

Orlando City Council - Workshop
Council Chambers, City Hall
400 South Orange Avenue
Orlando, FL
July 11, 2016

In attendance:

Mayor Buddy Dyer
Commissioner Jim Gray, District 1
Commissioner Tony Ortiz, District 2
Commissioner Robert F. Stuart, District 3
Commissioner Patty Sheehan, District 4
Commissioner Regina I. Hill, District 5
Commissioner Samuel B. Ings, District 6
City Attorney Mayanne Downs
Interim City Clerk Amy T. Iennaco
Sr. Assistant City Clerk Elizabeth Davidson
Police Officers Edgar Malave and Kevlon Kirkpatrick, Sergeants-at-Arms

Mayor Buddy Dyer called the meeting to order at 1:03 P.M. and introduced the topic of the workshop as the Fiscal Year 2017 Budget. Mayor Dyer thanked the City Council for their leadership in the last several years in making tough budget decisions to ensure that Orlando remains financially strong despite the economic recession and state-mandated help with property tax reforms. Mayor Dyer noted that Orlando's credit ratings are among the highest of any city in Florida and also noted that increasing revenues reflective of the growing economy in Orlando allow the City to continue to provide the high level of service that residents expect, while continuing to invest in City parks, public safety and infrastructure without raising the millage rate.

Mayor Dyer introduced Deputy Chief Financial Officer Brian Battles to present the first introduction of the budget. Mr. Battles indicated that the workshop is using a draft or "tentative" form of the proposed budget and that he will address the next steps in the budget process at the conclusion of the meeting. The workshop opened with a historical perspective beginning with the current budget, followed by Budget Review Committee resolutions and amendments, and General and Select Funds.

- FY 2016 Historical Perspective
 - Total property tax revenues higher than pre-recession levels
 - Recognized revenues from increased economic activity
 - Restored infrastructure and facility maintenance funding to pre-recession levels
 - Increased staffing where economic conditions demanded
 - Increased contingency levels

- FY2016 Program Enhancements
 - Budgeted thirteen new grants totaling more than \$1.6 million
 - Expanded right of way maintenance and litter control programs
 - Project DTO, including Constitution Green purchase
 - Central Boulevard sanitary sewer improvements
 - Weekly recycling pilot program
 - Dubsdread golf course improvement project
 - Iron Bridge underground pipe rehabilitation
 - West Livingston Street improvements

- FY 2016 Staffing Enhancements
 - Reclassified emergency communication workers
 - After School All-Stars Director of External Affairs
 - 25 new positions in Permitting Services Support
 - New positions in most departments throughout the City

- FY 2017 Tentative Budget Summary
 - Maintains the restored programs from the FY 2016 adopted budget and incorporates interim enhancement decisions
 - Continuation of revenue growth from economic activity
 - Includes full actuarial required contributions to all three pension funds and retiree health care (OPEB)
 - Set aside funding from General Fund for cost of living adjustment similar to previous years

General Fund revenues were summarized at \$423,055,220, which reflects a 5.3% increase from last year. The taxable base for the City rose by 9%, new net taxable value was \$640 million and the amount of exempt value increased by 10.8%. Property tax projection for 2017 of \$160 million reflects maintaining the millage rate of 6.65 and the growing tax base. Utilities and communications service taxes are projected at \$250,000, lower primarily due to declining communication services tax revenue. Sales tax is projected to increase by \$2 million. Revenue from an OUC franchise fee/dividend agreement is increasing by \$3 million this year, but this is the last year of the agreement.

General Fund expenditures reflect baseline budgets for all departments, including full funding of all actuarial required contributions, OPEB. Non-Departmental expenditures are a placeholder for cost of living adjustments as well as increased tax increment payments to the CRA as property taxes increase. Over 50% of the budget is devoted to public safety. General Fund expenditures are projected at \$423,055,220, which reflects a 5.3% increase from last year.

The presentation included an Other Funds summary and Select Fund Expenditures summary. Other Funds include no inflationary increase for Wastewater or Solid Waste and an increase in CRA operating expenses from property tax growth, with almost all of that new growth focused on DTO implementation. Other Funds include an increase in capital investments such as the Public Works Enterprise Fund and transportation projects through impact fees and gas tax.

Building Code Enforcement Fund mid-year adjustments and the second phase of EDIS funding are included in this tentative budget update.

Select Funds expenditures include a 12.5% decrease in EMS Transport due to projected actualization of Medicare and Medicaid billing, a GOAA increase of 19.7% for its consideration of an increased police presence, a 120% increase in transportation impact fees related to the \$5.5 million Narcoossee widening project from SR 528 to SR 417, and a 3% decrease in Wastewater funds reflective of a FY 2016 capital project placeholder not being included in this budget. Total budget for Select Funds is \$369,586,698.

Mr. Battles concluded the presentation with a tentatively balanced budget of approximately \$1.18 billion dollars, made up of approximately one-third general fund, one-third other select funds and one-third small funds. The next steps in the budget process were listed as a calendar with the Mayor's Budget Address on July 25, 2016, Commissioner Briefings throughout August and City Council Budget Hearings #1 and #2 on September 15 and September 26, 2016, respectively. The workshop was then opened to comments and questions and discussion ensued.

Commissioner Patty Sheehan thanked Mr. Battles for the presentation and commented about the importance of briefings since this tentative budget is the first presentation to City Council. Mr. Battles stated that briefings will begin in August and all questions will be answered so that Council is well-informed before budget hearings begin in September.

Commissioner Samuel B. Ings referred to the Select Funds Expenditures EMS Transport decrease of \$1.5 million dollars and asked for clarification. Mr. Battles explained that historically the budget was between \$6 million and \$8 million dollars, but has jumped as high as \$20 million in the past. In FY 2016 the budget dropped to \$12 million due to recognizing full revenue from Medicare and Medicaid billings and the \$1.5 million decrease more closely reflects the true figure. Mr. Battles noted that an internal audit of EMS billing is being conducted by Director of Audit Services and Management Support George McGowan to fine-tune the FY 2017 budget amount.

Commissioner Robert F. Stuart commented that he is pleased with healthcare reflecting only a modest increase of 6.7% compared to what he has seen elsewhere in the marketplace and asked if that amount is only for general revenue funds and not for specific enterprise funds. Mr. Battles answered that the healthcare fund is for the entire City. Mayor Dyer commented that last year was the first time an insurance premium holiday was given to every employee in December, and that many Wellness Initiatives have improved the overall health of the City's workforce.

Mr. Battles introduced and extended a personal thank you to Budget team members Amy Kessel, Richard Vanderoeff, Rashad Jackson, Jason Wojkiewicz and Martin Carmody.

The workshop was adjourned at 1:24 P.M.

Amy T. Iennaco, Interim City Clerk