



155 F Road Loxahatchee Groves, FL 33470

TO: Finance Advisory and Audit Committee of Town of Loxahatchee Groves
FROM: Jeff Kurtz, Project Coordinator
DATE: June 25, 2024
SUBJECT: FY25 Budget Update

Background:

The Town Staff is working on the FY25 budget and the tentative line-item budget is still under review and not ready for public presentation. Among the significant drivers of the budget is the Capital Improvement Plan and the current draft of the FY25 CIP is attached and will be discussed at the June 25th meeting. The Town Manager has been out of the office due to illness most of the last two weeks and therefore has been unable to review the overview of our current budgetary issues that, I am presenting below, so the observations should not be viewed as absolutely as those that are made by her, after she has had full opportunity to review staff's work.

GENERAL FUND - 001

The amended general fund revenue budget for FY24 was \$ 3,724,509 without the use of reserves. In FY24 there was \$506,059 budgeted from reserves for a total amended revenue and expense budget of \$ 4,230,568.

The current projected general fund revenues and expenses for the FY25 budget are approximately \$ 4,050,000 exclusive of any use of reserves. The projected increase of \$325,000 in revenues is primarily due to a projected increase in ad valorem tax revenue of approximately \$190,000 and an increase in building fund revenues of \$43,000. We are currently projecting a \$750,000 contribution from the General Fund to the FY25 Capital Fund.

The projected general fund balance at the end of FY24 is approximately 1.5 million and the staff is not recommending drawing from that fund balance in FY25 to pay for general fund or capital fund expenditures.

The staff is recommending maintenance of the millage rate at its current level of 3 mills.



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TRANSPORTATION AND LOST FUNDS – 101&103

It is anticipated that gas tax and surtax revenues will remain relatively flat and that all of those proceeds be directed to the road and drainage fund and capital funds as has been done the last several years.

ROAD AND DRAINAGE FUND – 105

In FY24 the Town Council added three new positions to the public works crew. The primary intended purpose of the additional personnel was for canal bank restoration. The public works department did not become fully staffed until December and the positions were budgeted for 10/12 of the year rather than a full year as it was understood when the FY24 budget was adopted, that it would take time to staff up. The public works department has been heavily engaged in deferred maintenance projects throughout the Town and preparing road and related drainage restoration for the upcoming implementation of the FY24 paving plan. There remains a great deal of deferred maintenance to catch up on and the public works director will be recommending to Council that there be a continued focus on re-establishing drainage flow to the canal system and a secondary focus on bank restoration. Additional personnel are not being requested, but the Public Works Director and Town Manager believe current staffing levels need to be maintained in order to continue making headway on the previous years of deferred maintenance.

The FY24 budget funded the additional costs associated with the expanded staff by utilizing previous year's carry forward of funds and fund balance rather than increasing revenues with an increase in assessment. In addition, fund reserves were transferred to FY24 Capital Fund, in part to fund the FY24 paving plan. In last year's deliberations the FAAC had discussed and recommended consideration of increasing the assessment rate as the FAAC recognized that use of reserves would not be available in future years, and the support for that consideration was before the Town Council added additional personnel.

The projected fund balance in the road and drainage fund at the end of this fiscal year is slightly over \$600,000, which will meet the minimum recommended level of 25%, but does not accommodate reserves being available to fund operational or capital expenditures. If the District keeps the assessments at the current level of \$200 per acre, the total revenues projected for next year would be the same as FY24, which is about 1.82 million dollars. The two major sources of revenue are the assessment which produces approximately 1.5 million and gas taxes which provide about \$275,000. Every \$20 of assessment produces about \$150,000 in revenue.

In looking at last year's amended budget for the road and drainage fund revenues and expenses were \$2,759,634. The true revenues of 1.82 million were augmented by \$945,000 from fund balance. The expenses included a transfer of \$484,691 to the Capital Fund, so operations were about 2.275 million dollars.



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As staff is working on the FY25 road and drainage budget projected expenses are around 2.4 million dollars, which leaves a funding gap of approximately \$ 600,000.

CAPITAL FUND – 305

As of this date, the Public Works Director, will be recommending deletion from the FY24 paving plan of several roadways due to their adjacency to other roads which will have to continue to be graded. Instead, he will be recommending that those groupings of roadways be paved together in future years as set forth in the attached CIP spreadsheet. In FY25 the only roads recommended to be paved are A Road from Okeechobee Blvd. to Collecting Canal and Collecting Canal from A Road to B Road along with the completion of the leftover gaps from the FY23 paving plan on Folsom Rd., 25th Street, G West, and E Road. The projected budget for those roadway segments and the road rock associated with those road improvements is \$814,375.

Included in the capital program for FY25 is seeking grant funding for Okeechobee Traffic Calming project through the County's TPA (Transportation Planning Agency). The \$100,000 allocated to the project in FY24 would be for engineering, planning and lobbying services with an eye on grant funding in future years. The traffic calming project would improve the flow of traffic on and to and from Okeechobee Blvd through Town. The project will involve roundabouts and turning lanes. The engineering and lobbying services would provide more specifics to the project and get plans to a level where it could seriously be considered for grant funding in upcoming years. The Town almost achieved something similar a few years ago. Total cost of the project is anticipated to be in the \$5,000,000 range, with the vast majority, if not all to come from grants.

There is \$1,235,000 in drainage and canal related projects, detailed in the spreadsheet. There is \$20,000 allocated to the trails system.

The staff is recommending the Town address the state of its EOC facility. The designated EOC (Emergency Operations Center) currently is the public works building (which as I understand it is a relocated movie theatre that is approximately 90 years old). That building is designated as the EOC, not because of its solid construction, but because it has a generator and a fuel source for the generator. In the long term, staff is recommending that building be replaced. Staff is recommending that the Town pursue grant funding for the replacement of the building, but in order to be seriously considered for grant funding, there has to be plans in place with estimated costs, readily available. The proposed FY25 budget has \$10,000 allocated to initiate that process. On an interim basis, it is staff's recommendation, that upgrades be made to Town Hall with a generator and fuel supply for the generator being developed on site, as Town Hall is a newer and better built building than the public works building. As a part of the conversion to the EOC, the older AC units servicing the building would be replaced and may be resized. The AC replacement is a part of this process because AC is a principal driver in how much power your generator has to supply. \$75,000 is budgeted for the conversion process.



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The total proposed capital budget for FY25 is \$2,254,375. Funding for the capital budget comes from a state grant in the amount of \$750,000, general fund transfer of \$750,000 and gas tax and surtax funds totaling \$461,550 for a total of available funds being \$1,961,550. This leaves a tentative shortage in funding of \$ 292,825.

SOLID WASTE – 405

The Solid Waste Fund is anticipated to have a reserve balance at the end of FY24 of approximately \$ 250,000. The solid waste contract has a slight increase built into for FY25. Staff is recommending that in addition to a contribution from the general fund, approximately 10% of the fund balance be utilized to stabilize the solid waste collection rates at their current levels. The utilization of fund balance would still keep the fund balance above 30%. The current residential rate for garbage is \$400 per unit.

OVERALL STATUS

The numbers in this overview will be subject to further refinement as we continue the budgetary process and get more up to date estimates on revenues from the State next month. The bottom line is that use and future growth of reserves at current rates is limited. The Town will be facing operational deficits if assessment rates are not addressed and grant funding will be the primary source of capital improvements.

Recommendation:

Review and discuss.