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Title: First Budget Hearing - Approval of Tentative Fiscal Year 2017-2018 Town Budget

Sponsors: JP Murphy

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Date	Ver.	Action By	Action	Result
9/5/2017	2	Town Commission	adopted	Pass

Summary

To: Mayor Gary H. Katica & Commissioners
 From: Ashley L.A. Bernal, Management Analyst
 Date: 8/30/2017

Subject:
 First Budget Hearing - Approval of Tentative Fiscal Year 2017-2018 Town Budget

Summary:
 This is the first of two public hearings for the approval of the fiscal year 2017-18 Town. Budget spreadsheets are attached. Staff will provide a brief presentation at the hearing. Reconciling sheets will be provided prior to the meeting, but were not available at the time of agenda packet generation.

Previous Commission Action: The Town Commission approved the maximum millage preliminary rate of 5.9257 and reviewed the budget in August. The commission also held a workshop on August 24th.

Background/Problem Discussion:
 GENERAL FUND

Revenues
 Ad Valorem revenues have increased 8.125% for the upcoming year, which equates to an increase of \$256,250. Communication Services Tax has increased by \$11,850 as compared to last year’s budget, totaling \$178,300. State Revenue Sharing saw a minor increase of \$1,950, while State Sales Tax has a larger increase of \$3,250.

As part of the new construction associated with the Golf Course, building permit revenue has increased by \$75,000, bringing this year’s total to \$375,000. Once this construction finishes, Staff expects the decrease of revenue to be replaced with an increase of Ad Valorem.

Miscellaneous revenue increased by \$14,700.

The staff has rectified any sort of structural imbalances within the revenue of this budget by halting transfers

from reserves. This prevents the Town's reserves from depleting entirely but also created a large hole in the general revenue.

Expenditures

Overall expenditure impacts across all funds include a health insurance increase of 7% and a salary enhancement of 3% increase for all employees.

Administration - The overall budget for this department has increased by \$52,140, totaling \$614,290. This increase is largely due to personnel expenses, which incorporates a placeholder for the cost of the fund's salary enhancement for employees.

Building - Increased costs for this department are related to contracted inspection costs. This increase in cost is currently at the maximum potential of \$87,360 due to the influx of inspections for the Pelican Course and Belleview Place.

Support Services - This department's expenses increased by \$193,450 this year mainly due to personnel expenses. A large majority of this is from the department absorbing building maintenance division from Public Works.

Police - The largest area for increased expenditures in this department is personnel costs. Salaries increased from the contractual 4.5% enhancement, as well as from inclusions of shift differentials for the officers. Due to this change, other personnel lines inflated as well.

Public Works - Though Public Works shed building maintenance; the department expanded with the inclusion of the Parks division from the Recreation department. The rationale is to have the expenses for Parks and Streets combine for reporting and management reasons.

Recreation - This department is experiencing a decrease in expenditure this fiscal year directly associated with the reappropriation of the Parks division.

ENTERPRISE FUNDS

Water Department

Revenues

Water Utility Revenue is expected to increase by \$23,000 in comparison to the prior year. Staff utilized annualize average water usage data from 2014-15, 2015-16, and a proration of 2016-17 fiscal years for consumption calculations.

Expenditures

Minor increases were made to operating expenditures, with the largest change coming from Capital Purchase. In the upcoming fiscal year, the department needs to replace sand filters (\$62,000) and rehabilitate wells (\$55,000).

Solid Waste Department

Revenues

The Sanitation line item, which is the collection of sanitation fees, is seeing a decrease of about \$20,000. This decrease is based on a reconciliation of customers' accounts and prior revenue assumptions.

Expenditures

With Belleair's pilot recycling program continuing, costs connected with the recycling line item have decreased about \$19,750. However, Depreciation for Solid Waste has increased by \$16,500, totaling \$77,500 for this fiscal year. This is due to the expected purchase of two new vehicles to aid this department with efficiencies, including a shortened life cycle.

MINOR FUNDS

Local Option Gas Tax Fund - This fund is used to collect local option gas tax levied by the state. There will be no changes to this fund in this fiscal year, stabilizing at \$55,050.

Tree Fund - This fund is expecting permit revenue of \$10,000, combining with \$5,000 already in reserves, totaling \$15,000. The proceeds will be used for tree replacement.

Capital Projects Fund - This fund is utilized for capital improvements. There is an increase from the Penny for Pinellas of \$30,100, as well as an increase in Electric Utility Tax of \$30,000. The Town will continue to move forward with the approved Capital Improvement Plan (CIP) titled "Plan 2".

Wastewater Fund - This fund is used to collect revenues for Pinellas County Sewer and acts as a pass through. There are no changes to this fund.

Expenditure Challenges N/A

Financial Implications: N/a

Recommendation: Staff recommend approval of the tentative budget as proposed

Proposed Motion I move approval of the tentative budget for the fiscal year 17-18 as proposed.