

City of Punta Gorda

LONG RANGE FINANCIAL PLAN

Fiscal Years 2025-2029



Punta Gorda

FLORIDA

In January 2008, the City published its first Business Plan which incorporated economic and financial strategies and key performance measures into a single document. In order to augment the financial strategy component of the Plan, a long-range financial plan was developed in January 2009 to assist management in the planning and allocation of resources to achieve City Council's goal of maintaining fiscally responsible decision making within all sectors of the organization. The Plan provided the organization with an opportunity to change or influence current policies and practices before they created critical fiscal strains on the budgetary fabric.

The Fiscal Years 2025-2029 Long Range Financial Plan presents multi-year fiscal forecasts for the City's major fund groups. In addition, the Plan discusses budget issues or items currently known for the upcoming budget year. The current strategic planning process results in a current year management plan, and also strategically on a longer-term vision for the upcoming needs of the City.

Hurricanes continue to impact the City. Hurricane Ian (September 2022) recovery is still in process. Hurricane Helene (September 2024) and Hurricane Milton (October 2024) recoveries are beginning. The focus on all these recovery efforts while moving forward with planned projects and normal operations has created a challenge for many of the departments and divisions of the City.

This sets the stage for a starting point of discussion and direction in developing the FY 2026 budget while providing a context of how it might affect the future years' forecasts. The Plan is shown in the following format:

Section 1: Major Fund Five-Year Fiscal Forecasts

Section 2: Strategic Planning Process Update

Section 3: Budget Issues

Section 1: Major Fund Five-Year Fiscal Forecasts

Core Level of Service Comparative Analysis

In order to set the stage for review of the City’s major fund five-year fiscal forecasts, staff undertook an analysis of how Punta Gorda compares with surrounding jurisdictions in delivering core services in January 2025. The charts below provide a benchmarking analysis of costs to deliver core level of services for eight Southwest Florida municipalities. Services compared include those paid for by property taxes, fees/assessments (sanitation, fire, roads/drainage/stormwater, debt service) and average annual water/sewer bill at estimated 7 thousand gallons per month usage.

The fact that the order may be different is due to service costs being based on flat rate or taxable assessed value which may change the total. Punta Gorda remains competitive with surrounding Southwest Florida municipalities for delivery of its core services.

Basic Tax Fee Comparison Single Family Residential

BASIC TAX/FEE COMPARISON - Single Family Residential

City of Punta Gorda Estimated Millage Rate 3.9500

Based on taxable value of \$250,000	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota*	Mills	Venice	Mills	North Port	Mills	Cape Coral	Mills	Fort Myers	Mills
Property Taxes	\$ 307.50	1.23	\$ 211.75	.8470	\$ 987.50	3.9500	\$ 750.00	3.0000	\$ 976.03	3.9041	\$ 941.68	3.7667	\$ 1,304.70	5.2188	\$ 1,631.38	6.5255
Water & Sewer (Avg Monthly annualized)	\$ 1,023.00		\$ 1,239.96		\$ 1,115.28		\$ 1,706.04		\$ 2,097.96		\$ 2,081.64		\$ 1,866.00		\$ 2,252.88	
Sanitation (Solid Waste)	\$ 450.36		\$ 320.38		\$ 344.40		\$ 389.40		\$ 293.64		\$ 302.50		\$ 381.06		\$ 275.85	
Fire Service	\$ 0		\$ 486.65	1.9466	\$ 0		\$ 145.00		\$ 0		\$ 300.00		\$ 395.00		\$ 218.00	
Roads/Drainage/Stormwater	\$ 291.00		\$ 50.00		\$ 0		\$ 105.00		\$ 0		\$ 330.00		\$ 150.00		\$ 175.00	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 35.90	.1436	\$ 90.80	.3632	\$ 0		\$ 44.78	.1791	\$ 0	
TOTAL	\$ 2,071.86		\$ 2,308.74		\$ 2,447.18		\$ 3,131.34		\$ 3,458.43		\$ 3,955.82		\$ 4,141.54		\$ 4,553.11	

Based on taxable value of \$500,000	Naples	Mills	Bonita Springs	Mills	Punta Gorda	Mills	Sarasota*	Mills	Venice	Mills	North Port	Mills	Cape Coral	Mills	Fort Myers	Mills
Property Taxes	\$ 615.00	1.23	\$ 423.50	.8470	\$ 1,975.00	3.9500	\$ 1,500.00	3.0000	\$ 1,952.05	3.9041	\$ 1,883.35	3.7667	\$ 2,609.40	5.2188	\$ 3,262.75	6.5255
Water & Sewer (Avg Monthly annualized)	\$ 1,023.00		\$ 1,239.96		\$ 1,115.28		\$ 1,706.04		\$ 2,097.96		\$ 2,081.64		\$ 1,866.00		\$ 2,252.88	
Sanitation (Solid Waste)	\$ 450.36		\$ 320.38		\$ 344.40		\$ 389.40		\$ 293.64		\$ 302.50		\$ 381.06		\$ 275.85	
Fire Service	\$ 0		\$ 973.30	1.9466	\$ 0		\$ 200.00		\$ 0		\$ 475.00		\$ 420.00		\$ 218.00	
Roads/Drainage/Stormwater	\$ 291.00		\$ 50.00		\$ 0		\$ 105.00		\$ 0		\$ 330.00		\$ 150.00		\$ 250.00	
Debt Service	\$ 0		\$ 0		\$ 0		\$ 71.80	.1436	\$ 181.60	.3632	\$ 0		\$ 89.55	.1791	\$ 0	
TOTAL	\$ 2,379.36		\$ 3,007.14		\$ 3,434.68		\$ 3,972.24		\$ 4,525.25		\$ 5,072.49		\$ 5,516.01		\$ 6,259.48	

*City of Sarasota Fire Rescue and Stormwater is provided as a non-advalem assessment by the County.

General Fund

Some of the additional expenditures approved by City Council for FY 2025 included the following:

- City Council – increases for photography, recognition plaques and gifts, memberships, training, and advocacy opportunities.
- City Manager and Legal – shared leased printer.
- Human Resources – administrative assistant, compensation and benefit analysis study, service award program, additional on-site training, and office supplies and printing for on-boarding materials.
- Finance and Procurement – a purchasing agent and increase for full other post-employment benefit report as required every other year.
- Planning and Zoning – a code compliance officer, a comprehensive planning study, and increases for sign replacements and additional travel for training.
- Public Works – a right-of-way crew chief and facilities maintenance worker, increases for maintenance of Laishley Park and Herald Court Centre infrastructure due to sunset of CRA, rent for meeting space, water bottle fillers, additional maintenance supplies, increased weekend janitorial services in parks and Herald Court Centre and weekly in temporary facilities, a study of drainage and

possible solutions for downtown historic district, and resurfacing of all courts and landscaping for pickleball courts.

- Public Safety – a lieutenant, (2) officers, and a senior dispatcher (as amended). SAFER grant applied for (9) firefighter/EMTs and additional funds for equipment would be needed if awarded. Fire department increased travel for training, uniforms, and emergency management supplies.
- Information Technology – overall increase of 29% for city-wide projects.
- Non-departmental – increase in contingency for unresolved needs or infrastructure.

The FY 2025 budget five year fiscal forecast includes the following assumptions: a millage rate of 3.9500 through FY 2029, modest anticipated increases of 5% in taxable property valuations, 1% to 2% increases in shared state revenues and other general fund revenues, estimated grant revenue through FY 2026 for officers, 4% merit wage increases, 6% increases for health insurance, 10% increase for workers compensation, 5% increases for pensions and general liability insurance, 3% increases for all other operating expenditures, capital outlay average of \$940,000, and the sunseting of the Community Redevelopment Agency in FY 2024. The financial plan also includes anticipated personnel/service level enhancements through FY 2026 and projects funding that can be used for infrastructure needs or other personnel/service level enhancements as identified as unresolved needs. The fiscal forecast projects deficits in the range of approximately \$923,000 to \$1,835,000 FY 2026 through FY 2026. In most fiscal years, due to conservative estimating by the City, some additional funds are added at the end of the fiscal year due to additional revenues collected or divisions not fully expending their budget. It also shows that the City is able to maintain the minimum reserve of 16.7% in the proforma period.

**General Fund
Proforma Schedule of Revenues and Expenditures
Budget FY 2025 through Proforma FY 2029**

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Change in Taxable Value of Property	10%	5%	5%	5%	5%
Revenues:					
Ad Valorem Tax	\$19,154,810	\$20,112,550	\$21,118,175	\$22,174,085	\$23,282,790
Other Revenue	15,618,135	15,789,125	15,745,270	15,911,095	16,080,360
Total Revenues	34,772,945	35,901,675	36,863,445	38,085,180	39,363,150
Expenditures:					
Personnel Expenditures	24,034,590	25,509,670	26,629,765	27,803,175	29,032,630
Operating Expenditures	8,370,795	8,227,435	8,408,350	8,664,045	8,928,395
Capital Outlay	896,000	1,915,000	989,000	940,000	940,000
Transfers to other Funds	187,000	0	0	0	0
Transfers for Capital Projects	505,000	580,000	255,000	255,000	255,000
Transfers for Roads	709,000	709,000	709,000	709,000	709,000
Transfers for Drainage	300,000	300,000	300,000	300,000	300,000
Council Contingency	15,000	15,000	15,000	15,000	15,000
Infrastructure and Unresolved Needs	417,500	480,000	480,000	480,000	480,000
Total General Expenditures	35,434,885	37,736,105	37,786,115	39,166,220	40,660,025
Estimated Beginning Reserves	\$12,606,029	\$11,944,089	\$10,109,659	\$9,186,989	\$8,105,949
Estimated Ending Reserves	\$11,944,089	\$10,109,659	\$9,186,989	\$8,105,949	\$6,809,074
Minimum Reserve 16.7%	\$5,917,700	\$6,302,000	\$6,310,300	\$6,540,800	\$6,790,300

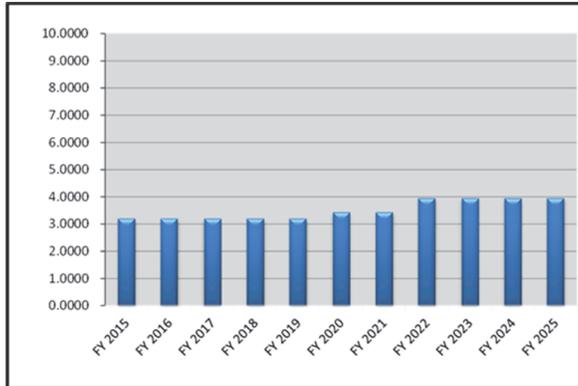
Millage and Taxable Assessed Value

The FY 2025 millage rate is 3.9500 mills. Included in the millage rate is \$709,000 earmarked for the road resurfacing program and \$300,000 for the city-wide drainage improvement program. The current millage rate is necessitated by continued outstanding infrastructure needs, the need to maintain and enhance current service levels over the coming years, while maintaining the City’s policy of on-going revenues covering on-going expenditures and that available reserves only be used for one-time expenditures.

Property Tax Millage Rates Fiscal Years 2015 - Budget 2025

A mill is equal to one dollar of tax for each \$1,000 of taxable value. Florida Statutes caps the millage rate at 10 mills.

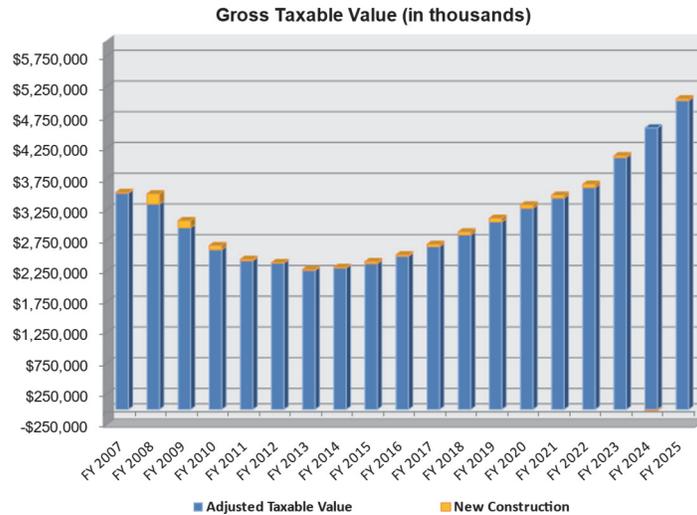
Fiscal Year	Millage Rate
2015	3.1969
2016	3.1969
2017	3.1969
2018	3.1969
2019	3.1969
2020	3.4337
2021	3.4337
2022	3.9500
2023	3.9500
2024	3.9500
2025	3.9500



History of Taxable Property Values

Fiscal Year	Final Gross Taxable Value*	\$ Change from Previous Year	% Change from Previous Year	New Construction	% of Previous Year Gross Taxable Value
2007	\$3,515,560,986			\$13,851,000	
2008	\$3,496,182,626	-\$19,378,360	-0.6%	\$168,546,000	4.8%
2009	\$3,062,265,808	-\$433,916,818	-12.4%	\$115,280,000	3.3%
2010	\$2,646,132,752	-\$416,133,056	-13.6%	\$65,914,000	2.2%
2011	\$2,447,711,910	-\$198,420,842	-7.5%	\$24,317,000	0.9%
2012	\$2,367,768,124	-\$79,943,786	-3.3%	\$7,854,000	0.3%
2013	\$2,270,096,296	-\$97,671,828	-4.1%	\$16,856,000	0.7%
2014	\$2,308,224,076	\$38,127,780	1.7%	\$9,890,893	0.4%
2015	\$2,398,248,062	\$90,023,986	3.9%	\$32,800,312	1.4%
2016	\$2,513,363,249	\$115,115,187	4.8%	\$23,895,443	1.0%
2017	\$2,685,303,159	\$171,939,910	6.8%	\$38,357,930	1.5%
2018	\$2,887,855,644	\$202,552,485	7.5%	\$50,549,762	1.9%
2019	\$3,108,678,379	\$220,822,735	7.6%	\$60,086,894	2.1%
2020	\$3,325,350,916	\$216,672,537	7.0%	\$54,169,154	1.7%
2021	\$3,483,430,722	\$158,079,806	4.8%	\$46,759,746	1.4%
2022	\$3,661,713,042	\$178,282,320	5.1%	\$52,590,453	1.5%
2023	\$4,125,070,957	\$463,357,915	12.7%	\$31,518,237	0.9%
2024	\$4,561,393,197	\$436,322,240	10.6%	-\$18,143,289	-0.4%
2025	\$5,051,387,222	\$489,994,025	10.7%	\$30,767,348	0.7%

*Includes New Construction



The Charlotte County Appraiser’s July 1st certification shows a 10.0% overall increase for properties on the books from the prior year and an additional 0.7% provided by new construction, annexations and changes in exemption for calendar year 2023. This is the twelfth straight year that property values increased in the City after six consecutive years of declining values (35% decrease from FY 2007 to FY 2013). The net effect of property value changes over the past seventeen years is a cumulative 44.5% increase in taxable values. Protection of Save Our Homes has resulted in a majority of homestead property taxable values being below just values in the current housing market.

Fund Balance

City Council approved reserve objectives to the comprehensive set of financial management policies are below.

- An adequate level of unrestricted fund balance will be maintained so credit rating agencies will recognize the City is in sound financial condition when they evaluate the City’s credit worthiness.
- The City will strive to follow the Government Finance Officers Association’s (GFOA) recommendation for a minimum level of unrestricted fund balance for the General Fund. The GFOA states the unrestricted fund balance for the General Fund should be a minimum of 2 months of operating expenditures, or 16.7%.
- For the General Fund and all other operating funds, except the Utilities Fund, the City will establish an unassigned fund balance minimum of 16.7% of total fund expenditures.
- The City will continue to progress towards achieving a balanced budget, without relying on reserves, excluding one-time expenditures.
- The City should have a prudent level of unrestricted fund balance to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unexpected one-time expenditures.
- The City should maintain an adequate level of unrestricted fund balance as working capital to support operations until sufficient current revenues (taxes) are received.
- The City will provide a Capital Outlay Reserve based on the 5 year capital outlay program needs, and will fund the average annualized 5 year need, in order to provide a stabilized funding plan.

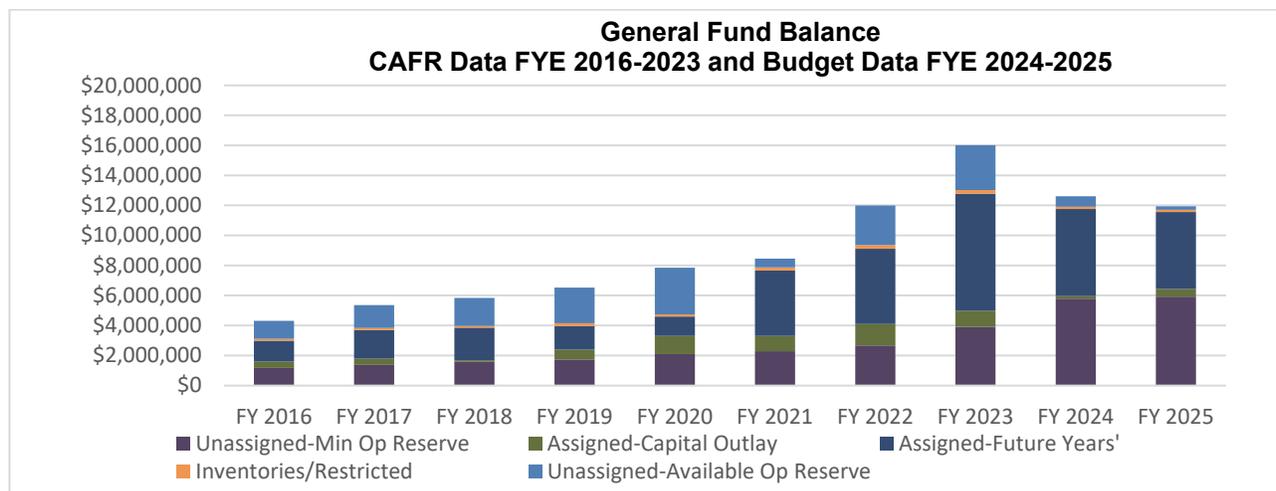
Beginning in FY 2007, the City earmarked a portion of reserves over the minimum policy to assist in paying for ongoing levels of service. Beginning in FY 2022 this practice is continued as part of the five year plan.

**Analysis of General Fund Balance
as a Percentage of General Fund Expenditures
at Fiscal Year End**

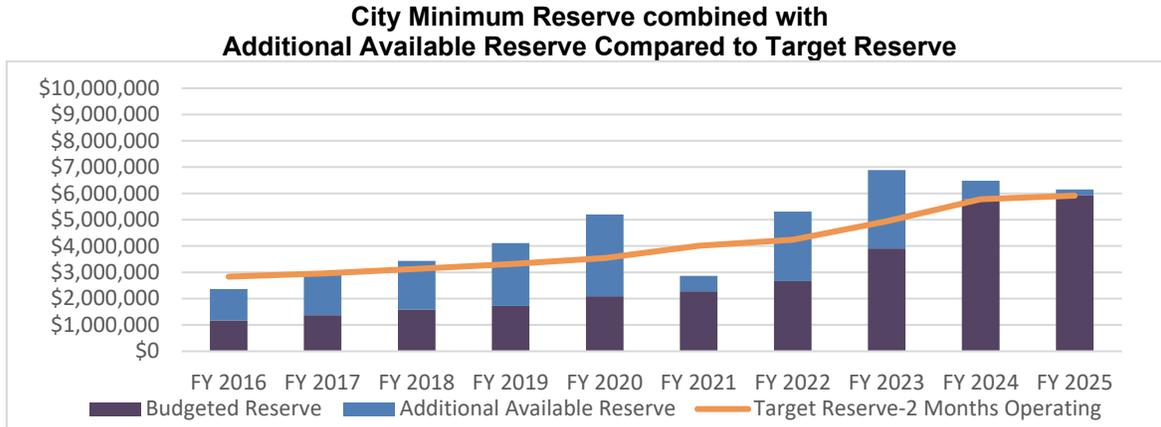
Fund Balance Category	FY 2022 Amount	% of Exp.	FY 2023 Amount	% of Exp.	Projected FY 2024 Amount	% of Exp.	Proposed FY 2025 Amount	% of Exp.
Inventories/Restricted	\$ 244,488	1.0%	\$ 252,289 *	0.9%	\$ 150,000	0.4%	\$ 150,000	0.4%
Assigned-Future Years' Use of Op. Reserve	5,016,543	19.8%	7,786,339	26.3%	5,796,955	16.8%	5,135,015	14.5%
Assigned-Capital Outlay Reserve	1,424,506	5.6%	1,080,660	3.7%	179,000	0.5%	507,000	1.4%
Unassigned-Minimum Op. Reserve (Orig)	2,667,000	10.5%	3,905,300	13.2%	5,779,100	16.7%	5,917,700	16.7%
Unassigned-Available Op. Reserve	<u>2,641,987</u>	10.4%	<u>2,982,448</u>	10.1%	<u>700,974</u>	2.0%	<u>234,374</u>	0.7%
Total Fund Balance	\$ 11,994,524	47.3%	\$ 16,007,036	54.1%	\$ 12,606,029	36.4%	\$ 11,944,089	33.7%
General Fund Orig Budgeted Expenditures	<u>\$ 25,377,445</u>		<u>\$ 29,585,140</u>		<u>\$ 34,604,960</u>		<u>\$ 35,434,885</u>	

* FY 2023 Inventories/Restricted excludes \$23.7 million of restricted loan proceeds for Canal Maintenance hurricane seawall repairs

The following graph presents the general fund balance trend information. The minimum operating reserve is regulated by the City's financial policy, it is set at 16.7% of the total expenditure appropriations which calculates to \$5,917,700. The second block of the reserves is a funding mechanism for capital outlay that provides a smoothed amount to be funded annually, based on the five year capital outlay plan which is currently an average of \$940,000. Those amounts unused will be carried in the reserve until the year scheduled for use. In FY 2025, \$507,000 is reserved. The third block of the reserves is the amount identified as needed to balance the subsequent years' budgets in the proforma. Because of the five-year plan increasing personnel/service levels, addressing increased costs and addressing needs of infrastructure maintenance and unresolved issues, all funds would be needed in this five year proforma. The fourth block is the small amount of funds identified in the Annual Comprehensive Financial Report (ACFR) as inventories or restricted (FY 2023 excludes \$23.7 million restricted loan proceeds for hurricane seawall repairs). The final and fifth block is the remaining amount of reserves that are available for use. The City has not appropriated or assigned them for expenditures, and as such, are considered as part of the current operating reserve for purposes of stabilizing the general fund or for Council approved uses. For FY 2025, the amount remaining of \$234,374 would be used to maintain the 16.7% minimum requirement of reserves in future years which increases \$872,600 in the five year proforma.



The Governmental Finance Officers Association of the U.S. and Canada has a best practice recommendation of a reserve of two months operating expenditures. The following graph shows the best practice level as a line and setting it as the minimum standard beginning in FY 2024. Due to assignment of additional available reserves to future years' budgets for the reasons enumerated above, only a small amount is showing above the minimum budgeted reserve.



City Leased Property Fund

The Community Redevelopment Agency (CRA) sunsetted in May 2024 as per approved resolutions by the County and the City. Maintenance expenditures for the parking garage and other CRA infrastructure were moved to the general fund. Leases for the units in Herald Court Centre and other properties and associated expenditures for maintenance were moved to a new special revenue fund for City Leased Property.

The proforma for the fund has been divided into two divisions: operations of Herald Court Centre (HCC) funded by HCC leases and non-departmental maintenance of infrastructure funded by other leases. The other leases have no restriction of use can be used toward maintenance of the marina, interactive fountain, restrooms and pavilions adjacent to the marina, mooring field, HCC parking structure and numerous gateway enhancements, intersection treatments, pocket parks and Martin Luther King Boulevard.

The Herald Court lease revenue for FY 2027 through FY 2029 projects one vacant unit as leases are coming up for renewal so as not to over project revenues. The City will be using the units previously occupied by Florida Gulf Coast University through FY 2026 to house staff from City Hall as the rehabilitation of that building required that employees be relocated. Although this will reduce lease revenues, the City will continue to cover the common area maintenance costs that would be contributed by those units. Based on these projections, the reserve for the Herald Court Centre shows a balance of \$157,156 in FY 2025 and reducing to \$41,171 at end of FY 2029. This reserve has two segments, the first is those funds received through the common area maintenance (CAM) fee and prepaid taxes from tenants that must be reserved for such use, and the second is available to cover shortfalls in lease revenue for purposes of ongoing operations and maintenance.

**City Leased Property Fund
Proforma Schedule of Revenues and Expenditures
Budget FY 2025 through Proforma FY 2029**

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Herald Court Operations Division					
Herald Court Revenues	\$267,975	\$273,935	\$297,850	\$305,225	\$312,735
Herald Court Operating Expenditures	296,025	307,405	319,255	331,590	341,480
Revenues in Excess (Shortfall) of Herald Ct Operations	(28,050)	(33,470)	(21,405)	(26,365)	(28,745)
Reserve - Herald Ct (Beg)	185,206	157,156	123,686	102,281	75,916
Reserve - Herald Ct (End)	\$157,156	\$123,686	\$102,281	\$75,916	\$47,171
Non-Departmental Division					
Non-Departmental Revenues	\$137,195	\$141,400	\$147,870	\$154,350	\$160,095
Non-Departmental Expenditures	0	0	0	0	0
Revenues in Excess (Shortfall) of Other Operations	137,195	141,400	147,870	154,350	160,095
Reserve - Other Operations (Beg)	573,070	710,265	851,665	999,535	1,153,885
Reserve - Other Operations (End)	\$710,265	\$851,665	\$999,535	\$1,153,885	\$1,313,980

Utilities

The current five-year financial forecast is based on 2-day per week watering; average rainfall; 6% rate increases annually; and new financing based on the FY 2025-2029 capital improvement plan. The City Council adopted a financial policy in March 2014 to fund \$1,120,000 with current revenues those expenses for recurring line and lift station repairs and replacements. A Rate Sufficiency Study is getting underway due to the significant increases added to the FY 2025-2029 Capital Improvement Plan and inflationary increases experienced since the 2020 Rate Sufficiency Study performed by Stantec. The 6% rate increases will be adjusted once the rate study is complete. The Septic to Sewer financial plan for properties in the Utilities service area that are outside the City limits has been pushed back in the 2025-2029 capital improvement plan pending obtaining grants for the project. The City will continue to look for ways to reduce expenses, explore alternative financing, and opportunities for grants.

Utilities OM&R Fund
Proforma Schedule of Revenues and Expenses
Budget FY 2025 through Proforma FY 2029

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Revenues:					
Chg for Serv - Water	\$13,431,505	\$14,308,585	\$15,238,645	\$16,224,860	\$17,270,610
Chg for Serv - Sewer	9,751,515	10,388,290	11,063,525	11,779,535	12,690,765
Other Revenue	1,178,395	1,354,550	1,810,740	1,811,965	1,813,230
Annual Assessments - Septic to Sewer-Area 1	0	0	0	350,000	350,000
Total Revenues	24,361,415	26,051,425	28,112,910	30,166,360	32,124,605
Expenses:					
Operations	20,334,205	19,985,455	20,701,065	21,847,810	22,220,995
Renewal & Replacement of Infrastructure	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	7,150,000	4,285,000	4,800,000	85,000	200,000
Existing Debt Service - RO SRF Loan	999,595	999,595	999,595	999,595	999,595
Transfer to SRF Fund-reserve incr(decr)	1,500,000	0	0	0	0
Est. new debt service WWTP	0	1,525,000	3,050,000	3,050,000	3,050,000
Est. new debt service WTP Filtration Rehab	0	0	3,037,000	3,037,000	3,037,000
Est. new debt service WTP RO Expansion	0	0	0	1,161,000	2,322,000
Est. new debt service Septic to Sewer-Area 1	0	0	0	0	344,000
Total Expenses	31,103,800	27,915,050	33,707,660	31,300,405	33,293,590
Revenues in Excess (Shortfall) of Expenses	(6,742,385)	(1,863,625)	(5,594,750)	(1,134,045)	(1,168,985)
Operating Reserves-Beg	10,649,467	3,907,082	2,043,457	(3,551,293)	(4,685,338)
Operating Reserves-End	\$3,907,082	\$2,043,457	(\$3,551,293)	(\$4,685,338)	(\$5,854,323)

Utilities Reserves

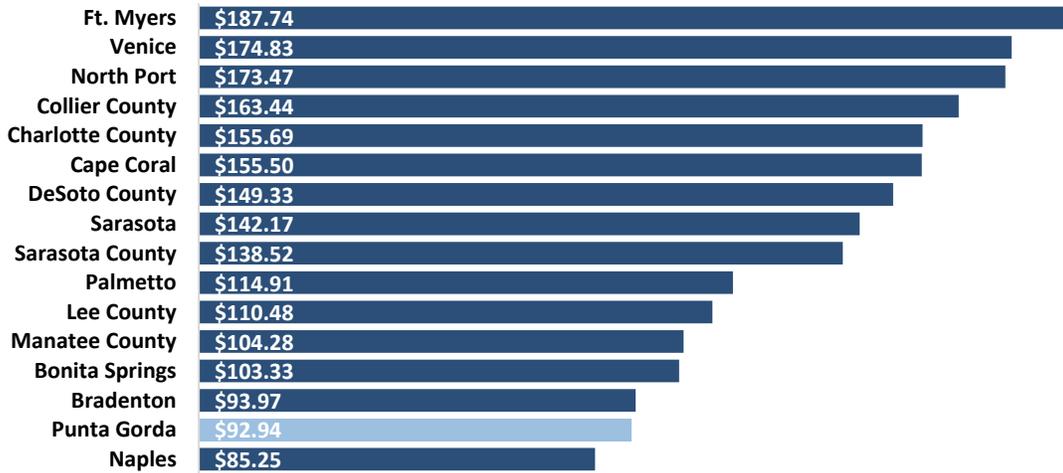
The City has legal and adopted financial policies utilizing reserves for the following purposes:

- Maintain an unassigned fund balance minimum of \$3.1 million; protection against unforeseen revenue declines and extraordinary operating expenses due to economic or weather disasters, and contract bids or equipment failures.
- Provide an emergency fund for existing infrastructure by retaining the Renewal and Replacement fund of \$1.5 million, which until January 2014 was required by bond covenants;
- Utilize a Capital Outlay reserve to provide level funding. City Council has approved the \$700,000 funding level over the five year plan for FY 2025 through FY 2029 with increases in FY 2025 and FY 2028. If the funds are not spent in the budgeted fiscal year, they will be placed in the Capital Outlay reserves. This will ensure that current and future aging issues of mechanical parts in both plants can be addressed in an adequate manner.
- Existing State Revolving Loan Fund (SRF) reserve fund maintains one year of debt service payments and shows an increase of \$1,500,000 projected in FY 2025 in anticipation of SRF loan funding requirements based on amounts drawn for the wastewater treatment plant improvement/expansion.
- The water and sewer impacts have restricted use and are kept in a reserve for growth related capital projects, such the Groundwater Reverse Osmosis (RO) Water Treatment Plant, wastewater force mains on Jones Loop Road and Riverside Drive, septic to sewer project areas, and planned expansion of the wastewater plant.

Utilities Rate Comparison

The City's utility rates are 2nd lowest among Southwest Florida utilities surveyed at FY 2025 rates.

Combined Water & Sewer Bill Survey at 7,000 Gallons per Month



Sanitation

The City operates its sanitation services as an enterprise fund and collects refuse two days per week and horticulture one day per week for 12,515 residential accounts. For the 660 commercial accounts collection is available 6 days per week. The City implemented semi-automatic pickup system with carts which is expected to reduce injuries and yet allow the full-service that Punta Gorda residents appreciate. The City's recycling program provides a 48 gallon rolling cart to each household, which is collected one day per week by an outside vendor. The program continues in FY 2025 with a rate increase of \$0.28 per month or \$3.36 per year, due to a contract increase. A \$1.50 per month or \$18.00 per year increase in refuse/yardwaste rates was due to costs increasing in all areas from contractual/inflationary increases, labor increases, insurance increases, equipment (packers) increases, etc and adding a sanitation worker position. An industrial standard study will be conducted to review routes, rates for services and current practices to provide suggestions for improvements, future needs and rates.

The five year plan reflects the capital replacements needed which will be reviewed each year to analyze repair costs to determine if a replacement could be delayed. The increased expenses has necessitated projected rate increases each year through FY 2029 which will be reviewed each budget cycle.

Sanitation Fund
Proforma Schedule of Revenues and Expenses
Budget FY 2025 through Proforma FY 2029

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Revenues:					
Chg for Serv - Refuse Collection	\$4,881,560	\$5,206,015	\$5,535,225	\$5,864,740	\$6,194,565
Other Revenue	76,300	55,600	55,600	55,600	55,600
Total Revenues	4,957,860	5,261,615	5,590,825	5,920,340	6,250,165
Expenses:					
Operations	4,936,310	5,141,740	5,402,020	5,617,380	5,844,475
Capital	50,000	400,000	196,000	400,000	400,000
Total Expenses	4,986,310	5,541,740	5,598,020	6,017,380	6,244,475
Revenues in Excess (Shortfall) of Expenses	(28,450)	(280,125)	(7,195)	(97,040)	5,690
Operating Reserves-Beg	822,773	794,323	514,198	507,003	409,963
Operating Reserves-End	\$794,323	\$514,198	\$507,003	\$409,963	\$415,653

To compare the City's rates with surrounding jurisdictions, a survey was taken during January 2025. All rates include once per week service for yard waste and recycling and either once or twice per week refuse pickup, as noted.

Jurisdiction	FY 2025 Cost/Year	Frequency of Service per Week	Outsourced
Naples	\$450.36	2	No
City of Sarasota	\$389.40	1	No
Cape Coral	\$381.06	1	Yes
Punta Gorda	\$344.40	2	No
Charlotte County	\$312.87	1	Yes
North Port	\$302.50	1	No
Lee Co. (Avg 6 districts)	\$300.51	1	Yes
Venice	\$293.64	2	No
Manatee County	\$283.80	2	Yes
Fort Myers	\$275.85	1	No
Sarasota County	\$263.96	1	Yes
Collier County	\$255.52	2	Yes

Canal Maintenance Districts Funds

Punta Gorda Isles Canal Maintenance District

The budget for the Punta Gorda Isles (PGI) canal maintenance assessment district reflects City Council approval to increase the operating assessment from \$1,100 to \$1,200. Continued increases to the program are expected based on the seawall study completed in FY 2021 as well as increased costs currently being realized in the current economic environment and the district’s portion for Hurricane Ian seawall repairs and hazard mitigation. This will be reviewed annually.

The City continues to work closely with FEMA and the State regarding Hurricane Irma rip rap mitigation and Hurricane Ian seawall repairs and mitigation. Obligations for Hurricane Ian projects have not been received yet. Projects not completed by end of FY 2024 will be re-appropriated to FY 2025 along with the associated loan transfers, debt service payments, and FEMA and State reimbursements. For obligated projects the funding share is FEMA and State reimbursements (95%) and district assessments (5%). The City will also be receiving \$500,000 from State funding that can be used towards the district share. This will be allocated between both districts and will be appropriated during the fiscal year.

The five-year proforma proposes increasing assessments through FY 2029. The annual program is approximately 5,000 lineal feet in FY 2025 as the division works to complete the hurricane projects. It then increases to 10,500 lineal feet in FY 2026 and increases 1,400 lineal feet per year thereafter. A reserve for contingency is budgeted in each year to be used for an emergency repair not scheduled in the program and can be authorized for use by City Manager. Contracted seawall inspections for condition assessment are included in two phases with estimated cost of \$30,000 and \$20,000 in every other year respectively. Channel construction to access spoil site project is scheduled in the five-year program.

PGI Canal Maintenance Fund Proforma Schedule of Revenues and Expenditures Budget FY 2025 through Proforma FY 2029

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Assessment Rate	\$1,200	\$1,350	\$1,500	\$1,650	\$1,800
Revenues:					
Operating Assessment	\$6,240,805	\$7,020,415	\$7,800,030	\$8,579,650	\$9,359,265
Other Revenue	141,500	158,000	143,000	128,000	105,500
Total Revenues	6,382,305	7,178,415	7,943,030	8,707,650	9,464,765
Expenditures:					
Operations	1,533,510	1,602,535	1,653,865	1,728,225	1,785,155
Inlet Dredging	85,000	85,000	85,000	85,000	85,000
Seawalls and Stabilization	2,930,320	6,201,480	7,039,225	7,902,100	8,790,865
Capital Outlay & Special Projects	306,000	225,000	225,000	0	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
Total Expenditures	4,904,830	8,164,015	9,053,090	9,765,325	10,711,020
Revenues in Excess (Shortfall) of Expenditures	1,477,475	(985,600)	(1,110,060)	(1,057,675)	(1,246,255)
Operating Reserves-Beg	3,251,579	4,954,054	4,193,454	3,308,394	2,250,719
Reserve Seawall Replacement-Beg	675,000	450,000	225,000	0	0
Reserve Seawall Replacement-End	\$450,000	\$225,000	\$0	\$0	\$0
Operating Reserves-End	\$4,954,054	\$4,193,454	\$3,308,394	\$2,250,719	\$1,004,464

Burnt Store Isles Canal Maintenance District

The budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects the City Council approval for the operating assessment to remain the same at \$985 which was \$10 more than the Advisory Committee recommendation. This represents an operating assessment rate of \$795, an additional assessment rate of \$100 per year to build the reserves for purchase of land for staging, and \$90 for the lock removal project. Continued increases to the program are expected based on the seawall study completed in FY 2021 as well as increased costs currently being realized in the current economic environment. This will be reviewed annually. The advisory committee and City Council recognize the need for additional lineal footage to be added to the current 1,200 lineal feet program but would like to review the upcoming seawall assessment report. A feasibility study for the channel corner widening project that would allow barge access is scheduled.

The City continues to work closely with FEMA and the State regarding Hurricane Irma rip rap mitigation and Hurricane Ian seawall repairs and mitigation. Obligations for Hurricane Ian projects have not been received yet. Projects not completed by end of FY 2024 will be re-appropriated to FY 2025 along with the associated loan transfers, debt service payments, and FEMA and State reimbursements. For obligated projects the funding share is FEMA and State reimbursements (95%) and district assessments (5%). The City will also be receiving \$500,000 from State funding that can be used towards the district share. This will be allocated between both districts and will be appropriated during the fiscal year.

The five-year proforma proposes increasing assessments for inflationary costs, \$25 increases annually, \$90 annually for repayment of interfund loan for the lock removal project through FY 2028, and \$100 annually for accumulation of funds for staging site through FY 2029. Additional assessments are expected and will be reviewed each year in order to address the findings of the seawall study. A reserve for contingencies is budgeted in each year to be used for an emergency repair not scheduled in the program and can be authorized for use by City Manager. Contracted seawall inspections for condition assessment are included with estimated cost of \$10,000 every other year. Engineering and construction of the channel corner widening project are not budgeted and funding sources would need to be determined if approved at a later date. Proforma includes a separate section that shows the effect on reserves if projects were to move forward without additional funding/assessments.

**BSI Canal Maintenance Fund
Proforma Schedule of Revenues and Expenditures
Budget FY 2025 through Proforma FY 2029**

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Operating Rate	\$795	\$820	\$845	\$870	\$895
Special Project Rate	\$90	\$90	\$90	\$90	\$0
Reserve Rate	\$100	\$100	\$100	\$100	\$100
Revenues:					
Operating and Reserve Assessment	\$922,780	\$948,555	\$974,335	\$1,000,110	\$1,025,885
Special Project Assessment	92,795	92,795	92,795	92,795	0
Miscellaneous Revenue	36,000	39,000	42,000	42,000	42,000
Total Revenues	1,051,575	1,080,350	1,109,130	1,134,905	1,067,885
Expenditures:					
Operations	174,815	169,655	184,670	179,880	195,280
Seawalls and Stabilization	698,000	719,065	740,765	763,125	786,155
Barge Access/Lock Removal Proj Debt Service	91,200	91,200	91,200	91,200	0
Reserve for Contingencies	50,000	50,000	50,000	50,000	50,000
Total Expenditures	1,014,015	1,029,920	1,066,635	1,084,205	1,031,435
Revenues in Excess (Shortfall) of Expenditures	37,560	50,430	42,495	50,700	36,450
Operating Reserves-Beg	1,232,919	1,170,479	1,120,909	1,063,404	1,014,104
Reserve Seawall Repl & Spec.Proj-Beg	100,000	200,000	300,000	400,000	500,000
Reserve Seawall Repl & Spec.Proj-End	\$200,000	\$300,000	\$400,000	\$500,000	\$600,000
Operating Reserves-End	\$1,170,479	\$1,120,909	\$1,063,404	\$1,014,104	\$950,554
Projects Requiring Approval & Funding:					
Channel Corner Widening Proj	100,000	100,000	300,000	325,000	0
BSI Land Acquisition for Staging	100,000	100,000	100,000	100,000	100,000
Est. Beg. Reserves with projects	1,332,919	1,170,479	1,020,909	663,404	289,104
Est. End. Reserves with projects	\$1,170,479	\$1,020,909	\$663,404	\$289,104	\$225,554

Laishley Park Marina

Laishley Park is operated as an enterprise fund to include the marina and park grounds. The City outsourced management of the marina to Marina Park LLC, however retained the authority to set boat slip, community room, ship's store and pavilion rental rates. The budget reflects projected revenues from the above sources as well as personnel and operating costs associated with management of the marina area. The marina is operated and open year round.

The FY 2025 budget incorporates an updated fee schedule for the marina and mooring field fees as adopted by City Council September 2023. The City will apply for a Department of Environmental Protection Clean Vessel Act (CVA) Grant and a Charlotte County Marine Advisory Committee (MAC) Grant for FY 2025 to offset costs of maintenance and repairs of the Laishley Park Municipal Marina Pumpout Boat. Although funding for dredging and for repair and maintenance of the mooring field and docks is usually budgeted annually and unused funds are accumulated for larger repairs, due to damaged docks from Hurricane Ian that are out of service, the fund is unable to budget for this in FY 2025. Engineering for the replacement of concrete sidewalk by storage building has not been completed. If cost for the project exceeds the \$100,000 budget, a supplemental appropriation will be required. The proposed FY 2025 budget includes marina management and the replacement of a golf cart. Other various light equipment is budgeted FY 2026-2029.

The five-year proforma maintains the September 2023 rate schedules but will need to be reviewed for possible rate increases to start as early as FY 2025 due to continued inflation, aging infrastructure needs, and to eliminate shortfalls in later years. The City's general fund and/or the leased property fund may have

to subsidize in the short run due to the lost revenue over the last few years due to the damaged docks from Hurricane Ian.

**Laishley Park Marina Fund
Proforma Schedule of Revenues and Expenses
Budget FY 2025 through Proforma FY 2029**

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Revenues:					
Slip & Mooring Rentals	\$367,565	\$541,915	\$541,915	\$541,915	\$541,915
Intergovernmental Revenue	12,000	12,000	12,000	12,000	12,000
Other Revenue	34,470	24,690	24,910	25,140	25,370
Total Revenues	414,035	578,605	578,825	579,055	579,285
Expenses:					
Laishley Park Marina Expenses	225,100	292,365	299,875	307,650	315,695
Marina Park Contract Expenses	297,860	306,645	315,695	325,020	334,620
Capital Outlay	19,000	6,000	6,000	6,000	6,000
Total Expenses	541,960	605,010	621,570	638,670	656,315
Revenues in Excess (Shortfall) of Expenses	(127,925)	(26,405)	(42,745)	(59,615)	(77,030)
Operating Reserves-Beg	170,467	42,542	16,137	(26,608)	(86,223)
Operating Reserves-End	\$42,542	\$16,137	(\$26,608)	(\$86,223)	(\$163,253)

Building

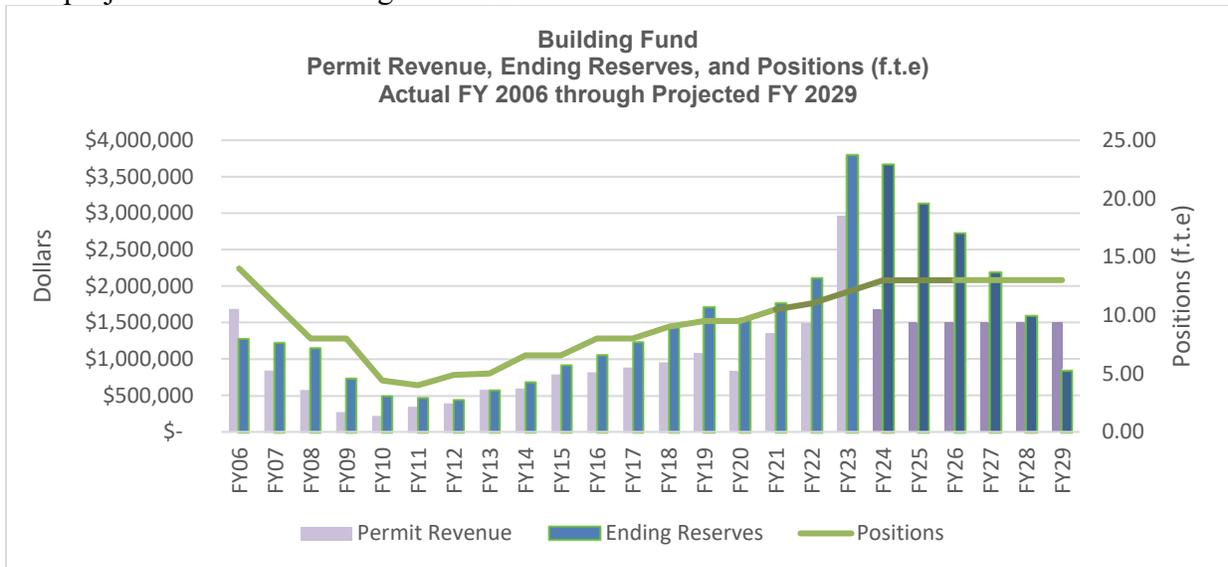
The Building fund is operated as an enterprise fund and includes all aspects of permitting, inspections, plans review and licensing of contractors to support the State and City building codes. The City has established various permit fees to pay for services provided. Staffing had been reduced from thirteen positions in FY 2006 to five in FY 2013 with furloughs due to a decline in permit applications, inspections and stagnant growth trends. Since the turnaround that began in FY 2013, staff was reinstated to full 40 hour work weeks and staff has increased to 13.0 f.t.e. During the last two fiscal years, 1.5 f.t.e. temporary employees were used for scanning and filing projects. If the need continues into FY 2025, an additional appropriation will be needed. Capital outlay of \$45,000 for FY 2025 is for a replacement inspector vehicle. The FY 2025 budget includes annual software subscriptions for customer queuing system and new software that would expand on-line web transactions and contractual services for specific disciplines as needed and for a scanning project.

The five-year proforma projects permit revenues at \$1.5 million annually. Staffing and contractual services will be monitored for needs based on permit volume and complexity.

Building Fund
Proforma Schedule of Revenues and Expenses
Budget FY 2025 through Proforma FY 2029

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Revenues:					
Permits, Fees & Spec.Assessments	\$1,542,000	\$1,542,000	\$1,542,000	\$1,542,000	\$1,542,000
Other Revenue	221,000	163,000	151,000	130,000	112,000
Total Revenues	1,763,000	1,705,000	1,693,000	1,672,000	1,654,000
Expenses:					
Operations	2,269,955	2,109,340	2,192,080	2,278,330	2,368,260
Capital	45,000	0	45,000	0	45,000
Total Expenses	2,314,955	2,109,340	2,237,080	2,278,330	2,413,260
Revenues in Excess (Shortfall) of Expenses	(551,955)	(404,340)	(544,080)	(606,330)	(759,260)
Operating Reserves-Beg	3,665,044	3,113,089	2,708,749	2,164,669	1,558,339
Operating Reserves-End	\$3,113,089	\$2,708,749	\$2,164,669	\$1,558,339	\$799,079

As experienced in the previous economic downturn (FY 2008 – 2013), the level of reserves projected is necessary to continue necessary levels of service even during downturns in new construction starts. The chart below shows actual permit revenue, ending reserves and staffing from actual FY 2006 through FY 2023 and projected FY 2024 through FY 2029.



Gas Tax

Based on state statutes providing restrictions on use of gas tax revenue, the City has established local option fuel taxes in two funds. The first six cents is used for transportation expenditures such as roadway and right of way maintenance, drainage, street sweeping, street lights, traffic sign and signals, bridge maintenance, railroad crossings and sidewalk repairs. The second five cents is used only for road capital improvement such as paving rejuvenation and resurfacing.

Proceeds from fuel taxes are distributed by the State to Charlotte County and the City. The City’s share for the first six cents distribution was increased from 10.34% to 10.98% beginning July 1, 2020, and the next five cents remains at 6.74%. The distribution allocation is determined by the five-year average

transportation expenditures or interlocal agreement. A history of revenue received since FY 2016 is displayed below.

Fiscal Year	6 Cents	5 Cents	Total
2016	\$ 588,200	\$ 274,500	\$ 862,700
2017	\$ 593,900	\$ 277,500	\$ 871,400
2018	\$ 607,200	\$ 279,200	\$ 877,300
2019	\$ 598,700	\$ 272,800	\$ 871,500
2020	\$ 564,900	\$ 259,600	\$ 824,500
2021	\$ 612,600	\$ 280,300	\$ 892,900
2022	\$ 673,000	\$ 295,300	\$ 968,300
2023	\$ 691,000	\$ 296,600	\$ 987,600
2024	\$ 671,400	\$ 282,800	\$ 954,200
2025	\$ 684,800	\$ 288,500	\$ 973,300

The effect of elasticity of gas consumption (the tax is charged on gallons not dollars) can be seen in years of increased gas prices resulting in a decline of revenue and in years of decreased gas prices resulting in an increase of revenue. During FY 2020, the City experienced a decrease in revenues as compared to FY 2019 due to the COVID pandemic that resulted in statewide and local shutdowns and reduced travel. Revenues rebounded in the following years despite the increase in gas prices due to continued business and consumer spending. Projections show a slight decrease as normal trends resume.

The Six Cent Gas Tax Fund five-year proforma projects gas tax revenue with growth of 2% per year FY 2025 through FY 2029. A transfer from general fund in FY 2024 and FY 2025 are for County projects for bridge LED lighting and traffic signal upgrades. The use of reserves covers shortfalls through FY 2025. If pricing of commodities that saw significant increases over the last several years do not come down, the City would be faced with reducing the service levels or subsidizing the fund from general fund revenues.

**Six Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
Budget FY 2025 through Proforma FY 2029**

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Revenues:					
Local Option Gas Tax	\$684,845	\$698,540	\$712,510	\$726,760	\$741,295
Other Revenue	359,750	358,230	361,785	368,010	374,355
Transfer from General Fund	187,000	0	0	0	0
Total Revenues	1,231,595	1,056,770	1,074,295	1,094,770	1,115,650
Expenditures:					
Operating Expenditures	1,398,630	1,235,080	1,259,220	1,284,095	1,309,715
Capital	180,000	0	0	0	0
Total Expenditures	1,578,630	1,235,080	1,259,220	1,284,095	1,309,715
Revenues in Excess (Shortfall) of Expenditures	(347,035)	(178,310)	(184,925)	(189,325)	(194,065)
Operating Reserves-Beg	496,109	149,074	(29,236)	(214,161)	(403,486)
Operating Reserves-End	\$149,074	(\$29,236)	(\$214,161)	(\$403,486)	(\$597,551)

The Additional Five Cent Gas Tax Fund five-year proforma projects 2% increases FY 2025 through FY 2029, which does not fully support the required annual paving program as identified by the City Engineering Division. Council addressed the importance of maintaining the City’s road infrastructure with a policy of transferring ad valorem millage revenue of \$709,000 as an ongoing subsidy. A consultant is being engaged

to develop the FY 2025-2029 paving plan using a higher level of technology for more precise mapping of conditions of City roads.

**Additional Five Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
Budget FY 2025 through Proforma FY 2029**

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Revenues:					
Local Option Gas Tax	\$288,455	\$294,225	\$300,110	\$306,110	\$312,230
Transfer from General Fund Ad Valorem	709,000	709,000	709,000	709,000	709,000
Other Revenues	1,200	810	300	135	120
Total Revenues	998,655	1,004,035	1,009,410	1,015,245	1,021,350
Expenditures:					
Paving	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Total Expenditures	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Revenues in Excess (Shortfall) of Expenditures	(21,345)	(15,965)	(10,590)	(4,755)	1,350
Operating Reserves-Beg	56,103	34,758	18,793	8,203	3,448
Operating Reserves-End	\$34,758	\$18,793	\$8,203	\$3,448	\$4,798

Section 2: Strategic Planning

The Strategic Plan is used to set the overall goals for the City, provide direction to City departments, and create the basis for each year's annual budget. The plan offers a realistic view of the organization's and community's expectations. The plan provides a tool for more effective and economical operations. It demonstrates to the public that careful consideration has been given to future development and direction of the organization.

In conjunction with City Council, City staff held a Community Conversation with residents, and will hold a Citizen's Summit to gather resident input for the creation of the FY2026 Strategic Plan. This input along with City staff input is to be combined to create a Strategic Plan that is focused, goal orientated and will address critical needs in our community.

The City Manager challenges each department and division leader to forecast their needs to meet the goals and objectives of long-term plans. The plan includes developing a clear understanding of operating impact of each Capital Improvement Project, staffing needs, ongoing maintenance costs and equipment needs. The results are utilized to create a business plan that communicates to the City Council how Council's vision for the City will be delivered over the next year.

The Capital Improvement Projects program delineates the projects worked on in a given fiscal year. It includes strategic objectives, periodic status reports highlighting progress to date, funding and timelines for completion. The 1% Sales Tax projects are prioritized by City Council and scheduled over a six-year plan. Studies such as those focusing on downtown flooding and water meter infrastructure are also critical drivers of planning.

Section 3: Budget Issues

Items that are currently not in the projected budget but will need to be considered as the FY 2026 budget is developed are:

General Fund/Citywide

Ad Valorem Revenue – Current proforma (previously shown in Section 1) estimates 5% increase in revenue. There has been suggestion to budget ad valorem revenue flat (same as FY 2025). An updated proforma is below. A large portion of the Infrastructure and Unresolved Needs has been approved for use for the Fire Bargaining and Fire Administration approved increases which will move to the Personnel Expenditures.

**General Fund
Proforma Schedule of Revenues and Expenditures
Budget FY 2025 through Proforma FY 2029 (Reduced Ad Valorem FY 2026-2029)**

	Budget FY 2025	Proforma FY 2026	Proforma FY 2027	Proforma FY 2028	Proforma FY 2029
Change in Taxable Value of Property	10%	0%	0%	0%	0%
Revenues:					
Ad Valorem Tax	\$19,154,810	\$19,154,810	\$19,154,810	\$19,154,810	\$19,154,810
Other Revenue	15,618,135	15,789,125	15,745,270	15,911,095	16,080,360
Total Revenues	34,772,945	34,943,935	34,900,080	35,065,905	35,235,170
Expenditures:					
Personnel Expenditures	24,034,590	25,509,670	26,629,765	27,803,175	29,032,630
Operating Expenditures	8,370,795	8,227,435	8,408,350	8,664,045	8,928,395
Capital Outlay	896,000	1,915,000	989,000	940,000	940,000
Transfers to other Funds	187,000	0	0	0	0
Transfers for Capital Projects	505,000	580,000	255,000	255,000	255,000
Transfers for Roads	709,000	709,000	709,000	709,000	709,000
Transfers for Drainage	300,000	300,000	300,000	300,000	300,000
Council Contingency	15,000	15,000	15,000	15,000	15,000
Infrastructure and Unresolved Needs	417,500	480,000	480,000	480,000	480,000
Total General Expenditures	35,434,885	37,736,105	37,786,115	39,166,220	40,660,025
Estimated Beginning Reserves	\$12,606,029	\$11,944,089	\$9,151,919	\$6,265,884	\$2,165,569
Estimated Ending Reserves	\$11,944,089	\$9,151,919	\$6,265,884	\$2,165,569	(\$3,259,286)
Minimum Reserve 16.7%	\$5,917,700	\$6,302,000	\$6,310,300	\$6,540,800	\$6,790,300

Operating Budgets – Initial direction in developing the Fiscal Year 2026 operating budgets (non-personnel) is that the division operating totals should remain flat from the previous year. Any requests over the this will need justifications provided. City Manager will review for inclusion and presentation to Council.

Legislative Proposals/Mandates – Each legislative season, proposed changes are presented that may affect the City revenue and expenditures. One such initiative that passed by referendum in November 2024 ties homestead property exemptions to inflation rates and could reduce revenue for local governments. The City will continue to monitor proposals during this legislative session.

Hurricane Recovery (Citywide) – The City has had substantial damage and debris to clean up over the last several years resulting from various Hurricanes, but most notably Ian, Helene, and Milton. Recovery efforts are on-going. The City continues to work with its insurance carrier and FEMA to cover as much

of the damage as possible. FEMA is a reimbursement program and obligations are on-going. While working to complete recovery efforts, it is still important for the City to be prepared for the next upcoming Hurricane season.

Economic Conditions – The City continues to monitor the forecasts with conditions being experienced locally. Use of the five year proformas lets the City change forecasts to see the effects and work to respond quickly to changing conditions.

Inflation (Citywide) – Continuing to monitor. It has slowed to 2.9 percent for 2024, but was still above the annual federal target of 2 percent. The City continues to look for grants to supplement increased project costs, review projects for timing based on cost increases, and look for alternative funding sources.

Compensation and Benefit Study – Approximately every three years, a compensation and benefit study is conducted as part of attracting and retaining employees. It can provide comparisons with other municipalities of similar size and also surrounding communities regardless of size. These comparisons help determine a range for compensations and benefits that would help the City remain competitive with the local job market pool.

Health Insurance Rates – The City projects in the proforma a 6% increase per year. FY 2025 rate increase was 6.9%. We do not currently have an indication of the FY 2026 increase.

Staffing Needs – Department and divisions needs have been increasing due to increased work loads. Five year planning requests need to be reviewed for positions that may be included in the proforma. Approved positions from the last five year staffing plan are included through FY 2026.

Public Safety Bargaining Unit Contracts – Bargaining unit contract negotiations for police officers are to begin mid FY 2025. The fiscal impact that may be generated are not included in the proforma.

Fire Staffing Standards – Over the past several years, the City has applied for a SAFER Grant to add additional firefighters/EMTs to allow the Fire Department to meet the National Fire Protection Association 1710 standards for staffing requirements on fire apparatus. The City has been unsuccessful in obtaining an award. This City continues to add one to three firefighter/EMT positions per year where it has been able to. This will be reviewed in the upcoming budget cycle.

Information Technology (Citywide) – Technology that could improve the City operations and help provide efficiencies and improve productivity, as well as technologies that could help prepare for the future, need to be considered. Costs in this area continue to rise for several reasons. Additional security enhancements are a necessity in the public sector due to increased cyber attacks on governmental entities and safety of staff and visitors to government buildings. Increased storage capacity needs and use of cloud technology have increased operating costs. Upgrade of technology and conversion of documents posted to website for emergency management, legal requirements, transparency to the public, and other general information for accessibility continues to be a priority. As always, the need to balance costs with security and operational efficiencies will need to be analyzed in the decision making process.

Contributions – During the FY 2025 budget process, Council expressed an interest to review the City contributions. Current contributions include: Charlotte Harbor Environmental Center, \$20,000; Coastal and Heartland National Estuary Partnership, \$5,000; United Way, \$27,500.

Uncertainty of Federal Funding Programs and Directives from Federal Administration – With the recent change in the federal administration, there may be changes that affect States and local governments. It is anticipated that there will be new required terms for federal grants or contracts. There has been suggestions to move FEMA to a State level. Current grant funding agreement reimbursements could be delayed. Other grant programs could have reduced funding available. The City will continue to monitor changes as they are provided.

Punta Gorda Isles Canal Maintenance Fund

As a result of Hurricane Ian, there was approximately 6.5 miles of seawall damaged. The City is working closely with FEMA to obligate the seawall projects and associated mitigation such as the rip rap. A line of credit was obtained so that seawall replacements could be completed while awaiting FEMA obligations and reimbursements that includes the Hurricane Irma rip rap mitigation project as well.

Council has requested that the materials used and design standards be reviewed for lower cost options. Proposed rate assessment changes will be reviewed and presented during the budget process.

Burnt Store Isles Canal Maintenance Fund

As a result of Hurricane Ian, there was approximately 0.5 miles of seawall damaged. The City is working closely with FEMA to obligate the seawall projects and associated mitigation such as the rip rap. A line of credit was obtained so that seawall replacements could be completed while awaiting FEMA obligations and reimbursements.

Council has requested that the materials used and design standards be reviewed for lower cost options. Proposed rate assessment changes will be reviewed and presented during the budget process.

Additionally, the projects (channel corner widening and staging lot purchase) that have not been approved should also be reviewed to determine if they will move forward and the impact that may have on the assessment rate.

Utilities Fund

Florida Legislature Proposal – A proposal that may eliminate the automatic surcharge of up to 25% for the extraterritorial water and sewer service area could reduce revenues approximately \$1.1 to \$1.2 million. This would then need to be spread among all rate users.

Water Quality/Septic to Sewer – Previously, the County has indicated they would support the septic to sewer plan for Charlotte Park. An updated preliminary design report from Giffels-Webster was presented recommending vacuum and some gravity sewer in this area. The City was successful in obtaining \$5.5 million from the state legislature for this project. Additional grant funding is still being sought due to the inflationary increases since the estimates for construction were provided. Next steps would include an outreach campaign and community meetings with the affected properties, assessment process, grant applications and/or loan applications.

Automated Meter Infrastructure – The automated meter infrastructure equipment has been experiencing failures at a higher rate than anticipated when the project was developed. This has been further exacerbated by the recent hurricanes. A meter reading company is being used to physically read approximately two-thirds of the meters monthly, but the City is looking to expand to physical reads

monthly of all meters at this time. Utilities is conducting a study for alternative solutions and possible technologies.

Financing and User Rates – The FY 2025 capital improvement program update has caused a need for an updated financing and user rate plan. The changes to the capital improvement program were due to the water supply plan indicating a need for the water plant expansion now as water consumption has increased drastically from the projections from a few years prior and other critical infrastructure projects have seen significant cost estimate increases. The rate sufficiency study has been started and the City has started conversations with its financial advisor and bond counsel to determine steps to move forward with a longer term financing plan.

Marina Fund

Due to lost revenues from damaged docks and mooring field from Hurricane Ian and Hurricanes Helene and Milton, operating expenses as well as City portion of the hurricane dock and mooring field infrastructure repairs will now require supplement funding from the other sources. The damages are submitted as projects to FEMA and are awaiting obligation. Loss of revenue is not an eligible reimbursement from FEMA.

Building Fund

The division continues to focus on efforts to provide a digital submissions and digital review of plans, updating application types and website, and scanning all paper documents to move to digital records. The division will review staffing needs for the upcoming fiscal year.

Sanitation Fund

Based on current operating and recycling costs and packer replacement schedule, projections show rates are not adequate and show the need for continued rate increases. The proforma includes 6% increase per year for recycling and \$18 per year for refuse and yardwaste per single family residence annually. Sanitation has budgeted for an industrial standards study to review routes, rates for services and current practices to provide suggestions for improvements, future needs, and rates. Various councils in the past have looked at once per week pick up, but citizen sentiment was to retain twice per week pick up at those times. A citizen survey could be conducted to determine if this should be reviewed again. Another suggestion that may be explored is the possibility of once per week pickup in the summer months only.

Capital Projects

Departments will submit updates for the FY 2026-2030 Capital Improvement Plan, that will be brought to Council. Unfunded projects are also presented for discussion and determining if they are still needed projects when looking for funding sources such as grants. Additionally, the current 1% Sales Tax extension ends December 31, 2026. A committee will be formed and projects presented for ranking and presentation to City Council who will determine final projects that would be presented in conjunction with County projects for voters to approve an extension.

Downtown Drainage – A study to determine possible solutions to flooding being experienced in the downtown/historic area during storm or rain events is scheduled in FY 2025. Solutions and associated costs will be used to determine a capital project to help in this area.

Infrastructure Maintenance – Development of an annual funding plan to accumulate funds for large rehabilitation and/or replacement projects of aging infrastructure has been set up for several types of infrastructure. Additional plans of this nature may be needed.