



CITY OF BELLE ISLE, FLORIDA

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August 4, 2020

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

I am pleased to submit the Fiscal Year 2020-2021 Preliminary Operating and Capital Budget in accordance with the City Charter.

We are in unprecedented times. It is important to note the FY20-21 proposed budget includes financial impacts as a result of the COVID-19 Pandemic. In fact, it is likely we will not know the financial impact of COVID-19 in time to alter the budget prior to the legally required deadline of September 30, 2020. We will also keep a close eye on the how resources from the Federal CARES Act legislation impacts the State of Florida and Orange County.

Notable Financial Assumptions:

- submit a balanced budget to the City Council
- maintaining current excellent levels of service to the community
- salaries are frozen for this year despite the passage of the Police Pay Plan
- hiring in new or vacant positions will not occur unless it will impact service delivery
- proposed revenues across all funds increase 1.5% from FY19-20 amended budget
- proposed expenditures across all funds decrease 8.6% from FY19-20 amended budget
- proposed revenues will exceed proposed expenditures by approximately \$600,000 across all funds
- funding for the Bank of America purchase will be included in this budget prior to adoption

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. This prevented the City from increasing the rate for this year; however the City can continue to discuss a millage increase for the FY21-22 year.

At the mid-point in the FY19-20 budget, the Council created a Budget Committee. This Committee, made up of citizens from each of the City's seven voting districts, is responsible to

review and make recommendations on the annual operating budget as proposed by the city manager; to review and make recommendations on annual capital expenditures as proposed by the city manager; to review and make recommendations on supplemental appropriations and expenditures and other budgetary action whenever proposed by the city manager; to review any audit reports submitted on behalf of any auditor for the City as such report(s) become available and to review revenue and expenditure reports periodically as may be amended from time to time.

The Committee had three workshops to discuss the FY20-21 budget. At the final workshop held on July 24, 2020, the Committee recommended approval of the FY20-21 Budget to the City Council.

This budget calls for no new revenues but as part of the Committee's recommendation, the 3% utility tax for the electric utility will be dropped and in its place, the Committee recommended a 3% franchise fee for electrical utility. The City will continue to account for expenses in the fund in which they occur. The FY19-20 budget was the first year that the City accounted for employee expenses in the fund where they occur which provides a more accurate accounting of expenses in the fund. For example, the City Manager, Finance Director, and Public Works provide services to stormwater and the charter school, and this budget distributes those costs to the other funds based on a percentage of time spent in those funds.

The City continues to look at repairing and replacing its aging infrastructure especially in the stormwater infrastructure. We continue to repair and replace 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. Last year, the Budget Committee and the Council approved a Stormwater Capital Improvement Program (CIP) that prioritizes what stormwater systems require repair or replacement based on the assessments made by the City Engineer. Associated with this CIP is a \$10 increase to the City's stormwater non-ad valorem assessment for FY20-21 and an additional \$5 per year increase for the next 5 years. 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, renovating the Bank of America property, annexation, and continuing to work with Cornerstone Charter Academy will be the focus for this fiscal year. The City has identified many places in the City where flooding continues due to inoperable grass swales or corroding pipes. This next year, the City public works will focus on reconditioning the grass swales and replacing pipes. The City will look to install Rectangular Rapid Flashing Beacons (RRFB) on Hoffner Avenue this year in the vicinity of Monet Avenue and Pleasure Island Road. The Monet RRFB is already approved by Orange County and we should have approval of the RRFB at Pleasure Island Road within this budget year.

This budget maintains the current level of service from FY19-20. Due to the continuing effects of the pandemic on the state and county, the City is not planning any large construction projects this year. We are concentrating our resources on maintaining our current level of

service, safety of our employees, and completing some smaller projects that may have been delayed from last year.

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; and development and review fees.

As a quick overview, here is the preliminary budget for FY20-21 for all funds compared to the FY19-20 amended budget (minus reserves):

FUNDS	REVENUES		EXPENDITURES	
	FY 19/20 AMENDED	FY 20/21 PROPOSED	FY 19/20 AMENDED	FY 20/21 PROPOSED
General Fund	6,546,826	6,731,045	6,541,367	6,226,062
Transportation Impact Fee Fund	2,300	5,300	60,000	35,000
Stormwater Fund	488,097	413,971	452,956	397,910
LE Education Fund	3,800	3,800	8,200	6,200
Charter Debt Service Fund	1,044,682	1,050,141	1,249,702	941,227
Equipment Replacement Fund	0	0	9,977	0
TOTALS	8,085,705	8,204,257	8,322,202	7,606,399

GENERAL FUND PRELIMINARY BUDGET

The General Fund provides approximately 84% of the total operating budget for all governmental funds. The total preliminary General Fund budget is \$9,107,527, an increase of \$189,678 (2%) from the FY19-20 amended budget.

FINANCIAL OUTLOOK

The City does not have many funds. The two main funds are the General Fund and the Stormwater Fund. General Fund revenues will decrease from the original FY19-20 budget. This is mostly due to a decrease in State Shared Revenues and sales tax due to the pandemic. We are not expecting these revenues to rebound at least in the first half of the fiscal year. We still expect that property values will increase, therefore increasing the Ad Valorem (property tax) by approximately 6% even though there is no millage rate increase again this year.

As stated above, the Council, on a recommendation from the Budget Committee, rescinded the Electrical Utility Tax of 3% and replaced it with an Electrical Franchise Fee of 3%. Although it appears that total “other taxes” decreased by 28%, the total Licenses and Permits increased by approximately 64%. Building permit fees are less in FY20-21 due to the building of a new hotel in FY19-20, but we expect to see an expansion of another hotel. The City approved a 3% increase for the solid waste and recycling company which is a contractual increase. Therefore, the residential rate will go from \$20.47 (\$245.64 annually) to \$21.07 (\$252.84 annually). There was a delay in getting the red light cameras installed in FY19-20, therefore we look at having them going at the beginning of this fiscal year. 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, but with the adoption of the CIP, this fund, over the next few years will become more stable. Charges for services will increase by 20%. The City continues to repair and replace stormwater infrastructure to reduce or correct areas that flood during periods of high rain. The City is making progress in this area but we still have 3-5 years of repairs to get ahead of the problem.

HIGHLIGHTS OF THE PRELIMINARY BUDGET

The FY20-21 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 assessments, garbage will increase to \$252.84 and stormwater to \$120/EDU
- Establish 3% Franchise Fees for Electric
- Rescind 3% Electric Utility Tax
- Increase in Fines with the addition of Red Light Cameras
- All employee salaries and benefits are “frozen” until further notice
- Reduction of Salaries and Benefits as they are accounted for in Stormwater Fund and Charter Debt Service Fund
- No transfers to Equipment Replacement Fund and Charter Debt Service Fund
- Debt for the purchase of the BoA property is not included

Transportation Impact Fees

- Traffic Improvements - \$35,000 for RRFB on Hoffner Ave.

Stormwater Fund

- Revenues increase \$67,700 due to \$10/EDU increase approved in CIP
- Stormwater CIP has four small longstanding projects
- Salaries and Benefits included for work done in this fund

Charter School

- Eliminate \$150,000 transfer from General Fund
- Roof Repairs to Field House

Capital Improvement Plan

- General Fund - Equipment
 - Police Department \$100,000 (New Vehicles)

- Police Department \$50,000 (New Boat)
- Public Works \$10,000 (Mini-Excavator)
- General Fund – Projects
 - Paving \$200,000 (Finish District 3 area)
 - Sidewalks \$25,000 (Various city-wide locations)
 - Cross Lake Park improvements \$15,000
- Stormwater Fund – Projects
 - St. Partin Drainage \$11,905 (6504 St. Partin pipe under street)
 - Seminole/Daetwyler \$20,000 (construct flumes)
 - Lake Conway Shores/Jade Circle \$65,000 (swales)
 - Trimble Park \$13,695 (conveyance)
- Charter School – Projects
 - Field House Roof \$114,000

REVENUES

Taxes and Fees

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

Ad Valorem Taxes

The proposed property tax rate for FY20-21 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 \$842,860,574 (6% increase from \$794,985,303). The total budgeted ad valorem revenue, \$3,524,598 increased \$200,200 (6%) from last year (\$3,324,398). The current year's budgeted tax receipts 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, even with a pandemic.

Non-Ad Valorem Taxes

Other major source of General Fund revenues are in the form of non-ad valorem taxes including garbage. 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 \$3,206,447 or 48% of the General Fund Revenues.

Fund Balance Appropriated

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. We expect that this budget will end the year with a fund balance in the general fund of \$2,881,465, which is 46% of the total general fund expenditures.

General Fund

The proposed General Fund budget is \$9,107,527, a 2% increase from the FY19-20 amended budget of \$8,917,849. The increase is mostly due to the increase in the ending fund balance of \$504,983 (revenues over expenses).

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, 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 FY2019-20 to the FY2020-21 budget (minus reserves).

Revenue	FY 19/20 AMENDED	FY 20/21 PROPOSED
Ad Valorem Taxes	3,324,398	3,524,598
Other Taxes	584,684	418,000
Licenses and Permits	254,400	418,000
Intergovernmental	1,498,229	1,283,460
Charges for Services	647,472	671,486
Fines and Forfeitures	115,000	382,500
Miscellaneous Revenue	122,643	33,000
TOTAL REVENUES	6,546,826	6,731,045

Stormwater Fund

Charges for Stormwater fees are assessed by the appraiser at Orange County in units and applied at \$120/unit. Even though the rate was increased, our stormwater infrastructure still needs major repairs and replacement. It will be necessary to raise stormwater 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 1,486. Each student is assessed \$700 which brings the total rent to \$1,040,141.

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 a new work order system and also for a financial “dashboard” information center that is on the City’s website under the finance department page, 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. Total General Fund expenditures are \$315,305 (5%) below the amended FY19-20 budget.

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, one Administrative Assistant 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 \$174,908 below the FY19-20 amended budget. Most of the reduction is due to a freeze for the one vacant officer position and less capital purchases.

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 decreased by \$146,038 from the amended FY19-20 budget primarily due to the major construction at Gene Polk Park being completed and the purchase of capital equipment. Capital outlay for equipment is for the purchase of a 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. Capital projects scheduled for this year are to mill and pave certain streets in District 3 that were not done two years ago and improvements to Cross Lake Park.

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 \$6,250/month which includes assisting the City with annexation reports and procedures.

Other Departments in General Fund **Governing Board**

These departments are budgeted approximately \$3,500 less than the current budget primarily due to the reduction in travel and per diem and the cost of the annual audit.

Administration

This department is budgeted approximately \$37,655 less than the current budget due to the elimination of the Social Media position and not budgeting capital equipment.

General Government

This department is budgeted approximately \$41,799 more than the current budget primarily due to the increase in the Fire Services payment (increase of \$95,580). The City recently contacted Orange County to see if the payment for this year could remain the same but the City was told that it would not stay the same.

General Fund Ending Fund Balance (Reserves)

It is projected that at the end of FY20-21 the City will have an unrestricted ending fund balance of approximately \$2,881,465, subject to economic shifts during the year. This is approximately \$500,000 more than the amended FY19-20 budget.

STORMWATER FUND

Annual Operations

Belle Isle's Stormwater Fund consists of the equipment and projects necessary to maintain the City's stormwater systems. 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 \$473,239, a decrease of \$38,985 from the current budget. The City is having issues with the drainage swales that will be looked at this year with in-house forces. The projects scheduled for this year are listed above; however if any emergencies arise, then these projects may be delayed as funding will be used for the emergency. The fund's reserve is still at a low level; however, we expect the reserves over the next few years to increase because the major one-time projects should be completed.

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 anticipates work on the Field House roof this year with a cost of \$114,000.

PERSONNEL & BENEFITS

Although the Budget Committee and Council approved a new Police Pay Plan to start at the beginning of this fiscal year, the City Manager froze all salaries and benefits for all employees and there will be no new hires this year. The only hiring will be to replace employees who leave during the year. There is additional reserve in the General Fund if the Council feels that the employees should see an increase; however in this economic and job climate due to COVID-19, this may not be prudent. If the economy increases and revenues come in more than anticipated, the Council could review the salary plan at the mid-year point and decide if increases are warranted.

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.

I would like to thank the Council for all of your efforts in this unprecedented year of change. Your commitment to our employees has been exceptional and the response of the community as a whole to the COVID-19 pandemic has been truly amazing.

The City is very fortunate to have a healthy reserve in the General Fund. Over the past few years, we used reserve for needed projects but we have rebuilt it to a good level. With little commercial property in the City, the City has to rely on residential property taxes to pay for these projects. Throughout the FY20-21 year the staff will present additional revenue sources to the Budget Committee for their review and recommendation to Council. One such revenue is additional road impact fees for commercial development and for residential development we will look at adding impact fees for Police, Fire and Parks.

In closing, I want to thank a great city team (administrative staff, Police and Public Works) for all the hard work during this pandemic to keep the City safe and operating.

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 and Budget Committee members for their input, to Finance Director Tracey Richardson for her exceptional institutional and financial knowledge, and to the department heads for their efforts in preparing this budget. I realize it may be disheartening to spend as much time and effort in developing the budget only to see we are likely to be making other reductions throughout the year due to the economic impacts of COVID-19 but we will get through this together.

Respectfully Submitted,

Bob Francis
City Manager