



**MEMORANDUM  
OFFICE OF THE TOWN MANAGER**

*The Town of Ponce Inlet staff shall be professional, caring, and fair in delivering community excellence while ensuring Ponce Inlet citizens obtain the greatest value for their tax dollar.*

**TO:** Town Council  
**FROM:** Michael E. Disher, AICP, Town Manager  
**DATE:** July 11, 2023  
**SUBJECT:** Final Budget for FY 21/22, Adopted and Amended Budgets for FY 22/23, and Proposed Budget for FY 23/24

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Introduction

This budget is presented to cover three fiscal years – the Final budget for FY 21/22, the Adopted and Amended FY 22/23, and the Proposed FY 23/24. The FY 21/22 and FY 22/23 budgets are presented for information only. For FY 22/23, the adopted budget, mid-year amended budget (per Res. 2023-05) and estimated final amended budget are provided for comparison. A two-year forecast budget is not being provided this year, in favor of the 5-year Capital Improvement Program that was presented at the June 23, 2023 workshop. The only budget year that the Council will be asked to adopt in September is the Proposed FY 23/24.

Background

At its March 2, 2023 meeting, the Essential Services Advisory Board (ESAB) reviewed budgetary proposals from the Fire, Police, and Public Works Departments for FY 23/24 and FY 24/25. These proposals were then ranked in terms of priority and then forwarded to the Town Council as recommendations for the FY 23/24 budget.

On May 18, 2023, the Town Council was presented with the results of the audit of the FY 21/22 financial statements. For the 7<sup>th</sup> year in a row, the Town has received a perfect, comment-free audit. Management closely monitors purchasing policies and procedures to ensure protections of the Town’s finances. The audit demonstrated that the Town continues to remain in sound fiscal shape.

At the June 23, 2023 preliminary budget workshop, the Council reviewed the impact of ongoing expenses from Hurricane Ian, past use of reserve funds, projected increases to employee benefits (by state or local mandate), rising costs of insurance and utility rates, existing obligations such as

27 loans and grant matches, and maintenance activities deferred in previous years. The Council then  
28 reviewed a list of significant (\$25,000+) proposed purchases, projects, maintenance activities,  
29 professional services, and new personnel to maintain or enhance levels of service for the next fiscal  
30 year. These items included the prioritized list recommended by the ESAB. The Council indicated  
31 its support for these items and directed staff to prepare the proposed budget accordingly.

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Proposed Budget for FY 23/24

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35 The budget for fiscal year 23/24 is balanced with a proposed millage rate of 6.5, which is intended  
36 to maintain or enhance the level of service provided by the Town government to its residents and  
37 property owners. At a 95% collection rate, the proposed millage will produce \$7,560,007 in ad  
38 valorem revenue. The Town’s current millage rate is 5.3 and the rolled-back rate (RBR) is 4.8960.  
39 The proposed millage rate is 32.76% above RBR.

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41 According to the Volusia County Property Appraiser’s preliminary tax roll, the taxable value of  
42 property in Ponce Inlet has increased by 8.25%. Homesteaded properties will be capped at a  
43 taxable value increase of 3%. A homesteaded property with a prior year value of \$250,000 would  
44 pay a maximum of \$289 more in taxes next year, compared to the previous year. A non-  
45 homesteaded property with a prior year value of \$250,000 would pay a maximum estimated \$463  
46 more, if they reached the cap of 10% increase in property values.

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Reserves

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50 Per the Town’s Reserve Policy, Res. 09-04, reserves are to be used, “...to mitigate current and  
51 future risks such as revenue shortfalls, natural disasters, unanticipated expenditures, and to ensure  
52 stable tax rates.” The policy requires the Town to maintain reserves sufficient to cover between 3-  
53 9 months of operating expenses. The Town’s current FY 22/23 reserve levels per audit of FY 21/22  
54 are shown within the budget document in the revenue reserve line of each fund. After the FY 20/21  
55 audit, the Town’s reserves stood at 8 months. The Town’s stabilization reserve and other  
56 unassigned fund balance at the beginning of FY 22/23 is \$4,185,452 which equates to a 59%  
57 reserve or 7 months. Reserves are currently estimated at 5 five months. This is largely due to:

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- \$483,239 in general fund reserves used for operating expenses in the adopted FY 22/23 budget.
- \$579,000 in impacts from Hurricane Ian not yet reimbursed.
- \$150,000 from Local 4140 FD Collective Bargaining Agreement - additional salary and benefits this year retroactive to 10-1-22.

63 The Town’s Water Fund reserve at the start of FY 22/23 is approximately \$1,043,293; however, it  
64 is expected to fall to about \$968,379 at the end of FY 22/23 and further reduced to \$680,690 after  
65 FY 23/24.

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Highlights

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69 The proposed budget includes purchases, projects, maintenance activities, professional services,  
70 and new personnel to maintain or enhance levels of service for the next fiscal year. Purchases can

71 be thought of as tangible equipment, such as new generators or vehicles. Projects involve  
 72 construction, such as the S. Peninsula sidewalk expansion. Services can include maintenance  
 73 activities like storm pipe cleaning or professional services for new studies and plans. All items on  
 74 this list were either prioritized by the ESAB, tied to a Council goal, or were part of the Town's  
 75 appropriation requests to the Florida Legislature this year.

76  
 77 Equipment (\$71,000)

78	• New generator for Community Center	\$35,000 (+\$20,000 grant)
79	• Portable message boards (2)	\$36,000

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 81 Projects (\$250,000)

82	• Fire Suppression for new Clerk's office file room	\$30,000
83	• Interior station modifications to house 3 new fire fighters	\$70,000
84	• S. Peninsula sidewalk project (transfer to 311 fund)	\$150,000

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 86 Maintenance/Repair (\$100,000)

87	• Museum boardwalk replace decking and rails	\$40,000
88	• Storm pipe cleaning - north half of Town (Phase 2)	\$60,000

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 90 Professional Services (\$221,000)

91	• Salary Survey	\$28,500
92	• Fire Dept. Accreditation Self-Assessment Manual	\$36,000
93	• CRS consultants and maps	\$46,500
94	• Adaptation Action Plan (contingency)	\$50,000
95	• Stormwater Utility fee study and implementation	\$60,000

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 97 New Personnel (all starting mid-year) (\$295,136)

98	• 1 Financial Analyst	\$45,147
99	• 3 Firefighters	\$140,694 (total)
100	• 2 Police Officers	\$82,200 (total)
101	• 1 Public Works Maintenance Tech	\$27,095

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 103 Other Notable Requests (\$426,728)

104	• Government Affairs consultant (lobbyist)	\$24,000 (8 months)
105	• Continued support of the First Step homeless shelter	\$14,187
106	• Annual contribution to C4PI	\$4,000
107	• Contractual services for financial auditors	\$43,000
108	• Relocation of all contractual copier services to IT budget	\$8,425 (total)
109	• New CivicPlus software for meeting agenda mgmt.	\$7,750
110	• Replacement of old computers (1 <sup>st</sup> year of 3-year cycle)	\$20,000
111	• Outdoor public security cameras for Town parks	\$15,000
112	• Replacement plotter/scanner for Planning & Development	\$11,000
113	• New and replacement tasers and body cams for PD	\$24,650
114	and new body cams for Code Enforcement + cloud storage	
115	• Repair of Fire Department stairs	\$15,000
116	• 4 existing and 5 additional leased vehicles from Enterprise	\$101,016

- 117 • Purchase of dump truck body for leased vehicle \$11,700
- 118 • Design for Public Works parking lot expansion \$10,000
- 119 • Painting of museum buildings \$10,000
- 120 • Utility box art wrap project (deferred from FY 22/23) \$7,000
- 121 • Remaining design work for Septic-to-Sewer project, Ph. 1-2 \$100,000
- 122 Note: this is a conservative estimate that is likely to be lower.
- 123 Total design cost over 3 years = \$593,944

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125 Costs/Obligations

- 126 • Water and electric costs are increasing approximately 5%.
- 127 • Waste refuse collection rates charged by Waste Pro are increasing from \$30/month to
- 128 \$32.18/month. Staff is proposing to raise the collection fee \$35 for a two-year period. The
- 129 difference allows us to transfer additional monies to the Debt Service Fund and General
- 130 Fund and also pay for hazardous waste pick-up and paper shredding events.
- 131 • Insurance costs (worker’s comp., liability, property, flood, etc.) are increasing 35% overall.
- 132 • Employee health insurance is increasing 4.3%.
- 133 • Per Resolution 2021-08, employee salaries will increase next year by \$2,080 per employee.
- 134 This will be the third year of a four-year plan to comply with Florida’s \$15/hour minimum
- 135 wage.
- 136 • The Town’s required contribution for FRS retirement is increasing from 11.91% to 13.57%
- 137 for general employees, from 27.83%% to 32.67% for special risk employees, and from
- 138 31.57% to 34.52% for senior management, per State of Florida.

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140 Transfers

141 Moving money between funds is necessary each year given the limited sources of revenue and

142 large number of expense accounts. Money is also typically transferred to and from various reserve

143 accounts to build up reserves or use reserve money for specific expenses. A list of notable transfers

144 is provided below:

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- 146 • From the Legislative account to the Community Center Fund for expenses (\$26,940). The
- 147 Town pays for the property insurance, sets aside funding for building maintenance, and
- 148 pays for 75% of the electric.
- 149 • From the Legislative account to the Historic Museum Fund for operation expenses
- 150 (\$70,523).
- 151 • From the Administrative account (telecommunications tax and cell tower lease revenue) to
- 152 the Debt Service - Stormwater Improvements Fund (\$39,584).
- 153 • From the Hurricane Ian Fund to the S. Peninsula Sidewalk Fund as a partial repayment of
- 154 the “loan” from mid-year FY 22-23. (\$128,156).
- 155 • From the Planning Zoning account to the S. Peninsula Sidewalk Fund (\$150,000).
- 156 • No new transfers from Fire Department account to Capital Fire Equipment Fund are
- 157 proposed next year. In previous years, \$100,000 total was transferred per year to save up
- 158 for purchase of new equipment and gear. This fund currently contains \$229,400. \$100,000
- 159 is being transferred from the Fire Department account instead to help build back General
- 160 Fund reserves.
- 161 • From the Public Works account to the Capital Facility Maintenance Fund (\$25,000).

162 • Water service fees are not currently sufficient to cover expenses. A transfer of \$74,914  
 163 from reserves is estimated for FY 22/23. An estimated transfer of \$287,689 may be needed  
 164 next year. Much of this is due to system flushing needed to maintain chlorine level  
 165 standards, which the Town has performed consistently in previous years. As an enterprise  
 166 fund, the Water Fund is supposed to be self-supporting. Staff has hired a consultant to  
 167 conduct a rate study. Port Orange is also expected to raise its rates this year or next.

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 169 Debt Service Funds

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| 170 • Town Hall Buildings – 19 <sup>th</sup> year of 20-year loan      | \$328,400/year |
| 171 • Stormwater Improvements – 18 <sup>th</sup> year of 20-year loan  | \$156,587/year |
| 172 • Water System Improvements – 7 <sup>th</sup> year of 20-year loan | \$61,828/year  |

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 174 Unfunded Requests

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 176 The following is a list of requests made by various departments that will need to be deferred to a  
 177 future year or funded through grants or appropriations. These requests were supported by the  
 178 Essential Services Advisory Board and Town Council.

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| 180 • Replacement generator for Fire Station            | \$70,000         |
| 181 • Replacement generator for Public Works            | \$55,000         |
| 182 • Davies Park irrigation                            | \$25,000         |
| 183 • Storm drain backflow devices                      | \$125,000        |
| 184 • 2nd set of fire-fighting gear                     | \$52,000         |
| 185 • Retention pond excavation                         | \$60,000         |
| 186 • Public Works parking lot expansion (construction) | <u>\$110,000</u> |
| 187 TOTAL   | \$497,000        |

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 189 Legal Requirements

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 191 Council is required to set the tentative millage rate for notices on the proposed property tax bill at  
 192 the July 20, 2023 Council meeting. The Council can always lower the proposed millage rate before  
 193 final adoption of the budget in September, but it cannot be increased. The proposed millage rate  
 194 of 6.5 is 32.76% above the RBR and estimated to produce \$7,560,007 in ad valorem revenue  
 195 collected at 95%. However, for your information, the State limitations for the millage rate increase  
 196 for the Town in FY 23/24 are as follows:

- 197 • Council by simple majority vote may adopt a millage rate of up to 5.9834, which is 22.21%  
 198 above RBR and estimated to produce \$6,959,161 in ad valorem revenue.
- 199 • Council by super majority vote may adopt a millage rate of up to 6.2779, which is 28.23%  
 200 above RBR and estimated to produce \$7,301,688 in ad valorem revenue.
- 201 • Anything higher than the 6.2779 rate must be approved by unanimous vote.

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 203 After reviewing the full proposal, if Council wishes to consider and increase in the budget or  
 204 millage rate, note that each one-tenth mill equals \$116,308 in revenue proceeds at 95%, which is  
 205 the percentage historically relied upon for budgeting purposes.

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Conclusion

This proposed budget is the product of many months of work and includes the valuable input of all department heads, the Town Council, and the public. Operational needs, level of service, and quality of life, are all considerations in the balancing process. We welcome your questions, comments, and ultimately your direction as we go forward in this annual millage rate and budget adoption process. Thank you.