

The seal of the City of Marco Island is the background for the text. It features a central yellow sun rising over a blue body of water, with a brown eagle with its wings spread in front of it. The sun is partially obscured by a rope-like border. Two palm trees are positioned on either side of the central elements. At the bottom, a yellow ribbon banner contains the text 'MARCO ISLAND' and 'City of' below it.

Budget Review Situational Awareness

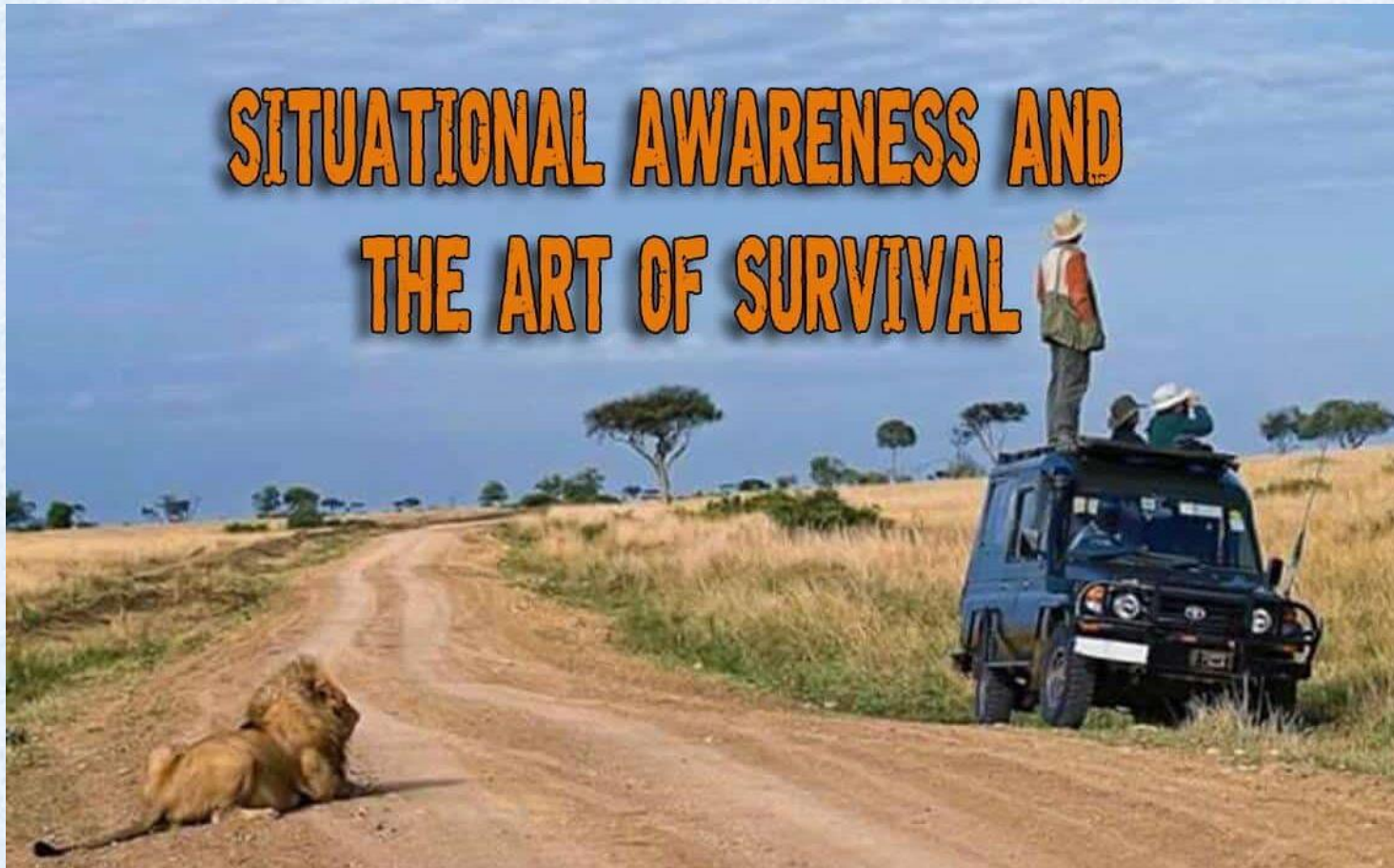
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May 20, 2024

Situational Awareness



Information → Analysis → Patterns → Situational awareness →
Informed Decision Making



BLUF: Bottom Line Up Front



1. Presentation will focus on both revenue and expenses
2. General Fund Only (W & S and Building Dept are Enterprise Funds)
 - 5-year review to identify trends
3. Council policy: FY25 balanced budget = expenses will not exceed revenue; achieve balanced budget at rollback millage
4. There will be CIP budget impacts from end of one-cent sales tax
5. Next steps for FY25 and future planning

Understanding our Revenue

- ❖ Rollback and the 1980 Truth in Millage Act
 - When setting property tax rates, local govt use as a starting point the tax rate that would bring in the same amount of tax revenue as the prior year. This is called the “rollback rate” (new construction is excluded)
 - Any increase over this rate is characterized as a tax increase which requires public notice
 - Residents receive notice by both City and Property Appraiser

Marco Island:

FY20 = 1.8057
FY21 = 1.7610
FY22 = 1.7088
FY23 = 1.4837
FY24 = 1.3137

Hideaway:

FY20 = 1.0000
FY21 = 1.0000
FY22 = 1.5000
FY23 = 1.5000
FY24 = 1.6000

NOTICE OF PROPOSED TAX INCREASE

The City of Marco Island, Florida has tentatively adopted a measure to increase its property tax levy.

Last year's property tax levy:

- A. Initially proposed tax levy.....\$21,601,357
- B. Less tax reductions due to Value Adjustment Board and other assessment changes.....\$35,351
- C. Actual property tax levy.....\$21,566,006

This year's proposed tax levy.....\$22,114,304

All concerned citizens are invited to attend a public hearing on the tax increase to be held on:

DATE: Monday, September 18, 2023

TIME: 5:30 p.m.

**PLACE: Community Meeting Room 51 Bald Eagle Drive
Marco Island, Florida 34145**

A FINAL DECISION on the proposed tax increase and the budget will be made at this hearing.

2023 TRIM Notice

SUMMARY OF YOUR PROPERTY VALUATION

Market Value	2022	2023
	764,690	866,903

If you feel that the market value of your property is inaccurate or does not reflect fair market value, or if you are entitled to an exemption or classification that is not reflected below, contact your county property appraiser at: **(239) 252-8141**

If the Property Appraiser's Office is unable to resolve the matter as to the market value, classification, or an exemption, you may file a petition for adjustment with the Value Adjustment Board. Petition forms are available from the County Property Appraiser and must be filed on or before: **5 PM SEPTEMBER 8 2023**

Taxing Authorities	Assessed Value		Exemptions		Taxable Value	
	Last Year	This Year	Last Year	This Year	Last Year	This Year
County	377,347	388,667	50,000	50,000	327,347	338,667
Public Schools	377,347	388,667	25,000	25,000	352,347	363,667
Municipality	377,347	388,667	50,000	50,000	327,347	338,667
South Florida Water Mgt District	377,347	388,667	50,000	50,000	327,347	338,667
Independent Special Districts	377,347	388,667	50,000	50,000	327,347	338,667

Assessment Reductions	Applies To	Amount
Save Our Homes Benefit	All Taxes	478,236
10% Non-Homestead Cap	Non-School Taxes	0
Agricultural Classification	All Taxes	0
Working Waterfront	All Taxes	0
Other	All Taxes	0

Exemptions	Applies To	Amount
First Homestead	All Taxes	25,000
Additional Homestead	Non-School Taxes	25,000
Limited Income Senior	County Taxes	0
Limited Income Senior	City Taxes	0
Blind, Widow, Disabled, Other	All Taxes	0

NOTICE OF PROPOSED AD VALOREM ASSESSMENTS

TAXING AUTHORITIES		COLUMN 1*	COLUMN 2*	COLUMN 3*	PUBLIC HEARING INFORMATION A public hearing on the proposed taxes And budget will be held on:					
ID	Name	Your Property Taxes Last Year	Last Year's Actual Tax Rate	Your Taxes This Year IF NO Budget Change Is Adopted	Your Tax Rate This Year IF NO Budget Change is Adopted	Your Taxes This Year if PROPOSED Budget is Adopted	This Year's PROPOSED Tax Rate	*Location Number	Date	Time
A	County: GENERAL FUND	\$1,258.26	3.8438	\$1,170.03	3.4548	\$1,301.77	3.8438	1	09/07/2023	05:05 PM
B	Public Schools: SCHOOL BOARD - STATE LAW SCHOOL BOARD - LOCAL BOARD	\$779.04 \$792.08	2.2110 2.2480	\$699.37 \$711.08	1.9231 1.9553	\$743.34 \$817.52	2.0440 2.2480	2 2	09/11/2023 09/11/2023	05:05 PM 05:05 PM
C	Municipality: OPERATING CITY OF MARCO ISL	\$485.68	1.4837	\$444.91	1.3137	\$444.91	1.3137	5	09/05/2023	05:30 PM
D	South Florida Water Mgt District: WATER MAN/BIG CYPRESS BASIN	\$63.04	0.1926	\$58.49	0.1727	\$65.23	0.1926	6	09/14/2023	05:15 PM
E	Independent Districts: COLLIER MOSQUITO CONTROL	\$52.67	0.1609	\$48.87	0.1443	\$48.87	0.1443	7	09/06/2023	05:01 PM

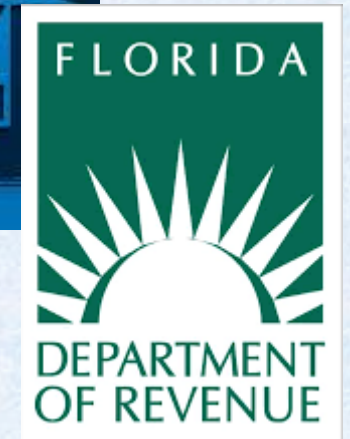
2022 vs. 2023 tax bill

Assessed Value	District	Mill Rate	Assessed Value	Exempt Amt	Taxable Value	Tax Amount
692,910	GENERAL FUND COLLIER COUNTY	3.5645	692,910	50,000	642,910	2,291.65
	WATER MANAGEMENT FUND-SOUTH	0.0948	692,910	50,000	642,910	60.95
	BIG CYPRESS BASIN	0.0978	692,910	50,000	642,910	62.88
Exemptions	SCHOOL BOARD - STATE LAW	2.2110	692,910	25,000	667,910	1,476.75
Additional Homestead	SCHOOL BOARD - LOCAL BOARD	2.2480	692,910	25,000	667,910	1,501.46
Homestead	COLLIER MOSQUITO CONTROL	0.1609	692,910	50,000	642,910	103.44
	C.C. WATER POLLUTION CTRL PGM	0.0293	692,910	50,000	642,910	18.84
	OPERATING CITY OF MARCO ISL	1.4837	692,910	50,000	642,910	953.89
	CONSERVATION COLLIER	0.2500	692,910	50,000	642,910	160.73
Millage Total		10.1400	Total Ad Valorem		\$6,630.59	

Assessed Value	District	Mill Rate	Assessed Value	Exempt Amt	Taxable Value	Tax Amount
713,697	GENERAL FUND	3.2043	713,697	50,000	663,697	2,126.68
	WATER MANAGEMENT FUND-SOUTH	0.0948	713,697	50,000	663,697	62.92
	BIG CYPRESS BASIN	0.0978	713,697	50,000	663,697	64.91
Exemptions	SCHOOL BOARD - STATE LAW	2.0440	713,697	25,000	688,697	1,407.70
Additional Homestead	SCHOOL BOARD - LOCAL BOARD	2.2480	713,697	25,000	688,697	1,548.19
Homestead	COLLIER MOSQUITO CONTROL	0.1443	713,697	50,000	663,697	95.77
	C.C. WATER POLLUTION CTRL PGM	0.0263	713,697	50,000	663,697	17.46
	OPERATING CITY OF MARCO ISL	1.3137	713,697	50,000	663,697	871.90
	CONSERVATION COLLIER	0.2242	713,697	50,000	663,697	148.80
Millage Total		9.3974	Total Ad Valorem		\$6,344.33	

Millage Across Florida

- 393 municipalities reported:
 - Average millage in FY23: 5.0303
 - Median millage in FY23: 5.3076
- 24 adopted rollback
- 7 lowered millage
- 54 increased millage
- 239 adopted same millage (neutral)
- 69 adopted millage between rollback and neutral
 - Sunny Isles Beach (pop. 22k) rollback: 1.7789; neutral: 2.0000; adopted: 1.9000
- Marco Island in bottom 5%; 17 cities have lower millage



Source: FL Dept of Revenue 2023 Compliance with Maximum Millage Calculation Report 12-12-2023

* Excludes municipalities levying less than 5 years

Understanding our Revenue



Year	Ad Valorem Revenue	Other General Fund Revenue
2020	\$18.8M	\$8.4M
2021	\$19.2M	\$10.1M
2022	\$19.5M	\$9.7M
2023	\$19.8M	\$11.8M
2024*	\$20.0M	\$9.0M

❖ Key Take Away:

- Biggest source of revenue is property taxes – and the one we can control. Other GF revenue includes state ½ cent sales tax, state revenue sharing, interest earnings

* 2024 budgeted numbers; budgeted 2.7M reserves to balance budget (fund portion of CIP)



Understanding Expenses

Year	Total GF Revenue	Transfer to CIP	Transfer to Debt Service	GF Operating Expenses	Total GF Expenses	Net change
2020	\$27.2M	\$6.1M	\$700k	\$21.5M	\$28.3M	-3.9%
2021	\$29.3M	\$8M	\$400k	\$22.6M	\$31M	-5.5%
2022	\$29.2M	\$4.4M	\$900k	\$22.9M	\$28.2M	3.5%
2023	\$31.6M	\$4.6M	\$1.5M	\$24.8M	\$30.9M	2.3%
2024*	\$29M	\$4.0M	\$1.5M	\$26.6M	\$32M	-9.3%

- ❖ Key Take Aways: Increases in operating expenses, increases in debt service, capital projects will continue without one-cent sales tax

* 2024 budgeted numbers; budgeted 2.7M reserves to balance budget (fund portion of CIP)

Understanding Expenses



Cost Escalation:

Operating

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

Operating Capital

- Construction materials
- Vehicles

Cost Savings:

- ❖ Training/Travel (FIN, GM, PW, IT, F&F)
- ❖ Police over time
- ❖ Reduced fleet by 7 vehicles
- ❖ In-source vs. contracts (custodial/electrical)
- ❖ Use of smaller vehicles
- ❖ LED retrofit

Understanding Reserves



Emergency Reserves (25%):

2020: \$5,365,241

2021: \$5,647,703

2022: \$5,722,122

2023: \$6,195,725

2024: \$6,653,227

Unassigned Reserves:

2020: \$6,996,240

2021: \$6,408,680

2022: \$7,658,111

2023: \$7,620,041

2024: \$7,404,645

Planning for FY25

Revenue & Expense Assumptions - General Fund FY25

Revenue Estimates

Increase in Ad Valorem Tax Revenue

165,008

Increase in Activity Based Tax Revenue

400,000

Increase in Interest Earnings

600,000

Projected increase in revenue:

1,165,008

General Fund

Planning for FY25

Expenditure Estimates

General Fund

Wages

859,025

• \$366,004 increase for Police at 10%, \$252,414 for Fire at 5%, and \$240,607 for General Fund Non-Bargaining Employees at 3%.

Retirement

282,560

• \$161,963 increase for Police at 10% w/ contribution at 5.8%, \$106,201 for Fire at 5%, and \$14,396 for General Fund Non-Bargaining Employees at 3%.

Health, Life, Dental Insurance

462,779

Anticipating 19.2% increase (this shows GF portion only)

Fuel Costs

28,845

Property & Liability Insurance

130,983

• Anticipating a 20% increase in renewals (GF only)

Projected increase in expenses:

1,764,191

Delta

-599,183

(does not include any new Capital or Operating expenses)



Next Steps:

Revenue:

1. Budget for realistic non-ad valorem revenue (interest rates will fluctuate, FEMA may not reimburse; State may reduce other revenue)
2. Plan for capital investments without one-cent sales tax revenue
3. Consider other available revenue sources
 - Utility service tax on electricity
 - 312 cities levy this tax; Naples 2.5% = \$3.3M
 - Authorized under FL Chp 166
 - Dept of Revenue notifies the public
 - Tax collected by seller; LCEC remits to municipality
 - Utility service tax on gas, fuel, propane



Next Steps:



Expenses:

1. Update the Capital Replacement Plans

- Annual contribution total is insufficient for increased costs
- Plan for 5-year infrastructure and technology needs
- Eliminate old/outdated items
- Re-evaluate vehicle replacement timelines

2. Establish criteria for new initiatives

- Repair or replace due to safety
- Include only items with “mission consistent” grant funding or impact fees





Summary:

Looking at past trends:

1. Expenses are higher than revenues (even if all services stay the same)
2. Residents have benefited from 7 years of tax decreases
3. Emergency reserves remain at appropriate level

Looking at future trends:

1. End of one cent sales tax = possible increased contribution to CIP
2. Existing debt and future debt impact GF operating budget
3. To balance future budgets; either consider new revenue or cut discretionary programs and limit new initiatives

Marco Island City Council 2024



Thank You!