



FY 2023 Budget Workshop

July 25, 2022



Introduction & Overview



Water Utilities Revenue Sufficiency Update

Adopted Annual Revenue Adjustments

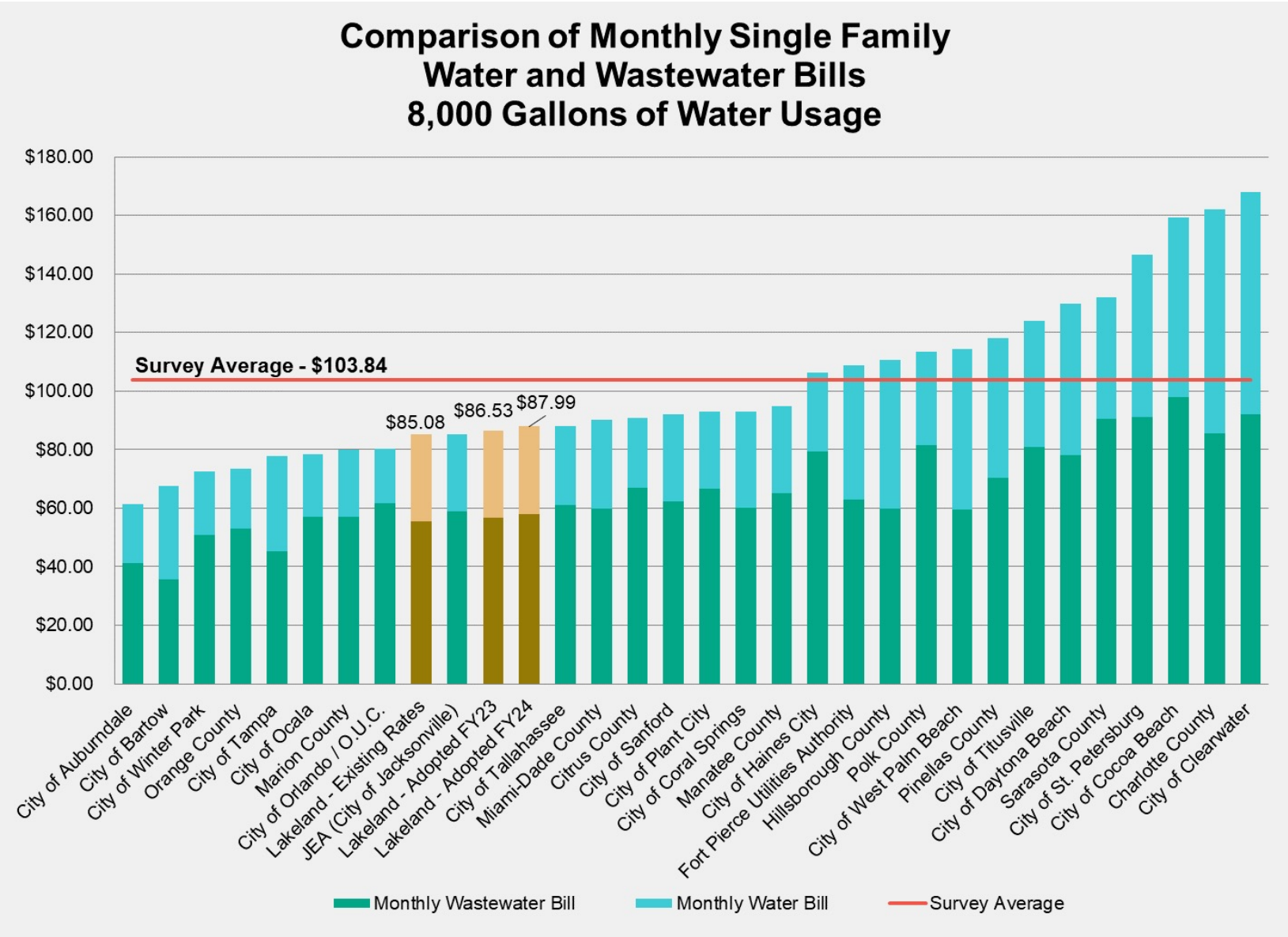
Description	FY22	FY23	FY24
Water System	2%	2%	2%
Wastewater System	2%	2%	2%

- Water Utilities is currently in year 1 of an adopted 3-year rate plan
- No recommended changes to the adopted rate plan are proposed

Adopted Water Rate Design Plan FY22-24

- Apply a 2% annual increase to all wastewater charges, hydrant and fire protection fees, and industrial surcharges and monitoring fees
- Increase the monthly water base charges by 2% per year to help maintain revenue stability
- No increase in the Lifeline Rate up to 7,000 monthly gallons for FY22-24
- Increase the water conservation rates to strengthen the pricing signal to use less discretionary water
- Phase in adjustments to the commercial volume charge to then equal the average system usage rate by FY24 or from \$2.77 to \$3.07 per 1,000 gallons

Residential Rate Comparison – 8 kgal



Conclusions and Recommendations

- The City's adopted water and wastewater monthly service rates are adequate to meet the projected operating, capital, and debt service requirements of each utility system
 - The adopted rates for FY23-24 are on plan and it is recommended that the City continue to implement the adopted rates
- The proposed rates for FY23-24 are recommended to be effective on October 1st of each Fiscal Year
- The sufficiency of the proposed rate plan should continue to be reviewed annually
- We are "On Plan"



FY'23 Budget Discussion

Budget Assumptions – FY'23

- 14.66% Property value growth in FY'23 (was 11.29% for FY'22)
 - 4.00% in FY'24*
 - 4.00% in FY'25*
- 2.50% Operating expense growth (controllable costs)
- 5.00% increase in Health Insurance
- 5.00% ATB's & 2.50% Merit - for eligible employees

Florida PEPIE Survey Data (Public Employers Personnel Information Exchange)

PEPIE	Number of Positions Surveyed (Total)	Minimum Range Percentage Over/ Under (Average)	Maximum Range Percentage Over/ Under (Average)
City of Lakeland	187	-5.69%	-6.93%

FY'23 Proposed ATB's from Other Agencies

Agency	FY2023 Across-the-Board
City of Lakeland	5% proposed
State of Florida	5.38%
Polk County	5% for those 1 year/ 3.5 % for those less than a year
City of Winter Haven	5%

FY'23 Enterprise and Special Revenue Funds - Update

- Water / Wastewater – updated by Bill Anderson
- Lakeland Electric
 - FY'23 forecasted ending days cash – 174
 - Moody's AA-rating threshold – 150-250 days cash
 - Currently participating in a rate case, with an anticipated completion by calendar year end

FY'23 Enterprise and Special Revenue Funds - Update

- Parking – Surplus traditionally runs close to \$0, with capital costs for garages provided by the Transportation Fund. They plan to review rates compared to our peers this year with any possible changes coming next Fiscal Year.
- Stormwater – The Commission adopted a plan in Fiscal Year 2017 that they would increase Stormwater Fees by 5% beginning in FY'18 (10/1/17) with the last increase being on 10/1/21 (FY'22). All but 1 of these increases has occurred, as the City chose not to implement an increase on 10/1/20 (FY'21). Therefore, the last of the Commission's originally planned 5-rate increases of 5% will occur on 10/1/22 (FY'23).

FY'23 Enterprise and Special Revenue Funds - Update

- Airport – The Airport surplus remains healthy. The occupancy rate is 100% with forecast growth in landing and fuel flowage fees.
- Solid Waste – Solid Waste continues to remain within the lower quartile for rates among its peers. We do not forecast a rate increase within the next 3-5 years.
- Dixieland, Downtown & Mid-Town CRA's – All 3 CRA's are doing well with reasonable surplus balances for the projects defined in each area.

Day's Cash Estimate as of 7/25/2022

GENERAL FUND BUDGET

5.4323 mills (Current millage)

	FY'22	FY'23	FY'24	FY'25
FY Starting Surplus	40,565,371	43,529,283	45,363,616	44,188,967
Budgeted revenues	132,849,137	142,414,938	145,050,773	147,768,012
Budgeted expenses	135,758,225	145,662,605	151,495,422	157,098,434
<i>Budgeted</i> Surplus Generated / (Used)	(2,909,088)	(3,247,667)	(6,444,649)	(9,330,422)
<i>Budgeted</i> Ending Surplus	37,656,283	40,281,616	38,918,967	34,858,545
Forecasted Revenue Savings	1,800,000	712,000	725,000	739,000
Forecasted Expense Savings	4,073,000	4,370,000	4,545,000	4,713,000
Total GF Surplus	43,529,283	45,363,616	44,188,967	40,310,545
Days Cash	117	115	108	95

Day's Cash Estimate as of 7/25/2022

GENERAL FUND BUDGET

4.9865 mills (Roll-back Rate)

	FY'22	FY'23	FY'24	FY'25
FY Starting Surplus	40,565,371	43,529,283	41,332,616	35,965,967
Budgeted revenues	132,849,137	138,403,938	140,879,773	143,431,012
Budgeted expenses	135,758,225	145,662,605	151,495,422	157,098,434
<i>Budgeted</i> Surplus Generated / (Used)	(2,909,088)	(7,258,667)	(10,615,649)	(13,667,422)
<i>Budgeted</i> Ending Surplus	37,656,283	36,270,616	30,716,967	22,298,545
Forecasted Revenue Savings	1,800,000	692,000	704,000	717,000
Forecasted Expense Savings	4,073,000	4,370,000	4,545,000	4,713,000
Total GF Surplus	43,529,283	41,332,616	35,965,967	27,728,545
Days Cash	117	105	88	65

Public Safety Requests – FY'23

Fire

12 new Firefighters & Debt Service on Station 1,660,935

Police

Level 3 staffing (13 total) 1,331,875

2,992,810

If funded by millage - this is the impact 0.3326

Day's Cash Estimate as of 7/25/2022

GENERAL FUND BUDGET

5.7649 mills (0.3326 increase)

(12 FF, Station, 13 LPD Personnel)	FY'22	FY'23	FY'24	FY'25
FY Starting Surplus	40,565,371	43,529,283	45,468,806	44,520,347
Budgeted revenues	132,849,137	145,407,938	148,163,773	151,006,012
Budgeted expenses	135,758,225	148,655,415	154,488,232	160,091,244
<i>Budgeted</i> Surplus Generated / (Used)	(2,909,088)	(3,247,477)	(6,324,459)	(9,085,232)
<i>Budgeted</i> Ending Surplus	37,656,283	40,281,806	39,144,347	35,435,115
Forecasted Revenue Savings	1,800,000	727,000	741,000	755,000
Forecasted Expense Savings	4,073,000	4,460,000	4,635,000	4,803,000
Total GF Surplus	43,529,283	45,468,806	44,520,347	40,993,115
Days Cash	117	113	107	95

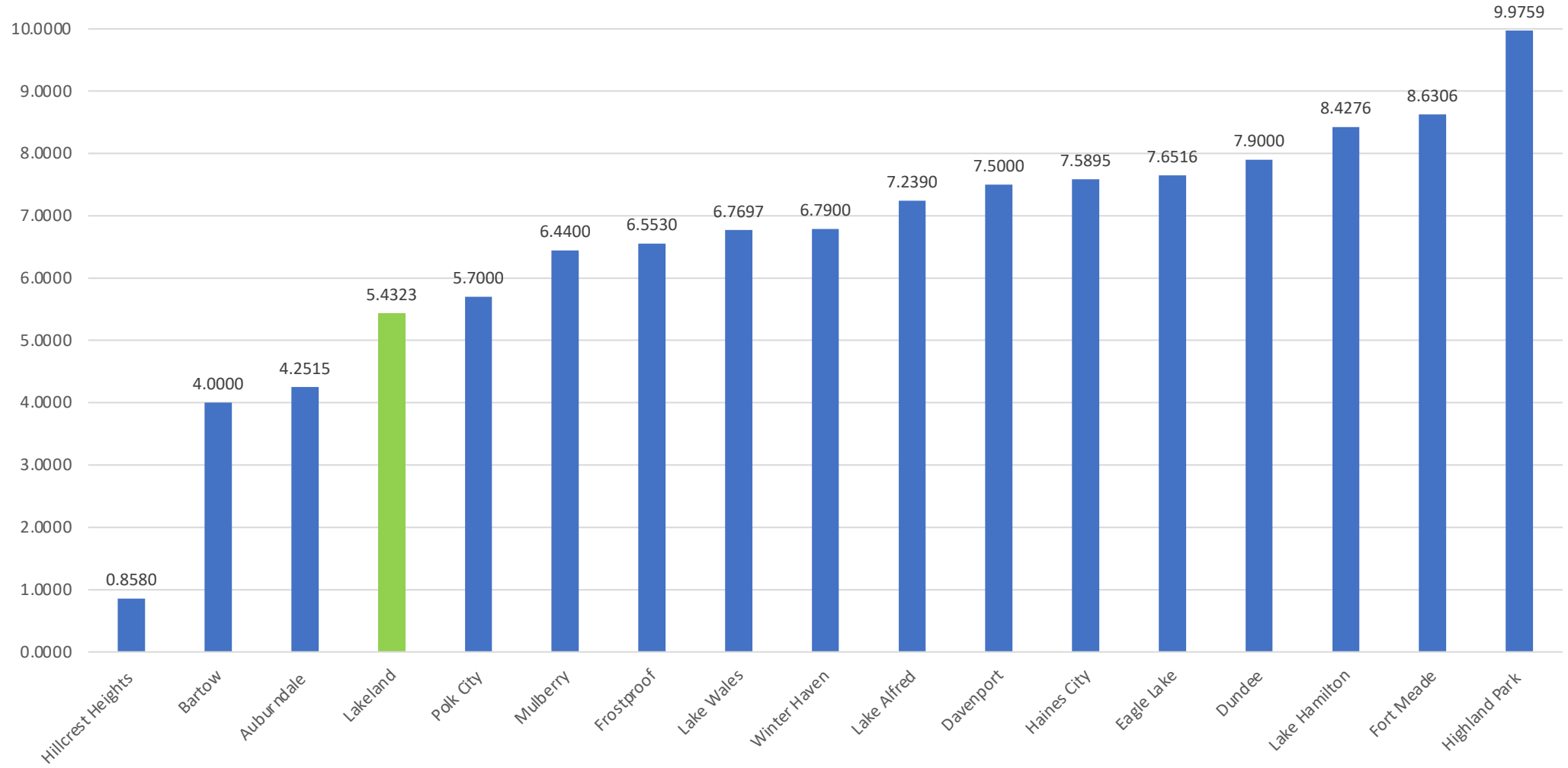


FY'23 Maximum Millage Discussion and Authorization

Taxable Values and Millage

- Gross taxable value is expected to increase 14.66% to \$9.5b in FY'23, per the July 1st Property Appraiser's report
- This will provide the General Fund approximately \$1.7m in new construction and \$4.9m in increased taxable values at the current millage rate of 5.4323
- The rolled-back rate would be 4.9825 ($\text{Adj prior year ad valorem proceeds} / \text{adj current year taxable values} * 1,000$)

Polk County Municipal Millage Comparison Fiscal Year 2022



Millage Adoption

- It is our recommendation that the Commission authorize the Finance Director to advertise the City's maximum millage rate at 5.4323 for Fiscal Year 2023, which is our Fiscal Year 2022 millage rate, unless the Commission prefers to add additional public safety personnel.
- The Commission could decide to lower the millage prior to budget adoption without a requirement to formally notice the citizens. However, if the Commission chose adopt a millage increase above what the Property Appraiser sends to our citizens in August, we would be required to re-notice all the citizens prior to adoption of that millage rate.

Millage Adoption – (continued)

- To adopt a 5.4323 millage rate, it will require a super majority vote of the Commission during the budget hearings on September 8th and 22nd.

Rolled-back Millage	Millage Threshold for Simple Majority	Millage Threshold for Super Majority
4.9825	5.2879	5.8167
Simple Majority Required	Simple Majority Required	Super Majority Required

QUESTIONS?



Budget Adoption Hearings

Thursday, September 8, 2022

Thursday, September 22, 2022

6:00 PM City Commission Chambers