

City of Punta Gorda

LONG RANGE FINANCIAL PLAN

Fiscal Years 2024-2028



Punta Gorda

FLORIDA

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

The Fiscal Years 2024-2028 Long Range Financial Plan presents multi-year fiscal forecasts for the City's major fund groups. In addition, the Plan discusses an examination of current policies for enhanced efficiencies, any changes proposed to financial policies, and budget issues or items currently known for the upcoming budget year. The current strategic planning process results in a current year management plan, and also strategically on a longer-term vision for the upcoming needs of the City.

On September 28, 2022, Hurricane Ian, a category 4 hurricane, impacted much of Florida. The City of Punta Gorda received major damage as did Lee and Charlotte Counties. The City continues to focus on recovery efforts while moving forward with planned projects and normal operations. This has created a challenge for many of the departments and divisions of the City.

This sets the stage for a starting point of discussion and direction in developing the FY 2025 budget while providing a context of how it might affect the future years' forecasts. The Plan is shown in the following format:

Section 1: Major Fund Five-Year Fiscal Forecasts

Section 2: Strategic Planning Process Update

Section 3: Budget Issues

Section 1: Major Fund Five-Year Fiscal Forecasts

Core Level of Service Comparative Analysis

In order to set the stage for review of the City’s major fund five-year fiscal forecasts, staff undertook an analysis how Punta Gorda compares with surrounding jurisdictions in delivering core services in February 2024. The charts below provide a benchmarking analysis of costs to deliver core level of services for eight Southwest Florida municipalities. Services compared include those paid for by property taxes, fees/assessments (sanitation, fire, roads/drainage/stormwater, debt service) and average annual water/sewer bill at estimated 7 thousand gallons per month usage.

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

Basic Tax Fee Comparison Single Family Residential

	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota*	Mills	Venice	Mills	North Port	Mills	Cape Coral	Mills	Fort Myers	Mills
Based on taxable value of \$250,000																
Property Taxes	\$ 292.50	1.1700	\$ 204.33	.8173	\$ 987.50	3.9500	\$ 750.00	3.0000	\$ 976.03	3.9041	\$ 941.68	3.7667	\$ 1,342.35	5.3694	\$ 1,674.98	6.6999
Water & Sewer (Avg Monthly annualized)	\$ 978.84		\$ 1,194.48		\$ 1,051.92		\$ 1,648.44		\$ 2,015.28		\$ 1,860.48		\$ 1,681.32		\$ 2,133.96	
Sanitation (Solid Waste)	\$ 431.04		\$ 302.38		\$ 323.04		\$ 347.64		\$ 253.08		\$ 275.00		\$ 337.81		\$ 273.99	
Fire Service	\$ 0		\$ 486.65	1.9466	\$ 0		\$ 145.00		\$ 0		\$ 282.70		\$ 315.00		\$ 203.00	
Roads/Drainage/Stormwater	\$ 207.84		\$ 50.00		\$ 0		\$ 120.00		\$ 0		\$ 266.13		\$ 142.00		\$ 141.00	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 39.53	.1581	\$ 101.53	.4061	\$ 0		\$ 41.88	.1675	\$ 0	
TOTAL	\$ 1,910.22		\$ 2,237.84		\$ 3,362.46		\$ 3,050.61		\$ 3,345.92		\$ 3,625.99		\$ 3,860.36		\$ 4,426.93	

	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota*	Mills	Venice	Mills	North Port	Mills	Cape Coral	Mills	Fort Myers	Mills
Based on taxable value of \$500,000																
Property Taxes	\$ 585.00	1.1700	\$ 408.65	.8173	\$ 1,975.00	3.9500	\$ 1,500.00	3.0000	\$ 1,952.05	3.9041	\$ 1,883.35	3.7667	\$ 2,684.70	5.3694	\$ 3,349.95	6.6999
Water & Sewer (Avg Monthly annualized)	\$ 978.84		\$ 1,194.48		\$ 1,051.92		\$ 1,648.44		\$ 2,015.28		\$ 1,860.48		\$ 1,681.32		\$ 2,133.96	
Sanitation (Solid Waste)	\$ 431.04		\$ 302.38		\$ 323.04		\$ 347.64		\$ 253.08		\$ 275.00		\$ 337.81		\$ 273.99	
Fire Service	\$ 0		\$ 973.30	1.9466	\$ 0		\$ 200.00		\$ 0		\$ 523.50		\$ 400.00		\$ 203.00	
Roads/Drainage/Stormwater	\$ 207.84		\$ 50.00		\$ 0		\$ 120.00		\$ 0		\$ 266.13		\$ 142.00		\$ 282.00	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 79.05	.1581	\$ 203.05	.4061	\$ 0		\$ 83.75	.1675	\$ 0	
TOTAL	\$ 2,202.72		\$ 2,928.81		\$ 3,349.96		\$ 3,895.13		\$ 4,423.46		\$ 4,808.46		\$ 5,329.58		\$ 6,242.90	

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

General Fund

Some of the additional expenditures approved by City Council for FY 2024 included the following:

- Inflationary costs of commodities and contracted services due to scarcity of resources and higher labor costs.
- Finance – accountant position. Software to support new required standards for leases and subscription-based information technology arrangements.
- Public Works – a playground and fountain maintenance technician added mid FY 2023 and a maintenance worker to support parks and grounds. Increases were approved for supplies and communication services in right of way and additional janitorial services in facilities.
- Public Safety – a school resource officer mid FY 2023, an administrative support supervisor, four officers (dependent on the COPS award), a fire prevention clerk/PIO, and six firefighter/EMTs with associated equipment (dependent upon SAFER grant award). Police department increased maintenance for autos, boats, and various specialty equipment, legal reviews, and derelict vessel removals (funded by grant).
- Urban Design – an urban design manager position added mid FY 2023.
- Information Technology – overall increase of 33% for city-wide projects.
- Non-departmental – increase for paving, infrastructure needs, and other considerations.

The FY 2024 budget five year fiscal forecast includes the following assumptions: a millage rate of 3.9500 through FY 2028, modest anticipated increases of 5% in taxable property valuations, 1% to 2% increases in shared state revenues and other general fund revenues, estimated grant revenue through FY 2026 for officers and firefighters, 4% merit wage increases, 6% increases for health insurance, 10% increase for workers compensation, 5% increases for pensions and general liability insurance, 3% increases for all other operating expenditures, capital outlay average of \$892,000, and the sunseting of the Community Redevelopment Agency in FY 2024. The financial plan also includes anticipated personnel/service level enhancements through FY 2026 and projects funding that can be used for infrastructure needs, for other personnel/service level enhancements, or other considerations. The fiscal forecast projects deficits in the range of approximately \$400,000 to \$700,000 FY 2025 through FY 2028. In most fiscal years, due to conservative estimating by the City, some additional funds are added at the end of the fiscal year due to additional revenues collected or divisions not fully expending their budget. It also shows that the City is able to maintain the minimum reserve of 16.7% in the proforma period.

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

	Budget 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

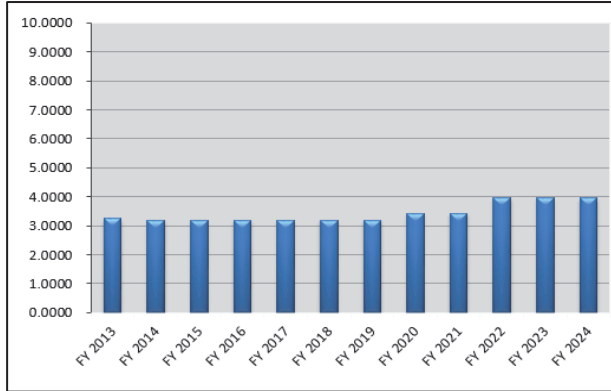
Millage and Taxable Assessed Value

The FY 2024 millage rate is 3.9500 mills. Included in the millage rate is \$709,000 earmarked for the road resurfacing program and \$300,000 for the city-wide drainage improvement program. The current millage rate is necessitated by continued outstanding infrastructure needs, the need to maintain and enhance current service levels over the coming years, while maintaining the City's policy of on-going revenues covering on-going expenditures and that available reserves only be used for one-time expenditures.

Property Tax Millage Rates Fiscal Years 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

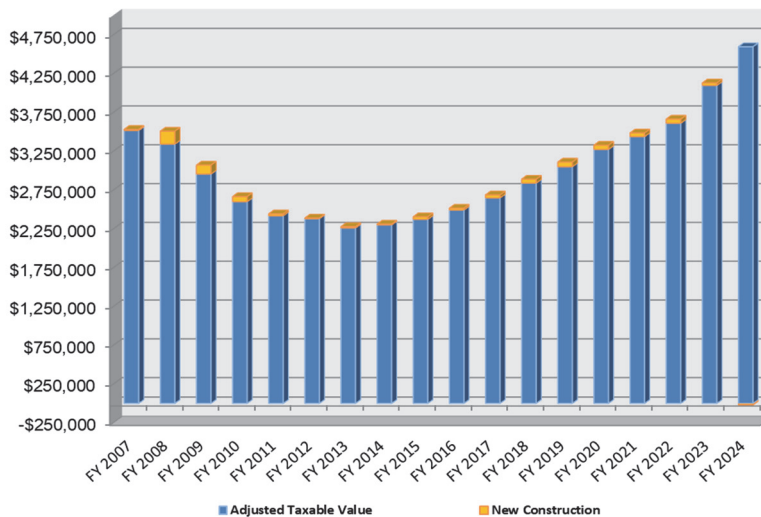


History of Taxable Property Values

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

Gross Taxable Value (in thousands)



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.

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.

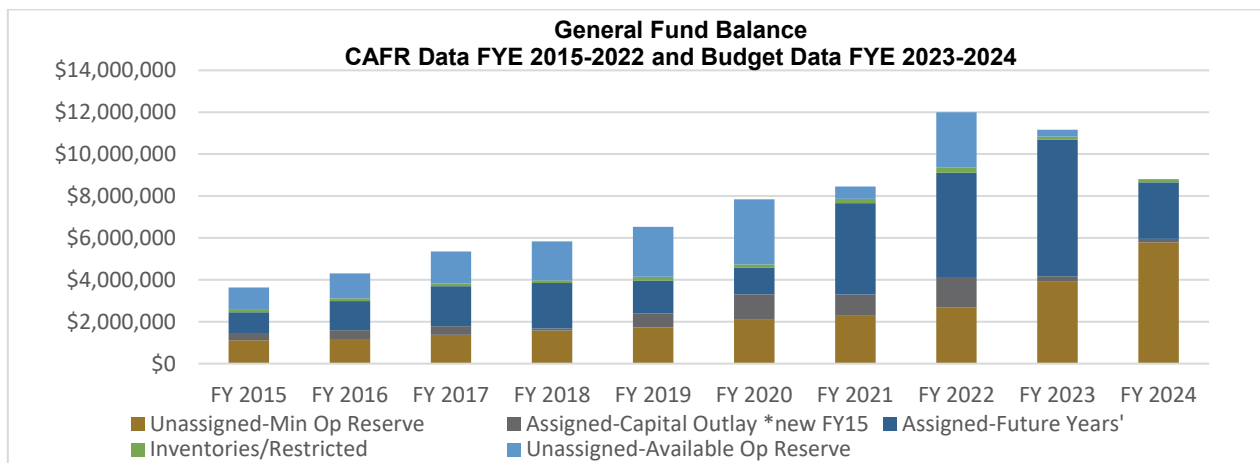
Beginning in FY 2007, the City earmarked a portion of reserves over the minimum policy to assist in paying for ongoing levels of service. Beginning in FY 2022 this practice is continued as part of the five year plan.

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

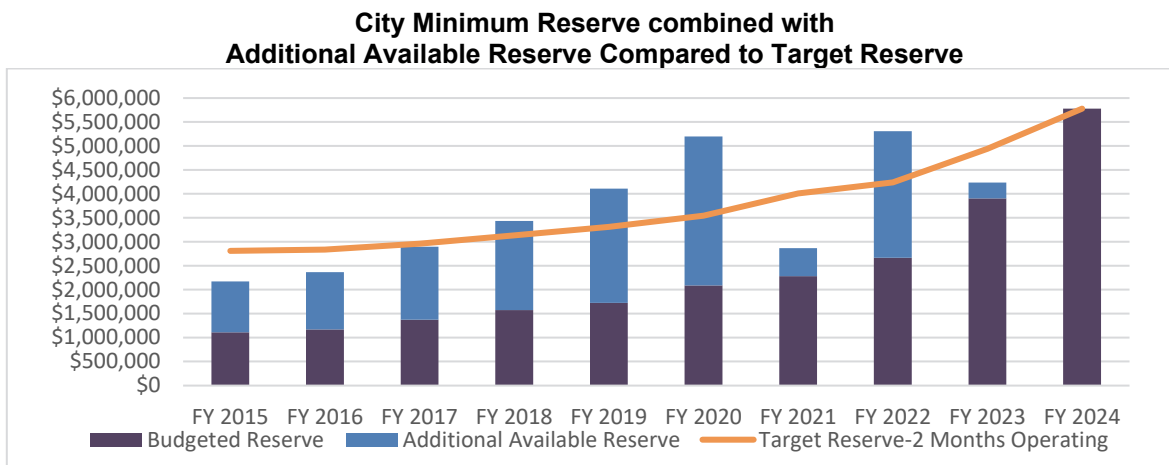
Fund Balance Category	FY 2021 Amount	% of Exp.	FY 2022 Amount	% of Exp.	Projected FY 2023 Amount	% of Exp.	Budget FY 2024 Amount	% of Exp.
Inventories/Restricted	\$ 205,492	0.9%	\$ 244,488	1.0%	\$ 150,000	0.5%	\$ 150,000	0.4%
Assigned-Future Years' Use of Op. Reserve	4,362,299	18.2%	5,016,543	19.8%	6,518,310	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 and setting it as the minimum standard for FY 2024. Due to assignment of additional available reserves to future years’ budgets for the reasons enumerated above, only the minimum budgeted reserve is showing in FY 2024.

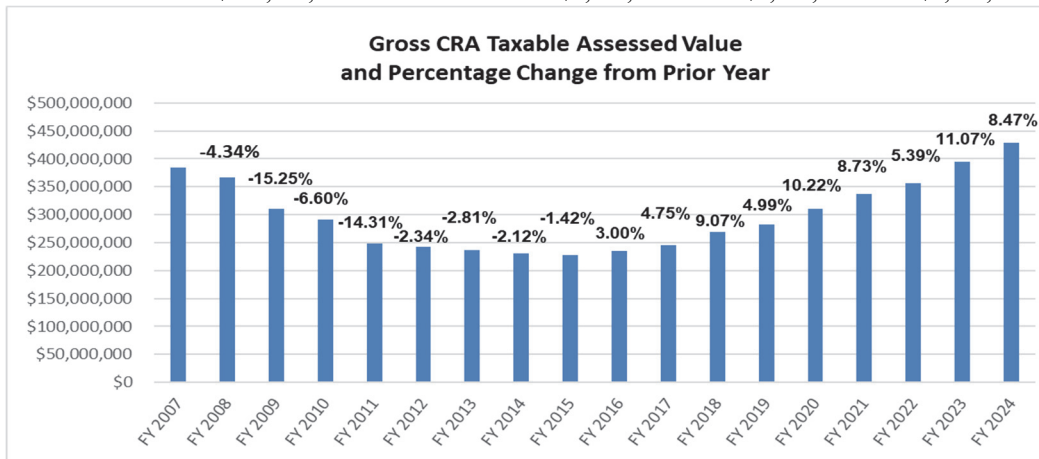


Community Redevelopment Agency

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 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	Perctange 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 FY 2024 TIF revenue is based on 8.5% increase in taxable value in the district, County millage rate 6.1687 and City rate at 3.9500. Funds accumulated from prior years and TIF revenue for FY 2024 allows the 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
Budget FY 2024 through Proforma FY 2028**

	Budget 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)

	Budget FY 2024	Proforma FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028
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 current five-year financial forecast is based on 2-day per week watering; average rainfall; 3.75% rate increases annually; 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 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 Budget FY 2024 through Proforma FY 2028

	Budget 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

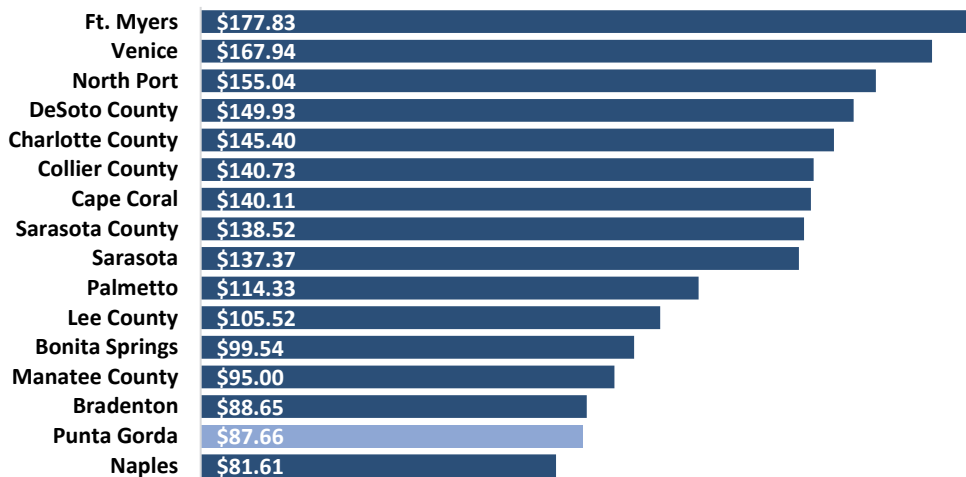
The City has legal and adopted financial policies utilizing reserves for the following purposes:

- 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 as 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 2nd lowest among Southwest Florida utilities surveyed at FY 2024 rates.

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



Sanitation

The City operates its sanitation services as an enterprise fund and collects refuse two days per week and horticulture one day per week for 12,295 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 rate increase of \$0.36 per month or \$4.32 per year, due to a contract increase. A \$1.00 per month rate increase (\$12.00 per year) in refuse/yardwaste rates was 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
Budget FY 2024 through Proforma FY 2028**

	Budget 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 February 2024. All rates include once per week service for yard waste and recycling and either once or twice per week refuse pickup, as noted.

Jurisdiction	FY 2024 Cost/Year	Frequency of Service per Week	Outsourced
Naples	\$431.04	2	No
City of Sarasota	\$347.64	1	No
Cape Coral	\$337.81	1	Yes
Punta Gorda	\$323.04	2	No
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	\$253.08	2	No
Collier County	\$249.29	2	Yes
Sarasota County	\$233.59	1	Yes
Manatee County	\$171.96	2	Yes

Canal Maintenance Districts Funds

Punta Gorda Isles Canal Maintenance District

The budget for the Punta Gorda Isles (PGI) canal maintenance assessment district reflects City Council approval to increase the 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 and will carry over to future year since 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 was obtained in FY 2023 to fund the projects and will 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 Budget FY 2024 through Proforma FY 2028

	Budget 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 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 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
Budget FY 2024 through Proforma FY 2028**

	Budget 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

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 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
Budget FY 2024 through Proforma FY 2028**

	Budget 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

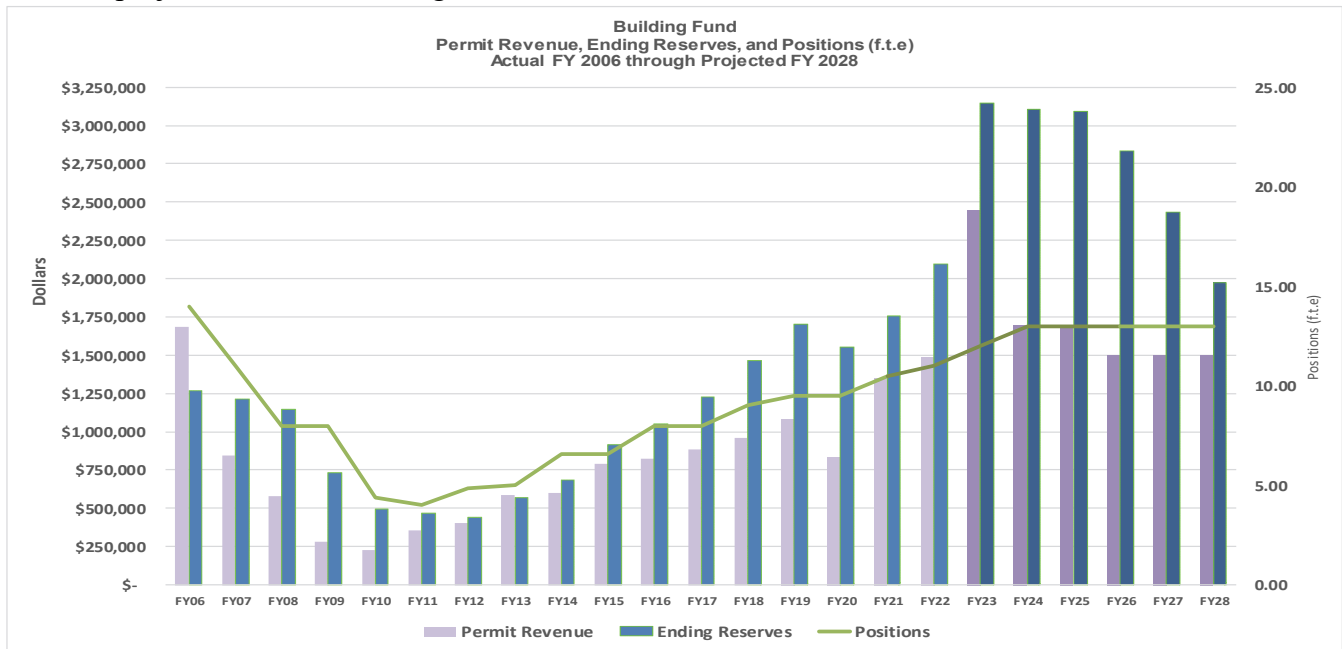
The Building fund is operated as an enterprise fund and includes all aspects of permitting, inspections, plans review and licensing of contractors to support the State and City building codes. The City has established various permit fees to pay for services provided. Staffing had been reduced from thirteen 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 budgeted 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
Budget FY 2024 through Proforma FY 2028

	Budget 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 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
Budget FY 2024 through Proforma FY 2028**

	Budget 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 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
Budget FY 2024 through Proforma FY 2028**

	Budget 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

Section 2: Strategic Planning

The Strategic Plan is used to set the overall goals for the City, provide direction to City departments, and create the basis for each year's annual budget. The plan offers a realistic view of the organization's and community's expectations. The plan provides a tool for more effective and economical operations. It demonstrates to the public that careful consideration has been given to future development and direction of the organization.

City Council has spent considerable time developing and approving a framework that reflected a shift to an outcomes based annual plan. The framework continues to serve as the operational, strategic yearly plan and provides an overview of future action items. The missions, vision and values reflect the learning acquired through citizen engagement.

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

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

In the fiscal year of 2024, each department and division will examine accountability and structure as part of the planning process. Accountability fosters introspection and growth through acknowledging mistakes and actively seeking improvement. Additionally, it stimulates goal-oriented behavior and facilitates problem-solving. Structure looks at the methodical arrangement of tasks, activities, and time allocation to establish the pathway to realize objectives. Focus on structure will enhance efficiency, promote effective time utilization, ensure consistency, and facilitate goal accomplishment. By prioritizing structure and accountability, we will effectively confront challenges, make well-informed decisions, and successfully reach our objectives.

Section 3: Budget Issues

Items that are currently not in the projected budget but will need to be considered as the FY 2025 budget is developed are:

General Fund/Citywide

Legislative Proposals – WMC1 and WMC3 are proposed constitutional amendments that would increase the homestead exemption from \$50,000 to \$75,000. The estimated impact based on the last valuation is approximately \$637,000 in reduced ad valorem revenue. WMC2 would apply an annual increase in exemption values by the Consumer Price Index percentages further reducing the ad valorem revenue.

Hurricane Ian Recovery (Citywide) – On September 28, 2022, Hurricane Ian made landfall in southwestern Florida as a Category 4 hurricane. The City had substantial damage and debris to clean up. Recovery efforts are on-going. The City continues to work with its insurance carrier and FEMA to cover as much of the damage as possible. The current FEMA reimbursement percentage for permanent work has been increased from 75% to 90%. The State will fund 5% and the City will need to fund the remaining 5%. The City will use reserves as needed for its share.

Inflation (Citywide) – The nation, and in particular Southwest Florida, has continued to see inflation increases (although at a slowing percentage) resulting in higher costs of labor, products, and services. Many vendors continue to request increases and the City works with vendors to request lower increases and provide documentation to support the requests. These type of increases are monitored in case the need turns around and supports moving pricing back to original or lower cost. Inflation is affecting all aspects of operations and capital planning. 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.

Scarcity of Resources (Citywide) – As with the above inflation requests, some commodities are still seeing a shortage of product or resources that are causing delays in projects and/or causing even higher costs to the vendor who then passes those costs to the City. These types of cost increases are also monitored for turn around in the commodity environment. The City continues to look for additional vendors who may be able to provide the product or resource sooner.

Attraction and Retention of Employees (Citywide):

Reopen Defined Benefit Pension Plan for General Employees – Legal and actuarial review has been on-going to determine the fiscal impact and the requirements of such an undertaking. The reopening would be reviewed for the appropriate multiplier and employee contribution for general employees. This might involve a one-time election for employees to stay in the defined contribution plan or move to the defined benefit plan.

Health Insurance Rates – The City projects in the proforma a 6% increase per year. FY 2024 rate increase was 10% and the City may see a similar increase for FY 2025.

New Hire Orientation/On-Site Training/Gift Program for Longevity Milestones – Items suggested to help with retention include a more extensive new hire orientation to include tour of all city departments and introductions, more on-site training offerings, and a gift program to recognize longevity milestones such as five year, ten year, etc.

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. Pay plan will be reviewed for possible solutions to be recommended.

Public Safety Bargaining Unit Contracts – Bargaining unit contract negotiations are to begin mid FY 2024. The fiscal impact that may be generated are not included in the proforma.

Cost of Living Adjustment for Retirees (Citywide) – The police pension board has requested a cost of living adjustment for retirees. Impact studies were 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% for all three plans.

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

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

Downtown Drainage – A study to determine possible solutions to flooding being experienced in the downtown/historic area during storm or rain events.

Infrastructure Maintenance – Development of an annual funding plan to accumulate funds for large rehabilitation and/or replacement projects of aging infrastructure.

Punta Gorda Isles Canal Maintenance Fund

The rip rap mitigation project from Hurricane Irma is awaiting FEMA approval to move forward.

As a result of Hurricane Ian, there was approximately 6.5 miles of seawall damaged. The City is working closely with FEMA to obligate the seawall projects and associated mitigation such as the rip rap. A line of credit was obtained so that seawall replacements could be completed while awaiting FEMA obligations and reimbursements.

Proposed rate assessment changes will be reviewed and presented during the budget process.

Burnt Store Isles Canal Maintenance Fund

The rip rap mitigation project from Hurricane Irma is awaiting FEMA approval to move forward.

As a result of Hurricane Ian, there was approximately 0.5 miles of seawall damaged. The City is working closely with FEMA to obligate the seawall projects and associated mitigation such as the rip rap. A line of credit was obtained so that seawall replacements could be completed while awaiting FEMA obligations and reimbursements.

Proposed rate assessment changes will be reviewed and presented during the budget process.

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

Utilities Fund

Florida Legislature Bill Proposal CS/HB 1277 – If adopted, imposes additional requirements for properties within the service area but outside the City limits and eliminates current law authorization for the automatic surcharge of up to 25% for the extraterritorial water and sewer service. This would reduce revenues approximately \$1.0 to \$1.1 million.

Wastewater Treatment Plant Expansion – Although SRF funding has been obtained, the City has applied for a grant to fund a portion of the project. City will continue to explore other grant opportunities and other financing alternatives to extend financing beyond 20 years allowed by SRF. Funding sources were developed that included user rate increases, impact fees, and financing as part of the 2020 rate study. User rates will be evaluated each year for sufficiency of funding this debt service.

Water Quality/Septic to Sewer – Previously, the County has indicated they would support the septic to sewer plan for Charlotte Park. An updated preliminary design report from Giffels-Webster was presented recommending vacuum and some gravity sewer in this area. 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. Next steps would include an outreach campaign and community meetings with the affected properties, assessment process, grant applications and/or loan applications.

Automated Meter Infrastructure – The automated meter infrastructure equipment has been experiencing failures at a higher rate than anticipated when the project was developed. This is causing a backlog of estimated and zero consumption reads. Procurement released a bid to hire a meter reading company so that staff may focus on the automated reading equipment. Utilities is researching alternatives to help resolve these issues.

Marina Fund

Due to lost revenues from damaged docks and mooring field from Hurricane Ian, dock and mooring field infrastructure repairs may require supplement funding from the other sources. The Marina was funded in part from the CRA and as that sunsets some of those funds that will become part of the general fund may be needed.

Building Fund

The division continues to focus on efforts to provide on-line review of plans and expanding on-line payment for more types of permits. The division will review staffing needs for the upcoming fiscal year.

Sanitation Fund

Recycling costs and land fill fees continue to increase. Additional staffing is also needed due to growth seen in the City. Projections show rates are not adequate to fund the future needs of replacement of equipment and currently show the need for continued rate increases. During the budget process this will be reviewed and options presented.

Capital Projects

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