



FY 2019 Budget Work Session
Community Room at Largo City Hall
July 13, 2018, 1:00 pm

AGENDA

1. Welcome and Opening Remarks – Woody Brown, Mayor & Henry Schubert, City Manager
2. FY 2018 Accomplishments Video
3. Introductions & Review Major FY 2019 Budget Highlights
4. Budget Presentations by Service Area – Executive Leadership Team
 - a) Internal Services: AD, FI, HR, IT, LEG, GO
 - b) Public Safety: FD, PD, CD
 - c) Community Services: CD, RPA, LI
 - d) Infrastructure: ENG, ES, PW
5. Proposed FY 2019 Financial Overview, Meridy Semones, OMB Manager & Will Payne, MA II
 - a) Overview of Major Funds
 - b) General Fund and Property Tax Rate Details
6. City Commission & Finance Advisory Board Discussion
7. City Commission Direction to FAB and Staff:
 - a) Expenditure and Revenue Areas of Focus for the FAB
 - b) City Commission Desired Budget Changes





City of Largo Agenda Item

Meeting Date
07/13/18

Presenter: Meridy Semones, OMB Manager

Department: AD – Administration

TITLE:

FY 2019 PROPOSED BUDGET REVIEW

Background and Overview

On July 1, 2018 the City Manager's FY 2019 Proposed Annual Budget was submitted to the City Commission. The Proposed Budget totals \$161,152,600 for all funds, of which \$78,291,900 is in the General Fund. The Proposed Budget includes maintaining the current tax rate, which under Florida law must be advertised as a 6.28% Property Tax increase (7.36% total property tax revenue increase). This increase will continue to fund quality services that residents and businesses expect, as well as a variety of strategic initiatives, while also working toward achieving fund balance goals.

Overview of FY 2019 Proposed Budget:

Net 8.31 FTE Change – Major Changes Below (all details available in the budget summary section):

- Minimum Mandatory Police/Fire Pension Contribution One-Time Reduction of \$215,000
- Addition of 3 Police Officer Positions
- Reorganization of the Office of Management and Budget to the Office of Performance and Budget (Net 1.00 FTE)
 - Creation of an Executive-Level Position Serving as the Director of Performance and Budget
 - Addition of a Contracts and Procurement Administrator
 - Refocusing Work Activities on Performance, Organizational Change, Process Improvement, and Data-Informed Decision-Making
- Reorganization of Human Resources to Enhance Internal Service Provision (Net 1.50 FTE)
 - Re-classification of Existing Positions to HR Generalist and HR Analyst Classifications
 - Addition of one Compensation and Classification Analyst
- Addition of a Solid Waste Supervisor to Manage the Recycling Program

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Budgeted Amount:	\$0.00	Budget Page No(s):	N/A	Available Amount:	\$0.00	Expenditure Amount:	\$0.00
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Additional Budgetary Information: The FY 2019 Proposed Budget information was calculated using June 1 Preliminary Property Values. Property Tax Revenue Information will be adjusted using July 1 Official Values for budget adoption.

Funding Source(s): N/A Sufficient Funds Available: Yes No Budget Amendment Required: Yes No Source: N/A

City Attorney Reviewed: Yes No N/A Advisory Board Recommendation: For Against N/A Consistent With: Yes No N/A Strategic Plan

Potential Motion/Direction Requested:
1) What revenue and expenditure areas would the City Commission like the FAB to provide input on?
2) Does the City Commission desire any changes to the Proposed Budget?

Staff Contact: Meridy Semones, OMB Manager x7600 msemones@largo.com

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Major Changes (Continued from Page 1):

- Partnership Between the Police and Community Development Departments and a Nonprofit Partner to Deliver Mental Health Navigator Services in the Community
- Citywide Technology Upgrades
 - Deployment of Smartphones for Field Staff
 - IT Infrastructure Security Improvements

Revenue Changes

- Continuation of the Millage rate at 5.7413; 6.28% tax increase as defined by state law; approximately \$1.78M additional property tax revenue in the General Fund due to a 7.46% property value increase, including new construction and annexations.
- 3% User Fee Increase in the Golf Course Fund
- 20% Revenue Increase (Rate Increase For Each Service May Vary) in the Solid Waste Fund
- Hurricane Irma FEMA Reimbursement Estimate, \$1.5M (All Funds); \$1 .3M (General Fund)

Main Objectives of the Budget Work Session

- Highlight Accomplishments During Past Year
- Provide Direction from the City Commission to the Finance Advisory Board Regarding:
 - Specific Expenditure Areas of Focus for Board Review and Input
 - Input Desired Regarding the Proposed Property Tax Revenue Changes / Tax Rate
- Receive changes from the City Commission for the August 14, 2018 Follow-up Work Session

Property Tax Rate

The economy continues to show signs of strength with property values continuing to increase, and development activity remaining at elevated levels throughout the City. Despite this growth, rebuilding fund balance and increasing service levels cannot be done with the natural growth in general revenues alone. Increasing property tax revenue is necessary to achieve these goals. As a result, the Proposed Budget includes a total \$1.78M or 7.36% Property Tax Revenue increase, which includes allowable growth for new construction and annexation. While revenue increases, the proposed property tax rate remains flat at the FY 2018 rate of 5.7413 mills (or Rolled Back Rate + 6.28%). This is possible due to a 7.46% increase in property values. This property tax revenue increase is part of a balanced approach to meeting the City Commission's and the community's goals for the future, and includes the following accomplishments:

- Making Progress Toward Achieving Initiatives and Goals outlined in the City's Strategic Plan
- Rebuilding Fund Balance in the General Fund to the established target of 20%

For FY 2017, the City Commission adopted the maximum millage rate allowable with a super majority vote. As a result, adoption of the FY 2019 Proposed Property Tax Rate, as well as all projected rates in excess of the rolled-back rate in the future will require a super majority vote of the City Commission. This is because once the maximum millage rate allowable with a simple majority vote is adopted or exceeded with a higher millage and a super-majority vote, all future millage rate calculations are constrained by the allowable growth in the Florida Per Capita Income Growth rate, which for FY 2019 is 1.47%.

At the July 17, 2018 Regular City Commission meeting, the City Commission will approve a rate to be advertised on TRIM notices. The City Manager is recommending that the current rate of 5.7413 mills be advertised as the maximum rate. The official July 1 property value estimated to be used for purposes of calculating property tax rates will be used for setting the TRIM rate. A complete analysis of different tax rate options and the impact of each on different types of properties will be provided at the July 17, 2018 meeting.

At the August 4, 2018 follow-up Work Session, two items will be provided to the City Commission to aid in developing final direction to staff prior to the first public hearing on the property tax rate and budget adoption on September 4, 2018: recommendations from the Finance Advisory Board's second budget meeting and reconciliation changes from the proposed budget and first budget Work Session.