

City of Panama City Beach



September 24, 2020

TO: Mayor and City Council
 FROM: Tony O'Rourke, City Manager
 RE: Proposed FY 2020-2021 Budget

I am pleased to submit for City Council consideration and adoption, a proposed Fiscal Year 2020-2021 (FY 2021) budget that is balanced, prudent and responsive to the City Council's Strategic Plan and the community's needs.

The City proposed FY 2021 expenditures budget, including all funds is \$144,628,926 which represents a \$59,859,526 or 71% increase over the FY 2020 amended year-end budget.

The FY 2021 budget includes a capital investment surge of \$81.8 million, a \$56.0 million or 218% increase over the FY 2020 amended capital budget. This capital infusion represents 94% of the FY 2021 budget increase over the FY 2020 amended budget. The major components of this capital investment include:

- \$33.3 million in Front Beach Road Community Redevelopment Area (CRA) capital projects and land acquisitions.
 - Segment 3/SR 79 \$ 8,700,000 Design, Construction and Gulf Power fees
 - Segment 4.1 \$ 3,513,289 Design and Gulf Power fees
 - Segment 4.2 \$ 3,000,000 Design and Gulf Power fees
 - Segment 4.3 \$ 500,000 Design
 - Alf Coleman \$ 1,845,709 Design and Construction
 - Powell Adams \$ 4,777,000 Construction and Gulf Power fees
 - Richard Jackson \$ 250,000 Design and Construction
 - Land Acquisitions \$10,675,000

- \$37.4 million in water and wastewater capital improvements
 - Thomas Drive/Front Beach Road improvements \$5,075,000
 - Cobb Road Lift Station #73 replacement \$2,700,000

- Bid-A-Wee water main \$1,280,000
 - Front Beach Road Segment 3 utility relocation \$1,525,000
 - Driftwood Lift Station #4 replacement \$3,300,000
 - New utility administration/support building
Griffin Boulevard \$ 3,600,000
 - CRA Segments 4.1, 4.2, 4.3 relocations \$ 3,110,000
 - Wastewater treatment facility improvements \$ 2,970,000
- \$9 million in General Fund capital outlays
 - Bay Parkway Phase II \$ 6,850,000
 - Gayle’s Trails extension \$ 1,054,000
 - Sidewalk on PCB Parkway \$ 454,000

The FY 2021 budget is supported by revenues of \$88,713,556, debt proceeds utilized in the amount of \$4,472,207, the use of prior years’ reserves in the amount of \$50,806,513 and interfund transfers(net) utilized in the amount of \$636,650, for a total of \$144,628,926, which represents a balanced budget. Total debt proceeds in FY 2021 are estimated to be \$41,577,762 of which \$4,472,207 (as noted above) is expected to be expended in FY 2021. The remaining balance of approximately \$37.1 million dollars is anticipated to be used for Front Beach Road community redevelopment capital projects over the next several years.

Based on the City Council’s adopted Financial Management Policies, the City shall strive to maintain unassigned General Fund operating reserves of at least 25% of total budgeted General Fund operating expenditures, exclusive of non-recurring capital expenditures. FY 2021 General Fund expenditures reduced by non-recurring capital expenditures, such as buildings and roadways, are projected to be \$28,260,070. Unassigned General Fund reserves of \$9.7 million represent 34% of “recurring” expenditures which exceeds the targeted reserve amount of 25%, or \$7.1 million, per the City Council’s Financial Management Policies.

The FY 2021 budget is focused on two fronts – maintaining fiscal sustainability during the COVID-19-induced recession while still making long-term strategic plan-based investments to better the community.

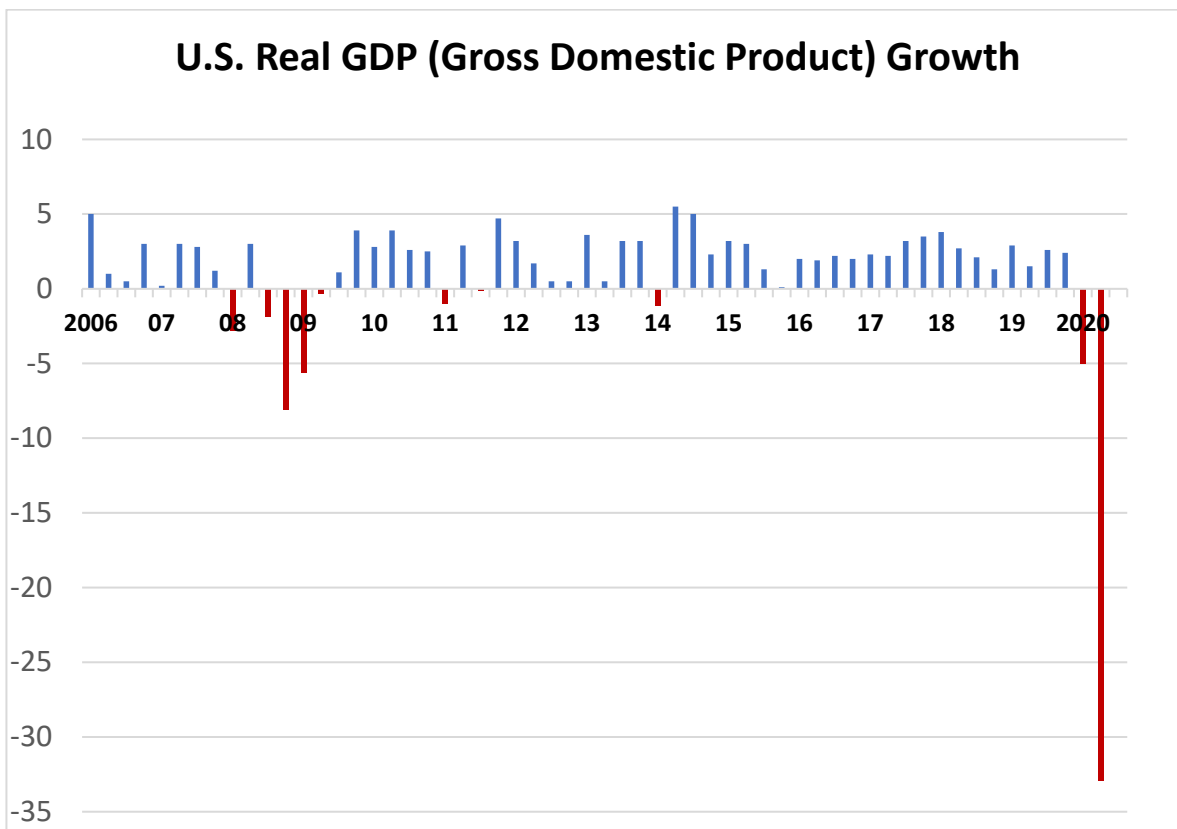
Producing a balanced budget has proven very challenging and difficult given the unpredictable public health and economic hardships and uncertainty caused by the COVID-19 pandemic.

Starting in March 2020, the U.S. economy, after a decade of economic expansion, began drastically retracting due to COVID-19-related business shutdowns, stay at home orders and record unemployment.

The most recent release of U.S. Gross Domestic Product (GDP) data, the broadest yardstick for economic growth, for the second quarter of 2020 from the Federal Reserve Bank

showed a GDP decline of 32.9%, and a projected 9.5% decline for all of 2020. The second quarter decline is the largest recorded in U.S. history.

The dramatic impact the COVID-19 pandemic has had on the U.S. economy is best represented in the following chart of U.S. economic GDP growth rate by quarter since 2006.



The decline in consumer spending, which represents 70% of the GDP, is driving the economic downturn. As a result, the U.S. saw employment plunge by more than 20 million jobs. The unemployment rate is now at 10.2% or 12 million unemployed. Fifty-six million Americans have sought unemployment aid in the past five months.

As expected, the leisure, hospitality, travel, entertainment and food sectors have been hit hardest by the pandemic-induced recession. A silver lining for Panama City Beach is a recent USA Today analysis of travel search and booking data. Although people aren't quite ready to travel in full force again, they are still searching and booking domestic vacation destinations that have been historic draws – Florida, California and Nevada. For people who expected to travel, 40% said they were likely to stay close to home and consider destinations with small numbers of coronavirus cases, but 27% of them were “daredevils” who were less concerned about coronavirus when picking destinations. One downside is many states are requiring travelers to quarantine for two weeks if they have visited a coronavirus hot spot.

In the absence of an effective treatment protocol or near-universal COVID-19 vaccination, sectors that require people to gather in close quarters, such as live entertainment, restaurants, bars and travel are likely to continue to struggle.

The Federal Reserve predicts the economy will not really pick up until the middle of 2021. This means many recent job losses, once presumed temporary, may be permanent.

The Federal Reserve's economic outlook isn't so much pessimistic as it is uncertain. For 2020, the median expectation was for GDP to decrease by 6.5%. But that was merely the mid-point of a forecast that ranged from a 10% to a 4.27% decline.

The Federal Reserve outlook for the next two years for GDP, unemployment and inflation, as reported in their Summary of Economic Projections, reflects a wide range of plausible outcomes for the economy, but it is not possible to identify with confidence a single path as the most likely one.

Federal Reserve Chairman Jerome Powell has been emphasizing that even with all the COVID-19 rescue funding that the Federal Reserve, Congress and President have been providing, the strength of the economic recovery is largely dependent on the path of the coronavirus.

The unusually high level of uncertainty about near future economic expectations, serves as a reminder of how in flux the future is under COVID-19.

The full extent and duration of this economic recession and uncertainty is not yet known. To that end, the FY 2021 proposed budget assumes recessionary conditions will continue through FY 2021. Given that, we are proposing a conservative budget that will be financially resilient, and a hedge against uncertainty, but also capable of adding new expenses should revenues perform better than expected. However, delays in the economic recovery or a resurgence of the pandemic in the winter could cause revenues to decline below budgeted amounts. Should that occur, we will propose mid-year expense reductions.

Recognizing these economic challenges and uncertainty, the FY 2021 budget is built upon the following principles:

- Living within existing resources and limiting operational expenditures growth.
- Addressing the City Council's Strategic Plan Priorities:
 - Transportation
 - Public Safety
 - Financial Health
 - Economic Development
 - Attractive Community
 - Community Quality of Life

- Provision of core services
 - Maintaining excellent public safety prevention, intervention and suppression services
 - Offering City parks, recreation facilities and recreational programs and opportunities for community enjoyment
 - Ensuring capital improvement projects are completed on budget and on time
 - Improving and maintaining City streets
 - Professionally managing the City's finances, information technology, public information and human resources
 - Managing the building, sign, and licensing processes efficiently
 - Delivering professionally managed work products, contracts, services and programs

- Protect and invest in our employees

During this unprecedented public health crisis, City employees pulled together to ensure Panama City Beach was provided uninterrupted essential and core services. Employees quickly transitioned into new work settings, alternative work schedules, and new or additional roles and responsibilities. Protecting existing employees is one of the most valuable and impactful ways we can invest in and protect our community.

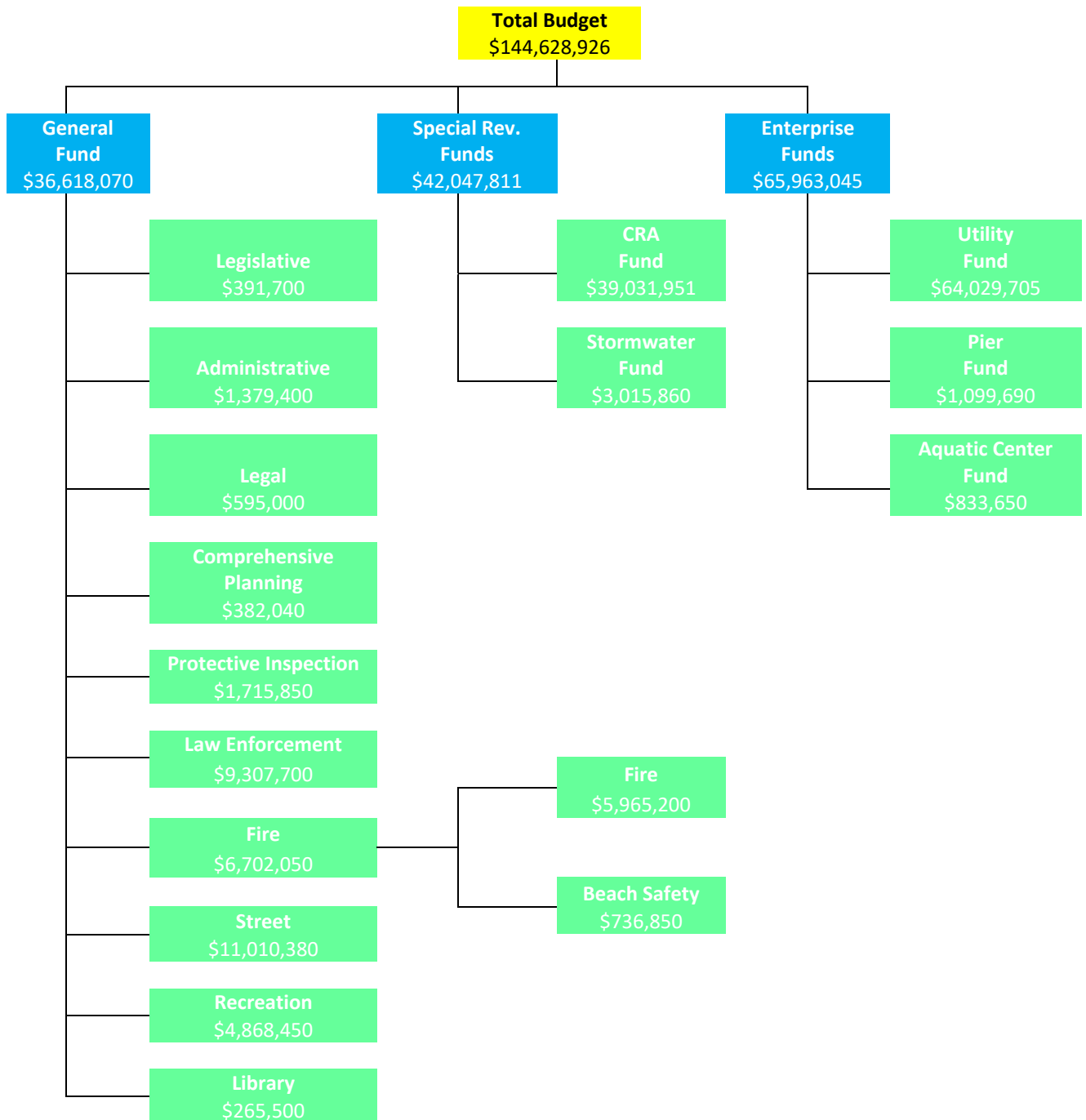
The dedicated staff who have helped us through this pandemic crisis will continue to provide essential and core services needed by our community. Accordingly, this budget proposes no employee layoffs or furloughs, and a 3.5% combined market adjustment and merit pool for all employees, and a \$233,800 investment in employee development and training.

- Funding critical transportation and infrastructure needs
 - \$37.4 million for utility system upgrades
 - \$33.3 million for CRA design and construction improvements
 - \$9 million for Bay Parkway Phase II and other General Fund capital outlay
 - \$1.8 million for stormwater infrastructure

BUDGET IN BRIEF

This Budget in Brief provides the City Council a high-level overview of the proposed FY 2021 budget and its individual funds. The chart below highlights the FY 2021 budget total of \$144,628,926 and its individual fund components.

City of Panama City Beach Total Expenditures Budget FY: 2021



The chart below highlights the FY 2021 revenues budget that consists of \$90,006,290 in operating revenues as well as anticipated debt proceeds of \$41,577,762. A significant portion of the debt proceeds received in FY 2021 will not be expended in FY 2021 but rather in future years as capital projects are constructed.

City of Panama City Beach Total Budget Summary FY: 2021

	AMENDED BUDGET 2020	PROPOSED BUDGET 2021	% Change
General Fund			
Cash Carryforward, Beginning of Year	\$ 31,215,609	\$ 24,612,991	-21%
Revenues:			
Taxes	\$ 16,835,000	\$ 17,866,000	6%
Permits, Fees & Assessments	7,580,795	7,741,300	2%
Grants & Intergovernmental	5,401,329	7,650,927	42%
Charges for Services	658,825	813,068	23%
Fines & Forfeitures	115,007	95,000	-17%
Impact Fees	1,176,682	1,177,000	0%
Interest	232,660	154,000	-34%
Misc.	430,026	86,060	-80%
Total Revenues	\$ 32,430,324	\$ 35,583,355	10%
Other Financing Sources (Uses):			
Interfund Transfers In	\$ 287,231	\$ 193,169	-33%
Interfund Transfers Out	(500,000)	(500,000)	0%
Total Other Financing Sources (Uses)	\$ (212,769)	\$ (306,831)	44%
Total Sources of Funds	\$ 63,433,164	\$ 59,889,515	-6%
CRA Fund			
Cash Carryforward, Beginning of Year	\$ 22,143,516	\$ 27,112,472	22%
Revenues:			
Permits, Fees & Assessments	\$ 603,925	\$ 928,565	54%
Grants & Intergovernmental	14,029,845	12,870,220	-8%
Charges for Services	129,217	159,300	23%
Fines & Forfeitures	38,000	1,000	-97%
Interest	14,500	75,000	417%
Misc.	216,950	249,350	15%
Total Revenues	\$ 15,032,437	\$ 14,283,435	-5%
Other Financing Sources (Uses):			
Bond Proceeds	\$ -	\$ 41,577,762	
Interfund Transfers Out	(187,231)	(43,169)	-77%
Total Other Financing Sources (Uses)	\$ (187,231)	\$ 41,534,593	-22284%
Total Sources of Funds	\$ 36,988,722	\$ 82,930,500	124%

**City of Panama City Beach
Total Budget Summary FY: 2021**

	AMENDED BUDGET 2020	PROPOSED BUDGET 2021	% Change
Stormwater Fund			
Cash Carryforward, Beginning of Year	\$ 2,034,173	\$ 1,573,997	-23%
Revenues:			
Permits, Fees & Assessments	\$ 4,200	\$ 4,200	0%
Grants & Intergovernmental	96,090	-	-100%
Charges for Services	1,675,310	1,702,700	2%
Misc.	14,800	17,000	15%
Total Revenues	\$ 1,790,400	\$ 1,723,900	-4%
Total Other Financing Sources (Uses)	\$ -	\$ -	
Total Sources of Funds	\$ 3,824,573	\$ 3,297,897	-14%
Utility Fund			
Cash Carryforward, Beginning of Year	\$ 80,519,127	\$ 86,440,520	7%
Revenues:			
Grants & Intergovernmental	\$ -	\$ 494,900	
Charges for Services	32,682,500	32,967,800	1%
Fines & Forfeitures	271,000	300,000	11%
Impact Fees	4,190,000	2,400,000	-43%
Interest	593,000	565,000	-5%
Misc.	97,200	106,000	9%
Total Revenues	\$ 37,833,700	\$ 36,833,700	-3%
Other Financing Sources (Uses):			
Interfund Transfers Out	\$ (100,000)	\$ (150,000)	50%
Total Other Financing Sources (Uses)	\$ (100,000)	\$ (150,000)	50%
Total Sources of Funds	\$ 118,252,827	\$ 123,124,220	4%
Pier Fund			
Cash Carryforward, Beginning of Year	\$ 943,048	\$ 1,072,423	14%
Revenues:			
Grants & Intergovernmental	\$ 17,905	\$ -	-100%
Charges for Services	915,900	1,159,900	27%
Interest	6,500	3,000	-54%
Misc.	326,308	222,000	-32%
Total Revenues	\$ 1,266,613	\$ 1,384,900	9%
Other Financing Sources (Uses):			
Interfund Transfers Out	\$ (250,000)	\$ (250,000)	0%
Total Other Financing Sources (Uses)	\$ (250,000)	\$ (250,000)	0%
Total Sources of Funds	\$ 1,959,661	\$ 2,207,323	13%

**City of Panama City Beach
Total Budget Summary FY: 2021**

	AMENDED BUDGET 2020	PROPOSED BUDGET 2021	%
			Change
Aquatic Center Fund			
Cash Carryforward, Beginning of Year	\$ 334,315	\$ 178,039	-47%
Revenues:			
Grants & Intergovernmental	\$ 22,060	\$ -	-100%
Charges for Services	194,150	197,000	1%
Misc.	370	-	-100%
Total Revenues	\$ 216,580	\$ 197,000	-9%
Other Financing Sources (Uses):			
Interfund Transfers In	\$ 750,000	\$ 750,000	0%
Total Other Financing Sources (Uses)	\$ 750,000	\$ 750,000	0%
Total Sources of Funds	\$ 1,300,895	\$ 1,125,039	-14%
Total - All Funds			
Cash Carryforward, Beginning of Year	\$ 137,189,788	\$ 140,990,442	3%
Revenues:			
Taxes	\$ 16,835,000	\$ 17,866,000	6%
Permits, Fees & Assessments	8,188,920	8,674,065	6%
Grants & Intergovernmental	19,567,229	21,016,047	7%
Charges for Services	36,255,902	36,999,768	2%
Fines & Forfeitures	424,007	396,000	-7%
Impact Fees	5,366,682	3,577,000	-33%
Interest	846,660	797,000	-6%
Misc.	1,085,654	680,410	-37%
Total Revenues	\$ 88,570,054	\$ 90,006,290	2%
Other Financing Sources (Uses):			
Bond Proceeds	-	41,577,762	
Interfund Transfers In	\$ 1,037,231	\$ 943,169	-9%
Interfund Transfers Out	(1,037,231)	(943,169)	-9%
Total Other Financing Sources (Uses)	\$ -	\$ 41,577,762	
Total Sources of Funds	\$ 225,759,842	\$ 272,574,494	21%

Key features of the FY 2021 revenues budget include:

- Business tax receipts are conservatively projected at zero growth.
- Utility rate increases for FY 2021 are proposed as:
 - Water 0%
 - Wastewater 2%
- Assessment rate increases for FY 2021 are proposed as:
 - CRA 0%
 - Fire 0%
 - Stormwater 0%
- Bond proceeds in the amount of \$41,577,762 from the 2020 Capital Improvement Revenue Bonds are expected to be received in the fall of 2020.
- Reserves will be used for the following purposes:
 - \$27.1 million for water and wastewater projects
 - \$1.3 million for stormwater projects

Key features of the FY 2021 expenditures budget include:

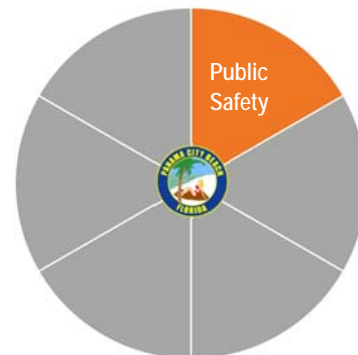
- 353 total proposed full-time equivalent (FTE) positions in all funds
- A net increase of 9 FTEs from the FY 2020 annual budget
- The new FTE positions include:
 - Biologist – Utilities (in lieu of annual biological monitoring contract @ \$98,000)
 - GIS Analyst – Utilities (to enhance utility asset management and operations)
 - Street Maintenance Worker – Public Works (converted from 4 seasonal positions)
 - Fire Inspector – Fire Department
 - Procurement Officer - Administration
 - 4 Police Officers – Police Department
- New part-time IT Systems Administrator
- The City will invest \$81.8 million for capital improvements, a \$56 million or 218% increase over the FY 2020 amended budget.

STRATEGIC PLAN PRIORITY INVESTMENTS

The 2021 budget includes the following investments in the City Council's Strategic Plan priorities:

PUBLIC SAFETY

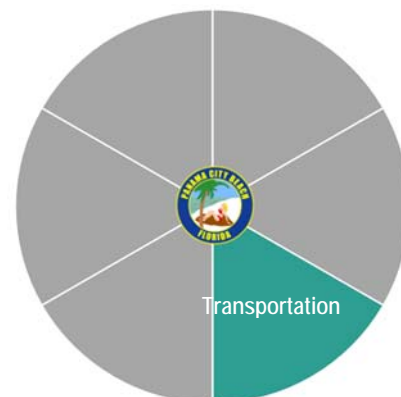
A safe and secure environment for our residents, businesses and visitors is of utmost importance to the City of Panama City Beach. A sense of security and safety is vital to the welfare and comfort of those who choose to live here, work here and visit here. We will continually work to promote and provide a high-level of public safety to ensure Panama City Beach remains a very safe and healthy community. To that end, the City is committed to the following 2021 budget investments:



- ✓ \$141,000 for Police Department and Code Enforcement body cameras, cloud storage and redaction services.
- ✓ \$170,000 to replace 4 Police patrol vehicles and equipment
- ✓ \$151,800 for Police and Fire training and leadership development, a 93% increase over FY 2020
- ✓ \$393,000 for the addition of 4 police officers, with vehicles and equipment
- ✓ \$107,000 for the addition of 1 fire inspector and vehicle
- ✓ Full year operation of Fire Station 30

TRANSPORTATION

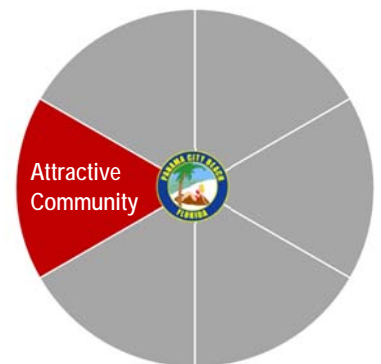
After many years of rapid growth, traffic has become a significant issue affecting many aspects of life in Panama City Beach. Residents are frustrated by congested traffic on major streets and the challenges of getting around the City. Facing continued, projected growth in and around Panama City Beach, a focus on mobility — whether by car, bike, bus, walking or future trolley — is imperative. Panama City Beach must promptly plan and implement transportation system improvements to improve mobility and help residents and businesses carry out their daily lives. To that end, the FY 2021 budget is committed to the following transportation improvements:



- ✓ \$10,675,000 Land acquisitions for various CRA projects
- ✓ \$ 8,700,000 Segment 3/SR79 for design, construction and Gulf Power fees
- ✓ \$ 6,850,000 for Bay Parkway Phase II completion
- ✓ \$ 4,777,000 Powell Adams Road construction and Gulf Power fees
- ✓ \$ 3,513,289 Segment 4.1 design and Gulf Power fees
- ✓ \$ 3,000,000 Segment 4.2 design and Gulf Power fees
- ✓ \$ 1,845,709 Alf Coleman Road Phase I design and construction
- ✓ \$ 1,500,000 for 10 lane miles of road resurfacing, which represents a \$1,167,000 increase from FY 2020
- ✓ \$ 500,000 Segment 4.3 design
- ✓ \$ 454,000 for a sidewalk on the north side of PCB Parkway from Nautilus St. to Pier Park Drive
- ✓ \$ 250,000 Richard Jackson Boulevard design, construction of turn lanes/median

ATTRACTIVE COMMUNITY

The City's overall appearance is a critical component of the public's perception of the community's quality, integrity and appeal. Panama City Beach recognizes its natural and built environment is the foundation of its community quality, visitor appeal, recreational opportunities and economic prosperity. It is therefore essential to protect, preserve and enhance the state of both our physical and natural environment for future generations of residents, businesses and visitors and ensure the future success and vitality of the community. To ensure the harmonious and interdependent relationship between the community's natural and built environment, we propose to commit the following in the FY 2021 budget:

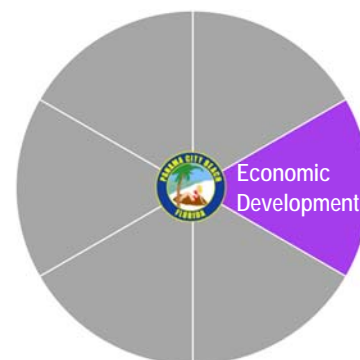


- ✓ Street cleaning program with the implementation of the street sweeper
- ✓ Mowing and trash pickup including inside the CRA, portions of Panama City Beach Parkway, Hutchison Boulevard, Front Beach Road and State Road 79
- ✓ Alf Coleman Road Phase I raising of the road (joint partnership with FDOT for sidewalk improvement)
- ✓ Richard Jackson Boulevard median improvements

- ✓ Maintenance and improvements of 55 public beach accesses
- ✓ Adding bicycle racks at public beach access points
- ✓ Refurbishment of concessions deck at Russell-Fields City Pier

ECONOMIC DEVELOPMENT AND VITALITY

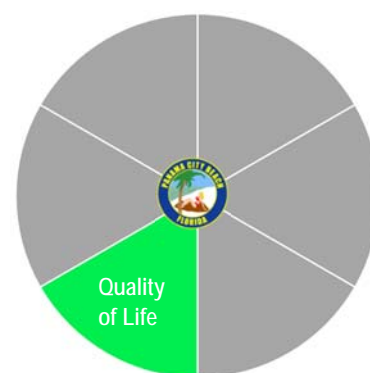
An economically vital and diverse community is supported by robust businesses, affordable housing and supportive services. The City of Panama City Beach is a tourist-based economy that is successful and growing. However, to offset the volatility of a tourist-based economy, the City desires to diversify its economy to become more year-round, resilient, and provide a wider range of quality living wage jobs in order to ensure a stable and sustainable long-term economic vitality. To diversify and move the economy forward, the City will commit to the following initiatives to foster a dynamic, resilient and diverse economy in the 2021 budget:



- ✓ CRA Segment 3 includes dedicated trolley lanes for public transportation, beautification streetscape additions and the construction of sidewalks for pedestrian mobility.
- ✓ Designing CRA Segments 4.1, 4.2 and 4.3
- ✓ New Wastewater Treatment Plant site connection to Griffin Boulevard
- ✓ Utility relocation in CRA Segments 3, 4.1 and 4.2

COMMUNITY QUALITY OF LIFE

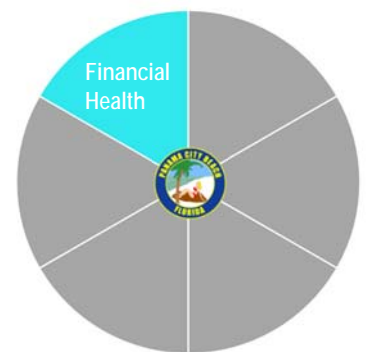
The City's overall quality of life is critical to Panama City Beach's desirability and sustainability. To further improve the community's quality of life, the City desires to invest in and seek partnerships to achieve enhancement in the cultural, recreational, health, aesthetic, and educational assets of the community. To that end, the FY 2021 budget includes the following quality of life enhancements:



- ✓ \$1,054,000 for bicycle and pedestrian trail extension of Gayle's Trails from east of Holiday Golf Club to Breakfast Point subdivision.
- ✓ \$1,831,000 for stormwater improvements
- ✓ Odor control measures for lift stations and wastewater treatment plant
- ✓ Bid-A-Wee subdivision water system improvements
- ✓ Thomas Drive/Beach Drive utility improvements
- ✓ Public Arts Project with SeeLife
- ✓ Internal employee mentoring program for not-for-profits

FINANCIAL HEALTH

The City's future vitality and sustainability is linked to its financial health and well-being. Panama City Beach is committed to effective stewardship of its finite fiscal resources, financial health and sustainability. Given the City's reliance on tourist-driven revenues, coupled with no ad valorem property tax, the City's financial capacity is one of limits and constraints compared to most communities. The City must adhere to a fiscally prudent course that ensures quality core services and capital improvements while living within its means and weathering the volatility of a fluctuating tourist-based economy. To that end, this budget employs the following initiatives to ensure the City is a wise steward of the public's resources and maintains long-term financial vitality:



- ✓ Increase general fund operating reserves to projected year-end 34%
- ✓ Expedite CRA projects via \$41.6 million bond proceeds with historically low interest rates
- ✓ \$37.4 million pay-as-you-go for utility improvement projects

GENERAL FUND

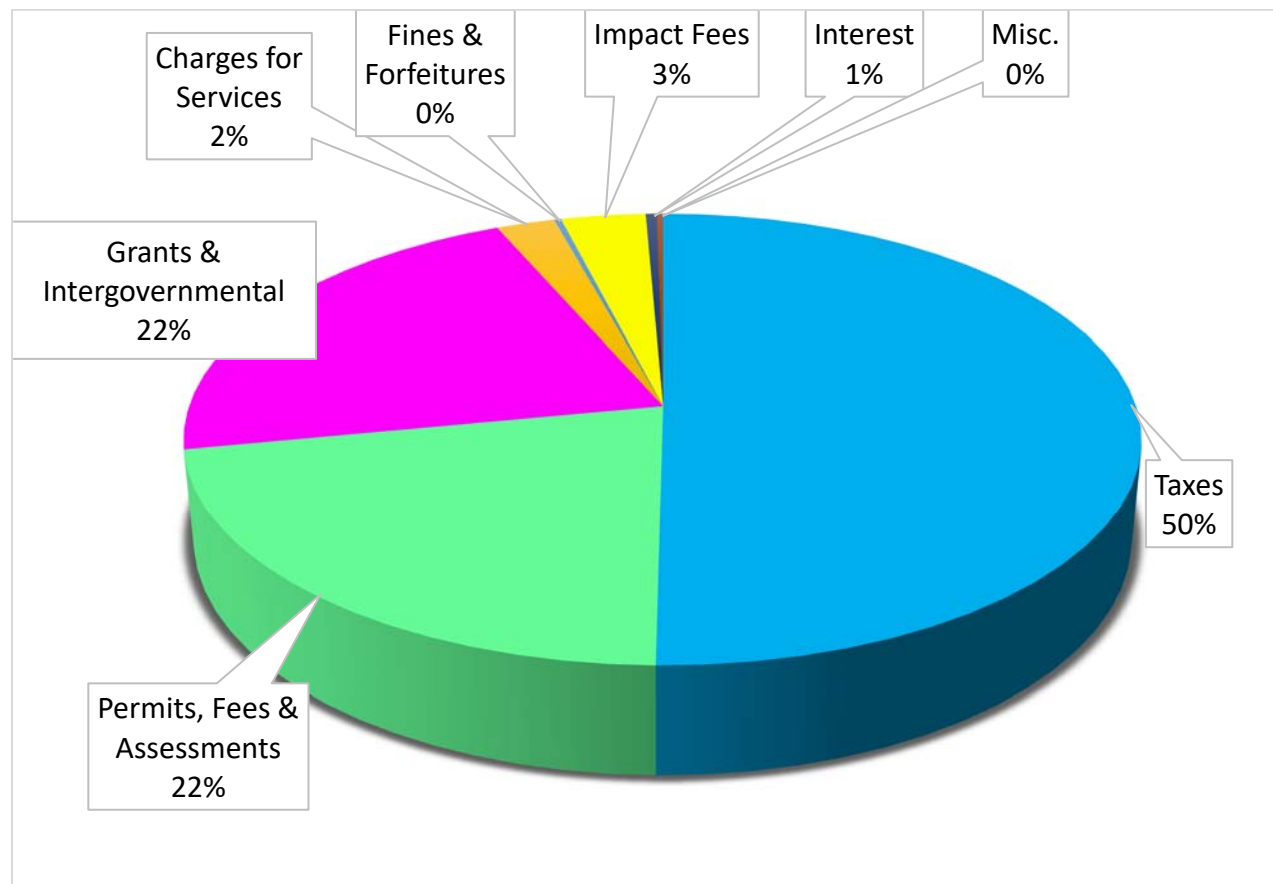
The proposed FY 2021 General Fund expenditures budget, which represents most of the City's core services, is \$36,618,070 million, a 6% decline over the FY 2020 amended budget of \$38,820,173. The decline is driven by a reduction in FY 2021 capital expenses of over \$5 million compared to FY 2020.

The FY 2021 General Fund revenues budget is \$35,583,355 million, a \$3.2 million or 10% increase over the FY 2020 amended budget. To balance its budget, the General Fund will utilize transfers in and reserves totaling \$1,599,070.

The projected year-end FY 2021 unassigned General Fund reserves are \$9.7 million or 34% of FY 2021 "recurring" expenditures, which is consistent with the City's Financial Management Policies which target a 25% unassigned reserve.

The FY 2021 General Fund incremental revenue growth results primarily from \$2.9 million in state grant and appropriation funds for Bay Parkway Phase II.

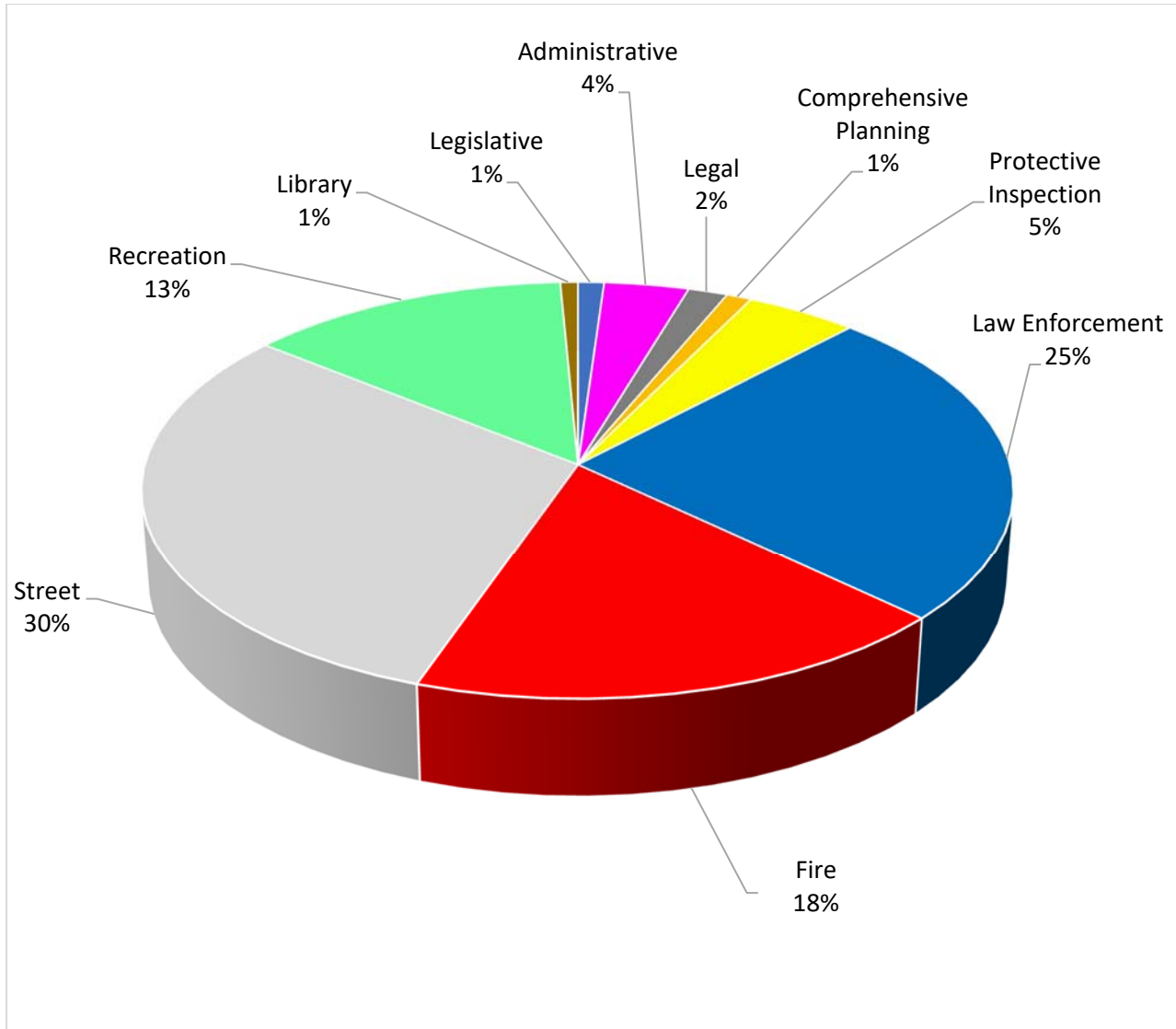
A breakdown of the FY 2021 Budget General Fund Revenues of \$35,583,355 is as follows:



The \$2.9 million or 12% FY 2021 General Fund operating expenditures increase over FY 2020 is primarily due to the following new expenses and increases:

- Merit and market adjustment pool \$ 352,500
- State and federal lobbyist services \$ 150,000
- Addition of 4 police officers \$ 253,100
- Police Department (body cameras, training, fuel) \$ 293,000
- Addition of 1 fire inspector \$ 80,900
- Fire Department (training and Station 30) \$ 188,000
- Streets (resurfacing) \$1,200,000

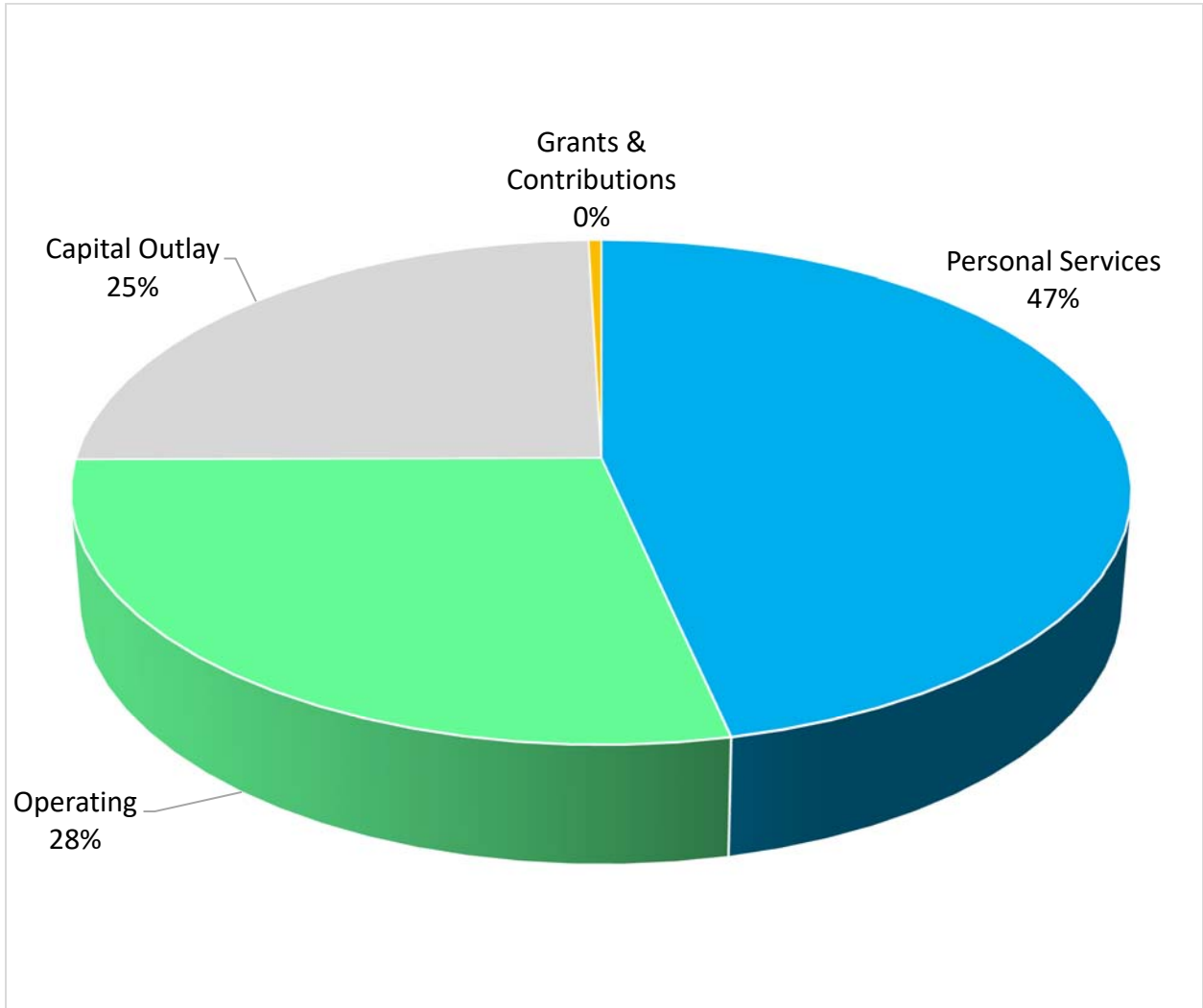
The FY 2021 General Fund expenditures of \$36,618,070 by department and category are as follows:



City of Panama City Beach
General Fund Expenditures Budget Summary FY: 2021

	AMENDED BUDGET 2020	PROPOSED BUDGET 2021	% Change
Legislative			
Operating	\$ 224,409	\$ 391,700	75%
Total Budget	\$ 224,409	\$ 391,700	75%
Administrative			
Operating	\$ 1,711,165	\$ 1,379,400	-19%
Capital Outlay	1,608,000	-	-100%
Total Budget	\$ 3,319,165	\$ 1,379,400	-58%
Legal			
Operating	\$ 560,000	\$ 595,000	6%
Total Budget	\$ 560,000	\$ 595,000	6%
Comprehensive Planning			
Operating	\$ 316,442	\$ 382,040	21%
Total Budget	\$ 316,442	\$ 382,040	21%
Protective Inspection			
Operating	\$ 1,446,230	\$ 1,715,850	19%
Capital Outlay	60,000	-	-100%
Total Budget	\$ 1,506,230	\$ 1,715,850	14%
Law Enforcement			
Operating	\$ 8,327,818	\$ 8,997,700	8%
Capital Outlay	704,600	310,000	-56%
Total Budget	\$ 9,032,418	\$ 9,307,700	3%
Fire			
Operating	\$ 6,065,130	\$ 6,676,050	10%
Capital Outlay	3,805,000	26,000	-99%
Total Budget	\$ 9,870,130	\$ 6,702,050	-32%
Street			
Operating	\$ 2,216,212	\$ 3,477,580	57%
Capital Outlay	6,180,500	7,486,000	21%
Grants & Contributions	47,000	46,800	0%
Total Budget	\$ 8,443,712	\$ 11,010,380	30%
Recreation			
Operating	\$ 3,405,467	\$ 3,549,950	4%
Capital Outlay	1,782,500	1,202,000	-33%
Grants & Contributions	109,000	116,500	7%
Total Budget	\$ 5,296,967	\$ 4,868,450	-8%
Library			
Operating	\$ 250,700	\$ 265,500	6%
Total Budget	\$ 250,700	\$ 265,500	6%
General Fund Total			
Operating	\$ 24,523,573	\$ 27,430,770	12%
Capital Outlay	14,140,600	9,024,000	-36%
Grants & Contributions	156,000	163,300	5%
Total Budget	\$ 38,820,173	\$ 36,618,070	-6%

The FY 2021 General Fund expenditures of \$36,618,070 by category are as follows:



FUND BALANCES

The FY 2021 unassigned reserves are projected to be \$9.7 million at 9/30/21, or 34% of “recurring” expenditures. This is consistent with the City’s Financial Management Policies that the General Fund unassigned reserves be at least 25% of “recurring” General Fund expenditures.

In addition to \$9.7 million in unassigned reserves at the fiscal year end, the City projects the following General Fund reserves:

- Restricted reserves \$3,905,605 comprised of municipal services impact fees
- Assigned reserves as follows:
 - Compensated absences \$ 500,000
 - Road maintenance \$1,000,000
 - Designated capital projects \$7,200,000
 - Capital renewal & replacement \$1,000,000

Reserves Assigned for Capital Expenditures at 9/30/21 are as follows:

800 Mhz System	\$1,400,000	estimated public safety share of new County system
Frank Brown Park	\$1,345,000	various projects including restrooms – South fields, Lyndell Center pickleball courts, Lyndell restroom, fishing docks, etc. (2/3 of total \$2.016 million est. cost.)
Bay Parkway Expansion	\$1,250,000	Local Mitigation Strategy (LMS) Match
Frank Brown Park	\$1,000,000	internal road FBP with traffic signal at Mandy Lane
FBP Comm. Safe Room	\$ 625,000	LMS Match
Sidewalks	\$ 424,000	
Fire Apparatus	\$ 406,000	2/5 engine and 2/10 ladder truck
Fire Station 31 Wind Retrofit	\$ 375,000	LMS Match
East Police Sub Station		
Safe Room	<u>\$ 375,000</u>	LMS Match
	<u>\$7,200,000</u>	

COMMUNITY REDEVELOPMENT AREA FUND

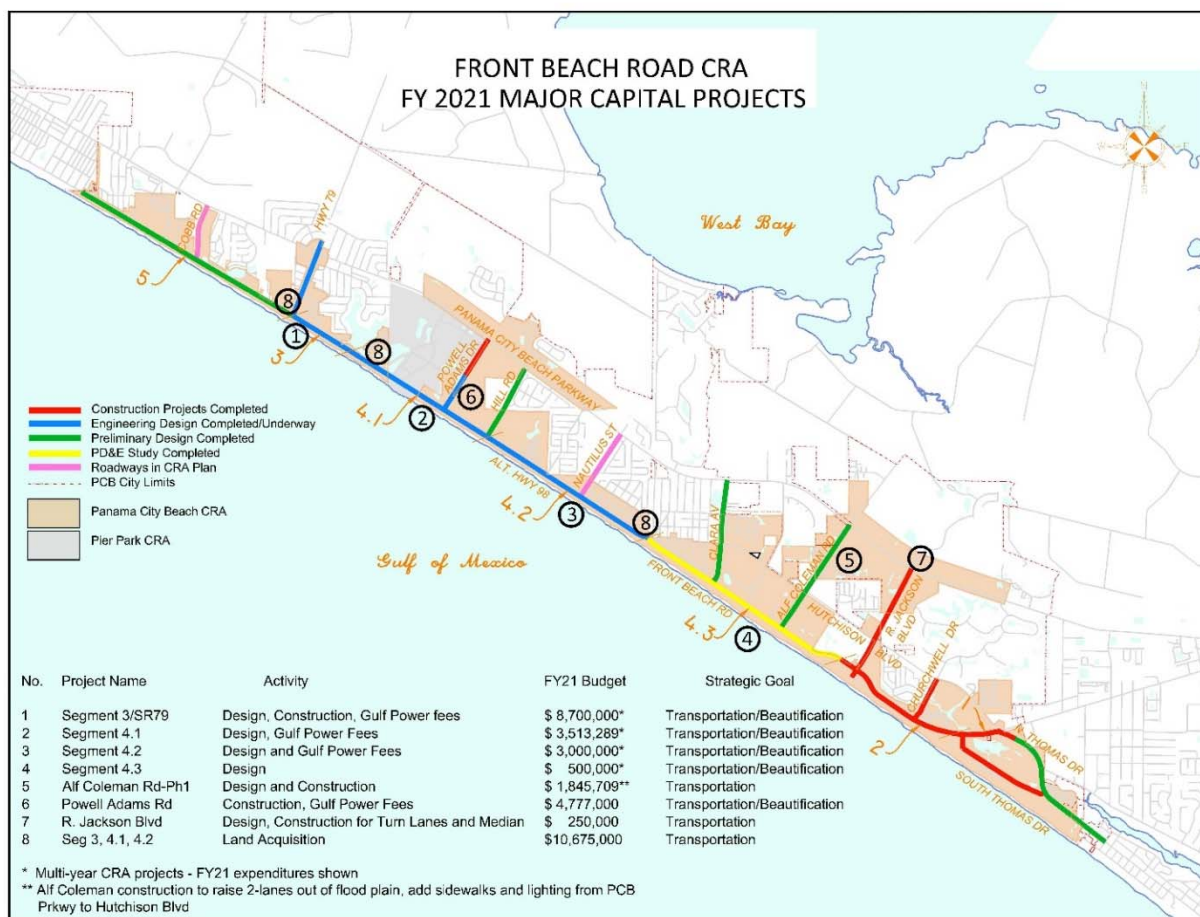
The proposed FY 2021 CRA Fund expenditures budget is \$39,031,951 which represents a \$29,155,701 or 295% increase over the FY 2020 amended year-end budget of \$9,876,250.

The CRA revenues budget is \$14,283,435, a 5% decline from the FY 2020 amended revenues budget of \$15,032,437.

The large FY 2021 expenditures increase of \$29.1 million is driven by the following \$33.3 million in capital projects:

- Land Acquisitions \$ 10,675,000
- Segment 3 \$ 8,700,000 Design, Construction and Gulf Power fees
- Powell Adams \$ 4,777,000 Construction and Gulf Power fees
- Segment 4.1 \$ 3,513,289 Design and Gulf Power fees
- Segment 4.2 \$ 3,000,000 Design and Gulf Power fees
- Alf Coleman \$ 1,845,709 Design and Construction
- Segment 4.3 \$ 500,000 Design
- Richard Jackson \$ 250,000 Design and Construction

To finance these improvements, the City will first use existing tax increment fund reserves then a portion of the proceeds generated from the issuance of CRA revenue bonds which are expected to provide funds in the amount of \$41,577,762. Projected CRA reserves of \$43,898,549 at fiscal year-end are restricted for furthering the implementation of the Front Beach Road CRA plan. Approximately \$37.1 million of this balance represents debt proceeds not expended in FY 2021.



UTILITY FUND

The proposed FY 2021 Utility Fund expenditures budget is \$64,029,705, a \$32,217,398 or 101% increase over FY 2020 amended budget. The Utility Fund will generate \$36,833,700 in revenue from charges for services, grants, late fees, impact fees and interest earnings. To balance its budget, the Utility Fund will utilize \$27,196,006 in available reserves.

The Utility Fund year-end projected reserves are \$59,094,515, of which \$20,782,797 is restricted for capital improvement projects and debt service, \$300,000 is assigned to pay accrued compensated absences, and \$38,011,718 is unassigned. In sum, the Utility Fund is very solvent and secure.

The Utility Fund increase of \$32.2 million is driven by a \$37.4 million capital outlay plan. The most significant FY 2021 Utility Fund capital improvements are included on the attached map:



STORMWATER FUND

The proposed FY 2021 Stormwater Fund expenditures budget is \$3,015,860, a \$765,284 or 34% increase over the FY 2020 amended year-end budget of \$2,250,576. The FY 2021 Stormwater Fund revenues budget is \$1,723,900, a 4% decline over the FY 2020 amended revenues budget of \$1,790,400. To fund the \$1,291,960 budget imbalance, the Stormwater Fund will utilize reserves. The increase in the FY 2021 stormwater budget is attributable to both operating expenditures and capital outlay increases.

The \$342,284 increase in operating expenditures is due to the following:

- \$90,000 increase in outfalls repairs and maintenance
- \$82,000 increase in personnel costs related to full staffing and benefit additions and increases
- \$65,000 increase in engineering studies
- \$50,000 increase in fleet and equipment repairs and maintenance

The FY 2021 budget is committing \$1,831,000 for capital improvements, a \$423,000 or 30% increase over FY 2020.

The key capital projects scheduled for FY 2021 include the following:

- \$431,000 for Glades Drainage Basin (St. Bernadette Catholic Church)
- \$376,000 for Glades Drainage Basin Hombre culvert
- \$300,000 Vestavia and San Souci drainage improvements
- \$250,000 for land acquisitions
- \$ 50,000 Agave Street intersection improvements

PIER FUND

The proposed FY 2021 Pier Fund expenditures budget is \$1,099,690, a \$212,452 or 24% increase over the FY 2020 amended budget.

The proposed FY 2021 Pier Fund revenues budget is \$1,384,900, a 9% increase over FY 2020 amended budget revenues of \$1,266,613.

The Pier Fund expenditures increase of \$212,452 is attributable to the following:

- \$150,000 Pier boardwalk deck replacement
- \$ 25,000 Four-wheel drive truck for carpenters

Financially, the Pier Fund is very solvent with FY 2021 projected year-end reserves of \$1,107,633, of which \$650,000 or 59% is reserves for renewal and replacement, and the balance of \$457,633 or 41% is unassigned and may be used for future purposes.

AQUATIC CENTER FUND

The proposed FY 2021 Aquatic Center Fund expenditures budget is \$833,650, a \$289,206 or 26% decrease from the FY 2020 amended budget.

The proposed FY 2021 Aquatic Center Fund revenues budget is \$197,000, a \$19,580 or 9% decrease from the FY 2020 amended budget.

The Aquatic Center Fund expenditures imbalance of \$636,650 is offset by an internal transfer of \$750,000. The balance of the internal transfer, \$113,350, is being used to provide cash reserves for future years.

The FY 2021 year-end projected Aquatic Center Fund operating reserve is \$291,389 or 35% of total expenditures.

CONCLUSION

The proposed FY 2021 budget addresses the City's essential priorities and capital needs and will allow the City to achieve critical community and strategic goals. It also puts in place a plan that supports the City's efforts to ensure continued financial stability and sustainability in future years.

In presenting the budget to the City Council, I would like to acknowledge and express appreciation to the City Leadership Team and staff for its willingness to submit realistic budget requests and develop initiatives to meet the Council's and community's priorities. I would also like to recognize Holly White, Joey St. Germain and Debbie Ward for their assistance in preparing this budget and comprehensive presentation.