



MEMORANDUM

Office of the City Clerk & Treasurer

To: Mayor, City Council, and Department Heads
cc: All other interested parties
From: Carl Callahan, City Administrator
Date: May 6, 2016
Re: 2016-17 Budget Considerations

❖ **Introduction**

It is anticipated that the Property Appraiser will project an increase in our property values. I believe that the increase will be modest and, therefore, we will not be projecting a significant increase in ad valorem revenues. The same can be said for non-ad valorem revenue sources, with anticipated increases in a 1-2% range. These increases will not support major changes to our operations or capital outlays and, therefore, we must budget appropriately.

As in prior years, the City Council and Mayor have indicated that their priority is to maintain the City's public safety operations at a consistently high level. In order to do this we must scour the budget for potential savings and efficiencies. The City has consistently reduced the cost of general government, cultural and recreational activities to offset the ever-increasing cost of providing for the public's safety. Caution must be given to ensure that we don't go so far that the cuts to general government start to create quality-of-life issues. It is a delicate balance that must be maintained.

It is with these thoughts in mind that the City's departments will strive to bring forward to City Council a budget that considers public safety a top priority, while maintaining the quality of life the citizens expect at a price they can afford.

❖ **General Conditions**

Reserves and cash carryforwards (when available) have always been used as a budget balancing tool. During the current 2015-16 budget year the City has experienced several large and unexpected expenditures that utilized all of our contingency funds. It is anticipated that very few, if any, carryover funds will be available for 2016-17.

It has been a long-standing practice to not use reserves to fund day-to-day operations, except when necessary to maintain critical quality-of-life issues. Prudent budget decision makers must always consider the long-term impact that their decisions will have on the goal of maintaining their city's financial stability. The City of Bradenton has consistently recognized this concept and does not anticipate that it will change anytime soon.

❖ Revenues

- Property Taxes – No anticipated change from the current 5.8976 millage rate, unless Council decides on a program change.
- Other Revenue Sources – It is anticipated that the City’s other large sources of revenue (sales tax, franchise fees, etc.) will be at levels similar to the current year, with only minor increases projected.
- Building Permit Fees – Building permit fees, which must be used to fund only building services, should cover all related Building Department costs. Several large projects are in the pre-planning stages that could result in a wide swing in fees, depending on the timing of the projects (or whether or not they actually come to fruition).

❖ Expenditures

- General Fund – Most non-public safety departments will experience a slight increase in their budgets due to the wage increases associated with the AFSCME contract. The agreement calls for a 3% increase for the budget year 2016-17. The Florida Legislature also increased the required employer contribution rate for all FRS-eligible employees. Police and Fire department wages will be dependent upon future collective bargaining negotiations.
- Public Safety Pensions – Pension costs will be up since the City has utilized all pre-paid contributions that were available to offset costs over the last several years. Overall, the percent of employer-provided contributions has been relatively stable.
- Capital Requests – Capital requests should continue to reflect specific department needs. Preference will be given to items that have been deferred due to budget restrictions. One-time sources of revenue, which sometimes have been used to fund capital items, appear to be limited this year.
- Paving Budget – Every effort will be made to fund the \$1,000,000 target previously outlined for the annual repaving program. Program funds will be supplemented by utility ‘capital project’ funds when projects require paving as a component of the utility project itself.

❖ Budget Timeline

- May 9** Detailed budget entry begins – Munis is open. Use projection **2017 – Proposed Budget**.
- May 27** Detailed capital requests, and personnel request forms, are due to Carl / Sharon.
- June 3** Munis detailed budget entry closes for balancing and review.
- June 6 –** Budget generation and balancing. City Administrator and Department Director reviews.
July 1 Preliminary budget complete: includes personnel, operations and capital.
- July 1** First day of Department of Revenue TRIM (Truth-in-Millage) process.
DR420 received from Property Appraiser’s Office; includes preliminary taxable values.

❖ **Budget Timeline** *(Continued)*

- August 4** DR420 due to Property Appraiser. Must include city's tentative millage rate.
- August** Budget workshops with City Council – dates to be determined.
- Sept. 2-18** Preliminary budget hearing and setting of tentative millage rate.
- Sept. 5 -** Advertise proposed budget and final hearing date within 15 days of the preliminary
Sept. 30 budget hearing (above).
- Sept. 7 -** Hold final millage and budget hearing within 2-5 days of above advertisement.
Sept. 30 Forward budget and millage resolutions to Property Appraiser, Tax Collector and
Department of Revenue.
Certify final taxable value and adopted millage rate on DR422.
Certify TRIM compliance on DR487.

❖ **Conclusion**

As in prior years, the increasing cost of providing basic services to the City of Bradenton continues to go up. City staff will continue to look for more efficient and less costly ways to provide those services as a means of offsetting those costs. The City Council recognizes that any requested increase in funding must be met with a corresponding revenue source as an offset. Although Council has shown a willingness to increase the millage rate to maintain essential services and financial stability in a severe economic downturn, it is not a path that is ventured down often and would only be considered after substantial deliberation.