



Legislation Details (With Text)

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<b>On agenda:</b>	5/10/2021	<b>Final action:</b>		5/10/2021	
<b>Title:</b>	2021-2022 Budget Workshop				
<b>Sponsors:</b>					
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<b>Attachments:</b>	1. Strat Plan Progress Report				

Date	Ver.	Action By	Action	Result
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Summary

To: Town Commission  
From: Ashley L. A. Bernal  
Date: 5/10/2021

**Subject:**  
2021-2022 Budget Workshop

**Summary:** As the Town of Belleair enters another budget year, staff felt that a budget workshop would be incredibly beneficial for the Commission and residents of the town. We are continuing to understand the full fiscal impacts that COVID-19 has had on the budget, and will continue to have on the budget. Included in this item are discussions and summaries of revenues and expenditures, as well as ARPA funding and strategic planning items.

**Previous Commission Action:** Discussion on COVID-19 protocols, reimbursement methods, and expenditure challenges within the budget year.

**Background/Problem Discussion:**

**Revenue Discussion**

As Florida returns to normal operations after the COVID-19 pandemic, consumption based revenues are expected to slowly return to their normal baselines. However, it is important to note that the Town is heading into the second year of budgeting with COVID-19 effects.

**Revenue Pressures**

- Interest will experience a larger decrease this year of roughly 90%, bringing this account to \$2,500 (\$2.5 million at yield of 10 basis points).
- Communication Services Tax is expected to decrease, as similar to previous years. Staff has conducted an analysis to identify an average trend of about \$12,000 per month from this account, resulting in a

new total of \$143,000 (-8%).

### **Revenue Opportunities**

- Electric Franchise will find a new baseline of \$370,000 (6% increase) after a historical analysis. Every year, this account surpasses \$390,000 in revenue, though numerous larger projects, such as the Pelican Golf Course and Belleview units are coming to a final close. Because of this, staff has added a small buffer of \$20,000.
- Recreation revenue
  - Prior year increase in revenue expectations, this number is likely to increase as Florida returns to normal (non-limited capacity) functions after COVID-19
  - Recreation permits should return to normal as well
- ARPA Funds (details below)
- Ad Valorem estimations are still at a preliminary level. Staff is currently expecting an increase of around \$399,000 (9%) based on the prior forecast. These numbers will be updated after the Pinellas County Property Appraiser releases more estimates on June 1st.

### **American Rescue Plan Act of 2021 (ARPA)**

According to the text of the American Rescue Plan Act legislation, the Coronavirus State and Local Fiscal Recovery Funds, the Secretary of the Treasury “shall pay from such allocation the First Tranche Amount for such city, State, or county not later than 60 days after the date of enactment of this section.” Enactment of the American Rescue Plan Act occurred on March 10; therefore, for all states and Community Development Block Grant (CDBG) cities and counties distribution of the funds will occur on May 10. For non-CDBG communities, funds will flow through the state and may take up to sixty additional days for distribution.

At this point, the Town of Belleair is focusing on preparing to certify these proceeds by reviewing the guiding principles for ARPA spending. The Treasury Secretary will be releasing more information in the coming week about what expenditures could be reimbursed by ARPA funds.

Unfortunately, there is still much we do not know about using those funds for lost revenue, such as how the lost revenue would need to be calculated if we use funds for that purpose. One aspect of interest is that the funds may be used for sewer infrastructure. At this time, we believe that may include storm sewer conveyance, such as curbing, drainage inlets, and concrete pipe.

### **Expenditure Discussion**

The Town of Belleair is currently focusing on prioritizing funding action items from the Strategic Plan, while also connecting programs within the budget and determining how they are already supporting the strategic plan. Additionally, the salary and compensation study has come back and this will be a major change across the town’s entire budget.

### **Expenditure Pressures**

- Salary and Compensation Study - Every year, the Town of Belleair includes a minimum 3% merit raise and a Cost of Living increase, which averages around 2%. However, this year the Town is looking to include results from a recently conducted Salary and Compensation study. This has numerous options for implementations, which are currently being inspected by staff. It is important to note that this compensation study does not include a Cost of Living increase, so individuals who remain unaffected by the selected option will still receive a COLA based on the CPI. The fiscal impacts of this range from \$69,041 to \$468,000.
- Property and Casualty Insurance - Staff is currently estimating this number to increase by 10% to 15%. Presently, this number is utilizing a conservative estimate of 15%, which increases this expenditure line from \$355,500 to \$385,825 (\$50,325 increase).

- Health Insurance - This line is expected to increase by 8% (\$53,820), bringing the total to \$726,569 across the General, Water, and Solid Waste Funds.
- Fire Services - This is expected to increase by 5%, or \$32,681. Historically, this number has increased by the maximum 5% allowable, so staff feels confident in this estimate.

**Recommendation:** There is no recommendation at this time, as this is only for discussion.

**Proposed Motion:** No proposed motion, as this it only for discussion.