



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

To: City Council Members  
From: Gregory Murray  
Date: August 15, 2024  
Subject: FY 2025 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 maintain our reserves and accomplish our strategic plan objectives without raising the millage rate. The millage rate remains unchanged from the previous three 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 and other essential personnel consistent with the overall personnel management plan presented to Council.

The FY 2025 budget prepares the City to keep projects moving forward as we continue to work through recovery from Hurricane Ian. We also continue our focus on accessing FEMA funds and finalizing insurance payouts as a result of the hurricane. It also programs 33.7% for reserves in the general fund, some of which is programmed for one time costs based on current needs, never falling below the 16.7% national standard. This is vitally important to keep the City fiscally sound to be able to weather the next hurricane or other disaster.

Salary and enhanced benefits, consistent with surrounding jurisdictions, has been a budgetary focus for several years based on the previous wage and benefits study. Employee retention and attraction is also still a key consideration for delivering a high level of service to residents. The budget for the upcoming fiscal year includes a wage and compensation study. Competitive and fair compensation is a key factor in employee satisfaction and retention. The study helps align compensation with employee expectations and market trends.

Each year I present to you a focus for the upcoming year. In FY 2025, we will piggyback on the first phase one (first five year) plan. The focus is on long-term planning for infrastructure with necessary funding, along with long-term growth management. This includes adjusting impact fees, investing in water and sewer infrastructure, planning for drainage projects, and seeking funding for projects through grant opportunities.

I take great pride in being a member of the team contributing to the City of Punta Gorda. We are fortunate to have an actively involved Council, a dedicated group of employees, and a wealth of expertise. Our approach includes a practical and prudent budget along with meticulous, data-driven long-term planning. This prepares us to manage necessary improvements to our City facilities, ensures adequate staffing levels, and equips us to face future challenges. We have a bright future ahead.

Initial budgetary factors:

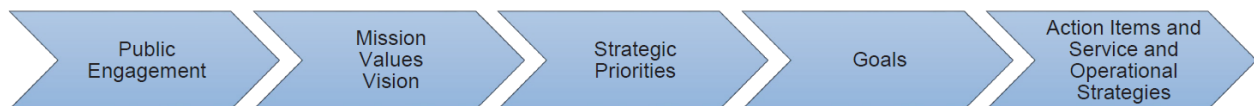
- The Charlotte County Property Appraiser reported that taxable property values increased Citywide 10.7%.
- Increased value from new construction, annexations and other adjustments in the City is \$30.8 million, up from \$-18.1 million the previous year due to Hurricane Ian.
- The Community Redevelopment Area (CRA) sunsetted by City and County resolutions May 2024.
- The proposed FY 2025 General Fund Budget, net of ending reserve, totals \$35.4 million, which is \$0.8 million or 2.4% more than the original FY 2024 budget (see next bullet).
- That includes a plan for approved personnel, a contingency to address infrastructure maintenance needs or other considerations, and planned use of reserves in the proforma.
- The cumulative increase in the general fund since FY 2008 is 72.8%, which averages to an approximate 4.6% 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 1.6% decrease in 1% sales tax due to decrease in City's population percentage to a 10.5% increase in municipal revenue sharing. Other items include local government taxes, communication taxes, and gas taxes. The City budgets 95%-100% of the state projections. State projections for gas taxes have not been released. Adjustment to estimated gas taxes may be needed.
- 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 sworn public safety and dispatchers);
  - 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 2025 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 2025 budget preparation.
  - Since the change in Consumer Price Index (CPI) as reflected in the State “Save Our Homes” Legislation is 3.4%, the cap of 3.0% will be used for FY 2025. This means no matter how high the market value of a homestead property increases, the assessed value can only rise 3%.

As our nation and city navigate a shifting economy with rising costs and increased construction expenses, the City is committed to balancing its needs with responsible funding for essential services. Additionally, we are still recovering from Hurricane Ian, which requires us to secure matching funds for FEMA projects and cover expenses not addressed by insurance or FEMA. This proposed budget carefully aligns conservative revenue projections with available resources, ensuring we continue to enhance our community's quality of life while managing costs effectively.

## 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 created a sustainable structure and a renewed focus on accountability. The FY 2025 Plan focuses on long-term planning for infrastructure with necessary funding, along with long-term growth management.

Action items accomplished as part of the FY 2024 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 2025 budget with an emphasis on adjusting impact fees, investing in water and sewer infrastructure, planning for drainage projects, and seeking funding for projects through grant opportunities.
- Adopted Comprehensive Plan Amendments.
- Tenable security software in place.
- Business tax application amended.
- 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.
- Adopted Land Development Regulations (LDR)/Form Based Codes.
- Secured state revolving loan for Waste Water Treatment plant improvements. Finalizing forgiveness of 20 million dollars of the loan.
- Discussions with insurance provider and FEMA ongoing for Hurricane Ian recovery efforts.

#### *Infrastructure Sustainability*

- W. William Street sidewalk completed.
- ADA Wayfinding signage completed.
- Ponce de Leon Park fishing pier and boardwalk repairs completed.
- W. Henry Street force main completed.
- Mooring field inspection completed.
- Purchased additional seawall forms.
- Completed annual programs for street resurfacing program.
- Waste Water Treatment Plant Improvements project underway.
- Accomplished temporary relocation of multiple departments, due to repairs to the Annex Building from Hurricane Ian.
- \$500,000 Legislative Appropriation for hurricane damaged seawall replacement.

### *Partnerships, Communication & Collaboration*

- Completed fourteenth 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.
- Continued working with Peace River Wildlife Center on their relocation to the Henry Street Campus.
- 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.
- Hosted a third successful Public Safety Youth Academy.
- Partnered with CHEC to create vertical oyster gardens.

### *Strategic Communications Positioning*

- Implemented a new tool that provides news releases via text to subscribers.
- 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.
- Laishley Park Interactive Fountain Playground will open in Sept./Oct.
- Hired civilian Administrative Services Supervisor
- Drone program up and running for police use.
- Youth Public Safety Academy held with 38 participants.
- 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 2025 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.

## **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 2024 budget and economic outlook from the Congressional Budget Office (CBO) include the following key points:

- The update and forecast reflects economic developments as of May 2, 2024 and the effects of legislation enacted through May 12, 2024.
- In CBO's projections, the federal deficit equals 7.0 percent of gross domestic product (GDP) in 2024, declines to 5.5 percent by 2027, and then begins increasing again.
- By the end of 2024, federal debt equals 99 percent of GDP. Debt then rises in relation to GDP surpassing its historical high in 2034, when it reaches 122 percent of GDP.
- In 2024, outlays fall to 23.9 percent of GDP, then to 23.5 percent through 2028, when they begin increasing to 24.9 percent by 2034. The increase is 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 17.2 percent of GDP in 2024 and then rise to 18 percent by 2027, when the scheduled expiration of certain provisions of the 2017 tax act causes tax receipts to increase.
- Real GDP is expected to grow 2.0 percent in 2025 and 1.8 percent in 2026 with strong expansion in residential investment supporting the economic growth in those years.



- Consumer spending drove stronger-than-expected economic growth in late 2023 and early 2024. This growth is projected to moderate over the next three years because of tight credit conditions and weaker growth of wages.
- The forecast projects the unemployment rate to gradually rise from 3.8 percent in 2024 over the next several years to 4.5 percent as the growth of real economic output slows.
- The employment cost index for workers in private industry is projected to grow by 4.0 percent in 2024 and will slow to 2.7 percent annual growth by 2029 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 2.7 percent in 2024 to 2 percent by 2026 and stabilize thereafter. The three factors driving the decline are supply chain will have largely recovered from pandemic-induced problems, rising unemployment will put downward pressure on wage growth, and higher long-term interest rates will put downward pressure on certain prices.
- The interest rate on 10-year Treasury notes is expected to decline from 4.4 percent to 3.6 percent at the end of 2026.
- The Federal Reserve forecasts the federal funds rate remaining at 5.3 percent through the end of 2024 and then will begin reducing that rate in response to a continued slowdown in inflation and rise in unemployment. It is projected to fall to 3 percent by the end of 2028.
- CBO constructs its economic forecast to fall in the middle range of outcomes given tax and spending policies embodied in current law and the economic data available. That forecast is subject to a large amount of uncertainty about such factors as economic growth, strength of the labor market, net immigration, increases in prices and wages, credit conditions, productivity growth, interest rates and the Federal Reserve's monetary policy, developments outside the US, effects of previously enacted legislation, and rare, hard-to-predict events that would have significant economic consequences, such as wars, natural disasters, pandemics, and financial crises.

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

The Florida Legislature Office of Economic and Demographic Research issued its Economic Overview in January 2024 and its Long-Range Financial Outlook in September 2023. Key highlights of the reports are delineated below:

- The state's GDP rate for this fiscal year is anticipated to expand 2.8% in this fiscal year and 1.1% next fiscal year as businesses and consumers transition from a high inflation environment to a high interest rate environment but beginning in FY 2025-26 it will grow at a more characteristic 1.9%-2% per year.
- Growth rate for personal income for FY 2023 was 7.9% as workers and employers chased historic levels of inflation and leveraged the tight labor market into better paying opportunities. Growth of 6.3% and 6.4% is expected in FY 2024 and FY 2025, largely on the continuing strength of wage growth. After an additional three years of above 5% growth, annual growth rates are expected to stabilize at 4.7%.
- Given the Federal Reserve's actions to cool off the economy through higher interest rates, the FY 2024 unemployment rate is expected to average 3.0% and continue to drift upward until it reaches 4.3% in FY 2027 and then plateauing at 4.0%.

- 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. Growth is forecast to average 1.25% through 2030, higher than the national average of 0.43%. Net migration from other states continues to be the reason as natural increase remains negative with deaths outnumbering births.
- Florida total private housing starts reached a 16-year high in FY 2022. Due to the Federal Reserve's series of interest rate hikes, private housing starts are projected to decline 22.4% in FY 2023, increase 9.7% in FY 2024, and then decline 6.9% the following fiscal year.
- The volume of existing home sales from 2014-2023 exceeded the 2005 peak year, however a slowdown was seen in 2023. The story is different for sales price. Through November 2021, Florida's existing home price gains roughly tracked national gains, but generally stayed below the national median. Through December 2023, Florida's median price shifted above the national median. The new forecast shows that prices will continue to have positive growth through FY 2033 although not at record highs.
- 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 fully by FY 2022. FY 2023 increase was 2.5% and the Conference expects strong growth of 6.4% for FY 2024, 4.9% for FY 2025, and moderating to 2.9% by FY 2033.
- Consumer perceptions reached a record low in June 2022 (50.0) and well below the Great Recession depths, but has seen an increase since to 69.7 in December 2023 but still remains below the long-run average of 85.0.
- 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 2024 and their indicators dashboard highlights:

- Southwest Florida's seasonally-adjusted unemployment rate in May 2024 is 3.2% up 0.1% since May 2023.
- Seasonally-adjusted real taxable sales in the five-county region were down 7% in March 2024 compared to March 2023.
- Tourist tax revenues for the coastal counties were \$7.7 million in April 2024, 13% above April 2023.
- The supply of housing has rebounded to pre-pandemic levels, suggesting a potential recovery from the effects of Covid-19 and a more balanced real estate market. The focus has shifted to housing attainability. Existing single-family home sales in the region increased 4% in May 2024 from May 2023. Single-family building permits has increased 39% from May 2023 to May 2024 driven by increased construction and rebuilding efforts post-hurricane. Single-family home prices for Charlotte County rose 1% from May 2023 to May 2024.
- Airport passenger activity was up 9% in May 2024 compared to May 2023.
- The Florida Consumer Sentiment rose in June 2024 to 73.2 up from 73.0 in May 2024.

- 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 2023, the IDI for Southwest Florida measured at 5.228, ranking it as the 7th most industrially diverse workforce region in the state of Florida (out of 24).

**Charlotte County Economic Highlights**

As part of the Southwest Florida region, Charlotte County has undertaken 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 2023 population estimates from the University of Florida, Bureau of Economic Research (BEBR) is 204,126 up from the previous year’s estimate of 196,742. It is estimated that 27.8% of the population is in the age range of 45-64 and 39.0% is 65 or older.
- The taxable property value in the County has increased 18.7% from the prior year. Of that amount, new construction and other adjustments accounted for 5.1%.
- Unemployment is 3.4% in May 2024 as compared to 3.1% in May 2023.
- The median sales price of an existing single family home in the County was \$398,000 in June 2024, down 4.0% from last year.
- The County reported 478 single family home sales for June 2024 up 4.8% from June 2023. There were 246 single family building permits issued in June 2024, down 27 percent from June 2023 and down 39 percent from May 2024.
- Seasonally-adjusted real taxable sales totaled \$331.6 million in May 2024, down 11 percent from May 2023 and less than a percent from April 2024.
- Tourist tax revenues were \$735.9 thousand in May 2024, 21 percent over May 2023.
- 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 will be expanding the Aviation Technician facilities and training program and adding roads and utilities in the AviEx on the north side of the airport property. On the southside, design is underway for a new passenger concourse. Florida Department of Transportation Office of Aviation’s Florida Aviation Economic 2022 Impact study revealed that \$1.7 billion in economic impact is brought to the County.

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
2023	1,901,819				

- Sunseeker Resort in the Charlotte Harbor Community Redevelopment Area bordering the harbor on the north side of the US 41 South Bridge is opened December 2023 with 785 guest rooms and suites, two pools, 60,000 square foot convention space, spa and salon, fitness center, seven 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 793 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. Groundbreaking began in June 2024.
- A Charlotte Technical College Aviation Tech Facility will be located at Punta Gorda Airport with 8,120 sq. ft. of classroom and 10,150 sq. ft. of hangar, for a total of 18,270 sq. ft.
- 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 4,000 homes have sold just as it introduces new neighborhoods, builders, amenities and a second retail center. Ranked the nation’s No. 7 best-selling master-planned community in 2023, 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.

### Punta Gorda Economic Highlights

Projections show an estimated FY 2025 population of 20,851.

- Changes in property values continue to contribute major influence on financial planning and budget preparation. Taxable property values (FY 2025) increased Citywide by 10.7% from the final previous fiscal year, including \$30.8 million of new construction, annexation, and changes in exemption.
- 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	71
FY 2024	39 (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	56
FY 2024	88 (YTD)				

- City of Punta Gorda residential development – Vacant vs Developed as of August, 2024.

Community	Total Parcels Residential	Developed Residential	Vacant Residential	% Residential Developed
PGI	9,171	8,751	420	95.4%
BSI	1,823	1,691	132	92.8%
BSM	935	788	147	84.3%
<b>TOTAL</b>	<b>11,929</b>	<b>11,230</b>	<b>699</b>	<b>94.1%</b>

- 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
  - Verandas III Punta Gorda Housing Authority multi-family project
  - Johnson-Taylor Funeral Home
  - Peace River Wildlife Center
- Projects in planning stages include: a car wash, 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, Samana Condos 18 multi-family development, and Seagrass and Sea Cove 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 2025. The total FY 2025 budget including all transfers and carryover fund balance is \$182,762,397 which is \$60,930,894 (25.0%) lower than FY 2024. The major factors causing the net decrease are:

- debt service decrease of \$54.0 million caused by the early repayment of the CRA debt in FY 2024 and estimated repayment for the Hurricane Ian and Irma projects from FEMA and state reimbursements and canal district assessments, which will be re-appropriated to FY 2025 if not completed by the end of FY 2024;
- transfers had a decrease of \$54.7 million for transfers for debt explained above and funding transfers for capital projects;
- capital projects and equipment increase of \$34.5 million, much of which is in the utilities department because of the water treatment plant rehabilitation project and the reverse osmosis facility expansion project;
- personnel costs increased \$3.6 million for all funds:
  - net ten positions – reduction of three positions from unawarded SAFER grant in FY 2024, and thirteen proposed new positions for FY 2025;
  - pay adjustments in last quarter of FY 2024 increasing sworn police and fire positions \$10 thousand annually, dispatchers \$5 thousand annually, and all other general employees 4%;
  - additional 2% pay adjustment for general employees, excluding sworn personnel and dispatchers;
  - 4% merit increases; Fire and Police per bargaining contract;

- 6.9% increase in health insurance;
- 15% estimated increase in workers compensation insurance;
- increases in police and fire pension plans;
- other operating expenditures increased \$6.2 million overall, mainly due to the canal maintenance programs scheduled to resume mid-year FY 2025 as Hurricane Ian capital replacements are completed. Other operating expenditures did see increases due to increases in costs of commodities and services and increases in computer overhead due to increasing costs in technology for annual subscriptions and new projects;
- contingency increase of \$0.5 million to plan for unresolved items and infrastructure needs;
- ending carryovers had a net increase of \$3.5 million due to future planned use of reserves for increases in personnel, operations, capital projects, and any items remaining unresolved (see discussion at the end of this budget message).

The following chart compares previous adopted budgets with the proposed FY 2025 budget. The expenditures are net of transfers to other funds, internal service funds and ending reserves. The FY 2025 net amount of \$121,840,311 is a decrease of \$10,022,648 or 7.6% less than FY 2024.

**Comparison of Net Budgeted Expenditures**  
**Budget FY 2021 through Proposed Budget FY 2025**  
 (Net of transfers, internal service funds and ending carryover fund balance)

	Budget FY 2021	Budget FY 2022	Budget FY 2023	Budget FY 2024	Proposed FY 2025
General Fund	\$21,315,795	\$23,203,380	\$26,618,605	\$29,781,440	\$33,733,885
Special Revenue Funds	18,687,996	24,899,588	20,316,772	65,179,819	12,945,440
General Construction Fund	1,560,000	4,913,214	2,143,000	1,879,000	3,713,961
Enterprise Funds	33,738,498	49,635,630	82,055,595	35,022,700	71,447,025
<b>Total Funds</b>	<b>\$75,302,289</b>	<b>\$102,651,812</b>	<b>\$131,133,972</b>	<b>\$131,862,959</b>	<b>\$121,840,311</b>
<b>\$ Net Increase (Decrease)</b>	\$1,661,042	\$27,349,523	\$28,482,160	\$728,987	(\$10,022,648)
<b>% Net Increase (Decrease)</b>	2.26%	36.32%	27.75%	0.56%	(7.60%)

The FY 2025 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 344 funded full time equivalent (f.t.e.) position count for FY 2025 has increased by thirteen positions from the amended count of FY 2024. FY 2024 mid-year adjustments were decreases of three firefighter/EMTs due to grant not being awarded. FY 2025 positions that are being added by the City are: an administrative assistant in human resources, a purchasing agent in procurement, a facilities maintenance worker and a right-of-way crew chief in public works, a senior dispatcher and four police officers in the police department, a code officer in zoning and code compliance, two AMI technicians in water distribution, and a sanitation worker in sanitation. The City has applied for a SAFER grant to add nine firefighter/EMTs to the Fire Department to allow the department to meet National Fire Protection Association 1710 standards for staffing requirements on fire apparatus. If awarded, the budget would be amended. One of the key performance measures identified in the business plan for the 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, 16 years prior. The overall plan now gives departments the ability to achieve necessary objectives to support City services, but only by maximizing the efficiency of a still conservative workforce.

<b>Fiscal Year</b>	<b>Population Estimates</b>	<b>Employees</b>	<b>Ratio Employees/ Per 100/Population</b>
<b>2025</b>	<b>20,851</b>	344	1.6
2024	20,608	331	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 2024 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 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 water/sewer bill.

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

**Basic Tax Fee Comparison  
Single Family Residential**

	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota*	Mills	Venice	Mills	North Port	Mills	Cape Coral	Mills	Fort Myers	Mills
<b>Based on taxable value of \$250,000</b>																
Property Taxes	\$ 317.50	1.27	\$ 248.65	.9946	\$ 987.50	3.9500	\$ 750.00	3.0000	\$ 976.03	3.9041	\$ 941.68	3.7667	\$ 1,330.40	5.3216	\$ 1,662.50	6.6500
Water & Sewer (Avg Monthly annualized)	\$ 1,023.00		\$ 1,239.96		\$ 1,115.28		\$ 1,648.44		\$ 2,078.40		\$ 1,860.48		\$ 1,681.32		\$ 2,133.96	
Sanitation (Solid Waste)	\$ 450.43		\$ 286.27		\$ 344.40		\$ 347.64		\$ 253.08		\$ 275.00		\$ 374.96		\$ 273.99	
Fire Service	\$ 0		\$ 486.65	1.9466	\$ 0		\$ 145.00		\$ 0		\$ 282.70		\$ 315.00		\$ 203.00	
Roads/Drainage/Stormwater	\$ 0		\$ 50.00		\$ 0		\$ 120.00		\$ 0		\$ 266.13		\$ 142.00		\$ 141.00	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 35.90	.1436	\$ 90.80	.3632	\$ 0		\$ 44.78	.1791	\$ 0	
<b>TOTAL</b>	<b>\$ 1,790.93</b>		<b>\$ 2,311.53</b>		<b>\$ 2,447.18</b>		<b>\$ 3,046.98</b>		<b>\$ 3,398.31</b>		<b>\$ 3,625.99</b>		<b>\$ 3,888.46</b>		<b>\$ 4,414.45</b>	
<b>Based on taxable value of \$500,000</b>																
Property Taxes	\$ 635.00	1.27	\$ 497.30	.9946	\$ 1,975.00	3.9500	\$ 1,500.00	3.0000	\$ 1,952.05	3.9041	\$ 1,883.35	3.7667	\$ 2,660.80	5.3216	\$ 3,325.00	6.6500
Water & Sewer (Avg Monthly annualized)	\$ 1,023.00		\$ 1,239.96		\$ 1,115.28		\$ 1,648.44		\$ 2,078.40		\$ 1,860.48		\$ 1,681.32		\$ 2,133.96	
Sanitation (Solid Waste)	\$ 450.43		\$ 286.27		\$ 344.40		\$ 347.64		\$ 253.08		\$ 275.00		\$ 374.96		\$ 273.99	
Fire Service	\$ 0		\$ 973.30	1.9466	\$ 0		\$ 200.00		\$ 0		\$ 523.50		\$ 400.00		\$ 203.00	
Roads/Drainage/Stormwater	\$ 0		\$ 50.00		\$ 0		\$ 120.00		\$ 0		\$ 266.13		\$ 142.00		\$ 282.00	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 71.80	.1436	\$ 181.60	.3632	\$ 0		\$ 89.55	.1791	\$ 0	
<b>TOTAL</b>	<b>\$ 2,108.43</b>		<b>\$ 3,046.83</b>		<b>\$ 3,434.68</b>		<b>\$ 3,887.88</b>		<b>\$ 4,465.13</b>		<b>\$ 4,808.46</b>		<b>\$ 5,348.63</b>		<b>\$ 6,217.95</b>	

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

**BUDGET HIGHLIGHTS BY FUND**

**General Fund**

The proposed FY 2025 General Fund Budget, net of ending reserve, totals \$35,434,885, which is \$0.8 million or 2.4% more than the original FY 2024 budget. Based on a proposed millage rate of 3.9500, 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 2024) projects funding that could be used for infrastructure needs or for other personnel/service level enhancements as identified in the unresolved issues of this budget message. 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 2025 through Proforma FY 2029**

	<b>Proposed FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>
Change in Taxable Value of Property	10%	5%	5%	5%	5%
<b>Revenues:</b>					
Ad Valorem Tax	\$19,154,810	\$20,112,550	\$21,118,175	\$22,174,085	\$23,282,790
Other Revenue	15,618,135	15,789,125	15,745,270	15,911,095	16,080,360
<b>Total Revenues</b>	<b>34,772,945</b>	<b>35,901,675</b>	<b>36,863,445</b>	<b>38,085,180</b>	<b>39,363,150</b>
<b>Expenditures:</b>					
Personnel Expenditures	24,034,590	25,509,670	26,629,765	27,803,175	29,032,630
Operating Expenditures	8,288,295	8,207,435	8,388,350	8,644,045	8,908,395
Capital Outlay	896,000	1,915,000	989,000	940,000	940,000
Transfers to other Funds	187,000	0	0	0	0
Transfers for Capital Projects	505,000	580,000	255,000	255,000	255,000
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
Council Contingency	15,000	15,000	15,000	15,000	15,000
Infrastructure and Unresolved Needs	500,000	500,000	500,000	500,000	500,000
<b>Total General Expenditures</b>	<b>35,434,885</b>	<b>37,736,105</b>	<b>37,786,115</b>	<b>39,166,220</b>	<b>40,660,025</b>
<b>Estimated Beginning Reserves</b>	<b>\$12,606,029</b>	<b>\$11,944,089</b>	<b>\$10,109,659</b>	<b>\$9,186,989</b>	<b>\$8,105,949</b>
<b>Estimated Ending Reserves</b>	<b>\$11,944,089</b>	<b>\$10,109,659</b>	<b>\$9,186,989</b>	<b>\$8,105,949</b>	<b>\$6,809,074</b>
<b>Minimum Reserve 16.7%</b>	<b>\$5,917,700</b>	<b>\$6,302,000</b>	<b>\$6,310,300</b>	<b>\$6,540,800</b>	<b>\$6,790,300</b>

Various initiatives continue to be taken to modify the variance between current revenues and current expenditures. The financial goal of reaching a balance between achieving revenues necessary to fund the level of service expected from the community through the most cost effective method available is being addressed through the following efforts:

- Use of long range proforma to identify effects of current decisions on future budgets
- Consistent review of alternative methods of service delivery
- Practical analysis of open positions and alternative methods of service delivery
- Competitive bidding where practical and competitive pricing
- Sales of scrap, repurposing of obsolete or auctioning for value of any fixed assets
- Maximization of collection of fees, taxes and rentals due the city
- Conscientious use of allocated funds
- Avoidance of lost opportunities
- Use of technology where possible to enhance level of service and to maximize personnel value

**General Fund Expenditures Comparison**  
**Original Budget FY 2021 through Proposed Budget FY 2025**

	Original Budget FY 2021	Original Budget FY 2022	Original Budget FY 2023	Original Budget FY 2024	Proposed Budget FY 2025
<b>General Fund Expenditures</b>					
City Council	\$ 130,480	\$ 136,555	\$ 192,540	\$ 191,745	\$ 228,240
City Manager	479,930	507,825	541,535	630,710	729,105
Human Resources	372,920	398,475	498,650	490,280	663,965
City Clerk	602,610	606,560	684,380	781,315	827,550
Finance	972,430	1,023,455	1,017,405	1,237,790	1,299,410
Procurement	598,545	628,250	711,830	789,295	948,695
Legal Counsel	234,695	280,985	247,190	258,990	277,865
Public Works Administration	378,255	461,495	408,385	405,510	476,260
Engineering	572,830	538,745	580,385	768,365	768,625
Right of Way Maintenance	1,064,070	1,230,765	1,320,730	1,712,395	1,518,055
Parks & Grounds	1,611,785	1,712,240	1,729,955	2,201,135	2,285,180
Police	7,251,310	7,877,130	8,395,305	10,477,225	12,252,055
Fire	4,423,355	4,830,045	5,542,610	5,900,865	6,569,750
Planning (previously Urban Design)	583,575	671,995	919,935	1,158,935	1,169,720
Zoning & Code Compliance	551,570	585,130	716,895	758,695	926,140
Facilities Maintenance	1,110,770	1,049,555	1,331,830	1,488,415	1,802,170
Non-Departmental	376,665	664,175	1,779,045 <sup>2</sup>	529,775	991,100
<b>Subtotal Operations</b>	<b>21,315,795</b>	<b>23,203,380</b>	<b>26,618,605</b>	<b>29,781,440</b>	<b>33,733,885</b>
Incr (Decr) from prior year	90,532	1,887,585	3,415,225	3,162,835	3,952,445
% incr (-) decr from prior year	0.43%	8.86%	14.72%	11.88%	13.27%
Transfers to Other Funds	7,825,150 <sup>1</sup>	0	0	254,000	187,000
Tax Increment Financing Transfer	840,055	1,038,065	1,176,535	1,306,520	0
Capital Projects Transfer	1,080,000	477,000	1,031,000	2,254,000	505,000
Paving Transfer	459,000	459,000	459,000	709,000	709,000
Drainage Transfer	300,000	200,000	300,000	300,000	300,000
<b>Subtotal Ops and Transfers</b>	<b>31,820,000</b>	<b>25,377,445</b>	<b>29,585,140</b>	<b>34,604,960</b>	<b>35,434,885</b>
Incr (Decr) from prior year	544,406	(6,442,555)	4,207,695	5,019,820	829,925
% incr (-) decr from prior year	1.74%	-20.25%	16.58%	16.97%	2.40%
Future Years' Budget - Reserve	564,900	3,846,667	4,542,919	2,283,135	5,135,015
Fleet/Equip - Reserve	0	45,000	260,000	179,000	507,000
Proj. Carryover - Ending Reserve	4,204,979	2,667,000	3,905,300	6,341,608	6,302,074
Reserves as a % of Operations & Transfers	14.99%	25.84%	29.43%	25.44%	33.71%
<b>Total General Fund Exp.</b>	<b>\$ 36,589,879</b>	<b>\$ 31,936,112</b>	<b>\$ 38,293,359</b>	<b>\$ 43,408,703</b>	<b>\$ 47,378,974</b>

<sup>1</sup> 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 w ith updated estimate.

<sup>2</sup> 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.

## **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 15% increase and the previously mentioned standard personnel increases that were implemented city-wide.

Increases in the Information Technology internal service fund for city-wide projects was approximately 29% for FY 2025.

### **City Council**

The proposed budget includes increases for photography and recognition plaques and gifts that had not been previously budgeted and an increase in memberships, training and advocacy opportunities.

### **City Manager and Legal**

The lease of a shared printer has been included in the proposed budget for the use of both divisions.

### **Human Resources**

Human Resources' proposed budget includes adding an administrative assistant due to the growing demands of the division and will be responsible for overall administrative duties and be available for employees when other staff are at interviews, job fairs, and meetings. Operating expenditure increases proposed include a compensation and benefits analysis study, improving employee recognition through a service award program, and providing more on-site training. Office supplies and printing cost increases are also budgeted for on-boarding materials including badges and accessories.

### **City Clerk**

The proposed budget increases for the City Clerk are for the restoration of an ordinance document, establishing a promotional account for materials, ads, and racks to promote and encourage volunteers on City boards, additional training for the Florida Certified Professional Clerk program, and creating an annual shredding program for documents that have exceeded retention periods thereby ensuring sufficient space for records that have not met retention.

### **Finance and Procurement**

Finance's proposed budget includes the cost for a full other post-employment benefit report as opposed to the prior year update. This occurs every other year. The procurement division proposed adding a purchasing agent in FY 2025 due to the increase in large and complex projects, increase in number of contracts to manage, more IT subscription contracts. The position would manage smaller dollar contracts and help expedite requisition processing enabling more experienced staff to work on the larger projects.

## **Planning and Zoning & Code Compliance**

Planning's proposed operating budget includes a comprehensive planning study and an increase to fund several sign replacements. A new code compliance officer position is proposed due to increases in new construction, multi-family and commercial projects, and annexations causing need for additional services. This position will allow the division to provide more proactive communication with citizens and addressing violations prior to receiving complaints. Operating expenditures were budgeted for increased travel for training. Capital outlay of \$60,000 includes the replacement of two code compliance vehicles.

## **Public Works**

Two positions proposed to be added to Public Works are:

- A right-of-way crew chief to oversee various functions of the division and help with the workload due to increased demands caused by aging infrastructure.
- A facilities maintenance worker to help provide more preventative maintenance and more technical jobs for servicing of buildings, elevators, generators, lighting, parking garage, and restrooms.

Operating expenditure increases were budgeted for maintenance of Laishley Park and Herald Court Center infrastructure that were moved from the sunsetted CRA fund, rent for the Military Heritage Museum for meetings, surface mount water bottle fillers, more maintenance supplies, additional janitorial services for weekends in the parks and Herald Court Centre and weekly for temporary facilities in use due to Hurricane Ian. A study to review and provide possible solutions with planning estimates regarding flooding in the historic district is also added to the proposed budget.

Capital outlays of \$164,000 include addition of one vehicle to fleet for the new facility position, and routine replacements of: two mowers and four trailers in parks and grounds; and a mower and two trailers 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 to provide marine patrol seven days a week, provide a dedicated officer for traffic enforcement and to provide additional officers to cover for vacations, training, FMLA leaves, and vacancies.
- A senior dispatcher due to increased call volume.

The FY 2025 capital outlay of \$624,00 includes equipment for new positions and add of four vehicles to fleet for officer positions, taser replacement program, body and in-car camera replacement programs, mobile and portable radios purchases, drone program, live scan fingerprint system, SWAT tactical rifle, and interview room system. Six replacement vehicles that would have been budgeted in FY 2025 were moved to FY 2024 to take advantage of pricing and availability.

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 6:37 minutes. Another goal is to achieve a monthly Quality Assurance survey approval rating of 95%. Survey results indicate a 99.4% approval rating.

### **Fire**

Although no new positions were proposed, the City has applied for SAFER grant funding for nine firefighter/EMTs. If awarded the budget would be amended and funding for equipment would need to be appropriated. An award would require that the City be able to fund those nine positions fully once the grant funding was completed.

Proposed operating expenditure increases include travel for training, uniforms, and emergency management supplies.

The FY 2025 capital outlay of \$48,000 includes funding for personal protective equipment, suppression equipment, and medical equipment.

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 2023 was 4 minutes and 40 seconds. Table below indicates response times.

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Average response times</b>	4:01	4:04	4:11	4:10	4:41	4:21	4:25	4:40
<b># Emergency &lt; 5 minutes</b>	2,621	3,123	3,237	2,329	2,363	2,043	2,215	2,383
<b>% Emergency &lt; 5 minutes</b>	79.3%	84.9%	82.7%	75.2%	87.0%	75%	75%	67%

### **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: \$805,000 to the general construction fund for \$300,000 for the drainage improvement program, \$205,000 for the annual public work projects, and \$300,000 for railroad crossing rehabilitation; \$709,000 for the paving program; and \$187,000 for County bridge LED lighting and traffic signal projects.

All general fund debt service payments are reported in the debt fund. No new debt service is scheduled in FY 2025 however, a line of credit for the Hurricane Ian seawall repairs and Hurricanes Irma and Ian hazard mitigation scheduled to be paid in FY 2024 through a transfer from the PGI and BSI Canal Maintenance fund assessments and FEMA and State reimbursements when payments become due will be re-appropriated to FY 2025. Transfer of the line from the general fund to the canal maintenance funds would also be re-appropriated as needed.

Undesignated personnel of \$26,000 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 \$285 represents an increase of \$10.00 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 2025 budget.

There were no changes made to the funding levels for professional services, promotional activities or of the City’s charter membership contributions to Coastal & Heartland National Estuary Program (CHNEP) and to the United Way of Charlotte County. City Council eliminated the \$20,000 to the Charlotte Harbor Environmental Center (CHEC). No change to the reserve for general contingencies of \$15,000. An additional contingency of \$500,000 was added for infrastructure or unresolved needs. Operating reserves are discussed in detail under Fund Balance heading.

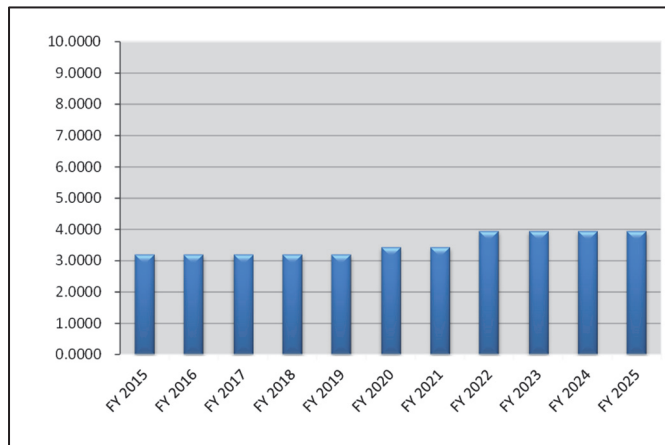
**Millage and Taxable Assessed Value**

The proposed FY 2025 millage rate of 3.9500 mills is 9.9% over the rolled back rate of 3.5942. 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 2015 - Proposed 2025**

*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
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
2025	3.9500

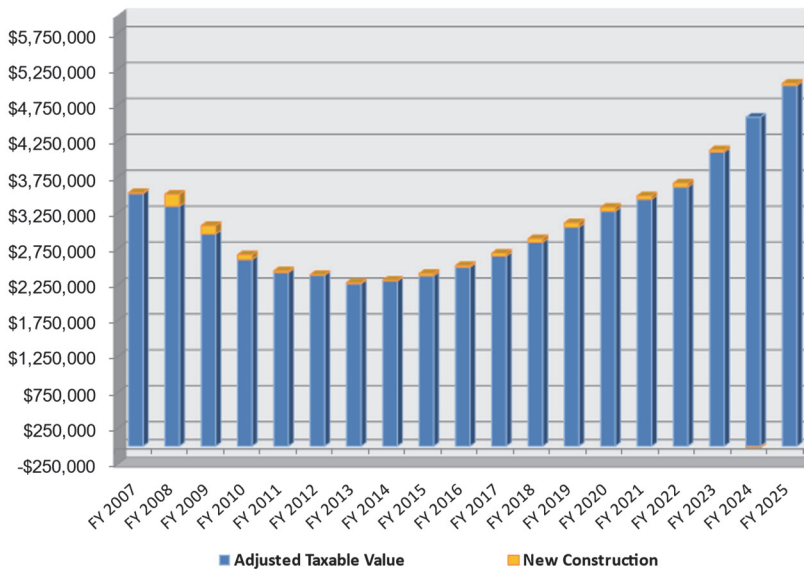


### History of Taxable Property Values

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	\$4,561,393,197	\$436,322,240	10.6%	-\$18,143,289	-0.4%
2025	\$5,051,387,222	\$489,994,025	10.7%	\$30,767,348	0.7%

\*Includes New Construction

Gross Taxable Value (in thousands)



The Charlotte County Appraiser’s July 1st certification shows a 10.0% overall increase for properties on the books from the prior year and an additional 0.7% provided by new construction, annexations and changes in exemption for calendar year 2023. This is the twelfth 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 seventeen years is a cumulative

44.5% 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 3.4%), or 3%, until such time as the taxable value attains parity with the market value.

Below are examples of the effects that the proposed millage rate may have on property taxes.

<b>Calculation of City Ad Valorem Tax on Various Homestead Single Family Values</b>							
	<b>Mils</b>	<b>\$300,000</b>			<b>\$500,000</b>		
		<b>FY 2024 Base 3.9500</b>	<b>FY 2025 3.0%</b>	<b>Difference % \$ Amount</b>	<b>FY 2024 Base 3.9500</b>	<b>FY 2025 3.00%</b>	<b>Difference % \$ Amount</b>
Assessed Value		\$300,000	\$309,000		\$500,000	\$515,000	
Less Homestead Exemption		\$50,000	\$50,000		\$50,000	\$50,000	
Net Taxable Value		\$250,000	\$259,000		\$450,000	\$465,000	
City Millage Rate		3.9500	3.9500	3.60%	3.9500	3.9500	3.33%
<b>City Ad Valorem Tax</b>		\$988	\$1,023	\$36	\$1,778	\$1,837	\$59

## Fund Balance

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

- 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.

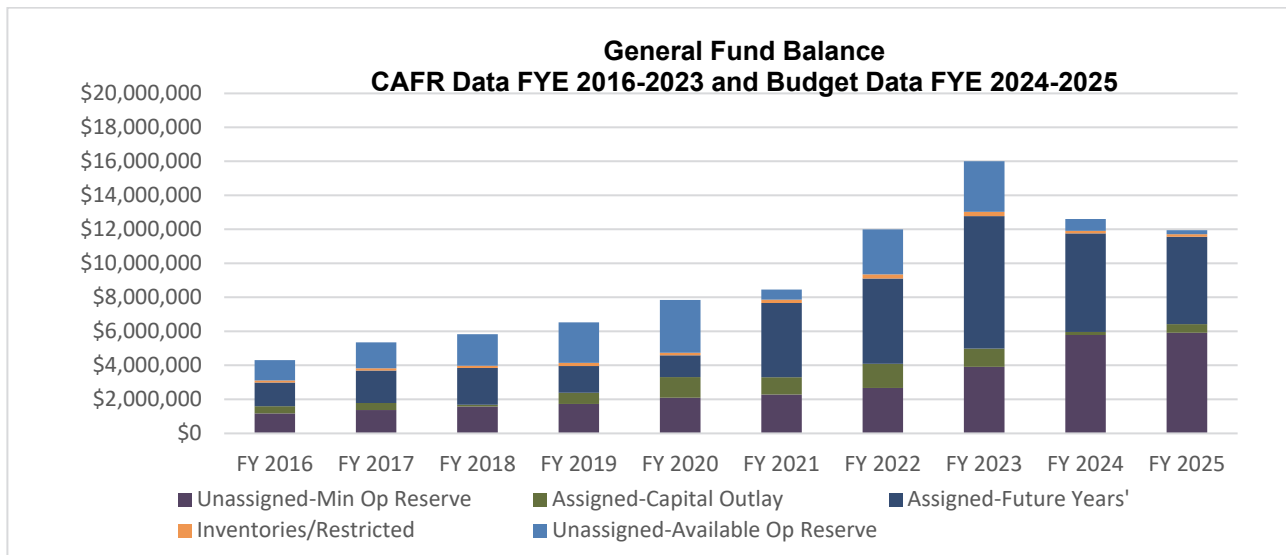


**Analysis of General Fund Balance  
as a Percentage of General Fund Expenditures  
at Fiscal Year End**

Fund Balance Category	FY 2022 Amount	% of Exp.	FY 2023 Amount	% of Exp.	Projected FY 2024 Amount	% of Exp.	Proposed FY 2025 Amount	% of Exp.
Inventories/Restricted	\$ 244,488	1.0%	\$ 252,289 *	0.9%	\$ 150,000	0.4%	\$ 150,000	0.4%
Assigned-Future Years' Use of Op. Reserve	5,016,543	19.8%	7,786,339	26.3%	5,796,955	16.8%	5,135,015	14.5%
Assigned-Capital Outlay Reserve	1,424,506	5.6%	1,080,660	3.7%	179,000	0.5%	507,000	1.4%
Unassigned-Minimum Op. Reserve (Orig)	2,667,000	10.5%	3,905,300	13.2%	5,779,100	16.7%	5,917,700	16.7%
Unassigned-Available Op. Reserve	<u>2,641,987</u>	10.4%	<u>2,982,448</u>	10.1%	<u>700,974</u>	2.0%	<u>234,374</u>	0.7%
<b>Total Fund Balance</b>	<b><u>\$ 11,994,524</u></b>	<b>47.3%</b>	<b><u>\$ 16,007,036</u></b>	<b>54.1%</b>	<b><u>\$ 12,606,029</u></b>	<b>36.4%</b>	<b><u>\$ 11,944,089</u></b>	<b>33.7%</b>
General Fund Orig Budgeted Expenditures	<u>\$ 25,377,445</u>		<u>\$ 29,585,140</u>		<u>\$ 34,604,960</u>		<u>\$ 35,434,885</u>	

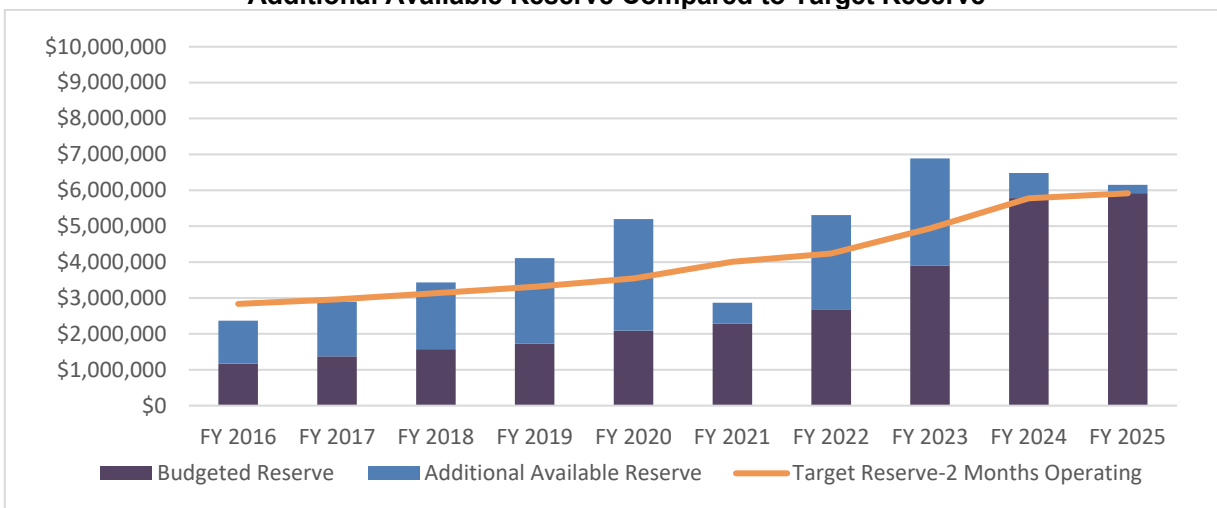
\* FY 2023 Inventories/Restricted excludes \$23.7 million of restricted loan proceeds for Canal Maintenance hurricane seawall repairs

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 \$5,917,700. 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 \$940,000. Those amounts unused will be carried in the reserve until the year scheduled for use. In FY 2025, \$507,000 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 and unresolved issues, 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 (FY 2023 excludes \$23.7 million restricted loan proceeds for hurricane seawall repairs). 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 2025, the amount remaining of \$234,374 would be used to maintain the 16.7% minimum requirement of reserves in future years which increases \$872,600 in the five year proforma.



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 a small amount is showing above the minimum budgeted reserve.

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



### City Leased Property Fund

The Community Redevelopment Agency (CRA) sunsetted in May 2024 as per approved resolutions by the County and the City. Maintenance expenditures for the parking garage and other CRA infrastructure were moved to the general fund. Leases for the units in Herald Court Centre and other properties and associated expenditures for maintenance were moved to a new special revenue fund for City Leased Property.

The proforma for the fund has been divided into two divisions: operations of Herald Court Centre (HCC) funded by HCC leases and non-departmental maintenance of infrastructure funded by other leases. The other leases have no restriction of use can be used toward maintenance of 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.

The Herald Court lease revenue for FY 2027 through FY 2029 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 through FY 2026 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 \$157,156 in FY 2025 and reducing to \$41,171 at end of FY 2029. 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.

**City Leased Property Fund  
Proforma Schedule of Revenues and Expenditures  
Proposed FY 2024 through Proforma FY 2028**

	Proposed FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
<b>Herald Court Operations Division</b>					
Herald Court Revenues	\$267,975	\$273,935	\$297,850	\$305,225	\$312,735
Herald Court Operating Expenditures	296,025	307,405	319,255	331,590	341,480
Revenues in Excess (Shortfall) of Herald Ct Operations	(28,050)	(33,470)	(21,405)	(26,365)	(28,745)
Reserve - Herald Ct (Beg)	185,206	157,156	123,686	102,281	75,916
<b>Reserve - Herald Ct (End)</b>	<b>\$157,156</b>	<b>\$123,686</b>	<b>\$102,281</b>	<b>\$75,916</b>	<b>\$47,171</b>
<b>Non-Departmental Division</b>					
Non-Departmental Revenues	\$137,195	\$141,400	\$147,870	\$154,350	\$160,095
Non-Departmental Expenditures	0	0	0	0	0
Revenues in Excess (Shortfall) of Other Operations	137,195	141,400	147,870	154,350	160,095
Reserve - Other Operations (Beg)	573,070	710,265	851,665	999,535	1,153,885
<b>Reserve - Other Operations (End)</b>	<b>\$710,265</b>	<b>\$851,665</b>	<b>\$999,535</b>	<b>\$1,153,885</b>	<b>\$1,313,980</b>

**Utilities**

The FY 2025 spending plan for Utilities operations, maintenance and repair (OM&R) is \$31,103,800 which is \$2,223,895 or 7.7% more than FY 2024 budget. The increase is attributable to: the increase in transfers to the Utilities construction fund of \$0.2 million for the capital improvement plan; personnel expenses increase of \$0.5 million or 6.6% due to the addition of two AMI technician positions in water distribution, 4% pay plan adjustments July 2024, 4% for employee merit increases, 2% for pay plan adjustments, overtime for after-hour calls, 6.9% health insurance increases, and 15% estimated increases in workers compensation; operating expenses increase of \$1.0 million or 10.1% due to increases being experienced due to full land lease payment of \$355 thousand required in FY 2025, addition of contracted services for hydrant program of \$225,000, chemical cost increases due to higher use in operations and cost increases, 15% estimated increase in general liability insurance, and approximate increases in computer overhead of 29% and administrative charges of 8%; Capital outlay increased \$0.5 million for FY 2025 for two new vehicles for added positions, a new service truck and a new vacuum trailer for water distribution, a new loader with attachment and trailer for wastewater collection, and a new dump truck to haul sludge for the wastewater treatment plant. Normal capital replacements of vehicles and equipment which include a golf cart, tractor, and equipment such as pumps, motors, mixers, generators, etc. are also scheduled.

Utilities O M & R Fund  
Revenue and Expense Comparison  
Actual FY 2022 through Proposed FY 2025

	Actual FY 2022	Actual FY 2023	Budget FY 2024	Projected FY 2024	Proposed FY 2025
<b>Revenues:</b>					
Chg for Serv - Water	\$ 12,149,441	\$ 12,851,386	\$ 12,368,915	\$ 12,965,265	\$ 13,431,505
Chg for Serv - Sewer	8,474,157	8,737,026	9,031,560	9,204,930	9,751,515
Other	1,246,673	2,300,497	1,171,170	2,141,240	1,178,395
Subtotal	21,870,271	23,888,909	22,571,645	24,311,435	24,361,415
Reserves	9,307,545	10,251,871	11,054,046	14,928,082	10,649,467
<b>Total Revenues</b>	<b>\$ 31,177,816</b>	<b>\$ 34,140,780</b>	<b>\$ 33,625,691</b>	<b>\$ 39,239,517</b>	<b>\$ 35,010,882</b>
<b>Expenses:</b>					
Administration	\$ 1,788,739	\$ 1,935,207	\$ 2,266,910	\$ 2,218,000	\$ 2,403,235
Water	5,535,989	6,097,859	7,475,615	7,543,320	8,663,230
Wastewater	5,282,544	6,565,684	7,783,940	7,476,975	8,267,975
Other	699,078	809,353	763,845	762,160	999,765
Debt and Debt Transfers	999,595	999,595	2,499,595	2,499,595	2,499,595
Transfer for Capital	6,620,000	2,805,000	8,090,000	8,090,000	8,270,000
Subtotal	20,925,945	19,212,698	28,879,905	28,590,050	31,103,800
Reserves	10,251,871	14,928,082	4,755,786	10,649,467	3,907,082
<b>Total Expenses</b>	<b>\$ 31,177,816</b>	<b>\$ 34,140,780</b>	<b>\$ 33,635,691</b>	<b>\$ 39,239,517</b>	<b>\$ 35,010,882</b>

The current five-year financial forecast is based on 2-day per week watering; average rainfall; 6% rate increases annually; and new financing based on the FY 2025-2029 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 Rate Sufficiency Study is getting underway due to the significant increases added to the FY 2025-2029 Capital Improvement Plan and inflationary increases experienced since the 2020 Rate Sufficiency Study performed by Stantec. The FY 2025 proposed rate increase is 6% and future years will be adjusted once the rate study is complete. 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 2025-2029 capital improvement plan pending obtaining grants for the project. The City will continue to look for ways to reduce expenses, explore alternative financing, and opportunities for grants.

**Utilities OM&R Fund**  
**Proforma Schedule of Revenues and Expenses**  
**Proposed FY 2025 through Proforma FY 2029**

	Proposed FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
<b>Revenues:</b>					
Chg for Serv - Water	\$13,431,505	\$14,308,585	\$15,238,645	\$16,224,860	\$17,270,610
Chg for Serv - Sewer	9,751,515	10,388,290	11,063,525	11,779,535	12,690,765
Other Revenue	1,178,395	1,354,550	1,810,740	1,811,965	1,813,230
Annual Assessments - Septic to Sewer-Area 1	0	0	0	350,000	350,000
<b>Total Revenues</b>	<b>24,361,415</b>	<b>26,051,425</b>	<b>28,112,910</b>	<b>30,166,360</b>	<b>32,124,605</b>
<b>Expenses:</b>					
Operations	20,334,205	19,985,455	20,701,065	21,847,810	22,220,995
Renewal & Replacement of Infrastructure	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	7,150,000	4,285,000	4,800,000	85,000	200,000
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	0	0	0	0
Est. new debt service WWTP	0	1,525,000	3,050,000	3,050,000	3,050,000
Est. new debt service WTP Filtration Rehab	0	0	3,037,000	3,037,000	3,037,000
Est. new debt service WTP RO Expansion	0	0	0	1,161,000	2,322,000
Est. new debt service Septic to Sewer-Area 1	0	0	0	0	344,000
<b>Total Expenses</b>	<b>31,103,800</b>	<b>27,915,050</b>	<b>33,707,660</b>	<b>31,300,405</b>	<b>33,293,590</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(6,742,385)</b>	<b>(1,863,625)</b>	<b>(5,594,750)</b>	<b>(1,134,045)</b>	<b>(1,168,985)</b>
<b>Operating Reserves-Beg</b>	<b>10,649,467</b>	<b>3,907,082</b>	<b>2,043,457</b>	<b>(3,551,293)</b>	<b>(4,685,338)</b>
<b>Operating Reserves-End</b>	<b>\$3,907,082</b>	<b>\$2,043,457</b>	<b>(\$3,551,293)</b>	<b>(\$4,685,338)</b>	<b>(\$5,854,323)</b>

### Utilities Reserves

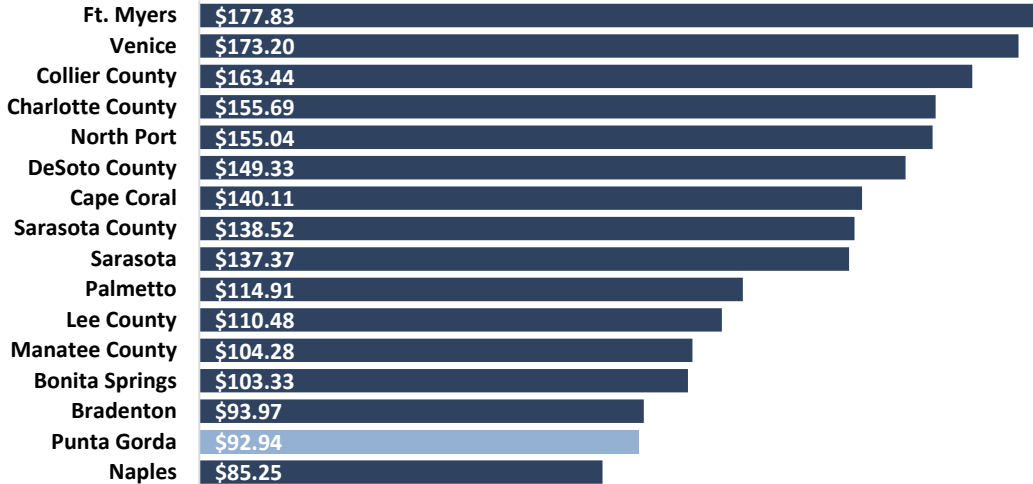
The City has legal and adopted financial policies utilizing reserves for the following purposes:

- Maintain an unassigned fund balance minimum of \$3.1 million; protection against unforeseen revenue declines and extraordinary operating expenses due to economic or weather disasters, and contract bids or equipment failures.
- Provide an emergency fund for existing infrastructure by retaining the Renewal and Replacement fund of \$1.5 million, which until January 2014 was required by bond covenants;
- Utilize a Capital Outlay reserve to provide level funding. City Council has approved the \$700,000 funding level over the five year plan for FY 2025 through FY 2029 with increases in FY 2025 and 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 2025 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 2025 rates.

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



## Utilities Construction

Total FY 2025 capital projects of \$42.3 million are being funded with user charges, unassigned operating reserves through a transfer to the Utilities Construction Fund, and financing. Some of the projects included in FY 2025 are: Lift Station 30 gravity rehabilitation, Riverside Drive force main, wastewater master pump facility upgrade, generator replacement at booster pumping facility, wastewater pond liner replacements, bio-solids off-site disposal processing from the wastewater plant, water plant carbon slurry system replacement, water treatment plant filters and solid contact units rehabilitation, Burnt Store Rd booster station pipe riser repair and pumps, reverse osmosis expansion, and water main replacements at Airport Rd and Via Tripoli. Various financing options will be explored as well as any grant opportunities.

### Utilities Construction Fund Proforma Schedule of Revenues and Expenses Proposed FY 2025 through Proforma FY 2029

	Proposed FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
<b>Revenues:</b>					
Transfer from Utilities OM&R	\$8,270,000	\$5,405,000	\$5,920,000	\$1,205,000	\$1,320,000
Estimated Financing of WTP Filtration	30,000,000	0	0	0	0
Estimated Financing of RO Expansion	4,000,000	20,000,000	6,000,000	0	0
Estimated Grants Septic to Sewer	0	0	0	2,750,000	0
Estimated Financing Septic to Sewer	0	0	1,000,000	10,286,400	0
<b>Total Revenues</b>	<b>\$42,270,000</b>	<b>\$25,405,000</b>	<b>\$12,920,000</b>	<b>\$14,241,400</b>	<b>\$1,320,000</b>
<b>Expenses:</b>					
Water Treatment Plant Improvements	\$36,450,000	\$22,285,000	\$6,500,000	\$0	\$0
Water Distribution System Imprv	2,220,000	220,000	3,520,000	220,000	220,000
Wastewater Collection System Imprv	2,000,000	900,000	900,000	900,000	900,000
Wastewater Treatment Plant Imprv	1,600,000	2,000,000	1,000,000	85,000	200,000
Septic to Sewer Projects	0	0	1,000,000	13,036,400	0
<b>Total Expenses</b>	<b>\$42,270,000</b>	<b>\$25,405,000</b>	<b>\$12,920,000</b>	<b>\$14,241,400</b>	<b>\$1,320,000</b>

## Sanitation

The City operates its sanitation services as an enterprise fund and collects refuse two days per week and horticulture one day per week for 12,515 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 2025 with a proposed rate increase of \$0.28 per month or \$3.36 per year, due to a contract increase. In addition, a \$1.50 per month or \$18.00 per year increase in refuse/yardwaste rates is also proposed due to costs increasing in all areas from contractual/inflationary increases, labor increases, insurance increases, equipment (packers) increases, etc and adding a sanitation worker position. An industrial standard study is also budgeted to review routes, rates for services and current practices to provide suggestions for improvements, future needs and rates.

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. The increased expenses has necessitated projected rate increases each year through FY 2029 which will be reviewed each budget cycle.

**Sanitation Fund**  
**Proforma Schedule of Revenues and Expenses**  
**Proposed FY 2025 through Proforma FY 2029**

	<b>Proposed FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>
<b>Revenues:</b>					
Chg for Serv - Refuse Collection	\$4,881,560	\$5,206,015	\$5,535,225	\$5,864,740	\$6,194,565
Other Revenue	76,300	55,600	55,600	55,600	55,600
<b>Total Revenues</b>	<b>4,957,860</b>	<b>5,261,615</b>	<b>5,590,825</b>	<b>5,920,340</b>	<b>6,250,165</b>
<b>Expenses:</b>					
Operations	4,936,310	5,141,740	5,402,020	5,617,380	5,844,475
Capital	50,000	400,000	196,000	400,000	400,000
<b>Total Expenses</b>	<b>4,986,310</b>	<b>5,541,740</b>	<b>5,598,020</b>	<b>6,017,380</b>	<b>6,244,475</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(28,450)</b>	<b>(280,125)</b>	<b>(7,195)</b>	<b>(97,040)</b>	<b>5,690</b>
<b>Operating Reserves-Beg</b>	<b>822,773</b>	<b>794,323</b>	<b>514,198</b>	<b>507,003</b>	<b>409,963</b>
<b>Operating Reserves-End</b>	<b>\$794,323</b>	<b>\$514,198</b>	<b>\$507,003</b>	<b>\$409,963</b>	<b>\$415,653</b>

To compare the City's rates with surrounding jurisdictions, a survey was taken during June 2024. 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 2025

Jurisdiction	Proposed FY 2025 Cost/Year	Frequency of Service per Week	Outsourced
Naples	\$450.43	2	No
Cape Coral	\$374.96	1	Yes
City of Sarasota	\$347.64	1	No
<b>Punta Gorda</b>	<b>\$344.40</b>	<b>2</b>	<b>No</b>
Charlotte County	\$303.97	1	Yes
Lee Co. (Avg 6 districts)	\$300.51	1	Yes
Manatee County	\$283.80	2	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

### 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 \$1,100 to \$1,200. 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 Hurricane Irma rip rap mitigation and Hurricane Ian seawall repairs and mitigation. Obligations for Hurricane Ian projects have not been received yet. Projects not completed by end of FY 2024 will be re-appropriated to FY 2025 along with the associated loan transfers, debt service payments, and FEMA and State reimbursements. For obligated projects the funding share is FEMA and State reimbursements (95%) and district assessments (5%). The City will also be receiving \$500,000 from State funding that can be used towards the district share. This will be allocated between both districts and will be appropriated during the fiscal year.

The five-year proforma proposes increasing assessments through FY 2029. The annual program is approximately 5,000 lineal feet in FY 2025 as the division works to complete the hurricane projects. It then increases to 10,500 lineal feet in FY 2026 and increases 1,400 lineal feet per year thereafter. 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 2025 through Proforma FY 2029**

	<b>Proposed FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>
Assessment Rate	<b>\$1,200</b>	<b>\$1,350</b>	<b>\$1,500</b>	<b>\$1,650</b>	<b>\$1,800</b>
<b>Revenues:</b>					
Operating Assessment	\$6,240,805	\$7,020,415	\$7,800,030	\$8,579,650	\$9,359,265
Other Revenue	141,500	158,000	143,000	128,000	105,500
<b>Total Revenues</b>	<b>6,382,305</b>	<b>7,178,415</b>	<b>7,943,030</b>	<b>8,707,650</b>	<b>9,464,765</b>
<b>Expenditures:</b>					
Operations	1,533,510	1,602,535	1,653,865	1,728,225	1,785,155
Inlet Dredging	85,000	85,000	85,000	85,000	85,000
Seawalls and Stabilization	2,930,320	6,201,480	7,039,225	7,902,100	8,790,865
Capital Outlay & Special Projects	306,000	225,000	225,000	0	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
<b>Total Expenditures</b>	<b>4,904,830</b>	<b>8,164,015</b>	<b>9,053,090</b>	<b>9,765,325</b>	<b>10,711,020</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>1,477,475</b>	<b>(985,600)</b>	<b>(1,110,060)</b>	<b>(1,057,675)</b>	<b>(1,246,255)</b>
<b>Operating Reserves-Beg</b>	<b>3,251,579</b>	<b>4,954,054</b>	<b>4,193,454</b>	<b>3,308,394</b>	<b>2,250,719</b>
<b>Reserve Seawall Replacement-Beg</b>	<b>675,000</b>	<b>450,000</b>	<b>225,000</b>	<b>0</b>	<b>0</b>
<b>Reserve Seawall Replacement-End</b>	<b>\$450,000</b>	<b>\$225,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Reserves-End</b>	<b>\$4,954,054</b>	<b>\$4,193,454</b>	<b>\$3,308,394</b>	<b>\$2,250,719</b>	<b>\$1,004,464</b>

**Burnt Store Isles Canal Maintenance District**

The proposed budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects the City Council approval for the operating assessment to remain the same at \$985 which was \$10 more than the Advisory Committee recommendation. This represents an operating assessment rate of \$795, an additional assessment rate of \$100 per year to build the reserves for purchase of land for staging, and \$90 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. The advisory committee and City Council recognize the need for additional lineal footage to be added to the current 1,200 lineal feet program but would like to review the upcoming seawall assessment report. A feasibility study for the channel corner widening project that would allow barge access is scheduled in FY 2024.

The City continues to work closely with FEMA and the State regarding Hurricane Irma rip rap mitigation and Hurricane Ian seawall repairs and mitigation. Obligations for Hurricane Ian projects have not been received yet. Projects not completed by end of FY 2024 will be re-appropriated to FY 2025 along with the associated loan transfers, debt service payments, and FEMA and State reimbursements. For obligated projects the funding share is FEMA and State reimbursements (95%) and district assessments (5%). The City will also be receiving \$500,000 from State funding that can be used towards the district share. This will be allocated between both districts and will be appropriated during the fiscal year.

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 through FY

2028, and \$100 annually for accumulation of funds for staging site through FY 2029. 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 2025 through Proforma FY 2029**

	<b>Proposed FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>
Operating Rate	\$795	\$820	\$845	\$870	\$895
Special Project Rate	\$90	\$90	\$90	\$90	\$0
Reserve Rate	\$100	\$100	\$100	\$100	\$100
<b>Revenues:</b>					
Operating and Reserve Assessment	\$922,780	\$948,555	\$974,335	\$1,000,110	\$1,025,885
Special Project Assessment	92,795	92,795	92,795	92,795	0
Miscellaneous Revenue	36,000	39,000	42,000	42,000	42,000
<b>Total Revenues</b>	<b>1,051,575</b>	<b>1,080,350</b>	<b>1,109,130</b>	<b>1,134,905</b>	<b>1,067,885</b>
<b>Expenditures:</b>					
Operations	174,815	169,655	184,670	179,880	195,280
Seawalls and Stabilization	698,000	719,065	740,765	763,125	786,155
Barge Access/Lock Removal Proj Debt Service	91,200	91,200	91,200	91,200	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
<b>Total Expenditures</b>	<b>1,014,015</b>	<b>1,029,920</b>	<b>1,066,635</b>	<b>1,084,205</b>	<b>1,031,435</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>37,560</b>	<b>50,430</b>	<b>42,495</b>	<b>50,700</b>	<b>36,450</b>
<b>Operating Reserves-Beg</b>	<b>1,232,919</b>	<b>1,170,479</b>	<b>1,120,909</b>	<b>1,063,404</b>	<b>1,014,104</b>
<b>Reserve Seawall Repl &amp; Spec.Proj-Beg</b>	<b>100,000</b>	<b>200,000</b>	<b>300,000</b>	<b>400,000</b>	<b>500,000</b>
<b>Reserve Seawall Repl &amp; Spec.Proj-End</b>	<b>\$200,000</b>	<b>\$300,000</b>	<b>\$400,000</b>	<b>\$500,000</b>	<b>\$600,000</b>
<b>Operating Reserves-End</b>	<b>\$1,170,479</b>	<b>\$1,120,909</b>	<b>\$1,063,404</b>	<b>\$1,014,104</b>	<b>\$950,554</b>
<b>Projects Requiring Approval &amp; Funding:</b>					
Channel Corner Widening Proj	100,000	100,000	300,000	325,000	0
BSI Land Acquisition for Staging	100,000	100,000	100,000	100,000	100,000
Est. Beg. Reserves with projects	1,332,919	1,170,479	1,020,909	663,404	289,104
Est. End. Reserves with projects	\$1,170,479	\$1,020,909	\$663,404	\$289,104	\$225,554

**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 2025 budget incorporates an updated fee schedule for the marina and mooring field fees as adopted by City Council September 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 2025 to offset costs of maintenance and repairs of the Laishley Park Municipal Marina Pumpout Boat. Although funding for dredging and for repair and maintenance of the mooring field and docks is usually budgeted annually and unused funds are accumulated for larger repairs, due to damaged docks from Hurricane Ian that are out of service, the fund is unable to budget for this in FY 2025. 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 2025 budget includes marina management and the replacement of a golf cart. Other various light equipment is budgeted FY 2026-2029.

The five-year proforma maintains the September 2023 rate schedules but will need to be reviewed for possible rate increases to start as early as FY 2025 due to continued inflation, aging infrastructure needs, and to eliminate shortfalls in later years. The City’s general fund and/or the leased property fund may have to subsidize in the short run due to the lost revenue over the last few years due to the damaged docks from Hurricane Ian.

**Laishley Park Marina Fund  
Proforma Schedule of Revenues and Expenses  
Proposed FY 2025 through Proforma FY 2029**

	<b>Proposed FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>
<b>Revenues:</b>					
Slip & Mooring Rentals	\$367,565	\$541,915	\$541,915	\$541,915	\$541,915
Intergovernmental Revenue	12,000	12,000	12,000	12,000	12,000
Other Revenue	34,470	24,690	24,910	25,140	25,370
<b>Total Revenues</b>	<b>414,035</b>	<b>578,605</b>	<b>578,825</b>	<b>579,055</b>	<b>579,285</b>
<b>Expenses:</b>					
Laishley Park Marina Expenses	225,100	292,365	299,875	307,650	315,695
Marina Park Contract Expenses	297,860	306,645	315,695	325,020	334,620
Capital Outlay	19,000	6,000	6,000	6,000	6,000
<b>Total Expenses</b>	<b>541,960</b>	<b>605,010</b>	<b>621,570</b>	<b>638,670</b>	<b>656,315</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(127,925)</b>	<b>(26,405)</b>	<b>(42,745)</b>	<b>(59,615)</b>	<b>(77,030)</b>
<b>Operating Reserves-Beg</b>	<b>170,467</b>	<b>42,542</b>	<b>16,137</b>	<b>(26,608)</b>	<b>(86,223)</b>
<b>Operating Reserves-End</b>	<b>\$42,542</b>	<b>\$16,137</b>	<b>(\$26,608)</b>	<b>(\$86,223)</b>	<b>(\$163,253)</b>

**Building**

The Building fund is operated as an enterprise fund and includes all aspects of permitting, inspections, plans review and licensing of contractors to support the State and City building codes. The City has established various permit fees to pay for services provided. Staffing had been reduced from thirteen positions in FY 2006 to five in FY 2013 with furloughs due to a decline in permit applications, inspections and stagnant growth trends. Since the turnaround that began in FY 2013, staff was reinstated to full 40 hour work weeks and staff has increased to 13.0 f.t.e. During the last two fiscal years, 1.5 f.t.e. temporary employees were used for scanning and filing projects. If the need continues into FY 2025, an additional appropriation will be needed. Capital outlay of \$45,000 for FY 2025 is for a replacement inspector vehicle. The proposed FY 2025 budget includes annual software subscriptions for customer queuing system and new software that would expand on-line

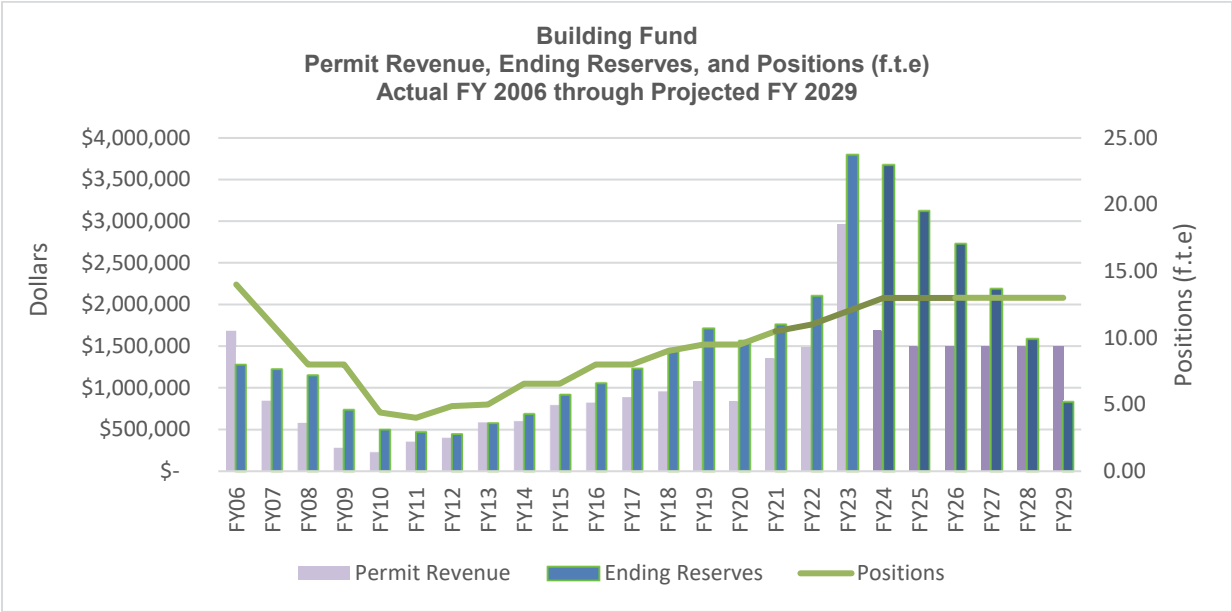
web transactions and contractual services for specific disciplines as needed and for a scanning project.

The five-year proforma projects permit revenues at \$1.5 million annually. 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 2025 through Proforma FY 2029**

	<b>Proposed FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>
<b>Revenues:</b>					
Permits, Fees & Spec.Assessments	\$1,542,000	\$1,542,000	\$1,542,000	\$1,542,000	\$1,542,000
Other Revenue	221,000	163,000	151,000	130,000	112,000
<b>Total Revenues</b>	<b>1,763,000</b>	<b>1,705,000</b>	<b>1,693,000</b>	<b>1,672,000</b>	<b>1,654,000</b>
<b>Expenses:</b>					
Operations	2,269,955	2,109,340	2,192,080	2,278,330	2,368,260
Capital	45,000	0	45,000	0	45,000
<b>Total Expenses</b>	<b>2,314,955</b>	<b>2,109,340</b>	<b>2,237,080</b>	<b>2,278,330</b>	<b>2,413,260</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(551,955)</b>	<b>(404,340)</b>	<b>(544,080)</b>	<b>(606,330)</b>	<b>(759,260)</b>
<b>Operating Reserves-Beg</b>	<b>3,665,044</b>	<b>3,113,089</b>	<b>2,708,749</b>	<b>2,164,669</b>	<b>1,558,339</b>
<b>Operating Reserves-End</b>	<b>\$3,113,089</b>	<b>\$2,708,749</b>	<b>\$2,164,669</b>	<b>\$1,558,339</b>	<b>\$799,079</b>

As experienced in the previous economic downturn (FY 2008 – 2013), the level of reserves projected is necessary to continue necessary levels of service even during downturns in new construction starts. The chart below shows actual permit revenue, ending reserves and staffing from actual FY 2006 through FY 2023 and projected FY 2024 through FY 2029.



## 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 2016 is displayed below.

Fiscal Year	6 Cents	5 Cents	Total
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	\$ 691,000	\$ 296,600	\$ 987,600
2024	\$ 671,400	\$ 282,800	\$ 954,200
2025	\$ 684,800	\$ 288,500	\$ 973,300

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 2025 show a slight decrease as normal trends resume.

The Six Cent Gas Tax Fund five-year proforma projects gas tax revenue with growth of 2% per year FY 2025 through FY 2029. 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. If pricing of commodities that saw significant increases over the last several years do not come down, the City would be faced with reducing the service levels or subsidizing the fund from general fund revenues.

**Six Cent Gas Tax Fund**  
**Proforma Schedule of Revenues and Expenditures**  
**Proposed FY 2025 through Proforma FY 2029**

	<b>Proposed FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>
<b>Revenues:</b>					
Local Option Gas Tax	\$684,845	\$698,540	\$712,510	\$726,760	\$741,295
Other Revenue	359,750	358,230	361,785	368,010	374,355
Transfer from General Fund	187,000	0	0	0	0
<b>Total Revenues</b>	<b>1,231,595</b>	<b>1,056,770</b>	<b>1,074,295</b>	<b>1,094,770</b>	<b>1,115,650</b>
<b>Expenditures:</b>					
Operating Expenditures	1,398,630	1,235,080	1,259,220	1,284,095	1,309,715
Capital	180,000	0	0	0	0
<b>Total Expenditures</b>	<b>1,578,630</b>	<b>1,235,080</b>	<b>1,259,220</b>	<b>1,284,095</b>	<b>1,309,715</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(347,035)</b>	<b>(178,310)</b>	<b>(184,925)</b>	<b>(189,325)</b>	<b>(194,065)</b>
<b>Operating Reserves-Beg</b>	<b>496,109</b>	<b>149,074</b>	<b>(29,236)</b>	<b>(214,161)</b>	<b>(403,486)</b>
<b>Operating Reserves-End</b>	<b>\$149,074</b>	<b>(\$29,236)</b>	<b>(\$214,161)</b>	<b>(\$403,486)</b>	<b>(\$597,551)</b>

The Additional Five Cent Gas Tax Fund five-year proforma projects 2% increases FY 2025 through FY 2029, which does not fully support the required annual paving program as identified by the City Engineering Division. Council addressed the importance of maintaining the City's road infrastructure with a policy of transferring ad valorem millage revenue of \$709,000 as an ongoing subsidy. A consultant is being engaged in FY 2024 to develop the FY 2025-2029 paving plan using a higher level of technology for more precise mapping of conditions of City roads.

**Additional Five Cent Gas Tax Fund**  
**Proforma Schedule of Revenues and Expenditures**  
**Proposed FY 2025 through Proforma FY 2029**

	<b>Proposed FY 2025</b>	<b>Proforma FY 2026</b>	<b>Proforma FY 2027</b>	<b>Proforma FY 2028</b>	<b>Proforma FY 2029</b>
<b>Revenues:</b>					
Local Option Gas Tax	\$288,455	\$294,225	\$300,110	\$306,110	\$312,230
Transfer from General Fund Ad Valorem	709,000	709,000	709,000	709,000	709,000
Other Revenues	1,200	810	300	135	120
<b>Total Revenues</b>	<b>998,655</b>	<b>1,004,035</b>	<b>1,009,410</b>	<b>1,015,245</b>	<b>1,021,350</b>
<b>Expenditures:</b>					
Paving	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
<b>Total Expenditures</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(21,345)</b>	<b>(15,965)</b>	<b>(10,590)</b>	<b>(4,755)</b>	<b>1,350</b>
<b>Operating Reserves-Beg</b>	<b>56,103</b>	<b>34,758</b>	<b>18,793</b>	<b>8,203</b>	<b>3,448</b>
<b>Operating Reserves-End</b>	<b>\$34,758</b>	<b>\$18,793</b>	<b>\$8,203</b>	<b>\$3,448</b>	<b>\$4,798</b>

## **1% Local Option Sales Tax**

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

The City anticipates funding in the amount of \$26.0 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 2025 including continuing projects:

- Historic District Infrastructure
- Historic City Hall Preservation and Rehabilitation
- Public Safety Building – New Station
- City-wide ADA Improvements
- Drainage Improvements Boca Grande Area
- Decorative Standards US 41 SB Bridge Ramp and US 41 NB
- Henry Street Property Improvements
- Henry Street Crosswalks
- Henry Street Sidewalk
- Freeman House Preservation
- Virginia Avenue Improvements
- Shreve Street Improvements
- Bayfront Activity Center

## **General Construction Fund**

Projects in the general construction fund for FY 2025 come from transfers from the general fund, impact fee funds, and the special use fund. On-going projects also include grant funding.

New funding scheduled for FY 2025 projects include:

- Annual public works projects
- Annual drainage improvements program
- Railroad crossing rehabilitation
- Henry Street property improvements
- Public Safety building
- Carwash bay
- Laishley fishing pier
- Downtown historic district drainage improvements

## **DEBT MANAGEMENT**

The City is not subject to state debt limits, nor is there a limit set by the City Charter. The City's financial policies address appropriate uses and levels of debt. As of September 30, 2023, the City had \$48.4 million in notes.

FY 2024 budget projected that most of that debt would be paid. The CRA debt of \$8.2 million was paid. The line of credit for Hurricane Ian seawall repairs and Hurricane Irma and Ian hazard mitigation with repayment from FEMA and State reimbursements and Punta Gorda Isles and Burnt

Store Isles Canal Maintenance District assessments is expected to carryover to FY 2025. Also, originally budgeted in FY 2023 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

FY 2025 budget projects new financing of \$34 million for water treatment plant filter rehabilitation project.

## **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.

**Firefighters Bargaining Unit Contract** – The City and the Fire bargaining unit are currently in negotiations for a new contract that would begin October 1, 2024. The cost to the general fund is unknown until an agreement can be reached.

**Fire Staffing Standards** – The City has applied for a SAFER Grant to add nine firefighter/EMTs to allow the Fire Department to meet the National Fire Protection Association 1710 standards for staffing requirements on fire apparatus. If awarded, the grant revenue and expenditures would need to be appropriated along with the equipment and supplies not funded by the grant. In addition, the City would need to be prepared to fund those positions fully once the award is completed. If the grant is not awarded, the City may still need to make strides by adding one or more positions in future years until the City can meet the standard.

**Recovery from Hurricane Ian** – The City is still working with FEMA to obligate projects related to Hurricane Ian. The City will be responsible for 5% of the obligated projects. Some projects do not meet FEMA thresholds and will need to be funded by the City if also below insurance deductible requirements or not covered by insurance. Since the City is still bidding out many of the projects, the total funding required from the City remains unknown.

**Hurricane Season** – With an expected above-normal hurricane season predicted, it is prudent to be prepared to fund immediate needs for recovery as well as deductibles and items not covered by insurance or FEMA.

**Water Quality Initiatives** – The contribution for the Charlotte Harbor Environmental Center was removed from the proposed budget. Water quality is a strategic goal of the City and as an organization that fosters education in this area, this may be reconsidered in the coming year(s).

**Shortfalls in Funds** – As presented earlier, there are a couple of funds that in the five years period are not able to sustain themselves with current revenues. If revenues are not increased and/or costs decreased either due to reduction in market rates, availability, or reduced level of services such as reduction of maintenance projects and/or delay of infrastructure needs, then a subsidy will be required from the general fund in future years.



**Rates and Impact Fees** – The studies to review fair share impact fees and the rates and impact fees of the utility system are getting under way in FY 2024. A study to review the sanitation routes, practices and rates is scheduled in FY 2025. Marina rates will also be reviewed and compared with surrounding communities for possible adjustments.

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

**Staffing Levels** – While staffing levels are addressed through FY 2026 as approved in FY 2022, additional staffing requests continue to be received for consideration. The next five year planning needs will begin and be reviewed by the City Manager for presentation to City Council and inclusion in upcoming proformas.

**Contractual Increases** – Contractual increases are still affecting all aspects of operations and capital planning and is reflected in the proposed budget. Several factors driving the increases are market wages over the last several years, limited availability of some commodities, inflation, and increased opportunities for contractors due to Hurricane Ian. 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.

**Legislative Mandates** – Each legislative season, proposed changes are presented that may affect the City revenues or expenditures. One such initiative coming for a referendum vote in November is the increase of the homestead exemption by the CPI. With prudent planning, the City may be able to mitigate these types of changes.

**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 reflects the City Council's priorities, responsibilities, and established policies. Developing this budget has been a collaborative effort across all departments. I want to commend all employees for their prompt and thoughtful response to this process, and extend a special thanks to the Finance Department for their dedicated and unwavering support in preparing this document.

I also appreciate the City Council's guidance and support in enhancing the stability of our City, as well as the Punta Gorda community's input and engagement, which have been invaluable in shaping the budget proposals.

With the strategic and long-term initiatives outlined in this budget, we will continue to preserve our vibrant waterfront community, distinguished by its unique character and history, and ensure it remains the most desirable place to live, work, and visit.

Sincerely,

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

Gregory B. Murray  
City Manager