



TOWN OF OCEAN CITY
301 N. BALTIMORE AVENUE
OCEAN CITY, MARYLAND 21842

FEBRUARY 26, 2013 ✦ WORK SESSION

In attendance: Mayor Rick Meehan, Council President Lloyd Martin, Council Members Margaret Pillas, Doug Cymek, Brent Ashley, Dennis Dare, City Solicitor Guy Ayres, Special Events Manager John Sullivan, Assistant Transportation Superintendent Brian Connor, Purchasing Director Joe Sobczak, Planning and Community Development Director Matt Margotta, Finance Director Martha Bennett, Budget Analyst Jennie Knapp, Deputy City Clerk Terrance Murray, Members of the press and interested parties. Council Secretary Mary Knight and Council Member Mitrecic were absent.

CALL TO ORDER

Council President Lloyd Martin called this meeting to order at 11:04 a.m. in the Council Chambers of City Hall, 301 North Baltimore Avenue, Ocean City, Maryland 21842; then, **Council Member Doug Cymek moved to convene into closed session to: (1) consult with counsel to obtain legal advice; (2) consider the acquisition of real property for the public purpose and matters directly related thereto, and; (3) conduct collective bargaining negotiations or consider matters that relate to the negotiations; seconded by Council Member Dare. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.**

Council President Lloyd Martin reopened the work session at 1:00 p.m. and reported that legal, real estate and collective bargaining matters were discussed in closed session. Persons present were Mayor Rick Meehan, Council President Lloyd Martin, Council Members Margaret Pillas, Doug Cymek, Brent Ashley, Dennis Dare, City Manager David Recor, City Solicitor Guy Ayres, John Gillman and Mark Sloan of Miles & Stockbridge, Ocean City Development Director Glen Irwin, OCDC President Bob Givarz, Todd Ferrante, City Engineer Terry McGean, Human Resource Director Wayne Evans, Fire/EMS Assistant Chief Chris Shaffer, and Executive Office Associate Diana Chavis. The vote to close the meeting was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.

COMMENTS FROM THE CITIZENS

John Adkins suggested that the Town purchase trucks with automatic transmissions instead of manual transmissions.

NEW BUSINESS

- A. Presentation from Bryan Lilley, Ocean City Air Show, LLC
 1. Update on June 2013 OC Air Show Event
Mr. Lilley announced the line-up for the 2013 event which will include the US Navy Blue Angels, Screaming Eagles, Geico Sky Plane and F22 Raptor. He expressed concern about the lack of host hotels for the performers. Mayor Meehan suggested that he contact the HMRA. Mayor Meehan asked if the Federal Government's impending sequester will affect

the appearance of the Blue Angels. Mr. Lilley advised that, if this happens, there are alternative plans in place.

2. Request to permit the sale of food and beverages on the beach within the OC Air Show Center **Council Member Margaret Pillas moved to proceed with the presentation of a Resolution in Monday night Regular Session; seconded by Council Member Doug Cymek. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.**
- B. Presentation from Fire Chief Chris Larmore regarding purchase of new aerial truck budgeted in the FY13 Apparatus Replacement Schedule **Council Member Doug Cymek moved to approve the sole source purchase of a 2013 Emergency-One HP 100 Rear Mount Platform from Patriot Fire, LLC for the amount of \$1,078,305.00; seconded by Council Member Margaret Pillas. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.**
- C. Presentation from Assistant Transportation Superintendent Brian Connors regarding solicitation of bids for Transit Advertising **Council Member Brent Ashley moved to proceed with solicitation of RFP's; seconded by Council Member Doug Cymek. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.**
- D. Presentation from Public Works Director Hal Adkins and Purchasing Director Joe Sobczak regarding a recent Wastewater tractor bid and request to award **Council Member Margaret Pillas moved to: (1) nullify the January 15, 2013 motion to rebid the wastewater tractor; (2) reject the apparent lowest bid from Western Star-It who was not responsive to the bid, and; (3) award the responsive low bid from Barr International in the amount of \$114,284.00 with the stipulation that staff must complete value engineering efforts via minor substitutions, to lower the overall expenditure to no more than \$100,622.00 and utilize the savings of \$10,022.00; seconded by Council Member Brent Ashley. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.**
- E. Presentation and Request for approval of Planning Commission Recommendation(s) from Zoning Administrator Blaine Smith and Planning and Community Development Director Matt Margotta
1. Zoning Ordinance text amendment to permit miniature golf as a conditional use in the DMX, Downtown Mixed Use Zoning District. [*Director Margotta clarified that this item is not attached to any specific request.*] **Council Member Margaret Pillas moved to proceed with the first reading of this ordinance in Monday Night's Regular Session; seconded by Council Member Ashley. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.**
 2. Zoning Ordinance text amendment to clarify the calculation of required parking for Mixed User development **Council Member Margaret Pillas moved to proceed with the first reading of this ordinance in Monday Night's Regular Session. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.**
- F. Presentation from Finance Director Martha Bennett regarding Banking Services and Request for approval to "piggyback" the Anne Arundel County, Maryland Contract **Council Member Brent Ashley moved to accept the proposal to piggyback on Anne Arundel County's Contract for banking services; seconded by Council Member Margaret Pillas. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.**

- G. Presentation and Request for Approval of FY13 Budget Amendment #1 by Budget Analyst Jennie Knapp (see Attachment A) **Council Member Brent Ashley moved to proceed with the first reading of the ordinance to approve FY13 Budget Amendment #1; seconded by Council Member Doug Cymek. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.**
- H. Presentation of FY14 General Fund Revenue Projection and discussion of General Fund Budget Parameters by Budget Analyst Jennie Knapp and City Manager David Recor (see Attachment B). City Manager Recor requested a special meeting on March 19, 2013 to address forthcoming fiscal challenges and consider policies for alternative sources of revenue.

I. Bid Opening – Bond Counsel

RFP's received from:

- McKennon Shelton & Henn LLP
- Kutak Rock, LLP
- McGuire Woods LLP
- Miles & Stockbridge
- Funk & Bolton
- Whiteford Taylor & Preston LLP
- Ballard Spahr LLP

Council Member Doug Cymek moved to acknowledge said proposals with remand to staff for review; seconded by Council Member Brent Ashley. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.

Council Member Doug Cymek moved to re-convene into closed session at 3:01 p.m. to continue discussions on legal and personnel matters; seconded by Council Member Brent Ashley. The vote was 5-0 with Council Secretary Mary Knight and Council Member Joe Mitrecic absent.

Council President Lloyd Martin reported that legal and personnel matters were discussed in the closed session. Persons present were Mayor Rick Meehan, Council President Lloyd Martin, Council Members Margaret Pillas, Doug Cymek, Brent Ashley, Dennis Dare, City Manager David Recor, City Solicitor Guy Ayres, Human Resource Director Wayne Evans and Executive Office Associate Diana Chavis. The vote to close the meeting was 4-0 with Council Member Dennis Dare out of the room and Council Members Knight and Mitrecic absent.

ADJOURN

Council Member Margaret Pillas moved to adjourn at 3:51 p.m.; seconded by Council Member Brent Ashley. The vote was 4-0 with Council Members Knight, Mitrecic and Dare absent.

Minutes prepared by City Clerk Kelly L. Allmond, CMC

Minutes approved by the Mayor and Council on: _____

Certified by: _____

City Clerk, Kelly L. Allmond, CMC

ORDINANCE 2013-

TOWN OF OCEAN CITY
OPERATING BUDGET
FISCAL YEAR 2013

SOURCE	ADOPTED FY-2013	AMENDMENT # 1 FIRST READING	CHANGES
Section I, General Fund:			
A. Anticipated Revenue:			
Property Taxes	\$ 41,442,940	\$ 41,442,940	\$ 0
Other Taxes	14,359,087	14,588,755	229,668
Licenses and Permits	3,883,300	3,921,363	38,063
Revenue From Other Agencies	4,395,639	4,440,489	44,850
Charges For Services	8,725,492	8,731,492	6,000
Fines and Forfeitures	675,000	675,000	0
Other Revenue	424,344	826,106	401,762
Prior Year Reserves	<u>2,749,395</u>	<u>3,809,250</u>	<u>1,059,855</u>
Total Revenue	\$ <u>76,655,197</u>	\$ <u>78,435,395</u>	\$ <u>1,780,198</u>
B. Anticipated Expenditures:			
General Government	\$ 3,665,533	\$ 3,666,245	\$ 712
Public Safety	33,072,659	33,662,945	590,286
Public Works/Beach Maintenance	4,783,375	5,212,513	429,138
Sanitation and Waste Removal	5,568,131	5,568,131	0
Highways and Streets	4,900,408	4,919,317	18,909
Economic Development -Tourism	6,730,104	7,227,878	497,774
Culture and Recreation	7,366,729	7,601,107	234,378
Debt Service	<u>4,551,710</u>	<u>4,551,710</u>	<u>0</u>
Sub Total	\$ 70,638,649	\$ 72,409,846	\$ 1,771,197
To Transportation Fund	1,927,997	1,927,997	0
To Airport Fund	116,976	125,977	9,001
To Convention Center Fund	1,483,575	1,483,575	0
To Vehicle Trust	488,000	488,000	0
To Capital Projects	<u>2,000,000</u>	<u>2,000,000</u>	<u>0</u>
Total Expenditures	\$ <u>76,655,197</u>	\$ <u>78,435,395</u>	\$ <u>1,780,198</u>

SOURCE	ADOPTED FY-2013	AMENDMENT # 1 FIRST READING	CHANGES
Section II, Water Fund:			
A. Anticipated Revenue:			
Water Sales	\$ 3,349,934	\$ 3,349,934	\$ 0
Water Fixture Charge	3,486,777	3,486,777	0
Service Charges	186,794	186,794	0
Capacity/Impact Fees	55,440	55,440	0
Prior Year Reserves	<u>102,808</u>	<u>161,966</u>	<u>59,158</u>
Total Revenue	\$ <u>7,181,753</u>	\$ <u>7,240,911</u>	\$ <u>59,158</u>
B. Anticipated Expenditures:			
Personal Services	\$ 1,926,770	\$ 1,926,770	\$ 0
Non-Personal Services	3,121,098	3,180,256	59,158
Debt Service	1,068,885	1,068,885	0
Capital Outlay	<u>1,065,000</u>	<u>1,065,000</u>	<u>0</u>
Total Expenditures	\$ <u>7,181,753</u>	\$ <u>7,240,911</u>	\$ <u>59,158</u>

Section III, Transportation Fund:

A. Anticipated Revenue:			
Bus Revenue	\$ 2,951,577	\$ 2,945,077	\$ (6,500)
Train Revenue	1,073,051	1,073,051	0
Federal and State Grants	2,652,782	3,069,840	417,058
Capital Asset Sales	0	12,930	12,930
Transfer-In From General Fund	1,927,997	1,927,997	0
Prior Year Reserves	<u>0</u>	<u>53,981</u>	<u>53,981</u>
Total Revenue	\$ <u>8,605,407</u>	\$ <u>9,082,876</u>	\$ <u>477,469</u>
B. Anticipated Expenditures:			
Personal Services	\$ 3,653,751	\$ 3,653,751	\$ 0
Non-Personal Services	3,421,656	3,691,966	270,310
Capital Outlay	<u>1,530,000</u>	<u>1,737,159</u>	<u>207,159</u>
Total Expenditures	\$ <u>8,605,407</u>	\$ <u>9,082,876</u>	\$ <u>477,469</u>

SOURCE	ADOPTED FY-2013	AMENDMENT # 1 FIRST READING	CHANGES
Section IV, Wastewater Fund:			
A. Anticipated Revenue:			
Wastewater Treatment Charges	\$ 11,041,867	\$ 11,041,867	\$ 0
Service Charges	958,578	958,578	0
Build America Bond Subsidy	133,381	133,381	0
Capacity/Impact Fees	96,800	96,800	0
Prior Year Reserves	<u>101,226</u>	<u>151,604</u>	<u>50,378</u>
Total Revenue	\$ <u>12,331,852</u>	\$ <u>12,382,230</u>	\$ <u>50,378</u>
B. Anticipated Expenditures:			
Personal Services	\$ 4,199,765	\$ 4,199,765	\$ 0
Non-Personal Services	3,476,670	3,527,048	50,378
Debt Service	3,555,417	3,555,417	0
Capital Outlay	<u>1,100,000</u>	<u>1,100,000</u>	<u>0</u>
Total Expenditures	\$ <u>12,331,852</u>	\$ <u>12,382,230</u>	\$ <u>50,378</u>

Section V, Airport Fund:

A. Anticipated Revenue:

Fuel Sales	\$ 729,600	\$ 729,600	\$ 0
Rents and Other Revenue	351,530	351,530	0
State and Federal Grants	427,500	427,500	0
Service Charges	108,000	108,000	0
Transfer-In From General Fund	116,976	125,977	9,001
Prior Year Reserves	<u>150,000</u>	<u>297,330</u>	<u>147,330</u>
Total Revenue	\$ <u>1,883,606</u>	\$ <u>2,039,937</u>	\$ <u>156,331</u>

B. Anticipated Expenditures:

Personal Services	\$ 311,695	\$ 311,695	\$ 0
Non-Personal Services	975,829	1,132,160	156,331
Debt Service	146,082	146,082	0
Capital Outlay	<u>450,000</u>	<u>450,000</u>	<u>0</u>
Total Expenditures	\$ <u>1,883,606</u>	\$ <u>2,039,937</u>	\$ <u>156,331</u>

SOURCE	ADOPTED FY-2013	AMENDMENT # 1 FIRST READING	CHANGES
Section VI, Municipal Golf Course Fund:			
A. Anticipated Revenue:			
Service Charges	\$ 1,737,052	\$ 1,737,052	\$ 0
Sales and Concessions	446,097	446,097	0
Other Revenue	56,628	56,628	0
Prior Year Reserves	0	28,370	28,370
Total Revenue	\$ <u>2,239,777</u>	\$ <u>2,268,147</u>	\$ <u>28,370</u>
B. Anticipated Expenditures:			
Personal Services	\$ 1,046,401	\$ 1,046,401	\$ 0
Non-Personal Services	1,042,618	1,048,586	5,968
Transfer to General Fund	150,758	150,758	0
Capital Outlay	0	22,402	22,402
Total Expenditures	\$ <u>2,239,777</u>	\$ <u>2,268,147</u>	\$ <u>28,370</u>

Section VII, Convention Center Fund:

A. Anticipated Revenue:			
Service Charges	\$ 1,813,428	\$ 1,813,428	\$ 0
State and County Grants	1,549,102	1,549,102	0
Food & Beverage Tax	1,110,000	1,110,000	0
Transfer-In From General Fund	1,483,575	1,483,575	0
Prior Year Reserves	1,087,642	1,150,534	62,892
Contributed Equity	0	0	0
Total Revenue	\$ <u>7,043,747</u>	\$ <u>7,106,639</u>	\$ <u>62,892</u>
B. Anticipated Expenditures:			
Personal Services	\$ 2,967,379	\$ 2,967,379	\$ 0
Non-Personal Services	1,648,058	1,710,950	62,892
Debt Service	2,328,310	2,328,310	0
Transfer to Debt Service Reserves	100,000	100,000	0
Capital Outlay	0	0	0
Total Expenditures	\$ <u>7,043,747</u>	\$ <u>7,106,639</u>	\$ <u>62,892</u>

SOURCE	ADOPTED FY-2013	AMENDMENT # 1 FIRST READING	CHANGES
Section VIII, Information Technology Fund:			
A. Anticipated Revenue:			
Service Charges To Other Funds	\$ 1,743,443	\$ 1,743,443	\$ 0
Prior Year Reserves	0	44,841	44,841
Total Revenue	<u>\$ 1,743,443</u>	<u>\$ 1,788,284</u>	<u>\$ 44,841</u>
B. Anticipated Expenditures:			
Personal Services	\$ 920,978	\$ 920,978	\$ 0
Non-Personal Services	822,465	867,306	44,841
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 1,743,443</u>	<u>\$ 1,788,284</u>	<u>\$ 44,841</u>

Section IX, Service Center Fund:

A. Anticipated Revenue:			
Service Charges To Other Funds	\$ 5,360,362	\$ 5,360,362	\$ 0
Prior Year Reserves	0	23,206	23,206
Total Revenue	<u>\$ 5,360,362</u>	<u>\$ 5,383,568</u>	<u>\$ 23,206</u>
B. Anticipated Expenditures:			
Personal Services	\$ 1,825,261	\$ 1,825,261	\$ 0
Non-Personal Services	3,535,101	3,558,307	23,206
Debt Service	0	0	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 5,360,362</u>	<u>\$ 5,383,568</u>	<u>\$ 23,206</u>

SOURCE	ADOPTED FY-2013	AMENDMENT # 1 FIRST READING	CHANGES
Section X, Vehicle & Equipment Trust Fund:			
A. Anticipated Revenue:			
Service Charges To Other Funds	\$ 2,380,353	\$ 2,344,992	\$ (35,361)
State and Federal Grants	1,984,500	3,602,793	1,618,293
Sale of Assets	150,000	150,000	0
Transfer In From General Fund	488,000	488,000	0
Prior Year Reserves	<u>0</u>	<u>140,833</u>	<u>140,833</u>
Total Revenue	\$ <u>5,002,853</u>	\$ <u>6,726,618</u>	\$ <u>1,723,765</u>

B. Anticipated Expenditures:

Non-Personal Services	\$ 760,721	\$ 785,721	\$ 25,000
Debt Service	0	0	0
Transfers Out	0	0	0
Capital Outlay	<u>4,242,132</u>	<u>5,940,897</u>	<u>1,698,765</u>
Total Expenditures	\$ <u>5,002,853</u>	\$ <u>6,726,618</u>	\$ <u>1,723,765</u>

Section XI, Risk Management Fund:

A. Anticipated Revenue:

Service Charges To Other Funds	\$ 2,109,754	\$ 2,109,754	\$ 0
Interest Earned	65,081	65,081	0
Prior Year Reserves	<u>0</u>	<u>854</u>	<u>854</u>
Total Revenue	\$ <u>2,174,835</u>	\$ <u>2,175,689</u>	\$ <u>854</u>

B. Anticipated Expenditures:

Personal Services	\$ 236,940	\$ 236,940	\$ 0
Non-Personal Services/Claims	1,937,895	1,938,749	854
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$ <u>2,174,835</u>	\$ <u>2,175,689</u>	\$ <u>854</u>

SOURCE	ADOPTED FY-2013	AMENDMENT # 1 FIRST READING	CHANGES
Section XII, Pension Trust Funds:			
A. Anticipated Revenue:			
Employer Contributions	\$ 6,128,044	\$ 6,128,044	\$ 0
Employee Contributions	1,715,000	1,715,000	0
Investment Earnings	<u>3,925,000</u>	<u>3,925,000</u>	<u>0</u>
Total Revenue	\$ <u>11,768,044</u>	\$ <u>11,768,044</u>	\$ <u>0</u>
B. Anticipated Expenditures:			
Benefit Payments	\$ 4,225,000	\$ 4,225,000	\$ 0
Non-Personal Services	600,000	600,000	0
Reserve for Employee's Retirement	<u>6,943,044</u>	<u>6,943,044</u>	<u>0</u>
Total Expenditures	\$ <u>11,768,044</u>	\$ <u>11,768,044</u>	\$ <u>0</u>
Section XIII, OPEB Trust Funds:			
A. Anticipated Revenue:			
Employer Contributions	\$ 3,858,750	\$ 3,858,750	\$ 0
Employee Contributions	155,000	155,000	0
Investment Earnings	<u>235,000</u>	<u>235,000</u>	<u>0</u>
Total Revenue	\$ <u>4,248,750</u>	\$ <u>4,248,750</u>	\$ <u>0</u>
B. Anticipated Expenditures:			
Benefit Payments	\$ 850,000	\$ 850,000	\$ 0
Non-Personal Services	55,000	55,000	0
Reserve for Retiree Health	<u>3,343,750</u>	<u>3,343,750</u>	<u>0</u>
Total Expenditures	\$ <u>4,248,750</u>	\$ <u>4,248,750</u>	\$ <u>0</u>

SOURCE	ADOPTED FY-2013	AMENDMENT # 1 FIRST READING	CHANGES
Section XIV, General Capital Projects Fund:			
A. Anticipated Revenue:			
General Fund Contribution	2,000,000	2,000,000	0
Bond Proceeds	0	0	0
Inlet Lot Parking Revenue	<u>290,000</u>	<u>290,000</u>	<u>0</u>
Total Revenue	\$ <u>2,290,000</u>	\$ <u>2,290,000</u>	\$ <u>0</u>
B. Anticipated Expenditures:			
Street Paving	2,000,000	2,000,000	0
Reserve for Future Capital Projects	<u>290,000</u>	<u>290,000</u>	<u>0</u>
Total Expenditures	\$ <u>2,290,000</u>	\$ <u>2,290,000</u>	\$ <u>0</u>

Section XIV, All Funds Expenditure Summary:

General Fund	\$ 76,655,197	\$ 78,435,395	\$ 1,780,198
Water Fund	7,181,753	7,240,911	59,158
Transportation Fund	8,605,407	9,082,876	477,469
Wastewater Fund	12,331,852	12,382,230	50,378
Airport Fund	1,883,606	2,039,937	156,331
Municipal Golf Course Fund	2,239,777	2,268,147	28,370
Convention Center Fund	7,043,747	7,106,639	62,892
Management Information Services Fund	1,743,443	1,788,284	44,841
Service Center Fund	5,360,362	5,383,568	23,206
Vehicle & Equipment Trust Fund	5,002,853	6,726,618	1,723,765
Risk Management Fund	2,174,835	2,175,689	854
Pension Trust Funds	11,768,044	11,768,044	0
OPEB Trust Fund	<u>4,248,750</u>	<u>4,248,750</u>	<u>0</u>
Sub Total	\$ 146,239,626	\$ 150,647,088	\$ 4,407,462
LESS: Interfund Transfers	<u>(27,597,254)</u>	<u>(27,570,894)</u>	<u>26,360</u>
Total Expenditures	\$ 118,642,372	\$ 123,076,194	\$ 4,433,822
Capital Projects Fund - General	<u>2,290,000</u>	<u>2,290,000</u>	<u>0</u>
Grand Total	\$ <u>120,932,372</u>	\$ <u>125,366,194</u>	\$ <u>4,433,822</u>

Section XV, Special Authorization - Budget Manager:

The Budget Manager shall be authorized to reallocate departmental appropriations among the various objects of expenditures as she deems necessary. Such changes shall be approved by the Finance Administrator & City Manager.

Section XVI, Restrictions - City Manager:

- A. The utilization of any contingency appropriation shall be accomplished only with prior authorization from the Mayor and Council.
- B. Utilization of appropriations established in the Capital Improvement Fund may be accomplished only with the express approval of the Mayor and Council.

Section XVII, Tax Rate:

An Ad Valorem Tax Rate of \$0.4585 per \$100 of assessed valuation of real property and a rate of \$1.29 per \$100 of assessed valuation of corporate and personal property tax is required to fund this budget.

INTRODUCED at a meeting of the City Council of Ocean City, Maryland held on March 4, 2013.

ADOPTED AND PASSED, by the required vote of the elected membership of the City Council and approved by the Mayor at its meeting held on March 18, 2013.

DAVID L. RECOR, CITY MANAGER

RICHARD W. MEEHAN, MAYOR

KELLY L. ALLMOND, CITY CLERK

LLOYD MARTIN, PRESIDENT

MARY P. KNIGHT, SECRETARY

ADOPTED:

Date

MOTION TO ADOPT BY:

MOTION SECONDED BY:

VOTE:

FOR:

AGAINST:

Budget Amendment # 1

General Fund

Revenue Changes

• Other Taxes	\$ 229,668
• Licenses and Permits	\$ 38,063
• Grants	\$ 44,850
• Service Charges	\$ 6,000
• Other Revenue	\$ 401,762
• Appropriated Fund Balance	<u>\$ 1,059,855</u>
Total Increases	\$ 1,780,198

Expenditure Changes

• Grants	\$ 315,172
• Advertising	\$ 352,800
• Prior Year purchase orders	\$ 221,722
• Prior Year donations	\$ 401,440
• Inlet Lot Parking controls	\$ 400,000
• District Court Roof	\$ 36,000
• Critical Areas project balances	\$ 38,063
• Winterfest donation	\$ 6,000
• Airport Mower attachment	<u>\$ 9,001</u>
• Total Changes	\$ 1,780,198

Water and Wastewater Funds

- **Water Fund:**
 - Appropriation of prior year reserves in the amount of \$59,158 to cover prior year purchase orders
- **Wastewater Fund:**
 - Appropriation of prior year reserves in the amount of \$50,378 to cover prior year purchase orders

Transportation and Airport Funds

- **Transportation:**
 - \$463,386 prior year grant balances brought forward
 - \$12,930 proceeds from bus sale used to purchase bus shelters
 - \$1,153 appropriation of fund balance to cover prior year purchase orders
- **Airport:**
 - \$147,330 appropriation of fund balance to cover prior year purchase orders
 - \$9,001 transfer from General Fund to cover portion of mower attachment

Golf Course and Convention Center Funds

- **Golf Course:**
 - Appropriation of \$28,370 from fund balance to cover prior year purchase orders
- **Convention Center:**
 - Appropriation of \$62,892 from fund balance to cover prior year purchase orders

IT, Service Center and Risk Management

- **IT:**
 - \$44,841 appropriation of prior year reserves to cover prior year purchase orders
- **Service Center:**
 - \$23,206 appropriation of prior year reserves to cover prior year purchase orders
- **Risk Management:**
 - \$854 appropriation of prior year reserves to cover prior year purchase orders

Equipment Trust Fund

- **Revenue:**
 - (\$35,361) Reduction in cellular antenna rental estimates
 - \$1,267,493 Prior year grant balances
 - \$350,800 Additional grant funds
 - \$140,833 Local match portion of prior year grant balances funded from Equipment Trust prior year reserves
- **Expenses:**
 - \$1,759,126 Bus purchases from prior year and additional grants
 - (\$60,361) Reduction of radio contingency funds to offset revenue reduction
 - \$25,000 Fund removal of Town's equipment from water tower during painting

Changes Since Adopted Budget

General Fund Revenue:

Other Taxes	229,668	Room Tax over estimate
Licenses and Permits	38,063	Prior year Critical areas and Stormwater mitigation project balances
Revenue from Other Agencies	44,850	159,965 prior year grant balances; 119,000 NSP Outdoor Exercise Equipment grant; 35,885 Public Safety grants; (270,000) County Tourism grant
Charges for Services	6,000	Donations for Sunset Park Winterfest decorations
Other Revenue	401,762	326,585 balance brought forward in Mounted unit donation account; 1,415 Beach wheelchair donation; 73,440 Tree of Life project balance brought forward; 322 interest earned on prior year project balance
Appropriated Fund Balance	1,059,855	305,601 FY 12 Room Tax over estimate; 87,531 FY 12 unspent advertising funds; 400,000 Inlet Lot parking controls; 221,722 prior year purchase orders; 36,000 District Court roof; 9,001 Airport mower attachment
	<u>1,780,198</u>	

General Fund Expenses:

General Government	712	Prior Year purchase orders
Public Safety	590,286	67,529 prior year purchase orders; 160,287 prior year grant balances; 35,885 FY 13 Public Safety grants; 326,585 Mounted unit donation balance;
Public Works/Beach Maintenance	429,138	9,172 prior year purchase orders; 400,000 Inlet Lot parking controls; 36,000 District Court roof; (27,791) Sunfest labor expense; 11,757 Critical Areas project balances;
Highways and Streets	18,909	4,066 prior year purchase orders; 26,306 Stormwater mitigation project balances; (11,463) Sunfest labor expense
Economic Development - Tourism	497,774	92,903 prior year purchase orders; 622,800 increase in advertising budget; (270,000) reduction of advertising budget due to loss of County Tourism grant; 46,071 Sunfest labor expense; 6,000 Sunset Park Winterfest decorations
Culture and Recreation	234,378	47,340 prior year purchase orders; 119,000 NSP Outdoor exercise equipment; 73,440 Tree of Life Project balance; 1,415 Beach wheelchair donation; (6,817) Sunfest labor expense
Transfer to Airport	9,001	Additional funding for mower attachment
	<u>1,780,198</u>	

Water Fund Revenue:

Prior Year Reserves	<u>59,158</u>	Prior year purchase orders
	59,158	

Water Fund Expenses:

Non-Personal Services	<u>59,158</u>	Prior year purchase orders
	59,158	

Transportation Fund Revenue:

Bus Revenue	(6,500)	Budgeted local match for grant purchases was \$203,000. Actual amount was \$196,500. General Fund contribution kept in Transportation and used to lower revenue estimate
Federal and State Grants	417,058	475,449 prior year grant balances brought forward; (58,391) grant adjustments
Capital Asset Sales	12,930	Proceeds from bus sale
Prior Year Reserves	<u>53,981</u>	1,153 prior year purchase orders; 52,828 prior year grant balances brought forward
	477,469	

Transportation Fund Expenses:

Non-Personal Services	270,310	1,153 prior year purchase orders; 12,930 purchase of bus shelters; 253,277 prior year grant balances 2,950 grant revision
Capital Outlay	<u>207,159</u>	275,000 prior year grant balance; (67,841) grant adjustments
	477,469	

Wastewater Fund Revenue:

Prior Year Reserves	50,378	Prior year purchase orders
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Wastewater Fund Expenses:

Non-Personal Services	50,378	Prior year purchase orders
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Airport Fund Revenue:

Transfer-In From General Fund	9,001	Funding for mower attachment
Prior Year Reserves	<u>147,330</u>	Prior year purchase orders
	156,331	

Airport Fund Expenses:

Non-Personal Services	156,331	147,330 prior year purchase orders ; 9,001 boom mower attachment
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Golf Course Fund Revenue:

Prior Year Reserves	28,370	Prior year purchase orders
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Golf Course Fund Expenses:

Non-Personal Services	5,968	Prior year purchase orders
Capital Outlay	<u>22,402</u>	Prior year purchase orders
	28,370	

Convention Center Revenue:

Prior Year Reserves	62,892	Prior year purchase orders
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Convention Center Expenses:

Non-Personal Services	62,892	Prior year purchase orders
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IT Revenue:

Prior Year Reserves	44,841	Prior year purchase orders
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IT Expenses:

Non-Personal Services	44,841	Prior year purchase orders
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Service Center Revenue:

Prior Year Reserves 23,206 Prior year purchase orders

Service Center Expenses:

Non-Personal Services 23,206 Prior year purchase orders

Vehicle Trust Fund Revenue:

Service Charges to Other Funds	(35,361)	Reduction in cellular antenna rental estimates
State and Federal Grants	1,618,293	1,267,493 prior year grant balances (bus purchase); 350,800 additional grant funds
Prior Year Reserves	140,833	Local match portion of prior year grant balances
	<u>1,723,765</u>	

Vehicle Trust Fund Expenses:

Non-Personal Services	25,000	Fund removal of equipment from water tower during painting
Capital Outlay	1,698,765	1,408,326 prior year grant balances brought forward; 350,800 additional grant funds; (60,361) reduction of contingency for radio purchase
	<u>1,723,765</u>	

Risk Management Revenue:

Prior Year Reserves 854 Prior year purchase orders

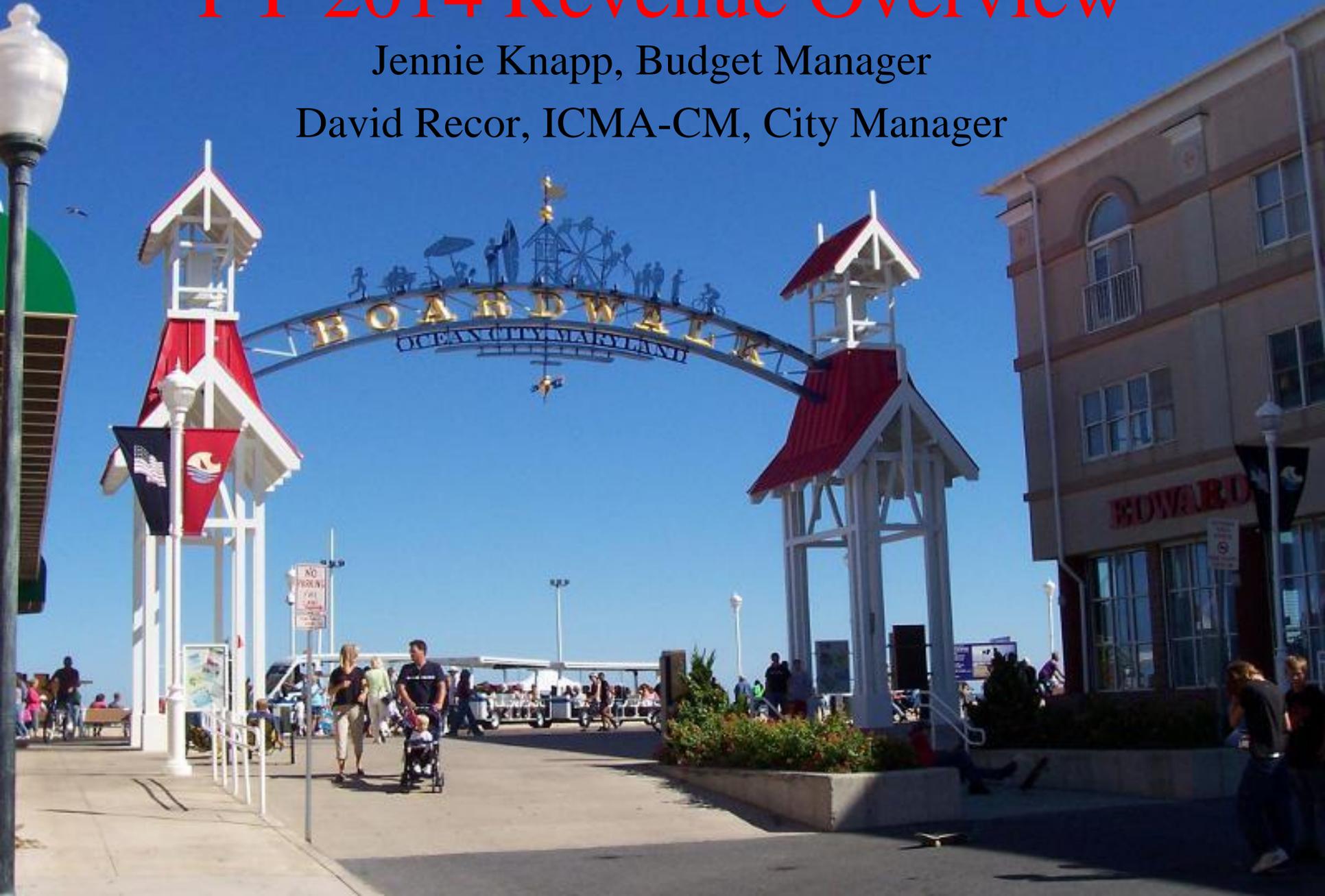
Risk Management Expenses:

Non-Personal Services/Claims 854 Prior year purchase orders

FY 2014 Revenue Overview

Jennie Knapp, Budget Manager

David Recor, ICMA-CM, City Manager



General Fund Revenue Categories

- Real Property Taxes
- Other Taxes
- Licenses and Permits
- Revenue From Other Agencies
- Charges for Services
- Fines and Forfeitures
- Other Revenue
- Prior Year Reserves

REAL PROPERTY TAXES

- Assessment Process
- Commercial Group 1 was reassessed this year
- Real property assessments decreased 1.4% since FY 13
- ❖ Revenue from property taxes in FY 13 was \$39,257,605 based on a .4585 tax rate
- Constant yield tax rate for FY 14 is .462
- ❖ Revenue from property taxes in FY 14 is \$39,272,063

OTHER TAXES

- Income Tax is expected to increase, bringing in an additional \$75,000
- Highway User Tax is anticipated to increase \$270,113
- Admissions Tax is budgeted to increase \$35,000
- Slots/Casino Revenue estimated at \$450,000
- Room Tax is budgeted to increase and is budgeted at \$13,000,000

❖ Category increases nearly \$1,151,045

LICENSES AND PERMITS

- Planning and Zoning fees are largest component of this category and are expected to increase \$13,300
- Building Permit fees are budgeted at \$550,000
- Room Licenses and Alcoholic beverage licenses are expected to increase a total of \$10,000
- Cable TV franchise is expected to increase slightly and has been budgeted at \$910,000

❖ Category increases \$6,387

REVENUE FROM OTHER AGENCIES

- County Grants are funded at the same level as received from the County in FY13, \$3,615,133
 - State Police Aid is anticipated to be fully funded by the State and has been budgeted to increase \$151,088
 - Grants to cover the partial salary and benefits of the Emergency Services Director and Emergency Planner have been included at \$109,500
 - Additional grants funded as they are received
- ❖ Category decreases \$185,719 from adjusted FY 13 budget

CHARGES FOR SERVICES

- Festival revenue for Sunfest, Springfest and Winterfest are projected to increase \$65,800
- Recreation program, admission and rental fees are projected to increase \$63,585
- Fees generated by the Fire Marshal's office are projected to increase \$7,500
- Passport application fees are projected to increase \$7,000

❖ Category increases \$143,988

Fines and Forfeitures and Other Revenue

- Revenue collected from Police tow fines is expected to increase in FY 14. The towing expense included in the Police budget is also projected to increase
- Forfeiture funds and donations recognized in FY 13 are not included in FY 14
- Interest earnings are projected to decrease \$24,000

❖ Categories projected to decrease \$371,562

Fund Balance

- The FY 13 Adopted budget appropriated \$2,749,395 from fund balance
- Budget amendment # 1 appropriates an additional \$1,059,855 from fund balance
- FY 14 revenue projections do not include an appropriation from Fund Balance

FY14 Summary of Projected Revenue

• Property Taxes	(\$182,032)
• Other Taxes	1,151,045
• Licenses and Permits	6,387
• Revenue – Other Agencies	(185,719)
• Charges for Services	143,988
• Fines and Forfeitures	45,000
• Other revenue	(416,562)
• Fund Balance	<u>(3,809,250)</u>
❖ Total revenue reduction	(3,247,143)

FY 14 General Fund Budget Gap

- FY 14 Projected Revenue \$75,188,252
- FY 13 Approved Expenditures \$76,655,197

❖ Preliminary FY 14 Budget Gap (\$1,466,945)

FY 14 Budget Challenges

- 21 Requested Positions
- Health Care Cost Increase and Legislative Changes for Part-Time employees
- Impact of Union Contracts
- Increase in Worker's Compensation reserves
- Technology & Equipment needs
- Building and Equipment maintenance
- Fuel Cost Increase
- Legislated Mandates

Parameters

- Tax Rate
 - Constant Yield (.462) \$39,296,216
 - Increase of 1 cent (.472) \$40,146,783
 - Increase of 1.5 cents (.477) \$40,572,067
 - Each penny increase yields \$850,567
- Fund Balance Policy
 - Fund Balance currently at 15.8%, or \$12,000,000

Anticipated Budget Schedule

- 4/9/13 Work Session: City Manager Presentation of FY 14 Financial Operating Plan to Mayor & City Council
- 4/10/13 through 4/30/13: Mayor & City Council Review
- 5/6/13: Public Hearing and First Reading of Budget Ordinance
- 5/20/13: Second Reading of Budget Ordinance