



Agenda Item Details

Meeting	Feb 20, 2019 - City Commission Workshop
Category	3. Discussion
Subject	3.01 Fiscal Year 2019 First Quarter Update -- Robert Wigen, Resource Management
Access	Public
Type	Action, Discussion
Fiscal Impact	Yes
Dollar Amount	33,576.00
Budgeted	Yes
Budget Source	Appropriated in FY19 Budget
Recommended Action	Accept the Fiscal Year 2019 First Quarter Budget Update as presented, approve budget amendments as included in the update and provide additional direction for development of the FY20 Operating and FY20-24 Capital Budgets.
Goals	Quality of Life Infrastructure Public Safety Economic Development

Public Content

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Statement of Issue

The approved FY19 budget addresses community priorities as developed through a budget process that included eight public meetings and workshops, and two public hearings. The appropriated operating budget for the City totals \$727.3 million, of which \$158.8 million is for the General Fund. The General Fund provides the main source of funding for general government activities such as police, public infrastructure, and parks and recreation, etc. The balance is from the City's other 13 funds and provides resources to ensure operations of the city's utilities, fire department, airport, transit, etc.

For increased transparency and community involvement in the budget process, staff provides quarterly updates to the City Commission to discuss the status of the prior quarter, issues affecting the remainder of the fiscal year, and assumptions impacting the preparation of the next fiscal year budget.

The factors identified in the First Quarter FY19 Fund Status (Attachment 1, page 7-9) demonstrate the financial viability of the 14 operating funds after the first quarter. Based on a review of key metrics, first quarter collection of revenue, and expenditures for staffing and contracts, the 14 operating funds are estimated to be within budget for

FY19. Each fund is on pace to end the year balanced, or with an opportunity to re-invest surplus. Monitoring is warranted to evaluate vacancies in public safety and transit, with resulting overtime requiring management. Winter sales for the utilities are on pace with predicted weather, insuring rate revenue for paying bond obligations, making general fund transfers and maintaining and improving the utility infrastructure. Spring and summer seasons for recreation, utility sales, travel and golf will be closely monitored to identify management steps, which would be required if there are changes from the budget plan for FY19.

Recommended Action: Option 1

1. Accept the Fiscal Year 2019 First Quarter Budget Update as presented, approve budget amendments as included in the update and provide additional direction for development of the FY20 Operating and FY20-24 Capital Budgets.

Fiscal Impact:

\$33,576 of non-recurring, unbudgeted, timber revenues to be allocated to project 1800577. All other amendments and updates are expenditure and revenue neutral.

Supplemental Material/Issue Analysis

History/Facts & Issues

The purpose of these quarterly updates is to continuously evaluate progress, identify evolving issues as needed, and make strategic budget adjustments in a timely manner. The quarterly updates also serve to inform planning for the next budget cycle through feedback on operational issues, coordination of capital planning and the development of future budget assumptions.

FY19 Budget Amendments

Service delivery improvements:

The City continues to review its organizational structure and make changes when appropriate, with the goal of improving service delivery to its customers. From a personnel perspective, this can lead to reclassification, repurposing vacancies or using contractual services in lieu of expanding the workforce, with determinations based on the impacts to quality of service and efficient use of resources. During the first quarter of FY19 several changes have occurred within the organization, including the creation of two new departments from existing resources Strategic Innovation and Resiliency, as well as a reorganization among the City's utilities.

Amendment: With agenda item acceptance, Resource Management will establish 2 new departments from existing resources (Strategic Innovation and Sustainability and Community Preservation), transfer freeway management funding from the Florida Department of Transportation (FDOT) currently budgeted in the Electric Fund to the General Fund, balancing the transfer of four FTEs related to Freeway Management, as well as other net zero position and operating budget moves described in this section.

Overall, these changes have resulted in a net zero increase to the City's FTE count of 2,851.5 as adopted in the FY19 budget. Furthermore, the position transfers and operating budget changes have been accomplished within existing resources.

Parks and Recreation and Neighborhood Affairs (PRNA):

The City provides a variety of high quality recreation programs and services to the public. Financing the Government Policy 224 (Attachment 3) provides that the City will fully recover the cost for these programs and services. Team and adult recreation fees offset staff and supply costs, support quality program and ensures expansion of programs to meet enrollment demand. After a two-year period where fees were kept constant, PRNA is recommending that FY20 recreation fees increase by a factor within the local market and likely and equivalent amount to the consumer price index (estimated at 2.5%). Senior and youth sports will continue at partial cost recovery and will be waived for families who would otherwise not participate.

Recently, trees were cleared on City property in preparation of the land for the Southeast Park. These cleared trees were sold for timber resulting in revenue that is proposed to be used in the Southeast Park construction project. Amendment: With approval of this agenda item, the City will appropriate \$33,576 in revenues from sale of timber and increase the funding for Southeast Park project 1800577.

Electric Accounts Receivable Project:

An amendment is requested for the Electric Accounts Receivable (A/R) Fund 415 to increase the estimated receivables by \$500,000. Amendment: With approval of this agenda item, estimated receivables for FY19 will be increased by \$500,000 (Project 19071) to adjust for mutual aid receivables due from Talquin Electric Cooperative, Quincy, Blountstown and Chattahoochee.

Capital amendment request:

With approval of this agenda item, staff is requesting that the funding source for Project 17169 Gemini Building Upgrades I be changed from Sales Tax (Fund 304) to General Government Capital (Fund 300) for \$564,450, and an equivalent amount of funding for projects 17167 Sidewalk-Polk (\$282,224) and 17178 C.K. Steele/Governor's walk (\$282,224) will be changed to Sales Tax. This transfer of funding makes no change in the project funding available and is made to better match the project type with the funding type.

FY20 Operating Budget Assumptions

In January the Commission held its annual retreat, to identify priorities and assumptions that will provide direction for development of the budget. Workshops will be held in April, May and June, to discuss operational priorities, capital needs, and other funding issues as identified. Each quarterly update will inform the ongoing development of the budget plan. In July the Commission will approve a tentative millage rate for notification to all property owners, with a first hearing on the millage and budget on September 11, and the final adoption on September 25.

The budget development process for FY20 will begin with certain assumptions based on financial conditions and community priorities as discussed at the retreat in January. Currently, the FY20 operating and FY20-24 capital budget assumptions include:

1. The millage rate will remain at 4.1000 mills consistent with the past three years.
2. Continued fully funded General Fund Deficiencies Reserve, which is equal to two months of the General Fund Operating budget.
3. Operating costs will be held at 2019 levels, or for utility funds adjusted by consumer price index as planned in rate study.
4. The Community Human Services Program (CHSP) will be budgeted in FY20 to receive \$2,165,851 from the General Fund to meet critical needs through the partnership, consistent with the funding amount allocated in FY19. The proposed FY20 CHSP allocation will also include funding from the Community Development Block Grant Program (CDBG) and the Change For Change Program, but the exact amounts will not be finalized until we receive estimates on the amount of funding that will be received from these sources. The FY19 and FY20 award process was updated from a one, to a two-year award. With this efficiency and funding certainty, there is a study underway to verify that the funding categories and the current process strategically improves coordination and cooperation between funding sources and the agencies.
5. City infrastructure maintenance and construction will be updated to account for the start of BluePrint 2020 projects and the Community Redevelopment Agency commitments.
6. Employee raises consistent with the FY 19 budget and Collective Bargaining Agreements.
7. Solid Waste is conducting a rate study to evaluate hauling and landfill tipping fees, as well as changing markets in recycled materials, with findings reported as the study progresses.
8. The City provides a variety of high quality recreation programs and services to the public. Financing the Government Policy 224 provides that the City will fully recover the cost for these programs and services. This fee revenue offsets the additional costs incurred and supports the ongoing quality and expansion of

programs based on enrollment. In FY20 Parks and Recreation department fees will increase their current amounts by a CPI factor.

9. Ensure that additional public feedback and resulting City Commission actions from community meetings are reflected in quarterly or annual operating budget assumptions.
10. As the City's vision, mission, organizational values and community priorities progress, budget impacts and operating assumptions will be updated.

Policy direction on the millage rate, employee compensation, operating cost, infrastructure investment and rate study progress will assist with future workshops and agenda items.

FY20 Capital Budget Approach

Departments begin reviewing their capital plan in the first quarter of the fiscal year and adjust their plan as needed throughout the year prior to appropriation. Funding is identified through various sources including fund balances, repair, replacement, and improvement transfers, intergovernmental sources, federal, state, and county grants, and governmental debt. Near the final quarter of the fiscal year departments evaluate their current project balances and identify any cash funding availability to program to future projects in their capital plan, providing opportunity to fund other needs as determined by the department.

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- February 20 Workshop - FY19 First Quarter Update and Discussion of FY20 Budget Assumptions
- May 15 Workshop - FY20 Budget Discussion and FY19 Second Quarter Budget Update
- June 5 Workshop - FY20 Budget Plan (Proposed Budget)
- July 10 Workshop - FY20 Tentative Millage Plan and FY19 Third Quarter Budget Update
- September 11 FY20 1st Public Hearing and Approval
- September 25 FY20 Final Budget Public Hearing and Approval
- December 11 - FY19 Budget Closeout

This schedule does not include any future project-specific community meetings, which are yet to be determined, and would also include budget and budgetary impact discussions.

Details of the agenda can be viewed in Attachment 1, respective of the following table of contents (not hyperlinked)

- I. Statement of Issue
- II. Commission Priorities
 - a. Public Safety
 - b. Economic Development
 - c. Infrastructure Investment
 - d. Quality of Life
- III. Supplemental Material
 - a. History/Facts & Issues
 - i. Municipal Cost Comparison
 - ii. Economy
 - iii. Federal Shutdown
 - b. 1st Quarter Update
 - i. Status of Operating Funds (table)
 - ii. Organizational Structure with amendment
 - iii. General Fund
 1. Revenues
 2. Expenses
 3. Parks, Recreation and Neighborhood Affairs
 4. Public Safety Update
 5. Real Estate
 - iv. Other Funds
 1. Fire
 2. StarMetro
 3. Aviation
 4. Electric & Gas Utilities
 5. Underground Utilities
 6. Building Inspection
 7. Cemeteries
 8. Solid Waste
 9. Hilaman Golf Course
 - v. FEMA Public Assistance Reimbursement Update
 - c. Planning for Future Priorities and Goals
 - i. Commission Retreat
 - ii. FY19 Budget Development Assumptions
 1. Operating
 2. Capital Projects and CIP
 - d. Scheduled Workshops and Hearings
 - e. Conclusion

Options

1. Accept the Fiscal Year 2019 First Quarter Budget Update as presented, approve budget amendments as included in the update and provide additional direction for development of the FY20 Operating and FY20-24 Capital Budgets.

Pros:

- Provides clear communication in reporting FY19 financial progress.
- Approves needed changes to the FY19 budget for current conditions as prescribed by policy.
- Provides direction for current year oversight and future year budget development.

Cons:

- Amendments will be less timely in subsequent quarters or at year-end

2. Do not accept the Fiscal Year 2019 First Quarter Budget Update as presented and provide other direction as desired.

Pros:

- Fund status will become more clearly known in the upcoming quarters.

Cons:

- Amendments will be conducted either in subsequent quarters or at year-end

Attachments/References

Attachment 1 - Fiscal Year 2019 First Quarter Update - Detail

Attachment 2 - Municipal Cost Comparison FY19 (1)

Attachment 3 - Financing the Government Policy 224 - Amendment

Attachment 4 - Presentation

[Attachment 1 - Fiscal Year 2019 First Quarter Update-Detail.pdf \(442 KB\)](#)

[Attachment 2 - Municipal Cost Comparison FY19 \(1\).pdf \(308 KB\)](#)

[Attachment 3 - Funding the Government Policy 224 Amendment.pdf \(109 KB\)](#)

[Attachment 4 - Budget Presentation.pdf \(2,780 KB\)](#)