City Commission Workshop
Agenda
July 25, 2022

Mayor Gib Coerper
Vice Mayor Jennifer Blalock
Commissioner Shirley Green Brown
Commissioner Dayna Miller
Commissioner Edward Potts

City Manager Mike DaRoza
City Attorney Marian Rush

The City Commission will conduct a
City Commission Workshop
At 3:00 PM
to address the item(s) below.

Meeting Date: July 25, 2022

Meeting Location: James A Lewis Commission Chambers
15100 NW 142 Ter

WORKSHOP MEETING

Notice given pursuant to Section 286.0105, Florida Statutes. In order to appeal any decision made at this meeting, you will need a verbatim record of the proceedings. It will be your responsibility to ensure such a record is made.

I. CALL TO ORDER

II. AGENDA ITEM

A. FY 2022-2023 Budget Workshop

III. ADJOURN

Commission Agenda Item

MEETING DATE: 7/25/2022
SUBJECT: FY 2022-2023 Budget Workshop
PREPARED BY: Robert A. Bonetti, Finance and Administrative Services Director

RECOMMENDED ACTION:
Conduct workshop and receive the presentation.

Summary

This workshop will serve as the City Commission's initial status update regarding the FY 2022-2023 budget process.

The presentation will cover the following discussion topics:

- Budget objectives;
- Status of FY 2022-2023 budget process;
- Items and/or issues of budgetary impact;
- Millage rate options;
- Operating revenues;
- Debt service;
- Utility rates; and,
- Budget process calendar.

ATTACHMENTS:

	Description
🗋	FY 2022-2023 Budget Workshop

City of Alachua

Budget Workshop

Introduction

Fiscal Year 2022-2023

July 25, 2022

Purpose

* Overview of the FY 2022-2023 budget process
* Overview of items impacting FY 2022-2023 budget
* Overview of FY 2022-2023 general operating revenues
* Overview of FY 2022-2023 debt payments
* Projected FY 2022-2023 utility rates
* Timeline for the FY 2022-2023 budget process

Budget Objectives

* Commission goals and strategic initiatives
* Fiscal health
* Existing infrastructure
* Future infrastructure

Budget Process

* Departmental budget process kicked-off: April 14, 2022
* Department budget submittals to FAS: May 27, 2022
* Strategic initiatives retreat with Commission: June 14, 2022
* Budget review & development: June through July 2022

Budget Process

* Department start = FY 2022-2023 continuation allocations levels.

* Budget base is 150.50 FTEs

* No prior or current fiscal year carry forward items

Budget Process

* FY 2022-2023 target for Capital Outlay (non-CIP) items is zero

  - APD vehicles ($162K), APD tablets ($24K)

  - PW Road Infrastructure ($200K)

  - IT infrastructure ($150K)

* New capital outlay requests reviewed/prioritized by executive team

Budget Process

- Capital Improvement Program (CIP) FY 2023-2027 Process:

  - Review of previously adopted CIP 2022-2026

  - Opportunity to modify/update:
    review/rearrange project priorities

  - Consideration of new projects

Budget Process

* CIP prioritization based on :
  - Mandate by law or government agency
  - Minimizes potential liability to the City for health, safety and welfare issues
  - Supports the Commission's Strategic Plan
  - Addresses potential degradation of service
  - Funding options (affordability and debt capacity)

Budget Impact Items

* Major Budget Impacts:

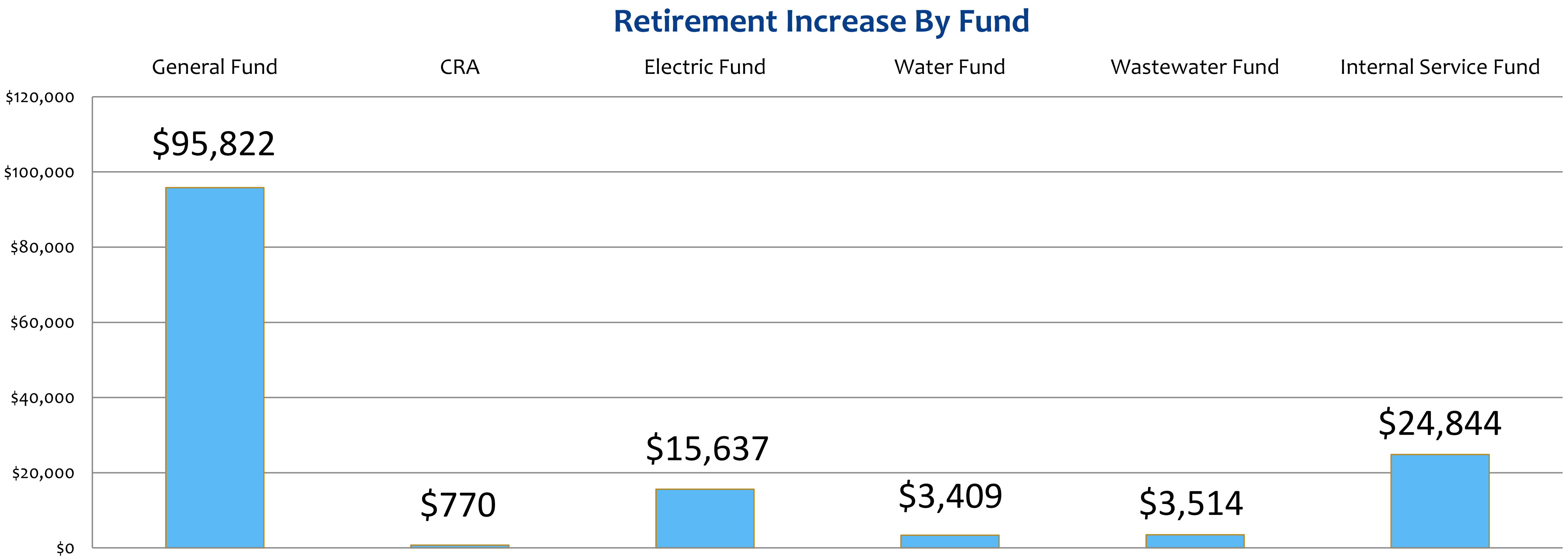
  - FRS Retirement rates
  - Health / Vision / Dental / Life insurance
  - Liability, Property and WC insurance
  - Employee incentives (Merit, COLA, Longevity, etc.)
  - State municipal revenue distributions
  - Millage rate determination
  - Workforce environment
  - Cost of goods/services

Budget Impact Items

* FRS Retirement rates:

	FY 2021-2022	FY 2022-2023
Regular	10.82%	11.91%
Senior Management	29.01%	31.57%
Special Risk	25.89%	27.83%
DROP	18.34%	18.60%

Budget Impact Items

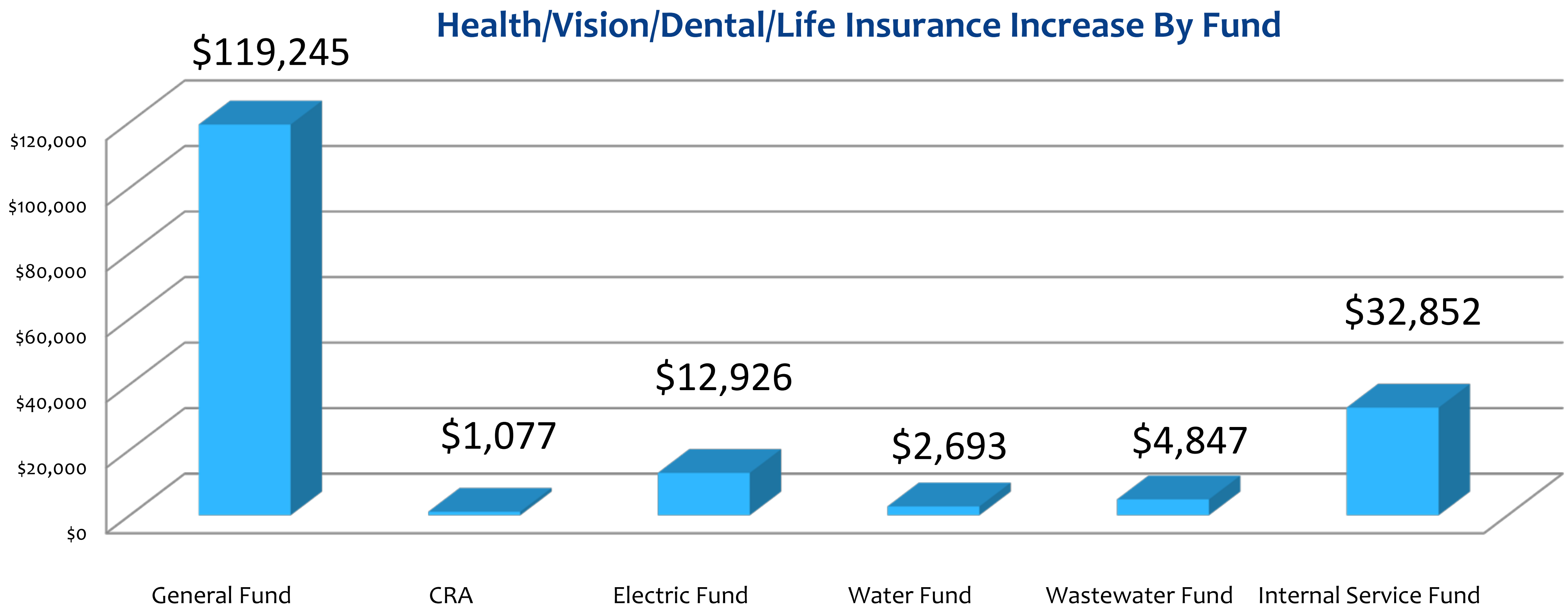


Budget Impact Items

* Medical Insurance rates:

	FY 2021-2022	FY 2022-2023
Health	$11,337.60	$12,414.72
Dental	$372.96	$372.96
Vision	$67.92	$67.92
Life	$72.24	$72.24

Budget Impact Items



Budget Impact Items

* Liability and Property Insurance:
  - FMIT renewal rates received
  - Approximate increase of $42K

* Workers Compensation:
  - FMIT renewal rates received
  - Approximate increase of $32K

Budget Impact Items

* Employee Incentives:
  - No COLA
  - Merit = up to 4%
  - Longevity = $500 for every 5 years of service

* State Revenue Distributions:
  - Most estimates have been released

General Revenues

* Property Taxes – Millage Rate:

  - The City’s Tax Year 2022 taxable value figure is $1,073,387,075

  - Increase of 9.7% from Tax Year 2021 taxable value of $978,488,169

  - Impact at millage rate of 5.3900 mills = $511,505

General Revenues

* Millage Rate options:

  - Majority vote ≤ 8.3710:

    Current millage of 5.3900

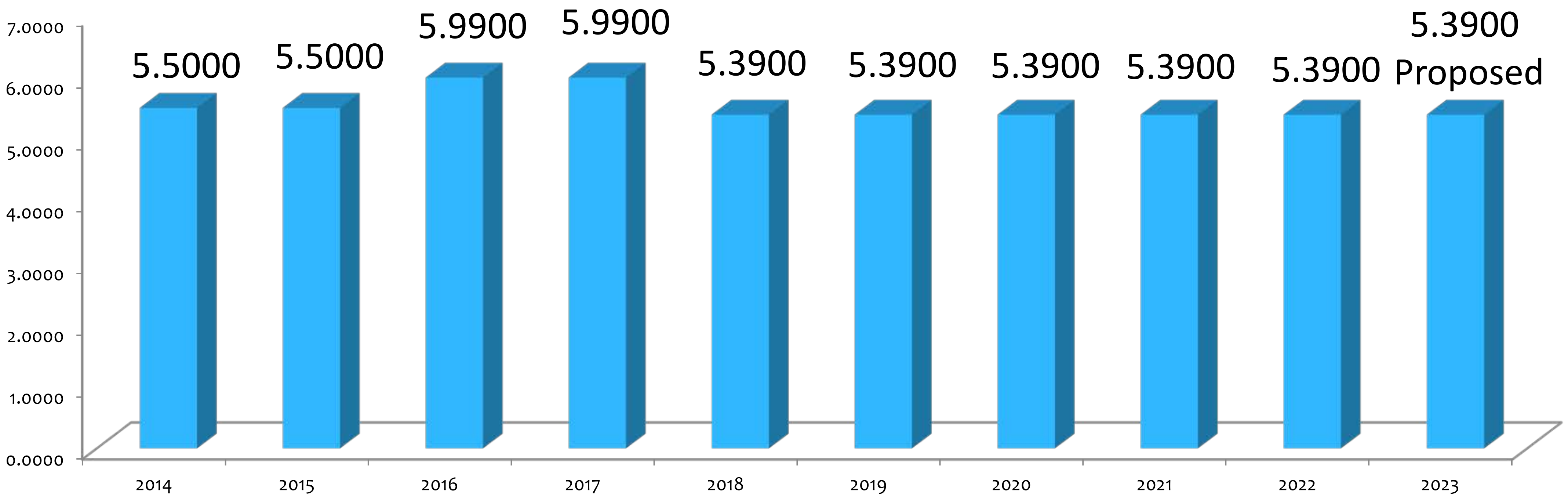
    Rollback rate of 4.9860

  - Requiring 2/3 vote [4 of 5 Commissioners] > 8.3710 < 9.2081

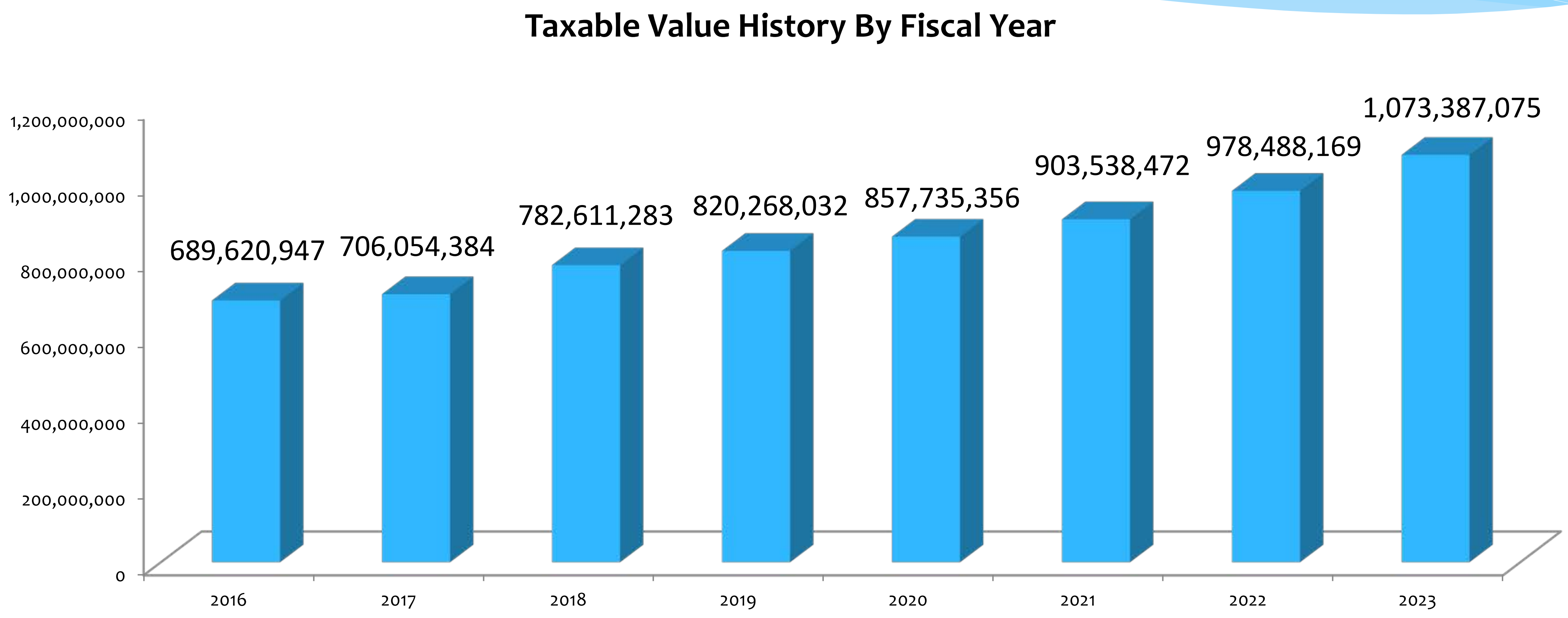
  - Staff initial recommendation is to set preliminary rate at 5.3900 mills

General Revenues

Millage Rate History by Fiscal Year



General Revenues



General Revenues

<u>Millage Dynamics</u>

Each 1 Mill =	$1,073,387
Each 1/2 Mill =	$536,694
Each 1/3 Mill =	$357,780
Each 1/4 Mill =	$268,347
Each 1/10 Mill =	$107,339

General Revenues

* Local Option Fuel Taxes estimate: $328,013
  - increase of $45,575

* Communication Services Tax estimate: $310,000
  - decrease of $30,000
  - not yet available from Dept. of Revenue

* Utility Tax estimate: $1,300,000
  - decrease of $300,000

General Revenues

* Half Cent Sales Tax estimate: $673,149
  - increase of $21,109

* Revenue Sharing estimate: $381,716
  - increase of $49,390

General Revenues

* Solid Waste Residential Services:
  - Waste Pro, Inc. is provider
  - Contract expires September 30, 2022
  - Option to extend (additional 4-yr. term) or bid
  - Current rate from Waste Pro: $15.90
  - Estimated avg. customers for FY23: 3,860
  - COA currently charges: $18.60

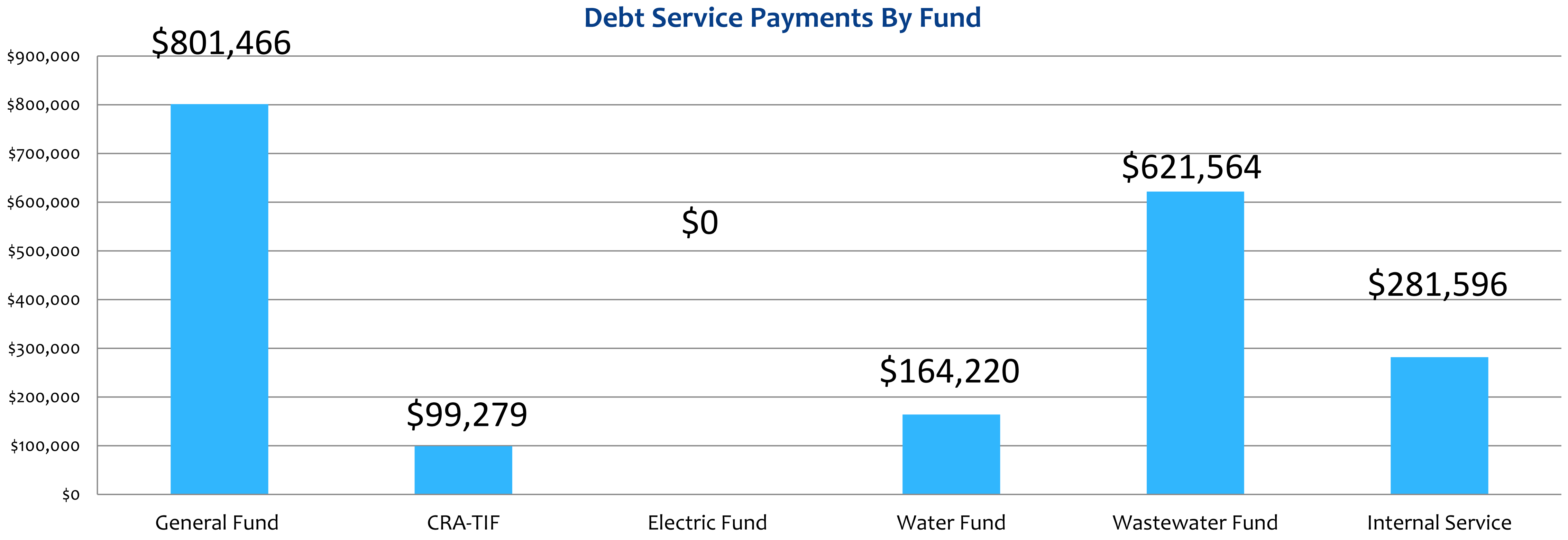
Debt Service

* Debt payments budgeted FY 2022-2023: $1,968,125

* Outstanding debt includes:

  - Series ‘09 SRF Loan
  - Series ‘13 Redevelopment Note
  - Series ‘16 Capital Improvement/Refunding Bonds
  - Series ‘19 Capital Improvement Revenue Note

Debt Service



Utility Rates

* Electric power contracts with FPL and FMPA
  - FPL effective from April 1, 2022 until March 31, 2029
  - FMPA effective from April 1, 2022 until December 31, 2027

* FY 2022-2023 proposed budget does not contemplate a rate change

* BPCA (through 06/2022): $0.01025/kWh in FY 2022

* BPCA (est. beginning 07/2022): between $0.01125-$0.02525/kWh thru FY 23

Utility Rates

* Electric Residential Rates

Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$9.14	No Change
Consumption Charge ($ per kWh)		
0-1,000 kWh More than 1,000 kWh	$0.0934 $0.1036	No Change
BPCA ($ per 1,000 kWh)	$11.25 – $13.25	$13.25 – $24.25

Utility Rates

* Electric Non-Residential Rates

Non Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$11.68	No Change
Consumption Charge ($ per kWh)	$0.0985	No Change
BPCA ($ per 1,000 kWh)	$11.25 – $13.25	$13.25 – $24.25

Utility Rates

* Electric Demand Rates

Demand Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$45.71	No Change
Demand Charge ($ per kW)	$7.36	No Change
Consumption Charge ($ per kWh)	$0.0701	No Change
BPCA ($ per 1,000 kWh)	$11.25 – $13.25	$13.25 – $24.25

Utility Rates

* Electric Large Demand Rates

Large Demand Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$45.71	No Change
Demand Charge ($ per kW)	$7.36	No Change
Consumption Charge ($ per kWh)	$0.0670	No Change
BPCA ($ per 1,000 kWh)	$11.25 – $13.25	$13.25 – $24.25

Utility Rates

<u>FY 2022 Water Rates Overview</u>

* Proposed budget will implement a 6% increase to water rates.
  - Customer charge, availability charge, and base consumption rates will increase for all classifications

* Florida Public Service Commission (FPSC) price index is 4.53%

* Increase necessary to maintain revenue model plan, keep pace with rising costs and infrastructure needs

Utility Rates

* Water Residential Rates

Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$8.88	$9.41
Availability Charge ($ per month)	Varies	6% increase for each meter size
Consumption Charge ($ per 1,000 gallons)		
0-4,000 gallons	$2.11	$2.24
4,001-8,000 gallons	$2.75	$2.92
above 8,000 gallons	$4.11	$4.36

Utility Rates

* Water Non-Residential Rates

Non-Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$8.88	$9.41
Availability Charge ($ per month)	Varies	6% increase for each meter size
Consumption Charge ($ per 1,000 gallons)	$2.75	$2.92

Utility Rates

* Water Irrigation Rates

Irrigation Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$8.88	$9.41
Availability Charge ($ per month)	Varies	6% increase for each meter size
Consumption Charge ($ per 1,000 gallons)	$4.11	$4.36

Utility Rates

Capital Facilities Charges-Water

* Last adjusted in 2006
* Paid by development to connect to water system infrastructure
* Proposed 15% increase

Utility Rates

<u>FY 2023 Wastewater Rates Overview</u>

* Proposed budget will implement a 3% increase to wastewater rates.
  - Customer charge, availability charge, and base consumption rates will increase for all classifications

* Florida Public Service Commission (FPSC) price index is 4.53%

* Increase necessary due to keeping staff's revenue model plan, address infrastructure needs and rising costs (includes debt service for plant WWTF plant expansion)

Utility Rates

* Wastewater Residential Rates

Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$11.53	$11.88
Consumption Charge ($ per 1,000 gallons)	$6.06	$6.24

Utility Rates

* Wastewater Non-Residential Rates

Non-Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$11.53	$11.88
Consumption Charge ($ per 1,000 gallons)	$8.43	$8.68

Utility Rates

* Wastewater Reclaimed Water Rates

Reclaimed Water Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$8.66	$8.92
Consumption Charge ($ per 1,000 gallons)	$0.79	$0.81

Utility Rates

<u>Capital Facilities Charges-Wastewater</u>

* Last adjusted in 2006
* Paid by development to connect to wastewater system infrastructure
* Pledged as repayment source for SRF Loan payback
* Proposed 15% increase

Utility Rates

<u>Utility Rates-Mosquito Control</u>

* Current rate: $1.10 /month
* Last increase: $0.10 /month in FY 2013
* No proposed increase

Utility Rates

* More details / information on the proposed rates to be presented for the public hearings:

- August 8, 2022
- August 22, 2022

Agenda Budget Items

* Resolution 22-21
  - Proposed Millage: 5.3900 mills
  - Transmit to Property Appraiser for TRIM notices

* Resolution 22-22
  - TK Basin preliminary rate
  - Assessment decrease for FY 2022-2023

Budget Calendar

* August 8, 2022: Budget Workshop / Proposed Budget, 4:30p.m.
* August 8, 2022: First Utility Rate Public Hearing, 6:00p.m.
* August 22, 2022: Budget Workshop / Proposed Budget, 4:30p.m.
* August 22, 2022: Second Utility Rate Public Hearing, 6:00p.m.

Budget Calendar

* September 12, 2022: CRA Budget Adoption, 5:00p.m.
* September 12, 2022: First Budget Public Hearing, 6:00p.m.
* September 12, 2022: Stormwater Assessment Rates Public Hearing, 6:00p.m.
* September 26, 2022: Final Budget Public Hearing, 6:00p.m.

Questions or Comments

City of ALACHUA
THE GOOD LIFE COMMUNITY

City Commission Workshop
Sign In July 25, 2022

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