

# City of Orlando, Florida

*City Council Workshop / Fiscal Year 2015 Budget*

April 14, 2014



## Agenda

- FY2014 Budget Review
- Budget Impact of “Headline” Projects
- Review of Revenue Constraints and Prior Year Budget Actions
- Budget Development Calendar



# City Council Workshop / Fiscal Year 2015 Budget

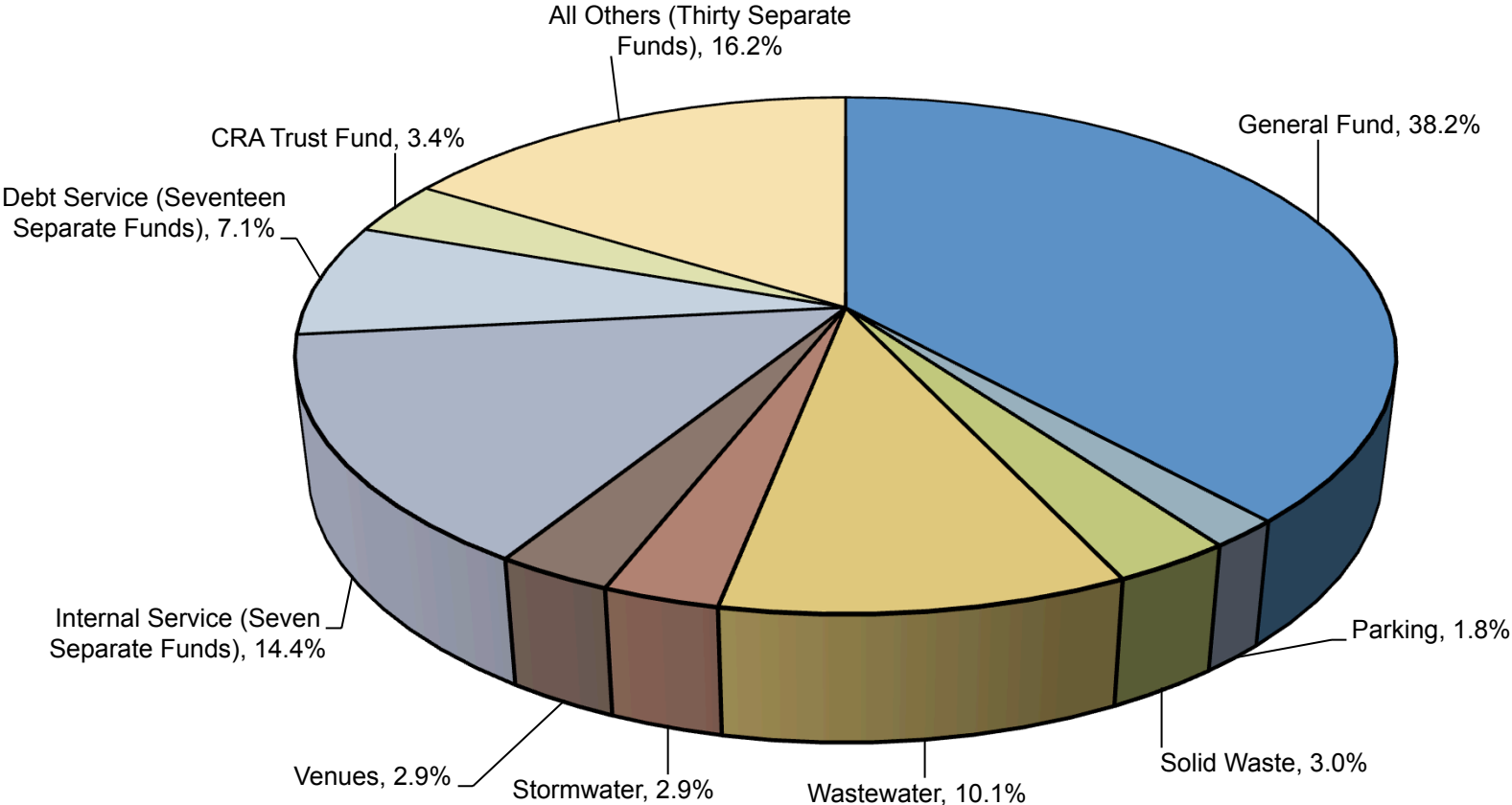
*FY2014 Budget Review*

April 14, 2014

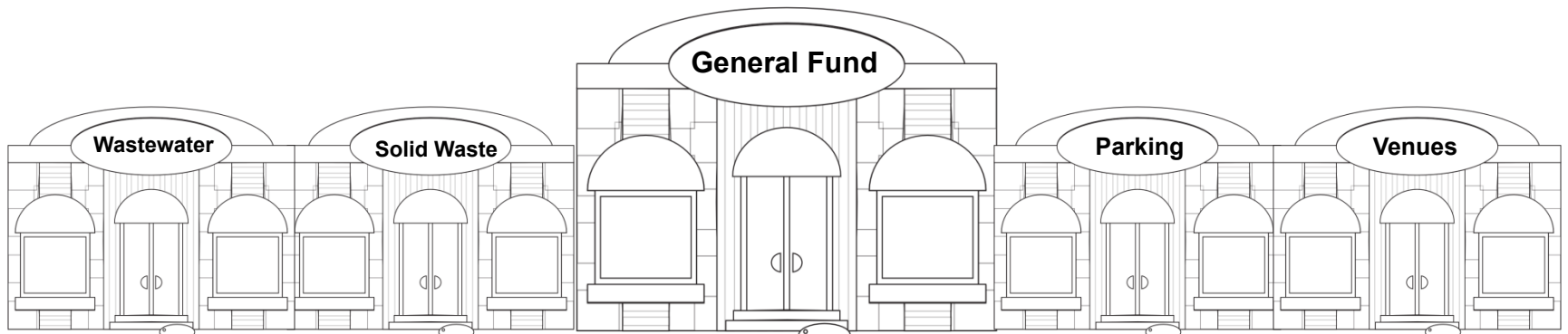


# FY2014 Approved Budget

\$934,425,130



## Focus of Today's Budget Discussion

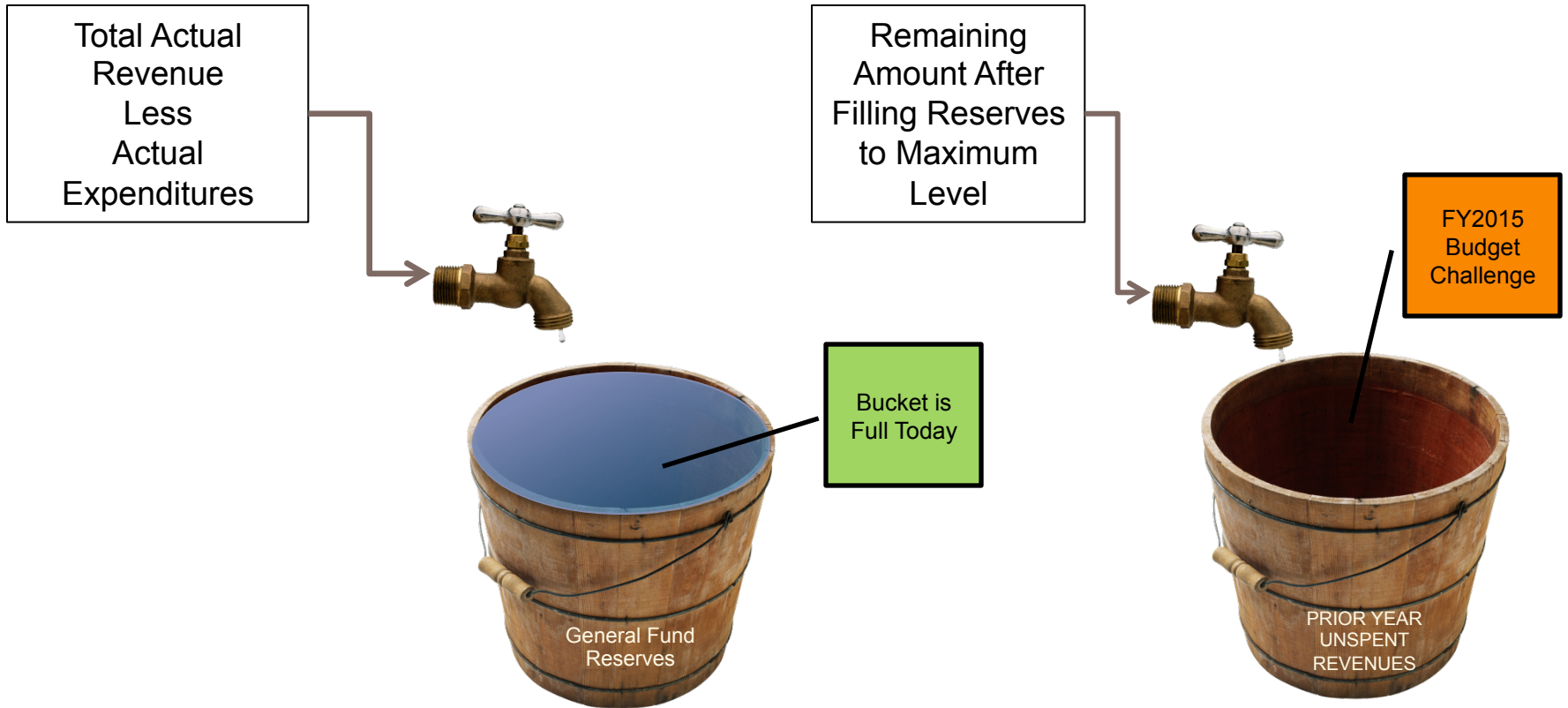


## FY2014 – How Did We Balance

- 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



# City Council Workshop / Fiscal Year 2015 Budget

## *Budget Impact of Selected High Profile City Initiatives*

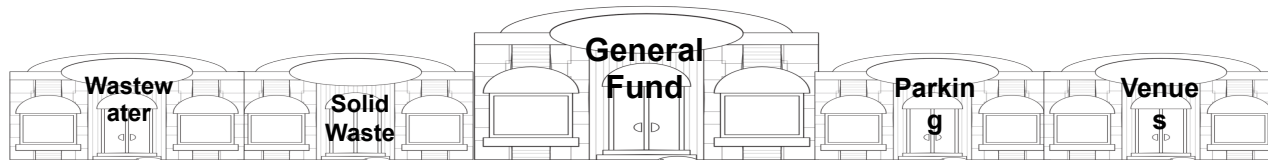
April 14, 2014





## 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



## 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





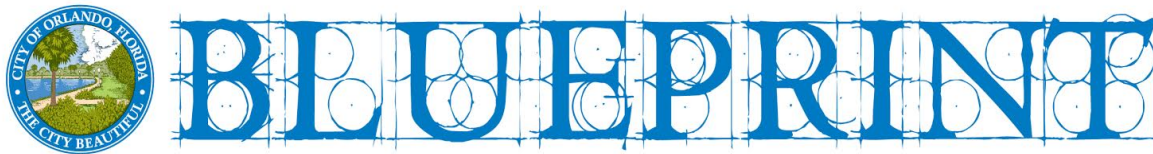
## Creative Village

- 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



## 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



## Summary of Ongoing Budget Impact

• SunRail	\$1.3M
• Community Use of Venues	\$1.0M
Total	\$2.3M
Percent of Budget	.64%





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## 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

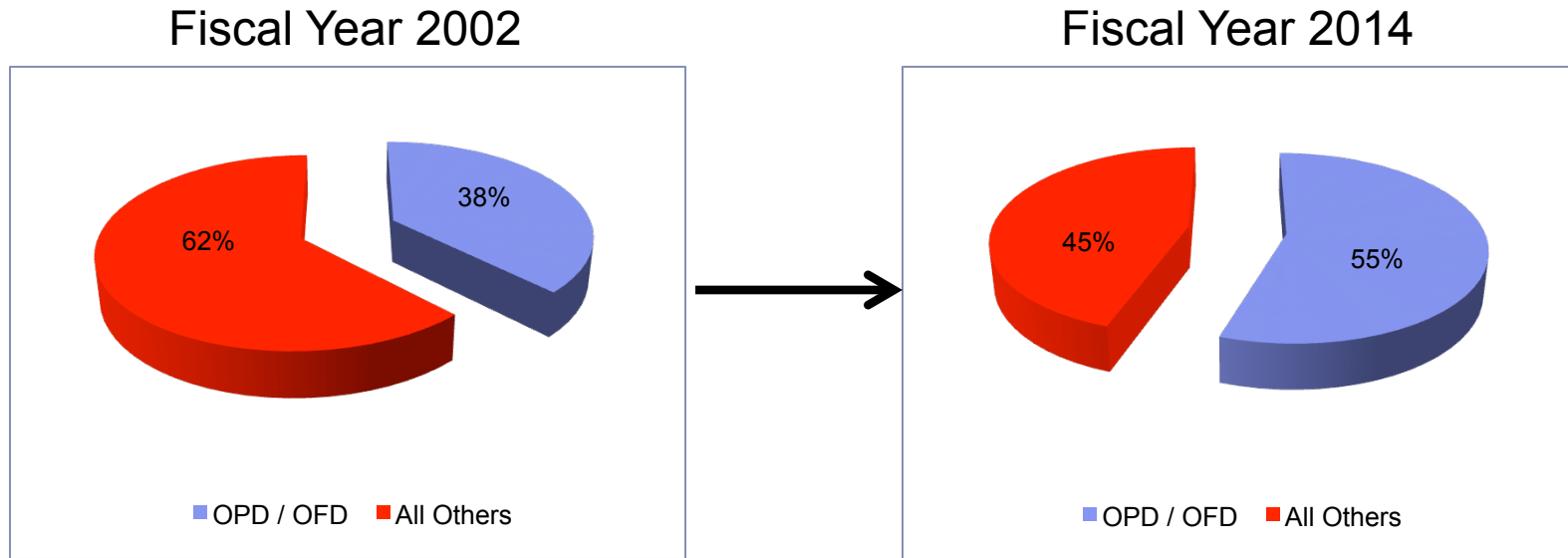


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**Managing the future: Looking forward,  
Orlando built reserves and consistently set aside  
money for pension obligations**



## Public Safety

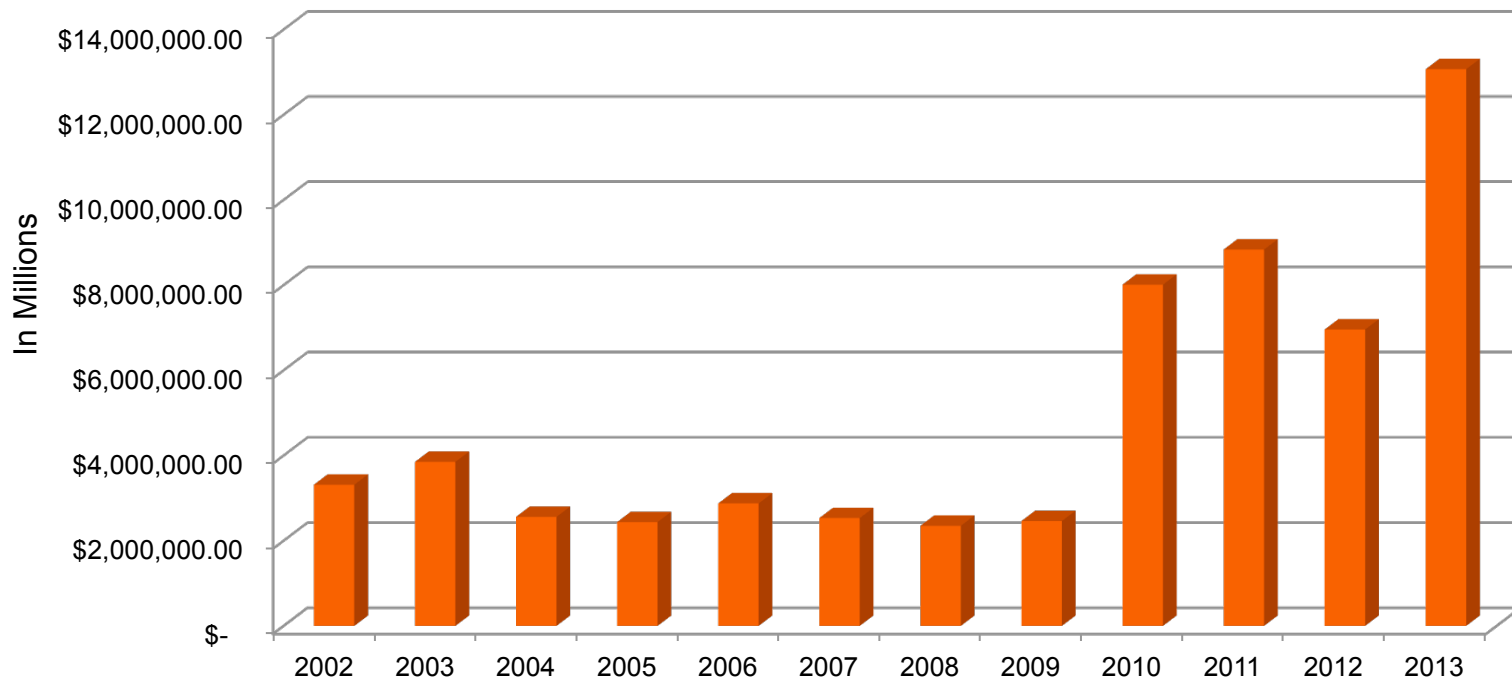


- (1) From FY2002 to FY2014, direct public safety spending increased by \$89.8 million; The total General Fund budget only increased by \$71 million.
- (2) From FY2002 to FY2014 178 positions have been added to OPD and OFD (11% increase); all other departments have a reduced position counts by 347 (19% decrease).



# Pursuing Other Funding Sources

## Grant Revenue by Fiscal Year



# City Council Workshop / Fiscal Year 2015 Budget

*Review of Revenue Constraints and Prior Year Budget Actions*

April 14, 2014

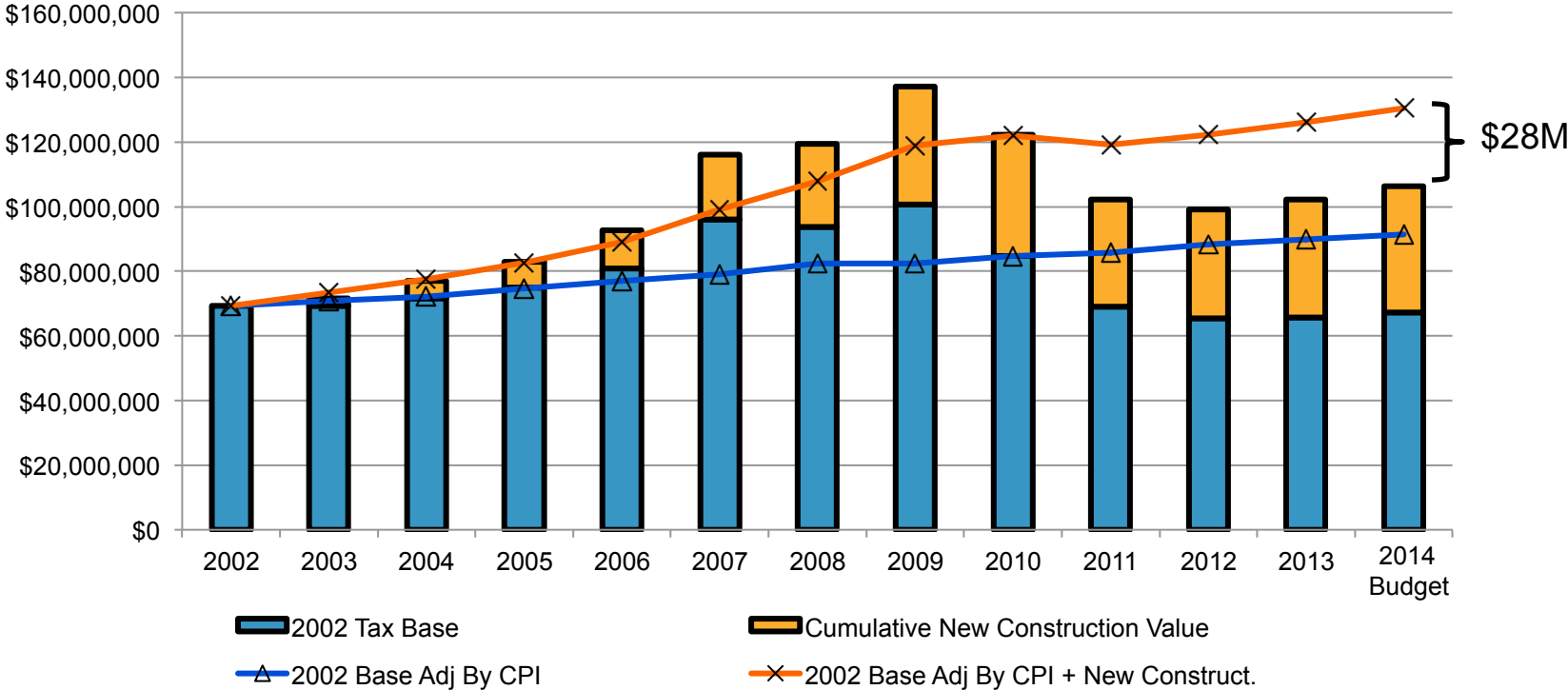


## Property Taxes



Revenue in 21 cities had not yet returned to peak levels

Property tax revenue has not kept pace with inflation



## Property Taxes

- Impact of property tax reform

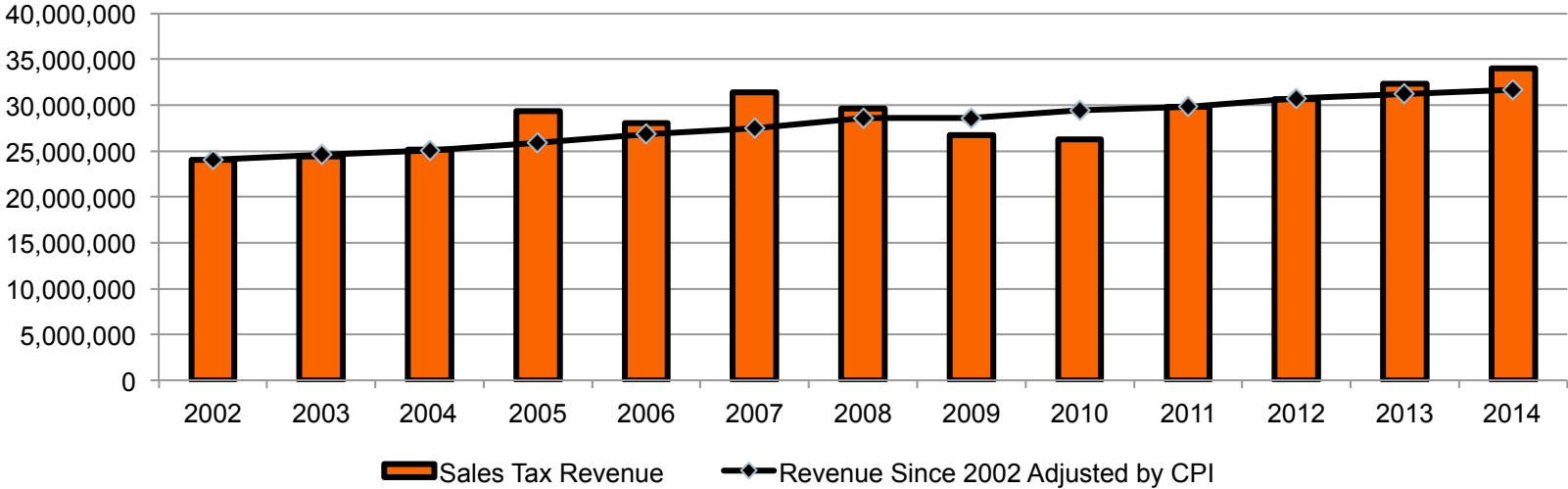
	2010	2011	2012	2013	2014	Cumulative Total
Portability	\$21,655,836	\$29,799,273	\$33,683,377	\$36,517,096	\$39,262,294	
Doubling Homestead Exemption	779,677,344	669,091,279	637,219,608	618,321,533	612,706,443	
Non-Homestead 10% Cap	72,811,928	75,738,273	108,044,584	278,532,183	475,632,950	
\$25K Tangible Personal Property	165,996,966	162,375,416	158,938,041	158,502,271	160,405,170	
Total Value Removed	\$1,040,142,074	\$937,004,241	\$937,885,610	\$1,091,873,083	\$1,288,006,857	
Property Tax Equivalent	\$5,876,803	\$5,294,074	\$5,299,054	\$6,169,083	\$7,277,239	\$29,916,252

Homestead	\$4,527,532	\$3,948,732	\$3,790,602	\$3,699,838	\$3,683,623	\$19,650,328
Commercial/Non-Homestead	\$1,349,270	\$1,345,342	\$1,508,452	\$2,469,245	\$3,593,615	\$10,265,924



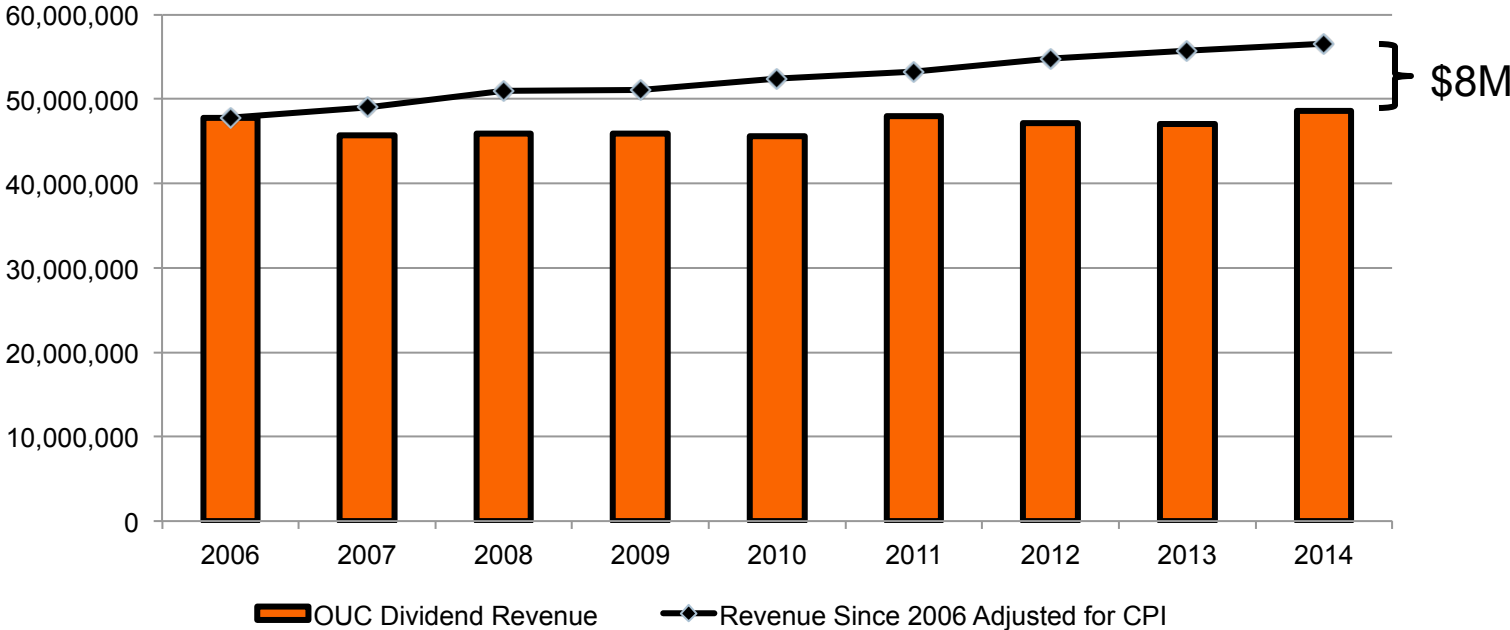
## Sales Tax

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



## OUC Dividend Revenue

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





# Review of Prior Year Budget Actions

## Budget Reductions by Fiscal Year

	Fiscal Year Budget Being Developed					
	2009	2010	2011	2012	2013	2014
FY2009	\$1,990,000	\$1,990,000	\$1,990,000	\$1,830,000	\$1,830,000	\$1,830,000
FY2010		7,350,000	7,350,000	6,640,000	6,640,000	6,640,000
FY2011			9,510,000	9,370,000	9,370,000	9,370,000
FY2012				7,500,000	7,500,000	7,500,000
FY2013					1,200,000	1,200,000
FY2014						15,000,000
Total For Year	\$1,990,000	\$9,340,000	\$18,850,000	\$25,340,000	\$26,540,000	\$41,540,000
Cumulative	\$1,990,000	\$11,330,000	\$30,180,000	\$55,520,000	\$82,060,000	\$123,600,000



## 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)



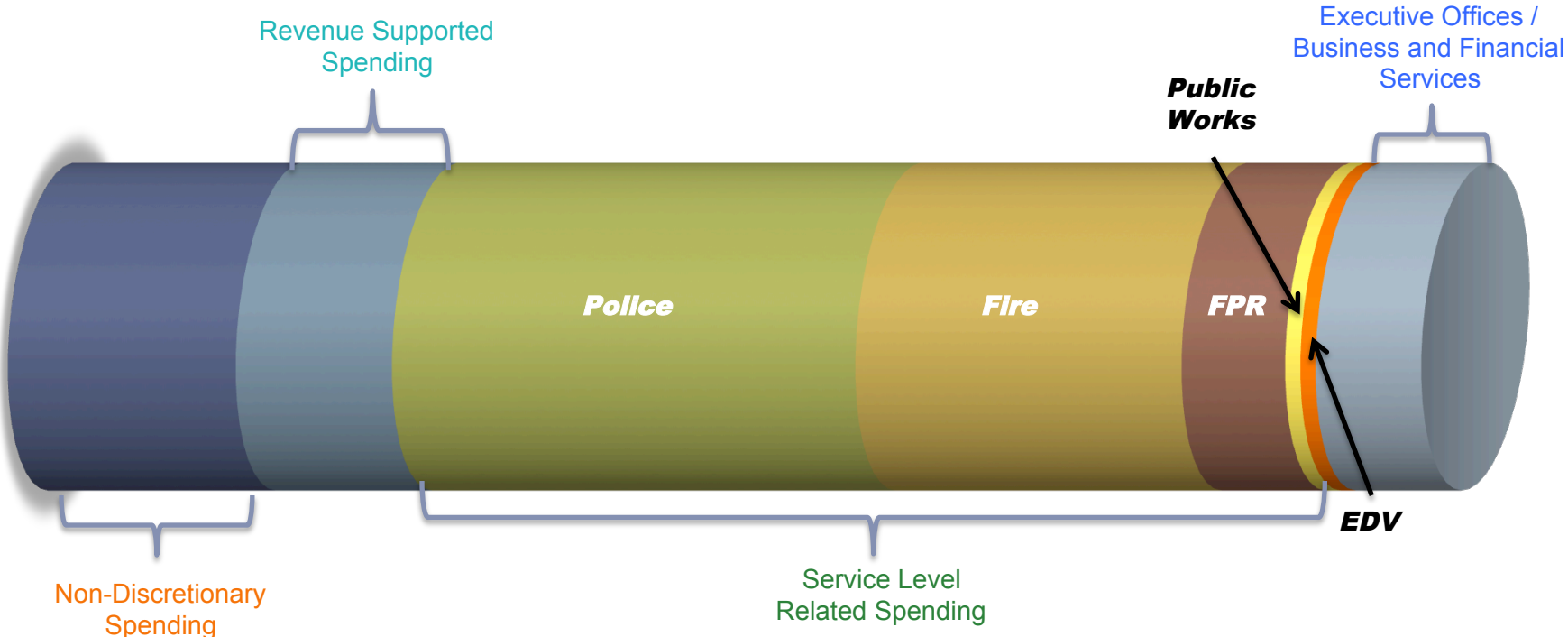
## Budget Reductions

- 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)



# Cutting Expenses Have Impacts

## General Fund



- Represents legal obligations and commitments. Cannot cut.
- This spending supports direct services to citizens. If spending is cut, there must be a service reduction.
- Revenues and Expenditures are linked. Must cut both in equal amounts. No budget balancing effect.
- 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

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## 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



## Key Dates

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





# City of Orlando

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