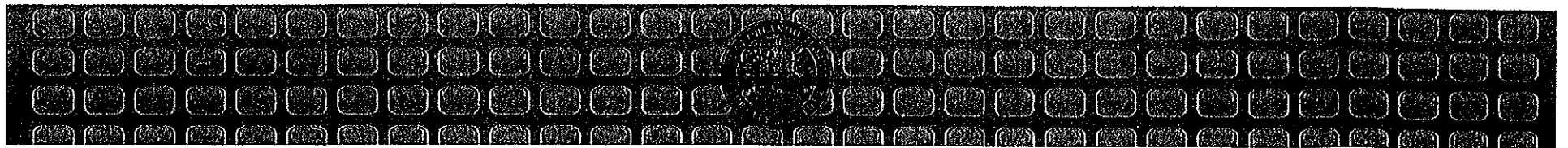


# City of Orlando, Florida

## *City Council Workshop / Fiscal Year 2015 Budget*

April 14, 2014

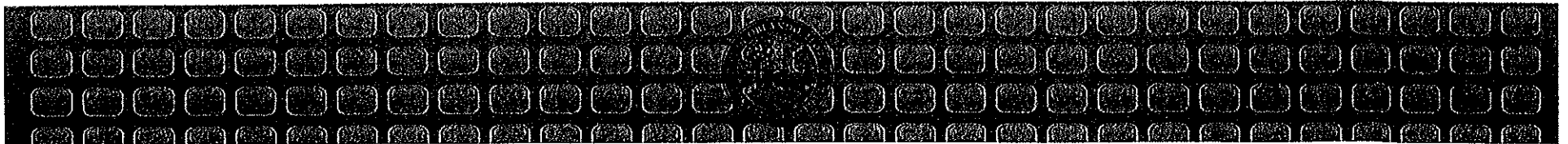


## City Council Workshop / Fiscal Year 2015 Budget

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### Agenda

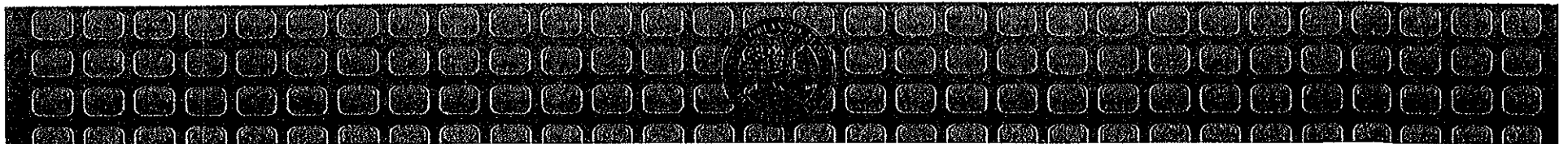
- FY2014 Budget Review
- Budget Impact of “Headline” Projects
- Review of Revenue Constraints and Prior Year Budget Actions
- Budget Development Calendar



# City Council Workshop / Fiscal Year 2015 Budget

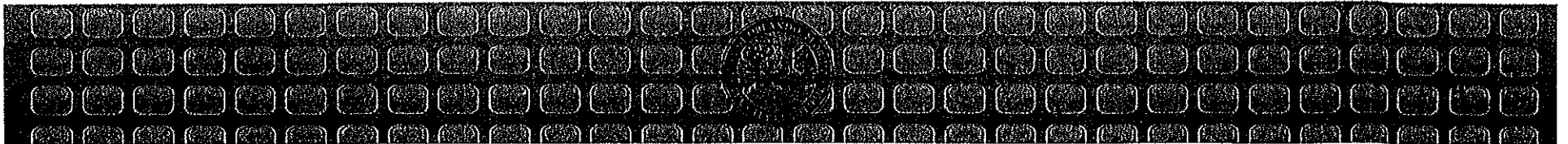
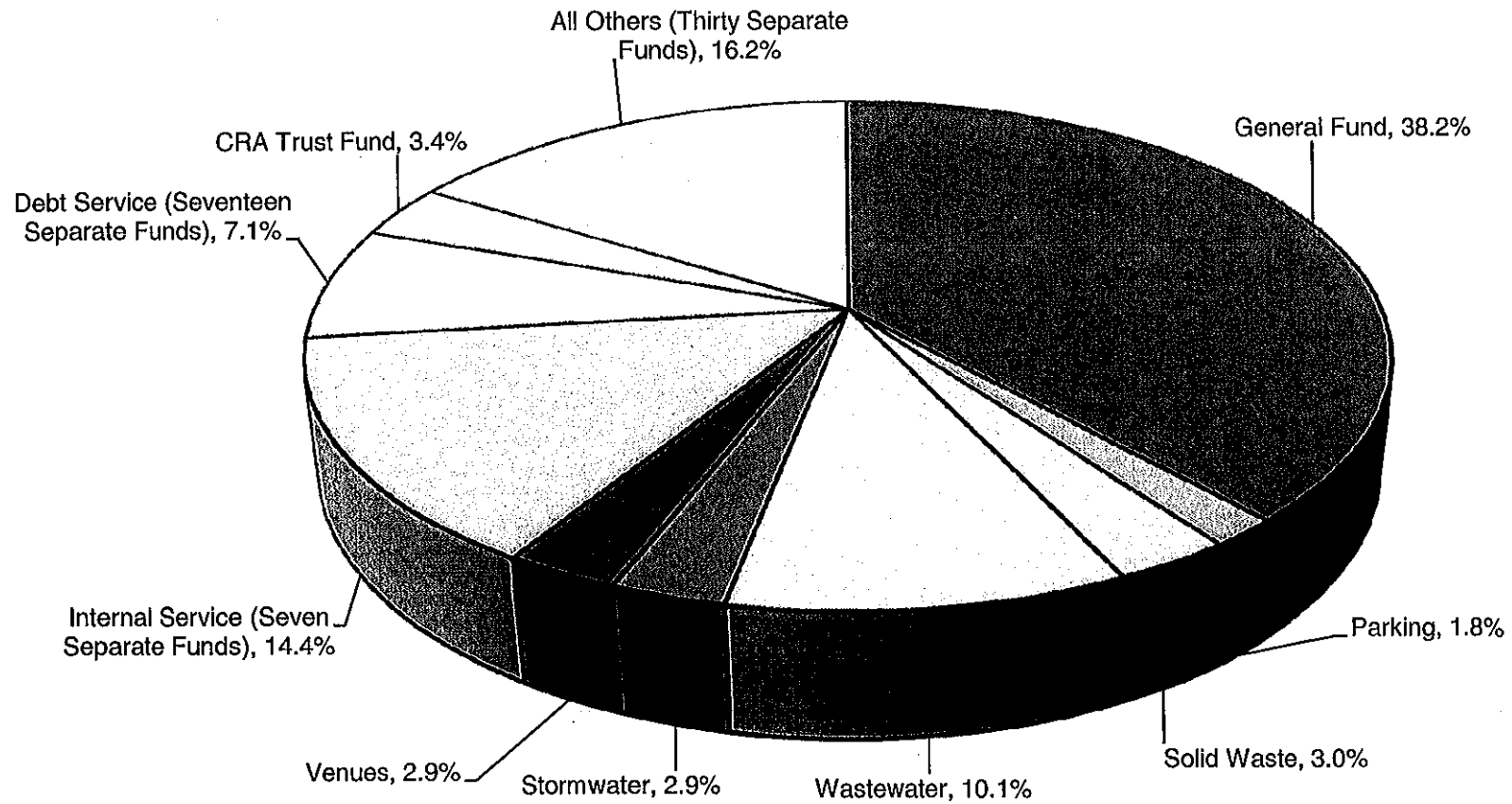
*FY2014 Budget Review*

April 14, 2014



## FY2014 Approved Budget

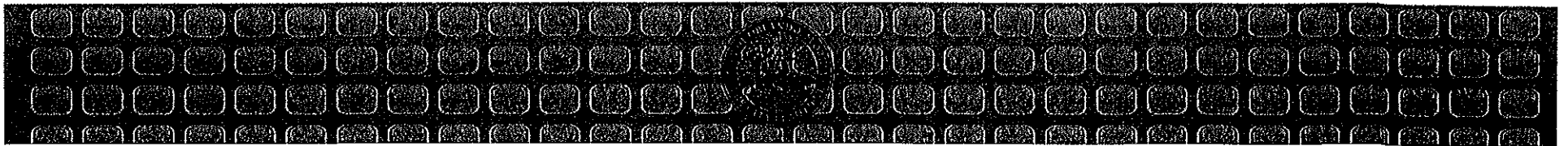
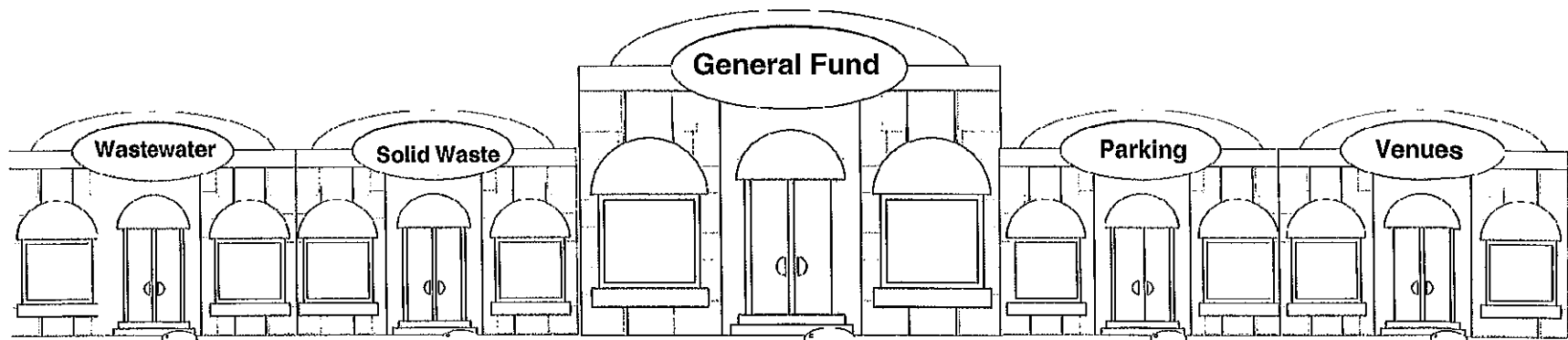
\$934,425,130



# City Council Workshop / Fiscal Year 2015 Budget

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## Focus of Today's Budget Discussion

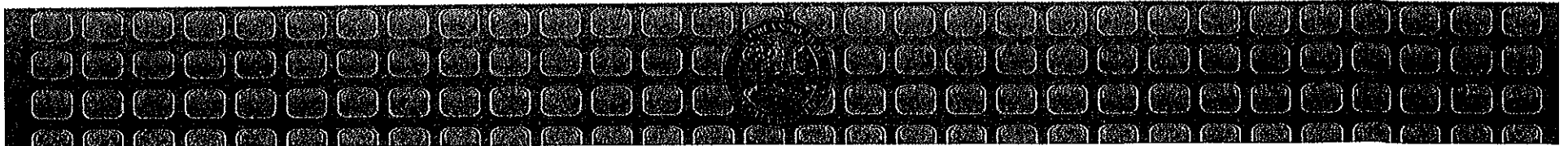


## City Council Workshop / Fiscal Year 2015 Budget

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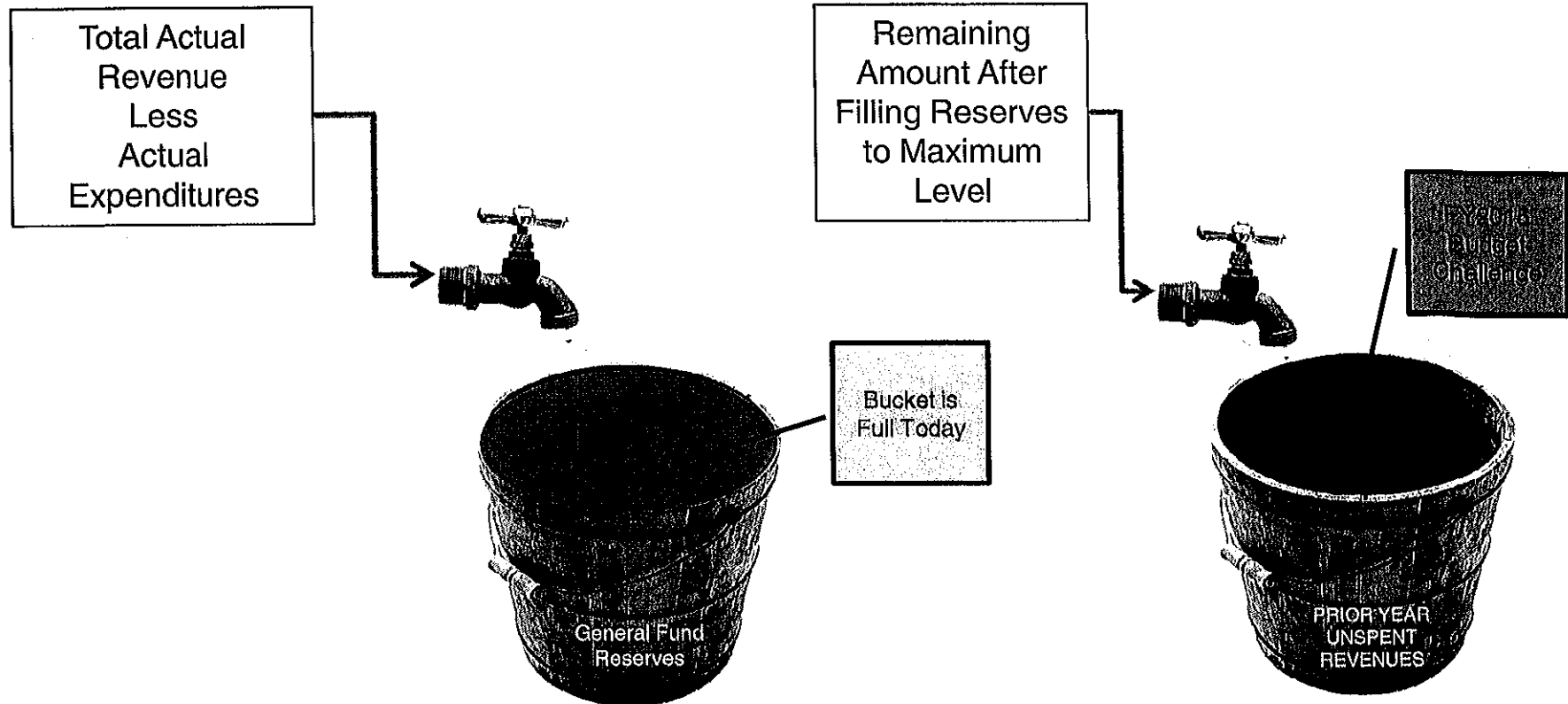
### FY2014 – How Did We Balance

- 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



# City Council Workshop / Fiscal Year 2015 Budget

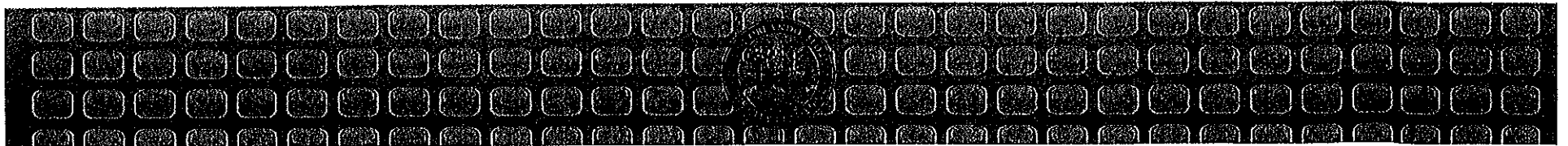
## Reserve Status



# City Council Workshop / Fiscal Year 2015 Budget

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

April 14, 2014



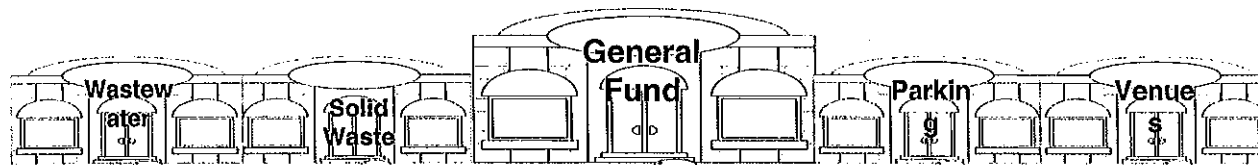


# Budget Impact of “Headline” Projects

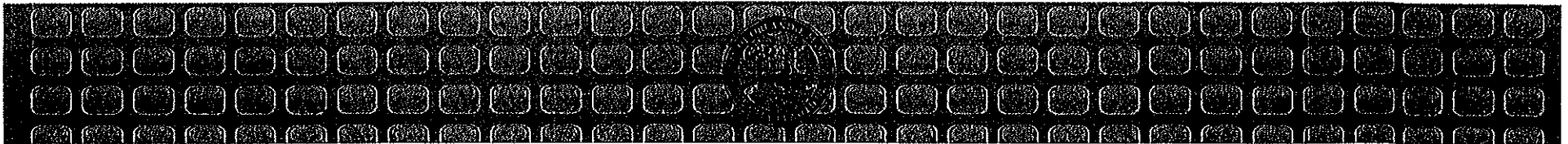
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## City of Orlando Initiatives

- 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

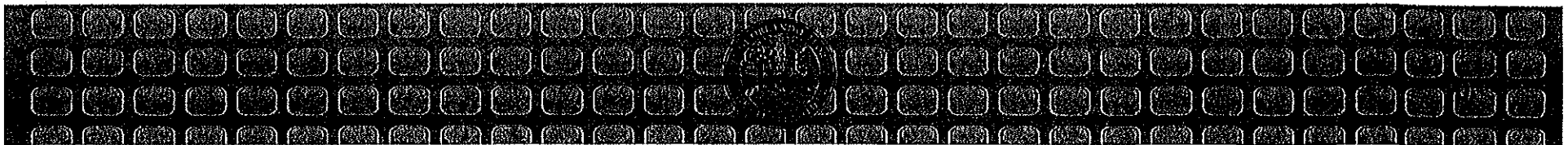


## Budget Impact of “Headline” Projects

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### 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

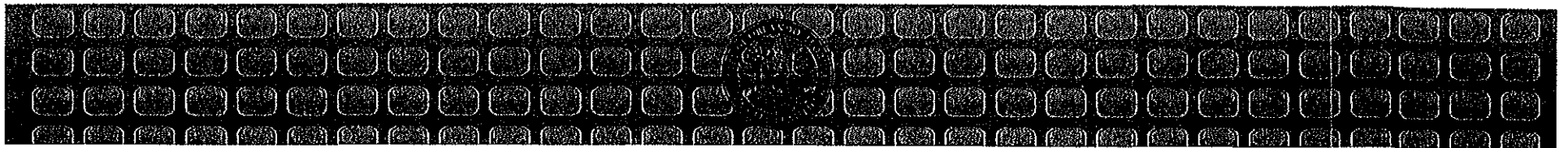
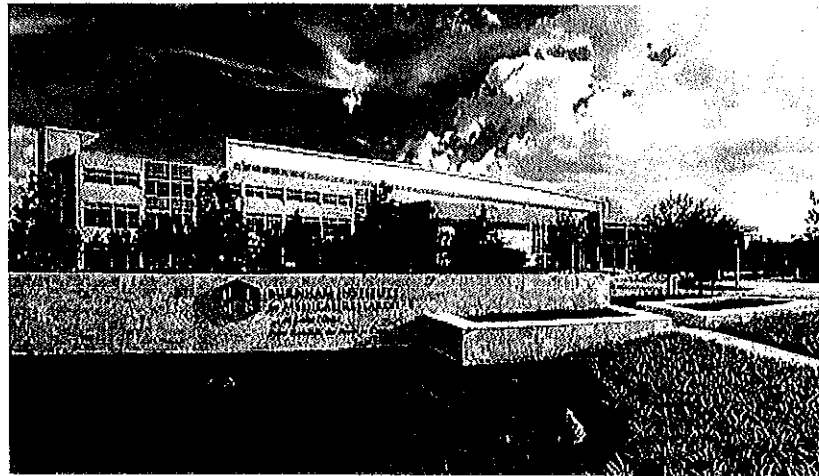


## Budget Impact of “Headline” Projects

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### Medical City (Burnham)

- Agreement was a \$34M economic development investment
- All funding came from prior year unspent revenue
- No future funding is required

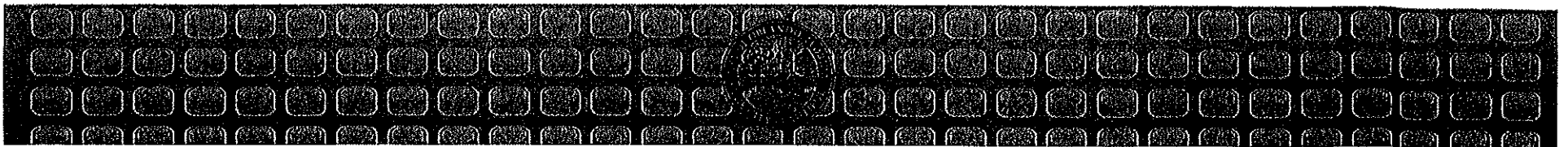
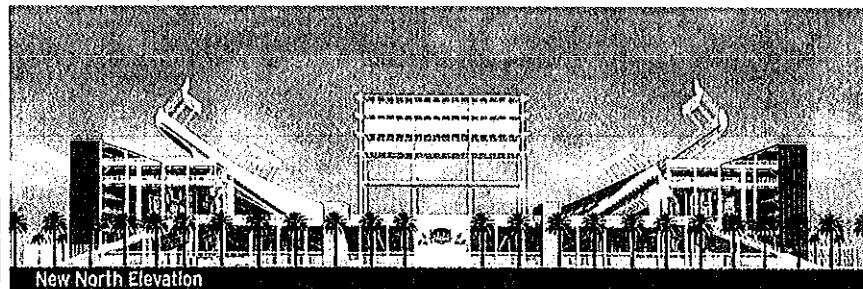
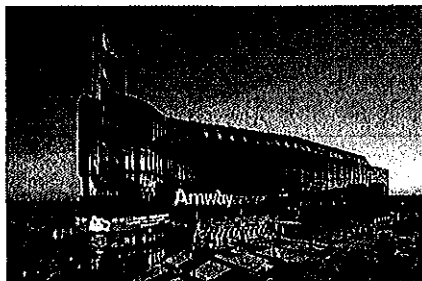


# Budget Impact of "Headline" Projects

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## Orlando Venues

- Amway Center, Citrus Bowl, Performing Arts Center, and Soccer Stadium
- Annual General Fund Impact = \$1M (.2% of the budget)
  - Community use commitment

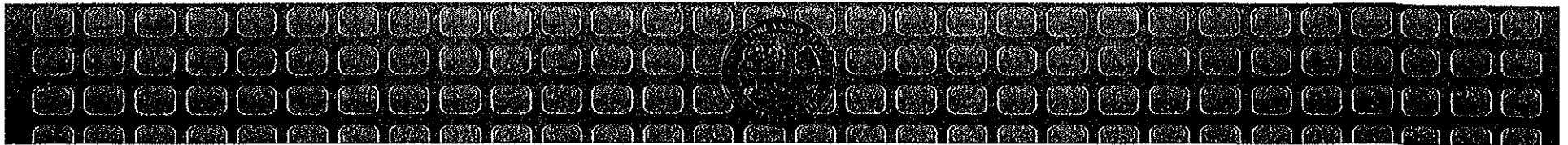
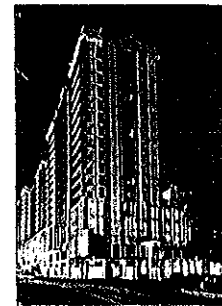
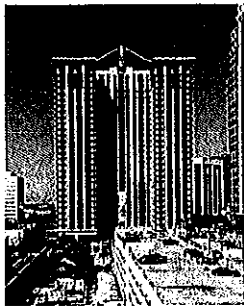


## Budget Impact of “Headline” Projects

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### 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

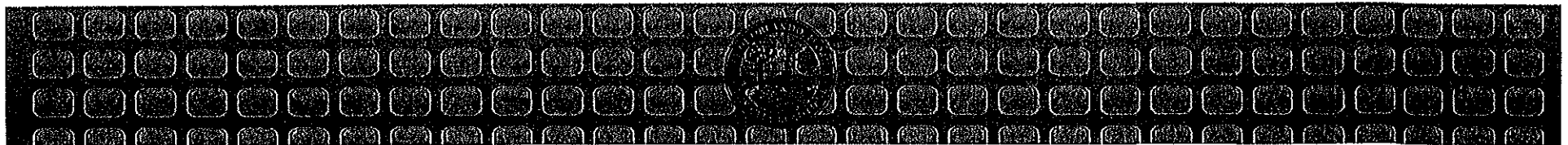
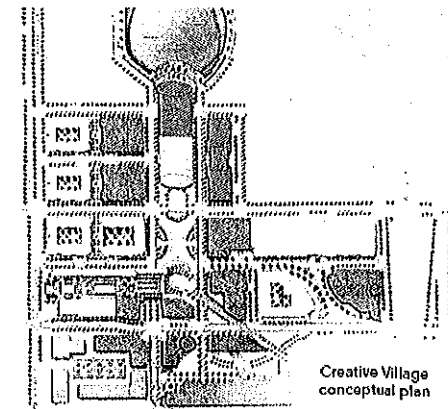


## Budget Impact of "Headline" Projects

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### 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

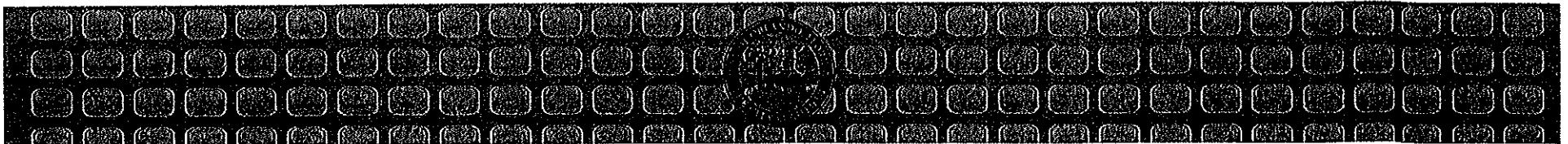
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### Blueprint Initiative

- Using the Community Venues projects to create a sustainable economic impact
- No General Fund dollars spent
- Will provide positive economic return to the City



BLUEPRINT

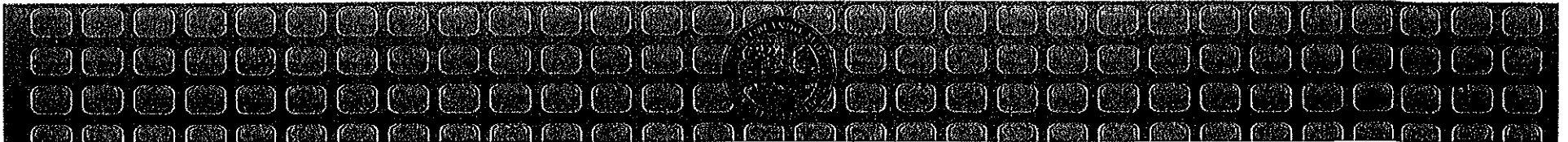


## Budget Impact of "Headline" Projects

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### Summary of Ongoing Budget Impact

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





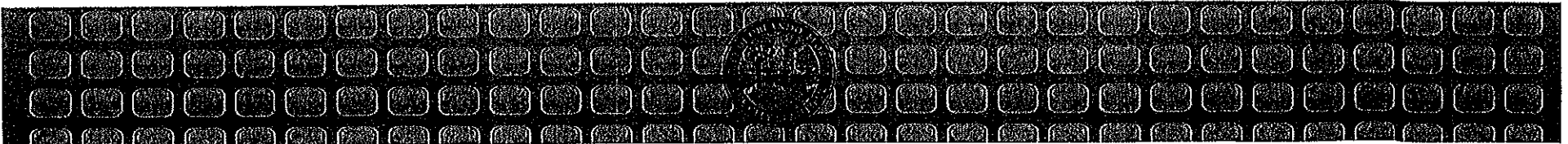
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## Sound Financial Practices

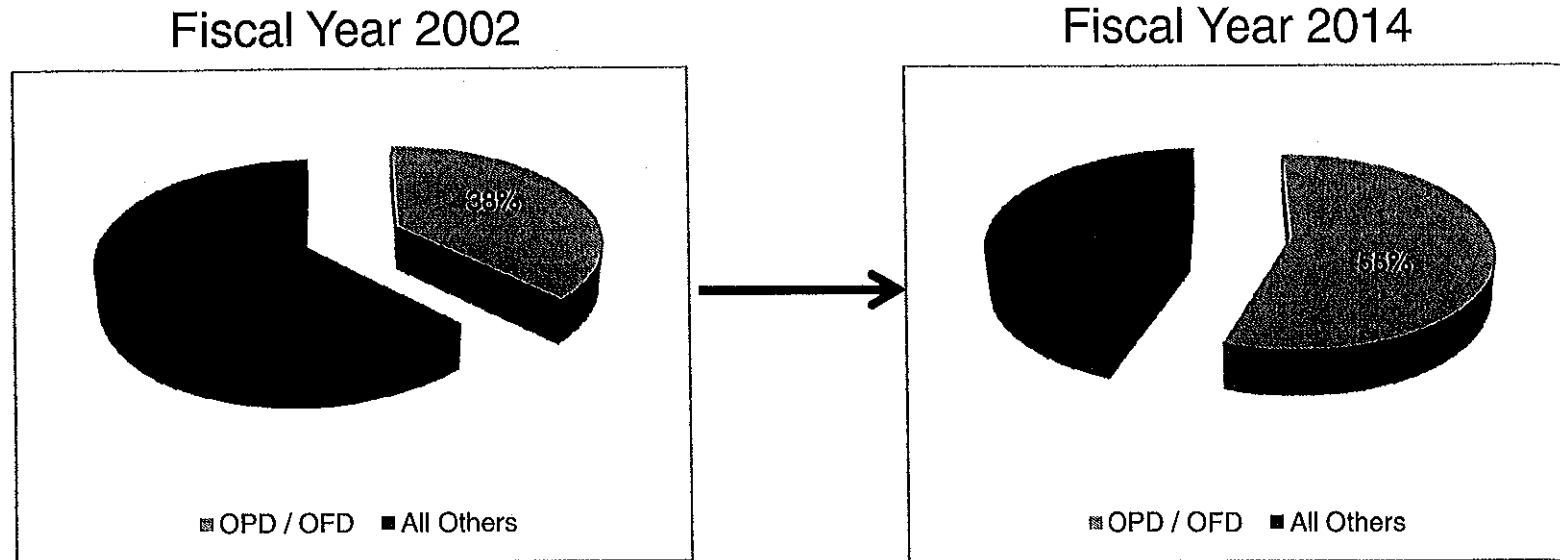
- ⊙ Underlying AAA Credit Rating
  - Reserves funded at our policy maximum
  
- ⊙ Maximizing efficiencies, cost savings, innovation, and grant opportunities
  - Changed spending culture – not spending every dime every year
  - Cloud-first computing
  - Self-insured health plan
  
- ⊙ Commitment to funding long-term obligations
  - Consistent payment of our required pension obligations
  - One of very few governments nationwide to fund OPEB obligation



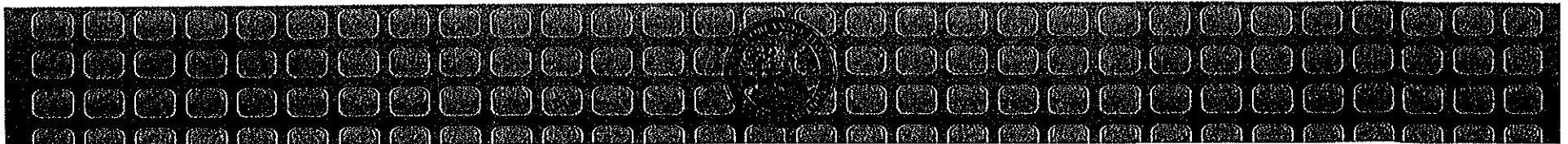
■ **Managing the future: Looking forward,  
Orlando built reserves and consistently set aside  
money for pension obligations**



## Public Safety



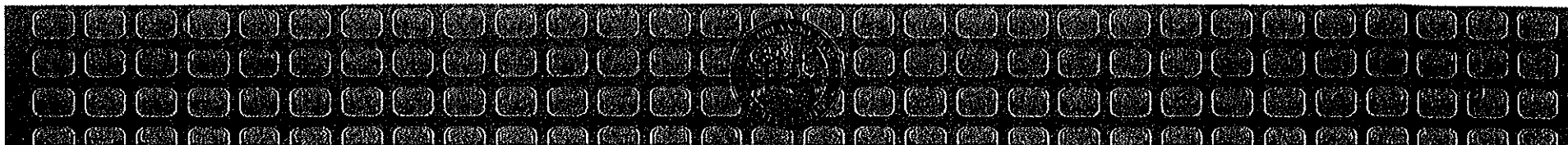
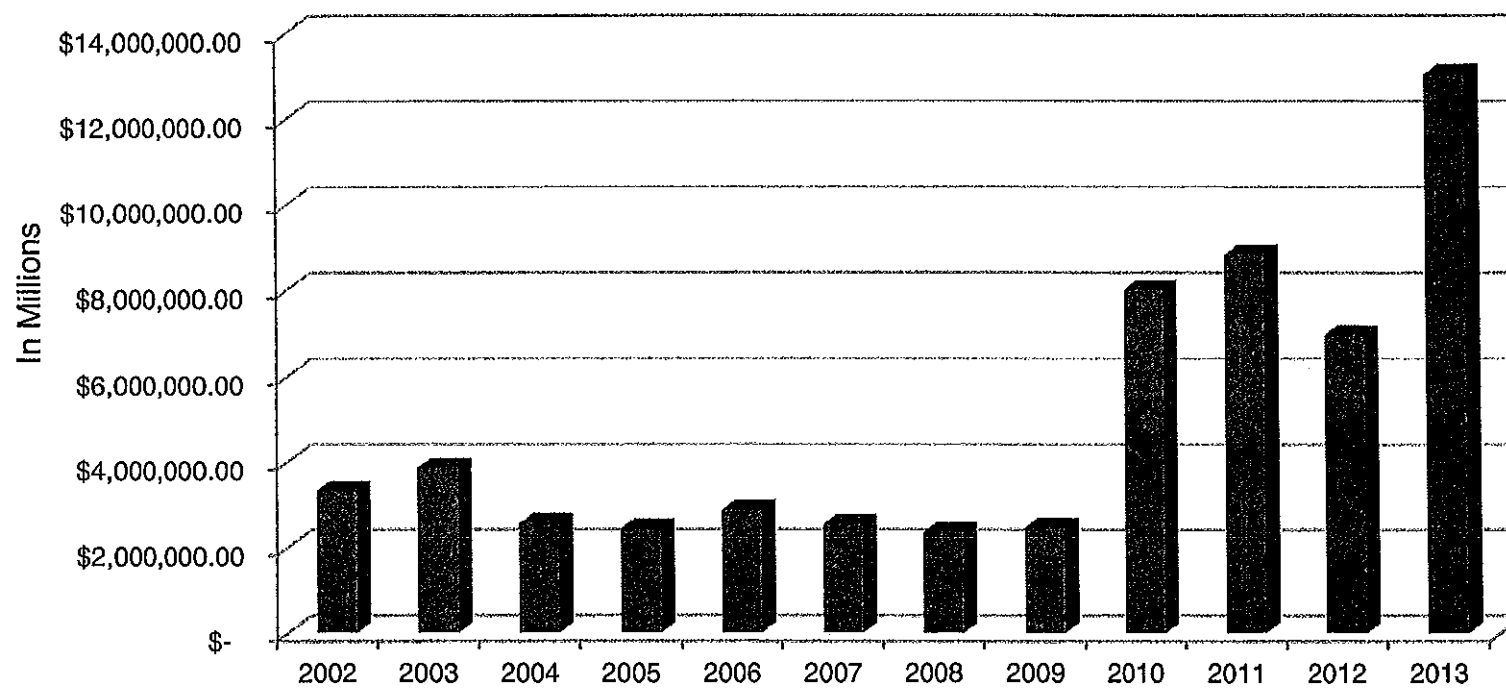
- (1) From FY2002 to FY2014, direct public safety spending increased by \$89.8 million; The total General Fund budget only increased by \$71 million.
- (2) From FY2002 to FY2014 178 positions have been added to OPD and OFD (11% increase); all other departments have a reduced position counts by 347 (19%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



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## Pursuing Other Funding Sources

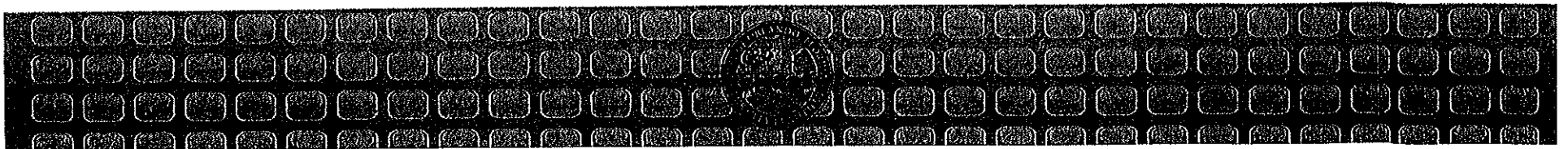
Grant Revenue by Fiscal Year



# City Council Workshop / Fiscal Year 2015 Budget

*Review of Revenue Constraints and Prior Year Budget Actions*

April 14, 2014



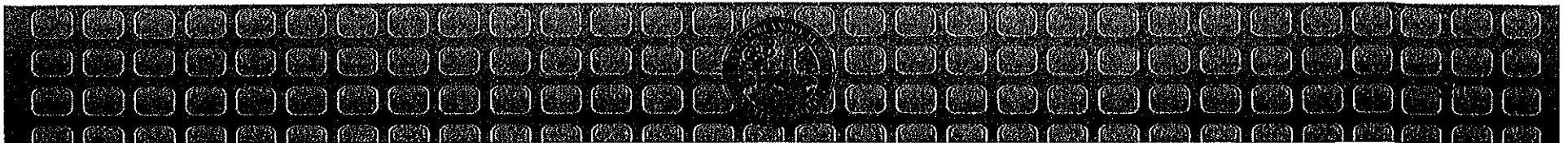
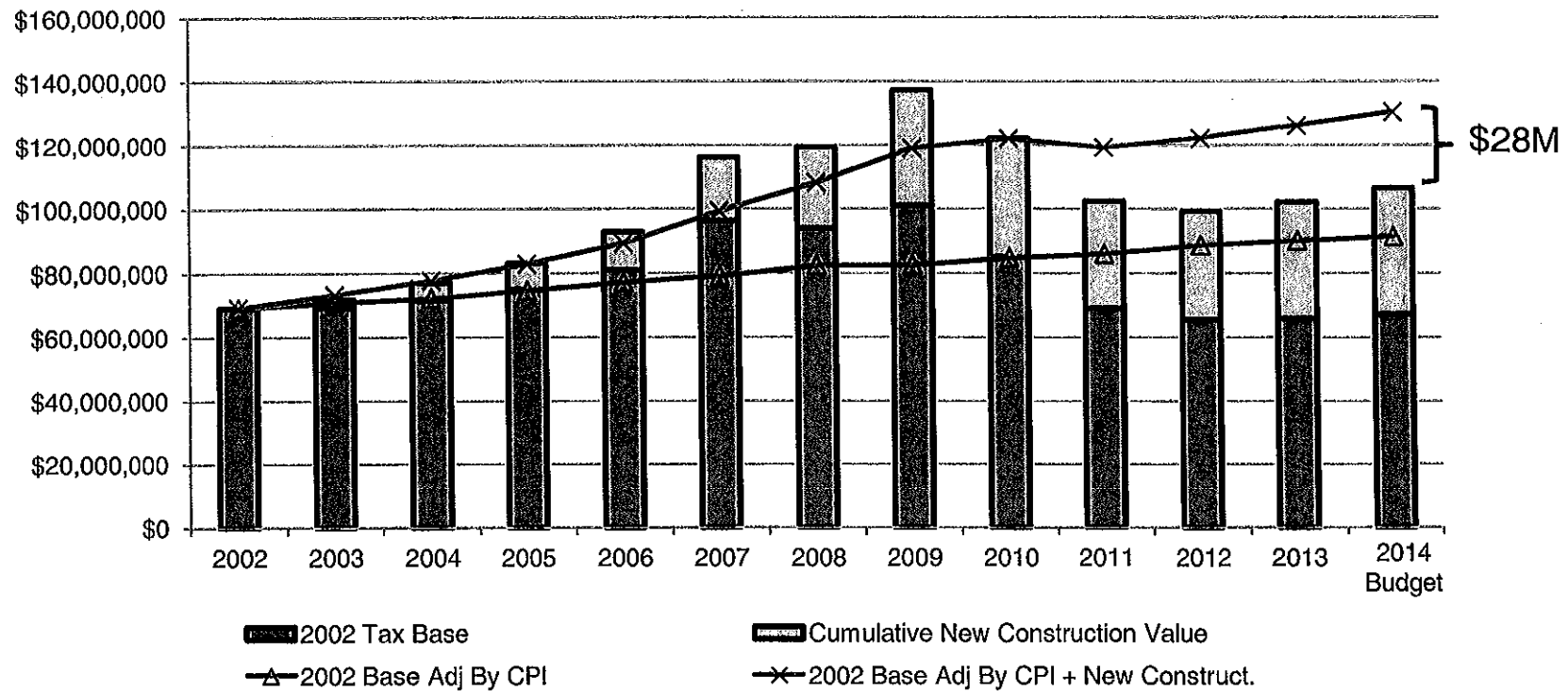
# Review of Revenue Constraints

## Property Taxes

Property tax revenue has not kept pace with inflation



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



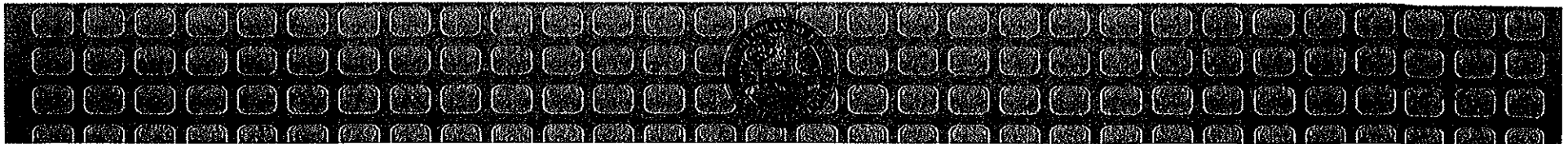
# Review of Revenue Constraints

## 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     |

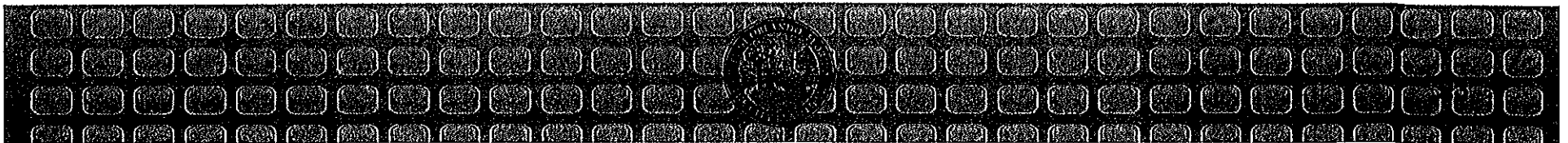
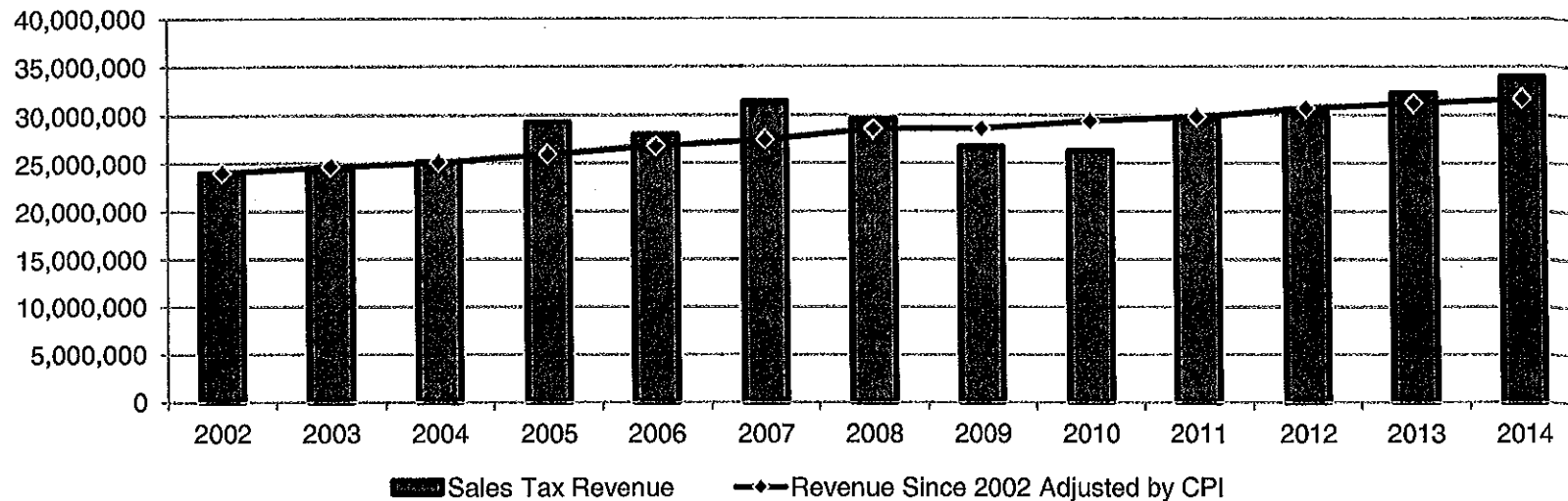
|                          |             |             |             |             |             |              |
|--------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Homestead                | \$4,527,532 | \$3,948,732 | \$3,790,602 | \$3,699,838 | \$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 |



## Review of Revenue Constraints

### Sales Tax

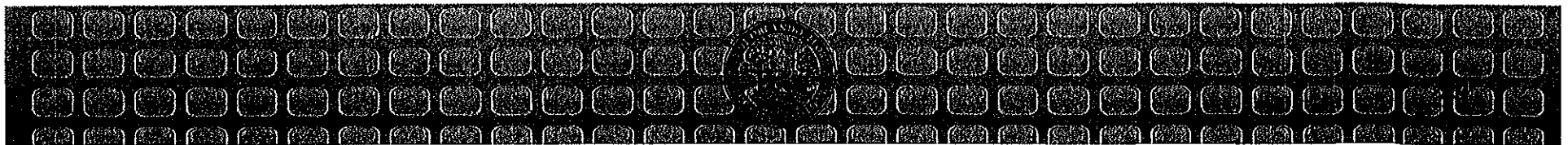
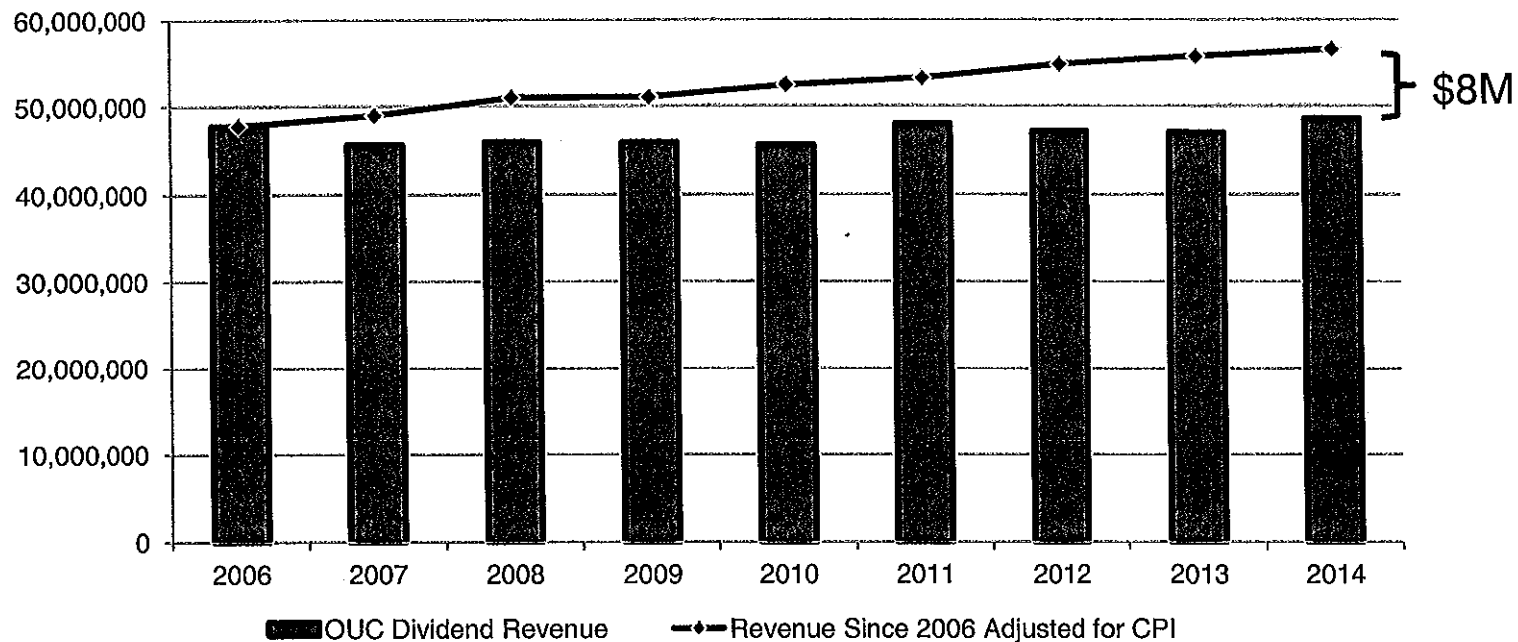
- Over time Sales Tax Revenue has only slightly performed better than the change in CPI
- Even significant increases only generate small dollar amount



## Review of Revenue Constraints

### OUC Dividend Revenue

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

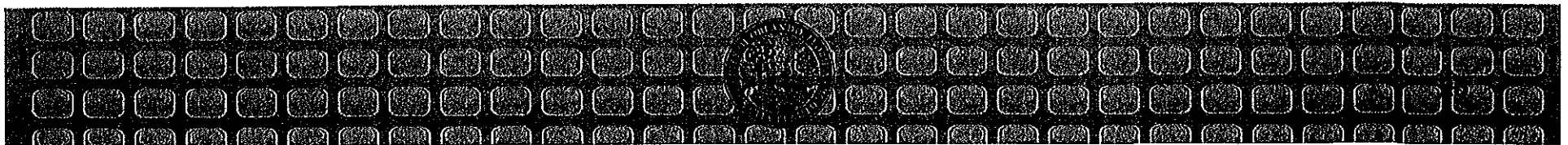




## Review of Prior Year Budget Actions

### 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 |



# Review of Prior Year Budget Actions

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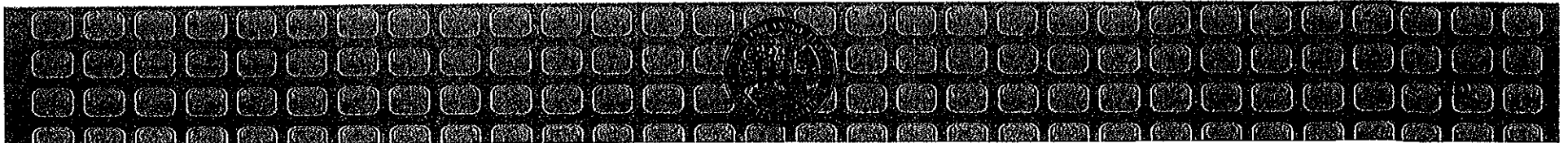
## Budget Reductions

### • 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)

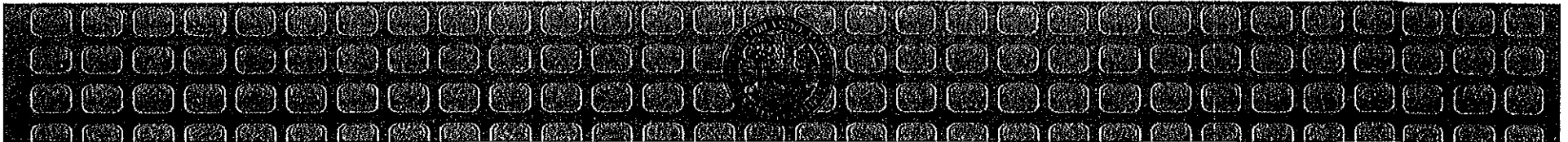


# Review of Prior Year Budget Actions

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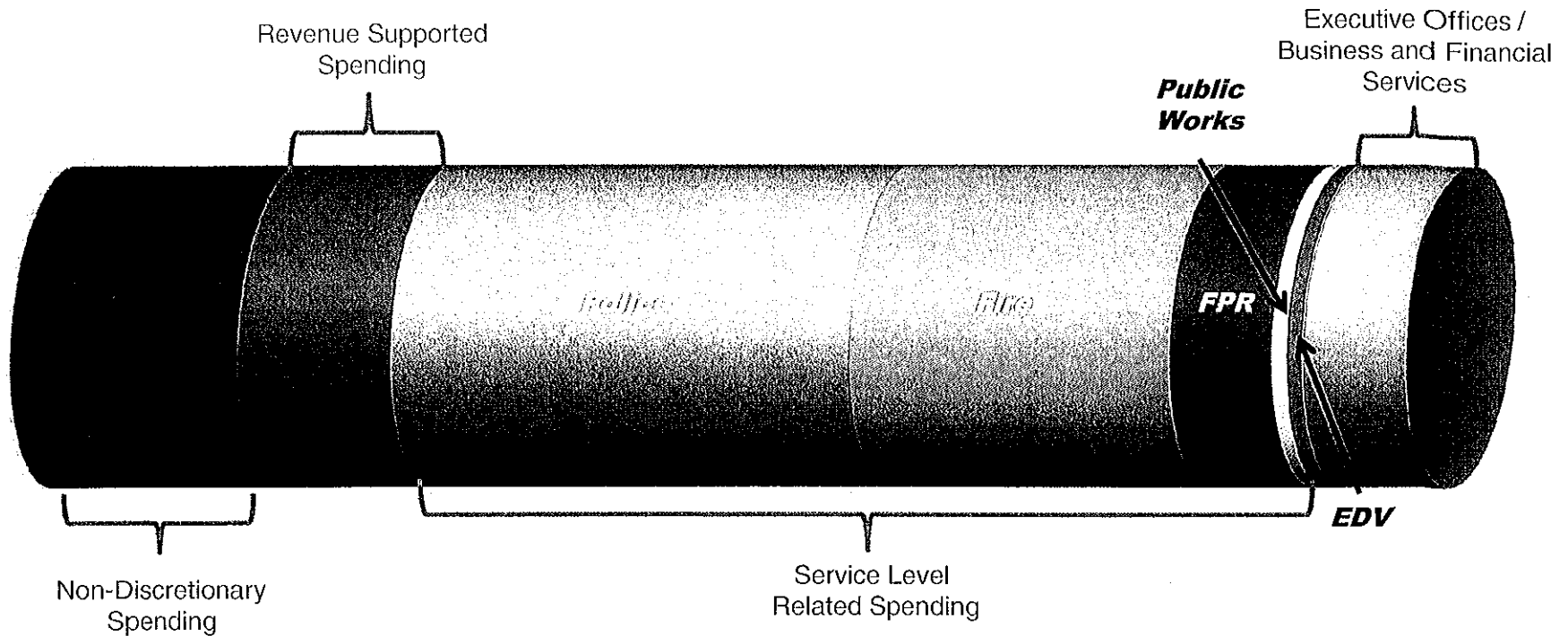
## Budget Reductions

- ◉ 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.



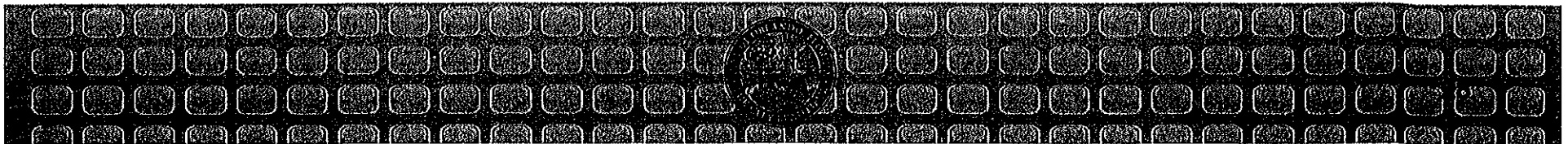
Revenues and Expenditures are linked. Must cut both in equal amounts. No budget balancing effect.



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



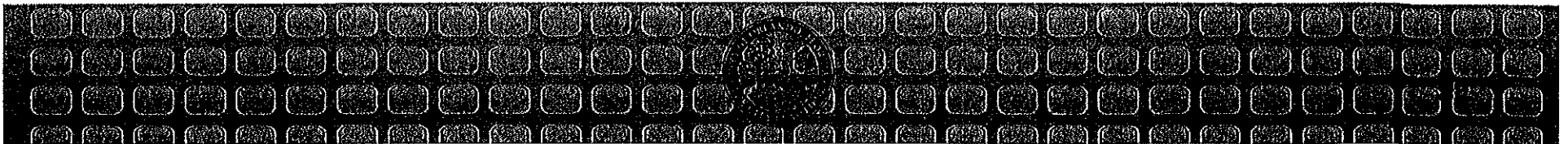
Provides support to the other operating departments (technology, legal, human resources) that would still have to be provided in some manner



# Review of Revenue Constraints and Prior Year Budget Actions

## Budget Balancing Solutions

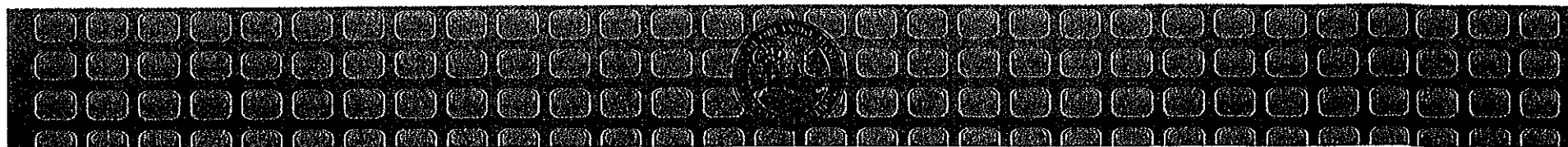
- Increase Revenue
- Reduce Services
- Transfer Responsibilities
- Defer Expenses to a Future Year



# City Council Workshop / Fiscal Year 2015 Budget

## *Budget Development Calendar*

April 14, 2014

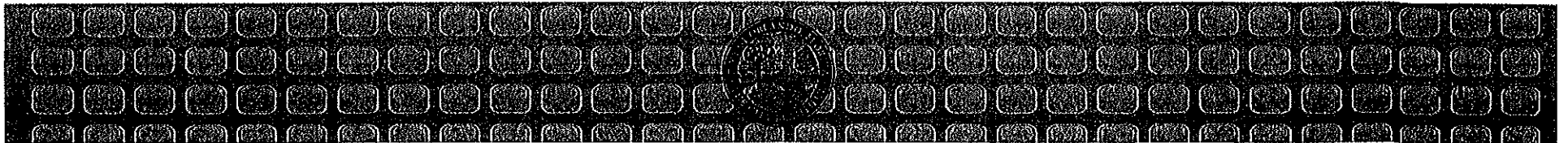


## Budget Development Calendar

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### 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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P.O. Box 4990  
Orlando, Florida 32802-4990  
407-246-2358

