



August 23, 2024

Honorable Mayor and City Commissioners:

It's my pleasure to present the Fiscal Year 2024-2025 Proposed Budget and Capital Improvement Plan for Fiscal Years 2024-2025 to 2029-2030. Over the course of the last two years as your City Manager, our team has evaluated the greatest needs within our community, and we have established several key priorities including:

- Maintaining and enhancing our infrastructure and facilities
- Creating cleaner, safer neighborhoods
- Becoming an employer of choice
- Maximizing the use of technology
- Collaborating with key partners to spur a sense of vitality in our community
- Investing in community not for profits to improve the human social condition for all citizens

These priorities are imperative if we are to create a sustainable financial model to meet the needs of our growing community. It is particularly critical considering the previous strategy that was in place for more than a decade was to save money over proactively investing in needed improvements which has left the city in serious need of infrastructure repair. Our team recognizes that it will take innovation and ingenuity unlike often seen in government to effectively deal with these challenges.

The proposed budget works to achieve structural balance between existing revenues and expenditures and includes the following:

- A proposed millage rate of 6.1080, which is the same as the current year
- 17.79% increase in Ad Valorem taxes based on increases in property values and new growth added to the tax rolls
- Updated Fire Assessment and Stormwater Assessment
- Incorporation of updated impact fees for municipal impact fees, water and wastewater development fees, and transportation impact fees
- Inclusion of updated enterprise fund rates for stormwater, solid waste, water and wastewater
- Continuation of the Capital Improvement Plan spend down of \$15.5 Million of unrestricted cash reserves for the Pool and Aquatics Program, Co-located Fire Substation, Public Works Facilities and \$3.3 Million in Parks Facility Improvements
- Non-profit organization and Community Partner funding as directed by the City Commission of \$309,100
- Inclusion of a 2.5% step increase in wages for city employees
- Incorporation of a \$3,000 per year health care stipend for all full time employees to offset medical expenses in 5 categories including dependent coverage
- Continued key technology and innovation efforts to help invest in organizational effectiveness for the future



- City Manager priorities to address employee training, organizational development and recognition programs
- 16 new positions as described in the Personnel section of this letter including:
 - 6 General Fund Employees
 - 5 Electric Utility Employees
 - 3 Fire Service Employees
 - 1 Stormwater Employee
 - 1 Position split among multiple funds (Water and Wastewater)

The Proposed Budget continues the planned spend down strategy to utilize General Fund cash reserves to address the most critical capital projects for the city. City staff are actively pursuing alternative funding sources to help offset some of these costs, to include grants and State appropriations.

It is important to remember that growth requires upfront investment in such things as public safety, utility capacity, quality of life amenities and transportation projects to meet expectations of new residents. By being intentional about the path forward and the decisions we make we can deliberately carry out a plan that puts the city on firmer footing over the course of the next five years. Our primary goal over that time is to build a bridge to recurring revenues from future growth and redevelopment that will sustain the city into the future.

It is also important to note that staff has completed impact fee and rate studies in FY 2023-2024 which will be adopted and implemented within this budget. This supports service delivery in our enterprise and special revenue funds on an ongoing basis as well as provides funding for infrastructure expansion.





Proposed Budget Overview

The overall budget in the Fiscal Year 2024-2025 Proposed Budget is \$105,126,397 for all expenditures excluding transfers and reflects the operating and capital budgets combined. The Proposed Budget represents the financial plan prior to the inclusion of direction by City Commission which will occur during the August Budget Workshop. This plan works to balance anticipated revenues and expenditures while maintaining existing service levels.

The major revenues identified within the budget include:

Revenue	FY2023-2024 Adopted Budget	FY2024-2025 Proposed Budget	Difference
General Fund			
Ad Valorem Taxes	\$6,732,319	\$7,835,484	\$1,103,165
Utility Service Tax	\$2,133,513	\$2,138,979	\$5,466
Sales, Use and Fuel Taxes	\$1,512,148	\$1,514,546	\$2,398
Communications Services Tax	\$595,634	\$636,297	\$40,663
Local Business Tax	\$21,614	\$23,773	\$2,159
Charges for Service	\$1,422,755	\$1,677,440	\$254,685
Intergovernmental	\$5,057,479	\$2,089,381	(\$2,968,098)
Licenses and Permits	\$467,833	\$775,836	\$308,003
Fines and Forfeitures	\$104,730	\$612,698	\$507,968
Franchise Fees	\$177,578	\$239,205	\$61,627
Impact Fees	\$399,000	\$698,010	\$299,010
Interfund Transfer ¹	\$252,321	\$193,415	(\$58,906)
Contrib. from Enterprise ²	\$9,916,751	\$9,916,751	\$0
Miscellaneous Revenue	\$274,500	\$615,611	\$341,111
TOTAL GENERAL FUND SOURCES	\$29,068,175	\$28,967,426	(\$100,749)
Transportation Fund	\$2,628,713	\$2,995,832	\$367,119
Fire Services Fund	\$5,027,358	\$5,128,169	\$100,811
CRA Fund	\$2,379,430	\$2,600,103 ³	\$220,673
Electric Department	\$38,100,294	\$38,752,486	\$652,192
Solid Waste	\$4,051,029	\$5,415,536	\$1,364,507
Water	\$6,423,461	\$14,129,857	\$7,706,396
Wastewater	\$7,596,717	\$14,021,169	\$6,424,452
IT – Fiber Optic	\$111,234	\$136,643	\$25,409
Stormwater Utility	\$611,868	\$3,411,891	\$2,800,023

1. Internal service revenues
2. Transfer from Electric and Water Funds
3. Pending approval by the CRA Board



Below are our expenditures by department:

Department	FY2023-2024 Adopted Budget	FY2024-2025 Proposed Budget	Difference
Commission	\$3,932,894	\$4,317,793	\$384,899
City Manager	\$806,907	\$603,162	(\$203,745)
City Clerk	\$361,675	\$210,745	(\$150,930)
Finance	\$579,202	\$531,511	(\$47,691)
Human Resources (Personnel)	\$410,146	\$369,139	(\$41,007)
Purchasing	\$132,289	\$221,905	\$89,616
Customer Service	\$1,795,059	\$2,196,426	\$401,367
IT Systems	\$1,664,447	\$1,922,568	\$258,121
Planning	\$248,438	\$216,975	(\$31,463)
Fleet Management	\$2,152,254	\$2,274,532	\$122,278
Police	\$8,958,442	\$9,407,442	\$449,000
Code Enforcement	\$384,281	\$487,932	\$103,651
Building	\$347,033	\$601,802	\$254,769
TCS Water	\$2,234,247	\$2,740,535	\$506,288
TCS Wastewater	\$4,168,804	\$5,938,499	\$1,769,695
Public Works	\$1,318,139	\$2,285,506	\$967,367
Community Development	\$254,487	\$363,044	\$108,557
Library	\$826,391	\$842,240	\$15,849
Library – COOP	\$577,806	\$492,604	(\$85,202)
Library – COOP State Aid	\$659,831	\$698,796	\$38,965
Parks and Recreation	\$14,023,459	\$5,188,869	(\$8,834,590)
Parks and Recreation – Golf Course	\$1,618,287	\$1,623,955	\$5,668
Parks and Recreation – GC Restaurant	\$790,789	\$872,044	\$81,255
Fire	\$5,677,358	\$4,663,652	(\$1,013,706)
CRA	\$4,489,438	\$4,047,331	(\$442,107)
Electric	\$46,282,987	\$47,520,158	\$1,237,171
Solid Waste	\$5,714,341	\$6,265,775	\$551,434
Water	\$14,501,828	\$16,805,352	\$2,303,524
Wastewater	\$15,854,909	\$18,308,983	\$2,454,074



Below are the FY 2024-2025 expenditures by fund:

Fund	FY2023-2024 Adopted Budget	FY2024-2025 Proposed Budget	Difference
General Fund	\$31,752,093	\$29,326,342	(\$2,425,751)
Special Revenue Funds			
Transportation	\$2,703,821	\$2,593,157	(\$110,664)
Fire Services	\$5,677,358	\$4,663,652	(\$1,013,706)
CRA	TBD	TBD	
Enterprise Funds			
Electric	\$46,282,987	\$47,520,158	\$1,237,171
Solid Waste	\$5,714,341	\$6,265,775	\$551,434
Water	\$14,501,828	\$16,805,352	\$2,303,524
Wastewater	\$15,854,909	\$18,308,983	\$2,454,074
Fiber Optic	\$483,279	\$653,734	\$170,455
Stormwater	\$961,164	\$3,921,127	\$2,959,963





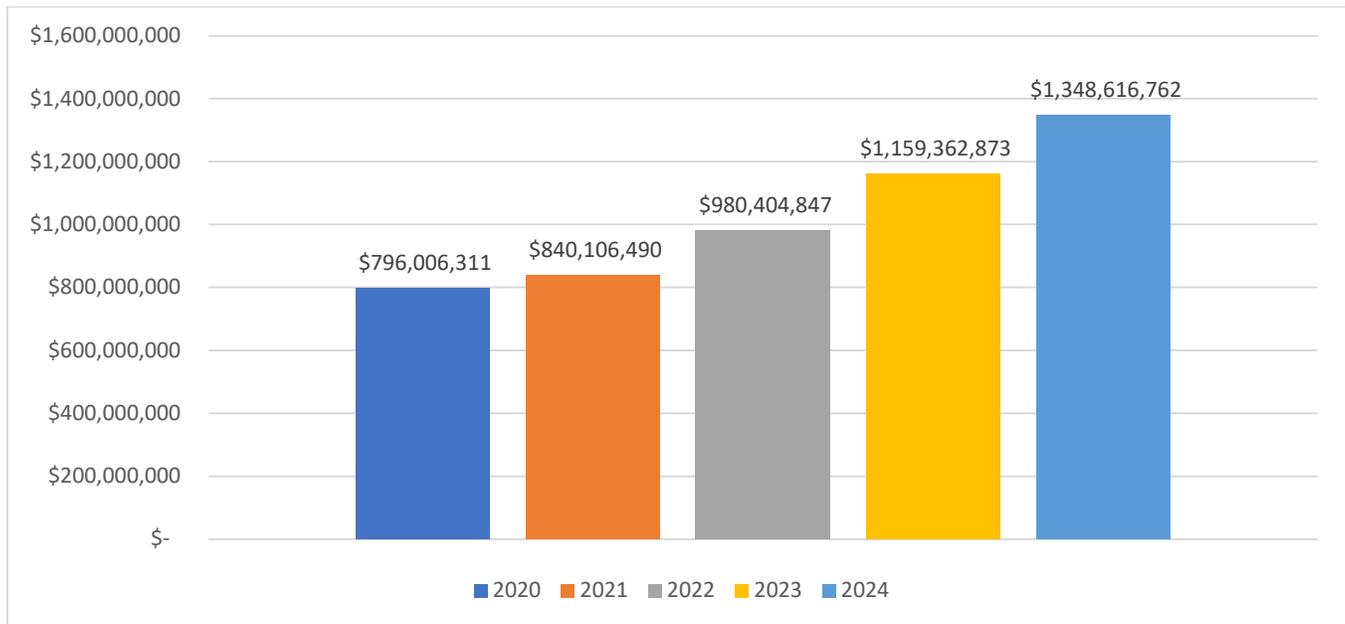
General Fund Highlights

The General Fund is the largest fund within the city's budget with the exception of the Electric Fund. The General Fund provides dollars for key activities including, public safety, code enforcement, parks and recreation, libraries, and other general governmental operations.

The General Fund uses a variety of revenue sources. The largest direct General Fund source of revenue is property taxes at 27.1% which are assessed based on the taxable value of property in the city. Citywide taxable value has increased steadily over the last five years with a 17.79% projected for 2025. This represents a combination of property values and increases to the overall number of properties on the tax roll due to growth.



Taxable Value History



General fund revenue from property taxes for FY2024-2025 is budgeted at \$7,835,484 at a millage rate of 6.1080 mils. This includes the share of the Community Redevelopment Area Special Revenue Fund which is \$1,242,022. The millage rate has remained consistent from last year's value. Taxable value in the City increased by \$197,215,567, with \$77,853,016, or 39.5%, coming from new construction and the balance from increases in property values.



Investing in Our City Workforce

At the time this letter was written, the city is operating at a 15.9% vacancy rate. This coupled with key functions being absent from the overall FTE count, make it challenging to deliver services with a staff that is oftentimes stretched thin. To begin to combat that, the total FTE count incorporated in the FY2024-2025 Proposed Budget is 329 which is a 5.1% increase over FY 2023-2024.

The Proposed Budget incorporates the following positions:

Position	Department	Funding Source(s)	Benefit to Public
HR Coordinator	Personnel	General Fund	Helps ensure the highest quality candidates are hired for the City.
Red Light Camera Review Officer	Police	General Fund	Will oversee the red light camera program helping provide public safety.
Administrative Assistant	Code Enforcement	General Fund	This position is the upgrade of a part-time position to a full-time position. This will allow for the department to run more efficiently.
Permit Specialist	Building	General Fund	With the increasing building activity, will help the industry get permits issued timely.
Maintenance Specialist II	Parks & Recreation	General Fund	Will help ensure proper upkeep of the City's parks especially the 555 Bartow Park Sports Complex.
Maintenance Worker II	Parks & Recreation	General Fund	Will help ensure proper upkeep of the City's parks especially the 555 Bartow Park Sports Complex.
Utilities Inspector	TCS Water/Waste Water	Water/Waste Water	Will ensure the City Utilities are properly constructed at new development projects.
Firefighter (3)	Fire	Fire	Provide fire and EMS services to the community.
Meter Apprentice I	Electric	Electric	Allows for the training for the next generation of electric employees.
Engineer	Electric	Electric	Will help engineer the Electric system and future projects.
Substation Apprentice Worker I	Electric	Electric	Allows for the training for the next generation of electric employees.
Electrician	Electric	Electric	Will help eliminate the need to outsource repairs to electrical needs within the City.
Electrician Helper	Electric	Electric	Will help the new electrician and be able to be trained as the next electrician.
Utility Maintenance Worker	Storm Water	Storm Water	Will help maintain the City's storm water system and reduce flooding problems.



Capital Improvement Plan

The Proposed Budget includes \$40,794,356 within the Capital Improvement Plan for the FY 2024-2025 across all funds. Projects within the plan have been vetted and approved for inclusion and it is our intention to implement this plan.

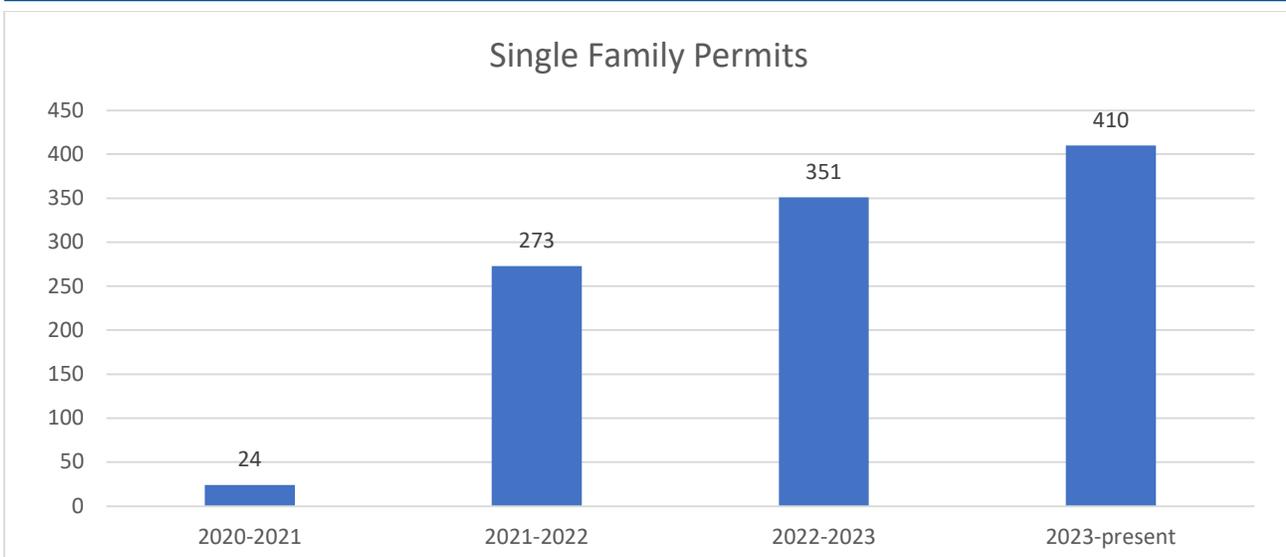
Key priorities within the Capital Improvement Plan include:

- Development and implementation of a replacement schedule of fleet vehicles to include 31 vehicle replacements
- 31 vehicle and equipment replacements
- \$1 Million for continued Road Resurfacing projects
- \$8.6 Million for various Electric Utility expansions
- Planned spend down strategy to utilize General Fund cash reserves to address the most critical capital projects:
 - Address infrastructure that is failing or poses a safety risk at our Parks and Recreation facilities | \$3.3 Million
 - Construction of a municipal pool and aquatics program | \$3.2 Million
 - Public Works Facilities Renovation | \$2.5 Million
 - Addition of a joint Fire Services substation with Polk County in North Bartow to improve fire response times across the city | \$6.2 Million

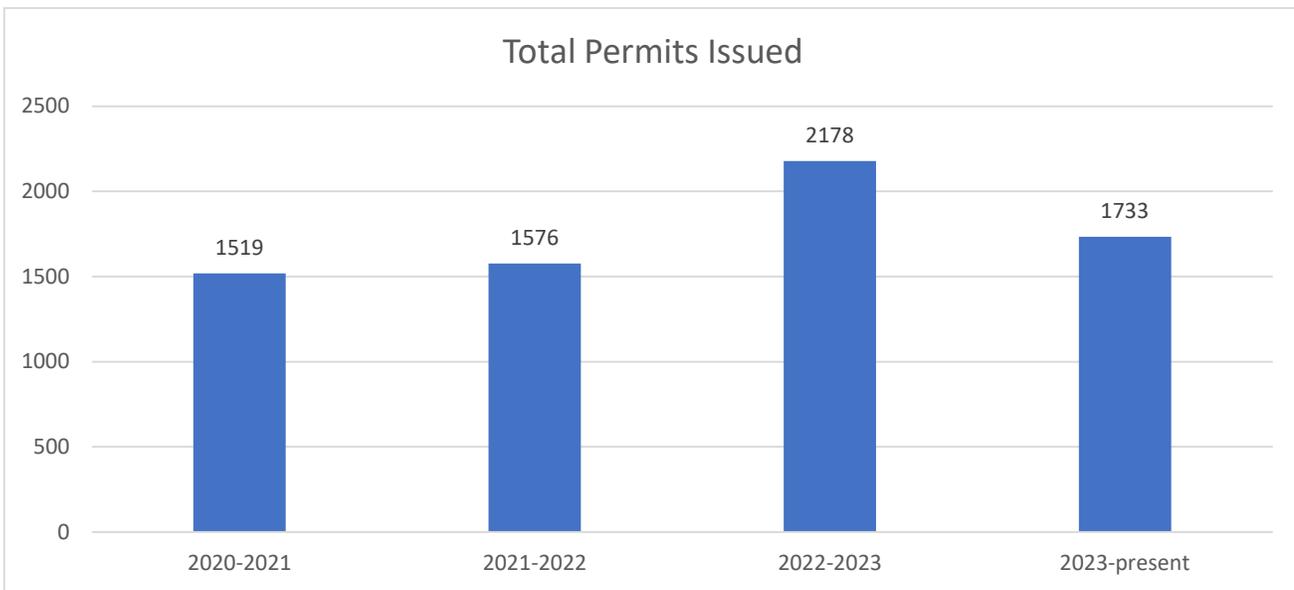


Local Economy

In the City of Bartow, the local economy was slow to rebound after the 2008 recession. Now in 2024, the economy has increased pace and the city is seeing a rapid increase in the number of new home starts in the community. As of August 1, 2024 more than 410 new homes will be added to the community in FY2023-2024 which will be a historical record. With that said there is a lag in property tax revenue from the completion of a new home until it is included within the tax rolls. Overall, we anticipate 436 new homes to be built in 2024 which is a 27.3% increase over 2023.



While new home permits are increasing significantly, permitting in general slowed in 2024 with 2,434 total permits issued thus far in FY2023-2024. This is a decrease over last year of 19.9% with a total of 2,753 projected through the end of the fiscal year which remains a healthy level of permitting activity. Overall permitting increases are a demonstration of disposable income being spent on such things as pools, additions and remodels. These are good signs for the local economy suggesting that residents are willing and able to invest in our housing stock.



We are also seeing a great deal of commercial activity within our community, particularly in relation to new restaurant activity. It is estimated that more than 50,000 cars travel through our most common thoroughfares each business day. It is important to work to capture dollars of our travelers during their trips so we can collect sales tax and impact the overall local economy.

Our downtown events bring a high number of visitors to our community. Popular event activity include local parades on Halloween, the Christmas holiday, FridayFest events and the newly instituted Farmers Market.



Challenges and Opportunities

The City has taken the opportunity to make significant progress on our communication strategies both internally and externally. From an internal perspective, we launched our first ever Intranet that is a internal website for sharing messages and content across the entire organization. This has already proved extremely useful for communicating health insurance open enrollment information, relevant news and calendar information.

From an external perspective the City launched a survey tool to gain citizen feedback as part of the municipal pool and aquatics program as well as other recreation activities. Additionally, we will launch a new cityofbartow.net web site in late September with a citizen complaint tracker application to follow shortly thereafter. It is our intention to improve the overall brand and usability of our online platforms for our customers.

During this years budget preparation process many of our departments discussed the need to go paperless. Department leadership is working through automation processes and scanning opportunities to address more modern methods for records retention.

With that said, the City continues to face a number of significant challenges. With the leadership of the City Commission and staff, the City has begun to make long needed investments in infrastructure through the strategic spend down of reserves as discussed last year. It is also important to note that a large amount of our workforce is eligible for retirement and key departures continue to occur. To our credit, we have added very professional and competent staff to our ranks. New leadership facing a learning curve but are working to update management practices and improve our organization as a whole.

The General Fund model we created last year continues to be updated. Our current financial picture is sound, but we know we have needed investments beyond our resources and will need to find creative solutions to new revenues to support City initiatives into the future. This model factors in needs with varying growth scenarios so that we can properly make investments in core activities of our government. Our approach is to utilize a five-year bridge plan that can systematically address incremental progress while





we wait for growth to impact the economic market and help to drive ideal results for the community.

Developing a budget plan sets the stage for longer term activities that will address desired quality of life amenities, building a highly competitive workforce, enhancing infrastructure and strengthening the local economy.

Among our greatest opportunities is to create a proactive culture that is innovative and maximizes the use of technology. The Proposed Budget incorporate various technology and innovation elements to help move the organization forward including:

- Key technology implementations: Work Order/Asset Management System, Building and Code Enforcement Software and Project Management opportunities.
- Technology Innovation Fund: used to invest in technology innovation that will improve collaboration, efficiency and effectiveness. This project will also address process automation for such activities as new employee onboarding, performance management and data tracking.

Closing

I am confident that the team we have assembled during my tenure has the knowledge, skills and abilities to lead us from a status quo state to a sense of urgency to match our challenges. I continue to be impressed by the commitment our leadership team exhibits and am genuinely proud of our team.

Last year's budget set the stage for us to be able to provide the needed services our community relies upon. With our extremely enthusiastic and professional staff along with an engaged public and a dedicated elected body, I am confident we can make choices that best serve the community for the long haul.

During this last year we have had a number of successes to include:

- Completion of impact fee studies and user rate studies
- Development of a strategy to improve health care and wellness services through better insurance coverage options, use of a health care stipend to offset expenses for employees, elimination of waste and realized cost saving, improvements to retiree insurance, and institution of a wellness program
- Development of a Bright Ideas Program to spur innovation in the organization
- Institution of an organization-wide employee advisory committee
- Kick off of diversity, equity and inclusion training
- Completion of the Consultants Competitive Negotiation Act (CCNA) procurement process and the selection of 17 vendors providing construction and engineering services for the city
- Nearing completion of the 555 Softball Fields Capital Improvement project
- Completion of 15 projects within the \$3.3 Million of Parks and Recreation improvements approved in FY 2023-2024
- Implementation of an Intranet for employee communication and information sharing
- Development of a new purchasing manual



- Implementation of the NAPA IBS best practice program that will increase productivity, decrease costs and outsource our inventory function in Fleet
- Completion of the Sanitary Sewer Inspection program to robotically inspect and clean wastewater pipes throughout the city
- Implementation of a fine-free library
- Purchase of robotic ball picker and turf tank for Parks, Recreation and Cultural Arts

This is evidence of a team that is “rowing together” for the benefit of the City.

We are required to build a balanced budget. We must consider difficult tradeoffs between competing priorities and develop innovative solutions to enhance service delivery within available resources. While we may not be able to fund all priorities in the upcoming fiscal year, we can make strategic investments in our future. The Fiscal Year 2024-2025 Proposed Budget positions the city and our community for the future.

Our diligence in fiscal planning suggests the city is prepared to manage fiscal challenges, meet our commitments, and take advantage of opportunities that arise. Moving forward, we will continue to rely upon the City Commission’s direction as a guide in making calculated recommendations about where to invest our resources.

Success does not happen by chance – it is the direct result of innovation, planning, hard work, and continuous improvement. It is my intention to remain diligent in our pursuit of excellence.

I remain enthusiastic and energized to tackle the issues which confront the city in the coming years. The administrative team is focused on ensuring organizational systems (and people) are in place to address the growing complexity of our community. As this budget reflects, there is often more than one way to solve a problem and mitigate challenges. Staff has worked hard to create a plan and establish a platform from which we can deploy innovative solutions to drive community success.

The Proposed Budget would not be possible without their leadership in addressing dynamic challenges and contemplating the impacts of policy decisions.

In conclusion, I would like to thank the Commission for your continued support and direction as well as all staff involved in the budget process for their efforts to create a comprehensive and meaningful budget.

Sincerely,

Mike Herr
City Manager