



April 30, 2025
City Council
Budget Policy Discussion

Budget Calendar



1. April 30: City Special Meeting to address finance questions and future direction
2. May 19: City Budget Policy Workshop
3. June 16: City Capital Budget Workshop
4. July 1: County Property Appraiser certifies property values
5. July 21: City Operating Budget Workshop
6. Mid - August: County Property Appraiser mails TRIM notice (within 55 days of certification)
7. Mid-August: City advertises hearing on tentative millage and budget (15 days prior)
8. September 2: City holds public hearing to set tentative millage and budget (60-85 days from certification)
9. September: City advertises hearing on final millage and budget (2-5 days prior)
10. September 15: City holds hearing to adopt final millage and final budget
11. September 18: City provides Final Budget Resolution to County and State (within 3 days)
12. October 1: New fiscal year begins
13. Oct 18: City submits TRIM compliance package to DOR (within 30 days of hearing)
14. Oct-Nov: DOR sends City compliance letter (within 60 days of final hearing)
15. Oct-Nov: City levies ad valorem taxes allowable by law

General Fund Revenue



Year	Ad Valorem Revenue	Other General Fund Revenue
2020	\$19M	\$8.6M
2021	\$19.3M	\$10.4M
2022	\$19.5M	\$10M
2023	\$19.7M	\$12.2M
2024	\$20M	\$14M
2025*	\$20.2M	\$11.4M

* 2025 forecast

❖ Key Take Aways:

- Largest source of revenue is property taxes (65%) – and the one we can control. “Other GF revenue” includes state ½ cent sales tax, local option fuel tax, state revenue sharing, interest earnings
- Decrease in revenue FY25: reduction in interest earnings, fire insurance premiums



“Other” General Fund Revenue

- State ½ cent sales tax (3M)
- Interest earnings (1.5M)
- Fuel tax (1.1M)
- Interfund transfers/Utility (1.1M)
- Admin Charge (Utility) (1M)
- State Revenue Sharing (850k)
- Police and Fire service fees (620k)
- Admin Charge (Bldg) (400k)
- Insurance premiums police and fire (300k)
- Communications Service Tax (360k)
- Land Use fees (225k)
- Code fees (150k)
- Payment in lieu of tax – fire (110k)
- Miscellaneous (100k)
- Public Safety local revenue (43k)
- Franchise Fee – gas (35k)
- Alcohol and Beverage License (25k)
- Local business tax (25k)
- Rental income (20k)
- Donations (20k)
- Beach vendor permits (20k)

General Fund Appropriations



Year	Total GF Revenue	Transfer to CIP	Transfer to Debt Service	GF Operating Expenses	Total GF Expenses	Net change
2020	\$27.7M	\$6.1M	\$700k	\$21.2M	\$28M	-1.08%
2021	\$29.6M	\$8M	\$400k	\$21.6M	\$30M	-1.34%
2022	\$29.6M	\$4.4M	\$900k	\$23M	\$28.3M	4.49%
2023	\$31.9M	\$4.6M	\$1.5M	\$25.3M	\$31.4M	1.58%
2024	\$34M	\$4.1M	\$1.5M	\$27.1M	\$32.7M	3.90%
2025*	\$31.6M	\$2.3M	\$1.6M	\$27M	\$30.9M	-

* 2025 forecast

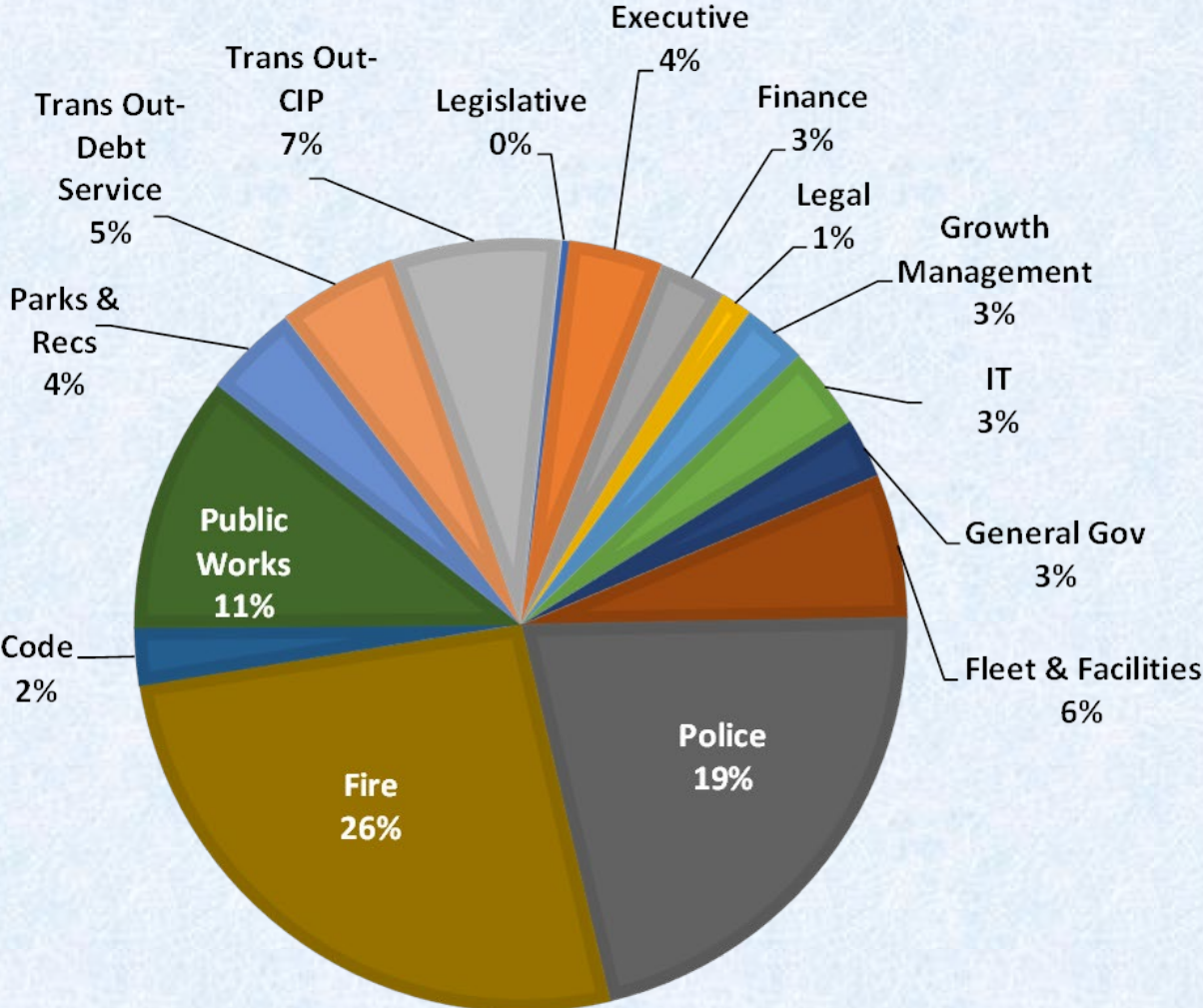
Key Take Aways:

- ❖ Increases in operating expenses, increases in debt service (FS50, VCP, Smokehouse Bridge, FD equipment leases)
- ❖ 2025 lowered CIP and reimbursement from utility
- ❖ County one cent sales tax from FY19-FY24 generated \$24M; no current capital revenue source

Understanding Expenses



FY25 GENERAL FUND EXPENDITURES



Increasing Expenses



Cost Escalation:

Operating

- Health insurance
- Property insurance
- Compensation
- FD/PD contract increases
- Service contract increase
- Fuel

Operating Capital

- Construction materials
- Vehicles

Cost Savings (FY23/FY24):

- ❖ Use of smaller/shared vehicles
- ❖ In-source vs. contracts (custodial/electrical)
- ❖ LED retrofit
- ❖ Eliminated PM position Facilities
- ❖ Training/Travel
- ❖ Over time



FY24 Fund Balance (unaudited)

• Year End Fund Balance (General Fund):	\$15,403,744
• Minus Emergency Reserves	- 6,653,227
• Minus payments owed from FEMA	- 4,578,492
<hr/>	
• Total Unrestricted Funds:	\$4,172,025
(often referred to as unassigned reserves)	

FY26 Expense Escalation



Expenditure Increase Estimates	General Fund
Wages (6% Police; 5% Fire; 3% General)	\$650,419
Retirement contributions	\$270,900
Health, Life, Dental (est. 15% increase)	\$423,890
Fuel (est. 10% increase)	\$28,405
Property/Liability insurance (est. 10% increase)	\$99,533
INCREASE IN GF EXPENSES FY26	\$1,473,147

FY26 Revenue Options



Revenue Estimates	General Fund
Increase in Ad Valorem Tax (at rollback)	\$304,701 (1.1862 mills)
Increase in Activity Based Revenue	0
Increase in Interest Revenue	0
Increase in Ad Valorem Tax (Level)	\$937,206 additional (1.2400)
Increase in Communications Tax	\$350,000 additional
Add LCEC franchise fee at 6%	\$3,059,652 new OR
Add LCEC franchise fee at 3%	\$1,529,827 new

Total additional revenue under status quo budget: \$304,701

Optional additional revenue: Between \$350,000 and \$4,346,858

- 312 cities levy either a utility tax, utility franchise fee, or both
- Collected by provider; provider remits to municipality
- LCEC customers: Cape Coral 3%; Everglades City 3%; Marco Island eliminated fee in 2009; Sanibel 3%; Lee County 4.5% (\$280 monthly bill x 3% = \$8 increase)



Increased Level of Service Costs

<u>Increased level of service recommendations:</u>	
Facilities est. additional maintenance costs (#1 priority area)	\$428,967
Public Works est. additional maintenance costs	\$261,000
4% wage adjustment based on FY25 salary study	\$300,795
INCREASE IN GF FY26 (optional/recommended)	\$990,762

“Must Do” Projects



Operating Capital:

- Repair fire alarm control panels (\$50k)
- Replace broken streetlights and poles (\$48k)
- Replace/repair lighting at Mackle Park (\$42k)
- HVAC preventative maintenance (\$37k)
- Repair PD Blue Light (\$35k)
- Racquet Center court maintenance (\$35k)
- Thor Guard upgrade (lightning signal) (\$34k)
- Mackle Park pavilion repair/replace (\$33k)
- Replace rusted benches/trash cans throughout City (\$28k)
- Repair city-owned sidewalks (\$25k)
- Maintenance on traffic and pedestrian signals (\$20k)
- Replace marine markers, pilings, lights, gauges (\$25k)
- Upgrade VCP electrical boxes (\$28k)
- Repair Winterberry batting cage (\$15k)
- Replace walkway paving at Leigh Plummer Park (\$12k)
- Replace generator radiator (\$7k)

Revenue Estimates	General Fund
Increase in Ad Valorem Tax (at rollback)	\$304,701
Increase in Activity Based Revenue	0
Increase in Interest Revenue	0
Increase in Ad Valorem Tax (Level)	\$937,206 additional
Increase in Communications Tax	\$350,000 additional
Add LCEC franchise fee at 6%	\$3,059,652 new OR
Add LCEC franchise fee at 3%	\$1,529,827 new
	\$2,771,734

Expenditure Increase Estimates	General Fund
Wages (6% Police; 5% Fire; 3% General)	\$650,419
Retirement contributions	\$270,900
Health, Life, Dental (est. 15% increase)	\$423,890
Fuel (est. 10% increase)	\$28,405
Property/Liability insurance (est. 10% increase)	\$99,533
INCREASE IN GF EXPENSES FY26	\$1,473,147
<u>Increased level of service recommendations:</u>	
Facilities est. additional maintenance costs (#1 priority area)	\$428,967
Public Works est. additional maintenance costs	\$261,000
4% wage adjustment based on FY25 salary study	\$300,795
TOTAL INCREASE IN GF EXPENSES FY26	\$2,463,909

Millage Options



1. Rollback Millage = \$304,701
2. Level Millage = \$1,241,907
3. Increase $\frac{1}{4}$ mill = \$4,510,854
4. Increase $\frac{1}{2}$ mill = \$9,021,709
5. Increase 1 mill = \$18,043,418

Other Revenue Options



- Storm Water Utility

403.0893 Stormwater funding; dedicated funds for stormwater management — In addition to any other funding mechanism legally available to local government to construct, operate, or maintain stormwater systems, a county or municipality may:

(1) Create one or more stormwater utilities and adopt stormwater utility fees sufficient to plan, construct, operate, and maintain stormwater management systems set out in the local program required pursuant to s. [403.0891\(3\)](#)

- “A Stormwater Utility is a dedicated funding mechanism to pay for a community’s stormwater management program. It is a legal entity that provides a method of generating the necessary capital to fund the Stormwater Management Program. The Stormwater Utility assesses a user fee based upon the property owner’s usage of the system. The fee is charged to properties within the service area.”

- Dedicated Capital Millage

- Can be earmarked for a specific purpose (i.e. road resurfacing or parks) or set aside in support of the overall Capital Improvement Plan
- Melbourne Example



City of Melbourne, Florida 2024-2025 Adopted Budget

Five Year Capital Improvement Project Schedule

Transportation Projects

Roadways - Pavement Management Plan

The Pavement Management Plan includes the annual resurfacing program as well as projects requiring full-depth reclamation and /or complete reconstruction. The City's target funding level is \$6.5M per year to maintain its roads in good condition.

FY2025 Pavement Management Plan Funding Breakdown:

	FY25	FY26	FY27	FY28	FY29
General Fund Dedicated Millage	2,000,000	2,500,000	3,000,000	3,500,000	4,000,000
General Fund	500,000	500,000	500,000	500,000	500,000
Local Option Gas Tax (LOGT)	1,250,000	1,000,000	1,000,000	1,000,000	1,000,000
LOGT Reserves	250,000	-	-	-	-
<i>Total</i>	4,000,000	4,000,000	4,500,000	5,000,000	5,500,000

2023 vs. 2024 tax bill (homestead)

Assessed Value	District	Mill Rate	Assessed Value	Exempt Amt	Taxable Value	Tax Amount
667,358	GENERAL FUND	3.2043	667,358	50,000	617,358	1,978.20
	WATER MANAGEMENT FUND-SOUTH	0.0948	667,358	50,000	617,358	58.53
	BIG CYPRESS BASIN	0.0978	667,358	50,000	617,358	60.38
Exemptions	SCHOOL BOARD - STATE LAW	2.0440	667,358	25,000	642,358	1,312.98
Additional Homestead	SCHOOL BOARD - LOCAL BOARD	2.2480	667,358	25,000	642,358	1,444.02
Homestead	COLLIER MOSQUITO CONTROL	0.1443	667,358	50,000	617,358	89.08
	C.C. WATER POLLUTION CTRL PGM	0.0263	667,358	50,000	617,358	16.24
	OPERATING CITY OF MARCO ISL	1.3137	667,358	50,000	617,358	811.02
	CONSERVATION COLLIER	0.2242	667,358	50,000	617,358	138.41
Millage Total		9.3974	Total Ad Valorem		\$5,908.86	

Assessed Value	District	Mill Rate	Assessed Value	Exempt Amt	Taxable Value	Tax Amount
687,379	GENERAL FUND	3.0107	687,379	50,000	637,379	1,918.96
	WATER MANAGEMENT FUND-SOUTH	0.0948	687,379	50,000	637,379	60.42
	BIG CYPRESS BASIN	0.0978	687,379	50,000	637,379	62.34
Exemptions	SCHOOL BOARD - STATE LAW	2.0820	687,379	25,000	662,379	1,379.07
Additional Homestead	SCHOOL BOARD - LOCAL BOARD	2.2312	687,379	25,000	662,379	1,477.90
Homestead	COLLIER MOSQUITO CONTROL	0.1349	687,379	50,000	637,379	85.98
	C.C. WATER POLLUTION CTRL PGM	0.0246	687,379	50,000	637,379	15.68
	OPERATING CITY OF MARCO ISL	1.2400	687,379	50,000	637,379	790.35
	CONSERVATION COLLIER	0.2096	687,379	50,000	637,379	133.59
Millage Total		9.1256	Total Ad Valorem		\$5,924.29	