



Office of the City Manager City of Maitland, Florida

November 15, 2003

Mayor Rizzo, City Council, and Residents of Maitland:

While this budget was being prepared, the nation remained in the midst of an economic downturn and headlines reminded us of layoffs and significant financial woes at nearly all levels of government. Maitland is certainly not insulated from these economic forces, and providing a balanced, prudent budget provided a significant challenge. Using measurement tools at all levels and in all programs, and with the full support of Department Heads and employees throughout the organization, we are pleased to present the recommended budget for fiscal year 2004, and financial plan for fiscal years 2005 through 2008. This document, and the programs and projects within, were reviewed by various boards and the general public at multiple workshops and hearings throughout the Capital Improvement Program (CIP) and Budget process.

Key Budget Issues

Significant Budget Challenges: The budget emphasizes core City services and key objectives as defined in the Essential Priorities. In addition to core programs and services, it funds the final phase of staffing for the West-side Fire Station, continues to implement the Stormwater Lakes Management Plan, and prepares for the redevelopment of Downtown Maitland.

A couple key factors have changed since the FY 03 Budget was adopted, which have a significant impact on the current budget.

- **Personnel Related Costs** - Personnel related costs have soared on many fronts. Health insurance premiums continue to rise at unprecedented rates, the City's contribution to the Police Fire

Pension Fund has increased substantially, Florida Retirement System rates are up, workers compensation insurance premiums continue to rise while the number of carriers in the marketplace shrinks, and the demand for public safety employees is driving up salaries at a rate which exceeds the market for other personnel classifications.

- **Economy** - The economy continues to remain sluggish. Interest rates remain extremely low, adversely impacting revenues from investments and consumer spending continues to be cautious. These impacts are significant to Florida's tourist based economy. Additionally, municipal governments, as recipients of County and State funding are feeling the impacts of Federal spending being redirected to meet the financial obligations associated with the War on Iraq.

Program Performance Based Management Tools: To complement the Program Performance Based Budget concept, the City implemented a process to develop Essential Priorities, core functions that must be accomplished to continue Maitland's positive image. The priorities are used to develop Workplans and assist staff in focusing resources on service levels and projects that are most important to Council and the community. The adopted Essential Priorities are identified at the end of this section and were used to ensure that available resources were directed in an appropriate manner.

This Budget reflects the City's continuing efforts to establish a fully functioning Program Performance Based Budget. The *Department/Program Information* section presents the budget in Program Summary format, and reflects mission statements that drive each of the programs. Performance measures designed to help evaluate the workload and effectiveness of major services within each program are provided. Performance measures are constantly being reviewed and

tested for appropriateness and functionality, and will always be dynamic.

Program Performance Based Budgeting was introduced to the City of Maitland in Fiscal Year 1997. Since 1997, significant progress has been made in developing and implementing performance measurement throughout the organization. While the data is already guiding decision-makers, we are continually striving to improve information and enhance communications. In FY 01 we significantly enhanced performance evaluation and management tools by including a prioritization and project tracking system. Major tasks, depending on their nature, are identified in either the City's Workplan or as a performance measurement. The Workplan serves the critical role of monitoring progress of capital projects and special assignments, as well as establishing a timeline for completion while performance measurement evaluates the on-going efforts of the departmental operations. The components mentioned above are summarized and reported on a quarterly basis in a report titled, "The Quarterly Snapshot Report." Further, we developed a scorecard for the City Manager that allows the Council to better communicate and evaluate performance. In addition to rating the Manager's performance through a scorecard, each Department Head developed a scorecard with the City Manager. By FY 06, this concept will be deployed to all salaried employees within the organization.

Additionally, FY 04 marks the first year of the City's conversion to new financial software. The enhanced software is expected to assist in data collection necessary to further enhance performance measurement and project management.

Efforts to Implement Downtown Master Plan: While the current financial environment presents significant challenges, clearly the future of Maitland is bright. Two of the more exciting components

are the potential for vastly improving Downtown (Orlando Avenue corridor) and meeting the City's space needs (Police/Fire/City Hall) within the Downtown corridor. While specific direction in these areas should become clearer in the coming months, the budget (CIP) positions the City to move forward. The City and Orange County have adopted a Community Redevelopment Agency (CRA) and a Financial Advisor has been engaged. While a detailed financial plan cannot be incorporated until additional pieces are in place, potential funding is addressed in two areas of the budget. First, the budget includes \$493K per year relative to Westside Complex improvements; exceeding debt service requirements by \$128K annually (see PIT 2004-1 in Section VII). Additionally, CIP 410-07 incorporates \$199,890 in 2004 and \$2.1 million over five years towards debt service and/or "fronting" certain CRA expenditures. There is little doubt the numbers will change and the planning will shift, but we feel we are well positioned to move forward in these critical areas.

Master Planning: The City takes great pride in our long range planning efforts and the community involvement associated with the plans. The City has several master plans in place that were developed and created through the hard work of talented community volunteers. These master plans include the Stormwater Lakes Management Plan, Cultural Corridor, Bicycle Sidewalk Network, Downtown Maitland, Parks Systems, and the Space Needs Master Plans. Once master plans are developed, they are used to communicate projects and practices to the community and set priorities for budgeting within the CIP.

In addition to citizen driven master plans, staff prepares replacement schedules for various types of infrastructure and equipment. This includes pavement, sidewalks, water and sewer lines, vehicles and computers. The replacement schedules are based on specific performance measurements that are evaluated annually.

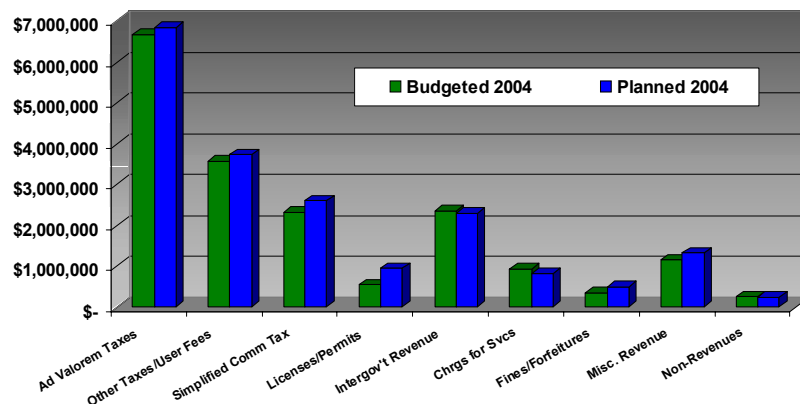
Budget Components

Total appropriations for FY 04 are \$24,999,000, which includes the General Fund, Utility Fund and the Solid Waste Fund. The total General Fund Budget is \$19,207,520, which is 2.8% less than the 2003 Budget.

Funding Sources: Budgeted revenues for FY 2004 exceed FY 2003 by 4.1 percent, but are down 6.1 percent or \$1.2M when compared with last year's projection for FY 04. While more detail is provided in Section 4, key revenue notes include:

- Ad valorem taxes are based on 3.80 mills or \$3.80 per thousand dollars of valuation, no change from FY 03.
- The City's franchise fees, utility taxes, and simplified communications tax constitute 29.8% of projected revenues.
- Maitland does not impose a utility tax on water or sewer billings.
- Assumptions relative to building permitting fees and plan checking fees have been substantially reduced over the five-year period as compared to the previous budget.

The below graph compares the FY 04 projections with the FY 04 plan as presented in the FY 03 Budget.



As mentioned in previous budgets, seeking alternative funding sources and adjusting rates on established services may be required to balance future budgets. The City's award winning Stormwater Lakes Management Plan (SLMP) is being updated during FY 04 and one of the key components being addressed is a funding mechanism. Anticipating the need to enhance funding to support this program, a dedicated millage rate of 0.3 mills per year has been programmed in FY 08. Additionally, an increase in occupational license fees has been programmed in FY 05 & FY 07.

Personal Services: Like most municipal budgets, the single largest component of this budget is personnel costs. As previously mentioned, containing personnel costs has been one of the most significant challenges associated with preparing the budget and has produced the most significant deviations in assumptions. The adopted personnel budget includes no layoffs and exempts all sworn police positions and paramedics from hiring freezes. Four positions within the General Fund have been frozen and are unfunded. These positions became open through attrition at which time the City reorganized and created efficiencies. Additionally, some recommended new positions have been placed on hold for an extended period pending additional resources. Positions will be reevaluated as they become open throughout FY 04 to search for additional efficiencies.

Performance based merit increases for eligible employees on their annual evaluation date have been planned at an average rate of 3 percent. This budget maintains the philosophy implemented last year to recognize the development of newly hired employees as they become proficient in their positions. This program allows evaluators the flexibility to base increases off the "target point" of the pay plan for employees that meet or exceed the expectations of the position and have actual salaries below the target point for the specific classification. Additionally, this budget represents the second year of a two-year process to shift the existing bonus program to salaries through the performance-based pay system. This shift is being made

to help employees weather cost increases related to dependent health insurance. A new bonus program, reduced in scope, is anticipated in FY 05.

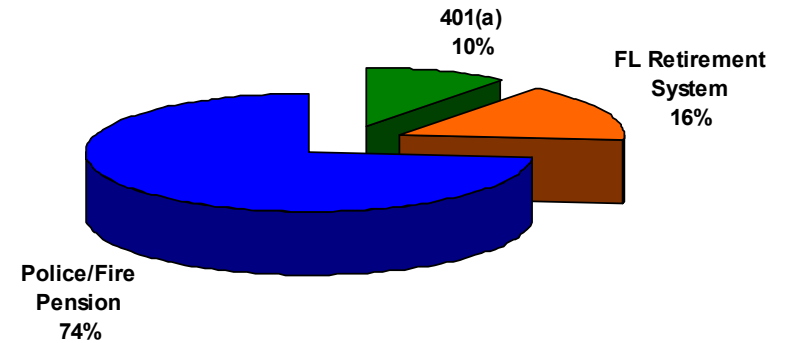
The rising cost of health insurance continues to be a topic of concern for many municipalities, private companies, and families. The City is currently funding 100% of employee coverage and contributes \$35 bi-weekly towards dependent health coverage. Based on information provided by Allied Group Insurance Services, and various other sources, we have projected a 20% increase in premiums. This forecast follows increases of 25% in FY 03, 18% in FY 02, and 39% in FY 01. The anticipated cost to provide medical insurance during FY 04 is just over \$1 million for current employees and tops \$1.12M when retirees are included. Should premiums exceed the projected increase, employees and retirees may be faced with reduced benefits or be required to assist in funding premiums.

Workers' compensation premiums, too, have increased over the past several years. Increases in payroll, the number of claims, severity of claims, and laws providing police and fire with heart and lung presumption benefits have all been contributing factors. In FY 04, the City projects to spend \$638K on workers compensation insurance, which is more than double the FY 03 premiums of \$316K.

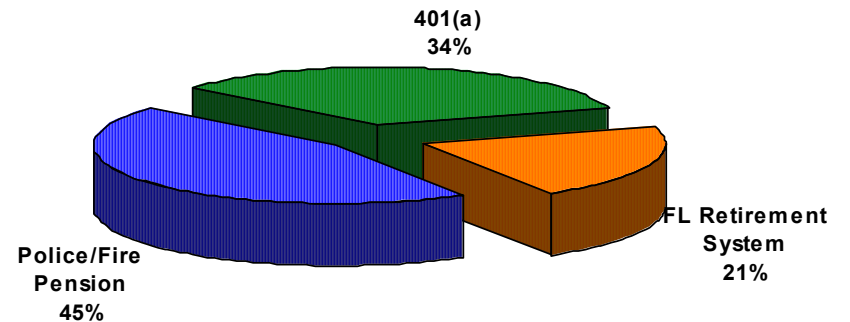
City employees participate in one of three pension programs. These programs include the Florida Retirement System (FRS), the City of Maitland General Employee Defined Contribution Plan (401a) and the Police/Fire Pension Plan. Citywide, the City is projected to contribute \$923K to the combined pension funds. Funding for the City's Police/Fire Pension Fund comes from three sources; the State of Florida, the plan participants (4.7% of their salary) and the City (approx 20% of salaries). The October 1, 2002 valuation of the plan reported a net actuarial loss due to investment returns and higher than expected salary increases.

This resulted in a 40% increase in the City's portion of the FY 04 contribution, to \$677K. The Pension Board is currently considering a change in the funding method to "Entry Age Normal Costs", and this change is assumed in this document. Should the board not change the funding method, an additional \$70K will be required for FY 04. FRS has instituted a rate increase from 5.76% to 7.39% of salaries for FY 04. The 401a plan remains at 5% of salaries.

Total City Contribution to Retirement Plans Budgeted FY04



Number of Employees in Each Retirement Plan FY04



As adopted, the City will employ 201 full-time positions in 2004. Personnel recommendations adopted in this budget include the addition

of a grounds maintenance trades worker, and six paramedics (or FF/EMTs), the upgrade of one part-time staff assistant to full-time and the hiring of a CRA Director on a contractual basis to support the efforts to revitalize Downtown Maitland.

Operations: Performance Based Program budgets are used to develop the operating budgets, which fund the core services provided by the City. Public Safety continues to be a key component in our operations. The Fire Department will officially open the City's second station in early January and plans to construct an East Side Public Safety Building to replace the existing Police and Fire Stations will be finalized during FY 04. It is currently envisioned that the new 25,000 sq. ft. building will be included in the Downtown Maitland revitalization efforts.

Maintenance of the City's grounds, medians, parks, and fields remain a key area of interest in FY 04 as Orlando Ave. medians were landscaped and the final phase of the school improvements were completed at Lake Sybelia in FY 03.

CIP Overview: Capital Improvement Program expenditures constitute 10.1% of the FY 04 budget, which is down from 18.4% in FY 03. Many master plans and projects within the CIP have been extended to be completed over a lengthier timeline to accommodate budget reductions. This effort was accomplished through logical prioritization based on the details of the various Master Plans and citizen advisory boards previously mentioned.

FY 04 initiatives center around Downtown Revitalization, Stormwater/Lakes management improvements and public safety communications.

Additional summary information related to the CIP may be found in the Capital Improvements section of this document.

Fund Balance: The City currently maintains several designations within the unreserved fund balance. The designations have been established for specific purposes or to smooth funding in specific situations. More information on the individual components that make up the Fund Balance may be found in the Budget Data and Information Summary section of this document.

This budget and future plans call for drawing down the *Designation for Capital Improvements*. This designation was originally created to position the City to maintain a stable millage rate while meeting its capital needs. Funding for this designation is established through capital and operating savings from previous budgets. As the City begins to embark on significant improvements to facilities, roads, stormwater systems, and parks, the planned savings will be drawn down.

Enterprise Funds: The City continues to be challenged by reduced Water and Sewer Sales as a result of water conservation efforts, wet weather and losing commercial customers to well-based irrigation systems. Rates were analyzed in an effort to provide a proposed rate structure that meets operating needs while keeping rates in-line with surrounding communities. The following rate adjustments were effective November 1st:

- Increased the base fees for domestic water ($\frac{3}{4}$ and 1 inch meters only) from \$4.50 to \$5.00
- Increased domestic water rate from \$.80 to \$1.10 per 1,000 gallons
- Increased base fees for domestic irrigation ($\frac{3}{4}$ inch meter only) from \$4.50 to \$5.00
- Continued to include the first 5,000 gallon of consumption for irrigation in the base fee, however, the variable rates increased on average \$.60 per 1,000 gallons
- No increase in the sewer base fees, however, increased the gallonage rate from \$2.72 to \$3.10 per 1,000.

Solid Waste services are contracted through Florida Recycling Services, Inc. The City maintains the responsibility for customer service and billing while the contractor is responsible for all field aspects of the service. Effective October 1st, Rates were increased 2.08% or \$0.27 per residential unit to \$13.47 per month, in accordance with Council policy and the contract.

Conclusion

The Budget is consistent with the policies, philosophies, and service levels established in the Comprehensive Development Plan (CDP), and voiced by Council and citizen boards throughout the year. The Budget represents a team effort on the part of Staff, Council, Planning & Zoning Commission, Parks and Recreation Advisory Board, Lakes Advisory Board, Transportation Advisory Board, Senior Citizens Advisory Board and other participating citizens. We are confident that, together, we have produced a fiscally responsible budget. We look forward to the continuing opportunity to make the Budget document even more user friendly and customer driven so that future financial planning efforts involve an even greater proportion of citizenry.

We are confident this budget is in the best interest of our citizens, and lays the groundwork for continued financial stability. Together we are Building a Community for Life!

Respectfully,

Dean E. Sprague, City Manager



City of Maitland Essential Priorities



Economic Development/Infrastructure

- Implement Downtown Master plan
- Replace City Facilities
- Enhance Economic Viability of Business Community
- Ensure Quality Development (controlled growth)
- Promote Undergrounding
- Promote Transportation Improvements



Financial Planning and Management

- Plan for Transition to Mature City
- Establish Equitable User Fees as Preferred Funding Source
- Leverage Resources for Planned Programs



Communication

- Excel in Customer Service at Every Level
- Promote Two-Way Communication with Residential & Business Communities
- Provide Quality Marketing of the City



City of Maitland Essential Priorities



Recreation/Cultural/Environmental

- Protect Existing Capital and Maintain Quality Appearance
- Protect Residential Character
- Implement Stormwater Projects
- Finish Cultural Corridor
- Maintain School Partnering Opportunities
- Promote Parks Master Plan



Core City Services

- Maintain Quality, Cost-Effective City Services
- Continue Resident's Perception of Safety
- Maintain Community Presence (visibility)



Organizational Development

- Ensure Quality Employees

BUDGET OVERVIEW

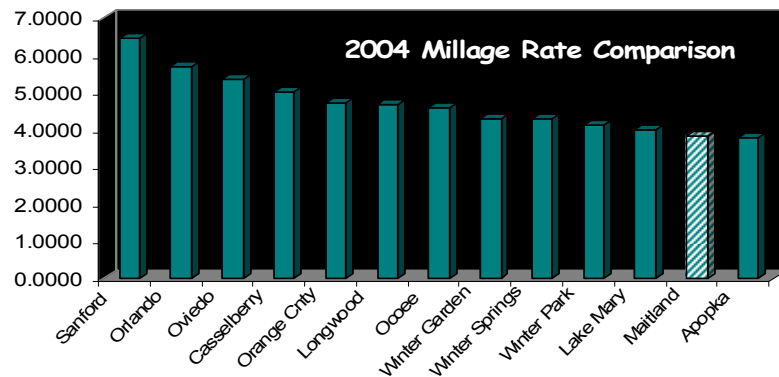
The following overview provides a glance at various General Fund revenues, operations, contributions.

General Fund Revenues: A brief description of the methodology used to project revenues for 2004 and the planning years follows:

TAXES AND USER FEES

Ad Valorem Tax: Ad valorem tax is the single largest revenue producer for the City, accounting for approximately 38 percent of the total general fund revenue. The amount of revenue generated is determined by the taxable values established by the Orange County Property Appraiser and the millage rate set by the City. The ad valorem revenue estimate for 2004 reflects an increase of 15 percent over 2003. This increase is due to the large annexations of Dommerich Hills and the Summit/Schwab properties as well as increased property values and new construction.

The City's millage rate is planned to remain at 3.8 mill in FY 04 and the graph below shows how the City's rate compares with surrounding communities.



Local Option Gas Tax: This six cents per gallon county-wide tax is allocated to the City based upon an inter-local agreement with Orange County. The City's allocation is dependent upon both gallons of gas sold and shifts in statewide population. The distribution formula for the local option fuel (gas) tax is updated annually based on data provided by the Bureau of Economic and Business Research at the University of Central Florida to the Executive Office of the Governor. Maitland's FY 04 distribution will be 1.42% of the total fuel tax collections in Orange County, up from 1.16% in FY 03.

Franchise Fees: Fees are levied on certain utilities by the City for the privilege of doing business within the City. Franchise holders include Progress Energy of Florida, Peoples Gas Company, and Florida Recycling Services, Inc. Most fees are based on gross revenues, and fluctuate with changes in consumption and rates charged by the franchise holders. The existing franchise for electrical power has one and a half years remaining on the five-year renewal and is expected to generate \$1.34M in FY 2004. The five-year financial plan assumes renewal at the same rate. Franchise fees on telecommunications and Cable Television have been consolidated into a single collection pool and are collected and distributed by the State of Florida. This overall category is expected to increase by 3 percent over FY 2003 projections.

Utility Service Tax: A utility tax is charged on homes and businesses located within the City. These taxes are assessed on the total amount of monthly bills issued to customers by utility providers. Taxes are collected by the utilities and remitted to the City on a monthly basis. The present tax levy is 10 percent on electric, natural gas, fuel oil, and propane. There is no utility tax charged on water or sewer services.

Simplified Communications Tax: The Simplified Communications Services Tax allows both the state tax and local communications service tax to be imposed on a broad base of telecommunications and cable services and does not discriminate between services or

providers. The tax base includes the transmission of voice, data, audio, video or other information services, including cable services. The State of Florida will be responsible for collecting the tax and remitting it to the various local agencies. The FY 04 budget projection, provided by the State, is \$2.3M, which is down 6.6 percent from the FY 03 estimate of \$2.5M. The difference is attributed in part to economy, but mostly to falling prices on taxable services.

LICENSES AND PERMITS

Occupational Licenses: A person or company doing business within the City must have an occupational/professional license. The majority of this revenue comes from yearly renewals, with the remainder coming from new applicants. Following review, most of these fees were reduced in FY 1997, resulting in a 19% reduction in revenue compared to 1996. Collection estimates have been adjusted according to existing businesses and construction estimates. Our five year plan assumes a 5% rate increase in FY 05 & FY 07.

Building Permits: Revenues are generated from a combination of fees including: permit, inspection, electrical, plumbing, and special items. Permits are issued for new commercial and residential structures, alterations, roofs, mechanical projects, swimming pools, signs, fences, and fire protection systems. After issuing a permit, the City performs various inspections of the property to ensure compliance with appropriate plumbing, mechanical, gas, Americans with Disabilities Act, flood protection, and fire codes. Based on an analysis of the last ten years we have budgeted \$250K.

INTERGOVERNMENTAL REVENUES

State Revenue Sharing: The Municipal Revenue Sharing Program consists of three separate sources: (1) cigarette tax collections, (2) a one-cent municipal gas tax, and (3) alternative fuel decal user fees. The State collects these taxes/fees and distributes them to counties

and municipalities based on a formula, which considers factors such as city, county, and statewide populations and amount of taxes collected. This revenue is expected to remain fairly constant over the five-year period.

State Sales Tax: Revenues are allocated from a base consisting of one half of the fifth cent of sales tax remitted to the State. Factors considered in this distribution formula are: total sales tax collected and distributed by the State, population of the City, population of the county, and population of the incorporated areas of the county. Based on the FY 03 collection and the State of Florida's projections the FY 04 projection has been set at \$1.91M.

CHARGES FOR SERVICES

General Government: Revenues consist of zoning fees, sales of maps/publications, equipment repair verification, and copying. These revenues represent an insignificant portion of overall revenues.

Public Safety: Police Department revenues primarily include fees for responses to false burglary alarms, and security services.

The Fire Department collects revenues for EMS transport (\$281K) and fire alarm violations. Additionally, revenues related to the Fire Department providing services outside city limits are currently being developed and have been projected to begin in FY 05.

Culture/Recreational: The bulk of these revenues are user fees, which are generated by the Maitland Activities Club, Summer Fun Time, and Holiday Fun Time programs. Additional user fees are received for tennis, basketball, softball, racquetball, and concessions. These fees are expected to cover most of the direct costs associated with the above-mentioned programs.

FINES AND FORFEITURES

Court Cases: This revenue is the result of fines and penalties imposed by the court system for crimes committed in Maitland. The City maintains some degree of control over the number of tickets issued and arrests made, but no control over judicial sentencing.

Police Education: This revenue is derived from a \$2 assessment on all moving traffic violations. The use of this revenue is restricted to police educational expenses.

MISCELLANEOUS

Miscellaneous Revenues: Miscellaneous revenues consist of interests, rents, and administrative fees.

Operations: The operating program budgets support our primary business of providing core municipal services in an efficient, cost-effective manner. In addition to the core services of police and fire protection; maintenance of streets, parks, physical properties, street signs, and traffic signals; recreational programming; building construction review; and administrative services including planning, zoning, fiscal management and personnel administration, we present a budget that:

POLICE

- Provides for an Emergency Response Team, comprised of specially trained existing personnel for rapid deployment to major incidents
- Provides for a School Resource Officer in all elementary and middle school grades and DARE instruction in grades K-8
- Increases preventive patrol time in residential areas

- Enhances ability to focus on high accident frequency areas to reduce injuries and property damage
- Provides for resident/police partnership initiatives
- Continues Business Watch and Employee Safety Programs
- Commits uniformed patrol presence west of I-4, utilizing frequent input from business tenants to quickly address public safety concerns.

PUBLIC WORKS

- Provides for all curbed Maitland streets to be swept on an average of twice a month and supplements our in-house sweeping activities with assistance from a private sweeping company during periods of heavy leaf fall.
- Allows for monthly lake water testing of our 21 lakes, analyzing for 19 potential contaminants
- Maintains and responds to citizen's requests for service via online form on city website
- Addresses the up-keep, implementation, and beautification of City-owned grounds and athletic fields under contractual agreement with OCPS
- Provides for proactive street tree maintenance
- Addresses the citywide space needs situation with a focus on constructing a Public Safety Building
- Provides for the gradual relocation of utilities underground.

PARKS AND RECREATION

- Provides for the Minnehaha Park Master Plan
- Continues athletic programming including basketball, softball, and partnering with youth sport leagues
- Continues children's programming including enhanced before and after-school programming, holiday, spring break, and summer programming
- Continues community events programming including Season of Lights, Founder's Day, Back-to-School Skate Party, and Concerts in the Park
- Continues employee appreciation events including Thanksgiving lunch, holiday lunch, and summer picnic.

FIRE / RESCUE AND BUILDING

- Adds a Fire Engine Crew to the Westside that enables a five-minute response 90% of the time for the entire City (up from 80%)
- Continues transport of residents, visitors, and business community members to area hospitals for treatment of emergency medical conditions
- Facilitates a first response relationship with Winter Park Fire Department
- Continues Paramedic training for Firefighter/EMT members.

Contributions: The City has long been a supporter of "cultural" activities, and this budget continues that tradition. The Library has recommended no increase to their FY 03 contribution amount. Their

partnership with the City and understanding during this difficult budget year is to be commended. When classifying our funding to the Library as a "contribution," it is important to note that Maitland citizens do not pay an Orange County Library Tax. The Library's total budget of \$668K is less than the equivalent County tax.

The Art Center and Historical Society's recommended contribution remained at FY 03 levels as well. The Historical Society has planned for assistance of \$145K from the City while the Art Center has programmed \$288K in FY 04. Both organizations have worked closely with the City to minimize budget impacts and seek alternative fund raising sources.