



## Legislation Text

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**File #:** 16-1195, **Version:** 1

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Consider and take action on an ordinance adopting the Annual Budget for Governmental and Proprietary Funds for Fiscal Year 2017 (Assistant City Manager)

Pursuant to City Charter and state law, adoption of this ordinance will establish the budget for the 2017 fiscal year. The budget ordinance is based on the proposed budget, as adjusted, and as described in Exhibit A and B.

The FY 2017 Proposed Budget provided to City Council on July 11, 2016 included \$124,441,008 for operations and \$67,790,707 for capital projects for a total appropriation of \$192,231,715. The proposed budget included the following:

- Total property tax rate of \$0.5735 per \$100 valuation, the same as the FY 2016 tax rate.
- A personnel budget for 584.25 positions which is a net addition of 7.5 FTE:
  - eight (8) full time positions were added in the FY 2017 Adopted Budget;
    - two (2) Police Lieutenants positions,
    - one (1) police officer to support the Gulf Region Information and Dispatch (GRID) System (funded primarily by the twelve participating law enforcement agencies),
    - a Communications Specialist (Communications),
    - Convention and Visitors Bureau Administrator (funded through hotel occupancy tax revenue),
    - Engineer - Project Manager (Engineering),
    - Purchasing Buyer (Purchasing), and
    - Parks Maintenance Worker (Parks Operations).
  - a reduction of 0.5 FTE with the split of the City Manager's Executive Secretary with the City Attorney, which eliminated the need for a part-time position previously budgeted in the City Attorney's office.
- Utility revenue is estimated at the rates that were effective November 1, 2015. The FY 2017 budget includes \$407,500 of increased revenue reflecting a full year at the new rates.
- Funding for 2% salary increases effective January 1, 2017 (\$551,000).
- Funding for 380 economic development incentive agreements at \$1.18 million.
- Funding for the first year (FY 2017) of the 2017-2021 Capital Improvement Program as reviewed by City Council at \$67.79 million. Bond issues of \$13.5 million will be required to fund the capital program for FY 2017.

### Changes to the Proposed Budget

The revised appropriation of \$187,629,187 is \$4,602,528 less than the July 11 proposed budget of \$192,231,715.

Proposed Budget July 11, 2016	Proposed Ordinance August 23, 2016	DIFFERENCE
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Operating Budget	\$ 124,441,008	\$ 123,441,008	\$ (1,000,000)
Capital Budget	<u>67,790,707</u>	<u>64,188,179</u>	<u>(3,602,528)</u>
<b>Grand Total</b>	<b><u>\$ 192,231,715</u></b>	<b><u>\$ 187,629,187</u></b>	<b><u>\$ (4,602,528)</u></b>

The total proposed budget was reduced \$4,602,528 as follows:

1. Exhibit A to the ordinance outlines the operating budget which was reduced \$1,000,000 due to a reduction in the General Fund transfer to the capital projects funds. The sales tax revenue projection was reduced \$ 1 million when the Council did not implement the sales tax on residential electricity and natural gas. The reduction in revenue necessitated a reduction in expense.
2. Exhibit B reflects a net decrease to capital expenses of \$3.6 million; of which \$3.3 million reflects changes in the tax supported program and \$0.3 million in the revenue supported program. The changes are as follows:
  - A net reduction of \$978,000 in the reinvestment program:
    - \$1 million reduction to FY 2017 Reinvestment program due to the reduction in the General Fund transfer (see #1 above)
    - \$22,000 addition to the reinvestment program for improvements to Hometown Heroes Park funded by 4B corporation funds
  - \$4.957 million reduction in the Street/Traffic program consisting of the following:
    - \$350,000 reduction in traffic signal reconstruction included in the reinvestment program
    - \$3.51 million reduction due to construction of North Landing Extension project schedule update to moving the funding need to FY 2018
    - \$1.1 million reduction in updated construction cost estimate for Ervin/Hobbs Connector
  - \$3.01 million increase to the drainage program for the construction of Nottingham Ditch improvements
  - \$350,000 reduction to facilities program due to 500/600 W Walker renovation included in the reinvestment program
  - \$135,000 net reduction to the Parks program consisting of the following:
    - \$155,000 reduction for Parks Facilities Renewal project included in the reinvestment program
    - \$20,000 addition for the Calder Connector trail as approved by 4B Corporation Board at their meeting on August 1
  - \$83,000 increase in the Downtown Revitalization program due to updated cost estimates
  - \$250,000 reduced in the water program due to Transmission Waterline Assessment & Rehab project schedule update to moving the funding need to FY 2018
  - \$24,000 reduced in the wastewater program based on updated right-of-way estimated cost for the Force Main Upgrade from Bay Colony Lift Station to Ervin Street.

### **Separate Vote Required to Ratify Tax Increase**

State Budget Law requires “a separate vote of the governing body to ratify the property tax increase reflected in the budget.” (This is related to the state-required language included on the budget’s cover page and in the notice of public hearing on the proposed budget noting that the proposed budget includes more property tax revenue than in the current year.) The FY 2017 Budget is based upon the current tax rate, which increases property tax revenue. This revenue increase is due to value growth and to new property added to the tax roll this year from the community’s growth. State

law mandates that the revenue increase be termed a tax increase. This required separate vote to ratify the tax increase is planned to be brought forward to Council in a separate agenda item with the second reading of the budget ordinance at the September 13 Council Meeting.

**Second Reading and approval of the Budget**

The 2nd reading is scheduled for September 13th. The Charter requires the budget to be approved by at least ten (10) days before the beginning of the fiscal year, which is September 20th.

**ATTACHMENTS**

- Data Sheet
- Proposed Ordinance with Exhibits A and B

**CONTRACT ORIGINATION:**

**FUNDING**

{ } NOT APPLICABLE

{ } Funds are available from Account # \_\_\_\_\_

{ } Requires Budget Amendment to transfer from Account # \_\_\_\_\_ to Account # \_\_\_\_\_