

MEMORANDUM

September 21 2021

TO: Honorable Mayor and City Commissioners

VIA: James Slaton, City Manager

FROM: Dorothy Abbott, Finance Director

RE: Ordinance 2021-15, Adoption of FY2021-22 Millage Rate – 2nd Reading & Public Hearing
Ordinance 2021-16, Adoption of FY2021-22 Budget – 2nd Reading & Public Hearing

SYNOPSIS: The Commissioners will consider adopting a millage rate of 6.7697 mills for Fiscal Year 2021-22. The Commissioners will also consider adopting the proposed operating budget.

RECOMMENDATION

After second reading and separate public hearings, it is recommended that the City Commission take the following actions:

1. Approve Ordinance 2021-15, adopting a millage rate of 6.7697 mills for FY2021-2022;
2. Approve Ordinance 2021-16, adopting an operating budget for FY2021-2022.

BACKGROUND

In accordance with Florida Statutes and the City Charter, Ordinances 2020-15 and 2020-16 are presented for first reading and public hearing. Ordinance 2020-15 establishes the millage rate for FY21'22, and Ordinance 2020-16 adopts the proposed FY21'22 budget. These ordinances must have separate public hearings and must be voted upon individually.

The proposed FY21'22 budget document includes the revenue and expenditure details for the General Fund, CRA Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Utility System Fund, Airport Fund and Stormwater.

This budget has been prepared in accordance with Article VI, Section 6.04 of the City Charter, which requires that the budget provide a complete financial plan of municipal funds and activities. Estimated current year ending fund balances have been considered and are included in the budget.

PROPERTY TAX

On July 20, 2021, the City Commission adopted an Interim Millage Rate of 6.7697 which was rolled-back rate.

BUDGETARY CHANGES IN GENERAL FUND “REVENUE SOURCES & TRANSFERS IN” FOR FY21’22 COMPARED TO FY20’21:

General Fund revenues in FY21’22 (\$13,971,624 + 1,534,000 – 334,000 financing/leases = 15,171,624) are projected to be \$1,239,354 more than budgeted in FY20’21 (\$12,224,848 + 1,552,522 – 0 financing/leases = 13,932,270). **An expected increase of \$1,239,354 is mainly due to the following items:**

- Increase in ad valorem tax of \$240,613
- Increases in sales and use taxes of \$355,200 due to increase in utilities and communication service taxes.
- Increases in licenses and permits of \$30,000 due to site development permit and \$255,000 in franchise fees.
- Increase in intergovernmental revenues of \$146,340 mainly due to local government ½ cent sales tax.
- Increase in charges for services of \$220,723 mainly due to management fees and garbage fees.
- Increase in miscellaneous revenue of \$10,000.
- Decrease in transfers of \$18,522

BUDGETARY CHANGES IN GENERAL FUND “OPERATING EXPENDITURES” FOR FY21’22 COMPARED TO FY20’21:

General Fund “operating” expenditures in FY21’22 are projected to be \$15,962,221, which is **\$1,793,704 more than** budgeted in FY20’21 \$14,168,517.

GOVERNMENTAL FUND BALANCE

As of September 30, 2020, the City’s governmental funds reported combined ending fund balances of \$9,269,067 (page 13 of the CAFR). An increase of \$1,100,794 for the year. Approximately 39% (\$5,687,546) of total funds balance is available for spending at the government’s discretion (unassigned)

At the end of September 30, 2020, unassigned fund balance of the General Fund was \$3,581,521, while total fund balance reached \$4,585,360. In 2011, the City established a reserve policy for the General Fund equal to 15% - 20% of total operating costs. As of September 30, 2020, the general fund’s unassigned fund balance represented 23% of total general fund expenditures, while total fund balance represents 29% of the same amount.

SUMMARY OF ALL FUNDS

General Fund	19,349,624
CRA Fund	14,388,386
Special Revenue Funds	2,845,894
Debt Service Fund	2,266,231
Capital Projects Fund	8,486,000

Cemetery (LWMG)	642,950
Utility System Fund	31,047,050
Airport Fund	2,604,118
Stormwater Fund	880,400
TOTAL	82,510,653

The expenditure total of \$65,708,778 is comprised of operating costs in the amount of \$30,470,087 and capital outlay in the amount of \$35,238,691. Transfers in the amount of \$2,779,240 bring total expenditures plus transfers to \$68,780,383.

Note: Capital expenditures proposed for FY21'22 are itemized in "Schedule C" within the budget document.

CONCLUSION

The local economy, as well as the global economy, struggled in 2020 due to the Covid-19 pandemic. The publics' desire to return to a more normal life, has lead the economy returning to a more stable status. City staff will continue throughout next year to watch for changes in the economy.

The City Manager, in the August 11, 2021 budget workshop, highlighted the following items, which are included within FY 2021'22 Budget:

Growth Management:

- Utility Service Area Land Use Designation Project – The Purpose of this project is to establish a planning document to identify a preferred land use pattern for properties that are currently in unincorporated Polk County, and in the City's Utility Service Area.
- Mobility Plan – This plan will create a transportation-related funding source to supplement the revitalization/redevelopment of the City's Core Area, in addition to providing a framework for the improvement of city-wide transportation facilities.
- Sr. Planner – Included in the FY'22 budget request is the addition of a Sr. Planner position to assist with increased demands on the development services department related to growth.

General Capital and Significant Projects:

- Completion of the Parks and Recreation Master Plan.
- Approximately 3 to 4 miles of residential streets will be resurfaced in the upcoming fiscal year.
- Update/upgrade of the Audio and Video systems in the City Commission Chambers to enhance the experience of viewers in the chamber and watching from home.

- Replacement of the roof of the James P. Austin Community Center to address deferred maintenance issues for the past 5 years.
- Continuing the City's equipment and vehicle replacement program.
- Upgrade and replacement of both the Jet A and 100L fuel systems at the airport. This enhancement will replace antiquated equipment and allow for larger aircraft to fuel at the Lake Wales Municipal Airport.
- Construction phase of the east apron rehabilitation at the airport.

Redevelopment:

- The City and CRA will continue implementation of the award-winning Lake Wales Connected plan in FY'22. Activities include affordable housing construction, housing rehabilitation, development incentives, and capital construction.
- Significant redevelopment projects that will begin next year are the design and construction of the Northwest Neighborhood Pedestrian and Street Tree Improvements.
- The completion of the 1st Street Streetscape design, the start of construction of the Park Avenue Streetscape and Market Plaza redesign, and the construction of the Park Avenue connector trail project.

These enhancements will dramatically improve resident and visitor experiences in Historic downtown Lake Wales.

Employees:

- Tuition reimbursement has been provided within the proposed budget for employees seeking higher education to continue developing the City's workforce.
- Employee health insurance co-pays have been reduced for the upcoming year.
- A 3% Cost of Living Adjustment has been provided for in the FY'22 proposed budget.

Communication:

In an effort to increase community engagement and citizen communications, included in the proposed budget is:

- A marketing and communications specialist position within the City Manager's Office.
- The City's quarterly newsletter and city-wide citizen survey to assess the level of services provided and to identify areas of opportunity.

Public Safety:

- Additional funds have been appropriated for the continued implementation of the Body Worn Camera program in the Police Department in the proposed budget.
- Three additional firefighter positions are included in the proposed budget. The new positions will once again bring the City to an adequate staffing level for the current population and coverage area.

Utilities:

Significant utility projects proposed for the FY'22 budget include:

- The construction of the Northwest Neighborhood water line extension, force main upgrades.
- The creation of a Stormwater Master Plan. The creation of the Stormwater Master Plan will mitigate the issues created by water runoff and will positively affect lake water quality.

ATTACHMENTS

Ordinance 2020-15, Adoption of FY2021'22 Millage Rate

Ordinance 2020-16, Adoption of FY2021'22 Operating Budget

Budget Summary, Fiscal Year 2021'22