



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

To: City Council Members
From: Howard Kunik
Date: August 6, 2019
Subject: FY 2020 Proposed Budget

MISSION STATEMENT

“To enhance Punta Gorda’s identity as a vibrant waterfront community, unique in character and history, and one of the most desirable places to live, work and visit.”

Members of City Council,

This is my fifteenth opportunity as City Manager to present you an annual financial plan. As the Southwest Florida region recovers from economic adversity, we continue to make great strides, and I appreciate the opportunity to serve you and this wonderful community. This budget message provides a narrative explanation that summarizes the philosophy driving our recommendations. As you review these recommendations, I encourage each of you to keep several important facts at the forefront of your thoughts. These facts will aid you in your efforts to evaluate our proposed service delivery plan and reach sound decisions to guide the City’s future:

- The Charlotte County Property Appraiser reported that taxable property values increased Citywide by 7.1%, which is the seventh straight year of increasing property values, reversing a previous trend of six straight decreases in overall value.
- The Community Redevelopment Area (CRA) experienced a 10.1% increase from previous year property values, the fifth straight year of value increases.
- Increased value from new construction, annexations and other adjustments in the City is \$54.2 million, down from \$60.1 million the previous year.
- The proposed FY 2020 General Fund Budget, net of ending reserve and an \$8.2 million transfer for a line of credit draw for the PGI Canal Maintenance Fund, totals \$23.2 million, which is \$1.6 million or 7.4% more than the original FY 2019 budget. The cumulative increase in the general fund since FY 2008 is 12.9%, which averages to an approximate 1.1% increase per year.
- The proposed millage rate is 3.4337, up from the 3.1969, which was held constant since FY 2014. The City’s portion of a residential tax bill, excluding non-ad valorem assessments, is generally 20% or less. The majority of ad-valorem taxes paid are for services provided to Charlotte County government and Charlotte County School system.

- Incorporated in the overall budget is a proposed 4% merit increase for non-bargaining unit employees, implementation of the second year of the approved fire bargaining unit contract and a reserve for a pending agreement with the police bargaining unit.
- To assist you in measuring our performance, City Council approves an annual Strategic Plan. Action items to be undertaken during FY 2020 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 2020 budget preparation.
- Also included in the Long Range Plan was an assessment of the City’s financial management policies and recommended revisions that would lead toward future compliance with nationally recognized standards. Council recognized the desire to implement these changes during FY 2018, and they are carried forward into FY 2019 and FY 2020 budget development.
- The change in Consumer Price Index (CPI) as reflected in the State “Save Our Homes” Legislation is 1.9%. This means that no matter how high the market value of a homestead property increases, the assessed value can only rise 1.9%.

The gradual economic turnaround undoubtedly challenges our community’s ability to forecast, plan for, and provide services that meet public needs. Along with those challenges comes the additional necessity of prudent and sensible funding for needed services. This proposed budget carefully balances available resources to continue moving the community along the path to an excellent quality of life at a reasonable level of cost.

STRATEGIC PLAN

The Strategic Plan (herein referred to as the “Plan”) is used to set the overall goals for the City, provide direction to City departments, and create the basis for each year’s annual budget and five-year capital improvements program. The plan provides a tool for more effective and economical operations and demonstrates to the public that careful consideration has been given to future development and direction of the organization. The Plan provides a realistic view of the expectations for the organization and community at-large. This diagram shows how the pieces of the Plan fit together.



On April 27, 2005, City Council approved moving forward with development of its first strategic plan and solicited input from residents, boards and committees, civic groups and staff on priorities to be addressed. Since 2005, the City has now completed thirteen strategic plans. Action items accomplished as part of the 2019 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.
- Conducted budget community conversation to garner input into development of FY 2020 budget proposal.
- Received \$20.4 million through July 2019 in reimbursements from FEMA and State of Florida for seawall restoration due to damage caused by Hurricane Irma. These monies result in properties within Punta Gorda Isles (PGI) and Burnt Store Isles (BSI) canal maintenance assessment district having to pay only 12.5% of costs for repairs.
- Developed succession planning program for City organization and initiated implementation of such throughout departments.
- Secured services of Dover Kohl to prepare Citywide Master Plan; conducted series of charrettes to garner input into planning process; completed economic and budgetary analysis of plan concepts; and created website to disseminate information and receive comments.
- Created public Geographic Information Systems (GIS) map portfolio for citizens and populated it with the first of many planned map layers.

Infrastructure Sustainability

- Completed annual street resurfacing program. Brick installation on Goldstein underway; Sullivan forthcoming.
- Provided periodic status reports on six-year 1% Local Option Sales Tax capital projects plan. Projects completed include Gilchrist Park restrooms and Laishley Park additional parking. Projects under design include stormwater drainage improvements in Boca Grande area and Ponce Park. Projects in bidding phase or under construction include Gilchrist Park Phase 2 improvements, Veterans Park Phase 2, Alligator Creek pedestrian bridge over US 41 multi-use recreational trail, and Madrid sidewalk at US 41. Evaluation process to select engineering firm to design multi-use recreational trails on Airport and Cooper underway.
- Approved construction contract for Buckley's Pass navigational channel, which is projected for completion by February 2020. Approved special assessments to pay for project construction and received \$1,886,192 in prepayments through July 26, 2019.
- Initiated construction for Groundwater Reverse Osmosis (RO) Water Treatment Plant. Production wells and disposal well complete. Underground piping complete. Block work for plant building underway. Water storage tank roof in place.
- Completed Jones Loop Road forcemain, which will pave the way for future commercial development within the Jones Loop Road area.
- Completed restoration of 55,000+ feet of seawalls damaged during Hurricane Irma, and achieved substantial completion of grading and sod installation.
- Developed and presented FY 2020-2024 Capital Improvements and Capital Outlay Plans for major infrastructure categories. Received consultant's report on Historic District (east) infrastructure analysis and improvements plan, presented to City Council in April.
- Approved contract with consulting firm to explore seawall construction, materials and design alternatives.
- Completed installation of new and/or refurbished meters associated with Advanced Metering Infrastructure project. Online citizen's portal in final stages of development.

- Secured new contractor to undertake enhanced stormwater drainage program. As of June 14, work has been completed on 423 properties totaling 311,000 square feet of grading and sodding. 75% of work involves properties with floritam sod, while 25% are those with bahia.
- Received consultant's financial plan for implementation of transition from septic to sewer in City utility service area. Plan presented to Utility Advisory Board for review and recommendation to City Council.

Partnerships, Communication & Collaboration

- Completed ninth Citizen's Academy, reaching out to 34 attendees who learned about the City organization: administration, finance, public safety, public works, utilities and urban design.
- Partnered with Charlotte High School to inform students of municipal government functions.
- Partnered with TEAM Punta Gorda and Habitat for Humanity to build affordable single-family home on former City-owned property.
- Partnered with TEAM Punta Gorda to hold Journey to the Future community development summit, attended to by over 600 participants, prior to Master Plan charrette process being undertaken.
- Partnered with Punta Gorda Boaters Alliance to develop Waterfront Development Master Plan, presented to City Council in November 2018.
- Established Pickleball committee made up of representatives from all Council districts to explore options for location within City limits. Report presented to City Council in July.
- Approved land lease with Peace River Wildlife Center to relocate hospital and rehab area on City-owned land out of Ponce Park, thereby maximizing remaining area in park for administrative, gallery and viewing areas.
- Established 1% Local Option Sales Tax resident committee to establish and recommend project priorities for future program if approved by Charlotte County voters in November 2020. Committee consists of representatives from neighborhood associations, business sector, boaters' alliance, arts and history sectors and each Council district.
- Developed web pages devoted to Buckley's Pass and Citywide Master Plan.
- Held and/or participated in numerous neighborhood meetings to garner input and engage the community to address such issues as appropriate growth, Historic District infrastructure improvements, budget development, land development regulations and public safety services.
- Continued emphasis on financial transparency by placing annual budget, budget alternatives, long range financial plan, comprehensive annual financial report, community redevelopment agency annual report, city financial monthly reports, accounts payables, employee salary plan, strategic plan progress reports, paving program and special projects on City's website for public viewing.
- Provided letters of support for numerous initiatives to include City and Charlotte County legislative priorities; Florida League of Cities call for action on proposed legislative matters, Nature Conservancy's Living Shoreline project and Florida Resilient Coastline Program grant applications, and initiative to install signage along I75 for the Vietnam Memorial Wall and Military Heritage Museum.

- Continued to garner input from Land Development Committee regarding numerous code amendments that impact City neighborhoods.

Strategic Communications Positioning

- Disseminated Punta Gorda brochure throughout community and marketing partners to include local hotels, chambers of commerce, Event Center and visitors' bureau. Provided brochure as insert in Sunseeker magazine on Allegiant flights (40,000 in February/March and 40,000 April/May).
- Initiated digital campaign in eight key destinations.
- Published Punta Gorda Developments newsletter and continued dissemination on periodic basis. Newsletter highlights projects in planning, under construction and completed.
- Unveiled micro-website in November 2018 that highlights Punta Gorda amenities to residents, businesses and visitors.
- Installed Historic District sign toppers to coincide with unification of district neighborhoods and branding initiative.
- Partnered with Charlotte County Visitors Bureau to install new Welcome to Punta Gorda signs showcasing new brand and logo.

Quality of Life

- Secured contract with Dover Kohl to develop conceptual plans for Gilchrist Park Activity Center. Initial plans concepts presented and charrettes held in March. Final plans to be presented as part of Citywide Master Plan.
- Approved kayak launch area to be part of Ponce Park redesign.
- Approved property annexation with concept to develop mixed-use commercial and affordable housing.
- Received Together Charlotte 2020 Housing report and recommendations, presented at November City Council meeting. In conjunction with report recommendations, approved amended site plan with Punta Gorda Housing Authority to allow for additional, multi-family housing adjacent to Verandas. Approved land swap with Habitat for Humanity to pave way for construction of affordable single-family home, completed in May. Approved donation of City-owned land to Habitat for Humanity for future construction of affordable single-family home.
- Participated with Peace River Housing Partners in establishment and operations of organization, and Gulf Coast Partnership on housing initiatives.

The FY 2020 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 of each year.

The five strategic priorities, identified above, and attendant goals are reiterated below.

Financial/Economic Sustainability

- Goal: Continue best management practices in financial planning.
- Goal: Identify sustainable spending policies and appropriate technologies to support business operations.
- Goal: Strengthen & diversify the City's tax base to increase the commercial base.
- Goal: Support Charlotte County efforts to facilitate & nurture high priority economic development projects.
- Goal: Ensure the competitiveness of Punta Gorda's business climate.
- Goal: Enhance workforce development & diversity in the City organization.

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.
- Goal: Maximize use of new technology in applicable areas.
- Goal: Apply best management practices & systems in infrastructure maintenance.
- Goal: Establish a long-range plan that ensures infrastructure is in place to meet projected growth demands.

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 catalytic initiatives.

Strategic Communications Positioning

- Goal: Develop a cost effective strategic communications/marketing plan for the City.
- Goal: Optimize expertise of regional and local partners (i.e. Charlotte Harbor Tourism Bureau, Chambers of Commerce, Realtor Association, tourism-oriented private sector) to achieve stated objectives.
- Goal: Optimize waterfront, bicycle and pedestrian assets in 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 of a vibrant downtown.

Quality of Life

- Goal: Support, promote & maintain the City's historic character.
- Goal: Maintain the City's high safety rating and emergency response.
- Goal: Improve the City's water quality.

- Goal: Achieve status as a waterfront destination for land and water visitors.
- Goal: Support and promote a pedestrian & bicycle friendly community.
- Goal: Ensure a diversity of housing stock that is attainable for all income levels, racial backgrounds, life stages and abilities.

The Plan helps us stay focused in our near term objectives and tasks, while still keeping our eye on the long range perspective of our actions. Our strategic plan is dynamic and can be adjusted or molded from time to time as needed. It is a working document that evolves as development takes place. Throughout the year, we will provide status reports on our progress. In this way, it is a document by which we can measure our success and by which the community can evaluate our performance.

In linking the City's strategic plan to development of the operating budget, each City department/division identified one or more of the five strategic priorities that significantly contribute towards achieving objectives. This information can be found within the key performance measure discussion for each operating division, along with division specific mission and objectives, initiatives, action items and metrics.

ECONOMIC OUTLOOK

National and state economies are key factors in assessing the City's future fiscal picture. Changes in the national, state and local economies can affect both revenues and expenditures, due to the impact on sales tax receipts and the costs and demand of providing city services. While economic changes at the state and national level can often translate into comparable changes locally, it is important to note that Punta Gorda and the Southwest Florida region as a whole often behave differently, displaying economic trends and reflecting experience that may lag or precede observed changes elsewhere.

National Economic Outlook

The January 2019 economic forecast from the Congressional Budget Office (CBO) includes the following key points:

- Outlays will remain near 20.8% of gross domestic product (GDP) for 2019, which is higher than the average of 20.3% over the past 50 years. By 2028, outlays are expected to rise to 23% of GDP. The aging of the population and the rising cost of health care contribute significantly to the growth spending in major benefit programs, such as Social Security and Medicare.
- Debt held by the public will rise from 78% of GDP (\$16.6 trillion) by the end of 2019 to a projected 93% of GDP (\$28.7 trillion) by 2028. That percentage would be the largest since 1946 and well above twice the average over the past five decades. Such high and rising debt will have serious consequences for the budget and nation as it would reduce national saving and income, boost the government's interest payments, limit lawmakers' ability to respond to unforeseen events, and increase the likelihood of a fiscal crisis.
- GDP is projected to grow 2.3% in 2019, down from 3.1% in 2018. This is expected to slow further to an average 1.7% growth per year through 2029.

- The unemployment rate is expected to continue to fall in 2019 to 3.5%, putting upward pressure on wages. The rate begins rising in 2020 because of the slower projected growth in GDP and increasing to 4.7% in 2029.
- Excess demand will push consumer price inflation slightly above the Federal Reserve's target of 2%. Inflation will rise at a modest pace over the next few years. This will rise to 2.1% in 2019 and to 2.6% in 2020. Projections show it remaining above 2% through 2029.
- Interest rates are projected to continue to rise over the next two years as the Federal Reserve raises the federal funds rate to slow the growth of overall demand and reduce the associated inflationary pressures. The federal funds rate is expected to rise from 2.2% in late 2018 to 3.4% by the beginning of 2020 where it remains steady through 2022. It is expected to fall again to 3.1% by the end of 2023.

Florida/Southwest Florida Regional Economic Outlook

The Florida Legislature Office of Economic and Demographic Research issued its economic overview in December 2018. Key highlights in the report are delineated below:

- For 2017, Florida's real growth further slowed to 2.2% over the prior year and matching the national average. This ranked Florida 16th among states for growth. The Estimating Conference expects that Florida's Real Gross Domestic Product (GDP) will show growth of 3.5% in Fiscal Year 2018-19 and then begin a slow decline to the 2.0% range in the mid- and long-term portions of the forecast.
- For 2017, the latest revised numbers show that Florida's state personal income growth increased to 5.0% over the prior year, compared to national growth of 4.4%. Over the long term, the annual growth rates for the state are expected to straddle 4.0%. Florida's per capita personal income growth trailed the nation in performance in 2017, growing only 3.3% compared to the national average of 3.6%.
- Two key measures of employment are job growth and the unemployment rate. The job market in Florida continues to grow at modest rates, with a 2.8 percent growth rate for nonfarm employment for November of 2018 compared to the same period last year.
- Florida's unemployment rate continues to drift downward and is now below the "full employment" unemployment rate (assumed to be about 4 percent). The state's actual unemployment rate in November was lower than the nation at 3.3 percent, compared to 3.7 percent in the U.S. The rate was as low as 3.1 percent from March through April 2006 (the lowest unemployment rate in more than thirty years), and most recently peaked at 11.3 percent in January 2010.
- Population growth is the state's primary engine of economic growth, fueling both employment and income growth. Florida's population grew by 1.74% between April 1, 2017 and April 1, 2018 to 20,840,568, adding 356,426 residents. This growth was bolstered by the in-migration of Puerto Ricans and US Virgin Islanders as a result of the 2017 hurricane season. Over the next four years, Florida's population growth is expected to remain at or above 1.4%, exceeding the national average growth rate of about 0.67%. Most of Florida's population growth through 2030 will be from net migration (98.0%).
- Florida is currently the third most populous state, behind California and Texas.
- Florida tourism is a major component of the state's economy. The most recent sales tax forecast relies heavily on strong tourism growth. It assumes no events that have significant

repercussions affecting tourism occur during the forecast window. Currently, tourism-related revenue losses pose the greatest potential risk to the economic outlook. Previous economic studies of disease outbreaks and natural or manmade disasters have shown that tourism demand is very sensitive to such events. A strong and strengthening dollar tends to have a chilling effect on international travel. Since mid-April, the broad dollar has appreciated nearly nine percent and is expected to remain elevated in the near-term forecast. Analysis of the various sources of the state's sales tax collections by the Legislative Office of Economic and Demographic Research shows that sales tax collections provided nearly \$23.0 billion dollars or 76.8% of Florida's total General Revenue collections. Of this amount, an estimated 12.9% (nearly \$2.97 billion) was attributable to purchases made by tourists.

The Florida Gulf Coast University (FGCU) Regional Economic Research Institute's Southwest Florida Regional Economic Indicators Report published in June 2019 continues to suggest a strong regional economy:

- Positive signs include an 11-percent increase in airport passenger activity from March 2018 to March 2019, a 2-percent increase in taxable sales for February 2019 versus February 2018, and a 2 to 4 percent growth in median home prices for each of the coastal counties from April 2018 to April 2019.
- Southwest Florida's seasonally-adjusted unemployment rate improved to 3.2 percent in April 2019, down from 3.5 percent in March 2019 and from 3.6 percent in April 2018. The region's unemployment rate is below Florida's 3.4 percent, as well as the nation's 3.6 percent.
- Coastal counties issued 822 single-family building permits in April 2019, down 5 percent from April 2018.
- Tourist tax revenues for Lee County fell 4 percent in March 2019 compared to March 2018. Meanwhile, Charlotte County and Collier County experienced year-to-year improvements in revenues (5 and 6 percent, respectively)
- Single-family home sales in Charlotte increased from April 2018 to April 2019 up 11 percent. Meanwhile, Lee County had a 7-percent decline in sales over the same period.
- 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. After 2008, the region exhibits a seasonal trend, mainly due to the stronger influence of tourism and seasonal residents that visit Southwest Florida during the winter season, increasing the demand for retail trade and accommodation and food service jobs. During the third quarter of 2018, the IDI for Southwest Florida measured at 8.66, ranking it as the 5th 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 a number of initiatives to enhance its business opportunity environment. Some of the more pertinent initiatives and statistics are:

- Charlotte County continues to notice solid growth in population. The 2018 population estimates from the University of Florida, Bureau of Economic Research (BEBR) projects 2020 population at 183,700 up from their 2018 estimated population of 177,987 representing a 3.2% increase. The County ranks second in the state for its population age 65 and older, according to 2017 population estimates from the University of Florida, Bureau of Economic Business Research. By 2030, it's expected the County's population aged 55 and older will be 57%.
- For the seventh consecutive year, the taxable property value in the County has increased. The increase is 7.6% from the prior year. Of that amount, new construction accounted for 2.2%.
- Unemployment was 3.5% in May 2019, slightly higher than the state's rate of 3.1%. One year ago, the unemployment rate in the County was 3.8%.
- The median sales price of an existing single family home in the County was \$230,000 in May 2019, an increase of \$5,000 from the previous year.
- The County's taxable sales rose to \$257.9 million in March, 2019, up 1% from one year ago and 6% higher than February 2019.
- The Punta Gorda Airport and Enterprise Charlotte Airport Park (ECAP) continue to represent major economic drivers in the area. Allegiant's service area from Punta Gorda flies to 40 nonstop destinations. The airport is home to a fleet of A320 planes, 400 general aviation aircraft and helicopters, 18 non-airline aviation entities and nearly 500 on-airport full-time employees. Passenger activity at the airport since calendar year 2010 has risen in significant numbers, as shown below:

Year	Passenger Count	Year	Passenger Count	Year	Passenger Count
2010	182,423	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

Based on Florida Department of Transportation (FDOT) economic impact study of Florida airports, the Punta Gorda Airport generates on-airport impacts of \$100.5 million, visitor spending impacts of \$572.8 million, multiplier impacts of \$601.8 million, total employment of 12,392, total payroll \$418.8 million and total output of \$1.3 billion.

- Sunseeker Resort is an estimated \$770 million project in the Charlotte Harbor Community Redevelopment Area bordering the harbor on the north side of the US 41 South Bridge. The development will include three towers with 689 hotel rooms, along with multiple bars, restaurants and shops lining a public one-mile riverwalk along the waterfront. The resort is expected to bring 800 permanent jobs to Charlotte County. Demolition, underground utility, decorative wall and seawall work are underway.

- Tuckers Grade – a planned mixed-use development at the I-75 and Tuckers Grade interchange to include 1,689 residential units, 400 hotel rooms, and 480,000 commercial retail space. The proposed project plans to attract nearby residents and the traveling public.
- Babcock Ranch, a planned new town situated on 18,000 acres bordering Charlotte County and Lee County, broke ground in June 2016. When completed the development will house 19,500 residential units with an anticipated 50,000 population; six million square feet of commercial space; 75 mega-watt solar facility; and 50 miles of trails. The development is also planning a partnership with Florida Gulf Coast University to house higher educational programs. To-date, 424 single-family permits have been submitted since August 2016, and development of town center is well underway.
- Murdock Village redevelopment continues to be a future major economic driver in County development opportunities. In November 2016, a Private Equity Group signed a contract with Charlotte County to purchase 452 acres for a mixed-use development consisting of over 2,400 single and multi-family residential units, commercial uses and a 150-room hotel. In addition, Project Hills, a developer of sports and entertainment venues, submitted plans for a phased construction water park, hotels and other amenities on 160 acres. These plans are still in the developmental stage.

Punta Gorda Economic Highlights

Projections show a FY 2020 population of 19,957 up from the 2010 Census of 16,641.

- Changes in property values continue to contribute major influence on financial planning and budget preparation. Taxable property values (FY 2019) increased Citywide by 7.1% from the final previous fiscal year, including \$54.2 million of new construction, annexation, and changes in exemption. This is the seventh straight year experiencing an increase in values after six straight years of declines in taxable value Citywide.
- New single-family housing unit building permit trends since FY 2005 are shown below.

Year	Units Permitted	Year	Units Permitted	Year	Units Permitted
FY 2005	467	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	125 (projected)

- 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	41		

- Citywide Master Plan – The City secured the services of Dover Kohl to prepare a Citywide Master Plan, which is scheduled to be completed by September 2019. The Plan identifies a number of focus areas that offer opportunities for economic growth and sustainability.

Future years' strategic plans and budgets will prioritize implementation of Plan recommendations.

- Former IMPAC Campus – City Council approved a rezoning of the four plus acres for a mixed-use planned development to include conversion of one building to a 25-room hotel, relocation of the Military Heritage Museum in another building, and 3,500 square feet of office space. The museum opened in April.
- Terracap (former LOOP) development update - Goodkin Consulting (GC) was hired by the property owner to conduct a market analysis concerning development possibilities for Village Center, a proposed 171-acre mixed-use residential and commercial development. The site is at the intersection of Jones Loop Road and I-75 in Punta Gorda. The report's findings, published in August 2015, are highlighted below:
 - ✓ Residential component – 290 residential units of which 128 are single family detached, 90 single family semi attached and 72 townhome attached.
 - ✓ Retail component – 540,000 square feet of which 300,000 is an outlet mall and 240,000 a village center.
 - ✓ Office component – 150,000 square feet consisting of 80,000 in village center with office over retail, and 70,000 of two or three single users.
 - ✓ Hotel component – dual branded with 200 rooms.

Terracap, the LOOP property owner uses this data in its marketing effort to attract developers to invest in the site. The first such development was an Aldi Market. Completion of the Jones Loop Road forcemain this year is intended to further incentivize development in the area.

- The City's business development strategy to enhance business and economic development was highlighted in the aforementioned Strategic Plan accomplishments and priorities.

THE PROPOSED BUDGET

Submitted herein is the proposed City of Punta Gorda Budget for FY 2020. The total FY 2020 budget including all transfers and carryover fund balance is \$129,835,072 which is \$29,515,287 (29.4%) greater than FY 2019. The major factors causing the net increase are related to the increase in transfers and debt service related to the PGI Canal Maintenance Seawall Repairs/Replacements (\$7.5 million transfer and \$7.5 million debt service increase) and rip rap hazard mitigation financing transfer (\$8.2 million transfer). Ending carryovers increased \$4 million overall and is mainly attributable to increased ending carryovers in the utilities funds for construction projects for use in the following year and increased debt service reserves. Personnel costs also increased (\$1.6 million) for net increase of three positions, 4% merit increases for general employees, implementation of the second year of the fire bargaining unit contract, a reserve for the outcome of on-going police bargaining unit contract negotiations, 12% estimated increase in health insurance and 10% increase in workers compensation insurance. Other operating expenditures increased overall for estimated 5% increase in general liability insurance, increased computer overhead, and PGI Canal Maintenance return to normal operations level after completion of Hurricane Irma seawall replacements.

The following chart compares previous adopted budgets with the proposed FY 2020 budget. The expenditures are net of transfers to other funds, internal service funds and ending reserves. The FY 2020 net amount of \$73,761,707 is an increase of \$9,124,994 or 14.1% more than FY 2019.

Comparison of Net Budgeted Expenditures
Budget FY 2017 through Proposed Budget FY 2020
 (Net of transfers, internal service funds and ending carryover fund balance)

	Budget FY 2017	Budget FY 2018	Budget FY 2019	Proposed Budget FY 2020
General Fund	\$17,716,943	\$18,765,827	\$19,829,664	\$21,345,723
Special Revenue Funds	10,164,555	10,990,332	22,599,137	25,810,740
General Construction Fund	685,747	2,164,683	1,680,000	890,000
Enterprise Funds	<u>39,682,027</u>	<u>31,595,899</u>	<u>20,527,912</u>	<u>25,715,244</u>
Total Funds	<u>\$68,249,272</u>	<u>\$63,516,741</u>	<u>\$64,636,713</u>	<u>\$73,761,707</u>
\$ Net Increase (Decrease)	\$13,779,455	(\$4,732,531)	\$1,119,972	\$9,124,994
% Net Increase (Decrease)	25.30%	-6.93%	1.76%	14.12%

The 291 funded full time equivalent (f.t.e.) position count for FY 2020 has increased by three from the amended count of FY 2019. The positions added: are a dispatcher, a civilian employee development coordinator and community engagement officer in the police department; an EMS training chief in fire department; a change that increases the part-time line & grade inspector in the building division to a full-time engineering technician position that will be funded 50% by the building division to continue to complete that work and 50% from the engineering division; a computer support specialist in the information technology division; and an outreach associate and a research associate in CHNEP funded through grants and contributions. This increase of 7.5 f.t.e. positions was offset by the reduction of 4 temporary f.t.e positions (seawall inspectors and a

communications liaison) that were approved for the Hurricane Irma seawall repair project that were budgeted in FY 2019 and not budgeted in FY 2020. During FY 2019 the following positions were added: one part-time line and grade inspector in the building division and one part-time maintenance worker was upgraded to a full-time advanced metering infrastructure (AMI) technician in the water distribution division. One of the key performance measures identified in the business plan is the ratio of full time employees to population (table below).

Fiscal Year	Population Estimates	Employees	Ratio Employees/ Per 100/Population
2020	19,957	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
2007	17,444	313	1.8

BUDGET HIGHLIGHTS BY FUND

General Fund

The proposed FY 2020 General Fund Budget, net of ending reserve, totals \$31,396,054, which is \$9.8 million or 45.6% more than the original FY 2019 budget. \$8.2 million of this is a transfer to the PGI Canal Maintenance District Fund of a line of credit draw to fund the rip rap mitigation from Hurricane Irma seawall project. Without this transfer, the increase would have been \$1.6 million or 7.4% more than the original FY 2019 budget. Based on a proposed millage rate of 3.4337, an improving economy, with modest anticipated increases of 6% in taxable property valuations and 2% to 3% increases in shared state revenues and other general fund revenues, the current five year fiscal forecast (July 2019) projects deficits of approximately \$.5 million per year from FY 2021 through FY 2024.

The general fund financial plan includes a five year look forward and then focuses on a two-year decision plan, based on the current assumptions. As a result the financial plan has been developed to eliminate any estimated gap in FY 2020 and provide sufficient reserves to fund the gap in FY 2021. It also initiates planning for future years' budgets. With a proposed millage rate to cover the proposed increased on-going service level enhancements in FY 2020, the annual shortfalls range from \$513,000 to \$563,000 for FY 2021 through FY 2024.

**General Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2020 through Proforma FY 2024**

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Change in Taxable Value of Property	7.1%	6%	6%	6%	6%
Revenues:					
Ad Valorem Tax	\$10,971,580	\$11,629,875	\$12,327,667	\$13,067,327	\$13,851,367
Other Revenue	20,111,922	11,890,590	12,056,423	12,225,033	12,396,479
Use of Prior Year's Reserve	312,552	0	0	0	0
Total Revenues	31,396,054	23,520,465	24,384,090	25,292,360	26,247,846
Expenditures:					
Personnel Expenditures	15,646,522	16,318,829	17,032,349	17,780,471	18,565,019
Operating Expenditures	4,813,951	5,140,911	5,260,548	5,415,125	5,574,808
Capital Outlay	870,250	740,000	740,000	740,000	740,000
Transfers to other Funds	8,237,000	0	0	0	0
Transfers for Tax Increment Financing	749,331	779,303	810,474	842,897	876,613
Transfers for Capital Projects	305,000	280,000	280,000	280,000	280,000
Transfers for Roads	459,000	459,000	459,000	459,000	459,000
Transfers for Drainage	300,000	300,000	300,000	300,000	300,000
Contingency	15,000	15,000	15,000	15,000	15,000
Total General Expenditures	31,396,054	24,033,043	24,897,371	25,832,493	26,810,440
Expenditures in Excess of Revenue	\$0	(\$512,578)	(\$513,281)	(\$540,133)	(\$562,594)
Minimum Reserve (8.5% to 10.5%)	\$1,969,000	\$2,163,000	\$2,365,000	\$2,583,000	\$2,815,000

(Note: the FY 2020 minimum reserve excludes the \$8.2 million one-time transfer)

Various initiatives are being 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

The general fund budgeted expenditures comparison below provides the financial overview of the divisions that provide service through the General Fund. Each department/division's stated function, accomplishments, budget narrative, initiatives and action items as they relate to the City's five strategic priorities, and key performance measures for purposes of transparency are provided

in Section 6 of the Budget Document along with summaries of expenditure by category, staffing history and service costs.

**General Fund Expenditures Comparison
Original Budget FY 2017 through Proposed Budget FY 2020**

	Original Budget FY 2017	Original Budget FY 2018	Original Budget FY 2019	Proposed Budget FY 2020
General Fund Expenditures				
City Council	\$ 98,442	\$ 129,311	\$ 133,909	\$ 129,228
City Manager	251,182	474,808	479,866	463,205
Human Resources	304,543	346,560	342,314	364,037
City Clerk	530,987	514,803	533,709	590,267
Finance	880,793	927,959	942,750	962,076
Procurement	592,583	571,939	617,078	643,158
Legal Counsel	203,700	255,794	221,459	230,847
Public Works Administration	312,020	351,303	364,821	343,643
Engineering	435,082	469,099	492,181	541,408
Right of Way Maintenance	1,254,571	1,548,578	1,198,125	1,229,902
Parks & Grounds	1,499,740	1,465,069	1,565,591	1,692,120
Police	5,560,536	5,766,363	6,357,578	6,949,841
Fire	3,460,350	3,661,532	3,848,530	4,446,604
Urban Design	652,304	619,990	591,093	646,058
Zoning & Code Compliance	410,944	500,272	515,986	553,048
Facilities Maintenance	771,601	798,453	864,704	891,360
Non-Departmental	497,565	363,994	759,970	668,921
Subtotal Operations	<u>17,716,943</u>	<u>18,765,827</u>	<u>19,829,664</u>	<u>21,345,723</u>
Incr (Decr) from prior year	736,271	1,048,884	1,063,837	1,516,059
% incr (-) decr from prior year	4.34%	5.92%	5.67%	7.65%
Transfers to Other Funds	0	0	0	8,237,000 ¹
Tax Increment Financing Transfer	500,000	575,000	612,534	749,331
Capital Projects Transfer	10,000	690,000	155,000	305,000
Paving Transfer	459,000	459,000	459,000	459,000
Drainage Transfer	500,000	500,000	500,000	300,000
Subtotal Ops and Transfers	<u>19,185,943</u>	<u>20,989,827</u>	<u>21,556,198</u>	<u>31,396,054</u>
Incr (Decr) from prior year	1,182,593	1,803,884	566,371	9,839,856
% incr (-) decr from prior year	6.57%	9.40%	2.70%	45.65%
Future Years' Budget - Reserve	574,626	671,695	512,270	512,578
Fleet/Equip - Reserve	420,000	0	104,000	440,000
Proj. Carryover - Ending Reserve	1,498,937	2,441,868	2,875,591	3,049,436
Reserves as a % of Operations & Transfers	<u>13.00%</u>	<u>14.83%</u>	<u>16.20%</u>	<u>12.75%</u>
Total General Fund Exp.	<u><u>\$ 21,679,506</u></u>	<u><u>\$ 24,103,390</u></u>	<u><u>\$ 25,048,059</u></u>	<u><u>\$ 35,398,068</u></u>

¹ Transfer to PGI Canal Maintenance District from line of credit draw for rip rap mitigation of Hurricane Irma Seawall project.

General Fund Department/Division Highlights

It is important to note that due to increases in the Information Technology internal service fund for proposed increase in staffing and citywide projects such as electronic timekeeping, expansion of GIS technology, and various other upgrades to technology all departments/divisions saw a significant increase. The overall increase in computer overhead to the general fund was approximately 19%.

There are no major program changes to the following departments – City Council and Legal.

City Clerk

Budget includes \$45,000 for a possible primary election in the summer of 2020. There will be an election in November 2019, and the budget will be reappropriated from remaining FY 2019 election expenses.

City Manager

The City continues the enhanced strategic communications program. Building on the foundation laid by the marketing consultant, Aqua, the City is now able to utilize the communications manager to continue the future efforts of the program. This allows a reduction of \$50,000 needed for this program.

Human Resources

The budget for unemployment compensation can vary from year to year based on most current claims. For FY 2020, this budget was increased from \$5,000 to \$15,000.

Urban Design and Zoning & Code Compliance

There were no major program changes to these divisions. No funding for comprehensive planning is budgeted in FY 2020. Capital outlay includes \$28,000 for a plotter for urban design.

Finance

There were no major program changes to this division for FY 2020.

Procurement

The FY 2020 budget includes \$3,000 for replacement of outside pipe racks. There are no other major program changes.

Public Works

Public Works engineering staff continues to develop the annual plan and oversees the outside contractor for the drainage program as well as the paving plan in the gas tax fund. The engineering division includes the addition of an engineering technician position that will be shared with the building fund. This is an increase of 0.5 f.t.e to the general fund that will help with increased commercial construction permits and additional inspections due to NPDES requirements, and redistribute duties that were picked up by project managers in FY 2014 when an engineering technician position was eliminated as the City was recovering from the last economic downturn. The building division's current part-time line and grade position has been hard to fill and retain in

the current employment market. Combining the need of the two divisions will allow the City to offer a full-time position with benefits to be more competitive.

Capital outlays of \$199,250 include ½ the cost of computer equipment for the new engineering position and the routine replacement of aging trucks and equipment: (1) asphalt patch trailer and (1) vehicle in right of way, and (2) vehicles in parks and grounds.

Public Safety

Public safety remains the most significant expenditure category within the General Fund. As a result, the information below highlights crime and response data related to the level of service provided.

Police

The proposed budget includes three additional employees:

- A dispatcher due to increased call volumes and service handling and that will relieve the communications supervisor to manage reporting and Quality Assurance reviews.
- A sworn position that will be utilized for a new community engagement program. This program will consist of two sworn officers that will provide proactive policing focusing on City “hotspots”, engaging more with the community, and special enforcement activities.
- A reclassification of a sworn position that handles employee development to a civilian employee development coordinator. Adding the civilian development coordinator will free up a sworn position that will be utilized for the new community engagement team.

Finalization of the pay plan for all sworn personnel, excluding the police chief, is still pending the outcome of bargaining for the police officers. (See Unresolved Issues at the end of this message.) The budget includes \$120,000 funding towards the plan.

The FY 2020 capital outlay of \$369,060 includes five replacement vehicles (\$100,000 funded from 1% Sales Tax), one new vehicle for the new sworn officer position, taser and radar equipment, a trailer mounted sign board, body armor, computers for two of the new positions, and purchase of body cameras for sworn personnel to add to safety and enhance the department’s current in-car camera program.

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. Efforts have resulted in patrol response times of 4:00 minutes. Another goal is to achieve a monthly Quality Assurance survey approval rating of 95%. Survey results indicate a 98.7% approval rating.

**Florida Municipal Law Enforcement Agencies 15,000-20,000 Service Population
2018 Uniform Crime Reporting Data (Ranked by Index Crime Rate/100,000)**

Agency	Pop.	Total Crime Index	Crime Rate/ 100,000	% Cleared
Marco Island PD	17,094	104	608.4	20.2%
Groveland PD	16,407	214	1,304.3	14.5%
Safety Harbor PD	17,470	251	1,436.7	25.9%
Tavares PD	17,353	298	1,717.3	19.8%
Punta Gorda PD	19,487	341	1,749.9	33.7%
Maitland PD	18,612	340	1,826.8	24.4%
Lake Mary PD	16,746	306	1,827.3	10.1%
Lake Wales PD	15,791	426	2,697.7	47.2%
Pinecrest PD	18,490	499	2,698.8	11.2%
Vero Beach PD	16,274	449	2,759.0	23.6%
Longwood PD	15,279	487	3,187.4	15.6%
Stuart PD	16,425	543	3,305.9	33.1%
Auburndale PD	16,246	614	3,779.4	36.6%
Zephyrhills PD	15,839	659	4,160.6	51.1%
Bartow PD	19,342	870	4,498.0	25.2%
New Port Richey PD	15,863	759	4,784.7	33.3%
Belle Glade PD	17,589	993	5,645.6	20.9%
Cocoa PD	19,286	1,152	6,025.1	30.6%
Opa-Locka PD	18,017	1,271	7,054.4	13.9%

Upon reviewing the comprehensive 2018 Uniform Crime Rate (UCR) data for the City of Punta Gorda, highlights of the preceding report include:

- ✓ Punta Gorda’s overall crime rate increased 25.8%.
- ✓ When compared to municipal police departments throughout Florida with a service population between 15,000 and 20,000, Punta Gorda was ranked fifth in overall crime rate, even with the largest population of these nineteen agencies.
- ✓ Among the eleven municipal law enforcement agencies in the Southwest Florida region (regardless of size or population), the crime rate in Punta Gorda ranks sixth behind Marco Island, Sanibel, Venice, Naples, and Cape Coral.
- ✓ Punta Gorda experienced a decrease in violent crimes. There were (16) violent crimes in 2017 compared to eleven (11) violent crimes in 2018.
- ✓ Non-violent crime increased 34.1% in 2018 with 330 non-violent crimes reported, as compared to 246 in 2017. A substantial reason for this increase was larcenies, of which approximately 21.0% were related to the annexation of Walmart.
- ✓ The clearance rate represents the percentage of index crimes cleared by the police department (pursuant to UCR guidelines) in a given year. This particular figure is of key importance to leadership as we assess our effectiveness in solving or reclassifying index crimes within the city. The statewide clearance percentage for 2018 was 25.3%. The Punta Gorda Police Department’s 2018 clearance percentage of 33.7% remains above average compared to other similarly sized law enforcement agencies. Of the agencies in the 15,000-20,000 population range, the average clearance rate was 25.8%.

Fire

The proposed fire department budget includes the addition of one employee. A fire/EMS training chief is requested that will focus on high risk job functions such as ALS, medication administrations, technical rescue skills and assuring compliance of all programs.

The FY 2020 capital outlay budget of \$105,000 includes personal protective equipment, suppression equipment, and medical equipment and the purchase of a new vehicle and computer equipment for the new position.

The National Fire Protection Association standard (NFPA 1710) for service response time is five minutes or less, 90% of the time. The average emergency response time during FY 2018 was 4 minutes and 11 seconds. Table below indicates response times.

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Average response times	4:16	4:10	4:00	3:57	3:54	4:01	4.04	4.11
# Emergency < 5 minutes	1149	1822	1869	1983	2266	2621	3123	3237
% Emergency < 5 minutes	79.7%	72.2%	74.7%	77.1%	78.9%	79.3%	84.9%	82.7%

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 to the general construction fund for: \$300,000 for the fourth year of the drainage improvement program (this is a reduction of \$200,000 from the prior program funding of \$500,000 per year), \$305,000 for the annual public works capital projects, \$459,000 for the paving program, \$749,331 for the Community Redevelopment Agency transfer, and \$8,237,000 for PGI Canal Maintenance Fund of projected draw down on line of credit for rip rap mitigation project from Hurricane Irma.

All general fund debt service payments are reported in the debt fund. The payment for the Herald Court Centre loan, which is funded by tax increment financing (TIF) revenue, is paid through a transfer from the CRA fund to the debt fund. A loan for the Hurricane Irma seawall repairs will be paid through a transfer from the PGI Canal Maintenance fund assessments when payments become due.

The lot mowing program annual fee is placed on the property tax bill as an annual assessment. The proposed rate of \$170 remains the same as 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 2020 budget.

There were no changes made to the funding levels of the City's charter membership contributions to the Charlotte Harbor Environmental Center (CHEC), Charlotte Harbor National Estuary

Program and United Way of Charlotte County community impact funding. No change to the reserve for general contingencies of \$15,000. Operating reserves are discussed in detail beginning on page 2.23 –Fund Balance.

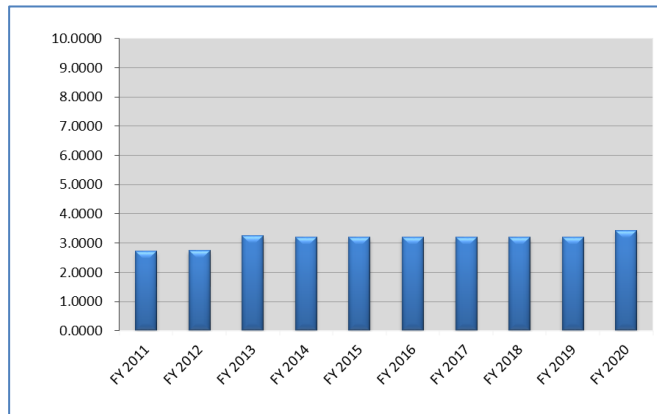
Millage and Taxable Assessed Value

The proposed FY 2020 millage rate of 3.4337 mills is 12.5% over the rolled back rate of 3.0521. The calculated rolled back rate results in the same property tax revenues, sans new construction, as the previous year. This is the first increase in the millage rate since FY 2013. Included in the millage rate is \$459,000 earmarked for the road resurfacing program and \$300,000 for the city-wide drainage improvement program. The increase is necessitated by proposed changes to staffing and on-going expenditures while still continuing to work towards the City’s policy of on-going revenues covering on-going expenditures and that available reserves only be used for one-time expenditures.

Property Tax Millage Rates Fiscal Years 2011 - Proposed 2020

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
2011	2.7251
2012	2.7462
2013	3.2462
2014	3.1969
2015	3.1969
2016	3.1969
2017	3.1969
2018	3.1969
2019	3.1969
2020	3.4337

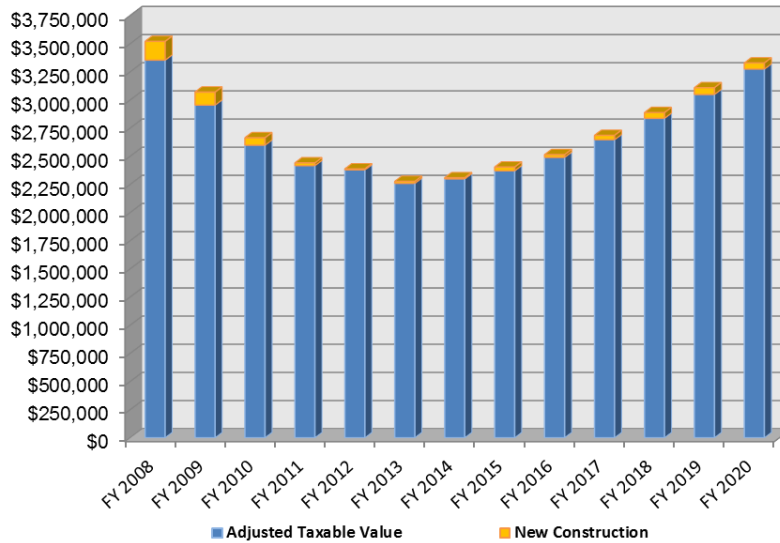


History of Taxable Property Values

Fiscal Year	Final Gross Taxable Value*	\$ Change from Previous Year	% Change from Previous Year	New Construction	% of Previous Year Gross Taxable Value
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	\$3,328,401,238	\$219,722,859	7.1%	\$54,169,154	1.7%

*Includes New Construction

Gross Taxable Value (in thousands)



The Charlotte County Appraiser’s July 1st certification shows a 5.3% overall increase for properties on the books from the prior year, and an additional 1.8% provided by new construction, annexations and changes in exemption for calendar year 2018. This is the seventh 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 thirteen years is a cumulative 4.8% decrease in taxable values. In previous years, the protection of Save Our Homes resulted in a majority of homestead property taxable values being below just values. Due to increasing property values, the number of homestead properties at parity (market or just value equaling assessed value) decreased significantly since FY 2013.

Homestead property owners whose taxable value is still below just value (non-parity) will be limited to a maximum of a 1.9% 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 1.9%), or 3%, until such time as the taxable value attains parity with the market value.

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

Calculation of City Ad Valorem Tax on Various Homestead Single Family Values						
Mils	\$150,000			\$300,000		
	FY 2019 Base	FY 2020 1.90%	Difference %	FY 2019 Base	FY 2020 1.90%	Difference %
	3.1969	3.4337	\$ Amount	3.1969	3.4337	\$ Amount
Assessed Value	\$150,000	\$152,850		\$300,000	\$305,700	
Less Homestead Exemption	\$50,000	\$50,000		\$50,000	\$50,000	
Net Taxable Value	\$100,000	\$102,850		\$250,000	\$255,700	
City Millage Rate	3.1969	3.4337	10.47%	3.1969	3.4337	9.86%
City Ad Valorem Tax	\$320	\$353	\$33	\$799	\$878	\$79

Fund Balance

City Council approved reserve objectives to the comprehensive set of financial management policies are below. FY 2020 amendments are highlighted in italics.

- An adequate level of unrestricted fund balance will be maintained so credit rating agencies will recognize the City is in sound financial condition when they evaluate the City's credit worthiness.
- The City will strive to follow the Government Finance Officers Association's (GFOA) recommendation for a minimum level of unrestricted fund balance for the General Fund. The GFOA states the unrestricted fund balance for the General Fund should be a minimum of 2 months of operating expenditures, or 16.7%.
- *For the General Fund and all other operating funds, except the Utilities Fund, the City will establish an unassigned fund balance minimum of 8.5% of total fund expenditures.* Note: It is intended that this percentage increase each year and eventually attain the GFOA best practice standard.
- The City should have a prudent level of unrestricted fund balance to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unexpected one time expenditures.
- The City should maintain an adequate level of unrestricted fund balance as working capital to support operations until sufficient current revenues (taxes) are received.
- The City will provide a Capital Outlay Reserve based on the 5 year capital outlay program needs, and will fund the average annualized 5 year need, in order to provide a stabilized funding plan.

Beginning in FY 2007, the City earmarked a portion of reserves over the minimum policy to assist in paying for ongoing levels of service until such time as the economy fully rebounds. FY 2020 continues this practice.

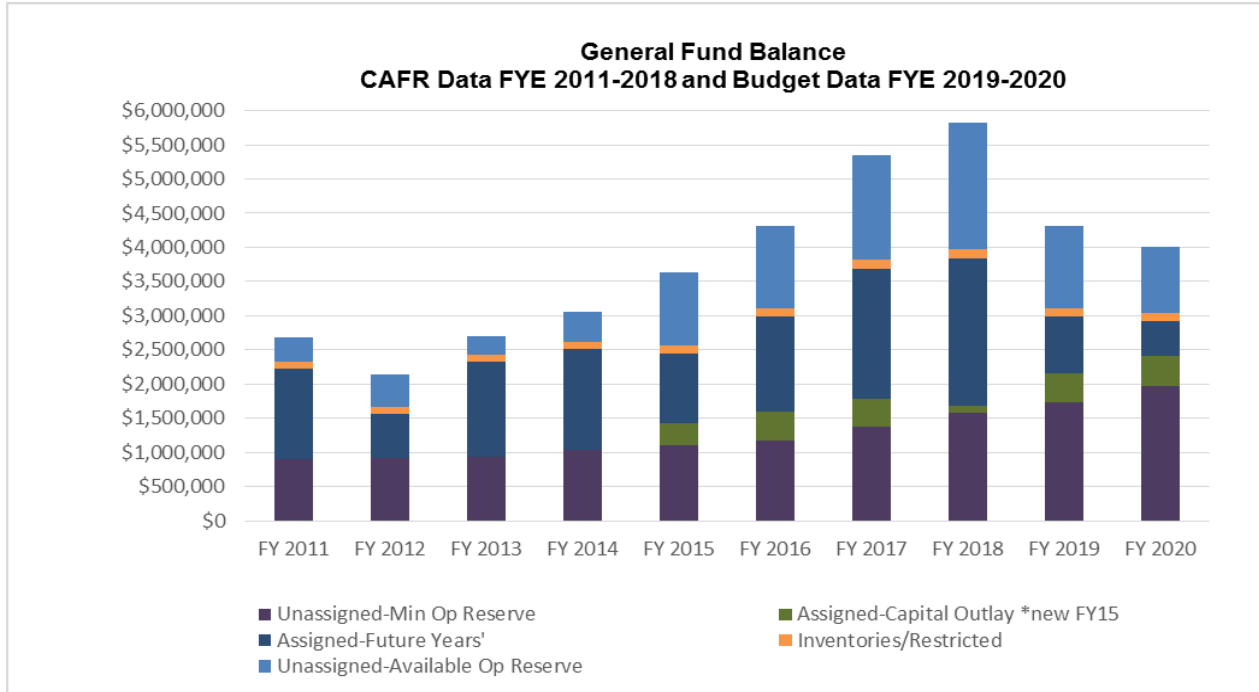
**Analysis of General Fund Balance
as a Percentage of General Fund Expenditures
at Fiscal Year End**

Fund Balance Category	FY 2017 Amount	% of Exp.	FY 2018 Amount	% of Exp.	Projected FY 2019 Amount	% of Exp.	Proposed FY 2020 Amount	% of Exp.
Inventories/Restricted	\$ 136,582	0.8%	\$ 126,529	0.6%	\$ 125,000	0.6%	\$ 125,000	0.5%
Assigned-Future Years' Use of Op. Reserve	1,908,690	9.9%	2,166,590	10.3%	825,130	3.8%	512,578	2.2%
Assigned-Capital Outlay Reserve	409,505	2.1%	104,000	0.5%	440,000	2.0%	440,000	1.9%
Unassigned-Minimum Op. Reserve (Orig)	1,372,000	7.2%	1,575,000	7.5%	1,725,000	8.0%	1,969,000	8.5%
Unassigned-Available Op. Reserve	1,524,556	7.9%	1,859,295	8.9%	1,199,437	5.6%	955,436	4.1%
Total Fund Balance	<u>\$ 5,351,333</u>	27.9%	<u>\$ 5,831,414</u>	27.8%	<u>\$ 4,314,567</u>	20.0%	<u>\$ 4,002,014</u>	17.3%
General Fund Orig Budgeted Expenditures	<u>\$ 19,185,943</u>		<u>\$ 20,989,827</u>		<u>\$ 21,556,198</u>		<u>\$ 23,159,054</u>	*

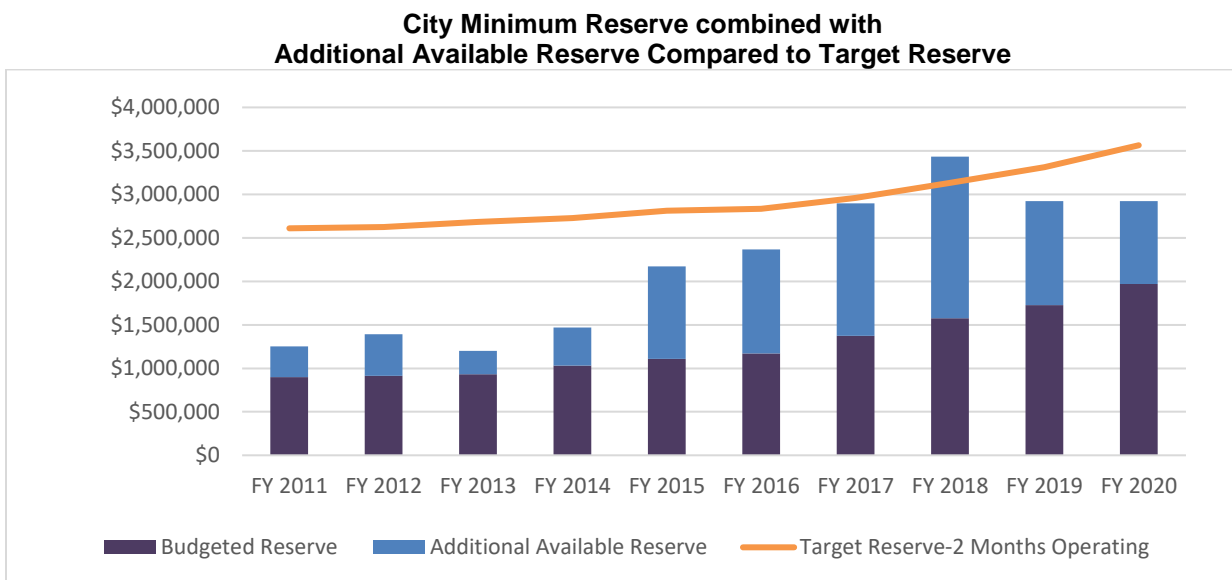
*FY 2020 Budgeted Expenditures excludes transfer of loan draw to PGI Canal Maintenance Fund

The following graph presents the general fund balance trend information. The minimum operating reserve is regulated by the City's financial policy. For fiscal year 2020, it is set at 8.5% of the total expenditure appropriations (excluding a loan draw transfer to PGI Canal Maintenance fund) for the general fund, which calculates to \$1,969,000. It is the City Council's policy to continue to take steps each year to increase the minimum reserve. The base block of reserves has grown

steadily each year. If the economy continues to be positive, the proforma indicates that at end of FY 2024, the minimum reserve will be at 10.5%.



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 graph below shows the best practice level as a line that was reached in FY 2017, but is not yet being sustained.



The second block of the reserves was new in FY 2015. It is a funding mechanism for capital outlay that provides a smoothed amount to be funded annually, based on the five year capital outlay plan. The current annual smoothed level of general revenue funding for capital outlay is \$740,000. Those amounts unused will be carried in the reserve until the year scheduled for use. See five year

capital outlay summary for details. In the FY 2019 reserve, the amount of \$440,000 is reserved and will be reserved until FY 2021 to fund a larger capital outlay, without a spike in the operating budget. The third block of the reserves is the amount identified as needed to balance the subsequent year's budget in the proforma. In this case, FY 2021 as currently projected, would need an additional \$512,578 from reserves to be balanced. The fourth block is the small amount of funds identified in the Comprehensive Annual Financial Report (CAFR) as inventories. The final and fifth block is the remaining amount of reserves that are available for use. The City has not appropriated them for expenditures, and as such, are considered as part of the current operating reserve for purposes of stabilizing the general fund. In future years, as the policy allows the minimum reserve to increase these funds will be shifted from the available reserve to the minimum required reserve.

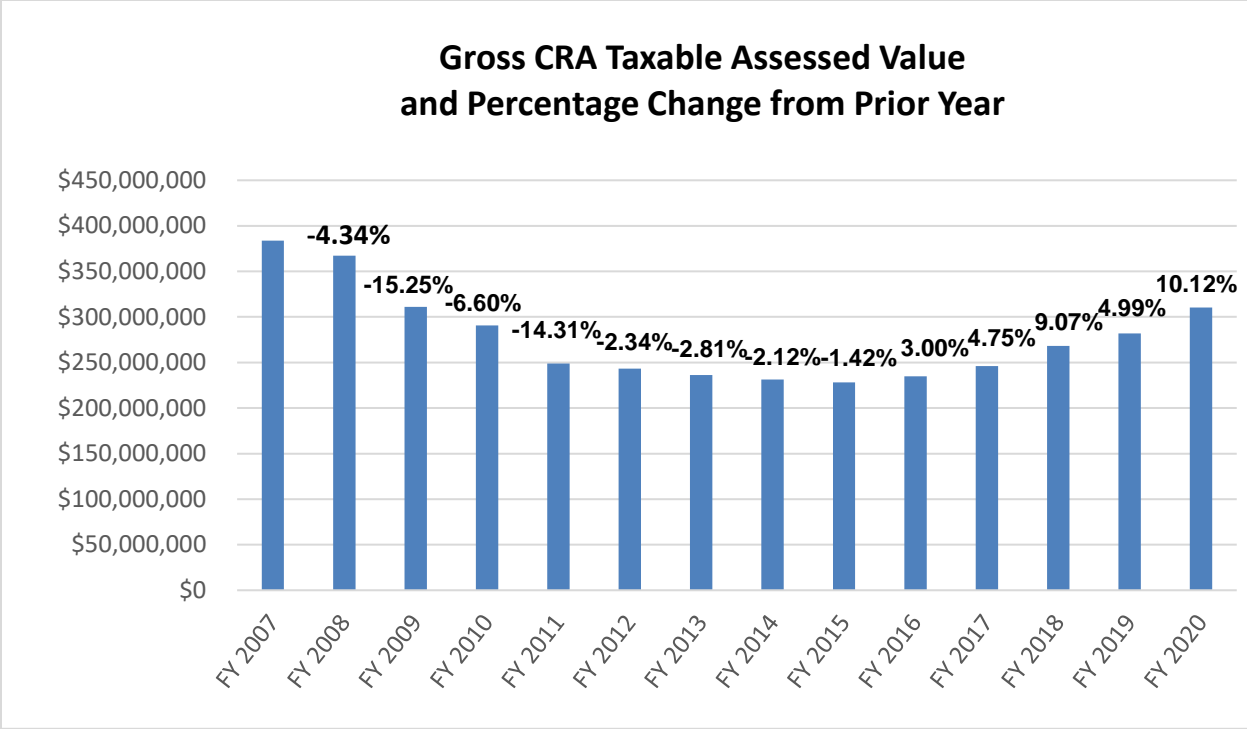
Community Redevelopment Agency

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

The CRA has experienced dramatic fluctuations in taxable assessed value and related City/County tax increment finance (TIF) contributions over the past thirteen years. The tables shown here provide history of taxable value and revenue generated from TIF since FY 2007.

Fiscal Year	Gross CRA Taxable Assessed Value	City TIF Contribution	County TIF Contribution	Total TIF Contribution
FY 2007	\$383,774,587	\$627,124	\$1,394,380	\$2,021,504
FY 2008	\$367,113,862	\$591,466	\$1,236,559	\$1,828,025
FY 2009	\$311,130,098	\$562,664	\$1,250,570	\$1,813,234
FY 2010	\$290,592,852	\$538,621	\$1,139,173	\$1,677,794
FY 2011	\$249,005,996	\$436,047	\$974,342	\$1,410,389
FY 2012	\$243,188,559	\$424,246	\$970,103	\$1,394,349
FY 2013	\$236,361,169	\$480,644	\$929,373	\$1,410,017
FY 2014	\$231,340,961	\$458,101	\$902,447	\$1,360,548
FY 2015	\$228,049,842	\$448,578	\$884,092	\$1,332,670
FY 2016	\$234,899,693	\$470,728	\$927,748	\$1,398,476
FY 2017	\$246,050,943	\$502,566	\$988,358	\$1,490,924
FY 2018	\$268,367,069	\$570,342	\$1,124,073	\$1,694,415
FY 2019	\$281,762,265	\$611,027	\$1,204,258	\$1,815,285
FY 2020	\$310,287,148	\$749,331	\$1,374,992	\$2,124,323

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



In July 2012, the CRA Board and City Council, in partnership with Charlotte County, recognized that declining taxable values could not support the repayment schedule of existing debt. In doing so, the three governing bodies approved the extension of the life of the CRA until December 31, 2030. Subsequently, the City completed refinancing CRA debt to better match income flow and to eliminate projected deficits. Due to the passed Tax Cuts and Jobs Act, the corporate tax rate was reduced to 21% from a maximum rate of 35% as if January 1, 2018. This change increased the City’s interest cost over the remaining life of the loan by \$454,000 and has been updated in the proforma. The proposed FY 2020 TIF revenue is based on 10.1% increase in taxable value in the district and no change in the County millage rate and the proposed 3.4337 City millage rate. The proforma continues to anticipate conservative assessed property value increases of 3%-2% in FY 2021 through FY 2024. The resulting estimated debt service reserve grows from \$1,550,000 at end of FY 2020 to \$4,041,000 at end of FY 2024, providing a buffer for economic downturns thereby ensuring that annual debt service can be met.

The proforma for the district has been divided into three divisions to better identify the funding sources for the three responsibilities of the district: 1) retirement of the CRA debt through the County and City TIF; 2) operations of Herald Court Centre (HCC); and 3) maintenance of the infrastructure contributed by the district, such as the marina, interactive fountain, restrooms and pavilions adjacent to the marina, mooring field, HCC parking structure and numerous gateway enhancements, intersection treatments, pocket parks and Martin Luther King Boulevard. As the infrastructure ages, the need for repair and maintenance will increase. Projected expenditures for FY 2020 reflect this trend with a budget of \$145,000 for maintenance and repairs that continues through FY 2024. If funds are not needed in the current fiscal year, they will carryover to the next fiscal year, thereby ensuring funds are available to properly maintain the infrastructure. The reserve for other operations in this category shows a balance of \$368,000 at end of FY 2020 and fluctuates only slightly through FY 2024.

The Herald Court lease revenue for FY 2020 includes fully rented units for the first time. So as not to over project revenues, FY 2021 through FY 2024 projects one vacant unit as leases are coming up for renewal. Florida Gulf Coast University is currently on a month to month lease term. Based on these projections, the reserve for the Herald Court Centre shows a balance of \$284,000 in FY 2020 and growing to \$476,000 at end of FY 2024. This reserve has two segments, the first is those funds received through the common area maintenance (CAM) fee and prepaid taxes from tenants that must be reserved for such use, and the second is available to cover shortfalls in lease revenue for purposes of ongoing operations and maintenance.

**Community Redevelopment Agency Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2020 through Proforma FY 2024**

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Debt Service Division					
Assessed Property Valuation change	10.1%	3%	3%	2%	2%
Tax Increment Financing (TIF) Revenue	\$2,124,323	\$2,180,553	\$2,245,970	\$2,290,889	\$2,336,707
CRA Lease Payments (Debt Service)	1,538,772	1,578,405	1,620,749	1,660,731	1,703,276
Revenues in Excess of Debt Svc	585,551	602,148	625,221	630,158	633,431
Reserve - TIF for Debt Svc (Beg)	964,413	1,549,964	2,152,112	2,777,333	3,407,491
Reserve - TIF for Debt Svc (End)	\$1,549,964	\$2,152,112	\$2,777,333	\$3,407,491	\$4,040,922
Herald Court Operations Division					
Herald Court Revenues	\$276,635	\$264,804	\$269,627	\$274,525	\$279,366
Herald Court Operating Expenditures	203,850	214,456	220,444	227,058	233,870
Revenues in Excess of Herald Ct Operations	72,785	50,348	49,183	47,467	45,496
Reserve - Herald Ct (Beg)	211,105	283,890	334,238	383,421	430,888
Reserve - Herald Ct (End)	\$283,890	\$334,238	\$383,421	\$430,888	\$476,384
CRA Operations Division					
Other CRA Revenues	\$139,563	\$145,433	\$151,312	\$157,200	\$163,097
Other CRA Operating Expenditures	154,000	154,000	154,000	154,000	154,000
Revenues in Excess (Shortfall) of Other Operations	(14,437)	(8,567)	(2,688)	3,200	9,097
Reserve - Other Operations (Beg)	381,994	367,557	358,990	356,302	359,502
Reserve - Other Operations (End)	\$367,557	\$358,990	\$356,302	\$359,502	\$368,599

Utilities

The FY 2020 spending plan for Utilities operations, maintenance and repair (OM&R) is \$18,592,145 which is \$2,785,913 or 17.6% more than budget FY 2019. The significant increase is attributable to the \$1,500,000 contribution to the regional pipeline project, the \$735,000 increase in transfer to the Utilities construction fund, and the \$273,300 increase in debt transfers. The major projects funded in FY 2019 such as the reverse osmosis water plant project and the wastewater plant forcemain project will carryover into FY 2020. Increases in operational expenses of

\$277,613 are due to 4% employee salary increases, estimated 12% health insurance increases, the increase of 0.5 f.t.e for adjusting a part-time maintenance worker position in water distribution to a full-time AMI technician, 20% increase in computer overhead, and an estimated 3% change to operating contracts and materials due to growth and consumer price index adjustments. There is also a \$24,760 increase in capital outlay funding. It is projected that debt service payments on the Groundwater Reverse Osmosis (RO) Water Treatment Plant will begin in FY 2020 with only a half year of debt service of \$592,500 becoming due. The final transfer for the related debt reserve of \$225,000 is also scheduled for FY 2020.

Utilities O M & R Fund
Revenue and Expense Comparison
Actual FY 2017 through Budget FY 2020

	Actual FY 2017	Actual FY 2018	Budget FY 2019	Projected FY 2019	Budget FY 2020
Revenues:					
Chg for Serv - Water	\$10,467,321	\$10,094,997	\$ 9,941,070	\$ 9,941,070	\$ 9,990,790
Chg for Serv - Sewer	7,303,050	7,387,866	7,335,040	7,448,975	7,486,220
Other	507,881	835,532	645,505	1,044,590	1,037,320
Subtotal	18,278,252	18,318,395	17,921,615	18,434,635	18,514,330
Reserves	7,642,386	9,083,084	5,370,259	6,680,555	9,295,588
Total Revenues	\$25,920,638	\$27,401,479	\$23,291,874	\$25,115,190	\$27,809,918
Expenses:					
Administration	\$ 1,469,204	\$ 1,437,239	\$ 1,711,877	\$ 1,653,805	\$ 1,730,885
Water	4,771,348	5,301,755	5,465,752	5,312,285	5,744,415
Wastewater	5,117,232	4,902,159	5,537,331	5,713,695	5,843,900
Other	697,770	743,970	762,072	762,117	435,445
Debt and Debt Transfers	200,000	615,801	744,200	744,200	1,017,500
Transfer for Capital	4,582,000	7,720,000	1,585,000	1,633,500	2,320,000
Contribution for Pipeline	0	0	0	0	1,500,000
Subtotal	16,837,554	20,720,924	15,806,232	15,819,602	18,592,145
Reserves	9,083,084	6,680,555	7,485,642	9,295,588	9,217,773
Total Expenses	\$25,920,638	\$27,401,479	\$23,291,874	\$25,115,190	\$27,809,918

The current five-year financial forecast is based on 2-day per week watering; average rainfall; and new financing based on the FY 2020-2024 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. Remaining funds from this program that have accumulated over the years are being used to fund FY 2020. The current proforma continues to suspend the recommended 4% water & sewer rate increase that was planned for FY 2018 based on the 2015 Rate Sufficiency Study by Burton & Associates with a 50% grant for the RO plant. Based on the current proforma, the projected revenues and reserves as shown are sufficient to fund the FY 2020-2024 capital improvements plan. A financial plan to fund the Septic to Sewer plan for properties in the Utilities service area that are outside the City limits is being developed and will need to be incorporated into the FY 2021-2025 capital improvement plan. Wastewater plant improvements or expansion options are also currently being developed and will need to be incorporated into the capital improvement plan.

Utilities OM&R Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2020 through Proforma FY 2024

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Revenues:					
Chg for Serv - Water	\$9,990,790	\$10,040,745	\$10,090,950	\$10,141,405	\$10,192,110
Chg for Serv - Sewer	7,486,220	7,523,650	7,561,270	7,599,075	7,637,070
Other Revenue	1,037,320	1,270,595	881,625	912,680	898,770
Total Revenues	18,514,330	18,834,990	18,533,845	18,653,160	18,727,950
Expenses:					
Operations	13,754,645	14,214,063	14,722,496	15,252,026	15,803,622
Renewal & Replacement of Infrastructure	0	920,000	270,000	270,000	1,120,000
Transfer for Capital Improvement Projects	2,320,000	7,450,000	500,000	525,000	3,745,000
Existing Debt Service	200,000	200,000	0	0	0
New Debt Service	592,500	1,185,000	1,185,000	1,185,000	1,185,000
Transfer to SRF Fund-reserve incr(decr)	225,000	(375,000)	0	0	0
Contribution to Pipeline Project	1,500,000	0	0	0	0
Total Expenses	18,592,145	23,594,063	16,677,496	17,232,026	21,853,622
Revenues in Excess (Shortfall) of Expenses	(77,815)	(4,759,073)	1,856,349	1,421,134	(3,125,672)
Operating Reserves-Beg	9,295,588	9,217,773	4,458,700	6,315,049	7,736,183
Operating Reserves-End	\$9,217,773	\$4,458,700	\$6,315,049	\$7,736,183	\$4,610,511

Utilities Reserves

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

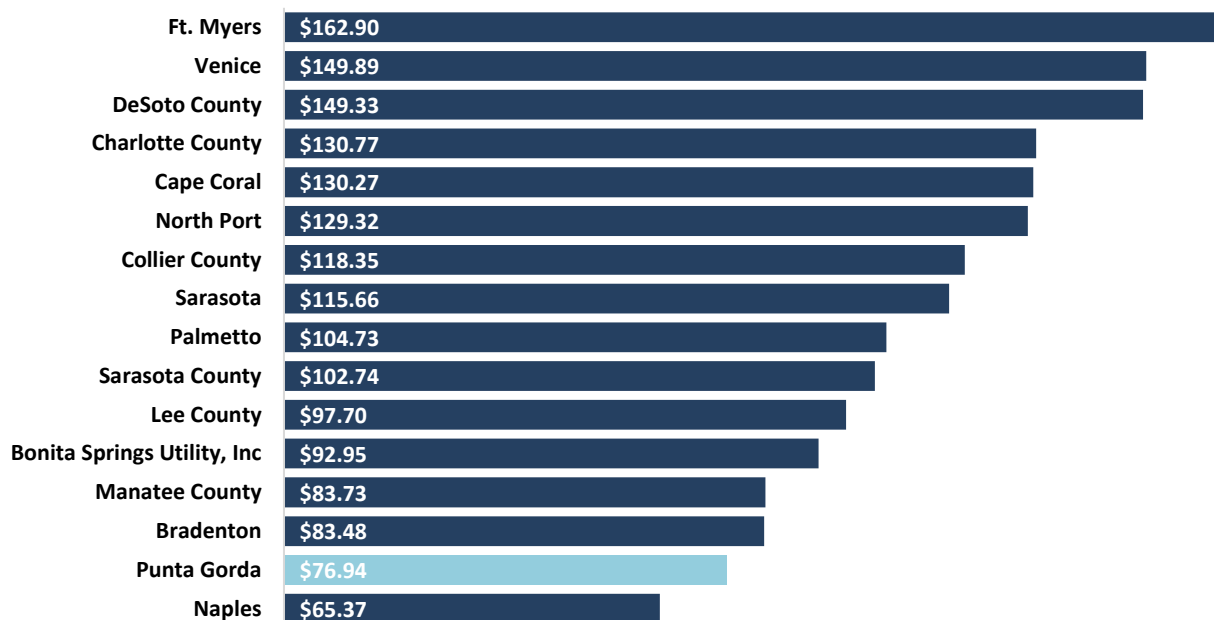
- Maintain an unassigned fund balance minimum of \$3.1 million; protection against unforeseen revenue declines and extraordinary operating expenses due to economic or weather disasters, and contract bids or equipment failures.
- Provide an emergency fund for existing infrastructure by retaining the Renewal 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 \$728,850 funding level in FY 2020; and \$700,000 for FY 2021 through FY 2024. If the funds are not spent in the budgeted fiscal year, they will be placed in the Capital Outlay reserves. This will ensure that current and future aging issues of mechanical parts in both plants can be addressed in an adequate manner.

- Existing State Revolving Loan Fund (SRF) reserve fund maintains one year of debt service payments and proforma shows addition of \$225,000 in FY 2020, adding to the one year of debt service on the new SRF loan.
- The water and sewer impacts have restricted use and are kept in a reserve for growth related capital projects, such as the new Groundwater Reverse Osmosis (RO) Water Treatment Plant, Taylor Rd water main upgrade, wastewater force main on Jones Loop Road, and planned expansion of the wastewater plant.

Utilities Rate Comparison

The City’s utility rates are the 2nd lowest among the Southwest Florida utilities surveyed at the projected FY 2020 rates.

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



Findings indicated that entities considering rate increases (reflected above) at this time are: Venice, Charlotte County (increased 4/1/19), North Port, Collier County, Sarasota, Palmetto, Manatee (increased 4/1/19), and Naples. With the City not proposing any rate increase, it is anticipated that the City will continue to remain one of the lowest cost service providers in the area.

Utilities Construction

A significant capital project currently in progress that will be carried over to FY 2020 is the Groundwater Reverse Osmosis (RO) Water Treatment Plant construction.

Total FY 2020 capital projects of \$3.6 million are being funded with reserves for ongoing recurring capital replacement that were accumulated over several years from the \$1.1 million funded each year per policy, an additional \$2.3 million from user charges and unassigned operating reserves through a transfer to the Utilities Construction Fund, and \$100,000 transfer from sewer system capacity fees towards the wastewater treatment plant expansion. Some of the projects included in the FY 2020

are: the water treatment plant solid contact unit tank coating; design and engineering for the Taylor Rd water main upgrade, Solona water main replacement and Henry St force main; wastewater plant tank coating; funding towards the wastewater treatment plant expansion project.

Some funding for the wastewater treatment plant expansion has been set aside through FY 2024, but full costs will be unknown until the study with various alternatives is presented late in FY 2019. Additionally, a septic to sewer financial plan for the first three priority areas within the utility service area, but outside the City limits, is being developed as directed by City Council and Utilities Advisory Board when they approved the Sewer Master Plan. This is currently an unfunded project until a funding plan that includes coordination with the County is finalized. Appropriations in FY 2020 or beyond would be needed as the project is developed further.

**Utilities Construction Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2020 through Proforma FY 2024**

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Revenues:					
Transfer from Utilities OM&R	\$2,320,000	\$8,370,000	\$770,000	\$795,000	\$4,865,000
Transfer from Sewer System Impacts	100,000	100,000	850,000	850,000	350,000
Transfer from Water System Impacts	0	975,000	0	0	0
Total Revenues	2,420,000	9,445,000	1,620,000	1,645,000	5,215,000
Expenses:					
Contingency	37,216	0	0	0	0
Water Treatment Plant Imprv	275,000	25,000	0	25,000	3,195,000
Water Distribution System Imprv	520,000	6,020,000	220,000	220,000	220,000
Wastewater Collection System Imprv	1,150,000	2,900,000	900,000	900,000	900,000
Wastewater Treatment Plant Imprv	1,595,000	500,000	500,000	500,000	900,000
Total Expenses	3,577,216	9,445,000	1,620,000	1,645,000	5,215,000
Revenues in Excess of Expenses	(\$1,157,216)	\$0	\$0	\$0	\$0
Beg. Reserve for R&R Projects	\$1,157,216	\$0	\$0	\$0	\$0
End. Reserve for R&R Projects	\$0	\$0	\$0	\$0	\$0

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 11,850 residential accounts. For the 660 commercial accounts collection is available 6 days per week. The City has improved the recycling program by providing a 48 gallon rolling cart to each household, which is collected one day per week by an outside vendor. The projected diversion of waste stream from the landfill is 37%, which exceeds the 30% mandate. The program continues in FY 2020 with a proposed rate increase of \$0.42 per month or \$5.04 per year, due to a contract increase. 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 budget also reflects a 10-year fleet replacement program which is under review. The proposed FY 2020 budget includes the replacement of (3) packers and projects replacements of a packer, clamshell loader, and flatbed truck in FY 2022. As with the general and utility fund, City

Council has approved funding of a capital outlay reserve in order to stabilize the funding source. However rates will need to be reviewed as FY 2023 approaches since the current proforma does not show sufficient funding to continue to accumulate funds for the next set of packer purchases after FY 2024. Additional rate increases may be needed in FY 2023 or FY 2024 to support the fleet replacement. This will be addressed in a future budget process.

**Sanitation Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2020 through Proforma FY 2024**

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Revenues:					
Chg for Serv - Refuse Collection	\$3,753,850	\$3,869,015	\$3,981,270	\$4,093,790	\$4,206,574
Other Revenue	33,720	31,740	30,045	27,480	26,715
Total Revenues	3,787,570	3,900,755	4,011,315	4,121,270	4,233,289
Expenses:					
Operations	3,602,290	3,784,947	3,973,387	4,168,088	4,369,312
Capital	767,000	0	530,600	0	0
Total Expenses	4,369,290	3,784,947	4,503,987	4,168,088	4,369,312
Revenues in Excess (Shortfall) of Expenses	(581,720)	115,808	(492,672)	(46,818)	(136,023)
Operating Reserves-Beg	958,903	627,183	492,991	500,319	453,501
Capital Outlay Reserves-Beg	500,000	250,000	500,000	0	0
Capital Outlay Reserves-End	\$250,000	\$500,000	\$0	\$0	\$0
Operating Reserves-End	\$627,183	\$492,991	\$500,319	\$453,501	\$317,478

To compare the City's rates with surrounding jurisdictions, a survey was taken during July 2019. 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 2020

Jurisdiction	Proposed FY 2020 Cost/Year	Frequency of Service per Week	Outsourced
City of Sarasota	\$294.60	1	No
Naples	\$286.68	2	No
Punta Gorda	\$271.44	2	No
Venice	\$262.44	2	No
North Port	\$249.00	1	No
Fort Myers	\$228.96	1	No
Collier County	\$217.50	2	Yes
Charlotte County	\$206.80	1	Yes
Cape Coral	\$196.22	1	Yes
Sarasota County	\$186.59	1	Yes
Manatee County	\$171.96	2	Yes

Punta Gorda Isles Canal Maintenance District

The proposed budget for the Punta Gorda Isles (PGI) canal maintenance assessment district reflects the Advisory Committee recommendation to maintain the annual operating assessment of \$650 which includes \$100 for the repayment of debt service on the City's 12.5% share of expenditures of the Hurricane Irma (September 2017) seawall projects. The repairs to the estimated 50,399 lineal feet of seawall failures are nearing 100% completion at the end of FY 2019. The City continues to work closely with FEMA and the State for recovery of 87.5% of the expenditures of the seawall repairs and has received approximately \$20.4 million in reimbursements through the end of July. The rip rap mitigation has been delayed pending permitting and therefore the budget for the expenditures and loan draws have been moved to FY 2020 with expected FEMA and State reimbursements and loan repayments to occur in FY 2021.

The five-year proforma proposes the \$650 assessment through FY 2022, before being reduced back to the \$550 in FY 2023. The proforma reduces the four full-time temporary personnel that were hired to oversee the contractors work and communications for the Hurricane Irma repairs in FY 2020. Replacement of one vehicle is included in capital outlay in FY 2020 and channel construction to access spoil site and Ponce de Leon Inlet widening & dredging projects are scheduled FY 2020 through FY 2022.

Results of a study to review new seawall panel technologies and/or installation methods while maintaining the character of the district is scheduled for the end of calendar year 2019.

PGI Canal Maintenance Fund Proforma Schedule of Revenues and Expenditures Proposed FY 2020 through Proforma FY 2024

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Assessment Rate	\$650	\$650	\$650	\$550	\$550
Revenues:					
Operating Assessment	\$3,381,400	\$3,381,400	\$3,381,400	\$2,861,750	\$2,861,750
FEMA & State-Hurr. Irma Reimb.	0	\$7,207,375	0	0	0
Transfer from General Fund(Financing)	8,237,000	0	0	0	0
Other Revenue	12,000	12,000	12,000	12,000	12,000
Total Revenues	11,630,400	10,600,775	3,393,400	2,873,750	2,873,750
Expenditures:					
Operations	1,164,660	1,024,685	1,065,545	1,108,340	1,153,180
Inlet Dredging	58,000	58,000	58,000	58,000	58,000
Seawalls and Stabilization	1,560,000	1,720,045	1,829,645	1,839,535	1,849,720
Capital	40,000	300,000	300,000	0	0
Trsfr to Debt Svc Fd-Repay Seawall Ln	5,985,000	8,484,500	0	0	0
Seawall Repairs & Mitigation-Hurr.Irma	8,237,000	0	0	0	0
Total Expenditures	17,044,660	11,587,230	3,253,190	3,005,875	3,060,900
Revenues in Excess (Shortfall) of Expenditures	(5,414,260)	(986,455)	140,210	(132,125)	(187,150)
Operating Reserves-Beg	6,730,384	1,141,124	454,669	894,879	762,754
Reserve Seawall Replacement-Beg	425,000	600,000	300,000	0	0
Reserve Seawall Replacement-End	\$600,000	\$300,000	\$0	\$0	\$0
Operating Reserves-End	\$1,141,124	\$454,669	\$894,879	\$762,754	\$575,604

Burnt Store Isles Canal Maintenance District

The proposed budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects the Advisory Committee recommendation to maintain the annual assessment of \$555.

The City was impacted by Hurricane Irma in September 2017. As a result, there were seawall failures in the BSI Canal Maintenance District, an estimated 2,146 lineal feet. The City expects to fully complete the repairs by the end of FY 2019. The City continues to work closely with FEMA and the State and is receiving reimbursement for 87.5% of the expenditures on the seawall repairs in FY 2019. The rip rap mitigation portion of the project has been delayed pending permitting. It is still expected that the current assessment is sufficient to fund the City's share of the project, 12.5% of the expenditures.

The five-year proforma proposes maintaining the \$555 assessment through FY 2021. The \$555 assessment is broken down each year to indicate that \$460 is for normal operations and annual funding of seawall replacement reserve and \$95 is for debt service on completed perimeter dredging project through FY 2021. Construction of barge access/inlet widening project and engineering and construction of channel corner widening project are under consideration and are not budgeted in FY 2020 or beyond. If projects are approved at a later date funding sources would need to be determined and supplemental appropriation would be needed. 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 2020 through Proforma FY 2024

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Operating Rate	\$460	\$460	\$460	\$460	\$460
Dredging Rate	\$95	\$95	0	0	0
Revenues:					
Operating Assessment	\$474,800	\$474,800	\$474,800	\$474,800	\$474,800
Dredging Assessment	97,950	97,950	0	0	0
Interest	7,875	4,875	1,800	1,575	3,525
Total Revenues	580,625	577,625	476,600	476,375	478,325
Expenditures:					
Operations	101,500	103,735	104,855	106,015	107,220
Inlet Dredging	38,000	38,000	38,000	38,000	38,000
Seawalls and Stabilization	300,000	300,000	300,000	300,000	300,000
Perimeter Dredging Proj Debt Service	95,860	95,860	0	0	0
Total Expenditures	535,360	537,595	442,855	444,015	445,220
Revenues in Excess (Shortfall) of Expenditures	45,265	40,030	33,745	32,360	33,105
Operating Reserves-Beg	492,907	493,172	488,202	476,947	464,307
Reserve Seawall Repl & Spec.Proj-Beg	135,000	180,000	225,000	270,000	315,000
Reserve Seawall Repl & Spec.Proj-End	\$180,000	\$225,000	\$270,000	\$315,000	\$360,000
Operating Reserves-End	\$493,172	\$488,202	\$476,947	\$464,307	\$452,412

Projects Requiring Approval & Funding:

Barge Access-Inlet Widening Construction	125,000	125,000	0	0	0
Channel Corner Widening Proj	75,000	180,000	300,000	0	0
Est. Beg. Reserves with projects	627,907	473,172	208,202	(58,053)	(25,693)
Est. End. Reserves with projects	\$473,172	\$208,202	(\$58,053)	(\$25,693)	\$7,412

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 2020 budget incorporates the July 2016 adopted marina fee and East Mooring Field fee schedules which were based on a survey of neighboring marinas. The City will apply for a Department of Environmental Protection Clean Vessel Act (CVA) Grant and a Charlotte County Marine Advisory Committee (MAC) Grant for FY 2020 to offset costs of maintenance and repairs of the Laishley Park Municipal Marina Pumpout Boat. Funding for dredging and for repair and maintenance of the mooring field and docks continues to be budgeted. FY 2020 includes capital outlay for replacement of appliances in the boaters’ laundry facilities.

**Laishley Park Marina Fund
Proforma Schedule of Revenues and Expenses
Proposed FY 2020 through Proforma FY 2024**

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Revenues:					
Slip & Mooring Rentals	\$430,995	\$430,995	\$430,995	\$430,995	\$430,995
Intergovernmental Revenue	11,000	11,000	11,000	11,000	11,000
Other Revenue	22,750	22,960	23,165	23,375	23,590
Total Revenues	464,745	464,955	465,160	465,370	465,585
Expenses:					
Laishley Park Marina Expenses	203,275	208,675	214,250	220,000	225,930
Marina Park Contract Expenses	237,050	243,260	249,660	256,250	263,040
Capital Outlay	6,000	6,000	6,000	6,000	6,000
Total Expenses	446,325	457,935	469,910	482,250	494,970
Revenues in Excess (Shortfall) of Expenses	18,420	7,020	(4,750)	(16,880)	(29,385)
Operating Reserves-Beg	370,534	388,954	395,974	391,224	374,344
Operating Reserves-End	\$388,954	\$395,974	\$391,224	\$374,344	\$344,959

The five-year proforma maintains the July 2016 rate schedules. Operations were increased in FY 2018 to allow for dredging, dock and mooring field maintenance. This funding level continues in the current five-year proforma. Based on current usage the fund is self-sustaining for operations.

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, a full-time building inspector and a part-time permit clerk were added mid-year in FY 2014, and an additional full-time building inspector was added and the part-time permit clerk position was increased to full-time during FY 2016. A mid-year authorization in FY 2018 added an additional full-time building inspector. A part-time line and grade inspector was added in the beginning of FY 2019 bringing total positions to 9.5 f.t.e. For FY 2020, this position is being upgraded to a full-time engineering technician that will continue to complete the line and grade inspections. The position will be funded equally by the two divisions that will utilize this position: 50% building division and 50% engineering division in the general fund.

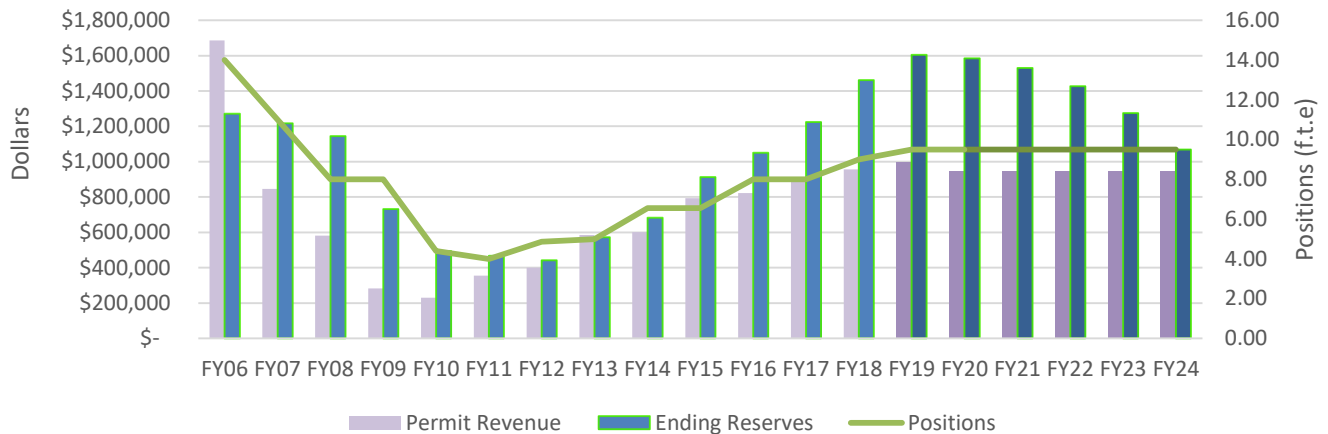
Permit fees will remain the same in FY 2020. The five year proforma projects permit revenues remaining level FY 2020 through FY 2024. The City will continue to monitor activity and may adjust work schedules or staffing levels in the future if activity warrants and revenues allow. Capital outlay is projected for a new vehicle in FY 2020 for the new position added in FY 2019. The position was using a vehicle that would have gone to auction during FY 2019.

Building Fund Proforma Schedule of Revenues and Expenses Proposed FY 2020 through Proforma FY 2024

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Revenues:					
Permits, Fees & Spec.Assessments	\$1,012,350	\$1,012,350	\$1,012,350	\$1,012,350	\$1,012,350
Other Revenue	65,000	52,500	52,500	51,000	48,750
Total Revenues	1,077,350	1,064,850	1,064,850	1,063,350	1,061,100
Expenses:					
Operations	1,091,445	1,137,095	1,184,760	1,234,545	1,286,545
Capital	23,250				
Total Expenses	1,114,695	1,137,095	1,184,760	1,234,545	1,286,545
Revenues in Excess (Shortfall) of Expenses	(37,345)	(72,245)	(119,910)	(171,195)	(225,445)
Operating Reserves-Beg	1,605,299	1,567,954	1,495,709	1,375,799	1,204,604
Operating Reserves-End	\$1,567,954	\$1,495,709	\$1,375,799	\$1,204,604	\$979,159

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 2018 and projected FY 2019 through FY 2024. It is clear that the permit revenues have not reached the same levels as before the last economic downturn and that if another downturn were to occur, there are fewer positions that could be reduced than before.

**Building Fund
Permit Revenue, Ending Reserves, and Positions (f.t.e)
Actual FY 2006 through Projected FY 2024**



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 reduced from 11.14% to 10.34% beginning in FY 2011, and the next five cents remains at 6.74%. The distribution allocation is determined by the five-year average transportation expenditures or interlocal agreement, which has remained the same for FY 2020. A history of revenue received since FY 2011 is displayed below.

Fiscal Year	6 Cents	5 Cents	Total
2011	\$ 507,120	\$ 234,770	\$ 741,890
2012	\$ 531,480	\$ 248,440	\$ 779,920
2013	\$ 526,830	\$ 243,570	\$ 770,400
2014	\$ 548,900	\$ 259,200	\$ 808,100
2015	\$ 573,000	\$ 266,700	\$ 839,700
2016	\$ 588,200	\$ 274,500	\$ 862,700
2017	\$ 593,900	\$ 277,500	\$ 871,400
2018	\$ 607,200	\$ 279,200	\$ 877,300
2019	\$ 589,000	\$ 266,000	\$ 855,000
2020	\$ 589,000	\$ 266,000	\$ 855,000

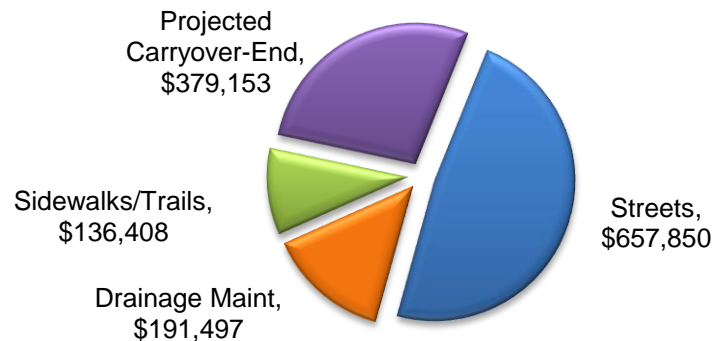
The effect of elasticity of gas consumption (the tax is charged on gallons not dollars) in the past years of increased gas prices resulted in a decline of revenue in the high priced years. Revenues had been increasing during the recent gas price reduction. However, during FY 2019 the City has been experiencing a decrease in revenues as compared to FY 2018. Projections for FY 2019 and FY 2020 have been reduced accordingly.

The Six Cent Gas Tax Fund five-year proforma projects additional road and right of way maintenance due to the Jones Loop annexation and an increase in sidewalk replacements, capital outlay for a traffic monitoring system in FY 2020 and projects the use of reserves to cover shortfalls through FY 2024.

**Six Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2020 through Proforma FY 2024**

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Revenues:					
Local Option Gas Tax	\$589,000	\$594,890	\$600,840	\$606,850	\$612,920
Other Revenue	291,410	294,390	297,875	302,345	305,960
Total Revenues	880,410	889,280	898,715	909,195	918,880
Expenditures:					
Operating Expenditures	960,755	973,980	987,600	1,001,625	1,016,075
Capital	25,000	0	0	0	0
Total Expenditures	985,755	973,980	987,600	1,001,625	1,016,075
Revenues in Excess (Shortfall) of Expenditures	(105,345)	(84,700)	(88,885)	(92,430)	(97,195)
Operating Reserves-Beg	484,498	379,153	294,453	205,568	113,138
Operating Reserves-End	\$379,153	\$294,453	\$205,568	\$113,138	\$15,943

**Six Cent Gas Tax Fund
FY 2020 Budgeted Expenditures**

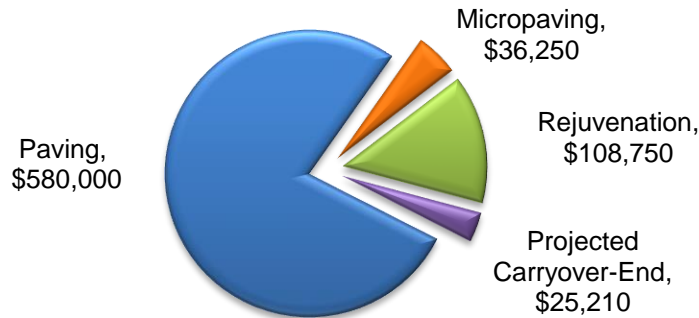


The Additional Five Cent Gas Tax Fund five-year proforma projects a slightly increasing tax revenue FY 2021 through FY 2024, which does not fully support the required annual paving program as identified by the City Engineering Division. Council addressed the importance of maintaining the City’s road infrastructure with a policy of transferring ad valorem millage revenue of \$459,000 as an ongoing subsidy.

**Additional Five Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
Proposed FY 2020 through Proforma FY 2024**

	Proposed FY 2020	Proforma FY 2021	Proforma FY 2022	Proforma FY 2023	Proforma FY 2024
Revenues:					
Local Option Gas Tax	\$266,000	\$268,660	\$271,350	\$274,070	\$276,810
Transfer from General Fund Ad Valorem	459,000	459,000	459,000	459,000	459,000
Other Revenues	830	850	900	950	1,000
Total Revenues	725,830	728,510	731,250	734,020	736,810
Expenditures:					
Paving	725,000	725,000	730,000	730,000	735,000
Total Expenditures	725,000	725,000	730,000	730,000	735,000
Revenues in Excess (Shortfall) of Expenditures	830	3,510	1,250	4,020	1,810
Operating Reserves-Beg	24,380	25,210	28,720	29,970	33,990
Operating Reserves-End	\$25,210	\$28,720	\$29,970	\$33,990	\$35,800

**Additional Five Cent Gas Tax Fund
FY 2020 Budgeted Expenditures**



Coastal & Heartland National Estuary Partnership (CHNEP)

On October 1, 2014, the City became host to CHNEP, transitioning from their previous host the Southwest Florida Regional Planning Council. At the time, they were known as Charlotte Harbor National Estuary Program. On June 1, 2019, they enacted a program name change to Coastal & Heartland National Estuary Partnership to better reflect the updated service area and partnering communities that they work with. This program is funded fully by grants and contributions from federal, state and local agencies and corporations and donations.

The proposed FY 2020 work plan increases the f.t.e. count to six (up from four f.t.e) and updates most of the position titles to better reflect the redistribution of the program needs to each position. The six positions are: Executive Director, Research & Outreach Manager, Outreach Associate, Research Associate, Finance & Grants Specialist, and Conservation Intern.

The FY 2020 budget is presented below. Several divisions were created to account for the various funding sources of the program. A five year proforma is not completed for CHNEP because the majority of each year's funding is dependent on federal and state grant awards and local government contributions. Therefore each year's work plan is developed based on the granting agencies award for each year. The following technical projects are included in the FY 2020 work plan:

- Coastal Charlotte Harbor Monitoring Network (CCHMN) - Upper Charlotte Harbor
- CCHMN - Lower Charlotte Harbor
- Water Atlas Maintenance
- Lower Charlotte Harbor Flatwoods Hydrologic Restoration Initiative, Yucca Pens Unit
- Funding for technical project(s) still to be determined with CHNEP's partnering agencies.

**Coastal & Heartland National Estuary Partnership Fund
Proposed FY 2020 Schedule of Revenues and Expenditures**

	Proposed FY 2020
FDEP, Local and Donations Division - 1536	
FDEP, Local & Misc. Revenues	\$205,600
Operating Expenditures	<u>231,593</u>
Revenues in Excess (Shortfall) of Expenditures	(25,993)
Reserve - Division 1536 (Beg)	<u>252,942</u>
Reserve - Division 1536 (End)	<u><u>\$226,949</u></u>
Remaining Divisions have no reserves	
EPA Grant Division - 1537	
EPA Grant	\$600,000
Operating Expenditures	<u>600,000</u>
Revenues in Excess (Shortfall) of Expenditures	<u><u>\$0</u></u>
SWFWMD Grant Division - 1538	
SWFWMD Grant	\$130,000
Operating Expenditures	<u>130,000</u>
Revenues in Excess (Shortfall) of Expenditures	<u><u>\$0</u></u>
Mosaic Grant Division - 1539 (FY 2020 no funding budgeted)	
Small or One-time Grants Division - 1540	
NRDA Grant and MAC Grant	\$510,750
Operating Expenditures	<u>510,750</u>
Revenues in Excess (Shortfall) of Expenditures	<u><u>\$0</u></u>

1% Local Option Sales Tax

The voters of Charlotte County approved a six-year extension of the 1% Local Option Sales Tax in November 2014. A special revenue fund is being used to account for all activity. The previous revenue was accounted for in the general fund and then transferred to the capital construction fund, thereby creating unnecessary transfers and loss of transparency.

The City anticipates funding in the amount of \$17.4 million from January 1, 2015 through December 31, 2020 when the tax sunsets unless extended by the voters of the County. Projects incorporated in the six-year program for FY 2020 include:

- City-wide ADA Improvements
- Design of Virginia Ave Improvements
- Design and Construction of Airport Rd and Cooper St multi-use recreational trails
- Public Safety vehicles
- Project Management

The following projects will continue during FY 2020:

- Punta Gorda Pathways Enhancements
- Baynard/Vasco Sidewalk Improvements
- US 41 Bridge Approach Lighting
- Taylor Street Re-Brick
- Shreve Street MURT Lighting
- Corto Andra/Boca Grande Stormwater Project
- Sidewalk Improvements
- Ponce de Leon Park and Restroom re-design and improvements, to include the Peace River Wildlife Center and ADA Improvements
- Veterans Park Phase 2 improvements

DEBT MANAGEMENT

As of September 30, 2018 the City had \$29.7 million in notes. The City is not subject to state debt limits, nor is there a limit set by the City Charter. The City's financial policies address appropriate uses and levels of debt. Detail of all current city debt can be found in Section 11 of the budget document.

The projected FY 2019 and FY 2020 combined budgets anticipates continued financing draws in the amount of \$14.6 million for the Reverse Osmosis water treatment plant project. Debt service associated with the above financing will be repaid with water user and impact fees. See Utilities fund for more details.

The projected FY 2019 budget also anticipates reimbursing the line of credit \$10 million from FEMA and State reimbursements for repairing the failed seawalls that occurred as a result of Hurricane Irma in September 2017 in the Punta Gorda Isles and Burnt Store Isles Canal Maintenance Districts. An additional \$5.8 million is scheduled for repayment in FY 2020. Draws of \$8.2 million for the rip rap mitigation are also scheduled in late FY 2020.

UNRESOLVED ISSUES

Most issues are resolved during the budget preparation and adoption process. However, there are usually several issues which will be worked out after the new fiscal year has begun and developments begin to unfold or new information becomes available. This budget is not unusual in that respect. We have several issues that are still in formative stages that will need resolution and some may need additional funding in FY 2020 or the years to come.

Police Bargaining Unit Contract – The City is currently bargaining with the police union for a contract that would begin October 1, 2019. The proposed budget includes a reserve set aside for the eventual fiscal impact of a new agreement.

Citywide Master Plan – City Council secured the services of Dover Kohl to prepare a Citywide Master Plan, which is scheduled for completion in September 2019. Future strategic plans and annual budgets will take into account Master Plan recommendations and priorities.

Ponce de Leon Park – The City is currently reviewing 60% design plans for redesign of Ponce Park, in conjunction with the Peace River Wildlife Center relocation into the park environs. Additional funding may be needed for this project.

Septic to Sewer Project - City Council approved a Sewer Master Plan in the Punta Gorda utility service area, for purposes of coordinating a county-wide effort to provide sewer system in areas now treated by septic systems. Jones Edward, a consulting firm also used by the County prepared the plan in conjunction with input from the County plan and City staff. It was presented to the City Utilities Advisory Board (UAB) on May 29, 2018 and to City Council on June 6, 2018. The City believes that reduction of pollution to the water quality in Charlotte Harbor, the Peace River and the Myakka River will require a regional effort to protect this crucial natural resource. The second phase of the project is to develop a financial plan establishing the scope, timeline, cost estimates and funding sources for the construction phase. The financial plan was presented to the UAB on June 24, 2019. City Council will consider the financial information in August 2019, and any further appropriations will be reviewed thereafter.

Fair Share Impact Fees – Results of the Fair Share/Development Impact Fee study were presented to City Council on July 10, 2019. The study updated development projections and land use assumptions based on most recent and localized demographics, documented current and projected infrastructure needs, transitioned from a road impact fee based on vehicular capacity to a mobility fee that focuses on moving people and multimodal improvements, resurrected impact fees for public safety facilities (previously suspended in 2011), and simplified the residential fee schedule with five size ranges for residential development. The consultant will be providing a comparison for other area cities that includes county impact fees in addition to the cities' impact fees which had been presented. The City will also solicit input from the community and business development groups and may hold a workshop for further discussion prior to initiating the ordinance amendment process.

Health Insurance – The proposed budget currently estimates 12% increase in health insurance rates with the current provider. In an effort to reduce this expenditure, the City initiated a bid process, the results of which will be presented to Council on August 21, 2019. If approved, this would give the option for a slight reduction in the currently proposed millage rate.

1% Local Option Sales Tax Extension – A committee has been formed to develop a list of projects to present to Council for consideration for use of an extension of 1% local option sale tax. These projects along with the County's proposed projects list would go on the November 2020 ballot for voters to decide whether to extend the 1% local option sales tax after December 31, 2020.

I believe this proposed operating budget is a reflection of the City Council's priorities and established policies. As always, the development of the budget takes a concerted effort from all departments. I would like to commend the efforts of all employees for their prompt and thoughtful response to the

budget process. I would also like to thank the Finance Department, in particular, for their united effort in assisting me in the development of this document.

Throughout the year, we will continue monitoring economic trends as they may affect current and future City revenues.

Finally, I would like to thank the City Council for giving me this opportunity to propose the City of Punta Gorda budget for fiscal year 2020.

Sincerely,

A handwritten signature in cursive script, appearing to read "Howard Kunik", is written above a horizontal line.

Howard Kunik
City Manager