



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

To: City Council Members  
From: Gregory Murray  
Date: August 15, 2022  
Subject: FY 2023 Proposed Budget

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**MISSION STATEMENT**

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

Members of City Council,

As we move into this budget cycle, we are faced with not only implementation of the previously approved long-term initiatives of the city, but also with evaluating and funding strategic needs to ensure that City services, infrastructure, and assets are 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. The most important asset is the 300-employee base that is needed to operate our city. They depend on budget-driven decisions to be able to adequately complete their jobs, and for their very well being. For this budget cycle, one of the key areas on which we have focused is that asset, our employee base, and the policies and procedures we use to run the city that drives revenue and allows our staff to perform their respective jobs.

Coupled with other planning initiatives such as the ability for project completion, infrastructure maintenance, and service delivery itself, employee retention and attraction is the foundation for those initiatives to be successful and must be addressed. Given the current employment environment with accompanying challenges, it has become especially critical. Much of what we find that generally requires attention for our employment base is in relation to salary and benefits. That is what helps us to retain the qualified employees we currently have and attract the ones we need as our service demand increases in complexity and volume. Obviously, we are not like other private firms when it comes to changing our employment standards, knowing that when we do, it will impact each resident that we serve. Given that, we began last year working on our financial planning and personnel strategic plans to prepare for the necessity of enhancing staffing levels and

the wages we can provide. This is done two ways; through the collective bargaining process for the two classified employee groups, and through outside evaluation for the remaining non-classified (other general) employees. These three groups then encompass all employees in City government. It is important to reiterate that the employees are always a priority as we work through our challenges and limitations.

We are very pleased that with your support we have been able to address the first classified group beginning fiscal year 2022 and are working to finalize the second and third groups for the new fiscal year beginning in fiscal year 2023. That, then, has allowed us to address all employees within a year's time, and helps offset impacts that the current inflationary environment has inflicted.

For the classified employees, specific procedures are in place based on agreed upon timelines to address these items.

For the non-classified general employee group, the third group of employees, specific procedures are also evaluated through a third-party study that identifies any items needing to be addressed. A calculation places employees into any newly recommended ranges based on job factors, market values, and a hybrid between their time spent in their current classification title and total time with the organization to determine any necessary increases. Using this method, the study for this group found that bringing all employees to their new job classification minimum and looking at the hybrid classifications placing them appropriately in each grade, required an average of between 13.2-15.2 percent increases during this fiscal year. By providing up-front increases compounded during the budget cycle, a 14% overall increase will provide a general competitive salary as a starting point for the process. There will be additional follow-up for some grade and salary adjustments moving forward, and a more complete analysis of benefit availability for issues such as pension equity will continue. This will then, consistent with our financial, personnel, and infrastructure management plans allow the City to move forward on solid ground with all 300 employees having been evaluated and addressed.

Just as was necessary with city infrastructure, recent recessionary periods, funding challenges, and other demands have sometimes hindered needed changes in the programmatic aspects of our employment base. Implementation of a detailed plan as shown in the proforma will address our staffing challenges and the funding needed to make that happen. It is quite a challenge and responsibility to ensure that our city functions properly while making strides in service delivery, infrastructure management, and planning for the future. Hence the need to continue to address these challenges, bringing confidence 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 an engaged Council, dedicated employee base, and depth of experience. A realistic and conservative budget, coupled with long-term data driven planning, realistically addressing pending and deferred needs ensures that we properly address issues facing the City.

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 ensure proper service delivery, infrastructure management, personnel decisions, and needed resources to keep the city on a solid foundation and insure its future.

Thank you for your support in continuing to move our city forward.

Initial budgetary factors:

- The Charlotte County Property Appraiser reported that taxable property values increased Citywide 12.45%.
- Increased value from new construction, annexations and other adjustments in the City is \$31.5 million, down from \$52.6 million the previous year.
- The Community Redevelopment Area (CRA) experienced a 10.75% increase from previous year property values.
- Our plan includes paying off the CRA debt as soon as possible to allow flexibility with the funds now mandated for debt retirement.
- The proposed FY 2023 General Fund Budget, net of ending reserve, totals \$29.6 million, which is \$4.2 million or 16.5% more than the original FY 2022 budget (see next bullet).
- That includes a plan for all required personnel and use of reserves and projected grant awards in the proforma.
- The cumulative increase in the general fund since FY 2008 is 44.3%, which averages to an approximate 2.9% increase per year. This includes the current proposed planned position increases and personnel related costs as well as the cost increases being felt due to the significant increase in inflationary factors.
- State revenue projections for various taxes show a wide spread of changes ranging from a 3.7% decrease in 1% sales tax and a 17.5% increase in gas taxes for FY 2023 from the prior year original projections. Other items include local government taxes and state revenue sharing. State revenue projections for communications taxes have not been provided as of August 12, 2022. The City budgets 95%-100% of the state projections.
- The proposed millage rate remains at 3.9500. 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;
  - a comprehensive 5-year plan to lend 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 required for call volume and complexity that have more than doubled, and where 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 previously reduced, needing increases in number and salary;
  - overtime is substantial and causing additional employee issues;
  - initial budget reductions in order to help offset additional costs and revenue requirements;
  - the compensation study and the \$15 minimum wage mandate, the resulting impacts of which we were able to address, especially since we are losing employees due to salary issues on a weekly basis;
  - incorporated in the overall budget is a proposed salary 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 2023 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 2023 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.
  - Since the change in Consumer Price Index (CPI) as reflected in the State "Save Our Homes" Legislation is 7.0%, the cap of 3.0% will be used for FY 2023. This means no matter how high the market value of a homestead property increases, the assessed value can only rise 3%.

As the nation and the City faces a changing economy from the pandemic to the recovery from the pandemic that has resulted in many inflationary factors driving up costs and personnel expenditures, the City balances it's needs with the necessity of prudent and sensible funding for needed services. 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 17 strategic plans. Action items accomplished as part of the 2022 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 2023 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 property on Rio Villa Drive and MacEver Street
- Updated five year citywide staffing needs analysis
- Secured two and a half million dollar grant from the Department of Economic Opportunity 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.
- Accomplished temporary relocation of Historic City Hall staff.
- 677 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, Costal Management, Transportation, and Historic Elements.
- Continued updates to the proposed Land Development Regulations (LDR) / Form Based Codes
- Completed Wage, Classification and Benefit Study.

#### *Infrastructure Sustainability*

- Completed annual street resurfacing program.
- ADA sidewalk ramp improvements completed.
- Shreve Street multi-use recreation trail lighting installed.
- Developed and presented FY 2023-2027 Capital Improvements and Capital Outlay Plans for major infrastructure categories.
- Ponce de Leon Park seawall repairs completed, boardwalk/pier repairs underway.
- Continued annual storm water drainage program.
- Improved lighting in the East Side of Punta Gorda.

- City Hall Annex Security upgrades nearing completion.
- Refurbished Gilchrist Park Gazebo.
- Design started for the Historic City Hall and A.C. Freeman House.
- Harborwalk West Gill Street to Berry Street construction completed.
- Harborwalk parking and landscape improvements underway.

#### *Partnerships, Communication & Collaboration*

- Partnered with Punta Gorda Historic Mural Society on the Captivating Charlotte County and the Boating in Paradise Murals.
- Completed twelfth Citizen's Academy, providing residents and business owners an overview of 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.
- Continue partnership with Quality Independence to manage agripreneur garden on East Virginia.
- Launched successful Public Safety Youth Academy.
- Continued partnership 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*

- Utilized Text My Gov to provide residents streamlined communication with the City.
- 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*

- Overnight Parking Program launched in Downtown Historic District.
- Implemented park closure hours during overnights.
- Continued the design and engineering of the Nature Park ADA improvements to the observation decks and fishing pier.
- Participated with Peace River Housing Partners in establishment and operations of organization, and Gulf Coast Partnership on housing initiatives.
- 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.

The FY 2023 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 2023.
- 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 May 2022 economic forecast from the Congressional Budget Office (CBO) includes the following key points:

- The forecast incorporates laws in effect as of April 8, 2022 and incorporate the recent surge in inflation, as well as other legislative, economic, administrative, and technical changes since July 2021.
- As COVID relief ends and revenue surges, CBO projects the annual Federal budget deficit to fall to \$1 trillion or 4.2% of gross domestic product (GDP) in 2022, down from the \$3 trillion per year in 2020 and 2021, but will then rise to \$2.3 trillion by 2032.
- Debt is projected to be 96% of GDP by 2023, above the 79% prior to the pandemic. It will continue an upward trajectory exceeding the size of the economy by 2027 and reaching 110% in 2032.
- High deficits and debt are driven by a disconnect between spending and revenue. It is expected that spending will rise while revenue will flatten.
- CBO projects that real (inflation-adjusted) GDP will grow by 3.1% this year driven by strong consumer spending and real business investment and by a shrinking US trade deficit. The growth declines steadily through 2024 (2.2% in 2023 and then roughly 1.7% per year thereafter) led by slower growth in consumer spending and investment as people return to their prepandemic patterns of consumption before remaining almost constant through 2026.
- The forecast projects employment to continue at a relatively rapid pace through 2022 and then expected to slow through 2026. The unemployment rate declines from 3.9% in the first quarter of 2022 to 3.5% mid 2023 which is very low by historical standards. It is expected to gradually rise to 4.5% by the end of 2032.
- The increase in the demand for labor is expected to continue to outpace the increase in the supply of labor, resulting in continued upward pressure on wages. The employment cost index for workers in private industry is 5.9% higher in the second quarter of 2022 than it was one year prior as compared to the annual growth rate in recent prepandemic years of 3%. Wage growth is projected to ease gradually to 3.2% in 2026
- Elevated inflation persists in 2022 as both strong demand and disruptions to supply in product and labor markets continue to add upward pressure on many prices and wages, although those disruptions are expected to fade by the end of the year. The CBO estimates the consumer price index (CPI) for personal consumption expenditures will total 4.7% in 2022, 2.7% in 2023, and 2.3% per year thereafter remaining above the Federal Reserve's long-run goal of 2%.
- Projections for the interest rate on 10-year Treasury notes is expected to rise to 2.7% by the end of 2022 and reach 3.8% in 2028 and beyond.
- The federal funds rate is expected to rapidly increase in 2022 (to 1.9%) and 2023 (to 2.6%) to reduce inflationary pressures in the economy and then be reduced in 2025 to counteract the drag on economic growth stemming from the higher individual income tax rates that take effect at the beginning of 2026 under current law.
- CBO's latest budget projections suggest that the country is on an unsustainable fiscal trajectory and that given high debt and surging inflation, policymakers should act soon to enact a deficit-reduction plan. Additionally, they suggest that getting the country on solid

fiscal ground will require lowering health care costs, securing Social Security and other trust funds that are headed toward insolvency, raising additional revenue, limiting discretionary spending growth, and cutting other low-priority spending and tax breaks.

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

The Florida Legislature Office of Economic and Demographic Research issued its economic overview in February 2022. Key highlights of the report are delineated below:

- It is anticipated that the state will expand at more than double the prepandemic GDP rate for this fiscal year at 4.8% growth before decelerating to 3.1% in FY 2023 and returning to a more characteristic 2% in FY 2024.
- The final growth rate for personal income for FY 2021 was 7.5% which included two different federal stimulus and relief programs which contributed to the overall increase. It is expected that growth will be 4% in the current fiscal year as furloughed and laid off workers continue to return to their jobs or find new opportunities, with wage growth offsetting the loss of the massive government relief efforts. Thereafter it is projected that annual growth rates are expected to remain solidly at or above 4%.
- The December 2021 unemployment rate was 4.4%, higher than the US rate of 3.9%.
- Population growth is the state's primary engine of economic growth, fueling both employment and income growth. Florida is currently the third most populous state, behind California and Texas. The 2020 Census indicated a slightly lower number of permanent residents than originally anticipated and new population estimates have been revised to blend the 2020 count. Florida's population growth has mostly been from net migration as current year natural increase is expected to remain negative. Between 2021 and 2025, growth is forecast to average 1.41%
- The Florida housing market soared during the pandemic. The market environment leading to this result was caused by the record low interest rates tied to the Federal Reserve's actions to stem the severity of the pandemic's economic disruption. Homeownership rate is slightly higher than the long-run average. Existing home market is considered overheated as the median price set a new record high in December 2021.
- Consumer perceptions reach a low as the national sentiment reading for February 2022 dropped to its lowest point since the pandemic began, but is still above the Great Recession depths.
- Florida tourism is a major component of the state's economy. This industry bore the brunt of the longer-term consequences, but was able to recover 96% of the last full pre-COVID by the third quarter of 2021, due to the increase of domestic visitors traveling to Florida by air or car. It is expected that robust growth of 36.3% will be seen in FY 2022 over the prior year and will continue more moderately at 7.6% and 5.7% for FY 2023 and FY 2024 respectively.
- Fueled by the continuing influx of federal dollars, elevated savings and a still atypically high percentage of income spent on goods, revenue collections had gained \$2.2 billion to prior expectations in August 2021 with the next several months anticipated to add to the overage. Because the stimulus effects and outsized savings are now unwinding, the Revenue Estimating Conference crafted a glide path that largely removes those effects. As a

result, nearly \$3.3 billion (inclusive of the overage mentioned above) was added to the current year forecast, but only \$704 million of that increase was retained for FY 2023.

- The immediate response to inflation is an increase in sales tax collections that reflects the higher prices, but to the extent that consumers expect the higher prices to persist, they will adjust their purchasing patterns to incorporate cheaper products and/or reductions in purchases. Over several months, collections would end up back at the level they started from. If inflation noticeably worsens, it would drag on sales tax collections as people spend more money on non-taxable necessities like food and healthcare.

The Florida Gulf Coast University (FGCU) Regional Economic Research Institute's Southwest Florida Regional Economic Indicators Report published in July 2022 highlights:

- Southwest Florida's seasonally-adjusted unemployment rate in May 2022 is 2.1% which is 1.7% below the May 2021 figure.
- Tourist tax revenues for the coastal counties were up 21% in April 2022 compared to April 2021.
- Taxable sales for April 2022 were up 18% compared to April 2021.
- Indicators relating to the real estate industry reflect a slowdown in sales and a rise in supply. Coastal counties issued 1,880 single-family building permits in May 2022, up 28% over May 2021. Single-family home sales for the coastal counties were 2,761 in May 2022, a decrease of 9% from May 2021 and a 2% decrease from April 2022. All counties continue to see increases in median prices over the past year ranging from 22%-31%. Active listings were 5,564 residential properties for May 2022 which is 53% above May 2021 and 28% above April 2022.
- Airport passenger activity showed a decrease of 2% percent in May 2022 over May 2021, marking the first year-to-year decline in passenger activity since February 2021, and 28% decrease from April 2022.
- 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. During the fourth quarter of 2021, the IDI for Southwest Florida measured at 5.26, ranking it as the 9th most industrially diverse workforce region in the state of Florida (out of 24), down from 6th last year.
- FGCU's report included Florida's Consumer Sentiment Index and showed an improvement at 62.9 in June 2022 rising 2.1 points from April 2022. Hector Sandoval, director of the Economic Analysis Program at the University of Florida's Bureau of Economic and Business Research states that the increase "comes as a surprise considering the persistently high inflation...The increase in consumer confidence is fueled by improvements in Floridians' expectations about their personal financial situation one year from now and their opinions about whether now is a good time to buy a big-ticket item. These views contrast with the current economic outlook."

## 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 (BEER) were updated to include the 2020 Census results. Charlotte County 2021 estimate is 190,570 up from their previous estimate of 187,904. It is estimated that 56% of the population is 55 or older and estimated 38% being 65 or older.
- For the tenth consecutive year, the taxable property value in the County has increased. The increase is 17.4% from the prior year. Of that amount, new construction and other adjustments accounted for 3.1%.
- Unemployment is 2.3% in May 2022 down 1.4% from May 2021.
- The median sales price of an existing single family home in the County was \$392,000 in May 2022, compared to \$320,035 the previous year, a 22% increase.
- The County reported 545 single family home sales for May 2022 down 3% from May 2021 of 561. Number of building permits issued were 390 in May 2022, an increase from 253 issued in May 2021.
- The County's taxable sales increased to \$383.1 million in April 2022, compared to \$326.1 million in April 2021, an increase of 17%. Taxable sales for March 2022 were \$348.5 million.
- Tourist tax revenues in April 2022 were \$797 thousand, up 23% from April 2021 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. Sun Country Airlines offers service from Punta Gorda to Minneapolis-St Paul International Airport. Although, passenger activity at the airport has risen significantly since calendar year 2011 through 2019, there was a decline in 2020 due to the pandemic with some recovery in 2021. July 2022 report shows a passenger count of 1,063,564 for the first six months of the year up 39.62% for the same time period in 2021.

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	2021	1,569,836		

- Sunseeker Resort in the Charlotte Harbor Community Redevelopment Area bordering the harbor on the north side of the US 41 South Bridge has resumed construction after having been placed on hold during the pandemic and is anticipated to employ 1,150 people. It is expected to open in 2023 with 785 guest rooms, two pools, 60,000 square foot convention space, spa and salon, fitness center, three retail/market shops and 19 dining and bar concepts.
- 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, 2,000 single-family permits have been submitted since August 2016, and development of town center is well underway with Publix opening in 2022. Babcock Ranch tops the list of “Best Eco-Friendly Communities in ideal LIVING for 2020. It was also named the fourteenth top selling master planned community in the country in 2021 by RCLCO Real Estate Advisors.
- 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. A second phase was approved December 2021 with the sale of 156 acres to the development to include 500 single family and 300 multi family homes, a commercial development site of approximately 15 acres and a portion set aside for potential medical use.

### Punta Gorda Economic Highlights

Projections show an estimated FY 2023 population of 20,389 adjusted based on the 2020 Census of 19,471.

- Changes in property values continue to contribute major influence on financial planning and budget preparation. Taxable property values (FY 2023) increased Citywide by 12.4% from the final previous fiscal year, including \$31.5 million of new construction, annexation, and changes in exemption. This is the tenth 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	143	FY 2022	108 (YTD)		

- 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	236	FY 2022	321 (YTD)		

- City of Punta Gorda residential development – Vacant vs Developed as of June 2022.

Community	Total Parcels	Developed Residential	Vacant Residential	% Residential Developed
PGI	9,191	8,674	517	94.4%
BSI	1,837	1,675	162	91.2%
BSM	932	777	155	83.4%
<b>TOTAL</b>	<b>11,960</b>	<b>11,126</b>	<b>834</b>	<b>93.0%</b>

- 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 and office space 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.

Parkside Punta Gorda a 297 unit apartment complex at 26020 Jones Loop Road is under construction. The apartment community has six buildings at a maximum of three stories, a community recreation area and on-site parking.

- The City’s business development strategy to enhance business and economic development has been updated to include a City of Punta Gorda Economic Development Team including City Council and key staff members.

## THE PROPOSED BUDGET

Submitted herein is the proposed City of Punta Gorda Budget for FY 2023. The total FY 2023 budget including all transfers and carryover fund balance is \$187,330,240 which is \$25,370,341 (15.7%) greater than FY 2022. The major factors causing the net increase are:

- capital projects and equipment increase of \$29.0 million, much of which is in the utilities department including the wastewater treatment plant improvement, and which is offset by financing revenue and planned use of reserves;
- transfers and debt service had a net decrease of \$19.0 million as per debt service schedules and funding transfers for capital projects;

- personnel costs increased \$3.4 million for all funds:
  - net sixteen positions - one previously approved and added mid-year FY 2022 for Coastal and Heartland National Estuary Partnership (CHNEP), host change to County for CHNEP in FY 2023 reducing seven positions and 22 proposed new positions in FY 2023 (if SAFER grant award not received up to 7 firefighter/EMT positions would be reduced);
  - 4% merit increases;
  - 6% increase in health insurance;
  - 10% estimated increase in workers compensation insurance;
  - estimated funding for police bargaining contract results and general employee pay and classification study results;
- other operating expenditures increased \$4.5 million overall:
  - for increases that are being driven by economic conditions such as high inflation, scarcity of resources/commodities, and labor shortages, as well as increases in FPL electric rates, increases in fuel prices, increases in chemical prices, and contracted services due to increases in pricing being received during bids and renewal terms;
  - increased canal maintenance programs
  - increased computer overhead;
- ending carryovers had a net increase of \$7.5 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, increases for debt service reserve requirements, and new reserves from the America Rescue Plan funding that will be used as Council directs over the next several years.

The following chart compares previous adopted budgets with the proposed FY 2023 budget. The expenditures are net of transfers to other funds, internal service funds and ending reserves. The FY 2023 net amount of \$131,133,972 is an increase of \$28,482,160 or 37.8% more than FY 2022. The majority of the increase is in utility construction projects (capital as previously discussed).

**Comparison of Net Budgeted Expenditures**  
**Budget FY 2019 through Proposed Budget FY 2023**  
 (Net of transfers, internal service funds and ending carryover fund balance)

	<b>Budget FY 2019</b>	<b>Budget FY 2020</b>	<b>Budget FY 2021</b>	<b>Budget FY 2022</b>	<b>Proposed Budget FY 2023</b>
General Fund	\$19,829,664	\$21,225,263	\$21,315,795	\$23,203,380	\$26,618,605
Special Revenue Funds	22,599,137	25,810,740	18,687,996	24,899,588	20,316,772
General Construction Fund	1,680,000	890,000	1,560,000	4,913,214	2,143,000
Enterprise Funds	20,527,912	25,715,244	33,738,498	49,635,630	82,055,595
<b>Total Funds</b>	<b>\$64,636,713</b>	<b>\$73,641,247</b>	<b>\$75,302,289</b>	<b>\$102,651,812</b>	<b>\$131,133,972</b>
<b>\$ Net Increase (Decrease)</b>	<b>\$1,119,972</b>	<b>\$9,004,534</b>	<b>\$1,661,042</b>	<b>\$27,349,523</b>	<b>\$28,482,160</b>
<b>% Net Increase (Decrease)</b>	<b>1.76%</b>	<b>13.93%</b>	<b>2.26%</b>	<b>36.32%</b>	<b>27.75%</b>

The FY 2023 budget continues to aggressively address substantial issues needed to move the City forward such as continued implementation of strategic plan objectives; enhanced service levels; funding for pay plan and bargaining contract updates; increase in water and wastewater rates to



support operations and capital improvement plan; increase in solid waste rates for recycling cost and refuse and yardwaste program; increase in canal maintenance assessment fees for increased seawall replacement program and for approved projects; continuation of road resurfacing and drainage improvement programs; 1% sales tax projects through December 31, 2026; and continued efforts to address the rising costs in the overall economy that are driving factors in capital project costs and operations. 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 321 funded full time equivalent (f.t.e.) position count for FY 2023 has increased by net fifteen positions from the amended count of FY 2022. The CHNEP had a FY 2022 mid-year change to add a restoration specialist. For FY 2023 CHNEP is going to be hosted by Charlotte County reducing seven positions to the City. Positions that are being added by the City are: a safety officer or coordinator in human resources, a records coordinator in city clerk’s office, a buyer assistant in procurement, a facilities maintenance worker and a right of way maintenance worker in public works, a detective and an evidence, crime scene and quartermaster technician in the police department, (7) firefighter/EMTs in the fire department (may be reduced if grant not awarded), a grant coordinator/planner in urban design, and a zoning technician in zoning and code; a network security/cloud systems administrator in the information technology; a customer service representative in billing and collections and two wastewater collection maintenance workers in utilities; a permit technician in building; and a canal maintenance worker in the canal fund. 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, 15 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.

<b>Fiscal Year</b>	<b>Population Estimates</b>	<b>Employees</b>	<b>Ratio Employees/ Per 100/Population</b>
<b>2023</b>	<b>20,389</b>	321	1.6
2022*	20,157	306	1.5
2021*	19,701	295	1.5
2020 Census*	19,471	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

\* Adjusted for 2020 Census results

## 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 2022 using the current year rates and were updated in August only to reflect the proposed information that was available. Information not available continues to use actual rates from FY 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 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

	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota*	Mills	Venice	Mills	North Port	Mills	Cape Coral	Mills	Fort Myers	Mills
<b>Based on taxable value of \$250,000</b>																
Property Taxes	\$ 282.50	1.1300	\$ 204.33	.8173	\$ 987.50	3.9500	\$ 750.00	3.0000	\$ 1,090.00	4.3600	\$ 941.68	3.7667	\$ 1,389.20	5.5568	\$ 1,837.50	7.3500
Water & Sewer (Avg Monthly annualized)	\$ 898.44		\$ 1,154.64		\$ 1,010.16		\$ 1,709.40		\$ 1,872.84		\$ 1,772.76		\$ 1,563.24		\$ 1,954.80	
Sanitation (Solid Waste)	\$ 377.88		\$ 232.84		\$ 306.72		\$ 294.60		\$ 253.08		\$ 250.00		\$ 285.86	.1791	\$ 267.86	
Fire Service	\$ 0		\$ 545.00	2.1800	\$ 0		\$ 118.24		\$ 0		\$ 281.23		\$ 242.80		\$ 185.00	
Roads/Drainage/Stormwater	\$ 0		\$ 50.00		\$ 0		\$ 151.94		\$ 0		\$ 219.28		\$ 182.00		\$ 138.24	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 44.55	.1782	\$ 117.35	.4694	\$ 0		\$ 11.78	.0471	\$ 0	
<b>TOTAL</b>	<b>\$ 1,558.82</b>		<b>\$ 2,186.81</b>		<b>\$ 2,304.38</b>		<b>\$ 3,068.73</b>		<b>\$ 3,333.27</b>		<b>\$ 3,464.95</b>		<b>\$ 3,674.88</b>		<b>\$ 4,383.40</b>	
<b>Based on taxable value of \$500,000</b>																
Property Taxes	\$ 565.00	1.1300	\$ 408.65	.8173	\$ 1,975.00	3.9500	\$ 1,500.00	3.0000	\$ 2,180.00	4.3600	\$ 1,883.35	3.7667	\$ 2,778.40	5.5568	\$ 3,675.00	7.3500
Water & Sewer (Avg Monthly annualized)	\$ 898.44		\$ 1,154.64		\$ 1,010.16		\$ 1,709.40		\$ 1,872.84		\$ 1,772.76		\$ 1,563.24		\$ 1,954.80	
Sanitation (Solid Waste)	\$ 377.88		\$ 232.84		\$ 306.72		\$ 294.60		\$ 253.08		\$ 250.00		\$ 330.63	.1791	\$ 267.86	
Fire Service	\$ 0		\$ 1,090.00	2.1800	\$ 0		\$ 260.73		\$ 0		\$ 444.31		\$ 301.94		\$ 185.00	
Roads/Drainage/Stormwater	\$ 0		\$ 50.00		\$ 0		\$ 151.94		\$ 0		\$ 219.28		\$ 162.50		\$ 276.48	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 89.10	.1782	\$ 234.70	.4694	\$ 0		\$ 23.55	.0471	\$ 0	
<b>TOTAL</b>	<b>\$ 1,841.32</b>		<b>\$ 2,936.13</b>		<b>\$ 3,291.88</b>		<b>\$ 4,005.77</b>		<b>\$ 4,540.62</b>		<b>\$ 4,569.70</b>		<b>\$ 5,160.26</b>		<b>\$ 6,359.14</b>	

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

## BUDGET HIGHLIGHTS BY FUND

### General Fund

The proposed FY 2023 General Fund Budget, net of ending reserve, totals \$29,585,140, which is \$4.2 million or 16.6% more than the original FY 2022 budget. Based on a proposed millage rate of 3.9500, an improving economy, personnel/service level enhancements, estimated pay plan adjustments, capital outlay plan, modest anticipated increases of 5% in taxable property valuations, 1% to 2% increases in shared state revenues and other general fund revenues, and use of ARPA funding, the current five year fiscal forecast (August 2022) projects deficits in the range of \$0.6 million to \$1.4 million per year from FY 2025 through FY 2027. 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 the City would be able to retire the Community Redevelopment Agency debt early which would sunset the fund by 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 through 2027. This initiates planning for future years' budgets.

**General Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2023 through Proforma FY 2027**

	<b>Proposed FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>
Change in Taxable Value of Property	<b>12.4%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Revenues:</b>					
Ad Valorem Tax	\$15,613,535	\$16,394,210	\$17,213,920	\$18,074,620	\$18,978,350
Other Revenue	12,782,295	12,875,345	12,999,900	13,125,985	13,253,640
Estimated Grants/Use of ARPA	1,189,310	1,089,495	488,740	0	0
Use of Prior Year's Reserve	0	0	649,895	1,309,500	1,394,625
<b>Total Revenues</b>	<b>29,585,140</b>	<b>30,359,050</b>	<b>31,352,455</b>	<b>32,510,105</b>	<b>33,626,615</b>
<b>Expenditures:</b>					
Personnel Expenditures	19,251,600	20,458,265	21,542,520	22,788,750	23,797,955
Operating Expenditures	6,150,270	6,256,660	6,351,980	6,387,085	6,574,310
Capital Outlay	1,201,735	1,103,000	882,000	904,000	740,000
Transfers for Tax Increment Financing	1,176,535	1,247,125	1,321,955	1,401,270	1,485,350
Transfers for Capital Projects	1,031,000	520,000	480,000	255,000	255,000
Transfers for Roads	459,000	459,000	459,000	459,000	459,000
Transfers for Drainage	300,000	300,000	300,000	300,000	300,000
Contingency	15,000	15,000	15,000	15,000	15,000
<b>Total General Expenditures</b>	<b>29,585,140</b>	<b>30,359,050</b>	<b>31,352,455</b>	<b>32,510,105</b>	<b>33,626,615</b>
<b>Estimated Beginning Reserves</b>	<b>\$8,708,219</b>	<b>\$8,708,219</b>	<b>\$8,708,219</b>	<b>\$8,058,324</b>	<b>\$6,748,824</b>
<b>Estimated Ending Reserves</b>	<b>\$8,708,219</b>	<b>\$8,708,219</b>	<b>\$8,058,324</b>	<b>\$6,748,824</b>	<b>\$5,354,199</b>
<b>Minimum Reserve (13.2% to 15.2%)</b>	<b>\$3,905,300</b>	<b>\$4,159,200</b>	<b>\$4,452,100</b>	<b>\$4,779,000</b>	<b>\$5,111,300</b>

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 2019 through Proposed Budget FY 2023**

	Original Budget FY 2019	Original Budget FY 2020	Original Budget FY 2021	Original Budget FY 2022	Proposed Budget FY 2023
<b>General Fund Expenditures</b>					
City Council	\$ 133,909	\$ 129,228	\$ 130,480	\$ 136,555	\$ 192,540
City Manager	479,866	463,205	479,930	507,825	541,535
Human Resources	342,314	364,037	372,920	398,475	498,650
City Clerk	533,709	590,267	602,610	606,560	684,380
Finance	942,750	962,076	972,430	1,023,455	1,017,405
Procurement	617,078	643,158	598,545	628,250	711,830
Legal Counsel	221,459	230,847	234,695	280,985	247,190
Public Works Administration	364,821	343,643	378,255	461,495	408,385
Engineering	492,181	541,408	572,830	538,745	580,385
Right of Way Maintenance	1,198,125	1,229,902	1,064,070	1,230,765	1,320,730
Parks & Grounds	1,565,591	1,692,120	1,611,785	1,712,240	1,729,955
Police	6,357,578	6,949,841	7,251,310	7,877,130	8,395,305
Fire	3,848,530	4,446,604	4,423,355	4,830,045	5,542,610
Urban Design	591,093	646,058	583,575	671,995	919,935
Zoning & Code Compliance	515,986	553,048	551,570	585,130	716,895
Facilities Maintenance	864,704	891,360	1,110,770	1,049,555	1,331,830
Non-Departmental	759,970	548,461	376,665	664,175	1,779,045
<b>Subtotal Operations</b>	<b>19,829,664</b>	<b>21,225,263</b>	<b>21,315,795</b>	<b>23,203,380</b>	<b>26,618,605</b>
Incr (Decr) from prior year	1,063,837	1,395,599	90,532	1,887,585	3,415,225
% incr (-) decr from prior year	5.67%	7.04%	0.43%	8.86%	14.72%
Transfers to Other Funds	0	8,237,000 <sup>1</sup>	7,825,150 <sup>1</sup>	0	0
Tax Increment Financing Transfer	612,534	749,331	840,055	1,038,065	1,176,535
Capital Projects Transfer	155,000	305,000	1,080,000	477,000	1,031,000
Paving Transfer	459,000	459,000	459,000	459,000	459,000
Drainage Transfer	500,000	300,000	300,000	200,000	300,000
<b>Subtotal Ops and Transfers</b>	<b>21,556,198</b>	<b>31,275,594</b>	<b>31,820,000</b>	<b>25,377,445</b>	<b>29,585,140</b>
Incr (Decr) from prior year	566,371	9,719,396	544,406	(6,442,555)	4,207,695
% incr (-) decr from prior year	2.70%	45.09%	1.74%	-20.25%	16.58%
Future Years' Budget - Reserve	512,270	387,300	564,900	3,846,667	4,542,919
Fleet/Equip - Reserve	104,000	440,000	0	45,000	260,000
Proj. Carryover - Ending Reserve	2,875,591	3,295,175	4,204,979	2,667,000	3,905,300
Reserves as a % of Operations & Transfers	16.20%	13.18%	14.99%	25.84%	29.43%
<b>Total General Fund Exp.</b>	<b>\$ 25,048,059</b>	<b>\$ 35,398,069</b>	<b>\$ 36,589,879</b>	<b>\$ 31,936,112</b>	<b>\$ 38,293,359</b>

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

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

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

The department/divisions were limited to 3% increases in operating expenditures even though there have been significant overall increases in costs of materials, supplies, fuel, electric, 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, except for fuel which was seen in all divisions with vehicles and general liability insurance which was estimated at 5% increase.

Increases in the Information Technology internal service fund for city-wide projects was approximately 6% for FY 2023.

### **City Council**

City Council training and travel policy was updated to use GSA mileage rates rather than State rates, use actual costs for meals rather than per diem rates, add events, and provide a budget of \$5,000 per council member.

### **City Clerk**

The proposed budget includes \$46,350 for a possible election in the summer of 2023. There will be a City Council election on the November 2022 ballot, with minimal additional expense as it will be run in conjunction with the County election process. A records coordinator position was added to co-ordinate Citywide records management and training and will include public records request tracking and support. Equipment for the position includes a large scanner and other computer equipment totaling \$13,000.

### **City Manager and Legal**

The legal and administrative assistant position was reallocated to 75% legal and 25% City Manager's office. The enhanced strategic communications program continues.

### **Human Resources**

The FY 2023 proposed budget includes funding for: a general employees' pension study to review possible changes to the current defined contribution plan or change to a defined benefit plan; wellness, safety and training programs; ADA accommodations; and for improving employee recognition and recruiting efforts. Unemployment compensation can vary from year to year based on most current claims, but there was no need for an adjustment in FY 2023 and remains at \$15,000. A safety officer or coordinator position was added to be responsible for Citywide safety related personal protection equipment, ensuring proper safety procedures are being followed in the field and facilities, and leading investigations for injury incidents. Capital outlay of \$30,000 includes computer equipment and add of a vehicle to fleet for the new position.

### **Finance and Procurement**

Procurement's proposed budget added an assistant buyer position in FY 2023 to focus on purchases and purchase orders under \$5,000. This will free up time to facilitate training for existing and new employees from turnover experienced so that additional help will be available for contract management, contract renewals, and bidding for expiring contracts. Additionally, it will also enable the senior purchasing agent to support the procurement manager with engineering and construction

projects. Capital outlay for computer equipment for the new position was budgeted at \$3,000. Finance delayed the addition of a planned accountant position from FY 2023 to FY 2024.

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

A comprehensive planning study based on the City evaluation and appraisal report is scheduled for and budgeted for \$150,000 in FY 2023. Two positions were planned for FY 2023:

- A grant coordinator/planner position to look for funding opportunities, complete applications, and manage project grants (time consuming activities) in urban design
- A zoning technician position due to increased permitting and workload that has increased over the last several years and will include reviewing all construction, planning, zoning, and sign permit applications for compliance with relevant municipal ordinances and maintain the City's land file data such as lot splits, lot consolidations, and addressing updates in zoning and code compliance.

Capital outlay of \$36,000 is for computer equipment for the new positions and for a replacement pickup truck in zoning and code compliance.

### **Public Works**

Two positions proposed to be added to Public Works per the five year plan are:

- A facilities maintenance worker to allow more proactive maintenance of facilities
- A temporary handyman for half a year for help in catching up on maintenance in facilities
- A right of way maintenance worker to allow help with completing work order requests that have increased 123% over the past five years and managing aging infrastructure such as streets and lighting and keep up with mowing needs

Operating expenditure increases were budgeted for: training for new employees and additional costs for CDL training in right of way division; and FPL rate increases for electricity in the facilities maintenance division.

Capital outlays of \$198,000 include computer equipment and add of (2) vehicles to fleet for the new positions and the routine replacement of a tractor loader backhoe 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 adding a detective to help with more complex cases and fraud cases which are time consuming and allow more proactive investigations and adding an evidence, crime scene and quarter master technician due to increased complexity and responsibilities of crime scene response and handling evidence.

Operating expenditures experiencing larger increases are repair and maintenance for autos, boats and various specialty equipment, veterinary services for a third canine, and uniforms to include an upgrade of rain gear to provide higher visibility for safety.

The FY 2023 capital outlay of \$611,030 includes equipment for both positions and add of (1) vehicles to fleet for the detective position, six replacement vehicles, taser replacement program, car camera replacement program, second year of the patrol rifle program to standardize weapons, radio enhancement program, mobile and portable radio equipment, SWAT night vision equipment, and training room equipment.

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. Results in patrol response times were 4:06 minutes. Another goal is to achieve a monthly Quality Assurance survey approval rating of 95%. Survey results indicate a 99.2% approval rating.

The division has applied for a grant that would allow the City to move up planned additions of officers to FY 2023 if approved. This would require supplemental appropriations for the grant revenues, use of reserves, and the expenditures for personnel, vehicles and equipment for the positions.

### **Fire**

The proposed FY 2023 budget includes the addition of (7) firefighter/EMTs funded 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. An estimated grant was included for these positions. If the grant is not awarded the City will need to reduce the number of positions that will be added in FY 2023 and reapply for grant funding for the following year.

The FY 2023 capital outlay budget of \$154,000 includes funding for a replacement SUV, personal protective equipment, suppression equipment, and medical equipment, radio enhancement program, and bunker gear and equipment for the new positions.

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 2021 was 4 minutes and 21 seconds. Table below indicates response times.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Average response times</b>	3:57	3:54	4:01	4:04	4.11	4.10	4.41	4.21
<b># Emergency &lt; 5 minutes</b>	1983	2266	2621	3123	3237	2329	2363	2690
<b>% Emergency &lt; 5 minutes</b>	77.1%	78.9%	79.3%	84.9%	82.7%	75.2%	87.0%	90.0%

## **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: \$1,331,000 to the general construction fund for \$300,000 for the seventh year of the drainage improvement program, \$215,000 for the annual public works capital projects, \$260,000 for a railroad crossing rehabilitation, \$250,000 for replacement of the air conditioning system at the public safety building, \$240,000 for the Lashley Park splash pad enhancements, \$18,000 for dock repairs/dredging adjacent to the boat club and \$48,000 for King St road improvements; \$459,000 for the paving program; and \$1,176,535 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 FY 2022 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. This project continues to be delayed while awaiting permitting and will carryover to FY 2023 if not completed in FY 2022.

Undesignated personnel includes an estimated amount of funding to go towards police bargaining contract changes (which are still under negotiations) and for general employee pay and classification study results (which are pending). Additional funds may be required and would require an amendment in FY 2023.

The lot mowing program annual fee is placed on the property tax bill as an annual assessment. The proposed rate of \$235 represents an increase of \$40.00 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 2023 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 \$5,000 to the Charlotte Harbor Environmental Center (CHEC). 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**

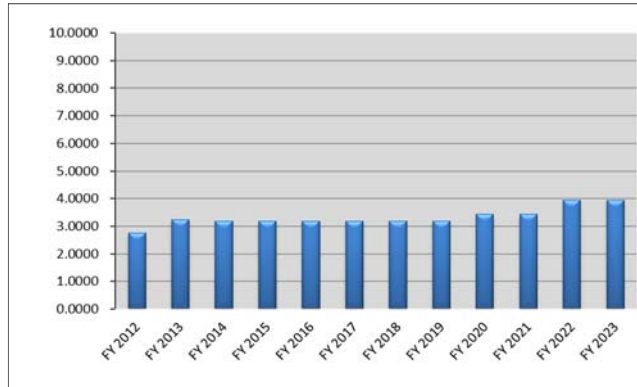
The proposed FY 2023 millage rate of 3.9500 mills is 11.41% over the rolled back rate of 3.5455. The calculated rolled back rate results in the same property tax revenues, sans new construction, as the previous year. Included in the millage rate is \$459,000 earmarked for the road resurfacing program and \$300,000 for the city-wide drainage improvement program. Proposal of the current millage rate is necessitated by 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 2023

*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.*

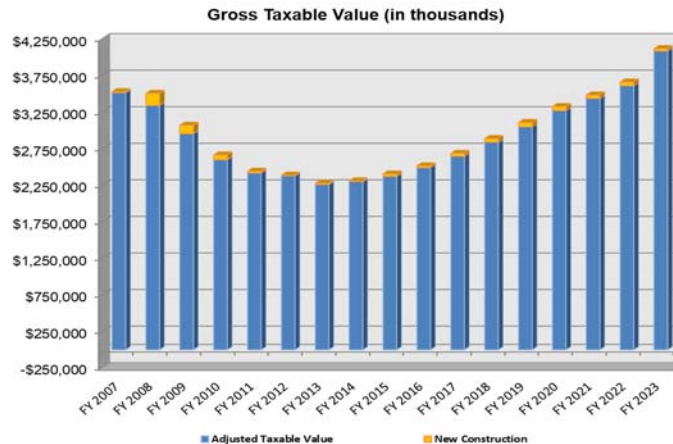
Fiscal Year	Millage Rate
2012	2.7462
2013	3.2462
2014	3.1969
2015	3.1969
2016	3.1969
2017	3.1969
2018	3.1969
2019	3.1969
2020	3.4337
2021	3.4337
2022	3.9500
2023	3.9500



## 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	\$3,661,713,042	\$178,282,320	5.1%	\$52,590,453	1.5%
2023	\$4,117,493,204	\$455,780,162	12.4%	\$31,518,237	0.9%

\*Includes New Construction



The Charlotte County Appraiser’s July 1st certification shows a 11.6% overall increase for properties on the books from the prior year, and an additional 0.9% provided by new construction, annexations and changes in exemption for calendar year 2021. This is the tenth 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 17.8% increase in taxable values. Protection of Save Our Homes has resulted in a majority of homestead property taxable values being below just values in the current housing market.

Homestead property owners whose taxable value is below just value (non-parity) will be limited to a maximum of a 3.0% 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 7.0%), 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 2022 Base 3.9500	FY 2023 3.0%	Difference % \$ Amount	FY 2022 Base 3.9500	FY 2023 3.00%	Difference % \$ Amount
Assessed Value		\$300,000	\$309,000		\$500,000	\$515,000	
Less Homestead Exemption		\$50,000	\$50,000		\$50,000	\$50,000	
Net Taxable Value		\$250,000	\$259,000		\$450,000	\$465,000	
City Millage Rate		3.9500	3.9500	3.60%	3.9500	3.9500	3.33%
<b>City Ad Valorem Tax</b>		\$988	\$1,023	\$36	\$1,778	\$1,837	\$59

## Fund Balance

City Council approved reserve objectives to the comprehensive set of financial management policies are below. FY 2023 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 13.2% of total fund expenditures.* Note: It is intended that this percentage increase each year and eventually attain the GFOA best practice standard.
- The City should have a prudent level of unrestricted fund balance to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unexpected one time expenditures.
- The City should maintain an adequate level of unrestricted fund balance as working capital to support operations until sufficient current revenues (taxes) are received.

- The City will provide a Capital Outlay Reserve based on the 5 year capital outlay program needs, and will fund the average annualized 5 year need, in order to provide a stabilized funding plan.

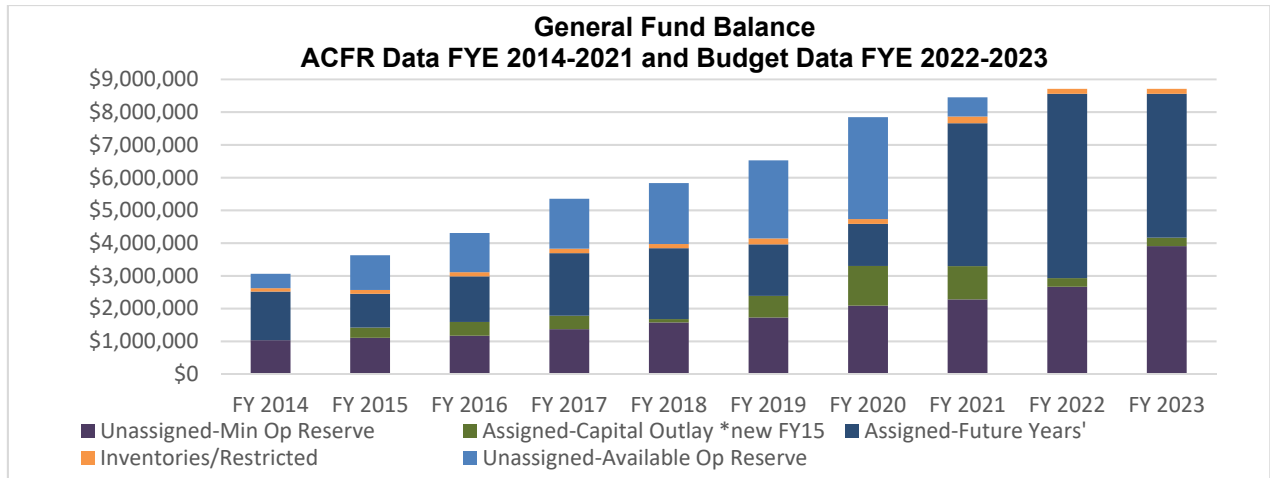
Beginning in FY 2007, the City earmarked a portion of reserves over the minimum policy to assist in paying for ongoing levels of service until such time as the economy fully rebounds. Beginning in FY 2022 this practice is continued as part of the five year plan.

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

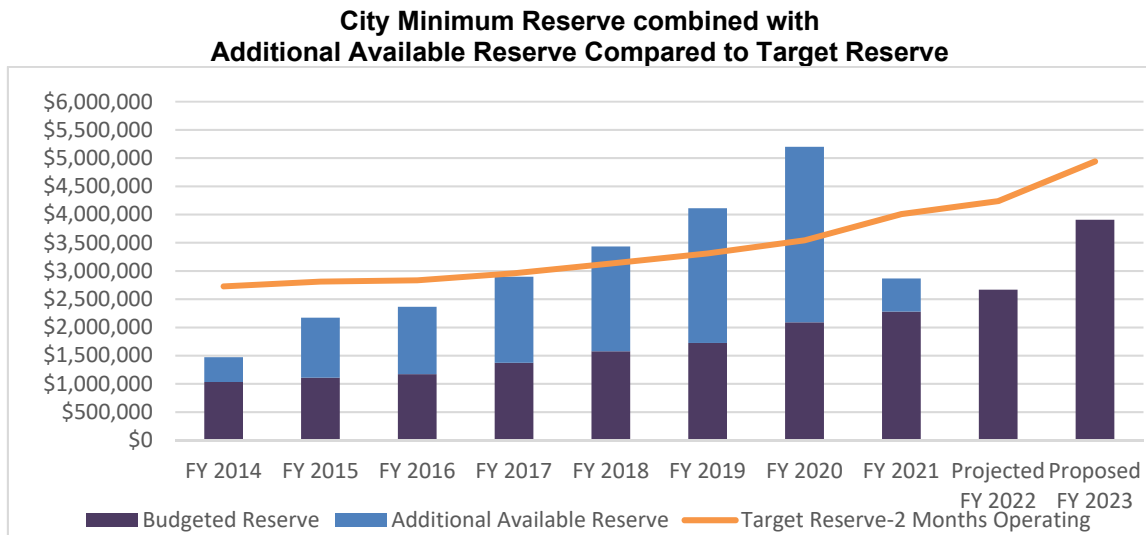
Fund Balance Category	FY 2020	% of	FY 2021	% of	Projected	% of	Proposed	% of
	Amount	Exp.	Amount	Exp.	FY 2022	Exp.	FY 2023	Exp.
Inventories/Restricted	\$ 147,087	0.6%	\$ 205,492	0.9%	\$ 150,000	0.6%	\$ 150,000	0.5%
Assigned-Future Years' Use of Op. Reserve	1,285,098	5.6%	4,362,299	18.2%	5,631,219	22.2%	4,392,919	14.8%
Assigned-Capital Outlay Reserve	1,213,000	5.3%	1,017,328	4.2%	260,000	1.0%	260,000	0.9%
Unassigned-Minimum Op. Reserve (Orig)	2,089,460	9.0%	2,280,000	9.5%	2,667,000	10.5%	3,905,300	13.2%
Unassigned-Available Op. Reserve	<u>3,109,092</u>	13.5%	<u>586,710</u>	2.4%	<u>0</u>	0.0%	<u>0</u>	0.0%
Total Fund Balance	<u>\$ 7,843,737</u>	34.0%	<u>\$ 8,451,829</u>	35.2%	<u>\$ 8,708,219</u>	34.3%	<u>\$ 8,708,219</u>	29.4%
General Fund Orig Budgeted Expenditures	<u>\$ 23,038,594</u> *		<u>\$ 23,994,850</u> *		<u>\$ 25,377,445</u>		<u>\$ 29,585,140</u>	

\* 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 2023, it is set at 13.2% of the total expenditure appropriations which calculates to \$3,905,300. 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 with Council approving larger increases in FY 2022 and FY 2023 from prior year revenues exceeding expenditures. If the economy continues to improve FY 2024-2027, the proforma indicates that at end of FY 2027, the minimum reserve will be at 15.2%. The second block of the reserves is a funding mechanism for capital outlay that provides a smoothed amount to be funded annually, based on the five year capital outlay plan which is currently \$840,000. Those amounts unused will be carried in the reserve until the year scheduled for use. In FY 2023, \$260,000 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 the five-year plan increasing personnel/service levels, addressing wages in the current labor market, and addressing increased costs all funds would be needed in this five year proforma. The fourth block is the small amount of funds identified in the Annual Comprehensive Financial Report (ACFR) 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 or assigned them for expenditures, and as such, are considered as part of the current operating reserve for purposes of stabilizing the general fund or for Council approved uses. For FY 2023, 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 the reasons enumerated above during this year's budget development, only the minimum budgeted reserve is showing in FY 2022-2023.



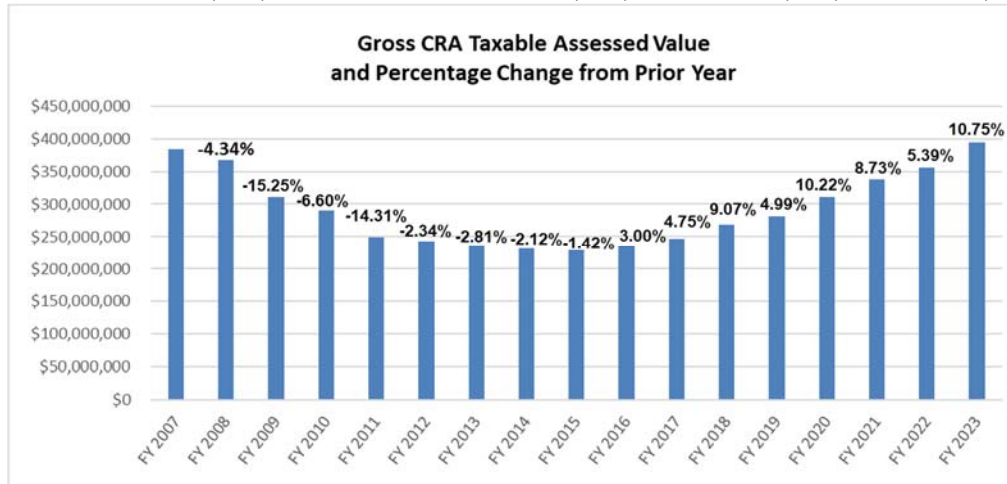
## Community Redevelopment Agency

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 fifteen 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	\$355,859,612	5.39%	\$1,033,013	\$1,647,774	\$2,680,787
FY 2023	\$394,105,787	10.75%	\$1,176,535	\$1,876,700	\$3,053,235



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. The Tax Cuts and Jobs Act reduced the corporate tax rate to 21% in 2018 increasing 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 2023 TIF revenue is based on 10.75% increase in taxable value in the district, no change in the County

or City millage rates. The proforma continues to anticipate conservative assessed property value increases of 2% in FY 2024 through FY 2027. The resulting estimated debt service reserve grows from \$5,033,874 at end of FY 2023 to \$11,114,754 at end of FY 2027, 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 2025 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 \$63,462 at end of FY 2023 and grows to \$225,757 by FY 2027.

The Herald Court lease revenue for FY 2023 through FY 2027 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 required 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 \$195,316 in FY 2023 and growing to \$476,276 at end of FY 2027. 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 2023 through Proforma FY 2027**

	<b>Proposed FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>
<b>Debt Service Division</b>					
Assessed Property Valuation change	<b>10.8%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
Tax Increment Financing (TIF) Revenue	\$3,053,235	\$3,114,300	\$3,176,585	\$3,240,115	\$3,304,915
CRA Lease Payments (Debt Service)	1,584,280	1,626,290	1,666,100	1,708,680	1,753,965
Revenues in Excess of Debt Svc	1,468,955	1,488,010	1,510,485	1,531,435	1,550,950
Reserve - TIF for Debt Svc (Beg)	3,564,919	5,033,874	6,521,884	8,032,369	9,563,804
<b>Reserve - TIF for Debt Svc (End)</b>	<b>\$5,033,874</b>	<b>\$6,521,884</b>	<b>\$8,032,369</b>	<b>\$9,563,804</b>	<b>\$11,114,754</b>
<b>Herald Court Operations Division</b>					
Herald Court Revenues	\$255,190	\$260,895	\$282,755	\$289,875	\$296,825
Herald Court Operating Expenditures	394,540	201,405	208,520	215,905	223,560
Revenues in Excess (Shortfall) of Herald Ct Operations	(139,350)	59,490	74,235	73,970	73,265
Reserve - Herald Ct (Beg)	334,666	195,316	254,806	329,041	403,011
<b>Reserve - Herald Ct (End)</b>	<b>\$195,316</b>	<b>\$254,806</b>	<b>\$329,041</b>	<b>\$403,011</b>	<b>\$476,276</b>

	Proposed FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027
<b>CRA Operations Division</b>					
Other CRA Revenues	\$136,075	\$140,150	\$144,235	\$148,335	\$140,575
Other CRA Operating Expenditures	326,500	111,000	94,000	112,000	94,000
Revenues in Excess (Shortfall) of Other Operations	(190,425)	29,150	50,235	36,335	46,575
Reserve - Other Operations (Beg)	253,887	63,462	92,612	142,847	179,182
<b>Reserve - Other Operations (End)</b>	<b>\$63,462</b>	<b>\$92,612</b>	<b>\$142,847</b>	<b>\$179,182</b>	<b>\$225,757</b>

## Utilities

The FY 2023 spending plan for Utilities operations, maintenance and repair (OM&R) is \$21,983,275 which is \$741,895 or 3.3% less than budget FY 2022. The significant decrease is attributable to the decrease in transfers to the Utilities construction fund of \$3.8 million for the capital improvement plan. This was offset by debt service transfer increase of \$1.0 million for SRF debt reserve and operational increases of \$2.1 million. Personnel expenses increased \$752,270 or 11.3% due to the addition of three positions (a customer service representative in billing and collections and two maintenance workers in wastewater collections), an estimated amount set aside for the pay plan changes that may occur from the study results, 4% for employee salary increases, 6% health insurance increases, and 10% estimated increases in workers compensation. Operating expenses increased \$1,063,050 or 14.8% due to increases being experienced due to inflation in materials and supplies, chemicals, and contracted services, increase in fuel costs, increases approved by State for FPL electric rates as of January 1, 2022, 5% estimated increase in general liability insurance, and approximate 9% increases in computer overhead and administrative charges. Capital outlay increased \$257,785 for FY 2023 needs for replacements of vehicles, including a vacuum truck, and equipment such as pumps, motors, mixers, generators, etc.

City of Punta Gorda  
Utilities O M & R Fund  
Revenue and Expense Comparison  
Actual FY 2020 through Budget FY 2023

	Actual FY 2020	Actual FY 2021	Budget FY 2022	Projected FY 2022	Budget FY 2022
<b>Revenues:</b>					
Chg for Serv - Water	\$ 11,122,248	\$ 11,268,159	\$ 11,244,890	\$ 12,137,130	\$ 12,126,960
Chg for Serv - Sewer	7,769,296	8,080,041	8,347,680	8,446,620	8,795,635
Other	6,087,086	1,448,566	957,090	1,065,825	910,175
Subtotal	24,978,630	20,796,766	20,549,660	21,649,575	21,832,770
Reserves	5,999,508	14,061,516	8,284,281	9,307,545	8,646,200
<b>Total Revenues</b>	<b>\$ 30,978,138</b>	<b>\$ 34,858,282</b>	<b>\$ 28,833,941</b>	<b>\$ 30,957,120</b>	<b>\$ 30,478,970</b>
<b>Expenses:</b>					
Administration	\$ 1,694,563	\$ 1,777,260	\$ 1,909,230	\$ 1,853,120	\$ 1,912,485
Water	5,480,216	5,328,306	6,001,420	6,004,660	6,572,420
Wastewater	5,006,909	5,306,021	5,883,815	6,022,435	6,951,565
Other	489,914	806,150	811,110	811,110	1,242,210
Debt and Debt Transfers	425,000	1,010,000	1,499,595	999,595	2,499,595
Transfer for Capital	2,320,000	11,323,000	6,620,000	6,620,000	2,805,000
Contribution for Pipeline	1,500,000	0	0	0	0
Subtotal	16,916,602	25,550,737	22,725,170	22,310,920	21,983,275
Reserves	14,061,516	9,307,545	6,108,771	8,646,200	8,495,695
<b>Total Expenses</b>	<b>\$ 30,978,118</b>	<b>\$ 34,858,282</b>	<b>\$ 28,833,941</b>	<b>\$ 30,957,120</b>	<b>\$ 30,478,970</b>

The current five-year financial forecast is based on 2-day per week watering; average rainfall; 3.75% rate increases annually; and new financing based on the FY 2023-2027 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 that recommended annual water and wastewater rate increases was approved by City Council for FY 2021 with a modification that the water and wastewater user rates not have automatic increases and be reviewed as part of the budget process each year. FY 2022 was able to be reduced to 2%. For FY 2023 due to the increases in operating costs, personnel increases, and the significant increase in the wastewater treatment plant improvement/expansion project causing increased debt service requirements, a 3.75% rate increase is proposed for FY 2023 and projected for future years in the plan. The Septic to Sewer financial plan for properties in the Utilities service area that are outside the City limits has been pushed back in the 2023-2027 capital improvement plan pending obtaining grants for the project. The City will continue to look for ways to reduce expenses and explore changes to the wastewater treatment plant project to reduce expenses as well as some alternative funding options. If these items are not accomplished additional rate increases will be needed beginning in FY 2026.

**Utilities OM&R Fund  
Proforma Schedule of Revenues and Expenses  
Proposed FY 2023 through Proforma FY 2027**

	<b>Proposed FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>
<b>Revenues:</b>					
Chg for Serv - Water	\$12,126,960	\$12,642,360	\$13,177,385	\$13,732,780	\$14,309,310
Chg for Serv - Sewer	8,795,635	9,169,450	9,557,500	9,960,325	10,378,475
Other Revenue	910,175	896,265	1,433,635	1,985,290	2,320,480
<b>Total Revenues</b>	<b>21,832,770</b>	<b>22,708,075</b>	<b>24,168,520</b>	<b>25,678,395</b>	<b>27,008,265</b>
<b>Expenses:</b>					
Operations	16,678,680	16,678,995	17,516,435	18,143,600	18,796,375
Renewal & Replacement of Infrastructure	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	1,685,000	6,370,000	850,000	2,485,000	800,000
Existing Debt Service - RO SRF Loan	999,595	999,595	999,595	999,595	999,595
Transfer to SRF Fund-reserve incr (decr)	1,500,000	1,500,000	1,460,400	0	0
Est. new debt service WWTP	0	0	2,230,000	4,460,400	4,460,400
Est. new debt service WTP Filtration Rehab	0	0	778,000	1,556,000	1,556,000
<b>Total Expenses</b>	<b>21,983,275</b>	<b>26,668,590</b>	<b>24,954,430</b>	<b>28,764,595</b>	<b>27,732,370</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(150,505)</b>	<b>(3,960,515)</b>	<b>(785,910)</b>	<b>(3,086,200)</b>	<b>(724,105)</b>
<b>Operating Reserves-Beg</b>	<b>8,646,200</b>	<b>8,495,695</b>	<b>4,535,180</b>	<b>3,749,270</b>	<b>663,070</b>
<b>Operating Reserves-End</b>	<b>\$8,495,695</b>	<b>\$4,535,180</b>	<b>\$3,749,270</b>	<b>\$663,070</b>	<b>(\$61,035)</b>

**Utilities Reserves**

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

- Maintain an unassigned fund balance minimum of \$3.1 million; protection against unforeseen revenue declines and extraordinary operating expenses due to economic or weather disasters, and contract bids or equipment failures.

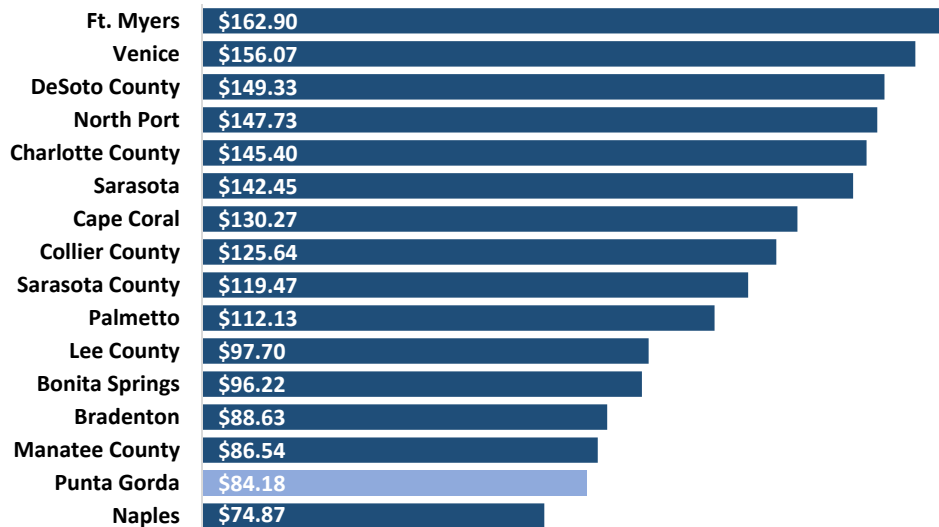


- Provide an emergency fund for existing infrastructure by retaining the Renewal and Replacement fund of \$1.5 million, which until January 2014 was required by bond covenants;
- Utilize a Capital Outlay reserve to provide level funding. City Council has approved the \$700,000 funding level over the five year plan for FY 2023 through FY 2027. This was adjusted for FY 2023 with a corresponding decrease in FY 2024 due to the vacuum truck replacement in FY 2023. If the funds are not spent in the budgeted fiscal year, they will be placed in the Capital Outlay reserves. This will ensure that current and future aging issues of mechanical parts in both plants can be addressed in an adequate manner.
- Existing State Revolving Loan Fund (SRF) reserve fund maintains one year of debt service payments and shows an increase of \$1,500,000 projected in FY 2023 in anticipation of SRF loan funding requirements based on amounts drawn 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 2023 rates.

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



### Utilities Construction

Total FY 2023 capital projects of \$57.3 million are being funded with: user charges and unassigned operating reserves of \$2.8 million through a transfer to the Utilities Construction Fund; \$0.8 transfer from sewer system capacity fees towards the wastewater treatment plant expansion and reimbursement for Jones Loop project; and \$53.7 million in state revolving loan financing projected

for the wastewater plant improvement expansion project. Some of the projects included in FY 2023 are: construction of the wastewater treatment plant expansion project; Henry St force main replacement crossing at I-75, Piper Rd force main relocation, a well remediation at the water treatment plant, design for the Burnt Store Rd Booster Station pipe riser repair and pumps, and design for the Bal Harbor water main replacement. Septic to sewer projects were pushed out as the City looks for grants to help fund those projects.

**Utilities Construction Fund  
Proforma Schedule of Revenues and Expenses  
Proposed FY 2023 through Proforma FY 2027**

	Proposed FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027
<b>Revenues:</b>					
Transfer from Utilities OM&R	\$2,805,000	\$7,490,000	\$1,970,000	\$3,605,000	\$1,920,000
Transfer from Water System Impacts	0	1,650,000	0	0	0
Transfer from Sewer System Impacts	850,000	0	0	0	0
Estimated Grants for S25 (25%)	0	0	0	0	2,750,000
Financing S2S-repay w/assessments & Util.F	0	0	0	1,000,000	10,286,400
Financing of Wastewater Plant Expansion	53,692,000	0	0	0	0
Financing of Water Plant Filtration project	0	17,300,000	0	0	0
<b>Total Revenues</b>	<b>57,347,000</b>	<b>26,440,000</b>	<b>1,970,000</b>	<b>4,605,000</b>	<b>14,956,400</b>
<b>Expenses:</b>					
Contingency					
Water Treatment Plant Imprv	450,000	20,600,000	850,000	2,285,000	0
Water Distribution System Imprv	420,000	3,920,000	220,000	220,000	220,000
Wastewater Collection System Imprv	2,200,000	900,000	900,000	1,900,000	13,936,400
Wastewater Treatment Plant Imprv	54,277,000	1,020,000	0	200,000	800,000
<b>Total Expenses</b>	<b>57,347,000</b>	<b>26,440,000</b>	<b>1,970,000</b>	<b>4,605,000</b>	<b>14,956,400</b>
<b>Revenues in Excess of Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Sanitation

The City operates its sanitation services as an enterprise fund and collects refuse two days per week and horticulture one day per week for 12,295 residential accounts. For the 660 commercial accounts collection is available 6 days per week. The City implemented semi-automatic pickup system with carts which is expected to reduce injuries and yet allow the full-service that Punta Gorda residents appreciate. The City has improved the recycling program by providing a 48 gallon rolling cart to each household, which is collected one day per week by an outside vendor. The projected diversion of waste stream from the landfill is 35%, which exceeds the 30% mandate. The program continues in FY 2023 with a proposed rate increase of \$0.51 per month or \$6.12 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 \$1.00 per month or \$12.00 per year increase in refuse/yardwaste rates is also proposed due to costs increasing in all areas due to inflation, labor increases, fuel increases, equipment (packers) increases, etc. that have been ranging from 8% to 120%.

The proposed FY 2023 budget reflects the increases mentioned above and includes an estimated amount for the pay plan study results. The five year plan reflects the capital replacements needed which will be reviewed each year to analyze repair costs to determine if a replacement could be delayed. 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 each year through FY 2027. These increases will be reviewed each budget cycle.

**Sanitation Fund  
Proforma Schedule of Revenues and Expenses  
Proposed FY 2023 through Proforma FY 2027**

	<b>Proposed FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>
<b>Revenues:</b>					
Chg for Serv - Refuse Collection	\$4,281,275	\$4,520,240	\$4,762,445	\$5,009,365	\$5,261,005
Other Revenue	44,400	42,600	42,600	42,600	42,600
<b>Total Revenues</b>	<b>4,325,675</b>	<b>4,562,840</b>	<b>4,805,045</b>	<b>5,051,965</b>	<b>5,303,605</b>
<b>Expenses:</b>					
Operations	4,337,740	4,436,145	4,636,700	4,847,570	5,069,345
Capital	361,000	341,250	183,750	0	395,040
<b>Total Expenses</b>	<b>4,698,740</b>	<b>4,777,395</b>	<b>4,820,450</b>	<b>4,847,570</b>	<b>5,464,385</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(373,065)</b>	<b>(214,555)</b>	<b>(15,405)</b>	<b>204,395</b>	<b>(160,780)</b>
<b>Operating Reserves-Beg</b>	<b>843,186</b>	<b>750,121</b>	<b>535,566</b>	<b>520,161</b>	<b>474,556</b>
<b>Capital Outlay Reserves-Beg</b>	<b>280,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250,000</b>
<b>Capital Outlay Reserves-End</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$250,000</b>
<b>Operating Reserves-End</b>	<b>\$750,121</b>	<b>\$535,566</b>	<b>\$520,161</b>	<b>\$474,556</b>	<b>\$313,776</b>

To compare the City’s rates with surrounding jurisdictions, a survey was taken during August 2022. 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 2023**

<b>Jurisdiction</b>	<b>Proposed FY 2022 Cost/Year</b>	<b>Frequency of Service per Week</b>	<b>Outsourced</b>
Naples	\$377.88	2	No
<b>Punta Gorda</b>	<b>\$306.72</b>	<b>2</b>	<b>No</b>
City of Sarasota	\$294.60	1	No
Charlotte County	\$292.28	1	Yes
Cape Coral	\$285.86	1	Yes
Fort Myers	\$267.86	1	No
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

**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 approximate additional 3,890 lineal feet. The proposed operating assessment increases from \$650 to \$950. This was lower than the Advisory Committee recommendation. Continued increases to the program are

expected based on the seawall study completed in FY 2021 as well as increased costs currently being realized in the current economic environment. This will be reviewed 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 2022 along with expected FEMA and State reimbursements and loan repayments. Permitting is still pending and these two items may be moved out an additional year.

The five-year proforma proposes increasing assessments through FY 2027. A reserve for contingency is budgeted in each year to be used for an emergency repair not scheduled in the program and can be authorized for use by City Manager. Contracted seawall inspections for condition assessment were added in two phases with estimated cost of \$30,000 and \$20,000 in every other year respectively. 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 2023 through Proforma FY 2027**

	<b>Proposed FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>
Assessment Rate	<b>\$950</b>	<b>\$1,100</b>	<b>\$1,250</b>	<b>\$1,400</b>	<b>\$1,550</b>
<b>Revenues:</b>					
Operating Assessment	\$4,941,440	\$5,721,060	\$6,500,675	\$7,280,290	\$8,059,905
Other Revenue	10,920	12,600	12,825	11,210	9,950
<b>Total Revenues</b>	<b>4,952,360</b>	<b>5,733,660</b>	<b>6,513,500</b>	<b>7,291,500</b>	<b>8,069,855</b>
<b>Expenditures:</b>					
Operations	1,262,870	1,296,970	1,357,555	1,400,090	1,465,265
Inlet Dredging	75,000	75,000	75,000	75,000	75,000
Seawalls and Stabilization	3,779,090	4,606,955	5,459,655	6,337,945	6,528,080
Capital/Special Projects	115,000	231,500	255,000	225,000	225,000
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
<b>Total Expenditures</b>	<b>5,281,960</b>	<b>6,260,425</b>	<b>7,197,210</b>	<b>8,088,035</b>	<b>8,343,345</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(329,600)</b>	<b>(526,765)</b>	<b>(683,710)</b>	<b>(796,535)</b>	<b>(273,490)</b>
<b>Operating Reserves-Beg</b>	<b>2,897,076</b>	<b>2,667,476</b>	<b>2,372,211</b>	<b>1,907,001</b>	<b>1,335,466</b>
<b>Reserve Seawall Replacement-Beg</b>	<b>775,000</b>	<b>675,000</b>	<b>443,500</b>	<b>225,000</b>	<b>0</b>
<b>Reserve Seawall Replacement-End</b>	<b>\$675,000</b>	<b>\$443,500</b>	<b>\$225,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Reserves-End</b>	<b>\$2,667,476</b>	<b>\$2,372,211</b>	<b>\$1,907,001</b>	<b>\$1,335,466</b>	<b>\$1,061,976</b>

**Burnt Store Isles Canal Maintenance District**

The proposed budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects the Advisory Committee recommendation and City Council approval to increase the seawall replacement program an approximate additional 540 lineal feet and use of an interfund loan for the additional funds for inlet widening project that will allow barge access to be repaid through assessments over five years. The proposed operating assessment increases from \$560 to \$860 with

\$100 for the project mentioned above. Continued increases to the program are expected based on the seawall study completed in FY 2021 as well as increased costs currently being realized in the current economic environment. This will be reviewed 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 project with expected FEMA and State reimbursements has been moved FY 2022. The District’s assessments are sufficient to fund the City’s share of the project. Permitting is still pending and these two items may be moved out an additional year.

The five-year proforma proposes increasing assessments for inflationary costs only through FY 2027. Additional assessments are expected and will be reviewed each year. A reserve for contingencies is budgeted in each year to be used for an emergency repair not scheduled in the program and can be authorized for use by City Manager. Contracted seawall inspections for condition assessment were added with estimated cost of \$10,000 every other year beginning in FY 2024. The construction of barge access/inlet widening project is included. 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 2023 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 2023 through Proforma FY 2027**

	<b>Proposed FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>
Operating Rate	<b>\$760</b>	<b>\$785</b>	<b>\$810</b>	<b>\$835</b>	<b>\$860</b>
Special Project Rate	<b>\$100</b>	<b>\$90</b>	<b>\$90</b>	<b>\$90</b>	<b>\$90</b>
<b>Revenues:</b>					
Operating Assessment	\$784,115	\$809,890	\$835,665	\$861,440	\$887,215
Special Project Assessment	103,105	92,795	92,795	92,795	92,795
Interest	1,240	1,300	1,105	580	95
Financing	347,000	0	0	0	0
<b>Total Revenues</b>	<b>1,235,460</b>	<b>903,985</b>	<b>929,565</b>	<b>954,815</b>	<b>980,105</b>
<b>Expenditures:</b>					
Operations	113,215	125,390	119,435	133,620	127,965
Inlet Dredging	25,000	25,000	25,000	25,000	25,000
Seawalls and Stabilization	680,110	700,630	721,770	743,550	765,990
Barge Access-Inlet Widening Constr	450,000	0	0	0	0
Debt Service	0	91,200	91,200	91,200	91,200
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
<b>Total Expenditures</b>	<b>1,318,325</b>	<b>992,220</b>	<b>1,007,405</b>	<b>1,043,370</b>	<b>1,060,155</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(82,865)</b>	<b>(88,235)</b>	<b>(77,840)</b>	<b>(88,555)</b>	<b>(80,050)</b>
<b>Operating Reserves-Beg</b>	<b>452,265</b>	<b>369,400</b>	<b>281,165</b>	<b>203,325</b>	<b>114,770</b>
<b>Operating Reserves-End</b>	<b>\$369,400</b>	<b>\$281,165</b>	<b>\$203,325</b>	<b>\$114,770</b>	<b>\$34,720</b>
<b>Projects Requiring Approval &amp; Funding:</b>					
Channel Corner Widening Proj	100,000	100,000	200,000	325,000	0
BSI Land Acquisition for Staging	100,000	100,000	100,000	100,000	100,000
Est. Beg. Reserves with projects	452,265	169,400	(118,835)	(496,675)	(1,010,230)
Est. End. Reserves with projects	<b>\$169,400</b>	<b>(\$118,835)</b>	<b>(\$496,675)</b>	<b>(\$1,010,230)</b>	<b>(\$1,190,280)</b>

## Laishley Park Marina

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

The FY 2023 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 2023 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 annually and unused funds are accumulated for larger repairs. 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, but will be reviewed for increases to account for aging infrastructure and to eliminate the continued use of reserves during FY 2023.

### Laishley Park Marina Fund Proforma Schedule of Revenues and Expenses Proposed FY 2023 through Proforma FY 2027

	Proposed FY 2023	Proforma FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027
<b>Revenues:</b>					
Slip & Mooring Rentals	\$451,795	\$451,795	\$451,795	\$451,795	\$451,795
Intergovernmental Revenue	12,000	12,000	12,000	12,000	12,000
Other Revenue	25,720	25,945	26,175	26,405	26,640
<b>Total Revenues</b>	<b>489,515</b>	<b>489,740</b>	<b>489,970</b>	<b>490,200</b>	<b>490,435</b>
<b>Expenses:</b>					
Laishley Park Marina Expenses	273,995	280,415	286,385	292,545	298,900
Marina Park Contract Expenses	251,005	258,385	265,990	273,815	281,880
Capital Outlay	6,000	6,000	6,000	6,000	6,000
<b>Total Expenses</b>	<b>531,000</b>	<b>544,800</b>	<b>558,375</b>	<b>572,360</b>	<b>586,780</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(41,485)</b>	<b>(55,060)</b>	<b>(68,405)</b>	<b>(82,160)</b>	<b>(96,345)</b>
<b>Operating Reserves-Beg</b>	<b>380,630</b>	<b>339,145</b>	<b>284,085</b>	<b>215,680</b>	<b>133,520</b>
<b>Operating Reserves-End</b>	<b>\$339,145</b>	<b>\$284,085</b>	<b>\$215,680</b>	<b>\$133,520</b>	<b>\$37,175</b>

## Building

The Building fund is operated as an enterprise fund and includes all aspects of permitting, inspections, plans review and licensing of contractors to support the State and City building codes. The City has established various permit fees to pay for services provided. Staffing had been reduced from thirteen positions in FY 2006 to five in FY 2013 with furloughs due to a decline in

permit applications, inspections and stagnant growth trends. Since the turnaround that began in FY 2013, staff was reinstated to full 40 hour work weeks and staff has increased to 11.0 f.t.e through FY 2022. For FY 2023 another full-time permit technician position is added due to high-volume of building permits requiring additional support staff for permitting intake and issuance, record requests, filing, scanning, inspection scheduling, and general phone inquiries.

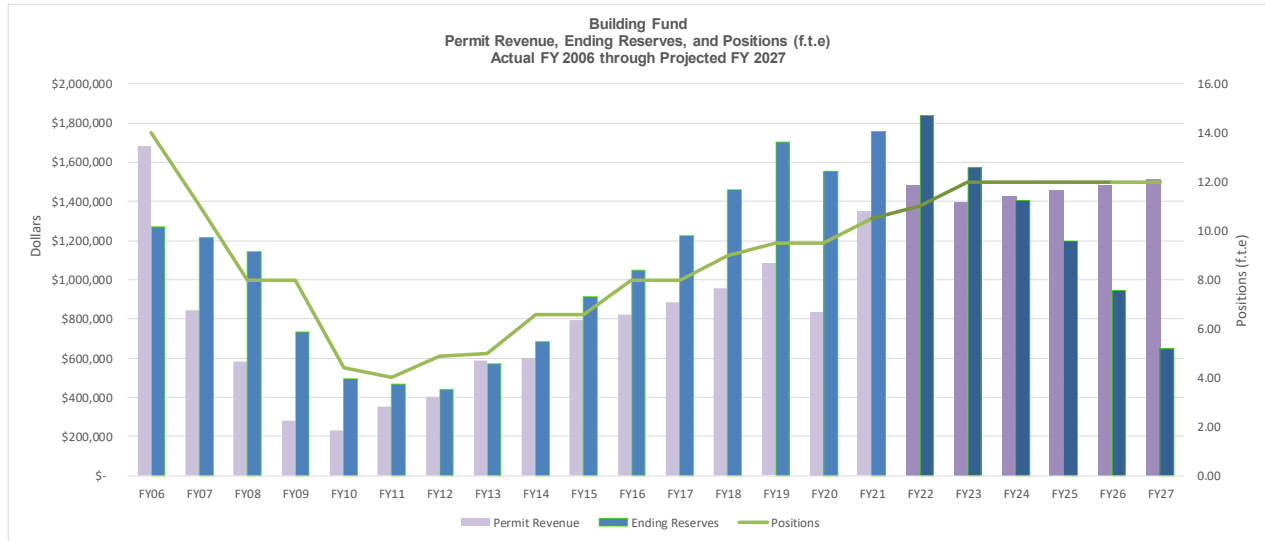
Operating expenses propose increases for fuel based on current per gallon rates, contractual services to provide support for specific discipline needs that may arise as newer staff continues to train after the retirement of two key positions (the building official and a plans examiner/inspector), and training and travel to provide support the training needs for new and existing employees. Capital outlay of \$138,000 for FY 2023 includes computer equipment for the new position, a replacement pickup up truck, an add to fleet for a shared vehicle for staff, and new software for allow of digital plans review.

The five-year proforma projects permit revenues increasing 2% each year through FY 2027. Staffing and contractual services will be monitored for needs based on permit volume and complexity.

**Building Fund  
Proforma Schedule of Revenues and Expenses  
Proposed FY 2023 through Proforma FY 2027**

	<b>Proposed FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>
<b>Revenues:</b>					
Permits, Fees & Spec.Assessments	\$1,463,850	\$1,491,850	\$1,520,410	\$1,549,540	\$1,579,255
Other Revenue	70,250	70,250	70,250	70,250	70,250
<b>Total Revenues</b>	<b>1,534,100</b>	<b>1,562,100</b>	<b>1,590,660</b>	<b>1,619,790</b>	<b>1,649,505</b>
<b>Expenses:</b>					
Operations	1,662,580	1,729,125	1,798,525	1,870,910	1,946,410
Capital	138,000	0	0	0	0
<b>Total Expenses</b>	<b>1,800,580</b>	<b>1,729,125</b>	<b>1,798,525</b>	<b>1,870,910</b>	<b>1,946,410</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(266,480)</b>	<b>(167,025)</b>	<b>(207,865)</b>	<b>(251,120)</b>	<b>(296,905)</b>
<b>Operating Reserves-Beg</b>	<b>1,839,266</b>	<b>1,572,786</b>	<b>1,405,761</b>	<b>1,197,896</b>	<b>946,776</b>
<b>Operating Reserves-End</b>	<b>\$1,572,786</b>	<b>\$1,405,761</b>	<b>\$1,197,896</b>	<b>\$946,776</b>	<b>\$649,871</b>

As experienced in the previous economic downturn (FY 2008 – 2013), the level of reserves projected is necessary to continue necessary levels of service even during downturns in new construction starts. The chart below shows actual permit revenue, ending reserves and staffing from actual FY 2006 through FY 2021 and projected FY 2022 through FY 2027. 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, reserves would be needed to support the fund.



## 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 2014 is displayed below.

Fiscal Year	6 Cents	5 Cents	Total
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	\$ 612,600	\$ 280,300	\$ 892,900
2022	\$ 625,000	\$ 280,600	\$ 905,600
2023	\$ 666,000	\$ 287,700	\$ 953,700

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 2022 have been projected with an increase



despite the increase in gas prices due to continued business and consumer spending. FY 2023 has been budgeted at 95% of the state projections and the City has accounted for the October 2022 gas tax holiday passed by the Florida legislature.

The Six Cent Gas Tax Fund five-year proforma projects gas tax revenue with growth of 2% per year FY 2024 through FY 2027. The use of reserves covers shortfalls through FY 2026. It is hoped that some expenditures that have seen high increases over the past year will come down, such as gas prices.

**Six Cent Gas Tax Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2023 through Proforma FY 2027**

	<b>Proposed FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>
<b>Revenues:</b>					
Local Option Gas Tax	\$666,035	\$679,355	\$692,940	\$706,800	\$720,935
Other Revenue	314,095	321,250	328,335	335,335	343,065
<b>Total Revenues</b>	<b>980,130</b>	<b>1,000,605</b>	<b>1,021,275</b>	<b>1,042,135</b>	<b>1,064,000</b>
<b>Expenditures:</b>					
Operating Expenditures	1,226,980	1,102,680	1,129,145	1,156,405	1,184,480
<b>Total Expenditures</b>	<b>1,226,980</b>	<b>1,102,680</b>	<b>1,129,145</b>	<b>1,156,405</b>	<b>1,184,480</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(246,850)</b>	<b>(102,075)</b>	<b>(107,870)</b>	<b>(114,270)</b>	<b>(120,480)</b>
<b>Operating Reserves-Beg</b>	<b>596,567</b>	<b>349,717</b>	<b>247,642</b>	<b>139,772</b>	<b>25,502</b>
<b>Operating Reserves-End</b>	<b>\$349,717</b>	<b>\$247,642</b>	<b>\$139,772</b>	<b>\$25,502</b>	<b>(\$94,978)</b>

The Additional Five Cent Gas Tax Fund five-year proforma projects 2% increases FY 2024 through FY 2027, 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 2023 through Proforma FY 2027**

	<b>Proposed FY 2023</b>	<b>Proforma FY 2024</b>	<b>Proforma FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>
<b>Revenues:</b>					
Local Option Gas Tax	\$287,660	\$293,415	\$299,285	\$305,270	\$311,375
Transfer from General Fund Ad Valor	459,000	459,000	459,000	459,000	459,000
Other Revenues	120	170	170	175	185
<b>Total Revenues</b>	<b>746,780</b>	<b>752,585</b>	<b>758,455</b>	<b>764,445</b>	<b>770,560</b>
<b>Expenditures:</b>					
Paving	745,000	765,000	770,000	775,000	780,000
<b>Total Expenditures</b>	<b>745,000</b>	<b>765,000</b>	<b>770,000</b>	<b>775,000</b>	<b>780,000</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>1,780</b>	<b>(12,415)</b>	<b>(11,545)</b>	<b>(10,555)</b>	<b>(9,440)</b>
<b>Operating Reserves-Beg</b>	<b>53,675</b>	<b>55,455</b>	<b>43,040</b>	<b>31,495</b>	<b>20,940</b>
<b>Operating Reserves-End</b>	<b>\$55,455</b>	<b>\$43,040</b>	<b>\$31,495</b>	<b>\$20,940</b>	<b>\$11,500</b>

## Coastal & Heartland National Estuary Partnership (CHNEP)

The Coastal and Heartland National Estuary Partnership will transition hosting of its program to Charlotte County. The City will continue work on close out of CHNEP's current projects during the transition and will continue to partner on projects in the future. A partner project that is scheduled for FY 2023 is the Living Shoreline at Tiki Point.

The proposed FY 2023 budget included below is for the transfer of the estimated remaining fund balance to Charlotte County. CHNEP's full FY 2023 workplan will be incorporated into Charlotte County's budget.

### Coastal & Heartland National Estuary Partnership Fund Proposed FY 2023 Schedule of Revenues and Expenditures

	Proposed FY 2023
<b>FDEP, Local and Donations Division - 1536</b>	
FDEP, Local & Misc. Revenues	\$ 0
Operating Expenditures	390,958
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(390,958)</b>
<b>Reserve - Division 1536 (Beg)</b>	<b>390,958</b>
<b>Reserve - Division 1536 (End)</b>	<b>\$ 0</b>

## 1% Local Option Sales Tax

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

The City anticipates funding in the amount of \$22.4 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 2023 including continuing projects:

- Historic City Hall Preservation and Rehabilitation
- City-wide ADA Improvements
- Corto Andra/Boca Grande Stormwater Project
- Virginia Avenue Improvements
- Henry Street Property Improvements
- Freeman House Preservation
- Henry St Crosswalk
- Punta Gorda Pathways Enhancements
- US 41 Bridge Approach Lighting
- Sidewalk 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, 2021, the City had \$27.8 million in notes.

The proposed FY 2023 budget anticipates new financing of \$53.7 million for the wastewater treatment plant expansion project. Additional debt planned in FY 2022 for this project will also be carried into FY 2023. Debt service associated with the above financing will be repaid with user charges and wastewater impact fees. See Utilities fund for more details.

The projected FY 2022 budget anticipated draws of \$7.8 million on a line of credit with repayment from FEMA and State reimbursements 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 2023 or the years to come.

**Police Officer Bargaining Unit Contract** – The City and the Police bargaining unit are currently in negotiations for a new contract that would begin October 1, 2022. The general fund included and estimated amount for both the bargaining contract and pay study discussed below in non-departmental. Additional funding may be required.

**Pay, Benefit, and Classification Study** – The study is underway. Results and recommendations from the study may affect personnel cost projections provided in the five-year proformas. It is important to note that an estimated amount has been included in all funds in non-departmental to be used towards the recommendations. Additional funding may be required.

**Current Employment Market** – Over the past year, 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.

**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.

**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.

**Inflation** – Inflation is affecting all aspects of operations and capital planning and is reflected in the proposed budget. The City continues to look for grants to supplement increased project costs, review projects for timing based on cost increases, and look for alternative funding sources.

**Wastewater Treatment Plant Improvement/Expansion** – The latest engineer’s estimates were included in the Utilities proposed budget with full SRF funding for construction. The City is working with engineer and construction manager at risk to look for design changes specifically related to the geotechnical portion of the project. A second geotechnical firm has been approved to provide a second opinion. The City is also exploring other financing options such as a program that may allow a portion of the project to be financed over 30 years or using bank financing with higher interest rates would be less than the expense from federal requirements using SRF funding would be. Cost analysis by engineer is underway.

**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 presented 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.

**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.

**Economic Conditions** – Economic forecasts continue to vary between a slowdown and a recession. The City continues to monitor the forecasts with conditions being experienced locally. The five year proformas lets the City easily change forecasts to see the effects and work to respond quickly to adjust to changing conditions.

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