



2021 BUDGET

City of Jacksonville Beach

Financial Condition



Q: What is “Sound Financial Condition”

A: Fiscal sustainability over a long period of time

- Do NOT evaluate the budget on a year-to-year basis
- DO consider the impact of decisions on future years

Financial Condition



Long-term Financial Obligations:

- Pension costs
- Infrastructure replacement
- Debt / borrowing

Financial Condition



City Approach:

- Project 5 years for revenues and expenditures
- Identify potential financial issues in advance of occurring
- Propose adjustments in level of service (LOS) or revenues for solutions



Budget Assumptions (Financial)

- Council briefing of May 11, 2020:
 - Millage rate holds at 3.9947
 - No new debt incurred (General Obligation or Utility)
 - Utility rates are adjusted in accordance with adopted rate resolutions



Budgeting in Uncertain Times

Uncertainty, Risks, Budgets and COVID-19



The budget process began in February 2020. Since then:

- The COVID-19 pandemic began in March
- State and local government leaders issued shelter-in-place orders and business closures

Result: unknown level of economic uncertainty (extent and duration)

- Earlier versions of revenue forecasts no longer valid
- Thoughts of service level enhancements turned to maintaining current service levels

Uncertainty, Risks, Budgets and COVID-19



Revenue volatility:

- Sales and use taxes represent a significant portion of the State's revenues
 - Significant reduction in tax collections from March-June has negatively impacted municipal revenue sharing distributions
 - For the month of May, general revenues were down \$695.4 million state-wide across all industries (source: EDR May revenue report)

Uncertainty, Risks, Budgets and COVID-19



Managing expenses and considering risks – a tale of two budgets

- The proposed budget allows us to:
 - continue current service levels
 - adjust our response to the economic landscape as it continues to shift

Uncertainty, Risks, Budgets and COVID-19



Lessons from history:

Positives:

- City Leadership Team has experience (Great Recession)
- Crisis not financially caused

Negatives:

- Duration of event unknown
 - Resulting fiscal impacts
 - Resulting societal impacts (personnel, services, etc.)
- Control (declarations from the State and County)



Budget Highlights

Budget Highlights



- No change to the millage rate: \$3.9947
 - General Fund budgeted tax revenues increase due to Southend T.I.F. reduction, however, this was offset by an expected reduction in sales tax revenues due to COVID-19. Overall, General Fund revenues are down 1% from FY 20
 - 19.9% lower than the statewide average of \$4.9923
- Total All Funds Budget: \$164,394,450
 - Less than 0.5% higher than the current fiscal year
- General Fund Budget: \$23,792,976 (1% lower than current fiscal year)
- Utility debt will be paid off in October 2020
- Electric rates reduced by \$28 per 1,000 kilowatt hours since March 2010
- Garbage and Stormwater rates have not been raised in 25+ years *

Budget Concerns



- Rising Pension Costs
 - Update rate of return assumptions based on actuary recommendations
 - Annual cost (FY2021) greater than pre-pension reform (FY2014)
- Competitive Wages
 - FOP collective bargaining begins August 2020
 - Managing cost increases for non-represented and LIUNA employees as a result of new Pay Plan approved by Council in December 2019

Other Areas of Concern



- Sunsetting of Infrastructure Surtax (Better Jax Beach) in 2030
- Negative impacts of future State Legislative actions
- Unfunded mandates (state and federal)
- Changing regulatory framework for utilities
- Deferred maintenance on City assets (utilities/facilities)

City Actions



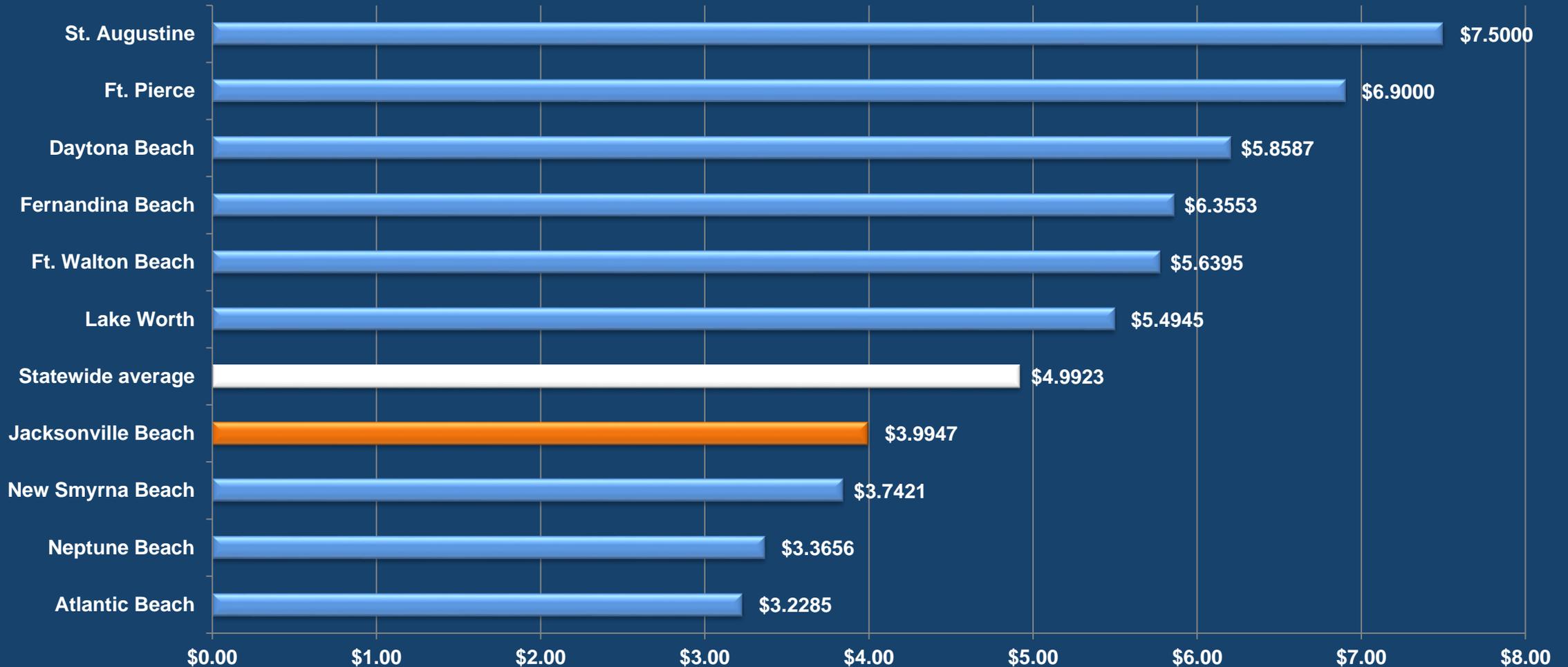
- In process:
 - Reduce Tax Increment Financing (TIF) collection for Southend Community Redevelopment District
- Ongoing:
 - Prioritize and focus on maintaining / maximizing existing assets



General Fund

City's primary operating fund

2020 Millage Rate Comparison



Where Your Property Tax Dollars Go

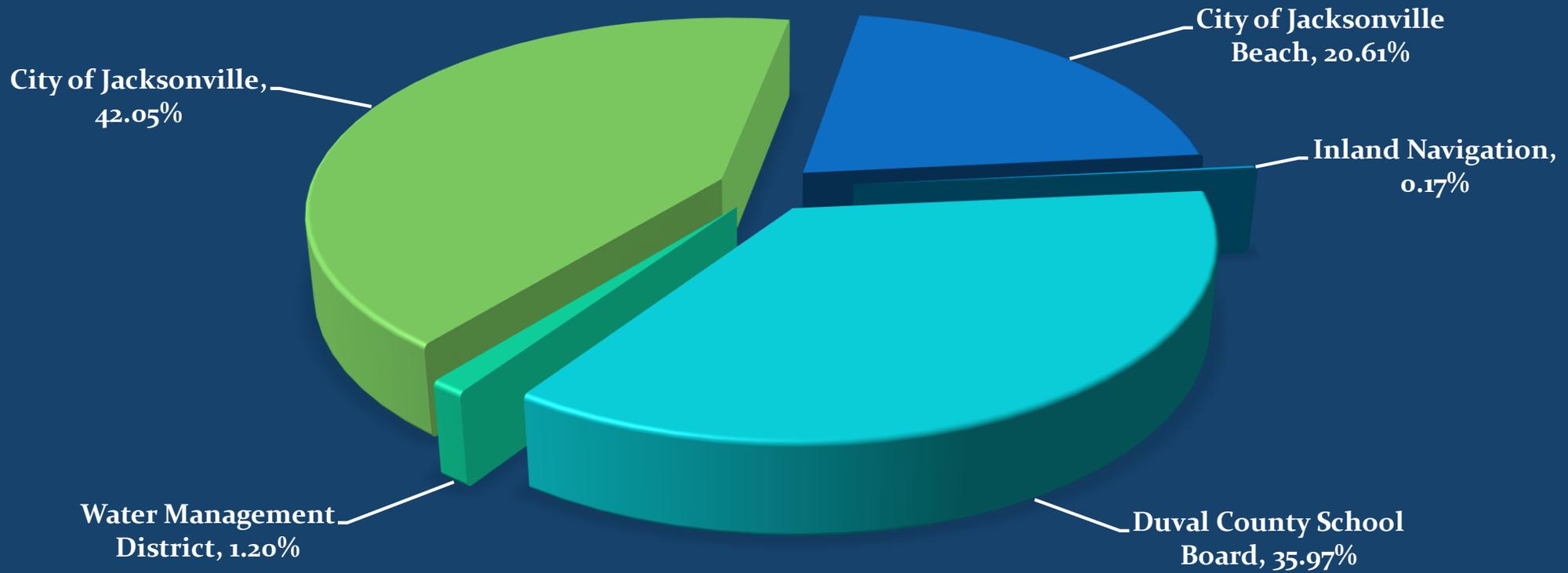


**Based on a median home assessed value of \$236,748*

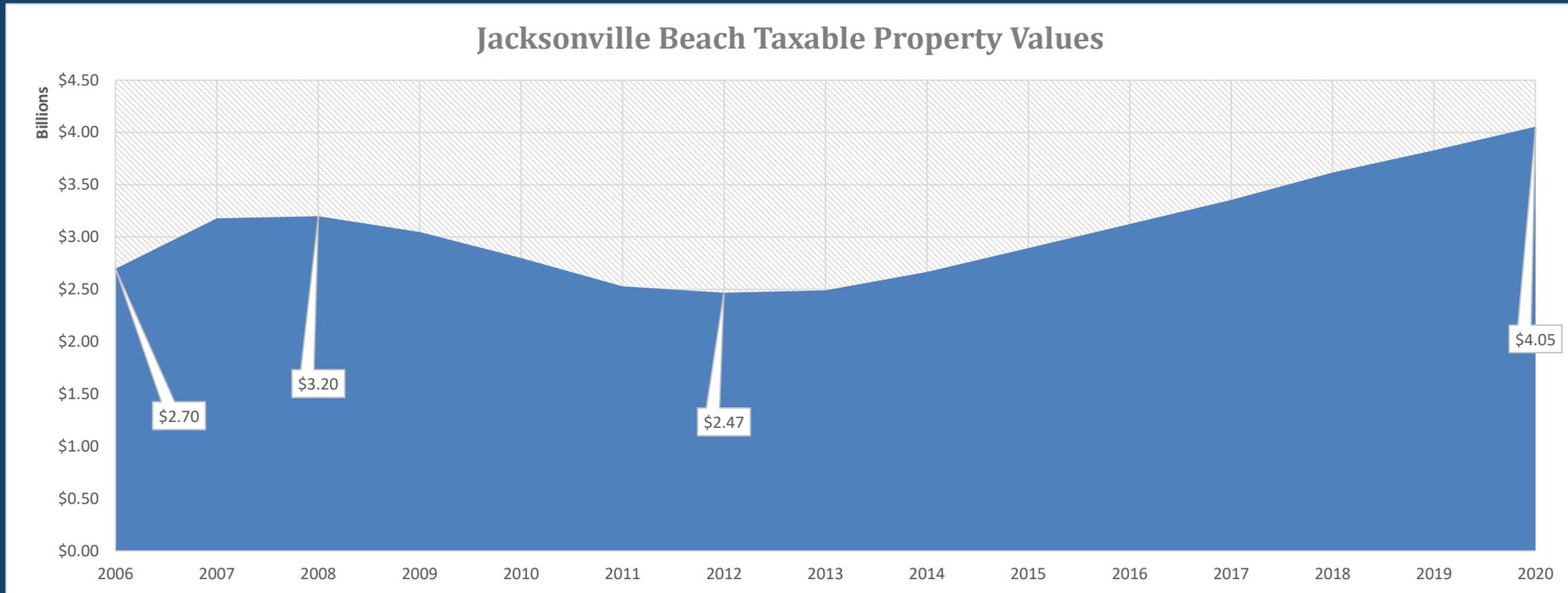
Where Your Property Tax Dollars Go Property Taxes on a Home with Homestead Exemption* (\$50,000; \$25,000 for school districts)

FY2020 Millage Rate			Proposed FY 2021 Millage Rate	
Millage Rate	Property Tax		Millage Rate	Property Tax
\$3.9947	\$746	City of Jacksonville Beach	\$3.9947	\$746
0.0320	\$6	Inland Navigation	0.0320	\$6
6.1500	\$1,302	Duval County School Board	6.1500	\$1,302
0.2414	\$45	Water Management District	0.2335	\$44
8.1512	\$1,522	City of Jacksonville	8.1512	\$1,522
\$18.5693	\$3,622	TOTAL	\$18.5614	\$3,620

Where Your Property Tax Dollars Go

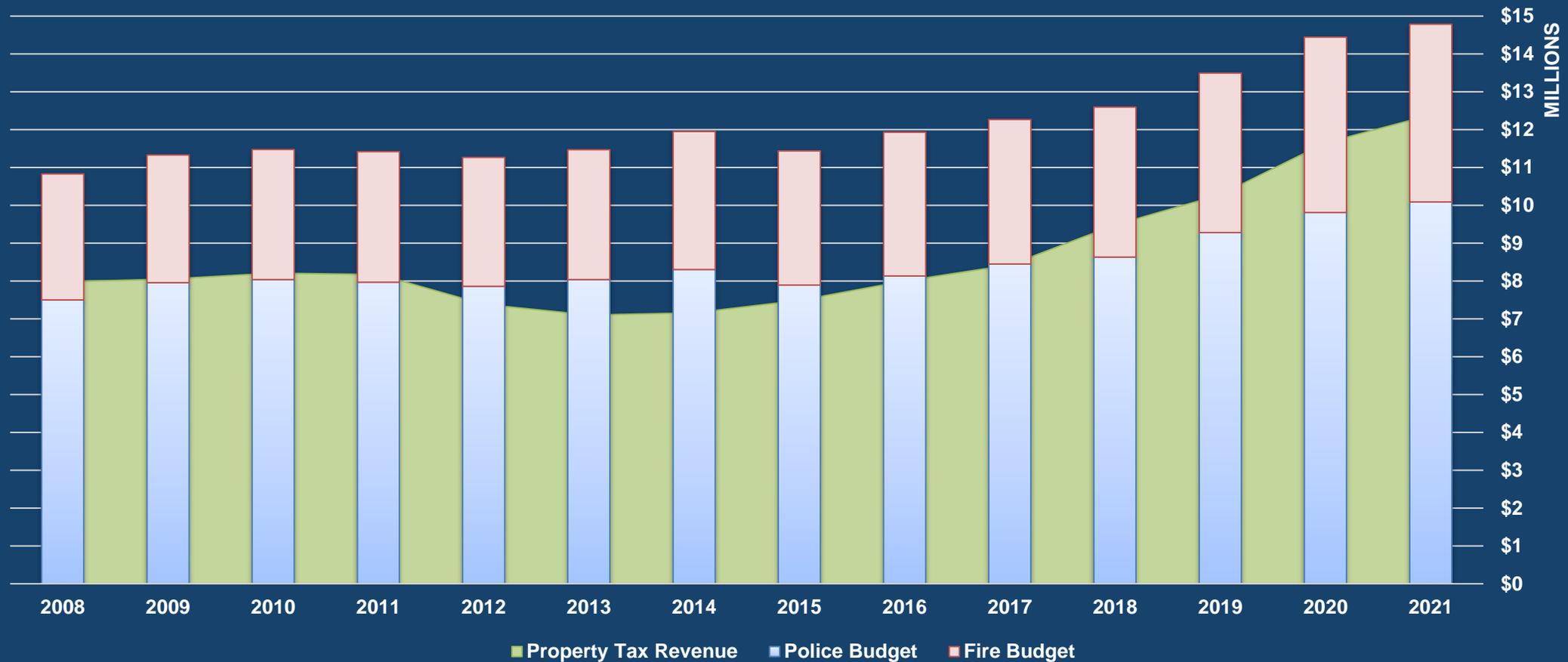


Jacksonville Beach Taxable Property Values

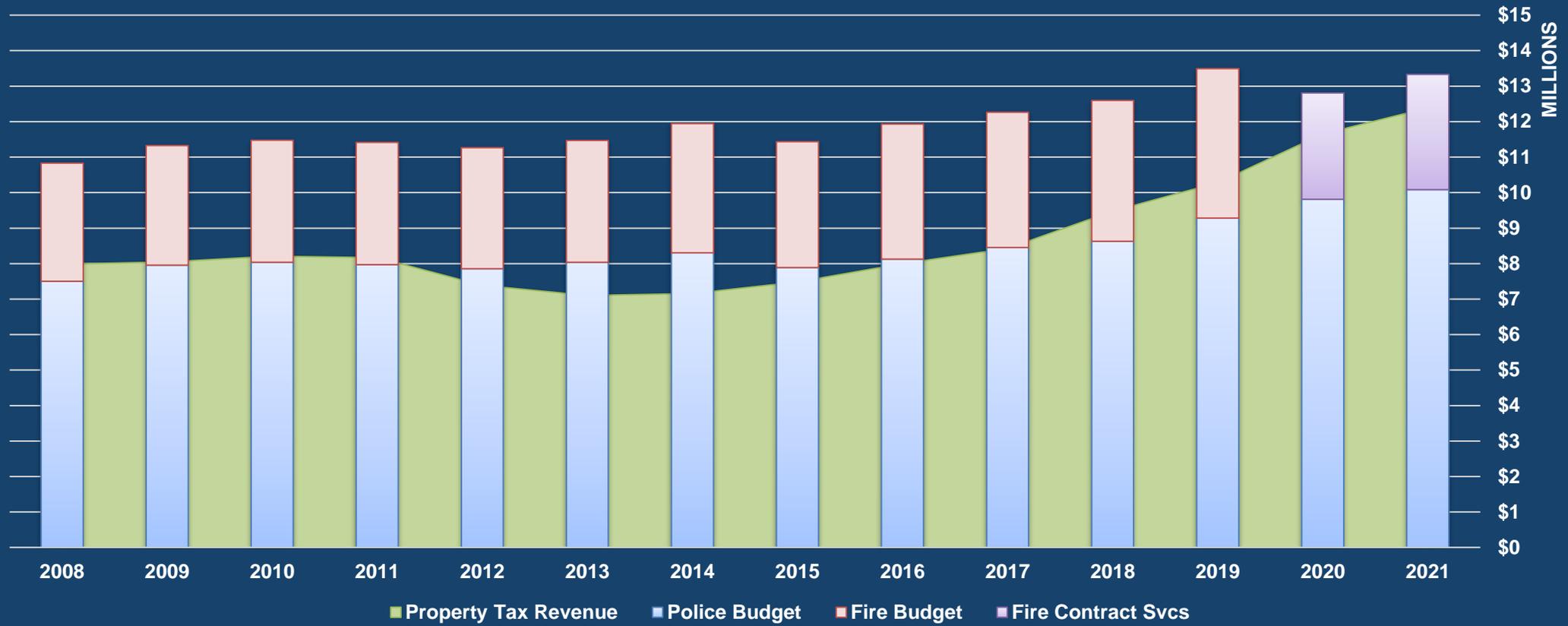


It took almost a decade for property values to recover, and exceed, their pre-recession peak of \$3.2 Billion in 2008

General Fund : Budgeted Public Safety Expenses Compared to Property Tax Revenue (If Fire Services Remained In-house)



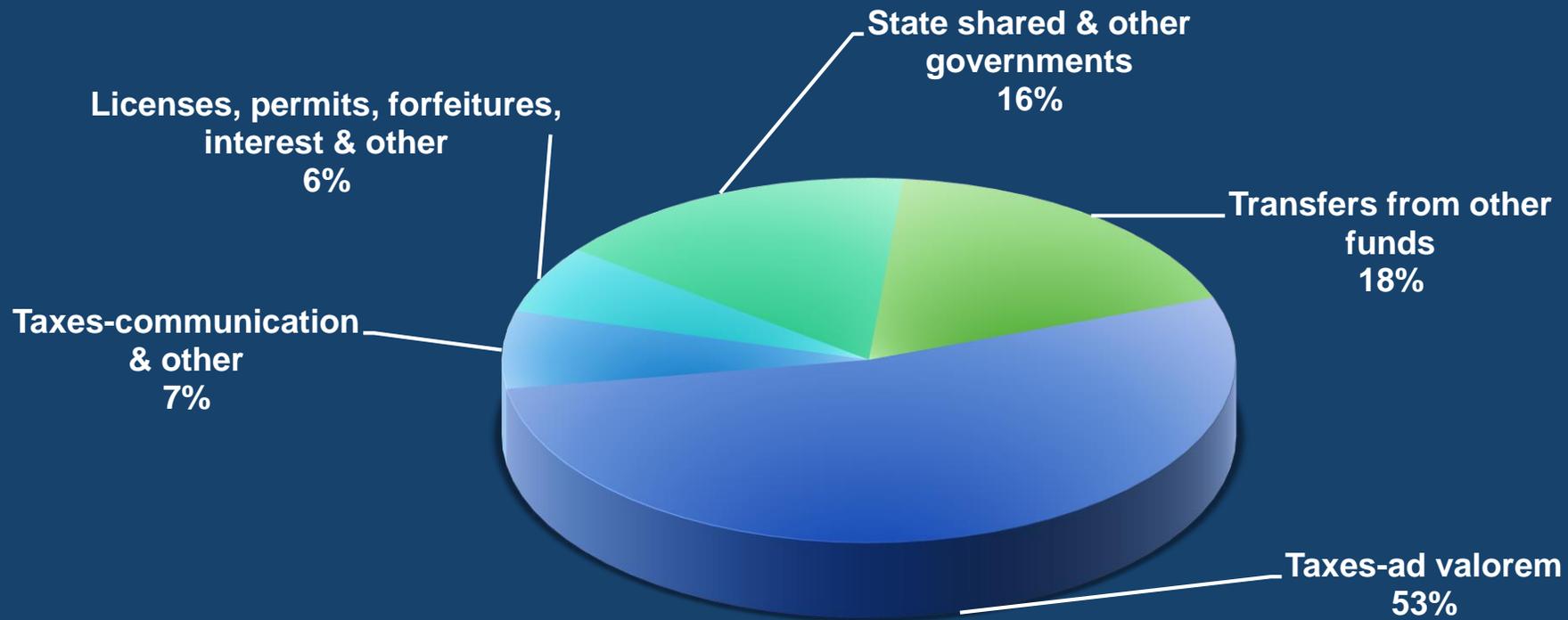
General Fund : Budgeted Public Safety Expenses Compared to Property Tax Revenue (Fire Services Contracted Out)



General Fund



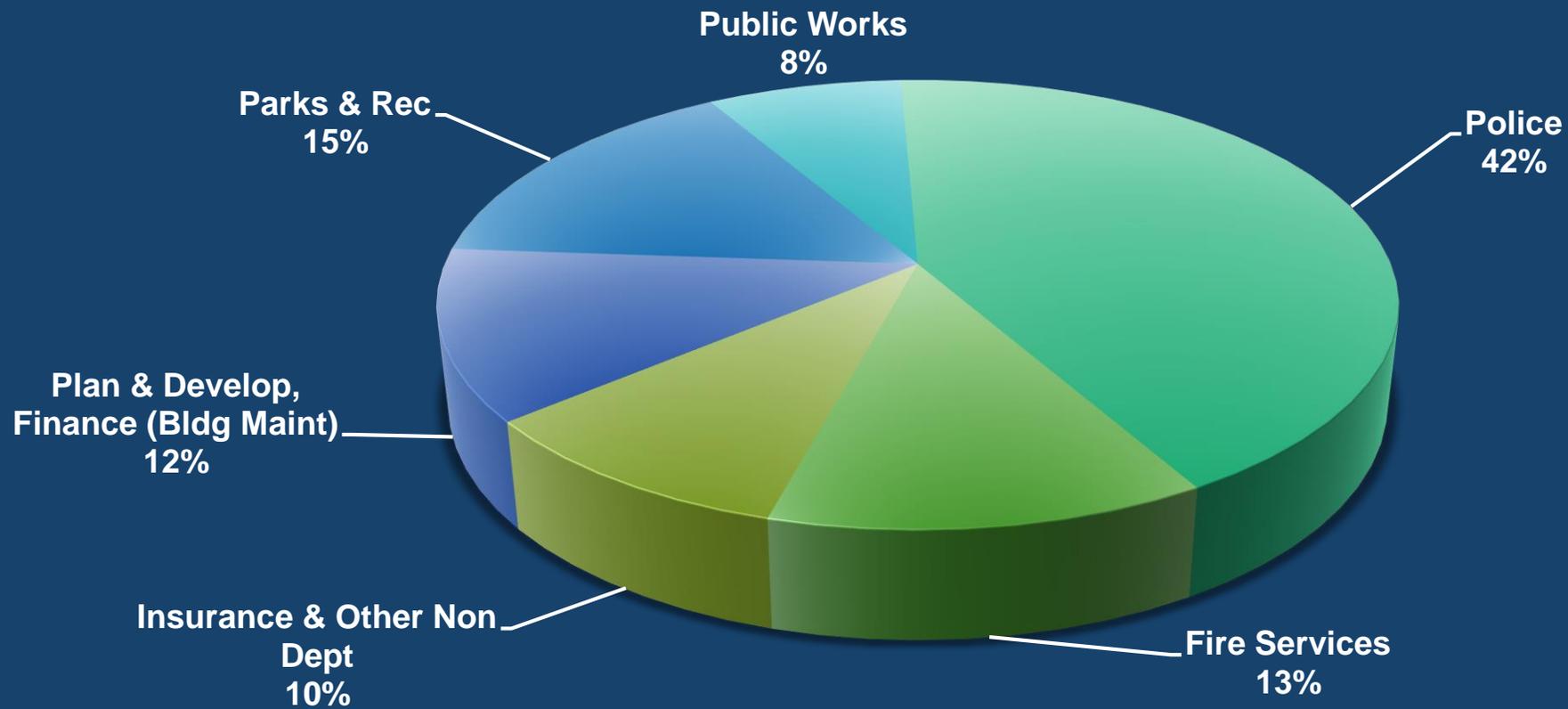
Where the money comes from:



General Fund



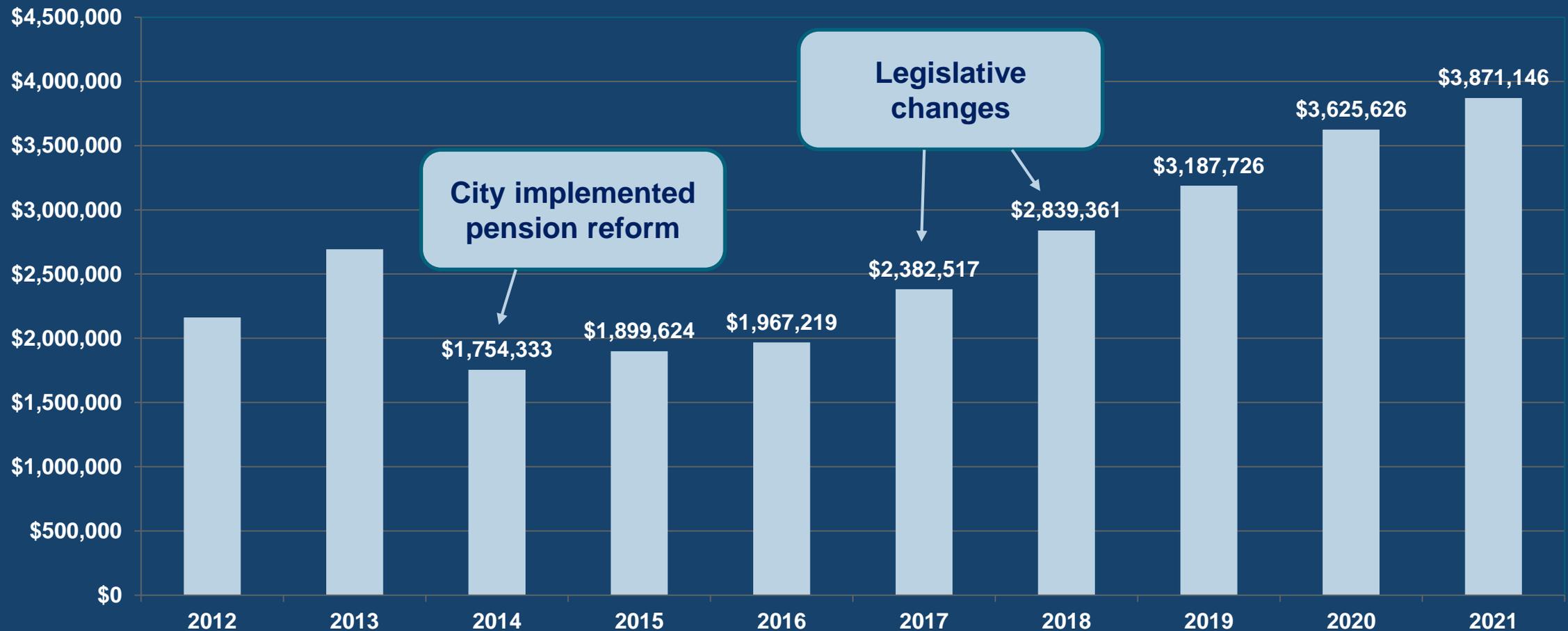
Where the money goes



City Pension Contributions



10 year history





Utilities

Out of sight, out of mind

Utilities



Fund	Total Budget	% Change
Electric	\$87,199,386	-0.8%
Natural Gas	\$1,901,614	-6.2%
Water & Sewer	\$12,081,994	-8.9%
Stormwater	\$1,682,066	-26.5%
Sanitation	\$3,947,103	-5.2%
Golf Course	\$2,169,666	8.0%
Lease Facilities	\$825,720	3.3%
Total	\$109,807,549	

Enterprise funds expenses

Intended to be self supporting and paid for by those that use the service

Utilities - Areas of Concern



- Cost of increasing Federal and State regulations for Water, Sewer and Stormwater
- Infrastructure maintenance and replacement: Roads, Water & Sewer, Stormwater/Drainage
- Electric issues: North American Electric Reliability Corporation (NERC) requirements, renewable energy requirements, Constitutional amendments
- Technology will change the way energy is delivered and stored in the United States

Electric



- 35,064 customers
- 684 miles underground distribution
- 131 miles overhead distribution
- 47 miles transmission lines
- 5,638 street lights
- 5,423 transformers
- 6 electric substations
- 12,143 secondary connections boxes

Natural Gas



- 307 customers
- 2,185,590 therms sold in 2019 (calendar year)

Note: one (1) therm = 100,000 British Thermal Units (BTU)

Water and Sewer



- 11,254 water service customers
- 110 miles of water mains
- 85 miles of sewer mains
- 1,990 sewer manholes
- 936 fire hydrants
- 2,736 water valves
- 38 sewage pump stations
- 2.5 million gallons of water produced per day

Roads, Sidewalks and Stormwater



- 89 road miles
- 34 miles of sidewalk
- 1,456 stormwater catch basins
- 558 storm manholes
- 1,683 curb inlets
- 72 miles of stormwater gravity/force mains
- 2 miles of drainage channels



Utilities Summary

- Long-term strategy for Utilities to become proactive with asset management / operation and maintenance
 - Pavement Condition Index FY 2019 & 2020
 - BES strategic plan FY 2020 & 2021
 - Wastewater assessment FY 2020
 - Water and stormwater assessments FY 2021

Questions?



Thanks for attending!