

## Introduction

The Budget is a financial plan for the City. It includes estimates of available resources and appropriations, which are the authority to spend money for specific purposes. The Budget also consolidates and presents City of Madeira Beach information detailing specific policies and operational standards and requirements. This outline is intended to provide the reader with a brief summary of the information contained in each section of this Budget.

The Budget document is divided into ten main sections: Budget Guide; General Fund; Special Projects Fund; Sanitation Fund; Stormwater Fund; Marina Fund; John's Pass Village Fund; Parking Fund; Capital Improvement Program; and References. The contents of each section are summarized below.

### I. Budget Guide

The Budget Guide contains information relating to the City of Madeira Beach and the budget process of this organization. The guide is divided into the following sections: Introduction; City-in-Brief; Visions & Goals; Budget Process; Financial Information; and the City Manager's Budget Message, which highlights specific items in the budget in layman's terms.

### II. General Fund:

This section sets forth the total General Fund projected revenues and expenditures for the general operations and services of the City. The presentation of the General Fund Budget is segregated into customary summary sections for:

- A. Revenues
- B. Expenditures by Department

Each department may reflect expenditures for multiple programs and/or services. Each departmental expenditure detail is prefaced by a summary and outline of the departmental mission, programs and services. The expenditure detail is supplied in line item format, with additional detail for capital outlay items.

- III. Special Projects Fund
- IV. Sanitation Fund
- V. Stormwater Fund
- VI. Marina Fund
- VII. John's Pass Village Fund
- VIII. Parking Fund

Each fund section is prefaced by a summary and outline of the fund's mission and purpose. The summary is followed by customary sections for revenues and expenditures. Like the General Fund, the expenditure detail is supplied in line item format, with additional detail for capital outlay items.

IX. Capital Improvements Plan (CIP):

Section 9 presents the City of Madeira Beach 5-Year Capital Improvements Plan (CIP). The CIP is presented by fund, by project. The various projects are fully described by expenditure component, funding sources and operational impacts. The CIP is generally comprised of one-time, nonrecurring expenditures valued at \$25,000 or more. This section contains its own introduction, policy and procedure explanation, which provides specific details on the classification of CIP projects, priorities and execution. The contents of this section are:

- A. Introduction
- B. Special Projects Fund Summary & Details

X. References:

Section 10 presents a Glossary of Terms and additional reference material to aid in the explanation and review of the budget.

## **Budget Guide – Introduction**

Article X, Sections 10.2 and 10.3 of the Madeira Beach City Charter require the City Manager to submit an annual Budget to the City Commission. In accordance with Florida Statutes, Chapter 166, Section 166.241, the Budget prepared and recommended by the City Manager must be balanced in terms of revenues and expenditures. Additionally, the Budget serves as a:

- ✓ **Financial Plan** – As a financial plan, the Budget reflects the financial condition of the City both in terms of revenues and expenditures and includes financial projections.
- ✓ **Policy Document** – As a policy document, the Budget reflects the City's budgetary and fiscal policies and philosophies. These policies are established or achieved within the Budget by virtue of expenditure and revenue priorities, renewal and replacement schedules, capital needs, operational needs and various other funding and program mechanisms.
- ✓ **Operations Guide** – As an operations guide, the Budget provides general direction to the City's departments in terms of providing the financial resources to accomplish the various missions and functions within their respective programs. The guide is also realized by identifying performance goals and objectives for the City Commission and staff to measure the effectiveness of the City's overall service delivery, operations and programs.
- ✓ **Communications Device** – The Budget also serves as a communications device among the City Commission, staff and the citizens. To this end, the Budget is written and presented in an easily understood, summary format.

## **Budget Guide – City in Brief**

### **Form of Government:**

The Town of Madeira Beach incorporated in May 1947 and initially contained only the area bounded by 140<sup>th</sup> Avenue and 155<sup>th</sup> Avenue. In August 1951, the Town of Madeira Beach and South Madeira merged to form the City of Madeira Beach, encompassing all the area between 155<sup>th</sup> Avenue and John's Pass. Later that year, the City Manager form of government was approved for implementation. At present, the City Charter states that the form of government shall be the commission-manager plan and that the Board of Commissioners shall consist of five members.

The five member Board of Commissioners consists of one Mayor-Commissioner and four District Commissioners who reside in the district from which they are elected. The term of office for the Mayor-Commissioner is three years and the District Commissioners are elected for two year terms. The Board of Commissioners is the legislative body of the City. They consider and adopt ordinances and enact regulations for the maintenance of good government, the preservation of peace, welfare, health and safety and convenience of the citizens. The Commission also reviews and adopts the City Budget, makes

appropriations, levies taxes, holds public hearings for citizen input, appoints committees and establishes municipal policies.

Pursuant to City Charter, the City Manager is appointed by a majority vote of the Board of Commissioners. The City Manager is the chief administrative officer of the City and serves directly at the pleasure of the Board of Commissioners. The City Manager implements policies, directs and supervises the administration of all departments, programs, offices and agencies of the City.

### Statement of Our Philosophy:

The City of Madeira Beach is working at all levels to improve the quality of life within our community. Since the Budget is a policy document and serves as a statement of City policy in fiscal terms, it should be viewed as a reflection of the Board of Commissioners' service delivery priorities.

The priority philosophic positions upon which the Budget has been developed include:

- ✓ Quality of life is enhanced by improvements in services, facilities and infrastructure;
- ✓ Adequate staffing levels are necessary to ensure basic services are provided in a responsive and professional manner;
- ✓ Revenues are estimated realistically and conservatively to ensure adequate funding of basic services over time; and
- ✓ Expenditure priority will be given to the appropriate care of the City's existing facilities and infrastructure before considering new or additional facilities and services.

The major goals of the City administration are to:

- ✓ Maintain and enhance the quality of life;
- ✓ Respond to community needs expressed by the Board of Commissioners and the citizens;
- ✓ Seek excellence in service delivery and program improvements;
- ✓ Develop new and balanced revenues to adequately fund City services; and
- ✓ Recognize that our employees are the City's most valuable asset and strive to maintain their salaries and benefits at competitive, yet cost-effective levels.

The employees' overall mission is to provide the highest quality of service possible to all City residents and to all who interact with the City. In all activities, especially the Budget, City employees strive to achieve total customer understanding and satisfaction, maintain the highest standards of honesty, integrity and trust and thereby strive to earn the confidence and trust of the community. City employees share the fundamental belief that the quality of our performance as an organization is directly related to how well we inspire and support each other as colleagues and team members.

## **Budget Guide – Vision & Goals**

At the center of the Budget process is the essential requirement for sound fiscal management and operational decision-making in accordance with the goals and objectives established by the Board of Commissioners, the staff and the community. The establishment of the goals and objectives is dependent in large part upon strategic definition of the City's "Vision" and consistency over time in making decisions that continually support that vision. In 2001 the City of Madeira Beach initiated a Visioning Exercise that allowed the community to participate in a strategic process of identifying Madeira Beach's Strengths, Weaknesses, Opportunities and Threats (SWOT). From that process, the community reached a consensus on the most important issues facing the City of Madeira Beach. Building from the SWOT analysis, the City moved into a preparation of a Master Plan for Madeira Beach.

The City of Madeira Beach Master Plan is predicated upon the citizens' stated desire that:

*The City maintain, as much as possible, the much-heralded small town character of the current community, while at the same time, making positive proposals for moving forward into the 21<sup>st</sup> Century."*

The Master Plan serves as a guide to the City's legislative, policy and budgetary decisions and priorities. To promote that purpose, the City Commission adopted in October 2004 *A Recommended Work Program for the Master Plan* that better delineates the Master Plan priorities and the schedule by which the City will implement the various initiatives. The following geographic and topical priority categories are established therein:

- ✓ Gulf Boulevard
- ✓ John's Pass Village
- ✓ Tom Stuart Causeway/150<sup>th</sup> Avenue
- ✓ Madeira Way
- ✓ Civic Initiatives
- ✓ Legislative & Policy Initiatives

## **Budget Guide – Budget Process**

Under the provisions Article X, Section 10.4 of the City of Madeira Beach Charter, the Board of Commissioners "shall by ordinance adopt a Budget setting forth the amounts necessary to be raised for the various department of the City and fixing the amount of millage to raise such sum." Pursuant to Article X, Section 10.2 of the City of Madeira Beach Charter, 90 days before the beginning of the fiscal year (October 1<sup>st</sup>), the City Manager shall present a report covering the operation of the City with an estimate of the expenditures and revenues of the City for the next fiscal year. To accomplish this, the City Manager issues Budget instructions, conducts Budget preparation sessions, and communicates regularly with department staff.

This guidance provides the overall "rules of the game" within which the more detailed Budget instructions and coordinating efforts are developed. The following are key procedural steps in the City's Budget development process. Note that the process below

is indicative of our standard Budget calendar, which began in March of this year, but may be adjusted for future processes.

Calendar:

The Finance Director and City Manager maintain a calendar that provides a schedule for Budget preparation and adoption. In general, the calendar is primarily provided for the administrative purpose of establishing deadlines and guiding the Budget preparation process.

**City of Madeira Beach  
2009-10 Budget Calendar**

|                            |   |
|----------------------------|---|
| <b>March 26, 2009</b>      | Pre-budget meeting with Department Directors & Supervisors<br>Finance Director reviews <i>Budget Manual</i> and budget submission forms   |
| <b>April 7, 2009</b>       | Special Budget Workshop with residents  |
| <b>N/A</b>                 | <i>Staffing Request Forms</i> due to Finance Director   |
| <b>April 24, 2009</b>      | <i>Revenue Forecast Forms</i> for NEW revenues due to Finance Director  |
| <b>April 24, 2009</b>      | C.I.P. and Departmental operating and capital budget requests due to Finance Director (must use proper <i>justification forms</i> )   |
| <b>May 5, 2009</b>         | Board of Commissioners Workshop – Pre-budget items  |
| <b>June 1, 2009</b>        | Property Appraiser delivers Estimate of Taxable Value   |
| <b>June 1, 2009</b>        | Finance Director delivers draft budget to City Manager  |
| <b>June 15 - 17 2009</b>   | City Manager reviews budget requests with Department Directors  |
| <b>June 19, 2009</b>       | Finance Director completes budget changes<br>City Manager completes Budget Message  |
| <b>July 1, 2009</b>        | Property Appraiser delivers Certification of Taxable Value (DR-420)   |
| <b>July 1, 2009</b>        | Finance Director delivers Proposed Budget and C.I.P. to Commission<br>(Due July 1 per Charter, Sections 10.2 & 10.3)  |
| <b>July 9, 2009</b>        | Budget Workshop   |
| <b>July 14, 2009</b>       | BC Regular Meeting - Commission proposes a millage rate   |
| <b>August 4, 2009</b>      | Finance Director notifies Property Appraiser's Office of proposed millage rate and date/time/place of 1 <sup>st</sup> public hearing (Return completed DR-420)  |
| <b>Sept. 6, 2009</b>       | City Clerk publishes budget ordinance by title<br>(per Charter Section 7.3B – At least 14 days prior to adoption)   |
| <b>Sept. 9, 2009 (WED)</b> | First Public Hearing on Budget - Adopt tentative budget and millage rate<br>(Must be Sept. 3 – Sept. 18 per TRIM)   |
| <b>Sept. 16, 2009</b>      | City Clerk advertises intent to adopt a final budget and millage rate<br>(within 15 days after 1 <sup>st</sup> PH and 2-5 days before Final PH per TRIM; and within 10 days after 1 <sup>st</sup> reading per Charter Section 10.4) |

|                             |   |
|-----------------------------|---|
| <b>Sept. 21, 2009 (MON)</b> | Final Public Hearing on Budget - Adopt final budget & millage rate  |
| <b>Sept. 24, 2009</b>       | Finance Director forwards ordinance adopting final millage rate to Property Appraiser and Tax Collector (within 3 days of adoption)                                       |
| <b>October 7, 2009</b>      | Property Appraiser delivers Certification of Final Taxable Value (DR-422)   |
| <b>October 9, 2009</b>      | Finance Director returns completed DR-422 to Property Appraiser   |
| <b>October 21, 2009</b>     | Finance Director certifies compliance with TRIM to Dept. of Revenue (DR-487)<br>Must be postmarked not later than 30 days after adoption of final budget and millage rate |

### **Budget Adjustment & Amendment:**

In accordance with Section 10.5 of the City Charter and the City's operating procedures, the Board of Commissioners may by Resolution adjust or amend the Budget through supplemental appropriations, reduction of appropriations, and intra-fund transfer of appropriations. Adjustment of the Budget involves a reallocation of existing appropriations within each fund and does not change the Budget "bottom line." Amendment of the Budget involves an addition to or reduction of existing appropriations.

#### **A. Adjustment**

Under the first method, departmental expenditures and requirements are monitored throughout the year. Certain departments may develop the need for additional expenditure authority to cover unanticipated costs that cannot be absorbed within the Budget, while other departments will not require their full Budget authorizations. The Finance Department reviews and analyzes all departmental Budgets to determine what adjustments are necessary and whether the adjustments can be made within existing appropriation limits. These changes are then reviewed with the affected department. When an adjustment is needed, Finance will look first to savings or cost reductions within the department, followed by overall Budget reductions and finally transfers between departments, which require Board of Commissioners approval.

#### **B. Amendment**

Amending the City Budget occurs whenever the requested changes will cause the existing appropriation level for the program to change. This situation generally occurs when the Board of Commissioners authorizes additional appropriations. This is done by ordinance to amend the original Budget and states the sources of funding for the incremental appropriations.

### **Budget Guide - Financial Information**

#### **A. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The term measurement in this definition relates to the accounting of revenues and expenditures and how they are grouped for reporting in the City's financial statements.

The City of Madeira Beach financial reports are maintained on a modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

All governmental funds are accounted for using a current financial resources measurement focus. Only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

Encumbrances represent expenditure commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

## B. Basis of Budgeting

The basis of budgeting refers to the conversions for recognition of costs and revenue in budget development and in establishing and reporting appropriations that are the legal authority to spend or collect revenues. The City uses a modified accrual basis for budgeting governmental funds. All operating and capital expenditures and revenue are identified in the budgeting process because of the need for appropriation authority.

The budget is fully reconciled to the accounting system at the beginning of the fiscal year, and in preparing the CAFR at the end of the fiscal year. A number of GAAP adjustments are made to reflect balance sheet requirements and their effect on the budget. These include changes in designations and recognition, via studies and analysis, of accrued liabilities. Amounts needed for such long-term liabilities as future payoff of accumulated employee vacation is budgeted as they budgeted as projections and once recognized are adjusted for actual amounts.

## C. Internal Control Structure

The internal control structure is designed to provide reasonable, but not absolute, assurance that the government is protected from loss, theft, or misuse and to

ensure that adequate accounting data is compiled to allow for the preparation of the annual financial statements in conformity with generally accepted accounting principles.

It is the responsibility of the Finance Director and the City Manager to establish and maintain the internal control structure. This concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of cost and benefits require estimates and judgment by management.

#### D. Level of Budgetary Control

Legal budgetary control is maintained at the department level. Expenditures may not exceed Budget appropriations. Per the City's Charter, the City Manager is authorized to transfer budgeted amounts within departments of a fund; however, any revision that alters the total expenditures of any department or fund must be approved by the City Commission. The City of Madeira Beach adopts Budget amendments by ordinance in accordance with the City Charter.

## City Manager's Budget Message

Development of this year's Budget has been both challenging and rewarding. Property Reform legislation began impacting the City's Budget for fiscal year 2007-08 and continues today, compounded by the downturn in our economy. Our depressed economy has caused many of our residents to suffer a loss in income, under employment and unemployment have increased, and the assessed value of all properties in the City of Madeira Beach have decreased 16.2%; the largest decrease in values of any City, Town, or unincorporated area in Pinellas County. None-the-less, we have preserved your policy direction and have developed this Budget to support our continued mission to preserve and improve Madeira Beach's quality of life.

We are pleased to present to you a balanced budget maintaining the current millage rate of 1.7954. In doing so, it extends to our property owners the tax savings that were intended by the January 2007 passage of Amendment 1. However, addressing the \$300,000+/- loss of property tax revenues, brought on by the reduced property values, has presented the greatest challenge in the preparation of the General Fund budget for Fiscal Year 2009-10.

The General Fund, Special Projects Fund, and Enterprise Funds remain in stable condition for the coming fiscal year. Pursuant to Commission direction we have developed an administrative cost allocation formula to properly identify the General Fund activities associated with the other City funds. A Cost of Service & Business Plan for Sanitation Services was completed in 2006 and provides a basis for continuing this valuable City service with incremental rate adjustments. A Business Plan for the Municipal Marina was written and approved in 2006 to provide an analysis of rates and guide revenue enhancement; however, we will be updating the plan during fiscal year 2009-10. The City continues to rely upon the Stormwater Master Plan adopted in 2000 to identify priorities for drainage improvements to be scheduled as funding permits.

Each year, we seek ways to reduce personnel costs. General Fund staffing levels were reduced by two positions in FY 2007-08, and one full-time Parks employee was replaced by a seasonal position in FY 2008-09. The Budget for FY 2009-10 provides for a reduction of six positions in the General Fund as follows:

- Code Compliance Officer
- Building Maintenance Worker
- Two Firefighter positions
- Fire Inspector Coordinator
- Recreation Coordinator

Additionally, the Assistant to the City Manager has been re-assigned as an Administrative Assistant in the City Hall reception area to handle the business tax receipts function previously handled by the Fire Inspection Coordinator.

Consistent with the City's collective bargaining agreements, the City continues to fund 100% of employee benefits. As has been the practice since FY 2005-06, the Human Resource Manager continues to directly seek proposals for employee insurance benefits

as approved in the Pre-Budget Workshop in May. The Budget includes funding for health and dental insurance premiums for full-time employees, as well as the Employee Assistance Program, life insurance, and long-term disability. Health and dental plans for the coming year have been approved, and they reflect increases from the current year of 15% and 10% respectively. The new group health plan includes Employee Assistance Program coverage, which was procured separately in the past. Last year staff secured two year proposals for life insurance and long-term disability, so there will be no rate increase for these items in the coming year.

The International Association of Firefighters (IAFF) and the Communication Workers of America (CWA) have negotiated collective bargaining agreements with the City through September 30, 2010. Neither agreement has a provision for a cost of living increase or adjustments to the pay plan. Negotiations for the period beyond FY 2009-10 will commence several months in advance of October 1, 2010. Consistent with the approved contracts with the IAFF and CWA, neither a cost of living increase nor adjustments to the pay plan have been funded for non-union employees.

Contributions to employee retirement plans will not increase for the coming year. Employees hired prior to January 1, 1996 as well as all firefighters are included in the Florida Retirement System. For the fourth year in a row the City's contribution will be 9.85% for employees in the Regular Class, 20.92% for employees in the Special Risk Class, and 10.91% for employees in the DROP Plan. General employees hired after January 1, 1996 are included in a defined contribution plan with ICMA-RC. The City contributes 9% of covered payroll for these employees after one year of employment, and vesting occurs after five years of employment.

Following is a brief summary by fund of the total Budget:

|                          | <u>Balance</u><br><u>10/1/2009</u> | <u>Rev.</u>          | <u>Exp.</u>            | <u>Balance</u><br><u>9/30/2010</u> |
|--------------------------|------------------------------------|----------------------|------------------------|------------------------------------|
| General Fund             | \$ 9,905,255                       | \$ 5,243,295         | \$ (5,243,295)         | \$ 9,905,255                       |
| Special Projects Fund    | 1,509,359                          | 376,500              | (980,000)              | 905,859                            |
| Sanitation Fund          | 746,000                            | 1,203,500            | (937,910)              | 1,011,590                          |
| Stormwater Fund          | 721,313                            | 370,500              | (160,705)              | 931,108                            |
| Marina Fund              | 228,820                            | 1,879,510            | (2,084,455)            | 23,875                             |
| John's Pass Village Fund | 470,674                            | 441,615              | (378,305)              | 533,984                            |
| Parking Fund             | -                                  | 761,530              | (761,530)              | -                                  |
|                          | <u>\$ 13,581,421</u>               | <u>\$ 10,276,450</u> | <u>\$ (10,546,200)</u> | <u>\$ 13,311,671</u>               |

A. General Fund:

1. Revenues: Aside from property taxes, the City controls relatively few General Fund revenue sources. Franchise fees are established within long-term agreements. Utility service and communications taxes are limited by state statute and already levied at the maximum rates permitted. State-shared revenues are dependent upon population-based, per capita funding formulas. Fines and Forfeitures distributed to the City are determined as a percentage of the amounts collected. Local Business Taxes (formerly known as Occupational Licenses) were increased by the maximum 5% for FY

2007-08. Another increase would have been permitted on October 1, 2009; however, this Budget has no provision for any increases in the Local Business Taxes.

In addition to the reduction in property taxes, some of the other significant General Fund revenues are expected to decline in the current year. Our revenue projections for the Budget reflect reductions in Franchise Fees, Utility Service Taxes, State Shared Revenues, and Shared Revenue-Local from Pinellas County EMS. Further, revenue from Parking Fines has been removed from the General Fund and is now reflected in the Parking Meter Enterprise Fund. For the past few years, we have been working to achieve greater cost recovery through user fees for youth programs, summer camp and after-school programs, and we increased the rates in the FY 2005-06 and 2006-07 budgets to accomplish this goal. In the FY 2007-08 budget, we eliminated the before-school program. There were no rate increases approved for the recreation programs in the current year, as attendance had fallen somewhat and further increases would only have exacerbated the issue. The adult softball league has been heavily subsidized by the General Fund in prior years and has served primarily non-Madeira Beach residents. As such, the adult softball league program has been eliminated in this Budget. The current fiscal year includes an increase in the fee for Life Safety/Fire Inspections. None-the-less, the increase has not produced the anticipated revenues and the Budget reflects such.

2. Expenditures: Reductions in the recommended Budget bring the coming year's requests well below the rollback millage rate of 2.1561 mills.

Operational expenditures within the General Fund departmental budgets have decreased significantly over the current year. Overall, the General Fund expenditures are 13% **less** than the current year, which is 7% less than the previous year. We have reduced discretionary items by going through further "belt tightening" exercises. Increases have been budgeted in some nondiscretionary areas, such as group insurance, workers compensation, and utilities. We all know the dramatic fluctuations in fuel costs in the past year, and we have not been officially notified by Progress Energy or Pinellas County Utilities of any proposed increases in rates.

Initial projected short falls in our revenues prompted staff to seek alternatives for the delivery of essential services, including Fire Services. While we did receive two very good proposals, the Budget includes organizational changes and recommendations to our shift staffing that will afford us the opportunity to **keep** the Madeira Beach Fire Department as **the "Madeira Beach Fire Department"** staffed by the City of Madeira Beach firefighters and employees.

The Agreement for Law Enforcement Services from the Pinellas County Sheriff's Office reflects a 2.81% increase in cost for the coming year. Funding is available in the Budget to continue to secure the services of six deputies for round-the-clock coverage. The Community Policing Officer position was eliminated for the current year, which reduced the total contract cost significantly. We have not experienced any decline in service levels as a result of that reduction.

Provisions are made within the Budget for the continuation of replacement programs for computers and vehicles, as well as other capital outlay items as follows:

- Replacement of 3 air handlers at City Hall - \$10,000 (Non-Departmental)
- New Network and MUNIS server - \$4,500 (Non-Departmental)

- Beach cleaning tractor - \$45,000 (Public Works)
- Mobile Data Terminal - \$4,500 (Fire Department)
- 71 Passenger School Bus - \$88,100 (Recreation)
- Riding mower - \$7,800 (Parks Department)

While we have provided for continuation of replacement programs, phase two of the property tax reform requirements (i.e., Amendment 1) necessitated shifting renewal and replacement programs, such as curb and gutter replacements and street resurfacing, to the Special Projects Fund in the current year. This accounting change continues to provide annual savings to the General Fund, which is one of the reasons that we have been able to maintain the millage rate in the wake of declining taxable values.

Proceeds from the sale of the sewer system to Pinellas County on October 1, 2006 remain set aside in the General Fund and have not been used to balance the Budget for FY 2009-10.

Renovations to the building at Archibald Park to render the structure code compliant were completed in the current year. Funding for any additional work that may be required to prepare the building for its intended use, which has yet to be determined, will be addressed at such time as funding becomes necessary. Improvements to the Archibald Park site, excluding the building renovations, are included in the Special Projects Fund.

During budget discussions for the current year, the Commission expressed a desire for staff to evaluate the validity of the administrative cost allocation designed to reimburse the General Fund for expenditures associated with the assistance afforded the other City Funds. The new formula was presented at the April 7 budget workshop and has been implemented in this Budget.

B. Special Projects Fund:

1. Revenues: The Special Projects Fund is a Special Revenue Fund primarily funded by the Local Option Sales Tax (Penny for Pinellas). Fiscal Year 2009-10 will be the final year of the current ten-year levy. In March 2007, voters approved the Penny for Pinellas Sales Tax initiative for 10 additional years – through 2020. These special purpose revenues must be used for nonrecurring, capital improvements. The ability to fund projects through this source has and will continue to offer relief to the General Fund, which would have been the only available funding source for certain capital projects.

2. Expenditures: Funds are set aside again to accrue for seawall repairs and beautification over the next several years, as well as future street resurfacing and curb and gutter projects, which have been transferred from the General Fund as discussed above.

As further discussed above, site work at Archibald Park is also included in the Budget, to be completed in conjunction with the renovation of the building. This site work will include landscaping, irrigation, lighting, resealing and restriping of the parking lot, and reconfiguration of the ingress and egress for more efficient traffic flow. Staff is researching a FRDAP Grant to offset the costs of this project.

C. Enterprise Funds:

1. Sanitation Fund: The last rate increase for sanitation services was approved in September 2005 for FY 2005-06, when rates were increased 12% across the board. This Budget is predicated on the current rate structure. The Cost of Service & Business Plan which was completed in 2006 recommended that we consider an inflationary annual adjustment to the rate schedule. We have been fortunate to maintain our current rates while still maintaining fund equity at an acceptable level.

2. Stormwater Fund: The Stormwater Fund continues to represent a challenge in terms of generating sufficient revenues for operations and implementation of the Citywide Stormwater Master Plan. Four years ago, the Stormwater Utility Fee was increased from \$2 per Equivalent Dwelling Unit (EDU) to \$5 per EDU per month. That increase generated additional revenue that allowed us to recover from a previous fund deficit. There are no rate increases or capital projects planned for the Stormwater Fund in the Budget. Instead we propose to add to the reserve for future capital projects as established within the Citywide Stormwater Master Plan. Rather than attempting to fund the large-scale, multi-year projects as outlined in the Stormwater Master Plan of 2000, staff proposes to undertake manageable, one- or two-year projects that can be fully funded with resources accrued within the Stormwater Fund and provide a favorable stormwater management impact.

3. Marina Fund: For many years, the Madeira Beach Municipal Marina was operated by a lessee under a contractual agreement with the City. In December 2002, the City hired four employees and resumed the daily operations of the marina. Since that time, the marina has struggled to maintain a positive cash flow in the Marina Fund. It is safe to say that the marina generates sufficient revenues to cover the operating expenses. However, operating revenues have not, for the most part, been sufficient to fund the capital improvements that have been necessary to restore and upgrade the facility to the desired condition. Regular fee increases have been approved, both as a measure to ensure the solvency of the fund as well as to keep pace with market rates in the area as evidenced by periodic rate comparison surveys. Fund equity has stabilized and the marina is generating sufficient revenues to satisfy debt service associated with the construction of the new Ship Store. As such, the Budget provides for a loan from the General Fund for the construction of the Ship Store; the terms to be determined at a later date once we have received estimated construction costs from interested contractors.

The boat ramp has been completed and the installation of the new fuel tank and dispensing system is expected to be complete in early October. The Florida Department of Environmental Protection has mandated that all single-wall tanks be replaced by double-wall tanks by 2010; funding is included in the current year.

Beyond the projects discussed, the current economic conditions and the moratorium on new slips makes the outlook beyond 2010 too uncertain to make projections for our five year plan.

4. John's Pass Village Fund: Revenue is generated from the rental of the former Board of Realtors building (which is leased to Fantasy Planet Beach Company, a retail store, through September 2010). The revenue estimate for rental income from Fantasy Planet is consistent with the existing lease agreement. Parking meter rates were increased from fifty cents to \$1.00 per hour in June 2007 with the additional revenue

generated over the prior year's projection of \$225,000 dedicated to repayment of the Boardwalk Project loan. The loan was scheduled to be paid off in September 2010; however, parking meter revenues exceeded our expectation, and the loan was satisfied in the fiscal year ended September 2008. Beginning in FY 2009-10, parking meter revenues have been moved to the new Enterprise Fund. Finally, no new capital projects are funded in this Budget.

5. Parking Fund: In an effort to segregate the parking meter activities, we have created an Enterprise Fund for the revenues and expenses of the parking meters. Parking meter revenues, as well as the associated expenditures, that were previously recognized in the General Fund and the John's Pass Village Fund will be accounted for in this new fund. Revenues collected in excess of expenditures will be available for transfer to other funds as deemed appropriate by the Commission.

In summary, this Budget continues our trend of reducing staffing levels and discretionary expenses without sacrificing service levels. We have strived to ensure responsible maintenance and repair of existing facilities, streets and equipment replacements. Although we have been successful in implementing changes which have minimized the effect of property tax reform and decreased property values, we are concerned that conditions may eventually impact service levels that residents will realize. In the short-term, only those participating directly in programs will experience the impact of property tax reform. In the future, service and cost reductions for quality of life items will be experienced by all residents. The cumulative effect of the property tax reform legislation, together with the struggling economy, will be increasingly difficult to meet without sacrificing such discretionary expenses and additional reductions in employees.

We thank all the department heads and staff for their efforts in making voluntary cost reductions and suggesting alternatives for addressing our service delivery needs and expectations. We appreciate the guidance and input of the Mayor and Board of Commissioners in the budget process and your support for this Budget.

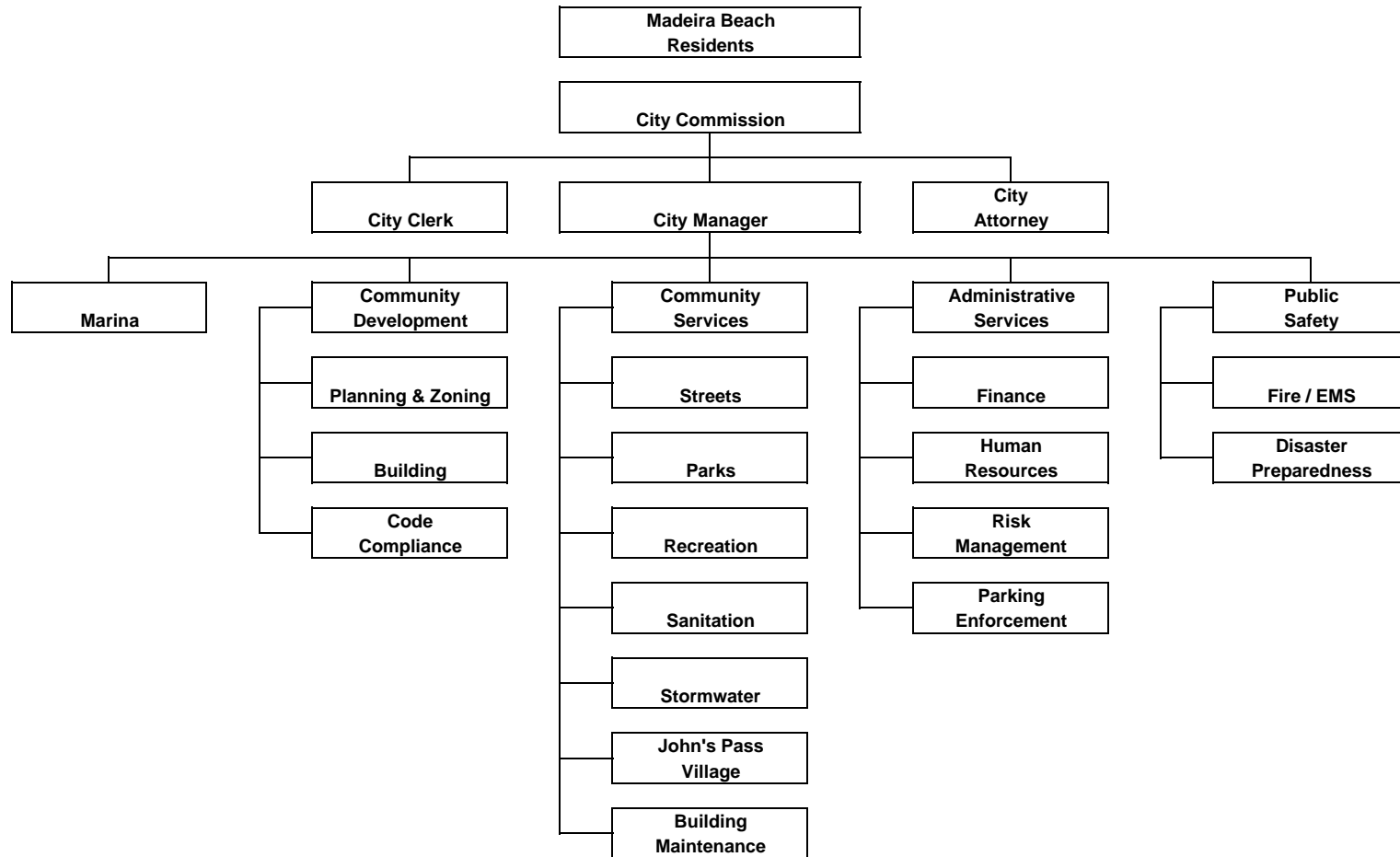
Respectfully Submitted,

*W.D. Higginbotham, Jr.*

W.D. Higginbotham, Jr.  
City Manager

**CITY OF MADEIRA BEACH  
FLORIDA**

**TABLE OF ORGANIZATION**



**THE CITY OF  
MADEIRA BEACH,  
FLORIDA**

**ELECTED OFFICIALS**

Patricia J. Shontz, Mayor

DISTRICT 1 – Terry Lister

DISTRICT 2 – Vacant

DISTRICT 3 – Nancy Oakley, Vice Mayor

DISTRICT 4 – Steve Kochick

**CITY MANAGER**

W.D. Higginbotham, Jr.

**CITY CLERK**

Denise M. Schlegel

**CITY ATTORNEY**

Michael A. Connolly

**STAFF**

COMMUNITY DEVELOPMENT DIRECTOR

Paula Cohen

COMMUNITY SERVICES DIRECTOR

Michael Maxemow

FINANCE DIRECTOR

Monica Mitchell

INTERIM FIRE CHIEF

William Thompson

MARINA DIRECTOR

David Marsicano

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