

# **City Government Day Leadership Lakeland Class XXVI**

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City Manager  
October 9, 2008**



*City of Lakeland, Florida*  
***Annual Budget***

*Fiscal Year 2009*

***“Closing the Gap”***

aka

***“How we Balanced  
the Budget”***

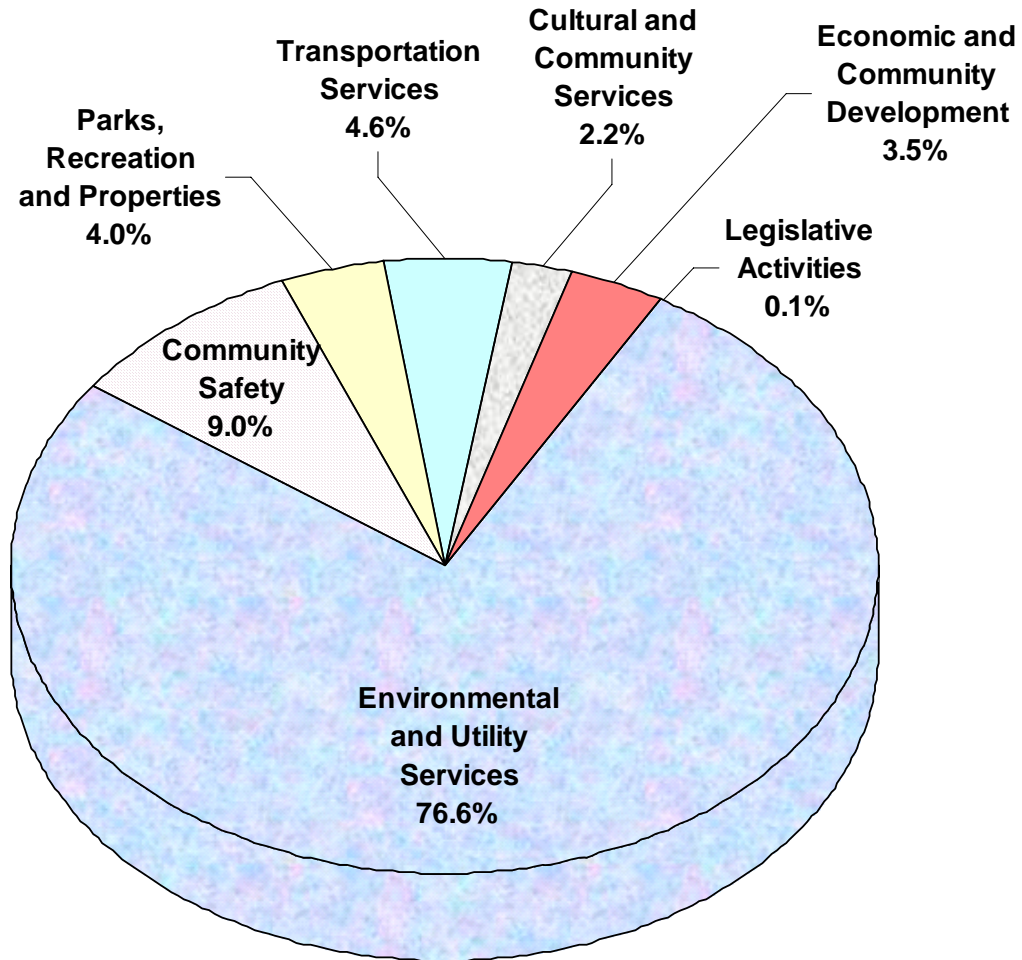


# Expenditures by Program Area

Environmental & Utility Services	\$462,103,151
Community Safety	54,285,405
Parks, Recreation & Properties	24,137,351
Transportation Services	27,989,822
Cultural & Community Services	13,416,086
Economic & Community Development	21,008,955
Legislative Services	778,721
<b>Total Expenditures</b>	<b>\$603,719,491</b>



# Expenditures by Program Area

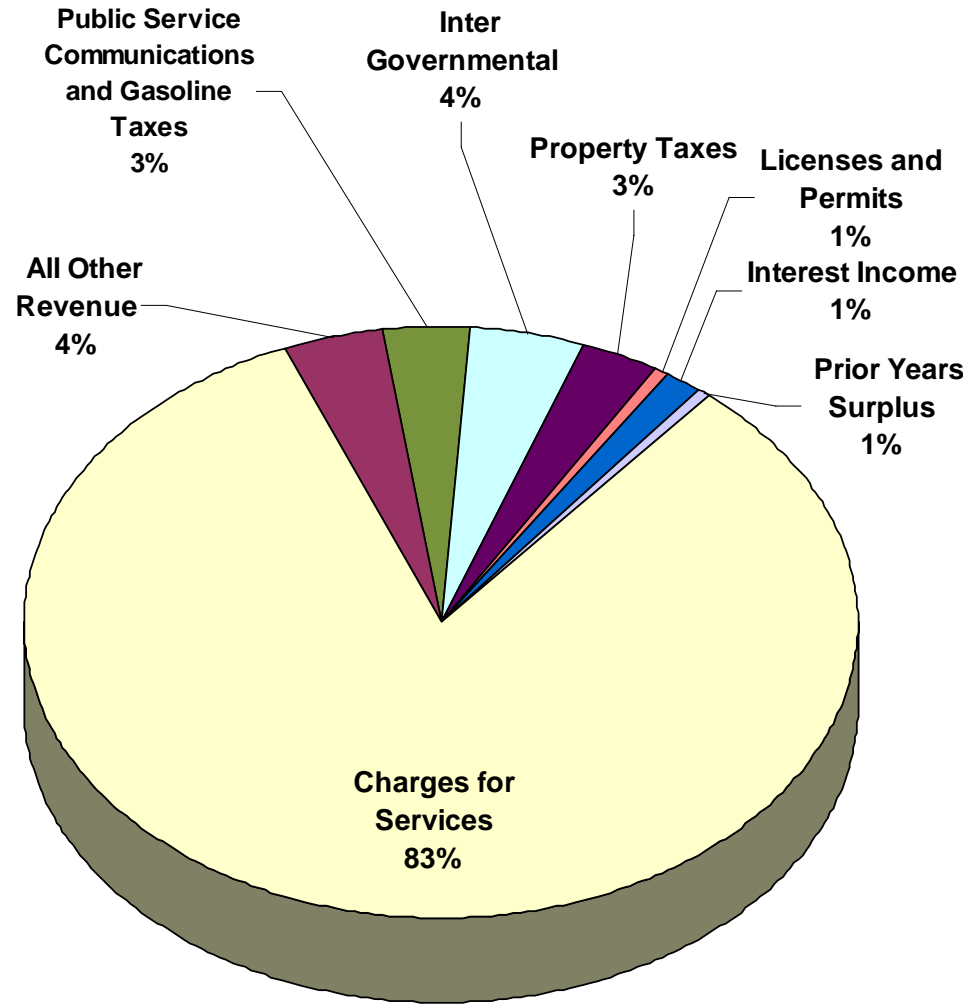


# Revenue Sources

Charges for Services	\$500,461,881
All Other Revenue	22,763,269
Pub. Srvs., Comm. & Gas Taxes	20,514,502
Intergovernmental	25,686,704
Property Taxes	19,319,959
Licenses and Permits	3,503,464
Interest Income	8,282,737
Prior Years Surplus	<u>3,192,975</u>
<b>Total Revenue</b>	<b>\$603,719,491</b>



# Revenue Sources

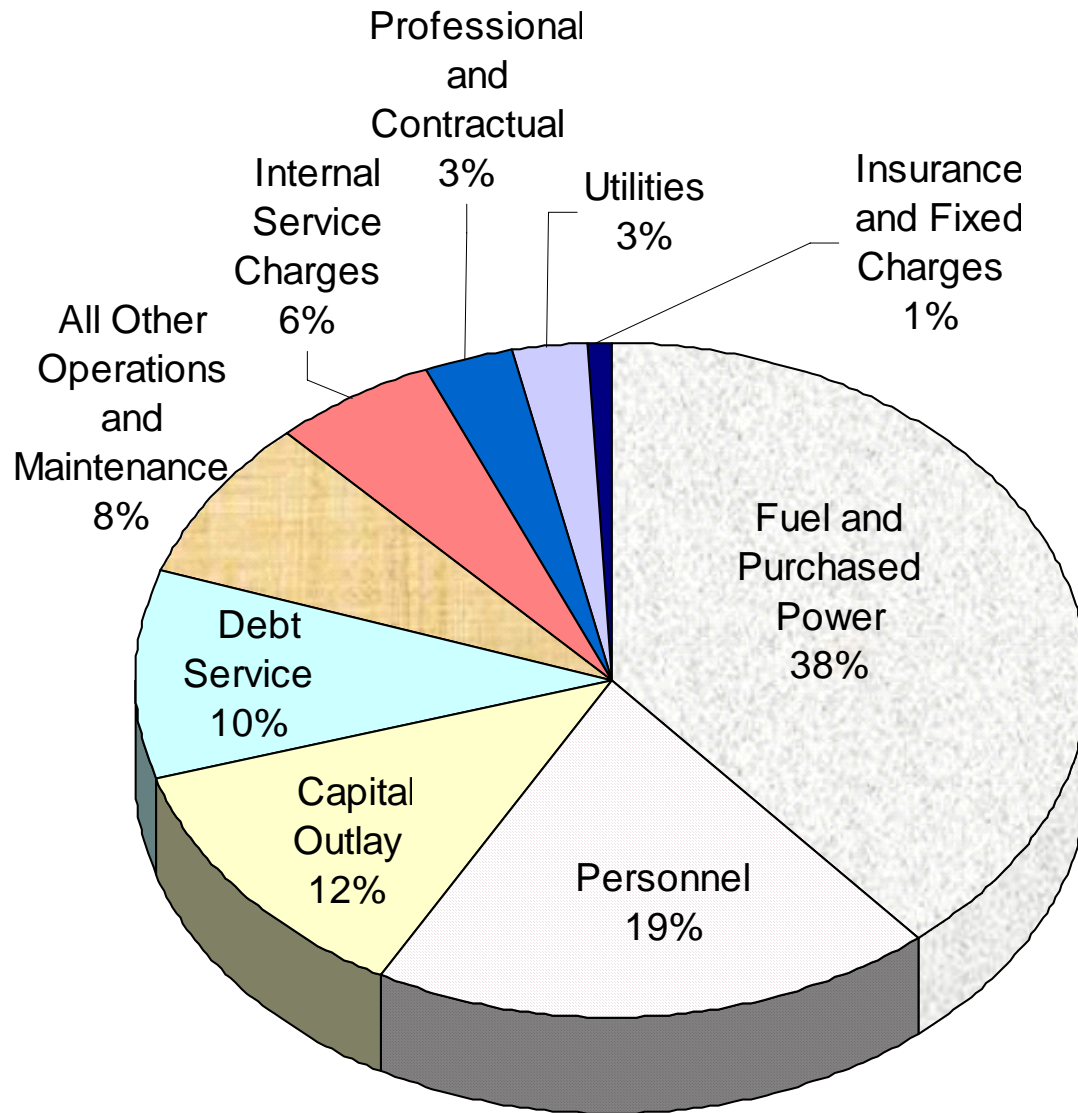


# Expenditures by Account

Fuel and Purchased Power	\$ 234,858,410
Personnel	114,820,143
Capital Outlay	73,949,971
Debt Service	60,911,125
All Other Operations and Maintenance	46,496,524
Internal Service Charges	34,658,783
Professional & Contractual	17,187,755
Utilities	15,269,393
Insurance and Fixed Charges	<u>5,567,387</u>
<b>Total Expenditures</b>	<b>\$ 603,719,491</b>



# Expenditures by Account



**In light of Amendment 1, a recessionary economic climate, Wall Street woes, coupled with competing and conflicting municipal service demands & expectations, how did we get to a balanced budget?**



## FY 2009 Projected General Fund Revenues

<b>FY 2008 General Fund Budgeted Revenues</b>	<b>\$89,451,454</b>
<b>Revenue changes for FY 2009:</b>	
Half Cent Sales Tax	(625,000)
Communications & Utility Tax	(517,852)
Property Taxes	(1,411,336)
Charges for Services	(712,543)
Licenses & Permit	(674,069)
All Other	(474,617)
<b>FY 2009 Projected Revenues</b>	<b>\$85,036,037</b>
<b>FY 2009 Projected Expenses</b>	<b>\$91,282,321</b>
<b>FY 2009 Budget Shortfall (w/personnel &amp; service cuts)</b>	<b>(\$6,246,284)</b>

# Constitutional Amendment 1

- **Portability of Save Our Homes**
- **Homestead Exemption**
- **Tangible Personal Property Exemption**
- **Non-Homestead Assessment Caps**



# FY 2009 Projected Property Tax Revenue

	Taxable Values	% Change	Tax Revenue Impact
<b>FY 2008 Taxable Value</b>	\$5,451,400,260		\$16,725,550
<b>New Construction</b>	164,458,064	2.7%	\$504,577
<b>Appreciation</b>	152,772,498	2.5%	\$468,724
<b>Amendment 1 Impacts</b>	(410,856,284)	(7.5%)	(\$1,260,556)
<b>Increase in CRA values</b>	(24,621,912)	(0.4%)	(\$75,543)
<b>Net Change in Taxable Value</b>	(118,247,634)	(2.1%)	
<b>FY 2009 Taxable Value</b>	\$5,333,152,626		\$16,362,752
<b>Inflation Factor</b> (4.15% Statewide per capita income increase)			\$694,110
9% Statutory Rollback holdover			(\$1,732,742)
Total Reduction in FY 2009 Property Taxes (3.0246 mills)			(\$1,401,429)

# FY 2009 Budget Challenges

- Initially, a FY 2009 budget gap of \$5.2 million remained even assuming the adoption of the current 3.2296 millage rate
- This gap also anticipates most of the Mid-Year FY 2008 Budget cuts becoming permanent in FY 2009



# Review of 2008 General Fund Budget Cuts

- Total City Budget reductions of \$11.2 million
- Total GF Expenditure Reductions of \$5 million, representing 5.3%



# FY 2008 City-Wide Personnel Reductions

- 139 Personnel Reductions:

Full Time:

- 87 Regular – Vacant
- 20 Temporary – (Filled)
- 2 Temp - Vacant

Part Time:

- 23 Temporary/Seasonal – Vacant
- 7 Regular - Vacant



# Strategies To Close GF Budget Gap

## 1. Identify and Implement Cost and Service Reductions

- For the most part, the FY 2008 Budget Cuts became permanent in FY 2009 including the following representative actions Departments proposed to meet their FY 2009 Budget targets:



# Closing The Budget Gap

## Additional Impacts

- Elimination of Neighborhood Incentive Reimbursement Program
- Closure of on-site Utility Billing Payment Center
- Holiday decorations limited to core Downtown area
- Youth Leagues & LHS charged for associated parks & facilities maintenance costs



# Closing The Budget Gap

## Additional Impacts

- Revised Administrative Take-Home Car Policies
- LPD Officer Redeployments to Patrol
- Continue LFD minimum manning standards at 36 v. 38 and further reduce overtime costs
- Integration of Rapid Process Improvement (RPI) System



# Strategies To Close GF Budget Gap

## 2. Financial Contributions to Cultural Assistance Programs & Community Support Service Organizations

- Typically budget approximately \$500,000 per year, including \$100,000 in PIF for Cultural Assistance Trust Fund
- Trust Fund @ \$1.7 million, generating \$65,000 interest per year
- Net \$335,000 in General Fund expenditures per year



# Closing The Budget Gap

- Recommend contributions to current Cultural Assistance Grant recipients be frozen at current levels **and**
- CAC recommended contributions to Community Support Agency recipients be derived from use of Trust Fund interest with balance from corpus
- Discussion with affected stakeholder groups to consider how future funding could best be addressed



# Strategies To Close GF Budget Gap

## **3. Increased Public Improvement Fund (PIF) Transfer to General Fund**

- Approximately \$10 million per year from LRMC lease
- PIF support to GF started in FY 2000 at \$700,000 to support law enforcement personnel no longer covered by federal funds

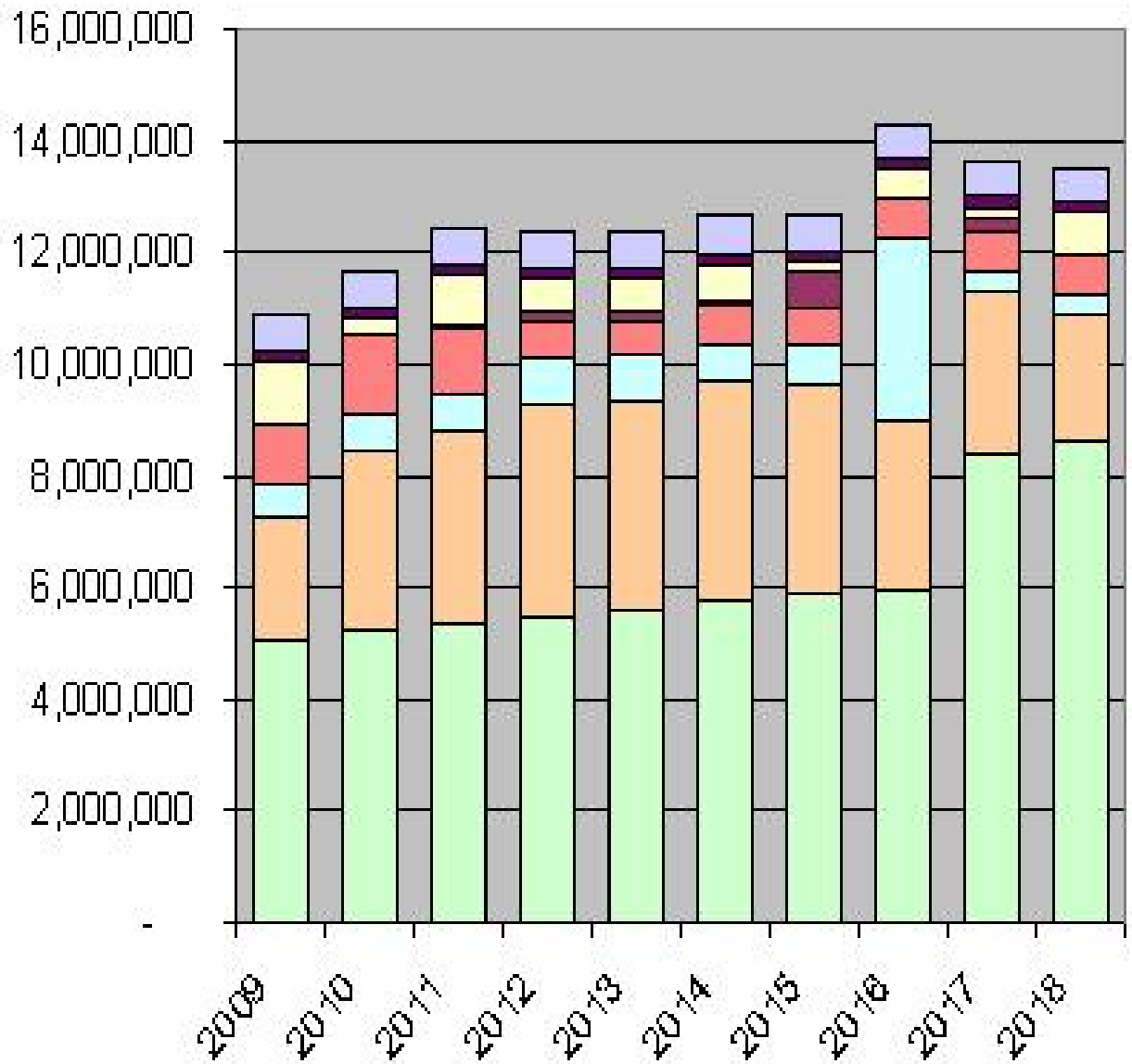


# Closing The Budget Gap

- PIF support to General Fund rose to roughly \$1.9 million in FY 2007 and was increased to \$3.0 million in FY 2008, largely in response to community desires to maintain services coupled with property tax reform climate
- PIF support to increase to \$5 million in FY 2009



# LRMC Lease Expenditures



- █ Lakeland Center, Golf Course Subsidies
- █ Neighborhood Improvements
- █ Park Renovations
- █ Playground Equipment Replacement
- █ Facility Maintenance
- █ Public Safety Equipment Replacement
- █ Debt Service
- █ General Fund Subsidy

# Strategies To Close GF Budget Gap

## 4. Elimination of General Fund Cross Subsidy to Storm Water Fund

- Storm Water Utility established in 2000 to provide means to address regulatory and community desired water quality improvements in area lakes and streams



# Closing The Budget Gap

- Storm Water Utility receives its funding through grants for capital projects and through fees derived from impervious square footage of developments
- Equivalent Residential Unit (ERU) established for residential developments

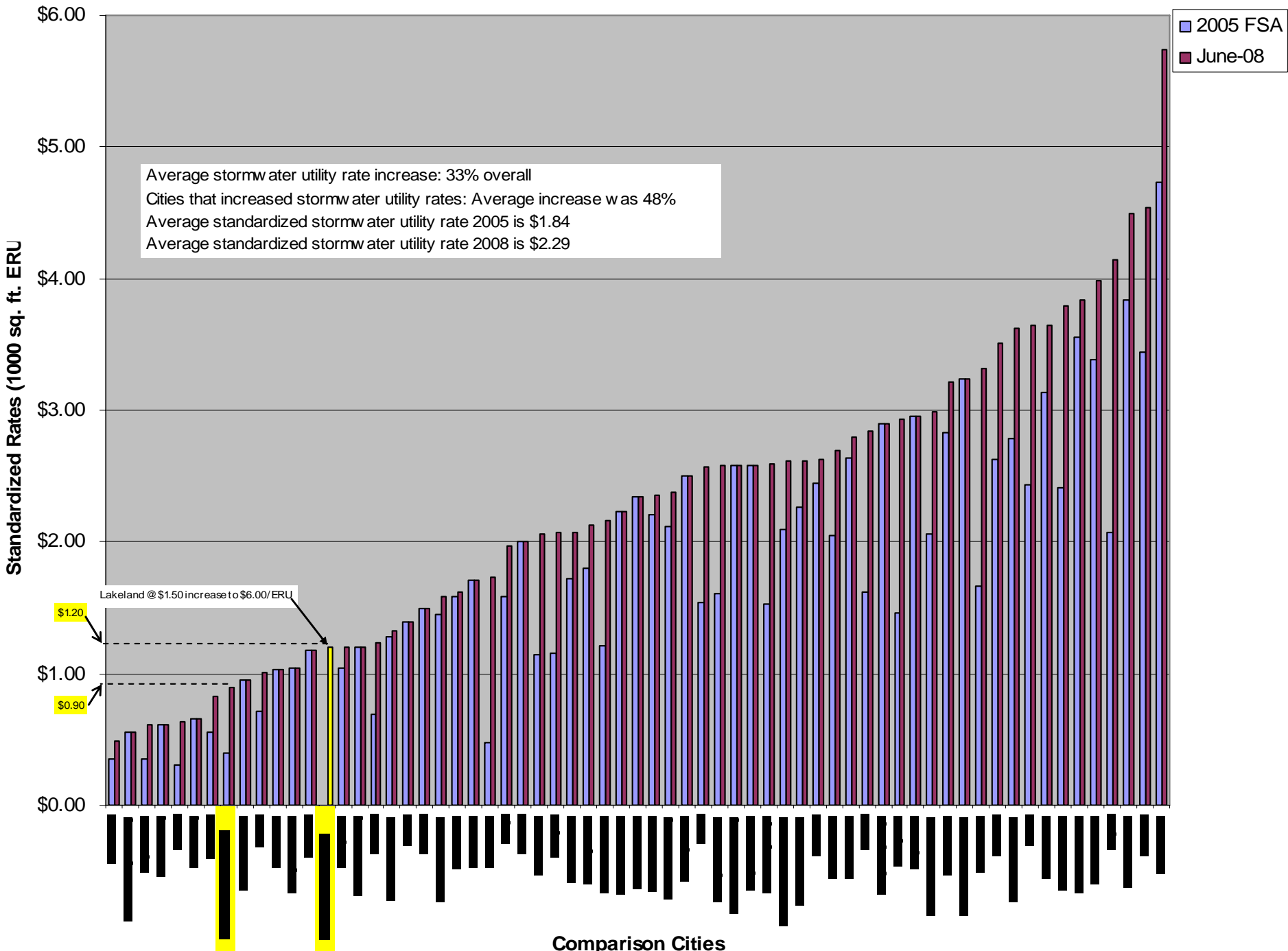


# Closing The Budget Gap

- ERU raised in FY 2008 from \$2.00 per month to \$4.50 per month to eliminate a cross subsidy from the Transportation Fund
- Recommend ERU increase to \$6.00 per month in FY 2009 to eliminate remaining GF cross subsidy for eligible \$1.1 million of ditch cleaning and street sweeping services
- Storm Water Utility would be fully funded through user fees & grants at current service levels



# Florida Stormwater Association 2005 Survey vs City of Lakeland Lakes & Stormwater June 2008 Survey



# Strategies To Close GF Budget Gap

## 5. Recommended Millage Rate

- Prior to FY 2008, Lakeland operated at a millage rate of 3.545 which was last increased in FY 2004
- The millage rate was reduced to 3.2296 in FY 2008 in response to property tax reform initiatives



# Closing The Budget Gap

- Pursuant to property tax administration legislation, Lakeland's "rolled-back" millage rate is 3.4031
- The increase in the rolled back rate is the result of Amendment 1 - which reduced taxable values by approximately 7.5%
- Adoption of this rolled-back rate would generate the same tax dollars as the preceding year, plus tax receipts associated with new construction



# Closing The Budget Gap

- The FY 2009 Budget is based upon the “rolled back” millage rate of 3.4031 combined with the previously presented strategies in response to the public’s desire to restore many of the services that were eliminated in the Mid-Year FY 2008 Budget cuts



# Closing The Budget Gap

- Restored General Fund Services:
  - Historical Park and Right-of-Way maintenance levels
  - Historical Park hours of operation and Recreation programming
  - Transition plan for Police Athletic League (PAL)
  - Alternative partnership with Drug Prevention Resource Center (DPRC) with redeployment of DARE personnel



# Proposed FY 2009 Millage Rate of 3.4031

Property Classification	Difference in Annual Tax Bill vs. 2008
Residential Homesteaded	\$ (71.23)
Residential Non-Homesteaded	22.46
Commercial & Industrial (Tangible>\$25K)	23.59
Commercial & Industrial (Tangible=\$0K)	108.67

Assumptions:

Each Residential Homesteaded property will receive the maximum \$50,000 exemption

# Closing The Budget Gap

- Even with the adoption of all the previous noted strategies, a General Fund budget gap of roughly \$1.3 million existed
  - This assumed continuation of historical 2% Annual COLA's and 5% Merit/Step Increases (for all eligible employees within Steps)
  - Given current economic and labor markets, 7% total compensation adjustments are deemed above market and fiscally untenable
  - Recommending a balanced approach across the entire organization in response to financial constraints

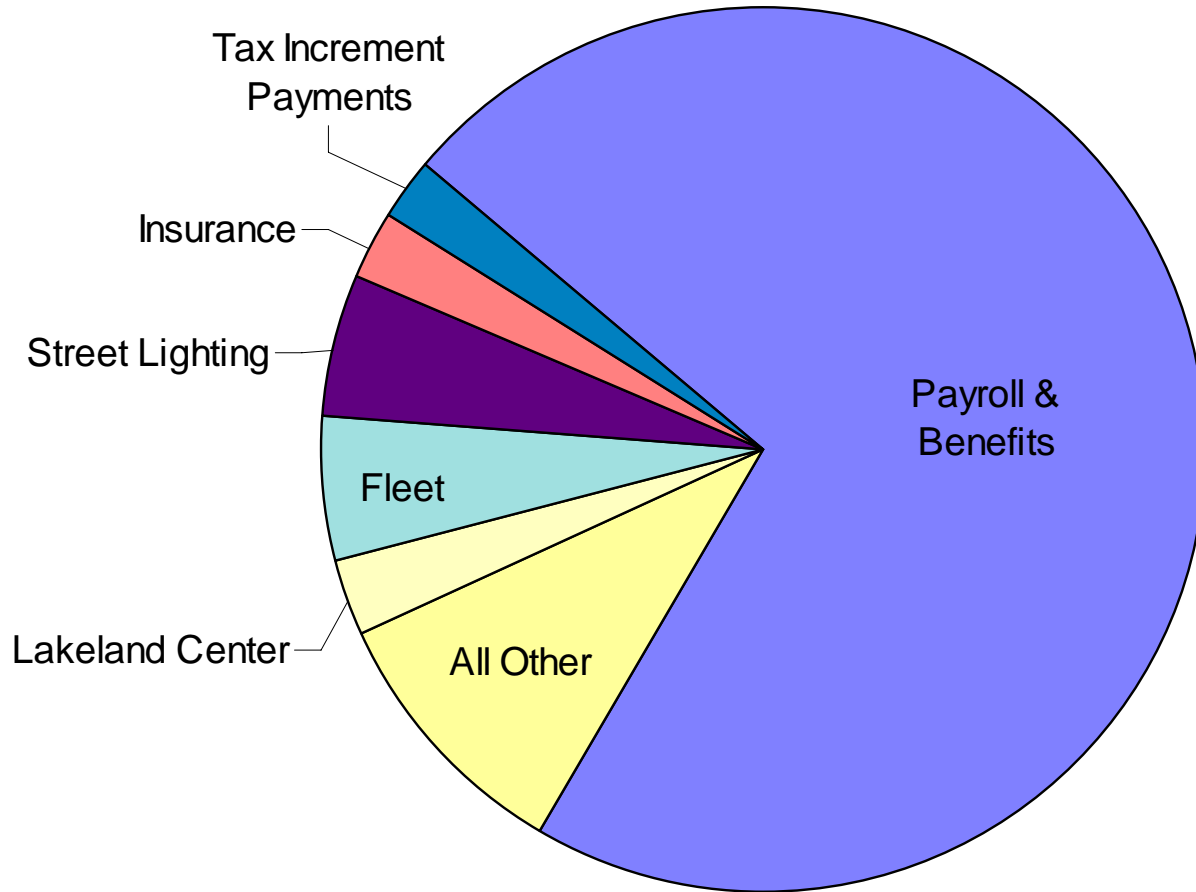


# Closing The Budget Gap

- The FY 2009 Budget excludes across the board COLA's for most employees, but maintains Merit increases under a modified approach to close the budget gap and address future liabilities in the City's pension and post-retirement health insurance subsidy programs
  - GASB 45 - \$90 million liability
- Adopted approach incorporates increased contributions by the City & employees to both programs
  - Pension fund has assumed 7.25% ROR vs. current volatility of stock market



# General Fund Expenses

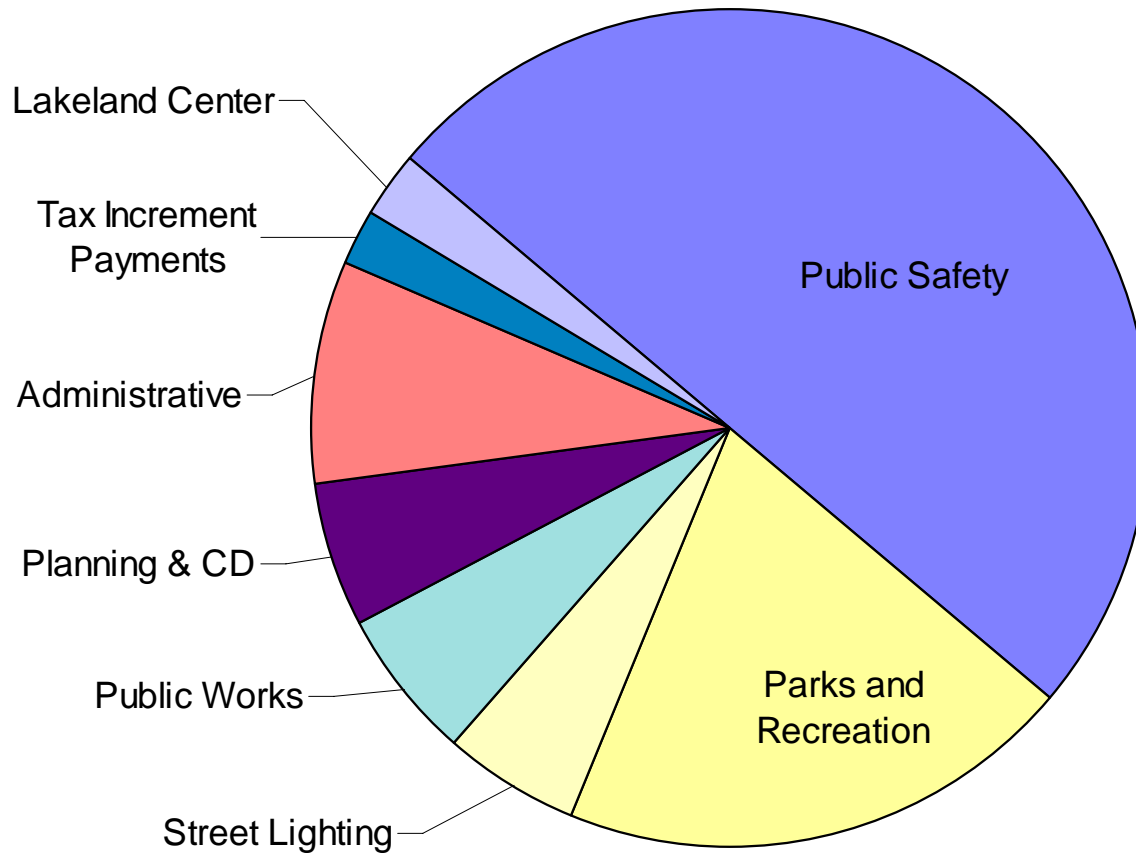


# A word on Collective Bargaining Agreements....

- Current CBA compensation adjustments effective for FY 2009:
  - PBA:
    - 5% Merit and “Me Too” Annual COLA vis-à-vis General Employees
  - IAFF:
    - 5% Merit and 2% Annual COLA on 9/30/08
    - Current CBA expires 10/01/08
  - UWUA (Status Quo since established in 06/07):
    - No Annual Wage Adjustment on 10/01/07 with ongoing negotiation of Inaugural CBA
    - 5% Merit Increases continue as “Status Quo”



# General Fund Expenses By Function



# A word on Collective Bargaining Agreements....

- Despite what you may have read, the adopted FY 2009 Budget **honors** the PBA collective bargaining agreement without the need for modifications **and** eliminated the need to reduce LPD personnel given the lack of an Annual COLA



# Closing The Budget Gap

- 7.5% increase in Wastewater Flow charges & 15% High Strength surcharge to support capital improvements and operation of West Lakeland Reduction Wasteload Reduction Facility
  - Additional \$2.80 p/month for average residential customer (10,000 gallons) for total of \$40.36 p/month



# Closing The Budget Gap

- 7% increase in Water flow charges to support numerous capital improvements and increased system operating costs
  - Additional \$1.51 p/month for average residential customer (10,000 gallons) for total of \$23.47 p/month
- Projected 26¢ increase in Lakeland Electric Environmental Compliance Surcharge



# Questions?

