



# City of Crescent City

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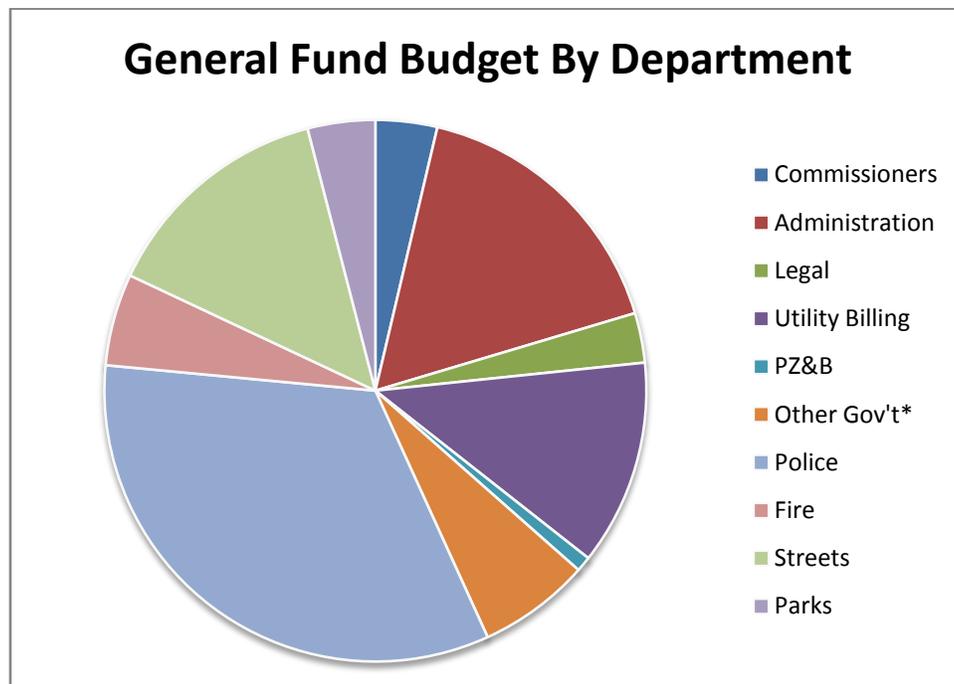
## AMENDED BUDGET MEMORANDUM

To: Mayor/City Commission  
From: Patrick Kennedy, City Manager  
Date: August 30, 2016  
RE: FY 2016/2017 Proposed Budget

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### A. The General Fund

The total proposed budget for the FY2017 General Fund is \$1,509,576. This is approximately \$9,000 higher than the current year budget. Based on the trend of the past three years, we are anticipating increases in the franchise fees and utility tax revenue, but most other revenue streams are expected to remain flat in the coming year. The only significant increase on the expense side is a 10% increase to the health insurance costs, which eats up the anticipated increases in revenue, leaving a draft budget that is remarkably similar to the current year.



We have had some difficulty preparing the budget this year because we are delayed in completing the analysis of on the current year trends; especially with our utility funds. We have been without a Finance Director since March. There have been some changes to the detail budget since the August workshop and the discussion of these changes is highlighted in yellow in this memorandum. They concern the Water Fund and the CRA Fund.

## 1. Millage Rate and Estimated Property Tax Revenue

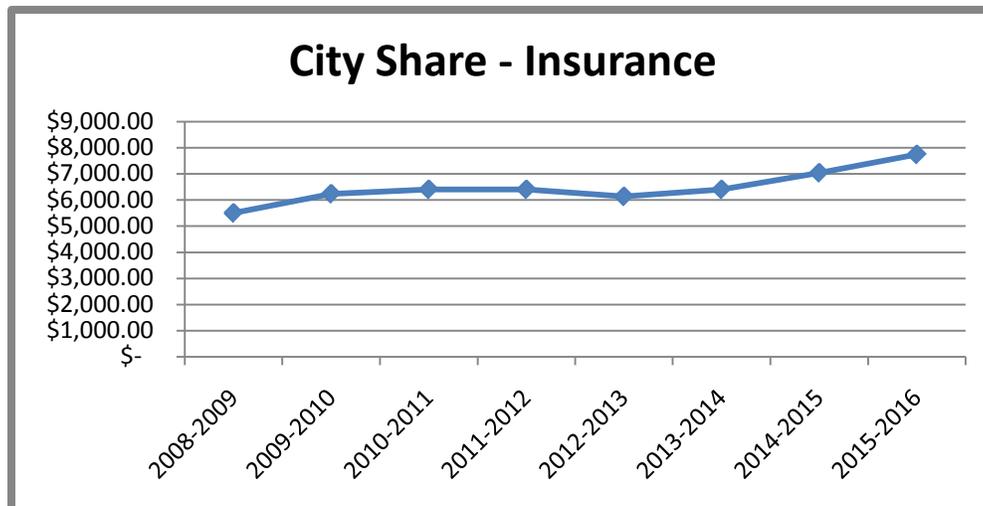
| Fiscal Year | Taxable Value | Millage Rate | Budgeted Property Tax Revenue | Percent Change From Prior Year |
|-------------|---------------|--------------|-------------------------------|--------------------------------|
| 2002        | \$49,053,294  | 8.2500       | \$407,189                     | 0%                             |
| 2003        | \$51,850,333  | 8.2500       | \$431,359                     | 6%                             |
| 2004        | \$51,692,135  | 9.0000       | \$467,729                     | 8%                             |
| 2005        | \$53,717,618  | 9.0000       | \$486,459                     | 4%                             |
| 2006        | \$59,964,665  | 8.9000       | \$536,686                     | 10%                            |
| 2007        | \$64,468,614  | 8.8000       | \$567,324                     | 6%                             |
| 2008        | \$70,249,844  | 8.1723       | \$574,103                     | 1%                             |
| 2009        | \$69,083,859  | 8.1723       | \$564,574                     | -2%                            |
| 2010        | \$67,683,855  | 8.1723       | \$556,133                     | -1%                            |
| 2011        | \$65,409,356  | 8.1723       | \$536,545                     | -4%                            |
| 2012        | \$58,911,467  | 8.1723       | \$483,442                     | -10%                           |
| 2013        | \$55,474,125  | 8.1723       | \$453,258                     | -6%                            |
| 2014        | \$55,116,492  | 8.5914       | \$473,528                     | 4%                             |
| 2015        | \$56,127,963  | 8.5914       | \$482,218                     | 2%                             |
| 2016        | \$57,378,606  | 8.5914       | \$492,963                     | 2%                             |
| 2017**      | \$57,304,156  | 8.5914       | \$492,322                     | 0%                             |

\*This is projected revenue. Collected revenue usually comes out a few dollars short, but this shortfall is consistently 3% to 5% each year; so the comparisons in this table are still valid.

\*\*According to the Property Appraiser's office, the primary contributor to the slight decline in taxable value is the depreciation of tangible property (i.e. equipment and machinery that is subject to the ad valorem taxation).

## 2. Health Insurance Expenses

Our health insurance costs for FY2017 are still largely unknown, because we will not have renewal quotes until the middle of September. The draft budget accounts for a 10% increase in the health insurance benefits, which increases the City's contribution for the employees from \$7,744 per employee to \$8,520, or a total annual cost impact of approximately \$20,000 above what we currently pay. If the insurance premiums increase by more than 10%, absent a different direction from the City Commission, the proposed budget will stay in place and the additional expense passed on to the staff.



### 3. Garbage and Trash Charges

There are no changes shown in the budget for garbage and yard trash services. However, at the request of Commissioner Marcus Hardy, I have put together a brief analysis of a curbside garbage pickup service using a garbage “toter” service. This approach to garbage collection would involve a uniform garbage can with wheels and a hinged lid for all residential customers (See image below). The toter is provided by the waste hauler and it is picked up by a hydraulic lift system on the garbage truck.



I contacted Waste Pro for some rough estimates for the “toter” service for residential solid waste pick up:

- 2X per week: \$15.33 per month per customer
- 1X per week: \$12.33 per month per customer

This price would include providing one toter trashcan per residential customer and the once per week yard trash pickup. We currently pay \$12.33 per month per customer for 2X per week pick up of solid waste and 1X per week for yard trash.

As food for thought in considering this option, Waste Pro also told me that the Monday pick up is pretty loaded, but that there is very little to pick up Thursdays.

Note: We charge an administrative fee of \$2.10 in addition to the Waste Pro charge because we perform all of the billing and fee collection for the service.

## B. The “Enterprise” Funds – Natural Gas, Water and Wastewater

### 1. Natural Gas Revenue and Expenses

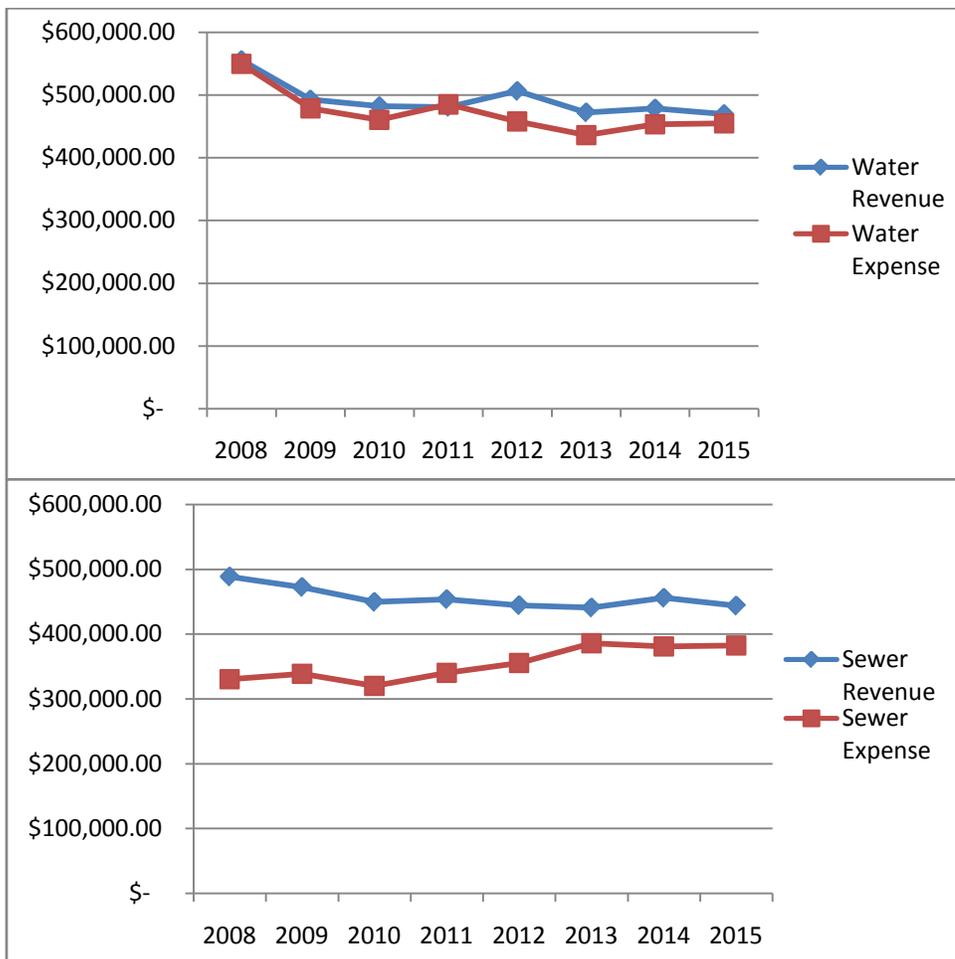
No significant changes to the natural gas budget proposed. However, we are still evaluating the current year and the fiscal impacts of the gas line relocation and emergency repair jobs to the bottom line for the current year. I mention this in the budget memo for next year because our General Fund Budget relies on the gas operation to pay the full cost of administrative services provided from Utility Billing and Finance & Administration. The ability to pay the full amount of this fee in the current year will impact projections for the next year. We

just need to be certain we have the extra-ordinary costs backed out to fully understand the performance of our gas operation.

It is worth noting that we are budgeting for another relocation project through Dunn’s Creek section of SR15/US17. The estimated budget exceeds \$1.5 Million.

## 2. Water and Sewer Utility Revenue and Expenses

No significant changes to the Sewer Fund are proposed for FY2017. Although we would prefer to see some upward projections, revenue and expense remain relatively flat, as demonstrated by the trends shown in the chart below. There is also no significant change to the bottom line of the Water Fund. However, I would like to point out that we were able to make the final payment on the loan for the water meter replacement project that took place in 2006. This frees up approximately \$31,000.00 is capital expenditures. Because these meter sets are now 10 years old, it will be time to start rotating some of them out of service or rebuilding them. As a result, the bulk of the \$31,000.00 will shift to “Equipment Repair and Maintenance” (Line 531), “Improvements Other than Buildings” (Line 543), and “Equipment & Machinery” (Line 544). A small portion will also be added to the salary and wages for personnel adjustments. The bottom line dollar amount for the total revenue and expenses is the same a presented at the August workshop.



**C. Volunteer Fire Department**

The Volunteer Fire Department budget is once again unchanged. However, as per the decision made last year, we need to make a deliberate decision whether to participate in the County’s Fire Service MSTU. The millage was raised from 0.7425 to 1.100 last year – a fairly significant increase. This will be addressed in a separate agenda item, but the summary of the financial impact is in the table below.

| <b>Fire Tax Increase Impact to Crescent City</b> |            |                   |
|--------------------------------------------------|------------|-------------------|
|                                                  | Millage    | Revenue Generated |
| Current                                          | 0.7425     | \$ 42,603.61      |
| Proposed                                         | 1.1000     | \$ 63,116.47      |
| Impact of Current Rate per \$100,000 in value    |            | \$ 74.25          |
| Impact of proposed rate per \$100,000 in Value   |            | \$ 110.00         |
|                                                  | Difference | \$ 35.75          |

**D. Better Place Plan**

Better Place Plan continues to perform above budgeted expectations. However, we have earmarked a couple projects that we anticipate will start construction in FY2017:

| <b>Project</b>                   | <b>Total Budget</b> | <b>Better Place Plan Share</b> | <b>Other Fund Sources</b> |
|----------------------------------|---------------------|--------------------------------|---------------------------|
| Eva Lyon Park                    | \$168,000.00        | \$83,000.00                    | \$85,000.00*              |
| Crescent Lake Stormwater Project | \$550,000.00        | \$50,000.00                    | \$500,000.00**            |

\*FRDAP Grant \$50,000; County commitment \$25,000; and Rotary Club \$10,000.

\*\*SJRWMD Cost Share for REDI Communities

This will require drawing from the Better Place Plan reserves – referred to as an Appropriation of Fund Balance in the draft budget. This line is budgeted to cover the difference between the estimated revenue for the year and the total funds committed for the projects as shown above.

**E. Tax Increment (CRA)**

After further analysis since the budget workshop, it was determined that the taxable value of property inside the CRA shows a decrease, which will actually result in a decrease in revenue of about \$1,199. The draft budget shown does not propose any significant changes. The CRA Advisory Committee was apprised of this decrease and presented a proposed CRA budget resolution consistent with this estimated taxable value, The CRA Board approved the proposed Budget Resolution at a meeting held on August 11, 2016. The CRA budget proposed in the total budget to be approved by the City Commission is consistent with the CRA Budget Resolution 16-01.