



THE CITY OF  
**OVIEDO**  
FLORIDA

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400 ALEXANDRIA BOULEVARD \* OVIEDO, FLORIDA 32765

July 18, 2016

**Honorable Mayor Persampiere, Deputy Mayor Schenck, City Council Members and Citizens of the City of Oviedo:**

Submitted for your review is the FY 2016-17 Proposed Annual Budget. The budget is predicated on maintaining the current City millage rate. The rate is comprised of the Ad Valorem Millage and the General Obligation Bond Millage. The total millage rate for both the Ad Valorem and the General Obligation Bond in FY 2015-16 was 5.2820 mills, the total proposed millage rate in FY 2016-17 is 5.2820 mills. While the total millage rate is projected to remain the same, an adjustment will be made to each type of millage rate. The General Obligation Bond Millage rate is based on a formula using the City's current gross taxable value divided by the annual debt service payment. Each year, as the City's assessed value increases, there is a reduction in the General Obligation Bond Millage needed to cover debt payments. It is recommended that the reduction in the General Obligation Bond Millage Rate be incorporated into the Ad Valorem Millage Rate. Based on this recommendation, the budget is predicated on using the reduction in the General Obligation Bond Millage Rate and increasing the Ad Valorem Millage Rate by 0.0132 mills to 5.0566 mills to support General Fund operations. Setting the millage rate for the General Fund at 5.0566 mills will result in a citywide *tax increase of 5.18% above the rolled back rate of 4.8074 mills*. At a special meeting held on July 18, 2016, the City Council will formally set the tentative millage rate for FY 2016-17 pursuant to Chapter 200.065 (4), Florida Statutes (TRIM). The millage levy represents the maximum millage rate that can be set by the City Council. *In other words, the rate can be maintained or lowered at the September public hearings, but not increased.* The tentative millage rate must be set and transmitted to the Property Appraiser, Tax Collector and the State of Florida no later than August 4, 2016.

The Gross Taxable Value for 2016 increased by \$132,665,179 or 6.11% over the 2015 Final Gross Taxable Value. Excluding new construction, the Gross Taxable Value for 2016 increased by 4.68%. With the exception of modest increases projected for the State Half Cent Sales Tax, State Revenue Sharing, Quality Control Inspection Fees, Seminole County School Board (School Resource Officers), Utility Service Taxes and Franchise Fees, all other revenues are either flat or declining. At the time of printing the FY 2016-17 Proposed Annual Budget Book, the Communications Service Tax Revenue estimate from the State of Florida had not been received.

When preparing for the upcoming fiscal year, staff prepared financial trend projections for FY 2016-17. This information was used when instructing the City Departments in the development of the FY 2016-17 proposed budget. Subsequently, they were required to submit "similar service level" proposals for the year. Exceptions were made for fixed costs such as fuel, utilities and liability insurance; and employee costs such as health insurance, pension and incentives; which were calculated separately by the Management Services Department.

**The following "budget highlights" provide a concise summary of the FY 2016-17 Proposed Budget:**

- ❖ Excluding new construction of \$26 million, the City's tax base increased by \$106.6 million or 4.68%, which was due to an increase in market values. Some of this increase was offset by the 0.8% Save Our Homes inflation adjustment for approximately half of all residential property owners.
- ❖ For the City of Oviedo, a home assessed at \$237,000 (median taxable value for Seminole County per the property appraiser's office) in 2016, adjusted by 0.8% for save our homes inflation, and less the \$50,000 homestead exemption, will pay approximately \$75 more in City property taxes in 2016.

- ❖ The total proposed budget for all City funds combined is \$72.92 million, an increase of \$1,923,050 from FY 2015-16. Exclusive of interfund transfers, the total proposed budget for FY 2016-17 of \$60.91 million is \$795,739 or 1.32% greater than the FY 2015-16 total adopted budget.
- ❖ The size of the City's workforce for FY 2016-17 increased to 296.825 FTE's (full-time equivalent positions), up from 290.2 positions in the FY 2015-16 budget. The workforce (both full-time and seasonal) has been reduced by 24.425 positions since FY 2006-07 when the City employee to population ratio was 9.78 per 1,000 population as compared to 8.06 for FY 2016-17 and 7.88 for FY 2015-16.
- ❖ The FY 2016-17 total payroll (salaries and benefits) for all operating funds of \$22,430,239 is \$1,231,895 which is 5.81% more than the total adopted payroll for FY 2015-16. The increase includes:
  - ✓ Two (2) previously unbudgeted positions, one in Administration and one in Management Services, at a cost of approximately \$156,000;
  - ✓ Six (6) new full-time positions spread among Information Technology, Police, Recreation and Parks, Utilities, and Stormwater, at a cost of approximately \$240,000;
  - ✓ One (1) temporary position in Police that was changed to regular part-time (no change in costs);
  - ✓ Two (2) Police Officer positions that were partially budgeted in FY 2015-16 for a cost of \$26,000;
  - ✓ The increase of two (2) Senior Staff Assistant positions to full-time at a cost of approximately \$17,000;
  - ✓ Increase in salaries for all seasonal employees for a cost of approximately \$58,000;
  - ✓ A 2.0% salary increase for all full and part-time employees including Bargaining Units, at a cost of approximately \$263,000;
  - ✓ An increase in health premiums of 10% or \$356,000; the addition of six (6) new FTE's and two (2) previously unbudgeted FTE's, all of which will be eligible for health care, for a cost of approximately \$82,000;
  - ✓ Departmental adjustments to overtime, temporary positions, incentives and sick-leave buy-back at a cost of \$112,000;
  - ✓ Adjustments to FICA/retirement/pension/worker's compensation within all departments reflect a savings of \$80,000 primarily due to the pension adjustments within Public Safety.

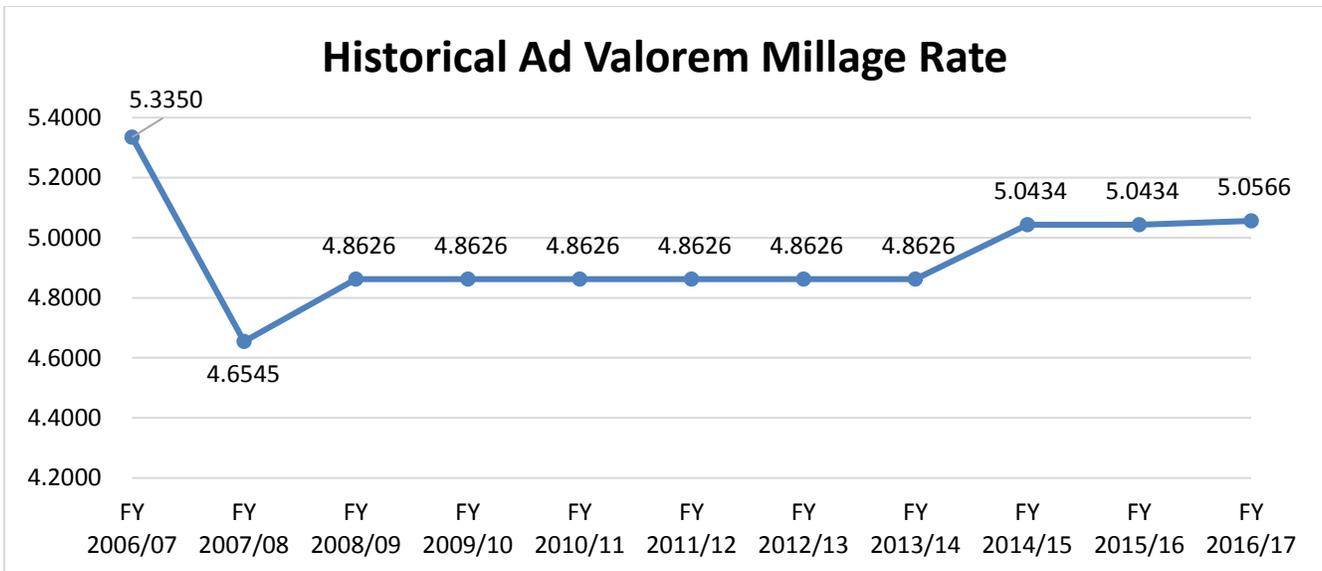
The remaining portion of this transmittal letter presents a more detailed analysis of the budget, including analyses of the tax base, and General Fund expenditures, revenues, debt service and fund balance. Following the General Fund analyses are summary discussions about the City's Water/Wastewater Operating Fund, the City Workforce and Payroll, the Capital Improvements Program and several supporting funds.

The City maintains accounting records on a budget basis as well as a GAAP (Generally Accepted Accounting Principles) basis. For financial reporting purposes, governmental funds rely on the modified accrual basis of accounting, while proprietary funds use full accrual accounting.

## MILLAGE RATE HISTORY

The General Fund Ad Valorem millage rate for FY 2016-17 is 5.0566 mills. The Ad Valorem millage rate is 5.18% greater than the rolled back millage rate of 4.8074 mills. The millage rate for the General Obligation Bond is 0.2254 mills. The combined millage rate for FY 2016-17 is 5.2820 mills, which remains consistent with the total combined millage rate in FY 2015-16. The FY 2016-17 total combined millage rate of 5.2820 is 5.50% less than the FY 2006-07 total combined millage rate of 5.5893, while budgeted ad valorem revenues for FY 2016-17 are \$25,294 greater than FY 2006-07. Ad Valorem revenues have not reached this level since FY 2006/07.

<b>Historical Millage Rate Analysis</b>							
<b>Tax Year</b>	<b>Budget Year</b>	<b>Millage</b>	<b>Debt</b>	<b>Total</b>	<b>Gross Taxable Value</b>	<b>Budgeted Ad Valorem Revenues</b>	<b>Final Gross Taxable Value</b>
2006	FY 2006/07	5.3350	0.2543	5.5893	2,156,748,282	11,046,002	2,143,914,844
2007	FY 2007/08	4.6545	0.2169	4.8714	2,440,438,688	10,904,661	2,441,090,301
2008	FY 2008/09	4.8626	0.2316	5.0942	2,286,192,634	10,672,167	2,279,582,725
2009	FY 2009/10	4.8626	0.2732	5.1358	2,081,952,458	9,718,754	2,071,084,388
2010	FY 2010/11	4.8626	0.2910	5.1536	1,950,920,481	9,107,084	1,938,260,572
2011	FY 2011/12	4.8626	0.3071	5.1697	1,835,024,210	8,566,069	1,831,647,107
2012	FY 2012/13	4.8626	0.3071	5.1697	1,856,226,803	8,665,045	1,851,053,566
2013	FY 2013/14	4.8626	0.2741	5.1367	1,909,956,012	8,915,858	1,905,913,670
2014	FY 2014/15	5.0434	0.2546	5.2980	2,038,801,787	9,871,193	2,034,309,095
2015	FY 2015/16	5.0434	0.2386	5.2820	2,178,361,600	10,546,895	2,172,044,606
2016	FY 2016/17	5.0566	0.2254	5.2820	2,304,709,785	11,071,296	2,304,709,785



## TAX BASE SUMMARY

Based on the Certification of Taxable Value provided by the Seminole County Property Appraiser on June 29, 2016, the City's tax base increased by \$133 million or 6.11% compared to last year.

Excluding \$26 million of new construction; annexations and the reassessment of existing real properties increased by \$106.6 million or 4.68% compared to the 2015 real property base.

The change in taxable values between 2015 and 2016 are reflected below for the major categories of real property. Inclusive of new construction valued at \$26 million, the total real property base increased \$136 million or 6.55%.

Real Property Category	2016 Taxable Value	2015 Taxable Value	% Change
<b>Residential</b>	1,874,627,485	1,754,987,298	6.82%
<b>Commercial</b>	293,469,848	278,709,506	5.30%
<b>Industrial</b>	31,010,643	30,275,751	2.43%
<b>Institutional/Other</b>	20,880,051	19,564,125	6.73%
<b>Total *</b>	2,219,988,027	2,083,536,680	6.55%

\*excludes value of personal property

A summary of the changes in the entire tax base between 2007 and 2016 is depicted below:

(all dollar amounts expressed in 1,000's)										
Budget Year	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Tax Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
New Construction	101,883	75,051	41,765	23,840	30,235	31,260	24,451	35,381	37,382	26,060
Annexations	4,211	8,046	-	-	-	-	456	-	-	-
Re-assessment of Existing Properties *	74,862	(342,055)	(415,659)	(169,956)	(216,452)	(34,692)	80,662	153,252	18,163	21,884
Personal Property	115,532	104,059	113,264	25,951	82,980	81,741	82,180	83,815	88,508	84,722
Tax Base Net Change	296,488	(154,898)	(260,631)	(120,164)	(103,236)	78,309	187,748	272,448	144,053	132,665
Gross Taxable Value	2,440,403	2,286,192	2,018,952	1,950,920	1,749,227	1,909,956	2,038,802	2,178,362	2,178,362	2,304,710
% Inc (Dec) from Previous Year Gross Taxable	13.83%	(6.32%)	(11.69%)	(3.37%)	(10.34%)	9.19%	6.75%	6.85%	0.00%	5.80%
% Inc (Dec) from Previous Year	13.83%	(6.35%)	(11.43%)	(5.80%)	(5.57%)	4.28%	10.14%	14.29%	7.08%	6.11%
Operating Millage	5.3350	4.6545	4.8626	4.8626	4.8626	4.8626	4.8626	5.0434	5.0434	5.0566
Ad Valorem Revenues @ 95% **	12,499	10,215	9,425	9,107	8,166	8,916	9,517	10,547	10,547	11,071

\* Includes the value of personal property  
 \*\* Ad Valorem budgeted revenues decreased from 96% to 95% during Budget Year FY 2016/17.

The Tax Base Data chart provides general information on the City's taxable value and the ad valorem revenues for the past ten (10) years. The Final Gross Taxable Value was \$28,130,000 less FY 2007-08 than in FY 2016-17. With the Gross Taxable Value of the City increasing for FY 2016-17, the Gross Taxable Value of the City is still \$135,693,000 less than the Gross Taxable Value seen in FY 2007-08.

## GENERAL FUND

The total general fund budget is \$28,857,354, which is \$762,472 or 2.71% greater than the FY 2015-16 adopted budget of \$28,094,882. General fund operating expenses increased \$949,517 (excluding transfers and reserves). The FY 2016-17 Proposed Budget is comprised of state and city revenues, as well as, the tax revenues based on the ad valorem millage rate of 5.0566 mills, together these sources provide sufficient funds to accomplish the following:

- ✓ Maintains FY 2015-16 Service Levels,
- ✓ Funds debt service for FY 2016-17,
- ✓ Funds increases in fixed costs,
- ✓ Funds increases in benefits costs,
- ✓ Funds a 2% salary increase for Police and Fire Bargaining Units,
- ✓ Funds a 2% salary increase for General Employees,
- ✓ Funds two (2) positions that have been unfunded in previous years, the Assistant City Manager and Public Information Officer,
- ✓ Funds three (3) new full-time positions to begin January 1, 2017: IT Director, Police Officer and Building Custodian for Recreation and Parks,
- ✓ Funds one (1) temporary Staff Assistant in Police that was changed to part-time,
- ✓ Funds an increase in hours for two (2) Senior Staff Assistant positions, one for each of Fire and Police,
- ✓ Funds a pay rate increase for seasonal employees in Recreation and Parks,
- ✓ Funds the Vehicle Replacement Plan,
- ✓ Funds various capital purchases for Fire and Police,
- ✓ Funds capital purchases for IT as recommended by the IT Infrastructure & Organizational Assessment Plan,
- ✓ Funds various maintenance needs throughout the City,
- ✓ Funds a 10% increase to health insurance premium rates,
- ✓ Maintains 15% Reserve Fund Balance as per the Budget and Financial Policy of the City.

More detailed explanations of operating budget changes for each department and program can be found under the “budget highlights” section of each program’s Expenditure and Staffing Summary (within the operating budget detail section of the budget document). Additionally, all capital outlay requests, both funded and unfunded, are reported in the Capital Improvements Program section.

### Transfers

Transfers from the General Fund decreased (net) by \$135,135 as compared to FY 2015-16. These include decreases in the following:

- ✓ Transfers to the Fire Impact Fee Fund of \$93,020 and the Recreation Impact Fee Fund of \$51,949, as these costs were to fund debt service costs; in FY 2016-17 the Impact Fees are expected to meet debt requirements,
- ✓ Transfers to the Stormwater Fund of \$43,662, changed the practice of how charges are allocated by using intercompany billing therefore not requiring a transfer,
- ✓ Transfers to the General Facility Improvement Fund of \$196,575 to fund capital projects, FY 2016-17 funding of operating programs and projects reduced the available funds for Capital Projects,

There were also a few increases in transfers that offset the prior noted decreases:

- ✓ Transfers to the Recreation Facility Improvement Fund of \$48,624 to fund capital projects, FY 2016-17 funding of operating programs and projects reduced the available funds for Capital Projects,
- ✓ Transfers to the Debt Service Fund of \$9,049 to pay debt service costs, FY 2016-17 includes the use of fund balance available in the Debt Service Fund, which reduced the transfer from General Fund,

**GENERAL FUND, CONTINUED**

- ✓ Transfers to the Technology Improvement Fund of \$105,058 to fund capital purchases as compared to FY 2015-16,
- ✓ Transfers to the Fire Rescue Construction Fund of \$87,340 to fund debt service costs for the New Fire Station.

**General Fund Revenues**

General Fund revenues increased by \$762,472 primarily due to an increase in property tax revenues (plus receipt of delinquent tax payments) based on an increase in assessed values. These revenues (excluding transfers and fund balance) reflect an increase of \$288,847 or 1.14% over FY 2015-16. Transfers from several funds that are used to offset General Fund expenses increased by \$473,625, these funds reflect the use of personnel and equipment normally charged to the General Fund but benefiting other funds.

**Property Taxes (General Fund)**

The millage rate of 5.0566 mills will generate \$11,071,294 in property tax revenues (excluding delinquent tax payments) to support General Fund operations - an increase in property tax revenues of \$524,399 compared to the FY 2015-16 budget. The FY 2016-17 budget utilizes 95% of the taxable value certified by the property appraiser as allowed in Section 200.065(2)(a)1, Florida Statutes. Prior to FY 2016-17, the budget utilized 96% of the taxable value certified by the property appraiser.

- FY 2016-17 proposed budget: \$11,071,294 - at 5.0566 millage rate
- FY 2015-16 adopted budget: \$10,546,895 - at 5.0434 millage rate

**Non-Ad Valorem Revenues**

Total non-ad valorem revenues of \$14,569,223 are \$275,552 or -1.88% less than the FY 2015-16 non-ad valorem base of \$14,844,775. The decrease is due primarily to a reduction in the expected revenues in the Recreation and Parks department of \$402,160 for ticket sales at Center Lake Park and \$400,000 for a grant at Oviedo on the Park. The decrease was offset by increases in the following revenues: State Revenue Share \$93,567; State Half-Cent Sales Tax \$69,585; Quality Control Inspection Fees \$182,343; Seminole County School Board (School Resource Officer) \$101,278; Utility Service Taxes \$42,494; and Franchise Fees \$41,000.

**Fund Balance Appropriation**

The FY 2016-17 proposed budget does not include any use of fund balance.

**A comparison of the FY 2015-16 and FY 2016-17 budgets by major expense category is depicted below:**

<b><u>General Fund Expenditures by Major Category</u></b>				
	<b>FY 2015-16 Adopted Budget</b>	<b>Percent of Total</b>	<b>FY 2016-17 Proposed Budget</b>	<b>Percent of Total</b>
Personnel Services	\$ 17,984,307	64.0%	\$ 18,860,620	65.36%
Operating Expenditures	7,237,906	25.8%	7,243,577	25.10%
Vehicle Replacement Contribution	554,372	2.0%	727,079	2.52%
Capital Expenditures	152,221	0.5%	48,397	0.17%
<b>Sub-Total: Department Operations</b>	<b>\$ 25,928,806</b>	<b>92.3%</b>	<b>\$ 26,879,673</b>	<b>93.15%</b>
Debt Service (transfer to Sinking Funds)	\$ 1,226,847	4.4%	\$ 1,235,896	4.28%
Other Interfund Transfers*	740,090	2.6%	595,906	2.07%
Reserve for Contingency	199,139	0.7%	34,879	0.12%
Miscellaneous	-	0.0%	111,000	0.38%
<b>Sub-Total: Non-Departmental</b>	<b>\$ 2,166,076</b>	<b>7.7%</b>	<b>\$ 1,977,681</b>	<b>6.85%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 28,094,882</b>	<b>100.0%</b>	<b>\$ 28,857,354</b>	<b>100.0%</b>

\* Other Interfund Transfers include all transfers other than those to the Debt Service Fund.

## **GENERAL FUND, CONTINUED**

### **Debt Service and Lease Financing Support**

Debt service and lease financing expenses increased by \$96,389 in FY 2016-17 over FY 2015-16. The increase is due to the following:

- ✓ principal and interest payments related to a \$705,000 promissory note the General Fund received from the Water & Sewer Fund (401) in 2014. Repayments of the note begin October 1, 2016, with an annual debt cost of \$87,340;
- ✓ an increase in debt service payments on the City's notes as per the amortization schedules for FY 2016-17 of \$9,049, this includes the use of fund balance available in the Debt Service Fund, which reduced the transfer from General Fund,

The General Fund's share of debt service costs is approximately \$1,446,870 or 5.01% of the FY 2016-17 proposed General Fund budget. The \$1.45 million debt service share is well within the standard established by City financial policy which limits revenue bond debt to no more than 10% of General Fund operating revenues.

### **Fund Balance for Economic Uncertainties**

An important indicator of the City's financial position is the level of its unassigned fund balance relative to the total General Fund expenditures. The Comprehensive Annual Financial Report (CAFR) as of September 30, 2015, states the General Fund unassigned fund balance is \$4,472,824. The FY 2015-16 expenditures are expected to exceed revenues by \$100,076, thereby reducing unassigned fund balance. Additionally, the assigned and reserved fund balances are expected to increase by \$75,002, which will also reduce the unassigned fund balance. The increase in assigned and reserved fund balances in restricted accounts is due to growth within the City. Based on the projections for FY 2015-16 and the proposed FY 2016-17 budget, the expected unassigned fund balance for the General Fund will be \$4,332,624 or 16.05% of FY 2016-17 proposed General Fund Expenditures, less transfers.

## **WATER AND WASTEWATER OPERATIONS**

### **Revenues**

The projected revenues for Water, Sewer, and Reclaimed Water for FY 2016-17 reflect an increase of 3.0% over projected revenues for FY 2015-16, as a result of a Utility Revenue Sufficiency Analysis that was completed by Willdan Financial Services in June of 2015. Resolution 1921-09, approved by City Council in January of 2009, authorized an annual indexing of utility rates based upon the Consumer Price Index for All Urban Consumers Unadjusted (CPI-U). In August of each fiscal year, the change in the CPI is reviewed and is reflected in the annual utility rate indexing effective October 1 of each fiscal year, as required per the Utility Revenue Bond covenants.

An annual indexing of rates was also recommended, for a minimum of a 3.0% increase in revenues on an annual basis going forward. The 3.0% indexing will ensure sufficient revenues for current and long-term operating, capital, and related debt service expenses for the entire utility system.

### **Expenses**

The total budget for Water and Wastewater operations for FY 2016-17 (Water Production and Distribution, Wastewater and Reclaimed Water, Administration and Utility Billing/Customer Service) is \$7,334,163, which is a \$491,079 increase over FY 2015-16. Some of the increases include:

- ✓ an increase in the cost of chemicals and lab supplies from an increase in flows from new developments and required system flushing to maintain quality.
- ✓ fixed costs such as utilities and equipment rentals.
- ✓ a small increase in payments to Seminole County for purchased water and reclaimed water due to increased demand and an anticipated rate increase.
- ✓ an increase in healthcare costs of 10% and a citywide 2% salary increase.
- ✓ new positions added to assist with increased workload for engineering plan review for developments and for customer service and clerical support.

## **WATER AND WASTEWATER OPERATIONS, CONTINUED**

### **Transfers**

Transfers out of the Water and Wastewater Operating Fund increased by \$497,172 in FY 2016-17. These include increases in the following:

- ✓ transfers to the General Fund of \$288,287, for a percentage of operating costs for departments citywide.
- ✓ transfers to the Vehicle Replacement Fund of \$136,118 for new vehicle purchases for Public Works.
- ✓ transfers to the R&R Fund of \$ 58,755 for Water and Sewer system improvement projects.
- ✓ transfers to the Technology Improvement Fund of \$24,127 for capital improvements.

These increases were offset by decreases in transfers for debt service of \$3,048, and Stormwater fund charges of \$7,095 due to a change to intercompany billing for these charges.

The total budget for FY 2016-17 for the entire Utility System is \$ 25,678,624 compared to \$21,720,871 for FY 2015-16. This includes the Water & Wastewater Fund, Renewal and Replacement Fund, Vehicle and Equipment Replacement Fund, Water Impact Fee Fund, Wastewater System Impact Fee Fund, Utility Revenue Bond Construction Funds, and the Utility Revenue Bond Debt Service Fund. The increase of \$3.9 million is mainly due to the Stormwater Utility Fund of \$2.4 million, which is now an enterprise fund, in the Utility System total budget in FY 2016-17. The remaining increase reflects the net increase in transfers; operating expenses; debt service expenses; and capital improvement projects. Some of the significant Water and Wastewater Capital Improvement Program (CIP) projects planned for FY2016-17 are:

- ✓ Annual Residential & Commercial Meter Replacements - annual maintenance and replacement of residential and commercial water meters.
- ✓ Security Upgrades at AM Jones Repump Facility – security camera upgrades (CCTV) at the AM Jones Repump facility, which does not currently have an electronic alarm for security, to allow for monitoring from the Water Plant.
- ✓ Rebuild Lift Stations Control and Piping – rebuilding of Wastewater lift stations control and piping.
- ✓ Main Lift Station rehabilitation at the Wastewater Plant – rebuild main lift station inside the Wastewater Plant.
- ✓ Water Infrastructure Expansion Project -2.5 MG Water Tank – prepare for additional 2.5MG water tank for storage at the Water Plant for permit compliance.
- ✓ Reroute Master Lift Station to the Wastewater Plant (OWRF) - the re-direct of the Master Lift Station to the City’s Wastewater Reclamation Facility to internalize City wastewater flows, and reduce contract disposal costs.
- ✓ Purchase of a sludge thickener - for the Wastewater plant to allow for handling increased flows to the plant.

### **Cash Reserves (Utility Operating Fund)**

The cash position at September 30, 2016, is projected to be \$6.9 million, which is equal to approximately 235 days of operating and debt service expenses. This cash reserve level compares favorably to the 120 day minimum, as required by the City’s budget guidelines and financial policy. The Utility Operating Fund will have a projected 64% reserve level as of September 30, 2016. The annual index of the Water rate is set to ensure adequate cash reserves and debt service coverage in future years per City policy and as required by the Utility Revenue bond covenants.

As per the CAFR on September 30, 2015, the debt service coverage factor was 2.69. In other words, net utility revenues were more than two and a half times (2.5x’s) the total debt service requirement which compares favorably to the 125% minimum requirement set by the City’s budget reserve guidelines and financial policy.

## **CITY WORKFORCE AND TOTAL PAYROLL**

The total number of authorized full and regular part-time positions for FY 2016-17 for all funds and departments increased to 296,825 full-time equivalent positions, which include the following new positions: (1) *Building Custodian*, (1) *IT Director*, (1) *Police Officer*, (1) *PT Staff Assistant for Police for 0.625 FTE*, (1) *Stormwater Tech*, (1) *Engineer 1*, and (1) *Staff Assistant for Public Works*.

**The citywide payroll of \$22.43 million for all operating funds combined is an increase over the FY 2015-16 payroll of \$1,231,895 or 5.81%.** The increase is the result of funding the following:

- ✓ Two (2) previously unbudgeted positions at a cost of approximately \$156,000;
- ✓ Six (6) new full-time positions at a cost of approximately \$240,000;
- ✓ One (1) temporary position in Police that was changed to regular part-time (no change in costs);
- ✓ Two (2) positions only partially budgeted in FY 2015-16 for a cost of \$26,000;
- ✓ The increase in hours of two (2) Senior Staff Assistant positions at a cost of approximately \$17,000;
- ✓ Increase in salaries for all seasonal employees for a cost of approximately \$58,000;
- ✓ A 2.0% salary increase for all full and part-time employees including Bargaining Units, at a cost of approximately \$263,000;
- ✓ An increase in health premiums of 10% or \$356,000; the addition of six (6) new FTE's and two (2) previously unbudgeted FTE's, all of which will be eligible for health care, for a cost of approximately \$82,000;
- ✓ Various adjustments to overtime, temporary help, incentives and sick buy back at a cost of \$112,000;
- ✓ Various adjustments to FICA/retirement/pension/worker's compensation at a cost of (\$80,000).

### **Total Benefits (Payroll Matching Costs and Health Insurance)**

- ✓ Health Insurance: Health insurance premiums established by the City through its self-insurance plan for all coverage types will increase for FY 2016-17 by 10%. The cost of single (employee) coverage increased from \$9,274 to \$10,201 per year. The City pays for single coverage on behalf of City employees. In addition, the City pays for employee's Life Insurance, Long Term Disability and a portion of any dependent care health costs.
- ✓ City Retirement Contributions: The City's total contributions for FY 2016-17 retirements are estimated at \$1,111,796. This is reflective of the general employees' contributions and the City match toward the ICMA plan. The City's contribution to the Fire and Police pension plans decreased for FY 2016-17 as per the Fire and Police Actuarial Reports. Fire pension decreased from 8.4% in FY 2015-16 to 5.8% in FY 2016-17. The Police pension decreased from 16.3% in FY 2015-16 to 13.55% in FY 2016-17. For FY 2016-17, the Fire pension and Police pension accounts are budgeted at \$181,935 and \$594,474, respectively.
- ✓ Workers' Compensation: Workers' compensation is provided by Public Risk Management (PRM). The FY 2016-17 workers compensation costs are \$411,169, an increase of \$18,467 or 4.7% over the FY 2015-16 adopted budget.

## **CAPITAL IMPROVEMENTS PROGRAM (CIP)**

The 10-Year Capital Improvements Program (CIP) was reviewed by City Council on June 27, 2016, and will serve as a blueprint for future capital improvements over the next 10-year period. The total funding commitment appropriated for FY 2016-17 from various dedicated funding sources for capital improvements is approximately \$9.5 million. Significant projects scheduled for FY 2016-17 include:

- ✓ Wood Street Roadway Extension- design and construction of roadway extension of Wood Street from Fern Street to Windy Pine Way, to provide a second roadway connection between SR434 and Oviedo On The Park.
- ✓ Mitchell Hammock Road at Eastbridge Traffic Signal – construction of traffic signal at the intersection to improve the safety and functionality of this intersection.
- ✓ Annual Road Resurfacing Project of City-maintained roadways – resurfacing of approximately 5.7 roadway miles, for the maintenance and safety of the City's roadways.

## **CAPITAL IMPROVEMENTS PROGRAM (CIP), CONTINUED**

- ✓ SR 434 and Alexandria Boulevard Traffic Signal Upgrades- upgrades to traffic signal and intersection.
- ✓ Continuation of the SR 426 and CR 419 extensive Roadway Widening Project in conjunction with Seminole County- Phase II hardscape/landscape design.
- ✓ Garden Grove Drainage project construction implement Stormwater infrastructure to alleviate saturation issues, erosion, and benefit maintenance of run-off areas in the right-of-ways.-
- ✓ Historic Downtown Regional Stormwater Pond – wetland mitigation for pond development between Franklin Street and Geneva Drive, for the treatment of storm water run-off in the commercial downtown area.
- ✓ Oviedo Sports Complex – Softball Field Renovations
- ✓ Round Lake Park – New Tennis Courts and Pavilions

## **OTHER FUNDS**

### **Community Redevelopment Agency (\$390,861 total budget)**

In 2010, the Community Redevelopment Plan was developed in close coordination with Seminole County to address identified conditions of blight within the City of Oviedo. Seminole County is a Home Rule Charter County and the establishment and operation of a Community Redevelopment Agency by the City of Oviedo could only be accomplished through the approval of a Delegation of Authority Resolution by the Seminole County Commission. The Community Redevelopment Plan identifies redevelopment goals, strategies and specific projects to address the conditions of blight and stimulate redevelopment within the CRA's Boundaries. At the May 23rd, Oviedo CRA Governing Board Budget Work Session the CRA Budget for FY 2016-17 was discussed including the potential eligible projects for inclusion in the budget. The CRA funds include budget for the following:

- ✓ CRA Projects to include Historic Downtown Vision and Master Plan, Façade Grant Program, Small Parcel purchase program, Administrative functions by the CRA Administrator and City Staff
- ✓ Wood Street Project

### **Building Services (\$1,090,405 total budget)**

FY 2010-11 was the first full year of outsourcing Building Services to a private company that started in February 2010. The City recently issued an RFP for Building Services, in which PDCS was award the contract. The new contract began in April 2016 and is good for one year. If terms are agreed upon, there are four (4) one year extensions available in the contract. The contract term is not to exceed five years. The contract is based on sharing of gross revenues whereby the City receives 28% (an increase from 23% in the prior years) of gross revenues from permit and plan review fees, and the contractor receives 72%. The City is responsible for a variety of miscellaneous operating expenses and overhead costs such as utilities, insurance and telephones that are estimated at \$22,593 for FY 2016-17. Revenues for FY 2016-17 are estimated at \$1,090,405.

### **Stormwater Utility (\$2,444,929 total budget)**

Both maintenance and capital improvement projects will be funded from the \$7.00 Stormwater Utility Fee (\$7.00 per equivalent residential unit (ERU) per month). The Stormwater Utility Fee revenue will generate approximately \$1.5 million from the monthly fee. The FY 2016-17 expenditure budget increased over the FY 2015-16 mainly due to capital projects such as the Garden Grove and East Mitchell Hammock Road drainage improvement projects, and from an increase in transfers to the General Fund for a percentage of department operating costs citywide.

### **Solid Waste Fund (\$2,489,956 total budget)**

The budget increased over FY 2015-16 by \$4,630. A more cost effective single stream recycling option was implemented in FY 2013-14 which resulted in a monthly rate decrease to customers and at the same time, a decrease in the amount the City paid to the contractor for services. Revenues for garbage and solid waste collection services are expected to remain about the same for FY 2016-17, and expenditures the City pays to the contractor for garbage and solid waste collection services are also anticipated to remain the same, as there are no contract changes scheduled.

## SUMMARY COMMENTS

The FY 2016-17 Proposed Budget addresses several important City Council goals and priorities:

- ❖ Ensure that the infrastructure meets the capacity needs of the City,
- ❖ Ensure that new development or redevelopment is done in a sustainable manner,
- ❖ Promote diversification of the local economy,
- ❖ Maintain fire and police response times at superior levels,
- ❖ Maintain the current ratio of park land to number of residents,
- ❖ Continue high levels of customer service, productivity and efficiency while maintaining fiscal and organization health.

Daily, staff focus' on the needs of the city, from Capital Improvement Projects which involve more than one Strategic Initiative, to maintenance projects, new buildings, remodeling, new developments, new businesses, as well as many of the day-to-day services provided by the City. If you live and drive throughout the City, you are aware of these projects, and the changes to the roads, utilities, and infrastructure. When projects are approved, staff takes into consideration the infrastructure and capacity needs of the roads, utilities, and community as a whole. While opening a New Fire Station promotes a quicker response time by moving two stations into one central location, the overall expectation is to provide a higher level of service with a safer and potentially quicker route to the call. Additionally, the opening of Center Lake Park has expanded the City's use of park land to all the residents, enhancing the services provided by the City to include: concerts, Food Truck Thursday, pet events, and special events that promote "unity" within our community. At Oviedo on the Park, the future storefronts will include a Starbucks and Chipotle, just to mention a few. These new storefronts afford the community to grow and become a more diverse business community.

The economic realities of the past several years challenged us to undertake a critical review of all aspects of City government in terms of the services we provide and the level at which those services are provided. We will continue to face similar - but hopefully less severe challenges in FY 2016-17 as the economy slowly improves, as proven by the increase in Gross Taxable Value within Oviedo. Nonetheless, I look forward to working closely with the City Council as we strive to maintain Oviedo's standing as the 6<sup>th</sup> Safest Mid-Size City in Florida by Value Penguin; Ranked 3<sup>rd</sup> Best Place to Raise Kids in the U.S. in 2015 by How Money Walks; One of the 20 Safest Cities to Live in the State of Florida as recognized by Safe Choice Security in 2014; Most Charitable Community in Central Florida as recognized by Orlando Business Journal in 2013; and by Bloomberg Business Week as one of the country's "*Best Places to Raise Kids in 2013*".

I appreciate the City's valuable and quality employees whose daily work is the key ingredient to providing quality municipal services. It is an honor to serve with them. I also appreciate the efforts of the City's Department Directors and staff for their efforts in preparing their respective budgets.

A special thank you goes to Ms. Hayes, Ms. Bigelow, Ms. Jones, Ms. Cole, Ms. Rodriguez, and Mr. Belden for their dedicated work and countless hours in preparing this budget.

Thank you to the City Council who made it possible for staff to review and discuss items of concern or new ideas through the Work Session forums in March, May, and June of this budget cycle. There is one final work session planned for August in order to wrap up and present a balanced budget during the September budget hearing meetings. The Work Sessions promoted an open discussion of the issues facing our government in serving the community. The Work Sessions provided valuable feedback from the City Council as to the direction in which staff needed to go to prepare the budget reflecting the future year service expectations.

Respectfully Submitted,



Bryan Cobb  
City Manager

OVIEDO  
*Florida*