

Agenda Memorandum

To: Honorable Mayor and City Council Members
Prepared By: Nadia Todor, Budget Officer
From: Bryan Cobb, City Manager
Date: July 17, 2023
Subject: **Resolution No. 4352-23**, Establishing Tentative FY 2023-24 Millage Rates and Scheduling the First Budget Public Hearing

Procedure: Call Up Item
City Manager Background
Public Comment - Request to Speak Forms submitted prior to beginning of meeting.
Council Motion & Discussion
Council Action

Introduction: This is a request for City Council to establish the tentative Fiscal Year (FY) 2023-24 millage rates and schedule the first public hearing for the FY 2023-24 Proposed Budget for purposes of public notification under the Florida Truth in Millage (TRIM) statutes.

Under the TRIM statutes, all property owners must be notified of the tentative millage levies by a mailing from the Seminole County Property Appraiser in August. The City Council may subsequently reduce the tentative millage rate; however, City Council cannot increase the tentative millage rate without another public notification to all City property owners. For practical purposes, Resolution No. 4352-23 establishes the maximum property tax millage rate for FY 2023-24.

Discussion: The FY 2023-24 Proposed Budget is balanced using the recommended millage rate of 5.3440 mills or \$5.3440 per \$1,000 of assessed valuation. The debt service for the 2003 General Obligation Bond Issue will be set at 0.1310 mills or 13.10 cents per \$1,000 of assessed valuation. Utilizing the recommended millage rates, a summary of the combined millage rates proposed for FY 2023-24 is as follows:

General Fund	5.3440
GO Millage	<u>0.1310</u>
Total	5.4750

The millage rate of 5.3440 mills will result in \$20,965,359 in property taxes, less \$725,461 contributed to the CRA, and budgeting at the 95% level as allowed in Section 200.065(2)(a)1, Florida Statutes, the General Fund Ad Valorem revenues will be \$19,191,630, an increase of \$1,343,381 over the FY 2022-23 Adopted General Fund budget. Additionally, staff has budgeted

\$10,000 in delinquent collections bringing the total Ad Valorem revenues proposed for FY 2023-24 to \$19,201,630.

Historical Analysis of Budgeted Ad Valorem Revenues (excluding delinquent taxes):

- FY 2023-24 Proposed Budget: \$19,191,630 – at 5.3440 millage rate
- FY 2022-23 Adopted Budget: \$17,848,249 – at 5.3350 millage rate
- FY 2021-22 Adopted Budget: \$15,674,499 – at 5.1275 millage rate
- FY 2020-21 Adopted Budget: \$15,068,481 – at 5.1230 millage rate
- FY 2019-20 Adopted Budget: \$14,242,469 – at 5.1145 millage rate

Setting the millage rate for the General Fund at 5.3440 mills will result in a citywide tax increase of 7.4840% above the rolled back rate of 4.9719 mills. The maximum millage rate is 5.5947 mills and reflects the maximum tentative millage the City Council can enact by majority vote, as per TRIM statute. The DR-420 forms for each millage rate calculation are provided in Attachment 1.

At City Council's April 24, 2023, and June 28, 2023, Work Sessions, staff presented a series of potential obligations and commitments that would result in prioritizing the funding available in the General Fund for FY 2023-24. Some of the obligations and commitments reflected funding adjustments, while others affect the operations and maintenance of the City. Staff developed a priority list based on the direction provided by City Council at the work sessions and the director's prioritization workshop.

The FY 2023-24 Proposed Budget, as provided in Attachment 2, is balanced using the recommended millage rate of 5.3440 mills with sufficient revenues to accomplish the following:

- Maintains FY 2022-23 Service Levels;
- Funds a 5% salary increase for General Government and Fire Bargaining Unit employees;
- Funds 6% salary increase for Police Bargaining Unit employees;
- Funds 5 new Full-time equivalents (FTE):
 - One (1) Police Records Specialist;
 - Two (2) Maintenance Worker I;
 - One (1) Crew Leader; and
 - One (1) Heavy Equipment Operator;
- Funds benefit costs;
- Funds a 30% increase in Workers Compensation rates;
- Funds a 30% increase in General Insurance rates;
- Funds increases in fixed costs such as leases, telephone, and utilities;
- Funds the Vehicle Replacement Plan;
- Funds the following capital items:
 - Two new vehicles for Public Works Crew Leader and Heavy Equipment Operator;

- 800mhz Portable Radios;
- Replacement of EMS Cardiac Monitors;
- Replacement of Vehicle/Machinery Extrication Equipment;
- City Hall Annex second floor entrance security;
- City Hall Annex Fire Alarm System Replacement; and
- Thorgard Lightning Upgrade;
- Funds debt service costs for FY 2023-24;
- Funds capital purchases for IT as recommended by the IT Infrastructure & Organizational Assessment Plan;
- Complies with the Government Finance Officers Association (GFOA) Best Practice of 16.67% Target Reserve Fund Balance; and
- Complies with the City's Budget and Financial Policy of Maintaining a Minimum 15% Reserve Fund Balance.

Resolution No. 4352-23 establishes a tentative millage rate of 5.3440 mills and a separate tentative millage rate for the General Obligation Bond Debt of 0.1310 mills for a total millage rate of 5.4750 and schedules the first budget public hearing date for Thursday, September 7, 2023, at 6:30 p.m. in the City Council Chambers.

Budget Impact: The action required by the City Council does not involve adoption of an annual budget. City Council is only asked to adopt the Tentative Millage Rate as required by Florida State Statute. The FY 2023-24 Proposed Budget reflects funding as City Council directed within the recommended total millage rate of 5.4750 mills. The adoption of the FY 2023-24 Proposed Budget will occur at the conclusion of the public hearings scheduled for September 7 and September 18, 2023.

Strategic Impact: Continuing high levels of customer service, productivity, and efficiency which maintain fiscal and organizational health.

Recommendation: It is recommended that City Council adopt Resolution No. 4352-23.

City Council's motion must state the following:

Motion to adopt Resolution No. 4352-23 adopting a Tentative Operating Millage Rate of 5.3440 mills for FY 2023-24 which results in a City-Wide tax increase of 7.4840% above the rolled back rate of 4.9719 mills; Adopting a Tentative General Obligation Bond Millage Rate of 0.1310 mills for FY 2023-24; Adopting a Tentative Total Millage Rate of 5.4750 mills and scheduling the 1st Public Hearing for September 7, 2023, at 6:30 pm, Oviedo City Hall, 400 Alexandria Boulevard, Oviedo Florida 32765.

Attachment(s): 1. DR420 Certification of 2023 Taxable values
2. June 28, 2023 Budget Model