

To: Town Commission

From: JP Murphy, Town Manager
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Date: August 13, 2020

Subject: Town of Belleair Budget and Workshop

Before you is a draft of the proposed 2020-2021 Operating Budget. Strong growth in taxable values largely offsets considerable reductions to sales and use based taxes. At a high level, we have found additional savings and offsets through a reduction of 1.20 full time equivalents, staff count freezes, and minor reductions in professional services across several departments. Other than in Special Event programs, as well as some recreational programming, our residents should not experience a reduction in services. Additionally, the Town Manager has built into the proposed budget a cushion of set aside reserve in order to handle any potential unexpected revenue shortfalls or emergency operating costs without the need to utilize prior year reserves or raise the millage rate.

Let there be no doubt that COVID-19 has changed how we do business and interact with the public. We've seen a major shift in the need to conduct business remotely, and be more responsive electronically. The good news for Belleair is that prior to COVID-19, we were already engaged in providing more e-Town-Hall solutions like online permitting, remote citizen participation as well as the provision of self-service payment options. In person programming like our programs in recreation are certainly undergoing retooling and our staff are creating innovative ways to educate, recreate, and engage our citizens in ways that keep people safe. There is some uncertainty in what participation will be like, but we're going to be very diligent about cleaning, sanitization and social distancing protocols as long as it takes to keep our residents out of harm's way.

Our first responders in the Police Department will continue to need a steady stream of personal protective equipment (PPE). While the safety and security of our residents are of the highest priority, so too is it a high priority to ensure our public employees are secure in carrying out their missions. You will see some increases in funding for cleaning supplies, PPE, computer systems and leased capital equipment to this end.

The Town will be seeking reimbursement for COVID-19 related expenses through FEMA's disaster reimbursement process, as well as through CARES act funding, FDLE grants and any other funding methodology available to us. Many of those costs and related reimbursements will be accounted for in 2019-2020, but may be carried over to 2020-2021.

This year has presented both major challenges and unique opportunities to staff members in order to produce the 2020-2021 Fiscal Year budget. All departments worked diligently to identify areas of expenditure reduction and revenue expansion. A summary of changes are detailed as follows.

General Fund Summary			
		2019-2020	2020-2021
Revenues		6,813,700	7,007,385
Expenses			
Personnel		4,045,250	4,212,715
Operating		2,632,650	2,658,870
Capital		135,800	135,800
Grand Total		6,813,700	7,007,385
Surplus / (Deficit)		0	0

It is important to note that the current budget presentation includes standard personnel enhancements, such as merit increases (3%) and cost of living adjustments (2%). Sick leave will be calculated in the coming weeks as staff determines eligibility for sick leave payouts. The budget presently includes this object at the prior year values, but is expected to be lower due to eligibility reductions. All of these items are of course discretionary for commission approval.

There are four departments (Support Services, Police, Public Works, and Recreation) that are experiencing a small decrease in Capital expenditures, which is directly related to the expiration of the Suntrust Vehicle Loan, resulting in the Vehicle Debt Service (#57001) object being halved.

REVENUE

Ad Valorem has increased by nearly 8% in the upcoming fiscal year. Property values were \$816,492,865 in 2019-20, increasing by 7.94%, totaling \$881,358,623 in 2020-2021. Presently, research conducted by staff members has alluded to the stability of residential properties in the future, though commercial properties are experiencing a small decrease. As Belleair is largely residential, this has had minimal impact on overall property values. In fact, the Building department is currently experiencing a surge in permit requests.

COVID-19 has heavily impacted consumption based revenues in the present and future fiscal year. The largest impact that COVID-19 has presented in General Fund revenues is on accounts such as Sales Tax, State Revenue Sharing, Special Events, and others detailed within the attached document. At a high level, these consumption based revenues were estimated to be reduced as follows:

Account	2019-20	2020-2021	Total Change
Sales Tax	\$265,900	\$226,200	(\$39,700)
State Revenue Sharing	\$109,000	\$93,700	(\$15,300)
Special Events	\$153,300	\$102,750	(\$50,550)
Communication Services Tax	\$172,000	\$155,200	(\$16,800)
Interest	\$50,000	\$25,000	(\$25,000)

GENERAL FUND

Administration - This department is remaining flat in operational expenditures, with the exception of Elections (#55290), which is experiencing the regular oscillation of \$5,000 every two years, as there is an election in March 2021. In terms of personnel expenditures, this department is seeing an increase in lines largely due to milestone achievements by staff, as well as the town-wide standard enhancements. The single revenue account related to this department is expected to remain stable at \$25,000.

Building - The Building department is presently budgeted for an overall decrease. However, this is strictly related to a decrease in operational objects such as Operational Supplies (#55210), as the prior year's budget included requests for iPads and other supplies related to Damage Assessment. The personnel expenditures are experiencing standard town-wide enhancements.

Support Services - As COVID-19 has provided some unique challenges that Support Services is addressing with next year's budget. There is a voluntary reduction of a full-time position from five-days (2080 hours per year) to four-days (1664 hours per year), resulting in \$11,000 of savings. Additionally, the position of Assistant Finance Director has been removed from the budget for next year, resulting in over \$90,000 of total savings. The combination of these personnel changes has resulted in a base savings of \$60,000 in Salaries (#51200).

Operationally, the Support Services department consistently experiences contractual increases. This year, the following line items have increased:

- Fire Services (\$31,125)
- General Liability Insurance (\$61,500)
- Software renewal increases (\$2,300)

New investments were made over the past year in software tools, including Adobe Creative Cloud for production of digital content for ADA compliance, OpenGov replaced ClearGov for budget preparation and online permitting, and additional archiving and security services were added for the Town's Google GSuite.

Additionally, cybersecurity threats have proliferated exponentially over the past few years and local governments are in the crosshairs. By optimizing the use of dollars in related areas, the Town intends to engage a third party for security services at a net additional cost of only \$3,000. These services would

include a thorough assessment of the Town's vulnerabilities, penetration testing, revisions to policies, developing an action plan, penetration testing and a disaster recovery plan.

In Capital, there is a slight reduction in the Vehicle Debt Service object, as previously stated.

Police - This department is experiencing increases in personnel expenditures, with slight changes in operational costs. In personnel, standard town-wide enhancements are applied. Additionally, the Police Pension (#52220) is increasing by \$16,500. As a reminder, changes to pension are projected to decrease over the next several years due to benefit reductions for new hires, which are offset by additional health benefits defined below.

There is a noticeable increase in the Life and Hospital Insurance (#52300) expenditures in this department, which is lightly related to the new officers stipend for family health care for those who are eligible, at \$500 per month per officer.

In operating, there is an addition of \$9,800 for additional officer training. There is also a decrease in the Pinellas County Sheriff's Office contract as a direct result of reduced crime within Belleair.

Public Works - In personnel, a staff member is retiring prior to the start of the new fiscal year. This employee will be replaced, at a lower rate for the positions class. There are no other changes aside from the town-wide standard enhancements.

This department worked to close the deficit by identifying small areas where service levels could be reduced without majorly impacting overall operations. For instance, Holiday Lighting decreased by \$1,000, but major decorations will still remain. Decrease of \$9,550 by reducing trimming of palms along major roadways, decreasing the budget from \$32,550 to \$22,000. This reduction is likely to be added back in prior to the budget finalization.

There was a request in Public Works for an additional vehicle lease (\$4,500) in order to deal with social distancing of the crews, as well as an additional cellular device for the field employees to perform inspections and update work orders. Despite these additional requests, and personnel increases, the department was able to reduce overall costs by \$23,875.

Recreation - In Recreation, staff are receiving standard salary enhancements, affecting the personnel lines.

In operating, there have been changes and reductions in programming in order to close the deficit from the beginning of the budget. In general recreation programs, Teen Camp has been eliminated, which leads to a decrease on both the expenditure and revenue sides. This has increased the net revenue for the major program, Summer Camp, by \$13,000.

There is also an increase of \$2,100 in Tennis revenue with new trainer agreements and membership plans. The expenditures related to Tennis Court Maintenance were removed from the Public Works department into this department in order to align more with the programmatic budget format. This was moved as the revenue related to the Tennis service is housed in program #953.

In Special Events, large concerts will be suspended for the entirety of the fiscal year. Instead, Family Movie Nights and smaller events will replace the high-cost/high-revenue concerts. There is an overall

positive change in the net revenue because of this. Other programs, such as Athletic Events and Community Events, are to remain consistent.

Finally, in capital expenditures, there is the Vehicle Debt Service which is halving in 2020-2021.

ENTERPRISE FUNDS

Water Department

		2019-20	2020-21
Revenues		1,570,600	1,773,200
Expenses			
	Personnel	\$559,450	\$611,064
	Operating	\$544,400	\$579,400
	Capital	\$466,750	\$582,736
Grand Total		\$1,570,600	\$1,773,200
Surplus / (Deficit)		0	0

Revenues

The Water department is experiencing a large increase in Water Utility Revenue as it continues to approach a new baseline. In 2019-2020, the revenue account was estimated to receive \$1,564,000, where it is now estimated to reach \$1,766,600, which is an increase of \$202,600.

Expenditures

In personnel, the Water department is receiving the standard town-wide salary enhancements. Additionally, there is a small increase in part-time expenditures directly related to retaining Joe Miller as a part-time Water Operator to operate the plant on the weekends.

Operationally, the department continues to monitor and maintain the plant, as well as town-wide water infrastructure. There are projected expenditures for:

- replacing wires for wells #3, #5, and #10 (\$3,000)
- VT SCADA (\$10,000)
- Additional meters for replacement (\$8,000)
- Line stop contractor to replace valves (\$10,000)
- Replacement valves
- 2 hydrant replacements and tools required
- Additional phones and tablets for field employees

Solid Waste

		2019-20	2020-21
Revenues		987,550	1,047,319
Expenses			
	Personnel	\$319,600	\$360,723
	Operating	\$458,350	\$476,995
	Capital	\$209,600	\$209,600
Grand Total		\$987,550	\$1,047,319
Surplus / (Deficit)		0	0

Revenues

There is a slight increase expected in Solid Waste revenue as it achieves a new baseline with Bellevue properties and Pelican commercial waste, as well as the rate increase from the present year. In 2019-2020, the expected revenue for the Sanitation account was \$877,550. In 2020-2021, the expected revenue is \$897,868, an increase of \$20,318 or 2.32%. Other revenue line items are expected to remain flat.

Expenditures

The standard salary enhancements are applied to this department. There is a larger increase in the Salaries (#51200) line item, as there was a promotion from a Solid Waste Supervisor to the Director of Solid Waste in early 2020.

Garbage and Trash Disposal (#54340) is increasing by 6% again in the upcoming fiscal year. This equates to an increase of \$8,025, raising the total from \$133,750 to \$141,775. Additionally, the Recycling (#54342) line item is increasing by 9%. This program is currently being inspected by staff members, as the costs are increasing more and more each year. The Town is evaluating the possibility of pursuing its own recycling program, as well as possibly partnering with another city to manage recycling expenditures.

As these lines continue to increase, the Solid Waste department is presently balanced utilizing \$145,151 of reserves.