

CITY OF
INDIAN HARBOUR BEACH

2055 SOUTH PATRICK DRIVE
INDIAN HARBOUR BEACH, FLORIDA 32937



FISCAL YEAR 2022-2023
APPROVED BUDGET

Executive Leadership Team

John W. Coffey, ICMA-CM, City Manager
Karl Bohne, City Attorney
Julie Bradford, Comptroller
Sue Frank, MMC, City Clerk
David Butler, Police Chief
Todd Scalzo, Public Works Director and Fire Chief
Kristin Cusimano, Recreation Director
David Wiles, Building Official
Dominic Hamilton, Information Technology Director

Council

Scott A. Nickle, Mayor
David A. Panicola, Deputy Mayor
Frank A. Guertin, Member
Robert J. Sharek, Member
James Nolan, Sr., Member



CITY OF
INDIAN HARBOUR BEACH

Florida

2055 SOUTH PATRICK DRIVE
INDIAN HARBOUR BEACH, FLORIDA 32937
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October 1, 2022

Honorable Mayor, Council Members, and Residents:

It is my professional honor and pleasure to present the Fiscal Year 2022-2023 (FY23) Approved Budget. This document represents the culmination of many months of work by the Executive Leadership Team and contains the traditional line-item summary data with this accompanying Transmittal Letter. The FY23 Approved Budget continues the on-going services residents and visitors expect and value with one-time capital projects that focus on your identified areas of emphasis and direction given to staff at the May 17, 2022, Budget Workshop and reviewed at the July 29, 2022, Budget Review Workshop.

As Heraclitus, the Greek philosopher aptly stated “change is the only constant in life.” Not only has the worldwide events of the past 30 months dramatically changed our world, country, state, and community, but the retirement of long-serving City Manager Mark Ryan in June 2022 thrusted additional change upon our organization. While I strive to continue the ethical and good governance Mr. Ryan and his predecessors provided, I cannot be the “new Mark” no matter how much that is desired. Hence, the reader will notice substantive changes to this Transmittal Letter and modest changes in budgeting philosophy. Specifically, representation of fund level data, narratively and in tables/charts, is provided in a cash accounting “budget” format and may appear different to corresponding data within the annual financial audit and certain line-items contained within the document. The differences are due to timing and how revenues and expenditures are recognized and not actual differences in real numbers. Likewise, the Transmittal Letter uses the “year-end estimate” numbers for the projected year-end estimated revenue and expenditure numbers (as developed for the Proposed Budget), while the budget detail section of this document and does not contain year-end estimated numbers. Additionally, The Transmittal Letter used “FY23 Approved Budget” while the budget detail section uses “Adopted FY 22/23” for the same data. Neither set of terminologies are right or wrong, as their differing uses are based solely on the differing authors of each section (Transmittal Letter was drafted by the City Manager while the budget line-items section was drafted by the Comptroller [under the guidance of the City Manager]) and their financial perspectives. Time restraints of the customary IHB budget preparation calendar used by staff prevents an annual budget from being developed that meets the Government Finance Officers Association’s Distinguished Budget Presentation Award

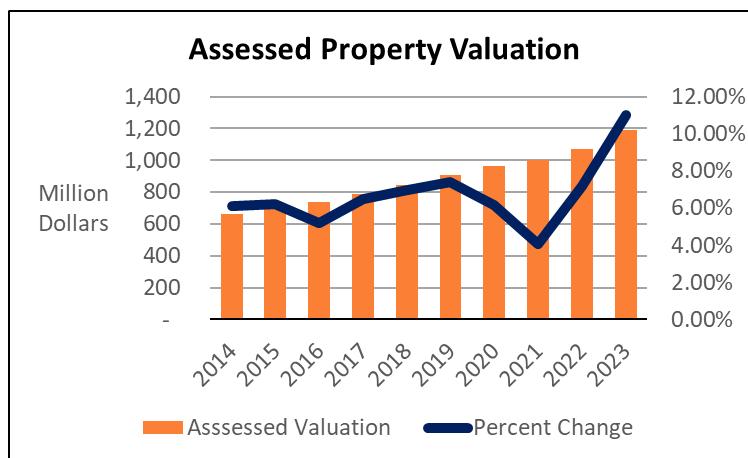
Program criteria. If a future City Council desires to explore that option, a proposed revised budget preparation and review calendar will be developed and submitted for their consideration.

Overall, the City is blessed with experienced leadership on the City Council; dedicated advisory board members; and educated, professional, and caring employees. While the challenges facing the City in 2023 and beyond may seem large, through diligent planning and sound execution, the City will ultimately emerge stronger and better just as precious metals coming out of a refiner's fire.

Economic Changes Since the Adoption of the Fiscal Year 2021-2022 (FY22) Budget

In the past 12 months, our world and community has emerged from the worst impacts of the COVID-19 pandemic, although new less-lethal variants continue to emerge. Staff continues to exercise appropriate caution in the workplace as isolated incidents of employees testing positive continue. Economically, supply chain delays continue to plague our country with new stressors such as the Russian invasion of Ukraine, major COVID-19 lockdowns in China, and fuel price spikes taking the place of previous supply chain issues. Most noticeable to everyone is the 40-year record high inflation and slowing economy which impacts everything the City purchases. While modern media outlets provide every possible opinion on any given issue, most neutral economists are on record as projecting above average inflation for another 21 to 27 months. More optimistic or worst case opinions can be found on either side of the national political spectrum. Hence, staff developed the FY23 Budget with these issues in mind and based on the assumption of continued high inflation through the next fiscal year. The two and half months since the submittal of the Proposed Budget to the City Council has not seen any changes to this assumption.

On the positive side, IHB continues to be a destination community in which to live and raise a family. Preliminary property valuation numbers obtained from the Brevard County Property Appraiser's Office indicate a 9.01% increase in existing property valuations coupled with \$2,070,304 in new construction for a total of \$1,207,706,548 in assessed valuation. The combined 11.62% increase in valuations for FY23 and historical information are illustrated to the right.



Economic Changes Since the Submittal of Fiscal Year 2022-2023 (FY23) Budget

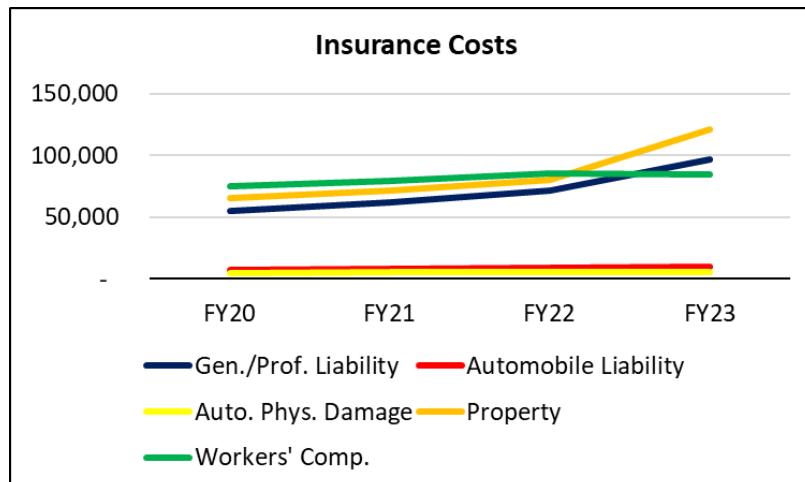
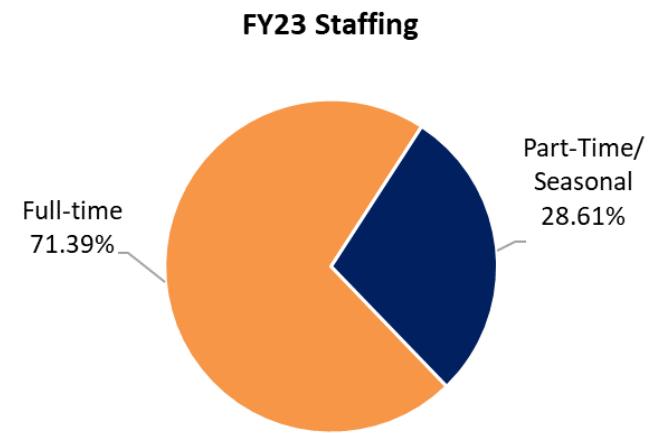
Two economic indicators have changed since the FY23 Proposed Budget was submitted to the City Council in July 2022. First, interest rates have climbed as the Federal Reserve has move aggressively to combat the record high inflation. Most economists expect another 100 or more

basis-point increase in 2023. Conversely, as higher interest rates make borrowing more expensive, the last few years' rapid increase in housing valuations has quickly evaporated. While most economists predicting a "pasta bowl" recession in 2023-2024, no credible economists are suggesting a collapse in property values. Unknown at this point is whether Florida's housing valuation will decline in dollar value or grow very slightly over the next two years. The experience of the short-lived COIVD-19 pandemic recession, coupled with the current deficit of over 5,000,000 housing units in the state, suggest that while a majority of the country may experience declining property valuations in 2023, Florida, like other income-tax free states, will probably experience continued growth in housing starts and slow but increasing valuations.

Basis of FY23 Budget

The FY23 Approved Budget was developed based on the continuation of the current level of services, recognition of external economic factors (i.e., 40-year record high inflation and the 2020 State minimum wage law), and the City Council's adopted areas of emphasis as guiding principles in determining funding for one-time capital projects and personnel decisions. Specific parameters used in the development of this document include:

- Continuation of "pay as you go" funding of capital projects thereby preserving the City's debt free status
- Continuation of majority full-time staffing of departments as illustrated to the right
- Addition of 1.0 FTE (conversion of one part-time position to full-time and the addition of one full-time position for the last six months of FY23)
- 5.0% cost of living adjustment (COLA) for all employees
- 6.6% increase in employee health insurance premiums paid by the City
- 40.6% in Liability insurance increase
 - Payroll increases due to
 - (5.0% COLA for all employees)
 - New positions
 - Increased accuracy in payroll projections in the budgeting process



- Increased property valuations (addition of the new Police Department building)
- Current trends in property insurance market in Florida
- Increased commercial pool premiums
- 0.31% decrease in Workers Compensation insurance as a result of a 27% decrease in the experience modifier which offset an 11.20% increase in covered payroll
- Increased Florida Retirement System employer contribution rates
- Decreased Police Pension contributions from 31.1% in FY22 to 27.5% in FY23
- Continued high energy costs
- 12-month funding of higher utilities costs associated with the new Police building
- Mid-year relocation of Public Works management personnel to the planned renovated City Hall area formerly occupied by the Police Department
- Continuation of inter-agency funding for a full-time School Resource Officer at Ocean Breeze Elementary School
- Continuation of grant funded Victim Advocate position within the Police Department
- Property tax millage rate of 5.5628, a decrease of 0.0773 or 1.37% resulting in \$611,311 net additional tax receipts due to increased valuations
- Focus on execution of priority capital projects funded by the Coronavirus State and Local Fiscal Recovery Funds (Fund 120)
- Continued aggressive pursuit of grant funding for currently planned one-time projects
- Continued pursuit of grant funding, direct State appropriations, and other funding sources to fully fund the Muck Removal project currently in permit review by the Army Corp of Engineers
- Creation of an Urban Forestry Department (funding transferred from the Public Works Department) to meet one of the criteria of the Tree City USA program

All Funds

The FY23 All Funds Approved Budget is presented balanced at \$13,295,876. However, for clarity the fund summary table on the following page is presented in a cash accounting format. The American Rescue Plan Act (ARPA) Fund's use of fund balance as the sole revenue source in FY23 is not shown. Hence, a casual review of the table would indicate the combined funds are not balanced which is technically not correct.

FY23 All Funds Summary*

| | FY21 Actual | FY22 | | FY23 Approved Budget | FY22-FY23 Budget | |
|--|-------------------|-------------------|-------------------|----------------------------|--------------------|----------------|
| | | Amended Budget | YE Est | | Dollars | Percent |
| Beginning Fund Balance | 13,693,900 | 13,598,270 | 13,598,270 | 14,091,203 | 492,933 | 3.62% |
| Revenues | | | | | | |
| General | 9,015,243 | 10,798,141 | 9,467,984 | 10,074,094 | (724,047) | -6.71% |
| Impound | 2,500 | 1,020 | 1,020 | 2,127 | 1,107 | 108.53% |
| Police Training | 396 | 272 | 272 | 155 | (117) | -43.01% |
| Stormwater Utility | 219,381 | 218,649 | 218,649 | 254,500 | 35,851 | 16.40% |
| ARPA** | 2,142,893 | 2,142,903 | 2,142,893 | - | (2,142,903) | N/A |
| Total Revenues | 11,380,413 | 13,160,985 | 11,830,818 | 10,330,876 | (2,830,109) | -21.50% |
| Expenditures | | | | | | |
| General | 11,148,496 | 10,798,141 | 10,921,778 | 10,074,094 | (724,047) | -6.71% |
| Impound | 810 | 1,020 | 1,020 | 2,127 | 1,107 | 108.53% |
| Police Training | 448 | 272 | 272 | 155 | (117) | -43.01% |
| Stormwater Utility | 313,348 | 218,649 | 218,649 | 254,500 | 35,851 | 16.40% |
| ARPA** | 12,940 | 319,803 | 196,166 | 2,965,000 | 2,645,197 | 827.13% |
| Total Expenditures | 11,476,042 | 11,337,885 | 11,337,885 | 13,295,876 | 1,957,991 | 17.27% |
| Revenues Over Expenditures | (95,630) | 1,823,100 | 492,933 | (2,965,000) | (4,788,100) | N/A |
| G.F. Grants/Pre- Paids/Committed/Assigned | 845,113 | N/A | 701,414 | N/A | N/A | N/A |
| G.F. Cash Reserves | 2,550,857 | 2,550,857 | 2,550,857 | 2,719,729 | 168,872 | 6.62% |
| G.F. Emerg./Hurricane Reserves | 3,892,702 | 3,892,702 | 3,892,702 | 3,357,696 | (535,006) | -13.74% |
| G.F. Building RR&B Reserves | 801,227 | 801,227 | 801,227 | 801,227 | - | 0.00% |
| ARPA Restricted | 2,129,953 | 3,953,053 | 4,076,680 | 1,111,680 | (2,841,373) | -71.88% |
| Undesignated Fund Balance | 3,378,418 | 4,223,531 | 2,769,737 | 3,135,872 | (1,087,659) | -25.75% |
| Ending Fund Balance | 13,598,270 | 15,421,370 | 14,091,203 | 11,126,203 | (4,295,167) | -27.85% |

* Data presented in a cash accounting format that differs from the financial audit presentations.

** Use of Fund Balance and Contingency are not shown to accurately reflect ending fund balance figures.

Historically, revenues and expenditures across all funds were dominated by the General Fund and specifically, by property tax receipts and operating expenditures. The City has a proud and rich heritage of significant capital investments in infrastructure, buildings, and technology to maintain and grow the physical beauty, safety of residents, and efficient provision of services. Last year, the City received the first of two disbursements of the Florida Coronavirus State and Local Fiscal Recovery Funds (SLFRF) which are pass through funding from the federal American Rescue Plan Act (ARPA). The second disbursement of \$2,142,903 was received in late FY22. The following narrative and analysis is confined to an overview level of All Funds, while more specific information and analysis will be provided in the subsequent specific fund sections.

Revenues

Approved for FY23 All Funds are \$10,330,876 in total revenues (based on cash accounting principles that exclude the use of fund balance in the ARPA Fund) which is \$2,830,109 or 21.50% lower than the FY22 Amended Budget. The chart to the right illustrates the dominance of General Fund revenues as compared to other funds.

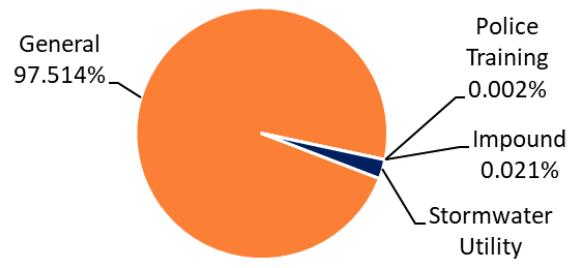
When the FY23 use of fund balance in the ARPA Fund is included, total revenues are \$13,295,876, an increase of \$134,891 or 1.02% from the FY22 Amended Budget. Although confusing to the casual reader, the difference is a critical factor in understanding the long-term financial stability of the City versus the skewed perception one may have from lumping one-time use of federal funding into recurring revenues.

Expenditures

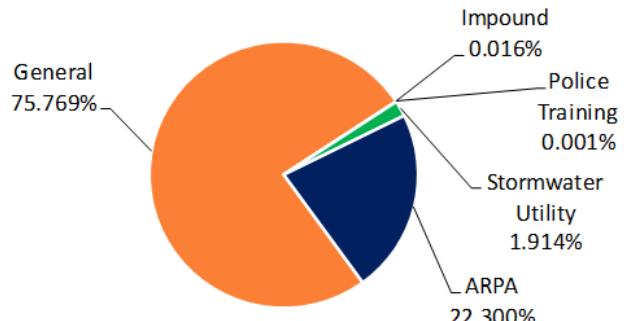
Approved for FY23 All Funds are \$13,295,876 in total expenditures which is \$1,957,991 or 17.27% higher than the FY22 Amended Budget when contingency is removed from the FY22 ARPA Budget. Unlike All Funds revenues, Total Expenditures have a more diverse allocation of monies due to the planned expenditures of one-time monies from the ARPA Fund. The chart to the right illustrates the distribution of expenditures.

Additionally, variability in total expenditures per fund exists across time primarily due to the timing of capital projects that are funded by one-time monies. The chart to the right shows a decrease in General Fund expenditures in FY23 primarily the result of a one-time capital large project in FY22. The spike in

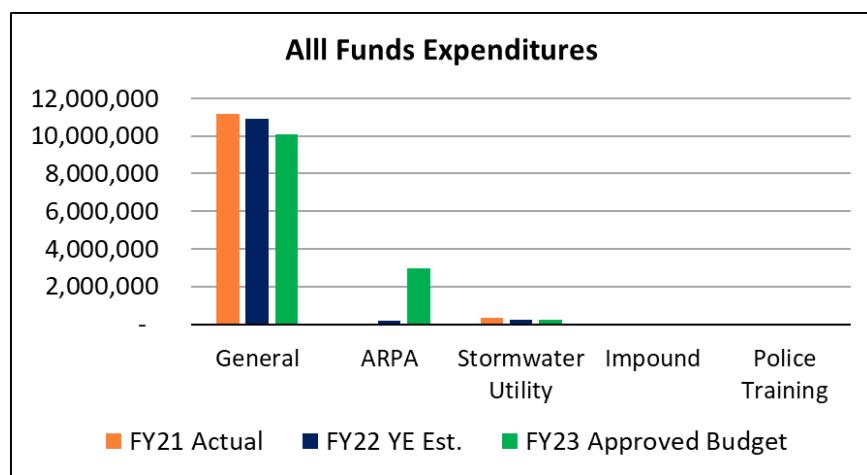
FY23 All Funds Revenues



FY23 All Funds Expenditures



All Funds Expenditures



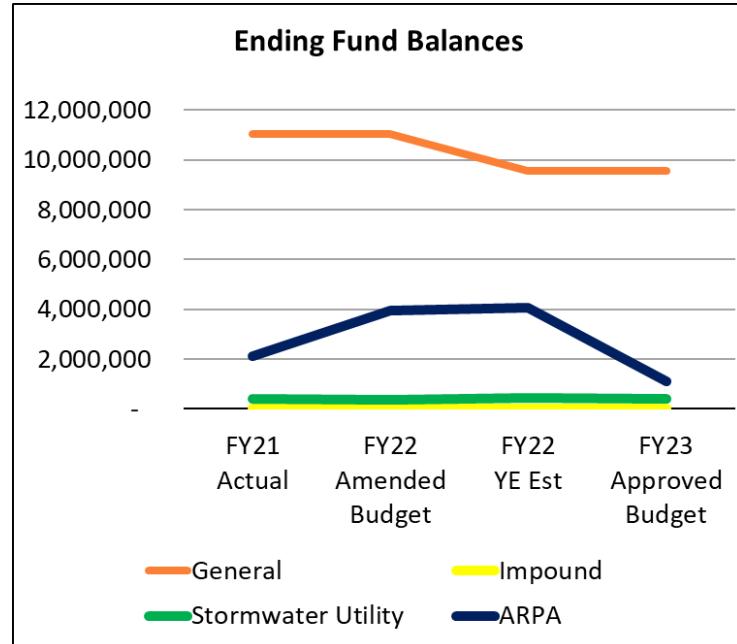
ARPA Fund expenditures in FY23 is due to FY23 planned execution of projects that were in the conceptualization and/or planning phases in FY22. Stormwater expenditures remain relatively flat due to the zero growth in the primary funding source (assessment receipts) for FY23.

Another perspective of All Funds expenditures is the distribution and number of one-time capital projects within each fund. The chart to the right illustrates the greatest diversity of projects within the General Fund which has the least restrictions on usage. Stormwater and ARPA Funds have the most restrictive use of monies and hence, the reader should not be surprised by the fewer projects proposed for each fund. Specific projects are listed later in the respective fund sections of this Transmittal Letter.

| Council's areas of emphasis | FY23 All Funds Capital Projects | | | |
|---|---------------------------------|------------|----------|-----------|
| | General | Stormwater | ARPA | Total |
| Safe and secure community | 12 | - | - | 12 |
| Enhance the quality of life | 2 | 2 | 4 | 8 |
| Financial sustainability | 2 | - | 1 | 3 |
| Improve and Maintain Infrastructure | 5 | - | - | 5 |
| Use of technology for a strategic advantage | 8 | - | - | 8 |
| Total | 29 | 2 | 5 | 36 |

Changes in Fund Balance

While staff scrutinizes every expenditure and devotes many hours in developing detailed budgetary projections at the line-item level, a sole focus on said line-items can mask multi-year changes in future available resources. Hence, an annual review of changes to fund balance of each fund and their combined totals is also a critical component of the budgetary development and review process. The charts to the right illustrate the actual and projected ending fund balances for the largest governmental funds contained within this document.



The table on the following page illustrates the changes per fiscal year in the four largest funds. The reader should not be alarmed by the declines in General Fund and ARPA Fund balances. Specifically, the one-time decline in the General Fund is attributed to the completion of the new Police building that was paid for with cash from the last two fiscal years and required use of fund balance to complete. The ARPA Fund decline is planned and required as unspent monies have to

be returned in future years (all ARPA funds must be contracted by December 31, 2024 and expended by December 31, 2026). By the end of December 2023, the City should have over three-fourths of the ARPA funds either expended or contracted. Hence, the City is in a good position to meet the expenditure timing requirements of the ARPA program.

| Changes in Fund Balance | | | | |
|--------------------------------|---------------|----------------|---------------|-----------------|
| | FY21 | Amended | FY22 | FY23 |
| | Actual | Budget | YE Est | Approved |
| General | (2,133,253) | - | (1,483,345) | - |
| Impound | 1,690 | (2,627) | (1,020) | (2,127) |
| Police Training | (53) | - | (67) | - |
| Stormwater Utility | (93,966) | (31,707) | 36,535 | (36,107) |
| ARPA | 2,129,953 | 1,823,100 | 1,946,727 | (2,965,000) |
| | (95,629) | 1,788,766 | 498,830 | (3,003,234) |

General Fund

The FY23 Approved Budget is presented balanced at \$10,074,094 and is \$724,047 or 6.71% lower than the FY22 Amended Budget. While General Fund budgets typically grow incrementally each year due to wage and inflationary pressures, the reader should remember the City has a history of significant funding of capital projects (new and replacements). Hence, the completion of the new Police building project in FY22 that is the primary reason for the decrease in the overall budget in FY23.

The following page presents a multi-year fund summary with revenues grouped per categories and expenditures by departments.



FY23 General Fund Summary*

| | FY22 | | FY23 | | FY22-FY23 Budget | |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|----------------|
| | FY21 Actual | Amended Budget | FY22 YE Est | Approved Budget | Dollars | Percent |
| Beginning Fund Balance | 13,194,798 | 11,061,545 | 11,061,545 | 9,578,200 | (1,483,345) | -13.41% |
| Revenues | | | | | | |
| Ad Valorem Taxes | 5,466,021 | 5,885,822 | 5,885,822 | 6,488,030 | 602,208 | 10.23% |
| General Government Taxes | 1,252,592 | 1,286,702 | 1,274,040 | 1,265,788 | (20,914) | -1.63% |
| Franchise, Permit, and Special Assessment Fees | 791,566 | 844,953 | 835,303 | 839,200 | (5,753) | -0.68% |
| Intergovernmental Revenue | 1,159,162 | 1,119,682 | 1,119,607 | 1,141,141 | 21,459 | 1.92% |
| Charges for Services | 241,473 | 297,433 | 295,042 | 312,395 | 14,962 | 5.03% |
| Judgements, Fines, and Forfeits | 19,978 | 8,856 | 6,981 | 6,170 | (2,686) | -30.33% |
| Interest and Other Earnings | 66,832 | 22,813 | 21,638 | 16,150 | (6,663) | -29.21% |
| Miscellaneous Revenues | 17,619 | 31,239 | - | 5,220 | (26,019) | -83.29% |
| Other Sources - Non-Operating | - | 1,300,641 | - | - | (1,300,641) | -100.00% |
| Total Revenue | 9,015,243 | 10,798,141 | 9,438,433 | 10,074,094 | (724,047) | -6.71% |
| Expenditures | | | | | | |
| Legislative | 75,094 | 116,910 | 116,034 | 93,572 | (23,338) | -19.96% |
| Executive | 423,240 | 485,341 | 490,594 | 509,487 | 24,146 | 4.98% |
| Financial and Administrative | 387,701 | 435,543 | 442,269 | 474,507 | 38,964 | 8.95% |
| Legal | 48,631 | 75,000 | 75,000 | 80,000 | 5,000 | 6.67% |
| Other General | 422,295 | 865,614 | 779,065 | 687,809 | (177,805) | -20.54% |
| Police | 2,917,924 | 3,266,112 | 3,251,877 | 3,407,290 | 141,178 | 4.32% |
| Fire | 198,524 | 201,091 | 201,803 | 199,236 | (1,855) | -0.92% |
| Building | 300,374 | 339,065 | 338,555 | 368,467 | 29,402 | 8.67% |
| Urban Forestry | - | - | - | 20,000 | 20,000 | N/A |
| Public Works | 1,162,055 | 1,195,769 | 1,187,041 | 1,387,350 | 191,581 | 16.02% |
| Recreation | 746,834 | 913,200 | 938,121 | 932,284 | 19,084 | 2.09% |
| Capital Outlay | 4,465,824 | 2,904,496 | 3,101,419 | 1,914,092 | (990,404) | -34.10% |
| General Fund Total Expenditures | 11,148,496 | 10,798,141 | 10,921,778 | 10,074,094 | (724,047) | -6.71% |
| Revenues Over Expenditures | (2,133,253) | - | (1,483,345) | - | N/A | N/A |
| Grants | 231,747 | N/A | - | N/A | N/A | N/A |
| Pre-Paids/Committed | 255,890 | N/A | 701,414 | N/A | N/A | N/A |
| Assigned | 357,476 | N/A | - | N/A | N/A | N/A |
| Cash Reserves | 2,550,857 | 2,550,857 | 2,550,857 | 2,719,729 | 168,872 | 6.62% |
| Emerg./Hurricane Reserves | 3,892,702 | 3,892,702 | 3,892,702 | 3,357,696 | (535,006) | -13.74% |
| Building RR&B Reserves | 801,227 | 801,227 | 801,227 | 801,227 | - | 0.00% |
| Undesignated Fund Balance | 2,971,646 | 3,816,759 | 2,333,414 | 2,699,549 | (1,117,210) | -29.27% |
| Ending Fund Balance | 11,061,545 | 11,061,545 | 9,578,200 | 9,578,200 | (1,483,345) | -13.41% |

* Data presented in a cash accounting format that differs from the financial audit presentations.

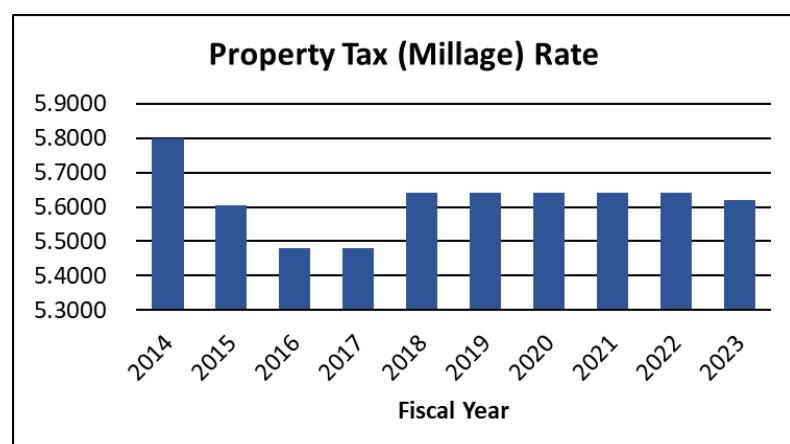
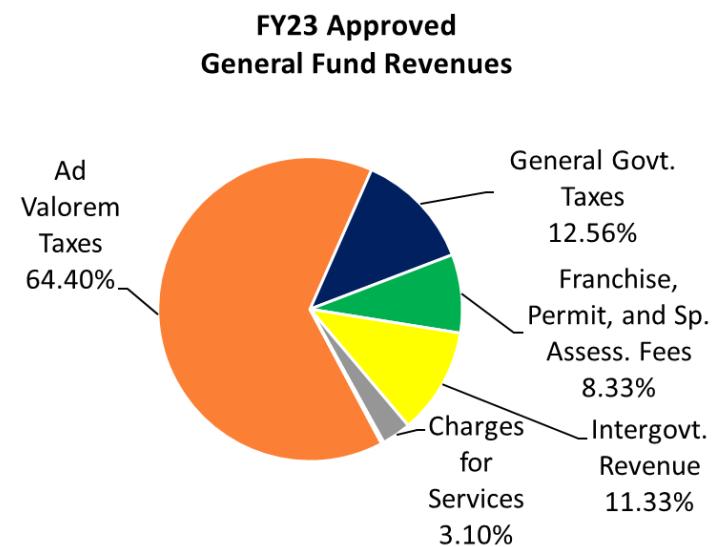
Revenues

Being a small, primarily residential built out barrier island community; the City of Indian Harbour Beach is heavily reliant upon property tax revenue as the primary source of General Fund revenues. FY23 continues this pattern with approximately 64% of all General Fund revenues derived from local property taxes as illustrated to the right.

Approved for FY23 is a millage rate for property taxes of **5.5628** that is 0.0773 less than the FY22 rate of

5.6401. The new rate is 0.5011 or 9.90% higher than the FY23 roll-back revenue neutral rate of 5.0617. Due to State law, the City may adopt a maximum rate of 5.3720 by a majority vote of the City Council and a rate of 5.9092 by a supermajority vote of the City Council. When discounts for early payments, delinquent taxes, and penalties are considered, a net \$6,488,030 in receipts is projected which is \$611,311 or 10.40% higher than the FY22 Amended Budget. This slightly lower than maximum rate is based on a recognition that property owners are also dealing with the effects of high inflation in their household budgets and the City should not take for granted the taxpayers ability to absorb a maximum increase each year.

Throughout the budget review process, I was able to trim the required \$6,039 from various line-items to affect this lower rate. Although this decrease is relatively small, if this methodology would be adopted and used in subsequent years the compounding effect would be noticeable over time. The chart to the right illustrates the change in the millage rate over the last ten years.



While virtually no one likes her/his taxes to go up, homesteaded property owners will only experience a 1.59% increase in their IHB tax bill as a result of the proposed millage rate. A long-term homeowner with a taxable valuation of \$127,349 will pay an additional \$11.08 while a homeowner with a taxable assessment of \$469,000 would pay an additional \$40.79 in FY23.

Other Changes in Revenue Streams from the FY22 Amended Budget

- The second largest increase in revenues is projected for Intergovernmental Revenues. The FY23 Approved Budget of \$1,141,141 is \$21,459 or 1.92% higher than the FY22 Amended Budget primarily due to increases in the following areas: state shared revenues (shared sales tax, municipal fuel tax, and half-cent sales tax) and local shared revenues (Brevard County School Board school resource officer program). Offsetting these increase receipts are decreases in federal grants.
- The third largest increase in revenues is projected for Charges for Services. The FY23 Approved Budget of \$312,395 is \$14,962 or 5.03% higher than the FY22 Amended Budget primarily due to increases in the following areas: vacation rental inspections, swimming lessons, pool memberships, and facilities rentals. Offsetting these increased receipts is the elimination of the state traffic signal maintenance funds as the state will directly reimburse Brevard County starting in FY23.
- The largest decrease in revenues is projected for Other Sources – Non-Operating. Although technically not an actual revenue (use of fund balance is revenue recognized in prior years), the FY23 Approved Budget of \$0 is \$1,300,641 or 100.00% lower than the FY22 Amended Budget. This decrease is primarily due to the FY23 Approved Budget having a surplus of \$44,279 (budgeted as an expenditure contingency in Other General Government) versus the FY22 Adopted Budget use of fund balance to fund the completion of the new Police building project.
- The second largest decrease in revenues is projected for Miscellaneous Revenues. The FY23 Approved Budget of \$5,220 is \$26,300 or 83.29% lower than the FY22 Amended Budget primarily due to decreases in projected receipts from sales of surplus items and miscellaneous revenues.
- The third largest decrease in revenues is projected for General Government Taxes. The FY23 Approved Budget of \$1,265,788 is \$20,914 or 1.63% lower than the FY22 Amended Budget primarily due to decreases in projected receipts from utility services taxes and communications service taxes.

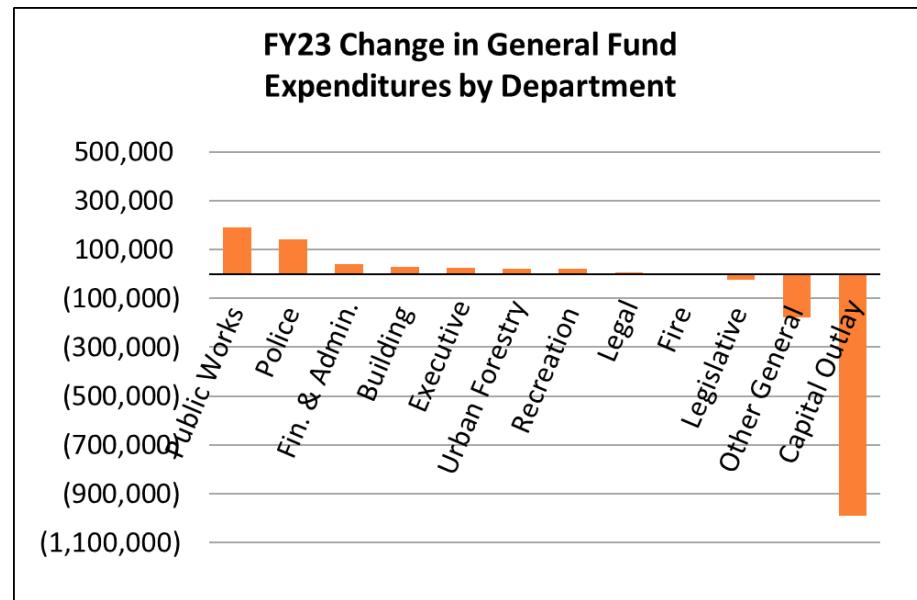
Expenditures

Change from FY22 Amended Budget

- The largest increase in the expenditures is budgeted for the Public Works Department. The FY23 Approved Budget of \$1,387,350 is \$191,581 or 16.02% higher than the FY22 Amended Budget. This increase is primarily due to increases in the following areas: salaries and wages (5.00% increase and improved accuracy in budgetary projections), payroll taxes, retirement, vacation buybacks, engineering services, street sweeping services, janitorial costs, wireless telephone service, electricity for street lights and traffic control lights, traffic light repair maintenance, and fuel. These higher costs are offset by reductions in the cost of employee health insurance premiums (due to differing elections by eligible employees), and

maintenance (vehicle, buildings, and drainage). The creation of an Urban Forestry Department to meet the criteria of the Tree City USA program further decreased the FY23 Budget by \$20,000.

- The second largest increase in the expenditures is budgeted for the Police Department. The FY23 Approved Budget of \$3,407,290 is \$141,178 or 4.32% higher than the FY22 Amended Budget primarily due to increases in the following areas: salaries and wages (5.00% increase and



improved accuracy in budgetary projections), payroll taxes, retirement, internet and backup services, electricity, fuel, maintenance contracts/fees, vehicle maintenance, increased bulletproof vest program expenditures, and increased donations expenditures. These higher costs are offset by reductions in the cost of employee health insurance premiums (due to differing elections by eligible employees), diesel fuel for the emergency generator, employee education reimbursements, and one-time furniture costs in FY22 associated with the move of personnel to the new Police building.

- The third largest increase in expenditures is budgeted for the Financial and Administrative Department. The FY23 Approved Budget of \$474,507 is \$38,964 or 8.95% higher than the FY22 Amended Budget primarily due to increases in the following areas: salaries and wages, payroll taxes, retirement, employee health insurance premiums, and vacation buy backs, and travel expenses. A significant part of these increases costs is due to the conversion of a part-time position to full-time. Conversely, the transfer of an administrative position to the Executive Department offsets these increases.
- The fourth largest increase in expenditures is budgeted for the Building Department. The FY23 Approved Budget of \$368,467 is \$29,402 or 8.67% higher than the FY22 Amended Budget primarily due to increases in the following areas: salaries and wages, payroll taxes, retirement, employee health insurance premiums, and printing for new zoning maps.
- The fifth largest increase in expenditures is budgeted for the Executive Department. The FY23 Approved Budget of \$509,487 is \$24,146 or 4.98% higher than the FY22 Amended Budget primarily due to the transfer of an administrative position from the Financial and

Administrative Department and increases in the following areas: salaries and wages, payroll taxes, retirement, and employee health insurance premiums. A one-time lump sum payout for the former City Manager in FY22 offset these increases for FY23.

- The sixth largest increase in expenditures is budgeted for the Urban Forestry Department. The FY23 Approved Budget of \$20,000 is the first year's funding of the new department whose line-items were formerly accounted within the Public Works Department.
- The largest decrease in expenditures is budgeted for the Capital Outlay Department. The FY23 Approved Budget of \$1,914,092 is \$990,404 or 34.10% lower than the FY22 Amended Budget primarily due to decreases in the project categories of infrastructure, equipment, vehicles, and construction in progress. Offsetting these lower costs are increased expenditures in the project categories of building improvement and fixed equipment, and computer hardware/software. Individual capital projects summarized above are listed below:

| Project Name | FY23 Budget |
|---|-------------|
| A/C replacement for City Hall | 20,000 |
| Recreation Center, Bath House, and Storage Building roof replacements | 80,000 |
| Oars & Paddles Park Bathroom roof replacement (FY22 project) | 25,000 |
| Road resurfacing | 200,000 |
| Paving and sidewalk miscellaneous improvements | 30,000 |
| Serena Shores crossing (FY22 project) | 75,000 |
| Millennium Park boardwalk replacement project (FY22 project) | 432,000 |
| Gleason Park lightning detection | 10,000 |
| Server and replacement desktop computer for Fin. & Admin. Department | 13,500 |
| Laptop computer (4), desktop computers (3) replacements, and Police traffic homicide investigation laptop (1) | 14,000 |
| Laptop computer for Police Department's Traffic Homicide Investigations use | 3,000 |
| Barracuda (IT back-up system) for Police Department | 13,000 |
| Public Works Administrative Assistant (new position) desktop computer | 2,000 |
| Aquatic Supervisor laptop computer | 2,000 |
| Time & Attendance clock replacement for Public Works Department | 2,500 |
| LiveScan (Police Department) replacement | 9,000 |
| Police radio replacements | 25,000 |
| Police vehicles (1 marked and 1 unmarked) equipment replacement | 20,000 |
| Replacement AED at the Police Department | 1,500 |
| Fire rescue extraction tool | 30,000 |
| Fire hose nozzle replacements | 10,000 |
| SCBA bottle replacements | 10,000 |
| Furniture for new Public Works offices (in renovated old Police Headquarters) | 25,000 |
| Tire mounter/balancer replacement | 30,000 |
| ATV for Public Work's beach use | 25,000 |
| New accounting software (existing being phased out by the vendor) | 50,000 |

| Project Name | FY23 Budget |
|--|------------------|
| MS Office upgrades for executive & support staff (8 persons) | 2,500 |
| Police vehicle replacements (1 marked and 1 unmarked) | 90,000 |
| Fire engine replacement (contract awarded in FY22) | 619,092 |
| Additional Ford F350 Truck with lift-bed for Public Works Department | 45,000 |
| General Fund Capital Project Total | 1,914,092 |

The reader should note that four of the 29 listed projects were originally budgeted in FY22, but due to unforeseen circumstances are not anticipated to be procured until FY23 (and therefore re-budgeted per IHB customary practices).

- The second largest decrease in expenditures is budgeted for the Other General Government Department. The FY23 Approved Budget of \$687,509 is \$177,805 or 20.54% lower than the FY22 Amended Budget primarily due to decreases in the following line items: use of consultants for project design, return of unspent impact fee monies to Brevard County in FY22, building maintenance, and City Manager's contingency (budgeted at customary level of 1.70% of the operating budget but reduced due to higher than anticipated liability and worker's compensation insurance premiums). These reductions are offset by the inclusion of \$44,279 in Contingency to balance the FY 23 Budget.
- The third largest decrease in expenditures is budgeted for the Legislative Department. The FY23 Approved Budget of \$93,572 is \$23,338 or 19.96% lower than the FY22 Amended Budget primarily due to decreases in miscellaneous expenses (one-time cost in FY22 for the City Manager recruitment process) and Harbour Highlights printing expenses.

Change in Fund Balance

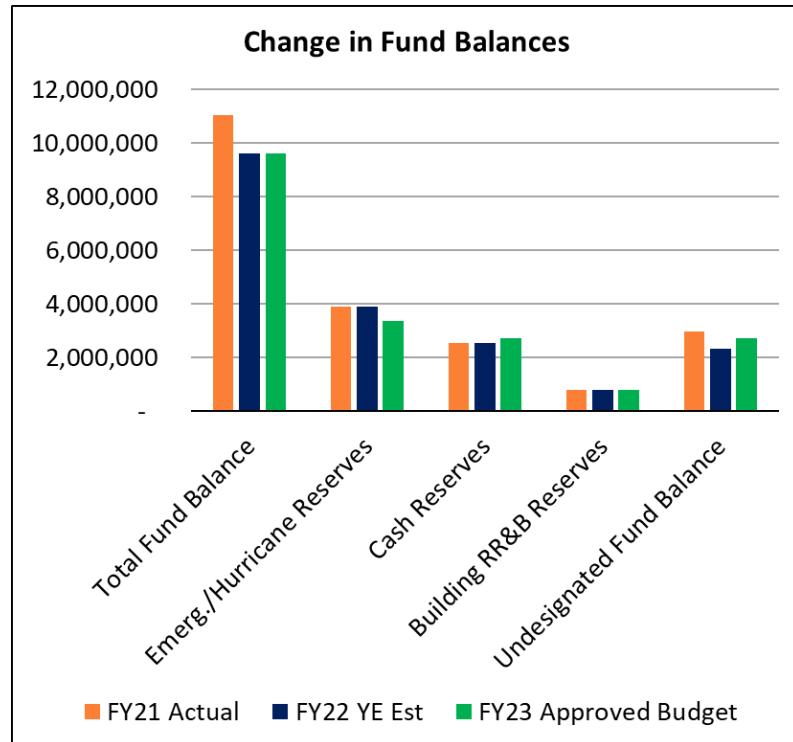
FY21 ended (and correspondingly FY22 began) with a total fund balance of \$11,061,545 of which \$2,971,646 was undesignated. Readers not familiar with IHB fund balance policies should note that Cash Reserves fund balance is calculated at 33.33% of the operating budget while the Emergency/Hurricane Reserve fund balance is calculated at 33.33% of the entire budget. Additionally, in FY18, the City Council established a Building Renewal, Replacement, and Betterment (BRRB) fund balance with an initial calculation of 10.00% of the FY18 Budget. Since, that time, no additional funds have been added to the BRRB fund balance with the balance remaining constant at \$801,227. Hence, the combined three reserve fund balances equal \$7,244,786 or 65.50% of the total FY21 ending fund balance.

FY22 is projected to end with a total fund balance of \$9,578,200, a decrease of \$1,483,345 or 13.41% from the FY21 ending fund balance. FY22's ending undesignated fund balance is projected at \$2,333,414, a decrease \$638,232 or 21.48%.

As the FY23 Approved Budget is balanced, ending fund balance for FY23 is projected to remain the same as FY22 ending fund balance. Changes to the ending fund balance levels and major reserve components are illustrated to the right.

Due to the methodology used to calculate the various reserve fund balances, the reader should not be surprised to see the following variation in reserve numbers for FY 23 as compared to FY22:

- Cash reserves increase of \$168,872 or 6.62%
- Emergency/Hurricane reserve decrease of \$535,006 or 13.74%
- Undesignated fund balance increase of \$395,686 or 16.96%



Stormwater Utility Fund

In 1992, the City adopted a municipal Stormwater Utility Code and a non-ad valorem tax program, as authorized by Florida Statutes 403.0893, to fund citywide stormwater improvement projects to reduce or eliminate pollutants entering the Indian River Lagoon. The stormwater utility rates have not increased since 2007 and are approved to remain the same in FY23. The current assessment is based on \$48.00 per equivalent residential unit (ERU) calculations.

Revenues

The FY23 Approved Budget contains \$254,500 in total revenues. When use of fund balance is removed from the FY23 Budget, the actual increase is only \$256 or 0.12%. As the assessment rate will remain unchanged in FY23, the reader should not be surprised by the lack of variability in receipts from one year to another.

Expenditures

Budgeted for FY23 is \$254,500 in total expenditures, an increase of \$35,851 or 16.40% from the FY22 Amended Budget. This increase is a result of the FY22 Amended Budget being reduced as a result of the Alahambra drainage project being deferred to FY23. When compared to the FY22 Original Budget, the FY23 total expenditures are only \$4,500 or 1.80% higher. While the FY23 Approved Budget has the same change in total expenditures as compared to total revenues,

there is slightly more variability in individual expenditure line-items. Specifically, increases in expenditures are approved for non-capital drainage maintenance and supplies while decreases are approved for the rain barrel rebate program (due to very low participation rate) and overall capital project costs. The two capital projects approved for FY23 are listed below:

| Project Name | FY23 Budget |
|--|----------------|
| Big Muddy Seawall replacement | 170,000 |
| Alahambra drainage | 50,000 |
| Stormwater Utility Fund Capital Project Total | 220,000 |

Change in Fund Balance

The Stormwater Utility Fund ended FY21 with a fund balance of \$389,847. FY22 is projected to end with a fund balance of \$426,382, an increase of \$36,535 or 9.37%. The FY23 Approved Budget is based on \$36,107 use of fund balance to fund requested projects. Therefore, FY23 is projected to end with a fund balance of \$390,275, a decrease of 8.47% from the FY22 Year-end Estimate. The reader should note that fluctuations in fund balance are primarily a result in fluctuations in expenditures for capital projects and are not revenue related.

American Rescue Plan Act (ARPA) Fund

American Rescue Plan Act of 2021 allocated funds to local governments (pass through via the states) to facilitate the recovery from the COVID-19 pandemic. ARPA allocated \$7,105,927,713 to the State of Florida for metropolitan cities, non-entitlement units of local government, and counties. The City received two disbursements (one in FY21 and one in FY22) of \$2,142,893, totaling \$4,285,786. Coronavirus State Local Fiscal Recovery Fund (SLFRF) monies have restricted usages and must be awarded no later than December 31, 2024, and expended no later than December 31, 2026. At the May 17, 2022, City Council Budget workshop, staff was asked to prioritize previously identified eligible projects. The table below and on the next page lists projects previously funded and the top five priority projects.

| Executive Leadership Team Prioritization of SLFRF Projects as Requested by the City Council | | |
|--|---|-----------------------|
| Priority | SLFRF Project Name/Description | Estimated Cost |
| A | Online Permitting Software (Building Department) (previously authorized by City Council) | 60,000 |
| B | Fitness Equipment for New Police Headquarters (previously authorized by City Council) | 50,000 |
| C | Electronic Message Board Sign at the new Police Department (previously authorized by City Council) | 16,500 |

**Executive Leadership Team Prioritization of SLFRF Projects
as Requested by the City Council**

| Priority | SLFRF Project Name/Description | Estimated Cost |
|-----------------|---|-----------------------|
| D | Millennium Beach Park Playground Equipment (authorized by the City Council on June 14, 2022) | 43,739 |
| E | Wide format Printer/Scanner (Building Department) (purchase authorized on June 28, 2022) | 17,000 |
| F | Mobile Message Board (Police Department) (Planned City Council Agenda item in July/August 2022) | 24,000 |
| 1 | Expansion of Algonquin Sports Complex (FY23 Budget) | 2,000,000 |
| 2 | Pre-fab Concrete Restroom and Lift Station at the eastern playground in Gleason Park (FY23 Budget) | 400,000 |
| 3 | Emergency Generator at Gleason Center for sequestering city personnel along with providing multiple cooling stations in a storm event with power outages. The emergency generator at Gleason Center allows the City to meet social distancing protocols. (FY23 Budget) | 250,000 |
| 4 | Re-purpose the former Police Department on Cheyenne Court for Public Works Offices to provide virus protection via separation of offices, training rooms and workspace, along with other municipal office needs. (FY23 Budget) | 225,000 |
| 5 | Increase licensing and utilization of the City's Records Management software (FY24 Proposed Budget) | TBD |

Revenues

The following data and analysis differs from financial audit data due to accounting standards requiring disbursements to be booked as unearned income and recognized as revenues only when funds are expended. Hence, information contained herein is based on cash accounting principles (that are not used during the annual audit process) that are easier for most readers to understand.

The FY23 Approved Budget has zero new receipts budgeted as all funds will be received by the end of FY22. The line-items in the back of this document, however, show \$2,965,000 in “use of fund balance” (a.k.a. prior year income) as a balancing mechanism to offset planned expenditures. The City does not anticipate any additional revenues to be received in this fund in future years.

Expenditures

Budgeted for FY23 are \$2,965,000 in total expenditures, an increase of \$2,725,834 or 1,139.72% from the FY22 Amended Budget (excluding FY22 contingency and the inadvertent inclusion of a FY23 project budget). Listed on the following page are the capital projects approved for FY23:

| Project Name | FY23 Budget |
|--|------------------|
| Renovation of old Police Headquarters for new Public Works offices and storage | 225,000 |
| Gleason Park pre-fabricated restroom and lift station | 400,000 |
| Recreation Center emergency generator | 250,000 |
| Algonquin Sports Complex expansion | 2,000,000 |
| Gleason Park playground replacement (contract awarded in FY22) | 90,000 |
| ARPA Fund Project Total | 2,965,000 |

Change in Fund Balance

The ARPA Fund ended FY21 with a fund balance of \$2,129,953. FY22 is projected to end with a fund balance of \$4,4076,680, an increase of \$1,946,727 or 91.40% due to the receipt of the second disbursement in late FY22. The FY23 Approved Budget is based on \$2,965,000 use of fund balance for requested projects as no additional new revenues are anticipated. Therefore, FY23 is projected to end with a fund balance of \$1,111,680, a decrease of 72.73% from the FY22 Year-end Estimate. The reader should note the projected rapid decrease in future fund balance levels is required due to the time constraints placed upon the use of the funds.

Personnel Summary

Introduction

Historically, IHB counted personnel the old-fashioned way: by head count. Although technically correct as far as number of employees, the use of head count for a personnel summary or talking point is vague in terms of actual staff hours worked as the reader is left to her/his own imagination to figure out the average number of hours worked by part-time staff. Beginning with this document, staff shifted to the use of full-time equivalents (FTEs) to count and describe the number of personnel. One FTE is understood as the number of employees needed to work 40 hours per week. Hence, 1.0 FTE can either be one of the following:

- One full-time employee scheduled to work 30-40 hours per week*
- Two part-time employees each scheduled to work 20 hours per week
- Four part-time employees each scheduled to work 10 hours per week
- 3 part-time employees, one scheduled to work 20 hours per week while the other two each work 10 hours per week
- Any combination of part-time employees scheduled to work a combined 40 hours per week
- Any number of seasonal employees with combined total hours worked equaling 2080 in a single fiscal year

* Indicates all full-time employees are assumed each to be 1.0 FTE since IHB Personnel Policies allows an employee to work a minimum of 30 hours per week and be classified as full-time.

Readers should expect some continued refinement in the numbers in future years as use of FTEs become the norm. The chart to the right illustrates the staffing levels of the City by departments.

FY23 Approved Budget FTEs

Approved for FY23 are 84.75 FTEs, an increase of 1.00 FTEs (1.2% of total staffing) from the FY22 Adopted Budget. This increase is the result of the following:

- Conversion of an Information Technology Specialist position from part-time to full-time to provide needed back-up to the Information Technology Director position during unforeseen absences and to address the growing workload.

| FY23 Staffing by Department | | | | |
|-----------------------------|--------------|--------------|--------------|------------------|
| | FTEs | F/T | P/T | Change from FY22 |
| Executive | 3.00 | 3.00 | - | - |
| Financial & Admin. | 5.00 | 5.00 | - | 0.50 |
| Police | 30.81 | 30.00 | 0.81 | - |
| Building | 3.00 | 3.00 | - | - |
| Public Works | 14.50 | 14.50 | - | 0.50 |
| Recreation | 28.44 | 5.00 | 23.44 | - |
| Total | 84.75 | 60.50 | 24.25 | 1.00 |

As the City continues to grow in use of technology, coupled with expanded assets required by the new stand-alone Police Department building, reliance upon one full-time information technology position presents the possibility of the City experiencing a critical failure of technical support. The conversion of the part-time specialist position will aid in retention of the skilled employee instead of a revolving door of people getting entry level experience in local government information technology work and then leaving for a full-time position with another local agency.

- Addition of a full-time Administrative Assistant position (6 months)

The Public Works Department is the only large department in the City without administrative support to the Department Director. Filling this gap in staffing was problematic in past years due to the very limited office space in the Public Works facilities. However, with the planned conversion of part of the old Police Department space at City Hall to Public Works administrative use, filling this spot becomes possible and warranted. Said position will allow the Public Works Director to focus on management and capital projects by shifting most of the daily administrative tasks to a support position. Additionally, due to the current Public Works Director also serving as the Volunteer Fire Department Chief, this support person will be able to handle some of the increasing Fire Department paperwork while working in her/his Public Works office. Due to anticipated timing of the renovation project, the full-time Administrative Assistant position is only budgeted for the second half of FY23 and will then be budgeted for 12 months in subsequent fiscal years.

The FY23 Employee Pay and Classification Plan, as adopted by the City Council on September 13, 2022, is included in this document (after the line-item budget data) for transparency purposes.

Future Challenges

The following discussion is not intended to comprehensively address all aspects of specific issues, nor does the following imply any specific course of action except to raise awareness of issues that cannot be easily resolved within a single fiscal year.

Impact of Inflation and Minimum Wage Increases

While virtually no one enjoys rising costs, sudden shocks in commodity and labor costs are especially problematic to local governments as said costs are usually buried in general ledger line-items not readily visible to taxpayers while increases in property tax bills are very prominent. Hence, the current environment of 40-year record high inflation and the on-going sharp annual increase in the State minimum wage law (through FY27) presents a heightened challenge to the City.

As of the date of this document, annualized inflation in the United States stood at 8.3% with most non-political analysts forecasting 21-27 more months of inflation remaining above the Federal Reserve's benchmark of 2.0%. Troubling is a minority of forecasters predicting further increases in inflation through calendar year 2022 before the rate starts to recede. The impact of said inflationary pressures can be seen throughout the summary line-item budgets on the following pages.

The 2020 voter approved Florida Constitutional Amendment raising the minimum wages to \$15.00 an hour by September 30, 2026 will present a challenge to staff and the City Council in future years to maintain fiscal responsibility to property owners while ensuring the City has a competitive pay and classification plan. Currently, the City has a workforce with a total base salaries and wages of \$3.4 Million while five or 17% of the

| Fiscal Year | Effective Date | State Min. Non-Tipped Hourly Wage | IHB Min. Wage | Difference IHB to State |
|-------------|----------------|-----------------------------------|---------------|-------------------------|
| 22 | Sep. 30, 2021 | 10.00 | 11.51 | 1.51 |
| 23 | Sep. 30, 2022 | 11.00 | 12.09 | 1.09 |
| 24 | Sep. 30, 2023 | 12.00 | TBD | TBD |
| 25 | Sep. 30, 2024 | 13.00 | TBD | TBD |
| 26 | Sep. 30, 2025 | 14.00 | TBD | TBD |
| 27 | Sep. 30, 2026 | 15.00 | TBD | TBD |

pay grades are currently below the \$15.00 an hour mark for starting pay. All pay grades are allocated set based on a competitive worth analysis and while simply increasing the bottom five pay grades may meet the requirements of State law, the effect is a compression of the low-to-middle pay grades thus making them less competitive in the local marketplace of employers. Many different options are available to meet the State minimum wage law in future years; however, each option has negative consequences. Although the number of options is virtually limitless when fusions of COLAs, merit/step, longevity, etc. are included in the calculations, the most likely options for IHB in future years, include the following:

- Annual COLAs that increase the minimum starting pay of each pay grade. This approach increases starting pay but prevents employees from moving through the pay range resulting in new hires making the same amount as employees who have worked for the City for several years.
- Annual increases to move employees through pay ranges. This approach increases current employees' pay from the starting rate but erodes the competitiveness of IHB as an employer as advertised positions with unrealistically low starting pay rates do not recruit the best and the brightest job seekers.
- Splitting annual increases between a COLA and merit or step increase. This approach attempts to accomplish the two goals of keeping minimum pay for each pay grade competitive to other employers' starting pay while moving employees through their pay grades. Usually, this approach does not fully accomplish either goal unless the amount devoted to annual increases is in the 4-5% range or higher.

Future of the IHBVFD

Established in 1965, the IHB Volunteer Fire Department has served our City proudly for over 57 years. However, with increasing training demands, high property values in the City, and competition from surrounding paid departments, the long-term continuation of the department as 100% volunteer staffed is questionable. While there are multiple options, each has benefits and drawbacks. Since a decision is not required in the immediate future, the potential impact upon the residents, businesses, and visitors of IHB warrant a careful and public discussion to identify the desired course of action. The most likely options are as follows:

- Commitment to maintain a 100% volunteer department

Benefit:

 - Lowest annual cost to the City
 - Expansion or replacement of Station 56 is not required (although it is desirable)

Drawback:

 - Continued recruitment and retention issues
 - Higher response times as compared 100% paid departments
 - Extremely hard to bring in senior and/or management personnel from outside the department to fill vacancies (an option that exists for paid departments)
- Transition to a hybrid paid and volunteer department

Benefit:

 - Moderate increase in annual cost to the City (as paid staff would most likely be senior management personnel)
 - Apparatus and equipment continues to be used
 - Expansion of Station 56 could be limited as sleeping quarters would only be required for paid staff (although sleeping quarters for volunteers could potentially assist in recruitment and retention)

Drawback:

- Higher costs to the City as compared to a 100% volunteer department
- Continued recruitment and retention issues for volunteer positions
- Higher response times as compared 100% paid departments

- Transition to a 100% paid department

Benefit:

- Reduced response time
- Apparatus and equipment continues to be used
- Reduced recruitment and retention issues

Drawback:

- Highest increase cost to the City
- Expansion or replacement of Station 56 is required
- Continued (however greatly reduced) recruitment and retention issues as some employees will leave for better pay in larger departments (similar to issues faced by small law enforcement agencies)

- Contracting with Brevard County for fire and rescue services

Benefit:

- Possible initial lower cost as compared to 100% paid City staff
- Expansion or replacement of Station 56 by the City may not required

Drawback:

- Limited City influence upon operations
- Possible higher costs than 100% city paid staff (example of West Melbourne residents currently paying more for County fire services than other similar sized Brevard municipalities with their own fire departments)
- Loss of community pride in a local fire department
- Possible financially undesirable disposition of current apparatus and equipment

- Creation of a multi-agency paid beachside department

Benefit:

- Possible cost savings due to economies of scale as compared to 100% paid city department
- Could foster greater cooperation among beachside cities in other areas

Drawback:

- Requires agreement of other beachside cities for a joint department (unknown level of interest)
- Less influence over operations and future costs
- Loss of community pride in a local fire department

Completion of SLFRF Funded Projects

By the start of FY23, the City will have received \$4,285,786 in Coronavirus State Local Fiscal Relief Funds (SLFRF) as passed through from the federal American Recovery Program Act. These monies have broad, yet specific, criteria on eligible uses and must be awarded by December 31, 2024 and totally expended by December 31, 2026. Staff projects, only \$209,106 or 4.88% of these monies being spent by the end of FY22. However, with \$2,965,000 budgeted for projects in FY23, only \$1,111,680 will remain unspent for FY24 and beyond (assuming all FY23 projects are completed by the end of that fiscal year and expenditures stay within their respective budgets). Additionally, with inflation being at a 40-year record high with little relief anticipated in the next couple of years, the balance going forward may be needed for FY23 planned projects.

Hence, IHB is well positioned to meet the award and expenditure deadlines for SLFRF monies.

Water Quality Projects

Protecting the physical beauty and health of IHB's local environment is an underpinning motivation to this organization. As a barrier island, water quality is paramount to all aspects of life on and around IHB.

Muck Removal Project

The largest planned water quality project is the muck removal project (estimated to remove 188,000 cubic yards of muck and more than 31,000 pounds of harmful nitrogen per year from canals within the City), which is currently in permitting with the U.S. Army Corp of Engineers. Although IHB has obtained a commitment of \$9,260,000 from Save our Indian River Lagoon (SOIRL) Half-Cent Sales Tax revenues and a shared (with the City of Satellite Beach) \$1,000,000 Legislative appropriations for the project, record high inflation coupled with continued high inflation forecasted for the next 21-27 months will probably create a significant funding deficit when the project is finally permitted and ready for execution. The City will continue to seek additional funding from agencies such as the St. John's River Water Management District and the Florida Inland Navigation District.

Stormwater project funding and physical limitations

The Stormwater Utility Fund enables the long-term funding of small drainage and water quality projects within the City. However, two major constraints impede implementation of many desirable projects: money and physical space.

While approximately \$218,000 net annual assessment receipts seem like a lot of money to individuals, the current assessment level (not changed since 2007) limit execution to a few smaller projects each year. Although grant funding and other sources (SOIRL, State appropriations, etc.) are available, their award is highly competitive and not something that can be planned on in the future with any level of certainty.

The second limitation of space is the most restrictive challenge facing the City. Growing cities have the ability to work with developers to set aside adequate land to address stormwater needs, but a built out community such as ours prevents the cost effective implementation of many small neighborhood projects. Adding water quality features within established neighborhoods is extremely challenging unless the City acquires property adjacent to existing right-of-ways/easements from homeowners (which is a very unpopular course of action). When redevelopment does occur, staff strives to ensure infill construction does not exacerbate current drainage and water quality issues.

One opportunity the City will have in the future is the installation of another second generation baffle box along the Big Muddy Canal close to South Patrick Drive. This project will be possible due to the relocation of Police Department vehicular parking to the new facility and Public Works employee parking shift from adjacent to the canal to the back of City Hall. Due to the cost of such a project, staff will seek grant funding and/or direct Legislative appropriations before proposing to use of City generated monies.

Communications with Residents

Whether a private or public organization, getting information out to customers and/or the public is one of the most important tasks that can make or break the success of the organization. If no one knows what the City is doing, achievements will go unrecognized and decision makers will not be aware of the community's positions on future challenges. IHB currently uses a hybrid system of communications with residents and visitors that includes:

- Bi-monthly *Harbour Highlight* mailed to each home
- An official Facebook page
- Marquee signs along South Patrick Drive
- Mobile signage
- One-time mailings
- Personal communications (in-person, telephone, and e-mail)

Challenges with these methods of communications include timeliness of information and penetration to all residents and property owners. In FY22, paper shortages from the printing vendor impacted the *Harbour Highlights* distribution, and the need to replace the existing mobile sign has temporarily removed this means of information conveyance (although the City Council authorized the replacement prior to the end of the FY22). While Facebook is currently IHB's most time-sensitive means of getting information out and answering residents' questions, not everyone uses Facebook and weekend/holiday monitoring and responses is dependent mainly upon my position. While other Executive Leaders could rotate non-business hour Facebook monitoring, most department directors do not have a complete awareness of all City issues and how best to respond to specific questions. Hence, Facebook users seeking detailed or County related information on the weekends and holidays may not have their questions answered to their complete satisfaction within their desired timeline. Current budgetary and City Hall space

restraints prohibit the adding of an exempt entry-level city management position that could address this deficiency.

To augment current electronic communications with residents, staff has and will continue to research new cost-effective means of providing residents with information and means of residents communicating concerns or questions to staff. One such possibility is a text message system that allows residents to send messages to the City that are automatically routed to the appropriate department via a web-based artificial intelligence system. Unless a better option is identified, staff plans to include this additional means of communication in the FY24 Proposed Budget.

Financial Planning and Capital Improvement Planning

In the recent past, IHB has only produced a line-item summary budget for the next fiscal year. While allowable under state law and accounting practices, said limited financial planning for future revenues and expenditures has unintended negative consequences. For example, IHB was ranked very low in comparison to other grant proposals recently because staff could not provide the State agency administering the grant program a copy of a five-year capital improvement plan containing the projects for which the City was seeking funding. To address this deficiency, staff will begin a multi-year phased development of a financially feasible five-year financial model and capital improvement plan beginning in the next few months. The following table illustrates the planned milestones for the project:

| Implementation Plan for a Financially Feasible Five-Year Financial Model and Capital Improvement Plan | |
|--|---|
| Fiscal Year | Tasks |
| 24 | Development of a line-item expenditure 5-year plan without details showing funded and non-funded projects |
| 25 | Addition of project details |
| 26 | Addition of projected revenues and implementation of interactive features |

Conclusion and Acknowledgements

The FY23 Approved Budget represents the accumulation of many hours of teamwork by staff to provide a policy oriented Transmittal Letter (with communications and financial elements) and line-item summary for the City Council to review and ultimately approve a budget for the next year. The City of Indian Harbour Beach does not rise or fall on the work of any one individual but is the result of each employee working as a team to deliver services to our residents and visitors. The reader is encouraged to remember that the state of the City is not only the result of the efforts of the current Mayor and Council Members, executive leadership team, and staff, but is built upon the foundation provided by who served before us. What we have today in the City of

Indian Harbour Beach is an inheritance given to us by those who have previously walked the path that we now walk. We have a solemn obligation to continue to be the best possible stewards of our City's financial and natural resources.

I am humbled every day to be entrusted by the City Council to serve as your City Manager. In summary, I would like to express my personal appreciation to those individuals who have enabled the production of this document. Each employee deserves specific recognition for her/his role played in our organization, although space does not permit me to recognize each employee individually. However, Altara Warren, Executive Assistant/Special Projects Coordinator, merits exceptionally recognition for her daily support and willingness to tackle difficult and time consuming tasks. Without her, my ability to focus on organizational wide issues would be greatly diminished. Additionally, Julie Bradford, Comptroller, warrants extraordinary recognition for her time devoted to the development and multiple revisions of the following line-item budgets and in assisting in the development of fund balance calculations used in this Transmittal Letter. When one considers IHB's General Fund has approximately 675 distinct general ledger revenue and expenditure accounts, Ms. Bradford's ability to scrutinize each account while completing her regular work is a testament to her work ethos and professionalism. However, any errors or omissions contained within the FY23 Approved Budget are solely my responsibility.

In public service,



John W. Coffey, ICMA-CM
City of Indian Harbour Beach City Manager

City of Indian Harbour Beach
Fiscal Year 2022-2023 Pay and Classification Plan

| Title | Pay Grade | Annual | | | Hourly | | |
|--|-----------|------------|------------|------------|---------|----------|---------|
| | | Minimum | Midpoint | Maximum | Minimum | Midpoint | Maximum |
| City Manager | 30 | 103,515.71 | 136,679.60 | 169,843.49 | 49.7672 | 65.7113 | 81.6555 |
| | 29 | 98,586.38 | 130,200.22 | 161,814.05 | 47.3973 | 62.5963 | 77.7952 |
| | 28 | 93,891.79 | 124,029.39 | 154,166.98 | 45.1403 | 59.6295 | 74.1187 |
| Police Chief | 27 | 89,420.75 | 118,152.39 | 146,884.02 | 42.9908 | 56.8040 | 70.6173 |
| | 26 | 85,162.64 | 112,555.27 | 139,947.90 | 40.9436 | 54.1131 | 67.2826 |
| | 25 | 81,107.28 | 107,224.68 | 133,342.08 | 38.9939 | 51.5503 | 64.1067 |
| Building Official | 24 | 77,244.84 | 102,147.85 | 127,050.86 | 37.1370 | 49.1095 | 61.0821 |
| Comptroller | | | | | | | |
| Information Technology Director | | | | | | | |
| Police Commander | | | | | | | |
| | 23 | 73,566.80 | 97,313.04 | 121,059.28 | 35.3687 | 46.7851 | 58.2015 |
| City Clerk | 22 | 70,063.40 | 92,708.37 | 115,353.33 | 33.6844 | 44.5713 | 55.4583 |
| Public Works Director | | | | | | | |
| Recreation Director | | | | | | | |
| | 21 | 66,727.26 | 88,323.12 | 109,918.98 | 32.0805 | 42.4630 | 52.8456 |
| Police Sergeant | 20 | 63,548.66 | 84,144.79 | 104,740.92 | 30.5523 | 40.4542 | 50.3562 |
| | 19 | 60,522.72 | 80,167.10 | 99,811.48 | 29.0975 | 38.5419 | 47.9862 |
| | 18 | 57,640.87 | 76,379.40 | 95,117.93 | 27.7120 | 36.7209 | 45.7297 |
| Assistant Comptroller | 17 | 54,897.00 | 72,772.25 | 90,647.50 | 26.3928 | 34.9867 | 43.5805 |
| Executive Assistant | 16 | 52,282.56 | 69,335.67 | 86,388.78 | 25.1359 | 33.3345 | 41.5330 |
| Executive Assistant / Special Projects Coordinator | | | | | | | |
| Accreditation Manager / Assistant to Chief of Police | | | | | | | |
| Special Projects Coordinator | | | | | | | |
| Assistant Public Works Director | 15 | 49,792.68 | 66,063.36 | 82,334.03 | 23.9388 | 31.7612 | 39.5836 |
| Deputy Building Official | | | | | | | |
| Head Mechanic | | | | | | | |
| Code Enforcement Official | 14 | 47,421.26 | 63,866.85 | 80,312.44 | 22.7987 | 30.7052 | 38.6117 |
| Fire Marshal / Code Enforcement Official | | | | | | | |
| Police Officer | | | | | | | |
| Building Inspector | 13 | 45,163.38 | 59,978.26 | 74,793.13 | 21.7132 | 28.8357 | 35.9582 |
| Communications Supervisor | | | | | | | |
| Information Technology Specialist | | | | | | | |
| Records Supervisor | | | | | | | |
| Accountant | 12 | 43,012.98 | 57,151.15 | 71,289.32 | 20.6794 | 27.4765 | 34.2737 |
| Deputy City Clerk | | | | | | | |
| Mechanic II | | | | | | | |

**City of Indian Harbour Beach
Fiscal Year 2022-2023 Pay and Classification Plan**

| Title | Pay Grade | Annual | | | Hourly | | |
|-------------------------------------|-----------|-----------|-----------|-----------|---------|----------|---------|
| | | Minimum | Midpoint | Maximum | Minimum | Midpoint | Maximum |
| Administrative Assistant | 11 | 40,965.15 | 54,459.45 | 67,953.75 | 19.6948 | 26.1824 | 32.6700 |
| Aquatics Superintendent | | | | | | | |
| Grounds Supervisor | | | | | | | |
| Communications Officer | 10 | 39,013.79 | 51,894.39 | 64,774.99 | 18.7567 | 24.9492 | 31.1418 |
| Crew Leader | | | | | | | |
| Mechanic I | | | | | | | |
| | 9 | 37,156.46 | 49,453.49 | 61,750.51 | 17.8637 | 23.7757 | 29.6877 |
| Semi-Skilled Maintenance Specialist | 8 | 35,387.04 | 47,127.31 | 58,867.57 | 17.0130 | 22.6574 | 28.3017 |
| Senior Staff Assistant | | | | | | | |
| Victim Advocate | | | | | | | |
| Maintenance Specialist | 7 | 33,701.89 | 44,912.13 | 56,122.36 | 16.2029 | 21.5924 | 26.9819 |
| Staff Assistant | 6 | 32,097.33 | 42,803.52 | 53,509.71 | 15.4315 | 20.5786 | 25.7258 |
| Camp Coordinator | 5 | 30,568.47 | 40,793.35 | 51,018.23 | 14.6964 | 19.6122 | 24.5279 |
| Head Lifeguard | | | | | | | |
| Crossing Guard | 4 | 29,112.91 | 38,880.39 | 48,647.86 | 13.9966 | 18.6925 | 23.3883 |
| Camp Supervisor | 3 | 27,726.91 | 37,058.31 | 46,389.70 | 13.3303 | 17.8165 | 22.3027 |
| Camp Leader | 2 | 26,405.65 | 35,321.52 | 44,237.38 | 12.6951 | 16.9815 | 21.2679 |
| Clerical Assistant | | | | | | | |
| Lifeguard | | | | | | | |
| Camp Counselor | 1 | 25,147.89 | 33,668.76 | 42,189.63 | 12.0904 | 16.1869 | 20.2834 |
| Community Services Officer | | | | | | | |