



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

To: City Council Members
From: Gregory Murray
Date: August 15, 2023
Subject: FY 2024 Proposed Budget

MISSION STATEMENT

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

Members of City Council,

Through hard work and sound decision making, we are fortunate to be able to present to you a budget that allows the City of Punta Gorda to grow our reserves and accomplish our strategic plan objectives without raising the millage rate. The millage rate remains unchanged from the previous two years at 3.95 mils.

With the taxable values from the Charlotte County Property Appraiser coming in at higher than previous conservative estimates of five percent, the revenue allows the City to increase the dollars invested in infrastructure projects and fund additional needed personnel without taking the funds from reserves. This includes hiring public safety personnel to enhance services and reduce overtime hours spent currently, an Accountant position to assist with navigation and reporting for the FEMA and State Agency grants the City has been successful in acquiring, and other essential personnel consistent with the overall personnel management plan presented to Council.

The FY 2024 budget prepares the City to keep projects moving forward as we work through accessing FEMA funds and finalizing insurance payouts as a result of Hurricane Ian. It also programs 25.5% for reserves, some of which is programmed for one time costs based on current needs, never falling below the 17% national standard. This is vitally important to keep the City fiscally sound to be able to weather the next hurricane or other disaster.

Employee retention and attraction is also still a key consideration for delivering a high level of service to our residents. During the 2022 Pay and Classification Study meetings, employees expressed a concern of not having the previous defined benefit pension plan available. This budget allows for the general employee defined benefit pension plan to be reopened. Funds budgeted for defined contribution plans will be shifted to funding the defined benefit plan, giving more incentives for personnel management (attraction and retention), while minimizing cost to the City.

Technology investments are also necessary to provide a secure digital environment to conduct City business. The FY 2024 budget allows the City to purchase and install Tenable vulnerability scanning security software. This will improve network security by automating and increasing the frequency of vulnerability scans.

Each year I present to you a focus for the upcoming year. In FY 2024, the focus will be on accountability and structure. Accountability encourages self-reflection and learning from mistakes. It also leads to seeking ways to improve, goal achievement, and problem-solving. Structure involves systematically organizing tasks, activities, and time to create a clear path toward achieving objectives. It leads to efficiency, better time management, consistency, and goal attainment. Focus on structure and accountability will help us navigate challenges, make informed decisions, and achieve our goals.

I take great pride in being a member of the team contributing to the City of Punta Gorda. We consider ourselves fortunate to have an actively involved Council, a committed group of employees, and a wealth of expertise. Our approach involves a practical, prudent budget and meticulous, data-driven long-term planning. It sets the table to handle rebuilding our City facilities damaged during Hurricane Ian, provides adequate staffing levels, and prepares us for future challenges. We have a bright future ahead.

Initial budgetary factors:

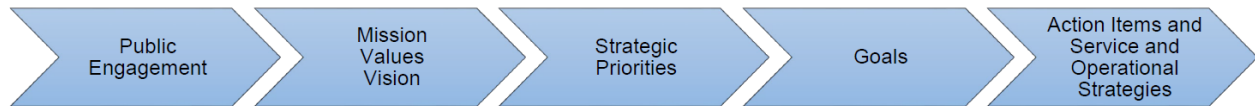
- The Charlotte County Property Appraiser reported that taxable property values increased Citywide 10.9%.
- Decreased value from new construction, annexations and other adjustments in the City is \$-18.1 million, down from \$31.5 million the previous year due to Hurricane Ian.
- The Community Redevelopment Area (CRA) experienced an 8.47% increase from previous year property values.
- Our plan includes paying off the CRA debt in FY 2024 and district will sunset.
- The proposed FY 2024 General Fund Budget, net of ending reserve, totals \$34.6 million, which is \$5.0 million or 16.9% more than the original FY 2023 budget (see next bullet).
- That includes a plan for approved personnel, approved transfer to address infrastructure maintenance needs or other considerations, and use of reserves and projected grant awards in the proforma.
- The cumulative increase in the general fund since FY 2008 is 68.8%, which averages to an approximate 4.3% increase per year. This includes the planned position increases and personnel related costs, as well as the cost increases being felt due to the significant increase in inflationary factors, and planned funding to address infrastructure maintenance needs and other considerations.
- State revenue projections for various taxes show a wide spread of changes ranging from a 0.9% increase in gas taxes to 30.3% increase in 1% sales tax for FY 2024 from the prior year original projections. Other items include local government taxes and state revenue sharing. 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 by Charlotte County government and Charlotte County School system.
- Considerations for the proposed millage rate include:
 - the 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 and the City has grown through development and annexations while staffing levels have remained low causing light responses and requiring duties to be reassigned;
 - other operating personnel have been previously reduced and additional needs have been identified;
 - despite some increases in personnel, overtime remains high;
 - incorporated in the overall budget is a proposed 2% pay adjustment for general employees (excluding police sworn who received pay adjustments commensurate with police bargaining in FY 2023);
 - 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 2024 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 2024 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 6.5%, the cap of 3.0% will be used for FY 2024. 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 with inflationary factors driving up costs and personnel expenditures, the City balances its needs with the necessity of prudent and sensible funding for needed services. In addition, the City is still in recovery from Hurricane Ian which will require match funding for FEMA projects or items not covered by insurance or FEMA. 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 by soliciting input from residents, civic groups, ad-hoc boards and committees, as well as staff on priorities to be addressed. Since 2005, the City has annually adopted a strategic plan. The FY 2021 Plan, which was developed after solicitation of input and engagement from the entire community followed by two workshops focusing on all elements of what make up a strategic plan, formed the base from which future action items evolved. The FY 2022 Strategic Plan included the new five year staffing plan, forward looking action items, and a message from the City Manager addressing the budget necessary to implement the strategic plan. The FY 2023 Plan included a strong technology focus. The FY 2024 Plan aims to create a sustainable structure and a renewed focus on accountability.

Action items accomplished as part of the FY 2023 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 2024 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.
- Digital Plans Review software being implemented.
- Implemented revised Utility and Sanitation Rates.
- Continued implementation of Time Clock Plus software for payroll systems.
- Updated five year citywide staffing needs analysis.
- 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.
- Approximately 725 vendor contracts were managed by the City.
- Continued updates to proposed Land Development Regulations (LDR)/Form Based Codes.
- Secured state revolving loan for Waste Water Treatment plant improvements.
- Discussions with insurance provider and FEMA ongoing for Hurricane Ian recovery efforts.

Infrastructure Sustainability

- Completed annual programs for street resurfacing program.
- Completed annual swale drainage improvement program.
- Harborwalk parking and landscape improvements completed.
- City Hall Annex Security upgrades completed.
- Started permitting of Channel and Basin dredging at Boat Club Area.
- Grant awarded for Fire Training Structure.
- Developed and presented FY 2024-2028 Capital Improvements and Capital Outlay Plans for major infrastructure categories.
- Ponce de Leon Park Fishing Pier and boardwalk repairs underway.
- Waste Water Treatment Plant Improvements project underway.
- Accomplished temporary relocation of City Manager and Urban Design staff, due to damage to the Annex Building from Hurricane Ian.
- Design 90% plans for the Historic City Hall and A.C. Freeman House.
- Secured \$5.5 million legislative appropriation for septic to sewer in Charlotte Park.

Partnerships, Communication & Collaboration

- Completed thirteenth 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.
- Broke ground on new Peace River Wildlife Center 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.
- Partnered with Happy Hour Gardens to manage the agripreneur garden on East Virginia Ave.
- Hosted a second successful Public Safety Youth Academy.
- 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.
- A positive message greets visitors through strategic advertisements in both the Punta Gorda Chamber of Commerce and Charlotte County Chamber of Commerce guides.
- 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

- Continued the design and engineering of the Nature Park ADA improvements to the observation decks and fishing pier.
- Purchased a new Christmas tree and decorations.
- Increased capacity of Hounds on Henry Dog Park and installed canine grass.
- Laishley Park Interactive Fountain Playground replacement out for bid.
- 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.
- 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 2024 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 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 2023/FY2024.

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 2028.
- 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; and 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 June 2023 budget update and July 2023 economic forecast from the Congressional Budget Office (CBO) include the following key points:

- The update and forecast reflects economic developments as of June 22, 2023 and the enactment of the Fiscal Responsibility Act of 2023.
- In CBO's projections, the federal deficit equals 5.8 percent of gross domestic product (GDP) in 2023, declines to 5.0 percent by 2027, and then begins increasing again.
- By the end of 2023, federal debt equals 98 percent of GDP. Debt then rises in relation to GDP surpassing its historical high in 2029, when it reaches 107 percent of GDP which could slow economic growth, push up interest payments to foreign holders, and pose significant risks to the fiscal and economic outlook; it could also cause lawmakers to feel more constrained in their policy choices.
- In 2023, outlays fall to 24.2 percent of GDP as federal spending in response to the pandemic diminishes. Outlays continue to decline through 2026 but increase thereafter due to spending on the major health care programs and Social Security driven by the aging of the population and growing health care costs.
- Revenues fall to 18.4 percent of GDP in 2023 and continue to drop until 2026, when the scheduled expiration of certain provisions of the 2017 tax act causes tax receipts to increase. Revenues generally rise thereafter.
- Real GDP is expected to grow at an average rate of 1.9 percent per year for the next two years before beginning to decline slightly.
- The forecast projects employment to moderate in the second half of 2023 as slowed growth in output dampens the demand for workers and expects employment to decline through 2024 before increasing in 2025 as economic growth rebounds. The unemployment rate rises from 3.6 percent in the second quarter of 2023 to 4.7 percent at end of 2024 and gradually declining to 4.5 percent in 2025.
- Labor force participation declines through 2024 as slower economic growth reduces the demand for labor and continues to decline through 2025 due to the aging of the population.
- The employment cost index for workers in private industry is projected to decline 4.9 percent in 2023 to 3.6 percent in 2025 due to slowing demands and falling inflation.
- The rate of inflation continues to exceed the Federal Reserve's long-run goal of 2 percent through 2025. The rate of inflation using the personal consumption expenditures (PCE) price index is expected to fall from 3.3 percent in 2023 to 2.6 percent in 2024 and 2.2 percent in 2025. The three factors driving the decline are supply-side pressures on prices of many goods, including food and energy, are abating, slower economic growth and higher unemployment, and higher interest rates.
- The interest rate on 10-year Treasury notes is expected to rise to 4.0 percent this year and change little over the next year, then decline to 3.5 percent by end of 2025.
- The Federal Reserve forecasts the federal funds rate rising to 5.4 percent in 2023 before normalizing monetary policy in the by lowering the target range in the second half of 2024.
- CBO expects consumer spending to weaken in late 2023 as rising interest rates, tighter lending standards, rising unemployment and diminished savings cause consumers to pull back and will rebound late in 2024 as interest rates decline.

Florida/Southwest Florida Regional Economic Outlook

The Florida Legislature Office of Economic and Demographic Research issued its Economic Overview in August 2022 and its Long-Range Financial Outlook in September 2022. Key highlights of the reports are delineated below:

- The state's GDP rate for this fiscal year is anticipated to expand only 1% as economic imbalances weigh down the economy, but beginning in FY 2024 it will grow at a more characteristic 2% per year.
- Growth rate for personal income for FY 2022 was 5.5% as the benefit from workers returning to their jobs or leveraging the tight labor market into better paying opportunities competed with the end of federal relief measures. Growth of 6.4% is expected in FY 2023, largely on the continuing strength of salary growth. Thereafter, annual growth rates are expected to remain solidly at or above 4.0%.
- The FY 2023 unemployment rate is expected to average 3.8% and start an upward drift until it reaches 4.2% in FY 2025.
- 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. In the first full year of the pandemic (between April 1, 2020 and 2021), Florida's strong migration trends continued, increasing population by 360,758 residents (1.67%) despite the losses from more deaths than births. Growth is forecast to average 1.24% through 2030, higher than the national average of 0.65%.
- Florida total private housing starts reached a 16-year high of almost 239,000 units in FY 2022. Due to the Federal Reserve's probable series of interest rate hikes, private housing starts are projected to slump by a cumulative 22.6% by the end of this fiscal year.
- 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. Slowly returning to a more normal mix of visitors in the midst of strong economic headwinds growth of 2.4% is expected during FY 2023, 4.4% for FY 2024, 3.9% for FY 2025, and moderating to 3.1% by FY 2032.
- Consumer perceptions reached a record low in June 2022 and well below the Great Recession depths, but has seen an increase since.
- Florida's economic stability is vulnerable to the potential impacts of natural disasters, especially major hurricanes. When a federal disaster declaration is issued, the federal government often provides funds in the form of reimbursements and grants for emergency response activities, repairing damage, and protecting areas from future potential disasters. Florida is generally required to provide up to 25 percent of the total cost of the grant as state match, depending on the size and severity of the event.

The Florida Gulf Coast University (FGCU) Regional Economic Research Institute's Southwest Florida Regional Economic Indicators Report published in July 2023 and their indicators dashboard highlights:

- Southwest Florida's seasonally-adjusted unemployment rate in May 2023 is 3.0% up from 2.1% in May 2022.

- Seasonally-adjusted real taxable sales totaled \$3.354 billion in May 2023, 2% above May 2022 and 3% over April 2023.
- Tourist tax revenues for the coastal counties slipped to \$6.4 million in April 2023, 42% below April 2022. The decrease was mainly attributed to the long-term effects of Hurricane Ian.
- Tighter credit conditions may have started to trickle down to the local residential real estate market in the form of lower listings and sales activity. Coastal county existing single-family home sales were 13% below May 2022 at the same time housing supply increasing by 100% from May 2022 to May 2023. As the market seems to be shifting from a seller's market to a buyer's market, median home prices for all coastal counties are cooling down, with prices decreasing from 4-5% from last year. Single-family building permits, which help forecast the performance of the construction industry continued to decrease for the coastal counties 37% from May 2022.
- Airport passenger activity in June 2023 was 1% below June 2022, but up 1% from the prior month.
- According to Hector Sandoval the June 2023 Florida Consumer Sentiment is 69.3 and "largely driven by Floridians' anticipation of national economic conditions in the long run."
- 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 2022, the IDI for Southwest Florida measured at 5.207, ranking it as the 7th most industrially diverse workforce region in the state of Florida (out of 24), up from 9th last year.

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 2022 population estimates from the University of Florida, Bureau of Economic Research (BEBR) is 196,742 up from the previous year's estimate of 190,570. It is estimated that 28.2% of the population is in the age range of 45-64 and 38.3% is 65 or older. The U.S. Census Bureau estimates a July 1, 2022 population at 202,661.
- For the eleventh consecutive year, the taxable property value in the County has increased. The increase is 13.2% from the prior year. Of that amount, new construction and other adjustments accounted for -0.7%.
- Unemployment is 3.0% in May 2023 as compared to 2.3% in May 2022.
- The median sales price of an existing single family home in the County was \$380,000 in June 2023, down 5.0% from last year.
- The County reported 456 single family home sales for June 2023 down 16% from June 2022. There were 281 building permits issued in May 2023, down 28 percent from May 2022 and 31 percent over April 2023.
- Seasonally-adjusted real taxable sales totaled \$361.0 million in April 2023, up 2 percent from both April 2022 and March 2023.

- Tourist tax revenues were \$634.2 thousand in May 2023, 11 percent below May 2022.
- The Punta Gorda Airport and Enterprise Charlotte Airport Park (ECAP) continue to represent major economic drivers in the area. The airport’s two carriers, Allegiant and Sun Country Airlines, connect passengers to more than 50 nonstop destinations throughout the United States. The airport re-opened one of its runways after a year-long \$15 million construction project. Nineteen new box hangars and 24 new T-hangars are under construction. Florida Department of Transportation Office of Aviation’s Florida Aviation Economic Impact study revealed that \$1.7 billion in economic impact is brought to the County. There was a decline in passenger count in 2020 due to the pandemic but has since recovered.

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	2022	1,846,097

- Sunseeker Resort in the Charlotte Harbor Community Redevelopment Area bordering the harbor on the north side of the US 41 South Bridge is nearing completion. It is expected to open in September 2023 with 785 guest rooms, two pools, 60,000 square foot convention space, spa and salon, fitness center, three retail/market shops and 20 dining and bar concepts.
- Parkside Village in Port Charlotte will transform the Promenades Mall site into a small city containing 791 apartments, 600 hotel rooms, and 500,000 square feet of commercial uses. A zoning change was approved to rezone the property from commercial to compact growth mixed use in June 2023.
- 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 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. To-date, over 3,000 homes have sold just as it introduces new neighborhoods, builders, amenities and a second retail center. Ranked the nation’s No. 5 best-selling master-planned community in 2022, Babcock Ranch is America’s first solar-powered town developed with the philosophy that respect for the natural environment, smart growth and sustainability elevate residents’ daily lifestyle.
- West Port Development – Construction is on-going on 450 acres in the western section of Murdock Village for mixed-use development with a maximum of 2,000 single and multi-family units, and commercial uses. Homes continue to be constructed. Arredondo Pointe/Lost Lagoon Development will include a mixture of retail, entertainment, waterpark, 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 2024 population of 20,608.

- Changes in property values continue to contribute major influence on financial planning and budget preparation. Taxable property values (FY 2024) increased Citywide by 10.9% from the final previous fiscal year, including \$-18 million of new construction, annexation, and changes in exemption. This is the eleventh 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	122	FY 2023	57 (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	FY 2023	8 (YTD)

- City of Punta Gorda residential development – Vacant vs Developed as of July 27, 2023.

Community	Total Parcels Residential	Developed Residential	Vacant Residential	% Residential Developed
PGI	9,191	8,733	458	95.0%
BSI	1,837	1,696	141	92.3%
BSM	932	782	150	83.9%
TOTAL	11,960	11,211	749	93.7%

- Citywide Master Plan – Dover Kohl & Partners is currently working on revised 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.
- Parkside Punta Gorda, a 297 unit apartment complex at 26060 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.
- Projects under construction include:
 - Sea Haven - 36 multi-family townhomes on West Marion Avenue
 - Meridian at Punta Gorda Isles – 127 unit assisted living facility on Bal Harbor Blvd

- Projects in planning stages include: two car washes, twelve live/work units on Cooper St, a mixed use development on East Marion Ave, a 180 unit multi-family development on North Marion Ct, an eighteen multi-family development on Purple Martin Dr, a funeral home, and two subdivisions in the Loop area.
- 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 2024. The total FY 2024 budget including all transfers and carryover fund balance is \$243,693,291 which is \$56,363,051 (30.1%) greater than FY 2023. The major factors causing the net increase are:

- debt service increase of \$54.1 million caused by the early repayment of the CRA debt from the tax increment financing revenues and accumulated reserves and estimated repayment for the Hurricane Ian and Irma projects from FEMA and state reimbursements and canal district assessments;
- transfers had an increase of \$57.6 million for transfers for debt explained above and funding transfers for capital projects;
- capital projects and equipment decrease of \$54.4 million, much of which is in the utilities department because of the wastewater treatment plant improvement in the prior year;
- personnel costs increased \$3.0 million for all funds:
 - net thirteen positions – three added mid-year FY 2023, reduction of six positions from unawarded SAFER grant in FY 2023, and sixteen proposed new positions for FY 2024 (if SAFER grant award is not received up to six firefighter/EMT positions may be reduced, if COPS grant award up to four officers may be reduced);
 - 2% pay adjustment for general employees, excluding police sworn who received pay adjustments commensurate with police bargaining in FY 2023;
 - 4% merit increases; Fire and Police per bargaining contract;
 - 10% increase in health insurance;
 - 10% estimated increase in workers compensation insurance;
 - Defined contribution pension plan match up to 10%;
- other operating expenditures decreased \$1.4 million overall, mainly due to the canal maintenance programs reduced for capital replacements due to Hurricane Ian. Other operating expenditures did see increases due to increases in costs of commodities and services;
- ending carryovers had a net decrease of \$2.5 million due to increase in planned use of reserves for capital projects.

The following chart compares previous adopted budgets with the proposed FY 2024 budget. The expenditures are net of transfers to other funds, internal service funds and ending reserves. The FY 2024 net amount of \$131,862,959 is a decrease of \$728,987 or 0.6% less than FY 2023.

Comparison of Net Budgeted Expenditures
Budget FY 2020 through Proposed Budget FY 2024
 (Net of transfers, internal service funds and ending carryover fund balance)

	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023	Proposed FY 2024
General Fund	\$21,225,263	\$21,315,795	\$23,203,380	\$26,618,605	\$29,781,440
Special Revenue Funds	25,810,740	18,687,996	24,899,588	20,316,772	65,179,819
General Construction Fund	890,000	1,560,000	4,913,214	2,143,000	1,879,000
Enterprise Funds	25,715,244	33,738,498	49,635,630	82,055,595	35,022,700
Total Funds	\$73,641,247	\$75,302,289	\$102,651,812	\$131,133,972	\$131,862,959
\$ Net Increase (Decrease)	\$9,004,534	\$1,661,042	\$27,349,523	\$28,482,160	\$728,987
% Net Increase (Decrease)	13.93%	2.26%	36.32%	27.75%	0.56%

The FY 2024 budget continues to aggressively address substantial issues needed to move the City forward such as continued implementation of strategic plan objectives; enhanced service levels; infrastructure maintenance; 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 334 funded full time equivalent (f.t.e.) position count for FY 2024 has increased by sixteen positions from the amended count of FY 2023. FY 2023 mid-year adjustments were adds of a playground and fountain technician in parks and grounds, a school resource officer in police department, and an urban design manager in urban design and decrease of six firefighter/EMTs due to grant not being awarded. FY 2024 positions that are being added by the City are: an accountant in finance, a parks and grounds maintenance worker in public works, an administrative services support position and four police officers (may be reduced if grant not awarded) in the police department, six firefighter/EMTs (may be reduced if grant not awarded) and a fire prevention clerk/PIO in the fire Department, an engineer in utilities administration, and a permit technician in the building department. 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.

Fiscal Year	Population Estimates	Employees	Ratio Employees/ Per 100/Population
2024	20,608	334	1.6
2023	20,389	318	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 2023 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	Cape Coral	Mills	North Port	Mills	Fort Myers	Mills
Based on taxable value of \$250,000																
Property Taxes	\$ 292.50	1.1700	\$ 200.00	.8000	\$ 987.50	3.9500	\$ 750.00	3.0000	\$ 1,090.00	4.3600	\$ 1,342.35	5.3694	\$ 941.68	3.7667	\$ 1,699.98	6.7999
Water & Sewer (Avg Monthly annualized)	\$ 979.32		\$ 1,194.48		\$ 1,051.92		\$ 1,648.44		\$ 1,993.92		\$ 1,617.00		\$ 1,859.52		\$ 2,032.20	
Sanitation (Solid Waste)	\$ 431.04		\$ 286.27		\$ 323.04		\$ 343.08		\$ 269.52		\$ 304.37		\$ 275.00		\$ 273.99	
Fire Service	\$ 0		\$ 486.65	1.9466	\$ 0		\$ 118.24		\$ 0		\$ 185.90		\$ 291.50		\$ 203.00	
Roads/Drainage/Stormwater	\$ 0		\$ 50.00		\$ 0		\$ 151.94		\$ 0		\$ 142.00		\$ 274.10		\$ 141.00	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 39.53	.1581	\$ 101.53	.4061	\$ 41.88	.1675	\$ 0		\$ 0	
TOTAL	\$ 1,702.86		\$ 2,217.40		\$ 2,362.46		\$ 3,051.23		\$ 3,454.97		\$ 3,633.50		\$ 3,641.80		\$ 4,350.17	
Based on taxable value of \$500,000																
Property Taxes	\$ 585.00	1.1700	\$ 400.00	.8000	\$ 1,975.00	3.9500	\$ 1,500.00	3.0000	\$ 2,180.00	4.3600	\$ 1,883.35	5.3694	\$ 1,883.35	3.7667	\$ 2,684.70	6.7999
Water & Sewer (Avg Monthly annualized)	\$ 979.32		\$ 1,194.48		\$ 1,051.92		\$ 1,706.14		\$ 1,993.92		\$ 1,859.52		\$ 1,859.52		\$ 2,032.20	
Sanitation (Solid Waste)	\$ 431.04		\$ 286.27		\$ 323.04		\$ 343.08		\$ 269.52		\$ 275.00		\$ 304.37		\$ 273.99	
Fire Service	\$ 0		\$ 973.30	1.9466	\$ 0		\$ 260.73		\$ 0		\$ 523.50		\$ 311.80		\$ 203.00	
Roads/Drainage/Stormwater	\$ 0		\$ 50.00		\$ 0		\$ 151.94		\$ 0		\$ 274.10		\$ 142.00		\$ 282.01	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 79.05	.1581	\$ 203.05	.4061	\$ 0		\$ 83.75	.1675	\$ 0	
TOTAL	\$ 1,995.36		\$ 2,904.05		\$ 3,349.96		\$ 4,040.94		\$ 4,646.49		\$ 4,815.47		\$ 5,143.62		\$ 6,191.15	

*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 2024 General Fund Budget, net of ending reserve, totals \$34,604,960, which is \$5.0 million or 17.0% more than the original FY 2023 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 the sunseting of the Community Redevelopment Agency in FY 2024, the current five year fiscal forecast (August 2023) projects funding that could be used for infrastructure needs or for other personnel/service level enhancements. It also shows that the City is able to maintain the minimum reserve of 16.7% in the proforma period. 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.

The general fund financial plan includes a five year look forward using current assumptions and anticipated personnel/service level enhancements and capital outlay plan. This initiates planning for future years' budgets.

**General Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Change in Taxable Value of Property	11%	5%	5%	5%	5%
Revenues:					
Ad Valorem Tax	\$17,352,105	\$18,219,710	\$19,130,695	\$20,087,230	\$21,091,590
Other Revenue	14,406,480	14,555,620	14,706,805	14,860,060	15,015,430
Estimated Grants	485,000	485,000	485,000	0	0
Total Revenues	32,243,585	33,260,330	34,322,500	34,947,290	36,107,020
Expenditures:					
Personnel Expenditures	21,162,015	22,352,070	23,671,910	24,715,160	25,808,235
Operating Expenditures	7,050,200	7,173,635	7,236,895	7,453,320	7,677,050
Capital Outlay	1,554,225	1,370,000	904,000	740,000	740,000
Transfers to other Funds	254,000	187,000	0	0	0
Transfers for Tax Increment Financing	1,306,520	0	0	0	0
Transfers for Capital Projects	2,254,000	1,805,000	1,880,000	1,555,000	1,555,000
Transfers for Roads	709,000	709,000	709,000	709,000	709,000
Transfers for Drainage	300,000	300,000	300,000	300,000	300,000
Contingency	15,000	15,000	15,000	15,000	15,000
Total General Expenditures	34,604,960	33,911,705	34,716,805	35,487,480	36,804,285
Estimated Beginning Reserves	\$11,165,118	\$8,803,743	\$8,152,368	\$7,758,063	\$7,217,873
Estimated Ending Reserves	\$8,803,743	\$8,152,368	\$7,758,063	\$7,217,873	\$6,520,608
Minimum Reserve 16.7%	\$5,779,100	\$5,663,300	\$5,797,800	\$5,926,500	\$6,146,400

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 2020 through Proposed Budget FY 2024**

	Original Budget FY 2020	Original Budget FY 2021	Original Budget FY 2022	Original Budget FY 2023	Proposed Budget FY 2024
General Fund Expenditures					
City Council	\$ 129,228	\$ 130,480	\$ 136,555	\$ 192,540	\$ 191,745
City Manager	463,205	479,930	507,825	541,535	630,710
Human Resources	364,037	372,920	398,475	498,650	490,280
City Clerk	590,267	602,610	606,560	684,380	781,315
Finance	962,076	972,430	1,023,455	1,017,405	1,237,790
Procurement	643,158	598,545	628,250	711,830	789,295
Legal Counsel	230,847	234,695	280,985	247,190	258,990
Public Works Administration	343,643	378,255	461,495	408,385	405,510
Engineering	541,408	572,830	538,745	580,385	768,365
Right of Way Maintenance	1,229,902	1,064,070	1,230,765	1,320,730	1,712,395
Parks & Grounds	1,692,120	1,611,785	1,712,240	1,729,955	2,201,135
Police	6,949,841	7,251,310	7,877,130	8,395,305	10,477,225
Fire	4,446,604	4,423,355	4,830,045	5,542,610	5,900,865
Urban Design	646,058	583,575	671,995	919,935	1,158,935
Zoning & Code Compliance	553,048	551,570	585,130	716,895	758,695
Facilities Maintenance	891,360	1,110,770	1,049,555	1,331,830	1,488,415
Non-Departmental	548,461	376,665	664,175	1,779,045 ²	529,775
Subtotal Operations	21,225,263	21,315,795	23,203,380	26,618,605	29,781,440
Incr (Decr) from prior year	1,395,599	90,532	1,887,585	3,415,225	3,162,835
% incr (-) decr from prior year	7.04%	0.43%	8.86%	14.72%	11.88%
Transfers to Other Funds	8,237,000 ¹	7,825,150 ¹	0	0	254,000
Tax Increment Financing Transfer	749,331	840,055	1,038,065	1,176,535	1,306,520
Capital Projects Transfer	305,000	1,080,000	477,000	1,031,000	2,254,000
Paving Transfer	459,000	459,000	459,000	459,000	709,000
Drainage Transfer	300,000	300,000	200,000	300,000	300,000
Subtotal Ops and Transfers	31,275,594	31,820,000	25,377,445	29,585,140	34,604,960
Incr (Decr) from prior year	9,719,396	544,406	(6,442,555)	4,207,695	5,019,820
% incr (-) decr from prior year	45.09%	1.74%	-20.25%	16.58%	16.97%
Future Years' Budget - Reserve	387,300	564,900	3,846,667	4,542,919	2,283,135
Fleet/Equip - Reserve	440,000	0	45,000	260,000	179,000
Proj. Carryover - Ending Reserve	3,295,175	4,204,979	2,667,000	3,905,300	6,341,608
Reserves as a % of Operations & Transfers	13.18%	14.99%	25.84%	29.43%	25.44%
Total General Fund Exp.	\$ 35,398,069	\$ 36,589,879	\$ 31,936,112	\$ 38,293,359	\$ 43,408,703

¹ Transfer to PGI Canal Maintenance District from line of credit draw for rip rap mitigation of Hurricane Irma Seaw all project budgeted in FY 2020 w as delayed due to permitting and rebudgeted in FY 2021 with updated estimate.

² FY 2023 original budget included estimated funding for pending pay plan changes that were not finalized in Non-Departmental. Funds were moved to divisions in FY 2023 once finalized.

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 general liability insurance which was estimated at 100% increase for property and 5-10% increases for other general liability insurances.

Increases in the Information Technology internal service fund for city-wide projects was approximately 33% for FY 2024.

There are no major program changes to the following departments/divisions – City Council, City Manager, Legal, Human Resources, Procurement, and Zoning & Code Compliance.

Finance

Finance's proposed budget includes adding an accountant position in FY 2024. It has become a necessity as the Government Accounting Standards Board (GASB) continues to implement new standards that require analysis and additional reporting requirements each year. This included new lease accounting requirements implemented in FY 2022 and subscription-based information technology arrangements (SBITA) currently under implementation. Increased grant awards and reporting contributes to the need to expand the finance division. Software to support the GASB leases and SBITA accounting was included in the proposed budget.

Urban Design

The urban design manager position that was proposed for FY 2024 was moved up as a mid-year adjustment to FY 2023. Due to City growth through annexations and development, this position is necessary to maintain service standards, act as a liaison between department staff and the Urban Design Director and be responsible for all City planning and zoning activities including community development and land use.

Public Works

Parks and grounds division includes adding:

- A playground and fountain maintenance technician position late in FY 2023 that will replace the contracted services for fountain maintenance and allow more proactive maintenance of the playgrounds and fountains
- A maintenance worker to allow help on special projects and more maintenance of day-to-day operations and amenities

Operating expenditure increases were budgeted for departmental supplies and communication services in right of way and for additional janitorial services for weekends in the parks and Herald Court Centre and weekly for temporary facilities in use due to Hurricane Ian.

Capital outlays of \$580,000 include addition of (2) vehicle to fleet for the new positions in parks and grounds, and routine replacements of: a vehicle, a low bed trailer, and a skid steer in parks and grounds; a vehicle in engineering; and a front-end articulated loader, a mini excavator, and an enclosed trailer in right of way.

Public Safety

Public safety remains the most significant expenditure category within the General Fund.

Police

The proposed budget includes adding;

- Four (4) police officers (pending award of COPS Grant) due to increased call volume, more complex and time-consuming calls, growth of the City and need for security at Council meetings and public buildings; one additional school resource officer was added mid-year FY 2023
- A civilian administrative services supervisor to oversee records, evidence, and property units, fleet management, grant administration, some technology management and centralize business functions and be the primary public information officer (PIO) for the department

Operating expenditures experiencing larger increases are for legal reviews, repair and maintenance for autos, boats and various specialty equipment, and derelict vessel removals funded by a grant.

The FY 2024 capital outlay of \$852,445 includes equipment for new positions and add of four vehicles to fleet for officer positions, six replacement vehicles, taser replacement program, car camera replacement program, body camera program, radio enhancement program, new drone program, mobile and portable radio equipment, SWAT body armor, interview room system, and grant funded boat lifts.

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 6:09 minutes. Another goal is to achieve a monthly Quality Assurance survey approval rating of 95%. Survey results indicate a 99.8% approval rating.

Fire

The proposed FY 2024 budget includes the addition of six (6) firefighter/EMTs 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 SAFER grant was included for these positions. If the grant is not awarded the City will reapply for grant funding for the following year. One firefighter/EMT was added mid-year 2023 after grant application for seven (7) positions was not awarded. Another new position included is for a fire prevention clerk/PIO to serve as the department's public information officer and help organize, maintain, file, and update all prevention permits and related materials.

The FY 2024 capital outlay of \$121,170 includes funding for personal protective equipment, suppression equipment, and medical equipment, radio enhancement program, bunker gear and equipment for the new firefighter/EMT positions and computer equipment and a vehicle for the fire prevention clerk/PIO position.

The National Fire Protection Association standard (NFPA 1710) for service response time is five minutes and 20 seconds or less, 90% of the time. The average emergency response time during FY 2022 was 4 minutes and 25 seconds. Table below indicates response times.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Average response times	3:54	4:01	4:04	4:11	4:10	4:41	4:21	4:25
# Emergency < 5 minutes	2266	2621	3123	3237	2329	2363	2043	2215
% Emergency < 5 minutes	78.9%	79.3%	84.9%	82.7%	75.2%	87.0%	75%	75%

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: \$2,554,000 to the general construction fund for \$300,000 for the eighth year of the drainage improvement program, \$205,000 for the annual public work projects, \$300,000 for City Hall rehabilitation project from sale of property, a \$128,000 decrease for railroad crossing rehabilitation (increased funds in future year), \$62,000 additional for King St road improvements and \$1,500,000 for infrastructure needs or other considerations; \$709,000 for the paving program; \$1,306,520 for the final Community Redevelopment Agency transfer using proposed millage rate of 3.9500; \$254,000 for County bridge LED lighting and traffic signal projects.

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. This will be paid in full in FY 2024. A FY 2023 pending line of credit for the Hurricane Ian seawall repairs and Hurricanes Irma and Ian hazard mitigation will be paid through a transfer from the PGI and BSI Canal Maintenance fund assessments

and FEMA and State reimbursements when payments become due. Remaining amounts from the finalized line will carryover to FY 2024 as the projects progress.

Undesignated personnel of \$25,000 is included for career progressions or benefit election changes.

The lot mowing program annual fee is placed on the property tax bill as an annual assessment. The proposed rate of \$275 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 2024 budget.

There were no changes made to the funding levels of the City’s charter membership contributions to Coastal & Heartland National Estuary Program (CHNEP), United Way of Charlotte County, or 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.

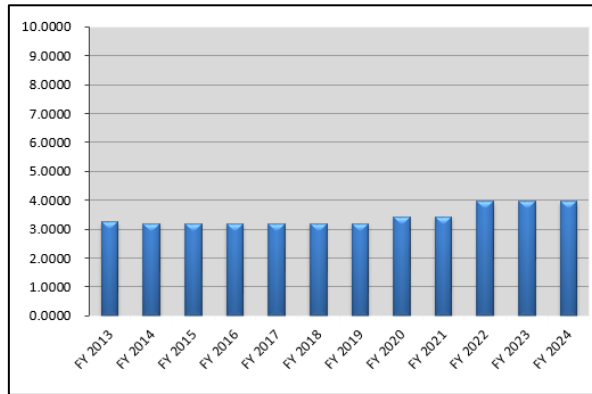
Millage and Taxable Assessed Value

The proposed FY 2024 millage rate of 3.9500 mills is 11.43% over the rolled back rate of 3.5449. 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 \$709,000 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 continued outstanding infrastructure needs and the need to maintain and enhance current service levels over the coming years.

**Property Tax Millage Rates
Fiscal Years 2013 - Proposed 2024**

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

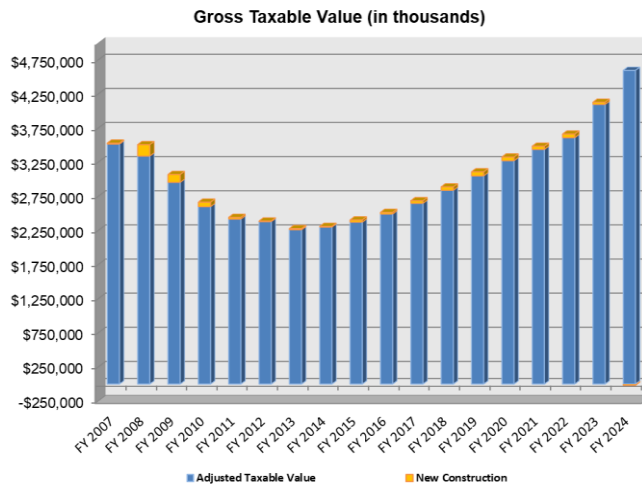
Fiscal Year	Millage Rate
2013	3.2462
2014	3.1969
2015	3.1969
2016	3.1969
2017	3.1969
2018	3.1969
2019	3.1969
2020	3.4337
2021	3.4337
2022	3.9500
2023	3.9500
2024	3.9500



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	\$4,125,070,957	\$463,357,915	12.7%	\$31,518,237	0.9%
2024	\$4,575,977,149	\$450,906,192	10.9%	-\$18,143,289	-0.4%

*Includes New Construction



The Charlotte County Appraiser’s July 1st certification shows a 10.9% overall increase for properties on the books from the prior year with a negative 0.4% provided by new construction, annexations and changes in exemption for calendar year 2022 due to Hurricane Ian. This is the eleventh 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 sixteen years is a cumulative 30.9% 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 6.5%), 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 2023 Base 3.9500	FY 2024 3.0%	Difference % \$ Amount	FY 2023 Base 3.9500	FY 2024 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%
City Ad Valorem Tax	\$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 2024 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 16.7% of total fund expenditures.*
- The City will continue to progress towards achieving a balanced budget, without relying on reserves, excluding one-time expenditures.
- 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.

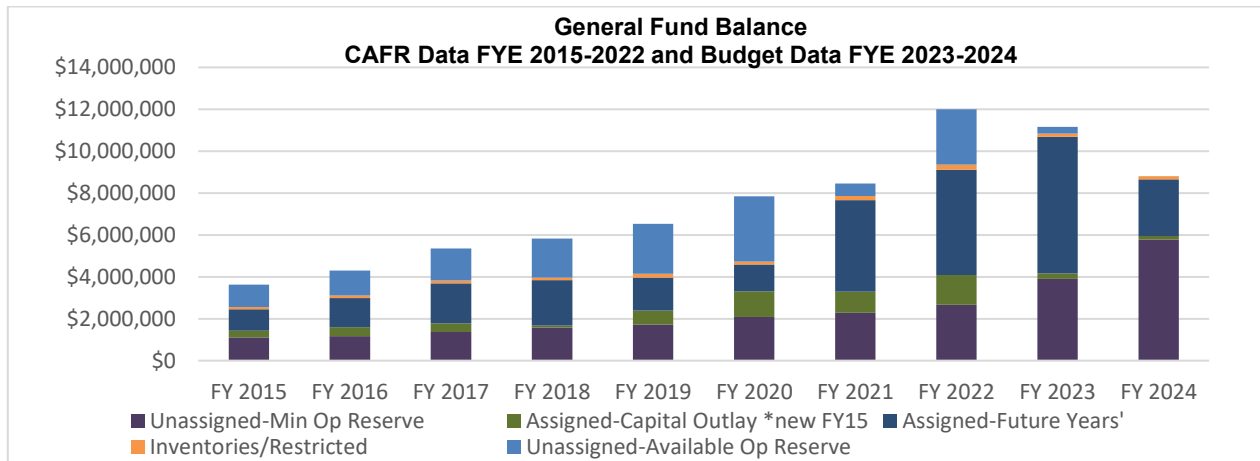
Beginning in FY 2007, the City earmarked a portion of reserves over the minimum policy to assist in paying for ongoing levels of service. Beginning in FY 2022 this practice is continued as part of the five year plan.

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

Fund Balance Category	FY 2021 Amount	% of Exp.	FY 2022 Amount	% of Exp.	Projected FY 2023 Amount	% of Exp.	Proposed FY 2024 Amount	% of Exp.
Inventories/Restricted	\$ 205,492	0.9%	\$ 244,488	1.0%	\$ 150,000	0.5%	\$ 150,000	0.4%
Assigned-Future Years' Use of Op. Reserve	4,362,299	18.2%	5,016,543	19.8%	6,518,310	22.0%	2,695,643	7.8%
Assigned-Capital Outlay Reserve	1,017,328	4.2%	1,424,506	5.6%	260,000	0.9%	179,000	0.5%
Unassigned-Minimum Op. Reserve (Orig)	2,280,000	9.5%	2,667,000	10.5%	3,905,300	13.2%	5,779,100	16.7%
Unassigned-Available Op. Reserve	<u>586,710</u>	2.4%	<u>2,641,987</u>	10.4%	<u>331,508</u>	1.1%	<u>0</u>	0.0%
Total Fund Balance	<u>\$ 8,451,829</u>	35.2%	<u>\$ 11,994,524</u>	47.3%	<u>\$ 11,165,118</u>	37.7%	<u>\$ 8,803,743</u>	25.4%
General Fund Orig Budgeted Expenditures	<u>\$ 23,994,850 *</u>		<u>\$ 25,377,445</u>		<u>\$ 29,585,140</u>		<u>\$ 34,604,960</u>	

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

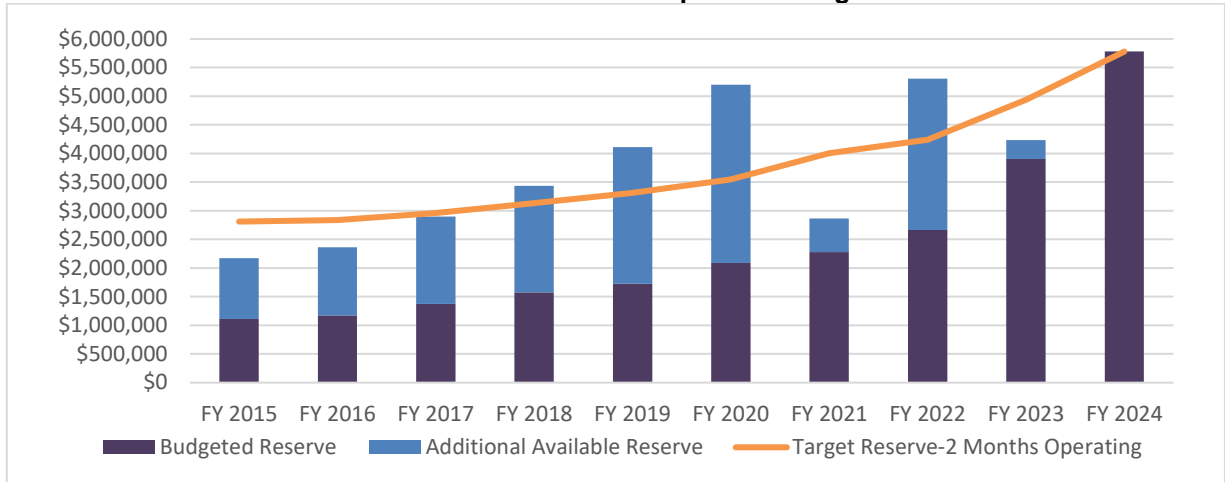
The following graph presents the general fund balance trend information. The minimum operating reserve is regulated by the City's financial policy, it is set at 16.7% of the total expenditure appropriations which calculates to \$5,779,100. The second block of the reserves is a funding mechanism for capital outlay that provides a smoothed amount to be funded annually, based on the five year capital outlay plan which is currently an average of \$892,000. Those amounts unused will be carried in the reserve until the year scheduled for use. In FY 2024, \$179,000 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 increased costs and addressing needs of infrastructure maintenance, 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 2024, 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 with the FY 2024 budget the minimum requirement is now set at the standard. 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 2024.

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

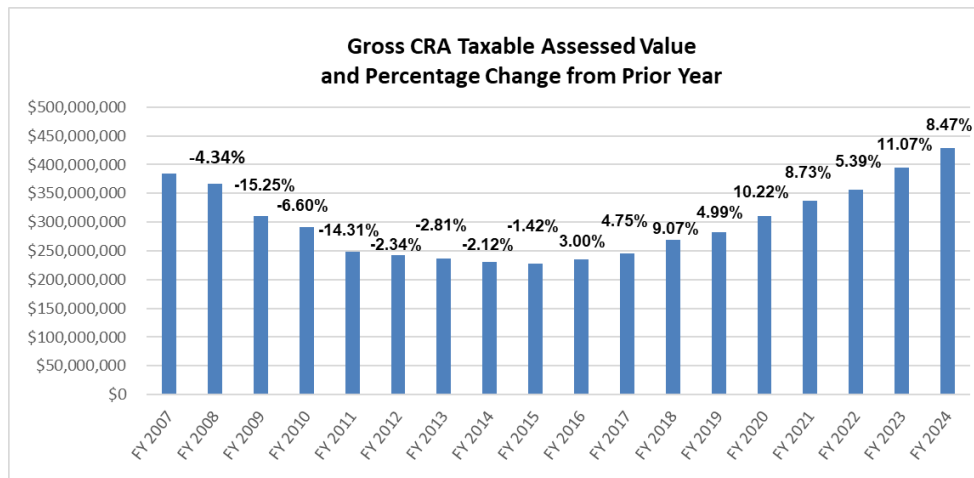


Community Redevelopment Agency

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

The CRA has experienced dramatic fluctuations in taxable assessed value and related City/County tax increment finance (TIF) contributions over the past eighteen 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	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	\$395,254,824	11.07%	\$1,180,845	\$1,844,119	\$3,024,964
FY 2024	\$428,746,570	8.47%	\$1,306,520	\$2,040,390	\$3,346,910



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 and completed refinancing to better match income flow and eliminated projected deficits. The proposed FY 2024 TIF revenue is based on 8.5% increase in taxable value in the district, estimated County millage rate 6.1687 and City rate at 3.9500. Funds accumulated from prior years and proposed TIF revenue for FY 2024 would allow CRA to pay off the remaining debt and sunset the District in FY 2024. Funds that would have transferred to CRA will stay with the General Fund for maintaining the infrastructure.

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 \$397,260 at end of FY 2024 and reduces to \$3,855 by FY 2028. This division will be transferred to the General Fund upon the sunseting of the CRA in FY 2024.

The Herald Court lease revenue for FY 2026 through FY 2028 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 2022-2025 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 \$158,764 in FY 2024 and reducing to \$65,934 at end of FY 2028. 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. This division will also be transferred to the General Fund or a new fund upon the sunseting of the CRA in FY 2024.

**Community Redevelopment Agency Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Debt Service Division					
Assessed Property Valuation change	8.5%	N/A	N/A	N/A	N/A
Tax Increment Financing (TIF) Revenue	\$3,346,910	\$0	\$0	\$0	\$0
CRA Lease Payments (Debt Service)	8,251,794	0	0	0	0
Revenues in Excess (Shortfall) of Debt Svc	(4,904,884)	0	0	0	0
Reserve - TIF for Debt Svc (Beg)	5,005,603	100,719	100,719	100,719	100,719
Reserve - TIF for Debt Svc (End)	\$100,719	\$100,719	\$100,719	\$100,719	\$100,719
Herald Court Operations Division					
Herald Court Revenues	\$262,185	\$267,975	\$290,875	\$297,850	\$304,730
Herald Court Operating Expenditures	285,295	296,000	307,395	319,260	331,605
Revenues in Excess (Shortfall) of Herald Ct Operations	(23,110)	(28,025)	(16,520)	(21,410)	(26,875)
Reserve - Herald Ct (Beg)	181,874	158,764	130,739	114,219	92,809
Reserve - Herald Ct (End)	\$158,764	\$130,739	\$114,219	\$92,809	\$65,934
CRA Operations Division					
Other CRA Revenues	\$136,335	\$139,120	\$141,115	\$140,220	\$139,140
Other CRA Operating Expenditures	111,000	104,000	122,000	104,000	623,000
Revenues in Excess (Shortfall) of Other Operations	25,335	35,120	19,115	36,220	(483,860)
Reserve - Other Operations (Beg)	371,925	397,260	432,380	451,495	487,715
Reserve - Other Operations (End)	\$397,260	\$432,380	\$451,495	\$487,715	\$3,855

Utilities

The FY 2024 spending plan for Utilities operations, maintenance and repair (OM&R) is \$28,879,905 which is \$6,896,630 or 31.4% more than budget FY 2023. The significant increase is attributable to: the increase in transfers to the Utilities construction fund of \$5.3 million for the capital improvement plan; personnel expenses increase of \$0.5 million or 6.8% due to the addition of one utilities engineer position in administration, 4% for employee merit increases, 2% for pay plan adjustments, overtime for after-hour calls, 10% health insurance increases, and 10% estimated increases in workers compensation; operating expenses increase if \$1.4 million or 16.5% due to increases being experienced due to inflation in materials and supplies, chemicals, and contracted services, new storage tank maintenance contract, bio-solid disposal increase if hay field use is discontinued, a rate study, 100% estimated increase in property insurance and 5-10% in other general liability insurance, and approximate 9% increases in computer overhead and administrative charges; Capital outlay decreased \$0.3 million for FY 2024 for new and replacements of vehicles, including a dump truck and excavator, and equipment such as pumps, motors, mixers, generators, etc.

Utilities O M & R Fund
Revenue and Expense Comparison
Actual FY 2021 through Budget FY 2024

	Actual FY 2021	Actual FY 2022	Budget FY 2023	Projected FY 2023	Budget FY 2024
Revenues:					
Chg for Serv - Water	\$ 11,268,159	\$ 12,149,441	\$ 12,126,960	\$ 11,862,520	\$ 12,368,915
Chg for Serv - Sewer	8,080,041	8,474,157	8,795,635	8,661,805	9,031,560
Other	1,448,566	1,246,673	910,175	2,131,725	1,171,170
Subtotal	20,796,766	21,870,271	21,832,770	22,656,050	22,571,645
Reserves	14,061,516	9,307,545	8,646,200	10,251,871	11,064,046
Total Revenues	\$ 34,858,282	\$ 31,177,816	\$ 30,478,970	\$ 32,907,921	\$ 33,635,691
Expenses:					
Administration	\$ 1,777,260	\$ 1,788,739	\$ 1,912,485	\$ 2,002,925	\$ 2,266,910
Water	5,328,306	5,535,989	6,572,420	6,464,840	7,475,615
Wastewater	5,306,021	5,282,544	6,951,565	7,277,480	7,783,940
Other	806,150	699,078	1,242,210	794,035	763,845
Debt and Debt Transfers	1,010,000	999,595	2,499,595	2,499,595	2,499,595
Transfer for Capital	11,323,000	6,620,000	2,805,000	2,805,000	8,090,000
Subtotal	25,550,737	20,925,945	21,983,275	21,843,875	28,879,905
Reserves	9,307,545	10,251,871	8,495,695	11,064,046	4,755,786
Total Expenses	\$ 34,858,282	\$ 31,177,816	\$ 30,478,970	\$ 32,907,921	\$ 33,635,691

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 2024-2028 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 of 3.75% was approved by City Council. FY 2022 was reduced to 2% but due to increases in operating costs, personnel increases, and the significant increase in the wastewater treatment plant improvement/expansion project causing increased debt service requirements, 3.75% rate increases were implemented for FY 2023 and projected for future years in the plan. The FY 2024 proposed rate increase remains at 3.75% with a rate study included in the budget to review future years. 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 2024-2028 capital improvement plan pending obtaining grants for

the project. The City will continue to look for ways to reduce expenses, explore alternative financing on the wastewater treatment plant project, and opportunities for grants. If these items are not accomplished additional rate increases will be needed beginning in FY 2027.

**Utilities OM&R Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Revenues:					
Chg for Serv - Water	\$12,368,915	\$12,894,595	\$13,440,295	\$14,006,770	\$14,594,800
Chg for Serv - Sewer	9,031,560	9,415,400	9,813,865	10,227,495	10,656,865
Other Revenue	1,171,170	1,172,290	1,688,445	2,204,635	2,555,860
Total Revenues	22,571,645	23,482,285	24,942,605	26,438,900	27,807,525
Expenses:					
Operations	18,290,310	18,887,730	19,561,350	20,262,340	20,991,920
Renewal & Replacement of Infrastructure	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	6,970,000	1,050,000	2,485,000	4,100,000	85,000
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	1,120,000	0	0	0
Est. new debt service WWTP	0	0	1,670,000	3,967,000	3,967,000
Est. new debt service WTP Filtration Rehab	0	0	773,000	1,546,000	1,546,000
Total Expenses	28,879,905	23,177,325	26,608,945	31,994,935	28,709,515
Revenues in Excess (Shortfall) of Expenses	(6,308,260)	304,960	(1,666,340)	(5,556,035)	(901,990)
Operating Reserves-Beg	11,064,046	4,755,786	5,060,746	3,394,406	(2,161,629)
Operating Reserves-End	\$4,755,786	\$5,060,746	\$3,394,406	(\$2,161,629)	(\$3,063,619)

Utilities Reserves

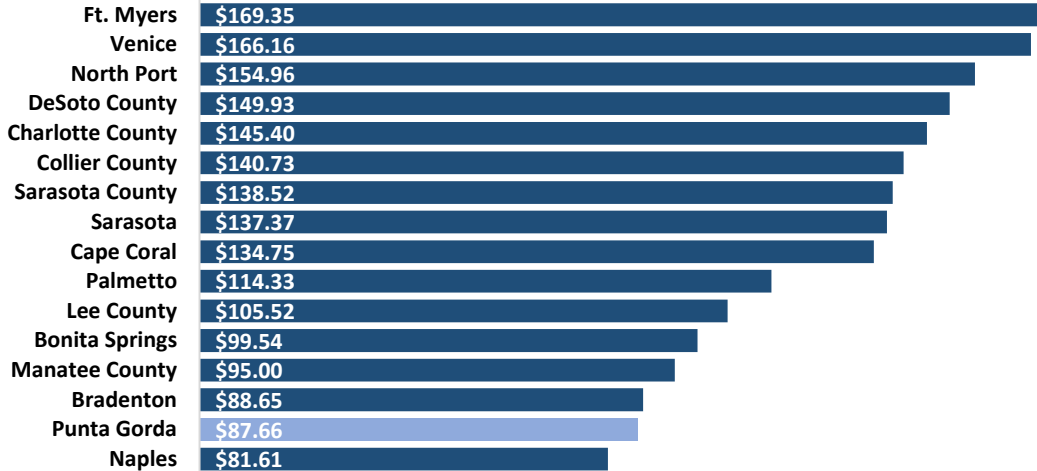
The City has legal and adopted financial policies utilizing reserves for the following purposes:

- 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 2024 through FY 2028. 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 2024 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 proposed FY 2024 rates.

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



Utilities Construction

Total FY 2024 capital projects of \$8.1 million are being funded with user charges and unassigned operating reserves through a transfer to the Utilities Construction Fund. Some of the projects included in FY 2024 are: Lift Station 30 gravity rehabilitation, sewer repairs and lining for the FDOT US 41 NB Utility project, wastewater master pump facility upgrade, generator replacement at booster pumping facility, wastewater pond liner replacements, A/C replacement at Wastewater Treatment Plant, Water Treatment Plant well 4 remediation, Burnt Store Rd. Booster Station pipe riser repair and pumps, and the Bal Harbor water main replacement. The wastewater treatment plant improvement project will continue through several years. 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 2024 through Proforma FY 2028

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Revenues:					
Transfer from Utilities OM&R	\$8,090,000	\$2,170,000	\$3,605,000	\$5,220,000	\$1,205,000
Estimated Grants Septic to Sewer	0	0	0	0	2,750,000
Estimated Financing Septic to Sewer	0	0	0	1,000,000	10,286,400
Estimated Financing of WTP Filtration	0	17,300,000	0	0	0
Total Revenues	\$8,090,000	\$19,470,000	\$3,605,000	\$6,220,000	\$14,241,400
Expenses:					
Water Treatment Plant Improvements	\$3,650,000	\$17,850,000	\$2,285,000	\$0	\$0
Water Distribution System Imprv	1,020,000	220,000	220,000	3,520,000	220,000
Wastewater Collection System Imprv	2,200,000	900,000	900,000	900,000	900,000
Wastewater Treatment Plant Imprv	1,220,000	500,000	200,000	800,000	85,000
Septic to Sewer Projects	0	0	0	1,000,000	13,036,400
Total Expenses	\$8,090,000	\$19,470,000	\$3,605,000	\$6,220,000	\$14,241,400

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's recycling program provides a 48 gallon rolling cart to each household, which is collected one day per week by an outside vendor. The program continues in FY 2024 with a proposed rate increase of \$0.36 per month or \$4.32 per year, due to a contract increase. 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, insurance increases, equipment (packers) increases, etc. that have been ranging from 3% to 100%.

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. Capital financing and debt service is shown in later years for packer replacements. The increased expenses has necessitated projected rate increases each year through FY 2028 which will be reviewed each budget cycle.

**Sanitation Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Revenues:					
Chg for Serv - Refuse Collection	\$4,547,665	\$4,791,955	\$5,040,985	\$5,294,750	\$5,548,805
Other Revenue	45,600	45,600	45,600	45,600	45,600
Capital Financing	0	0	0	400,000	800,000
Total Revenues	4,593,265	4,837,555	5,086,585	5,740,350	6,394,405
Expenses:					
Operations	4,566,295	4,796,925	4,986,025	5,241,015	5,450,880
Capital	400,000	244,000	0	400,000	800,000
Debt Service	0	0	0	34,000	136,000
Total Expenses	4,966,295	5,040,925	4,986,025	5,675,015	6,386,880
Revenues in Excess (Shortfall) of Expenses	(373,030)	(203,370)	100,560	65,335	7,525
Operating Reserves-Beg	911,163	538,133	334,763	435,323	500,658
Operating Reserves-End	\$538,133	\$334,763	\$435,323	\$500,658	\$508,183

To compare the City's rates with surrounding jurisdictions, a survey was taken during May 2023. 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 2024

Jurisdiction	Proposed FY 2024 Cost/Year	Frequency of Service per Week	Outsourced
Naples	\$431.04	2	No
City of Sarasota	\$343.08	1	No
Punta Gorda	\$323.04	2	No
Cape Coral	\$304.37	1	Yes
Charlotte County	\$303.97	1	Yes
Lee Co. (Avg 6 districts)	\$289.81	1	Yes
North Port	\$275.00	1	No
Fort Myers	\$273.99	1	No
Venice	\$269.52	2	No
Collier County	\$249.29	2	Yes
Sarasota County	\$233.59	1	Yes
Manatee County	\$171.96	2	Yes

Punta Gorda Isles Canal Maintenance District

The proposed budget for the Punta Gorda Isles (PGI) canal maintenance assessment district reflects City Council approval to increase the proposed operating assessment from \$950 to \$1,100. 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 and the district's portion for Hurricane Ian seawall repairs and hazard mitigation. 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. Project permitting has been received and awaiting FEMA approval to proceed, therefore the budget for the expenditures and loan draws had been moved to FY 2023 along with expected FEMA and State reimbursements and loan repayments; funding will carry over to future year if not completed in fiscal year. The City is working with FEMA to obligate the Hurricane Ian seawall repairs and rip rap mitigation. A general fund line of credit is in process during FY 2023 to fund the projects and would be transferred to the district to be repaid from district assessments (12.5%) and FEMA and State reimbursements (87.5%) through a transfer to the debt service fund.

The five-year proforma proposes increasing assessments through FY 2028. 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 are included 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.

**PGI Canal Maintenance Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Assessment Rate	\$1,100	\$1,250	\$1,400	\$1,550	\$1,700
Revenues:					
Operating Assessment	\$5,721,060	\$6,500,675	\$7,280,290	\$8,059,905	\$8,839,520
FEMA & State-Hurricane Reimb.	35,355,255	0	0	0	0
Other Revenue	150,500	80,000	59,000	45,500	45,500
Total Revenues	41,226,815	6,580,675	7,339,290	8,105,405	8,885,020
Expenditures:					
Operations	1,438,390	1,425,840	1,470,095	1,537,080	1,606,925
Inlet Dredging	85,000	85,000	85,000	85,000	85,000
Seawalls and Stabilization	250,000	5,378,390	6,054,030	6,749,940	7,466,730
Capital Outlay & Special Projects	231,500	255,000	225,000	225,000	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
Trnsfr to Debt Svc-Repay Seawall Loan	42,426,305	0	0	0	0
Total Expenditures	44,481,195	7,194,230	7,884,125	8,647,020	9,208,655
Revenues in Excess (Shortfall) of Expenditures	(3,254,380)	(613,555)	(544,835)	(541,615)	(323,635)
Operating Reserves-Beg	6,110,451	3,081,071	2,692,516	2,372,681	2,056,066
Reserve Seawall Replacement-Beg	900,000	675,000	450,000	225,000	0
Reserve Seawall Replacement-End	\$675,000	\$450,000	\$225,000	\$0	\$0
Operating Reserves-End	\$3,081,071	\$2,692,516	\$2,372,681	\$2,056,066	\$1,732,431

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 assessment from \$760 to \$985. This represents an operating assessment rate of \$760, an additional assessment rate of \$100 per year to build the reserves for purchase of land for staging, and \$125 for the lock removal project. 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. Operating expenditures continue to increase including labor and commodity costs. A feasibility study for the channel corner widening project that would allow barge access to some areas of the district is included in the FY 2024 proposed budget.

The City continues to work closely with FEMA and the State regarding the rip rap mitigation portion of the Hurricane Irma project. Project permitting has been received and awaiting FEMA approval to proceed; funding would carry over to future year if not completed in fiscal year. The City is working with FEMA to obligate the Hurricane Ian seawall repairs and rip rap mitigation. A general fund line of credit is in process during FY 2023 to fund the projects and would be transferred to the district to be repaid from district assessments (12.5%) and FEMA and State reimbursements (87.5%) through a transfer to the debt service fund.

The five-year proforma proposes increasing assessments for inflationary costs, \$25 increases annually, \$90 annually for repayment of interfund loan for the lock removal project, and \$100 annually for accumulation of funds for staging site through FY 2028. Additional assessments are expected and will be reviewed each year in order to address the findings of the seawall study. 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 are included with estimated cost of \$10,000 every other year. Engineering and construction of the channel corner widening project are not budgeted and funding sources would need to be determined if approved at a later date. 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 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Operating Rate	\$760	\$785	\$810	\$835	\$860
Special Project Rate	\$125	\$90	\$90	\$90	\$90
Reserve Rate	\$100	\$100	\$100	\$100	\$100
Revenues:					
Operating and Reserve Assessment	\$887,220	\$912,470	\$938,245	\$964,025	\$989,800
Special Project Assessment	128,880	92,795	92,795	92,795	92,795
Miscellaneous Revenue	21,000	21,000	21,000	21,000	21,000
Federal and State Assistance	3,089,025	0	0	0	0
Total Revenues	4,126,125	1,026,265	1,052,040	1,077,820	1,103,595
Expenditures:					
Operations	150,900	165,235	159,730	174,395	169,235
Seawalls and Stabilization	62,500	721,770	743,550	765,985	789,100
Barge Access/Lock Removal Proj Debt Service	0	91,200	91,200	91,200	91,200
Barge Access/Lock Removal Construction	400,000	0	0	0	0
Channel Corner Widening (Feasibility Study)	100,000	0	0	0	0
Transfer for Hurricane Ian Debt Service	3,155,580	0	0	0	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
Total Expenditures	3,918,980	1,028,205	1,044,480	1,081,580	1,099,535
Revenues in Excess (Shortfall) of Expenditures	207,145	(1,940)	7,560	(3,760)	4,060
Operating Reserves-Beg	656,160	763,305	661,365	568,925	465,165
Reserve Seawall Repl & Spec.Proj-Beg	0	100,000	200,000	300,000	400,000
Reserve Seawall Repl & Spec.Proj-End	\$100,000	\$200,000	\$300,000	\$400,000	\$500,000
Operating Reserves-End	\$763,305	\$661,365	\$568,925	\$465,165	\$369,225
Projects Requiring Approval & Funding:					
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	656,160	663,305	461,365	168,925	(259,835)
Est. End. Reserves with projects	\$663,305	\$461,365	\$168,925	(\$259,835)	(\$355,775)

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 2024 budget incorporates an updated fee schedule for the marina and mooring field fees as approved by City Council July 2023. 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 2024 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. The proposed FY 2024 budget includes marina management increases for costs of labor and operations due to inflation and the addition of one full-time position to their staff for mangrove trimming, pressure washing, and other maintenance activities. It also includes adding an on-line reservation system, adding to the security system, replacements of golf carts in FY 2024 and FY 2025 and replacements of various light equipment FY 2026-2028.

The five-year proforma maintains the July 2023 rate schedules but will need to be reviewed each year for possible increases due to continued inflation, aging infrastructure needs, and to eliminate shortfalls in later years.

**Laishley Park Marina Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Revenues:					
Slip & Mooring Rentals	\$530,915	\$541,915	\$541,915	\$541,915	\$541,915
Intergovernmental Revenue	12,000	12,000	12,000	12,000	12,000
Other Revenue	34,045	34,265	34,485	34,705	34,930
Total Revenues	576,960	588,180	588,400	588,620	588,845
Expenses:					
Laishley Park Marina Expenses	262,435	268,810	275,390	282,190	289,220
Marina Park Contract Expenses	335,720	345,645	355,860	366,385	377,225
Capital Outlay	19,000	19,000	6,000	6,000	6,000
Total Expenses	617,155	633,455	637,250	654,575	672,445
Revenues in Excess (Shortfall) of Expenses	(40,195)	(45,275)	(48,850)	(65,955)	(83,600)
Operating Reserves-Beg	281,167	240,972	195,697	146,847	80,892
Operating Reserves-End	\$240,972	\$195,697	\$146,847	\$80,892	(\$2,708)

Building

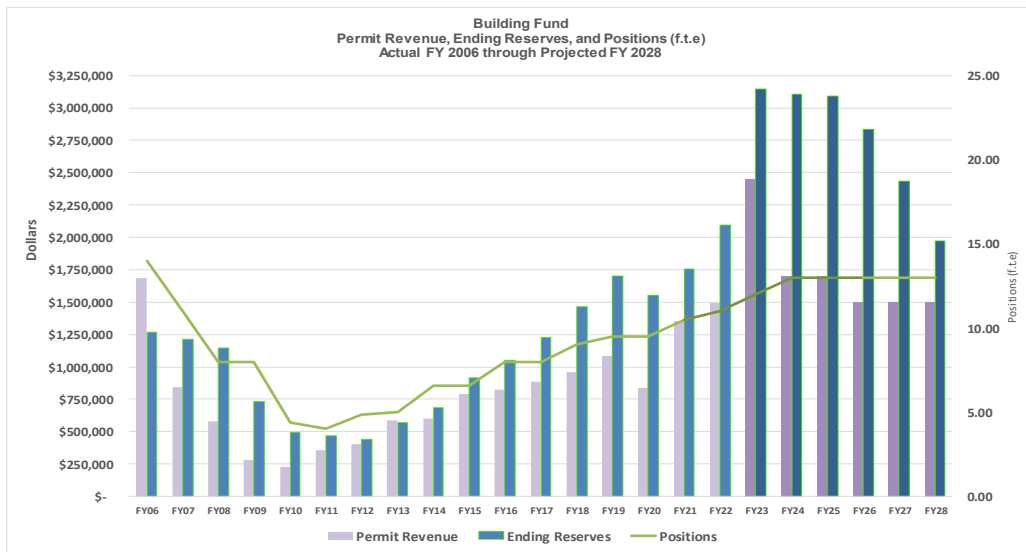
The Building fund is operated as an enterprise fund and includes all aspects of permitting, inspections, plans review and licensing of contractors to support the State and City building codes. The City has established various permit fees to pay for services provided. Staffing had been reduced from thirteen 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 12.0 f.t.e through FY 2023. For FY 2024 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. Also, 1.5 f.t.e. temporary employees are proposed for scanning and filing projects. Capital outlay of \$40,000 for FY 2024 includes computer equipment for the new position, a new plotter/scanner and an automated voice response system for inspection scheduling.

The five-year proforma projects permit revenues at \$1.7 million for FY 2024 and FY 2025 and dropping to \$1.5 million in the latter years. 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 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Revenues:					
Permits, Fees & Spec.Assessments	\$1,742,000	\$1,742,000	\$1,542,000	\$1,542,000	\$1,542,000
Other Revenue	231,000	231,000	221,000	201,000	176,000
Total Revenues	1,973,000	1,973,000	1,763,000	1,743,000	1,718,000
Expenses:					
Operations	2,019,345	1,990,235	2,068,490	2,150,075	2,235,155
Capital	40,000	45,000	0	45,000	0
Total Expenses	2,059,345	2,035,235	2,068,490	2,195,075	2,235,155
Revenues in Excess (Shortfall) of Expenses	(86,345)	(62,235)	(305,490)	(452,075)	(517,155)
Operating Reserves-Beg	3,144,688	3,058,343	2,996,108	2,690,618	2,238,543
Operating Reserves-End	\$3,058,343	\$2,996,108	\$2,690,618	\$2,238,543	\$1,721,388

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 2022 and projected FY 2023 through FY 2028.



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 2015 is displayed below.

Fiscal Year	6 Cents	5 Cents	Total
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	\$ 673,000	\$ 295,300	\$ 968,300
2023	\$ 685,700	\$ 287,700	\$ 973,400
2024	\$ 699,400	\$ 293,400	\$ 992,800

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. Revenues rebounded in the following years despite the increase in gas prices due to continued business and consumer spending. Projections and proposed FY 2024 continue with that trend.

The Six Cent Gas Tax Fund five-year proforma projects gas tax revenue with growth of 2% per year FY 2024 through FY 2028. A transfer from general fund in FY 2024 and FY 2025 are for County projects for bridge LED lighting and traffic signal upgrades. The use of reserves covers shortfalls through FY 2025. It is hoped that some expenditures that have seen high increases over the past year will come down, such as gas prices and commodities.

**Six Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Revenues:					
Local Option Gas Tax	\$699,395	\$713,380	\$727,645	\$742,195	\$757,040
Other Revenue	337,870	338,150	340,785	343,990	350,315
Transfer from General Fund	254,000	187,000	0	0	0
Total Revenues	1,291,265	1,238,530	1,068,430	1,086,185	1,107,355
Expenditures:					
Operating Expenditures	1,441,615	1,402,955	1,245,145	1,275,200	1,306,160
Total Expenditures	1,441,615	1,402,955	1,245,145	1,275,200	1,306,160
Revenues in Excess (Shortfall) of Expenditures	(150,350)	(164,425)	(176,715)	(189,015)	(198,805)
Operating Reserves-Beg	483,415	333,065	168,640	(8,075)	(197,090)
Operating Reserves-End	\$333,065	\$168,640	(\$8,075)	(\$197,090)	(\$395,895)

The Additional Five Cent Gas Tax Fund five-year proforma projects 2% increases FY 2024 through FY 2028, 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 as an ongoing subsidy. The proposed subsidy increased from \$459,000 to \$709,000, the first increase since FY 2016, to address the rising costs that have reduced the amount of pavement that could be replaced.

**Additional Five Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2024 through Proforma FY 2028**

	Proposed FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
Revenues:					
Local Option Gas Tax	\$293,415	\$299,285	\$305,270	\$311,375	\$317,600
Transfer from General Fund Ad Valorem	709,000	709,000	709,000	709,000	709,000
Other Revenues	1,800	1,200	810	300	135
Total Revenues	1,004,215	1,009,485	1,015,080	1,020,675	1,026,735
Expenditures:					
Paving	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
Total Expenditures	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
Revenues in Excess (Shortfall) of Expenditures	(25,785)	(20,515)	(14,920)	(9,325)	(3,265)
Operating Reserves-Beg	76,978	51,193	30,678	15,758	6,433
Operating Reserves-End	\$51,193	\$30,678	\$15,758	\$6,433	\$3,168

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 \$25.9 million from January 1, 2021 through December 31, 2026 when the tax sunsets unless extended by the voters of the County. Projects incorporated in the six-year program for FY 2024 including continuing projects:

- Historic City Hall Preservation and Rehabilitation
- Public Safety Building – New Station
- City-wide ADA Improvements
- Laishley Park Playground & Interactive Fountain
- Drainage Improvements Boca Grande Area
- Decorative Standards US 41 SB Bridge Ramp and US 41 NB
- Henry Street Property Improvements
- Henry Street Crosswalks
- Freeman House Preservation
- Airport Road Improvements
- Virginia Avenue Improvements
- Shreve Street Improvements
- Ponce de Leon Park improvements
- Bayfront Activity Center

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, 2022, the City had \$25.6 million in notes.

Although no new debt is proposed for FY 2024, the projected FY 2023 budget anticipates a new line of credit for Hurricane Ian seawall repairs and Hurricane Irma and Ian hazard mitigation estimated at approximately \$51 million with repayment from FEMA and State reimbursements and Punta Gorda Isles and Burnt Store Isles Canal Maintenance District assessments. Funding and project expenditures will be carried to the following year as estimated time for completion is 18-24 months. Also, projected in FY 2023 budget is \$72 million of State Revolving Loan Funds for the wastewater treatment improvement project to be repaid with user charges and wastewater impact fees. This project is expected to take approximately four years and will carryover each year until completed.

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.

Cost of Living Adjustment for Retirees – An impact study is currently being requested from the actuary for all three defined benefit plans to look at a cost of living adjustment that may be proposed. The last cost of living adjustment was October of 2003 for 2.1%.

Current Employment Market – The current job market, exacerbated by Hurricane Ian locally, continues to reduce the job pool of qualified candidates and the retention of new employees. 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. The City is in the process of switching from a defined contribution retirement plan to a defined benefit retirement plan as an enhanced benefit for general employees that may also help attract additional applicants.

Staffing Levels – While staffing levels are addressed through FY 2026 as approved in FY 2022, additional staffing requests continue to be received for consideration. Those requests through FY 2028 will be reviewed by the City Manager for presentation to City Council and inclusion in upcoming proformas.

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.

Water Quality/Septic to Sewer Project – Charlotte Park is the first priority area. The City was successful in obtaining \$5.5 million from the state legislature for this project. Additional grant funding is still being sought due to the inflationary increases since the estimates were provided. An outreach campaign will be one of the next steps as well as working on the assessment plan for those properties. We will continue to work jointly with other agencies to support environmental initiatives and improvements in water quality that benefit 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 – 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', with a long horizontal line extending to the right.

Gregory B. Murray
City Manager