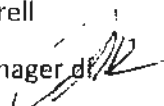


MEMORANDUM

TO: Mayor England
Vice Mayor Kostka
Commissioner George
Commissioner Samora
Commissioner Rumrell

FROM: Max Royle, City Manager 

DATE: April 22, 2020

SUBJECT: Budget Matters: Review to Date of Effect of the Pandemic on the Fiscal Year 2020 Budget and Discussion of Preliminary Preparation for the FY 2021 Budget

Attached is a memo from Ms. Douylliez, the Finance Director, in which she provides an overview of revenues and expenditures and the effect of the pandemic on revenue sources for the remainder of FY 2020.

We want to add to what she's provided that the City by the end of March has received the bulk of the revenue from its major source, property taxes. As the City receives little to no money from that source during the last quarter of the fiscal year, the budget will be dependent on other sources, such as sales taxes and state-shared revenues. As Ms. Douylliez notes, they will likely provide lower-than-budgeted amounts during the remainder of the fiscal year because of the pandemic. This will force the City to dip into savings.

Concerning the FY 2021 budget You may want to discuss with Ms. Douylliez whether you have any particular concerns at this point that you think she needs to consider as she prepares a draft of the budget. She won't have until early July information from the Property Appraiser about property tax revenue; and she won't have until later in July updated estimates as to what money we can expect from the state. You usually hold your first budget meeting in late July, when you decide the tentative property tax millage.

M E M O R A N D U M

TO: MAX ROYLE, CITY MANAGER
FROM: PATTY DOUYLLIEZ, FINANCE DIRECTOR
SUBJECT: CITY FINANCIAL STATUS
DATE: 4/21/2020

I wanted to update you on the financials for the City given the current economic conditions. The State of Emergency for COVID-19 will impact the City's budget, but at this time it is unclear to what extent.

The City is dependent on revenue sources coming from the State of Florida, such as ½ Cent Sales Tax, State Revenue Proceeds, and Local Option Gas Tax. Currently, it is unclear as to how these revenues will be impacted by the closures within the state. Our receipt of these revenues is delayed by two months, so we will not receive any money reflecting these decreases until June. I am continuing to monitor the Office of Economic & Demographic Research for revenue adjustments to the FY 20 projections, however, they have not posted any adjustments at this time. They are also anticipating there may be a delay in the projections for our FY21 budget.

Other large sources of revenue are the FPL Electricity Tax and Franchise Fees. These receipts also lag approximately two months in arrears, so the impact of business closures cannot be estimated at this time.

City expenditures are currently trending on budget at 45.9%. A spending freeze has been put in place for all non-essential purchases until we can assess the impacts of COVID-19 on the FY20 budget. A review of current operating procedures has been conducted to find additional savings for the City. One area of reduction is fuel expenses. The price of bulk fuel has dropped significantly over the past two months with a savings of more than \$.45 per gallon. A review of these costs has prompted a change to purchase all fuel in bulk and to discontinue the use fuel cards for purchases off-site.

A discussion with Bill Tredik, Public Works Director, has initiated a review of projects budgeted for FY20 to determine if they can be delayed to FY21. With restrictions in place due to COVID-19, some vendors are not working at this time, and it is unclear if they will

be able to complete the projects by the end of the fiscal year. Delay of these projects will impact the FY21 budget.

I have started a claim with FEMA for the recovery of expenses due to COVID-19. The claim is open and awaiting further direction from FEMA. I reached out to the contact to clarify what would be covered and currently only PPE, sanitizers, and overtime related to working directly on the event will be covered. These costs are being tracked and will be submitted for reimbursement when FEMA requests them.

I will continue to review the effects of this emergency on the City's FY20 budget and as I receive further information, I will forward them for your review. Work will continue the FY21 budget during this time, with expected adjustments to be made as we receive details on the impacts to FY20.