



CITY OF CLEARWATER

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CITY MANAGER

City Council
City of Clearwater
Clearwater, Florida

October 1, 2005

Honorable Mayor and Members of the City Council,

The following represents the City Council's Adopted Annual Operating and Capital Improvement Budget for the fiscal year beginning October 1, 2005. The adopted ad valorem property tax millage rate remains at 5.753 for the fourth consecutive year.

Over the past several years, our budgets have concentrated on providing quality services to our citizens with new fire stations, a new main library, new and expanded recreation facilities, a strong new bridge connection to the beach, and major improvements to roads. All of these changes, along with the strong housing market in our community, are bringing sweeping changes to our community. The property values of Clearwater are providing double digit increases for the second year in a row. Around almost every corner of the City, particularly in the downtown and beach areas, major redevelopment is taking place.

Still, there are major challenges that come with redevelopment. Our service departments are trying to keep up with constant demands as a result of this construction boom. The Fire Chief presented concerns to the Council with regard to the growth of high rise structures on the beach that resulted in the addition of six new firefighter positions in this budget, in addition to the six positions authorized as part of the union contract.

Other economic factors are also impacting this budget. Across the country, the cost of fuel is at a national high, especially now with the impacts of several major hurricanes. The city is strongly impacted by this cost with our large fleet of police and public service vehicles needed in our everyday routines. Although we have spent considerable time reviewing the need for all of our city vehicles, this cost is still a reality.

Another factor that recently came to our attention with our report from the City's actuary for the employees pension plan was the significant increase in City pension costs required immediately. This budget includes a means to start dealing with this problem proactively.

A few policy changes have also been adopted. One of the changes is the implementation of an additional \$10,000 tax exemption for senior citizens which will become effective in the 2006/07 budget. Although the millage rate has remained steady, our senior citizens do need relief from increasing property values. This budget also implements a change to the Council policy addressing the "payment in lieu of taxes" from our enterprise operations to the General Fund. In the past year, the Council has reviewed enterprise rate study analysis that incorporated a change increasing the "payment in lieu" from 4.5% to 5.5%, an increase of 1%. This payment has not increased since 1989. The adopted budget formalizes this change, reflecting the additional revenues in the General Fund.

My personal thanks to the Council and citizens for your consideration of this budget.

Respectfully submitted,

William B. Horne II
City Manager

FRANK HIBBARD, MAYOR

BILL JONSON, VICE-MAYOR
HOYT HAMILTON, COUNCILMEMBER

JOHN DORAN, COUNCILMEMBER
CARLEN A. PETERSEN, COUNCILMEMBER



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