

To: Mayor and City Council
 From: City Manager
 Date: September 16, 2015
 Subject: 2015-2016 Fiscal Year Budget Message

In accordance with the City Charter, the balanced budget for the 2015-2016 fiscal year is presented for your consideration and adoption.

The City organization is by necessity going through a change in orientation and this budget reflects the change in our organizational structure and focus.

In the past the city organization was structured primarily to design and construct stormwater infrastructure to address severe flooding damage experienced since 2004. With the majority of priority projects completed the focus of the organization by necessity is shifting from building to maintaining our \$50 million stormwater infrastructure. As the change occurs additional funding and manpower are necessary and is reflected in this budget.

A second fundamental change is that the city is now focused on encouraging appropriate development in the TOD Area and significant resources are devoted in this budget to that effort.

A third change is the organization has reached a critical mass in its IT infrastructure and requires a more proactive approach to upgrading and protecting these resources. To this end the IT function has been brought in house and the necessary funds budgeted to begin addressing recommendations contained the IT Assessment.

Submitted Budget

	General Fund	Special Revenue Fund	Capital Project/Debt	Totals
Revenue	\$11,997,379	\$5,144,938	\$874,600	\$18,016,917
Fund Balance	\$5,070,888	\$3,161,776	\$650,000	\$8,882,664
Total Revenue and Fund Balance	\$17,068,267	\$8,306,714	\$1,524,600	\$26,899,581
Expenditures	\$11,997,773	\$5,538,929	\$1,524,600	\$19,061,302
Est Fund Balance 9/30/2016	\$5,070,494	\$2,767,785	\$0	\$7,838,279

General Fund

The total gross taxable value for FY 2015-2016 is \$1,537,188,215. This is an increase of 1.66% from last fiscal year. The projected property tax revenue for the upcoming FY based on the property tax rate remaining at the same rate as last year (2.9247) is \$4,271,100. The roll back rate is 2.8888.

Personnel

The budget provides for the stormwater maintenance crew previously approved by the Council and an additional position to assist with the increasing workload within the development services department.

General Fund Capital

\$2,301,800 is budgeted for capital acquisitions this fiscal year and is as follows:

Fire Station	\$1,950,000
Rob Sullivan CDBG Project	\$150,000
IT Capital	\$80,300
4500D Rotary Turf Mower	\$67,000
Message Boards (2)	\$20,000
Toro Mower Replacement	\$17,000
Keller Irrigation Pump	\$15,000
PW Ice Machine	\$2,500
Total Capital	\$2,301,800

1. The proposed new fire station is estimated at \$1.95million. The budget contains funding for debt service payments and demolition of the existing fire station.
2. This is the first year the city is not eligible for a direct allocation of CDBG funds. The city has been relegated by the County into the competitive pool. Staff is recommending applying for \$150,000 in CDBG funds for improvements to the park.
3. \$80,300 is budgeted to begin implementation of the recommendations contained in the IT Assessment completed recently.
4. The Rotary Turf Mower was budgeted last year but was put on hold and the funds allocated to constructing a maintenance barn at Rob Sullivan Park.
5. The message boards will be used to provide information to the public, such as road closures, detours, special events and the Christmas Parade.
6. The Toro Mower will replace an existing mower that has reached the end of its useful life.
7. The irrigation pump at Bill Keller Park has experienced significant problems and is in need of replacement.
8. The ice machine will be located at the public works facility.

Volusia County Sheriff's Office

The contract with the VCSO will increase 4.07%. The additional detective position authorized by the Council accounts for some of the increase as this will be the first full year the position impacts the budget. The operating budget is projected to increase an additional \$24,600 to account for utilities and maintenance of the new facility. The VCSO will have their move into the new facility completed by the first of October, after which a formal ribbon cutting will be held.

Special Revenue Funds

Solid Waste

The proposed annual assessment for FY 2015-2016 remains the same as last fiscal year at is \$179 per residential unit.

Storm Water Utility

The revenue for this fund is derived from a non- ad valorem assessment levied on each parcel in the city. The Council authorized a rate study to determine the revenue necessary to adequately maintain the city's stormwater infrastructure. Based upon the results of the study the Council made the difficult but necessary decision to increase

the non-ad valorem assessment significantly. The new annual rate adopted by the Council is \$192 for developed residential or commercial property and \$96 for undeveloped property or property on a private roadway. The assessment is projected to raise \$1,938,696 during the fiscal year.

Stormwater Construction Fund

The amount budgeted for capital projects is reduced significantly from recent years as the Council has addressed the majority of identified priority projects. Staff is proposing \$650,000 for capital stormwater projects. The recommended projects budgeted this year is \$400,000 for an emergency pump station at No Name Lake and \$250,000 for unidentified minor projects.

Franchise Fees

Franchise Fees are assessed against all electrical users within the city limits and are estimated to generate \$1,295,000. The revenue is expended on street, sidewalk and public work improvements. \$450,000 will be transferred to the General Fund to support the continuing program to improve city streets. In addition the general fund will make the first transfer to the Franchise Tax fund as repayment for the inter-fund loan used to construct the Public Safety Building. The General Fund will make a total of three transfers each totaling \$335,393.

Business Tax Receipts

The revenue is estimated at \$45,000, which is allocated to continue the grant program to businesses to assist in converting to monument signs and for economic development incentives for businesses. The Council has authorized \$400,000 of general fund excess reserves to be transferred to the Economic Opportunity Fund to provide development incentives within the TOD Area.

Debt Service

The Debt Service Fund accounts for all debt issued by the City. The budget projects that in addition to the stormwater note two additional debt issues will be placed this fiscal year. The two new debt issues are \$1,950,000 to construct a new fire station and \$635,000 for the Fort Florida SAD water line. The majority of the debt balance of the City was approved by referendum of the citizens to provide funding for storm water improvements. The improvements were designed to alleviate the tremendous damage to structures caused by flooding during past storms. The total voter approved debt balance this fiscal year is \$8,035,000.

The 2009 Note is scheduled to balloon in the amount of \$4 million in 2017. The City will be required to refinance the \$4 million at that time.

Economic Development

The Council continues to focus on preparing the City to take advantage of development opportunities within the Trans-Oriented Development Area. The SunRail Commuter Train will aide in providing an impetus for development around the station if the city is prepared to take advantage. The Council has already adopted development guidelines for the area and has implemented studies to examine an area wide storm water system and implement a Brownfield Development Area within the TOD. The Council has approved a Master Plan and Market Analysis for the TOD Area.

Summary

While the economic outlook for the City appears a little brighter than during the past several years, development of a viable spending plan for the next twelve months requires careful planning, long range vision and prudent management of limited resources. The Proposed Fiscal Year 2015-2016 Budget presented to the City Council was developed with these guidelines in mind.

The ability to sustain the City's existing stormwater infrastructure has been addressed through the Council making very difficult decisions to increase the stormwater assessment. The new stormwater assessment level will allow the city to adequately maintain and invest in this extremely important community asset.

In closing, I would like to express my appreciation to the employees of the City of DeBary for the significant effort they continue to make with limited resources to provide our citizens with great parks, well maintained streets and the amenities that make DeBary a wonderful place to live and raise a family.

In addition recognition is due Finance Director Liz Bauer and her staff for the continued professionalism and dedication during the budget process.