



CITY OF BELLE ISLE, FLORIDA

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August 6, 2019

Honorable Mayor, Members of the City Council, and Citizens of Belle Isle:

I am pleased to submit the Fiscal Year 2019-20 Preliminary Operating and Capital Budget in accordance with the City Charter.

The objectives used in developing this budget were to submit a balanced budget to the City Council; to do the best job possible of maintaining current excellent levels of service to the community in the most equitable and efficient manner possible; and to be prudent in our revenue estimates while, at the same time, be cautiously optimistic overall. The City's management team has put together an operating and capital expenditure plan that addresses the City Council's priorities while fulfilling the service requirements of the people who live, work, and play in our community.

As presented, this represents a balanced budget for the upcoming fiscal year without raising property taxes. Although the Council may have wanted to consider raising the millage rate this year, the City is required to certify the taxable value and proposed millage rate to the County by August 4th of each year. This prevented the City from increasing the rate for this year; however the City can continue to discuss a rate increase for the FY20-21 year. This budget calls for new revenues in the form of franchise fees for electrical utility and solid waste collection. Collecting franchise fees and dedicating them to right-of-way maintenance will reduce the expenses in the General Fund. The City also expects to receive the remaining \$990,000 in reimbursements for expenses from FEMA for Hurricane Irma that is currently being held up by Florida DEM. The other way that we are reducing pressure on the General fund is to account for expenses in the fund in which they occur. Certain employees have 100% of their salary and benefits paid by the General Fund but they do work in other funds. By accounting for expenses in the correct fund, it gives a more accurate accounting of expenses in the fund. For example, The City Manager, Finance Director, and public works provide services to storm water and the charter school; however the amount of time they spend in these other areas is not expensed to that fund. This budget distributes those costs to the other funds based on a percentage of time spent in those funds.

Last year (FY2018-19), as in the years before, the City continued to play “catch up” with its infrastructure. We have repaired and replaced much needed infrastructure and equipment that was in very poor shape; we completed projects that will benefit the citizens for years to come; we continued to fund many one-time projects that should have been completed years ago; we provided for the safety and security of our residents; we increased the number of police officers and public works staff which has greatly enhanced public safety and allowed us to make necessary repairs to our infrastructure; we hired a part-time social media person which has allowed the City to communicate better with its residents; we started to live stream Council meetings and even though there have been some problems in live streaming, we will have the right equipment next year to provide better quality; and we have put policies and safeguards in place that will continue to make us fiscally sound for many years to come. All city employees need to be commended for the accomplishments that we have done this past year by providing the highest level of service to the community.

Flooding problems, sidewalk and street replacements, and maintenance at the charter school continue and will be the focus for this fiscal year. This past year, the City paved 2.5 miles of streets in District 5 and District 3. This included installation of raised crosswalks on Nela Avenue at City Hall and at Matchett Road which will help with pedestrian safety in these areas. The City completed stormwater projects at Lake Conway Shores and Wind Drift Road and completed rehabilitation of stormwater pipes at St. Moritz and Jade Circle. The HVAC project was completed at the charter school for both the middle and elementary school buildings. The City has completed fountain at the roundabout at Nela Avenue and Lake Drive, although the project took longer than expected to complete

This budget maintains the current level of service from FY18-19; however in a few areas the services will be enhanced. We will continue to increase the marine patrol to provide more visibility on the lakes and as we did this past year, we will continue to increase patrols on Hoffner Avenue. As part of this budget we will also be investing in the use of Red Light Cameras and License Plate Readers. The staff will also be continuing to look at:

- Annexation (mostly on the eastern edge of the City)
- Improved Storm Water Drainage (Gene Polk Park drainage and St. Partin)
- Traffic Calming and Ped Safety (Lighted crosswalks and red light cameras)
- City Parks (Replace deck at Swann Beach; develop Cross Lake Beach; repair Gene Polk Park)

The budget is balanced with revenue from ad valorem and non-ad valorem taxes (franchise fees, state shared tax receipts; solid waste collection fees; fees for stormwater management; reimbursements for law enforcement; development and review fees; and an appropriation from the GF fund balance).

As a quick overview, here is the preliminary budget for FY19-20 for all funds compared to the FY18-19 amended budget (minus reserves):

FUNDS	REVENUES		EXPENDITURES	
	FY 18/19 AMENDED	FY 19/20 PROPOSED	FY 18/19 AMENDED	FY 19/20 PROPOSED
General Fund	6,463,799	7,200,925	6,832,590	7,002,356
Transportation Impact Fee Fund	1,000	4,000	0	120,000
Stormwater Fund	362,950	371,000	500,200	635,588
LE Education Fund	2,500	2,500	8,200	8,200
Charter Debt Service Fund	1,148,500	1,148,500	1,377,224	1,228,568
Equipment Replacement Fund	27,000	62,000	0	10,000
Right Of Way Fund (New)	0	484,000	0	400,000
TOTALS	8,005,749	9,272,925	8,718,214	9,404,712

GENERAL FUND PRELIMINARY BUDGET

The General Fund provides 77% of the total operating budget for all governmental funds. The total preliminary General Fund budget is \$8,305,275, an increase of \$368,335 (4.64%) from the current year amended budget.

FINANCIAL OUTLOOK

General fund revenues will remain relatively flat for this next fiscal year. There should continue to be slight increases in Sales Tax, State Shared Revenues and Property Tax; building permit fees we expect will increase with the building of a new hotel and a significant expansion of another hotel; franchise fees, should the Council adopt collecting franchise fees will be transferred to a new restricted fund for the maintenance of City ROW. The City will also look at like services provided by other governments and try to partner with those entities for shared services or to share projects. The City staff will also research and compete for grant funding from state, federal and private sources. The City reestablished itself in MetroPlan Orlando and continues to strengthen its partnership with Orange County. Doing so will provide the City with additional resources to continue to provide necessary services to the community at lower costs.

The Stormwater Fund does not have the stability that is in the General Fund. The concern is that the revenues coming in to the Stormwater Fund just do not keep pace with the expenses in the fund. The reason is that the City is spending more to replace infrastructure than to maintain and repair it because no significant projects were done in the stormwater infrastructure in the past years. Corrugated metal pipes continue to collapse due to age or are in such a condition that we are “slip-lining” many of them. The City is still dealing with 2-3 collapses every year. This is better than it was but we still have a ways to go. The City raised the stormwater assessment by \$10/EDU last year, which has helped, but we still have a ways to go. The flooding at Lake Conway Shores and Wind Drift Road were resolved this past year; however, we still have major issues at St. Partin Place, Seminole Drive at Daetwyler, Nela Avenue, Hoffner Avenue, Barby Lane, and Homewood Drive. These problems have existed for

years but eventually they will be resolved. This past year, the City staff reviewed the non-ad valorem tax roll for storm water and discovered some developed properties were not being charged the storm water assessments. We found about 40 residences that we will be submitting to Orange County for collection of back non-ad valorem taxes. This is not a continuing revenue stream for storm water and the City Council should consider a 3-5 plan to incrementally increase the storm water rate until the infrastructure is repaired, replaced and being maintained properly. Due to other priorities, the staff was not able to present a multi-year plan, but will endeavor to do so this year.

HIGHLIGHTS OF THE PRELIMINARY BUDGET

The FY19-20 preliminary budget contains funding for on-going services to the community.

The following reflect some of the highlights and assumptions regarding the budget:

General Fund

- Millage to remain at 4.4018
- Increase in non-ad valorem tax for garbage; non-ad valorem remains at \$110/EDU
- Increase in Franchise Fees for Electric and Garbage for ROW Maintenance
- Increase in Fines with the additional of Red Light Cameras
- Budgeted amounts for the City's share of employee retirement cost are affected by:
 - City increase of 2.0% of Police employee retirement
 - City increase to 2.0% of non-uniform employee retirement
- Budgeted amount of 3% for all employees (City Manager will not receive 3%)
- A 8.7% increase in health insurance and 3.9% increase in dental insurance
- Reduction of Salaries and Benefits as they are accounted for in Stormwater Fund and Charter Debt Service Fund
- Total of \$602,000 transfer to Equipment Replacement Fund; ROW Fund (new) and Charter Debt Service Fund

Transportation Impact Fees

- Traffic Improvements - \$120,000

Stormwater Fund

- Stormwater Maintenance increase to \$70,000
- Salaries and Benefits included for work done in this fund

Charter School

- Receipt of \$150,000 from GF for CIP Plan
- Roof Repairs to Field House and Middle School and Replacement of the Field House HVAC

Capital Improvement Plan

- General Fund - Equipment
 - City Hall \$10,000 (Communications – New Server)
 - City Hall \$10,000 (Emergency Generator)
 - City Clock at Shopping Center \$15,000 (Repair Clock Face/Elevate)
 - Police Department \$8,000 (Communications - New Server)
 - Police Department \$10,000 (Communications – Radios)
 - Public Works \$15,000 (Holiday Decorations)
 - Public Works \$7,000 (Sidewalk Grinder)
 - Public Works \$10,000 (Mini-Excavator)

- General Fund – Projects
 - Park Improvements \$348,000 (Gene Polk Park washout, Swann Deck, Trimble Fountain, Cross Lake Purchase, Wallace Field Design)
 - Trentwood Chicane \$25,000
 - Nela Bridge Repair \$37,000

- Stormwater Fund – Projects
 - St. Partin Drainage \$150,000
 - Gene Polk Park Drainage \$200,000

- Charter School – Projects
 - Finish HVAC replacement \$300,000

- ROW Fund – Projects
 - Street Resurfacing & Curbing \$350,000
 - Sidewalk Replacement \$50,000

REVENUES

Taxes and Fees

Revenue projections are based on historical data and financial forecasts provided by City staff, Orange County Tax Department staff and the Florida League of Cities for state shared revenues.

Ad Valorem Taxes

The proposed property tax rate for FY2019-20 remains unchanged at \$4.4018 per one thousand dollars (\$1,000) of assessed value. The current year taxable value for property in Belle Isle is \$794,985,303 (8.7% increase). The total budgeted ad valorem revenue, \$3,324,398, is \$266,066 (8%) more than the current year’s budgeted tax receipts and is based on the total valuation of property for purposes of taxation, the general economic environment, and a collection rate of 95%. The impact of the economic climate on the real estate market has resulted in a continued modest increase in property values.

Non-Ad Valorem Taxes

Other major source of General Fund revenues are in the form of non-ad valorem taxes including garbage tax. Also considered non-ad valorem are the gas tax, utility tax (electric) permit fees, franchise fees, state shared revenues, charges for services (solid waste), fines, and other miscellaneous revenues. Combined, these revenues make up \$3,876,527 or 53.8% of the General Fund Revenues. This past fiscal year has been a continued cleaning up and catching up on delayed projects, extending deadlines for state requirements, and writing of internal policies and procedures that were not previously in place which cost the City time and money.

Fund Balance Appropriated

The City maintains an unappropriated fund balance of approximately 15%. There is a delicate balance between maintaining a healthy reserve and allocating the necessary funds to maintain systems; however a normal fund balance should range between 15-20% of the operating budget.

General Fund

The proposed General Fund budget is \$8,305,275, a 4.6% increase from the FY 2018-19 budget of \$7,936,940. The increase is mostly due to the increase in the non-ad valorem tax for franchise fees and transfers to other funds.

Other major sources of revenue are considered non ad valorem taxes and consist of State Revenue Sharing, Franchise Fees, Local option Gas Tax, and Utility service tax for Electricity, Permit and Special Assessments, grants, charges for services for solid waste, public safety, fines, and miscellaneous revenues.

The Chart below depicts the breakdown of various revenue types and compares FY2018-19 to the FY2019-20 budget (minus Reserves).

Revenue	FY 18/19 AMENDED	FY 19/20 PROPOSED
Ad Valorem Taxes	3,058,392	3,324,398
Local Option Taxes	235,000	232,000
Utility Service Taxes	154,000	154,300
Communications Services Taxes	212,777	196,884
Other General Taxes	12,000	12,000
Permits, Fees, and Special Assessments	136,650	139,400
Franchise Fees	25,000	484,000
Federal and State Grants (OCPS SRO)	56,250	0
State Shared Revenue	1,452,566	1,552,065
Charges for Services	616,668	650,000
Public Safety (CCA SRO)	63,750	66,378
Judgements, Fines, and Forfeits	17,721	368,000
Miscellaneous Revenue	92,015	21,500
TOTAL REVENUES	6,132,789	7,200,925

Stormwater Fund

Charges for Stormwater fees are assessed by the appraiser at Orange County in units and applied at \$110/unit. Even though the rate was increased, our storm water infrastructure still needs major repairs and replacement. It will be necessary to raise storm water fees next year.

Charter School Debt Service Fund

Revenue for this fund is derived from rent revenue received from Cornerstone Charter Academy and is based on the student enrollment count. This year, the count is anticipated to be 1,471. Each student is assessed \$700 which brings the total rent to \$997,500.

EXPENDITURES

General Fund

The General Fund is used to account for all expenditures that are not restricted to specific purposes or otherwise required to be accounted for in another fund. General fund dollars are used to support such City services as police, public works, as well as planning, and administrative support services. Services and programs currently budgeted have been maintained. In addition, funding is included for completion of the City-wide Traffic Circulation Study, continued updating and rewriting of the City Code of Ordinances, Land Development Codes, and Comprehensive Plan, and replacement of equipment in the Public Works Department.

Police

The Belle Isle Police Department promotes public safety through service, integrity and professionalism and in partnership with the community and other governmental agencies to:

- Prevent and deter crime
- Enhance the safety of the traveling public through education and enforcement
- Safeguard property and protect individual rights
- Improve the quality of life of those the department is entrusted to serve.

The department consists of nineteen full-time certified police officers who are dedicated to keeping the citizens of Belle Isle safe. The force is comprised of one Police Chief, one Deputy Chief, two Patrol Sergeants, one Detective Sergeant, two Corporals, twelve Patrol Officers (three of which are marine patrol), one School Resource Officer one Community Service Officer, and five Crossing Guards. The School Resource Officer is primarily funded by the Cornerstone Charter Academy.

Belle Isle police officers are on duty 24 hours per day, seven days a week, every day of the year. Officers participate in continuous training to maintain their law enforcement skills, Florida Department of Law Enforcement certifications and to ensure they are up to date on the ever-changing state, federal and local laws. The Belle Isle Police Department contracts with the Orange County Sheriff's Office Communications Division to provide dispatching services for our officers. Our

Department works closely with the all law enforcement agencies in Central Florida and has current Memorandums of Understanding (MOU) with all agencies in Orange County and the Florida Department of Law Enforcement.

Over the past few years, the department has undertaken additional responsibilities without increasing staff. Four Belle Isle patrol officers are also certified Marine Patrol Officers. They work part-time in partnership with the Orange County Sheriff's Office Marine Patrol Unit and the Florida Wildlife Commission to patrol the Conway Chain of Lakes and enhance the safety of all residents and visitors through education and enforcement. The Department participates in and/or sponsors numerous community events and safety campaigns including: Boater Safety Courses, Life Saver AED classes, Lake Conway lake cleanups, national traffic safety campaigns, annual DEA Drug Take Back Program, Senior Car Fit and Child Safety Car Seat services, Senior Watch Program, Vacation House Check services as well as providing security services for a variety of businesses and events throughout the year.

Expenditures in Police

Projected operating expenditures for the Belle Isle Police Department are \$32,868 more than current year budget. The City and County are still negotiating for the County to transfer another boat to the police for lake patrols.

Public Works Services

The Public Works Department ensures the health, safety and public welfare of the community by managing and maintaining infrastructure and coordination of the maintenance of other infrastructure in the City. Services also include maintaining streets, government facilities and public lands including the city's park and greenway system, performing safety inspections, and staffing public events. The Department consists of 3 employees: 1 public works manager, and 2 public works technicians. In partnership with other agencies and through contracts, services also include solid waste management including trash and recycling collection, tree debris and limb collection, street sweeping and streetlights.

Expenditures in Public Works

The proposed Public Works Dept. budget decreases \$177,625 primarily due to accounting for personnel expenses for working in this fund when in the past all personnel expenses were accounted for in the General Fund. Capital outlay for equipment includes purchase of a sidewalk grinder and mini-excavator which will reduce the dependence on contractors for small excavations. Orange County continues to provide the majority of street sweeping services to the City as part of the lake Conway Navigation Advisory Board budget.

Planning and Zoning

The City's Planner works with issues of public interest in Belle Isle and the surrounding area that relate to short term and long term land use, transportation, zoning, comprehensive plan, and environmental concerns. This is a contracted position. In addition, the Planner provides technical assistance to the City Manager, P & Z board, and the general public in matters relating to the physical and strategic growth of the City. The Planning Department is further involved in

the development, administration and enforcement of a wide variety of development ordinances (zoning, signage, subdivisions, watershed protection, floodplain prevention, etc.).

Expenditures in Planning and Zoning

As this is a contracted position, the proposed budget for this department remains the same. The contract for the Planner is \$5,000/month.

Other Departments in General Fund

Governing Board

These departments are budgeted approximately \$17,682 less than the current budget primarily due to the reduction in travel and per diem and the Strategic Planning Session that was directed by Council which was completed this fiscal year.

Administration

This department is budgeted approximately \$87,543 less than the current budget due to allocating for personnel expenses to the Storm Water Fund and Charter Debt Service Fund.

General Government

This department is budgeted approximately \$4,102 more than the current budget primarily due to the increase in the Fire Services payment. The City recently approved an agreement with Orange County Fire Service to continue with the same funding formula for the next 10 years.

Capital Expenditures

\$484,000 transfer of franchise fees to the new ROW Fund; and \$150,000 to go to the CCA CFP to pay back the funds borrowed for the purchase of Wallace Field.

General Fund Ending Fund Balance (Reserves)

It is projected that at the end of FY19/20 the City will have an unreserved ending fund balance of approximately \$1,302,919, subject to economic shifts during the year. This is approximately \$198,569 more than the current year.

STORMWATER FUND

Annual Operations

Belle Isle's Stormwater Fund consists of the equipment and projects necessary to maintain the City's stormwater systems. Personnel costs for this Fund are charged to this fund this year. All personnel costs were charged to the General Fund; however, it is estimated that 45% of all non-police personnel costs should be taken from this fund. Responding to an increase in the cost of stormwater maintenance and repairs, the City Council increased the stormwater rate by an additional \$10/EDU; however should consider another increase next year.

Expenditures

The proposed budget for this fund is \$787,876, an increase of \$101,637 from the current budget. Expenditures in capital outlay include a carryover of projects such as Gene Polk Park

(\$200,000) and St. Partin Place (\$150,000). Due to these long standing problems, it may be necessary to use reserves to complete them. This will reduce the Stormwater reserve to a low level; however, we expect the reserves over the next few years to increase because the major one-time projects should be completed. The repair and maintenance of stormwater is being increased by \$45,000.

OTHER FUNDS

TRANSPORTATION IMPACT FEE FUND

The Transportation Impact Fee Fund receives revenue from development as development puts a strain on existing levels of service. An impact fee is a form of user fee for raising capital for future outlay of the cost of expanding facilities demanded by new development. In order to determine the future needs, a traffic study was done city-wide to determine where the City will need to expand its infrastructure and roadways in the future.

LAW ENFORCEMENT EDUCATION FUND

The Law Enforcement Education fund receives revenue from traffic violations. The fund can only be used for Police officer training.

CHARTER SCHOOL DEBT SERVICE FUND

The Charter School Debt Service Fund pays for the debt on the Cornerstone Charter Property and for major equipment repair and replacement. Revenue is received based on student count. The City developed a capital facilities plan and restricted use of funds to that plan. The City also replaced the HVAC on the elementary and middle schools. The City will also transfer \$150,000 each year for the next 5 year to this fund to replace the funds used to purchase the Wallace Field. The City anticipates work on the Middle School Roof and the Field House this next year.

PERSONNEL & BENEFITS

No new positions are proposed. Three percent (3%) cost of living and a two percent (2%) increase in retirement are budgeted across all departments. The City's insurance carrier has advised that group medical insurance will increase by approximately 8.7% and dental insurance will increase by approximately 3.9% over this budget year.

CONCLUSION

This budget has been prepared in accordance with the provisions of the City Charter, Section 5.02. It includes details and explanations of proposed budget items as well as a line by line comparison of the proposed budget and current budget.

The City is very fortunate to have a healthy reserve in the General Fund; however that reserve came at the cost of delaying much needed infrastructure projects. That reserve is now reduced because the City Council realized that the City could no longer go without the much needed infrastructure repairs. With little commercial property in the City, the City has to rely on

residential property taxes to pay for these projects. Throughout the FY2019-20 year the staff will present additional revenue sources for Council to approve that will continue to strengthen our financial condition. A comprehensive evaluation of the areas must be made to insure that any annexation will be beneficial to the City and that the City will be able to provide the same services as residential properties, thus increasing our revenue with very little expense for waste removal, infrastructure improvements, fire and police protection and the like.

A copy of this budget has been filed with the City Clerk and is available for inspection at City Hall. Notice of submission of this budget and the public hearing will be provided to the media as required by law. A copy of this budget will be available on the City's website to facilitate its examination by our citizens. In closing, I would like to express my sincere thanks and appreciation to the Mayor and Council for their direction, to Finance Officer Tracey Richardson for her exceptional institutional and financial knowledge, and to the department heads for their efforts in preparing this budget.

Respectfully Submitted,

Bob Francis
City Manager