City of Orlando, Florida

City Council Workshop / Fiscal Year 2015 Budget

April 14, 2014
City Council Workshop / Fiscal Year 2015 Budget

Agenda

• FY2014 Budget Review

• Budget Impact of “Headline” Projects

• Review of Revenue Constraints and Prior Year Budget Actions

• Budget Development Calendar
FY2014 Approved Budget

$934,425,130

- General Fund, 38.2%
- Internal Service (Seven Separate Funds), 14.4%
- Debt Service (Seventeen Separate Funds), 7.1%
- CRA Trust Fund, 3.4%
- Venues, 2.9%
- Stormwater, 2.9%
- Solid Waste, 3.0%
- Wastewater, 10.1%
- Parking, 1.8%

All Others (Thirty Separate Funds), 16.2%
Focus of Today’s Budget Discussion

- Wastewater
- Solid Waste
- Parking
- Venues
- General Fund
FY2014 – How Did We Balance

- Proposed no tax rate increase / millage remained at $5.65 per $1,000 of value
- Used the historical underspend of the City by incorporating a reduction to which Department Directors will manage
  - Creating efficiencies
  - Under-spending supplies and service lines
  - Managing employee vacancies
- Incorporated Prior Year Unspent Revenues from FY2012 and projected Unspent Revenues from the FY2013 fiscal year
- Maintained current service levels, but with some dependency on effective reduction management outlined previously
Reserve Status

- Total Actual Revenue
- Less Actual Expenditures
- Remaining Amount After Filling Reserves to Maximum Level

- General Fund Reserves
- Bucket is Full Today

- PRIOR YEAR UNSPENT REVENUES
- FY2015 Budget Challenge
City Council Workshop / Fiscal Year 2015 Budget

Budget Impact of Selected High Profile City Initiatives

April 14, 2014
City of Orlando Initiatives

- Often times people get confused with governmental accounting and the required separation of funds (Funds)

- Most initiatives over the last ten years have had little to no impact on the General Fund

  - So as we start the FY2015 budget process its important to review major initiatives to show their impact on the General Fund
SunRail

- SunRail is an infrastructure investment designed to generate economic activity within the City

- General Fund Debt service payment for the City’s construction contribution was first budgeted in FY2012 ($1.3 million)

- Debt service payments will end the year prior to the City contributing towards operating costs; therefore little to no new future funding will be required
Medical City (Burnham)

• Agreement was a $34M economic development investment
• All funding came from prior year unspent revenue
• No future funding is required
Budget Impact of “Headline” Projects

Orlando Venues

- Amway Center, Citrus Bowl, Performing Arts Center, and Soccer Stadium

- Annual General Fund Impact = $1M (.2% of the budget)
  - Community use commitment
Downtown High Rise Buildings

- Incentives provided by the CRA, not General Fund
- Increased property valuations return benefit to the CRA
  - Rebates have never been more than 35% of additional property tax generated
- Economic development incentives provide a positive return to the General Fund
Budget Impact of “Headline” Projects

Creative Village

- A 68-acre mixed-use, transit-oriented, urban infill neighborhood that will be home to leading higher education providers; high-tech, digital media and creative companies; and a diverse mix of students, employees and residents

- One-time $1M General Fund contribution from prior year unspent revenue

- Will provide positive economic return to the City
Budget Impact of “Headline” Projects

Blueprint Initiative

- Using the Community Venues projects to create a sustainable economic impact

- No General Fund dollars spent

- Will provide positive economic return to the City
Budget Impact of “Headline” Projects

Summary of Ongoing Budget Impact

- SunRail $1.3M
- Community Use of Venues $1.0M

Total $2.3M

Percent of Budget .64%
Sound Financial Practices

- Underlying AAA Credit Rating
  - Reserves funded at our policy maximum

- Maximizing efficiencies, cost savings, innovation, and grant opportunities
  - Changed spending culture – not spending every dime every year
  - Cloud-first computing
  - Self-insured health plan

- Commitment to funding long-term obligations
  - Consistent payment of our required pension obligations
  - One of very few governments nationwide to fund OPEB obligation
Public Safety

Fiscal Year 2002

- 62% OPD / OFD
- 38% All Others

Fiscal Year 2014

- 45% OPD / OFD
- 55% All Others

(1) From FY2002 to FY2014, direct public safety spending increased by $89.8 million; The total General Fund budget only increased by $71 million.

(2) From FY2002 to FY2014 178 positions have been added to OPD and OFD (11% increase); all other departments have a reduced position counts by 347 (19% decrease).
Pursuing Other Funding Sources

Grant Revenue by Fiscal Year

In Millions

$-  $2,000,000.00  $4,000,000.00  $6,000,000.00  $8,000,000.00  $10,000,000.00  $12,000,000.00  $14,000,000.00

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Review of Revenue Constraints and Prior Year Budget Actions

April 14, 2014
Property Taxes

Property tax revenue has not kept pace with inflation.

![Graph showing property tax revenue over time with labels for 2002 Tax Base, Cumulative New Construction Value, 2002 Base Adj By CPI, and 2002 Base Adj By CPI + New Construct.](image-url)

Revenue in 21 cities had not yet returned to peak levels.

$28M
## Property Taxes

- **Impact of property tax reform**

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<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Cumulative Total</th>
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</thead>
<tbody>
<tr>
<td>Portability</td>
<td>$21,655,836</td>
<td>$29,799,273</td>
<td>$33,683,377</td>
<td>$36,517,096</td>
<td>$39,262,294</td>
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<td>Doubling Homestead Exemption</td>
<td>779,677,344</td>
<td>669,091,279</td>
<td>637,219,608</td>
<td>618,321,533</td>
<td>612,706,443</td>
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<td>Non-Homestead 10% Cap</td>
<td>72,811,928</td>
<td>75,738,273</td>
<td>108,044,584</td>
<td>278,532,183</td>
<td>475,632,950</td>
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<tr>
<td>$25K Tangible Personal Property</td>
<td>165,996,966</td>
<td>162,375,416</td>
<td>158,938,041</td>
<td>158,502,271</td>
<td>160,405,170</td>
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<tr>
<td>Total Value Removed</td>
<td>$1,040,142,074</td>
<td>$937,004,241</td>
<td>$937,885,610</td>
<td>$1,091,873,083</td>
<td>$1,288,006,857</td>
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<tr>
<td>Property Tax Equivalent</td>
<td>$5,876,803</td>
<td>$5,294,074</td>
<td>$5,299,054</td>
<td>$6,169,083</td>
<td>$7,277,239</td>
<td>$29,916,252</td>
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<tr>
<td>Homestead</td>
<td>$4,527,532</td>
<td>$3,948,732</td>
<td>$3,790,602</td>
<td>$3,699,838</td>
<td>$3,683,623</td>
<td>$19,650,328</td>
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<td>Commercial/Non-Homestead</td>
<td>$1,349,270</td>
<td>$1,345,342</td>
<td>$1,508,452</td>
<td>$2,469,245</td>
<td>$3,593,615</td>
<td>$10,265,924</td>
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Sales Tax

- Over time Sales Tax Revenue has only slightly performed better than the change in CPI
- Even significant increases only generate small dollar amount
Review of Revenue Constraints

OUČ Dividend Revenue

- Since the revised dividend agreement with OUČ revenue has not kept pace with CPI

![Graph showing OUC Dividend Revenue and Revenue Since 2006 Adjusted for CPI from 2006 to 2014 with a $8M adjustment]
## Review of Prior Year Budget Actions

### Budget Reductions by Fiscal Year

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<tbody>
<tr>
<td>Total For Year</td>
<td>$1,990,000</td>
<td>$9,340,000</td>
<td>$18,850,000</td>
<td>$25,340,000</td>
<td>$26,540,000</td>
<td>$41,540,000</td>
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<tr>
<td>Cumulative</td>
<td>$1,990,000</td>
<td>$11,330,000</td>
<td>$30,180,000</td>
<td>$55,520,000</td>
<td>$82,060,000</td>
<td>$123,600,000</td>
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Review of Prior Year Budget Actions

Budget Reductions

• FY2009
  – Holiday Bonuses ($300k)
  – PWK and FRP Landscaping ($1M)
  – Business Incentives ($200k)

• FY2010
  – TM Contract Reductions ($.5M)
  – OPD Overtime and Line Up Pay ($3M)
  – PWK Equipment and Landscaping ($390k)
  – Code Enforcement Board Up Services ($250k)
  – FPR Mowing, Pool Hours, Athletic Supplies ($460k)
  – Community Organization Funding ($260k)
  – OFD Vehicles and Special Teams Pay ($490k)
Review of Prior Year Budget Actions

Budget Reductions

- **FY2011**
  - Fleet Replacement ($2.8M)
  - CIP Contribution ($4.5M)
  - OPD Attrition ($1.8M)

- **FY2012**
  - Risk Premium ($3M)
  - Self Insured Health Funding ($4.5M)

- **FY2013**
  - Additional Attrition ($1.2M)

- **FY2014**
  - Additional Attrition ($15M)
Non-Discretionary Spending

Revenue Supported Spending

Executive Offices / Business and Financial Services

Police

Fire

FPR

Public Works

Public Works

Service Level Related Spending

Non-Discretionary Spending

Represented legal obligations and commitments. Cannot cut.

Revenues and expenditures are linked. Must cut both in equal amounts. No budget balancing effect.

This spending supports direct services to citizens. If spending is cut, there must be a service reduction.

Provides support to the other operating departments (technology, legal, human resources) that would still have to be provided in some manner.
Review of Revenue Constraints and Prior Year Budget Actions

Budget Balancing Solutions

- Increase Revenue
- Reduce Services
- Transfer Responsibilities
- Defer Expenses to a Future Year
City Council Workshop / Fiscal Year 2015 Budget

Budget Development Calendar

April 14, 2014
Budget Development Calendar

Key Dates

- **April 14th**: Budget Kick-Off Workshop
- **April 28th**: City Council Workshop
- **May 30th**: “Best Estimate of Taxable Value” Letters Sent
- **June 19th**: Delivery of Preliminary Tax Roll Information (DR420)
- **July 28th**: Adoption of Preliminary Millage Rate for FY2015
- **August 14th**: TRIM Notices Mailed by Property Appraiser
- **September 3rd**: First Possible Date for Budget Hearing
- **October 1st**: Start of the Fiscal Year
City of Orlando

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