

FY 2008 Budget Workshop

July 25, 2007



Agenda

- Review of FY 2008 Strategic Planning Retreat
- Impact of Statutory Property Tax Reform Legislation
- Status of FY 2008 Budget Development
- Available Options

City of Lakeland

Strategic Planning - January 2007

Unfunded Capital Demands

Parks & Recreation - \$54 million

Land	\$21 million
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Facilities	\$33 million
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City of Lakeland

Strategic Planning - January 2007

Unfunded Capital Demands

Transportation - \$37 million

Wabash	\$23 million
East-West	\$9 million
Waring Road	\$4 million
Carpenters Way	\$1 million

City of Lakeland

Strategic Planning - January 2007

Unfunded Capital Demands

Stormwater - \$17 million (Initial Projects)

Water Quality	\$1 million
Street Sweeping	\$3 million
Infrastructure R&R	\$3 million
Polluted Water Bodies	\$10 million

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Strategic Planning - January 2007

Stormwater – \$17 million

20 year bond issue financed from \$2
increase in stormwater rates

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Strategic Planning - January 2007

Parks and Recreation - \$54 million

New Impact Fees and Grants \$29 million

20 year bond issue financed from
incremental increase in LRMC
revenue

\$8 million

20 year bond issue financed from
restoring \$1.3 million LRMC revenues
transferred to General Fund

\$17 million

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Strategic Planning - January 2007

Transportation - \$37 million

20 year bond issue financed from
elimination of subsidy to stormwater

Fund from Gas Tax \$9 million

20 year bond issue financed from
restoring \$2.1 million LRMC
revenues transferred to General

Fund \$28 million

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Strategic Planning - January 2007

Additional Revenue Requirement

Increase in Stormwater Fee - \$4 per household

Increase in Property Tax / Dividends
Property Tax equivalent is .62 mills

Increase in Parks and Recreation Impact Fees/Grants

City of Lakeland

Statutory Roll-back Rate Calculation

FY 2007 Tax Revenue \$18,743,792

Less: TIF Payments 1,499,234

Net 2007 Tax Revenue \$17,244,559

City of Lakeland

Roll-back Rate Calculation

Net 2007 Tax Revenue 17,244,559

Divided by

Net 2008 Taxable Value 5,234,866,766

Equals

Roll-back rate 3.2942



City of Lakeland

Millage Rate Adoption Procedures

For Fiscal 2008:

Adopt Roll-Back Rate less a reduction factor based on tax revenue growth since 2001

For Lakeland, this represents the roll-back rate less 9% – 2.9977 mills

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Millage Rate Adoption Procedures

For Fiscal 2008:

By supermajority vote, the 9% reduction resulting from revenue growth can be curtailed in whole or in part:

For Lakeland, this represents as much as a 9% – 3.2942 mills

City of Lakeland

Millage Rate Adoption Procedures

For Fiscal 2008:

By unanimous vote, the adopted rate can be increased to no more than the 2007 adopted rate:

For Lakeland, this represents as much as a 7.6% increase from the roll-back rate – 3.5450 mills

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Millage Rate Adoption Procedures

For Fiscal 2009:

Adopt the Roll-Back Rate

plus

The percentage growth in personal income

less

Any additional revenue approved by
supermajority or unanimous vote in 2008

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Millage Rate Adoption Procedures

For Fiscal 2009:

By supermajority vote, the roll-back rate can be increased by up to 10%

By unanimous vote, the roll-back rate can be increased by more than 10%, but still subject to the 10 mill maximum municipal millage rate

City of Lakeland

Millage Rate Adoption Procedures

For Fiscal 2010 and beyond:

Adopt the Roll-Back Rate

plus

The percentage growth in personal income

However, no required reduction for additional increases approved in prior years

City of Lakeland

Millage Rate Adoption Procedures

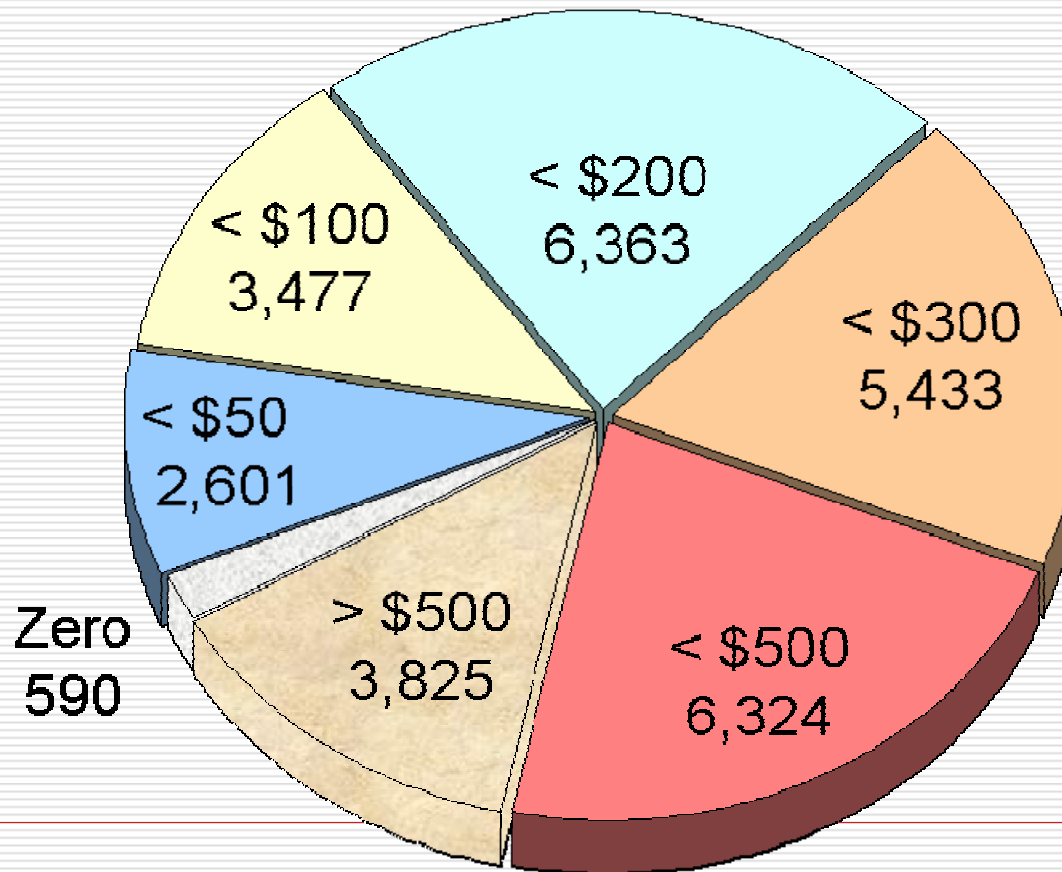
For Fiscal 2010 and beyond:

By supermajority vote, the roll-back rate can be increased by up to 10%

By unanimous vote, the roll-back rate can be increased by more than 10%, but still subject to the 10 mill maximum municipal millage rate

City of Lakeland 2007 Taxpayer Demographics

Residential Property Tax Bills - Average - \$283



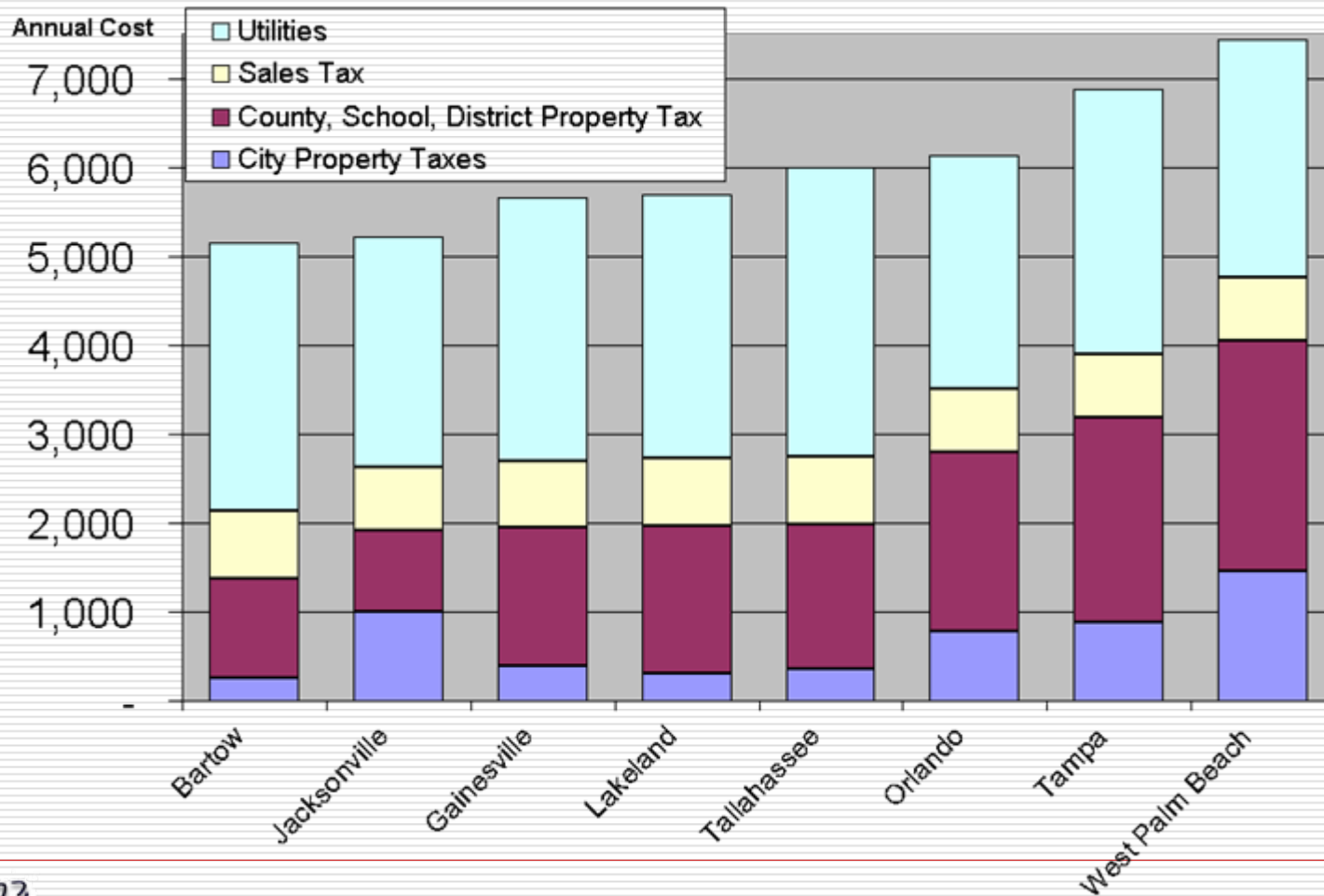
City of Lakeland

Comparative Property Tax Rates

	Avg Residential	Tax Rate	
	<u>Taxable Value</u>	<u>City</u>	<u>All</u>
Bartow	61,145	4.50	24.37
Jacksonville	108,283	9.65	22.27
Gainesville	83,338	4.85	28.72
Lakeland	91,415	3.55	23.41
Tallahassee	103,210	3.70	22.44
Orlando	143,594	5.69	22.46
Tampa	144,792	6.41	26.30
West Palm Beach	186,626	8.17	28.11



City of Lakeland Comparative Cost of Government



FY 2008 Budget Status

- ❑ Departments requested to submit FY'08 Budget requests with 0% increases in "controllable" costs
- ❑ "Soft Personnel Freeze" to date results in \$300,000 projected annualized savings
- ❑ Due to the recent legislative changes, the City must address up to \$2.8 million in lost Property Tax revenues for FY'08
- ❑ Shortfalls in State Communications and Half-Cent Sales Tax Revenues result in additional \$1.2 million in lost revenues for FY'08

City of Lakeland

Potential Expense Reductions

Reduce Internal Service Rates	\$100,000
City Commission Travel	5,000
Annual Calendar	25,000
Employee Newsletter & Picnic	42,000
Affordable Housing Grant (PILOT)	45,000
LPD Aircraft Operations	300,000
Lemon Street Sculpture Exhibits	22,000
Payroll & Benefits	600,000
LPD PAL & DARE supplies	3,000
Total	\$1,146,000

City of Lakeland

Potential Revenue Increases

Increase Occupational License tax rates (5%)	\$80,000
Private sponsorship of City Programs	35,000
Increase Tiger Parking Fees for LPD Officers	35,000
Receive contribution for supplies from Sports Leagues	15,000
Increase Recreation Charges for Service Fees by 15%	400,000
Total	\$565,000

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Results of Property Tax changes

- Total required to balance FY'08 General Fund budget = \$4.0 million
- Total proposed revenue increases and expense reductions = \$1.7 million
- **Remaining shortfall = \$2.3 million**

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Option 1

Adopt 2.9977 statutory roll-back millage rate

Transfer LRMC revenues from Public Improvement Fund
to General Fund

Incremental LRMC revenue	\$1,700,000
Defer Fire Station 7	300,000
Cut approved projects	<u>300,000</u>
Total	\$2,300,000

*Results in total PIF subsidy to GF of \$4.2M

City of Lakeland

Option 2

Restore 2007 Tax millage of 3.545 mills

Generates \$2.5 million in additional revenues – net of TIF payments

Would require authorization by unanimous vote for BOTH FY 2008 AND 2009 per legislated procedures

*Maintains \$1.9M subsidy from PIF to GF

City of Lakeland

Option 3

Adopt Basic Roll-back Rate of 3.2942 mills

Eliminate full 9% statutory millage reduction

Additional Tax Revenue \$ 1,500,000

Transfer \$800,000 from LRMC revenue to General Fund

Would require super-majority vote in BOTH 2008 and 2009

*Requires a \$2.7M subsidy from PIF to GF



City of Lakeland

Option 4

Adopt Rate of 3.1295 mills

Limit growth reduction to 5%. Represents impact of 5 year revenue growth excluding 2003 millage rate increase for Public Safety

Additional Tax Revenue \$850,000

Transfer \$1,450,000 from LRMC revenue to General Fund

Would require super-majority vote in BOTH 2008 and 2009



* Requires a \$3.35M subsidy from the PIF to the GF ³⁰

City of Lakeland

Summary

\$4 million budget shortfall

- Propose \$1,100,000 in expense reductions
- Propose \$600,000 in revenue increases
- Combination of Property Tax Increases and LRMC revenue transfer to General Fund:

	<u>Tax rate</u>	<u>New tax revenue</u>	<u>LRMC transfer</u>
Option 1	2.9977	\$ 0	\$ 2.30M
Option 2	3.5450	2.30M	0
Option 3	3.2942	1.50M	.80M
Option 4	3.1295	.85M	1.45M