



CITY OF BELLE ISLE, FLORIDA

1600 Nela Avenue

Belle Isle, Florida 32809

(407) 851-7730 • FAX (407) 240-2222

www.cityofbelleislefl.org

September 4, 2018

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

I am pleased to submit the Fiscal Year 2018-19 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 and 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; however, there is a need to use General Fund reserves. This will reduce the General Fund Reserves to 25% of the operating budget. A GF Reserve is normally established as the amount it would take to continue to operate for a 90-day period. This is the lowest that the City will go in use of its GF reserve. The City is still in a "catch-up" mode to complete projects that have been neglected over time. Barring any serious weather, the City should be back to normal at the end of this next fiscal year.

Last year (FY2017-18) many projects were completed; however, some of the costs of those projects that were to be done in FY2017-18 were estimated too low and it was necessary to use reserves to complete those. Those projects were the resurfacing projects (estimate was at \$350,000 under the actual cost), storm water project (cost went from \$117,000 to \$396,000) sidewalk repair increased by \$30,000; a forensic audit was conducted for an additional \$35,000; a transportation master plan was done with a cost of \$75,000; new patrol boat was purchased for an additional \$25,000 when the Lake Conway Navigation Board did not fund 50% of the cost; additional \$127,000 was spend for public safety to control duck hunting on the lakes; an additional \$85,000 was spent to comply with the NPDES permit for storm water because the City delayed submitting the permit; \$19,000 for purchasing Cross Lake Beach, \$50,000 for new

fencing for Wallace Field, Perkins Ramp and Venetian ramp plus the expansion of the dock and new drive at Perkins ramp; and an additional \$290,000 for HVAC replacement at Cornerstone Charter Academy. Lastly, Hurricane Irma provided the City with the opportunity to test its emergency response and recovery procedures. Although the City is still being reimbursed by FEMA, the total reimbursement will be only 85% of what was spent. The total reimbursement we expect from FEMA is \$1.2 million as expenses were \$1.4 million. Hurricane Irma damaged already fragile infrastructure which should be repaired in FY2018-19.

All this adds up to a busy year for City staff. 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 funded many one-time projects that gives us a direction in which to go for future projects and spending of funds; we provided for the safety and security of our residents; we have also increased the number of police officers and public works staff which has greatly enhanced public safety and making necessary repairs to our infrastructure, as well as hiring a part-time social media person which has allowed the City to communicate better with its residents, especially now live streaming Council meetings; 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.

This budget maintains the current level of service from FY17-18; however in a few areas the services will be enhanced. We will increase the marine patrol to provide more visibility on the lakes.

On July 24, 2018, the City Council and staff held a budget workshop to establish goals determine priorities for the next budget year. These include:

- Annexation
- Improved Storm Water Drainage
- Traffic Calming
- Enforcement on the Lake

Although the Council listed specific projects for FY2017-18, these are not considered goals, but specific projects that will be addressed in departmental and fund categories later in this message.

The proposed combined annual operating budget of \$11,392,686 is \$534,553 more than the current budget of \$10,510,333, an increase of about 8%. 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 General Fund fund balance),

As a quick overview, here is the preliminary budget for FY18-19 for all funds compared to the FY17-18 amended budget (minus reserves):

FUNDS	REVENUES		EXPENDITURES	
	FY 17/18 AMENDED	FY 18/19 PROPOSED	FY 17/18 AMENDED	FY 18/19 PROPOSED
General Fund	5,563,375	6,046,603	6,230,268	6,537,375
Transportation Impact Fee Fund	10,150	1,000	50,000	0
Stormwater Fund	389,353	362,950	720,750	500,200
LE Education Fund	4,200	2,500	6,200	8,200
Charter Debt Service Fund	1,001,000	998,500	1,130,425	1,285,425
Equipment Replacement Fund	0	27,000	0	27,000
TOTALS	6,968,078	7,438,553	7,673,144	8,358,200

GENERAL FUND PRELIMINARY BUDGET

The General Fund provides 65.5% of the total operating budget for all governmental funds. The total preliminary General Fund budget is \$8,125,806, an increase of \$667,422 (8.9%) from the current year amended budget.

FINANCIAL OUTLOOK

In the General Fund, as a result of the continued improvement in the economy, most revenue sources are projected to continue to increase. Although the City experienced increases in Sales Tax, Property Tax, Franchise Fees and Building Permit Fees revenue last year and expects those to continue in FY18-19, these increases still are not enough to keep pace with expenses. During this next year, the City Manager and Finance Director will examine possible revenue generators to present to the City Council for review and approval. The City will also look at like services provided by other governments and try to partner with those entities for shared services. The City staff will also research and compete for grant funding from state, federal and private sources. Doing so will continue to stabilize the City's budget, provide necessary services to the community and work towards re-building reserves.

The City remains careful about its cash position; however, it is not sensible to have a large cash reserve while the infrastructure is failing and getting worse by the day. We still have street flooding, potholes, traffic problems, deteriorating stormwater lines, and outdated equipment, all of which, it was shown this past year that it costs more to replace than if it was done a few years before.

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 simply that no significant projects were done in the stormwater infrastructure in the past years. The only project of note is the stormwater line and baffle boxes that were installed at the prior City Manager's house. The corrugated metal pipes that make up the majority of the system are rusted and collapsing. The City is not averaging a pipe collapse

every 2-3 months. The flooding at Lake Conway Shores, Wind Drift Road, St. Partin Place, Seminole Drive at Daetwyler, Nela Avenue, Hoffner Avenue, Barby Lane, and Homewood Drive have existed for years without taking steps to resolve the problems. We've had pipe collapses this past year on Orange Knoll Dr., Dorian Ave., Ponceau Ave., St. Moritz, Cullen Lake Shore Dr., and Honeysuckle Lane. Even while we are working at Lake Conway Shores on Jade Circle, we recently discovered two collapsed pipes entering the catch basin. Last year, we corrected the pipes at Swann Beach (photo). This just didn't happen overnight.



This year, we raised the Stormwater fee from \$100 per residence to \$110. This is not enough. This past year, we had the City Engineers do another assessment on the system outfalls and many of those will have to be repaired over the next few years, like Swann (before and after).



During this next year, the staff will present a stormwater plan with costs for the Council to review and adopt.

HIGHLIGHTS OF THE PRELIMINARY BUDGET

The FY18-19 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 storm water and garbage
- Increase in SRO grant for extra SRO
- Budgeted amounts for the City's share of employee retirement cost are affected by:
 - City increase of 2.5% of Police employee retirement

- City increase to 2.5% of non-uniform employee retirement
- Budgeted amount of 5% (3% merit; 2% COLA) for all employees
- A 5% increase in health insurance
- Reduction of Engineering Fees by \$40,000
- Increase in Fire Services by \$91,000
- Addition of following personnel:
 - School Resource Officer (this year only to man Pine Castle Elementary full time)
 - 2 Marine Patrol Officers
- Increase in Solid Waste Collection of \$151,000 (offset by increase in Non-AV)
- Landscaping and Urban Forestry expenses moved from General Government to Public Works (Administrative change – No budget impact)
- Repairs & Maintenance split out under Public Works (Administrative change – No budget impact)
- \$150,000 transfer to CCA Repair Fund
- Total of \$27,000 transfer to new Equipment Replacement Fund

Transportation Impact Fees

- No Expenditures programmed

Stormwater Fund

- Engineering fees increase to \$50,000 for various projects
- Stormwater Maintenance decrease to \$25,000

Charter School

- Receipt of \$150,000 from GF for CIP Plan
- \$300,000 for HVAC replacement at Middle School and Elementary School (part of overall \$668,000 cost in current year)

Capital Improvement Plan

- General Fund - Equipment
 - City Hall \$ 7,500 (Communications)
 - Police Vehicles \$64,000* (2 vehicles)
 - Cameras and Radar Trailer \$19,000
 - Public Works Bobcat \$50,000*

*denotes option to lease
- General Fund – Projects
 - Park Improvements \$25,000
 - Street Resurfacing & Curbing \$400,000
 - Additional Street Lighting \$15,000
 - Sidewalk Replacement \$20,000

- Trentwood Chicane \$25,000
- Stormwater Fund – Projects
 - Nela Ave. Drainage \$125,000
 - Wind Drift Drainage \$100,000
 - Complete Lake Conway Shores \$220,000
- Charter School – Projects
 - Finish HVAC replacement \$300,000

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 FY2108-19 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 \$731,373,629. The total budgeted ad valorem revenue, \$3,058,392 is \$96,726 (6.9%) 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. I am pleased to report the proposed millage rate for FY2018-19 will be 4.4018, the same rate as it was for the past 8 years.

Non-Ad Valorem Taxes

Other major source of General Fund revenues are in the form of non-ad valorem taxes including garbage tax which was increased to \$235. 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 \$2,979,411 or 49.3% of the General Fund Revenues. Although the Police Department has done an outstanding job applying for, and receiving, grant funding, the City, as a whole, will do more in the next budget year to find, apply for, and hopefully receive grant funding. 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 26%. 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. Through a set of fiscal policies that will be developed this year by staff and adopted by the City Council, this next budget year, we will achieve this balance.

General Fund

The proposed General Fund budget is \$8,125,806, an 8.9% increase from the FY 2017-18 budget of \$7,458,384. The increase is mostly due to the increase in the non-ad valorem tax for garbage and FEMA reimbursements. To provide better service to residents, the City Manager is proposing three new employees: a full-time School Resource Officer in the Police Department in response to the Marjorie Stoneham Law (this year only as Pine Castle will close next year) and two Marine Patrol Officers to assist in parking violations at boat ramps and to be stationed on the lake.

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 FY2017-18 to the FY2018-19 budget (minus Reserves).

Revenue	FY 17/18 AMENDED	FY 18/19 PROPOSED
Ad Valorem Taxes	2,861,666	3,058,392
Local Option Taxes	229,507	235,000
Utility Service Taxes	135,000	154,000
Communications Services Taxes	0	212,777
Other General Taxes	12,000	224,777
Permits, Fees, and Special Assessments	128,650	136,650
Franchise Fees (Comm. Svcs. Removed)	250,257	25,000
Federal and State Grants (OCPS SRO)	33,020	42,500
State Shared Revenue	1,375,555	1,452,566
Charges for Services	468,920	616,668
Public Safety (CCA SRO)	41,000	63,750
Judgements, Fines, and Forfeits	13,000	16,000
Miscellaneous Revenue	14,800	21,300
TOTAL REVENUES	5,563,375	6,046,603

Stormwater Fund

Charges for Stormwater fees are assessed by the appraiser at Orange County in units and applied at \$100/unit. This rate was increased from \$48 to \$100 in July 2015. Even though the rate was increase to more than double the previous rate, our storm water infrastructure still needs major repairs and replacement. It was necessary to raise storm water fees this year by \$10, which, as explained above, is not enough to take care of the repairs.

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 1,425 as compared to the count received last year of 1,430. 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 seventeen full-time certified police officers and 3 part-time 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, thirteen Patrol Officers (three of which are marine patrol), two School Resource Officers and five Crossing Guards. The School Resource Officers are primarily funded by the Cornerstone Charter Academy and the Orange County Public School Board as the officer also provides services for Pine Castle Pershing Elementary. Next year when Pine Castel closes, this position will no longer be necessary.

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 \$193,700 more than current year budget (10.8% increase) in part to provide another School Resource Officer and 2 additional Marine Patrol Officers for additional safety on the lake. The City and County are also 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 \$65,875 (6.25%) primarily due to a reduction in the resurfacing project this year. Capital outlay for equipment includes purchase of a bobcat with accessories to reduce the dependence on contractors for small excavations. The City has recently signed an agreement with Orange County so Orange County will now do most of the street sweeping for the City.

Planning and Zoning

The City's 1-person Planning Department 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 \$30,100 (31%) less than the current budget primarily due to the reduction in travel and per diem and the Forensic Audit that was directed by Council will be completed by the end of this fiscal year.

Administration

This department is budgeted approximately \$3,000 (.5%) more than the current budget.

General Government

This department is budgeted approximately \$77,515 (3.1%) 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

Capital expenditures are budgeted reflecting a decrease of approximately \$400,000 which is due largely to the underestimated cost of paving for this current year. This budget also accounts for \$27,000 being transferred to a newly established Capital Equipment Replacement 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 FY18-19 the City will have an unreserved ending fund balance of approximately \$2,079,203, subject to economic shifts during the year. This is approximately \$184,200 more than the current year due to FEMA Reimbursements.

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 not charged to this fund. All personnel costs are charged to the General Fund; however, it is estimated that 45% of all non-police personnel costs should be taken from this fund. In the next budget year, a plan for accounting for these costs from both funds will be developed and presented to the Council. Responding to an increase in the cost of stormwater maintenance and repairs, the City Council increased the stormwater rate by an additional \$10/EDU.

Expenditures

The proposed budget for this fund is \$580,200, a decrease of \$140,550 (24%) from the current budget. Expenditures in capital outlay include a carryover of projects such as Gene Polk Park (\$180,000), drainage projects at Nela Ave. (\$125,000) and Wind Drift (\$100,000). If additional funding is received, the City will also complete Seminole Dr. (\$75,000) and St. Partin Place (\$150,000). If not, these projects will be carried over to FY19-20. Due to these long standing problems, it was 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 decreased by \$100,000 due to the work done last year.

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 must be 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 first payment of this will be for the line of credit used to as part of the funding to replace the HVAC. The City anticipates finishing the HVAC project started in FY2018-19 (\$300,000).

PERSONNEL & BENEFITS

Three new positions are proposed. Three percent (3%) cost of living and a two percent (2%) performance based salary increases are budgeted across all departments. The performance based increase is partly due to the exceptional work done by all employees during and after Hurricane Irma. The City's insurance carrier has advised that group medical insurance will increase by approximately 3% over this budget year. Contribution to retirement increased 2.5% for uniform personnel and 2.5% for non-uniform personnel.

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 FY2018-19 year the staff will present additional revenue sources for Council to approve that will continue to strengthen our financial condition. The City Manager and Finance Director will also explore additional grant funding for one-time projects and equipment listed in the CIP. 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 vast institutional and financial knowledge, and to the department heads for their efforts in preparing this budget.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "Bob Francis", is written over a horizontal line.

Bob Francis
City Manager