



TOWN OF OCEAN CITY

The White Marlin Capital of the World

TO: The Honorable Mayor and Members of the City Council
FROM: David L. Recor, ICMA-CM, City Manager
RE: Preliminary Town of Ocean City FY14 Financial Operating Plan
DATE: April 5, 2013

Attached for the Mayor and City Council's review and discussion on the April 9, 2013, Work Session Agenda, please find a CD containing the complete raw budget data from the Town's AS400 mainframe as prepared by Department Heads, the Budget Manager and City Manager. As of this date, the Preliminary Town of Ocean City FY14 Financial Operating Plan totals \$130,396,993 as follows:

<u>Fund</u>	<u>Budget</u>
General	\$78,272,716
Water	\$7,432,931
Wastewater	\$12,638,289
Transportation	\$9,764,890
Airport	\$1,488,873
Golf Course	\$2,145,848
Convention Center	\$6,981,045
IT	\$1,859,753
Service Center	\$5,298,117
Vehicle Trust	\$2,229,590
Risk Management	\$2,284,941
TOTAL	\$130,396,993

In the Fall of 2012, the Mayor and City Council initiated a much anticipated strategic planning process by collaborating with staff and community residents to create a 15-year Vision for the Town of Ocean City. In addition, 5-year Goals for the community were established as follows:

- 1) Financially Sound Town Government
- 2) 1st Class Resort and Tourist Destination
- 3) More Livable Community for Residents
- 4) Excellent Service Through a High Performing Town Organization
- 5) Revitalized Ocean City: Development and Redevelopment

The Town of Ocean City FY14 Financial Operating Plan attempts to recognize these 5-year Goals as well as the tentative Priorities established by the Policy and Management Agenda identified in the Strategic Planning process.

While the CD provided includes complete preliminary budget details from the Department to City Manager level, the traditional Budget Book, featuring a narrative highlighting revenue

and personnel changes, changes in Department operations as well as summary comments will be provided at the Work Session on April 9.

Department budget reviews have been scheduled with the Mayor and City Council for Thursday, April 11, Friday, April 12, Tuesday, April 16, and Wednesday, April 17. In addition, two wrap-up Work Sessions are scheduled for Thursday, April 18 and Friday, April 19.

The preliminary FY14 General Fund budget totals \$78,272,716 and is based on the Constant Yield Tax Rate of .4620 plus an additional .0244 for a total preliminary tax rate of .4864. Based on an average assessed value of \$221,000, the average tax bill would increase by \$39.56 when compared to the 2013 tax rate of .4585.

Reaching this preliminary FY14 General Fund budget figure required a great deal of collaboration and cooperation with our Departments. Together, staff reduced proposed expenditures by more than \$4.2 million dollars including \$3 million in personnel and operating expenditures in addition to \$1.2 million dollars in proposed new vehicle purchases. These expenditure reductions were equivalent to .0330 on the preliminary tax rate.

Both the FOP and IAFF bargaining unit contracts have been ratified and are scheduled to be presented to the Mayor and City Council at the Regular Session on April 15, 2013. The costs of year one of both collective bargaining agreements as well as an equivalent average salary adjustment for general employees has been included in the preliminary FY14 General Fund budget.

Other noteworthy preliminary FY14 General Fund expenditures include:

	<u>Expense</u>
Employee salary adjustments FOP, IAFF and General Employee	\$924,508
Roof replacement at the Public Safety Building and 65 th Street Garage	\$871,000
Principal & Interest – 2012 Bonds	\$796,985
Six (6) positions in Fire/EMS	\$292,462
Transfer to Airport	\$109,955
FICA on salary adjustments	\$70,725
TOTAL	\$3,015,635

In addition, "Pay As You Go" Street Paving has been reduced by \$830,000, i.e., from \$2 million to \$1,170,000.

During our initial review of the preliminary FY14 Financial Operating Plan, staff will be prepared to discuss a number of opportunities to increase revenues and/or decrease expenditures including:

- 1) Additional parking revenue
 - 2) Solid Waste funding alternatives
 - 3) Transportation service reductions
 - 4) Stormwater Utility
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We will also be prepared to discuss the Town's Capital Improvement Plan, including the categories and value of unfunded projects, as well as the \$735,000 of unfunded "Pay as You Go" projects planned for FY14.

We look forward to working with the Mayor and City Council as we begin this dialogue. If you have any questions prior to the Work Session on April 9, please do not hesitate to contact me.

cc: Jennie Knapp, Budget Manager
Department Heads