet. This increases the annual operating assessment from \$460 to \$560. Results from a study showed that 82% of seawalls will be reaching the 50-year mark in approximately sixteen years and had recommended an increase of 2,978 lineal feet per year to replace those over the next 20 years. Other modifications that were recommended and approved were: 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. The budget for expenditures were moved to FY 2021 with expected FEMA

and State reimbursements to occur in FY 2022. Permitting is still pending and these items may be moved out an additional year. The District’s assessments are sufficient to fund the City’s share of the project.

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 any emergency repairs not scheduled in the program and can be authorized for use by the 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 effects on reserves if projects were to move forward without additional funding/assessments.

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

	Budget 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

Laishley Park is operated as an enterprise fund to include the marina and park grounds. The City outsources management of the marina to Marina Park LLC, however retains 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 contracted 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 continues to apply for a Department of Environmental Protection Clean Vessel Act (CVA) Grant and a Charlotte County Marine Advisory Committee (MAC) Grant each year 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. 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
Budget FY 2022 through Proforma FY 2026**

	Budget 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 and the following positions were added through FY 2022: three building inspectors, a permit clerk, a plans/examiner position and two engineering technicians that are utilized 50% in the building division to complete line and grade inspections and 50% in the engineering division in the general fund.

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

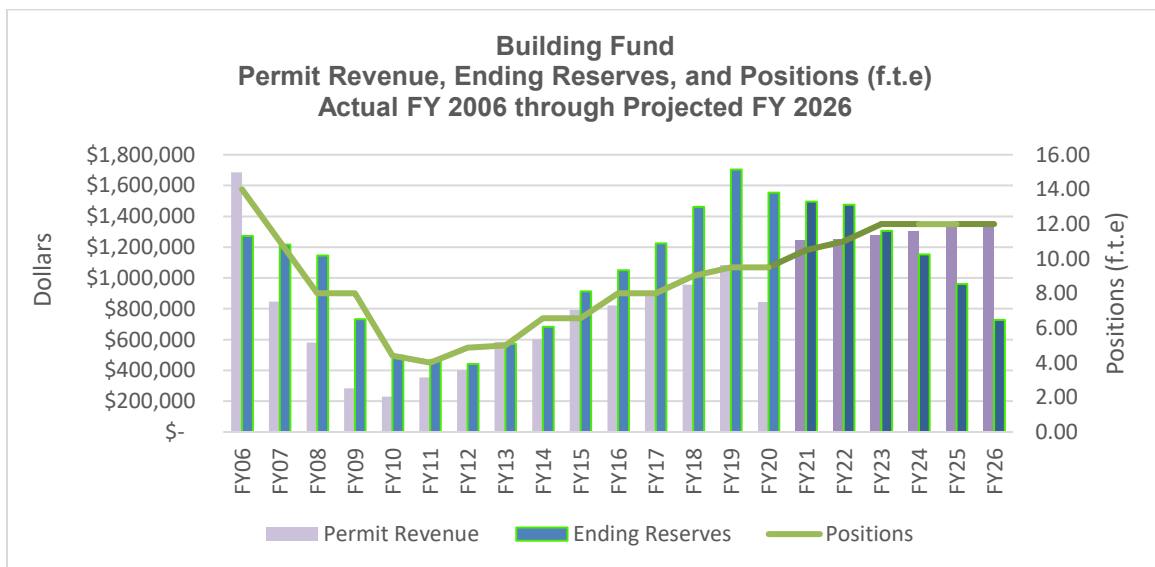
The five-year proforma projects permit revenues increasing 2% each year FY 2023 through FY 2026. FY 2023 projects an additional inspector position due to increased permit activity of a more complex nature and current employees not being licensed in all disciplines requiring more depth (especially in 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
Budget FY 2022 through Proforma FY 2026**

	Budget 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 expected 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 in FY 2021, and the next five cents remains at 6.74%. The distribution allocation is determined by the five-year average transportation expenditures or interlocal agreement, which has remained the same for FY 2021. A history of revenue received since FY 2013 is displayed in the following chart.

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 were projected with an increase but took 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
Budget FY 2022 through Proforma FY 2026**

	Budget 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	<u>904,820</u>	<u>924,725</u>	<u>943,510</u>	<u>962,710</u>	<u>982,320</u>
Expenditures:					
Operating Expenditures	1,007,460	1,031,115	1,055,475	1,080,565	1,106,420
Capital	45,000	0	0	0	0
Total Expenditures	<u>1,052,460</u>	<u>1,031,115</u>	<u>1,055,475</u>	<u>1,080,565</u>	<u>1,106,420</u>
Revenues in Excess (Shortfall) of Expenditures	(147,640)	(106,390)	(111,965)	(117,855)	(124,100)
Operating Reserves-Beg	<u>618,189</u>	<u>470,549</u>	<u>364,159</u>	<u>252,194</u>	<u>134,339</u>
Operating Reserves-End	<u>\$470,549</u>	<u>\$364,159</u>	<u>\$252,194</u>	<u>\$134,339</u>	<u>\$10,239</u>

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
Budget FY 2022 through Proforma FY 2026**

	Budget 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

Section 2: Strategic Planning Process Update

The Strategic 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. 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.

During FY 2021, City Council spent considerable time developing and approving a framework that reflected a shift to an outcomes based annual plan. The framework continues to serve as the operational strategic plan annually. The missions, vision and value reflect the learning that was acquired as a result of the Charrettes and presentations during the PLAN Punta Gorda 2019 Citywide Master Plan process. Components of the master planning efforts, such as the rewrite of the Comprehensive Plan, rewrite of the Land Development Regulations, and developing Form Based Codes are a part of the near-term planning that will guide the overall look and feel of the City.

The City Manager challenges each of the department and division leaders to forecast their needs to meet the goals and objectives of long-term plans. This includes developing a clear understanding of operating impact for each Capital Improvement Project, staffing needs, and equipment needs. The internal strategic planning process positions the City to better understand the revenue needs over time to maintain the assets of the City and enhance programming provided to the community. The results are used to create a business plan that communicates to the City Council how Council's vision for the City will be pushed forward over the next three years. It provides residents with a clear picture of how City services will be enhanced over the course of time.

The Capital Improvement Projects program delineates the projects that are worked on in a given fiscal year. It includes strategic objectives, periodic status reports that highlight progress to date, funding and timelines for completion. The 1 % Sales Tax projects are prioritized by City Council and scheduled over a six-year plan. Studies such as those focusing on Septic to Sewer, Seawall Methods, and the Wastewater Treatment Plant are also key drivers of planning.

In FY 2022 as part of the planning process each of the departments and divisions will undertake a comprehensive look at the internal policy that governs the work within each of the areas. This will aid in the identification of areas that the City can increase efficiencies and value to the residents.

Section 3: Budget Issues

General Fund

One of the City's financial management policies continues to recommend recurring revenues be aligned with recurring expenditures. However, the fiscal forecast with the enhanced personnel/service levels is predicated on retention of the current millage rate and the use of reserves. If the Community Redevelopment Agency debt is paid off early in FY 2025-2026, that will help to reduce the amount of reserves being used in those years.

The estimated value of a mill for FY 2023 is \$3,684,660. In order to address the above policy and/or millage rate assumption, revenues and expenditures should be examined in order to reduce or eliminate the gap.

Items that are currently not in the projected budget but will need to be considered as the FY 2022 budget is developed are:

Pay and Classification Study – The current proforma estimates an annual merit wage adjustment of 4% for general employees. However a pay plan study as approved for FY 2022 is scheduled. It will address various issues: wages and benefits to remain competitive in the current job market; a plan to address the minimum wage adjustments on the City's pay grades; a comprehensive review of personnel policies, as well as employee training and Citywide courses related to legal and operational policies for supervisors and staff. This study will help determine recommendations that will be brought back to City Council during the budget process.

Departmental Restructuring, Service Level Enhancements, and/or Staffing increases (Citywide) – A five year plan was developed as part of the FY 2022 budget. These positions will continue to be evaluated and any changes or additional requests will be brought to Council as each fund is presented through July.

Information Technology – Costs in this area continue to rise for several reasons. Additional security enhancements are a necessity in the public sector due to increased cyber attacks on governmental entities and safety of staff and visitors to government buildings. Increased storage capacity needs and use of cloud technology have increased operating costs. Upgrade of technology and conversion of documents posted to website for emergency management, legal requirements, transparency to the public, and other general information for accessibility continues to be a priority. Additionally, technology that could improve the City operations as well as prepare for future needs of remote working need to be considered. The need to balance costs with security and operational efficiencies will need to be analyzed in the decision making process.

Punta Gorda Isles Canal Maintenance Fund

The rip rap mitigation permitting is underway. Although it could be a lengthy process, it is hoped that it may be completed within this fiscal year and that project could be bid.

Results of a study that reviewed seawall panel technologies and/or installation methods while maintaining the character of the district were presented to the Advisory Board and City Council. Council approved a lower assessment increase than the Advisory Board recommended. Proposed rate assessment changes will be reviewed and presented during the budget process.

Burnt Store Isles Canal Maintenance Fund

The rip rap mitigation permitting is underway. Although it could be a lengthy process, it is hoped that it may be completed within this fiscal year and that project could be bid.

Results of a study that reviewed seawall panel technologies and/or installation methods while maintaining the character of the district were presented to the Advisory Board and City Council. Council approved an assessment increase as recommended by the Advisory Board. Proposed rate assessment changes will be reviewed and presented during the budget process.

Additionally, the projects (channel corner widening and staging lot purchase) that have not been approved should also be reviewed to determine if they will move forward and the impact that may have on the assessment rate.

Utilities Fund

Septic to Sewer – Previously, the County has indicated they would support the septic to sewer plan for Charlotte Park. An updated preliminary design report from Giffels-Webster was presented recommending vacuum and some gravity sewer in this area. Included in the report were updated costs estimates. The project is currently on hold as the City looks to find grant funding to make the funding plan work. Additional steps would include community meetings with the affected properties, assessment process, grant applications and/or loan applications.

Wastewater Treatment Plant Expansion – The City’s consultant provided alternatives and projected costs for the wastewater treatment plant expansion based on current capacity and future growth demands to the utilities advisory board and City Council in January 2020. Alternative 2 for a new 4MGD secondary treatment process was selected with a capital cost estimate of \$38.8 million. Utilities had set aside \$4.0 million in the five year capital improvement plan utilizing impact fees and current user revenue for this project for the evaluation, negotiation of the land lease with Fish and Wildlife and to complete the engineering design and permitting. Land lease renewal has been completed. Construction Manager at Risk solicitation was released. Funding sources were developed that included user rate increases, impact fees, and financing as part of the 2020 rate study. Grant opportunities are still being explored. User rates will be evaluated each year based upon actual expenditures and/or delays that may be occurring in the project schedules.

Sanitation Fund

Recycling costs and land fill fees continue to increase. Projections show rates are not adequate to fund the future needs of replacement of equipment and currently show the need for continued rate increases. During the budget process this will be reviewed and options presented.

Capital Projects

Due to labor shortages, supply chain issues causing material shortages, and high demand for infrastructure projects caused by funding provided by the American Rescue Plan, many agencies are experiencing bid responses that are higher than their budgets and also reduced number of responses to bid solicitations.